12 August 2025

MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	80,604	0.9	3.2
Nifty-50	24,585	0.9	4.0
Nifty-M 100	56,479	0.9	-1.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,373	-0.25	8.4
Nasdaq	21,385	-0.30	10.7
FTSE 100	9,130	0.4	11.7
DAX	24,081	-0.3	21.0
Hang Seng	8,888	-0.1	21.9
Nikkei 225	41,820	0.0	4.8
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	68	0.3	-8.2
Gold ($/OZ)	3,342	-1.6	27.4
Cu (US$/MT)	9,648	-0.5	11.5
Almn (US$/MT)	2,580	-1.0	2.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.7	0.0	2.4
USD/EUR	1.2	-0.2	12.2
USD/JPY	148.2	0.3	-5.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.4	0.03	-0.3
10 Yrs AAA Corp	7.2	0.04	0.0
Flows (USD b)	**11-Aug**	**MTD**	**CYTD**
FIIs	-0.1	-0.53	-11.4
DIIs	0.68	1.98	49.8
Volumes (INRb)	**11-Aug**	**MTD***	**YTD***
Cash	929	1014	1070
F&O	1,26,065	2,01,964	2,13,219

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Nippon Life India AMC: Strengthening MF performance; diversification on the cards

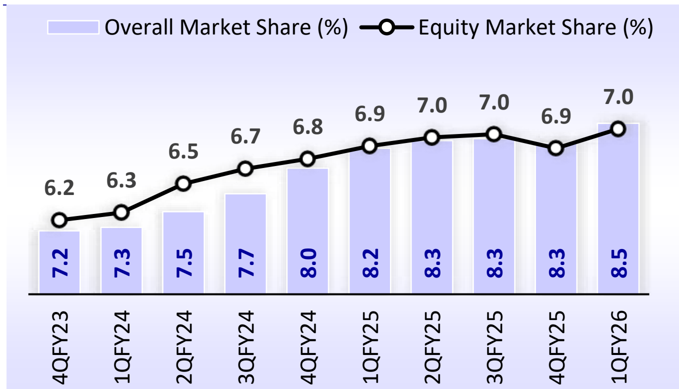
- Nippon Life India AMC (NAM) remains among the top 10 AMCs in India, delivering the fastest growth in QAAUM, up 27% YoY to INR6.1t as of Jun'25. This expansion translated into a market share of 8.5%, (highest since Jun'19)—supported by sustained net inflows, robust SIP accretion, and a healthy equity mix of 46.9%.
- SIP AUM grew 27% YoY to INR1.5t, representing a 10.1% industry share, with ~75% of SIPs below INR10k, ensuring portfolio stickiness. NAM retains leadership in ETFs with INR1.7t in AUM (~52% of folios). Alternatives and offshore AUM stood at INR81b and INR166b as of Jun'25, with the SIF platform positioned as a long-term growth lever.
- We forecast a revenue/EBITDA/PAT CAGR of 14%/16%/15% over FY25–27E and reiterate a BUY with a TP of INR930 (34x FY27E EPS).

Research covered

Cos/Sector	Key Highlights
Nippon Life India AMC	Strengthening MF performance; diversification on the cards
LT Foods	Organic business: From farm to fork via sustainable means
Fine Organic Industries	Muted earnings persist due to margin pressure
Lemon Tree Hotels	Healthy revenue momentum led by strong RevPAR growth
Happy Forgings	Margin maintained despite weak demand
Fusion Finance	From fire-fighting to stability, yet profitability concerns linger
Hindalco - Novelis 1QFY26	Largely in-line performance; favorable pricing benefits offset by higher scrap prices
Other Updates	Astral | IPCA Labs | Bata India | Cello World | Time Technoplast | KNR Construction

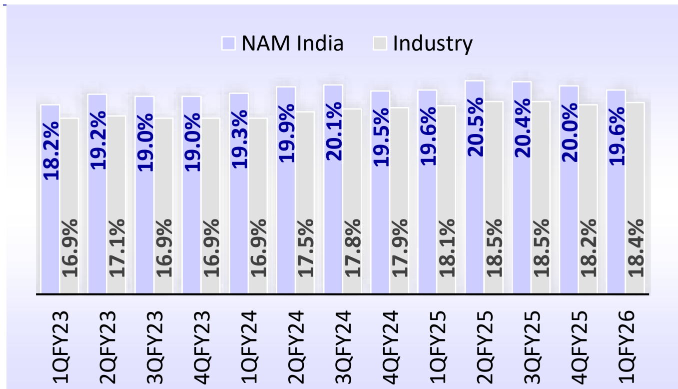
Chart of the Day: Nippon Life India AMC (Strengthening MF performance; diversification on the cards)

Overall and equity market shares on an upward trend



Source: MOFSL, Company

NAM's contribution to B-30 outperforms the industry



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

Lodha Developers to raise ₹5,000 crore through NCDs for expansion

Lodha Developers has approved raising Rs 5,000 crore through the issuance of non-convertible debentures (NCDs). The company will raise the amount from time to time, in one or more tranches, on a private placement basis. It has approved an enhancement of the borrowing limit from Rs 3,000

2

Poly Medicure to invest ₹500 cr in new plants for global market push

Delhi-based medical consumables and devices maker Poly Medicure is looking to significantly expand its global footprint, driven by new manufacturing facilities and an aggressive push into key export markets like the United States (US), Brazil and Europe.

3

Reliance Consumer Products takes Campa beverages to Sri Lanka market

Reliance Consumer Products (RCPL), in collaboration with Ceylon Cold Stores — manufacturer and distributor of the Elephant House brand — has introduced the Campa beverages brand in Sri Lanka. The brand's entry into Sri Lanka is supported by the strong market presence of Ceylon Cold Stores, a subsidiary of the John Keells Group

4

L&T bags over ₹15,000 crore Adani Power order for 6,400 MW thermal project

Larsen & Toubro Ltd (L&T) has won an ultra-mega contract from Adani Power Ltd to set up eight thermal power units of 800 MW each, totalling 6,400 MW of generation capacity. Under L&T's classification, ultra-mega orders are those valued at over ₹15,000 crore.

5

IHCL to acquire 51% stake each in ANK Hotels and Pride Hospitality for ₹204 crore

IHCL has executed a share subscription and purchase agreement and a shareholders' agreement to acquire around 51% equity stake in ANK Hotels Private Limited for an amount not exceeding ₹110 crore. ANK Hotels operates and manages hotels under The Clarks Hotels & Resorts brand, with a portfolio of 111 midscale hotels (67 in operation). The company reported a turnover of ₹14.32 crore in FY25.

6

BEML bags order worth ₹1,888 crore from Integral Coach Factory for 600 LHB coaches

State-owned BEML Limited announced that it has received an order worth approximately ₹1,888 crore from Integral Coach Factory. The contract involves the manufacture, supply, testing and commissioning of complete, fully functional Linke Hofmann Busch (LHB) coaches.

7

IRFC signs ₹2,539-crore refinancing deal for Angul Sukinda railway project in Odisha

Indian Railway Finance Corporation Ltd has executed a refinancing facility of ₹2,539 crore for Angul Sukinda Railway Limited (ASRL), a special purpose vehicle within the railway ecosystem.

Nippon Life India AMC

BSE SENSEX	S&P CNX
80,604	24,585

Stock Info

Bloomberg	NAM IN
Equity Shares (m)	635
M.Cap.(INRb)/(USDb)	512.1 / 5.8
52-Week Range (INR)	878 / 456
1, 6, 12 Rel. Per (%)	2/42/21
12M Avg Val (INR M)	754
Free float (%)	27.8

Financials Snapshot (INR b)

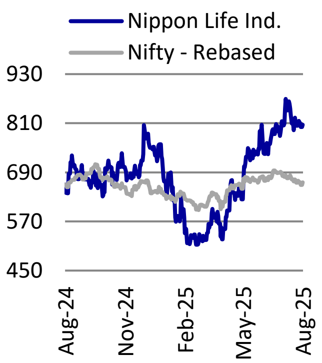
Y/E March	2025	2026E	2027E
AAUM	5,400	6,389	7,660
MF Yield (bps)	40.9	38.9	37.6
Rev from Ops	22.3	25.2	29.2
Core PAT	10.7	12.0	14.3
PAT	12.9	15.1	17.1
PAT (bps as AAUM)	24	24	22
Core EPS	16.9	19.1	22.7
EPS	20.4	23.9	27.1
EPS Grw. (%)	16	17	13
BVPS	67	68	69
RoE (%)	31	35	39
Div. Payout (%)	94	95	95
Valuations			
Mcap/AUM (%)	9.4	7.9	6.6
P/E (x)	39.5	33.7	29.8
P/BV (x)	12.1	11.8	11.6
Div. Yield (%)	2.4	2.8	3.2

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	72.3	72.3	72.7
DII	13.5	12.8	14.3
FII	7.6	8.3	6.6
Others	6.7	6.5	6.4

FII includes depository receipts

Stock Performance (one-year)



CMP: INR806 TP: INR930 (+15%) Buy

Strengthening MF performance; diversification on the cards

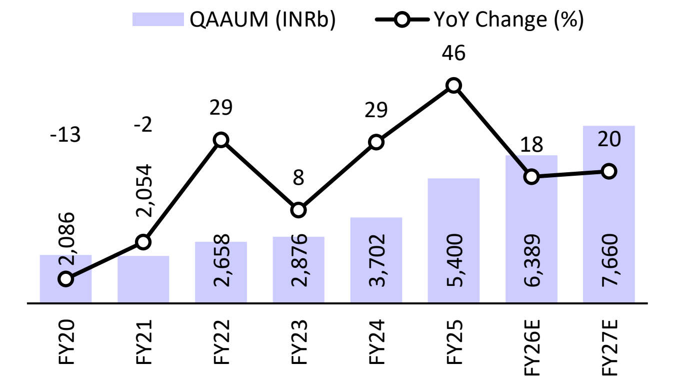
- **Nippon Life India AMC (NAM) ranks among the top 10 AMCs, demonstrating the fastest QAAUM growth with a 27% YoY increase to INR6.1t as of Jun'25. This growth has boosted its overall market share to 8.5%, marking a rise of 23bp QoQ (the highest since Jun'19). The performance was supported by consistent net inflows, strong SIP traction, and a healthy equity mix (46.9% as of Jun'25).**
- **SIP AUM grew 27% YoY to INR1.5t, driven by steady flows and lower discontinuation rates, capturing a 10.1% market share. ~75% of SIPs are <INR10k, ensuring stability and high retention. NAM remains among the largest ETF players, with an AUM of INR1.7t, accounting for ~52% of industry folios/~51% of ETF volumes on BSE and NSE.**
- **The company is scaling its alternatives and offshore businesses, with INR81b in AIF commitments and INR166b in offshore AUM. These segments serve as incremental growth levers beyond the core mutual fund franchise, gaining increasing traction from institutional and global investors across segments.**
- **NAM is strategically scaling its Specialized Investment Fund (SIF) platform as a high-potential, standalone business focused on differentiated, alpha-generating strategies. Backed by a dedicated team and strong management commitment, the SIF vertical is being positioned as a key long-term growth engine.**
- **NAM reported blended yields of 36bp in 1QFY26 (equity: 55bp). Around 45% of its equity AUM has undergone pricing resets. Management expects a gradual annual decline of ~2-3bp due to telescopic pricing adjustments but aims to offset this impact through diversified retail flows, SIP growth, and product innovation.**
- **We project a 14%/16%/15% CAGR in revenue/EBITDA/PAT over FY25-27E. We reiterate a BUY rating on the stock with a TP of INR930, premised on 34x FY27E earnings.**

Fastest-growing AMC with steady SIP flows and ETF dominance

- The company's **MF QAAUM** grew 27% YoY/10% QoQ to INR6.1t, leading to a sharp ~23bp QoQ rise in the overall MF market share to 8.49% (the highest since Jun'19) and ~12bp QoQ rise in equity AUM market share to 7.04%. Equity (ex-arbitrage) assets accounted for 46.9% of the total AUM mix as of Jun'25.
- **SIP AUM** stood at INR1.5t, up 27% YoY, with monthly SIP flows of INR273b (an all-time high). SIP AUM continues to **demonstrate higher stickiness,** with 52% retained over five years, compared to the industry average of 30%. Steady inflows and lower discontinuation rates compared to the industry have driven continuous **gains in SIP market share,** which reached 10.1% as of Jun'25. Notably, ~75% of SIPs by value are below INR10k, ensuring flow stability and long-term retention. Management aims to **diversify the SIP book** across categories and design SIP-focused products to further enhance its resilience.
- NAM commands the industry's **largest retail investor base**, with 21.2m unique investors (representing over one in three mutual fund investors) as of Jun'25.

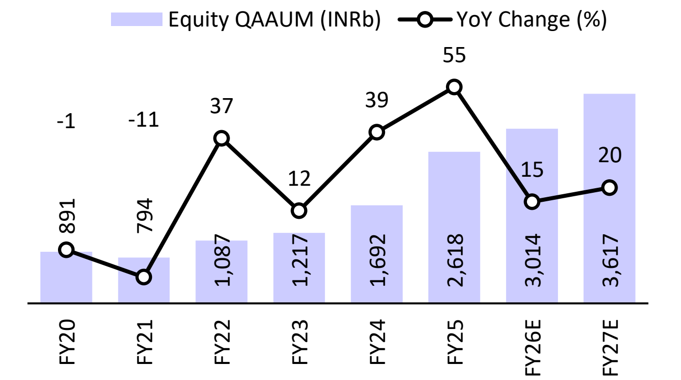
- The company maintains a **comprehensive product bouquet** in the MF segment, with 45 active schemes and 52 passive schemes (including four launched in 1QFY26). It remains focused on introducing unique products aligned with evolving investor needs.
- NAM remains **one of the largest ETF players**, with AUM of INR1.7t, rising 34% YoY, and a 19.8% market share as of Jun'25. It holds a dominant ~52% share of industry ETF folios and ~51% of ETF volumes on NSE and BSE (ADV across key funds higher than the rest of the industry). As of Jun'25, NAM's Gold ETF ranked among the top 10 globally in terms of AUM.
- Overall, NAM's mutual fund segment performance reflects its focused strategy on scaling retail participation, driving product innovation, and enhancing operational intensity, positioning it as a credible compounding franchise in the Indian asset management industry.

QAAUM trends



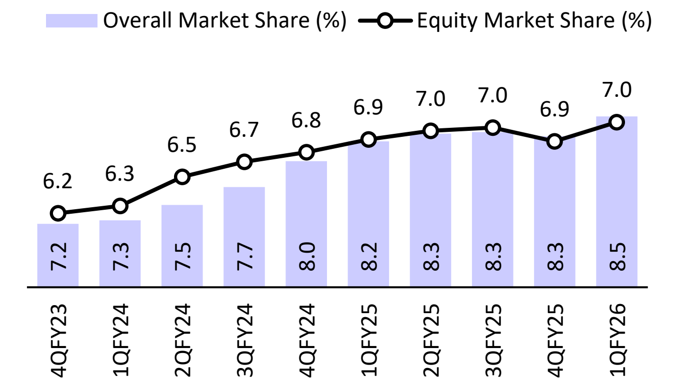
Source: MOFSL, Company

Equity QAAUM trends



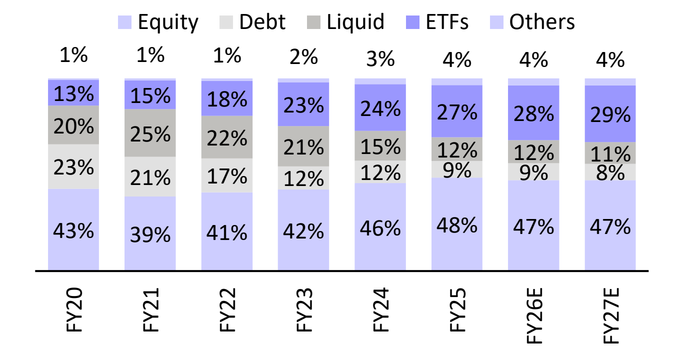
Source: MOFSL, Company

Overall and equity market shares on an upward trend



Source: MOFSL, Company

QAAUM mix (%) dominated by the equity segment



Source: MOFSL, Company

LT Foods

BSE SENSEX	S&P CNX
80,604	24,585

LT FOODS
NURTURING GOODNESS

Bloomberg	LTFOODS IN
Equity Shares (m)	347
M.Cap.(INRb)/(USDb)	162.4 / 1.9
52-Week Range (INR)	519 / 288
1, 6, 12 Rel. Per (%)	-1/16/51
12M Avg Val (INR M)	453

Financials & Valuations (INR b)

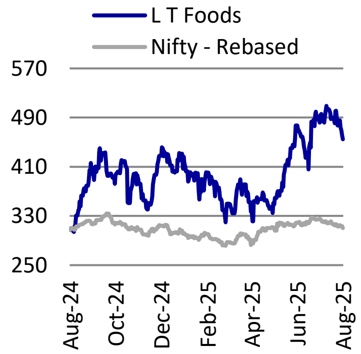
Y/E Mar	FY25	FY26E	FY27E
Sales	86.8	105.6	118.8
EBITDA	9.8	12.7	15.1
PAT	6.1	8.1	10.0
EBITDA (%)	11.3	12.0	12.7
EPS (INR)	17.4	23.3	28.9
EPS Gr. (%)	2.0	33.6	24.0
BV/Sh. (INR)	111.0	129.3	153.2
Ratios			
Net D/E	0.1	0.1	0.0
RoE (%)	16.8	19.4	20.5
RoCE (%)	15.2	17.8	19.4
Valuations			
P/E (x)	27	20	16
EV/EBITDA (x)	17	13	11

Shareholding pattern (%)

As on	Jun-25	Mar-25	Jun-24
Promoter	51.0	51.0	51.0
DII	7.2	6.2	5.7
FII	10.2	9.8	5.9
Others	31.6	33.1	37.4

Note: FII includes depository receipts

Stock's performance (one-year)



CMP: INR468 TP: INR600 (+28%) Buy

Organic business: From farm to fork via sustainable means

LT Foods (LTFOODS), known for its basmati rice brands (Daawat, Royal, et al.) both in India and globally, has another important segment, i.e., organic food and ingredients (11% of revenue in FY25). One of the early entrants in 1999, LTFOODS has been in this industry for over two decades. Started as a B2B supplier, the company has recently forayed into B2C with its brand (Daawat Ecolife). In this report, we highlight the evolving organic food industry and LTFOODS' strategy to capitalize on it.

- **The global organic food market, valued at USD230b in CY24, is projected to clock an 11% CAGR by CY33, driven by health-conscious Millennials and Gen Z. Key markets include North America (39% share), the EU (25% share), and fast-growing APAC (18% CAGR). The Indian market is recording a 21% CAGR. Several initiatives by countries such as the EU's Farm-to-Fork and the USDA fund initiatives, etc., are boosting value chains, while e-commerce and omnichannel retail are making organic goods more accessible and affordable.**
- **LTFOODS, through its subsidiary Nature Bio Foods (NBF), exports organic rice, pulses, beans, and soy meal to the US and Europe. Initially B2B-focused, NBF now sources from 64–75k organic farmers across India, Uganda, Togo, and Thailand, covering 94,000+ hectares in India itself. NBF maintains a certified, traceable supply chain, gaining trust from its customers globally.**
- **The company is executing a multi-pronged strategy to build scalable, sustainable, and profitable organic operations globally. It has established a strong sourcing base in India and a few key international locations (part ownership in the Dutch brand Leev and capacity expansion in Uganda and recently in Rotterdam), serving a global customer base. It is transitioning from a B2B exporter to a B2C player via its "Daawat Ecolife" range and value-added, premium offerings, thus targeting INR4b in B2C revenue over the next five years.**
- **Organic business has delivered 12%/16% revenue/EBITDA CAGR over the last four years, and we expect a 22%/24% CAGR over FY25-28. This will raise its revenue share to 13% by FY28 from 11% in FY25. We value LTFOODS at 21x FY27E EPS to arrive at our TP of INR600. Reiterate BUY.**

Organic segment thrives due to the shift towards healthy eating

- Organic products are gaining momentum globally and are primarily bought by health-conscious, middle-to-high-income urban consumers. Millennials and Gen Z are key drivers, with ~90% of them in the US identifying as regular or new organic users, led by a focus on wellness and ethical choices.
- According to IMARC, the **global TAM for organic food stands at USD230b in CY24** and is expected to grow at 11%, **reaching USD587b by CY33**. North America (NOAM) accounts for ~39% of the market, while Europe (EU) contributes ~25%. However, the APAC region is expected to witness the fastest growth of ~18% during CY24-30, driven by rising incomes and a younger population in India and China.
- In India, the organic food and beverages market is projected to grow at ~21% during CY24-30. During CY19-22, India exported around 2m MT (worth ~USD2.5b), with about half of the exports going to the US and ~37% to the EU.

- The industry depends on **chemical-free farming and strict certifications** such as the USDA NOP and EU standards, which can be costly and slow, especially for developing-country exporters. While digital tools like blockchain are improving traceability, fraud, such as mislabeling, remains a concern.
- Further, key hurdles include a 25-30% price premium, supply constraints, and complex certification processes. Regulatory differences between regions, such as the US and EU, add to costs, making global trade and adoption more challenging.
- **This industry looks attractive due to growing health awareness, government subsidies, and demand for clean-label products. Initiatives like the EU's Farm-to-Fork, USDA funds, and India's Mission Organic Value Chain Development (MOVCD) are boosting value chains, while e-commerce and omnichannel retail are making organic goods more accessible and affordable.**

Leader in most of the organic food categories in India

LTFOODS – an early entrant in this space

- **LTFOODS entered the organic foods business in 1999** when it was not so popular. The company established its dedicated organic subsidiary, NBF, to supply authentic organic foods and ingredients in markets such as the US and Europe.
- Initially, the company **focused on exporting organic rice, pulses, beans, and soy meal primarily to the US and Europe**, leveraging its deep supply chain and premium basmati brand legacy.
- NBF, LTFOODS' organic division, **started as a B2B exporter** to major global retailers like Walmart and Carrefour, gradually scaling sourcing from 64,000-75,000 organic farmer families across India, Uganda, Togo, and Thailand, covering over 94,000 hectares of certified farmland by FY25.
- **Major milestones** include the Uganda facility (CY23) for organic soy meal (OSM) and superfood processing (10,000 MT capacity) and the upcoming Rotterdam facility (announced in Jul'25) aimed at B2C entry in Europe, with INR200m capex and an INR4b revenue target over five years.
- **NBF operates a vertically integrated and traceable organic supply chain**. It works with digital tools like Trace Origin to ensure transparency, traceability, and compliance with global sustainability norms. It holds certifications such as USDA Organic, EU Organic, KRAV, BioSuisse, and Demeter, enabling access to premium international markets.
- **The organic segment contributed INR9.3b (~11% mix) to the FY25 revenue, growing at ~28% YoY. The segment targets INR11b contribution by FY26 with an expected ~22% CAGR through FY28. EBITDA margin stands at ~11%, with a focus on scaling B2C to improve profitability to ~12% by FY28, and later it can increase up to 14% levels as well.**

How is LTFOODS going to capitalize on this opportunity?

- LTFOODS' multi-pronged strategy to scale up its organic business focuses on building scalable, sustainable, and profitable organic food operations worldwide. By combining upright sourcing, major investments in EU and African processing, new product launches under strong premium brands, and a B2C expansion into large global markets such as Europe.
- **Geographic diversification and capacity addition:** LTFOODS has large farmers connected both in India and now in Uganda for sourcing and exporting its organic products. Coupled with this, the company recently announced **capacity addition in Rotterdam**, which will not only act as a processing and export hub

for Europe but also position LTFOODS to service mainstream supermarkets and health stores with direct, traceable, and climate-friendly supply chains.

- The new plant spans 20,000 sqm, strategically located at the Port of Rotterdam with an annual capacity of 15,000MT (storage and processing capacity each).
- Over the years, the company has built a strong network of organic farmers and farmland spanning over 60,000 organic farmers and over 94,000 hectares of organic farmland in India. The network in India reaches from the **foothills of the Himalayas (Haryana, Punjab, and Uttarakhand)** to **Central India (Uttar Pradesh and Madhya Pradesh)** and into **southern regions.**
- The company is also building its network in Africa, spreading over 14,700 organic farming families and over 10,000 acres of certified organic cultivation. Uganda has ~10,000MT of capacity (Organic Soya -7,000MT, Sesame – 1,500MT, and Chia – 1,200MT).
- **Expanding its B2C presence:** Starting as a B2B company and establishing a strong presence, LTFOODS is now expanding into the B2C market with its branded product offerings under the "Daawat Ecolife" range.
- Moving from bulk B2B organic ingredients to high-value B2C products allows the company to target higher margins. By promoting specialty and premium products, it intends to tap into the lucrative, fast-growing global organic market.
- The company is also enhancing its downstream presence by developing multi-category, value-added products and seeking to strengthen brand equity among health-conscious consumers.
- **Leveraging supply chain:** Through investing in Leev (Netherlands), LTFOODS is leveraging local European brand strength and integrating supply chains to ensure transparent, sustainable sourcing directly from its network of 60,000+ Indian organic farmers. The company holds ~30% stake in Leev, with a call option to acquire an additional 21% stake, enabling it to convert Leev into a subsidiary. LTFOODS can exercise this option to streamline its supply chain in the EU.
- In addition, this will help to strengthen the company's focus on traceability and sustainability, which is intended to meet rising consumer expectations and European regulatory standards for clean and ethical products.
- **Building global leadership in sustainability:** Initiatives such as chemical-free processing, CO_2 de-infestation, and eco-friendly warehousing underscore a commitment to climate action and environmental responsibility, which are central to maintaining leadership in the organic movement.
- **With these strategies, LTFOODS is poised to capture a significant share globally and generate strong long-term growth in the booming organic food sector.**

Key hurdles in its growth path

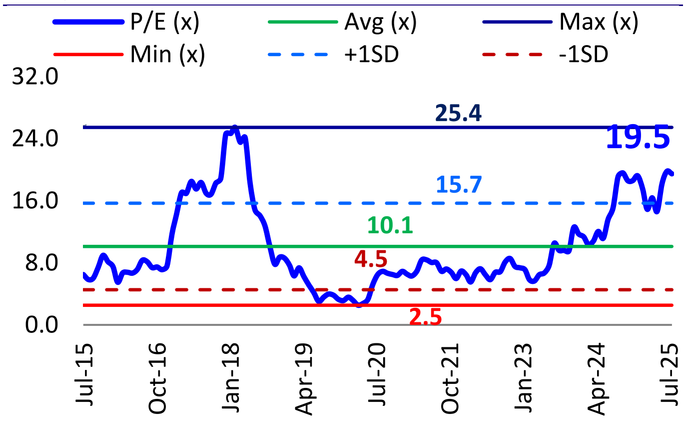
- The business has also experienced significant disruptions over the years, a major one being anti-dumping duties (ADD) on OSM imports in the US (effective May'22), which led to a notable revenue (down 8% in FY24) and volume decline in that product line.
- Further, the US imposed a CVD of 340.27% on OSM exports by LTFOODS in Jun'25. Since the ADD, LTFOODS has shifted its OSM business to Uganda in CY23, offering much better trade flow globally, and it is more suitable for organic farming. Hence, the impact of the recent CVD is minimal and restricted to CY24 itself.
- With the launch of the B2C brand in the EU, initially, there will be certain disruption in their B2B business; however, with the scale of this brand, we expect this to compensate for the loss of business (if any) from the B2B side.

- **Going forward, with better diversified geographic sourcing/exports and the scaling up of its B2C segment, the organic business is poised to deliver healthy revenue growth (CAGR of 13% over FY25-28) and improve margins through better economies of scale (60bp improvement).**

Valuation and view

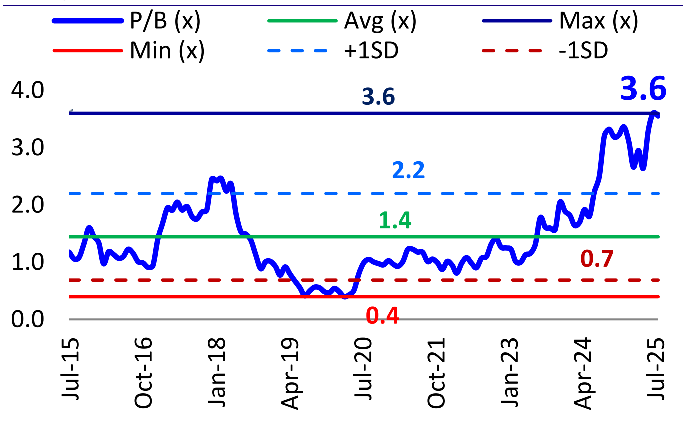
- Traditionally a basmati rice company, LTFOODS has evolved into a multi-product FMCG player with early entry into the organic segment. With healthy growth in the rice business, the organic segment is expected to grow at a much faster pace, led by increasing adoption of healthy and conscious food habits among individuals. This will also aid in improving the overall margin profile of the company going ahead.
- The organic business has delivered 12%/16% revenue/EBITDA CAGR over the last four years, and we expect 22%/24% CAGR over FY25-28, thereby improving its revenue share to 13% by FY28 vs 11% in FY25.
- We expect LTFOODS to report a CAGR of 15%/20%/24% in revenue/EBITDA/PAT over FY25-27. We value LTFOODS at 21x FY27E EPS to arrive at our TP of INR600. **Reiterate BUY.**

One-year forward P/E (x)



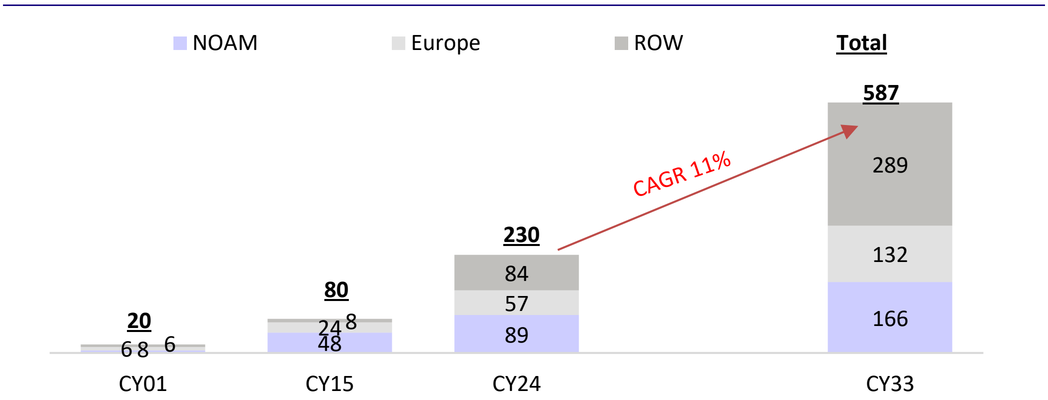
Source: Company, MOFSL

One-year forward P/B (x)



Source: Company, MOFSL

TAM of the organic food market over the years



Source: Mordor intelligence

11 August 2025

1QFY26 Results Update | Sector: Chemicals

Fine Organic Industries

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	FINEORG IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	149.5 / 1.7
52-Week Range (INR)	5698 / 3355
1, 6, 12 Rel. Per (%)	-3/12/-8
12M Avg Val (INR M)	135

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	22.1	24.3	26.8
EBITDA	4.8	5.0	5.6
PAT	3.9	4.3	4.5
EPS (INR)	127.1	138.3	146.6
EPS Gr. (%)	5.9	8.9	5.9
BV/Sh.(INR)	723.4	849.8	983.6
Ratios			
Net D:E	-0.4	-0.3	-0.3
RoE (%)	19.1	17.6	16.0
RoCE (%)	19.2	17.5	15.9
Payout (%)	8.7	8.5	8.7
Valuations			
P/E (x)	38.4	35.2	33.3
P/BV (x)	6.7	5.7	5.0
EV/EBITDA (x)	29.2	28.3	25.1
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	1.1	(0.9)	1.3

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	75.0	75.0	75.0
DII	11.9	12.0	11.1
FII	4.8	4.7	4.9
Others	8.3	8.3	8.9

FII Includes depository receipts

CMP: INR4,875 TP: INR4,380 (-10%) Sell

Muted earnings persist due to margin pressure

- Fine Organics (FINEORG) reported a muted operating performance with an EBITDA decline of 12% YoY. Gross margin contracted 320bp YoY to 40.4%, while employee and other expenses increased 60bp YoY each to 6.8% and 12.7%, respectively. Utility expenses inched up, primarily due to higher per-unit rates and elevated production volumes.
- FINEORG has been expanding its global reach by entering new geographies and strengthening its strategic partnerships. The company focuses on four strategic growth pillars: 1) new application development, 2) global expansion, 3) innovation, and 4) capacity building.
- We raise our earnings estimates by 16%/21% for FY26/FY27 due to better-than-expected numbers and consolidation of subsidiaries.
- We estimate a revenue/EBITDA/PAT CAGR of 10%/8%/7% over FY26/FY27. FINEORG currently trades at ~33x FY27E EPS and ~25x FY27E EV/EBITDA. We value the stock at 30x FY27E EPS to arrive at our TP of INR4,380. **Reiterate SELL.**

Lower gross margin and higher other expenses drag operating performance

- FINEORG reported revenue of INR5.9b in 1QFY26, up 7% YoY, due to elevated production volumes.
- Exports/domestic revenue grew 9%/5% to INR3.3b/INR2.6b YoY in 1Q.
- Gross margin stood at 40.4% (down 320bp YoY), while EBITDA margin contracted 440bp YoY to 21% in 1QFY26, primarily due to higher per-unit rates and an increase in utility expenses. Raw material and freight costs remained stable.
- EBITDA stood at INR1.2b, down 12% YoY, and PAT dipped 1% YoY to INR1.1b in 1QFY26.

Highlights from the management presentation

- FINEORG incorporated Fine Organics Americas LLC in the US to focus on specialty chemicals by investing USD11m (~INR96m) during the quarter.
- In Jul'25, the company acquired ~159.9 acres of land in Jonesville, Union County, South Carolina, for future expansion and manufacturing capabilities.
- **Insurance update**: Operations at the Badlapur facility were temporarily disrupted, and assets were damaged due to a fire on 18th Jan'24 at a neighboring plant. During 1QFY26, the insurance provider settled INR70m as final compensation for business interruption losses. The asset damage claim remains under assessment, with an interim payment of INR18m received to date.

Valuation and view

- The company remains focused on strengthening its global presence through investments in overseas subsidiaries, capacity expansion in the US for future expansion, and manufacturing capabilities. These initiatives are expected to support long-term growth.
- The long-term prospects for FINEORG remain robust, as the company operates within the oleochemicals industry and has consistently driven growth through R&D innovations over the years. However, we anticipate that its performance may be adversely affected in the near to medium term by the following factors: 1) longer-than-expected delays in the commissioning of new capacities for expansion; 2) existing plants operating at close to optimum utilization with no potential of debottlenecking; and 3) further delays in the ramp-up of the Thailand JV.
- We estimate a revenue/EBITDA/PAT CAGR of 10%/8%/7% over FY26/FY27. FINEORG currently trades at ~33x FY27E EPS and ~25x FY27E EV/EBITDA. We value the stock at 30x FY27E EPS to arrive at our TP of INR4,380. **Reiterate SELL.**

Consolidated Income Statement (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)	(%)
Gross Sales	**5,497**	**5,958**	**5,132**	**6,068**	**5,884**	**6,256**	**5,799**	**6,371**	**22,655**	**24,311**	**5,566**	**7%**	**-3%**
YoY Change (%)	3.3	26.3	20.5	16.4	NA	13.8	-2.7	24.1	16.1	7.3	9.5		
Total Expenditure	4,100	4,452	4,142	4,872	4,648	4,949	4,646	5,033	17,243	19,276	4,584	13%	-5%
Gross Margin (%)	43.6%	42.8%	39.4%	39.6%	40.4%	40.0%	40.0%	40.2%	39.6%	40.2%	36.6%	-3.2%	0.8%
EBITDA	**1,397**	**1,506**	**990**	**1,196**	**1,236**	**1,308**	**1,153**	**1,338**	**5,412**	**5,034**	**982**	**-12%**	**3%**
Margin (%)	25.4	25.3	19.3	19.7	21.0	20.9	19.9	21.0	23.9	20.7	17.6	-4.4	1.3
Depreciation	117	124	130	148	118	148	150	152	512	568	145		
Interest	4	4	4	5	5	5	6	7	17	22	4		
Other Income	245	219	291	258	398	250	290	300	966	1,238	264		
PBT before EO expense	**1,521**	**1,597**	**1,146**	**1,300**	**1,511**	**1,405**	**1,287**	**1,479**	**5,850**	**5,683**	**1,097**	**-1%**	**16%**
Extra-Ord expense	0	0	0	0	-70	0	0	70	0	0	0		
PBT	**1,521**	**1,597**	**1,146**	**1,300**	**1,581**	**1,405**	**1,287**	**1,409**	**5,850**	**5,683**	**1,097**	**4%**	**22%**
Tax	383	418	319	327	403	354	324	371	1,350	1,452	277		
Rate (%)	25.2	26.2	27.8	25.2	25.5	25.2	25.2	26.3	23.1	25.5	25.2		
Minority Interest & Profit/Loss of Asso. Cos.	5	5	0	-1	7	0	0	0	0	0	0		
Reported PAT	**1,134**	**1,175**	**827**	**974**	**1,171**	**1,051**	**963**	**1,039**	**4,500**	**4,231**	**820**	**3%**	**20%**
Adj PAT	**1,134**	**1,175**	**827**	**974**	**1,119**	**1,051**	**963**	**1,090**	**4,500**	**4,231**	**820**	**-1%**	**15%**
YoY Change (%)	-0.7	48.0	18.7	-7.0	-1.3	-10.5	16.4	11.9	22.3	-6.0	-17.2		
Margin (%)	20.6	19.7	16.1	16.1	19.0	16.8	16.6	17.1	19.9	17.4	14.7	-1.6	3.0

Lemon Tree Hotels

Estimate change	⟷
TP change	⟷
Rating change	⟷

CMP: INR142 **TP: INR185 (+30%)** **Buy**

Healthy revenue momentum led by strong RevPAR growth

In-line operating performance

- Lemon Tree Hotels (LEMONTRE) reported healthy revenue growth of 18% YoY in 1QFY26, led by a significant improvement in the occupancy rate (OR) to 72.5% (up 590bp YoY) and healthy growth in the average room rate (ARR) to INR6,236 (up 10% YoY). Operating leverage led to a 160bp YoY expansion in EBITDA margin despite renovation-related expenses.
- LEMONTRE maintained a healthy growth momentum in 1QFY26, and we expect this trend to continue through FY26. Growth will be supported by the ramp-up of Aurika Mumbai (~72% occupancy in 1Q, expected ~80% in FY26), favorable demand-supply conditions, renovation-led improvements in ARR and occupancy, the upgraded Infinity 2.0 loyalty program (2.1m members with 45% repeat business), and retail demand initiatives (which contributed ~45% of 1QFY25 room revenue).
- We largely maintain our FY26/FY27 EBITDA estimates and reiterate our **BUY** rating on the stock with our SoTP-based **TP of INR185** for FY27.

Operating leverage supports margin expansion despite higher renovation spends

- Revenue grew 18% YoY to INR3.2b (in line), OR rose 590bp YoY to 72.5%, and ARR increased 10% YoY to INR6,236. Management fees grew 29% YoY to INR161m.
- EBITDA rose 22% YoY to INR1.4b (est in line). EBITDA margin expanded 160bp YoY to 44.5% (est. 44%) on account of favorable operating leverage. Adj. PAT increased 93% YoY to INR383m (est. INR294m).
- During the quarter, LEMONTRE signed 14 new management and franchise contracts, which added 1,273 new rooms to its pipeline, and operationalized five hotels, which added 392 rooms to its portfolio.
- As of 31st Jun'25, the total operational inventory comprised 116 hotels with 10,661 rooms, and the pipeline included 110 hotels with 7,770 rooms.
- Gross debt as of Jun'25 stood at INR16.6b vs. INR18.6b as of Jun'24.

Highlights from the management commentary

- **Guidance**: The company is well on track to exceed its Lemon Tree 2.0 target of ~20,000 rooms (including pipeline) by FY28. Management expects to achieve this milestone ahead of schedule and aspires to expand to ~30,000-40,000 rooms in the longer run.
- **Aurika MIAL:** The hotel achieved an OR of ~76% vs 45.8% in 1QFY28. The significant improvement is driven by higher growth in the corporate and crew business, with a marginal increase in ARR. Management expects a strong 2HFY26 for this hotel.
- **Renovations:** The company is in the last leg of renovation, which is expected to be completed in the next 15-18 months. In FY26, renovation spending is estimated at ~INR1.3b (~65% is opex), which will decline by 30% in FY27 and further drop to an annual run rate of ~INR200m.

Stock Info

Bloomberg	LEMONTRE IN
Equity Shares (m)	792
M.Cap.(INRb)/(USDb)	112.6 / 1.3
52-Week Range (INR)	162 / 111
1, 6, 12 Rel. Per (%)	-5/4/18
12M Avg Val (INR M)	544
Free float (%)	77.7

Financials & Valuations (INR b)

Y/E Mar	2025	2026E	2027E
Sales	12.9	14.9	16.4
EBITDA	6.3	7.6	8.5
PAT	1.97	2.95	3.53
EBITDA (%)	49.3	50.9	52.0
EPS (INR)	2.5	3.7	4.5
EBITDA Gr. (%)	32.4	50.0	19.8
BV/Sh. (INR)	14.7	18.4	22.9
Ratios			
Net D/E	1.4	0.8	0.3
RoE (%)	18.5	22.5	21.6
RoCE (%)	11.7	15.0	18.3
Valuations	-	-	-
P/E (x)			
EV/EBITDA (x)	57.2	38.2	31.8
FCF Yield (%)	21.2	17.3	14.9

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	22.3	22.5	22.8
DII	20.0	19.7	15.2
FII	21.4	21.0	27.7
Others	36.4	36.9	34.3

Valuation and view

- LEMONTRE is expected to maintain a healthy growth momentum in FY26, led by: 1) the stabilization of Aurika Mumbai, 2) accelerated growth in management contracts (pipeline of ~7,770 rooms), and 3) the timely completion of the portfolio's renovation (by mid of FY27), leading to an improved OR, ARR, and EBITDA margin for the company.
- We expect LEMONTRE to post a CAGR of 13%/16%/34% in revenue/EBITDA/adj. PAT over FY25-27, with RoCE improving to ~18% by FY27 from ~11.7% in FY25. We reiterate our BUY rating on the stock with our SoTP-based TP of INR185 for FY27.

Consolidated Quarterly Performance (INRm)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	(%)
Gross Sales	**2,680**	**2,844**	**3,552**	**3,785**	**3,158**	**3,411**	**4,055**	**4,269**	**12,861**	**14,893**	**3,128**	**1**
YoY Change (%)	20.6	25.2	23.0	15.6	17.8	20.0	14.2	12.8	20.7	15.8	16.7	
Total Expenditure	1,530	1,536	1,710	1,744	1,753	1,766	1,889	1,903	6,520	7,310	1,752	
EBITDA	**1,151**	**1,307**	**1,842**	**2,041**	**1,405**	**1,645**	**2,166**	**2,367**	**6,341**	**7,583**	**1,376**	**2**
Margins (%)	42.9	46.0	51.9	53.9	44.5	48.2	53.4	55.4	49.3	50.9	44.0	
Depreciation	346	348	351	349	342	353	353	362	1,393	1,410	351	
Interest	518	513	503	472	447	420	400	362	2,007	1,629	450	
Other Income	4	5	6	9	16	12	14	12	23	54	10	
PBT before EO expense	**291**	**451**	**994**	**1,229**	**633**	**884**	**1,427**	**1,654**	**2,965**	**4,598**	**585**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**291**	**451**	**994**	**1,229**	**633**	**884**	**1,427**	**1,654**	**2,965**	**4,598**	**585**	
Tax	91	102	197	141	148	203	285	232	531	868	170	
Rate (%)	31.2	22.7	19.8	11.5	23.3	23.0	20.0	14.0	17.9	18.9	29.0	
MI & P/L of Asso. Cos.	2	52	173	241	102	151	241	287	468	781	121	
Reported PAT	**198**	**296**	**625**	**846**	**383**	**530**	**901**	**1,135**	**1,966**	**2,949**	**294**	
Adj PAT	**198**	**296**	**625**	**846**	**383**	**530**	**901**	**1,135**	**1,966**	**2,949**	**294**	**30**
YoY Change (%)	-15.6	30.9	76.5	26.3	93.5	78.8	44.1	34.1	32.4	50.0	48.5	
Margins (%)	7.4	10.4	17.6	22.4	12.1	15.5	22.2	26.6	15.3	19.8	9.4	

Key Performance Indicators

Y/E March	FY25				FY26				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Occupancy (%)	66.6	68.4	74.2	77.6	72.5	75.0	77.6	79.6	73.0	76.9
ARR (INR)	5,686	5,902	6,763	7,042	6,236	6,433	7,311	7,549	6,819	7,469
Change (%)	8.6	12.0	6.8	6.6	9.7	9.0	8.1	7.2	8.4	9.5
RevPAR (INR)	3,787	4,035	5,018	5,465	4,521	4,826	5,675	6,006	4,980	5,740
Change (%)	3.0	6.9	20.2	14.9	19.4	19.6	13.1	9.9		
Cost Break-up										
F&B Cost (% of sales)	6.1	6.0	5.5	6.1	6.3	6.0	5.5	6.0	5.9	5.9
Staff Cost (% of sales)	18.9	19.1	15.9	15.1	18.4	17.6	15.3	14.8	17.0	16.3
Power and fuel (% of sales)	8.7	8.0	6.0	5.3	6.9	7.2	6.3	6.3	6.8	6.6
Other Cost (% of sales)	23.3	20.9	20.7	19.6	23.9	21.0	19.5	17.5	21.0	20.2
Gross Margins (%)	93.9	94.0	94.5	93.9	93.7	94.0	94.5	94.0	94.1	94.1
EBITDA Margins (%)	42.9	46.0	51.9	53.9	44.5	48.2	53.4	55.4	49.3	50.9
EBIT Margins (%)	30.0	33.7	42.0	44.7	33.7	37.9	44.7	47.0	38.5	41.5

Happy Forgings

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HAPPYFOR IN
Equity Shares (m)	94
M.Cap.(INRb)/(USDb)	91.4 / 1
52-Week Range (INR)	1269 / 716
1, 6, 12 Rel. Per (%)	6/-2/-22
12M Avg Val (INR M)	50

Consol. Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	14.1	15.2	18.0
EBITDA	4.1	4.4	5.4
Adj. PAT	2.7	2.8	3.6
EPS (INR)	28.4	30.2	38.3
EPS growth %	10.1	6.3	26.8
BV/Sh. (INR)	196	222	256
Ratios			
RoE (%)	15.5	14.4	16.0
RoCE (%)	14.3	13.3	14.7
Payout (%)	10.6	13.3	13.1
Valuations			
P/E (x)	34.2	32.2	25.4
P/BV (x)	5.0	4.4	3.8
EV/EBITDA (x)	22.2	20.6	16.8
Div. Yield (%)	0.3	0.4	0.5

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	78.5	78.6	78.6
DII	17.0	17.1	16.7
FII	2.2	2.2	2.2
Others	2.3	2.2	2.5

CMP: INR970 **TP: INR1118 (+15%)** **Buy**

Margin maintained despite weak demand

Healthy order backlog to drive outperformance going forward

- Happy Forgings' (HFL) 1QFY26 PAT at INR657m was in line with our estimate. Sluggish demand in CV, farm and off-highway segments led to a dip in exports, while domestic revenue grew YoY due to healthy demand in key segments.
- We have marginally tweaked our estimates. We expect HFL to post a CAGR of 13%/15%/16% in standalone revenue/EBITDA/PAT during FY25-27E. HFL's superior financial track record compared to its peers serves as a testament to its inherent operational efficiencies and is likely to be a key competitive advantage going forward. **We reiterate our BUY rating on the stock with a TP of INR1,118 (based on 27x Jun'27E EPS)**.

Margins stable despite multiple headwinds

- Standalone revenue grew 3.6% YoY (flat QoQ) to INR3.54b (in line with estimates), entirely driven by 3.8% YoY growth in volumes to 14,457 metric tons. ASP remained flat YoY. ASP remained flat YoY despite the 3-3.5% raw material contraction (impact of INR 4-5 per kg)
- Domestic revenue was up 7% YoY, led by healthy demand across its key segments. In contrast, exports were impacted by sluggish demand in CV, farm and off-Highway segments, as well as uncertainty around tariffs in certain geographies.
- Gross margins expanded 230bp YoY (10bp QoQ) to 58.8%, aided by reduced input costs.
- EBITDA margins remained flat YoY at 28.6% (in line with estimates). EBITDA rose 3.6% YoY to ~INR1b, which was in line with our estimate.
- Sectoral mix for this quarter stood at 39%/6%/32%/10%/13% for CV/PV/Farm/Off-highway/Industrial segments. CV share of the mix decreased YoY, whereas PV segment grew 300bp.
- This quarter saw 59% capacity utilization in forgings vs. last year's 57%. While the machining capacity grew YoY by ~2% to 58,200 units, capacity utilization dipped to 77% from 83% YoY.
- HFL has announced investment of INR6.5b for setting up advanced forging capabilities in the heavyweight components segment (weighing 250-3000kg). This facility will be the largest of its kind in Asia and the second largest globally. The plant is expected to be commissioned by FY27.

Highlights from the management interaction

- Management expects to outperform the domestic CV industry in 2H on the back of its new order wins. Revenue growth guidance for domestic CVs stands at high single digits.

- However, CV outlook in Europe remains weak, with expectation of 10% decline in CV production for CY25.
- On the back of positive rural sentiment, HFL expects the momentum in the domestic tractor industry to sustain at least till Diwali. Overall, HFL expects the industry to post 4-7% growth in FY26.
- However, the US and Europe tractor market declined in high single digits in Q1. Large OEMs expect a 5-15% volume drop in tractor for CY25.
- In 1Q, HFL has won new orders from two large European OEMs. This includes an order worth INR2.5b (INR500-600m p.a.) from the largest tractor OEM in Europe.
- PV segment remains its key growth driver and is on track to reach 8-10% of revenue in two years, with a planned scale-up and capacity expansion (INR800m planned in FY26).
- A key order win in Industrials was an INR6b deal to supply components for wind energy installation. There is another large order in the pipeline worth INR1.8b for fully machined products for data centers, for which capex is ongoing. In defense, HFL has started participating in tenders and quoted for certain projects.
- The planned capex for FY26 stands at INR3b, excluding the solar plant investment (INR600-700m for solar CPP with four acres of land already bought).

Valuation and view

- HFL is expected to outperform the industry, driven by new client additions, product expansion, and capacity growth. A recovery in domestic CV demand, healthy tractor outlook and strong order wins in Industrials and PVs should help to offset the weakness in export markets in the near term.
- We have marginally tweaked our estimates. We expect HFL to post a CAGR of 13%/15%/16% in standalone revenue/EBITDA/PAT during FY25-27E. HFL's superior financial track record compared to its peers serves as a testament to its inherent operational efficiencies and is likely to be a key competitive advantage going forward. **We reiterate our BUY rating on the stock with a TP of INR1,118 (based on 27x Jun'27E EPS).**

Quarterly (Standalone) **(INR Million)**

	FY25				FY26E				FY25	FY26	1QE	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				(%)
Net operating income	**3,415**	**3,611**	**3,543**	**3,520**	**3,538**	**3,720**	**3,827**	**4,071**	**14,089**	**15,155**	**3,585**	**-1.3**
Change (%)	3.5	5.3	3.6	2.5	3.6	3.0	8.0	15.7	3.7	0.0	5.0	
RM/Sales (%)	43.5	41.2	42.0	41.3	41.2	41.6	41.6	41.2	42.0	41.6	41.8	
Staff Cost (%)	8.5	8.5	9.3	9.2	9.1	9.0	8.8	9.0	8.9	0.0	9.2	
Other Exp. (%)	19.4	21.2	20.1	20.4	20.3	20.4	20.4	20.9	20.3	0.0	20.2	
EBITDA	**976**	**1,054**	**1,015**	**1,023**	**1,012**	**1,079**	**1,117**	**1,176**	**4,067**	**4,383**	**1,033**	**-2.0**
EBITDA Margins (%)	28.6	29.2	28.6	29.1	28.6	29.0	29.2	28.9	28.9	0.0	28.8	
Non-Operating Income	77	83	66	101	104	108	107	109	376	428	90	
Interest	14	16	21	24	23	22	23	21	75	89	20	
Depreciation	180	197	191	203	206	220	235	239	771	899	205	
EO Exp		-48			0	0	0	0		0	0	
PBT after EO items	**859**	**973**	**868**	**897**	**886**	**945**	**966**	**1,025**	**3,597**	**3,822**	**898**	
Tax	220	259	223	219	230	236	248	264	921	979	230	
Eff. Tax Rate (%)	25.6	26.6	25.7	24.4	25.9	25.0	25.7	25.8	25.6	0.0	25.6	
Rep. PAT	**639**	**714**	**645**	**678**	**657**	**709**	**718**	**760**	**2,676**	**2,844**	**668**	
Change (%)	-0.3	29.3	11.4	3.0	2.9	-0.8	11.3	12.2	-68.1	0.0	4.6	
Adj. PAT	**639**	**666**	**645**	**678**	**657**	**709**	**718**	**760**	**2,676**	**2,844**	**668**	**-1.6**
Change (%)	-0.3	20.6	11.4	3.0	2.9	6.3	11.3	12.2	10.1	6.3	4.6	

E: MOFSL Estimates

Fusion Finance

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USDb)	21 / 0.2
52-Week Range (INR)	315 / 124
1, 6, 12 Rel. Per (%)	-16/-14/-49
12M Avg Val (INR M)	138

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	15.3	12.0	13.4
PPP	7.4	4.0	6.1
PAT	-12.2	-0.4	2.9
EPS (INR)	-121.7	-3	18
EPS Gr. (%)	-	-	-700
BV (INR)	163	124	167
Valuations			
NIM (%)	14.3	14.6	15.3
C/I ratio (%)	51.7	66.7	54.9
RoAA (%)	-12.2	-0.5	3.7
RoE (%)	-54.5	-2.1	12.3
Valuations			
P/E (x)	-	-51.8	8.6
P/BV (x)	0.9	1.2	0.9

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	55.0	57.7	57.7
DII	12.6	16.9	22.8
FIIFIIFII	3.2	2.1	4.3
Others	29.2	23.3	15.2

FII includes depository receipts

CMP: INR154 TP: INR170 (+10%) Neutral

From fire-fighting to stability, yet profitability concerns linger

GS3 improves ~250bp QoQ; AUM declines ~14% sequentially

- Fusion Finance (FUSION) reported a net loss of ~INR923m in 1QFY26 (vs. est. loss of INR434m). NII declined ~31% YoY to ~INR2.7b (in line). Opex rose 13% YoY to INR2.1b (in line) and cost-to-income ratio rose ~120bp QoQ to ~70.8% (PQ: ~69.6%). PPoP declined ~71% YoY to ~INR866m (5% miss).
- Net credit costs declined sequentially to ~INR1.8b (vs. est. of ~INR1.4b). Annualized credit costs stood at ~9.4% (PY: ~13% and PQ: ~12%).
- FUSION had breached covenants on borrowings of ~INR36b, resulting in these borrowings becoming payable on demand. The company has successfully obtained covenant waivers for ~72% of such borrowings. The company is in discussion with the remaining lenders to obtain similar extensions and no demand for immediate repayment of borrowed funds has been made by lenders to date.
- Management highlighted that the portfolio originated after Aug'24 continues to demonstrate strong asset quality, underscoring the effectiveness of revised underwriting standards (in line with MFIN guardrails) and enhanced collection processes. In 1QFY26, collection efficiency for this new portfolio stood at 99.5%. The company also reported an improvement in overall collection efficiency and reduction in forward-flow rates during the quarter, with expectations of further improvement in the coming quarters.
- Disbursements declined 18% QoQ to ~INR9.5b. AUM fell ~37% YoY and 14% QoQ to ~INR77b. **Management shared that FUSION has moved beyond firefighting and is now stabilizing and strengthening. In FY26, it will focus on transitioning to a growth phase cautiously but with confidence.**
- We have lowered our FY26 EPS estimate and now project a net loss in FY26, compared to our earlier expectation of a marginal profit. We estimate an AUM CAGR of ~1% and a PPOP CAGR of ~-9% over FY25-27, along with RoA/RoE of ~3.7%/12% in FY27E.
- We will keenly monitor the asset quality trends unfolding in the sector as a trend reversal is on the horizon. The recent improvement in collections and flow rates suggests signs of a positive turnaround. However, stable performance over the next 1-2 quarters will be crucial to validate this recovery as a definitive shift. With no other near-term catalysts, we reiterate our **Neutral rating with a revised TP of INR170 (based on 1x Mar'27E P/BV).**

GS3 declines ~250bp QoQ; collection efficiency improves

- GS3 declined ~250bp QoQ to ~5.4%, while NS3 declined ~10bp QoQ to 0.2%. PCR rose ~20bp QoQ to 96.6%.

- Stage 2 declined ~70bp QoQ to 2.45% and S2 PCR rose ~8pp QoQ to ~72%. ECL/EAD (incl. management overlay of ~INR595m) declined to ~8.2% (PQ: ~10.9%). Write-offs for the quarter stood at ~INR4.9b (PQ: INR9.2b). **Current portfolio collection efficiency stood at ~98.5% in 1QFY26**.
- Annualized credit costs in 1QFY26 stood at ~9.4% (PY: ~13% and PQ: ~12%)**.** We model credit costs of 6%/3% for FY26/FY27.

Reported NIMs expand ~170bp QoQ; Calc. yields rise ~180bp QoQ

- Yields (calc.) rose ~180bp QoQ to ~22.2%, while CoF (calc.) declined ~25bp QoQ to ~10.2%, leading to a ~210bp QoQ rise in spreads to ~12%. Reported NIMs rose ~170bp QoQ to ~10.3%. This was primarily driven by lower interest income reversals (of ~INR250m-260m) during the quarter.
- Marginal CoB rose ~160bp QoQ to ~13.3%. Management shared that reported NIM is expected to remain in the range of 10.25-10.5% in FY26. We model (calc.) NIM (as a % of gross loans) of 14.6%/15.3% in FY26/FY27.

Active borrower base declines; reduction in Fusion+>=3 customers

- The borrower base declined to 2.8m as of Jun'25 (down from 3.2m as of Mar'25). Fusion + >=3 borrowers declined to 17.6% (vs. ~18.1% in Mar’25).
- FUSION successfully completed the rights issue of INR8b in Apr’25. Given that these were partly-paid up shares, the company has received ~INR4b from this rights issue. As of Jun’25, the funds were parked in scheduled commercial banks. The company had planned to utilize the proceeds from the rights issue from Jul’25 onward.
- CRAR stood at ~29.5% as of Jun’25 (post rights issue equity infusion).

Highlights from the management commentary

- The company has categorized the states where it has presence into three types of markets: Growth markets (Uttar Pradesh, Andhra Pradesh, Maharashtra, Telangana, and Assam), maintain markets (Madhya Pradesh, Tamil Nadu, Bihar, West Bengal, Jharkhand, and Rajasthan), and reduce exposure markets (Odisha and Gujarat).
- The company changed its write-off policy from 240dpd to 180dpd in 1QFY26, resulting in INR4.86b of write-offs.
- Disbursements in Jul’25 crossed INR4b, with approval rates improving to ~20% from 12-15% earlier, aided by the development of matured credit intelligence.

Valuation and view

- FUSION reported another soft quarter, with both AUM growth and disbursements remaining muted as the company maintained its strategic focus on improving portfolio quality and strengthening collection efficiency. On a positive note, credit costs saw a sequential decline, supported by improved collection efficiency and lower delinquencies during the quarter. The company is taking slow and measured steps to regain stability and normalcy.
- FUSION, in our view, is likely to deliver an AUM CAGR of ~1% and PPOP CAGR of ~-9% over FY25-27. We estimate RoA/RoE of ~3.7%/12% in FY27. **With no near-term catalyst, we reiterate our Neutral rating on the stock with a revised TP of INR170 (based on 1x Mar’27E P/BV).**

Fusion: Quarterly Performance (INR M)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	6,213	6,261	4,382	4,487	4,219	3,987	3,847	3,908	21,342	15,961	4,307	-2
Interest Expenses	2,234	2,274	2,137	1,794	1,489	1,340	1,246	1,247	8,439	5,322	1,597	-7
Net Interest Income	**3,979**	**3,987**	**2,245**	**2,693**	**2,730**	**2,647**	**2,601**	**2,661**	**12,904**	**10,639**	**2,711**	**1**
YoY Growth (%)	*34.6*	*30.4*	*-33.7*	*-25.4*	*-31.4*	*-33.6*	*15.9*	*-1.2*	*-0.8*	*-17.6*	-32	
Other Income	854	776	443	273	237	286	381	486	2,347	1,389	231	2
Total Income	**4,833**	**4,764**	**2,688**	**2,966**	**2,967**	**2,932**	**2,982**	**3,146**	**15,250**	**12,027**	**2,942**	**1**
YoY Growth (%)	*30.9*	*25.3*	*-34.7*	*-35.6*	*-38.6*	*-38.4*	*10.9*	*6.1*	*-6.0*	*-21.1*	-39	
Operating Expenses	1,855	1,925	2,041	2,065	2,101	2,054	1,979	1,890	7,886	8,024	2,026	4
Operating Profit	**2,978**	**2,838**	**648**	**901**	**866**	**879**	**1,003**	**1,256**	**7,365**	**4,004**	**915**	**-5**
YoY Growth (%)	*26.5*	*17.4*	*-75.1*	*-69.0*	*-70.9*	*-69.0*	*54.9*	*39.4*	*-28.4*	*-45.6*	-69	
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,789	1,163	930	581	18,695	4,462	1,350	33
Profit before Tax	**-507**	**-4,102**	**-5,075**	**-1,646**	**-923**	**-284**	**73**	**675**	**-11,330**	**-459**	**-434**	**-**
Tax Provisions	-151	-1,052	2,118	0	0	-43	11	-37	915	-69	0	-
Net Profit	**-356**	**-3,050**	**-7,193**	**-1,646**	**-923**	**-241**	**62**	**712**	**-12,245**	**-390**	**-434**	**-**
YoY Growth (%)	*-130*	*-343*	*-669*	*-224*	*159*	*-92*	*-101*	*-143*	*-342*	*-96.8*	22	
Key Parameters (%)												
Yield on loans	21.7	21.5	19.1	19.1	20.6							
Cost of funds	10.1	10.1	10.3	10.5	10.3							
Spread	11.6	11.4	8.8	8.6	10.3							
NIM	11.6	11.5	8.9	8.6	10.3							
Credit cost	3.28	6.55	5.70	2.80	2.30							
Cost to Income Ratio (%)	38.4	40.4	75.9	69.6	70.8							
Tax Rate (%)	29.8	25.6	-41.7	0.0	0.0							
Performance ratios (%)												
Avg o/s per borrower (INR '000)	30	29	27	26	25							
AUM/ RO (INR m)	1.2	1.1	1.1	0.9	0.8							
AUM/ Branch (INR m)	9	8	7	6	5							
Borrower/ Branch (INR m)	3,017	2,805	2,590	2,175	1,932							
Balance Sheet Parameters												
AUM (INR B)	**121.9**	**115.7**	**106.0**	**89.8**	**76.9**							
Change YoY (%)	25.5	15.4	-0.9	-21.8	-36.9							
Disbursements (INR B)	**29.9**	**16.6**	**11.7**	**11.6**	**9.5**							
Change YoY (%)	30.7	-29.1	-56.9	-60.9	-68.2							
Borrowings (INR B)	**91.2**	**86.4**	**73.1**	**64.0**	**52.7**							
Change YoY (%)	26.9	14.8	-8.9	-25.7	-42.3							
Borrowings/Loans (%)	89.0	94.6	92.3	88.2	81.4							
Debt/Equity (x)	3.2	3.4	4.0	3.9	2.7							
Asset Quality (%)												
GS 3 (INR M)	**5,952**	**9,672**	**11,920**	**6,460**	**3,830**							
G3 %	5.5	9.4	12.6	7.9	5.4							
NS 3 (INR M)	1,301	2,302	1,450	230	130							
NS3 %	1.27	2.52	1.83	0.32	0.20							
PCR (%)	**78.1**	**76.2**	**87.8**	**96.4**	**96.6**							
ECL (%)	5.9	11.1	16.4	10.9	8.2							
Return Ratios - YTD (%)												
ROA (Rep)	-1.2	-10.3	-27.6	-7.4	-4.7							
ROE (Rep)	-5.0	-45.7	-132.9	-38.2	-20.6							

E: MOSL Estimates

Hindalco

BSE SENSEX	S&P CNX
80,604	24,585

CMP: INR673 **Buy**

Novelis 1QFY26: Largely in-line performance; favorable pricing benefits offset by higher scrap prices

- Shipments volume stood at 963kt (vs. our estimate of 975kt), up 1% YoY and flat QoQ, primarily led by higher beverage packaging shipments, partially offset by lower automotive and specialty shipments.
- Revenue stood at USD4.7b (+13% YoY and +3% QoQ) against our estimate of USD4.4b, led by a healthy ASP, which stood at USD4,898/t (+11% YoY and +2% QoQ), mainly driven by favorable aluminum prices.
- Adjusted EBITDA stood at USD416m (vs. our est. of USD434m), declining 17% YoY and 12% QoQ, driven by higher aluminum scrap prices, an unfavorable product mix, and a net negative tariff impact.
- Adj. EBITDA/t for the quarter stood at USD432 (against our est. USD445), declining 18% YoY and 13% QoQ.
- APAT stood at USD156m in 1QFY26 (-34% YoY and -38% QoQ), in line with our estimate. The decline was mainly attributed to soft operating performance.
- Capex for 1QFY26 stood at USD386m, primarily attributed to the new Greenfield rolling and recycling plant in Bay Minette, Alabama.
- Net debt/EBITDA as of Jun'25 stood at 3.2x vs 2.9x in Mar'25. The company issued USD400m of tax-exempt bonds with a mandatory tender for purchase in 2032 and maturation in 2055, which will be used to finance Bay Minette expansion.

Key highlights from the management commentary

Operating performance guidance and outlook

- Increase in scrap prices (especially for used beverage cans) will continue to keep margins under pressure; however, the positive metal price lag from Midwest Premium movements (increased from ~USD450/t to ~USD1,500/t in recent months) could partially offset the impact.
- The company expects the US tariff on aluminum imports (particularly from South Korea and Canada) to affect 2QFY26 EBITDA by USD60m QoQ, which may partially be offset by the US Midwest premium. Management expects adj. EBITDA/t to bottom out by the end of 1HFY26. H2FY26 is expected to see a rise in EBITDA levels.
- Management is pursuing multiple mitigation plans, such as partial pass-through to customers, supply chain optimization, Midwest Premium arbitrage, and long-term domestic capacity expansion.
- The mitigation plan is expected to offset a significant portion of the tariff cost from 2HFY26, with full impact anticipated by 4QFY26.
- Management expects some tariff cost recovery to be achieved via customer discussions, although the company is avoiding renegotiating contracts mid-term to protect relationships and volumes.
- The commissioning of Bay Minette will reduce the import dependency and free up other US capacities for high-margin (automotive and specialty) products.
- Management does not expect any volume loss due to tariff issues – the mitigation plan is designed to protect shipments and maintain customer relationships.

Capital allocation update

- The 600kt Bay Minette facility remains on schedule for commissioning in 2HCY26, with most equipment delivered and the steel structure nearing completion. The company has spent ~USD1.8b on the project to date.
- Management expects to spend ~USD1.9b-2.2b in FY26 and about USD300-350m for maintenance capex.
- The company has maintained its net leverage target of ~3.5x. Management expects fluctuations in the near term but no long-term deviation from the target.

Scrap market & recycling strategy

- Currently, US spot prices for UBCs are well below contracted prices, creating a temporary disadvantage.
- North America and Europe have high levels of contracted scrap volume, while Asia and South America are more exposed to volatile spot prices.
- The company is expanding the use of other scrap categories (mixed, automotive end-of-life, construction) to diversify input costs.
- The average recycling rate remains at ~63% (with a target to achieve 75% in the next 2-3 years), whereas the ramp-up of the Guthrie 240kt and Ulsan 100kt recycling plants will lead to a greater absorption of scrap, increasing scrap consumption.

Market outlook and others

- Positive metal price lag this quarter was led by a sharp increase in Midwest Premiums, not from LME aluminum prices, as LME is hedged.
- Near-term demand outlook for automotive and specialty markets remains soft, with a gradual recovery expected.
- Demand for beverage cans remains resilient, supported by consumer preference shifts and sustainability trends.
- Specialty segment volumes declined, with the biggest drops in construction, electronics, and certain industrial applications, reflecting macroeconomic softness and inventory adjustments.
- North America saw stable beverage can demand but weaker auto and specialty orders. Europe experienced mixed trends with beverage can resilience but softness in industrial markets. Meanwhile, Asia and South America witnessed a slower recovery in non-beverage segments.

Quarterly Performance (Novelis) USD m

Y/E March	FY25				FY26	FY25	FY26E	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q			1QE	(%)
Sales (000 tons)	**951**	**945**	**904**	**957**	**963**	**3,757**	**3,977**	**975**	**-1.2**
Change (YoY %)	8.2	1.3	-0.7	0.6	1.3	2.3	5.9		
Change (QoQ %)	0.0	-0.6	-4.3	5.9	0.6	0.0	0.0		
Net Sales	**4,187**	**4,295**	**4,080**	**4,587**	**4,717**	**17,149**	**17,832**	**4,386**	**7.5**
Change (YoY %)	2.3	4.6	3.7	12.5	12.7	5.8	4.0		
Change (QoQ %)	2.7	2.6	-5.0	12.4	2.8	0.0	0.0		
EBITDA (adjusted)	**500**	**462**	**367**	**473**	**416**	**1,802**	**1,899**	**434**	**-4.1**
Change (YoY %)	18.8	-4.5	-19.2	-8.0	-16.8	-3.8	5.4		
Change (QoQ %)	-2.7	-7.6	-20.6	28.9	-12.1	0.0	0.0		
EBITDA per ton (USD)	**526**	**489**	**406**	**494**	**432**	**480**	**477**	**445**	**-2.9**
Interest	64	67	61	60	62	252	246		
Depreciation	140	141	142	152	148	575	588		
PBT (before EO item)	**296**	**254**	**164**	**261**	**206**	**975**	**1,064**		
Extra-ordinary Income	(86)	(74)	(15)	42	(60)	(133)	(60)		
PBT (after EO item)	**210**	**180**	**149**	**303**	**146**	**842**	**1,004**		
Total Tax	60	51	39	9	50	159	308		
% Tax	28.6	28.3	26.2	3.0	34.2	18.9	30.7		
Reported PAT (after MI)	**151**	**128**	**110**	**294**	**96**	**683**	**696**		
Change (YoY %)	-3	-18	-9	77	-36	14	2		
Adjusted PAT	**237**	**202**	**125**	**252**	**156**	**816**	**756**	**160**	**-2.4**
Change (YoY %)	42.8	-9.4	-35.6	3.7	-34.2	-1.2	-7.4		
Change (QoQ %)	-2.5	-14.8	-38.1	101.6	-38.1				

E: MOFSL Estimates

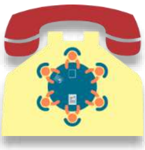
Volumes - Rolled products (in kt)	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**
North America	362	391	388	396	360	375	389
Europe	230	246	263	233	226	265	262
Asia	176	183	194	198	186	201	215
South America	176	164	154	162	166	164	156
Elimination	-34	-33	-48	-44	-34	-48	-59
Total Third Party Shipments	**910**	**951**	**951**	**945**	**904**	**957**	**963**
Adj. EBITDA (USD m)							
North America	165	210	183	185	122	150	133
Europe	59	74	90	63	49	104	70
Asia	81	84	92	91	75	89	93
South America	150	145	132	123	121	129	120
Adj. EBITDA per ton (USD)							
North America	456	537	472	467	339	400	342
Europe	257	301	342	270	217	392	267
Asia	460	459	474	460	403	443	433
South America	852	884	857	759	729	787	769

Astral

BSE SENSEX	S&P CNX
80,604	24,585

CMP: INR1382 **Buy**

Conference Call Details



Date: 12th Aug 25
Time: 4pm IST
Dial-in details:
click here

Operating performance below expectation

- Consolidated revenue declined 2% YoY/19% QoQ to INR13.6b in 1QFY26 (est. INR15.2b).
- Consolidated EBITDA declined 14%/39% YoY/QoQ to INR1.8b (est. INR2.4b), with EBITDA margin contracting 190bp YoY/440bp QoQ to 13.6% (est 15.5%), driven by an increase in employee expenses/raw material as a % of sales by +130bp/+120bp YoY.
- Adj. PAT declined 33% YoY/55% YoY to INR811m (est INR1.3b).

Segment-wise performance

- **Plumbing**: Revenue stood at INR9.5b (-6% YoY, -22% QoQ), EBIT at INR989m (-29% YoY, -51% QoQ), and EBIT margin at 10.4% (-340bp, -590bp QoQ). Volumes remained flat YoY, while declining 17% QoQ to 56KMT. EBITDA/kg stood at INR27.9 (-14% YoY,-25% QoQ).
- **Adhesives and paints**: Revenue stood at INR4b (+10% YoY, -10% QoQ), EBIT at INR196m (-25% YoY, -53% QoQ), and EBIT margin at 4.8% (-220bp, -430bp QoQ). EBITDA stood at INR375m (-16%YoY,-38% QoQ). EBITDA margin stood at 9.2% (down 280bp, down 410bp).

Consolidated - Quarterly Earning Model **(INR m)**

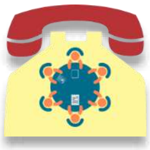
Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
Gross Sales	**13,836**	**13,704**	**13,970**	**16,814**	**13,612**	**15,584**	**15,732**	**19,333**	**58,324**	**64,262**	**15,264**	**-11**
YoY Change (%)	7.8	0.5	2.0	3.5	-1.6	13.7	12.6	15.0	3.4	10.2	10.3	
Total Expenditure	11,692	11,603	11,775	13,795	11,763	13,091	13,122	15,817	48,865	53,793	12,895	
EBITDA	**2,144**	**2,101**	**2,195**	**3,019**	**1,849**	**2,493**	**2,610**	**3,516**	**9,459**	**10,469**	**2,369**	**-22**
Margins (%)	15.5	15.3	15.7	18.0	13.6	16.0	16.6	18.2	16.2	16.3	15.5	
Depreciation	556	599	631	648	719	700	739	780	2,434	2,938	670	
Interest	76	102	139	96	123	70	74	50	413	317	88	
Other Income	119	88	118	88	91	160	170	184	413	605	145	
PBT before EO expense	**1,631**	**1,488**	**1,543**	**2,363**	**1,098**	**1,883**	**1,967**	**2,870**	**7,025**	**7,819**	**1,756**	
Extra-Ord expense	0	0	0	163	0	0	62	183	0	0	0	
PBT	**1,631**	**1,488**	**1,543**	**2,200**	**1,098**	**1,883**	**1,905**	**2,687**	**7,025**	**7,819**	**1,756**	
Tax	436	401	416	583	306	475	496	718	1,836	1,994	443	
Rate (%)	26.7	26.9	27.0	26.5	27.9	25.2	26.0	26.7	26.1	25.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-9	-13	-14	-13	-19	-14	-15	-15	0	3	-12	
Reported PAT	**1,204**	**1,100**	**1,141**	**1,630**	**811**	**1,423**	**1,425**	**1,984**	**5,189**	**5,821**	**1,326**	
Adj PAT	**1,204**	**1,100**	**1,141**	**1,793**	**811**	**1,423**	**1,487**	**2,167**	**5,189**	**5,821**	**1,326**	**-39**
YoY Change (%)	0.5	-16.2	0.5	-1.3	-32.6	29.3	30.3	20.9	-5.2	12	10	
Margins (%)	8.7	8.0	8.2	10.7	6.0	9.1	9.4	11.2	8.9	9.1	8.7	

IPCA Labs

BSE SENSEX	S&P CNX
80.604	24,585

CMP: INR1,335

Conference Call Details



Date: 12th August 2025
Time: **3**:30 pm IST
Dial-in details:
Zoom Link

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	89.4	99.4	111.1
EBITDA	17.3	19.6	24.1
Adjusted PAT	9.1	11.2	13.8
EBIT Margin (%)	14.9	15.6	17.8
Cons. Adj EPS (INR)	36.0	44.1	54.2
EPS Gr. (%)	44.8	22.7	22.9
BV/Sh. (INR)	273.9	311.4	357.5
Ratios			
Net D-E	0.1	0.1	0.0
RoE (%)	13.7	15.1	16.2
RoCE (%)	13.2	13.2	14.9
Payout (%)	11.2	11.4	14.9
Valuation			
P/E (x)	38.5	31.4	24.6
EV/EBITDA (x)	20.9	18.3	14.6
Div. Yield (%)	0.3	0.4	0.6
FCF Yield (%)	1.2	1.2	3.0
EV/Sales (x)	4.0	3.6	3.2

Misses estimates; branded exports & Unichem drag profitability

- IPCA's sales grew 10.3% YoY to INR23b (our est: INR23.7b) in 1QFY26.
- Formulations sales grew 11% YoY to INR14b (62% of sales).
- Exports of formulation sales grew 13.7% YoY to INR4.4b (20% of total sales).
- Domestic formulation sales grew 10% YoY to INR9.6b (42% of total sales).
- Exports (generic formulation) grew 19% YoY to INR2.7b (60% of export sales).
- Exports (branded formulation) rose 9.6% YoY to INR1.2b (28% of export sales).
- Exports (institutional sales) were flat YoY at INR580m (12% of export sales).
- API sales grew 13% YoY to INR3.3b (14% of sales).
- Export API sales grew 28% YoY to INR2.5b (77% of API sales).
- Domestic API sales declined 18% YoY to INR760m (23% of API sales).
- Revenue from subsidiaries grew 7% YoY to INR5.6b (24% of sales).
- Gross margin (GM) expanded 80bp YoY to 70%, due to superior product mix/lower RM costs.
- However, EBITDA margin contracted 70bp YoY to 18% (our est: 20.7%), as higher GM was offset by higher opex (other expenses up 130bp YoY as % of sales).
- EBITDA grew 6% YoY to INR4.2b (our est: INR4.9b).
- PAT grew 21% YoY to INR2.3b (our estimate: INR2.8b).
- **Unichem financials:** Sales came in at INR5.3b, up 18% YoY. EBITDA margin at 4.3%, down 550bp YoY. Loss of INR105m in 1QFY26 vs PAT of INR93m YoY.
- Revenue/EBITDA/ PAT missed BBG estimates by 1%/10%/5% for 1QFY26.

Quarterly Performance (INRm)

Y/E March	FY25				FY26				FY25	FY26E	% Chg
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	
Net Revenues (Core)	20,926	23,549	22,454	22,467	23,089	26,452	25,466	23,784	89,396	23,720	-2.7
YoY Change (%)	31.8	15.8	9.4	10.5	10.3	12.3	13.4	5.9	16.0	13.4	
EBITDA	3,927	4,425	4,631	4,289	4,164	5,608	4,966	4,162	17,271	4,910	-15.2
YoY Change (%)	33.5	22.7	39.9	33.2	6.0	26.7	7.2	-2.9	32.1	25.0	
Margins (%)	18.8	18.8	20.6	19.1	18.0	21.2	19.5	17.5	19.3	20.7	
Depreciation	989	1,004	985	1,001	1,001	1,101	1,060	990	3,978	981	
EBIT	2,938	3,421	3,646	3,287	3,164	4,507	3,906	3,172	13,293	3,929	-19.5
YoY Change (%)	30.7	26.6	57.5	46.9	7.7	31.7	7.1	-3.5	39.9	33.7	
Margins (%)	14.0	14.5	16.2	14.6	13.7	17.0	15.3	13.3	14.9	16.6	
Interest	241	226	168	215	185	131	131	131	849	131	
Other Income	206	263	201	258	327	238	238	238	928	238	
PBT before EO Expense	2,904	3,458	3,679	3,331	3,305	4,613	4,012	3,278	13,372	4,035	
One-off (gain)/ Expense	0	0	0	2,051	0	0	0	0	2,051	0	
PBT after EO Expense	2,904	3,458	3,679	1,280	3,305	4,613	4,012	3,278	11,321	4,035	
Tax	914	994	906	622	961	1,393	1,220	1,001	3,436	1,211	
Rate (%)	31.5	28.7	24.6	48.6	29.1	30.2	30.4	30.5	25.7	30.0	
Reported PAT	1,990	2,464	2,773	658	2,344	3,220	2,792	2,278	7,885	2,825	-17.0
Minority Interest	-67	-160	-292	20	-12	16	19	20	-499	12	
Adj PAT after Minority Int	1,922	2,305	2,481	2,418	2,332	3,236	2,811	2,298	9,127	2,837	-17.8
YoY Change (%)	24.9	36.4	122.5	23.4	21.3	40.4	13.3	-5.0	44.8	47.6	
Margins (%)	9.2	9.8	11.1	10.8	10.1	12.2	11.0	9.7	10.2	12.0	

E: MOFSL Estimates. Quarter - Standalone; Full year - Consolidated

Consolidated - Quarterly Earning Model (INRm)

Y/E March	FY25				FY26				FY25	FY26E	FY25E	vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	8,611	9,566	9,434	9,312	10,308	9,880	10,059	10,600	36,923	40,846	9,643	7%
YoY Change (%)	11.4	13.3	12.8	15.2	19.7	3.3	6.6	13.8	12.7	10.6	12.0	
Total Expenditure	6,699	7,222	7,023	7,066	8,038	7,558	7,594	7,971	28,008	31,161	7,425	
EBITDA	1,912	2,344	2,412	2,247	2,270	2,322	2,464	2,629	8,915	9,685	2,218	2%
YoY Change (%)	3.7	7.3	8.9	17.6	18.7	-0.9	2.2	17.0	7.6	8.6	16.0	
Margins (%)	22.2	24.5	25.6	24.1	22.0	23.5	24.5	24.8	24.1	23.7	23.0	
Depreciation	515	555	519	493	451	528	538	567	2,082	2,083	524	
Interest	180	160	163	150	138	155	160	181	653	634	152	
Other Income	219	182	160	229	205	245	252	343	791	1,045	230	
PBT before EO expense	1,437	1,811	1,891	1,833	1,886	1,884	2,019	2,224	6,972	8,012	1,772	6%
Extra-Ord expense/(Income)	0	0	0	-499	196	0	0	0	-499	-196	0	
PBT	1,437	1,811	1,891	1,334	2,081	1,884	2,019	2,224	6,473	7,816	1,772	17%
Tax	374	503	462	321	492	437	474	520	1,659	1,923	416	
Rate (%)	26.0	27.8	24.4	24.0	23.6	23.2	23.5	23.4	25.6	24.6	23.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	1,063	1,308	1,429	1,014	1,590	1,447	1,544	1,704	4,813	5,892	1,355	17%
Adj PAT	1,063	1,308	1,429	1,393	1,440	1,447	1,544	1,704	5,193	6,040	1,355	6%
YoY Change (%)	4.2	4.5	15.6	9.4	35.6	10.6	8.1	22.3	8.6	16.3	27.6	
Margins (%)	12.3	13.7	15.1	15.0	14.0	14.6	15.4	16.1	14.1	14.8	14.1	

Bata India

BSE SENSEX	S&P CNX
80,604	24,585

Conference Call Details

Date: 14th Aug 2025
Time: 04:30PM IST

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	37.2	40.2	43.5
EBITDA	8.4	9.4	10.4
Adj. PAT	3.0	3.5	4.1
EBITDA Margin (%)	22.5	23.3	24.0
Adj. EPS (INR)	23.7	27.6	32.1
EPS Gr. (%)	22.1	16.5	16.5
BV/Sh. (INR)	134.4	148.2	164.2
Ratios			
Net D:E	0.3	0.2	0.1
RoE (%)	18.4	19.5	20.6
RoCE (%)	12.5	13.2	14.0
RoIC (%)	14.7	16.4	18.4
Valuations			
P/E (x)	50.1	43.0	36.9
EV/EBITDA (x)	19.0	16.8	14.9
EV/Sales (X)	4.3	3.9	3.6
Div. Yield (%)	1.0	1.2	1.2

CMP: INR1,186 — Neutral

Growth remains flat YoY, accounting change drives optical EBITDA growth (+7% YoY)

- Revenue remained flat YoY at INR9.4b (3% below our estimate).
- Gross profit declined 3% YoY to INR5b (8% miss) as gross margin **contracted 140bp YoY** to 53.5% (down 530bp QoQ), **~250bp below** our estimate in 1QFY26.
- Other expenses **declined 11% YoY, likely due to a change in royalty structure** for one of the brands (~INR155m boost in 4QFY25).
- As a result, EBITDA **grew 7% YoY** to INR2b (**2% below**) with EBITDA margin **expanding ~155bp YoY** to 21.1% (~20bp miss).
- However, **EBITDA on a like-for-like basis would likely be flat to a 1% decline YoY**, with EBITDA margin expected to be stable YoY.
- Depreciation and amortization expenses surged 22% YoY due to a change in royalty structure for one of the brands, and finance costs rose 13% YoY.
- As a result, reported **PAT declined 70% YoY** to INR520m (27% miss) due to weaker EBITDA, higher D&A, and finance costs.
- Bata continued with its VRS program, leading to a one-time exceptional cost of INR48m. Adjusted for the same, PAT at INR568m **declined 33% YoY (21% miss)**.

Management commentary:

- Consumption momentum remained sluggish during 1QFY26 and was also impacted by fluctuating weather patterns and geopolitical uncertainties. However, Bata continued to push ahead with its affordability initiatives across categories to drive volume-led growth.
- Premium brands such as Hush Puppies, Comfit, and Floatz showed resilience.
- Bata added 20 franchise stores in 1QFY26, with a focus on expansion into newer towns and semi-urban markets.
- Management is focused on maintaining a balance between managing near-term challenges and investing in long-term growth drivers. It remains optimistic about consumption recovery in 2HFY26, backed by Bata's strong market positioning and wide network, while remaining focused on cost efficiencies.

We would revise our estimates and FV after Bata's earnings call on 14th Aug'25.

Consol P&L (INR m)	1QFY25	4QFY25	1QFY26	YoY%	QoQ%	1QFY26E	v/s Est (%)
Total Revenue	**9,446**	**7,882**	**9,419**	**0**	**19**	**9,732**	**-3**
Raw Material cost	4,264	3,248	4,381	3	35	4,282	2
Gross Profit	**5,182**	**4,634**	**5,038**	**-3**	**9**	**5,450**	**-8**
Gross margin (%)	**54.9**	**58.8**	**53.5**	**-137.1**	**-530.7**	**56.0**	**-251.4**
Employee Costs	1,208	1,243	1,163	-4	-6	1,226	-5
SGA Expenses	2,124	1,613	1,887	-11	17	2,190	-14
EBITDA	**1,849**	**1,778**	**1,988**	**7**	**12**	**2,034**	**-2**
EBITDA margin (%)	**19.6**	**22.6**	**21.1**	**153.1**	**-145.4**	**20.9**	**20.9**
Depreciation and amortization	872	1,037	1,061	22	2	980	8
EBIT	977	741	927	-5	25	1,054	-12
EBIT margin (%)	10.3	9.4	9.8	-50.2	43.9	10.8	-98.3
Finance Costs	308	348	349	13	0	292	19
Other income	162	223	170	5	-24	197	-14
Exceptional item	-1,340	0	48			-1	NM
Profit before Tax	**2,171**	**617**	**701**	**-68**	**14**	**959**	**-27**
Tax	431	163	181	-58	11	242	-25
Tax rate (%)	19.8	26.4	25.8	30.0	-57.9	25.2	NM
Profit after Tax	**1,741**	**454**	**520**	**-70**	**14**	**717**	**-27**
Adj Profit after Tax	**849**	**454**	**568**	**-33**	**25**	**717**	**-21**

Cello World

BSE SENSEX	S&P CNX
80,604	24,585

CMP: INR569 Buy

Conference Call Details

Date: 13th Aug, 2025
Time: **9:00am** IST
Concall link:
Click here

Earnings below our estimate

- CELLO's consolidated revenue grew 6% YoY while it declined 10% QoQ to INR5.3b (in line).
- Gross margin improved 20bp YoY/210bp QoQ to 54%.
- EBITDA declined 16% YoY/19% QoQ to INR1.1b (est. INR1.2b). EBITDA margin dipped 520bp YoY/230bp QoQ to 20.6% (est. 22.9%).
- Adj. PAT declined 12% YoY /17% QoQ to INR730m (in line). Other income surged 2.9x YoY/33% QoQ to INR173m during the quarter.

Consolidated - Quarterly Earnings Model **(INRm)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Gross Sales	**5,007**	**4,901**	**5,568**	**5,888**	**5,290**	**5,566**	**6,408**	**6,978**	**21,364**	**24,241**	**5,413**	**-2%**
YoY Change (%)	6.1	0.2	5.7	14.9	5.7	13.6	15.1	18.5	6.8	13.5	8.1	
Total Expenditure	3,714	3,715	4,296	4,536	4,200	4,265	4,908	5,327	16,260	18,700	4,176	
EBITDA	**1,293**	**1,186**	**1,273**	**1,352**	**1,091**	**1,301**	**1,500**	**1,650**	**5,104**	**5,542**	**1,238**	**-12%**
Margins (%)	25.8	24.2	22.9	23.0	20.6	23.4	23.4	23.7	23.9	22.9	22.9	
Depreciation	141	148	151	180	186	200	250	277	620	914	190	
Interest	6	3	3	3	1	0	0	0	15	1	0	
Other Income	60	133	124	130	173	135	130	152	447	590	70	
PBT before EO expense	**1,206**	**1,168**	**1,243**	**1,299**	**1,076**	**1,236**	**1,380**	**1,526**	**4,916**	**5,217**	**1,118**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,206**	**1,168**	**1,243**	**1,299**	**1,076**	**1,236**	**1,380**	**1,526**	**4,916**	**5,217**	**1,118**	
Tax	311	300	318	338	269	310	346	388	1,267	1,312	280	
Rate (%)	25.8	25.7	25.6	26.0	25.0	25.1	25.1	25.4	25.8	25.2	25.1	
Minority Interest & Profit/Loss of Asso. Cos.	69	51	61	80	76	65	70	83	261	294	74	
Reported PAT	**826**	**816**	**864**	**882**	**730**	**861**	**964**	**1,055**	**3,388**	**3,610**	**764**	
Adj PAT	**826**	**816**	**864**	**882**	**730**	**861**	**964**	**1,055**	**3,388**	**3,610**	**764**	**-4%**
YoY Change (%)	6.6	2.1	1.8	-0.7	-11.6	5.5	11.6	19.6	2.3	6.6	-7.5	
Margins (%)	16.5	16.7	15.5	15.0	13.8	15.5	15.0	15.1	15.9	14.9	14.1	

Time Technoplast

BSE Sensex	S&P CNX
80,604	24,585

Conference Call Details

Date: 12 August 2025
Time: 16:00 IST
[Diamond pass link]
(Hosted by MOFSL)

CMP: INR465 **BUY**

Healthy in-line 1QFY26; 1:1 bonus issue

- Volume/revenue/EBITDA/PBT/PAT grew 14%/10%/12%/18%/20% YoY.
- EBITDA margin was healthy at 14.4%.
- Volume growth of 14% was led by 17% rise in overseas business, while India business grew 12%.
- Value-added products grew 15% YoY, while established products grew by 8%.
- CFO in 1Q was healthy at INR1.16b.
- Debt reduced by INR374m during 1Q.
- Capex stood at INR434m in 1Q.
- Announced 1:1 bonus issue.
- Continued to divest non-core assets (INR470m pending out of INR1.25b).

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q Est.	
Net Sales	12,301	13,705	13,877	14,687	13,527	15,398	16,260	17,383	54,571	62,457	13,415	1
YoY Change (%)	14.0	14.8	4.8	5.3	10.0	12.4	17.2	18.4	9.3	14.5	9.1	
Total Expenditure	10,556	11,743	11,871	12,551	11,578	13,143	13,864	14,804	46,721	53,318	11,507	
EBITDA	1,744	1,962	2,007	2,137	1,949	2,256	2,395	2,579	7,850	9,139	1,908	2
Margins (%)	14.2	14.3	14.5	14.5	14.4	14.6	14.7	14.8	14.4	14.6	14.2	
Depreciation	409	418	430	440	446	456	466	476	1,697	1,841	445	
Interest	242	228	225	220	218	208	198	188	915	781	210	
Other Income	7	9	16	21	9	14	25	30	53	100	20	
PBT before EO expense	1,100	1,326	1,368	1,497	1,293	1,605	1,756	1,945	5,290	6,616	1,273	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,100	1,326	1,368	1,497	1,293	1,605	1,756	1,945	5,290	6,616	1,273	2
Tax	295	328	344	379	328	409	448	496	1,346	1,687	325	
Rate (%)	26.8	24.7	25.2	25.3	25.4	25.5	25.5	25.5	25.4	25.5	25.5	
MI & Profit/(Loss) of Asso.	12	14	16	23	15	18	18	18	65	72	18	
Reported PAT	793	984	1,008	1,095	951	1,178	1,290	1,431	3,880	4,857	948	
Adj. PAT	793	984	1,008	1,095	951	1,178	1,290	1,431	3,880	4,857	930	2
YoY Change (%)	41.5	39.7	10.0	18.6	19.9	19.8	28.0	30.6	25.0	25.2	17.3	
Margins (%)	6.4	7.2	7.3	7.5	7.0	7.7	7.9	8.2	7.1	7.8	6.9	

Operating metrics

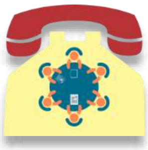
Y/E March	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	% YoY	% QoQ
Volume Growth (% YoY)							
India	16	16	10	9	12		
Overseas	15	18	15	15	17		
Total	16	17	11	11	14		
Revenue Mix (%)							
Established Products	75	72	71	75	74		
Value-Added Products	25	28	29	25	26		
Established Products							
Revenue (INR m)	9,258	9,807	9,865	10,937	10,031	8	(8)
EBITDA Margin (%)	13.1	12.8	12.9	13.3	13.2		
Value-Added Products							
Revenue (INR m)	3,049	3,908	4,028	3,771	3,505	15	(7)
EBITDA Margin (%)	17.7	18.3	18.6	18.5	18.0		

KNR Construction

BSE SENSEX	S&P CNX
80,604	24,585

CMP: INR210 **Neutral**

Conference Call Details



Date: 11th Aug 2025
Time: 11:30 AM IST
Dial-in details:
Link

Dismal performance

Earnings snapshot: 1QFY26

- During 1QFY26, KNR received certain one-time adjustments and arbitration claims. For a like-to-like comparison, we have adjusted these items in revenue, other income, other expenses and total taxes for 1QFY26 and have shown them as exceptional items. Details of adjustment are as follows:
- INR41.3m related to an arbitration claim included in revenue from operations; INR67.9m related to interest on such claim included in other income; INR2.6m in expenses related to such claims included in other expenses; and the resultant tax of INR2.7m included in current tax in the statement of standalone profit and loss.
- Revenue declined ~41% YoY to ~INR4.8b in 1QFY26 (34% below our estimate).
- EBITDA margin decreased 370bp YoY to 12.9% (vs. our estimate of 13.9%).
- EBITDA declined ~55% YoY to INR617m (vs. our estimate of INR1b).
- In line with weak operating performance, APAT decreased 46% YoY to INR433m (39% below our estimate of INR710m).
- The current order book stands at ~INR50b.

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	32.3	30.3	36.1
EBITDA	5.1	4.2	5.4
Adj. PAT	3.9	3.0	4.0
EBITDA Margin (%)	15.7	14.0	15.0
Adj. EPS (INR)	13.9	10.8	14.2
EPS Gr. (%)	-9.0	-21.9	30.9
BV/Sh. (INR)	140.3	150.6	164.3
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	10.4	7.4	9.0
RoCE (%)	12.2	7.7	9.2
Payout (%)	2.5	4.6	3.5
Valuations			
P/E (x)	15.0	19.4	14.8
P/BV (x)	1.5	1.4	1.3
EV/EBITDA(x)	11.3	13.6	10.7
Div. Yield (%)	0.1	0.2	0.2
FCF Yield (%)	-4.8	3.6	3.3

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

Y/E March	FY25				FY26	FY25	FY26E	MOFSL	Var (%)
	1Q	2Q	3Q	4Q	1Q			1QE	
Net Sales	**8,193**	**8,561**	**7,079**	**8,512**	**4,792**	**32,344**	**30,311**	**7,275**	**-34**
YoY Change (%)	-11.9	-9.1	-21.8	-27.8	-41.5	-18.2	-6.3	-11.2	
EBITDA	**1,356**	**1,380**	**1,173**	**1,175**	**617**	**5,084**	**2,395**	**1,011**	**-39**
Margins (%)	16.6	16.1	16.6	13.8	12.9	15.7	7.9	13.9	
Depreciation	225	226	229	223	150	903	968	240	
Interest	41	20	31	38	34	129	115	28	
Other Income	51	575	130	185	150	941	909	205	
PBT before EO expense	**1,141**	**1,709**	**1,044**	**1,099**	**583**	**4,993**	**2,221**	**948**	
Extra-Ord expense	531	1,867	919	0	80	3,317	80	0	
Tax	334	344	253	348	150	1,279	1,055	239	
Rate (%)	29.2	20.1	24.3	31.6	25.7	25.6	47.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	
Reported PAT	**1,339**	**3,344**	**1,822**	**752**	**513**	**7,257**	**1,246**	**710**	
Adj PAT	**807**	**1,477**	**903**	**752**	**433**	**3,939**	**1,166**	**710**	**-39**
YoY Change (%)	-26.8	47.9	5.6	-43.4	-46.4	-8.1	-70.4	-12.1	
Margins (%)	9.9	17.3	12.8	8.8	9.0	12.2	3.8	9.8	

Poly Medicure: Export guidance has been revised from the earlier 15–18% range to 5–10%; Himanshu Baid, MD

- Revenue up ~5% YoY with margin pressure; FY26 growth guidance lowered to 16% on export slowdown, though domestic business is seen growing 30%.
- Export growth forecast cut to 5–10% due to lost momentum in Europe; US tariffs (50%) a future risk, though current US share is only ~2.5%.
- Plans to install 500–600 dialysis machines in FY26 and 700–800 in FY27, targeting 12–15% market share.
- Cardiology segment to grow 100%+ in FY26, aided by new products and import substitution in India.

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PG Electroplast: Promoters fully committed to the business, no scope of buyback at the moment; Vikas Gupta, MD

- AC sales collapse post-May and high channel inventory forced a sharp revenue guidance cut.
- Shareholding fell from ~65% to 43% in a quarter, due to earlier QIP/block deals, not loss of confidence.
- Rs310 crore net profit guidance maintained; inventory to normalize by Oct–Nov.
- No buyback planned; capacity expansion and diversification on track despite weak summer.

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JK Tyre: US Is 3% Of topline, looking to divert to non-American countries; Anshuman Singhania, MD

- 11% domestic rise plus strong traction in Europe, ME, LatAm, and Brazil; minimal US exposure (~3%).
- FY26 EBITDA margin guided at 12.5–13% as raw material costs stabilize; Q1 margins dipped to ~10.4–10.9%.
- Rs1,400 cr capex to raise capacity from 29m to 30.5m units; utilization already at ~89%.
- Focus on higher-end passenger car and truck tyres to drive double-digit FY26 revenue growth.

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TVS Supply Chain Q1: Sees one-time profit boost; restructures UK, EU business ; Ravi Viswanathan, MD

- One-time gain at Rs177cr, rejig costs of Rs91.3cr; UK, EU Rejig to drive step-change in operating leverage
- See long-term margins by redefining cost baseline; confident of improvement
- North America business steady, RoW & global business might be impacted due to tariff
- Seeing pricing pressure in freight business

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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