Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,858	0.3	4.8
Nifty-50	25,051	0.3	5.9
Nifty-M 100	57,931	0.5	1.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,396	-0.24	8.7
Nasdaq	21,173	-0.67	9.6
FTSE 100	9,288	1.1	13.6
DAX	24,277	-0.6	21.9
Hang Seng	9,013	0.1	23.6
Nikkei 225	42,889	-1.5	7.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	68	0.6	-8.6
Gold ($/OZ)	3,348	1.0	27.6
Cu (US$/MT)	9,630	0.4	11.3
Almn (US$/MT)	2,574	0.6	1.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	87.1	0.1	1.7
USD/EUR	1.2	0.0	12.5
USD/JPY	147.3	-0.2	-6.3
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.5	-0.02	-0.3
10 Yrs AAA Corp	7.3	-0.02	0.0
Flows (USD b)	**20-Aug**	**MTD**	**CYTD**
FIIs	-0.1	-1.84	-12.7
DIIs	0.21	7.51	55.8
Volumes (INRb)	**20-Aug**	**MTD***	**YTD***
Cash	1,031	998	1067
F&O	1,94,401	2,09,240	2,13,390

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

HDB Financial Services | Initiating Coverage: Granular Strategy, Scalable Execution

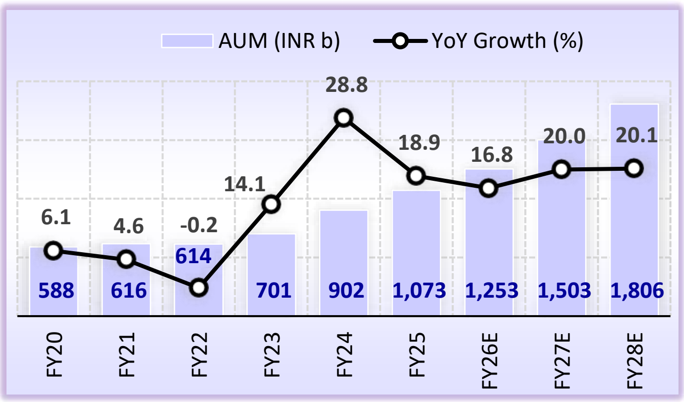
- HDB Financial (HDB) is a diversified, retail-focused NBFC in India with an AUM of ~INR1.1t as of Jun'25. The company delivered a ~20% AUM CAGR over FY22-FY25 and has a wide nationwide footprint. HDB has built one of India's most granular and credit-disciplined lending franchises, rooted in a bottom-up approach that combines product breadth, geographic depth, and robust risk management.
- With a strategic focus on underserved segments and execution precision honed over multiple credit cycles, HDB is now entering a phase of scalable, profitable growth.
- We project HDB to deliver a PAT CAGR of ~26% over FY25-FY28 and an RoA/RoE of 2.6%/16.5% by FY28, supported by a gradual decline in credit costs and improvement in operating leverage. Initiate coverage on HDB with a Neutral rating and a TP of INR860 (premised on 2.7x Sep'27E P/BV).

Research covered

Cos/Sector	Key Highlights
HDB Financial Services | Initiating Coverage	Granular Strategy, Scalable Execution
India Strategy: 1QFY26 Nifty-500 review	Earnings growth gathers pace
JSW Infra	Ports and logistics business expansion plans to fuel sustainable growth ahead
Plastic Pipes	PVC pipes sector set for rebound as key triggers align

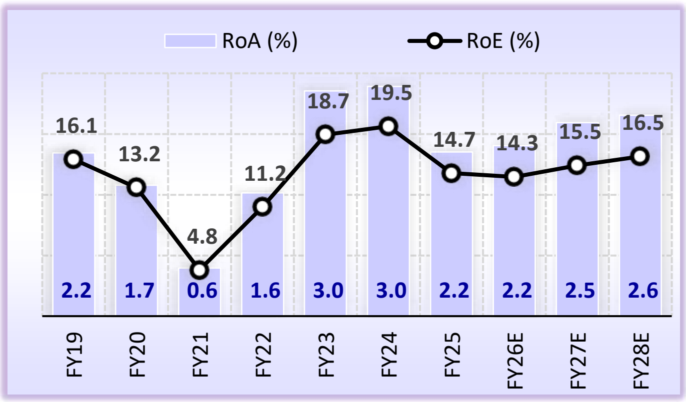
Chart of the Day: HDB Financial Services (Granular Strategy, Scalable Execution)

AUM CAGR of ~19% over FY25-28E



Source: MOFSL, Company

RoA/RoE of 2.6%/16.5% in FY28E



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Jupiter Wagons subsidiary gets ₹215 crore order to supply 5,376 wheelsets for Vande Bharat

Jupiter Wagons Limited said its material unlisted subsidiary, Jupiter Tatravagonka Railwheel Factory Private Limited, has received a Letter of Intent (LOI) for the supply of wheelsets for the Vande Bharat train.

2

Nazara Tech earnings unaffected, but PokerBaazi faces gaming bill risk: CEO Nitish Mittersain

Nazara Technologies' joint MD & CEO Nitish Mittersain said the company's earnings will not be affected by the proposed online gaming bill, even though its ₹800 crore-plus investment in PokerBaazi could be at risk.

3

Landmark Group to invest Rs 400 cr in Gurugram luxury housing project

NCR-based Landmark Group on Wednesday announced an investment of Rs 400 crore in the second phase of its luxury residential project, Landmark SKYVUE, in Sector 103, Gurugram, along the Dwarka Expressway.

4

Infosys gives 80% bonus to majority of employees for first quarter

Infosys has handed out a generous 80 per cent of the performance pay to most of its employees for the first quarter of the financial year 2025-26 following stronger-than-expected growth during the period, according to an internal memo.

5

Vedanta demerger faces delay as Centre objects, Sebi issues warning

Vedanta Ltd's ambitious plan to split into six listed entities has run into further delays after the National Company Law Tribunal (NCLT) on Wednesday adjourned its hearing to next month, even as market regulator Securities and Exchange Board of India (Sebi) issued a separate warning to the company over compliance lapses. The NCLT in Mumbai postponed the matter to September 17 after the Ministry of Petroleum and Natural Gas (MoPNG) objected to the restructuring.

6

Adani Group units secure $275 million offshore loans from global banks

Two units of Adani Group raised a total of about $275 million through two foreign currency loans as the Indian conglomerate continues to ramp up its borrowing, according to people familiar with the matter.

7

Welspun One to invest ₹2,150 cr for warehouses across Karnataka, Tamil Nadu

Welspun One Logistics Parks (WOLP), an asset developer and fund manager focused on warehousing and industrial real estate, has committed an investment of ₹2,150 crore across its 260 acres of land bank in Karnataka and Tamil Nadu.

HDB Financial Services

BSE Sensex	S&P CNX
81,858	25,051

CMP: INR788 **TP: INR860 (+9%)** **Neutral**

Granular Strategy, Scalable Execution

An execution-led franchise with embedded levers for secular growth

- HDB Financial Services (HDB) is the seventh-largest diversified, retail-focused NBFC in India with an AUM of ~INR1.1t as of Jun'25. The company delivered a ~20% AUM CAGR over FY22-FY25 and has a wide nationwide footprint, operating more than 1,770 branches across 31 Indian States.
- HDB has developed its growth strategy around India's vast and underserved middle-income segment, which encompasses salaried individuals, self-employed professionals, and small business owners. This focused approach has driven steady expansion of its franchise while minimizing concentration risk.
- HDB is well positioned to benefit from a declining interest rate cycle, with ~77% of its loan book on fixed rates, while ~33% of its borrowings on floating rates will benefit from the decline in the policy repo rate. Coupled with its AAA credit rating, the company is already experiencing benefits on its incremental cost of funds (CoF), which will pave the way for a NIM expansion in FY26.
- Opex ratios have remained elevated over the past few years due to substantial investments in expanding the physical infrastructure. However, with the distribution footprint now largely in place and volumes expected to improve, we anticipate a steady improvement in its cost ratios. We expect its cost-to-income ratio to dip ~330bp and opex/assets to improve ~20bp over FY25-FY28.
- HDB's lending strategy is underpinned by a focus on maintaining strong asset quality, supported by data-driven underwriting, rigorous portfolio monitoring, and effective recovery processes. Over the last year, asset quality came under some pressure, leading to higher credit costs, largely due to macroeconomic challenges and stress in select segments such as CV and unsecured business loans. Encouragingly, HDB is already experiencing early signs of stabilization in these segments, and we anticipate an improvement in asset quality from the second half of this year.
- HDB has built one of India's most granular and credit-disciplined lending franchises, rooted in a bottom-up approach that combines product breadth, geographic depth, and robust risk management. With a strategic focus on underserved segments across Tier 2 and beyond, a direct sourcing-led origination engine, and execution precision honed over multiple credit cycles, HDB is now entering a phase of scalable, profitable growth. Backed by HDFC Bank's institutional ethos and a seasoned management team, the company is positioned to deliver 19% AUM CAGR (over FY25-28E) with expanding RoAs (from 2.2% in FY25 to 2.6% by FY28) — without compromising on asset quality or governance.
- With the benefits of scale now beginning to kick in, we project HDB to deliver a PAT CAGR of ~26% over FY25-FY28 and an **RoA/RoE of 2.6%/16.5% by FY28**, supported by a gradual decline in credit costs and higher operating leverage. **We initiate coverage on HDB with a Neutral rating and a TP of INR860 (premised on 2.7x Sep'27E P/BV).** With valuations largely factoring in medium-term growth potential, we would look for clearer evidence of stronger execution on loan growth, ability to better navigate industry/product cycles, and structural (not just cyclical) improvement in its return ratios.

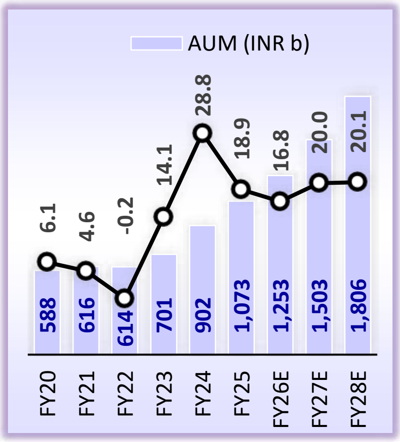
Stock Info

Bloomberg	HDBFS IN
Equity Shares (m)	830
M.Cap.(INRb)/(USDb)	653.9 / 7.5
52-Week Range (INR)	892 / 732
1, 6, 12 Rel. Per (%)	-2/-/-
12M Avg Val (INR M)	5524
Free float (%)	25.8

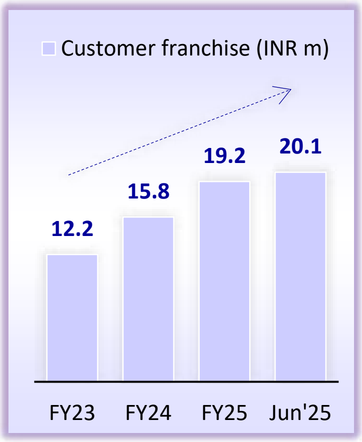
Financial Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	74.5	89.0	106.0
PPP	49.7	60.9	74.2
PAT	21.8	26.4	35.3
EPS (INR)	27.3	31.8	42.5
EPS Gr. (%)	-11.9	16	34
BV/Sh. (INR)	199	253	295
Ratios (%)			
NIM	7.8	8.0	8.0
C/I ratio	42.8	41.4	40.0
RoA	2.2	2.2	2.5
RoE	14.7	14.3	15.5
Valuation			
P/E (x)	28.8	24.8	18.5
P/BV (x)	4.0	3.1	2.7
Div. Yield (%)	0.4	0.5	0.6

AUM CAGR of ~19% over FY25-28E



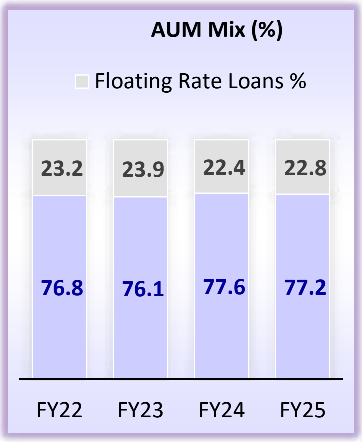
Customer franchise stood at 20.1m as of Jun'25



Granular origination at scale

- HDB employs a diversified omni-channel sourcing model. Direct sourcing contributed ~82% of its FY25 disbursements. This phygital (physical + digital) approach integrates in-house distribution teams, external partners, and strong digital capabilities to efficiently target customers. Over 70% of HDB's branches are located in tier-4 and even smaller towns, enabling a strong rural presence across 'Bharat' and reaching underbanked and unbanked segments. This is complemented by a strong in-house tele-calling team, which serves as the primary distribution channel for products like personal loans and consumer durables, leveraging analytics to identify eligible borrowers.
- HDB also partners with a vast external ecosystem, including auto OEMs, consumer durables and digital brands, vehicle and equipment dealers, point-of-sale outlets, lifestyle goods vendors, and Direct Selling Agents (DSAs), to broaden its reach and product distribution. The company is well-positioned to deliver a ~19% AUM CAGR over FY25-28E.

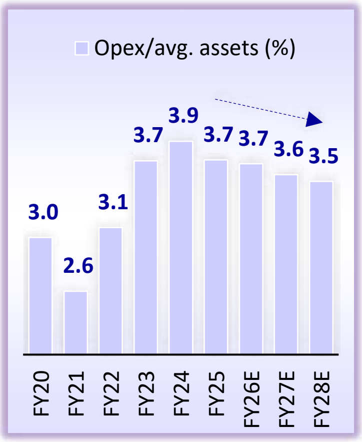
Fixed-rate loans constitute ~77% of total loans



NIM tailwinds in a softening rate cycle

- HDB's yield profile remains well-supported by its diversified product mix, with higher-yielding segments such as unsecured enterprise loans and select retail products balancing the lower-yield secured portfolio. On the asset side, ~77% of the loan book is on fixed rates, which will prevent any downward pressure on the back-book yields. Continued focus on direct origination and operations in underserved markets will enable better pricing power, sustaining healthy blended yields.
- About 33% of HDB's liabilities are on floating rates, within which ~90-95% of its bank borrowings are linked to EBLR and have been repriced already in line with market/external benchmarks. The company benefits from HDFC Bank's strong parentage and AAA credit rating. With the interest rate cycle having already turned favorable with the recent repo rate cuts, funding costs are expected to decline, creating tailwinds for margin expansion. We expect HDB to expand its NIM to 8.0% over FY26–28E (compared to ~7.8% in FY25).

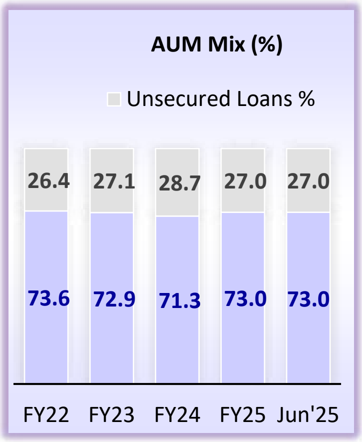
Opex/avg. assets to decline by ~20bp by FY28



Operating efficiencies to drive improvement in cost ratios

- HDB's current productivity and efficiency metrics trail peers, reflecting the deliberate scale-up of its branch network and employee base in recent years. With the distribution platform now largely built out and business volumes poised for healthy growth, the company stands to benefit from meaningful operating leverage, driving sustained improvements in cost efficiency.
- HDB's scale benefits, digital origination, and centralized processing are expected to deliver sustained operating leverage over the medium term. The cost-to-income ratio, which stood at ~43% in FY25, is projected to improve by ~330bp to ~40%, and opex/avg. assets would improve ~20bp, reaching 3.5% by FY28. This will be driven by productivity gains, process automation, and better operating spread across an expanding branch network. These efficiency gains will provide a structural boost to profitability.

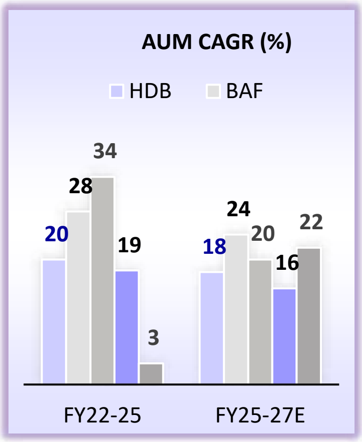
Secured loans form ~73% of total loan mix



Near-term headwinds, but asset quality anchored to prudent underwriting

- HDB has built a risk-calibrated and diversified loan portfolio, balancing growth with prudent underwriting. While the company primarily serves the low- and middle-income segments, which inherently carry higher risk, it has maintained a conservative approach in customer selection. As of FY25, NTC customers constituted only ~12% of the overall customer base, with the majority being customers with a credit track record, helping to anchor portfolio quality. ~73% of the portfolio comprises secured loans backed by underlying collateral.
- The company employs a dual-track underwriting model: small-ticket, short-tenure loans are evaluated through a centralized automated engine, while large-ticket loans are appraised on the ground by local credit managers. This approach blends physical assessments with data-driven analytics to deliver a thorough and balanced credit evaluation. The company has a sizable in-house collection infrastructure deployed across branch, regional, and national levels.
- We expect headline GS3 to remain broadly range-bound at the current levels of 2.5-2.6% over FY26-FY27, with credit costs gradually moderating to ~1.9% by FY28E from 2.2% in FY25.

HDB to post ~18% AUM CAGR over FY25-27E



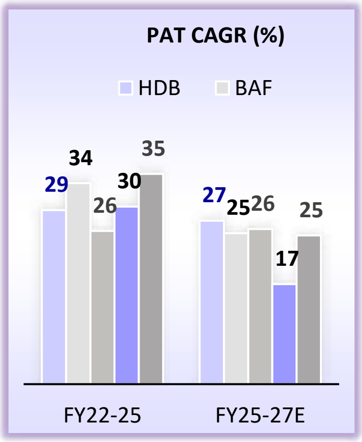
Expect ~19% AUM CAGR to translate into a PAT CAGR of 26% over FY25-28

- HDB delivered an AUM and PAT CAGR of 20% and 29%, respectively, over FY22-FY25. However, FY25 was a tough year for HDB, with macro and industry weakness translating into weakness in AUM growth and profitability
- HDB will grow faster than system credit, with an expected AUM CAGR of ~19%, a PAT CAGR of ~26% over FY25-FY28, and an RoA/RoE of 2.6%/16.5% in FY28.

Valuation and View: Strong franchise, but positives priced in

- HDB offers a play on India's high-growth, underpenetrated retail lending market. With an AUM of ~INR1.1t and ~20m customers, the company has built a granular, largely secured loan portfolio (~73% secured) and demonstrated credit discipline. With strong governance, in-house collections, and a differentiated sourcing model, HDB has the foundations for sustainable value creation.
- At 2.7x FY27E P/BV, HDB offers exposure to a retail-heavy NBFC with a long runway for growth. As operating leverage kicks in and the cut in policy repo rates brings down the borrowing costs, we expect margin expansion and a gradual RoE improvement. **We initiate coverage on the stock with a Neutral rating and a TP of INR860 (premised on 2.7x Sep'27E P/BV).** With valuations largely factoring in medium-term growth potential, we would look for clearer evidence of stronger execution on loan growth, ability to better navigate industry/product cycles, and structural (not just cyclical) improvement in return ratios.
- **Key risks:** 1) HDB's focus on low- to middle-income and self-employed segments exposes it to higher credit sensitivity during economic slowdowns, despite its secured portfolio mix; 2) execution risk remains in translating scale into sustained profitability, as operating efficiency metrics currently lag peers; 3) rising competition in semi-urban and rural lending, potential yield compression, and any dilution of parent linkage benefits (e.g., in raising liabilities) could also impact margins; and 4) the RBI's draft circular issued in Oct'24 may require HDFC Bank to reduce its stake in HDB to ~20%, potentially altering the ownership structure.

HDB to post the highest PAT CAGR over FY25-27



1QFY26 Nifty-500 review: Earnings growth gathers pace

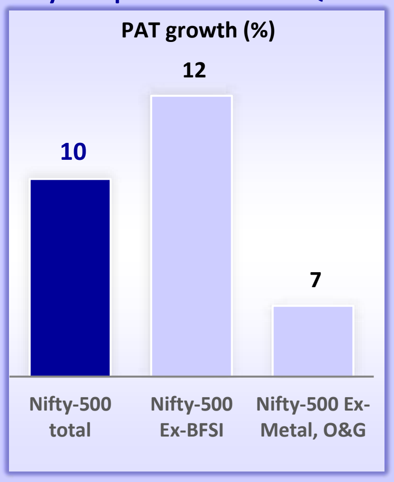
Growth led by OMCs and NBFCs; midcaps continue to outperform

- Nifty-500 companies delivered a healthy performance in 1QFY26 despite signifi4cant geopolitical headwinds and weak consumption trends, improving from a muted quarterly performance during FY25.
- Aggregate sales/EBITDA/adj. PAT of Nifty-500 companies grew 5%/11%/10% YoY to INR34.7t/INR7.6t/INR4.0t in 1QFY26.
- 1Q earnings were primarily driven by broad-based growth, with significant contributions from key sectors such as O&G (+32% YoY), Metals (+9% YoY), NBFCs (+16% YoY), Capital Goods (+15%), Cement (+46% YoY), Telecom (loss to profit), Retail (+24% YoY), and Real Estate (+16% YoY).
- Chemicals (+27% YoY) and Media (+17% YoY) recorded strong growth on a weak base. Meanwhile, PSBs (+5% YoY), Consumer (+4% YoY), Healthcare (+6% YoY), Technology (+7% YoY) and Consumer Durable (+10% YoY) witnessed muted earnings growth. In contrast, Pvt. Banks (-1% YoY), Automobile (-1% YoY) and Infra (-4% YoY) dragged down overall earnings growth.
- Excl. BFSI, Nifty-500 reported aggregate earnings growth of 12% YoY. Excl. Metals and O&G, aggregate earnings growth was 7% YoY.
- EBITDA margin of Nifty-500 (excl. BFSI) came in at 17.1% (up 70bp YoY/40bp QoQ). Excl. commodities (i.e., Metals and O&G), EBITDA margin stood at 19.5% (down 30bp YoY/10bp QoQ). Ten sectors (excl. Financials) reported EBITDA margin expansion during the quarter.
- **Midcaps continued to outperform:** The 1Q earnings performance of Nifty-500 was led by midcap companies. Aggregate earnings of the Nifty Midcap-150 grew 17% YoY, outperforming largecaps and smallcaps for the fourth consecutive quarter. In comparison, earnings growth for the Nifty-100 and Nifty Smallcap-250 stood at 8% and 6% YoY, respectively.
- **Sectors and companies:** Of the 21 key sectors, 16 reported profit growth in 1Q. Heavyweights dominated during the quarter, with the top 10 companies, primarily from O&G, Metals, and Financials, contributing around 71% to the incremental YoY earnings growth. About 212 Nifty-500 companies reported earnings growth of over 15% YoY, while 183 companies reported a decline/loss during the quarter.

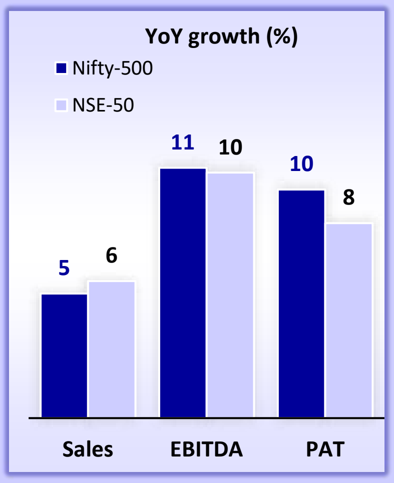
Key sectoral highlights for 1QFY26

- **Oil and Gas:** The sector contributed significantly during the quarter, with EBITDA/PAT growth of 18%/32% YoY, mainly led by OMCs (+151% YoY PAT growth). Excl. OMCs, EBITDA/PAT declined 16%/32% YoY.
- **Metals:** The sector contributed positively to the quarter's earnings, with PAT growth of 9% YoY over a soft base of 1QFY25. Growth was also boosted by a strong performance of Ferrous companies, driven by a healthy operating performance, healthy NSR and muted costs.

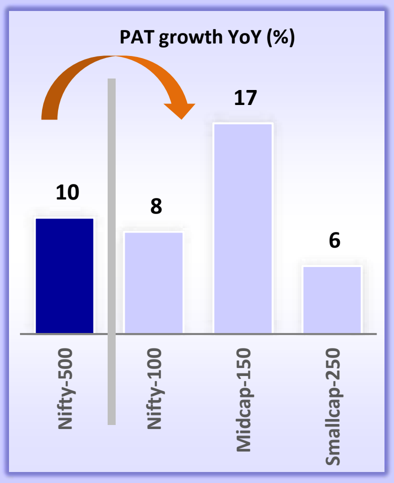
Nifty-500 performance in 1QFY26



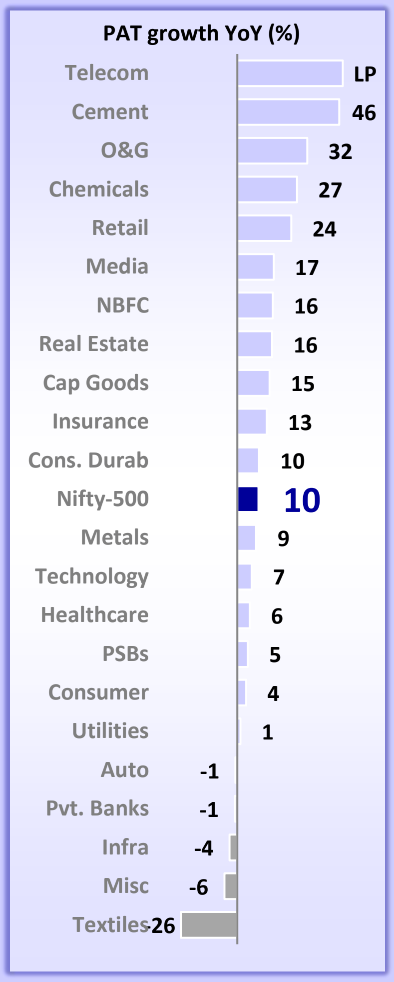
Nifty-500 vs. Nifty-50 earnings performance in 1QFY26



Midcaps outperform in 1QFY26 (%)

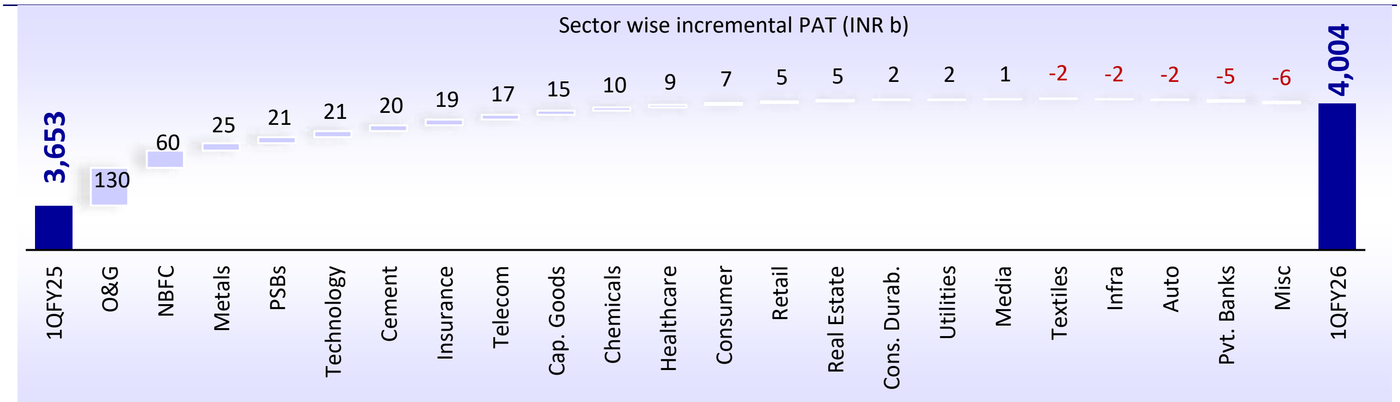


Nifty-500 sectoral earnings growth in 1QFY26



- Within **BFSI** (reported 7% YoY earnings growth), the banking sector posted a muted 1Q performance (PAT growth 2% YoY), with business momentum moderating. NIMs contracted for both private and public banks, with private lenders seeing a sharper decline due to higher exposure to repo-linked loans and interest reversals from elevated slippages. Public banks also witnessed margin compression, driven by their quicker loan repricing cycle. Contrarily, NBFCs posted healthy earnings growth of 16% YoY, driving the overall earnings growth in 1Q.
- **Telecom** sector reported a profit of INR12b in 1QFY26 compared to a loss of INR5b in 1QFY25, primarily driven by Bharti Airtel. However, other peers posted muted growth or a decline in earnings for the quarter.
- **Cement** sector reported its first quarter of strong earnings growth after four consecutive quarters of declines, with earnings rising 46% YoY in 1QFY26. Reported sales and EBITDA grew 14% and 39% YoY, respectively.
- **Capital Goods** companies reported a healthy quarter, with sales/EBITDA/PAT growth of 15%/16%/15% YoY, led by healthy order momentum and execution.
- **Healthcare** sector reported a muted quarter with only 6% YoY earnings growth. While sales growth was stable for the domestic formulation (DF) segment, US sales performance was muted, dragging down the overall quarterly performance at the aggregate level. Hospital companies within Nifty-500 reported robust earnings growth of 30% YoY.
- **Technology:** IT services companies reported a challenging quarter, with PAT growth of 7% YoY. Tier-1 companies remained weak due to lower-than-expected growth and subdued demand. The backdrop remains challenging, as GenAI-led productivity gains, weak macros, and client caution weighed on performance.
- **Automobile** sector reported a weak quarter, with aggregate earnings down 1% YoY. While M&M, Hero MotoCorp and Bajaj Auto led the earnings, TTMT dragged down the quarter's earnings. Excl. TTMT, the sector's sales/EBITDA/PAT (excl. TTMT) grew 9%/2%/8% YoY.
- **Consumer** sector reported a sequentially stable quarter, with volume growth across most companies limited to low- to mid-single digits. Rural demand continues to outpace urban demand, though encouraging trends are also emerging in urban markets. Nifty-500 companies reported sales/EBITDA/PAT growth of 9%/2%/4% YoY in 1QFY26.
- **Utilities** sector reported a muted quarter with nearly flat earnings (+1% YoY), led by NTPC but dragged down by Adani Power. Sales/EBITDA were flat/down 3% YoY for the sector during the quarter.

Incremental profit contributors in Nifty-500 (1QFY26): O&G, NBFCs and Metals led the earnings



JSW Infrastructure

BSE SENSEX	S&P CNX
81,858	25,051

Stock Info

Bloomberg	JSWINFRA IN
Equity Shares (m)	2100
M.Cap.(INRb)/(USDb)	647.4 / 7.4
52-Week Range (INR)	355 / 218
1, 6, 12 Rel. Per (%)	0/20/-3
12M Avg Val (INR M)	783
Free float (%)	16.4

Financials Snapshot (INR b)

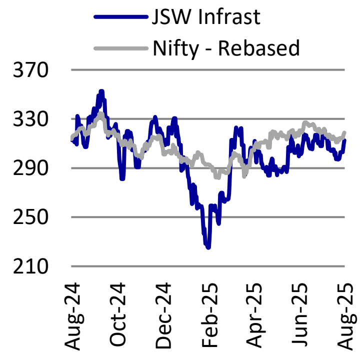
Y/E March	2025	2026E	2027E
Net Sales	44.8	54.1	66.5
EBITDA	22.6	27.0	34.4
Adj. PAT	14.5	16.8	20.0
EBITDA Margin (%)	50.5	50.0	51.8
Adj. EPS (INR)	7.0	7.9	9.4
EPS Gr. (%)	20.5	13.2	19.3
BV/Sh. (INR)	46.8	52.8	61.2
Ratios			
Net D/E (x)	0.2	0.2	0.2
RoE (%)	16.3	16.1	16.5
RoCE (%)	12.7	12.7	13.2
Payout (%)	11.5	12.7	10.6
Valuations			
P/E (x)	44.7	39.3	32.9
P/BV (x)	6.7	5.9	5.1
EV/EBITDA (x)	29.4	25.3	19.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.4	10.2	17.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	83.6	85.6	85.6
DII	2.8	2.7	2.7
FII	7.6	6.0	5.9
Others	6.0	5.7	5.8

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR308 TP: INR380 (+23%) Buy

Ports and logistics business expansion plans to fuel sustainable growth ahead

- JSWINFRA's strategy of augmenting capacity, modernizing infrastructure, and pursuing selective acquisitions is well aligned with India's long-term port sector growth ambitions, as the government targets a fourfold expansion of capacity to 10,000MTPA by FY47 from the current ~2,700MTPA. Its ability to leverage group cargo while steadily growing third-party volumes (52% in 1Q FY26) underlines its position in India's port and logistics ecosystem.
- The company has reiterated that expanding port capacity remains a core priority, with plans to scale from 177MTPA today to 400MTPA by FY30.
- Alongside ports, JSWINFRA is pursuing an aggressive logistics infrastructure build-out under JSW Ports Logistics, supported by an investment plan of INR90b through FY30. This expansion is expected to deliver revenue of INR80b and EBITDA of INR20b at scale.
- FY26 capex outlay of INR55b (INR40b towards ports and INR15b towards logistics) is more than double of FY25 levels of INR24.4b. These investments are expected to support at least 10% growth in port volumes and a 50% jump in logistics revenues during FY26.
- With a balanced presence on both east and west coasts and growing inland connectivity investments, JSWINFRA is well positioned to capitalize on India's structural push for multimodal integration, logistics efficiency, and port-led industrial development, making it a preferred partner for both anchor customers and third-party cargo owners.
- By consciously reducing dependence on captive JSW Group cargo and expanding into containerized, liquid, and other diversified categories, the company is mitigating concentration risks while opening new revenue pools. We expect JSWINFRA to strengthen its market dominance, leading to a 13% volume CAGR over FY25-27E. This should drive a 22% CAGR in revenue and a 23% CAGR in EBITDA over the same period. **We reiterate our BUY rating with a TP of INR380 (premised on 23x FY27 EV/EBITDA).**

Executing capacity expansion while deepening third-party cargo share

- JSWINFRA continues to deliver resilient performance, supported by a diversified cargo mix, rising third-party share (52% in 1Q FY26 v/s 25% in Mar'22), and steady execution of new assets. The business has successfully transitioned from being largely captive to a more balanced model, with external customers now accounting for more than half of volumes.
- Despite a softer start in 1QFY26, management remains confident of achieving double-digit cargo growth for the full year, aided by capacity additions and stronger activity in the second half.
- Further, JSWINFRA is strategically positioned to capitalize on India's growing port infrastructure needs, with a goal to expand its port capacity to 400MTPA by FY30 from 177MTPA as of Jun'25. Recent expansions at JNPA, Tuticorin, Mangalore, and PNP ports have already increased its capacity from 170 MTPA in Dec'24 to 177MTPA in Jun'25.

- The Indian government's Maritime India Vision 2030 and long-term goal to quadruple port capacity to 10,000MTPA by 2047 create a favorable environment. JSWINFRA, as a leading private player, is well-positioned to capture a significant share of this growth through expansions and new projects.

Capacity expansion – disciplined execution with long-term vision

- JSWINFRA has one of the most robust capacity addition pipeline in the sector, spanning both brownfield upgrades and greenfield projects. Near-term efforts are concentrated on operationalizing recently won concessions such as Tuticorin and JNPA, alongside significant upgrades at Dharamtar, Jaigarh, Goa, and Mangalore. These projects not only add scale but also broaden the cargo portfolio beyond bulk commodities.
- On the greenfield side, strategic developments like Keni Port in Karnataka, Jatadhar Port in Odisha, and the Odisha slurry pipeline represent transformative infrastructure plays that can unlock new hinterland connectivity and long-term growth corridors. Execution has been consistently on track, supported by proven project management capabilities and access to group synergies

Robust logistics business expansion

- JSWINFRA's INR90b capex plan by FY30 for JSW Ports Logistics aims to generate INR80b in revenue and INR20b in EBITDA, with a targeted 25% EBITDA margin.
- The planned INR1.7b investment in Navkar Corporation in FY26 aims to revitalize its operations and increase EBITDA to INR1b from INR410m in FY25. This focus on unlocking untapped potential strengthens JSWINFRA's logistics portfolio.
- The allocation of INR6b in FY26 for rakes and Vertical Cargo Terminals (VCTs) will enhance logistics throughput and terminal efficiency. Additionally, exploring acquisition opportunities within the INR15b logistics capex budget signals proactive growth in this segment.

Valuation and view

- Management reiterated its FY26 cargo volume growth guidance of 10%, expecting stronger traction in 2HFY26. Long-term vision includes expanding port capacity to 400MTPA by FY30 and building a logistics platform delivering INR80b in revenue and a 25% EBITDA margin. Backed by aggressive yet disciplined capex, customer diversification, and multimodal infrastructure expansion, JSWINFRA remains well-positioned for structural growth across India's maritime and logistics value chain.
- We expect JSWINFRA to strengthen its market dominance, leading to a 13% volume CAGR over FY25-27. This, along with a sharp rise in logistics revenues, is expected to drive a 22% CAGR in revenue and a 23% CAGR in EBITDA over the same period. **We reiterate our BUY rating on the stock with a TP of INR380 (based on 23x FY27 EV/EBITDA).**

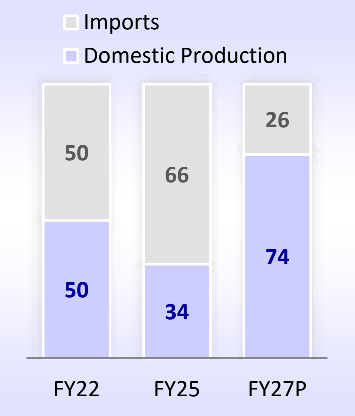
Plastic Pipes

Sector Basket

ASTRA*
SI*
PRINCPIP*
FNXP
APOLP

*Coverage Companies

PVC Domestic – Import Mix (%)



Source: Industry, MOSFSL

ADD *(USD/MT)*

Country	Provisional	Final
China	Up to 167	Up to 232
Indonesia	Up to 200	Up to 204
Japan	Up to 147	Up to 148
Korea	Up to 161	Up to 169
Taiwan	Up to 163	Up to 205
Thailand	Up to 184	Up to 193
USA	Up to 339	Up to 284

Source: DGTR, MOSFSL

PVC pipes sector set for rebound as key triggers align

After a challenging FY25 and a subdued start to FY26, the domestic pipes sector appears to be at the cusp of recovery. With DGTR's recommendation on implementing Anti-Dumping Duty (ADD) and PVC prices stabilizing at bottom levels, a gradual price uptick is expected. Coupled with an improving demand environment, these factors are set to drive a gradual rebound from 2QFY26 onwards.

- **Despite a weak 1QFY26, companies remain confident of delivering double-digit volume growth for the year, backed by a strong recovery in Jul-Aug'25, stable PVC prices, expected ADD-led support, and an improving demand outlook.**
- **DGTR has recommended ADD on key exporters from seven countries, including China and the US, which account for a large share of India's imports. With domestic PVC capacity at 1.8mMT vs demand of ~4.7mMT, India remains structurally deficit; however, planned expansions of ~2.5mMT by CY27 from major conglomerates are set to gradually substitute imports. Pipe manufacturers will be key beneficiaries, as this shift will enhance supply reliability, reduce raw material volatility, lower working capital requirements, and safeguard margins.**
- **The PVC pipes sector posted a 3% YoY revenue decline to INR58.7b in 1QFY26, driven by 8% lower realizations despite 3% volume growth. Aggregate EBITDA fell 27% YoY to INR6.6b, blended EBIT/kg dropped 41% YoY to INR9, with heavy inventory losses (SI: INR500-600m, ASTRA: INR350m, PRINCPIP: INR150-200m). Management of our coverage companies expects this to be the last quarter of such losses.**
- **We expect the PVC pipes industry to see a gradual recovery from 2QFY26 (on a low base), with a further pickup in momentum from 2HFY26. Hence, we reiterate our BUY rating on SI (TP: INR5,350), ASTRA (TP: 1,650), and PRINCPIP (TP: INR440).**

Outlook turns positive with an improving demand scenario and stabilizing PVC prices

- 1QFY26 remained difficult, weighed down by weak macro conditions, muted demand, and fluctuations in raw material prices. However, management commentary indicates that **growth momentum is likely to return from 2QFY26.**
- PVC resin prices appear to have bottomed out (at ~USD700/MT), and their expected stability should enhance distributor confidence, limit inventory-related setbacks, and support a progressive margin recovery.
- Industry outlook signals a gradual recovery, with companies anticipating demand improvement aided by stronger government infrastructure initiatives and momentum in the housing sector. **Most companies reported a healthy pickup in volumes in Jul'25, with similar momentum observed in Aug'25. This indicates a healthy end to FY26.**
- **Hence, all our coverage companies have retained their FY26 guidance despite a weak performance in 1QFY26.**
- With PVC prices having bottomed out, emerging positives such as the favorable DGTR order on Anti-Dumping Duty (ADD) for PVC Suspension Resins (PVC-S) are expected to support price recovery. This, in turn, should encourage channel restocking, as current inventory levels remain low.

- The DGTR has issued its final findings on the investigation into the dumping of PVC-S in India. It concluded that dumping has adversely impacted the domestic industry and has recommended the imposition of ADD for five years on select exporters from seven countries – China PR, Indonesia, Japan, Korea, Taiwan, Thailand, and the US.
- Notably, the government had already imposed provisional duties in Nov'24 following the preliminary findings. In the final notification, the duty rates have been revised slightly compared to the provisional levels *(refer to Exhibit 1 for detailed rates)*.

ADD and domestic capacity additions to improve supply chain and margins

- India's demand for PVC resin witnessed a 6.2% CAGR over FY20-25, reaching ~4.7MMT in FY25. Of this, major supply came in from imports (CAGR ~28% over FY22-25), while domestic production has remained stagnant at ~1.5mMT for the last few years. Out of India's total demand for PVC, ~95% pertains to Suspension PVC resin (used in pipes and fittings), and the balance ~5% pertains to Paste PVC resin.
- According to Care ratings, India's PVC demand is expected to post ~8% CAGR over FY25-27, reaching ~5.5mMT, with major contribution expected from domestic producers. India anticipates a huge capacity addition over the next two to three years, i.e. ~2.5mMT by CY27. Of this, two major conglomerates, Reliance Industries (~1.2MTPA in CY26) and Adani group (~1MTPA by CY28), are contributing the most.
- With the recent findings of DGTR on implementing ADD on PVC-S and capacity expansion plans, this will significantly reduce imports. According to CARE, imports are expected to almost halve to ~1.4mMT in FY27 vs ~3mMT in FY25.
- Domestic PVC-S availability will **structurally improve supply reliability, reduce raw-material volatility, lower working capital needs, and protect margins**. **Non-integrated pipe companies (ASTRA, SI, PRINCPIP, APOLP)** are likely to be the **biggest beneficiaries**, while integrated players (FNXP, RIL-affiliated pipe makers) will gain more from **industry stability** and downstream demand expansion.

Weak demand environment and volatile pricing hurt operating performance

- For the pipes sector discussion, we have included key pipe companies such as SI, ASTRA, and PRINCPIP from our coverage, along with FNXP and APOLP.
- The PVC pipes sector's 1QFY26 revenue declined 3% YoY to INR58.7b due to an 8% YoY drop in realizations and muted demand (3% YoY pipes volume growth). SI led with 6% YoY volume growth, PRINCPIP/FNXP grew 4%/2%, while ASTRA remained flat. APOLP reported a decline of 5%.
- Revenue declined the most for APOLP (-11% YoY), followed by FNXP (9%), PRINCPIP (-4% YoY), ASTRA (-2%), and SI (-1%). For our coverage universe, we expect an aggregate revenue growth of ~11% in FY26 (implying 15% YoY growth in 9MFY26) and a CAGR of 14% over FY25-28.

- EBITDA for the pipes sector fell 27% YoY to INR6.6b (down 32% QoQ due to seasonality). FNXP saw the steepest EBITDA decline (-55% YoY), followed by PRINCPIP (-32%), APOLP (-29%), SI (-18%), and ASTRA (-14%).
- Blended EBIT/kg dropped 41% YoY to INR9, with PRINCPIP seeing the sharpest decline (-74% YoY to INR2). Our coverage blended EBIT/kg declined 37% YoY to INR11.
- Heavy inventory losses from PVC volatility – SI: INR500–600m, ASTRA: INR350m, and PRINCPIP: INR150–200m. FNXP reported no inventory losses, supported by effective inventory management, while APOLP has not indicated any inventory losses in 1Q. **Management of our coverage companies expects this to be the last quarter of such losses** as PVC prices stabilize, with margins projected to expand going forward.

Key commentary from companies

- **SI** has guided for a strong demand recovery from 2QFY26 onwards, supported by channel restocking as inventories normalize by Sep'25. For FY26, **the company expects total volume growth of 14-15%, led by plastic piping systems at a higher 15-17%, with EBITDA margin in the 14.5–15.5% range** and effective capacity utilization improving to 65-70% by year-end. Capex outlay is projected at ~INR13.5b in FY26, including INR3.1b for the Wavin acquisition, with the remainder directed toward capacity additions across verticals to drive product diversification. The company targets expanding plastic piping capacity to 1MMTPA by Mar'26 and is setting up a 5KMT window profile line in Kanpur. **Outlook is expected to turn positive, with industry growth pegged at 9-10%,** supported by rural demand recovery and steady momentum in urban housing, infrastructure, and real estate. Supply-side volatility has eased with PVC prices stabilizing, though risks persist from delayed government payments and the outcome of ADD on PVC imports *(this risk has been neutralized by the government's final finding on imports)*.
- **ASTRA:** Astral reported flat volumes in 1QFY26 due to weak demand, early monsoon, lower government spending, and an inventory loss of INR350m. However, from Jul'25, volumes improved sharply (+30% YoY), and **management expects lower double-digit volume growth for FY26**, with potential upside if ADD/BIS measures spur channel restocking. For the piping business, the EBITDA margin is guided at 16-18%. To strengthen integration, Astral is acquiring 80% in Nexelon Chem to set up a 40,000 MT CPVC resin plant (INR1.5b capex) by 2QFY27 using in-house technology, making it the lowest-cost capacity in the industry for captive use, thereby boosting CPVC pipe margins (25-30%), freeing working capital, and supporting market share gains. The adhesives business remains on track, with India guiding for 15-16% revenue growth and 14-16% margins, while the UK business is undergoing a turnaround supported by the addition of senior leadership. Paints are expected to deliver INR2.4b revenue in FY26, marking a 20% growth.
- **PRINCPIP** has guided for a demand recovery from 2QFY26, supported by strong volumes in Jul'25, with **margins expected to improve sequentially and reach ~12% by 4Q**. The bathware segment is projected to generate INR500-600m in revenue, with break-even targeted by mid-FY27. On capex, PRINCPIP incurred

INR750m in 1Q and plans to invest INR1.6-1.7b over the next nine months, focused on capacity addition at Begusarai (Bihar), expansion in bathware (Aquel), and maintenance. The Begusarai plant, with a total capacity of 60KTPA, is expected to ramp up utilization from 2HFY26 and be fully operational by Sep'25. On the branding front, PRINCPIP has partnered with Indian Railways to showcase its brand across Vande Bharat and other premium trains, significantly boosting visibility and customer engagement, while also strengthening its distribution network and expanding the product portfolio.

- **APOLP:** CPVC currently contributes ~15% of volumes, with management expecting this share to rise above 20% within 1-2 years. In Jul'25, the company entered a co-marketing agreement with a leading CPVC resin supplier—already approved by major real estate developers and projects. Early signs point to high double-digit CPVC sales growth post-agreement. Installed capacity is targeted to reach 286,000 TPA over the next two years (vs. ~230,000 TPA currently). For FY26, **management guides for double-digit volume growth** (low-to-mid double digit, with potential upside if demand strengthens in 2Q). In the near term, 2Q is expected to improve vs 1Q, as monsoons recede and construction activity resumes. Government infrastructure spending remains a key swing factor, with management optimistic about a pick-up in 2HFY26.
- **FNXP:** The quarter was impacted by the early onset of monsoon from late May, with subdued demand in June. However, management highlighted a recovery in July with high single-digit volume growth despite ongoing rains. **The company expects at least high single-digit and potentially double-digit volume growth for FY26.** Inventory was managed effectively, avoiding significant losses in 1Q, though channel inventory remained low as stocking typically follows anticipated price hikes. Management expects channel restocking to pick up post-monsoon, especially if ADD is imposed ***(which is a possibility now)***, which could trigger a domestic price increase of INR3-6/kg and temporarily boost stocking. Meanwhile, BIS implementation has been deferred to December.

Valuation and view

- Though 1QFY26 was weighed down by weak macros, muted demand, and inventory losses from PVC volatility, we expect the PVC pipes industry to see a gradual recovery from 2QFY26 (on a low base), with a further pickup in momentum from 2HFY26. This will be supported by improving PVC prices (with the implementation of ADD), leading to channel restocking, a pickup in government infrastructure push, and improving housing demand.
- Additionally, companies across the sector are signaling a healthy recovery in volumes from Jul-Aug'25 and **retaining their FY26 guidance with double-digit volume growth.**
- We reiterate our **BUY** rating on **SI** (TP: INR5,350), **ASTRA** (TP: 1,650), and **PRINCPIP** (TP: INR440).

Astral: Lower Offtake In Plumbing Impacted Numbers; Hiranand Savlani, CFO

- Rs 1,200 cr Expansion plan expected by FY27
- Stable polymer, chemical prices will improve market; Healthy revenue growth in adhesives and paints
- Kanpur plant to add 20,000 TPA capacity; double digit pipeline growth
- No inventory loss envisaged from 2Q; Expect 16-18% margin

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Chalet Hotels: Continue to see good growth in Q2 & festive season will further improve growth; Shwetank Singh, ED

- Corporate earnings, MICE travel, and leisure demand keep sector supply-constrained; Chalet guides for 10%+ ARR growth in FY26.
- Already near 40% EBITDA, aiming for mid-40s steady state as it scales beyond 5,000 rooms; leisure assets may dilute slightly.
- Net debt to peak at Rs.2,500cr, within a safe 3–3.5x EBITDA; commercial annuity income to rise from Rs.300cr to Rs.400cr, ensuring strong cash flow.
- New projects in Goa, Hyderabad, Trivandrum, and Lonavala—South Goa hotel opening Jan'26, North Goa stretched to 36 months.

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Nazara Tech: Will look at larger acquisition targets, could go up to Rs.500-700 Cr; Nitish Mittersain, MD

- Investment in PokerBaazi (Rs.335cr exposure) faces regulatory uncertainty; any ban may force impairment, though it's outside consolidated revenues.
- Greater than 80% revenue from international gaming IP; core business insulated from India policy risks.
- Eyeing larger Rs.500–700cr acquisitions, supported by Rs.800–850cr cash and minimal debt.
- Confident of sustained expansion via global IP-led growth and selective acquisitions (Fusebox, Curve Games already scaling well).

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Galaxy Surfactants: See some green shoots in the Indian market; K Natarajan, MD & CEO

- Green shoots in India; meaningful demand rebound expected in H2FY26.
- Targeting ~6% India volume growth if demand normalizes.
- Tax cuts to boost FMCG demand, supporting soaps/detergents/personal care volumes.
- Exports remain soft, but stabilization likely in LATAM & SE Asia; India's long-term hygiene-driven demand intact.

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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