Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,544	-0.2	3.1
Nifty-50	24,574	-0.3	3.9
Nifty-M 100	56,750	-0.8	-0.8
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,345	0.73	7.9
Nasdaq	21,169	1.21	9.6
FTSE 100	9,164	0.2	12.1
DAX	23,924	0.3	20.2
Hang Seng	8,933	-0.2	22.5
Nikkei 225	40,795	0.6	2.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	70	0.3	-6.1
Gold ($/OZ)	3,369	-0.3	28.4
Cu (US$/MT)	9,613	0.4	11.1
Almn (US$/MT)	2,610	1.8	3.3
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.7	-0.1	2.5
USD/EUR	1.2	0.7	12.6
USD/JPY	147.4	-0.2	-6.3
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.4	0.08	-0.3
10 Yrs AAA Corp	7.2	0.07	-0.1
Flows (USD b)	**6-Aug**	**MTD**	**CYTD**
FIIs	-0.6	-0.96	-11.4
DIIs	0.77	2.08	49.8
Volumes (INRb)	**6-Aug**	**MTD***	**YTD***
Cash	995	977	1071
F&O	2,00,097	1,38,029	2,11,740

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Bharti Airtel: Healthy 1Q; FCF generation robust while net debt dips

- Bharti Airtel (Bharti) posted a healthy 1QFY26, led by better performance in Airtel Africa (AAF, 5% beat) and India wireless (3% QoQ revenue and EBITDA uptick aided by higher ARPU and better incremental margins).
- After a spike in 4QFY25, capex normalized in 1QFY26 and management reiterated that FY26 India capex should moderate YoY.
- Bharti's consol. net debt excluding leases declined ~INR130b QoQ to INR1.26t, driven by robust FCF generation of INR143b (vs. ~INR97b QoQ).
- We continue to like Bharti's superior execution on the premiumization agenda. Further, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E).
- We model a CAGR of 14%/17% in Bharti's consol. revenue/EBITDA over FY25-28E and reiterate our BUY rating with SoTP-based revised TP of INR2,285.

Research covered

Cos/Sector	Key Highlights
Bharti Airtel	Healthy 1Q; FCF generation robust while net debt dips
Bajaj Auto	Margins below 20% for first time in seven quarters
Trent	Surprising margin expansion despite deceleration in growth
Divi's Laboratories	CS momentum intact; generic weakness and high opex weigh on results
Other Updates	Power Finance Corporation | Britannia Industries | Bharti Hexacom | Lupin | Prestige Estates Projects | Bharat Forge | Container Corporation | Gujarat Gas | Castrol (India) | PVR-Inox | Avalon Technologies | MTAR Technologies | Updater Services | Expert Speak (a. NBFCs; b. Utilities) | EcoScope | Pidilite | Hero Motocorp | Jindal Stainless | Godrej Agrovet | Kirloskar Oil Engine | Raymond Lifestyle | VRL Logistics | Prince pipes

Chart of the Day: Bharti Airtel (Healthy 1Q; FCF generation robust while net debt dips)

Summary of Bharti's India wireless business valuations and upside/downside skew, FY2025-35E

	Base	Bear	Bull
Bharti - India wireless			
10-year subscriber CAGR	1.4%	1.1%	1.2%
10-year ARPU CAGR	**7.3%**	**6.1%**	**8.8%**
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	8.9%	7.4%	10.2%
10-yr EBITDA CAGR	**10.0%**	**8.0%**	**11.5%**
Enterprise value (INR b)	**11,388**	**8,693**	**13,937**
Exit EV/EBITDA (x)	12.0	10.5	13.6
Implied FY2027E EBITDA (x)	**13.4**	**11.4**	**15.5**
India wireless Enterprise value (INR/share)	**1,963**	**1,499**	**2,403**
Bharti SoTP based TP (INR/share)	**2,285**	**1,710**	**2,865**
Upside / downside to CMP	19%	-11%	49%

Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Indian pharma on alert as US mulls higher drug tariffs

Indian pharma on alert as US mulls higher drug tariffs

Indian drug makers are assessing the potential consequences of additional tariffs imposed by the US in response to India's oil purchases from Russia.

2

JSW Neo Energy, Blackstone, other cos line up for Statkraft wind-down

JSW Neo Energy, Blackstone, and KKR-backed Serentica Renewables have submitted binding financial bids for Statkraft's wind and solar energy assets in India, following a three-month due diligence process.

3

Adani plans ₹20,000 crore city-side push to diversify airports business

Adani Airports plans to invest ₹20,000 crore ($2.4 billion) in phased city-side developments, with nearly 70% earmarked for Mumbai and Navi Mumbai airports. The goal is to boost non-aeronautical revenue to 70% by 2030, up from 50% now.

4

'No order to stop buying Russian oil'

New US tariffs may create problems for Indian oil companies Reliance Industries and Nayara Energy. These companies may face challenges importing crude oil and exporting refined fuel. Government has not directed to stop buying Russian crude. Nayara Energy has already reduced refinery operations.

5

Jubilant FoodWorks stays off price hikes to protect its market share

Jubilant FoodWorks, which runs Domino's in India, said it has held prices steady for 15 quarters despite rising costs, opting instead for internal cost-cutting to maintain market share. Measures include renegotiating rents, improving productivity, and shifting to local sourcing for corn and tomatoes. CEO Sameer Khetarpal said absorbing inflation and free delivery impacted margins but helped retain consumers amid intense competition.

6

Airtel bets on IPOs, digital expansion for next growth phase

Bharti Airtel is gearing up for its next growth phase, fueled by strong financials, exploring IPOs for Airtel Payments Bank and Nxtra, and an InViT for its fibre assets. The company reported impressive Q1 results, with rising profits and reduced debt.

7

Ashiana Housing to invest Rs 425 crore in senior living projects

Ashiana Housing Limited will invest ₹425 crore in FY2025-26 to expand its senior living projects, including entry into Mumbai, Bangalore, and Delhi NCR. Building on a ₹213 crore investment and ₹382 crore booking value in FY2024-25, the company plans to launch five new phases in existing projects.

Bharti Airtel

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	BHARTI IN
Equity Shares (m)	5702
M.Cap.(INRb)/(USDb)	11576.4 / 131.9
52-Week Range (INR)	2046 / 1422
1, 6, 12 Rel. Per (%)	-1/15/31
12M Avg Val (INR M)	11432

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Sales	2,044	2,301	2,590
EBITDA	1,162	1,317	1,495
Adj. PAT	275	389	515
EBITDA Margin (%)	56.8	57.2	57.7
Adj. EPS (INR)	47.4	63.9	84.4
EPS Gr. (%)	57	35	32
BV/Sh. (INR)	236	305	353
Ratios			
Net D:E	1.4	0.6	0.2
RoE (%)	22.4	25.8	28.0
RoCE (%)	15.1	17.6	20.4
Div. Payout (%)	58.8	62.6	71.1
Valuations			
EV/EBITDA (x)	11.0	9.7	8.2
P/E (x)	41	30	23
P/BV (x)	8.2	6.3	5.4
Div. Yield (%)	1.5	2.1	3.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.3	52.4	53.2
DII	19.2	19.3	19.3
FII	26.8	25.5	24.7
Others	2.7	2.8	2.9

FII Includes depository receipts

CMP: INR1,924 TP: INR2,285 (+19%) Buy

Healthy 1Q; FCF generation robust while net debt dips

- Bharti Airtel (Bharti) posted a healthy 1QFY26, led by better performance in Airtel Africa (AAF, 5% beat) and India wireless (3% QoQ revenue and EBITDA uptick aided by higher ARPU and better incremental margins).
- After a spike in 4QFY25, its consol. capex normalized in 1QFY26 to INR82b (-42% QoQ, -15% YoY). Management reiterated that FY26 India capex (ex-Indus) should further moderate from the FY25 levels (~INR300b).
- Bharti's consol. net debt excluding leases declined ~INR130b QoQ to INR1.26t, driven by robust FCF generation of INR143b (vs. ~INR97b QoQ).
- We continue to like Bharti's superior execution on the premiumization agenda. Further, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E).
- Bharti continues to outperform (up ~22% in CYTD vs. +4% for Nifty-50), and its valuations have re-rated (~12x FY27E EV/EBITDA for the India business). We believe regular tariff hikes (beyond FY27) remain key for further re-rating.
- We raise our FY26-28E EBITDA by ~1% each, driven by higher growth in AAF. We model a CAGR of 14%/17% in Bharti's consol. revenue/EBITDA over FY25-28E, driven by 1) benefits of the ~15% tariff hike in India wireless from Dec'25, 2) continued acceleration in Home broadband net adds, and 3) robust double-digit growth in Africa.
- We **reiterate our BUY rating with SoTP-based revised TP of INR2,285**. We value the India wireless and homes business on DCF (implies ~13.4x Sep'27E EV/EBITDA), DTH/Enterprise at 5x/10x Sep'27E EBITDA, and Bharti's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Generated ~INR143b FCF, leading to ~INR130b reduction in net debt

- Bharti's consol. revenue grew 3% QoQ (+29% YoY) to INR495b, driven by robust growth in AAF (+6% QoQ) and the Homes business (+8% QoQ).
- Consol. EBITDA rose 3% QoQ to INR278b (up 21% YoY, 2% above), driven by robust performance in Homes and AAF (both up 8% QoQ).
- India wireless revenue and EBITDA grew 3% QoQ, driven by ~2% QoQ ARPU uptick to INR250 (our. est.: INR248) and 67% incremental margins.
- Homes continue to benefit from acceleration in subscriber additions (record high 0.94m net adds), but Enterprise (B2B) revenue and EBITDA declined 5% and 4% QoQ, respectively, due to retooling of the portfolio. EBITDA margin expanded by a further ~50bp QoQ to 42.6% due to improved product mix.
- Revenue and EBITDA growth accelerated in Africa, driven by the flow-through of tariff hikes in Nigeria and rising data consumption.
- After a spike in 4QFY25, consolidated capex normalized to INR83b, with India capex (ex-Indus) declining ~42% QoQ to INR73b (-15% YoY).
- Consol. net debt (ex-leases) dipped ~INR130b QoQ to INR1.26t, with the India net debt-to-EBITDAaL moderating to 1.35x (vs. 1.53x QoQ).
- Consol. FCF (after leases and interest payments) improved further to INR143b (vs. ~INR97b QoQ), driven by favorable movement in working capital (payable up ~INR44b QoQ).

Key highlights from the management commentary

- **Capex:** Bharti's 1Q capex was lower due to seasonality and timing differences and should not be extrapolated for FY26. However, management reiterated that FY26 India (ex-Indus) capex should be lower than FY25 levels (~INR300b). Going ahead, the priorities for capex would be on investments in the transport layer, home broadband, data center, and B2B, while radio capex would moderate.
- **Capital allocation:** Bharti would like to strike a balance between priorities such as: 1) deleveraging the balance sheet, 2) stepping up dividend payments, and 3) making selective and prudent investments to bolster capabilities in B2B adjacencies such as cloud, security, and data centers. Further, the company would look to list Airtel Money (Africa mobile money) and Airtel Payments Bank in the near term, as well as Nxtra (its data center arm) in the future.
- **Airtel Business:** Management believes there is a significant opportunity to scale up Airtel Business, especially in adjacencies. The order book and funnel additions remain robust, and there are some green shoots visible in the global business. Airtel's subsidiary Xtelify has recently launched its cloud offerings and has partnered with international telcos for its software platform.
- **Focus on quality customers:** Bharti continues to focus on subscriber mix premiumization through upgrades from feature phone to smartphone and prepaid to postpaid, increasing penetration of international roaming, along with partnerships with global firms for value-added services such as Google Cloud and Perplexity as a lever for revenue growth.

Valuation and view

- We continue to like Bharti's superior execution on the premiumization agenda. In addition, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E), which should lead to further deleveraging and improvement in shareholder returns.
- We raise our FY26-28E EBITDA by ~1% each, led by higher AAF growth. We model a 14%/17% CAGR in Bharti's consol. revenue/EBITDA over FY25-28E due to 1) benefits of ~15% tariff hike in India wireless from Dec'25, 2) continued acceleration in home broadband net adds, and 3) robust double-digit growth in Africa.
- Bharti continues to outperform (up ~22% in CYTD vs. +4% for Nifty-50), and valuations have re-rated (~12x FY27E EV/EBITDA for India business). We believe regular tariff hikes (beyond FY27) remain key for further re-rating of the stock.
- We **reiterate our BUY rating with SoTP-based revised TP of INR2,285**. We value the India wireless and homes business on DCF (implies ~13.4x Sep'27E EV/EBITDA), DTH/Enterprise at 5x/10x Sep'27E EBITDA, and Bharti's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.

Consolidated - Quarterly Earnings summary (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	**385**	**415**	**451**	**479**	**495**	**497**	**520**	**532**	**1,730**	**2,044**	**476**	4.4
YoY Change (%)	2.8	12.0	19.1	27.3	28.5	19.8	15.2	11.2	15.3	18.1	26.6	
Total Expenditure	188	196	205	209	216	221	221	225	798	882	207	6.5
EBITDA	**197**	**218**	**246**	**270**	**278**	**277**	**299**	**307**	**932**	**1,162**	**269**	2.8
YoY Change (%)	0.6	12.0	24.1	39.5	41.3	26.6	21.7	13.8	19.0	24.7	38.9	-32
Depreciation	105	110	117	123	125	126	126	127	456	503	125	0.6
Net Finance cost	52	54	57	55	55	53	53	52	218	214	47	13.9
Other Income	13	13	21	5	6	4	4	2	53	17	5	-11.2
PBT before EO expense	**53**	**68**	**93**	**97**	**105**	**102**	**125**	**131**	**311**	**462**	**102**	-0.3
Extra-Ord expense	-7	9	-75	1	0	0	0	0	-73	0	0	
PBT	**60**	**59**	**169**	**96**	**105**	**102**	**125**	**131**	**384**	**462**	**102**	-0.3
Tax	13	17	8	-29	31	32	32	33	9	127	35	-8.0
Rate (%)	21.7	29.6	4.5	-30.2	29.3	31.3	25.5	25.0	2.4	27.5	33.9	
Minority Interest & P/L of Asso. Cos.	6	6	14	15	15	15	15	15	39	60	9	
Reported PAT	**42**	**36**	**148**	**110**	**59**	**55**	**78**	**83**	**336**	**275**	**59**	-6.7
Adj PAT	**29**	**39**	**55**	**52**	**59**	**55**	**78**	**83**	**176**	**275**	**59**	-6.7
YoY Change (%)	0.8	32.2	121.3	76.9	103.3	40.2	41.0	59.0	55.4	56.6	99.2	

E: MOFSL Estimates

Our SoTP-based TP for Bharti stands at INR2,285

	Valuation base (INR b)		Multiple (x)		Valuation	
SoTP based on Sept'27	**EBITDA**	**Other**	**EBITDA**	**Other**	**(INRb)**	**(INR/share)**
India business						
India wireless (including Hexacom)	**850**		**13.4**	**DCF implied**	**11,388**	**1,963**
Less: Hexacom minority (30% minority)	68		15.1	At our FV	308	53
Homes	59		13.4	DCF implied	792	137
India homes + wireless attributable value					**11,872**	**2,047**
DTH	15		5.0		76	13
Enterprise	98		10.0		979	169
Indus Towers attributable value	172	515	6.0	0.75	386	67
Other investments (Nxtra, APB)		135		1.0	135	23
India business enterprise value	**1,079**		**12.5**	**Implied**	**13,448**	**2,319**
India business net debt (including leases)					**849**	**146**
Network I2I perps					40	7
India business equity value (a)					**12,559**	**2,165**
International business						
Airtel Africa	304		4.4	At CMP	1,342	233
Airtel Africa net debt					456	79
Airtel Africa attributable value		**553**		**0.75**	**415**	**72**
Robi Axiata + Dialog SL attributable value		32		0.75	24	4
International business equity value (b)					**439**	**76**
Dividends (c)					**255**	**44**
Bharti Airtel TP (d) = (a) + (b) + (c)					**13,253**	**2,285**

Source: Company, MOFSL

Bajaj Auto

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BJAUT IN
Equity Shares (m)	279
M.Cap.(INRb)/(USDb)	2283.9 / 26
52-Week Range (INR)	12774 / 7088
1, 6, 12 Rel. Per (%)	0/-12/-16
12M Avg Val (INR M)	4362

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	500	550	614
EBITDA	101.0	108.6	123.0
EBITDA (%)	20.2	19.7	20.0
Adj. PAT	83.6	90.0	100.7
EPS (INR)	299	322	361
EPS Gr. (%)	11.8	7.6	11.9
BV/Sh. (INR)	1,151	1,244	1,334
Ratios			
RoE (%)	29.3	26.9	28.0
RoCE (%)	27.6	25.4	26.3
Payout (%)	66.8	71.3	74.8
Valuation			
P/E (x)	27.3	25.4	22.7
P/BV (x)	7.1	6.6	6.1
Div. Yield (%)	2.4	2.8	3.3
FCF Yield (%)	2.9	2.7	3.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	55.0	55.0	55.1
DII	12.1	11.0	8.8
FII	10.3	11.7	14.2
Others	22.5	22.3	21.9

FII Includes depository receipts

CMP: INR8,179 TP: INR8,618 (+5%) Neutral

Margins below 20% for first time in seven quarters

Export outlook positive, domestic remains uncertain

- BJAUT's 1QFY26 earnings at INR20.6b beat our estimate of INR19.8b, aided by higher-than-expected other income even as margins were in line with our estimate at 19.7%. Margin has fallen below 20% for the first time in seven quarters.
- While a recovery in exports and a healthy ramp-up of Chetak and 3Ws are key positives, its market share loss in domestic motorcycles remains the key concern. Further, the ramp-up of its CNG bike, Freedom, has been slower than expected. BJAUT has acquired a controlling stake in KTM under a lucrative deal, though its effectiveness depends on how quickly it is able to turn around its operations, which will remain the key monitorable from hereon. At ~25.4x/22.7x FY26E/FY27E EPS, BJAUT appears fairly valued. We maintain a Neutral rating with a TP of **INR8,618, based on 22x Jun'27E core EPS.**

Margins below 20% mark on adverse currency impact

- 1Q earnings at INR20.6b beat our estimate of INR19.8b.
- Revenue grew 5.5% YoY to INR126b and was in line with our estimate. Growth was largely driven by 5% YoY growth in ASP despite largely flat volumes YoY.
- Gross margin fell 40bp YoY to 29.6%, largely due to rising input costs and currency impact.
- Overall, EBITDA margin dropped 50bp YoY and QoQ to 19.7% (in line with our estimate) due to weak volumes and an adverse product mix (impact of currency appreciation and lower exports). Margin has fallen below 20% for the first time in seven quarters.
- Other income came in at INR4.3b, ahead of our estimate of INR3.4b. As a result, PAT at INR20.6b was ahead of our estimate, up 5% YoY.
- BJAUT generated FCF of INR1.2b in 1Q, with surplus funds of INR167.3b despite an infusion of INR3b into Bajaj Auto Credit (BACL) and INR15.25b into Bajaj Auto International Holdings BV for the KTM Austria acquisition.

Highlights from the management commentary

- Given the positive on-ground fundamentals, management believes that 5-6% growth in the 2W industry is possible in the coming months.
- Management expects the impact of net material costs (cost less price hike) to largely be flat QoQ in Q2.
- Further, given that INR is again depreciating vs. USD, management expects some currency benefits in 2Q. However, BJAUT intends to use these benefits to target and recover some market share in the domestic market.
- Given the impact of rare earth metal shortage, BJAUT is likely to produce 50-60% of planned capacity for 2W EVs and 75% of planned capacity for 3W EVs in Aug'25, with a similar shortage seen in Jul'25 as well.
- BACL delivered over 2x growth in PAT to INR1.1b in Q1. AUM has increased to INR120b and BJAUT expects to end FY26 with AUM of INR190b.

Valuation and view

- While a recovery in exports and a healthy ramp-up of Chetak and 3Ws are key positives, its market share loss in domestic motorcycles, that too in its bread-and-butter 125cc+ segment, remains the key concern. Further, the ramp-up of its CNG bike, Freedom, has been slower than expected. While BJAUT has acquired a controlling stake in KTM under a lucrative deal, its effectiveness depends on how quickly it is able to turn around its operations, which will remain the key monitorable from hereon. At ~25.4x/22.7x FY26E/27E EPS, BJAUT appears fairly valued. We maintain a Neutral rating with a target price of **INR8,618, based on 22x June-27E core EPS**.

Quarterly Performance **(INR m)**

	FY25				FY26E				FY25	FY26E	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Volumes ('000 units)	1,102	1,222	1,224	1,103	1,111	1,251	1,244	1,223	4,651	4,830	1,111
Growth YoY (%)	7.3	15.9	2.0	3.2	0.8	2.4	1.6	10.9	6.9	3.8	0.8
Realization (INR/unit)	108,234	107,470	104,591	110,142	113,247	113,381	114,004	114,868	107,527	113,887	110,399
Growth YoY (%)	7.9	5.1	3.7	2.5	4.6	5.5	9.0	4.3	4.7	5.9	2.0
Net Sales	**119,280**	**131,275**	**128,069**	**121,480**	**125,845**	**141,819**	**141,828**	**140,534**	**500,103**	**550,025**	**122,679**
Change (%)	15.7	21.8	5.7	5.8	5.5	8.0	10.7	15.7	11.9	10.0	2.8
EBITDA	**24,154**	**26,522**	**25,807**	**24,505**	**24,818**	**28,021**	**27,740**	**28,003**	**100,988**	**108,581**	**24,164**
EBITDA Margins (%)	20.2	20.2	20.2	20.2	19.7	19.8	19.6	19.9	20.2	19.7	19.7
Other Income	3,209	3,845	3,347	3,808	4,308	4,000	3,800	4,012	14,209	16,120	3,400
Interest	207	159	143	168	141	130	140	139	677	550	120
Depreciation	937	956	997	1,111	1,109	1,120	1,130	1,146	4,001	4,505	1,050
PBT after EO	**26,219**	**27,139**	**28,015**	**27,033**	**27,875**	**30,771**	**30,270**	**30,731**	**108,406**	**119,646**	**26,394**
Effective Tax Rate (%)	24.2	26.1	24.7	24.2	24.8	24.8	24.8	24.7	24.8	10.2	3.4
Adj. PAT	**19,884**	**22,160**	**21,087**	**20,492**	**20,960**	**23,152**	**22,775**	**23,136**	**83,103**	**90,023**	**19,843**
Change (%)	19.4	20.7	3.3	5.8	5.4	4.5	8.0	12.9	11.1	8.3	(0.2)

E: MOFSL Estimates

Trent

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	TRENT IN
Equity Shares (m)	355
M.Cap.(INRb)/(USDb)	1904.2 / 21.7
52-Week Range (INR)	8346 / 4488
1, 6, 12 Rel. Per (%)	2/-3/0
12M Avg Val (INR M)	7429

Financials & Valuations Consol (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	213.6	253.2	293.1
EBITDA	34.1	40.0	45.4
NP	18.3	21.6	24.1
EBITDA Margin (%)	16.0	15.8	15.5
Adj. EPS (INR)	51.3	60.8	67.9
EPS Gr. (%)	19.0	18.4	11.7
BV/Sh. (INR)	213.4	272.0	337.7
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	29.1	26.8	23.8
RoCE (%)	18.6	17.2	15.4
Payout (%)	10.7	9.9	9.6
Valuations			
P/E (x)	103.9	87.8	78.6
EV/EBITDA (x)	55.7	47.2	41.3
EV/Sales (x)	9.0	7.5	6.5
Div. Yield (%)	0.1	0.1	0.1

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	37.0	37.0	37.0
DII	18.5	17.2	13.2
FII	18.4	19.7	27.9
Others	26.1	26.1	21.9

FII includes depository receipts

CMP: INR5,356 TP: INR6,400 (+20%) Buy

Surprising margin expansion despite deceleration in growth

- Despite a continued deceleration in revenue growth (+20% YoY) and a ~110bp YoY decline in gross margin, Trent delivered a strong EBITDA growth of ~37% YoY (17% beat), with margin expanding ~225bp YoY.
- The significant margin beat was led by effective cost control—employee expenses fell 7% YoY, while rental costs rose only 7% YoY, despite a 36% increase in retail area, reflecting the strength of Trent's variable cost structure.
- However, the Star business underperformed with just ~7% YoY revenue growth, flat like-for-like sales, and a 14% YoY drop in revenue per sq ft to INR26.7k, (vs. 2% YoY uptick, despite a much larger base for DMart).
- Our FY26-27E EBITDA estimates remain largely unchanged as we expect store expansion-related costs to catch up over the next few quarters. while, we lower PAT by 3-6% due to higher depreciation. We build in with a 20%/18%/16% CAGR in revenue/EBITDA/PAT over FY25-28E, driven by aggressive store expansion.
- We continue to like Trent for its robust footprint additions, strong double-digit growth, long runway for growth in Star (presence in just 10 cities), and potential scale-up of emerging categories (Beauty, Innerwear, Footwear, and LGDs). However, revenue growth acceleration remains a key trigger.
- **Reiterate Buy on Trent with a revised TP of INR6,400**, premised on 50x Sep'27 EV/EBITDA for the standalone (Westside and Zudio) business, ~3x EV/sales for Star JV, and ~7x EV/EBITDA for Zara JV.

Robust cost controls drive significant EBITDA beat

- Standalone revenue growth further decelerated in 1QFY26 to 20% YoY (vs. 57%/40%/37%/29% in the last four quarters), despite large back-ended store additions in Zudio (~130 net additions) in 4QFY25.
- Gross profit grew 17% YoY to INR21.5b (2% miss) as **gross margin contracted ~110bp YoY to 45.1%.**
- Occupancy cost (including rent) grew modest ~7% YoY (though rose 63% QoQ), despite ~37% YoY area additions in Zudio. We believe there could have been some reversals in rental provisions in 4QFY25.
- Surprisingly, employee costs declined 7% YoY and QoQ (21% lower than our estimate), despite significant store additions over the past few quarters.
- Other expenses grew 16% YoY (+12% QoQ), driving operating leverage.
- Driven by lower increase in rentals and employee cost, **EBITDA grew 37%** YoY to INR8.4b (17% beat), **as margins expanded ~225bp to 17.5%.**
- Reported operating EBIT margin expanded to 11.2% (vs. 10.4% YoY).
- PAT grew 24% YoY to INR4.2b (19% beat) as higher EBITDA was offset by lower other income (-11% YoY, 26% below).

After back-ended growth in 4QFY25, store expansion remains muted in 1QFY26

- Store expansion activity remained subdued in 1QFY26, with store count across fashion formats stable QoQ at 1,043 stores (up 27% YoY).
- **Westside** added just one store but also closed one, resulting in a flat store count of 248 (+9% YoY). However, the retail area increased ~20% YoY as Trent added larger Westside stores during FY25.
- **Zudio** witnessed 11 new store openings, though these were offset by 10 store closures. As a result, the company effectively added only one net store to reach 766 stores (+37% YoY). However, similar to Westside, with rising store sizes, the retail area increased ~54% YoY.
- Further, there was a consolidation of one store in Trent's other fashion formats to 29 stores (-19% YoY).

Star: Subdued performance with flat LFL and one net store closure

- Revenue growth decelerated to ~7% YoY (vs. 29%/27%/25%17% YoY in the last few quarters) as LFL growth moderated to flat YoY (vs. ~22%/2% in 1QFY25/4QFY25).
- STAR consolidated one store during the quarter and has a footprint of 77 stores.
- Calculated revenue per sq ft declined 14% YoY to INR26.7k (vs. 2% YoY uptick to INR36.6k/sq ft for DMart) and revenue per store declined 5% YoY to INR449m.
- The share of own-brand offerings now contributes ~73% to Star's revenue.

Highlights from the management commentary

- Like-for-like growth for Trent's fashion concepts was in low single digits due to the early onset of monsoon and geopolitical disruptions. However, revenue growth across comparable micro-markets remained healthy.
- Trent's strategy is centered on expanding revenue share and presence in key markets by increasing store density and **improving portfolio quality rather than focusing solely on like-for-like store performance.**
- Simultaneously, Trent is entering emerging Tier 2/3 cities with significant long-term potential, although revenue trajectories in these newer markets may differ from mature metro locations due to varying levels of fashion adoption and consumption density.
- Management indicated that investments in technology and automation in recent years have driven stable operating economics and operating leverage.
- **Emerging categories,** including beauty and personal care, innerwear, and footwear, contributed to 21% of standalone revenue (vs. 20% in 4QFY25).
- **Online revenue** grew 35% YoY, contributing 6%+ of Westside sales.

Valuation and view

- TRENT's growth rate has decelerated sharply in the last few quarters due to a weak LFL amid a subdued demand environment. However, the company continues to display strong cost controls to report healthy EBITDA growth.
- Back-ended strong store additions in Zudio from 4QFY25, coupled with a continued ramp-up with a focus on increasing share in key micro-markets, are likely to support growth.

- We continue to like Trent for its robust footprint additions, strong double-digit growth, long runway for growth in Star (presence in just 10 cities), and potential scale-up of emerging categories (Beauty, Innerwear, Footwear, and LGDs).
- Our FY26-27E EBITDA estimates remain largely unchanged, while we lower PAT by 1-5% due to higher depreciation. We build in with a 20%/18%/17% CAGR in revenue/EBITDA/PAT over FY25-28E, driven by aggressive store expansion.
- **We reiterate BUY on Trent with revised TP of INR6,400**, premised on 50x Sep'27 EV/EBITDA for the standalone (Westside and Zudio) business and ~3x EV/sales for Star JV and ~7x EV/EBITDA for Zara JV.

Standalone - Quarterly Earnings Model **(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Revenue	**39,917**	**40,356**	**45,347**	**41,061**	**47,813**	**50,445**	**57,818**	**52,679**	**166,681**	**208,753**	**47,901**	**0**
YoY Change (%)	57.4	39.6	36.9	28.8	19.8	25.0	27.5	28.3	39.8	25.2	23.4	
Total Expenditure	33,812	33,949	36,971	34,497	39,435	42,676	47,353	44,845	139,229	174,309	40,716	-3
EBITDA	**6,106**	**6,407**	**8,376**	**6,564**	**8,377**	**7,768**	**10,465**	**7,834**	**27,452**	**34,444**	**7,185**	**17**
EBITDA Margin (%)	15.3	15.9	18.5	16.0	17.5	15.4	18.1	14.9	16.5	16.5	15.0	-252
Depreciation	1,759	1,915	2,393	2,631	2,839	2,952	3,011	2,370	8,699	11,172	2,657	7
Interest	312	324	363	371	395	423	453	574	1,369	1,845	397	0
Other Income	461	1,387	564	970	409	1,387	676	888	3,381	3,360	553	-26
PBT before EO expense	**4,496**	**5,554**	**6,184**	**4,532**	**5,552**	**5,780**	**7,678**	**5,778**	**20,766**	**24,788**	**4,684**	**19**
Extra-Ord expense	-	-	-	-	-	-	-	-	-	-	-	
PBT	**4,496**	**5,554**	**6,184**	**4,532**	**5,552**	**5,780**	**7,678**	**5,778**	**20,766**	**24,788**	**4,684**	**19**
Tax	1,074	1,320	1,490	1,033	1,326	1,387	1,843	1,393	4,918	5,949	1,124	**18**
Reported PAT	**3,422**	**4,234**	**4,693**	**3,499**	**4,226**	**4,393**	**5,835**	**4,385**	**15,848**	**18,839**	**3,560**	**19**
Adj PAT	**3,422**	**4,234**	**4,693**	**3,499**	**4,226**	**4,393**	**5,835**	**4,385**	**15,848**	**18,839**	**3,560**	**19**
YoY Change (%)	130.8	46.2	36.6	41.3	23.5	3.7	24.3	25.3	54.0	18.9	37.0	

E: MOFSL Estimates

Divi's Laboratories

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	DIVI IN
Equity Shares (m)	265
M.Cap.(INRb)/(USDb)	1628.3 / 18.6
52-Week Range (INR)	7078 / 4616
1, 6, 12 Rel. Per (%)	-8/-4/25
12M Avg Val (INR M)	3080

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	93.6	106.6	126.6
EBITDA	29.7	34.3	42.8
Adj. PAT	21.6	24.8	31.0
EBIT Margin (%)	27.4	28.1	30.2
Cons. Adj. EPS (INR)	81.2	93.4	117.0
EPS Gr. (%)	35.3	15.0	25.2
BV/Sh. (INR)	563.9	629.5	710.2
Ratios			
Net D:E	-0.3	-0.2	-0.2
RoE (%)	15.1	15.7	17.5
RoCE (%)	15.1	15.7	17.5
Payout (%)	31.0	30.6	31.0
Valuations			
P/E (x)	74.8	65.0	51.9
EV/EBITDA (x)	53.1	45.9	36.8
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.3	0.2	0.6
EV/Sales (x)	16.8	14.8	12.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.9	51.9	51.9
DII	19.1	20.7	21.8
FII	19.7	18.0	16.2
Others	9.3	9.4	10.2

FII Includes depository receipts

CMP: INR6,134 TP: INR6,320 (+3%) Neutral

CS momentum intact; generic weakness and high opex weigh on results

CS platform expansion to help sustain earnings growth

- Divi's Laboratories (DIVI) posted lower-than-expected financial performance in 1QFY26. Revenue/EBITDA/PAT came in 5%/14%/18% below our estimates, affected by lower traction in the generics segment and increased opex. Having said this, 1QFY26 was the seventh consecutive quarter of robust YoY growth in earnings.
- Custom synthesis business has been witnessing strong growth momentum, driven by robust engagement across clinical phases and at the commercial stage. DIVI continues to build technology platforms (flow chemistry/ peptides/biocatalysis/ADCs) and add capacities to support manufacturing requirements for innovator customers.
- DIVI is making efforts to sustain market share in the generics API space. It is also working on the manufacturing value chain to keep profitability intact.
- We cut our earnings estimates by 8%/6% for FY26/FY27, factoring in a) the current pricing pressure in the generics segment, b) incremental opex related to new projects, and c) revenue being back-ended. We value DIVI at 54x 12M forward earnings to arrive at a TP of INR6,320.
- We estimate a 20% earnings CAGR over FY25-27 on the back of improved business prospects in the CS segment as certain contracts are currently undergoing pilot study/qualification and subsequently expected to scale up to the commercial level. Notably, Peptide is expected to be the next breakthrough opportunity for DIVI. However, the current valuation leaves limited upside; hence, we maintain Neutral stance on the stock.

14% CC YoY revenue growth and margin expansion drive YoY earnings growth

- Revenue grew 13.8% YoY to INR24b (our est: INR25.2b) for the quarter.
- The generics:CS ratio was 47:53. This implies 3%/18% YoY growth in generics/ CS sales. The CC YoY growth in total revenue was 14%.
- Nutraceutical revenue was INR2.5b, up 40% YoY.
- Gross margin expanded 60bp YoY to 60.3%.
- EBITDA margin expanded 90bp YoY to 30.2% (est. 33.5%), aided by a better product mix and marginally better operating leverage. Lower other expenses (down 60bp YoY as % of sales) were partly offset by higher employee costs (+30bp YoY as % of sales)
- As a result, EBITDA grew 17% YoY to INR7.3b (est. INR8.5b).
- Adjusted for forex gains of INR390m, PAT grew 20% YoY to INR5.2b (est. INR6.3b).

Highlights from the management commentary

- The Kakinada backward integration project has started reflecting in DIVI's gross margins. DIVI is also shifting certain KSMs and intermediates from Unit-I/II to the Kakinada site to utilize the cGMP capacity of Unit I/II.
- DIVI is on track for three major projects with a total investment of INR20b. The business from these projects is related to molecules just commercialized by innovator and certain molecules that have finished clinical trials and are ready for commercialization.
- DIVI is working on biocatalysis with certain projects on a pilot scale with innovators.
- The capital work in progress was INR14b at the end of Jun'25.
- The gadolinium-based contrast media project is undergoing pilot study and qualification. It would take about 18 months to witness commercial benefits from this project.
- Overall capacity utilization was ~80%.
- The commercial-level solid-state peptide capacity is available with DIVI based on the customer requirement.
- While there has been pricing pressure in the generics segment, DIVI has been able to offset this impact due to backward integration and leading volume market share in certain products.

Quarterly performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**21,180**	**23,380**	**23,190**	**25,850**	**24,100**	**26,090**	**27,538**	**28,878**	**93,600**	**1,06,606**	**25,233**	**-4.5**
YoY Change (%)	19.1	22.5	25.0	12.2	13.8	11.6	18.7	11.7	19.3	13.9	19.1	
Total Expenditure	14,960	16,220	15,760	16,990	16,810	17,793	18,506	19,175	63,930	72,284	16,780	
EBITDA	**6,220**	**7,160**	**7,430**	**8,860**	**7,290**	**8,297**	**9,032**	**9,703**	**29,670**	**34,322**	**8,453**	**-13.8**
YoY Change (%)	23.4	43.5	51.9	21.2	17.2	15.9	21.6	9.5	33.5	15.7	35.9	
Margins (%)	29.4	30.6	32.0	34.3	30.2	31.8	32.8	33.6	31.7	32.2	33.5	
Depreciation	970	990	990	1,070	1,120	1,040	1,098	1,151	4,020	4,409	991	
EBIT	**5,250**	**6,170**	**6,440**	**7,790**	**6,170**	**7,256**	**7,935**	**8,552**	**25,650**	**29,913**	**7,462**	**-17.3**
YoY Change (%)	27.7	52.7	63.5	22.5	17.5	17.6	23.2	9.8	39.0	16.6	42.1	
Interest	0	0	0	10	30	0	0	0	10	30	0	
Other Income	780	770	720	760	800	758	758	758	3,030	3,073	758	
PBT before EO Income	**6,030**	**6,940**	**7,160**	**8,540**	**6,940**	**8,014**	**8,692**	**9,309**	**28,670**	**32,955**	**8,219**	**-15.6**
Forex gain /(Loss)	10	290	100	100	390	0	0	0	500	390	0	
PBT	**6,040**	**7,230**	**7,260**	**8,640**	**7,330**	**8,014**	**8,692**	**9,309**	**29,170**	**33,345**	**8,219**	**-10.8**
Tax	1,740	2,120	1,370	2,020	1,880	1,923	2,130	2,327	7,250	8,260	1,932	
Rate (%)	28.8	29.3	18.9	23.4	25.6	24.0	24.5	25.0	24.9	24.8	23.5	
PAT	**4,300**	**5,110**	**5,890**	**6,620**	**5,450**	**6,091**	**6,563**	**6,982**	**21,920**	**25,085**	**6,288**	**-13.3**
Adj. PAT	**4,293**	**4,905**	**5,809**	**6,543**	**5,160**	**6,091**	**6,563**	**6,982**	**21,550**	**24,795**	**6,288**	**-17.9**
YoY Change (%)	20.3	38.3	68.5	22.0	20.2	24.2	13.0	6.7	35.3	15.1	46.5	
Margins (%)	20.3	21.9	25.4	25.6	22.6	23.3	23.8	24.2	23.4	23.5	24.9	
Adj. EPS	**16.2**	**18.5**	**21.9**	**24.7**	**19.4**	**22.9**	**24.7**	**26.3**	**81.2**	**93.4**	**23.7**	

Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Cost Break-up											
RM Cost (% of Sales)	40.3	41.4	39.8	37.9	39.7	39.0	38.5	38.0	39.8	38.8	37.6
Staff Cost (% of Sales)	13.8	13.0	12.8	13.5	14.1	14.2	13.8	13.4	13.3	13.9	14.0
Other Expenses(% of Sales)	16.6	14.9	15.4	14.2	16.0	15.0	14.9	15.0	15.2	15.2	14.9
Tax rate (%)	28.8	29.3	18.9	23.4	25.6	24.0	24.5	25.0	24.9	24.8	23.5
Gross Margins (%)	59.7	58.6	60.2	62.1	60.3	61.0	61.5	62.0	60.2	61.2	62.4
EBITDA Margins (%)	29.4	30.6	32.0	34.3	30.2	31.8	32.8	33.6	31.7	32.2	33.5
EBIT Margins (%)	24.8	26.4	27.8	30.1	25.6	27.8	28.8	29.6	27.4	28.1	29.6

Power Finance Corporation

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USDb)	1372 / 15.6
52-Week Range (INR)	567 / 357
1, 6, 12 Rel. Per (%)	4/-2/-15
12M Avg Val (INR M)	4075

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	193	214	234
PPP	216	234	263
PAT	174	196	202
EPS (INR)	52.6	59.4	61.1
EPS Gr. (%)	21	13	3
BV/Sh. (INR)	276	317	360
ABV/Sh. (INR)	232	273	316
RoAA (%)	3.2	3.3	3.0
RoAE (%)	20.4	20.0	18.1
Div Payout (%)	30.0	30.1	30.0
Valuations			
P/E (x)	7.9	7.0	6.8
P/BV (x)	1.5	1.3	1.2
Core P/E (x)	5.6	5.0	4.8
Core P/BV (x)	1.2	1.0	0.9
Div. Yld (%)	3.8	4.3	4.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	56.0	56.0	56.0
DII	16.1	16.2	17.1
FII	18.7	18.8	17.9
Others	9.2	9.0	9.0

FII includes depository receipts

CMP: INR416 TP: INR490 (+18%) Buy

Earnings in line due to provision write-backs; asset quality stable

NII beat offset by higher foreign exchange losses; loan book inches up ~1% QoQ

- Power Finance Corporation (PFC)'s 1QFY26 PAT grew ~21% YoY to INR45b (in line). NII grew ~26% YoY to ~INR54.7b in 1QFY26 (~13% beat). In our opinion, the higher interest income in the quarter also included some residual recoveries from the resolution of KSK Mahanadi. Other operating income declined ~36% YoY to ~INR2b (PY: INR3.2b), which included an investment income of INR1.6b (PY: INR2.3b).
- Opex rose ~82% YoY to ~INR1.85b (~7% higher than MOFSLe), and the cost-income ratio stood at ~3.4% (PY: ~2.3%). The increase in opex was primarily due to higher CSR expenses of INR758m (PY: INR15m).
- PPoP grew ~5% YoY to INR48.3b (~11% miss), which was primarily driven by exchange losses of INR6.5b (PQ: Loss of INR2.6b). PFC has been actively managing its exchange risk from foreign currency borrowing. ~95% of PFC's total foreign currency borrowing portfolio is hedged for exchange risk, while 100% of USD exposure is hedged. Though USD/INR movement remained range-bound, EUR/INR saw a 9% depreciation in 1QFY26. The EUR/INR movement was one of the key reasons for the elevated foreign exchange translation loss in the quarter.
- Reported yield was broadly stable at ~10%, while reported CoB declined ~5bp QoQ to ~7.4%, resulting in spreads rising by ~3bp QoQ to ~2.6%. Reported NIM for 1QFY26 improved ~5bp QoQ to ~3.68% (PQ: 3.64%).
- GS3/NS3 was broadly range-bound at ~1.9%/0.4%. PCR on Stage 3 was also broadly stable QoQ at ~80.3%. Provisions write-backs stood at INR6.8b. This translated into annualized credit costs of -12bp (PY: -1bp and PQ: 8bp). The decline in standard asset provisioning was largely driven by improvements in DISCOM credit ratings, with a significant reversal of ~INR6b on exposure to Tamil Nadu DISCOM, whose rating was upgraded from C- to C.
- PFC also shared that out of its 22 stressed projects, TRN Energy (with an outstanding amount of INR11.4b) and Shiga Energy (outstanding amount of ~INR5.2b) are in advanced stages of resolution, and both these projects are being resolved outside NCLT. The company shared that restructuring plans for both have been finalized, with the documentation and implementation process currently in progress.
- Management maintained its loan growth guidance at ~10-11% for FY26. We estimate a disbursement/advances/PAT CAGR of 10%/12%/8% over FY25-FY27, an RoA/RoE of 3%/18%, and a dividend yield of ~4.4% in FY27E.

RDSS scheme extended until Mar'28

- The government launched the RDSS scheme with an outlay of INR3.03t and a gross budgetary support of INR976b, aiming to reduce pan-India AT&C losses to 12-15% and eliminate the ACS-ARR gap to zero. The scheme, which was initially set to conclude by Mar'26, has now been extended by two years until 31st Mar'28 to ensure the completion of the scheme objectives.

- With respect to the RDSS scheme, the action plan for all 13 states with PFC has been approved. Further, PFC has so far sanctioned loans of INR366b and disbursed ~INR50b under the RDSS scheme.

Valuation and view

- PFC reported a mixed performance for the quarter as earnings were in line, largely supported by provision write-backs following rating upgrades of certain DISCOMs. Disbursements were healthy during the quarter, but sequential loan growth remained muted. Asset quality remained stable, and credit costs continued to remain benign. Notably, the company saw a ~5bp sequential improvement in NIM, which was a positive.
- PFC (standalone) trades at 0.9x FY27E P/BV and ~5x FY27 P/E, and we believe that the risk-reward is attractive considering decent visibility on loan growth, further stressed asset resolutions, and healthy RoE of 18-20% in FY26-27E.**We reiterate our BUY rating** with an SoTP (Mar’27E)-based TP of INR490 (premised on 1.1x target multiple for the PFC standalone business and INR155/ share for PFC’s stake in REC after a hold-co discount of 20%).
- **Key risks:** 1) weaker loan growth driven by higher prepayments; 2) increase in exposure to power projects without PPAs; 3) compression in spreads and margins due to an aggressive competitive landscape; and 4) a slowdown in the offtake of renewable energy projects, driven by weak power demand.

PFC: SoTP – Mar’27

	Stake	Target Multiple	Value (INR B)	INR per share	% To Total	Rationale
PFC Standalone	100	1.1	1,110	335	68	1.1x Mar'27 PBV
REC Stake (Pre-HoldCo)	53	1.2	637	**193**		1.2x Mar'27 PBV
Hold Co Discount (20%)			127			
REC Stake (Post-HoldCo)			**510**	**155**	32	
Target Value			**1,620**	**490**	**100**	

Quarterly Performance												(INR m)
Y/E March	FY25				FY26E				FY25	FY26E	1QFY26E	v/s Est.
Particulars	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,18,270	1,19,090	1,24,172	1,37,215	1,37,389	1,35,465	1,36,956	1,41,439	4,98,747	5,51,249	1,32,463	4
Interest Expenses	74,990	75,007	77,231	78,109	82,697	83,276	84,692	86,633	3,05,380	3,37,298	83,989	-2
Net Interest Income	**43,280**	**44,083**	**46,942**	**59,106**	**54,692**	**52,189**	**52,264**	**54,806**	**1,93,367**	**2,13,951**	**48,474**	**13**
YoY Gr %	23.5	18.2	12.9	39.5	26.4	18.4	11.3	-7.3	23.7	10.6	12.0	
Other Income	**3,160**	**14,655**	**5,971**	**11,309**	**2,016**	**15,241**	**6,586**	**13,754**	35,096	**37,597**	**7,812**	**-74**
Net Operational Income	**46,440**	**58,738**	**52,913**	**70,415**	**56,708**	**67,430**	**58,850**	**68,560**	**2,28,463**	**2,51,548**	**56,286**	**1**
YoY Gr %	41.1	19.4	11.5	42.1	22.1	14.8	11.2	-2.6	27.6	10.1	21.2	
Exchange gain/(loss)	589	-3,100	457	-2,614	-6,546	-2,000	-500	46	-4,668	-9,000	-300	2,082
Total Net Income	**47,029**	**55,639**	**53,370**	**67,801**	**50,162**	**65,430**	**58,350**	**68,607**	**2,23,795**	**2,42,548**	**55,986**	**-10**
YoY Gr %	24.6	15.9	18.0	34.9	6.7	17.6	9.3	1.2	23.5	8.4	19.0	
Operating Expenses	1,016	2,355	1,832	2,341	1,848	2,025	2,162	2,280	7,500	8,316	**1,728**	**7**
Operating Profit	**46,013**	**53,284**	**51,538**	**65,460**	**48,313**	**63,405**	**56,188**	**66,327**	**2,16,295**	**2,34,232**	**54,258**	**-11**
YoY Gr %	25.3	13.7	16.8	39.8	5.0	19.0	9.0	1.3	23.9	8.3	17.9	
Provisions	620	-1,241	745	4,447	-6,818	-2,000	1,000	2,558	4,571	-5,261	791	-962
PBT	**45,393**	**54,525**	**50,793**	**61,013**	**55,132**	**65,405**	**55,188**	**63,769**	**2,11,724**	**2,39,493**	**53,468**	**3**
Tax	8,214	10,821	9,244	9,924	10,117	11,773	9,934	11,765	38,202	43,588	9,624	5
Tax Rate %	18.1	19.8	18.2	16.3	18.3	18.0	18.0	18.4	18.0	18.2	18.0	
PAT	**37,179**	**43,704**	**41,549**	**51,090**	**45,015**	**53,632**	**45,254**	**52,005**	**1,73,522**	**1,95,905**	**43,843**	**3**
YoY Gr %	23.6	13.6	23.0	23.5	21.1	22.7	8.9	1.8	20.6	13.1	17.9	
Key Parameters (Calc., %)												
Yield on loans	9.9	9.8	10.0	10.7	10.3							
Cost of funds	7.4	7.3	7.4	7.0	7.1							
Spread	2.5	2.5	2.6	3.7	3.1							
NIM	3.56	3.6	3.76	4.61	4.08							
C/I ratio	2.3	5.3	3.9	4.0	3.4							
Credit cost	0.01	(0.03)	0.01	0.08	(0.12)							
Balance Sheet Parameters												
Disbursements (INR b)	195	467	342	680	362							
Growth YoY (%)	(15)	42	45	40	86							
AUM (INR b)	4,750	4,934	5,038	5,431	5,498							
Growth YoY (%)	10	10	10	13	16							
Asset Quality Parameters			2									
GS 3 (INR B)	161	134	135	105	105							
GS 3 (%)	3.4	2.7	2.7	1.9	1.9							
NS 3 (INR B)	41.1	35.3	35.9	20.9	20.8							
NS 3 (%)	0.9	0.7	0.7	0.4	0.4							
PCR (%)	74.4	73.6	73.4	80.1	80.3							

E: MOFSL Estimates

Britannia Industries

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1301.3 / 14.8
52-Week Range (INR)	6473 / 4506
1, 6, 12 Rel. Per (%)	-3/5/-10
12M Avg Val (INR M)	1968

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	197.7	216.2	237.4
Sales Gr. (%)	10.2	9.4	9.8
EBITDA	35.6	39.3	44.2
EBITDA mrg. (%)	18.0	18.2	18.6
Adj. PAT	25.0	28.0	31.7
Adj. EPS (INR)	104.0	116.4	131.7
EPS Gr. (%)	13.2	12.0	13.2
BV/Sh.(INR)	207.3	244.3	294.6
Ratios			
RoE (%)	53.6	51.6	48.9
RoCE (%)	41.2	41.5	41.1
Payout (%)	74.1	67.9	61.5
Valuation			
P/E (x)	51.8	46.3	40.9
P/BV (x)	26.0	22.1	18.3
EV/EBITDA (x)	35.8	32.1	28.3
Div. Yield (%)	1.4	1.5	1.5

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	50.6	50.6	50.6
DII	18.7	18.3	16.8
FII	15.6	15.7	17.4
Others	15.2	15.5	15.2

FII includes depository receipts

CMP: INR5,403 TP: INR5,850 (+8%) Neutral

Pricing leads to revenue growth; pressure on margin sustains

- Britannia Industries (BRIT) posted consolidated revenue growth of 10% YoY in 1QFY26 (in line). Volume growth was ~2% (est. 3%), while transaction growth stood at 12%. The 6-8% gap between revenue and volume growth is expected to persist over the next two quarters. Rural markets posted strong double-digit growth, outpacing the high single-digit growth seen in urban areas.
- GM contracted 310bp YoY to 40.3%, impacted by elevated commodity prices on a YoY basis, although prices remained stable sequentially (refer to Exhibit 3). The benefit of the palm oil duty reduction was partially reflected in 1QFY26 and is expected to fully flow through from 2QFY26. Employee expenses rose 20% YoY on account of SAR revaluation, which added INR520m to costs. Other expenses declined 3% YoY. EBITDA margin contracted 140bp YoY to 16.4% (est. of 17.3%), while EBITDA remained flat YoY at INR7.6b. Management indicated that the company remains open to implementing price cuts, if necessary, to stay competitive. We model an EBITDA margin of 18-18.5% for FY26-28.
- BRIT's focus on innovation, distribution expansion, marketing, pricing actions, RTM 2.0, and dairy capacity expansion is expected to drive growth. With key raw material prices softening and competitive intensity remaining stable in the organized space, BRIT's profitability could see a recovery, similar to the previous inflationary cycle. However, we await a stable demand recovery in core categories. **We reiterate our Neutral rating with a TP of INR5,850 (premised on 50x Jun'27E EPS).**

In-line performance; volume growth at ~2%

- **Volume growth at ~2%:** BRIT's consolidated net sales (excluding other operating income) rose 10% YoY to INR45.3b (est. INR44.8b) in 1Q. Other operating income declined 27% YoY to INR0.9b (on a high base). Consolidated total revenue rose 9% YoY to INR46.2b (est. INR45.8b). The company delivered ~2% volume growth in 1Q (est. 3%, 3% in 4QFY25).
- **Commodity pressure on margin:** Consolidated gross margin contracted 310bp YoY to 40.3% (est. 40.8%) due to a rise in commodity prices. Employee expenses rose 20% YoY, while other expenses declined 3% YoY, leading to EBITDA margin contraction of 140bp YoY to 16.4% (est. of 17.3%).
- **Muted profitability**: EBITDA remained flat YoY at INR7.6b (est. INR7.9b). APAT declined 2% YoY to INR5.2b (est. INR5.5b).

Highlights from the management commentary

- In 1QFY26, five out of seven regions gained market shares compared to FY25. The only region that saw a decline was the East, primarily due to the internal restructuring of the distribution network, where a mega distribution model is being implemented. During this transition, local players gained share; however, the situation has since normalized.

- Overall market share remained largely flat, as regional players gained traction due to pricing advantages in certain markets and categories, especially amid alternating inflationary and deflationary cycles in the industry.
- E-commerce contributes 4% to the overall business, with quick commerce accounting for 75% of total e-commerce sales.
- The company has guided for a capex of INR1b in FY26, lower than the levels seen in the past few years.

Valuation and view

- We largely maintain our EPS estimates for FY26/FY27.
- BRIT's focus on innovation, distribution expansion, marketing, pricing actions, RTM 2.0, and dairy capacity expansion is expected to drive growth. With key raw material prices softening and competitive intensity remaining stable in the organized space, BRIT's profitability is expected to see a recovery, similar to the previous inflationary cycle. However, we await a stable demand recovery in core categories. **We reiterate our Neutral rating with a TP of INR5,850 (premised on 50x Jun'27E EPS).**

Consol. Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Base business volume growth (%)	**8.0**	**8.0**	**6.0**	**3.0**	**2.0**	**4.0**	**5.0**	**5.5**	**6.3**	**4.1**	**3.0**	
Net Revenue	**41,299**	**45,662**	**44,633**	**43,756**	**45,349**	**50,457**	**49,319**	**48,436**	**1,75,350**	**1,93,561**	**44,810**	**1.2**
YoY change (%)	4.0	4.5	6.5	9.0	9.8	10.5	10.5	10.7	6.0	10.4	8.5	
Other operating income	1,204	1,013	1,293	566	874	1,013	1,035	1,207	4,077	4,129	1,023	(14.6)
YoY change (%)	194.6	62.4	100.5	2.4	-27.4	0.0	-20.0	113.2	82.8	1.3	-15.0	
Total Revenue	**42,503**	**46,676**	**45,926**	**44,322**	**46,222**	**51,470**	**50,354**	**49,644**	**1,79,427**	**1,97,690**	**45,833**	**0.8**
YoY change (%)	6.0	5.3	7.9	8.9	8.8	10.3	9.6	12.0	7.0	10.2	7.8	
Gross Profit	**18,449**	**19,381**	**17,784**	**17,773**	**18,631**	**21,000**	**20,796**	**20,626**	**73,386**	**81,053**	**18,700**	**(0.4)**
Margins (%)	43.4	41.5	38.7	40.1	40.3	40.8	41.3	41.5	40.9	41.0	40.8	
EBITDA	**7,537**	**7,834**	**8,449**	**8,052**	**7,571**	**9,013**	**9,744**	**9,257**	**31,872**	**35,584**	**7,929**	**(4.5)**
Margins (%)	17.7	16.8	18.4	18.2	16.4	17.5	19.4	18.6	17.8	18.0	17.3	
YoY growth (%)	9.4	-10.2	2.9	2.3	0.4	15.0	15.3	15.0	0.5	11.6	5.2	
Depreciation	739	761	824	810	820	837	850	850	3,133	3,357	828	
Interest	290	346	446	307	262	300	300	326	1,388	1,187	300	
Other Income	556	460	625	630	570	600	625	640	2,271	2,435	625	
PBT	**7,064**	**7,187**	**7,804**	**7,566**	**7,059**	**8,476**	**9,219**	**8,721**	**29,621**	**33,475**	**7,426**	**(4.9)**
Tax	1,762	1,836	1,961	1,928	1,809	2,136	2,323	2,158	7,487	8,426	1,871	
Rate (%)	24.9	25.5	25.1	25.5	25.6	25.2	25.2	24.7	25.3	25.2	25.2	
Adjusted PAT	**5,295**	**5,317**	**5,823**	**5,591**	**5,201**	**6,313**	**6,867**	**6,560**	**22,027**	**24,942**	**5,532**	**(6.0)**
YoY change (%)	16.3	-9.3	4.3	4.2	-1.8	18.7	17.9	17.3	3.1	13.2	4.5	

E: MOFSL Estimates

Bharti Hexacom

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	897.6 / 10.2
52-Week Range (INR)	2053 / 1058
1, 6, 12 Rel. Per (%)	-2/33/62
12M Avg Val (INR M)	747

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Sales	94.8	107.9	122.2
EBITDA	51.6	62.3	73.7
Adj. PAT	19.2	27.5	36.2
Adj. EPS (INR)	38.4	55.0	72.4
EPS Gr. (%)	49.9%	43.2%	31.6%
BV/Sh. (INR)	147.0	182.0	224.4
Ratios			
RoE (%)	28.9	33.4	35.6
RoCE (%)	17.4	24.6	32.4
Valuations			
P/E (x)	46.7	32.6	24.8
P/BV (x)	12.2	9.9	8.0
EV/EBITDA (x)	18.3	14.8	12.2
Div. Yield (%)	1.1	1.7	2.2

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.0	70.0	70.0
DII	9.8	10.0	9.2
FII	4.3	4.3	4.6
Others	15.9	15.7	16.3

FII Includes depository receipts

CMP: INR1,795 TP: INR2,010 (+12%) Neutral

Elevated opex drives miss; FCF generation robust

- Bharti Hexacom's (BHL) underlying wireless revenue growth at 3% QoQ was in line with peers in 1QFY26. However, its profitability (EBITDA flat QoQ) was impacted by elevated SG&A costs and network opex.
- Similar to Bharti, BHL's capex normalized in 1QFY26, while net debt (excl. leases) declined ~INR9b QoQ to INR28b (leverage modest at 0.65x), driven by robust FCF generation of ~INR9b (vs. ~INR6.6b QoQ).
- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~28% premium to Bharti's India business excl. Indus). We believe such a sharp premium is unjustified.
- Our FY26-28E EBITDA estimates are broadly unchanged. We model a CAGR of ~13%/21% in BHL's revenue/EBITDA over FY25-28E, driven by a potential ~15% tariff hike in Dec'25, ramp-up of FWA offerings and continued market share gains.
- We ascribe a DCF-based Sep'27E EV/EBITDA of **14.6x (~10% premium** to our multiple for Bharti's India wireless business) to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR2,010.**

Weaker 1Q due to elevated costs, FCF generation drives deleveraging

- BHL's overall 1Q revenue at INR22.6b (+18% YoY, 4% below) declined ~1% QoQ, due to lower roaming-related revenue and costs. However, customer revenue grew 3% QoQ to INR21.5b (in line).
- BHL's underlying wireless revenue growth at 3% was broadly similar to peers, while net adds in homes and office business remained elevated, driven by ramp-up of FWA offerings.
- Reported EBITDA at INR12.1b (+33% YoY, 4% miss) declined 1% QoQ due to higher network opex (+10% QoQ) and SG&A costs (+26% QoQ).
- Reported EBITDA margin expanded ~25bp QoQ to 51.3% (+545bp YoY, 15bp above our est.) due to favorable benefits from lower roaming.
- Adjusted for exceptional items in earlier quarters, PAT at INR3.9b declined 16% QoQ (but up 2x YoY) and was 5% below our estimate due to lower EBITDA.
- Similar to Bharti, BHL's overall capex declined QoQ to INR2.3b (-29% YoY).
- Consolidated free cash flow (after leases and interest payments) improved to INR8.9b (vs. INR6.6b QoQ), driven by better operational cash flows and favorable working capital changes.
- Net debt (ex-leases) declined ~INR8.8b QoQ to INR28.1b.

Wireless: Underlying revenue growth in line, EBITDA hurt by higher costs

- BHL's wireless ARPU grew 2% QoQ to INR246 (+20% YoY, our est. INR245), driven by subscriber mix improvements and one extra day QoQ.
- BHL reported modest 17k paying net adds (vs. 515k net adds QoQ and our est. 265k), with contribution to Bharti's 1QFY26 net adds at ~1% (vs. ~7.8% share of paying subs).
- Reported wireless revenue declined 1.5% QoQ due to lower roaming contribution. However, underlying revenue grew 3% QoQ (similar to peers).
- Wireless EBITDA at INR11.9b (+34% YoY, 3% below our estimates) was flat QoQ (+5.3%/+3.3% QoQ R-Jio, including FTTH/Airtel) due to a significant increase in network opex (+10% QoQ) and SG&A (+26% QoQ).
- Wireless EBITDA margin optically expanded by ~60bp QoQ to 54.4% (+640bp YoY), vs. 20bp QoQ improvement for Airtel (59.4%) due to lower roaming.
- Incremental wireless EBITDA margin, on a YoY basis, stood at ~90% for BHL (vs. ~63%/77% for RJio/Bharti), driven by a better flow-through of tariff hikes and continued market share gains.

Key highlights from the management commentary

- **Roaming charges:** The inter-circle roaming charges are impacted by seasonal variations. In 1Q, travel was curtailed due to certain geopolitical events. While lower roaming impacted reported revenue, impact on profitability was minimal.
- **Elevated costs:** There were certain year-end provisions in employee costs in 4QFY25, while other expenses were also lower in 4Q due to the reversal of certain USOF provisions. Management indicated that underlying growth in opex was ~2-3% (vs. ~7% reported in 1QFY26).
- **Capex:** Similar to Airtel, management expects BHL's capex to also taper down modestly in FY26 as there is no major rural rollout planned in BHL's circles.
- **Capital allocation:** The capital allocation policy would be similar to parent, Bharti Airtel. It will be a prudent mix of deleveraging, increase in dividend payments and growth capex (wider 5G coverage, ramp-up of home broadband).
- **Data usage:** The data usage in BHL circles is significantly higher than pan-India levels, due to lower availability of fixed broadband in these circles.
- **Lease-related costs:** The incremental EBITDAaL margins were impacted by accelerated network rollout during FY25 and, going ahead, rollouts are likely to be more gradual, which should lead to a lower gap in EBITDA and EBITDAaL margins.

Valuation and view

- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~28% premium to Bharti's India business excl. Indus).
- We find such a sharp premium to Bharti's more diversified business to be too steep and do not find the risk-reward attractive for BHL shareholders. We continue to prefer Bharti over BHL.

- Our FY26-28E EBITDA estimates are broadly unchanged. We model a CAGR of ~13%/21% in BHL's revenue/EBITDA over FY25-28E, driven by a potential ~15% tariff hike in Dec'25, ramp-up of FWA offerings and continued market share gains.
- We ascribe a DCF-based Sep'27E EV/EBITDA of 14.6x (~10% premium to our multiple for Bharti's India wireless business) to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR2,010.**

Consolidated - Quarterly earnings summary (INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	**19,106**	**20,976**	**22,507**	**22,890**	**22,630**	**23,082**	**23,906**	**25,198**	**85,479**	**94,816**	**23,441**	**-3.5**
YoY Change (%)	13.6%	20.7%	25.0%	22.5%	18.4%	10.0%	6.2%	10.1%	20.6%	10.9%		
Total Expenditure	10,348	10,957	10,990	11,212	11,023	10,780	10,665	10,715	43,507	43,183	11,383	**-3.2**
EBITDA	**8,758**	**10,019**	**11,517**	**11,678**	**11,607**	**12,302**	**13,241**	**14,483**	**41,972**	**51,634**	**12,058**	**-3.7**
YoY Change (%)	5.5%	21.3%	39.2%	33.0%	32.5%	22.8%	15.0%	24.0%	49.1	54.5		
Depreciation	4,957	5,361	5,315	5,312	5,273	5,405	5,540	5,748	20,945	21,966	5,403	**-2.4**
Net Finance cost	1,615	1,754	1,802	1,712	1,541	1,510	1,480	1,475	6,883	6,006	1,626	**-5.3**
Other Income	399	491	450	478	475	500	500	525	1,818	2,000	500	**-5.0**
PBT before EO expense	**2,585**	**3,395**	**4,850**	**5,132**	**5,268**	**5,887**	**6,721**	**7,785**	**15,962**	**25,661**	**5,529**	**-4.7**
Extra-Ord expense	-3,183	0	1,057	0	0	0	0	0	-2,126	0	0	
PBT	**5,768**	**3,395**	**3,793**	**5,132**	**5,268**	**5,887**	**6,721**	**7,785**	**18,088**	**25,661**	**5,529**	**-4.7**
Tax	656.0	864.0	1,184.0	448.0	1,352.0	1,481.8	1,691.8	1,959.5	3,152.0	6,459.0	1,391.6	**-2.8**
Rate (%)	11.4%	25.4%	31.2%	8.7%	25.7%	25.2%	25.2%	25.2%	17.4%	25.2%		
Minority Interest & P/L of Asso. Cos.												
Reported PAT	**5,112**	**2,531**	**2,609**	**4,684**	**3,916**	**4,405**	**5,030**	**5,825**	**14,936**	**19,202**	**4,137**	**-5.3**
Adj PAT	**1,929**	**2,531**	**3,666**	**3,802**	**3,916**	**4,405**	**5,030**	**5,825**	**12,810**	**19,202**	**4,137**	**-5.3**
YoY Change (%)	-23.8%	112.8%	72.4%	70.8%	103.0%	74.1%	37.2%	53.2%	58.7%	49.9%		

E: MOFSL Estimates

We ascribe a TP of INR2,010 to BHL

	Valuation base (INR b)	Multiple (X)		Valuation	
	Sep'27 EBITDA	EBITDA	Other	(INR b)	(INR/sh)
BHL					
Mobility	**67**	**14.6**	**DCF implied**	**982**	**1,963**
Homes and offices	3	14.6		46	92
BHL EV	**68**	**15.1**		**1,028**	**2,056**
Net debt (including leases)				38	76
Dividends				15	30
BHL equity value				**1,005**	**2,010**

Lupin

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	LPC IN
Equity Shares (m)	457
M.Cap.(INRb)/(USDb)	845.8 / 9.6
52-Week Range (INR)	2403 / 1774
1, 6, 12 Rel. Per (%)	-3/-19/-6
12M Avg Val (INR M)	2335

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	225.0	252.3	279.4
EBITDA	52.7	66.1	68.5
Adj. PAT	32.7	42.8	43.8
EBIT Margin (%)	18.2	21.2	19.9
Cons. Adj. EPS (INR)	71.6	94.1	96.3
EPS Gr. (%)	72.4	31.2	2.3
BV/Sh. (INR)	376.8	487.9	581.2
Ratios			
Net D:E	0.1	-0.1	-0.2
RoE (%)	20.8	21.7	18.0
RoCE (%)	17.7	18.4	16.0
Payout (%)	4.1	3.1	3.0
Valuations			
P/E (x)	25.8	19.7	19.2
EV/EBITDA (x)	16.4	12.3	11.3
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	0.2	5.6	5.1
EV/Sales (x)	3.8	3.2	2.8

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	46.9	46.9	47.0
DII	25.6	25.4	26.8
FII	21.3	21.5	19.3
Others	6.3	6.2	6.9

FII Includes depository receipts

CMP: INR1,852 TP: INR2,000 (+8%) Neutral

Superior US execution drives earnings surprise

Pipeline in inhalation/injectables/specialty products to support growth

- Lupin (LPC) exhibited better-than-expected performance with a beat of 4%/10%/23% on revenue/EBITDA/PAT in 1QFY26. This was driven by a higher-than-expected US revenue, better product mix, and lower R&D spend for the quarter.
- US sales have been on a strong uptrend for the past 14 quarters, driven by improved traction in niche products, including recent additions such as g-Jynarque (Tolvaptan) and g-Xarelto (Rivaroxaban). LPC has a strong pipeline of products in the inhalation/injectable space to sustain this growth momentum going forward. It is also working on specialty products (Namuscla, Xopenox) for the US market.
- The domestic formulation (DF) segment had a breather in YoY growth this quarter, primarily due to increased competition in one of the in-licensed products. Given its strong anti-diabetes franchise, LPC is gearing up for the launch of semaglutide as part of the first wave of market formation in India.
- LPC is also scaling additional growth drivers in India, including consumer health, diagnostics, and digital offerings for cardiac patients.
- We raise our earnings estimate by 5.5%/2% for FY26/FY27, factoring in: a) superior execution in limited competition products in the US market, b) loss of exclusivity in one of the in-licensed products in the DF market, and c) lower opex. We value LPC at 22x 12M forward earnings to arrive at a TP of INR2,000.
- LPC has achieved 3x/8x EBITDA/PAT over FY23-25. Considering the product pipeline for the US market and chronic focused approach in the Indian market, we estimate a 14%/16% EBITDA/PAT CAGR over FY25-27. Moreover, the valuation leaves limited scope for appreciation from current levels. Reiterate Neutral.

Robust US sales and 290bp margin expansion drive 27% YoY growth in PAT

- LPC's 1QFY26 revenue grew 11.9% YoY to INR62.7b. (our est. INR60.5b).
- US sales grew 24.3% YoY to INR24b (up 22% YoY in CC to USD282m; 39% of sales). DF sales grew 7.8% YoY to INR20.9b (34% of sales). Other developed market sales grew 17.4% YoY to INR7.7b (13% of sales). Emerging market sales grew 5.2% YoY to INR 6.5b (10% of sales).
- API sales decreased 32.9% YoY to INR2.4b (4% of sales).
- Gross Margin (GM) expanded 290bp YoY to 71.7% due to a better product mix and reduction in raw material costs.
- EBITDA margin expanded 190bp YoY to 26.2% (our est: 24.6%, largely due to a better GM. The benefit was partly offset by higher R&D spend (+150bp YoY as % of sales).
- As a result, EBITDA grew 21% YoY to INR16.4b (vs our est: INR15b).
- Adj. PAT grew 27% YoY INR11.5b (our est: INR9.3b), further supported by a lower tax rate.

Highlights from the management commentary

- LPC guided for strong double-digit YoY revenue growth, with EBITDA margin expected at 24%-25% in FY26.
- The goal dates for Risperdal Consta/Ranibizumab are Sep'25/Jun'26.
- LPC has gained considerable market share for g-Spiriva in the commercial channel and is actively working on the Medicare/Medicaid channels to further drive business from this product.
- LPC expects to launch g-Dalbavancin this year.
- Patient recruitment for Namuscla in the US market is underway, with commercialization targeted by FY29.
- Regarding Spiriva, a couple of companies have filed ANDAs for the US market.
- LPC plans to launch g-Victoza (liraglutide) in Oct'25. Pending approval of g-Victoza, the scope of USFDA approval for g-Saxenda has increased, with a goal date set for FY27.

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

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	
Net Sales	56,003	55,427	56,927	56,671	62,684	64,166	63,190	62,236	2,25,028	2,52,275	60,525	3.6
YoY Change (%)	21.5	10.0	9.5	14.2	11.9	15.8	11.0	9.8	13.6	12.1	8.1	
Total Expenditure	42,389	43,059	43,162	43,750	46,269	47,803	46,508	45,557	1,72,361	1,86,137	45,636	
EBITDA	13,614	12,368	13,765	12,921	16,415	16,362	16,682	16,679	52,668	66,139	14,889	10.2
YoY Change (%)	109.0	34.0	34.7	29.6	20.6	32.3	21.2	29.1	46.6	25.6	9.4	
Margins (%)	24.3	22.3	24.2	22.8	26.2	25.5	26.4	26.8	23.4	26.2	24.6	
Depreciation	2,477	2,569	2,715	3,932	2,990	3,259	3,209	3,161	11,693	12,618	3,074	
EBIT	11,137	9,799	11,050	8,989	13,425	13,104	13,473	13,519	40,975	53,521	11,815	13.6
YoY Change (%)	167.3	45.1	44.5	21.3	20.5	33.7	21.9	50.4	57.7	30.6	6.1	
Margins (%)	19.9	17.7	19.4	15.9	21.4	20.4	21.3	21.7	18.2	21.2	19.5	
Interest	680	709	669	891	918	880	820	749	2,949	3,367	900	
Other Income	678	423	537	570	790	590	620	450	2,207	2,450	580	
EO Exp/(Inc)	1,204	-1,036	956	-291	-859	0	0	0	834	-859	0	
PBT	9,930	10,549	9,963	8,958	14,156	12,814	13,273	13,219	39,401	53,464	11,495	23.1
Tax	1,875	1,954	2,124	1,135	1,941	2,447	2,588	2,604	7,087	9,581	2,127	
Rate (%)	18.9	18.5	21.3	12.7	13.7	19.1	19.5	19.7	18.0	17.9	18.5	
Minority Interest	-42	-69	-37	-99	-24	-75	-70	-72	-246	-241	-85	
Reported PAT	8,013	8,526	7,802	7,726	12,191	10,291	10,615	10,544	32,067	43,640	9,284	31.3
Adj PAT	8,990	7,682	8,554	7,472	11,450	10,291	10,615	10,544	32,698	42,899	9,284	23.3
YoY Change (%)	214.9	55.5	42.6	47.0	27.4	34.0	24.1	41.1	73.2	31.2	3.3	
Margins (%)	16.1	13.9	15.0	13.2	18.3	16.0	16.8	16.9	14.5	17.0	15.3	
EPS	20	17	19	16	25	23	23	23	72	94	20	23.3

E: MOFSL estimates

Prestige Estates Projects

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PEPL IN
Equity Shares (m)	431
M.Cap.(INRb)/(USDb)	691.1 / 7.9
52-Week Range (INR)	1972 / 1048
1, 6, 12 Rel. Per (%)	3/13/-4
12M Avg Val (INR M)	1695

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	73.5	114.3	140.7
EBITDA	25.6	27.2	29.3
EBITDA (%)	34.8	23.8	20.8
Adj. PAT	5.1	8.5	9.7
EPS (INR)	12.7	21.1	24.2
EPS Gr. (%)	-8.8	77.2	99.3
BV/Sh. (INR)	384.7	404.2	426.8
Ratios			
Net D/E	0.4	0.7	0.7
RoE (%)	3.8	5.3	5.8
RoCE (%)	7.2	6.8	7.1
Payout (%)	15.2	7.6	6.7
Valuations			
P/E (x)	126.0	76.1	66.3
P/BV (x)	4.2	4.0	3.8
EV/EBITDA (x)	30.2	26.7	25.7
Div Yield (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	60.9	60.9	65.5
DII	19.6	19.2	14.4
FII	16.7	17.1	16.8
Others	2.8	2.7	3.3

CMP: INR1,605 TP: 2000 (+25%) Buy

Launch momentum drives solid operating and financial outcomes

Operational performance

- **Presales:** 1QFY26 presales grew 300% YoY/74% QoQ to INR121.3b (in line with our est.), aided by stellar launches in NCR, Bengaluru, and Chennai.
- **Geographical contribution:** In FY25, 59% of total sales were contributed by NCR, followed by 21% from Bengaluru, 12% from Mumbai, 5% from Hyderabad, and 3% from other markets.
- **Launches:** During the quarter, PEPL launched four residential projects, totaling 14.94msf (GDV INR136b), featuring a mix of plotted developments and integrated townships that cater to diverse homebuyer segments.
  - Mulberry and Oakwood (Indirapuram) in NCR – 9.64msf
  - Gardenia Estates (Plotted) in Bengaluru – 1.06msf
  - Pallavaram Gardens in Chennai – 4.24msf
- **Business development:** The company acquired 102 acres of land with a GDV of INR204b in 1QFY26 across Hyderabad, Bengaluru, Chennai, and Mumbai.
- **Completions:** PEPL has completed five residential projects spanning 5.45msf, marking its first-ever project completions in Mumbai and strengthening its footprint in key urban centers. Additionally, the company has completed and handed over the Prestige Turf Tower in Mahalaxmi, Mumbai, comprising a total developable area of 0.64msf. This tower serves as the rehabilitation component for the marquee development, The Prestige, Mumbai.
- Post 1QFY26, PEPL has an ongoing inventory of INR207b across Hyderabad, Bengaluru, and Mumbai.
- **A total of 4,718 units** were sold during 1QFY26, representing ~80% of units sold during FY25.
- **Office:** Total leased area in 1Q was 1.21msf. Occupancy remained robust at 93.7%. Exit rentals for 1QFY26 amounted to INR5.2b and guided in FY26 stands at INR8.2b.
- **Retail:** Gross turnover across malls stood at INR5.9b. Occupancy remained strong at 98.9%. Exit rentals for the period stood at INR2.2b.
- Upcoming launches worth GDV of INR299b are planned for the rest of FY26.
- For under-construction and upcoming office projects, pending capex is INR107b, while retail projects have pending capex of INR43b.
- Collections rose 57% YoY to INR42.3b (8% above our estimate) for 1QFY26.
- In 1QFY26, net debt was INR68b, with a net debt-to-equity ratio of 0.42x (vs. INR67b with a net debt/equity ratio of 0.42x as of Mar'25). The average borrowing cost stands at 10.14%.
- **P&L:** 1Q revenue grew 24% YoY/51% QoQ to INR23.1b (in line). EBITDA came in at INR8.9b, up 12% YoY/65% QoQ (60% above our estimate), with an EBITDA margin of 39%. The margin expansion was aided by the recognition of high-margin projects – Siesta and Jasdan Classic in Mumbai. Adjusted PAT of INR2.9b was up 26% YoY, with a margin of 13% (50% above estimates).

Key highlights from the management commentary

- Prestige launched ~15msf with GDV of INR136b in 1QFY26 across NCR, Bengaluru, and Chennai.
- FY26 presales guidance is INR270b, with 45% achieved so far; INR299b GDV launches lined up for the rest of the year.
- Bengaluru, MMR, and NCR will see six plotted launches in 2Q-3Q; INR100-150b of additional projects ready if needed.
- INR500b worth of new projects are under planning and will be added to the pipeline in the coming quarters.
- 1QFY26 saw acquisition of seven JDA projects (102 acres, GDV INR204b) across four cities; INR5b land spend pending.
- Revenue recognition lagged completions; FY26 residential revenue guided at INR80-100b with EBITDA margin of 30-35%.

Valuation and view

- As the company advances its growth trajectory in both residential and commercial segments and unlocks value from its hospitality segment, we believe the stock is set for further re-rating. **Reiterate BUY** with a revised TP of INR2,000, indicating a 25% upside potential.

Quarterly performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	
Net Sales	**18,621**	**23,044**	**16,545**	**15,284**	**23,073**	**28,062**	**28,215**	**34,963**	**73,494**	**1,14,313**	**23,510**	**-2**
YoY Change (%)	10.8	3.0	-7.9	-29.4	23.9	21.8	70.5	128.8	-6.7	55.5	26.3	
Total Expenditure	10,658	16,731	10,644	9,873	14,135	21,378	21,494	30,077	47,906	87,084	17,910	
EBITDA	**7,963**	**6,313**	**5,901**	**5,411**	**8,938**	**6,684**	**6,721**	**4,886**	**25,588**	**27,229**	**5,600**	**60**
Margins (%)	42.8	27.4	35.7	35.4	38.7	23.8	23.8	14.0	34.8	23.8	23.8	1,491.8
Depreciation	1,905	2,004	2,047	2,167	2,162	2,334	2,347	2,666	8,123	9,509	1,956	
Interest	3,461	3,565	3,451	2,861	3,839	2,602	2,616	1,543	13,338	10,600	2,180	
Other Income	1,624	1,194	434	609	1,614	1,543	1,552	1,578	3,861	6,287	1,293	
PBT before EO expense	**4,221**	**1,938**	**837**	**992**	**4,551**	**3,291**	**3,309**	**2,256**	**7,988**	**13,407**	**2,757**	**65**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**4,221**	**1,938**	**837**	**992**	**4,551**	**3,291**	**3,309**	**2,256**	**7,988**	**13,407**	**2,757**	**65**
Tax	1,023	-519	445	440	1,271	572	575	960	1,389	3,378	479	
Rate (%)	24.2	-26.8	53.2	44.4	27.9	17.4	17.4	42.6	17.4	25.2	17.4	
Minority Interest & Profit/Loss of Asso. Cos.	872	535	215	302	355	385	387	441	1,924	1,569	323	
Reported PAT	**2,326**	**1,922**	**177**	**250**	**2,925**	**2,334**	**2,346**	**854**	**4,675**	**8,460**	**1,955**	
Adj PAT	**2,326**	**1,922**	**177**	**250**	**2,925**	**2,334**	**2,346**	**854**	**4,675**	**8,460**	**1,955**	**50**
YoY Change (%)	-12.9	3.6	-84.8	-82.1	25.8	21.4	1,225.7	241.7	-34.0	81.0	-15.9	
Margins (%)	12.5	8.3	1.1	1.6	12.7	8.3	8.3	2.4	6.4	7.4	8.3	
Key metrics												
Sale Volume (msf)	2.9	3.0	2.2	4.5	9.6	4.1	3.7	6.1	12.6	23.5	10	-7
Sale Value (INR b)	30.3	40.2	30.1	69.6	121.3	52.5	46.4	42.1	170.2	262.3	118	3
Collections - PEPL share (INR b)	27	26	31	30	42.3	37.1	44.5	40.7	113.2	164.6	39	8
Realization (INR/sft)	10,593	13,409	13,513	15,495	12,698	12,698	12,698	6,870	13,532	11,175	11,505	10

Bharat Forge

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	BHFC IN
Equity Shares (m)	478
M.Cap.(INRb)/(USDb)	544.7 / 6.2
52-Week Range (INR)	1655 / 919
1, 6, 12 Rel. Per (%)	-10/-4/-27
12M Avg Val (INR M)	1592

Consol. Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	151.2	157.3	175.5
EBITDA (%)	17.8	17.3	17.8
Adj. PAT	10.1	12.4	15.8
EPS (INR)	21.4	25.9	33.1
EPS Gr. (%)	8.5	20.8	28.2
BV/Sh. (INR)	194	211	234
Ratios			
Net D:E	0.6	0.5	0.4
RoE (%)	12.3	12.8	14.9
RoCE (%)	8.2	8.8	10.2
Payout (%)	31.3	30.7	33.3
Valuations			
P/E (x)	53.2	44.1	34.4
P/BV (x)	5.9	5.4	4.9
EV/EBITDA (x)	21.5	20.8	17.9
Div. Yield (%)	0.5	0.7	1.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	44.1	44.1	45.3
DII	31.4	30.4	28.1
FII	14.4	16.1	17.0
Others	10.2	9.5	9.6

FII Includes depository receipts

CMP: INR1,139 TP: INR1,060 (-7%) Neutral

Weak demand leads to margin pressure

Multiple headwinds ahead

- In 1QFY26, BHFC standalone PAT declined 10.6% YoY to INR3.4b (below expectations) due to weaker than expected demand. Key highlight of the quarter was the improvement in the performance of its overseas subsidiaries.
- Considering the weak 1Q performance and a weak outlook for most of its key segments, we have lowered our FY26/FY27 EPS estimates by 12%/15%. Management has noted that FY26 is likely to be challenging amid tariff-led uncertainties and changes in emission regulation in North America. Given these factors, the stock at 44x/34.4x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,060 (based on 30x Jun'27E consolidated EPS).

Weak demand drives margin pressure, overseas margin improves

- Standalone revenue declined 10% YoY/2.7% QoQ to INR21.0b, impacted by weak export demand (down 12.7% QoQ/8.1% YoY), particularly in North America due to emission regulation delays and tariff-related challenges.
- Domestic revenue declined 9.7% YoY due to a high base in defense and aerospace. In domestic business, the non-auto segment declined 21% YoY to INR5.7b, below our estimate of INR6.2b. While domestic CV declined 2% YoY (in line), domestic PV grew 19% YoY to INR 973m (ahead of our estimate of INR 857m).
- In exports, the ramp-up in CVs and non-auto was lower than estimated. CV exports declined 15% YoY to INR 4.5b (est. INR5.1b) and non-auto revenue declined 7% YoY to INR3.4b (est. INR4b). PV exports grew 5% YoY to INR2.9b (in line).
- Standalone EBITDA margin stood at 27.9% (est. 28.1%), down 120bp QoQ and 20bp YoY, impacted by lower utilization, an unfavorable product mix and adverse currency. Additionally, the company absorbed nearly INR140m in tariff-related expenses, which hurt margins.
- Overall, adjusted PAT declined 10.6% YoY (down 6.2% QoQ) to INR3.4b, lower than our estimate of INR3.9b.
- Consolidated revenue declined 4.8% YoY to INR39.1b, though grew 1.5% QoQ. Consolidated EBITDA stood at INR6.7b, down 9.2% YoY; however, it improved QoQ primarily due to increased profitability of overseas business and a reduction in losses of Kalyani Powertrain.
- Overseas subsidiaries' margins improved to 3.9% in 1Q from 1% YoY led by improved utilization levels. Europe subsidiaries' margin increased to 3.1% (from 1.2% YoY), while US subsidiaries' margin surged to 6.1% (from 1.3% YoY).

Highlights from the management interaction

- 2Q outlook remains cautious as the impact of new revised tariffs on Indian exports would be reflected in 2Q. Based on customer feedback, BHFC expects demand to revive in 2H. Over the medium to long term, management has stated that the primary focus will shift back to India operations from overseas, as India manufacturing will become more lucrative, driven by opportunities from machine tools and emerging sectors in the domestic market.
- US accounted for about one-third of exports from Indian manufacturing in 1Q.
- BHFC does not plan to set up a manufacturing facility anywhere outside India in the near term. Competitive landscape remains stable since, among major competitors in BHFC's crankshaft business, India faces the lowest tariff rates from the US.
- Management expects strong growth of over 20% in the aerospace business in FY26, based on the order backlog.
- Defense business has an order backlog of ~INR95b. BHFC has emerged as an L1 bidder for another tender to supply carbines with an order size of INR14b.
- Management aims to get into the server manufacturing business; however, this is still in the early stages and the primary focus would be on serving a niche customer base before scaling up capabilities and addressing the mass market.

Valuation and view

Given the weak 1Q performance and an expected weak outlook for most of its key segments, we have lowered our FY26/FY27 EPS estimates by 12% / 15%. Management has noted that FY26 is likely to be challenging amid tariff-led uncertainties and changes in emission regulation in North America. Given these factors, the stock at 44x/34.4x FY26E/FY27E consolidated EPS appears fairly valued. We reiterate our Neutral rating with a TP of INR1,060 (based on 30x Jun'27E consolidated EPS).

S/A Quarterly **(INR M)**

	FY25				FY26E				FY25	FY26E	1QE	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Net operating income	**23,381**	**22,467**	**20,960**	**21,630**	**21,047**	**22,223**	**23,311**	**24,635**	**88,437**	**91,217**	**22,632**	**-7.0**
Change (%)	9.9	-0.1	-7.4	-7.1	-10.0	-1.1	11.2	13.9	-1.4	3.1	-3.2	
EBITDA	**6,515**	**6,255**	**6,099**	**6,167**	**5,718**	**5,822**	**6,247**	**6,742**	**25,034**	**24,531**	**6,360**	**-10.1**
EBITDA Margins (%)	27.9	27.8	29.1	28.5	27.2	26.2	26.8	27.4	28.3	26.9	28.1	
Non-Operating Income	446	348	314	481	422	420	455	530	1,589	1,827	510	
Interest	702	635	573	588	522	490	450	438	2,498	1,900	490	
Depreciation	1094	1083	1104	1122	1125	1140	1150	1168	4,404	4,582	1098	
EO Exp / (Inc)	1,457	-135	9	203	0	0	0	0		0	0	
PBT after EO items	**3,708**	**5,019**	**4,727**	**4,735**	**4,493**	**4,612**	**5,102**	**5,667**	**19,721**	**19,875**	**5,282**	**-14.9**
Tax	1014	1407	1266	1278	1108	1130	1250	1521	4,965	5,009	1320	
Eff. Tax Rate (%)	27.3	28.0	26.8	27.0	24.7	24.5	24.5	26.8	25.2	25.2	25.0	
Rep. PAT	**2,694**	**3,612**	**3,461**	**3,456**	**3,385**	**3,482**	**3,852**	**4,146**	**14,756**	**14,867**	**3,961**	
Change (%)	-13.5	4.4	-8.4	-11.3	25.6	-3.6	11.3	20.0	2.4	12.4	47.0	
Adj. PAT	**3,787**	**3,510**	**3,468**	**3,608**	**3,385**	**3,482**	**3,852**	**4,146**	**13,223**	**14,867**	**3,961**	**-14.5**
Change (%)	20.2	0.1	-4.8	-8.8	-10.6	-0.8	11.1	14.9	-7.2	3.4	4.6	

E: MOFSL Estimates

6 August 2025

1QFY26 Results Update | Sector: Logistics

Container Corporation

Estimate change	↓
TP change	↓
Rating change	⟷

Bloomberg	CCRI IN
Equity Shares (m)	762
M.Cap.(INRb)/(USDb)	422.5 / 4.8
52-Week Range (INR)	811 / 481
1, 6, 12 Rel. Per (%)	-4/-9/-32
12M Avg Val (INR M)	1139

Financial Snapshot (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	88.6	94.8	112.2
EBITDA	19.0	20.9	25.4
Adj. PAT	13.0	13.9	17.3
EBITDA Margin (%)	21.4	22.1	22.7
Adj. EPS (INR)	17.0	18.3	22.8
EPS Gr. (%)	4.9	7.5	24.4
BV/Sh. (INR)	162.1	173.6	186.5
Ratios			
Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	10.7	10.9	12.7
RoCE (%)	11.2	11.3	13.0
Payout (%)	43.1	43.1	43.1
Valuations			
P/E (x)	32.5	30.3	24.3
P/BV (x)	3.4	3.2	3.0
EV/EBITDA(x)	19.6	17.4	13.9
Div. Yield (%)	1.3	1.4	1.8
FCF Yield (%)	2.0	2.3	3.5

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	54.8	54.8	54.8
DII	26.2	26.3	24.8
FII	12.7	13.1	16.2
Others	6.3	5.8	4.2

FII includes depository receipts

CMP: INR555 TP: INR670 (+21%) Buy

Miss on earnings; focus remains on profitable growth

- Container Corporation of India (CCRI)'s revenue grew 3% YoY to INR21.5b during 1QFY26 (6% below our estimate). Total volumes grew 11% YoY to 1.3m TEUs, with EXIM/domestic volumes at 0.97m/0.32m TEUs (+12%/ +9% YoY). Blended realization dipped ~8% YoY to INR16,662/TEU. EXIM/ domestic realization stood at INR14,384/INR23,676 per TEU, (-5%/-12% YoY).
- EBITDA margins came in at 19.8% (v/s our estimate of 21.1%). EBITDA de-grew ~1% YoY and was 12% below our estimate.
- The land license fee (LLF) stood at INR1.1b for the quarter.
- CCRI delivered weak operational performance in 1QFY26, marked by lower realizations in EXIM and domestic segments. The company faced challenges such as subdued demand in parts of North India and delays in receiving specialized containers, while maintaining momentum through strong traction in central and southern regions. Its focus on integrated logistics solutions, including first-mile last-mile (FMLM) services, continued to gain scale and contributed to volumes.
- Factoring in lower realization in EXIM and domestic business and delay in delivery of containers, we reduce our revenue/EBITDA/PAT estimates by ~4%/4%/7% and ~1%/3%/3% for FY26 and FY27, respectively. **Reiterate BUY with a revised TP of INR670 (based on 18x EV/EBITDA on FY27E).**

Highlights from the management commentary

- CCRI's LLF stood at INR1.1b during 1Q FY26. The company continues to evaluate and surrender underutilized land parcels to rationalize LLF, which is expected to remain at FY25 levels during FY26.
- Delays in the delivery of specialized tank containers continue to hurt domestic volumes. The company has placed an order for 1,000 units (two tranches of 500). The first rake has been received, and the remaining 500 containers are expected within three months.
- North India, which was earlier muted, has started showing strong traction in both EXIM and domestic volumes from 2QFY26 onwards. Volumes from JNPT are also witnessing growth and are likely to improve further after the commencement of double-stack rake operations by Dec'25.
- For FY26, CCRI is targeting a 13% growth in total volumes, with 10%/20% growth in EXIM/domestic volumes.

Valuation and view

- CCRI strengthened its logistics ecosystem by expanding double-stack rail operations, utilizing the Dedicated Freight Corridor to drive efficiency, and advancing its integrated logistics network. The company remains focused on scaling its rail freight services and infrastructure, supported by a higher capex allocation toward new terminal commissioning, fleet augmentation, and enhanced multimodal connectivity.

- Factoring in lower realization in EXIM and domestic business and delay in delivery of tank containers, we have reduced our revenue/EBITDA/PAT estimates for FY26 by ~4%/4%/7% and for FY27 by ~1%/3%/3%. **We reiterate our BUY rating with a revised TP of INR670 (based on 18x FY27E EV/EBITDA).**

Standalone quarterly snapshot (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**20,971**	**22,830**	**22,019**	**22,814**	**21,495**	**23,460**	**24,341**	**25,523**	**88,634**	**94,819**	**22,852**	**(6)**
YoY Change (%)	9.3	4.2	-0.1	-1.6	2.5	2.8	10.5	11.9	2.7	7.0	9.0	
EBITDA	**4,319**	**5,750**	**4,583**	**4,335**	**4,265**	**5,067**	**5,501**	**6,099**	**18,986**	**20,932**	**4,822**	**(12)**
Margins (%)	20.6	25.2	20.8	19.0	19.8	21.6	22.6	23.9	21.4	22.1	21.1	
YoY Change (%)	10.3	7.0	-10.4	-11.4	-1.3	-11.9	20.0	40.7	-1.6	10.3	11.6	
Depreciation	1,649	1,617	810	1,552	1,570	1,580	1,595	1,603	5,628	6,348	1,530	
Interest	181	177	171	166	164	152	148	136	695	600	150	
Other Income	924	1,301	995	1,432	935	1,250	1,235	1,231	4,652	4,652	1,170	
PBT before EO expense	**3,413**	**5,257**	**4,596**	**4,049**	**3,465**	**4,585**	**4,993**	**5,591**	**17,314**	**18,635**	**4,312**	
Extra-Ord expense	0	333	0	0	0	0	0	0	-333	0	0	
PBT	**3,413**	**4,923**	**4,596**	**4,049**	**3,465**	**4,585**	**4,993**	**5,591**	**16,981**	**18,635**	**4,312**	
Tax	859	1,213	1,162	1,027	888	1,153	1,256	1,398	4,261	4,696	1,087	
Rate (%)	25.2	24.6	25.3	25.4	25.6	25.2	25.2	25.0	25.1	25.2	25.2	
Reported PAT	**2,554**	**3,711**	**3,434**	**3,021**	**2,577**	**3,432**	**3,737**	**4,193**	**12,720**	**13,939**	**3,225**	**(20)**
Adj PAT	**2,554**	**3,960**	**3,434**	**3,021**	**2,577**	**3,432**	**3,737**	**4,193**	**12,970**	**13,939**	**3,225**	**(20)**
YoY Change (%)	4.6	10.7	2.7	0.7	0.9	-13.3	8.8	38.8	4.9	7.5	26.3	
Margins (%)	12.2	17.3	15.6	13.2	12.0	14.6	15.4	16.4	14.6	14.7	14.1	

Gujarat Gas

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	GUJGA IN
Equity Shares (m)	688
M.Cap.(INRb)/(USDb)	296.7 / 3.4
52-Week Range (INR)	690 / 360
1, 6, 12 Rel. Per (%)	-8/-12/-36
12M Avg Val (INR M)	548

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	164.9	155.1	174.4
EBITDA	18.8	19.6	21.9
PAT	11.5	11.6	13.3
EPS (INR)	16.6	16.8	19.3
EPS Gr. (%)	4.0	1.1	14.9
BV/Sh.(INR)	122.8	133.9	146.7
Ratios			
Net D:E	0.0	-0.1	-0.1
RoE (%)	14.2	13.1	13.8
RoCE (%)	19.6	17.9	18.7
Payout (%)	34.0	34.0	34.0
Valuations			
P/E (x)	25.8	25.6	22.3
P/BV (x)	3.5	3.2	2.9
EV/EBITDA (x)	15.6	14.8	13.0
Div. Yield (%)	1.3	1.3	1.5
FCF Yield (%)	3.6	1.9	2.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	60.9	60.9	60.9
DII	22.0	21.8	21.8
FII	3.9	4.0	4.3
Others	13.3	13.3	13.0

FII Includes depository receipts

CMP: INR431 **TP: INR500 (+16%)** **Buy**

Near-term pressure; volume uptick crucial

- GUJGA's volumes came in ~0.6mmscmd below our estimate at 8.9mmscmd in 1QFY26, as I&C-PNG volumes stood 7% below estimate. Morbi volumes declined by ~0.4mmscmd QoQ to 2.5mmscmd, primarily due to a shift by customers toward cheaper alternate fuel. EBITDA/scm margin improved by ~INR1.1 QoQ to INR6.4 (in line with estimates), largely supported by a reduction in raw material costs.
- Industrial volumes would remain under pressure in the near term, as Propane prices soften and spot LNG prices remain high. Hence, we cut our I&C-PNG volume assumption for FY26/27 by 0.6/0.9mmscmd to 4.9/5.4mmscmd. We maintain our EBITDA/scm margin assumption at INR5.9 for both FY26/27. Overall, we cut our EPS estimates by 8%/9% for FY26/27. While we have not factored in any earnings contribution from the newly announced initiative of selling propane in Morbi and other industrial areas, this remains a key upside risk to our current estimates.
- GUJGA currently trades at 22.8x 1yr fwd. P/E, below its LTA of 25.3x. The stock could be under pressure in the near term due to a clouded volume growth outlook. We value the stock at 26x FY27E EPS of INR19.3 to arrive at a TP of INR500/sh.

Other key takeaways from the conference call

- 2Q volumes will be lower QoQ due to geopolitical tensions and Janmashtami festival (current volumes: 2.3-2.5mmscmd).
- GUJGA is targeting 1.2-1.3mmscmd of propane sales by FY26end, and then plans to scale this up in FY27.
- CNG volumes grew 10%/27% YoY in Gujarat/other areas.
- In 1QFY26, the gas sourcing split for total volumes was 38%/34%/28% of long-term/spot LNG/domestic gas. APM allocation to CNG stood at 41%.
- INR1.2b capex was incurred in 1QFY26. Management maintained its FY26 capex guidance of INR8-10b.
- GSPC clocked volumes of ~12.5mmscmd in FY25.
- The scheme of amalgamation and merger is expected to be completed in 3QFY26. The scheme was filed with MCA for approval in Feb'25.

EBITDA miss attributed to soft volume performance

- Total volumes declined 19% YoY to 8.9mmscmd, below our est. of 9.5mmscmd.
  - CNG volumes were in line with our estimate, whereas I&C-PNG volumes came in 7% below estimates.
- EBITDA/scm came in marginally below our est. at INR6.4.
  - Realization fell INR1.1/scm QoQ, while gas cost/opex declined by INR1.7/INR0.5 per scm QoQ, leading to ~INR1.1/scm QoQ increase in EBITDA/scm margin.
  - Resultant EBITDA stood 8% below our estimate at INR5.2b (flat YoY).
- PAT came in line with our est. at INR3.3b (flat YoY), driven by higher-than-estimated other income.

GUJGA press release KTAs:

- **GUJGA expands into propane/LPG sales:**
  - With a vision to become a comprehensive energy solutions provider and a strong focus on empowering communities, businesses, and industries, the board of GUJGA has approved the sourcing and sale of propane/LPG to industrial customers. This move reinforces the company's customer-centric approach and commitment to meeting diverse energy needs.
- **Quarterly operational performance:**
  - CNG segment maintained strong growth momentum, with volumes rising 12% YoY to a record 3.33mmscmd in 1QFY26, supported by a network of 830 CNG stations.
  - GUJGA is actively expanding through the FDODO model, having signed 69 agreements with various dealers to date, which is expected to further accelerate growth.
  - In 1Q, the company added over 35,000 new D-PNG connections, taking the total number of households served to more than 2.3m.

Valuation and view

- The company's long-term volume growth prospects remain robust, with the addition of new industrial units and expansion of existing units. It is aggressively investing in infrastructure to push industrial gas adoption in Thane rural, Ahmedabad rural, and newly acquired areas in Rajasthan.
- The stock is trading at a P/E of 22.3x FY27E and EV/EBITDA of 13x for FY27E. **We reiterate our BUY rating on the stock with a TP of INR500, valuing it at 26x FY27E EPS.**

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**44,503**	**37,818**	**41,529**	**41,020**	**38,709**	**37,636**	**38,700**	**40,044**	**164,870**	**155,089**	**41,963**	**-8%**
YoY Change (%)	17.7	-1.7	5.7	-0.8	-13.0	-0.5	-6.8	-2.4	5.1	-5.9	-5.7	
EBITDA	**5,356**	**5,142**	**3,805**	**4,495**	**5,199**	**4,641**	**4,808**	**4,912**	**18,798**	**19,560**	**5,628**	**-8%**
Margin (%)	12.0	13.6	9.2	11.0	13.4	12.3	12.4	12.3	11.4	12.6	13.4	
Depreciation	1,231	1,295	1,294	1,286	1,314	1,357	1,355	1,321	5,106	5,348	1,289	
Interest	78	80	93	74	79	75	87	64	325	305	73	
Other Income	386	386	585	744	594	288	438	251	2,100	1,571	254	
PBT	**4,433**	**4,152**	**3,002**	**3,878**	**4,399**	**3,498**	**3,803**	**3,778**	**15,466**	**15,478**	**4,520**	**-3%**
Rate (%)	25.6	26.1	26.2	26.0	25.7	25.2	25.2	24.5	25.9	25.2	25.2	
Adj. PAT	**3,298**	**3,069**	**2,216**	**2,872**	**3,268**	**2,617**	**2,845**	**2,853**	**11,455**	**11,582**	**3,381**	**-3%**
YoY Change (%)	53.3	3.1	0.6	-22.0	-0.9	-14.7	28.4	-0.6	4.0	1.1	2.5	
Total volume (mmscmd)	**11.0**	**8.8**	**9.5**	**9.3**	**8.9**	**8.8**	**9.1**	**9.6**	**9.6**	**9.1**	**9.5**	**-7%**
CNG	3.0	2.9	3.1	3.2	3.3	3.4	3.5	3.6	3.1	3.2	3.4	-3%
PNG – Industrial/Commercial	7.4	5.1	5.6	5.2	4.9	4.7	4.9	5.2	5.8	5.2	5.2	-7%
PNG – Households	0.6	0.8	0.7	0.9	0.7	0.7	0.7	0.8	0.8	0.8	0.9	-25%
EBITDA (INR/scm)	**5.4**	**6.4**	**4.4**	**5.4**	**6.4**	**5.7**	**5.7**	**5.7**	**5.4**	**5.6**	**6.6**	**-2%**

Castrol (India)

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CSTRL IN
Equity Shares (m)	989
M.Cap.(INRb)/(USDb)	211 / 2.4
52-Week Range (INR)	279 / 159
1, 6, 12 Rel. Per (%)	0/-3/-14
12M Avg Val (INR M)	1153

Financials & Valuations (INR b)

Y/E Dec	CY24	CY25E	CY26E
Sales	53.6	56.1	58.1
EBITDA	12.8	12.9	13.4
PAT	9.3	9.3	9.5
EPS (INR)	9.4	9.4	9.6
EPS Gr. (%)	7.3	-0.2	2.4
BV/Sh.(INR)	23.0	24.9	26.8
Ratios			
Net D:E	-0.6	-0.6	-0.6
RoE (%)	42.1	39.0	37.0
RoCE (%)	42.5	39.3	37.3
Payout (%)	138.7	80.0	80.0
Valuations			
P/E (x)	22.7	22.8	22.2
P/BV (x)	9.2	8.6	7.9
EV/EBITDA (x)	15.4	15.1	14.5
Div. Yield (%)	6.1	3.5	3.6
FCF Yield (%)	4.5	4.3	4.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.0	51.0	51.0
DII	14.9	14.6	16.1
FII	10.3	10.6	10.0
Others	23.8	23.8	22.9

FII includes depository receipts

CMP: INR213 TP: INR250 (+17%) Buy

Rural expansion and the industrial segment to drive volumes

- Castrol (CSTRL)'s 2QCY25 results were in line with our estimates. EBITDA margin expanded 30bp YoY/175bp QoQ. Its 2Q volumes stood in line with our estimate at 66m liters (up 8% YoY).
- Management highlighted that it remains focused on brand building, widening the distribution network, and launching new products, all of which we believe will drive volume growth and market share expansion.
- CSTRL has always enjoyed a strong brand legacy, and we are confident in its ability to maintain profitability through an improved product mix, stringent cost-control measures, and the launch of advanced products that command better realization. We reiterate our BUY rating with a TP of INR250.

Performance in line

- CSTRL's 2QCY25 revenue came in at ~INR15b, in line (up 7% YoY).
- EBITDA was also in line with our estimate at INR3.5b (up 8% YoY).
- EBITDA margin expanded 30bp YoY/175bp QoQ.
- Gross margin remained flat YoY/QoQ.
- PAT was also in line at INR2.4b. However, other income stood below our estimate.
- The Board recommended an interim dividend of INR3.5/sh (FV: INR5/sh).
- Other key highlights:
  - **Remarks from Mr. Kedar Lele, MD**: The company remains optimistic about the road ahead. The industrial segment continues to be a key long-term growth driver, with the first half showing positive momentum—new customer additions, improved traction, and a growing share of locally manufactured products. Meanwhile, the rural strategy is progressing well and will be further strengthened in the coming months.
- Industrial Segment update:
  - The recently launched **Rustilo DW 800** range of rust preventives—developed and manufactured locally—is now serving over 100 customers across the automotive, bearings, tube, and metal manufacturing sectors.
  - **Localized production** of globally recognized metalworking fluids such as Hysol MB50 and the 20XBB range has enabled faster delivery and enhanced value creation.
  - **Chemical Management Services (CMS)** segment has been successfully deployed at multiple new sites, further strengthening industrial service offerings.
- **Focus on expanding distribution:**
  - CSTRL now has a presence in over **0.16m outlets**, including **32,000+ bike points, 11,000+ multi-brand car workshops**, and a broad dealer network.
  - The **Castrol Auto Service** network continues to grow, currently supporting over **730 workshops across 340+ cities**, offering reliable, professional services in the aftermarket.
  - The **full range of auto-care** products is now widely available across **e-commerce platforms, modern trade outlets**, and **50,000+ physical retail points** across India.

Key takeaways from the management commentary

- CSTRL maintained its guidance of growing higher than the industry's average growth rate of 3.5-4.5% and guided a 21-24% EBITDA margin for CY25/26. We estimate ~23% EBITDA margin in both CY25 and CY26.
- Volumes exceeded 66m lit., reflecting an 8% YoY increase. Growth was driven by strong performance across segments, with two-wheeler and passenger car volumes rising in the high single digits, while industrial volumes registered a robust 13% YoY growth. As a result, the company's overall market share has reached approximately 20%.
- Castrol has ~10%+ volumes and profitability share in the Castrol global business.
- Sales mix in 2Q: Personal mobility/CV/Industrial — 43%/44%/13%.

Valuation and view

- Our EBITDA margin assumptions are already within the company's guided range of 22-25%.
- We value the stock at 26x P/E (average: 21.5x and mean + 1 S.D.: 27.9x) and arrive at our TP of INR250. **We reiterate our BUY rating.**

Quarterly Performance (INR m)

Y/E December	CY24				CY25				CY24	CY25E	CY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Volume (m liters)	**58.0**	**61.0**	**55.0**	**59.0**	**62.0**	**66.0**	**58.3**	**61.8**	**233.0**	**248.1**	**64.7**	**2%**
Realization	**228**	**229**	**234**	**229**	**229**	**227**	**226**	**222**	230	226	**226**	**0%**
Net Sales	**13,252**	**13,975**	**12,882**	**13,539**	**14,220**	**14,968**	**13,179**	**13,727**	**53,649**	**56,094**	**14,617**	**2%**
YoY Change (%)	2.4	4.8	8.9	7.1	7.3	7.1	2.3	1.4	5.7	4.6	4.6	
EBITDA	**2,937**	**3,224**	**2,861**	**3,759**	**3,074**	**3,495**	**2,987**	**3,371**	**12,782**	**12,927**	**3,403**	**3%**
YoY Change (%)	-0.4	4.1	6.5	14.2	4.6	8.4	4.4	-10.3	6.3	1.1	5.5	
Margin (%)	22.2	23.1	22.2	27.8	21.6	23.4	22.7	24.6	23.8	23.0	23.3	**0%**
Depreciation	237	261	245	254	246	266	251	260	998	1,020	267	
Interest	21	26	20	27	23	26	21	28	94	98	27	
Other Income	241	204	209	232	322	93	132	13	886	560	209	
PBT	**2,921**	**3,142**	**2,805**	**3,709**	**3,127**	**3,295**	**2,847**	**3,095**	**12,576**	**12,368**	**3,319**	**-1%**
Tax	758	820	730	995	793	855	718	751	3,304	3,117	836	
Rate (%)	26.0	26.1	26.0	26.8	25.3	26.0	25.2	24.3	26.3	25.2	25.2	
PAT	**2,162**	**2,322**	**2,074**	**2,714**	**2,335**	**2,440**	**2,130**	**2,344**	**9,272**	**9,251**	**2,483**	**-2%**
YoY Change (%)	6.8	3.1	6.7	12.2	8.0	5.1	2.7	-13.6	7.3	-0.2	6.9	
Operational Details (INR/lit)												
Volume (m litres)	58.0	61.0	55.0	59.0	62.0	66.0	58.3	61.8	233.0	248.1	64.7	2%
Realization	228.5	229.1	234.2	229.5	229.4	226.8	226.1	222.0	230.3	226.1	226.1	0%
Gross margin	109.4	111.3	111.9	120.0	110.2	109.9	109.5	108.4	113.2	109.5	109.5	0%
EBITDA	50.6	52.9	52.0	63.7	49.6	53.0	51.2	54.5	54.9	52.1	52.6	1%
PAT	37.3	38.1	37.7	46.0	37.7	37.0	36.5	37.9	39.8	37.3	38.4	-4%

7 August 2025

1QFY25 Results Update | Sector: Media

PVR-Inox

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	PVRINOX IN
Equity Shares (m)	98
M.Cap.(INRb)/(USDb)	101.7 / 1.2
52-Week Range (INR)	1748 / 826
1, 6, 12 Rel. Per (%)	9/-12/-29
12M Avg Val (INR M)	657

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	67.4	74.9	83.0
EBITDA	7.8	9.2	10.5
Adj. PAT	1.4	2.4	3.3
EBITDA Margin (%)	11.6	12.3	12.6
Adj. EPS (INR)	14.2	24.4	33.5
EPS Gr. (%)	NA	71.6	37.0
BV/Sh. (INR)	732.3	756.7	790.2
Ratios			
Net D:E	1.0	0.9	0.8
RoE (%)	2.0	3.3	4.3
RoCE (%)	3.2	4.3	5.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	70.3	40.9	29.9
P/BV (x)	1.4	1.3	1.3
EV/EBITDA (x)	14.1	11.6	9.7
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	27.5	27.5	27.8
DII	36.5	36.3	38.8
FII	19.7	20.4	18.1
Others	16.2	15.8	15.3

FII Includes depository receipts

CMP: INR1,036 TP: INR1,180 (+14%) Neutral

Strong start to FY26; Box office momentum to remain strong

- PVR INOX delivered a strong start to FY26, with footfalls improving 12% YoY, driven by improved performance from Bollywood and a rebound in Hollywood collections. ATP grew 8% YoY and SPH rose 10% YoY to an all-time high for a 23% YoY growth in revenue.
- Cost discipline remained strong with fixed costs rising just ~3% YoY, due to various initiatives to make expenses more variable in line with revenue growth. As a result, pre-INDAS EBITDA came in at INR953m **(24% beat)** and margins expanded **6**.5% (115bp beat).
- Backed by a strong content slate across languages and tactical levers such as 'Blockbuster Tuesday', re-releases, and event streaming, management expects FY26 admissions to surpass FY24 levels (~150m).
- Nevertheless, PVR INOX's business remains highly sensitive to occupancy levels, which are dependent on the quality and consistency of content, a factor largely outside the company's control. While management remains optimistic about the FY26 content pipeline, even a 200-300bp decline in occupancy could materially impact screen-level economics and EBITDA performance, posing a downside risk to our current estimates**.**
- We raise our FY26-27E EBITDA by ~1-3%, driven by better cost controls. We **reiterate our Neutral rating with a TP of INR1,180**, premised on 12.5x pre-Ind-AS 116 Sep'27E EBITDA**.**

Sharp revenue recovery; strong beat on margins

- Consolidated revenue grew 23% YoY (18% QoQ) to INR14.7b (in line), driven by a recovery in box office collections.
  - **Ticketing revenue** at INR7.3b (+13% QoQ) rose 23% YoY, driven by 12% YoY increase in admissions (occupancy up ~165bp YoY to 22%) and 8% YoY improvement in ATP to INR254 (-1.5% QoQ). During 1Q, there were several INR1b+ GBOC movies, while the Hollywood slate improved with titles such as F1 and Mission Impossible.
  - **F&B revenue** at INR4.9b (+29% QoQ) rose 22% YoY, driven by higher spends per head (SPH), which grew 10% YoY to INR148 (+18% QoQ), and higher admissions.
  - **Ad revenues** grew 17% YoY (+14% QoQ) to INR1.1b.
- PVR INOX was back in the green with a **pre Ind-AS 116 EBITDA of INR953m** (24% ahead of our est. INR768m)
  - **Movie exhibition cost** at INR2.5b (+14% YoY) came in at ~38.5% as % of ticketing revenue (vs. 39% QoQ, 41% YoY).
  - **F&B COGS** at INR1.2b (+19% YoY), came in at ~24.3% of F&B sales (down 70bp YoY, 26.2% QoQ).
- However, the company reported a loss of INR334m (significantly lower QoQ and YoY, our est. of INR421m loss).
- It opened 20 new screens during the quarter, of which 14 were under FOCO and asset-light models. Additionally, 55 new screens are signed currently under FOCO and 72 under the asset-light model.
- Outlook: The company expects to open 90-100 new screens in FY26 (20 added so far in FY26TD).

Highlights from the management commentary

- **Box office trends:** PVR INOX delivered a robust 1QFY26 performance (revenue up 23% YoY), driven by strong performance by Hindi cinema (+38% YoY) and a rebound in Hollywood collections (+72% YoY), driven by several tentpole movies. Premium formats saw a 20% YoY growth in admissions, driven by improved Hollywood content slate. Management further indicated that 2QFY26 and 3QFY26 should see sustained momentum, driven by an improving content slate across languages.
- **Initiatives to improve footfalls:** Admissions rose 12% YoY to 34m, driven by initiatives focused on affordability (the INR99 'Blockbuster Tuesday' offer reactivated ~1m dormant users), and alternate content (IPL streaming, concerts, and re-releases, which added 0.5m admissions). July delivered the highest monthly footfalls in 18 months, and management remains confident on FY26 admissions exceeding FY24 levels (~150m).
- **F&B Performance:** F&B’s SPH hit an all-time high of INR148 (up 10% YoY), primarily driven by better customer conversions rather than price hikes. Weekday value packs and refillable formats (for unlimited Pepsi and Popcorn) also improved the overall SPH.
- **Karnataka Draft Regulation impact:** The ticket price cap was a draft and is yet to be notified. The draft has received over 700 objections, and key details such as applicability on premium formats and tax inclusion/exclusion remain unclear at the moment. PVR INOX’s Karnataka expansion plans remain unchanged due to the draft regulation.
- **Capex** guidance for FY26 remains at INR4.0-4.25b, of which INR2.5-2.6b has been earmarked for new screens. The capital-light strategy is expected to accelerate expansion, improve RoCE, and support further deleveraging (net debt down INR607m QoQ to INR8.9b).

Valuation and view

- A recovery in Hollywood collections and promising content slate bode well for PVR INOX, given its skew toward premium screening formats.
- Initiatives such as ‘Blockbuster Tuesdays’, curated re-releases, live sports screenings, and weekday value meal offers are driving an uplift in footfalls and SPH, aiding weekday monetization. These targeted interventions reflect a strategic effort to smoothen occupancy volatility and enhance per patron revenue, particularly during non-peak periods.
- Nevertheless, PVR INOX’s business remains highly sensitive to occupancy levels, which are dependent on the quality and consistency of content, a factor largely outside the company’s control. While management remains optimistic about the FY26 content pipeline, even a 200-300bp decline in occupancy could materially impact screen-level economics and EBITDA performance, posing a downside risk to our current estimates.
- We raise our FY26-27E EBITDA by ~1-3%, driven by better cost controls. We **reiterate our Neutral rating with a TP of INR1,180**, premised on 12.5x pre-Ind-AS 116 Sep’27E EBITDA**.**

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26	FY26	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Net Sales	**11,907**	**16,221**	**17,173**	**12,498**	**14,691**	**17,383**	**20,187**	**15,106**	**57,799**	**67,366**	**14,406**	**2**
YoY Change (%)	-8.8	-18.9	11.1	-0.5	23.4	7.2	17.5	20.9	-5.4	16.6	21.0	
Total Expenditure	12,285	14,350	14,805	12,603	13,738	15,503	16,314	14,017	54,043	59,572	13,637	**1**
EBITDA	**-378**	**1,871**	**2,368**	**-105**	**953**	**1,880**	**3,872**	**1,089**	**3,756**	**7,794**	**768**	**24**
YoY Change (%)	-146.8	-56.2	16.9	-975.0	-352.1	0.5	63.5	-1,137.0	-47.3	107.5	-303.3	
Depreciation	1,164	1,266	1,194	1,212	1,123	1,209	1,209	1,591	4,836	5,132	1,209	**-7**
Interest	451	489	490	453	440	441	441	443	1,883	1,765	441	**0**
Other Income	179	198	215	355	188	243	243	297	947	971	249	**-24**
PBT before EO expense	**-1,814**	**314**	**899**	**-1,415**	**-422**	**473**	**2,465**	**-647**	**-2,016**	**1,868**	**-633**	**33**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**-1,814**	**314**	**899**	**-1,415**	**-422**	**473**	**2,465**	**-647**	**-2,016**	**1,868**	**-633**	**33**
Tax	(448)	90	217	(359)	(88)	119	620	(181)	-500.0	470.1	(212)	**59**
Rate (%)	24.7	28.7	24.1	25.4	20.9	25.2	25.2	28.0	24.8	25.2	33.5	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**-1,366**	**224**	**682**	**-1,056**	**-334**	**354**	**1,844**	**-466**	**-1,516**	**1,398**	**-421**	**21**
Adj PAT	**-1,366**	**224**	**682**	**-1,056**	**-334**	**471**	**2,458**	**-645**	**-1,516**	**1,398**	**-421**	**21**
YoY Change (%)	209.8	-89.2	65.5	17.2	-75.5	110.4	260.5	-38.9	-232.6	-192.2	-53.8	

Avalon Technologies

Estimate change	↑
TP change	↑
Rating change	⟷

Bloomberg	AVALON IN
Equity Shares (m)	66
M.Cap.(INRb)/(USDb)	58.4 / 0.7
52-Week Range (INR)	1074 / 425
1, 6, 12 Rel. Per (%)	9/16/75
12M Avg Val (INR M)	446

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	11.0	14.2	18.5
EBITDA	1.1	1.7	2.2
Adj. PAT	0.6	1.0	1.6
EBITDA Margin (%)	10.1	11.7	12.1
Cons. Adj. EPS (INR)	9.6	15.6	24.6
EPS Gr. (%)	125.2	63.1	57.1
BV/Sh. (INR)	92.4	108.1	132.6
Ratios			
Net D:E	0.1	(0.0)	(0.0)
RoE (%)	10.9	15.6	20.4
RoCE (%)	10.1	14.0	19.4
Valuations			
P/E (x)	91.7	56.2	35.8
EV/EBITDA (x)	53.0	35.0	25.9

Shareholding Pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	44.6	50.6	50.9
DII	22.0	17.3	23.2
FII	8.7	7.1	2.6
Others	24.7	25.0	23.4

Note: FII includes depository receipts

CMP: INR879 TP: INR1,100 (+25%) Buy

Robust performance driven by both India and US markets

Large beat on operating performance

- Avalon Technologies (AVALON) reported a robust quarter, with revenue growing 62% YoY in 1QFY26, fueled by a stellar performance in both the Indian and US businesses (both up 62%). EBITDA improved (+700bp) due to a rise in domestic manufacturing (~80% in 1QFY26) and favorable operating leverage.
- The company is witnessing growth across all business segments, with the order book growing ~23% YoY (INR17.9b). Supported by a robust order book visibility and strong performance in 1QFY26, management has increased its **FY26 guidance for revenue growth to 23-25% (vs. 18-20% earlier), with a sequential improvement in EBITDA margin.**
- Factoring in the robust performance in 1QFY26 and the upward revision of guidance, we increase our EPS estimates for FY26/FY27 by 5%/7% and **reiterate a BUY rating with a TP of INR1,100 (premised on 45x FY27E EPS).**

Operating leverage continues to aid EBITDA margin expansion

- AVALON's consolidated revenue grew 62% YoY to INR3.2b, driven by growth in both the domestic (up 62% YoY) and US (up 62% YoY) businesses.
- Consolidated EBITDA surged 6.8x YoY to INR299m, with EBITDA margin expanding 700bp to 9.2%, driven by gross margin expansion (up 230bp YoY) to 35.5%, which was led by a change in the product mix and operating leverage. This was reflected in a 320bp YoY decline in employee expenses as a percentage of sales to 19.6% and a 160bp decline in other expenses to 7%. Consequently, the company reported an adjusted PAT of INR142m, compared to a net loss of INR23m in 1QFY25.
- The total order book stood at INR29.4b, with the short-term order book (executable within 14 months) at INR17.9b (up 22% YoY/2% QoQ) and the longer executable order book (from 14 months up to three years) at INR11.23b.
- Gross debt as of Jun'25 was INR1.3b vs. INR1.4b as of Mar'25. Net working capital days increased to 142 from 124 days as of Mar'25, on account of higher inventory days (up 18 days).
- Standalone revenue/ EBITDA/Adj. PAT grew 43%/3.6x/2.1x YoY to INR1.6b/INR167m/INR146m in 1QFY26. Subsidiary (Consol less standalone) revenue grew ~90% YoY to INR1.6b, with an EBITDA of INR132m and a net loss of INR4m.

Highlights from the management commentary

- **Guidance & outlook:** The company has raised its revenue growth guidance to 23-25% (from 18-20%) and aims to double revenue by FY27, led by major growth in India. Margins are expected to improve sequentially starting next quarter, with continued momentum in FY27 as well.

- **Semiconductor:** AVALON entered the semiconductor equipment manufacturing space through a partnership with a top global semiconductor OEM, leveraging its box-builds expertise. The ramp-up will occur over the next 4-5 quarters, with initial revenues starting from next quarter. This is a high-margin and scalable business.
- **US tariffs:** All US business operates on a pass-through model. The company remains agile and expects only a limited impact on its US business if current conditions persist, with minimal effect on overall revenue.

Valuation and view

- With the company witnessing growth across both the Indian and US businesses, we expect AVALON's revenue and profitability to maintain robust momentum, as reflected in its revised guidance and strong margin commentary for the near term.
- Further, the company's long-term revenue trajectory is anticipated to remain strong, backed by: 1) its entry into the semiconductor equipment manufacturing space, 2) strategic collaborations leading to higher margins, 3) strong order book visibility across segments, and 4) India's emergence as a manufacturing base, supported by structural reforms and government policies.
- We estimate AVALON to post a 30%/42%/60% CAGR in revenue/EBITDA/adj. PAT over FY25-FY27 on account of strong growth and healthy order inflows. **Reiterate BUY with a TP of INR1,100 (premised on 45x FY27E EPS).**

Consolidated - Quarterly Earnings (INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	%
Gross Sales	**1,995**	**2,750**	**2,809**	**3,428**	**3,233**	**3,300**	**3,454**	**4,216**	**10,981**	**14,204**	**2,434**	**33**
YoY Change (%)	-15.2	36.8	31.1	58.1	62.1	20.0	23.0	23.0	26.6	29.3	22.0	
Total Expenditure	1,951	2,449	2,462	3,014	2,934	2,934	3,008	3,668	9,876	12,544	2,296	
EBITDA	**44**	**301**	**346**	**414**	**299**	**367**	**447**	**549**	**1,105**	**1,661**	**138**	**117**
Margins (%)	2.2	11.0	12.3	12.1	9.2	11.1	12.9	13.0	10.1	11.7	5.7	
Depreciation	66	69	74	77	85	85	87	88	286	345	80	
Interest	42	37	45	42	38	30	20	19	167	107	35	
Other Income	44	39	100	32	17	60	50	55	215	182	71	
PBT before EO expense	**-20**	**234**	**327**	**326**	**193**	**312**	**390**	**497**	**867**	**1,391**	**94**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**-20**	**234**	**327**	**326**	**193**	**312**	**390**	**497**	**867**	**1,391**	**94**	
Tax	3	60	87	83	51	79	99	127	233	356	24	
Rate (%)	-14.5	25.4	26.7	25.5	26.4	25.5	25.5	25.5	26.8	25.6	25.5	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**-23**	**175**	**240**	**243**	**142**	**232**	**290**	**370**	**634**	**1,034**	**70**	
Adj PAT	**-23**	**175**	**240**	**243**	**142**	**232**	**290**	**370**	**634**	**1,034**	**70**	**103**
YoY Change (%)	NA	140.1	264.7	243.8	NA	32.8	21.0	52.4	126.7	63.1	NA	
Margins (%)	-1.2	6.4	8.5	7.1	4.4	7.0	8.4	8.8	5.8	7.3	2.9	

MTAR Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	MTARTECH IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	47.7 / 0.5
52-Week Range (INR)	1872 / 1152
1, 6, 12 Rel. Per (%)	2/-6/-15
12M Avg Val (INR M)	316

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	6.8	8.5	11.2
EBITDA	1.2	1.8	2.6
Adj. PAT	0.5	1.0	1.6
EBITDA Margin (%)	17.9	21.1	23.5
Cons. Adj. EPS (INR)	17.2	31.3	52.6
EPS Gr. (%)	-5.8	82.0	68.0
BV/Sh. (INR)	237.0	268.3	320.9
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	7.5	12.4	17.9
RoCE (%)	7.8	11.5	16.2
Valuations			
P/E (x)	90.2	49.6	29.5
EV/EBITDA (x)	40.8	27.5	18.7

Shareholding pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	31.7	31.8	36.4
DII	23.5	24.4	16.0
FII	7.6	6.7	7.8
Others	37.3	37.1	39.9

Note: FII includes depository receipts

CMP: INR1,551 TP: INR1,900 (+22%) Buy

Operating leverage aids margin expansion

Operating performance missed our estimates

- MTAR Technologies (MTARTECH) reported strong revenue/EBITDA growth of 22%/79% YoY in 1QFY26, led by continued momentum across key business segments, such as clean energy fuel cells (up 22%), followed by Aerospace (up 97%) and Clean Energy - Civil Nuclear Power (up 4.2x).
- On the back of a strong start to the year, MTARTECH anticipates sequential improvements, accelerating in 2HFY26. This momentum is expected to be driven by the ramp-up of newly developed products in the clean energy and aerospace sectors, aided by operating leverage.
- Management maintained its FY26 guidance but indicated a strong FY27. However, we largely maintain our FY26/FY27 EPS estimates and reiterate our BUY rating on the stock with a TP of INR1,900 (36x FY27E EPS).

Broad-based growth across all segments

- Consolidated revenue grew 22% YoY at INR1.6b (est. in line). EBITDA grew 71% YoY to INR462m (est.INR304m). EBITDA margin expanded 520bp YoY but contracted 50bp QoQ to 18.1% (est. 19%). Gross margin stood at 54.2% (+640bp YoY). Employee expenses/other expenses as a % of sales stood at 21.9%/14.2% (+10bp/+110bp YoY).
- Revenue from Clean Energy - Nuclear /Clean Energy - Fuel Cell/Aerospace & Defense (A&D) rose 4.2x/22%/97% YoY to INR54m/INR1b/INR248m. Meanwhile, revenue for products and others declined 24% YoY to INR214m.
- The order book as of Jun'25 stood at INR9.3b, with inflows of ~INR1b in 1QFY26. The order book mix was ~48%/17%/30%/6% for Clean Energy – Fuel Cell/Clean Energy - Nuclear/A&D/Product & others. A&D witnessed the highest YoY growth in its order book (23%).
- NWC days surged to 267 as of Jun'25, from 229 in Mar'25, due to an increase in receivables days to 126 (vs.113) and inventory days to 222 (vs 186). This was partly offset by an increase in payable days to 87 (vs. 77). The higher receivables were due to a delay in receivables from certain international customers during the last week of the quarter, which have now been received.

Highlights from the management commentary

- **Clean energy:** The company guided for revenue growth of 15%-20% YoY. Bloom has provided a 25% higher order forecast for FY27 compared to FY26. Management is anticipating INR1.3-1.5b quarterly revenue from Bloom in FY27, compared to INR1b in FY26 (similar to the current quarter).
- **Nuclear:** MTARTECH has submitted multiple quotations for upcoming nuclear projects, which present strong order flow potential. The company anticipates order inflows of approximately INR10b over the next 3-6 months, with around INR600m targeted for execution in FY26. The overall execution is expected to be carried out on a fast-track basis over the next three years.

- **A&D:** MTAR is actively strengthening its defense portfolio by participating in critical component tenders and is well-positioned to benefit from emerging partnership opportunities with EU nations seeking collaboration with Indian defense companies. The company expects to achieve **~80% revenue growth in the defense segment in FY26**, supported by repeat orders and ongoing capacity expansion.

Valuation and view

- With a strong order book of INR9.3b as of Jun'25, a healthy pipeline across the Clean Energy, A&D, and Nuclear sectors, and strong execution of various new products across all segments, we anticipate healthy growth and margin expansion in the coming years. This will be supported by new product ramp-ups, strong execution of orders, operating leverage, and higher order forecasts from Bloom Energy.
- We estimate a CAGR of 29%/47%/75% in revenue/EBITDA/adj. PAT over FY25-FY27. We reiterate our BUY rating on the stock with a TP of INR1,900 (36x FY27E EPS).

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Gross Sales	**1,283**	**1,902**	**1,745**	**1,831**	**1,566**	**2,301**	**2,268**	**2,380**	**6,760**	**8,515**	**1,603**	**-2%**
YoY Change (%)	-15.9	14.0	47.4	28.1	22.1	21.0	30.0	30.0	16.4	26.0	25.0	
Total Expenditure	1,117	1,534	1,412	1,489	1,282	1,821	1,775	1,836	5,552	6,714	1,299	
EBITDA	**166**	**368**	**333**	**341**	**284**	**480**	**493**	**544**	**1,208**	**1,801**	**304**	**-7%**
Margins (%)	12.9	19.4	19.1	18.7	18.1	20.9	21.7	22.9	17.9	21.1	19.0	
Depreciation	61	78	87	96	84	87	90	101	322	361	70	
Interest	48	52	63	59	58	57	55	30	222	200	55	
Other Income	5	14	31	0	6	20	15	10	52	51	25	
PBT before EO expense	**62**	**253**	**214**	**186**	**148**	**356**	**363**	**423**	**716**	**1,291**	**204**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**62**	**253**	**214**	**186**	**148**	**356**	**363**	**423**	**716**	**1,291**	**204**	
Tax	18	65	55	49	40	90	91	107	187	328	51	
Rate (%)	28.6	25.8	25.5	26.3	27.0	25.2	25.2	25.2	26.1	25.4	25.2	
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**44**	**188**	**160**	**137**	**108**	**267**	**271**	**317**	**529**	**963**	**153**	
Adj PAT	**44**	**188**	**160**	**137**	**108**	**267**	**271**	**317**	**529**	**963**	**153**	**-29%**
YoY Change (%)	-78.2	-8.2	52.8	181.7	144.2	42.0	70.0	130.8	-5.8	82.1	244.6	
Margins (%)	3.5	9.9	9.2	7.5	6.9	11.6	12.0	13.3	7.8	11.3	9.5	

Updater Services

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	UDS IN
Equity Shares (m)	67
M.Cap.(INRb)/(USDb)	18.1 / 0.2
52-Week Range (INR)	439 / 252
1, 6, 12 Rel. Per (%)	-3/-28/-16
12M Avg Val (INR M)	145

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	27.4	31.1	36.0
EBIT	1.2	1.3	1.7
PAT	1.2	1.3	1.6
Adj PAT	1.2	1.3	1.6
EPS (INR)	17.7	20.4	23.8
EPS growth (%)	20%	15%	17%
BV/Sh (INR)	144.1	164.2	187.6
Ratios			
RoE (%)	13.1	13.0	13.3
RoCE (%)	11.9	11.3	11.1
Valuations			
P/E (x)	15.2	13.3	11.4
P/BV (x)	1.9	1.6	1.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	58.9	58.9	58.9
DII	12.8	15.4	13.5
FII	3.7	2.7	3.9
Others	24.7	23.0	23.8

CMP: INR270 TP: INR330 (+22%) Buy

Subdued quarter

Athena challenges drags on BSS segment

- Updater Services (UDS) reported 1QFY26 revenue growth of 7% YoY (down 1% QoQ) to INR7.0b, below our estimate of ~INR7.5b. Core EBITDA margin came in at 5.6% (est. 6.9%), down 70bp YoY. Consolidated adj. PAT stood at INR290m (up 13% YoY), below our estimate of INR343m.
- 1Q revenue/PAT grew 7%/13.1% YoY, whereas EBITDA declined 3.9% YoY. For 2QFY26, we expect its revenue/EBITDA/adj. PAT to grow by 13.2%/4.9%/ 14.6% YoY. We reiterate our BUY rating and a TP of INR330 (premised on 14x Mar'27E EPS).

Our view: BSS segment to remain soft in 2Q and 3Q

- The IFM segment delivered double-digit growth (~10% YoY) during the quarter. While management indicated this was in line with the business plan, sequential growth was softer due to seasonality in the catering business and subdued spending by non-industrial clients. Additionally, higher year-end billings in the previous quarter had elevated the base. Nevertheless, management remains focused on scaling up profitability through high-value, technical contracts.
- The BSS segment was a major miss, reporting a modest 1% YoY growth. The muted performance was attributed to cautious hiring and spending by the IT sector, along with client-specific challenges in Athena. We expect these headwinds to persist over the next couple of quarters. Additionally, rising client expectations around RoI have begun to impact delivery models, particularly in sales and enablement services. We expect 2Q and 3Q to remain soft for the BSS segment. Accordingly, we build in a modest recovery in this business, expecting single-digit YoY growth in 2Q/3Q.
- Athena continued to witness some clients transitioning previously outsourced operations back in-house. The company is actively working to expand its client base beyond BFSI. Matrix reported a mixed performance. A broader slowdown in the IT sector weighed on volumes in the Employee Background Verification segment, while in Audit and Assurance services, client interest remains encouraging despite pricing pressures.
- **Margins:** EBITDA was impacted by lower revenue growth, revenue decline in Athena (a high-margin business) and merger-related costs. IFM margins were further weighed down by a one-off provision for trade receivables. The company expects to deliver 12-15% PAT growth in FY26.

Valuation and changes to our estimates

- We broadly retain our estimates, given the solid foothold of UDS in the IFM business and the high-margin BSS business. However, we expect the next couple of quarters to be soft for BSS segment. We expect a CAGR of 15%/21% in revenue/EBITDA over FY25-27. **Reiterate BUY with a TP of INR330 (based on 14x Mar'27E EPS). Our TP implies a 22% upside potential.**

Miss on revenues and margins; 14 new logos added

- Revenue was up 7% YoY and down 1% QoQ at INR7.0b, below our est. of ~INR7.5b.
- Revenue growth was aided by 10% YoY growth in IFM, whereas BSS reported 1% YoY growth.
- EBITDA margin came in at 5.6% (est. 6.9%), down 70bp YoY. IFM's PBT margin was up 30bp YoY at 4.5%. BSS' PBT margin was down 180bp QoQ at 4.8%.
- Consolidated adj. PAT stood at INR290m (up 13% YoY), below our estimate of INR343m.
- RoCE stood at 17.9% on an annualized basis in Jun'25 vs. 22.1% in Mar'25. The company added 14 logos in 1QFY26. Head count stood at 73,129, up 9% YoY.
- UDS has long-standing relationships with customers having 95% retention over a five-year window in the both businesses.

Key highlights from the management commentary

- Global uncertainties, including rising tariffs, have led to cautious hiring and spending by large MNCs and IT companies, resulting in muted performance in the BSS segment during the quarter.
- Consolidated growth is expected to stabilize in the 13-15% range for FY26.
- IFM reported 10% YoY growth, in line with the business plan. However, seasonality in the catering business and modest spending by non-industrial clients contributed to lower QoQ growth.
- IFM growth is expected to outpace BSS growth going forward.
- **In IFM**, UDS completed contract rationalization and is now focusing on streamlining operations. The aspiration is to grow at 3x the GDP growth rate, supported by the expansion of co-working spaces and growth in automotive factories.
- **In BSS,** delivery models saw moderation, and clients have raised expectations on RoI. As a result, the next couple of quarters are expected to be flat in terms of sales and enablement services.
- **Denave:** 85% of revenue comes from clients with 7+ years of relationship.
- **Athena:** Revenue and profitability were impacted by some clients continuing to transition previously outsourced operations back in-house. These are the same clients that began this transition in the previous quarter; no new clients were lost in 1Q.
- The company expects 12-15% growth in profitability in FY26.

Valuation and view

- We believe UDS will benefit from the long-term trend of outsourcing non-core business operations for greater efficiency and service quality. With continued momentum in the IFM space and an inorganic growth engine in the high-margin BSS vertical, we expect UDS to deliver sustainable and profitable growth.
- However, we expect the next couple of quarters to be soft for BSS segment. We expect a CAGR of 15%/21% in revenue/EBITDA over FY25-27. **Reiterate BUY with a TP of INR330 (premised on 14x Mar'27E EPS). Our TP implies a 22% upside potential.**

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY26	(%/bp)
Gross Sales	**6,522**	**6,800**	**6,949**	**7,090**	**7,002**	**7,695**	**8,005**	**8,399**	**27,361**	**31,101**	**7,535**	**-7.1**
YoY Change (%)	13.1	13.3	9.3	12.2	7.4	13.2	15.2	18.5	11.9	13.7	15.5	**-820bp**
Total Expenditure	6,112	6,363	6,487	6,733	6,609	7,241	7,509	7,861	25,695	29,220	7,015	-5.8
Core EBITDA	**409**	**437**	**462**	**357**	**393**	**454**	**496**	**538**	**1,665**	**1,881**	**520**	**-24.4**
Margins (%)	6.3	6.4	6.7	5.0	5.6	5.9	6.2	6.4	6.1	6.0	6.9	-130bp
ESOP cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Fair value changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EBITDA	**409**	**437**	**462**	**357**	**393**	**454**	**496**	**538**	**1,665**	**1,881**	**520**	**-24.4**
Margins (%)	6.3	6.4	6.7	5.0	5.6	5.9	6.2	6.4	6.1	6.0	6.9	-130bp
Depreciation	115	123	121	113	112	139	144	151	471.3	545.6	151	-25.8
Interest	34	29	20	20	21	19	20	21	103.5	81.4	19	12.5
Other Income, net	65	69	57	166	51	77	80	76	357	283	68	-25.5
PBT	**326**	**354**	**378**	**390**	**311**	**373**	**412**	**441**	**1,447**	**1,537**	**418**	**-25.7**
Tax	69	74	67	48	21	52	58	62	257.5	192.3	75	-72.6
Rate (%)	21.3	20.8	17.7	12.3	6.6	14.0	14.0	14.0	17.8	12.5	18.0	-1,140bp
Minority Interest & Profit/Loss of Asso. Cos.	3	-1	3	-3	4	0	0	0	2	4	0	
Adjusted PAT	**256**	**280**	**312**	**342**	**290**	**321**	**355**	**379**	**1,190**	**1,345**	**343**	**-15.5**
YoY Change (%)	27.2	41.8	13.5	76.1	13.1	14.6	13.8	10.9	34.5	13.0	33.8	
Margins (%)	3.9	4.1	4.5	4.8	4.1	4.2	4.4	4.5	4.3	4.3	4.6	-40bp

Key Performance Indicators

Y/E March	FY25				FY26	FY25
	1Q	2Q	3Q	4Q	1Q	
Segment Revenue (INR m)						
Integrated Facility Management Services	4,363	4,594	4,669	4,958	4,768	18,585
Business Support Services	2,343	2,387	2,441	2,365	2,376	9,535
PBT Margin (%)						
Integrated Facility Management Services	4.2	5.2	5.3	10.3	4.5	6.3
Business Support Services	6.6	5.8	6.2	5.6	4.8	6.0

From aggression to caution: The new playbook in unsecured MSME lending

We hosted an expert session with a DSA/channel partner to understand on-ground dynamics in the unsecured MSME and micro-LAP segments, with a focus on demand patterns, asset quality, and steps being taken by the lenders to shield themselves in the (small-ticket) unsecured MSME segment. The DSA expert we hosted is a seasoned professional with over 17 years of experience in the banking and NBFC space, having previously held roles at ICICI Bank and Bajaj Finance. The session offered valuable perspectives on current demand trends, emerging stress in unsecured MSME loans, and whether the deterioration in asset quality signals a temporary phase or the onset of a broader credit cycle. It also covered shifts in lender strategies and discussions around which players are scaling back exposure to small-ticket unsecured loans and which ones still continue to remain active in this segment.

Unsecured MSME lending: Tightened norms amid rising stress

- The unsecured MSME segment has experienced significant pressure over the last one year, especially in small-ticket unsecured business loans and overdrafts. While some companies initially stopped offering unsecured overdrafts after RBI guidelines and revisions, major players like Bajaj Finance have restarted, though with a very cautious and restricted approach. The availability of unsecured funding has become much more difficult for small manufacturers, traders, and service providers.
- In response to elevated stress, lenders across the board have tightened credit criteria. Many lenders have pulled back from unsecured lending altogether or restricted it to only salaried or high-banking-profile customers.
- The stricter lending norms are being driven by multiple factors: 1) a weaker macro environment, with payment cycles stretching from 30-35 days to 60-90 days, causing cash flow issues; 2) a demand-supply mismatch, wherein demand for unsecured small-ticket credit in the market is not keeping up with supply; 3) rising bounce rates due to liquidity stress impacting EMI payments; and 4) borrower overleveraging, as many MSMEs have taken multiple unsecured loans from various lenders and fintechs, sometimes even doubling their number of loans outstanding.
- High interest rates on unsecured loans, coupled with the mismanagement of funds and investment of funds into real estate and stock markets that subsequently got blocked, could have also contributed to defaults and delinquencies. Even small retailers and traders have faced overexposure from fintech lenders, leading to a bounce in EMIs.

Divergence in lender strategies: Shift to secured; a few others making selective re-entry in unsecured

- Bajaj Finance has significantly reduced its aggressive funding, becoming very cautious about funding customers with check bounces or EMI issues. Their teams, which previously focused on small ticket unsecured loans, have been transferred to secured lending products like affordable secured business loans (INR2.5m-5m ticket size) and LAP Prime.
- Players such as UGRO Capital are also becoming cautious about unsecured lending and are prioritizing asset-backed loans like machinery finance, equipment finance, and solar loans. Conversely, some lenders are either becoming aggressive or re-entering the segment. IDFC First Bank has reduced interest rates for high-ticket-size customers (INR4m and above) and has restarted its small-ticket business loan program (INR100-900k segment) after closing it a year prior. Poonawalla Finance is also targeting customers with a loan ticket size of >INR4m and above by offering reduced interest rates. Piramal Finance has restarted small-ticket business loans. Tata Capital continues to offer micro business loans (INR300K-1m) without turnover criteria. Aditya Birla Finance also offers small ticket loans (INR500K-1m), but primarily through a scorecard-based system.
- **Overall, there is a noticeable trend of banks and NBFCs shifting their focus towards higher ticket size customers (loan ticket size above INR2.5m).**

From favorites to fragile: Lenders redraw internal guardrails in the unsecured MSME segment

- The health of MSMEs is a significant concern, largely due to a liquidity crunch. While on the surface the economy appears to be growing, there is considerable liquidity stress at the MSME and retail level. The primary reason for stress is that MSMEs' working capital cycles have stretched, leading to delays in making EMI repayments. Despite the delays, the intent of these MSMEs to repay is generally good; they are not legal defaulters but are unable to pay on time. Many MSMEs took on significant debt based on anticipated demand that did not materialize, leading to overexposure.
- As traditional funding has become difficult for MSMEs, some are even gravitating towards FinTech apps that offer unsecured business loans. These loans come at a significantly higher interest rate (around 30-32% reducing balance). Borrowers availing these loans typically adopt a short-term survival mindset, expecting to repay through alternative means such as liquidating property or stock investments, rather than through steady business cash flows.
- Lenders have become highly selective about industry exposure. Segments like restaurants and hotels, scrap and metal trading/manufacturing, and jewelry are now classified in the cautious or negative category. Notably, the IT services sector, which was previously viewed as a *'green field,'* has also moved into the cautious zone. The Doctor segment, which was once favored for unsecured professional loans due to perceived income stability, has witnessed a sharp rise in delinquencies. Consequently, many lenders have reclassified both doctors and hospitals under the cautious category, reflecting a broader reassessment of unsecured risk.
- Loan application rejection rates have surged, with approval rates for loans dropping from 40-50% to 30-35%. The main reasons for rejections are ECS (Electronic Clearing Service) returns, cheque returns, and CIBIL (credit score) issues, such as overdues in credit card or bank accounts. The minimum CIBIL score requirement has risen to 700+ for most lenders, whereas previously scores around 650-680 were acceptable. One-time settlements are occurring, typically ranging from 20% to 25% of the outstanding amount.

DSA incentives rise, but tighter norms to rein in risk

- The commission structure for DSAs in the unsecured segment has generally increased from an average of 2.5-2.75% to 3.25-3.5%, and even higher for a corporate DSA, who sources significantly higher volumes.
- Lenders like ICICI Bank and Cholamandalam have introduced clawback clauses and penalties for DSAs if loans sourced by them face delinquencies within a specified period (e.g., within 6 or 12 months). They are also trying to prevent "multi-funding," where customers take loans from multiple lenders simultaneously.
- Lenders have also tightened their underwriting norms, with DSCR (Debt Service Coverage Ratio) norms now revised to 1.0 and above. The focus of banks and NBFCs is increasingly on the manufacturing segment, as they perceive these businesses to be more secure despite potential high bounce rates.

LAP and CGTSME-backed loans gain traction, but risks linger

- There is a strong growth in the LAP segment, partly because customers are consolidating unsecured loans into LAP to reduce their EMI burden due to longer tenors (7-15 years). This also provides customers with more time to repay, given their current longer working capital cycles.
- While consolidating unsecured loans into secured LAP reduces immediate EMI burden, there is a risk of increased delinquencies in the secured segment if economic conditions do not improve, especially for loans against investment properties compared to self-occupied residential (SoRP)/commercial properties (SoCP).
- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) segment is also growing, where the risk is divided with government funding. These loans are typically offered to MSMEs with at least two years of business vintage and audited financials, mostly by banks and select NBFCs such as Aditya Birla Capital.

Competitive dynamics in the NBFC space

- Several large players, such as Bajaj Finance, ICICI Bank, Axis Bank, and ABCL, have reduced exposure to unsecured business loans and are increasingly focusing on secured MSME segments.
- Jio Credit has recently entered the market with aggressive offerings in loans against security, home loans, and mortgages, aiming to build a significant presence. While it's early to gauge portfolio quality, the group's intent to build a diversified lending book is clear.

Expert Speak

WTG localization: market share, margin shifts key catalysts

We recently hosted an expert session with Mr. Ajay Devaraj, advisor and former Secretary General of the Indian Wind Power Association, to discuss the potential impact of local content implementation in wind turbine generator (WTG) manufacturing.

Our key conclusions from the session include:

1) **Overall, Mr. Devaraj believes foreign players operating in India can potentially ramp up localization in WTG manufacturing. Vendor capacity/capability for components such as blades, towers, and even gearboxes is sufficient; however generators and bearings may face some challenges.**
2) **The recent order regarding localization could be a first step towards long-term indigenization, and the govt. may push for further backward integration in the future.**
3) **Foreign players looking to operate in India will find it hard to compete unless they achieve scale (as cost advantage is gone); further, smaller players looking to enter India and import and sell WTG equipment will now be deterred.**
4) **Lack of trained manpower and unavailability of key raw materials will be key challenges faced by players to increase localization.**

Overall, while theoretically foreign companies operating in India can likely scale up on localization, many could be deterred due to the need to undertake long-term investment. Further regulatory action encouraging localization cannot be ruled out, as already evident in the solar module space, where ALMM was followed by ALCM, and there is now speculation about ALWM. Such regulatory measures incentivize long-term investment, which we believe will be key to continuing to scale up in India. As such, we see market share gains for Suzlon (dominant domestic OEM) along with alleviation of pricing pressure on WTG realizations in the coming quarters. Reiterate BUY.

Mr. Ajay Devaraj

Mr. Devaraj is a senior professional with four decades of leadership experience in driving transformational change across renewable energy, mining, healthcare, steel, and manufacturing sectors. As Secretary General of the Indian Wind Power Association, he had successfully repositioned the Association as a trusted advisory partner to the Government on renewable energy policy and regulatory frameworks. He has fostered cross-ministerial collaborations with key bodies (Ministry of External Affairs, Ministry of Commerce and Industry, and Ministry of Skill Development and Entrepreneurship) to address supply chain, geopolitics, manpower pipeline, and component availability. He also facilitated national infrastructure projects, enhancing grid stability through advanced weather forecasting in partnership with the Central Electricity Authority, Grid India, and the Indian Meteorological Department.

India's wind energy progress continues

- As of now, India has an installed wind capacity of 51.6 GW, against a 2030 target of 100 GW. Of the 25.5 GW under construction, 3.6 GW is yet to commence, leaving a balance of 19.3 GW to be auctioned and commissioned before 2030.
- On the manufacturing front, India has an annual WTG manufacturing capacity of ~18 GW, though current utilization remains low at ~20–25%. The country has 14 manufacturers producing rotor blades ranging from 29.8m to 166.8m and operating at hub heights between 48.7m and 160m, with turbine capacities spanning 0.2 MW to 5.2 MW.
- As per the latest amendment dated 31st July 2025, projects awarded before this date and commissioned on or before 31st July 2028 are exempt from the ALMM (Wind) requirement. Additionally, new manufacturers or models are exempt for two years, capped at 800 MW.
- Mr. Devaraj emphasized that the amendment does not restrict imports required for manufacturing these components, and he believes that ~5-6GW of wind capacity installation is possible in FY26, given that such a milestone was also achieved in the past.

Progress on domestic capability across wind turbine components

- Blades: Wind turbine blades primarily use fiberglass, carbon fiber, and epoxy resins. While India has some domestic capacity for these materials, it is insufficient to meet industry needs. Full indigenization of raw material availability for blades will likely take over five years. However, India already possesses 100% indigenous capacity for component manufacturing, assembly, installation, commissioning, and operations & maintenance (O&M).
- Structures: For onshore structures, which constitute the majority of current development, the material requirement is either steel (for pure structures) or a combination of steel and concrete (for hybrid structures). Concrete is fully available domestically, while some grades of steel are still imported. Achieving full indigenous steel availability may take 3-5 years. Assembly, installation, commissioning, and O&M are already 100% indigenized.
- Generators: These require key raw materials such as rare earth elements, ferrite, cobalt, and special steels. India's raw material processing capability is limited but developing, with a timeline of 1–3 years to reach full capacity. Component manufacturing is still under development, but the country has significant indigenous capabilities in assembly, installation, commissioning, and O&M.
- Gearboxes: The critical materials include copper, bronze, and special steels. While processing capabilities for these raw materials are developing, achieving full indigenization is expected within 1–3 years. Component manufacturing remains under development, whereas India already has complete indigenous capacity for assembly, installation, commissioning, and O&M.
- Bearings: Special bearings used in wind turbines involve hardened iron, ceramics, steel rings, and carbon fiber. Raw material availability, especially for carbon fiber, remains a constraint, with full domestic capacity expected to take more than five years. Processing capability for other materials may be developed in 1–3 years. Nonetheless, India has significant indigenous capacity for component manufacturing, assembly, installation, commissioning, and O&M.
- Mr. Devaraj noted that the wind energy industry in India is highly indigenized, as about 90-95% of manufacturing and services are conducted domestically. India is now well-positioned to serve as a global manufacturing hub, with OEMs like Vestas and Siemens having used Indian facilities primarily for exports. Domestic players such as Suzlon, Inox, and Envision are fully capable of meeting internal demand.
- He also explained that India adheres to global quality norms, having adopted ISO standards directly through the Bureau of Indian Standards (BIS). As a result, product quality is not a concern, and local manufacturing is aligned with international benchmarks.

Import dependencies and supply chain challenges in India's wind energy sector

- Despite high domestic capability, certain components still rely on imports. Balsa wood—used in blade manufacturing—is not available in adequate quantity locally. Although plantations in Kerala have been initiated, the full growth cycle takes about 30 years, with only 8 years elapsed so far. Controllers, a critical part of wind turbine systems, remain heavily import-dependent across industries, primarily sourced from China.
- Some components and materials will continue to be imported due to limited domestic availability. China often offers the lowest-cost supplies, making it a practical choice despite geopolitical risks. To reduce dependency, India is exploring alternate sourcing from countries like Brazil, Uruguay, Peru, Australia, and parts of Africa. However, while these regions may have the necessary minerals or rare earths, their lack of mining and extraction capacity poses a challenge. Establishing such infrastructure abroad would be costly and complex for India.
- Another challenge is the shortage of skilled manpower. Even current capacity levels face workforce gaps, and with the ambition to double installed capacity, urgent investment in workforce training is essential to support future growth.

R&D limitations and transmission constraints

- The wind energy sector in India faces two major structural challenges: limited focus on true R&D and significant transmission bottlenecks. Current advancements are largely limited to increasing hub heights and motor sizes, which, while beneficial, do not constitute genuine R&D. A more meaningful R&D push is needed to enhance energy output from existing infrastructure—an area where India continues to lag.

- Even with improvements in generation efficiency, evacuation remains a critical hurdle. Transmission infrastructure development typically takes around 5 years, compared to just two years for windmill installation, leading to potential underutilization of capacity in the absence of timely planning. States like Gujarat and Madhya Pradesh have shown proactive efforts in addressing transmission needs.

Product range and market adaptability across OEMs

Mr. Devaraj stated that among wind OEMs, Suzlon offers the widest product range, catering to diverse site and capacity requirements. Adani, on the other hand, is focused primarily on larger wind turbines. Envision stands out for its adaptability, appearing to best align its offerings with evolving customer needs and site-specific conditions.

Reiterate BUY on Suzlon, the key beneficiary of localization

Suzlon, being a market leader with domestic manufacturing across all major components, is well-positioned to gain market share under the new framework in the near to medium term. **We reiterate our BUY rating on Suzlon with a TP of INR82.**

Suzlon – valuation table

EPS- FY27	INR	2.3
Valuation multiple	(x)	35
Target Price	**INR**	**82**
CMP	INR	65
Upside / (Downside)	**%**	**26%**

Source: MOFSL

Policy rate remains unchanged at 5.5%

Future rate cuts unlikely unless growth weakens significantly

- **At its third meeting of FY26, the RBI's Monetary Policy Committee (MPC) unanimously decided to keep the benchmark repo rate unchanged at 5.5% and reiterated its neutral stance. The RBI's decision reflects a cautious approach, balancing easing inflation and lingering external uncertainties, particularly the evolving tariff-related developments. Headline inflation has dropped sharply, aided by declining food prices, but core inflation remains sticky. We believe the RBI is adopting a wait-and-watch approach, allowing the full impact of the 100bp rate cuts since Feb'25 to permeate the economy before considering any further monetary action.**
- **The RBI noted that real GDP growth remains robust but still falls short of aspirational levels. While rural demand has held up well—as evidenced by robust tractor and two-wheeler sales—urban discretionary spending remains tepid. Investment momentum is being supported by rising public capex and improving capacity utilization, though private investment is still uneven and sensitive to global uncertainties. On the supply side, steady monsoon progress has boosted kharif sowing and reservoir levels, which should support agricultural output and rural incomes. Services activity remains strong, with the Services PMI reaching an 11-month high, while construction continues to perform well. However, industrial output remains mixed, with weakness in electricity and mining offsetting strength in manufacturing PMI. Against this backdrop, the RBI has maintained its real GDP projection of 6.5% for FY26 (with 1Q/2Q/3Q/4Q at 6.5%/6.7%/6.6%/6.3%).**
- **Inflation has declined to a 77-month low of 2.1% in Jun'25, driven by a sharp deflation in vegetable and pulse prices. Core inflation rose slightly to 4.4% in Jun'25 due to rising gold prices. Food inflation recorded its first negative print since Feb'19 at -0.2% in Jun'25. "…the inflation outlook for FY26 has become more benign than expected in Jun'25. Large favorable base effects, along with steady progress of the southwest monsoon, healthy kharif sowing, adequate reservoir levels, and comfortable buffer stocks of foodgrains, have contributed to this moderation…", the MPC mentioned.**
- **However, CPI inflation is projected to rise above the 4% threshold by 4QFY26, reaching 4.4%, and further to 4.9% in 1QFY27. Core inflation is also expected to remain moderately above 4% for most of the year, barring any major input cost shocks. Key upside risks to the inflation outlook include weather-related disruptions, volatility in global commodity prices, and domestic supply-side frictions. Despite these concerns, the RBI has revised its CPI inflation forecast for FY26, down to 3.1% from 3.7% in the Jun'25 policy (with 2Q/3Q/4Q at 2.1%/3.1%/4.4%).**
- **Overall, MPC has decided to keep the policy repo rate steady at 5.5%, after cutting it by a total of 100bp over the past three meetings. It has also maintained a neutral stance, indicating that future decisions will depend on how inflation and growth evolve. The RBI has lowered its inflation forecast for FY26 to 3.1%, marking a sharp dip of 60bp, mainly due to the recent decline in food prices. However, inflation is expected to rise again to 4.9% in 1QFY27, largely due to the statistical impact of a low base in the previous year.**
- **On the growth front, the RBI continues to expect the economy to expand at a healthy pace of 6.5% in FY26, despite uncertainty caused by new global tariffs and weak external demand. However, with inflation expected to rise again and growth holding steady, the RBI may not find room for further rate cuts in the near term. A small window for one last rate cut might open during the Oct'25/Dec'25 policy meetings, but only if there is a clear and unexpected slowdown in economic activity. Overall, the RBI appears to be adopting a cautious, data-dependent approach going forward.**

Pidilite

BSE SENSEX	S&P CNX
80,544	24,574

Conference Call Details

Date: 7th Aug 2025
Time: 3:45pm IST
Dial-in details:
Diamond Pass Registration

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	146.9	166.7	189.1
Sales Gr. (%)	11.8	13.5	13.4
EBITDA	33.6	37.9	42.9
EBITDA Margin (%)	22.9	22.7	22.7
Adj. PAT	23.8	27.3	31.2
Adj. EPS (INR)	46.9	53.8	61.3
EPS Gr. (%)	13.5	14.7	14.0
BV/Sh.(INR)	215.6	242.9	274.2
Ratios			
RoE (%)	23.0	23.5	23.7
RoCE (%)	21.4	21.9	22.3
Payout (%)	49.3	49.1	49.0
Valuations			
P/E (x)	64.9	56.6	49.6
P/BV (x)	14.1	12.5	11.1
EV/EBITDA (x)	45.2	39.4	34.8
Div. Yield (%)	0.8	0.9	1.0

CMP: INR3,042 — Neutral

Better delivery of consumer business on growth and margin

Consolidated performance

- Consol. sales grew 11% YoY to INR37.5b (est. INR37.4b).
- Underlying volume growth remained strong at 9.9% (est. 12%, 9.8% in 4QFY25). UVG was 9.3% for Consumer & Bazaar (C&B) businesses and 12.6% for B2B businesses.
- The C&B segment's revenue rose 10% YoY to INR30.1b (est.INR29.7b), with segmental EBIT growing 18% YoY to INR9.5b (est. INR8.7b). Segmental EBIT margin expanded 210bp YoY to 31.5%.
- The B2B segment's revenue rose 11% YoY to INR8.1b (est. INR8.2b), with segmental EBIT growing 20% to INR1.3b (est. INR1.3b). Segmental EBIT margin expanded 130bp YoY to 16.5%.
- Gross margin expanded ~30bp YoY to 54.1% (est. 55%).
- Employee expenses rose 11% YoY and other expenses rose 5% YoY.
- EBITDA margin expanded 110bp YoY at 25.1% (est. 23.5).
- EBITDA grew 16% YoY to INR9.4b (est. INR8.8b).
- PBT grew 19% YoY to INR9.2b (est. INR8.4b).
- Adj. PAT increased 19% YoY to INR6.7b (est. INR6.2b).
- The company announced a bonus share issue of 1:1 and an interim dividend of INR10.

Subsidiaries

- Domestic subsidiaries reported double-digit sales growth of 12%, with EBITDA growing 32%, driven by the softening of input costs.
- International subsidiaries grew 6% YoY. EBITDA of International subsidiaries grew 9%.

Other takeaways

- The company remains cautiously optimistic as domestic conditions continue to improve, aided by a favorable monsoon, steady demand—particularly in the construction sector—lower interest rates, and recent measures aimed at boosting liquidity.
- However, the company remains vigilant of potential risks arising from geopolitical developments, which could impact supply chains and create uncertainty around global tariffs.

Consolidated - Quarterly earnings model (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Volume growth (%)	9.6	8.0	9.7	9.8	9.9	10.0	10.0	10.0	9.3	10.0	12.0	
Net Sales	33,954	32,349	33,689	31,411	37,531	35,497	38,145	35,757	1,31,403	1,46,925	37,364	0.4
YoY change (%)	3.7	5.2	7.6	8.2	10.5	9.7	13.2	13.8	6.1	11.8	10.0	
Gross Profit	18,268	17,583	18,301	17,288	20,314	19,453	20,903	19,875	71,440	80,545	20,550	-1.2
Margin (%)	53.8	54.4	54.3	55.0	54.1	54.8	54.8	55.6	54.4	54.8	55.0	
Total Expenditure	25,826	24,661	25,705	25,086	28,121	27,077	29,022	29,113	41,315	46,966	28,571	
EBITDA	8,127	7,688	7,984	6,326	9,410	8,421	9,123	6,644	30,125	33,579	8,793	7.0
YoY change (%)	15.0	13.1	7.5	9.6	15.8	9.5	14.3	5.0	11.3	11.5	8.2	
Margins (%)	23.9	23.8	23.7	20.1	25.1	23.7	23.9	18.6	22.9	22.9	23.5	
Depreciation	844	879	895	967	967	967	970	972	3,585	3,875	967	
Interest	118	117	125	144	138	129	137	129	504	532	130	
Other Income	539	571	558	804	857	714	697	645	2,472	2,914	674	
PBT	7,704	7,263	7,522	6,019	9,162	8,039	8,713	6,189	28,509	32,084	8,370	9.5
Tax	1,984	1,848	1,947	1,487	2,383	2,010	2,178	1,450	7,265	8,021	2,093	
Rate (%)	25.7	25.4	25.9	24.7	26.0	25.0	25.0	23.4	25.7	25.0	25.0	
Reported PAT	5,669	5,346	5,524	4,223	6,724	5,974	6,480	4,683	20,762	23,842	6,223	8.1
Adj PAT	5,669	5,346	5,524	4,473	6,724	5,974	6,480	4,683	21,012	23,842	6,223	8.1
YoY change (%)	21.1	18.7	8.2	20.2	18.6	11.8	17.3	4.7	16.7	13.5	9.8	
Margins (%)	16.7	16.5	16.4	14.2	17.9	16.8	17.0	13.1	16.0	16.2	16.7	

E: MOFSL Estimates

Consolidated segmental performance

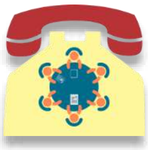
Consol. revenue (INR m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Consumer & Bazaar	26,609	25,083	25,413	22,472	27,408	25,805	26,726	23,976	30,067
% YoY	9%	3%	5%	6%	3%	3%	5%	7%	10%
C&B volume growth (%)	12%	8%	10%	13%	8%	6%	7%	8%	9%
Business to business	6,780	6,153	6,373	7,079	7,256	7,036	7,572	8,089	8,066
% YoY	-6%	-1%	6%	12%	7%	14%	19%	14%	11%
B2B volume growth (%)	0%	20%	20%	25%	18%	21%	22%	16%	13%
Consol. EBIT (INR m)									
Consumer & Bazaar	7,078	6,935	7,704	5,448	8,039	7,710	7,865	6,178	9,458
% margin	26.6%	27.6%	30.3%	24.2%	29.3%	29.9%	29.4%	25.8%	31.5%
% YoY	32%	32%	43%	19%	14%	11%	2%	13%	18%
Business to business	917	685	757	835	1,103	1,040	1,335	1,415	1,329
% margin	13.5%	11.1%	11.9%	11.8%	15.2%	14.8%	17.6%	17.5%	16.5%
% YoY	22%	38%	93%	18%	20%	52%	76%	69%	20%

Hero Motocorp

BSE SENSEX	S&P CNX
80,544	24,574

CMP:INR4,230 Buy

Conference Call Details



Date: 07th Feb 2025
Time: 10:30 AM
Concall registration-[Link]

Financials & valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	406.7	436.2	471.9
EBITDA	57.8	58.3	63.8
Adj. PAT	45.3	46.3	50.9
Adj. EPS (INR)	226.0	231.3	254.4
EPS Gr. (%)	10.5	2.3	10.0
BV/Sh. (INR)	989	1,046	1,110
Ratios			
RoE (%)	23.9	22.7	23.6
RoCE (%)	23.4	22.3	23.1
Payout (%)	73.0	75.7	74.7
Valuations			
P/E (x)	19.8	19.3	17.6
P/BV (x)	4.5	4.3	4.0
Div. Yield (%)	3.7	3.9	4.2
FCF Yield (%)	3.8	5.3	5.4

Margins intact despite weak demand

- HMCL's net revenue declined 5.6% YoY to INR95.8b (est. INR 96.6b).
- Net realization grew 6% YoY/dipped 2.7% QoQ to INR70k (in line with estimates). Volumes slid 11% YoY and 1% QoQ.
- Gross margin expanded 100bp YoY (-120bp QoQ) to 33.3% (est. 33%), owing to lower commodity costs and a favorable mix.
- This resulted in a better-than-estimated EBITDA margin at 14.4% (flat YoY/+20bp QoQ, est. 13.8%).
- EBITDA declined ~6% YoY to INR13.8b (est. INR13.3b).
- Further, higher other income boosted PAT to INR11.2b, largely flat YoY (+4.1% QoQ, ahead of est. INR10.5b).

From the Press Release

- HMCL reported wholesale volumes of 1.37m units in 1QFY26, aided by healthy retail demand and steady VAHAN registrations during the quarter.
- Margins were aided by strong demand in the entry and deluxe motorcycle segments and 125cc scooters.
- The EV segment under the VIDA brand continued to gain traction. VIDA launched the EVOOTER VX2 and rolled out a Battery-as-a-Service (BaaS) subscription model in July 2025, following a high-visibility IPL campaign promoting removable battery tech.
- Global business outpaced industry trends, led by new launches (Xoom 110, Hunk 160R 4V, Xtreme 125R, and HF Deluxe) in Sri Lanka in collaboration with Abans Auto, reflecting strong brand pull internationally.
- **Valuation:** The stock trades at 19.3x/17.6x FY26E/FY27E EPS.

Quarterly Performance (S/A) **(INR B)**

Y/E March	FY25				FY26E				FY25	FY26E	1Q	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Total Volumes ('000 nos)	1,535	1,520	1,464	1,381	1,367	1,543	1,600	1,566	5,899	6,076	1,367	
Growth YoY (%)	13.5	7.3	0.3	-0.9	-10.9	1.5	9.3	13.4	4.9	8.1	-10.9	
Net Realization	66,076	68,851	69,755	71,991	70,069	71,605	71,848	73,413	68,945	71,789	70,702	
Growth YoY (%)	1.9	3.3	4.7	5.3	6.0	4.0	3.0	2.0	3.5	7.7	7.0	
Net Op Revenues	**101,437**	**104,632**	**102,108**	**99,387**	**95,789**	**110,501**	**114,982**	**114,941**	**406,719**	**436,213**	**96,654**	**-0.9**
Growth YoY (%)	15.7	10.8	5.0	4.4	-5.6	5.6	12.6	15.7	8.6	16.5	-4.7	
RM Cost (% sales)	86,840	89,473	87,343	85,231	81,972	95,258	98,925	101,754	348,887	377,909	83,313	-1.6
Staff Cost (% sales)	67.7	66.7	65.8	65.5	66.7	67.2	66.2	67.5	66.6	66.9	67.0	
Other Exp (% sales)	6.0	6.2	6.5	6.8	6.5	6.5	6.3	6.1	6.4	6.4	6.8	
EBITDA	11.9	12.6	13.3	13.5	12.3	12.5	13.5	14.9	12.8	13.4	12.4	
Growth YoY (%)	**14,598**	**15,159**	**14,765**	**14,156**	**13,817**	**15,243**	**16,057**	**13,188**	**57,832**	**58,305**	**13,341**	**3.6**
EBITDA Margins (%)	14.4	14.5	14.5	14.2	14.4	13.8	14.0	11.5	14.2	13.4	13.8	
Other Income	2,317	2,830	3,175	2,237	3,037	2,620	2,750	2,900	10,559	11,307	2,500	
Interest	48	49	55	47	56	55	40	50	199	201	52	
Depreciation	1,932	1,937	1,969	1,921	1,928	1,990	2,050	2,111	7,759	8,078	1,940	
PBT before EO Exp/(Inc)	**14,935**	**16,003**	**15,916**	**14,425**	**14,870**	**15,818**	**16,717**	**13,927**	**60,434**	**61,332**	**13,849**	
Effective Tax Rate (%)	24.8	24.8	24.4	25.1	24.3	24.5	24.5	24.6	25.1	24.5	24.5	
Adj. PAT	**11,226**	**12,035**	**12,028**	**10,809**	**11,257**	**11,936**	**12,615**	**10,502**	**45,255**	**46,309**	**10,450**	**7.7**
Growth (%)	18.7	14.2	12.1	6.4	0.3	-0.8	4.9	-2.8	10.7	13.3	-6.9	

Jindal Stainless

BSE SENSEX	S&P CNX
80,544	24,574

CMP: INR735 **Buy**

Revenue in line; lower cost drives earnings beat

- Revenue stood at INR102b (+8% YoY and flat QoQ), in line with our estimate during the quarter.
- Adj. EBITDA stood at INR13.1b, up 8% YoY and 24% QoQ, against our est. of INR11.4b. The beat was driven by lower-than-expected costs.
- EBITDA/t improved to INR20,915 (flat YoY and +27% QoQ), led by favorable pricing and lower costs during the quarter.
- APAT stood at INR7.1b (+10% YoY and +19% QoQ) against our est. of INR6b.
- Sales volume for 1QFY26 came in line with our est. at 626KT (+8% YoY and -3% QoQ). Exports share was 9% in 1QFY26 vs. 8% in 4QFY25.
- ASP stood at INR163,000/t (flat YoY and +3% QoQ), led by Stainless Steel price recovery during the quarter.
- Consol. net debt stood at INR38.7b, with net debt/equity of 0.2x as of 1QFY26.

Conference Call Details

Date: 07 August 2025
Time: 4:00 pm IST
Registration:
Diamond Pass
Dial in:
+91 22 6280 1149
+91 22 7115 8050

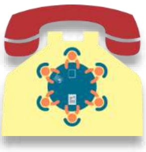
Jindal Stainless' Consolidated Quarterly Performance (INR b)

Y/E March	FY25				FY26	FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q			1QE	(%)
Sales (kt)	**578**	**565**	**588**	**643**	**626**	**2,374**	**2,595**	**623**	**0.6**
Change (YoY %)	5.3	3.9	14.8	12.8	8.3	9.1	9.3		
Change (QoQ %)	1.4	(2.2)	4.1	9.4	(2.6)				
Net Realization/t	**1,63,145**	**1,73,041**	**1,68,491**	**1,58,605**	**1,62,988**	**1,65,595**	**1,71,311**	**1,64,105**	**-0.7**
Net Sales	**94.3**	**97.8**	**99.1**	**102.0**	**102.1**	**393.1**	**444.6**	**102.2**	**-0.1**
Change (YoY %)	(7.4)	(0.2)	8.5	7.9	8.2	1.9	13.1		
Change (QoQ %)	(0.3)	3.7	1.3	2.9	0.1				
EBITDA	**12.1**	**11.9**	**12.1**	**10.6**	**13.1**	**46.7**	**53.4**	**11.4**	**15.3**
Change (YoY %)	1.6	(3.6)	(3.1)	2.5	8.1	(0.8)	14.5		
Change (QoQ %)	17.1	(2.1)	1.8	(12.1)	23.5				
EBITDA (INR per ton)	**20,964**	**21,000**	**20,536**	**16,499**	**20,915**	**19,657**	**20,586**	**18,252**	**14.6**
Interest	1.4	1.6	1.6	1.5	1.4	6.1	7.0		
Depreciation	2.3	2.4	2.4	2.4	2.5	9.6	9.8		
Other Income	0.5	0.5	1.0	0.9	0.7	2.9	3.1		
PBT (before EO Item)	**8.9**	**8.3**	**9.0**	**7.6**	**9.8**	**33.9**	**39.8**		
EO Items	-	-	-	0.1	-	0.1	-		
PBT (after EO Item)	**8.9**	**8.3**	**9.0**	**7.6**	**9.8**	**33.8**	**39.8**		
Total Tax	2.4	2.2	2.4	1.4	2.5	8.4	9.9		
% Tax	27.1	27.0	26.5	19.0	26.3	25.1	25.0		
PAT before MI and Asso.	**6.5**	**6.1**	**6.7**	**6.2**	**7.3**	**25.4**	**29.9**		
MI (Profit)/Loss	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	0.0		
Share of P/(L) of Ass.	(0.0)	0.0	(0.1)	(0.3)	(0.1)	(0.4)	(0.1)		
Reported PAT after MI and Asso.	**6.5**	**6.1**	**6.5**	**5.9**	**7.1**	**25.1**	**29.7**		
Adj. PAT (after MI & Asso)	**6.5**	**6.1**	**6.5**	**6.0**	**7.1**	**25.1**	**29.7**	**6.0**	**18.9**
Change (YoY %)	(13.1)	(9.2)	(5.4)	19.0	10.2	(3.9)	18.3		
Change (QoQ %)	29.0	(5.7)	7.1	(8.7)	19.4				

Godrej Agrovet

BSE SENSEX	S&P CNX
80,544	24,574

Conference Call Details



Date: 7th Aug 25
Time: 4:00pm IST
Dial-in details:
click here

CMP: INR831 Buy

Operating performance in line with estimates

- Godrej Agrovet's 1QFY25 consolidated revenue stood at INR21.3b, up 11% YoY (est.in line). EBITDA margin expanded 70bp to 10.3% (est. 10%), while gross margin expanded 80bp YoY to 27.6%. EBITDA grew 19.3% YoY to INR2.7b (est. in line). Adj. PAT grew 18% YoY to INR1.6b.

Segmental performance

- Animal feed (AF) business revenue remained flat at INR11.5b. EBIT margin contracted 120bp YoY to 5.6%. EBIT stood at INR645m, down 17% YoY.
- Palm oil business revenue grew ~92% YoY to INR5b. EBIT margin expanded 810bp YoY to 17.4%. EBIT stood at INR868m, up 3.6x YoY.
- Crop protection (CP) business revenue grew ~10% YoY to ~INR4b. EBIT margin expanded 510bp YoY to 28.9%. EBIT stood at INR1.1b, up 34% YoY.
- Dairy business revenue declined ~3% YoY to INR4.1b. EBIT margin contracted 330bp YoY to 1%. EBIT stood at INR43m, down 77% YoY.
- Poultry and processed food business revenue declined ~20.2% YoY to INR1.9b. EBIT contracted 580bp at 2.4%. EBIT stood at INR44m, down 77% YoY.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	**23,508**	**24,488**	**24,496**	**21,336**	**26,143**	**27,425**	**27,741**	**26,160**	**93,828**	**107,470**	**25,823**	**1**
YoY Change (%)	-6.4	-4.8	4.5	0.0	11.2	12.0	13.2	22.6	-1.9	14.5	9.8	
Total Expenditure	21,246	22,254	22,296	19,870	23,446	24,871	25,113	23,941	85,666	97,371	23,230	
EBITDA	**2,261**	**2,234**	**2,200**	**1,467**	**2,697**	**2,554**	**2,628**	**2,220**	**8,162**	**10,098**	**2,593**	**4**
Margins (%)	9.6	9.1	9.0	6.9	10.3	9.3	9.5	8.5	8.7	9.4	10.0	
Depreciation	546	583	567	565	579	625	650	700	2,261	2,553	590	
Interest	302	398	345	289	355	345	355	369	1,334	1,424	340	
Other Income	92	126	87	130	119	120	120	111	435	470	120	
PBT before EO expense	**1,506**	**1,379**	**1,376**	**742**	**1,882**	**1,705**	**1,743**	**1,262**	**5,002**	**6,591**	**1,783**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,506**	**1,379**	**1,376**	**742**	**1,882**	**1,705**	**1,743**	**1,262**	**5,002**	**6,591**	**1,783**	
Tax	345	541	414	204	517	429	439	318	1,504	1,702	449	
Rate (%)	22.9	39.3	30.1	27.5	27.5	25.2	25.2	25.2	30.1	25.8	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-190	-286	-153	-170	-240	-200	-200	-219	-799	-859	-220	
Reported PAT	**1,352**	**1,123**	**1,115**	**708**	**1,605**	**1,476**	**1,504**	**1,163**	**4,297**	**5,748**	**1,554**	
Adj PAT	**1,352**	**1,123**	**1,115**	**708**	**1,605**	**1,476**	**1,504**	**1,163**	**4,297**	**5,748**	**1,554**	**3**
YoY Change (%)	28.3	6.7	21.4	23.9	18.8	31.4	34.9	64.4	19.5	33.8	15.0	
Margins (%)	5.7	4.6	4.6	3.3	6.1	5.4	5.4	4.4	4.6	5.3	6.0	

Kirloskar Oil Engine

BSE SENSEX	S&P CNX
80,544	24,574

Conference Call Details

Date: 7th August 2025
Time: 04:30pm IST
Dial-in details:
Diamond Pass

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	51.1	58.4	67.5
EBITDA	6.5	7.6	9.1
Adj. PAT	4.2	4.9	5.9
Adj. EPS (INR)	28.8	33.6	40.9
EPS Gr. (%)	15.1	16.7	21.8
BV/Sh.(INR)	205.6	232.4	265.0
Ratios			
RoE (%)	14.9	15.3	16.4
RoCE (%)	14.3	15.0	16.1
Valuations			
P/E (x)	31.9	27.3	22.4
P/BV (x)	4.5	3.9	3.5
EV/EBITDA (x)	20.0	17.0	13.8
Div. Yield (%)	0.7	0.7	0.9

CMP: INR917 — Buy

Healthy set of numbers

- KOEL reported a healthy set of numbers, with a beat on profitability.
- Revenue at INR14.4b (+8% YoY) was broadly in line with our estimates. On a consolidated basis, the B2B segment's revenue increased 9% YoY, while B2C was flat YoY.
- EBITDA at INR1.9b was 9% ahead of our estimates of INR1.8b, albeit down 4% YoY. EBITDA margin stood at 13.2% for 1QFY26. The 1QFY25 EBITDA included INR240m worth of provision reversals for overdue receivables made for a customer towards sales made in earlier years. Excluding that, the 1QFY25 EBITDA margin stood at 12.8%. Hence, its EBITDA margin has grown 40bp YoY.
- On a segmental basis, margins have been decent in the quarter, with the B2B segment's EBIT margin improving 180bp sequentially to 10.9% and the B2C segment's EBIT margin at 9.5%.
- KOEL's PAT at INR1.23b (-9% YoY) beat our estimate by 10%. Excluding the reversal of last year, PAT for last year stood at INR1.17b.

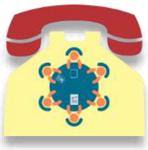
Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	13,429	11,944	11,636	14,125	14,447	14,196	13,943	15,831	51,133	58,417	14,021	3
YoY Change (%)	6.2	12.8	2.5	1.5	7.6	18.9	19.8	12.1	5.4	14.2	4.4	
Total Expenditure	11,452	10,294	10,466	12,384	12,545	12,379	12,102	13,797	44,596	50,823	12,268	
EBITDA	1,977	1,650	1,170	1,741	1,902	1,817	1,840	2,035	6,537	7,594	1,753	9
Margins (%)	14.7	13.8	10.1	12.3	13.2	12.8	13.2	12.9	12.8	13.0	12.5	
Depreciation	247	266	320	337	340	335	343	355	1,170	1,373	327	4
Interest	27	26	31	37	32	22	22	13	121	90	21	50
Other Income	108	118	68	52	123	96	98	76	344	393	94	31
PBT before EO expense	1,810	1,476	887	1,419	1,653	1,556	1,573	1,742	5,590	6,525	1,498	10
Extra-Ord expense				(209)	-	-	-	-	(209)	-	-	
PBT	1,810	1,476	887	1,628	1,653	1,556	1,573	1,742	5,799	6,525	1,498	10
Tax	462	365	236	416	425	397	401	442	1,480	1,665	382	
Rate (%)	25.5	24.7	26.7	25.6	25.7	25.5	25.5	25.4	25.5	25.5	25.5	
Reported PAT	1,347	1,111	650	1,211	1,228	1,159	1,172	1,300	4,319	4,859	1,116	10
Adj PAT	1,347	1,111	650	1,056	1,228	1,159	1,172	1,300	4,164	4,859	1,116	10
YoY Change (%)	30.5	89.6	(20.9)	(10.2)	(8.8)	4.4	80.2	23.1	15.1	16.7	(17.2)	
Margins (%)	10.0	9.3	5.6	7.5	8.5	8.2	8.4	8.2	8.1	8.3	8.0	

Raymond Lifestyle

BSE SENSEX	S&P CNX
80,544	24,574

Conference Call Details



Date: 07th Aug 2025
Time: 16:30 IST

Financial Snapshot

Y/E MARCH	FY25	FY26E	FY27E
Net Sales	68,001	74,384	81,453
EBITDA	7,840	9,712	10,564
NP	3,082	4,417	4,858
EPS (INR)	50.6	72.5	79.8
BV/Share (INR)	1,625	1,697	1,777
P/E (x)	24.9	17.4	15.8
P/BV (x)	0.8	0.7	0.7
RoE (%)	6.9	9.1	9.1
RoCE (%)	9.6	11.6	11.6

CMP: INR1,124 — Buy

Revenue recovers from a low base, but margins weaker across segments

- Raymond Lifestyle's (RLL) consolidated revenue rose 17% YoY (on a low base) to INR14.3b (+5% beat).
  - Revenue increase was mainly driven by improved performance in the Branded Textile & Branded Apparel segment, led by volume growth.
  - RLL closed a net of 13 stores in 1QFY26, taking the total retail store network to 1,675.
  - The company opened six stores but closed 18 stores in Ethnix to take the store network to 140.
- Gross profit grew 17% YoY (-1% QoQ) to INR6.2b (3% above our est.) as gross margins contracted ~5bp YoY to 43.3% (+150bp QoQ).
- EBITDA grew **29% YoY** to INR770m due to improved product mix and operating leverage, but was ~35% lower than our estimate due to losses in garmenting and higher advertisement spends in branded apparel.
  - EBITDA margin inched up ~50bp YoY to 5.4% (significantly below our estimate of 8.7%), due to weaker margins across segments despite revenue growth.
- Depreciation and amortization rose 19% YoY (23% above), while finance costs jumped 24% YoY (13% above).
- Other income surged 52% YoY (40% above our estimate).
- Despite higher other income, the company reported a loss of INR198m (vs. our est. PAT of INR200m).

Segmental performance:

- **Branded textile:** Revenue at INR7.2b (17% beat) grew ~27% YoY, led by robust volume growth, strong bookings, and more wedding dates. EBITDA grew 90% YoY to INR1b (5% beat) as margin expanded 480bp YoY to 14.3% (vs. 9.6% YoY, though ~170bp miss on our estimates) on account of improved product mix and operating leverage.
- **Branded apparel:** Revenue at INR3.7b (9% beat) grew 22% YoY. The growth was witnessed across all brands and key channels such as EBOs, MBOs, and online. EBITDA came in modestly at INR185m (22% miss) as margin was broadly stable YoY at 5% (200bp miss), likely due to higher marketing spends.
- **Garmenting:** Revenue at INR1.97b declined 22% YoY (26% miss) due to uncertainty around US tariffs. The segment reported an operating loss of INR77m (vs. ~INR90m profit in 1Q25) on account of scale deleverage.
- **High Value Cotton Shirting (HVCS):** Revenue at INR2.1b (2% beat) grew ~10% YoY on account of strong demand from B2B customers. EBITDA almost doubled YoY to INR195m, as margins expanded ~400bp YoY to 9.5% (4QFY25 was boosted by certain one-offs) driven by operating leverage and improved product mix.

Consol P&L (INR m)	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Total Revenue	**12,201**	**14,942**	**14,304**	**17**	**-4**	**13,638**	**5**
Raw Material cost	6,909	8,698	8,110	17	-7	7,653	6
Gross Profit	**5,292**	**6,243**	**6,194**	**17**	**-1**	**5,985**	**3**
Gross margin (%)	**43.4%**	**41.8%**	**43.3%**	**-7.0**	**151.7**	**43.9%**	**-58.1**
Employee Costs	2,344	2,249	2,436	4	8	2,465	-1
Other expenses	2,351	3,859	2,988	27	-23	2,339	28
EBITDA	**597**	**135**	**770**	**29**	**468**	**1,181**	**-35**
EBITDA margin (%)	**4.9%**	**0.9%**	**5.4%**	**48.8**	**447.6**	**8.7%**	**-327.6**
Depreciation and amortization	746	911	888	19	-2	724	23
EBIT	-148	-775	-118	-20	-85	457	-126
EBIT margin (%)	*0.0*	*-5.2%*	*-0.8%*	*NM*	*NM*	*3.3%*	*-4.2*
Finance Costs	463	534	575	24	8	508	13
Other income	294	856	445	52	-48	319	40
Exceptional item	-5	-20	0	*NM*	*NM*	0	NM
Profit before Tax	**-313**	**-473**	**-248**	**-21**	**-48**	**267**	**-193**
Tax	-91	-23	-50	-45	112	67	-174
Tax rate (%)	*28.9%*	*4.9%*	*20.0%*	*-31.0*	*303.9*	*25.2%*	*-20.6*
Profit after Tax	**-222**	**-450**	**-198**	**-11**	**-56**	**200**	**-199**
Adj Profit after Tax	**-218**	**-430**	**-198**	**-9**	**-54**	**200**	

Segment Revenue	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Branded Textile	5,651	7,274	7,162	27%	-2%	6,103	*17%*
Branded Apparel	3,027	3,912	3,698	22%	-5%	3,390	*9%*
Garmenting	2,520	2,480	1,970	-22%	-21%	2,672	*-26%*
HVCS	1,856	1,847	2,048	10%	11%	2,004	*2%*
Consolidated Revenue	**12,201**	**14,942**	**14,304**	**17%**	**-4%**	**13,638**	***5%***
Elimination	853	571	574			531	

Segment EBITDA	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Branded Textile	540	509	1,024	90%	101%	977	*5%*
Branded Apparel	150	16	185	23%	1082%	237	*-22%*
Garmenting	90	-72	-77	-185%	7%	187	*-141%*
HVCS	100	611	195	95%	-68%	220	*-12%*
Consolidated EBITDA	**597**	**135**	**770**	**29%**	**468%**	**1,181**	***-35%***
Elimination	283	929	557			440	

Segment EBITDA Margin	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Branded Textile	9.6	7.0	14.3	*474.4*	*730.0*	16.0	*-170.0*
Branded Apparel	5.0	0.4	5.0	*4.4*	*460.0*	7.0	*-200.0*
Garmenting	3.6	-2.9	-3.9	*-747.1*	*-100.0*	7.0	*-1090.0*
HVCS	5.4	33.1	9.5	*411.1*	*-2360.0*	11.0	*-150.0*
Consolidated EBITDA	**4.9**	**0.9**	**5.4**	***48.8***	***447.6***	**8.7**	***-327.6***

VRL Logistics

BSE SENSEX	S&P CNX
80,544	24,574

CMP: INR563 Buy

In-line performance

Earnings snapshot – 1QFY26

- VRL's revenue grew 2% YoY to ~INR7.4b (-8% QoQ), in line with our estimate.
- Volume dipped 13% YoY to 0.93m tonnes, while realization grew by 17% YoY to INR 7,852/tonne, driven by a price hike undertaken. Volume drop was mainly due to contract restructuring and the voluntary exit of certain low-margin contracts.
- EBITDA margins stood at 20.4% (+840bp YoY and -270bp QoQ) against our estimate of 21.3%. EBITDA margin continued to be robust despite volume pressure, driven by cost rationalization efforts. EBITDA grew 74% YoY to INR 1.5b in 1Q FY26 (in-line).
- Fuel costs were ~28.7% of total income in 1QFY25, which decreased to 25.4% in 1QFY26. Lorry charges dropped to 3.9% from ~7.4% of total income over the same period.
- Strong operating performance saw APAT increase to INR 500m in 1Q FY26 v/s INR 134m in 1Q FY25 (in-line).
- The Board approved a company-wide salary revision for the employees w.e.f. Aug'25. The said revision would hurt the overall profitability margin and is expected to be to the tune of ~2-3% of the revenue.

Conference Call Details

Date: 7th Aug 2025

Time: 10:30 AM IST

Dial-in details:

Link

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	31.6	32.6	35.8
EBITDA	5.7	6.6	7.0
Adj. PAT	1.8	2.4	2.6
EBITDA Margin (%)	18.1	20.2	19.6
Adj. EPS (INR)	20.9	27.2	29.7
EPS Gr. (%)	106.5	30.1	9.0
BV/Sh. (INR)	124.0	136.2	148.9
Ratios			
Net D:E	0.4	0.2	0.1
RoE (%)	18.0	20.9	20.8
RoCE (%)	17.4	18.9	20.0
Payout (%)	71.7	55.1	57.3
Valuations			
P/E (x)	26.8	20.6	18.9
P/BV (x)	4.5	4.1	3.8
EV/EBITDA(x)	9.2	7.9	7.1
Div. Yield (%)	2.7	2.7	3.0
FCF Yield (%)	1.8	6.9	7.9

Quarterly performance

INR m

Y/E March (INR m)	FY25				FY26	FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q			1QE	vs Est
Net Sales	**7,272**	**7,995**	**8,252**	**8,090**	**7,443**	**31,609**	**32,558**	**7,385**	**1**
YoY Change (%)	7.9	12.7	12.0	5.3	2.4	9.4	3.0	1.6	
EBITDA	**869**	**1,331**	**1,664**	**1,866**	**1,516**	**5,730**	**6,583**	**1,573**	**(4)**
Margins (%)	11.9	16.6	20.2	23.1	20.4	18.1	20.2	21.3	
YoY Change (%)	-14.7	44.9	76.3	77.1	74.5	45.6	14.9	81.0	
Depreciation	615	638	646	638	647	2,536	2,810	700	
Interest	226	224	241	258	262	948	888	225	
Other Income	148	25	57	25	65	255	300	70	
PBT before EO expense	**176**	**493**	**835**	**996**	**672**	**2,500**	**3,185**	**718**	
Extra-Ord expense	0	0	0	0	0	0	0	0	
PBT	**176**	**493**	**835**	**996**	**672**	**2,500**	**3,185**	**718**	
Tax	42	135	240	253	172	670	805	181	
Rate (%)	23.6	27.3	28.8	25.4	25.6	26.8	25.3	25.2	
Reported PAT	**134**	**358**	**594**	**743**	**500**	**1,829**	**2,380**	**537**	
Adj PAT	**134**	**358**	**594**	**743**	**500**	**1,829**	**2,380**	**537**	**(7)**
YoY Change (%)	-60.4	84.4	333.9	244.6	272.4	106.5	30.1	299.6	
Margins (%)	1.8	4.5	7.2	9.2	6.7	5.8	7.3	7.3	

Prince pipes

BSE SENSEX	S&P CNX
80,544	24,574

Conference Call Details

Date: 7th Aug 25
Time: 11:30 am IST
Dial-in details:
click here

CMP: INR325 BUY

Weak performance amid volatile pricing scenario

Earnings lower than expected

- 1Q consolidated revenue declined 4% YoY/19% QoQ to INR5.8b (est. INR6b), while realization fell 7% YoY/7% QoQ to INR132.7/kg.
- Total volume grew 4% YoY but declined 13% QoQ to 49.3k MT.
- Consolidated EBITDA declined 32% YoY/28% QoQ to INR396m (est. INR359m), with EBITDA margin contracting 280bp YoY/80bp QoQ to 6.8% (est. 6%).
- EBITDA/kg stood at INR9/kg (down 35% YoY/17% QoQ).
- Adj. PAT was down 80% both YoY and QoQ at INR48m (est. INR66m).

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	%
Gross Sales	**6,045**	**6,221**	**5,777**	**7,197**	**5,804**	**7,255**	**7,172**	**8,047**	**25,239**	**28,277**	**5,977**	**-3**
YoY Change (%)	9.2	-5.2	-6.6	-2.8	-4.0	16.6	24.1	11.8	-1.7	12.0	-1.1	
Total Expenditure	5,462	5,764	5,748	6,648	5,408	6,637	6,433	7,180	23,621	25,658	5,618	
EBITDA	**583**	**457**	**30**	**548**	**396**	**618**	**739**	**867**	**1,618**	**2,619**	**359**	**10**
Margins (%)	9.6	7.3	0.5	7.6	6.8	8.5	10.3	10.8	6.4	9.3	6.0	
Depreciation	257	276	264	273	307	290	295	295	1,070	1,187	275	
Interest	14	16	32	33	52	45	47	45	97	189	35	
Other Income	26	39	15	57	27	37	35	43	137	142	40	
PBT before EO expense	**337**	**204**	**-252**	**299**	**64**	**320**	**432**	**570**	**588**	**1,385**	**89**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**337**	**204**	**-252**	**299**	**64**	**320**	**432**	**570**	**588**	**1,385**	**89**	
Tax	90	57	-48	58	15	80	109	144	157	348	22	
Rate (%)	26.7	28.0	18.9	19.2	24.2	25.1	25.2	25.2	26.7	25.1	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**247**	**147**	**-204**	**242**	**48**	**239**	**323**	**427**	**431**	**1,037**	**66**	
Adj PAT	**247**	**147**	**-204**	**242**	**48**	**239**	**323**	**427**	**431**	**1,037**	**66**	**-27**
YoY Change (%)	25.8	-72.1	-154.3	-55.8	-80.5	62.9	-258.1	76.5	-73.8	140	-73	
Margins (%)	4.1	2.4	-3.5	3.4	0.8	3.3	4.5	5.3	1.7	3.7	1.1	

PVR Inox: Industry Not Comfortable With The Suggestions Proposed By Karnataka Govt On Price Cap; Ajay Bijli, MD & Gaurav Sharma, CFO

- PVR posted strong Q1 with 23% YoY revenue growth to ₹1,469 crore, driven by better ad, F&B, and box office traction.
- Margins expanded 600bps; losses narrowed. Admissions rose 12% with 22% occupancy
- Asset-light FOCO screens gained momentum
- FY26 outlook remains upbeat with strong content pipeline across languages and genres.

Read More

MTAR Technologies: Expecting Strong Orders From The Bloom & Fluence Businesses; Parvat Srinivas Reddy, MD

- MTAR posted strong 1QFY26 results with 22% revenue and 71% EBITDA growth
- FY26 guidance retained at 25% revenue growth and 100bps margin expansion
- Nuclear orders worth ₹1,000 crore expected in 3–6 months
- Tariff concerns minimal; Bloom and aerospace demand intact
- Working capital to reduce to 200 days; ₹100 crore capex planned.

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- 13 ongoing or upcoming projects in western suburbs
- Currently 5 projects under construction
- Plans to expand in micro markets of southern and central region
- Plan to launch 6-7 new projects in FY26

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- High ticket items were missing in the visa business compared to last year
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- Target to maintain 20-25% growth over next few years

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NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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