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Quarterly flipbook

INSTITUTIONAL RESEARCH

Quarterly Flipbook

Earnings growth and downgrade cycle bottoming-out

The aggregate performance of the Q1FY26 earnings season was steady as sequential improvement in YoY PAT growth continued in the current quarter. Aggregate revenue/PAT grew by 5%/10% YoY across the HSIE coverage (~246 stocks) in Q1FY26. Ex-OMCs, aggregate YoY revenue/earnings growth for the quarter was 6%/5%. We believe the growth outlook at aggregate level will improve from here, as earnings of heavy-weight sectors like BFSI, IT, and consumption have almost bottomed out. GST cuts, benign inflation, declining interest rates, and fiscal support in form of income tax relief are expected to drive consumption revival. Further, deposit repricing carried out by banks will gradually pull back their NIMs. It will drive earnings growth in the remaining quarters of FY26, aided by an improvement in credit growth.

Earnings of large cap stocks grew by ~11.8% YoY in this quarter while the same for mid and small caps declined by 3.5%. Double-digit YoY earnings growth was reported by chemical, cement, energy, industrials, real estate, capital markets, and insurance sectors. **Further, earnings declined YoY for auto, consumer discretionary and home improvement** sectors. **YoY earnings growth remained flattish for lenders, staples, and power sectors**. Key earnings growth (YoY) contributors were Reliance, IOCL, BPCL, HPCL, Bharti, SBI, and GIC. On the other hand, key draggers were Tata Motors, Kotak, IndusInd Bank, Coal India, and ONGC.

The percentage of under-coverage companies beating PAT estimates has declined in Q1FY26, after rising strongly in the previous quarter (historical trend in the below table):

Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
61%	51%	44%	38%	54%	39%	34%	32%	52%	41%

Cement, energy, metals, and capital markets led earning upgrades for FY26 in this quarter while **auto, consumer discretionary, IT, home improvement and chemicals** contributed to the downgrades. Downgrades were highly concentrated and contributed mainly by Reliance Industries, Sun Pharma, TCS, HCL Tech, Kotak, Axis and Tata Motors. Key companies which witnessed upgrades were ONGC, IOCL, BPCL, HPCL, Oil India, JSW Steel and Tata Steel. Consequently, aggregate earnings estimate for coverage universe saw **downgrades of 0.9% and 0.7% in FY26E and FY27E** respectively. We believe that downgrades for FY26 are largely done and current estimates for FY26 represent realistic earnings.

For the HSIE coverage universe, projected earnings growth for FY26E and FY27E stands at 11.7% and 16.4% respectively. After the extraordinary earnings growth CAGR of 18% over FY19-FY24, we believe it will get normalised to ~14% in FY25-27E.

The Nifty 50 index is currently trading at ~22.5x FY26 (10Y avg: 20.4x) and ~19.7x FY27 (10Y avg: 17.3x) vis-à-vis consensus EPS. Recent run-up of Nifty has left minimal room for re-rating, so index returns from here are expected to be commensurate with earnings growth.

Our preferred sectors are large banks, auto, consumer discretionary, real estate, cement, and capital goods. We remain underweight on oil & gas, mid-cap IT, small banks, and metals.

Model portfolio: We believe the risk-reward is skewed in favour of companies with strong earnings visibility. Stock-specific bottom-up ideas now hold the key for outperformance rather than sectoral calls.

Key changes in the model portfolio are as follows:

Key inclusions/weight increase	Key exclusions/weight reduction
Addition: Indian Bank, Lupin, ICICI Lombard **Weight increase:** HUL, Marico, Kotak, TCS, Motherson	**Exclusion:** SAIL, GAIL, Torrent Pharma, NTPC **Weight decrease:** MCX, Syrma, Axis Bank

Q1FY26 deviation in estimates in comparison to previews.

Sector	Revenue	PAT
Autos	2.3%	2.3%
Banks and NBFCs	-2.2%	0.5%
Insurance	0.6%	2.9%
Capital Markets	-0.6%	1.4%
Consumer- Staples	3.4%	0.7%
Consumer Discretionary (ex-Autos)	1.7%	-20.8%
Industrials (Cap Goods+ Infrastructure)	-1.9%	5.6%
Real Estate	-3.2%	19.9%
IT	-0.5%	-0.3%
Energy (Oil & Gas)	3.6%	-10.2%
Cement	1.4%	-4.7%
Home improvement	-1.0%	-9.4%
Chemicals	-5.1%	-9.3%
Power/Utilities	-1.6%	3.7%
Pharma	-0.6%	-1.1%
Metal	2.2%	8.5%
Total	1.4%	-1.0%

Source: Bloomberg & HSIE Research

Sectoral Change in PAT Estimates in comparison to Q4FY25

Sector	FY26E	FY27E
Autos	-4.2%	-3.7%
Banks and NBFCs	-0.5%	0.1%
Insurance	-2.3%	-2.2%
Capital Markets	2.3%	3.9%
Consumer- Staples	-1.2%	0.4%
Consumer Discretionary (ex-Autos)	-6.7%	-1.4%
Industrials ((Cap	-0.2%	0.1%
Real Estate	0.0%	0.1%
IT	-1.6%	-1.0%
Energy (Oil & Gas)	0.8%	-1.9%
Cement	6.5%	3.6%
Home improvement	-5.4%	-2.1%
Chemicals	-5.1%	0.0%
Power/Utilities	-1.0%	-0.6%
Pharma	-2.6%	-1.5%
Metal	1.7%	0.8%
Total	-0.9%	-0.7%

Source: Bloomberg & HSIE Research

Varun Lohchab
varun.lohchab@hdfcsec.com
+91-22-6171-7334

Amit Kumar, CFA
amit.kumar1@hdfcsec.com
+91-22-6171-7354

Aryan Singh Dalal
aryan.dalal@hdfcsec.com
+91-22-6171-7363

Quarterly Flipbook

Result Scorecard- Quarterly Snapshot

HSIE Coverage (INR Bn)	Q1 FY26 Preview Estimates			Q1 FY26 Actuals			Q1 FY25 Actuals			Deviation		
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
	Q1 FY26E	Q1 FY26E	Q1 FY26E	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY26E	Q1 FY26E	Q1 FY26E
Autos	**2,680**	**323**	**180**	**2,743**	**314**	**184**	**2,607**	**395**	**192**	2.3%	-2.9%	2.3%
MARUTI SUZUKI INDIA	359	38	31	384	40	37	339	45	36	6.9%	6.5%	20.6%
MAHINDRA & MAHINDRA	333	47	29	341	49	34	270	40	26	2.3%	3.3%	20.9%
TATA MOTORS	1,010	108	44	1,044	97	35	1,080	183	53	3.3%	-10.1%	-18.8%
BAJAJ AUTO	122	24	20	126	25	21	115	24	20	2.8%	2.3%	4.6%
EICHER MOTORS	48	12	10	49	12	13	42	11	10	2.0%	6.8%	27.8%
HERO MOTOCORP	97	13	10	96	14	11	101	15	11	-1.7%	4.3%	9.3%
TVS MOTOR COMPANY	101	12	7	101	13	8	84	10	6	0.1%	3.7%	4.5%
ASHOK LEYLAND	88	10	6	87	10	6	86	9	5	-1.0%	-6.5%	-7.6%
BALKRISHNA INDUSTRIES	27	7	4	28	7	3	27	7	5	1.0%	-1.4%	-27.1%
BHARAT FORGE	38	7	2	39	7	3	41	7	3	3.3%	-1.6%	25.8%
ENDURANCE TECHNOLOGIES	31	4	2	33	4	2	28	4	2	6.6%	2.1%	-5.1%
APOLLO TYRES	66	9	3	66	9	3	63	9	3	-0.9%	0.7%	-7.3%
MOTHERSON SUMI WIRING INDIA	24	3	2	25	2	1	22	2	1	1.9%	-9.4%	-12.3%
SAMVARDHANA MOTHERSON INTERNATIONAL	310	29	10	302	25	6	289	28	10	-2.7%	-13.8%	-39.4%
SANSERA ENGINEERING	8	1	1	8	1	1	7	1	0	-5.2%	-5.1%	-5.3%
SUPRAJIT ENGINEERING	9	1	0	9	1	0	7	1	0	-0.3%	-10.6%	22.1%
Ather Energy	6	-2	-2	6	(1)	(2)	4	(1)	(2)	-0.1%	-11.3%	-16.6%
Banks and NBFCs	**1,494**	**1,109**	**619**	**1,461**	**1,119**	**622**	**1,420**	**1,024**	**623**	-2.2%	1.0%	0.5%
STATE BANK OF INDIA	416	296	180	411	305	192	411	264	170	-1.2%	3.4%	6.7%
BAJAJ FINANCE	103	86	48	102	85	47	84	69	39	-0.3%	-1.9%	-2.1%
KOTAK MAHINDRA BANK	70	51	34	73	56	33	68	53	62	4.0%	8.8%	-4.2%
AXIS BANK	139	108	64	136	115	58	134	101	60	-2.6%	6.6%	-9.0%
INDUSIND BANK	48	28	8	46	26	6	54	40	22	-3.8%	-6.6%	-24.5%
SBI CARDS AND PAYMENT SERVICES	17	21	6	17	21	6	15	19	6	0.0%	0.0%	0.0%
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY	32	22	11	32	24	11	26	18	9	0.8%	7.9%	0.1%
BANDHAN BANK	28	17	5	28	17	4	30	19	11	-2.2%	-1.3%	-27.1%
FEDERAL BANK	24	16	10	23	16	9	23	15	10	-4.1%	-1.2%	-14.7%
AU SMALL FINANCE BANK	22	10	5	20	13	6	13	10	4	-7.1%	37.5%	17.4%
SHRIRAM FINANCE	61	44	21	58	42	22	52	39	20	-4.9%	-4.6%	1.1%
MAHINDRA & MAHINDRA FINANCIAL SERVICES	21	14	6	20	14	5	18	11	5	-2.8%	-1.3%	-3.8%
LIC HOUSING FINANCE	21	18	13	21	19	14	20	18	13	0.4%	4.7%	4.2%
CREDITACCESS GRAMEEN	9	6	1	9	7	1	9	7	4	2.5%	0.6%	4.1%
CITY UNION BANK	6	5	3	6	5	3	5	4	3	0.0%	-4.1%	2.0%
RBL BANK	16	8	2	15	7	2	17	9	4	-4.5%	-6.3%	-16.5%
KARUR VYSYA BANK	11	8	5	11	8	5	10	7	5	-2.9%	-1.8%	4.3%
UJJIVAN SMALL FINANCE BANK	9	5	1	9	4	1	9	5	3	0.4%	-19.9%	-18.8%
DCB BANK	5	3	2	6	3	2	5	2	2	12.4%	21.2%	4.4%
SUNDARAM FINANCE	7	6	4	7	7	4	5	5	3	1.5%	16.6%	6.4%
REPCO HOME FINANCE	2	1	1	2	1	1	2	1	1	2.1%	1.4%	0.2%
APTUS VALUE HOUSING FINANCE INDIA	3	3	2	3	3	2	3	2	2	-5.1%	4.7%	6.4%
AAVAS FINANCIERS	3	2	1	3	2	1	2	2	1	-0.4%	-2.8%	-3.1%
HOME FIRST FINANCE COMPANY	2	2	1	2	2	1	1	1	1	-3.0%	3.5%	5.7%
CAN FIN HOMES	4	3	2	4	3	2	3	3	2	3.3%	3.1%	3.0%
PNB HOUSING FINANCE	8	7	5	7	6	5	6	5	4	-6.9%	-5.7%	2.5%
Bank of Baroda	117	84	48	114	82	45	116	72	45	-2.3%	-1.4%	-4.4%
Indian Bank	64	48	29	64	48	30	62	45	24	0.1%	-1.3%	2.4%
Bank of Maharashtra	34	26	15	33	26	16	28	23	13	-2.9%	-1.2%	5.5%
Union Bank of India	98	78	43	91	69	41	94	78	37	-6.5%	-11.4%	-4.3%
Canara Bank	98	85	43	90	86	48	92	76	39	-8.1%	0.5%	10.5%

HSIE Coverage (INR Bn)	Q1 FY26 Preview Estimates			Q1 FY26 Actuals			Q1 FY25 Actuals			Deviation		
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
	Q1 FY26E	Q1 FY26E	Q1 FY26E	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY26E	Q1 FY26E	Q1 FY26E
Insurance	**540**	**(30)**	**83**	**544**	**(31)**	**86**	**493**	**(34)**	**60**	0.6%	2.7%	2.9%
SBI LIFE INSURANCE COMPANY	39	-	11	40	-	11	36	-	10	2.0%		-1.0%
ICICI PRUDENTIAL LIFE INSURANCE COMPANY	18	-	5	19	-	5	20	-	5	1.6%		-2.0%
ICICI LOMBARD GENERAL INSURANCE COMPANY	51	(3)	7	51	(3)	7	45	(4)	6	0.0%	-2.0%	4.0%
STAR HEALTH AND ALLIED INSURANCE COMPANY	39	1	3	39	1	3	35	1	3	0.0%	-7.0%	-3.0%
MAX FINANCIAL SERVICES	17	-	8	17	-	9	16	-	3	-2.0%		3.0%
PB Fintech	14	0	1	13	0	1	10	(0)	1	-0.5%	0.0%	0.0%
Life Insurance Corporation of India	124	-	19	127	-	19	116	-	16	2.0%		3.0%
Niva Bupa Health Insurance Company	12	(1)	(0)	12	(2)	(1)	10	(1)	(0)	0.0%	80.0%	100.0%
Go Digit General Insurance	19	(2)	1	19	(2)	1	18	(2)	1	0.0%	2.0%	4.0%
The New India Assurance Company	94	(19)	4	94	(19)	4	85	(16)	2	0.0%	-1.0%	3.0%
General Insurance Corporation	113	(6)	25	113	(6)	27	101	(13)	14	0.0%	-1.0%	7.6%
Capital Markets	**57**	**36**	**31**	**57**	**36**	**31**	**56**	**35**	**26**	-0.6%	0.2%	1.4%
NIPPON LIFE INDIA ASSET MANAGEMENT	6	4	4	6	4	4	5	3	3	2.0%	2.0%	2.0%
ANGEL ONE	9	2	1	9	2	1	11	4	3	-5.0%	-4.0%	-3.0%
ADITYA BIRLA SUN LIFE AMC	4	3	3	4	3	3	4	2	2	2.0%	1.0%	1.0%
COMPUTER AGE MANAGEMENT SERVICES	4	1	1	4	1	1	3	2	1	-0.2%	0.0%	0.0%
CENTRAL DEPOSITORY SERVICES (INDIA)	3	2	1	3	1	1	3	2	1	-5.1%	-16.5%	-21.8%
BSE	10	6	5	10	6	5	6	3	3	-2.6%	2.3%	10.5%
MULTI COMMODITY EXCHANGE OF INDIA	4	3	2	4	3	2	2	1	1	1.2%	3.4%	4.6%
MOTILAL OSWAL FINANCIAL SERVICES	14	14	12	14	14	12	18	16	9	2.0%	1.0%	1.0%
UTI ASSET MANAGEMENT COMPANY	4	2	2	4	2	2	3	2	3	0.0%	-3.0%	-3.0%
Consumer- Staples	**613**	**154**	**115**	**634**	**157**	**116**	**569**	**150**	**112**	3.4%	2.4%	0.7%
HINDUSTAN UNILEVER	161	37	26	163	38	28	152	36	26	1.5%	5.2%	9.1%
ITC	183	64	51	196	63	49	169	63	49	7.3%	-2.4%	-4.0%
NESTLE INDIA	51	10	8	51	11	7	48	11	7	-0.6%	6.6%	-12.2%
DABUR INDIA	34	7	5	34	7	5	33	7	5	0.0%	0.0%	0.0%
BRITANNIA INDUSTRIES	46	8	6	45	8	5	41	8	5	-1.7%	-7.1%	-8.1%
GODREJ CONSUMER PRODUCTS	36	8	5	36	8	5	33	7	5	0.0%	0.0%	0.0%
MARICO	32	7	5	33	7	5	26	6	5	1.9%	0.7%	3.2%
UNITED SPIRITS	26	4	3	30	6	4	24	2	3	15.3%	56.1%	55.1%
COLGATE PALMOLIVE INDIA	15	5	3	14	5	3	15	5	4	-3.9%	-6.5%	-7.4%
EMAMI	9	2	2	9	2	2	9	2	2	1.3%	16.0%	6.5%
RADICO KHAITAN	13	2	1	15	2	1	11	1	1	15.0%	44.7%	30.6%
JYOTHY LABS	8	1	1	8	1	1	7	1	1	0.0%	9.5%	1.7%
Consumer Discretionary (ex-Autos)	**615**	**52**	**23**	**626**	**57**	**18**	**500**	**45**	**22**	1.7%	8.8%	-20.8%
AVENUE SUPERMARTS	159	14	9	159	13	8	137	12	8	0.0%	-6.3%	-7.9%
TITAN COMPANY	160	16	9	165	18	11	133	12	7	3.5%	13.3%	18.6%
TRENT	48	8	4	48	8	4	40	6	3	-0.3%	9.0%	11.0%
JUBILANT FOODWORKS	17	2	1	17	3	1	14	2	1	1.6%	108.4%	-1.8%
METRO BRANDS	6	2	1	6	2	1	6	2	1	-2.0%	-6.4%	-2.8%
RELAXO FOOTWEARS	8	1	1	7	1	0	7	1	0	-16.3%	-14.3%	-15.3%
BATA INDIA	10	2	1	9	2	1	9	2	2	-5.9%	-1.7%	-23.0%
SHOPPERS STOP	11	1	0	11	2	(0)	10	1	(0)	0.8%	12.7%	-35.9%
V-MART RETAIL	9	1	0	9	1	0	8	1	0	0.0%	11.0%	30.9%
FSN E-COMMERCE VENTURES (NYKAA)	22	1	0	22	1	0	17	1	0	-0.6%	13.8%	1.9%
INDIAN HOTELS COMPANY	20	5	3	20	6	3	16	4	2	3.3%	24.9%	-8.2%
LEMON TREE HOTELS	3	1	1	3	1	0	3	1	0	0.4%	39.4%	-72.2%
DEVYANI INTERNATIONAL	14	1	0	14	2	0	12	1	0	-1.2%	116.8%	-85.7%
WESTLIFE FOODWORLD	7	1	0	7	1	0	6	1	0	-1.8%	-4.1%	-74.2%
SAPPHIRE FOODS INDIA FOODS	8	1	0	8	1	(0)	7	1	0	-1.9%	-7.8%	-130.9%

HSIE Coverage (INR Bn)	Q1 FY26 Preview Estimates			Q1 FY26 Actuals			Q1 FY25 Actuals			Deviation		
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
	Q1 FY26E	Q1 FY26E	Q1 FY26E	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY26E	Q1 FY26E	Q1 FY26E
SWIGGY	48	-7	-9	50	(8)	(12)	32	(5)	(6)	3.0%	9.3%	33.7%
ETERNAL	67	3	2	72	2	0	42	2	3	7.7%	-36.2%	-86.2%
Industrials (Infrastructure+ Cap Goods+ Logistics)	**1,051**	**116**	**62**	**1,031**	**113**	**66**	**944**	**105**	**55**	-1.9%	-2.7%	5.6%
LARSEN & TOUBRO	634	65	35	637	63	36	551	56	28	0.5%	-2.2%	4.3%
SIEMENS	39	5	4	39	4	4	48	6	5	-1.4%	-7.9%	-13.6%
ABB INDIA	31	6	5	32	5	4	28	5	4	2.8%	-13.5%	-26.7%
THERMAX	24	2	1	21	2	2	22	1	1	-14.5%	-21.3%	15.1%
HITACHI ENERGY INDIA	17	2	1	14	2	1	13	0	0	-17.4%	-22.9%	2.9%
CUMMINS INDIA	26	5	5	29	6	6	23	5	6	13.1%	18.6%	21.9%
IRB INFRASTRUCTURE DEVELOPERS	18	7	1	19	7	2	19	9	1	6.6%	9.7%	103.7%
KEC INTERNATIONAL	50	3	1	50	4	1	45	3	1	-0.1%	0.1%	7.6%
KNR CONSTRUCTIONS	6	1	0	9	1	1	8	1	1	48.0%	-21.8%	60.4%
KALPATARU PROJECTS INTERNATIONAL	46	4	2	37	4	2	37	3	1	-18.4%	11.2%	21.3%
NCC	52	5	2	44	4	2	47	4	2	-15.2%	-17.0%	-13.0%
H.G. INFRA ENGINEERING	17	2	1	17	2	1	15	2	1	0.0%	0.0%	0.0%
DILIP BUILDCON	22	2	0	20	2	1	24	3	0	-9.3%	-8.8%	236.9%
AHLUWALIA CONTRACTS (INDIA)	10	1	1	10	1	1	9	1	0	-2.8%	-13.0%	-14.5%
ASHOKA BUILDCON	17	1	0	13	1	0	19	1	0	-23.3%	-9.5%	-24.6%
J.KUMAR INFRAPROJECTS	15	2	1	15	2	1	13	2	1	1.7%	2.3%	7.1%
ITD CEMENTATION INDIA	27	3	1	25	2	1	24	2	1	-4.7%	-10.3%	25.2%
Real Estate	**136**	**40**	**26**	**131**	**49**	**31**	**114**	**32**	**28**	-3.2%	22.5%	19.9%
DLF	16	5	7	27	4	8	14	2	6	75.1%	-30.5%	9.5%
OBEROI REALTY	14	8	5	10	5	4	14	6	6	-28.4%	-32.9%	-21.5%
GODREJ PROPERTIES	11	(0)	1	4	(2)	6	7	(1)	5	-59.0%	655.4%	431.6%
THE PHOENIX MILLS	10	6	2	10	22	2	9	5	2	-5.9%	278.9%	-3.2%
PRESTIGE ESTATES PROJECTS	20	7	1	23	9	3	19	8	2	12.6%	22.2%	116.5%
BRIGADE ENTERPRISES	12	3	2	13	3	1	11	3	1	3.4%	-4.3%	-8.1%
MAHINDRA LIFESPACE DEVELOPERS	2	0	1	0	(1)	0	2	(0)	0	-85.6%	-372.2%	-85.8%
SOBHA	13	1	1	9	0	0	6	1	0	-32.0%	-79.8%	-76.5%
KOLTE - PATIL DEVELOPERS	4	0	0	1	(0)	(0)	3	1	0	-80.2%	-164.9%	-155.6%
LODHA	34	10	6	35	10	7	28	8	5	3.1%	3.3%	15.0%
IT	**2,118**	**456**	**320**	**2,108**	**444**	**319**	**2,024**	**431**	**298**	-0.5%	-2.5%	-0.3%
TATA CONSULTANCY SERVICES	649	171	124	634	169	128	626	167	120	-2.3%	-1.1%	3.3%
INFOSYS	418	101	70	423	99	69	393	94	64	1.1%	-1.4%	-0.5%
HCL TECHNOLOGIES	303	64	44	303	60	38	281	58	38	0.0%	-5.1%	-11.7%
WIPRO	219	45	32	221	42	33	220	44	30	0.9%	-5.7%	3.3%
TECH MAHINDRA	134	20	12	134	19	11	130	16	9	-0.3%	-2.6%	-7.6%
LTIMINDTREE	99	17	12	98	16	12	91	16	11	-0.6%	-2.1%	4.3%
TATA ELXSI	9	2	2	9	2	1	9	3	2	-1.2%	-11.6%	-13.1%
INFO EDGE (INDIA)	7	3	3	7	3	3	6	2	2	2.3%	-3.2%	0.2%
MPHASIS	38	7	4	37	7	4	34	6	4	-0.6%	1.7%	-0.8%
L&T TECHNOLOGY SERVICES	29	5	3	29	5	3	25	5	3	-0.9%	-3.1%	-0.7%
PERSISTENT SYSTEMS	34	6	4	33	6	4	27	5	3	-0.6%	-5.2%	0.5%
INDIAMART INTERMESH	4	1	1	4	1	2	3	1	1	2.6%	6.5%	30.0%
TANLA PLATFORMS	10	2	1	10	2	1	10	2	1	2.1%	1.4%	2.5%
CYIENT	18	3	2	17	2	2	17	3	1	-6.7%	-18.8%	-2.8%
SONATA SOFTWARE	27	2	1	30	2	1	25	1	1	8.1%	-7.0%	-1.6%
TEAMLEASE SERVICES	29	0	0	29	0	0	26	0	0	1.2%	-6.4%	-0.8%
MASTEK	9	1	1	9	1	1	8	1	1	-2.1%	-7.4%	1.2%
ZENSAR TECHNOLOGIES	14	2	2	14	2	2	13	2	2	0.8%	-0.7%	3.8%
ROUTE MOBILE	12	1	1	11	1	1	11	1	1	-11.5%	-25.0%	-36.4%
BIRLASOFT	13	2	1	13	2	1	13	2	2	-0.8%	-3.9%	-14.1%
HAPPIEST MINDS TECHNOLOGIES	6	1	0	5	1	1	5	1	1	-0.7%	4.9%	16.3%

HSIE Coverage (INR Bn)	Q1 FY26 Preview Estimates			Q1 FY26 Actuals			Q1 FY25 Actuals			Deviation		
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
	Q1 FY26E	Q1 FY26E	Q1 FY26E	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY26E	Q1 FY26E	Q1 FY26E
QUESS CORP	36	1	0	37	1	1	50	2	0	0.8%	7.0%	8.8%
Energy (Oil & Gas)	**7,281**	**1,051**	**523**	**7,540**	**993**	**470**	**7,504**	**842**	**367**	3.6%	-5.5%	-10.2%
RELIANCE INDUSTRIES	2,427	445	201	2,436	429	181	2,318	388	151	0.4%	-3.5%	-9.9%
OIL & NATURAL GAS CORPORATION	322	182	82	320	187	80	353	186	89	-0.5%	2.6%	-2.1%
INDIAN OIL CORP	1,794	156	73	1,930	126	57	1,932	86	26	7.6%	-19.0%	-22.0%
BHARAT PETROLEUM CORP	1,043	103	67	1,125	97	61	1,131	57	30	7.9%	-6.3%	-8.3%
GAIL INDIA	359	33	20	348	33	19	337	45	27	-3.1%	2.2%	-7.9%
GUJARAT GAS	40	5	3	39	5	3	45	5	3	-4.0%	-0.4%	3.6%
HINDUSTAN PETROLEUM CORPORATION	1,060	81	47	1,108	76	44	1,138	21	4	4.5%	-6.2%	-6.5%
PETRONET LNG	122	13	9	119	12	9	134	16	11	-2.9%	-8.3%	-5.2%
INDRAPRASTHA GAS	39	5	4	39	5	4	35	6	4	-0.4%	-5.3%	-4.8%
OIL INDIA	53	23	14	50	16	8	58	25	15	-5.0%	-29.5%	-42.7%
GUJARAT STATE PETRONET	2	2	1	3	2	1	4	3	2	19.1%	25.5%	30.6%
MAHANAGAR GAS	19	4	3	21	5	3	17	4	3	10.9%	26.3%	24.3%
Cement	**551**	**113**	**54**	**558**	**114**	**52**	**488**	**79**	**33**	1.4%	0.6%	-4.7%
ULTRATECH CEMENT	217	44	23	213	44	23	181	30	17	-2.1%	-0.5%	-0.9%
AMBUJA CEMENTS	93	18	7	103	20	8	83	13	6	11.0%	7.0%	14.6%
SHREE CEMENT	49	14	5	49	12	6	48	9	3	0.9%	-9.9%	25.2%
DALMIA BHARAT	37	9	10	36	9	4	36	7	2	-2.9%	2.7%	-62.0%
JK CEMENT	32	6	3	34	7	3	28	5	2	6.3%	8.6%	19.3%
RAMCO CEMENTS	22	4	1	21	4	1	21	3	0	-6.2%	-0.2%	7.5%
NUVOCO VISTAS CORPORATION	29	5	2	29	5	1	26	3	0	0.7%	-2.9%	-11.9%
BIRLA CORPORATION	26	5	2	25	3	1	22	3	0	-4.9%	-25.3%	-40.1%
JK LAKSHMI CEMENT	17	3	1	17	3	2	16	2	1	3.5%	7.9%	21.9%
HEIDELBERGCEMENT INDIA	6	1	0	6	1	0	5	1	0	6.2%	6.0%	6.7%
STAR CEMENT	9	2	1	9	2	1	8	1	0	1.1%	19.2%	15.4%
ORIENT CEMENT	8	1	1	9	2	2	7	1	0	11.0%	49.7%	286.8%
SAGAR CEMENTS	7	1	0	7	1	0	6	0	(0)	-1.1%	0.4%	-91.7%
Home Improvement	**570**	**60**	**36**	**565**	**55**	**33**	**507**	**59**	**38**	-1.0%	-7.1%	-9.4%
ASIAN PAINTS	90	17	11	89	16	11	90	17	12	-0.9%	-5.0%	-1.0%
HAVELLS INDIA	59	6	4	54	5	4	58	6	4	-8.1%	-8.4%	-9.9%
BERGER PAINTS	33	6	4	32	5	3	31	5	4	-2.3%	-7.6%	-16.5%
ASTRAL	15	2	1	14	2	1	14	2	1	-7.5%	-20.1%	-33.8%
VOLTAS	45	3	2	39	2	1	49	4	3	-11.6%	-36.5%	-39.9%
KANSAI NEROLAC	22	3	2	22	3	2	21	3	2	-1.2%	-0.8%	3.6%
SUPREME INDUSTRIES	27	4	2	26	3	2	26	4	3	-2.6%	-14.1%	-16.8%
CROMPTON GREAVES CONSUMER ELECTRICALS	22	2	2	20	2	1	21	2	2	-8.5%	-17.5%	-21.2%
KAJARIA CERAMICS	12	2	1	11	2	1	11	2	1	-6.0%	22.1%	33.7%
TTK PRESTIGE	6	0	0	6	0	0	6	1	0	-1.0%	-15.5%	-20.0%
PRINCE PIPES AND FITTINGS	6	0	0	6	0	0	6	1	0	-3.2%	-8.3%	-48.1%
V-GUARD INDUSTRIES	15	1	1	15	1	1	15	2	1	-3.7%	-11.7%	-16.2%
SYMPHONY	3	0	0	3	0	0	5	1	1	-16.9%	-21.9%	-28.1%
ORIENT ELECTRIC	8	0	0	8	0	0	8	0	0	1.3%	-1.2%	8.5%
SOMANY CERAMICS	6	1	0	6	0	0	6	0	0	-5.3%	-6.5%	-31.4%
GREENPANEL INDUSTRIES	3	0	(0)	3	(0)	(0)	4	0	0	6.8%	-249.7%	150.6%
GREENLAM INDUSTRIES	7	1	(0)	7	0	(0)	6	1	0	-2.9%	-15.3%	34.4%
CENTURY PLYBOARDS INDIA	12	1	1	12	1	1	10	1	0	-0.7%	-4.1%	-14.8%
STYLAM INDUSTRIES	3	0	0	3	1	0	2	0	0	1.3%	7.1%	-14.2%
KAYNES TECHNOLOGY INDIA	7	1	1	7	1	1	5	1	1	-9.2%	6.2%	12.5%
DIXON TECHNOLOGIES (INDIA)	122	5	2	128	5	2	66	2	1	5.6%	4.7%	0.8%
AMBER ENTERPRISES INDIA	27	2	1	34	3	1	24	2	1	29.9%	25.8%	36.4%
SYRMA SGS TECHNOLOGY	10	1	0	9	1	0	12	0	0	-7.3%	4.2%	6.7%
BAJAJ ELECTRICALS	12	1	0	11	0	0	12	1	0	-9.2%	-56.2%	-68.3%

HSIE Coverage (INR Bn)	Q1 FY26 Preview Estimates			Q1 FY26 Actuals			Q1 FY25 Actuals			Deviation		
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
	Q1 FY26E	Q1 FY26E	Q1 FY26E	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY26 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY25 Actuals	Q1 FY26E	Q1 FY26E	Q1 FY26E
Chemicals	**129**	**26**	**14**	**122**	**22**	**13**	**116**	**20**	**11**	-5.1%	-16.2%	-9.3%
SRF	42	10	5	38	8	4	35	6	3	-8.8%	-15.8%	-14.9%
DEEPAK NITRITE	23	4	2	19	2	1	22	3	2	-17.4%	-50.1%	-50.5%
AARTI INDUSTRIES	17	3	1	17	2	0	18	3	1	-0.8%	-24.4%	-46.6%
NAVIN FLUORINE INTERNATIONAL	8	2	1	7	2	1	5	1	1	-13.0%	0.6%	46.0%
VINATI ORGANICS	6	2	1	5	2	1	5	1	1	-5.2%	0.4%	-2.6%
FINE ORGANIC INDUSTRIES	5	1	1	7	1	1	5	1	1	19.9%	9.0%	12.6%
ALKYL AMINES CHEMICALS	4	1	0	4	1	0	4	1	0	-0.8%	2.5%	1.9%
GALAXY SURFACTANTS	10	1	1	13	1	1	10	1	1	25.5%	4.4%	9.4%
NOCIL	3	0	0	3	0	1	4	0	0	0.4%	-18.6%	220.7%
NEOGEN CHEMICALS	2	0	0	2	0	0	2	0	0	-3.4%	-3.7%	-13.8%
CLEAN SCIENCE AND TECHNOLOGY	3	1	1	2	1	1	2	1	1	-11.7%	-7.8%	-9.1%
Acutaas Chemicals Ltd	3	1	0	2	1	0	2	0	0	-21.7%	-23.5%	-0.7%
AETHER INDUSTRIES	3	1	1	3	1	0	2	0	0	-4.1%	-3.0%	-8.1%
Power/Utilities	**1,012**	**338**	**135**	**995**	**331**	**140**	**978**	**332**	**133**	-1.6%	-1.9%	3.7%
POWER GRID CORPORATION OF INDIA	117	91	36	112	91	36	110	96	37	-4.2%	0.0%	0.0%
NTPC	487	143	55	471	126	60	485	140	55	-3.4%	-11.9%	10.3%
TATA POWER COMPANY	179	35	10	180	41	11	173	36	10	0.9%	17.2%	3.7%
JSW ENERGY	47	23	7	51	28	7	29	14	5	9.7%	20.2%	12.6%
NHPC	33	17	11	32	18	11	27	15	11	-3.2%	3.9%	1.3%
TORRENT POWER	77	15	7	79	15	7	90	19	10	2.3%	-3.3%	0.3%
CESC	51	8	4	52	9	4	49	11	4	1.4%	5.1%	-6.8%
Siemens Energy	20	4	4	18	3	3	15	2	1	-12.1%	-21.4%	-39.5%
Pharma	**756**	**187**	**122**	**752**	**188**	**120**	**684**	**171**	**113**	-0.6%	0.4%	-1.1%
SUN PHARMACEUTICAL INDUSTRIES	136	38	31	139	41	28	127	37	28	1.6%	6.7%	-9.4%
CIPLA	71	18	12	69	18	13	67	17	12	-2.8%	0.0%	8.3%
DR. REDDY'S LABORATORIES	88	24	15	86	22	14	77	21	13	-2.3%	-9.6%	-7.1%
APOLLO HOSPITALS ENTERPRISE	57	8	4	58	9	4	51	7	3	1.8%	9.7%	21.9%
TORRENT PHARMACEUTICALS	32	11	6	32	10	6	29	9	5	-0.8%	-1.0%	-1.0%
ZYDUS LIFESCIENCES	66	21	14	66	20	14	62	21	14	-0.8%	-1.7%	1.2%
MAX HEALTHCARE INSTITUTE	24	6	4	25	6	4	19	5	3	3.0%	3.1%	6.0%
ALKEM LABORATORIES	33	7	6	34	7	7	30	6	5	3.5%	12.9%	15.5%
LUPIN	65	16	10	63	16	11	56	14	9	-3.3%	0.4%	9.7%
AUROBINDO PHARMA	80	17	9	79	16	8	76	16	9	-2.1%	-4.1%	-12.4%
MANKIND PHARMA	36	9	5	36	8	4	29	7	5	-0.6%	-5.7%	-10.2%
ERIS LIFESCIENCES	8	3	1	8	3	1	7	3	1	-3.1%	-3.1%	2.6%
DR LAL PATH LABS	7	2	1	7	2	1	6	2	1	-0.1%	17.4%	9.2%
METROPOLIS HEALTHCARE	4	1	0	4	1	0	3	1	0	0.2%	-1.4%	5.5%
MEDPLUS HEALTH SERVICES	16	1	0	15	1	0	15	1	0	-1.5%	0.6%	14.3%
IPCA	23	4	2	23	4	2	21	4	2	0.4%	-2.8%	4.7%
Aster DM Healthcare	11	2	1	11	2	1	10	2	1	0.1%	9.9%	-3.5%
Metals	**2,258**	**392**	**179**	**2,307**	**414**	**194**	**2,255**	**391**	**181**	2.2%	5.6%	8.5%
JSW STEEL	421	75	19	431	76	22	429	55	8	2.5%	1.6%	15.7%
COAL INDIA	350	113	83	319	125	87	332	143	109	-8.9%	11.0%	5.1%
TATA STEEL	508	66	17	532	74	22	548	67	13	4.7%	12.3%	28.9%
HINDALCO INDUSTRIES	599	78	38	642	81	41	570	75	33	7.3%	3.3%	9.4%
JINDAL STEEL & POWER (JSPL)	121	26	11	123	30	15	136	28	13	1.6%	17.0%	36.0%
STEEL AUTHORITY OF INDIA (SAIL)	259	34	11	259	28	7	240	22	3	0.0%	-19.7%	-39.0%
Telecom	**498**	**280**	**57**	**495**	**278**	**59**	**385**	**197**	**36**	-0.6%	-0.5%	4.5%
BHARTI AIRTEL LIMITED	498	280	57	495	278	59	385	197	36	-0.6%	-0.5%	4.5%
Total	**22,358**	**4,701**	**2,579**	**22,668**	**4,654**	**2,554**	**21,645**	**4,275**	**2,327**	1.4%	-1.0%	-1.0%

Source: Bloomberg & HSIE Research

HSIE Coverage – Earnings Estimate

HSIE Coverage	CMP	MCAP INR Bn	Rating	TP	Revenue Growth		PAT Growth		Change in PAT estimates	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
AUTOS					**7.2%**	**13.6%**	**6.9%**	**18.8%**	**-4.2%**	**-3.7%**
MARUTI SUZUKI INDIA	14280	4490	BUY	15003	11.4%	13.2%	13.4%	16.0%	-2.9%	-1.9%
MAHINDRA & MAHINDRA	3375	4197	ADD	3520	14.2%	13.1%	11.3%	11.9%	0.3%	0.9%
TATA MOTORS	685	2523	REDUCE	647	1.0%	14.4%	-10.1%	21.5%	-9.7%	-8.5%
BAJAJ AUTO	8685	2425	REDUCE	7969	12.1%	13.2%	12.4%	13.2%	-2.3%	-3.5%
EICHER MOTORS	5975	1639	ADD	5898	14.7%	14.3%	12.1%	14.3%	-0.5%	-0.4%
HERO MOTOCORP	5097	1020	BUY	5223	8.7%	12.7%	9.2%	14.0%	-1.5%	-2.1%
TVS MOTOR COMPANY	3281	1559	ADD	2814	14.1%	15.7%	19.5%	24.2%	-4.3%	-5.0%
ASHOK LEYLAND	131	769	BUY	150	8.9%	12.5%	12.2%	18.4%	-2.6%	-4.1%
BALKRISHNA INDUSTRIES	2414	467	SELL	2102	1.9%	14.0%	-2.3%	22.5%	-10.7%	-2.4%
BHARAT FORGE	1154	552	BUY	1304	2.6%	14.8%	29.2%	45.8%	-5.9%	-6.7%
ENDURANCE TECHNOLOGIES	2867	403	ADD	2784	15.9%	16.8%	15.9%	31.8%	-2.9%	-0.7%
APOLLO TYRES	464	295	SELL	399	7.1%	8.9%	21.7%	34.2%	-1.6%	-4.1%
MOTHERSON SUMI WIRING INDIA	43	283	ADD	43	12.4%	16.1%	16.0%	34.4%	-6.7%	-3.4%
SAMVARDHANA MOTHERSON INTERNATIONAL	98	1033	ADD	115	10.4%	11.7%	15.9%	30.7%	-6.2%	-4.2%
SANSERA ENGINEERING	1321	82	ADD	1456	15.6%	19.1%	32.3%	33.0%	-7.3%	-4.4%
SUPRAJIT ENGINEERING	458	63	ADD	460	15.2%	12.2%	108.2%	37.0%	-4.4%	-2.5%
Ather Energy	416	155	BUY	475	28.7%	33.1%	-14.4%	-8.4%	-4.7%	-13.1%
BANKS AND NBFCS					**10.5%**	**17.7%**	**8.2%**	**18.7%**	**-0.5%**	**0.1%**
STATE BANK OF INDIA	826	7622	BUY	1035	8.7%	18.1%	6.8%	18.6%	0.1%	1.5%
BAJAJ FINANCE	896	5566	BUY	985	24.6%	24.6%	28.6%	26.2%	0.1%	-0.2%
KOTAK MAHINDRA BANK	2018	4012	BUY	2310	11.9%	19.4%	-7.8%	17.1%	-3.2%	-1.0%
AXIS BANK	1079	3347	ADD	1290	6.6%	15.2%	3.4%	16.4%	-2.5%	-1.4%
INDUSIND BANK	767	598	REDUCE	665	-1.1%	12.0%	72.0%	29.6%	-1.2%	-2.2%
SBI CARDS AND PAYMENT SERVICES	825	785	REDUCE	685	16.0%	15.9%	52.6%	17.0%	0.0%	0.0%
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY	1518	1277	ADD	1590	26.6%	22.9%	27.6%	25.9%	0.0%	0.0%
BANDHAN BANK	177	285	REDUCE	155	10.8%	12.1%	12.1%	22.1%	-3.0%	-2.6%
FEDERAL BANK	199	490	BUY	225	11.9%	22.6%	11.0%	21.0%	-0.2%	0.2%
AU SMALL FINANCE BANK	752	561	REDUCE	610	21.6%	24.0%	22.8%	27.0%	-2.7%	-3.2%
SHRIRAM FINANCE	620	1166	ADD	685	18.3%	15.7%	22.8%	16.7%	0.0%	0.0%
MAHINDRA & MAHINDRA FINANCIAL SERVICES	261	362	ADD	280	18.3%	15.6%	17.7%	20.8%	-5.1%	-1.8%
LIC HOUSING FINANCE	578	318	REDUCE	615	3.9%	6.4%	-1.5%	5.6%	0.1%	-0.3%
CREDITACCESS GRAMEEN	1396	223	ADD	1300	8.3%	17.0%	81.4%	78.2%	2.6%	-1.1%
CITY UNION BANK	216	160	BUY	225	8.0%	18.5%	14.6%	16.8%	1.2%	1.3%
RBL BANK	254	155	REDUCE	200	6.7%	14.6%	70.9%	33.1%	-1.0%	-0.8%
KARUR VYSYA BANK	258	206	ADD	290	8.8%	15.5%	9.6%	12.0%	-1.8%	0.0%
UJJIVAN SMALL FINANCE BANK	44	85	ADD	45	5.8%	14.6%	40.6%	30.0%	-4.7%	-4.3%
DCB BANK	122	38	ADD	155	15.9%	23.0%	10.7%	32.3%	-0.2%	0.0%
SUNDARAM FINANCE	5216	580	REDUCE	4410	16.8%	18.4%	21.7%	17.2%	0.0%	0.0%
REPCO HOME FINANCE	370	23	ADD	575	9.4%	12.1%	1.3%	8.2%	0.0%	0.0%
APTUS VALUE HOUSING FINANCE INDIA	355	177	REDUCE	315	22.8%	22.0%	18.4%	21.3%	0.0%	0.0%
AAVAS FINANCIERS	1637	130	ADD	1800	16.5%	17.3%	16.4%	20.1%	0.2%	-2.2%
HOME FIRST FINANCE COMPANY	1276	132	REDUCE	1235	35.4%	27.9%	28.8%	28.8%	4.4%	5.7%
CAN FIN HOMES	782	104	BUY	900	11.2%	12.9%	9.8%	12.3%	0.0%	0.0%
PNB HOUSING FINANCE	804	209	ADD	1100	21.6%	21.8%	11.7%	12.5%	1.6%	0.0%
Bank of Baroda	243	1259	BUY	290	10.3%	19.0%	3.3%	18.0%	0.0%	0.0%
Indian Bank	671	904	BUY	735	3.3%	15.9%	3.1%	16.3%	0.0%	0.0%
Bank of Maharashtra	55	425	BUY	70	16.2%	21.6%	10.7%	18.1%	0.0%	0.0%
Union Bank of India	137	1042	ADD	160	6.6%	14.6%	-2.8%	17.7%	0.0%	0.0%
Canara Bank	111	1007	ADD	110	8.6%	16.1%	-1.2%	11.8%	0.0%	0.0%

HSIE Coverage	CMP	MCAP INR Bn	Rating	TP	Revenue Growth		PAT Growth		Change in PAT estimates	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INSURANCE					**8.5%**	**12.2%**	**11.1%**	**16.4%**	**-2.3%**	**-2.2%**
SBI LIFE INSURANCE COMPANY	1877	1882	BUY	2100	11.0%	13.4%	11.8%	14.3%	-1.6%	-2.4%
ICICI PRUDENTIAL LIFE INSURANCE COMPANY	629	910	ADD	690	11.4%	14.2%	11.7%	14.2%	-2.0%	-1.9%
ICICI LOMBARD GENERAL INSURANCE COMPANY	1967	978	BUY	2210	11.1%	14.4%	6.7%	25.8%	0.0%	0.0%
STAR HEALTH AND ALLIED INSURANCE COMPANY	440	259	ADD	450	11.7%	17.7%	29.8%	26.2%	1.9%	-0.6%
MAX FINANCIAL SERVICES	1659	573	ADD	1550	17.5%	16.4%	19.1%	19.8%	0.6%	2.3%
PB Fintech	1908	876	BUY	2280	37.6%	31.9%	128.4%	68.7%	0.8%	-2.8%
Life Insurance Corporation of India	896	5665	ADD	1040	0.0%	6.0%	-0.1%	9.2%	0.0%	0.0%
Niva Bupa Health Insurance Company	86	158	BUY	95	20.5%	25.6%	3.5%	17.5%	-36.1%	-36.2%
Go Digit General Insurance	372	343	ADD	395	12.9%	12.3%	77.7%	19.8%	-0.5%	0.4%
The New India Assurance Company	199	328	ADD	200	7.6%	9.2%	36.6%	28.7%	-0.3%	-0.1%
General Insurance Corporation	383	672	ADD	450	8.9%	12.4%	10.6%	15.2%	-6.8%	-5.9%
CAPITAL MARKETS					**17.0%**	**16.2%**	**21.6%**	**20.9%**	**2.3%**	**3.9%**
NIPPON LIFE INDIA ASSET MANAGEMENT	862	548	ADD	320	21.0%	14.8%	8.9%	14.3%	0.0%	0.0%
ANGEL ONE	2538	230	ADD	600	8.7%	24.4%	3.9%	33.1%	-0.3%	0.0%
ADITYA BIRLA SUN LIFE AMC	885	255	BUY	2850	13.4%	16.0%	13.1%	15.0%	0.0%	15.0%
COMPUTER AGE MANAGEMENT SERVICES	3895	193	ADD	355	16.9%	12.0%	4.8%	12.2%	0.0%	0.0%
CENTRAL DEPOSITORY SERVICES (INDIA)	1570	328	ADD	1535	10.6%	17.7%	3.9%	23.9%	3.0%	4.6%
BSE	2332	947	ADD	2500	31.4%	18.6%	51.6%	18.2%	9.9%	10.5%
MULTI COMMODITY EXCHANGE OF INDIA	7927	404	BUY	9250	36.2%	16.7%	45.6%	18.5%	6.5%	9.2%
MOTILAL OSWAL FINANCIAL SERVICES	949	569	ADD	845	12.0%	11.4%	28.9%	28.0%	0.0%	0.0%
UTI ASSET MANAGEMENT COMPANY	1375	176	BUY	770	21.1%	14.3%	14.7%	11.8%	0.0%	0.0%
CONSUMER- STAPLES					**11.6%**	**9.5%**	**8.4%**	**12.4%**	**-1.2%**	**0.4%**
HINDUSTAN UNILEVER	2648	6222	ADD	2500	9.7%	8.1%	6.4%	10.9%	-0.6%	2.4%
ITC	406	5080	REDUCE	425	12.2%	8.8%	8.4%	11.3%	-0.9%	0.9%
NESTLE INDIA	1179	2274	ADD	2450	8.7%	9.6%	8.8%	13.6%	-4.1%	-5.2%
DABUR INDIA	516	915	ADD	540	7.4%	8.5%	10.5%	11.1%	2.8%	1.7%
BRITANNIA INDUSTRIES	5598	1348	ADD	5300	11.6%	9.6%	12.5%	13.4%	0.8%	-0.1%
GODREJ CONSUMER PRODUCTS	1247	1276	BUY	1400	9.6%	10.2%	13.4%	18.7%	-5.3%	-4.4%
MARICO	740	960	BUY	785	18.6%	8.2%	9.5%	17.3%	-0.6%	5.6%
UNITED SPIRITS	1337	972	ADD	1650	13.0%	11.6%	8.9%	18.3%	3.8%	5.1%
COLGATE PALMOLIVE INDIA	2351	639	REDUCE	2560	3.6%	7.8%	0.3%	9.7%	-8.6%	-9.4%
EMAMI	619	272	ADD	610	7.1%	8.4%	1.3%	8.3%	-7.0%	-7.1%
RADICO KHAITAN	2895	388	BUY	2650	51.7%	31.3%	53.7%	31.2%	9.5%	8.3%
JYOTHY LABS	344	126	BUY	505	7.1%	8.9%	2.1%	12.8%	-7.0%	-5.0%
CONSUMER DISCRETIONARY (EX-AUTOS)					**21.1%**	**19.1%**	**31.1%**	**42.6%**	**-6.7%**	**-1.4%**
AVENUE SUPERMARTS	4694	3055	ADD	4000	17.6%	18.4%	13.9%	22.7%	-3.2%	-2.2%
TITAN COMPANY	3616	3211	REDUCE	3200	16.3%	18.0%	36.8%	20.4%	-5.8%	-3.1%
TRENT	5453	1938	SELL	4300	25.8%	16.8%	18.0%	20.4%	-3.7%	0.0%
JUBILANT FOODWORKS	627	414	ADD	780	16.8%	15.9%	10.3%	47.9%	-25.4%	-15.7%
METRO BRANDS	1161	316	SELL	980	13.5%	20.3%	13.8%	31.0%	-6.5%	-2.9%
RELAXO FOOTWEARS	481	120	ADD	490	3.5%	14.7%	11.2%	31.5%	-3.8%	-1.7%
BATA INDIA	1119	144	REDUCE	1085	8.3%	8.6%	-10.5%	25.4%	-6.8%	-4.3%
SHOPPERS STOP	544	60	REDUCE	500	10.0%	7.5%	607.8%	54.8%	34.0%	21.0%
V-MART RETAIL	752	60	ADD	830	15.5%	15.6%	345.9%	59.8%	6.3%	6.8%
FSN E-COMMERCE VENTURES (NYKAA)	225	644	REDUCE	180	25.7%	23.8%	323.2%	45.7%	3.8%	-0.8%
INDIAN HOTELS COMPANY	796	1133	REDUCE	725	15.2%	16.0%	11.7%	18.8%	0.0%	0.0%
LEMON TREE HOTELS	166	132	BUY	158	18.3%	12.0%	45.0%	31.3%	0.0%	0.0%
DEVYANI INTERNATIONAL	174	214	REDUCE	165	15.7%	14.3%	-70.1%	227.1%	-72.4%	-49.0%
WESTLIFE FOODWORLD	710	111	REDUCE	680	11.5%	15.5%	-12.6%	136.4%	-39.1%	-26.3%

HSIE Coverage	CMP	MCAP INR Bn	Rating	TP	Revenue Growth		PAT Growth		Change in PAT estimates	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
SAPPHIRE FOODS INDIA FOODS	330	106	ADD	360	13.2%	15.8%	-20.6%	127.5%	-70.2%	-46.5%
SWIGGY	436	1086	ADD	400	31.4%	23.0%	-6.7%	-33.6%	6.9%	5.2%
ETERNAL	322	3105	REDUCE	280	48.7%	28.6%	8.1%	99.8%	61.6%	83.8%
INDUSTRIALS (INFRASTRUCTURE+ CAP GOODS+ LOGISTICS)					**15.1%**	**17.4%**	**27.8%**	**25.5%**	**-0.2%**	**0.1%**
LARSEN & TOUBRO	3613	4969	BUY	4287	16.7%	17.3%	27.8%	24.9%	0.0%	0.0%
SIEMENS	3197	1139	BUY	3862	12.9%	14.4%	12.1%	13.1%	4.8%	3.4%
ABB INDIA	5142	1090	ADD	5826	0.0%	10.8%	0.0%	10.0%	-3.7%	-5.5%
THERMAX	3237	386	BUY	4380	11.8%	16.0%	34.8%	29.7%	0.0%	0.0%
HITACHI ENERGY INDIA	20065	894	ADD	20301	18.5%	71.5%	81.0%	88.9%	-9.0%	4.7%
CUMMINS INDIA	3886	1077	BUY	5075	16.2%	18.2%	15.7%	16.9%	3.5%	4.7%
IRB INFRASTRUCTURE DEVELOPERS	45	269	ADD	68	7.0%	10.0%	186.5%	34.2%	0.0%	0.0%
KEC INTERNATIONAL	818	218	ADD	959	14.8%	13.4%	75.2%	27.6%	0.0%	0.0%
KNR CONSTRUCTIONS	202	57	BUY	288	-1.8%	26.8%	-0.7%	36.9%	0.0%	0.0%
KALPATARU PROJECTS INTERNATIONAL	1295	221	BUY	1406	20.0%	15.0%	47.2%	21.9%	0.0%	0.0%
NCC	219	137	BUY	305	13.2%	15.5%	26.6%	24.2%	0.0%	0.0%
H.G. INFRA ENGINEERING	1003	65	BUY	1987	17.0%	17.0%	10.5%	18.7%	0.0%	0.0%
DILIP BUILDCON	485	71	ADD	480	-6.0%	16.3%	9.7%	148.2%	0.0%	0.0%
AHLUWALIA CONTRACTS (INDIA)	940	63	ADD	983	17.6%	18.0%	54.3%	32.3%	-0.7%	-4.6%
ASHOKA BUILDCON	183	51	BUY	273	10.0%	12.0%	59.2%	40.6%	0.0%	0.0%
J.KUMAR INFRAPROJECTS	669	51	ADD	1052	15.0%	15.0%	19.6%	21.7%	0.0%	0.0%
ITD CEMENTATION INDIA	761	131	BUY	875	24.1%	21.0%	55.1%	31.0%	-11.6%	-7.5%
REAL ESTATE					**16.7%**	**16.9%**	**4.6%**	**25.5%**	**0.0%**	**0.1%**
DLF	773	1914	BUY	988	14.1%	12.5%	-13.9%	12.5%	0.0%	0.0%
OBEROI REALTY	1661	604	BUY	2302	13.1%	15.2%	8.4%	16.6%	0.0%	0.0%
GODREJ PROPERTIES	2054	619	ADD	2846	25.0%	18.0%	-24.6%	16.7%	0.0%	0.0%
THE PHOENIX MILLS	1576	563	BUY	1952	8.4%	15.2%	14.3%	30.0%	0.0%	0.0%
PRESTIGE ESTATES PROJECTS	1631	702	BUY	2060	32.3%	34.1%	111.4%	67.0%	0.0%	0.0%
BRIGADE ENTERPRISES	968	237	BUY	1400	12.0%	6.0%	24.7%	15.3%	0.0%	0.0%
MAHINDRA LIFESPACE DEVELOPERS	348	74	BUY	699	62.5%	35.8%	104.8%	75.4%	4.4%	4.3%
SOBHA	1519	162	BUY	2459	16.4%	13.5%	299.7%	109.1%	0.0%	0.0%
KOLTE - PATIL DEVELOPERS	410	36	BUY	480	34.7%	0.9%	44.7%	68.8%	0.0%	0.0%
LODHA	1294	1291	ADD	1311	8.7%	15.8%	7.6%	26.1%	0.0%	0.0%
IT					**5.1%**	**9.9%**	**6.9%**	**12.7%**	**-1.6%**	**-1.0%**
TATA CONSULTANCY SERVICES	3103	11225	ADD	4020	3.3%	9.2%	5.9%	10.4%	-2.0%	-2.2%
INFOSYS	1496	6216	ADD	1735	5.6%	9.2%	6.5%	11.5%	-1.2%	0.5%
HCL TECHNOLOGIES	1494	4053	ADD	1745	7.1%	9.6%	7.8%	14.7%	-4.1%	-1.3%
WIPRO	250	2620	REDUCE	250	1.3%	6.6%	1.3%	7.5%	2.4%	2.4%
TECH MAHINDRA	1521	1490	REDUCE	1425	4.3%	9.6%	22.3%	23.5%	-1.1%	-0.3%
LTIMINDTREE	5242	1554	ADD	5400	8.3%	14.0%	13.5%	20.2%	2.1%	-0.2%
TATA ELXSI	5659	353	REDUCE	5075	-0.5%	17.4%	-3.4%	26.8%	-12.3%	-9.4%
INFO EDGE (INDIA)	1413	915	BUY	1600	13.4%	10.9%	10.9%	11.5%	-4.5%	-11.0%
MPHASIS	2854	543	REDUCE	2650	9.7%	12.5%	11.9%	15.4%	0.6%	1.1%
L&T TECHNOLOGY SERVICES	4289	455	ADD	4700	11.8%	13.3%	9.3%	24.5%	-6.3%	-3.0%
PERSISTENT SYSTEMS	5348	836	ADD	5965	18.7%	18.7%	22.7%	24.6%	1.0%	-0.9%
INDIAMART INTERMESH	2660	160	ADD	2600	14.6%	17.1%	-6.8%	12.7%	1.0%	3.2%
TANLA PLATFORMS	629	85	ADD	730	11.8%	13.7%	5.7%	16.9%	-0.3%	3.3%
CYIENT	1234	137	ADD	1350	1.3%	12.5%	9.6%	14.5%	-2.2%	-9.6%
SONATA SOFTWARE	377	106	ADD	415	8.9%	9.3%	9.9%	19.5%	-5.0%	-3.0%
TEAMLEASE SERVICES	1850	31	ADD	2300	9.9%	17.8%	33.7%	26.0%	1.7%	-2.2%
MASTEK	2485	77	BUY	3100	12.6%	14.3%	8.3%	18.5%	1.5%	1.4%
ZENSAR TECHNOLOGIES	810	184	ADD	900	9.1%	13.3%	9.9%	16.8%	-0.9%	-0.9%
ROUTE MOBILE	892	56	ADD	1035	3.9%	14.8%	-1.4%	24.7%	-14.2%	-9.1%
BIRLASOFT	382	106	ADD	395	-1.7%	8.9%	-12.2%	29.3%	-14.5%	-5.5%

HSIE Coverage	CMP	MCAP INR Bn	Rating	TP	Revenue Growth		PAT Growth		Change in PAT estimates	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
HAPPIEST MINDS TECHNOLOGIES	597	91	ADD	655	13.2%	21.0%	30.8%	25.4%	-6.0%	-5.1%
QUESS CORP	271	40	BUY	385	5.8%	13.5%	3.7%	25.5%	-5.9%	-5.6%
ENERGY (OIL & GAS)					10.0%	7.8%	19.2%	9.3%	0.8%	-1.9%
RELIANCE INDUSTRIES	1425	19282	ADD	1635	27.2%	11.4%	30.3%	18.6%	-5.8%	-7.0%
OIL & NATURAL GAS CORPORATION	238	2998	REDUCE	220	6.2%	5.9%	9.5%	-0.8%	7.9%	3.4%
INDIAN OIL CORP	141	1997	REDUCE	136	-1.6%	5.2%	79.6%	-4.4%	10.1%	10.6%
BHARAT PETROLEUM CORP	320	1388	REDUCE	300	7.3%	4.2%	-16.9%	1.9%	13.3%	-1.0%
GAIL INDIA	178	1169	BUY	230	-4.2%	3.5%	-14.9%	12.3%	-1.9%	0.3%
GUJARAT GAS	435	300	ADD	535	-12.7%	15.7%	17.8%	41.1%	-7.2%	-0.9%
HINDUSTAN PETROLEUM CORPORATION	393	837	REDUCE	335	9.4%	6.7%	48.8%	0.8%	6.6%	7.2%
PETRONET LNG	278	417	REDUCE	294	9.7%	13.8%	-13.3%	12.1%	0.0%	0.0%
INDRAPRASTHA GAS	207	289	BUY	247	15.8%	10.4%	0.6%	11.6%	-0.7%	-7.3%
OIL INDIA	411	668	BUY	485	-2.8%	42.7%	1.0%	1.3%	9.9%	5.7%
GUJARAT STATE PETRONET	305	172	ADD	300	-8.1%	13.1%	26.8%	11.5%	-14.6%	-10.5%
MAHANAGAR GAS	1330	131	BUY	1981	25.0%	22.4%	24.0%	5.9%	14.1%	5.2%
IRM ENERGY	279	11	BUY	515	37.7%	14.8%	42.0%	-5.3%	0.0%	0.0%
CEMENT					13.5%	11.8%	57.5%	33.8%	6.5%	3.6%
ULTRATECH CEMENT	12870	3793	BUY	12800	13.2%	11.6%	38.3%	42.3%	5.5%	1.0%
AMBUJA CEMENTS	589	1450	ADD	610	25.1%	14.0%	65.7%	19.0%	12.4%	10.3%
SHREE CEMENT	30600	1104	ADD	30800	8.1%	11.7%	41.8%	52.2%	-1.4%	-1.2%
DALMIA BHARAT	2346	440	BUY	2250	8.1%	11.7%	75.0%	10.5%	16.3%	19.6%
JK CEMENT	7134	551	ADD	6125	12.4%	13.4%	52.2%	37.5%	3.9%	8.6%
RAMCO CEMENTS	1106	261	REDUCE	850	9.7%	13.9%	474.1%	51.3%	1.7%	-0.1%
NUVOCO VISTAS CORPORATION	466	167	BUY	420	8.3%	9.7%	1708.0%	40.5%	0.0%	-0.1%
BIRLA CORPORATION	1309	101	ADD	1420	5.5%	6.5%	46.0%	38.5%	-11.5%	-8.9%
JK LAKSHMI CEMENT	940	111	BUY	1010	11.2%	10.2%	70.7%	15.7%	6.4%	11.2%
HEIDELBERGCEMENT INDIA	215	49	REDUCE	175	4.0%	5.1%	46.2%	15.5%	0.0%	0.0%
STAR CEMENT	294	119	BUY	270	16.8%	8.4%	126.6%	-6.1%	65.7%	36.0%
ORIENT CEMENT	243	50	REDUCE	267	15.3%	12.2%	91.1%	-20.4%	0.0%	-0.5%
SAGAR CEMENTS	242	32	ADD	265	13.4%	9.5%	-116.0%	165.6%	-39.6%	-47.4%
DECCAN CEMENTS	1055	15	REDUCE	507	8.2%	18.5%	-260.9%	325.6%	0.0%	0.0%
HOME IMPROVEMENT					17.2%	18.5%	14.7%	24.7%	-5.4%	-2.1%
ASIAN PAINTS	2569	2464	ADD	2500	4.1%	10.7%	5.3%	14.7%	-2.3%	-1.9%
HAVELLS INDIA	1554	974	ADD	1575	8.2%	14.8%	13.6%	16.6%	-5.7%	-4.8%
BERGER PAINTS	530	618	ADD	585	7.5%	12.2%	6.1%	19.7%	-3.2%	-1.7%
ASTRAL	1421	382	ADD	1360	9.2%	14.7%	3.5%	35.1%	-18.4%	-5.8%
VOLTAS	1363	451	ADD	1315	-6.3%	22.8%	-10.7%	44.3%	-27.1%	-12.6%
KANSAI NEROLAC	238	193	REDUCE	250	6.6%	10.4%	41.9%	13.5%	0.3%	0.1%
SUPREME INDUSTRIES	4576	581	ADD	4110	15.0%	13.0%	20.4%	19.6%	-3.8%	-0.1%
CROMPTON GREAVES CONSUMER ELECTRICALS	321	207	BUY	435	4.9%	12.3%	5.3%	18.9%	-9.9%	-7.6%
KAJARIA CERAMICS	1277	203	REDUCE	960	6.6%	7.6%	33.7%	9.3%	17.3%	19.8%
TTK PRESTIGE	658	90	REDUCE	550	7.1%	9.9%	-8.0%	34.6%	-13.7%	-9.0%
PRINCE PIPES AND FITTINGS	345	38	REDUCE	260	10.2%	7.9%	105.5%	48.0%	-20.7%	-4.6%
V-GUARD INDUSTRIES	372	162	REDUCE	340	8.7%	13.7%	5.8%	27.4%	-13.5%	-7.8%
SYMPHONY	962	66	ADD	1375	-22.6%	19.2%	-15.9%	23.7%	-16.5%	-9.0%
ORIENT ELECTRIC	212	45	BUY	275	8.2%	10.3%	36.4%	35.5%	-5.7%	-0.9%
SOMANY CERAMICS	513	21	ADD	500	5.0%	7.5%	44.2%	22.4%	-12.7%	-8.7%
GREENPANEL INDUSTRIES	266	33	REDUCE	230	7.7%	22.1%	-115.7%	-1345.1%	-113.1%	-7.9%
GREENLAM INDUSTRIES	233	59	ADD	230	17.8%	15.6%	15.4%	96.7%	-16.1%	-15.9%
CENTURY PLYBOARDS INDIA	741	165	BUY	885	15.5%	14.0%	45.3%	57.3%	-0.3%	-1.4%
STYLAM INDUSTRIES	1631	28	REDUCE	1700	19.9%	24.2%	22.3%	29.6%	3.6%	-0.1%
KAYNES TECHNOLOGY INDIA	6146	411	REDUCE	6310	57.6%	53.1%	63.7%	46.6%	17.0%	16.7%
DIXON TECHNOLOGIES (INDIA)	16725	1012	ADD	17740	52.9%	27.8%	61.0%	30.7%	2.4%	1.8%
AMBER ENTERPRISES INDIA	7333	249	BUY	8590	35.2%	27.0%	76.6%	35.0%	9.2%	9.4%

HSIE Coverage	CMP	MCAP INR Bn	Rating	TP	Revenue Growth		PAT Growth		Change in PAT estimates	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
SYRMA SGS TECHNOLOGY	745	133	BUY	730	24.0%	25.2%	37.9%	36.5%	1.8%	5.2%
BAJAJ ELECTRICALS	594	69	REDUCE	615	5.0%	7.8%	18.0%	53.0%	-27.0%	-23.9%
CHEMICALS					**11.6%**	**18.9%**	**32.8%**	**39.3%**	**-5.1%**	**0.0%**
SRF	2913	863	ADD	3291	18.6%	18.9%	66.2%	40.7%	1.8%	1.5%
DEEPAK NITRITE	1811	247	SELL	1528	5.7%	14.5%	5.3%	50.6%	-24.8%	-10.8%
AARTI INDUSTRIES	382	138	ADD	497	-4.5%	9.8%	22.1%	53.9%	-10.6%	-12.5%
NAVIN FLUORINE INTERNATIONAL	4990	255	BUY	5551	27.7%	24.9%	71.6%	51.5%	4.1%	12.7%
VINATI ORGANICS	1690	175	SELL	2308	19.0%	24.0%	21.4%	45.6%	-2.1%	18.1%
FINE ORGANIC INDUSTRIES	4834	148	SELL	4112	13.8%	18.1%	18.2%	22.3%	-2.3%	2.6%
ALKYL AMINES CHEMICALS	2160	110	REDUCE	2031	15.6%	25.2%	10.2%	42.4%	11.5%	16.7%
GALAXY SURFACTANTS	2229	79	BUY	2684	7.1%	9.7%	2.3%	16.5%	-10.6%	-10.1%
NOCIL	185	31	ADD	241	-1.8%	13.0%	-5.8%	33.3%	-25.3%	-14.6%
NEOGEN CHEMICALS	1447	38	BUY	2630	6.9%	122.7%	7.0%	115.7%	-7.4%	-0.4%
CLEAN SCIENCE AND TECHNOLOGY	1149	122	SELL	1029	16.4%	34.7%	20.5%	17.4%	-4.6%	0.0%
Acutaas Chemicals Ltd	1401	115	SELL	1097	30.1%	22.1%	57.1%	15.8%	3.9%	2.5%
AETHER INDUSTRIES	767	102	BUY	1140	31.4%	22.2%	26.4%	28.7%	-6.0%	-5.3%
POWER/UTILITIES					**11.7%**	**9.2%**	**10.4%**	**12.1%**	**-1.0%**	**-0.6%**
POWER GRID CORPORATION OF INDIA	284	2641	NA	NA	7.8%	6.8%	6.8%	6.8%	-1.9%	-1.7%
NTPC	339	3285	NA	NA	7.0%	7.2%	3.0%	8.9%	1.5%	2.1%
TATA POWER COMPANY	388	1239	NA	NA	11.3%	9.2%	22.6%	15.9%	-1.1%	2.6%
JSW ENERGY	521	911	NA	NA	78.7%	13.2%	52.5%	21.7%	-8.3%	-15.8%
NHPC	82	822	NA	NA	41.0%	31.8%	49.9%	31.2%	-8.0%	-6.3%
TORRENT POWER	1292	651	NA	NA	8.2%	9.9%	-10.6%	13.3%	2.8%	3.7%
CESC	165	218	NA	NA	11.1%	5.7%	13.7%	9.2%	-0.9%	-3.2%
Siemens Energy	3298	1174	BUY	3569	25.0%	28.5%	47.4%	34.7%	2.3%	13.8%
PHARMA					**10.2%**	**9.7%**	**7.9%**	**8.1%**	**-2.6%**	**-1.5%**
SUN PHARMACEUTICAL INDUSTRIES	1643	3935	BUY	2010	9.4%	10.3%	2.4%	14.6%	-7.6%	-5.7%
CIPLA	1593	1287	NA	NA	6.4%	8.1%	-4.9%	5.4%	-0.2%	0.6%
DR. REDDY'S LABORATORIES	1277	1065	REDUCE	1240	3.8%	-1.0%	-2.9%	-20.3%	-3.3%	-1.1%
APOLLO HOSPITALS ENTERPRISE	7927	1140	BUY	8950	16.4%	18.8%	37.1%	29.1%	4.1%	3.1%
TORRENT PHARMACEUTICALS	3647	1234	ADD	3780	12.9%	12.9%	28.5%	21.7%	-0.3%	-0.3%
ZYDUS LIFESCIENCES	986	992	ADD	1010	10.2%	6.9%	3.0%	-7.6%	0.5%	5.2%
MAX HEALTHCARE INSTITUTE	1250	1215	REDUCE	1180	29.4%	18.9%	23.1%	27.6%	-1.6%	-1.3%
ALKEM LABORATORIES	5443	651	ADD	5700	11.1%	9.0%	16.1%	-7.4%	2.4%	-2.6%
LUPIN	1963	896	ADD	2060	10.3%	6.2%	13.5%	1.0%	2.6%	1.7%
AUROBINDO PHARMA	1041	605	ADD	1230	4.9%	9.3%	8.5%	13.2%	-7.1%	-3.2%
MANKIND PHARMA	2600	1073	ADD	2780	19.7%	12.0%	14.4%	28.1%	-2.3%	-1.8%
ERIS LIFESCIENCES	1750	238	ADD	1850	15.2%	16.0%	56.7%	34.3%	-1.4%	-0.5%
DR LAL PATH LABS	3383	283	ADD	3380	11.5%	11.5%	17.1%	14.1%	2.2%	1.9%
METROPOLIS HEALTHCARE	2155	112	ADD	2170	23.9%	12.4%	29.4%	20.1%	-0.9%	-0.3%
MEDPLUS HEALTH SERVICES	829	99	BUY	1120	8.6%	13.6%	37.4%	31.8%	-0.2%	-2.4%
IPCA	1359	345	BUY	1720	11.4%	11.8%	33.2%	26.5%	-1.3%	-2.2%
Aster DM Healthcare	606	314	ADD	630	14.8%	23.7%	33.3%	34.4%	1.4%	-0.5%
METALS					**6.6%**	**7.8%**	**21.1%**	**14.1%**	**1.7%**	**0.8%**
JSW STEEL	1072	2621	BUY	1120	13.8%	11.2%	196.6%	22.3%	14.6%	8.4%
COAL INDIA	378	2330	NA	NA	2.9%	5.5%	-2.8%	2.5%	-3.1%	-5.2%
TATA STEEL	162	2016	BUY	155	5.2%	6.0%	145.1%	26.6%	9.6%	12.7%
HINDALCO INDUSTRIES	707	1589	NA	NA	2.7%	3.7%	-1.3%	5.6%	0.0%	1.7%
JINDAL STEEL & POWER (JSPL)	1011	1032	BUY	1050	14.3%	31.3%	30.3%	62.1%	0.0%	0.0%
STEEL AUTHORITY OF INDIA (SAIL)	123	509	ADD	120	8.5%	5.4%	-2.3%	35.8%	0.0%	-5.7%
Telecom					**20.2%**	**13.1%**	**-13.8%**	**41.8%**	**-3.0%**	**1.1%**
BHARTI AIRTEL LIMITED	1930	11583	NA	NA	20.2%	13.1%	-13.8%	41.8%	-3.0%	1.1%
TOTAL					**10.0%**	**10.8%**	**11.7%**	**16.4%**	**-0.9%**	**-0.7%**

Note: CMP as on 21.08.2025 Source: Bloomberg & HSIE Research NR – NOT RATED

HSIE Model Portfolio

HSIE Coverage	CMP	MCAP ($ Bn)	MCAP INR Bn	Rating	TP	Portfolio weight	Nifty Weight	Relative weight
Nifty						100.0%	100.0%	0.0%
Autos						7.50%	7.18%	0.32%
Maruti Suzuki India Ltd	14280	52	4490	BUY	15003	2.50%	1.47%	1.03%
Bajaj Auto Ltd	8685	28	2425	REDUCE	7969		0.79%	-0.79%
Mahindra & Mahindra Ltd	3375	48	4197	ADD	3520	2.50%	2.52%	-0.02%
Eicher Motors Ltd	5975	19	1639	ADD	5898		0.67%	-0.67%
Hero MotoCorp Ltd	5097	12	1020	BUY	5223	1.00%	0.49%	0.51%
Tata Motors	685	29	2523	REDUCE	647		1.24%	-1.24%
Samvardhana motherson	98	12	1033	ADD	115	1.50%		1.50%
Banks and NBFCs						36.12%	35.47%	0.65%
ICICI Bank	1446	119	10324	NA	NA	9.41%	9.41%	0.00%
Kotak Mahindra Bank Ltd	2018	46	4012	BUY	2310	3.00%	2.59%	0.41%
HDFC Bank Ltd	1990	181	15726	NA	NA	13.71%	13.71%	0.00%
Bajaj Finance	896	64	5566	BUY	985		2.09%	-2.09%
State Bank of India	826	87	7622	BUY	1035	3.50%	2.73%	0.77%
Axis Bank Ltd	1079	38	3347	ADD	1290	3.00%	2.72%	0.28%
IndusInd Bank Ltd	767	7	598	REDUCE	665		0.47%	-0.47%
Shriram Finance Ltd.	620	13	1166	ADD	685		0.79%	-0.79%
Indian Bank	671	10	904	BUY	735	2.00%		2.00%
Jio Financial Services Ltd.	324	24	2055	NA	NA		0.96%	-0.96%
MCX	7927	5	404	BUY	9250	1.50%		1.50%
Insurance						3.50%	2.40%	1.10%
SBI Life	1877	22	1882	BUY	2100	2.00%	0.74%	1.26%
ICICI Lombard	1967	11	978	BUY	2210	1.50%		1.50%
Bajaj Finserv Ltd	1979	36	3164	NA	NA		0.94%	-0.94%
HDFC Life	795	20	1715	NA	NA		0.72%	-0.72%
Consumer staples						5.50%	6.13%	-0.63%
Hindustan Unilever Ltd	2648	71	6222	ADD	2500	2.00%	1.99%	0.01%
ITC Ltd	406	58	5080	REDUCE	425		3.42%	-3.42%
Nestle	1179	26	2274	ADD	2450		0.72%	-0.72%
Marico	740	11	960	BUY	785	2.00%		2.00%
United Spirits	1337	11	972	ADD	1650	1.50%		1.50%
Consumer Discretionary (ex-Autos)						7.00%	5.72%	1.28%
Titan Co Ltd	3616	37	3211	REDUCE	3200		1.23%	-1.23%
Tata Consumer	1088	12	1076	NA	NA		0.62%	-0.62%
Asian Paints	2569	28	2464	ADD	2500	1.00%	0.97%	0.03%
Crompton Consumer	321	2	207	BUY	435	2.00%		2.00%
Swiggy	436	12	1086	ADD	400	1.50%		1.50%
Avenue supermart	4694	35	3055	ADD	4000	1.50%		1.50%
Syrma	745	2	133	BUY	730	1.00%		1.00%
Eternal	322	36	3105	REDUCE	280		1.91%	-1.91%
Trent	5453	22	1938	SELL	4300		0.99%	-0.99%
Industrials (Infrastructure+ Cap Goods+ Logistics)						7.40%	5.92%	1.48%
Larsen & Toubro Ltd	3613	57	4969	BUY	4287	4.00%	3.80%	0.20%
Adani Ports & Special Economic Zone Ltd	1357	34	2933	NA	NA	0.90%	0.90%	0.00%
Cummins India	3886	12	1077	BUY	5075	2.50%		2.50%
Bharat Electronics Ltd.	374	31	2736	NA	NA		1.22%	-1.22%
Real Estate						2.50%	0.00%	2.50%
Sobha Ltd	1519	2	162	BUY	2459	2.50%		2.50%
IT and Exchanges						8.50%	10.45%	-1.95%
Tata Consultancy Services Ltd	3103	129	11225	ADD	4020	3.00%	2.76%	0.24%
Infosys Ltd	1496	71	6216	ADD	1735	4.00%	4.84%	-0.84%
HCL Technologies Ltd	1494	47	4053	ADD	1745		1.39%	-1.39%
Wipro Ltd	250	30	2620	REDUCE	250		0.63%	-0.63%
Tech Mahindra Ltd	1521	17	1490	REDUCE	1425		0.83%	-0.83%
Info Edge	1413	11	915	BUY	1600	1.50%		1.50%

HSIE Coverage	CMP	MCAP ($ Bn)	MCAP INR Bn	Rating	TP	Portfolio weight	Nifty Weight	Relative weight
Energy (Oil & Gas)						8.50%	9.22%	-0.72%
Reliance Industries Ltd	1425	221	19282	ADD	1635	8.50%	8.39%	0.11%
Oil & Natural Gas Corp Ltd	238	34	2998	REDUCE	220		0.83%	-0.83%
Chemicals						1.50%	0.00%	1.50%
Navin Fluorine	4990	3	255	BUY	5551	1.50%		1.50%
Metals & Mining						2.00%	4.25%	-2.25%
Hindalco Industries Ltd.	707	18	1589	NA	NA		0.88%	-0.88%
JSW Steel Ltd.	1072	30	2621	BUY	1120		0.89%	-0.89%
Adani enterprises	2378	32	2744	NA	NA		0.56%	-0.56%
Tata Steel Ltd.	162	23	2016	BUY	155	2.00%	1.16%	0.84%
Coal India Ltd.	378	27	2330	NA	NA		0.76%	-0.76%
Cement & Building Materials						3.00%	2.23%	0.77%
UltraTech Cement	12870	44	3793	BUY	12800		1.30%	-1.30%
Grasim Industries Limited	2879	22	1958	NA	NA		0.93%	-0.93%
Century plyboards	741	2	165	BUY	885	1.50%		1.50%
JK Lakshmi cement	2346	5	440	BUY	2250	1.50%		1.50%
Power/Utilities						2.00%	2.58%	-0.58%
NTPC	339	38	3285	NA	NA		1.41%	-1.41%
PGCIL	284	30	2641	NA	NA	2.00%	1.17%	0.83%
Pharma						4.00%	3.78%	0.22%
Sun Pharmaceutical Industries Ltd	1643	45	3935	BUY	2010		1.64%	-1.64%
Dr Reddy's Laboratories Ltd	1277	12	1065	REDUCE	1240		0.69%	-0.69%
Cipla Ltd/India	1593	15	1287	NA	NA		0.78%	-0.78%
Apollo hospitals	7927	13	1140	BUY	8950	2.00%	0.67%	1.33%
Lupin	1963	10	896	ADD	2060	2.00%		2.00%
Telecom						0.00%	4.65%	-4.65%
Bharti Airtel Ltd	1930	133	11583	NA	NA		4.65%	-4.65%
Cash						0.99%		0.99%
Total						100.0%	100.0%	0.00%

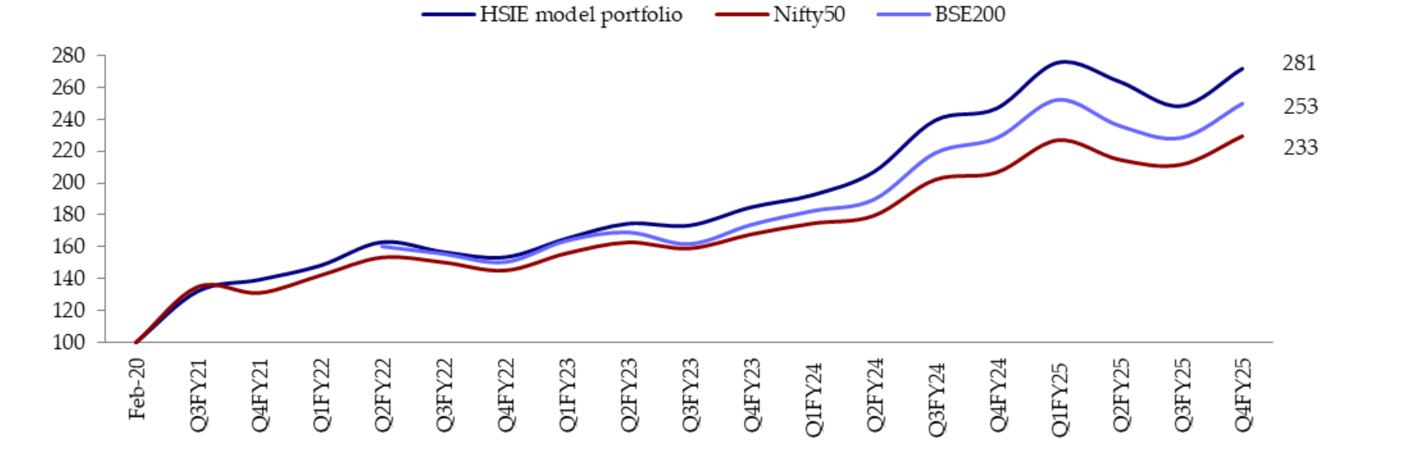
Note: CMP as on 21.08.2025 Stocks highlighted pink represent those which are a part of nifty but not under HSIE coverage
HDFC Bank is not under coverage, and we keep a neutral position (weight in model portfolio exactly equal to its weight in Nifty50)
Source: Bloomberg and HSIE Research

Model Portfolio Performance relative to benchmarks

Q1FY26 data (as on 21st Aug 25)	Model Portfolio	Benchmark: Nifty 50		Benchmark: BSE 200	
		Nifty	Relative returns	BSE 200	Relative returns
3 month*	3.2%	1.7%	1.6%	1.2%	2.0%
6 month**	13.0%	10.3%	2.8%	10.7%	2.3%
1 year***	1.8%	2.8%	-1.0%	0.3%	1.6%
Inception (since 28.2.20)(Annualised)	23.1%	18.1%	5.0%	19.4%	3.7%

* Returns calculated from previous rebalancing done on 5th June 25
** Returns calculated from previous rebalancing done on 20th feb 25
*** Returns calculated from rebalancing done on 21st Aug 24

Model Portfolio Returns



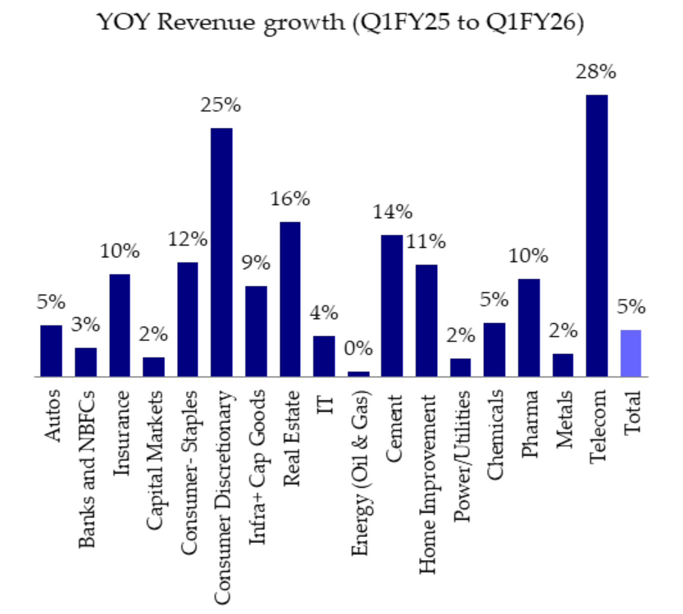
Base value 100 at inception (28th February,2020)

Disclosure for HSIE model portfolio

Name of model portfolio	HSIE Multi-Cap Model portfolio (HSIE MMP)
Description	HSIE MMP aims to provide a balanced and well-diversified focused portfolio (~25-35 stocks) for investors looking for superior risk-adjusted returns. By assigning recommended weights to various coverage stocks, HSIE MMP aims to steadily beat benchmarks over the medium to long term.
Horizon	Open ended
Launch date (Date of inception)	28th February 2020
Update date	Quarterly (Next due in 3rd to 4th week of November 2025)
Methodology	The stocks of HSIE MMP have been selected through fundamental research. All these stocks are under coverage of HDFC Securities institutional equities team. Underlying universe for stock selection is HSIE Coverage along with Nifty 50 stocks. This is a sector agnostic and Multicap portfolio. The portfolio weights are decided after considering the return objectives, risks involved and the ongoing market conditions. This portfolio is periodically monitored and quarterly rebalanced.
Frequency of rebalancing	Quarterly
Rationale	Rationale of picking various stocks is provided in form of stock result update notes. These result notes are attached to this quarterly flipbook. Every stock included in the model portfolio has been assigned a recommended rating and a target price. All these stocks are covered by HDFC securities institutional equities team.
Risk	All the stocks covered in the model portfolio carry systemic as well as company specific risks.
Benchmarks	Nifty 50, BSE200

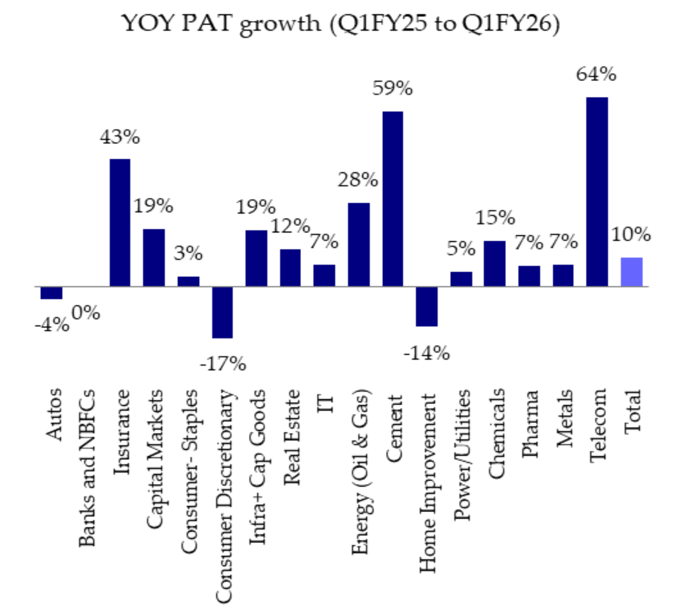
Sector wise YoY Growth – Q1FY26

YOY Revenue growth (Q1FY25 to Q1FY26)



Source: Bloomberg & HSIE Research

YOY PAT growth (Q1FY25 to Q1FY26)



Source: Bloomberg & HSIE Research

Autos

Mahindra & Mahindra

Core business set for another strong growth year

Mahindra & Mahindra's (M&M) Q1FY26 standalone EBITDA margin at 14.3% was broadly in line with our estimate of 14.2% but below the Bloomberg consensus estimate of 14.5%. The auto division's EBIT margin at 8.9% contracted 34bps QoQ as the company ramped up contract manufacturing for the ePV subsidiary Mahindra Electric Automobile (MEAL). Ex-of the ePV contract manufacturing segment, the core PV margin stood at 10%. The farm division's EBIT margin at 19.8% continued to impress, ahead of our estimate of 18.7%. It maintained its FY26 guidance for the SUV segment, to grow in the mid to high teens range. Going forward, we expect an increase in ePV contract manufacturing and recording of PLI benefits in subsidiaries, which would continue impacting the standalone auto business margins in the near to medium term. However, this should improve financials of the EV subsidiaries. In the midst of a rare earth supply overhang, management clarified that it has sufficient inventory for the next two quarters as it has also evaluated light earth and ferrite solutions. We value the company on a SOTP basis, with the core business being valued at 19x Jun-27 EPS for a target price of Rs 3,520 and maintain ADD rating.

- **Call takeaways**: (1) The company gained market share of 50bps YoY to 45.2% in the tractor segment in Q1FY26. (2) Management highlighted that the farm machinery revenue grew 17% YoY to Rs.3.1bn. (3) Its market share in rotavator is 25%, while in harvester it is 5-6%; it is seeing further traction with the newly launched harvester product. (4) It claims SUV revenue market share of 27.3%, up 380bps QoQ. (5) It has highlighted that rural markets continue to do better than urban, and while fundamentals are fine in the urban segment, the sentiment is weak. (6) While it is exploring a greenfield for the PV segment, it has carried out debottlenecking of the Chakan plant, which has given it sufficient capacity to handle increased volumes. (7) M&M's EV mix stood at 7.8% against industry SUV EV penetration of 5.6%; while the near-term plan is to ramp up production to 4k per month, it could get increased further to 5-6k in the festive season. (8) It has not accrued any PLI benefit until now, which will start to accrue only from Q2 or Q3. (9) The 3XO model has gained good traction in South Africa and entered the Australian market. (10) It added that while commodity prices did not impact much in Q1 due to hedging and lower cost inventory, going forward, if steel prices continue to remain firm, it could impact the margin.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	3,40,832	2,70,388	26.1	3,13,534	8.7	11,64,837	13,29,708	15,03,508	16,90,814
EBITDA	48,840	40,222	21.4	46,825	4.3	1,71,226	1,93,848	2,18,663	2,51,270
EBITDA Margin (%)	14.3	14.9	-55bps	14.9	-61bps	14.7	14.6	14.5	14.9
APAT	34,498	26,127	32.0	24,371	41.6	1,27,029	1,41,371	1,58,188	1,81,370
Diluted EPS (INR)	28.7	21.8	31.9	20.3	41.5	98.7	117.7	131.7	151.0
P/E (x)						32.7	27.4	24.5	21.4
EV / EBITDA (x)						22.1	19.4	17.2	14.8
RoE (%)						22.3	21.1	20.2	19.9

Source: Company, HSIE Research

ADD

CMP *(on 30 Jul 2025)*	INR 3,225
Target Price	INR 3,520
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,557	INR 3,520
	FY27E	FY28E
EPS %	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	MM IN
No. of Shares (mn)	1,244
MCap (INR bn) / ($ mn)	3,990/45,643
6m avg traded value (INR mn)	8,939
52 Week high / low	INR 3,303/2,360

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	9.6	8.0	9.8
Relative (%)	8.0	1.8	9.8

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	18.45	18.44
FIs & Local MFs	29.79	29.59
FPIs	38.30	38.54
Public & Others	13.46	13.43
Pledged Shares	0.0	0.02

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Maruti Suzuki

Market share hinges on upcoming SUV launches

Maruti Suzuki's Q1FY26 margin, at 10.4%, was in line with both ours and Bloomberg consensus estimates. We expect this to improve as and when the Kharkhoda plant ramps up utilization. In the near term, firm steel prices continue to threaten gross margins. Subdued domestic demand could persist in FY26, and thus focus shifts to FY27, which could see a positive impact from the 8th Pay Commission, the income tax cut announced in the last Union Budget, and pent-up replacement demand for hatchbacks. We expect exports to continue to do well in the medium term, as Maruti has made efforts in the past few years to ramp up penetration across export markets and has widened the portfolio. We value the company at 24x Jun-27 EPS for a target price of Rs14,990 and maintain a BUY rating.

- **Q1FY26 performance:** Revenue at INR 384.1bn (HSIE INR 359.4bn) grew 8.1% YoY. While volumes grew 1.1% YoY, realization grew 6.9% to INR 693.8k (8% QoQ). EBITDA margin declined 227bps YoY (down 8bps QoQ) to 10.4%. This was on the back of better product mix and realizations though negated by higher commodity prices and adverse forex.
- **Call takeaways:** (1) Management reiterated plans to launch two SUVs in FY26, one of which will be an EV. (2) Management commented that the industry mix in Q1 was: SUV: 55%, MPV; 11% while hatchbacks declined to 21% (vs 49% in FY19). (3) In the powertrain segment, CNG and diesel comprised 19% each, hybrid 3% and EV 4%. (4) This quarter saw a 60bps decline in operating leverage, commodity was negative 40bps, and employee cost was up 50bps due to seasonality. The overheads and depreciation for the Kharkhoda plant that recently got operationalized continues to be a strain on margin for now, but as demand increases and ramp-up follows, this should smoothen out. (5) They have increased their service touchpoints to 5,500 covering 2,764 cities in India. (6) First-time buyer proportion remained subdued due to affordability issues. (7) They have made six airbags standard in almost all PVs; with around 97% of their volumes having six airbags. (8) Discounts were flattish QoQ and commented that they are working with healthy margins and not engaging in competitive pricing action. (9) The rare magnet issue is being mitigated and is present more in EV as compared to ICE. (10) Japan has become the second largest export destination for the company with Jimny and Fronx doing extremely well; the company has a competitive advantage in terms of leveraging the parent Suzuki's dealer network, which gives it better access as well as better position in foreign markets. (11) It reiterated INR 10bn capex guidance for FY26. (12) It expects more clarity on CAFÉ norms in the next couple of months.

Quarterly/annual financial summary

YE Mar (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	3,66,247	3,38,753	8.1	3,88,488	(5.7)	15,19,001	16,91,703	19,15,802	21,27,486
EBITDA	39,953	45,023	(11.3)	42,647	(6.3)	1,77,852	2,00,711	2,36,017	2,67,914
APAT	10.9	13.3	-239bps	11.0	-7bps	11.7	11.9	12.3	12.6
Diluted EPS (INR)	37,117	36,499	1.7	37,111	0.0	1,44,996	1,64,219	1,90,482	2,14,039
P/E (x)	118.1	116.1	1.7	118	0.0	461.2	522.3	605.9	680.8
EV / EBITDA (x)						27.1	24.0	20.7	18.4
RoE (%)						21.8	19.3	16.3	14.3

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jul 2025)*	INR12,608
Target Price	INR14,990
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 14,766	INR 14,990
EPS %	FY27E	FY28E
	+1.5	+1.5

KEY STOCK DATA	
Bloomberg code	MSIL IN
No. of Shares (mn)	314
MCap (INR bn) / ($ mn)	3,964/45,251
6m avg traded value (INR mn)	4,617
52 Week high / low	INR 13,680/10,725

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.9	2.4	(3.9)
Relative (%)	1.7	(2.3)	(3.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	58.28	58.28
FIs & Local MFs	23.64	23.33
FPIs	14.96	15.20
Public & Others	3.12	3.19
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Tata Motors

Challenging business environment continues

While the US tariffs have come down from the peak tariffs of 27.5% for both Europe and UK exports, they nevertheless remain higher than the earlier tariffs of 2.5%, up 300% for UK exports and 500% for EU exports. Additionally, lowering of the price threshold for luxury taxes has further impacted demand in China. Considering a weak demand situation in most markets for JLR, with additional operating costs, we expect volumes to decline 12.3% in FY26, with a rebound of 10.9% in FY27. We remain cautious in the near term due to the tariff overhang, subdued global macro, an ageing PV portfolio, slowing EV growth amidst higher competition, and moderate growth for CVs. We value the company on a SOTP basis, on an EV/EBITDA basis for the core business (1.25x for JLR, 10.5x for India CV and 9.0x for India PV) for a target price of INR 647 and maintain a REDUCE rating.

- **JLR performance:** EBIT margin deteriorated 485bps YoY and 677bps QoQ to 3.9%, missing our estimate of 5.5%, on the back of negative operating leverage as volumes fell 11% YoY and 19% QoQ as the company held back exports to the US in most of April 2025, wound down the sales of Jaguar even further, and faced demand headwinds in most markets. This is despite better product mix as realizations improved 9% QoQ.
- **Standalone performance:** CV (standalone) EBITDA margin at 11.9% beat our estimate of 10.9%, led by lower material costs and better mix, while PV EBITDA margin at 4% was below our estimate of 6.3%.
- **Call takeaways:** (1) Management kept JLR's EBIT margin guidance for FY26 unchanged at 5-7%, though expects it to improve YoY in FY27 and thereon in FY28. (2) While it booked the tariff of 27.5% for Europe and UK exports to US in Q1, it is hopeful of UK tariffs of 10% to be backdated from 8th May 2025. (3) To partially combat the higher tariffs in the US, it has reduced VME (variable marketing expense) and raised prices of the products. (4) It added that although demand in the Chinese market was already soft, the luxury tax changes have impacted it further, and to protect the financial health of the retailers, the company has been absorbing the entire impact. (5) It indicated the effective day for the demerger will be 1 Oct 2025. (6) Total net auto debt inched up to INR 135bn from being net auto debt free in Q4. (7) It mentioned that CV demand was impacted in Q1, with customers postponing purchases, due to early advancement of monsoon and on account of payment delay in government projects in a few states. (8) It expects single-digit growth in Q2 for CVs, on the back of a low base as last year had impact of elections. (9) In the India PV segment, it indicated higher channel inventory, which has led to the company moderating wholesales. (10) On the rare earth shortage, it mentioned it is covered for next 2-3 months, though is evaluating alternatives.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
JLR - Net Sales (£ mn)	6,604	7,273	(9.2)	7,727	(14.5)	28,961	27,729	31,524	35,723
JLR - EBIT (£ mn)	260	639	(59.3)	827	(68.6)	2,474	1,504	2,339	3,047
JLR - EBIT %	3.9	8.8	-485 bps	10.7	-677 bps	8.5	5.4	7.4	8.5
Standalone - Sales	156,820	168,620	(7.0)	199,990	(21.6)	694,190	7,50,981	8,47,435	9,50,410
Standalone – EBITDA %	11.9	11.4	+50 bps	12.5	-63 bps	13.1	13.0	13.4	13.9
India PV - Sales	108,770	118,470	(8.2)	125,430	(13.3)	490,890	4,92,782	5,42,231	6,02,831
India PV - EBITDA %	4.0	5.8	-180 bps	7.9	-390 bps	8.8	8.6	9.3	10.0

Source: Company, HSIE Research

REDUCE

CMP *(as on 08 Aug 2025)*	INR 634
Target Price	INR 647
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 694	INR 647
EPS %	FY27E	FY28E
	-4.2	+0.6

KEY STOCK DATA	
Bloomberg code	TTMT IN
No. of Shares (mn)	3,682
MCap (INR bn) / ($ mn)	2,333/26,615
6m avg traded value (INR mn)	9,608
52 Week high / low	INR 1,142/536

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.2)	(10.3)	(39.2)
Relative (%)	(6.6)	(12.9)	(40.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	42.58	42.57
FIs & Local MFs	17.14	17.19
FPIs	17.84	17.18
Public & Others	22.44	23.16

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Bajaj Auto

Commodity inflation impacts the margin

The company continues to face headwinds in its key export market, Nigeria. While currency tailwinds should aid the rest of the exports, we believe that it is a double-edged sword, which is likely to cause higher currency inflation in Nigeria, leading to lower purchasing power. The heavy rare earth magnet shortage has compelled the company to look at alternatives, which could lead to a temporary fix post Q2, though it would take 6-9 months to completely de-risk from the supply risk. In the interim, management has guided for a supply shortfall of 50% for e-2W and 70% for e-3W in Q2. While it would lead to an overall mix improvement, the margin benefits would get negated by lower operating leverage. Some key positives have led to a surge in 3W exports and gradual revival of KTM exports. Considering lower growth in the domestic 2W market and continuing headwinds in the key export market of Nigeria, we remain cautious. We value the company's core business at 21x Jun-27 EPS and, via SOTP valuation, reach a TP of Rs.7,969. We maintain a REDUCE rating.

- **Quarterly performance:** Bajaj Auto's Q1FY26 EBITDA margin at 19.7% declined after six straight quarters of margin in the range of 20.1-20.2%, though it was broadly in line with ours and Bloomberg estimate of 19.8%. Revenue grew 5.5% YoY to INR 125.8 bn, led by 3.8% growth in realizations.
- **Call takeaways:** (1) The company is facing a huge setback in its key export market, Nigeria, where it used to export around 54,000 units per month in better times, which has gone down to 14,000 units currently on the back of reduced purchasing power, given currency-led inflation. (2) EV sales currently comprise around 20% of total domestic revenue. (3) The new e-2W platforms that have been launched are doing good and have helped a couple of e-2W models turn EBITDA positive. (4) It is optimistic of capturing good share in the e-rickshaw segment as it looks to launch an e-rick in August itself. (5) It highlighted that currency should be a tailwind for Q2 while commodity price inflation could be a concern. (6) It has made good progress in 3W exports by entering markets which are new to 3W, like the Philippines where it now sells around 2,000+ units each month. (7) There are about 330 experience centres for Chetak, of which 80–90% are owned by existing dealers. The corresponding figures are 65% for Triumph and 50% for KTM. (8) It indicated that the new ABS norm implementation would require 12-24 months just to get the supply chain in place and is hopeful on a positive solution as talks are on with the government. (9) It mentioned that its Q1 capex was INR 1bn, while it is expected to be INR 6-7bn for the remainder of FY26. (10) The revival of KTM exports, which had dropped to nil, has started gaining traction.

Quarterly/annual financial summary

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	1,25,845	1,19,280	5.5	1,21,480	3.6	5,00,103	5,60,697	6,34,708	7,08,481
EBITDA	24,818	24,153	2.8	24,506	1.3	1,00,988	1,11,231	1,27,353	1,45,586
EBITDA Margin (%)	19.7	20.2	-53 bps	20.2	-46 bps	20.2	19.8	20.1	20.5
APAT	20,960	19,883	5.4	20,493	2.3	81,514	91,633	1,03,698	1,17,270
Diluted EPS (INR)	75.1	71.2	5.4	73.4	2.3	292	328	371	420
P/E (x)						28.8	25.6	22.6	20.0
EV / EBITDA (x)						22.6	20.6	18.0	15.7
RoE (%)						28.6	27.5	28.8	30.0

Source: Company, HSIE Research

REDUCE

CMP *(as on 06 Aug 2025)*	INR 8,179
Target Price	INR 7,969
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 7,876	INR 7,969
EPS %	FY27E	FY28E
	+1.3	+1.3

KEY STOCK DATA	
Bloomberg code	BJAUT IN
No. of Shares (mn)	279
MCap (INR bn) / ($ mn)	2,284/26,032
6m avg traded value (INR mn)	3,305
52 Week high / low	INR 12,774/7,088

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.9	(7.5)	(13.2)
Relative (%)	3.1	(10.7)	(15.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	55.04	55.04
FIs & Local MFs	10.99	12.09
FPIs	11.61	10.30
Public & Others	22.36	22.57
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Eicher Motors

Market activation continues to drive volumes

Eicher Motors' Q1FY26 standalone EBITDA margin improved 40bps QoQ to 25.1%, below Bloomberg consensus estimate of 25.4% but above our estimate of 24.0%. We expected a harder hit on margin due to higher raw material cost and marketing expenses. We are seeing the company's "volume over margin" strategy play out, with a focus on absolute EBITDA growth. The company will continue focusing on market activation to drive volume growth and remains bullish on the festive season with more variant activations planned. In the medium term, we also expect that the company's efforts of the last few years in international markets will pay off, once global macro turns favorable. We value the company at 26x Jun-27 EPS, and along with the value of VECV, we achieve a TP of Rs 5,898 and maintain our ADD rating.

- **Standalone performance:** Revenue at Rs.49.1bn grew 16% YoY, led entirely by volumes, while adjusted PAT grew 28.3% YoY to Rs.13.1bn, aided by higher other income.
- **VECV performance:** VECV revenue grew 11.9% YoY to Rs.5.67bn, with EBITDA margin of 9.0%. PAT fell by 10% YoY to Rs.2.89bn.
- **Call takeaways:** (1) Management highlighted healthy traction for the Hunter 350 refresh that was done in Q1. (2) The HunterHood festival has been a hit with younger riders, that is further aiding Hunter 350 sales. (3) On continuing traction for the Bullet model, it mentioned that the customers are loving the battalion black variant, which is getting popular even with rural customers. (4) It highlighted that the Classic 650 acceptance has been good, and is also showing traction on the upgrade cycle. (5) The company has made a correction in retail outlets where the dynamics of the geography has changed. (6) It mentioned that it has improved financing availability for dealers that would help during the festive period; it has added floor financing at 575 dealers, with majority being in rural areas. (7) While the commodity cost impact in Q1 was limited to 30bps, it expects slight headwinds going into Q2. (8) It highlighted the sales potential in the international markets as it is deepening its presence in Brazil, and has introduced the Classic 350 in Nepal via the CKD facility. (9) While the capacity utilization hits close to 90%, management maintains its modular approach to increasing capacity. (10) It indicated that shortage of rare earth magnets impacted the sale of Himalayan and the other performance platform motorcycles as it is used in gear sensors, alternators, etc. (11) However, it highlighted that it has been able to get over the rare earth magnet shortage by using alternate materials. (12) It mentioned that the rural markets have done well in the past few quarters and now form 50% of sales (vs 30% earlier). (13) It took a price hike in Apr and again in Jul.

Quarterly/annual financial summary

YE Mar (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	49,084	42,313	16.0	51,066	(3.9)	1,84,515	2,11,575	2,41,897	2,75,864
EBITDA	12,313	11,086	11.1	12,609	(2.3)	47,680	55,269	64,228	74,648
EBITDA Margin (%)	25.1	26.2	-112bps	24.7	40bps	25.8	26.1	26.6	27.1
APAT	13,065	10,180	28.3	11,251	16.1	42,793	47,964	54,845	62,821
Diluted EPS (INR)	47.7	37.2	28.3	41.0	16.2	156.1	174.9	200.0	229.1
P/E (x)						35.0	31.2	27.3	23.8
EV / EBITDA (x)						31.2	26.9	23.0	19.6
RoE (%)						25.0	24.0	23.7	23.4

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	INR 5,469
Target Price	INR 5,898
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,942	INR 5,898
	FY27E	FY28E
EPS %	-0.7	-0.7

KEY STOCK DATA	
Bloomberg code	EIM IN
No. of Shares (mn)	274
MCap (INR bn) / ($ mn)	1,500/17,120
6m avg traded value (INR mn)	2,621
52 Week high / low	INR 5,908/4,500

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.8)	5.3	10.2
Relative (%)	(2.9)	0.5	11.0

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	49.08	49.07
FIs & Local MFs	16.63	15.76
FPIs	25.03	25.83
Public & Others	9.26	9.34

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

TVS Motor

Sustained higher margins continue to impress

TVS Motors' Q1FY26 EBITDA margin came in at 12.5%, including the PLI benefits. This was ahead of our estimate of 12.1% but broadly in line with Bloomberg consensus estimate of 12.4%. Ex-of PLI benefit, the EBITDA margin stood at 12%. Going forward, management expects to grow faster than the industry in both domestic and international markets, aided by the continuing 'scooterization' trend and premiumization trend in motorcycles for the domestic market. While the EV segment continues to do well, concerns over the rare earth magnet shortage continues to threaten production cuts in the near term. Another concern remains on capital allocation, as higher investments continue to be made towards its subsidiaries, which includes investments for development of the Norton bike portfolio as well as e-bikes. We value the company's core business at 30x Jun-27 EPS, leading to a target price of Rs 2,814, and maintain ADD.

- **Call takeaways:** (1) Management indicated that it is going to launch multiple new products of the Norton brand in FY26, which would be available in the European market in Q1FY27, while also introducing it in India. (2) It witnessed e-2W growth of 35% with industry penetration standing at 6.3%. (3) With the recent launches in the e-2W segment, i-Qube now has a total of six variants. (4) It mentioned that Nepal and Sri Lanka markets have improved and are doing well though Bangladesh continues to face some challenges. (5) It indicated that if steel prices continued to remain firm, they could impact margin in Q2. (6) It has covered ~70% of the market in terms of e-3W distribution channel and going forward it will continue to expand it as demand increases. (7) The management commented that the current capacity that they have is good enough to meet the forthcoming demand but if they see a need for capacity expansion they have 12 weeks which they believe are sufficient to implement it. (8) It acknowledged the rare earth magnet issue is causing production concerns in the near term though it is managing it with the available stock while also looking for alternatives. (9) FY26 capex is budgeted at ~INR 16-17bn, with most of it going toward new product development. (10) It mentioned that the Latin America market is doing well and has many growth opportunities and as TVS's market share in the market is low, it gives them a good opportunity to grow and expand. (11) It expects good growth in Q2 on the back of good monsoon and upcoming festival. (12) It mentioned that EV revenue stood at Rs.10bn, while exports revenue stood at Rs.24.9bn.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	1,00,810	83,756	20.4	95,504	5.6	3,62,513	4,13,620	4,78,384	5,38,189
EBITDA	12,630	9,602	31.5	13,326	(5.2)	44,540	52,168	63,091	72,757
APAT	12.5	11.5	107bps	14.0	-143bps	27,105	32,383	40,223	46,813
Diluted EPS (INR)	7,786	5,773	34.9	8,521	(8.6)	57.1	68.2	84.7	98.5
P/E (x)	16.4	12.2	34.9	17.9	(8.6)	49.2	41.2	33.2	28.5
EV / EBITDA (x)						30.2	25.7	21.1	18.0
RoE (%)						30.7	28.8	28.3	26.3

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	INR 2,802
Target Price	INR 2,814
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,810	INR 2,814
	FY27E	FY28E
EPS %	-0.2	-0.4

KEY STOCK DATA	
Bloomberg code	TVSL IN
No. of Shares (mn)	475
MCap (INR bn) / ($ mn)	1,331/15,195
6m avg traded value (INR mn)	2,145
52 Week high / low	INR 2,961/2,170

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.9	14.0	10.7
Relative (%)	3.7	9.2	11.5

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.27	50.27
FIs & Local MFs	19.74	18.81
FPIs	21.48	22.42
Public & Others	8.45	8.50
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Samvardhana Motherson International

Transitory costs impact the quarter

The presence of plants globally, protects the company from any large direct impact of global tariffs, but does leave it exposed to indirect impacts via customers globally. It highlighted that exports from India to the US amounted to just USD10mn in Q1 (0.3% of consolidated revenues). While other exports into the US are majorly via Mexico, and with them being USMCA compliant. With continuing global demand headwinds and supplier distress, and strong balance sheet of the company, we expect the it to close in on acquisition/s, now that the US tariff scenario is getting less foggy. Additionally, it continues to expand its non-auto business, focusing on aerospace and consumer electronics. We value SAMIL at 20x Jun-27 EPS for a TP of INR 115 and maintain ADD.

- **Quarterly performance:** Q1FY26 EBITDA margin at 8.1% was down 148bps YoY and 88bps QoQ, -105bps below our estimate and 79bps below Bloomberg consensus estimate. Revenue growth of 4.7% YoY to INR 302bn was led by 42.9% growth in the emerging business division (forming 10.5% of the revenue mix).
- **Call takeaways**: (1) Management mentioned that it launched a series of transformative initiatives in Central & Western Europe, for which it has booked an exceptional expense of INR1.35bn in Q1, and the outcome of which will lead to meaningful savings over the next few quarters. (2) It mentioned that a key impact has been coming from the customers recalibrating their powertrain mix which impacts product schedules. (3) It highlighted that the greenfield plants are broadly as per schedule, and should ramp up in H2FY26. (4) Though two greenfield plants, one for aerospace and once for elastomers, have been postponed by a couple of quarters. (5) It indicated that there was no impact on the consumer electronics business from higher US tariffs as it is exempt from those, and the customer has not indicated any change in schedules. (6) On the emerging business, it mentioned that while volumes have been going up, EBITDA will follow as the consumer electronics division ramps up, the Atsumitec acquisition integrates better, and the aerospace division recovers from a seasonally weak Q1. (7) It highlighted that the company has around 30 plants in China, and supplies to Chinese OEMs, and it would benefit if the Chinese OEMs were to also do well globally. (8) It stuck to its capex guidance of INR 60bn (+/- 10%) for FY26, though it could assess it at a later point in time as global business developments continue; while it spent INR 12bn on capex in Q1. (9) It mentioned that higher leverage of 1.1x Net debt/EBITDA was on account of higher working capital in Q1 on the back of supply chain uncertainty and forex volatility.

Quarterly/annual financial summary

YE Mar (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	3,02,120	2,88,680	4.7	2,93,168	3.1	11,36,626	12,55,331	14,02,170	15,62,161
EBITDA	24,583	27,753	(11.4)	26,429	(7.0)	1,05,519	1,19,249	1,43,280	1,66,525
EBITDA Margin %	8.1	9.6	-148 bps	9.0	-88 bps	9.3	9.5	10.2	10.7
APAT	6,147	9,942	(38.2)	10,505	(41.5)	38,030	44,066	57,588	69,852
Diluted EPS (INR)						3.6	4.2	5.5	6.6
P/E (x)						25.9	22.3	17.1	14.1
EV / EBITDA (x)						8.6	7.3	6.0	4.8
RoE (%)						12.5	12.2	14.7	16.2

Source: Company, HSIE Research

ADD

CMP *(as on 13 Aug 2025)*	INR 93
Target Price	INR 115
NIFTY	24,619

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 115	INR 115
	FY27E	FY28E
EPS %	0.0	0.0

Note: Company issued a bonus of 1:2 on 21 July 2025. Hence our old adjusted target price became Rs.115 (from Rs.173).

KEY STOCK DATA	
Bloomberg code	MOTHERSO IN
No. of Shares (mn)	10,554
MCap (INR bn) / ($ mn)	986/11,266
6m avg traded value (INR mn)	2,234
52 Week high / low	INR 145/72

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.7)	7.9	(22.5)
Relative (%)	(0.9)	2.1	(24.5)

SHAREHOLDING PATTERN (%)

	Mar-25	July-25
Promoters	58.1	48.6
FIs & Local MFs	21.0	20.7
FPIs	12.4	12.7
Public & Others	8.5	18.0
Pledged Shares	2.4	2.9

Source : BSE

Pledged shares as % of total shares
Note: Sumitomo Wiring Systems, Ltd., Japan and H. K. Wiring Systems, Limited, Hong Kong have been reclassified from 'Promoters' to 'Public & Others'.

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

HDFC securities 25 YEARS Powering India's Investments

Hero Motocorp

New launches to drive growth

While FY26 has not started off well with domestic 2W sales for the company down 6% YoY in 4MFY26, a part of it has been due to the production shutdown that took place in April. Considering the management's efforts towards new launches with the recently launched Destini 125 (scooter), HF Deluxe Pro (100cc motorcycle), Vida VX2 (e-2W), and with two 125cc launches planned in Q2, coupled with a positive demand scenario on the back of expectation of good monsoon, interest rate cuts, moderating inflation, and pooling up of demand towards the festive season, we expect the company's domestic 2W sales to rebound in the rest of FY26. However, we believe a key overhang will be the management changes that have taken place in CY25 and await clarity on new management and discussions of its business strategy and vision. We value the company at 16x Jun-27 EPS plus the value of stake in Hero FinCorp and Ather Energy, for a target price of INR 5,223, and maintain a BUY rating.

- **Quarterly performance:** EBITDA margin at 14.4% was flattish YoY but up 18bps QoQ, 83bps above our estimate and 51bps above Bloomberg consensus estimate. Realization declined 2.7% QoQ, led by lower PAM (parts merchandise accessories) sales on account of seasonality.
- **Call takeaways:** (1) Despite a tepid start to FY26, management expects domestic 2W volumes to revive in the coming quarters on the back of tapering inflation, lowering interest rate, expectation of a good monsoon, success of recent launches, and upcoming launches, which should aid demand during the festival season. (2) It has planned two launches for the 125cc motorcycle segment in Q2, along with launching a new product in Harley Davidson range in Q2 and a few more products will come in H2FY26. Additionally, it mentioned that the festive season will be followed by the marriage season in November and early December. (3) It reiterated its margin band to be in the 14-16% range with the lower end of the band more likely in the near term. (4) The management highlighted that the impact faced due to paused production in April'25 has started to normalize. (5) EBITDA margin for ICE improved to 16.8% on the back of better product mix, price, and LEAP savings. (6) It expects to do well in the entry segment on the back of improvement in affordability and aspirations of people, which has led to the launch of HF Deluxe Pro. (7) It saw an increase in market share in EV to about 7% in Q1 which further went up to 10% for July. (8) It highlighted that they are operating at 7 weeks of inventory and would start building stocks further for the festive season. (9) It mentioned the EV losses for Q1 amounted to INR 1,890. (10) It highlighted that first time buyers jumped in Q1 to almost 74%, which normally is around 71%.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	95,789	1,01,437	-5.6	99,387	-3.6	4,07,564	4,42,961	4,99,302	5,46,573
EBITDA	13,817	14,598	-5.3	14,156	-2.4	58,677	64,291	73,454	84,463
EBITDA Margin (%)	14.4	14.4	4bps	14.2	19bps	14.4	14.5	14.7	15.5
APAT	11,257	11,226	0.3	10,809	4.1	46,100	50,358	57,400	66,042
Diluted EPS (INR)	56.3	56.1	0.2	54.0	4.1	230.6	251.9	287.1	330.4
P/E (x)						20.2	18.5	16.3	14.1
EV / EBITDA (x)						14.7	13.4	11.7	10.1
RoE (%)						23.3	23.7	25.1	26.5

Source: Company, HSIE Research

BUY

CMP *(as on 7 Aug 2025)*	INR 4,661
Target Price	INR 5,223
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,846	INR 5,223
EPS %	FY27E	FY28E
	-0.23	+0.54

KEY STOCK DATA	
Bloomberg code	HMCL IN
No. of Shares (mn)	200
MCap (INR bn) / ($ mn)	932/10,628
6m avg traded value (INR mn)	2,750
52 Week high / low	INR 6,246/3,323

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.5	9.0	(11.1)
Relative (%)	20.1	5.5	(13.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	34.74	34.74
FIs & Local MFs	27.90	27.83
FPIs	27.43	27.05
Public & Others	9.93	10.38
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Ashok Leyland

Volume growth and margin expansion to continue

While macros are not bad, management indicated that once there is better capex execution on the ground, along with positives of cooling inflation and lower interest rates, there should be a pick-up in replacement demand. It has guided for mid-single digit growth for both MHCV and LCV industry volumes in FY26. We expect the revenue mix to continue to improve and margins to get a further boost once the CV cycle picks up, and as the company launches its higher HP vehicles. Additionally, we expect value unlocking from the listing of Hinduja Leyland Finance when it happens, as well as the company's e-Bus focussed subsidiary as the segment picks up pace. However, we remain concerned with the higher pledging done by the promoter group earlier this year, and will closely watch out for any developments on the same. We value the company's core business at 17x Jun-27 EPS, and add the value of Hinduja Leyland Finance (INR 21) to get a TP of INR 150. We maintain a BUY rating.

- **Quarterly performance:** EBITDA margin came in at 11.1%, up 52bps YoY despite flattish volumes YoY, driven by better mix of multi axle vehicles as well as improving non-CV mix. It was in line with Bloomberg consensus estimate, though lower than our estimate of 11.8%.
- **Call takeaways:** (1) The company has improved to a net cash position of Rs.8bn at the end of Q1FY26, vs net debt of Rs.12bn at the end of Q1FY25. (2) Management mentioned that it will prioritize profitability over market share, and will only target market share improvement via product premiumization and service excellence. (3) It will be launching a higher HP range in FY26, with foray into 280 HP, 320 HP and 360 HP tipper, tractor trailer and multi axle vehicles, having industry best peak power and torque and premium features. (4) Additionally, it will be launching an upgraded 13.5m Bus and an entirely new 15m Bus with a very unique value proposition. (5) It mentioned that the new plant in Andhra Pradesh for Buses, which was inaugurated in Q4FY25, is in the ramp-up phase and would reach a capacity of 200 units per month by the end of FY26. (6) A new and modern Bus plant in Lucknow is under construction and will be operational from Q3FY26, while it is also looking to enhance capacity at the Bus plants in Alwar and Trichy. (7) It continues to expand the domestic network, and has added 23 MHCV and 13 LCV touchpoints in Q1, most of it in North and Central India, taking the total count to 1,924 touchpoints (1,073 for MHCV and 851 for LCV); it plans to reach 2,000 touchpoints by the end of FY26. (8) It highlighted that its e-Bus subsidiary, SWITCH India, which had become EBITDA positive last year, has now achieved PBT breakeven in Q1FY26; the goal for FY26 is to be PAT positive.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	87,245	85,985	1.5	1,19,067	(26.7)	3,87,527	4,22,114	4,74,920	5,23,594
EBITDA	9,696	9,109	6.4	17,910	(45.9)	49,306	54,395	63,496	72,985
EBITDA Margin (%)	11.1	10.6	52bps	15.0	-393bps	12.7	12.9	13.4	13.9
APAT	5,937	5,256	13.0	12,595	(52.9)	31,996	35,905	42,511	49,439
Diluted EPS (INR)	2.0	1.8	13.0	4.3	(52.9)	10.9	6.1	7.2	8.4
P/E (x)						11.2	20.0	16.9	14.5
EV / EBITDA (x)						6.4	12.3	10.2	9.1
RoE (%)						31.5	29.0	28.5	29.8

Source: Company, HSIE Research

BUY

CMP *(as on 14 Aug 2025)*	INR 122
Target Price	INR 150
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 143	INR 150
EPS %	FY27E	FY28E
	+1.5	+1.8

Note: Company issued a bonus of 1:1 on 17th July 2025. Hence our old adjusted target price became INR 143 (from INR 286)

KEY STOCK DATA	
Bloomberg code	AL IN
No. of Shares (mn)	5,873
MCap (INR bn) / ($ mn)	716/8,179
6m avg traded value (INR mn)	1,563
52 Week high / low	INR 132/95

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	4.0	14.1	(1.0)
Relative (%)	4.9	7.9	(2.9)

SHAREHOLDING PATTERN (%)

	Mar-25	Jul-25
Promoters	51.52	51.52
FIs & Local MFs	14.06	13.16
FPIs	23.50	24.02
Public & Others	10.92	11.30
Pledged Shares	41.15	41.15

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Bharat Forge

Long-term potential to trump near-term headwinds

We continue to be bullish on the company's defense capabilities, considering the huge domestic demand potential and its new platforms that also provide a good value proposition for export markets. While we remain cautious on the near-term potential, considering a tough business environment in the US on account of higher tariffs and uncertainty around the same. However, considering the long-term business potential of the forging business on China+1 and Europe+1 plays and of the defense business that would be led by geopolitical tensions, we maintain a BUY rating. We value the company at 30x Jun-27 EPS for a TP of Rs. 1,304.

- **Standalone performance:** Bharat Forge's Q1FY26 EBITDA margin came in at 27.2%, down 70bps YoY and 134bps QoQ, below our estimate of 28.0%, impacted by tariff costs and unfavorable product mix. The export business remains on a weak footing with a larger impact coming from slowing down of CV component revenues from North America, which saw a decline due to pause in the emission norm change and the ongoing trade policy uncertainty, while CV component exports to Europe saw some revival though on a low base. The defense order book stands at 95bn, flattish on a QoQ basis.
- **Consolidated performance:** Bharat Forge's Q1FY26 EBITDA margin came in at 17.2%, down 83bps YoY and 47bps QoQ, below our estimate of 18.1%, and Bloomberg consensus of 19.2%. It was impacted by an increase in staff cost, and the tariff situation in US, though partially negated by improved execution in overseas aluminum operations, reduction in losses at the KPTL subsidiary.
- **Call takeaways:** (1) Management mentioned that higher US tariffs and uncertainties around the same is leading to business volatility, though it is not impacting order inflow as the validation cycle is long at 2-3 years. (2) 1/3rd of the exports from India were to the US in Q1. (3) It stated that INR 140mn of tariff related impact that has been absorbed by them in Q1. (4) However, it expects overall business in H2FY26 to be better than H1. (5) It expects the aerospace sector to grow at least 20% YoY in FY26 as it has limited exposure to the US market. (6) They expect an addition of around INR 14bn in their defense orderbook in the coming quarters. (7) It also mentioned that out of the total defense order book of around INR95bn the artillery orderbook adds up to around INR40bn. (8) Additionally, it also expects around INR 10bn addition of revenue from the American Axles acquisition from Q2. (9) Capacity utilization has improved to 70% in their US operations, which is aiding the respective margin, and is also increasing potential of new customers as customers are seeking MCA compliant suppliers.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	39,087	41,061	(4.8)	38,526	1.5	1,51,228	1,55,194	1,78,231	2,03,877
EBITDA	6,729	7,410	(9.2)	6,813	(1.2)	26,939	28,716	36,169	43,887
EBITDA Margin (%)	17.2	18.0	-83bps	17.7	-47bps	17.8	18.5	20.3	21.5
APAT	2,839	3,263	(13.0)	2,879	(1.4)	10,269	13,272	19,348	25,111
Diluted EPS (INR)	6.1	7.0	(13.0)	6.0	1.2	21.5	27.8	40.5	52.5
P/E (x)						52.9	40.9	28.1	21.6
EV / EBITDA (x)						21.5	19.8	15.4	12.3

Source: Company, HSIE Research

BUY

CMP *(on 06 Aug 2025)*	INR 1,136
Target Price	INR 1,304
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,427	INR 1,304
EPS %	FY27E	FY28E
	-6.7	-2.8

KEY STOCK DATA	
Bloomberg code	BHFC IN
No. of Shares (mn)	478
MCap (INR bn) / ($ mn)	545/6,209
6m avg traded value (INR mn)	1,638
52 Week high / low	INR 1,655/919

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.8	0.1	(24.9)
Relative (%)	4.9	(3.0)	(27.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	44.07	44.07
FIs & Local MFs	30.35	31.41
FPIs	16.07	14.37
Public & Others	9.51	10.15
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Balkrishna Industries

Impacted by weak demand in Europe and tariffs in US

SELL

CMP *(as on 28 Jul 2025)*	INR 2,693
Target Price	INR 2,102
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 2,191	INR 2,102
EPS %	FY27E	FY28E
	-4.0	-4.3

KEY STOCK DATA	
Bloomberg code	BIL IN
No. of Shares (mn)	193
MCap (INR bn) / ($ mn)	521/6,007
6m avg traded value (INR mn)	935
52 Week high / low	INR 3,375/2,152

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.5	(0.5)	(17.9)
Relative (%)	3.6	(7.1)	(17.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	58.29	58.29
FIs & Local MFs	23.78	24.84
FPIs	11.46	10.50
Public & Others	6.47	6.37
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Balkrishna Industries' (BKT) Q1FY26 EBITDA margin at 23.8% missed our estimate of 24.4% and Bloomberg consensus estimate of 25.1%. Demand continues to remain weak in its largest market, Europe, while the US market remains volatile on tariff uncertainty. Adding to the tariff woes is the fact that the company has not been able to pass on the entire tariff increase to the consumer, and has absorbed 40% of the impact. Management continues to delay its volume guidance for FY26, though expects EBITDA margin in the near term to be in the 24-25% range. However, post the commercialization of the PCR and TBR segments, it expects steady-state margins to be in the 23-25% range. Considering the higher upfront investments in the new tyre segments which have higher competitive intensity and lower margins than the company's core business, and the lack of visibility for business normalcy of its core business, we remain cautious and value the company near -1SD its 4-year mean, valuing it at 20x Jun-27 EPS. We maintain SELL with a revised TP of INR 2,102.

- **Near-term uncertainties persist:** Management has cited weak demand in Europe, while tariff uncertainty in the US has led to volatile ordering behavior by customers there. The only silver lining is the India market, which continues to perform well. A fallout of these is the deterioration of revenue mix, as the margins and realizations of the India business are 0.5-1.0% and 8-10% lower respectively than the exports business. Additionally, it highlighted that the fall in sales in Europe is on account of weaker demand only, as inventory levels remain stable.
- **US tariff impact**: Management indicated that customers are awaiting clarity on final tariffs before they consider normalcy in procurement. While we had expected the company to pass on all the additional duty impact to the customers, it is currently absorbing 40% of the tariff impact. It has guided for this trend to continue in Q2. The higher tariff has impacted other expenses of the company in Q1, which has gone up 112bps (as a % of sales) QoQ. It also highlighted that despite of this, the price differential between the company's products and the competition's remain largely stable, as local US players have been hit by higher tariffs on raw materials.
- **RM cost stable for now**: While RM cost marginally declined in Q1 (on a QoQ basis), management expects it to remain largely stable going forward, as higher rubber prices should get negated by lower prices of other raw materials.
- **Remains confident on the PCR and TBR foray**: Management reiterated that it does not expect the new tyre segments to be too margin dilutive as it seeks to focus on radial and premium tyres, while targeting white spaces in the segments that would also have benefits of lower competitive intensity.

Quarterly/annual financial summary

YE Mar (INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	27,595	27,410	0.7	28,371	(2.7)	1,06,149	1,08,121	1,23,240	1,44,169
EBITDA	6,564	7,132	(8.0)	7,042	(6.8)	26,805	26,330	31,346	36,005
EBITDA Margin (%)	23.8	26.0	-224bps	24.8	-104bps	25.3	24.4	25.4	25.0
APAT	2,872	4,776	(39.9)	3,621	(20.7)	16,284	15,916	19,501	22,776
Diluted EPS (INR)	14.9	24.7	(39.9)	18.7	(20.7)	84.2	82.3	100.9	117.8
P/E (x)						32.0	32.7	26.7	22.9
EV / EBITDA (x)						20.0	20.2	16.9	14.7
RoE (%)						16.9	14.4	15.7	16.1

Source: Company, HSIE Research

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Endurance Technologies

ABS opportunity and new segments to accelerate growth

The potential expansion of the domestic 2W ABS market has led to the company seeking to expand its ABS capacity from 0.64mn p.a. currently to ~3mn p.a. by the end of March 2026, which is also being driven by commitments from customers. Considering that the company is a low-cost ABS producer in India, with strong R&D capabilities, we expect it to be in a good position to capture the sub 125cc domestic 2W ABS market. Additionally, it continues to expand its business segments, entering the PV drum braking segment, which augurs well for growth as well as operational performance, in line with its long-term plan of expanding the PV share of business to 45%. As it continues to build its capabilities in the battery space via its subsidiary Maxwell, we expect the order book to expand further, aided by the domestic EV players' focus on localization, and to procure better-quality battery packs and BMS. We value the company at 29x Jun-27 EPS for a TP of Rs 2,784, and maintain an ADD rating.

- **Quarterly performance:** Consolidated EBITDA margin at 13.4% was down 88bps QoQ but up 13bps YoY, 60bps below our estimate and 54bps below Bloomberg consensus estimate. Consolidated revenue grew 17.5% YoY and 12.0% QoQ to INR 33.2bn, beating both ours and Bloomberg consensus estimate by 6.6%. Management indicated that some of the growth can be attributed to price hikes taken to pass on higher commodity costs, though, which has also led to an impact in margins.
- **ABS update:** Management sees a potential of 16mn 2W p.a. requiring ABS. The company is the only Indian domestic manufacturer of ABS and competes with Continental and Bosch. However, the company's capacity is just 0.64mn, which it expects to ramp up to 3mn by the end of Mar-26, and indicates a future potential capacity of ten times the existing capacity. However, management feels that the implementation of the new ABS norms could get delayed by 3-6 months, and expects a formal clarification next month. It expects this transition to improve its market share in ABS from 13% to 25%.
- **Disc brake potential also increases:** Considering that an ABS would require a disc brake instead of a drum brake, management anticipates higher demand for its disc brake products as well and is thus setting up a new disc brake assembly plant in Chennai, which will cater to south India-focused OEMs like TVS Motors, Royal Enfield, among others.
- **Additional areas of growth:** The company secured its first order for PV drum brakes from Tata Motors, thus making inroads in the PV advanced braking systems. It is also expected to start supplies for aluminium forging products to JLR in Jan 2026. Additionally, it expects orders from KTM to ramp up over the next few quarters, now that Bajaj Auto is seeking to revive the brand.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	33,189	28,255	17.5	29,635	12.0	1,15,608	1,33,952	1,56,476	1,82,604
EBITDA	4,439	3,741	18.7	4,225	5.1	15,511	17,914	22,374	27,688
EBITDA Margin (%)	13.4	13.2	14bps	14.3	-89bps	13.4	13.4	14.3	15.2
APAT	2,263	2,039	11.0	2,330	(2.8)	8,242	9,556	12,595	16,237
Diluted EPS (INR)	16.1	14.5	11.0	16.6	(2.8)	58.6	67.9	89.5	115.4
P/E (x)						44.3	38.2	29.0	22.5
EV / EBITDA (x)						22.4	19.2	15.2	11.9
RoE (%)						15.4	15.7	18.0	19.8

Source: Company, HSIE Research

ADD

CMP *(as on 14 Aug 2025)*	INR 2,602
Target Price	INR 2,784
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,667	INR 2,784
	FY27E	FY28E
EPS %	+3.9	+5.5

KEY STOCK DATA	
Bloomberg code	ENDU IN
No. of Shares (mn)	141
MCap (INR bn) / ($ mn)	366/4,180
6m avg traded value (INR mn)	450
52 Week high / low	INR 3,030/1,556

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	18.6	40.1	4.8
Relative (%)	19.5	33.9	2.9

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	75.00	75.00
FIs & Local MFs	10.89	9.54
FPIs	12.36	13.54
Public & Others	1.75	1.92
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Apollo Tyres

Easing RM aids, while European business drags margin

Apollo Tyres' consolidated EBITDA margin at 13.2%, down 113bps YoY but up 19bps QoQ, was 21bps above our estimates, though broadly in line with Bloomberg consensus estimate. Margin was aided by lower RM cost, and disciplined cost management, partially negated by inflationary pressures in Europe. However, management has indicated for RM costs to ease further in Q2, barring any adverse forex situation. In the standalone segment, replacement and OEM demand continues to grow in single digits, while exports saw a significant decline in Q1. The company continues to underperform the industry, also led by loss of market share in OEM PV segment on account of doing selective business, focusing on profitability. Additionally, European operations witnessed negative market growth across all segments, also getting impacted by an inflationary business environment. We remain cautious and value the company at 11.5x Jun-27 EPS for a TP of Rs 399 and maintain SELL.

- **Quarterly performance:** Consolidated revenue rose 3.6% YoY and 2.1% QoQ to INR 65.6bn. Europe segment revenue was flat YoY at €146mn but margins contracted to 10.8% (vs 13.7% YoY), led by inflationary pressures.

- **Call takeaways:** (1) Management indicated it expects to see demand improvement from H2FY26 in the standalone operations, on the back of post monsoon buying and rebound in mining and infrastructure business. (2) It also expects to see a seasonal demand pick-up in Europe in Q2, which will aid the operating leverage, barring geopolitical risks. (3) It highlighted that for Q1, RM blended basket cost came down to INR 166, with natural rubber at INR210, synthetic rubber at INR180, carbon black at INR120, and steel cord at INR160; with overall sequential decline of 2% in RM cost. (4) It indicated that it expects to shut down the Netherlands (Enschede) plant by summer of 2026, and thus will be continuing operations till June'26. (5) It indicated that the tax rate for Europe business stands in high-teens and that there are different tax ranges in different European countries where it has business: the Netherlands at 20%, Hungary at 9%. (6) Management mentioned that no pricing action was taken in Q1, while RM cost cooling led to the company taking a price cut in Q4. (7) It indicated that entry of another competitor (BKT) intensifies competitive pressure and talent retention challenges, and thus it has rolled out ESOPs to retain talent. (8) It was successful in reducing consolidated debt by INR3.9bn in Q1, with the remaining debt amounting to INR21bn. (9) It saw an increase in employee cost due to seasonal increments and addition of new senior level talent. (10) It saw India volume grow 4% QoQ, also led by pre-buying in the MHCV segment due to AC-cabin regulation norm and a steady replacement market. (11) Net debt/EBITDA eased to 0.7x as of Jun-25 with the management being committed to further deleverage and generate FCF.

Quarterly/annual financial summary

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	65,608	63,349	3.6	64,236	2.1	2,61,234	2,79,788	3,04,735	3,27,750
EBITDA	8,677	9,093	(4.6)	8,374	3.6	35,715	39,511	47,127	52,862
EBITDA Margin (%)	13.2	14.4	-113 bps	13.0	+20bps	13.7	14.1	15.5	16.1
APAT	2,720	3,303	(17.6)	2,678	1.6	12,900	15,698	21,068	24,915
Diluted EPS (INR)	4.3	5.2	(17.6)	4.2	1.6	17.6	24.7	33.2	39.2
P/E (x)						24.5	17.5	13.0	11.0
EV / EBITDA (x)						8.4	7.1	5.7	4.8
ROE (%)						9.0	10.3	12.9	14.0

Source: Company, HSIE Research

SELL

CMP *(as on 08 Aug 2025)*	INR 432
Target Price	INR 399
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 399	INR 399
EPS %	FY27E	FY28E
	0.0	0.0

KEY STOCK DATA	
Bloomberg code	APTY IN
No. of a Shares (mn)	635
MCap (INR bn) / ($ mn)	276/3,146
6m avg traded value (INR mn)	647
52 Week high / low	INR 585/ 368

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(10.4)	1.9	(15.1)
Relative (%)	(9.8)	(0.7)	(16.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	37.36	36.95
FIs & Local MFs	26.51	27.53
FPIs	13.43	12.27
Public & Others	22.70	23.25
Pledged Shares	1.16	0.07

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Motherson Sumi Wiring India

Customer's delayed launch to slow greenfield ramp-up

MSWIL's Q1FY26 EBITDA margin declined 101bps QoQ to 9.8%, which was below our estimate of 11.0% and Bloomberg consensus estimate of 11.4%. Adjusted for the financials of the greenfield plants, the adjusted EBITDA margin stood at 11.8%. Management has postponed the commencement of a greenfield plant in Gujarat from Q2FY26 to Q4FY26 due to a customer's delayed product launch. Besides that, the ramp-up of the other greenfield plants remains on track. We believe that as this happens, these plants will aid revenue growth, provide for increased economies of scale, and lead to an improvement in operating leverage. It will also help acquire additional businesses, including those for the high-voltage EV wiring harnesses, the total content of which is 1.5-1.7x that of an ICE wiring harness. Additionally, the continuing auto industry trends of a shift toward more feature-rich vehicles augurs well for the company and will allow it to further increase the content per vehicle. However, considering the elevated copper prices and the fact that more than 60% of the company's revenues come from the passenger vehicle segment, which is witnessing slower growth trends and delayed launches, we remain cautious. We value the company at 28x Jun-27 EPS for a target price of INR 43 and maintain our ADD rating.

- **Financial performance:** The company reported Q1 revenue of INR 24.9bn (+14.2%YoY/-0.6%QoQ), 2% above our estimate and 3% above Bloomberg consensus estimate. EVs formed 5.4% of the total revenue in Q1FY26 vs 4.0% in Q4FY25. Gross margin improved 104 bps QoQ, largely due to better revenue mix. EBITDA margin declined 101 bps QoQ to 9.8%, on the back of increased employee cost.

- **Call takeaways:** (1) Revenue from the new greenfield plants in Q1FY26 was INR 1,560mn, which is an increase of 31% QoQ. (2) Impact on EBITDA margin from new greenfield plants-related startup costs was 113bps, mainly due to higher employee costs. (3) EVs formed 5.4% of the total revenue in Q1FY26 vs 4.0% in Q4FY25, aiding growth, as EV content is 1.5x-1.7x of ICE content, according to management. (4) Gross margin improved 104bps QoQ on content mix, which includes ramp-up of new model launches by customers. (5) While one greenfield in Gujarat came onstream in Q1FY26, the commencement of the other greenfield in Gujarat has been delayed from Q2FY26 to Q4FY26 as the customer has delayed a product launch. (6) The greenfield in Haryana is on schedule and will come onstream in Q2FY26. (7) Budgeted capex for FY26 is at around INR 2bn, based on business projection from customers. (8) The company is witnessing an upward trend in the prices of copper, which is a key raw material.

Quarterly/annual financial summary

YE Mar (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	24,940	21,848	14.2	25,095	(0.6)	93,203	1,04,813	1,21,676	1,41,605
EBITDA	2,443	2,388	2.3	2,712	(9.9)	9,971	10,966	14,116	17,586
EBITDA Margin (%)	9.8	10.9	(114bps)	10.8	(101bps)	10.7	10.5	11.6	12.4
APAT	1,431	1,489	(3.9)	1,649	(13.2)	6,059	7,021	9,440	12,106
Diluted EPS (INR)	0.216	0.224	(3.9)	0.249	(13.2)	1.4	1.1	1.4	1.8
P/E (x)						29.2	37.8	28.1	21.9
EV / EBITDA (x)						17.5	23.9	18.6	14.8
RoE (%)						35.9	38.9	45.2	48.6

Source: Company, HSIE Research

ADD

CMP *(as on 28 Jul 2025)*	INR 40
Target Price	INR 43
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 44	INR 43
EPS %	FY27E	FY28E
	-3.5	-2.7

Note: Company issued a bonus of 1:2 on 18 July 2025. Hence our old adjusted target price became Rs.44 (from Rs.66).

KEY STOCK DATA	
Bloomberg code	MSUMI IN
No. of Shares (mn)	6,632
MCap (INR bn) / ($ mn)	265/3,062
6m avg traded value (INR mn)	311
52 Week high / low	INR 51/31

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.3	11.4	(20.2)
Relative (%)	6.5	4.8	(19.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	61.7	61.7
FIs & Local MFs	16.2	16.2
FPIs	10.2	10.4
Public & Others	11.9	11.7
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Ather Energy

Gross margin improvement is impressive

Management has shown great capability in scaling revenue and improving margins, the financial benefits of which we believe will start reflecting sooner than we had anticipated. Additionally, its R&D prowess and agility will come into play as its seeks to up the performance of its products while using light rare earth magnets. Now with a reasonable fix in place, it lowers the risk of a major production impact from the shortage of heavy rare earth magnets, which was a serious overhang earlier. We value the company at 4.0x EV/sales (vs 3.5x earlier, to factor in the positives) for a TP of Rs.475, and maintain a BUY rating.

- **Financial performance:** EBITDA margin at -20.8% was ahead of our estimate of -23.5% on the back of management's revenue enhancement and cost reduction efforts, though was benefitted by postponed expenses to the tune of Rs200-300mn on account of being occupied with the IPO activities. Adjusting for the expenses, the margins would have been broadly in line with our estimate. However, while we expected margins to improve majorly from lowering of other expenses, a significant improvement in margins came from better gross margin. This was achieved on lower commodity costs, favourable product SKUs, and better mix from accessories and software (Ather Stack).
- **Business expansion:** Building on its addition of 86 stores in Q4, it added 95 stores in Q1, taking the total store count to 446. Management expects to continue the pace of store addition, with a focus on central India: Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, and Odisha. However, a lot of the recent store addition has also been in north India: Rajasthan, Uttar Pradesh, Bihar. It will give more updates on the new plant in the near future, albeit it has indicated that production will commence there by FY27.
- **Focus on cost reduction:** It highlighted that the use of LFP batteries (lower cost vs NMC) has already commenced and will positively impact financials in Q2 and Q3. Additionally, it will unveil the EL platform (more cost-efficient) on 30 Aug 2025, which would further help the company improve margins as well as the total addressable market. While it fell short of giving specific timelines, it indicated that the EL platform will be utilized largely out of the new plant next year, which will be more vertically integrated.
- **Expecting only a minor impact from rare earth shortage:** It indicated that the production impact due to the shortage of heavy rare earth magnets would be limited only to 7-10 days in Q2, while the retail impact would be even lower. It has been evaluating all options, though the company is keen to use light rare earth magnets, as there is no restriction on the same from China. It indicated that it is striving hard in terms of R&D to improve the performance of the products with light rare earth magnets, closer to the existing products.

Quarterly/Annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY27E
Net Sales	6,446	3,605	78.8	6,761	-4.7	22,550	29,024	38,618	51,288
EBITDA	-1,343	-1,284	4.6	-1,724	-22.1	(5,809)	-5,547	-4,864	-3,540
EBITDA Margin %	-20.8	-35.6	1479 bps	-25.5	467bps	(25.8)	-19.1	-12.6	-6.9
APAT	-1,782	-1,829	-3	-2,344	-24	(8,123)	-6,952	-6,369	-5,387
Diluted EPS (INR)	-4.8	-4.9	-2.6	-6.3	-24.0	(21.8)	-23.9	-21.9	-18.5
EV/Sales (x)						5.1	3.3	2.7	2.2

Source: Company, HSIE Research

BUY

CMP *(as on 04 Aug 2025)*	INR 396
Target Price	INR 475
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 409	INR 475
EPS %	FY27E	FY28E
	+13.1	+28.3

KEY STOCK DATA	
Bloomberg code	ATHERENE IN
No. of Shares (mn)	372
MCap (INR bn) / ($ mn)	147/1,682
6m avg traded value (INR mn)	-
52 Week high / low	INR 417/287

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	-	-	-
Relative (%)	-	-	-

SHAREHOLDING PATTERN (%)	Jun-25
Promoters	42.09
FIs & Local MFs	24.01
FPIs	24.07
Public & Others	9.83
Pledged Shares	-
Source : BSE	

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Sansera Engineering

Business diversification to trump near-term uncertainty

The Aerospace, Defense, and Semiconductor (ADS) segment continues to perform well, and is at an inflection point—margin accretive and a key driver of diversification beyond the ICE business. However, management has cited uncertainty over its previous revenue guidance of high-teen growth and EBITDA margin expansion of 50-60bps in FY26, led by US tariff uncertainty. We remain cautious amid global uncertainty, given that one-third of the company's revenue is derived from the international markets, including 9-10% of the sales mix from the US. We value the company at 22x-Jun-27 EPS for a TP of Rs.1,456 and maintain an ADD rating.

- **Quarterly performance:** Consolidated EBITDA margin at 17.1%, up 10bps YoY and 99bps QoQ, was in line with our estimate but 77 bps above the Bloomberg consensus estimate. The performance was led by better mix from the higher-margin ADS segment and cost optimization efforts.

- **Call takeaways**: (1) Management highlighted that the company is facing multiple headwinds in domestic and global markets, though expects these to be short term and get resolved in the coming quarters. (2) It gave a revenue guidance of positive growth for FY26, though it did not give any specific guidance. (3) It did not change its revenue guidance of INR 50bn for FY28, though it remains cautious of supply chain realignment and on US tariff uncertainty; while it claims to have been able to pass on most of the tariff increase. (4) It also stuck to its long-term EBITDA margin guidance of 20% on the back of increasing mix from non-auto and xEV segments, and stabilization of MMRFIC entity. (5) Even after the announcement of US tariffs on India exports increasing to 50%, it indicated that customers have not yet indicated any change in schedule and are more concerned about the regional value content, which is 65% value-added content to be MCA compliant. (6) It is still evaluating the brownfield in the US, and on how much machining it can shift there. (7) The Swedish business benefitted from better volume and pricing relating to a key customer and management expects the business to stabilize from Q3, with revenue growth guidance of 20-25% for FY26 and a better double-digit margin profile on the back of volume increase, better utilization and automation (benefits should flow from Q2). (8) It highlighted that the ADS segment orders are now moving to bigger-sized products with higher value add. (9) It reiterated its ADS revenue target for FY26 to be INR2.8-3.0bn, based on the orderbook and certainty from customers. (10) It commented that it has developed 100-110 aluminium forged components for premium bikes and has added presses, as it seeks to add components for PV customers.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	7,663	7,439	3.0	7,817	-2.0	30,168	34,860	41,509	48,238
EBITDA	1,321	1,275	3.6	1,271	4.0	5,148	6,036	7,503	8,987
EBITDA Margin (%)	17.2	17.1	10bps	16.3	99bps	17.1	17.3	18.1	18.6
APAT	622	496	25.5	593	5.0	2,186	2,893	3,846	4,848
Diluted EPS (INR)	10.0	9.2	9.5	9.6	5.0	35.3	46.7	62.1	78.3
P/E (x)						36.0	27.2	20.5	16.2
EV / EBITDA (x)						15.1	12.9	10.3	8.4
RoE (%)						10.7	10.0	12.1	13.6

Source: Company, HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 1,272
Target Price	INR 1,456
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,589	INR 1,456
EPS %	FY27E	FY28E
	-4.9	-2.6

KEY STOCK DATA	
Bloomberg code	SANSERA IN
No. of a Shares (mn)	62
MCap (INR bn) / ($ mn)	79/902
6m avg traded value (INR mn)	126
52 Week high / low	INR 1,758/ 953

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.8	5.4	(8.6)
Relative (%)	13.5	0.1	(9.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	30.3	30.3
FIs & Local MFs	37.0	36.9
FPIs	20.1	19.5
Public & Others	12.6	13.3
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Suprajit Engineering

Margin miss, though restructuring of SCS on track

The company is gaining traction in new segments like braking and actuators, thus supporting its beyond-cables strategy. The robust order book at SCS, corrective business actions within the division, and pass-through of tariff-related costs augur well for the division's path to profitability. However, we remain cautious on the global slowdown and continuing tariff uncertainty. We value the company at 21x Jun-27 EPS for a TP of INR460 and maintain ADD.

- **Quarterly performance**: EBITDA margin at 9.5% contracted 228bps YoY and 45bps QoQ, missing our estimate by 110bps and Bloomberg consensus estimate by 64bps, impacted by higher staffing expenses at the corporate and technology center as well as rightsizing of the business in Germany.
- **Suprajit Controls Division (SCD):** Management highlighted that the company continues to win new contracts across geographies. It clarified that 70% of the company's exposure to the US is MCA compliant. Of the remaining 30%, it indicated that 1/3rd of the customers have agreed for a full pass on, 1/3rd have given an in-principle approval but discussions are on around accounting and timing of pass-on, while the remaining 1/3rd are still negotiating with the company.
- **Domestic Cable Division (DCD):** It mentioned that the division outpaced the industry and remains on a strong footing, barring the lower margin in Q1, which was on account of higher IT, R&D, and corporate costs.
- **Phoenix Lamps Division (PLD):** It indicated that exports to the Middle East have been impacted by geopolitical conflicts, while an order from a large store chain in the US has been a positive.
- **Suprajit Electronics Division (SED)**: It believes that the de-growth of revenues (that started in Q4FY25 as a major EV customer was struggling) should normalize from Q2. It launched a throttle sensor for a 3W customer and sees multiple opportunities for growth that should aid utilization.
- **Stahlschmidt Cable Systems (SCS):** It highlighted that the restructuring projects have progressed well: Germany rightsizing, shift of warehouse to Hungary, consolidation of Mexico operations, closure of entity in Poland, and streamlining of Morocco operations, etc. It expects the division to turn EBITDA positive by Q4FY26 and close FY26 with a revenue of USD40mn.
- **Licensing and technology transfer agreement with Blubrake:** It believes the final notification on mandatory ABS for 2W could get delayed due to limited availability of supply in India. However, it is optimistic of getting production ready for ABS in Jan 2026, while is awaiting clarity from OEMs if they would continue using CBS too along with the ABS.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	8,629	7,349	17.4	8,769	-1.6	32,770	37,752	42,374	47,085
EBITDA	817	864	(5.3)	870	(6.1)	3,334	4,202	5,247	6,216
EBITDA Margin (%)	9.5	11.8	-228bps	9.9	-45bps	10.2	11.1	12.4	13.2
APAT	481	381	26.1	272	76.5	993	2,066	2,832	3,515
Diluted EPS (INR)	3.5	2.8	27.3	2.0	76.5	7.2	15.1	20.6	25.6
P/E (x)						60.8	29.2	21.3	17.2
EV / EBITDA (x)						18.9	14.8	11.6	9.5
RoE (%)						7.5	15.2	18.4	19.7

Source: Company, HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 440
Target Price	INR 460
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 485	INR 460
EPS %	FY27E	FY28E
	-0.9	0.0

KEY STOCK DATA	
Bloomberg code	SEL IN
No. of Shares (mn)	137
MCap (INR bn) / ($ mn)	60/689
6m avg traded value (INR mn)	61
52 Week high / low	INR 640/ 350

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.7	8.9	(15.6)
Relative (%)	12.3	3.6	(16.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	44.61	45.09
FIs & Local MFs	17.20	16.73
FPIs	7.05	7.10
Public & Others	31.14	31.08
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

BFSI

State Bank of India

Consistent performance amidst tough macros

BUY

CMP *(as on 08 Aug 2025)*	INR 804
Target Price	INR 1,035
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR1,035	INR1,035
EPS %	FY26E	FY27E
	-3.3%	-3.3%

KEY STOCK DATA	
Bloomberg code	SBIN IN
No. of Shares (mn)	9,231
MCap (INR bn) / ($ mn)	7,424/84,692
6m avg traded value (INR mn)	9,388
52 Week high / low	INR 876/680

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.6	9.1	(0.5)
Relative (%)	5.2	6.5	(1.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jul-25
Promoters	57.4	55.5
FIs & Local MFs	25.1	27.2
FPIs	9.9	10.0
Public & Others	7.5	7.3
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

SBIN's Q1FY26 earnings beat estimates, led by healthy operating performance, strong treasury gains, and steady growth on both sides of the balance sheet, while maintaining superior asset quality. Loan growth (12% YoY) was ahead of system, driven by SME and retail businesses, while corporates continued to deleverage. Deposit growth (+11% YoY, 1.7% QoQ) tracked loan growth even as CASA dropped to 37.8% (-58bps QoQ). The bank successfully raised INR250bn through the QIP route, adding ~70bps to the CET-1, which is likely to contribute about INR2.5trn credit growth as per management. SBIN is better placed than large private banks, given the surplus liquidity on its balance sheet, relatively lower drag from repo-linked book, large treasury book (favorable in a declining rate cycle), and stable asset quality. We believe SBIN's traditional strengths and newly-added moats are likely to translate into RoAs sustaining above 1%. We maintain BUY with an SOTP-based TP of INR1,035 (1.3x Mar-27 ABVPS).

- **Steady growth and operating profits:** NII growth (-4% YoY) was soft owing to accelerated rate transmission on loan yields (-20bps QoQ), coupled with a 10bps rise in cost of deposits, translating to a 10bps QoQ margin compression to 2.9%. Loan growth (+11% YoY) was ahead of the system, driven by growth in SME, housing, and overseas segments. The management expects growth in corporate and personal loans to inch up to early teens by the end of FY26.
- **Asset quality in line:** GNPA/NNPA were flat at 1.8%/0.5% as gross slippages clocked in at 0.8% (Q1FY25: 0.9%), factoring in seasonality of the first quarter, coupled with steady recoveries and lower SMA balances. Credit costs clocked in at 47bps (Q1FY25: 48bps), as credit quality stayed benign across portfolios.
- **Sustainable earnings trajectory; top pick among banks:** Amidst multiple macro headwinds, SBIN is favorably placed, supported by a lower mix of repo-linked loans, potential treasury gains, and other avenues of productivity gains (fee income and opex) to sustain its RoAs. We reiterate SBIN as our top BUY among banks, commanding a 30-40% premium over its PSB peers.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	410.7	411.3	-0.1%	427.7	-4.0%	1,669.7	1,814.3	2,143.3
PPOP	305.4	264.5	15.5%	312.9	-2.4%	1,105.8	1,228.7	1,483.3
PAT	191.6	170.4	12.5%	186.4	2.8%	709.0	757.0	898.1
EPS (INR)	21.5	19.1	12.5%	20.9	2.8%	79.4	82.0	97.3
ROAE (%)						17.3	15.6	15.9
ROAA (%)						1.1	1.1	1.1
ABVPS (INR)						453.9	531.0	610.5
P/ABV (x)						1.8	1.5	1.3
P/E (x)						10.1	9.8	8.2

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	47,267	47,267	0.0%	53,828	53,828	0.0%
NIM (%)	2.9	2.9	0bps	3.0	3.0	0bps
NII	1,814.3	1,814.3	0.0%	2,143.3	2,143.3	0.0%
PPOP	1,228.7	1,228.7	0.0%	1,483.3	1,483.3	0.0%
PAT	757.0	757.0	0.0%	898.1	898.1	0.0%
EPS	82.0	84.8	-3.3%	97.0	100.6	-3.3%
Adj. BVPS (INR)	531.0	521.8	1.8%	610.5	604.6	1.0%

Source: Company, HSIE Research

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Bajaj Finance

In-line P&L outcome; macro stress testing asset quality

Bajaj Finance's (BAF) Q1FY26 earnings were largely in line with our estimates, with robust AUM growth (+24.6% YoY) and improving operating efficiency, offset by lower other income and high credit costs. Credit costs was marginally higher—2.02% vs. 1.97% (adjusted) in Q4FY25—as the management indicated stress in the MSME portfolio (~12% of AUM) due to broader macroeconomic slowdown. BAF's post-pandemic cross-functional investments are gradually reflecting in increasing throughput and higher efficiency gains (C/I at 33%; opex-to-AUM at 3.8%), which are likely to sustain over FY26E-FY27E. BAF is poised for ~24% AUM CAGR over FY26-FY27E, with the scale-up of new products, while also simultaneously delivering strong profitability. Mr. Rajeev Jain would continue to remain Vice Chairman and MD until Mar-28, with succession more likely toward the end of his tenure. We maintain BUY with a RI-based TP of INR 985 (implied 4.4x Mar-27 ABVPS; 23x FY27 EPS).

- **Strong AUM growth, operating efficiency aids steady PPoP growth:** BAF reported steady PPoP growth (+22% YoY), driven by strong AUM growth (+24.6% YoY), strong customer acquisitions, and improving operating efficiency. Cost of funds declined by 20bps QoQ to 7.8% and are expected to decline further, offsetting repricing of floating rate loans, leading to steady NIMs. Other income grew by 16% YoY and is likely to remain under pressure in FY26 due to the termination of co-branded credit cards business and moderation of certain fees and charges across other businesses. BAF's customer acquisition remained steady, along with strong cross-sell engine driving the number of loans disbursed up by 23% YoY.
- **Credit costs remain elevated, gradual moderation ahead:** GS-III/NS-III deteriorated QoQ to 1.03%/0.5% (Q4FY25: 0.96%/0.45%), while GS-II remained steady at 1.3%. Credit costs inched up marginally to 2.02% as the credit environment remained challenging. As per management, credit costs were elevated in 2W/3W and MSME segments. Captive 2W/3W business is likely to completely run down by Q1FY26, and non-captive business is likely to have lower loss ratios. MSME segment is witnessing stress due to macroeconomic slowdown across industries, and the asset quality is expected to improve gradually with corrective actions taken in the quarter.
- **Multiple levers to drive healthy medium-term growth and profitability:** BAF's newly-launched products including car loans, gold loans, LAP, MFI, and CV financing have reached an inflexion point and will likely drive medium-term AUM CAGR. While headwinds in asset quality have capped the near-term profitability, BAF's relentless focus on throughput and operating efficiencies, coupled with sustained pricing power in key segments, is likely to help drive strong profitability ahead.

Financial summary (consolidated)

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	102.3	83.7	*22.3*	98.1	*4.3*	296	364	453	565
PPOP	84.9	69.5	*22.2*	79.7	*6.5*	239	300	377	474
PAT	47.0	39.1	*20.2*	44.8	*4.9*	145	166	214	270
EPS (INR)	7.6	6.3	*19.6*	7.2	*4.6*	23	27	34	43
ROAE (%)						22.1%	18.9%	19.8%	20.9%
ROAA (%)						4.4%	4.0%	4.1%	4.2%
ABVPS (INR)						122	156	184	222
P/ABV (x)						7.9	6.1	5.2	4.3
P/E (x)						41.0	35.8	27.9	22.1

Source: Company, HSIE Research

BUY

CMP *(as on 24 Jul 2025)*	**INR 959**
Target Price	**INR 985**
NIFTY	**25,062**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR985	INR 985
EPS %	FY26E	FY27E
	0%	0%

KEY STOCK DATA	
Bloomberg code	BAF IN
No. of Shares (mn)	6,214
MCap (INR bn) / ($ mn)	5,959/68,965
6m avg traded value (INR mn)	10,493
52 Week high / low	INR 979/642

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.2	29.1	45.3
Relative (%)	0.3	21.2	42.8

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	54.7	54.7
FIs & Local MFs	14.9	14.6
FPIs	21.5	21.7
Public & Others	8.8	8.9
Pledged Shares	-	-

Source: BSE

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

Life Insurance Corporation of India

Strategic realignment continues; maintain ADD

Life Insurance Corporation of India (LICI) printed a beat on APE growth (+9% YoY), led by group business growth (+16% YoY). VNB grew 21% YoY as VNB margins clocked in at 15.4% (+150bps YoY), ahead of expectations, driven by efficiency gains. Traditionally focused on the mass customer segment, LICI has engineered a shift in its product strategy towards higher sum-assured, non-PAR policies over the past couple of years (FY25: 28% of new business). LICI derives its moats from a large agency network while undergoing a strategic shift in its individual product proposition to align itself to the new surrender guidelines (implemented from Oct-24). We maintain our APE/VoNB CAGR of 3/4 % over FY25-FY27E and expect VNB margins for FY26E to remain flat and expand gradually to 18.1% by FY27E with an upside revision bias. We maintain RoEV of 9.8% for FY26/27E, primarily on account of the unwinding and VNB and maintain our ADD rating and a TP of INR1,040 (0.7x Mar-27 EV).

- **Shrinking market share in individual new business:** LICI witnessed further market share erosion in individual rated new business (IRNB) to ~31% during Q1FY26 (Q1FY25: 33%; FY25: 29.4%; FY20: 43%), highlighting a sustained challenge to its relevance amid evolving customer preferences. Growth in individual business was underpinned by strong performance in ULIPs, which more than doubled YoY in Q1FY26. With 10–15% of ULIP policies on a monthly premium payment mode, which contribute to APE growth from a low base, the management has indicated its intent not to cap ULIP mix.
- **Revamped product construct:** LICI has revised its product construct through higher policy premium (PAR), lower IRR (NPAR), lower commission for non-club agents, and introduction of club-wise commission structure for agents. LICI has shifted its product strategy toward higher sum-assured, non-PAR, policies over the past couple of years (Q1FY26: 30%; FY25: 28% of new APE). However, we expect increment mix shift toward NPAR segment to be more gradual compared to the trends observed during FY23-FY25.
- **Efficiency gains to drive margin expansion:** Management continues to focus on cost optimization through digitization and process improvements. Employee costs were lower, on account of a wave of retirements, and are expected to trend lower. The overall cost-to-APE ratio (excluding renewal commissions) improved to 142% (Q1FY25: 160%; FY25: 122%), indicating significant potential for operating leverage through sustained cost discipline.
- **Valuation**: We maintain APE/VoNB CAGR at 3/4% over FY25-FY27E; we expect VNB margins to remain flat in FY26E and improve 50bps in FY27E. We maintain ADD with a TP of INR1,040 (0.7x Mar-27 EV).

Financial summary

(INR bn)	Q1FY26	Q1FY25	% chg	FY24	FY25	FY26E	FY27E
NBP	594.5	574.7	3.4	2,226.7	2,267.9	2,237.3	2,356.7
APE	126.5	115.6	9.4	569.7	568.3	568.4	602.5
VNB	19.4	16.1	20.7	95.8	100.1	100.0	109.2
VNB margin (%)	15.4%	13.9%	144bps	16.8%	17.6%	17.6%	18.1%
EV				7,273.5	7,768.8	8,529.1	9,363.2
P/EV (x)				0.8	0.7	0.7	0.6
P/VNB (x)				58.5	56.0	56.1	51.4
ROEV %				11.5	11.4	9.8	9.8

Source: Company, HSIE Research

ADD

CMP *(as on 7 Aug 2025)*	INR 886
Target Price	INR 1,040
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,040	INR 1,040
VNB %	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	LICI IN
No. of Shares (mn)	6,325
MCap (INR bn) / ($ mn)	5,597/63,820
6m avg traded value (INR mn)	1,168
52 Week high / low	INR 1,160/715

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	12.6	8.4	(21.2)
Relative (%)	12.2	4.9	(23.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	96.5	96.5
FIs & Local MFs	1.3	1.4
FPIs	0.1	0.1
Public & Others	2.1	2.0
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Kotak Mahindra Bank

Margin strain and credit risk to test growth ambitions

Kotak Mahindra Bank's (KMB) Q1FY26 earnings missed estimates on the back of higher-than-expected NIM compression and elevated credit costs emerging from unsecured and retail CV segments. Healthy loan growth (+14% YoY/+4% QoQ) was driven by secured businesses. Deposit growth (+14% YoY/+2% QoQ) hugged loan growth, as CASA ratio clocked in at 40.9% (-209bps QoQ) on the back of de-growth in floating SA balances and continued traction in TD sweeps (+22% YoY). The management has guided for stress in the MFI segment to have peaked out, and the stress in CC and PL portfolios to have stabilized. KMB remains keen on scaling its unsecured business mix to mid-teens (Q1FY26: 10% of loans), calling for sustained investments. We cut our FY26E/FY27E estimates by ~3%/1%, factoring in elevated opex and credit costs. We maintain BUY with a revised SOTP-based TP of INR2,310 (standalone bank at 2.3x Mar-27 ABVPS).

- **Softer margin traction partly offset by healthy credit growth:** Loan growth (14%+ YoY) was healthy compared to peers, driven by mortgage (+19% YoY), consumer banking (18% YoY) and wholesale banking (13%). De-growth in the MFI and PL segment continued owing to elevated stress, while growth in the CC portfolio shall take time to kick in, given KMB's strategy revamp post the lifting of the embargo. NIMs contracted to 4.7% (-25bps QoQ) on the back of rate transmission and shift in mix from de-growth in the unsecured book.
- **Stress remains elevated in high-risk segments:** KMB witnessed deterioration in asset quality, with gross slippages (1.7%) and credit costs (93bps) rising owing to elevated stress in the MFI portfolio and retail CV segments, even as the stress in PL and CC segments plateaued. We build in credit costs at 70-75bps each for FY26-27E, factoring in the high-risk segments.
- **Sustaining risk-adjusted returns essential on growth treadmill:** We believe that KMB faces a tough trade-off in balancing growth, NIMs, and asset quality, especially the quality of its incremental sourcing in unsecured businesses, to protect its superior RoAs.

Financial summary (Standalone)

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	72.6	68.4	*6.1%*	72.8	*-0.3%*	283.4	317.0	378.4
PPOP	55.6	52.5	*5.9%*	54.7	*1.7%*	210.1	235.8	278.0
#PAT	32.8	62.5	*-47.5%*	35.5	*-7.6%*	164.5	151.7	177.6
EPS (INR)	16.5	31.4	*-47.5%*	17.9	*-7.6%*	82.7	76.3	89.4
ROAE (%)						15.4	12.2	12.6
ROAA (%)						2.5	2.0	2.1
ABVPS (INR)						566.1	638.6	723.1
P/ABV (x)						3.7	3.3	2.9
P/E (x)						25.6	27.8	23.7

#FY25/Q1FY25 PAT includes gains from KGI divestment amounting to INR27.3 bn

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	4,909	4,920	-0.2%	5,718	5,702	-0.3%
NIM (%)	4.7	4.7	1 bps	4.8	4.9	13 bps
NII	317.0	317.7	-0.2%	371.0	378.4	2.0%
PPOP	235.8	241.4	-2.3%	280.2	278.0	-0.8%
PAT	151.7	156.7	-3.2%	179.4	177.6	-1.0%
Adj. BVPS (INR)	638.6	637.7	0.1%	723.0	723.1	0.0%

Source: Company, HSIE Research

BUY

CMP *(as on 25 Jul 2025)*	**INR 2,125**
Target Price	**INR 2,310**
NIFTY	**24,837**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR2,325	INR 2,310
	FY26E	FY27E
EPS %	-3.2%	-1.0%

KEY STOCK DATA	
Bloomberg code	KMB IN
No. of Shares (mn)	1,988
MCap (INR bn) / ($ mn)	4,225/48,827
6m avg traded value (INR mn)	8,677
52 Week high / low	INR 2,302/1,679

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.6)	12.6	19.7
Relative (%)	(6.5)	5.7	17.9

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	25.9	25.9
FIs & Local MFs	29.1	29.6
FPIs	32.7	32.3
Public & Others	12.3	12.2
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Axis Bank

Perennial search for portfolio stability

Axis Bank's (AXSB) Q1FY26 earnings missed our estimates on account of higher slippages/credit costs arising from yet another episode of divergent impairment recognition practices (vs. peer banks). The additional provisioning (INR8.1bn) adversely impacted RoA by 15bps. Growth was soft on both sides of the balance sheet, coupled with disappointment on margins. Deposit growth (~9% YoY/-1% QoQ) was sub-par, with CASA ratio declining to 40.3% (-46bps QoQ). The loan-to-deposit ratio deteriorated ~250bps QoQ to 91.2% as loan growth clocked in at +1.8% QoQ. While AXSB has improved the quality of its deposit franchise, the bank has consistently been inferior to its peers on underwriting and impairment recognition policies. We cut our FY26E/27E estimates by 2.5%/1.4%, factoring in elevated credit costs and impending margin compression (residual impact of the last 75bps repo rate cut is yet to play out). We maintain ADD with a revised TP of INR1,290 (standalone bank at 1.7x Mar-27 ABVPS).

- **Subdued growth with weak margins:** Loan growth (~8% YoY) was muted as growth in housing, auto, and unsecured portfolios remained tepid, partly offset by growth in LAP, corporate, business banking/SME businesses. NIMs declined 17bps QoQ to 3.8% due to the impact of 25bps repo rate cut (during Feb-25) and seasonality in the rural portfolio. We factor in FY26E NIMs at 3.7%, lower than the management's through-cycle guidance (3.8%).
- **Asset quality shocker:** Gross slippages shot up to 3.1% (Q4FY25: 1.9%) while net credit costs clocked in at 1.4% (Q4FY25: 0.5%) owing to higher impairment recognition. We argue that such repeated instances of divergent impairment recognition practices raise concerns on the bank's sustainability claims.
- **Portfolio stability essential for valuation re-rating:** While AXSB continues to moderate its opex intensity and improve efficiencies, we believe that the bank lacks a handle on its growth and asset quality parameters and continues its perennial search for portfolio stability, which is likely to delay any re-rating.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	135.6	134.5	*0.8%*	138.1	*-1.8%*	543.5	579.1	666.9
PPOP	115.2	101.1	*13.9%*	107.5	*7.1%*	421.0	459.3	534.6
PAT	58.1	60.3	*-3.8%*	71.2	*-18.4%*	263.7	272.7	317.3
EPS (INR)	18.6	19.4	*-3.9%*	22.9	*-18.5%*	85.1	88.0	102.4
ROAE (%)						15.9	14.1	14.3
ROAA (%)						1.7	1.6	1.7
ABVPS (INR)						547.4	629.0	727.6
P/ABV (x)						2.1	1.8	1.6
P/E (x)						13.6	13.2	11.3

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	11,691	11,700	-0.1%	13,213	13,217	0.0%
NIM (%)	3.7	3.8	-0.8%	3.8	3.8	0.8%
NII	579.1	585.1	-1.0%	666.9	662.1	0.7%
PPOP	459.3	460.7	-0.3%	534.6	530.9	0.7%
PAT	272.7	279.5	-2.5%	317.3	321.8	-1.4%
Adj. BVPS (INR)	629.0	643.3	-2.2%	727.6	745.0	-2.3%

Source: Company, HSIE Research

ADD

CMP *(as on 17 Jul 2025)*	INR 1,160
Target Price	INR 1,290
NIFTY	25,111

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR1,310	INR1,290
EPS %	FY26E	FY27E
	-2.5%	-1.4%

KEY STOCK DATA	
Bloomberg code	AXSB IN
No. of Shares (mn)	3,101
MCap (INR bn) / ($ mn)	3,597/41,789
6m avg traded value (INR mn)	8,755
52 Week high / low	INR 1,319/934

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.6)	17.0	(11.1)
Relative (%)	(7.3)	9.7	(13.0)

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	8.2	8.2
FIs & Local MFs	37.5	40.9
FPIs	47.3	43.9
Public & Others	7.0	7.0
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Bajaj FinServ

Stable flagship; strengthening insurance businesses

Bajaj Finserv's Q1FY26 performance was strong across all operating businesses. BAGIC reported 15% YoY GDPI growth, with profitability ahead of estimates on the back of higher realized capital gains and lower loss ratios. BALIC showed early signs of a strategic shift, with 39% VNB growth and a 420bps margin improvement, despite muted APE. Bajaj Finance delivered steady AUM growth (+24.6% YoY) though profitability was impacted by higher credit costs and lower other income. With the NBFC business maintaining sector leadership, the improving trajectory in insurance is expected to drive an operational turnaround and a 500bps increase in SOTP contribution, supporting a re-rating. We maintain BUY with the SOTP-based TP of INR2,430 (78% currently contributed by the flagship NBFC business).

- **General insurance business (12% of SOTP) – capital gain boost's quarterly PAT:** BAGIC reported 15% YoY growth in its GDPI and profitability. GDPI growth was primarily led by strong growth in motor TP (+39% YoY). However, reported PAT was ahead of our estimate, on the back of higher realized capital gains at INR4.5bn (Q1FY25: INR2.5bn) and lower overall loss ratios, mainly in Motor TP and crop businesses, partly offset by higher expenses.
- **Life insurance business (11% of SOTP) - signs of strategic shift:** Despite a APE de-growth (-13% YoY), value of new business (VNB) witnessed healthy growth (+39% YoY) as the VNB margin clocked in at 11.1% (+420bps YoY). As highlighted in our **insurance thematic report**, we believe that BALIC is poised for a turnaround in profitability metrics, with incremental focus on improving its product construct towards a balanced segmental mix, and rationalizing costs, which is likely to drive improvement in FY26E VNB margin to ~17.3%.
- **NBFC business (78% of SOTP) - sustained sector leadership:** Bajaj Finance's (BAF) delivered in-line earnings, with robust AUM growth (+24.6% YoY) and improving operating efficiency, offset by lower other income and high credit costs. While asset quality headwinds have capped near-term profitability, BAF's relentless focus on throughput and operating efficiencies, coupled with sustained pricing power in key segments, is likely to drive strong medium-term profitability. We have a BUY with an RI-based TP of INR985 (implied 4.4x Mar-27 ABVPS; 23x FY27 EPS).
- **Insurance businesses to drive incremental re-rating**: With the flagship NBFC business already commanding sector leadership, we believe that the potential turnaround in the insurance businesses is likely to drive an incremental re-rating for BJFIN (SOTP contribution likely to improve by 500bps). **We retain BUY with an SOTP-based TP of INR2,430.**

SOTP

INR in mns	BJFIN Share	Per share	% of TP	Rationale
BAF	51.4%	1,970	77.9%	HSIE TP
BAGIC	74.0%	292	11.5%	31.1x FY27E EPS
BALIC	74.0%	268	10.6%	1.2x FY27E EV
Value of subsidiaries		2,530		
Holding company Discount	5%	99		5% hold-co discount
Target Price		**2,431**		

Source: Company, HSIE Research

BUY

CMP *(as on 25 Jul 2025)*	INR 1,986
Target Price	INR 2,430
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,430	INR 2,430
EPS%	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	BJFIN IN
No. of Shares (mn)	1,598
MCap (INR bn) / ($ mn)	3,173/36,673
6m avg traded value (INR mn)	3,896
52 Week high / low	INR 2,135/1,523

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.9)	14.9	26.3
Relative (%)	(5.8)	8.0	24.5

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	60.6	58.8
FIs & Local MFs	9.0	10.1
FPIs	7.5	8.4
Public & Others	22.8	22.6
Pledged Shares	0.0	0.0

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

SBI Life Insurance

Strategic shift; margin upside ahead

SBILIFE reported APE/VNB growth of +9/12% on a YoY basis, primarily driven by strong growth in the group protection segment, which grew by ~93% on YoY basis. Both APE/VNB numbers came slightly ahead of our estimates. SBILIFE continues to diversify away from the ULIP segments with share of ULIP falling by 190bps to ~65% in Q1FY26. Given the strategic transition toward the non-ULIP segments, we expect growth in the individual business to remain in lower double digits for FY26E and maintain our APE/VNB CAGR of 12/13% for FY25-FY27E, driven by sustained growth in the agency channel and improvement in the product mix toward traditional segments. Our high-conviction BUY is anchored in three powerful and sustainable moats: (a) exclusive access to SBI's massive distribution network (branch penetration at ~2%); (b) scope for improvement in margin-accretive traditional mix; and (c) cost leadership (excl. renewal comm)/APE ratio among peers (Q1FY26: 42.8%, Q1FY25: 40.5%). We expect SBILIFE to deliver FY25-27E APE/VNB CAGRs of 12%/13%; we maintain BUY with a TP of INR2,100 (implied 2.2x Mar-27E EV), implying a 37% premium over IPRULIFE.

- **Channel-led product strategy**: During the quarter, SBILIFE ULIP mix declined by 190bps to ~64.8% in the individual APE product mix (Q1FY25:66.7%), reflecting continued focus to improve product mix. This shift was driven by a channel-led product strategy wherein agency channel product mix tilted toward the NPAR segment by ~900bps from the ULIP segment. On the BANCA side, ULIP continued to dominate with ~72% mix though we believe the mix is likely to tilt toward PAR segment by FY26E-end. We build in PAR mix of 7% of the individual APE and NPAR at 28% in FY26E.
- **Rider attachments to boost margins:** In Q1, the group term life grew ~93% YoY, though management flagged this may not sustain due to the inherent lumpiness of the segment. Rider attachment rates on new policies improved to ~40% (Q1FY25: NIL), with further upside expected as management plans to introduce riders on renewal policies as well — a move that should support margin expansion. Given SBILIFE's clear focus on profitability and strong execution track record, we see an upside risk to our VNB margin estimates.
- **Product interventions to drive shift in BANCA mix:** SBILIFE has indicated plans for further product launches, which we believe will support growth momentum. The upcoming interventions are expected in the PAR segment, lower sum assured term products, and riders — initiatives likely aimed at improving product mix, particularly within the BANCA channel. However, given the entrenched ULIP dominance in BANCA and despite SBILIFE's strong execution—evident in NPAR traction—we believe shifting the BANCA mix meaningfully will remain a gradual and challenging process.

Financial summary

(INR bn)	Q1FY26	Q1FY25	% Δ	FY24	FY25	FY26E	FY27E
NBP	72.7	70.3	3.3%	382.4	355.8	388.7	431.1
APE	39.7	36.4	9.1%	197.2	214.2	237.8	269.7
VNB	10.9	9.7	12.4%	55.5	59.5	66.5	76.0
VNB margin (%)	27.6	26.8	80bps	28.1%	27.8%	28.0%	28.2%
EV				582.3	702.2	822.8	962.5
P/EV (x)				3.1	2.6	2.2	1.9
P/VNB (x)				24.0	20.4	16.4	12.8
ROEV %				21.8%	20.2%	17.6%	17.3%

Source: Company, HSIE Research

BUY

CMP *(as on 24 Jul 2025)*	INR 1,794
Target Price	INR 2,100
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,100	INR 2,100
VNB %	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	SBILIFE IN
No. of Shares (mn)	1,002
MCap (INR bn) / ($ mn)	1,798/20,806
6m avg traded value (INR mn)	1,990
52 Week high / low	INR 1,936/1,373

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	11.5	24.5	9.8
Relative (%)	8.5	16.7	7.3

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	55.4	55.4
FIs & Local MFs	17.9	18.7
FPIs	22.5	21.9
Public & Others	4.2	4.1
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Bank of Baroda

Searching for portfolio stability in key segments

Bank of Baroda's (BOB) Q1FY26 earnings marginally missed estimates on the back of softer traction in fee income and higher credit costs. Deposit growth (~10% YoY; -2.5% QoQ) was soft as domestic CASA declined to 39.3% (-64 bps QoQ). Loan growth (+13% YoY; -2% QoQ) was weak sequentially, with moderate growth in corporate segments. Largely stable margins were offset by lower traction in fee income, leading to in-line operating performance. Despite its handicap of relatively softer NIMs on the back of a large overseas portfolio (18% of loans), BOB consistently delivered better return ratios than peers, largely on the back of lower credit costs and superior customer franchise. However, we flag the constant rise in retail slippages of the bank coupled with the relatively inferior quality of the MSME portfolio. An elevated domestic C/D ratio at ~82% (highest amongst PSBs) is likely to restrict loan growth, given intense competition for retail deposits. We build in 13% PPOP CAGR and 10% EPS CAGR over FY25-27E, factoring in relatively better margin management and moderate normalization of credit costs. We reiterate BUY on BOB, with an unchanged TP of INR 290 (1.0x Mar-27 ABVPS).

- **Stable margins offset by modest credit growth:** Loan growth (+13% YoY; -2% QoQ) was steady as growth in retail segments (18% YoY) was offset by moderate growth in the corporate book (4% YoY). NII growth (-1%YoY, +4% QoQ) was better compared to peers, aided by stable overseas margins and interest on IT refund, with margins clocking in at 2.9% (-7 bps QoQ).
- **Marginal deterioration in asset quality:** Gross slippages inched up to 1.2% in Q1FY26, driven by higher slippages in the overseas and legacy personal loan portfolios. GNPA/NNPA were flat at 2.3%/0.6% as higher slippages were offset by higher write-offs translating to credit costs inching up by 55 bps (+11 bps QoQ). Given the fact that retail slippages have been on the rise lately (1.5%) and are higher compared to peers, retail credit quality is a key monitorable, going forward.
- **Performance of retail and overseas portfolio key monitorable:** Over the past three years, BOB has scaled its retail book rapidly (21% CAGR) compared to larger PSU banks, riding on the back of multiple buyouts of smaller retail portfolios. While a large part of retail loan sourcing (~30-40%) is currently via DSAs, BOB intends to improve in-house sourcing incrementally. Overseas book performance has been a laggard either in terms of margins or asset quality in the past few quarters, impacting the overall profitability. Stability in both these portfolios is critical to sustaining healthy return ratios.

Financial summary

(INR bn)	Q1FY26	Q1FY25	*YoY(%)*	Q4FY25	*QoQ(%)*	FY25	FY26E	FY27E
NII	114.3	116.0	*-1.4%*	110.2	*3.8%*	456.6	503.7	599.5
PPOP	82.4	71.6	*15.0%*	81.3	*1.3%*	324.3	340.9	412.9
PAT	45.4	44.6	*1.9%*	50.5	*-10.0%*	195.8	202.2	238.6
EPS (INR)	8.8	8.6	*1.9%*	9.8	*-10.0%*	37.8	39.1	46.1
ROAE (%)						15.7	14.0	14.7
ROAA (%)						1.2	1.1	1.1
ABVPS (INR)						241.4	270.0	304.2
P/ABV (x)						1.0	0.9	0.8
P/E (x)						6.4	6.2	5.3

Source: Company, HSIE Research

BUY

CMP *(as on 25 Jul 2025)*	INR 243
Target Price	INR 290
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR290	INR290
EPS %	FY26E	FY27E
	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	BOB IN
No. of Shares (mn)	5,171
MCap (INR bn) / ($ mn)	1,259/14,551
6m avg traded value (INR mn)	2,654
52 Week high / low	INR 267/191

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.4)	8.1	(0.8)
Relative (%)	(4.2)	1.2	(2.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	64.0	64.0
FIs & Local MFs	18.2	19.1
FPIs	9.0	8.1
Public & Others	8.8	8.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

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

Cholamandalam Investment and Finance Company

Weak macro testing portfolio resilience

CIFC's Q1FY26 earnings were in line with our estimates, with higher other income offset by higher credit costs. However, the operating performance was relatively subdued with moderating AUM/disbursements growth of 23.6%/0% YoY and sharp uptick in credit costs (1.9%) in a seasonally weak quarter. Disbursements moderated significantly in home loans (-0.8% YoY), CSEL (-41% YoY), and SME (-21% YoY), while credit costs inched up significantly in vehicle (2.2%) and CSEL segment (6.7%). Management attributed subdued performance to broader economic slowdown and expects disbursements and asset quality to improve by Q3, with expected revival in economic activity. However, higher-than-expected credit costs for several quarters, along with moderating loan growth, poses downside risk to our estimates, although RoE is expected to remain robust (~19-20%). We maintain ADD with an unchanged RI-based TP of INR1,590 (implying 4.1x Mar-27 ABVPS).

- **Other income drives strong PPoP growth:** CIFC's NIMs (reported) declined by 20bps QoQ to 7.8%, driven by lower yields, partly offset by marginal decline in cost of funds. Other income grew by 48% YoY, largely led by assignment income (INR 1.5bn; ~10% of PBT), which is likely to be non-recurring. With 50% of bank borrowings linked to EBLR, management expects benefits on cost of funds to accrue from Q2 and it expects NIM reflation of ~12-15bps in FY26. Opex ratios moderated marginally (opex-to-AUM at 3.1%), although they are likely to increase, given the investments in gold loans business and increase in collections intensity.
- **Credit costs remain elevated; meaningful normalization contingent on economic revival:** GS-III/NS-III deteriorated QoQ to 3.2%/1.8% (Q4FY25: 2.8%/1.6%), with GS-II at 3% (Q4FY25: 2.5%), driving higher credit costs of 1.9% (Q1FY25: 1.5%). Vehicle portfolio continues to be marred with lower capacity utilization and muted freight rates, while CSEL portfolio witnessed delinquencies in partnerships (18% of CSEL's AUM) and business loans (49% of CSEL's AUM). Credit cost normalization remains underway for home loans and LAP and is approaching steady-state levels (0.6-0.7%/0.2%). Management has indicated credit costs of 1.4-1.5% for FY26, which could be 10bps higher than FY25 if macro recovery is delayed.
- **AUM growth continues to moderate:** CIFC's AUM growth (+23.6% YoY) was driven by LAP (+37% YoY) and home loans (+33% YoY), while growth in vehicles (+18% YoY) and CSEL segment (+10% YoY) was moderating. Management indicated conscious slowdown in CSEL and SME segments, while moderation in home loans and vehicle segments was due to slowdown in the underlying markets. While mortgages portfolio is likely to sustain 30% AUM growth, improving loan growth in vehicles remains critical for AUM growth towards 25%.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	31.8	25.7	*23.7*	30.6	*4.2*	83.8	112.4	142.2	174.8
PPOP	24.1	18.5	*30.4*	23.3	*3.4*	59.0	82.3	100.4	125.0
PAT	11.4	9.4	*20.6*	12.7	*(10.3)*	34.2	42.6	54.3	68.4
EPS (INR)	13.5	11.2	*20.4*	15.0	*(10.4)*	40.7	50.6	63.5	79.9
ROAE (%)						20.2	19.7	19.9	20.0
ROAA (%)						2.5	2.4	2.4	2.5
ABVPS (INR)						209.5	247.0	322.7	388.2
P/ABV (x)						6.8	5.7	4.4	3.7
P/E (x)						34.9	28.0	22.4	17.8

Source: Company, HSIE Research

ADD

CMP *(as on 01 Aug 2025)*	INR 1,423
Target Price	INR 1,590
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,590	INR 1,590
EPS %	FY26E	FY27E
	0%	0%

KEY STOCK DATA	
Bloomberg code	CIFC IN
No. of Shares (mn)	841
MCap (INR bn) / ($ mn)	1,197/13,671
6m avg traded value (INR mn)	3,065
52 Week high / low	INR 1,684/1,168

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.7)	12.4	2.3
Relative (%)	(5.1)	8.4	3.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.0	49.9
FIs & Local MFs	15.5	16.0
FPIs	28.2	28.0
Public & Others	6.4	6.1
Pledged Shares	-	-

Source: BSE

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

Shriram Finance

In-line earnings

Shriram Finance's (SHFL) Q1FY26 earnings were largely in line with our estimates, with lower credit costs (1.94%) offset by NIM compression. AUM growth moderated marginally to 16.6% YoY (21% YoY in FY24; 17% in FY25), driven by moderation in disbursements growth (+13% YoY). Disbursements in CV segment witnessed an uptick (+21% YoY), led by recovery in the rural segment, while disbursements in the CE and MSME segments remained sluggish. While the overall CV industry remains sluggish with muted volume growth, sustained uptick in disbursements in CV remains the key for AUM growth. Credit costs declined sequentially to 1.9%, although GS-II increased by 39bps in a seasonally weak quarter due to a weak macro environment. NIM compression was largely led by excess liquidity and an uptick in the cost of funds, the latter of which is expected to improve in FY26. We maintain ADD, with an unchanged RI-based target price of INR 685 (implying 2x Mar-27 ABVPS).

- **Muted NIM drives subdued PPoP growth:** SHFL's NII growth remained subdued at 10% YoY, driven by NIM compression (-14bps QoQ; -68bps YoY). As per management, NIMs are likely to reflate going ahead, driven by reduction in excess liquidity as well as reduction in cost of funds due to reduction in repo rate in CY25. Incremental cost of funds were at ~8.4%, while blended cost of funds were at 8.9%, indicating room for reduction in cost of funds. Given ~85% of borrowings are at fixed rate, cost of funds are likely to reduce gradually. Other income increased by +49% YoY, largely due to gain on investments in mutual funds.
- **Uptick in early delinquencies in current environment:** SHFL's GS-II increased marginally to 7.3% (Q4FY25: 6.9%), driven by an increase in early delinquencies across segments, except farm equipment, MSME, and personal loans. As per management, uptick in early delinquencies was largely due to cash flow mismatches, with limited concerns around customer overleveraging. Credit costs of 1.9% surprised positively in a seasonally weak quarter, with lower net slippages of 1.3% (calculated).
- **Expect growth moderation ahead; disbursement uptick key monitorable:** SHFL's loan growth was driven largely by the non-CV/CE portfolio (48.7% of AUM), which grew by +24% YoY. With expected normalization of growth in these segments, we expect AUM growth to moderate to ~15-16% over FY26E-FY27E, as growth in the CV/CE portfolio remains tepid. Muted traction in freight rates, increase in prices for used vehicles, and weak sales of new vehicles remain the key concerns for any meaningful revision in our estimates.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	*YoY (%)*	Q4FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E
NII	57.7	52.3	*10.3*	55.7	*3.7*	187.9	218.5	258.6	299.3
PPOP	41.9	38.7	*8.4*	43.4	*-3.3*	142.0	162.6	195.4	227.1
APAT	21.6	19.8	*8.8*	21.4	*0.8*	71.9	82.7	101.6	118.7
EPS (INR)	11.5	10.5	*8.8*	11.4	*0.8*	38.3	44.0	54.0	63.1
ROAE (%)						15.7	15.8	16.8	17.1
ROAA (%)						3.3	3.1	3.3	3.4
ABVPS (INR)						219	264	301	345
P/ABV (x)						2.8	2.3	2.0	1.8
P/E (x)						16.1	14.0	11.4	9.7

Source: Company, HSIE Research | Note: FY25 earnings adjusted for stake sale in erstwhile Shriram Housing Finance

ADD

CMP *(as on 25 Jul 2025)*	INR 616
Target Price	INR 685
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR685	INR685
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA	
Bloomberg code	SHFL IN
No. of Shares (mn)	1,881
MCap (INR bn) / ($ mn)	1,158/13,387
6m avg traded value (INR mn)	4,406
52 Week high / low	INR 730/493

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.0)	16.8	14.9
Relative (%)	(8.8)	9.8	13.2

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	25.4	25.4
FIs & Local MFs	15.3	16.3
FPIs	53.6	52.6
Public & Others	5.7	5.7
Pledged Shares	0.0	

Source: BSE

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

Union Bank of India

Structural handicaps to keep return ratios muted

Union Bank (UNBK) reported soft earnings on the back of a weak margin profile, impacted by repo cut passthrough and lower growth on both sides of the balance sheet. Loan growth (+8% YoY; -0.8% QoQ) was muted, with growth largely driven by retail segments. Deposit growth (+3% YoY, -2.5% QoQ) was sub-par while CASA ratio declined to 32.5% (-100 bps QoQ) as CA balances normalized sequentially. While slippages were lower QoQ, NPA ratios inched up owing to lower recoveries and upgrades. Despite a historically stronger fee-income profile compared to peers, fees were marginally weaker for the quarter, owing to lower volumes and one-off PSLC commission income (INR96bn) in the base year. Given its corporate-heavy loan book construct (44% of loans) and high EBLR mix (46% of loans), UNBK is expected to face an aggregate margin hit of 25bps in H1FY26. We build in 7% EPS CAGR over FY25-27E, factoring in a weaker margin profile and marginal normalization in credit costs. We maintain our ADD rating on UNBK with a TP of INR160 (0.9x Mar-27 ABVPS).

- **Weak margins coupled with sub-par growth:** NII de-grew (-3% YoY; -4% QoQ) on account of lower volume growth and 11bps QoQ decline in NIMs on account of the transmission impact on a relatively larger EBLR-linked book (46% of loans). Margins are expected to drop by a further 15bps and bottom out in Q2FY26, before a likely rebound in H2FY26 with deposit re-pricing kicking in. Loan growth (+8% YoY; -0.8% QoQ) was subdued, owing to deposit handicap, with a larger part of growth driven by retail segments like housing (2% QoQ) and vehicle loans (3% QoQ). The bank also re-classified agri gold loans and MSME loans to retail loans, in line with the RBI's recent circular on gold loans.
- **Lower recoveries drive higher NPA ratios:** While gross slippages clocked in lower at 1% (Q4FY25: 1.1%), recoveries and upgradations were lower in the quarter, resulting in GNPA/NNPA ratios staying flat at 3.5%/0.6%. SMA-0 and SMA-2 inched up to 0.15% (Q4FY25: 0.07%) and 0.26% (Q4FY25: 0.12%) respectively arising from a few government account exposures, which called for higher standard provisions.
- **No quick fix to structural handicaps:** Our analysis suggests that UNBK's NIMs are structurally compromised on account of a dual handicap: corporate-heavy loan book and a sub-par CASA. While the bank has improved its overall asset quality, gross slippages remain elevated in the MSME and agri book. We expect a gradual reversal in operating leverage gains and continued normalization in credit costs to drive 7% EPS CAGR over FY25-27E.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY25	FY26E	FY27E
NII	91.1	94.1	-3.2%	95.1	-4.2%	372.1	396.6	454.5
PPOP	69.1	77.9	-11.3%	77.0	-10.3%	310.9	324.1	374.9
PAT	41.2	36.8	11.9%	49.8	-17.4%	179.9	174.8	205.8
EPS (INR)	21.6	19.3	11.8%	26.1	-17.5%	23.6	22.9	27.0
ROAE (%)						17.1	14.5	15.1
ROAA (%)						1.2	1.1	1.2
ABVPS (INR)						139.5	160.0	183.4
P/ABV (x)						1.0	0.9	0.8
P/E (x)						6.2	6.4	5.4

Source: Company, HSIE Research

ADD

CMP *(as on 18 Jul 2025)*	INR 146
Target Price	INR 160
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR160	INR160
EPS %	FY26E	FY27E
	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	UNBK IN
No. of Shares (mn)	7,634
MCap (INR bn) / ($ mn)	1,118/12,976
6m avg traded value (INR mn)	1,812
52 Week high / low	INR 159/101

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.7	34.7	4.8
Relative (%)	11.6	28.0	4.3

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	74.8	74.8
FIs & Local MFs	11.6	11.9
FPIs	7.1	7.7
Public & Others	6.5	5.6
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

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

Canara Bank

Critical to improve deposit franchise

Canara Bank's (CBK) Q1FY26 earnings beat estimates on the back of strong traction in other income and improvement in asset quality, partly offset by soft margins, owing to repo cut passthrough. Loan growth (+13% YoY; +2% QoQ) was healthy, largely driven by retail and MSME segments. Deposit growth (10% YoY, 0.7% QoQ) was in line with industry while CASA ratio declined to 27.0% (-152 bps QoQ) as CA balances normalized sequentially. Gross slippages were lower, with NPA ratios improving across sectors. While overall earnings were aided by high treasury gains and strong PSLC commission (INR 12 bn), core PPOP growth was weak (-8% YoY). Given its weak deposit franchise (average CASA mix in late 20s and the highest cost of funds among peers) and a corporate-heavy loan book construct (43% of loans), margins are expected to be under pressure for CBK. We build in 5% EPS CAGR over FY25-27E, factoring in a weaker margin profile and marginal normalization in credit costs. We maintain ADD on CBK, with a TP of INR110 (0.8x Mar-27 ABVPS).

- **Weak margins offset by growth and treasury gains:** NII de-grew (-1.7% YoY; -4.6% QoQ) owing to lower margins (25bps QoQ decline in NIMs to 2.6%) on account of the repo cut transmission. Margins are expected to bottom out in Q2FY26 (barring further rate cuts) before a likely rebound in H2FY26, with deposit re-pricing kicking in. Loan growth was driven by retail (5% QoQ) and MSME segments (5% QoQ). The bank has guided 15% growth in the retail segment and 10% growth in the corporate segment for FY26.
- **Lower slippages drive better NPA ratios:** Gross slippages clocked in lower at 0.8% (Q4FY25: 1.0%), with improvement across asset classes resulting in GNPA/NNPA ratios improving to 2.7%/0.6%. SMA-2 inched up to 0.6% (Q4FY25: 0.3%) arising from a real estate account and one state government irrigation project exposure, which called for higher standard provisions.
- **Fixing deposit handicap is essential to improve core earnings:** CBK has the weakest deposit franchise amongst PSBs, which we believe is the toughest to fix, given the intensely competitive landscape for retail granular deposits. While asset quality has shown early signs of improvement, CBK has relatively higher slippages and credit costs compared to peers, driven largely by high MSME NPAs and a significantly high NPA concentration (top 20 NPAs: 32% as on Mar-25), indicating weaker asset quality despite the soft pricing power on the asset side. With stressed NIMs, higher investments, and expected inching up of credit costs, a sustainable 1%+ RoA appears to be a challenge for the franchise.

Financial summary

(INR bn)	Q1FY26	Q1FY25	*YoY(%)*	Q4FY25	*QoQ(%)*	FY25	FY26E	FY27E
NII	90.1	91.7	*-1.7%*	94.4	*-4.6%*	370.7	402.7	467.4
PPOP	85.5	76.2	*12.3%*	82.8	*3.3%*	313.9	341.8	384.1
PAT	47.5	39.1	*21.7%*	50.0	*-5.0%*	170.3	168.2	188.2
EPS (INR)	21.0	17.2	*21.6%*	22.1	*-5.1%*	18.8	18.5	20.7
ROAE (%)						18.2	15.8	15.6
ROAA (%)						1.1	0.9	0.9
ABVPS (INR)						100.4	115.6	131.7
P/ABV (x)						1.1	1.0	0.9
P/E (x)						6.0	6.1	5.4

Source: Company, HSIE Research

ADD

CMP *(as on 24 Jul 2025)*	INR 114
Target Price	INR 110
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR110	INR110
	FY26E	FY27E
EPS %	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	CBK IN
No. of Shares (mn)	9,071
MCap (INR bn) / ($ mn)	1,030/11,914
6m avg traded value (INR mn)	2,873
52 Week high / low	INR 119/79

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	14.2	17.3	0.9
Relative (%)	11.2	9.4	(1.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	62.9	62.9
FIs & Local MFs	11.9	11.4
FPIs	10.5	11.4
Public & Others	14.7	14.3
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

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

ICICI Lombard General Insurance

Profits defy the growth dip: Maintain BUY

ICICIGI reported in-line NEP growth at 14% YoY, although PAT witnessed a sharp jump (+29% YoY), ahead of our estimates. We believe that the steep growth in profitability was driven by slowdown in the topline growth, lower loss ratios, and continued high mix of realized capital gains (+34%YoY). Given that ICICIGI lost market share across all major segments (except retail health) and lagged industry growth during Q1FY26, we expect this to reflect in deceleration in NEP during FY26E. We maintain our FY26-27E earnings estimates and COR at 102.1%/100.9%; while we expect modest FY26E earnings growth (+6% YoY), we reiterate that the quality of earnings is likely to be superior. We maintain our BUY recommendation with a TP of INR2,210 (32.4x Mar-27E EPS) on the back of sustained dominance in core businesses (motor and commercial lines), likely tailwinds from easing competitive pressures on account of growing EOM compliance by peers, and build-out of capabilities in the retail health segment.

- **Market share erosion:** ICICIGI's GDPI growth for the quarter was ~1%, lagging industry growth of ~9%, leading to an 80bps ceding of market share on a YoY basis. Among its core business segments, ICICIGI lost market share in the motor business (-56bps YoY), property business (-81bps YoY), and the group health segment (-125bps YoY). We believe ICICIGI is likely to recoup the lost market share in the motor segment on a full-year basis, offset by likely market share erosion in the property segment and continued shedding of loss-making group health business.
- **Changing business mix to drag profitability:** We believe that ICICIGI's foray into the retail health segment and higher share of group health business, coupled with relatively lower growth in the more profitable lines of business such as motor and property, are likely to drag overall profitability on account of higher loss ratios and increasing share of the health NEP in the overall mix. Further, our channel checks suggest that pricing reset in the property line of business is likely to take longer than we had anticipated, as competitive intensity remains elevated in this business segment.
- **FY26 - flat on earnings but superior on quality:** We believe investment float remains a major contributor to profitability for general insurers. In addition, growth deceleration results in optically better earnings outcomes on account of lower "new business" burn (at the beginning of a year) although it starts impacting the business as the year progresses. Given NEP growth is likely to remain ~11%, we maintain our earnings growth estimates (+6%) for FY26E on account of likely normalization in capital gains and reserve releases. We maintain BUY with a TP of INR2,210 (32.4x Mar-27E EPS).

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY%	FY25	FY26E	FY27E
Net written premium	56.1	53.6	4.7	207.6	224.8	254.7
Net earned premium	51.4	45.0	14.0	198.0	220.0	251.6
COR (%)	102.9	102.3	60bps	102.8	102.1	100.9
PAT	7.5	5.8	28.7	25.1	26.8	33.7
ROE (%)	19.2	17.4	180bps	18.0	16.7	18.4

Source: Company, HSIE Research

BUY

CMP *(as on 15 Jul 2025)*	INR 2,001
Target Price	INR 2,210
NIFTY	25,196

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,210	INR 2,210
EPS%	FY26E	FY27E
	NIL	NIL

KEY STOCK DATA	
Bloomberg code	ICICIGI IN
No. of Shares (mn)	497
MCap (INR bn) / ($ mn)	995/11,591
6m avg traded value (INR mn)	1,392
52 Week high / low	INR 2,302/1,613

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.9	5.7	6.7
Relative (%)	2.3	(1.9)	4.4

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	51.6	51.6
FIs & Local MFs	17.3	17.8
FPIs	24.4	23.7
Public & Others	6.7	6.9
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

ICICI Prudential Life

Higher protection mix improves margin profile

ICICI Prudential Life (IPRU) posted a YoY decline of -5%/-3% in APE/VNB during the quarter. APE declined more sharply than we anticipated, although we were positively surprised by expansion in VNB margins (50bps YoY), which we believe was driven by higher mix of protection business (+400bps YoY) and measures to reduce the non-commission cost. On a 12M rolling basis, IPRU grew its individual rated new business (IRNB) by 3% (vs 11% for private life insurers). We believe the constant flip-flop in product strategy has resulted in growth volatility for the franchise. We maintain our FY26E/FY27E APE growth forecasts (~13%), with a ULIP-heavy product mix, and continue to search for stability in actuarial assumptions. We maintain our FY26E/FY27E VNB margin estimates at 22.8% and retain ADD with a target price of INR690 (implied 1.6x Mar-27E EV), implying a 30% discount to our implied valuation for SBILIFE.

- **Higher mix of protection business drives margin beat**: During Q1FY26, IPRU's product mix shifted from annuity to the protection line of business. The share of retail protection APE was higher (250bps YoY) within retail APE, driven by higher individual protection sales. Further, IPRU witnessed sharp growth in the group protection business, driven by the employer-employee segment, which we believe is likely to be a one-off this quarter. We continue to maintain share of ULIP at ~57% for FY26E/27E in individual APE as IPRU has focused on wealth creation for customers with its no-cost ULIP products.
- **Improving cost (excl. commission)/Individual APE ratio**: Our analysis suggests that IPRU, with its ULIP-heavy strategy, has consistently focused on improving its non-commission cost ratios, which improved ~190bps YoY to ~52%. We believe improvement in cost ratios would need to be much sharper to enhance new business margins, given the company's ULIP-heavy mix.
- **ROP annuity product outcomes likely a setback:** The IPRU management highlighted a shift to single-premium business vs regular premium approach, resulting in a 53% decline in the annuity APE during the quarter. We believe this shift is due to adverse experience in the 13th month persistency of this product. We flag that the actuarial assumptions are likely to undergo a further revision, as the company had built aggressive persistency assumptions while reporting its margins for FY25.
- **Maintain ADD:** We continue to maintain a similar product mix as FY25; further, we opine that growth is likely to remain muted due to volatile equity markets, and the franchise is unlikely to witness any improvement in VNB margins during FY26E-27E (~22.8%). We maintain ADD with a target price of INR690 (implied 1.6x Mar-27E EV).

Financial summary

INR bn	Q1FY26	Q1FY25	%Change	FY25A	FY26E	FY27E
NB	40.1	39.5	1.6	232.3	263.2	294.1
APE	18.6	19.6	-5.0	104.1	116.0	132.5
VNB	4.6	4.7	-3.2	23.7	26.5	30.2
VNB Margin	24.5%	24.0%	47bps	22.8%	22.8%	22.8%
EV				482.0	541.0	607.8
P/EV(X)				2.0	1.8	1.6
P/VNB(X)				40.8	36.5	32.0
ROEV%				13.7	12.4	12.5

Source: Company, HSIE Research

ADD

CMP *(as on 15 Jul 2025)*	INR 670
Target Price	INR 690
NIFTY	25,196

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR665	INR690
VNB	FY26E	FY27E
	NIL	NIL

KEY STOCK DATA	
Bloomberg code	IPRU IN
No. of Shares (mn)	1,446
MCap (INR bn) / ($ mn)	968/11,284
6m avg traded value (INR mn)	837
52 Week high / low	INR 797/517

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	18.1	5.8	2.3
Relative (%)	10.5	(1.8)	(0.0)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	73.0	73.0
FIs & Local MFs	9.5	8.8
FPIs	12.8	13.2
Public & Others	4.8	4.9
Pledged Shares	Nil	Nil

Source : BSE

Pledged shares as % of total shares

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Indian Bank

Sustaining growth momentum essential for re-rating

Indian Bank (INBK) reported a healthy set of Q1FY26 earnings on the back of relatively better margin management and lower credit costs. Deposit growth (+9% YoY, 1.0% QoQ) was marginally soft as CASA declined to 37.2% (-114 bps QoQ). Loan growth (+12% YoY; +2% QoQ) picked up compared to the previous quarter's run-rates, driven by retail and agri segments. Credit costs declined significantly from 0.8% in Q4FY25 to 0.3% in Q1FY26 owing to reduction in agri and MSME slippages. Given the granularity on both sides of the balance sheet (especially high SA mix), INBK is better placed to manage its margin profile and overall asset quality. However, credit and deposit growth remain a key monitorable for the bank, going forward, since it has been a laggard in the same previously. We built in an earnings CAGR of 10% over FY25-FY27E and believe INBK shall sustain RoAs over ~1.2% in the medium term. We reiterate our BUY stance on INBK with an unchanged TP of INR 735 (1.1x Mar-27 ABVPS).

- **Drop in margins offset by pick-up in loan growth:** NII growth (3%YoY), while muted, was relatively better compared to peers with margin clocking in at 3.2% (-14 bps QoQ). Loan growth (+12% YoY; 2% QoQ) inched up on the back of growth in segments like vehicle loans (7% QoQ), housing loans (2% QoQ), and agri loans (7% QoQ).
- **Asset quality in-line:** Gross slippages were flat at 0.9% in Q1FY26, driven by lower slippages in argi and MSME portfolio, offset by higher retail slippages. GNPA/NNPA improved marginally to 3.0%/0.2% on the back of higher recoveries, offset by lower write-offs translating to low credit costs of 30bps (Q4FY25:80 bps). While it has the highest provision coverage (94%) amongst PSBs, the margin of safety (excess PCR over mandated PCR) is relatively modest. Given the bank's high exposure to MSME and agri book, asset quality is a key monitorable, going forward.
- **Growth catalysts critical to re-rating:** While INBK has managed to strongly reflate its earnings on the back of balance sheet strength, the overall growth in the past few years has been sub-par, given the size of the franchise. Given relatively easing liquidity environment and a downward rate cycle, we believe the pick-up in volume growth is essential to drive re-rating in valuations. We are building a loan CAGR of 12% and deposit CAGR of 9% over FY25-FY27E and believe INBK can sustain RoAs above 1.2% in the medium term.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY25	FY26E	FY27E
NII	63.6	61.8	2.9%	63.9	-0.5%	251.8	260.1	301.5
PPOP	47.7	45.0	5.9%	50.2	-5.0%	190.0	203.6	239.5
PAT	29.7	24.0	23.5%	29.6	0.4%	109.2	112.6	130.9
EPS (INR)	88.3	71.4	23.7%	87.8	0.5%	81.1	83.6	97.2
ROAE (%)						17.1	15.3	15.6
ROAA (%)						1.3	1.2	1.3
ABVPS (INR)						504.4	566.3	645.1
P/ABV (x)						1.3	1.2	1.0
P/E (x)						8.1	7.8	6.7

Source: Company, HSIE Research

BUY

CMP *(as on 24 Jul 2025)*	INR 652
Target Price	INR 735
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR735	INR735
	FY26E	FY27E
EPS %	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	INBK IN
No. of Shares (mn)	1,347
MCap (INR bn) / ($ mn)	879/10,168
6m avg traded value (INR mn)	1,217
52 Week high / low	INR 659/474

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.6	30.1	14.5
Relative (%)	10.6	22.3	12.0

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	73.8	73.8
FIs & Local MFs	17.8	18.1
FPIs	4.7	4.5
Public & Others	3.7	3.6
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

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

SBI Cards and Payment Services

Back to square one on credit costs

SBI Cards' (SBICARD) Q1FY26 earnings were lower than our estimates, largely led by high provisioning, partially offset by lower operating expenses. Credit costs remained elevated post marginal moderation in the previous quarter (net credit costs at 8.5% vs. 7.9% in Q4FY25). While the company has tightened credit filters for incremental sourcing leading to deceleration in new customer acquisitions, sustained elevated credit costs for multiple quarters remain an area of concern, with limited visibility of meaningful normalization. NIMs are likely to reflate, going ahead, with reduction in cost of funds. However, multiple headwinds to SBICARD's profit pools including a lower revolve mix, regulatory and competitive pressures on multiple profit pools, and higher credit costs are likely to imply structurally lower RoA/RoE as a new normal. We maintain REDUCE with an unchanged RI-based target price of INR685 (implying 3.5x Mar-27 ABVPS; 19x FY27 EPS).

- **Muted receivables growth drives muted PPoP growth**: Receivables grew by +7.4% YoY despite healthy growth in card spends (+21% YoY) due to muted CIF growth (+10% YoY) and decline in unit receivables (-2.5% YoY). Other income increased by 13.5% YoY, led by increase in card spends due to the uptick in corporate spends, although unit retail spends witnessed steady growth (+4% YoY). NIMs remained sequentially at 11.2% despite reduction in costs of funds (by 10bps). SBICARD's cost of funds is likely to reduce further in FY26, due to the short tenure of borrowings and interest rate transmission.
- **Gaining market share in CIF, spends market share yet to catch up:** SBICARD's new account additions were down by over 3% YoY due to stringent credit filters for new sourcing. However, muted card additions by peers led to marginal increase in CIF market share by 10bps QoQ to 19.1%. Despite this, spend market share remains subdued at 16.6% due to lower unit and corporate spends, which have shown signs of uptick in Q1.
- **Elevated credit costs after one quarter of marginal moderation**: SBICARD's net credit costs increased to 8.5% (Q4FY25: 7.9%; Q3FY25: 8.5%), with write-offs at 9.1%. Q1 credit costs included additional provisions due to refresh of ECL model as well. Management has indicated credit costs are likely to remain elevated in the near term due to a macroeconomic slowdown, with limited visibility of steady-state credit costs.
- **Earnings yet to stabilize:** SBICARD's profitability improved sequentially to RoA/RoE of 3.4%/15.8%, largely led by core spread reflation and fee income. Its profitability has been adversely impacted by multiple headwinds like subdued revolving mix, regulatory headwinds on fee income, and rising delinquencies. While credit costs are likely to have reached the peak, limited visibility of steady-state credit costs along with structural issues around several profit pools may keep profitability subdued compared to pre-pandemic levels.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	16.8	14.8	*13.8*	16.2	*3.7*	53.3	61.7	71.6	83.0
PPOP	21.0	19.0	*10.5*	19.6	*6.9*	65.2	74.5	82.8	95.0
PAT	5.6	5.9	*(6.5)*	5.3	*4.1*	24.1	19.2	29.2	34.2
EPS (INR)	5.8	6.3	*(6.6)*	5.6	*4.1*	25.3	20.1	30.7	36.0
ROAE (%)						22.0%	14.8%	19.5%	19.3%
ROAA (%)						4.6%	3.1%	4.2%	4.4%
ABVPS (INR)						122	136	165	195
P/ABV (x)						7.3	6.5	5.4	4.6
P/E (x)						35.1	44.1	28.9	24.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 25 Jul 2025)*	**INR 889**
Target Price	**INR 685**
NIFTY	**24,837**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 685	INR 685
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA	
Bloomberg code	SBICARD IN
No. of Shares (mn)	952
MCap (INR bn) / ($ mn)	845/9,771
6m avg traded value (INR mn)	1,409
52 Week high / low	INR 1,027/660

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	2.4	17.2	21.6
Relative (%)	(0.4)	10.2	19.9

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	68.6	68.6
FIs & Local MFs	17.2	17.5
FPIs	9.9	10.2
Public & Others	4.3	3.7
Pledged Shares	-	

Source: BSE

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

PB Fintech

Platform of choice; stable start to the year

PBFINTECH printed 33% YoY growth in core operating revenue, driven by sustained traction in the Policybazaar business (+40% YoY), partly offset by weakness in the Paisabazaar business (-3% YoY). Normalized PAT grew nearly 3x YoY, supported by a 640bps improvement in the cost-to-income ratio to 100.6% (Q1FY25: 107%). While the P&L outcomes were mixed on account of the slowdown in Paisabazaar, PAT was in line with estimates on the back of higher take rates and efficiency gains. Policybazaar, the company's flagship platform, offers insurers a data-rich, efficient channel with measurable outcomes, and has singularly reshaped India's insurance distribution landscape by solving critical industry-wide challenges such as high customer acquisition costs (CACs) and poor lead conversion. The platform's evolution into a profit-sharing and data-driven partner further reinforces its Right-to-Win (RTW) in the digital insurance space. Regulatory headwinds from Bima Sugam notwithstanding, PBFINTECH is positioned as the undisputed platform of choice, given its strong growth runway and a sustainable Right-to-Win. We maintain BUY with a TP of INR2,280 (implying 53.8x FY28 EPS and a PEG ratio of 0.7x).

- **A stable quarter:** Revenues were largely in line with expectations, although overall premium collection clocked in marginally below estimates. Growth in new initiatives continues to be driven by the POSP channel, which is now being expanded with a more granular focus. More importantly, overall take rates improved to 17.9% (Q1FY25: 17.3%), helping offset the impact of lower premium flows during the quarter. Policybazaar reported a ~15% incremental market share in retail health, ~25% in retail term business, and an incremental ~2% share in the savings segment (ex-LIC share at ~5%).
- **Policybazaar—reinforcing its Right-to-Win (RTW):** Policybazaar, the company's flagship platform, is addressing key industry problems around high-quality lead generation at scale, offering insurers lower CACs and better conversion rates. We believe the platform is further entrenching its RTW through (a) profit-sharing construct with insurers; (b) deeper data integration for granular, risk-based customer profiling; and (c) increased accountability for business outcomes sourced via the platform.
- **Paisabazaar—a 'me-too' in a crowded market:** We believe that Paisabazaar, the company's loan comparison platform, is yet to build a differentiated identity in the extremely crowded credit marketplace. Paisabazaar is likely to remain a thin-margin business as the platform focuses on building POSP-type model and increase cross-sell of bonds, FDs, and mutual funds.
- **Non-linear profitability:** We build in ~33% CAGR in net revenue and a ~6X jump in net profit over FY25-FY28E, largely on the back of doubling of trail-based commission income in the Policybazaar business. We expect yields on the Policybazaar business to drift lower on account of riding share of renewal business, coupled with increasing share of life insurance.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY%	FY24	FY25	FY26E	FY27E	FY28E
Revenues	13.5	10.1	33.4	34	50	68	90	117
Operating profits	-0.4	0.3	NA	-2	1	7	15	23
OP margin (%)	-3%	3%	NA	-5	2	11	16	20
APAT	0.8	0.6	41.1	1	3	8	14	19
EPS	1.9	1.3	38.1	1.5	7.7	17.6	29.6	42.4
P/E (x)				1,269.9	262.0	101.4	60.1	42.0

Source: Company, HSIE Research

BUY

CMP *(as on 01 Aug 2025)*	INR 1,780
Target Price	INR 2,280
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR2,280	INR2,280
EPS %	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	POLICYBZ IN
No. of Shares (mn)	459
MCap (INR bn) / ($ mn)	818/9,344
6m avg traded value (INR mn)	2,830
52 Week high / low	INR 2,255/1,311

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.6	3.8	23.6
Relative (%)	9.1	(0.2)	25.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	-	-
FIs & Local MFs	23.0	23.3
FPIs	45.9	46.8
Public & Others	31.1	29.9
Pledged Shares	*Nil*	Nil

Source : BSE

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

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

General Insurance Corporation

Underwriting performance continues to improve

General Insurance Corporation (GICRE) reported in-line NEP (+12% YoY) while PAT beat our forecasts, supported by higher realized capital gains at INR10.7bn (Q1FY25: INR7.9bn), ~233bps improvement in loss ratio despite two large losses during the quarter, and lower commission on newer treaties, which may normalize by the end of FY26E. GICRE, India's leading re-insurer (FY24 domestic market share: 51%), benefits from 4% mandatory domestic re-insurance cessation, and a right-of-first-refusal (ROFR) that offers preferential access to domestic re-insurance placements. GICRE is armed with a recent rating upgrade to A- (previously B++) from AM Best, which is likely to enhance the company's qualifying criteria for participation in overseas re-insurance market, offering a massive growth runway to its international business. We flag the inherent risk to GICRE's topline from potential abolition of obligatory cessation, alongside moderation in domestic market share on account of rising competition from foreign re-insurer branches, cross-border re-insurers, and domestic insurers' risk retention strategy. We maintain 10% NEP CAGR over FY25-27E due to a growth rebound in the overseas business, translating into 12% PAT CAGR on the back of stronger float income from the investment book (INR1.5tn). We maintain ADD with a TP of INR450 (0.8x Mar-27 BV).

- **Shift in business mix towards motor:** During the quarter, overall NEP grew 12%, primarily led by the 16% growth in the motor segment. Growth in motor segment was stronger than the direct side industry growth of 9%, owing to business from new treaties added in the quarter. This has contributed to improved profitability and given a lower combined ratio (COR) in the motor business compared to the health business.
- **Overhang from potential end to obligatory cessation:** With the Indian re-insurance market beginning to mature, grant of approval to Indian reinsurer Valueattics, and the increasing presence of global re-insurers such as Swiss Re and Munich Re, the IRDAI has been contemplating abolition of 4% obligatory cession. Our analysis suggests a 15-20% adverse knock to the company's domestic premium in case the IRDAI removes mandatory cession.
- **Rating upgrade to offer opportunities in overseas business:** GICRE's recent rating upgrade by AM Best to A- (from B++) is likely to result in enhanced eligibility for participation in global reinsurance programs. We expect the mix of overseas business to rise to ~28% of total premium by FY27E (FY25: 25%).
- **Improving profitability**: GICRE has focused on improving its profitability and consistently de-risking its domestic as well as international business. The management guided for a 100-120bps improvement in COR for FY26E, which is achievable, given GICRE's focus on better underwriting and profitability.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	FY24	FY25	FY26E	FY27E
Net earned premium	112.7	101.0	*11.6*	337.0	367.1	412.5	446.0
Combined ratio (%)	102.7	108.2	*-5.1*	110.7	107.9	106.8	106.1
APAT	26.7	14.0	90.9	72.7	80.3	88.2	100.7
AEPS	15.2	8.0	90.9	41.5	45.8	50.3	57.4
ABVPS				423.6	446.7	505.4	575.3
P/E (x)				9.6	8.7	7.9	6.9
P/ABV (x)				0.9	0.9	0.8	0.7
ROE (%)				10.9	10.5	10.6	10.6

Source: Company, HSIE Research

ADD

CMP *(as on 8 Aug 2025)*	**INR 393**
Target Price	**INR 450**
NIFTY	**24,363**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 450	INR 450
EPS%	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	GICRE IN
No. of Shares (mn)	1,754
MCap (INR bn) / ($ mn)	690/7,870
6m avg traded value (INR mn)	360
52 Week high / low	INR 526/345

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.3)	(6.1)	0.6
Relative (%)	(1.7)	(8.6)	(0.7)

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	82.4	82.4
FIs & Local MFs	13.7	13.3
FPIs	1.9	2.1
Public & Others	2.0	2.2
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

IndusInd Bank

Long grind towards regaining stakeholder confidence

IndusInd Bank's (IIB) Q1FY26 earnings were muted with de-growth on both sides of the balance sheet, translating to weak operating performance, while the stress in the MFI portfolio remained elevated. Despite deposits de-growing -3% QoQ, CASA ratio dropped further to 31.5% (-133bps QoQ) as seasonality in CA balances normalized. Credit costs were elevated despite minimal write-offs. IIB is currently challenged with a succession overhang coupled with multiple senior management exits, while simultaneously addressing handicaps around accounting lapses, sub-par deposit franchise and stress in the unsecured book. As outlined in our Company Update, our forecasts build in single-digit loan CAGR and muted return ratios over the medium-term, as we believe that IIB needs to undergo a complete overhaul under greater regulatory scrutiny to regain stakeholder credibility, which is likely to be a long grind. We maintain REDUCE with an unchanged TP of INR665 (0.7x Mar-27 ABVPS).

- **Weak operating performance with balance sheet de-growth:** IIB reported weak NII (-14% YoY) and fee income (-34% YoY) growth as the bank witnessed de-growth in advances (-4% YoY) and reduction in the MFI mix at 8.5% of loans (FY25: 9%) even as demand across vehicle segments was muted.
- **MFI stress to linger on; write-offs pending:** Gross slippages (3.0%) and credit costs (2.1%) were elevated, stemming from unsecured loans and seasonality in the vehicle finance business. MFI stress is likely to sustain through FY26 as fresh flows inch up, and disbursements remain soft. GNPA/NNPA rose to 3.6%/1.1% (Mar-25: 3.1%/0.9%) as IIB is yet to write off a large part of its NPAs.
- **Protracted journey to regaining stakeholder trust:** We expect IIB to face a tough adjustment period as the bank is pushed towards greater compliance in impairment recognition and practices around fee income recognition, provisioning, and lending/collection operations. Appointment of a pedigreed leadership team, revamping of operational practices, and tighter controls and systems are critical aspects in regaining lost stakeholder confidence.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	46.4	54.1	-14.2%	30.5	52.2%	190.3	203.7	228.1
PPOP	25.7	39.5	-35.0%	(4.9)	-623.0%	106.6	124.7	144.7
PAT	6.0	21.7	-72.2%	(23.3)	-125.9%	25.8	44.4	57.5
EPS (INR)	7.8	27.9	-72.2%	(29.9)	-125.9%	33.1	57.0	73.8
ROAE (%)						4.0	6.6	7.9
ROAA (%)						0.5	0.8	0.9
ABVPS (INR)						790.1	864.3	940.6
P/ABV (x)						1.0	0.9	0.9
P/E (x)						24.3	14.1	10.9

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	3,686	3,686	0.0%	4,027	4,027	0.0%
NIM (%)	3.8	3.7	4 bps	3.9	3.8	6 bps
NII	203.7	201.3	1.2%	228.1	224.8	1.5%
PPOP	124.7	125.4	-0.6%	144.7	146.5	-1.2%
PAT	44.4	44.9	-1.2%	57.5	58.8	-2.2%
Adj. BVPS (INR)	864.3	865.0	-0.1%	940.6	942.8	-0.2%

Source: Company, HSIE Research

REDUCE

CMP *(as on 28 Jul 2025)*	INR 802
Target Price	INR 665
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR665	INR665
EPS %	FY26E	FY27E
	-1.2%	-2.2%

KEY STOCK DATA	
Bloomberg code	IIB IN
No. of Shares (mn)	779
MCap (INR bn) / ($ mn)	625/7,210
6m avg traded value (INR mn)	8,585
52 Week high / low	INR 1,499/605

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.4)	(14.1)	(42.9)
Relative (%)	(4.3)	(20.7)	(42.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	15.8	15.8
FIs & Local MFs	36.7	33.7
FPIs	29.5	33.7
Public & Others	17.9	16.9
Pledged Shares	6.9	6.9

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

AU Small Finance Bank

Weak core earnings; fresh sources of stress emerge

AUBANK's Q1FY26 earnings beat estimates on the back of high treasury gains, although core earnings growth (+4% YoY) was weak, owing to continued stress in unsecured portfolios (MFI + CC) as well as newly identified pockets of stress (used SCV/HCV segments, south-based mortgage book), resulting in elevated slippages and weaker NIMs. Loan growth (+18% YoY) was driven by secured retail assets, offset by continued de-growth in unsecured segments. Deposit growth (+31% YoY) was driven by strong traction in SA balances, as CASA ratio stayed flat at 29.1%. The management revised its credit cost guidance upwards by 10-15bps (1% of GLP). We cut our FY26E/FY27E estimates by 3%, factoring in softer NIMs (higher secured mix) and slower moderation in credit cost, partly offset by deposit re-pricing starting H2FY26. We maintain REDUCE with a revised TP of INR610 (2.1x Mar-27 ABVPS).

- **Lower unsecured growth impacting NIMs:** Loan growth was led by secured retail and commercial segments (+22% YoY), offset by continued de-growth in unsecured businesses (MFI, CC, and PL). Margins declined 38bps QoQ, on account of a change in the asset mix, stress in unsecured segments, and higher liquidity on balance sheet. Our forecasts build ~18.5% loan CAGR over FY25-27E, lower than management guidance (2-2.5x of nominal GDP).
- **Stress in unsecured segments to last longer:** Slippages were elevated at 3.8% (Q4FY25: 3.5%), with higher credit costs from the MFI (Q1FY26: 2.1%, not annualized) and credit card (Q1FY26: 4.7%, not annualized) portfolios. The bank also witnessed stress in its south-based mortgage book, acquired from Fincare SFB (5% of GLP) and used SCV/HCV segments (6% of GLP). Our FY26 credit cost forecast (1.2% of average assets) is 20bps higher than management guidance.
- **Normalization of unsecured businesses critical to earnings reflation:** Given AUBANK's limited expertise in unsecured businesses, coupled with margin pressures (high mix of secured businesses), we believe AUBANK is likely to disappoint on its FY27E RoA guidance of 1.8%.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	20.4	19.2	6.5%	20.9	-2.4%	80.1	97.4	120.8
PPOP	13.1	9.9	32.8%	12.9	1.5%	45.8	54.9	65.8
PAT	5.8	5.0	15.6%	5.0	15.4%	21.1	25.9	32.9
EPS (INR)	7.8	6.7	15.7%	6.8	15.2%	28.3	34.7	44.1
ROAE (%)						14.2	14.1	15.6
ROAA (%)						1.6	1.5	1.6
ABVPS (INR)						219.4	250.5	293.1
P/ABV (x)						3.6	3.2	2.7
P/E (x)						28.1	22.9	18.0

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,271	1,282	-0.9%	1,500	1,529	-1.9%
NIM (%)	6.0	6.1	-8 bps	6.3	6.1	14 bps
NII	97.4	99.7	-2.3%	120.8	118.8	1.7%
PPOP	54.9	54.4	0.9%	65.8	66.4	-0.9%
PAT	25.9	26.6	-2.7%	32.9	33.9	-3.2%
Adj. BVPS (INR)	250.5	254.4	-1.5%	293.1	297.9	-1.6%

Source: Company, HSIE Research

REDUCE

CMP *(as on 18 Jul 2025)*	INR 795
Target Price	INR 610
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR595	INR610
EPS %	FY26E	FY27E
	-2.7%	-3.2%

KEY STOCK DATA	
Bloomberg code	AUBANK IN
No. of Shares (mn)	745
MCap (INR bn) / ($ mn)	592/6,875
6m avg traded value (INR mn)	2,372
52 Week high / low	INR 841/478

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	35.5	33.0	25.6
Relative (%)	31.4	26.3	25.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	22.9	22.9
FIs & Local MFs	27.2	28.9
FPIs	35.6	38.3
Public & Others	14.3	9.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Max Financial Services

Shift in product mix drives margin beat

Axis Max Life Insurance (AMLI) reported APE/VNB growth of +15/32% on a YoY basis. Although APE was marginally lower than rated NB growth of 23%, VNB margins at 20.1% (+260bps YoY) clocked in ahead of estimates. APE slowdown was attributed to lower mix of monthly mode of premium payment while VNB margin expansion was led by shift in mix toward non-ULIP segments (Q1FY26: 63.6%; Q1FY25 56.1%). AMLI continued to deliver strong growth (+36% YoY) in the protection business amid its continued focus on rider attachment (rider attachment rate 35%). We expect full-year impact of surrender value guidelines and rate-cuts to keep VNB margins under check, with a marginal improvement in FY26E due to a shift in product mix towards non-ULIP. We maintain 17/19/18% CAGR in the APE/VNB/operating RoEV for FY25-27E. We maintain ADD with a TP of INR1,550 (implied 2.1x Mar-27E EV before 10% hold-co discount), a 5% discount to our implied valuation for SBILIFE.

- **Maintaining growth leadership:** AMLI's IRNB growth continued to outpace private life insurers (+500bps) on a rolling 12-month basis. Growth was driven by the non-AXSB banca partnerships (+54% YoY), whereas the proprietary offline channel grew 18%. However, due to volatility in equity markets, the proprietary online channel, predominantly focused on monthly-mode ULIPs, delivered a marginal de-growth.
- **Retail protection mix on the rise:** AMLI increased its mix of term insurance within individual APE to 13.3% (Q1FY25: 11.1%), with its focused approach on pure protection and rider attachments. Our analysis suggests that among listed peers, AMLI is the market leader in terms of individual term business. Given the company's focused approach on rider attachment and incentives to improve individual term business, we maintain our FY27E term premium forecasts at 1.5x of FY25 levels, which is likely to help AMLI improve its new business margins to ~25% (FY25: 24%).
- **Operating RoEV superior to peers:** AMLI reported strong operating RoEV in the range of 18.6%-22% during FY21-FY25 (Q1FY26: 14.3%). However, the company reported negative operating variance during FY22-24 and a mild positive return for FY25. We flag AMLI's aggressive actuarial assumptions, which have consistently resulted in negative operating variances and adverse outcomes on assumptions. We maintain ADD with a TP of INR1,550 (implied 2.1x Mar-27E EV before 10% hold-co discount), a 5% discount to our implied valuation for SBILIFE.

Financial summary

(INR bn)	Q1FY26	Q1FY25	% chg	FY24	FY25	FY26E	FY27E
NBP	25.2	20.8	21.6	110.2	121.7	141.6	161.9
APE	16.7	14.5	14.8	74.3	87.7	103.1	120.0
VNB	3.4	2.5	31.9	19.6	21.1	25.1	30.0
VNB margin (%)	20.1%	17.5%	260bps	26.4%	24.0%	24.3%	25.0%
EV				194.9	251.9	296.5	349.1
P/EV (x)				3.4	2.7	2.3	1.9
P/VNB (x)				34.1	31.7	26.6	22.2
ROEV %				20.1	19.1	17.7	17.7

Source: Company, HSIE Research

ADD

CMP *(as on 08 Aug 2025)*	INR 1,550
Target Price	INR 1,545
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,550	INR 1,550
VNB %	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	MAXF IN
No. of Shares (mn)	345
MCap (INR bn) / ($ mn)	535/6,108
6m avg traded value (Rs mn)	1,451
52 Week high / low	INR 1,669/950

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	22.1	39.5	40.2
Relative (%)	22.6	36.9	39.0

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	1.7	1.7
FIs & Local MFs	47.3	47.3
FPIs	44.8	44.7
Public & Others	6.2	6.3
Pledged Shares	0.5	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Sundaram Finance

Weak macro takes a toll on asset quality

Sundaram Finance's (SUF) Q1FY26 earnings were ahead of our estimates, largely due to other income (+65% YoY). AUM growth moderated further marginally to +16.7% YoY (FY25: +17% YoY; FY24: +27% YoY) in a seasonally weak quarter, due to subdued disbursements (+5.8% YoY) across segments, except the cars segment. Management indicated continued soft CV cycle, along with cash flow challenges for the fleet operators, leading to an uptick in delinquencies and muted disbursements growth. While core profitability was relatively lower in Q1 (core RoE of 15.3%), SUF remains a pristine franchise with steady cross-cycle profitability and growth. However, current valuations provide limited upside amidst growth headwinds. We expect moderation in loan growth over FY26-FY27E (16% CAGR vs. 20% CAGR over FY23-FY25). We maintain REDUCE with an unchanged SoTP-based TP of INR4,410 (standalone entity at 3.4x Mar-27 ABVPS; 17% discount to CIFC).

- **Moderation in loan growth; sustained reflation in NIMs:** SUF's loan growth moderated further to +16.7% YoY, with M&HCV/cars/CE growing at 17.1%/18.6%/17.7% YoY. Disbursements growth remained subdued (+5.8% YoY) as the underlying CV sales volumes remained muted. NIMs moderated by 9bps QoQ, largely due to an uptick in the cost of funds. However, we expect NIMs to reflate during FY26-FY27E, due to largely fixed interest rate loan book, proactive liabilities management, and continued product diversification.
- **Asset quality deteriorates in a seasonally weak quarter:** SUF's asset quality metrics deteriorated sequentially in a challenging macro environment due to cash flow delays by a few state governments as well as large contractors, as per management. GS-III/NS-III deteriorated to 1.91%/1.08% (Q4FY25: 1.44%/0.75%), with credit costs at 1.2% (annualized) vs. 52bps in FY25. Revival in freight demand, along with resolution of the above challenges, remains a key monitorable for improvement in credit costs, although SUF's asset quality performance has remained superior compared to peers.
- **HFC subsidiary faces growth moderation and uptick in credit costs:** SHUF's loan growth has moderated post strong growth over FY23-FY25, with AUM/disbursements growth at 24%/10% YoY. Further, NIMs moderated sequentially, along with an uptick in credit costs (66bps) in Q1. The AMC subsidiary delivered muted AUM growth (-0.1% YoY), while the GI business witnessed improvement in combined operating ratio (110%).
- **Robust franchise, although priced to perfection:** Despite a mixed operating performance in Q1, SUF remains a robust franchise with strong profitability (core RoE of ~19% for FY25) and pristine asset quality (cross-cycle credit costs of ~50bps). The company's diversification strategy has further helped it solve for growth, which is witnessing signs of moderation. However, most of these positives are factored into the current stock price, thereby leading to our REDUCE rating.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	6.8	5.3	*28.2*	6.7	*1.6*	19.5	24.0	28.1	33.2
PPOP	7.2	4.8	*50.8*	7.3	*(1.2)*	19.7	23.0	27.5	32.2
PAT	4.3	3.1	*39.4*	5.5	*(21.5)*	13.2	15.4	18.8	22.0
EPS (INR)	38.6	27.7	*39.4*	49.1	*(21.5)*	130.9	138.8	168.9	198.0
ROAE (%)						16.9	15.0	15.9	16.5
ROAA (%)						3.2	2.8	2.9	2.9
ABVPS (INR)						648	788	905	1,045
P/ABV (x)						5.5	4.6	4.0	3.4
P/E (x)						27.4	25.8	21.2	18.1

Source: Company, HSIE Research

REDUCE

CMP *(as on 04 Aug 2025)*	INR 4,459
Target Price	INR 4,410
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 4410	INR 4410
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA	
Bloomberg code	SUF IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	495/5,652
6m avg traded value (INR mn)	440
52 Week high / low	INR 5,536/3,733

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(14.2)	(3.8)	5.6
Relative (%)	(14.9)	(6.9)	5.5

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	37.2	37.2
FIs & Local MFs	7.5	7.8
FPIs	22.6	22.4
Public & Others	32.7	32.6
Pledged Shares		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

Federal Bank

Soft quarter, IRR lift underway

Federal Bank's (FB) Q1FY26 earnings missed our estimates, owing to elevated provisioning towards the MFI portfolio, coupled with muted growth on both sides of the balance sheet, offset by stronger traction in fee income. Deposit growth (8% YoY, 1.3% QoQ) was soft, while the CASA ratio was largely stable at 30.3% (+12 bps QoQ), driven by pick-up in savings account balances. The management indicated that the MFI stress has peaked out, with other asset classes remaining stable. FB continues to scale its mid-yielding asset segments, increasing its mix of fixed-rate loans to improve profitability and quality of earnings. We believe FB is well-placed to capitalize on its balance sheet strengths (quality deposit franchise and superior underwriting standards), with clear catalysts for earnings reflation, compared to larger peers that are nearly-fully optimized. We maintain BUY with a TP of INR225 (1.3x Mar-27 ABVPS).

- **Muted credit growth, offset by strong fee income traction:** NII growth (+2% YoY/-1.7% QoQ) was soft, impacted by faster transmission to asset yields, partly offset by lower cost of funds, as NIMs contracted to 2.9% (-18bps QoQ). Other income witnessed strong traction (+22% YoY) on the back of robust core fees, treasury gains, and recoveries from written-off accounts. Loan growth (+9% YoY, +2.7% QoQ) was soft as growth stayed sluggish in core segments like home loans and business banking, while growth in higher-yielding segments (CC, PL, CV/CE, and gold loans) remains robust.
- **MFI stress impacting asset quality:** Gross slippages (1.1%) and credit costs (65bps) were elevated, on the back of MFI delinquencies, as 20% of the portfolio is concentrated in Karnataka. The management guided for FY26 credit costs at 55bps, with MFI stress likely to have peak during the quarter.
- **Critical to deliver profitability plus growth:** Given FB's pivot towards enhancing profitability, we believe that the bank's ability to exercise pricing power on both sides of the balance sheet, while simultaneously picking up the pace on loan growth, is critical to a sustained re-rating in valuations.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	23.4	22.9	*2.0%*	23.8	*-1.7%*	94.7	105.9	129.9
PPOP	15.6	15.0	*3.7%*	14.7	*6.2%*	61.0	71.7	88.1
PAT	8.6	10.1	*-14.6%*	10.3	*-16.4%*	40.5	45.0	54.4
EPS (INR)	3.5	4.1	*-15.2%*	4.2	*-16.6%*	16.5	18.3	22.2
ROAE (%)						13.0	12.7	13.5
ROAA (%)						1.2	1.2	1.2
ABVPS (INR)						131.9	148.0	168.0
P/ABV (x)						1.5	1.3	1.2
P/E (x)						11.9	10.7	8.8

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	2,716	2,740	-0.9%	3,182	3,220	-1.2%
NIM (%)	3.2	3.2	-3 bps	3.4	3.4	4 bps
NII	105.9	107.2	-1.2%	129.9	129.3	0.5%
PPOP	71.7	72.2	-0.7%	88.1	88.3	-0.2%
PAT	45.0	45.1	-0.2%	54.4	54.3	0.2%
Adj. BVPS (INR)	148.0	148.0	0.0%	168.0	167.9	0.1%

Source: Company, HSIE Research

BUY

CMP *(as on 01 Aug 2025)*	INR 196
Target Price	INR 225
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR225	INR225
	FY26E	FY27E
EPS %	-0.2%	+0.2%

KEY STOCK DATA	
Bloomberg code	FB IN
No. of Shares (mn)	2,457
MCap (INR bn) / ($ mn)	482/5,503
6m avg traded value (INR mn)	1,669
52 Week high / low	INR 220/173

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.3)	6.5	(2.3)
Relative (%)	(0.8)	2.5	(0.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	0	0
FIs & Local MFs	49.1	48.2
FPIs	26.3	26.9
Public & Others	24.6	25.0
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Bank of Maharashtra

Strong quarter; Capitalzing on a natural right-to-win

BOMH's reported a healthy set of Q1FY26 earnings on the back of steady margins as the impact of rate cut was offset by previous MCLR hikes, higher treasury gains and lower opex intensity. Loan growth (+15% YoY; 0.5% QoQ) was muted with growth largely driven from retail segments. Deposit growth (+14% YoY, -0.7% QoQ) was soft too as CASA ratio declined to 50.1% (-321 bps QoQ) on account of downward normalization of CA balances in Q4FY25. Credit costs inched up to 1.2% (1.1% in Q4FY25) owing to seasonality in agri portfolio. We believe BOMH has a superior deposit franchise, stemming from sticky and sizable state and public account balances, reflected in a best-in-class mix of CA balances (~14% of deposits), translating into lower cost of funds, and a superior margin profile. We expect BOMH to sustain its high growth and healthy earnings trajectory (while expanding beyond the state of Maharashtra) building in a 19% PPOP CAGR and 14% EPS CAGR between FY25-27E. We re-iterate our BUY rating on BOMH with no revision in our estimates and a TP of INR70 (1.4x Mar-27 ABVPS).

- **Margin steady despite repo cut; Growth subdued:** NII growth (18%YoY) was healthy with margins clocking in 3.9% (-6 bps QoQ) as the impact of repo cut (18-19 bps) was largely offset by benefits of previous MCLR hikes leading to the yield on advances remaining flat. Loan growth (+15% YoY; 0.5% QoQ) was subdued with larger part of growth driven from retail segments like housing (4% QoQ) and vehicle loans (5% QoQ). There was also reclassification of Agri gold loans and MSME loans to retail loans owing to the recent guidelines by the RBI on the same.
- **Seasonal impact on asset quality:** Gross slippages were slightly elevated at 1.2% v/s 1.1% in Q4FY25, owing to seasonality in the argi portfolio. However, GNPA/NNPA remained flat at 1.7%/0.2% on the back of higher write-offs during the quarter leading to higher credit costs at 119 bps (Q4FY25:107 bps). The bank carries additional provisioning buffer (PCR: 90% and margin of safety: 72% as on Mar-25) which shall aid to counter-balance normalization of tax rates.
- **Competitive moats to help sustain strong profitability:** With a dominant liability franchise in its home state (now strategically expanding to other states), formidable provisioning buffer, and high core profitability, we believe BOMH can deliver RoAs in excess of 1.5% on a sustainable basis while maintaining a high growth trajectory. Hence, BOMH is likely to command a significant premium to its peers.

Financial summary

(INR bn)	Q1FY26	Q1FY25	*YoY(%)*	Q4FY25	*QoQ(%)*	FY25	FY26E	FY27E
NII	32.9	28.0	*17.6%*	31.2	*5.6%*	116.7	135.6	164.9
PPOP	25.7	22.9	*12.0%*	25.2	*2.0%*	93.2	110.2	132.2
PAT	15.9	12.9	*23.1%*	14.9	*6.7%*	55.2	61.1	72.2
EPS (INR)	8.3	7.3	*13.1%*	7.8	*6.7%*	7.2	7.9	9.4
ROAE (%)						22.9	19.7	19.8
ROAA (%)						1.6	1.5	1.6
ABVPS (INR)						33.6	42.1	49.4
P/ABV (x)						1.7	1.4	1.2
P/E (x)						7.9	7.2	6.1

Source: Company, HSIE Research

BUY

CMP *(as on 15 Jul 2025)*	INR 57
Target Price	INR 70
NIFTY	25,196

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR70	INR70
EPS %	FY26E	FY27E
	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	BOMH IN
No. of Shares (mn)	7,692
MCap (INR bn) / ($ mn)	440/5,124
6m avg traded value (INR mn)	779
52 Week high / low	INR 71/38

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	24.2	12.1	(16.8)
Relative (%)	16.6	4.5	(19.2)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	79.6	79.6
FIs & Local MFs	10.9	10.7
FPIs	1.5	1.7
Public & Others	8.0	8.0
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

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

Mahindra & Mahindra Financial Services

Limited visibility of meaningful green shoots

Mahindra & Mahindra Financial Services' (MMFS) Q1FY26 earnings were below our estimates as operating performance remained subdued. Business momentum remains weak (disbursements/AUM up by +1%/+15% YoY) amid a weak demand environment. Asset quality deteriorated sequentially in a seasonally-weak quarter, with GS-II+GS-III at 9.7% (Q4FY25: 9.1%) and write-offs elevated (1.4% annualized). MMFS's efforts for RoA reflation through higher fee income (credit cards, insurance distribution, etc.), cost optimization through tech transformation, and steady credit costs (~1.3%-1.7%) through collection and recovery efforts remain a WIP in the near term. Further, limited visibility of product diversification and subdued PV/CV cycle are likely to cap portfolio growth. We revise our FY26/FY27 earnings estimates to factor in higher credit costs, partially offset by higher NIMs, and maintain ADD with a revised SOTP-based target price of INR 280 (implied standalone entity at 1.5x Mar-27 ABVPS).

- **Other income aids in driving strong PPoP growth:** MMFS's NIM (calculated) reflated sequentially by ~6bps to 5.9%, driven by reflation in asset yields. Cost of funds is yet to witness the impact of repo rate cuts, which is expected over the next few quarters, driving NIM reflation. Other income (+85% YoY) remains strong, led by distribution income and dividend income from MIBL. Disbursements (+1% YoY) are likely to remain subdued due to subdued PV/CV cycles and recalibration in pre-owned vehicles, although tractors and non-wheels portfolio are likely to aid growth in the near term.
- **Credit costs remain elevated in a seasonally-weak quarter:** MMFS's stress pool deteriorated QoQ, with GS-II/GS-III at 5.9%/3.8% (Q4FY25: 5.4%/3.7%). Credit costs inched up to 2.2%, amidst a weak macro environment. Management indicated sustained collections and recovery efforts through product-specific collections teams would keep credit costs under check.
- **Search for a stable, high-growth franchise underway:** MMFS is undergoing several changes, including tech transformation and process optimization (branch structure re-jig, CPC, etc.). It is also adding growth levers like fee income (credit cards, insurance, etc.) and expanding into new segments (SME, mortgages, etc.). However, ongoing headwinds in the wheels business (PVs, CVs, used PVs, etc.) and high credit costs limit visibility of RoA reflation beyond 2.1%, which is the key driver for a meaningful stock re-rating.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	20.1	17.8	*12.8*	19.3	*4.4*	66.8	74.3	87.9	101.6
PPOP	13.5	11.3	*19.3*	12.1	*11.6*	41.8	47.7	58.4	67.8
PAT	5.3	5.1	*3.2*	5.6	*(6.0)*	17.6	23.5	27.6	33.3
EPS (INR)	4.1	4.2	*(1.9)*	4.6	*(10.7)*	14.3	19.0	19.9	24.0
ROAE (%)						10.0%	12.4%	12.4%	12.9%
ROAA (%)						1.7%	1.9%	1.9%	2.0%
ABVPS (INR)						124.6	130.9	150.1	163.5
P/ABV (x)						1.8	1.7	1.5	1.4
P/E (x)						15.8	11.8	11.3	9.4

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	1,355	1,355	0.0%	1,558	1,558	0.0%
NIM (%)	6.1	6.1	1 bps	6.2	6.2	-4 bps
NII	87.1	87.9	0.9%	100.9	101.6	0.7%
PPOP	58.4	58.4	0.1%	67.8	67.8	-0.1%
PAT	29.1	27.6	-5.1%	33.9	33.3	-1.8%
ABVPS (INR)	146	150	2.7%	164	163	-0.5%

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jul 2025)*	INR 266
Target Price	INR 280
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 300	INR 280
	FY26E	FY27E
EPS %	-5.1%	-1.8%

KEY STOCK DATA	
Bloomberg code	MMFS IN
No. of Shares (mn)	1,390
MCap (INR bn) / ($ mn)	369/4,274
6m avg traded value (INR mn)	686
52 Week high / low	INR 334/232

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.5)	2.7	(6.7)
Relative (%)	(4.8)	(4.9)	(8.8)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	52.2	52.5
FIs & Local MFs	31.3	32.3
FPIs	10.7	9.3
Public & Others	5.8	5.8
Pledged Shares	-	-

Source: BSE

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

The New India Assurance Company

Stable Q1; management prioritizes COR improvement

NIACL printed NEP growth at 10%, marginally ahead of our estimates, as PAT clocked in at INR4bn along expected lines. NIACL maintained its GI leadership position with a share of 15.1% (Q1FY25: 14.7%; FY25: 12.6%) driven by balanced growth across segments. NIACL continued to recalibrate its motor portfolio, which was largely skewed towards the commercial vehicle segment. We believe PSU insurers seldom exercise the right of refusal, resulting in inferior outcomes in terms of profitability. After a strong improvement in profitability during FY25, Q1FY26 COR clocked in at a flat 116% (Q1FY25: 115.8%; FY25: 115.7%) - although we are disappointed with the lack of movement in COR during Q1FY26 due to increased loss ratio in health segment, we expect COR to improve 50bps during FY26E (vs management guidance of 300bps). Our forecasts imply 8/33% NEP/PAT CAGR over FY25-27E, driven by better underwriting performance and float income from the investment book (AUM ~INR0.9trn). We maintain an ADD with a TP of INR200 (0.7x Mar-27 BV).

- **Disciplined underwriting in evidence:** Having engineered a significant turnaround during FY25 when the overall health segment (NEP mix: 47%) loss ratio improved 535bps to 101%, NIACL continued its calibrated approach to risk selection during Q1FY26 although the retail business saw a 300bps spike in loss ratio (90%). The management continues to focus on enhancing its claims processes using technology, with 34% of the claims scrutinized during FY25, aimed at reducing fraud, waste, and abuse, and likely to drive gradual improvement in health segment profitability.
- **Investment income likely to fuel profits:** NIACL's investment book stood at ~INR0.9trn with equity allocation of 30% in FY25. Capital gains contributed ~39% of the investment income during Q1FY26 (FY25:35%), higher than the corresponding contribution in larger private peers. Further, the fair value change account has a balance of INR234bn in the form of unrealised gains. Our forecasts build an investment book yield at ~13%, including the fair value change account (net realised yield of ~9% for FY26/27E).
- **Motor business to drive incrementally better loss ratio:** The management indicated rising competitive intensity in the Motor OD segment (Q1FY26: 15% of NEP mix), with quality of new business deteriorating on account of higher commission payouts. NIACL aims to improve Motor business performance by adopting a geographically focused growth strategy, increasing exposure to private cars (Q1FY26: 34% share in Motor TP segment) while reducing dependence on the loss-making commercial vehicle segment (Q1FY26: 56% share in Motor TP segment). These shifts are expected to aid both growth and profitability in the coming quarters.

Financial summary

INR bn	Q1FY26	Q1FY25	YoY (%)	FY24	FY25	FY26E	FY27E
Net written premium	109.0	96.3	*13.2*	345.9	365.1	390.2	425.2
Net earned premium	94.2	85.5	*10.3*	341.9	355.4	382.4	417.6
APAT	4.0	2.5	*63.5*	10.9	10.0	13.7	17.6
COR	116.0	115.8	*21bps*	122.7	116.7	116.1	114.8
BV/share				238.5	234.3	255.1	278.3
P/E (x)				30.0	31.5	24.5	19.0
P/ABV (x)				0.9	0.9	0.8	0.7
ROE (%)				4.2	3.7	4.6	5.5

Source: Company, HSIE Research

ADD

CMP *(as on 30 Jul 2025)*	INR 203
Target Price	INR 200
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 200	INR 200
EPS%	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	NIACL IN
No. of Shares (mn)	1,648
MCap (INR bn) / ($ mn)	337/3,852
6m avg traded value (INR mn)	151
52 Week high / low	INR 303/135

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	18.8	15.0	(28.5)
Relative (%)	17.2	8.8	(28.5)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	85.4	85.4
FIs & Local MFs	11.2	11.2
FPIs	0.9	1.0
Public & Others	2.5	2.4
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

LIC Housing Finance

Growth challenges persist

LICHF's Q1FY26 earnings were largely in line with our estimates, with higher other income offset by higher-than-expected credit costs. LICHF's core spreads reflated marginally sequentially to 2.1% (Q4FY25: 2.06%), driven by declining cost of funds (23bps QoQ) offsetting the yield decline. While LICHF doesn't have any external benchmark-linked assets, NIMs are likely to remain under pressure in FY26E amidst decline in repo rates due to elevated competitive intensity among banks (particularly PSBs). However, management has indicated prioritization of NIMs over loan growth, indicating downside risk to our growth estimates. Limited visibility of any meaningful revival in loan growth (8% CAGR during FY21-FY25) and pressure on NIMs remain the key concerns on any significant re-rating. We revise our FY26/FY27E earnings estimates to factor in lower loan growth, partially offset by higher other income, and maintain REDUCE, with a revised RI-based TP of INR 615 (implying 0.8x Mar-27 ABVPS).

- **Moderation in NIMs; more headwinds ahead:** LICHF's NIMs deflated by 18bps QoQ to 2.68%, despite marginal reflation in core spreads. Incremental cost of funds declined by 69bps, while incremental yields moderated by 50bps. However, LICHF has reduced its benchmark lending rate by 25bps during CY25 vs. 100bps by banks. While this has led to steady NIMs, it exposes LICHF to BT-out risks, leading to subdued loan growth.
- **Loan growth revival remains distant:** LICHF's loan growth remained muted (+7.2% YoY) due to subdued disbursement growth of +1.6% YoY. Management has guided for double-digit growth in disbursements in FY26E, which remains a key monitorable amidst weak demand and elevated competitive intensity from PSBs. Further, management's focus on stabilizing NIMs over loan growth is likely to keep the latter subdued. The recent venture into affordable home loans for the self-employed remains a key monitorable from asset quality perspective.
- **Asset quality deteriorates sequentially:** GS-II/GS-III deteriorated QoQ to 3.58%/2.62% (Q4FY25: 3.43%/2.47%) in a seasonally weak quarter. Management indicated some challenges in collections in the retail segment, along with lower-than-expected recoveries from the written-off pool. We expect credit costs to remain rangebound at ~20bps in FY26E.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	20.7	19.9	3.9	21.7	(4.6)	86.5	81.3	84.3	89.8
PPOP	18.9	17.7	6.8	18.8	0.7	77.0	71.4	74.0	78.7
PAT	13.6	13.0	4.6	13.7	(0.6)	47.7	54.3	53.5	56.5
EPS (INR)	24.7	23.6	4.6	24.9	(0.6)	86.6	98.6	97.1	102.6
ROAE (%)						16.3%	16.0%	13.8%	13.0%
ROAA (%)						1.7%	1.8%	1.6%	1.6%
ABVPS (INR)						486	592	678	759
P/ABV (x)						1.2	1.0	0.9	0.8
P/E (x)						6.8	6.0	6.1	5.8

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	3,330	3,316	-0.4%	3,631	3,605	-0.7%
NIM (%)	2.6	2.6	-3 bps	2.5	2.5	-2 bps
NII	85.4	84.3	-1.2%	91.0	89.8	-1.3%
PPOP	74.0	74.0	0.0%	78.9	78.7	-0.3%
PAT	53.4	53.5	0.1%	56.7	56.5	-0.3%
ABVPS (INR)	678	678	0.0%	759	759	0.0%

Source: Company, HSIE Research

REDUCE

CMP *(as on 04 Aug 2025)*	INR 591
Target Price	INR 615
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 645	INR 615
EPS %	FY26E	FY27E
	0.1%	-0.3%

KEY STOCK DATA	
Bloomberg code	LICHF IN
No. of Shares (mn)	550
MCap (INR bn) / ($ mn)	325/3,709
6m avg traded value (INR mn)	1,100
52 Week high / low	INR 736/484

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.9)	2.5	(21.0)
Relative (%)	(2.5)	(0.6)	(21.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	45.2	45.2
FIs & Local MFs	21.3	22.0
FPIs	21.6	20.3
Public & Others	11.9	12.3
Pledged Shares	0.0	

Source: BSE

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

Go Digit General Insurance

Growth and profitability in sync

ADD

CMP *(as on 28 Jul 2025)*	INR 344
Target Price	INR 395
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 395	INR 395
EPS%	FY26E	FY27E
	NIL	NIL

KEY STOCK DATA	
Bloomberg code	GODIGIT
No. of Shares (mn)	923
MCap (INR bn) / ($ mn)	318/3,665
6m avg traded value (INR mn)	377
52 Week high / low	INR 408/265

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	11.3	16.8	(0.5)
Relative (%)	10.4	10.2	0.1

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	73.1	73.1
FIs & Local MFs	15.3	14.4
FPIs	7.9	8.3
Public & Others	3.8	4.2
Pledged Shares	Nil	Nil

Source : BSE

GODIGIT reported modest NEP growth (+2% YoY), lower than our estimates on account of lower risk retention, although PAT witnessed a sharp jump (+37% YoY), driven by stronger investment income on the back of higher investment AUM (+57% YoY). Combined ratio clocked in at an elevated 108.6%, driven by upfronting of acquisition cost on long-term motor policies, unlike peers that amortize these costs. GODIGIT continued to strengthen its market share in the motor TP segment (6.7%) while also gaining ~50bps market share in commercial lines of business. We maintain our FY26-27E earnings estimates and COR at 107.4%/105.8%. We build a 13%/45% CAGR in NEP/PAT over FY25-27E and maintain ADD with a TP of INR395 (40.7x Mar-27E EPS), implying a PEG ratio of 0.9x, while continuing to remain cautious on rising regulatory scrutiny around EOM compliance.

- **Continued dominance in Motor TP segment:** GDPI grew 7%, led by strong traction in the Motor TP segment (+21% YoY, ~2x of industry average growth). As highlighted by the management, growth was driven by long-term policies, which resulted in upfront recognition of acquisition costs, impacting near-term expense ratio, while offering GODIGIT the benefit of higher investment float. While we draw comfort from early trends in the development of loss ratios in the TP segment, given the long-tail nature of claims in this line of business (~70-75% of claims are reported after 36 months), we opine that the TP book lacks seasoning.
- **Gaining share in commercial business:** GODIGIT continues to solidify its position in the commercial property and casualty (P&C) segment, gaining over 50bps market share in the quarter, primarily within the property line of business. We view these market share gains as structurally sustainable, especially given the typical Q1 seasonality. The company's access to enhanced and flexible treaty capacities remains a key competitive advantage in this space. We believe GODIGIT is strategically focused on scaling this segment and transforming its commercial P&C portfolio into a cash-cow business.
- **Sustainable investment income a key moat:** Unlike its peers such as ICICIGI, where capital gains account for a significant portion of investment income, GODIGIT's investment income profile appears relatively more sustainable, with minimal dependence on capital gains. We believe that the recurring nature of investment returns offers greater visibility and resilience to the company's earnings. We reiterate our ADD rating with a TP of INR395, (40.7x Mar-27E EPS), implying a PEG ratio of 0.9x. Our thesis is underpinned on GODIGIT's sustained leadership in the motor TP segment, its growing competencies in commercial lines, and its stable investment income stream. However, we flag potential regulatory headwinds around non-compliance with EOM norms as a key risk to our medium-term earnings outlook.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY%	FY24	FY25	FY26E	FY27E
Net written premium	19.5	20.3	(3.8)	77.3	82.3	92.4	105.6
Net earned premium	18.7	18.2	2.3	71.0	80.5	90.8	101.9
PAT	1.4	1.0	36.5	1.8	4.2	7.5	8.9
EPS	1.6	1.2	36.5	2.1	4.6	8.1	9.7
COR (%)	108.6	105.4	320bps	108.7	109.3	107.0	105.5
ROE Annualized (%)	12.4	10.1	234bps	5.4	10.5	14.8	15.0
P/E (x)				165.7	74.7	42.5	35.5

Source: Company, HSIE Research

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

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

Bandhan Bank

Protracted journey to predictable earnings

Bandhan Bank's (BANDHAN) earnings missed estimates, largely on account of elevated credit costs (3.5% annualized), led by continued stress in the micro-banking portfolio, sub-par loan growth, and shrinking margins. Deposit growth was healthy (~16% YoY/ 2.3% QoQ), while CASA ratio slipped to 27.1% (-430bps QoQ) as the CASA seasonality normalized. With the MFIN's tighter guardrails now at play, industry-wide MFI stress 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 cut our FY26E/FY27E earnings by ~3% each, factoring in lower growth and slower moderation in credit costs; maintain REDUCE with a revised TP of INR155 (implied 0.9x Mar-27 ABVPS).

- **MFI stress looms:** GNPA/NNPA increased further to 5.0%/1.4% on the back of continued elevated slippages (INR10.9bn) from the EEB portfolio (Q4FY25: INR10.5bn), and lower write-offs (~3.2% of loans). While credit costs were elevated at 3.5%, we build in average credit costs at 240bps during FY26E-27E.
- **Margins to remain under pressure:** Loan growth was sub-par (~6% YoY/-2.5% QoQ), with continued de-growth and lower disbursements in the EEB portfolio, partly offset by healthy growth in secured segments. We build in a 14% loan CAGR during FY25-27E against management guidance of 15-17%. Change in portfolio mix towards secured loans and the repo cut impact is likely to erode NIMs by ~25-35bps over FY26-27E.
- **Essential to regain stakeholder confidence:** Near-term RoAs are likely to stay muted, owing to stress in the MFI portfolio, rising mix of secured lending, and elevated opex intensity towards improving compliance practices. We argue that portfolio stability and predictability are crucial to BANDHAN regaining stakeholder credibility.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	27.6	30.1	*-8.2%*	27.6	*0.0%*	115.4	127.9	143.4
PPOP	16.7	19.4	*-14.0%*	15.7	*6.2%*	73.9	80.8	87.4
PAT	3.7	10.6	*-65.0%*	3.2	*17.0%*	27.5	30.8	37.6
EPS (INR)	2.3	6.6	*-65.0%*	2.0	*17.3%*	17.0	19.1	23.3
ROAE (%)						11.9	11.9	13.1
ROAA (%)						1.5	1.5	1.6
ABVPS (INR)						142.4	157.3	177.6
P/ABV (x)						1.3	1.2	1.0
P/E (x)						10.9	9.7	7.9

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,505	1,526	-1.4%	1,719	1,769	-2.8%
NIM (%)	6.8	6.8	1 bps	6.8	6.7	8 bps
NII	127.9	128.6	-0.6%	143.4	144.9	-1.1%
PPOP	80.8	80.1	0.9%	87.4	87.4	0.0%
PAT	30.8	31.7	-3.0%	37.6	38.6	-2.6%
Adj. BVPS (INR)	157.3	157.8	-0.3%	177.6	178.2	-0.4%

Source: Company, HSIE Research

REDUCE

CMP *(as on 18 Jul 2025)*	**INR 187**
Target Price	**INR 155**
NIFTY	**24,968**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 140	INR 155
	FY26E	FY27E
EPS %	-3.0%	-2.6%

KEY STOCK DATA	
Bloomberg code	BANDHAN IN
No. of Shares (mn)	1,611
MCap (INR bn) / ($ mn)	301/3,497
6m avg traded value (INR mn)	1,492
52 Week high / low	INR 222/128

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	17.8	23.7	(4.5)
Relative (%)	13.7	17.0	(5.1)

SHAREHOLDING PATTERN (%)	**Dec-24**	**Mar-25**
Promoters	40.0	40.0
FIs & Local MFs	15.5	16.4
FPIs	23.2	22.7
Public & Others	21.3	20.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

PNB Housing Finance

Steady growth; recoveries continue to augment RoA

PNB Housing Finance's (PNBHF) Q1FY26 earnings were ahead of our estimates as the credit costs continue to remain negative (-29bps) due to high recoveries from written-off loans. Gross advances growth remained robust at 16% YoY amidst weak overall demand, driven by retail loans (+18% YoY), as the corporate disbursements remain nil. PNBHF's pivot towards higher-yielding loans across segments through significant investments in distribution for affordable and emerging segments and shift towards non-home loans (LAP, etc.) in the prime segment are likely to aid margins in the current rate cut scenario. However, the normalization of credit costs due to reducing recoveries and seasoning of the emerging and affordable portfolio by FY27 are likely to put pressure on return ratios. We revise our FY26E earnings estimates marginally to factor in higher NIMs and maintain ADD with a revised RI-based TP of INR 1,100 (implying 1.4x Mar-27 ABVPS).

- **Portfolio optimization to arrest NIM compression**: PNBHF's NIMs were broadly steady in Q4 at 3.74% (Q4FY25: 3.75%), with marginal reflation in spreads driven by reduction in cost of funds (by 8bps). While the current rate cut environment is likely to exert pressure on spreads for prime segment, an increasing share of emerging and affordable segments (50% of disbursements in Q1) is likely to aid NIM reflation during FY26-FY27E.
- **Credit costs remain negative; normalization yet to play out**: Asset quality remained steady, with GS-III/NS-III at 1.1%/0.7% and GS-II at 2.4%. Credit costs are likely to remain negative in FY26 on the back of a large written-off pool. However, the seasoning of the emerging and affordable portfolio, along with run-down of these recoveries, is likely to drive credit costs higher (~25bps) and drive RoAs lower.
- **Transition towards steady-state profitability key monitorable:** PNBHF has pivoted its strategy toward granular retail loans, with an emphasis on high-yielding retail loans to drive profitability. To that extent, it has tripled its branch network since FY21 to drive loan growth (retail loan book of INR1trn by Mar-27). However, throughput at these newly-added branches remains a key monitorable, amidst elevated competitive intensity and demand moderation. Subsequently, high opex ratios, along with normalization of credit costs, are likely to put a drag on profitability by FY27E.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	7.5	6.4	*16.2*	7.3	*2.5*	24.8	27.2	33.4	40.4
PPOP	6.3	5.5	*15.9*	6.5	*(2.3)*	21.3	23.3	27.6	34.1
PAT	5.3	4.4	*22.4*	5.5	*(3.1)*	15.1	19.4	21.6	24.4
EPS (INR)	20.5	16.6	*23.1*	21.1	*(3.1)*	58.1	74.5	83.2	93.7
ROAE (%)						11.6	12.2	12.1	12.2
ROAA (%)						2.2	2.5	2.4	2.3
ABVPS (INR)						553	628	697	776
P/ABV (x)						2.0	1.7	1.6	1.4
P/E (x)						18.9	14.7	13.2	11.7

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	929	929	0.0%	1,069	1,069	0.0%
NIM (%)	3.6	3.7	5 bps	3.8	3.8	0 bps
NII	33.0	33.4	1.3%	40.4	40.4	0.0%
PPOP	27.2	27.6	1.5%	34.1	34.1	0.0%
PAT	21.3	21.6	1.5%	24.4	24.4	0.0%
ABVPS (INR)	695.5	696.8	0.2%	774.9	776.2	0.2%

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jul 2025)*	INR 1,087
Target Price	INR 1,100
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,025	INR 1,100
EPS %	FY26E	FY27E
	1.5%	0.0%

KEY STOCK DATA	
Bloomberg code	PNBHOUSI IN
No. of Shares (mn)	260
MCap (INR bn) / ($ mn)	283/3,273
6m avg traded value (INR mn)	1,372
52 Week high / low	INR 1,202/741

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.2	19.2	37.2
Relative (%)	6.0	11.6	35.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	28.1	28.1
FIs & Local MFs	29.9	38.0
FPIs	21.4	24.2
Public & Others	20.6	9.7
Pledged Shares	-	-

Source: BSE

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

Star Health and Allied Insurance

No sign of near-term relief

Star Health and Allied Insurance (STARHEAL) reported 12% NEP growth and 18% decline in PAT, in line with our estimates. Combined ratio (COR) was elevated on account of sustained stress in loss ratio and higher expense ratio on the back of upfronting of acquisition cost on long-term polices (>30% of fresh business volumes). Our understanding suggests re-pricing of the renewal book is key for sustained profitability. As highlighted in our recently-published insurance thematic, STARHEAL continues to be hampered by structural issues in terms of agency channel fatigue, inferior product pricing, sub-optimal data quality, and poor risk selection. Despite pursuing a strategic shift to zone-wise pricing, differential pricing for claimants and non-claimants, and annual price hikes, we believe that improvement from these measures is likely to be protracted. Further, our analysis suggests that STARHEAL is focused on improving its customer experience score, as evident in an improving claims settlement ratio. We maintain our NEP/PAT/COR estimates and maintain ADD with TP of INR450 (DCF derived multiple at 25.1x FY27E EPS).

- **Elevated loss ratios continue to bite:** Loss ratios remained elevated (+197bps YoY) at 69.5% (FY25: 70.3%). Incidence rates are in early double-digit territory (2x pre-Covid levels), indicating poor underwriting discipline and inability to price the products regularly on its renewals. We expect loss ratios to remain elevated despite the continued price hikes taken by the company, partly offset by shedding of loss-making group business.
- **Changing pricing strategy:** STARHEAL has implemented zone-based pricing and differential renewal pricing for claimants vs. non-claimants, targeted at improving retention. In contrast to the prior steep hikes, STARHEAL is likely to pursue moderate, annual price hikes to mitigate customer attrition. While strategically sound, we believe the potential impact on profitability is likely to be gradual, and unlikely to offer any meaningful near-term relief.
- **Continued exit from group business:** STARHEAL continues to scale down its group business mix (to GDPI) to 5% (Q1FY25: ~10%), consistent with prior guidance. While this is likely to improve loss ratios during H2FY26, we expect COR to remain high due to elevated expense ratio. Additionally, unlike its peers, STARHEAL is yet to establish a meaningful presence in the high-margin attachment segments within the group business - a key gap in its group business profitability construct.
- **Medium-term guidance remains at risk:** Despite the management's focus on rebalancing the portfolio, we expect only a 137bps improvement in COR over FY25–FY27. Moreover, the company's FY28 PAT guidance of INR25bn (IFRS) appears increasingly ambitious, given ongoing pressure on key metrics and muted AUM growth stemming from the reduction in group business mix.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	FY24	FY25	FY26E	FY27E
Net earned premium (NEP)	39.4	35.2	11.9	129.4	148.2	165.6	194.9
Underwriting profits	0.7	1.4	-48.4	0.9	-3.7	-2.8	-1.8
EBIT	3.5	4.3	-17.3	11.7	9.0	11.3	14.3
PAT	2.6	3.2	-17.7	8.5	6.5	8.4	10.6
EPS	4.5	5.5	-18.0	14.4	11.0	14.2	17.9
CoR (%)	102.1	99.1	299bps	96.7	101.1	100.7	99.7
P/E (x)				30.0	39.5	30.5	24.2
RoE (%)				14.4	9.7	11.2	12.6

Source: Company, HSIE Research

ADD

CMP *(as on 30 Jul 2025)*	INR 446
Target Price	INR 450
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR450	INR450
EPS %	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	STARHEAL IN
No. of Shares (mn)	588
MCap (INR bn) / ($ mn)	262/2,999
6m avg traded value (INR mn)	605
52 Week high / low	INR 648/327

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	14.5	2.6	(27.5)
Relative (%)	12.9	(3.6)	(27.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	57.7	58.0
FIs & Local MFs	15.4	21.1
FPIs	18.7	13.9
Public & Others	8.2	7.0
Pledged Shares	*Nil*	Nil

Source : BSE

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

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

Angel One

Pricing levers at play; maintain BUY

ANGELONE printed in-line net revenue (+7% QoQ) and PAT of INR1.14bn (-34% QoQ), which was slightly ahead of our estimate. The QoQ growth in net revenue was in line with growth in average daily orders (+7% QoQ). Notably, despite muted activity in the cash segment, ANGELONE reported an increase in cash broking revenue, demonstrating better monetization. Despite IPL-related spends, ANGELONE exercised better control on its operating costs, continuing to demonstrate its ability to optimize on cost levers, resulting in a marginal beat on profitability. Given the recent regulatory interventions on the trading strategies deployed by hedge funds and proprietary trading firms, we expect a near-term adverse impact on trading volumes and subsequent stability in volumes during H2FY26. We maintain our FY26E/FY27E net revenue and PAT estimates, and maintain BUY with TP of INR2,850 (16x FY27E EPS).

- **Improved monetization from pricing actions:** After two consecutive quarters of QoQ decline in net revenues following the implementation of the SEBI norms on weekly F&O expiries, ANGELONE reported a marginal rebound in net revenues (+7% QoQ). Notably, ANGELONE witnessed a robust 29% QoQ increase in cash broking revenues, despite flat order volumes in the cash segment, indicating effective monetization of recent pricing actions, reflecting the company's ability to improve unit economics (yield per order).
- **MTF book shows early signs of recovery:** Having declined 7% in the prior quarter, ANGELONE's Margin Trading Facility (MTF) book rebounded (+5% QoQ), indicating a return to positive momentum. The recent repo rate cut by the RBI is expected to lower the company's cost of funds, potentially driving an expansion in net interest margins (NIMs). Additionally, the average size of the cash order rose to INR66k (+30% QoQ) during the quarter, which is likely to further support yield improvement in the cash segment.
- **Maintain BUY:** While we believe that ANGELONE can effectively navigate these industry-wide headwinds, we expect near-term operating margin to remain stressed. Given a likely near-term pressure on market volumes due to SEBI's regulatory actions against trading strategies employed by large hedge funds and proprietary trading firms, we expect ANGELONE's new client additions to remain soft and the company's continued focus on driving higher activation rates. We maintain our net revenue and PAT estimates for FY26E/FY27E and maintain BUY with a TP of INR2,850, implying 16x FY27 EPS (annualized).

Financial Summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E
Adj. revenues	8,913	11,135	(20.0)	8,308	7.3	41,285	44,869	55,836
EBITDA	1,944	4,196	(53.7)	2,643	(26.5)	16,982	17,567	23,141
EBITDA Margin (%)	21.8	37.7	-1588bps	31.8	-1000bps	41.1	39.2	41.4
APAT	1,145	2,927	(60.9)	1,745	(34.4)	11,721	12,178	16,205
AEPS	12.3	32.0	(61.5)	18.9	(34.8)	130.0	135.1	179.7
EV/EBITDA (x)						14.2	13.4	10.3
P/E (x)						21.1	20.3	15.3
ROE (%)						25.6	18.1	20.1

Source: Company, HSIE Research

BUY

CMP *(as on 17 Jul 2025)*	INR 2,740
Target Price	INR 2,850
NIFTY	25,111

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,850	INR 2,850
EPS%	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA	
Bloomberg code	ANGELONE IN
No. of Shares (mn)	91
MCap (INR bn) / ($ mn)	248/2,882
6m avg traded value (INR mn)	3,451
52 Week high / low	INR 3,503/1,941

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	16.3	11.6	23.5
Relative (%)	11.6	4.3	21.6

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	35.6	35.6
FIs & Local MFs	14.3	14.3
FPIs	13.8	13.0
Public & Others	36.3	37.1
Pledged Shares	Nil	Nil

Source : BSE

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

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Karur Vysya Bank

Searching for levers to protect best-in-class return ratios

Karur Vysya Bank's (KVB) earnings were in line with estimates on the back of healthy operating performance, supported by strong fee income traction and stable margins. Healthy loan growth (~16% YoY) was driven by retail, agri, and MSME segments, while the corporate portfolio continued to degrow, given the bank's strategy to shed margin-dilutive businesses (corporate loans). Deposit growth hugged loan growth (+16%+ YoY) as the CASA ratio clocked in at 27.5% (+21bps QoQ). We tweak our FY26E/FY27E estimates, factoring in a 18bps NIM compression (earlier: 15bps) and softer credit costs for FY26E (70bps). We remain constructive on KVB, given its consistent operational performance, a granular portfolio, and strong asset quality outcomes. We maintain ADD with a revised TP of INR290 (1.7x Mar-27 ABVPS).

- **Healthy growth and stable margins:** NII growth clocked in at ~5% YoY as margins clocked in at 3.86% (-19bps QoQ) on the back of accelerated loan yield transmission (-21bps QoQ). Loan growth was led by MSME (+19% YoY), gold loan (+60% YoY), and LAP (+49% YoY) segments. The management has guided for NIMs at 3.7-3.75% for FY26E, factoring in the impact of residual rate transmission.
- **Asset quality in line:** GNPA/NNPA improved further to 0.66%/0.2%, with a marginal increase in slippages at 0.87% (Q4FY25: 0.86%), offset by accelerated recoveries, as credit costs eased to 55bps (Q4FY25: 71bps). We moderate our FY26/27 credit cost forecasts to 70-75bps (earlier 80bps), as KVB continues to carry an additional provisioning cushion (97% of GNPA).
- **Efficiency gains key to sustaining return ratios:** We believe KVB can sustain its loan growth while continuing to improve its deposit granularity. However, we believe that efficiency gains are key to protecting RoAs at 1.6-1.7%, given likely impact of continued transmission on loan yields (and NIMs), gradual upward normalization of credit costs, and sustained elevated investments in distribution and technology.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	10.8	10.2	*5.4%*	10.9	*-0.9%*	42.5	46.0	53.1
PPOP	8.1	7.5	*8.0%*	8.3	*-3.5%*	32.1	35.2	40.6
PAT	5.2	4.6	*13.7%*	5.1	*1.6%*	19.4	21.2	23.8
EPS (INR)	25.9	22.8	*13.5%*	25.5	*1.6%*	24.1	26.4	29.5
ROAE (%)						17.7	16.7	16.7
ROAA (%)						1.7	1.7	1.7
ABVPS (INR)						145.8	163.3	182.9
P/ABV (x)						1.9	1.7	1.5
P/E (x)						11.3	10.3	9.2

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	959	964	-0.5%	1,095	1,107	-1.1%
NIM (%)	4.0	4.0	-3 bps	4.0	4.1	-8 bps
NII	46.0	46.4	-0.9%	53.1	54.4	-2.3%
PPOP	35.2	35.6	-1.2%	40.6	41.8	-3.0%
PAT	21.2	20.8	2.2%	23.8	24.0	-1.1%
Adj. BVPS (INR)	163.3	162.9	0.2%	182.9	182.8	0.1%

Source: Company, HSIE Research

ADD

CMP *(as on 24 Jul 2025)*	**INR 271**
Target Price	**INR 290**
NIFTY	**25,062**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 265	INR 290
	FY26E	FY27E
EPS %	2.2%	-1.1%

KEY STOCK DATA	
Bloomberg code	KVB IN
No. of Shares (mn)	799
MCap (INR bn) / ($ mn)	216/2,504
6m avg traded value (INR mn)	607
52 Week high / low	INR 278/184

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	21.7	19.7	26.4
Relative (%)	18.7	11.8	23.8

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	2.1	2.1
FIs & Local MFs	38.9	39.5
FPIs	15.1	15.4
Public & Others	43.6	42.8
Pledged Shares	0.3	0.2

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

CreditAccess Grameen

Muted earnings; early signs of portfolio normalization

CreditAccess Grameen's (CREDAG) Q1FY26 earnings remained subdued (RoA of 0.9%) as credit costs remained elevated (8.9%) amid stress in the MFI sector, particularly in Karnataka, and impact of MFIN guardrails 2.0 effective from Apr-25. However, CREDAG's stressed portfolio moderated in Q1, with reduction in PAR-0 to 5.9% vs. 6.9% in Q4FY25 and normalization of monthly PAR 15+ accretion rate. While credit costs are likely to remain elevated in Q2 with slippages from the PAR 0+ portfolio, they are expected to normalize in H2FY26. Disbursement growth was strong (+22% YoY), largely driven by existing borrowers. We revise our FY26/FY27 estimates to factor in lower credit costs and maintain ADD with a revised RI-based TP of INR1,300 (implying 2.3x Mar-27 ABVPS). We expect the premium multiple to sustain due to superior operating performance and reversion to a steady-state faster than peers.

- **Subdued P&L outcomes sans NIMs reflation:** CREDAG reported RoA/RoE of 0.9%/3.4% (annualised) in Q1, largely driven by elevated credit costs. AUM growth remained muted (-1% YoY), along with reduction in number of borrowers (-8.5% YoY), largely due to write-offs and attrition due to revised MFIN guardrails. Opex ratios inched up with opex to AUM at 5.1% (C/I at 33.5%). NIMs reflated sequentially by 10bps to 12.8%, driven by lower cost of funds and is likely to reflate further with reduction in interest reversals.
- **Early signs of asset quality normalization by H2FY26:** GS-III/NS-III deteriorated sequentially to 4.7%/1.8%, with PAR-0/PAR-30 at 5.9%/4.9% (Mar-25: 6.9%/5.5%). Given 11.4% of AUM with more than three lenders and normalization of monthly PAR 15+ accretion rate, credit costs are expected to normalize from H2FY26. We factor in 5.7% credit costs for FY26E.
- **Gradual reversion to steady-state profitability; structural issues remain:** CREDAG's disbursals grew by 22% YoY, with increasing share of NTC customers (~43% of new borrowers). It is likely to sustain the momentum, going ahead. While CREDAG's operating performance could remain superior to peers, the broader structural issues highlighted in our Sector Thematic (of data integrity risk, underestimation of customer leverage, and deteriorating group behaviour) are likely to keep steady-state credit costs higher for MFI lenders.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	9.1	9.3	*(2.3)*	8.8	*3.4*	31.7	36.0	39.0	45.6
PPOP	6.5	7.1	*(7.9)*	6.3	*3.0*	23.9	26.4	28.6	33.0
PAT	0.6	4.0	*(84.9)*	0.5	*27.5*	14.5	5.3	9.6	17.2
EPS (INR)	3.8	24.8	*(84.9)*	3.0	*27.5*	90.7	33.3	60.3	107.6
ROAE (%)						24.8	7.9	13.0	19.6
ROAA (%)						5.7	1.9	3.2	4.8
ABVPS (INR)						383.1	385.5	450.3	565.6
P/ABV (x)						3.3	3.3	2.8	2.3
P/E (x)						14.1	38.5	21.2	11.9

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	298.2	298.2	0.0%	351.5	351.5	0.0%
NIM (%)	13.0	13.0	1 bps	12.9	13.0	7 bps
NII	39.3	39.0	-0.9%	45.8	45.6	-0.5%
PPOP	28.7	28.6	-0.3%	33.1	33.0	-0.4%
PAT	9.4	9.6	2.6%	17.4	17.2	-1.1%
ABVPS (INR)	448.5	450.3	0.4%	566.1	565.6	-0.1%

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jul 2025)*	**INR 1,280**
Target Price	**INR 1,300**
NIFTY	**25,061**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,155	INR 1,300
EPS %	FY26E	FY27E
	2.6%	-1.1%

KEY STOCK DATA	
Bloomberg code	CREDAG IN
No. of Shares (mn)	160
MCap (INR bn) / ($ mn)	204/2,367
6m avg traded value (INR mn)	1,614
52 Week high / low	INR 1,355/750

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	11.7	33.3	1.0
Relative (%)	8.5	25.8	(1.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	66.4	66.4
FIs & Local MFs	12.7	12.8
FPIs	11.4	12.1
Public & Others	9.5	8.7
Pledged Shares	-	-

Source: BSE

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

Aptus Value Housing Finance India

Moderating growth key monitorable

APTUS's Q1FY26 earnings were ahead of our estimates largely due to assignment income (~11% of PBT). Disbursements growth remained relatively subdued despite a low base (+15% YoY in Q1FY26; +4% YoY in Q1FY25), leading to moderation in AUM growth to +24.2% YoY, as the repayment rate dropped to 13.7%. Asset quality deteriorated sequentially in a seasonally weak quarter with 30+ dpd at 6.45% (Mar-25: 5.91%) and uptick in GS-II+GS-III by 60bps, although credit costs remained rangebound (39bps). APTUS continues to remain focused on the LIG, self-employed, rural-based customers in its core markets, with gradual geographical expansion. However, the geographical expansion in Odisha and Maharashtra has been protracted (0.6% of AUM), with sub-par productivity compared to core states. APTUS's ability to deliver superior profitability and growth in these markets remains a key monitorable. We maintain REDUCE with an unchanged RI-based target price of INR 315 (implying 2.8x Mar-27 ABVPS).

- **Other income drives beat on earnings:** APTUS's core spreads remained steady at 8.7%. APTUS is likely to witness reflation in spread during FY26-FY27E, largely due to reduction in cost of funds. 56% of borrowings are at variable rate, which along with credit rating upgrade to AA are likely to benefit the cost of funds. Operating efficiency remained superior to peers with opex-to-AUM at 2.7% and cost-to-income ratio at 20%. APTUS has begun assignment of loans from Q4FY25, leading to other income of INR 0.3bn during Q1, which is likely to sustain, going ahead.
- **Deterioration in asset quality**: Asset quality deteriorated sequentially, with GS-II/GS-III clocking in at 5%/1.5% (Q4FY25: 4.7%/1.2%) and with uptick in early delinquencies (30+ dpd at 6.45% vs. 5.91% in Q4FY25; 6.31% in Q1FY25). Credit costs increased marginally to 39bps (annualized), with guidance of 40-45bps for FY26-FY27E. Management has indicated that uptick in early delinquencies was largely due to seasonality with no major issues in the underlying environment, although weak macro environment remains a key monitorable, particularly for small business loans.
- **Growth under pressure; scalability outside core markets key monitorable**: APTUS's AUM growth (+24.2% YoY) continues to be driven by the NBFC subsidiary (+51% YoY) while AUM growth of the HFC entity remains lower at 16% YoY. Further, the scale-up in Odisha and Maharashtra has been slow, which remains a key monitorable for APTUS's ability to deliver superior performance outside its core markets. An aspirational target of AUM of INR 250bn by FY29, along with steady profitability (~7% RoA), remains an uphill task amidst the competitive environment, moderating disbursements, and limited vintage outside the core markets.

Financial summary (Consolidated)

Y/E Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	3.1	2.6	*18.4*	3.0	*3.0*	9.3	11.3	13.9	17.0
PPOP	3.0	2.3	*31.5*	2.8	*6.2*	8.2	10.0	12.3	14.9
PAT	2.2	1.7	*27.7*	2.1	*5.9*	6.1	7.5	8.9	10.8
EPS (INR)	4.4	3.4	*28.1*	4.1	*5.8*	12.3	15.0	17.8	21.6
ROAE (%)						17.2	18.6	19.2	20.0
ROAA (%)						7.6	7.4	7.0	6.7
ABVPS (INR)						74	84	97	113
P/ABV (x)						4.6	4.0	3.5	3.0
P/E (x)						27.6	22.5	19.0	15.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 01 Aug 2025)*	INR 339
Target Price	INR 315
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 315	INR 315
EPS %	FY26E	FY27E
	0%	0%

KEY STOCK DATA	
Bloomberg code	APTUS IN
No. of Shares (mn)	500
MCap (INR bn) / ($ mn)	169/1,933
6m avg traded value (INR mn)	594
52 Week high / low	INR 402/268

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.2	6.7	7.5
Relative (%)	5.8	2.8	9.1

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	53.0	40.4
FIs & Local MFs	9.9	16.0
FPIs	27.7	30.4
Public & Others	9.4	13.2
Pledged Shares	-	-

Source: BSE

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

RBL Bank

In purusit of predictable earnings

RBL Bank (RBK) reported muted earnings on the back of higher opex intensity, driven by elevated collection costs on the credit card portfolio, partly offset by moderation of slippages in the JLG portfolio. Loan growth was muted (+9% YoY) on the back of continued de-growth in unsecured segments. Deposit growth came in at 11% YoY, with CASA ratio at 32.5% (-167bps QoQ) on account of lower traction in savings balances. While credit costs are likely to normalize in H2FY26, we argue that stability in earnings could take longer, given the elevated unsecured mix (27% of loans), while RBK is still building out its secured retail business. RBK is transitioning its credit cards business to in-house collections, which is likely to keep opex intensity elevated. Given margin pressure from the shift in loan mix and higher collection costs, 1% exit RoA for FY26 is likely to be a challenge. We maintain REDUCE with a revised TP of INR200 (0.8x Mar-27 ABVPS).

- **Calibrating unsecured mix; NIMs under pressure:** Loan growth was muted on account of de-growth in MFI (-5.5% QoQ) and credit card (-0.7% QoQ) segments, despite strong sequential growth in MFI disbursements (54% QoQ). NIMs clocked in at 4.5% (-39bps QoQ) on account of lower mix of unsecured businesses and rate transmission.
- **Elevated stress:** Gross slippage remained elevated at ~4.5% (Q4FY25: 4.6%), with improvement in JLG slippages (Q1FY26: 6% v/s Q4FY25: 8%), offset by deterioration in the CC portfolio (Q1FY26: 2.6% v/s Q4FY25: 2.3%). Secured retail portfolio witnessed higher slippages owing to two high-value accounts. Credit costs moderated to 2% (FY25: 3.4%) as the bank normalized its PCR to 84% (Q4FY25: 89%). We build in a gradual improvement in credit costs (averaging ~2.4% during FY26-27E).
- **Structural challenges to achieving sustainable earnings:** RBK is faced with multiple structural handicaps (sub-par deposit franchise, lack of competitive moats on the asset side of the balance sheet, and persistently high opex ratios) and cyclical stress in the unsecured portfolios. We see fundamental challenges to its medium-term aspirations of delivering >1% RoA sustainably.

Financial summary

(INR bn)	Q1FY26	Q1FY25	*YoY (%)*	Q4FY25	*QoQ (%)*	FY25	FY26E	FY27E
NII	14.8	17.0	*-12.9%*	15.6	*-5.3%*	64.5	68.9	78.9
PPOP	7.0	8.6	*-18.2%*	8.6	*-18.4%*	36.2	38.6	45.5
PAT	2.0	3.7	*-46.1%*	0.7	*191.6%*	6.9	11.8	15.6
EPS (INR)	3.3	6.1	*-46.3%*	1.1	*191.2%*	11.3	19.3	25.7
ROAE (%)						4.5	7.3	9.0
ROAA (%)						0.5	0.8	0.9
ABVPS (INR)						252.2	267.2	292.1
P/ABV (x)						1.0	1.0	0.9
P/E (x)						23.0	13.5	10.1

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,057	1,057	0.0%	1,227	1,227	0.0%
NIM (%)	5.0	5.0	3 bps	5.0	5.0	1 bps
NII	68.9	68.5	0.6%	78.9	78.8	0.2%
PPOP	38.6	38.9	-0.7%	45.5	45.4	0.3%
PAT	11.8	11.9	-1.0%	15.6	15.8	-0.8%
Adj. BVPS (INR)	267.2	267.4	-0.1%	292.1	292.5	-0.1%

Source: Company, HSIE Research

REDUCE

CMP *(as on 18 Jul 2025)*	INR 263
Target Price	INR 200
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR165	INR200
EPS %	FY26E	FY27E
	-1.0%	-0.8%

KEY STOCK DATA	
Bloomberg code	RBK IN
No. of Shares (mn)	609
MCap (INR bn) / ($ mn)	160/1,860
6m avg traded value (INR mn)	2,203
52 Week high / low	INR 273/146

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	43.3	69.6	8.5
Relative (%)	39.2	62.9	8.0

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	0.0	0.0
FIs & Local MFs	21.2	34.8
FPIs	14.4	17.6
Public & Others	64.4	47.7
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

City Union Bank

Strong quarter; predictable growth, earnings trajectory

City Union Bank's (CUBK) Q1FY26 earnings beat estimates on the back of healthy growth on both sides of the balance sheet, strong margin management and in-line asset quality. Deposit growth (~20% YoY/+3%QoQ) was strong while CASA ratio deteriorated to 27.3% (-121bps QoQ), with Q4 seasonality in CA balances normalizing. Given management's strategy to continue medium-term investments in tech and distribution and scale up its secured retail book, operating leverage shall kick in only gradually. CUBK is guiding for 300-400 bps higher than system level growth, and we expect the bank to maintain its growth trajectory with continued traction in the MSME book and scaling up of secured retail portfolios. Having invested heavily in transformation, we expect CUBK to demonstrate productivity gains, going forward, which is likely to help sustain and further improve its growth momentum. We maintain BUY with a revised RI-based TP of INR225 (1.5x Mar-27 ABVPS).

- **Strong growth momentum coupled with stabled margins:** Loan growth was healthy (16% YoY, +3% QoQ), with continued traction in core MSME and gold loans and early signs of traction in the retail portfolio. We build in ~16% CAGR over FY26-FY27E, led by MSME, gold loans, and secured retail book. NIMs witnessed a drop of only 6bps QoQ to 3.5%, with the drop in yield on advances restricted to 12 bps QoQ. We believe a major part of repo cut is yet to be passed through in Q2FY26, before margins picks up in H2FY26.
- **Asset quality in line:** Gross slippages moderated to ~1.5% (Q4FY25: 2.0%) with the bank currently not witnessing any elevated stress in core MSME segments, contrary to industry commentary. The bank's exposure to the US geography in the textile sector is minimal (INR2.4bn) and thus less vulnerable to impact of tariff hikes. CUBK continues to shore up its provisioning coverage with PCR now at 61%.
- **Sustained loan growth and earnings critical to re-rating:** We believe that CUBK will need to monetize its investments in the digital lending (MSME book) and secured retail portfolios (HL, Mirco LAP, and VL) to deliver better throughput and market share gains. Given likely RoA headwinds from NIM compression and elevated provisioning, we believe that sustained market share gains are key to driving earnings growth and any re-rating in multiples.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	6.3	5.5	*14.7%*	6.0	*4.2%*	23.2	25.0	29.6
PPOP	4.5	3.7	*20.7%*	4.4	*2.3%*	16.8	19.7	23.0
PAT	3.1	2.6	*15.7%*	2.9	*6.2%*	11.2	12.9	15.0
EPS (INR)	4.1	3.5	*15.8%*	3.9	*6.2%*	15.2	17.4	20.3
ROAE (%)						12.6	12.8	13.3
ROAA (%)						1.5	1.5	1.6
ABVPS (INR)						118.7	135.2	153.5
P/ABV (x)						1.8	1.6	1.4
P/E (x)						14.0	12.3	10.5

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	601	601	0.0%	696	697	0.0%
NIM (%)	3.3	3.3	-6 bps	3.3	3.4	-4 bps
NII	25.0	25.8	-3.1%	29.6	30.0	-1.1%
PPOP	19.7	19.2	2.9%	23.0	22.7	1.5%
PAT	12.9	12.7	1.2%	15.0	14.8	1.3%
Adj. BVPS (INR)	135.2	134.5	0.5%	153.5	152.0	0.9%

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jul 2025)*	INR 214
Target Price	INR 225
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR210	INR225
	FY26E	FY27E
EPS %	1.2%	1.3%

KEY STOCK DATA	
Bloomberg code	CUBK IN
No. of Shares (mn)	741
MCap (INR bn) / ($ mn)	159/1,812
6m avg traded value (INR mn)	452
52 Week high / low	INR 233/143

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	21.4	23.3	24.8
Relative (%)	20.2	18.6	25.6

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	0.0	0.0
FIs & Local MFs	33.1	35.2
FPIs	28.0	27.4
Public & Others	38.9	37.4
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Niva Bupa Health Insurance

Fundamentals to dominate accounting distortion

Niva Bupa reported mixed P&L outcomes, largely on the back of its continued migration to 1/n accounting, adversely impacting its topline and loss ratios. Notwithstanding the noise around accounting distortions, we believe that Niva Bupa enjoys competitive moats around its use of analytics for risk selection and product pricing, an affluent customer base (premium per life 10% higher than peers), translating into best-in-class loss ratios (consistently favorable ULR) and superior profitability. These moats, anchored in the Bupa parentage, offer Niva Bupa a compelling advantage, translating into a "snowball effect". We factor in NEP/PAT CAGR of 23/26% for FY25-FY28E, with COR likely to improve to 99.7% by FY28E (FY25: 101.2%). We maintain BUY with a revised TP of INR95 (40.7x Mar-28 EPS, rolled forward to FY28E), as the 1/n accounting is likely to continue distorting the reported P&L outcomes until FY27E.

- **1/n distorting profitability outcomes:** Niva Bupa witnessed a sharp rise in its loss ratios to ~78% (Q1FY25: 64%), partly attributed (1.5-2%) to structural portfolio ageing and one-off factors such as (a) change in accounting (~4–5% impact), which is expected to normalize by FY28E; (b) participation in lumpy corporate group health business (4–5% impact), likely to moderate during Q4FY26; and (c) prudent reserving (additional 1.5–2%) on outstanding claims.
- **Quality customer franchise**: Our analysis suggests that Niva Bupa caters to a relatively more affluent customer base, as reflected in the higher sum assured compared to its peers (~75% of fresh policies have a sum assured > INR1mn). Our analysis suggests that NIVABUPA has a superior premium per life (PPL), backed by consistent growth in number of lives, efficient claims management, and lowest-among-peers loss cost, driving sustainably lower loss ratios.
- **Bupa parentage anchors potent innovation edge:** We believe that Niva Bupa, with a potent tech and analytics advantage, borrows its innovation edge from the Bupa parentage in terms of industry-first product propositions, portfolio management capabilities (cross-sell and up-sell), actuarial pricing insights, and cross-utilization of Blua, the parent entity's proprietary tech platform.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
NEP	12.2	10.2	19.8	38.1	48.9	59.0	74.1	94.3
Underwriting profits	-2.3	-1.2	97.9	-2.0	-2.5	-3.9	-5.0	-3.5
PAT	-0.9	-0.2	NA	0.8	2.1	2.2	2.6	4.3
EPS	-0.5	-0.1	NA	0.5	1.2	1.2	1.4	2.4
CoR (%)				98.8	101.2	103.1	101.8	99.7
P/B (x)				5.1	4.3	4.1	3.8	3.5
P/E (x)				184.8	76.5	74.8	63.7	37.6
RoE (%)				3.4	6.3	5.6	6.2	9.7

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Net earned premiums	59.0	59.0	0.0	74.1	74.1	0.0
Underwriting profits	-3.8	-2.6	47.9	-4.9	-3.3	48.1
APAT	2.2	3.4	-36.9	2.6	4.1	-37.4
CORs	103.1	100.9	222bps	101.8	99.6	219bps
RoE (%)	5.6	8.7	-313bps	6.2	9.4	-324bps

Source: Company, HSIE Research

BUY

CMP *(as on 31 Jul 2025)*	INR 87
Target Price	INR 95
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR105	INR95
EPS %	FY26E	FY27E
	-37%	-37%

KEY STOCK DATA	
Bloomberg code	NIVABUPA IN
No. of Shares (mn)	1,845
MCap (INR bn) / ($ mn)	157/1,797
6m avg traded value (INR mn)	623
52 Week high / low	INR 109/61

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.4	7.1	-
Relative (%)	2.8	1.0	-

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	56.0	55.4
FIs & Local MFs	9.8	15.1
FPIs	8.9	10.8
Public & Others	25.4	18.7
Pledged Shares	*Nil*	Nil

Source : BSE

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

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

Aavas Financiers

Weak set of results

AAVAS reported a weak set of results with moderating AUM growth (+16.2% YoY) and higher opex ratios, along with an uptick in early delinquencies. Disbursements growth remained weak (-5% YoY) post subdued 10.4% CAGR during FY24-FY25, although management alluded to the impact of change in methodology of disbursements recognition in Q1. While the tech transformation has led to lower TAT, opex ratios are yet to see meaningful improvement (C/I at 46.6%). Reflation in core spread was a positive surprise (5.11%), largely driven by reduction in cost of funds, along with steady yields. While AAVAS remains a robust franchise with conservative underwriting approach reflecting in pristine asset quality, sustained slow pace of disbursements and moderating loan growth continue to remain key concerns and a key monitorable for any re-rating. We tweak our earnings estimates to factor in lower growth, offset by higher margins and maintain ADD with a revised RI-based TP of INR1,800 (implying 2.5x Mar-27 ABVPS).

- **P&L outcomes below estimates**: AAVAS's core spreads reflated sequentially to 5.11% (Q4FY25: 4.89%) and are likely to reflate further, driven by reduction in cost of funds (by 22bps), while asset yields remained steady, driven by focus on higher yielding loans. However, opex ratios deteriorated (C/I at 47%; opex to AUM at 3.2%), driven by uptick in distribution during H2FY25 despite major tech transformation.
- **Uptick in delinquencies in a seasonally weak quarter**: AAVAS's asset quality witnessed marginal deterioration with 1+ dpd/GS II/GS III at 4.15%/1.62%/1.22% vs. 3.39%/1.47%/1.08% in Q4FY25, driving credit costs of 28bps. Management has indicated that uptick in delinquencies was largely seasonal with no major underlying issue and have largely normalized in July.
- **Moderating loan growth remains a key monitorable**: AAVAS's AUM growth continued to moderate (+16.2% YoY) for several quarters, now below management guidance of 18-20% for FY26. Growth continues to be driven by MSME loans (+33% YoY; 20% of AUM), while home loans continued to moderate (+13% YoY). While management is upbeat about strong loan growth prospects on the back of tech transformation, increasing distribution and widening customer acquisition funnel, heightened competitive intensity coupled with the current macroeconomic environment and increasing scale remain a key monitorable for strong revival in loan growth.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
NII	2.8	2.4	*13.5*	2.7	*2.6*	9.1	10.1	11.8	13.8
PPOP	1.9	1.7	*12.3*	2.0	*(5.2)*	6.5	7.6	9.0	10.8
PAT	1.4	1.3	*10.4*	1.5	*(9.4)*	4.9	5.7	6.7	8.0
EPS (INR)	17.5	15.9	*9.6*	19.3	*(9.4)*	62.0	72.5	84.4	101.4
ROAE (%)						13.9	14.1	14.2	14.8
ROAA (%)						3.3	3.3	3.3	3.3
ABVPS (INR)						465	533	614	712
P/ABV (x)						3.7	3.2	2.8	2.4
P/E (x)						27.8	23.8	20.4	17.0

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	244	242	-0.7%	293	288	-1.8%
NIM (%)	5.9	6.0	6 bps	5.9	5.9	6 bps
NII	11.8	11.8	0.1%	14.0	13.8	-1.3%
PPOP	9.0	9.0	0.3%	11.0	10.8	-2.2%
PAT	6.7	6.7	0.1%	8.2	8.0	-2.2%
ABVPS (INR)	613.5	613.8	0.1%	713.6	711.7	-0.3%

Source: Company, HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 1,728
Target Price	INR 1,800
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,032	INR 1,800
EPS %	FY26E	FY27E
	-0.1%	-2.2%

KEY STOCK DATA	
Bloomberg code	AAVAS IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	137/1,559
6m avg traded value (INR mn)	531
52 Week high / low	INR 2,238/1,614

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.9)	1.5	0.7
Relative (%)	(5.2)	(3.8)	(0.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	26.5	49.0
FIs & Local MFs	10.8	11.5
FPIs	29.7	29.8
Public & Others	33.1	9.8
Pledged Shares	-	

Source: BSE

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

Can Fin Homes

Sustained growth headwinds

Can Fin Homes' (CANF) Q1FY26 earnings were marginally ahead of our estimates, largely due to higher-than-expected NIMs and higher other income. Disbursements growth remained low (+9% YoY) as the challenges in two major states—Karnataka and Telangana—are yet to normalize, as per management. Subsequently, loan growth remained tepid (+ 9% YoY), with increasing share from higher ticket sizes (>INR 3mn). Tech transformation during Q3FY26 is likely to impact the disbursements as well. CANF remains upbeat about loan growth and margin prospects, led by branch additions (29 added during FY24-FY25; 15 expected in FY26), product and customer diversification (LAP, SENP segment etc.), and increase in share of direct sourcing (currently at ~5%). However, loan growth has continued to remain tepid (~10% CAGR during FY24-FY25) and remains a key monitorable for any re-rating. Profitability is likely to remain robust with healthy asset quality (credit costs sub-15bps), steady NIMs (albeit marginal moderation), and operating efficiency leading to an RoA/RoE of 2.2%/17%. We maintain BUY with an unchanged RI-based target price of INR 900 (1.8x Mar-27 ABVPS).

- **Steady core spread; higher opex drives muted PPoP growth**: CANF reported loans/disbursements growth of 9% YoY, driving NII growth of 13% YoY. Spreads reflated sequentially due to declining cost of funds, while NIMs declined sequentially (spread/NIM at 2.62%/3.64% vs. 2.55%/3.82% in Q4FY25). CANF has reduced its benchmark lending rate by 25bps during CY25; however, two-third of the portfolio is yet to be re-priced due to annual resets, which are gradually getting transitioned into quarterly resets. Subsequently, CANF is likely to face some pressure on NIMs, going ahead, which is likely to be partly offset by re-pricing of bank borrowings. Opex ratios were elevated (cost to income ratio at 18%) due to revision of employee salaries and increase in branch distribution. Opex ratios are likely to remain elevated with tech transformation across its systems (LOS, LMS etc.) from Q2FY26 onwards.
- **Early delinquencies improve, GNPAs higher**: GNPA/NNPA deteriorated marginally to 0.97%/0.54% (Q4FY25: 0.87%/0.46%); however, SMA1-2 improved sequentially to 5.4%. Management has indicated technical challenges in resolution of a few accounts, which is likely to normalize by Q4. A sufficient provision buffer (PCR of 45% and high management overlay) is likely to drive muted credit costs of ~13bps over FY26E-FY27E.
- **All eyes on growth:** CANF's loan growth has remained muted over FY24-FY25, given several headwinds such as state-specific issues, moderation in demand and limited expansion in distribution. While the expansion in distribution and additional sourcing channels is likely to aid loan growth, tech transformation in FY26 could become a near-term impediment to growth and hence remains a key monitorable, along with pressure on NIMs.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	3.6	3.2	*12.9*	3.5	*4.1*	12.6	13.5	15.0	17.0
PPOP	3.0	2.8	*8.7*	2.9	*3.2*	11.0	11.5	12.7	14.3
PAT	2.2	2.0	*12.1*	2.3	*(4.3)*	7.5	8.6	9.4	10.6
EPS (INR)	16.8	15.0	*12.1*	17.6	*(4.3)*	56.4	64.4	70.7	79.4
ROAE (%)						18.8	18.2	17.2	16.8
ROAA (%)						2.2	2.2	2.2	2.2
ABVPS (INR)						315.2	369.1	424.9	487.6
P/ABV (x)						2.6	2.2	1.9	1.7
P/E (x)						14.4	12.6	11.5	10.2

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jul 2025)*	INR 813
Target Price	INR 900
NIFTY	25,091

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 900	INR 900
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA	
Bloomberg code	CANF IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	108/1,254
6m avg traded value (INR mn)	311
52 Week high / low	INR 953/559

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.9	17.5	(4.3)
Relative (%)	6.4	9.1	(6.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	30.0	30.0
FIs & Local MFs	24.7	24.5
FPIs	12.1	12.1
Public & Others	33.2	33.4
Pledged Shares	-	

Source: BSE

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

Ujjivan Small Finance Bank

MFI portfolio stability critical to earnings reflation

ADD

CMP *(as on 24 Jul 2025)*	INR 46
Target Price	INR 45
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 45	INR 45
	FY26E	FY27E
EPS %	-4.7%	-4.3%

KEY STOCK DATA	
Bloomberg code	UJJIVANS IN
No. of Shares (mn)	1,935
MCap (INR bn) / ($ mn)	88/1,024
6m avg traded value (INR mn)	663
52 Week high / low	INR 52/31

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.2	38.3	2.7
Relative (%)	(0.8)	30.4	0.2

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	0.0	0.0
FIs & Local MFs	8.5	16.8
FPIs	19.5	19.6
Public & Others	72.0	63.6
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

UJJIVAN's Q1FY26 earnings remained muted, owing to continued elevated stress and de-growth in the MFI portfolio, leading to lower margins and higher provisioning. Deposit growth was healthy (~19% YoY/~3% QoQ), while CASA deteriorated to 24.3% (-125bps QoQ), with normalization of Q4 seasonality in current accounts. The delinquency trends of the MFI book (excluding Karnataka and Tamil Nadu) are showcasing early signs of moderation while remaining elevated. The management continues to scale its AFH and MSME businesses and migrate towards a higher secured mix. We believe that UJJIVAN is better-placed than other MFI players in the current cycle, owing to its geographic diversification and credit underwriting practices. We cut our FY26/FY27E earnings by ~5%, factoring in lower margins and growth, while we built in non-linearity in credit cost moderation. We maintain ADD with a TP of INR 45 (1.1x Mar-27 ABVPS).

- **Steady disbursements; margins to remain under pressure:** Gross advances growth came in at 11% YoY with marginal pick-up in MFI disbursals. The disbursal rates in the secured portfolios (MSME, AHL) and newer segments (micro mortgage, VF, and GL) continued to be healthy on a YoY basis. NIMs continued to be under pressure at 7.7% (-60 bps QoQ), owing to change in loan mix (25 bps), excess liquidity in the balance sheet (17 bps), and refund of prepaid interest instalment of MFI customers (14 bps). NIMs are expected to normalize at 7.8-7.9% by Q3/Q4FY26 as per management guidance.
- **Asset quality continues to drag earnings:** PAR-0 for the MFI book inched up to 4.8% (Q1FY26: 4.5%), as delinquencies, while improving marginally, remain elevated, given significantly high slippages (4.3% annualised) and the impact of new guardrails. Credit costs were elevated at 2.9% (Q4FY25: 3.5%), with accelerated provisions of (INR0.2bn). We built in average credit costs of 1.5% for the period from FY26 -FY27, driven by gradual stability in MFI book.
- **Stability in MFI book critical to recovery path:** Given the systemic stress in MFI industry resulting in lower growth and the rapid change in portfolio mix toward secured loans coupled with reducing interest rates leading to lower margins and elevated opex, we argue that stability in the micro-banking portfolio is essential to drive earnings reflation, going forward.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	8.6	9.4	*-9.1%*	8.6	*-1.0%*	36.4	38.5	44.1
PPOP	3.6	5.1	*-29.3%*	3.6	*0.2%*	16.9	19.1	22.7
PAT	1.0	3.0	*-65.7%*	0.8	*23.7%*	7.3	10.2	13.3
EPS (INR)	0.5	1.5	*-65.4%*	0.4	*23.3%*	3.8	5.3	6.9
ROAE (%)						12.4	15.7	17.9
ROAA (%)						1.6	2.0	2.3
ABVPS (INR)						30.7	34.9	40.2
P/ABV (x)						1.5	1.3	1.1
P/E (x)						12.2	8.6	6.6

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	367	369	-0.7%	433	440	-1.6%
NIM (%)	8.3	8.4	-13 bps	8.1	8.2	-10 bps
NII	38.5	39.2	-1.8%	44.1	45.0	-2.0%
PPOP	19.1	19.8	-3.5%	22.7	23.6	-3.7%
PAT	10.2	10.7	-4.7%	13.3	13.9	-4.3%
Adj. BVPS (INR)	34.9	34.5	1.0%	40.2	40.5	-0.7%

Source: Company, HSIE Research

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7328

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

DCB Bank

Asset quality throws spanner into the works

DCB Bank's (DCBB) Q1FY26 earnings were marginally weak on the back of accelerated provisions in the MFI, unsecured and small ticket secured DA book, coupled with softer traction in fee income, offset by better NIM management and higher treasury gains. Deposit growth (+20% YoY, +3.3% QoQ) was healthy while the CASA ratio declined further to 23.3% (-120bps QoQ). Loan growth was flat QoQ as disbursements were softer in core segments, partly offset by pick-up in corporate and gold loans. DCBB continues to invest in franchise-building activities, distribution and technology to double its balance sheet over the next 3-4 years. We believe that the bank's journey to 1% RoA is contingent on its ability to improve its operating leverage, deposit granularity, margins, and asset quality. We maintain ADD with a TP of INR155 (0.8x Mar-27 ABVPS).

- **Strong margin management with flattish growth:** NII growth (16% YoY, 4% QoQ) was healthy, as NIMs clocked in at 3.2% (-9bps QoQ) as loan yields declined 30bps, offset by a 16bps decline in funding costs and DCBB's push towards short-tenor and fixed-rate loans. Mortgage disbursements were muted, partly offset by higher disbursements in corporate and gold loans.
- **Asset quality deteriorates:** Gross slippages were up at 4.6% (Q1FY25: 3.6%), with higher delinquencies in the MFI (3% of loan mix), unsecured DA, small ticket secured DA and gold portfolio. While credit costs spiked to ~60bps (FY25: 30bps) owing to accelerated provisioning, the management has guided for credit costs to moderate to 40-45bps for FY26.
- **Operating leverage and margin reflation key to 1% RoA:** While the cost-to-income ratio (60%) and opex-to-assets ratio (2.5%) have improved, they remain elevated as DCBB continues to invest in digital and IT infrastructure. We expect operating leverage to start kicking in by FY27E. The journey to a sustainable 1% RoA (FY25: 0.9%) is largely contingent on operating leverage, shift in loan mix while navigating the immediate pressures of downward rate cycle, improvement in deposit granularity, and stable asset quality.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E
NII	5.8	5.0	*16.9%*	5.6	*4.0%*	21.1	24.4	30.0
PPOP	3.3	2.1	*59.2%*	3.1	*7.0%*	10.4	12.8	16.1
PAT	1.6	1.3	*19.7%*	1.8	*-11.2%*	6.2	6.8	9.0
EPS (INR)	5.0	4.2	*19.5%*	5.6	*-11.3%*	19.6	21.7	28.7
ROAE (%)						11.4	11.3	13.3
ROAA (%)						0.9	0.8	0.9
ABVPS (INR)						162.9	180.6	202.0
P/ABV (x)						0.8	0.7	0.7
P/E (x)						6.9	6.2	4.7

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	610	607	0.5%	724	714	1.4%
NIM (%)	3.2	3.1	4 bps	3.4	3.2	13 bps
NII	24.4	23.9	2.1%	30.0	28.7	4.8%
PPOP	12.8	12.1	5.4%	16.1	16.0	0.5%
PAT	6.8	6.8	-0.2%	9.0	9.0	0.0%
Adj. BVPS (INR)	180.6	180.8	-0.1%	202.0	202.6	-0.3%

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	INR 135
Target Price	INR155
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR155	INR155
	FY26E	FY27E
EPS %	-0.2%	0.0%

KEY STOCK DATA	
Bloomberg code	DCBB IN
No. of Shares (mn)	315
MCap (INR bn) / ($ mn)	42/483
6m avg traded value (INR mn)	232
52 Week high / low	INR 151/101

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.4)	12.8	6.4
Relative (%)	(1.6)	8.0	7.3

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	14.7	14.7
FIs & Local MFs	29.2	31.8
FPIs	9.6	11.7
Public & Others	46.5	41.8
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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

Akshay Badlani
akshay.badlani@hdfcsec.com
+91-22-6171-7325

Capital Goods

Larsen & Toubro

In-line performance; strong order inflow

Larsen & Toubro (LT) reported revenue/EBITDA/APAT at INR 636.8/63.2/36.2bn, a beat/(miss) of +0.5/-2.2/+4.3%, aided by lower finance cost and marginally higher treasury income. P&M margins stood at 7.6% (+flat YoY). LT continues to guide for 10% order inflow growth (vs. flat expectation) for FY26 on a high FY25 base and 15% revenue growth (in-line), with P&M margin guidance at 8.5%. NWC to sales stood at 10.1% (Q4FY25: 11%) and LT maintained FY26 guidance at 12%. Adjusted for delay in water payments, Q1FY26 NWC stood at 9.25%. Given the high share of export order inflows in the mix (58% for FY25), it expects FY26 execution to have an increasing proportion of lower-margin fixed-price contracts (Q1FY26 - 46% the order book, baked into its margin guidance). Material margin expansion is expected from FY27E, when the hydrocarbon project mix increases. The company guided that margin re-rating will be led by execution ramp-up. Given (1) the record-high order book (OB) of INR 6.1 trn, (2) the likely bottoming out of infrastructure margins, (3) improvement in subsidiary performance, and (4) higher public capex toward a green economy, we maintain our BUY stance with an SOTP-based target price of INR 4,287 per share (29x Mar-27E EPS). Marginal increase in target price owing to upward calibration of subsidiary valuations.

- **Q1FY26 financial highlights:** LT's revenue was in line, with a beat of 0.5% at INR 636.8bn (+15.5/-14.4% YoY/QoQ). EBITDA was INR 63.2bn (12.5/-23% YoY/QoQ), a miss by 2.2%. EBITDA margin came in at 9.9% (-26.6/-110.5 bps YoY/QoQ) vs. our estimate of 10.2% (26bps miss). APAT stood at INR 36.2bn (+29.8/-28% YoY/QoQ), a beat of 4.3%, aided by lower finance cost and higher other income. Increasing share of margin-dilutive fixed-price international orders is factored into the FY26 P&M margin guidance of 8.5%, albeit it is subject to commodity prices remaining stable.
- **Q1FY26 strong order inflow; all-time high OB:** LT registered an order inflow (OI) of INR 945bn (+33% YoY), taking the OB as of Jun'25 to an all-time high of INR 6.1trn (~2.4x FY25 revenue). In Q1FY26, 48%/52% of OI came from domestic/international markets. OI in Q1FY26 was driven by infrastructure and CarbonLite Solutions businesses. The OB is well-diversified, with 54%/46% of orders from the domestic/international markets. Segment-wise, the OI stood at 44/33/19/2/2% from infrastructure/energy/services/hi-tech mfg./others. The OB is spread across infrastructure/energy/hi-tech/other segments at 61/30/6/3% respectively. The prospects pipeline for rest of 9MFY26 is pegged at INR 14.8trn vs. INR 9.1trn for the rest of 9MFY25, 63% growth YoY.
- **Robust balance sheet:** At the consolidated level, gross/net debt stood at INR 1,307bn/687bn as of June'25, compared to 1,295bn/632bn as of Mar'25, with net D/E at 0.64x as of June'25 vs. 0.6x March'25. The FY25 NWC to revenue ratio (excluding the financial services business) is at 10.1% (-380bps YoY). LT guidance on NWC/sales remains unchanged at 12% for FY26.

Consolidated financial summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	636,789	551,198	15.5	743,923	(14.4)	2,211,129	2,557,345	2,984,414	3,500,989
EBITDA	63,177	56,154	12.5	82,025	(23.0)	234,936	264,348	316,845	386,406
APAT	36,172	27,858	29.8	50,225	(28.0)	129,655	145,624	186,105	232,501
EPS (INR)	25.8	19.9	29.8	35.8	(28.0)	94.3	105.9	135.4	169.1
P/E (x)						37.1	33.0	25.8	20.7
EV/EBITDA (x)						24.6	22.2	16.7	13.1
RoE (%)						14.8	15.8	17.9	19.7

Source: Company, HSIE Research

BUY

CMP (*as on 29 Jul 2025*)	INR 3,496
Target Price	INR 4,287
NIFTY	24,821

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,215	INR 4,287
	FY26E	FY27E
EPS change %	-	-

KEY STOCK DATA	
Bloomberg code	LT IN
No. of Shares (mn)	1,375
MCap (INR bn) / ($ mn)	4,808/55,375
6m avg traded value (INR mn)	7,391
52 Week high / low	INR 3,964/2,965

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.2	1.3	(7.4)
Relative (%)	3.9	(4.9)	(7.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	0.0	0.0
FIs & Local MFs	42.71	43.48
FPIs	19.8	19.33
Public & Others	37.49	37.19
Pledged Shares	0.0	0.0

Source: BSE

Pledge share as a % of total shares

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

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

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7358

Siemens Energy

Muted financial performance; strong order booking

Siemens Energy Ltd (SEL) delivered a muted quarter with revenue/EBITDA/APAT of INR 17.8/3.4/2.6bn, miss on our estimates by -12.1/-21.4/-19.4%. Revenue and EBITDA were impacted by weaker execution which we believe will pick up from FY26 as T&D OB is strong and once there is significant execution, operating leverage will kick in on better margin mix. SEL received new orders worth INR 32.9bn (+94% YoY) on the back of strong demand both in domestic as well as export market, which led to an order intake of INR 107.6bn, as of 9MFY25. SEL continues to benefit from sustained traction in the power transmission segment, backed by rising demand for grid infrastructure. Moreover, SEL announced an INR 2.8bn phased capex plan to augment high-voltage switchgear manufacturing at its Aurangabad facility. Given the strong cash flow, robust order book, limited competitive intensity, and export opportunities, we maintain BUY on SEL with a revised TP of INR 3,569/sh (60x Sep-27E EPS)

- **Q3FY25 financial snapshot:** Revenue came in at INR 17.8bn (+20.2%/-5.0% YoY/QoQ, a miss by 12.1% from our estimate). EBITDA was INR 3.4bn (+59.5/-5.1% YoY/QoQ, a miss of 21.4% to our estimate). EBITDA margin came in at 19.1% (+469bps/-0.6bps YoY/QoQ, vs our estimate of 21.3%). Consequently, RPAT/APAT was at 2.6bn (+80.2%/+6.7% YoY/QoQ, a miss of 19.4%). SEL continues to benefit from sustained traction in the power transmission segment, backed by rising demand for grid infrastructure.
- **Management remains focused on capacity expansion and export growth**: SEL announced an INR 2.8bn phased capex plan to augment high-voltage switchgear manufacturing at its Aurangabad facility. This aligns with its strategy to support India's energy transition and serve global demand. With a strong order intake of INR 107.6bn in 9MFY25, SEL is well-positioned to capitalize on structural tailwinds in power infrastructure investments, both in India and overseas. We expect INR 174bn of OB by FY26-end, which is 2.4x FY25E revenue.
- **Post-demerger, SEL is well-positioned to support India's energy transition:** SEL aims to introduce innovative solutions such as battery storage systems, proton exchange membrane (PEM) electrolyzers for large-scale green hydrogen production, and hydrogen-blended gas turbines. While some of these technologies are still in the early stages for mass manufacturing or localization in India, SEL's access to global expertise gives it a strategic advantage in accelerating the country's decarbonization journey.

Standalone financial summary (INR mn)

Y/E Sep	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
Net Revenues	17,846	14,842	20.2	18,795	(5.0)	61,580	71,622	89,527	1,15,043
EBITDA	3,403	2,134	59.5	3,585	(5.1)	9,840	14,496	19,875	26,575
APAT	2,627	1,458	80.2	2,461	6.7	6,980	10,671	15,725	21,183
EPS (INR)	7.38	4.09	80.2	6.91	6.7	19.6	30.0	44.2	59.5
P/E (x)						165.1	108.0	73.3	54.4
EV/EBIDTA (x)						117.1	77.5	56.0	41.3
RoE (%)						10.7	47.5	30.8	32.1

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY25E			FY26E			FY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	71,622	71,622	-	89,528	87,522	2.3	1,15,043	1,05,158	9.4
EBITDA	14,496	14,969	(3.2)	19,875	18,905	5.1	26,575	22,609	17.5
EBITDA (%)	20.2	20.9	(66.0)	22.2	21.6	60.0	23.1	21.5	160.0
APAT	10,672	11,094	(3.8)	15,725	15,378	2.3	21,183	18,610	13.8

Source: Company, HSIE Research

BUY

CMP (*as on 04 Aug 2025*)	INR 3,234
Target Price	INR 3,569
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,000	INR 3,569

EPS Change %	FY25E	FY26E	FY27E
	-3.8	2.3	13.8

KEY STOCK DATA	
Bloomberg code	ENRIN IN
No. of Shares (mn)	356
MCap (INR bn) / ($ mn)	1,152/13,138
6m avg traded value (INR mn)	-
52 Week high / low	INR 3,277/2,509

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	-	-	-
Relative (%)	-	-	-

SHAREHOLDING PATTERN (%)

	Mar-245	Jun-25
Promoters	-	75.00
FIs & Local MFs	-	4.79
FPIs	-	9.12
Public & Others	-	11.07
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

Siemens

Muted performance

Siemens India's (SIL) revenue/EBITDA/APAT of INR 33.3/4/3.9bn was a miss of 1.4/7.9/13.6% respectively. Revenue and EBITDA were impacted by slowdown in the short cycle private sector capex spending. Smart infrastructure delivered strong execution and mobility segment witnessed two significant order wins. For some time now, the Digital Industries segment has been a laggard. In this quarter, the worst seems to be behind for the segment, with business now showing signs of recovery indicating that de-stocking phase is now largely over. SIL's order inflow (OI) stood at INR 56.8bn (+13% YoY) as of Jun'25, with order book (OB) standing at INR 428.5bn. It is supported by two significant order wins in the Mobility business. SIL has exercised the demerger of its energy segment into a separate entity, which was listed in Jun'25. Its segments are exposed to government capex, which is expected to grow 10% YoY, while the private capex recovery is contingent on pick-up in consumption. We have marginally recalibrated our estimates higher. Given the robust order backlog and stable order inflows, we maintain a BUY rating, with increased TP of INR 3,862 (rolled over to 55x Jun-27 EPS).

- **Q3FY25 standalone financial snapshot:** Revenue stood at INR 38.7bn (+16.2/+1.6% YoY/QoQ, a miss by -1.4% vs. our estimate). Segmental revenue (ex inter – segment) for Smart Infrastructure (SI)/Mobility (MO)/Digital Industries (DI)/Low voltage motors (LVM, earlier portfolio companies)/others stood at INR 19.5/7.8/9.2/2.4/0.5bn. EBITDA stood at INR 4.3bn (+6.3/10.8% YoY/QoQ, a miss by 7.9%). Consequently, RPAT/APAT came in at 3.7bn (-5.2/-26% YoY/QoQ, a miss of 13.6%).
- **Segment-wise performance:** Smart infrastructure (33.9% revenue contribution): revenue at INR 19.5bn (+4.8/-13.8% YoY/QoQ), EBIT margin at 14% (-99/-229bps YoY/QoQ); Mobility (19.7% revenue contribution): revenue at INR 7.8bn (+37.2/11.1% YoY/QoQ), EBIT margin at 2% (-304/+206bps YoY/QoQ); Digital industries (23.3% revenue contribution): revenue at INR 9.2bn (-5.1/-10.7% YoY/QoQ), EBIT margin at 11% (+138/+623bps YoY/QoQ); Low Voltage Motors (LVM) (6.1% revenue contribution): revenue at INR 2.4bn (+1.1/+0.6% YoY/QoQ), EBIT margin at 13.3% (-1148/-777bps YoY/QoQ); and others (1.2% revenue contribution): revenue at INR 460mn (+114/0.2% YoY/QoQ), EBIT margin at 7% (-1072/-481bps YoY/QoQ).

Standalone financial summary (INR mn) - Y/E Sep

Particulars	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
Revenue	38,678	33,276	16.2	38,087	1.6	143,386	153,794	173,621	198,621
EBITDA*	4,282	4,027	6.3	3,863	10.8	17,831	18,747	21,529	25,225
APAT*	3,691	3,893	(5.2)	4,986	(26.0)	26,651	17,861	20,021	22,636
EPS (INR)*	10.4	10.9	(5.2)	14.0	(26.0)	74.8	50.2	56.2	63.6
P/E (x)						40.5	60.5	53.9	47.7
EV/EBIDTA (x)						57.4	54.1	46.3	39.1
RoE (%)						21.1	13.8	13.8	13.9

Source: Company, HSIE Research, *includes energy business held for sale

Change in Estimates (INR mn)

Particulars	FY25E			FY26E			FY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenue	153,794	153,794	-	173,621	173,621	-	198,621	198,621	-
EBITDA	18,747	18,301	2.4	21,529	20,835	3.3	25,225	24,232	4.1
EBITDA (%)	12.2	11.9	29.0	12.4	12.0	40.0	12.7	12.2	50.0
APAT	17,861	17,182	4.0	20,021	19,111	4.8	22,636	21,893	3.4

Source: Company, HSIE Research

BUY

CMP (*as on 08 Aug 2025*)	INR 3,032
Target Price	INR 3,862
NIFTY	24,363

KEY CHANGES	OLD		NEW
Rating	BUY		BUY
Price Target	INR 3,615		INR 3,862
EPS Change %	FY25E	FY26E	FY27E
	4.0	4.8	3.4

KEY STOCK DATA	
Bloomberg code	SIEM IN
No. of Shares (mn)	356
MCap (INR bn) / ($ mn)	1,080/12,317
6m avg traded value (INR mn)	2,431
52 Week high / low	INR4,042/2,270

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.8	10.8	(9.9)
Relative (%)	7.4	8.2	(11.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	75.00	75.00
FIs & Local MFs	7.28	7.24
FPIs	8.19	7.66
Public & Others	9.51	10.09
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

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

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

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

ABB India

Muted performance

ABB India Ltd (ABB) reported a weak quarter with adjusted revenue/EBITDA/APAT beat/(miss) by +2.8/-13.5/-11.6% respectively. Adjusted for INR 395mn/565mn client claim/forex loss, EBITDA margin stood at 15.9% (-330/-256bps YoY/QoQ). Margin was also impacted by high import content in trade sales. ABB's Q2CY25 order inflow (OI) stood at INR 30.4bn (-12/-19%YoY/QoQ) and the backlog (OB) stood at INR 10.1bn as of Jun'25 (0.83x CY24 revenue), providing visibility for the next three to four quarters. ABB's commentary on H2CY25 OI growth was guarded, whilst base order demand seems stable and the slowdown in large orders awarding is impacting inflows. ABB is facing increasing competitive intensity in motors and large process orders, but remains guarded on not taking toxic margin-dilutive orders. Given uncertainty and delayed decision-making on new order awards, we have recalibrated our estimates lower. We reduce our TP to INR 5,826/sh (60x Jun-27 EPS). Given the limited upside, we maintain ADD.

- **Q2CY25 financial highlights:** Adjusted for INR 395mn client claims, revenue stood at INR 32.1bn (+13.6/+1.8% YoY/QoQ, a beat by 2.8%). Adjusted EBITDA came in at INR 5.1bn (-6/-12.4% YoY/QoQ, a miss by 13.5%). EBITDA margin was at 15.9% (-330/-256bps YoY/QoQ, vs. our estimate of 18.9%). RPAT/APAT stood at INR 3.5/4.2bn (-4.3/-10.6% YoY/QoQ, a miss by 11.6%). Business-wise, revenue witnessed growth of +23/+1/-22/+180% from EL/MO/PA/RA respectively, with product offerings continuing to dominate at 75% and the balance from services (12%) and projects (13%). Segment-wise, the revenue is spread across RA/PA/MO/EL at 6/17/34/43% respectively. Domestic market continued to dominate the OB at 90%, while OEM/EPC/partners/end users contributed 11/9/42/38% respectively in H1CY25.
- **Muted order booking across all segments:** The OI YoY growth across RA/MO/EL/PA stood at -24/-17/-4/-12% respectively. The OB witnessed growth of +27/+2/-12/+10% across EL/MO/PA/RA segments. Order growth in EL and MO was impacted by the timing of large orders, which, for Datacentres in Electrification and rail & metros in Motion, were signed in H1CY24, while base orders grew. Weakness in OI for PA & RA was witnessed in H1CY25.
- **Long-term growth persists with near-term headwinds**: Long-term growth opportunities lie in renewable energy, green hydrogen, electronics, nuclear power, battery storage, and AI infrastructure. However, risks include softer demand growth, global trade barriers, geopolitical tensions, and commodity price volatility. There is free cash balance of INR 51.5bn in Q2CY25 (Q1: INR 57.6bn), reinforcing liquidity and capacity to invest in strategic priorities.

Standalone Financial Summary (INR mn)

Particulars	2Q CY25	2Q CY24	YoY (%)	1Q CY25	QoQ (%)	CY24	CY25E	CY26E	CY27E
Revenue	31,754	28,309	12.2	31,596	0.5	121,883	129,807	143,816	165,560
EBITDA	4,141	5,425	(23.7)	5,823	(28.9)	23,052	21,322	23,659	27,095
APAT	3,518	4,433	(20.6)	4,741	(25.8)	18,746	17,522	19,282	21,869
Diluted EPS (INR)	16.6	20.9	(20.6)	22.4	(25.8)	88.5	82.7	91.0	103.2
P/E (x)						63.2	67.6	61.5	54.2
EV / EBITDA (x)						49.0	53.4	47.5	40.8
RoE (%)						28.8	22.3	20.3	19.2

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	CY25E			CY26E			CY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenue	129,807	130,293	(0.4)	143,816	148,291	(3.0)	165,560	170,869	(3.1)
EBITDA	21,322	22,467	(5.1)	23,659	25,464	(7.1)	27,095	29,031	(6.7)
EBITDA (%)	16.4	17.2	(81.7)	16.5	17.2	(72.0)	16.4	17.0	(62.5)
APAT	17,522	18,200	(3.7)	19,282	20,401	(5.5)	21,869	23,064	(5.2)

Source: Company, HSIE Research

ADD

CMP *(as on 04 Aug 2025)*	INR 5,092
Target Price	INR 5,826
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,965	INR 5,826

EPS change %	CY25E	CY26E	CY27E
	-3.7	-5.5	-5.2

KEY STOCK DATA	
Bloomberg code	ABB IN
No. of Shares (mn)	212
MCap (INR bn) / ($ mn)	1,079/12,311
6m avg traded value (INR mn)	2,349
52 Week high / low	INR 8,941/4,590

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.6)	(9.5)	(32.8)
Relative (%)	(7.2)	(12.6)	(32.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	75.00	75.00
FIs & Local MFs	7.01	7.66
FPIs	10.27	9.28
Public & Others	7.70	8.08
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Cummins

Performance beat led by volume growth

Cummins India Ltd (CIL) reported exceptional financial performance, with revenue/EBITDA/APAT beat to our estimates by +13.1/+18.6/+21.9%. Strong FY26 double-digit revenue growth guidance, sustaining/improving Q1FY26 gross margins (37%) for the remainder of FY26, and robust underlying demand commentary by the management were some of the positives from the call. While exports have shown growth, a cautiously optimistic approach is being adopted by CIL. CPCB 4+ volume were ~60% in Q1FY26. Despite better availability of powergen nodes from peers and rising competitive intensity, CIL has been able to hold on to the prices. The company has multiple tailwinds, namely, stringent emission norms, capex cycle recovery, adoption of alternative fuels with lower carbon footprint, revival in industrials and exports, strong upcoming residential and commercial real estate deliveries, and support for manufacturing policies. CIL remains a play on data centre and capex recovery. We have marginally recalibrated our estimates higher to factor in strong demand. We maintain BUY, with a revised SOTP of INR 5,075 (54x Jun-27 EPS).

- **Q1FY26 financial highlights:** Revenue: INR 29.1bn (+26.2/+18.3% YoY/QoQ, beat by 13.1%). Domestic sales: INR 23.4bn (+25/+21% YoY/QoQ) and export of INR 5.2bn (+34/+9% YoY/QoQ). EBITDA: INR 6.2bn (33.4/20% YoY/QoQ, beat by 18.6%), Gross margin: at 37% (-77.4/-17.7bps YoY/QoQ). Consequently, EBITDA margin was 21.4% (+116.8/+29.8bps YoY/QoQ) vs estimate of 20.5%. Other income: INR 1.5bn (+15.6/-27.9% YoY/QoQ). APAT: INR 5.6bn (+32.5/+6.7% YoY/QoQ, a 21.9% beat). Revenue from high HP/heavy duty HP/Medium HP/low HP gensets stood at INR 6.3/1.2/2.3/0.8bn in Q1FY26.
- **Pricing stable, underlying demand strong, competitive intensity stable across nodes:** During Q1FY26, the domestic power gen revenue stood at INR 11bn (+32/+7% YoY/QoQ), distribution at INR 7.8bn (+19/+23% YoY/QoQ), industrials at INR 4.2bn (+12/+10% YoY/QoQ). CIL is witnessing increased competition in CPCB4+ segment and high HP nodes but believes that pricing has more or less settled now. BESS solutions have also been launched in Q1FY26 for C&I, which is a new market segment but may take time to establish as new growth driver.
- **Robust performance expected across segments:** Along with power generation segment, the industrial segment's performance also improved, driven by government investments in construction and railways. Distribution growth is fueled by higher product usage, with a focus on CPCB4+ sales and upgrades. CIL is expecting double-digit growth in FY26, supported by sustained growth in power gen and focus on quick commerce and data center.

Standalone financial summary

Particulars	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	29,068	23,042	26.2	24,569	18.3	103,394	120,145	141,988	168,379
EBITDA	6,235	4,673	33.4	5,197	20.0	20,680	24,877	29,846	37,240
APAT	5,562	4,198	32.5	5,214	6.7	19,058	22,048	25,772	31,352
Dilutd EPS (INR)	20.1	15.1	32.5	18.8	6.7	68.8	79.5	93.0	113.1
P/E (x)						55.3	47.8	40.9	33.6
EV/EBITDA (x)						49.3	34.9	28.8	28.8
RoE (%)						28.9	27.9	26.2	25.6

Source: Company, HSIE Research

Change in Estimates

Particulars	FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)
Revenue	120,145	118,408	1.5	141,988	137,821	3.0
EBITDA	24,877	23,892	4.1	29,846	28,330	5.4
EBITDA (%)	20.7	20.2	52.8	21.0	20.6	46.5
APAT	22,048	21,299	3.5	25,772	24,622	4.7

Source: HSIE Research

BUY

CMP *(as on 08 Aug 2025)*	INR 3,810
Target Price	INR 5,075
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,558	INR 5,075
EPS change %	FY26E	FY27E
	+3.5	+4.7

KEY STOCK DATA	
Bloomberg code	KKC IN
No. of Shares (mn)	277
MCap (INR bn) / ($ mn)	1,055/12,038
6m avg traded value (INR mn)	1,846
52 Week high / low	INR 3,929/2,580

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	37.4	32.6	2.1
Relative (%)	38.0	30.0	0.9

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	51.00	51.00
FIs & Local MFs	21.80	22.53
FPIs	17.21	17.50
Public & Others	8.85	8.96
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

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

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

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7358

Hitachi Energy

HVDC revenue to drive operating leverage

Hitachi Energy India (HEI) reported a revenue/EBITDA/APAT miss (beat) of -14.6%/-22.9%/+2.9%, respectively. While the gross profit margin was a positive surprise at 44.4%, it did not flow through to EBITDA due to high below-EBITDA-line costs of 34%. HEI's annualized below-EBITDA-line costs are ~1,000bps higher than peers, primarily driven by ~450bps higher royalty and technology expenses. It needs significant volume ramp up to deliver mid to early-teens EBITDA margin. This is still 3-4 quarters away and contingent on HVDC revenue coming in. HEI has ~INR 291.3bn of OB (including Q1FY26 INR 83.7bn HVDC order), of which 55-60% is HVDC (~INR 171bn). We expect HVDC orders to be growth accretive and margin dilutive and this has been incorporated into our estimates. HEI is undertaking INR 20bn of capex to expand capacities (over next five years, INR 4bn/year) in India to cater to both local and global demand. With growth in volume, we expect the positive margin trajectory to be maintained. We have recalibrated our estimates lower for FY26 and marginally higher for FY27 to factor in the delay in HVDC revenue ramp-up for FY26 and better GPM in FY27. Given the limited upside at CMP, we maintain ADD, with an increased TP of INR 20,301/sh (60x Sep-27E EPS, rollover from Mar-27).

- **Q1FY26 financial highlights:** HEI reported revenue of INR 14.8bn (+11.4/-21.5% YoY/QoQ, a miss of 14.6%). EBITDA stood at INR 1.5bn (+223.4/-34.9% YoY/QoQ, a miss by 22.9%), with EBITDA margin at 10.5% (+686.5/-215.9bps YoY/QoQ), a miss vs. our estimate of 11.6%. RPAT/APAT came in at INR 1.3bn (+1163/-28.4% YoY/QoQ, a beat by 2.9%, aided by other income). Exports accounted for 24.7% of total order inflow of INR 29.7bn (excluding HVDC of INR 83.7bn), with demand spanning Europe, South America, and Asia.
- **Strong recovery in base order inflow:** In Q1FY26, HEI received orders worth INR 113.4bn (+365.4/+417.6% YoY/QoQ, including HVDC of ~INR 83.7bn), comprising significant growth in orders from transmission, railway & metro, data centers and industries segments, albeit renewables is a laggard. With this, the OB as of Jun'25 stood at INR 291.3bn (~4.6x FY25 revenue, base OB of ~INR 120bn). HEI expects strong ordering from HVDC, TBCB, railways, high-speed rail, data centers, STATCOM, etc. Segment-wise, Q1FY26 order mix is spread across products/projects/services at 78/16/6%, respectively. Sector-wise, OB is spread into utilities/industries/transport and infra at 80/11/9%, respectively. From a channel standpoint, direct end user, EPC, OEM, and distributor contributions stood at 40%, 24%, 26%, and 10%, respectively.

Financial summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	14,789	13,272	11.4	18,837	(21.5)	63,849	75,661	129,759	167,379
EBITDA	1,549	479	223.4	2,380	(34.9)	5,625	8,852	17,128	22,429
APAT	1,316	104	1,163.0	1,839	(28.4)	3,840	6,949	13,125	17,055
Diluted EPS (INR)	29.5	2.3	1,163.0	41.2	(28.4)	86.1	155.8	294.3	382.4
P/E (x)						241.9	133.7	70.8	54.5
EV / EBITDA (x)						158.3	101.6	52.3	39.5
RoE (%)						13.8	15.2	23.6	24.1

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)
Revenue	75,661	83,643	-9.5	129,759	129,646	0.1
EBITDA	8,852	10,288	-14.0	17,128	16,984	0.9
EBITDA (%)	11.7	12.3	-60.0	13.2	13.1	10.0
APAT	6,949	7,638	-9.0	13,125	12,534	4.7

Source: Company, HSIE Research

ADD

CMP (*as on 30 Jul 2025*)	INR 20,870
Target Price	INR 20,301
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	16,862	20,301
EPS change %	FY26E -9.0	FY27E +4.7

KEY STOCK DATA	
Bloomberg code	POWERIND IN
No. of Shares (mn)	45
MCap (INR bn) / ($ mn)	930/10,640
6m avg traded value (INR mn)	2,132
52 Week high / low	INR 21,350/8,738

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	43.6	70.0	75.8
Relative (%)	42.1	63.8	75.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	71.31	71.31
FIs & Local MFs	12.34	10.27
FPIs	4.96	7.19
Public & Others	11.39	11.20
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

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

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

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

Thermax

Building order pipeline to fuel growth

Thermax Ltd (TMX) reported revenue/EBITDA/APAT of INR 20.9/1.7/1.1bn, a beat/miss by -14.5/-21.3-16.8%. The EBITDA margin of 8.1% was weaker than our estimate of 8.8%, largely due to delays in offtake of industrial products amid early monsoon. Order inflow in Q1FY26 witnessed 7% uptick YOY at INR 27.5bn, taking the OB as of Jun'25 to INR 113.4bn (+7%YoY). TMX expects industrial products to continue steady growth, chemicals to record healthy OI albeit US tariff could be a dampener. This will be supported by the healthy existing pipeline in industrial infra, and expectation on green solutions to derive benefit from the investment in clean energy, sustainability and decarbonisation. Large orders from cement, steel, power, refinery, and petrochemical should start getting awarded from H2FY26. New growth drivers are emerging in the form of medium MW power projects, international power projects, ramp-up of the chemical business, and increased traction in products launched over the past few years. Profitability is likely to improve with the changes in mix toward profitable segment. Ramping up of new product portfolio and impetus on cleaner air and water will be add-ons. Given growth recovery, we maintain BUY on TMX, with TP of INR 4,380 (45x Mar-27E EPS).

- **Q1FY26 financial highlights:** Revenue: INR 20.9bn (-4.1%/-32.1% YoY/QoQ, miss by -14.5%); industrial products/industrial infra/green sol/chemical posted growth/decline of -0.7/-3.7-0.5+1.3% YoY. EBITDA: INR 1.7bn (+19.9/-43.5% YoY/QoQ, a miss by 21.3%) with EBITDA margin of 8.1% (+162.1/-163.1bps YoY/QoQ, vs our estimates of 8.8%). Segmental EBIT margin: industrial product: 8.1% (-91.3/-626.56bps YoY/QoQ); industrial infra: 8% (+991.8/521.59bps YoY/QoQ); green solution: 5.1% (-809.14/-1789.93bps YoY/QoQ); chemical: 9.3% (-825.87/+1309.47bps YoY/QoQ). EBIT growth is driven by Package Scheme of Incentives (PSI, INR 558mn), while chemicals is affected by factors such as increased input costs and change in product mix, and green solution growth is driven by operational efficiency and increased OI. RPAT/APAT stood at INR 1.5/1.1bn (+0.1/-46.7%% YoY/QoQ, a 16.8% miss).
- **Expect double-digit base order growth; large orders to make a comeback:** In Q1FY26, TMX received orders worth INR 27.5bn (+7% YoY); as a result, the closing order book stands at INR 113.8bn (+7%YoY). Order booking in industrial infra includes an INR 2bn order for setting up a project to reduce emissions from the industrial processes of a leading conglomerate in Kuwait. TMX missed OB targets in Products & Chemicals, while enquiry inflows from power, sugar/distillery and metals continue to remain strong. Huge upsurge witnessed in refinery/petrochemical sector; however, OB to the power sector has dropped this quarter. The average input costs for copper and aluminium were up 5-7% QoQ in Q1FY26; while commodities like steel, nickel and zinc in the quarter were stable. Hence, there was no significant impact on input costs in Q1FY26.

Consolidated financial summary

Particulars	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	20,944	21,844	(4.1)	30,849	(32.1)	93,235	1,03,887	1,16,181	1,34,784
EBITDA	1,693	1,412	19.9	2,997	(43.5)	7,974	9,078	11,649	15,152
APAT	1,096	1,094	0.1	2,056	(46.7)	5,866	6,267	8,448	10,959
Diluted EPS (INR)	9.7	9.7	0.1	18.3	(46.7)	52.1	55.7	75.0	97.3
P/E (x)						72.5	67.9	50.4	38.8
EV/EBITDA (x)						51.5	45.6	34.6	26.0
RoE (%)						14.1	13.4	16.0	17.8

Source: Company, HSIE Research

BUY

CMP *(as on 01 Aug 2025)*	INR 3,778
Target Price	INR 4,380
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,380	INR 4,380
	FY26E	FY27E
EPS change %	-	-

KEY STOCK DATA	
Bloomberg code	TMX IN
No. of Shares (mn)	119
MCap (INR bn) / ($ mn)	450/5,144
6m avg traded value (INR mn)	630
52 Week high / low	INR 5,721/2,930

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	14.8	(2.5)	(27.1)
Relative (%)	14.4	(6.5)	(25.5)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	61.99	61.99
FIs & Local MFs	12.66	11.74
FPIs	15.86	16.02
Public & Others	9.90	10.24
Pledged Shares	-	-

Source: BSE

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

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

KEC International

In-line performance

KECI's revenue/EBITDA/APAT (miss)/beat stood at -0.1/+0.1/+7.6% vs our estimates. The EBITDA margin moderated on a QoQ basis to 7%. KECI continues to guide revenue growth of 15% and EBITDA margin in the range of 8-8.5% for FY26 (FY27: ~9.3%), supported by revival in tendering and higher contribution from double-digit margins in the T&D segment and bottoming out of non T&D segment. The order inflows (OI) came in at INR 55.2bn, led by T&D segment, while the order book (OB) as of Jun'25 stood at INR 400bn (~1.8x FY25 revenue), including L1. Tailwinds benefitting KECI include robust execution in T&D, expected upside in demand from renewable energy segment, focus on grid modernisation & HVDC, growth in real estate projects, increased focus on BESS, and significant OI upside from international markets, which form two-thirds of T&D bid pipeline. However, it has been affected by headwinds such as labour shortages, subdued execution in transportation segment, and uncertainty on global tariffs. KECI is well-positioned to capitalize on India's infrastructure push, with T&D and renewables leading growth, increased execution in real estate, while disciplined execution and margin focus shall enhance profitability. Given limited upside on our TP of INR 959/sh, we maintain ADD rating on KECI.

- **Q1FY26 financial snapshot:** KECI generated revenue of INR 50.2bn (+11.3/-26.9%, YoY/QoQ, in-line with our estimates). The EBITDA came in at INR 3.5bn (+29.5/-35%, YoY/QoQ, in line with our estimates) while EBITDA margin stood at 7% (+97.8/-87.1bps, YoY/QoQ, in line with our estimate), affected by civil business revenue degrowth. APAT came in at INR 1.2bn (+42.3/-53.3% YoY/QoQ, a beat of 7.6%) driven by lower interest cost. Revenue contribution for T&D/Non T&D stood at (Q1FY26: 63/37%, Q1FY25: 55/45%), growing at 26%/-5% YoY basis, respectively. While awarding has been subdued in Q1FY26, management expects uptick by the beginning of Q2FY26.
- **Stable order intake; targeting high-margin orders:** KECI's OI stood at INR 55bn in Q1FY26, led by T&D, civil, cables, and oil & gas at 59/38/3/1% respectively. The tender pipeline is currently at INR 1.8trn, with KEC targeting OI of INR 300bn for FY26. The OB as of Jun'26 stood at INR 400bn (~1.8x FY25 revenue), including L1. OB is spread across T&D, civil, transportation, cables , renewables and oil & gas at 60/28/9/1/1/1% respectively. Geographically, the OI and OB are bifurcated at 61/39% and 65/35% between domestic and international markets, respectively. KECI has won a semiconductor EPC projects, marking its foray into this segment via civil business. KEC continues to focus on high quality and high ticket size orders of INR 3bn+, while reducing overall projects executed simultaneously.
- **Focus on optimizing working capital through various measures:** The consolidated net debt, including interest-bearing acceptances, has increased by INR 7.9bn to INR 53.5bn (from INR 45.6bn as on Mar'25). The NWC days as of Jun'25 stood at 128 (+6 QoQ); management guides ~110 days by FY26-end.

Consolidated financial summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	50,229	45,119	11.3	68,721	(26.9)	199,142	2,18,467	2,50,806	2,84,424
EBITDA	3,501	2,704	29.5	5,388	(35.0)	12,146	15,039	20,701	24,988
APAT	1,246	876	42.3	2,682	(53.5)	3,468	5,707	9,999	12,761
EPS (INR)	4.7	3.3	42.3	10.1	(53.5)	13.0	21.4	37.6	47.9
P/E (x)						66.9	40.7	23.2	18.2
EV/EBIDTA (x)						23.4	18.5	13.5	11.2
RoE (%)						8.8	12.1	17.2	18.6

Source: Company, HSIE Research

ADD

CMP (*as on 29 Jul 2025*)	INR 860
Target Price	INR 959
NIFTY	24,821

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 959	INR 959
	FY26E	FY27E
EPS Change %	-	-

KEY STOCK DATA	
Bloomberg code	KECI IN
No. of Shares (mn)	266
MCap (INR bn) / ($ mn)	229/2,637
6m avg traded value (INR mn)	1,303
52 Week high / low	INR 1,313/605

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.4	6.0	(1.6)
Relative (%)	19.1	(0.3)	(1.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.1	50.1
FIs & Local MFs	24.18	22.55
FPIs	15.42	16.02
Public & Others	10.29	11.32
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

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

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

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

Kalpataru Projects International

Strong execution-led momentum

Kalpataru Projects International's (KPIL) Q1FY26 revenue/EBITDA/APAT were reported at INR 50.4/4.3/2.0bn, a beat of 10.5/9.8/18% to our estimates respectively. KPIL secured new orders worth INR 99bn in YTDFY26, taking the total order book (OB) to INR 654.8bn (~3.5x FY25 revenue). The company is now targeting FY26 revenue growth of ~25%, with an EBITDA margin band of 8.5-8.7% and a PBT margin band of 5.2-5.5%, along with an estimated order inflow growth of 20% to INR 260-280bn in FY26. KPIL's strategic focus remains on maintaining margin growth and expanding capabilities in high-growth areas. The company is actively diversifying geographically and segment-wise, with a strategic review initiated for its Swedish subsidiary (LNG), possibly including an IPO. On the capital allocation front, KPIL is prioritizing prudent debt management, aiming for net working capital days below 100 and minimal loss funding towards BOT/SPV assets. Additionally, it is actively pursuing monetization of non-core assets (e.g., Indore real estate, logistics warehouses) and exploring international opportunities in renewables, railways, and water to drive the next leg of growth. Given the robust order booking, stable growth outlook, and a strong balance sheet (BS) and NWC, we retain our P/E target multiple at 20x. Maintain a BUY rating on the stock with a TP of INR 1,406/sh (20x Mar-27E EPS, INR 47/sh for subsidiaries).

- **Q1FY26 financial highlights:** KPIL generated **a** revenue of INR 50.4bn (+35.4/-18.8% YoY/QoQ, beat by 10.5%) with an EBITDA of INR 4.3bn (+36.4/-18.1% YoY/QoQ, beat by 9.8%). EBITDA margin came in at 8.5% (+6.4/+6.7bps YoY/QoQ, in line with our estimate). APAT stood at INR 2.0bn (+72.1/-24.6% YoY/QoQ, a beat by 18%).
- **Diversified order book amid macro headwinds:** In YTDFY26, KPIL received an order inflow of INR 99bn, which takes its OB to INR 654.8bn. Domestic/international OB comprises 60/40% respectively, with OI coming in at 77%/23% for the two respectively. The T&D business grew 56% on strong global demand, while B&F secured a record residential order. Oil & Gas revenue doubled (Middle East-driven), but water/railways lagged due to payment delays and competition, with international expansion underway. T&D/B&F/water/railways/oil & gas/urban infra segments constituted 41/25/14/5/11/4% of the OB. Management continues to focus on the domestic T&D, urban infra, and B&F markets, along with the international oil and gas market.
- **NWC target achieved with strengthened balance sheet**: KPIL's NWC reduced in Q1FY26 to 106 days vs. 124 days YoY, albeit it will normalize from H2FY26 onwards, with KPIL guidance at under 100 days. Standalone net debt has increased to INR 19bn in Q1FY26 vs INR 11bn in Q4FY25, with net debt to equity at 0.2x (vs. 0.3x in FY24). KPIL is targeting a capex of INR 6-7bn for FY26.

Standalone Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E
Net Revenues	50,397	37,220	35.4	62,042	(18.8)	1,88,880	2,26,656	2,60,654
EBITDA	4,284	3,140	36.4	5,232	(18.1)	15,871	19,832	23,459
APAT	2,008	1,166	72.1	2,664	(24.6)	6,971	9,536	11,628
EPS (INR)	11.8	6.8	72.1	15.6	(24.6)	40.8	55.8	68.1
P/E (x)						27.4	20.1	16.4
EV/EBITDA (x)						17.3	13.5	9.3
RoE (%)						9.7	11.9	12.9

Source: Company, HSIE Research

BUY

CMP (*as on 08 Aug 2025*)	INR 1,184
Target Price	INR 1,406
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target (INR)	1,406	1,406
EPS Change (%)	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	KPIL IN
No. of Shares (mn)	171
MCap (INR bn) / ($ mn)	202/2,306
6m avg traded value (INR mn)	456
52 Week high / low	INR 1,449/770

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	25.0	13.7	(4.9)
Relative (%)	25.6	11.2	(6.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	33.52	33.52
FIs & Local MFs	45.02	44.81
FPIs	11.60	11.83
Public & Others	9.85	9.84
Pledged Shares	8.24	8.24

Source: BSE

Pledge share as a % of total shares

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

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

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

Cement, Building Materials

UltraTech Cement

Expansions to drive volume growth; margin shines

We maintain BUY on UltraTech (UTCEM) with a revised target price of INR 12,800 (valuing it at 17x Mar-27E consolidated EBITDA). In Q1FY26, UTCEM's delivered 10% volume growth (sub-par +3% LTL), aided by India Cements (ICEM) consolidation. Unit EBITDA expanded INR 72/MT QoQ to INR 1,197/ MT on healthy pricing. We estimate ongoing cost reduction projects (for core operations) and new projects from margin enhancements of India Cements and Kesoram to beef up consolidated margin going ahead, leading to a 34% consolidated EBITDA CAGR during FY25-27E.

- **Q1FY26 performance:** Consolidated volume rose 10% YoY, driven by contributions from India Cements (ICEM). LTL volumes rose 3% YoY, which would be slightly below industry. Grey cement/blended NSR rose 2/3% QoQ, on strong uptick in south and east markets. While input/freight costs remained flattish QoQ, op-lev loss (10% vol decline QoQ) led to 2% QoQ blended opex rise. Share of low-cost green power increased to 40% vs 36/28% QoQ/YoY. Trade sales share stood flat at 66% QoQ and share of premium product increased to 34% vs 31/24% QoQ/YoY. Fuel cost rate inched up to INR 1.78/mnCal vs 1.73 QoQ. Cement to clinker (CC) ratio increased to a multi-year high of 1.49x. Blended unit EBITDA expanded INR 72 QoQ to INR 1,197/MT. The subsidiary ICEM reported 11% YoY volume growth with unit EBITDA of INR 361/MT vs loss of INR 201/31 YoY/QoQ.
- **Concall KTAs and outlook**: UTCEM has already announced capex to upgrade preheaters and install WHRS/RE power to reduce cost structures across Kesoram and ICEM assets. Its target to lower opex by INR 300/MT over the next 2-3 years, given the rising share of green power, increase in CC ratio and lead distance reduction, is on track. It achieved INR 86/MT cost reduction from these initiatives in FY25. Ongoing expansions will increase cement capacity by 14/15mn MT in FY26/27E. It will announce next round of expansions by end of FY26. We estimate UTCEM to deliver 11% volume CAGR during FY25-27E, led by ~9% core volume CAGR and the rest coming from gradual ramp-up of India Cements and Kesoram. We estimate consolidated EBITDA CAGR of 34%, further aided by margin expansion for core operations and acquired assets. We raise our EBITDA estimates for FY26/27E by 4/2% respectively, factoring in a healthy pricing outlook.

Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	36.8	33.5	9.9	41.0	(10.2)	105.7	119.1	135.8	152.2	167.5
NSR (INR/MT)	5,777	5,617	2.8	5,622	2.7	5,981	5,954	5,592	5,648	5,727
EBITDA(INR/MT)	1,197	901	33.0	1,126	6.4	1,004	1,089	925	1,149	1,351
Net Sales	212.8	188.2	13.1	230.6	-7.8	632.4	709.1	759.6	859.6	959.1
EBITDA	44.1	30.2	46.2	46.2	-4.5	106.2	129.7	125.6	174.9	226.2
APAT	22.5	15.6	44.4	24.9	-9.4	50.6	70.6	61.1	84.9	120.8
AEPS (INR)	78.1	54.1	44.4	86.2	-9.4	175.4	244.5	207.4	288.1	409.9
EV/EBITDA (x)						30.1	24.6	26.2	21.8	16.6
EV/MT (INR bn)						23.83	21.50	17.38	18.74	17.25
P/E (x)						62.9	45.1	52.1	43.7	30.7
RoE (%)						9.7	12.3	9.1	11.0	14.2

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jul 2025)*	INR 12,574
Target Price	INR 12,800
NIFTY	25,091

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 12,600	INR 12,800
EBITDA change %	FY26E 3.7	FY27E 1.5

KEY STOCK DATA	
Bloomberg code	UTCEM IN
No. of Shares (mn)	295
MCap (INR bn) / ($ mn)	3,706/42,945
6m avg traded value (INR mn)	3,993
52 Week high / low	INR 12,714/10,048

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.4	17.9	11.7
Relative (%)	1.9	9.5	9.7

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	59.23	59.23
FIs & Local MFs	16.80	16.85
FPIs	15.71	15.72
Public & Others	8.26	8.20
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
+91-22-6171-7352

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Ambuja Cement

Delivers strong volumes and margin

We maintain ADD with a revised TP of INR610/share (16.5x its consolidated Mar-27E EBITDA). In Q1FY26, consolidated volume rose 20% YoY, led by inorganic inclusions of Orient Cement and Penna Cements, which drove 13% growth, while the remaining 7% came from like-to-like growth. Price recovery (2% YoY) and lower input costs (8% fall YoY) amid elevated other expenses (acquisition led) drove margin expansion by INR 230/MT YoY to INR 1,066/MT (7-quarter high). We estimate consolidated volume/EBITDA/APAT CAGRs of 17/50/42% respectively for FY25-27E.

- **Q1FY26 consolidated performance:** Consolidated cement volume jumped 20% YoY. Of this, LTL volume grew 7% YoY and the rest came in from Orient Cements (which is consolidated since 22 April 2025) and Penna Cements (since Q2FY25). NSR recovered 2/2% QoQ/YoY (+INR 110/MT) on better pricing, mostly in east and south. Opex increased 1.5% QoQ (+INR 70/MT), mainly on account of higher other expenses related to Orient consolidation. Thus, unit EBITDA improved INR 40/230 per MT QoQ/YoY to INR 1,066/MT (7-quarter high). Trade share stood at 74% vs 73/77% QoQ/YoY. Blended cement share stood at 80% vs 82/86% QoQ/YoY. The YoY decline is on account of the acquisitions-led volume growth. The share of green power continues to rise: 28% vs 26/18% QoQ/YoY. Fuel cost rate remained flat INR 1.59/mnCal vs INR 1.58 QoQ and lower vs INR 1.73 YoY. Thus, on a YoY basis, consolidated revenue/EBITDA/APAT rose 23/53/19% YoY. ACEM spent INR 20/30bn toward ongoing expansion/Orient acquisition in Q1FY26. Thus, cash balance fell to INR 30bn in Jun'25, implying stable working capital QoQ.

- **Outlook and view:** Ambuja guided organic capex of INR 90-100bn in FY26 toward ongoing clinker/cement expansions by 11/15mn MT. Additional 21mn MT cement expansions are under stages of execution (no timeline shared for expansion beyond FY26) during FY27-28E. Thus, its capacity is slated to increase to 140mn MT by FY28-end. Ambuja noted that for the recently acquired companies, it will currently focus on cost efficiencies. It is targeting cumulative cost savings of ~INR 500/MT during FY25-28E. Factoring in healthy pricing and cost control outlook, we raise our FY26/27E consolidated EBITDA estimates by 7/5% respectively. For FY25-27E, we model in 17% volume CAGR (inorganic-driven) and a rebound in unit EBITDA to INR 1,329/MT in FY27 vs INR 812/MT in FY25. We factor in annual capex (including acquisition) of INR 167/116bn for FY26/27E toward ongoing expansion to 140mn MT capacity by FY28E.

Consolidated financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	18.40	15.30	*20.3*	18.20	*1.1*	69.15	59.15	63.37	77.32	86.60
NSR (INR/MT)	5,592	5,485	*1.9*	5,484	*2.0*	5,631	5,606	5,399	5,534	5,634
EBITDA(INR/MT)	1,066	836	*27.4*	1,026	*3.9*	741	1,082	812	1,121	1,329
Net Sales	102.89	83.92	*22.6*	99.81	*3.1*	389.37	331.60	342.18	427.90	487.88
EBITDA	19.61	12.80	*53.2*	18.68	*5.0*	51.22	63.99	51.44	86.63	115.10
APAT	7.58	6.40	*18.5*	7.60	*(0.2)*	28.23	31.48	22.03	37.15	44.21
AEPS (INR)	3.1	2.6	*18.5*	3.1	*(0.2)*	11.4	14.3	8.9	15.1	17.9
EV/EBITDA (x)						16.0	15.2	30.3	20.3	16.3
EV/MT (INR bn)						12.00	12.42	17.19	14.62	13.36
P/E (x)						33.0	29.6	65.0	39.3	33.0
RoE (%)						6.3	7.0	3.8	5.6	6.3

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	INR 593
Target Price	INR 610
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 570	INR 610
EBITDA revision %	FY26E *6.7*	FY27E *4.9*

KEY STOCK DATA	
Bloomberg code	ACEM IN
No. of Shares (mn)	2,463
MCap (INR bn) / ($ mn)	1,460/16,665
6m avg traded value (INR mn)	1,526
52 Week high / low	INR 687/453

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.8	15.6	(12.8)
Relative (%)	8.6	10.8	(12.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	67.57	67.57
FIs & Local MFs	17.30	18.70
FPIs	8.60	7.44
Public & Others	6.53	6.29
Pledged Shares	19.39	19.39

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Shree Cement

Margin continues to shine as volumes falter

We maintain our ADD rating on Shree Cement (SRCM) with an unchanged SOTP target price of INR 30,800/share. In Q1FY26, SRCM's volume fell 7% YoY, amid focus on margin over volume. However, with rising share of premium sales, green power usage, and focus on margin, unit EBITDA remained robust and industry-leading at INR 1374/MT (+INR 417 YoY, -INR 61/MT QoQ). Its UAE-based subsidiary also reported strong performance: revenue went up 19% YoY and OPM scaled to 25% vs 9% YoY in the quarter.

- **Q1FY26 performance:** SRCM delivered earnings miss as reported EBITDA came in ~10/10% lower vs ours/consensus estimates. Sales volume declined 7/9% YoY/QoQ to 8.9mn MT, owing to the company's continued focus on value over volume. The share of premium cement sales (% of trade sales) increased to 17.7% in Q1FY26 vs 15/10% in FY25/FY24 respectively. Blended NSR (including power revenue) rose 5% QoQ. In our view, ex-merchant power sales, cement NSR increased ~3% QoQ, benefitting from healthy pricing gains across east/south/north. Reported unit opex rose 9% QoQ. Ex-merchant power, sales, we estimate, went up ~6% QoQ, led by both op-lev loss and increase in employee cost (expansion-led). Thus, reported unit EBITDA cooled off ~INR 60/MT QoQ from a 15-quarter high of INR 1,435/MT to INR 1374/MT (remains the industry-best). SRCM also continues to lead the industry in green power consumption, the share of which soared to ~66%. SRCM's UAE subsidiary has also achieved robust 19% YoY revenue growth to AED 181mn, with solid 25% OPM vs 9% YoY (and 14.5/14% in FY24/25).
- **Outlook**: In FY26, SRCM will be adding 12.4mn MT capacity (6.4mn MT already commissioned in Q1FY26). It also announced plans to expand the UAE plant capacity to 7mn MT from 4mn MT currently at a nominal capex of AED 110mn. It reiterated its capacity target of 80mn MT by 2028. Factoring in SRCM focus on margin over volume, we have tweaked our volume/margin estimates, leading to no change in EBITDA estimates. We maintain ADD with an SOTP- based target price of INR 30,800/share (unchanged). We value its standalone business at 17x Mar-27E EBITDA (earlier 16.5x) and the investment in the UAE subsidiary (INR 26bn) at 1x BV.

Quarterly/annual financial summary (standalone)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	8.9	9.6	*(6.6)*	9.8	*(9.1)*	31.8	35.5	35.6	37.4	41.1
NSR (INR/MT)	5,530	5,047	*9.6*	5,264	*5.0*	5,292	5,391	5,050	5,201	5,279
EBITDA(INR/MT)	1,374	957	*43.6*	1,435	*(4.3)*	925	1,228	1,086	1,336	1,423
Net Sales	49.48	48.35	*2.3*	51.80	*(4.5)*	168.37	191.61	179.77	194.42	217.08
EBITDA	12.29	9.16	*34.1*	14.12	*(13.0)*	29.42	43.64	38.67	49.92	58.50
APAT	6.19	3.18	*94.7*	5.79	*6.8*	11.74	24.69	12.19	17.29	26.32
AEPS (INR)	177.5	88.1	*101.6*	160.5	*10.6*	325.3	684.2	337.9	479.2	729.5
EV/EBITDA (x)						29.1	19.6	21.8	20.2	16.9
EV/MT (INR bn)						18.3	15.9	14.8	14.5	13.6
P/E (x)						80.7	38.4	77.7	63.9	42.0
RoE (%)						6.6	*12.8*	*5.9*	*7.9*	*11.3*

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

ADD

CMP *(as on 04 Aug 2025)*	INR 30,645
Target Price	**INR 30,800**
NIFTY	**24,723**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 30,800	INR 30,800
EBITDA revision %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	SRCM IN
No. of Shares (mn)	36
MCap (INR bn) / ($ mn)	1,106/12,614
6m avg traded value (INR mn)	1,141
52 Week high / low	INR 32,508/23,500

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.5	9.7	12.3
Relative (%)	3.8	6.6	12.2

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	62.55	62.55
FIs & Local MFs	15.32	14.89
FPIs	9.71	10.07
Public & Others	12.42	12.49
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Supreme Industries

Muted quarter; healthy outlook

Supreme Industries (SIL) reported 6% consolidated volume growth (pipes/ other segments 6/4% YoY) in Q1, owing to muted industry demand. Given the weak pricing, consolidated revenue declined 1% YoY. EBITDA corrected by 18% YoY due to lower gross margin, weak volume, and inventory loss (~2% of sales). APAT declined 26% YoY due to lower EBITDA, other income, associate profit along with higher depreciation. The company raised its consolidated volume growth guidance to 14-15% YoY for FY26 on anticipation of healthy demand outlook and PVC resin price bottoming out. However, it maintained EBITDAM target of 14.5-15.5%. We expect plumbing demand to recover in FY26 with channel inventories normalizing and government spending reviving. We have modeled 14% consolidated volume growth for FY25-27E. We value the company at 40x Mar'27 EPS and its 30.8% holding in its associate Supreme Petrochem at a 30% discount to its current market cap. We maintain ADD on Supreme Industries with a target price of INR 4,110/sh.

- **Q1FY26 performance**: Company reported 6% consolidated volume growth (pipes/other segments 6/4% YoY) owing to muted industry demand. For the first two months, volume growth was healthy at 10/11% consolidated/pipes. For Jun-25, pipes volume declined by 4% YoY, while other segments' volume was flat owing to early monsoon. Consolidated/pipes NSR declined by 6/6% QoQ, owing to correction in resin prices. Consolidated revenue declined 1% YoY. EBITDA corrected by 18% YoY due to lower gross margin, weak volume, and inventory loss (~2% of sales). APAT declined 26% YoY, given lower EBITDA, other income, and associate profit along with higher depreciation.
- **Concall highlights and outlook:** The company raised its consolidated volume growth guidance to 14-15% YoY for FY26 on anticipation of healthy demand outlook and PVC resin price bottoming out. However, it maintained EBITDAM target of 14.5-15.5%. The acquisition of Wavin India (71K MT) should be completed by the end of July-25. The company is projecting 30K MT sales from this acquisition for FY26. It plans to increase pipe capacity from 870K MT to 1,000K MT by FY26-end (including Wavin India). It has planned a capex of INR 13.5bn (including Wavin India) for FY26. Considering the margin miss in Q1, we have downgraded our APAT estimate by 4% for FY26E. However, we maintain the FY27E APAT estimate.

Consolidated quarterly/annual financial summary

YE Mar (INR mn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Sales (K MT)	183.8	173.8	5.7	199.9	-8.0	506.5	639.7	674.5	764.1	849.6
NSR (INR/Kg)	142.0	151.7	-6.4	151.5	-6.3	181.7	158.4	154.9	157.2	159.7
EBITDA (INR/Kg)	17.3	22.3	-22.1	20.8	-16.7	23.7	24.2	21.2	22.7	24.5
SNet Sales	26,092	26,364	-1.0	30,271	-13.8	92,016	1,01,342	1,04,463	1,20,104	1,35,706
EBITDA	3,189	3,873	-17.7	4,163	-23.4	11,997	15,473	14,317	17,338	20,793
EBITDAM (%)	12.2	14.7		13.8		13.0	15.3	13.7	14.4	15.3
APAT	2,023	2,734	-26.0	2,939	-31.2	8,653	10,697	9,609	11,573	13,847
AEPS (INR)	15.9	21.5	-26.0	23.1	-31.2	68.1	84.2	75.6	91.1	109.0
EV/EBITDA (x)						44.2	34.0	36.9	30.8	25.6
P/E (x)						62.1	50.2	55.9	46.4	38.8
RoE (%)						21.0	22.5	17.8	19.5	21.1

Source: Company, HSIE Research

ADD

CMP *(as on 24 Jul 2025)*	INR 4,237
Target Price	INR 4,110
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	4,110	4,110
EPS change %	FY26E	FY27E
	-3.9	-0.2

KEY STOCK DATA	
Bloomberg code	SI IN
No. of Shares (mn)	127
MCap (INR bn) / ($ mn)	539/6,237
6m avg traded value (INR mn)	1,109
52 Week high / low	INR 5,725/3,020

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.8	11.6	(20.8)
Relative (%)	17.8	3.7	(23.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	48.85	48.90
FIs & Local MFs	13.25	14.60
FPIs	22.93	21.94
Public & Others	14.97	14.56
Pledged Shares	NIL	NIL

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

JK Cement

All-round performance continues

We maintain our ADD rating on JK Cement (JKCE) with a revised TP of INR 6,125/sh (15x Mar-27E consolidated EBITDA). Our positive stance is driven by JKCE's continued outperformance on both volumes and margin front. We estimate JKCE will continue to deliver industry-leading 11% consolidated volume CAGR during FY25-27E and the superior blended unit EBITDA of INR 1,200/1,331 per MT. In Q1FY25, JKCE continued it robust show: strong traction in the grey cement drove up consolidated volume by 15% YoY and blended unit EBITDA remained healthy at INR 1,230 (+INR 229/MT YoY, -INR 37/MT QoQ). JKCE's balance sheet and cash flows are well oiled to achieve its targeted 50mnMT grey cement capacity by 2030. Even in the putty space, the upcoming expansion will help the company utilize its surplus white cement capacity to augment putty market share in India.

- **Solid show continues in Q1FY26**: JKCE reported consolidated EBITDA beat of 9/12% vs ours/consensus estimates respectively, driven by very strong volume offtake. Consolidated volumes rose 15% YoY (almost 3x industry) (grey 16%, white/putty 7%). Blended unit EBITDA fell a modest INR 37 QoQ to INR 1230 (+229/MT YoY). **Grey cement:** NSR rose 1% QoQ while opex rose 2% QoQ (our estimate), leading to unit EBITDA of ~INR 1,170 (-30/+270 QoQ/YoY). Thus, segmental EBITDA rose ~50% YoY to ~INR 6bn. **White/putty:** consolidated volume rose 7% YoY along with 16% OPM. Segmental EBITDA stood flat YoY at ~INR 1bn. UAE operations have turned around, delivering a positive EBITDA; and they should deliver INR 0.8-0.9bn EBITDA in FY26. **Paint** segment continues to gain traction: revenue up 50% YoY. However, EBITDA loss remained flat YoY at INR 100mn.
- **Concall KTAs and outlook:** JKCE maintained its earlier volume guidance of 10% growth in FY26E. It is also on track for reducing opex by ~INR 40-50/MT in FY26. Green power share will increase to 60% by end of FY26 from 52% currently. It also guided for INR 20bn capex in FY26E, towards ongoing clinker/cement expansions by 4/6mn MT (CoD Dec-25). JKCE also announced 0.6mn MT putty plant at Nathdwara (CoD- end of FY27, capex INR 2bn). We expect it to deliver robust volume growth (our estimate 11.5% CAGR FY25-27E) along with superior margin. We have raised our FY26/27E EBITDA estimates by 3/6%, factoring in strong volume and margin outlook. We estimate JKCE's RoE/RoCE will increase to a solid 21/18% in FY27E, despite the fact that we have factored in INR 20/23bn capex outgo for FY26/27E.

Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	5.6	4.9	*15.1*	6.0	*(7.4)*	16.2	19.0	20.1	22.4	25.0
NSR (INR/MT)	5,997	5,778	*3.8*	5,935	*1.0*	6,013	6,087	5,897	5,971	6,051
EBITDA(INR/MT)	1,230	1,001	*22.9*	1,267	*(3.0)*	813	1,085	1,006	1,200	1,331
Net Sales	33.53	28.08	*19.4*	35.81	*(6.4)*	97.20	115.56	118.79	133.48	151.42
EBITDA	6.88	4.86	*41.4*	7.65	*(10.1)*	13.14	20.60	20.27	26.83	33.31
APAT	3.24	1.85	*75.1*	3.60	*(10.0)*	4.24	7.95	7.84	11.54	15.87
AEPS (INR)	24.8	6.3	*267.2*	33.0	*(24.7)*	54.8	102.9	101.5	149.4	205.4
EV/EBITDA(x)						28.3	18.0	18.1	19.7	15.7
EV/MT (INR bn)						14.4	13.6	12.2	14.6	13.9
P/E (x)						80.2	42.7	43.3	42.9	31.2
RoE (%)						*9.5*	*16.0*	*13.8*	*17.6*	*20.6*

Source: Company, HSIE Research; Operating trends are on a blended basis (grey cement+ white/putty)

ADD

CMP *(as on 21 Jul 2025)*	INR 6,417
Target Price	INR 6,125
NIFTY	24,091

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	5,740	6,125
EBITDA revision %	FY26E 2.5	FY27E 6.1

KEY STOCK DATA	
Bloomberg code	JKCE IN
No. of Shares (mn)	77
MCap (INR bn) / ($ mn)	496/5,744
6m avg traded value (INR mn)	689
52 Week high / low	INR 6,668/3,891

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	26.9	40.1	49.7
Relative (%)	23.4	31.8	47.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	45.68	45.66
FIs & Local MFs	24.50	23.06
FPIs	16.14	17.56
Public & Others	13.68	13.72
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Dalmia Bharat

Margin rebounds to a 16-quarter high on focused sales

We maintain our BUY rating on Dalmia Bharat with a higher TP of INR 2,250/sh (12x its Mar-27E consolidated EBITDA). As the company trained focus on value over volumes, consolidated sales volume dipped 6% YoY in Q1FY26. However, aided by strong pricing across south and east, unit EBITDA soared to a 16-quarter high of INR 1,260/MT. Thus, while revenue remained flat YoY, EBITDA/APAT jumped 32/74% YoY. It also liquidated IEX shares worth INR 7.4bn, thus beefing its cash position. We estimate 6% volume CAGR for FY25-27E along with margin recovering to INR 1,060/1,111 per MT in FY26/27E (vs INR 820/MT in FY25), aided by healthy pricing and various cost efficiency programs. Dalmia also outlined plans to raise capacity to ~70mn MT by FY28.

- **Q1FY26 performance:** Dalmia's consolidated sales volume continued to decline for the third consecutive quarter. Reported volume fell 6% YoY. Ex-JPA, it was flattish. The company mentioned that it reduced sales to less profitable markets and the focus has shifted to profitable sales. Strong pricing gains across south and east drove up NSR by 8% QoQ (+413/MT) to a six-quarter high. Input costs went up ~INR 84/MT QoQ, owing to limestone mining-tax in Tamil Nadu and a slight uptick in fuel cost. The 18% QoQ volume decline also led to an op-lev loss. These drove up opex by INR 79/MT QoQ. Thus, unit EBITDA recovered INR 334/MT QoQ to INR 1,260/MT (16-quarter high). Trade sales stood around 68% and green power share rose to 41% vs 35% YoY. Fuel cost (INR 1.33/mnCal) remains among the lowest in the industry. It also liquidated IEX shares worth INR 7.4bn during the quarter.
- **Concall KTAs and outlook:** Dalmia refrained from sharing volume guidance for FY26– focus is now on profitable sales over market share. It is working on lowering opex by INR 150-200/MT over the next 2-3 years, mainly through an increase in green energy, upcoming coal mines, and optimizing logistics. As part of its plan to achieve 70mnMT capacity by FY28, it announced a 3.6/6mnMT clinker/cement expansion in Kadapa (AP) by Q2FY28. This along with ongoing expansions will increase cement capacity to 61.5mn MT. Dalmia also intends to add a 2.5mn MT SGU in the northeast region and a 6mn MT integrated plant in Rajasthan by FY28-end. It has also bid for JPA assets, which may bring on board a capacity of another 5-10mn MT. Dalmia guided for an annual capex of INR 40/40bn each for FY26/27E towards announced projects. For FY26/27E, we lower our volume estimates, factoring in the shift toward value over volume. However, as we factor in better pricing and margin, our EBITDA estimates get revised up by 5/6% respectively.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	7.0	7.4	*(5.7)*	8.6	*(18.2)*	25.8	28.8	29.4	29.9	32.9
NSR (INR/MT)	5,190	4,875	*6.5*	4,777	*8.7*	5,255	5,103	4,763	5,049	5,125
EBITDA(INR/MT)	1,260	901	*39.9*	926	*36.1*	903	917	820	1,060	1,111
Net Sales	36.36	36.21	*0.4*	40.91	*(11.1)*	135.52	146.91	139.80	151.15	168.76
EBITDA	8.83	6.69	*32.0*	7.93	*11.3*	23.28	26.39	24.07	31.73	36.60
APAT	3.77	2.26	*74.1*	3.56	*(9.7)*	11.16	7.71	6.96	12.55	13.86
AEPS (INR)	20.1	12.0	*67.0*	19.0	*5.9*	60.3	40.6	36.6	66.0	73.0
EV/EBITDA (x)						15.3	13.4	15.1	13.8	11.9
EV/MT (INR bn)						9.25	7.91	7.36	8.88	8.84
P/E (x)						30.7	44.4	49.2	33.4	30.2
RoE (%)						7.0	4.8	*4.1*	*7.0*	*7.3*

Source: Company, HSIE Research

BUY

CMP *(as on 23 Jul 2025)*	INR 2,270
Target Price	INR 2,250
NIFTY	25,220

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,070	INR 2,250
EBITDA revision %	FY26E *4.8*	FY27E *6.4*

KEY STOCK DATA	
Bloomberg code	DALBHARA IN
No. of Shares (mn)	188
MCap (INR bn) / ($ mn)	426/4,926
6m avg traded value (INR mn)	742
52 Week high / low	INR 2,343/1,601

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.1	24.1	27.6
Relative (%)	16.9	16.0	24.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	55.84	55.84
FIs & Local MFs	16.43	17.37
FPIs	8.28	8.24
Public & Others	19.45	18.55
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Astral

Weak volume; multi-quarter low margin

Astral revenue declined 2% YoY, with plumbing down 6% and Paint & Adhesive (P&A) up 10%. EBITDA margin fell 190bps YoY to an 11-quarter low of 13.6%, driving a 14% drop in EBITDA leading to 33% APAT decline. In Q1, it reported an inventory loss of INR 250mn (1.8/2.5% of consolidated/plumbing revenue), with no further losses expected. Management noted demand recovery, with July-25 seeing ~30% YoY volume growth in piping and above 30% revenue growth in India adhesives. The company reiterates lower double-digit plumbing volume growth guidance for FY26, targeting a 16–18% operating margin in plumbing. Factoring in weak Q1 performance, we cut our revenue estimates by 5/4% and APAT estimates by 18/6% for FY26/27E. We maintain ADD on Astral with a lower TP of INR 1,360/sh, valuing the company 50x its Mar-27E EPS.

- **Q1FY26 performance:** Revenue declined 2% YoY (plumbing de-grew 6% YoY, while P&A grew by 10%). EBITDA margin declined 190bps YoY due to lower gross margin, op-lev loss further aggravated by inventory loss to 11-quarter low at 13.6%, leading to 14% contraction in EBITDA. Consequently, APAT declined 33% owing to lower EBITDA, higher depreciation (up 29% YoY) and finance cost, and lower other income. Plumbing volume just grew 1% YoY owing to muted demand.
- **Concall highlights and outlook:** Demand has picked up; it has recorded 30% YoY volume growth in plumbing division and above 30% YoY revenue growth in India adhesive business in July-25. Astral maintains its lower double-digit volume growth guidance for FY26, targeting a 16-18% operating margin in plumbing. It projects revenue growth of ~15% for India adhesives, 20% for paints, and 27% for bathware. In Q1, it reported an inventory loss of INR 250mn (1.8/2.5% of consolidated/plumbing revenue), with no further losses expected. The company has agreed to acquire an 80% stake in Nexelon Chem Pvt Ltd for INR 1.2bn to manufacture CPVC resin. The company expects to commence production by Q2FY27 and is confident to improve margin due to this backward integration. Factoring in the weak Q1 performance, we cut our revenue estimates by 5/4% and APAT estimates by 18/6% for FY26/27E. We maintain ADD rating, with a lower TP of INR 1,360/sh, valuing the company at 50x its Mar-27E EPS.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Pipes sales (K MT)	56.1	55.8	0.5	67.7	-17.2	177.6	219.6	227.1	249.8	279.8
EBITDA (INR/kg)	27.9	32.6	-14.3	37.0	-24.6	36.6	34.1	33.6	31.6	34.8
Adhesives* Rev (INR mn)	4.07	3.70	10.0	4.55	-10.4	13.91	14.99	16.36	18.47	20.99
Adhesives EBITDAM (%)	9.2	12.0		13.3	15.0	13.8	13.5	11.9	11.4	13.2
Net Sales	13.61	13.84	-1.6	16.81	-19.0	51.59	56.41	58.32	63.70	73.05
EBITDA	1.85	2.14	-13.8	3.02	-38.8	8.10	9.18	9.46	10.03	12.62
EBITDAM (%)	13.6	15.5		18.0		15.7	16.3	16.2	15.7	17.3
APAT	0.81	1.20	-32.6	1.79	-54.8	4.58	5.46	5.24	5.42	7.32
Diluted EPS (Rs)	3.0	4.5	-32.6	6.7	-54.8	17.0	20.3	19.5	20.1	27.2
EV / EBITDA (x)						41.7	36.7	35.7	33.4	25.9
P/E (x)						74.3	62.4	65.0	62.8	46.5
RoE (%)						17.2	17.5	15.1	13.9	16.7

Source: Company, HSIE Research, * Adhesives includes paints FY23 onwards

ADD

CMP *(as on 12 Aug 2025)*	INR 1,269
Target Price	INR 1,360
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,450	INR 1,360
APAT revision %	FY26E *-18.4*	FY27E *-5.8*

KEY STOCK DATA	
Bloomberg code	ASTRA IN
No. of Shares (mn)	269
MCap (INR bn) / ($ mn)	341/3,887
6m avg traded value (INR mn)	1,027
52 Week high / low	INR 2,040/1,232

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.6)	(9.0)	(34.5)
Relative (%)	(1.9)	(14.3)	(35.2)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	54.10	54.10
FIs & Local MFs	14.76	14.90
FPIs	20.17	20.14
Public & Others	10.97	10.86
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

The Ramco Cements

Margin recovers but volume falters

In Q1FY26, The Ramco Cements' (TRCL) volume fell 6/23% YoY/QoQ as NSR rose 5/12% YoY/QoQ. Unit EBITDA expanded INR 235/366 YoY/QoQ on buoyant pricing amid volume loss. We downgrade TRCL to SELL from Reduce earlier, with an unchanged TP of INR 850/share (12x FY27E consolidated EBITDA). While the recent price uptick in the south should drive margin recovery for TRCL, its volume growth will be hurt, thus limiting the gains. Subsequently, we expect leverage (net debt to EBITDA at >2x despite moderation in capex and non-core asset monetization) to remain high and return ratios subdued (< 10%). These should potentially de-rate the stock from the recent surge in the stock price (~30% rise in past six months), leading to TRCL trading at 15.6x its FY27E consolidated EBITDA.

- **Q1FY26 performance:** TRCL's consolidated EBITDA came in line with ours/consensus estimates. It reported 6% YoY volume decline (down 23% QoQ). Its sales in the east fell sharply (down 19/36% YoY/QoQ) while its sales in the south fell 4/19% YoY/QoQ. As the volume loss happened mostly in non-trade segment, share of trade sales jumped to a three-year high of 70% vs 65/65% QoQ/YoY. Even premium sales share increased to 28% vs 26/25% QoQ/YoY. Better pricing across south and east QoQ and increased trade sales share drove 12% QoQ pricing increase. Opex rose 4% QoQ, led by op-lev loss and inclusion of mining royalty in Tamil Nadu Q1FY26 onwards. Lower sales in east lowered lead distance and freight cost, moderating opex inflation. Unit EBITDA thus expanded INR 366/MT QoQ to INR 970/MT.
- **Other updates and outlook**: TRCL spent INR 3.21bn in gross capex in Q1FY26 and maintained its earlier guidance of INR 12bn for FY26E and 30mn MT capacity by FY26E-end. The line-2 clinker unit at Kurnool along with 15MW is delayed and expected in FY27E. TRCL is going slow on the Karnataka greenfield expansion (we estimate commissioning by FY28-end). The 10MW WHRS at RR Nagar will be commissioned in Q2FY26. TRCL expects to complete INR 5bn worth non-core asset monetization by Sep-25. Factoring in volume loss in Q1FY26, we lower our FY26/27E volume estimates by 5/1% respectively, leading to an 8% volume CAGR. We raise our EBITDA estimates for FY26 by 3% to factor in higher margin (pricing-led). We expect the margin to improve to INR 903/MT in FY26E (vs INR 666/MT YoY) and remain flattish in FY27E. However, we expect net debt/EBITDA to remain more than 2x and return ratios subdued (<10%) in FY26/27E.

Quarterly/annual financial summary—consolidated

YE Mar (INR bn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	4.1	4.4	*(5.9)*	5.3	*(22.5)*	15.0	18.4	18.5	18.9	21.7
NSR (INR/MT)	5,059	4,804	*5.3*	4,533	*11.6*	5,383	5,095	4,605	4,950	4,900
EBITDA(INR/MT)	970	735	*32.0*	604	*60.6*	769	850	666	903	902
Net Sales	20.74	20.94	*(0.9)*	23.97	*(13.5)*	81.35	93.76	85.18	93.40	106.34
EBITDA	3.98	3.20	*24.2*	3.19	*24.5*	11.82	15.65	12.33	17.05	19.57
APAT	0.84	0.35	*143.2*	0.25	*240.1*	3.44	3.60	1.23	4.20	6.36
AEPS (INR)	3.6	1.5	*143.2*	0.6	*503.4*	14.5	15.2	5.2	17.8	26.9
EV/EBITDA (x)						20.0	15.6	19.5	17.9	15.6
EV/MT (INR bn)						10.8	10.5	9.8	10.1	10.1
P/E (x)						59.1	56.4	164.9	63.8	42.2
RoE (%)						5.2	*5.1*	*1.7*	*5.4*	*7.5*

Source: Company, HSIE Research

SELL

CMP *(as on 07 Aug 2025)*	**INR 1,136**
Target Price	**INR 850**
NIFTY	**24,596**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	SELL
Price Target	INR 850	INR 850
EBITDA revision %	FY26E *3.1*	FY27E *0.0*

KEY STOCK DATA	
Bloomberg code	TRCL IN
No. of Shares (mn)	236
MCap (INR bn) / ($ mn)	269/3,063
6m avg traded value (INR mn)	637
52 Week high / low	INR 1,209/778

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	19.8	27.1	38.4
Relative (%)	19.4	23.5	36.2

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	42.56	42.56
FIs & Local MFs	30.14	27.86
FPIs	7.29	8.43
Public & Others	20.01	21.15
Pledged Shares	9.38	1.46

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Kajaria Ceramics

Volume weak albeit cost controls lead to healthy margin

Kajaria Ceramics' (KJC) revenue grew 1% YoY to INR 11bn, owing to sub-par tile volume growth (+1% YoY). However, EBITDA increased by 9% YoY, owing to healthy gross margin and lower other expenses (down 5% YoY). APAT rose 15% YoY, aided by improved EBITDA. Management noted that tile demand remains subdued but it expects it to recover. To enhance competitiveness, it is re-evaluating the company's cost structure and implementing measures such as promoters salary waivers (0.4% of sales), manpower rationalization, marketing team integration, and cuts in advertising and travel spends. Factoring in the healthy Q1 margin, we have increased our APAT estimates for FY26/27E by 17/20%. We maintain REDUCE on KJC with a revised target price of INR 960/share (30x its Mar'27E consolidated EPS).

- **Q1FY26 performance:** Revenue reported marginal 1% growth YoY to INR 11bn, owing to sub-par tiles volume growth (+1% YoY). Sanitary ware/faucets revenue just grew 1% YoY. Tiles realization was flat QoQ (-1% YoY). Non-tiles formed 11% of revenue (grew 10% YoY owing to healthy growth in adhesive) vs 10/11% YoY/QoQ. However, EBITDA grew 9% YoY (+35% QoQ), led by a healthy gross margin and lower other expenses (down 5% YoY). Employee expenses just grew 1% YoY (-5% QoQ). APAT (excluding discontinued ply operations) rose 15% YoY, owing to improved EBITDA, higher other income and JV profit, partially offset by higher depreciation and finance cost. Kajaria's Nepal JV operated at healthy 69% capacity utilization.
- **Concall KTAs and outlook:** Management highlighted that domestic tile demand remains weak but it expects a recovery, led by export revival and increased government spending. It believes gross margins will remain stable in the coming quarter. To enhance competitiveness, it is re-evaluating its cost structure and implementing measures such as promoters giving up their salaries (0.4% of sales), rationalizing manpower, unifying the marketing team, and curtailing advertising and travel spends. Further, it expects the loss-making bathware segment to turn profitable this year. Factoring in the quarter's muted topline growth but healthy margin, we have trimmed our volume estimate by 1/1% each for FY26/27E but increased the APAT estimates by 17/20%. We maintain REDUCE on Kajaria Ceramics with a revised TP of INR 960/share (30x its Mar'27E consolidated EPS).

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Tiles sales (MSM)	27.2	27.0	0.7	30.1	(9.7)	101.7	108.1	114.7	120.9	128.2
NSR (Rs/Kg)	363	367	(1.1)	361	0.4	431	414	404	409	415
Tiles Revenue	9,864	9,895	(0.3)	10,884	(9.4)	39,515	40,609	41,720	43,966	47,038
Other Revenue	1,164	1,063	9.5	1,335	(12.8)	4,305	4,131	4,630	5,439	6,102
Net Sales	11,027	10,958	0.6	12,219	(9.7)	43,819	44,740	46,351	49,405	53,140
EBITDA	1,869	1,710	9.3	1,384	35.0	5,920	7,068	6,262	7,803	8,409
EBITDAM (%)	16.9	15.6		11.3		13.5	15.8	13.5	15.8	15.8
APAT	1,126	978	15.1	740	52.2	3,524	4,435	3,483	4,656	5,089
Diluted EPS (Rs)	7.1	6.1	15.1	4.6	52.2	22.1	27.8	21.9	29.3	32.0
EV / EBITDA (x)						33.2	27.7	31.1	24.7	22.8
P/E (x)						56.2	44.6	56.7	42.5	38.8
RoE (%)						15.4	17.5	12.7	15.9	16.1

Source: Company, HSIE Research

REDUCE

CMP *(as on 22 Jul 2025)*	INR 1240
Target Price	INR 960
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 800	INR 960
EPS revision %	FY26E	FY27E
	17.3	*19.8*

KEY STOCK DATA	
Bloomberg code	KJC IN
No. of Shares (mn)	159
MCap (INR bn) / ($ mn)	198/2,289
6m avg traded value (INR mn)	435
52 Week high / low	INR 1,579/759

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	52.5	20.4	(10.6)
Relative (%)	49.3	12.8	(12.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	47.48	47.48
FIs & Local MFs	27.68	27.39
FPIs	15.79	12.55
Public & Others	9.05	12.58
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Century Plyboards India

Healthy performance—ply continues to shine

Century's revenue grew 16% YoY, led by healthy MDF segment growth (24% YoY), while plywood and laminates grew 15/13% YoY. EBITDA expanded by 15% YoY, led by MDF and ply, leading to a 9% APAT growth. The company reaffirmed its FY26 revenue growth and margin guidance for all segments. We expect gradual ramp-up of its MDF and laminate capacity. However, we anticipate a slow plant ramp-up in the upcoming particle board segments (large capacity addition), which will lead to sub-par margins. Factoring in the in-line Q1 show, we broadly maintain APAT estimates. We maintain BUY rating and value Century Ply using SOTP—ex-particle board business at 40x Mar-27E EPS and the upcoming particle board business at 2x capital employed in Mar-27E—to arrive at a lower TP of INR 885/sh.

- **Q1FY26 highlights:** Revenue grew 16% YoY (-2% QoQ) to INR 11.69bn, led by healthy growth in MDF segment (up 24% YoY). Plywood and laminates too delivered healthy growth of 15/13% YoY. Particle board declined 7% YoY. Laminates/particle board grew 2/5% QoQ; but plywood/MDF declined 3/4%. Ply volume grew 10% YoY, while operating margin declined 50bps YoY (-150bps QoQ) to 13.8%. Laminates volume grew 7% YoY, while margin declined 410bps YoY (+430bps QoQ) to 5.9%. MDF volume grew 19% YoY, with margin up 600bps YoY (+110 QoQ) to 14.3%. Particle board volume declined 12% YoY, with margin declining 1,220bps YoY (-410bps QoQ) to 1.5%. EBITDA grew 15% YoY, led by MDF and ply segment. APAT increased 9% YoY due to higher EBITDA and lower tax, partially offset by lower other income and higher finance cost.
- **Concall KTAs and outlook:** The company reaffirmed its FY26 revenue growth and margin guidance across all segments, ply (10% growth, 12-14% EBITDAM), MDF (20% growth, 15% EBITDAM), laminates (20% growth, high single-digit EBITDAM by year-end), and particleboard (40% growth, low single-digit EBITDAM). Timber prices for MDF and particle board timber are projected to marginally decline in FY26, while ply prices are anticipated to ease in FY27. The capex for particle board has been revised upward to INR 7bn, compared to the earlier guidance of INR 6.1bn. The company budgeted INR 4.5bn in capex for FY26. Major capacity expansion plans include 48K CBM Hoshiarpur ply plant (expected in Q2FY27). For MDF, the company aims to increase the capacity of south AP plant by 25% in H2FY26, from 214K at present. Factoring in the in-line Q1 performance, we broadly maintain our APAT estimates. We value Century Ply using SOTP—ex-particle board business at 40x Mar-27E EPS and the upcoming particle board business at 2x capital employed in Mar-27E—to arrive at a lower TP of INR 885/sh.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	11.69	10.05	16.3	11.98	(2.4)	36.47	38.86	45.28	52.32	59.65
EBITDA	1.28	1.11	15.3	1.35	(4.8)	6.06	5.32	4.87	6.34	8.63
EBITDAM (%)	11.0	11.1		11.2		16.6	13.7	10.7	12.1	14.5
APAT	0.52	0.48	8.6	0.52	(1.2)	4.30	3.37	1.99	2.89	4.55
AEPS (INR)	2.3	2.1	8.6	2.4	(1.2)	19.3	15.2	8.9	13.0	20.4
EV/EBITDA (x)						27.6	32.6	37.9	28.4	20.6
P/E (x)						38.4	49.0	83.2	57.2	36.4
RoE (%)						24.8	16.4	8.7	11.5	15.8

Source: Company, HSIE Research

BUY

CMP *(as on 08 Aug 2025)*	INR 738
Target Price	INR 885
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 905	INR 885
EPS revision %	FY26E *-0.1*	FY27E *-1.4*

KEY STOCK DATA	
Bloomberg code	CPBI IN
No. of Shares (mn)	222
MCap (INR bn) / ($ mn)	164/1,871
6m avg traded value (INR mn)	134
52 Week high / low	INR 935/632

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.7	(14.7)	2.6
Relative (%)	7.3	(17.3)	1.4

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	72.64	72.64
FIs & Local MFs	17.59	17.92
FPIs	4.61	4.42
Public & Others	5.16	5.02
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Nuvoco Vistas Corporation

EBITDA margin buoys to a 16-quarter high

We maintain a BUY rating for Nuvoco Vistas, with an unchanged TP of INR 420/share (9x its consolidated Mar-27E EBITDA). Nuvoco delivered another strong quarter as its Q1FY26 volume rose 6% YoY, and NSR buoyed 7% QoQ. Thus, unit EBITDA zoomed to a 16-quarter high of INR 999/MT, despite the surge in unit opex. It acquired Vadraj Cement in Jun-25, paying INR 18bn to NCLT and expects to operationalize 4.5mn MT capacity by Q3FY27, thus diversifying its sales in the western region. Nuvoco's profitability should benefit from healthy pricing in east and expected cost reductions. The expected conversion of INR 12bn bridge loan into equity investments should keep gearing under check. We keep our earnings estimates unchanged.

- **Q1FY26 performance:** Cement volume grew 6% YoY to 5.1mn MT. NSR improved 7% QoQ on sustenance of price hike taken in the latter part of Q4FY25, leading to a six-quarter high. However, even opex rose 6% QoQ, owing to a spike in unit freight cost (mainly on temporary rerouting of clinker supply to Bihar) and elevated fixed cost (op-lev loss). Stable (and low) fuel costs and lower slag costs cushioned the inflation. Thus, unit EBITDA increased INR 74/MT QoQ to INR 999/MT, its best in the past 16 quarters. The company reported fuel cost at INR 1.43/mnCal (stable QoQ). Trade sales rose to 76% vs 75% QoQ. Premium share also increased to 41% vs 40% QoQ. CC ratio in Q1 at 1.73x stood as at the FY25 level. Lead distance rose to 334km from 324km QoQ. Ex-Vadraj acquisition, reported net debt fell to INR 34.7bn vs 36.4bn QoQ.
- **Vadraj acquisition and ramp-up in plans:** The company acquired Vadraj asset in Q1FY26 by paying INR 18bn to NCLT. It funded the same through long-term/bridge loans of INR 6/12bn. The bridge loan would be paid off by issuing CCPS/CCD. This is being done to keep debt under check (net debt target of INR 35-40bn). The Kutch IU (3.5/2.5mn MT clinker/cement) and 2mn MT SGU at Surat will become operational by Q3FY27 and another 2mn MT at Surat by Q1FY28. The third mill (2mn MT) at Surat will come up later. Nuvoco will incur a total Capex of INR 18bn toward these commissioning, including a railway siding in Kutch and acquiring a CPP.
- **Other KTAs:** Nuvoco guided that cement prices are currently holding at Q1 average levels. It also expects some softening in the elevated freight costs Q2 onwards. It is targeting INR 50/MT YoY savings in opex in FY26 through ramp-up of recently-commissioned railway sidings, increase in TSR, and increase in green power share.

Quarterly/annual financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	5.09	4.80	*6.0*	5.74	*(11.3)*	18.80	18.78	19.43	20.60	22.24
NSR (INR/MT)	5,146	4,959	*3.8*	4,828	*6.6*	5,124	5,159	4,810	4,930	5,004
EBITDA(INR/MT)	999	694	*44.0*	925	*8.0*	611	824	683	848	945
Net Sales	28.73	26.36	*9.0*	30.42	*(5.6)*	105.86	107.33	103.57	112.16	122.99
EBITDA	5.19	3.43	*51.0*	5.52	*(6.0)*	12.10	16.24	13.72	17.88	21.49
APAT	1.33	0.03	*4,588.7*	1.66	*(19.6)*	-2.81	1.47	0.22	3.95	5.55
Diluted EPS (Rs)	3.73	0.08	*4,585.9*	4.63	*(19.6)*	-7.9	4.1	0.6	11.1	15.5
EV / EBITDA (x)						13.6	10.0	11.6	9.9	8.5
EV/MT (Rs bn)						6.90	6.48	6.34	7.05	6.16
P/E (x)						-43.2	82.5	556.6	35.1	25.0
RoE (%)						-3.2	1.7	0.2	4.3	5.7

Source: Company, HSIE Research

BUY

CMP *(as on 18 Jul 2025)*	INR 388
Target Price	INR 420
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 420	INR 420
EBITDA revision %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	NUVOCO IN
No. of Shares (mn)	357
MCap (INR bn) / ($ mn)	138/1,607
6m avg traded value (INR mn)	106
52 Week high / low	INR 417/287

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	19.6	10.8	11.2
Relative (%)	15.6	4.1	10.7

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	72.02	72.02
FIs & Local MFs	19.27	19.37
FPIs	3.37	3.55
Public & Others	5.34	5.06
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Star Cement

Stellar performance; healthy outlook

In Q1FY26, Star continued its stellar show: strong 12% YoY volume growth along with industry-best unit EBITDA of INR 1761/MT (a 26-quarter high), buoyed by healthy pricing, cost stabilization and large incentive accruals. We expect its solid performance to continue, led by its major presence in the lucrative northeast region (NER), large incentive accruals, and opex reductions. However, post the recent rally in its stock price (32% in past three months), Star trades at 12.8x FY27E EBITDA, limited upside. Hence, we downgrade our rating to ADD from BUY earlier with a revised TP of INR 270/share (12x FY27E EBITDA).

- **Q1FY26 performance:** Volume grew 12% YoY (down 15% QoQ) to 1.3mn MT. While cement vols rose 6% YoY, high clinker sales (74kMT vs 0 YoY) accelerated the growth. Star's north-east (NER) sales volume rose 6% YoY. Cement utilization stood at 64% vs 61/77% YoY/QoQ. NSR grew 2/8% QoQ/YoY. On QoQ basis, incentives remained steady at ~Rs 480/MT, and better pricing across east/NER drove the gain. On YoY basis, margin benefitted from ~INR 380/MT higher incentives along with pricing recovery. Opex rose 2% QoQ mainly led by op-lev loss (volume down 15% QoQ). The impact was cushioned by lower freight cost (company used mostly captive trucks) and lower fuel cost (QoQ savings of ~INR 100/MT). On YoY basis, opex reduced 4% owing to absence of external clinker purchase, op-lev gains and fuel cost savings. Thus, unit EBITDA expanded by INR 46/755 per MT QoQ/YoY to a 26-quarter high of INR 1,761/MT thus maintaining its industry-best show.
- **Outlook:** Star maintained its FY26E volume growth guidance of ~15%. Cement prices have broadly held on close to Q1 levels. Star expects incentive accruals to sustain at > INR 400/MT FY26 onwards. Its grinding expansions are on track and it maintained capex guidance of INR 8.23/6bn for FY26/27E. We estimate Star's variable costs to reduce by > INR 250/MT in FY27E (over FY25E), which should cushion the impact of higher promotional and overhead expenses to bolster sales from its upcoming cement capacities in the NER. Factoring in strong Q1 performance and healthy pricing outlook, we raise our FY26/27E EBITDA estimates by 12/5% respectively. We estimate its unit EBITDA to peak out at INR 1,662/MT in FY26E (ex-incentive ~INR 1240/MT) and should slightly moderate in FY27E to INR 1555/MT (ex-incentive INR 1155/MT) on expected competition from Dalmia's upcoming clinker expansion in the NER. We also raise our valuation multiple to 12x FY27E EBITDA (vs 11x currently) to factor in strong growth outlook.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales Vol (mn MT)	1.30	1.15	*12.3*	1.53	*(15.4)*	4.01	4.44	4.73	5.35	5.88
NSR (INR/MT)	7,037	6,508	*8.1*	6,867	*2.5*	6,739	6,554	6,687	6,907	6,804
EBITDA (INR/MT)	1,761	1,006	*75.0*	1,715	*2.7*	1,167	1,253	1,223	1,662	1,555
Net Sales	9,120	7,510	*21.4*	10,521	*(13.3)*	27,048	29,107	31,634	36,944	40,029
EBITDA	2,282	1,161	*96.5*	2,627	*(13.1)*	4,684	5,563	5,786	8,892	9,148
APAT	982	310	*216.8*	1,231	*(20.3)*	2,476	2,951	1,690	3,829	3,595
AEPS (INR)	2.3	0.8	*203.2*	2.9	*(20.3)*	6.1	7.3	4.2	9.5	8.9
EV/EBITDA (x)						16.7	14.6	15.3	13.3	12.8
EV/MT (INR bn)						13.7	10.6	11.5	12.2	10.0
P/E (x)						34.7	29.1	50.9	30.6	32.6
RoE (%)						10.8	*11.5*	*6.0*	*12.6*	*10.6*

Source: Company, HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 290
Target Price	INR 270
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	BUY	ADD
Price Target	INR 240	INR 270
EBITDA revision %	FY26E *11.9*	FY27E *4.9*

KEY STOCK DATA	
Bloomberg code	STRCEM IN
No. of Shares (mn)	404
MCap (INR bn) / ($ mn)	117/1,339
6m avg traded value (INR mn)	117
52 Week high / low	INR 295/172

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	33.2	41.2	35.7
Relative (%)	35.9	35.9	35.0

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	57.66	57.66
FIs & Local MFs	5.17	4.93
FPIs	2.02	2.24
Public & Others	35.15	35.17
Pledged Shares	0.77	0.77

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

JK Lakshmi Cement

Strong volume and margin performance

We maintain BUY on JK Lakshmi (JKLC), with an unchanged target price of INR 1,010/share (10x FY27E consolidated EBITDA). We expect JKLC to continue to deliver healthy volume growth (8% CAGR over FY25-27E) along with margins of INR 939/1,020 per MT. Despite major expansions underway, healthy cash flows should keep leverage in check. In Q1FY26, JKLC delivered strong 10% YoY volume growth along with INR 936/MT margin gains. Thus, consolidated revenue/EBITDA/APAT rose 11/40/82% YoY.

- **Q1FY26 performance**: Sales volume grew 10% YoY as it ramped up production and increased sales in the central region, ahead of its upcoming expansion. Share of trade sales fell 4pp QoQ to 56% vs 60%. The share of premium cement remained stable at 23% QoQ. NSR fell 1%QoQ and opex remained flat QoQ. Fuel cost rate cooled off marginally to INR 1.5/mnCal vs INR 1.53 QoQ. The share of green power remained stable at 49% QoQ. Lead distance marginally increased to 399km vs 393km QoQ. Unit EBITDA fell a modest NR 40/MT QoQ to INR 936/MT. Udaipur Cement (UCW) financials have been included in standalone numbers w.e.f. Q1FY25.
- **Concall KTAs and outlook**: JKLC remained confident of outperforming industry growth rate of 6-7% for FY26. It also guided for capex of INR 15/18/15bn for FY26/27/28E toward ongoing expansions in eastern and central regions including expenditure for land acquisitions (future expansions and maintenance capex). While JKLC spent a modest INR 1bn in capex in Q1FY26, management remains upbeat on meeting the annual target. The company maintained its earlier guidance of margin improvement by INR 100-120/MT over FY26-27, driven by further gains in brand premiumization, increase in renewal power, and lowering lead distance. While its expansion in Gujarat, central and eastern regions is broadly on track, there have been changes in the northeast expansion plans. JKLC will share a detailed roadmap for the same in the next three months. It maintained its ambition to achieve 30mn MT capacity target by 2030, which will include capacity expansions in Gujarat and Rajasthan. Factoring in strong Q1FY26 performance, we raise our consolidated FY26/27E EBITDA estimates by 2/5% respectively. However, our target price remains unchanged, owing to ~6% equity dilution on account of issuance of JKLC's shares to minority shareholders of UCW (in Q2FY26).

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	3.33	3.02	*10.0*	3.60	*(7.6)*	11.49	11.99	12.14	13.23	14.29
NSR (INR/MT)	5,234	5,172	*1.2*	5,274	*(0.8)*	5,617	5,662	5,100	5,202	5,306
EBITDA(INR/MT)	936	735	*27.2*	976	*(4.1)*	730	878	712	939	1,020
Net Sales	17.41	15.64	*11.3*	18.98	*(8.3)*	64.52	67.88	61.93	68.85	75.84
EBITDA	3.11	2.22	*39.9*	3.51	*(11.4)*	8.39	10.52	8.65	12.43	14.57
APAT	1.50	1.09	*37.9*	1.76	*(14.5)*	3.59	4.66	3.05	5.13	5.94
AEPS (INR)	12.8	7.0	*81.7*	14.9	*(14.5)*	30.5	39.6	25.9	41.3	47.8
EV/EBITDA (x)						12.5	10.5	12.8	10.8	9.5
EV/MT (INR bn)						7.49	6.69	6.40	7.51	6.86
P/E (x)						26.3	20.2	30.9	23.0	19.9
RoE (%)						*13.3*	*15.0*	*8.7*	*13.2*	*13.7*

Source: Company, HSIE Research

BUY

CMP *(as on 04 Aug 2025)*	**INR 951**
Target Price	**INR 1,010**
NIFTY	**24,723**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 1010	INR 1,010
EBITDA revision %	FY26E *1.9*	FY27E *4.6*

KEY STOCK DATA	
Bloomberg code	JKLC IN
No. of Shares (mn)	118
MCap (INR bn) / ($ mn)	112/1,276
6m avg traded value (INR mn)	207
52 Week high / low	INR 1,021/661

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	24.1	19.7	12.1
Relative (%)	23.5	16.6	12.0

SHAREHOLDING PATTERN (%)

	Mar-25	**Jun-25**
Promoters	46.34	46.34
FIs & Local MFs	25.25	25.12
FPIs	12.05	12.81
Public & Others	16.36	15.73
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Birla Corporation

Healthy volume offtake albeit margin slumps

In Q1FY26, Birla Corporation (BCORP) delivered healthy 9% YoY volume growth, gaining market share in all the four regions it operates in. However, its NSR slumped 5% QoQ (contrary to market trends), which pulled down unit EBITDA by INR 299/MT QoQ to INR 715/MT. On YoY basis, margin improved INR 112/MT on 1% higher pricing and op-lev gains and thus consolidated revenue/EBITDA rose 12/34% YoY. We estimate BCORP will deliver 5% volume CAGR over FY25-27E along with recovery in margin to INR 724/822 per MT in FY26/27E vs INR 683/MT in FY25. While net debt will increase to INR 29bn in FY27E (capex driven), net debt to EBITDA ratio should remain under 2x. We downgrade BCORP to ADD from Buy, with a lower TP of INR 1,420/share (8x FY27E consolidated EBITDA).

- **Q1FY26 performance:** BCORP's Q1FY26 EBITDA missed ours/consensus EBITDA estimates by 25/17%, owing to NSR disappointment, amid strong volume growth. It reported 9% YoY growth, led by 7/8/15/18% growth in central/north/west/east markets. It also reported an increase in trade sales (78% vs 72/73% YoY/QoQ), blended cement share (89% vs 84/82% YoY/QoQ) and premium cement sales at 45% of total sales vs 42/43% YoY/QoQ. Despite these and better pricing QoQ across all markets in Q1, reported NSR fell 5% QoQ (+1% YoY), which pulled down margin. Even opex rose by 2% QoQ on op-lev loss, higher employee cost, external clinker purchase (company took maintenance shut-down of kilns in MP and Maharashtra), and higher fuel cost rate. Clinker production utilization fell to 77% vs 92% YoY. Share of green power stood at 27% vs 27/25% YoY/QoQ. These led to unit EBITDA falling INR 299/MT QoQ to INR 715/MT. On YoY basis, margin improved INR 112/MT on 1% higher pricing and op-lev gains.
- **Concall KTAs and outlook**: Company maintained volume guidance of 6-7% CAGR for FY25-27E, in line with industry growth. It expects to spend INR 10bn in capex in FY26E (from total planned capex of 43.35bn) toward cement/clinker expansion to 27.6/16.7mn MT by FY29E (from 20/13mn MT currently). Capex should accelerate in the subsequent quarters as BCORP spent only INR 1bn in Q1FY26. It has stated that its cost reduction targets are intact, which will be driven by increase in green power, captive coal mining, and logistics efficiencies. Factoring in earnings disappointment in Q1FY26, we lower our FY26/27E EBITDA estimates by 7/6% respectively.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales Vol (mn MT)	4.79	4.38	*9.4*	5.25	*(8.8)*	15.73	17.65	18.11	19.01	19.96
NSR (INR/MT)	4,889	4,843	*0.9*	5,127	*(4.6)*	5,237	5,239	4,884	4,908	4,982
EBITDA(INR/MT)	715	603	*18.6*	1,014	*(29.5)*	462	806	683	724	822
Net Sales	24.54	21.90	*12.0*	28.15	*(12.8)*	86.82	96.56	92.14	97.23	103.56
EBITDA	3.47	2.58	*34.3*	5.34	*(35.0)*	7.72	14.38	12.17	14.04	16.70
APAT	1.20	0.33	*266.6*	2.57	*(53.4)*	0.34	4.14	3.34	4.87	6.75
AEPS (INR)	15.5	4.2	*266.6*	38.3	*(59.5)*	4.4	53.7	43.3	63.3	87.6
EV/EBITDA (x)						17.6	9.0	9.9	8.9	7.4
EV/MT (INR bn)						6.80	6.44	6.05	5.82	5.42
P/E (x)						295.6	24.2	30.0	21.4	15.5
RoE (%)						*0.6*	*6.5*	*4.9*	*6.7*	*8.7*

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	**INR 1,354**
Target Price	**INR 1,420**
NIFTY	**24,768**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	ADD
Price Target	INR 1,540	INR 1,420
EBITDA revision %	FY26E *(6.7)*	FY27E *(5.5)*

KEY STOCK DATA	
Bloomberg code	BCORP IN
No. of Shares (mn)	77
MCap (INR bn) / ($ mn)	104/1,188
6m avg traded value (INR mn)	184
52 Week high / low	INR 1,556/902

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	27.5	15.8	(11.6)
Relative (%)	26.3	11.0	(10.8)

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	62.90	62.90
FIs & Local MFs	15.60	15.56
FPIs	6.27	7.05
Public & Others	15.23	14.49
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Greenlam Industries

Chipboard drag profitability to red

Greenlam revenue grew by 11% YoY at INR 6.74bn. Laminates revenue grew 4% YoY, supported by a 6% YoY increase in volume. Plywood volume surged 21% YoY on a low base. Overall EBITDA margin declined 410bps YoY to 6.5%, impacted by chipboard and ply loss further aggravated by forex loss. Consequently, overall EBITDA fell 31% YoY, and APAT turned into red. For FY26, the company maintains its 18–20% revenue growth guidance, expecting the momentum to continue for 2–3 years. The plywood segment is projected to break even in FY26. We value Greenlam (ex-particle business) at 30x its Mar-27E and upcoming particle board business at 0.5x P/B Mar-27E, leading to a revised lower SOTP-based TP of INR 230/sh. We maintain ADD rating.

- **Q1FY26 performance:** Revenue grew by 11% YoY to INR 6.74bn, driven by laminates and entry into a new segment. Laminates revenue rose 4% YoY, supported by a 6% YoY increase in volume. Domestic laminates revenue grew 8% YoY, while export revenue remained flat YoY. Laminates EBITDA margin expanded by 60bps YoY to 14.2% (up 50bps QoQ), mainly due to a forex gain of INR 58mn. Excluding the forex gain, the EBITDA margin stood at 13.2% (-40bps YoY / -50bps QoQ). Plywood volume surged 21% YoY. Chipboard plant commenced operation from Q4FY25, its revenue contribution was 5% of mix at INR 310mn (vs INR 51mn QoQ). Overall EBITDA margin declined 410bps YoY to 6.5% (down 290bps QoQ), impacted by a net forex loss of INR 106mn. Consequently, overall EBITDA fell 31% YoY, and APAT turned into red.
- **Concall KTAs and outlook:** For FY26, the company has maintained its earlier guidance of 18–20% revenue growth and expects this momentum to continue over the next 2–3 years. Timber prices for chipboard declined sequentially in Q1, and the company anticipates that prices will either cool further or remain stable. The plywood segment is expected to break even in FY26. Additionally, the chipboard plant is projected to receive an annual incentive of INR 400–500mn from the Andhra Pradesh government over the next 7–10 years. It expects debt to remain stable YoY in FY26. Factoring in the sub-par Q1 performance, we cut our APAT estimates by 16% each for FY26/27E mainly for chipboard segment. We value Greenlam (ex-particle business) at 30x its Mar-27E and upcoming particle board business at 0.5x P/B Mar-27E, leading to a revised lower SOTP-based TP of INR 230/sh. We maintain ADD rating.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q1 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn sheet)	4.94	4.67	5.8	4.93	0.2	17.1	19.0	19.7	21.5	23.9
NSR (per sheet)	1,123	1,145	(1.9)	1,167	(3.8)	1,081	1,075	1,128	1,128	1,139
Laminates EBITDAM (%)	14.2	13.6		13.7		13.1	16.0	13.9	14.6	14.8
Net Sales	6,738	6,047	11.4	6,818	(1.2)	20,260	23,063	25,693	30,506	35,276
EBITDA	441	640	(31.1)	640	(31.1)	2,329	2,947	2,746	3,243	4,143
EBITDAM (%)	6.5	10.6		9.4		11.5	12.8	10.7	10.6	11.7
APAT	(154)	203	(182.4)	21	(1,967.4)	1,287	1,384	697	804	1,582
AEPS (INR)	(1.3)	1.5	(182.4)	0.1	(1,967.4)	10.1	10.8	2.7	3.2	6.2
EV/EBITDA (x)						13.3	12.0	25.1	21.3	16.5
P/E (x)						22.6	21.0	83.4	72.3	36.8
RoE (%)						16.0	13.6	6.3	6.9	12.5

Source: Company, HSIE Research

ADD

CMP *(as on 11 Aug 2025)*	INR 228
Target Price	INR 230
NIFTY	24,585

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 250	INR 230
EPS revision %	FY26E *-16.1*	FY27E *-15.9*

KEY STOCK DATA	
Bloomberg code	GRLM IN
No. of Shares (mn)	255
MCap (INR bn) / ($ mn)	58/664
6m avg traded value (INR mn)	20
52 Week high / low	INR 312/197

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.5	(17.9)	(21.1)
Relative (%)	6.1	(23.5)	(22.2)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.98	50.98
FIs & Local MFs	15.73	15.15
FPIs	1.76	1.74
Public & Others	31.53	32.13
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Heidelberg Cement

Volume push negates regional pricing gain

We maintain REDUCE on Heidelberg Cement (HEIM), with unchanged TP of INR 175/share (at an average of 8x FY27E EBITDA and FY27E EV of USD 82/MT). We remain wary of HEIM's continued market share loss as it has not been expanding capacities. Hence, we estimate a modest 2% volume CAGR for FY25-27E. Competitive pressure should keep its margin sub-par: we estimate margin of INR 647/731 per MT for FY26/27E. In Q1FY26, HEIM reported 11% YoY volume growth (flat QoQ). However, this came at expense of 2% QoQ NSR decline and, subsequently, unit EBITDA fell INR 16/MT QoQ to INR 706/MT.

- **Q1FY26 performance:** HEIM delivered 11% YoY growth on a low base (flat QoQ), leading to 18-quarter high sales. The three-year CQGR was muted at 4%. Despite improvement in cement prices QoQ in the central region, HEIM's NSR fell 2% QoQ. However, the impact was moderated, owing to 2% lower opex QoQ. HEIM's opex fell due to cool-off in input costs (external clinker purchase in Q4FY25 had elevated costs) and freight costs. However, its other expenses shot up QoQ and restricted the opex decline. Thus, unit EBITDA fell INR 16/MT QoQ to INR 706/MT. Subsequently, HEIM reported 12/13/21% revenue/EBITDA/APAT growth YoY.
- **View:** Previously, HEIM has guided for 6-7% volume growth in FY26E, in line with its estimates for industry growth. HEIM had also guided that it is debottlenecking its clinker capacity by 0.13mn MT by June-25 which is expected to raise its PPC capacity by 0.2mn MT. However, there has been no update on the completion of the debottlenecking so far. HEIM's Gujarat project is also contingent upon receiving environmental clearance. We maintain our estimates of a modest 2% volume CAGR for FY25-27E along with sub-par margin of INR 647/731 per MT for FY26/27E.

Quarterly/annual financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	1.25	1.13	*10.9*	1.26	*(0.2)*	4.39	4.81	4.52	4.61	4.74
NSR (INR/MT)	4,765	4,705	*1.3*	4,876	*(2.3)*	5,095	4,922	4,759	4,855	4,952
Opex (INR/MT)	4,059	4,015	*1.1*	4,155	*(2.3)*	4,528	4,263	4,229	4,208	4,221
EBITDA(INR/MT)	706	690	*2.3*	722	*(2.2)*	566	659	530	647	731
Net Sales	5.98	5.32	*12.3*	6.12	*(2.4)*	22.38	23.66	21.49	22.36	23.49
EBITDA	0.89	0.78	*13.4*	0.91	*(2.3)*	2.49	3.17	2.39	2.98	3.47
APAT	0.48	0.40	*20.9*	0.50	*(4.4)*	0.99	1.68	1.07	1.56	1.80
AEPS (INR)	2.1	1.8	*20.9*	2.2	*(4.4)*	4.4	7.4	4.7	6.9	8.0
EV/EBITDA (x)						18.6	14.2	18.6	15.3	13.1
EV/MT (INR bn)						7.39	7.18	7.13	7.05	7.01
P/E (x)						49.6	29.3	46.1	31.5	27.3
RoE (%)						6.6	11.4	7.5	11.2	12.9

Source: Company, HSIE Research

REDUCE

CMP *(as on 29 Jul 2025)*	**INR 217**
Target Price	**INR 175**
NIFTY	**24,821**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 175	INR 175
EBITDA revision %	FY26E *0.0*	FY27E *0.0*

KEY STOCK DATA	
Bloomberg code	HEIM IN
No. of Shares (mn)	227
MCap (INR bn) / ($ mn)	49/568
6m avg traded value (INR mn)	39
52 Week high / low	INR 258/181

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	11.4	(0.5)	(8.1)
Relative (%)	10.1	(6.8)	(8.1)

SHAREHOLDING PATTERN (%)

	Mar-25	**Jun-25**
Promoters	69.39	69.39
FIs & Local MFs	13.28	13.99
FPIs	2.27	1.35
Public & Others	15.06	15.27
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Sagar Cements

Pricing rebound lifts margin

We maintain our ADD stance on Sagar Cements (SGC), with an unchanged TP of INR 265/share (valued at an average of 6.5x FY27E EBITDA and FY27E EV/MT of USD 46/MT). In Q1FY26, SGC reported consolidated EBITDA in line with our estimates and 25% ahead of consensus. Consolidated revenue/EBITDA rose 20/160% YoY (on a low base). It also reported small APAT vs net loss YoY. NSR and margin jumped QoQ on account of major price hikes across south/east and on large incentives/refunds booked in Q1FY26. SGC thus reported 8% YoY volume growth along with unit EBITDA of INR 819/MT (+INR 605/MT QoQ, ex-incentives: INR 590/MT). With cement prices firming up in Q1FY26 and Andhra plant stabilized, SGC's margin should rebound to ~INR 600/MT during FY26-27E. The management is hopeful of monetizing the Vizag land parcel during H2FY26-FY27, which should further aid net debt/EBITDA cooling off to 3.6x in Mar-27E, from 9x in Mar-25.

- **Q1FY26 performance:** SGC's consolidated sales volume rose 8% YoY, driven by similar growth across standalone and subsidiaries. It also reported a large NSR jump of 18% QoQ (+INR 700/MT), which is led by annual incentives/power refunds (worth INR 230/MT) and major pricing gains across south and east markets adding INR 470/MT. Opex rose 3% QoQ, led by op-lev loss and rise in freight cost while input cost remained flat. Thus, unit EBITDA rose INR 605 QoQ to INR 819/MT (INR 590/MT ex-incentives/refunds). Both trade and blended cement share increased QoQ to 52/52% from 46/46% respectively. Fuel cost rate cooled off to INR 1.51/mnCal.
- **Concall KTAs and outlook:** SGC maintained its FY26E volume guidance of 6mn MT. This would be led by a ramp-up of Andhra Cements. Cement prices across south and east remain elevated at the exit of Jun-25. Hence, the margin should also benefit FY26 onwards. SGC is also investing to increase the green power share. The Andhra Cement plant has also stabilized, leading to lower costs FY26 onwards. SGC will be expanding its consolidated capacity to 12mn MT by the end of FY26/early FY27 from 10.5mn MT currently. We estimate a total capex outgo of INR 6.1bn during FY26-27E. SGC expects to receive all approvals for the Vizag land sale by Oct-25 and it should be able to sell ~70% of the land parcels (worth INR 4bn) in FY26/27E, which would support the cash flows. Factoring in a strong pricing uptick, we raise FY26/27E EBITDA estimates by 8/8% respectively. Despite increase in EBITDA estimates, our target price remains unchanged as we have increased capex estimates and lowered the cash inflow from the land sale during FY26/27E.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	1.48	1.37	8.07	1.72	(13.85)	4.93	5.62	5.66	6.00	6.60
NSR (INR/MT)	4,523	4,086	10.7	3,823	18.3	4,519	4,456	3,989	4,268	4,247
EBITDA (INR/MT)	819	340	141	214	283	310	437	249	621	601
Net Sales	6.7	5.6	19.6	6.6	1.9	22.3	25.0	22.6	25.6	28.0
EBITDA	1.2	0.5	160.1	0.4	229.8	1.5	2.5	1.4	3.7	4.0
APAT	0.0	(0.3)		(0.3)	(104.1)	0.3	(0.4)	(2.1)	0.3	0.8
AEPS (INR)	0.1	(2.2)		(3.9)	(102.4)	(7.3)	(4.2)	(14.5)	2.2	5.9
EV/EBITDA (x)						30.2	18.7	32.9	13.1	12.1
EV/MT (INR bn)						5.6	4.4	4.4	4.6	4.0
P/E (x)						111.4	(77.4)	(16.0)	114.9	43.3
RoE (%)						(5.7)	(2.7)	(9.9)	1.6	4.2

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jul 2025)*	INR 257
Target Price	INR 265
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 265	INR 265
EBITDA revision %	FY26E *7.7*	FY27E *8.0*

KEY STOCK DATA	
Bloomberg code	SGC IN
No. of Shares (mn)	131
MCap (INR bn) / ($ mn)	34/391
6m avg traded value (INR mn)	25
52 Week high / low	INR 279/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	18.4	22.8	8.9
Relative (%)	15.2	15.2	6.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	48.33	48.33
FIs & Local MFs	18.01	17.88
FPIs	2.58	2.63
Public & Others	31.08	31.16
Pledged Shares	39.05	13.04

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

Riddhi Shah
Riddhi.sha@hdfcsec.com
+91-22-6171-7359

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

HDFC securities 25 YEARS Powering India's Investments

Prince Pipes and Fittings

Another weak quarter

Prince Pipes' revenue declined 4% YoY as realization has corrected 6% YoY due to decline in resin prices, which was partially offset by 4% volume growth. EBITDA margin declined 280bps YoY to 6.8%, owing to inventory loss (~3% of sales), weak volume, and realization. So, EBITDA decreased 32% YoY. For FY26, management has revised its volume growth target to high single-digit to low double-digit from earlier double-digit guidance and expects EBITDA margin to normalize at 12% by Q4FY26. Management highlighted demand has picked up, with July witnessing healthy volume growth. The company does not anticipate further inventory losses. It is targeting to double its bathware revenue in FY26 (~2% of sales). Bihar's entire plumbing expansion is expected to be completed by Q2FY26-end. We maintain REDUCE with a lower TP of INR 260/share, valuing the company at 22x Mar-27 EPS.

- **Q1FY26 performance:** Revenue declined 4% YoY as realization has corrected 6% YoY due to decline in resin prices, which is partially offset by 4% volume growth. EBITDA margin declined 280bps YoY (-80bps QoQ) to 6.8%, owing to inventory loss, weak volume, and realization. EBITDA per kg is INR 9 vs INR 14/11 YoY/QoQ. EBITDA per kg (adjusted for inventory loss) is INR 13 vs INR 14/16 YoY/QoQ. Consequently, EBITDA decreased 32% YoY.
- **Concall KTAs and outlook:** For FY26, the company has revised its volume growth target to high single digits to low double digits, down from its earlier guidance of double-digit growth. Management expects EBITDA margin to normalize at 12% by Q4FY26. It highlighted that demand has picked up, with July witnessing healthy volume growth. The company does not anticipate further inventory losses in the coming quarters. Employee costs are expected to increase from Q2FY26 onwards due to a salary hike. Additionally, the company aims to double its bathware revenue in FY26 to INR 500-600mn in FY26 (~2% of sales). Bihar's plumbing capacity of 24K MT was commissioned in Mar-25. The entire 60K MT (pipes, fittings, water tanks) capacity costs INR 2.5bn and will be operational by Q2FY26-end. Factoring in the subdued Q1 volume and weak margin, we cut our revenue estimates by 1% each for FY26/27E and APAT estimates by 21/5% for FY26/27E. We maintain REDUCE with a lower TP of INR 260/share, valuing the company at 22x Mar-27 EPS.

Quarterly/annual financial summary

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Pipes sales (K MT)	43.7	42.2	3.7	50.5	-13.3	157.7	172.8	177.2	191.4	202.9
NSR (INR/kg)	133	143	-7.4	143	-7.0	172	149	142	145	148
EBITDA (INR/kg)	9	14	-34.5	11	-16.8	16	18	9	13	16
Net Sales	5,804	6,045	-4.0	7,197	-19.3	27,109	25,687	25,239	27,803	30,002
EBITDA	396	583	-32.1	548	-27.9	2,503	3,074	1,618	2,562	3,205
EBITDAM (%)	6.8	9.6		7.6		9.2	12.0	6.4	9.2	10.7
APAT	48	247	-80.5	242	-80.1	1,214	1,646	431	886	1,312
Diluted EPS (INR)	0.4	2.2	-80.5	2.2	-80.1	11.0	14.9	3.9	8.0	11.9
EV / EBITDA (x)						12.5	10.7	21.3	13.0	10.2
P/E (x)						27.0	20.0	76.1	37.0	25.0
RoE (%)						9.2	11.3	2.8	5.5	7.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 07 Aug 2025)*	INR 297
Target Price	INR 260
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 275	INR 260
EPS revision %	FY26E *-20.7*	FY27E *-4.6*

KEY STOCK DATA	
Bloomberg code	PRINCPIP IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	33/376
6m avg traded value (INR mn)	156
52 Week high / low	INR 618/210

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	21.0	(20.6)	(48.7)
Relative (%)	20.6	(24.1)	(50.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	60.94	60.94
FIs & Local MFs	14.98	15.73
FPIs	6.19	3.75
Public & Others	17.89	19.58
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Greenpanel Industries

Another weak quarter; profitability turns red

Greenpanel's revenue fell 10% YoY, owing to weak volume growth. MDF sales volume fell 14% YoY (domestic down 9% YoY). EBITDA margins contracted sharply by 1470bps YoY (down 1760bps QoQ), and APAT was negative at INR 346mn, impacted by lower EBITDA (big forex loss), higher depreciation, and interest costs from commissioning of the new plant. Based on the company's commentary, it is clear management will be aggressive on volume to regain lost market share. The company expects 30% volume growth in FY26 with 12% operating margin. In our view, the company will miss its growth and margin guidance by a wide margin. Factoring in weak Q1 performance and big forex loss, we trim our FY26 APAT estimates significantly and expect the company to deliver a loss. We have cut our FY27 APAT estimates by 3%. We maintain REDUCE with a lower TP of INR 230/share, valuing the company at 20x Mar-27 EPS.

- **Q1FY26 performance:** Revenue declined 10% YoY. EBITDA margins contracted sharply by 1470bps YoY (down 1760bps QoQ), and APAT was negative at INR 346mn, impacted by lower EBITDA, higher depreciation, and interest costs from commissioning of the new plant. A forex loss of INR 275mn (8.4% of revenue) was recorded on the foreign currency loan for the new plant. MDF sales volume fell 14% YoY (domestic down 9% YoY) to 102K CBM. The company ceased sales of commercial grade MDF from Q4FY25 due to BIS implementation (37K CBM in Q1FY26). MDF EBITDAM (ex-forex) dropped 770 bps YoY and 1190 bps QoQ to 4.4%.
- **Concall takeaways and outlook:** Based on the company's commentary, it's clear management will be aggressive on volume in order to regain lost market share. Management does not expect any price increases and is focused on cost optimization to improve margins instead. The company expects 30% volume growth in FY26 with 12% operating margin. In our view, the company will miss its growth and margin guidance by a wide margin. From July-25, the company has increased discounting by 3%. In the upcoming quarter, lower timber price can improve gross margin by 2-3%. Factoring in the weak Q1 performance and big forex loss, we trim our FY26 APAT estimates significantly and expect the company to deliver a loss. We have cut our FY27E APAT estimates by 3%. We maintain REDUCE with a lower TP of INR 230/share, valuing the company at 20x Mar-27 EPS.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
MDF Sales (K CBM)	102.10	119.07	(14.3)	101.86	0.2	506.7	485.0	438.6	475.3	563.2
MDF NSR (INR/CBM)	28,519	27,864	2.4	29,961	(4.8)	30,283	28,904	28,701	28,462	29,883
MDF EBITDA (INR/CBM)	1,255	3,372	(62.8)	4,884	(74.3)	8,411	5,601	3,358	1,598	4,805
Net Sales	3,282	3,650	(10.1)	3,745	(12.4)	17,829	15,670	14,358	15,463	18,874
EBITDA	(158)	360	(143.9)	480	(133.0)	4,165	2,462	1,312	847	2,800
EBITDAM (%)	(4.8)	9.9		12.8		23.4	15.7	9.1	5.5	14.8
APAT	(346)	157	(320.3)	294	(217.8)	2,504	1,341	721	(114)	1,414
AEPS (INR)	(2.8)	1.3	(320.3)	2.4	(217.8)	20.4	10.9	5.9	(0.9)	11.5
EV/EBITDA (x)						8.0	14.4	28.1	43.0	12.5
P/E (x)						14.0	26.1	48.5	NA	24.7
RoE (%)						23.3	10.7	5.3	NA	9.9

Source: Company, HSIE Research. NA – not applicable.

REDUCE

CMP *(as on 01 Aug 2025)*	INR 280
Target Price	INR 230
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 240	INR 230
EPS revision %	FY26E	FY27E
	NA	*-3.0*

KEY STOCK DATA	
Bloomberg code	GREENP IN
No. of Shares (mn)	123
MCap (INR bn) / ($ mn)	34/393
6m avg traded value (INR mn)	80
52 Week high / low	INR 427/203

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.7	(20.7)	(24.5)
Relative (%)	20.2	(24.7)	(22.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	53.13	53.13
FIs & Local MFs	28.62	28.77
FPIs	2.93	1.64
Public & Others	15.32	16.46
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Stylam Industries

Strong performance

In Q1FY26, Stylam's revenue grew 17% YoY to INR 2.8bn. EBITDA margin improved by 140bps YoY as gross margin slightly inched up (up 10bps YoY) on op-lev gain. Owing to higher EBITDA and lower depreciation offset by higher finance cost, lower other income and increase in tax rate, APAT declined 1% YoY. Adjusted for forex loss, APAT grew by ~25% YoY. Earlier in Q4FY25 concall, Stylam had guided for ~20/40% export revenue growth in FY26/27E. The brownfield laminates plant expansion is delayed again by a month and is now expected to be commissioned by Oct 2025. Factoring in the Q1 healthy margin, we increase our APAT estimate by 4% for FY26E, while we maintain our FY27E estimate. We are projecting 22/25/26% revenue/EBITDA/APAT CAGR for FY25-27E, aided by ramp-up of brownfield expansion. Considering promoter's strained relationship, we maintain our REDUCE rating, with an unchanged target price of INR 1,700/sh (15x Mar-27E EPS).

- **Q1FY26 performance:** Revenue grew 17% YoY to INR 2.8bn (export/domestic grew 22/6%). Volume declined 3% YoY as export volume declined by 9% which was partially offset by 7% growth in domestic volume. Realization increased 20/26% YoY/QoQ, primarily due to change in export product mix. Export mix was 73% YoY in Q1 vs 70/71% YoY/QoQ. Acrylic performance remains subpar, down ~30% YoY, at INR 41mn (1.5% of revenue). EBITDA margin improved by 140bps YoY as gross margin slightly inched up (up 10bps YoY) on op-lev gain. Employee cost rose 15% YoY (-3% QoQ), while other expenses grew 9/2% YoY/QoQ. So, EBITDA expanded 26/23% YoY/QoQ. Depreciation decreased 20% YoY as few assets have fully depreciated. Finance cost increased to INR 75mn (vs INR 5mn YoY) due to ~INR 70mn forex loss. Effective tax rate increased, owing to a notional forex loss. Owing to higher EBITDA and lower depreciation offset by higher finance cost, lower other income, and increase in tax rate, APAT declined 1% YoY. Adjusted for forex loss, APAT grew by ~25% YoY.
- **Outlook, valuation, and recommendation**: Earlier in Q4FY25 concall, Stylam guided for ~20/40% export revenue growth in FY26/27E, aided by brownfield expansion. The ongoing brownfield laminates plant expansion, with a total cost of INR 2.6bn (INR 1.2bn already spent), has been delayed by another month and is now expected to be commissioned by Oct 2025. Factoring in the Q1 healthy margin, we increase our APAT estimate by 4% for FY26E, while we maintain our FY27E estimate. We are projecting 22/25/26% revenue/EBITDA/APAT CAGR for FY25-27E, aided by ramp-up of brownfield expansion. Considering promoter's strained relationship, we maintain our REDUCE rating, with an unchanged target price of INR 1,700/sh (15x Mar-27E EPS).

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	2,830	2,426	16.7	2,653	6.7	9,521	9,141	10,251	12,291	15,265
EBITDA	529	419	26.4	429	23.3	1,548	1,845	1,852	2,279	2,910
EBITDAM (%)	18.7	17.3		16.2		16.3	20.2	18.1	18.5	19.1
APAT	282	284	(0.5)	296	(4.6)	960	1,296	1,219	1,490	1,932
AEPS (INR)	16.6	16.7	(0.5)	17.5	(4.6)	56.6	76.5	71.9	87.9	114.0
EV/EBITDA (x)						19.8	16.1	16.3	13.0	10.2
P/E (x)						31.7	23.5	24.9	20.4	15.7
RoE (%)						26.4	27.3	20.4	20.6	22.0

Source: Company, HSIE Research

REDUCE

CMP *(as on 01 Aug 2025)*	INR 1,783
Target Price	INR 1,700
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,700	INR 1,700
EPS revision %	FY26E	FY27E
	3.6	*-0.1*

KEY STOCK DATA	
Bloomberg code	SYIL IN
No. of Shares (mn)	17
MCap (INR bn) / ($ mn)	30/345
6m avg traded value (INR mn)	75
52 Week high / low	INR 2,736/1,441

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.1	(10.2)	(6.6)
Relative (%)	12.6	(14.2)	(5.0)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	52.19	52.19
FIs & Local MFs	12.61	12.31
FPIs	3.68	2.79
Public & Others	31.52	32.71
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Somany Ceramics

Weak volume trend continues

Somany Ceramics' Q1FY26 revenue grew 5% YoY to INR 6bn. Tiles volume growth stood at 3% YoY (2-year CAGR just 1%). Gross margins declined 180bps YoY; however, power & fuel/other expenses declined 10/2% YoY, employee expenses remained flat YoY, so EBITDA margin declined by 50bps YoY to 8% (flat QoQ). Consequently, EBITDA declined 2% YoY. APAT was down 16% YoY, owing to lower EBITDA and higher depreciation (rose 36% YoY). The company forecasts high single-digit volume growth in FY26 and expects low double-digit revenue growth in the bathware segment. It anticipates EBITDA margin improvement by 100–150bps YoY, led by higher capacity utilization. Tile prices were stable QoQ in Q1, with a modest price hike implemented in July. Management expects exports from Morbi industry is to decline in FY26. Factoring in the Q1 sub-par performance, we cut our revenue estimates by 1% each for and APAT estimates by 13/9% for FY26/27E. We maintain ADD on Somany Ceramics, with a lower target price of INR 500/share.

- **Q1FY26 performance:** Revenue grew 5% YoY to INR 6bn. Tiles volume growth stood at 3% YoY (two-year CAGR just 1%). Bathware revenue grew 4% YoY. Tiles realization was flat YoY (+1% QoQ). Non-tiles formed 15% of revenue (grew 15% YoY owing to healthy growth in adhesive) vs 14/16% YoY/QoQ. Gross margin declined 180bps YoY; however, power & fuel/other expenses declined 10/2% YoY, employee expenses remained flat YoY, so EBITDA margin declined 50bps YoY to 8% (flat QoQ). Consequently, EBITDA declined 2% YoY. APAT was down 16% YoY, owing to lower EBITDA and higher depreciation (rose 36% YoY).
- **Concall takeaways and outlook**: The company forecasts high single-digit volume growth in FY26 and expects low double-digit revenue growth in the bathware segment. It anticipates EBITDA margin improvement by 100–150 bps YoY, led by higher capacity utilization. Tile prices were stable QoQ in Q1, with a modest price hike implemented in July. In contrast to industry leaders, Somany has minimal scope for significant cost savings. Management expects exports from Morbi industry to decline in FY26. Factoring in the Q1 sub-par performance, we cut our revenue estimates by 1% each and APAT estimates by 13/9% for FY26/27E. We maintain ADD on Somany Ceramics, with a lower target price of INR 500/share.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Tiles sales (MSM)	16.0	15.6	3.0	20.4	-21.6	63.9	69.3	70.9	74.3	78.8
NSR (Rs/Kg)	319.3	319.7	-0.1	315.5	1.2	336.2	323.5	318.3	317.0	320.2
Tiles Revenue	5,113	4,972	2.8	6,439	-20.6	21,483	22,426	22,551	23,561	25,225
Others Revenue	902	787	14.7	1,220	-26.1	3,164	3,347	3,882	4,348	4,783
Net Sales	6,044	5,786	4.5	7,690	-21.4	24,785	25,914	26,588	27,909	30,007
EBITDA	482	490	-1.6	625	-22.9	1,887	2,532	2,209	2,398	2,630
EBITDAM (%)	8.0	8.5		8.1		7.6	9.8	8.3	8.6	8.8
APAT	104	123	-15.6	214	-51.4	737	989	621	835	1,022
Diluted EPS (Rs)	2.5	3.0	-15.6	5.2	-51.4	17.4	24.1	15.1	20.4	24.9
EV / EBITDA (x)						13.8	9.8	11.0	9.8	8.7
P/E (x)						29.4	21.1	33.7	25.0	20.5
RoE (%)						8.5	11.5	7.4	9.6	11.0

Source: Company, HSIE Research

ADD

CMP *(as on 14 Aug 2025)*	INR 511
Target Price	INR 500
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 550	INR 500
EPS revision %	FY26E *-12.7*	FY27E *-8.7*

KEY STOCK DATA	
Bloomberg code	SOMC IN
No. of Shares (mn)	41
MCap (INR bn) / ($ mn)	21/239
6m avg traded value (INR mn)	30
52 Week high / low	INR 753/395

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.8	10.3	(27.4)
Relative (%)	11.7	4.2	(29.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	55.01	55.01
FIs & Local MFs	23.63	23.01
FPIs	1.49	1.39
Public & Others	19.87	20.59
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Chemicals

SRF

Chemicals and packaging film drive revenue

We retain ADD on SRF, with a target price of INR 3,291, on the back of (1) strong demand outlook for refrigerants in domestic and export markets, (2) healthy traction in newly-launched products and demand pick-up for key agrochemical intermediates in specialty chemical business, and (3) healthy margin in domestic market in Packaging Film Business (PFB) owing to supply shortage. EBITDA/APAT were 16/15% below our estimates, owing to lower-than-estimated revenue and higher-than-expected employee and power fuel costs.

- **Chemicals business (CB):** In Q1FY26, revenue came in at INR 18.39bn (+24.1/-21.9% YoY/QoQ) while EBIT came in at INR 5.03bn (+64/-32.8% YoY/QoQ), owing to demand uplift in agrochemical intermediate and robust performance in fluorochemical business. Speciality chemical revenue was led by increased performance in newly-launched products while demand for existing products remains stable. Growth in fluorochemical business was led by growth in export volumes while the domestic demand remained weak. SRF started the supply of new gas R467A, which has a low Global Warming Potential (GWP) and can replace current demand of R22. Currently, the company is running at full utilization of R32 capacity, while it expects to maintain the same in FY26. R32 prices remain strong although demand is softening in the domestic market while the management holds a strong outlook in HFC. SRF is the sole manufacture of R134A and its demand is expected to increase from FY26 with implementation of new regulations. Utilization of PTFE plant was 50-60% and is expected to ramp up in FY26.
- **Packaging films business (PFB)**: Revenue changed by 6.1/0.4% YoY/QoQ to INR 14.18bn, while EBIT came in at INR 1.4bn (62/34% YoY/QoQ). Softening of energy costs helped increase revenue in the Hungarian subsidiary while higher freight costs and Chinese competition impacted the Thailand business. Revenue from the aluminum foil business increased due to higher volumes and antidumping duty on imports from China. Domestic BOPP demand is likely to remain favorable, owing to supply constraints, which have led to price increases of BOPP films. This situation will persist in the medium term, given to recent fire incident at a competitor's plant. SRF will incur a capex of INR 4.9bn for the incremental capacity of 60,000MTPA of BOPP films, funded through a mix of debt and internal accruals. It will take ~24 months to commission the project. In BOPET, domestic demand is steady while prices remain soft.
- **Technical textiles business (TTB)**: Revenue reported at INR 4.66bn (-11.2/+1.8 % YoY/QoQ) while EBIT came in at INR 0.376bn (-44/-6.2% YoY/QoQ). It was driven by healthy demand in polyester tyre cord fabric, but was offset by subdued demand for Nylon Tyre Cord Fabric.
- **Change in estimates:** We tweak our FY26/FY27/FY28 1.8/1.5/3.2% to INR 70.1/98.7/137.1 owing to a) incorporation of annual report numbers and b) incremental capacity in packaging film business.

Financial summary (consolidated)

INR mn	1QFY26	4QFY25	QoQ (%)	1QFY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	38,186	43,133	*(11.5)*	34,641	*10.2*	1,29,104	1,43,582	1,70,352	2,02,514	2,42,232
EBITDA	8,211	10,025	*(18.1)*	6,207	*32.3*	25,841	27,184	37,891	50,998	67,970
APAT	4,323	5,261	*(17.8)*	2,522	*71.4*	13,357	12,508	20,793	29,260	40,634
AEPS (INR)	14.6	17.7	*(17.8)*	8.5	*71.4*	45.1	42.2	70.1	98.7	137.1
P/E (x)						69.9	74.7	44.9	31.9	23.0
EV/EBITDA(x)						37.7	35.7	25.9	19.5	14.4
RoE (%)						12.3	10.4	15.4	18.7	21.7

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)	37,608	37,891	0.8	50,621	50,998	0.7	66,313	67,970	2.5
Adj. EPS (INR/sh)	68.9	70.1	1.8	97.3	98.7	1.5	132.9	137.1	3.2

Source: Company, HSIE Research

ADD

CMP *(as on 24 Jul 2025)*	INR 3,150
Target Price	INR 3,291
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,210	INR 3,291
EPS %	FY26E	FY27E
	+1.8	+1.5

KEY STOCK DATA	
Bloomberg code	SRF IN
No. of Shares (mn)	296
MCap (INR bn) / ($ mn)	932/10,787
6m avg traded value (INR mn)	2,092
52 Week high / low	INR 3,325/2,127

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	23.2	47.7	101.6
Relative (%)	15.2	33.9	62.0

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.26	50.26
FIs & Local MFs	18.43	18.85
FPIs	18.27	18.23
Public & Others	13.00	12.61
Pledged Shares	-	-

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Navin Fluorine International

Ref gas boosts Q1 performance

BUY

CMP *(As on 30 Jul 2025)*	INR 5,198
Target Price	INR 5,551
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 5,268	INR 5,551
EPS %	FY26E	FY27E
	0.7%	9.1%

KEY STOCK DATA	
Bloomberg code	NFIL IN
No. of Shares (mn)	51
MCap (INR bn) / ($ mn)	266/3,044
6m avg traded value (INR mn)	858
52 Week high / low	INR 5,245/3,160

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.0	33.0	37.8
Relative (%)	13.4	26.8	37.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	28.44	27.14
FIs & Local MFs	30.04	29.88
FPIs	20.16	21.98
Public & Others	21.36	21.00
Pledged Shares	-	-

Source : BSE

We retain a BUY on Navin Fluorine International (NFIL), with a target price of INR 5,551 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 in line with estimates while APAT was higher than estimates, owing to lower-than-expected interest cost.

- **Financial performance:** In Q1FY26, revenue increased by +38.5/+3.5% YoY/QoQ% to INR 7,254mn, owing to improved performance in all businesses. EBITDA margin improved by (+934/+301 bps YoY/QoQ bps) to 28.5%, owing to a) operating leverage and b) strong pricing traction in refrigerant gases. EBITDA came in at INR 2,068mn (+106/+15.7% YoY/QoQ).
- **Specialty chemical (30% of revenue):** Revenue during the quarter changed by 35.2/-15.4% YoY/QoQ to INR 2,190mn. Sequential decline in revenue owing to campaign-driven nature of business. NFIL will start delivering supplies of three new molecules in Q2FY26 for new AI. It expects significant contribution in incremental revenue from the fluoro specialty plant in FY26.
- **HPP business (56% of revenue):** Revenue in the quarter changed by 44.8/24.8% YoY/QoQ% to INR 4,070mn. It was driven by improved gas realization and demand environment. Pricing landscape of ref gases remains firm. R32 plant commercialized in March 2025 is running at optimal utilization and ready to capitalize on increasing opportunity in international market. NFIL has expressed interest in increasing capacity in R32, given the demand landscape. AHF project is expected to commission in Q2FY26. NFIL expects electronic grade AHF to drive demand, owing to higher realization. Project execution of Chemours Opteon is underway and its commercial production is expected to start in Q1FY27.
- **CDMO business (14% of revenue):** Revenue changed by 22.2/-13.9% YoY/QoQ% to INR 990mn. NFIL has strong revenue visibility, backed by robust order book in FY26. NFIL has received material order for supply in Q2 from EU major, while it expects another scale-up order from another EU major in Q2. It expects commercial order to be delivered in FY26 from the US. cGMP Phase-I is expected to commission in Q3. NFIL expects to start Phase-II of CGMP, driven by strong visibility across customers in EU.
- **Other highlights:** NFIL has revised capex guidance from INR7bn to INR 10bn, driven by strong customer outlook, from earlier guidance of INR5bn to INR7bn.
- **Change in estimates:** We change our FY26/27/FY28E EPS estimates by +0.7/9.1/13.9% to INR 96.7/146.5/187.4x, factoring in demand outlook across all segments for FY26, FY27 and FY28.

Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7,254	7,009	*3.5*	5,237	*38.5*	20,650	23,494	30,010	37,483	45,716
EBITDA	2,068	1,787	*15.7*	1,004	*106.1*	3,983	5,337	7,844	10,607	13,684
APAT	1,173	950	*23.5*	512	*129.0*	2,706	2,887	4,952	7,502	9,591
AEPS (INR)	22.9	18.6	*23.5*	10.0	*129.0*	52.9	56.4	96.7	146.5	187.4
P/E (x)						95.8	89.8	52.4	34.6	27.0
EV/EBITDA(x)						68.8	51.5	34.2	25.3	19.3
RoE (%)						11.8	11.5	15.5	18.6	20.5

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)	7,745	7,844	*1.3*	9,818	10,607	*8.0*	12,116	13,684	*12.9*
Adj. EPS (INR/sh)	96.0	96.7	*0.7*	134.4	146.5	*9.1*	164.5	187.4	*13.9*

Source: Company, HSIE Research

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Deepak Nitrite

Subdued performance

SELL

CMP *(as on 14 Aug 2025)*	INR 1,857
Target Price	INR 1,528
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 1,676	INR 1,528
EPS %	FY26E	FY27E
	-25.8%	-13.5%

KEY STOCK DATA	
Bloomberg code	DN IN
No. of Shares (mn)	136
MCap (INR bn) / ($ mn)	253/2,892
6m avg traded value (INR mn)	588
52 Week high / low	INR 3,095/1,775

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.2)	(2.3)	(34.8)
Relative (%)	(5.3)	(8.4)	(36.7)

SHAREHOLDING PATTERN (%)	March-25	June-25
Promoters	49.24	49.24
FIs & Local MFs	23.22	22.62
FPIs	6.65	6.68
Public & Others	20.85	21.42
Pledged Shares	0	0

Source : BSE

We maintain SELL on Deepak Nitrite (DNL), with a price target of INR 1,528. DNL is venturing into polycarbonate (PC) manufacturing with an investment of INR 50bn and expanding into polycarbonate compounding. The PC plant shall commence operation by FY28-end and start contributing to revenue from FY29. Additionally, the company will invest INR35bn for setting up a PC intermediate plant (Bisphenol A) and an additional phenol capacity. However, the balance sheet will become debt-ridden (from being debt-free) with a peak net debt to equity of 0.7x and net debt to EBITDA of 2.1x in FY28. The RoCE will remain ~13% over the next four years while RoE will remain below 20% until FY29. The stock is currently trading at 34/23x FY26E/27E. EBITDA/APAT were 50%/50% lower than our estimates, owing to lower-than-expected revenue and higher-than-expected raw material cost.

- **Financial performance:** Revenue decreased by 12.8/13.3% YoY/QoQ to INR 18.90bn in Q1FY26, owing to subdued demand across agro intermediates. EBITDA margin changed by -424/-449bps YoY/QoQ to 10%. EBITDA decreased by 38.7/40.1% YoY/QoQ to INR 1.90bn.
- **Advanced intermediates (AI):** Revenue decreased by 14.5/6.4% YoY/QoQ to INR 6.12bn. EBIT changed by -46.7/-21% YoY/QoQ to INR 0.35bn. Margin changed by -350/-106bps to 5.8%. Performance in the quarter was impacted by pricing and compressed margins across various production lines and slower-than-expected recovery in European and other global customers.
- **Deepak Phenolic (DPL):** Revenue decreased by 10.9/14.9% YoY/QoQ to INR 13bn. Revenue was impacted by delayed off-take of key products in the Agro Chem Intermediate space. EBIT margin decreased by 514/658bps YoY/QoQ to 9%. EBIT decreased by -43.2/-50.7% YoY/QoQ to INR 1.18bn.
- **Concall takeaways:** (1) The company has started commercialization of CNA and Hydrogenation. MIBC, MIBK, and Nitration are expected to be commissioned in H2FY26. (2) The company expects moderate impact of the tariff as DNL has ~3-5% revenue exposure to the US. (3) The company will incur a capex of INR100bn over the next 3-4 years, of which it would spend INR 8-10bn in FY26, INR 30bn in FY27 and remaining in FY28 and beyond. (4) It has signed a PPA agreement for its solar plant, which is expected to commence from May 2026. 60-70% of energy will come from renewables by FY27.
- **Change in estimates:** We cut our FY26/27/28 EPS estimates by -25.8/-13.5/-4.8% to INR 54.2/81.1/111x, given the Q1performance and bleak outlook.

Financial summary (consolidated)

YE March (Rs mn)	1QFY26	4QFY25	*QoQ (%)*	1QFY25	*YoY (%)*	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	18,899	21,797	(13.3)	21,668	(12.8)	76,818	82,819	87,502	1,00,190	1,17,086
EBITDA	1,896	3,165	(40.1)	3,092	(38.7)	11,233	10,918	11,819	19,516	28,027
APAT	1,123	2,025	(44.6)	2,025	(44.6)	7,538	6,974	7,344	11,057	15,134
Diluted EPS (Rs)	8.2	14.8	(44.6)	14.8	(44.6)	55.3	51.1	54.2	81.1	111.0
P/E (x)						33.6	36.3	34.2	22.9	16.7
EV / EBITDA (x)						22.3	23.9	23.4	15.1	11.3
RoE (%)						17.0	13.7	12.9	16.9	19.7

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)	16,347	11,819	(27.7)	21,910	19,516	(10.9)	29,085.6	28,027	(3.6)
Adj. EPS (INR/sh)	73.1	54.2	(25.8)	93.7	81.1	(13.5)	116.5	111.0	(4.8)

Source: Company, HSIE Research

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Clean Science and Technology

Favorable mix driving margin

We maintain SELL on Clean Science and Technology (CSTL) with a price target of INR 1,029. RoE/RoCE have fallen by 1,300bps in the last two years to ~20%, owing to poor returns in the HALS business. We expect the RoE to remain at ~20% and an EPS CAGR of 18% over FY25-29E. The company is investing INR3.3bn over FY25-26E, which will keep asset turnover low in the near term. CSTL is launching two performance chemicals in FY26. It has introduced four new Hindered Amine Light Stabilisers (HALS) in FY25. The ramp-up in these new products will not only drive revenue but also mitigate product concentration risk the company faces. We believe its valuation is contextually high at 48/41x FY26/27E EPS. Q1 EBITDA was 8% below our estimates while PAT was 9% below our estimates, owing to lower-than-expected revenue.

- **Financial performance:** Revenue reported was INR 2,429mn (+8.4/-7.9% YoY/QoQ), supported by the performance of the performance chemical segment. EBITDA changed by 5.5/-4.7% YoY/QoQ to INR 999mn. EBITDA margin changed by -114/137 bps YoY/QoQ to 41.1% owing to higher contribution from high-margin products like MEHQ and BHA in the quarter.
- **Segmental information**: Performance chemical revenue came in at INR 1,797mn (74% of revenue), up 16.3/-1.2% YoY/QoQ. FMCG chemicals revenue changed by -16.6/-1.3% YoY/QoQ to INR 243mn (10% of revenue) while pharma and agro intermediate revenue changed by -3.6/-32% YoY/QoQ to 388.6mn (16% of revenue).
- **Concall takeaways:** (1) Performance chemical 1 project construction is on track and is expected to commercialize in Q2FY26. Company will start water trial in next four weeks. (2) Performance chemical 2 project construction is underway, and it is expected to commercialize in Q4FY26. (3) Company has sent samples of DHDT pharma intermediate to multiple customers. (4) In Q1FY26, CSTL infused INR 800mn in subsidiary Clean Fino Chemical and plans to infuse another INR 1,200mn. (5) One of the promoters and promoter group members are in the process of reviewing their current shareholding in the company, with a view to evaluate the possibility of sale/divestment of a stake up to 24% in the company. On completion of the proposed sale/divestment, promoter aggregate shareholding will remain above 50%. (6) **HALS:** Revenue was INR 240mn, of which 73% was domestic in Q1. Sales volume was 580MTPA, with plant capacity utilization of 22%. CSTL will commercialize advance grade HALS in coming quarters.
- **Change in estimates:** We tweak our FY26 EPS estimates by -4.6% to INR 30 considering weak performance in Q1 and FY26 outlook.

Financial summary (consolidated)

Year Ending March (INR mn)	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	2,429	2,637	*(7.9)*	2,240	*8.4*	7,915	9,666	11,251	15,158	18,286
EBITDA	999	1,048	*(4.7)*	947	*5.5*	3,321	3,876	4,527	5,317	6,143
APAT	701	741	*(5.4)*	659	*6.3*	2,440	2,644	3,187	3,740	4,325
Diluted EPS (Rs)	6.6	7.0	*(5.4)*	6.2	*6.3*	23.0	24.9	30.0	35.2	40.7
P/E (x)						62.9	58.1	48.2	41.0	35.5
EV / EBITDA (x)						46.2	38.7	32.7	27.5	23.4
RoE (%)						22.1	20.2	20.6	20.5	20.2

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E	FY26E	%	FY27E	FY27E	%
EBITDA (INR mn)	4,732	4,527	(4.3)	5,318	5,317	(0.0)
Adj. EPS (INR/sh)	31.4	30.0	(4.6)	35.2	35.2	(0.0)

Source: Company, HSIE Research

SELL

CMP *(as on 17 Jul 2025)*	INR1,445
Target Price	INR 1,029
NIFTY	25,111

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 1,031	INR 1,029
	FY26E	FY27E
EPS %	-4.6%	-

KEY STOCK DATA

Bloomberg code	CLEAN IN
No. of Shares (mn)	106
MCap (INR bn) / ($ mn)	154/1,784
6m avg traded value (INR mn)	163
52 Week high / low	INR 1,690/1,062

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	22.9	1.3	(2.1)
Relative (%)	18.2	(6.0)	(4.0)

SHAREHOLDING PATTERN (%)

	March-25	June-25
Promoters	74.97	74.97
FIs & Local MFs	5.76	5.92
FPIs	6.07	6.21
Public & Others	13.20	12.90
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.dhoshi@hdfcsec.com
+91-22-6171-7361

Aarti Industries

Soft demand in the quarter

We maintain our ADD recommendation on Aarti Industries (AIL), with a target price of INR 497/share. Revenue and EBITDA are expected to increase at a CAGR of 6/22% over FY25-28E. Profitability will be led by (a) commissioning of projects worth INR23-25bn over the next year, (b) cost optimization measures undertaken, and (c) volume growth across products. With an EPS CAGR of 39% and RoE improvement of 694bps over FY25-28E, the current valuation supports AIL's growth potential. EBITDA/APAT were 24/47% below our estimates, owing to higher-than-expected raw material cost.

- **Financial performance**: Revenue changed by -9.4/-14% YoY/QoQ to INR 16.76bn. It was impacted by a) pricing pressure due to raw material price correction, b) deferred exports due to global geopolitics, c) MMA volumes impacted by curtailed operations at Kutch during the Indo-Pak conflict and shutdown taken for capacity debottlenecking. Logistic challenges and inventory valuation losses adversely impacted EBITDA by INR 0.5bn and it decreased by -30.7/-20.9% YoY/QoQ% to INR 2.12bn. EBITDA margin changed by -390/-110 YoY/QoQ bps to 12.6%.
- **Concall takeaways: (1) Energy and additives (36% of the revenue):** Demand of MMA remains strong while pricing was under pressure due to increasing competition and decreasing raw material prices. Logistic challenges and geopolitical conflict impacted the revenue. **(2) Non-energy business (64% of revenue):** Demand for dyes, pigments, printing inks, and pharmaceutical applications remained steady. The polymer and additive segment showed a mixed picture, with DCB facing demand pressure. Demand of agrochemical intermediates remained stable along with recovery. (3) AIL is expected to commission Phase 1 of MPP plant (Calcium Chloride Unit) by Dec 2026 and the remaining five blocks will be commissioned from Jan to May 2026. (4) Exports in the quarter formed 60% of the total revenue. (5) AIL incurred a capex of INR 2.8bn in Q1FY26 and expects less than INR 10bn capex for FY26.
- **Change in estimates:** We cut our FY26/27/FY28E EPS estimates by -9.1/-12.5/-8.8% to INR 11.1/17.1/24.4, factoring in demand outlook across all segments.

Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	16,760	19,490	*(14.0)*	18,490	*(9.4)*	66,186	63,723	72,713	69,443	76,266	87,706
EBITDA	2,120	2,680	*(20.9)*	3,060	*(30.7)*	10,890	9,766	10,005	11,667	15,044	18,233
APAT	430	950	*(54.7)*	1,380	*(68.8)*	5,452	4,165	3,283	4,031	6,203	8,854
AEPS (INR)	1.2	2.6	*(54.7)*	3.8	*(68.8)*	15.0	11.5	9.1	11.1	17.1	24.4
P/E (x)						27.0	35.3	44.8	36.5	23.7	16.6
EV/EBITDA(x)						16.0	18.2	18.2	15.8	12.3	10.0
RoE (%)						11.6	8.2	6.0	7.0	10.0	13.0

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)	12,498	11,667	*(6.6)*	15,988	15,044	*(5.9)*	19,147	18,233	*(4.8)*
Adj. EPS (INR/sh)	12.2	11.1	*(9.1)*	19.6	17.1	*(12.5)*	26.8	24.4	*(8.8)*

Source: Company, HSIE Research

ADD

CMP *(as on 01 Aug 2025)*	INR 406
Target Price	INR 497
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 546	INR 497
EPS %	FY26E	FY27E
	-9%	-12.5%

KEY STOCK DATA	
Bloomberg code	ARTO IN
No. of Shares (mn)	363
MCap (INR bn) / ($ mn)	147/1,683
6m avg traded value (INR mn)	755
52 Week high / low	INR 767/344

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.5)	(11.6)	(45.2)
Relative (%)	(4.0)	(15.6)	(43.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	42.24	42.24
FIs & Local MFs	19.97	20.38
FPIs	6.29	6.44
Public & Others	31.48	30.93
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Aether Industries

Project execution on track

BUY

CMP *(as on 24 Jul 2025)*	INR 808
Target Price	INR 1,140
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,118	INR 1,140
EPS %	FY26E	FY27E
	-1.6	-1.8

KEY STOCK DATA	
Bloomberg code	AETHER IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	107/1,237
6m avg traded value (INR mn)	144
52 Week high / low	INR 1,071/725

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.4)	(2.1)	(12.3)
Relative (%)	(6.3)	(10.0)	(14.8)

SHAREHOLDING PATTERN (%)	March-25	June-25
Promoters	81.77	74.84
FIs & Local MFs	11.43	13.41
FPIs	3.34	5.04
Public & Others	3.46	6.56
Pledged Shares	0.00	0.00

Source: BSE

We maintain BUY on Aether Industries (AIL), with a target price of INR 1,140. The expansion project at Site 3++ is on track to be commissioned in Q4FY26. Two production blocks in Phase-I of the greenfield project at Panoli (Site 5) will be commissioned by December-25. These developments will drive revenue growth. Production from site 4 has ramped up in Q1 and is expected to accelerate in coming quarters. We expect revenue/EBITDA/PAT CAGRs of ~27/30/29% over FY25-29E while the RoE is expected to improve from 7.8% in FY25 to 14% in FY29. EBITDA was in line with our estimate while PAT was 12% below owing to higher-than-expected depreciation and interest costs and lower-than-expected other income.

- **Financial performance:** Revenue grew by 42.3/6.6% YoY/QoQ to INR 2,561mn. The increase was due to increased revenue from CEM and LSM businesses. EBITDA increased by 85.6/1.3% YoY/QoQ to INR 807mn. Segmental revenue breakdown for Q1FY26 was: 51.7% from large-scale manufacturing (LSM), 9.8% from CRAMS, and 37% from CEM.
- **Key concalls takeaways:** (1) AIL has executed a Contract/Exclusive Manufacturing Agreement with Milliken Chemical and Textile (India)—a wholly owned subsidiary of the US headquartered Milliken & Company (Milliken). AIL will commence production at a dedicated site 3++ in Q4FY26. The product is related to material science polymer industry. (2) Revenue contribution of Baker Hughes was INR410mn in Q1, up from INR250mn in Q4FY25. (3) AIL will commission two production blocks in Phase 1 at site 5 in Q3FY26. (4) In FY26, it will incur a capex of INR3.5bn for site 3++ and site 5 and ~INR0.3-0.4bn for expansion of R&D facilities. (5) Domestic revenue increased to 63% from 43% in previous quarter as revenue under contract manufacturing from Baker Hughes increased. (6) AIL's revenue distribution by end-user industry was as follows: Pharmaceuticals – 35.10%, Oil and Gas -19.18%, Agrochemicals – 11.1%, Material Sciences – 16.87%, and Others - ~17.75%. (7) The company spent INR 169mn on research and development, representing 6.54% of total revenue in Q1. (8) Depreciation increased in the quarter owing to capitalization of some part of site 2 and site 4. (9) AIL added six new customers across all business models in Q1FY26.
- **Change in estimates:** We tweak our FY26/FY27/FY28 estimates by -1.6/-1.8/-0.4% to INR 15.9/20.5/27, factoring in the Q1FY26 performance.

Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	2,561	2,402	*6.6*	1,800	*42.3*	5,982	8,387	11,022	13,471	17,166
EBITDA	807	797	*1.3*	435	*85.6*	1,322	2,412	3,198	4,017	5,314
APAT	490	525	*(6.7)*	325	*50.9*	929	1,673	2,114	2,721	3,582
AEPS (INR)	3.7	4.0	*(6.7)*	2.5	*50.9*	7.0	12.6	15.9	20.5	27.0
P/E (x)						114.9	64.0	50.7	39.4	29.9
EV/EBITDA(x)						78.0	44.2	33.8	27.1	20.7
RoE (%)						5.6	7.8	9.1	10.6	12.4

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)	3,010	3,198	6.2	4,057	4,017	(1.0)	5,361	5,314	(0.9)
Adj. EPS (INR/sh)	16.2	15.9	(1.6)	20.9	20.5	(1.8)	27.1	27.0	(0.4)

Source: Company, HSIE Research

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Acutaas Chemicals

Pharma intermediates drive revenue

REDUCE

CMP (on 30 Jul 2025)	INR 1,212
Target Price	INR 1,097
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,097	INR 1,097
EPS %	FY26E	FY27E
	2.2%	1%

KEY STOCK DATA	
Bloomberg code	ACUTAAS IN
No. of Shares (mn)	82
MCap (INR bn) / ($ mn)	99/1,135
6m avg traded value (INR mn)	691
52 Week high / low	INR 1,322/600

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.2	2.8	81.2
Relative (%)	5.7	(3.4)	81.2

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	35.96	32.66
FIs & Local MFs	18.31	22.38
FPIs	16.48	16.94
Public & Others	29.23	28.01
Pledged Shares	0.00	0.00

Source: BSE

We maintain a REDUCE recommendation on Acutaas Chemicals (ACL) with a target price of INR 1,097. ACL's growth story is promising, driven by high growth in the CDMO business. However, near-term valuations remain stretched, trading at 45/39/32x FY26/27/28E. Revenue from FY25 to FY28 will be driven by ramp-up of Block 3 (fermion contract) and new CDMO molecules from Blocks 1 and 2. We expect EBITDA margin to improve 150bps, from 23% in FY25 to 24.5% in FY28E. We expect ACL's PAT to grow at a 21% CAGR over FY25-28E, led by 23% EBITDA CAGR, while we expect RoE to decline by 67bps, from 17.4% in FY25 to 16.7% in FY28. In Q1FY26, EBITDA was 23% below our estimate, owing to lower-than-expected revenue. APAT was in line, however, mainly due to higher-than-expected other income.

- **Financial performance:** Revenue changed by +17/-32.8% YoY/QoQ to INR 2,072mn. This quarter's growth was led by revenue increase in both businesses—advanced pharma intermediates and CDMO. EBITDA changed by +72/-40% YoY/QoQ to INR 509mn. EBITDA margin changed by 786bps YoY to 24.6%, owing to a favorable product mix and cost optimization.
- **Segmental information:** (1) Revenue from advanced pharma intermediates changed by 23/-39 % YoY/QoQ and came in at INR 1,658mn. The Q1 performance was led by both pharma and CDMO businesses. (2) The revenue of specialty chemicals business changed by -2/+16% YoY/QoQ to INR 414mn.
- **Concall takeaways:** (1) ACL expects three CDMO projects to commercialize by FY26-end. Each project has a revenue potential of INR 0.5-1bn. These molecules are currently in the validation stage. (2) ACL has formed a joint venture named Indichem Inc with a South Korean company J & Materials Co Ltd for manufacturing specialty chemicals for the semiconductor industry. It will hold 75% stake in this entity while the remaining will be held by J & Materials, contributing toward technology and market access. Total investment in JV will be worth KRW 30bn (~INR1.9bn) over the next three years. It has finalized a capex plan and location and will begin execution shortly. The product is different from the current products of Baba Advance Materials and has global exposure. (3) ACL commissioned the remaining solar plant of 5MW. It has a total solar capacity of 15MW, the benefit of which will be visible from Q3FY26.
- **Capex:** (1) ACL has completed the capex for the whole Ankleshwar unit and commissioned the remaining Block 1 of the Ankleshwar site in Q1FY26. It will incur a capex of INR 2.5bn in FY26, of which INR 790mn has already been incurred in Q1. Currently, the capex for the electrolyte additive facility is ongoing with the plant scheduled to be commissioned by Q3FY26.
- **Change in estimates:** We revise our FY26/27 EPS estimates by 2.2/1 % to INR 27/31x, factoring in the Q1 performance.

Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	2,072	3,085	*(32.8)*	1,767	*17.3*	7,175	10,069	12,123	14,800	17,659
EBITDA	509	850	*(40.1)*	295	*72.5*	1,285	2,321	2,969	3,614	4,335
APAT	440	627	*(29.8)*	147	*199.6*	715	1,726	2,219	2,571	3,080
AEPS (INR)	5.4	7.7	*(29.8)*	1.8	*199.6*	8.7	21.1	27.1	31.4	37.6
P/E (x)						139.8	57.9	45.0	38.9	32.4
EV/EBITDA(x)						79.0	42.0	32.6	26.6	21.9
RoE (%)						11.3	17.4	15.8	16.0	16.7

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)	3,062	2,969	*-3.0%*	3,581	3,614	*0.9%*	4,335	4,335	*0.0%*
Adj. EPS (INR/sh)	26.5	27.1	2.2	31.1	31.4	1.0	37.6	37.6	(0.0)

Source: Company, HSIE Research

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Harshad Katkar
harshad.katkar@hdfcsec.com
+91-22-6171-7319

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Galaxy Surfactants

Elevated cost and tariff uncertainty

Our BUY recommendation on GALSURF with a price target of INR 2,684 is premised on (1) continuing demand in Rest of the World (RoW) markets; (2) rebound in domestic demand; (3) shift in mix towards high-margin products; and (4) strong balance sheet. Q1 EBITDA/PAT was 4/9% above our estimates, owing to higher-than-expected revenue.

- **Financial performance:** Q1 revenue changed by +31.2/11.6 YoY/QoQ to INR 12.78bn. RoW volume increased by 16% YoY in Q1FY26 while AMET and India business has witnessed flattish growth. Estimated gross profit per kg remained flat sequentially to INR51.5/kg. EBITDA per kg decreased to INR 18.40/kg from 20.41/kg in Q4, owing to subdued performance of premium specialty products in North America due to tariff scenario. EBITDA margin decreased by 305/139bps YoY/QoQ to 9.7%.
- **Post result concall takeaways:** (1) Performance in Egypt and Turkey remain subdued while it was offset by performance in other AMET countries. ROW volumes were driven by primarily LATAM and APAC while in America, there was double-digit growth. (2) Due to higher raw material prices, the customers are re-engineering formulations within performance segment. (3) Longer lead time in supply impacted the supply chain across Europe, China, and South East Asia although the freight cost has reduced. (4) The company is managing inventory in a calibrated manner so as to adjust as per decrease/increase in inventory prices. Additionally, customers are also keeping pretty tight inventories given the higher prices. (5) The company will incur a capex of INR 1.2-1.5bn from FY26 to FY27. (6) Customers are keeping a cautious 'wait and watch' stance due to tariff uncertainty, primarily in North America, impacting performance in Tri-K. The company is planning to reroute products from India through Egypt to the US to minimize tariff impact.
- **DCF-based valuation:** We reduce our EPS estimates by 6.2/6.1/5.5% for FY26/27/28 to INR 87.9/102.5/125x to factor in headwinds in demand, owing to tariff imposition. Our price target is INR 2,684.

Financial summary (consolidated)

(Rs mn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Revenues	12,779	11,449	11.6	9,741	31.2	37,944	42,237	45,251	49,638	54,738
EBITDA	1,239	1,269	(2.4)	1,241	(0.2)	4,615	4,842	5,019	5,635	6,455
APAT	795	759	4.8	797	(0.3)	3,007	3,049	3,118	3,632	4,432
AEPS (Rs)	22.4	21.4	4.8	22.5	(0.3)	84.8	86.0	87.9	102.5	125.0
P/E (x)						26.7	26.4	25.8	22.1	18.1
EV/EBITDA (x)						17.6	16.7	16.3	14.7	13.2
RoE (%)						14.8	13.4	12.6	13.3	14.6

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 bn)	5.27	5.02	(4.8)	5.93	5.63	(5.0)	6.78	6.45	(4.8)
Adj. EPS (INR/sh)	93.7	87.9	(6.2)	109.1	102.5	(6.1)	132.4	125.0	(5.5)

Source: Company, HSIE Research

BUY

CMP *(as on 14 Aug 2025)*	INR 2,267
Target Price	INR 2,684
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,874	INR 2,684
EPS % chg	FY26E	FY27E
	-6.2%	-6.1%

KEY STOCK DATA

Bloomberg code	GALSURF IN
No. of Shares (mn)	35
MCap (INR bn) / ($ mn)	80/919
6m avg traded value (INR mn)	77
52 Week high / low	INR 3,370/2,021

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.0	(0.5)	(18.0)
Relative (%)	2.9	(6.6)	(19.9)

SHAREHOLDING PATTERN (%)

	Mar 25	Jun 25
Promoters	70.91	70.91
FIs & Local MFs	12.95	12.70
FPIs	4.09	4.29
Public & Others	12.05	12.09
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Neogen Chemicals

Projects on track

Our BUY recommendation on Neogen Chemicals (NCL) with a target price of INR 2,630/share is premised on (1) entry into the new-age electrolyte manufacturing business; (2) increasing contribution of the high-margin CSM business to revenue; and (3) volume-driven growth in legacy business. NCL's EBITDA/APAT will grow at a CAGR of 34/43% over FY25-30E while RoE will improve from 5.9% in FY25 to 21.7% in FY30E. Q1 EBITDA/APAT was 4/14% below our estimates, owing to lower-than-expected revenue and higher-than-expected finance cost.

- **Financial performance:** Revenue came in at INR 1,867mn (3.8/-7.9 % YoY/QoQ). Organic chemicals (88% of the revenue) increased 16% YoY to INR 1,643mn. Inorganic chemicals (12% of the revenue) decreased by 42% YoY to INR 224mn. Organic business witnessed volume growth of 10% in Q1FY26 while inorganic business witnessed volume de-growth. EBITDA changed to INR 315mn (+2.3/-13.4% YoY/QoQ). EBTIDA margin changed to 16.9%(-24/-106 bps YoY/QoQ).
- **Key concall takeaways:** (1) Capex: Out of INR15bn planned capex, Neogen Ionics has deployed INR 0.56bn to date. And it expects to ramp up capex in the next 2-3 quarters. Company has issued NCDS of INR 2bn to fund mismatch in timeline, if any, between insurance receipt and liquidity for ongoing capex and intermittent project working capital requirement. (2) For the fire incident, the company has received insurance claim of INR 805mn in Jun and Jul while expects total claim receivable of INR 2.68bn in due course of time. It has started construction of a new plant at the adjacent location and expects to be operational in FY27. (3) Morita JV: JV agreement is expected to conclude in next 2-3 months. Company has ordered long led time equipment from JV partner Lithium salts manufactured under JV will be used captivity for electrolyte production and for the global sale. (4) NCL views the US as significant market opportunity as there are already established battery manufacturer and are looking to reduce dependence on China. Domestically, Ola expects to ramp up by Sep/Oct while Exide will begin the operation in second half. Tata, Reliance and Waaree Energies has given timeline for the 2026. (5) NCL expects strong pick-up in the pharma vertical in base business and has seen increase in inquiries in semiconductor, flavor, and fragrance business. Agrochemical business remained impacted by unavailability of plant. CSM business pipeline in agro remains strong with good launches from 2026-28.
- **Change in estimates:** We tweak our FY26 -7% to INR 20, considering FY26 outlook.

Financial summary (consolidated)

INR mn	1QFY26	4QFY25	QoQ (%)	1QFY25	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	1,867	2,028	*(7.9)*	1,800	*3.8*	6,907	7,776	8,312	18,513	23,567
EBITDA	315	364	*(13.4)*	308	*2.3*	1,101	1,363	1,359	2,589	3,682
APAT	103	182	*(43.6)*	115	*(10.5)*	356	455	487	1,051	685
AEPS (INR)	4.1	7.3	*(43.6)*	4.6	*(10.5)*	14.3	18.3	19.5	42.2	27.5
P/E (x)						101.4	79.2	74.0	34.3	52.7
EV/EBITDA(x)						36.2	30.6	30.5	21.1	14.7
RoE (%)						5.7	5.9	6.0	12.0	7.2

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)	**1,374**	**1,359**	**-1%**	**2,593**	**2,589**	**0%**	**3,687**	**3,682**	**0%**
Adj. EPS (INR/sh)	21	20	-7%	42	42	0%	28	27	0%

Source: Company, HSIE Research

BUY

CMP *(04 Aug 2025)*	INR 1,446
Target Price	**INR 2,630**
NIFTY	**24,723**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,635	INR 2,630
	FY26E	**FY27E**
EPS %	-7%	-

KEY STOCK DATA	
Bloomberg code	NEOGEN IN
No. of Shares (mn)	26
MCap (INR bn) / ($ mn)	38/437
6m avg traded value (INR mn)	81
52 Week high / low	INR 2,420/1,393

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.0)	(31.5)	(10.9)
Relative (%)	(3.7)	(34.6)	(11.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	51.23	51.23
FIs & Local MFs	22.75	22.96
FPIs	7.79	7.36
Public & Others	18.23	18.45
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

NOCIL

Dumping from China impacts business

Our ADD recommendation on NOCIL with a TP of INR 241 is premised on (1) growth in the non-tyre sector, (2) a shift in product mix towards better-margin specialised rubber chemicals, and (3) expected antidumping duty in key products. Q1 EBITDA/APAT were 19/30% below our estimates, owing to higher-than-expected other expenses while revenue was in line with estimates.

- **Financial performance**: Revenue decreased by 9.7% YoY while remained flattish QoQ at INR 3,362mn. Volume uptake was seen in the export market while dumping pressure was witnessed in the domestic market. Overall volume has decreased by ~8% YoY while remained flattish QoQ. EBITDA/kg decreased by -16.8/-11.3% YoY/QoQ to INR24/kg. EBITDA changed by (-23/-10.6 % YoY/QoQ) to INR 306mn. EBITDA margin changed by (-159/-97 bps) to 9.1% due to increase in other expenses owing to increased CSR spending and increased activities.
- **Key concall takeaways**: (1) There is an antidumping investigation going on around NOCIL's main products. DGTR is conducting this investigation. (2) Developing tariff situation will have an impact on auto ancillary, which is likely to impact NOCIL. (3) It has completed 30% of planned capex of INR 2.5bn. Capex is currently underway. Trial production will start in H1FY27. (4) The latex market will face uncertainty in the Asian market due to the ongoing tariff situation. (5) Globally, in the last two years, overall volume growth has been ~2%; the US and European market have seen volume de-growth while India and China have seen volume growth.
- **Change in estimates:** We change our FY26/27/28E EPS estimates by -13/-1.6/-2.9% to INR 6.1/8.1/12.4 to factor in the Q1FY26 performance and growth outlook.
- **DCF-based valuation:** Our price target is INR 241. The stock is trading at 28.6/21.5/14 FY26/27/28E EPS.

Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY23	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	**3,362**	**3,397**	***(1.0)***	**3,722**	***(9.7)***	**16,166**	**14,447**	**13,927**	**13,683**	**15,462**	**17,472**
EBITDA	306	342	*(10.6)*	398	*(23.1)*	2,490	1,904	1,346	1,642	2,106	3,082
APAT	**173**	**208**	***(17.0)***	**272**	***(36.6)***	**1,487**	**1,314**	**1,076**	**1,013**	**1,350**	**2,069**
AEPS (INR)	1.0	1.2	*(17.0)*	1.6	*(36.6)*	8.9	7.9	6.5	6.1	8.1	12.4
P/E (x)						**19.5**	**22.1**	**26.9**	**28.6**	**21.5**	**14.0**
EV/EBITDA(x)						10.8	13.3	19.6	15.7	11.9	7.8
RoE (%)						**10.0**	**8.1**	**6.3**	**5.7**	**7.3**	**10.6**

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)	1,803	1,642	(8.9)	2,099	2,106	0.3	3,129	3,082	(1.5)
Adj. EPS (INR/sh)	7.0	6.1	(13.0)	8.2	8.1	(1.6)	12.8	12.4	(2.9)

Source: Company, HSIE Research

ADD

CMP *(as on 08 Aug 2025)*	INR 174
Target Price	INR 241
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 239	INR 241
	FY26E	FY27E
EPS %	-13%	-1.6%

KEY STOCK DATA	
Bloomberg code	NOCIL IN
No. of Shares (mn)	167
MCap (INR bn) / ($ mn)	29/332
6m avg traded value (INR mn)	117
52 Week high / low	INR 309/155

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.6)	(21.9)	(38.9)
Relative (%)	(2.0)	(24.5)	(40.2)

SHAREHOLDING PATTERN (%)

	Mar-25	June-25
Promoters	33.76	33.76
FIs & Local MFs	5.32	5.19
FPIs	8.15	6.65
Public & Others	52.76	54.40
Pledged Shares	3.53	3.53

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Consumer Discretionary

Titan

Margins surprise positively; demand headwinds ahead

Consolidated jewelry sales (ex-bullion and Digi-gold sales) grew 19.3% YoY to INR128bn (HSIE: INR129bn), driven by ticket size growth. Domestic jewelry (ex-bullion and Digi-gold sales) grew 18.2% YoY (consolidated topline growth stood at 24.6% YoY at INR 165.2bn; HSIE: 159.6bn). Jewelry EBITM (consolidated) expanded by 73bps to 11% (HSIE: 10%), led by a one-time 50bps hedging MTM gains, which will unwind over the next six months. Non-jewelry segments beat expectations; grew 27.5% YoY to INR19.3bn (HSIE: 18.7bn). While Q1 print was a reasonable one; Titan may have to deal with a high base effect for a couple of quarters and potentially price undercutting from unhedged jewelers in an elevated gold price environment (factored in). We largely maintain our FY27/28 EPS estimates and our REDUCE rating with an unchanged DCF-based TP of INR3,200/sh (implying 50x Jun-27 P/E).

- **Q1FY26 highlights**: Consolidated revenue grew 24.6% YoY to INR 165.2bn. Consolidated jewelry (ex-bullion and Digi-gold) sales grew 19.3% YoY to INR128bn (HSIE: INR129bn). Domestic jewelry (ex-bullion and Digi-gold) sales grew 18.2% in Q1FY26, driven by ticket size growth (SSSG stood at 11%). Average ticket size grew by 16% YoY. Plain gold jewelry posted 15% YoY growth, while studded jewelry showed a moderate 11% increase, primarily due to consumption related challenges in the market. Jewelry EBITM (consolidated) expanded by 73bps to 11% (HSIE: 10%), supported by a one-time 50bps hedging MTM gains. Watches/eyewear/others grew ~24/13/50% YoY respectively. The non-jewelry segments delivered EBITM of 19.1% (HSIE: 8.7%). The beat was primarily driven by the watches division, courtesy a one-time inventory revaluation gain of 400bps (expected to reverse in Q2 and Q3). For FY26, management has guided jewelry margins to remain within the 11-11.5% range and expects mid-teen margins for the watches segment. The company added 4/6/9 Tanishq/Mia/Caratlane stores (net) respectively. Consolidated APAT grew 52.6% YoY to INR 10.9bn (HSIE: INR 9.2bn).
- **Outlook:** Persistently high and volatile gold prices, combined with intensified competition and cautious consumer spending, may continue to weigh heavy on jewelry demand in FY26. We largely maintain our FY27/28 EPS estimates and our REDUCE rating with an unchanged DCF-based TP of INR3,200/sh (implying 50x Jun-27 P/E).

Quarterly financial summary

(Rs mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	1,65,230	1,32,660	24.6	1,49,160	10.8	5,10,840	6,04,560	7,03,289	8,29,930	9,38,262
EBITDA	18,300	12,470	46.8	15,370	19.1	47,810	47,720	66,152	77,306	89,819
APAT	10,910	7,150	52.6	8,710	25.3	34,960	33,370	45,660	54,954	64,433
EPS (Rs)	12.3	8.0	52.6	9.8	25.3	39.3	37.5	51.3	61.7	72.4
P/E (x)						86.6	90.7	66.3	55.1	47.0
EV/EBITDA (x)						66.4	67.6	48.5	41.7	35.9
Core RoCE(%)						16.1	13.4	15.2	15.5	15.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	7,03,289	7,05,005	*(0.2)*	8,29,930	8,33,461	*(0.4)*	9,38,262	9,41,297	*(0.3)*
Gross Profit	1,57,484	1,57,868	*(0.2)*	1,88,332	1,89,133	*(0.4)*	2,14,792	2,15,486	*(0.3)*
Gross Profit Margin (%)	22.4	22.4	***(0 bps)***	22.7	22.7	***(0 bps)***	22.7	22.7	-
EBITDA	66,152	66,416	*(0.4)*	77,306	77,757	*(0.6)*	89,819	90,311	*(0.5)*
EBITDA margin (%)	9.4	9.4	***(1 bps)***	9.3	9.3	***(1 bps)***	9.3	9.3	-
APAT	45,660	45,869	*(0.5)*	54,954	55,309	*(0.6)*	64,433	64,802	*(0.6)*
APAT margin (%)	6.5	6.5	***(1 bps)***	6.6	6.6	***(1 bps)***	6.6	6.6	-
EPS	51.3	51.5	*(0.5)*	61.7	62.1	*(0.6)*	72.4	72.8	*(0.6)*

Source: Company, HSIE Research

REDUCE

CMP *(as on 07 Aug 2025)*	**INR 3,416**
Target Price	**INR 3,200**
NIFTY	**24,596**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 3,200	INR 3,200
EPS %	FY27E	FY28E
	-0.6	-0.6

KEY STOCK DATA

Bloomberg code	TTAN IN
No. of Shares (mn)	888
MCap (INR bn) / ($ mn)	3,032/34,574
6m avg traded value (INR mn)	2,990
52 Week high / low	INR 3,867/2,925

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	2.3	(0.3)	2.7
Relative (%)	1.9	(3.8)	0.5

SHAREHOLDING PATTERN (%)

	Mar-25	**Jun-25**
Promoters	52.9	52.9
FIs & Local MFs	12.18	12.78
FPIs	17.81	17.54
Public & Others	17.11	16.69
Pledged Shares	-	-

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

Eternal

Zomato print in-line; Blinkit beats expectations

Overall, B2C NoV grew 55% YoY (15.7% QoQ) to reach INR 201.8bn in Q1FY26. Food delivery (FD) NOV growth at 13% (INR89.7bn) remained subdued (largely in-line), primarily impacted by sluggish discretionary demand, which led to an increase in restaurant-funded discounts. FD's adj EBITDAM (as % of NoV) saw a QoQ decline of 20bps to 5%, largely attributable to seasonal factors such as elevated delivery partner incentives due to festive and weather-led shortages. Quick commerce (QC) continues to beat expectations (NOV up 25% QoQ to INR92bn vs HSIE's INR90.9bn). In QC, adj. revenue grew 40.4% QoQ, outpacing NoV growth as take rates improved ~290bps QoQ to 26.1%. This narrowing of NoV-adj. revenue gap stems from company's strategic shift to an inventory model. QC's adj. EBITDAM improved by 66bps QoQ to -1.8% of NoV. This improvement was achieved despite continued investment in new store roll-outs and typical seasonal margin pressure. Consequently, adj. EBITDA losses narrowed QoQ to INR1.62bn (INR1.78bn in Q4FY25; HSIE: INR1.8bn). Consolidated adj. EBITDA declined by 42.5% YoY to INR1.7bn (HSIE: INR2.7bn) due to investment in its Going-out business and Bistro (10-min food delivery service). We've revised our Adj. EBITDA FY27/28 estimates by 40/35% to account for better margin build-up in Blinkit's new inventory model. We maintain REDUCE on Eternal with an SOTP-based TP of INR285/sh (incl. 45x Jun-27 EV/EBITDA for FD; 2x Jun-27 NoV for Blinkit).

- **Sluggish demand weighed down FD growth:** Zomato's FD business continues to experience a slowdown in NoV growth, which rose 13.1% YoY to INR 89.7bn. NOV lagged GOV due to increased restaurant-funded discounts in Q1. MTU grew 9.6% QoQ (+12.8% YoY) to 22.9mn. Take-rates (as % of NoV) improved 117bps YoY to 29.6%, leading to a 17.8% YoY rise in adj. revenue (INR26.6bn; in-line). While margins expanded YoY, they saw a QoQ decline, primarily due to seasonal factors like festival-related delivery partner shortages. CM/adj. EBITDAM (as % of NoV) improved by 140/110bps YoY to 9.9%/5% but declined QoQ by 40/20bps respectively. Adj. EBITDA grew 5.4% QoQ to INR 4.51bn (HSIE: INR 4.69bn). Management expects moderation in growth rates to have bottomed out and targets an NoV growth of 15%+ in FY26.
- **Blinkit continues to exceed expectations:** Blinkit delivered a robust NoV growth of 25% QoQ (+127% YoY) to INR 92bn (HSIE: INR90.9bn), primarily anchored by expansion-led MTU growth. MTUs grew by 23.4% QoQ to 16.9mn (HSIE: 15.8mn), which in turn drove a 24.7% QoQ increase in order volume to ~177mn (HSIE: 163mn). AOV saw a modest 0.6% QoQ growth, settling at INR 669 (HSIE: INR 678). Adj. revenue grew 40.4% QoQ (higher than NoV growth) as take rates improved ~290bps QoQ to 26.1%. This narrowing of the gap between NoV and adj. revenue is an outcome of the company's strategic decision to transition to an inventory model over the next 2-3 quarters—a move expected to yield ~100bps in margin improvement over time. CM (as % of NoV) remained relatively stable at 3.9%. However, adj. EBITDAM improved by 66bps QoQ to -1.8% of NoV. This improvement was achieved despite continued investment in new store roll-outs and typical seasonal margin pressure. Consequently, adj. EBITDA losses narrowed QoQ to INR1.62bn (INR1.78bn in Q4FY25; HSIE: INR1.8bn). Blinkit added 243 dark stores (net) in Q1 (store count: 1,544). The guidance of 2,000 dark stores by Dec-25 remains on track, with management also noting visibility for eventually reaching 3,000 stores.
- **Valuation and outlook:** While food delivery business remains stable, long-term success hinges on scaling quick commerce profitably amidst competition. We've revised our Adj. EBITDA FY27/28 estimates by 40/35% to account for better margin build-up in Blinkit's new inventory model. We maintain REDUCE on Eternal with an SOTP-based TP of INR285/sh.

Financial Summary

(Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	71,670	42,060	70.4	58,330	22.9	70,800	1,21,150	2,02,430	2,99,372	3,85,492	4,75,135
EBITDA	1,150	1,770	(35.0)	720	59.7	(12,097)	430	6,370	10,899	21,767	35,672
APAT	250	2,530	(90.1)	390	(35.9)	(9,704)	3,520	5,270	5,695	11,380	21,885
EPS (Rs)	0.0	0.3	(91.1)	0.0	(35.9)	(1.2)	0.4	0.5	0.6	1.2	2.3
P/E (x)						(258.5)	739.8	549.4	508.4	254.4	132.3
EV/EBITDA (x)						(188.8)	(1,734.4)	970.5	498.0	172.8	93.3
Core RoCE(%)						(8.1)	4.1	5.2	4.6	7.7	13.3

REDUCE

CMP *(as on 22 July 2025)*	INR 300
Target Price	INR 285
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 250	INR 285
Adj. EBITDA %	FY27E	FY28E
	+40.4	+35.2

KEY STOCK DATA	
Bloomberg code	ETERNAL IN
No. of Shares (mn)	9,650
MCap (INR bn) / ($ mn)	2,893/33,498
6m avg traded value (INR mn)	13,697
52 Week high / low	INR 312/190

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	26.2	38.5	35.3
Relative (%)	23.0	30.9	33.2

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	-	-
FIs & Local MFs	23.56	26.59
FPIs	44.36	42.34
Public & Others	32.08	31.07
Pledged Shares	-	-

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

Avenue Supermarts

Margin disappoints

DMART reported a standalone revenue of INR 159.3bn in Q1, reflecting a 16.2% YoY growth. Management attributed the 100-150bps topline drag to sharp deflation in many staples and non-food products. Q1FY26 SSSG stood at 7.1%. Sales density grew ~2% YoY to INR38.2k/sq. ft. annualized. Margins surprised negatively, with EBITDAM contracting 66bps YoY to 8.2% (HSIE: 8.8%), due to (1) continued competitive intensity in FMCG (GM impact: -27bps YoY), (2) ongoing investments in service level improvements, (3) capacity building costs, and (4) inflation at entry-level wages. Given the higher retailing cost and sustained pressure on margins, we have cut our FY26/27 EPS estimates by ~3/2% respectively. However, we maintain our ADD rating with a DCF-based TP of INR4,000/sh, implying 60x Jun-27 P/E.

- **Q1FY26 highlights**: The company's revenue grew 16.2% YoY to INR159.3bn in Q1FY26. However, this growth was notably impacted by a ~100-150bps drag, primarily due to high deflation across many staples and non-food products. SSSG for Q1 stood at 7.1% (vs. 9.1% in Q1FY25). DMART added nine new stores (store count: 424), including its first in Uttar Pradesh. Food/non-food FMCG/GM&A contributed 55.6/19.67/24.73% respectively. Revenue/EBITDA came in at INR38.2k/3.1k per sq ft in Q1 (up 2.2%/down 5.4% YoY resp). GM contracted 27bps YoY to 14.6% (HSIE: 15%). This decline was primarily due to sustained FMCG competition, resulting in higher product discounts. EBITDAM too contracted 66bps YoY to 8.2% (HSIE: 8.8%), owing to the company's ongoing efforts at improving service levels and building capacity, as well as the impact of inflation on entry-level wages. EBITDA grew 7.6% YoY (INR 13.1bn vs HSIE: INR 14bn). APAT grew 2.1% YoY to INR 8.3bn (HSIE: INR 9bn).
- **Outlook**: DMART continues to navigate a challenging competitive landscape (courtesy QC players). Store addition pace and margin improvement will be the key monitorables. We have toned down our margin expectations and cut our FY26/27 EPS estimates by ~3/2% respectively. However, we maintain our ADD rating with a DCF-based TP of INR4,000/sh, implying 60x Jun-27 P/E.

Quarterly financial summary

(Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	1,59,321	1,37,119	16.2	1,44,624	10.2	4,95,330	5,77,898	6,79,336	8,04,611	9,53,212
EBITDA	13,133	12,210	7.6	9,814	33.8	39,406	43,539	51,684	63,461	77,245
APAT	8,297	8,125	2.1	6,197	33.9	26,949	29,272	33,343	40,912	50,120
EPS (Rs)	12.8	12.5	2.1	9.52	33.9	41.4	45.0	51.2	62.9	77.0
P/E (x)						100.4	92.4	81.1	66.1	54.0
EV/EBITDA (x)						68.5	62.1	52.3	42.6	34.9
Core RoCE(%)						16.3	14.3	14.3	15.1	15.9

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	6,79,336	6,79,336	-	8,04,611	8,04,611	-	9,53,212	9,53,212	-
Gross Profit	96,782	97,799	*(1.0)*	1,17,055	1,17,456	*(0.3)*	1,39,619	1,39,619	*(0.0)*
Gross Profit Margin (%)	14.2	14.4	***-15 bps***	14.5	14.6	***-5 bps***	14.6	14.6	***0 bps***
EBITDA	51,684	52,925	*(2.3)*	63,461	64,269	*(1.3)*	77,245	77,725	*(0.6)*
EBITDA margin (%)	7.6	7.8	***-18 bps***	7.9	8.0	***-10 bps***	8.0	8.0	***0 bps***
APAT	33,343	34,440	*(3.2)*	40,912	41,820	*(2.2)*	50,120	50,914	*(1.6)*
APAT margin (%)	4.9	5.1	***-16 bps***	5.1	5.2	***-11 bps***	5.3	5.3	***-8 bps***
EPS (Rs)	51.2	52.9	*(3.2)*	62.9	64.3	*(2.2)*	77.0	78.2	*(1.6)*

Source: Company, HSIE Research

ADD

CMP*(as on 11 Jul 2025)*	INR 4,064
Target Price	**INR 4,000**
NIFTY	**25,150**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,000	INR 4,000
	FY26E	FY27E
EPS %	-3.2	-2.2

KEY STOCK DATA	
Bloomberg code	DMART IN
No. of Shares (mn)	651
MCap (INR bn) / ($ mn)	2,713/31,675
6m avg traded value (INR mn)	2,426
52 Week high / low	INR 5,485/3,340

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	0.7	13.1	(13.8)
Relative (%)	(11.9)	5.6	(17.9)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	74.65	74.65
FIs & Local MFs	8.14	9.15
FPIs	8.96	8.18
Public & Others	8.25	8.02
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
+91-22-6171-7320

Asian Paints

Growth pangs persist

APNT's consolidated revenue declined 0.3% YoY to INR 89.4bn (HSIE: INR 90.2bn). Decorative clocked 3.9/-1.2% volume/value growth and Industrial business grew 8.8% in Q1. Q1 decorative volumes were impacted primarily by the early onset of monsoon and an unfavorable product mix, though early signs of recovery are visible in urban demand. International business grew 8.4% YoY. GM improved 15bps YoY to 42.7% (HSIE: 43.3%), supported by ~1% material cost deflation. However, EBITDAM contracted 70bps to 18.2% (HSIE: 19%), mainly due to higher marketing expenses to defend market share. We've marginally cut our FY26/27 EPS estimates by 2% each to account for higher marketing costs but maintain our ADD rating with a DCF-based TP of INR 2,500/sh; implying 47x Jun-27 P/E.

- **Q1FY26 highlights**: Consolidated revenue declined by 0.3% YoY to INR 89.4bn (HSIE: INR 90.2bn) due to early onset of monsoon and adverse product mix. Standalone revenue declined by 0.2%. The decorative and industrial business collectively clocked 4.2% volume growth/0.2% decline in value. In projects/institutional business, government and builder segments saw good traction. The home décor business remained under pressure due to weak discretionary spends – kitchen/bath segment declined by 2/5% respectively. International business grew by 8.4% YoY, aided by growth in Asian markets, the UAE, and Egypt, and also improved profitability, led by lower raw material costs and operational efficiencies. Within the industrial business, PPG-AP/AP-PPG grew by ~11/5%, backed by auto and GI demand; however, profitability was impacted (-2/-17%) due to more intense competition and cost pressure. GM improved 15bps YoY to 42.7% (HSIE: 43.3%), primarily due to material deflation (~1%). However, EBITDAM contracted 70bps to 18.2% (HSIE: 19%), mainly due to higher marketing expenses. Management maintained their mid-single-digit growth and a margin of 18-20% guidance for FY26. EBITDA declined by 4.1% YoY to INR 16.2bn (HSIE: INR 17.1bn). APAT declined 6% YoY to 11bn (in-line).
- **Outlook**: The paint sector continues to grapple with muted demand and heightened competition, yet there are early signs of urban recovery. We've marginally cut our FY26/27 EPS estimates by 2% each to account for higher marketing costs but maintain our ADD rating with a DCF-based TP of INR 2,500/sh; implying 47x Jun-27 P/E.

Quarterly financial summary

(Rs mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	89,386	89,697	(0.3)	83,589	6.9	3,54,947	3,39,056	3,53,106	3,90,997	4,29,772
EBITDA	16,250	16,938	(4.1)	14,362	13.1	75,850	60,062	64,385	70,429	78,396
APAT	10,998	11,700	(6.0)	8,751	25.7	54,602	40,303	42,428	48,671	56,615
EPS (Rs)	11.5	12.2	(6.0)	7.2	58.9	56.9	42.0	44.2	50.7	59.0
P/E (x)						42.3	48.5	54.4	47.4	40.8
EV/EBITDA (x)						30.4	38.4	35.6	32.1	28.6
Core RoCE(%)						31.3	20.5	20.9	24.7	29.5

Source: Company, HSIE Research

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	3,53,106	3,55,991	*(0.8)*	3,90,997	3,94,233	*(0.8)*	4,29,772	4,33,368	*(0.8)*
Gross Profit	1,50,337	1,52,478	*(1.4)*	1,65,018	1,67,421	*(1.4)*	1,81,441	1,84,115	*(1.5)*
Gross Profit Margin (%)	42.6	42.8	***-26 bps***	42.2	42.5	***-26 bps***	42.2	42.5	***-27 bps***
EBITDA	64,385	65,824	*(2.2)*	70,429	72,050	*(2.2)*	78,396	80,208	*(2.3)*
EBITDA margin (%)	18.2	18.5	***-26 bps***	18.0	18.3	***-26 bps***	18.2	18.5	***-27 bps***
APAT	42,428	43,471	*(2.4)*	48,671	49,817	*(2.3)*	56,615	57,908	*(2.2)*
APAT margin (%)	12.0	12.2	***-20 bps***	12.4	12.6	***-19 bps***	13.2	13.4	***-19 bps***
EPS (Rs)	44.2	45.3	*(2.4)*	50.7	51.9	*(2.3)*	59.0	60.4	*(2.2)*

Source: Company, HSIE Research

ADD

CMP *(as on 29 Jul 2025)*	**INR 2,406**
Target Price	**INR 2,500**
NIFTY	**24,821**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 2,500	INR 2,500
EPS %	FY26E	FY27E
	-2.4	-2.3

KEY STOCK DATA	
Bloomberg code	APNT IN
No. of Shares (mn)	959
MCap (INR bn) / ($ mn)	2,304/26,532
6m avg traded value (INR mn)	2,899
52 Week high / low	INR 3,395/2,125

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.0)	8.0	(18.7)
Relative (%)	(3.3)	1.7	(18.7)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	52.63	52.63
FIs & Local MFs	15.58	21.04
FPIs	12.22	11.85
Public & Others	19.57	14.48
Pledged Shares	4.89	4.94

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

Trent

Growth moderates; margin surprises positively

Amidst the slowdown in discretionary demand, Trent stands tall amongst apparel peers; albeit growth run-rate is moderating. Standalone revenue grew 19.8% YoY to INR 47.8bn (HSIE: INR 48bn). Fashion formats clocked low-single-digit SSSG in Q1. Trent's grocery format *Star* grew 6.6% YoY (SSSG: flat). Despite the rising Zudio skew in sales, the company continues to surprise on margins (EBITDAM expanded 223bps YoY to 17.5% vs HSIE's 16%). Operating EBITM stood at 11.4% (vs 10.6% in Q1FY25). The retailer added nil/1 (net) stores of Westside/Zudio respectively. We largely maintain our FY27/28 estimates and retain SELL with an SOTP-based TP of INR4,300 (incl. 61x Jun-27 P/E for the standalone business and 4x Jun-27 EV/Sales for Star).

- **Q1FY26 highlights:** Standalone revenue grew by 19.8% YoY to INR 47.8bn (HSIE: INR 48bn). Growth is estimated to have been relatively more balanced across Westside and Zudio compared to recent history. Fashion portfolio's LFL growth in Q1FY26 stood at low single digit. Westside added 1 and closed 1 store while Zudio added 11 and closed 10 stores in Q1FY26, taking their total store count to 248/766 respectively. Emerging categories (BPC, innerwear, and footwear) contributed >21% of revenue, while online sales contributed over 6% to Westside's revenue. Star revenue grew by 6.6% YoY, with flat LFL growth. Own-brand share stood at 73% (vs 72% in Q1FY25). Standalone GM contracted 108bps YoY to 45.1% (HSIE: 46.2%), potentially due to rising skew of Zudio in revenue. However, EBITDA margin expanded 223bps YoY to 17.5% (HSIE: 16%), driven by operational efficiencies. Operating EBIT margin (Pre-IND-AS 116) improved to 11.4% (vs. 10.6% for Q1FY25). Reported EBITDA/APAT grew 37.2/23.5% YoY to INR 8.38/4.23bn (HSIE: INR 7.69/3.81bn) respectively.
- **Outlook**: Trent remains best-in-class though growth momentum is moderating. Management's focus to drive revenue share via expansion across new micro-markets (potentially at the cost of SSSG) could keep margin levers at pause, going forward (factored in). We largely maintain our FY27/28 estimates and retain SELL with an SOTP-based TP of INR4,300 (incl. 61x Jun-27 P/E for the standalone business and 4x Jun-27 EV/Sales for Star).

Quarterly financial summary (standalone)

(INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	47,813	39,917	19.8	41,061	16.4	1,19,266	1,66,681	2,09,734	2,45,025	2,81,521
EBITDA	8,377	6,106	37.2	6,564	27.6	13,957	21,253	27,921	32,383	37,145
APAT	4,226	3,422	23.5	3,499	20.8	14,358	15,848	18,699	22,507	25,493
EPS (Rs)	11.9	9.6	23.3	9.8	20.8	29.0	44.6	52.6	63.3	71.7
P/E (x)						184.2	119.7	101.4	84.3	74.4
EV/EBITDA (x)						135.5	89.0	67.6	57.5	49.5
Core RoCE(%)						16.7	31.8	27.4	27.7	31.1

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	2,09,734	2,12,047	*(1.1)*	2,45,025	2,47,718	*(1.1)*	2,81,521	2,84,561	*(1.1)*
Gross Profit	93,874	94,931	*(1.1)*	1,09,379	1,10,604	*(1.1)*	1,25,250	1,26,621	*(1.1)*
Gross Profit Margin (%)	44.8	44.8	***(1 bps)***	44.6	44.6	***(1 bps)***	44.5	44.5	***(1 bps)***
EBITDA (Pre-IND-AS 116)*	27,921	27,894	*0.1*	32,383	32,431	*(0.1)*	37,145	37,305	*(0.4)*
EBITDA margin (%)*	13.3	13.2	***16 bps***	13.2	13.1	***12 bps***	13.2	13.1	***8 bps***
APAT	18,699	19,233	*(2.8)*	22,507	22,440	*0.3*	25,493	25,500	*(0.0)*
APATM (%)	8.9	9.1	***(15 bps)***	9.2	9.1	***13 bps***	9.1	9.0	***9 bps***

Source: Company, HSIE Research

SELL

CMP *(as on 06 Aug 2025)*	INR 5,357
Target Price	INR 4,300
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 4,300	INR 4,300
EBITDA %	FY27E	FY28E
	+0.3	-

KEY STOCK DATA	
Bloomberg code	TRENT IN
No. of Shares (mn)	355
MCap (INR bn) / ($ mn)	1,904/21,704
6m avg traded value (INR mn)	7,452
52 Week high / low	INR 8,346/4,488

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.5	1.5	2.6
Relative (%)	2.7	(1.7)	0.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	37.01	37.01
FIs & Local MFs	17.24	18.54
FPIs	19.66	18.39
Public & Others	26.09	26.06
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

Indian Hotels

Resilient performance amid temporary turbulance

IHCL's Q1FY26 performance was broadly in line with expectations as it reported a resilient performance despite Operation Sindoor-led booking cancellations, flight disruptions, and other geopolitical conflicts. Revenue grew by 32% YoY to INR20.4bn, driven by impressive ARR growth of +12% YoY despite marginal reduction in occupancy by 90bps YoY (Q1FY26: 74.3%), resulting in a healthy in-line RevPAR growth of 11% YoY at the standalone domestic level. More wedding dates, strong MICE demand, and international business performance led this quarter's growth. Further, subdued supply addition of rooms in key business cities (<5% CAGR for next five years) is expected to ensure healthy absorption of incremental room addition by IHCL. Foreign tourist arrival (FTA) is a growth lever that is yet to play itself out; however, we believe elevated ARR in key locations vis-à-vis peer countries and geopolitical conflicts will continue to impact FTA. Driven by steady performance of company in a seasonally-weak Q1FY26, we maintain our numbers for FY26E and FY27E. Furthermore, we maintain our REDUCE rating with an EV/EBITDA multiple of 25xFY27E and an unchanged TP of INR725.

- **Q1FY26 highlights (consolidated):** Revenue grew strongly by 32% YoY to INR20.4bn, in line with consensus. EBITDA grew 28%YoY to INR 5.8bn. EBITDA margin at 28.2% was 80bps lower YoY due to preponement of employee wage revisions. Air catering segment Tajsats contributed ~14% to revenue and ~10% to EBITDA and reported 22%YoY topline growth. Its margin was impacted by 200 bps due to airport levies. 11% RevPAR growth at the domestic standalone level was majorly led by ARR increase of 12%. Disciplined opex helped IHCL report adj. PAT of INR 2.96Bn (+19%YoY). As Q1 is the seasonally-weak quarter and Q4 is a relatively-stronger quarter, QoQ PAT decline in Q1FY26 is not much of a concern. As a part of the asset-light growth strategy, managed hotel rooms grew by 13% YoY to 14,939, with management fees growing 17%YoY to INR 1.3bn in Q1FY26. The company expects to continue capitalizing on its brand strength to grow its asset-light portfolio.
- **Group update (Q1FY26):** New business (Ginger, ama, and Qmin) reported steady revenue of INR 1.6bn (+27% YoY), led by Ginger, which contributed revenue of INR 1.5bn and a 37% EBITDA margin.
- **Outlook:** IHCL signed 12 new hotels and opened six new ones in Q1FY26. The company is capitalizing on demand tailwinds by planning to add 20,200 rooms (82% managed) across 143 hotels (+75% from the Mar'25 inventory level of 27,072 across 249 hotels) by FY30. Outlook for FY26 remains strong, led by business visibility offered by events like Semicon India, Women's cricket world cup and aviation event "Wings India." Driven by rich valuation of the stock despite healthy operational performance of the company, we maintain our REDUCE rating with an EV/EBITDA multiple of 25x FY27E and an unchanged TP of INR 725.

Financial Summary

(INR mn, Mar YE)	1Q FY26	1Q FY25	*YoY (%)*	4Q FY25	*QoQ (%)*	FY23A	FY24A	FY25A	FY26E	FY27E
Net Revenues	20,411	15,502	*32%*	24,251	*-16%*	58,099	67,430	83,345	96,004	1,11,365
EBITDA	5,760	4,496	*28%*	8,568	*-33%*	18,046	21,982	27,693	34,081	40,091
APAT	2,964	2,484	*19%*	5,223	*-43%*	10,003	12,380	19,076	21,316	25,323
Diluted Consol EPS (INR)	2.08	1.75	*19%*	3.67	*-43%*	7.0	8.7	13.4	15.0	17.8
P/E (x)						107.3	86.7	56.3	50.3	42.4
EV/EBITDA						60.1	49.4	39.2	31.8	27.1
RoE (%)						13.3%	14.4%	18.5%	17.5%	18.0%

Source: Company, HSIE Research

REDUCE

CMP *(as on 17 July 2025)*	INR 754
Target Price	INR 725
NIFTY	25,111

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 725	INR 725
	FY26E	FY27E
EPS Change %	-	-

KEY STOCK DATA	
Bloomberg code	IH IN
No. of Shares (mn)	1,423
MCap (INR bn) / ($ mn)	1,073/12,467
6m avg traded value (INR mn)	3,086
52 Week high / low	INR 895/571

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.4)	(7.3)	28.5
Relative (%)	(15.1)	(14.7)	26.6

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	38.1	38.1
FIs & Local MFs	18.4	19.1
FPIs	27.8	27.0
Public & Others	15.6	15.7
Pledged Shares	-	

Source : BSE

Amit Kumar, CFA
amit.kumar1@hdfcsec.com
+91-22-6171-7354

Swiggy

Race against time; downgrade to ADD

Our previous upgrade note on Swiggy (May-25) was primarily a bet on capturing some QC value (available for free then). Since then (up 33%), most of the low-hanging fruits (in terms of returns) seem captured and hereon its essentially a race against time. Can Swiggy's cash balance last the current burn rate (Cash: INR53.5bn, we estimate ~INR30-32bn burn over next four quarters). Sure, the Rapido stake (~12%) monetization could help; but its cutting it too close for us to be comfortable taking this bet. Hence, we downgrade Swiggy to ADD rating (earlier: Buy) with an SOTP-based TP of INR400/sh (unchanged); implying 4x Jun-27 EV/sales (includes 43x Jun-27 EV/EBITDA for FD; 1x Jun-27 NOV). On the Q1 print, overall B2C GOV grew 45.2% YoY (14.8% QoQ) to reach INR 147.9bn (in-line). Food delivery (FD) GOV grew 18.8% YoY to INR 80.9bn (HSIE: INR 80.5bn), driven by MTU addition. FD's adj. EBITDAM declined QoQ by 51bps to 2.4%, due to seasonal factors such as elevated delivery partner incentives and annual appraisals in Q1. Instamart's performance continues to lag that of Blinkit. QC NOV grew 18.2% QoQ vs. Blinkit's 25%. QC adj. EBITDA losses widened QoQ to INR8.96bn (INR8.4bn in Q4; HSIE: INR8.89bn). Q1 net losses stood at INR 11.97bn (HSIE: INR 9.5bn).

- **FD growth healthy, seasonality impacts margins:** Swiggy's FD GOV grew 10% QoQ (+18.8% YoY) to INR 80.9bn, led by strong MTU addition, which grew by 8% QoQ (16.2% YoY) to 16.3mn (HSIE: 15.8mn). Adj. revenue grew 11.4% QoQ (up 20.3% YoY) to INR20.8bn (HSIE: INR 20.6bn). Take-rates improved by 32bps YoY to 25.7% (HSIE: 25.6%). While contribution margin improved YoY (90bps), it declined QoQ by 47bps to 7.3% due to seasonal factors like elevated delivery partner incentives (typical of Q1) and annual appraisals. Adj. EBITDAM contracted 51bps QoQ to 2.4% (HSIE: 2.7%). Adj. EBITDA declined 9.5% QoQ to INR 1.92bn (HSIE: INR 2.15bn). Management reaffirmed its guidance of achieving 5% EBITDAM in the medium term.
- **Instamart prioritizing efficiency over expansion:** Instamart's GOV grew 21.1% QoQ (+108% YoY) to INR 56.5bn (HSIE: INR 58.3bn). MTU grew 12.8% QoQ to 11.1mn (HSIE: 10.8mn), while order growth moderated to 3.8% QoQ, primarily due to cart consolidation via Maxxsaver and company's strategic decision of dropping low AOV orders. AOV grew by 16.1% QoQ to INR 612 (HSIE: INR 561), driven by rising non-grocery salience and basket-building (Maxxsaver). The dark store expansion in Q1 was measured – 41 stores added (store count: 1,062; retail area: 4.3mn sq ft; avg. store size: over 4,000 sq. ft). The management intends to optimize capacity and prioritize densification rather than aggressively expanding its footprint as it believes that the current footprint can support doubling of scale without major additions. Adj. revenue grew 17.1% QoQ (lower than GOV growth) as take-rates declined 51bps QoQ to 15.2% (HSIE: 15.8%) due to higher non-grocery mix and Maxxsaver launch. Contribution margin improved by 96bps QoQ to -4.6% (-5.6% in Q4FY25; HSIE: -4.9%). Management expects reaching CM break-even in QC between Dec-25 and June-26. Adj. EBITDAM improved 214bps QoQ to -15.8% (of GOV; HSIE: 15.2%). Adj. EBITDA losses widened QoQ to INR8.96bn (INR8.4bn in Q4; HSIE: INR8.89bn).
- **Valuation and outlook:** While FD remains stable; execution gap in QC continues to widen vs Blinkit. Swiggy's cash balance remains uncomfortably low relative to the expected burn for the next four quarters. Hence, we downgrade Swiggy to ADD (earlier: Buy) with an SOTP-based TP of INR400/sh (unchanged); implying 4x Jun-27 EV/sales (includes 43x Jun-27 EV/EBITDA for FD; 1x Jun-27 NOV).

Financial Summary:

(Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	49,610	32,222	54.0	44,100	12.5	82,646	1,12,474	1,52,268	2,00,010	2,45,936	2,97,147
EBITDA	(9,540)	(5,442)	75.3	(9,618)	(0.8)	(42,758)	(22,080)	(27,858)	(24,430)	(11,748)	1,796
APAT	(11,970)	(6,110)	95.9	(10,812)	10.7	(41,793)	(23,502)	(31,167)	(29,069)	(19,310)	(5,242)
EPS (Rs)	(5.0)	(2.8)	82.6	(4.6)	9.6	(19.3)	(10.7)	(12.5)	(11.7)	(7.7)	(2.1)
P/E (x)						(20.9)	(37.7)	(32.2)	(34.6)	(52.0)	(191.7)
EV/EBITDA (x)						(19.1)	(38.1)	(34.4)	(40.4)	(85.5)	567.6
Core RoCE(%)						(138)	(65)	(60)	(40)	(22)	(123)

ADD

CMP *(as on 31 Jul 2025)*	INR 403
Target Price	INR 400
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	ADD
Price Target	INR 400	INR 400
EBITDA %	FY27E	FY28E
	NM	NM

*Pre-IND AS 116 EBITDA

KEY STOCK DATA	
Bloomberg code	SWIGGY IN
No. of Shares (mn)	2,494
MCap (INR bn) / ($ mn)	1,007/11,493
6m avg traded value (INR mn)	5,901
52 Week high / low	INR 617/297

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	27.6	(3.0)	-
Relative (%)	26.4	(7.7)	-

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	-	-
FIs & Local MFs	9.33	13.54
FPIs	4.90	7.37
Public & Others	85.77	79.09
Pledged Shares	-	-

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

Dixon Technologies

Strong growth; component plans gear up

Dixon reported a robust 95% YoY revenue growth to INR 128.36bn in Q1, primarily driven by a 125% surge in its mobile and EMS division. This growth was tempered by sluggish performance in home appliances and declines in consumer electronics and lighting segment. EBITDAM remained flat YoY to 3.8%, owing to decline in gross margins, offset by reduced employee costs and other expenses. The company anticipates 50% revenue growth in FY26, driven by strong performance in the mobile phone segment, which is expected to grow 15% QoQ in Q2FY26. Despite the end of the PLI scheme, management expects a 100-120bps margin expansion by FY27, supported by improved profitability from component manufacturing, with further margin gains anticipated in FY28 as production scales. Planned capex at ~INR 12bn for FY26. Considering healthy Q1 result, we have revised our revenue estimates by 5% each and APAT estimates by 2% each for FY26/27E. We maintain ADD with a TP of INR 17,740, by valuing the company at 70x Mar-27E EPS.

- **Q1FY26 highlights:** Revenue grew robustly 95% YoY to INR 128.36bn primarily led by strong growth of 125% YoY in mobile and EMS division, which formed 91% of revenue mix. However, this growth was impacted by sluggish performance in home appliances segments (+3% YoY) and a decline in consumer electronics and lighting segments (21/17% YoY). Company consumer electronics/home appliances/lighting products formed 5/2/2% of revenue mix. EBITDAM remained flat YoY to 3.8% (down 50bps QoQ) as 110bps YoY decline in gross margins was offset by reduced employee costs and other expenses (down 50/60bps YoY, up 41/59% YoY absolute). Consequently, EBITDA increased 95% YoY. APAT grew 68% YoY, due to higher EBITDA, partially offset by increased depreciation, capital charges, lower other income and higher minority interest.
- **Segmental highlights:** (1) Mobile and EMS division experienced robust growth with revenue/EBITDA up 125/131% YoY (EBITDAM +10bps YoY). (2) In consumer electronics, despite a 21% YoY revenue decline, EBITDA increased a strong 38% YoY (EBITDAM +260bps). (3) Home appliances revenue/EBITDA grew 3/13% YoY with margins expanding by 100bps YoY. (4) Lighting segment revenue declined sharply 17% YoY with margin contraction of 80bps YoY.
- **Earnings call takeaways:** Company anticipates 50% revenue growth in FY26. It expects mobile phone segment volume to grow 15% QoQ in Q2FY26 and projects sales of ~43mn units in FY26 (~11mn exports), with a further target of 60-65mn units for FY27. Management projects a margin expansion of 100-120bps by FY27, despite the conclusion of the PLI scheme, driven by improved margins from component manufacturing. The company expects to incur INR 12bn capex (including acquisition) for FY26. Considering healthy Q1 result, we have raised APAT estimates by 2% each for FY26/27E. We maintain ADD with a TP of INR 17,740, by valuing the company at 70x Mar-27E EPS.

Financial summary

(INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY24	FY25	FY26E	FY27E
Net Sales	1,28,357	65,798	95.1	1,02,925	24.7	1,76,909	3,88,601	5,94,254	7,59,491
EBITDA	4,824	2,479	94.6	4,428	8.9	6,976	15,076	23,068	29,581
APAT	2,250	1,337	68.3	2,004	12.2	3,678	7,256	11,685	15,273
EPS (INR)	37.3	22.3	67.2	33.3	12.2	61.5	120.4	193.9	253.5
P/E (x)						262.1	133.8	83.1	63.6
EV / EBITDA (x)						138.1	64.3	42.3	32.8
RoE (%)						24.7	30.8	32.7	31.4

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jul 2025)*	INR 16,112
Target Price	INR17,740
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 17,450	INR 17,740
	FY26E	FY27E
EPS %	2.4	1.8

KEY STOCK DATA	
Bloomberg code	DIXON IN
No. of Shares (mn)	61
MCap (INR bn) / ($ mn)	975/11,286
6m avg traded value (INR mn)	7,340
52 Week high / low	INR 19,150/10,613

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.4)	9.5	41.9
Relative (%)	(6.6)	1.9	39.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	32.42	28.95
FIs & Local MFs	23.07	26.10
FPIs	21.81	20.55
Public & Others	22.85	25.49
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Havells India

Weak demand—topline declines after 19 quarters

Revenue declined by 6% YoY to INR 54.38bn due to 34/14/3% de-growth in Lloyd, Electrical consumer durables and lighting and fixtures segment, respectively. However, this overall decline was partially offset by strong growth in cable segment, up 27% YoY, and switchgear segment, up 9% YoY. Gross margin improved 160bps YoY to 34% due to increased contribution from higher-margin switchgear segment, but EBITDAM fell 40bps to 9.6% on higher employee costs, leading to a 14% YoY drop in APAT. Management is hopeful demand will pick up in H2FY26. Lloyd channel inventory has reduced in the second half of Q1FY26 but is still elevated. Factoring in the weak Q1 performance, we have cut our revenue estimates by 5/4% and APAT estimates by 6/5% for FY26/27E. We maintain ADD and value the company at 50x Mar-27E EPS to arrive at a TP of INR 1,575/sh.

- **Q1FY26 highlights:** Revenue declined by 6% YoY to INR 54.38bn due to 34/14/3% de-growth in Lloyd, electrical consumer durables and lighting and fixtures segment, respectively. However, this overall decline was partially offset by strong growth in cable segment, up 27% YoY, and switchgear segment, up 9% YoY. Gross margins expanded 160 bps YoY to 34% (+140 bps QoQ), driven by increased contribution from the higher-margin switchgear segment. Meanwhile, EBITDAM contracted by 40 bps YoY to 9.6% (-210 bps QoQ), mainly due to higher employee costs (rose 8% YoY). APAT declined 14% YoY due to lower EBITDA, higher finance cost, and depreciation.
- **Segmental highlights:** Switchgear revenue grew 9% YoY to INR 6.29bn, though EBIT margin contracted 120bps YoY to 23.4%. Wire and cable (W&C) revenue rose by 27% YoY to INR 19.33bn, with ~21% YoY growth in volume, driven by strong industrial and infra demand, supported by capacity expansion and EBIT margin expansion of 130bps YoY to 12.6%. Lighting revenue declined 3% YoY, owing to a price decline, while margins contracted 400bps YoY to 12.4%. ECD and Lloyds revenue saw a sharp decline of 14/34% YoY, respectively, due to unseasonal rains and a higher base, while margins contracted 140/510bps YoY to 8.7/-1.6% respectively.
- **Earnings call takeaways and outlook:** Management is hopeful demand will pick up in H2FY26. Lloyd channel inventory has reduced in the second half of Q1FY26 but is still elevated. The company has no aggressive discounting plan to liquidate inventory. Management has outlined a capex plan of INR 23bn for FY26 and FY27E, to expand underground cable capacity and undertake other expansion project. Additionally, the company has invested INR 6bn in Goldi Solar Pvt Ltd in Q1FY26, engaged in the business of manufacturing and supply of solar modules and inverters for a 9% stake. Factoring in weak Q1 performance, we have cut our revenue estimates by 5/4% and APAT estimates by 6/5% for FY26/27E. We maintain the ADD rating and value the company at 50x Mar-27E EPS to arrive at a TP of INR 1,575/sh.

Financial summary

(INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	54,378	57,981	(6.2)	65,322	(16.8)	1,68,684	1,85,499	2,17,458	2,35,234	2,70,005
EBITDA	5,199	5,762	(9.8)	7,607	(31.7)	16,030	18,453	21,486	24,466	28,677
APAT	3,523	4,112	(14.3)	5,223	(32.5)	10,750	12,732	14,888	16,913	19,720
EPS (INR)	5.6	6.6	(14.3)	8.3	(32.5)	17.2	20.3	23.7	27.0	31.5
P/E (x)						89.3	75.5	64.5	56.8	48.7
EV / EBITDA(x)						58.6	50.4	43.2	38.1	32.3
RoE (%)						17.1	18.1	18.9	19.2	20.0

Source: Company, HSIE Research

ADD

CMP *(as on 21 July 2025)*	INR 1,533
Target Price	INR 1,575
NIFTY	25,091

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,650	INR 1,575
EPS revision %	FY26E	FY27E
	-6.0	-5.0

KEY STOCK DATA	
Bloomberg code	HAVL IN
No. of Shares (mn)	627
MCap (INR bn) / ($ mn)	961/11,131
6m avg traded value (INR mn)	1,619
52 Week high / low	INR 2,106/1,360

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.0)	(2.9)	(13.4)
Relative (%)	(10.5)	(11.2)	(15.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	59.41	59.38
FIs & Local MFs	12.76	13.36
FPIs	22.31	21.59
Public & Others	5.52	5.67
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Berger Paints

Remains a relative outperformer

BRGR remains a relative outperformer in a muted market amid elevated competition though it is stabilizing at the margin. Consolidated revenue grew 3.6% YoY to INR32bn (HSIE: INR32.8bn). Early onset of monsoon in May-June impacted overall growth. Volume/value growth stood at 5.6/2% in Q1. Volume-value gap is expected to continue for next 2-3 quarters. Decorative business reported mid-single-digit volume growth. GM expanded by 155bps to 41.4% (HSIE: 41.3%). However, EBITDAM contracted 39bps to 16.5% (HSIE: 17.4%) due to higher operating overheads and cost overrun in Bolix. APAT declined by 0.6% to INR 3.5bn (HSIE: INR 3.8bn). We have cut our EPS estimates by ~5/3% respectively for FY26/27 but retain ADD with a DCF-based TP of INR585/sh (implying 44x Jun-27 P/E).

- **Q1FY26 highlights**: Consolidated revenue grew 3.6% YoY to INR32bn (HSIE: INR32.8bn). Standalone revenue grew 2% YoY to INR28.6bn (HSIE: INR29.3bn). Early onset of monsoon in May-June impacted overall growth. Volume/value growth stood at 5.6/2% (mid-single-digit volume growth in decorative segment) in Q1. Volume-value gap is likely to persist for next 2-3 quarters. Construction chemicals and wood coatings showed strong traction. In industrial, protective and automotive coatings maintained positive volume momentum, although GI and powder coatings remained subdued. Automotive segment delivered strong volume-value gains. International business delivered a mixed print. Management highlighted that initial euphoria around new entrant has faded and competitive intensity has stabilized. Consolidated GM expanded 155bps YoY to 41.4% (HSIE: 41.3%). However, these gains were offset by higher operating overheads and cost overrun in Bolix, leading to EBITDAM contraction of 39bps YoY to 16.5% (HSIE: 17.4%). Management has maintained its 15-17% EBITDAM guidance for FY26. EBITDA grew 1.1% YoY to INR 5.3bn (HSIE: INR 5.7bn). The company reported an exceptional loss of INR 368mn due to fire at a warehouse. APAT declined by 0.6% to INR 3.5bn (HSIE: INR 3.8bn).
- **Outlook**: Berger continues to outperform peers on relative terms. We have cut our EPS estimates by ~5/3% respectively for FY26/27 to account for higher cost of operations but retain our ADD rating with a DCF-based TP of INR585/sh (implying 44x Jun-27 P/E).

Quarterly financial summary (Consolidated)

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	32,008	30,910	*3.6*	27,040	*18.4*	1,11,989	1,15,447	1,24,090	1,39,183	1,54,916
EBITDA	5,284	5,224	*1.1*	4,278	*23.5*	18,613	18,561	20,261	23,282	26,177
APAT	3,514	3,540	*(0.7)*	2,621	*34.1*	11,678	11,804	12,889	14,985	16,972
EPS (Rs)	2.7	3.0	*(11.1)*	2.2	*20.1*	10.0	10.1	10.7	12.9	14.6
P/E (x)						56.4	55.8	49.7	44.0	38.8
EV/EBITDA (x)						35.3	35.3	32.0	27.6	24.2
Core RoCE(%)						19.9	18.2	18.7	20.8	22.3

Change in estimates (Consolidated)

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,24,090	1,25,262	*(0.9)*	1,39,183	1,40,559	*(1.0)*	1,54,916	1,56,470	*(1.0)*
Gross Profit	52,029	52,520	*(0.9)*	58,635	59,215	*(1.0)*	65,264	65,918	*(1.0)*
Gross Profit Margin (%)	41.9	41.9	***0 bps***	42.1	42.1	***0 bps***	42.1	42.1	***0 bps***
EBITDA	20,261	20,452	*(0.9)*	23,282	23,512	*(1.0)*	26,177	26,439	*(1.0)*
EBITDA margin (%)	16.3	16.3	***0 bps***	16.7	16.7	***0 bps***	16.9	16.9	***0 bps***
APAT	12,889	13,139	*(1.9)*	14,985	15,387	*(2.6)*	16,972	17,416	*(2.5)*
APAT margin (%)	10.4	10.5	***-10 bps***	10.8	10.9	***-18 bps***	11.0	11.1	***-17 bps***
EPS (Rs)	10.7	11.3	*(4.7)*	12.9	13.2	*(2.6)*	14.6	14.9	*(2.5)*

Source: Company, HSIE Research

ADD

CMP *(as on 06 Aug 2025)*	INR 565
Target Price	INR 585
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 585	INR 585
EPS %	FY26E	FY27E
	-4.7	-2.6

KEY STOCK DATA	
Bloomberg code	BRGR IN
No. of Shares (mn)	1,166
MCap (INR bn) / ($ mn)	659/7,512
6m avg traded value (INR mn)	383
52 Week high / low	INR 630/438

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	4.1	18.8	4.5
Relative (%)	4.2	15.6	2.1

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	74.98	74.98
FIs & Local MFs	10.11	10.45
FPIs	5.75	5.60
Public & Others	9.15	8.97
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

FSN E-commerce Ventures (Nykaa)

Margin surprises positively

Nykaa's Q1 topline grew 23.4% YoY to INR21.5bn (HSIE: INR21.7bn). BPC/Fashion revenue grew 23.9/15.1% to INR 19.75/1.71bn (HSIE: INR19.9/1.71bn) respectively. Customer acquisition remains healthy in BPC (AUTC up 26% YoY to 16.5mn) while Fashion segment extended its recovery momentum, delivering GMV growth of 24.5% YoY. GM expanded 132bps YoY to 44.6% (HSIE: 43.5%), driven by higher share of own brands, premiumization, and higher ad income. eB2B losses continued to ebb. Despite higher marketing and S&D spends, consolidated EBITDAM rose 102bps YoY to 6.5% (HSIE: 5.7%). Note: BPC/Fashion EBITDAM (as % of NSV) expanded ~50/300bps YoY to 9/-6.2% respectively. We largely maintain our FY27/28 EBITDA estimates and DCF-based TP of INR 180/sh (implying 62x Jun-27 EV/EBITDA). Our REDUCE rating stands as valuations seem full (at 70x pre-IND AS 116 EV/EBITDA).

- **Q1FY26 highlights**: Revenue grew 23.4% YoY to INR21.5bn. BPC AUTC/orders grew 26/16.9% YoY in Q1 to 16.5/14.5mn respectively. Fashion AUTC/orders grew 9.7/17.6% YoY to 3.4/2mn respectively. BPC/Fashion revenue grew 23.9/15.1% to INR19.75/1.71bn (HSIE: INR19.9/1.71bn) respectively. Nykaa's owned brands GMV in BPC/Fashion grew 70/7% YoY to INR5.78/0.97bn in Q1. The company's retail presence expanded to 250 beauty stores (+36% retail space YoY) with double-digit SSSG in Q1. Nykaa Now is operational in seven cities with 50+ rapid stores; 1.3mn+ orders delivered until date. GM expanded 132bps YoY to 44.6% (HSIE: 43.5%), driven by higher share of own brands, premiumization, and higher ad income. Despite a 32% YoY increase in marketing and S&D spends to INR3.28bn, led by investments in brand building and customer acquisition, EBITDAM expanded 102bps YoY to 6.5% (HSIE: 5.7%), as aided by higher GM and cost efficiencies in fulfillment and other overheads. Note: BPC/Fashion EBITDAM (as % of NSV) expanded ~50/300bps YoY to 9/-6.2% respectively. Management reiterated its guidance for Fashion segment to achieve EBITDA breakeven in FY26. EBITDA/APAT grew 46.4/79.4% YoY to INR1.41bn/245mn (HSIE: 1.24bn/240mn).
- **Outlook**: Nykaa continues to be a leading platform for global beauty brands. Fashion losses continue to ebb. We largely maintain our FY27/28 EBITDA estimates and DCF-based TP of INR 180/sh (implying 62x Jun-27 EV/EBITDA). Our REDUCE rating stands as valuations seem full (at 70x pre-IND AS 116 EV/EBITDA).

Quarterly financial summary

(Rs mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	21,549	17,461	23.4	20,618	4.5	63,856	79,498	99,901	1,23,679	1,49,483
EBITDA	1,407	961	46.4	1,334	5.5	3,462	4,739	8,412	11,224	14,645
Pre-IND-AS EBITDA						1,658	2,517	5,619	7,767	10,481
APAT	245	136	79.4	191	28.5	397	721	3,050	4,444	6,478
EPS (Rs)	0.1	0.0	79.2	0.1	28.4	0.1	0.3	1.1	1.6	2.3
P/E (x)						1,478.0	816.1	192.9	132.3	90.8
EV/EBITDA (x)						356.9	236.7	105.8	76.2	56.0
Core RoCE(%)						2.4	4.0	13.6	17.3	21.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	99,901	1,01,086	*(1.2)*	1,23,679	1,25,115	*(1.1)*	1,49,483	1,51,192	*(1.1)*
Gross Profit	43,493	43,751	*(0.6)*	53,270	53,577	*(0.6)*	64,060	64,422	*(0.6)*
Gross Profit Margin (%)	43.5	43.3	***26 bps***	43.1	42.8	***25 bps***	42.9	42.8	***3 bps***
Reported EBITDA	8,412	8,172	*2.9*	11,224	10,940	*2.6*	14,645	14,419	*1.6*
Reported EBITDA margin (%)	8.4	8.1	***34 bps***	9.1	8.7	***33 bps***	9.8	8.7	***105 bps***
Pre-IND AS EBITDA*	5,619	5,543	*1.4*	7,767	7,687	*1.0*	10,481	10,503	*(0.2)*
EBITDA margin (%)*	5.6	5.5	***14 bps***	6.3	6.1	***14 bps***	7.0	6.1	***87 bps***

Source: Company, HSIE Research, Note: EBITDAM are on Pre-IND-AS 116 basis

REDUCE

CMP *(as on 12 Aug 2025)*	INR 205
Target Price	INR 180
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 180	INR 180
	FY27E	FY28E
EBITDA%	+1.0	-0.2

KEY STOCK DATA	
Bloomberg code	NYKAA IN
No. of Shares (mn)	2,861
MCap (INR bn) / ($ mn)	585/6,674
6m avg traded value (INR mn)	1,907
52 Week high / low	INR 230/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.8	19.0	5.2
Relative (%)	5.5	13.7	4.4

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	52.16	52.14
FIs & Local MFs	25.20	23.65
FPIs	8.83	11.64
Public & Others	13.81	12.57
Pledged Shares	-	-

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

Voltas

Weak summer led to poor performance

Voltas' revenue declined 20% YoY to INR 39.38bn, mainly as a weak summer impacted the unitary cooling products segment (UCP), which saw a 25% decline. Gross margin expanded 90bps YoY to 21.8%. EBITDAM declined 410bps YoY to 4.5% (-240bps QoQ) due to an increase in employee and other expenses. EBITDA declined 58% YoY, owing to op-lev loss, leading to 58% decline in APAT. In Q1, the company's RAC market share was 17.8% (vs 19.5% YoY). However, it highlighted its exit rate in June has improved to 19.3% market share. Management flagged high RAC channel inventory will likely pressure Q2 but expects Q3 recovery on festive demand and regulatory changes. Considering the weak Q1 and elevated channel inventory, we cut our revenue estimates by 7/5% and APAT estimates by 18/6% for FY26/27E respectively. As there is limited upside from current level, we downgrade Voltas to ADD from Buy, valuing the stock at 40x Mar-27E EPS to arrive at a TP of INR 1,315/sh.

- **Q1FY26 performance:** Revenue declined 20% YoY (2-yr CAGR: 8%) to INR 39.38bn due to a 25% decline in unitary cooling products segment (UCP) (73% of revenue mix), which was affected by a weak summer. Electro-mechanical projects and services segment (EMPS; 24% of revenue mix) and engineering products and services segment (EPS; 3% of revenue mix) also declined 3/16% YoY. Gross margin expanded 90bps YoY to 21.8% (+40bps QoQ). However, EBITDAM declined 410bps YoY to 4.5% (-240bps QoQ) due to an increase in employee and other expenses, rising 170bps and 320bps YoY. Consequently, EBITDA declined 58% YoY. APAT declined 58% YoY owing to lower EBITDA, higher depreciation, finance cost, and tax rate.
- **Segmental highlights:** (i) UCP faced subdued demand due to unfavorable weather, resulting in a 500bps YoY decline in EBIT margin to 3.7%. (ii) Voltas Beko performed well, posting 33% YoY growth, driven by strong washing machine sales. (iii) EMPS' EBIT margin fell 180 bps YoY to 5.3%, while EPS' EBIT margin rose 170 bps YoY to 29.6%, due to a favorable product mix.
- **Concall takeaways and outlook:** Management noted elevated channel inventory in the RAC segment, which could weigh on Q2 performance, but expects a rebound in Q3, driven by festive demand and regulatory changes. It projects that the RAC industry will post flat to low single-digit de-growth in FY26. In Q1, the company's RAC market share was 17.8% (vs 19.5% YoY). However, it has highlighted that its exit rate in June has improved to 19.3% market share. In EMPS, the order book stood at INR 62 bn (vs. INR 65 bn QoQ). Considering a weak Q1 and elevated channel inventory, we cut our revenue estimates by 7/5% and APAT estimates by 18/6% for FY26/27E respectively. As there is limited upside from current level, we downgrade Voltas to ADD from Buy earlier, valuing the stock at 40x Mar-27E EPS to arrive at a TP of INR 1,315/sh.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	39,386	49,210	(20.0)	47,676	(17.4)	94,988	1,24,812	1,54,128	1,44,364	1,77,286
EBITDA	1,785	4,238	(57.9)	3,328	(46.4)	5,724	4,746	11,162	9,882	13,779
APAT	1,405	3,342	(58.0)	2,410	(41.7)	3,788	2,520	8,414	7,517	10,849
EPS (INR)	4.2	10.1	(58.0)	7.3	(41.7)	11.5	7.6	25.4	22.7	32.8
P/E (x)						113.6	170.8	51.2	57.2	39.7
EV / EBITDA (x)						74.5	89.3	38.4	42.7	30.5
RoE (%)						6.9	4.4	13.6	11.1	14.6

Source: Company, HSIE Research

ADD

CMP *(as on 08 Aug 2025)*	INR 1,305
Target Price	INR 1,315
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	ADD
Price Target	INR1,420	INR 1,315
EPS %	FY26E	FY27E
	-17.8	-6.4

KEY STOCK DATA	
Bloomberg code	VOLT IN
No. of Shares (mn)	331
MCap (INR bn) / ($ mn)	432/4,925
6m avg traded value (INR mn)	2,309
52 Week high / low	INR 1,946/1,135

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.7	(5.7)	(9.1)
Relative (%)	7.3	(8.2)	(10.4)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	30.30	30.30
FIs & Local MFs	33.21	33.36
FPIs	21.96	21.16
Public & Others	14.53	15.18
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Kaynes Technology

Improving product mix boosts margins

Kaynes' revenue grew 34% YoY at INR 6.74bn, driven by strong 43% growth in the industrial segment. Automotive, railways, IoT/IT, and medical segments grew 24%, 17%, 34%, and 34% YoY respectively. Gross margin expanded sharply by 1,400bps YoY to 41.3%. EBITDA margin increased 350bps YoY to 16.8%, despite higher employee cost and other expenses, resulting in a 69% YoY rise in EBITDA. So, APAT grew 47% YoY. Order book increased by 47/12% YoY/QoQ to INR 74bn (2.7x FY25 revenue). Management projects over 60% YoY revenue growth and 16-17% EBITDAM for FY26. Sanand OSAT and Chennai HDP PCB facility expansions are on schedule for commissioning by Q3FY26 and Q4FY26, with planned capex of INR 34bn and 14bn by FY28 respectively. We maintain REDUCE with a TP of INR 6,310/sh, valued at 60x FY27E EPS.

- **Q1FY26 highlights:** Revenue grew 34% YoY (two-year CAGR: 51%) to INR 6.74bn, driven by strong 43% growth in industrial segment (59% of revenue mix). Automotive, railways, IoT/IT and medical segments (27/7/5/1% of mix) grew 24/17/34/34% YoY. Aerospace and allied declined by 33% YoY (1% of mix). Gross margin expanded sharply by 1,400bps YoY (+920bps QoQ) to 41.3%, aided by better revenue mix. EBITDA margin expanded by 350bps YoY to 16.8% (-30bps QoQ), led by higher gross margin, partially offset by higher employee cost (up 76% YoY) and other expenses (up 185% YoY). Consequentially, EBITDA increased by 69% YoY. APAT grew 47% YoY, driven by higher EBITDA, partially offset by higher depreciation and tax rate.
- **Earnings call takeaways:** Order book increased by 47/12% YoY/QoQ to INR 74bn (2.7x FY25 revenue). Management projects +60% YoY revenue growth, with 16-17% EBITDA margin for FY26, driven by robust demand across all segments. Company targets USD 1bn revenue by FY28 and anticipates aerospace and railways segment to contribute 8% and 10-12% of revenue, respectively, in FY26 (up from 2% and 7% in FY25). The FY26 export target is 15%, with a 5-year aim of 20-25% in the mix. Net working capital rose to 132 days at Jun-25-end (from 121 YoY and 87 QoQ), mainly due to an increase in receivable days, partly offset by rise in payables. The company aims to improve working capital in Q2 and reduce it by 70 days in next few quarters. The Sanand OSAT and Chennai HDP PCB facility expansions are on schedule for commissioning from Q3FY26 and Q4FY26, with a planned capex of INR 34/14bn (OSAT/PCB) to be incurred by FY28. The August Electronics acquisition (to be consolidated from Q2FY26) is aimed at expanding into the North American market and targeting high-margin customers. In Jun-25, the company raised INR 16bn through a QIP. Factoring in the strong Q1 result and the fundraise, we upgrade PAT estimates by 17-18% for FY26/27E. We maintain REDUCE and a TP of INR 6,310/sh, valued at 60x FY27E EPS.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	6,735	5,040	33.6	9,845	(31.6)	11,261	18,046	27,218	42,895	65,675
EBITDA	1,130	669	69.0	1,679	(32.7)	1,683	2,542	4,107	6,863	10,639
APAT	746	508	46.9	1,162	(35.8)	952	1,833	2,934	4,802	7,042
EPS (INR)	11.6	7.9	46.6	18.2	(35.9)	16.4	28.7	45.8	71.7	105.2
P/E (x)						378.8	216.3	135.4	86.5	59.0
EV / EBITDA (x)						212.2	151.2	96.3	59.1	39.2
RoE (%)						16.4	17.9	23.2	19.5	18.3

Source: Company, HSIE Research

REDUCE

CMP *(as on 31 Jul 2025)*	INR 6,172
Target Price	INR 6,310
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 6,155	INR 6,310
	FY26E	FY27E
EPS %	12.0	12.0

KEY STOCK DATA	
Bloomberg code	KAYNES IN
No. of Shares (mn)	67
MCap (INR bn) / ($ mn)	413/4,717
6m avg traded value (INR mn)	3,536
52 Week high / low	INR 7,825/3,825

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.4	28.8	39.0
Relative (%)	6.2	24.0	39.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	57.75	53.52
FIs & Local MFs	16.97	22.40
FPIs	11.17	10.71
Public & Others	14.11	13.37
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Metro Brands

Growth dented by seasonal headwinds

MBL's topline grew 9.1% YoY to INR 6.28bn (HSIE: INR 6.41bn). The growth was impacted by preponement of Eid to March and early onset of monsoon in key markets. Sales density continued to normalize downward in Q1 (at INR17.8k vs INR19k/sq. ft. in Q1FY25). The e-commerce business saw robust growth (up 45% YoY; contributing 13.7% to revenue). GM contracted by 16bps YoY to 59.3% (HSIE: 59.8%). EBITDAM contracted 45bps YoY to 30.9% (HSIE: 32.3%), primarily due to higher marketing spends on brand building. The company has signed an exclusive long-term agreement with Clarks. Losses from Fila continue to narrow, with breakeven expected in FY27. We largely maintain our FY27/28 estimates and our SELL rating holds with a DCF-based TP of INR980/sh, implying 47x Jun-27 P/E.

- **Q1FY26 highlights:** MBL reported topline growth of 9.1% YoY to INR 6.28bn (HSIE: INR 6.41bn). The preponement of Eid to March and early onset of monsoon in key markets like Gujarat and Maharashtra impacted footfalls in Q1. Revenue/sq. ft. decreased by ~7% YoY to INR17.8k (vs. INR19k/sq. ft. in Q1FY25). On channel mix, in-store/online+omni/others contributed 85/14/1% in Q1. E-commerce sales (including omni-channel) grew by a robust 45% YoY. Products > INR 3,000 contributed 56% to the sales mix vs. 54% in Q1FY25. The company has signed an exclusive long-term agreement with Clarks (operates at > INR 3,500 ASP), further strengthening its ongoing premiumization strategy. Management highlighted that supply chain disruptions following BIS challenges have stabilized and they have resumed expansion of Footlocker stores. MBL added 20 stores net in Q1 (store count – 928). GM contracted by 16bps YoY to 59.3% (HSIE: 59.8%) due to higher mix from e-commerce channel. EBITDAM followed suit and contracted 45bps YoY to 30.9% (HSIE: 32.3%), primarily due to higher marketing spends on brand building. EBITDA increased 7.5% YoY to INR 1.94bn. Losses from Fila are expected to continue reducing, with breakeven targeted in FY27. APAT grew 7.1% YoY to INR 988mn (HSIE: INR 1.02bn).
- **Valuation and outlook:** MBL remains among the more disciplined footwear retailers with an in-sync product-market-fit. With supply chain issues post BIS now largely resolved, steady growth is anticipated (priced in). We largely maintain our FY27/28 estimates and our SELL rating holds with a DCF-based TP of INR980/sh, implying 47x Jun-27 P/E.

Quarterly financial summary

(Rs mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	6,282	5,761	9.1	6,428	(2.3)	21,271	23,567	25,074	28,448	34,228	40,759
EBITDA	1,939	1,804	7.5	1,972	(1.7)	5,078	4,899	5,368	6,034	7,287	8,682
APAT	988	923	7.1	953	3.6	3,654	3,367	3,545	4,032	5,282	6,789
EPS (Rs)	3.6	3.4	6.9	3.5	3.6	13.4	12.4	13.0	14.8	19.4	24.9
P/E (x)						81.4	71.7	84.1	73.9	56.4	43.9
EV/EBITDA (x)						57.3	58.9	54.3	48.1	39.1	32.0
Core RoCE(%)						51.0	38.6	30.1	33.0	38.8	42.1

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,448	29,077	*(2.2)*	34,228	34,461	*(0.7)*	40,759	40,669	*0.2*
Gross Profit	16,355	16,717	*(2.2)*	19,644	19,777	*(0.7)*	23,351	23,299	*0.2*
Gross Profit Margin (%)	57.5	57.5	-	57.4	57.4	***(0 bps)***	57.3	57.3	-
EBITDA	6,034	6,167	*(2.2)*	7,287	7,337	*(0.7)*	8,682	8,662	*0.2*
EBITDA margin (%)	21.2	21.2	-	21.3	21.3	***(0 bps)***	21.3	21.3	-
APAT	4,032	4,174	*(3.4)*	5,282	5,336	*(1.0)*	6,789	6,772	*0.3*
APAT margin (%)	14.2	14.4	***(18 bps)***	15.4	15.5	***(5 bps)***	16.7	16.7	***1 bps***
EPS	14.8	15.3	*(3.4)*	19.4	19.6	*(1.0)*	24.9	24.9	*0.3*

Source: Company, HSIE Research, Consolidated Financials

SELL

CMP *(as on 08 Aug 2025)*	INR 1,108
Target Price	INR 980
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 980	INR 980
	FY27E	FY28E
EPS %	-1.0	+0.3

KEY STOCK DATA	
Bloomberg code	METROBRA IN
No. of Shares (mn)	272
MCap (INR bn) / ($ mn)	302/3,440
6m avg traded value (INR mn)	113
52 Week high / low	INR 1,412/890

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.6	(9.5)	(16.2)
Relative (%)	4.2	(12.1)	(17.4)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	71.88	71.87
FIs & Local MFs	7.36	7.38
FPIs	3.46	3.66
Public & Others	17.30	17.09
Pledged Shares	0	0

Source : BSE

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

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

Amber Enterprises

Healthy performance; strong growth outlook

Amber's Q1FY26 revenue grew by 44% YoY to INR 34.49bn, primarily driven by robust growth in all segments. EBITDAM declined 70bps YoY to 7.4% (down 40bps QoQ), owing to lower gross margin partially offset by reduction in employee and other expenses. Consequently, EBITDA grew 31% YoY, leading to 44% growth in APAT. Management expects strong growth in all segments in next two years. It expects 8.5-9.5% EBITDA margin for FY26. The company will incur a ~INR 20bn capex in next two years (excluding ~INR 7bn acquisition capex). The board has approved raising funds of up to INR 25bn. The company aims to be debt-free by FY27-end. Factoring in the healthy performance in Q1, we upgrade our APAT estimates by 9% each for FY26/27E. We maintain BUY with a TP of INR 8,590/sh (50x Mar-27E EPS).

- **Q1FY26 highlights:** Revenue grew 44% YoY (two-year CAGR: 42%) to INR 34.49bn, led by strong growth in the electronics segment (22% of revenue mix), which grew 97% YoY. Overall growth was further supported by healthy growth in consumer durables and railways subsystems & mobility (74/4% of revenue mix), which grew 33% and 29%, respectively. Gross margin contracted 210bps YoY to 15.7% (down 90bps QoQ), owing to change in the product mix. EBITDAM declined 70bps YoY to 7.4% (down 40bps QoQ), owing to lower gross margin, but this was partially offset by reduction in employee and other expenses (down 60bps and 70bps YoY respectively). (Absolute) employee and other expenses, however, rose 17/27% YoY. Consequently, EBITDA grew 31% YoY (down 13%% QoQ). APAT grew 44% YoY, supported by higher other income, partially offset by higher tax rate.
- **Earnings call takeaways:** The management expects company's RAC business to outperform the industry by 10-12% in FY26. In the industrial segment, it is targeting USD 1bn revenue with 11.5-12% EBITDAM in three years. Revenue from railways subsystem and mobility segments is expected to double in the next two years. Management has guided for 8.5-9.5% EBITDA margin for FY26. The board has approved to raise up to INR 25bn fund. The company is aiming to be debt-free by FY27-end. The Ascent Circuit Hosur expansion costing INR 6.5bn is expected to be completed by Q1FY27. Further, it plans to spend INR 32bn capex for HDI PCBs through Korea Circuit JV (INR 12bn in phase 1 expected by FY27-end). To strengthen the industrial segment, it plans to acquire a majority stake in Power-One Micro Systems for INR 2.6bn plus a deferred consideration basis FY26 numbers and 40% stake in Israel-based Unitronics for INR 4bn. Both acquisitions will take place through its subsidiary ILJIN and are likely to be completed over the next three months. The company will incur a capex of ~INR 20bn in the next two years (excluding ~INR 7bn acquisition capex). Factoring in the Q1 healthy result, we upgrade revenue estimates by 11/15% and APAT estimates by 9% each for FY26/27E. We maintain BUY with a TP of INR 8,590/sh (50x Mar-27E EPS).

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	34,491	24,013	43.6	37,537	(8.1)	69,271	67,293	99,730	1,34,795	1,71,172
EBITDA	2,567	1,962	30.9	2,948	(12.9)	4,179	4,919	7,634	10,612	14,572
APAT	1,039	724	43.5	1,161	(10.5)	1,572	1,329	2,436	4,302	5,807
EPS (INR)	30.7	21.5	43.0	34.3	(10.5)	46.7	39.4	72.0	127.2	171.7
P/E (x)						171.4	202.7	111.0	62.9	46.6
EV / EBITDA (x)						65.9	56.1	36.9	27.7	20.4
RoE (%)						8.6	6.7	11.2	17.2	19.3

Source: Company, HSIE Research

BUY

CMP *(as on 30 Jul 2025)*	INR 8,050
Target Price	INR 8,590
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 7,850	INR 8,590
EPS %	FY26E	FY27E
	9.2	9.4

KEY STOCK DATA	
Bloomberg code	AMBER IN
No. of Shares (mn)	34
MCap (INR bn) / ($ mn)	273/3,119
6m avg traded value (INR mn)	3,212
52 Week high / low	INR 8,177/3,964

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	30.8	27.3	85.2
Relative (%)	29.2	21.1	85.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	39.72	39.65
FIs & Local MFs	19.11	17.82
FPIs	28.56	28.59
Public & Others	12.61	13.94
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Crompton Consumer

Weak quarter

Crompton Consumer's revenue declined 7% YoY to INR 19.98bn. This was due to an 8% decline in electric consumer durables (ECD) segment, impacted by weak summer products demand. Lighting and butterfly segment revenue was flat YoY. EBITDA declined 18% YoY owing to op-lev loss, leading to 19% APAT decline. Pumps, small domestic appliances, and B2B lighting reported healthy growth, while fans, air coolers, and residential pumps experienced sharp revenue decline. Management highlights strong growth momentum in solar pumps, having secured an order worth INR 1bn. Butterfly rebranding is ongoing with new product development and brand rebuilding. Considering weak Q1 result, we cut our revenue estimates by 8/5% and APAT estimates by 10/8% for FY26/27E. We retain BUY by valuing the stock at 40x Mar'27 EPS to arrive at a TP of INR 435/sh.

- **Q1FY26 highlights:** Revenue declined 7% YoY to INR 19.98bn, owing to 8% decline in ECD segment due to weak summer products demand. Lighting and butterfly segment revenue was flat YoY. Gross margin expanded 30bps YoY to 32.1% (-180bps QoQ). ECD EBIT margin declined 160bps/330bps YoY/QoQ at 13.3%. Lighting EBIT margin increased 380bps YoY (-320bps QoQ) to 12.7% due to better product mix. Butterfly EBIT margin increased 190bps YoY (-250bps QoQ) to 4.2%. So, EBITDAM contracted 130bps YoY to 9.6% (-320bps QoQ) due to op-lev loss as employee and other expenses rose 90/60bps YoY. Consequently, EBITDA declined 18% YoY. APAT declined 19% YoY due to lower EBITDA, partially offset by lower finance cost.
- **Segmental highlights:** In the ECD segment, small domestic appliances delivered double-digit revenue growth, solar pump 2x growth; while fans, air coolers and residential pump declined sharply, which weighed on the overall growth of the ECD segment. In the lighting segment, the B2B segment achieved double-digit volume growth. Butterfly experienced strong traction and market share gains in its core products, such as mixer grinders.
- **Earnings call takeaways and outlook:** The company sees a green shoot of demand revival. Management highlights strong growth momentum in solar pumps, having secured an order worth INR 1bn from the Maharashtra government. Butterfly has gained market share and is focused on new product development and brand building to achieve double-digit growth in FY26, accelerating to mid-teens over the next 3-5 years. Management expects the segment's operating margin to improve to 8–8.5% in FY26 (up from 7.5% YoY) and further increase to double digits over the subsequent 3-5 years. The company plans a capex of INR 3.5bn to establish an in-house fan manufacturing facility. Considering weak Q1 result, we cut our revenue estimates by 8/5% and APAT estimates by 10/8% for FY26/27E. We maintain BUY by valuing the stock at 40x Mar'27 EPS to arrive at a TP of INR 435/sh.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q3 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	19,983	21,377	(6.5)	20,606	(3.0)	68,696	73,128	78,636	82,511	92,689
EBITDA	1,917	2,324	(17.5)	2,644	(27.5)	7,705	7,137	8,882	9,291	10,911
APAT	1,223	1,517	(19.4)	1,695	(27.8)	4,632	4,399	5,560	5,854	6,963
EPS (INR)	1.9	2.4	(19.4)	2.6	(27.8)	7.3	6.8	8.6	9.1	10.8
P/E (x)						43.7	46.5	36.8	35.0	29.4
EV / EBITDA (x)						26.6	28.2	22.2	20.9	17.5
RoE (%)						18.1	13.4	15.2	14.5	15.5

Source: Company, HSIE Research

BUY

CMP *(as on 07 Aug 2025)*	INR 318
Target Price	INR 435
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 470	INR 435
EPS %	FY26E	FY27E
	-9.9	-7.6

KEY STOCK DATA	
Bloomberg code	CROMPTON IN
No. of Shares (mn)	644
MCap (INR bn) / ($ mn)	206/2,344
6m avg traded value (INR mn)	886
52 Week high / low	INR 484/301

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.2)	(12.7)	(26.6)
Relative (%)	(4.6)	(16.3)	(28.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	0.00	0.00
FIs & Local MFs	57.05	58.93
FPIs	30.33	29.20
Public & Others	12.62	11.87
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Kansai Nerolac

Weak demand persists

Kansai Nerolac's (KNPL) standalone revenue grew 1.8% YoY to INR20.9bn (HSIE: INR21bn). Growth was impacted by the early onset of monsoon and disruption in north India. Decorative volumes remained flat while value declined in the lower single-digit. Industrial segment delivered high single-digit value growth. Despite sluggish auto demand relative to expectations, the company gained market share. Standalone GM/EBITDAM contracted 89/136bps YoY to 36.1/14.9% (HSIE: 36/15%), primarily due to unfavorable product mix in the decorative segment and disruption in north India, which reduced operating leverage. While RM costs remain benign, the anti-dumping duty on TiO_2 is expected to result in a 1-1.3% cost inflation in quarters ahead. Management has reaffirmed its FY26 EBITDAM guidance of 13-14%. EBITDA/APAT declined 6.7/4.3% YoY to INR 3.12/2.31bn (HSIE: INR 3.15/2.23bn). We maintain our FY26/27 EPS estimates and our REDUCE rating with a DCF-based TP of INR250/sh (implying 25x Jun-27 P/E).

- **Q1FY26 highlights**: Standalone revenue grew by 1.8% YoY to INR 20.9bn in Q1 (HSIE: INR 21bn). Consolidated revenue grew 1.4% YoY to INR 21.6bn. Decorative volumes remained flat while value declined in the low single-digit. Industrial segment delivered high single-digit value growth. Paint+ product continued to gain traction and increase its saliency in the mix. Strong growth observed in construction chemical, waterproofing, and premium wood finishes. Project business reported mid-single-digit growth. Within automotive, despite the sluggish demand, the company managed to perform well and gain market share. Auto refinish reported high double-digit growth. In performance coating, high growth was reported in liquid coating whereas growth was moderate in powder coating. Bangladesh and Sri Lanka operations remain weak; Nepal continues to perform well. Standalone GM/EBITDAM contracted 89/136bps YoY to 36.1/14.9% (HSIE: 36/15%), primarily due to unfavorable product mix in the decorative segment and disruption in north India, which reduced operating leverage. Management maintained their FY26 EBITDAM guidance of 13-14%. EBITDA/APAT declined 6.7/4.3% YoY to INR 3.12/2.31bn (HSIE: INR 3.15/2.23bn).
- **Outlook:** The pace of revival in decorative paints for KNPL remains in question, while industrial dominance remains intact. We maintain our FY26/27 EPS estimates and our REDUCE rating with a DCF-based TP of INR250/sh (implying 25x Jun-27 P/E).

Quarterly financial summary (Consolidated)

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	21,620	21,331	*1.4*	18,167	*19.0*	78,014	78,230	83,395	92,097	1,01,844
EBITDA	3,032	3,296	*(8.0)*	1,657	*82.9*	10,278	9,423	9,875	11,136	12,492
APAT	2,209	2,308	*(4.3)*	1,085	*103.7*	6,667	4,798	6,807	7,727	8,656
EPS (Rs)	2.7	2.9	*(4.3)*	1.3	*103.7*	8.2	5.9	8.4	9.6	10.7
P/E (x)						28.4	39.4	27.8	24.5	21.9
EV/EBITDA (x)						18.3	19.9	18.6	16.2	14.3
Core RoCE(%)						9.4	7.0	8.7	9.8	10.7

Source: Company, HSIE Research

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	83,395	83,395	-	92,097	92,097	-	1,01,844	1,01,844	-
Gross Profit	29,226	29,226	-	32,441	32,441	-	35,931	35,931	-
Gross Profit Margin (%)	35.0	35.0	*0 bps*	35.2	35.2	*0 bps*	35.3	35.3	*0 bps*
EBITDA	9,875	9,875	-	11,136	11,136	-	12,492	12,492	-
EBITDA margin (%)	11.8	11.8	*0 bps*	12.1	12.1	*0 bps*	12.3	12.3	*0 bps*
APAT	6,807	6,807	-	7,727	7,727	-	8,656	8,656	-
APAT margin (%)	8.2	8.2	*0 bps*	8.4	8.4	*0 bps*	8.5	8.5	*0 bps*
EPS (Rs)	8.4	8.4	-	9.6	9.6	-	10.7	10.7	-

Source: Company, HSIE Research, Consolidated Financials

REDUCE

CMP *(as on 06 Aug 2025)*	INR 234
Target Price	INR 250
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 255	INR 250
EPS %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	KNPL IN
No. of Shares (mn)	809
MCap (INR bn) / ($ mn)	190/2,164
6m avg traded value (INR mn)	63
52 Week high / low	INR 319/217

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.8)	(7.1)	(20.5)
Relative (%)	(6.7)	(10.3)	(23.0)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	74.99	74.98
FIs & Local MFs	10.10	10.21
FPIs	5.30	5.41
Public & Others	9.61	9.40
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

V-Guard Industries

Demand slows; consumer durables a huge drag

V-Guard (VGRD) reported revenue of INR 14.66bn, down 1% YoY, mainly due to a 16% decline in the consumer durables segment amid weak summer demand. Electronics and electricals segments showed modest growth of 5% and 8% YoY, respectively, while Sunflame revenue declined 5%. EBITDA margin contracted by 210bps to 8.4% due to higher employee and other expenses, resulting in a 21% YoY EBITDA decline and a 25% drop in APAT. EBIT margins fell across segments, with consumer durables segment touching a 16-quarter low. Management lowered revenue growth guidance for FY26 to 11-13% with EBITDA margin guidance at 8.5-9.5%. It plans to enter consumer and residential lighting market, leveraging the existing wire distribution channels. The board approved the in-principle merger of Sunflame into the parent company. We retain REDUCE with a lower TP of INR 340/sh, valued at 35x Mar-27 EPS.

- **Q1FY26 highlights:** Revenue stood INR 14.66bn, down 1% YoY, owing to 16% YoY decline in consumer durables segment (24% of revenue mix) due to a weak summer. Electronics and electricals segments (37/36% of revenue mix) reported sub-par growth of 5% and 8% YoY respectively. Sunflame contributed 4% of mix, lower 5% YoY. Gross margin expanded 60 bps YoY to 36.9% (+140 bps QoQ) due to increased contribution from higher-margin electronics segment. EBITDAM contracted 210 bps YoY to 8.4% (-90 bps QoQ), impacted by higher employee cost (up 15% YoY) and other expenses (up 7% YoY). Therefore, EBITDA declined 21% YoY, leading to a 25% APAT decline. Electronics segment EBIT margin was down 60bps YoY to 19.6%, while electricals/consumer durables margins witnessed higher erosion of 110/730 bps YoY to 9/-2.1% respectively. Consumer durables reported lowest margin in last 16 quarters. Sunflame EBIT margin declined 30bps YoY to 4.4%.
- **Earnings call takeaways:** Management has lowered its revenue growth guidance by 200-300bps to 11-13%. The company expects 8.5-9.5% EBITDA margin in FY26. Electrical segment growth was led by healthy growth in wires. Electronics segment performance was impacted by muted demand in stabilizer for cooling products. However, inverter and solar verticals performed well. Sunflame performed well in general trade channel, while CSD channel remained soft. Overall demand was impacted by subdued demand in the core south and east markets. An annual capex of INR 1bn is planned for the coming years. The company plans to enter the consumer and residential lighting market within its electrical segment, leveraging distribution synergies from the wire retail channel. The board has approved the merger of Sunflame (wholly owned subsidiary) with the parent. Factoring in muted Q1 results, we cut our revenue estimates by 3/2% for FY26/27E and APAT estimates by 13/8%. We maintain REDUCE, with a lower TP of INR 340/sh, by valuing the company at 35x Mar-27 EPS.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	14,661	14,771	(0.7)	15,381	(4.7)	41,272	48,567	55,778	60,625	68,941
EBITDA	1,236	1,558	(20.7)	1,431	(13.6)	3,201	4,267	5,132	5,344	6,576
APAT	738	990	(25.4)	911	(19.0)	1,891	2,576	3,137	3,313	4,222
EPS (INR)	1.7	2.3	(25.4)	2.1	(18.9)	4.4	5.9	7.2	7.6	9.7
P/E (x)						88.2	65.1	53.6	50.8	39.8
EV / EBITDA (x)						53.2	39.8	32.7	31.0	24.9
RoE (%)						12.5	15.1	16.0	14.9	16.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 30 Jul 2025)*	INR 388
Target Price	INR 340
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 370	INR 340
EPS %	FY26E	FY27E
	-13.5	-7.8

KEY STOCK DATA	
Bloomberg code	VGRD IN
No. of Shares (mn)	436
MCap (INR bn) / ($ mn)	169/1,937
6m avg traded value (INR mn)	148
52 Week high / low	INR 577/399

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.7	6.6	(15.3)
Relative (%)	6.2	0.5	(15.3)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	54.30	54.28
FIs & Local MFs	20.62	21.61
FPIs	13.43	12.56
Public & Others	11.65	11.55
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Bata India

Weak print

Bata India's revenue remained flat YoY at INR 9.42bn (HSIE: INR 10bn) amid weak consumption, adverse weather, and geopolitical disruptions, with volumes and ASP also flattish. The company continues to face challenges in the mid/mass price segments, which remain under pressure despite initiatives on value proposition. Zero Base Merchandising (ZBM) footprint rose to 194 stores (+48 stores), with plans to roll out ~50 stores per quarter. Bata opened 16 stores (net) in Q1 (franchise/total store count: 644/1,978). GM contracted 137bps YoY to 53.5% (HSIE: 55.2%) on clearance of discontinued/aged inventory and focus on value proposition, while EBITDAM expanded 153bps YoY to 21.1% (HSIE: 20.2%) due to tighter cost control. We've toned down our FY27/28 EPS estimates by ~2/3% respectively and maintain our REDUCE rating with a DCF-based TP of INR1,085/sh (earlier INR1,150), implying 35x Jun-27 P/E.

- **Q1FY26 highlights**: Bata's revenue remained broadly flat (-0.3%) YoY at INR 9.42bn in Q1 (HSIE: INR 10bn) amid sluggish consumption trends, impacted by uneven weather conditions and geopolitical uncertainties. Volume and ASP growth was also flat YoY. Demand remained soft, especially in mid/mass price segments. Floatz saw ~33% YoY growth with volume growth of ~29%, driven by various collaborations. ZBM expanded to 194 stores, with positive deltas reported in volume (+9.2%), turnover (+6%), UPT (+3.7%), and NPS (+100bps) vs non-ZBM store in same region. Rollout is planned at ~50 stores per quarter, with potential acceleration to 65-70 stores as execution stabilizes, ensuring smooth transitions without impacting turnover. Bata closed 4 COCO stores and added 20 franchise stores (net) in Q1 (franchise/total store count: 644/1,978). The e-commerce business continues to deliver robust growth, with digital sales contributing 9/35/56% from Bata.in/B2C/B2B respectively in Q1. GM contracted by 137bps YoY to 53.5% (HSIE: 55.2%) due to clearance of discontinued/aged inventory, coupled with continued focus on value proposition. However, EBITDAM expanded by 153bps YoY to 21.1% (HSIE: 20.2%) due to tighter cost control. EBITDA increased by 7.5% YoY to INR 1.99bn (HSIE: INR 2.02bn). APAT declined by 15.1% YoY to INR 568mn (HSIE: INR 675mn) in Q1.
- **Outlook**: While growth in Floatz and focus on improving inventory agility have been encouraging, growth in the core portfolio remains elusive. We've toned down our FY27/28 EPS estimates by ~2/3% respectively and maintain REDUCE with a DCF-based TP of INR1,085/sh (earlier INR1,150), implying 35x Jun-27 P/E.

Quarterly financial summary

(Rs mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	9,419	9,446	(0.3)	7,882	19.5	34,516	34,786	34,888	37,797	41,039	45,270
EBITDA	1,988	1,849	7.5	1,783	11.5	4,822	4,426	3,840	4,798	5,558	6,469
APAT	568	669	(15.1)	459	23.7	3,230	3,034	2,075	2,959	3,712	4,726
EPS (Rs)	4.4	5.2	(15.1)	3.6	23.7	25.1	23.6	16.1	23.0	28.9	36.8
P/E (x)						42.0	44.7	65.4	45.8	36.5	28.7
EV/EBITDA (x)						27.0	29.7	33.7	26.7	22.4	18.5
Core RoCE(%)						31.9	24.5	15.4	19.1	21.9	25.3

Source: Company, HSIE Research

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	37,797	39,023	*(3.1)*	41,039	42,523	*(3.5)*	45,270	46,902	*(3.5)*
Gross Profit	21,242	22,033	*(3.6)*	22,883	23,801	*(3.9)*	24,990	26,093	*(4.2)*
Gross Profit Margin (%)	56.2	56.5	***(26 bps)***	55.8	56.0	***(21 bps)***	55.2	55.6	***(43 bps)***
EBITDA	4,798	5,125	*(6.4)*	5,558	5,803	*(4.2)*	6,469	6,842	*(5.4)*
EBITDA margin (%)	12.7	13.1	***(44 bps)***	13.5	13.6	***(10 bps)***	14.3	14.6	***(30 bps)***
APAT	2,959	3,086	*(4.1)*	3,712	3,779	*(1.8)*	4,726	4,890	*(3.4)*
APAT margin (%)	7.8	7.9	***(8 bps)***	9.0	8.9	***16 bps***	10.4	10.4	***1 bps***
Post IND-AS 116 EPS	23.0	24.0	*(4.1)*	28.9	29.4	*(1.8)*	36.8	38.0	*(3.4)*

Source: Company, HSIE Research

REDUCE

CMP *(as on 14 Aug 2025)*	**INR 1,055**
Target Price	**INR 1,085**
NIFTY	**24,631**

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,150	INR 1,085
	FY27E	FY28E
EPS %	-1.8	-3.4

KEY STOCK DATA	
Bloomberg code	BATA IN
No. of Shares (mn)	129
MCap (INR bn) / ($ mn)	135/1,541
6m avg traded value (INR mn)	183
52 Week high / low	INR 1,479/1,025

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(13.3)	(20.5)	(24.4)
Relative (%)	(12.4)	(26.6)	(26.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.16	50.16
FIs & Local MFs	29.46	29.34
FPIs	6.93	6.89
Public & Others	13.45	13.61
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

Syrma SGS Technology

Change in product mix leads to margin improvement

Syrma SGS Technology's revenue declined 19% YoY to INR 9.44bn, primarily due to sharp 48% and 39% decline in consumer business and IT & railways. EBITDAM improved 530bps YoY to 9.2%, owing to better gross margin due to a shift in the revenue mix, with reduced contribution from the lower-margin consumer business. So, EBITDA rose by 91% YoY, leading to 158% YoY APAT growth. The company is targeting 30-35% revenue growth in FY26 with 8.5-9% EBITDAM (vs 8% guided earlier). Management plans to reduce consumer segment's revenue contribution to 30%, from 35% last year. It has entered a JV with a Korean company Shinhyup Electronics for a PCB manufacturing unit in India, and will invest USD 91mn over four years, 40-60% of which will be government-funded. The facility will be operational in phases from Q1FY28. Syrma expects ~18-20% EBITDAM once the plant ramps up. We maintain BUY with a revised TP of INR 730/sh, by valuing the company at 40x Mar-27E EPS.

- **Q1FY26 highlights:** Revenue declined by 19% YoY to INR 9.44bn, primarily due to a sharp decline of 48% and 39% in consumer business and IT & railways. Industrial, automotive business, and healthcare registered healthy YoY growth of 34/18/14%. Export mix stood at 25% in Q1 vs 16/30% YoY/QoQ. Gross margin rose by 970bps YoY to 24.7% (-250bps QoQ). This expansion was driven by a shift in the revenue mix, with a reduced contribution from the lower-margin consumer business and increased revenue from the higher-margin industrial sector. However, this was partially offset by higher employee/other expenses (up 11/16% YoY). So, EBITDAM improved 530bps YoY to 9.2% (-250bps QoQ). Therefore, EBITDA rose by 91% YoY (-19% QoQ). APAT grew 158% YoY, owing to higher EBITDA and lower tax expense, partially offset by higher depreciation.
- **Concall takeaways and outlook:** The order book stands at INR 52-54bn. The company aims for 30-35% YoY topline growth in FY26, primarily driven by the industrial and automotive segments, while scaling down the consumer segment's contribution to ~30% from the current level 35%. It is targeting INR 10bn export revenue in FY26. It expects ~8.5-9% EBITDAM in FY26 vs 8% guided earlier, given better segmental mix. It has formed a joint venture with the Korean company Shinhyup Electronics to manufacture single-layer and multi-layer PCBs in India. As a part of this, it has announced a PCB facility with a total capex of USD 91mn (to be incurred in Phase 1 over four years; USD 30mn to be incurred in FY26 and FY27), funded 40–60% by the government. The company anticipates an EBITDAM of ~18-20% once the plant ramps up. The facility will be operational from Q1FY28 in phases. Factoring in the Q1 healthy margin, we revise our APAT estimates by 2/6% FY26/27E respectively. We maintain BUY with a higher TP of INR 730/sh, by valuing the company at 40x Mar-27E EPS.

Financial summary

(INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ(%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	9,440	11,599	(18.6)	9,244	2.1	20,484	31,541	37,867	46,947	58,799
EBITDA	866	453	91.0	1,075	(19.4)	1,878	2,023	3,233	4,114	5,376
APAT	497	193	157.8	654	(24.0)	1,193	1,089	1,720	2,371	3,248
EPS (INR)	2.8	1.1	156.9	3.7	(24.0)	6.7	6.1	9.7	13.4	18.3
P/E (x)						104.0	114.3	72.7	52.5	38.3
EV / EBITDA (x)						67.2	63.8	39.3	31.3	24.5
RoE (%)						11.3	6.9	10.2	12.8	15.4

Source: Company, HSIE Research

BUY

CMP *(as on 24 Jul 2025)*	INR 707
Target Price	INR 730
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 695	INR 730
EPS %	FY26E	FY27E
	1.7	5.5

KEY STOCK DATA	
Bloomberg code	SYRMA IN
No. of Shares (mn)	178
MCap (INR bn) / ($ mn)	126/1,456
6m avg traded value (INR mn)	832
52 Week high / low	INR 737/355

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	35.5	53.2	49.3
Relative (%)	32.5	45.3	46.7

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	46.53	46.42
FIs & Local MFs	7.74	9.16
FPIs	6.20	6.34
Public & Others	39.49	38.08
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Relaxo Footwears

Volume woes weigh on topline

Relaxo continues to face significant headwinds in Q1FY26, with revenue declining by 12.5% YoY to INR 6.5bn (HSIE: INR 7.8bn) as volumes dropped by 14% YoY, primarily due to muted consumer sentiment in the mass and mid-market segments and intensified regional competition from small-players post-GST rate hikes. GM contracted 11bps YoY to 52.3% (HSIE: 51.8%). However, EBITDAM expanded by 198bps YoY to 15.2% (HSIE: 14.8%) on the back of enhanced operational efficiencies, disciplined cost management, and lower overhead spends. EBITDA/APAT grew by 0.6/10.2% YoY to INR 995mn/489mn in Q1 (HSIE: INR 1.16bn/577mn). We've cut our FY26/27 EPS estimates by ~6/4% respectively to account for lower volume growth. However, we maintain ADD with a DCF-based TP of INR490/sh, implying 47x Jun-27 P/E.

- **Q1FY26 highlights**: Revenue declined by 12.5% YoY to INR 6.5bn in Q1FY26 (HSIE: INR 7.8bn), reflecting continued muted consumer sentiment in the mass and mid-market segments and intensified regional competition from small players who gained ground post-GST rate hikes. Volume declined by 14% YoY while net realization grew by 1.7% YoY (pairs sold: 43mn at an average realization of ~INR151). The company has closed 12 EBOs in Q1 (total count: 406 EBOs). Despite the growth headwinds, the company maintained pricing discipline and refrained from deep discounting to protect margins. GM contracted by just 11bps YoY to 52.3% (HSIE: 51.8%), while EBITDAM expanded by 198bps YoY to 15.2% (HSIE: 14.8%) on the back of enhanced operational efficiencies, disciplined cost management, and lower overhead spends. EBITDA/APAT grew by 0.6/10.2% YoY to INR 995mn/489mn in Q1 (HSIE: INR 1.16bn/577mn).
- **Outlook**: Volume decline due to muted consumer demand, coupled with distribution restructuring, paints a challenging near-term picture. We've cut our FY26/27 EPS estimates by ~6/4% respectively to account for lower volume growth. However, we maintain ADD with a DCF-based TP of INR490/sh, implying 47x Jun-27 P/E.

Quarterly financial summary

(Rs mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	6,545	7,482	(12.5)	6,952	(5.8)	29,141	27,896	28,876	33,132	36,669
EBITDA	995	989	0.6	1,121	(11.2)	3,476	3,308	3,629	4,511	5,194
APAT	489	444	10.2	562	(13.0)	2,005	1,703	1,894	2,490	2,942
EPS (Rs)	2.0	1.8	9.8	2.3	(13.3)	8.1	6.8	7.6	10.0	11.8
P/E (x)						60.0	70.6	63.5	48.3	40.9
EV/EBITDA (x)						34.1	35.2	31.6	25.2	21.6
Core RoCE(%)						12.0	10.0	11.6	15.5	17.7

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,876	30,151	*(4.2)*	33,132	34,149	*(3.0)*	36,669	37,980	*(3.5)*
Gross Profit	14,207	14,834	*(4.2)*	16,267	16,766	*(3.0)*	18,004	18,647	*(3.5)*
Gross Profit Margin (%)	49.2	49.2	-	49.1	49.1	***0 bps***	49.1	49.1	***0 bps***
EBITDA	3,629	3,789	*(4.2)*	4,511	4,650	*(3.0)*	5,194	5,380	*(3.5)*
EBITDA margin (%)	12.6	12.6	***(0 bps)***	13.6	13.6	***0 bps***	14.2	14.2	***0 bps***
APAT	1,894	2,006	*(5.6)*	2,490	2,581	*(3.5)*	2,942	3,067	*(4.1)*
APAT margin (%)	6.6	6.7	***(10 bps)***	7.5	7.6	***(4 bps)***	8.0	8.1	***(5 bps)***
EPS (Rs)	7.6	8.1	*(5.6)*	10.0	10.4	*(3.5)*	11.8	12.3	*(4.1)*

Source: Company, HSIE Research, Standalone Financials

ADD

CMP ***(as on 30 Jul 2025)***	**INR 483**
Target Price	**INR 490**
NIFTY	**24,855**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 520	INR 490
	FY26E	FY27E
EPS %	-5.6	-3.5

KEY STOCK DATA	
Bloomberg code	RLXF IN
No. of Shares (mn)	249
MCap (INR bn) / ($ mn)	120/1,376
6m avg traded value (INR mn)	146
52 Week high / low	INR 888/390

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	18.0	(11.3)	(44.5)
Relative (%)	16.4	(17.4)	(44.5)

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	71.27	71.27
FIs & Local MFs	10.55	9.95
FPIs	3.07	2.86
Public & Others	15.11	15.92
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

Lemon Tree

Asset-light portfolio driving future growth

Lemon Tree Hotels (LTH) recorded a strong Q1FY26 performance on a weak base, broadly in line with the estimates, despite geopolitical tensions and Covid threat. Revenue grew 18% YoY to INR3.2bn, led by a healthy 10% ARR growth, 5% room inventory growth, improved occupancy of 72.5% in Q1FY26, leading to a strong RevPAR growth of +19% YoY. Total fee income for the quarter was INR 374 mn (+29%YoY). In our view, key growth drivers for LTH include RevPAR growth, led by occupancy and ARR growth in the owned hotels portfolio and rising fee income, driven by mid-teen growth in number of managed rooms. Additionally, EBITDA margin expansion levers are reduction in renovation expenses and cost savings due to increase in renewable power adoption. LTH has announced key management changes as per which new MDs have been appointed for Lemon tree as well as the subsidiary Fleur hotels. This transformation aims to bring value unlocking by demerging and listing Fleur hotel by FY27, which potentially will make LTH debt free (current debt: INR16bn). As EBITDA growth so far has broadly been in line with our estimates, we largely maintain our estimates and continue with a BUY rating and a TP of INR 158 (17x FY27 EV/EBITDA).

- **Q1FY26 highlights (consolidated):** Revenue grew 18% YoY to INR3.2bn, in line with the estimate. EBITDA rose faster at 22% YoY to INR 1.4bn due to savings at payroll and power/fuel expense fronts. ARR for the quarter was INR 6,236 (+10% YoY) along with a strong occupancy of 72.5% (+591 bps YoY), resulting in a robust RevPAR growth of 19% to INR 4,523. Available hotel rooms grew by a modest 5% to 10,661, led by 12% YoY growth in managed rooms to 4,902, as number of rooms owned remained unchanged. Strong operational performance helped EBITDA margin expand to ~44% (+178 bps YoY). It pushed up PAT strongly by 93% YoY to INR 383mn.
- **Brand-wise performance in Q1FY26**: Aurika's occupancy increased to 72% (+26% YoY) but ARR remained flattish at INR 9,118. This led to a 58% growth in RevPAR to INR 6,569 for the flagship brand. ARR for Aurika Mumbai has a further room of approx. 30% increase from here while peak occupancy can go up to 80%. So, RevPAR has an upside potential of more than 40% from current levels. Lemon Tree Premier has reached near-peak occupancy, maintaining it at ~81% (+172 bps YoY), and increased ARR by 9% YoY to INR 7,132. Lemon Tree Hotel's ARR grew by 7% YoY to INR 5,693, maintaining an occupancy of 73% (+56 bps YoY), resulting in a RevPAR growth of 8%. Red Fox and Keys had an average ARR of INR4,873 (+16%YoY) and INR3,808 (+7% YoY) at occupancy rates of 67% (+259 bps YoY) and 63% (+769 bps YoY) respectively. The Keys portfolio has a lower occupancy due to ongoing renovation. Overall, occupancy and ARR for entire portfolio are expected to improve steadily once renovation is over in FY27.
- **Outlook:** LTH has a strong expansion plan to build a portfolio of 18,431 rooms across 226 hotels from the current operational portfolio of 10,661 (owned and leased: 5,759 rooms across 41 hotels). 97% of the entire pipeline is expected to be managed/franchised, reflecting focus on asset light growth strategy. Management expects to operationalize ~3,000 rooms in FY26 (opened in Q1FY26: 392 rooms), which we believe has a downside risk. We expect the ARR increase for Aurika, Mumbai along with stable occupancy and mid-single-digit growth in ARR for overall portfolio to be led by demand tailwinds to support a 17%+ EBITDA CAGR through FY27.

Financial Summary

(INR mn, Mar YE)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	3,158	2,680	*18%*	3,785	*-17%*	8,392	10,711	12,861	15211	17036
EBITDA	1,405	1,151	*22%*	2,041	*-31%*	4,476	5,237	6,341	7582	8710
APAT	383	198	*93%*	846	*-55%*	1,144	1,485	1,966	2850	3742
Diluted Consol EPS (INR)	0.48	0.25	*92%*	1.07	*-55%*	1.4	1.9	2.5	3.6	4.7
P/E (x)						98.4	75.8	57.3	39.5	30.2
EV/EBITDA						30.0	25.7	21.9	18.3	15.7
RoE (%)						13.6%	16.3%	18.5%	20.1%	21.4%

Source: Company, HSIE Research

BUY

CMP *(as on 11 Aug 2025)*	**INR 143**
Target Price	**INR 158**
NIFTY	**24,585**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR158	INR158
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	LEMONTRE IN
No. of Shares (mn)	792
MCap (INR bn) / ($ mn)	113/1,284
6m avg traded value (INR mn)	447
52 Week high / low	INR 162/111

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	9.5	10.1	18.6
Relative (%)	8.1	4.4	17.5

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	22.3	22.3
FIs & Local MFs	19.7	20.0
FPIs	20.9	21.3
Public & Others	37.0	36.4
Pledged Shares	-	-

Source : BSE

Amit Kumar, CFA
amit.kumar1@hdfcsec.com
+91-22-6171-7354

Aryan Singh Dalal
aryan.dalal@hdfcsec.com
+91 22 6171 7330

TTK Prestige

High operational expenses lead to 20-quarter low margin

TTK Prestige's (TTKPT) revenue grew by 4% YoY to INR 6.1bn, primarily led by cookware segment, which grew 7% YoY. Cookers/appliances grew 5/3% YoY. Gross margin rose by 80bps YoY to 44.1%. EBITDAM contracted 260bps YoY to 6.6% (-130bps QoQ) due to increase in employee cost (8% YoY) and other expenses by 18%. Consequently, EBITDA fell 26% YoY, leading to 36% decline in APAT. General trade sustained its positive sales momentum, which commenced from Q4FY25. E-commerce continued to drive top-line with double-digit growth. The management has budgeted an INR 5bn investment over three years, of which INR 2bn will be soft operational expenses. Management highlighted that EBITDA margins will remain subdued for the next 2-3 years due to high operational expenses. The company anticipates EBITDA margins to exceed 13% once the operational expense budget is fully utilized. Factoring in the sub-par Q1 performance, we cut our revenue estimates by 1/2% and APAT estimates by 14/9% for FY26/27E, respectively. We maintain REDUCE with a lower TP of 550/sh by valuing the company at 33x Mar-27 EPS.

- **Q1FY26 highlights:** Revenue grew by 4% YoY (2-year CAGR: +2%) to INR 6.1bn, primarily led by cookware segment, which grew 7% YoY (17% revenue mix). Cookers/appliances grew 5/3% YoY (31/41% revenue mix). Gross margin rose by 80bps YoY to 44.1% (+240bps QoQ). EBITDAM contracted 260bps YoY to 6.6% (-130bps QoQ) due to increase in employee cost (8% YoY) and other expenses by 18% YoY. Consequently, EBITDA falls 26% YoY. So, APAT declined 36% YoY, primarily due to lower EBITDA and other income.
- **Other highlights:** General trade sustained its positive sales momentum, which commenced from Q4FY25. E-commerce continued to drive top-line with double-digit growth. MFI continued to face challenges with no sign of revival. The Judge brand is growing positive, while the UK subsidiary's revenue (4% of mix) de-grew 12% YoY with declined margins. Domestically, Ultrafresh's revenue (1% of mix) grew by 14% YoY, though it was loss-making at EBITDA level.
- **Con call takeaways and outlook:** The management has budgeted an INR 5bn investment over three years, of which INR 2bn will be soft operational expenses. Management highlighted that EBITDA margins will remain subdued for the next 2-3 years due to high operational expenses. The company anticipates EBITDA margins will exceed 13% once the operational expense budget is fully utilized. Management expects demand revival, with appliances outpacing kitchenware and cookware growing faster than cookers. Factoring in the sub-par Q1 performance, we cut our revenue estimates by 1/2% and APAT estimates by 14/9% for FY26/27E, respectively. We maintain REDUCE with a lower TP of 550/sh by valuing the company at 33x Mar-27 EPS.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	6,093	5,879	3.6	6,496	(6.2)	27,771	26,781	27,148	29,087	31,968
EBITDA	404	545	(25.9)	514	(21.4)	3,585	3,037	2,577	2,414	3,261
APAT	266	418	(36.2)	308	(13.5)	2,542	2,285	1,839	1,692	2,278
EPS (INR)	1.9	3.0	(35.4)	2.2	(13.5)	18.3	16.5	13.4	12.4	16.6
P/E (x)						34.7	38.6	47.4	51.5	38.2
EV / EBITDA (x)						22.3	25.9	30.8	32.8	24.1
RoE (%)						13.9	11.3	9.3	8.8	11.2

Source: Company, HSIE Research

REDUCE

CMP *(as on 28 Jul 2025)*	INR 636
Target Price	INR 550
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 605	INR 550
EPS %	FY26E	FY27E
	-13.7	-9.0

KEY STOCK DATA	
Bloomberg code	TTKPT IN
No. of Shares (mn)	137
MCap (INR bn) / ($ mn)	87/1,007
6m avg traded value (INR mn)	58
52 Week high / low	INR 1,025/582

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.0	(13.5)	(30.9)
Relative (%)	0.2	(20.1)	(30.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	70.52	70.52
FIs & Local MFs	14.42	14.72
FPIs	7.40	7.46
Public & Others	7.66	7.30
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Symphony

Cool summer leads to cold performance

Symphony revenue fell 36% YoY to INR 2.5bn due to early monsoon impact on cooler demand and a high base quarter, with India operations declining 42% YoY. The rest of the world operations, contributing 20% of revenue, grew 11% YoY. GSK China showed strong growth, while Brazil remained muted. Gross margin contracted 310bps YoY to 49.8%, and EBITDAM declined 1180bps YoY to 10.4%, owing to lower gross margins and higher operating costs. EBITDA dropped 70% YoY, leading to a 53% YoY fall in APAT. Management highlighted that excess channel filling in Q4 combined with subdued demand in Q1 has resulted in elevated channel inventory at Jun-25 end. South market faced sharp decline than other markets. The company has discontinued its operations in IMPCO, Mexico and CT, Australia and is hopeful it could divest its stake in these companies by early FY27. Considering poor Q1 performance, we cut our APAT estimates by 17/9% for FY26/27E. We maintain our ADD rating with a lower target price of INR 1,375/sh (35x Mar-27E EPS).

- **Q1FY26 highlights:** Revenue declined 36% YoY to INR 2.5bn due to early onset of monsoon affecting cooler demand and high base quarter impact. India operations revenue declined 42% YoY; however 2-year CAGR still remains healthy at 12%. Rest of world operations formed 20% of revenue mix and have grown by 11% YoY. GSK China showed strong growth, while Brazil remained muted. Gross margins contracted by 310bps YoY to 49.8% (up 70bps QoQ) due to change in product mix. EBITDAM contracted 1180bps YoY to 10.4% (down 1560bps QoQ) owing to lower gross margins and increase in operating costs. Employee, advertisement cost, and other expenses surged (up 310/460/100bps YoY as % of revenue), due to op-lev loss. Consequently, EBITDA declined 70% YoY, so APAT fell 53% YoY.
- **Concall takeaways and outlook:** Management highlighted that excess channel filling in Q4 combined with subdued demand in Q1 has resulted in elevated channel inventory at Jun-25-end. South market faced a sharp decline than other markets. However, the company is experiencing healthy double-digit growth in all-season and counter-seasonal product categories and expects this momentum to continue. These categories, along with exports, currently contribute around 25% of revenue. The company has discontinued its operations in IMPCO, Mexico and CT, Australia and is hopeful it could divest its stake in these companies by early FY27. Considering poor Q1 performance, we cut our APAT estimates by 17/9% for FY26/27E. We maintain our ADD rating with a lower target price of INR 1,375/sh (35x Mar-27E EPS).

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	2,510	3,930	(36.1)	3,810	(34.1)	11,876	11,561	12,560	12,191	14,526
EBITDA	260	870	(70.1)	990	(73.7)	1,384	1,689	2,960	2,435	3,046
APAT	340	730	(53.4)	770	(55.8)	1,164	1,508	2,570	2,178	2,694
EPS (INR)	4.9	10.4	(53.4)	11.0	(55.8)	16.6	21.9	37.4	31.7	39.2
P/E (x)						65.2	49.6	29.0	34.2	27.7
EV / EBITDA (x)						54.3	44.1	25.0	29.9	23.5
RoE (%)						13.5	18.5	34.0	26.6	28.4

Source: Company, HSIE Research

ADD

CMP *(as on 01 Aug 2025)*	INR 1,092
Target Price	INR 1,375
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,510	INR 1,375
EPS %	FY26E	FY27E
	-16.5	-9.0

KEY STOCK DATA	
Bloomberg code	SYML IN
No. of Shares (mn)	69
MCap (INR bn) / ($ mn)	75/856
6m avg traded value (INR mn)	193
52 Week high / low	INR 1,881/950

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.4)	(17.8)	(10.5)
Relative (%)	(5.8)	(21.8)	(8.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	73.43	73.43
FIs & Local MFs	8.68	8.60
FPIs	6.18	6.47
Public & Others	11.71	11.50
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Bajaj Electricals

Weak demand hits margin—at a 16-quarter low

Bajaj Electricals' revenue declined 8% YoY to INR 10.65bn, primarily due to 11% de-growth in consumer products segment, while lighting segment grew 3%. So, EBITDAM declined 340bps YoY to 3.1%—a 16-quarter low—due to op-lev loss, while APAT de-grew 70% YoY. The consumer products segment was impacted by a weak summer, with TPW fans and coolers being significantly affected. Management noted a cooling product demand revival in July. B2B lighting showed strong traction with an INR 2.1bn order book. The company expects new product development to contribute 40% of revenue. Bajaj will enter the switchgear market, mainly residential, targeting 10-15% of the lighting mix. Considering weak Q1 performance, we cut our revenue estimates by 5/7% and APAT by 27/24% for FY26/27E respectively. Factoring in continuous market share decline, we downgrade our rating to REDUCE from Buy earlier, with a lower TP of INR 615/sh, valuing the company at 35x Mar-27E EPS.

- **Q1FY26 highlights:** Revenue declined 8% YoY to INR 10.65bn, primarily due to 11% de-growth in consumer products segment (76% revenue mix). Lighting segment (24% revenue mix) grew by 3%. Gross margin marginally declined by 10bps YoY as well as QoQ to 31%. Consumer products segment EBIT margin declined to -1.7% vs 2.5/3.9% YoY/QoQ. Lighting segment EBIT margin improved 10/270bps YoY/QoQ to 10.6%, owing to improved product mix. So, EBITDAM declined 340bps YoY to 3.1% (-420bps QoQ) owing to op-lev, falling to a 16-quarter low. APAT de-grew 70% YoY, owing to lower EBITDA, increased depreciation and finance cost, partially offset by higher other income and lower tax rate.
- **Segmental highlights:** (i) In consumer products segment, demand was impacted by a weak summer. Seasonal products revenue declined by a high double digit, while non-seasonal products revenue grew by a high single digit. Fans and coolers were significantly impacted, with coolers declining by 45% and fans experiencing a double-digit decline. (ii) In lighting, B2C saw double-digit value growth in general trade, but declined in MFI.
- **Earnings call takeaways and valuation:** Management highlighted demand revival in cooling products in July. B2B lighting showed strong traction, with an order book of INR 2.1bn. The company expects new product development to contribute 40% of revenue. Bajaj will enter the switchgear market, mainly residential, targeting 10-15% of the lighting mix. The company is considering discontinuation, sale, or hive-off of Nirlep cookware and pressure cooker. Considering weak Q1 performance, we cut our revenue estimates by 5/7% and APAT by 27/24% for FY26/27E respectively. Factoring in the continuous market share decline, we downgrade our rating to REDUCE from Buy earlier with a lower TP of INR 615/sh, valuing the company at 35x Mar-27E EPS.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	10,646	11,549	(7.8)	12,655	(15.9)	48,892	46,413	48,284	50,699	54,647
EBITDA	333	754	(55.8)	930	(64.2)	3,748	2,597	3,075	3,238	4,140
APAT	83	281	(70.4)	377	(77.9)	2,154	1,359	1,121	1,322	2,023
EPS (INR)	0.7	2.4	(70.4)	3.3	(77.9)	18.7	11.8	9.7	11.5	17.5
P/E (x)						32.9	52.2	63.4	53.7	35.1
EV / EBITDA (x)						17.8	26.2	22.5	21.3	16.6
RoE (%)						11.8	8.1	7.5	8.2	11.7

Source: Company, HSIE Research

REDUCE

CMP *(as on 07 Aug 2025)*	INR 616
Target Price	INR 615
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	BUY	REDUCE
Price Target	INR 810	INR 615
EPS %	FY26E	FY27E
	-27.0	-24.1

KEY STOCK DATA	
Bloomberg code	BJE IN
No. of Shares (mn)	115
MCap (INR bn) / ($ mn)	71/809
6m avg traded value (INR mn)	75
52 Week high / low	INR 1,038/488

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	12.9	(15.4)	(36.0)
Relative (%)	12.5	(18.9)	(38.2)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	62.75	62.72
FIs & Local MFs	15.79	15.57
FPIs	7.79	7.89
Public & Others	13.70	13.82
Pledged Shares	1.60	1.60

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

V-MART Retail

Margin surprises positively

V-Mart's revenue grew 12.6% YoY to INR 8.85bn in Q1, with core V-MART operations up 14% YoY to INR 7.4bn (in-line). SSSG for Q1 stood at 1%. Normalized for the preponement of Eid, SSSG stood at 5%. Sales density was up 2.7%. GM/EBITDAM improved by ~10/135 bps to 35.3/6.9% (HSIE: 34.7/5.7%), driven by higher full-price sales, lower marketing spends and continued reduction in Limeroad losses (down 56% YoY to INR46mn). Inventory optimization and assortment freshness led to a reduction in inventory days to 93 (vs. 99 days in Q1FY25). We've marginally raised our FY26/27 EBITDA estimates by ~3/1% to reflect lower Limeroad losses and better cost control. We maintain ADD, with a DCF-based TP of INR 830/sh, implying 24x Jun-27E EV/EBITDA.

- **Q1FY26 highlights:** V-MART posted 12.6% YoY growth to INR 8.85bn. Core V-MART operations grew 14% YoY to INR 7.4bn (in-line). SSSG for Q1 stood at 1%. Normalized for the preponement of Eid, SSSG stood at 5% (volume-driven), with both VMART and Unlimited contributing equally. Q1 footfall density was marginally lower by 0.3% YoY to 18.8k/store, while annualized sales density for core VMART stood at INR 8.6k/sq ft (up 2.7% YoY). Transaction size declined 3.1% YoY to INR 1,004. GM improved by ~10bps YoY to 35.3% in Q1 (HSIE: 34.7%) on the back of higher full-price sales and efficient inventory liquidation. Pre-IND AS EBITDAM came in at 6.9% (vs 5.6% YoY; HSIE: 5.7%), courtesy reduction in Limeroad losses (down 56% YoY to INR46mn) and lower marketing spends. Inventory days improved by 5% to 93 days (vs. 99 days in Q1FY25). The company reported FCF of INR 1.09bn for the quarter due to efficient inventory management. The company aims to add 65 stores in FY26. It added 10/5 and closed 1/1 VMART/Unlimited stores in Q1, respectively. Adj. EBITDA/APAT increased to INR 613mn/336mn (HSIE: INR 503mn/257mn).
- **Outlook**: The ongoing pursuit of market share gains may lead to more value being passed on to consumers, potentially limiting GM expansion from offline operations. We've marginally raised our FY26/27 EBITDA estimates by ~3/1% to reflect lower Limeroad losses and better cost control. We maintain ADD, with a DCF-based TP of INR 830/sh, implying 24x Jun-27E EV/EBITDA.

Quarterly financial summary

(Rs mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	8,852	7,861	12.6	7,801	13.5	24,648	27,856	32,539	37,572	43,426	49,838
EBITDA	613	438	39.9	62	881.9	909	95	1,424	2,092	2,631	3,203
APAT	336	121	176.8	(57)	(692.6)	(78)	(968)	216	963	1,538	2,081
EPS (Rs)	4.2	1.5	176.8	2.3	81.5	(1.0)	(12.2)	5.8	12.2	19.4	26.3
P/E (x)						(810.3)	(65.7)	294.6	66.1	41.3	30.6
EV/EBITDA (x)						71.3	679.8	45.4	30.1	23.1	18.1
Core RoCE(%)						2.1	(5.3)	10.9	7.3	10.6	13.7

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E New	FY26E Old	FY26E Change (%)	FY27E New	FY27E Old	FY27E Change (%)	FY28E New	FY28E Old	FY28E Change (%)
Revenue	37,572	37,662	*(0.2)*	43,426	43,520	*(0.2)*	49,838	49,896	*(0.1)*
Gross Profit	12,680	12,729	*(0.4)*	14,655	14,709	*(0.4)*	16,770	16,814	*(0.3)*
Gross Profit Margin (%)	33.7	33.8	*-5 bps*	33.7	33.8	*-5 bps*	33.6	33.7	*-5 bps*
EBITDA	2,092	2,039	*2.6*	2,631	2,600	*1.2*	3,203	3,183	*0.6*
EBITDA margin (%)	5.6	5.4	*15 bps*	6.1	6.0	*8 bps*	6.4	6.4	*5 bps*

Source: Company, HSIE Research, Pre IND AS 116 financials

ADD

CMP *(as on 25 July 2025)*	INR 803
Target Price	INR 830
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 825	INR 830
	FY26E	FY27E
EBITDA %	+2.6	+1.2

KEY STOCK DATA	
Bloomberg code	VMART IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	64/737
6m avg traded value (INR mn)	166
52 Week high / low	INR 1,130/675

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	0.6	8.1	(4.8)
Relative (%)	(2.2)	1.1	(6.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	44.28	44.19
FIs & Local MFs	32.93	31.51
FPIs	17.47	18.29
Public & Others	5.32	6.01
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

Shoppers Stop

Intune's execution remains a concern

STOP's top-line grew by 5.9% YoY to INR 10.9bn (HSIE: INR 10.8bn) in Q1, largely fueled by 5% SSSG in department stores. However, overall SSSG stood at 3%, pulled down by an estimated negative mid-single-digit SSSG for Intune. Beauty (incl. distribution) grew 17% in Q1. GM improved by 33bps YoY to 40.9% (HSIE: 40.6%), driven by private brand margin expansion. Pre-IndAS EBITDAM expanded by 104bps YoY to 2.3% (HSIE: 1.1%) due to streamlining of costs. STOP opened only four Intune stores in Q1, falling short of its earlier guidance of 12 stores. Management has also slashed its FY26 Intune store addition guidance from 40-60 earlier to 30-40 stores. We've toned down our FY26/27 EBITDA estimates by ~3/5% respectively to account for slower-than-expected expansion and weak execution in Intune. However, we maintain REDUCE, with a DCF-based TP of INR 500/sh, implying 18x Jun-27 EV/EBITDA.

- **Q1FY26 highlights**: Revenue grew by 5.9% YoY to INR 10.9bn (HSIE: INR 10.8bn), primarily driven by 5% SSSG in department stores. However, overall SSSG for Q1 stood at 3%, likely due to an estimated negative mid-single-digit SSSG for Intune. Management attributes Intune's struggles to overall slowdown in the value fashion market, further aggravated by competitor's deep discounts in June. Beauty (incl. distribution) grew 17% to INR 2.84bn (beauty EBO growth: 2%). The company's premiumization strategy is progressing well, with ASP/ATV up 3/6% YoY respectively. Premium categories now contribute 67% of total revenue (up 8% YoY). Within non-apparel, watches continue to outperform with 19% YoY growth in Q1. Private brands grew 3% YoY to INR1.56bn (contributing 13% to sales). STOP opened only four Intune stores in Q1, falling short of its earlier guidance of 12 stores. The management has also reduced its FY26 Intune store addition guidance from 40-60 earlier to 30-40 stores. GM improved by 33bps YoY to 40.9% (HSIE: 40.6%), driven by private brand margin expansion. Pre-IndAS EBITDAM expanded by 104bps YoY to 2.3% (HSIE: 1.1%), reflecting company's efforts to streamline costs. APAT stood at negative INR 179mn in Q1FY26 (vs. negative INR 225mn in Q1FY25).
- **Outlook**: STOP's rising focus on non-apparel + value retail is encouraging, and premiumization will continue to drive growth in FY26. However, Intune's execution remains a key concern. Its slower-than-expected expansion and weak execution led us to cut our FY26/27 EBITDA estimates by ~3/5%. However, we maintain REDUCE, with a DCF-based TP of INR 500/sh, implying 18x Jun-27 EV/EBITDA.

Quarterly financial summary

(Rs mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	10,942	10,337	5.9	10,224	7.0	39,984	42,132	44,356	48,792	52,449	57,200
EBITDA	1,662	1,421	17.0	1,694	(1.9)	2,827	2,166	2,535	2,680	3,013	3,452
APAT	(179)	(225)	(20.5)	25	(824.3)	1,193	739	67	477	739	1,116
EPS (Rs)	(1.6)	(2.0)	(20.6)	0.2	(824.3)	10.9	6.7	0.6	4.3	6.7	10.1
P/E (x)						50.3	76.2	909.5	128.5	83.0	54.9
EV/EBITDA (x)						21.7	28.5	24.9	23.3	20.6	17.2
Core RoCE(%)						18.6	9.2	54.4	7.4	18.0	19.0

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	48,792	50,081	*(2.6)*	52,449	54,760	*(4.2)*	57,200	59,982	*(4.6)*
Gross Profit	20,298	20,835	*(2.6)*	21,872	22,836	*(4.2)*	23,853	25,013	*(4.6)*
Gross Profit Margin(%)	41.6	41.6	***0 bps***	41.7	41.7	***0 bps***	41.7	41.7	***0 bps***
EBITDA	2,680	2,770	*(3.2)*	3,013	3,167	*(4.8)*	3,452	3,581	*(3.6)*
EBITDA margin (%)	5.5	5.5	***-4 bps***	5.7	5.8	***-4 bps***	6.0	6.0	***7 bps***

Source: Company, HSIE Research

REDUCE

CMP *(as on 18 July 2025)*	**INR 557**
Target Price	**INR 500**
NIFTY	**24,968**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 515	INR 500
EBITDA %	FY26E	FY27E
	-3.2	-4.8

KEY STOCK DATA	
Bloomberg code	SHOP IN
No. of Shares (mn)	110
MCap (INR bn) / ($ mn)	61/711
6m avg traded value (INR mn)	42
52 Week high / low	INR 944/467

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	7.5	(11.6)	(32.0)
Relative (%)	3.4	(18.3)	(32.5)

SHAREHOLDING PATTERN (%)	**Dec-24**	**Mar-25**
Promoters	65.55	65.52
FIs & Local MFs	25.32	25.52
FPIs	3.32	3.13
Public & Others	5.81	5.83
Pledged Shares	6.43	6.43

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

Orient Electric

In-line performance; focus on premiumization

Orient Electric's (OEL) revenue grew 2% YoY. The revenue of electrical consumer durables (ECD) segment remained flat YoY, owing to a soft summer. Lighting and switchgear grew by 7% YoY, driven by increased premiumization in consumer lighting and high double-digit growth in switchgear and wires. B2C lighting reported single-digit value growth alongside double-digit volume growth. Gross margin contracted by 60bps YoY to 32.6%. EBITDAM improved by 70bps YoY to 6% due to lower employee and other expenses. So, EBITDA grew 15% YoY, leading to 22% APAT growth. ECD/lighting and switchgear EBIT margin declined 230/120bps YoY to 6.8/17.4%. ECD margin was affected by higher advertising expenses and weak cooler sales. Going forward, the management is optimistic about a recovery in demand for fans, expected to be led by the festive season. The company aims to achieve double-digit EBITDAM by FY27. Factoring in the sub-par topline growth in Q1, we have reduced our revenue estimates by 2/1% for FY26/27E and APAT estimates by 5% for FY26E. However, we maintain our FY27E APAT estimates. We value the company at 38x Mar'27 EPS and maintain a BUY with a TP of INR 275/sh.

- **Q1FY26 performance:** Revenue grew 2% YoY. ECD revenue remained flat YoY, given a soft summer. Fan sales grew in low single digits, while water heater sales increased in double digits. Cooler revenue declined sharply, contracting by more than 40%YoY. Lighting and switchgear grew 7% YoY, led by increased premiumization in consumer lighting and high double-digit growth in switchgear and wires. B2C lighting reported single-digit value growth and double-digit volume growth. Gross margin contracted 60bps YoY to 32.6% (up 110bps QoQ). EBITDAM improved 70bps YoY (down 180bps QoQ) to 6% due to lower employee/other expenses (down 30/100bps YoY). So, EBITDA grew 15% YoY, leading to 22% APAT growth. ECD/lighting and switchgear EBIT margin declined 230/120bps YoY to 6.8/17.4%. ECD margin was affected by higher advertising expenses and weak cooler sales.

- **Earnings call takeaways and outlook:** Going forward, the management is optimistic about a recovery in demand for fans, driven by the festive season. The company aims to achieve double-digit EBITDAM by FY27-end through premiumization, portfolio expansion, and an improved product mix. The company expects the BEE rating change to increase costs across the industry; however, these costs will be passed through to the market. Fan channel inventory has reduced in Q1FY26 and is expected to normalize by Q2FY26. Factoring in the sub-par topline growth in Q1, we have reduced our revenue estimates by 2/1% for FY26/27E and APAT estimates by 5% for FY26E. However, we maintain our FY27E APAT estimates. We value the company at 38x Mar'27 EPS and maintain a BUY with a TP of INR 275/sh.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	7,691	7,549	1.9	8,619	(10.8)	25,292	28,121	30,937	33,473	36,919
EBITDA	461	401	15.0	668	(31.0)	1,506	1,443	2,037	2,407	2,970
APAT	175	143	22.2	313	(44.0)	758	566	832	1,135	1,538
EPS (INR)	0.8	0.7	22.2	1.5	(44.0)	3.6	2.7	3.9	5.3	7.2
P/E (x)						62.3	83.7	56.9	41.7	30.8
EV / EBITDA (x)						30.3	32.2	23.0	18.7	14.9
RoE (%)						13.5	9.3	12.5	15.5	18.8

Source: Company, HSIE Research

BUY

CMP *(as on 25 Jul 2025)*	INR 222
Target Price	INR 275
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 275	INR 275
	FY26E	FY27E
EPS Change %	-4.6	-

KEY STOCK DATA	
Bloomberg code	ORIENTEL IN
No. of Shares (mn)	213
MCap (INR bn) / ($ mn)	47/548
6m avg traded value (INR mn)	46
52 Week high / low	INR 297/177

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.8)	(1.7)	(18.2)
Relative (%)	(10.7)	(8.6)	(20.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	38.31	38.31
FIs & Local MFs	27.95	28.10
FPIs	6.92	6.87
Public & Others	26.82	26.72
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Infra, Construction

IRB Infra

Toll revenue and execution drive performance

IRB Infrastructure Developers Ltd (IRB) reported revenue/EBITDA/APAT of INR 18.7/7.2/2bn, beat to our estimates by 6.6/9.7/85.8% respectively. The order book (OB) as of Jun'25 stood at INR 300bn, with an executable OB of INR 43bn for next two years. The EPC and O&M contributing ~93/7% each respectively to the overall OB. IRB's access to two InvIT platforms (IRB InvIT Fund and IRBIT) has facilitated capital unlocking through asset monetization and the company has approved monetization of three BOT assets with INR 85bn EV to IRB public InvIT so as to unlock value with inflows expected at INR 49.1bn. IRB also plans to pursue opportunities in the TOT segment. Given the improving outlook on ordering and increased toll growth in FY26 supported by PCOD/COD of Palsit Dankuni, Mumbai-Vadodara (package 7) expressway, and Ganga expressway projects, we maintain our ADD rating with the SOTP target price to INR 68/sh.

- **Q1FY26 financial highlights:** IRB generated revenue of INR 18.6bn (+0.7/+1.3% YoY/QoQ, a beat of 6.6%) while EBITDA came in at INR 7.2bn (-16.1/+4% YoY/QoQ, a beat of 9.7%). The EBITDA margin stood at 38.5% (-772/+101bps YoY/QoQ vs. our estimate of 37.5%). Share of associates was NIL in Q1FY26, compared to INR -534mn in Q1FY25. The gains on asset FVTPL were also nil in Q1FY26, resulting in APAT (ex-FVTPL) of INR 2bn (+44.6/-5.7% YoY/QoQ, a beat of 85.8%). The net debt stood at INR 121bn in Q1FY26 (FY25: 117bn), with a net debt to equity at 0.88x in Q1FY26 (FY25: 0.59x).

- **Q1FY26 business vertical highlights:** Average daily toll collection for wholly-owned concessions (5 assets; 1 TOT , 1 BOT and 3 HAM) came in at INR 72mn in Q1FY26 (FY25/24: INR 69/66mn) and for Private InvIT stood at INR 113mn in Q1FY26 (FY25/24: INR105/85mn). Further construction, BOT/TOT and InvITs/other segment revenue stands at 58.1/30.8/11.1% respectively (FY25: 58.5/31.8/9.7%). Private InvIT (51% IRB shareholding; 15 assets) declared distribution of INR 530mn in Q1FY26, whereas Public InvIT (16% IRB shareholding; 6 assets) declared distribution of INR 186mn to IRB in Q1FY26.

- **Lag in order inflow due to muted tendering:** Overall OB as of Jan'25 stood at INR 300bn, with an executable OB of ~INR 43bn for the next two years. The EPC and O&M contributing ~93/7% each respectively to the overall OB. Management continues to expect total projects worth INR 2trn under BOT and INR 49bn under TOT to be awarded in the near term. FY25 witnessed subdued tendering and the tender pipeline is moderate; IRB continues to prioritize BOT toll projects, followed by TOT projects, and then HAM projects. Total lane KM (wholly-owned concessions + public InvIT + private InvIT) including under-construction projects stands at 15,444km.

Financial summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	18,659	18,529	0.7	18,426	1.3	74,090	70,620	75,563	83,120
EBITDA	7,189	8,570	(16.1)	6,913	4.0	33,318	30,544	33,626	37,321
APAT	2,025	1,400	44.6	2,147	(5.7)	6,059	2,585	7,407	9,940
Diluted EPS (INR)	0.34	0.23	44.6	0.4	(5.7)	1.0	0.4	1.2	1.6
P/E (x)						45.2	106.0	37.0	27.6
EV / EBITDA (x)						13.3	14.6	12.9	11.3
RoE (%)						4.5	1.5	3.7	4.8

Source: Company, HSIE Research

ADD

CMP (*as on 14 Aug 2025*)	INR 45
Target Price	INR 68
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 68	INR 68
	FY26E	FY27E
EPS change %	-	-

KEY STOCK DATA	
Bloomberg code	IRB IN
No. of Shares (mn)	6,039
MCap (INR bn) / ($ mn)	274/3,129
6m avg traded value (INR mn)	726
52 Week high / low	INR 67/41

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.0)	(4.3)	(27.5)
Relative (%)	(7.1)	(10.4)	(29.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	30.42	30.42
FIs & Local MFs	9.34	10.21
FPIs	44.31	43.61
Public & Others	15.93	15.75
Pledged Shares	16.87	16.87

Source: BSE

Pledge share as a % of total shares

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

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

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

Brigade Enterprises

Launch-heavy year ahead

Brigade Enterprises's (BEL) sales volume was 0.95msf (-17.4%/-53.2% YoY/QoQ), valued at INR 11.2bn (+3.0%/-54.3% YoY/QoQ) with average realization of INR 11,768psf (+24.6%/-2.4% YoY/QoQ). BEL has an active launch pipeline of 13msf for the next three quarters (INR 125bn GDV for residential), targeting 15–20% presales growth in FY26. Notable upcoming projects include Brigade Gateway's next phase in Hyderabad, Morgan Heights Phase 2, and multiple commercial launches totalling 2.6msf. BEL has added 10msf (INR 114bn) BD across Bengaluru, Chennai, and Hyderabad in Q1FY26. BEL is also seeing steady office leasing traction and healthy demand across segments despite macro concerns. Furthermore, recently, it has acquired 46acres of land parcel in Bengaluru, Chennai, and Mysuru, which will eventually support future growth. BEL continues to prioritize the acquisition of high-quality land parcels in strategic locations to enhance and diversify its land bank. 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 24.7bn, 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.

- **Q1FY26 financial highlights:** Revenue came in at INR 12.8bn (+18.9%/-12.3% YoY/QoQ, a beat by 3.4%); revenue from real estate at INR 8.9bn (+26.1%/-15.0% YoY/QoQ), hospitality at INR 1.4bn (+19.5%/-1.2% YoY/QoQ) and leasing at INR 3.0bn (+19.5%/+8.1%YoY/QoQ). EBITDA: INR 3.2bn (+10.6%/-22.2% YoY/QoQ, a miss by 4.3%). EBITDA margin: 25.3% (-189bps/-322bps YoY/QoQ). RPAT/APAT: 1.5bn (+79.1%/-39.3% YoY/QoQ, a miss by 8.1%).
- **Strong launch pipeline to drive presales guidance:** For Q1FY26, sales volume was 0.95msf (-17.4%/-53.2% YoY/QoQ), valued at INR 11.2bn (+3.0%/-54.3% YoY/QoQ) with average realization of INR 11,768psf (+24.6%/-2.4% YoY/QoQ). Weak presales print was largely on the back of delayed launches. Sales contribution remained largely skewed toward Bengaluru (70-75%), followed by Chennai (20-25%), while some came from Hyderabad. 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 continues to prioritize the acquisition of high-quality land parcels in strategic locations to enhance and diversify its land bank. BEL has added 10msf (INR 114bn) BD across Bengaluru, Chennai, and Hyderabad in Q1FY26.
- **Balance sheet comfortable:** The consolidated gross/net debt stood at INR 47.4/22.7bn (INR 44.4/9.6bn as of Mar-25). The net debt/equity stood at 0.34x (vs. 0.14x as of Mar-25). The total collection was INR 17.3bn (-9.9% QoQ). BEL plans to launch 13msf projects in next three quarters. BEL has an unsold inventory of 4.42msf as of Jun'25.

Consolidated Financial Summary (INR mn)

YE Mar(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	12,811	10,777	18.9	14,604	(12.3)	48,967	50,742	56,818	60,255
EBITDA	3,237	2,926	10.6	4,160	(22.2)	11,944	14,142	17,681	19,062
APAT	1,499	837	79.1	2,468	(39.3)	4,516	6,858	8,552	9,859
EPS (INR)	6.1	3.4	79.1	10.1	(39.3)	19.6	28.1	35.0	40.3
P/E (x)						46	32	26	23
EV/EBITDA (x)						21	17	13	12
RoE (%)						13.1	14.8	14.2	14.4

Source: Company, HSIE Research

BUY

CMP *(as on 14 Aug 2025)*	INR 938
Target Price	INR 1,400
NIFTY	24,631

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)	229/2,617
6m avg traded value (INR mn)	420
52 Week high / low	INR 1,450/813

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(14.2)	(7.8)	(16.4)
Relative (%)	(13.3)	(13.9)	(18.3)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	41.14	41.14
FIs & Local MFs	22.87	23.44
FPIs	20.21	19.33
Public & Others	15.77	16.09
Pledged Shares*	-	-

Source: BSE

**Pledged shares as % of total shares*

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

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NCC

Pick-up in execution key monitorable

NCC reported a weak performance in Q1FY26, with revenue/EBITDA/APAT beat/(miss) by -15.2/-17/-13% on the back of delay in new projects worth INR 280bn (~40% of order book) and client payment issues in a few projects. Currently, the sites are being mobilized with execution pick-up expected in H2FY26. With order inflow of INR 36.6bn (ex of INR ~50bn L1) in Q1FY26, the consolidated OB as of Jun'25 stands at INR 700.9bn (~3.6x FY25 revenue), while standalone OB stands at INR 618.8bn. NCC continues to guide its FY26 revenue and EBITDA growth guidance at 10% and 9-9.25%, respectively. However, margin trajectory is required to be monitored due to excessive competitive pressure. NCC has also guided its order inflows of INR 220-225bn for FY26 and the prospects pipeline of INR 2.5trn that can further top up the OB. Gross standalone debt increased to INR 18.5bn in Q1FY26 (FY25: INR 14.8bn), due to slowdown in payments from clients, including projects under JJM. Outstanding under JJM increased in Jun'25 to INR 17bn (Mar'25: INR 15bn) as against balance order book of INR 40bn. We believe that execution slowdown in largely reflective of delays in clients notice to proceed as projects are in final stages of approvals. A few projects are impacted by client payment delays and NCC has slowed down their execution. Growth should pick up as entire OB moves into execution from Q2FY26. We maintain BUY with TP of INR 305/sh (16x Mar-27E EPS).

- **Q1FY26 financial highlights:** Revenue: INR 43.8bn (-7.1/-18.6% YoY/QoQ, a 15.2% miss). EBITDA: INR 3.9bn (-10.2/-20.3% YoY/QoQ, a miss by 17%). EBITDA margin: 9% (-31/-19bps YoY/QoQ), vs. our estimate of 9.2%. APAT: INR 1.9bn (-5.3/-21.9% YoY/QoQ, a 13% miss). The order execution in Q1FY26 stood at INR 51.4, spread across buildings/transportation/water & rail/electrical (T&D)/irrigation/mining at 34/15/11/18/6/16% respectively.
- **Robust order backlog; supported by strong order inflow:** With an order inflow of INR 36.7bn/67.2bn during the Q1FY26/FYTD26, OB stands at INR 700.9bn (~3.6x FY25 revenue), ex of INR ~50bn L1. Business-wise, the OB is well-diversified into building/transportation/ electrical (T&D)/irrigation/water & rail/mining at 34/26/22/5/6/7%. NCC has provided its order inflow guidance for FY26 at INR 220-250bn. Capex stood at INR 0.9bn in Q1FY26, with management guiding INR 7.5bn (including INR 3bn towards TBM) capex for FY26. Further, INR 4.3bn investments towards smart meters in FY26 is guided by management, with INR 0.7bn invested in Q1FY26.
- **Elevated debt due to delay in receivables:** Gross standalone debt increased to INR 18.5bn in Q1FY26 (FY25: INR 14.8bn), due to slowdown in payments from clients including projects under JJM. JJM receivables as of Jun'25 stood at INR 17bn (Mar'25: INR 15bn). NCC expects an improvement in collection, led by project mix and recovery from old debtors, which will eventually help reduce its elevated debt. The net debt has increased to INR 14.9bn in Q1FY26 (FY25: 7bn), with net debt to equity stable on a QoQ basis at 0.2x.

Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E
Revenue	43,782	47,133	(7.1)	53,761	(18.6)	192,053	217,404	251,102
EBITDA	3,949	4,396	(10.2)	4,953	(20.3)	17,456	20,110	23,604
APAT	1,901	2,007	(5.3)	2,434	(21.9)	7,611	9,632	11,963
EPS (INR)	3.1	3.3	(5.3)	3.99	(21.9)	12.1	15.3	19.1
P/E (x)						17.7	14.0	11.3
EV/EBITDA (x)						7.8	6.5	5.5
RoE (%)						10.7	12.3	13.6

Source: Company, HSIE Research

BUY

CMP (*as on 06 Aug 2025*)	INR 215
Target Price	INR 305
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 305	INR 305
EPS Change %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	NJCC IN
No. of Shares (mn)	628
MCap (INR bn) / ($ mn)	135/1,538
6m avg traded value (INR mn)	1,232
52 Week high / low	INR 333/170

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.1	(9.5)	(30.9)
Relative (%)	3.2	(12.7)	(33.4)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	22.10	22.10
FIs & Local MFs	15.60	17.50
FPIs	13.79	12.70
Public & Others	48.49	47.69
Pledged Shares	2.87	2.87

Source : BSE

Pledged shares as % of total shares

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

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

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7358

ITD Cementation

Growth in OI from Adani Group provides upside

ITD Cementation's (ITD) revenue/EBITDA/APAT beat/miss to our estimates was -4.7/-10.3/+25.2% respectively. With an OI of INR 29bn in Q1FY26, the OB as of Jun'25 stands at INR 188bn (~2.44x FY25 revenue); ex of L1: INR 14bn. OB from group entities is ~20%. ITD has guided for 20-25% revenue growth, 10% EBITDA margin, and OI of ~INR 150-160bn (~35% from group entities) in FY26, with current bid pipeline at INR 900bn (30-33% from group entities). The OB is well-diversified, offering a natural hedge against any slowdown in specific business segments and targeting maritime, industrials, urban infra, roads, hydro and other segments. The current OB's ratio on fixed price/variable contracts stands at 70:30. ITD is now focused on bidding for only higher ticket-sized orders of INR 3bn+. Further, ITD is expanding into new segments based on Adani group requirements, moving away from the strategy of bidding on selective tenders of group entities. While FY25 execution was impacted by volatile political climate in Bangladesh, this has been resolved in Jan'25. Given the increased OI from group entities supporting revenue growth, we have increased our valuation multiple from 16x to 18x, reiterate BUY, and increase the TP to INR 875/sh (18x Sep-27E EPS, rollover from Mar-27 to Sep-27).

- **Q1FY26 financial summary:** Revenue: INR 25.4bn (+6.8/+2.5% YoY/QoQ, a miss of 4.7%). EBITDA: INR 2.3bn (+5.2/-10.3% YoY/QoQ, a miss of 10.3%). EBITDA margin: 9.2% (-14/-130bps YoY/QoQ, vs. our estimate of 9.7%). APAT: INR 1.4bn (+37/+20.8%, a beat by 25.2%, driven by lower interest/depreciation and higher other income). Management highlighted that labor shortage issues spread across industry continued to affect in Q1FY26, albeit project execution is progressing well in key metros and international sites. The NWC in Q1FY26 stood at 80 days (FY25 <100 days).
- **Stable OB with plans for further expansion in marine and airports:** With an OI of INR 29bn in Q1FY26, OB as of Jun'25 stands at INR 188.2bn (~2.44x FY25 revenue), while L1 stands at INR 14bn, anticipated to be executed over approximately 1.5 years. ITD has guided for an OI of ~INR 150bn for FY26, including OI of INR 13bn received in Jul'25. As on Jun'25, client-wise, the OB shows diverse distribution among government, private, and PSU accounting for 46/47/7%. Business-wise, the OB is spread across maritime/industrials/urban infra/hydro/highway/specialist engineering/water at 36.8/23.8/22.2/7.7/5.1/3/1.4% respectively. ITD plans to add more complex projects to its portfolio with a focus on marine and airports, while building capabilities in data centers, which it considers highly profitable.
- **Comfortable balance sheet:** The net debt-equity stands at 0.34x (INR: 6.7bn) as of Jun'25, with gross debt at INR 9.6bn. ITD guides for INR 3bn capex in FY26 (Q1: INR 0.9bn deployed), allocated toward plant and equipment acquisition. Its short-term limits stand at INR 60bn at a borrowing rate of 10-10.5%, ~90% of which is utilized. Following the improvement of receivables from Bangladesh in Jan'25, receivables stood at ~64 days, as of Jun'25.

Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	25,424	23,815	6.8	24,797	2.5	90,969	112,893	136,601	161,872
EBITDA	2,328	2,214	5.2	2,594	(10.3)	8,686	11,571	14,160	16,615
APAT	1,372	1,002	37.0	1,136	20.8	3,749	5,813	7,614	9,080
EPS (INR)	8.0	5.8	37.0	6.6	20.8	21.8	33.8	44.3	52.9
P/E (x)						28.2	23.0	17.5	14.7
EV/EBITDA (x)						12.4	13.2	10.9	9.7
RoE (%)						22.5	27.4	27.2	25.0

Source: Company, HSIE Research

BUY

CMP (*as on 31 Jul 2025*)	INR 778
Target Price	INR 875
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 709	INR 875
	FY26E	FY27E
EPS Change %	-	-

KEY STOCK DATA	
Bloomberg code	ITCE IN
No. of Shares (mn)	172
MCap (INR bn) / ($ mn)	134/1,525
6m avg traded value (INR mn)	479
52 Week high / low	INR 944/463

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	59.5	43.9	51.7
Relative (%)	58.3	39.2	52.5

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	46.64	67.46
FIs & Local MFs	2.60	0.79
FPIs	17.04	9.21
Public & Others	33.72	22.55
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

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

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

PNC Infratech

Weak performance

PNC Infratech (PNC) reported Q1FY26 revenue/EBITDA/APAT of INR 11.4/1.4/0.8bn, a miss on our estimates by 14.9/13/15.4% respectively. FY25 revenue has been impacted by early monsoon, lower tendering, slower execution, and land availability issues in FY25. The OB as of Jun'25 stood at INR 170bn (~3.37x FY25 revenue). Highway, Expressway, Railway and Canal EPC projects constitute 83% of OB. FY26 revenue guidance stands +15-20% on YoY basis, with an EBITDA margin of 13% and OI for FY26 expected at INR 120-150bn. PNC's diversification is visible from the OI in Q1FY26 comprising Solar+BESS and mining projects while bidding for NHAI, NHIDCL, and MoRTH projects continues. PNC's balance sheet has INR 4.83bn net cash, robust FY26 order backlog, and inflow of INR 21bn from asset monetization of 11 HAM assets to Highway Infrastructure Trust (HIT). Given the pick-up in bidding and execution expected in H2FY26, focus on diversification of revenue streams by PNC from renewables and mining, healthy bid pipeline of INR 480trn, we maintain BUY with a SOTP of INR 417/sh (14x Mar-27E EPS, 1.2x FCFE Mar-27E for BOT, and 1.1x P/BV for HAM equity investment).

- **Q1FY26 financial highlights:** Revenue stood at: INR 11.4bn (-13.2/-19.7% YoY/QoQ, a miss by 14.9%). EBITDA: INR 1.4bn (-11.2/-20.1% YoY/QoQ, a miss by 13%). EBITDA margin: 12.4% (+27/-6bps YoY/QoQ, vs. our estimate of 12.1%). APAT: INR 0.8bn (-80.8/-33.2% YoY/QoQ, a beat of 15.4%). EPC/toll/water contribute 76/7/17% respectively towards revenue in Q1FY26.
- **Robust order pipeline supported by RE and mining:** The OB as of Jun'25 stood at INR 170bn and is also L1 for solar+BESS (to be executed in 24 months) and coal mining projects (to be executed in five years). Road Highway, Road Expressway, Railway and Canal EPC projects constitute 83% of the total OB. The company guided its FY26 OI at INR 120-150bn. The current bid pipeline stands at INR 480bn. Total OB including L1 of RE and mining stands at INR 220bn.
- **Strong balance sheet through strategic asset monetization:** PNC's standalone net surplus stands at INR 4.8bn as of Jun'25, while net D/E is at 0.7x. Total equity investment in 13 ongoing/awarded HAM projects stands at INR 17.4bn, of which INR 10.2bn has been infused till Jun'25 with a balance of INR 7.2bn to be infused by FY28. PNC has continued to monetize its portfolio, completing the sale of 11 HAM road projects to KKR-backed trust for INR 21bn equity consideration and 1 state BOT for a total consideration of INR 3.9bn. The NWC days stood at 113/102 in FY25/24. Capex in Q1FY26 stood at NIL while capex targeted for FY26 stands at INR 5bn.

Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	11,365	13,092	(13.2)	14,146	(19.7)	74,024	50,779	59,378	70,066
EBITDA	1,405	1,583	(11.2)	1,758	(20.1)	9,806	6,137	7,460	8,911
APAT	808	4,211	(80.8)	1,210	(33.2)	6,316	4,162	4,782	5,736
Diluted EPS (INR)	3.1	16.4	(80.8)	4.7	(33.2)	24.6	10.1	18.6	22.4
P/E (x)						12.5	29.7	16.5	13.8
EV / EBITDA (x)						7.7	12.4	10.7	9.3
RoE (%)						14.5	8.1	9.0	10.7

Source: Company, HSIE Research

BUY

CMP (*as on 14 Aug 2025*)	**INR 308**
Target Price	**INR 417**
NIFTY	**24,631**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target (INR)	417	417
EPS Change (%)	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	PNCL IN
No. of Shares (mn)	257
MCap (INR bn) / ($ mn)	79/903
6m avg traded value (INR mn)	225
52 Week high / low	INR 489/236

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	18.6	15.8	(32.9)
Relative (%)	19.5	9.7	(34.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	56.07	56.07
FIs & Local MFs	26.26	25.90
FPIs	7.1	7.14
Public & Others	10.57	10.91
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

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

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

Dilip Buildcon

Muted inflows continue to drive growth lower

Dilip Buildcon (DBL) reported revenue/EBITDA/APAT beat/(miss) of -9.3/-8.8/+34.8%. The EBITDA margin stood at 10% (-102/+106.6bps YoY/QoQ), in line with our estimate of 10%. DBL has guided for FY26 revenue at INR 80-85bn, EBITDA margin at 11% and order inflow (OI) of ~120-150bn, with capex expected to be INR 250-500mn (mainly focusing on replacement capex). This guidance has kept in view the muted OI in FY25, which has continued into Q1FY26, but is expected to improve from Q2FY26. DBL's current bid pipeline stands at INR 200bn. In bidding, it expects INR 3trn worth of bids to be awarded by NHAI in H2FY26, with significant pick-up in awarding likely in Q4FY26. DBL has divested 26/24.99% equity stake in 8/3 HAM projects to Alpha Alternatives (AA). The balance seven assets are under construction and 26% stake will get divested post-PCOD. From the combined AA/Shrem platform, DBL expects INR 3.4/5/4/8.1bn in cash/InvIT units by 9MFY26/27/28/29-30. Given the lower execution, delays in project awards, and postponing of net cash status to FY27/28 (all of which are in line with our estimates), we maintain the FY26/27 EPS estimates. We retain ADD with an SOTP-based TP of INR 480 (12x Mar-27E EPS, 1.1x P/BV HAM equity investment).

- **Q1FY26 financial highlights:** Revenue: INR 20.1bn (-14.8/-13.2% YoY/QoQ, a miss by 9.3%); EBITDA: INR 2bn (-22.6/-2.9%, YoY/QoQ, a 8.8% miss); EBITDA margin: 10.1% (-102/+106.6bps YoY/QoQ), vs. our estimate of 10%). RPAT: INR 1.3bn (+158.9/+159.4% YoY/QoQ) is on account of an exceptional income of INR 987mn on Shrem unit sale and HAM asset stake transfer. APAT: INR 491mn (+3.6/+63.2% YoY/QoQ, a beat by 34.8%).
- **Muted order inflows:** DBL has received an LoA for a tunnel project, with current OB at INR 136.95bn, as of Jun'25. DBL expects robust FY26 OI at INR 150bn. The OB comprises 82/18% of EPC and HAM respectively. Business-wise, the current OB is spread across mining/metro/tunnel/special bridges/optical fibre/urban development/roads/irrigation/water at 29/2/13/2/7/3/18/22/4% respectively. DBL's output from Siarmal MDO stands at 7.24/18.53 MMTPA against contracted output of 5/10 MMTPA for FY24/25, while output from Pachwara MDO stands at 4.6/6.97 MMTPA against seven MMTPA contracted for FY24/25. Q1FY26 output stood at 5.42/2.9 MMT for Siarmal/Pachwara.
- **Net cash target for FY27 intact:** DBL has guided for a net cash status by FY27 despite lower order inflow and revenue de-growth in FY25. Total equity requirement for 19 HAM projects, ZOTL and Siarmal coal project stands at INR 9bn (4/2.4/2.5bn respectively). Further, it has invested equity of INR 23.5bn until Jun'25, and expects additional equity investments of INR 3.1/2.6/2.3/1.1bn for 9MFY26/27/28/29-30 respectively. The standalone net debt and net D/E stood at INR 16.6bn and 0.28x as of Jun'25, wherein DBL expects to pay off INR 5/32bn at standalone/consolidated level in FY26. NWC days stand at 84/75 for Q1FY26/Q4FY26 amid declining revenue.

Financial Summary (INR mn)

Y/E Mar	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	20,099	23,579	(14.8)	23,148	(13.2)	105,373	90,045	84,643	98,439
EBITDA	2,031	2,624	(22.6)	2,093	(2.9)	12,992	9,033	8,475	11,473
APAT	491	474	3.6	301	63.2	4,038	1,638	1,797	4,459
Diluted EPS (INR)	3.4	3.2	3.6	2.1	63.2	27.6	11.2	12.3	30.5
P/E (x)						15.4	38.0	34.7	14.0
EV / EBITDA (x)						6.0	8.8	6.9	5.2
RoE (%)						8.2	3.1	3.3	7.8

Source: Company, HSIE Research

ADD

CMP (*as on 30 Jul 2025*)	INR 484
Target Price	INR 480
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 480	INR 480
EPS Change (%)	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	DBL IN
No. of Shares (mn)	146
MCap (INR bn) / ($ mn)	71/809
6m avg traded value (INR mn)	122
52 Week high / low	INR 588/363

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	14.4	19.2	(6.3)
Relative (%)	12.9	13.0	(6.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	70.15	63.14
FIs & Local MFs	6.59	6.93
FPIs	3.13	2.76
Public & Others	20.13	27.16
Pledged Shares	9.94	8.94

Source: BSE

Pledged shares as % of total shares

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

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

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

Ahluwalia Contracts

Sluggish execution, healthy margins

Ahluwalia Contracts (AHLU) reported a revenue/EBITDA/APAT miss by 2.8/13/14.5%, amid moderation in execution usually witnessed in Q1, management guides pickup expected from Q2/H2FY26. EBITDA margin stood at 8.6% (+201/-158bps YoY/QoQ, in-line with our estimates), while APAT came in at INR 511mn (+67/-38.5% YoY/QoQ, a miss of 14.5%). For FY26, AHLU continues to guide 15%-20% revenue growth, double-digit EBITDA margin, and ~INR 80bn of Order Inflows (OI). The order book (OB) as of Jun'25 stood at INR 168.8bn (~4.05x FY25 revenue). AHLU continues to be L1 in the same two projects as that in Q4FY25, worth INR 17.96bn. New order wins (OI) for FYTD26 stands at INR 38.9bn. Given the focus on high margin private sector projects, large marquee public projects, pickup in execution in CSMT project on the back of progress in obtaining clearances, and execution of DLF dahlias project expected to begin by Sept'25; we maintain our estimates. Given the limited upside at the CMP, we maintain our ADD rating with a TP of INR 983 (16x Mar-27E EPS).

- **Q1FY26 financial highlights:** Revenue: INR 10bn (+9.3/-17.4% YoY/QoQ, a miss by 2.8%). EBITDA: INR 863mn (+42.7/-30.2% YoY/QoQ, a miss of 13%). EBITDA margin: 8.6% (+201/-158bps YoY/QoQ, vs. our estimate of 8.6%). RPAT: INR 511mn (+67/-38.5% YoY/QoQ, a beat of 14.5%). Margins were in line our estimates, driven by factors such as a) completion of earlier low-margin legacy projects; b) pickup in execution of better-margin CSMT project, with FY26 revenue expected at INR 4-5bn. Execution on DLF Dahlias is expected to begin by Sept'25 post the handover to AHLU, with revenue potential of INR 5bn.
- **With a robust OB, execution becomes the key focus:** The YTDFY26 OI stands at INR 38.9bn. The OB as of Jun'25 stood at INR 168.8bn (~4.05x FY25 revenue) of 10 ongoing projects which is expected to be executed in the next 2-2.5 years. The segment-wise OB classification stood at 40.7/25.6/16.8/11.5/4.7% and 0.7% towards residential/infrastructure/ commercial/hospital/institutional and hotel, respectively, while the sector-wise classification stood at 63.4/26.3/8.9% & 1.6% towards private/Centre/state and overseas. Geographically, the OB is exposed to north/west/east/south and overseas, with each region accounting for 42.2/33.8/18.2/4.1/1.6% respectively. The OB is spread across 15 states in the domestic market. The overall bid pipeline stands at INR 50bn; focusing primarily on the private sector. The current OB comprises of item rate/EPC projects at 55/45% respectively.
- **Robust net cash position:** AHLU is effectively debt-free, with a negligible gross debt of INR 0.2bn and total cash and cash equivalents of over INR 9.2bn, as of Jun'25. Capex for Q1FY26 stands at INR 0.52bn (FY26 targeted at INR 5bn; vs. INR 1.9bn executed in FY25).

Standalone Financial Summary (INR mn)

Particulars	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	10,049	9,193	9.3	12,158	(17.4)	38,553	40,986	48,180	56,853
EBITDA	863	605	42.7	1,236	(30.2)	3,885	3,418	4,963	6,254
APAT	511	306	67.0	832	(38.5)	2,439	2,015	3,110	4,115
Diluted EPS (INR)	7.6	4.6	67.0	12.4	(38.5)	36.4	30.1	46.4	61.4
P/E (x)						26.2	31.7	20.5	15.5
EV / EBITDA (x)						14.7	16.1	12.2	9.5
RoE (%)						17.2	11.8	16.6	19.2

Source: Company, HSIE Research

ADD

CMP (*as on 18 Aug 2025*)	**INR 953**
Target Price	**INR 983**
NIFTY	**24,877**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target (INR)	983	983
	FY26E	FY27E
EPS Change %	-	-

KEY STOCK DATA	
Bloomberg code	AHLU IN
No. of Shares (mn)	67
MCap (INR bn) / ($ mn)	64/731
6m avg traded value (INR mn)	78
52 Week high / low	INR 1,364/620

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.5	50.3	(27.8)
Relative (%)	3.8	43.3	(28.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	55.32	55.32
FIs & Local MFs	24.33	24.26
FPIs	12.07	12.44
Public & Others	8.27	7.98
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

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

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

HG Infra

Muted show

HG Infra (HG) reported its quarterly revenue/EBITDA/APAT of INR 17.1/2.3/1.2bn, a miss/beat by +7.1/-4.1/-0.9%. HG's order book (OB) as of Jun'25 stood at INR 146.6bn (~3.5x FY25 revenue). It has guided to FY26/27 revenue growing by 17-18% YoY, EBITDA margin to 15-16%, where margins are likely to expand in Q2FY26 and FY26 OI to INR 110bn (25% on new growth sectors like BESS and solar). From the bid pipeline of INR 1trn, HG expects awarding of INR 60/15/10bn from road/metro & railways/T&D projects respectively. HG is diversifying into new business segments, as is evident in its OB, which now includes roads, railways, solar, and BESS. This expansion strategy diversifies its portfolio and reduces segmental concentration risk, particularly in light of muted awards and intense competition in the roads sector. HG is also exploring opportunities in airports/T&D/renewables/water (river linking projects). Execution risks, including potential delays in the Nagpur-Chandrapur and New Delhi Railway Station projects due to land acquisition and design challenges, may impact revenue recognition. Additionally, margin volatility persists amid competitive pressures, despite targeted recovery efforts, while efficient management of receivables remains crucial to sustain healthy working capital and cash flows. Given a strong OB, likely pick-up in project execution, and a healthy balance sheet, we maintain BUY on HG, with a TP of INR 1,987 (16x Mar-27E EPS).

- **Q1FY26 financial highlights:** Revenue of INR 17.1bn (+13.5/-13.4% YoY/QoQ, a beat by 7.1%). EBITDA: INR 2.3bn (-3.1/-16.7% YoY/QoQ, a miss by 4.1%). EBITDA margin came in at 13.8% (-236.9/-55.2bps YoY/QoQ, vs. our estimate of 15.4%). APAT: INR 1.2bn (-10.1/-40.9% YoY/QoQ, a miss by 0.9%).
- **Well-diversified OB:** The OB as of Jun'25 stood at INR 146.6bn (~3.5x FY25 revenue). Sector-wise, the OB is spread across highway/railway/solar/BESS with each accounting for 65/19.8/11/3.4% respectively. Segment-wise, the OB is spread between HAM and EPC at 36.4% and 63.6% respectively. Geographically, the OB is spread well across 13 states with Maharashtra/Jharkhand/Gujarat/UP as major contributors at 34/16/16/8% respectively. Region-wise, east/west/north/south contribute 21/52/18/9%. Further HG has guided to FY26/27 revenue growing by 17-18% YoY, EBITDA margin to 15-16%, where margins are likely to expand in Q2FY26 and FY26 OI to INR 110bn (25% on new growth sectors like BESS and solar).
- **Rising capex resulted in increase in debt:** The standalone gross debt as of Mar'25 stood at INR 106.8bn vs. INR 45bn as of Mar'24. This debt increase is attributed to solar module procurement and increased working capital requirements, which management expects will subside in FY26. To mitigate sector reliance and capitalize on emerging opportunities, the strategy focuses on active diversification by targeting 30-40% of the order book from non-road sectors, alongside strategic bidding, stringent cost control, and adoption of advanced technologies to safeguard margins and drive sustainable shareholder value. Further, HG has transferred five HAM assets, which have an estimated debt of ~INR 22bn, implying an equity value of ~INR 13.8bn. Against the invested equity of INR 7.8bn, this translates to an implied P/BV multiple of 1.77x. Of the equity requirement of INR 16.6bn, INR 9.15bn is being infused currently and INR 3.59/1.97/1.86bn is expected to be infused in FY26/27/28.

Standalone Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E
Revenue	17,092	15,059	13.5	19,730	(13.4)	60,519	70,807	82,844
EBITDA	2,357	2,433	(3.1)	2,829	(16.7)	9,507	11,046	12,841
APAT	1,255	1,395	(10.1)	2,124	(40.9)	5,771	6,379	7,573
EPS (INR)	19.3	21.4	(10.1)	32.6	(40.9)	89	98	116
P/E (x)						11	10	8
EV/EBITDA (x)						8	6	5
RoE (%)						22	21	20

Source: Company, HSIE Research

BUY

CMP (*as on 14 Aug 2025*)	INR 963
Target Price	INR 1,987
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,987	INR 1,987
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	HGINFRA IN
No. of Shares (mn)	65
MCap (INR bn) / ($ mn)	63/717
6m avg traded value (INR mn)	131
52 Week high / low	INR 1,666/921

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(16.2)	(16.6)	(36.7)
Relative (%)	(15.3)	(22.7)	(38.6)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	71.78	71.78
FIs & Local MFs	12.14	12.02
FPIs	2.76	2.87
Public & Others	13.31	13.33
Pledged Shares	-	-

Source: BSE

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

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

KNR Constructions

Weak performance

KNR's reported revenue/EBITDA/APAT at INR 4.7bn/617/453mn was a miss to our estimates by -16.7/-21.8/-3.3%. EBITDA margin was 12.9% (-366/-92 bps YoY/QoQ); vs. our estimate of 13.7%). KNR's weak Q1FY26 performance reflects a challenging operational environment, exacerbated by delayed new project rollouts due to revised government bidding policies. Elevated working capital requirements may strain cash flows, while intense competition continues to drive aggressive bidding conditions. Based on current OB, KNR guided for the FY26 revenue to be in the range of INR20-25bn, with the EBITDA margin at 13-13.5% and Order Inflow (OI) of INR 100-120bn for FY26. KNR is targeting significant order inflows and a larger order book in FY26 from different segments like irrigation projects from other states, subcontracting from EPC/BOT projects won by peers, and urban infra projects in AP, Tamil Nadu, and Telangana. KNR is also looking to diversify into coal mining, tunnelling, etc., with JV partners. Given a strong balance sheet and likely new order wins on the back of a robust order pipeline in FY26, we maintain BUY with a TP of INR 288/sh (15x Mar-27E EPS).

- **Q1FY26 financial performance:** Revenue stood at INR 4.7bn (-41.5%/-43.7% YoY/QoQ, a miss by 16.7%). EBITDA was INR 617mn (-54.5/-47.5% YoY/QoQ, a miss by 21.8%). EBITDA margin was 12.9% (-366/-92 bps YoY/QoQ); vs. our estimate of 13.7%). APAT was INR 453mn (-51.9/-39.8% YoY/QoQ, a miss by 3.3%). Based on current OB, KNR has guided for FY26 revenue to be at least INR 20-25bn, with an EBITDA margin of 13-13.5%.
- **New order wins crucial for return to growth:** KNR's executable OB as of Jun-25 stood at INR 83.0bn, providing revenue visibility for 2-3 years. Captive (HAM project) works constitute 21% of the OB, whereas state/central government/other orders constitute 74/4/1%. Business-wise, roads (HAM)/roads (non-HAM)/mining/irrigation/pipeline account for 21/6/43/17/13% of the OB. The OB is geographically concentrated in southern India, comprising Karnataka, Kerala, Tamil Nadu (TN), Andhra Pradesh (AP), and Telangana. Moreover, KNR continues to guide for an order inflow (OI) of INR 100-120bn for FY26. It needs both geographical and segment diversification to maintain the growth trajectory. Moreover, KNR has secured a 74% ownership in Jharkhand's Banhardih Coal Mining Block in an INR 48bn deal (GST excluded). This move strengthens KNR's portfolio by expanding into coal mining, diversifying beyond its core infrastructure business.
- **Strong balance sheet supported by healthy liquidity:** Standalone debt/cash was nil for Q1FY26, similar to previous quarter, with a net D/E at 0.0x as of Q1FY25. Further, NWC stood at 163/93 days for Q1FY26/Q4FY25 respectively due to delay in irrigation receivables. KNR is diversifying into coal mining and metro/railway EPC to strengthen revenue streams. Currently, capital is prioritized for organic growth and asset monetization over shareholder returns.

Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY25	FY26E	FY27E
Revenue	4,792	8,193	*(41.5)*	8,512	*(43.7)*	32,344	31,752	40,264
EBITDA	617	1,356	*(54.5)*	1,175	*(47.5)*	5,084	4,858	6,563
APAT	453	941	*(51.8)*	752	*(39.8)*	3,285	3,261	4,466
EPS (INR)	1.6	3.3	*(51.8)*	2.7	*(39.8)*	11.68	11.60	15.88
P/E (x)						18.2	18.4	13.4
EV/EBITDA (x)						11.6	11.0	8.0
RoE (%)						9.2	9.1	13.1

Source: Company, HSIE Research

BUY

CMP (*as on 12 Aug 2025*)	INR 202
Target Price	INR 288
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 288	INR 288
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	KNRC IN
No. of Shares (mn)	281
MCap (INR bn) / ($ mn)	57/647
6m avg traded value (INR mn)	346
52 Week high / low	INR 368/189

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.8)	(23.5)	(44.1)
Relative (%)	(6.1)	(28.8)	(44.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	48.81	48.81
FIs & Local MFs	28.31	25.10
FPIs	6.91	7.06
Public & Others	15.96	19.02
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

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

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

J Kumar Infraprojects

Performance improves; uptick in OI key monitorable

JKIL reported a strong quarter, with revenue/EBITDA/APAT at 14.8/2.2/1bn, miss/beat to our estimates by +1.7/+2.3/+7.1%. As of Jun'25, the order book (OB) stands at INR 209.5bn (~3.7x FY25 revenue). While the order inflows (OI) were NIL in Q1FY26, INR 20bn OI is expected in Q2FY26. Further, it guided for an OI of INR 60bn for FY26, with the current bid pipeline at INR 300bn. The FY26/27 revenue guidance is at INR 65/75bn (+15% YoY of FY25), and the EBITDA margin guidance is retained at 15-16%. JKIL is keen on bidding for large-scale projects in Maharashtra, including the Mumbai/Pune/Thane metro rail ones. We believe it is well-placed to incur a capex, with a mix of debt and internal accruals. We maintain ADD, with a TP of INR 1,052 (14x-FY27E).

- **Q1FY26 financial performance:** JKIL generated revenue of INR 14.8bn (+15.4/-9.4% YoY/QoQ, a beat of 1.7%) with an EBITDA of INR 2.2bn (+17.3/-8.1% YoY/QoQ, a beat of 2.3%). JKIL's EBITDA margin stood at 14.6% (+24/+21 bps YoY/QoQ, vs. our estimate of 14.5%), while RPAT/APAT came in at INR 1bn (+18.8/-10.1% YoY/QoQ, a beat of 7.1%). Major revenue contributors for Q1FY26 have been metro (UG)/metro (E)/elevated corridors/roads & tunnels/water/civil & others at 17/23/20/18/4/18% respectively. Geographically, Maharashtra and NCR lead revenue contributions at 63% and 24% respectively, with balance contributed by other states.
- **Robust and diversified order book:** JKIL's OB stands at INR 209.5bn in Q1FY26 (~3.7x FY25 revenue). Geographically, the OB is spread across Maharashtra/TN/NCR/UP/Gujarat/Karnataka at 61/18/16/2/2/<1% respectively. Segment-wise, it is spread across elevated corridors/roads & tunnels/civil/metro (E)/metro (UG)/water at 52/18/12/8/6/5% respectively. OB includes slow moving NBCC order of INR 3bn, with execution awaited to begin.
- **Strong balance sheet to facilitate growth opportunities:** Gross debt increased to INR 7.2bn as of Jun'25 (vs. INR 7bn as of Mar'25), leading to a gross D/E of 0.23x and net cash of -0.05x as of Jun'25. JKIL expects gross debt to peak at INR 8bn in FY26 on the back of increased capex funded via mix of debt and internal accruals. Capex in Q1FY26 stood at INR 1.1bn (FY25: INR 2.4bn), while capex guidance for FY26/27 combined stands at ~INR5.5-6bn (including maintenance capex of INR 1bn). The total investment toward two TBMs is expected to be ~INR3-3.5bn. Both TBMs are expected to arrive by Aug'25 and Jan'26. JKIL continues to be well-placed to incur a capex with a mix of debt and internal accruals. NWC days stood at 115 in Q1FY26, with 120-125 guided for FY26.
- **Continued focus on EPC/metro/elevated corridor:** Management has guided that JKIL's focus will remain on the EPC segment, albeit NHAI and MORTH are looking at BOT. Bid prospects comprise Mumbai/Pune/Delhi metro rail and BMC Lagoon road. The LOI for Versova-Dahisar costal road has been received.

Standalone Financial Summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	14,787	12,815	15.4	16,327	(9.4)	48,792	56,935	65,475	75,296
EBITDA	2,160	1,842	17.3	2,351	(8.1)	7,041	8,264	9,485	11,017
APAT	1,026	864	18.8	1,141	(10.1)	3,286	3,904	4,671	5,686
EPS (INR)	13.6	11.4	18.8	15.1	(10.1)	43.4	51.6	61.7	75.1
P/E (x)						16.2	13.6	11.4	9.3
EV/EBITDA (x)						8.2	7.2	5.8	4.6
RoE (%)						13.2	13.8	14.4	15.1

Source: Company, HSIE Research

ADD

CMP (*as on 30 Jul 2025*)	INR 708
Target Price	INR 1,052
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1052	INR 1052
EPS Change (%)	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	JKIL IN
No. of Shares (mn)	76
MCap (INR bn) / ($ mn)	54/613
6m avg traded value (INR mn)	123
52 Week high / low	INR 904/566

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.4	5.8	7.5
Relative (%)	(2.9)	0.1	(2.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	46.64	46.64
FIs & Local MFs	15.50	15.42
FPIs	11.95	12.60
Public & Others	25.90	25.33
Pledged Shares	10.57	10.57

Source: BSE

Pledge share as a % of total shares

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

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

HDFC securities 25 YEARS Powering India's Investments

Ashoka Buildcon

Muted execution

Ashoka Buildcon's (ASBL) standalone revenue/EBITDA/APAT came in at INR 13.1/1.2/0.3bn, a miss of -23.3/-9.5/-24.6% vs. our estimates as early monsoon and project mobilization delays affected execution. EBITDA margin: 9.3% (+286/+207bps YoY/QoQ), higher than our estimate of 7.9%. ASBL has guided for 10% revenue growth YoY in FY26 and expects to record higher EBITDA margins of 9.5-10% during that year on the back of new order execution. The OB as of Jun-25 stood at INR 158.9bn (~2.25x FY25 revenue), Order Inflow (OI) stood at INR 1.96bn from domestic and LOA of USD 67.25mn. Further, ASBL guided for OI of INR 100-120bn for FY26, while participating in bids worth INR 1.1trn. Business-wise, the revenue is well-diversified with HAM (roads)/EPC (roads)/power T&D/railways/EPC (buildings) and others comprising 11.6/52.4/19.7/6.7/9.6% respectively. Additionally, ASBL has already invested INR 11.1bn in the HAM portfolio; the balance equity requirement in its existing NHAI HAM assets is INR 2.3bn as of Jun-25. Given the stable OB, improving visibility on asset monetization of INR 16.8bn by Sept-25, and margin expansion on the back of new order execution, we maintain BUY. Our SOTP is pegged at INR 273/sh (11x Mar-27E EPS) and factors 1.4x P/BV for HAM assets.

- **Q1FY26 financial highlights:** Revenue: INR 13.1bn (-30.2/-33.6% YoY/QoQ, a miss by 23.3%). EBITDA: INR 1.2bn (+0.7/-14.6% YoY/QoQ, a miss by 9.5%). EBITDA margin: 9.3% (+286/+207bps YoY/QoQ, vs. our estimate of 7.9%). APAT: INR 306mn (-25.1/-48.7% YoY/QoQ, a miss of 24.6%). ASBL has guided for 10% YoY revenue growth in FY26 with execution to be subpar in Q1/Q2FY26 and pick-up expected in Q3/Q4FY26.
- **Robust order pipeline set to bolster OB:** ASBL's OI in domestic market for Q1FY26 is driven by gauge conversion for railways and Intelligent Traffic Management Systems (ITMS) for Maharashtra MVD, overseas OI in Q1FY26 is from Guyana PWD. The OB as of Jun-25 stood at INR 159.9bn (~2.25x FY25 revenue). Segment-wise, the OB is spread across road (EPC)/road (HAM)/ Building EPC/railways/power T&D at 49.2/11.6/2.9/4.9/31.4%. Region-wise, OB is spread across at 1.3/12.7/12/59.7/4.8/0.2% and 9.3% for North/South/East/West/Central/North East and Overseas. Client-wise, Central/State/HAM/Private and overseas contributed 12.3/63.8/11.6/3/9.3% to the OB. The standalone gross/net debt as of Jun-25 stood at INR 16.5/14.4bn. Of the equity commitment of INR 2.3bn, INR 1.3/0.5/0.5bn is expected to be infused in FY26/27/28 respectively.
- **Asset monetization by Sept-25:** ASBL's management guides monetization of 5 build-operate-transfer (BOT) assets to Maple Infrastructure Trust and 5 hybrid-annuity-mode (HAM) assets to Sekura (Edelweiss) by Sept-25. Further, ASBL management guides SBI Macquarie stake purchase in Ashoka Concessions Limited (ACL) by Sept-25.

Financial Summary (INR mn)

Particulars	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Revenue	13,106	18,771	(30.2)	19,748	(33.6)	77,267	70,614	77,676	86,997
EBITDA	1,222	1,214	0.7	1,432	(14.6)	5,765	5,469	7,768	9,135
APAT	306	408	(25.1)	596	(48.7)	2,688	1,969	3,134	4,405
Diluted EPS (INR)	1.1	1.5	(25.1)	2.1	(48.7)	9.6	7.0	11.2	15.7
P/E (x)						18.8	25.7	16.1	11.5
EV / EBITDA (x)						10.6	12.8	7.8	6.6
RoE (%)						7.5	5.0	7.5	9.6

Source: Company, HSIE Research

BUY

CMP (*as on 12 Aug 2025*)	INR 180
Target Price	INR 273
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target (INR)	273	273
	FY26E	FY27E
EPS Change (%)	-	-

KEY STOCK DATA	
Bloomberg code	ASBL IN
No. of Shares (mn)	281
MCap (INR bn) / ($ mn)	50/575
6m avg traded value (INR mn)	366
52 Week high / low	INR 319/158

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.3)	(22.5)	(26.8)
Relative (%)	(2.7)	(27.8)	(27.5)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	54.47	54.47
FIs & Local MFs	14.93	14.16
FPIs	7.48	7.29
Public & Others	23.12	24.07
Pledged Shares	-	-

Source : BSE

Pledge share as a % of total shares

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

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

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

IT, Exchanges

Tata Consultancy Services

Deal wins continue; recovery expected

Tata Consultancy Services' (TCS) revenue miss (-3.3% QoQ CC) was attributed to BSNL ramp-down while the international market's revenue decline of 0.5% QoQ CC was as per expectations. The operating margin expanded 30 bps QoQ despite the revenue decline due to the ramp-down of lower-margin BSNL deal. Amidst delays in decision-making and lower discretionary investments due to global uncertainties and clients seeking immediate ROI, TCS clocked TCV of USD 9.4b, primarily fueled by cost optimization projects rather than large transformation programs. The company remains optimistic that international revenue for FY26E will be better than FY25 and expects pent-up demand for technology transitions once market clarity emerges. Key positives include (1) strong TCV, driven by large deal wins across various markets and industries, (2) continued BFS spending, (3) better growth outlook, supported by increase in AI for business engagements, and (4) continued fresher addition. We expect international revenue to deliver growth of ~4% in FY26E. Our TP of INR 4,020 is based on 25x June-27E EPS (10Y average of 24x).

- **Q1FY26 highlights:** (1) TCS' revenue print stood at USD 7,421mn, -0.6% QoQ in USD terms (vs our estimate of +1.6% QoQ). QoQ revenue declined 3.3%CC, attributed to -0.5% from international markets and -2.8% due to the BSNL ramp-down. (2) Deal bookings trended down QoQ to USD 9.4bn, compared to USD 12.2bn in Q4, comprising NorthAm TCV at USD 4.4bn, BFSI TCV at USD 2.5bn and Retail & CPG TCV at USD 1.6bn. (3) Vertical commentary was weak in BFS, Retail & CPG, Lifesciences and Heathcare due to macro uncertainty, led by the global tariff war. While automotive sector continues to face challenges, manufacturing vertical as a whole witnessed minor growth. Technology vertical reported growth, driven by AI-led business transformation opportunities. (4) EBITM at 24.5% improved 26bps QoQ (higher vs our estimate of 24.3%), driven by lower third-party costs and currency tailwinds. Better utilization thus leading to better op-lev is expected to drive margin expansion in Q2. (5) There was a net headcount addition of 5,000 employees in Q1 while TTM attrition increased by 50bps QoQ to 13.8%. TCS may reconsider its hiring strategy based on demand. (6) International markets are expected to do better in FY26 thanFY25.
- **Outlook:** We have factored in FY26/27/28E growth at 1.8%/7.7%/10.5% (implying 1.5/2%/2.1% CQGR in FY26/27/28E respectively). EBITM is factored in at 24.7/25.5/25.7% for FY26/27/28E respectively, translating to an EPS CAGR of 9% over FY25-28E.

Quarterly financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	7,421	7,505	(1.1)	7,465	(0.6)	29,080	30,179	30,718	33,096	35,859
Net Sales	634.37	626.13	1.3	644.79	(1.6)	2,408.93	2,553.24	2,637.90	2,879.36	3,155.62
EBIT	155.14	154.42	0.5	156.01	(0.6)	593.11	621.65	652.45	733.95	809.49
APAT	127.60	120.40	6.0	122.24	4.4	466.35	485.53	514.17	567.69	625.96
Diluted EPS (INR)	35.3	33.3	6.0	33.8	4.4	128.9	134.2	142.1	156.9	173.0
P/E (x)						26.2	25.2	23.8	21.6	19.5
EV / EBITDA (x)						18.3	17.5	16.7	14.9	13.6
RoE (%)						51.6	52.4	54.4	59.3	63.0

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	30,826	30,718	(0.3)	33,053	33,096	0.1	35,814	35,859	0.1
Revenue	2,647.98	2,637.90	(0.4)	2,875.65	2,879.36	0.1	3,151.61	3,155.62	0.1
EBIT	664.20	652.45	(1.8)	738.73	733.95	(0.6)	806.03	809.49	0.4
EBIT margin (%)	25.1	24.7	-35bps	25.7	25.5	-20bps	25.6	25.7	8bps
APAT	519.72	514.17	(1.1)	575.54	567.69	(1.4)	628.37	625.96	(0.4)
EPS (INR)	143.6	142.1	(1.1)	159.1	156.9	(1.4)	173.7	173.0	(0.4)

Source: Company, HSIE Research

ADD

CMP *(as on 10 Jul 2025)*	INR 3,382
Target Price	INR 4,020
NIFTY	25,355

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,070	INR 4,020
EPS %	FY26E	FY27E
	-1.1	-1.4

KEY STOCK DATA	
Bloomberg code	TCS IN
No. of Shares (mn)	3,618
MCap (INR bn) / ($ mn)	12,236/1,42,866
6m avg traded value (INR mn)	9,651
52 Week high / low	INR 4,520/3,056

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	4.2	(19.5)	(12.1)
Relative (%)	(8.5)	(27.0)	(16.2)

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	71.77	71.77
FIs & Local MFs	10.92	11.56
FPIs	12.68	12.04
Public & Others	4.63	4.63
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Quarterly Flipbook

Infosys

Deal wins power growth; macro clouds guidance

Infosys delivered strong Q1FY26 performance, delivering market-leading sequential growth of 2.6% QoQ (organic ~2.2%) and 3.8% YoY in CC terms. This robust start was accompanied by a large deal TCV of USD 3.8bn, with a notable 55% being net new deals and over USD 1bn in TCV originating from multiple vendor consolidation deals. A key enabler of this differentiated performance is Infosys's leadership in enterprise AI, driving faster decisions and operational efficiencies. The company's outlook, while cautiously optimistic, led to a revision of its full-year FY26 revenue growth guidance from 0-3% to 1-3% in CC terms, raising the lower end due to the strong Q1 and increased deal confidence. However, the upper end remained unchanged, as the company noted persistent global macroeconomic uncertainties, including geopolitical tensions and tariff conundrums, which continue to make clients cautious about discretionary spending and result in elongated deal cycles. Infosys anticipates a stronger H1 compared to H2 due to normal seasonality. Looking at vertical performance, Financial Services exhibited good momentum, particularly in the US, leveraging strong AI adoption among top clients. Europe maintained its strong growth trend, at 12.3% YoY CC, a result of strategic investments and successful consolidation deals. Conversely, sectors like Manufacturing, Retail, Logistics, and Consumer Products faced challenges and muted spending due to economic changes and tariff uncertainties, delaying decision-making. Infosys is strategically leveraging GenAI not only to drive productivity for clients with benefits ranging from 5% to 15% but also creating new revenue streams. Discretionary spend is expected to be self-funded through AI-led productivity benefits. We increase our estimates by ~1% to factor in a better start and strong TCV. Maintain ADD on INFO with a TP of INR 1,735, based on 22x June-27E EPS (in line with the 10Y average).

- **Q1FY26 highlights:** (1) INFO revenue grew 2.6% QoQ in CC terms to USD 4.94bn (higher than our est. of USD 4.89bn), driven by strong demand for Enterprise AI. (2) Among the verticals, financial services (28% of the revenue) grew 2.6% QoQ and witnessed strong traction in the US. E&U (14% of the revenue) grew 9.3% QoQ, followed by manufacturing (16% of the revenue), which grew 5.8% QoQ. (3) The company closed 28 large deals, with a TCV of USD 3.8bn (+44% QoQ), of which 55% were net new, with a mega deal with one of the largest global banks. The 28 large deals included nine from communications, six from E&U, five in manufacturing, four in financial services, and two each in hi-tech and retail. (4) EBITM declined 13bps QoQ to 20.8%, lower than our estimate of 21.1%. Margin headwinds in Q1 included a wage hike and higher variable pay, partly offset by other salary-related items (-100bps), currency movement (-30bps), sales investment (-20bps), which was partially offset by tailwinds from improved realization due to Project Maximus and seasonality (+70bps), lower amortization of intangibles (40bps), and lower third-party costs (+20bps). (5) For FY26, revenue guidance was revised up to 1-3% growth in cc terms and operating margin guidance was maintained in the 20-22% range.
- **Outlook:** INFO's growth is expected to grow by 4.0/7.8/7.5% in FY26/27/28E, implying a CQGR of 1.4/1.9/1.7% for the same period. We have factored in EBITM of 21.1/21.6/21.8% for FY26/27/28E, translating to an EPS CAGR of 10% over FY25-28E.

Quarterly financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	4,941	4,714	*4.8*	4,730	*4.5*	18,562	19,277	20,040	21,611	23,240
Net Revenue	422.79	393.15	*7.5*	409.25	*3.3*	1,536.71	1,629.90	1,721.31	1,880.12	2,045.08
EBIT	88.03	82.88	*6.2*	85.75	*2.7*	317.47	344.24	363.63	405.84	446.11
APAT	69.21	63.68	*8.7*	70.33	*(1.6)*	247.50	267.13	284.61	317.45	353.87
Diluted EPS (INR)	16.7	15.3	*8.7*	16.9	*(1.6)*	59.6	64.3	68.6	76.5	85.3
P/E (x)						26.4	24.5	23.0	20.6	18.5
EV / EBITDA (x)						16.9	15.5	14.6	13.1	12.0
RoE (%)						30.3	29.0	28.7	30.2	32.2

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	19,913	20,040	*0.6*	21,459	21,611	*0.7*	23,076	23,240	*0.7*
Revenue	1,710.58	1721.31	*0.6*	1,866.96	1880.12	*0.7*	2,030.68	2,045.08	*0.7*
EBIT	360.89	363.63	*0.8*	400.17	405.84	*1.4*	439.83	446.11	*1.4*
EBIT margin (%)	21.1	21.1	3bps	21.4	21.6	15bps	21.7	21.8	15bps
APAT	284.01	284.61	*0.2*	315.70	317.45	*0.6*	351.81	353.87	*0.6*
EPS (INR)	68.4	68.6	*0.2*	76.0	76.5	*0.6*	84.7	85.3	*0.6*

Source: Company, HSIE Research

ADD

CMP *(as on 23 Jul 2025)*	INR 1,575
Target Price	INR 1,735
NIFTY	25,220

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,725	INR 1,735
	FY26E	FY27E
EPS %	+0.2	+0.6

KEY STOCK DATA	
Bloomberg code	INFO IN
No. of Shares (mn)	4,154
MCap (INR bn) / ($ mn)	6,541/75,688
6m avg traded value (INR mn)	12,353
52 Week high / low	INR 2,007/1,307

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.8	(15.6)	(14.3)
Relative (%)	3.5	(23.7)	(17.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	14.60	14.61
FIs & Local MFs	38.52	39.60
FPIs	32.88	31.92
Public & Others	14.00	13.87
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

HCL Technologies

In-line revenue; margin under pressure

HCL Tech (HCLT) reported in-line revenue growth of +1.3% QoQ in USD terms, though its margin performance fell short of expectations. IT services revenue remained flat sequentially, while ER&D revenue declined by -0.5% QoQ in CC terms, and the software segment saw a sharper drop of -7.1% QoQ. Deal bookings were subdued in Q1 at USD 1.8bn (-39% QoQ / -8% YoY), primarily due to the postponement of two large deals to Q2. These delays are not linked to external factors, and HCLT remains confident about their closure, anticipating an improvement in TCV in Q2FY26E. The company continues to gain traction in digital and engineering services, driven by its engineering-led strategy and strong client confidence in its AI and data/AI capabilities. Reflecting Q1 performance and a positive outlook for the rest of the year, HCLT has revised its FY26E revenue growth guidance upward to 3-5% YoY CC (from 2-5% previously). However, it has lowered its margin guidance to 17-18% (from 18-19%) due to a client bankruptcy in Q1, increased investments in Sales & Marketing and AI, and ongoing restructuring efforts. Despite short-term margin pressures, HCLT remains focused on long-term growth leadership and aims to return to its aspirational margin range. We have reduced our revenue estimates by ~1-3% and maintain our ADD rating with a target price of INR 1,745, based on 22x FY27E EPS.

- **Q1FY26 highlights:** (1) HCL Tech posted revenue of USD 3,545mn, down 0.8% QoQ CC and up 3.7% YoY CC, in line with HSIE estimate. The services revenue was up 4.5% YoY CC, driven by Technology, TMP&E, Retail & CPG, and Financial services. (2) IT & Business services (74% of revenue) remained flat QoQ in CC term, ER&D services (17% of revenue) was down -0.5% QoQ CC and Software (9% of revenue) was down 7.1% QoQ CC. (3) EBITM came in at 16.3%, down 171 bps QoQ, impacted by investment in S&M (-30bps), lower utilization (-80bps), one-off impact of client bankruptcy (-30bps), and lower share of software services in the mix (-20bps). (4) Deal wins in Q1 stood at USD 1,812mn. One of the large consolidation deals won in financial services is not accounted for in the TCV value due to procedural delays. (5) On LTM basis, OCF was USD 2.57bn, FCF stood at USD 2.42 bn, and FCF/PAT stood at 121%, which is healthy. (6) DSO (including unbilled) remained flat YoY at 82 days. (7) There was a decline of 269 in net headcount, but it added 1,984 freshers while attrition remained at a comfortable level of 12.8%.
- **Outlook:** We have factored in 5.5% growth in IT & BS and 10.2% growth in ER&D services in FY26E and a 3% decline in the Software segment – overall USD revenue growth at 5.4%/8.2%/7.3% respectively in FY26/27/28E. We expect EBITM of 18% in FY26E (higher end of the guidance) and expect it to improve to 18.8/19.3% by FY27/28E, translating into an EPS CAGR of 11.6% over FY25-28E.

Quarterly Financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	3,545	3,364	5.4	3,498	1.3	13,270	13,840	14,593	15,792	16,946
Net Sales	303.49	280.57	8.2	302.46	0.3	1,099.13	1,170.55	1,253.61	1,373.90	1,491.22
EBIT	49.42	47.96	3.0	54.42	(9.2)	200.27	214.03	225.84	258.04	288.11
APAT	38.43	38.28	0.4	43.07	(10.8)	157.02	169.61	183.27	209.81	235.61
Diluted EPS (INR)	14.2	14.1	0.4	15.9	(10.8)	57.9	62.5	67.5	77.3	86.8
P/E (x)						28.0	25.9	24.0	21.0	18.7
EV / EBITDA (x)						17.1	16.2	15.0	12.9	11.6
RoE (%)						23.5	24.6	25.9	28.4	29.8

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	14,492	14,593	0.7	15,663	15,792	0.8	16,904	16,946	0.2
Revenue	1,244.89	1,253.61	0.7	1,362.67	1,373.90	0.8	1,487.57	1,491.22	0.2
EBIT	233.50	225.84	(3.3)	263.11	258.04	(1.9)	295.36	288.11	(2.5)
EBIT margin (%)	18.8	18.0	-74bps	19.3	18.8	-53bps	19.9	19.3	-53bps
APAT	188.89	183.27	(3.0)	212.81	209.81	(1.4)	239.12	235.61	(1.5)
EPS (INR)	69.6	67.5	(3.0)	78.4	77.3	(1.4)	88.1	86.8	(1.5)

Source: Company, HSIE Research

ADD

CMP *(as on 14 Jul 2025)*	INR 1,620
Target Price	INR 1,745
NIFTY	25,082

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,800	INR 1,745
EPS %	FY26E	FY27E
	-3.0	-1.4

KEY STOCK DATA	
Bloomberg code	HCLT IN
No. of Shares (mn)	2,714
MCap (INR bn) / ($ mn)	4,396/51,119
6m avg traded value (INR mn)	5,094
52 Week high / low	INR 2,005/1,303

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	16.5	(10.4)	4.2
Relative (%)	7.0	(17.9)	2.0

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	60.81	60.81
FIs & Local MFs	15.24	15.48
FPIs	19.38	19.14
Public & Others	4.57	4.57
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Wipro

Muted guidance; improving trajectory

Wipro (WPRO) reported a 2% QoQ CC revenue decline, aligning with the lower end of its guidance. The IT services EBIT margin stood at 17.3%, in line with our expectations. For Q2FY26E, the company issued a muted revenue growth guidance of -1% to +1% QoQ CC, reflecting ongoing macroeconomic uncertainty. The large deal bookings totalled USD 2.7bn, including 16 large deals (with two mega deals in the BFSI vertical). Many of these wins are focused on cost optimization and vendor consolidation, which typically require upfront investments—such as talent acquisition, planning, and onboarding—potentially impacting margins in the near term. Despite a cautious stance due to the macro environment, management remains optimistic about H2FY26E, expecting it to outperform H1FY26E. Strong deal momentum in key verticals like BFSI and Technology & Communications, particularly those leveraging AI and consulting-led strategies, is expected to support improved revenue conversion. However, some large projects remain on hold, especially in sectors like manufacturing, automotive, and retail/CPG, which are affected by geopolitical tensions and tariffs. While order bookings have been robust, client sentiment remains cautious. We maintain a REDUCE rating on Wipro, with a revised target price of INR 250, based on 18x June FY27E earnings.

- **Q1FY26 highlights:** (1) WPRO's IT services revenue came at USD 2.59bn (higher than our estimate of USD 2.57bn), down -2.0% QoQ CC and -2.3% YoY CC. (2) Within verticals, energy, manufacturing & resources (18% of the revenue) grew 2% QoQ CC, followed by tech (16% of revenues; +1.6% QoQ CC) and health (15% of the revenue; up +1% QoQ CC). Retail and CPG & manufacturing were most impacted by tariffs. (3) BFSI demand is strong, with focus on AI-led efficiency and transformation. Outlook for the healthcare vertical is positive. (4) T1 client recovered sequentially at +6.4% QoQ CC while T5/10 clients grew 1/0.9% QoQ. (5) Total TCV was USD 4.97bn (+24.1% QoQ and 50.7% YoY); large-deal TCV (USD 30mn+ TCV) stood at USD 2.7bn, (+49.7% QoQ/+131% YoY). The company won two mega deals in the quarter. (6) IT services EBITM at 17.3% (-23bps QoQ) came in line with our estimate of 17.2%. The management expects the margin to be in the 17-17.5% band, driven by productivity in fixed price programs, margin improvement from acquired entities, and G&A optimization. (7) Headcount declined by 114 on a net basis while utilization improved by 40bps to 85% and attrition increased by 10bps QoQ to 15.1%.
- **Outlook:** We have factored in revenue growth of -0.2/+5.3/+5.6% in FY26/27/28E. IT services EBITM is expected to be 17.3/17.2/17.5% for FY26/27/28E, translating into an EPS CAGR of ~5.4% over FY25-28E. At CMP, Wipro is trading at 21/19.6/18.2x FY26/27/28E (5Y average at 21x).

Quarterly Financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
IT revenue (USD Mn)	2,587	2,626	(1.5)	2,597	(0.4)	10,805	10,512	10,488	11,043	11,659
Net Sales	221.35	219.64	0.8	225.04	(1.6)	897.60	890.88	902.08	961.59	1,026.85
EBIT	35.54	36.28	(2.0)	38.86	(8.5)	135.76	151.24	153.48	165.60	180.17
APAT	33.30	30.03	10.9	35.70	(6.7)	110.45	131.35	133.08	143.05	153.86
Diluted EPS (INR)	3.2	2.9	10.7	3.4	(6.7)	10.5	12.5	12.7	13.6	14.7
P/E (x)						25.3	21.3	21.0	19.6	18.2
EV / EBITDA (x)						15.0	13.6	13.4	12.4	11.3
RoE (%)						14.4	16.6	15.7	16.1	16.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
IT revenue (USD Mn)	10,413	10,488	0.7	11,015	11,043	0.3	11,632	11,659	0.2
Revenue	898.67	902.08	0.4	958.92	961.59	0.3	1,024.15	1,026.85	0.3
EBIT	153.39	153.48	0.1	165.52	165.60	0.0	179.39	180.17	0.4
EBIT margin (%)	17.1	17.0	-5bps	17.3	17.2	-4bps	17.5	17.5	3bps
APAT	131.19	133.08	1.4	141.60	143.05	1.0	153.42	153.86	0.3
EPS (INR)	12.5	12.7	1.4	13.5	13.6	1.0	14.6	14.7	0.3

Source: Company, HSIE Research

REDUCE

CMP *(as on 17 Jul 2025)*	INR 261
Target Price	INR 250
NIFTY	25,111

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 245	INR 250
EPS %	FY26E	FY27E
	+1.4	+1.0

KEY STOCK DATA	
Bloomberg code	WPRO IN
No. of Shares (mn)	10,483
MCap (INR bn) / ($ mn)	2,732/31,736
6m avg traded value (INR mn)	3,422
52 Week high / low	INR 325/225

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.0	(7.6)	(6.9)
Relative (%)	5.3	(14.9)	(8.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	72.73	72.66
FIs & Local MFs	7.47	7.77
FPIs	11.13	10.91
Public & Others	8.67	8.66
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Tech Mahindra

Margin resilience

Tech Mahindra delivered in-line performance on both revenue and margins for the quarter. The company reported a sequential decline of -1.4% in CC terms, while EBIT margins improved to 11.1% (+56bps QoQ), marking the seventh consecutive quarter of margin expansion. The revenue dip was primarily due to weakness in the retail vertical and delays in client decision-making amid macroeconomic uncertainty. Despite the revenue pressure, margin improvement was driven by cost optimization under Project Fortius, a favorable offshore mix, G&A cost rationalization, and portfolio company integration. Deal wins for Q1 stood at USD 809mn, reflecting a YoY growth of 51.5%. TechM anticipates better revenue growth in FY26 vs. FY25, supported by a robust deal pipeline, and aims to outperform the peer group average in terms of growth. The company remains committed to its margin targets for FY27 (15%), maintaining discipline in sub-contracting and pricing. Company's "AI Delivered Right" strategy is gaining traction with clients, emphasizing the shift from proof of concept to production deployments. Management describes the demand environment as dynamic and uncertain, presenting a mixed outlook. We maintain REDUCE on TechM with a target price (TP) of INR 1,425, based on 18x June FY27E EPS.

- **Q1FY26 highlights:** (1) TECHM's revenue came in at USD 1,564mn, -1.4/-1% QoQ/YoY CC, in line with HSIE est. of USD 1,565mn, impacted by muted IT service business and YoY decline in manufacturing especially auto vertical. (2) Communications vertical (34% of revenue) improved +2.8% QoQ, supported by stabilization in spending from top clients. (3) Manufacturing vertical witnessed softness and lower discretionary spending within the automotive segment. (4) The Hi-Tech vertical (13% of revenue) grew +1.5% QoQ, supported by BPM deal which slipped in previous quarter; however, there is impact of restructuring in semiconductor industry, and workforce rationalization at a key client. The BFSI vertical (16% of revenue) declined -0.5% QoQ. Tech Mahindra remains confident about its long-term potential in this vertical across all geographies. (5) New deal wins were up +1.4% QoQ to USD 809mn which included two large deals of USD 50mn TCV each. (6) EBITM expanded 56bps QoQ to 11.1% (in line with our estimates), supported by cost optimization under Project Fortius, favourable offshore mix, G&A optimization, and integration of portfolio companies which offset the negative impact of Comviva seasonality, higher visa costs and lower utilization.
- **Outlook:** We have factored in recovery in TECHM's growth of +2.8/8.1/7.4% in FY26/27/28E – implying CQGRs of 1.7/2.1/1.5% for the three years respectively. We have built in EBITM improvement of 12/13.5/14.2% for FY26/27/28E. TECHM is trading at 27x FY26E (vs. 5Y average at 21x).

Quarterly Financial summary

YE March (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	1,564	1,559	0.4	1,549	1.0	6,277	6,264	6,440	6,965	7,480
Net Revenue	133.51	130.06	2.7	133.84	(0.2)	519.96	529.88	552.78	605.95	658.23
EBIT	14.77	11.02	34.0	14.05	5.1	31.47	51.38	66.32	82.01	93.62
APAT	11.41	8.52	34.0	12.15	(6.2)	26.98	43.76	53.52	66.07	78.38
Diluted EPS (INR)	12.9	9.7	34.0	13.8	(6.2)	30.5	49.4	60.4	74.6	88.4
P/E (x)						50.5	33.3	26.6	21.6	18.2
EV / EBITDA (x)						27.5	19.4	15.8	12.9	11.3
RoE (%)						9.9	16.2	19.2	22.5	24.8

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE Mar (INR Bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	6,429	6,440	0.2	6,949	6,965	0.2	7,463	7,480	0.2
Revenue	552.24	552.78	0.1	604.57	605.95	0.2	656.72	658.23	0.2
EBIT	66.25	66.32	0.1	81.42	82.01	0.7	93.00	93.62	0.7
EBIT margin (%)	12.0	12.0	0bps	13.5	13.5	7bps	14.2	14.2	6bps
APAT	54.00	53.52	(0.9)	65.71	66.07	0.5	78.04	78.38	0.4
EPS (INR)	61.0	60.4	(0.9)	74.2	74.6	0.5	88.1	88.4	0.4

Source: Company, HSIE Research

REDUCE

CMP *(as on 16 Jul 2025)*	INR 1,608
Target Price	INR 1,425
NIFTY	25,212

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,410	INR 1,425
EPS %	FY26E	FY27E
	-0.9	0.5

KEY STOCK DATA	
Bloomberg code	TECHM IN
No. of Shares (mn)	979
MCap (INR bn) / ($ mn)	1,574/18,320
6m avg traded value (INR mn)	3,284
52 Week high / low	INR 1,808/1,209

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	22.9	(4.7)	6.0
Relative (%)	15.6	(12.0)	3.7

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	35.01	35.01
FIs & Local MFs	30.74	32.12
FPIs	24.20	22.95
Public & Others	10.05	9.92
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

LTIMindtree

Steady growth and strategic wins

LTIMindtree (LTIM) delivered a steady performance this quarter, with both revenue and margins aligning with our expectations. The company posted a healthy 2% QoQ growth in USD revenue, driven by robust momentum in the consumer vertical and the European region. The TCV remained stable at USD 1.63bn; the key highlight was LTIM securing its largest-ever deal with a global agricultural business leader. This engagement involves deploying an AI-powered model for application management, infrastructure support, and cybersecurity services. It also includes platforms such as SAP S4HANA, ServiceNow, and Microsoft Azure, with a strong emphasis on operational efficiency and simplification. The management remains optimistic about the continuation of the large deal momentum over the coming quarters and expects an improvement in deal closure rates. They also expressed confidence in sustaining growth into Q2FY26E, with margin expansion anticipated through the ongoing "Fit for Future" initiatives. The company's long-term goal of reaching USD 10bn in revenue by FY31 remains unchanged. We maintain our earnings estimate and reiterate our ADD rating, with a target price of INR 5,400, based on 24x June 27E EPS.

- **Q1FY26 highlights:** (1) LTIM's Q1 revenue at USD 1,153 mn (HSIE USD 1,151 mn) grew 0.8% QoQ CC. (2) Among the verticals, consumer led the growth (+6.2% QoQ), partly driven by a large deal and growth in travel and transport. Healthcare grew +4.8% QoQ, BFSI grew +1.6% QoQ, while tech has stabilized (+0.8% QoQ) and manufacturing was muted at +0.3% QoQ. (3) TCV remained flat sequentially at USD 1.60bn. (4) While the overall BFSI sector remains cautious due to macroeconomic themes, LTIM is focused on high-growth potential accounts within the sector. Tech modernization and AI adoption for customer engagement and internal processes are driving demand in insurance. (5) LTIM's EBITM at 14.2% (slightly lower than our estimate of 14.4%) expanded 50bps QoQ, supported by 'Fit for Future' initiatives (+100bps), but this was partially offset by seasonal visa costs and forex impact. (6) While there was a net headcount reduction of 418 employees in Q1, it added 1,600 freshers in Q1. Utilization improved 230bps QoQ to 88.1%. LTIM aims to have utilization in the 86-87% range.
- **Outlook:** We have factored in LTIM's revenue growth at 6.8/12.5/12.9% and EBITM at 14.9/16.1/17% for FY26/27/28E respectively, translating into an EPS CAGR of ~18% over FY25-28E. LTIM is trading at 29/25/21x FY26/27/28E EPS (vs 5Y average at 31x).

Quarterly Financial summary

YE March (INR bn)	Q1FY26	Q1FY25	*YoY (%)*	Q4FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	1,153	1,096	*5.2*	1,131	*2.0*	4,287	4,493	4,797	5,395	6,091
Net Sales	98.41	91.43	*7.6*	97.72	*0.7*	355.17	380.08	411.72	469.34	536.04
EBIT	13.99	13.71	*2.0*	13.45	*4.0*	55.69	55.03	61.42	75.75	91.10
APAT	12.47	11.35	*9.8*	11.29	*10.5*	45.85	46.02	52.23	62.80	74.58
Diluted EPS (INR)	42.1	38.4	*9.8*	38.2	*10.5*	155.0	155.6	176.6	212.3	252.1
P/E (x)	1,153	1,096	*5.2*	1,131	*2.0*	33.5	33.4	29.4	24.5	20.6
EV / EBITDA (x)						22.6	22.0	19.5	15.7	12.9
RoE (%)						25.0	21.5	21.5	22.7	23.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE Mar (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	4,787	4,797	*0.2*	5,384	5,395	*0.2*	6,079	6,091	*0.2*
Revenue	411.66	411.72	*0.0*	468.39	469.34	*0.2*	534.96	536.04	*0.2*
EBIT	61.16	61.42	*0.4*	76.38	75.75	*(0.8)*	90.79	91.10	*0.3*
EBIT margin (%)	14.9	14.9	6bps	16.3	16.1	-17bps	17.0	17.0	2bps
APAT	51.03	52.23	*2.4*	62.85	62.80	*(0.1)*	74.13	74.58	*0.6*
EPS (INR)	172.5	176.6	*2.4*	212.5	212.3	*(0.1)*	250.6	252.1	*0.6*

Source: Company, HSIE Research

ADD

CMP *(as on 17 Jul 2025)*	**INR 5,195**
Target Price	**INR 5,400**
NIFTY	**25,111**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 5,430	INR 5,400
EPS %	FY26E	FY27E
	+2.4	-0.1

KEY STOCK DATA	
Bloomberg code	LTIM IN
No. of Shares (mn)	296
MCap (INR bn) / ($ mn)	1,539/17,884
6m avg traded value (INR mn)	1,811
52 Week high / low	INR 6,768/3,802

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	23.9	(11.8)	(6.6)
Relative (%)	19.2	(19.2)	(8.5)

SHAREHOLDING PATTERN (%)	**Dec-24**	**Mar-25**
Promoters	68.57	68.57
FIs & Local MFs	14.98	15.61
FPIs	7.45	6.99
Public & Others	9.00	8.83
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

BSE

Options driving growth; costs under check

BSE reported a strong quarter, with EBITDA and PAT ahead of our estimates. The revenue growth of 13.2% QoQ was led by 26% QoQ increase in options revenue, recovery in cash and IPO revenue, offset by a drop in services for corporate (listing revenue). BSE continues to gain market share and premium market share increased by ~340bps QoQ to reach 23.4% in Q1FY26. There was a drop in options premium by ~15% in Jul 2025 due to regulatory action on a large HFT, increase in surveillance, and drop in volatility. We remain cognizant of the regulatory overhang, but the company does not expect any immediate corrective measure. We expect a gradual increase in the options premium, led by market share gains and change in expiry day to Thursday. The EBITDA margin expansion of 812bps QoQ to 65.3% was a positive surprise, led by efficient cost control and lower clearing cost. There was no SGF contribution in the quarter, but we assume SGF to be at ~5-6% of transaction revenue. We increase our EPS estimate by 5-8% for FY26/27E EPS and core multiple to 42x vs 40x earlier, led by market share gain and better margins. The revenue/EPS CAGRs of ~23/28% over FY25-28E are robust. We maintain ADD with a revised target price of INR 2,500, which is based on 42x core June-27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 50/42x FY26/27E EPS.

- **Q1FY26 highlights:** Revenue grew 13.2/57.7% QoQ/YoY to INR 9.58bn (vs our estimate of INR 9.84bn), led by 20.6/2.5/45.3/6.8% increase in transaction/treasury/book building and data feed income, offset by 17.4% decline in services to corporates. The transaction revenue saw growth across all segments; derivatives/StarMF/cash segment grew 26/6.4/1.2% QoQ. The EBITDA margin stood at 65% vs 60% in Q4 (adjusted for one-off in clearing cost). Margin expansion was led by drop in clearing charges (34% QoQ) and lower other operating expenses (-15% QoQ). There was no SGF contribution in the quarter and reported PAT stood at INR 5.39bn. PAT adjusted for profit from discontinued operations of INR 120 mn stood at INR 5.28bn vs our PAT estimate of INR 4.77bn. BSE has 350 racks for their co-location facility (~75% utilisation) and it plans to add 140 more racks by FY26E-end. It earned INR 120mn from Colocation. The derivative UCC stood at 7.9mn vs 7.1mn in Mar 2025 and it had total 528 members registered and 330 FPIs traded.
- **Outlook:** We expect revenue growth of +31/19/18% and EBITDA margins of 65.4/65.9/66.6% in FY26/27/28E. Revenue CAGR of 22.5% over FY25-28E assumes derivatives revenues of INR 23.53/28.61/34.26bn, which is 60/62/63% of total revenue in FY26/27/28E. Core PAT CAGR over FY25-28E is at 32%.

Quarterly financial summary

YE March (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	9,584	6,077	*57.7*	8,466	*13.2*	13,900	29,742	39,068	46,331	54,631
EBITDA	6,259	2,840	*120.4*	4,842	*29.3*	6,477	15,929	25,565	30,539	36,400
PAT	5,394	2,651	*103.5*	4,938	*9.2*	7,784	13,259	20,103	23,771	28,046
APAT	5,275*	2,651	*99.0*	4,938	*6.8*	5,364	13,259	20,103	23,771	28,046
Diluted EPS (Rs)	13.0	6.5	*99.0*	12.2	*6.8*	13.2	32.7	49.5	58.5	69.1
P/E (x)						184.9	74.8	49.3	41.7	35.4
EV/EBITDA						149.6	60.4	37.4	31.0	25.8
ROE (%)						25.9	34.3	41.2	37.0	36.5

Source: Company, HSIE Research, Consolidated Financials, *adjusted for discontinued operations

Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	38,298	39,068	*2.0*	44,323	46,331	*4.5*	51,463	54,631	*6.2*
EBITDA	23,574	25,565	*8.4*	28,698	30,539	*6.4*	33,539	36,400	*8.5*
EBITDA margin (%)	61.6	65.4	388bps	64.7	65.9	117bps	65.2	66.6	146bps
APAT	18,629	20,103	*7.9*	22,553	23,771	*5.4*	26,163	28,046	*7.2*
EPS (INR)	45.9	49.5	*7.9*	55.5	58.5	*5.4*	64.4	69.1	*7.2*

Source: Company, HSIE Research

ADD

CMP *(as on 07 Aug 2025)*	INR 2,442
Target Price	INR 2,500
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,230	INR 2,500
EPS %	FY26E	FY27E
	+7.9	+5.4

KEY STOCK DATA	
Bloomberg code	BSE IN
No. of Shares (mn)	406
MCap (INR bn) / ($ mn)	992/11,308
6m avg traded value (INR mn)	20,178
52 Week high / low	INR 3,030/780

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.2	28.0	205.7
Relative (%)	9.8	24.5	203.5

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	0.00	0.00
FIs & Local MFs	12.33	11.27
FPIs	16.78	18.14
Public & Others	70.90	70.59
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Persistent Systems

Resilient performance

Persistent Systems (PSYS) continues to demonstrate resilience and strategic focus despite near-term challenges. While revenue and margins came in below expectations, the company showcased robust deal momentum, with total TCV reaching USD 521mn (+12.5% YoY) and ACV at USD 385mn (+14.3% YoY). The management remains optimistic about the strength of its order book and pipeline, reinforcing confidence in future growth. Persistent is actively driving its transformation through an AI-led, platform-centric strategy, highlighted by innovative offerings like SASVA. This positions the company well to achieve top-quartile growth and maintain its trajectory toward the ambitious USD 2bn revenue target by FY27E. Despite macroeconomic and geopolitical headwinds leading to cautious customer behavior and slower decision-making, Persistent remains committed to its long-term vision. As a prudent step, the company has deferred its annual wage hike by one quarter. Looking ahead to FY26E, all three verticals—BFSI, Software/Hi-tech, and Healthcare & Life Sciences—are expected to contribute to growth, with BFSI leading the way. PSYS continues to stand out in the midcap space, offering a compelling blend of growth, quality, and margin improvement. We maintain our ADD rating on PSYS with a revised TP of INR 5,965, based on a 40x Jun-27E EPS, supported by a strong 23% EPS CAGR over FY25–28E.

- **Q1FY26 highlights:** (1) PSYS's revenue, at USD 389.7mn, was up 3.9% QoQ (lower than our estimate of USD 392.1mn) and 18.7% YoY, with broad-based growth across verticals. (2) Within these verticals, BFSI (34% of revenue) grew +9% QoQ, followed by the tech vertical (41% of revenue) growing by +3.6% QoQ, while Healthcare & Lifesciences (25% of revenue) declined by -1.9% QoQ, due to revenue impact from planned transition of effort from onsite to offshore for some larger customers. Despite the QoQ decline, the management believes that the healthcare vertical will grow in FY26E, albeit at a pace slower than in previous years. (3) The total TCV grew 1% QoQ to USD 521mn, and total ACV grew by 10% QoQ to USD 385mn. (4) Absence of earnout reversal (-60bps), planned transition from onsite to offshore (-100bps), higher amortization (-40bps), and unfavorable currency movement (-40bps) were offset by lower ESOP costs (+230 bps), resulting in a sequential net decrease of 10bps in EBIT margin to 15.5% (below our estimate of 15.7%). (5) PSYS reiterated its FY27E revenue target of USD 2bn, to be achieved by both organic and inorganic growth.
- **Outlook:** We have factored in USD revenue growth of 17.1/17.2/15.3% and EBITM of 15.1/16/16.6% for FY26/27/28E respectively, translating to a 23% EPS CAGR. PSYS is trading at a valuation of 50/40/33x FY26/27/28E (vs. the 5Y average of 37x).

Quarterly Financial summary

YE March (INR bn)	Q1FY26	Q1FY25	*YoY (%)*	Q4FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	390	328	*18.7*	375	*3.9*	1,186	1,409	1,650	1,934	2,230
Net Sales	33.34	27.37	*21.8*	32.42	*2.8*	98.22	119.39	141.74	168.29	196.21
EBIT	5.18	3.84	*34.8*	5.05	*2.5*	14.15	17.51	21.47	26.86	32.56
APAT	4.25	3.06	*38.7*	3.96	*7.4*	11.30	14.00	17.18	21.41	26.24
Diluted EPS (INR)	27.6	19.9	*38.7*	25.7	*7.4*	73.4	91.0	111.7	139.2	170.6
P/E (x)						76.3	61.6	50.2	40.3	32.9
EV / EBITDA (x)						49.0	40.9	33.0	26.4	21.6
RoE (%)						24.5	24.8	25.1	26.8	27.8

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	1,660	1,650	(0.6)	1,946	1,934	(0.6)	2,243	2,230	(0.6)
Revenue	142.57	141.74	(0.6)	169.27	168.29	(0.6)	197.35	196.21	(0.6)
EBIT	21.56	21.47	(0.4)	27.45	26.86	(2.1)	33.02	32.56	(1.4)
EBIT margin (%)	15.1	15.1	3bps	16.2	16.0	-25bps	16.7	16.6	-14bps
APAT	17.30	17.18	(0.7)	21.94	21.41	(2.4)	26.87	26.24	(2.3)
EPS (INR)	112.4	111.7	(0.7)	142.6	139.2	(2.4)	174.6	170.6	(2.3)

Source: Company, HSIE Research

ADD

CMP *(as on 23 Jul 2025)*	INR 5,606
Target Price	INR 5,965
NIFTY	25,220

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 6,050	INR 5,965
EPS %	FY26E	FY27E
	-0.7	-2.4

KEY STOCK DATA	
Bloomberg code	PSYS IN
No. of Shares (mn)	156
MCap (INR bn) / ($ mn)	877/10,145
6m avg traded value (INR mn)	3,420
52 Week high / low	INR 6,789/4,149

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.6	(10.8)	16.5
Relative (%)	5.3	(19.0)	13.7

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	30.66	30.56
FIs & Local MFs	26.85	27.78
FPIs	24.36	24.19
Public & Others	18.13	17.47
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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Infoedge

Billings growth moderates; gradual recovery expected

Info Edge witnessed moderation in billings growth in Q1, and margins dipped due to higher marketing spends. The standalone billings/revenue growth stood at +11.5/15.3% YoY. The recruitment segment billings grew 9% YoY, slowest in the last four quarters and margins dropped to 52.5%. Billings growth moderated, primarily due to macroeconomic factors and contract deferrals, with IT services, BPM, BFSI, and infrastructure experiencing low single-digit growth. In contrast, GCCs, technology, retail, healthcare, and manufacturing sectors continued to post double-digit growth. Info Edge actively leverages AI to enhance search quality, user personalization, and productivity across platforms, improving Naukri's job seeker experience by 15-20% and using GenAI tools for content and marketing. Marketing expenses were elevated in Q1 due to IPL branding and increased investments in new businesses like JobHai and Naukri Gulf. The marketing expenses will not increase for Naukri, but the company will maintain its marketing investments in 99Acres and Jeevansathi to gain market share. We expect recruitment billings to grow at a ~12% CAGR over FY25-28E, in line with pre-COVID average of ~13%. We maintain BUY with a SoTP-based TP of INR 1,600, valuing Naukri at 35x EV/EBITDA, 99acres/Jeevansathi+Shiksha at 5/4x P/S, while Zomato and Policybazaar have been assigned the market value. The core recruitment business is trading at 31/27x FY26/27E EV/EBITDA.

- **Q1FY26 highlights**: Infoedge revenue grew +7.2/15.3% QoQ/YoY to INR 7.36bn, driven by 5.9/4.6/11.2% QoQ growth in Recruitment, 99acres, Jeevansathi revenue, marginally offset by 27.8% decline in Shiksha revenue; (2) total billings improved by 11.5% YoY, led by 9/17/37/8% YoY growth for recruitment, 99acres, Jeevansathi and Shiksha; (3) EBITDA margin for recruitment/99acres/Jeevansathi/Shiksha stood at +52.5/-16.9/+0.3/+22%; (4) the standalone margin was down 5bps QoQ to 37.7% due to rise of +6/31/10% QoQ in network charges, advertising costs, and other expenses; (5) Zomato/Policybazaar accounted for 33/9% in SoTP while Recruitment accounted for ~49% of SoTP.
- **Outlook**: We expect a 13% revenue CAGR over FY25-28E, led by 12/17/22% CAGRs in recruitment/99acres/Jeevansathi. EBITDA margin estimates stand at 39.8/40.8/41% for FY26/27/28E, leading to an EPS CAGR of 12% over FY25-28E. Recruitment EBITDA margin estimates for FY26/27E stand at 54.9/57%.

Quarterly financial summary*

YE March (INR bn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7.36	6.39	15.3	6.87	7.2	21.59	23.81	26.54	30.08	33.35	38.33
EBITDA	2.78	2.49	11.4	2.59	7.3	7.84	9.55	10.73	11.90	13.61	15.63
APAT	2.60	2.32	11.8	2.47	4.9	6.08	8.46	9.77	10.83	12.07	13.64
Diluted EPS (INR)	4.0	3.6	11.8	3.8	4.9	9.4	13.1	15.1	16.7	18.7	21.1
P/E (x)						141.8	101.9	88.3	79.6	71.4	63.2
EV / Revenue (x)						38.4	34.5	30.7	26.7	23.7	20.2
EV / EBITDA (x)						105.7	86.0	76.0	67.5	58.1	49.6
RoE (%)						2.9	5.9	9.1	8.9	9.3	9.8

Source: Company, HSIE Research, *standalone financials

Change in estimate

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	30.00	30.08	0.3	34.19	33.35	-2.5	38.91	38.33	-1.5
EBITDA	12.35	11.90	-3.6	14.20	13.61	-4.2	16.20	15.63	-3.5
EBITDAM (%)	41.2	39.6	-160bps	41.5	40.8	-74bps	41.6	40.8	-88bps
APAT	10.99	10.83	-1.5	12.41	12.07	-2.7	13.95	13.64	-2.2
EPS (INR)	17.0	16.7	-1.5	19.2	18.7	-2.7	21.6	21.1	-2.2

Source: Company, HSIE Research

BUY

CMP *(as on 8 Aug 2025)*	INR 1,332
Target Price	INR 1,600
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,590	INR 1,600
EPS %	FY26E	FY27E
	-2.7%	-2.2%

KEY STOCK DATA	
Bloomberg code	INFOE IN
No. of Shares (mn)	648
MCap (INR bn) / ($ mn)	863/9,845
6m avg traded value (INR mn)	2,092
52 Week high / low	INR 1,839/1,151

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.7)	(15.3)	(3.7)
Relative (%)	(1.1)	(17.8)	(4.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	37.63	37.63
FIs & Local MFs	18.83	19.02
FPIs	33.25	32.99
Public & Others	10.29	10.36
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Mphasis

Deal wins promising; uncertainty limits upside

Mphasis delivered a stable performance in Q1FY26, with revenue growing +1% QoQ in CC and EBIT margin holding steady at 15.3%. The direct business, which accounts for 97% of total revenue, saw a 1.6% QoQ CC increase. The EBIT margin guidance is set in a narrow range of 14.8%-15.8% for FY26E. The deal momentum is strong, with the company clocking the highest-ever TCV of USD 760mn. The AI-led deal pipeline has risen to 68% from 65% in Q4, despite a cautious global business environment influenced by macroeconomic and geopolitical challenges. Clients are focusing on investments that deliver clear ROI, drive efficiency, and reduce execution risks. Growth was broad-based across verticals, except for Logistics and Transportation, which declined -45% QoQ due to a potential business loss from a key client (FedEx). However, Mphasis anticipates a gradual recovery in this segment, supported by a strong pipeline of new deals. Revenue from the top client fell -5.5% QoQ. Looking ahead, Mphasis expects to grow at twice the industry rate in FY26E, driven by healthy deal wins, consistent TCV-to-revenue conversion, and ramp-up of large deals. However, ongoing investments and large deal ramp-ups may weigh on margins in the near term. With valuations at 25x FY26E earnings, the risk-reward profile appears unfavorable. We maintain REDUCE with a revised target price of INR 2,650, based on 22x June-27E EPS.

- **Q1FY26 highlights:** (1) Mphasis's revenue came in at USD 437mn (below our estimate of USD 439mn), +1.0/6.5% QoQ/YoY CC. (2) The company achieved the highest-ever quarterly TCV of USD 760mn (+94.9% QoQ), of which 68% was AI-led. It won four large deals in Q1, with three over USD 100mn and one over USD 50mn. The deal pipeline is strong, with BFS pipeline growth of +47% YoY and non-BFS pipeline growth of +108% YoY. Large deal pipeline was up +40% QoQ and +154% YoY. (3) Within verticals, growth was led by Insurance (14% of revenue) at +21.9% QoQ, driven by large deal ramp-ups, followed by Banking (53% of revenue), which grew +7.1% QoQ, driven by wallet share gains in existing accounts and ramp-up of new deals won in earlier quarters. TMT (18% of revenue) reported +3.6% QoQ growth, led by continued deal wins and conversion. However, Logistics & Transportation (5.8% of revenue) was down 45.9% QoQ, impacted by customer-specific investments, but is expected to recover gradually. (4) EBITM at 15.3% (in line with our estimate) remained flat sequentially. The company maintained the EBITM outlook for FY26E at ~14.8-15.8%.
- **Outlook:** We have factored in USD revenue growth of 8.2/11/10.3% with an implying CQGR of 2.3/2.6/2.3% for FY26/27/28E respectively. EBITM is factored in at 15.6/16/16.5%, for FY26/27/28E, translating to 14% EPS CAGR over FY25-28E. At CMP, Mphasis is trading at P/E of 26/22x FY26/27E (5Y average at 26x).

Quarterly Financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	437	410	6.7	430	1.6	1,609	1,681	1,818	2,019	2,226
Net Sales	37.32	34.23	9.1	37.10	0.6	132.79	142.30	156.10	175.65	195.89
EBIT	5.71	5.14	11.2	5.67	0.6	20.11	21.71	24.34	28.18	32.38
APAT	4.42	4.05	9.2	4.47	(1.1)	15.55	17.02	19.04	21.98	25.48
Diluted EPS (INR)	23.6	21.6	9.2	23.8	(1.1)	83.1	91.0	101.8	117.5	136.2
P/E (x)						31.6	28.8	25.8	22.3	19.3
EV / EBITDA (x)						19.4	17.6	15.8	13.5	11.5
RoE (%)						18.6	18.5	19.0	20.3	21.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	1,826	1,818	*(0.4)*	2,028	2,019	*(0.4)*	2,236	2,226	*(0.4)*
Revenue	156.82	156.10	*(0.5)*	176.41	175.65	*(0.4)*	196.78	195.89	*(0.4)*
EBIT	24.36	24.34	*(0.1)*	28.15	28.18	*0.1*	32.48	32.38	*(0.3)*
EBIT margin (%)	15.5	15.6	6bps	16.0	16.0	8bps	16.5	16.5	3bps
APAT	18.93	19.04	*0.6*	21.96	21.98	*0.1*	26.26	25.48	*(3.0)*
EPS (INR)	101.2	101.8	*0.6*	117.4	117.5	*0.1*	140.4	136.2	*(3.0)*

Source: Company, HSIE Research

REDUCE

CMP *(as on 25 Jul 2025)*	**INR 2,625**
Target Price	**INR 2,650**
NIFTY	**24,837**

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 2,675	INR 2,650
EPS %	FY26E	FY27E
	+0.6	+0.1

KEY STOCK DATA	
Bloomberg code	MPHL IN
No. of Shares (mn)	190
MCap (INR bn) / ($ mn)	499/5,772
6m avg traded value (INR mn)	1,571
52 Week high / low	INR 3,240/2,025

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.4	(12.8)	(7.7)
Relative (%)	0.6	(19.7)	(9.5)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	40.14	40.10
FIs & Local MFs	34.91	36.50
FPIs	20.61	19.00
Public & Others	4.34	4.40
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

Maitreyee Vaishampayan
maitreye.vaishampayan@hdfcsec.com
+91-22-6171-7308

L&T Technology Services

Outlook maintained despite uncertainty

L&T Technology Services (LTTS) reported Q1FY26 revenue below expectations, primarily due to seasonal weakness in the SWC segment and challenges in the Mobility (Automotive) vertical. The Mobility segment was impacted by delays in decision-making on large deals, pauses in ongoing programs, and customer-driven discounting. This vertical is expected to remain subdued in the near term. Despite these headwinds, LTTS has reiterated its double-digit revenue growth guidance for FY26E, which includes contributions from inorganic growth (factored in ~5% organic growth for FY26E). The company also maintains its mid-sixteen EBIT margin target for the period between Q4FY27E and Q1FY28E. Management anticipates stronger performance in H2FY26 compared to H1FY26, both in terms of revenue and margins. LTTS has reaffirmed its medium-term revenue goal of USD 2bn. The robust momentum in large deal bookings during the quarter supports the view that FY26 will outperform FY25. The company aims to consistently achieve USD 200mn+ in Large Deal Total Contract Value (LD TCV) each quarter, with plans to scale this further. Given the uncertainties in the Mobility vertical, we have revised our earnings estimates downward. Nonetheless, we maintain our ADD rating on LTTS, with a target price of INR 4,700, based on 28x June FY27E EPS.

- **Q1FY26 highlights:** (1) LTTS posted revenue of USD 335mn, lower than our estimates of USD 338mn, -4.2% QoQ and +12.8% YoY in CC terms. (2) The Tech vertical declined -8.5% QoQ, impacted by seasonality in SWC business. Sustainability grew +4.1% QoQ, driven by strong demand in plant engineering and industrial sub-segments while Mobility declined -1.5% QoQ CC, impacted by challenges in the auto segment. (3) LTTS recorded its third consecutive quarter of USD 200+ mn large deal TCV (LD TCV) bookings in Q1FY26, closing a total of six deals > USD 10mn. It expects to continue with the current LD TCV run rate. (4) EBITM, at 13.3% (vs HSIE 13.5%), improved +10bps QoQ despite revenue impact from SWC seasonality, mobility segment headwinds, and strategic customer support. (5) LTTS has maintained its medium-term guidance of USD 2bn revenue. It expects EBIT margins to improve to mid-16% levels between Q4FY27 and Q1FY28.
- **Outlook:** We have factored in USD revenue growth of 10.4/11.8/10.5% for FY26/27/28E respectively, implying a CQGR of 1/3/2.6% for the three years. EBITM is factored in at 14.3/15.8/16% for FY26/27/28E, resulting in an EPS CAGR of 16% over FY25-28E. At CMP, LTTS is trading at 33x FY26E, which is at its 5Y average.

Quarterly financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	335	295	13.6	345	(2.8)	1,164	1,259	1,389	1,554	1,717
Net Sales	28.66	24.62	16.4	29.82	(3.9)	96.47	106.70	119.31	135.19	151.11
EBIT	3.81	3.84	(0.6)	3.94	(3.2)	16.47	15.87	17.10	21.32	24.18
APAT	3.16	3.14	0.7	3.10	1.8	13.04	12.66	13.84	17.23	19.61
Diluted EPS (INR)	29.9	29.7	0.7	29.4	1.8	123.5	119.9	131.1	163.2	185.8
P/E (x)						35.2	36.2	33.1	26.6	23.4
EV / EBITDA (x)						22.5	22.9	20.7	16.5	14.3
RoE (%)						25.4	22.2	21.5	23.7	23.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	1,405	1,389	(1.1)	1,576	1,554	(1.4)	1,747	1,717	(1.7)
Revenue	120.64	119.31	(1.1)	137.09	135.19	(1.4)	153.75	151.11	(1.7)
EBIT	17.99	17.10	(5.0)	21.99	21.32	(3.1)	25.01	24.18	(3.3)
EBIT margin (%)	14.9	14.3	-58bps	16.0	15.8	-27bps	16.3	16.0	-27bps
APAT	14.45	13.84	(4.2)	17.70	17.23	(2.7)	20.20	19.61	(2.9)
EPS (INR)	136.9	131.1	(4.2)	167.8	163.2	(2.7)	191.5	185.8	(2.9)

Source: Company, HSIE Research

ADD

CMP *(as on 16 Jul 2025)*	INR 4,347
Target Price	INR 4,700
NIFTY	25,212

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,830	INR 4,700
	FY26E	FY27E
EPS %	-4.2	-2.7

KEY STOCK DATA	
Bloomberg code	LTTS IN
No. of Shares (mn)	106
MCap (INR bn) / ($ mn)	461/5,360
6m avg traded value (INR mn)	730
52 Week high / low	INR 6,000/3,855

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.6	(17.1)	(10.7)
Relative (%)	(4.6)	(24.4)	(13.1)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	73.66	73.66
FIs & Local MFs	14.30	13.68
FPIs	4.19	5.18
Public & Others	7.85	7.48
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

Maitreyee Vaishampayan
maitreye.vaishampayan@hdfcsec.com
+91-22-6171-7308

Multi Commodity Exchange

Strong quarter; sustained volume growth

MCX reported a robust Q1FY26, with revenue and PAT coming higher than our estimate. The revenue growth of +28/59% QoQ/YoY was led by a surge in both options and futures volume, and margin expansion was led by operating leverage and absence of certain one-off costs incurred in the previous quarter. The strong performance is reflected in a healthy futures ADTV of INR 405bn (+48% QoQ) and options premium ADTV of INR 42.45bn (+29% QoQ). Growth is driven by increased market participation from institutions, retail, and the MSME sector, with commodities becoming a key asset class. To support this growth, the primary focus is on strengthening the technology stack. The introduction of monthly gold and silver options, along with the 10-gram gold contract, has specifically boosted bullion options and retail involvement. MCX continues to expand its product pipeline, having recently launched electricity futures and cardamom, in addition to new bullion products. It anticipates further launches in metal, agriculture, and bullion segments, including index options. The regulatory outlook on weekly expiries remains conservative; thus, we believe the launch of Index and weekly options may take longer than expected. We remain positive about the MCX growth story as there is enough scope for growth in existing products and potential for increased retail and institutional participation. We increase our EPS estimates by ~1-4% for FY26/27E due to volume uptick in bullion options. We maintain BUY with a target price of INR 9,250, based on a P/E of 45x on June-27E core PAT plus net cash ex-SGF.

- **Q1FY26 highlights**: MCX revenue stood at to INR 3.73bn, +28.1/+59.2% QoQ/YoY (vs our estimate of INR 3.69bn). Options/Futures revenue stood at INR 2.27/1.09bn, up 27.1/46.2% QoQ. Future ADTV was up 48.4% QoQ to INR 405bn, led by increase in bullion (77%) and metals (7%), offset by decrease in energy (1.6%). Options notional ADTV rose 22.3% QoQ, while premium increased 29.1% QoQ, driven by higher premium realization (1.57% vs 1.49%). This was led by improved realizations across all segments compared to Q4 — crude (1.97% vs 1.48%), natural gas (2.94% vs 2.90%), and bullion (0.62% vs 0.55%). EBITDA margin expanded by 1,087bps, led by revenue growth, absence of one-off expenses, and a QoQ decrease in employee costs, tech expenses, and other expenses by 3/21/24/% respectively. Options notional/premium ADTV stood at INR 2,702/42.45bn and options contributed 68% to transaction revenue. Crude/natural gas/bullion contributed 47/14/39% to options notional volume and 58/26/16% to premium.
- **Outlook:** We estimate +19/29% futures/options premium CAGRs over FY25-28E, resulting in +24/29% revenue/APAT CAGRs over FY25-28E. The notional assumptions are INR 3.3/4.5/6.0trn; premium is at INR 44.07/53.67/67.93bn, and premium realization is at 1.35/1.20/1.14% for FY26/27/28E.

Quarterly financial summary

YE March (Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	3,732	2,344	*59.2*	2,913	*28.1*	6,836	11,127	15,155	17,689	21,395
EBITDA	2,685	1,464	*83.3*	1,779	*50.9*	1,000	7,326	10,828	12,826	16,002
APAT	2,032	1,109	*83.2*	1,355	*50.0*	831	5,600	8,152	9,663	12,072
Diluted EPS (Rs)	39.8	21.7	*83.2*	26.6	*50.0*	16.3	109.8	159.9	189.5	236.7
P/E (x)						490.9	72.8	50.0	42.2	33.8
EV / EBITDA (x)						396.0	53.4	36.2	30.3	24.1
RoE (%)						5.8	34.3	40.8	43.0	47.2

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR mn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	14,772	15,155	*2.6*	17,466	17,689	*1.3*	21,315	21,395	*0.4*
EBITDA	10,339	10,828	*4.7*	12,582	12,826	*1.9*	15,918	16,002	*0.5*
EBITDA Margin (%)	70.0	71.4	146bps	72.0	72.5	47bps	74.7	74.8	11bps
APAT	7,808	8,152	*4.4*	9,537	9,663	*1.3*	12,073	12,072	*0.0*
EPS (Rs)	153.1	159.9	*4.4*	187.0	189.5	*1.3*	236.7	236.7	*0.0*

Source: Company, HSIE Research

BUY

CMP *(as on 04 Aug 2025)*	**INR 7,978**
Target Price	**INR 9,250**
NIFTY	**24,723**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 9,020	INR 9,250
EPS %	FY26E	FY27E
	+4.4	+1.3

KEY STOCK DATA	
Bloomberg code	MCX IN
No. of Shares (mn)	51
MCap (INR bn) / ($ mn)	407/4,641
6m avg traded value (INR mn)	4,174
52 Week high / low	INR 9,115/4,075

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	27.3	36.2	84.2
Relative (%)	26.7	33.1	84.2

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	0.00	0.00
FIs & Local MFs	58.10	59.09
FPIs	21.81	21.69
Public & Others	20.09	19.22
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Tata Elxsi

Margin under pressure; growth rebound likely

Tata Elxsi (TELX) reported its second consecutive quarterly revenue decline, with Q1FY26 revenue down 3.9% QoQ in CC terms. This was primarily driven by a significant slowdown in the Media & Communication and Healthcare segments. Margin pressures persisted due to the revenue contraction; however, management expects EBITDA margins to rebound with growth. TELX anticipates FY26 growth to be fueled by the Transportation and Media & Communication verticals. The Transportation segment, which contributes around 50% of total revenue, is showing signs of stabilization, particularly with its largest client, JLR. Continued strong demand for ADAS, SDV, infotainment systems, and electrification is expected to support growth beyond Q2FY26 in Transportation. Recent large deal wins (Mercedes-Benz, a European OEM, and Suzuki) have bolstered confidence in a revenue rebound in Q2FY26E. However, global macroeconomic uncertainties remain a key risk. EBIT margins are likely to stay under pressure due to two main factors: (1) lower utilization and (2) pricing challenges arising from vendor consolidation deals. We downgrade our earnings estimated 8-11% for FY26/27E due to pressure on revenue and gross margins. We maintain a REDUCE rating on TELX, with a target price of INR 5,075, based on a valuation of 32x FY27E EPS.

- **Q1FY26 highlights:** (1) TELX posted a revenue of USD 104.3mn (lower than our estimate of USD 105.7mn), which declined -3.9/-9.0% QoQ/ YoY in CC terms. (2) Transportation vertical remained flat QoQ CC, supported by ramp-up of the deal won earlier (USD 50mn SDV deal). (3) Media & Communication vertical declined -5.5% QoQ, impacted by transition investments related to large consolidation deals announced at the end of Q4FY25 and subdued business environment globally. The company expects growth in Communication from Q2FY26E onwards, supported by deal ramp-ups and a healthy pipeline. (4) Healthcare & Lifesciences vertical reported sharp de-growth of -6.7% QoQ due to tariff-related impact on medical devices with two key US customers. The company expects this segment to recover by H2FY26. (5) TELX's EBITM came in at 18.2%, -193bps QoQ (lower than our estimate of 20.6%), impacted by decline in revenue and consolidation deals signed in earlier despite no wage hike (expected in Q3 w.e.f. Oct). The aspiration of the management is to operate at EBITDA margins of about 29-30%.
- **Outlook:** We have factored in Transportation vertical growth at 4/19/17% for FY26/27/28E, Media & Communication growth at -9/+11/+12% and Healthcare & Lifesciences at -9/+13/+15% over the same period. Revenue growth of -2/+16/15% and EBITM of 23/26/26% over FY26/27/28E translate to an EPS CAGR of 14% over FY25-28E.

Quarterly Financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	104	111	-6.1	105	-0.6	429	441	432	501	577
Net Sales	8.92	9.26	-3.7	9.08	-1.8	35.52	37.29	37.11	43.55	50.82
EBIT	1.62	2.25	-27.9	1.83	-11.2	9.47	8.68	8.71	11.32	13.20
APAT	1.44	1.84	-21.6	1.72	-16.3	7.92	7.85	7.58	9.61	11.19
Diluted EPS (INR)	23.2	29.6	-21.6	27.7	-16.3	127.2	122.9	121.7	154.3	179.7
P/E (x)						48.2	49.9	50.4	39.8	34.2
EV / EBITDA (x)						35.1	37.3	37.1	28.6	24.4
RoE (%)						34.5	29.3	25.2	28.6	29.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	460	432	*(6.0)*	539	501	*(7.1)*	607	577	*(4.9)*
Revenue	39.49	37.11	*(6.0)*	46.88	43.55	*(7.1)*	53.43	50.82	*(4.9)*
EBIT	9.94	8.71	*(12.4)*	12.43	11.32	*(8.9)*	14.49	13.20	*(8.9)*
EBIT margin (%)	25.2	23.5	*-171bps*	26.5	26.0	*-52bps*	27.1	26.0	*-113bps*
APAT	8.50	7.58	*(10.8)*	10.43	9.61	*(7.9)*	12.14	11.19	*(7.8)*
EPS (INR)	136.5	121.7	*(10.8)*	167.5	154.3	*(7.9)*	195.0	179.7	*(7.8)*

Source: Company, HSIE Research

REDUCE

CMP *(as on 10 Jul 2025)*	**INR 6,138**
Target Price	**INR 5,075**
NIFTY	**25,355**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 5,500	INR 5,075
EPS %	FY26E	FY27E
	-10.8	-7.9

KEY STOCK DATA	
Bloomberg code	TELX IN
No. of Shares (mn)	62
MCap (INR bn) / ($ mn)	382/4,463
6m avg traded value (INR mn)	1,469
52 Week high / low	INR 9,083/4,601

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	29.1	2.3	(13.8)
Relative (%)	16.4	(5.2)	(17.9)

SHAREHOLDING PATTERN (%)	**Dec-24**	**Mar-25**
Promoters	43.91	43.91
FIs & Local MFs	7.51	8.54
FPIs	13.27	12.73
Public & Others	35.31	34.82
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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

CDSL

Strong annuity; margin miss

ADD

CDSL reported sequential growth of 15% but missed on margins. The revenue growth was led by uptick in issuer revenue (annuity) and recovery in transaction income, but weak IPO and KYC revenue led to a revenue miss. The margin dropped 960bps YoY to 50.4% due to continued investments in people and technology. The highlight of the quarter was the strong growth of ~50/31% YoY/QoQ in annuity revenue, led by a rise in the number of folios and an increase in unlisted income. The growth for CDSL will be driven by (1) strong issuer revenue; (2) continued recovery in transactions; and (3) recovery in IPO revenue in Q2/3. The demat account additions moderated to 5.7mn in the quarter vs ~6.4mn in Q4, but CDSL maintained its leadership position with a 79.7% market share and ~84% incremental share. Growth has slowed down in FY26E, following two strong years of growth (>30% YoY). Even after considering recovery in Q2/Q3, the FY26E growth will be in low double digits. The company intends to keep investing in technology and its employees to comply with regulatory changes and maintain its competitive edge. The increase in cost will lead to margin contraction in FY26E, and the desired range of operation is ~55-60%. We cut our revenue estimate by ~3-2% for FY26-28E, led by market weakness, and EPS estimates by ~12-8%, due to the margin drop. We maintain ADD with a target price of INR 1,535, based on 45x Jun'27E EPS. The stock is trading at an expensive P/E of 58/47x FY26/27E EPS, which limits upside.

- **Q1FY26 highlights**: CDSL revenue increased by 15% QoQ to INR 2.59bn (5.1% miss on HSIE estimate), led by growth in transaction charges/annual issuer charges/others up by 31/26.5/16.5% QoQ, offset by a decline in IPO & Corp action /online data charges by 16/16% QoQ. In Q1, annual issuer charges included INR 63.9 mn from unlisted companies. CDSL's EBITDA margin expanded by 167 bps QoQ to 50.4% but was lower vs our estimate of 57.3%. The margins were lower vs estimate due to 24% QoQ increase in employee costs while technology/other expenses increased 2.9/9.6% QoQ. Other income stood INR 0.36bn (up 16% QoQ), ETR stood at 32.2% (vs 21.2% in Q4FY25), and APAT stood INR 1.02bn (up 2.1% QoQ). The average folio count for the year was 332.6mn and led to rise in annuity income. ~85% of the KYC income comes from fetch while creation is only 15%.
- **Outlook:** We expect revenue growth of +11/18/17% and an EBITDA margin of 55.8/58.3/60.4 for FY26/27/28E. The revenue CAGR of 15% over FY25-28E assumes 26/19/7/-6/14% CAGR in annual issuer charges/transaction/IPO & corporate action/online data charges/e-CAS & e-voting revenue. Core PAT CAGR over FY25-28E is at +16%.

Quarterly financial summary

YE March (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	2,588	2,574	*0.6*	2,244	*15.3*	5,551	8,123	10,822	11,973	14,089	16,462
EBITDA	1,305	1,544	*(15.5)*	1,094	*19.3*	3,233	4,894	6,243	6,675	8,212	9,939
APAT	1,024	1,342	*(23.7)*	1,003	*2.1*	2,759	4,191	5,266	5,473	6,782	8,147
Diluted EPS (INR)	4.9	6.4	*(23.7)*	4.8	*2.1*	13.2	20.1	25.2	26.2	32.4	39.0
P/E (x)						115.3	75.9	60.4	58.1	46.9	39.1
EV / EBITDA (x)						95.2	62.6	48.5	45.2	36.4	29.8
RoE (%)						23.9	31.3	32.7	29.3	32.1	33.8
Cash/Mcap (%)						2.8	3.0	3.8	4.0	4.7	5.6

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR Mn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	12,324	11,973	*-2.8*	14,441	14,089	*-2.4*	16,840	16,462	*-2.2*
EBITDA	7,502	6,675	*-11.0*	9,149	8,212	*-10.2*	11,020	9,939	*-9.8*
EBITDA	60.9	55.8	-513bps	63.4	58.3	-507bps	65.4	60.4	-506bps
APAT	6,200	5,473	*-11.7*	7,446	6,782	*-8.9*	8,846	8,147	*-7.9*
EPS (INR)	29.7	26.2	*-11.7*	35.6	32.4	*-8.9*	42.3	39.0	*-7.9*

Source: Company, HSIE Research

CMP *(as on 28 Jul 2025)*	**INR 1,524**
Target Price	**INR 1,535**
NIFTY	**24,681**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 1680	INR 1,535
EPS %	FY26E	FY27E
	-11.7%	-8.9%

KEY STOCK DATA	
Bloomberg code	CDSL IN
No. of Shares (mn)	209
MCap (INR bn) / ($ mn)	318/3,673
6m avg traded value (INR mn)	6,933
52 Week high / low	INR 1,990/1,047

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	13.7	20.4	24.5
Relative (%)	12.9	13.8	25.0

SHAREHOLDING PATTERN (%)	**Mar-25**	**Jun-25**
Promoters	15.00	15.00
FIs & Local MFs	15.41	14.24
FPIs	11.34	12.90
Public & Others	58.25	57.86
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Zensar Technologies

Healthy bookings but navigating headwinds

ADD

Zensar's revenue came in ahead of expectations, although margin performance was slightly below expectations. Revenue grew +1.9% QoQ and +3.8% YoY in CC terms, with broad-based contributions across most verticals—except for Manufacturing & Consumer, which declined by 4.1% QoQ CC. EBITDA margin was impacted this quarter due to increased investments in Sales & Marketing and a rise in travel-related expenses. Despite the expected headwinds from salary hikes (~USD 3mn in Q2) and a potential ESOP rollout, management remains committed to maintaining the margin in the mid-teens range. TCV bookings remained strong at USD 172mn, marking an 11.7% YoY increase. The nature of deals is evolving, with longer tenures and a shift toward more complex, high-quality engagements, including managed services. While the macro environment remains challenging, particularly with slowing growth in the US and Europe and only marginal improvements in business capex, Zensar continues to focus on delivering consistent sequential revenue growth. We anticipate a growth acceleration from 5.4% in FY25 to 7.4% in FY26E, led by healthy deal wins and a recovery in the TMT vertical, especially with stabilization in the top account. We largely maintain our earnings estimates and reiterate ADD, with a target price of INR 900, based on 24x Jun-27E EPS.

- **Q1FY26 highlights:** (1) Zensar's revenue at USD 162mn was higher than our estimate of USD 160.4mn, +1.9/+3.8% QoQ/YoY CC. (2) Growth was led by the TMT vertical, which rose +5.5% QoQ CC, followed by HLS, up +5.2% QoQ CC and BFSI, up 2.9% QoQ CC. These gains offset a -4.1% decline in the Manufacturing & Consumer vertical, primarily impacted by tariff uncertainty. While TMT has grown in Q1, management is unsure of consistent growth returning in to this vertical in the near term due to geopolitical uncertainties. (3) Within geographies, the US was up +4.3% QoQ CC, followed by South Africa (+1.5% QoQ CC); this was offset by Europe (-5.8% QoQ CC), which was impacted by macro conditions. (4) EBITDA margin declined 43bps QoQ to 15.2% (lower than our estimate of 15.4%), impacted by investment in sales & marketing and increase in travel costs. (5) The headcount declined by 82 net employees and attrition remained stable at 9.8% (-10bps QoQ). The company has announced a wage hike, effective 1 July. (6) TCV bookings stood at USD 172mn, -19.4% QoQ and +11.7% YoY, with a book to bill ratio of 1.1x. AI-influenced order is ~20% of the total order book.
- **Outlook:** We expect USD revenue growth of +7.4/11.9/11.4% and an EBITDA margin of 14.8/15.5/15.7% for FY26/27/28E respectively, resulting in revenue/EPS CAGRs of +10.2/+13.5% over FY25-28E.

Quarterly Financial Summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD Mn)	162	154	4.9	157	3.3	592	624	671	750	836
Net Sales	13.85	12.88	*7.5*	13.59	*1.9*	49.02	52.81	57.60	65.29	73.57
EBIT	1.87	1.72	*9.3*	1.89	*(0.7)*	7.38	7.15	7.57	9.09	10.46
APAT	1.82	1.58	*15.3*	1.76	*3.2*	6.65	6.50	7.14	8.34	9.51
Diluted EPS (INR)	7.9	6.9	*14.5*	7.7	*3.1*	29.1	28.4	31.3	36.5	41.6
P/E (x)						27.9	28.5	26.0	22.2	19.5
EV / EBITDA (x)						18.5	19.3	17.8	14.5	12.2
RoE (%)						20.0	16.6	16.1	16.8	17.1

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	666	671	*0.6*	749	750	*0.2*	833	836	*0.3*
Revenue	57.26	57.60	*0.6*	65.15	65.29	*0.2*	73.35	73.57	*0.3*
EBIT	7.49	7.57	*1.1*	9.04	9.09	*0.6*	10.42	10.46	*0.4*
EBIT margin (%)	13.1	13.1	7bps	13.9	13.9	5bps	14.2	14.2	2bps
APAT	7.00	7.14	*2.0*	8.31	8.34	*0.4*	9.48	9.51	*0.3*
EPS (INR)	30.7	31.3	*2.0*	36.3	36.5	*0.4*	41.5	41.6	*0.3*

Source: Company, HSIE Research

CMP *(as on 22 Jul 2025)*	**INR 811**
Target Price	**INR 900**
NIFTY	**25,061**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 900	INR 900
	FY26E	FY27E
EPS %	+2.0	+0.4

KEY STOCK DATA	
Bloomberg code	ZENT IN
No. of Shares (mn)	227
MCap (INR bn) / ($ mn)	184/2,134
6m avg traded value (INR mn)	1,505
52 Week high / low	INR 985/536

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	19.5	8.2	8.4
Relative (%)	16.3	0.6	6.3

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	49.07	49.06
FIs & Local MFs	19.89	20.52
FPIs	14.98	14.56
Public & Others	16.06	15.86
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreye.vaishampayan@hdfcsec.com
+91-22-6171-7308

IndiaMART InterMESH

Collections recover; churn remains elevated

IndiaMART registered a strong quarter with revenue growth of 4.8/12.3% QoQ/YoY and recovery in collections growth (+14% YoY). The revenue growth was led by ARPU growth of +3.2/9.6% QoQ/YoY and marginal increase in paid suppliers (+0.5% QoQ). The primary concern is the higher churn in the silver monthly customer bucket, which is impacting the net supplier addition. The cash collections grew by 17.5% YoY, the highest in the last six quarters, which is encouraging. The company is proactively working on reducing the churn through several strategic initiatives like 1) refining the product-market fit; 2) improving the quality of inquiries for sellers; 3) leveraging buyer-side advertising to mitigate churn; 4) increasing gross additions; and 5) boosting renewal rates. These efforts have led to a reduction in customer complaints and the churn will reduce gradually. The strategy is that product enhancement and AI integration will drive quality, alongside targeted advertising which will increase buyer inquiries. The margins were soft, given an increase in digital marketing expenses to improve the growth profile. The intensified buyer-side advertising (~4x jump) aims to reduce churn and increase ARPU. The ~100bps QoQ improvement in gross margins is due to implementation of GenAI, process automation, and cost optimization initiatives. We have increased our revenue estimate by ~2-3%, led by growth improvement and GM improvement. We maintain ADD with a DCF-based TP of INR 2,600 (~26x June-27E EPS), led by revenue/EBITDA CAGR of 16/7% over FY25-28E.

- **Q1FY26 highlights:** (1) Revenue for the quarter stood at 3.72bn (+4.8/12.3% QoQ/YoY). Gold and platinum customers contribute ~75% to revenue and the monthly churn is ~1%. The silver monthly churn is ~6-7% while that for silver annual is 3-4%, same as Q4FY25. (2) EBITDA margin stood at 35.9%, down 84bps QoQ, led by increase in other expense (~19% QoQ), offset by GM expansion of 100bps QoQ. (3) For Q1FY26, BUSY revenue increased by 33% QoQ to INR 0.25bn and EBITDA margin increased to 19% vs 15% in Q4FY25. (4) Standalone EBITDA margin stood at 38% -196bps QoQ. (5) Top 1/10 supplier ARPU stood at 1,079/341K +9/16% YoY. (6) Top 10% of customers account for 50% of revenue. (7) The PAT stood at INR 1.54bn, a decline of 15% QoQ due to the absence of one-time revaluation gain in other income. (8) Increase in losses from associates was due to Fleetx being reclassified as an associate from a strategic investment. (9) Net cash stood at INR 28bn (~18% of market cap).
- **Outlook:** We expect revenue growth of +14.6/17.1/17.5%, based on paid supplier growth of +4.1/6.9/6.4% and ARPU growth of +7.9/9.4/10.2% for FY26/27/28E respectively. EBITDA margin estimates stand at 35.6/35.0/35.3% for FY26/27/28E.

Quarterly financial summary

YE March (INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	3,721	3,313	12.3	3,551	4.8	11,968	13,884	15,906	18,630	21,897
EBITDA	1,335	1,195	11.7	1,304	2.4	3,314	5,228	5,663	6,515	7,721
APAT	1,535	1,140	34.6	1,806	-15.0	3,340	5,507	5,131	5,782	6,688
EPS	25.3	18.8	34.6	29.8	-15.0	55.0	91.8	85.3	96.1	111.2
P/E (x)						48.2	28.9	31.1	27.6	23.9
EV / EBITDA (x)						42.2	25.7	22.5	18.3	14.2
RoE (%)						17.6	28.1	21.5	20.5	20.1

Source: Company, HSIE Research

Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	15,528	15,906	2.4	18,153	18,630	2.6	21,315	21,897	2.7
EBITDA	5,441	5,663	4.1	6,326	6,515	3.0	7,359	7,721	4.9
EBITDA margin (%)	35.0	35.6	56 bps	34.8	35.0	12 bps	34.5	35.3	74 bps
APAT	5,021	5,131	2.2	5,703	5,782	1.4	6,478	6,688	3.2
EPS (Rs)	83.7	85.3	1.9	95.0	96.1	1.1	108.0	111.2	3.0

Source: Company, HSIE Research

ADD

CMP *(as on 18 July 2025)*	INR 2,653
Target Price	INR 2,600
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,500	INR 2,600
EPS %	FY26E	FY27E
	+1.9	+1.1

KEY STOCK DATA	
Bloomberg code	INMART IN
No. of Shares (mn)	60
MCap (INR bn) / ($ mn)	159/1,848
6m avg traded value (INR mn)	468
52 Week high / low	INR 3,172/1,835

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	21.8	17.2	(8.4)
Relative (%)	17.7	10.5	(8.9)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	49.17	49.17
FIs & Local MFs	13.86	15.50
FPIs	21.06	18.95
Public & Others	15.91	16.38
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Cyient

Strategic restructuring; focus on growth revival

Cyient reported subdued performance in the DET segment, which declined by -1.5% QoQ CC, impacted by completion of a major energy project and internal strategic shifts (carve-out of the semiconductor business into a separate business unit). EBIT margin came in slightly below expectations at 12% (-63bps QoQ), primarily due to lower volumes and the initial phase of wage hikes implemented in the quarter. The management aims to achieve a 15% EBIT margin for the DET segment in the medium term. The company saw good momentum in new deal wins and fresh opportunities, with non-renewal business contributing 21% to total order intake in Q1FY26, up from 18% in Q4FY25. Key wins included a USD 20mn+ contract from a leading APAC-based communications service provider to enhance wireless infrastructure. Cyient also added 14 new clients across various industries in the quarter and continues to maintain a robust pipeline. It has restructured reporting into three segments: (1) Transportation and Mobility (aerospace, rail, automotive) – continuing strong growth, led by aerospace; (2) Networks and Infrastructure (connectivity, utilities, geospatial) – expected to stabilize and grow in a few quarters; and (3) Strategic Units (healthcare & Life sciences, mining & minerals) – likely to remain muted following the completion of a major energy project. We cut our revenue and EPS estimates by ~3-4% for FY27E to factor in slower growth. We maintain ADD with a target price of INR 1,350, based on 18x June-27E DET EPS and adding INR 150/share for the Cyient DLM stake. The stock is trading at 20/18x FY26/27E EPS.

- **Q1FY25 highlights:** (1) Digital, Engineering, and Technology (DET) revenue stood at USD 163mn, down -1.5% QoQ/flat YoY CC (vs estimate of USD 169mn); (2) Within verticals, transportation & mobility grew +1.2/+7.1% QoQ/YoY in CC terms. Networks & infrastructure declined -5.2/-1% QoQ/YoY in CC terms. Strategic units grew +1.9/-8.4% QoQ/YoY in CC terms. Within strategic units, two of the three units grew with the YoY decline attributed to a program nearing its end. (3) DET EBIT margin declined 63bps QoQ to 12% (estimate of 13%), impacted by the first tranche of wage hikes given and lower volume; (4) Non-renewal business as a percentage of order intake grew from 18% in Q4 to 21% in Q1, and this momentum is expected to continue; (5) While margins may be impacted in near term due to wage hikes, management retained its aspiration of reaching 15% EBIT margin for the DET business. (6) FCF/PAT stood at 69% due to one-off payments in Q1 for earlier provision of settlement expenses.
- **Outlook:** We have factored in -1.5/+7.3/10.2% DET USD revenue growth for FY26/27/28E. The DET margin is estimated at 13.6/14.4/14.8% for FY26/27/28E, resulting in a consolidated revenue/EPS CAGR of +5/15% over FY25-28E.

Quarterly Financial Summary

YE March (INR bn)	Q1FY26	Q1FY25	*YoY (%)*	Q4FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD Mn)	162.7	161.2	*0.9*	161.3	*0.9*	714	671	660	709	781
Net Sales	17.12	16.76	*2.2*	19.09	*(10.3)*	71.47	73.60	74.57	83.87	95.96
EBIT	1.63	1.99	*(18.3)*	2.35	*(30.7)*	10.36	8.84	8.74	10.49	12.53
APAT	1.54	1.44	*6.9*	1.71	*(9.8)*	7.41	6.22	6.81	7.80	9.43
Diluted EPS (INR)	13.9	13.0	*6.9*	15.5	*(9.8)*	67.1	56.3	61.7	70.7	85.4
P/E (x)						18.5	22.0	20.1	17.6	14.5
EV / EBITDA (x)						10.2	10.9	10.5	8.7	7.3
RoE (%)						19.2	13.0	12.4	13.3	15.0

Source: Company, HSIE Research, Consolidated Financials, USD revenues is DET business

Change in Estimates

YE Mar (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	677	660	*-2.4*	723	709	*-1.9*	798	781	*-2.1*
Revenue	76.65	74.57	*-2.7*	86.28	83.87	*-2.8*	99.49	95.96	*-3.5*
EBIT	9.05	8.74	*-3.4*	11.05	10.49	*-5.1*	13.50	12.53	*-7.2*
EBIT margin (%)	11.8	11.7	-9bps	12.8	12.5	-30bps	13.6	13.1	-51bps
APAT	6.64	6.81	*2.6*	8.14	7.80	*-4.2*	10.09	9.43	*-6.5*
EPS (INR)	60.1	61.7	*2.6*	73.8	70.7	*-4.2*	91.4	85.4	*-6.5*

Source: Company, HSIE Research, USD revenues is DET business

ADD

CMP *(as on 24 Jul 2025)*	INR 1,242
Target Price	INR 1,350
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,400	INR 1,350
EPS %	FY26E	FY27E
	+2.6	-4.2

KEY STOCK DATA	
Bloomberg code	CYL IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	138/1,596
6m avg traded value (INR mn)	1,049
52 Week high / low	INR 2,157/1,050

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.1)	(7.7)	(34.2)
Relative (%)	(3.1)	(15.5)	(36.7)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	23.29	23.28
FIs & Local MFs	34.12	35.63
FPIs	23.85	21.37
Public & Others	18.74	19.72
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Sonata Software

Client-specific issues moderate growth

Sonata reported a resilient Q1 FY26, with IITS showing a marginal growth of 0.6% QoQ in USD terms (-0.9% QoQ in CC terms). This growth was led by ramping up of a large USD 73mn TMT deal announced in April 2025, which is now nearly fully scaled and contributing to growth, and sustained strength in Healthcare & Life Sciences (HLS) vertical. However, the quarter also faced significant headwinds, including ongoing global softness in retail and manufacturing and budgetary pressures from two key large clients: a major BFSI client (a large US bank) and a high-tech client, which impacted discretionary spending. The DPS business also saw its gross contribution decline by 12.6% QoQ due to softness in the IT and ITES sectors, exacerbated by market price sensitivity as OEMs consider direct engagement models. Despite these challenges, Sonata secured three large deals and opened seven new enterprise-grade logos in Q1, reflecting its growing relevance and AI differentiation. The company's pipeline remains robust, with ~45% comprising large strategic opportunities and the AI pipeline is at USD 46mn. The demand environment presents both challenges like elongated deal cycles and significant opportunities at the intersection of AI and modernization engineering. Sonata is strategically investing in AI, aiming for AI-enabled services to contribute ~20% of revenue over the next three years. In terms of profitability, EBITDA marginally improved to 16.6%, and the company is aiming for high teens by year-end, led by operational efficiencies like improved utilization and a favorable onsite-offshore mix. We cut revenue and EPS estimate for FY26/27E by ~3%, factoring in client-specific issues. We maintain ADD and assign a SoTP-based TP of INR 415 (22x IITS and 16x DPS with an implied P/E of 20x June-27E EPS).

- **Q1FY26 highlights**: (1) IITS revenue stood at USD 81.8mn, +0.6% QoQ growth vs our estimate of USD 82.9mn. (2) Among the verticals, Healthcare (+17.4% QoQ) and TMT (+15% QoQ, ramp-up of large deal) led the growth. Tariffs and regulatory changes that impacted retail and manufacturing (-2.6% QoQ), budget rationalizations and cost control pressures from two large clients (one BFSI and one high-tech), and the continued impact of IT and ITES business slowdown in SITL were a drag. (3) Cloud and Data are 39/24% of the revenue for Q1. (4) IITS EBITDA margin stood at 16.6%, flat QoQ, and it expects margin to recover to 20% by the end of FY26. Utilization was at 86.6% (vs 87% in Q4) and the IITS headcount grew by 24 to 6,393. The IITS onsite/offshore mix was 47/53% in Q1 vs 51/49% in Q4. (5) DPS EBITDA margin stood at 1.9% (-62bps YoY). (6) The consolidated revenue was up 17.3% YoY due to an increase in DPS revenue (+18% YoY). (7) The company has won three large deals and 32% of the large deals are with Fortune-500 clients. Microsoft Fabric has a pipeline of USD 31mn and AI-related pipeline is USD 46mn.
- **Outlook:** We expect IITS growth of 2.6/11.5/13.8% and DPS growth of 10.5/8/8% for FY26/27/28E respectively. IITS margin is estimated at 17.3/18.4/19% and DPS margin at 2.7/2.7/2.8% for FY26/27/28E respectively. IITS revenue/consolidated EPS CAGR for FY25-28E is expected to be +9.2/16%.

Quarterly Financial Summary

YE March (INR bn)	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY24	FY25	FY26E	FY27E	FY28E
IITS Revenues (USD mn)	81.8	82.7	*(1.1)*	81.3	*0.6*	324	336	344	384	437
Net Sales	29.65	25.27	*17.3*	26.17	*13.3*	86.13	101.57	110.56	120.88	132.92
EBIT	1.34	1.43	*(6.5)*	1.50	*(10.7)*	5.96	5.68	6.04	7.19	8.48
APAT	1.09	1.06	*3.5*	1.08	*1.7*	4.83	4.25	4.67	5.58	6.58
Diluted EPS (INR)	3.9	3.8	*3.5*	3.8	*1.7*	17.2	15.1	16.6	19.9	23.5
P/E (x)						24.0	27.3	24.9	20.8	17.6
EV / EBITDA (x)						17.2	17.8	16.6	13.9	11.7
RoE (%)						35.7	27.3	25.6	26.8	27.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
IITS Revenue (USD mn)	352.9	344.3	*(2.4)*	394.9	384.0	*(2.8)*	449.4	437.0	*(2.8)*
Revenue	108.91	110.56	*1.5*	119.23	120.88	*1.4*	131.21	132.92	*1.3*
EBIT	6.28	6.04	*(3.8)*	7.46	7.19	*(3.7)*	8.80	8.48	*(3.6)*
EBIT margin (%)	5.8	5.5	-30bps	6.3	5.9	-31bps	6.7	6.4	-32bps
APAT	4.84	4.67	*(3.6)*	5.78	5.58	*(3.5)*	6.81	6.58	*(3.4)*
EPS (INR)	17.3	16.6	*(3.6)*	20.6	19.9	*(3.5)*	24.3	23.5	*(3.4)*

Source: Company, HSIE Research

ADD

CMP *(as on 30 Jul 2025)*	INR 414
Target Price	INR 415
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 430	INR 415
EPS %	FY26E	FY27E
	-3.6	-3.5

KEY STOCK DATA	
Bloomberg code	SSOF IN
No. of Shares (mn)	280
MCap (INR bn) / ($ mn)	116/1,327
6m avg traded value (INR mn)	1,394
52 Week high / low	INR 764/268

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.8)	(20.7)	(45.0)
Relative (%)	(3.3)	(26.9)	(45.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	28.17	28.17
FIs & Local MFs	25.85	25.55
FPIs	10.76	9.68
Public & Others	35.22	36.60
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Birlasoft

Growth challenges; deal bookings weak

Birlasoft (BSOFT) reported weak results for the quarter, with 1.8% QoQ CC drop in USD revenue, weak TCV (-12% YoY), and decline in operating margins (80/240bps QoQ/YoY). Revenue was impacted by project closures or completion (manufacturing vertical), project ramp-downs, and client insourcing. However, the company expects some recovery in Q2, led by ramp-up of existing deals. Deal TCV was soft at USD 141mn, as one large deal was deferred; the company expects this deal to close in Q2, aiding revenue growth. The management expects EBITDA margin to be ~13% for FY26E, with some improvement in FY27E as revenue growth resumes. The tax rate increased to 35% in Q1 due to provisions related to ongoing reviews of certain engagements, which require contract realignments with customers. This elevated tax rate is expected to persist for FY26E and will normalize to 25–26% in subsequent years. Given the weaker Q1 performance, higher effective tax rate, and slower recovery, we have revised our EPS estimates downward by 14/5% for FY26/27E. We maintain our ADD rating on BSOFT, with a revised target price of INR 395, based on 18x Jun-27E EPS. The stock currently trades at a P/E of 23x/18x for FY26E/FY27E respectively.

- **Q1FY26 highlights:** (1) BSOFT's revenue came in at USD 151mn (in line with our estimate), -1.8% QoQ CC, impacted by project closures, ramp-downs, and insourcing due to a challenging macro environment. (2) Within verticals, E&U (17% of revenue) maintained its growth trajectory (+1.9% QoQ). Lifesciences (20% of revenue) returned to growth trajectory (+1% QoQ) after five consecutive quarters of sequential revenue decline and BFSI (24% of revenue) grew 0.7% QoQ. However, manufacturing (38% of revenue) declined 4.2% QoQ, impacted by macro uncertainty and offset the growth in other verticals. (3) Within the service lines, digital & data services (59% of revenue) grew 2.7% QoQ. ERP (32% of revenue) and infra service (9% of revenue) declined 5.4/6.9% QoQ respectively. (4) Total TCV at USD 141mn was down 40% QoQ, attributed to the fact that the second half of financial year was renewals heavy and one deal was right shifted to Q2. (5) T-5 clients grew by 0.9% QoQ while T-10 remained flat, and T-20 clients declined by 0.7% QoQ. (6) EBITDA margin was 12.8% (-82bps QoQ), albeit the company was able to minimize sequential contraction in EBITDA margin despite a subdued topline. (7) ETR at 35.9% (vs 26.6% in Q4) was impacted by a provision for higher tax. BSOFT is engaging with tax experts and changing terms of engagement with customers to align with its operating model and expects to limit the higher ETR impact to FY26. It expects ETR to return to historical levels (25-26%) thereafter. Adj PAT stood at INR 1.2bn (+0.4% QoQ).
- **Outlook:** We expect BSOFT's revenue to decline 3.1% YoY in FY26E and grow thereafter by 7.4/9.9% in FY27/28E, respectively. EBITDAM is factored in at 13/13.6/14.2% for FY26/27/28E respectively, implying an EPS CAGR of 9% over FY25-28E (including a 15% drop in FY25).

Quarterly Financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	151	159	-5.3	152	-1.0	637	635	616	661	727
Net Sales	12.85	13.27	-3.2	13.17	-2.4	52.78	53.75	52.82	57.53	63.97
EBIT	1.38	1.75	-20.9	1.52	-9.2	7.51	6.12	6.03	6.92	8.06
APAT	1.06	1.50	-29.1	1.22	-12.8	6.11	5.17	4.54	5.87	6.76
Diluted EPS (INR)	3.8	5.5	-29.8	4.4	-13.7	22.2	18.8	16.3	21.1	24.3
P/E (x)						17.2	20.3	23.4	18.1	15.7
EV / EBITDA (x)						10.5	11.8	11.7	10.0	8.3
RoE (%)						22.3	15.8	12.6	15.0	15.7

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	628	616	*(2.0)*	687	661	*(3.8)*	754	727	*(3.6)*
Revenue	54.02	52.82	*(2.2)*	59.80	57.53	*(3.8)*	67.85	63.97	*(5.7)*
EBIT	6.17	6.03	*(2.1)*	7.31	6.92	*(5.4)*	8.92	8.06	*(9.7)*
EBIT margin (%)	11.4	11.4	*1bps*	12.2	12.0	*-20bps*	13.1	12.6	*-55bps*
APAT	5.28	4.54	*(14.0)*	6.18	5.87	*(5.0)*	7.44	6.76	*(9.2)*
EPS (INR)	19.0	16.3	*(14.0)*	22.2	21.1	*(5.0)*	26.8	24.3	*(9.2)*

Source: Company, HSIE Research

ADD

CMP *(as on 07 Aug 2025)*	INR 382
Target Price	INR 395
NIFTY	24,596

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 430	INR 395
	FY26E	FY27E
EPS %	-14.0	-5.0

KEY STOCK DATA	
Bloomberg code	BSOFT IN
No. of Shares (mn)	278
MCap (INR bn) / ($ mn)	106/1,210
6m avg traded value (INR mn)	851
52 Week high / low	INR 689/330

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.0)	(28.5)	(33.7)
Relative (%)	(2.3)	(32.1)	(35.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	40.63	40.63
FIs & Local MFs	24.53	22.43
FPIs	11.68	12.38
Public & Others	23.16	24.56
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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Happiest Minds Technologies

Improving organic growth trajectory

HAPPSTMN delivered in-line revenue for the quarter, while margins exceeded expectations. The company reported a +2.3% QoQ CC revenue increase in Q1, primarily driven by strong performance in the TME vertical, which grew 17.9% QoQ in USD terms. This growth was attributed to the success of its verticalization and transformational initiatives. The company has reaffirmed its guidance for healthy double-digit revenue growth in FY26E and FY27E, supported by continued strength in the BFSI and healthcare segments, along with early signs of recovery in the TME and manufacturing verticals. Management reiterated its long-term ambition of reaching USD 1bn in revenue by FY31E, implying a ~27% CAGR, and maintained its near-term EBITDA margin guidance of 20–22% (including other income). HAPPSTMN believes that the 10 transformational initiatives introduced in FY25 will continue to fuel growth through FY27E. Despite ongoing macroeconomic and geopolitical uncertainties, clients are increasingly prioritizing digital and AI-driven strategies to stay competitive. Key areas of client focus include Cloud, data, cybersecurity, and AI-led transformation, which are expected to drive medium-term growth. We project organic revenue growth of ~9% in FY26E, a significant improvement from the ~2% growth in FY25, driven by strong momentum in BFSI and healthcare and a rebound in TME and manufacturing. However, due to continued softness in the edutech and hi-tech verticals, we have trimmed our earnings estimates by around 4%. We maintain an ADD rating on HAPPSTMN, with a revised target price of INR 655, based on 30x June-27E EPS, supported by a 16%/26% revenue/EPS CAGR over FY25–28E.

- **Q1FY26 highlights:** (1) HAPPSTMN posted a revenue of USD 64.4mn, +2.3% QoQ CC (HSIE +2.2% QoQ CC), supported by healthy growth in TME and manufacturing verticals. (2) Among verticals, demand remains strong in BFSI and healthcare while TME and manufacturing are showing early signs of recovery. Manufacturing (3% of revenue) led the sequential growth (+22% QoQ), followed by TME (10% of revenues), which grew (+17.9% QoQ). (3) GenAI business (GBS) revenue grew +15%/90% QoQ/YoY. There was an improvement in operating profitability QoQ from a loss of INR 25mn in Q4 to a profit of INR 2.4mn in Q1. (4) EBITDA margin (including other income) stood at 21.4% (+214bps QoQ/-247bps YoY) in Q1, within the guided range of 20-22%. Wage hikes are expected to impact margins in Q2. (5) DSO increased to 91 days (vs 88 in Q4) due to the integration of the Middle East acquisition (Gavs Tech) and is expected to normalize. (6) Margin guidance (including other income) has been maintained in the 20-22% range, led by efficiency enhancement, better profitability in the GBS unit, and contribution from new hires in the new sales engine unit.
- **Outlook:** We have factored in USD revenue growth of 11.5% for FY26E (8.5% organic) and 19/17% in FY27/28E. EBITM has been factored in 15.1/15.7/15.9% for FY26/27/28E respectively, which translates to a revenue/EPS CAGR of 16/26% over FY25-28E. At CMP, HAPPSTMN is trading at 37/30/25x FY26/27/28E, lower than its historical average multiple of 49x.

Quarterly Financial summary

YE March (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	50	46	*9.1*	49	*1.4*	196	244	272	324	379
Net Sales	4.17	3.78	*10.4*	4.10	*1.8*	16.25	20.61	23.33	28.23	33.38
EBIT	0.68	0.79	*(13.8)*	0.66	*3.4*	2.78	2.66	3.52	4.42	5.29
APAT	0.62	0.58	*8.0*	0.59	*5.9*	2.38	1.93	2.53	3.17	3.86
Diluted EPS (INR)	4.1	3.8	*8.0*	3.9	*5.9*	15.6	12.7	16.6	20.8	25.3
P/E (x)						39.8	49.0	37.4	29.9	24.6
EV / EBITDA (x)						25.5	26.0	20.6	16.6	13.9
RoE (%)						20.5	12.7	15.5	18.0	20.0

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

INR bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	279	272	*(2.6)*	337	324	*(3.7)*	394	379	*(3.7)*
Revenue	23.95	23.33	*(2.6)*	29.32	28.23	*(3.7)*	34.67	33.38	*(3.7)*
EBIT	3.62	3.52	*(2.6)*	4.62	4.42	*(4.2)*	5.49	5.29	*(3.6)*
EBIT margin (%)	15.1	15.1	*0bps*	15.7	15.7	*-7bps*	15.8	15.9	*2bps*
APAT	2.58	2.53	*(1.8)*	3.33	3.17	*(4.8)*	4.00	3.86	*(3.6)*
EPS (INR)	16.9	16.6	*(1.8)*	21.9	20.8	*(4.8)*	26.3	25.3	*(3.6)*

Source: Company, HSIE Research

ADD

CMP *(as on 30 Jul 2025)*	INR 619
Target Price	INR 655
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 685	INR 655
EPS %	FY26E	FY27E
	-1.8	-4.8

KEY STOCK DATA	
Bloomberg code	HAPPSTMN IN
No. of Shares (mn)	152
MCap (INR bn) / ($ mn)	94/1,078
6m avg traded value (INR mn)	528
52 Week high / low	INR 833/519

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.3	(10.6)	(24.2)
Relative (%)	6.7	(16.7)	(24.3)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	44.21	44.21
FIs & Local MFs	10.59	10.57
FPIs	5.04	5.33
Public & Others	40.16	39.89
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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Tanla Platforms

Growth led by OTT and platforms

Tanla's revenue grew by 1.6% QoQ, led by growth in enterprise (+2% QoQ), but was offset by softness in platform revenue (-2% QoQ). The enterprise segment growth was driven by the OTT volume surge (+12% QoQ) and recovery in domestic volume, offset by lower realization from new contracts. The growth in OTT channel is led by a shift to channels like WhatsApp and RCS. Enterprises are adopting channels like WhatsApp for communication as the pricing is very competitive vs traditional messaging. ILD revenue continued to decline but at a slower pace and is <10% of revenue. We expect enterprise growth to be led by strong growth in OTT channel, recovery in domestic messaging volume, and pricing revisions by telcos. Platform revenue growth was soft QoQ but is expected to rebound starting Q2, driven by the global expansion of the MaaP platform with two major Indonesian telcos and a new AI platform deal going live in Aug'25. The management aims to deliver 20% EBITDA CAGR over the next two years and strategic priorities for FY26 remain 1) global expansion, 2) OTT leadership, and 3) scaling of platform business. We increase our EPS estimates by ~4-5% for FY26/27E to factor in margin improvement. We maintain ADD and assign a TP of INR 730, based on the P/E of 15x June-27E EPS. The stock is trading at a P/E of 16/14x for FY26/27E with an RoE of 24% for FY25. Net cash stands at INR 9.3bn — ~11% of the market cap.

- **Q1FY26 highlights:** The enterprise revenue increased by 2/3.6% QoQ/YoY to INR 9.49bn and gross margin was up marginally, 8bps QoQ to 17.9%. OTT revenue stood at INR 3.35bn (~32% of revenue), up 12/68% QoQ/YoY. Platform revenue stood at INR 0.92bn, -2/+5.9% QoQ/YoY, and gross margin was 98.5%. EBITDA was flat QoQ and EBITDA margin stood at 15.8% in Q1 vs 16% in Q4. APAT came in +0.9/-16.2% QoQ/YoY to INR 1.18bn, led by increase in other income (+9.6% QoQ). The INR 10-100mn bucket revenue declined by 2.9% QoQ while the INR 100-500mn revenue bucket increased by 12.1% QoQ and the >INR500mn revenue bucket increased by 8.9% QoQ. In Q4, DSO increased to 91 from 72 days in Q4. The company added ~99 new customers in the quarter, ~59% of which were for WhatsApp and RCS.
- **Outlook:** We estimate a 13.1% revenue CAGR over FY25-28E, led by CAGRs of +15/2/36% from the Platform/Enterprise (excluding OTT)/OTT segments. We estimate ~13.2/13.5% EBITDA/EPS CAGRs over FY25-28E.

Quarterly financial summary

YE March (INR bn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	10.41	10.02	3.8	10.24	1.6	39.28	40.28	45.03	51.20	58.34
Gross Profit	2.61	2.69	-3.3	2.59	0.7	10.56	10.51	11.51	13.21	15.17
EBITDA	1.64	1.89	-13.1	1.63	0.3	7.32	6.91	7.37	8.55	10.02
APAT	1.18	1.41	-16.2	1.17	0.9	5.48	5.07	5.36	6.27	7.42
DEPS (INR)	8.8	10.5	-16.3	8.7	0.9	40.7	37.7	39.9	46.6	55.1
P/E (x)						15.9	17.2	16.3	13.9	11.8
EV/EBITDA (x)						11.1	11.3	10.1	8.4	6.9
ROE (%)						31.7	24.1	22.0	22.5	23.2

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	44.71	45.03	0.7	50.49	51.20	1.4	57.39	58.34	1.7
EBITDA	7.15	7.37	3.0	8.18	8.55	4.5	9.60	10.02	4.4
EBITDA margin (%)	16.0	16.4	36bps	16.2	16.7	50bps	16.7	17.2	45bps
APAT	5.18	5.36	3.6	5.97	6.27	5.0	7.08	7.42	4.8
EPS (INR)	38.5	39.9	3.6	44.4	46.6	5.0	52.6	55.1	4.8

Source: Company, HSIE Research

ADD

CMP *(as on 25 Jul 2025)*	INR 649
Target Price	INR 730
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 700	INR 730
EPS %	FY26E +3.6%	FY27E +5.0%

KEY STOCK DATA	
Bloomberg code	TANLA IN
No. of Shares (mn)	135
MCap (INR bn) / ($ mn)	87/1,009
6m avg traded value (INR mn)	872
52 Week high / low	INR 1,013/409

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	38.3	6.5	(31.4)
Relative (%)	35.5	(0.4)	(33.2)

SHAREHOLDING PATTERN (%)	Mar-25	June-25
Promoters	44.10	45.49
FIs & Local MFs	0.80	0.95
FPIs	10.40	7.31
Public & Others	44.70	46.25
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Mastek

UK driving growth; US in a build phase

Mastek delivered a muted performance, slightly below expectations, with a revenue decline of -1.1% QoQ in CC terms and an EBITDA margin of 15%, down 31bps QoQ. The UK region remained the key growth driver, supported by strong momentum in healthcare and secure government services. The outlook for the UK and Europe is positive, underpinned by focus on digital transformation and cost takeout initiatives, strategic government investments in healthcare and defence, and Mastek's well-established capabilities in the UK government. The management anticipates strong performance from the UK and Europe, contributing meaningfully to the growth trajectory. In contrast, the US region experienced a decline due to restrained spending by major clients, particularly in healthcare (payer segment facing cost pressures) and retail (impacted by tariffs). However, despite the revenue dip, the US order book showed impressive growth of 25% both QoQ and YoY, with a healthy and resilient pipeline that supports confidence in future growth. The 12-month order backlog rose by 3.5% QoQ and 5.3% YoY to USD 274mn, driven by solid demand across Digital Engineering, Data, Automation, and AI. Oracle-led engagements in healthcare and commercial sectors continue to scale, and the company secured over 10+ AI-related deals during the quarter. Management remains focused on boosting order bookings, which will lay the foundation for revenue growth in FY27 and FY28. Mastek aims to maintain a stable to slightly improving margin profile for FY26E. We reiterate our BUY rating with a target price of INR 3,100, based on 20x June-27E EPS. The stock currently trades at a P/E of 21x/18x based on FY26E/FY27E EPS.

- **Q1FY26 highlights:** (1) Mastek reported revenue de-growth of -1.1% QoQ CC at USD 107.4mn (vs HSIE est. at USD 109mn). The UK geography reported +9.6% QoQ growth, driven by momentum in healthcare and secured government services, while US declined by -8.7% QoQ, impacted by headwinds in some accounts, and AMEA declined by -5.8% QoQ. (2) Growth was led by healthcare vertical (+7.2% QoQ), followed by BFSI (+5.3% QoQ) and government (+2.8% QoQ) while retail/manufacturing were down -3.9/-2.1% respectively. (3) EBITDA margin declined -31bps QoQ to 15% (vs HSIE est. of 15.9%) due to lower margins in North America (-990bps QoQ) and AMEA (-140bps QoQ) while the margins in the UK improved sequentially (+310bps QoQ). (4) Among services, Digital & Applications (49% of the revenue) grew +5.5% QoQ and Data (12% of the revenue) grew +21.2% QoQ while Oracle (28% of the revenue) de-grew by -4.4% QoQ and Digital Commerce (11% of the revenue) declined -6.8% QoQ. (5) Headcount declined by 234 to 4,824 and attrition increased sequentially by 20bps to 19.5%.
- **Outlook:** We expect USD revenue growth of 11/12.8/13.1% in FY26/27/28E and an EBITDA margin of 16.2/16.6/16.9% in FY26/27/28E, resulting in revenue/EPS CAGRs of 12.3/13.6% over FY25-28E.

Quarterly Financial summary

YE Mar (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	107	97	10.4	105	2.7	368	408	453	511	578
Net Sales	9.15	8.13	12.5	9.05	1.0	30.55	34.55	38.89	44.46	49.12
EBIT	1.19	1.04	14.5	1.20	(1.0)	4.19	4.71	5.48	6.47	7.31
APAT	0.92	0.72	28.7	0.89	3.2	3.06	3.68	3.99	4.73	5.40
Diluted EPS (INR)	29.10	22.60	28.7	28.20	3.2	96.2	116.4	126.1	149.4	170.7
P/E (x)						27.7	22.9	21.2	17.9	15.6
EV / EBITDA (x)						16.7	15.3	12.5	10.4	8.7
RoE (%)						16.1	16.2	15.2	15.9	15.9

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE Mar (INR Bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD Mn)	457	453	(0.8)	512	511	(0.2)	579	578	(0.1)
Revenue	39.25	38.89	(0.9)	44.54	44.46	(0.2)	49.18	49.12	(0.1)
EBIT	5.52	5.48	(0.6)	6.47	6.47	0.1	7.31	7.31	0.1
EBIT margin (%)	14.1	14.1	5bps	14.5	14.6	3bps	14.9	14.9	3bps
APAT	3.94	3.99	1.2	4.72	4.73	0.1	5.43	5.40	(0.5)
EPS (INR)	124.6	126.1	1.2	149.3	149.4	0.1	171.5	170.7	(0.5)

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jul 2025)*	INR 2,670
Target Price	INR 3,100
NIFTY	25,091

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,100	INR 3,100
EPS %	FY26E	FY27E
	+1.2	+0.1

KEY STOCK DATA	
Bloomberg code	MAST IN
No. of Shares (mn)	31
MCap (INR bn) / ($ mn)	83/957
6m avg traded value (INR mn)	576
52 Week high / low	INR 3,375/1,883

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.4	1.6	1.2
Relative (%)	11.9	(6.8)	(0.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	35.97	35.95
FIs & Local MFs	9.85	10.52
FPIs	10.01	11.04
Public & Others	44.17	42.49
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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

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

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Route Mobile

Revenue impacted; focus on margin

Route Mobile reported a weak quarter with revenue decline of 11% QoQ but gross margin saw a bump of 215bps QoQ. The GM expansion was led by a drop in lower-margin B2B SMS business. The revenue drop was due to the exit of one large client and pricing revisions in some contracts. The margin expansion will continue, led by cost synergies and increase in platform revenue. Route is focusing on new areas of growth like the AI-powered SMS spam and fraud protection solution, 365squared (successfully deployed by a major Latin American MNO, a deal facilitated by BICS's global cross-selling capabilities). Also, Proximus is actively building sales pipelines for Route's Omnichannel communication solution in the APAC market. Apart from the above, Route is enhancing its platform across A2P SMS, WhatsApp, and RCS channels, and deploying Telesign APIs in India. For FY26E, Route Mobile has not given growth guidance and will be focusing on integration with Proximus and realizing cross-sell synergies in the near term. We expect growth to be fuelled by domestic volume, price hike in domestic A2P messaging, cross-sell opportunities, rising platform revenue, and OTT channels. We reduce our revenue estimate by ~6-7% due to the exit of one large client. We maintain our ADD rating with a TP of INR 1,035, based on 15x June-27E EPS. The stock is trading at a P/E of 18/15x FY26/27E EPS and generates a RoE of ~15%.

- **Q1FY26 highlights**: Revenue stood at INR 10.51bn (-11/-4.8% QoQ/YoY), lower sequentially due to 11.7% QoQ decline in realization, while volume growth was marginal at 0.8%. This decline is due to a reducing low-margin business, a major digital native client directly engaging with an MNO and repricing with a large financial services client. However, they managed to protect gross profit and in future direct margins could improve if Route's firewall is adopted by the MNO, allowing for a revenue share. New product sales were flat QoQ at INR 830mn. Reported EBITDA was down by 23% QoQ to INR 0.94bn, and EBITDA margin stood at 8.9%, down by 144bps QoQ, due to higher employee cost (annual increments)/other expenses (a non-cash forex item), which were up 14.3/40.5% QoQ respectively. Finance costs stood at INR 0.06 bn, down by 28.1% QoQ. Revenue from India terminations (~46%) declined 17.3% YoY and international revenue declined 9.1% YoY. ETR increased to 23.2% from 21.1% Q4FY25, due increased profit contribution from the domestic market. Net cash stood at INR 10.83bn, ~18% of the market cap.
- **Outlook:** We expect +11/13% revenue/EPS CAGR for FY25-28E, led by +3.9/14.8/13.5% revenue growth and 10.6/11.0/11.1% EBITDA margin for FY26/27/28E respectively.

Quarterly financial summary

YE March (INR bn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	10.51	11.03	-4.8	11.75	-10.6	40.23	45.76	47.54	54.59	61.98
Gross Profit	2.25	2.40	-6.1	2.26	-0.6	8.61	9.51	10.06	11.63	13.20
EBITDA	0.94	1.24	-24.1	1.22	-23.0	5.11	5.11	5.04	5.99	6.88
APAT	0.53	0.79	-32.2	0.81	-34.6	3.58	3.37	3.33	4.15	4.86
Diluted EPS (INR)	8.5	12.5	-32.2	12.9	-34.6	57.1	53.7	53.0	66.1	77.4
P/E (x)						16.8	17.9	18.1	14.5	12.4
EV / EBITDA (x)						11.0	10.0	10.3	8.3	6.8
RoE (%)						18.0	14.7	12.8	14.2	14.8

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	50.77	47.54	-6.4	58.59	54.59	-6.8	66.84	61.98	-7.3
EBITDA	5.49	5.04	-8.1	6.40	5.99	-6.5	7.26	6.88	-5.2
EBITDA margin (%)	10.8	10.6	-20bps	10.9	11.0	4bps	10.9	11.1	24bps
APAT	3.65	3.33	-8.8	4.49	4.15	-7.5	5.07	4.86	-4.2
EPS (INR)	58.1	53.0	-8.8	71.5	66.1	-7.5	80.8	77.4	-4.2

Source: Company, HSIE Research

ADD

CMP *(as on 18 July 2025)*	INR 960
Target Price	INR 1,035
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,100	INR 1,035
EPS %	FY26E	FY27E
	-8.8%	-7.5%

KEY STOCK DATA	
Bloomberg code	ROUTE IN
No. of Shares (mn)	63
MCap (INR bn) / ($ mn)	60/702
6m avg traded value (INR mn)	269
52 Week high / low	INR 1,868/862

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.2)	(26.3)	(47.5)
Relative (%)	(10.3)	(33.0)	(48.0)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	74.86	74.86
FIs & Local MFs	8.13	7.86
FPIs	4.45	3.60
Public & Others	12.56	13.68
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Quess Corp

Core staffing revival on the horizon; GCC leads growth

Quess reported a flat quarter; revenue stood at INR 36.51 bn, growth was led by revival in BFSI, Manufacturing and Industrial segment, offset by soft consumer and retail vertical due to weak monsoon. The EBITDA margin increased by 7bps QoQ, led by margin expansion in professional staffing due to higher contribution of GCCs. General staffing growth is expected to revive from Q2, led by the festive season, with 42,000 open mandates and 73 new contract wins this quarter. Professional staffing secured 12 new contracts exclusively from GCCs, focusing on niche roles and saw margin expansion of 100 bps. Quess launched Origint, a new platform offering end-to-end solutions to GCCs, moving beyond traditional staffing. Overseas staffing strategy has shifted, with the Middle East becoming the largest contributor, replacing Singapore. Due to visa restrictions, Singapore's focus has moved from IT staffing to WFM staffing and multi-country deals within the APAC region. The growth drivers are 1) recovery in general staffing, 2) growth in GCCs, 3) government initiatives for workforce formalisation and upskilling, and 4) turnaround in the overseas business. Margins will remain stable in the near term, with gradual improvement to ~2% in FY27E. We keep revenue estimates unchanged and maintain BUY with a target price of INR 385, valuing it at 20x June-27E EPS. Net cash stood at INR 2.56 bn, which is ~5% of the market cap, and RoE is at 19%.

- **Q1FY26 highlights:** Total revenue stood at INR36.51 bn, with General Staffing, IT Staffing and Overseas contributing 85.5%, 6.7% and 7.8%, respectively. **General Staffing:** Revenue stood at INR31.22 bn, -0.8/+0.2% QoQ/YoY. EBITDA margins increased by 9bps QoQ to 1.46%. The associate/core ratio deteriorated to 307 from 349 in Q4, and the collect-to-pay ratio remained at 76% (same as Q4), leading to increase in interest expense as well. However, this associate/core will normalize as associate additions pick up in the next quarter. **IT Staffing:** Revenue grew 11.5/31.1% QoQ/YoY, led by strong GCCs hiring. GCCs contributed 73% to IT staffing revenue vs 70% in Q4. **Overseas Staffing:** Revenue stood at INR2.84 bn, down 0.9% QoQ and up 0.4% YoY, primarily due to continued headwinds in Singapore. However, growth in the Middle East and Malaysia softened the impact. EBITDA margin improved to 6.21%, an increase of 11 bps QoQ, due to higher realizations from geographies other than Singapore. **One-offs:** The total one-off expenses were INR1.85 bn, which were mainly demerger-related expenses and employee benefit expenses.
- **Outlook:** We expect revenue growth of 5.8/13.5/10.5% and an EBITDA margin of 1.8/2.0/2.1% in FY26/27/28E respectively, leading to revenue and EPS CAGRs of 10% and 16% over FY25-28E.

Quarterly financial summary

YE March (Rs bn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	36.51	35.87	*1.8*	36.56	*-0.1*	171.58	136.95	149.67	158.40	179.80	198.77
EBITDA	0.70	0.63	*10.3*	0.67	*3.5*	5.86	2.34	2.62	2.93	3.54	4.10
APAT	0.53	0.49	*7.6*	0.62	*-15.6*	1.71	1.34	2.10	2.20	2.73	3.28
Diluted EPS (Rs)	3.55	3.30	*7.5*	4.20	*-15.6*	11.6	9.0	14.2	14.8	18.4	22.1
P/E (x)						29.2	37.5	23.9	22.9	18.4	15.3
EV / EBITDA (x)						8.5	20.7	18.2	16.1	13.1	11.1
RoE (%)						6.8	5.0	19.4	18.4	19.0	18.8

Change in estimate

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	157.31	158.40	*0.7*	178.84	179.80	*0.5*	198.27	198.77	*0.3*
EBITDA	2.84	2.93	*3.3*	3.49	3.54	*1.5*	4.08	4.10	*0.7*
EBITDA margin (%)	1.8	1.8	5bps	1.9	2.0	2bps	2.1	2.1	1bps
APAT	2.14	2.20	*2.5*	2.72	2.73	*0.5*	3.27	3.28	*0.2*
EPS (INR)	14.4	14.8	*2.5*	18.3	18.4	*0.5*	22.0	22.1	*0.2*

Source: Company, HSIE Research

BUY

CMP *(as on 30 Jul 2025)*	**INR 298**
Target Price	**INR 385**
NIFTY	**24,855**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 385	INR 385
EPS %	FY26E +2.5	FY27E +0.5

KEY STOCK DATA	
Bloomberg code	QUESS IN
No. of Shares (mn)	149
MCap (INR bn) / ($ mn)	44/507
6m avg traded value (INR mn)	196
52 Week high / low	INR 428/272

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(10.2)	3.8	(15.7)
Relative (%)	(11.7)	(2.3)	(15.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	56.99	56.98
FIs & Local MFs	9.78	8.73
FPIs	14.83	14.58
Public & Others	18.4	19.71
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Teamlease Services

Growth recovery; focus on profitability

TeamLease registered a strong Q1FY26, adding ~5K headcount for core staffing and 115 net additions in specialized staffing, contributing to 12% YoY revenue growth and ~39% YoY EBITDA growth (34% excluding inorganic). All three core businesses—staffing, degree apprenticeship (DA), and specialized staffing—witnessed net headcount additions. Growth was primarily driven by resilient demand from enterprise clients, tech profiles in non-tech companies, and GCCs. In General Staffing, recovery in BFSI and consumer businesses, wallet share gains, and workforce formalization in FMCG led to net additions. Specialized Staffing saw momentum from tier-2 IT firms, product companies, and digital-first organizations, with the GCC segment contributing significantly (46% of headcount and 64% of revenue). The Degree Apprenticeship business was bolstered by government focus on skilling and rising interest across various industries. While PAPM in General Staffing remained flat QoQ, Specialized Staffing margins were impacted by annual employee appraisals, and the target is to reach 7-7.2% by year-end. The strategy to improve overall margins and drive growth includes a sharp focus on operational efficiency, a diversified service mix, financial discipline, and leveraging technology for productivity gains. Growth in staffing will be strong in Q2, based on festive season and 20K open positions. We expect 15% revenue CAGR over FY27-28E and margin to gradually improve to ~1.5%. We increase our revenue estimates by 1-2% for FY26/27E. We maintain ADD with a TP of INR 2,300, based on 20x June-27E EPS.

- **Q1FY26 highlights**: Revenue stood at INR 28.91bn, +1.2/+12.1% QoQ/ YoY, led by 1.8/11.9% QoQ increase in general/specialized staffing, offset by 41.3% QoQ decline in HR services. The PAPM remained flat QoQ at INR 665 and the associate/core ratio declined marginally to 377, -0.2% QoQ. The EBITDA margin for core/specialized/HR services stood at +0.9/+5.9/-23.5%. 44 new general staffing clients were added, a significant increase from 24 in the previous quarter. Of these new clients, 60% were on a variable markup, compared to 75% in Q4; focus remains on acquiring new clients with variable markup. Specialized Staffing headcount increased by 110 associates, IT hiring continues to be muted while GCCs contributed 64% (vs 60% in Q4) to specialized revenue and 46% to headcount. Acquisition contributed ~4% of EBITDA and 1% of revenue. Global business contributed ~INR 140mn, which is ~8% of specialized staffing revenue. Net cash stood at INR 3.10bn (~10% of market cap).
- **Outlook:** We expect revenue growth of 10/18/18% and an EBITDA margin of 1.4/1.5/1.5% in FY26/27/28E respectively, leading to revenue and EPS CAGRs of 15% and 27% over FY25-28E.

Quarterly financial summary

YE March (INR bn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	28.91	25.80	*12.1*	28.58	*1.2*	93.22	111.56	122.66	144.55	170.33
EBITDA	0.31	0.22	*37.8*	0.47	*(35.4)*	1.31	1.38	1.72	2.13	2.54
APAT	0.27	0.21	*27.7*	0.35	*(24.1)*	1.09	1.09	1.45	1.83	2.22
Diluted EPS (INR)	15.8	12.4	*27.7*	20.8	*(24.1)*	64.8	64.9	86.7	109.3	132.5
P/E (x)						30.7	30.6	22.9	18.2	15.0
EV / EBITDA (x)						22.7	22.9	16.0	12.0	9.2
RoE (%)						13.5	12.8	14.9	16.0	16.5

Source: Company, HSIE Research

Change in estimate

Rs Bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	120.68	122.66	*1.6*	142.68	144.55	*1.3*	168.31	170.33	*1.2*
EBITDA	1.65	1.72	*4.2*	2.11	2.13	*0.9*	2.50	2.54	*1.7*
EBITDA margin (%)	1.37	1.40	3bps	1.48	1.47	-1bps	1.48	1.49	1bps
APAT	1.39	1.45	*5.0*	1.82	1.83	*0.9*	2.19	2.22	*1.7*
EPS (INR)	82.6	86.7	*5.0*	108.3	109.3	*0.9*	130.3	132.5	*1.7*

Source: Company, HSIE Research

ADD

CMP *(as on 31 Jul 2025)*	INR 1,835
Target Price	INR 2,300
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,280	INR 2,300
EPS %	FY26E	FY27E
	+5.0	+0.9

KEY STOCK DATA	
Bloomberg code	TEAM IN
No. of Shares (mn)	17
MCap (INR bn) / ($ mn)	31/351
6m avg traded value (INR mn)	125
52 Week high / low	INR 3,586/1,641

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.0)	(24.9)	(47.8)
Relative (%)	(4.1)	(29.6)	(47.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	31.61	31.61
FIs & Local MFs	47.65	50.25
FPIs	11.01	7.69
Public & Others	9.73	10.45
Pledged Shares	1.59	1.59

Source : BSE

Pledged shares as % of total shares

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

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Oil & Gas

Reliance Industries

Weak O2C performance disappoints

Our ADD rating on Reliance Industries (RIL) with a price target of INR 1,635/sh is premised on (1) EBITDA growth in the digital business, driven by improvement in ARPU, subscriber addition, and new revenue streams; (2) recovery in the O2C margin; and (3) potential for further value unlocking in the digital and retail businesses. RIL's consolidated Q1FY26 EBITDA stood at INR 429.0bn (+10.7% YoY, -2.1% QoQ) and APAT at INR 180.7 bn (+2.4% YoY; +4.7% QoQ), below our estimates, due to lower-than-expected O2C margin and lower-than-expected crude oil throughput.

- **Oil to chemicals (O2C) segment:** The O2C segment Q1FY26 EBITDA was up 10.8% YoY but down sequentially by 3.8% to INR 145.1bn. The YoY improvement in margin was due to stronger transportation fuel cracks (up 7%-17%) and higher petchem product deltas. Sequential reduction in EBITDA was on account of planned plant shutdown, higher feedstock cost, and elevated freight cost. Transportation fuel domestic sales volume recorded strong growth in the quarter, with gasoline volumes up by 38.6% YoY and diesel volumes up by 34.2% YoY. Crude throughput reduced to 19.1mmt (-3.5% YoY, -5.9% QoQ) due to the plant shutdown undertaken in the quarter, and consequently production meant for sale declined to 17.3mmt (-2.3% YoY, -3.4% QoQ).
- **Oil & gas:** Revenue came in at INR 61.0bn (-1.2% YoY, -5.2% QoQ) and EBITDA came in at INR 49.9bn (-4.1% YoY, -2.5% QoQ). YoY decline in revenue and EBITDA was due to ~8% fall in KG D6 gas production volume, which was partially offset by better gas price realization (+7.6% YoY). The average KG D6 production for Q1 was at 26.6mmscmd (-7.3% YoY, -0.4% QoQ). The average KG D6 gas price realization in Q1 was USD 9.97/mmbtu (+7.6% YoY, -1.2% QoQ).
- **Reliance Jio (RJPL)**: Gross revenue continued to improve in the quarter and came in at INR 410.5bn (+18.8% YoY, +3.0% QoQ), led by growth in ARPU and increase in subscriber numbers. ARPU came in at INR 208.8/month (+14.9% YoY, +1.3% QoQ). The company added 9.9mn subscribers in the quarter, taking the total customer base to 498.2mn as of Q1. Jio has reached 210mn 5G subscribers, as of Q1FY26.
- **Reliance Retail (RR):** Net revenue was up 11% YoY at INR 841.7bn. Core retail revenue is estimated to have grown at 8.4% YoY (~INR 530bn; 2% ahead of estimates). EBITDA grew 10.9% YoY to INR 60.44bn (HSIE: INR 59.6bn). Retail EBITM contracted 33bps YoY to 5.4% (HSIE: 6%). RR added 388/252 stores (gross/net basis) in Q1FY26, taking the store count to 19,592. The retail area stood at 77.6mn sq. ft. In terms of category performance, grocery and F&L anchored growth; whereas CE sales were impacted by the early onset of monsoon. Our SOTP-based fair value (attributable to minority shareholders) stands at INR 6.7trn. This implies a valuation of 23x Jun-27 EV/EBITDA for the offline business + 4x Jun-27 EV/sales for the New Commerce Biz.
- **Debt**: RIL's Q1 consolidated net debt climbed up to INR 1,176bn (vs net debt of INR 1,171 bn, as of Mar-25). Total capex incurred in Q1 stood at INR 298 bn (+3.8% YoY, -17.1% QoQ).
- **Valuation:** Owing to weak FY26E outlook due to sub-par Q1FY26 performance, we have reduced our target price for RIL to INR 1,635/sh. We use EV/EBITDA to value O2C at June-26E EV/e, retail on peer benchmarked EV/e and E&P and Jio on DCF. The stock is currently trading at 10.2x June-26E EV/EBITDA and 21.75x June-26E EPS.

Financial summary—consolidated

Year Ending March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	2,436	2,614	-6.8	2,318	5.1	8,778	9,011	9,647	11,706	13,040
EBITDA	429	438	-2.1	388	10.7	1,422	1,622	1,654	2,058	2,381
APAT	181	194	-6.9	151	19.4	667	696	696	882	1,046
Diluted EPS (INR)	13.4	14.3	-6.9	11.2	19.4	98.6	102.9	51.5	65.2	77.3
P/E (x)						15.0	14.3	28.7	22.6	19.1
EV / EBITDA (x)						15.7	13.9	13.8	10.6	8.9
RoE (%)						8.9	9.2	8.5	10.0	10.7

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	2,066	2,058	-0.4	2,388	2,381	-0.3
EPS	69.2	65.2	-5.8	83.1	77.3	-7.0

Source: HSIE Research

ADD

CMP *(as on 18 Jul 2025)*	INR 1,477
Target Price	INR 1,635
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,655	INR 1,635
EPS change	FY26E	FY27E
	-5.8%	-7.0%

KEY STOCK DATA	
Bloomberg code	RELIANCE IN
No. of Shares (mn)	13,532
MCap (INR bn) / ($ mn)	19,974/2,31,827
6m avg traded value (INR mn)	16,967
52 Week high / low	INR 1,594/1,115

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.8	13.3	(7.0)
Relative (%)	11.7	6.6	(7.5)

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	50.33	50.11
FIs & Local MFs	17.41	20.91
FPIs	21.87	18.98
Public & Others	10.40	10.00
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

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

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

ONGC

In-line production; gas realization improves

We maintain our REDUCE rating on ONGC, with a target price of INR 220 as we expect slower ramp-up in oil & gas production. Q1FY26 reported EBITDA at INR ~187bn (+0.2% YoY, -1.8% QoQ) and PAT at INR ~80bn (-10.2% YoY, +24.4% QoQ), both above our estimate due to higher-than-expected crude oil realization.

- **Standalone financial performance:** EBITDA declined sequentially to INR ~186.5bn (+0.2% YoY, -1.8% QoQ) due to lower crude oil price realization. Operating expenditure stood at INR 55.7bn (+5% YoY, -25.5% QoQ). YoY increase in opex was due to higher LNG consumption at the Dahej Terminal. Depreciation and depletion costs increased to ~INR 65.3bn. (+10.8% YoY, +7.4% QoQ) and exploration cost written off decreased significantly to ~INR 14.7bn (-10.4% YoY, -70.8% QoQ). Interest cost came in at ~INR 11.2bn (-5.2% YoY, -5.8% QoQ).
- **Standalone operational performance**: Q1 net crude oil realization stood at USD 67.9/bbl (-19.8% YoY, -9.2% QoQ). Gas realization stood at INR 23.6/scm (+11.9% YoY, 1.8% QoQ). Crude oil production was at 4.9mmt (+4.9% YoY, -0.5% QoQ) and gas production was at 4.8bcm (+3.6% YoY, -1.0% QoQ). Total oil sales volume, including JV, was at 4.7mmt (+1.1% YoY, -2.6% QoQ), while gas sales volume was at 3.87bcm (+1.4% YoY, -0.3% QoQ).
- **Conference call takeaways:** (1) While crude oil price realization reduced, natural gas realization increased on account of higher APM price and increased share of New Well Gas (NWG) in overall sales. Revenue from NWG in Q1FY26 stood at ~INR 17bn. (2) Consolidated oil production stood at 5.24mmt (+0.1% YoY, -0.4% QoQ) and consolidated gas production stood at 4.96bcm (-0.9% YoY, -1.0% QoQ). From the KG basin, ONGC is currently producing 30,000+ bpd of oil and 3mmscmd of gas. **KG basin guidance** - exit FY26 with marginal increase in oil production (30,000+ bpd) and gas production reaching 6-7mmscmd. Opal – plant is running at ~90% capacity and recorded positive EBITDA of INR 130mn in Q1FY26. Management believes that petchem prices have begun to bottom out and thus aims to achieve 100% utilization by the end of FY26E. (2) **Production guidance** – for FY26E – 19.928mmt and 20.110bcm of oil and gas respectively. For FY27E – 21mmt of oil and 21.48bcm of gas. (4) Capex guidance for FY26E- INR 300-350bn. This amount will be invested in E&P as well as renewables business.
- **Change in estimates and valuation:** We have increased our FY26/27E EPS estimates by 7.9%/3.4% to INR 33.46/33.19, owing to strong performance by HPCL and better-than-expected crude oil realization by ONGC. We value ONGC's standalone business and OVL at 7x Sep-26E EPS at INR 160 and investments at INR 60, leading to a TP of INR 220. The stock is currently trading at 10.7x Sep-26E EPS.

Standalone financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenues	320.0	349.8	(8.5)	352.7	(9.3)	6,848.3	6,430.4	6,632.6	7,046.3	7,465.1
EBITDA	186.6	190.1	(1.8)	186.2	0.2	857.1	1,086.5	888.6	903.7	913.4
APAT	80.2	64.5	24.4	89.4	(10.2)	392.8	583.1	384.4	420.9	417.5
AEPS (INR)	6.4	5.1	24.4	7.1	(10.2)	31.2	46.4	30.6	33.5	33.2
P/E (x)	320.0	349.8	(8.5)	352.7	(9.3)	7.7	5.2	7.8	7.1	7.2
EV/EBITDA (x)						4.9	3.7	4.4	4.2	4.2
RoE (%)						14.5	18.9	11.0	11.2	10.3

Source: Company, HSIE Research | *Consolidated

REDUCE

CMP *(as on 13 Aug 2025)*	INR 239
Target Price	INR 220
NIFTY	24,619

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 205	INR 220
EPS change	FY26E	FY27E
	7.9%	3.4%

KEY STOCK DATA	
Bloomberg code	ONGC IN
No. of Shares (mn)	12,580
MCap (INR bn) / ($ mn)	3,003/34,321
6m avg traded value (INR mn)	2,982
52 Week high / low	INR 345/205

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.0)	1.6	(28.9)
Relative (%)	(0.3)	(4.2)	(31.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	58.89	58.89
FIs & Local MFs	18.73	18.88
FPIs	9.19	8.88
Public & Others	13.19	13.35
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Indian Oil Corporation

Marketing segment more than offsets weak refining

Our REDUCE rating on Indian Oil Corporation (IOCL) with a target price of INR 136 is premised on margin pressure due to increasing petchem supplies/capacity and moderation in auto fuel marketing margins. IOCL's Q1FY26 reported EBITDA at INR 126bn (+46% YoY, -7.1% QoQ) and APAT at INR 57bn (+115.2% YoY, -21.7% QoQ) came in above our estimates due to higher-than-expected marketing margin. Reported GRMs came in at USD 2.15/bbl (-66.4% YoY, -72.6% QoQ). IOCL's gross debt decreased sequentially to INR 1,215bn (+4.9% YoY, -9.6% QoQ).

- **Refining:** Crude throughput in Q1 stood at 18.7mmt (+2.7% YoY, +1.1% QoQ), implying capacity utilisation of 106.7%. Core GRM stood at USD 6.9/bl (-7.8% YoY, -30.9% QoQ). We expect the transportation fuel cracks to face pressure in the near/medium term, owing to the ramp-up of new refining capacities and slower global demand growth. Therefore, we estimate core GRMs for IOCL to remain at moderate levels of USD 7.2/7.2 per bbl for FY26/27E.
- **Marketing:** Domestic marketing sales volume stood at 22.4mmt (+4.0% YoY, +2.4% QoQ) and exports stood at 1.3mmt (+13.0% YoY, -0.2% QoQ). IOCL's blended gross marketing margin improved to INR 9.3/ltr (+121.4% YoY, +82.5% QoQ). LPG under recovery absorbed in the quarter stood at INR37bn. We expect blended gross margin of INR 3.9/3.9 per litre in FY26/27E.
- **Petchem:** Reported an EBIT loss of INR 10 mn for the quarter vs an EBIT loss of INR 2.1 bn in the previous quarter and a gain of INR 119 mn in Q1FY25. EBIT margin stood at USD -0.13/mt (Q4FY25: USD -25.52/mt; Q1FY25: USD +1.69/mt); volumes were at 0.832mt (+11.4% YoY, +0.4% QoQ).
- **Con call takeaways:** (1) **Capex-** total capex of INR ~64.7 bn was incurred in Q1FY26 across all the segments. Company has guided for capex of INR 334.94 bn for FY26. Most of the capex will be incurred for petchem, gas and new energy segments. (2) **Refining-** Russian crude's share in total refining throughput increased to 24% from 14% in previous quarter. The discount on Russian crude was in the range of USD 1.5-2.0/bbl. Company recorded inventory loss of INR 65bn in Q1FY26; ~50% of this loss was on the refining segment inventory and balance was on marketing segment inventory. (3) **Petchem** – The spreads of key products improved marginally in Q1FY26; they continue to remain at subdued levels. IOCL added 445 retail outlets during the quarter and aims to add ~4,000 outlets in FY26. Natural gas/CGD sales volume stood at 1644/41 TMT in Q1FY26 v/s 1787/34 TMT in previous quarter. LPG under recovery per cylinder in Q1FY26 was in the range of INR 160-165 which has reduced to INR 100-105 in the month of August.
- **Change in estimates:** We have increased our FY26/26/27E EPS estimates by 9.8/10.7% to INR 13.3/12.7, owing to strong marketing margins reported in Q1FY26.
- **Valuation:** We revise our SOTP target price to INR 136/sh, based on 6x Sep-26E EV/EBITDA for standalone refining, petchem, marketing and pipeline businesses and INR 32/sh for other investments. The stock is currently trading at 10.8x Sep-26E EPS. Maintain REDUCE.

Standalone financial summary

YE March (INR bn)	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	1,930	1,950	(1.0)	1,932	(0.1)	8,418	7,764	7,581	7,461	7,848
EBITDA	126	136	(7.1)	86	46.0	314	759	362	410	410
APAT	57	73	(21.7)	26	115.2	108	420	102	183	175
AEPS (INR)	4.1	5.3	(21.7)	1.9	115.6	7.3	30.3	9.9	13.3	12.7
P/E (x)						19.1	4.6	14.2	10.6	11.0
EV / EBITDA (x)						10.0	3.9	9.2	7.5	7.6
RoE (%)						7.9	26.0	5.5	9.5	8.7

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	388	410	+5.7	387	410	+6.0
EPS	12.1	13.3	+9.8	11.5	12.7	+10.7

Source: HSIE Research

REDUCE

CMP *(as on 18 Aug 2025)*	INR 140
Target Price	INR 136
NIFTY	24,877

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 128	INR 136
	FY26E	FY27E
EPS change	+9.8%	+10.7%

KEY STOCK DATA	
Bloomberg code	IOCL IN
No. of Shares (mn)	14,121
MCap (INR bn) / ($ mn)	1,981/22,681
6m avg traded value (INR mn)	1,988
52 Week high / low	INR 184/111

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.0)	17.9	(16.1)
Relative (%)	(1.8)	10.9	(17.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	51.50	51.50
FIs & Local MFs	10.07	10.39
FPIs	7.38	7.48
Public & Others	31.05	30.63
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Bharat Petroleum Corporation

Stronger marketing margins boost earnings

We maintain our REDUCE rating on Bharat Petroleum (BPCL), with a target price of INR 300, owing to the risk of weak refining and marketing margins. Q1FY26 EBITDA at INR 96.63bn (+71.0% YoY, +24.4% QoQ) and reported PAT at INR 61.23bn (+103.1% YoY, +90.5% QoQ) were above our estimates due to higher-than-expected marketing margins.

- **Refining:** In Q1, crude throughput, including the Bina refinery, was at 10.4mmt (+3.1% YoY, -1.5% QoQ). The reported GRM stood at USD 4.88/bbl (-37.9% YoY, -28.3% QoQ) for the quarter, with the Mumbai refinery GRM at USD 4.14/bbl (-11.2% YoY, -39.0% QoQ), the Kochi refinery GRM at USD 5.69/bbl (-32.7% YoY, -36.0% QoQ), and the Bina refinery GRM at USD 4.5/bbl (-64.7% YoY, -69.7% QoQ). The refining margins declined sequentially due to (i) weaker fuel cracks and (ii) BPCL resorted to maintaining higher inventory levels on account of geopolitical uncertainties. We expect GRMs to remain soft owing to weak cracks of transportation fuels. Therefore, we estimate GRMs for FY26/27E at USD 7.0/7.4 per bbl.
- **Marketing:** Domestic marketing sales volume came in at 14.03mmt (+4.5% YoY, +2.3% QoQ). The blended gross marketing margin for Q1 stood at INR 8.5/lit, (+71.8% YoY, +39.6% QoQ). Rise in marketing margin was due to lower crude oil prices. We factor in blended gross marketing margins (for all petroleum products) of INR 5.4/5.3 per lit for FY26/27E.
- **Conference call takeaways:** (1) BPCL incurred a capex of ~INR 23.82 bn in Q1FY26. The company has maintained capex guidance of ~INR 200 bn for FY26E and ~INR 250 bn for FY27E. (2) The share of Russian crude in Q1 increased to 34% from 24% in previous quarter and the discount on Russian crude has reduced to ~USD 1.5/bbl from ~USD 3/bbl in previous quarter. (3) Management expects BPCL's share in the total announced LPG under recovery compensation of INR 300bn to be in the range of 25-26%. LPG under recovery per cylinder was ~INR 150 in Q1FY26 and ~INR 100 in August. (4) Bina petchem and refinery complex has achieved 14% completion as against the scheduled completion of 15.9%. INR 8bn has been invested in this project out of the total allocation of INR 68bn. Polypropylene project at Kochi has achieved 12.2% completion as against scheduled completion of 16%. INR 2.6bn capex has been incurred for this project out of the total allocation of INR 12bn. The company plans to invest INR 142bn in replacing the existing CCU and FCU units at Mumbai refinery with new ones by May 2029. (5) Gross debt reduced to INR 107.09bn (from INR 232.78bn in Q4FY25). This sequential decline is due to absence of ~INR 80bn paid toward excise duty in the previous quarter and reduction in value of inventory which has released some working capital.
- **Change in estimates:** We tweak our FY26/FY27E EPS estimates by +13/-1% to factor in stronger than expected marketing margins recorded in Q1FY26.
- **SOTP-based valuation:** We revise our target price to INR 300/sh (6x Sep- 26E EV/e for refining, marketing, and pipeline businesses, and INR 65/sh for other investments). The stock is currently trading at 11.5x on Sep-26E EPS.

Standalone financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenues	1,125	1,112	1.2	1,131	(0.5)	4,732	4,481	4,403	4,725	4,923
EBITDA	97	78	24.4	57	71.0	109	441	254	215	213
APAT	61	50	22.8	30	103.1	21	269	133	117	119
Under recovery	21	32	(35.5)	NA	NM					
AEPS (INR)	14.3	11.7	22.8	7.1	103.1	5.0	62.9	31.2	27.4	27.9
P/E (x)						63.8	5.1	10.2	11.6	11.4
EV/EBITDA (x)						17.1	3.8	6.8	8.3	8.5
RoE (%)						4.0	41.6	17.0	13.8	12.9

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	193	215	11.6	204	213	4.5
EPS	24.2	27.4	13.3	28.2	27.9	-1.0

Source: HSIE Research

REDUCE

CMP *(as on 14 Aug 2025)*	INR 318
Target Price	INR 300
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 265	INR 300
EPS %	FY26E	FY27E
	+13.3%	-1.0%

KEY STOCK DATA	
Bloomberg code	BPCL IN
No. of Shares (mn)	4,339
MCap (INR bn) / ($ mn)	1,380/15,757
6m avg traded value (INR mn)	2,820
52 Week high / low	INR 376/234

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.8	26.7	(2.2)
Relative (%)	2.7	20.6	(4.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	52.98	52.98
FIs & Local MFs	23.80	22.17
FPIs	14.58	15.45
Public & Others	8.64	9.40
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Gail (India)

Transmission volume guidance trimmed

BUY

Our BUY recommendation for GAIL with a target price of INR 230 is based on expectation of upward revision in transmission tariff of Integrated Natural Gas Pipeline (INGPL). Q1FY26 reported standalone EBITDA at INR 33bn (-26.4% YoY, +3.6% QoQ) and APAT at INR 18.8bn (-30.8% YoY, -7.9% QoQ), which came in below our estimate, due to lower-than-expected gas transmission volume. Depreciation was at INR 8.8bn (-15.8% YoY, -2.3% QoQ) whereas other income was at INR 2.9bn (-21.4% YoY, -48.5% QoQ). Interest cost was INR 2.0bn (flat YoY, +17.4% QoQ).

- **NG marketing:** Q1 marketing volume stood at 105.4mmscmd (+6.0% YoY, -1.0% QoQ) and EBITDA came in at INR 13bn (-42.5% YoY, -7.5% QoQ).
- **Petchem:** Q1 petchem EBITDA further reduced sequentially to a loss of INR 1.2bn, due to higher raw material cost, lower realization, and lower sales volume. Polymer sales volume stood at 177kT, (+4.7% YoY, -22.7% QoQ). Realization reduced sequentially to INR 94.9/kg (-1.6% YoY, -1.6% QoQ).
- **NG transmission:** GAIL reported volumes of 120.6mmscmd (-8.5% YoY, -0.2% QoQ) and transmission tariffs of INR 2,290/tscm (-7.4% YoY, +4.9% QoQ), delivering EBITDA of INR 19.6bn (+0.2% YoY, +17.5% QoQ) for the quarter. Volumes were impacted due to (i) reduced demand from power and fertilizer sector, led by early onset of monsoon and planned and unplanned shutdowns of plants, (ii) annual shutdown of GAIL's petchem plant which was undertaken during the quarter and (iii) alternate fuels being available at better pricing compared to gas, which led to lower demand from refineries.
- **Key takeaways**: (1) **Gas marketing** – management has maintained EBIT guidance of INR 40-45bn for FY26E. (2) **Gas transmission** – in the current month (July), volume run rate has improved to 127mmscmd (from ~121mmscmd recorded in Q1FY26) as fertilizer plants are now running at normal levels. Drop in volumes in Q1FY26 has resulted in guidance for FY26E/FY27E being cut to 127/135mmscmd from 138/139mmscmd earlier. (3) **Petchem** –this segment reported an EBITDA loss due to plant shutdown undertaken in the quarter, elevated HH gas prices and reduction in Polymer prices by INR ~1000/MT. The 160KTPA and 500 KTPA petchem projects should become operational in FY26E and FY27E respectively. Company expects this segment to turn profitable only in FY27E. (4) **Capex** – the company has guided for a capex of INR 120bn to be incurred in FY27E (INR 25/40/20/14/2/18bn being allocated to petchem/pipeline/ renewables/operational/CGD/equity investments). (5) GAIL Gas – Reported revenue/PBT/PAT of INR 29/1.4/1bn respectively and volumes of 7.03mmscmd for Q1FY26. Gail CGD recorded volumes of 0.46mmscmd (APM – 0.17mmscmd and RLNG – 0.29mmscmd).
- **Valuation:** We tweak our FY26/27E EPS estimates by -7/-10% respectively to factor in the reduced transmission volume guidance. We retain our SOTP target price at INR 230/sh, based on 11x Sep-26E EV/EBITDA for the natural gas, LPG transmission and domestic gas marketing business, 4x EV/EBITDA for non-domestic gas marketing business, 6x EV/e for the petchem and LPG & LHC businesses, and INR 43 for investments. The stock is currently trading at 13.8x Sep-26E EPS and 9.9x EV/EBITDA.

Standalone financial summary

YE March (INR bn)	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	347.69	356.85	(2.6)	336.74	3.3	1,457	1,332	1,419	1,359	1,406
EBITDA	33.34	32.16	3.6	45.28	(26.4)	75	143	154	152	169
PAT	18.86	20.49	(7.9)	27.24	(30.8)	56	99	124	106	119
EPS (INR)	2.9	3.1	(7.9)	4.1	(30.8)	8.5	15.1	18.9	16.0	18.0
P/E (x)						21.1	12.0	9.5	11.2	10.0
EV / EBITDA (x)						18.1	9.7	8.9	8.8	7.7
RoE (%)						8.7	13.9	15.4	11.7	11.7

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	156	145	-7	169	153	-10
EPS	16.4	15.2	-7	18.0	16.2	-10

Source: HSIE Research

CMP *(as on 29 Jul 2025)*	**INR 183**
Target Price	**INR 230**
NIFTY	**24,821**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 230	INR 230
EPS change	**FY26E**	**FY27E**
	-7.4%	-10.4%

KEY STOCK DATA	
Bloomberg code	GAIL IN
No. of Shares (mn)	6,575
MCap (INR bn) / ($ mn)	1,203/13,857
6m avg traded value (INR mn)	2,551
52 Week high / low	INR 246/151

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.5)	10.7	(21.1)
Relative (%)	(4.8)	4.5	(21.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	51.90	51.90
FIs & Local MFs	26.63	19.04
FPIs	14.79	14.91
Public & Others	6.68	14.15
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Hindustan Petroleum Corporation

Improved marketing margin lifts earnings

Our REDUCE rating on Hindustan Petroleum Corporation (HPCL) with a price target of INR 335 is premised on the risk of lower auto-fuel marketing margins and elevated debt levels, given the high capex cycle. Q1FY26 EBITDA came in at INR 76bn (+2.6x YoY, +31.0% QoQ), while PAT came in at INR 43.7bn (+11.2x YoY, +30.3% QoQ), ahead of our estimate, owing to higher-than-expected marketing margin.

- **Refining:** HPCL reported crude throughput of 6.66mmt (+15.6% YoY, -1.2% QoQ). Reported GRMs were at USD 3.08/bbl (-38.8% YoY, -63.5% QoQ). Inventory loss of USD 3.35/bbl was recorded for the quarter. We expect GRMs to remain subdued, going ahead, as new capacities ramp up globally. We estimate standalone GRMs at USD 8.1/8.1 per bbl for FY26/27E.
- **Marketing:** Domestic marketing sales volume was at 12.3mmt (+1.6% YoY, +1.2% QoQ). The blended gross marketing margin for the quarter stood at INR 8/lit (+131.1% YoY, +77.9% QoQ). Inventory loss and LPG under recovery for the quarter stood at INR 6bn and INR 21.48bn respectively. We estimate a blended gross margin of INR 4.2/4.2 per lit for FY26/FY27E.
- **Conference call takeaways:** (1) HPCL's gross debt in Q1 decreased to INR 509bn (-11.2% YoY, -19.5% QoQ). (2) Company recorded marketing and refining inventory loss of INR 6bn and INR 14bn in Q1FY26. (3) HPCL has signed a 10-year LNG sourcing deal with ADNOC Gas. Supply of LNG under this contract will begin in CY2026. (4) HPCL's Chhara LNG terminal is expected to achieve capacity utilization of ~35% in FY27E. (5) Vishakh refinery bottom upgradation to be completed by Q2FY26E. (6) HPCL has launched project 'Samriddhi', which is directed toward improving operational efficiencies to achieve EBITDA savings of INR 10-15bn by the end of FY26E (~USD 0.6/bbl). In Q1FY26, INR2.5bn worth of cost savings have already been recorded because of this project. Company has also launched project 'Abhyudaya' to increase the asset throughput of 4,500 retail outlets. Improvement is cash flows due to these projects will be utilized to reduce debt levels. (7) HMEL recorded GRM of USD 7+/bbl and EBITDA of INR ~10bn in Q1FY26.
- **Change in estimates:** We have revised our FY26/27E EPS estimates upwards by 6.6/7.2% to INR 47.1/47.5 per share to factor in higher marketing volumes.
- **SOTP-based valuation:** Our SOTP target price of INR 335 is based on 6x Sep-26E EV/EBITDA for standalone refining, marketing and pipeline business respectively, and INR 117/sh for other investments. The stock is currently trading at 8.6x Sep-26E EPS.

Standalone financial summary

YE March (INR bn)	1Q FY26	4Q FY25	QoQ (%)	1Q FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	1,108	1,095	1.2	1,138	(2.7)	4,407	4,339	4,341	4,748	5,066
EBITDA	76	58	31.0	21	260.7	(72)	249	166	193	205
APAT	44	34	30.3	4	1,128.5	(70)	160	67	100	101
AEPS (INR)	20.5	15.8	30.3	1.7	1,128.5	(32.8)	75.2	31.6	47.1	47.5
P/E (x)						(12.4)	5.4	12.9	8.7	8.6
EV / EBITDA (x)						(20.5)	5.8	9.0	7.9	7.5
RoE (%)						(19.0)	40.4	13.7	18.4	16.5

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	188	193	2.7	199	205	2.7
EPS	44.2	47.1	6.6	44.3	47.5	7.2

Source: HSIE Research

REDUCE

CMP *(as on 8 Aug 2025)*	INR 410
Target Price	INR 335
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 335	INR 335
EPS change	FY26E	FY27E
	+6.6%	+7.2%

KEY STOCK DATA	
Bloomberg code	HPCL IN
No. of Shares (mn)	2,128
MCap (INR bn) / ($ mn)	871/9,940
6m avg traded value (INR mn)	2,237
52 Week high / low	INR 457/288

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.5	19.6	5.2
Relative (%)	6.1	17.0	4.0

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	54.90	54.90
FIs & Local MFs	21.47	23.57
FPIs	13.22	12.55
Public & Others	10.39	8.98
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Oil India

Decreased realization impacts profitability

BUY

CMP *(as on 13 Aug 2025)*	**INR 407**
Target Price	**INR 485**
NIFTY	**24,619**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 490	INR 485
EPS change	**FY26E**	**FY27E**
	+9.9%	+5.7%

KEY STOCK DATA	
Bloomberg code	OINL IN
No. of Shares (mn)	1,627
MCap (INR bn) / ($ mn)	662/7,567
6m avg traded value (INR mn)	1,456
52 Week high / low	INR 768/322

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	(0.1)	(1.4)	(40.8)
Relative (%)	0.6	(7.2)	(42.8)

SHAREHOLDING PATTERN (%)

	Mar-25	**Jun-25**
Promoters	56.66	56.66
FIs & Local MFs	15.97	17.66
FPIs	11.00	9.51
Public & Others	16.38	16.18
Pledged Shares	0.00	0.00

Source : BSE

Our BUY recommendation on Oil India with a revised target price of INR 485 is premised on oil production growth at 7% CAGR and gas production growth at 17% CAGR over FY25-27E. Q1FY26 standalone EBITDA at INR 16.06bn (-34.9% YoY, -19.0% QoQ) and PAT at INR 8.13bn (-44.5% YoY, -48.9% QoQ) came in line with our estimates. Oil and gas production stood at 1.68mmtoe (+0.2%YoY, +1.8% QoQ).

- **Standalone financial performance:** EBITDA for Q1FY26 came in at INR 16.1bn (-34.9% YoY, -19.0% QoQ). Other expenses increased to INR 16.9bn(+79.9% YoY, +5.9% QoQ). PAT stood at INR 8.1bn (-44.5% YoY, -48.9% QoQ). Depreciation was at INR 5.3bn (+16.6% YoY, +22.9% QoQ) and interest cost was at INR 1.5bn (-22.1% YoY, -21.4% QoQ).
- **Standalone operational performance**: In Q1FY26, net crude oil realization stood at USD 64.2/bbl (-22.2% YoY, -11.3% QoQ) and gas realization was at USD 6.7/mmbtu (+4.3% YoY, +3.0 QoQ). Oil production came in at 0.85mmt (-2.1% YoY, +1.1% QoQ). Gas production of 0.80bcm (+2.8% YoY, +2.7% QoQ) was recorded in the quarter. Oil sales volume was at 0.82mmt (-1.4% YoY, -3.1% QoQ), while gas sales volume was at 0.70bcm (+2.8% YoY, +4.5% QoQ).
- **Conference call highlights**: (1) **NRL -** reported EBITDA of ~INR 7.86 bn and PAT of ~INR 4.88 bn for the quarter. GRM and inventory loss for Q1FY26 stood at USD 5.02/2.93 per bbl respectively. (2) NRL's additional refining capacity to come onstream in H1FY27E. NRL will achieve 40% of the overall refining capacity by H2FY27E. (3) NRL benefited to the tune of INR 1.18bn due to increase in excise duty in Q1FY26. (4) **OINL -** FY26 production guidance – 3.7mmtpa of oil and 3.65mmtoe of gas. FY27 production guidance – 3.95mmtpa of oil and 4.31mmtoe of gas. (5) FY26/27 capex guidance for standalone entity- INR 69.9/75.8bn. (6) NRL capex guidance for FY26/27- INR 91.3/73bn. (7) USD 17/11.2mn worth of dividend was received in Q1FY26 from Russian assets (Taas-Yuryah Neftegazodobycha and Vankorneft).
- **Change in estimates and valuation:** We tweak our FY26/27E EPS estimates by +9.9/+5.7% to INR 40.7/41.2, owing to better-than-expected GRM of NRL during the quarter and factoring in higher refining throughput of NRL in FY27E due to expected commissioning of new refinery. We value Oil India's standalone business at INR 220/sh (8x Sep-26E EPS) and its investments at INR 265/sh.

Standalone financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenues	50.1	55.1	(9.2)	58.3	(14.2)	410	363	362	351	502
EBITDA	16.1	19.8	(19.0)	24.7	(34.9)	153	125	112	111	121
APAT	8.1	15.9	(48.9)	14.7	(44.5)	87	83	66	66	67
AEPS (INR)	5.0	9.8	(48.9)	9.0	(44.5)	53.7	51.0	40.3	40.7	41.2
P/E (x)						8.0	8.4	10.7	10.6	10.4
EV/EBITDA (x)						5.8	7.4	8.7	6.8	6.1
RoE (%)						25.3	19.1	13.4	12.4	11.0

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	109	111	1.7	115	120	4.4
EPS	37.0	40.7	9.9	38.9	41.2	5.7

Source: HSIE Research

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Petronet LNG

Sub-par volume growth

Our REDUCE recommendation on Petronet LNG (PLNG) with a revised TP of INR 294 is based on (1) muted volume growth, (2) delayed capacity expansion and (3) subdued return ratios resulting from a high capex cycle anticipated over the next five years. Q1FY26 reported EBITDA of INR 11.6bn (-25.8% YoY, -23.3% QoQ) and PAT of INR 8.5bn (-25.5% YoY, -20.5% QoQ), were below our estimates due to lower-than-expected volumes. During the quarter, the company accounted for provision for receipt of Use-or-Pay (UoP) charges worth INR 1.38bn taking the total provision amount to INR ~6.08bn. Volumes were at 220tbtu (-16% YoY, +7.3% QoQ).

- **Financial performance:** Reported EBITDA/PAT stood at INR 11.6/8.5bn. Volume at 220tbtu was down 16% YoY and up 7.3% QoQ. The company recorded an inventory/trading gain of INR 0.42bn/0bn against INR 0.55bn/0.50bn in the previous quarter. Other expenses (excluding adjustment for UoP charges) stood at INR 1.3bn. As at the end of Q1FY26, the gross UoP dues stood at INR 14.2bn and provision made amounted to INR 6.07bn, leading to an outstanding balance of INR 8.14bn. Other income came in at INR 2.4bn (+11.1% YoY, +21.4% QoQ) while interest cost was at INR 590mn (-11.5% YoY, -3.1% QoQ).
- **Terminal-wise Q1 performance:** Utilization at the Dahej terminal was at ~93%, while that at Kochi was at ~20%. Sales volume at Dahej and Kochi were 207tbtu (-16.5% YoY, +9.5% QoQ) and 13tbtu (-7.1% YoY, -18.8% QoQ) respectively, with total volume at 220tbtu (-16.0% YoY, +7.3% QoQ).
- **Conference call takeaways**: (1) Lower demand from power and fertilizer sectors impacted the volume offtake resulting in a negative YoY volume growth. However, stable LNG prices during the quarter resulted in sequential improvement in volume offtake. (2) Demand in the month of July at the company level has improved by ~7% from Q1FY26 levels led by ~10% improvement in demand at the Dahej terminal. (3) Regas tariff/inventory gains to the tune of INR 6.4bn/0.4bn were recorded during the quarter. There was no trading gain during the quarter. (4) Utilization level of Kochi terminal to increase by the end of FY26E as the pipeline connectivity is expected to be established by then. (5) Capacity expansion of Dahej terminal was impacted during the quarter due to monsoon and Operation Sindoor. (6) INR ~5bn has already been invested in the petchem project. Total of INR ~50bn will be invested in this project. (7) The company has maintained its FY26E capex guidance of ~INR 50bn. (8) The Gopalpur LNG terminal will require 3 years to become operational. There is a major trunk pipeline which is 35 kms away from this upcoming terminal. Once connected to this pipeline, Gopalpur terminal will not face any issues in offtake volumes as it will be able to supply gas to fertilizers and power stations located in the northern and north-eastern parts of India. (9) Phase II of the Gorgon gas contract for 1.2 MMTPA is likely to begin by the end of current financial year. This contract is valid for 10 years and volumes from this contract are expected to be ~0.5MMTPA for the first two years and then ramp up.
- **Change in estimates and valuation:** We maintain our FY26/27E EPS estimates. Our TP of INR 294 is based on the Sep-26E cash flow (WACC 11%, terminal growth rate 3%).

Financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23	FY24	FY25	FY26E	FY27E
Revenues	119	123	(3.5)	134	(11.4)	599	527	510	559	636
EBITDA	12	15	(23.3)	16	(25.8)	49	52	55	52	59
APAT	9	11	(20.5)	11	(25.5)	32	35	39	34	38
AEPS (INR)	5.7	7.1	(20.5)	7.6	(25.5)	21.6	23.6	26.2	22.7	25.5
P/E (x)						14.0	12.9	11.6	13.3	11.9
EV/EBITDA (x)						8.6	7.8	7.0	8.3	7.9
RoE (%)						22.8	22.2	21.6	17.1	18.3

Source: Company, HSIE Research

REDUCE

CMP *(as on 28 Jul 2025)*	INR 301
Target Price	INR 294
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 296	INR 294
EPS change	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	PLNG IN
No. of Shares (mn)	1,500
MCap (INR bn) / ($ mn)	452/5,217
6m avg traded value (INR mn)	734
52 Week high / low	INR 385/270

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.9)	3.7	(19.1)
Relative (%)	(3.7)	(2.8)	(18.5)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	50.00	50.00
FIs & Local MFs	12.86	10.86
FPIs	25.57	29..04
Public & Others	11.56	10.10
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Gujarat Gas

Industrial volumes still under pressure

Our ADD recommendation on Gujarat Gas (GGL) with a revised price target of INR 535/sh is premised on (1) GGL's ability to retain its EBITDA margin despite pricing competition from alternative fuel in the industrial/commercial segment and (2) entry in the LPG distribution business. Q1FY26 EBITDA/Adj. PAT at INR 5.2/3.3bn came in below our estimates, owing to lower-than-expected volumes.

- **Volumes:** Blended volume in Q1 stood at 8.88 mmscmd (-19% YoY, -4.5% QoQ). CNG volume came in at 3.33 mmscmd (+11.7% YoY, +3.4% QoQ), while industrial volume came in at 4.71 mmscmd (-35% YoY, -6.4% QoQ). Domestic PNG volume stood at 0.69 mmscmd (+11.3% YoY, -22.5% QoQ). Commercial PNG volume stood at 0.14 mmscmd (+7.7%YoY, -12.5% QoQ). We trim our volumes estimate to 8.8/9.4mmscmd for FY26/27E, implying a FY25-27e CAGR of -1%.
- **Margin:** The impact of sequential drop in realization to INR 48.0/scm (+8.9% YoY, -2.1% QoQ) was more than offset by reduced gas cost, which came in at INR 37.2/scm (+4.7% YoY, -4.3% QoQ), resulting in gross spread improving to INR 10.8/scm (+26.1% YoY, +6.1% QoQ). Opex was also lower sequentially at INR 4.3/scm (+32.3% YoY, -9.5% QoQ), leading to higher EBITDA margin at INR 6.4/scm (+22.3% YoY, +19.9% QoQ). We estimate GGL's per unit EBITDA margin at INR 6.6/8.3 per scm over FY26/27E.
- **Conference call takeaways:** (1) **Industrial PNG**- Morbi industrial volumes decreased by ~12.5% QoQ to 2.51mmscmd and non-Morbi industrial volumes increased by 2% QoQ to 2.2mmscmd. Demand in Morbi region was weak as prices of propane were comparatively cheaper than the gas prices in Q1. Company undertook price cut of IR3/scm in the industrial segment, owing to weak RLNG and crude oil prices in the quarter. Morbi volumes are expected to remain under pressure in Q2FY26E due to plant shutdown in festive season. Management remains watchful of the environment in this region and expects Morbi volume to be in the range of 2.3-2.5mmscmd in Q2FY26E. (2) Current price of Propane stands at INR 40/scm, which is lower than that of gas which trades at INR 44/scm. (3) **CNG** – strong YoY uptick in volume was due to increased CNG vehicle addition in FY25 volumes. Gujarat/Non-Gujarat CNG volumes increased by 10/27% YoY respectively. Company is confident of maintaining this strong growth for the rest of FY26E on the back of new station additions and higher CNG vehicle adoption. (4) **Gas sourcing** – 2.06/3.37/3.02/4.3 mmscmd was APM/Long term/Short term/HPHT, Spot & NWG. (5) **LPG business-** given the price discount Propane (LPG) enjoys over natural gas, company has decided to enter the business of distribution of LPG to its industrial clients. Currently, 5mmsmcd of LPG is being consumed in Morbi region. Management has set a target of capturing 25% of this volume (1.2-1.3mmscmd) by the end of FY26E. Sourcing of LPG will be done from international markets. (6) Management has maintained EBITDA margin guidance of INR 4.5-5.5/scm and capex guidance of INR 10bn for FY26E.
- **Change in estimates:** We cut our EPS estimates for FY26/27 by 7.2/0.9% to INR 19.57/27.62 per sh, factoring in weaker volume growth from industrial segment. Our target price of INR 535/sh is based on Sep-26E free cash flow (WACC 11%, terminal growth rate 3%).

Standalone financial summary

YE March (INR bn)	1QFY26	4QFY25	QoQ (%)	1QFY25	YoY (%)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	39	41	(5.6)	45	(13.0)	168	157	165	144	166
EBITDA	5	4	15.7	5	(2.9)	24	19	19	21	29
APAT	3	3	13.8	3	(0.9)	15	11	11	13	19
AEPS (INR)	4.7	4.2	13.8	4.8	(0.9)	22.2	16.0	16.6	19.6	27.6
P/E (x)						19.4	26.9	25.9	22.0	15.6
EV / EBITDA (x)						12.1	15.3	15.6	12.6	9.0
RoE (%)						24.2	15.0	14.2	15.1	19.1

Source: Company, HSIE Research

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	22.9	21.25	-7.2	28.9	28.7	-0.7
EPS	21.1	19.6	-7.2	27.9	27.6	-0.9

Source: HSIE Research

ADD

CMP *(as on 06 Aug 2025)*	INR 430
Target Price	INR 535
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 536	INR 535
EPS change %	FY26E	FY27E
	-7.2%	-0.9%

KEY STOCK DATA	
Bloomberg code	GUJGA IN
No. of Shares (mn)	688
MCap (INR bn) / ($ mn)	297/3,382
6m avg traded value (INR mn)	249
52 Week high / low	INR 690/360

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.4)	(8.4)	(33.1)
Relative (%)	(5.2)	(11.5)	(35.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	60.89	60.89
FIs & Local MFs	14.76	14.99
FPIs	4.31	3.86
Public & Others	20.04	20.26
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Indraprastha Gas

Volume growth disappoints

We maintain our BUY recommendation on Indraprastha Gas (IGL) with a target price of INR 247, given (1) volume growth of ~7% CAGR over FY25-33E, (2) robust margins supported by higher allocation of gas from the high-pressure, high-temperature (HPHT) fields to the priority sector, and (3) a strong portfolio of new geographical areas (GAs) ensuring volume growth visibility. Q1FY26 EBITDA at INR 5.1bn (-12.0% YoY, +3.6% QoQ) and APAT at INR 3.5bn (-11.3% YoY, +1.9% QoQ) were below our estimates.

- **Volumes:** Blended volume stood at 9.13mmscmd (+5.7% YoY, -0.6% QoQ). Domestic PNG/industrial-commercial volumes came in at 0.74/1.10mmscmd (up 10.6/8.9% YoY and down 2.6/9.3% QoQ), CNG volume at 6.79mmscmd (+5.2% YoY, +1.2% QoQ) and trading volume at 0.50mmscmd (flat YoY, +0.3% QoQ). We expect infrastructure expansion in existing and new areas to support volume growth of ~7% CAGR over FY25-32E. We estimate volume of 9.47/10.08mmscmd for FY26/27E.
- **Margins**: Per-unit gross margin came in at INR 11.9/scm (-10.3% YoY, -2.6% QoQ) and per-unit EBITDA margin came in at INR 6.2/scm (-16.8% YoY, +3.0% QoQ). Gas cost stood at INR 35.2/scm (+11.6% YoY, -1.0% QoQ). Opex was at INR 5.7/scm (-1.9% YoY, -8.0% QoQ). Realization stood at INR 47.1/scm (+5.2% YoY, -1.4% QoQ). We estimate a per unit EBITDA margin of INR 5.9/6.3 per scm for FY26/27E.
- **Key highlights**: (i) CNG volume growth in Q1FY26 (ex-DTC) was 9% YoY. While the CNG volume growth in Delhi was flat YoY, other GAs recorded double-digit growth. (ii) CNG vehicle adoption in Q1FY26 remained strong with addition of 18,500 CNG vehicles per month compared to 15,900 a year ago; CNG passenger car growth in new GAs stood at 37% YoY. (iii) Gas sourcing split for CNG was as follows—3.08/0.9/0.4/0.12/2.29mmscmd from APM/NWG/HPHT/CBM/RLNG. There were no spot purchases made; ~67% of RLNG sourcing was crude-linked and balance was linked to HH. (iv) While the pipeline tariff rationalization order has not yet been passed by PNGRB, IGL estimates that its adoption could save costs of INR 0.7-1.3/scm, as currently ~85/15% of the volumes belong to zone 2/3, which will be charged the tariff of zone 1 post the implementation of this order. (v) Guidance – to exit FY26E with volumes of 10mmscmd. Long-term EBITDA margin aspiration retained at INR 7-8 per scm. (vi) CUGL and MNGL recorded volumes of 0.34/1.85mmscmd (up 13/18% YoY) and PAT of INR 1.76/1.31bn vs INR 1.56/1.45bn a year ago.
- **DCF-based valuation:** Factoring in the sequential volume decline, we have reduced the target price to INR 247/sh (previously INR 264/sh; WACC 10.5%, terminal growth rate 1.5%). The stock is trading at 14.3x Sep-26E EPS.

Standalone financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenues	39.1	39.5	-0.8	35.2	11.2	141.46	140.00	149.28	172.79	190.77
EBITDA	5.1	4.9	3.6	5.8	-12.0	20.40	23.64	19.73	20.64	23.19
APAT	3.6	3.5	1.9	4.0	-11.3	13.86	16.42	13.52	14.79	16.51
AEPS (INR)	5.1	5.0	1.9	5.7	-11.3	11.7	14.2	12.2	13.4	14.9
P/E (x)						17.2	14.3	16.5	15.1	13.5
EV/EBITDA (x)						12.6	11.1	13.2	12.6	11.1
RoE (%)						21.1	22.6	16.9	16.6	16.4

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	21.6	20.6	-4.4	25.1	23.2	-7.8
EPS	13.9	13.4	-3.7	16.0	14.9	-6.6

Source: HSIE Research

BUY

CMP *(as on 31 Jul 2025)*	INR 205
Target Price	INR 247
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 264	INR 247
EPS change	FY26E	FY27E
	-3.7%	-6.6%

KEY STOCK DATA	
Bloomberg code	IGL IN
No. of Shares (mn)	1,400
MCap (INR bn) / ($ mn)	287/3,277
6m avg traded value (INR mn)	970
52 Week high / low	INR 285/153

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.5	1.6	(25.2)
Relative (%)	5.3	(3.1)	(24.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	45.00	45.00
FIs & Local MFs	30.10	23.98
FPIs	16.16	16.82
Public & Others	8.74	14.20
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Gujarat State Petronet

Volumes improve sequentially

Our ADD rating on Gujarat State Petronet with a revised TP of INR 300/sh is premised on volume growth of ~6% CAGR over FY25-27E and successful completion of the group restructuring. Q1FY26 EBITDA at INR 2.02bn (-32.8% YoY, +62.3% QoQ) and APAT at INR 1.42bn (-32.8% YoY, +101.5% QoQ) were in line with our estimates. Gas transportation charges increased to INR 413mn (+118.6% YoY, +13.6% QoQ).

- **Volume:** Gas transmission volume in Q1 stood at 29.7mmscmd (-18.5% YoY, +17.7% QoQ). All the sectors reported a YoY decline in gas consumption volumes. In terms of sector-wise volumes—consumption by refinery was at 6.3mmscmd (-16.0% YoY, +11.1% QoQ), power at 3.8mmscmd (-41.1% YoY, +268.0% QoQ), CGD at 10.8mmscmd (-14.6% YoY, -3.1% QoQ), fertilizers and others at 3.4mmscmd (-24.4% YoY, -5.8% QoQ), and 5.4mmscmd (flat YoY, +24.7% QoQ) respectively. Natural gas demand in Morbi was under pressure during the quarter and this is expected to continue in Q2FY26E.
- **Tariffs:** Calculated blended transmission tariff for the quarter stood at INR 22.9/mmbtu (-12.1% YoY, +1.9% QoQ), which is higher than the tariff of INR 18.1/mmbtu determined by PNGRB.
- **Change in estimates and valuation:** We have cut our FY26/27E EPS estimates by 5.0%/0.4% to factor in weaker volume growth of Gujarat Gas' industrial segment. We have revised the target price to INR 300 (from INR 340 earlier) as we adjust the value of investments in Gujarat Gas to INR 222/sh based on its current market price. We value the transmission business using discounted cash flow (DCF) at INR 44/sh. To this, we add INR 256/sh as the value of its investments in Gujarat Gas, Sabarmati Gas, etc., to arrive at a target price of INR 300/sh. The stock is trading at 11.5x Sep-26E EPS.

Standalone financial summary

YE March (INR bn)	Q1 FY26	Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	2.8	2.4	19.2	3.5	(19.9)	181	173	174	160	181
EBITDA	2.0	1.2	62.3	3.0	(32.8)	37	34	27	32	37
APAT	1.4	0.7	101.5	2.1	(32.8)	16	17	11	14	16
AEPS (INR)	2.5	1.3	101.5	3.8	(32.8)	29.1	29.4	19.7	25.0	27.8
P/E (x)						10.4	10.3	15.4	12.2	10.9
EV / EBITDA (x)						5.2	5.7	7.0	5.6	4.5
RoE (%)						18.9	16.4	9.9	11.4	11.3

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	33.2	31.6	-5.0	37.3	37.1	-0.5
EPS	26.3	25.0	-5.1	27.9	27.8	-0.5

Source: HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 304
Target Price	INR 300
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 340	INR 300
EPS change %	FY26E	FY27E
	-5.1%	-0.5%

KEY STOCK DATA	
Bloomberg code	GUJS IN
No. of Shares (mn)	564
MCap (INR bn) / ($ mn)	171/1,954
6m avg traded value (INR mn)	245
52 Week high / low	INR 470/261

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.9)	1.1	(7.1)
Relative (%)	(5.3)	(4.2)	(7.8)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	37.63	37.63
FIs & Local MFs	24.76	24.73
FPIs	16.03	15.67
Public & Others	21.58	21.96
Pledged Shares	0.0	0.0

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Mahanagar Gas

Profitability continues to improve

Our BUY recommendation on Mahanagar Gas (MGL) with a target price of INR 1,981 is premised on strong volume growth and expected recovery in per unit EBITDA margin. An accelerated addition of retail outlets, customer additions in the industrial segment and continued firm CNG vehicle registration shall support 10% CAGR volume growth for MGL over FY25-27E. The Q1FY26 consolidated EBITDA came in at INR 5.0bn, while consolidated PAT was at INR 3.17bn. Standalone EBITDA and PAT was at INR 4.8bn and INR 3.2bn, which came in ahead of our estimates, owing to more than adequate price hike taken by the company and benefit of operating leverage.

- **Consolidated volume growth at 10.4%YoY:** MGL's quarterly standalone volume grew by 9.6% YoY to 4.23mmscmd. CNG/PNG volume came in at 2.98/1.25mmscmd (+7.5/14.9% YoY). Industrial and commercial segment and DPNG volume stood at 0.68/0.57mmscmd (+26.1/3.9% YoY). UEPL has shown volume growth of 28.7% YoY to 0.23mmscmd, taking the consolidated volumes to 4.45mmscmd (+10.4% YoY, +1.2% QoQ). Favorable economics vs alternate fuels should support volume growth.
- **Margins improve sequentially:** The company has taken a price hike in the quarter, which has resulted in standalone per unit gross margin expansion by ~INR1/scm QoQ to INR 19.2/scm. Per unit opex stood at INR 6.6/scm while standalone EBITDA increased by INR2/scm to INR 12.6/scm (+5.8% YoY, 25.8% QoQ). Owing to strong Q1FY26 performance, we revise our standalone per unit EBITDA estimates upwards to INR11.7/11.4 per scm for FY26/27E (previous estimate INR10.7/11.2 per scm).
- **Conference call takeaways:** (1) Q1FY26 consolidated opex was higher by 22% YoY on account of increase in lease expenses, maintenance costs, CSR spends, and one-time lease payment. (2) Q1FY26 GA-wise volume split (in mmscmd) stood as follows: GA1/GA2/GA3 was 1.90/1.85/0.24, down 1.6/1.6/4% QoQ. (3) Source-wise split of gas sold was 1.69/0.5/0.5/1.15/0.4mmscmd from APM/HPHT/NWG/HH/Spot. (4) 100% of DPNG demand and 37% of CNG demand met through APM gas. (5) 85% of MGL's volume is to priority sector, which already attracts a Zone 1 tariff. PNGRB's amendment of nationwide application of the uniform zonal tariff of Zone 1 to CNG and DPNG applies to only 15% of MGL's volume. This amendment will reduce cost by INR0.6-0.7/kg. (6) INR 13bn worth of capex is expected to be incurred in FY26E (INR 11bn will be for the core business and balance INR 2bn for the new businesses). (7) MGL will begin reporting consolidated numbers (incl UEPL) in the next 2-3 quarters. On consolidation, MGL will enjoy the benefit of tax loss in UEPL, which will reduce the tax rate.
- **DCF-based valuation:** Our target price of INR 1,981/sh is based on Sep-26E free cash flow (WACC 10.5%, terminal growth rate 2%). The stock is currently trading at 10.5x Sep-26E EPS.

Financial Summary

YE March (INR bn)	*Q1 FY26	*Q4 FY25	QoQ (%)	Q1 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	20.8	19.6	6.0	16.7	25.0	62.99	62.45	69.24	86.52	105.87
EBITDA	5.0	4.0	26.8	4.4	14.6	11.84	18.43	15.10	19.85	21.58
APAT	3.2	2.5	28.7	2.9	10.0	7.90	13.38	10.92	13.54	14.34
AEPS (INR)	32.2	25.0	28.7	29.2	10.0	79.98	135.39	110.54	137.09	145.16
P/E (x)						18.5	11.0	13.4	10.8	10.2
EV / EBITDA (x)						11.1	7.2	8.8	6.5	5.7
RoE (%)						20.4	28.8	19.8	21.5	20.1

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	17.3	19.8	14.9	20.0	21.6	7.5
EPS	120.2	137.1	14.1	137.9	145.2	5.2

Source: HSIE Research

BUY

CMP *(as on 23 Jul 2025)*	INR 1,483
Target Price	INR 1,981
NIFTY	25,220

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,960	INR 1,981
EPS %	FY26E	FY27E
	+14.1%	+5.2%

KEY STOCK DATA	
Bloomberg code	MAHGL IN
No. of Shares (mn)	99
MCap (INR bn) / ($ mn)	147/1,696
6m avg traded value (INR mn)	882
52 Week high / low	INR 1,989/1,075

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	12.1	13.0	(13.6)
Relative (%)	8.9	4.9	(16.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	32.50	32.50
FIs & Local MFs	16.67	22.52
FPIs	31.49	25.48
Public & Others	19.34	19.50
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Metals

JSW Steel

Strong volume growth continues; margin firms up

We maintain BUY on JSW Steel (JSWS) with a revised target price of INR 1,120/share. We have raised our consolidated FY26/27E EBTDA estimates by 5/2%, factoring in the healthy Q1FY26 performance and improved outlook. JSWS delivered strong Q1FY26 consolidated performance. Sales volume rose 9% YoY, driven by JVML ramp-up and strong traction in domestic markets. Healthy demand and pricing tailwinds from the safeguard duties drove up NSR by 8% QoQ. This led the unit EBITDA increase by 33% QoQ to INR 11.3K/MT. JSWS expects demand tailwinds to continue, which should support 10% volume CAGR over FY25-27E. The recent uptick in steel prices along with lower coking coal prices, expected cool-off in iron-ore prices, and cost efficiencies should lead to unit EBITDA expanding to INR 13k/MT in FY27E. Subsequently, we expect JSWS to deliver robust 10/34% consolidated volume/EBITDA CAGRs over FY25-27E.

- **Q1FY26 performance**: Domestic steel demand rose 8% YoY to 39.3mn MT, even on a high base, when demand had grown 16% YoY. JSWS's consolidated sales volume too rose 9% YoY on continued ramp-up of JVML plant. Volumes fell 5% QoQ on planned maintenance shutdowns. Its domestic sales volume rose 12% YoY. Segmenal sales to autos and construction sectors grew at a faster pace. VAS share stood flat YoY at 64%. Consolidated NSR rose 8% QoQ, benefitting from safeguard duties and healthy longs demand. Opex rose 4% QoQ, led by higher maintenance cost, and large forex loss, which was partially offset by ~USD14/MT cool-off in coking coal prices. Thus, unit EBITDA jumped 33% QoQ to INR 11.3K/MT. Margin improved even on a YoY basis, owing to gross margin expansion.
- **Concall KTAs and outlook:** JSWS has filed a review petition with the Supreme Court against its recent judgement on BPSL acquisition and has put on hold the 0.5mn MT debottlenecking capex in the interim. It expects iron ore prices to decline in Q2 and coking coal prices to soften by USD 0-5/MT. These, along with non-recurrence of ~INR 5bn of costs seen in Q1, should offset the cool-off in steel prices. JSWS expects international operations' profitability to recover in FY26. The recent uptick in domestic steel prices, lower input costs, and expected recovery in overseas operations should drive margin uptick, in our view. We raise our consolidated FY26/27E EBITDA estimates by 5/2%, factoring in these gains. Expansion projects are on track.

Quarterly/annual financial summary (consolidated)

YE Mar	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	6.7	6.1	*9.3*	7.5	*(10.7)*	22.4	24.8	26.5	29.4	32.0
NSR (INR/MT)	64,495	70,168	*(8.1)*	59,838	*7.8*	74,155	70,624	63,828	65,423	66,732
EBITDA(INR/MT)	11,324	9,003	*25.8*	8,515	*33.0*	8,287	11,395	8,659	12,424	12,918
Net Sales	431.5	429.4	*0.5*	448.2	*-3.7*	1,659.6	1,750.1	1,688.2	1,920.8	2,135.5
EBITDA	75.8	55.1	*37.5*	63.8	*18.8*	185.5	282.4	229.0	364.8	413.4
APAT	21.8	8.5	*158.5*	15.0	*45.3*	37.0	83.7	38.7	118.4	144.8
AEPS (INR)	9.0	3.5	*158.5*	6.3	*41.2*	15.4	34.4	15.9	48.6	59.4
EV/EBITDA (x)						15.1	10.4	13.1	8.1	7.1
P/E (x)						62.1	27.5	59.4	19.4	15.9
RoCE (%) pretax						7.8	12.5	7.6	13.8	15.1
RoE (%)						*5.5*	*11.4*	*4.8*	*13.7*	*14.9*

Source: Company, HSIE Research

BUY

CMP *(as on 18 Jul 2025)*	INR 1,034
Target Price	INR 1,120
NIFTY	24,968

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,080	INR 1,120
EBITDA revision %	FY25E *5.0*	FY26E *2.2*

KEY STOCK DATA	
Bloomberg code	JSTL IN
No. of Shares (mn)	2,445
MCap (INR bn) / ($ mn)	2,530/29,359
6m avg traded value (INR mn)	1,930
52 Week high / low	INR 1,075/854

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.7	13.8	11.1
Relative (%)	(1.4)	7.1	10.5

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	44.84	45.31
FIs & Local MFs	10.52	10.92
FPIs	25.78	25.43
Public & Others	18.86	18.34
Pledged Shares	5.99	5.62

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Tata Steel

Steel price uptick and cost-takeouts boost margin

We maintain BUY on Tata Steel with a revised TP of INR 170/share (6.5x its FY27E consolidated EBITDA). While maintenance shutdowns in India led to 4% YoY volume decline in Q1FY26, Tata Steel reported 11/77% EBITDA/APAT YoY, driven by steel pricing gains both in India and Europe and realization of cost transformation program. We expect the ramp-up of the Kalinganagar plant to drive 5% YoY volume growth in FY26, despite a decline in Q1FY26. Riding on expected turnaround in Europe operations, gains from ongoing cost transformation programs (across all locations), and lower coking coal prices, we estimate 31% consolidated EBITDA CAGR during FY25-27E.

- **Q1FY26 performance**: Company reported consolidated EBITDA beat of 12/8% vs ours/consensus estimates on strong pricing gains. Consolidated volumes fell 4/15% YoY/QoQ to 7.12mn MT on account of maintenance shutdown at Neelachal and Jamshedpur. Operations at Neelachal have resumed and Jamshedpur will resume in a few days. Steel prices uptick both in India and Europe drove blended NSR up by 11% QoQ. Opex rose 8% QoQ, largely on op-lev loss. Coking coal cost fell USD 12/MT QoQ in Q1, cushioning inflation. It is estimated to reduce further by USD 10/MT QoQ. The Netherlands delivered 11-quarter high EBITDA and margin on favorable sales mix and cost reduction. The UK operations' losses also narrowed. Thus, Europe EBITDA turned positive after 10 quarters. Consolidated unit EBITDA expanded by INR 2,558/MT QoQ to INR 10,432/MT. Tata initiated cost transformation program in FY25, which drove cost reduction by INR 66/29bn in FY25/Q1FY26, aiding consolidated margin gain by 300/550bps.
- **Concall KTAs and outlook**: The company guided domestic NSR fall by ~INR 2,000/MT QoQ in Q2, while it should be flattish for European operations. The impact should be cushioned by further reduction in coking coal by ~USD 7-8/MT QoQ. Amid global weakness in steel prices, UK operations EBITDA turnaround target is pushed to Q4FY26 vs Q2 earlier. The cost transformation program aims for additional INR 86bn in savings through mid-FY27. Despite volume decline in Q1, Tata Steel expects 5% volume growth in FY26E on ramp-up of the Kalinganagar unit. The ongoing expansion in India and Europe is on track, which will increase consolidated crude steel capacity to 36mn MT in FY27E. Factoring in better pricing in Q1, continuation of the cost reduction program, we raise our FY26/27E consolidated EBITDA estimates by 5/7% respectively.

Quarterly/annual financial summary (consolidated)

YE Mar	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	7.1	7.4	*(3.7)*	8.3	*(14.5)*	28.8	29.4	31.0	32.5	34.5
NSR (INR/MT)	74,688	74,116	*0.8*	67,489	*10.7*	84,527	77,976	70,589	71,295	71,295
EBITDA(INR/MT)	10,432	9,059	*15.2*	7,874	*32.5*	11,219	7,590	8,171	11,293	12,494
Net Sales	531.8	547.7	*(2.9)*	562.2	*(5.4)*	2,433.5	2,291.7	2,185.4	2,317.6	2,456.7
EBITDA	74.3	66.9	*11.0*	65.6	*13.2*	323.0	223.1	253.0	367.1	430.5
APAT	21.8	12.3	*77.3*	15.9	*36.7*	86.8	14.2	40.6	99.5	126.0
AEPS (INR)	1.7	1.0	*77.3*	1.3	*36.7*	7.1	1.1	3.3	8.0	10.1
EV/EBITDA (x)						7.6	11.3	10.0	7.0	6.0
P/E (x)						22.0	134.1	47.0	19.2	15.1
RoCE (%) pretax						*11.1*	*6.8*	*8.0*	*12.8*	*14.7*
RoE (%)						*7.8*	*1.4*	*4.4*	*10.6*	*12.8*

Source: Company, HSIE Research

BUY

CMP *(as on 01 Aug 2025)*	INR 153
Target Price	INR 170
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 155	INR 170
EBITDA revision %	FY26E *4.5*	FY27E *6.6*

KEY STOCK DATA	
Bloomberg code	TATA IN
No. of Shares (mn)	12,484
MCap (INR bn) / ($ mn)	1,910/21,823
6m avg traded value (INR mn)	5,106
52 Week high / low	INR 170/123

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	9.2	15.1	(6.2)
Relative (%)	8.8	11.1	(4.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	33.19	33.19
FIs & Local MFs	24.67	26.25
FPIs	18.78	17.72
Public & Others	23.36	22.84
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Jindal Steel & Power

Volumes slump; healthy pricing drives margin

We maintain BUY rating on Jindal Steel & Power (JSPL) with an unchanged TP of INR 1,050/share (6.5x its FY27E consolidated EBITDA). During Q1FY26, steel demand in India grew 8% YoY. JSPL, however, reported 9/10% decline YoY/QoQ. Despite lower volumes, consolidated EBITDA rose 6/20% YoY/QoQ as NSR firmed up 5% QoQ, coking coal price continued to fall, and iron ore prices remained stable. JSPL maintained its FY26 volume growth guidance of ~7-13%, implying higher growth in subsequent quarters. We estimate its volume to further accelerate once the ongoing expansions are complete during FY26.

- **Q1FY26 performance**: India's finished steel consumption rose 8/10% YoY during Q2/H1CY25. However, JSPL's consolidated sales volume fell 9% YoY. Share of VAP increased to 72% vs 64/58% QoQ/YoY on rising focus on value-added sales. Share of flat sales stood at 44% vs 42/43% QoQ/YoY. Blended NSR rose 5% QoQ on account of higher pricing at start of the quarter, benefitting from the safeguard duties and good demand. While iron ore prices were stable, coking coal prices fell by ~USD 11/MT QoQ. These boosted gross margin QoQ. Additionally, there were one-off other expenses in Q4. The gains were partly moderated by op-lev loss (volume down 10% QoQ) and hence unit EBITDA improved by ~INR 4k/MT QoQ to INR 15.8k/MT. Captive coal usage stood at 90-95% during the quarter. JSPL spent INR 22bn in Capex (down 20/4% YoY/QoQ). Net debt increased by ~INR 24bn QoQ on account of similar increase in working capital.
- **Concall KTAs and outlook**: Despite the volume decline in Q1, JSPL maintained its FY26 sales volume guidance of 8.5-9mn MT (~7-13% YoY growth). Coking coal prices should reduce further by ~USD 5/MT QoQ in Q2 while iron ore prices should remain steady. However, gross margin should feel the heat as steel prices have come off ~5-7% QoQ. Company expects some recovery in steel prices hereon. Company reiterated that its crude steel expansion at Angul (by 6.3mn MT) will be fully commissioned by the end of FY26. This should accelerate volume growth FY27 onwards, in our view. We maintain our volumes and earnings estimates. We build in 11/30% volume growth YoY for FY26/27E, leading to 35/45% EBITDA/APAT CAGR during FY25-27E.

Quarterly/annual financial summary (consolidated)

YE Mar	Q1 FY26	Q1 FY25	*YoY (%)*	Q4 FY25	*QoQ (%)*	FY23	FY24	FY25	FY26E	FY27E
Sales (mn MT)	1.9	2.1	*(9.1)*	2.1	*(10.8)*	7.6	7.7	7.7	8.8	11.5
NSR (INR/MT)	64,708	65,157	*(0.7)*	61,857	*4.6*	69,286	65,643	62,897	64,784	65,431
EBITDA(INR/MT)	15,819	13,585	*16.4*	11,738	*34.8*	12,936	13,298	11,912	13,724	15,003
Net Sales	122.9	136.2	*-9.7*	131.8	*-6.7*	532.1	503.5	501.3	573.1	752.5
EBITDA	30.1	28.4	*5.9*	25.0	*20.1*	99.3	102.0	94.9	121.4	172.5
APAT	14.9	13.4	*11.5*	10.6	*40.5*	45.6	59.4	40.4	52.6	85.4
AEPS (INR)	147.7	132.5	*11.5*	105.1	*40.5*	45.4	59.2	39.9	52.0	84.4
EV/EBITDA (x)						10.1	10.2	10.6	9.0	6.2
P/E (x)						21.1	16.2	23.8	19.1	11.7
RoCE (%) pre-tax						12.4	11.8	9.7	12.0	16.6
RoE (%)						*12.0*	*14.2*	*8.8*	*10.5*	*15.1*

Source: Company, HSIE Research

BUY

CMP *(as on 13 Aug 2025)*	INR 995
Target Price	INR 1,050
NIFTY	24,619

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1050	INR 1050
EBITDA revision %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	JSP IN
No. of Shares (mn)	1,020
MCap (INR bn) / ($ mn)	1,016/11,618
6m avg traded value (INR mn)	1,748
52 Week high / low	INR 1,074/723

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	9.5	18.5	9.6
Relative (%)	10.3	12.8	7.6

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	62.22	62.36
FIs & Local MFs	17.72	18.09
FPIs	9.59	9.76
Public & Others	10.47	9.79
Pledged Shares	7.06	6.95

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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Steel Authority of India

Large inventory devaluation negates steel pricing gain

We maintain ADD on Steel Authority of India (SAIL), with an unchanged target price of INR 120/share (5.5x FY27E standalone EBITDA). In Q1FY26, SAIL volume jumped 14% YoY, owing to traded sales from NMDC Steel (own volume rose 5% YoY). Despite pricing uptick across both long/flat and lower coking coal prices QoQ, margin contracted ~INR 450/MT QoQ to INR 6,076/MT. This was led by (1) lower rail-price revision gains for prior period, (2) large coking inventory devaluation, (3) increase in royalty on iron-ore, and (4) op-lev loss.

- **Q1FY26 performance**: SAIL reported sales volume of 4.55mn MT, registering 14% YoY growth (down 15% QoQ). However, adjusted for the traded sales from NMDC Steel (started off since end of Q3FY25), own sales volume rose 5% YoY. Reported NSR rose ~INR 2k/MT QoQ. Excluding the gains from the rail price revisions for prior period, NSR rose ~INR 2.9k/MT QoQ, leading to improvements in both longs and flat prices. Despite higher pricing, unit EBITDA fell ~INR 450/MT QoQ on account of major inventory devaluation, higher iron-ore royalty and op-lev losses. Lower coking prices QoQ (~INR 600/MT) and rail-price revision accruals for prior period (INR 1.76bn) cushioned the margin contraction. The management noted that both the inventory write-down and royalty expense are one-off in nature and, hence, unit opex should reduce in subsequent quarters.
- **Concall KTAs and outlook**: SAIL has guided own steel sales volume of 18.5mn MT in FY26. It is also selling ~0.37mn MT of traded steel from NSL at a nominal marketing margin. This should inflate FY26 volume growth to ~11%, in our view. While steel prices have come off in July, SAIL expects prices to pick up in Aug/Sep. SAIL doesn't expect rail-price revision-related accruals in the subsequent quarters. It has maintained its FY26 capex guidance of INR 75bn to support ongoing expansion. The capex outgo will jump FY27E onwards as the work on the IISCO expansion starts. SAIL is aiming to increase crude steel capacity by 15mn MT by FY31, 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 EBITDA estimates and target price for the company.

Quarterly/annual financial summary (standalone)

YE Mar	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Sales vol (mn MT)	4.6	4.0	13.5	5.3	(14.6)	16.2	17.0	17.9	19.9	21.0
NSR (INR/MT)	56,970	59,845	(4.8)	55,002	3.6	64,474	61,919	57,266	55,835	55,835
EBITDA (INR/MT)	6,076	5,535	9.8	6,530	(7.0)	4,953	6,541	5,940	5,674	6,135
Adj EBITDA (INR/MT)	5,690	5,535	2.8	5,242	8.5	4,953	4,508	4,794	5,674	6,135
Net Sales (INR bn)	259.21	239.98	8.02	293.16	-11.58	1,044.47	1,053.75	1,024.78	1,112.13	1,171.76
EBITDA (INR bn)	27.65	22.19	24.56	34.81	-20.58	80.24	111.32	106.29	113.02	128.74
APAT (INR bn)	6.85	3.22	112.59	12.07	-43.23	16.45	35.74	24.61	24.03	32.63
AEPS (INR)	1.7	0.8	112.6	2.9	(43.2)	4.0	8.7	6.0	5.8	7.9
EV/EBITDA (x)	-					10.2	7.8	8.1	7.0	5.9
P/E (x)	-					32.9	15.1	22.0	21.7	15.9
RoCE (%)	-					4.8	6.9	5.8	5.9	6.9
RoE (%)	-					3.2	6.7	4.5	4.2	5.6

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

ADD

CMP *(as on 28 Jul 2025)*	INR 126
Target Price	INR 120
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 120	INR 120
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)	519/5,985
6m avg traded value (INR mn)	2,182
52 Week high / low	INR 156/99

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.6	22.1	(14.8)
Relative (%)	6.7	15.5	(14.2)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	65.00	65.00
FIs & Local MFs	15.75	17.31
FPIs	3.20	3.65
Public & Others	16.05	14.04
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

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

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

Pharma

Sun Pharmaceutical Industries

Specialty and India strong; tax rate drives EPS cut

EBITDA grew 11% YoY on 9% sales growth (US: 2% QoQ; global specialty: +17% YoY; India: +14% YoY) and steady GM (+82 bps), offset by higher costs (staff/SG&A/R&D up +14/6/16%). The company expects to sustain growth momentum in the specialty business, led by steady traction in key products and scale-up in Leqselvi (deuruxolitinib; launched in Jul'25 after settlement with Incyte). An incremental USD 100 mn spend is expected to start from Q2FY26 and will continue for the rest of FY26. This includes spending on the expected launch of its recently acquired specialty product, Unloxcyt. Its flagship specialty product, Ilumya, met primary endpoints, and the company is looking to present the data/publish the results. Further, it will work with a CRO once it has the requisite information for filing (expects to file by CY25 end, with an approval timeline of around 10–12 months). It expects to see steady growth in the India formulation business. It retains its R&D spends at 6–8% of sales, factoring in the progress of specialty assets. While revenue is on track with its guidance (mid-to-high single-digit) and EBITDA growth is expected to continue, its guidance of a 25% tax rate from FY26 (cash tax to be at ~20%) came as a negative surprise. Baking in the guidance, we cut FY26/27E EPS by 7/6% and TP to INR 1,960 (33x Q1FY28E EPS, implies EV/EBITDA of 23x Q1FY28E). We expect the scale-up in specialty (traction in Ilumya, Winlevi, Cequa, and Leqselvi) and the India business (new launches, in-licensing) to offset the soft US generics business.

- **Q1 highlights**: Sales grew 9% YoY to INR 138.51 bn; the US grew 2% QoQ to USD 473 mn (+1% YoY). India sales grew 14% YoY. Global specialty sales grew 17% YoY to USD 311 mn (+5% QoQ). GM stood at 79.7% (+82 bps YoY). Higher costs (staff/R&D, up 14/16% YoY), offset by moderate SG&A (+6% YoY), led to an EBITDA of INR 40.72 bn (+11% YoY); margin at 29.4% (+49 bps). Adjusting for one-offs^, PAT stood at INR 27.67 bn (-4% YoY).
- **Key takeaways from concall:** Strong growth in its specialty business was led by traction across key products like Ilumya, Cequa, and others. There was no major impact on Ilumya's share despite the biosimilar launch of Stelara in the US. The company expects Ilumya's approval for the additional indication of psoriatic arthritis to face fewer headwinds and ramp up faster due to existing market access from its presence in plaque psoriasis. The initial response for Leqselvi (deuruxolitinib) has been encouraging, and the company is seeking enrolment with formularies in the US. Odomzo continues to see strong traction on the back of better execution and promotions. gRevlimid saw moderate QoQ growth in Q1FY26, while US generics excluding gRevlimid declined YoY as well as QoQ due to price erosion. The company is awaiting a response from the USFDA for its Halol plant. It does not see any impact from the MFN price model but remains watchful of progress on tariffs.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	1,38,514	1,26,528	9	1,29,588	7	4,84,969	5,25,784	5,75,422	6,34,892	6,91,758
EBITDA	40,726	36,581	11	34,249	19	1,29,870	1,50,862	1,62,844	1,82,849	2,01,302
APAT	27,671	28,779	(4)	25,978	7	98,310	1,17,988	1,20,843	1,38,438	1,54,789
EPS (INR)	11.5	12.0	(4)	10.8	7	41.0	49.2	50.4	57.7	64.5
P/E (x)						41.6	34.7	33.9	29.6	26.4
EV/EBITDA (x)						30.6	25.6	23.6	20.6	18.2
RoCE (%)						17	20	20	20	20

Source: Company, HSIE Research. ^Exceptional item of INR 8.7 bn and tax credit of INR 1 bn

BUY

CMP *(as on 31 Jul 2025)*	**INR 1,706**
Target Price	**INR 1,960**
NIFTY	**24,768**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2010	INR 1960
EPS %	FY26E	Q1FY28E
	(7.6)	(5.7)

KEY STOCK DATA	
Bloomberg code	SUNP IN
No. of Shares (mn)	2,399
MCap (INR bn) / ($ mn)	4,095/46,745
6m avg traded value (INR mn)	4,325
52 Week high / low	INR 1,960/1,553

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.9)	(2.1)	(0.7)
Relative (%)	(8.0)	(6.9)	0.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	54.48	54.48
FIs & Local MFs	18.58	19.38
FPIs	17.96	17.26
Public & Others	8.98	8.88
Pledged Shares	0.88	0.88

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

HDFC securities 25 YEARS Powering India's Investments

Torrent Pharma

Steady Q1; India growth and generics recovery intact

ADD

EBITDA^ grew 13% YoY (in line with our/consensus estimates), with 11% YoY sales growth, led by 11% YoY growth in India, and 19% YoY growth in the US markets, steady gross margin, and moderate cost inflation. The company expects: (1) India to outperform IPM growth, driven by price increases, steady volumes, and new launches in focused therapies. The focus is to improve field force productivity with new divisions for launches and expand market reach. It plans to add 500–600 MRs across its focused chronic therapies (MR count at 6,600 as of Jun'25) in a phased manner; the consumer brands (10-15% of sales) will sustain strong momentum; (2) steady growth in Brazil, led by traction in key brands and new launches; (3) Germany business to remain soft in FY26 due to supplies constraint from its outsourced partnered (~75% of Germany business depends on third-party supplies); (4) steady scale-up in the US in FY26 with a focus on improving profitability over the next few quarters; planning 10+ launches in FY26 (4-5 in Q1FY26); (5) to sustain/improve the EBITDA margin at/from 32.9% (adjusted margin for Q1FY26) in FY26 despite step-up in R&D spend; and (6) ETR at 25-26% in FY26. It is looking to launch GLP-1 molecules on patent expiry in India (both OSD and injectable) and Brazil. We believe Torrent Pharma is well-poised for steady growth, led by a strong branded franchise (new launches, consumer wellness, traction in Brazil—new launches in chronic) and gradual turnaround in US generics (profitability improvement and new launches) and Germany (tender wins), with margins steady around 32-34% over the next few years. We have slightly tweaked our EPS estimates for FY26/27E and revised the TP to INR 3,780 (40x Q1FY28E EPS; implying EV/ EBITDA of 25x). Maintain ADD.

- **Q4 highlights**: Sales grew 11% YoY to INR 31.78 bn, with India (57% of sales) up 11% YoY to INR 18.1 bn, led by steady traction in top brands. Brazil (7%) grew 11% YoY (+16% cc). The US (10%) was up 3% QoQ to USD 36 mn, and Germany (10%) grew 8% YoY. GM was steady at 75.6%. Moderate growth in staff/SG&A/R&D costs (+10%/3%/16% YoY) led to EBITDA^ of INR 10.47 bn (+13% YoY), with the margin at 32.9% (+63 bps). Lower interest costs, muted depreciation, adjusted for one-offs, and a forex loss of INR 480 mn, PAT stood at INR 5.95 bn (+26% YoY).
- **Key takeaways from concall:** Secondary sales growth of 12% YoY in Q1FY26 was led by 3.5% volume, 6% price, and 2.5% from new launches. US growth was driven by traction in recent launches; the company launched gEntresto in Jul'25 – a crowded opportunity (launched by 10+ generics). GLP-1 launch: (a) India – OSD, currently under Phase 3, for which the company has in-house capability; for injectables, it has a third-party arrangement, and (b) Brazil – the addressable market is USD 350 mn with the potential entry of ~10 companies upon patent expiry; it indicates the overall market is moving towards Wegovy in Brazil. The J.B. Chemical acquisition process is on track.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	31,780	28,590	11	29,590	7	1,07,278	1,15,161	1,29,965	1,46,669	1,64,278
EBITDA	10,470	9,240	13	9,810	7	33,677	37,210	43,278	49,574	56,019
APAT	5,948	4,709	26	5,287	12	15,969	19,404	25,297	30,798	35,552
EPS (INR)	17.6	13.9	26	15.6	12	47.2	57.3	74.7	91.0	105.0
P/E (x)						76.8	63.2	48.5	39.8	34.5
EV/EBITDA (x)						37.3	33.6	28.7	24.7	21.6
RoCE (%)						22	25	30	34	36

Source: Company, HSIE Research, ^ Including acquisition related one-off expenses of INR 150 mn

CMP *(as on 28 Jul 2025)*	INR 3,623
Target Price	INR 3,780
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3680	INR 3780
EPS %	FY26E	FY27E
	(0.0)	0.0

KEY STOCK DATA	
Bloomberg code	TRP IN
No. of Shares (mn)	338
MCap (INR bn) / ($ mn)	1,226/14,149
6m avg traded value (INR mn)	1,428
52 Week high / low	INR 3,635/2,886

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.6	9.3	13.4
Relative (%)	7.8	2.7	13.9

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	68.31	68.31
FIs & Local MFs	7.02	6.93
FPIs	16.31	16.09
Public & Others	8.36	8.67
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Max Healthcare Institute

Sales growth stays; margin challenges persist

EBITDA^ grew 25% YoY, with 27% YoY sales growth (hospital sales up 27% and Max Labs up 17%). Margin corrected by 34 bps to 25.4% due to integration of new/acquired hospitals. ARPOB was flat YoY (+5% growth existing units) and occupancy was at 76%. Its expansion plan for the next 1-2 years is on track. The company expects strong growth in the hospital business, led by the addition of 1,500+ (1,000 brownfield and 500 greenfield) beds and gradual margin improvement for brownfield hospitals (cost synergies) over the next couple of years. Its existing units (grew 13% YoY in Q1) occupancy is hitting peak of ~80% with modest growth in ARPOB (+5% YoY in Q1) and we see limited headroom of further improvement. While we expect the company to see 20/22% sales/EBITDA CAGRs over FY25-28E, led by bed capacity addition, the margin will remain flat at ~26.6-26.7% in FY27/28E (vs ~26.4% in FY25) due to drag of new hospitals. Factoring in Q1, we tweaked EBITDA for FY26/27E and revised the SoTP to INR 1,180 (32x Q1FY28E EV/EBITDA). REDUCE stays.

- **Q1 highlights:** Sales were at INR 24.6 bn (+27% YoY). Hospital sales were at INR 24.12 bn (+27% YoY). Max Lab grew 17% YoY to INR 480mn. Excluding non-operating costs, EBITDA was at INR 6.26 bn (+25% YoY) and the margin was at 25.4% (-34 bps YoY). PAT (ex-one-offs) was at INR 3.79 bn (+21% YoY).
- **Operating metrics:** ARPOB was flat YoY at INR 78,000/day (+5% for existing units at INR 80,900). Occupancy was 76% (vs 75% YoY). OPD/IP volume was up 29/26% YoY. Payor mix deteriorated as cash/insurance share was 69.6% (vs. 73.8% in Q1FY25). International patient sales (~9% of the hospital sales) were up 32% YoY. EBITDA per bed declined 3% YoY to INR 6.8 mn. Pre-tax RoCE was 21% (25% in Q1FY25); existing unit pre-tax RoCE was 26%.
- **Concall takeaways:** The company's existing unit (including Lucknow and Nagpur) grew 16% YoY and EBITDA margin was at 26.7%, with occupancy at 78%; ex-Lucknow/Nagpur growth was at 13% and EBITDA grew 15% YoY, led by 7% ARPOB growth and occupancy at ~80%. Dwarka: sales grew 24% QoQ and EBITDA improved by 70-80 mn QoQ. Noida: sales up 14% and EBITDA up 32% YoY (unit level EBITDA of INR 240 mn). Institutional patient bed share stood at 34.1% compared to 33.2% in Q4 FY25. In Q1FY26, increase of 95 operational beds was primarily at MSSH Lucknow and Dwarka. MSSH Noida (Jaypee) has executed a binding term sheet to divest its two hospitals at Chitta and Anoopshahr (Bulandshahr) for INR 400mn; strategic step to sharpen its focus on super specialty care in larger cities (Q1FY26, combined revenue was at INR 50 mn and an EBITDA loss of INR 10 mn). The company entered an agreement to lease with Goyal Agrim Infra Realty for setting up a 130-bed built-to-suit hospital at Dehradun (Uttarakhand); construction is expected to be completed by 2028. As of Jun'25, net debt was at INR 17.55 bn and it is expected to increase by INR 4-5 bn.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	24,600	19,350	27	23,260	6	68,150	86,210	1,11,532	1,32,608	1,46,249
EBITDA	6,040	4,800	26	6,130	(1)	18,060	21,940	28,617	35,250	39,166
APAT	3,790	3,140	21	3,950	(4)	13,460	14,700	18,090	23,076	26,271
EPS (INR)	3.9	3.2	21	4.1	(4)	13.8	15.1	18.6	23.7	27.0
P/E (x)						87.8	80.4	65.3	51.2	45.0
EV/EBITDA (x)						65.5	54.8	42.0	33.9	30.0
RoCE (%)						16	15	16	18	19

Source: Company, HSIE Research, PAT adjusted for one-offs. ^ adjusted for non-operating costs

REDUCE

CMP *(as on 14 Aug 2025)*	INR 1,221
Target Price	INR 1,180
NIFTY	24,631

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1120	INR 1180
EBITDA %	FY26E	FY27E
	(1.3)	(0.4)

KEY STOCK DATA	
Bloomberg code	MAXHEALT IN
No. of Shares (mn)	972
MCap (INR bn) / ($ mn)	1,187/13,551
6m avg traded value (INR mn)	2,570
52 Week high / low	INR 1,314/837

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.7	21.6	40.3
Relative (%)	4.6	15.5	38.4

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	23.74	23.74
FIs & Local MFs	17.59	17.41
FPIs	54.74	54.76
Public & Others	3.93	4.09
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Apollo Hospitals Enterprise

Hospital growth and Healthco scale-up on track

EBITDA (+20% YoY) was 6% ahead of consensus estimates, led by a 15% YoY sales growth. The hospital business grew 11% YoY (ARPP +9% YoY), HealthCo grew by 19% YoY (offline/online sales up 18%/26% YoY) and AHLL grew 19% YoY. Hospital EBITDA grew 15% YoY (margin at 24.5%; +89 bps) and lower Apollo 24/7 spend (-26% YoY) led to a better margin in HealthCo. APHS expects (1) Existing hospitals: to see 13–14% growth with improving occupancy and ARPP growth; margin at 25% in FY26; to increase international patient share to 7% in FY26 and 10% in FY27. (2) the new units (Pune, Delhi Defence Colony, Kolkata, and Sarjapur) to be operationalized in H2 and will have 100 bps drag (INR 1.5 bn) over the next two years; it expects additional 10% growth from new units. (3) HealthCo: GMV to see 25–30% growth (~INR 32 bn) and EBITDA break-even by Q4FY26, led by growth in e-pharmacy, consultation (OPD/IP), diagnostics, and insurance (from Apr'25); cost controls on Apollo 24/7 spend, and (4) AHLL: strong growth and margin improvement. HealthCo de-merger process on track to be completed by FY27 end. We see growth visibility across – Hospitals: improving occupancy, ARPOB growth, and capacity expansion; HealthCo: steady growth in offline and scale-up in Apollo 24/7; and AHLL: steady growth and margin expansion. Factoring in Q1, we have raised EBITDA by 3/2% for FY26/27E and TP to INR 8,950 (27x Q1FY28E EV/E). BUY stays.

- **Q1 highlights:** Sales grew 15% YoY to INR 58.42 bn, led by 11% growth in hospitals (ARPP +9%). HealthCo grew 19% and AHLL grew 11%. Steady staff (+8%) and SG&A (+9%; Apollo 24/7 spend at INR 963 mn, -26%) led to an EBITDA of INR 8.52 bn (+26%) and 14.6% margin (+131 bps). PAT was at INR 4.33 bn (+42% YoY). **EBITDA**: (1) Hospital: +15% YoY, margin at 24.5% (+89 bps). (2) HealthCo: EBITDA at INR 937 mn; Offline: +20% YoY and margin at 7.7% (+16 bps). (3) AHLL: +30% YoY and margin at 9.3% (+82 bps).
- **Operating metrics: Hospital**: ARPP was at INR 172,382 (+9% YoY) and occupancy at 65% (68% in Q1FY25). IP/OPD volume grew 3/9% YoY. ALOS steady at 3.14 days. **Healthco**: GMV at INR 6.82 bn (+23% YoY), omnichannel sales grew 21%; added 116 stores (6,742 as of Jun-25).
- **Concall takeaways:** Sales impact of 1.5% due to reduction in Bangladesh patients; focus to expand in Africa, Middle East, Southeast Asia, and Iraq to offset slower recovery in Bangladesh. Insurance/cash patients grew 15%/16% YoY; surgical grew 14% and CONGO grew 15%. ARPP growth led by increase in tariff (4-5% YoY) and better case mix. **Digital Insurance**: Started in Apr'25, Q1 GMV was at INR 50 mn; to ramp up in subsequent quarters. **Apollo 24/7 spend**: improving unit economics which is driven by customer acquisition, delivery, and discounts; to reduce marketing and customer acquisition costs.

Quarterly financial summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	58,421	50,856	15	55,922	4	1,90,592	2,17,940	2,53,763	3,01,432	3,49,247
EBITDA	8,519	6,751	26	7,697	11	23,907	30,219	38,054	46,248	54,972
APAT	4,328	3,052	42	3,896	11	9,054	14,312	19,626	25,333	31,521
EPS (INR)	30.1	21.2	42	27.1	11	63.0	99.5	136.5	176.2	219.2
P/E (x)						124.4	78.7	57.4	44.4	35.7
EV/EBITDA (x)						48.8	39.1	30.8	25.1	20.7
RoCE (%)						15	16	18	20	22

Source: Company, HSIE Research, PAT adjusted for one-offs.

BUY

CMP *(as on 13 Aug 2025)*	INR 7,830
Target Price	INR 8,950
NIFTY	24,619

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 8650	INR 8950
EPS %	FY26E	FY27E
	2.8	1.7

KEY STOCK DATA	
Bloomberg code	APHS IN
No. of Shares (mn)	144
MCap (INR bn) / ($ mn)	1,123/12,834
6m avg traded value (INR mn)	3,032
52 Week high / low	INR 7,840/6,001

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.9	22.5	18.5
Relative (%)	13.6	16.8	16.5

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	29.34	29.34
FIs & Local MFs	22.29	21.34
FPIs	42.74	43.49
Public & Others	5.63	5.83
Pledged Shares	13.5	13.1

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Mankind Pharma

Muted Q1; India recovery and debt reduction key

EBITDA (+24% YoY) was 6/7% below our/consensus estimates as 23% YoY sales growth (India formulation up 18% YoY, consumer healthcare +15%, and exports +81%) was offset by lower gross margin (-143 bps) and higher staff and SG&A, resulting in a margin of 23.7% (+15 bps). Organic (ex-BSV^) sales grew ~10% YoY, India formulation was moderate at 9.6% YoY (ex-OTC), and exports grew in single digits. For FY26, Mankind expects the following: (1) India organic growth to remain steady, led by volume growth, traction in key chronic segments (CVS and anti-diabetic), recovery in acute therapies like gastro, anti-infectives, VMN, and gynaecology. (2) BSV: 18–20% growth is projected, with exports leading the way, India business seeing an uptick, and margin of 26-28%. (3) Margin: Gross margin to remain 70+% and retains EBITDA margin guidance of 25–26% (vs. 25.4% in FY25). (4) Debt reduction: A sharp deleveraging plan is in place for FY26–28, with ~INR 20bn repayment in FY26 (repaid INR 5bn commercial paper in Q1FY26); it sees interest cost to be at INR 4.5-4.75 bn in FY26. It aims to fully retire its acquisition-related debt by FY28, supported by a strong CFO-to-EBITDA. While the BSV acquisition will be EBITDA-accretive, the debt-funded M&A could keep near-term earnings stressed. Mankind's steady growth visibility in India remains intact. We keep monitoring the progress in BSV business integration as well as growth momentum and debt repayment targets. Factoring in Q1 performance, we have cut EPS for FY26/27E by 2% and roll forward target price to INR 2,780 (39x Q1FY28E). ADD stays.

- **Q1 highlight**: Sales were at ~INR 35.7 bn (+23% YoY), with India formulation (80%) up 18% YoY to INR 28.64 bn, led by volume growth (2.5%) and growth in chronic (+14.9%); consumer healthcare (7%) grew 15% YoY to INR 2.37 bn (33% QoQ), and exports (13%) grew 81% YoY. GM declined by 143 bps YoY to 70.5% due to adverse product mix and inventory write-off. Higher staff/SG&A (+24/+16%) led to EBITDA of INR 8.46 bn (+24% YoY) and a margin of 23.7% (+15 bps YoY). Higher depreciation (+103%) and interest (14x jump) and lower other income (-21%) led to PAT of INR 4.38bn (-18% YoY).
- **Key takeaways from concall:** R&D focus: (1) GPR 119 (NCE a small molecule; in Phase 2) for obesity and anti-diabetic, (2) MKP11093 (JAK inhibitor) for multiple indication, (3) novel Anti-Microbial Resistance (AMR) molecule in Phase 1, (4) recombinant biosimilars in IVF space, and other products in pipeline. It expects to launch Semaglutide (both injectable and OSD) on patent expiry in India. Dydrogesterone facility utilization at 60% and approval from export markets is expected by FY26-end. The company is setting up a biosimilars plant in Vadodra to enhance BSV's capabilities and de-risk its Ambernath plant; this plant has a capex need of INR 1.5-2 bn and is likely to be completed by CY26-end. Panacea portfolio grew 25% YoY in Q1FY26. As of Jun'25, net debt was at INR 52.49 bn with net debt/ EBITDA 1.6x.

Quarterly financial summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	35,704	28,934	23	30,794	16	1,03,348	1,22,074	1,46,172	1,63,762	1,82,789
EBITDA	8,468	6,818	24	6,832	24	25,351	30,179	37,712	44,216	50,450
APAT	4,383	5,365	(18)	3,211	36	19,129	19,363	22,160	28,378	32,527
EPS (INR)	10.6	13.0	(18)	7.8	36	46.4	46.9	53.7	68.8	78.8
P/E (x)						55.3	54.6	47.7	37.3	32.5
EV/EBITDA (x)						40.5	37.2	29.3	24.4	20.8
RoCE (%)						27	17	13	15	16

Source: Company, HSIE Research. ^ Bharat Serums and Vaccines

ADD

CMP *(as on 01 Aug 2025)*	INR 2,566
Target Price	INR 2,780
NIFTY	24,565

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2730	INR 2780
EPS %	FY26E	FY27E
	(2.3)	(1.8)

KEY STOCK DATA	
Bloomberg code	MANKIND IN
No. of Shares (mn)	413
MCap (INR bn) / ($ mn)	1,059/12,101
6m avg traded value (INR mn)	1,420
52 Week high / low	INR 3,055/1,901

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	4.1	3.4	28.0
Relative (%)	3.7	(0.6)	29.6

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	72.7	72.67
FIs & Local MFs	11.48	11.5
FPIs	12.92	13.07
Public & Others	2.9	2.76
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Dr Reddy's Laboratories

Muted Q1; limited growth levers beyond gRevlimid

EBITDA (+2% YoY) was muted and 7/8% below our/consensus estimates as sales growth of +11% YoY (-4% QoQ in the US, +11% YoY in India, EU up 142%) was offset by a sharp decline in the gross margin (-440 bps YoY) due to price erosion in the US business as well as moderate growth in staff/R&D/SG&A (+6/1/8% YoY). DRRD expects (1) US base business to sustain single-digit growth as price erosion will be offset by visibility of 20+ new launches in FY26 (launched 5 in Q1FY26); (2) neutralizing the rising price erosion in gRevlimid through increase in volume allocation (steady traction in H2FY26 and a gradual phase-out from Q3FY26 onwards); (3) India business to see consistent double-digit growth over the next few years, led by new launches, scale-up in key therapies, and in-licensing opportunities; (4) steady growth in the EU (ex-NRT) as well as in NRT business; (5) gross margin to stay at 67-68% in FY26; (6) R&D expenditure at 7-7.5% (vs 8.4% in FY25); and (7) greater focus on niche products like NCE/NDA, biosimilars, peptides (GLP-1), and specialty (oncology, CGT) for the global market. The company guides for a Capex of INR 25-27 bn in FY26 towards biosimilar capacity as well as capex to create in-house capabilities for peptides including GLP-1 molecules (targeting 12 mn pen capacity including CMO by FY27). It aims to launch Semaglutide (gOzempic) in 87+ markets, including key markets like Canada, India, and Brazil, after patent expiry. Factoring in Q1FY26 performance, we have reduced EPS estimates by 4/1% for FY26/27E and revised the TP to INR 1,240 (23x Q1FY28E EPS). REDUCE stays.

- **Q1 highlights—moderate sales growth:** Sales grew 11% YoY (3% ex-NRT) to INR 85.72 bn. US sales (40% of total sales) declined 4% QoQ to USD 398 mn (-14% YoY), due to price erosion in key products including gRevlimid. India (17%) grew 11% YoY to INR 14.71 bn, due to the vaccine portfolio in-licensed from Sanofi, new launches, and price increase. EM (16%) grew 18% YoY, with 10% YoY growth in RoW and 29% in Russia. EU (15%) grew 142% (15% ex-NRT portfolio) and PSAI (10%) grew 7% YoY.
- **EBITDA impacted a lower gross margin:** GM declined by 440 bps YoY to 67.2% due to price erosion. Moderate staff/R&D/SG&A costs (+6%/1%/8% YoY) led to an EBITDA of INR 21.73 bn (+2% YoY) and a margin of 25.4% (-232 bps YoY). Higher other income (+55% YoY), offset by higher interest cost (+39%) and depreciation (+25%), led to a PAT of INR 14.18 bn (+2% YoY).
- **Key takeaways from concall:** Gross margin corrected by ~440 bps YoY due to manufacturing overheads and price erosion (higher in gRevlimid). The US base business declined QoQ, largely due to price erosion and deferment in gSuboxone demand. Abatacept (partnered with Coya) is under Phase III; readouts to be around Nov'25 and approval in CY26/27 (IV formulation launch in FY27 and subcutaneous launch in FY28). It expects ETR at 25% in FY26. The company is looking for strategic collaborations and M&As for future growth, with a focus on complex products and diversification and strengthening of portfolio.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	85,721	76,961	11	85,284	1	2,80,111	3,26,439	3,38,715	3,35,273	3,64,673
EBITDA	21,736	21,304	2	20,747	5	79,334	87,164	86,711	74,095	81,687
APAT	14,181	13,928	2	15,400	(8)	54,389	56,681	54,889	43,765	48,613
EPS (INR)	17.0	16.7	2	18.5	(8)	65.2	68.0	65.8	52.5	58.3
P/E (x)						17.7	17.0	17.5	22.0	19.8
EV/EBITDA (x)						11.6	10.9	10.9	12.4	11.2
RoCE (%)						26	23	18	13	13

Source: Company, HSIE Research, PAT adjusted for one-offs, ^ Nicotine Replacement Therapy

REDUCE

CMP *(as on 23 Jul 2025)*	INR 1,248
Target Price	INR 1,240
NIFTY	25,220

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1220	INR 1240
	FY26E	FY27E
EPS %	(3.3)	(1.1)

KEY STOCK DATA	
Bloomberg code	DRRD IN
No. of Shares (mn)	835
MCap (INR bn) / ($ mn)	1,041/12,046
6m avg traded value (INR mn)	2,620
52 Week high / low	INR 1,421/1,020

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.2	(3.3)	(9.1)
Relative (%)	1.9	(11.4)	(12.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	26.64	26.64
FIs & Local MFs	25.63	26.73
FPIs	37.29	25.33
Public & Others	10.44	21.3
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Zydus Lifesciences

Muted Q1; growth and margin to normalize

ADD

CMP *(as on 12 Aug 2025)*	INR 955
Target Price	INR 1,010
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 950	INR 1010
EPS %	FY26E	FY27E
	0.5	5.2

KEY STOCK DATA	
Bloomberg code	ZYDUSLIF IN
No. of Shares (mn)	1,006
MCap (INR bn) / ($ mn)	962/10,963
6m avg traded value (INR mn)	1,167
52 Week high / low	INR 1,300/795

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	8.0	2.3	(23.6)
Relative (%)	10.7	(3.0)	(24.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	75	75
FIs & Local MFs	10.95	11.09
FPIs	7.31	7.13
Public & Others	6.74	6.78
Pledged Shares	-	-

Source: BSE

EBITDA was muted YoY as 6% YoY sales growth (2% QoQ growth in US sales, +8% YoY in India) was offset by lower GM (-167 bps YoY) and higher costs (staff/R&D +14%/+24% YoY). The company expects single-digit growth in the US business in FY26 (USD 1.3 bn in FY25), led by steady traction in gMyrbetriq, volume growth, and new launches (25-30). While the company has visibility on new launches (25-30 p.a.; including complex generics and exclusivity launches), traction in base business, and scale-up in its specialty business (505-(b)(2)) in FY25, it refrains from giving guidance for FY27. It remains optimistic about the scale-up of the specialty business (gaining traction in all three brands of Sitagliptin 505(b)(2) in the US) and the progress of key assets (CUTX101, Saroglitozar, Usnoflast), which are expected to monetize over the next 1-3 years. The company has completed 85.6% stake acquisition in Amplitude Surgical (foray into medical device segment) and looking for smooth integration as well as focusing on expanding presence in key markets like Australia, India, and LatAm; also there is focus on improving overall profitability. Factoring Amplitude acquisition, we have raised EPS by 1%/5% for FY26/27E. We retain ADD with a revised TP of INR 1,010 (23x Q1FY28E), as the broader thesis of steady growth (in the US and India) and the monetization of R&D assets (injectables, biosimilars, and NCEs) remain intact. However, declining EBITDA margin to ~26%+ in FY26 and 24-24.5% in FY27/28 (from 29.8% in FY25) is a key concern.

- **Q1 highlights**: Sales grew 6% YoY to INR 65.73 bn as US sales (49% of sales) grew +2% QoQ to USD 372 mn (flat YoY) on traction from gRevlimid and gMyrbetriq. India formulations (23%) grew 8% YoY to INR 15.19 bn, led by specialty brands and traction in key therapies. Wellness (13%) grew 2% YoY. EMs/EU (11%) grew 37% YoY. API (2%) grew 11% YoY. GM declined 167 bps YoY to 72.8% and higher staff/R&D (+14/ 24 YoY), led to EBITDA^ of INR 20.38 bn (-3% YoY) and the margin of 31% (-294 bps). Higher interest (+163% YoY), depreciation (+11%) and other income (+145%) led to a PAT of INR 14.66bn (3% YoY). Adjusted for one-offs, the PAT was INR 14.28bn (-1% YoY).
- **Concall takeaways:** Zydus will continue to sell gMyrbetriq (sales were flat QoQ and YoY in Q1) in the US "at risk" and prepare for litigation trials during Feb'26. It will remain a steady opportunity in FY26. Volume quota for gRevlimid exhausted in Q1; no major contribution from Q2. It plans to acquire two manufacturing facilities in the US from Agenus Inc (for consideration of USD 75 mn as upfront and US 50 mn contingent payments). It expects to scale up the 505(b)(2) of Sitagliptin in the US (with CVS supplies and US government tender). Saroglitozar: Phase II(b)/III read-out is expected by CY25-end; approval/ launch in FY27. It plans to launch its novel Semaglutide molecule in India and other EMs. As of Jun-25, net cash was at INR 56.31 bn.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	65,737	62,075	6	65,279	1	1,95,474	2,32,415	2,56,125	2,73,719	2,86,299
EBITDA	20,385	21,073	(3)	21,759	(6)	52,979	69,134	71,493	67,061	69,571
APAT	14,281	14,379	(1)	13,868	3	37,790	45,972	47,344	43,736	45,508
EPS (INR)	14.2	14.3	(1)	13.8	3	37.6	45.7	47.1	43.5	45.2
P/E (x)						25.4	20.9	20.3	22.0	21.1
EV/EBITDA (x)						18.5	13.6	13.3	14.2	13.4
RoCE (%)						21	22	19	16	15

Source: Company, HSIE Research, ^EBITDA/ PAT adjusted for one-offs

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Lupin

Strong Q1; growth and margin to remain steady

ADD

CMP *(as on 6 Aug 2025)*	INR 1,851
Target Price	INR 2,060
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2270	INR 2060
EPS %	FY26E	FY27E
	2.6	1.7

KEY STOCK DATA	
Bloomberg code	LPC IN
No. of Shares (mn)	457
MCap (INR bn) / ($ mn)	846/9,640
6m avg traded value (INR mn)	2,192
52 Week high / low	INR 2,403/1,774

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(9.6)	(15.3)	(3.1)
Relative (%)	(9.5)	(18.4)	(5.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	46.91	46.9
FIs & Local MFs	25.41	25.55
FPIs	21.46	21.25
Public & Others	6.22	6.3
Pledged Shares	-	-

Source: BSE

EBITDA grew 21% YoY, as 12% YoY sales growth (US: +13% QoQ, India: +8% YoY) and higher GM (+288 bps YoY), partly offset by higher staff/R&D/SG&A (+12%/38%/10%). LPC expects (1) overall double-digit sales growth, margin at 24–25%, and R&D at 7.5–8.5% in FY26; high-single-digit growth in FY27 and steady margins, (2) the US to see double-digit growth in FY26, led by traction in key products (Tolvaptan, gSpiriva, gMyrbetriq) and new launches (15+ launches in FY26, including injectables); and (3) India to beat IPM growth in FY26, led by new launches/in-licensing, traction in focused therapies, and scale-up in other therapies (gastro, CNS, and oncology). Lupin aims to scale up its complex generics/specialty portfolio over the next 3–5 years, with key focus areas in respiratory, biosimilars, and injectables; it looks to leverage its existing specialty products (Xopenex and NaMuscla) for global markets. It expects to launch Semaglutide in India, Canada (partnership), and EMs on patent expiry. On tariff, it will work out different strategies like price increases and tech transfer for select products, and IP transfer for high-value products. Factoring in Q1FY26 performance, we raised our EPS by 3%/2% for FY26/27E and revised the TP to INR 2,060 (23x Q1FY28E EPS; cut multiple on tariff uncertainty in the US). ADD stays, given visible growth in the US (new launches) and India (traction in key therapies), and steady margin (cost controls) are intact.

- **Q1 highlights**: Sales grew 12% YoY to INR 62.68 bn, as US sales (39% of sales) grew 13% QoQ to USD 282 mn (+22% YoY), driven by steady traction in gSpiriva, gMyrbetriq, and Tolvaptan (under exclusivity). India (34%) grew 8% YoY to INR 20.89 bn, led by steady growth across its key therapies. Higher GM at 71.7% (+288 bps YoY), offset by higher staff/R&D/SG&A expenses (+12%/38%/10%), led to an EBITDA of INR 16.41 bn (+21%) and a margin of 26.2% (+188 bps). Adjusted for one-offs, PAT stood at INR 11.4 bn (+27% YoY).
- **Key takeaways from concall: US products**: (1) **gSpiriva**: market share at 32%; commercial share at ~50% (optimal level) and focus to gain share in Medicare/ Medicaid; two ANDAs filed (Alvogen and Teva); (2) **gMyrbetriq**: litigation trials in Feb'26; sizeable product in FY26; (3) **gJynarque**: launched in May'25; due to complex nature (REMS), the conversion will be gradual; Q2 to see full quarter benefits; no TA yet and hopes of seeing extended exclusivity; (4) **Liraglutide**: gVictoza launch in H2FY26 and gSaxenda in FY27; (5) **Glucagon**: launched in Aug'25, (6) **gRisperdal Consta**: expects approval in H2FY26; (7) **Albuterol**: market share at 19%; competition impacting sales; (8) **Arfomoterol (Rx+Gx)**: market share was at 16%; (9) **gDulera**: response on CRL by FY26; approval/ launch in H2FY27/28; and (10) **gDalvance**: expects launch in FY26. **NaMuscla trial**: Patient recruitment for Phase 3 study for US and EU; US launch in FY29 and TAM of USD 100-200mn. Developing multiple biosimilars (Peg, Aflib, Deno, and Natalizumab)—to be launched over CY25-28.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	62,683	56,003	12	56,671	11	2,00,108	2,27,079	2,50,456	2,65,972	2,80,654
EBITDA	16,414	13,614	21	12,921	27	38,000	54,718	62,113	62,769	65,673
APAT	11,449	8,990	27	8,463	35	20,669	35,364	40,121	40,538	41,990
EPS (INR)	25.1	19.7	27	18.5	35	45.3	77.5	87.9	88.8	92.0
P/E (x)						40.9	23.9	21.1	20.8	20.1
EV/EBITDA (x)						22.5	15.7	13.5	12.9	11.9
RoCE (%)						16	22	21	19	18

Source: Company, HSIE Research, PAT adj for one-offs.

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Aurobindo Pharma

Muted Q1; US, EU grow albeit margin sustainability key

EBITDA (-1% YoY) was 4%/7% lower than our/consensus estimates, driven by muted sales growth of 4% YoY (US down 13% QoQ on a sharp drop in gRevlimid sales, which was offset by 18% YoY growth in EU), lower gross margin (-56 bps YoY), and higher staff/R&D costs (+15%/8% YoY). The company indicates that, excluding gRevlimid and losses related to the Pen-G plant, EBITDA growth was ~12% YoY. ARBP expects (1) to sustain growth momentum in the US OSD business led by new launches, (2) to sustain EBITDA margin at 20–21% in FY26, (3) to see steady growth for the injectable business (new launches, gradual normalization in Eugia unit-3), (4) drop in gRevlimid sales in 9MFY26; it targets market share gains once the market opens for generics in Feb'26, (5) the EU to sustain growth and EBITDA momentum in FY26, (6) the launch of three biosimilars in the EU market in H2FY26, and (7) new plants (China, Pen-G, Vizag, and US-based plant) to generate EBITDA contribution over the next 1–2 years. Factoring in the Q1 miss, we have cut EPS by 7%/3% for FY26/27E and revised the TP to INR 1,230 (16x Q1FY28E). ADD stays.

- **Q1 highlights:** Sales grew 4% YoY to INR 78.68 bn as the US (44% of sales) declined 13% QoQ to USD 408 mn (-4% YoY), led by a reduction in gRevlimid sales. EU sales (30%) grew 18% YoY. ARV sales (5%) grew 55% YoY, and API (12%) declined 16% YoY. Lower GM stood at 58.8% (-56 bps YoY), higher staff/R&D costs (+15%/+8% YoY) and lower SG&A (-2%) led to an EBITDA of INR 16.03 bn (-1% YoY) and an EBITDA margin of 20.4% (-102 bps YoY). Lower other income (-52% YoY) and interest (-12% YoY) resulted in a PAT of INR 8.24 bn (-10% YoY). PAT (ex-one-offs) stood at INR 8.25 bn (-10% YoY).
- **Concall takeaways: gRevlimid**: there was a significant drop both YoY and QoQ during Q1FY26 due to lower volumes and price erosion (USD 18 mn sales decline vs Q1FY25 and USD 63 mn decline vs Q4FY25). The company does not expect meaningful supply over the next two quarters and targets to gain market share from Feb'26 once the market opens for generics. **US OSD:** sales declined QoQ largely due to destocking of inventory built up during Q4FY25 (tariff-related de-risking) and price erosion, which was partly offset by new launches. **China plant:** Capex was USD 145 mn; commercial supplies have commenced; break-even is expected in Q3FY26. **Dayton plant**: Capex of USD 70 mn; targeted to commercialize by Q3FY26. **Pen-G plant**: resumed operations from Jul'25 and is focusing on yield improvement; targets 7–8K tonnes of production in FY26. **Lannett M&A:** the company sees synergies in the controlled substances portfolio and aims to improve gross (~30%) and EBITDA (~15%) margins post-integration. ARBP plans additional capex of INR 3.5–4 bn, over and above the existing ~INR 10 bn capex, to add two bioreactor (~15KL each); commercialization is likely from FY28. It has 3+ plants in the US, which can act as tariff de-risking assets, if tariffs are imposed.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	78,681	75,670	4	83,821	-6	2,90,019	3,17,237	3,32,665	3,63,498	3,88,229
EBITDA	16,034	16,196	-1	18,969	-15	58,430	67,331	69,198	76,698	82,693
APAT	8,250	9,185	-10	9,666	-15	32,837	35,558	38,577	43,651	47,669
EPS (INR)	14.2	15.8	-10	16.6	-15	56.5	61.2	66.4	75.2	82.1
P/E (x)						19.1	17.6	16.3	14.4	13.2
EV/EBITDA (x)						10.8	9.3	8.8	7.6	6.7
RoCE (%)						14	14	14	14	14

Source: Company, HSIE Research, PAT adjusted for one-offs

ADD

CMP *(as on 5 Aug 2025)*	INR 1,080
Target Price	INR 1,230
NIFTY	24,650

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1320	INR 1230
EPS %	FY26E	FY27E
	-7.1	-3.2

KEY STOCK DATA	
Bloomberg code	ARBP IN
No. of Shares (mn)	581
MCap (INR bn) / ($ mn)	627/7,139
6m avg traded value (INR mn)	1,414
52 Week high / low	INR 1,593/994

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(13.1)	(9.4)	(24.1)
Relative (%)	(13.0)	(12.6)	(26.5)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	51.82	51.82
FIs & Local MFs	26.23	26.93
FPIs	15.23	14.38
Public & Others	6.72	6.87
Pledged Shares	16.9	17.1

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Alkem Laboratories

Strong Q1; India and US growth drives margin

EBITDA grew 21% YoY, led by 11% YoY sales growth (+12% YoY India, 16% QoQ in the US), higher gross margin (+75 bps YoY), and cost controls (SG&A/ R&D – 5%/-6% YoY), which was partly offset by higher staff cost (+15%). The company retains its guidance for FY26 – India business to beat IPM growth by 100-150 bps, mid-single-digit growth in the US and international business (ex-US), the gross margin to sustain at ~64%, and the EBITDA margin to remain steady at 19.5-20% in FY26, with R&D spend at 4.5-5% (loaded more towards H2FY26). While the company expects to sustain the growth momentum in India and international business (ex-US), it remains conservative on US growth despite new launch visibility due to price erosion in the base business. Moreover, it expects to improve EBITDA margin by 100 bps p.a. for the next few years and targets achieving mid-20s margin. Its recent initiatives are on track, with the initiation of commercial operations of its CDMO business (Enzene US) and MedTech business (Exactec); the focus is to scale up the business, and it expects to break even in the next couple of years. The company is open to strategic acquisitions (net cash INR 48.7 bn) in India (chronic focus) and the US (high-margin business/products). Factoring in Q1FY26 performance, we have tweaked our EPS for FY26/27E and revised TP to INR 5,700 (29x Q1FY28E EPS). ADD stays as we expect the India business to remain steady with ~10% CAGR over FY25-28E and a gradual scale-up in the US business with steady improvement in margin.

- **Q1 highlights**: Sales grew 11% YoY to INR 33.71 bn as India (68% of sales) grew 12% YoY to INR 22.65 bn, with growth in gastro, VMN, and respiratory, and at par with IPM growth in anti-infectives. The US (21%) grew 16% QoQ to USD 82 mn (+6% YoY), and international sales (11%) grew 9% YoY. Higher GM at 65.3% (+75 bps YoY) and staff costs (+15%), partly offset by muted SG&A/R&D (+5%/-6%), led to INR 7.39 bn EBITDA (+21% YoY) and a 21.9% margin (+185 bps YoY). Higher depreciation and other income (+9%/+13%), offset by muted interest (+2%), led to a PAT of INR 6.53 bn (+20% YoY).
- **Key concall takeaways:** Organic growth was steady at ~11.4-11.5%. The MedTech India business revenue was ~INR 25 mn for Q1, and the company is looking to scale it up; it targets ~INR 260 mn sales for FY26 and a future annual run rate of around INR 400-500 mn. This business is expected to incur INR 400-450 mn losses in FY26/27 and break even in FY28. Adroit Biomed sales were ~INR 150 mn in Q1FY26. Enzene revenue was INR 900 mn (including US CDMO) in Q1. Enzene has filed a BLA for Denosumab and expects approval in mid-FY27 and launch thereafter (subject to litigation outcome). It has launched gEntresto in the US (in Jul-25) and expects traction in Q2. Capex is expected to be INR 7.5 bn in FY26. Lower API prices led to 0.8-0.9% additional India growth, which improved GM, partly offset by a 3-4% price drop YoY in the US market.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	33,711	30,318	11	31,438	7	1,26,676	1,29,645	1,44,097	1,57,024	1,70,095
EBITDA	7,391	6,087	21	3,913	89	22,455	25,122	29,252	33,132	36,400
APAT	6,531	5,452	20	3,059	114	19,346	21,322	25,146	23,290	24,115
EPS (INR)	54.6	45.6	20	25.6	114	161.8	178.3	210.3	194.8	201.7
P/E (x)						31.9	29.0	24.6	26.5	25.6
EV/EBITDA (x)						27.5	24.3	20.6	17.8	15.9
RoCE (%)						19	20	20	21	20

Source: Company, HSIE Research

ADD

CMP *(as on 12 Aug 2025)*	INR 5,149
Target Price	INR 5700
NIFTY	24,487

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5600	INR 5700
EPS %	FY26E	FY27E
	2.4	(2.6)

KEY STOCK DATA	
Bloomberg code	ALKEM IN
No. of Shares (mn)	120
MCap (INR bn) / ($ mn)	616/7,018
6m avg traded value (INR mn)	832
52 Week high / low	INR 6,440/4,492

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.6	9.4	(9.9)
Relative (%)	5.2	4.0	(10.6)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	55.13	53.04
FIs & Local MFs	19.42	21.8
FPIs	9.4	9.11
Public & Others	16.05	16.05
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

IPCA Laboratories

Steady growth visibility; Unichem integration key

EBITDA (+10% YoY) was 2%/8% below our/consensus estimates, as 10% YoY sales growth (India grew 10% YoY, generics +19%) and higher GM (+80 bps YoY) were offset by higher costs (staff/SG&A +11%/+16% YoY). IPCA retains its guidance of 9-10% revenue growth but has marginally cut margin guidance to 75 bps YoY expansion from the earlier expectation of 100 bps expansion for its consolidated business, due to cost and price pressure in the Unichem business. It retains its standalone margin guidance of 150 bps YoY expansion in FY26. While India growth in Q1FY26 was marginally lower at 10%, largely due to growth moderation in its CVS segment because of the reorganization of the field force to add two new divisions, it expects CVS growth to recover quickly and retains its guidance of outperforming IPM growth by 1.5x, driven by growth in key therapies, market share gains, and new launches. We believe IPCA is well-positioned for growth (~11% CAGR over FY25-28E), led by steady growth in India (new launches, steady growth in focused therapies, and scale-up in chronic categories), ramp-up in export formulations (through Unichem integration and new launches in the EU/RoW), and gradual recovery in the API business, with improving margins (~17%/25% EBITDA/PAT CAGR over FY25-28E). Factoring in Q1 performance, we have tweaked EPS for FY26/27E and revised the TP to INR 1,720 (28x Q1FY28E EPS; cut multiple on tariff uncertainty). Maintain BUY.

- **Q1 highlights**: Sales grew 10% YoY to INR 23.08 bn, with India (42% of sales) growing 10% YoY to INR 9.61 bn. Branded generics were up 10% YoY, generics exports grew 19% YoY, and institutional sales remained flat YoY. API grew 13% YoY (domestic/export -18%/+28% YoY) and Unichem (23% of sales) was up 9% YoY. Higher GM at 70.0% (+80 bps YoY) and higher costs (staff/SG&A +11%/+16% YoY) led to EBITDA of INR 4.24 bn (+10% YoY) with a margin of 18.4% (-13 bps). Higher other income (+58%), lower interest (-23% YoY), and lower depreciation (-1% YoY) led to reported PAT of INR 2.33 bn (+21% YoY). Adjusted for one-offs, PAT stood at INR 2.41 bn (+29% YoY).
- **Key takeaways from concall:** Unichem's US business grew 12% YoY despite its four key products losing market share, which was offset by traction in recent launches and market share gains in other baseline products. Unichem saw lower growth in Asian markets such as Myanmar (a high-margin business) and in its Brazil business; the EU business grew 37%. The margin was impacted due to an additional provision related to an EU Commission penalty of INR 120 mn and INR 100 mn in costs related to the closure of the Ireland facility. It added 400 MRs in CVS, with no major additions planned for the rest of the year. Institutional sales were stagnant due to the funding environment, and it expects this business to remain flat in FY26. API business pricing was stable and is gradually improving for export markets, and it has plans to introduce 2-3 products per year.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	23,089	20,926	10	22,467	3	77,050	89,396	99,579	1,11,328	1,23,136
EBITDA	4,246	3,875	10	4,097	4	12,882	16,931	19,617	23,713	27,090
APAT	2,414	1,870	29	2,218	9	5,943	8,884	11,833	14,974	17,425
EPS (INR)	9.5	7.4	29	8.7	9	23.4	35.0	46.6	59.0	68.7
P/E (x)						58.9	39.4	29.6	23.4	20.1
EV/EBITDA (x)						28.7	21.7	18.2	14.7	12.4
RoCE (%)						12	14	16	18	19

Source: Company, HSIE Research, ^Adjusted for forex of INR 82mn

BUY

CMP *(as on 12 Aug 2025)*	**INR 1,379**
Target Price	**INR 1,720**
NIFTY	**24,487**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1750	INR 1720
EPS %	FY26E	FY27E
	(1.3)	(2.2)

KEY STOCK DATA	
Bloomberg code	IPCA IN
No. of Shares (mn)	254
MCap (INR bn) / ($ mn)	349/3,981
6m avg traded value (INR mn)	427
52 Week high / low	INR 1,758/1,168

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	0.4	(3.0)	(0.4)
Relative (%)	3.0	(8.4)	(1.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	44.72	44.72
FIs & Local MFs	35.73	35.88
FPIs	10.75	10.67
Public & Others	8.8	8.73
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Aster DM Healthcare

Steady sales, cost controls lead to margin growth

EBITDA grew 27% YoY, driven by 8% growth in the hospital business as lower occupancy at 59% (vs 67% in Q1FY25) was offset by improved case mix, leading to 14% YoY growth in ARPOB. Labs and Pharmacy business grew 5% YoY. Hospital EBITDA rose 17% YoY, with margin improving 291 bps to 22.6%. ASTERDM expects (1) hospital business to sustain steady growth momentum, with steady ARPOB growth (7-8% growth over next 3-5 years), occupancy improvement (impacted by strategic reduction in scheme-based patients at Aster Aadhar, Maharashtra), and better case/`payor mix (scheme-based patients to be replaced with cash and TPA); (2) bed capacity expansion to be largely on track which will be a marginal drag for the EBITDA; (3) Quality Care Hospital (QCIL) to see steady growth, led by occupancy, ARPOB growth (targets to improve CONGO mix towards 60-70% vs ~52% in Q1), and scope to reduce ALOS. Key drivers (1) strategic bed capacity addition of 2,600+ over FY25-29 in its existing cluster; (2) headroom to improve occupancy and ARPOB growth across the network (improving case/payor mix); (3) synergy benefits after integration of QCIL will drive EBITDA; and (4) profitability improvement in lab and pharmacies. Factoring in Q1, we have tweaked our FY26/27E EBITDA estimates and revised TP to INR 630 (26x Q1FY28E blended EV/E). ADD stays.

- **Q1 highlights:** Sales grew 8% YoY to INR 10.78 bn, led by 8% YoY growth in hospitals (97% of sales; occupancy at 59%, ARPOB growth of 14%). Flat GM at 77.1%, steady staff (+2% YoY), and lower SG&A (-4% YoY) led to an EBITDA of INR 2.07 bn (+27% YoY) and 19.2% margin (+291 bps). PAT was at ~INR 886 mn (+20% YoY). **EBITDA**: (1) Hospital: +17% YoY, margin at 22.6% (+179 bps); (2) Labs/pharmacy: EBITDA at INR 40 mn, margin at 6.2%.
- **Operating metrics:** ARPOB at INR 50,200 (+14% YoY) and occupancy at 59% (67% in Q1FY25). IP/ OPD volume flat/ +6% YoY. ALOS steady at 3.1 days. **Clusters: Kerala**: ARPOB was up 11% YoY and occupancy at 64% (75% in Q1FY25); **Karnataka, Maharashtra:** ARPOB was up 17% YoY and occupancy at 56% (62% in Q1FY25); **(3) AP, Telangana:** ARPOB was up 11% YoY and occupancy is at 50% (53% in Q1FY25).
- **QCIL**: Sales at INR 10.79 bn (+16% YoY), EBITDA at INR 2.27 bn (+19% YoY), and margins expanded by 50 bps YoY to 21%, supported by procurement synergies across QCIL entities, which led to ~INR 200mn of EBITDA uplift and 15% YoY ARPOB growth. The Kerala cluster delivered 15% YoY and non-Hyderabad Indian units grew 11% and Bangladesh (Evercare) was up 26%.
- **Key takeaways from concall:** ARPOB growth led by case mix, reduction in ALOS, price revision (raised by 2.5-3% for cash/TPA), and improved payor mix at a few units. Kerala cluster: Team has stabilized and MVT (from Maldives and Oman) is normalizing; it expects Q2 to be better with steady margin. It guides for a capex of INR 25bn over the next three years.

Quarterly financial summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	10,779	10,019	8	10,003	8	36,989	41,385	47,519	58,799	74,562
EBITDA	2,074	1,635	27	1,921	8	5,780	7,645	9,403	11,835	15,921
APAT	886	740	20	1,041	(15)	1,226	3,568	4,473	6,389	9,371
EPS (INR)	1.8	1.5	20	2.1	(15)	2.5	7.1	9.5	12.8	18.8
P/E (x)						246.6	84.7	63.6	47.3	32.3
EV/EBITDA (x)						55.3	40.7	32.7	25.7	18.5
RoCE (%)						3	6	14	16	20

Source: Company, HSIE Research, PAT adjusted for one-offs.

ADD

CMP *(as on 31 Jul 2025)*	INR 605
Target Price	INR 630
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 620	INR 630
EPS %	FY26E	FY27E
	1.2	0.2

KEY STOCK DATA	
Bloomberg code	ASTERDM IN
No. of Shares (mn)	518
MCap (INR bn) / ($ mn)	313/3,578
6m avg traded value (INR mn)	749
52 Week high / low	INR 675/344

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	19.8	23.1	74.3
Relative (%)	18.6	18.3	75.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	41.89	40.39
FIs & Local MFs	24.59	25.28
FPIs	21.66	19.64
Public & Others	11.86	14.69
Pledged Shares	40.67	40.67

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Dr. Lal Pathlabs

Steady volume-led growth and margin expansion

EBITDA (+13% YoY) was almost in line with our and consensus estimates, driven by a 11% YoY increase in sales, supported by 6%/ 11% YoY growth in patient/sample volumes. This, in turn, led to a ~5% YoY rise in realisation per patient, while per sample realisation remained largely flat. EBITDA margin was up 47 bps YoY to 28.7%, led by higher gross margin (+59 bps YoY), which was partly offset by higher costs. DLPL is looking to revise its margin guidance upwards in the next couple of quarters from the earlier expectation of 27% in FY26. Overall focus of the company remains on sustaining volume-led growth and maintain its 11-12% growth guidance for FY26. It expects a continued higher contribution from SwasthFit. It expects to sustain steady growth in the Delhi NCR region, led by sample volume and better test mix. The western region is expected to see normalized sales from H2FY26 (revenues impacted due to change in IT stack); it continues with Mumbai, Pune, and Goa as focus markets for the suburban business, where it will continue the dual-brand strategy; also, in other markets of MP and Chhattisgarh, the focus remains on organic growth. Competitive landscape has evolved with the entry of e-commerce company (Amazon India), which will aid existing online competition as well as foray from hospitals chains entry. The company expects this to help expand the organized market. It is looking for M&As to expand presence in southern India but remains cautious on business model and valuations (as of Jun'25, net cash was at INR 10.39bn). Factoring in Q1FY26 performance, we have raised our EPS by ~2% for FY26/27E. We roll forward the TP to INR 3,380, based on 46x Q1FY28E EPS. ADD stays.

- **Q1 highlights:** Sales grew 11% YoY to INR 6.69 bn as patient volume grew 6% YoY to 7.6 mn, and sample volume grew 11% YoY to 23.4 mn. This led to 5% YoY growth in realization per patient and flat realization per sample. SwasthFit sales grew 20% YoY, and its contribution was 27% of sales in Q1 (vs. 25% in Q1FY25). GM expansion (by ~59 bps YoY to 80.8%) was partly offset by higher SG&A (+11%), staff cost (+13%), and fees to franchise (+10%), leading to EBITDA of INR 1.92 bn (+13% YoY) and 28.7% margin (+47 bps). Higher other income (36% YoY), flat depreciation, and lower interest cost (-22%) led to a PAT of INR 1.32 bn (+24% YoY).
- **Key takeaways from concall:** No major favorable impact due to unseasonal rain in Q1; it expects Q2 to remain seasonally strong. DLPL expands access to high-quality diagnostics through a calibrated network rollout, deeper reach in core metro markets, and increased presence in underpenetrated regions. DLPL currently has a basic radiology business and is evaluating expansion in the high-end radiology segment. Its genomics test portfolio is getting more acceptance across clinicians. Oncology-focused and personalized testing also uses genomic testing, which will help the growing market opportunity. Tax rate to be at 25-26% in FY26.

Quarterly financial summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	6,698	6,019	11	6,026	11	22,266	24,614	27,442	30,595	34,111
EBITDA	1,923	1,700	13	1,690	14	6,092	6,956	7,711	8,628	9,619
APAT	1,324	1,064	24	1,140	16	3,577	4,463	5,226	5,962	6,684
EPS (INR)	15.8	12.7	24	13.6	16	42.8	53.4	62.5	71.3	80.0
P/E (x)						73.6	59.0	50.4	44.2	39.4
EV/EBITDA (x)						42.1	36.4	32.4	28.6	25.2
RoCE (%)						25	29	29	29	29

Source: Company, HSIE Research, PAT adjusted for one-offs

ADD

CMP *(as on 31 Jul 2025)*	INR 3,150
Target Price	INR 3,380
NIFTY	24,768

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3080	INR 3380
EPS %	FY26E	FY27E
	2.2	1.9

KEY STOCK DATA	
Bloomberg code	DLPL IN
No. of Shares (mn)	84
MCap (INR bn) / ($ mn)	264/3,013
6m avg traded value (INR mn)	523
52 Week high / low	INR 3,654/2,294

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	13.8	10.4	2.0
Relative (%)	12.6	5.7	2.8

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	53.91	53.79
FIs & Local MFs	15.79	17.62
FPIs	23.9	21.69
Public & Others	6.4	6.9
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Eris Lifesciences

Growth triggers to play out from H2FY26

ADD

EBITDA (+11% YoY) was 3–4% below our/consensus estimates, as moderate sales growth of 7% YoY (+11% YoY DBF^, -8% Swiss exports) and higher costs (staff/SG&A up 9%/7% YoY) were offset by a higher gross margin (+121 bps), resulting in a margin of 35.8% (+106 bps YoY). Eris retains its FY26 guidance: sales of INR 33–35 bn, EBITDA of INR 11.9–12.5 bn, margin at ~36%, 50% EPS growth, and RoCE of 22% (adjusted RoCE excluding acquisition-related amortization). While capacity constraints remain for its exports business, it expects growth in the coming quarters, led by a better product/customer mix and LoE opportunities in the EU. The company sees growth visibility over the next 3–5 years with a ramp-up in CDMO and the new plant. It is well-poised to leverage its strong presence in the anti-diabetic segment and capture the GLP-1 opportunity from CY26; it expects approval by Q4FY26 and launch after patent expiry (the addressable market for GLP-1 is indicated to be INR 20–30 bn). It also targets scaling up its Rh-insulin business with the commercialization of the vial manufacturing facility at Bhopal and plans to commission a cartridge facility in Q4FY26, coinciding with the exit of innovator brands (in Nov/Dec'25). Net debt inched up to INR 23.17 bn in Q1FY26 due to INR 660 mn capex toward insulin/GLP-1 and general injectables, and inventory build-up for insulins, which increased working capital by INR 730 mn. However, the company reaffirms its target of reducing net debt to INR 18 bn in FY26. Maintain ADD with unchanged TP of INR 1,850 (32x Q1FY28E EPS).

- **Q1 highlights**: Sales grew 7% YoY to INR 7.73 bn, led by 11% YoY growth in DBF (~13% growth excluding the one-off impact of product shortages and discontinuations) and Swiss sales of INR 680 mn (-8% YoY). A gross margin (GM) of 76.1% (+121 bps YoY) was driven by a better product mix. Steady staff costs (+9% YoY) and SG&A (+7% YoY) led to an EBITDA of INR 2.76 bn (+11% YoY) and a margin of 35.8% (+106 bps). Margins: DBF's margin was 37.2% (vs. 35.6% in Q1FY25), Biocon-2 was 30% (vs. 19%), and Swiss was 32.4% (vs. 33.8%). Higher other income (+64%), offset by lower depreciation (-7%) and interest (-22%), led to a PAT of INR 1.18 bn (+42% YoY).
- **Key takeaways from concall:** The company has managed to resolve insulin drug substance supply issues. However, supply constraints related to drug products persist, resulting in a revenue hit of INR 100 mn in Q1FY26. It expects supplies to normalize in the near term. The company is looking to capture the Rh-insulin opportunity, as Novo Nordisk will discontinue Human Mixtard. It expects to add revenue of ~INR 2–3 bn per annum to its insulin franchise starting October 2025. The company has started ramping down its trade generics business and expects sales to be INR 70–80 mn in FY26. Semaglutide: Patient recruitment will be completed by August 2025, with trials expected to conclude within six months, followed by another 1–2 months for approval.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	7,730	7,197	7	7,053	10	16,851	20,092	28,936	33,321	38,640	44,087
EBITDA	2,767	2,500	11	2,524	10	5,367	6,748	10,172	12,058	14,228	16,421
APAT	1,180	832	42	937	26	3,822	3,904	3,517	5,514	7,408	9,278
EPS (INR)	8.7	6.1	42	6.9	26	28.1	28.7	25.8	40.5	54.4	68.1
P/E (x)						64.3	63.0	69.9	44.6	33.2	26.5
EV/EBITDA (x)						47.3	39.4	26.8	22.3	18.4	15.4
RoCE (%)						16	10	11	14	17	20

Source: Company, HSIE Research, PAT adjusted for one-offs. ^ Domestic Branded Formulations

CMP *(as on 5 Aug 2025)*	INR 1,804
Target Price	INR 1,850
NIFTY	24,650

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1850	INR 1850
EPS %	FY26E	FY27E
	-1.2	0.0

KEY STOCK DATA	
Bloomberg code	ERIS IN
No. of Shares (mn)	136
MCap (INR bn) / ($ mn)	246/2,805
6m avg traded value (INR mn)	382
52 Week high / low	INR 1,910/1,035

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.0	30.1	67.6
Relative (%)	20.1	26.9	65.1

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	54.85	54.83
FIs & Local MFs	18.07	18.18
FPIs	8.43	8.39
Public & Others	18.65	18.6
Pledged Shares	18.5	16.9

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Medplus Health Services

Focus back on balancing growth and margin

EBITDA^ grew 39% YoY as moderate sales (pharmacy +3% YoY, diagnostics +25% YoY) and higher staff costs (+24%) were offset by a 400 bps YoY expansion in gross margin (driven by increased private label share to 21.5%) and lower SG&A. OPM* came in at 4.7% (+180 bps YoY), with pharmacy margin at 4.6% (+162 bps YoY) and diagnostic margin at 13.6% (vs. 1.4% YoY). Medplus retains its 600-store addition guidance in FY26. It expects growth (1) in Q2FY26 to be similar to Q1 as private label sales remain flat and store additions have some drag on margin, and (2) to pick up from H2FY26 as key constraints related to supply chain, warehousing, and manpower are addressed. It targets achieving high-single-digit growth in matured stores over the next few quarters. It targets increasing private label share by 1% (on GMV, implying 0.5% on net sales) from Q3FY26, aiding gross margin expansion. It sees relatively small drag from new stores due to a large base of 4,800+ stores and a focus on faster store-level break-even. The company has realigned employee incentives to drive both Rx and private label sales (earlier was largely linked to private label), as well as testing customer conversion to improve growth momentum. While we assume sales growth to take a hit due to Rx-to-private label cannibalization, margin improvement is expected to stay, led by a better mix and steady growth in matured stores (2+ years; ~10–11% margin), increasing private label share, and supply chain efficiencies. Factoring in Q1 performance, we have cut EBITDA by 2/3% for FY26/27E and revise TP to INR 1,120 (19x Q1FY28E EV/EBITDA, implying 31x pre-INDAS EV/EBITDA). BUY stays.

- **Q1 highlights:** Sales grew 4% YoY to INR 15.42 bn. Retail pharmacy sales grew 3% YoY to INR 15.1 bn, and diagnostics was at INR 303 mn (+25%). Higher GM at 26.1% (+400 bps), muted SG&A, and higher staff cost (+25%) led to EBITDA of INR 1.31 bn (+39% YoY). Operating profit was at INR 728 mn (+68% YoY), as higher rentals (+13%) were offset by higher GM. OPM* was 4.7% (+180 bps YoY). Pharmacy margin was up 162 bps YoY to 4.6%, and diagnostic EBITDA was at INR 41 mn. PAT was at INR 424 mn (+195% YoY).
- **Q4 operating metrics:** Added 101 net stores (gross addition of 124), taking the total store count to 4,813 as of Jun'25. Matured store growth was at -0.2% YoY (vs. 9.8% in Q1FY25), with operating margin at 10.9% (vs. 9.3%) and RoCE of 59.8% (vs. 46.1%). Private label sales as a percentage of total sales rose to 21.5% (vs. 15.8% in Q1FY25). Overall RoCE was at ~17% (vs. 6.9%). In Q1FY26, OCF was at INR 1.87 bn and FCF at INR 1.07 bn.
- **Key takeaways from concall:** The retail pharmacy GMV growth was 6.8% YoY (vs. net sales growth of 4%). The company has 40 warehouses (including 10 added in FY25) and each can cater to 350-450 stores. It plans GLP-1 private label launch on patent expiry. Diagnostics: as of Jun'25, it has 164k active plans/covers 340k lives; renewal rate is 24% and targets 200-250k plans.

Quarterly financial summary

(INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	15,426	14,888	4	15,096	2	56,249	61,361	66,659	75,731	86,765
EBITDA	1,307	938	39	1,364	(4)	3,541	4,871	5,892	7,049	8,259
APAT	424	144	195	513	(17)	621	1,503	2,065	2,722	3,402
EPS (INR)	3.5	1.2	195	4.3	(17)	5.2	12.6	17.2	22.7	28.4
P/E (x)						175.7	72.6	52.9	40.1	32.1
EV/EBITDA (x)						33.3	23.9	19.5	16.3	13.8
RoCE (%)						7	10	12	14	15

Source: Company, HSIE Research, PAT adjusted for one-offs. ^ post-INDAS EBITDA *pre-INDAS.

BUY

CMP *(as on 04 Aug 2025)*	INR 919
Target Price	INR 1120
NIFTY	24,723

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1110	INR 1120
EPS %	FY26E	FY27E
	(2.0)	(3.3)

KEY STOCK DATA	
Bloomberg code	MEDPLUS IN
No. of Shares (mn)	120
MCap (INR bn) / ($ mn)	110/1,255
6m avg traded value (INR mn)	153
52 Week high / low	INR 1,053/603

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	14.8	19.6	36.5
Relative (%)	14.1	16.5	36.4

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	40.33	40.32
FIs & Local MFs	26.19	26.03
FPIs	15.61	16.43
Public & Others	17.87	17.22
Pledged Shares	59.3	59.3

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Metropolis Healthcare

In-line Q1: steady organic growth; M&A scale-up key

EBITDA (14% YoY; organic growth at 12%) was in line with our/consensus estimates, 23% YoY sales growth (+13% YoY organic growth), led by 12/13% YoY growth in patient/test volume and 11/9% growth in realization per patient/test. Metropolis expects: (a) its organic business to see ~12% sales growth, supported by 7–8% volume and ~5% growth in realization; steady improvement in margin (vs. 24.8% in Q1); gradual reduction in drag from labs added in the last 1–2 years (new labs to reach company level by year-3), (b) 12–13% growth in M&As. While Core Diagnostic will see high single-digit margin by FY26-end (double-digit in FY27 and company level by FY28); other two acquired assets are ahead of Metropolis margin, (c) overall 23–25% sales growth. Key strategies: (1) focus on balanced B2B:B2C approach for growth, (2) integration of acquired assets and acceleration of synergies, (3) M&As opportunity, and (4) expansion/ acceleration of growth in tier-2/3. The company sees stability in test pricing, driven by a change in focus by new-age companies from discount-led volume growth (reduction in steep discounts) to a value-based growth model and a favorable shift towards the organized market (growth to sustain at 8–10% over the next few years). While Metropolis has completed its investment phase (towards lab infra, technology, medical/management personnel), it is now focusing on execution and expanding margin. Its various initiatives like expanding network, test portfolios, wellness packages, M&As, micro-market strategy, digital capabilities, gaining share in focused cities, and increasing B2C presence are expected to drive revenue growth, while its margin will remain under check in the near term (M&A integration). Factoring in Q1, we tweaked FY26/27E EPS and revised the TP to INR 2,170 (43x Q1FY28E EPS). ADD stays.

- **Q1 highlights:** Sales grew 23% YoY to INR 3.86 bn, led by patient/test volume growth (+12%/ 13% YoY; realization per patient/test up 11/9% YoY). Lower GM at 78.1% (-63 bps YoY) and higher staff/SG&A (+29/ 23%) led to an EBITDA of INR 898 mn (+14% YoY) and margin of 23.2% (-190 bps YoY). Reported PAT at INR 451 mn (+19% YoY, acquired assets loss at INR 9 mn).
- **Organic business:** Sales grew 13% YoY to INR 3.55 bn, led by patient volume growth of 7% YoY to 3.23mn and test volume growth of 8% YoY to 6.79mn (realization per patient/test +6/5% YoY). EBITDA stood at INR 880 mn (+12% YoY) and margin was 24.8% (-36 bps). PAT stood at INR 460 mn (+21% YoY).
- **Key takeaways from concall:** The company has added 80 collection centers (CC) in Q1 and plans to add 400 in FY26. **Core diagnostics**: revenue grew with low-single-digit margin and PAT loss; INR 120mn debt refinanced in Jul-25; it expects PAT to improve from Q2. In Q1FY26, for the organic business, TruHealth revenue (18% of sales) grew by 22% YoY, specialty (38%) grew by 16% YoY, B2C (59%) grew 16%, and B2B (41%) was up 10% YoY. Radiology business is gaining traction; 20 locations (full basic radiology), 36 (X-ray), and 240 (ECG), helping provide integrated health packages.

Quarterly financial summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	3,861	3,134	23	3,453	12	12,077	13,312	16,493	18,538	20,837
EBITDA	898	788	14	840	7	2,826	3,030	3,975	4,597	5,272
APAT	451	379	19	452	(0)	1,328	1,610	2,083	2,502	2,953
EPS (INR)	8.7	7.3	19	8.7	(0)	25.6	31.1	40.2	48.3	57.0
P/E (x)						78.4	64.6	50.0	41.6	35.2
EV/EBITDA (x)						37.1	34.6	26.3	22.4	19.0
RoCE (%)						14	14	17	18	18

Source: Company, HSIE Research, PAT adjusted for one-offs

ADD

CMP *(as on 8 Aug 2025)*	INR 2,009
Target Price	INR 2,170
NIFTY	24,363

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1840	INR 2170
EPS %	FY26E	FY27E
	(0.9)	(0.3)

KEY STOCK DATA	
Bloomberg code	METROHL IN
No. of Shares (mn)	52
MCap (INR bn) / ($ mn)	104/1,187
6m avg traded value (INR mn)	257
52 Week high / low	INR 2,318/1,315

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.8	9.2	(2.8)
Relative (%)	21.3	6.6	(4.0)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	48.89	48.89
FIs & Local MFs	30.3	32.4
FPIs	15.29	12.83
Public & Others	5.52	5.88
Pledged Shares	1.18	1.18

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Real Estate

DLF

Strong presales supported by robust demand

DLF reported a strong quarter with pre-sales of INR 114.5bn (+78.8%/+462.7% YoY/QoQ), largely on the back of new launch in Gurgaon- Privana North. Collections remained subdued (due to delay in construction activities) to INR 27.9bn (-5.9%/-15.8% YoY/QoQ). Moreover, DLF finally launched its Mumbai project where phase 1 is fully soldout (clocking presales of ~INR 23bn) and it eyes for phase 2 in FY27. Hamilton Phase 2 (DLF City) and other key launches (e.g., One Midtown new phases) are expected in FY27, as per current plans. On the back of a strong response from the recent launch of its Privana North and Mumbai project, we believe that underlying demand remains robust supported by NRI investments. Pre-sales is expected to remain steady at INR 230-240bn (expect 10-15% growth in FY26), driving ~2x growth in both PAT and cash flows by FY30. With significant embedded potential from its existing land bank, DLF continues to generate healthy margins, targeting 45%+ gross margins in the medium term. We maintain BUY on DLF with a TP of INR 988/share.

- **Q1FY26 financial highlights:** Revenue came in at INR 27.2bn (+99.4%/-13.1% YoY/QoQ, a beat of 81.3%). EBITDA stood at INR 3.6bn (+59.3%/-62.8% YoY/QoQ, largely in line). EBITDA margin came in at 13.4% (-338/-1,787 bps YoY/QoQ, vs 24.3% estimate). The share of profits and associates & JVs: INR 3.8bn (+24.5%/-7.5% YoY/QoQ). APAT was INR 7.6bn (+18.2%/-40.5 YoY/QoQ, in line). DCCDL rental income was INR 13.2bn (+8.4%/+15.1% YoY/QoQ). EBITDA was INR 17.4bn (+6.2%/+12.0% YoY/QoQ) and PAT was INR 5.9bn (+12.1%/+26.2% YoY/QoQ). Demand remains robust, supported by NRI investments, and pre-sales are expected to remain steady at INR 230-240bn in FY26, with a potential for upside as DLF has already clocked INR 140bn presales post Mumbai launch.
- **New launches driving the presales momentum:** DLF reported a strong quarter with presales of INR 114.5bn (+78.8%/+462.7% YoY/QoQ) backed by Privana launch. Within the DCCDL office portfolio, occupancy stood at 94% (flat QoQ). High Street Plaza in Delhi is set to commence rentals by Dec'25, while Summit Plaza in Gurugram is expected to receive its occupancy certificate (OC) in coming months, with rentals likely to begin in FY26. Meanwhile, the Goa Mall project has faced construction delays and is now anticipated to be completed by Jan'26, with rentals commencing from FY27. The developer sees a sharp improvement in occupancy from FY26 onwards. DLF expects its exit rental to reach INR 67bn by FY26, with further growth in FY27.
- **Strong balance sheet set to propel business expansion**: With a net cash status of INR 79.8bn and a diversified land bank of 137msf, we maintain a positive outlook on DLFU's growth potential, supported by robust sectoral trends. DLF remains focused on a) driving execution efficiency. b) Scaling up rental portfolio (via office and retail assets) and c) Monetising mature inventory and optimising working capital.

Consolidated financial summary (INR mn)

YE March (Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	27,167	13,624	99.4	31,276	(13.1)	64,270	79,937	91,204	1,02,591
EBITDA	3,642	2,286	59.3	9,780	(62.8)	21,236	21,086	33,170	38,753
APAT	7,623	6,447	18.2	12,822	(40.5)	27,269	43,668	40,877	45,989
Diluted EPS (Rs)	3.1	2.6	18.2	5.2	(40.5)	11.0	17.6	16.5	18.6
P/E (x)						70.8	44.2	47.2	42.0
EV / EBITDA (x)						91.0	91.3	57.9	49.3
RoE (%)						7.1	10.7	9.3	9.8

Source: Company, HSIE Research

BUY

CMP *(as on 05 Aug 2025)*	INR 781
Target Price	INR 988
NIFTY	24,650

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 988	INR 988
	FY26E	FY27E
EPS %	-	-

KEY STOCK DATA	
Bloomberg code	DLFU IN
No. of Shares (mn)	2,475
MCap (INR bn) / ($ mn)	1,932/22,009
6m avg traded value (INR mn)	2,832
52 Week high / low	INR 929/601

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	12.5	2.3	(3.6)
Relative (%)	12.6	(0.8)	(6.1)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	74.08	74.08
FIs & Local MFs	4.72	5.01
FPIs	16.27	15.98
Public & Others	4.93	4.93
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

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

Lodha

Stable performance

Lodha Ltd recorded Q1FY26 presales of INR 44.5bn (+10.4/-7.5%YoY/QoQ), maintaining its quarterly run rate of >INR 40bn. Presales growth is led by strong demand across segments, with premium to luxury segments leading the way. Collections were INR 28.8bn (+7.1/-35.1% YoY/QoQ). The embedded EBITDA margin on presales was ~33%. In terms of launches, Lodha has launched a GDV of INR 83bn in Q1FY26 with a saleable area of 3.9msf and new launches contributed INR15bn to presales. In terms of business development, it has already achieved 90% of BD guidance of INR 250bn, with INR 222bn worth of projects added in Q1FY26. Key growth drivers include land monetization at Palava, targeting INR 80bn in township presales by 2030, with a high EBITDA margin of c.50%. Lodha is aiming for INR 15bn in annuity income by FY31. The company aims to achieve 40-45% of its annual presales in H1FY26, with major project launches slated for H2FY26. Additionally, it plans to enter the Delhi NCR market, starting with a pilot project within the next 12 months, followed by a full-scale launch by FY27. Lodha expects that FY26 presales shall grow by 20%. Given robust growth visibility, better-than-expected GDV addition, and uptick in land prices (Palava may see price and volume increase as new infra projects get commissioned), we remain constructive. Owing to the limited upside on our TP of INR 1,311/sh, we maintain our ADD rating.

- **Q1FY26 financial highlights:** Revenue: INR 34.9bn (+22.7/-17.3% YoY/QoQ, beat by 3%). EBITDA: INR 9.8bn (+30.1/-19.4% YoY/QoQ, miss by 3%). EBITDA margin: 28.2% (+161/-70bps YoY/QoQ, vs. estimate of 28.1%). Other income: INR 1.3bn (INR 718mn/1.9bn Q1FY25/Q4FY25). RPAT: INR 6.8bn (+41.9%/-26.8% YoY/QoQ, beat by 5.9%, led by higher other income).
- **Strong presales backed by robust demand:** Lodha recorded robust presales of INR 44.5bn (+10.4/-7.5% YoY/QoQ), maintaining its quarterly run rate of >INR 40bn. Presales growth is led by strong demand across segments, with premium to luxury segments leading the way. The company launched projects of 3.9msf with a GDV potential of INR 83bn. Lodha expects that in FY26, presales will grow by 20%. Moreover, the developer is also looking to enter a few more geographies in the coming years, with NCR being the first it has set its sights on. Lodha expects to start clocking INR50bn/quarter in presales in the near term.
- **Strong balance sheet, net debt is well within guidance:** Net debt increased by INR 10.9bn to INR 50.1bn on the back of aggressive BD. Net D/E came at 0.24x, which is well within the guidance of net D/E of 0.5x or net debt/OCF of 1x. In terms of business development, Lodha has already achieved 90% of BD guidance with INR 222bn worth of projects added in Q1FY26 and is aiming for INR 250bn worth of GDV addition in FY26.

Consolidated financial summary (INR mn)

YE March (Rs mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	34,917	28,465	22.7%	42,243	-17.3%	1,03,161	1,37,795	1,49,782	1,73,498
EBITDA	9,844	7,568	30.1%	12,207	-19.4%	26,757	39,880	44,577	55,060
APAT	6,751	4,759	41.9%	9,228	-26.8%	16,329	27,666	29,779	37,563
Diluted EPS (Rs)	6.8	4.77	41.9%	9.3	-26.8%	16	28	30	38
P/E (x)						78.2	46.2	42.9	34.0
EV / EBITDA (x)						49.6	33.4	29.8	23.5
RoE (%)						11.1	14.7	14.8	17.3

Source: Company, HSIE Research

ADD

CMP *(as on 28 Jul 2025)*	INR 1,203
Target Price	INR 1,311
NIFTY	24,681

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,311	INR 1,311
EPS Change %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	LODHA IN
No. of Shares (mn)	998
MCap (INR bn) / ($ mn)	1,201/13,859
6m avg traded value (INR mn)	2,137
52 Week high / low	INR 1,534/1,035

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.2)	6.4	(14.2)
Relative (%)	(9.0)	(0.2)	(13.7)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	71.94	71.94
FIs & Local MFs	2.36	2.19
FPIs	24.64	24.89
Public & Others	1.04	1.00
Pledged Shares	-	-

Source : BSE

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

Prestige Estates

Record-high presales; strong execution

Prestige Estates (PEPL) registered quarterly presales by value and volume of INR 121.2bn (+300.3%/+74.3% YoY/QoQ) and 9.6msf (+233.9%/+112.7% YoY/QoQ) resp. On a blended basis, realization stood at INR 12,689psf (+19.9%/-18.1% YoY/QoQ). For FY26, PEPL has guided a robust presales growth of 46% YoY to INR 250-270bn, which would be aided by robust launch pipeline of INR 435bn. The developer continues to see strong demand, with no visible slowdown in sales, driven by quality product offerings. Collection is expected to improve significantly in FY26 as many late FY25 launches begin to contribute. In Q1FY26, PEPL added a GDV of INR 204bn, across key markets, including Mumbai, Hyderabad, Bengaluru, and Chennai. PEPL is cautiously expanding in NCR and Chennai while maintaining strong pricing discipline. On the commercial side, the BKC (X) office is 50% pre-leased, with rents expected to rise to INR 400/sq. ft. post-completion in CY28. PEPL is also developing a large mixed-use project in Jijamata Nagar featuring luxury retail, office space, branded residences, and a Waldorf Astoria hotel. FY26 OCF is guided at INR 75–80bn with INR 30bn earmarked for capex and INR 40bn for BD. We believe PEPL has superior growth prospects in the residential portfolio and is poised for multifold annuity growth; hence, we maintain BUY, with an unchanged SOTP-based TP of INR 2,060/sh, which factors in better-than-expected realization, addition of new land parcels, and improving visibility on annuity assets leasing.

- **Q1FY26 financial highlights:** Reported revenue was INR 23.1bn (+23.9%/+51.0% YoY/QoQ, beat by 12.6%). EBITDA was INR 8.9bn (+12.2%/+65.2% YoY/QoQ, a 22.2% beat). EBITDA margin was 38.7% (-403/+333bps YoY/QoQ, vs. our estimate of 35.7%). APAT was INR 2.9bn (+25.8%/+1070% YoY/QoQ, a beat by 116.5%). Total collections were at INR 45.2bn (+55.1/+43.3% YoY/QoQ).
- **Strong presales on the back of new project launches:** Q1FY26 reported INR 121.2bn presales (+300.3%/+74.3% YoY/QoQ) with volume at 9.6msf (+233.9%/+112.7% YoY/QoQ). On a blended basis, realization stood at INR 12,698psf (+19.9%/-18.1% YoY/QoQ). A jump in presales was largely on the back of new project launches amid resolution of regulatory issues. For FY26, PEPL has guided presales of INR 250-270bn, this would be backed by robust launch pipeline of INR 35-85bn/435bn, for Q2FY26/FY26, key launches include projects in Bengaluru (Evergreen, Greenbrook, Crystal Lawns, Autumn Leaves), Mumbai (Highland Park), and Indirapuram (Mayflower), provided there are no delays in approvals. Moreover, PEPL has added new projects GDV of INR 204bn in Q1FY26 across key markets, which marks c.60% of its full year BD guidance.
- **Stable balance sheet position with debt under control:** Net debt increased to INR 68.3bn (+INR 1.1bn QoQ), from INR 67.2bn in Mar-25. Net D/E is at 0.42x (0.42x in Mar-25). The increase in debt is attributable to rise in capex for its ongoing projects. PEPL has to incur a capex of ~INR 106/43bn on the ongoing and upcoming commercial and retail segments.

Consolidated Financial Summary

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	23,073	18,621	23.9	15,284	51.0	78,771	73,494	97,262	1,30,383
EBITDA	8,938	7,963	12.2	5,411	65.2	24,984	25,588	33,400	43,484
APAT	2,925	2,326	25.8	250	1,070.0	5,491	4,675	9,883	16,501
EPS (INR)	6.8	5.4	25.8	0.6	1,070.0	12.7	10.9	22.9	38.3
P/E (x)						126.3	148.3	70.2	42.0
EV/EBITDA (x)						31.3	30.3	23.9	18.8
RoE (%)						5.2	3.5	6.2	9.7

Source: Company, HSIE Research

BUY

CMP *(as on 06 Aug 2025)*	INR 1,605
Target Price	INR 2,060
NIFTY	24,574

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,060	INR 2,060
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	PEPL IN
No. of Shares (mn)	431
MCap (INR bn) / ($ mn)	691/7,878
6m avg traded value (INR mn)	1,399
52 Week high / low	INR 1,972/1,048

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.5	17.4	(1.9)
Relative (%)	20.6	14.3	(4.4)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	60.95	60.95
FIs & Local MFs	17.08	16.64
FPIs	19.23	19.63
Public & Others	2.74	2.78
Pledged Shares	-	-

Source: BSE

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

Jay Shah
Jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

Oberoi Realty

All eyes on new launches

Oberoi Realty (ORL) registered presales of INR 16.4bn (54%/92% YoY/QoQ) for Q1FY26. Quarterly print was robust, largely due to a new tower launch in Goregaon (~INR 10bn presales), followed by sustenance sales. The prospect pipeline for its uber-luxury project 360W remains robust but lumpy on quarterly closure basis. ORL managed to sell one unit in the quarter. However, we believe it will be able to sell its inventory over the next 24-30 months. Average price realization (ASP) was INR 46.4k psf (-9%/-25% YoY/QoQ). Additionally, it successfully launched its Goregaon Tower D in the quarter, where >50% of sales were clocked in the launch week. Further, the last tower in Borivali will be launched in Q3FY26, with the company eyeing a festive launch. Gurugram launch would fall in Q4FY26. Additionally, the Borivali Mall, which was launched last quarter, is expected to achieve 100% occupancy by FY26 year-end. ORL's strong financial position has enabled strategic expansions, including four new projects at prime Mumbai locations and a major land parcel in Alibaug, set to launch post-FY27. With disciplined land acquisitions and a focus on timely execution, ORL is well-placed to capitalize on robust demand across residential and mixed-use segments, ensuring sustained growth. The developer is following an asset-based business strategy for the long term, with approvals in place for TOD. Given the expected robust cash flows from ready-to-move-in inventory at 360W, we remain constructive on ORL and maintain BUY, with an NAV-based TP to INR 2,302/sh.

- **Q1FY26 financial highlights**: Revenue: INR 9.9bn (-29.7%/-14.1% YoY/QoQ, a miss by 28%). EBITDA: INR 5.2bn (-36.2%/-15.8% YoY/QoQ, a miss by 33%). EBITDA margin: 52.7% (-531bps/-105bps YoY/QoQ) vs our estimate of 56%. RPAT: INR 4.2bn (-27.9%/-2.8%, YoY/QoQ, a miss by 21%). Average price realization (ASP) stood at INR 46.4k psf (-9%/-25% YoY/QoQ).
- **Robust presales backed by a new launch:** ORL registered presales of INR 16.3bn (54%/92% YoY/QoQ), largely backed by the new Elysian tower launch in Goregaon (~INR 10bn presales), followed by sustenance sales. The company will launch its last Borivali tower in Q3FY26 and the Gurugram project in Q4FY26. The developer is experiencing robust leasing momentum across its three office assets, with a potential to achieve full occupancy by FY26-end. Additionally, the Borivali Mall, which was launched last quarter, is expected to achieve 100% occupancy by FY26 year-end.
- **Balance sheet position comfortable**: The consolidated gross/net debt stood at INR 30.5/1.6bn vs. INR 33.0/2.2bn as of Mar'25, with net D/E at 0.01x. This improved debt position enhances ORL's ability to pursue new projects and growth opportunities while maintaining a stable risk profile.

Consolidated financial summary (INR mn)

YE Mar (INR mn)	1QFY26	1QFY25	YoY	4QFY25	QoQ	FY24	FY25	FY26E	FY27E
Net Sales	9,876	14,052	-29.7%	11,501	-14.1%	44,958	52,863	59,807	68,902
EBITDA	5,203	8,151	-36.2%	6,181	-15.8%	24,099	31,031	34,555	40,404
APAT	4,213	5,845	-27.9%	4,332	-2.8%	19,266	22,255	24,118	28,124
Diluted EPS (INR)	12	16	-27.9%	12	-2.8%	53.0	61.2	66.3	77.3
P/E (x)						34.9	30.2	27.9	23.9
EV / EBITDA (x)						28.4	21.7	19.5	17.2
RoE (%)						14.7	15.0	14.3	14.4

Source: Company, HSIE Research

BUY

CMP *(as on 22 Jul 2025)*	INR 1,826
Target Price	INR 2,302
NIFTY	25,061

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,302	INR 2,302
EPS Change (%)	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	OBER IN
No. of Shares (mn)	364
MCap (INR bn) / ($ mn)	664/7,688
6m avg traded value (INR mn)	1,324
52 Week high / low	INR 2,350/1,440

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	7.4	3.6	4.7
Relative (%)	4.2	(4.0)	2.6

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	67.71	67.71
FIs & Local MFs	19.96	19.36
FPIs	10.19	10.80
Public & Others	2.12	2.14
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

Godrej Properties

Steady presales; strong launch pipeline

Godrej Properties Ltd (GPL) reported presales of INR 70.8bn (-18.0/-30.3% YoY/QoQ, in line with our estimate of INR68bn), with a booking area of 6.2msf (-31.4%/-18.0% YoY/QoQ). It added five new projects in Q1FY26, with a GDV of INR 114bn (achieving 57% of targeted guidance for FY26). The company has outlined a conservative target of INR 325bn (10% YoY) presales for FY26, backed by a strong launch pipeline of over INR 400bn. In FY26, GPL has a robust launch pipeline across multiple locations, including: Gurgaon, Greater Noida, and Worli in Q2FY26/Q3FY26, with major launches like Godrej Golf Links, and additional projects like Indore, Rajendra Nagar, Upper Kharadi (INR 73bn GDV), Ahmedabad, and Raipur, with potential to exceed guidance if timelines hold. Strategically, the company remains focused on driving operational efficiency, cost control, and prudent capital deployment, as it targets a double-digit market share in an evolving market landscape. It has growth visibility of 2-3 years and sees huge demand from its core markets, namely NCR, MMR, and Bengaluru. Given robust presales outperformance, new launches (like Worli, Golf Course Road, Sector 44, etc.) and strong underlying demand, we believe that GPL is all set to outperform guidance. We maintain ADD on GPL with SOTP-based TP of INR 2,672/sh.

- **Q1FY26 financial highlights:** Revenue came in at INR 4.3bn (-41.8%/+119% YoY/QoQ, a miss by 59.0%). EBITDA: INR -2.4bn (vs INR -1.2bn/+1.1bn Q1FY25/Q4FY25) against an estimated EBITDA of INR -301mn. APAT: INR 5.8bn (+11.4%/+49.8% YoY/QoQ, a beat of 411%), largely due to higher other income on fair value gains. GPL delivered 0.8msf of projects in Q1FY26 and expects delivery momentum to pick up in coming quarters.
- **Strong demand drives presales momentum:** Presales for Q1FY26 stood at INR 70.8bn (-18.0/-30.3% YoY/QoQ in line with our estimate of INR 68bn), with a booking area of 6.2msf (-31.4%/-18.0% YoY/QoQ). This was driven by strong demand in some key new project launches, including Godrej MSR City in Bengaluru, Godrej Majesty in Greater Noida, and Godrej Tiara in Bengaluru, which achieved a booking value of INR 38.2bn. The overall average price realization for the quarter was INR 11,478psf (+19.5%/-15.1%, YoY/QoQ). For FY26, GPL has guided a conservative target of 10% presales growth, which we believe it will surpass owing to huge launch pipeline of INR 400bn+.
- **Robust balance sheet position:** Net debt increased to INR 46.4bn (vs INR 32.6bn QoQ) and net D/E increased to 0.26x vs 0.19x QoQ. GPL added five new projects with saleable area of 9.2msf and GDV of INR 114bn (achieving 57% of INR 200bn targeted for FY26). It is expected to have a conservative approach on NCR's new BD, owing to high expectation from land owner and strong inventory in hand.

Consolidated financial summary (INR mn)

YE March	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	4,346	7,390	(41)	21,217	(80)	30,356	49,228	61,536	72,612
EBITDA	(2,433)	(1,250)	95	1,100	(321)	-1,297	444	3,504	7,461
APAT	5,776	5,187	11	3,855	50	7,689	13,811	10,422	12,158
Diluted EPS (Rs)	19.2	17.2	11.4	12.8	50	27.7	45.9	34.6	40.4
P/E (x)						75.2	45.3	60.1	51.5
EV / EBITDA (x)						(491.7)	1,488.3	186.9	80.9
RoE (%)						7.9	9.9	5.5	4.8

Source: Company, HSIE Research

ADD

CMP *(as on 01 Aug 2025)*	**INR 2,051**
Target Price	**INR 2,672**
NIFTY	**24,565**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,672	INR 2,672
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	GPL IN
No. of Shares (mn)	301
MCap (INR bn) / ($ mn)	618/7,056
6m avg traded value (INR mn)	2,240
52 Week high / low	INR 3,400/1,870

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.1)	(13.1)	(34.4)
Relative (%)	(5.6)	(17.1)	(32.9)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	46.67	46.70
FIs & Local MFs	9.33	9.07
FPIs	30.54	30.54
Public & Others	13.46	13.70
Pledged Shares	-	-

Source: BSE

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

Jay Shah
Jay.Shah1@hdfcsec.com
+91-22-6171-7353

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

Phoenix Mills

Poised for growth, near-term headwinds persist

Phoenix Mills (PHNX) reported a muted quarter, with revenue/EBITDA/APAT at INR 9.5/5.6/2.4bn, a miss on our estimates by (6)/(1)/(3)%. Consumption growth in an older mall is in low single digit; we believe that it is currently lagging due to a delayed recovery in discretionary spending, cautious consumer behaviour, and temporary disruption from tenant churn and ongoing asset enhancements. However, with the upcoming launch of new formats like Gourmet Village, improved tenant mix, and expansion into high-growth cities, consumption is expected to pick up meaningfully as these assets become operational and footfalls improve. PHNX is targeting significant expansion with plans to add 7msf of retail space by FY30, including new malls and expansions at Palladium and Bengaluru. PHNX has acquired a 49% stake in ISMDPL from CPP investments at INR 54.49bn to be paid in tranches over 36 months. The transaction implies an EV of INR 117bn (5.3% cap rate on FY25 EBITDA, can add INR 65/sh to SOTP) for the platform. The deal strengthens PHNX's portfolio and offers strategic flexibility for long-term expansion. Key growth drivers include ramping up office occupancy (targeting 90% by 2026), Phase 2/3 expansions (adding 1.8msft retail and 700 hotel keys), and leveraging 2.7msft balance FSI potential across Bengaluru, Pune, and Indore. Given likely revival in consumption, captive mall expansion, the addition of office space, a strong business development pipeline, and lower net debt, we maintain BUY with a TP of INR 1,952/sh.

- **Q1FY26 financial highlights:** Revenue: INR 9.5bn (+5.4%/-6.2% YoY/QoQ, a 6% miss). EBITDA: INR 5.6bn (+6.3%/+0.8% YoY/QoQ, a 1% miss). EBITDA margin: 59.2% (+48/+415bps YoY/QoQ, vs est. of 53.2%). RPAT/APAT: INR 2.4bn (-3.3%/-11.1% YoY/QoQ, a 3% miss). Total retail rental income was INR 5.1bn (+4%/+5% YoY/QoQ) with an EBITDA of INR 5.3bn (+4%/+7% YoY/QoQ). Income from offices was INR 520mn (+4%/flat YoY/QoQ).
- **Strategic expansions shall lead to next growth leg:** Consumption in Q1FY26 stood at INR 35bn, up 12% over Q1FY25 and 9% on a like-to-like basis. Mall consumption was supported by higher growth in FEC & Multiplex jewellery/fashion/others, which grew annually by 26/15/14/18% resp. Its commercial office space is set to more than double, capitalizing on robust demand in prime urban markets. PHNX strategic expansion includes the launch of Gourmet Village and new office developments at Phoenix Marketcity Bangalore in 2026. The upcoming mall completions are planned in Kolkata and Surat by 2027, followed by Thane and Coimbatore by 2029, and Chandigarh by 2029–2030.
- **PHNX increased stake in ISMDPL to 100%:** PHNX has announced the acquisition of the remaining 49% stake in Island Star Mall Developers Pvt Ltd (ISMDPL) from CPP Investments for INR 54.49bn, payable over 36 months. The consideration will largely be funded through PHNX's internal accruals and available leverage. With plans to expand this from 6.6msf in FY25 to 13msf by 2030, including integrated retail, office, and hotel developments, the acquisition is expected to be earnings accretive from the first year.

Consolidated financial summary (INR mn)

YE Mar	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	9,530	9,041	5%	10,163	-6.2%	39,777	38,136	41,352	47,636
EBITDA	5,643	5,310	6%	5,597	0.8%	21,846	21,612	23,683	28,480
APAT	2,407	2,329	3%	2,709	-11.1%	10,992	9,842	11,245	14,618
Diluted EPS (Rs)	6.7	6.5	3%	7.6	-11.1%	56.3	29.1	32.8	42.7
P/E (x)						29.6	57.3	50.7	39.0
EV / EBITDA (x)						29.0	29.4	26.4	21.5
RoE (%)						9.7	9.8	10.2	12.0

Source: Company, HSIE Research

BUY

CMP *(as on 24 Jul 2025)*	INR 1,448
Target Price	INR 1,952
NIFTY	25,062

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,952	INR 1,952
EPS Change %	FY26E	FY27E

KEY STOCK DATA	
Bloomberg code	PHNX IN
No. of Shares (mn)	358
MCap (INR bn) / ($ mn)	518/5,992
6m avg traded value (INR mn)	1,262
52 Week high / low	INR 1,968/1,338

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(13.3)	(4.5)	(18.8)
Relative (%)	(16.2)	(12.4)	(21.3)

SHAREHOLDING PATTERN (%)	Mar-25	Jun-26
Promoters	47.26	47.26
FIs & Local MFs	12.59	12.72
FPIs	36.14	36.27
Public & Others	3.99	3.74
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

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

Sobha

Strong presales; profitability to pick up

Sobha Ltd (SDL) reported a strong quarterly presales growth in Q1FY26 at INR 20.7bn (+10.9%/+32.9% QoQ/YoY), mainly backed by its new launches. For FY26, SDL has guided a presales target of INR 100bn, which will be aided by new launches (40% in NCR itself). On operational front, due to Karnataka government-related changes on fee calculation, five of the project OCs were delayed, which led to a margin impact. This will eventually flow through in Q2FY26 and hence we anticipate strong recovery in Q2FY26, with sequential margin improvement expected in each subsequent quarter. On the growth front, SDL aims to launch 8msf in the rest of 9MFY26, with key projects across Gurgaon, Greater Noida, Pune, Chennai, Kerala, and Mumbai. Demand remains stable across major markets like Bengaluru, Kerala, and Gurgaon. Notably, the Greater Noida launch saw an 80% sell-through, with INR 8.30bn in sale value, reflecting strong market sentiment amidst limited supply. SDL is actively exploring both government and private land acquisition opportunities to expand its presence in Noida-Greater Noida. SDL has laid out plans to expand in the MMR market from FY26, ramp up its presence in Pune and NCR and consolidate in Bengaluru. Given the robust launch pipeline, strong balance sheet, and stable cashflows, we maintain BUY on SDL with TP of INR 2,459/sh.

- **Q1FY26 financial highlights:** Revenue INR 8.5bn (+33%/-31% YoY/QoQ, a 32% miss). EBITDA came in at INR 238mn (-57%/-75% YoY/QoQ, miss by 80%). EBITDA margin came in at 2.8% (-594/-479bps YoY/QoQ, vs. estimate of 9.6%). RPAT/APAT was INR 136mn (+125%/-67% YoY/QoQ, a miss by 76%). A miss on all fronts was largely due to delays in OC for five projects, which could have added over INR 6.5bn in revenue and INR 1.5bn in PBT. Adjusting for these one-time effects, EBITDA margin would have come at 12-13%, with the PAT at INR 1.27bn (vs. the reported INR 0.14bn and estimate of INR 559mn).
- **On track to achieve its presales guidance with robust launch pipeline ahead:** SDL reported a strong quarter with presales in value and volume at INR 20.7bn (+10.9%/+32.9% YoY/QoQ) and 1.4msf (+23.3%/-7.3% YoY/QoQ) resp. The average price realization was INR 14,395/sf (-9.7%/+21.5%, YoY/QoQ). SDL plans to launch 8msf worth INR 100bn in the remaining 9MFY26, with key projects spanning Gurgaon, Greater Noida, Pune, Chennai, Kerala, and Mumbai—part of a broader launch pipeline. To further expand its footprint in the Noida-Greater Noida region, the company is actively pursuing land acquisition opportunities, both through government and private channels.
- **Balance sheet strong; net cash position post rights:** Net debt decreased significantly post-rights issue and as of Q1FY26, SDL has a net cash position of INR 6.9bn (INR 6.3bn net cash in Q4FY25). At INR 10.2bn, gross debt marginally decreased from INR 11.3bn QoQ. The operating cash flow from completed and ongoing projects is expected at INR 110.9bn while that from forthcoming projects is at INR 70.8bn.

Consolidated financial summary (INR mn)

(INR mn)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	8,519	6,404	33%	12,406	-31%	30,969	40,386	47,025	53,366
EBITDA	238	559	-57%	941	-75%	2,770	2,942	6,318	11,988
APAT	136	61	125%	409	-67%	491	947	3,785	7,913
Diluted EPS	1.3	0.6	125%	3.8	-67%	5	9	35	74
P/E (x)						351	182	46	22
EV/EBITDA (x)						67	56	26	13
RoE (%)						2	3	8	15

Source: Company, HSIE Research

BUY

CMP (*as on 25 Jul 2025*)	INR 1,614
Target Price	INR 2,459
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,459	INR 2,459
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	SOBHA IN
No. of Shares (mn)	107
MCap (INR bn) / ($ mn)	173/1,994
6m avg traded value (INR mn)	551
52 Week high / low	INR 2,070/1,075

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	28.6	42.0	(13.4)
Relative (%)	25.8	35.1	(15.1)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	52.88	52.88
FIs & Local MFs	23.98	24.62
FPIs	8.91	8.09
Public & Others	14.23	14.40
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

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

Kolte Patil Developers

Weak show, new investor to drive strategy

KPDL reported a weak quarter with presales of 0.84msf (-12.5%/+5.0% YoY/QoQ), valued at INR 6.1bn (-13.4%/-2.4% YoY/QoQ), with an average realisation of INR 7,333psf. (-1.0%/-7.0% YoY/QoQ). Q1FY26 margins were impacted due to lower revenue recognition led by CCCM based accounting which impacted margins sharply, though KPDL believes that the margin will improve towards mid-teens in FY26 driven by new project mix. We expect Life Republic (LR) project to continue the sales momentum and strong cash flows, further improving the margins with better realisation. During the quarter, Blackstone acquired 14.3% stake in KPDL for INR 4.17bn to support expansion. KPDL is reassessing strategies for its launch pipeline, with Blackstone coming on board, capital won't be a constraint and new potential future partnerships may happen on business development. Overall, proactive management and expansion position's the firm for sustained growth. With strong cash flows KPDL is a net cash positive company and liquidity is comfortable. This may pave the way for accelerated BD activities. Given strong business development and better-than-expected price realisation (5-10% increase), we maintain BUY with TP of INR 480/sh.

- **Q1FY26 financial performance:** KPDL reported revenue of INR 824mn (-75.8% /-88.5% YoY/QoQ, miss by 80.2%). EBITDA came in at INR -260mn vs INR +278mn/+1,064mn Q1FY25/Q4FY25, vs INR 400mn est.). APAT was of INR -168mn (INR 62mn/INR 653mn Q1FY25/Q4FY25) vs. the estimate of INR 302mn PAT. Margins were impacted due to lower completion led by CCM based accounting which impacted margins sharply, though KPDL believes that the margin will improve towards mid-teens in FY26 driven by new project mix. Margin improvement remains a priority, with EBITDA margins projected to reach mid-teens through cost optimization and operational efficiencies.
- **All eyes on launches to drive presales momentum:** KPDL reported quarterly presales of 0.84msf (-12.5%/+5.0% YoY/QoQ), valued at INR 6.1bn (-13.4%/-2.4% YoY/QoQ), largely backed by sustenance sales with an average realisation of INR 7,333psf. (-1.0%/-7.0% YoY/QoQ). Life republic contributes ~50% of total sales in Q1FY26. Collections stood at INR 5.5bn making a -10.1%/-21.9% YoY/QoQ. KPDL is targeting 6-7msf of project launches across key markets in Pune (NIBM, Wadgaon, Lakshmiratan) and Mumbai, with its Life Republic project expected to contribute INR 15bn in sales value. The company anticipates over 30% YoY growth in pre-sales, supported by strong collections. Geographically, KPDL is expanding its footprint in the MMR while capitalizing on Pune's infrastructure-led growth to drive future scalability
- **Strong balance sheet position:** During the quarter Blackstone acquired 14.3% stake in KPDL for INR 4.17bn to support expansion. Net cash stood at INR 3.2bn (INR 50mn net cash in Q4FY25). During Q1FY26, KPDL generated a net operating cash flow of INR 1.6bn.

Consolidated financial summary (INR mn)

Particulars	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	FY24	FY25	FY26E	FY27E
Net Sales	824	3,408	-75.8%	7,187	-88.5%	13,715	17,174	23,131	23,342
EBITDA	(260)	278	-193.4%	1,064	-124.4%	276	1,759	2,792	4,335
APAT	(168)	62	-369.2%	653	-125.7%	- 694	1,066	1,542	2,603
EPS (INR)	(2.2)	0.8	-369.2%	8.6	-125.7%	- 9.2	14.1	20.3	34.3
P/E (x)						- 45.9	29.9	20.6	12.2
EV/EBITDA (x)						139.7	22.0	14.5	9.5
RoE (%)						- 8.8	14.1	16.0	22.5

Source: Company, HSIE Research

BUY

CMP *(as on 30 Jul 2025)*	INR 421
Target Price	INR 480
NIFTY	24,855

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 480	INR 480
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA	
Bloomberg code	KPDL IN
No. of Shares (mn)	89
MCap (INR bn) / ($ mn)	37/427
6m avg traded value (INR mn)	149
52 Week high / low	INR 498/235

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	24.8	48.8	7.9
Relative (%)	23.3	42.7	7.9

SHAREHOLDING PATTERN (%)	Mar-25	Jun-25
Promoters	69.45	69.45
FIs & Local MFs	4.15	8.12
FPIs	5.59	4.49
Public & Others	20.81	17.94
Pledged Shares	0.0	0.0

Source: BSE

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

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

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

Contributing analysts

INDUSTRY	ANALYST	EMAIL ID	PHONE NO.
Head - Research (Consumer, Strategy)	Varun Lohchab	varun.lohchab@hdfcsec.com	+91-22-6171-7334
Strategy	Amit Kumar,CFA	amit.kumar1@hdfcsec.com	+91-22-6171-7354
	Aryan Singh Dalal	aryan.dalal@hdfcsec.com	+91-22-6171-7363
	Nikunj Khetan	nikunj.khetan@hdfcsec.com	+91-22-6171-7336
AMCs, Brokerages, Insurance	Krishnan ASV	venkata.krishnan@hdfcsec.com	+91-22-6171-7314
	Shobhit Sharma	shobhit.sharma@hdfcsec.com	+91-22-6171-7341
Banks, NBFCs	Krishnan ASV	venkata.krishnan@hdfcsec.com	+91-22-6171-7314
	Deepak Shinde	deepak.shinde@hdfcsec.com	+91-22-6171-7323
	Akshay Badlani	akshay.badlani@hdfcsec.com	+91-22-6171-7325
Autos	Hitesh Thakurani	hitesh.thakurani@hdfcsec.com	+91-22-6171-7350
	Shubhangi Kejriwal	shubhangi.kejriwal@hdfcsec.com	+91-22-6171-7327
Cement, Building Materials, Consumer Durables & Metals	Rajesh Ravi	rajesh.ravi@hdfcsec.com	+91-22-6171-7352
	Keshav Lahoti	keshav.lahoti@hdfcsec.com	+91-22-6171-7353
	Riddhi Shah	riddhi.shah@hdfcsec.com	+91-22-6171-7359
	Mahesh Nagda	mahesh.nagda@hdfcsec.com	+91-22-6171-7319
Construction & Infrastructure, Capital Goods, Real Estate	Parikshit Kandpal, CFA	parikshit.kandpal@hdfcsec.com	+91-22-6171-7317
	Jay Shah	jay.shah1@hdfcsec.com	+91-22-6171-7358
	Aditya Sahu	aditya.sahu@hdfcsec.com	+91-22-6171-7338
IT Services & Exchanges	Amit Chandra	amit.chandra@hdfcsec.com	+91-22-6171-7332
	Vinesh Vala	vinesh.vala@hdfcsec.com	+91-22-6171-7328
	Dhananjay Jain	dhananjay.jain@hdfcsec.com	+91-22-6171-7339
	Maitreyee Vaishampayan	maitreyee.vaishampayan@hdfcsec.com	+91-22-6171-7308
Oil & Gas, Chemicals	Nilesh Ghuge	nilesh.ghuge@hdfcsec.com	+91-22-6171-7342
	Prasad Vadnere	prasad.vadnere@hdfcsec.com	+91-22-6171-7356
	Dhawal Doshi	dhawal.doshi@hdfcsec.com	+91-22-6171-7361
Pharma	Mehul Sheth	mehul.sheth@hdfcsec.com	+91-22-6171-7349
	Divyaxa Agnihotri	divyaxa.agnihotri@hdfcsec.com	+91-22-6171-7362
Consumer Discretionary, Retail & Fashion, Paints	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

We, **Varun Lohchab, PGDM, Amit Kumar, CFA & Aryan Singh Dalal, BCom (H)** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
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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 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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