

## Market snapshot



## Today's top research idea

### ICICI Bank: Another quarter of operational excellence!

- ❖ ICICI Bank (ICICIB) continues to deliver an exemplary performance, rising above all sectoral challenges, as it sustains RoA in the range of 2.3-2.4%. The bank has maintained a strong balance sheet as provisions declined 26% YoY/50% QoQ, placing the bank well on track to comfortably beat its credit cost guidance. Notwithstanding the scale of the franchise, the pace at which the bank has reduced its deposit cost over the past two quarters (down 36bp in 1HFY26) demonstrates remarkable agility and leadership execution. This has enabled the bank to deliver 3bp QoQ expansion in adjusted NIMs vs. our consensus expectation of a decline.
- ❖ 2Q PAT grew 5.2% YoY to INR123.6b (4% beat), aided by lower provisions, strong margins and controlled opex. NII was up 7% YoY/flat QoQ at INR215.3b (in line). Advances grew 10.3% YoY/3.2% QoQ.
- ❖ We maintain our earnings estimates and expect FY27E RoA/RoE of 2.3%/17.0%. ICICIB remains our preferred BUY in the sector with a revised TP of INR1,700 (2.8x FY27E ABV).



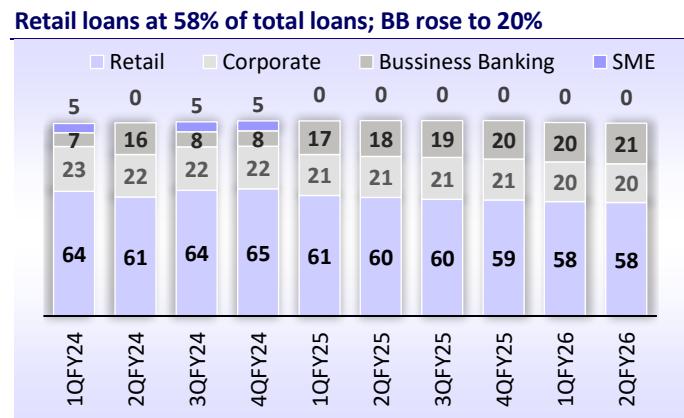
## Research covered

Cos/Sector	Key Highlights
ICICI Bank	Another quarter of operational excellence!
Piramal Finance	Predictability returns, profitability builds - Upgrade to BUY
Other Updates	Reliance Industries   HDFC Bank   UltraTech Cement   JSW Steel   Hindustan Zinc   Punjab National Bank   Polycab India   Dixon Technology   JSW Energy   Havells India   Oberoi Realty   AU Small Finance Bank   IndusInd Bank   IDFC First Bank   Federal Bank   360 ONE WAM   L&T Technology   Poonawalla Fincorp   Dalmia Bharat   Metro Brands   Tata Technologies   RBL Bank   UTI AMC   Atul   CIE Automotive India   Sobha   CEAT   IndiaMART   India Cements   PVR-Inox   Sapphire Foods   Shoppers Stop   DCB Bank   Cement   Rural Electrification Corp   Can Fin Homes

Note: Flows, MTD includes provisional numbers.

\*Average

## Chart of the Day: ICICI Bank (Another quarter of operational excellence!)





Kindly click on textbox for the detailed news link

**1**

**Big retailers see brisk sales, biz dull for small stores**

Organised retail giants like Vijay Sales and Kalyan Jewellers report 12-25% sales growth this Diwali, fueled by GST cuts and festive offers.

**2**

**Brookfield makes ₹5,000 crore bid for India logistics push**

Brookfield is making a strategic leap into the Indian logistics market by acquiring a substantial portfolio that spans 13 million square feet, sourced from a partnership between ESR and Allianz, alongside additional standout ESR assets.

**3**

**DoT signals 5% AGR as satcom spectrum fee**

The Department of Telecommunications is leaning towards a 5% usage fee for satellite spectrum. This is higher than the 4% proposed by the industry regulator. This move could impact major satellite companies. The DoT will send its view back to the regulator for further suggestions. Spectrum allocation awaits final pricing decisions.

**4**

**Centre offers incentives for speedier mine operationalisation**

New rules aim to speed up mine operations. Intermediary timelines and penalties are introduced for delayed production. Incentives like reduced duties are offered for faster output. Over 585 mines have been auctioned since 2015.

**5**

**Highway construction slows down; projected to hit 6-year low in FY26**

The momentum of national highway construction in India is expected to fade, with estimates predicting a fall to under 10,000 km in the upcoming fiscal year 2026. This decline is largely due to fewer project awards seen in the recent two years. Changing policies and a commitment to wrap up current projects are shaping the slowdown.

**6**

**FinMin steps in PSBs asked to tackle employee stress, draw up action plans**

Government is urging public sector banks to tackle employee stress. This follows concerns over work pressure, targets, and staff shortages. Banks must now identify issues and create clear action plans. These efforts will be part of the EASE 8.0 reforms agenda.

**7**

**India's home decor market gets a festive glow-up as consumers splurge on design and gifting**

Dining and kitchen categories are leading the surge as urban consumers trade utility for design and experience



Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	ICICIBC IN
Equity Shares (m)	7144
M.Cap.(INRb)/(USDb)	10264.2 / 116.7
52-Week Range (INR)	1500 / 1186
1, 6, 12 Rel. Per (%)	0/-/13
12M Avg Val (INR M)	15074

**Financials & Valuations (INR b)**

Y/E March	FY25	FY26E	FY27E
NII	812	889	1,035
OP	673	742	865
NP	472	518	589
NIM (%)	4.5	4.4	4.4
EPS (INR)	66.8	72.8	82.7
EPS Gr (%)	14.4	9.0	13.6
ABV/Sh (INR)	373	447	520
Cons. BV/Sh (INR)	438	514	603
<b>Ratios</b>			
RoA (%)	2.4	2.3	2.3
RoE (%)	18.0	16.7	16.5
<b>Valuations</b>			
P/BV (x) (Cons)	3.3	2.8	2.4
P/ABV (x)*	3.2	2.7	2.3
P/E (x)	21.5	19.7	17.4
Adj P/E (x)*	17.8	16.4	14.4

\*Adjusted for investment in subsidiaries

**Shareholding Pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	35.9	36.7	36.2
FII	56.8	55.9	56.1
Others	7.4	7.4	7.7

FII includes depository receipts

**CMP: INR1,437      TP: INR1,700 (+18%)      Buy**
**Another quarter of operational excellence!**
**Margins surprise positively; asset quality remains robust**

- ICICI Bank (ICICIBC) continues to deliver an exemplary performance, rising above all sectoral challenges, as it sustains RoA in the range of 2.3-2.4%, which is even beyond the aspirational level for most banks.
- Moreover, the bank has maintained a strong balance sheet as provisions declined 26% YoY/50% QoQ, placing the bank well on track to comfortably beat its credit cost guidance.
- Notwithstanding the scale of the franchise, the pace at which the bank has reduced its deposit cost over the past two quarters (down 36bp in 1HFY26) demonstrates remarkable agility and leadership execution. This has enabled the bank to deliver 3bp QoQ expansion in adjusted NIMs vs. our consensus expectation of a decline. The bank remains focused on delivering superior risk-adjusted returns, supported by prudent underwriting practices and strong credit discipline.
- 2Q PAT grew 5.2% YoY to INR123.6b (4% beat), aided by lower provisions, strong margins and controlled opex.
- NII was up 7% YoY/flat QoQ at INR215.3b (in line). NIMs declined by only 4bp QoQ to 4.3% (adjusted NIMs improved 3bp QoQ).
- Advances grew 10.3% YoY/3.2% QoQ, led by healthy growth in Business Banking (BB) segment and a recovery in Retail segment. Deposits were flat QoQ (up 7.7% YoY), while CASA mix stood at 40.9%.
- Fresh slippages declined to INR50.3b (INR62.5b in 1QFY26). GNPA ratio declined to 1.58%, while NNPA ratio declined to 0.39%.
- We maintain our earnings estimates and expect FY27E RoA/RoE of 2.3%/17.0%. ICICIBC remains our preferred BUY in the sector with a revised TP of INR1,700 (2.8x FY27E ABV).**

**CD ratio inches up to 87%; slippage ratio under control**

- 2Q PAT grew 5.2% YoY/fell 3.2% QoQ to INR123.6b (4% beat), aided by lower provisions, strong NIMs and contained opex.
- NII was up 7.4% YoY/flat QoQ at INR215.3b (in line). NIMs declined marginally by 4bp QoQ (adj. NIMs improved 3bp QoQ), while management expects range-bound NIMs for the next two quarters.
- Other income declined by 11% QoQ to INR75.8b (4% miss) due to lower treasury gains in 2Q, while fee income was healthy.
- Opex rose 12.4% YoY/3.6% QoQ to INR118b (in line). C/I ratio thus increased to 40.6% (up 276bp QoQ). PPoP declined by 8% QoQ to INR172.9b (in line).
- On the business front, advances grew by 10.3% YoY/3.2% QoQ, led by faster growth in the BB segment at 24.8% YoY/6.5% QoQ (21% of the book), while retail grew by 2.4% QoQ (58% of the book).
- Deposits stood flat QoQ (up 7.7% YoY). CASA ratio declined 35bp QoQ to 40.9%; however, average CASA mix improved 50bp QoQ to 39.2%.

- Fresh slippages came in at INR50.3b (INR62.5b in 1QFY26). GNPA ratio declined by 9bp QoQ to 1.58%, while NNPA ratio declined by 2bp QoQ to 0.39%. PCR declined by 29bp QoQ to 75.6%, while the contingency buffer was unchanged at INR131b (0.9% of loans).

### Highlights from the management commentary

- NIMs are expected to be range-bound and the bank does not expect much movement in the coming quarters.
- LDR has expanded by over 400bp in the past two quarters. LDR can even go further given that the CRR cut is going to release liquidity.
- Retail asset quality was not bad at any point in time. Secured retail had been stable. There was some spike in PL and cards. The benefit of portfolio actions has started to show up and the bank is looking at growth recovery in these segments.

### Valuation and view

ICICIBC reported another commendable quarter, wherein the bank saw healthy NIMs, lower provisions, controlled slippages and contained opex. Its focus on the better-yielding assets has helped the bank to have fair control over NIM compression, with next quarter expected to have the benefit of CRR cuts and cost of fund repricing. The bank's investment in technology has resulted in consistent productivity gains, along with market share gains and steady improvement in cost ratios. Asset quality remains under control, while ECL impact is expected to be fairly manageable for the bank. The bank continues to carry a contingency provisioning buffer of INR131b (0.9% of loans). We maintain our earnings estimates and expect FY27E RoA/RoE of 2.3%/17.0%.

**ICICIBC remains our preferred BUY in the sector with a revised TP of INR1,700 (2.8x FY27E ABV).**

### Quarterly performance (INR b)

	FY25				FY26E				FY25	FY26E	FY26	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est
<b>Net Interest Income</b>	<b>195.5</b>	<b>200.5</b>	<b>203.7</b>	<b>211.9</b>	<b>216.3</b>	<b>215.3</b>	<b>224.8</b>	<b>232.1</b>	<b>811.6</b>	<b>888.5</b>	<b>211.5</b>	<b>2%</b>
% Change (YoY)	7.3	9.5	9.1	11.0	10.6	7.4	10.4	9.5	9.2	9.5	5.5	
Other Income	70.0	71.8	70.7	72.6	85.0	75.8	78.9	82.4	285.1	322.1	78.7	-4%
<b>Total Income</b>	<b>265.5</b>	<b>272.2</b>	<b>274.4</b>	<b>284.5</b>	<b>301.4</b>	<b>291.1</b>	<b>303.7</b>	<b>314.5</b>	<b>1,096.7</b>	<b>1,210.7</b>	<b>290.2</b>	<b>0%</b>
Operating Expenses	105.3	105.0	105.5	107.9	113.9	118.1	118.6	118.4	423.7	469.1	116.9	1%
<b>Operating Profit</b>	<b>160.2</b>	<b>167.2</b>	<b>168.9</b>	<b>176.6</b>	<b>187.5</b>	<b>173.0</b>	<b>185.1</b>	<b>196.1</b>	<b>673.0</b>	<b>741.6</b>	<b>173.3</b>	<b>0%</b>
% Change (YoY)	13.3	17.5	14.7	17.5	17.0	3.4	9.6	11.0	15.8	10.2	3.6	
Provisions	13.3	12.3	12.3	8.9	18.1	9.1	14.6	12.2	46.8	54.1	14.7	-38%
<b>Profit before Tax</b>	<b>146.9</b>	<b>154.9</b>	<b>156.6</b>	<b>167.7</b>	<b>169.3</b>	<b>163.8</b>	<b>170.5</b>	<b>183.9</b>	<b>626.2</b>	<b>687.6</b>	<b>158.6</b>	<b>3%</b>
Tax	36.3	37.4	38.7	41.4	41.6	40.2	42.1	45.1	153.9	169.1	39.2	3%
<b>Net Profit</b>	<b>110.6</b>	<b>117.5</b>	<b>117.9</b>	<b>126.3</b>	<b>127.7</b>	<b>123.6</b>	<b>128.4</b>	<b>138.8</b>	<b>472.3</b>	<b>518.4</b>	<b>119.4</b>	<b>4%</b>
% Change (YoY)	14.6	14.5	14.8	18.0	15.5	5.2	8.9	9.9	15.5	9.8	1.7	
<b>Operating Parameters</b>												
Deposit	14,261	14,978	15,203	16,103	16,085	16,128	16,826	17,746	16,103	17,746	16,506	-2%
Loan	12,232	12,772	13,144	13,418	13,642	14,085	14,628	15,310	13,418	15,310	14,061	0%
Deposit Growth (%)	15.1	15.7	14.1	14.0	12.8	7.7	10.7	10.2	14.0	10.2	10.2	
Loan Growth (%)	15.7	15.0	13.9	13.3	11.5	10.3	11.3	14.1	13.3	14.1	10.1	
<b>Asset Quality</b>												
Gross NPA (%)	2.2	2.0	2.0	1.7	1.7	1.6	1.6	1.5	1.7	1.5	1.8	
Net NPA (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
PCR (%)	80.2	79.0	78.7	76.9	75.9	75.6	75.7	75.7	76.2	75.7	75.8	

Source: MOFSL estimate, Company



# Piramal Finance

Bloomberg	PIEL IN
Equity Shares (m)	227
M.Cap.(INRb)/(USDb)	254.8 / 2.9
52-Week Range (INR)	1356 / 848
1, 6, 12 Rel. Per (%)	-5/5/5
12M Avg Val (INR M)	855

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
PPOP	15.8	20.3	37.5
PAT	4.8	14.4	24.1
PAT (ex-exceptional)	4.8	4.0	22.1
EPS	22	64	107
EPS Gr. (%)	-	196	68
BV/Sh. (INR)	1,202	1,255	1,346
RoA (%)	0.5	1.4	1.9
RoE (%)	1.8	5.2	8.2
<b>Valuation</b>			
P/E (x)	52.3	17.7	10.5
P/BV (x)	0.9	0.9	0.8
Dividend yield (%)	1.0	1.4	2.3

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	46.2	46.4	46.0
DII	15.2	14.3	13.4
FII	15.9	16.5	16.7
Others	22.8	22.8	23.9

FII includes depository receipts

**CMP: INR1,124**    **TP: INR1,460 (+30%)**    **Upgrade to Buy**

## Predictability returns, profitability builds - Upgrade to BUY

### Legacy book wind-down nears end; retail engine providing growth visibility

The earnings volatility seen during the transition period is now comfortably behind, with the legacy wholesale portfolio largely run down and a retail-dominated book driving consistency in performance. Improved NIMs, sustained cost efficiencies, and stable asset quality underpin a visible improvement in the RoA trajectory. The company's retail transformation, supported by sharper underwriting, AI-driven productivity gains, and calibrated risk-taking, is now translating into steady growth and profitability. With the balance sheet cleanup nearing completion and growth visibility improving across core segments, we see a compelling risk-reward at current valuations. We upgrade Piramal Finance (PIEL) to **BUY** with a revised **TP of INR 1,460**, as the company consolidates its position as a stable, retail-focused lender.

- PIEL reported 2QFY26 net profit of ~INR3.3b (PQ: ~INR2.8b). NII in 2QFY26 rose ~31% YoY to ~INR10.2b. PPOP grew ~37% YoY and stood at ~INR4.3b (PY: INR3.2b). Opex to AUM for the company's retail business declined to ~3.9% (PQ: 4.2%).
- The company recorded an exceptional expense of INR810m in 2QFY26, of which 1) INR600m was related to amalgamation costs, and 2) as part of the sale agreement, the company has provided INR210m towards compensation for tax matters pertaining to earlier years for Piramal Imaging.
- Consol. NIMs expanded ~20bp QoQ to 6.1% (PQ: 5.9%). Growth to Legacy AUM mix improved to 94%:6% in Sep'25 from 34%:66% as of Mar'22.
- Total AUM grew 22% YoY and 6.6% QoQ to INR914b. Wholesale 2.0 AUM grew ~43% YoY to INR113b, while Wholesale 1.0 AUM declined ~55% YoY/14% QoQ to INR54b. The company reiterated that it would look to run down its legacy wholesale book to ~INR30b by end-FY26.
- PIEL is now more confident in its retail-focused strategy, with legacy challenges largely behind it. We believe that the phase of earnings volatility is now comfortably behind, and that there will be no negative surprises or volatile quarters going forward. With the legacy wholesale book expected to be largely addressed/run down by end-FY26, the portfolio will increasingly shift toward a stable, retail-dominated mix. Consequently, we now expect PIEL to exhibit a more predictable and consistent earnings trajectory.
- The company is prioritizing RoA enhancement through multiple structural levers such as NIM expansion (with a better product mix and a decline in CoB), better operating efficiency, and improvement in the fee income profile.
- AI-driven efficiencies have helped the company lower its long-term opex-to-AUM guidance by ~25bp to 3.25-3.5%. The company has provided a positive outlook, guiding for significant growth in PAT and AUM till FY30. It guided for a scale-up in AUM to ~INR1.5t+ by FY28 and INR2t+ by FY30 (AUM CAGR of ~20-25% over FY25-30). On profits, it guided for PAT of ~INR13b-15b in FY26, ~INR45b by FY28, and ~INR65b by FY30.

- We estimate a total AUM CAGR of ~23% over FY25-FY28 and RoA/RoE of 2.7%/12.5% by FY28E. We upgrade our rating on the stock to BUY with a revised TP of INR1,460 (based on Sep'27E SOTP).

### Highlights from the management commentary

- Management shared that the company remains selective in wholesale lending, focusing on plain-vanilla operating loans (target yields ~14%) while avoiding structured, high-risk deals.
- The company expects internal accruals and capital releases from the legacy portfolio to adequately fund growth through FY27; any capital raise decision will be evaluated thereafter.
- The company indicated that it continues to actively engage with credit rating agencies, and noted that the ongoing improvement in profitability and risk profile could pave the way for a potential credit rating upgrade.

### Strong retail loan growth of ~36% YoY; retail mix stable QoQ

- Retail AUM grew ~36% YoY to INR747b with its share in the loan book rising to ~82% (PQ: 80%).
- Retail disbursements grew ~36% YoY to INR110b. Disbursement growth was strong sequentially across all major product segments. Disbursement momentum accelerated sequentially in UBL and digital loans while salaried PL maintained earlier strong momentum.
- Management indicated that unsecured business loans (UBL) and used car finance remain segments requiring closer monitoring. While asset quality in these portfolios has remained stable, there has been no visible improvement during the quarter. In contrast, the company highlighted a sequential improvement in the performance of its MFI and digital loan portfolios.

### Asset quality stable; credit costs (after adjusting for ECL re-balance) flat QoQ

- GS3 improved ~25bp QoQ to ~2.6%, while NS3 declined ~20bp QoQ to 1.8%. Stage 3 PCR was stable QoQ at ~29.4%.
- 90+ dpd remains steady at 0.8% for overall retail AUM. Growth business (Retail and Wholesale 2.0) gross credit costs rose ~30bp QoQ to 1.8% (PQ: ~1.5%). The sequential increase is because 1QFY26 had a net positive impact of ~36bp on credit costs due to ECL rebalancing. Total ECL/EAD declined ~30bp QoQ to ~2.1% of the AUM.
- Management shared that credit risk in the unsecured MSME and business loans segment, which peaked in Oct/Nov'24, has not come down from those levels but has also not deteriorated further. The company shared that it expects the micro-LAP segment to remain under stress for a couple of quarters before improving.
- Capital adequacy (CRAR) rose to ~20.7% (vs ~19.3% at Jun'25).

### Valuation and view

- PIEL reported a healthy operational performance during the quarter, led by strong growth in its retail loans and continued scale down of the legacy wholesale book, which now accounts for <6% of total AUM. Asset quality

remained broadly stable across key product segments, leading to stable credit costs. With rising retail traction and a better funding mix, NIM expanded further, reinforcing the shift toward a more stable and profitable lending model.

- Our earnings estimate for FY26 and FY27 factors in gains from the AIF exposures, deferred consideration of USD120m from the sale of Piramal Imaging, and zero tax outgo in the foreseeable future. Due to the uncertainty and unpredictability surrounding the monetization of the stake in Shriram Life and General Insurance, we have not factored it into our estimates yet. However, the eventual monetization is expected to provide one-off gains, which could help offset credit costs associated with the disposal of the residual stressed legacy wholesale AUM (of ~INR54b).
- We estimate a total AUM CAGR of ~23% and a ~26% CAGR in Retail AUM over FY25-FY28. We upgrade PIEL to BUY as we see a compelling risk-reward with the business entering a structurally stronger phase of growth and profitability. The company has largely completed its transition into a retail-focused franchise with sharper underwriting, enhanced productivity, and healthy risk-adjusted credit costs. **We upgrade our rating on the stock to BUY with a revised TP of INR1,460 (based on Sep'27E SOTP).**

**Exhibit 1: SOTP valuation – Sep 2027**

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	282	3.4	1,253	86	❖ 0.9x Sep'27E PBV
Shriram Group	34	0.4	151	10	❖ Based on its stake in Shriram Life/General Insurance Businesses
Life Insurance	6	0.1	26	2	
Alternatives	7	0.1	30	2	
<b>Target Value</b>	<b>329</b>	<b>3.9</b>	<b>1,460</b>	<b>100</b>	

Source: MOFSL, Company

**Piramal: Quarterly Performance**

(INR m)

Y/E March	FY25			FY26E		FY25	FY26E	
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26		
Interest Income	19,285	20,804	21,888	22,636	23,934	25,852	89,090	1,06,497
Interest Expenses	12,047	13,050	13,640	14,167	14,917	15,669	53,174	64,248
<b>Net Interest Income</b>	<b>7,238</b>	<b>7,754</b>	<b>8,248</b>	<b>8,469</b>	<b>9,017</b>	<b>10,183</b>	<b>35,916</b>	<b>42,248</b>
YoY Growth (%)	6.3	6.5	1.5	18.9	24.6	31.3		
Other operating income	1,943	2,075	6,358	5,900	2,492	2,863	6,417	7,443
Other Income	226	870	536	1,791	509	287	3,623	3,877
<b>Total Income</b>	<b>9,407</b>	<b>10,700</b>	<b>15,142</b>	<b>16,159</b>	<b>12,018</b>	<b>13,334</b>	<b>45,956</b>	<b>53,568</b>
YoY Growth (%)	-49.9	-7.4	6.0	20.6	27.8	24.6		
Operating Expenses	7,034	7,534	8,002	7,843	8,145	9,007	30,143	33,315
<b>Operating Profit</b>	<b>2,373</b>	<b>3,166</b>	<b>7,140</b>	<b>8,317</b>	<b>3,873</b>	<b>4,326</b>	<b>15,814</b>	<b>20,253</b>
YoY Growth (%)	-75.5	-35.5	-2.4	-887.2	63.2	36.6		
Provisions & Loan Losses	1,007	2,376	6,278	8,058	1,646	1,653	10,740	17,730
<b>Profit before Tax</b>	<b>1,366</b>	<b>790</b>	<b>862</b>	<b>258</b>	<b>2,227</b>	<b>2,673</b>	<b>5,074</b>	<b>2,523</b>
Tax Provisions	664	272	521	136	247	-776	1,594	0
<b>PAT (before associate income)</b>	<b>702</b>	<b>518</b>	<b>340</b>	<b>122</b>	<b>1,980</b>	<b>3,449</b>	<b>3,479</b>	<b>2,523</b>
Associate Income	76	343	45	903	784	631	1,370	1,507
<b>PAT (before exceptional)</b>	<b>778</b>	<b>860</b>	<b>386</b>	<b>1,024</b>	<b>2,764</b>	<b>4,080</b>	<b>4,849</b>	<b>4,030</b>
Exceptional items	1,037	769	0	0	0	-810	0	10,320
Profit from Discontinued operations							-	-
<b>PAT (after exceptional)</b>	<b>1,815</b>	<b>1,630</b>	<b>386</b>	<b>1,024</b>	<b>2,764</b>	<b>3,270</b>	<b>4,849</b>	<b>14,350</b>

# Reliance Industries

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	RELIANCE IN
Equity Shares (m)	13532
M.Cap.(INRb)/(USDb)	19173.4 / 217.9
52-Week Range (INR)	1551 / 1115
1, 6, 12 Rel. Per (%)	-1/3/1
12M Avg Val (INR M)	17042

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	10,124	10,716	11,018
EBITDA	1,839	2,056	2,276
Adj PAT	752	828	917
EPS (INR)	55.6	61.2	67.8
EPS Gr. (%)	8.0	10.1	10.8
BV/Sh. (INR)	673	727	787
<b>Ratios</b>			
Net D/E	0.4	0.3	0.3
RoE (%)	8.6	8.7	9.0
RoCE (%)	8.5	8.8	9.2
<b>Valuations</b>			
P/E (x)	25.5	23.2	20.9
P/BV (x)	2.1	1.9	1.8
EV/EBITDA (x)	12.4	10.9	9.6
Div Yield (%)	0.9	0.5	0.5

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.1	49.1	49.1
DII	19.5	19.2	17.1
FII	20.8	20.7	23.6
Others	10.6	11.1	10.2

FII Includes depository receipts

**CMP: INR1,417** **TP: INR1,700 (+20%)** **Buy**

## Operationally in-line 2Q; FCF generation picks up significantly in 1H

- RIL posted an operationally in-line 2Q, with consolidated EBITDA rising 5% QoQ to INR459b (+10% YoY), driven by a strong recovery in Reliance Retail (RR).
- For RR, growth rebounded in 2Q, with 18-23% YoY growth across key categories and 17% YoY growth in EBITDA (2% ahead).
- RJio EBITDA was up ~3.5% QoQ (~1% ahead), driven by ~8.3m net adds and rising customer engagement on 5G/FWA.
- Consol. O2C EBITDA grew 3% QoQ (up 21% YoY, in line), aided by improvement in key product cracks. E&P EBITDA was flat QoQ (-5% YoY).
- RIL's other income declined 8% YoY (-28% QoQ) to INR45b, while D&A/interest costs rose 12%/13% YoY.
- Attributed PAT grew 10% YoY to INR182b (+1% QoQ) and was 10% below our estimate, largely due to lower other income.
- Reported capex for the quarter increased sharply to INR400b (vs. INR299b QoQ, +18% YoY), while cash capex declined ~15% YoY to INR605b in 1HFY26.
- RIL's reported net debt increased ~INR10b QoQ to INR1.19t (vs. INR1.16t YoY). However, calculated debt (including spectrum liabilities and creditors for capex etc.) inched up by ~INR130b in 1HFY26 to INR2.9t, on our estimates.
- Consol FCF for 1HFY26 improved to INR309b (vs. INR92b YoY), driven by ~14% YoY increase in EBITDA, moderation in cash capex and boost from Asian Paints stake sale. Even after excluding Asian Paints stake sale, RIL's consol FCF improved meaningfully to ~INR220b.
- Our FY26-28E EBITDA is broadly unchanged; however, we cut our FY26-28E attributable PAT by 3-4% due to lower other income, higher interest costs and rising minority interest. We build in a CAGR of ~10-11% in RIL's consolidated EBITDA and PAT over FY25-28.
- **We reiterate our BUY rating with a revised TP of INR1,700 (earlier INR1,685).**

## Reliance Retail – Broad-based growth recovery; QC up 42% QoQ

- After a soft revenue growth of 11% in 1Q, RR's net revenue growth saw an uptick to 19% YoY (5% beat, albeit on a low base). The growth was broad-based with 18-23% YoY growth across key categories, driven by the boost from early festive and GST rationalization.
- RR added 229 net stores (412 additions and 183 closures) during 2Q. Net retail area grew by a modest 0.2m QoQ to 77.8m sqft (-2% YoY).
- Blended operational EBITDA grew ~17% YoY to INR66b (**2% ahead**) as margins declined ~15bp YoY to 8.4% (25bp miss).
- RR's quick hyperlocal deliveries on JioMart delivered strong growth of 42% QoQ and 200%+ YoY in average daily orders.
- **Reliance Consumer Brands** delivered revenue of INR54b (2x YoY), with Campa sustaining double-digit market share in key markets.
- With a likely end of store rationalizations, rising traction in quick commerce, and a boost from the upcoming festive season and GST rationalization, we believe RR's growth could be sustained at mid-teens over the medium term.
- We raise our FY26-28E revenue by 2-3% and EBITDA by a modest ~1%. We expect a CAGR of ~15% in RR's revenue/EBITDA over FY25-28E.

### RJio – Largely in line; net debt declines as 1H FCF improves to INR63b

- RJio's standalone revenue grew ~3% QoQ (+12% YoY), driven by 1% QoQ ARPU uptick (one extra day QoQ) and ~8.3m subscriber net adds (FWA ramp-up).
- EBITDA grew ~3.5% QoQ (+15% YoY) to INR173b (vs. our estimate of INR171.5), driven by lower network opex (flat QoQ, 2% below).
- EBITDA margin expanded ~20bp QoQ to 54.2% (~15bp beat), with incremental EBITDA margin at ~60% (slightly higher vs. our estimate of ~56%).
- JPL's non-mobility revenue and EBITDA continued to see acceleration, with 8% and 6% QoQ growth, respectively, benefitting from a rising FWA base and traction in B2B.
- 1HFY26 cash capex (incl. payment of creditors for capex and principal component of spectrum repayments) was largely flat YoY at INR224b (vs. INR221b YoY), while gross block additions (a proxy for committed capex) in 1HFY26 inched up to INR251b (vs. ~INR204b YoY).
- 1HFY26 FCF (post interest, leases and spectrum repayments) improved to INR63b (vs. INR6b/INR39b in 1HFY25/FY25), driven by 17% YoY higher EBITDA.
- Effective net debt (including spectrum debt and creditors for capex) declined by INR78b in 1HFY26 to INR1.79t.
- We raise our FY26-28 revenue and EBITDA estimates by ~1% each, driven by higher net adds in fixed broadband and the corresponding boost to blended ARPU. We continue to build in next round of tariff hike (15% or INR50/month on the base pack) from Dec'25. Any delay in tariff hike would pose downside risks.
- We expect FY25-28E revenue/EBITDA/PAT CAGR of ~16%/19%/24% for RJio, driven by tariff hike flow-through in wireless and acceleration in FWA offerings.

### Standalone: In-line result; higher volumes, cracks drive QoQ recovery

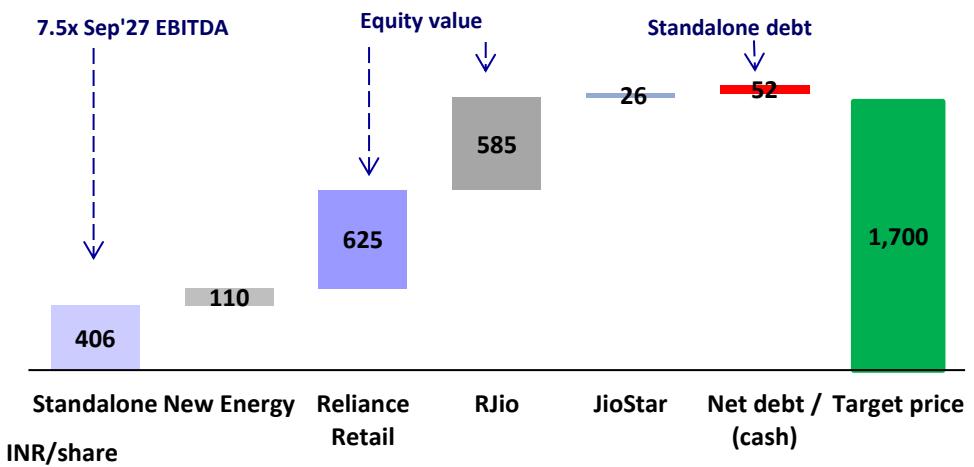
- Revenue stood at INR1,263b (-3% YoY). EBITDA was in line at INR144b (est. INR149b; +7% YoY). Reported PAT was also in line with our estimate at INR91b (up 18% YoY).
- **As of 30th Sep'25**, RIL's standalone CWIP stood at INR985.2b (vs. INR763.2b as of 31st Mar'25). Net debt stood at INR605b (vs. INR619b as of 31st Mar'25). **In 1HFY26**, the company generated CFO of INR453.2b (up 7% YoY).
- **O2C**: 2QFY26 EBITDA grew 17% YoY to INR98.6b, reflecting a sharp rebound in transportation fuel cracks (up 22-37%) and improved polymer margins. Production meant for sale increased 2.3% YoY, supported by higher throughput across both primary and secondary units. The Jio-bp network added 236 new outlets YoY, resulting in robust volume growth of 34% in HSD and 32% in MS. The benefit was partly offset by weaker polyester chain deltas.
- **E&P**: 2Q revenue fell 2.6% YoY, mainly due to the natural decline in production from the KGD6 block (-8.4% YoY). Additionally, lower realizations for CBM gas and condensate weighed on revenues. This impact was partially offset by higher gas prices from KGD6 and increased CBM gas volumes. The average realized price for KGD6/CBM gas stood at USD9.97/9.53mmbtu in 2QFY26 (up 4% YoY/down 16% YoY). EBITDA declined 5% YoY to INR49.9b, due to lower revenue and higher operating costs arising from periodic maintenance activities.
- **Near-term dynamics**:
- Downstream chemical margins are expected to remain constrained due to elevated supply levels and continued volatility in feedstock prices.

- Refinery rationalization and supply disruptions are likely to support export demand. Further, domestic demand is anticipated to strengthen during the festive season in 3QFY26.
- The company will maintain its focus on the domestic market and continue to provide customer-centric, innovative solutions. Jio-bp aims to expand its network and enhance its portfolio of new mobility solution offerings.
- Significant refining capacity closures anticipated in Europe and North America during CY25/26, resulting in limited net capacity additions, are expected to support refining margins.

### Valuation and view

- Our FY26-28E EBITDA is broadly unchanged, though we cut our FY26-28E attributable PAT by 3-4% due to lower other income, higher interest cost and rising minority interest.
- We expect RJio to remain the biggest growth driver, with 19% EBITDA CAGR over FY25-28E, driven by one more tariff hike (~15% from Dec'25), market share gains in wireless, and continued ramp-up of the Homes and Enterprise offerings.
- With store rationalizations largely complete and the scale-up of quick hyper-local deliveries on JioMart and Ajio, we expect RR to deliver ~15% revenue/EBITDA CAGR over FY25-28E.
- After a subdued FY25, we expect earnings to recover in the O2C segment, driven by improvement in refining margins. However, our FY28E consolidated EBITDA for O2C and E&P remains ~4% lower than FY24 levels.
- Overall, we build in a CAGR of ~10-11% in RIL's consolidated EBITDA and PAT over FY25-28.
- We model an annual consolidated capex of INR1.3t for RIL over FY25-28E, as the moderation in RJio capex is likely to be offset by higher capex in New Energy and Datacenter forays. However, we believe the peak of capex is behind, which should lead to healthy FCF generation (~INR1.1t over FY25-28E) and a corresponding decline in consol. net debt.
- For **Reliance Retail**, we ascribe a blended EV/EBITDA multiple of 30x (32x for core retail and ~7x for connectivity) to arrive at an EV of ~INR10.4t for RRVL and an attributable value of INR625/share (earlier INR600/share) for RIL's stake in RRVL. Sustained mid- to high-teens growth in retail revenue remains key to RIL's re-rating.
- We value **RJio** on DCF implied ~13x Dec'27 EV/EBITDA to arrive at our enterprise valuation of INR12.4t (USD141b) and assign ~USD9b valuation to other non-mobility offerings under JPL to arrive at **INR13.2t (or ~USD150b) enterprise valuation**. Factoring in net debt and ~33.5% minority stake, the attributable equity value for RIL comes to **INR585/share** (vs. INR575 earlier).
- Using the SoTP method, we value the O2C/E&P segments at 7.5x/5.0x Dec'27E EV/EBITDA to arrive at an enterprise value of INR5.5t (or ~INR406/sh) for the standalone business. We ascribe an equity valuation of INR585/sh and INR625/sh to RIL's stake in JPL and RRVL, respectively. We assign INR110/sh (~INR1.5t equity value) to the New Energy business and INR26/sh (~INR350b) to RIL's stake in JioStar. **We reiterate our BUY rating with a revised TP of INR1,700 (earlier INR1,685).**

**RIL – SoTP valuation (INR/share)**



**Consolidated - Quarterly earnings summary**

Y/E March	FY25				FY26				FY25	FY26	FY26	Var v/s Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>2,318</b>	<b>2,315</b>	<b>2,400</b>	<b>2,614</b>	<b>2,436</b>	<b>2,546</b>	<b>2,575</b>	<b>2,567</b>	<b>9,647</b>	<b>10,124</b>	<b>2,467</b>	<b>3.2%</b>
YoY Change (%)	11.7	-0.2	6.6	10.5	5.1	10.0	7.3	-1.8	7.1	4.9	6.5	
<b>EBITDA</b>	<b>388</b>	<b>391</b>	<b>438</b>	<b>438</b>	<b>429</b>	<b>459</b>	<b>472</b>	<b>479</b>	<b>1,654</b>	<b>1,839</b>	<b>458</b>	<b>0.2%</b>
Margins (%)	16.7	16.9	18.2	16.8	17.6	18.0	18.3	18.7	17.1	18.2	18.6	-53.4
Depreciation	136	129	132	135	138	144	147	151	531	580	141	2.6%
Interest	59	60	62	62	70	68	71	75	243	284	74	-8.3%
Other Income	40	49	42	49	62	45	45	70	180	223	59	-24.3%
<b>PBT before EO expense</b>	<b>232</b>	<b>250</b>	<b>286</b>	<b>291</b>	<b>282</b>	<b>291</b>	<b>300</b>	<b>324</b>	<b>1,060</b>	<b>1,197</b>	<b>302</b>	<b>-3.6%</b>
Extra-Ord expense	0	0	0	0	-89	0	0	0	0	-89	0	
<b>PBT</b>	<b>232</b>	<b>250</b>	<b>286</b>	<b>291</b>	<b>371</b>	<b>291</b>	<b>300</b>	<b>324</b>	<b>1,060</b>	<b>1,286</b>	<b>302</b>	<b>-3.6%</b>
Tax Rate (%)	24.9	23.7	23.9	22.9	17.4	24.0	25.0	23.9	23.8	22.3	23.5	
Minority Interest & Profit/Loss of Asso. Cos.	23.1	25.4	32.6	30.3	36.9	39.8	40.7	40.6	111.4	158.0	28.7	
<b>Reported PAT</b>	<b>151</b>	<b>166</b>	<b>185</b>	<b>194</b>	<b>270</b>	<b>182</b>	<b>184</b>	<b>206</b>	<b>696</b>	<b>841</b>	<b>202</b>	<b>-10.2%</b>
<b>Adj PAT</b>	<b>151</b>	<b>166</b>	<b>185</b>	<b>194</b>	<b>181</b>	<b>182</b>	<b>184</b>	<b>206</b>	<b>696</b>	<b>752</b>	<b>202</b>	<b>-10.2%</b>
YoY Change (%)	-5.5	-4.8	7.4	2.4	19.4	9.7	-0.6	6.0	0.0	8.0	22.1	
Margins (%)	6.5	7.2	7.7	7.4	7.4	7.1	7.2	8.0	7.2	7.4	8.2	-106.1

**Standalone - Quarterly Earning Model**

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>1,299</b>	<b>1,301</b>	<b>1,244</b>	<b>1,330</b>	<b>1,163</b>	<b>1,263</b>	<b>1,201</b>	<b>1,208</b>	<b>5,173</b>	<b>4,836</b>	<b>1,285</b>	<b>-2%</b>
YoY Change (%)	5.9	-5.3	-2.6	-9.4	-10.4	-2.9	-3.4	-9.2	-3.2	-6.5	-1.2	
<b>EBITDA</b>	<b>143</b>	<b>134</b>	<b>152</b>	<b>151</b>	<b>132</b>	<b>144</b>	<b>145</b>	<b>144</b>	<b>581</b>	<b>565</b>	<b>149</b>	<b>-3%</b>
Margin (%)	11.0	10.3	12.2	11.4	11.3	11.4	12.1	12.0	11.2	11.7	11.6	
Depreciation	47	44	45	45	41	45	47	49	180	182	45	
Interest	30	27	24	21	22	18	21	23	101	84	25	
Other Income	35	38	32	56	45	34	35	59	161	173	44	
<b>PBT before EO expense</b>	<b>101</b>	<b>102</b>	<b>116</b>	<b>142</b>	<b>114</b>	<b>116</b>	<b>112</b>	<b>132</b>	<b>461</b>	<b>473</b>	<b>122</b>	<b>-5%</b>
Extra-Ord expense / (gain)	0	0	0	0	-89	0	0	0	0	-89	0	
<b>PBT</b>	<b>101</b>	<b>102</b>	<b>116</b>	<b>142</b>	<b>203</b>	<b>116</b>	<b>112</b>	<b>132</b>	<b>461</b>	<b>563</b>	<b>122</b>	<b>-5%</b>
Tax	25	25	29	30	24	25	27	32	109	107	29	
Rate (%)	25.0	24.5	24.8	20.8	11.8	21.2	24.0	24.0	23.6	19.0	23.8	
<b>Reported PAT</b>	<b>76</b>	<b>77</b>	<b>87</b>	<b>112</b>	<b>179</b>	<b>91</b>	<b>85</b>	<b>100</b>	<b>353</b>	<b>456</b>	<b>93</b>	<b>-1%</b>
<b>Adj PAT</b>	<b>76</b>	<b>77</b>	<b>87</b>	<b>112</b>	<b>90</b>	<b>91</b>	<b>85</b>	<b>100</b>	<b>353</b>	<b>366</b>	<b>93</b>	<b>-1%</b>
YoY Change (%)	-20.9	-31.2	-12.1	-0.6	18.0	18.4	-2.5	-10.7	-16.1	3.9	20.1	
Margin (%)	5.9	5.9	7.0	8.4	7.7	7.2	7.1	8.3	6.8	7.6	7.2	
Production meant for sale (mmt)	17.7	17.7	17.9	17.9	17.3	17.7	17.7	17.7	71.2	70.8	17.7	0%



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HDFCB IN
Equity Shares (m)	15360
M.Cap.(INRb)/(USDb)	15402.9 / 175.1
52-Week Range (INR)	1018 / 810
1, 6, 12 Rel. Per (%)	2/-3/16
12M Avg Val (INR M)	22077

#### Financials & Valuations (INR b)

Y/E	FY25	FY26E	FY27E
NII	1,227	1,295	1,492
OP	1,001	1,197	1,270
NP	673	751	837
NIM (%)	3.5	3.3	3.5
EPS (INR)	44.0	49.1	54.7
EPS Gr. (%)	9.9	11.5	11.5
BV/Sh. (INR)	328	361	405
ABV/Sh. (INR)	314	345	387
<b>Ratios</b>			
RoA (%)	1.8	1.8	1.8
RoE (%)	14.5	14.3	14.3
<b>Valuations</b>			
P/E(X)	22.7	20.4	18.3
P/E(X)*	19.6	17.6	15.8
P/BV (X)	3.1	2.8	2.5
P/ABV (X)*	2.8	2.5	2.2

\* adjusted for subs

#### Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	31.4	31.1	30.6
FII	55.3	55.7	55.0
Others	13.3	13.2	14.4

FII Includes depository receipts

**CMP: INR1,003**

**TP: INR1,175 (+17%)**

**Buy**

#### Steady quarter; margin decline controlled at 8bp QoQ

##### Asset quality remains robust

- HDFC Bank (HDFCB) reported 2QFY26 profit at INR186.4b, up 11% YoY (11% beat), led by healthy NII and robust other income.
- NII grew 5% YoY to INR315.5b (in line). Margins on total assets declined 8bp QoQ to 3.27% (est. 3.24%).
- Other income stood at INR143.5b (16% beat, 25% YoY growth), led by treasury gains of INR23.9b (INR2.9b in 2QFY25).
- Provisions grew 29.6% YoY to INR35b (8% higher than MOFSLe). The bank has made additional contingent provisions of INR15b and general provisions of INR7b in 2QFY26.
- Advances book grew 10% YoY/4.5% QoQ to INR27.5t. Deposits grew 12.1% YoY/1% QoQ to INR28t. CASA ratio stood at 33.9%, while CD ratio increased to ~98%.
- Fresh slippages stood at INR74b (INR63b ex-agri). GNPA/NNPA ratios improved by 16bp/5bp QoQ to 1.24%/0.42%. PCR was broadly stable at 66.6%.
- **We fine-tune our earnings estimates for FY27 and expect HDFCB to deliver FY27E RoA/RoE of 1.84%/14.3%. Reiterate BUY with a TP of INR1,175 (2.7x FY27E ABV + INR137 for subs).**

#### Growth outlook turning stronger; Core credit cost well in control

- Profit grew 11% YoY to INR186.4b (11% beat). NII rose 5% YoY to INR315.5b (in line). Margins on total assets declined 8bp QoQ to 3.27%.
- Other income stood at INR143.5b (16% beat, 25% YoY growth), led by treasury gains of INR23.9b (INR2.9b in 2QFY25).
- Opex grew 6% YoY to INR179.8b (in line). C/I ratio for the quarter stood at 39.2%. PPoP was INR279.2b (13% YoY growth, 10% beat), while provisioning expenses stood at INR35b (est.: INR32.3b).
- Loan book grew by a healthy 10% YoY/4.5% QoQ. Agri grew 7% QoQ, while corporate grew 4.7% QoQ. Business banking grew 4.1% QoQ. Deposits rose 12.1% YoY/1.4% QoQ. CASA ratio stood at 33.9%, while CD ratio increased to ~98%. The bank aims to grow advances higher than system in FY27.
- Fresh slippages stood at INR74b (INR63b ex-agri). GNPA/NNPA ratios improved by 16bp/5bp QoQ to 1.24%/0.42%. PCR declined 24bp QoQ to 66.6%.
- Recoveries increased to INR68b (vs. INR42b in 1QFY26) as there was a 10bp benefit due to an NPA, which was upgraded in 2Q. Credit cost stood at 51bp.
- **Subsidiary performance: HDB Financial** reported loan growth of 13% YoY/ 1.9% QoQ to INR1114b, while PAT stood at INR5.8b. GS3 assets stood at 2.81%, while CAR was 21.8%. **HDFC Securities:** Revenue grew 23% YoY to INR7b, while PAT rose 33% YoY to INR2.1b.

### Highlights from the management commentary

- Loan growth is expected to grow faster than system growth in FY27. LDR will come below 90% mark in the medium term.
- The bank tends to have a slightly longer duration, especially on the retail side, and therefore, tailwinds on costs would last a little longer.
- In gold loan, yields have been pretty rich given that it is a fully collateralized product. HDFCB has been growing this in a steady manner and will continue that but will remain cautious.
- It is now selling home loan products from wider distribution than it used to do before the merger. HDFCB has also brought down the turnaround time.

### Valuation and view: Reiterate BUY with a TP of INR1,175

HDFCB posted a steady quarter with an earnings beat, aided by healthy NII and robust treasury gains. NIMs moderated 8bp QoQ and are expected to pick up going forward. Loan growth has started gaining traction, which led the CD ratio to increase to 98%; however, management expects this to reduce below 90% in the medium term. Slippages moderated, while recoveries were healthy, enabling a decline in core credit cost. HDFCB made additional contingency provisions of INR15b and maintained its floating provisions of INR214b, taking the total such provisions to INR381b (1.4% of loans). The gradual retirement of high-cost borrowings, along with an improvement in operating leverage and the provision buffer, will support return ratios over the coming years. **We fine-tune our earnings estimates for FY27 and estimate HDFCB to deliver FY27E RoA/RoE of 1.84%/14.3%. Reiterate BUY with a TP of INR1,175 (2.7x FY27E ABV + INR137 for subs).**

### Quarterly performance

	(INR b)												
	FY25					FY26E				FY25	FY26E	FY26E	V/s our 2QE
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E	FY26E		
<b>Net Interest Income</b>	<b>298.4</b>	<b>301.1</b>	<b>306.5</b>	<b>320.7</b>	<b>314.4</b>	<b>315.5</b>	<b>326.3</b>	<b>338.6</b>	<b>1,226.7</b>	<b>1,294.8</b>	<b>308.2</b>	<b>2.4%</b>	
% Change (Y-o-Y)	26.4	10.0	7.7	10.3	5.4	4.8	6.4	5.6	13.0	5.6	2.3		
Other Income	106.7	114.8	114.5	120.3	217.3	143.5	132.2	136.7	456.3	629.7	124.1	15.6%	
<b>Total Income</b>	<b>405.1</b>	<b>416.0</b>	<b>421.1</b>	<b>440.9</b>	<b>531.7</b>	<b>459.0</b>	<b>458.5</b>	<b>475.3</b>	<b>1,683.0</b>	<b>1,924.5</b>	<b>432.3</b>	<b>6.2%</b>	
Operating Expenses	166.2	168.9	171.1	175.6	174.3	179.8	184.1	189.5	681.7	727.8	178.3	0.8%	
<b>Operating Profit</b>	<b>238.8</b>	<b>247.1</b>	<b>250.0</b>	<b>265.4</b>	<b>357.3</b>	<b>279.2</b>	<b>274.4</b>	<b>285.8</b>	<b>1,001.3</b>	<b>1,196.8</b>	<b>254.0</b>	<b>10.0%</b>	
% Change (Y-o-Y)	27.2	8.9	5.7	-9.4	49.6	13.0	9.8	7.7	6.1	19.5	2.8		
Provisions	26.0	27.0	31.5	31.9	144.4	35.0	33.1	36.1	116.5	248.5	32.3	8.2%	
<b>Profit before Tax</b>	<b>212.8</b>	<b>220.1</b>	<b>218.5</b>	<b>233.4</b>	<b>212.9</b>	<b>244.2</b>	<b>241.3</b>	<b>249.7</b>	<b>884.8</b>	<b>948.2</b>	<b>221.6</b>	<b>10.2%</b>	
Tax	51.1	51.8	51.1	57.3	31.4	57.8	58.6	49.4	211.3	197.2	54.3		
<b>Net Profit</b>	<b>161.7</b>	<b>168.2</b>	<b>167.4</b>	<b>176.2</b>	<b>181.6</b>	<b>186.4</b>	<b>182.7</b>	<b>200.3</b>	<b>673.5</b>	<b>751.0</b>	<b>167.3</b>	<b>11.4%</b>	
% Change (Y-o-Y)	35.3	5.3	2.2	6.7	12.2	10.8	9.2	13.7	10.7	11.5	-0.5		

### Operating Parameters

Deposit	23,791	25,001	25,638	27,147	27,641	28,018	29,765	31,111	27,147	31,111	28,420
Loan	24,635	24,951	25,182	26,196	26,284	27,464	27,834	28,973	26,196	28,973	26,882
Deposit Growth (%)	24.4	15.1	15.8	14.1	16.2	12.1	16.1	14.6	14.1	14.6	13.7
Loan Growth (%)	52.5	7.0	3.0	5.4	6.7	10.1	10.5	10.6	5.4	10.6	7.7

### Asset Quality

Gross NPA (%)	1.3	1.4	1.4	1.3	1.4	1.2	1.2	1.2	1.3	1.2	1.4
Net NPA (%)	0.4	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5
PCR (%)	71.2	69.9	67.8	67.9	66.9	66.6	66.9	67.0	67.9	67.0	67.8

E: MOFSL Estimates

# UltraTech Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	UTCEM IN
Equity Shares (m)	295
M.Cap.(INRb)/(USDb)	3645.2 / 41.4
52-Week Range (INR)	13102 / 10048
1, 6, 12 Rel. Per (%)	-4/-4/8
12M Avg Val (INR M)	3597

## Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	877	972	1,086
EBITDA	167	202	232
Adj. PAT	80	103	125
EBITDA Margin (%)	19	21	21
Adj. EPS (INR)	273	351	424
EPS Gr. (%)	31	29	21
BV/Sh. (INR)	2,573	2,806	3,103
<b>Ratios</b>			
Net D:E	0.2	0.1	0.1
RoE (%)	11.0	13.0	14.3
RoCE (%)	9.8	11.6	12.7
Payout (%)	35.8	33.5	30.1
<b>Valuations</b>			
P/E (x)	45.1	35.1	29.0
P/BV (x)	4.8	4.4	4.0
EV/EBITDA(x)	22.5	18.3	15.6
EV/ton (USD)	207	192	185
Div. Yield (%)	0.8	1.0	1.0
FCF Yield (%)	1.0	2.7	3.1

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	59.2	59.2	60.0
DII	16.9	16.9	14.0
FII	15.9	15.9	18.8
Others	8.0	8.0	7.2

FII includes depository receipts

**CMP: INR12,370**

**TP: INR14,460 (+17%)**

**Buy**

## Earnings in line; positive demand outlook

### 200mtpa milestone ahead of schedule; phase IV expansion announced

- UltraTech Cement's (UTCEM) 2QFY26 earnings were in line with our estimates. EBITDA grew ~53% YoY to INR30.9b. EBITDA/t increased ~32% YoY to INR914 (estimated INR951). OPM expanded 3.3pp YoY to ~16% (vs. our estimate of ~17%). PAT increased ~75% YoY to INR12.3b.
- Management indicated a positive demand outlook, supported by GST 2.0, rural market, urban real estate, steady infrastructure projects, and private capex. Brand transition is progressing well with India Cements at ~31% and Kesoram at ~55%. The full conversion is expected by Jun'26. Additionally, the company has announced Phase IV expansion with 22.8mtpa capacity in the northern and western regions. Upon completion of these expansions, its clinker capacity will reach 148mtpa, with a clinker conversion ratio of ~1.6x (currently 1.48x), as it is focusing on increasing blended cement.
- We have broadly maintained our earnings estimates for FY26-FY28. The stock is currently trading at 18x/16x FY27E/FY28E EV/EBITDA. We value UTCEM at 20x Sep'27E EV/EBITDA to arrive at our TP of INR14,460. **Reiterate BUY.**

## Blended realization up ~4% YoY; opex/t flat YoY

- UTCEM's consol. revenue/EBITDA/PAT stood at INR196.1b/INR30.9b/INR12.3b (+20%/+53%/+75% YoY and +6%/+1%/-4% vs. our estimates). Sales volume (on a like-to-like) grew ~7% YoY to 33.9mt (+4% vs. our estimate). RMC/white cement revenue rose 30%/27% YoY. Other operating income per ton stood at INR70 vs. INR112/INR64 in 2QFY25/1QFY26.
- Blended realization improved ~4% YoY (flat QoQ; 2% above estimate). Grey cement realization improved 4.5% YoY (dipped 1.4% QoQ). Opex/t was flat YoY (up 7% QoQ; 3% above estimate), with variable cost/other expenses per ton increasing ~3%/6% YoY. Freight/staff cost per ton declined 6%/3% YoY. EBITDA/t increased ~32% YoY to INR914. Depreciation/interest cost rose ~17% YoY (each), whereas other income declined ~23% YoY. ETR stood at 25.1% vs. 19.5%/26.1% in 2QFY25/1QFY26.
- In 1HFY26, revenue/EBITDA/PAT stood at INR408.8b/75.0b/34.9b (up 16%/49%/54% YoY). OPM expanded 4.0pp YoY to ~18%. In 1HFY26, OCF stood at INR55.7b vs INR27.3b in 1HFY25. Capex stood at INR48.0b vs 44.4b. OCF stood at INR7.7b vs. net cash outflow of INR17.0b in 1HFY25. We estimate revenue/EBITDA/PAT growth of ~15%/22%/18% YoY in 2HFY26.

## Highlights from the management commentary

- Pricing largely remained stable during the quarter, with the Central region witnessing a higher decline than other regions. The recent GST reduction is likely to support premiumization by making UTCEM's higher-end brands more accessible to consumers, enabling an improvement in the brand mix.
- Lead distance reduced from 370km to 366km QoQ. C:C ratio improved from 1.45 to 1.48. The Green Power mix stood at ~41.6% in 2QFY26 vs 38%/39.5% in 2QFY25/1QFY26.
- Total capex guidance for ongoing projects is expected to remain around **INR100b per year** for the next two years (FY26-27). Consolidated net debt stands at INR197.1b vs. INR176.7b in Mar'25.

### Valuation and view

- UTCEM's 2QFY26 EBITDA was in line with our estimates as better-than-expected realization was offset by higher-than-estimated opex/t. The company's volume growth was above our estimates. Management indicated that the integration and brand transition of ICEM and Kesoram are progressing well. UTCEM's brand growth stood at 13.2% YoY in 2QFY26. The company's market share currently stands at ~28% and will rise to ~32-33% in the next three years.
- We estimate a CAGR of 13%/23%/27% in consolidated revenue/EBITDA/PAT over FY25-FY28. We estimate its consolidated volume CAGR at ~11% and EBITDA/t of INR1,090/INR1,206/INR1,260 in FY26/FY27/FY28E vs. INR924 in FY25. UTCEM's improved earnings, return ratios, and low-cost expansions warrant a higher valuation multiple. We value UTCEM at 20x Sep'27E EV/EBITDA to arrive at our TP of INR14,460. **Reiterate BUY.**

### Consolidated quarterly performance

	(INR b)											
	FY25					FY26				FY25	FY26E	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	(%)	
<b>Net sales</b>	<b>188.2</b>	<b>162.9</b>	<b>177.8</b>	<b>230.6</b>	<b>212.8</b>	<b>196.1</b>	<b>213.1</b>	<b>254.7</b>	<b>759.6</b>	<b>876.5</b>	<b>184.8</b>	<b>6</b>
YoY change (%)	6.1	1.8	6.2	13.0	13.1	20.3	19.8	10.4	7.1	15.4	18.2	
<b>Total expenditure</b>	<b>158.0</b>	<b>142.7</b>	<b>148.8</b>	<b>184.4</b>	<b>168.7</b>	<b>165.1</b>	<b>174.1</b>	<b>202.0</b>	<b>634.0</b>	<b>709.9</b>	<b>154.1</b>	<b>7</b>
<b>EBITDA</b>	<b>30.2</b>	<b>20.3</b>	<b>28.9</b>	<b>46.2</b>	<b>44.1</b>	<b>30.9</b>	<b>38.9</b>	<b>52.6</b>	<b>125.6</b>	<b>166.6</b>	<b>30.6</b>	<b>1</b>
YoY Change (%)	-1.1	-20.5	-11.1	12.3	46.2	52.6	34.5	13.9	-3.2	32.7	51.1	
Margins (%)	16.0	12.4	16.3	20.0	20.7	15.8	18.3	20.7	16.5	19.0	16.6	
Depreciation	9.2	9.8	9.9	11.2	11.1	11.5	11.9	12.7	40.1	47.1	11.4	
Interest	3.3	3.9	4.6	4.8	4.3	4.6	4.7	4.9	16.5	18.5	4.5	
Other income	1.7	2.3	2.5	1.0	1.8	1.7	1.7	1.7	7.4	7.0	1.9	
<b>PBT before EO expense</b>	<b>19.4</b>	<b>8.8</b>	<b>16.9</b>	<b>31.2</b>	<b>30.5</b>	<b>16.6</b>	<b>24.1</b>	<b>36.7</b>	<b>76.4</b>	<b>107.9</b>	<b>16.6</b>	<b>(0)</b>
Extra-ord expense	0.88	-	-	0.09	0.38	-	-	-	0.97	0.38	-	
<b>PBT after EO Expense</b>	<b>18.5</b>	<b>8.8</b>	<b>16.9</b>	<b>31.1</b>	<b>30.1</b>	<b>16.6</b>	<b>24.1</b>	<b>36.7</b>	<b>75.4</b>	<b>107.5</b>	<b>16.6</b>	<b>(0)</b>
Tax	3.6	1.7	3.3	6.3	7.9	4.2	6.1	9.4	14.9	27.5	3.8	
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	19.6	19.5	19.4	20.1	26.1	25.1	25.2	25.6	19.7	25.6	23.0	
<b>Reported PAT</b>	<b>14.9</b>	<b>7.1</b>	<b>13.6</b>	<b>24.9</b>	<b>22.3</b>	<b>12.4</b>	<b>18.0</b>	<b>27.3</b>	<b>60.5</b>	<b>80.0</b>	<b>12.8</b>	<b>(3)</b>
Minority interest	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.0	-0.1	0.0	0.0	
<b>Adj. PAT</b>	<b>15.7</b>	<b>7.0</b>	<b>13.6</b>	<b>24.9</b>	<b>22.5</b>	<b>12.3</b>	<b>18.0</b>	<b>27.3</b>	<b>61.2</b>	<b>80.4</b>	<b>12.8</b>	<b>(4)</b>
YoY change (%)	-7.3	-45.2	-23.5	7.8	44.0	75.2	32.6	9.6	-13.3	31.4	56.2	

\*Note: The sum of the four quarters of FY25 and the full-year FY25 figures do not match due to the consolidation of Kesoram effective from 1<sup>st</sup> Apr'24

### Key operating parameters

Income Statement (INR/t)	FY25					FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	(%)		
Volume (mt)	33.6	29.4	30.4	41.0	36.8	33.9	37.2	44.8	135.8	152.8	32.4	4	
Change (YoY %)	12.0	10.0	11.2	16.9	9.7	15.3	22.6	9.2	14.1	12.5	16.5		
<b>Realization (including RMC)</b>	<b>5,606</b>	<b>5,550</b>	<b>5,854</b>	<b>5,622</b>	<b>5,777</b>	<b>5,792</b>	<b>5,723</b>	<b>5,685</b>	<b>5,592</b>	<b>5,736</b>	<b>5,696</b>	<b>2</b>	
Change (YoY %)	-5.3	-7.5	-4.5	-3.4	3.0	4.4	-2.2	1.1	-6.1	2.6	1.4		
RM cost	962	995	1,055	1,060	1,037	1,149	1,120	1,113	1,009	1,104	1,040	11	
Power and fuel	1,426	1,404	1,411	1,273	1,320	1,313	1,310	1,321	1,356	1,315	1,285	2	
Staff cost	232	325	293	239	264	314	277	232	265	269	324	(3)	
Freight and forwarding	1,319	1,301	1,329	1,262	1,262	1,219	1,235	1,245	1,285	1,240	1,263	(3)	
Other expenditure	767	835	813	662	696	882	735	599	752	718	833	6	
<b>Total expenditure</b>	<b>4,707</b>	<b>4,859</b>	<b>4,901</b>	<b>4,497</b>	<b>4,579</b>	<b>4,878</b>	<b>4,678</b>	<b>4,510</b>	<b>4,667</b>	<b>4,646</b>	<b>4,745</b>	<b>3</b>	
<b>EBITDA</b>	<b>899</b>	<b>690</b>	<b>953</b>	<b>1,126</b>	<b>1,197</b>	<b>914</b>	<b>1,046</b>	<b>1,175</b>	<b>924</b>	<b>1,090</b>	<b>951</b>	<b>(4)</b>	
YoY change (%)	(11.7)	(27.8)	(20.0)	(4.0)	33.2	32.4	9.7	4.3	(15.1)	17.9	31.2		

Sources: Company reports, MOFSL estimates

# JSW Steel

Estimate changes	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	JSTL IN
Equity Shares (m)	2445
M.Cap.(INRb)/(USDb)	2844.8 / 32.3
52-Week Range (INR)	1179 / 880
1, 6, 12 Rel. Per (%)	3/8/15
12M Avg Val (INR M)	1930

Financials Snapshot (INR b)			
Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	1,839	2,114	2,300
EBITDA	329	418	474
Adj.PAT	108	177	219
EPS (Gr %)	184.0	63.7	24.2
BV/Sh (INR)	367	436	522
Ratios			
ROE (%)	12.8	18.0	18.8
RoCE (%)	9.1	11.9	13.1
Valuations			
P/E (X)	26.3	16.1	13.0
P/BV (X)	3.2	2.7	2.2
EV/EBITDA (X)	11.1	8.6	7.3
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)			
As Of	Jun-25	Mar-25	Jun-24
Promoter	45.3	44.8	44.8
DII	11.4	11.0	11.0
FII	25.7	26.0	25.9
Others	17.6	18.2	18.3

FII includes depository receipts

**CMP: INR1,163 TP: INR1,350 (+16%)** Buy

## In-line 2Q; newly added capacity to drive growth

- JSW Steel (JSTL) posted a consolidated revenue of INR451.5b (+14% YoY and +5% QoQ), which was broadly in line with our estimate of INR431b.
- EBITDA stood at INR71.2b (+31% YoY), supported by strong volume growth and lower input costs; however, it declined by 6% QoQ over muted steel prices sequentially.
- EBITDA/t for the quarter stood at INR9,693/t and was up 9% YoY. It dipped 14% QoQ (vs. our est. of INR8,900/t). APAT stood at INR16.2b (+152% YoY and -26% QoQ vs. our est. INR15.5b) during the quarter.
- Consolidated crude steel production stood at 7.9mt (+17% YoY/+9% QoQ), led by the resumption of the Dolvi plant after the planned maintenance shutdown in 1QFY26 and the ramp-up of the JVML and BPSL expansions.
- Steel sales volumes came in at 7.34mt (+20% YoY and +10% QoQ), while the ASP for the quarter stood at INR61,500/t (-5% YoY and QoQ).
- Domestic sales stood at 6.33mt (up 14% YoY and 6% QoQ). Exports rose 89% YoY and 56% QoQ, contributing 10% to the sales from the Indian operations in 2QFY26. Retail sales volumes grew 26% YoY and 13% QoQ.
- Net debt/EBITDA stood at 2.97x in 2QFY26 vs 3.2x in 1QFY26.
- For 1HFY26, JSTL's revenue/EBITDA/PAT grew 7%/34%/156% YoY, led by better volume and lower costs.

## Highlights from the management commentary

- Volumes are expected to improve in 2HFY26, driven by stronger demand led by higher government and private capex and festive demand.
- Management also expects EBITDA/t to improve in 2HFY26, supported by better NSR and subdued input costs.
- Blended coking coal costs were down by ~USD6/t in 2QFY26 (in line). The energy costs were lower both in terms of specific consumption and price due to a higher renewable energy share. Management foresees a rise in coking cost by USD3-5/t in 3QFY26.
- Domestic steel prices currently trade at a discount to import parity, but normalization is expected as demand strengthens and imports moderate. In 2QFY26, blended steel prices softened, led by global uncertainties, cheaper imports into India, and the seasonal monsoon affecting infrastructure and construction demand.
- Iron ore prices are expected to decline in 3QFY26, aided by strong domestic supply and lower bids from Odisha Mining Corporation tenders.
- JSTL has limited exposure to Europe (<3% of volumes); hence, the implementation of CBAM will have a limited impact.

### Valuation and view

- JSTL reported a decent performance in 2QFY26, supported by volume growth, offsetting the muted steel prices. We believe JSTL is well-placed with new capacities coming on-stream, strong domestic demand, and a rising share of value-added proportion in the sales mix. Its focus on increasing the captive share of iron ore and improving coal linkages will support earnings.
- Going forward, we estimate double-digit revenue growth in FY26/FY27, driven by the ramp-up of new capacity and price recovery. Further, as input costs are expected to remain soft, we believe EBITDA margin will rebound to 18-19% in FY26/FY27 (~INR12,000/t in FY26E and ~INR13,500/t in FY27E) on account of domestic steel price recovery led by safeguard duty.
- Strong margins will enable JSTL to generate a strong CFO to fund the expansion plans of INR690b (annual INR200b each) over FY26-29E. JSTL's net debt/EBITDA stood at 2.97x as of 2QFY26, which we expect to decline further by FY28, supported by robust operating performance.
- **At CMP, JSTL trades at 8.6x FY27E EV/EBITDA, and we broadly retain our FY26/FY27 earnings estimates. We reiterate our BUY rating on the stock with a TP of INR1,350 (premised on 9x EV/EBITDA on Sep'27 estimate).**

### Consolidated financial performance (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Vs Est (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE					
<b>Sales (kt)</b>	<b>6,120</b>	<b>6,130</b>	<b>6,710</b>	<b>7,490</b>	<b>6,690</b>	<b>7,340</b>	<b>7,432</b>	<b>7,536</b>	<b>26,450</b>	<b>28,998</b>	<b>7,231</b>	<b>2%</b>	
Change (YoY %)	7.2	(3.3)	11.8	11.3	9.3	19.7	10.8	0.6	6.7	9.6			
Change (QoQ %)	(9.1)	0.2	9.5	11.6	(10.7)	9.7	1.3	1.4	-	-			
<b>Net Realization/t</b>	<b>70,168</b>	<b>64,737</b>	<b>61,666</b>	<b>59,838</b>	<b>64,495</b>	<b>61,515</b>	<b>63,170</b>	<b>64,536</b>	<b>63,828</b>	<b>63,412</b>	<b>59,551</b>	<b>3%</b>	
<b>Net Sales</b>	<b>429.4</b>	<b>396.8</b>	<b>413.8</b>	<b>448.2</b>	<b>431.5</b>	<b>451.5</b>	<b>469.5</b>	<b>486.3</b>	<b>1,688.2</b>	<b>1,838.8</b>	<b>431</b>	<b>5%</b>	
Change (YoY %)	1.7	(11.0)	(1.3)	(3.1)	0.5	13.8	13.5	8.5	(3.5)	8.9			
Change (QoQ %)	(7.2)	(7.6)	4.3	8.3	(3.7)	4.6	4.0	3.6					
<b>EBITDA</b>	<b>55.1</b>	<b>54.4</b>	<b>55.8</b>	<b>63.8</b>	<b>75.8</b>	<b>71.2</b>	<b>85.7</b>	<b>96.7</b>	<b>229.0</b>	<b>329.3</b>	<b>64</b>	<b>11%</b>	
Change (YoY %)	(21.8)	(31.1)	(22.3)	4.1	37.5	30.9	53.6	51.6	(18.9)	43.8			
Change (QoQ %)	(10.0)	(1.3)	2.6	14.3	18.8	(6.1)	20.4	12.9					
<b>EBITDA (INR per ton)</b>	<b>9,003</b>	<b>8,869</b>	<b>8,314</b>	<b>8,515</b>	<b>11,324</b>	<b>9,693</b>	<b>11,528</b>	<b>12,830</b>	<b>8,659</b>	<b>11,355</b>	<b>8,904</b>	<b>9%</b>	
Interest	20.7	21.3	21.2	20.9	22.2	24.1	21.8	19.2	84.1	87.4			
Depreciation	22.1	22.7	23.4	25.0	25.4	25.5	23.8	23.0	93.1	97.7			
Other Income	1.6	1.5	1.5	2.3	3.5	2.8	1.9	0.9	6.9	9.2			
<b>PBT (before EO Item)</b>	<b>13.9</b>	<b>11.9</b>	<b>12.8</b>	<b>20.2</b>	<b>31.7</b>	<b>24.3</b>	<b>41.9</b>	<b>55.4</b>	<b>58.8</b>	<b>153.4</b>	<b>22</b>	<b>12%</b>	
Share of P/(L) of Asso.	(0.1)	(0.6)	0.1	(2.4)	(1.0)	(0.9)	-	-	(3.1)	(1.9)			
EO Items	-	3.4	1.0	0.4	-	-	-	-	4.9	-			
<b>PBT (after EO Item)</b>	<b>13.8</b>	<b>7.9</b>	<b>11.8</b>	<b>17.3</b>	<b>30.7</b>	<b>23.4</b>	<b>41.9</b>	<b>55.4</b>	<b>50.8</b>	<b>151.5</b>			
Total Tax	5.1	3.9	4.6	2.3	8.6	7.0	11.9	15.6	15.9	43.2			
% Tax	37.2	48.8	39.0	13.2	28.1	29.8	28.5	28.2	31.2	28.5			
<b>PAT before MI and Asso.</b>	<b>8.7</b>	<b>4.0</b>	<b>7.2</b>	<b>15.0</b>	<b>22.1</b>	<b>16.5</b>	<b>30.0</b>	<b>39.8</b>	<b>34.9</b>	<b>108.3</b>			
MI (Profit)/Loss	0.2	(0.4)	0.0	(0.0)	0.3	0.2	-	-	(0.1)	0.5			
<b>Reported PAT after MI/Asso.</b>	<b>8.5</b>	<b>4.4</b>	<b>7.2</b>	<b>15.0</b>	<b>21.8</b>	<b>16.2</b>	<b>30.0</b>	<b>39.8</b>	<b>35.0</b>	<b>107.9</b>			
<b>Adj. PAT after MI and Asso.</b>	<b>8.5</b>	<b>6.4</b>	<b>7.8</b>	<b>15.3</b>	<b>21.8</b>	<b>16.2</b>	<b>30.0</b>	<b>39.8</b>	<b>38.0</b>	<b>107.9</b>	<b>15.5</b>	<b>5%</b>	
Change (YoY %)	(63.9)	(79.0)	(65.8)	17.7	158.5	151.9	284.9	160.3	(57.7)	184.0			
Change (QoQ %)	(34.9)	(23.8)	20.9	96.4	42.8	(25.7)	84.7	32.8					

Source: MOFSL, Company



# Hindustan Zinc

Estimate changes	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	HZ IN
Equity Shares (m)	4225
M.Cap.(INRb)/(USDb)	2113.7 / 24
52-Week Range (INR)	575 / 378
1, 6, 12 Rel. Per (%)	7/6/-5
12M Avg Val (INR M)	1786

## Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	364	396	419
EBITDA	192	219	236
PAT	116	136	148
EPS (INR)	27.5	32.2	35.1
GR. (%)	11.3	17.3	8.8
BV/Sh (INR)	47.0	67.3	90.3
<b>Ratios</b>			
ROE (%)	70.0	56.4	44.5
RoCE (%)	55.8	52.2	45.7
<b>Valuations</b>			
P/E (X)	18.1	15.5	14.2
P/BV (X)	10.6	7.4	5.5
EV/EBITDA (X)	10.6	8.8	7.6
Div Yield (%)	2.4	2.4	2.4

## Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	61.8	61.8	63.4
DII	32.8	32.7	32.7
FII	1.3	1.4	1.0
Others	4.0	4.1	2.9

FII includes depository receipts

**CMP: INR500**

**TP: INR510 (+2%)**

**Neutral**

## In-line performance led by favorable pricing

- Hindustan Zinc (HZ)'s revenue at INR85.5b (+4% YoY/+10% QoQ) remained largely in line with our est. of INR81b. The growth was driven by better commodity prices, offset by lower volumes.
- EBITDA was also in line at INR44.5b (+7% YoY/+15% QoQ) during the quarter. EBITDA margin stood at 52% in 2QFY26 vs. 49.7% in 1QFY26 and 50% in 2QFY25. The improvement was primarily on account of favorable metal prices and lower cost of production.
- Zinc CoP for the quarter stood at USD994/t, which declined 7% YoY/2% QoQ due to softened input commodity prices and higher by-product realizations.
- HZ's APAT stood at INR26.5b (+14% YoY/+19% QoQ) vs. our est. of INR25b in 2QFY26.
- In 1HFY26, HZ's revenue remained flat YoY at INR163b, while both EBITDA and PAT increased 3% YoY to INR83/49b, respectively.
- Mined metal for the quarter stood at 258kt (+1% YoY/-3% QoQ), led by better mine metal grades and improved recoveries.
- Refined metal production for 2Q stood at 247kt. Refined zinc production was 202kt (+2% YoY/flat QoQ), while the refined lead production stood at 45kt (-29% YoY/-7% QoQ), due to lower pyro plant availability.
- Salable silver production declined 22% YoY and 4% QoQ to 144kt, in line with lower lead production.

## Key management commentary

- The company revised the refined metal guidance to 1,075–1,000ktpa and silver output to 680t (±10t) for FY26, adjusting for plant availability and input performance in 1HFY26.
- HZ expects further cost improvement to USD950-975/t by 4QFY26, supported by higher renewable-energy usage and better ore grades.
- Renewable energy contributed 19% of total power in 2QFY26 and targets to reach 25% by FY26 end, which helps reduce power costs by about USD1.5/t for every 2% increase in renewable share. Coal mix stood at 52% in 1HFY26.
- By FY27, as the fumer plant and hot acid leaching units stabilize, silver output is likely to rise to 750-800tpa, reaching its long-term goal of 1,500tpa.
- The combined investment plan of INR160b includes INR120b for the 250ktpa integrated capacity expansion and INR38b for the zinc tailings project. Out of which ~20-25% of this capex will be incurred in FY26, 55–60% in FY27, and the remainder in FY28.
- For FY26, management guided a growth capex of USD350-400m, covering all ongoing projects, including smelter debottlenecking, hot acid leaching for silver recovery, and new expansion initiatives.

### Valuation and view

- The expansion plans are in line with the company's long-term target of doubling its capacity. It also continues to focus on improving production with tight cost-control measures.
- We cut our earnings estimates for FY26E on account of lower silver volume, while we maintain our FY27 estimates. Favorable pricing conditions (especially for silver) could support the margins further.
- At CMP, HZ trades at 8.8x FY27E EV/EBITDA, and we believe the current valuation prices in all the positive factors. **We reiterate our Neutral rating with a TP of INR510 (premised on 8.5x EV/EBITDA on Sep'27 estimates).**

Y/E March	Quarterly Performance								(INR b)			
	FY25				FY26				FY25	FY26E	FY26 2QE	Vs. Est.%
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Mine prodn. (kt)</b>	263	256	265	311	265	258	282	295	1,095	1,100		
<b>Sales</b>												
Zinc refined (kt)	211	198	201	218	201	202	213	221	827	837		
Lead refined (kt)	51	63	55	56	48	45	53	62	225	208		
Silver (tonnes)	167	184	160	177	145	147	164	180	687	636		
<b>Net Sales</b>	<b>81.3</b>	<b>82.5</b>	<b>86.1</b>	<b>90.9</b>	<b>77.7</b>	<b>85.5</b>	<b>96.0</b>	<b>104.4</b>	<b>340.8</b>	<b>363.6</b>	<b>81.0</b>	<b>5.6</b>
Change (YoY %)	11.6	21.5	17.8	20.4	(4.4)	3.6	11.4	14.9	17.8	6.7		
Change (QoQ %)	7.7	1.5	4.4	5.5	(14.5)	10.0	12.3	8.8				
<b>EBITDA</b>	<b>39.5</b>	<b>41.2</b>	<b>45.0</b>	<b>48.2</b>	<b>38.6</b>	<b>44.5</b>	<b>51.2</b>	<b>57.8</b>	<b>173.9</b>	<b>192.1</b>	<b>43.7</b>	<b>1.6</b>
Change (YoY %)	17.9	31.3	27.8	32.1	(2.2)	7.8	13.8	20.0	27.3	10.5		
Change (QoQ %)	8.1	4.5	9.1	7.1	(19.9)	15.2	15.2	13.0				
As % of Net Sales	48.5	50.0	52.2	53.0	49.7	52.0	53.3	55.4	51.0	52.8		
Finance cost	2.6	3.0	2.9	2.5	2.4	2.6	2.7	3.0	11.0	10.7		
DD&A	8.4	8.8	9.1	10.1	9.1	8.8	9.6	9.8	36.4	37.3		
Other Income	2.7	2.7	2.2	2.3	2.8	2.4	2.5	2.5	9.8	10.2		
<b>PBT (before EO item)</b>	<b>31.1</b>	<b>32.1</b>	<b>35.3</b>	<b>37.8</b>	<b>29.9</b>	<b>35.4</b>	<b>41.5</b>	<b>47.5</b>	<b>136.4</b>	<b>154.3</b>		
EO exp. (income)	-	(0.8)	-	-	-	-	-	-	(0.8)	-		
<b>PBT</b>	<b>31.1</b>	<b>31.3</b>	<b>35.3</b>	<b>37.8</b>	<b>29.9</b>	<b>35.4</b>	<b>41.5</b>	<b>47.5</b>	<b>135.5</b>	<b>154.3</b>	<b>33.1</b>	<b>6.9</b>
Total Tax	7.7	8.0	8.5	7.8	7.5	8.9	10.3	11.4	32.0	38.1		
% Tax	24.7	25.7	24.1	20.6	25.2	25.2	24.7	24.0	23.6	24.7		
<b>Reported PAT</b>	<b>23.5</b>	<b>23.3</b>	<b>26.8</b>	<b>30.0</b>	<b>22.3</b>	<b>26.5</b>	<b>31.3</b>	<b>36.1</b>	<b>103.5</b>	<b>116.2</b>		
<b>Adjusted PAT</b>	<b>23.5</b>	<b>24.1</b>	<b>26.8</b>	<b>30.0</b>	<b>22.3</b>	<b>26.5</b>	<b>31.3</b>	<b>36.1</b>	<b>104.4</b>	<b>116.2</b>	<b>24.9</b>	<b>6.2</b>
Change (YoY %)	19.4	34.6	32.1	47.4	(4.7)	13.8	16.7	20.1	33.4	12.2		
Change (QoQ %)	15.1	(0.8)	15.1	12.1	(25.6)	18.6	18.0	15.4				

# Punjab National Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1306.7 / 14.9
52-Week Range (INR)	118 / 85
1, 6, 12 Rel. Per (%)	0/6/7
12M Avg Val (INR M)	2747

**Financials & Valuations (INR b)**

Y/E March	FY25	FY26E	FY27E
NII	427.8	438.1	510.7
OP	268.3	287.8	339.1
NP	166.3	165.7	217.6
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	14.4	18.9
EPS Gr. (%)	97.4	-2.5	31.4
BV/Sh. (INR)	107	119	134
ABV/Sh. (INR)	101	113	128
<b>Ratios</b>			
RoA (%)	1.0	0.9	1.0
RoE (%)	15.3	13.2	15.4
<b>Valuations</b>			
P/E(X)	7.7	7.9	6.0
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.1	1.0	0.9

**Shareholding pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	70.1	70.1	73.2
DII	15.1	14.7	10.8
FII	5.5	5.7	5.5
Others	9.3	9.5	10.6

FII Includes depository receipts

**CMP: INR114**
**TP: INR135 (+18%)**
**Buy**
**In-line earnings; lower opex offsets other income**
**Margin contracted 10bp QoQ**

- Punjab National Bank (PNB) reported 2QFY26 PAT of INR49b (14% YoY growth, in line) amid lower-than-expected opex, partly offset by lower other income and higher-than-expected provisions.
- NII remained broadly flat YoY/declined 1% QoQ to INR104.7b (inline), while NIMs contracted 10bp QoQ to 2.6%.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Total revenue, thus, declined 2% YoY/7% QoQ to INR148.1b (4% miss).
- Loan book grew 11% YoY (4% QoQ), while deposits grew 11% YoY (2% QoQ). As a result, the CD ratio increased to 70.1%.
- Slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%.
- We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27E. Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).

**Advances growth healthy; asset quality improves further**

- PNB reported a PAT of INR49b (14% YoY growth, in line).
- NII remained broadly flat YoY/ down 1% QoQ to INR104.7b (in line), while NIMs declined 10bp QoQ to 2.6%. Management expects NIMs to remain at ~2.8-2.9% in FY26.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Treasury income stood at INR16b in 2QFY26.
- Opex declined 8% YoY/ 13% QoQ to INR75.8b (10% lower than MOFSLe), led by cost optimization. C/I ratio moderated 400bp QoQ to 51.2%.
- PPoP, thus, grew 5% YoY/2% QoQ to INR72.3b (4% beat). Provisions increased 123% YoY/ 99% QoQ to INR6.4b (11% higher than MOFSLe).
- Loan book grew 11.2% YoY (3.8% QoQ) to INR11.3t, led by better growth in MSME advances (5.8% QoQ). Retail grew 3.8% QoQ and corporate grew 3% QoQ. The bank expects credit growth of ~11-12% in FY26.
- Deposits grew 10.9% YoY/1.7% QoQ to INR16.2t. CASA ratio stood at 37.3% (up 30bp QoQ). CD ratio increased to 70.1%.
- On the asset quality front, slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%. SMA-2 (above INR50m) stood at 0.17% of loans vs 0.15% in 1QFY26.

**Highlights from the management commentary**

- Guidance has been maintained to keep the slippage rate at <1%.
- RoA – The bank aims for 1.1% of RoA in 3Q and 4Q. Gross NPA ratio shall be below 3%. Net NPA ratio is expected at 0.35%.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q in NIMs (on the minimum side).

- Under the ECL draft framework, Stage-1 carries the same provision as a standard asset. Stage 3 poses no challenge, as the bank has a PCR of 96%. Stage 2 is expected to have some impact, translating to ~75-80bp effect on CRAR.
- Other provision has seen some increase as there was an ILFS account that has seen reduction from NPA provision and moved to the other provision account. This account will see a reversal in 3Q and 4Q.

### Valuation and view: Reiterate BUY with a TP of INR135

PNB reported an in-line quarter, as lower opex has been offset by lower other income and higher provisions. NIMs contracted 10bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained healthy, with management guiding for 11-12% growth for FY26. Asset quality showed an improvement, with annualized slippage ratio maintained at 0.7%, against the bank's guidance of 1%. The SMA-2 book (with loans over INR50m) remains steady at 0.17% of domestic loans. We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27. **Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).**

#### Quarterly performance

Y/E March	FY25								FY26E		(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E	FY26E	V/s our
									2QE	Est		
<b>Net Interest Income</b>	<b>104.8</b>	<b>105.2</b>	<b>110.3</b>	<b>107.6</b>	<b>105.8</b>	<b>104.7</b>	<b>110.0</b>	<b>117.7</b>	<b>427.8</b>	<b>438.1</b>	<b>105.4</b>	<b>-1%</b>
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-0.5	-0.3	9.4	6.7	2.4	0.2	
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	43.9	50.8	163.1	190.8	48.9	-11%
<b>Total Income</b>	<b>140.9</b>	<b>150.9</b>	<b>144.4</b>	<b>154.7</b>	<b>158.5</b>	<b>148.1</b>	<b>153.9</b>	<b>168.5</b>	<b>590.9</b>	<b>628.9</b>	<b>154.3</b>	<b>-4%</b>
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	83.2	94.4	322.6	341.1	84.7	-10%
<b>Operating Profit</b>	<b>65.8</b>	<b>68.5</b>	<b>66.2</b>	<b>67.8</b>	<b>70.8</b>	<b>72.3</b>	<b>70.6</b>	<b>74.1</b>	<b>268.3</b>	<b>287.8</b>	<b>69.6</b>	<b>4%</b>
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	5.5	6.7	9.4	7.6	7.3	1.5	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	5.2	5.7	16.7	20.6	5.8	11%
<b>Profit before Tax</b>	<b>52.7</b>	<b>65.7</b>	<b>69.1</b>	<b>64.2</b>	<b>67.6</b>	<b>65.8</b>	<b>65.4</b>	<b>68.4</b>	<b>251.6</b>	<b>267.2</b>	<b>63.8</b>	<b>3%</b>
Tax	20.2	22.6	24.0	18.5	50.8	16.8	15.7	18.2	85.3	101.5	16.0	5%
<b>Net Profit</b>	<b>32.5</b>	<b>43.0</b>	<b>45.1</b>	<b>45.7</b>	<b>16.8</b>	<b>49.0</b>	<b>49.7</b>	<b>50.2</b>	<b>166.3</b>	<b>165.7</b>	<b>47.9</b>	<b>2%</b>
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	13.9	10.2	9.9	101.7	-0.4	11.2	
<b>Operating Parameters</b>												
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	16,613	17,327	15,666	17,327	16,321	
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11,644	12,046	10,775	12,046	11,227	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	10.9	8.6	10.6	14.4	10.6	11.9	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.2	8.8	11.8	15.3	11.8	10.1	
<b>Asset Quality</b>												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.2	3.0	4.0	3.0	3.6	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.0	90.5	91.0	90.3	91.0	90.4	

E: MOFSL Estimates



# Polycab India

Estimate change	↔
TP change	↗
Rating change	↔

Bloomberg	POLYCAR IN
Equity Shares (m)	151
M.Cap.(INRb)/(USDb)	1119.9 / 12.7
52-Week Range (INR)	7795 / 4555
1, 6, 12 Rel. Per (%)	0/33/1
12M Avg Val (INR M)	2755
Free float (%)	37.0

## Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	267.6	314.8	370.3
EBITDA	39.0	44.5	53.3
Adj. PAT	26.5	29.9	35.7
EBITDA Margin (%)	14.6	14.2	14.4
Cons. Adj. EPS (INR)	176	199	238
EPS Gr. (%)	31.2	12.9	19.4
BV/Sh. (INR)	794	943	1,130
<b>Ratios</b>			
Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	22.2	21.1	21.0
RoCE (%)	23.2	22.1	22.0
Payout (%)	19.9	25.1	21.1
<b>Valuations</b>			
P/E (x)	42.2	37.4	31.3
P/BV (x)	9.4	7.9	6.6
EV/EBITDA (x)	28.3	24.7	20.4
Div Yield (%)	0.5	0.7	0.7
FCF Yield (%)	1.0	1.2	1.7

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	63.0	63.0	65.0
DII	11.6	11.0	6.9
FII	11.4	11.1	13.6
Others	13.9	14.9	14.4

FII includes depository receipts

**CMP: INR7,440** **TP: INR9,110 (+22%)** **Buy**

## Robust growth in C&W, along with margin expansion

### FMEG remains profitable despite seasonal headwinds

- Polycab India (POLYCAR) posted yet another strong quarter with revenue growing ~18% YoY to INR64.8b (in line) in 2QFY26, driven by ~19%/14% growth in Cables and Wires (C&W)/FMEG segments. EBITDA (adjusted for one-off gain of INR300m in the EPC business) increased ~56% YoY to INR9.9b (~11% beat), and OPM expanded 3.8pp YoY to 15.3% (+1.5pp vs. estimates). Adjusted PAT grew ~50% YoY to INR6.6b (~10% beat).
- Management indicated that the C&W demand outlook remains strong in 2HFY26. It maintains a long-term margin guidance of ~11-13%, though the near-term margin could be higher. The expansion of the EHV plant is continuing as planned and will be commissioned by 4QCY26-end. Commercial production is expected from early 2027. In FMEG, the fans category witnessed only marginal growth due to prolonged monsoons and high channel inventory, while demand for lighting, switches, switchgears, and conduit solutions remained healthy. Solar products continued their strong momentum, driven by central and state incentive schemes.
- We largely maintain our EPS estimates for FY26-28. The stock is currently trading at 37x/31x FY27E/FY28E EPS. We value POLYCAR at 40x Dec'27E EPS to arrive at our TP of INR9,110. **Reiterate BUY.**

## C&W/FMEG revenue up ~19%/14% YoY; OPM up 3.8pp YoY to 15.2%

- Consolidated revenue/adj. EBITDA/PAT stood at INR64.8b/INR9.9b/INR6.6b (+18%/+56%/+50% YoY and in line/+11%/+10% vs. estimates). Gross margin surged 3.6pp YoY to 27.1%. OPM expanded 3.8pp YoY to 15.2%. Ad spend accounted for 0.5% of revenue vs. 0.6%/0.3% in 2QFY25/1QFY26.
- Segmental highlights: **C&W** revenue rose 19% YoY to INR56.9b, and EBIT grew ~45% YoY to INR8.6b (~7% beat). EBIT margin surged 2.7pp YoY to 15.1% (est. 14.0%). **FMEG** revenue grew ~14% YoY to INR4.5b. It posted an EBIT of INR22m (est. loss of INR114m) vs. a loss of INR252m YoY. **The EPC** revenue declined ~10% YoY to INR3.4b, and adjusted EBIT declined ~17% YoY to INR313m. EBIT margin contracted 70bp YoY to 9.3%.
- In 1HFY26, Revenue/EBITDA/PAT grew 21%/52%/50% YoY. OPM expanded 3.0pp YoY to 14.9%. OCF stood at INR17.9b vs. INR13.3b in 1HFY25. Capex stood at INR7.5b vs. INR5.8b in 1HFY25. FCF stood at INR10.4b v/s INR7.5b in 1HFY25. In 2HFY26, the company projects revenue/EBITDA to grow ~18% (each), with PAT growth of ~20% YoY.

## Key highlights from the management commentary

- In C&W, sales across both distribution and institutional channels showed healthy traction, indicating broad-based demand. Regionally, the North market led growth, followed by the West, South, and East markets. Volume growth was in the high-teens in 2Q, with cables growth marginally higher compared to wires.

- The company's focus on premiumization, along with operating leverage, has helped its FMEG business achieve its third consecutive profitable quarter despite increasing A&P spends.
- Inventory days increased slightly in anticipation of strong 3Q demand, while increased payables days helped reduce overall working capital days to 33. This is expected to normalize to 50-55 days in the coming quarters.

### Valuation and view

- POLYCAR reported strong earnings in 2QFY25, above our estimates, supported by higher-than-estimated margin in both the C&W and FMEG segments, while revenue was in-line. Demand in C&W remains robust, led by higher government capex, strong real-estate demand, and signs of recovery in private capex. Export also witnessed strong momentum. In FMEG, the company reported its third consecutive quarter of positive segment margin and reiterated its goal to achieve 8-10% margin by FY30.
- We estimate a CAGR of 18%/22%/21% in POLYCAR's revenue/EBITDA/PAT over FY25-28. We estimate OPM to stand at 14.6%/14.2%/14.4% in FY26/FY27/FY28 vs. 13.2% in FY25. Cumulative FCF during FY26-28E is expected to be at INR43.4b, which will further improve its liquidity position (estimate net cash to improve to INR48.3b in FY28E vs. INR24.3b as of Sep'25). **We reiterate our BUY rating on POLYCAR with a TP of INR9,110 (based on 40x Dec'27E EPS).**

**Quarterly performance**

Y/E March	FY25								FY26E		FY25		FY26E		INR m
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			MOFSL	2QE	Var.		
Sales	46,980	54,984	52,261	69,858	59,060	64,772	61,631	82,160	2,24,083	2,67,623	65,124	-0.5%			
Change (%)	20.8	30.4	20.4	24.9	25.7	17.8	17.9	17.6	24.2	19.4	18.4				
EBITDA	5,834	6,316	7,199	10,254	8,576	9,877	8,669	11,878	29,602	39,001	8,933	10.6%			
Change (%)	6.3	3.7	26.4	34.6	47.0	56.4	20.4	15.8	18.8	31.8	41.4				
EBITDA Margin (%)	12.4	11.5	13.8	14.7	14.5	15.2	14.1	14.5	13.2	14.6	13.7	153			
Depreciation	671	721	786	804	857	968	990	1,012	2,981	3,827	900	7.5%			
Interest	413	453	498	325	513	484	520	653	1,689	2,170	560	-13.6%			
Other Income	584	762	250	481	799	454	550	688	2,076	2,492	580	-21.7%			
Share of JV's Loss	-	-	-	-	-	-	-	-	-	-	-	-			
<b>PBT</b>	<b>5,334</b>	<b>5,903</b>	<b>6,166</b>	<b>9,606</b>	<b>8,006</b>	<b>8,880</b>	<b>7,709</b>	<b>10,901</b>	<b>27,008</b>	<b>35,496</b>	<b>8,053</b>	<b>10.3%</b>			
Tax	1,317	1,451	1,522	2,262	2,009	2,280	1,912	2,602	6,553	8,803	1,997				
Effective Tax Rate (%)	24.7	24.6	24.7	23.5	25.1	25.7	24.8	23.9	24.3	24.8	24.8				
MI	57	54	68	77	76	75	70	55	255	276	62				
Exceptional	-	-	-	-	-	330	-	-	0	330	-				
<b>Reported PAT</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>	<b>5,921</b>	<b>6,930</b>	<b>5,728</b>	<b>8,169</b>	<b>20,200</b>	<b>26,747</b>	<b>5,994</b>	<b>15.6%</b>			
Change (%)	-0.9	3.3	10.8	33.1	49.5	57.6	25.2	12.4	13.2	32.4	36.3				
<b>Adj. PAT</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>	<b>5,921</b>	<b>6,601</b>	<b>5,728</b>	<b>8,252</b>	<b>20,200</b>	<b>26,502</b>	<b>5,994</b>	<b>10.1%</b>			
Change (%)	-0.9	3.3	10.8	33.1	49.5	50.1	25.2	13.6	13.2	31.2	36.3				

**Segmental performance**

Y/E March	FY25								FY26E		FY25		FY26E		INR m
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			MOFSL	2QE	Var.		
<b>Sales</b>															
Cable and Wires	39,956	47,720	44,499	60,191	52,286	56,911	53,399	72,090	1,92,366	2,34,687	57,584	-1.2%			
ECDs	3,855	3,975	4,232	4,760	4,542	4,522	4,867	5,751	16,822	19,681	4,571	-1.1%			
Others (incl. EPC)	3,370	3,742	3,339	4,970	2,417	3,357	3,365	4,115	15,421	13,254	2,969	13.1%			
<b>Growth YoY (%)</b>															
Cable and Wires	13.1	25.4	14.0	22.3	30.9	19.3	20.0	19.8	19.0	22.0	22.0				
ECDs	22.6	20.5	42.9	32.9	17.8	13.8	15.0	20.8	29.5	17.0	15.0				
Others (incl. EPC)	351.0	297.5	88.2	48.3	(28.3)	(10.3)	0.8	(17.2)	126.3	-14.0	(30.3)				
<b>EBIT</b>															
Cable and Wires	5,109	5,924	6,080	9,090	7,683	8,593	7,476	10,748	26,203	34,499	8,062	6.6%			
ECDs	(28)	(252)	(128)	19	95	22	24	55	(389)	197	(114)	NA			
Others (incl. EPC)	283	375	271	404	127	313	179	233	1,333	853	166	89.2%			
<b>EBIT Margin (%)</b>															
Cable and Wires	12.8	12.4	13.7	15.1	14.7	15.1	14.0	14.9	13.6	14.7	14.0	110			
ECDs	(0.7)	(6.4)	(3.0)	0.4	2.1	0.5	0.5	1.0	(2.3)	1.0	(2.5)	299			
Others (incl. EPC)	8.4	10.0	8.1	8.1	5.3	9.3	5.3	5.7	8.6	6.4	5.6	375			

# Dixon Technology

Estimate change	↑
TP change	↔
Rating change	↔
<b>Bloomberg</b>	<b>DIXON IN</b>
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	1010.6 / 11.5
52-Week Range (INR)	19150 / 12202
1,6,12 Rel. Per (%)	-9/1/6
12M Avg Val (INR M)	7151

Financials & Valuations (INR b)			
Y/E MARCH	FY26E	FY27E	FY28E
Sales	567.1	832.1	967.7
EBITDA	21.6	34.1	42.5
EBITDA Margin (%)	3.8	4.1	4.4
PAT	10.5	16.7	21.9
EPS (INR)	174.9	276.9	363.8
EPS Growth (%)	49.3	58.3	31.4
BV/Share (INR)	665.5	932.4	1,285.2
Ratios			
Net D/E	-0.2	-0.3	-0.5
RoE (%)	30.0	34.7	32.8
RoCE (%)	40.0	45.6	42.0
Payout (%)	5.1	3.6	3.0
Valuations			
P/E (x)	95.4	60.3	45.9
P/BV (x)	25.1	17.9	13.0
EV/EBITDA (x)	46.4	29.1	22.9
Div Yield (%)	0.1	0.1	0.1

Shareholding Pattern (%)			
As On	Jun-25	Mar-25	Jun-24
Promoter	29.0	32.3	33.2
DII	26.7	23.1	26.1
FII	20.6	21.8	19.3
Others	23.8	22.9	21.4

FII includes depository receipts

## CMP: INR16,700      TP: INR22,500 (+35%)      Buy In-line 2Q; to benefit from volume and margin improvement

Dixon Technology (Dixon)'s 2QFY26 revenue/PAT came in line with our estimates, with the mobile segment registering a strong growth of 42% YoY. Due to the base effect of Ismartu integration and improved volumes from existing clients, mobile volumes jumped YoY during the quarter. This quarter's performance was hit to an extent by demand slowdown due to GST rate changes and the postponement of decision-making from customers. Demand has started recovering for the consumer durable segment post GST rate cut, and we believe this will further be reflected in 3QFY26 results. With continuous focus on backward integration through component PLI and plans for long-term JV agreements with clients, we believe DIXON will continue to benefit from volume and margin improvements even after the PLI period ends by Mar'26. We marginally revise our estimates to bake in improved margin performance in the home appliances segment. We reiterate our BUY rating with an unchanged TP of INR22,500, based on DCF for the core business and the addition of valuation from its stake in Aditya Infotech.

### Reported PAT boosted on fair-value gains

During 2QFY26, Dixon's revenue and PAT were in line, while EBITDA beat our estimates. The reported PAT was boosted by fair-value gains on Dixon's stake in Aditya Infotech. Consolidated revenue grew 29% YoY to INR148.6b. Absolute EBITDA grew 32% YoY to INR5.6b, beating our estimate by 7%, while margins expanded 10bp YoY to 3.8% vs. our estimate of 3.6%. The company's adj. PAT, after excluding the fair value gains on Dixon's stake in Aditya Infotech and gains on the transfer of the lighting business undertaking, stood at INR2.5b (+16% YoY), broadly in line. Among the segments, the mobile & EMS segment registered 41% YoY growth, while the consumer electronics and home appliances segments remained weak due to deferred demand on GST rate cuts.

### Mobile segment to benefit from new client additions

The mobile & EMS segment remained Dixon's cornerstone, with revenue increasing 41% YoY to INR133.6b, while operating profit rose 53% to INR4.7b. Dixon has received PN3 approval for the 74:26 JV with Longcheer; further, the PN3 approval process for the 51:49 JV with Vivo and the 74:26 JV with HKC are expected in the coming weeks. During the quarter, management indicated steady momentum across smartphone brands and reiterated guidance of around 42m units for FY26, which is expected to increase to 55m-60m units in FY27, including Vivo and Longcheer JV. The construction of the 1m sq. ft. manufacturing campus in Noida remains on track, with commissioning expected by early FY27. Moreover, Dixon continues to diversify its customer base, with discussions underway with another major OEM for production beginning by 4QFY26 with a potential volume of 0.5m per month. This multi-client approach, coupled with higher ODM content, positions the mobile division as a strategic gateway for Dixon's exports push in the coming years. We expect the Mobile & EMS segment to deliver a CAGR of 38% over FY25-28, with margins improving 60bp by FY28E once the display facility and camera module production start ramping up.

### **Telecom and IT hardware to be the next growth engine after mobile phones**

Dixon's telecom and networking division has emerged as the company's next major growth pillar, reflecting its success in diversifying beyond consumer electronics. Revenues in this segment jumped sharply 148% YoY to INR16.4b, driven by strong demand for broadband CPE devices and set-top boxes, as well as deeper engagements with global telecom partners. Dixon also received a large order from a leading US telecom customer to produce microwave radio units used in radio access networks. Pilot production is scheduled for Dec-end, with commercial manufacturing to start by 4QFY26, followed by export shipments from mid-FY27. Management estimates this opportunity could evolve into a USD1b business in the next few years. The segment is seeing greater localization of components like plastics and power supplies, boosting margins. With India's broadband growth and global supply chains shifting from China, Dixon's timely entry into network equipment manufacturing could soon make telecom its next major growth engine after mobiles. The IT hardware division recorded a near fivefold YoY jump to INR3.3b, driven by ramp-up at the Chennai facility for global clients such as HP, Lenovo, and Acer. The upcoming JV with Taiwan's Inventec will further enhance manufacturing depth across notebooks, servers, and desktops, supported by in-house component integration.

### **Consumer electronics and home appliances remain weak during 2QFY26**

The consumer electronics segment witnessed temporary volume softness due to deferred decision-making after the GST rate cuts, but Dixon continued to strengthen its position through design and technology upgrades. LED TVs led revenue from this segment, where the company increased its ODM share to 60% by offering multiple OS platforms such as Google TV, Fire OS, WebOS, and Tizen. Refrigerators, impacted by new energy norms and GST timing, are gaining traction in mini-bar and deep-freezer models, with plans to enter the two-door and side-by-side categories. In home appliances, revenue was INR4.3b with margins of 11.7%, and expansion at Tirupati is nearing completion. In lighting, Dixon's 50:50 JV with Signify (Philips) has already executed pilot orders for leading US and German retailers, marking a step into higher-value, design-led exports.

### **Investing in component PLI and has received mobile PLI too**

The company has filed for component PLI with an investment commitment of INR30b over three years for displays, camera modules, lithium-ion batteries, SFPs, mechanical enclosures, etc. With this, it would remain focused on backward integration. Dixon's PLI receivable stands at about INR14-15b, with INR2.9b already booked in the first half and additional inflows expected from mobile, telecom, and lighting segments.

### **Financial outlook**

We revise our estimates to factor in better margin assumptions in home appliances and expect a CAGR of 36%/41%/46% in revenue/EBITDA/PAT over FY25-FY28. Revenue growth would be mainly driven by the mobile segment, while consumer electronics will remain under pressure for some more time. We expect an EBITDA margin of 3.8%/4.1%/4.4% for FY26/FY27/FY28, led by increased focus on backward integration post PLI. This will result in a PAT CAGR of 46% over FY25-FY28E.

### Valuation and view

The stock is currently trading at 60.3x/45.9x P/E on FY27/28E earnings. We reiterate our **BUY** rating on the stock with an unchanged DCF-based TP of INR22,500.

### Key risks and concerns

The key risks to our estimates and recommendations would come from the lower-than-expected growth in the market opportunity, loss of relationships with key clients, increased competition, and limited bargaining power with clients.

#### Consolidated - Quarterly Earnings Model

Y/E March	FY25								FY26E		FY25	FY26E	(INR m)
	INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Var (%)		
<b>Gross Sales</b>	<b>65,798</b>	<b>1,15,341</b>	<b>1,04,537</b>	<b>1,02,925</b>	<b>1,28,357</b>	<b>1,48,550</b>	<b>1,39,916</b>	<b>1,50,284</b>	<b>3,88,601</b>	<b>5,67,107</b>	<b>1,44,140</b>	<b>3</b>	
YoY Change (%)	101.1	133.3	117.0	121.0	95.1	28.8	33.8	46.0	119.7	45.9	25.0		
Total Expenditure	63,319	1,11,077	1,00,632	98,498	1,23,533	1,42,937	1,34,649	1,44,399	3,73,525	5,45,518	1,38,896	3	
<b>EBITDA</b>	<b>2,479</b>	<b>4,264</b>	<b>3,905</b>	<b>4,428</b>	<b>4,824</b>	<b>5,613</b>	<b>5,266</b>	<b>5,885</b>	<b>15,076</b>	<b>21,588</b>	<b>5,243</b>	<b>7</b>	
Margins (%)	3.8	3.7	3.7	4.3	3.8	3.8	3.8	3.9	3.9	3.8	3.6		
Depreciation	545	660	746	859	927	963	936	919	2,810	3,745	913	5	
Interest	293	379	409	463	326	384	417	541	1,544	1,667	406	-6	
Other Income	82	-57	65	113	17	30	115	288	202	450	107	-72	
<b>PBT before EO expense</b>	<b>1,723</b>	<b>3,167</b>	<b>2,816</b>	<b>3,219</b>	<b>3,588</b>	<b>4,297</b>	<b>4,029</b>	<b>4,713</b>	<b>10,924</b>	<b>16,626</b>	<b>4,030</b>		
Extra-Ord expense	0	2,096	0	2,504	0	4,927	0	0	4,600	4,927	0		
<b>PBT</b>	<b>1,723</b>	<b>5,263</b>	<b>2,816</b>	<b>5,723</b>	<b>3,588</b>	<b>9,224</b>	<b>4,029</b>	<b>4,713</b>	<b>15,524</b>	<b>21,554</b>	<b>4,030</b>	<b>129</b>	
Tax	400	1,172	689	1,111	855	1,779	978	441	3,372	4,053	978	82	
Rate (%)	23.2	22.3	24.5	19.4	23.8	19.3	24.3	9.4	21.7	18.8	24.3		
MI & P/L of Asso. Cos.	-14	193	415	604	483	746	510	296	1,197	2,034	497	50	
<b>Reported PAT</b>	<b>1,337</b>	<b>3,899</b>	<b>1,712</b>	<b>4,008</b>	<b>2,250</b>	<b>6,700</b>	<b>2,541</b>	<b>3,976</b>	<b>10,955</b>	<b>15,466</b>	<b>2,555</b>	<b>162</b>	
<b>Adj PAT</b>	<b>1,337</b>	<b>2,143</b>	<b>1,712</b>	<b>1,845</b>	<b>2,250</b>	<b>2,475</b>	<b>2,541</b>	<b>3,160</b>	<b>7,059</b>	<b>10,426</b>	<b>2,555</b>	<b>-3</b>	
YoY Change (%)	94.3	99.7	77.5	93.9	68.3	15.5	48.4	71.2	92.0	47.7	19.2		
Margins (%)	2.0	1.9	1.6	1.8	1.8	1.7	1.8	2.1	1.8	1.8	1.8		



# JSW Energy

Estimate change	
TP change	
Rating change	

Bloomberg	JSW IN
Equity Shares (m)	1748
M.Cap.(INRb)/(US)	945.2 / 10.7
52-Week Range	777 / 419
1, 6, 12 Rel. Per	0/1/-24
12M Avg Val (INR)	2070

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	217.6	252.3	305.2
EBITDA	100.8	126.4	171.3
Adj. PAT	18.9	26.7	41.5
Adj. EPS (INR)	10.9	15.3	23.8
EPS Gr. (%)	1.8	41.0	55.3
BV/Sh.(INR)	166.5	180.1	202.0
<b>Ratios</b>			
Net D:E	2.1	2.2	2.2
ROE (%)	6.7	8.8	12.4
RoCE (%)	8.2	7.7	8.8
Payout (%)	27.6	22.9	18.9
<b>Valuations</b>			
P/E (x)	49.8	35.4	22.8
P/BV (x)	3.2	3.0	2.7
EV/EBITDA (x)	15.3	13.0	10.0
Div. Yield (%)	0.6	0.6	0.8

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	69.3	69.3	69.3
DII	11.4	10.9	9.2
FII	12.5	13.6	15.6
Others	6.8	6.2	5.9

FII includes depository receipts

**CMP: INR541**

**TP: INR655 (+21%)**

**Buy**

## EBITDA in line; higher-than-expected DDA and interest hurt PAT

- Higher-than-expected depreciation and interest costs dampen PAT: JSW Energy (JSWE)'s consolidated revenue at INR51.8b missed our est. by 9%. However, EBITDA was in line at INR29.9b, supported by a higher EBITDA margin of 58% vs. our est. of 53%. Adj. PAT was 16% below our estimate at INR7b, primarily due to lower-than-estimated other income and higher interest/depreciation expenses arising from additional capitalization of new assets during the quarter. The earnings impact was partly mitigated by a lower tax rate of 13.8%.
- Strong EBITDA run rate amid contributions from KSK and O2Power: In 2QFY26, the company commissioned 443MW (240MW Kutehr Hydro plant, 148MW Wind, and 56MW Solar) of organic RE capacity and reiterated its FY26 capacity addition target of 3GW (excluding 1.3GW O2 Power) with ~1GW of organic capacity added YTD. The company's open capacity exposure has now reduced to ~8% of its total installed base and is expected to decline further to 5% once the 400MW capacity under the Utkal plant (700 MW) is converted to a power purchase agreement (PPA), thereby improving cash flow visibility. JSWE remains on track to reach 30GW of generation and 40GWh of storage capacity by FY30.
- Valuation and view: We cut our FY26E APAT by 14% as we are building in increased depreciation and interest to align with the current run rate. We continue to like the stock and highlight that: 1) the full benefit of lower interest costs is yet to come through, and 2) JSWE has a strong RE pipeline backed by PPA, which gives visibility on growth. **Reiterate BUY with a TP of INR655, valuing the company's core renewable business at 12x FY28E EBITDA and its thermal business at 9x Dec'27E EBITDA.**

## EBITDA in line; miss on APAT

### Consolidated performance:

- JSWE's consolidated revenue missed our est. by 9% at INR51.8b (+60% YoY, flat QoQ), but EBITDA was in line with our estimate at INR29.9b (+78% YoY, +7% QoQ), supported by a higher EBITDA margin of 58% vs. our est. of 53%.
- Adj. PAT was 16% below our estimate at INR7b (-17% YoY, -5% QoQ) primarily due to lower-than-estimated other income and higher interest/depreciation expenses arising from additional capitalization of new assets during the quarter. The impact was partially offset by a lower effective tax rate of 13.8%.

### Operational highlights:

- The total installed capacity stood at 13.2GW at the end of 2QFY26, up ~71% YoY.
- Net generation was up 52% YoY to 14.9 BU. RE generation rose 42% YoY to 7.1BU, led by organic wind capacity additions and contribution from O2 Power.
- Total contracted capacity under construction for which PPA is signed stood at 11.1GW, with 1.6GW/2.3GW/3.4GW/3.8GW coming from Thermal/Wind/Solar/Hybrid.

#### Other highlights:

- The company completed the strategic acquisition of KSK Water Infrastructure, locking in the Mahanadi plant's water resource security.
- JSWE entered into a Scheme of Arrangement with GE Power India to acquire its boiler manufacturing business, critical for its thermal business.
- The company signed an agreement with Statkraft to acquire the 150 MW under-construction Tidong HEP, at an EV of INR17.28b.
- The company is targeting 30GW of generation capacity and 40GWh of energy storage by 2030, of which 29.4GWh is locked in, coming primarily from PSP.
- JSW Energy (Utkal) Limited (subsidiary) has received an LoA from the Power Company of Karnataka Limited for a 400 MW, 25-year power supply arrangement from 1<sup>st</sup> Apr'26.

#### Highlights of JSWE's 2QFY26 performance

- **Installed capacity:** The quarter saw 443MW of organic renewable additions, comprising 240MW from the Kutehr Hydro Plant, 148MW of wind, and 56MW of solar capacity.
- **Generation performance:** Net generation increased 52% YoY to 14.9BUs, supported by a 42% YoY rise in renewable generation to 7.1BUs, driven by incremental wind capacity and contributions from O2 Power.
- **Project pipeline:** The contracted capacity under construction stood at 11.1GW, including 1.6GW thermal, 2.3GW wind, 3.4GW solar, and 3.8GW hybrid projects. The total under-construction portfolio stands at 12.5GW, fully backed by long-term PPAs, which will nearly double the total capacity to 26GW upon completion.
- **Financial highlights:**
  - PAT stood at INR 7 billion, down 17% YoY, primarily due to higher interest and depreciation from recent asset capitalization.
  - Cash profit increased 27% YoY to over INR15b.
  - Capex during the quarter stood at INR35b.
- **Key developments:**
  - The company received an LoA for 400MW linked to its 700MW Utkal plant, which currently operates as open capacity. Conversion to a PPA will enhance cash flow visibility and reduce open capacity exposure from 8% to 5%.
  - Of the total capacity under pending LoAs with PPAs yet to be signed, 900MW corresponds to pure solar projects.

#### Valuation and view

- The valuation of JSWE is based on SoTP:
- Thermal is valued at 9x Dec'27E EBITDA, and renewable energy at 12x FY28E EBITDA.
- Hydro is at 2x Dec'27E book value, and green hydrogen equity is at a 2x multiple.
- Additionally, the company's stake in JSW Steel is valued at a 25% discount to the current market price, acknowledging the strategic significance of this holding while incorporating a conservative valuation approach.
- By aggregating the values from these different components, the total equity value of JSWE was determined, leading to a TP of INR655.

Consolidated performance											(INRb)		
Y/E March	FY25				FY26E				FY25	FY26E	Var. %	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE					
<b>Net Sales</b>	<b>28.8</b>	<b>32.4</b>	<b>24.4</b>	<b>31.9</b>	<b>51.4</b>	<b>51.8</b>	<b>46.7</b>	<b>67.7</b>	<b>117.5</b>	<b>217.6</b>	<b>57.0</b>	<b>-9%</b>	<b>60%</b>
YoY Change (%)	-1.7	4.8	-4.1	15.7	78.6	59.9	91.5	112.3	3.8	85.3	76.0		
<b>Total Expenditure</b>	<b>14.6</b>	<b>15.5</b>	<b>15.3</b>	<b>19.8</b>	<b>23.5</b>	<b>21.8</b>	<b>24.8</b>	<b>46.6</b>	<b>65.2</b>	<b>116.8</b>	<b>26.7</b>		
<b>EBITDA</b>	<b>14.2</b>	<b>16.8</b>	<b>9.1</b>	<b>12.0</b>	<b>27.9</b>	<b>30.0</b>	<b>21.9</b>	<b>21.1</b>	<b>52.2</b>	<b>100.8</b>	<b>30.3</b>	<b>-1%</b>	<b>78%</b>
Margin (%)	49.2	52.0	37.5	37.8	54.2	57.9	46.8	31.1	44.4	46.3	53.2		
Depreciation	3.8	3.9	4.1	4.8	7.4	8.1	8.1	8.2	16.5	31.7	7.8	4%	106%
Interest	5.1	5.2	5.6	6.8	13.1	14.2	13.3	12.8	22.7	53.3	12.7	12%	174%
Other Income	1.6	2.2	2.0	2.1	2.7	1.8	2.6	3.3	7.9	10.4	2.5	-25%	-17%
<b>PBT before EO expense</b>	<b>6.9</b>	<b>10.0</b>	<b>1.4</b>	<b>2.6</b>	<b>10.1</b>	<b>9.5</b>	<b>3.1</b>	<b>3.3</b>	<b>20.9</b>	<b>26.1</b>	<b>12.3</b>	<b>-22%</b>	<b>-4%</b>
Extra-Ord income/(exp.)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0		
<b>PBT</b>	<b>6.9</b>	<b>10.0</b>	<b>1.4</b>	<b>3.6</b>	<b>10.1</b>	<b>9.5</b>	<b>3.1</b>	<b>3.3</b>	<b>21.9</b>	<b>26.1</b>	<b>12.3</b>	<b>-22%</b>	<b>-4%</b>
Tax	1.6	1.3	-0.1	-0.5	1.8	1.3	0.8	0.6	2.3	4.4	3.1		
Rate (%)	23.6	12.9	-5.1	-15.1	17.7	13.8	24.5	17.1	10.5	17.0	25.0		
Minority Interest	0.1	0.2	-0.1	0.1	0.9	1.2	0.2	0.6	0.3	2.9	0.9		
Share of JV & associates	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.1		
<b>Reported PAT</b>	<b>5.2</b>	<b>8.5</b>	<b>1.7</b>	<b>4.1</b>	<b>7.4</b>	<b>7.0</b>	<b>2.1</b>	<b>2.3</b>	<b>19.5</b>	<b>18.9</b>	<b>8.4</b>	<b>-16%</b>	<b>-17%</b>
<b>Adj PAT</b>	<b>5.2</b>	<b>8.5</b>	<b>1.7</b>	<b>2.9</b>	<b>7.4</b>	<b>7.0</b>	<b>2.1</b>	<b>2.3</b>	<b>18.4</b>	<b>18.9</b>	<b>8.4</b>	<b>-16%</b>	<b>-17%</b>
YoY Change (%)	80.0	19.0	-27.4	-16.6	42.4	-17.4	28.0	-21.0	15.6	3.2	-2.0		
Margin (%)	18.1	26.4	6.9	9.2	14.4	13.6	4.6	3.4	15.6	8.7	14.7		

#### JSWE's SoTP valuation

Particulars	Units	Metric	Metric type	Valuation multiple	Amount
Thermal	INR m	46,643	EBITDA – Dec'27	9	4,10,460
Hydro	INR m	63,898	BV – Dec'27	2	1,27,796
Renewables	INR m	1,10,506	EBITDA - FY28	12	13,15,017
Green Hydrogen	INR m	1,438	Equity	2	2,875
<b>EV</b>	<b>INR m</b>				<b>18,56,148</b>
Less: Net Debt	INR m		FY28		7,74,475
<b>Market cap</b>	<b>INR m</b>				<b>10,81,673</b>
JSW Steel stake*	INR m				61,249
<b>Total Equity value</b>	<b>INR m</b>				<b>11,42,922</b>
<b>Target price</b>	<b>INR/Share</b>				<b>655</b>
CMP	INR/share				541
<b>Upside/(Downside)</b>					<b>21%</b>

\*at a 25% discount



# Havells India

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HAVL IN
Equity Shares (m)	627
M.Cap.(INRb)/(USDb)	935.5 / 10.6
52-Week Range (INR)	1970 / 1360
1, 6, 12 Rel. Per (%)	-8/-17/-21
12M Avg Val (INR M)	1616
Free float (%)	40.6

## Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	227.2	260.2	298.4
EBITDA	22.6	28.6	33.9
Adj. PAT	15.4	19.5	23.5
EBITDA Margin (%)	9.9	11.0	11.4
Cons. Adj. EPS (INR)	24.5	31.2	37.5
EPS Gr. (%)	4.5	27.2	20.4
BV/Sh. (INR)	148.7	169.0	193.4

## Ratios

Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	16.5	18.4	19.4
RoCE (%)	16.0	18.0	18.9
Payout (%)	35.0	35.0	35.0

## Valuations

P/E (x)	60.8	47.8	39.7
P/BV (x)	10.0	8.8	7.7
EV/EBITDA (x)	40.1	31.4	26.3
Div Yield (%)	0.6	0.7	0.9
FCF Yield (%)	0.4	1.1	1.5

## Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	59.4	59.4	59.4
DII	15.5	13.4	10.2
FII	19.3	21.6	24.8
Others	5.8	5.6	5.6

FII Includes depository receipts

**CMP: INR1,492**      **TP: INR1,640 (+10%)**      **Neutral**

## Weak Lloyd performance; Cable segment maintains growth

### Short summer and high channel inventory weigh on Lloyd's performance

- Havells India's (HAVL) 2QFY26 earnings were in line with estimates. Revenue increased ~5% YoY to INR47.8b. EBITDA grew ~17% YoY to INR4.4b. OPM expanded 90bp YoY to 9.2% (vs. our estimate of 9.5%). However, (Ex-Lloyd) segment margin expanded 2.3pp YoY to 12.2% (+1.2pp vs. our estimate). PAT grew ~19% YoY to INR3.2b (+5% vs. estimates led by higher other income).
- Management indicated weak performance in RAC, Fans, and Cooler due to a short summer season and higher channel inventory. The company is collaborating with channel partners to boost consumer offtake and anticipates channel inventory to normalize by the end of 3QFY26. It expects a recovery in the ECD and RAC segments in 2HFY26, led by positive consumer sentiments. The Cable segment continued to witness steady growth, supported by strong growth in power cables. The company's cable expansion plan is on track, and it has acquired a land parcel of 39 acres adjacent to the existing manufacturing facility.
- We largely maintained our earnings estimates for FY26-28E. HAVL's trades at 48x/40x FY27E/FY28E EPS. We reiterate our Neutral rating with a TP of INR1,640 (based on 50x Dec'27E EPS).

## OPM expands 90bp to ~9.2% ; C&W margin expands 5.1pp to ~14%

- HAVL's consolidated revenue/EBITDA/PAT stood at INR47.8b/INR4.4b/INR3.2b (+5%/+17%/+19% YoY and in line vs. our estimates). Gross margin stood at ~35% (+1.2pp YoY). OPM expanded 90bp YoY to ~9.2%. OPM (Ex-Lloyd) stood at ~12.2% (up 2.3pp YOY; 1.2pp above estimates). Ad spends stood at 2.8% of revenue vs. 2.9%/2.6% 2QFY25/1QFY26.
- Segmental highlights: 1) HAVL's revenue (excl. Lloyd) increased ~9% YoY to INR43.0b. C&W's revenue grew ~12% YoY to INR20.3b, and EBIT margin expanded 5.1pp YoY to ~14%. Switchgear's revenue rose ~8% YoY to INR6.0b, while EBIT margin expanded 1.5pp YoY to ~22%. The Lighting revenue increased ~8% YoY to INR4.3b, while EBIT margin remained flat YoY at ~13%. ECD's revenue declined ~2% YoY to INR8.4b, and EBIT margin contracted 1.9pp YoY to ~6%. 2) Lloyd's revenue declined ~18% YoY to INR4.8b. Operating loss stood at INR1.1b vs a loss of INR243m in 2QFY25.
- In 1HFY26, Revenue/EBITDA/PAT stood at INR INR102.3b/INR9.5b/INR6.7b (-1%/+1%/-1% YoY). OPM expanded 20bps YoY to ~9.3% in H1FY26. Operating cash outflow stood at INR3.8b vs operating cash inflow of INR7.6b in 1HYF25. Capex stood at INR6.3b vs INR3.5b in 1HFY25. Net cash outflow stood at INR10.1b vs net cash inflow of INR4.0b in 1HYF25.

## Key highlights from the management commentary

- The quarter was marked by a weaker summer, leading to subdued sales in cooling products. Elevated channel inventory carried over from 1Q further weighed on primary sales. Management indicated that inventory liquidation is underway and should normalize by the end of 3QFY26.
- The C&W segment maintained its steady growth momentum, led by strong traction in power cables and sustained B2B demand from real estate, infrastructure, and industrial projects.

- FY26 capex is guided at around INR14b, with FY27 estimated at INR10b, primarily allocated toward capacity expansion in Cables, Lloyd, and Automation.

### Valuation and view

- HAVL's 2QFY26 performance was in line with our estimates, as weakness in Lloyd offset the strong performance of other segments. We believe demand momentum after the GST reduction will be a key monitorable for the near term, along with a reduction in channel inventory.
- We expect HAVL to report a revenue/EBITDA/ PAT CAGR of 11%/17%/17% over FY25-28. We estimate OPM to expand to ~11% by FY27-28 vs. ~10% in FY26E. The company's RoIC is expected to improve to ~28% by FY28 from ~21% in FY26, and RoE is likely to be ~19% in FY28 vs. ~16% in FY26E.
- HAVL trades at 48x/40x FY27E/FY28E EPS, and we reiterate our Neutral rating with a TP of INR1,640 based on 50x Dec'27E EPS

### Quarterly performance

Y/E March	(INR m)											
	FY25				FY26E				FY25	FY26E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Sales</b>	<b>58,062</b>	<b>45,393</b>	<b>48,890</b>	<b>65,436</b>	<b>54,554</b>	<b>47,793</b>	<b>52,918</b>	<b>71,982</b>	<b>2,17,781</b>	<b>2,27,248</b>	<b>47,637</b>	<b>0%</b>
Change (%)	20.1	16.4	10.8	20.2	-6.0	5.3	8.2	10.0	17.1	4.3	4.9	
<b>Adj. EBITDA</b>	<b>5,722</b>	<b>3,751</b>	<b>4,265</b>	<b>7,570</b>	<b>5,157</b>	<b>4,384</b>	<b>5,172</b>	<b>7,867</b>	<b>21,309</b>	<b>22,581</b>	<b>4,537</b>	<b>-3%</b>
Change (%)	42.4	0.5	-1.4	19.3	-9.9	16.9	21.3	3.9	15.6	6.0	21.0	
Adj. EBITDA margin (%)	9.9	8.3	8.7	11.6	9.5	9.2	9.8	10.9	9.8	9.9	9.5	(35)
Depreciation	920	946	1,041	1,097	1,057	1,058	1,138	1,405	4,004	4,658	1,107	-4%
Interest	86	101	94	152	94	91	165	126	432	476	110	-17%
Other Income	773	929	643	687	692	911	820	835	3,033	3,359	742	23%
Extra-ordinary items	-	-	-	-	-	-	-	-	-	-	0	
<b>PBT</b>	<b>5,490</b>	<b>3,633</b>	<b>3,773</b>	<b>7,009</b>	<b>4,698</b>	<b>4,146</b>	<b>4,690</b>	<b>7,172</b>	<b>19,905</b>	<b>20,807</b>	<b>4,062</b>	<b>2%</b>
Tax	1,415	955	994	1,839	1,222	963	1,102	2,151	5,203	5,438	1,036	
Effective Tax Rate (%)	25.8	26.3	26.3	26.2	26.0	23.2	23.5	30.0	26.1	26.1	25.5	
<b>Reported PAT</b>	<b>4,075</b>	<b>2,678</b>	<b>2,780</b>	<b>5,170</b>	<b>3,475</b>	<b>3,183</b>	<b>3,637</b>	<b>5,073</b>	<b>14,702</b>	<b>15,368</b>	<b>3,026</b>	<b>5%</b>
Change (%)	42.0	7.5	(3.5)	15.7	(14.7)	18.9	30.9	(1.9)	15.7	4.5	13.0	
<b>Adj. PAT</b>	<b>4,075</b>	<b>2,678</b>	<b>2,780</b>	<b>5,170</b>	<b>3,475</b>	<b>3,183</b>	<b>3,637</b>	<b>5,073</b>	<b>14,702</b>	<b>15,368</b>	<b>3,026</b>	<b>5%</b>
Change (%)	42.0	7.5	(3.5)	15.7	(14.7)	18.9	30.9	(1.9)	15.7	4.5	13.0	

### Segmental performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
<b>Sales</b>												
Switchgear	5,768	5,513	5,769	6,918	6,298	5,955	6,230	7,401	23,968	25,885	5,898	1%
Cables & Wires	15,212	18,052	16,879	21,694	19,332	20,282	19,411	25,023	71,836	84,048	21,301	-5%
ECD	10,554	8,564	11,048	9,973	9,073	8,418	11,269	10,575	40,139	39,336	8,136	3%
Lighting & Fixtures	3,876	3,951	4,464	4,417	3,802	4,284	4,643	4,564	16,708	17,292	4,030	6%
Lloyd	19,287	5,896	7,422	18,736	12,711	4,822	7,793	20,881	51,341	46,207	4,717	2%
<b>EBIT</b>												
Switchgear	1,422	1,150	1,048	1,776	1,476	1,328	1,402	1,748	5,395	5,954	1,180	13%
Cables & Wires	1,711	1,548	1,870	2,586	2,426	2,782	2,329	3,052	7,715	10,590	2,556	9%
ECD	1,147	643	953	1,248	788	475	958	1,398	3,991	3,619	488	-3%
Lighting & Fixtures	630	501	651	725	455	546	604	678	2,507	2,283	443	23%
Lloyd	636	(243)	(361)	1,144	(209)	(1,060)	(312)	656	1,175	(924)	(236)	NA
<b>EBIT Margin (%)</b>												
Switchgear	24.6	20.9	18.2	25.7	23.4	22.3	22.5	23.6	22.5	23.0	20.0	230
Cables & Wires	11.2	8.6	11.1	11.9	12.6	13.7	12.0	12.2	10.7	12.6	12.0	172
ECD	10.9	7.5	8.6	12.5	8.7	5.6	8.5	13.2	9.9	9.2	6.0	(36)
Lighting & Fixtures	16.2	12.7	14.6	16.4	12.0	12.7	13.0	14.9	15.0	13.2	11.0	174
Lloyd	3.3	(4.1)	(4.9)	6.1	(1.6)	(22.0)	(4.0)	3.1	2.3	(2.0)	(5.0)	NA

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	618.3 / 7
52-Week Range (INR)	2350 / 1440
1, 6, 12 Rel. Per (%)	1/-4/-15
12M Avg Val (INR M)	1703

#### Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	63.6	88.9	90.6
EBITDA	40.7	49.7	53.8
EBITDA (%)	64.0	55.9	59.4
Net profit	28.6	36.3	39.7
EPS (INR)	78.8	99.7	109.3
EPS Growth (%)	28.7	26.6	9.6
BV/Share (INR)	502.7	594.4	695.7
<b>Ratios</b>			
Net D/E	0.0	(0.1)	(0.3)
RoE (%)	16.9	18.2	16.9
RoCE (%)	15.3	16.9	16.1
Payout (%)	10.2	8.0	7.3
<b>Valuations</b>			
P/E (x)	21.5	17.0	15.5
P/BV (x)	3.4	2.9	2.4
EV/EBITDA (x)	15.3	11.8	10.1
Div Yield (%)	0.5	0.5	0.5

#### Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	67.7	67.7	67.7
DII	13.9	10.8	12.0
FII	16.1	19.4	18.4
Others	2.4	2.1	1.9

**CMP: INR1,701**

**TP: INR1,779 (+5%)**

**Neutral**

#### Healthy performance of 360 West with improved annuity income

#### Operational highlights – 2QFY26

- In 2QFY26, Oberoi Realty (OBER) achieved pre-sales of INR13b, down 10% YoY and 21% QoQ (7% below our est.), wherein ~62% was contributed by Elysian and 360 West. In 1HFY26, bookings stood at INR29.4b, up 18% YoY.
- Volumes were down 9% YoY / 29% QoQ to 0.25msf (16% below estimates). In 1HFY26, volumes stood at 0.6msf, up 24% YoY.
- Total units booked in the quarter stood at 158, which was flat YoY and down 13% QoQ. In 1HFY26, a total of 339 units were booked, up 14% YoY.
- An interim dividend was declared for 2Q at INR2/sh, i.e., 20% of face value.
- OBER was ranked No. 1 globally among listed residential developers in the high-rise multifamily category, earning a 5-Star rating and a perfect score of 100 in its second year of participation in the GRESB Real Estate Assessment.
- P&L performance:** In 2QFY26, revenue grew 35%/80% YoY/QoQ to INR17.8b (25% above our est.). In 1HFY26, OBER's revenue was INR27.7b, up 2% YoY.
- The company reported an EBITDA of INR10.2b for the quarter, up 25%/96% YoY/QoQ (12% above estimates), while the margin contracted 4% YoY to 57%. In 1HFY26, OBER reported an EBITDA of INR15.4b, down 5% YoY.
- PAT in the quarter was up 29%/80% YoY/QoQ to INR7.6b, which was 19% above our estimates. In 1HFY26, PAT stood at INR11.8b, flat YoY.

#### Offices to be fully leased out by end-FY26; hospitality margins stable

- Overall, the annuity portfolio delivered a 47% YoY revenue growth to INR2.8b with an EBITDA margin of 92%.
- Office:** Occupancies at Commerz-I and -II were stable at 96%. Commerz-3 occupancy increased to 87% from 83% QoQ, resulting in a revenue growth of 38% YoY to INR1.3b. This brought the total office revenue to INR1.8b (+29% YoY), leading to an EBITDA margin of 91%.
- Retail:** Oberoi Mall delivered a 7% YoY increase in revenue to INR522m at an EBITDA margin of 99%, while Sky City Mall delivered revenue of INR452m with an EBITDA margin of 92%. Oberoi Mall was 99% occupied, while Sky City was 53% occupied.
- Hospitality:** In 2QFY26, The Westin hotel witnessed a 2% YoY growth in revenue to INR446m, although there was a 9% YoY increase in ARR of INR13,735. Occupancy was at 80% in the quarter, from 82% YoY and 72% QoQ. EBITDA came in at INR177m with a margin of 40%.

#### Key highlights from the management call

- Launches:** OBER's 2QFY26 did not witness any launches during the quarter. Overall, in 1HFY26, one new tower — Elysian Tower D (Goregaon) — was launched. In FY26, management expects to launch one tower in Borivali, Peddar Road and Gurugram and may also bring in projects such as Adarsh Nagar, Worli, and Tardeo in the year. One more tower in Goregaon and Alibaug to be launched in FY27.

- **Annuity portfolio:** Commerz I and Commerz II are fully leased out following an increase in occupancy in Commerz III to 87% in 2QFY26. Sky City Mall is ~53% occupied. Both Commerz III and Sky City Mall are likely to reach occupation stability at ~80-90% by the end of FY26.
- **Gurugram project:** Demolishing has started. An office has been set up in Gurugram. The design has been completed, with contract negotiations finalized and issuance expected shortly. Approvals are in place, and the project is estimated to be launched in the current year.
- Construction for the *Ritz-Carlton, Mumbai*, is 70–80% complete, with a planned launch within FY26. The hotel will feature over 200 keys along with extensive F&B and banqueting facilities.
- **Thane strategy:** Sales at the Thane project follow a typical high-rise cycle—strong launch momentum, slower sustenance sales, and revival closer to completion. They remain confident of long-term demand, expecting steady annual sales of ~INR10b with potential price hikes as construction advances.

### Valuation and view

- While OBER's current valuation does not suggest significant near-term gains, we foresee a strong 24% CAGR in its presales over FY25-28. The key to a future re-rating lies in the company's ability to reinvest the substantial cash flow derived from its completed and near-completion projects.
- OBER's residential segment is presently valued at INR288b. This valuation accounts for recent business development activities and incorporates a future outlay of INR30b towards prospective land acquisitions. **Reiterate Neutral** with an NAV of INR647b or INR1,779 per share.

Y/E March	(INR m)										
	FY25				FY26E				FY25	FY26E	FY26E 2QE Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		2Q Est.	(%/bp)
<b>Net Sales</b>	<b>14,052</b>	<b>13,199</b>	<b>14,111</b>	<b>11,501</b>	<b>9,876</b>	<b>17,790</b>	<b>18,553</b>	<b>17,356</b>	<b>52,863</b>	<b>63,575</b>	<b>14,237</b>
YoY Change (%)	54.4	8.4	33.9	-12.5	-29.7	34.8	31.5	50.9	17.6	20.3	7.9
Total Expenditure	5,901	5,061	5,549	5,321	4,672	7,588	6,681	3,953	21,832	22,893	5,127
<b>EBITDA</b>	<b>8,151</b>	<b>8,138</b>	<b>8,561</b>	<b>6,181</b>	<b>5,203</b>	<b>10,203</b>	<b>11,872</b>	<b>13,403</b>	<b>31,030</b>	<b>40,681</b>	<b>9,110</b>
Margins (%)	58.0	61.7	60.7	53.7	52.7	57.4	64.0	77.2	58.7	64.0	64.0
Depreciation	202	208	233	242	316	334	453	449	885	1,553	348
Interest	589	517	745	801	750	712	815	516	2,652	2,792	625
Other Income	368	387	492	632	864	658	464	-397	1,879	1,589	356
<b>PBT before EO expense</b>	<b>7,728</b>	<b>7,800</b>	<b>8,076</b>	<b>5,769</b>	<b>5,002</b>	<b>9,815</b>	<b>11,068</b>	<b>12,041</b>	<b>29,373</b>	<b>37,925</b>	<b>8,493</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>7,728</b>	<b>7,800</b>	<b>8,076</b>	<b>5,769</b>	<b>5,002</b>	<b>9,815</b>	<b>11,068</b>	<b>12,041</b>	<b>29,373</b>	<b>37,925</b>	<b>8,493</b>
Tax	1,905	1,930	1,919	1,439	857	2,329	2,711	3,392	7,194	9,289	2,080
Rate (%)	24.7	24.7	23.8	24.9	17.1	23.7	24.5	28.2	24.5	24.5	24.5
Minority Interest & P/L of Asso.											
Cos.	23	25	27	2	68	117	0	0	76	0	0
<b>Reported PAT</b>	<b>5,845</b>	<b>5,894</b>	<b>6,184</b>	<b>4,332</b>	<b>4,213</b>	<b>7,603</b>	<b>8,357</b>	<b>8,649</b>	<b>22,255</b>	<b>28,637</b>	<b>6,413</b>
<b>Adj. PAT</b>	<b>5,845</b>	<b>5,894</b>	<b>6,184</b>	<b>4,332</b>	<b>4,213</b>	<b>7,603</b>	<b>8,357</b>	<b>8,649</b>	<b>22,255</b>	<b>28,637</b>	<b>6,413</b>
YoY Change (%)	81.7	29.0	71.7	-45.0	-27.9	29.0	35.1	99.7	15.5	28.7	8.8
Margins (%)	41.6	44.7	43.8	37.7	42.7	42.7	45.0	49.8	42.1	45.0	45.0
<b>Operational metrics</b>											
<b>Residential</b>											
Sale Volume (msf)	0.21	0.28	0.66	0.14	0.35	0.25	1.20	0.60	1.3	2.4	0.30
Sale Value (INRm)	10,519	14,425	19,183	8,533	16,387	12,991	35,000	18,595	52,658	82,972	14,000
Collections (INRm)	10,114	12,112	13,950	7,653	9,971	13,528	20,703	20,845	43,829	65,048	17,975
Realization (INR/sft)	49,903	52,305	29,081	62,135	46,389	51,817	29,167	30,894	41,027	34,488	46,667



# AU Small Finance Bank

Estimate change



TP change

Rating change

**CMP: INR792**
**TP: INR925 (+17%)**
**Buy**

## Headwinds receding; earnings growth set to accelerate

### NIMs expand 5bp QoQ

- AU Small Finance Bank (AUBANK) reported a healthy PAT of INR5.6b (13% beat), aided by NIM expansion and healthy business growth.
- NII expanded 4.9% QoQ to INR21.4b (up 8.6% YoY/ 4.9% QoQ, 6% beat on MOFSLe), aided by 5bp NIM expansion to 5.5%.
- PPoP grew 6.9% YoY (down 7.8% QoQ) to INR12.1b (8% beat).
- Provisions stood at INR4.8b (4% higher than MOFSLe, down 10% QoQ). The bank reported 30bp of credit cost in 2Q and 64bp in 1H on total assets. AUBANK reiterated its full-year credit cost guidance of 1% for FY26E.
- Business growth was robust, with advances growing 22% YoY/5.3% QoQ to INR1.16t; deposits also stood strong at 20.8% YoY/3.8% QoQ.
- Slippages declined to INR9.1b vs INR10.3b in 1QFY26. GNPA/NNPA ratio declined 6bp/flat QoQ to 2.41%/0.88%. PCR declined to 64.2%.
- We fine-tune our estimates and project FY27E RoA/RoE at 1.7%/16.7%. We estimate AUBANK to deliver 30% earnings CAGR over FY25-28E, led by an improvement in business growth, credit cost, and margins. **We reiterate BUY with a TP of INR925 (3.0x FY27E BV).**

Bloomberg	AUBANK IN
Equity Shares (m)	746
M.Cap.(INRb)/(USDb)	591.3 / 6.7
52-Week Range (INR)	841 / 478
1, 6, 12 Rel. Per (%)	10/27/11
12M Avg Val (INR M)	2091

### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	80.1	89.4	113.0
PPoP	45.8	52.4	63.2
PAT	21.1	26.2	35.5
NIM (%)	6.0	5.2	5.4
EPS (INR)	29.8	35.2	47.5
EPS Gr. (%)	33.9	18.0	35.2
BV/Sh. (INR)	229	262	308
ABV/Sh. (INR)	223	255	300
<b>Ratios</b>			
RoA (%)	1.6	1.5	1.7
RoE (%)	14.3	14.3	16.7
<b>Valuations</b>			
P/E(X)	26.9	22.8	16.8
P/BV (X)	3.5	3.0	2.6
P/ABV (X)	3.6	3.1	2.7

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	22.9	22.9	22.9
DII	28.9	27.2	18.4
FII	37.7	35.6	39.6
Others	10.6	14.4	19.1

FII Includes depository receipts

## Growth outlook healthy; asset quality ratios stable

- AUBANK reported 2QFY26 PAT of INR5.6b (13% beat on MOFSLe, down 3.4% QoQ), led by a 5bp NIM expansion, robust growth, and a sequential decline in credit cost. We expect FY26 earnings to grow 24.4% YoY to INR26.2b.
- NII grew 8.6% YoY/4.9% QoQ to INR21.4b (6% beat) amid positive NIMs, led by a reduction in CoF as well as surplus liquidity utilization.
- Provisions came in at INR4.8b (4% higher than MOFSLe); however, 2H credit costs are expected to improve amid easing stress in the unsecured and card portfolios. PCR stood at 64.2% vs 64.7% in 1QFY26.
- Other income came in at INR7.1b (in line, down 12.1% QoQ), amid lower treasury gains. Opex grew 6.8% QoQ to INR16.5b.
- Advances grew 22% YoY/5.3% QoQ, led by growth in retail secured assets as well as commercial banking, while unsecured book declined sharply in 2Q. Deposits also stood strong at 20.8% YoY/3.8% QoQ. CD ratio, thus, increased to 87% vs 86%. CASA mix improved to 29.4% vs 29.2% in 1QFY26. CoF declined 25bp QoQ to 6.83% in 2QFY26.
- Slippages declined to INR9.1b vs INR10.3b in 1QFY26. GNPA/NNPA ratio declined 6bp/flat QoQ to 2.41%/0.88%. PCR stood at 64.2%.

## Highlights from the management commentary

- NIMs are likely to improve further, with 2Q marking the inflection point amid a better asset mix and deposit repricing.
- At the GLP level, the company has maintained growth guidance of 2-2.5x GDP, with an expected pickup from 2H onwards, supported by a recovery in unsecured growth.

- The unsecured book constitutes less than 10% of total loans. Management reiterated that credit card delinquencies peaked last quarter, and it expects credit costs to reduce going forward.
- It is too early to comment on the impact of the ECL transition, but it is expected to be a neutral to positive event for the bank.

### Valuation and view: Reiterate BUY with a revised TP of INR925

AUBANK ticked all boxes in its 2Q performance. NIMs surprised the street with an uptick of 5bp, and are expected to continue their upward momentum. Growth stood healthy, led by the retail and commercial segments, while credit costs are expected to witness a sharp improvement in 2H. Other income and opex largely stood in line, but are expected to inch up marginally as the bank continues to invest in the business in preparation for stronger growth ahead. On the business front, both advances and deposits grew at a healthy rate, and we expect AUBANK to maintain its growth leadership in the sector. Asset quality is expected to witness an improvement amid easing stress in the unsecured business. Multiple levers are aligning for AUBANK—margin expansion from lower CoF, credit cost normalization, and renewed traction in the unsecured segment. Supported by consistent balance sheet growth, we expect a robust FY25-28E PAT CAGR of ~30%. **We fine-tune our estimates and project FY27E RoA/RoE at 1.7%/16.7%. We estimate AUBANK to deliver a 30% earnings CAGR over FY25-28E, led by an improvement in business growth, credit cost, and margins. We reiterate BUY with a TP of INR925 (3.0x FY27E BV)**

#### Quarterly performance

									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Interest Income</b>	<b>19.2</b>	<b>19.7</b>	<b>20.2</b>	<b>20.9</b>	<b>20.4</b>	<b>21.4</b>	<b>22.9</b>	<b>24.6</b>	<b>80.1</b>	<b>89.4</b>	<b>20</b>	<b>6.0</b>
% Change (Y-o-Y)	54.1	58.1	52.7	56.6	6.5	8.6	13.0	17.7	55.4	11.6	2.5	
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.5	8.4	25.3	31.1	7	2.7
<b>Total Income</b>	<b>24.3</b>	<b>26.1</b>	<b>26.4</b>	<b>28.5</b>	<b>28.6</b>	<b>28.6</b>	<b>30.4</b>	<b>33.0</b>	<b>105.4</b>	<b>120.5</b>	<b>27</b>	<b>5.1</b>
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	17.5	18.7	59.6	68.0	16	3.4
<b>Operating Profit</b>	<b>9.5</b>	<b>11.3</b>	<b>12.0</b>	<b>12.9</b>	<b>13.1</b>	<b>12.1</b>	<b>12.9</b>	<b>14.3</b>	<b>45.8</b>	<b>52.4</b>	<b>11</b>	<b>7.6</b>
% Change (Y-o-Y)	74.3	80.0	83.4	94.6	37.9	6.9	6.8	11.0	91.7	14.5	-0.6	
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	4.1	3.4	17.9	17.7	5	4.0
<b>Profit before Tax</b>	<b>6.7</b>	<b>7.6</b>	<b>7.0</b>	<b>6.6</b>	<b>7.8</b>	<b>7.3</b>	<b>8.7</b>	<b>10.9</b>	<b>27.9</b>	<b>34.7</b>	<b>7</b>	<b>10.1</b>
Tax	1.7	1.9	1.7	1.5	2.0	1.7	2.2	2.6	6.8	8.5	2	0.3
<b>Net Profit</b>	<b>5.0</b>	<b>5.7</b>	<b>5.3</b>	<b>5.0</b>	<b>5.8</b>	<b>5.6</b>	<b>6.5</b>	<b>8.3</b>	<b>21.1</b>	<b>26.2</b>	<b>5</b>	<b>13.4</b>
% Change (Y-o-Y)	29.9	42.1	40.8	35.9	15.6	(1.8)	23.5	64.0	41.7	24.4	-13.4	
<b>Operating Parameters</b>												
Deposit (INR b)	972.9	1,096.9	1,122.6	1,242.7	1,277.0	1,325.1	1,415.1	1,496.2	1,242.7	1,496.2	1,336.6	
Loan (INR b)	896.5	948.4	995.6	1,070.9	1,098.3	1,157.0	1,213.1	1,295.8	1,070.9	1,295.8	1,146.2	
Deposit Growth (%)	40.4	44.8	40.1	42.5	31.3	20.8	26.1	20.4	42.5	20.4	21.9	
Loan Growth (%)	42.6	47.8	49.2	46.4	22.5	22.0	21.9	21.0	46.4	21.0	20.9	
<b>Asset Quality</b>												
GNPA (%)	1.8	2.0	2.3	2.3	2.5	2.4	2.4	2.3	2.3	2.3	2.4	
NNPA (%)	0.6	0.8	0.9	0.7	0.9	0.9	0.8	0.8	0.8	0.8	0.9	
PCR (%)	65.1	62.8	61.2	68.1	64.7	64.2	65.4	66.1	66.4	66.1	64.9	

# IndusInd Bank

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	IIB IN
Equity Shares (m)	779
M.Cap.(INRb)/(USDb)	585.1 / 6.7
52-Week Range (INR)	1360 / 605
1, 6, 12 Rel. Per (%)	0/-13/-48
12M Avg Val (INR M)	6616

## Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	190.3	179.0	203.0
OP	106.6	87.2	103.2
NP	25.8	10.7	38.8
NIM (%)	3.6	3.2	3.4
EPS (INR)	33.1	13.7	49.8
EPS Gr. (%)	-71.4	-58.5	262.5
BV/Sh. (INR)	830	834	874
ABV/Sh. (INR)	800	804	846
<b>Ratios</b>			
RoA (%)	0.5	0.2	0.7
RoE (%)	4.0	1.7	5.8
<b>Valuations</b>			
P/E (X)	22.8	54.8	15.1
P/BV (X)	0.9	0.9	0.9
P/ABV (X)	0.9	0.9	0.9

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	15.1	15.1	15.1
DII	32.0	35.0	27.8
FII	36.8	32.8	43.2
Others	16.2	17.1	13.9

FII includes depository receipts

**CMP: INR752**

**TP: INR800 (+6%)**

**Neutral**

## NII in line; spike in provisions drives losses

### NIMs decline 14bp QoQ

- IndusInd Bank (IIB) reported 2QFY26 loss of ~INR4.4b (vs. our estimate of INR3.1b), owing to accelerated provisions on MFI and write-offs.
- NII declined 18% YoY to INR44.1b (in line). NIMs stood at 3.32% (down 14bp QoQ /76bp YoY).
- Other income fell 24% YoY to INR16.5b (13% miss). Operating expenses grew 2% YoY/5% QoQ to INR40.1b (8% lower than MOFSLe).
- Loan book declined by 2% QoQ (down 9% YoY), while deposits declined by 2% QoQ (down 5.5% YoY).
- Fresh slippages were INR25.4b vs. INR25.7b in 1QFY26. GNPA/NNPA ratios improved by 4bp/8bp QoQ to 3.6%/1.04%. PCR improved 163bp QoQ to 71.8%.
- **We cut our earnings estimates by 20% for FY27 and project IIB's RoA/RoE at 0.7%/5.8% for FY27. Retain Neutral with a TP of INR800 (premised on 0.9x FY27E ABV).**

### Business growth muted; PCR ratio improves marginally

- IIB reported 2QFY26 loss of ~INR4.4b (vs. our estimate of INR3.1b profit) mainly due to accelerated provisions on MFI and write-offs.
- NII declined 18% YoY to INR44.1b (in line). NIMs stood at 3.32% (down 14bp QoQ /76bp YoY). MFI slowdown contributed 22bp to NIM contraction.
- Other income dipped 24% YoY to INR16.5b (13% miss) owing to lower treasury income of INR1.1b vs. INR6.3b in 1QFY26. Operating expenses grew 2% YoY/5% QoQ to INR40.1b (8% lower than MOFSLe). C/I ratio increased to 66.2%. PPoP declined 43% YoY/20% QoQ to INR20.5b (6% higher than MOFSLe).
- Provisions increased by 45% YoY to INR26.3b (73% higher than MOFSLe, 50% QoQ growth) as the bank made high provisions on MFI.
- Loan book declined 8.8% YoY (down 2.3% QoQ), due to a drop in consumer finance (down 3.2% QoQ). MFI book declined by 25% QoQ. In consumer business, VF segment remained flat QoQ.
- Deposits declined 5.5% YoY (down 2% QoQ), while the CASA book declined 19% YoY/4.2% QoQ. CASA ratio declined 73bp QoQ to 30.7%. Wholesale deposits declined as part of a portfolio rationalization, while retail deposits remained steady, forming 47.3% of total deposits.
- Fresh slippages were INR25.4b vs. INR25.7b in 1QFY26. Asset quality ratios improved marginally, with GNPA/NNPA ratios reducing by 4bp/8bp QoQ to 3.6%/1.04%. PCR improved 163bp QoQ to 71.8%. During the quarter, IIB's restructured book declined 2bp QoQ to 0.08%.

### Highlights from the management commentary

- IIB aims to achieve 1% RoA in the medium term, led by a low cost-to-assets ratio, better productivity, and reduced funding costs through diversification. Management stated it is too early to define a timeline, as a three-year plan is still being developed.
- The bank aims for a fee-to-avg assets ratio of ~1.5% over a period of time.
- Gross slippages: VF – INR6.94b, Corporate – INR640m, Other Retail – INR6.97b, MFI – INR10.83b.

- SMA improved to 26bp (vs. 33bp YoY), while net SR declined to 17bp (vs. 31bp YoY).

### Valuation and view

IIB reported a loss due to increased provisions in MFI. Other income was hit by lower treasury income, but opex was lower than our expectations. NIM contracted 14bp QoQ due to a slowdown in MFI loans. Advances growth was muted as the bank strategically slowed down MFI growth. Deposit growth remained subdued as the bank reduced its wholesale deposits as part of a portfolio rationalization, though the CD ratio remained comfortable at 83.6%. Asset quality ratios improved slightly, but management remains cautious regarding MFI. The auditor of Bharat Financial Inclusion (BFIL), a subsidiary of IIB, has given a qualified report related to its investigations on the matter relating to operational losses, but this is not material to the group's financial results and BFIL is taking corrective actions in this matter. **We cut our earnings estimates by 20% for FY27 and project IIB's RoA/RoE at 0.7%/5.8% for FY27. Retain Neutral with a TP of INR800 (premised on 0.9x FY27E ABV).**

### Quarterly performance

									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Interest Income</b>	<b>54.1</b>	<b>53.5</b>	<b>52.3</b>	<b>30.5</b>	<b>46.4</b>	<b>44.1</b>	<b>43.9</b>	<b>44.7</b>	<b>190.3</b>	<b>179.0</b>	<b>44.0</b>	<b>0%</b>
% Change (YoY)	11.1	5.3	-1.3	-43.3	-14.2	-17.5	-16.1	46.6	-7.7	-5.9	-17.8	
Other Income	24.4	21.8	23.6	7.1	21.6	16.5	17.8	18.8	76.9	74.6	18.9	-13%
<b>Total Income</b>	<b>78.5</b>	<b>75.3</b>	<b>75.8</b>	<b>37.6</b>	<b>68.0</b>	<b>60.6</b>	<b>61.6</b>	<b>63.4</b>	<b>267.2</b>	<b>253.6</b>	<b>62.9</b>	<b>-4%</b>
Operating Expenses	39.0	39.3	39.8	42.5	42.3	40.1	41.3	42.7	160.6	166.4	43.5	-8%
<b>Operating Profit</b>	<b>39.5</b>	<b>36.0</b>	<b>36.0</b>	<b>-4.9</b>	<b>25.7</b>	<b>20.5</b>	<b>20.4</b>	<b>20.7</b>	<b>106.6</b>	<b>87.2</b>	<b>19.4</b>	<b>6%</b>
% Change (YoY)	3.1	-7.9	-10.9	-112.0	-35.0	-43.1	-43.5	-522.3	-32.8	-18.2	-46.2	
Provisions	10.5	18.2	17.4	25.2	17.6	26.3	16.0	13.0	71.4	72.9	15.2	73%
<b>Profit before Tax</b>	<b>29.0</b>	<b>17.8</b>	<b>18.6</b>	<b>-30.1</b>	<b>8.1</b>	<b>-5.8</b>	<b>4.3</b>	<b>7.7</b>	<b>35.3</b>	<b>14.3</b>	<b>4.2</b>	<b>-240%</b>
Tax	7.3	4.5	4.5	-6.8	2.0	-1.5	1.1	1.9	9.5	3.6	1.1	-239%
<b>Net Profit</b>	<b>21.7</b>	<b>13.3</b>	<b>14.0</b>	<b>-23.3</b>	<b>6.0</b>	<b>-4.4</b>	<b>3.2</b>	<b>5.8</b>	<b>25.8</b>	<b>10.7</b>	<b>3.1</b>	<b>-240%</b>
% Change (YoY)	2.2	-39.5	-39.1	-199.1	-72.2	-132.8	-77.0	-124.9	-71.3	-58.4	-76.5	
<b>Operating Parameters</b>												
Deposit (INR b)	3,985	4,124	4,094	4,109	3,971	3,896	4,026	4,150	4,109	4,150	4,112	
Loan (INR b)	3,479	3,572	3,669	3,450	3,337	3,259	3,364	3,485	3,450	3,485	3,452	
Deposit Growth (%)	14.8	14.7	11.0	6.8	-0.3	-5.5	-1.7	1.0	6.8	1.0	-0.3	
Loan Growth (%)	15.5	13.2	12.2	0.5	-4.1	-8.8	-8.3	1.0	0.5	1.0	-3.4	
<b>Asset Quality</b>												
Gross NPA (%)	2.0	2.1	2.3	3.1	3.6	3.6	3.6	3.4	3.1	3.4	3.9	
Net NPA (%)	0.6	0.6	0.7	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.3	
PCR (%)	70.6	70.1	70.2	70.2	70.2	71.8	72.0	72.4	69.6	72.4	68.2	

E: MOFSL Estimates



# IDFC First Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	IDFCFB IN
Equity Shares (m)	7339
M.Cap.(INRb)/(USDb)	527.5 / 6
52-Week Range (INR)	79 / 52
1, 6, 12 Rel. Per (%)	-1/6/-4
12M Avg Val (INR M)	2106

Financial and Valuation (INR b)			
Y/E March	FY25	FY26E	FY27E
NII	192.9	214.8	266.9
OP	74.1	86.7	120.2
NP	15.2	21.9	45.3
NIM (%)	6.0	5.7	5.9
EPS (INR)	2.1	2.7	5.3
BV/Sh. (INR)	52	55	59
ABV/Sh. (INR)	50	53	57
<b>Ratios</b>			
RoA (%)	0.5	0.6	1.0
RoE (%)	4.4	5.1	9.3
<b>Valuations</b>			
P/E(X)	34.0	26.2	13.6
P/BV (X)	1.4	1.3	1.2
P/ABV (X)	1.4	1.4	1.3

Shareholding pattern (%)			
As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	35.4
DII	33.5	32.6	15.3
FII	24.6	23.8	19.6
Others	41.9	43.7	29.8

**CMP: INR72** **TP: INR80 (+11%)** **Neutral**

**Asset quality stress peaks out; earnings set to gain pace**

**Business growth remains robust**

- IDFC First Bank (IDFCFB) reported 2QFY26 PAT of INR3.5b (up 76% YoY/down 24% QoQ, in line).
- NII grew 7% YoY/3.6% QoQ to INR51.2b (in line). NIMs declined 12bp QoQ to 5.6%. Opex grew 13% YoY to INR51.2b (in line).
- Net advances rose 20% YoY/5.5% QoQ. Deposit growth was robust at 24% YoY/4.5% QoQ, with CASA mix improving to 50.1% (up 210bp QoQ).
- GNPA/NNPA ratios declined by 11bp/3bp QoQ to 1.86%/0.52%. PCR ratio was stable at 72.2%.
- **We fine-tune our estimates for the bank and expect a healthy CAGR of 20% in loans and 63% PAT during FY25-28E. We estimate RoA/RoE of 1.0%/9.3% for FY27E. Retain our Neutral rating with a TP of INR80, based on 1.4x FY27E ABV.**

**NIM decline controlled at 12bp QoQ; CASA mix improves to ~50%**

- IDFCFB reported 2QFY26 PAT of INR3.5b (up 75% YoY/down 24% QoQ; in line), aided by a lower tax rate, which was partly offset by lower other income.
- NII grew 7% YoY/4% QoQ to INR51.1b (in line). NIMs declined by 12bp QoQ to 5.59%, while provisions stood broadly in line at INR14.5b. Other income grew 9.5% YoY/fell 15.1% QoQ to INR18.9b (6% miss).
- Opex grew 12.5% YoY/4.1% QoQ to INR51.2b (in line). C/I ratio thus rose to 73.2%. PPoP declined 4% YoY/16% QoQ to INR18.8b (largely in line).
- On the business front, net advances grew 19.5% YoY/5.5% QoQ, led by 5.9% QoQ growth in retail finance, 7% QoQ growth in wholesale, and 8% in business banking. Within retail, growth was led by VF (12% QoQ), gold (11% QoQ), credit card (7% QoQ) and consumer (8% QoQ). The share of consumer & rural finance was ~67.4% as of 2QFY26.
- Deposit growth remained robust at 24% YoY/4.5% QoQ, with the CASA mix increasing 210bp QoQ to 50.1%. CD ratio was up 93bp QoQ at 93%.
- GNPA/NNPA ratios declined by 11bp/3bp QoQ to 1.86%/0.52%. PCR ratio was stable at 72.2%. Gross slippages declined to INR22.6b vs. INR24.9b in 1QFY26. SMA book declined to 0.9% vs. 1.01% in 1QFY26.
- Excluding MFI, slippage ratio improved to 3.4% vs. 3.54% in 1QFY26. Excl. MFI, the credit cost for the bank stood at 2.03%. With the stress easing out, the bank expects the credit cost to improve from hereon.

### Highlights from the management commentary

- NIMs are expected to improve sequentially and reach ~5.8% in 4QFY26, factoring in one rate cut by the RBI.
- Credit cost is expected at 2.1% for FY26, trending lower at ~1.8% in 2H.
- C/I ratio should trend lower as operating leverage improves from MFI normalization kick-in.
- ECL transition is still under assessment; initial view suggests higher Stage-1/2 provisioning, but overall impact is likely to be neutral or slightly positive when factoring in operational risk weights.

### Valuation and view: Maintain Neutral with TP of INR80

IDFCFB reported an in-line quarter, with NII, PPoP, and PAT broadly meeting expectations. The 12bp sequential decline in NIMs was also in line with estimates, and the bank expects margins to improve to 5.8% by 4QFY26, factoring in one repo rate cut. On the business front, deposit traction remained robust, with the CASA mix improving to 50%, while loan growth remained healthy, led by steady momentum across Retail and Business Banking segments. Asset quality saw a marginal improvement, with the SMA book remaining well contained at 0.9%. We expect the C/I ratio to moderate from 70.3% in FY26 to 66.2% in FY27, as revenue growth gains pace and operating leverage begins to play out. **We fine-tune our estimates for the bank and expect a healthy loan CAGR of 20% and PAT CAGR of 63% over FY25-28E. We estimate RoA/RoE of 1.0%/9.3% for FY27E and retain our Neutral rating with a TP of INR80, based on 1.4x FY27E ABV.**

Quarterly performance										(INRb)		
	FY25					FY26E			FY25	FY26E	FY26E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	Est	
<b>Net Interest Income</b>	<b>46.9</b>	<b>47.9</b>	<b>49.0</b>	<b>49.1</b>	<b>49.3</b>	<b>51.1</b>	<b>55.2</b>	<b>59.1</b>	<b>192.9</b>	<b>214.8</b>	<b>50.1</b>	<b>2%</b>
% Change (Y-o-Y)	25.4	21.2	14.4	9.8	5.1	6.8	12.6	20.5	17.3	11.3	4.6	
Other Income	16.2	17.3	17.8	19.0	22.3	18.9	19.9	21.1	70.2	82.2	20.1	-6%
<b>Total Income</b>	<b>63.1</b>	<b>65.2</b>	<b>66.8</b>	<b>68.0</b>	<b>71.6</b>	<b>70.0</b>	<b>75.1</b>	<b>80.2</b>	<b>263.1</b>	<b>296.9</b>	<b>70.1</b>	<b>0%</b>
Operating Expenses	44.3	45.5	49.2	49.9	49.2	51.2	53.6	56.2	189.0	210.2	50.8	1%
<b>Operating Profit</b>	<b>18.8</b>	<b>19.6</b>	<b>17.6</b>	<b>18.1</b>	<b>22.4</b>	<b>18.8</b>	<b>21.5</b>	<b>24.0</b>	<b>74.1</b>	<b>86.7</b>	<b>19.3</b>	<b>-3%</b>
% Change (Y-o-Y)	25.5	29.9	12.6	8.9	19.0	-4.2	22.0	32.6	18.9	16.9	-1.7	
Provisions	9.9	17.3	13.4	14.5	16.6	14.5	13.9	13.6	55.1	58.6	14.7	-1%
<b>Profit before Tax</b>	<b>8.9</b>	<b>2.3</b>	<b>4.2</b>	<b>3.6</b>	<b>5.8</b>	<b>4.3</b>	<b>7.6</b>	<b>10.4</b>	<b>19.0</b>	<b>28.1</b>	<b>4.6</b>	<b>-7%</b>
Tax	2.1	0.3	0.8	0.6	1.2	0.8	1.8	2.4	3.8	6.2	1.2	-35%
<b>Net Profit</b>	<b>6.8</b>	<b>2.0</b>	<b>3.4</b>	<b>3.0</b>	<b>4.6</b>	<b>3.5</b>	<b>5.8</b>	<b>8.0</b>	<b>15.2</b>	<b>21.9</b>	<b>3.4</b>	<b>2%</b>
% Change (Y-o-Y)	-11.0	-73.3	-52.6	-58.0	-32.0	75.5	69.5	161.5	-48.4	43.3	71.5	
<b>Operating Parameters</b>												
Deposit (INR b)	2,097	2,236	2,369	2,521	2,650	2,768	2,905	3,078	2,521	3,078	2,755	0%
Deposit Growth (%)	35.8	30.6	29.8	25.7	26.4	23.8	22.6	22.1	25.7	22.1	23.2	
Loan (INR b)	2,026	2,151	2,231	2,331	2,437	2,571	2,676	2,853	2,331	2,809	2,540	1%
Loan Growth (%)	21.0	20.7	20.3	19.8	20.3	19.5	19.9	22.4	19.8	20.5	18.1	
<b>Asset Quality</b>												
Gross NPA (%)	1.9	1.9	1.9	1.9	2.0	1.9	1.9	1.8	1.9	1.9	2.0	
Net NPA (%)	0.6	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.6	
PCR (%)	69.4	75.3	73.6	72.3	72.3	72.2	72.3	72.5	72.3	72.5	72.2	

Source: MOFSL, Company



Estimate change	↑	
TP change	↑	
Rating change	↔	

Bloomberg	FB IN
Equity Shares (m)	2458
M.Cap.(INRb)/(USDb)	522.1 / 5.9
52-Week Range (INR)	220 / 173
1, 6, 12 Rel. Per (%)	5/1/6
12M Avg Val (INR M)	1780

#### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
NII	94.7	101.7	121.6
OP	61.0	68.0	82.9
NP	40.5	40.3	50.5
NIM (%)	3.2	3.1	3.2
EPS (INR)	16.6	16.4	20.6
EPS Gr. (%)	1.3	-1.0	25.5
BV/Sh. (INR)	136	151	170
ABV/Sh. (INR)	129	143	161
<b>Ratios</b>			
ROA (%)	1.2	1.1	1.2
ROE (%)	13.0	11.4	12.8
<b>Valuations</b>			
P/E(X)	12.8	13.0	10.3
P/BV (X)	1.6	1.4	1.3
P/ABV (X)	1.6	1.5	1.3

#### Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	47.7	48.6	44.7
FII	27.6	27.0	29.4
Others	24.7	24.4	25.9

**CMP: INR212**
**TP: INR250 (+18%)**
**Buy**

## Strong earnings beat led by surprise NIM performance

### Reiterates 55bp credit cost guidance for FY26

- Federal Bank (FB) reported 2QFY26 PAT of INR9.6b (down 10% YoY, up 11% QoQ, 13% beat), led by healthy NIMs (up 12bp QoQ, vs our estimate of 8bp decline).
- NII stood healthy (8% beat to MOFSLe), as NIMs expanded 12bp QoQ to 3.06% amid a faster reduction in CoF. FB remains focused on reorienting its asset mix to improve yields and the CASA mix.
- Advances grew 6% YoY/1% QoQ, led by faster growth in SME (CoB + BuB), CV, and Gold. Deposits grew 7.4% YoY/ 0.5% QoQ, while CASA deposits grew 10.7% YoY/2.7% QoQ. CASA ratio improved to 31.01% (30.35% in 1Q).
- Slippages declined to INR6.8b (down 11.6% YoY), driven by a decline in retail and agri slippage. GNPA/NNPA ratios declined 8bp/ flat QoQ to 1.83%/0.48%.
- We raise our PAT estimate by ~5% for FY26/27E, factoring in NIM expansion as well as slightly lower provisions. We estimate FB to deliver FY27E RoA/RoE of 1.19%/12.8%. **Reiterate BUY with a TP of INR250 (1.5x FY27E ABV).**

### Business momentum modest; CASA mix improves to 31%

- FB reported 2QFY26 earnings of INR9.5b (down 10% YoY, up 11% QoQ, 13% beat) amid a healthy uptick in NIMs as well as controlled opex and provisions.
- NII reported a sharp 8% beat as NIMs expanded 12bp QoQ to 3.06%, driven by a reduction in CoF and improving CASA mix.
- Other income declined 2.8% QoQ to INR10.8b (3% lower than MOFSLe) amid lower treasury income, while fee and distribution income continues to report healthy growth.
- Opex grew 9.5% YoY/ 2% QoQ, in line with MOFSLe), while C/I ratio declined 85bp QoQ to 54%. FB expects the C/I ratio to remain in the mid-50s range in the near term. PPoP increased 5% YoY/ 5.6% QoQ to INR16.4b (10% beat).
- On the business front, advances grew 6.2% YoY/1.4% QoQ to INR2.47t, with retail growth being largely flat QoQ. Meanwhile, SME (up 4.9% QoQ), Gold (3.4% QoQ), and CV (3.9% QoQ) continued to grow at a healthy pace. Within retail, credit cards grew faster at 4.5% QoQ (up 18.5% YoY), while housing stood flat and LAP grew 1% QoQ.
- Deposits grew 7.4% YoY/ flat QoQ, driven by SA deposits (up 3.5% QoQ), while the CA book stood flat QoQ. As a result, the CASA mix improved to 31% (vs 30.35% in 1Q), while the LCR ratio declined to 129% (down 3.5% QoQ).
- Slippages declined to INR6.8b (down 11.6% YoY) amid a decline in retail and agri slippages. GNPA/NNPA ratios declined 8bp/ remained flat QoQ to 1.83%/0.48%. The bank's credit costs declined 15bp QoQ to 0.5%. Restructured book declined to 0.49% (down 6bp QoQ).

### Highlights from the management commentary

- NIM expanded 12bp QoQ to 3.06%, driven by an 18bp decline in the cost of deposits and moderation in the cost of borrowings. Yield on advances declined 14bp, while a 2bp impact came from optimization of other assets and liabilities, along with a 1bp boost from CRR.
- 50% of the asset book was earlier concentrated in low-yielding segments such as corporate and home loans. A year ago, 53% of the book was repo-linked assets. The bank is undertaking a structural shift in its portfolio mix, which is expected to take time.
- Improvement in RoA will be driven by higher CASA, a better fee mix, and a change in the mix of assets.
- Slippages in the MFI segment have been declining each month, supported by improved collections. Some accounts are also showing reversals, moving from higher to lower buckets.

### Valuation and view: Reiterate BUY with a TP of INR250

FB reported a healthy quarter due to better-than-expected NIMs, which were led by a sharper reduction in CoF, an improving CASA mix, and a product mix shift towards mid-yielding assets. Loan growth was modest, driven by traction in the SME segment (CoB + BuB), along with growth in the Gold and CV portfolios, while the MFI book also witnessed some improvement. Deposit growth remained modest; however, faster SA growth led to an improvement in the CASA mix to 31%. NIM witnessed expansion as the bank worked on T+1 loan repricing, and CoF reduction contributed to the 12bp QoQ improvement in NIMs in 2QFY26. The bank expects this momentum to continue, assuming no rate cuts. Asset quality ratios improved, driven by a decline in slippages in agri and retail, leading to a QoQ decline in credit costs. We increase our earnings estimate by 5-5.5% for FY26/27E, factoring in margin expansion as well as slightly lower provisions. We estimate FB to deliver an FY27 RoA/RoE of 1.19%/12.8%. **Reiterate BUY with a TP of INR250 (based on 1.5x FY27E ABV).**

#### Quarterly performance

									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Interest Income</b>	<b>22.9</b>	<b>23.7</b>	<b>24.3</b>	<b>23.8</b>	<b>23.4</b>	<b>25.0</b>	<b>26.0</b>	<b>27.4</b>	<b>94.7</b>	<b>101.7</b>	<b>23.1</b>	<b>7.9%</b>
% Change (YoY)	19.5	15.1	14.5	8.3	2.0	5.4	7.1	15.2	14.2	7.5	-2.3	
Other Income	9.2	9.6	9.2	10.1	11.1	10.8	11.2	12.1	38.0	45.2	11.2	-3%
<b>Total Income</b>	<b>32.1</b>	<b>33.3</b>	<b>33.5</b>	<b>33.8</b>	<b>34.5</b>	<b>35.8</b>	<b>37.3</b>	<b>39.4</b>	<b>132.7</b>	<b>147.0</b>	<b>34.3</b>	<b>4%</b>
Operating Expenses	17.1	17.7	17.8	19.2	18.9	19.3	19.8	21.0	71.7	79.0	19.4	-1%
<b>Operating Profit</b>	<b>15.0</b>	<b>15.7</b>	<b>15.7</b>	<b>14.7</b>	<b>15.6</b>	<b>16.4</b>	<b>17.5</b>	<b>18.5</b>	<b>61.0</b>	<b>68.0</b>	<b>14.9</b>	<b>10%</b>
% Change (YoY)	15.2	18.2	9.2	32.0	3.7	5.0	11.6	25.9	17.9	11.4	-4.9	
Provisions	1.4	1.6	2.9	1.4	4.0	3.6	3.4	3.2	7.3	14.2	3.6	1%
<b>Profit before Tax</b>	<b>13.6</b>	<b>14.1</b>	<b>12.8</b>	<b>13.3</b>	<b>11.6</b>	<b>12.8</b>	<b>14.1</b>	<b>15.3</b>	<b>53.7</b>	<b>53.8</b>	<b>11.3</b>	<b>14%</b>
Tax	3.5	3.5	3.2	3.0	2.9	3.3	3.6	3.7	13.2	13.5	2.8	15%
<b>Net Profit</b>	<b>10.1</b>	<b>10.6</b>	<b>9.6</b>	<b>10.3</b>	<b>8.6</b>	<b>9.6</b>	<b>10.6</b>	<b>11.6</b>	<b>40.5</b>	<b>40.3</b>	<b>8.4</b>	<b>13%</b>
% Change (YoY)	18.2	10.8	-5.1	13.7	-14.6	-9.6	10.4	12.2	8.9	-0.6	-20.2	
<b>Operating Parameters</b>												
Deposit (INR b)	2,661	2,691	2,664	2,836	2,874	2,889	3,063	3,185	2,836	3,185	2,943	
Loan (INR b)	2,208	2,303	2,304	2,348	2,412	2,447	2,544	2,649	2,348	2,649	2,466	
Deposit Growth (%)	19.6	15.6	11.2	12.3	8.0	7.4	15.0	12.3	12.3	12.3	9.3	
Loan Growth (%)	20.3	19.4	15.7	12.1	9.2	6.2	10.4	12.8	12.1	12.8	7.1	
<b>Asset Quality</b>												
Gross NPA (%)	2.1	2.1	2.0	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.9	
Net NPA (%)	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
PCR (%)	71.9	72.9	75.2	76.2	75.2	74.3	74.5	74.9	73.8	74.9	75.1	

E: MOFSL Estimates

# 360 ONE WAM

Estimate change	↑
TP change	↓
Rating change	↔

Bloomberg	360ONE IN
Equity Shares (m)	405
M.Cap.(INRb)/(USDb)	471.5 / 5.4
52-Week Range (INR)	1318 / 766
1, 6, 12 Rel. Per (%)	4/14/1
12M Avg Val (INR M)	1167

## Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Net Revenues	24.5	30.5	35.9
Opex	12.2	16.1	18.2
Core PBT	12.3	14.4	17.7
PAT	10.2	12.6	15.8
EPS	25.8	31.1	36.9
EPS Grw (%)	15.3	20.4	18.7
BV	179.7	202.6	242.3
<b>Ratios</b>			
RoE (%)	19.3	16.5	17.0
Div. Payout (%)	23.2	60.0	80.0
<b>Valuations</b>			
P/E (x)	45.0	37.3	31.4
P/BV (x)	6.5	5.7	4.8
Div. Yield (%)	0.5	1.6	2.5

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	6.3	14.2	15.8
DII	7.9	8.5	8.7
FII	68.5	67.2	64.6
Others	17.3	10.1	10.9

FII Includes depository receipts

**CMP: INR1,165**
**TP: INR1,400 (+20%)**
**Buy**

## Strong inflows and better yields drive ARR income beat

- 360 One WAM (360ONE) reported operating revenue of INR7.6b (in-line), reflecting a 30% YoY growth. For 1HFY26, revenue grew 20% YoY to INR14.2b. Revenue growth was driven by a 39% YoY growth in ARR income to INR5.5b (6% beat), and 9% YoY growth in TBR income to INR2.1b (in-line).
- ARR AUM rose 22% YoY to INR2.9t (in-line), while TBR AUM grew 34% YoY to INR2.2t (in-line), taking the total AUM to INR5.1t (+27% YoY).
- Cost-to-income ratio at 52.4% increased by 160bp YoY (MOFSLe – 53.8%), but revenue momentum resulted in a 25% YoY growth in operating profits to INR3.6b (7% beat). 19% miss in other income resulted in PAT of INR3.2b (in-line), which grew 28% YoY. For 1HFY26, PAT grew 23% YoY to INR6b.
- Over the next 12-18 months, management plans to add 7-8 new RM teams, with a longer-term target of 280-340 RMs to manage the growing client base. Flow momentum is expected to sustain through 2HFY26 and beyond, aided by newly onboarded teams. The cost-to-income ratio is expected to moderate to 47-48% by 3Q/4QFY27 and further to 45-46% in the following year.
- We have marginally upgraded our estimates to factor in the strong performance in 2QFY26, and expect the company to report a FY25-28 revenue/PAT CAGR of 20%/22%. We adopt an SOTP approach, valuing ARR at 45x Sep'27 and TBR/other income at 20x Sep'27, to arrive at a fair value of INR1,400. Reiterate BUY.

## Asset management yields improve while wealth management remain steady

- 360ONE reported strong net ARR inflows of INR112b in 2QFY26. On the wealth management side, ARR net flows stood at INR93.2b. AMC net flows grew 33% YoY to INR18.6b, maintaining a strong growth trajectory.
- Wealth Management ARR AUM grew 30% YoY to INR2t, driven by 32%/26%/52% YoY growth in 360 One Plus/Distribution/Lending AUM. Excluding INR24b flows from UBS, the core business witnessed ~INR70b of ARR flows.
- Wealth management ARR retention stood at 72bp (68bp in 2QFY25), driven by a YoY improvement in lending book retention, while distribution and 360 One Plus yields were stable YoY. Going forward, lending book yields are likely to slightly improve, supported by the UBS lending book.
- Asset management AUM grew 7% YoY to INR921b, driven by 13%/1%/6% YoY growth in AIF/discretionary PMS/MF AUM. The segment added ARR flows worth INR18.5b, taking the total ARR flows to INR90b, and management expects a similar trajectory going forward.
- Asset management yields stood at 83bp (67bp in 2QFY25), driven by carry income (INR371m in 1QFY26) and an improvement in both AIF and MF yields. Going forward, MF yields are expected to stabilize in the range of 45-50bp (58bp in 2QFY26).

- Employee costs grew 27% YoY to INR2.9b (5.4% higher than the estimate), supported by hiring in the mid-segment and the addition of new teams in the UHNI segment. Other admin costs grew 54% YoY to INR1,151m (8% lower than estimate), resulting in total costs of INR4b (in-line).
- Other income came in at INR506m in 2QFY26 (vs. INR298m in 2QFY25).

### Highlights from the management commentary

- Of the gross inflows, 30-35% came from existing clients, while the remaining 65-70% were contributed by new investors. However, with respect to net inflows worth INR85-90b during the quarter (excluding UBS), 90% was sourced from new clients.
- Currently, ~40% of TBR is from equity brokerage, which is expected to rise from the current INR3-5b to INR5-5.5b, driven by UHNI clientele and B&K acquisition. The remaining INR5b of TBR will come from REITs, unlisted securities, debt syndication, and other areas.
- The pipeline for institutional mandates remains healthy, although conversion timelines could be elongated given the current global environment. Management reiterated its full-year guidance of net flows at 10-12% of the opening AUM.

### Valuation and view

- 360ONE offers a compelling structural growth story anchored in India's expanding wealth and asset management market. The company continues to drive strong gross flows across both wealth and asset management, which is likely to be supported by the onboarding of new teams. The recent acquisition of B&K and the UBS collaboration enhance the company's international footprint, broaden client access, and strengthen its transactional platform. Operating leverage and cost synergies from integrations are expected to improve profitability as new businesses scale.
- We have marginally upgraded our estimates to factor in the strong performance in 2QFY26, and expect the company to report a FY25-28 Revenue/PAT CAGR of 20%/22%. We adopt an SOTP approach valuing ARR at 45x Sep'27 and TBR/other income at 20x Sep'27 to arrive at a fair value of INR1,400. Reiterate BUY.

Quarterly performance													INR m		
Y/E March	FY25						FY26				FY26E	2Q FY26E	Act. Vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E					
<b>Net Revenues</b>	<b>6,002</b>	<b>5,886</b>	<b>6,050</b>	<b>6,518</b>	<b>6,622</b>	<b>7,628</b>	<b>7,949</b>	<b>8,291</b>	<b>24,456</b>	<b>30,490</b>	<b>7,331</b>	<b>4.1</b>	<b>30%</b>	<b>15%</b>	
YoY Change (%)	48.0	37.7	37.7	13.7	10.3	29.6	31.4	27.2	32.5	24.7	24.5				
ARR Assets Income	3,756	3,973	4,262	5,022	5,105	5,537	5,722	5,935	17,011	22,300	5,207	6.3	39%	8%	
TBR Assets Income	2,247	1,913	1,788	1,497	1,517	2,091	2,226	2,356	7,445	8,189	2,123	-1.5	9%	38%	
<b>Operating Expenses</b>	<b>2,649</b>	<b>2,992</b>	<b>3,193</b>	<b>3,341</b>	<b>3,513</b>	<b>4,001</b>	<b>4,172</b>	<b>4,381</b>	<b>12,175</b>	<b>16,067</b>	<b>3,947</b>	<b>1.3</b>	<b>34%</b>	<b>14%</b>	
YoY Change (%)	25.9	39.5	37.9	11.3	32.7	33.7	30.6	31.1	27.3	32.0	31.9				
Cost to Income Ratio (%)	44.1	50.8	52.8	51.3	53.1	52.4	52.5	52.8	49.8	52.7	53.8				
<b>Operating Profits</b>	<b>3,354</b>	<b>2,893</b>	<b>2,856</b>	<b>3,177</b>	<b>3,109</b>	<b>3,627</b>	<b>3,777</b>	<b>3,910</b>	<b>12,281</b>	<b>14,422</b>	<b>3,383</b>	<b>7.2</b>	<b>25%</b>	<b>17%</b>	
YoY Change (%)	71.8	35.8	37.4	16.4	-7.3	25.4	32.2	23.0	38.1	17.4	16.9				
Other Income	969	298	732	65	630	506	537	550	2,063	2,224	633	-20.0	70%	-20%	
<b>Profit Before Tax</b>	<b>4,323</b>	<b>3,191</b>	<b>3,588</b>	<b>3,243</b>	<b>3,739</b>	<b>4,134</b>	<b>4,314</b>	<b>4,460</b>	<b>14,344</b>	<b>16,646</b>	<b>4,016</b>	<b>2.9</b>	<b>30%</b>	<b>11%</b>	
YoY Change (%)	93.1	40.7	52.7	0.4	-13.5	29.5	20.2	37.5	42.2	16.0	25.9				
<b>PBT (after exceptional item)</b>	<b>4,323</b>	<b>3,191</b>	<b>3,588</b>	<b>3,243</b>	<b>3,739</b>	<b>4,134</b>	<b>4,314</b>	<b>4,460</b>	<b>14,344</b>	<b>16,646</b>	<b>4,016</b>	<b>2.9</b>	<b>30%</b>	<b>11%</b>	
Tax	1,889	719	839	744	867	977	1,057	1,093	4,191	4,078	984				
Tax Rate (%)	43.7	22.5	23.4	23.0	23.2	23.6	24.5	24.5	29.2	24.5	24.5				
<b>PAT</b>	<b>2,434</b>	<b>2,472</b>	<b>2,749</b>	<b>2,498</b>	<b>2,872</b>	<b>3,156</b>	<b>3,257</b>	<b>3,367</b>	<b>10,154</b>	<b>12,568</b>	<b>3,032</b>	<b>4.1</b>	<b>28%</b>	<b>10%</b>	
YoY Change (%)	34.2	33.4	41.7	3.6	18.0	27.7	18.5	34.8	26.6	23.8	22.6				
PAT Margins (%)	40.5	42.0	45.4	38.3	43.4	41.4	41.0	40.6	41.5	41.2	41.4				
<b>Key Operating Parameters (%)</b>															
<b>AUM (INR b)</b>	<b>3,761</b>	<b>4,046</b>	<b>4,069</b>	<b>4,357</b>	<b>4,985</b>	<b>5,130</b>	<b>5,300</b>	<b>5,246</b>	<b>4,357</b>	<b>5,246</b>	<b>5,049</b>	<b>1.6</b>	<b>27%</b>	<b>3%</b>	
YoY Change (%)	28.7	35.4	24.3	28.5	32.6	26.8	30.3	20.4	28.5	20.4	24.8				
ARR Assets	2,213	2,426	2,480	2,468	2,873	2,953	3,079	3,206	2,468	3,206	2,895	2.0	22%	3%	
TBR Assets	1,548	1,620	1,589	1,889	2,112	2,177	2,220	2,040	1,889	2,040	2,154	1.0	34%	3%	
<b>ARR Yield (%)</b>	<b>0.72</b>	<b>0.68</b>	<b>0.70</b>	<b>0.84</b>	<b>0.79</b>	<b>0.76</b>	<b>0.77</b>	<b>0.77</b>	<b>0.63</b>	<b>0.64</b>	<b>0.74</b>				
Wealth Management	0.71	0.68	0.73	0.80	0.78	0.72	0.76	0.76	0.76	0.79	0.72				
Asset Management	0.74	0.67	0.65	0.90	0.79	0.83	0.78	0.78	0.45	0.42	0.78				

### Changes to our estimates

INR b	New estimates			Old estimates			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Net Revenues	30.5	35.9	41.9	29.6	34.9	40.0	3.1%	2.9%	4.6%
Opex	16.1	18.2	20.8	15.7	17.9	20.2	2.2%	1.4%	2.8%
Core PBT	14.4	17.7	21.1	13.8	17.0	19.8	4.3%	4.5%	6.4%
PAT	12.6	15.8	18.7	12.4	15.6	18.2	1.0%	1.3%	3.0%
EPS	31.1	36.9	43.7	30.8	36.4	40.2	1.0%	1.3%	8.8%
EPS Grw (%)	20.4	18.7	18.4	19.2	18.4	10.4			
BV	202.6	242.3	294.6	202.5	242.1	278.6			
<b>Ratios</b>									
PBT margin (bp)	30.0	31.5	32.6	28.9	30.4	31.1			
PAT margin (bp)	26.2	28.1	29.0	26.0	28.0	28.5			
RoE (%)	16.5	17.0	16.3	16.3	16.8	15.8	16bp	21bp	45bp
Div. Payout (%)	60.0	80.0	80.0	60.0	80.0	80.0	0bp	0bp	0bp
<b>Valuations</b>									
P/E (x)	37.3	31.4	26.5	35.6	30.1	27.2			
P/BV (x)	5.7	4.8	3.9	5.4	4.5	3.9			
Div. Yield (%)	1.6	2.5	3.0	1.7	2.7	2.9			

# L&T Technology

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	LTTS IN
Equity Shares (m)	106
M.Cap.(INRb)/(USDb)	440.3 / 5
52-Week Range (INR)	5647 / 3855
1, 6, 12 Rel. Per (%)	-5/-10/-25
12M Avg Val (INR M)	603

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	121.0	134.2	148.2
EBIT Margin (%)	13.7	14.9	15.5
PAT	13.6	16.4	18.7
EPS (INR)	128.4	154.6	176.6
EPS Gr. (%)	7.9	20.4	14.2
BV/Sh. (INR)	655.9	754.9	868.1
<b>Ratios</b>			
RoE (%)	20.9	21.9	21.7
RoCE (%)	16.5	16.9	17.0
Payout (%)	30.0	30.0	30.0
<b>Valuations</b>			
P/E (x)	32.4	26.9	23.5
P/BV (x)	6.3	5.5	4.8
EV/EBITDA (x)	20.2	16.8	14.6
Div Yield (%)	0.9	1.1	1.3

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	73.6	73.7	73.7
DII	13.9	13.7	13.3
FII	4.8	5.2	4.5
Others	7.7	7.5	8.5

FII includes depository receipts

**CMP: INR4,155** **TP: INR4,400 (+6%)** **Neutral**

## A steady quarter

### Guidance demands tight delivery

- L&T Technology's (LTTS) 2QFY26 revenue grew 1.3% QoQ in CC terms vs. our estimate of 1.0% QoQ growth. Sustainability grew 3.0% QoQ, while Mobility declined 1.4% QoQ.
- EBIT margin stood at 13.4%, rising 10bp QoQ, in-line with our estimate of 13.4%. PAT rose 4.1% QoQ to INR3.2b, in line with our estimate of INR3.2b.
- For 1HFY26, revenue/EBIT/PAT grew 16.1%/1.1%/1.8% YoY. We expect revenue/EBIT/PAT to grow 10.9%/8.1%/14.4% YoY in 2HFY26. **We reiterate our Neutral rating on the stock with a revised TP of INR4,400 (based on Jun' 27E EPS).**

### Our view: Furloughs to impact 3Q growth

- **Mobility to stabilize in 4Q; sustainability segment leads growth:** LTTS reported a stable 2QFY26, largely driven by growth in the sustainability segment (up 3.1% QoQ). Mobility still remains weak, dragged by subdued auto demand. Trucks and off-highway sub-segments provided some relief. Management expects Auto to witness an improvement from 4Q onwards. Hi-tech remains a mixed bag. While the Intelliswift integration is supporting growth, ramp-ups in med-tech in the US have experienced some deferrals.
- LTTS reported a record-high TCV of USD300m, driven by multiple deal wins, including a USD100m large deal in the sustainability segment. The company reiterated its double-digit growth guidance for FY26 and expects both the revenue and margin momentum to improve in 2H over 1H. We believe furloughs in 3Q may partially temper growth expectations. That said, sustainability is likely to anchor performance, provided Mobility stabilizes in 4Q. We estimate 8.9% YoY CC growth for FY26.
- **Margin holds up; positive outlook despite a likely wage hike impact:** Margins were stable sequentially at 13.4% (up 10bp QoQ), as currency gains were offset by softness in the auto segment. Management expects margins to expand going forward, aided by a favorable segment mix, growth leverage, and SG&A optimization. With client-support investments now concluded, margin recovery should begin from 3Q. Wage hikes are expected either in 3Q or 4Q. We build a gradual improvement in margins and expect a 30bp QoQ increase to 13.7% in 3QFY26.

### Valuation and revisions to our estimates

- We expect USD revenue CAGR of 10% over FY25-28E, with an EBIT margin improving to 15.5% by FY28E. LTTS remains a diversified ER&D play, further strengthened by Intelliswift's platform engineering capabilities. Its strong performance in the sustainability vertical continues to be hindered by subdued mobility performance. Our estimates remain unchanged. **We reiterate our Neutral rating on the stock with a revised TP of INR4,400 (based on 27x Jun'27E EPS).**

### Beat on revenue, margins in-line; maintains double-digit growth guidance for FY26

- USD revenue grew 1.3% QoQ CC above our estimate of 1% QoQ CC growth. Revenue stood at USD337m.
- LTTS reaffirmed its guidance for double-digit growth in FY26.
- Sustainability grew 3.0% QoQ, while mobility declined 1.4% QoQ.
- EBIT margin stood at 13.4%, up 10bp QoQ vs. our estimate of 13.4%.
- PAT was up 4.1% QoQ to INR3.2b, in line with our estimate of INR3.2b.
- The employee count addition remained flat QoQ at 23,678; attrition was flat QoQ at 14.8%.
- Deal signings: Large deal TCV reached a record high of USD300m for the first time.

### Key highlights from the management commentary

- The macro environment remained similar to 1QFY26, though deal conversations have increased across all segments except for auto. FY26 is expected to remain a tight year.
- Customers are gradually adapting to the 'new normal', with decision-making showing early signs of improvement in recent months.
- The adoption of AI in manufacturing continues to pick up steadily.
- Multiple consolidation deals are underway, especially among Western and Eastern European firms, with more expected in the coming quarters.
- Management noted potential signs of a demand revival from February 2026 onwards.
- The 'Go deeper to scale' and multi-segment strategy is driving deeper client engagements.
- LTTS reaffirmed its double-digit revenue growth guidance for FY26 and remains confident of achieving its medium-term USD2b target.
- Growth continues across the US and Europe, with a broad-based recovery expected across all verticals from 4QFY26 onwards.
- The auto vertical continues to face headwinds as clients reassess spending priorities. However, local manufacturing programs remain resilient.
- The trucks and off-highway segments performed well; aerospace and railways remained resilient.
- LTTS signed a USD100m+ multi-year deal in the sustainability vertical with a US-based industrial equipment manufacturer in the semiconductor value chain. The deal spans over five years, is largely offshore, and aligns with segment margins.

### Valuation and view

- LTTS's strength lies in its engineering heritage from its parent company, as well as a well-diversified portfolio. The addition of Intelliswift enhances its capabilities in platform engineering, further strengthening its positioning in the ER&D space. That said, near-term growth visibility remains modest and margin expansion, while directionally intact, appears back-ended and execution-dependent.
- We expect a USD revenue CAGR of 10% over FY25-28E, with EBIT margin expanding to 15.5% by FY28E. **We reiterate our Neutral rating on the stock with a revised TP of INR4,400 (based on 27x Jun'27E EPS).**

**Quarterly Performance**

Y/E March	FY25								FY26E		(INR Million)	
	FY25		FY26E		FY25		FY26E		Est.	Var.		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QFY26	(% / bp)		
Revenue (USD m)	295	307	312	345	335	337	342	363	1,259	1,377	339	-0.6
QoQ (%)	-3.2	3.9	1.7	10.6	-2.8	0.5	1.5	6.0	8.2	9.4	1.2	-63bp
Revenue (INR m)	24,619	25,729	26,530	29,824	28,660	29,795	30,340	32,161	1,06,702	1,20,956	29,604	0.6
YoY (%)	7.0	7.8	9.5	17.5	16.4	15.8	14.4	7.8	10.6	13.4	15.1	74bp
GPM (%)	29.3	29.3	29.0	27.8	28.0	28.0	27.5	27.8	28.8	27.8	28.0	-3bp
SGA (%)	10.8	11.2	10.3	11.8	11.9	11.5	10.8	10.4	11.1	11.1	12.0	-50bp
EBITDA	4,562	4,660	4,947	4,755	4,624	4,908	5,067	5,596	18,924	20,195	4,737	3.6
EBITDA Margin (%)	18.5	18.1	18.6	15.9	16.1	16.5	16.7	17.4	17.7	16.7	16.0	47bp
EBIT	3,836	3,877	4,219	3,939	3,813	3,982	4,157	4,663	15,871	16,615	3,967	0.4
EBIT Margin (%)	15.6	15.1	15.9	13.2	13.3	13.4	13.7	14.5	14.9	13.7	13.4	-4bp
Other income	491	531	180	334	512	498	485	515	1,536	2,010	474	5.1
ETR (%)	27.5	27.4	27.4	27.4	26.9	26.5	26.8	26.9	27.4	26.8	27.3	-76bp
Adj. PAT	3,136	3,196	3,166	3,111	3,157	3,287	3,398	3,785	12,609	13,626	3,230	1.8
QoQ (%)	-8.0	1.9	-0.9	-1.7	1.5	4.1	3.4	11.4				2.3
YoY (%)	0.8	1.3	-5.8	-8.7	0.7	2.8	7.3	21.7	-3.3	8.1	1.0	
EPS (INR)	29.6	29.8	30.4	29.3	29.8	31.0	32.0	35.7	119.0	128.4	30.5	1.7

**Key Performance Indicators**

Y/E March	FY25						FY26		FY25	
	FY25		FY26		FY25		FY26		FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	1Q	2Q	1Q	2Q
Revenue (QoQ CC %)	-3.1	3.4	3.1	10.5	-4.2	1.3				
<b>Margins (%)</b>										
Gross Margin	29.3	29.3	29.0	27.8	28.0	28.0	28.0	28.0	28.8	
EBIT Margin	15.6	15.1	15.9	13.2	13.3	13.4	13.4	13.4	14.9	
Net Margin	12.7	12.4	11.9	10.4	11.0	11.0	11.0	11.0	11.8	
<b>Operating metrics</b>										
Headcount	23,577	23,698	23,465	24,258	23,626	23,698	23,698	23,698	23,577	
Attrition (%)	14.8	14.3	14.4	14.3	14.8	14.8	14.8	14.8	14.8	
<b>Key Geographies (YoY %)</b>										
North America	-1.3	1.1	1.2	9.3	16.2	14.5	14.5	14.5	2.6	
Europe	23.9	24.0	17.6	18.1	7.3	3.3	3.3	3.3	20.8	

## Poonawalla Fincorp

Estimate changes	
TP change	
Rating change	

Bloomberg	POONAWAL IN
Equity Shares (m)	779
M.Cap.(INRb)/(USDb)	427.6 / 4.9
52-Week Range (INR)	570 / 267
1, 6, 12 Rel. Per (%)	16/29/36
12M Avg Val (INR M)	1075

### Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Net Total Income	26.9	39.1	62.7
PPOP	13.2	19.0	35.0
PAT	-1.0	7.0	17.5
EPS (INR)	-1.3	8.7	21.8
EPS Gr. (%)	-111.7	-	150.2
Standalone BV (INR)	105	128	148
<b>Ratios</b>			
NIM on AUM (%)	7.8	7.0	7.5
C/I ratio (%)	50.9	51.6	44.2
RoAA (%)	-0.3	1.5	2.5
RoE (%)	-1.2	7.6	15.8
Payout (%)	0.0	23.0	13.8
<b>Valuations</b>			
P/E (x)	-	60.5	24.2
P/BV (x)	5.0	4.1	3.6
Div. Yield (%)	0.0	0.4	0.6

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	62.5	62.5	62.1
DII	12.3	11.1	6.8
FII	11.4	10.6	8.5
Others	13.9	15.7	22.6

FII Includes depository receipts

**CMP: INR526 TP: INR605 (+15%) Buy**

**Beat on PPoP; elevated opex and credit costs weigh on earnings**

**AUM surges ~68% YoY; NIM improves ~25bp sequentially**

- Poonawalla Fincorp's (PFL) 2QFY26 PAT stood at ~INR742m (inline) vs a loss of ~INR4.7b in 2QFY25. PPOP in 1HFY26 was flat YoY, and we expect PPOP in 2HFY26 to grow by ~66% YoY. NII in 2QFY26 grew ~37% YoY to ~INR7.6b (~13% beat). Other income rose ~64% YoY to ~INR1.4b. Higher non-interest income was primarily due to higher fee income during the quarter.
- Opex rose 44% YoY to ~INR5.2b (~7% higher than est.), with the C/I ratio remaining elevated at ~57% (PQ: ~58% and PY: ~56%). PPoP grew ~36% YoY to ~INR3.9b (~18% beat) primarily because of the healthy NIM expansion. Provisions stood at INR2.9b (v/s MOFSLe: INR2.3b), translating into annualized credit costs of ~2.8% (PQ: 2.7% and PY: ~14.4%).
- Management reiterated that its strategy is to scale six to seven recently launched businesses, each progressing at a different pace, to build a more diversified and balanced portfolio mix.
- The company also shared that the erstwhile STPL book has declined to just 2% of the AUM as of Sep'25 (from ~8% in Mar'25). Notably, ~70% of the STPL book is now Odpd, and the company does not anticipate any further stress from this segment. The remaining STPL book is adequately provided, which will mitigate any potential impact on credit costs. Management also shared that multi-layered risk controls, including advanced data models and geo-intelligence, have driven a 70% reduction in first EMI bounces and a 40% improvement in collection efficiency.
- We broadly retain our FY26E and FY27E EPS. We model ~50% AUM CAGR over FY25-FY28E and expect PFL to deliver an RoA/RoE of ~2.5%/~16.0% in FY27. Reiterate **BUY** with a TP of INR605 (based on 3.7x Sep'27E BVPS).

**AUM jumps ~68% YoY; healthy traction continues in new businesses**

- PFL's AUM grew ~68% YoY/~16% QoQ to ~INR477b. The AUM mix comprised ~36% MSME finance, ~26% personal and consumer finance, ~26% LAP, and ~11% pre-owned cars. Disbursements grew ~96% YoY to ~INR124b in 2Q.
- PFL shared that new products accounted for 17% of total disbursements, with ~INR21b disbursed under these segments in 2QFY26. The company is steadily scaling its new businesses, expanding its physical footprint, and strengthening partnerships with OEMs and dealers. During the quarter, the company expanded its distribution reach with 260 new branches, including 160 gold loan branches. We model AUM growth of ~69%/46% in FY26/FY27, respectively.

### NIM (calc.) improves ~25bp QoQ; the share of NCD continues to rise

- NIM (calc.) improved ~25bp QoQ to ~7.5%, driven by improvement in yields by ~30bp QoQ to ~13.7%. CoB (calc.) declined ~5bp QoQ to ~7.7%. Reported CoF declined ~35bp QoQ to 7.7%.
- Management highlighted that the company is well-positioned to benefit from a declining interest rate environment, with 55% of its total borrowings on floating rates. Additionally, it has strengthened and diversified its borrowing profile by increasing low-cost NCDs, raising their share to 24% in Jun'25 from 7% in Mar'25, and further to ~26% in Sep'25. This enhanced its long-term funding mix. We model an NIM of ~7%/7.5% in FY26/FY27 (vs. ~7.8% in FY25).

### Credit costs remain elevated; GS3 improves ~25bp QoQ

- GS3 declined ~25bp QoQ to ~1.6%, while NS3 declined ~5bp QoQ to ~0.8%. PCR on S3 loans declined ~430bp QoQ to ~50% (PQ: ~54% and PY: ~85%).
- The company noted an increase in the proportion of Stage 1 assets, reflecting disciplined underwriting. For its newer businesses, management highlighted that professional agencies were engaged to assess PD and LGD, with practices benchmarked against industry peers.
- Management highlighted that it seeks to optimize credit costs to best-in-class levels, supported by strong underwriting standards and a well-diversified portfolio mix. **We model credit costs of ~2.1%/1.7% (as a % of loans) in FY26/FY27 (vs. ~5.1% in FY25).**

### Highlights from the management commentary

- The company plans to expand its gold loan network to 400 branches by Mar'26, targeting Gujarat, Haryana, Rajasthan, and Maharashtra, with a focus on Tier 2 and Tier 3 markets. Additionally, it aims to scale its Consumer Durables business to over 12k distribution points by Mar'26, up from the current 10k+.
- Around 18-20% of sourcing is currently through in-house channels such as branches, websites, and digital platforms, with the remainder via DSAs, fintechs, and other partners. The company will increase self-reliance in sourcing by building a multi-channel strategy with 5-6 distribution models tailored across products and geographies.

### Valuation and view

- PFL reported healthy AUM and disbursement growth during the quarter. However, credit costs and opex continued to remain elevated for the company due to continued investments in new businesses. FY26 will be a crucial year for the company to demonstrate its ability to scale its newer businesses while sustaining asset quality and keeping credit costs contained. We continue to closely monitor the on-the-ground execution of the company's stated strategy. **Reiterate BUY with a TP of INR605 (premised on 3.7x Sep'27E BVPS).**
- **Key downside risks:** a) inability to execute its articulated strategy despite a new management team and investments in technology, distribution, and collections; and b) an aggressive competitive landscape leading to pressure on spreads and margins and/or deterioration in asset quality.

Quarterly Performance (Standalone)										(INR m)	
Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E v/s Est.
	1Q	2QFY25	3Q	4Q	1Q	2Q	3Q	4Q			
Interest Income	8,962	9,107	9,991	10,685	11,853	14,022	16,196	18,419	38,745	60,491	13,039
Interest Expenses	3,201	3,516	3,850	4,584	5,461	6,378	7,239	8,131	15,151	27,210	6,253
<b>Net Interest Income</b>	<b>5,761</b>	<b>5,592</b>	<b>6,141</b>	<b>6,101</b>	<b>6,393</b>	<b>7,644</b>	<b>8,957</b>	<b>10,288</b>	<b>23,594</b>	<b>33,281</b>	<b>6,786</b>
YoY Growth (%)	36.8	17.8	25.1	8.5	11.0	36.7	45.9	68.6	21.1	41.1	21.4
Other Income	997	858	581	1,048	1,287	1,405	1,434	1,717	3,346	5,843	1,351
<b>Total Income</b>	<b>6,758</b>	<b>6,449</b>	<b>6,722</b>	<b>7,149</b>	<b>7,679</b>	<b>9,050</b>	<b>10,391</b>	<b>12,005</b>	<b>26,940</b>	<b>39,124</b>	<b>8,137</b>
YoY Growth (%)	35.1	22.0	22.2	11.6	33.9	40.3	54.6	67.9	22.6	45.2	26.2
Operating Expenses	2,436	3,610	2,908	3,821	4,434	5,184	5,324	5,230	13,713	20,172	4,855
<b>Operating Profit</b>	<b>4,321</b>	<b>2,839</b>	<b>3,814</b>	<b>3,328</b>	<b>3,245</b>	<b>3,866</b>	<b>5,067</b>	<b>6,775</b>	<b>13,228</b>	<b>18,952</b>	<b>3,282</b>
YoY Growth (%)	46.9	-15.39	8.9	-18.7	-24.9	36.15	32.9	103.6	-4.8	43.3	15.6
Provisions & Loan Losses	425	9,144	3,562	2,526	2,411	2,877	2,301	2,017	14,582	9,606	2,290
<b>Profit before Tax</b>	<b>3,897</b>	<b>-6,305</b>	<b>252</b>	<b>802</b>	<b>834</b>	<b>989</b>	<b>2,765</b>	<b>4,758</b>	<b>-1,354</b>	<b>9,346</b>	<b>992</b>
Exceptional items		0							0	0	0
Tax Provisions	980	-1,594	65	179	208	247	708	1,173	-371	2,337	248
<b>PAT (excl. exceptional)</b>	<b>2,916</b>	<b>-4,710</b>	<b>187</b>	<b>623</b>	<b>626</b>	<b>742</b>	<b>2,057</b>	<b>3,584</b>	<b>-983</b>	<b>7,010</b>	<b>744</b>
<b>PAT (incl. exceptional)</b>	<b>2,916</b>	<b>-4,710</b>	<b>187</b>	<b>623</b>	<b>626</b>	<b>742</b>	<b>2,057</b>	<b>3,584</b>	<b>-983</b>	<b>7,010</b>	<b>744</b>
YoY Growth (%)	46	-	-93	-81	-79	-116	998	475	-112	-813	-116
<b>Key Parameters (Calc., %)</b>											
Yield on loans	15.5	15.0	15.2	14.1	13.4	13.7	13.8	13.9			
Cost of funds	8.0	8.0	7.8	7.8	7.7	7.7	7.6	7.5			
Spread	7.6	7.0	7.4	6.3	5.7	6.0	6.2	6.4			
NIM on loans	10.0	9.2	9.3	8.0	7.2	7.5	7.6	7.8			
C/I ratio	36.1	56.0	43.3	53.4	57.7	57.3	51.2	43.6			
Credit cost	0.71	14.4	5.2	3.22	2.66	2.8	1.9	1.5			
Tax rate	25.2	25.3	25.6	22.3	25.0	25.0	25.6	24.7			
<b>Balance Sheet Parameters</b>											
<b>Disbursements (INR b)</b>	<b>74.0</b>	<b>63.1</b>	<b>71.5</b>	<b>93.8</b>	<b>106.5</b>	<b>123.6</b>	<b>132.3</b>	<b>142.7</b>			
Growth (%)	-10.6	-19.1	-18.1	-3.2	43.9	95.7	85.0	52.2			
<b>AUM (INR b)</b>	<b>270</b>	<b>284</b>	<b>310</b>	<b>356</b>	<b>413</b>	<b>477</b>	<b>539</b>	<b>601</b>			
Growth (%)	51.7	40.5	41.2	42.5	53.0	68.0	73.9	68.7			
<b>AUM mix (%)</b>											
Focused	96.0	97.0	98.0	98.0	99.0	99.0					
Discontinued (Legacy and DA)	4.0	3.0	2.0	2.0	1.0	1.0					
<b>Asset Quality Parameters</b>											
GS 3 (INR m)	1,660	5,470	5,390	6,190	7,120	7,110					
GS 3 (%)	0.67	2.10	1.85	1.84	1.84	1.59					
NS 3 (INR m)	790	850	2,330	2,820	3,280	3,580					
NS 3 (%)	0.32	0.33	0.81	0.85	0.85	0.81					
PCR (%)	52.4	84.5	56.8	54.5	53.9	49.7					

E: MOFSL estimates

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	DALBHARA IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	422 / 4.8
52-Week Range (INR)	2496 / 1601
1, 6, 12 Rel. Per (%)	-11/14/19
12M Avg Val (INR M)	750
Free float (%)	44.2

## Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	151.0	164.7	181.3
EBITDA	32.7	37.8	42.7
Adj. PAT	12.8	13.6	15.9
EBITDA Margin (%)	21.6	23.0	23.6
Adj. EPS (INR)	68.0	72.8	84.7
EPS Gr. (%)	83.5	7.0	16.4
BV/Sh. (INR)	983	1,041	1,110
<b>Ratios</b>			
Net D:E	0.1	0.1	0.1
RoE (%)	7.1	7.2	7.9
RoCE (%)	6.9	7.1	7.6
Payout (%)	17.6	20.6	17.7
<b>Valuations</b>			
P/E (x)	33.0	30.9	26.5
P/BV (x)	2.3	2.2	2.0
EV/EBITDA(x)	12.9	11.3	10.4
EV/ton (USD)	97	88	83
Div. Yield (%)	0.5	0.7	0.7
FCF Yield (%)	-0.9	-1.2	0.4

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	55.8	55.8	55.8
DII	18.0	17.5	14.7
FII	8.8	8.2	8.9
Others	17.5	18.4	20.5

FII includes depository receipts

**CMP: INR2,250** **TP: INR2,660 (+18%)** **Buy**

## Profitability in line; lower opex/t drives better margin

### GST rate cut passed on; capacity expansions on track

- Dalmia Bharat's (DALBHARA) 2QFY26 operating performance was broadly in line with estimates. EBITDA grew ~60% YoY to INR7.0b (in line). EBITDA/t increased 56% YoY to INR1,009 (vs. estimate of INR980). OPM expanded 6.3pp YoY to ~20% (1pp above our estimate). PAT grew ~329% YoY to INR2.4b, albeit on a low base (~11% above our estimate, aided by higher other income and lower ETR).
- Management indicated that the GST rate cut has been passed on to consumers and remains optimistic about pricing stability going forward. Demand in 1H was soft due to heavy rains and the GST transition, which led to deferred purchases. However, the company expects demand to recover in 2H. On the cost front, the recent rise in petcoke prices and INR depreciation are expected to exert some cost pressure. However, the company remains focused on reducing variable costs. Capacity expansion at Belgaum and Kadapa is progressing as planned, supporting future growth.
- We have maintained our EBITDA estimate for FY26-28. However, our EPS estimate is raised by ~6% for FY27 due to lower depreciation and interest estimates, while it is maintained for FY26 and FY28. We value the stock at 13x Sep'27E EV/EBITDA to arrive at our TP of INR2,660. **Reiterate BUY.**

### EBITDA/t increases ~56% YoY to INR1,009 (est. INR980)

- DALBHARA's consolidated revenue/EBITDA/PAT stood at INR34.2b/INR7.0b/INR2.4b (+11%/+60%/+329% YoY and -1%/+4%/+11% vs. our estimate) in 2QFY26. Sales volume increased ~3% YoY to 6.9mt. Realization surged ~7% YoY (declined 5% QoQ) to INR4,952/t.
- Opex/t remained flat YoY/QoQ, as the impact of higher variable cost/t (up 3% YoY) was offset by lower other expenses/t (down 3%) and freight cost/t (down 4%). Employee cost/t remained flat YoY. OPM surged 6.3pp YoY to ~20%, and EBITDA/t increased ~56% YoY to INR1,009. Depreciation declined ~4% YoY, whereas interest cost increased ~24% YoY. Other income declined ~10% YoY. ETR stood at 24.8% vs. 20.5% in 2QFY25.
- In 1HFY26, revenue/EBITDA/PAT increased ~5%/43%/118% YoY. Volume remained flat YoY. Realization/t grew ~7% YoY, driving EBITDA/t to INR1,136 (up ~45% YoY). OPM expanded 6pp YoY to ~22%. OCF stood at INR7.4b vs. INR2.1b in 1HFY25. Net cash outflow stood at INR4.5b vs. INR11.8b in 1HFY25. In 2HFY26, we estimate revenue/EBITDA/PAT growth of ~11%/29%/61% YoY.

### Highlights from the management commentary

- The decline in realization is partly attributed to the regional and segment mix. Directionally, the company is on track, steadily improving its price positioning across markets.
- The blended fuel consumption cost stood at INR1.38/kcal vs. INR1.33/kcal in 1QFY26. Renewable energy share on a consumption basis stood at ~48% vs. 39%/41% YoY/QoQ.
- Capex was pegged at INR30.0b for FY26E (vs. earlier guided of INR40.0b). Lower capex was attributed to credit terms negotiated with equipment suppliers and the deferral of certain non-budgeted projects to next year.

### Valuation and view

- DALBHARA's profitability was in line with our estimates. Margin was slightly better-than-estimates, led by strong cost control. Variable costs are likely to increase in the coming quarters due to higher petcoke prices. However, its higher green power share and alternative fuel mix are estimated to partly offset the impact. Our channel checks suggest a marginal correction in cement prices in the company's core market in Oct'25. However, management estimates price stability in the near term alongside a demand recovery.
- We estimate a revenue/EBITDA/PAT CAGR of 9%/21%/32% over FY25-28. We estimate a volume CAGR of ~6% over FY25-28 and an EBITDA/t of INR1,090/INR1,170/INR1,211 in FY26/FY27/FY28E vs. INR820 in FY25E (avg. EBITDA/t of INR1,013 over FY21-25). At CMP, the stock is trading attractively at 11x/10x FY27E/FY28E EV/EBITDA and USD88/USD83 EV/t. We value DALBHARA at 13x Sep'27E EV/EBITDA to arrive at our TP of INR2,660. **Reiterate BUY.**

Y/E March	Quarterly Performance (Consolidated)								(INR b)			
	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>36.2</b>	<b>30.9</b>	<b>31.8</b>	<b>40.9</b>	<b>36.4</b>	<b>34.2</b>	<b>34.6</b>	<b>45.8</b>	<b>139.8</b>	<b>151.0</b>	<b>34.7</b>	<b>-1</b>
YoY Change (%)	-0.3	-2.0	-11.7	-5.0	0.4	10.7	8.9	12.0	-4.8	8.0	12.3	
<b>Total Expenditure</b>	<b>29.5</b>	<b>26.5</b>	<b>26.7</b>	<b>33.0</b>	<b>27.5</b>	<b>27.2</b>	<b>28.0</b>	<b>35.6</b>	<b>115.7</b>	<b>118.3</b>	<b>28.0</b>	<b>-3</b>
<b>EBITDA</b>	<b>6.7</b>	<b>4.3</b>	<b>5.1</b>	<b>7.9</b>	<b>8.8</b>	<b>7.0</b>	<b>6.7</b>	<b>10.2</b>	<b>24.1</b>	<b>32.7</b>	<b>6.7</b>	<b>4</b>
Margins (%)	18.5	14.1	16.1	19.4	24.3	20.4	19.3	22.2	17.2	21.6	19.3	105
YoY Change (%)	8.4	-26.3	-34.4	21.3	32.0	60.4	30.9	28.4	-8.8	35.7	54.4	
Depreciation	3.2	3.4	3.6	3.1	3.2	3.2	3.5	3.3	13.3	13.2	3.2	-1
Interest	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	4.0	4.8	1.1	11
Other Income	0.5	0.7	0.4	0.9	0.5	0.7	0.7	0.8	2.5	2.7	0.6	20
<b>PBT before EO Expense</b>	<b>3.1</b>	<b>0.7</b>	<b>0.8</b>	<b>4.7</b>	<b>5.0</b>	<b>3.2</b>	<b>2.7</b>	<b>6.4</b>	<b>9.3</b>	<b>17.3</b>	<b>2.9</b>	<b>9</b>
Extra-Ord expense	1.1	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	1.1	-0.2	0.0	
<b>PBT after EO Expense</b>	<b>1.9</b>	<b>0.7</b>	<b>0.8</b>	<b>4.7</b>	<b>5.2</b>	<b>3.2</b>	<b>2.7</b>	<b>6.4</b>	<b>8.2</b>	<b>17.5</b>	<b>2.9</b>	<b>9</b>
Tax	0.5	0.2	0.2	0.3	1.2	0.8	0.7	1.7	1.2	4.4	0.7	
Prior Period Tax Adjustment	0.0	0.1	0.0	-0.8	0.0	0.0	0.0	0.0	-0.7	0.0	0.0	
Rate (%)	16.0	20.5	22.9	22.9	24.5	24.8	25.6	26.3	5.6	25.2	25.6	
<b>Reported PAT (Pre Minority)</b>	<b>1.5</b>	<b>0.5</b>	<b>0.7</b>	<b>4.4</b>	<b>4.0</b>	<b>2.4</b>	<b>2.0</b>	<b>4.7</b>	<b>7.0</b>	<b>13.1</b>	<b>2.2</b>	<b>10</b>
Minority + Associate	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.0	
<b>Adj. PAT</b>	<b>2.3</b>	<b>0.6</b>	<b>0.6</b>	<b>3.6</b>	<b>3.7</b>	<b>2.4</b>	<b>2.0</b>	<b>4.7</b>	<b>7.0</b>	<b>12.8</b>	<b>2.1</b>	<b>11</b>
YoY Change (%)	82.9	-53.8	-78.1	40.7	65.8	329.1	234.0	31.8	-9.0	83.5	286.3	
<b>Per Ton Analysis (Blended) INR/t</b>												
<b>Sales Dispatches (m ton)</b>	<b>7.4</b>	<b>6.7</b>	<b>6.7</b>	<b>8.6</b>	<b>7.0</b>	<b>6.9</b>	<b>7.0</b>	<b>9.0</b>	<b>29.4</b>	<b>30.0</b>	<b>6.8</b>	<b>1</b>
YoY Change (%)	6.2	8.1	-2.0	-2.3	-5.4	3.0	5.6	4.9	2.0	2.0	2.0	
<b>Net Realization</b>	<b>4,893</b>	<b>4,607</b>	<b>4,773</b>	<b>4,757</b>	<b>5,194</b>	<b>4,952</b>	<b>4,922</b>	<b>5,079</b>	<b>4,760</b>	<b>5,040</b>	<b>5,074</b>	<b>-2</b>
YoY Change (%)	-6.1	-9.3	-9.9	-2.8	6.2	7.5	3.1	6.8	-6.7	5.9	10.1	
RM Cost	818	664	768	891	667	732	870	1,035	793	841	870	-16
Employee Expenses	308	327	335	250	324	328	316	272	301	307	319	3
Power, Oil & Fuel	1,023	1,055	999	899	1,036	1,039	920	868	988	959	980	6
Freight and Handling Outward	1,122	1,099	1,122	1,130	1,136	1,055	1,080	1,110	1,119	1,096	1,110	-5
Other Expenses	719	815	782	665	770	790	786	665	739	747	815	-3
<b>Total Expenses</b>	<b>3,989</b>	<b>3,960</b>	<b>4,006</b>	<b>3,835</b>	<b>3,933</b>	<b>3,943</b>	<b>3,972</b>	<b>3,950</b>	<b>3,940</b>	<b>3,950</b>	<b>4,094</b>	<b>-4</b>
<b>EBITDA</b>	<b>904</b>	<b>648</b>	<b>767</b>	<b>922</b>	<b>1,261</b>	<b>1,009</b>	<b>950</b>	<b>1,129</b>	<b>820</b>	<b>1,090</b>	<b>980</b>	<b>3</b>

Source: Company, MOFSL Estimates



# Metro Brands

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	327.7 / 3.7
52-Week Range (INR)	1340 / 890
1, 6, 12 Rel. Per (%)	-10/2/-9
12M Avg Val (INR M)	124

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	28.0	32.4	36.9
EBITDA	8.5	10.0	11.5
Adj. PAT	4.0	4.8	5.6
EBITDA Margin (%)	30.4	30.8	31.3
Adj. EPS (INR)	14.9	17.8	20.9
EPS Gr. (%)	6.9	19.1	17.7
BV/Sh. (INR)	74.1	85.9	99.7
<b>Ratios</b>			
Net D:E	0.3	0.2	0.1
RoE (%)	22.1	22.8	23.1
RoCE (%)	15.2	15.3	15.4
Payout (%)	35.8	34.8	34.8
<b>Valuations</b>			
P/E (x)	80.4	67.5	57.4
EV/EBITDA (x)	39.8	33.7	29.0
EV/Sales (X)	12.1	10.4	9.1
Div. Yield (%)	0.4	0.5	0.6

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	71.9	71.9	74.2
DII	7.5	7.4	5.6
FII	3.7	3.5	3.1
Others	17.0	17.3	17.2

FII includes depository receipts

**CMP: INR1,203 TP: INR1,400 (+16%) Buy**

## Double-digit growth sustains with acceleration in store additions

- Metro Brands (MBL) delivered in-line 11% YoY revenue growth in 2Q, driven by an improvement in in-store sales (+10% YoY vs. 4% YoY in 1Q), acceleration in store additions, and robust 39% YoY online growth.
- MBL's store additions ramped up with ~38 net store additions in 2Q (significant pick-up from ~20 net store additions over the past 10 quarters), driven by a scale-up of the value format Walkway and addition in recent tie-ups, such as Foot Locker and New Era.
- EBITDA grew 10% YoY (3% miss), as ~20bp gross margin expansion was offset by higher expenses from store openings and elevated A&P spends (up ~100bp YoY).
- MBL's profitability (PAT -3% YoY) and cash flows were affected by accounting impact and higher capex for the accelerated store additions.
- MBL has delivered double-digit growth on average over the past four quarters. With the government's recent measures aimed at boosting consumption, management remains upbeat on sustaining the growth trajectory over the medium term.
- Our FY26-28E EBITDA remains broadly unchanged. However, we cut our FY26-28E PAT by 4-6% due to the impact of lease costs from accelerated store additions. Overall, we build in revenue/EBITDA/adj. PAT CAGR of 14%/15%/15% over FY25-28E.
- We reiterate our BUY rating on MBL with a revised TP of INR1,400, premised on 70x Dec'27 EPS.**

## Revenue growth in line; higher expenses due to store acceleration hurt profitability

- Consolidated revenue grew ~11% YoY to INR6.5b (in-line) driven largely by ~10% YoY area additions, as revenue/sqft was stable YoY at INR4,300.
- In-store sales grew ~10% YoY (vs. ~4% YoY in 1Q), driven largely by 11% YoY store additions.
- The company added 42 new stores and closed four stores to reach 966 stores. Format-wise, MBL added 10 stores each in Mochi and Walkway, eight stores in Metro, four stores each in Foot Locker and New Era, and one store each in Fitflop and Crocs.
- E-commerce witnessed strong traction with 39% YoY growth to reach INR900m, with share in revenue rising to 14.2% (vs. 11.4% YoY).
- Gross profit grew 12% YoY to INR3.6b (inline) as margins expanded ~20bp YoY to 55.3% (**~25bp beat**), likely led by lower discounting during EoS and improvement in the product mix (87% product sales exceeding INR1,500, vs. 85% YoY).
- Employee costs grew 11% YoY (4% ahead) and other expenses jumped 14% YoY (3% ahead).
- As a result, EBITDA at INR1.7b grew 10% YoY and came in **~3% below our estimate**.
- EBITDA margin contracted ~25bp YoY to 26.2% (**~75bp miss**).

- Elevated depreciation (+26% YoY, 13% ahead) and finance cost (+35% YoY, 13% ahead), primarily on account of accelerated store **expansions, impacted profitability**.
- As a result, adj. PAT at INR698m declined 3% YoY (13% miss).
- **For 1HFY26, MBL's revenue/EBITDA/PAT grew 10%/9%/3%. Based on our estimates, the implied growth run-rate for revenue/EBITDA/PAT stood at 13%/15%/10% for 2HFY26.**

### Store acceleration leads to higher WC and capex, thereby impacting cash generation

- Working capital days increased to ~83 days (vs. 78 days in 1HFY25), driven by a modest increase in inventory days to 111 (from 108 YoY) and reduction in payable days to 44 (from 47 YoY).
- Cash flow from operations (post leases) declined to a modest INR31m (vs. INR1.7b in 1HFY25), largely driven by adverse working capital changes (build-up of ~INR1.8b vs. a release of INR5m YoY).
- As a result of higher WC intensity and uptick in capex (INR0.6b up 29% YoY, driven by acceleration in store additions), MBL had an FCF outflow of ~INR580m (vs. generation of INR1.2b YoY).

### Key takeaways from the management commentary

- **Demand:** 2Q growth was supported by early festive demand and EOSS, but was partly offset by prolonged monsoons and deferred purchases in anticipation of GST cuts.
- **GST impact:** MBL has reduced ASPs by ~6%/~11% for products priced below 1k and between 1k and 2.5k, respectively. GST reduction has led to improved affordability, benefiting ~90% of the Walkway and ~40% of the Metro/Mochi portfolio, and is expected to support MBL in sustaining double-digit growth over the medium term.
- **Profitability:** Gross margin expanded 20bp YoY, driven by disciplined inventory control and discounting despite EOSS during 2Q. However, marketing spends remained elevated (up 100bp YoY) as MBL continues to spend on building greater customer awareness. Further, acceleration in store additions during 2Q impacted reported profitability (~60bp impact on margins) and cash flows.
- **Guidance:** Management reiterated its long-term guidance of 15-18% growth CAGR, driven by mid-to-high single digit SSSG, new store openings, and rising contribution from newer banners. Further, driven by its robust cost controls and superior store economics, the company aims to deliver 30% EBITDA margins and mid-teen profit margins.

### Valuation and view

- Concerns around Fila's liquidation and BIS-related challenges are now well behind the company, and MBL's strategic focus is on ramping up Foot Locker and FILA, as well as scaling up the recent addition, Clarks.
- We remain positive on MBL's long-term outlook, given a) its superior store economics, with industry-leading store productivity and strong cost controls, and b) a long runway for growth, largely funded through internal accruals.

- Our FY26-28E EBITDA remains broadly unchanged. However, we cut our FY26-28E PAT by 4-6% due to the impact of lease costs from accelerated store additions.
- Given the strong runway for growth in the Metro, Mochi, and Walkway formats, along with significant growth opportunities in FILA/Foot Locker/Clarks, we build in revenue/EBITDA/PAT CAGR of 14%/15%/14% over FY25-28E.
- We roll forward our valuation base to Dec'27 (from Sep'27) and assign a 70x P/E multiple. We **reiterate our BUY rating on MBL with a revised TP of INR1,400** (earlier INR1,435). Consistent double-digit growth and ramp-up of newer formats, such as FILA, Foot Locker, and Clarks, remain the key re-rating triggers for the stock.

Y/E March	Consolidated - Quarterly Earnings Summary (INR m)											
	FY25					FY26E				FY25		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Var (%)		
<b>Revenue</b>	<b>5,761</b>	<b>5,855</b>	<b>7,031</b>	<b>6,428</b>	<b>6,282</b>	<b>6,511</b>	<b>7,904</b>	<b>7,260</b>	<b>25,074</b>	<b>27,957</b>	<b>6,510</b>	<b>0.0</b>
YoY Change (%)	-1.1	5.4	10.6	10.3	9.1	11.2	12.4	12.9	6.4	11.5	-51.5	
Total Expenditure	3,957	4,306	4,781	4,456	4,343	4,804	5,347	4,963	17,500	19,458	4,756	1.0
<b>EBITDA</b>	<b>1,804</b>	<b>1,548</b>	<b>2,250</b>	<b>1,972</b>	<b>1,939</b>	<b>1,707</b>	<b>2,556</b>	<b>2,297</b>	<b>7,574</b>	<b>8,499</b>	<b>1,754</b>	<b>-2.7</b>
EBITDA Margin (%)	31.3	26.4	32.0	30.7	30.9	26.2	32.3	31.6	30.2	30.4	27.0	-73 bp
Depreciation	600	624	655	701	688	784	792	825	2,580	3,090	695	12.8
Interest	208	218	235	244	237	294	300	301	905	1,133	260	13.0
Other Income	234	234	232	231	286	282	261	278	930	1,107	263	7.2
<b>PBT</b>	<b>1,230</b>	<b>939</b>	<b>1,593</b>	<b>1,258</b>	<b>1,300</b>	<b>911</b>	<b>1,725</b>	<b>1,448</b>	<b>5,019</b>	<b>5,383</b>	<b>1,061</b>	<b>-14.2</b>
Tax	309	225	649	309	320	221	434	379	1,491	1,355	267	-17.1
Rate (%)	25.1	23.9	40.7	24.5	24.6	24.3	25.2	26.2	29.7	25.2	25.2	
MI & Profit/Loss of Asso. Cos.	2	3	7	4	9	9	8	5	16	30	4	
<b>PAT before MI</b>	<b>921</b>	<b>715</b>	<b>944</b>	<b>949</b>	<b>979</b>	<b>689</b>	<b>1,291</b>	<b>1,069</b>	<b>3,528</b>	<b>4,028</b>	<b>794</b>	<b>-13.2</b>
<b>Adj PAT post MI</b>	<b>923</b>	<b>718</b>	<b>1,201</b>	<b>953</b>	<b>988</b>	<b>698</b>	<b>1,299</b>	<b>1,073</b>	<b>3,795</b>	<b>4,058</b>	<b>798</b>	<b>-12.6</b>
YoY Change (%)	-1	6	22	10	7	-3	8	13	9.5	6.9	11	

E: MOFSL Estimates

We ascribe a TP of INR1,400 to MBL based on 70x Dec'27 EPS

(INR/share)	Dec'27
<b>EPS (INR)</b>	<b>20.1</b>
Target P/E (x)	70
<b>Target Price</b>	<b>1,400</b>
CMP	1,203
Upside (%)	16.4%

# Tata Technologies

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TATATECH IN
Equity Shares (m)	406
M.Cap.(INRb)/(USDb)	278 / 3.2
52-Week Range (INR)	1083 / 592
1, 6, 12 Rel. Per (%)	-6/-3/-39
12M Avg Val (INR M)	1231
Free float (%)	44.8

## Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	53.4	60.1	67.2
EBIT Margin (%)	13.5	14.9	15.2
PAT	6.8	8.0	9.1
EPS (INR)	16.8	19.8	22.5
EPS Gr. (%)	1.4	17.7	13.5
BV/Sh. (INR)	99.1	105.0	111.8
<b>Ratios</b>			
RoE (%)	18.0	19.4	20.7
RoCE (%)	21.2	25.9	28.4
Payout (%)	35.6	70.0	70.0
<b>Valuations</b>			
P/E (x)	40.8	34.6	30.5
P/BV (x)	6.9	6.5	6.1
EV/EBITDA (x)	31.2	25.3	22.4
Div Yield (%)	0.9	2.0	2.3

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	55.2	55.2	55.4
DII	3.3	2.5	1.9
FII	4.9	3.1	1.6
Others	36.6	39.2	41.1

FII includes depository receipts

**CMP: INR685**

**TP: INR570 (-17%)**

**Sell**

**Selective recovery in 2HFY26...**

**...3Q pressures may temper gains before 4Q pickup**

- Tata Technologies (TTL) reported revenue of USD150.9m in 2QFY26, up 4.5% QoQ in CC terms vs. our estimate of 1.5% QoQ in CC. Services segment revenue stood at USD115.6m, rising 3.0% QoQ in CC. EBIT margin was 13.4% (down 20bp QoQ), below our estimate of 14.5%. PAT was down 2.8% QoQ and up 5.1% YoY to INR1,655m (in line with our est. of INR1,640m).
- For 1HFY26, TTL's revenue was largely flat; EBIT declined **15% YoY**, while PAT grew **5% YoY in INR** terms, supported by contributions from the BMW JV compared to 1HFY25. We expect revenue to grow 6.7% and EBIT/PAT to dip 7.8%/3.0% YoY in 2HFY26.
- Aerospace and industrial heavy machinery are driving sequential recovery, while growth in the automotive vertical remains early and cannot be extrapolated forward. Margins remain range-bound and near-term pressure is expected in 3Q, with a rebound likely in 4Q. Accordingly, we value TTL at 28x Jun'27E EPS to arrive at our TP of INR570. **Reiterate Sell**.

**Our view: 2QFY26 recovery underlines mixed performance**

- **Sequential rebound, but 2H trajectory key:** TTL delivered a sequential recovery in 2QFY26, with revenue up **4.5% CC** and services up **3% CC**, led by strong traction in **Aerospace and Industrial Heavy Machinery**. The **automotive vertical also turned positive (+0.5% QoQ)**, reflecting early signs of stabilization. Management remains positive on 2H, though **Q3 could see some moderation** due to seasonal softness and JLR-related headwinds. In our view, **FY26 growth should remain moderate**, with a better Q4 rebound contingent on deal conversions and client normalization.
- **Margins steady; near-term softness likely:** EBITDA margin stood at **15.7%**. Despite wage hikes for ~88% of employees, operational levers and utilization gains helped sustain profitability. We think **3Q margins may compress a bit**, given slower growth and integration costs, before improving in 4Q. For FY26E, we factor in broadly flat margins **YoY**, with a gradual uptick in FY27E as scale benefits accrue.
- **BMW JV and ES-Tec acquisition strengthen strategic depth:** BMW JV scaled to 1,000 engineers, contributing ~6% of pre-tax profit and showcasing strong delivery pedigree, while the ES-Tec acquisition broadens Tata Tech's ADAS and embedded software capabilities and deepens its European OEM access. It is expected to be margin accretive, though we believe synergy realization will be gradual through FY27.
- Overall, we maintain a cautious stance. While 2QFY26 showed sequential recovery, growth remains **moderate** and concentrated in aerospace and industrial heavy machinery, with automotive only marginally stabilizing. TTL's growth recovery remains moderate and concentrated, margin gains are likely gradual, and valuations appear steep given modest near-term growth visibility.

### Valuations and changes to our estimates

- TTL's sequential rebound in 2QFY26 was driven by Aerospace and Industrial Heavy Machinery, while growth in the automotive vertical remains early and cannot be extrapolated forward, with management expecting some moderation in 3Q. Revenue growth is expected to remain subdued at ~7% USD CAGR over FY25-28. We kept our estimates largely unchanged.
- EBIT margins are largely range-bound (~14-15%), capped by high on-site mix, mechanical footprint, and limited pricing power. While the BMW JV and ES-Tec acquisition add strategic relevance, synergy realization will be gradual.
- At ~39x 12M Fwd P/E, we view TTL's valuations as steep relative to growth and peers and assign a TP of INR570. **Reiterate Sell.**

### Beat on revenue but miss on margins; Services revenue up 3.0% QoQ in CC

- TTL's USD revenue came in at USD150.9m; up 4.5% QoQ in CC terms vs. our estimate of 1.5% QoQ CC growth.
- Services segment revenue stood at USD 115.6m and grew 3.0% QoQ in CC.
- Auto segment contributed 81% to revenue (vs. 83% in 1Q) and grew 1.4% QoQ.
- EBIT margin was 13.4% (down 20bp QoQ), below our estimate of 14.5%.
- PAT was down 2.8% QoQ and up 5.1% YoY to INR1,655m (in line with our estimate of INR1,640m).
- The net headcount was flat QoQ in 2QFY26; total headcount stood at 12,402. Attrition (LTM) increased 130bp QoQ to 15.1%.

### Key highlights from the management commentary

- Growth was driven by strong performance in aerospace and industrial heavy machinery, which delivered 14% sequential growth in USD terms, supported by sustained demand across MRO, PLM, manufacturing engineering, and digital transformation.
- The automotive vertical also turned positive with 0.5% sequential growth, signaling early signs of stabilization.
- TTL remains optimistic about 2H FY26, expecting continued recovery across all verticals, though Q3 may see temporary moderation due to seasonal factors and customer-specific headwinds (notably the ongoing JLR IT system restoration).
- Wage hikes were rolled out for ~88% of employees, with management implementing operational levers to offset cost pressures.
- Automotive: Returned to growth after several soft quarters. Strength across anchor and non-anchor clients. Monitoring potential near-term impact from JLR's cyberattack recovery.
- Aerospace: Continued double-digit growth, expanding in aerostructures, interiors, propulsion, and MRO systems. Strong traction with Airbus and North American clients.
- BMW JV continues to attract top automotive engineering talent and deliver high-complexity work recognized by BMW.

**Services segment grew 3.9% QoQ in CC**

Segments	Contri. To Rev. (%)	QoQ Growth (%)	YoY Growth (%)
Services segment	77.0	3.9	(3.6)
Technology solutions segment	23.0	3.9	2.0

Source: Company, MOFSL

**Auto returned to the growth path**

Revenue Mix- Services Segment	Contri. To Rev. (%)	QoQ Growth (%)	YoY Growth (%)
Auto	81.0	1.4	(8.2)
Non-Auto	19.0	16.1	22.1

Source: Company, MOFSL

**Quarterly Performance**

Y/E March	FY25								FY26E		FY25	FY26E	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QFY25	Est.			Var. (% / bp)	
<b>Revenue (USD m)</b>	<b>152</b>	<b>155</b>	<b>156</b>	<b>148</b>	<b>145</b>	<b>151</b>	<b>153</b>	<b>160</b>	<b>611</b>	<b>609</b>	<b>147</b>	<b>2.5</b>		
QoQ (%)	-2.9	1.6	0.7	-4.8	-2.0	3.9	1.7	4.0			1.3	257bp		
<b>Revenue (INR m)</b>	<b>12,690</b>	<b>12,965</b>	<b>13,174</b>	<b>12,857</b>	<b>12,443</b>	<b>13,234</b>	<b>13,611</b>	<b>14,156</b>	<b>51,685</b>	<b>53,444</b>	<b>12,844</b>	<b>3.0</b>		
YoY (%)	0.9	2.1	2.2	-1.2	-1.9	2.1	3.3	10.1	1.0	3.4	-0.9	301bp		
<b>GPM (%)</b>	<b>25.3</b>	<b>26.0</b>	<b>25.2</b>	<b>26.0</b>	<b>23.2</b>	<b>22.7</b>	<b>23.1</b>	<b>23.5</b>	<b>25.6</b>	<b>23.1</b>	<b>25.0</b>	<b>-225bp</b>		
SGA (%)	7.1	7.8	7.4	7.9	7.1	7.0	7.5	7.5	7.6	7.3	8.0	-96bp		
<b>EBITDA</b>	<b>2,311</b>	<b>2,355</b>	<b>2,340</b>	<b>2,334</b>	<b>2,002</b>	<b>2,079</b>	<b>2,123</b>	<b>2,265</b>	<b>9,341</b>	<b>8,468</b>	<b>2,183</b>	<b>-4.8</b>		
<b>EBITDA Margin (%)</b>	<b>18.2</b>	<b>18.2</b>	<b>17.8</b>	<b>18.2</b>	<b>16.1</b>	<b>15.7</b>	<b>15.6</b>	<b>16.0</b>	<b>18.1</b>	<b>15.8</b>	<b>17.0</b>	<b>-129bp</b>		
<b>EBIT</b>	<b>2,014</b>	<b>2,056</b>	<b>2,036</b>	<b>2,023</b>	<b>1,688</b>	<b>1,770</b>	<b>1,806</b>	<b>1,935</b>	<b>8,128</b>	<b>7,198</b>	<b>1,860</b>	<b>-4.9</b>		
<b>EBIT Margin (%)</b>	<b>15.9</b>	<b>15.9</b>	<b>15.5</b>	<b>15.7</b>	<b>13.6</b>	<b>13.4</b>	<b>13.3</b>	<b>13.7</b>	<b>15.7</b>	<b>13.5</b>	<b>14.5</b>	<b>-111bp</b>		
Other income	183	118	221	523	589	436	340	354	1,045	1,720	257	69.8		
ETR (%)	26.2	27.6	25.4	26.8	26.8	26.7	26.4	26.7	26.6	26.7	26.7	6bp		
<b>PAT</b>	<b>1,620</b>	<b>1,574</b>	<b>1,686</b>	<b>1,889</b>	<b>1,703</b>	<b>1,655</b>	<b>1,681</b>	<b>1,785</b>	<b>6,729</b>	<b>6,824</b>	<b>1,640</b>	<b>0.9</b>		
QoQ (%)	3.0	-2.9	7.1	12.0	-9.8	-2.8	1.5	6.2			-3.7			
YoY (%)	-15.4	-1.9	-0.9	20.1	5.1	5.2	-0.3	-5.5	-1.0	1.4	4.2			
EPS (INR)	4.0	3.9	4.2	4.7	4.2	4.1	4.1	4.4	16.6	16.8	4.0	1.1		

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	RBK IN
Equity Shares (m)	613
M.Cap.(INRb)/(USDb)	183.7 / 2.1
52-Week Range (INR)	308 / 146
1, 6, 12 Rel. Per (%)	12/55/44
12M Avg Val (INR M)	2540

**Financials & Valuations (INR b)**

Y/E March	FY25	FY26E	FY27E
NII	64.6	64.7	88.8
OP	36.3	32.1	50.8
NP	7.0	10.2	22.7
NIM (%)	4.9	4.4	4.9
EPS (INR)	11.4	16.8	14.5
EPS Gr. (%)	-40.7	47.2	-13.9
BV/Sh. (INR)	254	265	284
ABV/Sh. (INR)	248	257	280
<b>Ratios</b>			
RoA (%)	0.5	0.7	1.2
RoE (%)	4.6	6.5	7.5
Payout (%)	13.1	30.0	30.0
<b>Valuations</b>			
P/E(X)	26.2	17.8	20.7
P/BV (X)	1.2	1.1	1.1

**Shareholding pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	34.8	21.2	20.7
FII	17.6	14.4	28.5
Others	47.7	64.4	50.8

**CMP: INR300**
**TP: INR350 (+17%)**
**Buy**
**Emirates NBD deal to unfold new growth opportunities**
**NII in line; higher provisions lead to slight earnings miss**

- RBL Bank (RBK) reported 2QFY26 PAT of INR1.8b (5% miss), down 20% YoY, due to higher-than-expected provisions and lower other income.
- Emirates will invest USD3b to acquire a 60% stake in RBK through a preferential issue at INR280 per share, triggering an open offer for an additional 26% stake, potentially increasing its holding to 74% after the transaction, subject to regulatory and shareholder approvals. This strategic investment will enhance capital and strengthen ties between India and the UAE, and increase RBK's net worth to INR420-445b.
- This capital infusion will help RBK scale its existing business and expand into non-resident, trade, and cross-border corporate banking, leveraging Emirates' global presence and technology integration. With a 50% board representation but no management control for Emirates NBD, the deal aims to accelerate RBK's growth through organic and inorganic opportunities while maintaining core operations and enhancing shareholder value.
- NII grew 4.7% QoQ (down 4% YoY) to INR15.5b (in line). NIM expanded by 1bp QoQ to 4.51%.
- Fresh slippages moderated to INR9.25b from INR10.6b in 1QFY26. GNPA ratio improved by 46bp QoQ to 2.32%, while NNPA ratio increased by 12bp QoQ to 0.57%. PCR moderated to 75.9%.
- **Given the fund infusion from Emirates NBD expected in 1QFY27, we increase our earnings estimates by 19%/17% for FY27/28E. We estimate FY27/28E RoA of 1.2% /1.4%. Reiterate Buy with a TP of INR350 (premised on 1.3x FY27E BV).**

**Advances growth healthy; margins expand 1bp QoQ**

- RBK reported 2QFY26 PAT of INR1.8b (5% miss, 20% YoY decline), due to higher provisions and lower other income.
- NII grew 4.7% QoQ (down 4% YoY) to INR15.5b (in line). NIM expanded by 1bp QoQ to 4.51%. RBK expects to see ~4.8% of exit NIMs in 4QFY26.
- Other income was down 13% QoQ and flat YoY at INR9.3b (7% miss) as it is impacted by INR440mn on account of MTM on unlisted equities. Treasury gains stood at INR67m vs. INR2.8b in 1QFY26. Total revenue thus declined 2% YoY (3% QoQ) to INR24.8b (in line). Opex rose 8% YoY to INR17.6b (4% lower than MOFSLe). The C/I ratio thus moderated 177bp QoQ to 70.7%.
- PPoP declined 20% YoY (up 3.6% QoQ) to INR7.3b (6% beat). Provisions stood at INR5b vs. MOFSLe of INR4.4b.
- Advances grew 14.4% YoY (up 6.5% QoQ) to INR1t. Retail book grew 9.9% YoY (6.2% QoQ) and wholesale grew 22% YoY (6.9% QoQ). Business loans grew 15.7% QoQ and housing loans grew 1.7% QoQ. Personal loans declined 6% QoQ, and credit cards were flat QoQ, with the mix of cards standing at 17.1% of loans. MFI book grew 8.3% QoQ with the mix at 5.9%.
- Deposits grew 8.1% YoY/3.5% QoQ. CASA mix moderated 62bp QoQ to 31.9%. The C/D ratio, thus, increased to 86.2%.
- Fresh slippages moderated to INR9.25b vs. INR10.6b in 1Q. GNPA ratio improved by 46bp QoQ to 2.32%. NNPA ratio increased by 12bp QoQ to 0.57%. PCR decline to 75.9%. 2Q credit costs stood at 54bp vs. 50bp in 1Q.

### Highlights from the management commentary

- **Emirates stake in RBK:** On paper the stake can go up to 86% (60% infusion+ 26% open offer), hence the open offer will be done first, and depending on how much is offered, the stake sale will be scaled down to keep the maximum stake at 74%.
- The corporate write-off of INR1.4b is a technical write-off and is already 100% provided for.
- Slippages have inched up in credit cards and PL, which will take a couple of quarters to normalize.
- RBK holds a 5% stake in Utkarsh SFB Holdco. Due to ECL, holdco reported a decline in net worth, leading to a one-off loss of INR440m. The bank does not expect that to recur.
- NIM trajectory will improve by 10-15bp every quarter. The bank expects NIMs of 4.7-4.8% by 4QFY26 end.

### Valuation and view

RBK reported a slight earnings miss due to higher provisions and lower other income even as margins expanded by 1bp QoQ. Business growth was steady, with advances growing 6.5% QoQ. The bank is looking to grow unsecured business going forward as macro stress eases. Moreover, the comfortable CD ratio will further support credit growth. GNPA ratio improved, whereas NNPA ratio deteriorated. Slippages moderated but remained at elevated levels. Emirates will invest USD3b for a 60% stake in RBK, triggering an open offer to acquire up to 26%. This will enable RBK to scale up its operations and expand into cross-border and NR business. The deal, subject to regulatory and shareholder approvals, brings strategic capital and global synergy without changing senior management. **Given the fund infusion from Emirates NBD expected in 1QFY27, we increase our earnings estimates by 19%/17% for FY27/28E. We estimate FY27/28E RoA of 1.2%/1.4%. Reiterate BUY with a TP of INR350 (premised on 1.3x FY27E BV).**

### Quarterly performance

INRb	FY25				FY26E				FY25	FY26E	FY26E	V/s our 2QE Est	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE					
<b>Net Interest Income</b>	17.0	16.1	15.9	15.6	14.8	15.5	16.6	17.8	64.6	64.7	15.2	2%	
% Change (Y-o-Y)	19.5	9.5	2.5	-2.3	-12.9	-4.0	4.4	13.8	7.0	0.0	-5.9		
Other Income	8.1	9.3	10.7	10.0	10.7	9.3	10.1	10.6	38.1	40.7	10.1	-7%	
<b>Total Income</b>	<b>25.1</b>	<b>25.4</b>	<b>26.6</b>	<b>25.6</b>	<b>25.5</b>	<b>24.8</b>	<b>26.6</b>	<b>28.4</b>	<b>102.7</b>	<b>105.4</b>	<b>25.2</b>	<b>-2%</b>	
Operating Expenses	16.5	16.3	16.6	17.0	18.5	17.5	18.2	19.0	66.4	73.2	18.4	-4%	
<b>Operating Profit</b>	<b>8.6</b>	<b>9.1</b>	<b>10.0</b>	<b>8.6</b>	<b>7.0</b>	<b>7.3</b>	<b>8.4</b>	<b>9.4</b>	<b>36.3</b>	<b>32.1</b>	<b>6.9</b>	<b>6%</b>	
% Change (Y-o-Y)	32.7	24.5	30.2	-2.9	-18.2	-19.9	-15.6	9.4	19.7	-11.4	-24.4		
Provisions	3.7	6.2	11.9	7.9	4.4	5.0	4.7	4.4	28.7	18.6	4.4	14%	
<b>Profit before Tax</b>	<b>4.9</b>	<b>2.9</b>	<b>-1.9</b>	<b>0.8</b>	<b>2.6</b>	<b>2.3</b>	<b>3.7</b>	<b>5.0</b>	<b>7.6</b>	<b>13.6</b>	<b>2.5</b>	<b>-9%</b>	
Tax	1.2	0.7	-2.2	0.1	0.6	0.5	0.9	1.3	0.6	3.4	0.6	-21%	
<b>Net Profit</b>	<b>3.7</b>	<b>2.2</b>	<b>0.3</b>	<b>0.7</b>	<b>2.0</b>	<b>1.8</b>	<b>2.8</b>	<b>3.7</b>	<b>7.0</b>	<b>10.2</b>	<b>1.9</b>	<b>-5%</b>	
% Change (Y-o-Y)	29.0	-24.3	-86.0	-80.5	-46.1	-19.8	752.5	433.2	-40.5	47.2	-15.4		
<b>Operating Parameters</b>													
Deposit	1,013.5	1,079.6	1,067.5	1,109.4	1,127.3	1,166.7	1,218.2	1,273.6	1,109.4	1,273.6	1,156.3		
Loan	867.0	878.8	904.1	926.2	944.3	1,005.3	1,042.6	1,090.1	926.2	1,090.1	971.2		
Deposit Growth (%)	18.4	20.2	15.1	7.2	11.2	8.1	14.1	14.8	7.2	14.8	7.1		
Loan Growth (%)	18.6	15.1	13.1	10.3	8.9	14.4	15.3	17.7	10.3	17.7	10.5		
<b>Asset Quality</b>													
Gross NPA (%)	2.7	2.9	2.9	2.6	2.8	2.3	2.4	2.4	2.6	2.4	2.8		
Net NPA (%)	0.7	0.8	0.5	0.3	0.5	0.6	0.6	0.6	0.3	0.6	0.5		
PCR (%)	73.1	73.0	82.2	89.0	84.0	75.9	75.6	75.3	89.0	75.3	82.1		

Estimate change	
TP change	
Rating change	

Bloomberg	UTIAM IN
Equity Shares (m)	128
M.Cap.(INRb)/(USDb)	180.4 / 2.1
52-Week Range (INR)	1472 / 891
1, 6, 12 Rel. Per (%)	2/29/4
12M Avg Val (INR M)	302

**Financials & Valuations (INR b)**

Y/E Mar	FY25	FY26E	FY27E
AAUM	3,363	3,820	4,500
MF Yield (bp)	34.2	32.9	32.1
Rev from Ops	14.5	15.7	18.1
Core PAT	4.9	3.9	6.6
PAT	8.1	7.0	9.9
PAT (bp as AAUM)	24	18	22
Core EPS	39	30	52
EPS	64	55	78
EPS Grw. (%)	1	-14	43
BVPS	405	422	445
RoE (%)	16	13	18
Div. Payout (%)	74	70	70
<b>Valuations</b>			
Mcap/AUM (%)	5.3	4.7	4.0
P/E (x)	22.0	25.6	17.9
P/BV (x)	3.5	3.3	3.1
Div. Yield (%)	3.4	2.7	3.9

**Shareholding pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	59.5	59.7	60.7
FII	7.7	7.9	6.3
Others	32.8	32.4	33.1

FII includes depository receipts

**CMP: INR1,407** **TP: INR1,700 (+21%)** **Buy**  
**PAT below est. due to a one-off; VRS to impact 2HFY26 PAT**

- UTI AMC's 2QFY26 operating revenue came in at INR 3.9b (in-line), reflecting growth of 5% YoY/3% QoQ. Yield on management fees came in at 41.2bp in 2QFY26 vs. 43.6bp in 2QFY25 (42bp in 1QFY26). For 1HFY26, operating revenue grew 8% YoY to INR7.7b.
- Total opex came in at INR2.4b, registering a growth of 27% YoY (14% above estimates), driven by 38% YoY growth in employee expenses. EBITDA stood at INR1.5b (17% miss) in 2QFY26 (-19% YoY/-14% QoQ), while EBITDA margin was 38.1% in 2QFY26 vs. 49% in 2QFY25.
- A one-time impact on employee expenses and a 55% miss in other income resulted in a 27% miss on PAT, which stood at INR1.3b in 2QFY26 (-50% YoY), and core PAT at INR1.1b. Excluding the one-time impact, core PAT was at INR1.3b. For 1HFY26, PAT declined 28% YoY to INR3.9b.
- Assuming 50% adoption for the VRS scheme, we expect FY26 employee costs to rise 47% YoY and then dip 28% YoY in FY27. Conversely, the assumption on the tax rate has increased from 23% earlier to 26% and 27% in FY26 and FY27, respectively.
- Considering a gradual improvement in the flow momentum and adjusting for VRS as well as higher taxation, we expect UTI AMC to report a CAGR of 26%/20%/27% in AUM/revenue/core PAT over FY25-28. **Reiterate BUY with a one-year TP of INR1,700 (based on 30x core Sep'27E EPS).**

**MF yields continue to dip**

- Total MF QAAUM grew 10% YoY/ 5% QoQ to INR3.8t. Equity/ETFs/Index/Debt funds saw a YoY growth of 1%/9%/22%/21% for the quarter.
- Equity QAAUM contributed 26% to the mix in 2QFY26 vs. 29% in 2QFY25. The debt/liquid schemes contributed 7%/14% to the mix in 1QFY26 (6%/14% in 2QFY25), while hybrid schemes contributed 7% to the mix (6% in 2QFY25). ETFs contributed 32% to the mix (32.5% in 2QFY25).
- The MF segment yield dipped to 33bp (35bp in 2QFY25), as the contribution in equity declined. Going forward, the same is expected to improve, backed by improving fund performance of equity schemes and a higher equity SIP book, driving the equity AUM contribution upwards.
- Overall net inflows for UTI were INR57b vs. INR35b in 2QFY25 and INR99b in 1QFY26. Equity/ETFs & Index/Liquid schemes garnered inflows of INR5b/INR49b/INR24b while income schemes witnessed outflows of INR21b.
- Gross inflows mobilized through SIPs stood at INR23.4b in 2QFY26, with the SIP AUM increasing to INR422.7b (+6% YoY). Live folios increased slightly to 13.6m as of the end of Sep'25.
- The overall MF AAUM market share declined to 4.9% from 5.2% in Sep'24. UTI AMC's market share in Passive/NPS AUM was stable at 13%/25%. The market share in Equity/Hybrid/Cash & Arbitrage/Debt Funds stood at 3%/4%/3% in Sep'25.

- The distribution mix in QAAUM remained largely stable in 2Q, with the direct channel dominating the mix with a 69% share, followed by MFDs at 23% and BND at 7%. However, with respect to equity AUM, MFDs contributed 56% to the distribution mix.
- As bp of QAAUM, the cost increased YoY to 25.5bp in 2QFY26 (vs. 22.2bp in 2QFY25), and the cost-to-income ratio increased to 62% (from 51% in 2QFY25). This was mainly driven by 38% YoY growth in employee expenses to INR1.6b (22% higher than estimates) and 10% YoY growth in other expenses to INR817m (in line).
- Other income at INR314m (55% miss) witnessed a decline of 81% YoY. Total investments as of Sep'25 dipped sequentially to INR38.6b (INR43.3b in 1QFY26), with 68%/17%/9%/7% being segregated into MFs/Offshore/Venture Funds/G-Sec/Bonds.
- The number of digital transactions during the quarter grew 18% YoY to 5.3m, while online gross sales were at ~90%.

### **Yields improve in the UTI International and UTI Capital segments**

- Total Group AUM stood at INR22.4t, up 11% YoY, of which MF AUM stood at INR3.8t, up 10% YoY. Non-MF AUM grew 11% YoY to INR18.6t, with PMS AUM growing 11% YoY to INR14.5t, and UTI Pension AUM growing 16% YoY to INR3.9t. UTI International/ UTI Capital AUM declined 7%/21% YoY to INR28b/INR236b.
- Yields on PMS/Pension businesses largely remained stable YoY, while yields improved YoY for International/Capital businesses to 58bp/75bp.

### **Key takeaways from the management commentary**

- The Board has approved the appointment of Vetri Subramaniam (currently CIO, associated since 2017) as the MD & CEO effective 1<sup>st</sup> Feb'26. The current CEO will transition to an advisor role until 12<sup>th</sup> Jun'26 to ensure a seamless handover.
- Steady growth was witnessed in both liquid and non-liquid categories. Value-oriented schemes have delivered strong three-year and five-year performances, while growth-oriented schemes have improved over the past year.
- SIF has been identified as a potential differentiator. However, distribution remains a challenge due to certification requirements for partners. The company is building in-house certified teams and a dedicated SIF branch to prepare for launch, and will time the launch once distribution architecture and market understanding mature.

### **VRS to hit FY26 earnings**

- UTI AMC is implementing a VRS scheme for its employees, and of its 1,400 employees, ~476 are eligible for the same. The average payout for each employee is ~INR6.5m, while the average salary for the eligible employees is INR3m.
- We assume a 50% adoption, and accordingly, the gross hit for 3QFY26 would be INR1,547m. Assuming that the exits happen in the middle of the quarter, the salary cost savings for these employees would be INR89m, while from 4QFY26, the benefit would be INR178m per quarter (highlighted in Exhibit 1).
- Further, the company has guided for an increase in the tax rate, as the amortization of the VRS costs has to be over a period of five years for tax

computation. For FY26, we are assuming 26%, and for FY27, we are assuming a 27% tax rate. Resultantly, our earnings for FY26 are being cut by 20%, while FY27/FY28 estimates broadly remain unchanged as a higher tax rate is offset by employee cost savings.

### Valuation and view:

- UTI AMC continues to deliver a steady and broad-based performance across its mutual fund, pension, and international businesses. The core AMC operations have seen consistent growth in AUM, supported by a diversified product mix with a strong tilt toward equity, healthy SIP inflows, and robust retail traction.
- Going forward, improving the performance of equity schemes will be key for a rise in contributions from equity schemes, resulting in yield improvement. While earnings of FY26 will be impacted by VRS implementation and a higher tax rate, the same will result in cost savings from FY27 onwards on the employee expense front.
- Considering gradual improvement in flow momentum and adjusting for VRS as well as higher taxation, we expect UTI to report a CAGR of 26%/20%/27% in AUM/revenue/core PAT over FY25-28E. **We reiterate our BUY rating with a one-year TP of INR1,700 (based on 30x core Sep'27E EPS).**

Y/E March	Quarterly Performance										(INR m)				
	FY25					FY26				FY25	FY26E	2Q FY26E	Act vs. Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE							
Revenue from Operations	3,368	3,730	3,754	3,602	3,793	3,900	3,979	4,073	14,453	15,745	3,916	0	4.6	2.8	
Change YoY (%)	19.1	27.9	29.4	13.4	12.6	4.6	6.0	13.1	22.3	8.9	5.0				
Fees & Commission	6	6	7	8	8	8	10	13	26	38	9	-14	24.2	0.0	
Employee Expenses	1,137	1,153	1,128	1,162	1,292	1,588	2,736	1,093	4,580	6,709	1,305	22	37.7	23.0	
Other expenses	638	742	714	899	770	817	768	765	2,992	3,121	801	2	10.2	6.1	
Total Operating Expenses	1,781	1,901	1,848	2,068	2,069	2,413	3,514	1,871	7,598	9,868	2,114	14	26.9	16.6	
Change YoY (%)	6.0	10.2	4.9	10.2	16.2	26.9	90.2	-9.5	7.9	29.9	11.2				
<b>EBITDA</b>	<b>1,587</b>	<b>1,829</b>	<b>1,906</b>	<b>1,534</b>	<b>1,724</b>	<b>1,487</b>	<b>465</b>	<b>2,202</b>	<b>6,856</b>	<b>5,877</b>	<b>1,802</b>	<b>-17</b>	<b>-18.7</b>	<b>-13.7</b>	
EBITDA margin (%)	47.1	49.0	50.8	42.6	45.4	38.1	11.7	54.1	47.4	37.3	46	-787bp	-1090bp	-731bp	
Other Income	1,970	1,671	451	158	1,693	314	1,000	1,158	4,249	4,166	700	-55.1	-81.2	-81.4	
Depreciation	112	112	113	118	123	127	130	130	455	510	125	1.6	13.0	3.5	
Finance Cost	32	31	32	33	34	33	33	27	127	127	34	-2.1	8.5	-2.1	
<b>PBT</b>	<b>3,413</b>	<b>3,357</b>	<b>2,212</b>	<b>1,540</b>	<b>3,260</b>	<b>1,641</b>	<b>1,302</b>	<b>3,202</b>	<b>10,522</b>	<b>9,406</b>	<b>2,343</b>	<b>-30</b>	<b>-51.1</b>	<b>-49.7</b>	
Tax Provisions	670	726	476	520	722	319	404	1,001	2,392	2,446	539	-41	-56.0	-55.8	
<b>Net Profit</b>	<b>2,743</b>	<b>2,631</b>	<b>1,736</b>	<b>1,020</b>	<b>2,539</b>	<b>1,322</b>	<b>898</b>	<b>2,201</b>	<b>8,130</b>	<b>6,960</b>	<b>1,804</b>	<b>-27</b>	<b>-49.7</b>	<b>-47.9</b>	
Change YoY (%)	17.0	43.9	-14.6	-43.8	-7.5	-49.7	-48.2	115.8	1.4	-14.4	-31.4				
<b>Core PAT</b>	<b>1,160</b>	<b>1,321</b>	<b>1,382</b>	<b>916</b>	<b>1,220</b>	<b>1,069</b>	<b>208</b>	<b>1,405</b>	<b>4,779</b>	<b>3,903</b>	<b>1,265</b>	<b>-15</b>	<b>-19.1</b>	<b>-12.4</b>	
Change YoY (%)	39.1	50.1	76.3	-4.6	5.2	-19.1	-84.9	53.5	38.2	-18.3	-4.3				

Key Operating Parameters (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY25	FY26E	2Q FY26E	Act vs. Est. (%)	YoY	QoQ
	FY25	FY25	FY25	FY25	FY26	FY26	FY26	FY26						
Revenue / AUM (bp)	43.4	43.6	42.6	42.4	42.0	41.2	40.9	40.7	46.5	43.6	42	47bp	-233bp	-82bp
Opex / AUM (bp)	22.9	22.2	21.0	24.3	22.9	25.5	36.1	18.7	24.5	27.3	22	49bp	331bp	257bp
PAT / AUM (bp)	35.3	30.7	19.7	12.0	28.1	14.0	9.2	22.0	26.2	19.3	19	899bp	-1675bp	-1416bp
Cost to Operating Income Ratio	52.9	51.0	49.2	57.4	54.6	61.9	88.3	45.9	52.6	62.7	54.0	56bp	1090bp	731bp
EBITDA Margin	47.1	49.0	50.8	42.6	45.4	38.1	11.7	54.1	47.4	37.3	46.0	-56bp	-1090bp	-731bp
Tax Rate	19.6	21.6	21.5	33.8	22.1	19.4	31.0	31.3	22.7	26.0	23.0	-87bp	-218bp	-269bp
PAT Margin	81.4	70.5	46.2	28.3	66.9	33.9	22.6	54.0	56.2	44.2	46.1	2086bp	-3664bp	-3303bp
Core PAT Margin	34.4	35.4	36.8	25.4	32.2	27.4	5.2	34.5	33.1	24.8	32.3	-13bp	-802bp	-476bp

Estimate change	
TP change	
Rating change	

Bloomberg	ATLP IN
Equity Shares (m)	29
M.Cap.(INRb)/(USDb)	175.2 / 2
52-Week Range (INR)	8099 / 4752
1, 6, 12 Rel. Per (%)	-11/-3/-27
12M Avg Val (INR m)	418
Free float (%)	54.8

**Financials and Valuations (INR b)**

Y/E March	FY26E	FY27E	FY28E
Sales	63.2	70.7	78.6
EBITDA	10.6	12.1	13.5
PAT	6.4	7.4	8.0
EPS (INR)	216.8	250.5	270.7
EPS Gr. (%)	28.1	15.5	8.1
BV/Sh.(INR)	2,085	2,299	2,529
<b>Ratios</b>			
Net D:E	-0.0	-0.0	-0.1
RoE (%)	10.9	11.4	11.2
RoCE (%)	10.2	10.9	10.8
Payout (%)	14.8	14.8	14.8
<b>Valuations</b>			
P/E (x)	27.5	23.8	22.0
P/BV (x)	2.9	2.6	2.4
EV/EBITDA (x)	16.4	14.3	12.7
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	1.8	1.6	1.8

**Shareholding pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	45.2	45.2	45.2
DII	25.0	23.6	25.8
FII	8.8	9.8	8.6
Others	21.1	21.4	20.4

FII Includes depository receipts

**CMP: INR5,952**
**TP: INR7,520 (+26%)**
**Buy**
**Performance segment continues to drive growth**

- Atul (ATLP) reported in-line revenue of INR15.5b (+11% YoY) in 2QFY26. Revenue from the Performance & Other Chemicals segment increased 12% YoY, while the Life Science Chemicals segment's revenue rose 8% YoY. EBITDA grew 10% YoY to INR2.7b and PAT increased 31% YoY to INR1.8b.
- We broadly retain our estimates for FY26/FY27/FY28. We estimate a CAGR of 12%/14%/17% in revenue/EBITDA/PAT during FY25-28E. The stock is trading at ~23.8x FY27E EPS of INR250.5 and ~14.3x FY27E EV/EBITDA. We value the stock at 30x FY27E EPS to arrive at our TP of INR7,520. **Reiterate BUY.**

**EBITDA miss; PAT in line due to higher-than-expected other income**

- ATLP's revenue was INR15.51b (+11% YoY). Life Science Chemicals' revenue stood at INR4.4b (+8% YoY), while Performance Chemicals' revenue was INR11.45b (+12% YoY) during the quarter.
- Gross margin stood at 46.6% (vs. 53.1% in 2QFY25) and EBITDA margin contracted 20bp YoY to 17.2%. EBIT margin contracted for Performance and Other Chemicals but expanded for Life Science Chemicals on a YoY basis. Life Science Chemicals EBIT margin stood at 22.9% (+240bp YoY), while EBIT stood at INR1b. Performance Chemicals' EBIT margin was 9.1% (-60bp YoY) and EBIT came in at INR1b.
- The company's consolidated EBITDA grew 10% YoY to INR2.7b (est. of INR2.9b) and adj. PAT grew ~31% YoY to INR1.8b (est. in line).
- In 1HFY26, consolidated revenue/EBITDA/adj. PAT grew ~12%/8%/25% to INR30.3b/INR5b/INR3.1b.
- The Life Science segment recorded revenue/EBIT growth of ~7%/10% YoY to INR8.9b/INR1.7b and EBIT margin expansion of 50bp YoY to 19% in 1HFY26. The Performance segment recorded revenue/EBIT growth of ~13%/11% YoY to INR22.1b/INR2b and EBIT margin contraction of 20bp YoY in 1H.

**Valuation and view**

- The company is undertaking various projects and initiatives aimed at improving plant efficiencies, expanding its capacities for key products, debottlenecking its existing capacities, capturing a higher market share, and expanding its international presence.
- The stock is trading at ~23.8x FY27E EPS of INR250.5 and ~14.3x FY27E EV/EBITDA. We largely maintain our earnings and reiterate our BUY rating on the stock. We value the stock at ~30x FY27E EPS to arrive at our TP of INR7,520. The upside risk could be a faster-than-expected ramp-up of new projects and products. Downside risks include weaker-than-expected revenue growth and margin compression amid teething issues in new projects.

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

Y/E March	FY25								FY26		FY25	FY26E	FY26E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE			
<b>Gross Sales</b>	<b>13,221</b>	<b>13,928</b>	<b>14,168</b>	<b>14,516</b>	<b>14,780</b>	<b>15,519</b>	<b>16,194</b>	<b>16,720</b>	<b>55,834</b>	<b>63,212</b>	<b>15,792</b>	<b>-2%</b>		
YoY Change (%)	11.8	16.7	24.5	19.8	11.8	11.4	14.3	15.2	18.1	13.2	13.4			
<b>Total Expenditure</b>	<b>10,988</b>	<b>11,501</b>	<b>11,928</b>	<b>12,287</b>	<b>12,425</b>	<b>12,844</b>	<b>13,447</b>	<b>13,853</b>	<b>46,704</b>	<b>52,568</b>	<b>12,511</b>			
Gross Margin (%)	50.0%	53.1%	50.5%	49.7%	48.7%	46.6%	49.0%	50.0%	50.8%	48.6%	52.7%	-6.1%		
<b>EBITDA</b>	<b>2,232</b>	<b>2,427</b>	<b>2,241</b>	<b>2,229</b>	<b>2,355</b>	<b>2,675</b>	<b>2,748</b>	<b>2,866</b>	<b>9,130</b>	<b>10,644</b>	<b>2,890</b>	<b>-7%</b>		
Margin (%)	16.9	17.4	15.8	15.4	15.9	17.2	17.0	17.1	16.4	16.8	18.3	-1.1		
Depreciation	766	775	810	817	820	810	830	850	3,168	3,310	830			
Interest	54	89	43	54	45	49	48	47	240	189	58			
Other Income	130	315	158	487	262	485	243	251	1,090	1,241	355			
<b>PBT before EO expense</b>	<b>1,543</b>	<b>1,878</b>	<b>1,546</b>	<b>1,845</b>	<b>1,752</b>	<b>2,301</b>	<b>2,112</b>	<b>2,220</b>	<b>6,812</b>	<b>8,385</b>	<b>2,356</b>	<b>-2%</b>		
<b>PBT</b>	<b>1,543</b>	<b>1,878</b>	<b>1,546</b>	<b>1,845</b>	<b>1,752</b>	<b>2,301</b>	<b>2,112</b>	<b>2,220</b>	<b>6,812</b>	<b>8,385</b>	<b>2,356</b>	<b>-2%</b>		
Tax	455	514	407	560	447	489	532	643	1,937	2,111	595			
Rate (%)	29.5	27.4	26.4	30.3	25.5	21.3	25.2	29.0	28.4	25.2	25.2			
Minority Interest and Profit/Loss of Asso. Cos.	33	31	33	16	19	12	28	54	113	113	28			
<b>Reported PAT</b>	<b>1,121</b>	<b>1,395</b>	<b>1,171</b>	<b>1,301</b>	<b>1,324</b>	<b>1,824</b>	<b>1,609</b>	<b>1,631</b>	<b>4,988</b>	<b>6,388</b>	<b>1,790</b>	<b>2%</b>		
<b>Adj PAT</b>	<b>1,121</b>	<b>1,395</b>	<b>1,171</b>	<b>1,301</b>	<b>1,324</b>	<b>1,824</b>	<b>1,609</b>	<b>1,631</b>	<b>4,988</b>	<b>6,388</b>	<b>1,790</b>	<b>2%</b>		
YoY change (%)	9.8	52.9	62.5	121.3	18.1	30.7	37.4	25.4	53.9	28.1	28.3			
Margin (%)	8.5	10.0	8.3	9.0	9.0	11.8	9.9	9.8	8.9	10.1	11.3	0.4		
<b>Segmental Revenue (INR mn)</b>														
Life Science Chemicals	4,236	4,078	4,164	4,439	4,492	4,400	4,789	5,238	16,917	12,680	4,908	-10%		
Performance & Other chemicals	9,386	10,237	10,412	10,547	10,669	11,451	11,870	12,024	40,582	31,196	11,363	1%		
Others	194	186	187	171	164	263	201	223	739	545	189	39%		
<b>Segmental EBIT (INR mn)</b>														
Life Science Chemicals	710	836	956	966	684	1,009	-	-	3,468	2,758	-			
Performance & Other chemicals	852	990	752	855	1,000	1,038	-	-	3,449	2,597	-			
Others	50	27	34	12	23	65	0	0	123	73	-			
<b>Segmental EBIT Margin (%)</b>														
Life Science Chemicals	16.8%	20.5%	23.0%	21.8%	15.2%	22.9%	0.0%	0.0%	20.5%	21.7%				
Performance & Other chemicals	9.1%	9.7%	7.2%	8.1%	9.4%	9.1%	0.0%	0.0%	8.5%	8.3%				
Others	25.9%	14.3%	18.1%	7.1%	14.3%	24.6%	0.0%	0.0%	16.6%	13.3%				

**Revised estimates**

Earnings change (INR m)	New			Old			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	63,212	70,748	78,634	64,371	72,131	80,168	-2%	-2%	-2%
EBITDA	10,644	12,084	13,450	10,993	12,452	13,688	-3%	-3%	-2%
Adj. PAT	6,388	7,380	7,975	6,629	7,676	8,170	-4%	-4%	-2%
Adj. EPS (INR)	216.8	250.5	270.7	225.0	260.6	277.3	-4%	-4%	-2%

# CIE Automotive India

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USDb)	163.8 / 1.9
52-Week Range (INR)	550 / 357
1, 6, 12 Rel. Per (%)	1/3/22
12M Avg Val (INR m)	101

## Financials & Valuations (INR b)

INR b	CY24	CY25E	CY26E
Sales	89.6	93.6	99.4
EBITDA (%)	15.1	14.6	14.9
Adj. PAT	8.2	8.1	8.8
EPS (INR)	21.7	21.5	23.2
EPS Growth (%)	2.8	-1.0	8.2
BV/Share (Rs)	174	190	207
<b>Ratio</b>			
RoE (%)	13.1	11.8	11.7
RoCE (%)	12.1	11.0	11.2
Payout (%)	32.4	20.0	20.0
<b>Valuations</b>			
P/E (x)	19.8	20.0	18.5
P/BV (x)	2.5	2.3	2.1
Div. Yield (%)	1.6	1.0	1.1
FCF Yield (%)	3.1	4.3	4.3

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	65.7	65.7	65.7
DII	21.6	21.5	20.4
FII	4.2	4.2	4.3
Others	8.5	8.6	9.6

FII includes depository receipts

**CMP: INR432**
**TP: INR502 (+16%)**
**Buy**

## India to remain the key growth driver

### Earnings beat led by improved operational performance

- CIE Automotive India (CIEINDIA)'s consolidated PAT at INR2.1b came in ahead of our estimate of INR2b, led by better-than-expected performance in both India and Europe and favorable currency movement. Demand in India is likely to recover across segments post GST rate cuts. However, Europe's demand is likely to remain lackluster given the macro headwinds.
- The India business is expected to be the primary growth driver for the company even in CY26. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 18.5x/16.7x CY26E/CY27E consolidated EPS and is attractive. **Reiterate BUY with a TP of INR502 (premised on ~20x Sep'27E consolidated EPS).**

### Margin beat both in India and Europe

- CIEINDIA's consolidated PAT at INR2.1b was above our estimate of INR2b, mainly led by better-than-expected performance in both India and Europe.
- **The 3QCY25 consol. revenue grew ~11% YoY to INR23.7b (est. INR23.2b).** The European business posted 18% YoY growth, led by 7% revenue growth in Euro terms over a low base and an 11% benefit from currency depreciation. The India business grew 8% YoY, led by a gradual pickup in auto demand. The 9MCY25 revenue/EBITDA/Adj. PAT stood at ~2%/-2%/-3% YoY.
- **EBITDA stood at ~INR3.6b (est. INR3.3b)**, growing ~8% YoY. EBITDA margin came in at 15% (est. 14.1%), down 50bp YoY, flat QoQ – adjusting for restructuring at Metalcastello in 2Q. The YoY decline was primarily due to higher energy tariffs in India.
- **Adj. PAT stood at INR2.1b (est. INR2b), which grew ~10% YoY.**
- **India business performance:** Revenue grew 8% YoY to INR15.7b (est. INR15.6b). EBITDA margin marginally improved QoQ to 15.9% (est. 15.1%, up 30bp YoY). EBIT grew 7% YoY to INR2.1b.
- **EU business performance:** Revenue jumped 18% YoY to ~INR8b (est. ~INR7.6b), aided by currency gains, while real sales growth in euro terms stood at 7% YoY. EBITDA margins beat estimates, recording 13.2% (est. of 12.1%). However, the margin contracted 200bp YoY. PBT grew ~13% YoY for the Europe business.
- Summary of 9MCY25: Consolidated revenue grew 2% YoY to INR68b, with EBITDA down 2% YoY to INR10.3b (margin 14.7%), and PAT down 3% YoY to INR6.2b. India maintained steady growth (+6% YoY), while Europe declined 3% YoY due to weak forging demand and restructuring impact.

## Highlights from the management commentary

- CIEINDIA achieved record quarterly sales, outperforming market growth, driven by strong traction in tractors and LCVs, along with the execution of new orders and steady exports. Margin pressure from energy tariff hikes was minimal and is expected to normalize with efficiency gains.
- European operations remain subdued, with low demand and EV slowdown offset by favorable exchange rates. The company is focusing on operational efficiency, hybrid component development, and potential consolidation opportunities amid industry distress.
- Recent U.S. import tariffs—25% on light vehicles and up to 50% on trucks, tractors, and off-highway components—pose a limited challenge, with only ~1% of Indian revenues at high risk.
- Management expects demand to revive in India post the GST rate cuts, with expectations of a 200-300bp rise in growth forecasts across segments. However, demand in Europe is likely to remain stagnant, with Europe LV volumes likely to largely remain at similar levels for the next three years.

## Valuation and view

- Domestic demand in India is expected to revive across segments post the GST rate cut from here on. However, the European outlook remains subdued, although it appears to be stabilizing at lower levels. Thus, the Indian business is expected to be the primary growth driver for the company even in CY26.
- Some of the financial attributes unique to CIEINDIA include being net debt-free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory.
- The company remains focused on sustaining profitability through operational efficiencies. The stock trades at 18.5x/16.7x CY26E/CY27E consolidated EPS.

**Reiterate BUY with a TP of INR502 (based on ~20x Sep'27E consolidated EPS).**

## Quarterly performance (Consol.)

(INR m)	CY24				CY25				CY24	CY25E	CY25 3QE	Var. (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE					
<b>Net Sales</b>	<b>24,268</b>	<b>22,927</b>	<b>21,346</b>	<b>21,100</b>	<b>22,726</b>	<b>23,690</b>	<b>23,718</b>	<b>23,431</b>	<b>89,641</b>	<b>93,568</b>	<b>23,233</b>	<b>2.1</b>	
YoY Change (%)	-0.5	-1.2	-6.4	-5.8	-6.4	3.3	11.1	11.1	-3.4	4.4	8.8		
<b>EBITDA</b>	<b>3,606</b>	<b>3,600</b>	<b>3,306</b>	<b>2,993</b>	<b>3,355</b>	<b>3,368</b>	<b>3,557</b>	<b>3,338</b>	<b>13,506</b>	<b>13,617</b>	<b>3,278</b>	<b>8.5</b>	
Margins (%)	14.9	15.7	15.5	14.2	14.8	14.2	15.0	14.2	15.1	14.6	14.1	90bp	
Depreciation	863	836	798	809	864	871	890	898	3,306	3,523	788	13.0	
Interest	220	211	169	175	126	16	36	213	776	391	140	-74.5	
Other Income	513	306	243	336	361	221	192	207	1,396	980	242	-20.8	
Share of profit from associates	4	6	19	-2	5	7	2	14	27	28	7		
<b>PBT</b>	<b>3,035</b>	<b>2,859</b>	<b>2,581</b>	<b>2,344</b>	<b>2,725</b>	<b>2,701</b>	<b>2,822</b>	<b>2,434</b>	<b>10,820</b>	<b>10,683</b>	<b>2,592</b>	<b>4.2</b>	
Tax Rate (%)	24.3	24.5	25.3	23.6	24.6	25.1	24.5	22.6	24.4	24.3	24.6		
<b>Adj. PAT</b>	<b>2,302</b>	<b>2,164</b>	<b>1,947</b>	<b>1,790</b>	<b>2,060</b>	<b>2,030</b>	<b>2,132</b>	<b>1,897</b>	<b>8,203</b>	<b>8,119</b>	<b>1,962</b>	<b>8.6</b>	
YoY Change (%)	4.5	1.3	4.3	1.1	-10.5	-6.2	9.5	6.0	2.8	-1.0	0.8		
<b>Revenues</b>													
India	14,275	14,293	15,270	14,430	14,658	15,154	15,677	15,551	57,558	61,040	15,642	0.2	
Growth (%)	-1	0	-1	-3	3	6	8	8	-2	6	2.4		
EU	9,994	8,660	6,077	6,670	8,069	8,536	8,043	7,880	29,098	32,528	7,591	6.0	
Growth (%)	0	-2	-18	-12	-19	-1	18	18	-14	12	24.9		
<b>EBITDA Margins</b>													
India	15.1	15.2	15.6	14.6	15.7	15.7	15.9	15.0	15.9	15.6	15.1	80bp	
EU	14.6	15.7	15.2	13.2	13.1	11.7	13.2	12.8	15.0	12.7	12.1	110bp	

E: MOFSL Estimates

Estimate change	↔
TP change	↔
Rating change	↔

	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	162.5 / 1.8
52-Week Range (INR)	1832 / 1075
1, 6, 12 Rel. Per (%)	-7/19/-17
12M Avg Val (INR M)	427

**Financials & Valuations (INR b)**

Y/E Mar	FY26E	FY27E	FY28E
Sales	50.3	58.1	72.4
EBITDA	6.3	8.5	11.2
EBITDA (%)	12.5	14.6	15.5
PAT	3.6	5.4	7.7
EPS (INR)	33.7	50.6	72.4
EPS Gr. (%)	281.0	49.9	43.2
BV/Sh. (INR)	457.2	504.8	574.2
<b>Ratios</b>			
Net D/E	(0.4)	(0.1)	(0.1)
RoE (%)	7.6	10.5	13.4
RoCE (%)	7.8	10.2	13.0
Payout (%)	8.9	5.9	4.1
<b>Valuations</b>			
P/E (x)	45	30	21
P/BV (x)	3	3	3
EV/EBITDA (x)	23	19	14
Div Yield (%)	0.2	0.2	0.2

**Shareholding Pattern (%)**

As On	Sep-25	Jun-25	Sep-24
Promoter	52.9	52.9	52.8
DII	26.0	24.6	23.4
FII	6.4	8.1	10.9
Others	14.7	14.4	12.9

**CMP: INR1,520**
**TP: INR1,877 (+24%)**
**Buy**
**Robust collections fuel revenue momentum**
**Healthy YoY performance in Gurugram and Bangalore**

- **SOBHA's total bookings** stood at 61%/-8% YoY/QoQ to INR19b (in line) in 2QFY26. Its share of bookings was 56%/-10% YoY/QoQ at INR15.4b. For 1HFY26, SOBHA clocked INR39.8b of sales (up 30% YoY), guided by 2.8msf of volumes (up 35% YoY).
- Bangalore contributed 69.7% for 2QFY26 with the value of INR13.3b, aided by sales momentum at SOBHA Town Park.
- NCR contributed INR3.1b during the quarter, with major sales from SOBHA Aranya and SOBHA AURUM.
- Kerala added INR1.9b to 2QFY26, fueled by a festive demand surge.
- **The company's volumes** jumped 50% YoY to 1.4msf (in line). In 1HFY26, volumes were 2.8msf, up 35% YoY.
- **Average realization** stood at 13,647psf, up 8% YoY but down 5% QoQ (5% below our estimates).
- **Completions:** 591 homes comprising 1.18msf of saleable area across Manhattan Towers, Sentosa, Royal Pavilion in Bangalore, Marina One in Kochi, Nesara in Pune, and others.
- **One new launch:** This is an extension of SOBHA Lifestyle's boutique luxury villa project spread across 2.12 acres in North Bangalore, close to the International Airport.
- The company's project pipeline is at ~27msf (vs. 30msf in 1QFY26), including 18msf of new residential projects, with ~8msf located in Bengaluru.
- Real estate collections increased 45% YoY to INR18.5b (20% above estimates). Total cash inflow (incl. contractual business) stood at INR20.5b, up 49% YoY. In 1HFY26, real estate collections stood at INR34.4b, up 29% YoY, while total cash inflow in 1H stood at INR38.2b, up 31% YoY.
- Net operating cash flows (before interest & taxes) surged ~3x YoY to INR5.13b.
- Aligned with its growth-focused strategy, SOBHA increased its land-related investment for the quarter to ~INR3.5b, up 111% YoY. During the quarter, the company generated a cash surplus of INR635m. In 1HFY26, land-related investment stood at ~INR6.3b, up ~2x YoY, while the company generated a cash surplus of INR1.2b.
- Net cash position was INR7.5b, or 0.16x of equity (vs. a net cash of INR6.9b, or 0.15x, in 1QFY26). The cost of borrowings reduced to 8.25% (from 8.86% in 1Q).
- **P&L performance:** In 2QFY26, revenue stood at +51%/+65% YoY/QoQ to INR14.1b (21% above estimate). Real estate revenue was up 53% YoY to INR12b in 1HFY26, revenue was up 44% YoY to INR22.6b, while real estate revenue stood at INR18.9b, up 50% YoY.

- EBITDA was up 24%/302% YoY/QoQ to INR956m (35% below estimate), while margin stood at 7%, down 147bp YoY (571bp below estimate). The margin for the real estate business stood at 11%. In 1HFY26, EBITDA stood at INR1.2b, down 10% YoY with a 5% margin. Real estate margin for 1H stood at 9%.
- Adj. PAT stood at INR725m, +178%/5x YoY/QoQ (17% below estimate). PAT margin stood at 5.2%, up 236bp/355bp YoY/QoQ.

### Valuation and view

- SOBHA continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the recent fundraising and strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- We have incorporated the updated launch pipeline and newly acquired projects during the year. Ongoing and upcoming projects are likely to generate ~INR122b of gross cash flows, which we value at around INR72b.
- We value SOBHA's land reserve of 154msf at INR86b, assuming 25-75 years of monetization.
- **We reiterate our BUY rating on the stock with a revised TP of INR1,877 (previously 1,917), indicating a 24% upside potential.**

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	6,404	9,336	12,241	12,406	8,519	14,076	13,073	14,665	40,387	50,333	11,679	21%
YoY Change (%)	-29.5	25.9	78.7	62.6	33.0	50.8	6.8	18.2			25.1	
Total Expenditure	5,845	8,565	11,569	11,466	8,281	13,120	11,438	11,199	37,444	44,038	10,218	
<b>EBITDA</b>	<b>559</b>	<b>771</b>	<b>672</b>	<b>941</b>	<b>238</b>	<b>956</b>	<b>1,635</b>	<b>3,466</b>	<b>2,943</b>	<b>6,296</b>	<b>1,461</b>	<b>-35%</b>
Margins (%)	8.7	8.3	5.5	7.6	2.8	6.8	12.5	23.6	7.3	12.5	12.5	-571.3
Depreciation	204	232	233	230	237	262	247	205	898	950	221	
Interest	539	494	473	450	310	322	344	349	1,956	1,326	308	
Other Income	295	317	328	301	495	617	336	-154	1,241	1,295	300	
<b>PBT before EO expense</b>	<b>111</b>	<b>362</b>	<b>295</b>	<b>562</b>	<b>187</b>	<b>989</b>	<b>1,380</b>	<b>2,758</b>	<b>1,330</b>	<b>5,314</b>	<b>1,233</b>	<b>-20%</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>111</b>	<b>362</b>	<b>295</b>	<b>562</b>	<b>187</b>	<b>989</b>	<b>1,380</b>	<b>2,758</b>	<b>1,330</b>	<b>5,314</b>	<b>1,233</b>	<b>-20%</b>
Tax	50	101	78	154	50	264	398	995	383	1,707	355	
Rate (%)	45.4	28.0	26.4	27.3	27.0	26.7	28.8	36.1	28.8	32.1	28.8	
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>61</b>	<b>261</b>	<b>217</b>	<b>409</b>	<b>136</b>	<b>725</b>	<b>983</b>	<b>1,764</b>	<b>947</b>	<b>3,608</b>	<b>878</b>	<b>-17%</b>
<b>Adj PAT</b>	<b>61</b>	<b>261</b>	<b>217</b>	<b>409</b>	<b>136</b>	<b>725</b>	<b>983</b>	<b>1,764</b>	<b>947</b>	<b>3,608</b>	<b>878</b>	<b>-17%</b>
YoY Change (%)	-49.8	74.6	43.8	481.1	124.9	178.0	353.1	331.6	92.8	281.0	236.5	
Margins (%)	0.9	2.8	1.8	3.3	1.6	5.2	7.5	12.0	2.3	7.2	7.5	
<b>Key metrics</b>												
Sale Volume (msf)	1.2	0.9	1.0	1.6	1.4	1.4	3.2	3.4	4.7	9.4	1.3	5%
Sale Value (INRb)	18.7	11.8	13.9	18.4	20.8	19.0	30.0	31.7	62.8	101.5	19.1	0%
Collections (INRb)	13.9	12.8	13.2	15.8	16.0	18.5	16.0	16.9	55.7	67.4	15.4	20%
Realization (INR/sft)	15,879	12,673	13,662	11,781	14,395	13,647	9,500	9,388	13,399	10,831	14,395	-5%

Source: MOFSL, Company



Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USDb)	151 / 1.7
52-Week Range (INR)	4049 / 2322
1, 6, 12 Rel. Per (%)	7/16/25
12M Avg Val (INR m)	639

**Financials & valuations (INR b)**

INR Billion	FY25	FY26E	FY27E
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Sales	132.2	152.3	174.3
EBITDA	14.7	19.3	23.0
EBIDTA Margin (%)	11.2	12.7	13.2
Adj. PAT	4.9	6.5	8.5
EPS (Rs)	122.1	161.3	210.5
EPS Growth (%)	-27.9	32.1	30.5
BV/Share (Rs)	1,080	1,201	1,367

**Ratios**

RoE (%)	11.7	14.1	16.4
RoCE (%)	11.0	12.7	14.0
Payout (%)	25.7	24.8	21.4

**Valuations**

P/E (x)	30.6	23.1	17.7
P/BV (x)	3.5	3.1	2.7
Div. Yield (%)	11.7	9.3	7.6
FCF Yield (%)	0.8	1.1	1.2

**Shareholding pattern (%)**

As On	Jun-25	Mar-25	Jun-24
Promoter	47.2	47.2	47.2
DII	20.1	21.5	17.1
FII	17.4	15.3	18.8
Others	15.3	16.0	16.9

FII includes depository receipts

**CMP: INR3,732** **TP: INR4,523 (+21%)** **Buy**
**Margin beat led by lower input costs**
**Camso integration benefits to be back-ended**

- CEAT 2QFY26 earnings at INR1.85b came in above our estimate of INR1.4b, aided by higher-than-expected margin of 13.3% (est. 11.8%). The GST rate cut is expected to boost tyre demand in the replacement and OEM segments. Further, benign input costs would help maintain margins for the core business.
- While the recent Camso acquisition is expected to take time to be earnings accretive, we remain positive on the long-term benefits that this acquisition can deliver for the group. **Hence, we reiterate our BUY rating on the stock with a TP of INR4,523 (based on ~20x Sep'27E EPS).**
- 

**Beat on earnings due to softer commodity costs**

- 2Q earnings at INR1.85b came in above our estimate of INR1.4b due to higher-than-expected margin.
- Net sales grew 14.2% YoY to INR37.7b (+3.8% vs. est.) in 2Q, aided by healthy YoY volume growth, mainly for the OEM and export segments.
- OEM volume growth was driven by robust performance across all key segments, with festive demand restocking acting as strong tailwind. Realizations improved marginally on YoY and QoQ basis.
- 1H segment mix:** Truck/bus 29%, 2/3Ws 28%, PV 21%, OHT 15%, Others 7%
- 1H market mix:** Replacement 52%, OEM 29%, Exports 19%
- Gross margin expanded 350bp YoY/410bp QoQ to 41% due to lower RM costs YoY and QoQ. Input costs were down 5% QoQ, higher than earlier anticipated.
- Employee costs increased due to the annual increment. Other expenses were higher due to increased outsourcing, distribution, marketing, and higher manufacturing activities.
- EBITDA margin was up 240bp YoY/240bp QoQ at 13.3%, above our estimate of 11.8%. Margin expansion was driven by lower input costs.
- Interest burden was in line with expectations at INR870m (est. INR850m).
- Other income was lower at INR39m vs. our estimate of INR45m.
- PAT grew 52.3% YoY to INR1.85b, above our estimate of INR1.4b.
- Capex for 2Q stood at INR4.2b.
- In 2Q, debt grew by INR10.3b to INR29.4b. D/E stood at 0.64x, while debt/EBITDA stood at 1.8x due to acquisition of Camso.
- 1H cash flow from operations stood at INR8.7b, while capex (incl Camso acquisition) stood at INR15.4b, resulting in FCF outflow of INR6.6b.

### Highlights from the management commentary

- **Domestic outlook:** The replacement segment is expected to record high single-digit growth, with TBR anticipated to be in line with the overall GDP growth. The 2W segment is expected to grow by 7-8%, and the PV segment is projected to grow modestly, ranging from 0% to low single digits. For the OEM segment, the MHCV segment is expected to stay flat or grow in low single digits, while the PV segment is expected to grow by 6-8% and the 2W segment is expected to perform well initially, but growth may slow as the year progresses.
- **International business outlook:** In the export markets, demand for Agri Radial and Off-Highway tyres is expected to remain strong in the EU, Africa, and LATAM. Exports of OHT to the US dropped to nil by 2Q end due to the sharp tariff hike, while exports of PV and TBR continued to perform well. Non-specialty business was strong on the back of growth in the EU and Africa regions. EU region remains the most profitable with the strongest potential (largely in PV segment).
- **Guidance on input costs:** 2Q input costs fell 5% QoQ. 3Q input costs are expected to remain in a similar range QoQ.
- **Update on Camso:** Currently sales are done through a sales and supply agreement with Michelin, which is expected to shift to direct supply to customers over the next 3-4 quarters. CEAT would continue to procure semi-finished goods from Michelin for another 5-6 quarters until the complete value chain is established by CEAT. Capacity utilization at Camso currently stands at ~50%. Over the medium term, the business is expected to be margin-accretive.
- **Update on capex and debt:** In 2Q, the company spent INR1.85b on capex, with 1H capex totaling INR4.2b. Investments in Camso stood at INR2.4b for trademarks and patents. FY26 capex guidance was maintained at INR10b, and total debt stands at INR29.4b, with a debt/EBITDA of 1.8x and Debt/Equity at 0.64x.

### Valuation and view

The GST rate cut is expected to boost tyre demand in the replacement and OEM segments. Further, benign input costs would help to maintain margins for the core business. While the recent Camso acquisition is expected to take time to be earnings accretive, we remain positive on the long-term benefits that this acquisition can deliver for the group. **Hence, we reiterate our BUY rating on the stock with a TP of INR4,523 (based on ~20x Sep'27E EPS).**

Consolidated - Quarterly Earnings Model										(INR M)		
Y/E March	FY25					FY26E				FY25	FY26E	2QFY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>31,928</b>	<b>33,045</b>	<b>32,999</b>	<b>34,206</b>	<b>35,294</b>	<b>37,727</b>	<b>39,322</b>	<b>39,917</b>	<b>1,32,179</b>	<b>1,52,259</b>	<b>36,350</b>	
YoY Change (%)	8.8	8.2	11.4	14.3	10.5	14.2	19.2	16.7	10.7	15.2	10.0	
RM cost (%)	60.8	62.6	63.2	62.5	63.2	59.1	59.5	59.5	62.3	60.3	62.0	
Employee cost (%)	6.1	6.6	6.5	6.6	6.4	6.9	7.0	7.2	6.5	6.9	6.2	
Other expenses (%)	21.1	19.8	20.0	19.5	19.4	20.6	20.4	20.2	20.1	20.2	20.0	
<b>EBITDA</b>	<b>3,829</b>	<b>3,623</b>	<b>3,409</b>	<b>3,881</b>	<b>3,877</b>	<b>5,034</b>	<b>5,151</b>	<b>5,249</b>	<b>14,741</b>	<b>19,311</b>	<b>4,289</b>	
Margins (%)	12.0	11.0	10.3	11.3	11.0	13.3	13.1	13.1	11.2	12.7	11.8	
Depreciation	1,318	1,371	1,415	1,523	1,514	1,739	1,894	1,912	5,627	7,059	1,525	
Interest	619	665	751	744	821	870	1,050	1,062	2,778	3,802	850	
Other Income	62	35	34	45	47	39	25	29	176	140	45	
<b>PBT before EO expense</b>	<b>1,954</b>	<b>1,622</b>	<b>1,278</b>	<b>1,659</b>	<b>1,590</b>	<b>2,464</b>	<b>2,232</b>	<b>2,304</b>	<b>6,512</b>	<b>8,590</b>	<b>1,959</b>	
Exceptional item	-75	0	0	370	33	0	0	0	-296	0	0	
<b>PBT</b>	<b>2,029</b>	<b>1,621</b>	<b>1,278</b>	<b>1,288</b>	<b>1,558</b>	<b>2,464</b>	<b>2,232</b>	<b>2,304</b>	<b>6,808</b>	<b>8,590</b>	<b>1,959</b>	
Tax Rate (%)	26.6	28.6	28.3	27.6	26.9	27.6	25.5	25.3	25.3	26.2	27.0	
Minority Int. & Profit of Asso. Cos.	-53	-61	-55	-63	14	-72	-63	-63	-231	-185	15	
<b>Reported PAT</b>	<b>1,542</b>	<b>1,219</b>	<b>971</b>	<b>995</b>	<b>1,125</b>	<b>1,857</b>	<b>1,726</b>	<b>1,784</b>	<b>5,319</b>	<b>6,524</b>	<b>1,415</b>	
<b>Adj PAT</b>	<b>1,486</b>	<b>1,219</b>	<b>971</b>	<b>1,267</b>	<b>1,149</b>	<b>1,857</b>	<b>1,726</b>	<b>1,784</b>	<b>5,101</b>	<b>6,524</b>	<b>1,415</b>	
YoY Change (%)	3	-41	-46	-16	-23	52	78	41	-26	28	16.1	

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	INMART IN
Equity Shares (m)	60
M.Cap.(INRb)/(USDb)	140.7 / 1.6
52-Week Range (INR)	3076 / 1835
1, 6, 12 Rel. Per (%)	-10/-1/-27
12M Avg Val (INR M)	520

#### Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	15.6	17.8	20.0
EBITDA	5.1	5.8	6.6
Adj. PAT	4.9	5.7	6.6
Adj. EPS (INR)	81.9	93.7	109.1
Adj. EPS Gr. (%)	-11%	14%	16%
BV/Sh. (INR)	431.6	493.3	532.2
<b>Ratios</b>			
RoE (%)	20.7	20.3	21.3
RoCE (%)	23.0	22.3	23.1
Payout (%)	14.8	33.2	64.3
<b>Valuations</b>			
P/E (x)	28.6	25.0	21.5
P/BV (x)	5.4	4.8	4.4

#### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	49.2	49.2	49.2
DII	15.3	15.5	11.8
FII	19.3	19.0	23.4
Others	16.3	16.3	15.6

FII Includes depository receipts

**CMP: INR2,344** **TP: INR2,900 (+24%)** **Buy**

#### Battling in familiar waters

##### Churn in silver accounts continues

- IndiaMART (INMART) reported 2QFY26 revenue growth of 12% YoY vs. our estimate of 9.5% YoY growth. Deferred revenue rose 17% YoY to INR17.5b. EBITDA margin was down ~260bp QoQ to 33.2%, in line with our estimate of 34%. PAT stood at INR830m, down 39% YoY, below our estimate of INR1,176m due to lower other income.
- For 1HFY26, revenue/EBITDA grew 12.4%/3.6% and PAT declined 5.2% YoY. We expect revenue to grow 13%, whereas EBITDA/PAT would decline 0.5%/9.0% in 2HFY26. **We reiterate our BUY rating on the stock, citing undemanding valuations, with a TP of INR2,900.**

#### Our view: Gold and platinum account cohorts anchor stability

- Collections slightly soft; deferred revenue steady:** Standalone collections grew 7% YoY to INR3.6b, reflecting some softness sequentially due to seasonality and the impact of the Silver-tier price hike. Deferred revenue, however, remained steady, rising 17% YoY to INR17.5b. We believe the overall deferred-revenue trajectory remains healthy due to resilience in gold-platinum premium cohorts even as near-term collection trends stay modest.
- ARPU growth consistent; silver churn to stay elevated in near term:** ARPU grew 7% YoY, continuing its long-term 7-8% CAGR despite subdued supplier additions in recent years. Management implemented a ~10% price hike for Silver plans (first since 2019), which we think could lead to a temporary dip in new additions and retention over the next couple of quarters. Churn in Silver accounts remained elevated (~7% monthly), while Gold/Platinum churn was stable (~1%). We continue to view ARPU as the key near-term growth lever while the supplier base expansion remains gradual. We have accordingly built in 8% growth for FY26.
- Several initiatives underway to address churn:** INMART continues to refine its platform to improve buyer-supplier interactions. Key initiatives include requiring buyers to provide more detailed inquiries (enhancing lead quality), localizing search to city-level listings, and reducing seller competition per buyer. While these measures have yet to materially reflect in churn data, we believe they lay the foundation for improved supplier satisfaction and retention over time.
- Margins impacted by one-offs:** EBITDA margin stood at 33.2%, down 260bp QoQ, primarily due to one-off ESOP-related expenses (~INR900m grant spread over 1Q-2Q) and a fair valuation charge (~INR160m) on investment. Core margins, otherwise, remained stable. We factor in stable performance marketing spends of INR80-100m per quarter (focused on demand generation in top categories), which could keep margins in the 32-33% range through FY26. Management remains focused on RoI and intends to recalibrate spending based on outcomes.

### Valuation and changes to our estimates

- We continue to view INMART as a key beneficiary of the growing technology adoption by India's MSME universe and the ongoing shift toward a formalized ecosystem. We keep our estimates largely unchanged. We expect INMART to deliver a 13% revenue CAGR over FY25-27. We estimate the EBITDA margin at 32.6%/32.8% for FY26/FY27.
- Currently, INMART is trading at an undemanding valuation, in our view, as the valuations reflect uncertainties surrounding the churn rate, product-market fit, and subscriber growth. We value INMART on a DCF basis to arrive at our TP of INR2,900, assuming 11.5% WACC and 6% terminal growth. **Reiterate BUY.**

### Beat on revenues and margins in-line; ARPU rises 7% YoY

- 2Q revenue of INR3.9b grew 12% YoY vs. our estimate of 9.5%.
- Collections stood at INR4.0b (+14% YoY). Deferred revenue rose 17% YoY to INR17.5b.
- It added 4k paying subscribers QoQ (one of the highest additions in recent quarters). ARPU grew 7% YoY to INR65k.
- EBITDA margin was 33.2%, down 260bp QoQ in line with our estimate of 34.0%.
- PAT was INR830m, down 39% YoY, below our estimate of INR1,176m due to lower other income.
- Traffic grew 3% YoY to 296m. The total number of suppliers on the platform stood at 8.6m, up 6% YoY.
- Total cash and investments stood at INR28.7b.

### Highlights from the management commentary

- Collections stood at INR4.0b, up 14% YoY, while deferred revenue rose 17% YoY to INR17.5b.
- Traffic growth was 3% YoY, though the company plans to discontinue reporting this KPI in the next quarter due to data reliability concerns. Automated bot activity, especially from Chinese and Russian sources, has made it increasingly difficult to distinguish genuine user traffic from web-scraped data.
- Total paying suppliers are 222,000, with 2.8k net additions during the quarter, excluding a one-time addition of 1,200 suppliers resulting from a streamlined onboarding process for Silver clients.
- The supplier onboarding process has been fully digitized. Earlier, sales teams manually collected payments and waited for GST verification before activation—typically a 5-7-day delay. Now, real-time verification enables instant activation upon payment (about 80% of which are now online). The pilot launched in Delhi-NCR has been scaled nationwide.
- Gold and Platinum customers continue to exhibit strong upsell and retention rates.
- Other income declined, impacted by mark-to-market (MTM) losses on the company's treasury portfolio amid rising bond yields. Over the longer term, treasury income is expected to remain in the 6-7% range.
- Performance marketing spends totaled INR60m (INR6cr) in the quarter, focused on the top 10-15 categories. Initial results have been encouraging, and the company plans to maintain a budget of INR80-100m (INR8-10cr) per quarter going forward.

### Valuation and view

- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in digitization among SMEs, 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We value INMART on a DCF basis to arrive at our TP of INR2,900, assuming 11.5% WACC and 6% terminal growth. **Reiterate BUY.**

### Consolidated - Quarterly Earning Model

Y/E March	(INR m)											
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E	Estimate	Var.
1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E	Estimate	Var.	
<b>Gross Sales</b>	<b>3,313</b>	<b>3,477</b>	<b>3,543</b>	<b>3,551</b>	<b>3,721</b>	<b>3,910</b>	<b>3,981</b>	<b>4,019</b>	<b>13,884</b>	<b>15,631</b>	<b>3,807</b>	<b>2.7</b>
YoY Change (%)	17.4	18.0	16.0	12.8	12.3	12.5	12.4	13.2	16.0	12.6	9.5	300bp
<b>Total Expenditure</b>	<b>2,120</b>	<b>2,130</b>	<b>2,160</b>	<b>2,248</b>	<b>2,390</b>	<b>2,610</b>	<b>2,706</b>	<b>2,776</b>	<b>8,658</b>	<b>10,481</b>	<b>2,511</b>	<b>3.9</b>
<b>EBITDA</b>	<b>1,193</b>	<b>1,347</b>	<b>1,383</b>	<b>1,303</b>	<b>1,331</b>	<b>1,300</b>	<b>1,275</b>	<b>1,243</b>	<b>5,226</b>	<b>5,149</b>	<b>1,296</b>	<b>0.3</b>
Margins (%)	36.0	38.7	39.0	36.7	35.8	33.2	32.0	30.9	37.6	32.9	34.0	-80bp
Depreciation	81	82	83	83	69	72	85	85	329	311	89	-19
Interest	20	19	18	17	10	7	7	7	74	31	10	-30
Other Income	532	655	449	1,090	924	102	651	677	2,726	2,355	517	-80
<b>PBT before EO expense</b>	<b>1,624</b>	<b>1,901</b>	<b>1,731</b>	<b>2,293</b>	<b>2,176</b>	<b>1,323</b>	<b>1,834</b>	<b>1,829</b>	<b>7,549</b>	<b>7,162</b>	<b>1,714</b>	<b>-22.8</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,624</b>	<b>1,901</b>	<b>1,731</b>	<b>2,293</b>	<b>2,176</b>	<b>1,323</b>	<b>1,834</b>	<b>1,829</b>	<b>7,549</b>	<b>7,162</b>	<b>1,714</b>	<b>-22.8</b>
Tax	374	422	380	380	504	359	404	402	1,556	1,669	397	-10
Rate (%)	23.0	22.2	22.0	16.6	23.2	27.1	22.0	22.0	20.6	23.3	23.2	400bp
Minority Interest & Profit/Loss of Asso. Cos.	112	127	141	111	141	134	134	134	491	543	141	
<b>Reported PAT</b>	<b>1,138</b>	<b>1,352</b>	<b>1,210</b>	<b>1,802</b>	<b>1,531</b>	<b>830</b>	<b>1,297</b>	<b>1,292</b>	<b>5,502</b>	<b>4,950</b>	<b>1,176</b>	<b>-29.4</b>
<b>Adj PAT</b>	<b>1,138</b>	<b>1,352</b>	<b>1,210</b>	<b>1,802</b>	<b>1,531</b>	<b>830</b>	<b>1,297</b>	<b>1,292</b>	<b>5,502</b>	<b>4,950</b>	<b>1,176</b>	<b>-29.4</b>
YoY Change (%)	34.0	95.7	48.5	80.4	34.5	-38.6	7.2	-28.3	64.0	-10.0	-13.0	-2560bp
Margins (%)	34.3	38.9	34.2	50.7	41.1	21.2	32.6	32.2	39.6	31.7	30.9	-970bp

### Key Perform. Indicators

Y/E March	FY25						FY25
	1Q	2Q	3Q	4Q	1Q	2Q	
<b>Revenue Indicators</b>							
Paid Suppliers ('000)	216.0	218.0	214.0	217.0	218.0	222.0	217.0
ARPU ('000)	58.4	60.8	62.9	62.0	64.0	65.0	61.0
<b>Cost Indicators</b>							
Employees	5,729	5,923	5,973	6,102	6,315	6,477	6,102
Other Expenses ( INR M)	460	440	470	498	590	900	1,868

# India Cements

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	121.6 / 1.4
52-Week Range (INR)	413 / 239
1, 6, 12 Rel. Per (%)	-5/28/4
12M Avg Val (INR M)	393

## Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	45.0	49.3	54.3
EBITDA	3.4	5.4	8.5
Adj. PAT	-0.4	1.2	3.5
EBITDA Margin (%)	7.5	11.0	15.6
Adj. EPS (INR)	-1.2	3.8	11.3
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	309	313	324

## Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	-0.4	1.2	3.5
RoCE (%)	0.6	2.1	4.1
Payout (%)	0.0	0.0	0.0

## Valuations

P/E (x)	n/m	102.7	34.8
P/BV (x)	1.3	1.3	1.2
EV/EBITDA(x)	40.1	24.8	15.7
EV/ton (USD)	106	107	105
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	81.5	81.5	28.4
DII	5.8	3.7	5.9
FII	3.0	4.9	17.6
Others	9.8	9.9	48.1

FII Includes depository receipts

**CMP: INR393** **TP: INR300 (-24%)** **Sell**

## EBITDA above est.; steady progress in brand transition

- India Cements (ICEM) reported an EBITDA of INR814m (24% beat) in 2QFY26 vs. an operating loss of INR1.6b in 2QFY25. The improvement in profitability was led by strong cost-control measures, as opex/t dipped ~17% YoY in 2Q. Sales volume grew ~6% YoY to 2.4mt (~6% beat). The company reported a net loss of INR69m (est. loss of INR257m) vs. a loss of INR2.5b in 2QFY25.
- Management highlighted that the brand transition from ICEM to UTCEM is progressing well, with 31% of volumes under the UTCEM brand, which is likely to increase to 40% by the end of Dec'25. It reiterated that the company would achieve an EBITDA/t of INR1,000 and a net debt-to-EBITDA ratio of ~0.5x by FY28E.
- Recently, ICEM exited the coal assets held in Indonesia, and the proceeds will help to reduce its debt level. The company raised ICEM's capacity through debottlenecking by 0.3mtpa, and it will further increase capacity by 2.8mtpa by FY27E through debottlenecking and brownfield expansions.
- We maintain our EBITDA estimates for FY26-FY28. We value ICEM at an EV/t of USD80 to arrive at our TP of INR320. **Reiterate Sell.**

## Opex/t dips 17% YoY/2% QoQ; EBITDA/t at INR334 (est. INR283)

- ICEM's revenue increased ~10% YoY to INR11.2b in 2QFY26 (~5% beat). Sales volume increased ~6% YoY/12% QoQ to 2.4mt. Realization improved ~4% YoY (down ~3% QoQ; 1% below our estimates). It reported EBITDA of INR814m vs. an operating loss of INR1.6b in 2QFY26.
- ICEM's opex/t dipped 17%/2% YoY/QoQ (~2% below our est.), due to cost reduction initiatives across parameters. Variable cost/other expenses/freight cost per ton declined 9%/24%/23% YoY. Employee costs declined 39%/7% YoY/QoQ. EBITDA/t stood at INR334 vs. our estimate of INR292.
- In 1HFY26, ICEM's revenue grew ~8% YoY. It posted EBITDA of INR1.6b vs. an operating loss of INR1.9b in 1HFY25. Net loss stood at INR206m vs. INR4.0b in 1HFY25. Operating cash outflow was at INR1.95b (due to a rise in working capital) vs. OCF of INR602m in 1HFY25. Capex was INR571m vs. INR465m in 1HFY25. Net cash outflow was INR2.5b vs. FCF of INR140m in 1HFY25.

## Key highlights from the management commentary

- The company's average capacity utilization stood at ~65% in 2QFY26 vs. ~61% in 1QFY26. The trade mix improved to ~68% vs. ~55% in 1QFY26, and direct sales increased to ~70% from ~66% in 1QFY26.
- The Board approved a capex of INR20b over the next two years, of which INR15.7b is towards modernization works and INR4.4b towards a capacity expansion of 2.8mtpa in a high-performance market. It is likely to deliver an IRR of +20%. Capex will be funded through a mix of debt and internal accruals.
- It is investing heavily in renewable energy (WHRS + other RE) and targeting RE power share to 80% by FY28 from 5% currently. It is targeting to increase WHRS capacity to 30MW by FY27-28E vs. 9MW currently and other renewable power capacity to 212MW by FY27-28E from 20MW at present.

### Valuation and view

- Following its acquisition by UTCEM in 4QFY25, ICEM implemented significant cost control measures, reducing opex/t QoQ over the past three consecutive quarters (down ~19% and INR992/t in the last quarters) through savings across key cost heads. The company is investing in enhancing productivity and energy efficiency, increasing the green power share, and digitization initiatives.
- We estimate the company's revenue CAGR at ~10% over FY25-28, led by a volume/realization CAGR of ~8%/2%. We expect the company to achieve EBITDA/t of INR344/517/746 in FY26/27/FY28. We value ICEM at an EV/t of USD80 and arrive at our TP of INR320. **Reiterate Sell.**

### Standalone quarterly performance

Y/E March									(INR b)		
	FY25				FY26				FY25	FY26E	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Var.	(%)
Sales Volumes (mt)	2.0	2.3	2.1	2.6	2.2	2.4	2.3	2.8	9.0	9.8	2.3
Change (YoY %)	(26.4)	(2.9)	5.0	8.4	11.2	6.0	12.4	5.6	(5.0)	8.5	6
<b>Realization (INR/ton)</b>	<b>4,954</b>	<b>4,416</b>	<b>4,333</b>	<b>4,535</b>	<b>4,700</b>	<b>4,578</b>	<b>4,539</b>	<b>4,639</b>	<b>4,549</b>	<b>4,613</b>	<b>4,618</b>
Change (YoY %)	(5.2)	(14.4)	(20.5)	(11.3)	(5.1)	3.7	4.7	2.3	(13.0)	1.4	4.6
Change (QoQ %)	(3.1)	(10.9)	(1.9)	4.6	3.7	(2.6)	(0.9)	2.2			(1.8)
<b>Net Sales</b>	<b>9.7</b>	<b>10.2</b>	<b>9.0</b>	<b>12.0</b>	<b>10.2</b>	<b>11.2</b>	<b>10.6</b>	<b>12.9</b>	<b>40.9</b>	<b>45.0</b>	<b>10.7</b>
Change (YoY %)	(30.3)	(16.8)	(16.5)	(3.9)	5.5	9.9	17.7	8.1	(17.3)	10.0	5.0
<b>EBITDA</b>	<b>(0.3)</b>	<b>(1.6)</b>	<b>(1.9)</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>	<b>(3.8)</b>	<b>3.4</b>	<b>0.7</b>
Change (YoY %)	NM										
Margin (%)	(3.2)	(16.1)	(20.9)	0.0	8.0	7.3	4.4	9.7	(9.4)	7.5	6.1
Depreciation	0.6	0.5	0.6	0.7	0.7	0.7	0.8	0.8	2.4	3.0	0.8
Interest	0.8	0.7	0.7	0.5	0.3	0.3	0.3	0.3	2.8	1.3	0.3
Other Income	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.5	0.5	0.1
<b>PBT before EO expense</b>	<b>(1.6)</b>	<b>(2.8)</b>	<b>(3.1)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>0.3</b>	<b>(8.5)</b>	<b>(0.5)</b>	<b>(0.3)</b>
Extra-Ord. expense	(2.4)	(0.1)	1.9	0.0	-	-	-	-	(0.5)	-	-
<b>PBT</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(5.0)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>0.3</b>	<b>(7.9)</b>	<b>(0.5)</b>	<b>(0.3)</b>
Tax	0.0	(0.3)	(0.7)	(0.3)	(0.0)	(0.0)	(0.1)	0.1	(1.3)	(0.1)	(0.1)
Rate (%)	1.7	12.6	13.7	25.2	15.3	39.4	25.0	25.2	16.0	25.0	18.0
<b>Reported PAT</b>	<b>0.8</b>	<b>(2.4)</b>	<b>(4.3)</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(6.7)</b>	<b>(0.4)</b>	<b>(0.3)</b>
Tax	-	-	-	-	-	-	-	-	-	-	-
<b>Adj. PAT</b>	<b>(1.6)</b>	<b>(2.5)</b>	<b>(2.6)</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(7.4)</b>	<b>(0.4)</b>	<b>(0.3)</b>
Change (YoY %)	NM										
Margin (%)	(16.4)	(24.2)	(29.3)	(6.2)	(1.3)	(0.6)	(3.5)	1.7	(18.2)	(0.8)	(2.4)
<b>Per tonne analysis</b>											(INR/t)
RM Cost	951	982	1,052	860	725	1,057	920	883	955	900	700
Employee Expenses	461	410	418	255	284	236	258	230	418	250	281
Power, Oil, and Fuel	1,826	1,843	1,916	1,801	1,741	1,504	1,680	1,681	1,844	1,650	1,720
Freight cost	1,067	1,060	1,041	922	915	812	840	854	1,017	854	925
Other Expenses	808	834	810	695	659	636	641	542	741	615	708
<b>Total Expense</b>	<b>5,112</b>	<b>5,128</b>	<b>5,237</b>	<b>4,533</b>	<b>4,324</b>	<b>4,245</b>	<b>4,339</b>	<b>4,190</b>	<b>4,975</b>	<b>4,270</b>	<b>4,334</b>
EBITDA	(158)	(712)	(904)	2	376	334	199	449	-426	344	283
YoY (%)	NM	18									

Estimate change	
TP change	
Rating change	

Bloomberg	PVRINOX IN
Equity Shares (m)	98
M.Cap.(INRb)/(USDb)	106.7 / 1.2
52-Week Range (INR)	1658 / 826
1, 6, 12 Rel. Per (%)	-6/5/-36
12M Avg Val (INR M)	584

**Financials & Valuations (INR b)**

Y/E March	2026E	2027E	2028E
Sales	67.9	74.7	82.4
EBITDA	8.9	9.7	10.9
Adj. PAT	2.5	3.0	3.9
EBITDA Margin (%)	13.0	13.0	13.2
Adj. EPS (INR)	25.1	31.0	39.3
EPS Gr. (%)	-262.6	23.6	26.5
BV/Sh. (INR)	743.2	774.2	813.5
<b>Ratios</b>			
Net D:E	1.0	0.9	0.7
RoE (%)	3.4	4.1	4.9
RoCE (%)	4.4	5.0	5.8
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	39.8	32.2	25.5
P/BV (x)	1.3	1.3	1.2
EV/EBITDA (x)	13.0	11.4	9.5
Div Yield (%)	0.0	0.0	0.0

**Shareholding pattern (%)**

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

FII Includes depository receipts

**CMP:INR1,087**
**TP: INR1,245 (+14% )**
**Neutral**
**Continued momentum at box office drives strong 2Q**

- PVR-INOX (PVR) maintained its strong momentum from 1Q, with footfalls improving 15% YoY, driven by a steady and diverse slate of films across languages and scales as 12 movies crossed the INR1b mark in 2QFY26.
- Occupancy rose to 28.7%, driven by quality content and footfall-enhancing initiatives, which helped PVR deliver the best quarter in terms of revenue, EBITDA and profitability in the last two years.
- Pre-INDAS EBITDA rose 64% YoY to INR3.1b (**10% beat**), driven by operating leverage as margin expanded to **16.8%** (up 530bp YoY).
- Backed by a strong content slate across languages and tactical levers such as 'Blockbuster Tuesday', re-releases, event streaming, etc., PVR management expects 2H to match if not better the 1H performance.
- Despite momentum in recent quarters, we note that PVR's business remains highly sensitive to occupancy, which is dependent on quality and consistency of content, a factor largely outside the company's control. While management remains optimistic about the FY26 content pipeline, even a 200-300bp decline in occupancy could materially impact screen-level economics and EBITDA performance, posing downside risk to our current estimates.
- Our FY26-28E revenue and EBITDA estimates are broadly unchanged. We **Reiterate our Neutral rating with a TP of INR1,245**, premised on 12x pre-Ind-AS 116 Dec'27E EBITDA.

**Recovery continues with improvement in box-office collections**

- Consolidated revenue grew 12% YoY (+24% QoQ) to INR18.2b (in line), the highest in last two years, driven by the recovery in box office (with 12 films crossing INR1b mark in 2Q).
- **Ticketing revenue** at INR9.8b (+35% QoQ) was up 17% YoY, driven by sharp recovery in occupancy to 28.7% (vs. 25.7% YoY, 22% QoQ), while ATP grew by a modest ~2% YoY to INR262 (+3% QoQ).
- **F&B revenue** at INR5.9b (+20% QoQ) grew 12% YoY, largely driven by 15% YoY (+31% QoQ) jump in overall admits to 44.5m, while spends per head (SPH) declined 1.5% YoY to INR134 (-10% QoQ) due to discounted offerings and religious/youth-focused movies doing better during 2Q.
- **Ad revenue** grew 15% YoY (+15% QoQ) to INR1.26b, the highest in any 2Q since the pandemic.
- Pre-IND AS 116 EBITDA jumped 64% YoY (+3.2x QoQ) to INR3.1b.
- **Movie exhibition** cost at INR4.3b (+30% YoY) came in at ~43% as a percentage of ticketing revenue (vs. 39% QoQ and YoY).
- **F&B COGS** at INR1.3b (-2%YoY) came in at ~22.3% of F&B sales (205bp lower QoQ, 25.4% YoY).
- Reported PAT grew 5.7x YoY to INR1.27b (vs. est. of INR1.04b).
- PVR generated OCF of INR4.7b (up ~40% YoY), driven by improved profitability and favorable WC movement. PVR incurred capex of INR1.35b in 1HFY26 (-34% YoY), which led to FCF generation of INR3.3b (vs. INR1.3b/INR3.3b in 1HFY25/FY25).
- Net debt fell by ~INR3.3b in 1HFY26 to INR6.2b, the lowest since the merger.

## Highlights from the management commentary

- **Box-office trends:** The momentum seen in 1Q further accelerated in 2Q for a remarkable 1H, led by strong performance across Bollywood, Hollywood and regional films. Twelve films crossed the INR1b mark in 2Q (22 in 1H), with films such as *Saiyaara* (INR4b) and *Mahavtar Narasimha* (INR3b) emerging as blockbusters on the back of quality content. Hollywood recovery continued with box-office collections crossing the ~INR5b mark. Kannada box-office grew 100% YoY, while Malayalam saw 50% YoY jump, rounding off an all-round performance.
- **Box-office outlook:** 3Q, which is typically the biggest quarter for PVR driven by festive releases, started on a strong note with *Kantara 2* crossing INR5b and a host of big-ticket movie releases such as *Thamma*, *De De Pyaar De 2*, *Dhurandhar*, and *Avatar: Fire and Ash* releasing in 3Q, followed by *Border 2*, *Raja Saab*, *Toxic*, *O'Romeo*, etc. in 4Q. Management expects 2H to deliver similar if not better performance as 1H.
- **Screen openings:** PVR opened 42 new screens and rationalized eight during 1H. The company plans to open ~100 new screens in FY26. PVR has signed up 132 screens under the capex-light mode (44: FOCO and 88: asset light), which would be opened over the next 18-24 months.
- **Lower SPH:** Management indicated that SPH was affected by the genres of movies doing well during 2Q – *Saiyaara*, attracted younger audiences, while *Mahavtar Narasimha* brought in religious crowd, who refrained from consuming food, given non-veg options are served at PVR. Further, there was some impact on SPH due to the discounted offerings on Tuesdays (15-17% of footfalls).

## Valuation and view

- A recovery in Hollywood collections and promising content slate bode well for PVR, given its skew toward premium screening formats.
- Initiatives such as Blockbuster Tuesdays, curated re-release, live sports screenings and weekday value meal offers are driving up footfalls, aiding weekday monetization. These targeted interventions reflect a strategic effort to smoothen occupancy volatility and enhance revenue per patron, particularly during non-peak periods.
- Nevertheless, PVR's business remains highly sensitive to occupancy, which is dependent on the quality and consistency of content, a factor largely outside the company's control. While management remains optimistic about the 2HFY26 content pipeline, even a 200-300bp decline in occupancy could materially impact screen-level economics and EBITDA performance, posing downside risk to our current estimates.
- Our FY26-28E revenue and EBITDA estimates are broadly unchanged. We **Reiterate our Neutral rating with a TP of INR1,245**, premised on 12x pre-Ind-AS 116 Dec'27E EBITDA.

Y/E March	Quarterly Performance								(INR m)		
	FY25				FY26E				FY25	FY26	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Est. Var	(%)
<b>Net Sales</b>	<b>11,907</b>	<b>16,221</b>	<b>17,173</b>	<b>12,498</b>	<b>14,691</b>	<b>18,230</b>	<b>20,146</b>	<b>14,827</b>	<b>57,799</b>	<b>67,894</b>	<b>18,100</b>
YoY Change (%)	-8.8	-18.9	11.1	-0.5	23.4	12.4	17.3	18.6	-5.4	17.5	11.6
<b>Total Expenditure</b>	<b>12,285</b>	<b>14,350</b>	<b>14,805</b>	<b>12,603</b>	<b>13,738</b>	<b>15,159</b>	<b>16,224</b>	<b>13,915</b>	<b>54,043</b>	<b>59,035</b>	<b>15,309</b>
<b>EBITDA</b>	<b>-378</b>	<b>1,871</b>	<b>2,368</b>	<b>-105</b>	<b>953</b>	<b>3,071</b>	<b>3,922</b>	<b>913</b>	<b>3,756</b>	<b>8,859</b>	<b>2,792</b>
YoY Change (%)	-146.8	-56.2	16.9	-975.0	-352.1	64.1	65.6	-969.2	-47.3	135.9	-219.8
Depreciation	1,164	1,266	1,194	1,212	1,123	1,157	1,209	1,276	4,836	4,765	1,209
Interest	451	489	490	453	440	410	441	474	1,883	1,765	441
Other Income	179	198	215	355	188	202	241	334	947	966	241
<b>PBT before EO expense</b>	<b>-1,814</b>	<b>314</b>	<b>899</b>	<b>-1,415</b>	<b>-422</b>	<b>1,706</b>	<b>2,514</b>	<b>-503</b>	<b>-2,016</b>	<b>3,294</b>	<b>1,383</b>
Extra-Ord expense	0	0	0	0	0	-2	0	0	0	0	0
<b>PBT</b>	<b>-1,814</b>	<b>314</b>	<b>899</b>	<b>-1,415</b>	<b>-422</b>	<b>1,708</b>	<b>2,514</b>	<b>-503</b>	<b>-2,016</b>	<b>3,294</b>	<b>1,383</b>
Tax	(448)	90	217	(359)	-88	439	633	-154	-500.0	829.2	348
Rate (%)	24.7	28.7	24.1	25.4	20.9	25.7	25.2	30.7	24.8	25.2	0.3
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>-1,366</b>	<b>224</b>	<b>682</b>	<b>-1,056</b>	<b>-334</b>	<b>1,269</b>	<b>1,881</b>	<b>-349</b>	<b>-1,516</b>	<b>2,465</b>	<b>1,035</b>
<b>Adj PAT</b>	<b>-1,366</b>	<b>224</b>	<b>682</b>	<b>-1,056</b>	<b>-334</b>	<b>1,265</b>	<b>1,881</b>	<b>-349</b>	<b>-1,516</b>	<b>2,465</b>	<b>1,035</b>
YoY Change (%)	209.8	-89.2	65.5	17.2	-75.5	464.7	175.8	-67.0	n/m	n/m	362.0

#### Valuation summary

Particulars	Valuation
EBITDA Dec'27E (INR b)	10.6
Multiple (x)	12.0
EV (INR b)	126.9
Net Debt (INR b)	4.9
Target Market cap (INR b)	122.0
No. of shares	0.1
<b>Target Price (INR)</b>	<b>1,245</b>
<b>CMP (INR)</b>	<b>1,093</b>
Upside	13.9%

Source: MOFSL, Company

# Sapphire Foods

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	SAPPHIRE IN
Equity Shares (m)	321
M.Cap.(INRb)/(USDb)	92.9 / 1.1
52-Week Range (INR)	375 / 242
1, 6, 12 Rel. Per (%)	-12/-13/-21
12M Avg Val (INR M)	219

## Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	31.9	36.2	40.8
Sales Gr. (%)	10.7	13.6	12.7
EBITDA	4.6	5.9	6.8
Margins (%)	14.4	16.3	16.6
Adj. PAT	-0.1	0.6	1.0
Adj. EPS (INR)	-0.3	2.0	3.1
EPS Gr. (%)	-128.6	-806.6	54.6
BV/Sh.(INR)	43.2	45.3	48.4
<b>Ratios</b>			
RoE (%)	-0.7	4.6	6.7
RoCE (%)	3.1	5.9	7.1
<b>Valuations</b>			
P/E (x)	-1,013.3	143.4	92.8
P/BV (x)	6.7	6.4	6.0
EV/Sales (x)	2.8	2.5	2.2
Pre Ind-AS	42.8	28.1	23.3
EV/EBITDA (x)			

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	26.1	26.1	26.2
DII	37.3	37.9	37.1
FII	31.3	31.6	31.5
Others	5.4	4.5	5.2

FII includes depository receipts

**CMP: INR289**

**TP: INR350 (+21%)**

**Buy**

## Early festive season adds pressure

- Sapphire Foods India (SAPPHIRE) reported revenue growth of 7% YoY (in line) in 2QFY26, backed by a 10% YoY increase in store count. KFC sales grew 7% YoY and same-store sales declined 3% (in line). Excluding Navratri, sales grew 10% YoY with flat SSSG. Pizza Hut (PH) revenue declined 6% YoY as same-store sales declined 8% (est. -7%). PH in Tamil Nadu grew in double digits, backed by mass media advertising. PH saw 5% store additions. Sri Lanka posted healthy revenue growth of 23% YoY (+18% in LKR), driven by 14% LKR SSSG and 7% store growth.
- Gross margin contracted 100bp YoY (up 40bp QoQ) to 67.8% (in line). KFC ROM was down 270bp YoY at 13.8% (est. 13%), impacted by lower ADS (down 7% YoY to INR103k), operating deleverage, lower gross margin and higher delivery mix. PH ROM contracted 590bp YoY to -1.8%. However, excluding additional marketing investments, PH ROM was at a breakeven level. Sri Lanka ROM declined 10bp YoY to 15.4%. Consolidated restaurant EBITDA pre-Ind-AS fell 13% YoY to INR841m (beat) and margins declined 250bp YoY to 11.3% (12.1% in 1QFY26). Pre-Ind-AS EBITDA fell 7% YoY to INR548m and margins contracted 110bp to 7.4% (7.1% in 1QFY26).
- The recent GST reduction on input prices resulted in a marginal benefit of around 50bp. However, the company has not realized the benefit yet, as most of its inventory was procured at pre-revised rates. From 22nd Sep, the company passed on the benefit to consumers, adopting a selective approach by offering price reductions on 7-10 high-selling products across KFC and PH.
- The growth weakness with continuous contraction in store profitability is a big concern for QSR players. KFC ADS has dipped ~30% over the last three years and ROM contracted by ~700bp. SAPPHIRE is taking various steps to drive order growth. We model marginal growth in ADS for FY27, with improved store profitability. Although management commentary for recovery was muted, we will track if overall consumption drivers help in recovering dine-in demand. We reiterate our **BUY rating on the stock with a TP of INR350 (30x Sep'27E pre-IND-AS EV/EBITDA)**.

## In-line performance; early Navratri weighs on KFC

- In-line revenue growth:** Consolidated sales grew 7% YoY to INR7.4b (est: INR7.6b). KFC revenue grew 7% YoY to INR4.9b and same-store sales declined 3%. Excluding Navratri, sales grew 10% YoY with flat SSSG. Sales declined by 6% YoY to INR1.3b, with same-store sales down 8%. KFC ADS fell 7% YoY to INR103k, while PH ADS decreased 11% YoY to INR42k. PH Tamil Nadu, Sapphire's exclusive territory, saw double-digit revenue growth. Sri Lanka sales grew 23% YoY (+18% in LKR term) to INR1.3b and SSSG was 14%. ADS grew 17% YoY to INR109k.

- **Store additions on expected lines:** Store growth was 10% YoY in 2Q to 997 stores. It added net 23 stores during the quarter (19 KFC, 2 PH and 2 in Sri Lanka).
- **Weak operating margin:** Consolidated gross profit grew 5% YoY to INR5b (est. INR5.1b). GM contracted 100bp YoY to 67.8%. Reported EBITDA declined 9% YoY to INR1b (est. INR1b), while margins contracted 240bp YoY and 80bp QoQ to 13.8% (est. 13.2%). Consolidated ROM (pre Ind-AS) decreased 250bp YoY and 80bp QoQ to 11.3%. EBITDA pre-Ind AS contracted 110bp YoY but increased 30bp QoQ to 7.4%. SAPPHIRE reported a loss before tax amounting to INR166m.

### Highlights from the management commentary

- The recent GST reduction on input prices resulted in a marginal benefit of around 50bp. However, the company has not realized the benefit yet, as most of the inventory was procured at pre-revised rates. From 22nd Sep, the company passed on the benefit to consumers, adopting a selective approach by offering price reductions on 7-10 high-selling products across KFC and PH instead of across the entire portfolio.
- KFC's dine-in revenue share declined due to multiple factors: (1) the company's extended delivery operations between 11 p.m. and 2 a.m., with around 10-15% of stores remaining open till 5 a.m.; (2) a higher concentration of high-street stores, which witness stronger delivery footfalls; and (3) structurally lower mall dine-in footfalls after Covid.
- Dine-in mix improved to 50% in 2QFY26 vs. 48% in 2QFY25, supported by strong regional initiatives and improved customer engagement.
- In Sri Lanka, the company effectively managed the minimum wage increase implemented in 1QFY26 and maintained EBITDA margins above 15% in 2Q. The company said that it will sustain margins at the current level in India as well.

### Valuation and view

- We cut our EBITDA estimates by ~5% for FY27.
- KFC's store addition is expected to continue in FY26, while PH's store addition will be muted as management focuses on addressing ADS and profitability challenges within the current network.
- The company continues to face challenges in unit economics, with dine-in seeing more pressure than delivery. To drive recovery, SAPPHIRE focuses on driving product innovation, enhancing customer engagement, and strengthening value-led offerings. However, improvement in ADS and SSSG will be key monitorables, as they are essential for restoring unit-level profitability. The stock trades at 42x and 28x pre-Ind-AS EV/EBITDA on FY26E and FY27E, respectively. We reiterate our **BUY** rating on the stock with a TP of INR350 (30x Sep'27E pre-IND-AS EV/EBITDA).

Y/E March	FY25								FY26E		FY25	FY26E	FY26	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE	Var. (%)				
KFC - No. of stores	442	461	496	502	510	529	549	572	502	572	528			
PH - No. of stores	320	323	339	334	336	338	347	354	334	354	339			
KFC - SSSG (%)	-6.0	-8.0	-3.0	-1.0	0.0	-3.0	3.5	3.5	-4.0	1.0	-2.5			
PH - SSSG (%)	-7.0	-3.0	5.0	1.0	-8.0	-8.0	1.0	1.0	-1.0	-3.5	-7.0			
<b>Net Sales</b>	<b>7,183</b>	<b>6,957</b>	<b>7,565</b>	<b>7,113</b>	<b>7,768</b>	<b>7,424</b>	<b>8,471</b>	<b>8,233</b>	<b>28,819</b>	<b>31,897</b>	<b>7,567</b>	<b>-1.9</b>		
YoY change (%)	9.8	8.3	13.7	12.6	8.1	6.7	12.0	15.7	11.1	10.7	8.8			
<b>Gross Profit</b>	<b>4,927</b>	<b>4,786</b>	<b>5,189</b>	<b>4,848</b>	<b>5,235</b>	<b>5,031</b>	<b>5,811</b>	<b>5,548</b>	<b>19,750</b>	<b>21,663</b>	<b>5,122</b>	<b>-1.8</b>		
Margin (%)	68.6	68.8	68.6	68.2	67.4	67.8	68.6	67.4	68.5	67.9	67.7			
<b>EBITDA</b>	<b>1,242</b>	<b>1,120</b>	<b>1,343</b>	<b>1,062</b>	<b>1,129</b>	<b>1,021</b>	<b>1,273</b>	<b>1,165</b>	<b>4,768</b>	<b>4,587</b>	<b>997</b>	<b>2.4</b>		
EBITDA growth %	2.3	-2.7	10.3	3.2	-9.1	-8.9	-5.2	9.7	3.4	-3.8	-11.0			
Margin (%)	17.3	16.1	17.8	14.9	14.5	13.8	15.0	14.2	16.5	14.4	13.2			
Depreciation	904	881	1,005	850	920	972	1,105	1,052	3,639	4,049	969			
Interest	273	271	275	298	295	307	303	306	1,116	1,211	298			
Other Income	53	85	105	130	68	92	125	265	372	550	115			
<b>PBT</b>	<b>118</b>	<b>53</b>	<b>168</b>	<b>45</b>	<b>-18</b>	<b>-166</b>	<b>-10</b>	<b>72</b>	<b>384</b>	<b>-122</b>	<b>-155</b>			
Tax	36	1	41	-14	-1	-38	-3	11	64	-31	-39			
Rate (%)	30.8	2.2	24.3	-31.7	5.7	22.9	25.2	14.9	16.7	25.2	25.2			
<b>Adjusted PAT</b>	<b>82</b>	<b>52</b>	<b>127</b>	<b>59</b>	<b>-17</b>	<b>-128</b>	<b>-8</b>	<b>61</b>	<b>320</b>	<b>-92</b>	<b>-116</b>			
YoY change (%)	-67.1	-65.9	29.5	189.3	-121.2	-346.8	-106.0	4.0	-38.4	-128.6	-323.9			

E: MOFSL Estimates

# Shoppers Stop

Estimate change	
TP change	
Rating change	

Bloomberg	SHOP IN
Equity Shares (m)	110
M.Cap.(INRb)/(USDb)	56.9 / 0.6
52-Week Range (INR)	777 / 467
1, 6, 12 Rel. Per (%)	-8/-8/-35
12M Avg Val (INR M)	62

## Financials & Valuations Stand (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	48.0	50.8	54.1
EBITDA	7.7	8.3	9.0
Adj. PAT	0.2	0.0	-0.1
EBITDA Margin (%)	16.1	16.3	16.6
Adj. EPS (INR)	1.4	-0.4	-1.3
EPS Gr. (%)	127.4	-128.9	210.8
BV/Sh. (INR)	42.5	42.0	40.3
<b>Ratios</b>			
Net D:E	8.7	9.2	10.1
RoE (%)	4.4	-1.3	-4.0
RoCE (%)	6.2	5.7	5.4
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	400.3	n/a	n/a
EV/EBITDA (x)	12.0	11.4	10.7
EV/Sales (x)	1.9	1.9	1.8
Div. Yield (%)	0.0	0.0	0.0

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	65.5	65.5	65.6
DII	25.5	25.5	22.2
FII	3.1	3.1	7.4
Others	5.9	5.8	4.8

FII includes depository receipts

**CMP: INR517**

**TP: INR520 (+1%)**

**Neutral**

## Footfall recovery drives growth; profitability remains under pressure due to investments in new ventures

- Shoppers Stop's (SHOP) revenue growth accelerated to 10% YoY in 2QFY26 (vs. +6% YoY in 1Q), led by a 10-year high LFL of ~9.4% in departmental stores and ~70% YoY growth in INTUNE (driven primarily by store additions).
- Store additions remained muted, with four net store additions during the quarter. The scale-up in INTUNE has been slower than expected, with only seven store additions in 1HFY26 (well below management's revised guidance of 30-40 stores for FY26).
- Reported EBITDA grew 12% YoY (4% below), as operating leverage was offset by GM contraction and higher losses in new ventures (INTUNE, SSBeauty.in).
- SHOP's focus on premiumization and enhanced in-store experience through initiatives such as Personal Shopper is playing out favorably, with a 6% LFL in customer entry during 2QFY26, which improved further during the ongoing festive season (as highlighted in our recent channel checks).
- However, subdued profitability in SHOP's core segment (~3.4% pre-INDAS EBITDA margin), high losses, and muted store expansions in INTUNE remain key constraints to sustained growth recovery.
- Our FY26-28E EBITDA remains broadly unchanged, as the slower ramp-up in INTUNE was partly offset by an improved performance in the departmental stores segment. We build in FY25-28E revenue/EBITDA CAGR of 7%/9%.
- We value SHOP at 10x Dec'27E EV/EBITDA (implies ~26x Dec'27E pre-INDAS 116 EBITDA) to arrive at our revised TP of INR520. **Reiterate Neutral.**

## Strong growth in departmental format driven by footfall recovery

- Standalone revenue grew 10% YoY to INR11.7b (vs. 6% YoY in 1Q and our estimate of 8%), driven by improved performance by departmental stores.
- Departmental store has made a strong rebound, with the highest LFL in past 10 years at **~9.4%**. Premiumization continues to drive growth, with the premium mix rising 16% (LFL of 14% vs. ~9% departmental LFL).
- Private Brand's revenue grew 3% YoY to INR1.61b, with improved profitability.
- The Beauty segment's revenue at INR3.3b grew 22% YoY, with the Global SS Beauty (distribution) segment posting 2x YoY growth at INR1.06b.
- Store additions remained muted, with four net stores added during the quarter (seven opened and three closed). The respective store counts stand at: **Departmental: 111** (1 opened, 2 closed), **Beauty: 84** (3 opened, 1 closed), **INTUNE: 78** (3 opened), and **Home Stop: 10** (flat), bringing the total store count to 303.
- Gross profit rose 8% YoY to INR4.6b (in-line), as gross margins contracted ~65bp YoY to 39.2% (75bp miss).
- Employee costs/other expenses increased 8%/6% YoY.
- Reported EBITDA grew 12% YoY to INR1.6b (4% below), with margins at 14% (up ~20bp YoY, 80bp miss), as operating leverage offsets GM contraction.

- Pre-Ind-AS operating loss stood at INR20m (vs. a profit of INR30m/INR20m in 1QFY26/2QFY25).
- Profitability improved in the core segment, with pre-INDAS segment EBITDA (including other income) at INR460m (up 42% YoY). Segment EBITDA margin expanded ~80bp YoY to 3.4%.
- However, new ventures (INTUNE, SSBeauty.in) remain in the build-out phase, with losses doubling YoY to INR240m.
- Depreciation and interest costs rose 9%/11% YoY.
- Reported losses came in at INR227m (higher than our estimated loss of INR132m).
- Core working capital declined 1% YoY to INR3.4b, as the slightly higher inventory days (156 vs. 154 YoY) were offset by an increase in payables.
- OCF (after interest + leases) stood strong at INR1.07b (vs. INR368m YoY), led by a 14% increase in operating cash flows and working capital release of INR684m (vs. INR102m release in 1HFY25).
- Capex for 1H stood at INR714m (vs. INR0.9b in 1HFY25). As a result, FCF improved sharply to INR351m (vs. outflow of INR0.6b in 1HFY25).

#### INTUNE: Scale-up remains challenging; hoping to breakeven by end-FY27

- INTUNE revenue grew 70% YoY to INR0.7b, driven mainly by store additions, as LFL remained muted at 1%, albeit an improvement over decline in 1QFY26.
- The company added three INTUNE stores in 2Q, reaching 78 stores (seven stores opened in 1HFY26), and plans to add 13-15 stores in 2H. However, the scale-up of INTUNE has been significantly slower than management's revised guidance of 30-40 stores for FY26.
- Management is focused on strengthening supply chain, improving the look and feel of stores, and enhancing operational efficiency for weekly product drops.
- However, management does not expect store-level breakeven in INTUNE during FY26 and aims to reduce losses by half in 2HFY26, with hopes of reaching close to breakeven by end-FY27.

#### Highlights from the management commentary

- **Demand trends:** Despite sluggish discretionary demand amid GST-related disruptions and volatile macro situations, SHOP delivered strong LFL growth, driven by its focus on premiumization and enhanced shopping experience. Management indicated that during the ongoing festive season, customer entry further improved from ~6% LFL in 2Q, leading to a double-digit LFL.
- **Store additions:** SHOP opened four net stores in 2Q, with departmental stores seeing one net closure, as certain store additions were delayed due to external factors. The company plans to add five departmental and INTUNE stores each in 3QFY26.
- **INTUNE:** Store openings have tracking below management's revised guidance of 30-40 store openings, as the company focused on enhancing the supply chain and improving the look and feel of stores. As a result, LFL growth has shifted to a positive trajectory (from a high double-digit negative in 1Q).

### Valuation and view

- SHOP stands to benefit from the recent measures taken by the government to boost consumption, which has led to improved footfalls in malls during the ongoing festive season.
- However, for sustained growth, SHOP would require: 1) profitability improvement in the departmental format; 2) sustained high-growth in margin-accretive Beauty segment; and 3) profitable ramp-up in INTUNE, which has so far proven challenging.
- Our FY26-28E EBITDA remains broadly unchanged, as a slower ramp-up in INTUNE was partly offset by improved performance in departmental. We build in FY25-28E revenue/EBITDA CAGR of 7%/9%.
- We value SHOP at 10x Dec'27E EV/EBITDA (implies ~26x Dec'27E pre-INDAS 116 EBITDA) to arrive at our revised TP of INR520 (earlier INR510). **Reiterate Neutral.**

### Standalone - Quarterly Earnings summary

Y/E March	(INR m)											
									FY25	FY26	FY26 Est. Var	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2QE	(%)		
<b>Total Revenue from Operations</b>	<b>10,337</b>	<b>10,681</b>	<b>13,115</b>	<b>10,224</b>	<b>10,942</b>	<b>11,753</b>	<b>14,332</b>	<b>10,969</b>	<b>44,356</b>	<b>47,996</b>	<b>11,556</b>	<b>2</b>
YoY Change (%)	5.3	4.2	8.7	2.3	5.9	10.0	9.3	7.3	5.3	8.2	5.6	
Total Expenditure	8,916	9,213	10,715	8,530	9,280	10,113	11,712	9,160	37,374	40,265	9,848	3
<b>EBITDA</b>	<b>1,421</b>	<b>1,468</b>	<b>2,399</b>	<b>1,694</b>	<b>1,662</b>	<b>1,640</b>	<b>2,620</b>	<b>1,809</b>	<b>6,982</b>	<b>7,732</b>	<b>1,708</b>	<b>-4</b>
EBITDA Margin (%)	13.7	13.7	18.3	16.6	15.2	14.0	18.3	16.5	15.7	16.1	14.8	(82)
Depreciation	1,167	1,214	1,293	1,243	1,282	1,326	1,358	1,398	4,916	5,364	1,299	2
Interest	604	638	647	691	718	710	680	610	2,579	2,719	688	3
Other Income	35	97	223	174	100	95	234	127	530	556	102	-7
<b>PBT before EO expense</b>	<b>-314</b>	<b>-286</b>	<b>682</b>	<b>-66</b>	<b>-238</b>	<b>-302</b>	<b>817</b>	<b>-72</b>	<b>16</b>	<b>205</b>	<b>-177</b>	<b>-71</b>
Extra-Ord expense	0	-21	0	21	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-314</b>	<b>-307</b>	<b>682</b>	<b>-45</b>	<b>-238</b>	<b>-302</b>	<b>817</b>	<b>-72</b>	<b>16</b>	<b>205</b>	<b>-177</b>	<b>-71</b>
Tax	-89	-87	195	-70	-59	-75	206	-18	-52	52	-45	
Rate (%)	28.4	28.3	28.5	154.5	24.9	24.9	25.2	25.2	-328.7	25.2	25.2	
<b>Reported PAT</b>	<b>-225</b>	<b>-220</b>	<b>488</b>	<b>25</b>	<b>-179</b>	<b>-227</b>	<b>611</b>	<b>-54</b>	<b>67</b>	<b>152</b>	<b>-132</b>	<b>-71</b>
<b>Adj PAT</b>	<b>-225</b>	<b>-199</b>	<b>488</b>	<b>4</b>	<b>-179</b>	<b>-227</b>	<b>611</b>	<b>-54</b>	<b>67</b>	<b>152</b>	<b>-132</b>	<b>-71</b>
YoY Change (%)	-250.7	-482.6	37.2	-91.2	-20.5	13.7	25.3	-1,385.6	-88.9	125.0	-26.0	

E: MOFSL Estimates

### Valuation based on Dec'27E EV/EBITDA

	Methodology	Driver (INR b)	Multiple	Fair Value (INR b)	Value/sh (INR)
<b>Enterprise Value</b>	EV/EBITDA	8.8	10	89	811
Less Net debt				32	291
<b>Equity Value</b>				<b>57</b>	<b>520</b>
Shares o/s (m)				110	
CMP (INR)					519
<b>Upside (%)</b>					<b>0</b>

Source: MOFSL, Company

Estimate change	
TP change	
Rating change	

Bloomberg	DCBB IN
Equity Shares (m)	315
M.Cap.(INRb)/(USDb)	40.7 / 0.5
52-Week Range (INR)	151 / 101
1, 6, 12 Rel. Per (%)	-2/-6/9
12M Avg Val (INR M)	199

**Financials & Valuations (INR b)**

Y/E MARCH	FY25	FY26E	FY27E
NII	21.1	24.3	29.2
OP	10.4	13.3	16.9
NP	6.2	7.5	9.9
NIM (%)	3.3	3.1	3.2
EPS (INR)	19.6	23.5	30.9
EPS Gr. (%)	14.3	20.0	31.7
BV/Sh. (INR)	176	191	220
ABV/Sh. (INR)	163	177	204
<b>Ratios</b>			
RoA (%)	0.9	0.9	1.0
RoE (%)	12.1	13.2	15.3
<b>Valuations</b>			
P/E (x)	6.6	5.5	4.2
P/BV (x)	0.7	0.7	0.6
P/ABV (X)	0.8	0.7	0.6

**Shareholding pattern (%)**

As On	Sep-25	Jun-25	Sep-24
Promoter	14.7	14.7	14.7
DII	31.9	31.8	26.7
FII	10.5	11.7	11.1
Others	42.9	41.8	47.6

FII includes depository receipts

**CMP: INR129**
**TP: INR165 (+28%)**
**Buy**
**Healthy NII and lower provisions drive earnings beat**
**NIM expands 3bp QoQ**

- DCB Bank (DCBB) reported 18.3% YoY growth in PAT at INR1.84b (30% beat) amid better NII and controlled provisions.
- DCBB's NII grew 17.1% YoY to INR5.9b (5% beat, up 2.7% QoQ), while NIM improved 3bp QoQ to 3.23% vs. our expectation of 10bp QoQ decline.
- Business growth was healthy with an advances growth of 19% YoY/3.4% QoQ to INR530b, whereas deposits grew 19% YoY/4.4% QoQ to INR648b. CASA mix stood at 23.5%. Cost to average assets stood healthy at 2.43%.
- Fresh slippages moderated to INR4b (from INR5.8b in 1QFY26). The GNPA/NNPA ratios improved 7bp/1bp QoQ to 2.91%/1.21%. PCR declined to 59.2% from 59.7% in 1QFY26.
- We tweak our earnings estimates for DCBB and project an RoA/RoE of 1.01%/15.3% for FY27. **Reiterate BUY with a TP of INR165 (based on 0.8x FY27E ABV).**

**Business growth healthy; credit costs guided at <45bp**

- DCBB reported 18.3% YoY growth in PAT at INR1.84b (30% beat) amid better NII and controlled provisions.
- NII grew 17.1% YoY to INR5.9b (5% beat, up 2.7% QoQ), while NIM improved 3bp QoQ to 3.23%. Other income declined 9% YoY to INR1.9b (8% miss), resulting in 9.6% YoY growth in total revenues (largely in line). Treasury gains stood at INR230m vs. INR1b in 1QFY26.
- Opex grew 4.3% YoY to INR4.8b (5% lower than MOFSLe). PPoP thus grew 19% YoY to INR3b (14% beat). Provisions declined sequentially to INR605m (33% YoY, 20% lower than MOFSLe). The C/I ratio stood at 61.2% in 2QFY26.
- Advances grew 19% YoY/3.4% QoQ, whereas deposits rose 19% YoY/4.4% QoQ. MSME dipped 4% QoQ, while corporate grew 8.4% QoQ. Disbursements in mortgages have reduced as DCBB has raised the ticket size and has not compromised on yields and product mix. DCBB's CD ratio stood at 81.8%.
- Fresh slippages moderated to INR4b (from INR5.8b in 1QFY26). The GNPA/NNPA ratios improved 7bp/1bp QoQ to 2.91%/1.21%. PCR eased slightly to 59.2% from 59.7% in 1QFY26. Credit costs stood at 31bp in 2QFY26, and the bank expects full-year credit costs to be below 45bp.

**Highlights from the management commentary**

- Bank expects to close FY26-27 with RoE of 13.5% and close FY27-28 with RoE of 14.5% adjusted for potential capital raise.
- DCBB's yields reduced 13bp, and the cost of deposits reduced 17bp in 2QFY26. The benefit of the reduction in the cost of deposits will be witnessed gradually, as the average duration of term deposits stands at 14-15 months.
- Disbursement in mortgages has decreased as they have increased the ticket size and have not compromised on yields and product mix (higher LAP vs. home loans). A large number of mortgages are coming from DSA, and the bank has reduced this to bring down the costs.
- The opex-to-avg. asset ratio is likely to moderate slightly and will stabilize at ~2.42-2.43%.

### Valuation and view

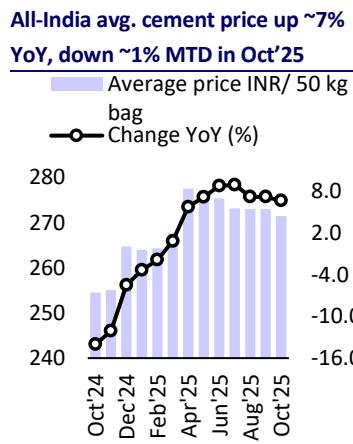
DCBB reported a steady quarter with a beat in earnings amid lower provisions, healthy NII, and controlled opex. Margin improved 3bp QoQ, and the bank expects it to improve further going forward if no further rate cut occurs. Business growth was healthy with increased focus on gold loans and co-lending. Asset quality improved with slippages moderating sequentially, and management expects credit cost to remain below 45bp for the full year. We tweak our earnings estimates for FY27 and project an FY27E RoA/RoE of 1.01%/15.3%. **Reiterate BUY with a TP of INR165 (based on 0.8x FY27E ABV).**

### Quarterly Performance

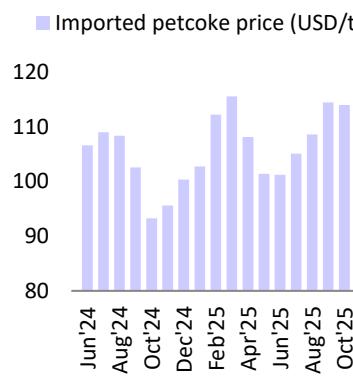
									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	5.66	5%
<b>Net Interest Income</b>	<b>4.97</b>	<b>5.09</b>	<b>5.43</b>	<b>5.58</b>	<b>5.80</b>	<b>5.96</b>	<b>6.14</b>	<b>6.38</b>	<b>21.07</b>	<b>24.28</b>	<b>5.66</b>	<b>5%</b>
% Change (Y-o-Y)	5.49	7.03	14.53	9.95	16.89	17.10	13.07	14.34	9.27	15.28	11.09	
Other Income	1.43	2.05	1.84	2.19	2.36	1.86	2.13	2.51	7.51	8.86	2.03	-8%
<b>Total Income</b>	<b>6.40</b>	<b>7.14</b>	<b>7.27</b>	<b>7.77</b>	<b>8.17</b>	<b>7.82</b>	<b>8.26</b>	<b>8.89</b>	<b>28.57</b>	<b>33.14</b>	<b>7.69</b>	<b>2%</b>
Operating Expenses	4.34	4.59	4.56	4.71	4.90	4.78	4.96	5.21	18.20	19.86	5.02	-5%
<b>Operating Profit</b>	<b>2.05</b>	<b>2.55</b>	<b>2.71</b>	<b>3.05</b>	<b>3.27</b>	<b>3.04</b>	<b>3.30</b>	<b>3.68</b>	<b>10.37</b>	<b>13.28</b>	<b>2.67</b>	<b>14%</b>
% Change (Y-o-Y)	(1.58)	21.19	28.18	30.66	59.17	19.13	21.69	20.36	19.96	28.09	4.73	
Provisions	0.28	0.46	0.67	0.67	1.15	0.61	0.72	0.66	2.08	3.14	0.76	-20%
<b>Profit before Tax</b>	<b>1.77</b>	<b>2.10</b>	<b>2.04</b>	<b>2.38</b>	<b>2.12</b>	<b>2.43</b>	<b>2.58</b>	<b>3.02</b>	<b>8.29</b>	<b>10.14</b>	<b>1.91</b>	<b>27%</b>
Tax	0.46	0.54	0.52	0.61	0.54	0.59	0.66	0.81	2.13	2.62	0.49	21%
<b>Net Profit</b>	<b>1.31</b>	<b>1.55</b>	<b>1.51</b>	<b>1.77</b>	<b>1.57</b>	<b>1.84</b>	<b>1.91</b>	<b>2.20</b>	<b>6.15</b>	<b>7.53</b>	<b>1.42</b>	<b>30%</b>
% Change (Y-o-Y)	3.5	22.6	19.6	13.8	19.7	18.3	26.3	24.4	14.8	22.32	(8.74)	
<b>Operating Parameters</b>												
Deposit (INR b)	516.9	545.3	566.8	600.3	620.4	647.8	670.5	703.6	600.3	703.6	648.2	0%
Loan (INR b)	421.8	444.7	477.8	510.5	512.2	529.7	567.7	594.7	510.5	594.7	539.0	-2%
Deposit Growth (%)	20.2	19.9	20.3	21.6	20.0	18.8	18.3	17.2	21.6	17.2	18.9	
Loan Growth (%)	18.9	19.3	22.7	24.7	21.4	19.1	18.8	16.5	24.7	16.5	21.2	
<b>Asset Quality</b>												
Gross NPA (%)	3.33	3.29	3.11	2.99	2.98	2.91	2.81	2.81	3.00	2.81	2.93	
Net NPA (%)	1.18	1.17	1.18	1.12	1.22	1.21	1.16	1.15	1.12	1.15	1.21	
PCR (%)	65.2	65.2	62.9	63.2	59.7	59.2	59.6	59.9	63.2	59.9	59.6	

E: MOFSL Estimates

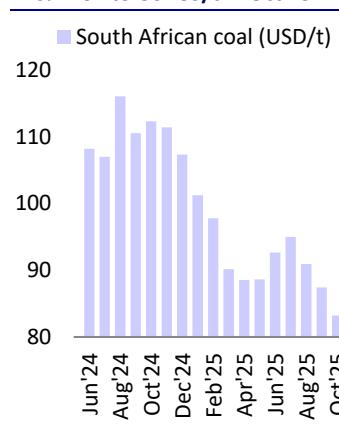
# Cement



Avg. imported petcoke price up 22% YoY to USD114/t in Oct'25



Average imported coal price down ~26% YoY to USD83/t in Oct'25



## Demand remains tepid; complete GST benefit pass-through

### All-India average cement price inched lower by 1% MTD in Oct'25

Cement prices (WSP) declined by INR26-29/bag as of Sep'25 end following the pass-through of the GST rate cuts. Cement demand (so far) has been subdued due to slow construction activity amid the festive season and due to the labor shortage. Our recent channel checks suggest that in Oct'25 so far, the all-India average cement price (WSP) has corrected marginally by ~1% vs. the Sep'25-end level, mainly due to a price decline in south and east regions. Meanwhile, prices remain steady in other regions. Cost pressure continues to be benign given favorable fuel prices, barring a recent surge in petcoke prices.

### All-India average cement price dips marginally in Oct'25 vs. Sep'25-end level

- The all-India average cement price (WSP-net of GST) declined 1.3% QoQ in 2QFY26 due to price corrections in south, east and west regions, while prices in north and central regions remained stable. The average cement price (WSP-net of GST) in Oct'25 so far has declined by 0.6% vs. the Sep'25-end level, mainly due to a price decline in South and East regions, while prices remain steady in other regions. Most dealers suggested that there would be no price hikes in the near term and that cement players may look for price changes, if any, from Jan'26 onward considering the demand trend.
- Cement demand in 2QFY26 was subdued and is estimated to grow in mid-single digits on a YoY basis, despite on a low base. Demand has been slow so far in Oct'25 due to slow construction work amid the festive season and due to the labor shortage and state/local municipal elections in a few markets. Dealers expect a meaningful pickup in demand from mid-Nov'25, with the return of labor workforce and the beginning of a peak construction period.

### South – Prices down ~2% in Oct'25 (MTD) vs. Sep'25-end level

- After the pass-through of GST rate cuts by Sep'25 end, the average cement price (WSP net of GST) in the south region has further declined by INR5/bag (~2%). Notably, cement prices jumped ~14% QoQ in 1QFY26. However, in 2QFY26, prices corrected (as partial hike reversed) and the average price declined ~4% QoQ. However, the current average cement price in the south region is up ~7% YoY. Dealers suggested that a price hike is unlikely in the near term and that companies may look for a price revision, if any, from Jan'26 onward.
- Cement demand was weak in 2QFY26 due to extended monsoon and flood in some parts of the region (Hyderabad and nearby areas). Andhra Pradesh has seen some demand improvement, led by government-infra projects (road, highways), while in other markets demand momentum was relatively weak. Dealers expect a recovery in demand after the festive season, backed by IHB and an expected increase in government spending and private capex.

### East – Prices edge lower by ~1% in Oct'25 (MTD) vs. Sep'25-exit level

- Following the pass-through of GST rate cuts by Sep'25 exit, the average cement price (WSP net of GST) in the east region has further declined by INR3/bag (~1%), mainly due to the price correction in the Odisha and Chhattisgarh markets. Notably, cement prices in the region increased ~4% QoQ in 1QFY26 but dipped by ~2% QoQ in 2QFY26. However, the current average

price in the region is up ~7% YoY. Dealers suggest that the Odisha market is seeing increased competition and hence pricing is under pressure.

- **Cement** demand was weak in 2QFY26 due to intense monsoon and weak government spending in a few markets (West Bengal and Jharkhand). In Bihar, demand was relatively better, backed by rural housing and infrastructure works, while demand is expected to moderate given the upcoming elections.

#### West – Trade price flat in Oct'25; non-trade price corrects

- **With the pass-through of GST rate cuts by Sep'25 end, the average cement price (WSP net of GST) in the west region remained flat. However, non-trade price declined by up to INR20-30/bag due to weak demand. Dealers suggested that price hikes are unlikely in the near term given the need to pass on GST benefits, although the average cement price in the region is up ~6% YoY currently.**
- Cement demand was mixed in 2Q, as Jul'25 volume offtake was robust, which moderated in Aug'25 and declined sharply in Sep'25 due to strong rains across the region. Initially in Oct'25, demand had improved, though it has slowed recently due to the labor shortage and festivals. Dealers suggested a pickup in demand from mid-Nov'25 as the labor workforce returns. Further, they also suggested that across the west region, demand from Bulker, batching and RMC plants is higher compared to per-bag demand.

#### North and Central – Cement prices hold firm; highest among regions

- **After the pass-through of GST rate cuts by Sep'25, cement prices remained stable. Average WSP (net of GST) was steady in both regions in the past six months, showing limited volatility. The average WSP net of GST is the highest in the north region, followed by central India. Dealers expect prices to remain stable in the near term.**
- Cement demand was weak in 2QFY26 due to an extended monsoon. Dealers expect demand to recover going forward, with the pick-up in construction activity, IHB segment and government-led infra projects. In UP, a meaningful recovery is expected after mid-Nov'25 due to the festive holidays (Diwali and Chhath Puja).

#### Fuel prices mixed, with petcoke prices rising and coal prices declined

- The average South African coal price, after declining by ~4% MoM in Sep'25, has further corrected by ~5% (MTD) in Oct'25 to USD83/t. The average petcoke price, which increased ~5% MoM in Sep'25, remains stable (MTD) in Oct'25 at USD114/t. Domestic petcoke prices have also increased ~4% MoM to INR14,518 in Oct'25.
- A change in the duty structure in coal — from 5% GST plus green energy cess of INR400/t to 18% GST, with full input tax credit eligibility along with lower coal prices, has made the consumption cost of imported coal more economical than petcoke. Spot imported coal/petcoke price stood at USD82/USD115 per ton. At spot prices, the imported coal consumption cost stood at INR1.22/Kcal, while the imported petcoke consumption cost stood at USD1.44-1.46/Kcal.
- We estimate the all-India average cement spread for trade sales (cement price net of GST after subtracting variable cost) to be largely stable (so far) given the resilient pricing and favorable fuel mix. However, profitability in the near term is estimated to decline sequentially due to negative operating leverage.

### Outlook and recommendation

- In the cement sector, near-term weakness persists due to subdued demand, muted pricing trends and high petcoke prices. We maintain a positive outlook on the sector, given: a) strong earnings growth in FY26E (estimate our cement coverage aggregate EBITDA to surge ~34% YoY, albeit on a low base) and FY27E by ~23% YoY; b) increased consolidation, and c) benign cost pressure amid favorable coal prices and industry players' focus on optimizing costs through an increase in green power and AFR usage and investing in efficiency improvement and logistics cost reduction.
- UTCEM remains our preferred pick in the large-cap space, while we maintain a positive view on JKCE and DALBHARA in the mid-cap space.

# Rural Electrification Corp

**BSE SENSEX**  
83,952

**S&P CNX**  
25,710

## Conference Call Details



**Date:** Not announced  
**Time:**  
**Dial-in details:**

### Financials & Valuations (INR b)

<b>Y/E March</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
NII	209	231	257
PPP	209	223	254
PAT	157	180	192
EPS (INR)	59.7	68.4	72.9
EPS Gr. (%)	12	15	7
BV/Shr (INR)	295	345	398
ABV/Shr (INR)	293	344	398
RoAA (%)	2.7	2.8	2.6
RoE (%)	21.5	21.4	19.6
Div. Payout (%)	30.1	29.2	30.3
<b>Valuation</b>			
P/E (x)	6.3	5.5	5.1
P/BV (x)	1.3	1.1	0.9
Div. Yield (%)	4.8	5.3	5.9

**CMP: INR375**

**Buy**

### Earnings in line; loan book flat QoQ

**Asset quality stable; NIM (calc.) moderates ~15bp sequentially**

- REC's 2QFY26 PAT grew ~10% YoY to INR44.3b (in line). NII in 2QFY26 grew ~10% YoY to ~INR54.5b (in line). Other income stood at INR4.6b (PY: INR1.2b). This was primarily due to higher fee and commission income of INR4.7b (PQ: INR1.4b and PY: INR483m).
- Opex rose ~12% YoY to ~INR2.2b, and the cost-income ratio was stable at ~2.5% (PQ: 2.5% and PY: ~3.1%). PPOP grew ~16% YoY to INR56.9b (inline).
- Yields (calc.) declined ~5bp QoQ to ~9.95%, while CoB (calc.) was stable QoQ at ~7.2%, resulting in spreads (calc.) declining by ~5bp QoQ to ~2.75%.
- Reported NIM for 1HFY26 declined ~10bp to ~3.64% (1Q: 3.74%). NIM (calc.) declined ~15bp QoQ to 3.7% in 2QFY26.
- Standard asset (Stage 1 and 2) provisions were also largely stable QoQ at ~0.89%. Provisions stood at INR1.3b (inline). This translated into annualized credit costs of 2bp (PY: -11bp and PQ: -3bp).
- The loan book stood at INR5.82t and grew 6.5% YoY and was flat QoQ. While the disbursements grew ~18% YoY, the repayments were significantly elevated at ~40% (PQ: 29.5% and PY: ~23.4%). Disbursements grew ~18% YoY to INR560b. This was primarily because ~INR114b was recovered from Kaleshwaram Irrigation Project Corporation (which was in Stage 2).
- REC declared an interim dividend of ~INR4.6/share.

### Asset quality stable; Stage 3 PCR steady at 77%

- GS3 and NS3 were stable QoQ at ~1.05% and 0.25%, respectively. PCR on Stage 3 was also stable QoQ at ~77%. Standard asset (Stages 1 and 2) provisions were also largely stable at 0.89%.
- The company has ~11 projects that are classified as NPA. Resolutions for 10 NPA projects (PCR: 77%) are being pursued under NCLT, and a resolution for 1 project (PCR: 20%) is being pursued outside NCLT.
- REC's CRAR stood at ~23.7% as of Sep'25.

### Valuation and view

- RECL reported a soft quarter, with the loan book remaining largely flat sequentially amid a higher rundown of the loan book. Even after accounting for the recovery from the Kaleshwaram Irrigation Project, the repayments were still relatively elevated compared to the last few quarters. Asset quality stayed stable, though NIM moderated on a sequential basis.
- Key monitorables:** 1) management's outlook on loan growth, 2) progress on assets that are in advanced stages of resolution, 3) the NIM trajectory, given the product mix and competitive intensity, and 4) the proportion of sanctions for infrastructure and private players. We will revisit our estimates after the earnings call.

**Quarterly Performance**
**INR**  
**m**

Y/E March	FY25					FY26E			FY25	FY26E	2Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,26,904	1,34,744	1,39,704	1,49,350	1,45,022	1,45,771	1,49,561	1,60,799			1,48,503	-2
Interest Expenses	80,212	85,065	88,373	87,699	89,351	91,316	93,508	96,293	3,41,350	3,70,468	91,674	0
<b>Net Interest Income</b>	<b>46,692</b>	<b>49,678</b>	<b>51,331</b>	<b>61,651</b>	<b>55,671</b>	<b>54,455</b>	<b>56,053</b>	<b>64,506</b>	<b>1</b>	<b>6</b>	<b>56,829</b>	<b>-4</b>
YoY Gr (%)	28.3	22.9	19.6	37.4	19.2	9.6	9.2	4.6	27	10	14.4	
Other Operational Income	469	483	757	2,228	1,442	4,738	0	0	8,410	1,682	0	
<b>Net Operational Income</b>	<b>47,161</b>	<b>50,161</b>	<b>52,088</b>	<b>63,879</b>	<b>57,113</b>	<b>59,192</b>	<b>56,053</b>	<b>64,506</b>	<b>0</b>	<b>8</b>	<b>56,829</b>	<b>4</b>
YoY Gr (%)	28.9	22.4	19.9	39.5	21.1	18.0	7.6	1.0	27	7	13.3	
Other Income	2,998	731	1,266	163	-4,891	-149	2,400	5,076	685	754	2,500	-106
<b>Total Net Income</b>	<b>50,159</b>	<b>50,892</b>	<b>53,354</b>	<b>64,042</b>	<b>52,222</b>	<b>59,043</b>	<b>58,453</b>	<b>69,582</b>	<b>5</b>	<b>1</b>	<b>59,329</b>	<b>0</b>
YoY Gr (%)	28.1	20.0	22.7	34.9	4.1	16.0	9.6	8.6	27	7	16.6	
<b>Operating Expenses</b>	<b>2,175</b>	<b>1,936</b>	<b>3,147</b>	<b>2,396</b>	<b>1,919</b>	<b>2,169</b>	<b>3,134</b>	<b>3,255</b>	<b>7,436</b>	<b>8,476</b>	<b>2,308</b>	<b>-6</b>
YoY Gr (%)	50.6	-0.1	78.2	-23.1	-11.8	12.0	-0.4	35.8	13	14	19.2	
% to Income	4.3	3.8	5.9	3.7	3.7	3.7	5.4	4.7	3	4	3.9	
<b>Operating Profit</b>	<b>47,984</b>	<b>48,955</b>	<b>50,206</b>	<b>61,646</b>	<b>50,303</b>	<b>56,875</b>	<b>55,319</b>	<b>66,327</b>	<b>9</b>	<b>5</b>	<b>57,021</b>	<b>0</b>
YoY Gr %	27.3	21.0	20.4	39.0	4.8	16.2	10.2	7.6	27	7	16.5	
Provisions	4,726	-1,441	-890	7,800	-6,166	1,347	1,456	-1,482	10,194	(4,845)	1,357	-1
<b>PBT</b>	<b>43,258</b>	<b>50,396</b>	<b>51,097</b>	<b>53,847</b>	<b>56,469</b>	<b>55,528</b>	<b>53,863</b>	<b>67,809</b>	<b>4</b>	<b>0</b>	<b>55,664</b>	<b>0</b>
YoY Gr (%)	16.5	4.8	24.2	4.6	30.5	10.2	5.4	25.9	12	14	10.5	
<b>Tax</b>	<b>8,834</b>	<b>10,342</b>	<b>10,806</b>	<b>11,485</b>	<b>11,959</b>	<b>11,269</b>	<b>11,581</b>	<b>12,509</b>	<b>41,466</b>	<b>47,318</b>	<b>11,411</b>	<b>-1</b>
Tax Rate (%)	20.4	20.5	21.1	21.3	21.2	20.3	21.5	18.4	21	21	20.5	
<b>PAT</b>	<b>34,425</b>	<b>40,055</b>	<b>40,291</b>	<b>42,362</b>	<b>44,510</b>	<b>44,259</b>	<b>42,283</b>	<b>55,300</b>	<b>9</b>	<b>2</b>	<b>44,253</b>	<b>0</b>
YoY Gr (%)	16.3	6.2	23.2	5.5	29.3	10.5	4.9	30.5	12.2	14.6	10.5	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	9.81	9.99	10.01	10.49	9.99	9.95	10.04	10.20				
Cost of funds	7.16	7.28	7.32	7.17	7.17	7.19	7.26	7.17				
Spread	2.7	2.71	2.7	3.3	2.8	2.76	2.8	3.0				
NIM	3.5	3.7	3.7	4.3	3.8	3.7	3.7	4.1				
C/I ratio	3.4	3.1	5.0	3.1	2.5	2.5	4.8	4.7				
Credit cost	0.09	-0.03	-0.02	0.14	-0.11	0.02	0.02	-0.02				
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>437</b>	<b>473</b>	<b>547</b>	<b>455</b>	<b>595</b>	<b>560</b>	<b>602</b>	<b>538</b>				
Growth (%)	27.9	13.7	18.0	15.7	36.3	18.3	10.0	18.1				
<b>AUM (INR b)</b>	<b>5,297</b>	<b>5,461</b>	<b>5,656</b>	<b>5,669</b>	<b>5,846</b>	<b>5,822</b>	<b>6,045</b>	<b>6,376</b>				
Growth (%)	16.6	15.1	13.7	11.3	10.4	6.6	6.9	12.5				
<b>Asset Quality Parameters</b>												
<b>GS 3 (INR B)</b>	138.1	138.2	110.5	76.5	61.5	61.5						
GS 3 (%)	2.61	2.53	2.0	1.35	1.05	1.06						
<b>NS 3 (INR B)</b>	43.5	48.21	42.1	21.6	14.1	14.10						
NS 3 (%)	0.82	0.88	0.7	0.38	0.24	0.24						
PCR (%)	68.5	65.13	61.9	71.7	77.1	77.05						

E: MOFSL Estimates

# Can Fin Homes

BSE Sensex **S&P CNX**  
83,952 25,710

## Conference Call Details



**Date:** 20th October 2025

**Time:** 11:00 AM IST

**Dial-in details:**

[Link for the call](#)

### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	13.5	15.3	16.8
PPP	11.5	12.9	14.0
PAT	8.6	9.6	10.5
EPS (INR)	64.4	72.2	79.0
EPS Growth (%)	14	12	10
BVPS (INR)	381	440	505
<b>Ratios (%)</b>			
NIM	3.75	3.83	3.74
C/l ratio	17.1	17.9	19.0
RoAA	2.2	2.2	2.2
RoE	18.2	17.6	16.7
Payout	18.6	18.0	17.7
<b>Valuation</b>			
P/E (x)	12.4	11.1	10.1
P/BV (x)	2.1	1.8	1.6
Div. Yield (%)	1.5	1.6	1.7

## CMP: INR801

**Neutral**

### Earnings beat driven by healthy NII and benign credit costs

**Reported NIM improves ~20bp QoQ; Advances growth muted at ~8% YoY**

- Can Fin Homes (CANF)'s PAT for 2QFY26 grew ~19% YoY to ~INR2.5b (~5% beat). NII grew 19% YoY to ~INR4b (~8% beat). Fees and other income stood at ~INR63m (PY: INR72m).
- Opex rose ~28% YoY to INR762m (~13% higher than MOFSLe). The cost-to-income ratio stood at ~19%. (PQ: ~18%, PY: ~17%).
- PPoP grew ~16% YoY to INR3.3b (~5% beat). The effective tax rate for the quarter stood at ~24.2% (PQ: 19.4% and PY: ~22.8%). CANF's 2QFY26 RoA/RoE stood at ~2.45%/~18.4%.

### Muted loan growth; disbursements grew ~26% QoQ

- CANF's 2QFY26 disbursements grew ~7% YoY and 26% QoQ to INR25.4b.
- Advances grew ~8% YoY and ~2.3% QoQ to ~INR397b. Annualized run-off in advances was elevated at ~17.1% (PQ: 15.3% and PY: ~15.2%), suggesting that BT-OUTs inched up potentially because the company did not take any additional PLR cut in the quarter.

### Reported NIM improves ~20bp QoQ; bank borrowings rise sequentially

- NIM (reported) rose ~20bp QoQ to ~3.83%, primarily due to a decline in the cost of borrowings. NIM (calc.) expanded ~35bp QoQ.
- Reported yields were stable QoQ at 10.1%, while CoB declined ~20bp QoQ to 7.3%, leading to reported spreads rising by ~20bp QoQ to 2.8%.
- Bank borrowings during the quarter rose to 57% of the total borrowings (PQ: 53%).

### Asset quality improves; GS3 declines ~5bp QoQ

- Asset quality exhibited minor improvement, with GS3 and NS3 declining ~5bp QoQ each to ~0.95% and ~0.5%, respectively. PCR on stage 3 loans rose ~380bp QoQ to ~48.8%.
- Credit costs stood at INR31m (vs. MOFSLe of INR140m), resulting in annualized credit costs of ~3bp (PQ: ~27bp and PY: ~15bp).

### DSA channel in the sourcing mix stable at 79%

- Average ticket size (ATS) of incremental housing loans stood at INR2.5m (PQ: INR2.4m).
- The DSA channel in the sourcing mix was stable at ~79%.

### Roadmap for FY28

- Geographical concentration** mix of 60:40 in South and North, respectively (vs. 68:32 as of now).
- Product mix:** Housing and non-housing mix of 80:20, respectively (vs. 85:15 currently)
- Segment mix:** Salaried and self-employed mix of 65:35, respectively (vs. 69:31 currently)
- Sourcing mix:** Reduce DSA reliance to 60% of overall sourcing vs. 79% currently.

### Valuation and view

- CANF delivered a mixed performance during the quarter, with earnings exceeding expectations driven by strong net interest income and lower credit costs. However, loan growth remained subdued despite a ~26% QoQ rise in disbursements, as elevated BT-outs led to higher repayments. Asset quality showed improvement, resulting in benign credit costs, while NIMs expanded by about 20bp owing to a decline in the cost of borrowings.

■ Management commentary on loan growth and margin trajectory for FY26 and FY27 will be the key to watch, as it will provide clarity on the company's growth strategy and profitability outlook. We may revise our estimates and TP following the earnings call on 20th Oct'25.

Quarterly performance										INR m		
Y/E March	FY25				FY26E				FY25	FY26E	2Q	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY26E	
Interest Income	9,242	9,553	9,803	9,829	10,111	10,432	10,630	10,390	38,426	41,562	10,262	2
Interest Expenses	6,027	6,155	6,356	6,343	6,483	6,386	6,482	6,947	24,882	26,297	6,503	-2
<b>Net Interest Income</b>	<b>3,214</b>	<b>3,398</b>	<b>3,447</b>	<b>3,485</b>	<b>3,628</b>	<b>4,046</b>	<b>4,148</b>	<b>3,443</b>	<b>13,544</b>	<b>15,265</b>	<b>3,760</b>	<b>8</b>
YoY Growth (%)	12.7	7.3	4.8	6.3	12.9	19.1	20.3	-1.2	7.6	12.7	10.7	
Other income	70	74	58	168	93	63	70	202	370	429	97	-35
<b>Total Income</b>	<b>3,284</b>	<b>3,472</b>	<b>3,506</b>	<b>3,653</b>	<b>3,721</b>	<b>4,109</b>	<b>4,218</b>	<b>3,645</b>	<b>13,915</b>	<b>15,693</b>	<b>3,857</b>	<b>7</b>
YoY Growth (%)	12.8	7.6	4.4	6.3	13.3	18.3	20.3	-0.2	7.6	12.8	11.1	
Operating Expenses	488	594	593	707	682	762	805	559	2,382	2,809	677	13
YoY Growth (%)	12.3	13.3	20.0	-1.7	39.7	28.4	35.8	-21.0	9.6	17.9	14.0	
<b>Operating Profits</b>	<b>2,796</b>	<b>2,878</b>	<b>2,913</b>	<b>2,946</b>	<b>3,039</b>	<b>3,346</b>	<b>3,413</b>	<b>3,086</b>	<b>11,532</b>	<b>12,885</b>	<b>3,180</b>	<b>5</b>
YoY Growth (%)	12.9	6.5	1.7	8.4	8.7	16.3	17.2	4.8	7.2	11.7	10.5	
Provisions	245	137	221	154	263	31	145	219	758	657	140	-78
<b>Profit before Tax</b>	<b>2,551</b>	<b>2,741</b>	<b>2,691</b>	<b>2,792</b>	<b>2,776</b>	<b>3,316</b>	<b>3,268</b>	<b>2,868</b>	<b>10,775</b>	<b>12,228</b>	<b>3,040</b>	<b>9</b>
Tax Provisions	555	626	570	452	538	801	706	572	2,203	2,617	654	23
<b>Profit after tax</b>	<b>1,996</b>	<b>2,115</b>	<b>2,121</b>	<b>2,339</b>	<b>2,239</b>	<b>2,514</b>	<b>2,562</b>	<b>2,296</b>	<b>8,572</b>	<b>9,611</b>	<b>2,386</b>	<b>5</b>
YoY Growth (%)	8.8	33.8	6.0	11.9	12.1	18.9	20.8	-1.8	14.2	12.1	12.8	
<b>Key Parameters (%)</b>												
Yield on loans	10.5	10.6	10.6	10.4	10.5	10.6	10.5	10.5	10.0			
Cost of funds	7.5	7.4	7.6	7.4	7.3	7.1	7.1	7.1	7.3			
Spread	3.0	3.2	3.1	3.05	3.18	3.51	3.5	3.5	2.7			
NIM	3.6	3.77	3.7	3.70	3.77	4.13	4.1	4.1	3.3			
Credit cost	0.28	0.15	0.24	0.16	0.27	0.03	0.14	0.14	0.21			
Cost to Income Ratio (%)	14.9	17.1	16.9	19.4	18.3	18.6	19.1	19.1	15.3			
Tax Rate (%)	21.7	22.8	21.2	16.2	19.4	24.2	21.6	19.9				
<b>Balance Sheet Parameters</b>												
<b>Loans (INR B)</b>	<b>355.6</b>	<b>365.9</b>	<b>371.6</b>	<b>382.2</b>	<b>387.7</b>	<b>396.6</b>	<b>409.5</b>	<b>425.4</b>				
Growth (%)	9.4	9.7	9.1	9.2	9.0	8.4	10.2	11.3				
<b>AUM mix (%)</b>												
Home loans	88.9	88.5	88.3	87.8	87.5	86.9	0.0	0.0				
Non-housing loans	11.1	11.5	11.7	12.2	12.5	13.1	0.0	0.0				
Salaried customers	71.7	70.9	70.9	70.4	70.3	70.2	0.0	0.0				
Self-employed customers	28.3	29.1	29.0	29.5	29.6	30.4	0.0	0.0				
<b>Disbursements (INR B)</b>	<b>18.5</b>	<b>23.8</b>	<b>18.8</b>	<b>24.6</b>	<b>20.2</b>	<b>25.5</b>	<b>27.8</b>	<b>29.8</b>				
Change YoY (%)	-5.7	17.9	0.0	6.1	8.7	6.9	48.0	21.4				
<b>Borrowing mix (%)</b>												
Banks	56.0	60.0	60.0	52.0	53.0	57.0	0	0				
NHB	16.0	14.0	14.0	17.0	17.0	14.0	0	0				
Market borrowings	27.0	25.0	25.0	30.0	29.0	28.0	0	0				
Deposits	1.0	1.0	1.0	1.0	1.0	1.0	0	0				
<b>Asset Quality</b>												
GNPL (INR m)	3,250	3,200	3,410	3,330	3,780	3,730	0	0				
NNPL (INR m)	1,740	1,720	1,870	1,740	2,080	1,910	0	0				
GNPL ratio %	0.91	0.88	0.92	0.87	0.98	0.94	0	0				
NNPL ratio %	0.49	0.47	0.50	0.46	0.54	0.50	0	0				
PCR %	47.0	46.0	45.2	47.7	45.0	48.8	0	0				
<b>Return Ratios (%)</b>												
ROA (Rep)	2.2	2.3	2.3	2.6	2.2	2.4	0	0				
ROE (Rep)	17.6	18.0	17.6	18.5	17.6	19.0	0	0				

E: MOFSL Estimates



## Angel One :Pricing Changes Expected To Boost PBT By ₹50-60 Cr; Ambarish Kenghe, Group CEO

- Steady quarter; revenue slightly soft, PAT in line (+10% QoQ adj.)
- Uniform pricing to simplify structure; adds ₹50–60cr to bottom line
- Broking ~46% of revenue; OPM guidance maintained at 40–45%
- Market share up 70bps QoQ in cash/F&O; strong client acquisition
- Expanding optionality via Angel One Life (26% stake) in digital insurance
- Commodity segment volatile; focus on platform, customer experience

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## Signature Global: Fairly Confident Of Achieving Pre-sales Growth Guidance Of 20%; Rajat Kathuria, CEO

- Pre-sales down 28% YoY and 24% QoQ; collections up 2% YoY
- H1FY26 pre-sales at ₹4,600cr; full-year target ₹12,500cr (+20% YoY)
- 7.5msf launches in H2 with ₹14,000cr GDV potential
- FY26 collection guidance at ₹6,000cr; strong pickup expected in H2
- Mid-income housing demand steady; prices still rising moderately

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## Rossari Biotech Aim To Bring B2C Business To EBITDA-neutral By The End Of FY26; Co-founder & MD Sunil Chari

- Revenue and EBITDA beat estimates; record quarterly sales and margins
- B2B up 14% YoY with 15% EBITDA; B2C losses narrowed sharply
- Exports up 36% YoY (28% of sales); domestic volumes up 20%
- Expanding focus to MENA and SE Asia; US, EU remain key
- Textiles under pressure; home, personal care, and animal nutrition driving growth

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## Mastek : Improved Revenue Per Employee With AI-led Efficiencies; Umang Nahata, CEO

- Muted quarter with flat USD revenue; profit up 6% QoQ
- US (23% of rev) remains soft; UK grows 4% QoQ, driving performance
- Focus on AI-led efficiency, productivity gains to deepen client share
- Expect North America growth revival in 2 quarters
- Margins up 50bps; revenue per employee rising, outlook healthy

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Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)	P/B (x)	ROE (%)	
		(INR)	(INR)	Downside	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Automobiles</b>														
Amara Raja Ener.	Neutral	994	1039	5	48.2	45.4	54.7	-2.7	-5.8	20.5	21.9	18.2	2.3	2.1
Apollo Tyres	Buy	490	551	13	19.6	24.0	29.1	-33.2	22.6	21.3	20.4	16.8	1.6	1.5
Ashok Ley.	Buy	135	166	23	5.5	6.0	7.2	20.2	10.1	19.7	22.2	18.6	6.0	5.2
Bajaj Auto	Neutral	9151	9197	1	299.5	329.0	362.1	11.8	9.9	10.1	27.8	25.3	7.3	6.8
Balkrishna Inds	Neutral	2265	2379	5	96.4	83.6	103.5	26.0	-13.3	23.8	27.1	21.9	3.7	3.3
Bharat Forge	Neutral	1241	1109	-11	21.4	24.2	33.0	8.5	13.0	36.3	51.3	37.6	5.9	5.4
Bosch	Neutral	38746	36375	-6	682.4	824.3	976.1	10.0	20.8	18.4	47.0	39.7	7.4	6.8
CEAT	Buy	3733	4523	21	122.1	161.3	210.5	-27.9	32.1	30.5	23.1	17.7	3.1	2.7
Craftsman Auto	Neutral	6741	6391	-5	92.1	156.2	229.2	-36.1	69.6	46.7	43.1	29.4	5.0	4.3
Eicher Mot.	Sell	7041	5772	-18	172.7	192.1	213.0	18.0	11.3	10.9	36.6	33.1	7.9	6.9
Endurance Tech.	Buy	2906	3311	14	58.8	72.0	84.4	21.5	22.5	17.2	40.3	34.4	6.3	5.5
Escorts Kubota	Neutral	3699	3683	0	100.6	119.5	128.6	17.9	18.8	7.6	30.9	28.8	3.9	3.6
Exide Ind	Neutral	401	404	1	12.7	15.3	16.7	2.3	21.1	9.1	26.1	23.9	2.2	2.0
Happy Forgings	Buy	968	1147	18	28.4	30.2	37.5	10.1	6.3	24.2	32.1	25.8	4.4	3.8
Hero Moto	Buy	5593	6315	13	226.0	258.3	283.1	10.5	14.3	9.6	21.7	19.8	5.2	4.8
Hyundai Motor	Buy	2347	2979	27	69.4	71.8	89.5	-6.9	3.5	24.6	32.7	26.2	9.3	7.4
M&M	Buy	3648	4091	12	98.7	120.7	143.7	11.3	22.3	19.0	30.2	25.4	6.0	5.1
CIE Automotive	Buy	432	502	16	21.7	21.5	23.2	2.8	-1.0	8.2	20.1	18.6	2.3	2.1
Maruti Suzuki	Buy	16400	18501	13	443.9	490.2	607.4	5.6	10.4	23.9	33.5	27.0	4.9	4.3
MRF	Sell	155856125764	-19	4,408.75,100.45,918.4	-11.7	15.7	16.0	30.6	26.3	3.2	2.9	11.1	11.6	
Samvardh. Motherson	Buy	105	123	17	3.6	3.2	4.7	51.5	-11.2	47.8	33.1	22.4	3.0	2.7
Motherson Wiring	Buy	46	53	15	0.9	1.0	1.3	-5.1	8.8	35.1	46.2	34.2	15.4	12.3
Sona BLW Precis.	Neutral	462	447	-3	9.9	8.8	10.4	10.5	-10.5	17.6	52.3	44.5	4.9	4.6
Tata Motors	Neutral	397	687	73	63.2	41.9	54.5	7.7	-33.7	30.1	9.5	7.3	1.1	1.0
TVS Motor	Neutral	3652	3549	-3	57.1	76.1	91.3	30.1	33.4	20.0	48.0	40.0	13.4	10.4
Tube Investments	Buy	3136	3716	19	38.6	41.6	47.1	1.6	7.9	13.2	75.3	66.5	10.2	9.0
<b>Aggregate</b>					<b>7.0</b>	<b>1.1</b>	<b>21.4</b>	<b>29.3</b>	<b>29.0</b>	<b>5.2</b>	<b>4.6</b>	<b>17.7</b>	<b>16.0</b>	
<b>Banks - Private</b>														
AU Small Finance	Buy	794	925	17	29.8	35.2	47.5	33.9	18	35.2	22.6	16.7	3.0	2.6
Axis Bank	Neutral	1200	1300	8	85.3	78.3	99.0	5.7	-8.2	26.4	15.3	12.1	1.9	1.6
Bandhan Bank	Neutral	161	185	15	17.0	14.9	21.9	22.8	-12	46.5	10.8	7.4	1.0	0.9
DCB Bank	Buy	129	165	28	19.6	23.5	30.9	14.3	20.0	31.5	5.5	4.2	0.7	0.6
Equitas Small Fin.	Buy	56	70	25	1.3	0.2	5.5	-81.8	-84.0	2,586.1	271.8	10.1	1.1	1.0
Federal Bank	Buy	212	250	18	16.6	16.4	20.6	1.3	-1.0	25.6	13.0	10.3	1.4	1.3
HDFC Bank	Buy	1003	1175	17	44.0	49.1	54.7	9.9	11.6	11.4	20.4	18.3	2.8	2.5
ICICI Bank	Buy	1437	1700	18	66.8	72.8	82.7	14.4	9.0	13.6	19.7	17.4	2.8	2.4
IDFC First Bk	Neutral	72	80	11	2.1	2.7	5.3	-50.9	27.4	96.3	26.2	13.6	1.3	1.2
IndusInd	Neutral	751	800	6	33.1	13.7	49.8	-71.4	-58.6	263.5	54.8	15.1	0.9	0.9
Kotak Mah. Bk	Buy	2206	2400	9	111.3	105.4	125.7	21.5	-5.2	19.2	20.9	17.5	2.5	2.2
RBL Bank	Buy	300	350	17	11.4	16.8	14.5	-40.7	46.9	-13.7	17.8	20.7	1.2	1.1
<b>Aggregate</b>					<b>6.5</b>	<b>4.3</b>	<b>20.0</b>	<b>20.5</b>	<b>19.7</b>	<b>2.8</b>	<b>2.5</b>	<b>13.7</b>	<b>12.9</b>	
<b>Banks - PSU</b>														
BOB	Neutral	264	275	4	37.8	35.4	41.0	10.1	-6.4	15.9	7.5	6.4	1.0	0.9
Canara Bank	Buy	126	140	12	18.8	20.4	22.2	17.0	8.5	9.1	6.2	5.6	1.1	1.0
Indian Bank	Buy	783	900	15	81.1	93.1	96.4	30.3	14.9	3.5	8.4	8.1	1.4	1.3
Punjab Natl.Bank	Buy	114	135	19	14.8	14.4	18.9	97.4	-2.6	31.3	7.9	6.0	1.0	0.9
SBI	Buy	889	1000	12	86.9	87.4	101.1	15.6	1	15.7	10.2	8.8	1.5	1.3
Union Bank (I)	Neutral	137	155	13	23.6	21.2	23.4	24.9	-10	10.6	6.5	5.8	0.9	0.8
<b>Aggregate</b>					<b>23.4</b>	<b>1</b>	<b>16</b>	<b>9</b>	<b>8.8</b>	<b>1.4</b>	<b>1.3</b>	<b>16.2</b>	<b>14.4</b>	
<b>NBFCs</b>														
AAVAS Financiers	Neutral	1606	1800	12	72.5	80.3	97.6	17.0	10.6	21.6	20.0	16.5	2.5	2.2
Aditya Birla Cap	Buy	299	340	14	12.8	15.0	19.1	14.5	17.6	26.8	19.9	15.7	2.3	2.1
Bajaj Fin.	Neutral	1070	1090	2	27.0	32.9	42.6	15.5	21.8	29.4	32.5	25.1	5.8	4.9
Bajaj Housing	Neutral	109	120	10	2.6	3.1	3.8	0.7	19.0	22.9	35.4	28.8	4.0	3.5



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)	P/B (x)	ROE (%)			
		(INR)	(INR)	Downside	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E			
Can Fin Homes	Neutral	801	-		64.4	72.2	79.0	14.2	12.1	9.5	11.1	10.1	1.8	1.6	17.6	16.7
Cholaman.Inv.&Fn	Buy	1654	1920	16	50.6	61.3	79.0	24.3	21.2	28.7	27.0	21.0	4.6	3.8	19.4	19.9
CreditAccess	Buy	1287	1650	28	33.3	51.7	103.2	-63.3	55.5	99.4	24.9	12.5	2.6	2.2	11.2	19.1
Fusion Finance	Buy	183	240	31	-121.7	0.6	19.9	-342.3	LP	3,464.6	327.1	9.2	1.4	1.1	0.4	13.4
Five-Star Business	Buy	527	650	23	36.4	39.1	43.9	27.4	7.2	12.5	13.5	12.0	2.1	1.8	16.8	16.1
IIFL Finance	Buy	498	550	10	8.9	35.6	54.9	-80.7	298.7	54.3	14.0	9.1	1.5	1.3	11.5	15.7
HDB Financial	Neutral	730	820	12	27.3	31.4	40.8	-11.9	15.0	29.8	23.2	17.9	2.9	2.5	14.2	15.0
Home First Finan	Buy	1213	1530	26	42.4	51.7	64.2	22.8	21.8	24.3	23.5	18.9	2.9	2.6	15.7	14.5
IndoStar	Buy	234	330	41	3.9	46.6	18.0	-26.6	1,106.0	-61.3	5.0	13.0	0.9	0.8	19.3	6.4
L&T Finance	Buy	266	320	20	10.6	11.9	16.1	13.8	12.6	34.9	22.3	16.5	2.4	2.1	11.1	13.6
LIC Hsg Fin	Neutral	568	640	13	98.6	97.4	105.6	13.9	-1.2	8.4	5.8	5.4	0.8	0.7	14.0	13.6
Manappuram Fin.	Neutral	284	320	13	14.2	10.4	18.8	-45.2	-26.6	79.9	27.2	15.1	1.7	1.5	6.9	11.1
MAS Financial	Buy	299	400	34	16.9	19.4	25.5	11.6	15.2	31.2	15.4	11.7	1.9	1.7	13.1	15.1
M&M Fin.	Buy	301	315	5	19.0	18.4	23.3	33.3	-2.9	26.5	16.3	12.9	1.7	1.6	11.5	12.6
Muthoot Fin	Neutral	3333	3100	-7	129.5	195.5	221.5	28.4	50.9	13.3	17.0	15.0	3.8	3.2	24.7	23.0
Piramal Enterp.	Buy	1125	1460	30	21.5	63.7	106.8	-306.2	195.9	67.7	17.7	10.5	0.9	0.8	5.2	8.2
PNB Housing	Buy	839	1050	25	74.5	87.5	98.3	28.3	17.4	12.4	9.6	8.5	1.1	1.0	12.7	12.7
Poonawalla Fincorp	Buy	526	605	15	-1.3	8.7	21.8	-111.7	LP	150.2	60.5	24.2	4.1	3.6	7.6	15.8
PFC	Buy	397	490	24	52.6	59.4	61.1	20.8	12.9	3.0	6.7	6.5	1.3	1.1	20.0	18.1
REC	Buy	375	-		59.7	68.4	72.9	12.2	14.6	6.5	5.5	5.1	1.1	0.9	21.4	19.6
Repco Home Fin	Neutral	393	400	2	70.2	69.9	73.6	11.3	-0.5	5.3	5.6	5.3	0.7	0.6	12.4	11.7
Spandana Sphoorty	Neutral	242	280	16	-145.2	-83.1	30.1	-306.7	Loss	LP	NM	8.0	1.0	0.8	-27.7	11.1
Shriram Finance	Buy	675	770	14	44.0	49.4	59.9	14.9	12.4	21.2	13.7	11.3	2.0	1.7	15.4	16.4
<b>Aggregate</b>								<b>7.0</b>	<b>22.8</b>	<b>20.7</b>	<b>20.7</b>	<b>16.9</b>	<b>2.9</b>	<b>2.5</b>	<b>14.2</b>	<b>15.0</b>
<b>NBFC-Non Lending</b>																
360 ONE WAM	Buy	1161	1400	21	25.8	31.1	36.9	15.3	20.4	18.7	37.3	31.4	5.7	4.8	16.5	17.0
Aditya Birla AMC	Buy	862	1090	27	32.3	37.0	41.4	19.3	14.6	11.9	23.3	20.8	5.9	5.3	26.9	26.8
Anand Rathi Wealth	Neutral	3121	2800	-10	36.2	46.8	59.8	33.7	29.3	27.9	66.7	52.2	26.5	18.8	47.0	42.0
Angel One	Buy	2497	2900	16	129.8	91.1	136.0	-3.1	-29.9	49.4	27.4	18.4	3.4	3.0	14.0	18.7
BSE	Neutral	2486	2250	-9	32.4	50.8	56.3	67.2	56.7	10.8	48.9	44.1	16.8	13.0	34.4	29.5
Cams Services	Buy	3794	4900	29	94.8	98.5	115.6	32.4	3.8	17.4	38.5	32.8	14.2	12.1	39.7	39.8
CDSL	Neutral	1611	1520	-6	25.1	21.8	28.5	24.8	-13.0	30.8	73.9	56.5	17.2	15.2	24.5	28.6
HDFC AMC	Buy	5709	6800	19	115.2	134.6	153.2	26.6	16.8	13.8	42.4	37.3	13.8	12.6	33.9	35.3
KFin Technologies	Neutral	1123	1130	1	19.5	21.1	25.2	33.9	8.4	19.3	53.2	44.6	13.4	11.9	26.7	28.3
MCX	Neutral	9330	8500	-9	110.1	169.9	203.4	573.9	54.3	19.7	54.9	45.9	23.1	21.0	43.8	47.9
NSDL	Neutral	1171	1200	2	17.0	18.0	21.6	23.1	5.9	19.8	64.9	54.2	10.0	8.5	16.6	16.9
Nippon Life AMC	Buy	914	1030	13	20.4	23.7	27.4	16.2	15.9	15.8	38.7	33.4	13.4	13.2	35.1	39.8
Nuvama Wealth	Buy	7015	7900	13	276.9	292.9	351.2	64.5	5.8	19.9	24.0	20.0	6.3	5.5	28.1	29.7
Prudent Corp.	Neutral	2664	2600	-2	47.3	53.4	67.3	41.1	12.9	26.2	49.9	39.6	63.8	49.9	28.9	28.3
UTI AMC	Buy	1403	1700	21	63.9	54.7	78.1	1.4	-14.4	42.9	25.7	18.0	3.3	3.2	13.2	18.0
<b>Aggregate</b>								<b>31.0</b>	<b>13.8</b>	<b>20.2</b>	<b>47.0</b>	<b>41.3</b>	<b>11.7</b>	<b>10.3</b>	<b>24.8</b>	<b>24.9</b>
<b>Insurance</b>																
HDFC Life Insur.	Buy	746	910	22	8.4	8.4	10.0	14.9	0.2	18.9	88.8	74.7	2.5	2.2	15.4	16.5
ICICI Lombard	Buy	2002	2300	15	50.9	62.5	72.6	30.7	22.7	16.1	32.0	27.6	5.9	5.1	19.9	19.9
ICICI Pru Life	Buy	596	720	21	8.2	8.7	11.0	38.6	6.6	26.1	68.1	54.0	1.6	1.4	11.7	13.0
Life Insurance Corp.	Buy	886	1080	22	76.1	79.9	87.9	18.8	5.0	10.0	11.1	10.1	0.6	0.6	11.6	11.4
Max Financial	Buy	1547	2000	29	9.4	11.9	14.1	24.7	26.5	17.8	129.7	110.1	2.2	1.9	19.2	19.4
Niva Bupa Health	Buy	76	100	32	1.2	0.7	1.7	142.7	-37.2	132.9	103.5	44.4	3.5	3.3	3.8	7.7
SBI Life Insurance	Buy	1844	2120	15	24.1	24.8	26.6	27.4	2.8	7.2	74.3	69.3	2.2	1.9	18.8	18.4
Star Health Insu	Buy	505	530	5	11.0	12.8	17.8	-23.9	16.5	39.1	39.4	28.4	3.8	3.4	10.2	12.6
<b>Chemicals</b>																
Alkyl Amines	Neutral	1921	2000	4	36.3	38.7	44.5	24.8	6.6	14.9	49.6	43.2	6.4	5.7	13.5	14.0
Atul	Buy	5917	7520	27	169.3	216.8	250.5	53.9	28.1	15.5	27.3	23.6	2.8	2.6	10.9	11.4
Clean Science	Neutral	1051	1175	12	24.9	31.1	39.2	8.3	25.0	26.0	33.8	26.8	6.6	5.5	21.3	22.3
Deepak Nitrite	Sell	1771	1540	-13	51.1	47.9	61.7	-7.3	-6.2	28.6	36.9	28.7	4.1	3.6	11.5	13.3



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)	P/B (x)	ROE (%)
		(INR)	(INR)	Downside	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E
Ellenbarrie Industrial	Buy	456	640	40	5.9	9.4	15.6	83.9	59.3	65.3	48.5	29.3	6.3
Fine Organic	Sell	4524	3980	-12	127.1	136.8	138.7	5.9	7.7	1.4	33.1	32.6	5.3
Galaxy Surfact.	Buy	2222	2630	18	86.0	89.7	105.2	1.1	4.3	17.3	24.8	21.1	3.0
Navin Fluorine	Neutral	5106	5100	0	58.2	88.5	112.4	26.2	52.0	27.1	57.7	45.4	7.0
NOCIL	Neutral	180	160	-11	6.4	5.2	6.5	-18.3	-19.9	26.4	34.9	27.6	1.7
PI Inds.	Buy	3572	4310	21	109.2	98.8	118.0	-1.3	-9.6	19.4	36.2	30.3	4.8
SRF	Buy	3169	3700	17	46.1	69.5	93.6	-3.0	50.9	34.8	45.6	33.8	6.6
Tata Chemicals	Neutral	903	960	6	16.5	34.8	54.4	-54.4	111.1	56.4	26.0	16.6	1.0
Vinati Organics	Buy	1694	2050	21	40.0	50.4	58.5	28.4	26.0	16.0	33.6	29.0	5.4
<b>Aggregate</b>					<b>10.9</b>	<b>14.5</b>	<b>21.5</b>	<b>42.6</b>	<b>37.2</b>	<b>5.2</b>	<b>4.4</b>	<b>12.1</b>	<b>11.9</b>
<b>Capital Goods</b>													
ABB India	Buy	5199	6000	15	88.5	80.0	95.1	50.2	-9.5	18.8	64.9	54.7	14.2
Bharat Electronics	Buy	413	490	19	7.2	8.2	9.8	31.5	13.6	19.6	50.3	42.0	12.1
Bharat Dynamics	Buy	1540	1900	23	15.0	28.2	37.8	-10.3	88.4	34.0	54.5	40.7	11.7
Cummins India	Buy	3976	4500	13	71.7	83.5	98.4	16.6	16.4	17.8	47.6	40.4	13.8
Hind.Aeronautics	Buy	4880	5800	19	125.0	141.2	161.2	38.4	13.0	14.2	34.6	30.3	7.8
Hitachi Energy	Sell	17430	16500	-5	77.5	177.4	238.4	100.5	129.1	34.3	98.2	73.1	14.8
Kalpataru Proj.	Buy	1267	1450	14	39.3	57.0	74.9	20.3	44.8	31.6	22.2	16.9	2.7
KEC International	Neutral	846	950	12	21.4	34.9	44.2	64.6	62.6	26.9	24.3	19.1	3.7
Kirloskar Oil	Buy	891	1230	38	28.8	33.6	40.9	15.1	16.7	21.8	26.5	21.8	3.8
Larsen & Toubro	Buy	3839	4300	12	106.8	130.5	155.1	13.0	22.2	18.9	29.4	24.8	4.8
Siemens	Neutral	3123	3300	6	56.8	75.8	66.9	3.0	33.5	-11.7	41.2	46.7	6.2
Siemens Energy	Buy	3114	3800	22	19.6	32.4	41.5		65.3	28.2	96.1	75.0	25.4
Thermax	Sell	3143	3450	10	56.4	68.0	79.8	8.1	20.5	17.5	46.2	39.4	6.4
Triveni Turbine	Buy	521	620	19	11.3	11.8	14.0	33.2	4.4	19.0	44.3	37.2	11.2
Zen Technologies	Neutral	1377	1550	13	29.1	28.9	45.5	107.3	-0.7	57.4	47.6	30.3	6.4
<b>Aggregate</b>					<b>24.9</b>	<b>21.0</b>	<b>17.7</b>	<b>47.9</b>	<b>39.6</b>	<b>8.6</b>	<b>7.4</b>	<b>17.9</b>	<b>18.7</b>
<b>Cement</b>													
Ambuja Cem.	Buy	564	730	30	7.9	10.2	14.5	-42.8	28.0	42.3	55.4	38.9	2.5
ACC	Neutral	1833	2000	9	71.2	89.9	117.2	-28.3	26.3	30.3	20.4	15.6	1.7
Birla Corp.	Buy	1185	1600	35	42.2	67.9	84.8	-21.8	60.7	25.0	17.5	14.0	1.2
Dalmia Bhar.	Buy	2246	2660	18	37.1	68.0	72.8	-9.0	83.5	7.0	33.0	30.9	2.3
Grasim Inds.	Buy	2839	3540	25	74.1	85.1	105.5	-22.5	14.8	24.0	33.4	26.9	3.4
India Cem	Sell	392	300	-23	-24.0	-1.2	3.8	216.9	Loss	LP	NM	102.7	1.3
JSW Cement	Neutral	136	150	10	-0.6	2.3	2.9	-133.0	LP	27.0	59.2	46.6	3.0
J K Cements	Buy	6495	7500	15	103.5	155.8	193.5	0.8	50.5	24.2	41.7	33.6	7.0
JK Lakshmi Ce	Buy	832	1150	38	25.7	43.2	52.4	-34.6	68.0	21.3	19.3	15.9	2.5
Ramco Cem	Neutral	1022	1050	3	3.9	15.8	24.7	-76.6	302.3	56.5	64.8	41.4	3.1
Shree Cem	Neutral	29699	32000	8	337.9	448.7	551.1	-50.6	32.8	22.8	66.2	53.9	4.8
Ultratech	Buy	12362	14460	17	207.6	272.7	350.5	-15.1	31.4	28.5	45.1	35.1	4.8
<b>Aggregate</b>					<b>-27.9</b>	<b>37.9</b>	<b>30.0</b>	<b>58.1</b>	<b>42.2</b>	<b>3.7</b>	<b>3.4</b>	<b>6.3</b>	<b>8.1</b>
<b>Consumer</b>													
Asian Paints	Neutral	2508	2500	0	42.5	44.2	51.8	-26.7	4.1	17.3	56.8	48.4	12.3
Britannia	Neutral	6080	6500	7	91.9	103.6	121.6	3.6	12.8	17.4	58.7	50.0	29.4
Colgate	Buy	2296	2850	24	51.4	51.7	58.2	4.4	0.6	12.6	44.4	39.5	39.7
Dabur	Buy	509	625	23	10.2	11.1	12.6	-4.0	9.5	13.5	45.7	40.3	7.7
Emami	Buy	551	725	31	20.3	20.7	22.7	12.4	2.2	9.5	26.6	24.3	8.0
Godrej Cons.	Buy	1132	1450	28	18.5	21.8	26.7	-4.3	17.5	22.9	52.0	42.4	9.2
HUL	Buy	2605	3050	17	44.3	46.1	52.4	1.4	4.0	13.6	56.5	49.7	12.2
ITC	Buy	412	500	21	16.0	17.0	18.7	-2.5	6.6	9.6	24.2	22.1	7.1
Indigo Paints	Buy	1030	1350	31	29.8	31.3	36.5	-3.8	5.1	16.4	32.9	28.2	4.3
Jyothy Lab	Neutral	317	365	15	10.2	10.7	11.9	4.0	4.7	11.8	29.6	26.5	5.5
L T Foods	Buy	419	560	34	17.4	21.8	27.7	2.0	25.2	27.0	19.2	15.1	3.3
Marico	Buy	735	850	16	12.4	14.0	16.3	7.9	13.4	15.8	52.3	45.2	22.7
Nestle	Neutral	1289	1300	1	16.0	16.9	20.1	-22.1	5.4	19.6	76.5	64.0	52.6



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	
Page Inds	Buy	41021	50000	22	652.9	725.3	830.8	27.9	11.1	14.5	56.6	49.4	27.0	22.5	47.7	45.6
Pidilite Ind.	Neutral	1542	1600	4	20.7	24.1	27.7	16.7	16.8	14.6	63.9	55.8	14.3	12.6	23.6	24.0
P&G Hygiene	Neutral	13775	15000	9	195.9	269.5	297.0	-11.1	37.6	10.2	51.1	46.4	49.0	40.5	106.2	95.7
Radico Khaitan	Buy	3110	3375	9	25.8	40.6	51.9	34.9	57.4	27.7	76.6	60.0	13.3	11.3	17.4	18.9
Tata Consumer	Buy	1166	1320	13	14.0	16.7	19.9	-2.4	19.3	18.9	69.8	58.7	5.1	4.8	8.1	9.1
United Brew	Neutral	1784	2000	12	17.7	20.7	30.4	13.6	17.3	46.6	86.1	58.7	10.1	9.3	12.2	16.5
United Spirits	Neutral	1361	1500	10	19.8	21.3	23.6	25.8	7.7	11.0	63.9	57.5	10.5	8.9	16.4	15.4
Varun Beverages	Buy	461	580	26	7.7	8.9	10.8	26.2	16.0	20.9	51.8	42.9	8.3	7.2	17.0	18.0
<b>Aggregate</b>								<b>-1.8</b>	<b>8.6</b>	<b>14.3</b>	<b>49.6</b>	<b>45.7</b>	<b>11.6</b>	<b>11.0</b>	<b>23.4</b>	<b>24.0</b>
<b>Consumer Durables</b>																
Havells India	Neutral	1491	1640	10	23.5	24.5	31.2	15.7	4.5	27.2	60.8	47.8	10.0	8.8	16.5	18.4
KEI Industries	Buy	4130	4960	20	72.9	92.2	108.5	13.2	26.5	17.7	44.8	38.1	6.0	5.2	14.2	14.6
LG Electronics	Buy	1668	1800	8	32.5	33.2	39.0	143.0	2.4	17.2	50.2	42.8	15.2	12.4	33.7	31.9
Polycab India	Buy	7433	9110	23	134.3	176.2	199.0	13.1	31.2	12.9	42.2	37.4	9.4	7.9	22.2	21.1
R R Kabel	Neutral	1265	1340	6	27.6	37.0	40.9	4.5	34.1	10.7	34.2	30.9	5.7	5.0	18.0	17.2
Volta	Neutral	1425	1340	-6	25.4	23.0	31.4	251.5	-9.4	36.3	61.9	45.4	6.7	6.0	10.8	13.1
<b>Aggregate</b>								<b>32.7</b>	<b>12.7</b>	<b>19.1</b>	<b>55.6</b>	<b>49.3</b>	<b>10.9</b>	<b>9.3</b>	<b>19.6</b>	<b>19.0</b>
<b>EMS</b>																
Amber Enterp.	Buy	8245	9000	9	72.0	116.2	181.4	82.6	61.4	56.1	70.9	45.4	10.4	8.5	15.8	20.6
Avalon Tech	Buy	1176	1220	4	9.6	15.6	24.6	125.2	63.1	57.1	75.2	47.9	10.9	8.9	15.6	20.4
Cyient DLM	Buy	444	550	24	9.3	9.5	16.8	20.8	2.4	76.0	46.5	26.4	3.4	3.0	7.6	12.0
Data Pattern	Neutral	2806	2500	-11	39.6	48.2	62.8	22.1	21.6	30.3	58.3	44.7	8.9	7.4	16.4	18.1
Dixon Tech.	Buy	16686	22500	35	117.2	174.9	276.9	90.5	49.3	58.3	95.4	60.3	25.1	17.9	30.0	34.7
Kaynes Tech	Buy	7015	8300	18	45.8	82.2	132.9	59.6	79.6	61.6	85.3	52.8	9.0	7.6	14.1	16.4
Syrra SGS Tech.	Buy	786	940	20	9.7	15.3	22.4	57.6	58.3	46.4	51.5	35.1	7.0	5.9	14.5	18.3
<b>Aggregate</b>								<b>66.8</b>	<b>53.2</b>	<b>55.1</b>	<b>122.0</b>	<b>79.6</b>	<b>16.7</b>	<b>12.6</b>	<b>13.7</b>	<b>15.8</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	938	955	2	29.1	34.9	45.4	-7.2	19.9	29.9	26.8	20.7	3.2	2.8	12.4	14.4
Alkem Lab	Neutral	5582	5270	-6	181.1	206.3	182.6	13.4	13.9	-11.5	27.1	30.6	4.9	4.4	19.2	15.1
Ajanta Pharma	Buy	2439	2940	21	74.1	83.8	97.0	18.9	13.2	15.8	29.1	25.1	6.7	5.6	25.1	24.3
Apollo Hospitals	Buy	7909	8990	14	100.6	126.7	152.2	61.1	26.0	20.2	62.4	52.0	11.1	9.1	20.1	19.9
Aurobindo	Buy	1101	1300	18	61.0	63.8	77.7	7.9	4.6	21.7	17.3	14.2	1.8	1.6	10.8	11.8
Biocon	Buy	356	408	15	2.0	4.1	8.8	13.2	99.0	117.4	87.6	40.3	1.9	1.8	2.2	4.7
Blue Jet Health	Buy	653	1100	68	17.6	25.3	32.1	78.5	43.6	27.1	25.9	20.3	7.4	5.5	32.8	30.9
Cipla	Neutral	1578	1600	1	62.8	61.7	65.7	19.6	-1.7	6.6	25.6	24.0	3.6	3.1	13.9	13.0
Divis Lab	Neutral	6619	6020	-9	81.2	90.5	120.3	35.3	11.5	33.0	73.1	55.0	10.5	9.3	15.2	18.0
Dr Reddy's	Neutral	1256	1230	-2	67.3	67.0	63.1	6.1	-0.5	-5.8	18.8	19.9	2.7	2.4	15.4	12.7
Dr Agarwal's Hea	Buy	547	600	10	2.7	3.7	5.1	0.2	41.1	37.5	146.3	106.4	8.7	8.0	6.1	7.8
ERIS Lifescience	Neutral	1596	1635	2	25.6	37.7	54.4	-12.4	47.1	44.3	42.4	29.3	6.7	5.5	16.8	20.6
Gland Pharma	Buy	1936	2340	21	42.4	55.6	68.4	-10.9	31.2	23.0	34.8	28.3	3.2	2.8	9.5	10.6
Glenmark	Buy	1861	2400	29	47.7	58.9	77.9	1,821.0	23.3	32.3	31.6	23.9	5.0	4.2	17.2	19.2
GSK Pharma	Neutral	2741	2830	3	54.7	57.6	67.2	26.4	5.2	16.7	47.6	40.8	18.9	14.8	39.7	36.4
Global Health	Buy	1372	1590	16	19.3	24.2	30.3	8.6	24.9	25.5	56.8	45.3	9.4	8.0	17.7	19.1
Granules India	Buy	568	625	10	19.7	23.0	30.7	13.6	16.7	33.7	24.7	18.5	3.3	2.8	14.1	16.3
IPCA Labs	Buy	1286	1570	22	36.0	40.9	50.8	44.8	13.7	24.2	31.4	25.3	4.2	3.7	14.0	15.4
Laxmi Dental	Buy	313	400	28	4.8	8.8	12.2	4.9	84.4	38.5	35.7	25.8	6.7	5.3	20.7	23.0
Laurus Labs	Buy	900	1010	12	5.8	12.1	15.3	92.4	109.1	26.3	74.2	58.7	9.4	8.3	13.4	15.0
Lupin	Neutral	1939	2040	5	71.6	95.1	97.3	72.4	32.7	2.4	20.4	19.9	4.0	3.3	21.9	18.2
Mankind Pharma	Buy	2478	2930	18	50.0	44.9	60.9	4.7	-10.1	35.6	55.1	40.7	6.5	5.8	12.3	15.0
Max Healthcare	Buy	1202	1350	12	15.1	18.7	24.3	10.0	23.6	30.1	64.4	49.5	9.6	8.2	16.0	17.8
Piramal Pharma	Buy	193	230	19	0.7	0.9	2.3	62.5	38.0	143.1	202.9	83.5	2.8	2.7	1.5	3.6
Sun Pharma	Buy	1679	1900	13	47.1	51.1	59.5	13.4	8.5	16.3	32.8	28.2	4.9	4.3	15.9	16.3
Torrent Pharma	Neutral	3579	3580	0	57.8	69.9	84.5	22.7	20.9	21.0	51.2	42.3	6.7	5.5	28.3	28.6
Zydus Lifesciences	Neutral	987	1020	3	46.0	45.1	42.8	22.3	-2.0	-5.2	21.9	23.1	3.5	3.1	17.5	14.4
<b>Aggregate</b>								<b>21.1</b>	<b>10.6</b>	<b>14.6</b>	<b>38.5</b>	<b>34.8</b>	<b>5.6</b>	<b>4.9</b>	<b>14.5</b>	<b>14.1</b>



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)	P/B (x)	ROE (%)	
		(INR)	(INR)	Downside	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Infrastructure</b>														
G R Infraproject	Buy	1183	1433	21	74.7	79.9	101.1	2.4	7.0	26.4	14.8	11.7	1.3	1.2
IRB Infra	Neutral	43	45	5	1.1	2.2	2.8	11.7	92.9	27.6	19.8	15.5	1.2	1.2
KNR Constructions	Neutral	188	210	12	14.0	8.7	14.4	-8.1	-38.2	65.9	21.7	13.1	1.3	1.2
<b>Aggregate</b>												<b>23.7</b>	<b>18.3</b>	<b>1.3</b>
<b>Logistics</b>														
Adani Ports	Buy	1479	1700	15	50.2	62.7	73.1	21.6	24.9	16.6	23.6	20.2	4.3	3.7
Blue Dart Express	Buy	5574	7200	29	103.1	134.1	201.1	-15.2	30.1	49.9	41.6	27.7	7.0	5.8
Concor	Buy	530	670	27	17.0	18.3	22.8	4.9	7.5	24.4	28.9	23.3	3.1	2.8
Delhivery	Buy	466	540	16	2.2	4.8	6.1	-173.1	115.6	25.0	96.2	77.0	3.5	3.4
JSW Infra	Buy	297	360	21	7.0	7.5	8.9	20.5	7.3	18.6	39.7	33.5	5.7	4.9
Mahindra Logistics	Neutral	348	330	-5	-5.0	3.9	17.5	-38.8	LP	349.6	89.6	19.9	2.9	2.6
Transport Corp.	Buy	1187	1420	20	53.5	61.5	66.9	16.8	14.9	8.8	19.3	17.7	3.6	3.0
TCI Express	Neutral	673	730	9	22.4	26.1	33.2	-34.8	16.5	27.4	25.8	20.2	3.1	2.8
VRL Logistics	Buy	269	350	30	10.5	12.6	14.8	106.5	20.6	17.4	21.3	18.2	3.9	3.6
<b>Aggregate</b>												<b>33.5</b>	<b>27.2</b>	<b>4.9</b>
<b>Media</b>														
PVR Inox	Neutral	1092	1245	14	-15.4	25.1	31.0	-232.4	LP	23.5	39.8	32.2	1.3	1.3
Sun TV	Neutral	568	645	14	43.4	43.4	44.4	-8.8	0.0	2.2	13.1	12.8	1.8	1.7
Zee Ent.	Neutral	105	100	-5	8.2	6.3	7.5	80.8	-22.8	18.6	16.7	14.1	0.8	0.8
<b>Aggregate</b>												<b>-3.3</b>	<b>10.0</b>	<b>7.0</b>
<b>Metals</b>														
Coal India	Buy	389	450	16	57.4	54.7	59.9	-5.5	-4.6	9.4	7.1	6.5	2.1	1.8
Hindalco	Buy	772	890	15	74.8	69.2	74.0	63.9	-7.6	7.0	11.2	10.4	1.5	1.4
Hind. Zinc	Neutral	500	510	2	24.7	27.5	32.2	34.5	11.3	17.3	18.2	15.5	10.6	7.4
JSPL	Buy	1008	1200	19	41.4	58.8	87.1	-29.1	42.0	48.1	17.1	11.6	2.0	1.7
JSW Steel	Buy	1163	1350	16	15.6	44.2	72.4	-57.7	184.0	63.8	26.3	16.1	3.2	2.7
Jindal Stainless	Buy	792	875	10	30.5	36.4	44.7	-3.9	19.2	23.0	21.8	17.7	3.4	2.9
Nalco	Neutral	225	230	2	28.7	19.1	19.4	215.8	-33.3	1.3	11.8	11.6	2.0	1.8
NMDC	Buy	75	88	18	7.4	8.6	9.5	13.3	15.3	10.8	8.7	7.9	1.9	1.6
SAIL	Neutral	129	150	17	3.2	5.3	13.4	24.3	62	154.5	24.5	9.6	0.9	0.8
Tata Steel	Neutral	172	180	4	3.4	8.9	13.0	41.5	164	46.4	19.4	13.2	2.5	2.3
Vedanta	Neutral	474	480	1	34.8	38.9	47.7	162.2	12	22.6	12.2	9.9	3.9	3.2
<b>Aggregate</b>												<b>16.4</b>	<b>15.6</b>	<b>24.5</b>
<b>Oil &amp; Gas</b>														
Aegis Logistics	Neutral	805	725	-10	18.9	22.0	24.1	16.5	16.3	9.7	36.6	33.4	5.5	5.0
BPCL	Neutral	336	320	-5	31.8	39.0	29.5	-49.7	22.5	-24.3	8.6	11.4	1.5	1.3
Castrol India	Buy	199	251	26	9.4	9.5	9.6	7.3	1.2	1.4	21.0	20.7	8.0	7.4
GAIL	Buy	178	205	15	14.4	12.9	14.6	4.8	-10.5	13.4	13.8	12.2	1.5	1.3
Gujarat Gas	Buy	420	500	19	16.6	16.3	18.8	4.0	-1.8	15.1	25.7	22.4	3.1	2.9
Gujarat St. Pet.	Neutral	315	327	4	14.3	12.9	13.6	-37.1	-10.2	5.6	24.5	23.2	1.6	1.5
HPCL	Buy	449	535	19	31.6	59.2	44.0	-57.9	87.0	-25.7	7.6	10.2	1.5	1.4
IOC	Neutral	153	150	-2	7.8	12.2	9.7	-73.6	56.9	-20.3	12.5	15.7	1.0	1.0
IGL	Buy	208	250	20	10.5	10.9	12.8	-16.0	3.8	17.9	19.1	16.2	2.9	2.6
Mahanagar Gas	Buy	1283	1700	33	105.8	107.6	112.0	-18.9	1.7	4.2	11.9	11.5	1.9	1.8
Oil India	Neutral	409	426	4	37.6	32.7	32.0	-22.7	-12.9	-2.4	12.5	12.8	1.4	1.3
ONGC	Neutral	248	240	-3	30.6	31.0	32.0	-31.9	1.4	3.1	8.0	7.8	0.9	0.8
PLNG	Buy	276	400	45	26.2	24.3	30.9	11.0	-7.1	27.1	11.3	8.9	1.9	1.7
Reliance Ind.	Buy	1417	1700	20	51.5	55.6	61.2	0.0	8.0	10.1	25.5	23.2	2.1	1.9
<b>Aggregate</b>												<b>-30.7</b>	<b>11.7</b>	<b>0.4</b>
<b>Real Estate</b>														
Anant Raj	Buy	621	831	34	12.4	14.7	13.0	59.4	18.2	-11.5	42.4	47.9	4.6	4.2
Brigade Enterpr.	Buy	981	1470	50	28.1	37.6	53.7	43.6	34.0	42.7	26.1	18.3	3.7	3.1
DLF	Buy	768	1002	30	17.6	16.7	17.3	60.3	-5.5	3.7	46.1	44.4	3.0	2.8
Godrej Propert.	Buy	2236	2843	27	46.1	82.3	80.0	71.7	78.4	-2.8	27.2	28.0	3.4	3.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	
Kolte Patil Dev.	Buy	435	514	18	14.0	41.6	38.6	-253.7	196.7	-7.2	10.5	11.3	2.4	2.0	30.2	19.1
Oberoi Realty	Neutral	1700	1779	5	61.2	78.8	99.7	15.5	28.7	26.6	21.6	17.0	3.4	2.9	16.9	18.2
Lodha Developers	Buy	1187	1870	58	27.7	36.6	38.8	69.8	32.1	6.2	32.5	30.6	5.1	4.4	16.7	15.4
Mahindra Lifespace	Neutral	383	347	-9	4.0	2.7	12.8	-37.7	-32.4	380.6	143.4	29.8	2.4	2.3	2.2	7.8
SignatureGlobal	Buy	1070	1760	64	7.2	55.7	125.3	511.9	674.8	124.7	19.2	8.5	10.0	4.6	70.0	73.6
Sri Lotus	Buy	180	250	39	4.7	6.1	12.0	89.8	30.5	97.7	29.6	15.0	4.5	3.4	20.5	26.0
Sunteck Realty	Buy	428	574	34	10.3	9.4	8.4	111.9	-8.5	-10.5	45.6	50.9	1.9	1.8	4.1	3.6
Sobha	Buy	1525	1877	23	8.9	33.7	50.6	71.0	281.0	49.9	45.2	30.2	3.3	3.0	7.6	10.5
Prestige Estates	Buy	1704	2038	20	12.7	27.5	32.1	-28.2	116.0	16.6	61.9	53.1	4.1	3.9	6.9	7.5
Phoenix Mills	Buy	1686	2044	21	27.5	49.7	62.1	-10.6	80.6	24.8	33.9	27.2	5.0	4.2	15.8	16.8
<b>Aggregate</b>								<b>43.3</b>	<b>37.8</b>	<b>18.8</b>	<b>47.9</b>	<b>34.8</b>	<b>4.7</b>	<b>4.1</b>	<b>9.8</b>	<b>11.9</b>
<b>Retail</b>																
Aditya Birla Fashion	Neutral	82	95	15	-6.1	-5.0	-5.0	-18.5	Loss	Loss	NM	NM	1.3	1.5	-9.4	-10.3
Aditya Birla Lifestyle	Neutral	136	150	10	1.3	2.0	2.3	-7.5	55.0	13.8	68.0	59.7	10.9	9.2	17.5	16.8
Avenue Supermarts	Buy	4301	5000	16	41.6	45.0	53.9	6.7	8.1	19.9	95.6	79.8	11.5	10.0	12.8	13.4
United Foodbrands	Neutral	216	265	23	-6.9	-8.1	-7.6	142.4	Loss	Loss	NM	NM	2.5	2.8	-9.5	-9.9
Bata India	Neutral	1151	1070	-7	19.4	21.1	24.5	-14.9	8.6	16.2	54.6	47.0	8.7	7.9	16.5	17.6
Campus Activewe.	Buy	282	315	12	4.0	4.8	6.2	35.5	20.1	29.5	59.3	45.8	9.9	8.4	16.7	18.3
Devyani Intl.	Buy	167	200	19	0.2	0.3	1.4	-75.7	62.5	369.2	550.7	117.4	30.7	37.0	4.2	28.6
Go Fashion (I)	Buy	665	912	37	17.3	16.2	21.2	13.0	-6.3	31.0	41.0	31.3	4.7	4.2	10.8	12.6
Jubilant Food.	Neutral	593	700	18	3.6	5.8	8.2	-9.6	62.1	41.3	102.5	72.5	18.8	18.5	18.4	25.5
Kalyan Jewellers	Buy	490	650	33	7.8	11.1	13.6	34.9	41.9	22.7	44.1	36.0	9.0	7.7	21.9	23.1
Metro Brands	Buy	1201	1400	17	13.9	14.9	17.8	9.4	6.9	19.1	80.6	67.7	16.2	14.0	22.1	22.8
P N Gadgil Jewellers	Buy	656	825	26	17.4	23.8	29.0	32.5	36.6	21.9	27.6	22.6	4.7	3.9	18.8	19.0
Raymond Lifestyle	Buy	1184	1360	15	16.5	36.5	55.7	-79.4	121.3	52.4	32.4	21.3	0.7	0.7	5.0	7.2
Restaurant Brand	Buy	69	135	96	-4.0	-2.4	-0.6	-6.7	Loss	Loss	NM	NM	5.3	5.6	-16.8	-5.1
Relaxo Footwear	Sell	438	400	-9	6.8	8.3	9.4	-15.0	21.6	12.8	52.7	46.7	4.8	4.5	9.5	10.0
Sapphire Foods	Buy	289	350	21	1.0	-0.1	0.6	-38.9	PL	LP	NM	143.4	6.7	6.4	-0.7	4.6
Senco Gold	Neutral	315	385	22	12.4	17.2	18.4	6.2	38.9	6.9	18.3	17.2	2.3	2.1	13.4	12.8
Shoppers Stop	Neutral	517	520	1	0.6	1.4	-0.4	-88.9	128.7	Loss	400.3	NM	13.1	13.3	4.4	-1.3
Titan Company	Buy	3675	4150	13	42.3	55.1	65.5	7.6	30.4	18.8	66.7	56.1	21.7	17.1	36.8	34.1
Trent	Buy	4811	6315	31	43.2	49.7	57.8	47.7	15.2	16.1	96.7	83.3	22.7	18.0	28.3	25.8
Vedant Fashions	Neutral	691	785	14	16.0	17.1	18.7	-6.2	6.9	9.2	40.4	37.0	8.6	7.7	20.7	20.1
Vishal Mega Mart	Buy	148	170	15	1.4	1.8	2.3	34.2	30.6	27.5	82.6	64.8	9.5	8.3	12.2	13.6
V-Mart Retail	Buy	857	1055	23	2.6	13.7	22.5	-121.3	429.1	64.2	62.5	38.0	7.4	6.2	12.6	17.7
Westlife Foodworld	Neutral	600	750	25	0.8	1.1	4.2	-82.4	41.5	280.1	541.7	142.5	14.6	13.3	2.8	9.8
<b>Aggregate</b>								<b>15.4</b>	<b>28.5</b>	<b>24.4</b>	<b>102.0</b>	<b>80.8</b>	<b>12.7</b>	<b>11.5</b>	<b>12.5</b>	<b>14.3</b>
<b>Technology</b>																
Cyient	Sell	1172	1050	-10	55.4	60.7	75.5	-17.2	9.5	24.4	19.3	15.5	2.3	2.2	11.4	13.5
HCL Tech.	Buy	1487	1800	21	63.9	65.9	73.6	10.3	3.2	11.6	22.6	20.2	5.9	6.0	25.8	29.3
Hexaware Tech.	Buy	716	900	26	19.3	23.9	27.8	17.6	24.1	16.0	29.9	25.8	7.1	6.3	25.8	26.3
Infosys	Neutral	1441	1650	14	63.8	69.1	72.4	0.8	8.4	4.7	20.8	19.9	6.2	6.2	29.9	31.3
KPIT Technologies	Buy	1144	1500	31	29.0	29.8	37.2	32.5	2.6	24.7	38.4	30.8	8.9	7.5	25.4	26.5
LTI Mindtree	Buy	5607	6650	19	155.3	185.8	207.1	0.3	19.6	11.5	30.2	27.1	6.4	5.6	22.6	22.1
L&T Technology	Neutral	4151	4400	6	119.0	128.4	154.6	-3.2	7.9	20.4	32.4	26.9	6.3	5.5	20.9	21.9
Mphasis	Neutral	2694	3000	11	89.3	100.3	112.0	9.2	12.4	11.7	26.9	24.0	4.9	4.6	19.1	19.8
Coforge	Buy	1735	2400	38	25.2	47.2	60.4	-8.7	87.3	27.9	36.8	28.7	8.1	7.1	17.4	21.2
Persistent Sys	Buy	5756	6550	14	90.2	119.1	147.0	20.2	32.0	23.4	48.3	39.2	12.0	10.2	27.1	28.3
TCS	Buy	2963	3500	18	134.2	141.8	149.5	6.3	5.6	5.5	20.9	19.8	10.9	10.5	53.1	53.8
Tata Elxsi	Sell	5369	4400	-18	126.0	105.4	136.6	-0.9	-16.4	29.6	51.0	39.3	10.1	9.2	21.3	24.5
Tata Technologies	Sell	686	570	-17	16.6	16.8	19.8	-1.0	1.3	17.9	40.8	34.6	6.9	6.5	18.0	19.4
Tech Mah	Buy	1448	1900	31	47.9	60.1	78.0	17.1	25.3	29.8	24.1	18.6	4.6	4.4	19.2	24.1
Wipro	Sell	241	200	-17	12.5	12.5	12.6	22.8	-0.2	1.2	19.3	19.0	3.0	2.9	15.7	15.6
Zensar Tech	Neutral	783	760	-3	28.4	32.1	34.3	-2.5	12.9	7.1	24.4	22.8	4.0	3.7	17.4	17.2
<b>Aggregate</b>								<b>8.7</b>	<b>7.3</b>	<b>8.2</b>	<b>24.8</b>	<b>23.1</b>	<b>6.9</b>	<b>6.7</b>	<b>28.0</b>	<b>29.1</b>



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)
		(INR)	(INR)	Downside	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E
<b>Telecom</b>															
Bharti Airtel	Buy	2012	2285	14	30.3	48.9	65.3	54.2	61.4	33.5	41.1	30.8	8.5	6.6	23.0
Bharti Hexacom	Neutral	1816	1900	5	25.6	38.0	54.8	58.7	48.4	44.0	47.8	33.2	12.4	10.0	28.7
Indus Towers	Neutral	343	390	14	18.4	26.3	30.1	-18.0	43.4	14.1	13.0	11.4	2.3	2.3	19.3
Vodafone Idea	Sell	9	7	-25	-3.8	-2.5	-2.4	-39.9	Loss	Loss	NM	NM	-0.5	-0.3	NM
Tata Comm	Neutral	1929	1750	-9	28.7	42.0	61.5	-32.0	46.0	46.6	46.0	31.4	16.0	12.0	37.1
<b>Aggregate</b>															
<b>Utilities</b>															
Acme Solar	Buy	277	370	34	4.5	9.0	10.7	-563.2	99.8	18.3	30.7	25.9	3.3	3.0	11.4
Indian Energy Exchange	Neutral	134	148	10	4.7	5.2	5.4	21.4	12.6	2.6	25.6	24.9	9.3	8.1	39.2
Inox Wind	Buy	146	168	15	3.5	3.9	6.6	-2,530.3	11.0	69.8	37.6	22.1	4.4	3.7	12.5
JSW Energy	Buy	541	655	21	10.7	10.9	15.3	1.6	1.8	41.0	49.8	35.4	3.2	3.0	6.7
NTPC	Neutral	341	378	11	20.8	24.8	28.2	8.5	19.3	13.7	13.7	12.1	1.7	1.6	13.0
Power Grid Corpn	Buy	290	346	19	16.7	18.7	19.8	-0.3	12.2	5.8	15.5	14.6	2.7	2.5	18.1
Suzlon Energy	Buy	53	80	51	1.1	1.3	2.3	105.5	17.6	78.0	41.7	23.4	9.2	6.6	24.9
Tata Power Co.	Buy	398	480	21	12.3	13.4	17.5	11.7	9.2	31.1	29.7	22.7	3.2	2.9	11.4
<b>Aggregate</b>															
<b>Others</b>															
APL Apollo Tubes	Buy	1754	1974	13	27.3	41.6	55.8	3.4	52.3	34.3	42.2	31.4	9.4	7.4	24.5
Astral	Buy	1441	1600	11	19.5	21.2	28.6	-4.1	8.6	35.4	68.1	50.3	7.1	6.2	14.8
Cello World	Buy	602	700	16	15.3	16.3	22.1	-1.7	6.5	35.1	36.9	27.3	5.1	4.5	14.4
Coromandel Intl	Buy	2146	2930	37	61.3	75.6	97.3	9.8	23.4	28.7	28.4	22.1	4.9	4.1	18.6
Dreamfolks Services	Buy	130	160	23	11.9	14.6	17.7	-5.0	22.3	21.3	8.9	7.4	1.8	1.5	23.4
EPL	Buy	207	280	35	11.3	13.8	16.7	39.9	21.7	21.5	15.0	12.4	2.5	2.2	17.6
Eternal	Buy	343	410	20	0.6	0.8	2.7	44.2	32.2	246.9	440.8	127.1	9.9	9.2	2.3
Godrej Agrovet	Buy	658	900	37	22.4	27.1	35.2	19.5	21.1	30.0	24.3	18.7	7.1	5.6	25.1
Gravita India	Buy	1571	2200	40	42.3	55.2	72.9	22.2	30.5	32.0	28.4	21.5	4.7	3.9	18.0
Indiamart Inter.	Buy	2342	2900	24	91.7	81.9	93.7	66.1	-10.6	14.3	28.6	25.0	5.4	4.7	20.7
Indian Hotels	Buy	736	880	20	11.5	13.1	15.9	30.0	13.8	21.6	56.1	46.1	8.1	6.9	15.5
Info Edge	Neutral	1328	1450	9	11.9	16.2	19.3	-7.4	35.8	19.4	82.1	68.7	3.0	2.9	3.7
Interglobe	Buy	5848	7290	25	188.1	222.1	246.4	-11.2	18.1	10.9	26.3	23.7	12.9	8.5	64.2
Kajaria Ceramics	Buy	1243	1451	17	17.6	33.6	38.4	-23.2	91.4	14.2	37.0	32.4	6.4	5.7	17.3
Lemon Tree Hotel	Buy	166	195	17	2.5	3.5	4.4	32.4	39.3	26.0	48.0	38.1	9.2	7.4	21.1
MTAR Tech	Buy	2286	2250	-2	17.2	33.2	54.7	-5.8	92.9	64.9	68.9	41.8	8.5	7.0	13.1
One 97	Neutral	1285	1025	-20	-10.4	9.8	19.0	-53.0	LP	94.1	131.2	67.6	5.5	5.4	4.2
Prince Pipes	Buy	324	420	30	3.9	8.0	13.9	-73.8	104.0	73.3	40.5	23.4	0.9	0.8	5.5
Quess Corp	Neutral	234	290	24	15.2	15.2	17.5	63.3	0.0	15.6	15.4	13.3	2.8	3.2	22.3
SBI Cards	Neutral	926	950	3	20.1	28.1	39.6	-20.6	39.3	41.0	33.0	23.4	5.4	4.5	17.8
Safari Inds.	Buy	2160	2700	25	29.2	42.7	50.0	-19.0	46.3	17.0	50.5	43.2	9.3	7.8	20.0
SIS	Buy	336	430	28	22.0	31.5	37.3	69.7	43.0	18.4	10.7	9.0	0.8	0.7	17.3
Supreme Inds.	Buy	4207	4950	18	75.6	82.0	110.2	-10.2	8.5	34.4	51.3	38.2	8.5	7.4	17.5
Swiggy	Buy	432	550	27	-13.6	-17.6	-8.0	27.4	Loss	Loss	NM	NM	14.1	16.6	-46.6
Team Lease Serv.	Buy	1774	2050	16	64.9	93.9	111.6	0.1	44.8	18.8	18.9	15.9	2.8	2.4	14.9
Time Technoplast	Buy	224	289	29	8.5	10.6	13.1	25.0	24.4	23.7	21.0	17.0	3.1	2.7	15.5
Updater Services	Buy	221	310	40	17.7	20.3	22.9	56.2	14.2	13.2	10.9	9.6	1.3	1.2	13.0
UPL	Neutral	674	679	1	25.0	38.4	57.1	583.6	53.5	48.7	17.6	11.8	1.1	1.0	9.8
VIP Inds.	Buy	427	530	24	-5.3	2.4	9.3	-307.3	LP	288.2	178.8	46.1	9.3	7.7	5.4
VA Tech Wabag	Buy	1416	1900	34	47.6	61.3	73.1	20.2	28.7	19.2	23.1	19.4	3.5	3.0	15.3

Index	1 Day (%)	1M (%)	12M (%)
Sensex	0.6	1.5	3.6
Nifty-50	0.5	1.5	3.9
Nifty Next 50	-0.1	0.3	-6.3
Nifty 100	0.4	1.3	2.2
Nifty 200	0.2	1.1	1.9
<b>Company</b>	<b>1 Day (%)</b>	<b>1M (%)</b>	<b>12M (%)</b>
Automobiles	0.7	-0.2	9.0
Amara Raja Ener.	-0.2	-3.6	-27.3
Apollo Tyres	-0.3	1.0	-3.1
Ashok Leyland	-2.0	-1.7	22.5
Bajaj Auto	0.0	0.7	-9.6
Balkrishna Inds	-0.2	-9.6	-23.6
Bharat Forge	-1.9	-2.1	-15.6
Bosch	0.6	-2.6	6.2
CEAT	0.9	8.8	29.1
Craftsman Auto	-0.7	-0.7	10.7
Eicher Motors	0.8	2.2	52.3
Endurance Tech.	-1.4	0.4	20.8
Escorts Kubota	-2.2	1.0	-2.3
Exide Inds.	0.8	-4.3	-19.2
Happy Forgings	2.8	-0.4	-12.6
Hero Motocorp	0.3	4.6	7.2
Hyundai Motor	-0.5	-11.5	
M & M	2.4	0.4	23.0
CIE Automotive	1.4	2.9	-18.3
Maruti Suzuki	0.6	3.8	35.1
MRF	0.4	3.8	20.1
Sona BLW Precis.	-1.4	6.4	-28.7
Motherson Sumi	-2.4	-4.2	-22.6
Motherson Wiring	-0.8	-5.6	7.8
Tata Motors	-0.1	-8.9	-26.5
TVS Motor Co.	2.2	4.4	36.4
Tube Investments	-1.3	-7.4	-29.7
<b>Banks-Private</b>	<b>0.4</b>	<b>4.5</b>	<b>10.7</b>
AU Small Fin. Bank	-0.8	11.8	15.4
Axis Bank	0.3	6.6	6.0
Bandhan Bank	-0.4	-2.0	-15.4
DCB Bank	-0.7	-0.2	12.9
Equitas Sma. Fin	1.1	0.6	-21.2
Federal Bank	-1.0	6.7	9.7
HDFC Bank	0.8	3.7	19.8
ICICI Bank	1.4	1.2	16.7
IDFC First Bank	0.1	0.1	0.2
IndusInd Bank	1.6	1.6	-44.3
Kotak Mah. Bank	0.0	7.6	18.3
RBL Bank	-2.4	13.3	47.9
SBI Cards	-0.8	3.8	25.3
<b>Banks-PSU</b>	<b>-0.7</b>	<b>4.4</b>	<b>16.0</b>
BOB	-0.6	7.6	9.3
Canara Bank	-1.5	7.9	22.4
Indian Bank	1.5	11.2	52.6
Punjab Natl.Bank	-2.1	1.5	11.0
St Bk of India	0.2	3.7	9.6

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	0.1	0.7	0.9
Nifty Midcap 100	-0.6	0.1	0.7
Nifty Smallcap 100	-0.1	-1.6	-4.9
Nifty Midcap 150	-0.5	-0.2	0.3
Nifty Smallcap 250	-0.2	-2.3	-6.4
Union Bank (I)	-1.5	-0.2	22.6
<b>NBFCs</b>	<b>0.6</b>	<b>3.7</b>	<b>16.8</b>
Aditya Birla Capital Ltd	-0.2	5.4	37.0
AAVAS Financiers	0.1	-2.6	-7.0
Bajaj Fin.	0.4	6.2	55.1
Bajaj Housing	-0.6	-5.2	-20.8
Cholaman.Inv.&Fn	-0.8	5.1	13.6
Can Fin Homes	-0.4	2.7	-6.6
CreditAcc. Gram.	-7.4	-5.2	23.1
Fusion Microfin.	0.7	1.3	-13.0
Five-Star Bus.Fi	-1.1	-2.8	-41.2
HDB FINANC SER	-1.0	-7.3	
Home First Finan	-2.3	-4.9	1.1
Indostar Capital	-3.2	-11.1	-12.4
IIFL Finance	-0.3	12.5	8.4
L&T Finance	-1.1	9.6	60.0
LIC Housing Fin.	-0.2	-0.7	-7.1
MCX	0.0	17.8	47.1
M & M Fin. Serv.	2.3	6.4	9.3
Muthoot Finance	2.0	13.3	70.5
Manappuram Fin.	-1.0	-3.1	60.0
MAS Financial Serv.	-1.8	-6.0	-0.9
PNB Housing	-0.5	-0.2	-10.2
Power Fin.Corpn.	-1.3	-2.1	-15.6
REC Ltd	-0.7	-2.5	-30.9
Repco Home Fin	-0.7	3.6	-20.7
Shriram Finance	0.4	8.4	3.6
Spandana Sphoort	-1.7	-7.7	-49.3
Nippon Life Ind.	2.9	7.9	29.1
UTI AMC	2.1	3.1	7.9
Nuvama Wealth	-2.8	10.3	-2.3
Prudent Corp.	-0.5	-9.8	3.5
<b>NBFC-Non Lending</b>			
360 One	-0.6	5.6	5.1
Aditya AMC	-0.1	5.6	12.6
Anand Rathi Wea.	0.7	2.2	53.3
Angel One	0.6	11.0	-20.2
BSE	-0.9	12.5	75.1
C D S L	-0.6	2.7	4.3
Cams Services	-0.9	-5.4	-21.8
HDFC AMC	-1.5	-1.6	20.9
KFin Technolog.	0.0	0.6	5.1
MCX	0.0	17.8	47.1
N S D L	-0.1	-9.2	
Nippon Life Ind.	2.9	7.9	29.1
Nuvama Wealth	-2.8	10.3	-2.3
Prudent Corp.	-0.5	-9.8	3.5
UTI AMC	2.1	3.1	7.9

Company	1 Day (%)	1M (%)	12M (%)
<b>Insurance</b>			
<b> </b>			
HDFC Life Insur.	0.4	-2.9	2.7
ICICI Pru Life	1.5	-0.7	-19.0
ICICI Lombard	-0.5	6.9	-1.9
Life Insurance	-1.0	0.0	-5.1
Max Financial	-0.2	0.8	32.1
Niva Bupa Health	-2.7	-7.0	
SBI Life Insuran	0.5	2.2	8.3
Star Health Insu	2.8	11.9	-8.3
<b>Chemicals</b>			
<b> </b>			
Alkyl Amines	-0.1	-8.0	-14.4
Atul	2.1	-9.0	-23.3
Clean Science	-0.3	-12.1	-34.3
Deepak Nitrite	-0.3	-4.0	-38.3
Ellen.Indl.Gas	-0.6	-15.5	
Fine Organic	0.4	-8.1	-11.6
Galaxy Surfact.	0.1	-6.2	-25.3
Navin Fluo.Intl.	1.1	2.9	53.5
NOCIL	-2.3	-1.0	-40.2
P I Inds.	0.6	-4.8	-19.9
SRF	-0.8	7.4	39.9
Tata Chemicals	-2.0	-10.2	-15.9
Vinati Organics	-0.6	-0.5	-14.1
<b>Capital Goods</b>	<b>-0.3</b>	<b>-3.3</b>	<b>-3.8</b>
A B B	-0.2	-3.4	-40.2
Bharat Dynamics	2.3	-5.2	33.6
Bharat Electron	0.2	0.1	45.1
Cummins India	0.9	-3.6	7.7
Hind.Aeronautics	0.4	-0.2	8.0
Hitachi Energy	-1.5	-13.3	10.4
K E C Intl.	-1.0	-4.1	-14.9
Kalpataru Proj.	-1.3	-0.7	-2.9
Kirloskar Oil	1.0	-6.3	-26.1
Larsen & Toubro	-0.6	4.2	7.5
Siemens	0.1	-6.0	-18.6
Siemens Ener	-0.7	-10.9	
Thermax	-0.7	-5.0	-38.4
Triveni Turbine	-0.2	-3.5	-32.5
Zen Technologies	2.0	-10.8	-27.5
<b>Cement</b>			
<b> </b>			
Ambuja Cem.	-1.1	-3.2	-1.3
ACC	-1.5	-1.3	-19.1
Birla Corp.	-0.1	-8.3	-1.7
Dalmia Bhar.	0.9	-9.3	22.3
Grasim Inds.	-0.8	-1.0	4.8
India Cem	-0.4	-3.4	8.3
JSW Cement	-0.7	-7.7	
J K Cements	-0.8	-4.1	51.4
JK Lakshmi Cem.	-1.9	-8.9	3.1
The Ramco Cement	-0.5	-3.6	20.6
Shree Cement	-1.2	-0.1	22.3
UltraTech Cem.	0.1	-2.8	12.3

Company	1 Day (%)	1M (%)	12M (%)
<b>Consumer</b>	<b>1.4</b>	<b>0.5</b>	<b>-7.7</b>
Asian Paints	4.1	0.6	-17.9
Britannia Inds.	1.1	-0.1	1.8
Colgate-Palm.	0.4	-2.2	-31.9
Dabur India	1.5	-5.0	-11.2
Emami	2.3	-8.6	-22.9
Godrej Consumer	1.1	-8.9	-16.0
Hind. Unilever	1.6	1.3	-4.9
ITC	1.7	0.7	-10.9
Indigo Paints	0.4	-8.2	-33.7
Jyothy Lab.	0.4	-2.6	-39.1
L T Foods	1.3	-9.3	0.4
Marico	1.3	3.3	10.4
Nestle India	1.0	7.1	8.4
Page Industries	0.0	-9.5	-9.7
Pidilite Inds.	1.3	0.8	-2.2
P & G Hygiene	-2.3	2.8	-17.1
Radico Khaitan	3.7	3.2	41.8
Tata Consumer	1.5	2.6	7.0
United Breweries	0.7	-0.7	-9.9
United Spirits	0.2	1.8	-10.9
Varun Beverages	0.1	-2.0	-21.6
<b>Consumer Durables</b>	<b>1.5</b>	<b>-0.7</b>	<b>-5.7</b>
Havells	1.1	-6.4	-17.4
KEI Industries	-1.0	-0.3	-0.3
LG Electronics	-0.2		
Polycab India	-1.8	1.1	4.5
R R Kabel	-1.1	2.3	-27.2
Volta	0.8	1.0	-22.2
<b>EMS</b>			
<b> </b>			
Amber Enterp.	0.1	-0.5	50.5
Avalon Tech	2.1	22.5	104.0
Cyient DLM	0.4	-7.2	-36.0
Data Pattern	2.7	-2.2	14.7
Dixon Technolog.	-0.9	-7.8	10.4
Kaynes Tech	0.4	-3.3	25.7
Syrma SGS Tech.	-0.4	-1.4	94.0
<b>Healthcare</b>	<b>0.7</b>	<b>0.1</b>	<b>-4.3</b>
Ajanta Pharma	-0.8	-4.8	-24.7
Alembic Pharma	0.6	-4.0	-20.8
Alkem Lab	1.2	2.1	-7.2
Apollo Hospitals	0.9	0.2	13.1
Aurobindo	-0.5	0.5	-25.0
Biocon	-0.7	0.4	4.9
Blue Jet Health	-2.7	-6.5	27.4
Cipla	0.5	1.2	1.2
Divis Lab	0.3	9.4	9.0
Dr Agarwals Health	0.8	24.3	
Dr Reddy's	1.3	-4.2	-6.3
ERIS Lifescience	0.6	-3.2	18.3
Gland Pharma	0.8	-2.7	17.9
Glenmark	-0.1	-8.8	7.3
Global Health	-1.4	-0.1	27.7
Granules	-0.1	4.3	-4.2

Company	1 Day (%)	1M (%)	12M (%)
GSK Pharma	0.8	0.1	3.5
IPCA Labs	-0.2	-1.9	-21.9
Laurus Labs	3.1	0.7	93.1
Laxmi Dental	-0.9	-11.3	
Lupin	-0.6	-4.5	-10.9
Mankind Pharma	0.9	-3.6	-7.7
Max Healthcare	2.3	4.2	28.3
Piramal Pharma	-0.8	-5.2	-14.1
Sun Pharma	1.2	3.6	-11.1
Torrent Pharma	1.4	1.0	5.5
Zydus Lifesci.	0.1	-4.7	-3.5
<b>Infrastructure</b>	<b>0.4</b>	<b>1.2</b>	<b>2.2</b>
G R Infraproject	-4.5	-10.8	-26.9
IRB Infra.Devl.	-0.6	-2.7	-26.3
KNR Construct.	1.1	-7.9	-40.5
<b>Logistics</b>			
Adani Ports	0.0	5.2	6.1
Blue Dart Exp.	-0.1	-3.0	-32.9
Delhivery	4.2	-3.6	16.5
Container Corpn.	-0.9	-5.8	-23.8
JSW Infrast	-3.8	-9.6	-8.8
Mahindra Logis.	-1.3	-2.5	-23.7
Transport Corp.	-0.7	0.3	10.3
TCI Express	-1.1	-3.0	-34.2
VRL Logistics	0.2	-5.7	-8.4
<b>Media</b>	<b>-1.6</b>	<b>-6.9</b>	<b>-24.6</b>
PVR INOX	-1.0	-4.3	-32.5
Sun TV	-0.4	1.4	-25.8
Zee Ent.	-3.6	-9.3	-16.2
<b>Metals</b>	<b>-0.9</b>	<b>2.8</b>	<b>6.2</b>
Hindalco	-0.9	3.0	5.2
Hind. Zinc	-1.3	8.9	-1.6
JSPL	-1.5	-2.5	8.3
JSW Steel	-0.8	4.7	18.8
Jindal Stainless	-2.1	4.1	4.1
Nalco	-0.7	5.7	0.1
NMDC	-1.3	-1.0	0.3
SAIL	-2.1	-3.1	0.7
Tata Steel	-1.0	0.5	13.0
Vedanta	-1.1	3.9	0.4
<b>Oil &amp; Gas</b>	<b>-0.3</b>	<b>2.6</b>	<b>-8.1</b>
Aegis Logistics	0.4	0.6	10.2
BPCL	0.0	3.8	-2.0
Castrol India	-0.5	-3.0	-9.9
GAIL	-0.9	-2.2	-20.0
Gujarat Gas	0.1	-4.8	-26.3
Gujarat St. Pet.	-0.6	-1.5	-20.5
HPCL	-0.7	10.6	3.5
IOCL	-0.5	4.8	-6.9
IGL	-2.5	-3.2	-17.5
Mahanagar Gas	-1.2	-5.8	-27.2
Oil India	-2.0	1.3	-22.1
ONGC	-0.3	4.6	-12.0

Company	1 Day (%)	1M (%)	12M (%)
PLNG	-1.1	-1.9	-21.5
Reliance Ind.	1.3	0.2	4.5
<b>Real Estate</b>	<b>0.1</b>	<b>1.6</b>	<b>-10.6</b>
Anant Raj	-1.9	5.8	-18.8
Brigade Enterpr.	1.4	3.3	-23.5
DLF	-0.2	-2.4	-10.8
Godrej Propert.	1.4	7.4	-27.5
Kolte Patil Dev.	-0.2	-6.0	6.3
Mahindra Life.	0.0	0.0	-19.2
Macrotech Devel.	-0.7	-1.5	1.5
Oberoi Realty Ltd	0.8	2.6	-10.7
SignatureGlobal	0.1	-5.9	-28.1
Sri Lotus	-1.5	-1.1	
Sobha	-1.7	-5.5	-13.5
Sunteck Realty	-1.7	-3.5	-26.7
Phoenix Mills	-0.4	4.6	4.0
Prestige Estates	0.5	3.1	-4.9
<b>Retail</b>			
Aditya Bir. Fas.	-1.7	-8.8	-31.7
A B Lifestyle	-0.5	-6.1	
Avenue Super.	-0.3	-8.8	5.3
United Foodbrands	-1.0	-14.0	-66.5
Bata India	0.3	-8.5	-19.8
Campus Activewe.	-1.0	-0.2	-6.6
Devyani Intl.	-0.1	-6.4	-5.0
Go Fashion (I)	-1.1	-8.6	-46.3
Jubilant Food	-0.4	-5.6	-3.2
Kalyan Jewellers	0.6	-6.3	-32.7
Metro Brands	-0.5	-8.9	-5.1
P N Gadgil Jewe.	0.0	3.2	-12.6
Raymond Lifestyl	-0.6	-10.4	-50.1
Relaxo Footwear	-0.7	-12.2	-44.1
Restaurant Brand	-1.9	-13.9	-33.8
Sapphire Foods	0.4	-10.1	-17.5
Senco Gold	-0.7	-16.3	-53.6
Shoppers St.	-1.3	-6.2	-30.9
Titan Co.	0.9	4.3	8.0
Trent	0.4	-7.4	-37.6
Vedant Fashions	1.1	-6.3	-47.9
V-Mart Retail	-2.3	15.9	-22.8
Vishal Mega Mart	0.0	-0.1	
Westlife Food	-2.0	-18.9	-31.3
<b>Technology</b>	<b>-1.6</b>	<b>-4.1</b>	<b>-18.2</b>
Cyient	-0.8	-7.1	-37.0
HCL Tech.	-1.9	0.3	-20.4
Hexaware Tech.	-0.8	-6.8	
Infosys	-2.1	-5.3	-26.8
KPIT Technologi.	-1.5	-11.7	-36.1
LTIMindtree	-0.3	3.4	-12.3
L&T Technology	-1.0	-3.1	-20.7
Mphasis	-3.2	-9.5	-12.5
Coforge	-1.5	-3.2	19.5
Persistent Sys	-1.5	4.0	4.0

Company	1 Day (%)	1M (%)	12M (%)
TCS	-0.3	-6.6	-27.9
Tata Technolog.	-1.0	-4.0	-35.4
Tata Elxsi	-0.6	-5.5	-27.1
Tech Mah	-1.1	-6.4	-14.8
Wipro	-5.1	-5.2	-8.9
Zensar Tech	1.0	-6.4	12.6
<b>Telecom</b>	<b>0.4</b>	<b>1.8</b>	<b>-2.3</b>
Bharti Airtel	2.3	3.6	18.3
Indus Towers	-0.3	-3.2	-10.9
Idea Cellular	-1.7	12.0	-3.9
Tata Comm	-2.3	13.8	5.3
<b>Utilities</b>	<b>-0.2</b>	<b>1.1</b>	<b>-17.2</b>
ACME Solar Hold.	-1.3	-10.0	
Coal India	0.3	-2.7	-20.6
Indian Energy Ex	-0.5	-9.6	-29.8
Inox Wind	-0.4	-2.7	-31.2
JSW Energy	-1.4	1.1	-20.1
NTPC	-0.1	1.4	-18.4
Power Grid Corpn	-0.7	0.9	-12.5
Suzlon Energy	-1.3	-10.7	-27.5
Tata Power Co.	-0.3	0.8	-11.6
<b>Others</b>			
APL Apollo Tubes	1.5	3.8	13.0
Astral	-0.2	-1.2	-22.6
Cello World	-0.2	-3.8	-31.4
Coromandel Intl	-0.7	-7.8	34.9
Dreamfolks Servi	-3.2	-0.3	-71.6
EPL Ltd	-1.0	-7.2	-23.0
Eternal Ltd	-1.5	4.4	26.6
Godrej Agrovet	-0.3	-10.3	-15.9
Gravita India	-0.5	-5.8	-37.1
Havells	1.1	-6.4	-17.4
Indiamart Inter.	-0.5	-8.1	-22.8
Indian Hotels	-0.4	-5.7	7.0
Info Edge	-1.5	-3.4	-16.8
Interglobe	-0.6	1.8	26.5
Kajaria Ceramics	-0.6	0.9	-10.6
Lemon Tree Hotel	1.6	-4.4	32.1
MTAR Technologie	3.1	28.4	32.2
One 97	0.9	5.2	84.6
Piramal Enterp.	0.0	-3.7	8.5
Prince Pipes	-1.1	-3.9	-40.0
Quess Corp	-1.8	-15.0	-34.5
Safari Inds.	-2.2	-5.0	-12.4
SIS	1.3	-3.8	-13.9
Supreme Inds.	-0.7	-6.6	-19.7
Swiggy	-3.6	-2.0	
Time Technoplast	1.5	-6.2	-1.4
Team Lease Serv.	1.7	-8.3	-40.9
Updater Services	-1.7	-13.3	-40.2
UPL	-0.9	-4.3	26.9
Volta	0.8	1.0	-22.2
VIP Inds.	-0.2	-4.3	-17.1
Va Tech Wabag	-0.9	-8.8	-20.3

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## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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