

## Market snapshot



## Today's top research idea

### Coforge: Journey to USD5bn: Key takeaways from mgmt meeting

- ❖ We recently met with Coforge's management to discuss the company's outlook on growth, margins, and cash flow conversion. The team highlighted that while industry-wide demand remains mixed, budgets are opening up for vendors that can deliver outcome-driven solutions.
- ❖ Clients are fatigued by plain-vanilla RFP-based procurement, though they are willing to fund transformation initiatives by vendors that bring true solutioning capabilities. The healthy momentum in large deals continues, with Coforge aiming to sign at least 20 deals above USD20m in FY26 (five done so far).
- ❖ Coforge CEO, Mr. Sudhir Singh, highlighted that the company enjoys a win rate of ~40-45% in proactive proposals, notably higher than RFP-led deals. On the difficult questions of margins and cash flow conversion, the company's FY26 EBIT margin guidance stands at ~14% (reported), which management believes is adequate to fuel growth. Management also expects cash flow conversion to improve meaningfully going forward.



## Research covered

Cos/Sector	Key Highlights
Coforge	Journey to USD5bn: Key takeaways from mgmt meeting
Adani Ports & SEZ	Charting a transformational journey!
Consumer	Steady 1Q solidifies optimism for FY26 recovery
Automobiles	FY26 target for e-Vitara maintained

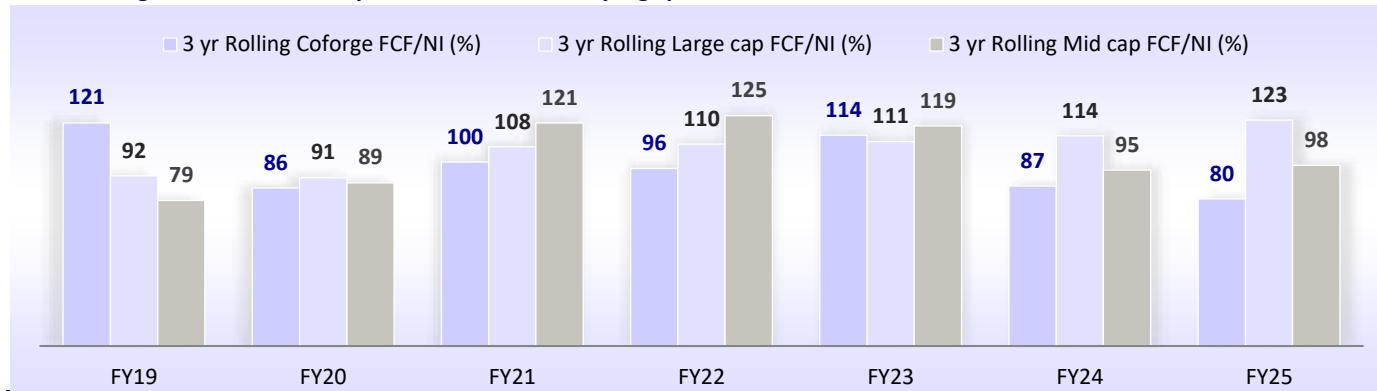
Note: Flows, MTD includes provisional numbers.

\*Average



## Chart of the Day: Coforge (Journey to USD5bn: Key takeaways from mgmt meeting)

IT services remain vanguard in cash flow conversion when benchmarked against high-growth companies (EMS sector); that said, Coforge needs to make reparations as it currently lags peers



Source: Bloomberg, MOFSL/Large cap: Infosys, TCS, HCLT, Wipro, TechM  
Mid-tier (ex Coforge): LTIM, Persistent, LTTS, Mphasis, Cyient, Zensar

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

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### **Suzuki pledges Rs 70,000 cr investment in India over next 5-6 years**

Suzuki plans a significant investment of Rs 7000 crore in India. This investment will occur over the next five to six years. The company will begin lithium-ion battery cell production for hybrid cars. Maruti Suzuki intends to export its electric SUV, the e-Vitara.

2

### **Biocon unit gets US FDA tentative nod for diabetes drug Sitagliptin**

The drug, indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes, will expand the Indian drugmaker's portfolio of vertically integrated products.

3

### **Oil India and BPCL Sign Joint Venture Agreement for City Gas Distribution in Arunachal Pradesh**

The newly formed JVC will implement a gas distribution infrastructure across Arunachal Pradesh, including the development of Compressed Natural Gas (CNG) stations for the transport sector and the rollout of Piped Natural Gas (PNG) supply systems for domestic, commercial...

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### **Hindalco to build iPhone chassis unit in Andhra Pradesh**

Hindalco Industries is investing ₹586 crore to establish an aluminium extrusion facility in Kuppam, Andhra Pradesh, aiming to supply Apple's iPhone chassis. This initiative, expected to create 613 jobs, aligns with Andhra Pradesh's strategy to become an iPhone manufacturing hub, leveraging...

5

### **United Breweries invests Rs 90 crore in a new canning line**

United Breweries Ltd is set to invest Rs 90 crore in a new canning line at its Nizam Brewery in Telangana, increasing capacity by 0.4 million hectolitres. This expansion addresses the rising consumer demand for canned beer, as highlighted by Chairman Vivek Gupta.

6

### **SBI Card, Flipkart launch co-branded credit card with cashback benefits**

SBI Card and Flipkart have announced the launch of the Flipkart SBI Co-Branded Credit Card, aimed at offering cashback and other benefits across the Flipkart ecosystem, including Myntra, Shopify, and Cleartrip.

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### **Acme Solar Holdings plans Rs 3,000 cr fundraise in multiple tranches**

Acme Solar Holdings board cleared a proposal to raise Rs 3,000 crore in multiple tranches. The fund raising will be through equity shares or other equity-linked instruments. Shashi Shekhar was re-appointed as Vice-Chairman and Whole-Time Director.


 BSE SENSEX  
 80,787
 S&P CNX  
 24,712

## Coforge

### Stock Info

Bloomberg	COFORGE IN
Equity Shares (m)	335
M.Cap.(INRb)/(USDb)	581.8 / 6.6
52-Week Range (INR)	2005 / 1191
1, 6, 12 Rel. Per (%)	3/4/46
12M Avg Val (INR M)	4401
Free float (%)	100.0

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	120.5	165.4	200.9
EBIT Margin (%)	13.0	13.5	14.0
PAT	8.4	15.0	19.9
EPS (INR)	25.2	44.2	58.9
Adj. PAT	10.0	15.7	19.9
Adj. EPS (INR)	30.2	46.4	58.9
Adj. EPS Gr. (%)	9.4	53.7	26.9
BV/Sh. (INR)	193.4	214.5	243.8

### Ratios

RoE (%)	13.9	17.1	20.7
RoCE (%)	16.3	16.7	17.9
Payout (%)	60.3	47.6	50.0

### Valuations

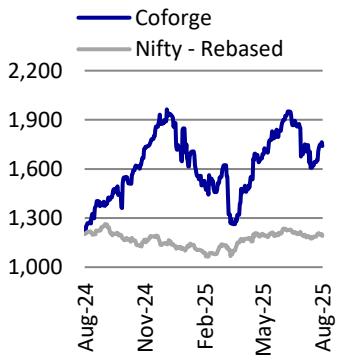
P/E (x)	69.0	39.3	29.5
P/BV (x)	9.0	8.1	7.1
EV/EBITDA (x)	28.2	19.3	15.4
Div Yield (%)	0.9	1.3	1.7

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	52.3	49.9	47.3
FII	37.4	40.2	41.4
Others	10.3	9.9	11.3

FII Includes depository receipts

### Stock performance (one-year)



CMP: INR1,739 TP: INR2,240 (+29%) Buy

### Journey to USD5bn: Key takeaways from mgmt meeting

We recently met with Coforge's management to discuss the company's outlook on growth, margins, and cash flow conversion. The team highlighted that while industry-wide demand remains mixed, budgets are opening up for vendors that can deliver outcome-driven solutions. Clients are fatigued by plain-vanilla RFP-based procurement, though they are willing to fund transformation initiatives by vendors that bring true solutioning capabilities. The healthy momentum in large deals continues, with Coforge aiming to sign at least 20 deals above USD20m in FY26 (five done so far). Coforge CEO, Mr. Sudhir Singh, highlighted that the company enjoys a win rate of ~40-45% in proactive proposals, notably higher than RFP-led deals. On the difficult questions of margins and cash flow conversion, the company's FY26 EBIT margin guidance stands at ~14% (reported), which management believes is adequate to fuel growth. Management also expects cash flow conversion to improve meaningfully going forward.

**Our View:** We believe Coforge's strong executable order book and resilient client spending across verticals bode well for its organic business. Cross-selling opportunities in Cogniti remain highly synergistic for the company. We value Coforge at 38x FY27E EPS with a TP of INR2,240, implying a 29% potential upside. We reiterate our BUY rating on the stock.

### Demand Environment: Uneven but rewarding for the right vendors

- Demand recovery is uneven. While discretionary spending is still constrained in some areas, there is enough demand for the right vendors, as per management. Clients with well-defined budgets are prioritizing transformational programs, but fatigue has set in for generic solutioning and traditional T&M-led pitches.
- GCC build-outs are seeing some delays, partly due to anti-offshoring sentiment, though overall IT budgets are being finalized with greater confidence compared to last year.
- Importantly, clients are not cutting budgets for proposals that demonstrate strong ROI, which plays well into Coforge's proactive solutioning approach.

### Deal momentum: Eye on large deal closures

- Coforge continues to scale up large deals as a core growth lever. Management has set a target of signing at least 20 deals above USD20m in FY26 (five closed so far), with proactive proposals enjoying a ~40-45% win rate. Further, the Sabre deal was a milestone not just by itself, but in the number of avenues it has opened up for Coforge in travel.
- Beyond this, Coforge is already leveraging the relationship to expand into new airline logos globally. The travel vertical's contribution has now scaled up to ~23% of revenue and remains a differentiated growth engine.
- Management has reaffirmed its confidence in sustaining the company's long-term growth CAGR achieved over the past eight years, supported by large deal momentum, sectoral diversification, and inorganic opportunities.

### Margins and cash flows: Improvement expected

- The company guided EBIT margin (reported) to reach ~14% for full year FY26. Management has reiterated that this level is sustainable for Coforge and should not be viewed as a constraint on growth. Margins in recent quarters were impacted by one-off items, but these are now behind, implying a normalized margin run-rate from here.
- Utilization has further room for improvement. While subcontracting will remain a lever for flexibility, its share is expected to trend lower.
- On growth investments, Coforge continues to hire aggressively with a net addition run rate of ~1,000 per quarter.

### On Cigniti, and further acquisitions

- Cross-selling from Cigniti is progressing well. This is not new: SLK's business has scaled up significantly after the acquisition despite weakness in SLK's core mortgage business.
- Inorganic growth remains a near-term priority, with management "open to acquisitions in the right areas" to add capability depth and diversify further.
- We believe Coforge's ability to integrate and scale up acquisitions remains solid.

### Our view on the cash flow conundrum

- Coforge remains one of the fastest-growing companies in the sector and is likely to sustain this trajectory in the medium term (Exhibit 2). That said, aggressive investments in capacity and acquisitions have meant that free cash flow (FCF) growth has lagged both mid-cap and large-cap peers (Exhibit 4).
- We analyzed rolling three-year cash conversion metrics across peers and benchmarked them against other high-growth sectors like EMS. Our findings reaffirm that IT services remain the gold standard in cash flow conversion, with most companies consistently delivering strong FCF/PAT ratios. Coforge, admittedly, lags peers.
- There are reparations to be made in FCF conversion as the company absorbs past investments and optimizes working capital. However, we believe the foremost driver for re-rating remains earnings growth, and Coforge's sustained growth trajectory and deal pipeline leave it well positioned.

### Valuation and view: Retain BUY and re-iterate top pick

- We believe Coforge's strong executable order book and resilient client spending across verticals bode well for its organic business. Cross-selling opportunities in Cigniti remain highly synergistic for the company. We value COFORGE at 38x FY27E EPS with a TP of INR2,240, implying a 29% potential upside. We reiterate our BUY rating on the stock.



# Adani Ports & SEZ

BSE SENSEX 80,787 S&P CNX 24,712

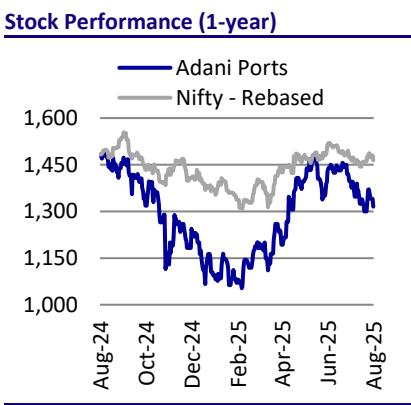


Stock Info	
Bloomberg	ADSEZ IN
Equity Shares (m)	2160
M.Cap.(INRb)/(USDb)	2841.4 / 32.4
52-Week Range (INR)	1500 / 994
1, 6, 12 Rel. Per (%)	-5/12/-10
12M Avg Val (INR M)	4104
Free float (%)	34.1

Financials Snapshot (INR b)			
Y/E March	2025	2026E	2027E
Net Sales	305	366	409
EBITDA	184	220	259
Adj. PAT	108	135	158
EBITDA Margin (%)	60.4	60.2	60.7
Adj. EPS (INR)	50	63	73
EPS Gr. (%)	21.6	24.9	16.6
BV/Sh. (INR)	289	342	404
Ratios			
Net D/E (x)	0.5	0.5	0.4
RoE (%)	18.8	19.9	19.6
RoCE (%)	12.2	13.4	14.0
Payout (%)	14.0	11.2	9.6
Valuations			
P/E (x)	26.2	21.0	18.0
P/BV (x)	4.6	3.8	3.3
EV/EBITDA (x)	17.2	14.5	12.6
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	3.2	2.5	2.4

Shareholding Pattern (%)			
As On	Jun-25	Mar-25	Jun-24
Promoter	65.9	65.9	65.9
DII	15.1	14.7	12.5
FII	13.5	13.4	15.2
Others	5.5	6.0	6.4

FII includes depository receipts



**CMP: INR1,315**

**TP: INR1,700 (+29%)**

**Buy**

## Charting a transformational journey!

- Adani Ports & SEZ (APSEZ) has transformed from a pure-play port operator into India's most diversified transport and logistics platform, with strong growth visibility across ports, logistics, and marine services.
- APSEZ's ports business continues to outpace the industry, with domestic volume growth nearly three times the sector over the past decade, market share expanding to 27.8% in 1QFY26 (+60bp YoY), and container share rising to 46%. New assets such as Vizhinjam and Colombo, along with overseas operations such as Haifa, provide incremental growth and geographic diversification.
- The logistics arm, anchored by Adani Logistics Ltd (ALL), has scaled rapidly across container train operations, ICDs, warehouses, and trucking, with 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing, and 1.2mmt of grain silos, offering true "shore-to-door" solutions. Significant capital deployment into trucking—INR10–15b in FY26 and INR50b by FY30—under a hybrid model of owned and third-party trucks, together with freight forwarding, is designed to boost RoCE.
- Marine services, strengthened by acquisitions and now operating 118 vessels, are positioned to deliver 3x growth by FY27.
- With integrated end-to-end offerings, APSEZ captures higher customer wallet share and builds cargo stickiness, while its diversified and scalable model underpins sustainable growth. This positions APSEZ to achieve its goal of becoming India's largest integrated transport utility by 2029, with logistics and marine emerging as key growth engines alongside its dominant ports franchise. **We reiterate our BUY rating on the stock with a TP of INR1,700 (implying 29% potential upside).**

## Building scale and market leadership in ports

- APSEZ operates the largest private port network in India with 15 ports and terminals across the west, south, and east coasts, offering a total capacity of 633MMT, along with four international ports in Israel, Sri Lanka, Tanzania, and Australia.
- APSEZ's domestic market share rose to 27.8% as of Jun'25 from 27.2% in Jun'24, with management highlighting that its domestic port volume growth over the past decade has been nearly three times the industry growth rate.
- Container market share has also expanded steadily to 46% from 36% during Mar'20-Jun'25. Key capacity expansions, such as the automated Colombo West International Terminal and new berths at Dhamra, along with the rapid ramp-up of Vizhinjam, strengthen the growth pipeline.
- Looking ahead, APSEZ targets 850MMT of domestic and 150MMT of international cargo volumes by 2030, with deeper integration into DFC-linked hinterland corridors and industrial clusters driving long-term growth.

### Logistics business – growing exponentially!

- As the company aims to become India's largest integrated transport utility company by 2029, it is strengthening its capabilities in all logistics segments (ports, CTO, warehousing, last-mile delivery, ICDs, etc.). Hence, it offers end-to-end services to its customers, thereby capturing a higher wallet share and making the cargo sticky in nature.
- ALL expanded its services to cover container train operations, container handling in logistic parks, and warehouses offering storage and trucking solutions. With 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing space, and 1.2mmt of grain silos, ALL aims to establish a nationwide presence by further developing logistics parks and warehouses.
- With significant capital investments planned for the trucking operations—INR10–15b in FY26 and INR50b by FY30—APSEZ maintains a hybrid model, owning 937 trucks but operating over 26,000 via third parties. It is also expanding value-added services like freight forwarding to improve RoCE.

### Marine services: A fast-growing, capital-efficient growth engine

- Marine operations have emerged as another high-growth vertical within APSEZ, with a diversified fleet of 118 vessels, including tugs, anchor handling tug supply vessels, multipurpose support vessels, workboats, and barges.
- The business has been strengthened by acquisitions such as Ocean Sparkle in 2022 and Astro Offshore in 2024, along with the establishment of TAHID to manage international operations in the MEASA region.
- In 1QFY26, marine revenue nearly tripled YoY to INR5.4b, with EBITDA surging to ~INR3b and margins expanding to 55%. The surge was driven by vessel additions, integration of acquired entities, and higher demand from Tier-1 customers.
- Management has guided for a threefold increase in marine revenue by FY27, positioning the segment as a profitable and capital-efficient business that complements port operations while extending APSEZ's reach across global shipping routes.

### Valuation and view

- With strong cash flows, a healthy cash balance of INR169b, and net debt to EBITDA at 1.8x, Adani Ports is well-positioned for further expansion. Capacity enhancements at key ports, ongoing infrastructure projects, and global port acquisitions provide visibility for sustained growth in FY26 and beyond.
- APSEZ's diversified cargo mix and ongoing infrastructure investments are expected to support its target of 505–515MMT cargo handling in FY26. **We expect APSEZ to report 10% growth in cargo volumes over FY25-27. This would drive a CAGR of 16%/16%/21% in revenue/EBITDA/PAT over FY25-27. We reiterate our BUY rating with a TP of INR1,700 (premised on 16x FY27E EV/EBITDA).**

**Valuation matrix**

Company	Target Price (INR)	Reco
<b>Staples</b>		
BRIT	5,850	Neutral
CLGT	2,550	Neutral
DABUR	600	Buy
HMN	700	Buy
GCPL	1,450	Buy
HUVR	3,000	Buy
ITC	500	Buy
JYL	375	Neutral
MRCO	825	Buy
NESTLE	1,200	Neutral
PG	15,000	Neutral
<b>Paints</b>		
APNT	2,500	Neutral
INDIGOPN	1,400	Buy
PIDI	3,200	Neutral
<b>Liquor</b>		
UNSP	1,500	Neutral
RDCK	3,250	Buy
UBBL	2,000	Neutral
<b>Innerwear</b>		
PAGE	54,000	Buy
<b>QSR</b>		
BBQ	325	Neutral
DEVYANI	200	Buy
JUBI	725	Neutral
RBA	135	Buy
SAPPHIRE	400	Buy
WESTLIFE	750	Neutral
<b>Jewelry</b>		
KALYANKJ	700	Buy
PNG	825	Buy
SENOCO	385	Neutral
TTAN	4,150	Buy

**Steady 1Q solidifies optimism for FY26 recovery**
**Jewelry and liquor categories sustain outperformance**

- Our widespread consumer coverage universe, with a combined revenue of ~INR4,800b and a market cap of ~INR35,000b, registered aggregate revenue and EBITDA growth of 12%/5% in 1QFY26 and 8%/2% in FY25. Consumption trends saw a sequential improvement in 1Q, with jewelry and liquor categories sustaining their outperformance.
- Revenue/EBITDA/APAT performance of all sub-segments in 1QFY26: staples +10%/1%/0%, paint +3%/+2%/+2%, innerwear +3%/+21%/+22%, liquor +16%/+7%/+13%, QSR +11%/+0%/-85%, and jewelry +25%/+47%/+56% YoY.
- In 1QFY26, demand trends were mixed across categories. **Staples** delivered a slightly better sequential performance, aided by price hikes and improving urban sentiment as inflation eased, while rural demand remained relatively more resilient. Unseasonal rains impacted the summer portfolio, particularly beverages and cool talc. Volume growth for most companies improved sequentially and delivered low- to mid-single digits. Management commentary was also positive regarding volume recovery for the remainder of FY26. Easing inflation, potential rate cuts, tax benefits, and a healthy harvest season are expected to drive volumes. **Paint** companies showed early signs of recovery, although momentum was impacted by the early monsoon. Still, management sentiment appears more positive compared to a year ago, with the sector posting marginal growth after four quarters of decline. The early festive season (Diwali in mid-October) is expected to drive demand for September but may partially impact 3Q performance. Uncertainty around the overall demand recovery still hovers around the category. The **AlcoBev** segment sustained healthy demand, driven by premiumization, product innovations, and re-entry into Andhra Pradesh, while UBBL additionally benefited from market share gains and a favorable base. The impact of the sharp tax increase in Maharashtra will be monitorable in the performance of the upcoming quarters. The **innerwear** category faced soft demand, with subdued consumption patterns affecting tertiary sales. However, companies continued to invest in innovation, marketing, and distribution. The growth recovery toward the end of the quarter was encouraging, making it important to monitor demand recovery during the festive period. **QSR** players continued to report muted demand despite a supportive base, with dine-in ADS remaining soft and SSSG largely flat to negative, barring JUBI and RBA. **Jewelry** players reported strong topline growth, aided by high gold prices and store additions. The shift in Gudipadwa days partially impacted 1Q retail performance.
- Gross margin pressure persisted, driven by high-cost commodity inventory, especially in agri inputs, and limited price hikes. While key commodity prices remain volatile month-to-month, they are expected to stabilize in the remainder of FY26. Companies have implemented price hikes, and steady RM costs could provide relief from GM pressure in 2HFY26. EBITDA margin in 1Q was also impacted, though partially offset by cost controls. Innerwear and jewelry players experienced EBITDA margin gains, while staples, QSR, and paint companies reported margin contraction. Jewelry companies witnessed EBITDA margin

expansion despite rising gold prices, supported by a superior product mix and a higher studded share.

- **Outliers and underperformers in 1QFY26:** Among our coverage companies, HMN, PG, PIDI, RDCK, Titan, P N Gadgil, and Kalyan Jewelers were the outliers in 1QFY26, whereas CLGT, NEST, INDIGOPN, UBBL, BARBEQUE, and Devyani underperformed.
- **Outlook and recommendation:** With sustained improvements in macros and government initiatives to revive demand, we expect a broad-based demand recovery in FY26. Early signs of demand improvement in 1Q have increased our confidence in growth recovery for FY26. We expect both staples and discretionary categories to perform well, particularly where mid-mass income HHs have higher sensitivity to growth. Our top picks are HUL, GCPL, MRCO, PAGE, Titan, PN Gadgil, and RBA.

#### Performance summary of all categories and key areas to monitor

- **Staples:** FMCG demand remained stable, showing a gradual sequential improvement backed by favorable macros. The rural market continued to perform well, with urban demand also picking up. Our staple companies reported sales growth of 10% (est. 6%), EBITDA was +1% (est. +1%), and APAT was flat YoY (est. +2%). Volume growth for most companies was limited to low-to mid-single digits. The early onset of the monsoon impacted the summer product portfolio of a few consumer companies (Dabur, Emami). Gross margin continued to contract for most companies in 1QFY26 due to high-cost inventories. In 1Q, margin softness was broad-based across categories but more pronounced in the beauty & personal care segment. For staple companies under our coverage, gross margin contracted 420bp YoY and EBITDA margin contracted 220bp YoY. According to NIQ data, the FMCG industry posted 14% value growth and 6% volume growth, with rural volume growth much higher at 8.4% vs 4.3% in urban areas. However, the gap is narrowing as the urban areas show signs of sequential recovery. Demand trends are expected to improve gradually with improving macros and a healthy monsoon outlook. In terms of revenue, Marico (+23%) and ITC (+17%) were outliers, while Colgate (-4%) came in below expectations.
- **Paints:** Paint companies in 1QFY26 were partially hit by the early monsoon and an unfavorable product mix amid intense competition in the economy segment. However, the companies are now seeing sequential improvement. Our coverage universe (APNT and Indigo Paints) reported a growth of 3%/2%/2% in revenue/EBITDA/APAT. Berger Paints stood out with 4% revenue growth, supported by its urban-centric initiatives and expansion into new product categories. Grasim stated that as of 1QFY26, Birla Opus maintained a strong 65% revenue share from premium and luxury products across emulsions, enamels, wood finishes, and waterproofing. Raw material prices have softened, especially crude derivatives, but companies are monitoring potential cost increases due to anti-dumping duties on TiO2 from China. EBITDA margins for most players declined YoY, impacted by an adverse product mix and negative operating leverage.
- **Liquor:** The AlcoBev sector saw healthy growth in 1QFY26, supported by premiumization and re-entry into AP (Since Sep'24). The Prestige & Above (P&A)

segment maintained its momentum, with premium volume growth of 9% for United Spirits, 46% for United Breweries, and 41% for Radico Khaitan. The Mass/Popular segment saw steady performance. UBBL's performance was supported by share gains and a low base from the election-impacted quarter last year. In 1QFY26, input costs such as ENA and glass remained largely stable, though margin performance varied across players. United Spirits saw EBITDA margin contraction, led by higher costs. Radico Khaitan posted a healthy 230bp margin expansion to 15.3%, with guidance of 125-150bp annual improvement. Meanwhile, United Breweries faced ~70bp margin pressure, largely due to weakness in Karnataka. Premiumization, regulatory stability, and strong brand momentum support a positive near-term outlook. Radico outperformed its peers in the category. Our coverage liquor companies delivered sales/EBITDA/APAT growth of 16%/7%/13% during 1Q.

- **QSR:** Consumption trends remained stable, showing no significant improvement or deterioration compared to the last 3-4 quarters. Companies expect a gradual recovery in eat-out frequency. That said, weak underlying growth continued to impact operating margins, exerting pressure on restaurant and EBITDA margins for most brands. Enhancements in value-focused menu offerings and promotional activities have increased footfall. While delivery channels remain strong, dine-in is showing a gradual improvement. Our coverage universe posted revenue growth of 11% YoY in 1QFY26 vs. 8% in 4QFY25 and 5% in 1QFY25. Store additions continued at a healthy pace during the quarter. RBA outperformed in 1QFY26.
- **Jewelry:** Jewelry companies delivered robust revenue growth despite global headwinds and a sharp rise in gold prices (up 32% YoY and 5% QoQ). Demand was resilient, supported by festive and wedding-related purchases. Revenue growth for Titan (Jewelry standalone, ex-bullion), Kalyan, Senco, and P N Gadgil (retail) stood at 17%, 31%, 30%, and 19%, respectively, while Thangamayil and DP Abhushan grew 16% and 5%. The studded jewelry mix improved for Senco and PN Gadgil, while it remained stable for Kalyan and declined for Titan. Companies noted rising interest in 18k jewelry, along with growing traction for 14k gold among customers in select regions. EBITDA margin expansion was supported by a superior product mix and high-studded share. GML rates, which spiked in the last quarter due to US tariff volatility, have now normalized to the usual 3-4% range. Our coverage jewelry companies delivered sales/EBITDA/PAT growth of 25%/47%/56% in 1QFY26.
- **Innerwear:** The innerwear market witnessed soft demand trends as consumption patterns in 1Q were subdued, affecting tertiary sales growth. However, the companies continued with their steady investments in product innovation, brand marketing, and distribution expansion. Among key players, PAGE posted 3% revenue growth, Dollar Industries 19%, and Lux Industries 13%, while Rupa reported an 11% decline. E-commerce and Tier-3/4 cities led growth, followed by Tier-1, Tier-2, and metros. Inventory management improved, with PAGE's inventory days now at normal levels. EBITDA margins expanded during the quarter, supported by stable raw material prices, improved inventory efficiency, and operational gains. PAGE delivered 3%/21%/22% YoY growth in revenue/EBITDA/APAT in 1QFY26.

# Automobiles



## FY26 target for e-Vitara maintained

We visited Suzuki Motor Corp's Gujarat plant (SMG) to witness the commencement of production of MSIL's first EV, the e-Vitara, as well as the start of local manufacturing of the first lithium-ion battery, cells, and electrodes for a strong hybrid vehicle at the TDS Gujarat plant. Some of the key takeaways from the visit are: 1) The company continues to maintain its earlier guidance of producing 67k units for the e-Vitara in FY26. The initial focus will be on catering to export demand, with the domestic launch in India planned once sufficient production capacity becomes available; 2) In exports, the e-Vitara is expected to be profitable at the EBIT level from Day 1 itself; 3) Key features of e-Vitara include ventilated seats, a 10-way power-adjustable driver's seat, 7 airbags, ESC, and **Level 2 ADAS**, which includes advanced driver-assistance systems like adaptive cruise control, lane keep assist, and adaptive high beam system; 4) A differentiating feature of the Toyota hybrid platform is that the vehicle runs on battery for 50% of the time. This is enabled not only by the highly efficient battery chemistry but also by Toyota's superior ICE engine; and 5) In terms of localization, TDSG has achieved electrode-level localization for hybrid powertrains in India, which is an industry first. This means that approximately 80% of the value addition in a battery pack is now localized by TDSG. Maruti Suzuki remains our top pick in Auto OEMs.

### e-Vitara – update

- The company has maintained its earlier guidance of producing 67k units of e-Vitara in FY26. The initial focus will be on catering to export demand, with the domestic launch in India planned once sufficient production capacity becomes available.
- Key export markets for e-Vitara will be Western Europe and Japan.
- In exports, the e-Vitara is expected to be profitable at the EBIT level from Day 1 itself.
- MSIL has committed approximately INR22b toward plant equipment—including dies and fixtures—for the e-Vitara platform.
- Given the limited EV penetration in India, the company has adopted a top-down approach—starting with a high-end model and planning to launch lower-end models later. However, this does not rule out the possibility of launching models above the e-Vitara at a later stage.

### Key features

- Some of the key features of e-Vitara include ventilated seats, a 10-way power-adjustable driver's seat, sliding and reclining rear seats, a 40-20-40 rear seat configuration, and flexible boot space.
- It also features **Level 2 ADAS**, which includes advanced driver-assistance systems like adaptive cruise control, lane keep assist (car remains stable even when cornering at high speed), and an adaptive high beam system.
- Safety features include 7 airbags, front and rear parking sensors with a 360-degree camera, electronic stability control, ISOFIX child-seat mounts, and an electronic parking brake with auto hold.

### Pointers on TDSG strong hybrid

- TDSG is India's first lithium-ion battery manufacturer for hybrid vehicles, and is a JV between TOSHIBA, DENSO, and Suzuki, located in Gujarat
- In terms of localization, TDSG has achieved electrode-level localization for hybrid powertrains in India, which is an industry first. This means that approximately 80% of the value addition in a battery pack is now localized by TDSG.
- It now makes both the cathode and anode in India.
- Imports include raw materials needed for the electrolyte, including graphite, NMC, lithium-ion cells, semiconductors, etc.
- A differentiating feature of the Toyota hybrid platform is that the vehicle runs on battery for 50% of the time. This is enabled not only by the highly efficient battery chemistry but also by Toyota's superior ICE engine.
- It also showcased an ambulance variant of Invicto, which would be hybrid-based, to leverage the government's PM e-drive scheme, which has allocated INR5b specifically for ambulances in the recent budget.

### Gujarat plant – update

- The plant is spread over 2.6m sq mtr with a total capacity of 750k units pa, currently set up in three phases, each having 250k units pa capacity.
- The company is in the process of setting up Plant D with a capacity of 250k units pa, at an investment of INR 32b with SOP expected in FY27.
- The SMG plant has surpassed 4.3m units in production since its inception and has set a record for reaching 4m units in production in the least time in India.
- The plant has a vendor base of about 80+ suppliers in its vendor park, as it works on the JIT principle with a maximum inventory of 2-2.5 hours of requirement from vendors.
- It has a dedicated Railway siding for this plant as well.

### Why was this location selected

- This is a power surplus state and, hence, there is no risk of power shortage in this state.
- All three key ports, Mundra, Kandla, and Pipavav, are located close to the plant. It exports to Japan from the Pipavav port. Currently, around 30-32% of the plant's production is exported.



## Dixon Tech: FY26 Capex Plans, Export Pipeline, Tariff & More; Saurabh Gupta, CFO

- Not expecting any supply chain disruption due to additional tariffs on India
- 1200-1250 Cr capex planned for FY26
- US is a big market cannot de-risk completely from US clients
- Capex to be funded through internal accruals

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## Narayan Health: Don't Think Any Hospital Has Taken A Decision w.r.t To Any Insurance Co; Sandhya J, Group CFO

- Have a reasonable working relation with insurance companies
- Don't think any hospital has taken a decision w.r.t to an insurance company
- In conversation with insurer such as Bajaj Allianz
- Prices are locked in for next 2-3 Yrs, realisation are impacted if renewals get delayed
- A lot of underlying costs have risen

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## Titagarh Rail: Expect Shipbuilding Biz Go Up To ₹1,500-2,000 Cr Topline In Next 3-5 Years; Umesh Chowdhary, VC & MD

- Core business to remain unimpacted
- Creating capacity of 16-20 Vessels a year in shipbuilding business
- EBIT margin of project business margin in the 4-5% range
- Focus in the next 1 year is to build strong order book
- Passenger rail business will start contributing to revenue in the next 2-3 years

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## Vikram Solar: Revenue Growth Will Be In The Range Of 30-35%; Gyanesh Chaudhary, CMD

- Expect 15.5 GW capacity expansion in FY26
- Revenue growth will be in 30-35% range, Margin levels will remain healthy
- EBITDA margin will improve next year onwards, as cell capacities kick in
- ALMM List 1 Deters Chinese dumping in domestic markets

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## JK Paper: Minimum Import Price On Virgin Packaging Board Will Help The Industry; AS Mehta, President & Director

- Minimum import price has been imposed on virgin packaging board
- Imports from Indonesia were at \$600/tonne Vs pulp prices at \$500-550/tonne
- Indonesia created a huge capacity of virgin paper board, equal to India's consumption
- See some price hike in paper industry in the next 10-15 days

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