Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,236	-0.5	2.7
Nifty-50	24,487	-0.4	3.6
Nifty-M 100	56,325	-0.3	-1.5
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,446	1.13	9.6
Nasdaq	21,682	1.39	12.3
FTSE 100	9,148	0.2	11.9
DAX	24,025	-0.2	20.7
Hang Seng	8,917	0.3	22.3
Nikkei 225	42,718	2.1	7.1
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	68	-0.7	-8.8
Gold ($/OZ)	3,348	0.2	27.6
Cu (US$/MT)	9,753	1.1	12.7
Almn (US$/MT)	2,615	1.4	3.5
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.7	0.1	2.5
USD/EUR	1.2	0.5	12.8
USD/JPY	147.8	-0.2	-6.0
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	0.05	-0.3
10 Yrs AAA Corp	7.3	0.05	0.0
Flows (USD b)	**12-Aug**	**MTD**	**CYTD**
FIIs	-0.4	-0.78	-11.4
DIIs	0.40	1.70	49.8
Volumes (INRb)	**12-Aug**	**MTD***	**YTD***
Cash	871	996	1069
F&O	1,68,507	1,97,782	2,12,929

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Bharat Dynamics: Valuation turning reasonable; Upgrade to Buy

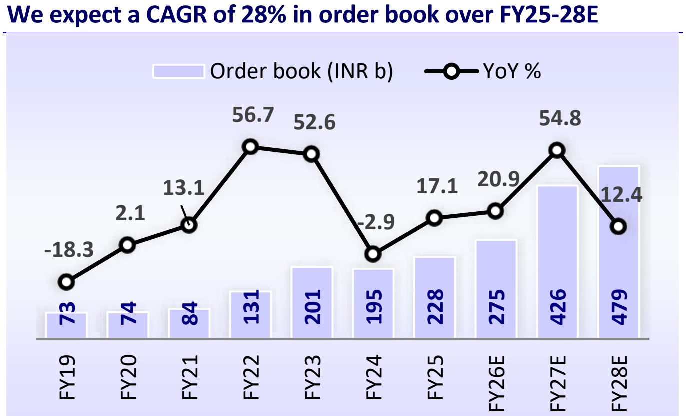
- Bharat Dynamics delivered strong 30% YoY growth in execution in 1QFY26 on a strong order book and the easing of supply chain issues as compared to last year. With a strong order book of nearly INR233b, we expect execution to scale up further in the coming quarters, particularly from Akash, Astra Mk1, MRSAM and armament projects.
- We expect BDL to benefit from a strong prospect pipeline of nearly INR500b and an emergency procurement program. We had initiated coverage on BDL in Jul'25 with Neutral recommendation due to high valuations of 52x/38x FY27E/FY28E EPS then. Since then, the stock has come down by 25% and is now trading at reasonable valuations of 39x/29x FY27E/FY28E EPS.
- We, thus, upgrade the stock to BUY from Neutral with an unchanged TP of INR1,900, based on 42x Sep'27E EPS.

Research covered

Cos/Sector	Key Highlights
Bharat Dynamics	Valuation turning reasonable; Upgrade to Buy
Fund Folio	August 2025 | Equity inflows accelerate amid volatilities, supported by higher NFOs
Hindustan Aeronautics	Engine supplies ramping up
Other Updates	Avenue Supermarts - Annual Report Update | Hindalco | Indian Hotel | Zydus LifeSciences | Suzlon Energy | MRF | ALKEM Laboratories | Astral | Ipca Laboratories | Gujarat State Petronet | Dr. Agarwal's Health Care | AAVAS Financiers | Jyothy Laboratories | Granules India | Time Technoplast | KNR Constructions | ONGC | Apollo Hospitals | Oil India | NMDC | PI Industries | VA Tech Wabag | P N Gadgil Jewellers | Senco Gold | Laxmi Dental | EcoScope - CPI

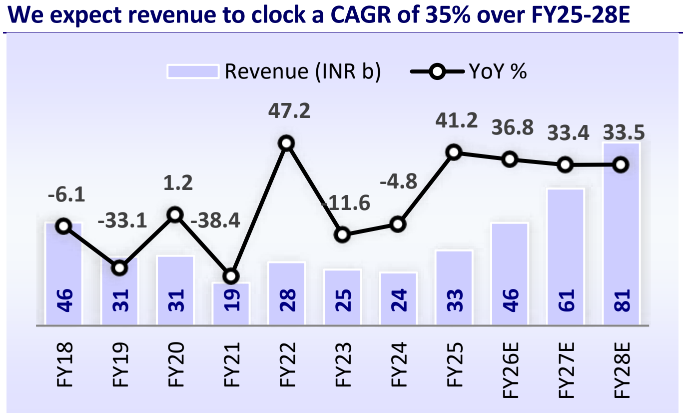
Chart of the Day: Bharat Dynamics (Valuation turning reasonable; Upgrade to Buy)

We expect a CAGR of 28% in order book over FY25-28E



Source: Company, MOFSL

We expect revenue to clock a CAGR of 35% over FY25-28E



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

RBI allows investment of surplus rupee balances in special vostro accounts into G-Secs, T-Bills

As per the International Trade Settlement in Indian Rupees circular, the rupee surplus balance held may be used for permissible capital and current account transactions in accordance with mutual agreements.

2

Perplexity AI offers $34.5 billion to buy Google's Chrome

Perplexity AI said it has made a $34.5 billion unsolicited all-cash offer for Alphabet's Chrome browser, a low but bold bid that would need financing well above the startup's own valuation.

3

Lenders cautious on Nayara Energy as EU sanctions prompt risk review

Lenders have turned cautious on their exposure to Nayara Energy Ltd (NEL), in which Rosneft holds a 49 per cent stake, due to a moderation in business prospects following European Union (EU) sanctions. Senior executives from public sector banks said the implications of restrictions in banking relations may go beyond a halt …

4

M&M expands capacity at South African plant as US tariffs hit auto sector

Mahindra & Mahindra Ltd. is boosting capacity at its South African plant by two-thirds as India's largest automaker by value seeks to capitalize on demand for budget vehicles in the continent's biggest economy.

5

Tata Power, Suzlon sign ₹6,000 cr deal for 700 MW wind project in Andhra

Tata Power has signed a deal with Suzlon Energy for the development, construction, and supply of 700 megawatt (MW) wind turbines in Andhra Pradesh. The ₹6,000-crore project is part of a 7 gigawatt (GW) mega plan announced by its arm Tata Power Renewable Energy Ltd (TPREL) and the state government in March 2025.

6

Vodafone Idea acquires 26% stake in Aditya Birla Renewables SPV 3

Vodafone Idea Limited has entered into binding Purchase and Power Purchase Agreements (PPAs) on August 12, 2025 to acquire a 26% equity stake in Aditya Birla Renewables SPV 3 Limited (ABRen SPV 3), a renewable energy special-purpose vehicle ("SPV") set up to own and operate a captive…

7

Dashverse to invest $13 million Series A funding in AI R&D to build India's leading creator ecosystem

Dashverse, an AI-driven entertainment startup, is set to invest 60-70% of its recent $13 million Series A funding into advanced AI research and development. With its microdrama app Dashreels surpassing 5 million downloads in just a month…

Bharat Dynamics

Estimate change	⟷
TP change	⟷
Rating change	↑

Bloomberg	BDL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	544.7 / 6.2
52-Week Range (INR)	2097 / 890
1, 6, 12 Rel. Per (%)	-17/24/10
12M Avg Val (INR M)	2992

Financials Snapshot (INR b)

Y/E March	2026E	2027E	2028E
Sales	45.8	61.0	81.5
EBITDA	10.9	15.1	20.8
Adj. PAT	10.4	13.9	19.1
Adj. EPS (INR)	28.2	37.8	52.0
EPS Gr. (%)	88.4	34.0	37.4
BV/Sh.(INR)	131.6	162.5	206.5
Ratios			
RoE (%)	21.5	23.3	25.2
RoCE (%)	22.1	23.8	25.6
Payout (%)	21.4	18.4	15.4
Valuations			
P/E (x)	52.6	39.3	28.6
P/BV (x)	11.3	9.1	7.2
EV/EBITDA (x)	44.6	31.1	21.3
Div. Yield (%)	0.4	0.5	0.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	74.9	74.9	74.9
DII	10.1	9.5	9.5
FII	3.8	3.3	3.1
Others	11.2	12.4	12.5

FII Includes depository receipts

CMP: INR1486 TP: INR1900 (+28%) Upgrade to Buy

Valuation turning reasonable

Bharat Dynamics delivered strong 30% YoY growth in execution in 1QFY26 on a strong order book and the easing of supply chain issues as compared to last year. EBITDA margins were negative on account of negative operating leverage in a seasonally weak quarter. EBITDA loss, though, declined YoY. PAT performance was ahead of the consensus estimates. With a strong order book of nearly INR233b, we expect execution to scale up further in the coming quarters, particularly from Akash, Astra Mk1, MRSAM and armament projects. We expect BDL to benefit from a strong prospect pipeline of nearly INR500b and an emergency procurement program. We had initiated coverage on BDL in Jul'25 with Neutral recommendation due to high valuations of 52x/38x FY27E/FY28E EPS then. Since then, the stock has come down by 25% and is now trading at reasonable valuations of 39x/29x FY27E/FY28E EPS. We maintain our estimates and expect execution and margins to scale up in the coming quarters. We, thus, upgrade the stock to BUY from Neutral with an unchanged TP of INR1,900, based on 42x Sep'27E EPS.

Strong execution, weak margins

Revenue was broadly in line with consensus at INR2.5b, up 30% YoY. Gross margin contracted 700bp YoY to 76.1%. Absolute EBITDA loss of INR504m was 10% better than consensus. EBITDA margin improved to -18.3% in 1QFY26 from -27.4% in 1QFY25. Historically, BDL has recorded negative EBITDA in 1Q. PAT increased 154% YoY to INR183m, which was 8% above consensus of INR170m, aided by a lower tax rate of 20.7% in 1QFY26 vs. 35.8% in 1QFY25.

Strong TAM and emergency procurement to enhance revenue visibility

We expect BDL to benefit from a total addressable market size of ~INR500b and an emergency procurement program. BDL can participate in various missile procurement programs for new naval, airborne, and army platforms, such as Project 75I Submarines, LCA Tejas Mk1A, Su30-Mk1, LCH Prachand, ALH Dhruv, QRSAM, MRSAM, NAG, and VSHORAD, along with the emergency procurement programs. From the recent DAC approval of INR670b, BDL can also benefit from acquisition plans for modernization, covering maintenance of the S-400 air defense system, BrahMos and other missiles. Further, DAC has given a nod for the INR19.8b fast-tracked counter-terror acquisition program, where the Army will procure systems like VSHORADS, loitering munitions, and drone detection solutions from Indian firms – areas where BDL could participate. The INR540b capital acquisition approvals given earlier in Mar'25 include Varunastra torpedoes, directly boosting BDL's order book, while a pending INR20b-30b order for Invar ATGMs for T-90 tanks would further strengthen revenue visibility. Under emergency procurement too, we expect BDL to target order wins worth INR20-30b.

Margin improvement through self-reliance

BDL's ongoing initiatives are strategically aligned to enhance profitability and improve margins. The establishment of its integrated radio frequency (RF) seeker facility at its Kanchanbagh Unit enables in-house production and testing of RF seekers, reducing dependence on costly imports and strengthening value addition within the company. At the same time, its capacity expansion for manufacturing surface-to-air missiles (SAMs), next-generation missiles, VSHORAD rockets, and propellants for anti-tank guided missiles (ATGMs) allows BDL to capture higher volumes and achieve better economies of scale. Over time, the company has also significantly lowered the share of imported raw materials and advanced indigenization efforts, with several platforms now achieving 80-90% local content. This combination of import substitution, higher in-house manufacturing, and scale efficiencies is expected to reduce input costs, improve supply chain control, and ultimately support sustained margin expansion.

Recent global announcement to support export growth

BDL is well placed to benefit from the wave of global developments aimed at boosting defense trade. NATO's recent decision to raise member nations' defense spending to 5 % of GDP by CY35 is expected to open up significant opportunities for suppliers that can deliver reliable and cost-effective solutions. This comes at a time when India's defense exports have already hit a record INR236b in FY25, up 12% YoY, and are expected to double in the next 2-3 years. Among its peers, BDL has been much faster in grabbing the export opportunities, with its export revenue surging from INR1.6b in FY24 to INR12b in FY25. BDL has already secured export contracts from several allied nations, and by aligning its products and capabilities with the needs of NATO countries and other global buyers, BDL can tap into this rising demand.

Financial outlook

We maintain our estimates and expect a CAGR of 35%/64% in revenue/EBITDA over FY25-28, primarily driven by a sharp scale-up in execution due to moderating supply chain issues. We expect EBITDA margin to remain strong at 23.8%/24.7%/25.5% in FY26/FY27/FY28, fueled by the various indigenization efforts taken by the company and lower provisions. With an estimated annual capex of INR2.0b/INR2.5b/INR3.0b in FY26/FY27/FY28 and comfortable working capital, we expect a 51% CAGR in PAT over FY25-28. With improving revenue and stable margins, we expect its RoE/RoCE to remain comfortable, reaching 25.2%/25.6% by FY28.

Valuation and view

The stock currently trades at 39.3x/28.6x P/E on FY26/FY27/FY28 estimates. We maintain our estimates and expect execution and margins to scale up in the coming quarters. The stock has corrected 25% since we initiated coverage in Jul'25. We thus **upgrade the stock to BUY** from Neutral with an **unchanged TP of INR1,900,** based on 42x P/E Sep'27E EPS.

Key risks and concerns

Key risks for the company include a decline or reprioritization of the Indian defense budget, termination of existing contracts or failure to succeed in tendering projects, changes in procurement rules and regulations of the MoD and the government, and supply-chain-related issues.

Quarterly performance (Standalone) (INR m)

Income Statement	FY25				FY26E				FY25	FY26E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net revenue	**1,912**	**5,448**	**8,321**	**17,770**	**2,479**	**7,095**	**11,901**	**24,298**	**33,451**	**45,773**
Change (%)	-35.8	-11.5	38.3	108.0	29.7	30.2	43.0	36.7	41.2	36.8
Expenses	2,435	4,459	7,053	14,780	2,933	5,676	8,926	17,356	28,727	34,890
EBITDA	**-523**	**988**	**1,269**	**2,990**	**-454**	**1,419**	**2,975**	**6,942**	**4,724**	**10,883**
As of % Sales	-27.4	18.1	15.2	16.8	-18.3	20.0	25.0	28.6	14.1	23.8
Depreciation	157	177	177	197	177	187	196	216	707	776
Interest	12	7	7	7	7	8	8	10	33	33
Other Income	804	860	844	996	869	989	1,036	1,139	3,504	4,033
PBT	**112**	**1,665**	**1,929**	**3,782**	**231**	**2,212**	**3,807**	**7,856**	**7,488**	**14,106**
Tax	40	439	458	1,054	48	575	990	2,139	1,991	3,751
Effective Tax Rate (%)	35.8	26.4	23.7	27.9	20.7	26.0	26.0	27.2	26.6	26.6
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
Reported PAT	**72**	**1,225**	**1,471**	**2,728**	**183**	**1,637**	**2,817**	**5,718**	**5,496**	**10,355**
Adj PAT	**72**	**1,225**	**1,471**	**2,728**	**183**	**1,637**	**2,817**	**5,718**	**5,496**	**10,355**
Change (%)	-82.7	-16.7	9.0	-5.5	154.3	33.6	91.4	109.6	-10.3	88.4
As of % Sales	3.8	22.5	17.7	15.4	7.4	23.1	23.7	23.5	16.4	22.6

Fund Folio

Indian Mutual Fund Tracker

Equity inflows accelerate amid volatilities, supported by higher NFOs

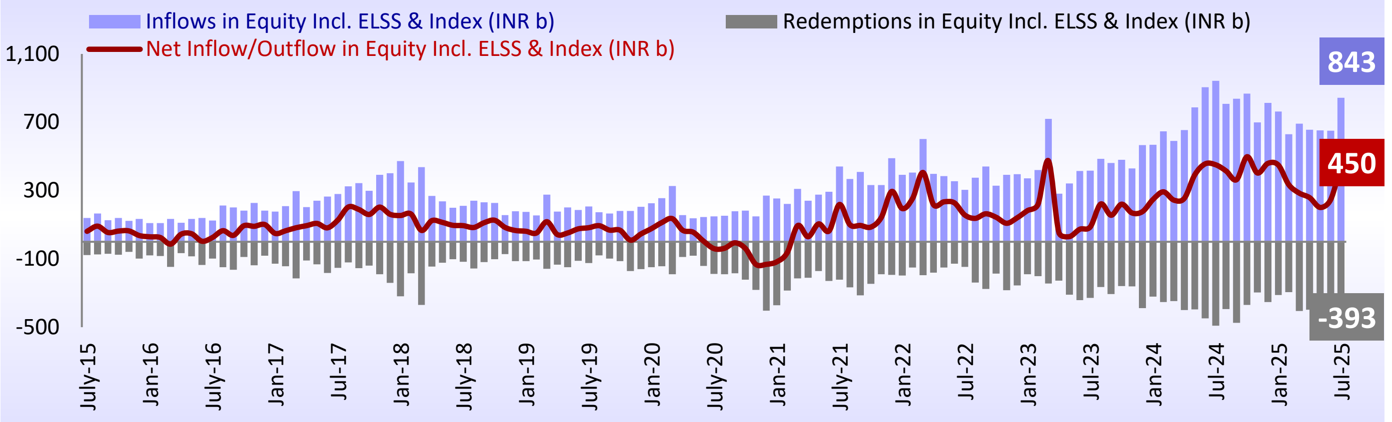
Key observations

- The Nifty ended its four-month winning streak in Jul'25, after closing above 25k in Jun'25. The benchmark index was down 2.9% MoM, closing at 24,768 in Jul'25. Notably, the index was extremely volatile and swung around 1,010 points before closing 749 points lower. FIIs turned net sellers in Jul'25 to USD2.9b, after four consecutive months of inflows. DII inflows remained healthy, amounting to USD7.1b in Jul'25. FII outflows from Indian equities reached USD12b in CY25YTD vs. outflows of USD0.8b in CY24. DII inflows into equities remained robust at USD53.4b in CY25YTD vs. USD62.9b in CY24.
- Equity AUM for domestic MFs (including ELSS and index funds) declined 0.6% MoM to INR36.4t in Jul'25, led by a fall in market indices (with Nifty declining 2.9% MoM). Notably, the month saw a higher number of NFOs launched by mutual fund houses vs. the previous month, which led to an increase in equity scheme sales (up 29.7% MoM to INR843b). At the same time, redemptions decreased 2.6% MoM to INR393b. Consequently, net inflows rose significantly to INR450b in Jul'25 from INR246b in Jun'25.
- Total AUM of the MF industry scaled new highs to reach INR75.4t in Jul'25 (+1.3% MoM), mainly led by a MoM rise in AUM for liquid funds (INR888b), income (INR278b), arbitrage (INR73b), and balanced (INR40b) funds. Conversely, AUM of equity funds declined by INR224b and other ETFs by INR149b MoM.
- Investors continued to park their money in mutual funds, with inflows and contributions in systematic investment plans (SIPs) reaching a new peak of INR284.6b in Jul'25 (up 4.4% MoM and 22% YoY).

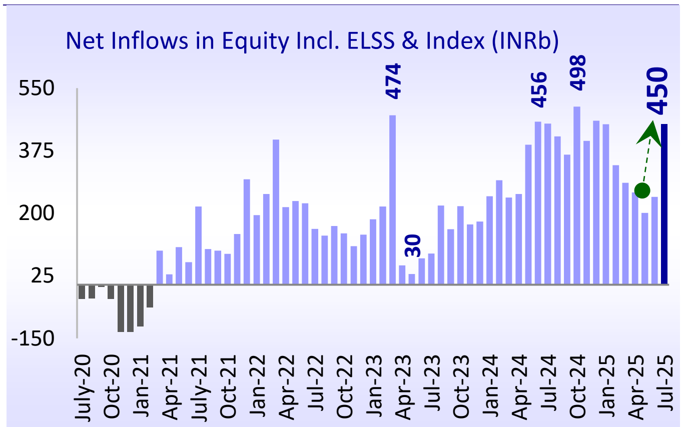
A few interesting facts

- The month witnessed notable changes in the sector and stock allocation of funds. On an MoM basis, the weights of Healthcare, Consumer, Banks (PSU & Private), Automobiles, Consumer Durables, and Real Estate increased, while those of Technology, Oil & Gas, Telecom, NBFCs, Utilities, Retail, Insurance, Infrastructure, and Media moderated.
- Healthcare's weight climbed for the second consecutive month to a seven-month high in Jul'25 to 7.8% (+40bp MoM; +60bp YoY).
- PSU Banks' weight rose to a 14-month high in Jul'25 to 3% (+20bp MoM; +10bp YoY).
- Technology's weight slipped to a 14-month low in Jul'25 to 7.8% (-30bp MoM; -110bp YoY).
- Telecom's weight, after touching a 59-month high in Jun'25, moderated in Jul'25 to 3.3% (-20bp MoM, +20bp YoY).
- The top sectors where MF ownership vs. the BSE 200 is at least 1% lower: Consumer (18 funds under-owned), Oil & Gas (17 funds under-owned), Private Banks (16 funds under-owned), Utilities (12 funds under-owned), and Technology (10 funds under-owned).
- The top sectors where MF ownership vs. the BSE 200 is at least 1% higher: Healthcare (16 funds over-owned), Consumer Durables (12 funds over-owned), Chemicals (11 funds over-owned), Capital Goods (10 funds over-owned), and Retail (8 funds over-owned).
- In terms of value increase MoM, divergent interests were visible within sectors: The top 5 stocks that witnessed the maximum rise in value were ICICI Bank (+INR75.3b), SBI (+INR73.5b), Eternal (+INR66.9b), Dixon Technologies (+INR30.5b), and HUL (+INR30.4b).

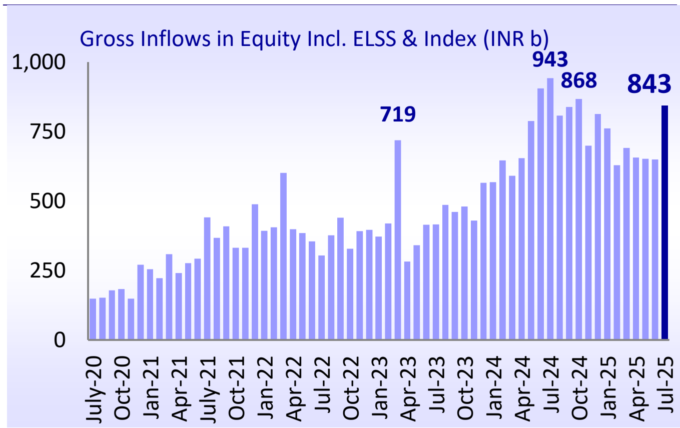
Monthly trends in sales, redemptions, and net amount raised by MFs (equity)



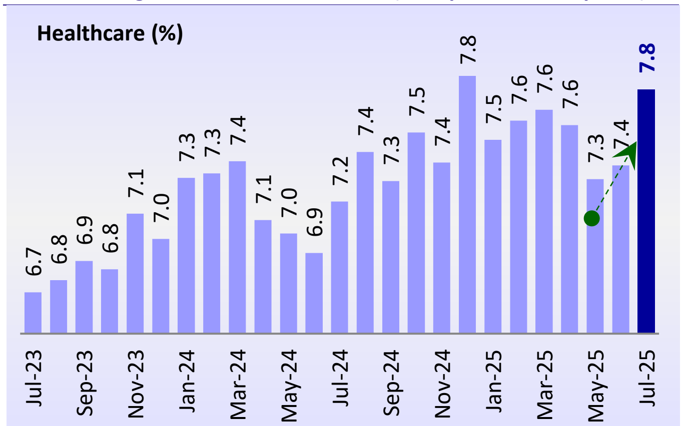
Net equity inflows rise for the second consecutive month to touch a seven-month high in Jul'25



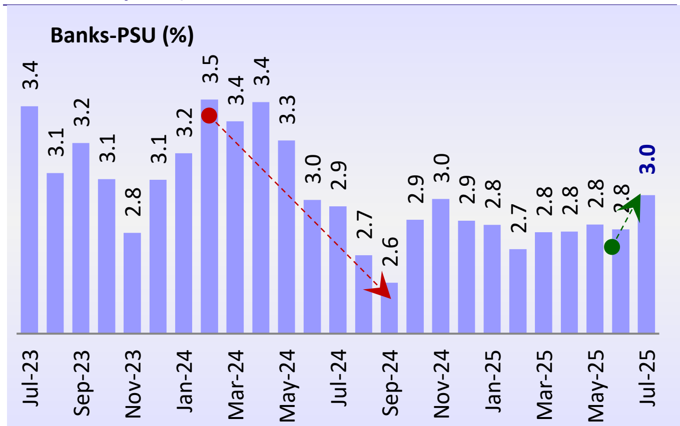
Gross equity inflows surge to a nine-month high in Jul'25 (up 29.7% MoM), supported by higher NFOs



Healthcare's weight climbed for the second consecutive month to a 7-month high in Jul'25 to reach 7.8% (+40bp MoM; +60bp YoY)



PSU Banks' weight rose to a 14-month high in Jul'25 to 3% (+20bp MoM; +10bp YoY)



Hindustan Aeronautics

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	HNAL IN
Equity Shares (m)	669
M.Cap.(INRb)/(USDb)	2948.9 / 33.6
52-Week Range (INR)	5166 / 3046
1, 6, 12 Rel. Per (%)	-7/16/-7
12M Avg Val (INR M)	8421

Financials Snapshot (INR b)

Y/E March	2026E	2027E	2028E
Sales	375.0	453.4	584.6
EBITDA	111.8	129.8	159.4
Adj. PAT	94.4	107.8	132.4
Adj. EPS (INR)	141.2	161.2	197.9
EPS Gr. (%)	13.0	14.2	22.7
BV/Sh.(INR)	624.3	740.5	893.4
Ratios			
RoE (%)	22.6	21.8	22.2
RoCE (%)	23.4	22.4	22.6
Payout (%)	28.3	27.9	22.7
Valuations			
P/E (x)	31.2	27.3	22.3
P/BV (x)	7.1	5.9	4.9
EV/EBITDA (x)	22.2	18.5	14.2
Div. Yield (%)	0.9	1.0	1.0

Shareholding pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	71.6	71.6	71.6
DII	8.7	8.3	8.8
FII	11.9	12.1	11.7
Others	7.7	8.0	7.9

FII includes depository receipts

CMP: INR4,409 TP: INR5,800 (+32%) Buy

Engine supplies ramping up

Hindustan Aeronautics (HAL) reported a decent quarter with a slight miss on revenue, which was offset by better-than-expected margins and higher other income. This resulted in a beat at the PAT level. EBITDA margin at 26.6% was aided by improved gross margin and sharply lower provisions. With engine supplies ramping up from GE for the Tejas Mk1A aircraft order, we expect aircraft deliveries to accelerate in the coming quarters. We also anticipate a strong manufacturing order book to support its execution growth. We maintain our estimates and roll forward our TP to INR5,800 based on the average of DCF and 32x Sep'27E earnings. The stock has come off from the highs in the last quarter and is currently trading at attractive valuations of 31x/27x P/E on FY26/27E earnings. HAL's growth catalysts are emerging from the Tejas aircraft deliveries and the finalization of orders for 97 Tejas-Mk1A. Reiterate BUY.

Beat on profitability

HAL reported a decent set of numbers in 1QFY26 with a beat on PAT, in-line EBITDA, and a miss on revenue. Revenue grew 11% YoY to INR48.2b vs. our estimate of INR52.5b. Gross margin improved 140bp YoY to 68% in 1QFY26 vs. our estimate of 66%. Absolute EBITDA grew 29% YoY to INR12.8b, which was in line, while EBITDA margin expanded 580bp YoY to 26.6% during the quarter vs. our estimate of 24.0%. Margin improved and was above our estimate, mainly fueled by lower-than-expected provisions made during the year. HAL's PAT was down 4% YoY at INR13.8b but was still 10% ahead of our estimate of INR12.6b. The beat on PAT was primarily driven by 1) better-than-expected margins, 2) lower-than-expected depreciation, and 3) higher other income.

Update on the Tejas Mk1A project

In a boost to the Tejas Mk 1A program, HAL has begun receiving vital components from the domestic industry, notably the first batch of wing assemblies from L&T, highlighting increasing private-sector collaboration under the Make-in-India initiative. On the engine front, delivery of GE F-404-IN20 engines is now firmly back on track, with two engines already delivered and one more expected this month. GE is now targeting to deliver two engines per month from Oct'25 onwards, which will ease earlier bottlenecks and support HAL's aim to deliver 12 jets in FY26. HAL has also formally issued a Letter of Intent to Israel's ELTA Systems for supplying radar and electronic warfare systems, choosing imported technology over the indigenous Uttam AESA radar due to certification delays. With supply chain challenges now resolved and testing validated, HAL expects a smooth ramp-up in production and deliveries in the years ahead. Our estimates bake in eight aircraft deliveries for FY26 and 16 aircraft from FY27 onwards.

Increasing the indigenous portion in aircraft

HAL and GE signed an MoU to co-produce the F-414 engines in India, with an ambitious 80% technology transfer encompassing critical features like hot-section coatings, single-crystal turbine blades, and laser drilling techniques. Following this, technical and commercial discussions have been rigorous and ongoing. The breakthrough came in Jul'25, when HAL signed a Manufacturing License Agreement (MLA) with GE, formalizing the ToT structure and enabling local production of the F-414 engine. This ToT from the US to India is estimated to be worth ~USD1b and will result in the new fighter jet having an indigenous content of around 75%. This move lays the foundation for the indigenous production of high-thrust engines for upcoming fighter programs such as Tejas Mk 2 and AMCA, reducing import dependencies and enhancing long-term self-reliance.

Strengthening the space sector role by ToT for SSLV

HAL recently reached a critical milestone in its collaboration with ISRO by securing an INR5b transfer of technology (ToT) deal for the Small Satellite Launch Vehicle (SSLV). This agreement grants HAL full rights to build, own, market, and operate the SSLV, with ISRO providing hand-holding support over the next two years. Further emphasizing HAL's expanding role in India's space sector, the company played a vital part in the July 30 launch of the NASA-ISRO NISAR satellite by supplying essential components. In the long term, SSLV production will open new commercial avenues for HAL in the rapidly growing global small-satellite launch market, diversify its revenue base beyond aerospace and defense platforms, and position it as a strategic partner for domestic and international space customers. This move also aligns with India's ambition to expand its space economy to USD40b by 2040, giving HAL leverage on upcoming satellite constellation and space station projects.

Financial outlook

We project the overall revenue to record a CAGR of 24% over FY25-28, primarily driven by a scale-up in manufacturing revenue. We project its EBITDA margin to remain strong at 29.8%/28.6%/27.3% for FY26/FY27, fueled by indigenization efforts taken by the company as well as lower provisions. With an annual capex of INR40b/ INR50b/INR60b over FY26/FY27/FY28 and comfortable working capital, we expect its PAT to register a 17% CAGR over FY25-28. With improving revenue and stable margins, we expect the RoE/RoCE to remain comfortable, reaching 22.2%/22.6% by FY28.

Valuation and view

HAL is currently trading at 31.2x/27.3x FY26E/FY27E EPS. We maintain our estimates and **reiterate our BUY rating on the stock** with a revised TP of INR5,800 (earlier INR5,750) based on the average of DCF and 32x Sep'27E earnings.

Key risks and concerns

Key risks would include 1) slower-than-expected finalization of large platform orders, 2) further delays in deliveries of key components such as engines for Tejas Mk1A, 3) delays in payments from MoD, and 4) increased involvement of the private sector.

Consolidated - Quarterly Snapshot **(INR b)**

Income Statement	FY25				FY26E				FY25	FY26E	FY26E	Est
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var %
Net Sales	**43.5**	**59.8**	**69.6**	**137.0**	**48.2**	**71.2**	**78.7**	**176.8**	**309.8**	**375.0**	**52.5**	**(8)**
Change (%)	11.0	6.0	14.8	(7.2)	10.8	19.2	13.2	29.0	3.9	21.0	20.8	
Expenses	33.6	43.4	52.7	84.0	35.4	51.7	59.1	117.1	213.7	263.2	39.9	(11)
EBITDA	**9.9**	**16.4**	**16.8**	**52.9**	**12.8**	**19.6**	**19.7**	**59.7**	**96.1**	**111.8**	**12.6**	**2**
As of % Sales	22.8	27.4	24.2	38.6	26.6	27.5	25.0	33.8	31.0	29.8	24.0	
Depreciation	1.5	1.8	2.8	7.4	1.9	2.8	3.1	7.7	13.4	15.4	2.4	(22)
Interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	200
Other Income	7.4	5.4	6.3	6.5	7.5	7.0	7.2	7.8	25.6	29.4	6.5	14
PBT pre EO items	**15.8**	**20.0**	**20.4**	**52.0**	**18.4**	**23.8**	**23.8**	**59.7**	**108.2**	**125.8**	**16.8**	**10**
Extra-ordinary Items	-	0.1	-	-	-	-	-	-	0.1	-	-	
PBT	**15.8**	**20.1**	**20.4**	**52.0**	**18.4**	**23.8**	**23.8**	**59.7**	**108.3**	**125.8**	**16.8**	**10**
Tax	1.5	5.1	6.0	12.4	4.7	6.0	6.0	15.1	25.0	31.8	4.2	11
Effective Tax Rate (%)	9.3	25.5	29.6	23.9	25.5	25.3	25.3	25.2	23.1	25.3	25.3	
MI & P/L Share of JV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.5	0.1	
Reported PAT	**14.4**	**15.1**	**14.4**	**39.8**	**13.8**	**17.9**	**17.9**	**44.9**	**83.6**	**94.4**	**12.6**	**10**
Adj PAT	**14.4**	**15.0**	**14.4**	**39.8**	**13.8**	**17.9**	**17.9**	**44.9**	**83.6**	**94.4**	**12.6**	**10**
Margin (%)	33.1	25.2	20.7	29.0	28.7	25.1	22.7	25.4	27.0	25.2	24.0	
Change (%)	76.5	21.7	14.1	(7.7)	(3.7)	18.7	24.1	12.8	38.4	13.0	(12.3)	

Avenue Supermarts

BSE SENSEX	S&P CNX
80,236	24,487

Bloomberg	DMART IN
Equity Shares (m)	651
M.Cap.(INRb)/(USDb)	2767.2 / 31.5
52-Week Range (INR)	5485 / 3337
1, 6, 12 Rel. Per (%)	7/9/-16
12M Avg Val (INR M)	2894

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	706	838	1003
EBITDA	52	62	77
Adj. PAT	30	36	45
EBITDA Margin (%)	7.3	7.4	7.6
Adj. EPS (INR)	46	56	69
EPS Gr. (%)	12	20	24
BV/Sh. (INR)	376	431	500
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	13.2	13.8	14.8
RoCE (%)	13.0	13.6	14.4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	91.9	76.8	62.1
EV/EBITDA (x)	53.7	44.8	36.5
EV/Sales (X)	3.9	3.3	2.8
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.1	0.0	0.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	74.7	74.7	74.7
DII	9.3	9.2	8.0
FII	8.3	8.2	9.2
Others	7.8	8.0	8.1

FII Includes depository receipts

CMP: INR4,253 TP: INR4,950(+16%) Buy

Employee costs hurt margins; store adds to accelerate

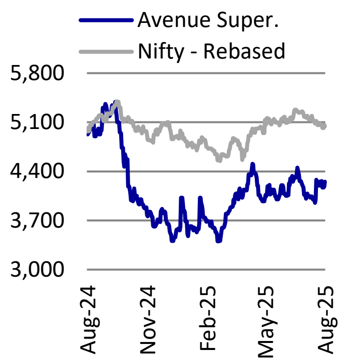
In this note, we highlight the key takeaways from Avenue Supermarts' (DMART) FY25 annual report:

- DMART posted steady ~17% YoY growth in FY25, driven by 50 net store additions (+14% YoY). However, LFL growth moderated to 8.4% (the lowest in recent years, excl. COVID-19-impacted FY21) due to intense competition.
- The growth was primarily led by Foods (+18% YoY), while GM&A (+16% YoY) recovered slightly, reflecting an improvement in value proposition. However, growth in Non-Foods (FMCG, +13% YoY) was impacted by Quick Commerce (QC).
- Despite the impact of QC and slightly lower GM&A contribution (-10bp YoY), DMART's gross margin was steady YoY at 14.1%.
- The ~40bp contraction in EBITDA margin was primarily driven by a sharp increase in employee costs (expanded employee base at stores and head-office) and higher entry-level wages (especially for warehouse).
- Excluding employee and contract staff costs, other expenses grew in line with sales, reflecting DMART's cost-efficient operations.
- Operating cash flow (after leases and interest costs) declined ~7% YoY due to an increase in working capital investments, leading to a drop in CFO/EBITDA to 55% (vs. 65% on average over the last five years).
- Cash capex rose 25% YoY, driven by new store additions and land acquisition, with capex/sq ft rising ~7% YoY to INR16.3k/sq ft. Consequently, DMART had FCF outflow of INR9.5b in FY25 (vs. INR1b outflow YoY).
- Capital commitments surged 19% YoY to INR43b, which is ~25% of DMART's gross block. Based on historical trends between DMART's capital commitments and cash capex for the upcoming year, we estimate that **DMART could add ~65 stores (~2.6m sq ft area, +15% YoY) in FY26** (vs. our est. of 60 stores).
- DMart Ready expanded its coverage to 50 new pin codes, reaching 25 cities. Its revenue grew ~21% YoY to INR35b in FY25, while operating losses inched up to ~INR1.3b (vs. INR0.73b YoY). DMART plans to invest ~INR5b in DMart Ready in FY26 (vs. ~INR2.5b invested in FY25).

Steady revenue growth and gross margin despite intense competition

- DMART posted steady ~17% YoY growth in FY25 (vs. 18% YoY in FY24), driven by 50 store additions (+14% YoY) and modest ~3% YoY growth in SPSF.
- DMART added 50 stores to expand its footprint to 415 stores, spanning 17.2m sq ft (up 14% YoY). The average size of new store additions at 41k sq ft was broadly in line with the company's overall average store size.
- The total bill count grew ~17% YoY, while ABV remained stable at ~INR1,637.
- LFL growth moderated to 8.4% (the lowest in recent years, excluding COVID-19-impacted FY21), driven by intense competition in FMCG from QC.
- The growth was primarily led by Foods (+18% YoY), while GM&A (+16% YoY) witnessed a slight recovery, reflecting an improvement in value proposition. However, growth in Non-Foods (FMCG, 13% YoY) was impacted by QC.

Stock Performance (1-year)



- Despite the impact of QC and slightly lower GM&A contribution (-10bp YoY), DMART's gross margin remained steady YoY at 14.1%.
- Acceleration in store additions remains the key growth driver for DMART.
- We note that DMART's capital commitment (an indication of next year's capex) surged 19% YoY, which indicates a potential ~65 store additions (~16% YoY, vs. 14% YoY in FY25), based on historical trends.

Wage inflation primarily responsible for EBITDA margin contraction

- While revenue growth and gross margin remained steady in FY25, EBITDA growth was modest ~10% YoY due to ~40bp contraction in margins.
- Employee costs emerged as the key headwind to DMART's profitability in FY25, with total employee-related expenses (permanent and contractual) rising 31% YoY and accounting for 3.9% of sales (up ~44bp YoY), driven by both a 22% increase in headcount and a broad-based 9% wage inflation.
- Management indicated that wage inflation was driven by DMART's intent to improve service levels in high-throughput metro stores to counter the QC threat, and that the impact of wage inflation is now largely behind.
- Other opex (excluding labor costs) increased broadly in line with revenue at 17% YoY, with inflation in power, fuel, and repair costs reflecting higher store opex intensity amid continued expansion and increasing service levels.
- Depreciation and Finance costs rose 23% and 30%, respectively, driven by store expansions, while other income declined 8% YoY.
- As a result, standalone PAT grew by a modest 9% YoY to INR29b.

Elevated capex and working capital weigh on cash flow

- DMART's working capital efficiency remains structurally strong, underpinned by its operating model. However, FY25 saw a notable build-up in inventory.
- Inventories rose 29% YoY, led by new store openings as well as higher stock levels at existing stores. Average inventory per sq ft rose 14% YoY to INR2,971, among the highest in the last decade, signaling slower stock turns.
- As a result, DMART's inventory days inched up to 30 (vs. 27 YoY). Shrinkage and damage-related losses also increased 53% YoY, accounting for ~0.45% of sales (up 10bp YoY), adding further pressure on profitability.
- DMART's core working capital surged 31% YoY (up 16% YoY to INR2,555/sq ft) as higher inventory intensity was not fully offset by supplier credit.
- Operating cash flow (after leases and interest costs) declined ~7% YoY due to an increase in working capital, higher interest, and lease payouts, leading to a drop in CFO/EBITDA to 55% (vs. 65% on average over the last five years).
- Cash capex rose 25% YoY to INR34b, driven by new store additions and land acquisition, with capex/sq ft rising ~7% YoY to INR16.3k/sq ft.
- As a result, DMART had FCF outflow of INR9.5b in FY25 (vs. INR1b outflow YoY).
- While cash capex grew 25% YoY, DMART's gross block increased 24% YoY, driven by an increase in land block (up 32% YoY). We believe this will support accelerated store additions in the coming years.

Performance of subsidiaries

- DMART's key subsidiaries continued to scale operations in FY25, aligning with its broader growth strategy across private label, hyperlocal delivery, and adjacent categories (such as food outlets and pharmacies).
- **DMart Ready:** Revenue grew 21% YoY to INR35b, with presence expanding to 25 cities. However, operating losses widened to INR1.3b (vs. INR0.7b YoY) due to continued investments in technology, logistics, and market expansion. DMART plans to infuse an additional INR5b into DMart Ready, signaling its long-term commitment to the business despite continued losses.
- **Align Retail Trade:** Revenue grew 19% YoY to INR33.2b, with PAT rising 13% YoY to INR376m, reflecting a steady demand for DMART's private labels.
- **Avenue Food Plaza:** Sales grew 28% YoY to INR2.3b, reflecting higher customer engagement. However, net loss widened to INR97m, reflecting scale-up costs, input cost inflation, and higher labor overheads.
- **Reflect Healthcare:** Although still in the early stages, this business could become a significant growth lever for DMART in healthcare-related retailing. Revenue surged to INR129m (vs. INR31.6m), with losses of INR24.5m.

Valuation and view

- With the entry of large offline/online retailers into QC and recent fundraising by the top three QC players, the competitive intensity for a share of customer wallets is likely to remain elevated in the near term.
- We believe DMART's value-focused model and superior store economics will sustain its competitiveness and customer relevance over the long term, despite QC's convenience-focused model. However, intense pricing competition may continue to weigh on DMART's growth and margins in the near term.
- Acceleration in store addition remains the key growth trigger for DMART. We model ~60 store additions in FY26 (vs. 9/50 store additions in 1QFY26/FY25).
- We model a consol. revenue/EBITDA/PAT CAGR of 19%/20%/18% over FY25-28E, driven by ~14-15% CAGR in retail store/area and a high single-digit LFL growth.
- We assign a ~46x Sep'27 EV/EBITDA multiple (implying ~80x Sep'27 P/E) to arrive at our TP of INR4,950. **We reiterate our BUY rating on the stock.**

Valuation based on Sep'27E EBITDA

	Methodology	Driver (INR b)	Multiple	Value (INR b)	Value/sh (INR)
EBITDA	**Sept'27 EV/EBITDA**	**69**	**46**	**3,222**	**4,963**
Less Net debt				8	13
Equity value				**3,214**	**4,950**
Shares o/s (m)				651	
CMP (INR)					4,252
Upside (%)					**16**

Source: MOFSL, Company

Hindalco

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1499 / 17.1
52-Week Range (INR)	773 / 546
1, 6, 12 Rel. Per (%)	2/5/5
12M Avg Val (INR M)	3781
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	2,385	2,550	2,633
EBITDA	318	312	329
Adj. PAT	166	155	161
EBITDA Margin (%)	13	12	12
Cons. Adj. EPS (INR)	75	70	73
EPS Gr. (%)	64	-7	4
BV/Sh. (INR)	437	500	566
Ratios			
Net D:E	0.4	0.3	0.2
RoE (%)	18.8	14.9	13.6
RoCE (%)	14.7	12.6	12.5
Payout (%)	6.7	10.0	9.6
Valuations			
P/E (x)	8.9	9.5	9.2
P/BV (x)	1.5	1.3	1.2
EV/EBITDA(x)	5.9	5.8	5.3
Div. Yield (%)	0.8	1.1	1.1
FCF Yield (%)	2.5	6.8	5.7

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	34.6	34.6	34.6
DII	25.3	24.9	25.8
FII	31.9	32.4	31.3
Others	8.2	8.0	8.3

FII includes depository receipts

CMP: INR667 TP: INR790 (+18%) Buy

Strong Indian business drives overall earnings; Novelis EBITDA to rebound in 2H

Consolidated performance

- Consolidated net sales stood at INR642.3b (+13% YoY and -1% QoQ), against our est. of INR607.6b, driven by strong performance in Indian operations and favorable pricing.
- Consolidated EBITDA stood at INR79.1b (+5% YoY and -11% QoQ) against our estimate of INR72.5b. The QoQ decline was driven by muted Novelis profitability, led by higher aluminum scrap prices, unfavorable product mix, and a net negative tariff impact.
- APAT came in at INR40b (+21% YoY and -24% QoQ) against our estimate of INR34.3b. This beat was primarily driven by better-than-expected EBITDA for the domestic business.
- Consol. net debt/EBITDA stood at 1.02x as of 1QFY26 vs 1.06x in 4QFY25.

Aluminum business

- Upstream revenue stood at INR93.3b in 1QFY26 (+6% YoY), led by higher average aluminum prices. Aluminum upstream EBITDA stood at INR40.8b (+17% YoY; USD1,467/t), driven by lower input costs with favorable pricing.
- Downstream revenue stood at INR33.5b (+17% YoY) due to higher shipments and favorable pricing. Downstream EBITDA stood at INR2.3b (+108% YoY), led by a better product mix. This translated to EBITDA/t of USD264 (+92% YoY) in 1QFY26, compared to USD138 in 1QFY25.
- Upstream aluminum sales stood at 325kt (-1% YoY) and downstream aluminum sales stood at 101KT (+6% YoY) in 1QFY26.

Copper business

- Copper business revenue stood at INR148.9b (+12% YoY), driven by higher average copper prices.
- EBITDA declined 16% YoY to INR6.7b in 1QFY26, led by a sharp decline in TC/RCs, offset by higher NSR from sulphuric acid.
- Copper metal sales stood at 124KT (+4% YoY) in 1QFY26, and CCR sales were 104KT (+4% YoY) during the quarter.

Novelis' 1QFY26 performance

- Shipments volume stood at 963kt (vs. our estimate of 975kt), up 1% YoY and flat QoQ, primarily led by higher beverage packaging shipments, partially offset by lower automotive and specialty shipments.
- Revenue stood at USD4.7b (+13% YoY and +3% QoQ), against our estimate of USD4.4b. This was led by a healthy ASP, which stood at USD4,898/t (+11% YoY and +2% QoQ), mainly driven by favorable aluminum prices.
- Adjusted EBITDA stood at USD416m (vs. our est. of USD434m), declining 17% YoY and 12% QoQ, driven by higher aluminum scrap prices, an unfavorable product mix, and a net negative tariff impact.

- Adj. EBITDA/t for the quarter stood at USD432 (against our est. USD445), declining 18% YoY and 13% QoQ.
- APAT stood at USD156m in 1QFY26 (-34% YoY and -38% QoQ), in line with our estimate. The decline was mainly attributed to soft operating performance.
- Capex for 1QFY26 stood at USD386m, primarily attributed to the new Greenfield rolling and recycling plant in Bay Minette, Alabama.
- Net debt/EBITDA as of Jun'25 stood at 3.2x vs 2.9x in Mar'25. The company issued USD400m of tax-exempt bonds with a mandatory tender for purchase in 2032 and maturation in 2055, which will be used to finance the Bay Minette expansion.

Highlights from the management commentary

- The cost of production (CoP) for upstream aluminum declined 3% QoQ in 1QFY26, driven by a higher mix of linkage coal (63%). Management has guided CoP to increase ~3% QoQ in 2QFY26 due to the monsoon impact and higher coal prices.
- **Aluminum hedging**: The company hedged ~20% of 2QFY26 volumes at USD2,666/t and currency hedged ~18% at INR87/USD.
- Alumina sales stood at 170kt and are expected to clock ~190-200kt in 2Q.
- Downstream EBITDA/t is expected to reach USD250-300 in FY26.
- Management reiterated its copper EBITDA guidance of INR6b every quarter.
- Aditya Alumina Refinery expansion: HNDL has placed all orders, received EC, and construction has begun, with commissioning targeted for FY28.
- 180KT aluminum smelter expansion at Aditya will proceed alongside the alumina refinery and is expected to be operational by FY28, whereas the 300KT copper smelter expansion will be commissioned by FY29.
- Two captive coal mines (Chakla and Bandha) will start the initial work in FY26, with commercial coal output from Chakla expected by Feb-Apr'27.

Valuation and view

- HNDL posted a decent consolidated performance in 1QFY26. The earnings growth was primarily driven by favorable pricing. Going forward, while near-term costs could increase in the Indian business with higher coal prices and lower captive linkage, the medium to long-term outlook remains robust. Capex plans are progressing well, and no slippages are expected in terms of the commissioning timeline.
- Novelis' earnings outlook is expected to remain soft in 2Q, led by the tariff implications, but is guided to rebound in 2H, driven by its mitigation plans. Additionally, we anticipate that strong domestic earnings will manage to offset the muted Novelis profitability for FY26. The ongoing capex in Novelis will establish HNDL as the global leader in the beverage can and automotive FRP segments. Moreover, the commissioning of Bay Minette will reduce the import dependency and free up other US capacities for high-margin products.
- **At CMP, the stock trades at 5.3x EV/EBITDA and 1.2x P/B on FY27E. We largely retain our estimates and reiterate our BUY rating on HNDL with an SoTP-based TP of INR790.**

Consolidated quarterly performance (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**570.1**	**582.0**	**583.9**	**648.9**	**642.3**	**620.1**	**638.4**	**649.5**	**2,385.0**	**2,550.3**	**607.6**	**5.7**
Change (YoY %)	7.6	7.4	10.6	15.9	12.7	6.5	9.3	0.1	10.4	6.9		
Change (QoQ %)	1.8	2.1	0.3	11.1	(1.0)	(3.5)	2.9	1.7	-	-		
Total Expenditure	495.1	503.2	508.1	560.5	563.3	549.8	559.9	565.0	2,066.9	2,237.9		
EBITDA	**75.0**	**78.8**	**75.8**	**88.4**	**79.1**	**70.4**	**78.5**	**84.5**	**318.1**	**312.4**	**72.5**	**9.0**
Change (YoY %)	31.3	40.5	29.3	32.3	5.4	(10.7)	3.5	(4.4)	33.2	(1.8)		
Change (QoQ %)	12.3	5.1	(3.8)	16.5	(10.5)	(11.0)	11.6	7.6	-	-		
As % of Net Sales	13.2	13.5	13.0	13.6	12.3	11.3	12.3	13.0	13.3	12.2		
Interest	8.6	8.7	8.2	8.7	7.5	7.8	7.8	8.0	34.2	31.0		
Depreciation	18.9	19.3	19.4	21.2	20.8	20.3	20.3	21.9	78.8	83.4		
Other Income	4.2	10.8	5.1	7.0	6.0	6.1	6.1	6.2	27.1	24.5		
PBT (before EO item)	**51.8**	**61.6**	**53.4**	**65.4**	**56.7**	**48.4**	**56.5**	**60.8**	**232.1**	**222.5**		
Extra-ordinary Income	(3.3)	(5.1)	(0.4)	0.1	-	-	-	-	(8.8)	-		
PBT (after EO item)	**48.5**	**56.4**	**53.0**	**65.5**	**56.7**	**48.4**	**56.5**	**60.8**	**223.3**	**222.5**		
Total Tax	17.7	17.3	15.6	12.7	16.7	14.7	17.3	18.5	63.4	67.3		
% Tax	36.6	30.7	29.5	19.3	29.5	30.4	30.7	30.4	28.4	30.2		
PAT before MI and Associate	**30.7**	**39.1**	**37.3**	**52.8**	**40.0**	**33.7**	**39.2**	**42.3**	**160.0**	**155.2**		
Adjusted PAT	**33.1**	**42.7**	**37.6**	**52.8**	**40.0**	**33.7**	**39.2**	**42.3**	**166.2**	**155.2**	**34.3**	**16.8**
Change (YoY %)	34.0	97.3	61.5	66.3	21.1	(21.1)	4.2	(19.8)	63.9	(6.6)		
Change (QoQ %)	4.1	29.2	(11.8)	40.2	(24.1)	(15.9)	16.4	8.0				

Source: MOFSL, Company

Quarterly performance for Novelis (USD m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales (000 tons)	**951**	**945**	**904**	**957**	**963**	**973**	**987**	**995**	**3,757**	**3,919**	**975**	**(1.2)**
Change (YoY %)	8.2	1.3	(0.7)	0.6	1.3	3.0	9.2	4.0	2.3	4.3		
Change (QoQ %)	-	(0.6)	(4.3)	5.9	0.6	1.1	1.4	0.8	-	-		
Net Sales	**4,187**	**4,295**	**4,080**	**4,587**	**4,717**	**4,331**	**4,506**	**4,707**	**17,149**	**18,262**	**4,386**	**7.5**
Change (YoY %)	2.3	4.6	3.7	12.5	12.7	0.8	10.5	2.6	5.8	6.5		
Change (QoQ %)	2.7	2.6	(5.0)	12.4	2.8	(8.2)	4.0	4.4	-	-		
EBITDA (adjusted)	**500.0**	**462.0**	**367.0**	**473.0**	**416.0**	**384.5**	**439.3**	**482.4**	**1,802.0**	**1,722.1**	**433.8**	**(4.1)**
Change (YoY %)	18.8	(4.5)	(19.2)	(8.0)	(16.8)	(16.8)	19.7	2.0	(3.8)	(4.4)		
Change (QoQ %)	(2.7)	(7.6)	(20.6)	28.9	(12.1)	(7.6)	14.3	9.8	-	-		
EBITDA per ton (USD)	**525.8**	**488.9**	**406.0**	**494.3**	**432.0**	**395.0**	**445.0**	**484.7**	**479.6**	**439.5**	**445.0**	**(2.9)**
Interest	64.0	67.0	61.0	60.0	62.0	61.5	61.5	61.5	252.0	245.9		
Depreciation	140.0	141.0	142.0	152.0	148.0	147.1	147.1	147.1	575.0	588.5		
PBT (before EO item)	**296.0**	**254.0**	**164.0**	**261.0**	**206.0**	**175.9**	**230.7**	**273.8**	**975.0**	**887.8**		
Extra-ordinary Income	(86.0)	(74.0)	(15.0)	42.0	(60.0)	-	-	-	(133.0)	-		
PBT (after EO item)	**210.0**	**180.0**	**149.0**	**303.0**	**146.0**	**175.9**	**230.7**	**273.8**	**842.0**	**887.8**		
Total Tax	60.0	51.0	39.0	9.0	50.0	58.0	76.1	91.0	159.0	275.2		
% Tax	28.6	28.3	26.2	3.0	34.2	33.0	33.0	33.3	18.9	31.0		
Reported PAT (after MI)	**151.0**	**128.0**	**110.0**	**294.0**	**96.0**	**117.8**	**154.6**	**182.7**	**683.0**	**612.6**		
Change (YoY %)	(3.2)	(18.5)	(9.1)	77.1	(36.4)	(7.9)	40.5	(37.8)	13.8	(10.3)		
Adjusted PAT	**237.0**	**202.0**	**125.0**	**252.0**	**156.0**	**117.8**	**154.6**	**182.7**	**816.0**	**612.6**	**159.9**	**(2.4)**
Change (YoY %)	42.8	(9.4)	(35.6)	3.7	(34.2)	(41.7)	23.7	(27.5)	(1.2)	(24.9)		
Change (QoQ %)	(2.5)	(14.8)	(38.1)	101.6	(38.1)	(24.5)	31.2	18.2				

Source: MOFSL, Company

Indian Hotel

BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR747 TP: INR900 (+20%) Buy

Stock Info

Bloomberg	IH IN
Equity Shares (m)	1423
M.Cap.(INRb)/(USDb)	1063.9 / 12.1
52-Week Range (INR)	895 / 599
1, 6, 12 Rel. Per (%)	4/-4/21
12M Avg Val (INR M)	2881
Free float (%)	61.9

Financials Snapshot (INR b)

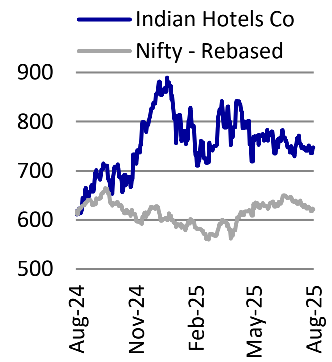
Y/E MARCH	2025	2026E	2027E
Sales	83.3	100.1	112.9
EBITDA	27.7	33.8	39.7
Adj. PAT	16.8	19.0	22.9
EBITDA Margin (%)	33.2	33.7	35.1
Cons. Adj. EPS (INR)	11.8	13.4	16.1
EPS Gr. (%)	33.4	13.0	20.8
BV/Sh. (INR)	78.6	91.1	106.5
Ratios			
Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	16.3	15.7	16.3
RoCE (%)	15.8	16.7	17.1
Payout (%)	6.0	6.0	5.0
Valuations			
P/E (x)	63.2	55.9	46.3
EV/EBITDA (x)	37.8	30.7	25.6
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	0.6	1.3	2.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	38.1	38.1	38.1
DII	18.5	19.2	18.4
FII	27.2	27.0	27.2
Others	16.2	15.7	16.3

FII Includes depository receipts

Stock performance (one-year)



Strengthens midscale presence

Indian Hotels (IHCL) is rapidly expanding its footprint in India's hospitality sector with its ambitious 'Accelerate 2030' roadmap. This strategic vision aims to unlock the full potential of India's diverse tourism landscape by deepening IHCL's presence across key market segments, with a particular focus on the fast-growing midscale category. To align with this vision, IHCL has acquired two companies operating ~135 hotels (6,800 keys, including pipeline) in the midscale category.

- **IHCL has announced the acquisition of a 51% stake in each of ANK Hotels and Pride Hospitality for a total investment of INR2.04b. It has paid INR1.34b upfront and will pay the balance amount by Jun'26.**
- **The partnership will double IHCL's midscale presence to 240+ hotels, reinforcing its leadership. The company plans to convert these hotels majorly into Ginger brand to further strengthen its midscale presence.**
- **The deal's enterprise value is INR2.4b, valuing the transaction at 12x EV/EBITDA based on FY27E EBITDA of INR200m.**
- **We expect IHCL to deliver a CAGR of 16%/20%/17% in revenue/EBITDA/adjusted PAT over FY24-27. We maintain BUY with our FY27 SoTP-based TP of INR900.**

Key contours of the deal

- IHCL has acquired a 51% stake each in ANK Hotels and Pride Hospitality for a total investment of **INR2.04b**, including a primary investment of INR1.59b and a secondary investment of INR450m.
- IHCL will pay INR1.34b upfront upon the deal closure and the balance by Jun'26.
- The acquisition adds a sizable midscale portfolio of 135 hotels with 6,800 keys (80 hotels/3,100 rooms are operational) across 100+ locations, predominantly managed properties, and a strong growth pipeline, significantly enhancing IHCL's scale and reach in the segment.
- The integration will leverage brand unification, operational efficiencies, and IHCL's strong sales, loyalty, and procurement capabilities to boost revenue and profitability from the expanded midscale portfolio.
- FY27 will mark the first full year after the deal completion, with management projecting revenue of ~INR600m and EBITDA of ~INR200m for the target companies. **The enterprise value of combined entities is ~INR2.4b, implying a valuation of ~12x FY27E EV/EBITDA. We believe this to be a fair valuation for a midscale hotel with a large chunk of its properties under management contracts.**

IHCL doubles midscale segment footprint

- The midscale segment remains the fastest-growing category in the hospitality industry, accounting for 43% of total branded keys in CY24, up from 39% in CY14. To capitalize on this growth, IHCL acquired these companies.
- This partnership is a multi-pronged approach toward addressing India's heterogeneous market landscape and is in line with IHCL's five-year roadmap, Accelerate 2030, aimed at unlocking India's tourism potential.

- Expanding IHCL's leading presence in the midscale segment, along with the successful transformation of Ginger, this partnership will double the company's presence in the midscale segment to 240+ hotels (from 105), reinforcing its leadership position.
- A majority of the 135 hotels acquired through this transaction will be rebranded under the Ginger brand, enhancing brand awareness and significantly expanding its geographical presence. Approximately 70% of these properties are located in new markets across India, further strengthening Ginger's brand equity.
- Scaling up the Ginger brand remains a top priority, with the company not intending to launch or invest in another mid-market brand until Ginger hotel count reaches 400, focusing on building one clean, pure, and well-positioned brand rather than diluting its presence.

Financial implications

- With total revenue of INR330m in FY25, management projects the target companies' revenue to reach ~INR600m in FY27 and ~INR1b by FY30, representing a CAGR of 25%.
- While EBITDA margins stood at ~9% in FY25, management anticipates a substantial improvement, projecting margins of 17%/25%/40% in FY27/FY28/FY30, with further expansion expected to reach levels comparable to other Ginger properties at around 50%.
- The company will deploy cash primarily for converting select properties from a revenue-sharing model to management contracts and for replicating the Ginger big-box model. The bulk of the capex for aligned hotels with the Ginger brand will be borne by the property owners, with some help from IHCL.
- Apart from management fees, IHCL will generate incremental revenue in the form of sales and distribution fees on all the hotels at ~1.5-2.5% of enterprise revenue. Incremental fees estimated by the company starting FY27 will be INR100m, which will double by FY30.
- Total incremental EBITDA earned by IHCL through this deal will be INR200m/INR350m/INR600m in FY27/FY28/FY30, growing at 60% CAGR.

Valuation and View

- IHCL's growth outlook remains strong, led by healthy traction in the core business and an accelerated growth trajectory in the new and reimagined businesses.
- With this acquisition, the company has moved one step closer to its Accelerate 2030 vision.
- We expect IHCL to deliver a CAGR of 16%/20%/17% in revenue/EBITDA/adj. PAT over FY24-27. We maintain BUY with our FY27 SoTP-based TP of INR900.

Zydus LifeSciences

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1006
M.Cap.(INRb)/(USDb)	961.6 / 11
52-Week Range (INR)	1300 / 795
1, 6, 12 Rel. Per (%)	0/-4/-24
12M Avg Val (INR M)	1553

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	232.4	254.5	250.7
EBITDA	69.9	68.7	63.3
Adj. PAT	46.3	45.4	42.2
EBIT Margin (%)	26.1	23.1	20.6
Cons. Adj. EPS (INR)	46.0	45.1	42.0
EPS Gr. (%)	22.3	-1.9	-7.1
BV/Sh. (INR)	238.1	278.6	315.4
Ratios			
Net D:E	0.1	0.0	-0.2
RoE (%)	21.2	17.5	14.1
RoCE (%)	23.9	16.9	13.9
Payout (%)	12.6	7.8	9.5
Valuations			
P/E (x)	19.2	19.4	20.7
EV/EBITDA (x)	12.8	12.7	12.6
Div. Yield (%)	0.7	0.4	0.5
FCF Yield (%)	5.3	2.1	6.5
EV/Sales (x)	3.8	3.4	3.1

Shareholding pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	75.0	75.0	75.0
DII	11.1	11.0	12.6
FII	7.1	7.3	5.6
Others	6.7	6.7	6.8

FII Includes depository receipts

CMP: INR956 TP: INR1,000 (+5%) Neutral

YoY growth takes a breather in 1Q

Biologics CDMO emerges as growth lever; valuation caps upside

- Zydus Lifesciences (ZYDUSLIF) posted a 5%/4%/15% beat on revenue/EBITDA/PAT estimates for 1QFY26. The outperformance was driven by higher-than-expected revenues from the US and emerging markets, along with higher other income. That said, 1QFY26 marks the first YoY decline in EBITDA/PAT in the past 8-10 quarters.
- Despite competition in products like g-Revlimid/Asacol, ZYDUSLIF reported QoQ increase/stable YoY US sales of USD372m. This has been largely led by healthy traction in the base portfolio, new launches, and steady business from g-Myrbetriq.
- ZYDUSLIF sustained its momentum of outpacing the domestic formulation (DF) segment through increased focus on chronic therapies. The cardiology therapy reported a remarkable 22.5% YoY growth in 1QFY26.
- ZYDUSLIF has forayed into the global biologics CDMO business through Agenus' US-based manufacturing facilities. The exclusive manufacturing license for certain products and the addition of in-house developed products serve as additional growth levers for ZYDULIF.
- We raise our earnings estimates by 3.5%/2% for FY26/FY27, factoring in: a) incremental US sales despite higher competition and b) superior execution in other international markets, partly offset by adverse seasonality in the consumer health business. We value ZYDUSLIF at 23x 12M forward earnings to arrive at our TP of INR1,000.
- Following the earnings beat in 1QFY26, we have upgraded our earnings estimates for FY26/FY27. However, given the risks to the US portfolio from increasing competition/ongoing litigation, we build an overall 5% decline in EBITDA/PAT over FY25-27. Additionally, the current valuation offers limited upside. Considering these factors, we reiterate our Neutral stance on the stock.

Revenue growth offset by product mix/higher opex on YoY basis

- ZYDUSLIF's sales grew 6% YoY to INR65.7b (our est. INR63b).
- India sales (36% of sales), which comprises the DF and consumer businesses, rose 6% YoY to INR23.7b. Within India sales, branded formulations grew 8% YoY to INR15.2b. Consumer wellness grew 2% YoY to INR8.5b.
- US sales grew 2.9% YoY (stable YoY in CC terms) to INR31b (USD372m; 48% of sales).
- International market sales grew 36.8% YoY to INR7.3b (10% of sales). API sales grew 11% YoY to INR1.6b (2% of sales).
- Gross margin contracted 170bp YoY to 72.8%, due to a better product mix.
- EBITDA margin contracted 310bp YoY at 30.9% (our est. 31.2%) due to contracted GM and higher opex (R&D/employee costs up 110bp YoY each as a % of sales).
- EBITDA declined 4% YoY to INR20.3b (our est. INR19.5b).
- ZYDUSLIF recorded a forex loss of INR570m.
- Adjusting for the same, PAT was stable YoY at INR14.2b (our est: INR12.7b).

Highlights from the management commentary

- ZYDUSLIF has maintained its FY26 guidance with single-digit growth despite Revlimid price pressure; it has planned for over 30 launches and injectable facility clearances.
- ZYDUS has maintained its guidance of single-digit YoY revenue growth in the US business for FY26, despite rising competition in g-Revlimid. The company's confidence is supported by an uptick in the base business, scale-up of 505b2 products, and favorable offtake of mirabegron.
- Mirabegron's prospects are subject to the outcome of a trial scheduled for Feb'26, though ZYDUSLIF continues to sell the product.
- ZYDUSLIF has guided for high-teens to mid-twenties YoY growth in international emerging markets for FY26.
- In the biologics segment, ZYDUSLIF has initiated plans to scale up the new manufacturing facility acquired from Agenus. Additionally, at the Sterling Biotech facility, the company is undertaking a large capex program to build capabilities for recombinant whey protein and whey isolate production, with commercialization expected to begin next year.

Quarterly Performance (Consolidated) **(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Net Revenues	**62,075**	**52,370**	**52,691**	**65,279**	**65,737**	**60,452**	**61,674**	**66,600**	**2,32,415**	**2,54,463**	**62,762**	**4.7**
YoY Change (%)	20.8	19.9	17.0	18.0	5.9	15.4	17.0	2.0	18.9	9.5	1.1	
Total Expenditure	40,983	38,210	39,691	43,630	45,423	43,827	46,256	50,216	1,62,514	1,85,722	43,181	
EBITDA	**21,092**	**14,160**	**13,000**	**21,649**	**20,314**	**16,624**	**15,419**	**16,384**	**69,901**	**68,740**	**19,582**	**3.7**
YoY Change (%)	37.6	33.1	20.2	33.2	-3.7	17.4	18.6	-24.3	31.8	-1.7	-7.2	
Margins (%)	34.0	27.0	24.7	33.2	30.9	27.5	25.0	24.6	30.1	27.0	31.2	
Depreciation	2,153	2,336	2,290	2,379	2,381	2,432	2,495	2,602	9,158	9,910	2,656	
EBIT	**18,939**	**11,824**	**10,710**	**19,270**	**17,933**	**14,192**	**12,924**	**13,781**	**60,743**	**58,831**	**16,926**	
YoY Change (%)	40.0	34.4	20.7	35.7	-5.3	20.0	20.7	-28.5	33.8	-3.1	-10.6	
Margins (%)	30.5	22.6	20.3	29.5	27.3	23.5	21.0	20.7	26.1	23.1	27.0	
Interest	322	251	320	766	847	850	830	790	1,659	3,317	422	
Other Income	632	682	575	806	1,549	1,340	1,440	1,480	2,695	5,809	750	
PBT before EO Income	**19,249**	**12,255**	**10,965**	**19,310**	**18,635**	**14,682**	**13,534**	**14,471**	**61,779**	**61,323**	**17,254**	**8.0**
EO Exp/(Inc)	252	-454	-876	2,590	-571	0	0	0	1,512	-571	0	
PBT after EO Income	**18,997**	**12,709**	**11,841**	**16,720**	**19,206**	**14,682**	**13,534**	**14,471**	**60,267**	**61,894**	**17,254**	**11.3**
Tax	4,361	3,731	1,795	4,232	4,340	3,553	3,316	3,574	14,119	14,783	3,796	
Rate (%)	23.0	29.4	15.2	25.3	22.6	24.2	24.5	24.7	23.4	23.9	22.0	
Min. Int/Adj on Consol	-437	131	192	-779	-198	-300	-350	-400	-893	-1,248	-700	
Reported PAT	**14,199**	**9,109**	**10,238**	**11,709**	**14,668**	**10,829**	**9,868**	**10,497**	**45,255**	**45,862**	**12,758**	**15.0**
Adj PAT	**14,393**	**8,788**	**9,495**	**13,643**	**14,226**	**10,829**	**9,868**	**10,497**	**46,320**	**45,420**	**12,758**	**11.5**
YoY Change (%)	28.2	19.1	26.3	16.1	-1.2	23.2	3.9	-23.1	22.3	-1.9	-11.4	
Margins (%)	23.2	16.8	18.0	20.9	21.6	17.9	16.0	15.8	19.9	17.8	20.3	

Suzlon Energy

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	SUEL IN
Equity Shares (m)	13702
M.Cap.(INRb)/(USDb)	865 / 9.9
52-Week Range (INR)	86 / 46
1, 6, 12 Rel. Per (%)	-2/14/-22
12M Avg Val (INR M)	5131

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	108.9	168.7	229.6
EBITDA	18.6	27.9	40.2
Adj. PAT	14.7	17.1	30.9
EPS (INR)	1.1	1.2	2.3
EPS Gr. (%)	105.5	16.0	81.3
BV/Sh.(INR)	4.5	5.7	8.0
Ratios			
ND/Equity	-0.1	-0.3	-0.3
ND/EBITDA	-0.5	-0.7	-0.8
RoE (%)	29.4	24.5	33.0
RoIC (%)	9.2	11.1	13.9
Valuations			
P/E (x)	58.6	50.5	27.9
EV/EBITDA (x)	46.0	30.2	20.6

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	11.7	13.3	13.3
DII	10.2	8.7	9.2
FII	23.0	23.0	21.5
Others	55.1	55.0	56.0

CMP: INR63 TP: INR80 (+26%) Buy

1QFY26 in line; outlook upbeat

- **Overall a good result, which re-affirms our positive view:** Suzlon Energy's (SUEL) 1QFY26 earnings were aligned with our expectations, with deliveries, revenue, and EBITDA coming in line with our estimates. The miss at the adj PAT level was due to a deferred tax charge of INR1.34b. A strong 1QFY26 earnings performance, coupled with improving new order inflows (according to media reports, SUEL has signed a 700MW deal with TPWR, see link), supports confidence in the company's guidance of a 60% YoY improvement in deliveries, revenue, and EBITDA.
- **What did we like about the result:** 1) strong execution at 444MW (our est: 452MW; up 62% YoY), 2) EPC share inched up to 22% of the order book, highlighting improved delivery control and visibility alongside a growing order book, 3) steady per MW realizations in the WTG segment, which we believe could improve further following the local content implementation, and 4) overall healthy EBITDA margins (19% in 1QFY26; our FY26E: 17%).
- **Key near-term monitorables:** 1) the announcement of Group CFO Mr Himanshu Mody's departure could be a slight short-term negative, given his instrumental role in the company's balance sheet turnaround, 2) installations have trailed deliveries in recent quarters, raising concerns about potential disruptions in delivery flow in upcoming quarters, and 3) new order inflow in FY26TD at 1GW has been somewhat tepid.
- **Key catalysts/upside risks to our view:** 1) while the CFO's departure is a short-term negative, we do not believe it will derail the company's strong business momentum, which continues to be supported by positive regulatory tailwinds, 2) we see upside risks to our new order/EBITDA margin estimates as local content is introduced in the coming quarters, 3) despite a tepid FY26TD new order inflow, SUEL might be close to signing a 700MW (INR60b) deal with Tata Power, according to media reports, 4) deliveries have picked up in 2QFY26, with management highlighting that an additional 547MW is in the pre-commissioning stage, and 5) potential efficiencies, such as a reduction in the working capital cycle from 90 to 75 days, are not built into our estimates.
- **Changes to earnings; Reiterate BUY:** We cut our FY26 adj. PAT estimate by 25% as we build in an effective tax rate of 25% (deferred tax and non-cash). We also marginally adjust the FY27 tax rate higher to 12%. We arrive at our TP of INR80 by applying a target P/E of 35x to FY27E EPS. This is at a slight premium to its historical average two-year fwd P/E of 27x, given that SUEL's execution and earnings are only now beginning to pick up. **Reiterate BUY;** our TP implies a 26% upside potential.

Performance in line; strong WTG deliveries drive growth

Financial Performance:

- SUEL's consolidated revenue was in line with our estimates at INR31b (+55% YoY, -17% QoQ), with WTG deliveries coming in at 444MW (in line with our estimate of 452MW).

- EBITDA came in line with our estimate at INR6b (+62% YoY, -14% QoQ), with EBITDA margins at 19%.
- APAT was INR3.2b, 32% below our estimates due to higher-than-expected interest expenses and a deferred tax charge of INR1.34b recorded during the period.
- 1QFY26 WTG revenue grew ~67% YoY to INR24.9b, EBIT surged 174% YoY to INR3.4b, and EBIT margin expanded 532bp to 14%.
- WTG's contribution margin came in higher at 26%, primarily driven by the execution of orders with higher average selling prices during the quarter and lower project activity due to the early onset of the monsoon. Additionally, effective cost control measures helped maintain COGS.

Operational Performance:

- The WTG order book stood at 5,742MW as of Aug'25 (22% EPC and 78% Non-EPC).
- The segment mix comprised 54% C&I/Captive, 25% Auctions, and 21% PSU orders.
- WTG deliveries reached 444 MW in 1QFY26, compared to 274 MW during the same period last year (+62% YoY).
- A total of 117MW of WTGs were installed during the quarter, with an additional 547MW erected and currently in the pre-commissioning phase, bringing the overall tally to over 664MW.
- Renom's AUM stood at 3.2GW as of 1QFY26.
- Net worth stands at INR65.4b.

Highlights of 1QFY26 performance

- WTG deliveries in 1QFY26 stood at 444 MW, with the order book at 5,742MW as of Aug'25. The mix comprised 54% C&I/Captive, 25% auction-based, and 21% PSU orders. The 5.7 GW order book is sufficient to cover deliveries for FY26-FY27.
- A total of 117MW of WTGs were installed during the quarter, with an additional 547MW erected and currently in the pre-commissioning phase, bringing the overall tally to over 664MW.
- The company has maintained its FY26 guidance of 60% YoY growth across key metrics.
- CFO Himanshu Mody will resign effective Aug 31st, 2025; succession planning is in advanced stages.
- The company holds a strong balance sheet with a net worth of INR65b and net cash of INR16b.
- FY26's interest costs are estimated at INR2b; 1Q costs remained elevated due to a one-off processing fee of INR140m.
- FY26's tax rate is projected at ~25% (no cash outflow); tax (cash) outflows are expected to begin in FY27.
- The company targets to reduce net working capital days from 90-100 to 75.
- India's wind installations are projected at 6 GW in FY26, 7-7.5 GW in FY27, and 8-9 GW in FY28.
- Adequate domestic capacity exists for gearboxes, generators, and other components.
- SE Forge recorded sustained growth; ALMM implementation is expected to drive further demand.

Valuation and view

- We arrive at our TP of INR80 by applying a target P/E of 35x to FY27E EPS. This is at a slight premium to its historical average two-year fwd P/E of 27x, given SUEL's execution and earnings are only now beginning to pick up.

Consolidated performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)	(%)	(%)
Net Sales	**20,216**	**21,034**	**29,748**	**37,899**	**31,317**	**31,882**	**43,723**	**61,731**	**1,08,897**	**1,68,654**	**32,380**	**-3**	**55**	**-17**
YoY Change (%)	50%	48%	91%	73%	55%	52%	47%	63%	67%	55%	60%			
Total Expenditure	16,515	18,092	24,753	30,965	25,327	26,943	36,671	51,825	90,325	1,40,766	26,312	-4	89	71
EBITDA	**3,701**	**2,942**	**4,995**	**6,935**	**5,991**	**4,939**	**7,052**	**9,905**	**18,572**	**27,887**	**6,068**	**-1**	**62**	**-14**
Margin (%)	18%	14%	17%	18%	19%	15%	16%	16%	17%	17%	19%			
Depreciation	458	544	662	928	702	934	934	1,165	2,592	3,735	934	-25	53	-24
Interest	445	560	695	847	1,031	499	499	466	2,548	2,495	624	65	132	22
Other Income	228	179	275	353	335	294	294	253	1,034	1,176	294	14	47	-5
PBT before EO expense	**3,025**	**2,016**	**3,913**	**5,512**	**4,592**	**3,801**	**5,913**	**8,528**	**14,466**	**22,834**	**4,804**			
Extra-Ord income/(exp.)	0	0	0	5,999	0	0	0	0	5,999	0	0			
PBT	**3,025**	**2,016**	**3,913**	**11,512**	**4,592**	**3,801**	**5,913**	**8,528**	**20,465**	**22,834**	**4,804**	**-4**	**52**	**-60**
Tax	2	10	36	-298	1,349	950	1,478	1,931	-251	5,708	0			
Rate (%)	0%	0%	1%	-3%	29%	25%	25%	23%	-1%	25%	0%			
Share of JV & associates	0	0	0	0	0	0	0	0	0	0	0			
Minority Interest	0	4	8	-12	0	13	13	27	0	54	13			
Reported PAT	**3,023**	**2,002**	**3,869**	**11,822**	**3,243**	**2,837**	**4,422**	**6,570**	**20,716**	**17,071**	**4,791**	**-32**	**7**	**-73**
Adj PAT	**3,025**	**2,012**	**3,905**	**5,823**	**3,243**	**2,837**	**4,422**	**6,570**	**14,717**	**17,071**	**4,791**	**-32**	**7**	**-44**
YoY Change (%)	226%	46%	92%	108%	7%	41%	13%	13%	106%	16%	58%			
Margin (%)	15.0	9.6	13.1	15.4	10.4	8.9	10.1	10.6	13.5	10.1	14.8			

MRF

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MRF IN
Equity Shares (m)	4
M.Cap.(INRb)/(USD	596 / 6.8
52-Week Range	153000 / 100500
1, 6, 12 Rel. Per (%)	-3/22/2
12M Avg Val (INR	991

Financials & valuations (INR b)

INR b	FY25	FY26E	FY27E
Sales	281.5	308.5	336.2
EBITDA	40.8	45.1	49.7
Adj. PAT	18.7	20.7	23.4
EPS (INR)	4,409	4,892	5,522
EPS Growth (%)	-18.2	11.0	14.5
BV/Share (INR)	43,605	48,197	53,369
Ratios			
RoE (%)	10.6	10.7	10.9
RoCE (%)	10.2	10.2	10.5
Payout (%)	5.3	6.1	6.3
Valuations			
P/E (x)	30.9	27.9	24.7
P/BV (x)	3.1	2.8	2.6
Div. Yield (%)	0.2	0.2	0.3
FCF yield (%)	0.9	5.3	4.2

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	27.8	27.8	27.8
DII	11.7	12.2	10.7
FII	18.7	17.5	19.1
Others	41.9	42.5	42.4

FII Includes depository receipts

CMP: INR140,535 TP: INR112,648 (-20%) Sell

Earnings miss led by higher input costs

Weak OEM demand across segments limits revenue growth

- MRF's 1QFY26 PAT at INR4.8b was below our estimate of INR5.1b due to weaker than expected margins at 13.7% (estimate of 15%). Margin pressure was driven by higher input costs.
- Following the recent rally, the stock currently trades at 27.9x/24.7x FY26E/ FY27E EPS above its 10-year LPA of ~25x, despite its weakening competitive position and similar capital efficiency as peers. Hence, we **reiterate our Sell rating** on the stock with a TP of INR112,648 (valuing it at 20x Jun'27E EPS).

PAT below our estimate due to margin pressure

- The company's standalone revenue grew ~7% YoY (9% QoQ) to INR75.6b and was in line with our estimates of INR73.6b.
- MRF delivered revenue growth despite tariff uncertainties, geopolitical tensions, and the early onset of monsoons, which had led to subdued market sentiments and a decline in OE vehicle sales across segments, except farm equipment. The farm segment remained largely unaffected by the above disruptions.
- MRF's gross margin was below our estimate of 36%. It contracted ~300bp YoY and 170bp QoQ to 34.3%, largely due to higher input costs. This in turn led to a lower-than-estimated EBITDA margin at 13.7%, down ~240bp YoY (vs. our estimate of 15%).
- Its EBITDA declined 9% YoY and 1% QoQ to INR10.3b.
- As a result, PAT was down ~14% YoY to INR4.8b (vs. our estimate of INR5.1b).

Valuation and view

- MRF's competitive positioning in the sector has weakened over the past few years, which is reflected in the dilution of its pricing power in the PCR and TBR segments. MRF is likely to continue to focus on recovering its lost share across segments. This is anticipated to limit margin upside, even in a falling input cost scenario. Overall, we expect MRF to post 12% earnings CAGR over FY25-27.
- Following the recent rally, the stock currently trades at 27.9x/24.7x FY26E/ FY27E EPS above its 10-year LPA of ~25x, despite its weakening competitive position and similar capital efficiency as peers. Hence, we **reiterate our Sell rating** on the stock with a TP of INR112,648 (valuing it at 20x Jun'27E EPS).

Standalone - Quarterly (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1QE	VAR
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Net Sales	**70,778**	**67,604**	**68,832**	**69,438**	**75,603**	**75,716**	**75,715**	**76,142**	**276,652**	**303,175**	**73,610**	**3**
YoY Change (%)	11.9	11.1	13.8	11.7	6.8	12.0	10.0	9.7	12.1	9.6	4.0	
Total Expenditure	59,400	57,869	60,814	59,011	65,259	64,889	64,660	64,952	237,094	259,761	62,568	
EBITDA	**11,378**	**9,734**	**8,018**	**10,428**	**10,343**	**10,827**	**11,054**	**11,190**	**39,559**	**43,415**	**11,041**	**-6**
Margins (%)	16.1	14.4	11.6	15.0	13.7	14.3	14.6	14.7	14.3	14.3	15.0	
Depreciation	3,943	4,079	4,143	4,310	4,270	4,380	4,470	4,628	16,474	17,747	4,400	
Interest	754	667	711	782	822	800	820	832	2,914	3,274	820	
Other Income	827	1,121	966	1,115	1,255	1,125	1,050	1,007	4,029	4,437	1,000	
PBT before EO expense	**7,509**	**6,109**	**4,130**	**6,451**	**6,507**	**6,772**	**6,814**	**6,737**	**24,199**	**26,831**	**6,821**	
Extraordinary expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**7,509**	**6,109**	**4,130**	**6,451**	**6,507**	**6,772**	**6,814**	**6,737**	**24,199**	**26,831**	**6,821**	
Tax	1,883	1,555	1,063	1,472	1,665	1,700	1,758	1,719	5,974	6,842	1,746	
Rate (%)	25.1	25.4	25.7	22.8	25.6	25.1	25.8	25.5	24.7	25.5	25.6	
Reported PAT	**5,625**	**4,554**	**3,067**	**4,978**	**4,842**	**5,073**	**5,056**	**5,018**	**18,225**	**19,989**	**5,075**	
Adj PAT	**5,625**	**4,554**	**3,067**	**4,978**	**4,842**	**5,073**	**5,056**	**5,018**	**18,225**	**19,989**	**5,075**	**-5**
YoY Change (%)	-3.3	-20.4	-39.6	6.1	-13.9	11.4	64.9	0.8	-14.4	9.7	-9.8	
Margins (%)	7.9	6.7	4.5	7.2	6.4	6.7	6.7	6.6	6.6	6.6	4.8	

E: MOFSL Estimates

Key Performance Indicators	FY25				FY26E				FY25	FY26E	1QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
RM Cost(% of sales)	62.7	63.5	66.9	63.9	65.7	64.8	64.5	64.2	60.3	63.7	66.5
Staff Cost(% of sales)	6.3	6.9	6.6	6.6	6.1	6.4	6.5	6.7	7.1	6.6	6.7
Other costs(% of sales)	14.9	15.2	14.9	14.4	14.5	14.5	14.4	14.4	15.5	15.1	14.9
Gross margin (%)	37.3	36.5	33.1	36.1	34.3	35.2	35.5	35.8	39.7	36.3	33.5
EBITDA margin (%)	16.1	14.4	11.6	15.0	13.7	14.3	14.6	14.7	17.1	14.6	12.0

ALKEM Laboratories

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USDb)	615.6 / 7
52-Week Range (INR)	6440 / 4492
1, 6, 12 Rel. Per (%)	10/3/-10
12M Avg Val (INR M)	1113

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	129.6	141.0	155.7
EBITDA	25.1	29.6	33.9
Adjusted PAT	21.7	25.3	23.3
EBIT Margin (%)	16.6	18.4	19.5
Cons. Adj EPS (INR)	181.1	211.3	194.8
EPS Gr. (%)	13.4	16.7	-7.8
BV/Sh. (INR)	1,002.5	1,155.5	1,285.2
Ratios			
Net D-E	0.0	-0.1	-0.2
RoE (%)	19.4	19.6	16.0
RoCE (%)	18.6	18.9	15.6
Payout (%)	29.4	27.9	33.5
Valuations			
P/E (x)	28.5	24.4	26.5
EV/EBITDA (x)	24.5	20.2	17.4
Div. Yield (%)	0.9	1.0	1.1
FCF Yield (%)	2.8	3.3	1.9
EV/Sales (x)	4.7	4.2	3.8

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	53.0	55.1	56.4
DII	21.8	19.4	18.6
FII	9.1	9.4	8.7
Others	16.1	16.1	16.4

FII includes depository receipts

CMP: INR5,149 TP: INR5,580 (+8%) Neutral

Strong DF and US recovery drive 1Q beat

Emerging revenue from Biologics/Med-tech; valuation limits upside

- ALKEM delivered a better-than-expected performance in 1QFY26, with 9%/38%/48% beat on revenue/EBITDA/PAT. This was led by strong growth in domestic formulation (DF) and a revival in the US generics segment. Operating leverage boosted EBITDA/PAT.
- ALKEM grew faster than the market in seven therapies in DF segment for the quarter. Even volume growth was better than the market.
- After a decline in revenue growth for US business in FY25, ALKEM saw a healthy recovery in US sales during the quarter.
- It has enhanced its focus on non-US international markets, and its benefit is reflected in 1QFY26 performance.
- In addition, new growth drivers, biologics and med-tech, started contributing some revenue in 1QFY26.
- We raise our earnings estimates by 7%/2% for FY26/FY27 to factor in a) superior execution across markets, b) improving profitability of Med-tech/CDMO business, and c) higher R&D spending for product development across markets. We value ALKEM at 26x 12M forward earnings to arrive at a TP of INR5,580.
- We estimate a CAGR of 12%/13% in revenue/EBITDA over FY25-27. However, we expect a low CAGR of 4% in PAT over FY25-27 due to an increase in the tax base in FY27. While there has been an improvement in performance, the valuation captures the upside in earnings. Maintain Neutral.

Product mix/operating leverage drive margins on YoY basis

- 1QFY26 revenue grew 11% YoY to INR33.7b (our est: INR31b).
- DF business grew 12% YoY to INR22.6b (68% of sales).
- International business grew 9% YoY to INR10.5b. In international business, US sales grew 9% YoY to INR7b (21% of sales). Other International sales grew 9% YoY to INR3.6b (11% of sales).
- Gross margin expanded 80bp YoY to 65.3% due to a better product mix.
- EBITDA margin expanded 180bp YoY to 21.9% (our est: 17.3%) due to better GM and better operating leverage (R&D spending/other expenses down 60bp/120bp YoY as % of sales), partly offset by higher employee expenses (+70bp YoY as % of sales).
- Accordingly, EBITDA grew 21% YoY at INR7.4b (vs. est. of INR5.4b).
- PAT grew 20% YoY to INR6.6b (vs. est. of INR4.4b).

Highlights from the management commentary

- While 1QFY26 was a robust quarter, ALKEM maintained its EBITDA margin guidance of 19.5% and GM guidance of 64% for FY26.
- Med-tech business has started showing commercial benefits, with revenue of INR25m in 1QFY26. ALKEM intends to scale up this revenue to INR250m in FY26.
- ALKEM has launched g-Entresto in the US market in Jul'25. The benefit is expected from 2QFY26 onward.
- CDMO revenue is at a small scale, led by lab-level work. 4Q would be the quarter to look forward to reasonable revenue from this segment.

Quarterly Perf. (Consolidated)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Net Revenues	**30,318**	**34,147**	**33,743**	**31,438**	**33,711**	**37,353**	**35,863**	**34,040**	**1,29,645**	**1,40,967**	**30,964**	**8.9**
YoY Change (%)	2.2	-0.7	1.5	7.1	11.2	9.4	6.3	8.3	2.3	8.7	2.1	
Total Expenditure	24,232	26,618	26,149	27,525	26,321	29,023	28,045	28,015	1,04,524	73,705	25,607	
EBITDA	**6,086**	**7,528**	**7,594**	**3,913**	**7,391**	**8,330**	**7,818**	**6,025**	**25,121**	**29,563**	**5,357**	**38.0**
YoY Change (%)	56.4	0.8	7.3	-2.7	21.4	10.6	3.0	54.0	11.9	17.7	-12.0	
Margins (%)	20.1	22.0	22.5	12.4	21.9	22.3	21.8	17.7	19.4	21.0	17.3	
Depreciation	805	789	853	1,125	877	948	910	864	3,572	3,598	807	
EBIT	**5,282**	**6,739**	**6,741**	**2,788**	**6,514**	**7,382**	**6,908**	**5,161**	**21,550**	**25,965**	**4,549**	
YoY Change (%)	66.7	0.2	5.7	-12.5	23.3	9.5	2.5	85.1	57.4	33.4	-13.9	
Margins (%)	17.4	19.7	20.0	8.9	19.3	19.8	19.3	15.2	16.6	18.4	14.7	
Interest	291	281	360	284	298	280	275	260	1,217	1,113	273	
EBIT	**5,795**	**7,247**	**7,234**	**3,629**	**7,093**	**8,050**	**7,543**	**5,765**	**23,904**	**28,450**	**5,084**	
Margins (%)	19.1	21.2	21.4	11.5	21.0	21.6	21.0	16.9	18.4	20.2	16.4	
Other Income	1,203	1,345	930	1,460	1,365	1,210	1,320	1,350	4,937	5,245	1,000	
PBT before EO Exp	**6,194**	**7,803**	**7,311**	**3,963**	**7,581**	**8,312**	**7,953**	**6,251**	**25,270**	**30,097**	**5,277**	**43.7**
EO Exp/(Inc)	0	0	0	0	-129	0	0	0	0	-129	0	
PBT after EO Exp	**6,194**	**7,803**	**7,311**	**3,963**	**7,710**	**8,312**	**7,953**	**6,251**	**25,270**	**30,226**	**5,277**	
Tax	691	783	903	733	1,027	1,122	1,153	938	3,110	4,240	686	
Rate (%)	11.2	10.0	12.3	18.5	13.3	13.5	14.5	15.0	12.3	14.1	13.0	
PAT (pre Minority Interest)	**5,502**	**7,020**	**6,408**	**3,230**	**6,683**	**7,190**	**6,800**	**5,314**	**22,160**	**25,986**	**4,591**	
Minority Interest	51	133	150	172	41	184	190	195	505	610	180	
Reported PAT	**5,452**	**6,886**	**6,258**	**3,059**	**6,643**	**7,006**	**6,610**	**5,119**	**21,655**	**25,377**	**4,411**	**50.6**
Adj Net Profit	**5,452**	**6,886**	**6,258**	**3,059**	**6,531**	**7,006**	**6,610**	**5,119**	**21,655**	**25,265**	**4,411**	**48.1**
YoY Change (%)	90.1	2.0	-2.6	0.6	19.8	1.7	5.6	67.4	13.5	16.7	-19.1	
EPS	**46**	**58**	**52**	**26**	**55**	**59**	**55**	**43**	**181**		**37**	**48.1**

Astral

Estimate change	↓
TP change	↓
Rating change	⟷

Bloomberg	ASTRA IN
Equity Shares (m)	269
M.Cap.(INRb)/(USDb)	341 / 3.9
52-Week Range (INR)	2040 / 1232
1, 6, 12 Rel. Per (%)	-11/-15/-35
12M Avg Val (INR M)	1010

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	58.3	65.5	77.2
EBITDA	9.5	10.6	13.1
PAT	5.2	5.9	8.0
EBITDA (%)	16.2	16.2	17.0
EPS (INR)	19.5	22.1	29.6
EPS Gr. (%)	-4.1	13.6	33.9
BV/Sh. (INR)	180	203	236
Ratios			
Net D/E	-0.1	-0.2	-0.3
RoE (%)	15.4	15.5	18.1
RoCE (%)	15.6	15.6	18.0
Payout (%)	19.3	22.6	16.9
Valuations			
P/E (x)	65.2	57.4	42.9
EV/EBITDA (x)	35.6	31.4	24.9
Div Yield (%)	0.3	0.4	0.4
FCF Yield (%)	0.2	1.4	2.2

Shareholding Pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	54.1	54.1	54.1
DII	14.9	14.8	12.5
FII	20.1	20.2	22.5
Others	10.9	11.0	11.0

Note: FII includes depository receipts

CMP: INR1,269 TP: INR1,650 (+30%) Buy

Margin contraction due to muted volumes and inventory losses

Earnings below our estimate

- Astral Limited (ASTRA) reported a muted quarter, which was in line with its industry peers due to a volatile pricing scenario and a weak demand environment. ASTRA reported a marginal decline in revenue (down 2% YoY) with flat volume YoY at 56.1k MT. However, its EBITDA margin contracted 190bp YoY to 13.6%, severely impacted by inventory losses and an adverse operating leverage.
- The management commentary on outlook remains in sync with the industry. The company is witnessing a good 2QFY26 to date for its piping and adhesives business (including paints) and remains confident of maintaining its earlier guidance of double-digit revenue growth in FY26. PVC prices are expected to bottom out, and demand improvement will drive the growth and recovery in margins in 9MFY26.
- Factoring in the weak 1Q operating performance and maintenance of management guidance, we cut our FY26E earnings by only 7% (despite a miss of 39% in 1Q). However, we broadly maintain our FY27 estimates. **We reiterate our BUY rating with an SoTP-based TP of INR1,650.**

Weak operating performance across businesses

- ASTRA's consolidated revenue declined 2% YoY/19% QoQ to INR13.6b in 1QFY26 (est. INR15.2b), primarily led by a dip in the plumbing business (down 6% YoY), which was partially offset by a 10% YoY growth in the paints and adhesive business.
- Consolidated EBITDA declined 14% YoY/39% QoQ to INR1.8b (est. INR2.4b), with EBITDA margin contracting 190bp YoY/440bp QoQ to 13.6% (est. 15.5%). This was driven by an increase in employee expenses/raw material as a % of sales by +130bp/+120bp YoY. Adj. PAT declined 33% YoY and 55% QoQ to INR811m (est. INR1.3b).
- The plumbing business reported a volume of 56.1k MT (flat YoY) with revenue at INR9.5b (-6% YoY), largely due to lower realization (down 6% to INR170/kg). EBITDA stood at INR1.6b (-14% YoY), resulting in an EBITDA margin of 16.4% (-150bp YoY). EBITDA/EBIT per kg stood at INR27.9/INR17.6 (down 14%/36% YoY, respectively).
- The paints and adhesive business revenue stood at INR4.1b (up 10% YoY), EBITDA was INR375m (down 16% YoY), and EBITDA margin came in at 9.2% (-280bp YoY). EBIT stood at INR196m (down 25%), with margin at 4.8% (down 220bp YoY).

Highlights from the management commentary

- **Outlook:** ASTRA's 1QFY26 volumes were flat due to weak demand, early monsoon, and low government spending, alongside an inventory loss of INR350m. From Jul'25 onwards, volumes have started improving (up 30% YoY), and the company expects "lower double-digit" volume growth for FY26, with potential upside if ADD/BIS spur channel restocking. Piping business EBITDA margins are guided at 16–18%.
- **Backward integration:** Astral is acquiring 80% of Nexelon Chem to set up an INR1.5b, 40,000MT CPVC resin plant (commissioning in 2QFY27) using an in-house developed technology. This will be the lowest-cost capacity in the industry, fully for captive use, and is likely to boost margins (in the 25-30% range for CPVC pipes), free working capital, and drive market share as CPVC demand improves.
- **Adhesive and paints:** The company delivered decent performance in 1QFY26; however, it maintains a healthy revenue growth guidance for both India adhesives (~15-16% growth and 14-16% margins in FY26) and paints (INR2.4b revenue at 20% growth). Appointed a senior person in the UK Adhesive business and expect a healthy turnaround.

Valuation and view

- Macro headwinds have hit the industry, including ASTRA, over the last few quarters; however, with PVC prices expected to stabilize around this level and demand likely to improve, we anticipate the growth momentum to pick up going forward.
- With new acquisitions and investments in CPVC, the company can further expand its margins profile (which is already the best in the industry) and improve its working capital.
- We expect ASTRA to clock a 15%/17%/22% CAGR in revenue/EBITDA/PAT over FY25-28. **We reiterate our BUY rating on the stock with an SoTP-based TP of INR1,650 (premised on 56x FY27 P/E).**

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
Gross Sales	**13,836**	**13,704**	**13,970**	**16,814**	**13,612**	**15,964**	**16,198**	**19,724**	**58,324**	**65,497**	**15,264**	**-11**
YoY Change (%)	7.8	0.5	2.0	3.5	-1.6	16.5	15.9	17.3	3.4	12.3	10.3	
Total Expenditure	11,692	11,603	11,775	13,795	11,763	13,426	13,564	16,128	48,865	54,881	12,895	
EBITDA	**2,144**	**2,101**	**2,195**	**3,019**	**1,849**	**2,538**	**2,633**	**3,596**	**9,459**	**10,616**	**2,369**	**-22**
Margins (%)	15.5	15.3	15.7	18.0	13.6	15.9	16.3	18.2	16.2	16.2	15.5	
Depreciation	556	599	631	648	719	725	739	780	2,434	2,963	670	
Interest	76	102	139	96	123	90	74	50	413	337	88	
Other Income	119	88	118	88	91	140	170	186	413	587	145	
PBT before EO expense	**1,631**	**1,488**	**1,543**	**2,363**	**1,098**	**1,863**	**1,990**	**2,952**	**7,025**	**7,903**	**1,756**	
Extra-Ord expense	0	0	0	163	0	0	62	183	0	0	0	
PBT	**1,631**	**1,488**	**1,543**	**2,200**	**1,098**	**1,863**	**1,928**	**2,769**	**7,025**	**7,903**	**1,756**	
Tax	436	401	416	583	306	469	502	740	1,836	2,017	443	
Rate (%)	26.7	26.9	27.0	26.5	27.9	25.2	26.0	26.7	26.1	25.5	25.2	
MI & Profit/Loss of Asso. Cos.	-9	-13	-14	-13	-19	-14	-15	-15	0	3	-12	
Reported PAT	**1,204**	**1,100**	**1,141**	**1,630**	**811**	**1,408**	**1,442**	**2,044**	**5,189**	**5,883**	**1,326**	
Adj PAT	**1,204**	**1,100**	**1,141**	**1,793**	**811**	**1,408**	**1,504**	**2,227**	**5,189**	**5,883**	**1,326**	**-39**
YoY Change (%)	0.5	-16.2	0.5	-1.3	-32.6	28.0	31.8	24.2	-5.2	13	10	
Margins (%)	8.7	8.0	8.2	10.7	6.0	8.8	9.3	11.3	8.9	9.0	8.7	

Ipca Laboratories

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	349.2 / 4
52-Week Range (INR)	1758 / 1168
1, 6, 12 Rel. Per (%)	-2/-9/-1
12M Avg Val (INR M)	584

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	89.4	97.2	108.0
EBITDA	17.3	18.0	22.4
Adjusted PAT	9.1	10.4	12.9
EBIT Margin (%)	14.9	14.3	16.7
Cons. Adj EPS (INR)	36.0	41.1	51.0
EPS Gr. (%)	44.8	14.2	24.2
BV/Sh. (INR)	273.9	308.8	352.1
Ratios			
Net D-E	0.1	0.1	0.0
RoE (%)	13.7	14.1	15.4
RoCE (%)	13.2	12.4	14.2
Payout (%)	11.2	12.3	15.8
Valuation			
P/E (x)	38.2	33.5	27.0
EV/EBITDA (x)	20.3	19.5	15.7
Div. Yield (%)	0.3	0.4	0.6
FCF Yield (%)	1.3	1.4	3.0
EV/Sales (x)	3.9	3.6	3.2

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	44.7	44.7	46.3
DII	36.2	36.1	33.8
FII	10.7	10.8	10.9
Others	8.4	8.5	9.1

FII Includes depository receipts

CMP: INR1,377 TP: INR1,610 (+17%) Buy

DF strength intact; Unichem drag weighs on 1QFY26 performance

Growth revival measures in place across key geographies

- Ipca Laboratories (IPCA) delivered lower-than-expected 1QFY26 performance with a miss on revenue/EBITDA/PAT by 3%/15%/18%, largely due to an inferior show by Unichem for the quarter. This was further fueled by subdued sales growth in branded formulation exports and a decline in domestic API sales.
- That said, Unichem is working to revive sales through new launches in the US/EU markets. IPCA is also in the process of building a product pipeline from its own site for the US market.
- The domestic formulation (DF) business remains a strong backbone for IPCA, delivering better-than-industry growth in 1QFY26. The company is not only working on enhancing its portfolio but has also restructured its cardiology division to support superior growth.
- The lack of global funding has been impacting the institutional anti-malaria business.
- We reduce our earnings estimates by 2%/4% for FY26/FY27, factoring in: a) disruption of the Unichem business in Asia/Africa/Brazil, b) some delay in the US business from IPCA's own site, and c) some hiccup in the DF segment on account of restructuring. We value IPCA 30x 12M forward earnings to arrive at a TP of INR1,610.
- IPCA is implementing geography-specific measures to improve growth prospects, such as: a) the addition of MRs in select therapies in DF, b) strengthening its product pipeline for the US/other export markets, and c) implementing synergy measures while integrating the Unichem business. Accordingly, we estimate a 10%/14%/19% CAGR in sales/EBITDA/PAT for FY25-27. Reiterate BUY.

Segmental mix benefit offset by higher opex on YoY basis

- IPCA's 1QFY26 sales grew 10.3% YoY to INR23b (our est: INR23.7b).
- Formulation sales increased 11% YoY to INR14b (62% of sales).
- DF sales grew 10% YoY to INR9.6b (42% of total sales). Exports formulation sales grew 13.7% YoY to INR4.4b (20% of total sales).
- API sales grew 13% YoY to INR3.3b (14% of sales). Domestic API sales grew 18% YoY to INR760m (23% of API sales). Export API sales grew 28% YoY to INR2.5b (77% of API sales).
- Revenue from subsidiaries grew 7% YoY to INR5.6b (24% of sales).
- Gross margin (GM) expanded 80bp YoY to 70% due to a superior product mix/lower RM costs.
- However, EBITDA margin contracted 70bp YoY to 18% (our est: 20.7%), as higher GM was offset by higher opex (other expenses up 130bp YoY as % of sales).
- EBITDA grew 6% YoY to INR4.2b (our est: INR4.9b).
- PAT grew 21% YoY to INR2.3b (our estimate: INR2.8b).

Highlights from the management commentary

- IPCA guided for 9-10% YoY revenue growth in FY26. EBITDA margin is expected to improve gradually by 70-75bp YoY in FY26.
- Unichem lost market share in four products due to competition, while its business was also impacted in Asia/Africa/Brazil. Additionally, a provision of INR120m was made in 1QFY26 due to currency fluctuation. The closure of the Ireland facility further led to an expense of INR100m.
- IPCA restructured its cardiovascular division and added 400MRs, which temporarily impacted business in this therapy during 1QFY26. However, this is expected to improve going forward.
- The company expects about 3-4% addition in the field force on an annual basis over the next 3-5 years, largely for chronic therapies.
- IPCA has filed one product with the USFDA, and 15-16 products are under various stages of development.

Quarterly Performance (INRm)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	% Chg
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Revenues (Core)	**20,926**	**23,549**	**22,454**	**22,467**	**23,089**	**25,130**	**24,802**	**24,185**	**89,396**	**97,205**	**23,720**	**-2.7**
YoY Change (%)	31.8	15.8	9.4	10.5	10.3	6.7	10.5	7.6	16.0	8.7	13.4	
EBITDA	**3,927**	**4,425**	**4,631**	**4,289**	**4,164**	**4,649**	**4,687**	**4,498**	**17,271**	**17,999**	**4,910**	**-15.2**
YoY Change (%)	33.5	22.7	39.9	33.2	6.0	5.1	1.2	4.9	32.1	4.2	25.0	
Margins (%)	18.8	18.8	20.6	19.1	18.0	18.5	18.9	18.6	19.3	18.5	20.7	
Depreciation	989	1,004	985	1,001	1,001	1,063	1,049	1,023	3,978	4,135	981	
EBIT	**2,938**	**3,421**	**3,646**	**3,287**	**3,164**	**3,586**	**3,638**	**3,476**	**13,293**	**13,864**	**3,929**	**-19.5**
YoY Change (%)	30.7	26.6	57.5	46.9	7.7	4.8	-0.2	5.7	39.9	4.3	33.7	
Margins (%)	14.0	14.5	16.2	14.6	13.7	14.3	14.7	14.4	14.9	14.3	16.6	
Interest	241	226	168	215	185	131	131	131	849	580	131	
Other Income	206	263	201	258	327	350	376	390	928	1,443	238	
PBT before EO Expense	**2,904**	**3,458**	**3,679**	**3,331**	**3,305**	**3,805**	**3,883**	**3,734**	**13,372**	**14,727**	**4,035**	
One-off (gain)/ Expense	0	0	0	2,051	0	0	0	0	2,051	0	0	
PBT after EO Expense	**2,904**	**3,458**	**3,679**	**1,280**	**3,305**	**3,805**	**3,883**	**3,734**	**11,321**	**14,727**	**4,035**	
Tax	914	994	906	622	961	1,119	1,149	1,120	3,436	4,349	1,211	
Rate (%)	31.5	28.7	24.6	48.6	29.1	29.4	29.6	30.0	25.7	29.5	30.0	
Reported PAT	**1,990**	**2,464**	**2,773**	**658**	**2,344**	**2,686**	**2,734**	**2,614**	**7,885**	**10,378**	**2,825**	**-17.0**
Minority Interest	-67	-160	-292	20	-12	16	19	20	-499	43	12	
Adj PAT after Minority Int	**1,922**	**2,305**	**2,481**	**2,418**	**2,332**	**2,702**	**2,753**	**2,634**	**9,127**	**10,421**	**2,837**	**-17.8**
YoY Change (%)	24.9	36.4	122.5	23.4	21.3	17.2	10.9	8.9	44.8	14.2	47.6	
Margins (%)	9.2	9.8	11.1	10.8	10.1	10.8	11.1	10.9	10.2	10.7	12.0	

Gujarat State Petronet

Estimate changes	↑
TP change	↓
Rating change	↔

Bloomberg	GUJS IN
Equity Shares (m)	564
M.Cap.(INRb)/(USDb)	171.4 / 2
52-Week Range (INR)	470 / 261
1, 6, 12 Rel. Per (%)	-5/-5/-8
12M Avg Val (INR M)	728

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	10.1	9.9	10.5
EBITDA	8.1	7.8	8.3
PAT	8.1	7.3	7.7
EPS (INR)	14.3	12.9	13.6
EPS Gr. (%)	-37.1	-10.2	5.6
BV/Sh.(INR)	191.2	200.2	209.7
Ratios			
Net D:E	-0.2	-0.2	-0.2
RoE (%)	7.7	6.6	6.6
RoCE (%)	7.7	5.8	5.8
Payout (%)	34.9	30.0	30.0
Valuations			
P/E (x)	21.2	23.6	22.4
P/BV (x)	1.6	1.5	1.4
EV/EBITDA (x)	21.1	20.8	19.4
Div. Yield (%)	1.6	1.3	1.3
FCF Yield (%)	4.2	0.4	0.6

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	37.6	37.6	37.6
DII	27.7	27.8	25.6
FII	15.1	14.8	15.9
Others	19.6	19.8	20.9

FII includes depository receipts

CMP: INR304 TP: INR327 (+8%) Neutral

Transmission volume recovery drives 1Q earnings

- Gujarat State Petronet (GUJS)’s 1QFY26 EBITDA was 24% above our estimate, as transmission volumes came in 14% above estimate at 29.7mmscmd and opex stood below estimate. The transmission tariff was in line with our estimate at INR863/mmscm. While overall volumes were down 20% YoY, a sequential recovery was observed in refinery, petchem, and power volumes.
- Following the company’s announcement of the scheme of amalgamation and arrangement in Sep’24, under which GSPC, GUJS, and GEL will amalgamate with GUJGA, the swap ratio for GUJS was fixed at 10:13 (i.e., 10 shares of GUJGA (at an FV of INR2) will be issued for every 13 equity shares of GUJS, at an FV of INR10).
- Based on this swap ratio, we derive our TP for GUJS at INR327. **We reiterate our Neutral rating on the stock.**

Beat driven by robust transmission volumes

- GUJS’ 1QFY26 revenue/EBITDA stood 16%/24% above our estimates at INR2.4b/INR2b, as:
  - The total volumes were 14% above our estimate at 29.7mmscmd, up 15% QoQ.
  - The tariff came in line with our estimate at INR863/mmscm.
  - EBITDA was also supported by a lower-than-estimated opex.
- CGD, ref-petchem, fertilizer, and power volumes declined sharply YoY.
- PAT came in 34% above our estimate at INR1.4b, as other income came in above our estimate.

Valuation and view

- We believe the company will post a 4% CAGR in transmission volumes over FY25-27 and we expect volumes to jump to ~33mmscmd in FY27, as it is a beneficiary of: 1) the upcoming LNG terminals in Gujarat and 2) an improved demand owing to the focus on reducing industrial pollution (Gujarat has five geographical areas identified as severely/critically polluted).
- Based on the announced share swap ratio of 10:13 (GUJS:GUJGA), we arrive at our TP of INR327. **We reiterate our Neutral rating on the stock.**

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**3,354**	**2,379**	**2,361**	**2,017**	**2,426**	**2,500**	**2,539**	**2,475**	**10,111**	**9,922**	**2,087**	**16%**
YoY Change (%)	-14.8	-47.5	-48.2	-55.7	-27.7	5.1	7.5	22.7	-42.5	-1.9	-12.3	
EBITDA	**3,010**	**1,929**	**1,925**	**1,247**	**2,024**	**1,988**	**2,003**	**1,797**	**8,112**	**7,795**	**1,627**	**24%**
YoY Change (%)	-10.5	-53.0	-49.3	-67.0	-32.8	3.0	4.1	44.1	-46.1	-3.9	-15.7	
Margin (%)	89.7	81.1	81.5	61.8	83.4	79.5	78.9	72.6	80.2	78.6	77.9	
Depreciation	490	511	512	522	539	555	557	561	2,035	2,211	532	
Interest	13	11	9	52	11	7	6	31	85	54	8	
Other Income	328	2,939	412	362	433	3,030	425	279	4,041	4,167	333	
PBT	**2,835**	**4,346**	**1,816**	**1,035**	**1,907**	**4,457**	**1,866**	**1,485**	**10,033**	**9,697**	**1,419**	**34%**
Tax	715	453	460	328	482	1,122	470	376	1,957	2,441	357	
Rate (%)	25.2	10.4	25.3	31.7	25.3	25.2	25.2	25.3	19.5	25.2	25.2	
Reported PAT	**2,120**	**3,893**	**1,356**	**707**	**1,425**	**3,335**	**1,396**	**1,109**	**8,076**	**7,256**	**1,062**	**34%**
YoY Change (%)	-7.5	-26.8	-48.3	-72.9	-32.8	-14.3	3.0	56.8	-37.1	-10.2	-72.7	
Margin (%)	63.2	163.6	57.4	35.1	58.8	133.4	55.0	44.8	79.9	73.1	50.9	
Key Operating Parameters												
Transmission Volume (mmscmd)	36.4	29.7	29.0	25.8	29.7	31.0	31.5	31.9	30.2	31.0	26.0	14%
Implied Tariff (INR/mmscm)	982	831	870	847	863	850	850	837	889	850	850	2%

Dr. Agarwal's Health Care

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	AGARWALE IN
Equity Shares (m)	316
M.Cap.(INRb)/(USDb)	142.1 / 1.6
52-Week Range (INR)	495 / 327
1, 6, 12 Rel. Per (%)	8/-1/-
12M Avg Val (INR M)	315

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	17.1	20.5	24.7
EBITDA	4.5	5.4	6.6
Adjusted PAT	0.8	1.2	1.6
EBIT Margin (%)	13.0	13.8	15.7
Cons. Adj EPS (INR)	2.7	3.7	5.1
EPS Growth (%)	0.2	41.1	37.5
BV/Share (INR)	59.5	63.2	68.4
Ratios			
Net D-E	-0.2	-0.1	-0.1
RoE (%)	5.2	6.1	7.8
RoCE (%)	8.4	8.8	10.2
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	169.7	120.3	87.5
EV/EBITDA (x)	31.1	26.7	21.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-15.1	-6.4	4.3
EV/Sales (x)	8.2	7.0	5.8

Shareholding Pattern (%)

As On	Jun-25	Mar-25
Promoter	32.4	32.5
DII	26.6	25.3
FII	39.2	40.5
Others	1.9	1.7

FII includes depository receipts

CMP: INR450 TP: INR530 (+18%) Buy

EBITDA/PAT miss on higher opex

Multi-pronged growth strategy intact

- Dr. Agarwal's Health Care (DAHL) delivered in-line revenue for 1QFY26. However, EBITDA/PAT missed estimates by 5% each, largely due to higher opex related to new facilities.
- DAHL has expanded its presence to 136 cities in 1QFY26 compared to 129 cities in FY25.
- It added 8 facilities in South India, one facility in each of West/East India, and two in North in 1QFY26.
- With increased presence, clinical excellence and use of technology enabled precision care, DAHL witnessed 16% YoY growth in overall surgeries performed in 1QFY26. The yield per patient for cataract surgeries increased by 2k QoQ to 40k.
- Notably, the product business comprising pharma products/opticals grew strongly by 59% YoY.
- We maintain our estimates for FY26/FY27. We value DAHL on an SOTP basis (25x EV/EBITDA for the surgery business, 15x EV/EBITDA for the opticals business, 13x EV/EBITDA for the pharmacy business, adj for a stake in Dr. Agarwal eye hospital/Thind hospital) and arrive at a TP of INR530.
- DAHL is applying a multi-pronged strategy to aid growth over the next 4-5 years. It is upgrading its existing facilities to cater to increasing patient needs as well as adding new centers to provide treatment to a new patient pool. It is moving closer to patients through establishing secondary/tertiary centers and providing comprehensive eye care. In addition to physical infrastructure, DAHL expanded its doctor team to 857 at 1QFY26 end vs. 738 at the end of 1QFY25 and availed the latest technology to carry out specialized surgical procedures. We estimate a CAGR of 20%/21%/39% in revenue/EBITDA/PAT over FY25-27. Maintain BUY.

21% YoY revenue growth; margin expansion boosts PAT YoY

- DAHL's 1QFY26 revenue grew 20.8% YoY to INR4.9b (our est: INR4.8b).
- Geography-wise, the Indian business grew 21.5% YoY to INR4.4b. International revenue grew 14.9% YoY to INR467m for the quarter.
- Mature facilities' revenue grew 19.4% YoY to INR3.5b, while new facilities' revenue declined by 10% YoY to INR965m.
- EBITDA margin expanded 50bp YoY to 26.2% (our est: 27.9%), largely due to lower other expenses (down 90bp YoY as a % of sales).
- As a result, EBITDA grew 23.3% YoY to INR1.3b (our est: INR1.35b).
- PAT came in at INR300m vs. INR121m in 1QFY25, driven by improvement in operational performance and a lower tax rate.

Highlights from the management commentary

- DAHL has guided for revenue/PAT YoY growth of 20%/35%+ in FY26.
- The same-store sales growth was 14.5% YoY for the quarter.
- Average revenue per mature facility in India grew 15% YoY in FY25.
- Targeting to launch 54 centers in FY26.
- DAHL would add 31/10/7/6 centers in South/West/North/East regions in FY26.
- Yield per patient for cataract moved up from INR38k in FY25 to INR40k in 1QFY26.

Quarterly perf. (Consol.) (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	**4,035**	**4,166**	**4,307**	**4,602**	**4,874**	**5,041**	**5,169**	**5,391**	**17,110**	**20,475**	**4,842**	**0.7%**
YoY Change (%)			29.5	31.9	20.8	21.0	20.0	17.1	28.4	19.7	20.0	
Total Expenditure	2,998	3,096	3,211	3,272	3,596	3,710	3,830	3,975	12,578	15,111	3,491	
EBITDA	**1,037**	**1,070**	**1,096**	**1,330**	**1,279**	**1,331**	**1,339**	**1,416**	**4,532**	**5,364**	**1,351**	**-5.3%**
YoY Change (%)			23.2	24.2	23.3	24.4	22.1	6.5	25.1	18.4	30.3	
Margins (%)	25.7	25.7	25.4	28.9	26.2	26.4	25.9	26.3	26.5	26.2	27.9	
Depreciation	555	572	582	604	630	630	640	635	2,313	2,535	610	
EBIT	**482**	**498**	**514**	**726**	**649**	**701**	**699**	**781**	**2,220**	**7,899**	**741**	**-12.4%**
YoY Change (%)			10.7	18.4	34.7	40.8	35.9	7.6	15.7	255.9	53.7	
Interest	270	284	284	250	247	280	340	384	1,088	1,251	270	
Other Income	60	119	127	154	134	120	131	106	460	491	126	
PBT before EO expense	**272**	**333**	**358**	**630**	**536**	**541**	**490**	**503**	**1,592**	**2,070**	**597**	**-10.2%**
Extra-Ord expense	0	0	-52	45	0	0	0	0	7	0	0	
PBT	**272**	**333**	**409**	**585**	**536**	**541**	**490**	**503**	**1,599**	**2,070**	**597**	**-10.2%**
Tax	89	119	128	160	155	158	144	143	495	600	185	
Rate (%)	32.6	35.9	31.2	27.3	29.0	29.2	29.4	28.4	31.0	29.0	31.0	
MI & P/L of Asso. Cos.	62	48	59	100	80	97	75	44	269	296	95	
Reported PAT	**121**	**165**	**223**	**326**	**301**	**286**	**271**	**317**	**835**	**1,174**	**317**	**-5.2%**
Adj PAT	**121**	**165**	**187**	**358**	**301**	**286**	**271**	**317**	**832**	**1,174**	**317**	**-5.2%**
YoY Change (%)			-5.6	-7.4	148.3	72.8	44.7	-11.6	0.2	41.1	161.8	
Margins (%)	3.0	4.0	4.3	7.8	6.2	5.7	5.2	5.9	4.9	5.7	6.5	
EPS	**0.4**	**0.5**	**0.6**	**1.1**	**1.0**	**0.9**	**0.9**	**1.0**	**2.7**	**3.7**	**1.0**	**-5.2%**

AAVAS Financiers

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	AAVAS IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	136.7 / 1.6
52-Week Range (INR)	2238 / 1614
1, 6, 12 Rel. Per (%)	-11/-5/0
12M Avg Val (INR M)	465

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	10.1	11.6	13.9
PPP	7.6	8.7	10.5
PAT	5.7	6.5	8.0
EPS (INR)	73	83	100
EPS Gr. (%)	17	14	22
BV/Sh. (INR)	551	633	734
Ratios (%)			
NIM	5.4	5.2	5.3
C/I ratio	43.8	44.1	42.4
Credit cost	0.18	0.19	0.19
RoA	3.3	3.2	3.4
RoE	14.1	13.9	14.7
Valuation			
P/E (x)	23.8	20.9	17.2
P/BV (x)	3.1	2.7	2.4

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.0	26.5	26.5
DII	11.5	10.8	24.4
FII	29.8	29.7	35.9
Others	9.8	33.1	13.3

FII includes depository receipts

CMP: INR1,728 TP: INR1,900 (+10%) Neutral

Operationally weak; seasonal deterioration in asset quality

One-time impact on disbursements due to a change in the recognition model

- AAVAS Financiers (AAVAS)'s 1QFY26 PAT grew 10% YOY to ~INR1.4b (in line). NII in 1QFY26 grew 14% YoY to ~INR2.8b (in line). Other income grew 26% YoY, aided by higher assignment income of ~INR475m (PY: INR305m).
- AAVAS's 1QFY26 core NIM (calc.) was stable QoQ at ~6.85%. Reported spreads rose ~20bp QoQ to 5.1% (v/s ~4.9% in 4QFY25).
- Opex rose ~21% YoY to INR1.7b (in line). Opex to avg. assets stood at ~3.5% (PY: 3.3% and PQ: ~3.8%). Opex was higher YoY because of an increase in ESOP costs. We estimate an opex-to-assets ratio of 3.4%/3.3% in FY26/ FY27 (vs. ~3.4% in FY25).
- Management highlighted that recent demand trends have been encouraging, with disbursements growing ~16% YoY in Jul'25. The company expects AUM to grow ~18-20% in FY26 and ~20-25% from FY27 onwards.
- Asset quality exhibited seasonal deterioration, with GS3/NS3 rising ~15bp/ 10bp QoQ to 1.2%/0.85%. AAVAS's 1+dpd rose ~75bp QoQ to 4.15%. Management shared that the rise in 1+dpd was due to seasonal factors, and the company has already seen normalization trends in Jul'25 (1+dpd < 4%), reinforcing its confidence in the stability of the portfolio.
- The company shared that a seasonal spike in asset quality was seen in a few pockets of Maharashtra, MP, and Karnataka, prompting tighter credit underwriting in those regions. This was also primarily in loans with a ticket size of less than INR500K. Outside of these affected pockets, AAVAS did not observe any broad-based credit quality concerns and expects AUM growth to pick up in the coming quarters.
- We estimate an AUM and PAT CAGR of ~18% each over FY25-27, with an RoA/ RoE of 3.4%/15% by FY27. AAVAS trades at 2.4x FY27E P/BV. We believe the company will need to deliver on its guided loan growth and operational targets to sustain current valuations. **Reiterate Neutral with a TP of INR1,900 (based on 2.6x Mar'27E BVPS).**

AUM rises ~16% YoY; the share of HL in disbursements at ~57%

- AUM grew 16% YoY and ~1.6% QoQ to ~INR207b. Disbursements declined ~5% YoY to ~INR11.5b. Share of HL in 1QFY26 disbursements stood at ~57%. Disbursements in 1QFY26 were muted because of the one-time impact of transitioning to a realization-based disbursement recognition model. Management shared that, adjusting for the impact of this change, disbursements in 1QFY26 would have grown by double digits YoY.
- Annualized run-off in the loan book stood at ~16.2% (PY: 15.8% and PQ: ~17.5%). Securitization during the quarter amounted to ~INR3.8b (PY: ~INR2.3b), and securitization margin dipped ~175bp QoQ to 12.6%.

Highlights from the management commentary

- The company is starting to see positive results from its partnerships with CSC, E-Mitra, and India Post Bank. It is receiving over 1,000 monthly logins through the CSC tie-up. It has also added staff to manage digital channels and handle leads generated from these partnerships.
- Management shared that the company is well-positioned for a credit rating upgrade. The company is engaging with its existing credit rating agencies, and it is hopeful that they will take up AAVAS's case positively.

Valuation and view

- AAVAS reported an operationally weak quarter, with weak AUM growth and disbursements impacted by the one-time shift to a realization-based recognition model. Asset quality saw seasonal deterioration, with a sequential rise in GS3 and 1+dpd levels.
- The company posted RoA/RoE of ~2.9%/~12.6% in 1QFY26. Its continued investments in technology and unwavering focus on asset quality have helped it stand out among peers. Notably, 1+ dpd levels remain well below guidance, supported by prudent underwriting and efficient collections.
- Now that the company has completed all major tech transformations, we expect no disruptions to business activities in the future. Moreover, the improvement in TAT (down to 6 days from its peak of 13 days earlier) should translate into a stronger disbursement growth trajectory in the subsequent quarters.
- The stock trades at 2.4x FY27E P/BV, and the sustenance of these valuation multiples will depend on stronger AUM growth and delivery of operating efficiencies to further improve the RoA profile. **Reiterate Neutral with a TP of INR1,900 (based on 2.6x Mar’27E BVPS).**

Quarterly performance INR m

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	4,797	4,906	5,121	5,353	5,489	5,591	5,797	6,072	20,177	22,949	5,529	-1
Interest Expenses	2,352	2,489	2,587	2,647	2,713	2,781	2,862	2,944	10,075	11,301	2,700	0
Net Income	**2,446**	**2,418**	**2,533**	**2,705**	**2,776**	**2,810**	**2,935**	**3,128**	**10,102**	**11,648**	**2,829**	**-2**
YoY Growth (%)	8	9	15	14	14	16	16	16	11	15	16	
Other income	628	898	859	1,022	790	962	963	1,144	3,407	3,859	830	-5
Total Income	**3,074**	**3,316**	**3,392**	**3,728**	**3,566**	**3,772**	**3,898**	**4,271**	**13,509**	**15,507**	**3,659**	**-3**
YoY Growth (%)	10	13	16	15	16	14	15	15	13	15	19	
Operating Expenses	1,379	1,368	1,447	1,719	1,662	1,607	1,703	1,869	5,912	6,841	1,678	-1
YoY Growth (%)	3	5	7	20	21	18	18	9	9	16	22	
Operating Profits	**1,695**	**1,948**	**1,945**	**2,009**	**1,904**	**2,164**	**2,195**	**2,402**	**7,597**	**8,666**	**1,981**	**-4**
YoY Growth (%)	16	19	23	10	12	11	13	20	17.1	14.1	16.9	
Provisions	86	48	61	76	113	68	76	75	271	331	90	25
Profit before Tax	**1,609**	**1,900**	**1,884**	**1,932**	**1,791**	**2,097**	**2,119**	**2,327**	**7,326**	**8,335**	**1,891**	**-5**
Tax Provisions	348	421	420	395	399	461	466	477	1,585	1,803	431	-7
Profit after tax	**1,261**	**1,479**	**1,464**	**1,537**	**1,392**	**1,636**	**1,653**	**1,851**	**5,741**	**6,532**	**1,460**	**-5**
YoY Growth (%)	15	22	26	8	10	11	13	20	17.0	13.8	15.8	
Key Parameters (%)												
Yield on loans	13.1	13.04	13.18	13.13	13.1				13.5	13.2		
Cost of funds	8.1	8.15	8.24	8.24	8.0				7.7	7.5		
Spread	5.00	4.89	4.94	4.89	5.11				5.8	5.7		
NIM - YTD	7.31	7.6	7.54	7.64	7.48				5.4	5.2		
Credit cost	0.20	0.1	0.1	0.2	0.22				0.2	0.2		
Cost to Income Ratio (%)	44.8	41.2	42.7	46.1	46.6				43.8	44.1		
Tax Rate (%)	21.7	22.2	22.3	20.5	22.3				21.6	21.6		
Balance Sheet Parameters												
AUM (INR B)	**178.4**	**184.0**	**192.4**	**204.2**	**207.4**	**216.2**	**227.0**	**240.5**	**204.2**	**240.5**		
Change YoY (%)	21.8	20.1	19.6	17.9	16.2	17.5	18.0	17.8	18	18		
AUM mix (%)												
Home loans	69.0	69.0	69.0	68.0	67.0				68.0	66.8		
Mortgage loans	14.0	13.0	13.0	13.0	13.0				32.0	33.2		
Loans (INR B)	**144.4**	**147.1**	**153.2**	**162.3**	**162.3**	**169.7**	**178.2**	**188.8**	**162.3**	**188.8**		
% of AUM	81.0	80.0	79.6	79.5	78.2	78.5	78.5	78.5	15.9	16.3		
Disbursements (INR B)	**12.1**	**12.9**	**15.9**	**20.2**	**11.5**	**17.5**	**19.6**	**23.4**	**61.2**	**71.9**		
Change YoY (%)	13.4	2.8	17.0	6.9	-5.4	35.0	23.0	15.5	10	17		
Borrowings (INR B)	**126.0**	**124.8**	**133.8**	**139.2**	**143.9**	**149.4**	**155.0**	**162.2**	**139.2**	**162.2**		
Change YoY (%)		12.0	16.6	12.3	14.2	19.7	15.9	16.5	13	17		
Borrowings/Loans (%)	87.2	84.8	87.4	85.8	88.7	88.0	87.0	85.9	85.8	85.9		
Debt/Equity (x)	3.2	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2		
Asset Quality (%)												
GS 3 (INR M)	**1,466.1**	**1,601.0**	**1,757.0**	**1,763.0**	**1,987.0**				**1,295**			
G3 %	1.0	1.1	1.14	1.08	1.2				1.04			
NS 3 (INR M)	1,043.4	1,142.0	1,233.0	1,191.0	1,360.0				939			
NS3 %	0.72	0.78	0.80	0.73	0.84				0.76			
PCR (%)	**28.8**	**28.7**	**29.8**	**32.4**	**31.6**				**27.5**			
ECL (%)	0.6	0.6	0.7	0.7	0.7				0.64			
Return Ratios - YTD (%)												
ROA (Rep)	3.0	3.3	3.3	3.3	2.9				3.3			
ROE (Rep)	13.1	14.0	14.1	14.1	12.6				14.1			

E: MOFSL Estimates

Jyothy Laboratories

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	122.2 / 1.4
52-Week Range (INR)	596 / 268
1, 6, 12 Rel. Per (%)	-4/-16/-41
12M Avg Val (INR M)	312

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Net Sales	30.1	32.6	35.3
Sales Gr. (%)	5.8	8.1	8.4
EBITDA	5.2	5.8	6.4
EBITDA Margins (%)	17.3	17.8	18.2
Adj PAT	3.9	4.4	4.9
Adj. EPS (INR)	10.7	11.9	13.3
EPS Gr. (%)	4.7	11.8	11.2
BV/Sh (INR)	57.5	63.0	69.7
Ratios			
RoE (%)	18.8	19.8	20.0
RoCE (%)	18.9	20.0	20.2
Payout (%)	61.2	54.7	49.2
Valuation			
P/E (x)	31.2	27.9	25.1
P/BV (x)	5.8	5.3	4.8
EV/EBITDA	22.1	19.4	17.0
Div. Yield (%)	1.6	1.6	1.6

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	62.9	62.9	62.9
DII	16.0	16.3	14.4
FII	12.7	13.1	15.1
Others	8.5	7.7	7.7

FII includes depository receipts

CMP: INR333 TP: INR375 (+13%) Neutral

Subdued performance; margins under pressure

- Jyothy Laboratories (JYL) posted mere 1% YoY sales growth in 1QFY26 (below estimates), with volumes up 4% (est. 5%; 4QFY25: 5%). The gap between volume and value growth was driven by higher grammages and promotional price subsidies in select categories. The gap is expected to narrow down from 3QFY26.
- Fabric Care grew 3% in value terms, led by the rising adoption of liquid detergents. EBIT margin contracted 450bp YoY to 20.3%, resulting in a 16% YoY EBIT decline. Dishwash sales remained flat YoY, though EBIT margin expanded 30bp YoY to 20.2%, with EBIT rising 1% YoY. Pril posted double-digit volume growth, while Exo recorded high single-digit growth; value growth was muted due to intensified price-based competition in scrubbers and higher grammage offers.
- The Household Insecticides (HI) business remained weak, marking a 10% YoY decline. This was driven by weakness in the Coil sub-category, while Liquid Vaporizers remained stable. EBIT margin stood at -10.6% vs. -10.8% YoY. The Personal Care business clocked 1% revenue growth, indicating early signs of recovery; EBIT margin improved 80bp YoY to 11.8%.
- Gross margin contracted 330bp YoY to 48% (est. 50%) due to elevated raw material costs. Cost control initiatives helped limit the EBITDA margin contraction to 150bp YoY, bringing it to 16.5%, with EBITDA declining 7% YoY.
- We estimate a CAGR of 7%/8% in revenue/EBITDA over FY25-27. Previously, we had highlighted the risk of missing operating margins. In the near term, growth and margin outlook remain bleak due to rising competitive pressures. Going forward, market share gains and the success of new launches will be crucial for JYL's earnings growth. **We reiterate our Neutral rating on the stock with a TP of INR375 (premised on 30x Jun'27E P/E).**

In line sales; miss on margins

- **Volume growth stood at 4%:** JYL's net sales grew 1% YoY to INR7,512m (est. INR7,674m). Volume growth was 4% (est. 5%) in 1QFY26. In Dishwashing, bar sales grew in high single digits, while liquids recorded double-digit growth. In Fabric Care, main wash products showed healthy volume growth. HI and personal care continued on a declining trajectory. Urban demand remained soft as consumers deferred purchases, while rural demand showed resilience.
- **Contraction in margins:** Gross margin contracted 330bp YoY to 48% (est. 50%). Employee expenses rose 1%, while ad spends declined 4% and other expenses declined 8%. EBITDA margin contracted 150bp YoY to 16.5% (est. 17.6%).
- **Decline in profitability**: EBITDA declined 7% YoY to INR1,242m (est. of INR1,352m). PBT declined 4% YoY to INR1,275m (est. INR1,347m).
- Adj. PAT declined 5% YoY to INR968m (est. INR1,010m).

Highlights from the management commentary

- Modern trade, e-commerce, and quick commerce channels continued to post double-digit growth, aided by evolving consumer preferences and focused execution, though largely by shifting share from general trade.
- Competitive intensity increased through higher grammages, promotions, and LUP-led growth, which diluted margins.
- Rural markets contribute 40% of revenues, with urban markets accounting for the remaining 60%.
- In the HI category, the company is undertaking new initiatives, taking price actions, and launching new products, with no plans to divest; results from these efforts are expected from 2HFY27.

Valuation and view

- We cut our EPS estimates by 2% each for FY26E and FY27E.
- We believe that the subdued demand sentiments, high RM cost inflation, and elevated competitive intensity could limit JYL's growth in the near term. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. JYL's margin expansion beyond ~18% is also constrained by its focus on the mass and rural segments. Therefore, we believe its growth potential is adequately priced in at the current valuation. **We reiterate our Neutral rating on the stock with a TP of INR375 (premised on 30x Jun'27E P/E).**

Consolidated Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Volume growth (%)	11%	3%	8%	5%	4%	6%	9%	9%	6%	8%	5%	
Net Sales	**7,418**	**7,338**	**7,045**	**6,670**	**7,512**	**7,640**	**7,632**	**7,337**	**28,470**	**30,121**	**7,674**	**-2.1**
YoY change (%)	8.0	0.2	4.0	1.1	1.3	4.1	8.3	10.0	3.3	5.8	3.4	
Gross Profit	**3,805**	**3,683**	**3,506**	**3,281**	**3,608**	**3,843**	**3,862**	**3,899**	**14,275**	**15,211**	**3,837**	**-6.0**
Margins (%)	51.3	50.2	49.8	49.2	48.0	50.3	50.6	53.1	50.1	50.5	50.0	
EBITDA	**1,335**	**1,385**	**1,158**	**1,119**	**1,242**	**1,367**	**1,331**	**1,273**	**4,996**	**5,212**	**1,352**	**-8.1**
EBITDA growth %	13.7	2.3	-2.4	3.3	-7.0	-1.3	15.0	13.7	4.1	4.3	1.3	
Margins (%)	18.0	18.9	16.4	16.8	16.5	17.9	17.4	17.3	17.5	17.3	17.6	
Depreciation	134	139	143	146	147	149	151	153	561	601	145	
Interest	14	14	15	17	13	15	16	18	59	62	15	
Other Income	137	125	139	155	194	140	155	122	556	611	155	
PBT	**1,324**	**1,357**	**1,138**	**1,112**	**1,275**	**1,343**	**1,319**	**1,224**	**4,931**	**5,161**	**1,347**	**-5.3**
Tax	307	307	264	306	307	322	316	293	1,184	1,239	337	
Rate (%)	23.2	22.6	23.2	27.6	24.1	24.0	24.0	24.0	24.0	24.0	25.0	
Adjusted PAT	**1,017**	**1,050**	**874**	**806**	**968**	**1,021**	**1,002**	**930**	**3,747**	**3,921**	**1,010**	**-4.2**
YoY change (%)	16.6	1.0	-3.9	3.1	-4.8	-2.8	14.7	15.5	4.0	4.7	-0.7	

E: MOFSL Estimates

Granules India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	GRAN IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	110.4 / 1.3
52-Week Range (INR)	725 / 412
1, 6, 12 Rel. Per (%)	0/-22/-35
12M Avg Val (INR M)	1232

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	44.8	49.9	58.0
EBITDA	9.5	10.7	13.3
Adj. PAT	4.8	5.6	7.5
EBIT Margin (%)	16.1	16.1	18.2
Cons. Adj. EPS (INR)	19.7	23.0	30.7
EPS Gr. (%)	13.6	16.7	33.7
BV/Sh. (INR)	153.2	174.0	203.5
Ratios			
Net D:E	0.4	0.3	0.3
RoE (%)	13.8	14.1	16.3
RoCE (%)	11.5	11.9	13.9
Payout (%)	5.7	5.3	3.8
Valuations			
P/E (x)	23.1	19.8	14.8
EV/EBITDA (x)	18.4	16.5	13.2
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	1.0	-0.1	0.7
EV/Sales (x)	3.9	3.5	3.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	38.8	38.8	38.9
DII	23.5	22.4	14.1
FII	13.2	15.2	20.4
Others	24.4	23.6	26.6

FII includes depository receipts

CMP: INR455 TP: INR530 (+16%) Buy

PFI drives growth, FDF sales stable

Work-in-progress to build niche portfolio/resolve regulatory issues

- Granules India (GRAN) delivered in-line revenue/PAT in 1QFY26, though there was a slight miss on EBITDA, largely due to higher operational costs and consolidation of Senn Chemicals during the quarter.
- North America remained the highest growth market for GRAN. It is adding differentiated products to its portfolio – large volume products in CNS/ADHD therapy, controlled substances, peptides, as well as MUPS-based products.
- It has added a healthy number of products to its EU portfolio to revive growth in this segment. Some part of the growth is reflected in 1QFY26 performance.
- We reduce our earnings estimates by 5%/2% for FY26/FY27, factoring in a) increased timeline for approvals from Gagilapur facility, and b) a reduction in sales to ROW markets due to PFI supply backlog. We value GRAN at 18x 12M forward earnings to arrive at a TP of INR530.
- While it is addressing the compliance aspect at Gagilapur site in a comprehensive manner, it is implementing efforts for adding differentiated products to its portfolio to improve growth prospects. The projects are under various stages from product development to adding/modifying commercial manufacturing capabilities/capacities. We expect 14%/19%/24% revenue/EBITDA/PAT CAGR during FY25-27. Maintain BUY.

Segmental mix more than offset by higher opex on YoY basis

- GRAN's 1QFY26 sales grew 2.6% YoY to INR12b (our est. of INR11.9b), led by increased sales in North America.
- FDF sales were steady YoY at INR9b (74% of sales). Intermediate (PFI) sales grew 20% YoY to INR1.2b (10% of sales). API sales declined 14% YoY to INR1.6b (14% of sales).
- Gross margin (GM) expanded 600bp YoY to 64.9% due to a change in the segmental mix and lower RM costs.
- However, EBITDA margin dipped 160bp YoY to 20.4% (our est. of 21.9%) due to higher employee costs/other expenses (up 290bp/460bp as % of sales) as a result of consolidation with Senn Chemicals AG.
- EBITDA declined 4.8% YoY to INR2.5b (our est. of INR2.6b) for the quarter.
- During the quarter, GRAN incurred a) transaction cost related to the acquisition of Senn Chemicals AG (INR120m) and b) costs related to ongoing litigation.
- Adjusted PAT was flat YoY at INR1.3b (our estimate: INR1.33b).

Highlights from the management commentary

- GRAN expects FY27 to be a much better year for revenue growth vs. FY26.
- The company has acquired a business at EV of INR4.5b, with investment of INR1b in a Swiss facility and INR200-300m in R&D in FY26. FY27 capex will likely be for manufacturing capacity expansion.

- GRAN continues to gradually increase capacity in Europe, with more product approvals expected to improve the growth trajectory.
- Net debt as of 1QFY26 end was INR9.5b, up INR2.5b QoQ. The cash conversion cycle also inched up to 205 in 1QFY26 vs. 202 in 4QFY25.
- Senn Chemicals revenue for 1QFY26 was INR290m.
- GRAN is in early clinical trial stages for most CDMO molecules and is focusing on the execution of ongoing and new projects.

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	vs Est
Net Sales	**11,799**	**9,666**	**11,377**	**11,974**	**12,101**	**11,843**	**12,321**	**13,630**	**44,816**	**49,895**	**11,927**	1.5
YoY Change (%)	19.7	-18.7	-1.5	1.8	2.6	22.5	8.3	13.8	-0.5	11.3	1.1	
Total Expenditure	9,206	7,633	9,074	9,451	9,634	9,273	9,685	10,631	35,364	39,222	9,315	
EBITDA	**2,593**	**2,033**	**2,303**	**2,524**	**2,467**	**2,570**	**2,637**	**2,999**	**9,452**	**10,672**	**2,612**	-5.5
YoY Change (%)	64.2	-4.5	-8.1	-1.3	-4.8	26.4	14.5	18.8	7.8	12.9	0.7	
Margins (%)	22.0	21.0	20.2	21.1	20.4	21.7	21.4	22.0	21.1	21.4	21.9	
Depreciation	529	525	566	635	688	618	643	711	2,255	2,660	622	
EBIT	**2,064**	**1,508**	**1,737**	**1,889**	**1,779**	**1,952**	**1,994**	**2,288**	**7,197**	**8,012**	**1,990**	-10.6
YoY Change (%)	90.0	-6.0	-12.3	-6.7	-13.8	29.4	14.8	21.1	7.5	11.3	-3.6	
Margins (%)	17.5	15.6	15.3	15.8	14.7	16.5	16.2	16.8	16.1	16.1	16.7	
Interest	270	257	266	240	238	283	283	283	1,032	1,087	283	
Other Income	21	32	57	19	163	30	31	34	129	258	30	
PBT before EO expense	**1,814**	**1,284**	**1,528**	**1,668**	**1,704**	**1,699**	**1,742**	**2,039**	**6,294**	**7,183**	**1,736**	-1.8
Extra-Ord expense	0	0	0	-308	259	0	0	0	-308	259	0	
PBT	**1,814**	**1,284**	**1,528**	**1,976**	**1,445**	**1,699**	**1,742**	**2,039**	**6,601**	**6,924**	**1,736**	-16.8
Tax	468	311	352	455	319	377	390	463	1,587	1,549	399	
Rate (%)	25.8	24.3	23.0	23.0	22.1	22.2	22.4	22.7	24.0	22.4	23.0	
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,346**	**972**	**1,176**	**1,520**	**1,126**	**1,322**	**1,352**	**1,576**	**5,015**	**5,375**	**1,337**	-15.8
Adjusted PAT	**1,346**	**972**	**1,176**	**1,284**	**1,328**	**1,322**	**1,352**	**1,576**	**4,778**	**5,577**	**1,337**	-0.6
YoY Change (%)	112.7	-4.8	-6.4	-1.0	-1.4	35.9	14.9	22.8	13.6	16.7	-0.7	
Margins (%)	11.4	10.1	10.3	10.7	11.0	11.2	11.0	11.6	10.7	11.2	11.2	
EPS	**6**	**4**	**5**	**5**	**5**	**5**	**6**	**7**	**20**	**23**	**6**	-0.6

E: MOFSL Estimates

Time Technoplast

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TIME IN
Equity Shares (m)	227
M.Cap.(INRb)/(USDb)	100.2 / 1.1
52-Week Range (INR)	514 / 307
1, 6, 12 Rel. Per (%)	3/9/28
12M Avg Val (INRm)	534

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	54.6	62.6	71.7
EBITDA	7.8	9.1	10.6
Adj. PAT	3.9	4.8	6.0
Adj. EPS (INR)	17.1	21.3	26.3
EPS Gr. (%)	25.0	24.4	23.7
BV/Sh. (INR)	127.5	145.2	167.0
Ratios			
RoE (%)	14.3	15.6	16.8
RoCE (%)	18.2	20.1	21.9
Payout (%)	14.6	16.5	17.1
Valuations			
P/E (x)	25.8	20.8	16.8
P/BV (x)	1.7	1.6	1.4
EV/EBITDA (x)	1.7	1.6	1.4
Div. Yield (%)	12.2	10.7	9.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.6	51.6	51.6
DII	12.9	13.0	11.0
FII	8.3	8.1	6.8
Others	27.2	27.3	30.7

CMP: INR442 TP: INR578 (+31%) Buy

Healthy in-line quarter; 1:1 bonus issue

Revenue/EBITDA/PAT grew 10%/12%/20% YoY in 1QFY26

TIME reported a healthy and in-line set of results in 1QFY26. Volume/revenue/ EBITDA/PAT grew 14%/10%/12%/20% YoY. Volume growth of 14% was led by 17% rise in Overseas business, while India business grew 12%. EBITDA margin stood high at 14.4%. CFO of INR1.16b was majorly used for capex (INR434m) and debt reduction (INR374m) during the quarter. The board also approved a 1:1 bonus issue.

Focusing on high-margin VAP business

Value-added products (VAPs) are a high-growth (20-30% CAGR), high-margin (18%+) business for TIME. In 1Q, VAP revenue grew 15% YoY (IBC up 17%, CNG up 20%, LPG up 6%; 26% mix) with a high 18% EBITDA margin. The Established Products segment's performance remained moderate but stable, as 1Q revenue was up 8% YoY (74% mix) and EBITDA margin was 13.2%. Overseas business (volume/revenue up 17%/14% YoY, revenue mix 38%, EBITDA/PAT margins at 14.1%/7.9%) continued to outperform India business (volume/revenue up 12%/8% YoY, EBITDA/PAT margins at 14.7%/6.5%). TIME constantly evaluates the applications of composite products across industries that could generate immense revenue for it. With this, management aims to raise its VAP revenue mix from 27% in FY25 to 35% in the next 2-3 years and push EBITDA margin to ~15% (14.4% in FY25). It sees hydrogen composite cylinders as a big opportunity and has signed MoU with Drone Stark to develop hydrogen-powered drones using composite hydrogen cylinders and fuel cell technology. There is also a big market for fire extinguishers. It also plans to set up a recycling unit by investing INR1.2b over the next 3-4 years. US tariffs have no impact due to local manufacturing and selling of products. (concall KTAs)

Plans to raise up to INR10b via QIP to fuel growth and balance sheet

TIME plans to raise up to INR10b via QIP for various activities, including capex, debt reduction, working capital, acquisitions, etc. Divestment of non-core assets continued (INR470m pending from INR1.25b identified). RoCE of 20% in FY26E will be driven by focussing on cost reductions through automation, re-engineering of machinery and moulds, and optimization of the working capital cycle. Products and manufacturing units consolidation is underway to boost efficiency.

Valuation and view

We maintain our earnings estimates after in-line results in 1QFY26. After clocking a CAGR of 16%/19%/39% in revenue/EBITDA/PAT over FY21-25, we now estimate a CAGR of 15%/16%/23% over FY25-28, to be fueled by its strong performance in the VAP segment (20% revenue CAGR, 18%+ EBITDA margin, revenue mix improving to over 30% from 27% currently). Pre-tax RoCE and RoIC are expected to expand from ~18.2% each in FY25 (FY24: 16-17%) to ~23% and 26% in FY28, respectively, led by healthy operating performance, improved plant efficiency, and tightening of the net working capital cycle. Driven by a robust outlook and attractive valuation (~17x FY27E P/E), we retain our BUY rating and TP of INR578 (31% upside potential), based on 22x FY27E P/E. (our IC note dated 9th Jun'25)

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E 1Q Est.	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	**12,301**	**13,705**	**13,877**	**14,687**	**13,527**	**15,398**	**16,260**	**17,383**	**54,571**	**62,577**	**13,415**	**1**
YoY Change (%)	14.0	14.8	4.8	5.3	10.0	12.4	17.2	18.4	9.3	14.7	9.1	
Total Expenditure	10,556	11,743	11,871	12,551	11,578	13,127	13,869	14,861	46,721	53,436	11,507	
EBITDA	**1,744**	**1,962**	**2,007**	**2,137**	**1,949**	**2,271**	**2,390**	**2,522**	**7,850**	**9,142**	**1,908**	**2**
Margins (%)	14.2	14.3	14.5	14.5	14.4	14.7	14.7	14.5	14.4	14.6	14.2	
Depreciation	409	418	430	440	446	456	466	476	1,697	1,846	445	
Interest	242	228	225	220	218	208	198	188	915	813	210	
Other Income	7	9	16	21	9	14	25	30	53	79	20	
PBT before EO expense	**1,100**	**1,326**	**1,368**	**1,497**	**1,293**	**1,621**	**1,751**	**1,887**	**5,290**	**6,562**	**1,273**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,100**	**1,326**	**1,368**	**1,497**	**1,293**	**1,621**	**1,751**	**1,887**	**5,290**	**6,562**	**1,273**	**2**
Tax	295	328	344	379	328	413	446	481	1,346	1,669	325	
Rate (%)	26.8	24.7	25.2	25.3	25.4	25.5	25.5	25.5	25.4	25.4	25.5	
MI & Profit/(Loss) of Asso.	12	14	16	23	15	18	18	18	65	69	18	
Reported PAT	**793**	**984**	**1,008**	**1,095**	**951**	**1,190**	**1,286**	**1,388**	**3,880**	**4,824**	**948**	
Adj. PAT	**793**	**984**	**1,008**	**1,095**	**951**	**1,190**	**1,286**	**1,388**	**3,880**	**4,824**	**930**	**2**
YoY Change (%)	41.5	39.7	10.0	18.6	19.9	20.9	27.7	26.7	25.0	24.4	17.3	
Margins (%)	6.4	7.2	7.3	7.5	7.0	7.7	7.9	8.0	7.1	7.7	6.9	

E: MOFSL Estimates

Operating metrics

Y/E March	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	% YoY	% QoQ
Volume Growth (% YoY)	**16**	**17**	**11**	**11**	**14**		
India							
Volume Growth (% YoY)	16	16	10	9	12		
Value Growth (% YoY)	14	14	3	3	8		
EBITDA Margin (%)	14.4	14.4	14.7	14.6	14.7		
PAT Margin (%)	6.0	6.9	6.9	7.3	6.5		
Overseas							
Volume Growth (% YoY)	15	18	15	15	17		
Value Growth (% YoY)	13	16	9	9	14		
EBITDA Margin (%)	13.9	14.4	14.3	14.2	14.1		
PAT Margin (%)	7.3	7.8	7.9	7.7	7.9		
Revenue Mix (%)							
Established Products	75	72	71	75	74		
Value-Added Products	25	28	29	25	26		
Established Products							
Revenue (INR m)	9,258	9,807	9,865	10,937	10,031	8	(8)
Packaging (Excl. IBC), Lifestyle , Auto , Batteries Business (INR m)	8,755	8,954	9,174	10,153	9,487	8	(7)
% YoY growth	12	12	2	3	8		
PE Pipes (INR m)	503	853	691	784	544	8	(31)
% YoY growth	22	19	5	9	8		
EBITDA Margin (%)	13.1	12.8	12.9	13.3	13.2		
Value-Added Products							
Revenue (INR m)	3,049	3,908	4,028	3,771	3,505	15	(7)
IBC (INR m)	1,530	1,704	1,873	1,869	1,786	17	(4)
% YoY growth	17	20	8	6	17		
LPG Cylinders (INR m)	404	635	725	498	430	6	(14)
% YoY growth	12	12			6		
CNG Cascades (INR m)	728	1,014	1,026	1,186	875	20	(26)
% YoY growth	32	36			20		
MOX Films (INR m)	387	555	404	218	414	7	90
% YoY growth	12	11	19	(4)	7		
EBITDA Margin (%)	17.7	18.3	18.6	18.5	18.0		

E: MOFSL Estimates

KNR Constructions

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	KNRC IN
Equity Shares (m)	281
M.Cap.(INRb)/(USDb)	56.8 / 0.6
52-Week Range (INR)	368 / 189
1, 6, 12 Rel. Per (%)	-4/-30/-45
12M Avg Val (INR m)	383

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	32.3	25.3	36.5
EBITDA	5.1	3.5	5.5
PAT	3.9	2.4	4.0
EBITDA (%)	15.7	13.7	15.0
EPS (INR)	13.9	8.7	14.4
EPS Gr. (%)	-9.0	-37.5	65.9
BV/Sh. (INR)	140.3	148.7	162.6
Ratios			
Net D/E	0.0	-0.1	0.0
RoE (%)	10.4	6.0	9.2
RoCE (%)	12.2	6.3	9.5
Payout (%)	2.5	5.6	3.5
Valuations			
P/E (x)	14.4	23.3	14.1
P/BV (x)	1.4	1.4	1.2
EV/EBITDA (x)	10.9	14.9	10.2
Div Yield (%)	0.1	0.2	0.2
FCF Yield (%)	-5.0	9.9	-4.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	48.8	48.8	48.8
DII	25.1	28.3	30.8
FII	7.1	6.9	8.2
Others	19.0	16.0	12.3

FII Includes depository receipts

CMP: INR202 TP: INR210 (+4%) Neutral

Execution slump drags performance; no near-term triggers

- During 1QFY26, KNR Constructions (KNRC) received certain one-time adjustments and arbitration claims. For a like-for-like comparison, we have adjusted the same in revenue, other income, other expenses, and total taxes in 1QFY26 and have shown that as an exceptional item.
- KNRC's 1QFY26 revenue dipped ~41% YoY to ~INR4.8b (34% below our est.).
- EBITDA margin contracted 370bp YoY to 12.9% (v/s our estimate of 13.9%) in 1QFY26. EBITDA declined ~55% YoY to INR617 (against our estimate of INR1b). In line with weak operating performance, APAT decreased 46% YoY to INR433m (39% below our estimate of INR710m).
- KNRC's current order book stands at ~INR83b.
- KNRC posted a disappointing performance in 1QFY26, missing our estimates by a wide margin as execution slowed sharply and revenue plunged. The quarter was marred by muted activity, with most existing projects nearing completion and new orders yet to meaningfully contribute. Elevated receivables from Telangana irrigation projects and HAM assets drove working capital days to 169 (from 93 days in Mar'25), pressuring cash flows.
- Given the subdued execution in 1Q FY26, we project a muted revenue CAGR of 6% over FY25–27E. EBITDA margin expectations have been trimmed to 13–15% (vs. 14–15% earlier), aligning with the softer management guidance. With a bleak execution outlook in the near term, we cut our FY26 revenue and EBITDA estimates by ~17% and ~19%, respectively, while keeping our FY27 estimates broadly unchanged. **We reiterate our Neutral rating on the stock with an SoTP-based TP of INR210. We value its EPC business at a P/E of 12x on FY27E EPS and its BOT assets at 1x investment value.**

Key takeaways from the management commentary

- As of Jun'25, the order book stood at ~INR83b, comprising 27% roads, 17% irrigation, 13% pipeline, and 43% mining projects. Client-wise, 29% of orders are from third-party clients (74% state government, 4% central government, and 1% private sector) and 71% captive. Excluding mining, the order book is executable over the next 18-24 months.
- Out of the revised INR9.9b equity requirement for HAM projects, INR6.3b has been infused to date, with the balance of INR3.1b to be deployed over FY26 and FY27.
- FY26 revenue guidance revised to INR20–25b (vs. earlier INR25–30b), given limited contribution from new orders and ~INR900m expected from the mining project in the first year.
- KNRC's FY26 EBITDA margin is expected to be 13.0–13.5%.

Valuation and view

- Factoring in a subdued execution in 1QFY26 and a thin order book, we now expect a tepid revenue CAGR of 6% over FY25–27E. EBITDA margin assumptions are also revised downward to 13-14% (from 14-15% earlier), in line with weak guidance. With a bleak execution outlook in the near term, we sharply reduce our revenue estimates for FY26 by ~17% and EBITDA estimates by ~19%, while largely maintaining our estimates for FY27.
- **We reiterate our Neutral rating on the stock with an SoTP-based TP of INR210. We value the EPC business at a P/E of 12x on FY27E EPS and BOT assets at 1x investment value.**

Quarterly performance – Standalone **(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	MOFSL	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**8,193**	**8,561**	**7,079**	**8,512**	**4,792**	**5,860**	**7,073**	**7,535**	**32,344**	**25,259**	**7,275**	**-34**
YoY Change (%)	-11.9	-9.1	-21.8	-27.8	-41.5	-31.5	-0.1	-11.5	-18.2	-21.9	-11.2	
EBITDA	**1,356**	**1,380**	**1,173**	**1,175**	**617**	**785**	**990**	**1,068**	**5,084**	**3,460**	**1,011**	**-39**
Margins (%)	16.6	16.1	16.6	13.8	12.9	13.4	14.0	14.2	15.7	13.7	13.9	
Depreciation	225	226	229	223	150	180	200	229	903	759	240	
Interest	41	20	31	38	34	30	28	22	129	114	28	
Other Income	51	575	130	185	150	160	170	152	941	631	205	
PBT before EO expense	**1,141**	**1,709**	**1,044**	**1,099**	**583**	**735**	**932**	**969**	**4,993**	**3,219**	**948**	
Extra-Ord expense	531	1,867	919	0	80	0	0	0	3,317	80	0	
Tax	334	344	253	348	150	185	235	244	1,279	814	239	
Rate (%)	29.2	20.1	24.3	31.6	25.7	25.2	25.2	25.2	25.6	25.3	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,339**	**3,344**	**1,822**	**752**	**513**	**550**	**698**	**725**	**7,257**	**2,485**	**710**	
Adj PAT	**807**	**1,477**	**903**	**752**	**433**	**550**	**698**	**725**	**3,939**	**2,405**	**710**	**-39**
YoY Change (%)	-26.8	47.9	5.6	-43.4	-46.4	-62.7	-22.8	-3.6	-8.1	-38.9	-12.1	
Margins (%)	9.9	17.3	12.8	8.8	9.0	9.4	9.9	9.6	12.2	9.5	9.8	

RESULTS FLASH

ONGC

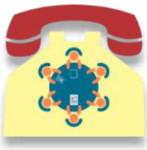
BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR236 Buy

Steady 1Q performance

- In 1QFY26, ONGC's revenue came in 5% above our est. at INR320b.
  - Crude oil/gas sales were in line with our est. at 4.7mmt/3.9bcm. VAP sales stood at 616tmt (est. 633tmt).
  - Reported oil realization was USD66.1/bbl, at a USD0.9/bb discount to Brent during the quarter.
  - Crude oil and natural gas production remained flat QoQ/YoY.
- EBITDAX also stood 12% above our est. at INR186.6b, while PAT of INR80.2b was 4% above our est.
  - DDA, dry well write-offs, and survey costs stood above estimates, while other income came in below estimate, impacting profitability.
- **ONGC Videsh:**
  - OVL's oil production was marginally down YoY at 1.75mmt, while gas production was 0.7bcm (similar YoY).
  - Crude oil sales stood at 1.17mmt, while gas sales came in at 0.43bcm (down YoY).
  - OVL's revenue was INR24.5b, and PBDT stood at INR4.5b.

Analyst Meet Details



Date: 13 Aug'25
Time: 1530 hours IST
Call details:
1800 890 6980
1800 121 4250

Standalone - Quarterly Earning Model (INR b)

Y/E March	FY25				FY26					Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE	(%)	(%)	(%)
Net Sales	**352.7**	**338.8**	**337.2**	**349.8**	**320.0**	**309.6**	**317.6**	**318.3**	**303.8**	**5%**	**-9%**	**-9%**
YoY Change (%)	*4.3*	*-3.6*	*-3.1*	*1.0*	*-9.3*	*-8.6*	*-5.8*	*-9.0*	*-13.9*			
Total Expenditure	165.2	156.4	146.6	159.7	133.5	139.5	143.5	148.9	137.9	-3%	-19%	-16%
EBITDAX	**187.5**	**182.4**	**190.6**	**190.1**	**186.6**	**170.1**	**174.1**	**169.4**	**165.9**	**12%**	**0%**	**-2%**
Margin (%)	*53.2*	*53.8*	*56.5*	*54.3*	*58.3*	*54.9*	*54.8*	*53.2*	*54.6*			
Depreciation & Exploration cost	75.4	68.1	87.0	111.3	80.0	83.2	88.3	105.5	73.9			
Interest	11.8	11.6	10.7	11.9	11.2	10.8	10.0	10.9	11.0			
Other Income	19.3	47.7	17.2	20.7	12.1	50.5	18.2	30.2	21.7			
PBT	**119.6**	**150.4**	**110.0**	**87.7**	**107.4**	**126.6**	**94.1**	**83.2**	**102.6**	**5%**	**-10%**	**23%**
Tax	30.2	30.5	27.6	23.2	27.2	31.9	23.7	20.9	25.8			
Rate (%)	*25.2*	*20.3*	*25.1*	*26.5*	*25.3*	*25.2*	*25.2*	*25.2*	*25.2*			
Reported PAT	**89.4**	**119.8**	**82.4**	**64.5**	**80.2**	**94.7**	**70.4**	**62.2**	**76.8**	**4%**	**-10%**	**24%**
YoY Change (%)	*-10.8*	*-6.6*	*-16.7*	*-34.7*	*-10.2*	*-20.9*	*-14.6*	*-3.5*	*-14.1*			
Margin (%)	*25.3*	*35.4*	*24.4*	*18.4*	*25.1*	*30.6*	*22.2*	*19.6*	*25.3*			
Key Assumptions (USD/bbl)												
Oil Realization	83.1	78.3	72.6	73.7	66.1	65.0	65.0	65.0	65.5	1%	-20%	-10%
Crude oil sold (mmt)	4.6	4.6	4.7	4.8	4.7	4.7	4.9	4.9	4.8	-2%	1%	-3%
Gas sold (bcm)	3.8	3.9	3.9	3.9	3.9	4.0	4.0	4.0	3.7	4%	1%	0%
VAP sold (tmt)	629.0	608.0	649.0	645.0	616.0	681.5	681.5	681.5	633.1	-3%	-2%	-4%

Apollo Hospitals

BSE SENSEX	S&P CNX
80.236	24,487

CMP: INR7,253

Conference Call Details

Date: 13th August 2025
Time: 2:00 pm IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	217.9	246.5	290.0
EBITDA	30.2	34.8	41.8
Adjusted PAT	14.5	18.1	22.2
EBIT Margin (%)	13.9	14.1	14.4
Cons. Adj EPS (INR)	100.6	125.8	154.7
EPS Gr. (%)	61.1	25.1	23.0
BV/Sh. (INR)	590.3	714.3	868.1
Ratios			
Net D-E	0.2	-0.1	-0.3
RoE (%)	19.1	19.9	20.2
RoCE (%)	15.3	15.3	16.3
Payout (%)	5.8	4.7	3.8
Valuation			
P/E (x)	74.5	59.6	48.4
EV/EBITDA (x)	37.0	31.5	25.7
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	0.4	2.2	2.6
EV/Sales (x)	5.1	4.4	3.7

Robust growth in revenue; EBITDA/PAT exceed estimates

- Apollo Hospitals' (APHS) 1QFY26 revenue grew 15% YoY to INR58.4b (est. INR57.3b).
- Healthcare services revenue grew 11% YoY to INR29.4b. HealthCo revenue rose 18.7% YoY to INR24.7b. AHLL revenue grew 18.8% YoY to INR4.4b.
- EBITDA margin expanded by 130bp YoY to 14.6% (our est. 13.6%) due to lower employee costs and other expenses (22bp/117bp YoY as % sales), offset by an increase in RM costs (26bp YoY as % sales).
- EBITDA grew 26.2% YoY to INR8.5b (surpassing our estimate of INR7.8b).
- Adj. PAT grew 41.8% YoY to INR4.3b (our est: INR3.8b).

Hospital segment highlights:

- Hospital EBITDA grew 15% YoY to INR7.2b and EBITDA margin expanded 90bp YoY to 24.5%.
- Average revenue per patient rose 9% YoY to INR172,282.
- Occupancy stood at 65% vs. 68% in 1QFY25.
- ALOS decreased by 6% to 3.1 days.

HealthCo performance snapshot:

- HealthCo reported EBITDA of INR940m vs. INR230m in 1QFY25. EBITDA margins stood at 3.8%.
- Platform GMV grew 23% YoY to INR6.8b.
- A total of 6,742 operating stores as of 1QFY26.

AHLL segment highlight:

- Revenue/EBITDA grew by 19%/31% YoY to INR4.4b/INR400m.
- Revenue of primary care increased by 17% YoY to INR1.1b.
- Revenue of specialty care rose 9% YoY to INR1.9b.
- Network collection centers increased by 65 centers YoY to 2173 centers.

Other highlights

- APHS is on track to add 4370 beds through acquisitions and brownfield and greenfield expansions over the next 3-4 years in India.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)
Gross Sales	**50,856**	**55,893**	**55,269**	**55,922**	**58,421**	**61,939**	**62,378**	**63,605**	**2,17,940**	**57,362**	**1.8%**
YoY Change (%)	15.1	15.3	13.9	13.1	14.9	10.8	12.9	13.7	14.3	12.8	
Total Expenditure	44,105	47,738	47,654	48,225	49,902	53,268	53,458	55,019	1,87,722	49,561	
EBITDA	**6,751**	**8,155**	**7,615**	**7,697**	**8,519**	**8,672**	**8,920**	**8,587**	**30,218**	**7,801**	**9.2%**
YoY Change (%)	32.6	30.0	24.1	20.2	26.2	6.3	17.1	11.6	26.4	15.6	
Margins (%)	13.3	14.6	13.8	13.8	14.6	14.0	14.3	13.5	13.9	13.6	
Depreciation	1,774	1,845	1,846	2,110	2,147	1,913	1,926	1,964	7,575	1,771	
Interest	1,164	1,175	1,098	1,148	1,083	1,130	1,120	1,133	4,585	1,155	
Other Income	372	382	638	611	402	530	560	773	2,003	550	
PBT before EO expense	**4,185**	**5,517**	**5,309**	**5,050**	**5,691**	**6,159**	**6,434**	**6,263**	**20,061**	**5,425**	**4.9%**
Extra-Ord expense/(Income)	0	0	0	0	0	0	0	0	0	0	
PBT	**4,185**	**5,517**	**5,309**	**5,050**	**5,691**	**6,159**	**6,434**	**6,263**	**20,061**	**5,425**	**4.9%**
Tax	1,145	1,617	1,568	1,010	1,417	1,663	1,769	1,741	5,340	1,519	
Rate (%)	27.4	29.3	29.5	20.0	24.9	27.0	27.5	27.8	26.6	28.0	
Minority Interest & Profit/Loss of Asso. Cos.	-12	112	18	144	-54	73	82	71	262	70	
Reported PAT	**3,052**	**3,788**	**3,723**	**3,896**	**4,328**	**4,423**	**4,583**	**4,450**	**14,459**	**3,836**	**12.8%**
Adj PAT	**3,052**	**3,788**	**3,723**	**3,896**	**4,328**	**4,423**	**4,583**	**4,450**	**14,459**	**3,836**	**12.8%**
YoY Change (%)	83.2	63.5	51.8	53.5	41.8	16.8	23.1	14.2	61.1	25.7	
Margins (%)	6.0	6.8	6.7	7.0	7.4	7.1	7.3	7.0	6.6	6.7	
EPS	**21.2**	**26.3**	**25.9**	**27.1**	**30.1**	**30.8**	**31.9**	**31.0**	**100.6**	**26.7**	

E: MOFSL Estimates

Oil India

BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR425 Buy

Result below our est. due to higher-than-estimated opex

- OINL's revenue came in line with our estimate at INR50b, as:
  - Oil sales came in line with our estimate at 0.82mmt. Gas sales stood 6% above our estimate of 0.7bcm.
  - Oil and gas production was flat YoY at 853mmt/827bcm in 1Q.
  - Oil realization was USD66.2/bbl (our estimate of USD65.1/bbl).
- EBITDA came in 26% below estimate at INR16.1b (-35% YoY), as other expenses came in above our estimate.
  - During the quarter, OINL exited from two overseas blocks in Bangladesh and booked impairment expenses of INR3.1b. EBITDA adjusted for impairment stood 12% below our estimate.
- Reported PAT was 34% below our estimate at INR8.1b, as lower-than-expected finance costs were offset by higher-than-expected DDA.
- **Numaligarh refinery's 1Q performance:**
  - PAT stood at INR4.9b (vs. PAT of INR4.3b during 1QFY25), as GRM stood at USD5/bbl.
  - Crude throughput stood at 799.3tmt (up 5% YoY), and distillate yield stood at 85.4% (vs. 87.2% in 1QFY25).
- During the quarter, OINL has paid INR5.5b towards the fourth and final call mall for equity shares of NRL.

Investors' and Analysts' Meet details

Date: 13 Aug'25
Time: 10:30am IST
Call Details: +91 22 6280 1342
+91 22 7115 8243

Standalone Quarterly Performance (INR m)

Y/E March	FY25				FY26E				1QE	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		(%)	(%)	(%)
Net Sales	**58,397**	**55,190**	**52,397**	**55,189**	**50,125**	**51,811**	**51,993**	**52,979**	**49,224**	**2%**	**-14%**	**-9%**
Change (%)	*25.7*	*-6.7*	*-9.9*	*-4.1*	*-14.2*	*-6.1*	*-0.8*	*-4.0*	*-15.7*			
EBITDA	**24,660**	**21,832**	**21,327**	**19,842**	**16,063**	**22,451**	**20,801**	**25,444**	**21,663**	**-26%**	**-35%**	**-19%**
% of Net Sales	*42.2*	*39.6*	*40.7*	*36.0*	*32.0*	*43.3*	*40.0*	*48.0*	*44.0*			
Change (%)	*5.9*	*-12.3*	*1.3*	*-15.0*	*-34.9*	*2.8*	*-2.5*	*28.2*	*-12.2*			
D,D&A	4,558	5,036	5,268	4,325	5,315	5,161	5,400	3,790	4,672			
Interest	1,970	2,299	2,442	1,952	1,534	2,467	2,621	2,675	2,114			
OI (incl. Oper. other inc.)	1,617	8,556	1,886	6,639	1,761	8,462	1,866	6,404	1,606			
PBT before exceptional	**19,750**	**23,054**	**15,503**	**20,203**	**10,976**	**21,691**	**13,062**	**14,790**	**16,483**	**-33%**	**-44%**	**-46%**
Rate (%)	*25.7*	*20.4*	*21.2*	*21.2*	*25.9*	*25.2*	*25.2*	*38.7*	*25.2*			
PAT	**14,668**	**18,341**	**12,218**	**15,915**	**8,135**	**16,231**	**9,774**	**9,063**	**12,334**	**-34%**	**-45%**	**-49%**
Key Assumptions (USD/bbl)												
Oil sales (mmt)	0.83	0.84	0.83	0.85	0.82	0.87	0.86	0.93	0.82	1%	-1%	-3%
Gas sales (bcm)	0.68	0.65	0.68	0.67	0.70	0.68	0.70	0.65	0.65	6%	3%	5%
Net Oil Realization	**74.6**	**73.9**	**73.8**	**74.5**	**66.2**	**64.5**	**64.5**	**64.5**	**65.1**	2%	-11%	-11%

NMDC

BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR71 — Buy

Conference Call Details

Date: 18 August 2025
Time: 12:00 pm IST
Diamond Pass Link
Dail In:
+91 22 6280 1116
+91 22 7115 8017

Largely in line with estimates

Consolidated performance highlights:

- Revenue stood in line with our estimate at INR67.4b, marking a 25% YoY rise but 4% QoQ decline. Muted volumes QoQ were offset by healthy NSR.
- Iron ore production stood at 12mt (+31% YoY and -10% QoQ), while sales stood at 11.5mt (+14% YoY and -9% QoQ) during the quarter.
- ASP for the quarter reached INR5,851/t (+9% YoY and +6% QoQ), as iron ore prices remain elevated.
- EBITDA stood at INR24.8b (+6% YoY and +21% QoQ), in line with our estimate. EBITDA/t rebounded to INR2,152/t (-7% YoY and +33% QoQ), against our est. of INR1,956/t during the quarter.
- APAT for the quarter stood at INR19.7b (flat YoY and +33% QoQ), against our estimate of INR18b during the quarter.

Consolidated Quarterly Performance (INR b)

Y/E March	FY25				FY26	FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q			1QE	(%)
Net Sales	**54.1**	**49.2**	**65.7**	**70.0**	**67.4**	**239.1**	**262.1**	**68.7**	**(1.9)**
Change (YoY %)	0.4	22.5	21.4	7.9	24.5	55.5	1.0		
Change (QoQ %)	(16.6)	(9.1)	33.5	6.6	(3.8)				
EBITDA	**23.4**	**13.9**	**23.7**	**20.5**	**24.8**	**81.5**	**96.0**	**23.7**	**4.7**
Change (YoY %)	17.3	16.4	18.2	(2.4)	6.0	11.7	17.9		
Change (QoQ %)	11.3	(40.8)	71.2	(13.5)	20.8				
EBITDA per ton (INR/t)	**2,322**	**1,425**	**1,987**	**1,619**	**2,152**	**1,835**	**1,917.1**	**1,956**	**10.0**
Interest	0.2	0.3	0.6	0.6	0.3	1.8	1.9		
Depreciation	0.7	1.0	1.0	1.4	1.1	4.2	5.2		
Other Income	3.6	3.6	3.8	4.9	3.0	15.9	15.3		
PBT (before EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**91.4**	**104.3**	**25.7**	**2.8**
Extra-ordinary item	-	-	-	-	-	-	-		
PBT (after EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**91.4**	**104.3**		
Total Tax	6.4	4.2	6.9	8.5	6.8	26.0	31.3		
% Tax	24.7	25.9	26.6	36.6	25.6	28.5	30.0		
PAT after MI and Sh. of Asso.	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**65.4**	**73.0**		
Adjusted PAT	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**65.4**	**73.0**	**18.0**	**9.3**
Change (YoY %)	19.2	18.1	13.3	3.1	(0.1)	13.3	11.6		
Change (QoQ %)	37.4	(38.5)	55.3	(21.4)	33.2				

Pi Industries

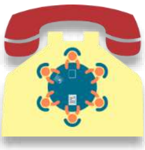
BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR3,839 Buy

Earnings in line with estimates

- 1QFY26 revenue stood at INR19b (est. INR21.1b), down 8% YoY.
- Domestic Agri business revenue was up 6% YoY at INR3.4b, while CSM exports were down 14% YoY at INR14.9b. Pharma revenue stood at INR723m vs. INR253 in 1QFY25.
- EBITDA stood at INR5.2b (est. in line), down 11% YoY.
- EBITDA margins contracted by 90bp YoY to 27.3% (est. 25%). Gross margins expanded 570bp YoY to 57.4%. Employee expenses rose 260bp YoY to 12.2%. Other expenses increased by 400bp YoY to 17.9% of sales.
- EBIT margins for Agrochemical business stood at 30.9% (down 30bp), while Pharma reported EBIT loss of INR760m.
- Adj. PAT was down 11% YoY at INR4b (est.in line).

Conference Call Details



Date: 13th Aug 2025
Time: 2:30pm IST
Dial-in details:
Click Here

Quarterly Earning Model (INRm)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	(%)
Net Sales	**20,689**	**22,210**	**19,008**	**17,871**	**19,005**	**23,703**	**21,710**	**19,893**	**79,778**	**84,311**	**21,057**	**-10**
YoY Change (%)	8.3	4.9	0.2	2.6	-8.1	6.7	14.2	11.3	4.1	5.7	21.0	
Total Expenditure	14,857	15,928	13,888	13,315	13,814	17,436	16,138	14,983	57,988	62,371	15,793	
EBITDA	**5,832**	**6,282**	**5,120**	**4,556**	**5,191**	**6,267**	**5,572**	**4,909**	**21,790**	**21,940**	**5,265**	**-1**
Margins (%)	28.2	28.3	26.9	25.5	27.3	26.4	25.7	24.7	27.3	26.0	25.0	
Depreciation	834	798	991	902	965	960	1,000	1,077	3,525	4,002	910	
Interest	83	85	83	79	39	82	83	85	330	289	80	
Other Income	727	1,222	759	734	859	890	940	1,027	3,442	3,716	770	
PBT before EO expense	**5,642**	**6,621**	**4,805**	**4,309**	**5,046**	**6,115**	**5,429**	**4,774**	**21,377**	**21,365**	**5,045**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**5,642**	**6,621**	**4,805**	**4,309**	**5,046**	**6,115**	**5,429**	**4,774**	**21,377**	**21,365**	**5,045**	
Tax	1,175	1,546	1,080	1,017	1,074	1,407	1,249	1,098	4,818	4,827	1,160	
Rate (%)	20.8	23.3	22.5	23.6	21.3	23.0	23.0	23.0	22.5	22.6	23.0	
Minority Interest & Profit/Loss of Asso. Cos.	-21	-7	-2	-13	-28	-10	-10	-20	-43	-68	-5	
Reported PAT	**4,488**	**5,082**	**3,727**	**3,305**	**4,000**	**4,719**	**4,190**	**3,696**	**16,602**	**16,606**	**3,890**	
Adj PAT	**4,488**	**5,082**	**3,727**	**3,305**	**4,000**	**4,719**	**4,190**	**3,696**	**16,602**	**16,606**	**3,890**	**3**
YoY Change (%)	17.2	5.8	-16.9	-10.6	-10.9	-7.1	12.4	11.8	-1.3	0.0	5	
Margins (%)	21.7	22.9	19.6	18.5	21.0	19.9	19.3	18.6	20.8	19.7	18.5	

12 August 2025

Results Flash | Sector: Water Infrastructure

VA Tech Wabag

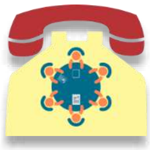
BSE Sensex	S&P CNX
80,236	24,487

CMP: INR1,534 **BUY**

A strong 1QFY26; revenue/EBITDA/PAT up 17%/18%/20% YoY

- Revenue/EBITDA/PAT jumped 17%/18%/20% YoY.
- EBITDA margin came in healthy at 13%, was flat YoY, and was up 85bp sequentially.
- O&M revenue mix stood at over 20%.
- Cash position: gross at INR8.15b, net at INR5.1b (INR6.3b excluding HAM).
- The order intake was INR26b during the quarter.
- The order book stood at INR158b with an over 4x book-to-bill ratio.
- It has secured the much-anticipated Yanbu 300 MLD desalination project in Saudi Arabia and the BWSSB DBO project in Bengaluru so far in 2Q.

Conference Call Details



Date: 13 August 2025

Time: 16:00 IST

Diamond pass link

Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E 1Q Est.	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	**6,265**	**7,003**	**8,110**	**11,562**	**7,340**	**8,181**	**9,428**	**13,379**	**32,940**	**38,387**	**7,400**	**-1**
YoY Change (%)	13.3	5.3	15.1	23.8	17.2	16.8	16.2	15.7	15.3	16.5		
Total Expenditure	5,452	6,067	7,106	10,154	6,384	7,164	8,120	11,345	28,717	33,120		
EBITDA	**813**	**936**	**1,004**	**1,408**	**956**	**1,017**	**1,308**	**2,034**	**4,223**	**5,267**	**906**	**6**
Margins (%)	13.0	13.4	12.4	12.2	13.0	12.4	13.9	15.2	12.8	13.7	12.2	
Depreciation	19	13	13	14	14	15	15	15	59	61		
Interest	180	190	203	215	188	191	196	201	788	875		
Other Income	108	138	148	114	113	117	121	125	446	495		
PBT before EO expense	**722**	**871**	**936**	**1,293**	**867**	**928**	**1,218**	**1,943**	**3,822**	**4,825**		
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0		
PBT	**722**	**871**	**936**	**1,293**	**867**	**928**	**1,218**	**1,943**	**3,822**	**4,825**		
Tax	152	221	207	316	209	218	286	457	896	1,134		
Rate (%)	21.1	25.4	22.1	24.4	24.1	23.5	23.5	23.5	23.4	23.5		
Minority Interest	-2	-3	0	0	0	-1	-2	-2	-5	-6		
Profit/Loss of Asso. Cos.	-22	53	-27	18	0	6	6	6	22	25		
Reported PAT	**550**	**706**	**702**	**995**	**658**	**717**	**940**	**1,494**	**2,953**	**3,722**		
Adj PAT	**550**	**706**	**702**	**995**	**658**	**717**	**940**	**1,494**	**2,953**	**3,722**	**616**	**7**
YoY Change (%)	10.0	17.3	11.6	37.4	19.6	1.6	33.8	50.2	20.2	26.0		
Margins (%)	8.8	10.1	8.7	8.6	9.0	8.8	10.0	11.2	9.0	9.7	8.3	

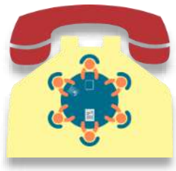
Operating metrics

Y/E March	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	% YoY	% QoQ
Revenue break-up (INR m)							
EPC	**5,029**	**5,618**	**6,512**	**9,612**	**5,717**	**14**	**(41)**
Municipal	2,541	4,044	4,601	8,219	4,182	65	(49)
Industrial	2,488	1,574	1,911	1,393	1,535	(38)	10
O&M	**1,215**	**1,354**	**1,525**	**1,895**	**1,488**	**22**	**(21)**
Municipal	1,026	1,211	1,341	1,624	1,235	20	(24)
Industrial	189	143	184	271	253	34	(7)
Total	**6,244**	**6,972**	**8,037**	**11,507**	**7,205**	**15**	**(37)**
Order book break-up (INR m)							
EPC	**51,861**	**79,545**	**76,331**	**71,101**	**92,354**	**78**	**30**
Municipal	46,767	68,618	65,725	57,851	80,449	72	39
Industrial	5,094	10,927	10,606	13,250	11,905	134	(10)
O&M	**43,266**	**54,596**	**54,695**	**53,737**	**53,084**	**23**	**(1)**
Municipal	40,260	44,944	43,907	42,422	42,014	4	(1)
Industrial	3,006	9,652	10,788	11,315	11,070	268	(2)
Framework	**11,636**	**11,894**	**11,609**	**11,830**	**12,331**	**6**	**4**
Total	**1,06,763**	**1,46,035**	**1,42,635**	**1,36,668**	**1,57,769**	**48**	**15**

P N Gadgil Jewellers

BSE SENSEX	S&P CNX
80,236	24,487

Conference Call Details



Date: 13th August 2025

Time: 3:00 PM

Dial-in details:

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Diamond Pass Registration

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	93.1	115.1	136.8
Sales Growth (%)	21.0	23.6	18.9
EBITDA	4.8	6.0	7.2
EBITDA Margin (%)	5.1	5.2	5.3
Adj. PAT	2.9	3.8	4.5
EPS (INR)	21.5	27.7	33.5
EPS Gr. (%)	23.3	28.8	21.0
BV/Sh. (INR)	136.0	163.6	197.1
Ratios			
Debt/Equity	0.4	0.4	0.4
RoE (%)	17.1	18.5	18.6
RoIC (%)	16.2	17.8	18.2
Valuations			
P/E (x)	27.1	21.0	17.4
EV/EBITDA (x)	15.2	11.7	9.4

CMP: INR582

Overall beat on profitability

Revenue

- PNGJ's consolidated sales rose 3% YoY to INR17.1b (est. INR17.4b) in 1QFY26.
- The company stopped HO Bullion accounting from 3QFY25; hence, the reported numbers are not comparable and are lower than the underlying numbers.
- Total revenue (ex-bullion) grew 30% YoY.
- The retail segment (70% of revenue) grew 19% YoY to INR12.1b, reflecting stable store-level operations.
- SSSG stood at 8% for 1QFY26. Growth was impacted by the absence of the Gudi Padwa festival in the quarter. In FY25, Gudi Padwa was part of Q1, aiding performance. In FY26, the festival was preponed to 4QFY25, affecting LFL growth. Gudi Padwa sales were ~INR1,235m this year (booked in 4Q).
- E-commerce revenue jumped 126% YoY to INR661m, contributing 4% to total revenue.
- Franchisee operations saw 109% YoY growth to INR2.7b, contributing 16% to total revenue.
- Stud Ratio Studded jewelry sales grew 41.6% YoY, increasing the stud ratio to 10% of retail sales.
- The company delivered 35% YoY growth on the day of Akshaya Tritiya and record INR1,395m sales.
- The transaction count grew by 23% and the ATV at INR93k.
- The company recorded a 25% increase in footfalls, coupled with a strong 92% conversion rate.
- The company opened two Litestyle stores during the quarter, taking the store count to 55 stores (42 COCO, 13 FOCO).

Profitability

- Gross margin expanded 490bp YoY to 13.2% (est. 10%)
- EBITDA margin expanded 260bp YoY to 6.4% (est. 4.4%)
- Employee expenses were up 58% YoY, and other expenses rose 55% YoY.
- EBITDA grew 71% YoY to INR1,100m.
- PAT jumped 96% YoY to INR693m. PAT margin came in at 4.0% vs. 2.1% in 1QFY25.

Consol. Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**16,682**	**20,013**	**24,358**	**15,882**	**17,146**	**21,833**	**30,603**	**23,490**	**76,935**	**93,070**	**17,431**	**-2%**
YoY change (%)	32.7	45.9	23.5	5.0	2.8	9.1	25.6	47.9	25.9	21.0	4.5	
Gross Profit	**1,386**	**1,531**	**2,391**	**1,909**	**2,259**	**1,965**	**3,121**	**2,303**	**7,216**	**9,648**	**1,743**	**30%**
Margins (%)	8.3	7.6	9.8	12.0	13.2	9.0	10.2	9.8	9.4	10.4	10.0	
EBITDA	**643**	**721**	**1,228**	**941**	**1,100**	**912**	**1,609**	**1,142**	**3,538**	**4,763**	**767**	**43%**
Margins (%)	3.9	3.6	5.0	5.9	6.4	4.2	5.3	4.9	4.6	5.1	4.4	
YoY growth (%)	44.2	59.4	33.3	5.8	70.9	26.5	31.1	21.4	30.5	34.6	19.3	
Depreciation	63	72	84	130	112	120	120	131	348	484	120	
Finance Cost	123	129	63	115	189	145	165	91	430	590	120	
Other Income	19	118	70	149	129	45	40	-14	351	200	75	
PBT	**477**	**638**	**1,150**	**846**	**927**	**692**	**1,364**	**906**	**3,111**	**3,890**	**602**	**54%**
YoY growth (%)	57.3	110.2	48.6	15.2	94.4	8.4	18.6	7.2	48.6	25.0	26.2	
APAT	**353**	**529**	**860**	**620**	**693**	**518**	**1,022**	**680**	**2,363**	**2,914**	**451**	**54%**
Margins (%)	2.1	2.6	3.5	3.9	4.0	2.4	3.3	2.9	3.1	3.1	2.6	
YoY change (%)	59.5	141.1	49.4	12.9	96.3	-2.1	18.8	9.7	52.4	23.3	27.7	

E: MOFSL estimates

Senco Gold

BSE SENSEX	S&P CNX
80,236	24,487

Conference Call Details

Date: 13th August 2025
Time: 11:30 PM
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Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	63.3	74.2	85.9
Sales Growth (%)	20.7	17.2	15.7
EBITDA	4.3	5.0	5.7
EBITDA Margin (%)	6.7	6.7	6.7
Adj. PAT	2.0	2.3	2.7
EPS (INR)	12.4	14.2	16.7
EPS Gr. (%)	6.2	14.6	18.0
BV/Sh. (INR)	120.4	132.8	147.3
Ratios			
Debt/Equity	0.6	0.5	0.7
RoE (%)	12.1	11.2	11.9
RoIC (%)	10.2	10.2	10.2
Valuations			
P/E (x)	25.0	21.8	18.5
EV/EBITDA (x)	5.9	5.0	4.9

CMP: INR338

In line sales; beat on profitability

- Senco Gold's consolidated revenue grew 30% YoY to INR18.2b, in line with the estimate of INR17.9b.
- Titan (Jewelry standalone, ex-bullion), Kalyan, and P N Gadgil (retail) delivered revenue growth of 17%, 31%, and 19%. The SSSG of Titan and Kalyan was 11% and 18%, respectively. For Senco Gold, as per its 1QFY26 business update, retail revenue growth stood at 24%, with 19% SSSG.
- Consolidated GM expanded 180bp YoY to 19.1%. (est. 16.8%, 16.8% in 4QFY25). Gross margin inconsistency remained high on a quarterly basis.
- Employee and other expenses rose 23% YoY each.
- EBITDA margin expanded 230bp YoY to 10.1% (est. 7.6%, 9.2% in 4QFY25), given the sharp rise in gross margins.
- EBITDA grew 69% YoY to INR1.8b (est. 1.4b).
- APAT grew 104% to INR1.05m (est. INR693m).

Consolidated Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Stores	165	166	171	175	186	178	181	194	174	194	186	
Net Sales	14,039	15,005	20,460	13,777	18,263	16,655	23,938	15,333	63,281	74,189	17,970	1.6
Change (%)	7.5	30.9	23.8	21.1	30.1	11.0	17.0	11.3	20.7	17.2	28.0	
Gross Profit	2,428	1,976	2,373	2,313	3,489	2,215	2,753	2,138	9,090	10,595	3,019	15.6
Gross Margin (%)	17.3	13.2	11.6	16.8	19.1	13.3	11.5	13.9	14.4	14.3	16.8	
Operating Expenses	1,341	1,159	1,297	1,042	1,653	1,316	1,412	1,235	4,839	5,616	1,653	
% of Sales	9.5	7.7	6.3	7.6	9.1	7.9	5.9	8.1	7.6	7.6	9.2	
EBITDA	1,087	818	1,076	1,270	1,836	899	1,341	903	4,251	4,979	1,366	34.4
Margin (%)	7.7	5.4	5.3	9.2	10.1	5.4	5.6	5.9	6.7	6.7	7.6	
Change (%)	61.8	107.1	-40.6	44.8	68.8	10.0	24.6	-28.9	13.2	17.1	25.6	
Interest	322	326	339	375	430	410	425	433	1,362	1,698	400	
Depreciation	181	178	131	191	187	190	194	209	681	781	190	
Other Income	123	149	127	147	186	150	150	114	546	600	150	
PBT	708	462	732	851	1,406	449	871	375	2,754	3,101	926	51.8
Tax	195	117	190	226	359	113	220	89	729	781	233	
Effective Tax Rate (%)	27.6	25.3	26.0	26.6	25.6	25.2	25.2	23.9	26.5	25.2	25.2	
Adjusted PAT	513	345	542	624	1,047	336	652	285	2,024	2,319	693	51.1
Change (%)	85.3	188.7	-50.4	94.0	104.1	-2.7	20.2	-54.3	11.8	14.6	35.1	
PAT	513	121	335	624	1,047	336	652	285	1,593	2,319	693	

E: MOFSL Estimates

RESULTS FLASH

Laxmi Dental

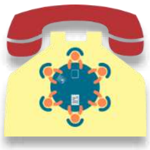
BSE SENSEX	S&P CNX
80,236	24,487

CMP: INR393

EBITDA better than estimates; earnings in line

- Laxmi Dental's 1QFY26 revenue grew 10% YoY to INR656m (in-line).
- Laboratory offering sales grew 14% YoY to INR444m.
  - The International business grew 12% YoY to INR176m.
  - The Domestic business grew 4.4% YoY to INR210m.
  - Within lab offerings for the domestic/international segment, scanner sales grew 93% YoY to INR58m.
- Aligner solution sales grew 7% YoY to INR186m.
  - The Bizdent business grew 3.3% YoY to INR93m.
  - The Vedia business grew 37% YoY to INR92m.
- Gross Margin (GM) contracted 260bp YoY to 73.3% due to the increase in raw material costs (down 260bp YoY).
- EBITDA margin contracted 530bp YoY to 18.2% (our est: 17%), largely due to a contraction in GM, supported by increased employee expenses (820bp YoY each as a % of sales).
- As a result, EBITDA declined 15% YoY to INR119m (our est: INR112m).
- Kids-e-dental's 1QFY26 revenue stood at INR 44m, down 48% YoY.
- PAT declined 21% YoY to INR83m (in line) due to ESOP as well as a decline in revenue in Kids-e-dental.

Conference Call Details



Date: 13th August 2025
Time: 12:00 pm IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	2.4	3.0	3.7
EBITDA (INRm)	419	637	903
Adj. PAT (INRm)	262	494	685
EBIT Margin (%)	17.5	20.9	24.4
Cons. Adj EPS (INR)	4.8	9.0	12.5
EPS Growth (%)	4.9	88.9	38.6
BV/Share (INR)	37.9	46.9	59.4
Ratios			
Net D-E	-0.4	-0.4	-0.4
RoE (%)	20.9	21.2	23.4
RoCE (%)	18.6	19.6	22.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	82.5	43.7	31.5
EV/EBITDA (x)	49.9	32.5	22.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	1.3	0.5	1.4
EV/Sales (x)	8.7	6.8	5.5

Quarterly perf. (Consol.)

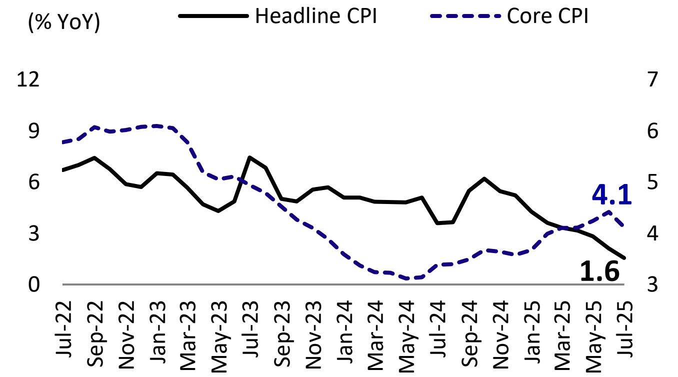
Y/E March	FY25				FY26E				FY25	FY26E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1QE	vs Est
Net Sales	**597**	**571**	**617**	**607**	**656**	**714**	**802**	**877**	**2,391**	**656**	**0.0%**
YoY Change (%)	N/A	N/A	29.0	10.2	9.9	25.0	30.0	44.6	23.5	10	
Total Expenditure	457	484	520	511	537	578	623	674	1,972	545	
EBITDA	**140**	**87**	**96**	**95**	**119**	**136**	**179**	**204**	**419**	**112**	**6.7%**
YoY Change (%)	N/A	N/A	144.7	-18.5	-15.0	55.5	85.9	113.9	76.1	**-20**	
Margins (%)	23.5	15.3	15.6	15.7	18.2	19.0	22.3	23.2	17.5	17	
Depreciation	34	34	40	43	36	48	52	64	150	**45**	
EBIT	**106**	**53**	**57**	**52**	**83**	**88**	**127**	**139**	**269**	**67**	**25.2%**
YoY Change (%)	N/A	N/A	728.8	-38.0	-21.7	64.6	123.9	166.5	126.7	**-37**	
Interest	14	12	15	13	5	3	2	-7	54	6	
Other Income	4	7	6	16	17	20	22	25	33	18	
PBT before EO expense	**96**	**49**	**47**	**56**	**96**	**105**	**147**	**171**	**248**	**79**	**22.1%**
Extra-Ord expense	-59	0	0	-4	0	0	0	0	-70	0	
PBT	**155**	**49**	**47**	**60**	**96**	**105**	**147**	**171**	**318**	**79**	**22.1%**
Tax	18	11	11	25	23	24	34	25	65	16	
Rate (%)	11.4	23.3	22.7	41.2	23.8	23.0	23.5	14.8	20.3	21	
MI & P/L of Asso. Cos.	-20	-22	-12	-8	10	22	22	29	64	21	
Reported PAT	**157**	**59**	**48**	**43**	**83**	**102**	**134**	**174**	**318**	**83**	**-0.4%**
Adj PAT	**105**	**59**	**48**	**40**	**83**	**102**	**134**	**174**	**262**	**83**	**-0.4%**
YoY Change (%)	N/A	N/A	133.2	-51.0	-21.3	73.3	178.7	331.7	4.9	-21	
Margins (%)	17.6	10.3	7.8	6.7	12.6	14.3	16.7	19.9	10.9	13	

Jul'25 inflation lowest since Jun'17

Led by a broad-based easing in inflation

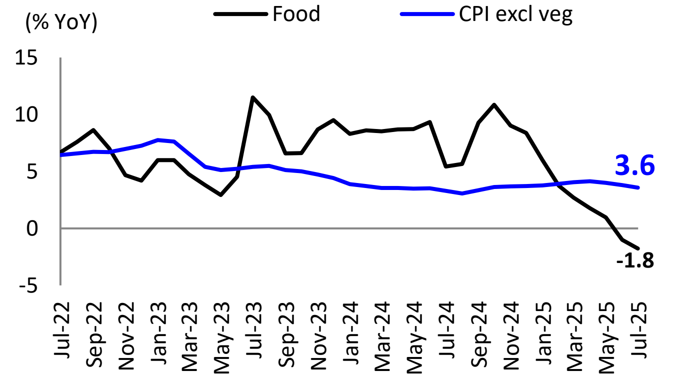
- **CPI inflation softened significantly to 1.55% in Jul'25 (in line with our forecast of 1.7%), sharply down from 3.6% in Jul'24 and 2.8% in Jun'25. The decline was largely driven by a dip in food inflation. This is the lowest CPI print since Jun'17. In Apr-Jul'25, inflation averaged 2.4% vs. 4.6% in the same period last year. (Exhibit 1).**
- **The latest data shows that the food index remained in deflation for the second consecutive month, contracting 1.8% in Jul'25 compared with a 5.4% increase in Jul'24. A breakdown of food inflation reveals that five out of 10 broad categories were in deflation, experiencing sharper declines than the previous month. The steepest correction was seen in vegetables (-20.7% in Jul'25 vs. +6.8% in Jul'24) and pulses and products (-13.8% in Jul'25 vs. +14.8% in Jul'24). Price momentum also eased notably for cereals and products (3.0% in Jul'25 vs. 8.1% in Jul'24) and eggs (2.3% in Jul'25 vs. 6.8% in Jul'24). This broad-based weakness in food prices has been a key driver of the recent disinflationary trend, supporting the overall softening in headline CPI. (Exhibit 2).**
- **Core CPI (excluding food and fuel) eased to 4.1% YoY in Jul'25, with the decline largely driven by transport and communication (aided by a favorable base) and education. In contrast, some consumer-oriented services, particularly household goods and services, maintained steady momentum. Notably, core CPI excluding transport and communication remained relatively sticky at 4.5%, indicating persistent underlying price pressures in other categories. On a sequential basis, there was a marked loss of momentum in personal care and effects as well as education. For personal care and effects, the moderation was partly supported by a 0.4% MoM drop in international gold prices, which helped ease input cost pressures in related segments.**
- **Fuel and Light inflation rose to 2.7% YoY, and some sequential pickup was witnessed due to a slight pickup in kerosene prices.**
- **Other details suggest that: 1) Services inflation declined to a 10-month low of 3.4% YoY in Jul'25, while goods inflation remained lower at 1.1% in Jul'25 *(Exhibit 4)*; 2) Imported inflation stood at 6.8% in Jul'25, while domestically generated inflation came down to an all-time low of 0.95% *(Exhibit 3)*.**
- **Headline CPI is currently benefiting from easing food inflation, supported by improved supply conditions. In the near term, robust sowing—particularly for rice—is likely to provide additional support. That said, close monitoring is necessary for any reversal in vegetable and fruit prices, with tomatoes and onions already showing signs of overshooting. Proactive government interventions are underway, including the release of buffer onion stocks. From September to December, a favorable statistical base is expected to further aid the inflation trajectory, keeping it broadly contained. This cycle is working in India's favor at a time when inflationary pressures from tariffs dominate global discussions. The anticipated slowdown in global growth should help keep international commodity prices in check, partly offsetting the impact of higher tariffs.**

Exhibit 1: Retail inflation eased sharply to 1.6% in Jul'25



Core CPI excludes food & beverages and fuel & light

Exhibit 2: Food inflation contracted 1.8% in Jul'25



Vegetables weight in CPI = 6.04%

Exhibit 3: Imported inflation stood at 6.8% in Jul'25 vs. 6.7% in Jun'25

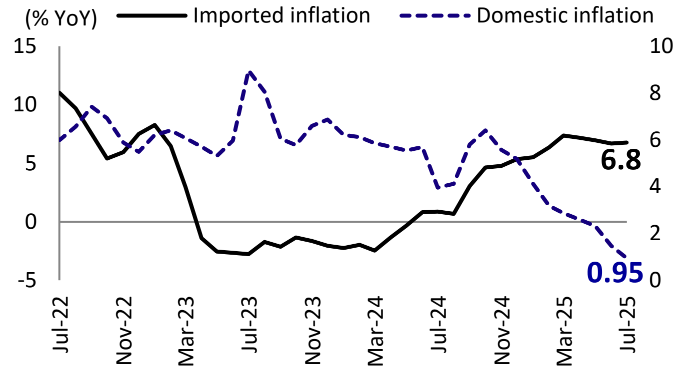
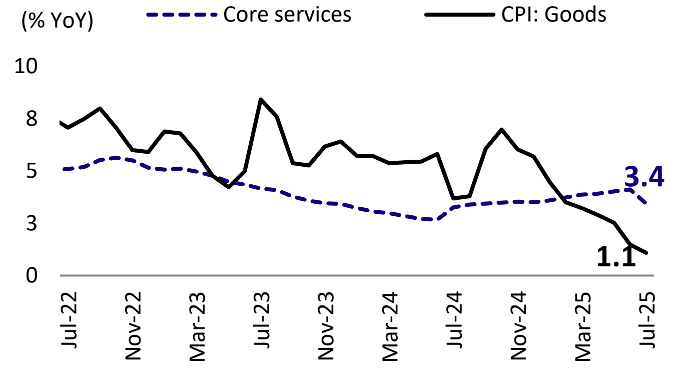


Exhibit 4: Services inflation reduced to a 10-month low of 3.4% in Jul'25



Based on 299 items

Exhibit 5: CPI and its key components

	FY25#	FY26#	Jul'24	Apr'25	Jun'25	Jul'25
Overall CPI	**4.6**	**2.4**	**3.6**	**2.8**	**2.1**	**1.6**
Food and beverages	**7.3**	**0.7**	**5.1**	**1.5**	**-0.2**	**-0.8**
Cereal and products	8.6	4.2	8.1	4.8	3.7	3.0
Pulses and products	16.2	-9.7	14.8	-8.2	-11.8	-13.8
Meat and fish	6.7	-0.8	5.9	-0.4	-1.6	-0.6
Milk and products	2.9	2.9	3.0	3.1	2.8	2.7
Vegetables	22.8	-16.1	6.8	-13.7	-18.9	-20.7
Pan, tobacco, and intoxicants	**3.0**	**2.3**	**3.0**	**2.4**	**2.4**	**2.4**
Fuel and light	**-4.2**	**2.7**	**-5.5**	**2.8**	**2.6**	**2.7**
Housing	**2.7**	**3.1**	**2.7**	**3.2**	**3.2**	**3.2**
Clothing and footwear	**2.7**	**2.6**	**2.7**	**2.7**	**2.6**	**2.5**
Miscellaneous	**3.6**	**5.2**	**3.8**	**5.2**	**5.5**	**5.0**
Transport and communication	1.4	3.4	2.6	3.8	3.9	2.1
Core CPI*	**3.2**	**4.2**	**3.4**	**4.2**	**4.4**	**4.1**

*Excluding food & beverages and fuel & light, # Apr-Jul period

Source: Central Statistics Office (CSO), MOFSL

Rainbow Children's Medicare: Pratiksha hospital has ARPOB of Rs.40,000+ & Margin Between 23-25%; Ramesh Kancharla, CMD

- Rainbow buys 76% of Pratiksha Hospital (150 beds, Guwahati) for Rs.171cr to expand in the northeast, retaining promoter partnership for 5 years.
- Rs.90cr revenue, Rs.23.5cr EBITDA, ARPOB Rs.40k+, 1 lakh OPD, 12k admissions, 1,200 births, 700+ IVF cycles annually.
- Pratiksha's 23–25% EBITDA margin to be improved towards Rainbow's ~29–30% through operational efficiencies.
- Strong Rs.730cr cash position enables further acquisitions and hub-and-spoke growth in pediatric and cardiac care across the northeast.

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JM Financial: There is an uptick in the market share & aim to drive further growth; Nishit Shah, Group CFO

- Net worth crossed Rs.10,000cr; strong transaction pipeline across private credit, real estate, and distressed assets.
- Private credit book at Rs.6,000cr (target Rs.10,000cr in 3 yrs); affordable housing AUM at Rs.3,000cr, aiming for Rs.5,000cr by FY27 and Rs.10,000cr by FY30.
- One-off margin compression from assignments; strong collections and recoveries keeping NPAs in check.
- Scaling high-margin asset management with a larger team and growing recurring AUM.

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Suprajit Engineering: 30-35% of customers have agreed to pay increased tariffs; Ajith Kumar Rai, Founder and Chairman

- Rs1,230 cr, ensuring strong FY26 revenue visibility; Q1 orders at Rs320 cr with aim to keep >Rs1,000 cr consistently.
- Rs200+ cr revenue expected in FY26 at 50–60% utilization, scaling to Rs300+ cr when fully ramped.
- Gross margin at 67.6%, EBITDA at 16% (target 18–20%); PAT up to Rs13.2 cr vs Rs3.2 cr YoY.
- Debt stable at Rs300–400 cr; capex funded via internal accruals with strong cash flows.

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Garware Technical Fibres: Optimistic of some resolution on tariffs between India-US government; Shujaul Rehman, CEO

- 10% of business hit by new 50% US tariffs, mainly in the sports segment; client talks ongoing, hoping for govt resolution.
- Revenue up 9%, profit up 12–13%, driven by domestic infra projects and international fishing demand.
- Exports fell to 55% (vs 60%) as domestic sales rose; 80% of products are value-added, with upgrades underway for remaining 20%.
- OTS acquisition to boost value rope segment and aid European entry from Q2 FY26.

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BUY	>=15%
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