## Market snapshot

| Equities - India | Close | Chg .% | CYTD.% |
|---|---|---|---|
| Sensex | 83,978 | 0.0 | 7.5 |
| Nifty-50 | 25,763 | 0.2 | 9.0 |
| Nifty-M 100 | 60,287 | 0.8 | 5.4 |
| **Equities-Global** | **Close** | **Chg .%** | **CYTD.%** |
| S&P 500 | 6,852 | 0.2 | 16.5 |
| Nasdaq | 23,835 | 0.5 | 23.4 |
| FTSE 100 | 9,701 | -0.2 | 18.7 |
| DAX | 24,132 | 0.7 | 21.2 |
| Hang Seng | 9,259 | 1.0 | 27.0 |
| Nikkei 225 | 52,411 | 0.0 | 31.4 |
| **Commodities** | **Close** | **Chg .%** | **CYTD.%** |
| Brent (US$/Bbl) | 66 | 1.0 | -11.1 |
| Gold ($/OZ) | 4,001 | 0.0 | 52.5 |
| Cu (US$/MT) | 10,829 | -0.4 | 25.2 |
| Almn (US$/MT) | 2,898 | 0.7 | 14.7 |
| **Currency** | **Close** | **Chg .%** | **CYTD.%** |
| USD/INR | 88.8 | 0.0 | 3.7 |
| USD/EUR | 1.2 | -0.1 | 11.3 |
| USD/JPY | 154.2 | 0.1 | -1.9 |
| **YIELD (%)** | **Close** | **1MChg** | **CYTD chg** |
| 10 Yrs G-Sec | 6.5 | 0.00 | -0.2 |
| 10 Yrs AAA Corp | 7.2 | -0.05 | 0.0 |
| **Flows (USD b)** | **3-Nov** | **MTD** | **CYTD** |
| FIIs | -0.21 | 1.04 | -16.2 |
| DIIs | 0.40 | 6.24 | 72.6 |
| **Volumes (INRb)** | **3-Nov** | **MTD*** | **YTD*** |
| Cash | 1,067 | 1067 | 1067 |
| F&O | 2,59,623 | 2,59,623 | 2,29,204 |

Note: Flows, MTD includes provisional numbers.
*Average

## Today's top research idea

### Technology | Internet: Eternal & Swiggy: Deja Vu?

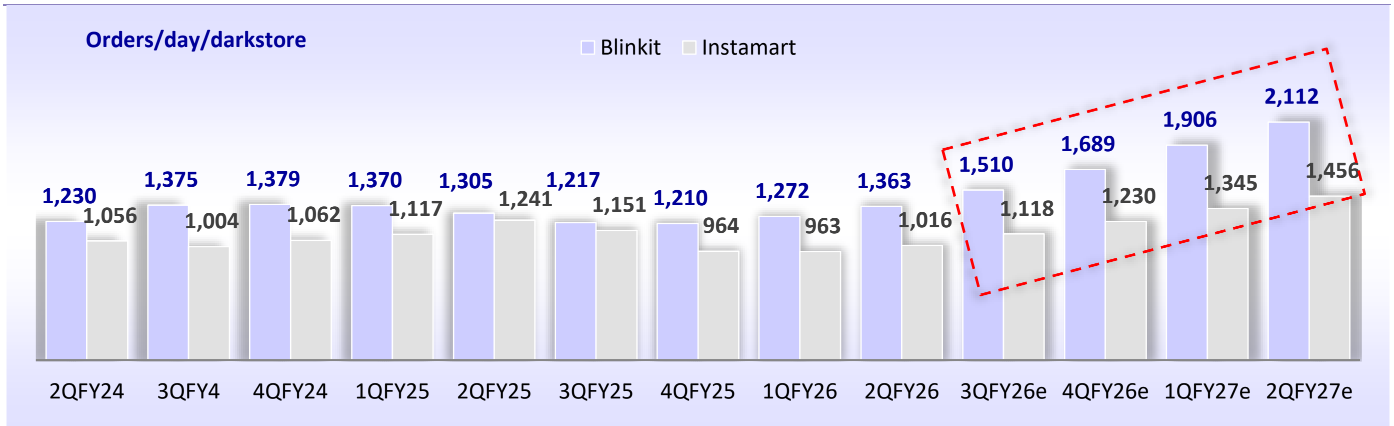
- We believe that the food delivery (FD) business will remain a balanced duopoly between Eternal and Swiggy, with 20-22% GOV growth over FY26–27. We value the FD business at 30x FY27E EBITDA.
- In QC, the setup looks similar to the prior cycle, though with lower burn intensity and faster margin normalization as dark-store throughput improves. Swiggy remains our preferred pick on relative valuation comfort as its 0.5x FY27E EV/GMV multiple still trades at a ~60% discount to Eternal's 1.2x.
- We reiterate BUY on Swiggy with a TP of INR550 (36% upside) and Eternal with a TP of INR410 (27% upside).

## Research covered

| Cos/Sector | Key Highlights |
|---|---|
| Technology \| Internet | Eternal & Swiggy: Deja Vu? |
| Bulls and Bears | Market stages a smart comeback in Oct'25; FIIs turn buyers after three months |
| Ambuja Cements | Beat earnings; resilient EBITDA/t led by operational efficiency |
| Tata Consumer Products | Healthy revenue growth across segments |
| Other Updates | CDSL \| Gland Pharma \| Ajanta Pharma \| Tata Chemicals \| Blue Dart Express \| R R Kabel \| Niva Bupa Health \| Westlife Food \| Mahindra Life. \| NOCIL \| Bharti Airtel \| Titan Company \| Power Grid Company \| Bharti Hexacom \| Hitachi Energy \| Acme Solar Hold. \| VRL Logistics |

## Chart of the Day: Technology | Internet (Eternal & Swiggy: Deja Vu?)

Most new dark stores are past breakeven cycle (~4-6 month) and we expect resultant incremental throughput




Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

### Info Edge India to invest ₹100 crore in Redstart Labs

Info Edge Ltd said its board has approved an investment of about ₹100 crore in its wholly owned subsidiary, Redstart Labs. The investment will be made through the acquisition of 10 crore equity shares at a face value of ₹10 each.

2

### RITES bags ₹373 crore project management contract from NIMHANS for new OPD building

RITES Ltd announced that it has received a Letter of Award from the National Institute of Mental Health & Neuro Sciences (NIMHANS) for project management consultancy (PMC) services

3

### ED attaches RCom's land worth over ₹4,462 crore in money laundering case

The enforcement directorate (ED) has provisionally attached over 132 acres of land in Dhirubhai Ambani Knowledge City (DAKC), Navi Mumbai, Maharashtra, valued at approximately ₹4,463 crore under the Prevention of Money Laundering Act.

4

### OpenAI signs $38-bn multi-year cloud partnership with Amazon Web Services

OpenAI announced that it has entered into a multi-year strategic partnership worth $38 billion with Amazon Web Services (AWS), aimed at providing the ChatGPT maker with access to AWS's advanced cloud infrastructure to support its growing artificial intelligence (AI) workloads.

5

### Hinduja Group to invest Rs 20,000 cr in Andhra across energy, EV sectors

Hinduja Group has agreed to invest Rs 20,000 crore in Andhra Pradesh in phases, following a meeting with Chief Minister N Chandrababu Naidu in London. As part of the pact, the Hinduja Group will enhance the capacity of the Visakhapatnam power plant by 1,600 MW and set up solar and wind energy projects in the Rayalaseema region.

6

### CtrlS Datacenters, NTPC Green ink pact for 2 GW+ renewable power projects

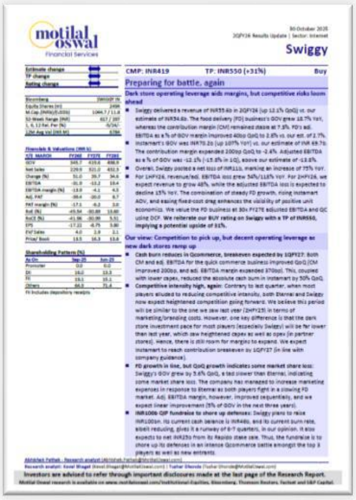
As part of the MoU, CtrlS and NGEL aim to jointly establish grid-connected renewable energy projects/assets with a capacity of up to 2 GW or more through greenfield development and/or acquisitions, for the supply of renewable power to CtrlS for its captive consumption

7

### Kimberley-Clark to acquire Kenvue for over $40 billion as Tylenol

Consumer goods and personal care giant Kimberley-Clark is buying Tylenol-maker Kenvue in a $40 billion deal involving stock and cash, in what can be called a mammoth merger of two consumer goods companies.

# Internet: Eternal & Swiggy


Swiggy

CMP: INR419 TP: INR550 (+31%) Buy

Preparing for battle, again

## Eternal & Swiggy: Deja Vu?

**Another round of competition looms, but this time could be different**

Both Eternal and Swiggy have seen improvements in their profitability on the back of reduced competitive intensity and slower dark store rollouts over the past couple of quarters. Commentary in 2QFY26 earnings calls, however, indicated that this trend could see a pause. Swiggy, armed with a potential INR100b in fresh funds, Zepto's recent fundraise, and Eternal's strong balance sheet could set off another land-grab phase in quick commerce (QC).

This resembles the setup seen last year (see Exhibit 5). Nov'24 saw the beginning of a competitively intense phase in QC, as both listed and unlisted players ramped up dark store expansions and marketing expenses, leading to steep cuts in margin expectations.

We argue, however, that this time is slightly different. Dark store additions will be lower for both platforms, particularly Swiggy, which is moderating new launches by ~90% after last year's aggressive buildout. In the past cycle, Swiggy's throughput (orders per day per dark store) declined by 25%; we expect its throughput to improve by 30% over the next four quarters. This is a key margin lever, in our view. For Eternal, the network remains efficient and its QC business is near the breakeven – the losses were entirely driven by discretionary marketing spends. Thus, while competitive intensity may come back, operating leverage could still play out, especially for Swiggy, which has low dark store utilization.

In summary, we believe that the food delivery (FD) business will remain a balanced duopoly between Eternal and Swiggy, with 20-22% GOV growth over FY26–27. We value the FD business at 30x FY27E EBITDA. In QC, the setup looks similar to the prior cycle, though with lower burn intensity and faster margin normalization as dark-store throughput improves. Swiggy remains our preferred pick on relative valuation comfort as its 0.5x FY27E EV/GMV multiple still trades at a ~60% discount to Eternal's 1.2x. We reiterate **BUY** on **Swiggy** with a **TP of INR550 (36% upside)** and **Eternal** with a TP of **INR410 (27% upside).**

### 2QFY26: Competitive intensity to be cranked up again

- After a couple of quarters of low competition, all players have shifted their focus back to growth. This feels familiar to the high competitive intensity seen between Sep'24 and Apr'25, when expectations for QC profitability were downgraded.
- **What changed this quarter:**

1. **1QFY26 commentary:**
   - Market expectations and guidance for improvement in profitability on the back of easing competitive intensity.

2. **2QFY26 commentary:**
   - The tone turned more aggressive, with renewed push for discounts and brand marketing.
   - Swiggy launched its 'Quick India' campaign, undertook a brand refresh, and rolled out reactivation drives (Exhibit 2).
   - Eternal reintroduced free Zomato Gold promos and large-scale food offers.
   - Both **Swiggy and Zepto also launched 'No Fee' campaigns (removing delivery, handling, and surge fees,** see Exhibits 1 & 2).
   - **As a result,** we are back where we were in Nov'24: all the top players are expected to increase competitive intensity on the back of fresh capital raises.

## Parallels to 2024: Cash burn back on the table? Partially

- The current setup mirrors FY25's growth pivot, but the underlying context this time is different.
- Nov'24 saw the beginning of a land-grab phase in QC (see Exhibit 5), as both listed and unlisted players ramped up dark store expansions and marketing expenses, leading to steep cuts in margin expectations.
- This reflected in stock prices: Eternal and Swiggy corrected 21% and 27%, respectively, between November '24 and Mar'25. Prices have since rebounded handsomely, reflecting improved profitability in 1Q and 2QFY26 for both players.
- Fundraising and high discounting intensity cloud the outlook for margin expansion again.

## This time is different: Operating leverage from increasing throughput

- Despite signs of rising competition, this cycle is structurally more measured.
- Dark store additions will be lower for both platforms, particularly Swiggy, which is moderating new launches after last year's aggressive buildout. **In the past cycle, Swiggy's throughput (orders per day per dark store) declined by 25%. We expect its throughput to improve by 30% over the next four quarters. This is a key margin lever, in our view.**
- Most newly opened dark stores are already past the 4-6 month breakeven window, allowing incremental operating leverage.
- For Eternal, the network remains efficient and its QC business is near the breakeven; the losses are entirely driven by discretionary marketing expenses.

## Valuation and view

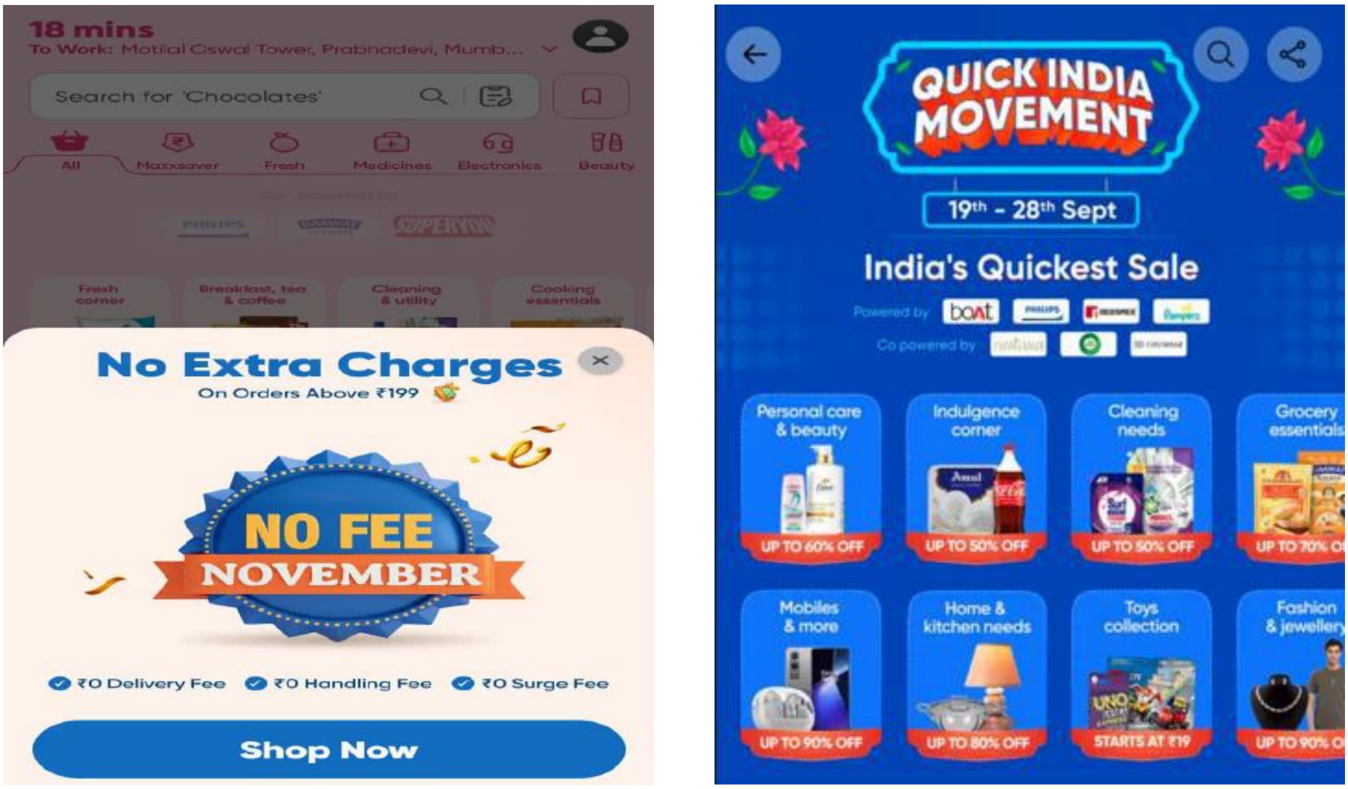
- **We continue to view FD as a stable duopoly** with balanced market shares between Eternal and Swiggy. We model 20-22% GOV growth over FY26-27 and assign a **30x EV/EBITDA multiple** to the FD business, reflecting its steady margin trajectory and high user stickiness.
- In QC, the setup looks similar to the prior cycle, though the burn intensity is lower and incremental margins should normalize faster as dark-store throughput improves. At the current juncture, we **prefer Swiggy** on relative valuation comfort — our implied **EV/GMV multiple of 0.5x FY27E** for QC represents a **~60% discount to Eternal's 1.2x**, and expect this discount to

- narrow. Sustained improvement in Swiggy's AOVs, dark store throughput, and take rates could drive a meaningful profitability re-rating ahead.
- We reiterate our BUY rating on Swiggy with a TP of INR550, implying a potential upside of 36%, supported by steady FD growth and improving QC unit economics. We also maintain our BUY rating on Eternal (Zomato) with a TP of INR410 (27% upside), as we continue to see structural tailwinds in QC expansion, and execution scale.

**Zepto's 'no extra fees' campaign banner**


Source: MOFSL

**Swiggy 'No Fee November' campaign and 'Quick India Movement' campaign**

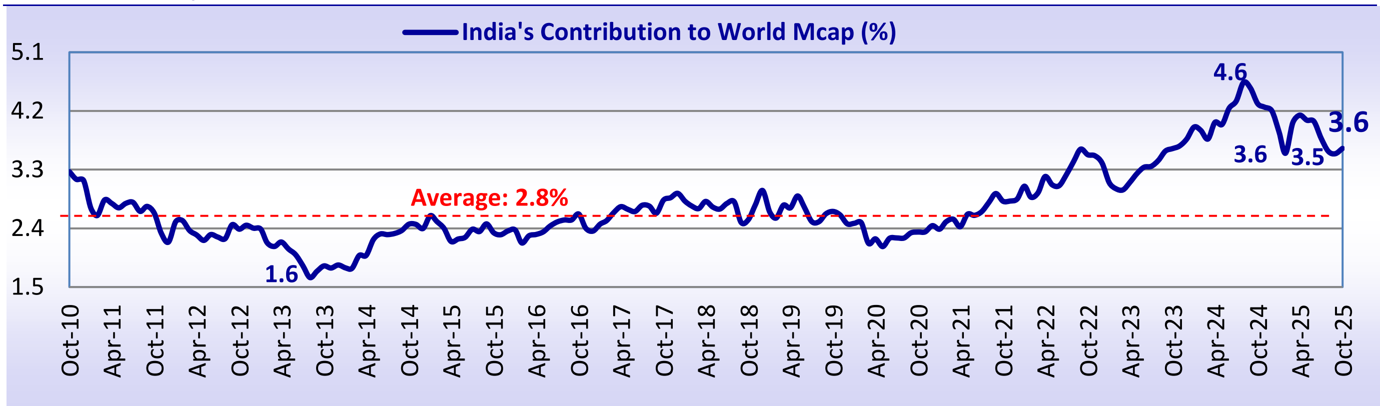



Source: MOFSL

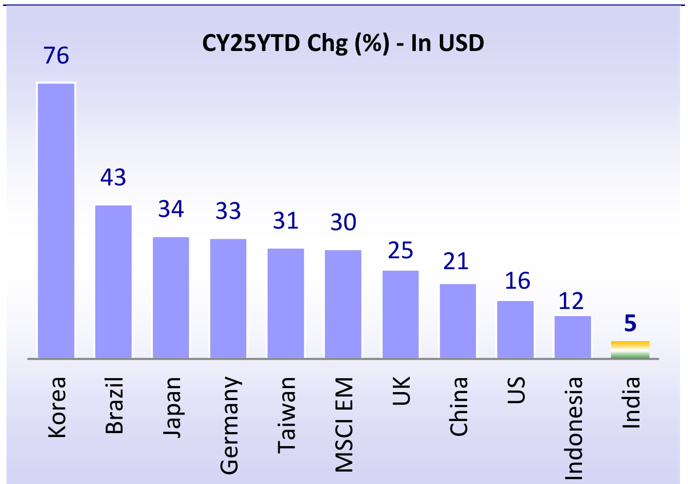
## India Valuations Handbook — Market stages a smart comeback in Oct'25; FIIs turn buyers after three months

- **Market clocks the highest MoM return since Apr'25:** The Nifty touched ~26k before ending 4.5% up MoM at 25,722 in Oct'25. Markets staged a smart comeback in Oct'25 and recorded the best MoM returns in the last seven months. Notably, with extreme volatility, the index hovered around ~1,498 points before closing 1,111 points higher. The Nifty is up 8.8% in CY25YTD. The Nifty Midcap 100 (+5.8% MoM) and Nifty Smallcap 100 (+4.7% MoM) outperformed the Nifty-50 during the month. Over the last 12 months, largecaps, midcaps, and smallcaps are up 6.3%, 6.6%, and -1.2%, respectively. Over the last five years, midcaps (CAGR: 28.5%) have significantly outperformed largecaps (CAGR: 17.2%) by 130%, while smallcaps (CAGR: 25.9%) have markedly outperformed largecaps by 95%.
- **FIIs record inflows after three months of outflows:** In Oct'25, FIIs recorded inflows of USD1.3b, after three consecutive months of outflows. FII equity outflows stood at USD16.2b in CY25YTD vs. outflows of USD0.8b in CY24. DII inflows moderated in Oct'25 at USD5.8b in Oct'25. DII equity inflows were at a record high of USD72.6b in CY25YTD vs. USD62.9b in CY24.
- **All major sectors end higher in Oct'25:** Among the sectors, Real Estate (+9%), PSU Banks (+9%), Telecom (+7%), Infrastructure (+6%), and Technology (+6%) were the top gainers MoM, while Media (-0.3%) was the only laggard. The breadth was positive in Oct'25, with 39 Nifty stocks ending higher. Shriram Finance (+22%), HCL Tech (+11%), Titan (+11%), Hindalco (+11%), and Nestle (+10%) were the top performers, while HDFC Life Insurance (-3%), Eternal (-2%), Ultratech (-2%), Dr Reddy's (-2%), and HUL (-2%) were the key laggards.
- **Major economies end higher in Oct'25:** Among the key global markets, Korea (+20%), Japan (+17%), Taiwan (+9%), India (+5%), MSCI EM (+4%), the UK (+4%), the US (+2%), Brazil (+2%), China (+2%), Indonesia (+1%), and Germany (+0%) ended higher in local currency terms on a MoM basis in Oct'25. During the last 12 months in USD terms, the MSCI India Index (+1%) underperformed the MSCI EM Index (+25%). Over the last 10 years, the MSCI India Index notably outperformed the MSCI EM Index by 58%. In P/E terms, the MSCI India Index is trading at a 52% premium to the MSCI EM Index, below its historical average premium of 78%.
- **Earnings review – 2QFY26: A beat driven by commodities:** As of 31st Oct'25, 151/27 companies within the MOFSL Universe/Nifty have announced their 2QFY26 results. The earnings of the aforesaid 151 MOFSL Universe companies grew 14% YoY (in line with our estimate of 9% YoY) in 2QFY26. Overall earnings growth was driven by O&G (OMC's profit up 9x YoY), which grew 79% YoY, Technology (8% YoY), Cement (147% YoY), Capital Goods (17% YoY), and Metals (7% YoY). These five sectors contributed 86% of the incremental YoY accretion in earnings so far. Barring global commodities (i.e., Metals and O&G), the MOFSL Universe posted a 6% YoY earnings growth vs. our estimate of 2%. In contrast, ex-Financials, the earnings for the MOFSL Universe grew 25% YoY (vs. an est. of +18% YoY).
- **Our view:** While Indian equities have registered lackluster performance in the past one year, we continue to highlight that the Indian markets now appear to be in a healthy state vs. last year, and the platform is set for Indian equities to mean-revert and post an uptick going forward. Valuations are reasonable, with Nifty trading at 21.4x, marginally above its LPA of 20.8x, and any evidence of earnings growth pickup should help valuations expand. We believe that the cavalry of measures by the government will help to reset the trajectory of corporate earnings as domestic reforms are expected to continue, while any resolution of the tariff stalemate will be a key external catalyst in our opinion. Our model portfolio is more aligned towards domestic names, driven by expectations of a domestic economic rebound. While SMIDs trade at expensive valuations, we continue to focus on this segment, selectively picking high-conviction SMID names in our portfolio.
- **Top ideas: Largecaps –** Bharti Airtel, ICICI Bank, SBI, Larsen & Toubro, Mahindra & Mahindra, Ultratech Cement, Titan Company, Max Healthcare, Bharat Electronics, Tech Mahindra, Indigo, TVS Motors, Tata Steel and Indian Hotels. **Midcaps and Smallcaps –** Dixon Technologies, Swiggy, Delhivery, Suzlon Energy, Jindal Stainless, Coforge, Page Industries, Kaynes Tech, Radico Khaitan, VIP Industries, and V-Mart Retail.

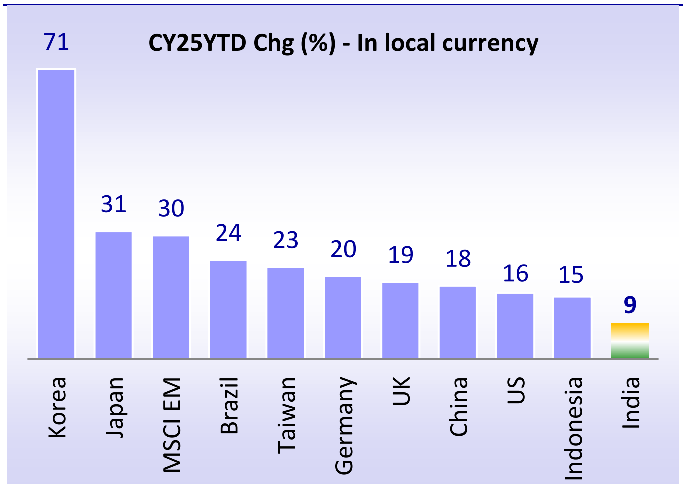
**Trend in India's contribution to the global market cap (%) – contribution inches up in Oct'25 to 3.6% after a dip to a two-year low at 3.5% in Sep'25**



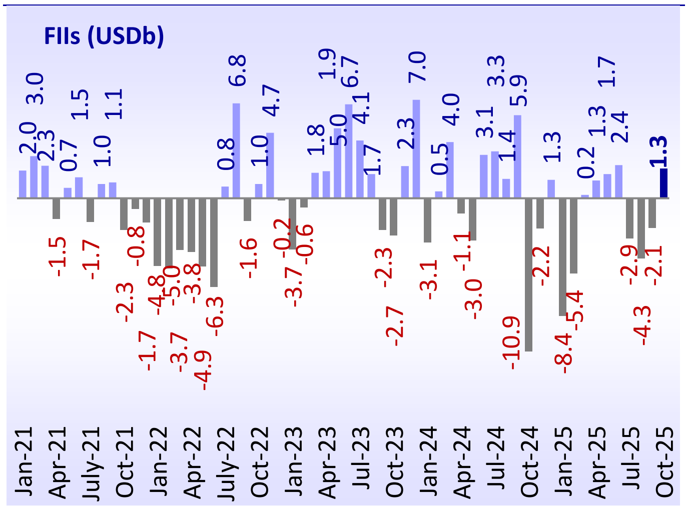

**World equity indices in USD terms in CY25YTD (%)**



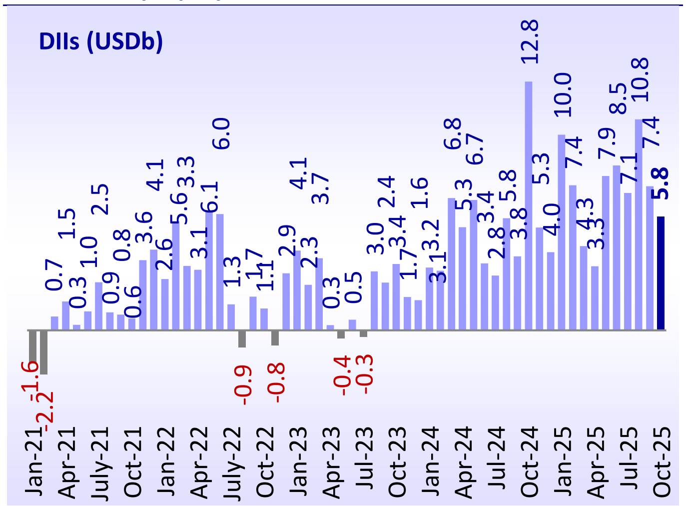

**World equity indices in local currency terms in CY25YTD (%)**




**FIIs record equity inflows after three straight months of outflows in Oct'25**




**DIIs' monthly equity inflows moderate**



# Ambuja Cements

| | |
|---|---|
| Estimate change | ↑ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | ACEM IN |
| Equity Shares (m) | 2472 |
| M.Cap.(INRb)/(USDb) | 1426.7 / 16.1 |
| 52-Week Range (INR) | 625 / 453 |
| 1, 6, 12 Rel. Per (%) | -3/3/-7 |
| 12M Avg Val (INR M) | 1612 |
| Free float (%) | 32.4 |

**Consol. Financial Snapshot (INR b)**

| Y/E Mar | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 404.4 | 455.3 | 513.6 |
| EBITDA | 77.6 | 94.5 | 110.9 |
| Adj. PAT | 28.2 | 36.9 | 44.2 |
| EBITDA Margin (%) | 19.2 | 20.7 | 21.6 |
| Adj. EPS (INR) | 11.4 | 14.9 | 17.9 |
| EPS Gr. (%) | 41.2 | 30.9 | 19.8 |
| BV/Sh. (INR) | 231 | 243 | 258 |
| **Ratios** | | | |
| Net D:E | 0.0 | -0.0 | -0.0 |
| RoE (%) | 5.1 | 6.3 | 7.1 |
| RoCE (%) | 8.3 | 7.0 | 8.1 |
| Payout (%) | 17.5 | 20.1 | 22.4 |
| **Valuations** | | | |
| P/E (x) | 43.9 | 33.6 | 28.0 |
| P/BV (x) | 2.2 | 2.1 | 1.9 |
| EV/EBITDA(x) | 19.6 | 16.1 | 13.6 |
| EV/ton (USD) | 154 | 138 | 128 |
| Div. Yield (%) | 0.3 | 0.5 | 0.7 |
| FCF Yield (%) | -0.3 | 1.3 | 1.8 |

**Shareholding Pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 67.6 | 67.5 | 67.5 |
| DII | 19.6 | 18.7 | 15.2 |
| FII | 6.0 | 7.5 | 10.7 |
| Others | 6.8 | 6.3 | 6.6 |

FII includes depository receipts

**CMP: INR577 TP: INR740 (+28%) Buy**

## Beat earnings; resilient EBITDA/t led by operational efficiency

### Debottlenecking to unlock 15mtpa capacity at lower capex

- Ambuja Cements (ACEM) reported strong growth of ~81% YoY in EBITDA to INR17.6b (~28% beat, led by lower-than-estimated opex/t). EBITDA/t grew ~52% YoY to INR1,042 (vs. estimate INR847) and OPM was up 6pp at ~19% (+3.7pp vs. our estimates). Adjusted profit (after MI) was up ~14% YoY at INR5.6b (+35% vs. our estimate).
- Management highlighted that ongoing efficiency measures and group synergies have helped it to lower total opex/t. It targets to bring costs down from INR4,200/t currently to INR3,650/t by FY28 through optimized fuel mix, higher green power use, and logistics improvements. Further, it announced debottlenecking initiatives across plants with grinding capacity addition of 15mtpa at a capex of USD48/t. It also clarified that the capex cost under this new initiative is on an integrated plant basis. Hence, the company has raised its capacity target to 155mtpa by FY28 (vs. 140mtpa earlier).
- We raise our EBITDA estimate by 10% for FY26, considering outperformance in 2Q, and ~3% for FY27/28E (each). The stock is currently trading at 16x/14x FY27E/FY28E EV/EBITDA. We value the stock at 20x Sep'27E EV/EBITDA to arrive at our TP of INR740. **Reiterate BUY.**

### Consolidated volume up ~19% YoY; blended realization/t up ~5% YoY

- Consol. revenue/EBITDA/adj. PAT stood at INR91.7b/INR17.6b/INR5.6b (up 24%/81%/14% YoY, and +4%/+28%/+35% vs. estimates) in 2QFY26. Consol. volume rose ~19% YoY to 16.9mt (+4% vs. estimate). Blended realization/t increased ~5% YoY but declined ~1% QoQ (~1% below estimates).
- Opex/t was down ~2% YoY/1% QoQ (~5% below our estimate), led by ~7%/ 5% decline in variable/freight cost/t. Other expenses/t increased ~15% YoY partly due to the integration of recently acquired assets. EBITDA/t grew ~52% YoY to INR1,042, and OPM surged 6pp YoY to ~19%. Depreciation increased ~70% YoY, driven by inorganic expansion. Other income declined ~31% YoY. ETR stood at 29.3% vs. 33.3% in 2QFY25.
- In 1HFY26, revenue/EBITDA/adj. PAT stood at INR194.6b/INR37.2b/INR13.4b (up ~23%/65%/18% YoY). OPM surged 4.8pp YoY to ~19%. OCF at INR14.4b vs. operating cash outflow of INR18.8b in 1HFY25. Capex stood at INR35.6b vs. INR45.5b in 1HFY25. Net cash outflow stood at INR21.2b vs. INR64.3b in 1HFY25.

### Highlights from the management commentary

- **Cement demand** was tepid at **~4% YoY** in 2Q due to early monsoon, though management remains **bullish with ~7-8% demand growth** guidance in FY26, supported by **GST cuts** and higher rural/infra project demand.
- Share of premium products increased to ~35% vs. ~33% in 1QFY26, driven by strong consumer acceptance of Adani Cement branding and the introduction of value-added variants across key markets.
- Green power contributed to ~33% of total power requirement vs. ~16%/28% in 2QFY25/1QFY26. ACEM is targeting to increase this to ~60% by FY28.

## Valuation and view

- ACEM has reported steady improvements in profitability, with EBITDA/t of +INR1,000/t in the third consecutive quarter. Resilient performance was led by steady realization and QoQ reduction in opex/t. Further, the integration of Orient Cement/Penna/Sanghi brands with ACC and ACEM was encouraging. The company raised its capacity target to 155mtpa by FY28, as it is adding additional 15mtpa through debottlenecking at various plants. Execution remains a key thing to watch out for given the delay in few ongoing projects.
- We estimate a CAGR of ~14%/29%/30% in consolidated revenue/EBITDA/PAT over FY25-28E, led by volume growth of ~11% and profitability improvement. We estimate its EBITDA/t to increase to INR1,154/INR1,230 in FY27/FY28 vs. INR1,043 in FY26E. ACEM (consol.) trades at 16x/14x FY27E/FY28E EV/EBITDA and USD138/USD128 EV/t. We value the stock at 20x Sep'27E EV/EBITDA to arrive at our TP of INR740. **Reiterate BUY.**

**Consolidated quarterly performance** (INR b)

| | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **83.9** | **73.8** | **85.0** | **99.8** | **102.9** | **91.7** | **101.1** | **108.7** | **342.5** | **404.4** | **88.6** | (1) |
| YoY Change (%) | -3.7 | -0.6 | 4.6 | 12.2 | 22.6 | 24.3 | 18.9 | 8.9 | 10.0 | 18.1 | 20.1 | |
| **EBITDA** | **12.8** | **9.7** | **8.9** | **18.7** | **19.6** | **17.6** | **18.9** | **21.6** | **50.1** | **77.6** | **13.7** | 28 |
| YoY Change (%) | -23.2 | -25.2 | -48.9 | 9.9 | 53.2 | 80.9 | 112.9 | 15.5 | 73.0 | 55.1 | 53.2 | |
| Margins (%) | 15.3 | 13.2 | 10.4 | 18.7 | 19.1 | 19.2 | 18.7 | 19.8 | 14.6 | 19.2 | 15.5 | 372 |
| Depreciation | 4.8 | 5.2 | 6.6 | 7.9 | 8.0 | 8.9 | 8.9 | 9.4 | 24.5 | 35.1 | 8.7 | 2 |
| Interest | 0.7 | 0.7 | 0.7 | 0.1 | 0.7 | 0.8 | 0.8 | 0.8 | 2.2 | 3.0 | 0.8 | 2 |
| Other Income | 3.5 | 3.7 | 2.4 | 2.7 | 2.6 | 2.6 | 2.5 | 2.6 | 12.4 | 10.2 | 2.7 | (3) |
| **PBT before EO Item** | **10.9** | **7.6** | **4.0** | **13.4** | **13.5** | **10.6** | **11.7** | **14.0** | **35.9** | **49.7** | **6.9** | 52 |
| Share of profit of JVs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | - |
| Extraordinary Inc/(Exp) | 0.0 | -0.2 | 19.4 | 4.4 | 0.4 | -2.2 | 0.0 | 0.0 | 23.5 | -1.8 | 0.0 | |
| **PBT after EO Exp/(Inc)** | **10.9** | **7.4** | **23.4** | **17.8** | **14.0** | **8.4** | **11.7** | **14.0** | **59.5** | **48.0** | **7.0** | 20 |
| Tax | 3.1 | 2.5 | 5.2 | 4.6 | 4.0 | 2.5 | 2.9 | 3.5 | 15.4 | 12.9 | 1.7 | |
| Prior period tax adj. | 0.0 | 0.0 | -8.1 | 0.4 | -0.3 | -17.1 | 0.0 | 0.0 | -7.7 | -17.4 | 0.0 | |
| Rate (%) | 28.4 | 33.3 | 22.3 | 26.0 | 29.0 | 29.3 | 24.9 | 25.0 | 25.9 | -9.3 | 23.9 | |
| **Reported Profit** | **7.8** | **5.0** | **26.2** | **12.8** | **10.2** | **23.0** | **8.8** | **10.5** | **51.8** | **52.5** | **5.3** | 334 |
| **Adj PAT (before MI)** | **7.8** | **5.1** | **3.0** | **7.3** | **9.6** | **7.6** | **8.8** | **10.5** | **41.9** | **40.8** | **5.3** | 43 |
| Minority Interest | 1.4 | 0.2 | 5.0 | 3.3 | 1.8 | 5.4 | 2.1 | 2.4 | 9.9 | 11.7 | 1.2 | - |
| **Adj PAT (after MI)** | **6.4** | **4.9** | **4.1** | **4.4** | **7.8** | **5.6** | **6.6** | **8.1** | **19.9** | **28.2** | **4.1** | 35 |
| YoY Change (%) | (29.3) | (38.0) | (49.7) | (17.0) | 22.0 | 13.6 | 60.5 | 83.9 | (29.6) | 41.7 | (9.5) | |

Note: Adj. PAT (after MI) of 2QFY26 is also adjusted for ACC's tax reversal impact

**Per ton analysis**

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| Volume | 15.3 | 14.2 | 16.5 | 18.2 | 18.8 | 16.9 | 18.8 | 20.0 | 64.2 | 74.5 | 16.2 | 4 |
| Change (YoY %) | (1) | 9 | 17 | 10 | 23 | 19 | 14 | 10 | 16 | 16 | 14 | |
| **Blended Realization** | **5,485** | **5,181** | **5,153** | **5,484** | **5,473** | **5,429** | **5,389** | **5,435** | **5,332** | **5,431** | **5,472** | (1) |
| Change (YoY %) | -3.1 | -8.6 | -10.6 | 2.2 | -0.2 | 4.8 | 4.6 | -0.9 | -5.4 | 1.9 | 5.6 | |
| Raw Material | 963 | 997 | 1,082 | 1,004 | 811 | 774 | 830 | 901 | 1,013 | 832 | 932 | (17) |
| Staff Cost | 207 | 245 | 232 | 195 | 222 | 240 | 219 | 239 | 218 | 230 | 263 | (9) |
| Power and fuel | 1,419 | 1,276 | 1,262 | 1,263 | 1,337 | 1,349 | 1,329 | 1,323 | 1,303 | 1,334 | 1,300 | 4 |
| Freight | 1,370 | 1,282 | 1,239 | 1,284 | 1,289 | 1,221 | 1,255 | 1,287 | 1,352 | 1,264 | 1,310 | (7) |
| Other expenditure | 689 | 697 | 802 | 712 | 771 | 803 | 750 | 606 | 726 | 729 | 820 | (2) |
| **Total cost** | **4,649** | **4,498** | **4,616** | **4,458** | **4,430** | **4,387** | **4,384** | **4,356** | **4,613** | **4,389** | **4,625** | (5) |
| **EBITDA** | **836** | **684** | **537** | **1,026** | **1,043** | **1,042** | **1,005** | **1,079** | **719** | **1,043** | **847** | 23 |
| Change (YoY %) | (23) | (31) | (56) | 0 | 25 | 52 | 87 | 5 | (3) | 45 | 24 | |

# Tata Consumer Products

| | |
|---|---|
| Estimate change | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | TATACONS IN |
| Equity Shares (m) | 990 |
| M.Cap.(INRb)/(USDb) | 1185 / 13.3 |
| 52-Week Range (INR) | 1203 / 883 |
| 1, 6, 12 Rel. Per (%) | 2/-2/13 |
| 12M Avg Val (INR M) | 1531 |
| Free float (%) | 66.2 |

**Financials & valuations (INR b)**

| Y/E MARCH | 2025 | 2026E | 2027E |
|---|---|---|---|
| Sales | 197 | 213 | 230 |
| EBITDA | 28 | 32 | 35 |
| Adj. PAT | 17 | 20 | 22 |
| EBITDA Margin (%) | 14 | 15 | 15 |
| Cons. Adj. EPS (INR) | 17 | 20 | 22 |
| EPS Gr. (%) | 21 | 19 | 9 |
| BV/Sh. (INR) | 228 | 242 | 258 |
| **Ratios** | | | |
| Net D:E | 0 | 0 | 0 |
| RoE (%) | 8 | 9 | 9 |
| RoCE (%) | 10 | 11 | 12 |
| Payout (%) | 38 | 32 | 29 |
| **Valuations** | | | |
| P/E (x) | 71 | 60 | 54 |
| EV/EBITDA (x) | 39 | 33 | 30 |
| Div. Yield (%) | 1 | 1 | 1 |
| FCF Yield (%) | 1 | 2 | 2 |

**Shareholding pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 33.8 | 33.8 | 33.8 |
| DII | 22.2 | 22.0 | 18.8 |
| FII | 22.1 | 22.0 | 24.4 |
| Others | 21.9 | 22.2 | 23.0 |

Note: FII includes depository receipts

**CMP: INR1,198 TP: INR1,450 (+21%) Buy**

## Healthy revenue growth across segments

### Operating performance beats estimates

- Tata Consumer Products (TATACONS) reported ~8% YoY growth in EBIT, marking a recovery after three consecutive quarters of decline. The improvement was driven by strong performance in the India Branded business, which reported 47% YoY growth in EBIT. It was partially offset by a decline of 12% and 28% YoY in the International Beverages and Non-Branded businesses, respectively.
- The core India business witnessed the second consecutive quarter of double-digit growth in both tea and salt. Tea business revenue grew 12% with 5% volume growth, while salt revenue grew 16% YoY with 6% volume growth.
- We expect margins to expand in 2HFY26, led by softening tea prices, improving product mix in the tea business (higher sales of premium tea); and the scale-up of the growth business (includes RTD, Tata Sampann, Capital and Organic India; 30% of revenue contribution in 2Q).
- We maintain our FY26/FY27/FY28 earnings estimates and **reiterate BUY with an SoTP-based TP of INR1,450.**

### Resilient performance driven by branded and growth portfolios

- Consolidated revenue in 2Q grew 18% YoY to ~INR50b (est. INR48b). EBITDA margin contracted 130bp YoY to 13.5% (est. 13.2%) due to volatility in coffee prices and tariffs, leading to pressure on the international market. EBITDA grew 7% YoY to INR6.7b (est. INR6.3b). Adj. PAT grew 5% YoY to INR4b (est. INR3.7b).
- Indian branded business revenue grew 18% YoY to INR31.2b, led by revenue growth of 15%/20% YoY in the Indian branded beverage/Indian food businesses to INR15.8b/INR15.4b. EBIT grew ~9% YoY to INR5.1b.
- RTD segment (NourishCo) revenue rose ~25% YoY to ~INR1.9b, while volumes recorded a moderate growth of 31%, despite headwinds from unseasonal rains and heightened competitive intensity.
- Growth businesses (including RTD, Capital Foods, and Organic India) reported strong growth this quarter (27% YoY), led by robust growth in RTD (up 25%). Organic India and Capital Foods grew 16% YoY on a combined basis.
- International branded beverages revenue grew 15% YoY to ~INR12.9b, EBIT declined 12% YoY to ~INR1.5b, and EBIT margins stood at 11.5% (down 350bp YoY). Non-branded business revenue increased 28% YoY to ~INR5.9b, while EBIT declined 28% YoY to INR760m.
- In 1HFY26, revenue/adj PAT grew 14%/7% YoY to INR97.4b/INR7.4b, while EBITDA declined by 1% to INR12.8b.
- Gross debt stood at INR5.8b as of Sep’25 vs. INR5.4b as of Mar’25. Further, CFO stood at ~INR2b as of Sep’25 vs. INR2.9b as of Sept’24.

## Highlights from the management commentary

- **International Business:** The international segment grew 9% YoY but margins were impacted by coffee price volatility and Brazil tariffs. Management expects normalization in coffee costs and benefits from upcoming price hikes to support gradual margin recovery over the next 1-2 quarters.
- **Core India business:** The India branded portfolio maintained strong momentum, delivering double-digit growth in tea and salt for the second consecutive quarter. Softening tea prices, improved product mix in premium tea, and enhanced distribution reach should drive margin expansion in 2H.
- **RTD:** Despite headwinds from unseasonal rains and heightened competitive intensity, the segment reported a strong performance. Sales growth is expected to pick up in 2H, in line with the anticipated volume growth.

## Valuation and view

- We expect TATACONS to maintain its growth momentum, aided by growth in the core India business on the back of new product launches and volume growth in the tea business. Tea gross margins are expected to remain stable at 34-36%. Growth businesses are expected to maintain their strong momentum after the temporary headwinds caused by the GST rate cuts are normalized in 2HFY26.
- We expect TATACONS to clock a CAGR of 9%/12%/16% in revenue/EBITDA/PAT during FY25-28. **Reiterate BUY with an SoTP-based TP of INR1,450.**

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

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY25E | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2Q | (%) |
| **Gross Sales** | **43,521** | **42,145** | **44,436** | **46,082** | **47,789** | **49,659** | **49,265** | **50,653** | **1,76,183** | **1,97,367** | **47,886** | **4** |
| YoY Change (%) | 16.3 | 12.9 | 16.8 | 17.3 | 9.8 | 17.8 | 10.9 | 9.9 | 15.9 | 12.0 | 13.6 | |
| Total Expenditure | 36,847 | 35,882 | 38,788 | 39,873 | 41,720 | 42,941 | 41,958 | 42,944 | 1,51,390 | 1,69,563 | 41,551 | |
| **EBITDA** | **6,674** | **6,263** | **5,647** | **6,210** | **6,069** | **6,718** | **7,307** | **7,709** | **24,794** | **27,804** | **6,335** | **6** |
| Margins (%) | 15.3 | 14.9 | 12.7 | 13.5 | 12.7 | 13.5 | 14.8 | 15.2 | 14.1 | 14.1 | 13.2 | |
| Depreciation | 1,480 | 1,493 | 1,503 | 1,531 | 1,489 | 1,533 | 1,540 | 1,550 | 6,007 | 6,112 | 1,520 | |
| Interest | 936 | 987 | 579 | 400 | 338 | 332 | 345 | 350 | 2,902 | 1,365 | 340 | |
| Other Income | 392 | 460 | 516 | 565 | 412 | 380 | 600 | 635 | 1,933 | 2,027 | 575 | |
| **PBT before EO expense** | **4,650** | **4,242** | **4,081** | **4,844** | **4,654** | **5,233** | **6,022** | **6,444** | **17,817** | **22,353** | **5,050** | |
| Extra-Ord expense | -171 | -272 | -62 | 453 | 0 | 0 | 0 | 0 | -51 | 0 | 0 | |
| **PBT** | **4,479** | **3,971** | **4,019** | **5,297** | **4,654** | **5,233** | **6,022** | **6,444** | **17,766** | **22,353** | **5,050** | |
| Tax | 1,337 | 377 | 1,022 | 1,226 | 1,190 | 1,262 | 1,516 | 1,603 | 3,962 | 5,571 | 1,271 | |
| Rate (%) | 29.9 | 9.5 | 25.4 | 23.2 | 25.6 | 24.1 | 25.2 | 24.9 | 22.3 | 24.9 | 25.2 | |
| Minority Interest | -11 | 28 | 30 | 39 | -24 | 21 | 33 | 43 | 86 | 73 | 30.7 | |
| Profit/Loss of Asso. Cos. | -249 | 79 | -178 | -584 | -147 | 95 | -150 | -530 | -932 | -732 | -15 | |
| **Reported PAT** | **2,903** | **3,644** | **2,789** | **3,449** | **3,342** | **4,045** | **4,323** | **4,268** | **12,785** | **15,977** | **3,734** | |
| **Adj PAT** | **3,031** | **3,848** | **2,835** | **3,109** | **3,342** | **4,045** | **4,323** | **4,268** | **12,823** | **15,977** | **3,734** | **8** |
| YoY Change (%) | -5.4 | 10.2 | -18.4 | -17.9 | 10.2 | 5.1 | 52.5 | 37.3 | -8.1 | 24.6 | -3.0 | |
| Margins (%) | 7.0 | 9.1 | 6.4 | 6.7 | 7.0 | 8.1 | 8.8 | 8.4 | 7.3 | 8.1 | 7.8 | |

# CDSL

| | |
|---|---|
| Estimate change | ⟷ |
| TP change | ⟷ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | CDSL IN |
| Equity Shares (m) | 209 |
| M.Cap.(INRb)/(USDb) | 333 / 3.8 |
| 52-Week Range (INR) | 1990 / 1047 |
| 1, 6, 12 Rel. Per (%) | 3/14/-4 |
| 12M Avg Val (INR M) | 5754 |

**Financials & Valuations (INR b)**

| Y/E March | 2026E | 2027E | 2028E |
|---|---|---|---|
| Revenue | 11.9 | 13.7 | 15.7 |
| EBITDA | 6.3 | 7.4 | 8.6 |
| EBITDA Margin (%) | 53.0 | 53.9 | 54.8 |
| PAT | 5.1 | 6.0 | 7.0 |
| PAT Margin (%) | 42.7 | 44.0 | 44.8 |
| EPS | 24.3 | 28.8 | 33.7 |
| EPS Grw. (%) | -3.2 | 18.6 | 17.2 |
| BVPS | 96.0 | 108.8 | 126.5 |
| RoE (%) | 26.9 | 28.1 | 28.7 |
| Div. Payout (%) | 51.5 | 55.6 | 47.4 |
| **Valuations** | | | |
| P/E (x) | 65.7 | 55.4 | 47.2 |
| P/BV (x) | 16.6 | 14.6 | 12.6 |
| Div. Yield (%) | 0.8 | 1.0 | 1.0 |

**Shareholding Pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 15.0 | 15.0 | 15.0 |
| DII | 14.2 | 14.2 | 21.6 |
| FII | 11.5 | 12.9 | 13.8 |
| Others | 59.3 | 57.9 | 49.7 |

FII includes depository receipts

**CMP: INR1,593 TP: INR1,520 (-5%) Neutral**

## Strong revenue traction; opex elevated

- **CDSL's operating revenue declined 1% YoY but grew 23% QoQ to INR3.2b (7% beat) in 2QFY26. The sequential growth was propelled by a 195% growth in IPO & corporate action charges and 28% growth in online data charges. For 1HFY26, its revenue remained flat YoY at INR5.8b.**
- **EBITDA declined 11% YoY but rose 36% QoQ to INR1.8b, resulting in an EBITDA margin of 55.7% (vs. 62% in 2QFY25 and 50.4% in 1QFY26). For 1HFY26, EBITDA declined 13% YoY to INR3.1b. Operating expenses grew 15% YoY to INR1.4b, driven by a 32%/10% YoY increase in employee costs/other expenses.**
- **CDSL's PAT declined 14% YoY but rose 37% QoQ to ~INR1.4b in 2Q (18% beat led by strong revenue growth). PAT margin stood at 43.9% vs. 50.3% in 2QFY25 and 39.6% in 1QFY26. For 1HFY26, the company's PAT declined 18% YoY.**
- **Technology and employee costs continue to rise, driven by ongoing investments in infrastructure and regulatory initiatives; management expects continued proactive investment in these areas to support future growth and innovation.**
- **We raise our FY26E earnings by 11% to reflect the strong quarterly performance, while retaining our FY27 and FY28 estimates to incorporate higher cost expectations. We project CDSL to post a revenue/EBITDA/PAT CAGR of 13%/11%/ 10% over FY25-28. We reiterate our Neutral rating on the stock with a one-year TP of INR1,520 (premised on a P/E multiple of 45x on FY28E earnings).**

## IPO & corporate action and online data charges drive strong revenue growth

- On the revenue front, transaction revenue declined 29% YoY/5% QoQ to INR590m on account of lower cash delivery volumes during the quarter. Within transaction revenue, pledge income stood at INR 50.9m in 2QFY26 vs INR 50.5m in 1QFY26.
- Annual issuer charges rose 42% YoY to INR 1.2b, driven by a sharp increase in the number of unlisted companies issued (3,593 in 2QFY26). The total includes a one-time application fee of INR53.9m and unlisted issuer charges of INR35.3m. The market share stood at 30-32%.
- Revenue from IPOs and corporate actions grew 19% YoY/195% QoQ on account of a spike in the number of IPOs during the quarter.
- Online data charges declined 30% YoY but grew 28% QoQ. The sequential rise was attributed to higher fetch volumes across AMCs and mutual funds, reflecting stronger transaction activity.
- The total income of its subsidiary, CVL, dipped 36% YoY to INR928.4b, while total expenses were INR570m in 1HFY26. PAT dipped 59% YoY to INR270m.
- The insurance repository business showed 30% growth YoY in account openings, with LIC integration expected to go live in Nov'25, which should materially boost account additions; future growth is anticipated from the broking channel and online portal initiatives.
- Total expenses surged 15% YoY to INR1.4b, led by a 32%/10% YoY increase in employee and other expenses. CIR stood at 44.3% vs 38% in 2QFY25 and 49.6% in 1QFY26.

- Other operating income declined 38% YoY/QoQ each to INR225m. It comprised e-CAS/e-voting/investment income/other operating income of INR120m/ INR200m/INR214.6m/INR60m, for the quarter.
- Demat account additions during the quarter stood at 6.5m in 2QFY26 vs. 11.8m in 2QFY25 and 5.7m in 1QFY26.

## Key takeaways from the management commentary

- The insurance repository business is set to gain a significant boost with the LIC integration expected to go live in Nov'25, which should materially accelerate account additions. Further growth is likely to be driven by the expansion of the broking channel and new online portal initiatives.
- The average tax rate remained in the 22–25% range (comprising a 22% base rate plus education surcharge and other cess), subject to variations arising from adjustments related to deferred tax assets (DTA) and deferred tax liabilities (DTL).

## Valuation and view

- Though core business drivers, such as steady demat account additions (6.5m in 2QFY26), healthy unlisted company admissions, and growing KYC fetch activity, continue to support recurring revenue visibility, continued investments in human resources and technology for future growth could restrict gains from operating leverage.
- We raise our FY26 earnings estimate by 11% to reflect the strong quarterly performance, while maintaining our FY27 and FY28 estimates to incorporate higher cost expectations. We expect CDSL to post a revenue/EBITDA/PAT CAGR of 13%/11%/10% over FY25-28.
- **We reiterate our Neutral rating on the stock with a one-year TP of INR1,520 (premised on a P/E multiple of 45x on FY28E earnings).**

**Quarterly Performance** (INR m)

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | 2QFY26E | Act v/s Est. (%) | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | | | |
| Revenue from Operations | 2,574 | 3,223 | 2,781 | 2,244 | 2,588 | 3,189 | 3,280 | 2,824 | 10,822 | 11,881 | 2,983 | 6.9 | -1% | 23% |
| Change YoY (%) | 72.0 | 55.4 | 29.7 | -6.8 | 0.6 | -1.0 | 17.9 | 25.8 | 33.2 | 9.8 | -7.4 | | | |
| Employee expenses | 267 | 314 | 323 | 315 | 390 | 414 | 422 | 432 | 1,219 | 1,658 | 398 | 4.1 | 32% | 6% |
| Other Expenses | 762 | 910 | 852 | 836 | 894 | 999 | 1,004 | 1,026 | 3,360 | 3,923 | 1,026 | -2.6 | 10% | 12% |
| Total Operating Expenses | 1,029 | 1,225 | 1,175 | 1,151 | 1,284 | 1,413 | 1,427 | 1,458 | 4,580 | 5,581 | 1,424 | -0.8 | 15% | 10% |
| Change YoY (%) | 49 | 57 | 41 | 24 | 25 | 15 | 21 | 27 | 42 | 22 | 16 | | | |
| **EBITDA** | **1,544** | **1,998** | **1,606** | **1,094** | **1,305** | **1,776** | **1,854** | **1,366** | **6,242** | **6,300** | **1,559** | **13.9** | -11% | 36% |
| Other Income | 295 | 362 | 200 | 313 | 364 | 225 | 234 | 470 | 1,171 | 1,292 | 378 | -40.5 | -38% | -38% |
| Depreciation | 98 | 119 | 130 | 143 | 152 | 161 | 164 | 165 | 490 | 642 | 155 | 3.8 | 35% | 6% |
| **PBT** | **1,741** | **2,241** | **1,676** | **1,264** | **1,516** | **1,840** | **1,923** | **1,672** | **6,923** | **6,951** | **1,782** | 3.3 | -18% | 21% |
| Change YoY (%) | 76 | 54 | 15 | -24 | -13 | -18 | 15 | 32 | 24 | 0 | -20 | | | |
| Tax Provisions | 405 | 627 | 386 | 268 | 488 | 427 | 508 | 452 | 1,686 | 1,875 | 595 | | -32% | -12% |
| P&L from associate | 5 | 6 | 7 | 8 | -4 | -13 | 0 | 0 | 26 | -17 | 0 | | | |
| **Net Profit** | **1,342** | **1,620** | **1,298** | **1,004** | **1,025** | **1,400** | **1,415** | **1,220** | **5,264** | **5,059** | **1,187** | **17.9** | -14% | 37% |
| Change YoY (%) | 82 | 49 | 21 | -22 | -24 | -14 | 9 | 21 | 25 | -4 | -27 | | | |
| **Key Operating Parameters (%)** | | | | | | | | | | | | | | |
| Cost to Operating Income Ratio | 40.0 | 38.0 | 42.2 | 51.3 | 49.6 | 44.3 | 43.5 | 51.6 | 42.3 | 47.0 | 47.7 | -343 bps | 630bps | -529bps |
| EBITDA Margin | 60.0 | 62.0 | 57.8 | 48.7 | 50.4 | 55.7 | 56.5 | 48.4 | 57.7 | 53.0 | 52.3 | 343 bps | -630bps | 529bps |
| PBT Margin | 67.7 | 69.5 | 60.3 | 56.3 | 58.6 | 57.7 | 58.6 | 59.2 | 64.0 | 58.5 | 59.7 | -204 bps | -1184bps | -88bps |
| Tax Rate | 23.2 | 28.0 | 23.0 | 21.2 | 32.2 | 23.2 | 26.4 | 27.0 | 24.3 | 27.0 | 33.4 | -1018 bps | -478bps | -896bps |
| PAT Margin | 52.1 | 50.3 | 46.7 | 44.8 | 39.6 | 43.9 | 43.1 | 43.2 | 48.6 | 42.6 | 39.8 | 410 bps | -637bps | 431bps |

# Gland Pharma

| | |
|---|---|
| Estimate change | ↑ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | GLAND IN |
| Equity Shares (m) | 165 |
| M.Cap.(INRb)/(USDb) | 324.9 / 3.7 |
| 52-Week Range (INR) | 2131 / 1200 |
| 1, 6, 12 Rel. Per (%) | -2/35/14 |
| 12M Avg Val (INR M) | 506 |

**Financials & Valuations (INR b)**

| Y/E MARCH | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 63.0 | 72.1 | 81.1 |
| EBITDA | 14.8 | 18.1 | 20.6 |
| Adj. PAT | 8.9 | 11.2 | 13.3 |
| EBITDA Margin (%) | 16.8 | 19.5 | 20.0 |
| Cons. Adj. EPS (INR) | 54.2 | 68.0 | 80.4 |
| EPS Gr. (%) | 27.8 | 25.5 | 18.3 |
| BV/Sh. (INR) | 609.6 | 677.6 | 758.0 |
| **Ratios** | | | |
| Net D:E | -0.2 | -0.3 | -0.3 |
| RoE (%) | 9.3 | 10.6 | 11.2 |
| RoCE (%) | 9.2 | 10.4 | 11.0 |
| Payout (%) | 0.0 | 0.0 | 0.0 |
| **Valuations** | | | |
| P/E (x) | 36.4 | 29.0 | 24.5 |
| EV/EBITDA (x) | 20.6 | 16.4 | 13.9 |
| Div. Yield (%) | 0.0 | 0.0 | 0.0 |
| FCF Yield (%) | -1.2 | 1.8 | 2.4 |
| EV/Sales (x) | 4.8 | 4.1 | 3.5 |

**Shareholding pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 51.8 | 51.8 | 51.8 |
| DII | 32.6 | 32.9 | 35.4 |
| FII | 7.9 | 7.4 | 4.5 |
| Others | 7.6 | 7.9 | 8.3 |

FII Includes depository receipts

**CMP: INR1,972 TP: INR2,310 (+17%) Buy**

## In-line revenue; margin miss transient

### Niche approval – Near-term key to reviving growth/profitability

- Gland Pharma (GLAND) delivered in-line revenue in 2QFY26. However, EBITDA/PAT came in below our expectations by 9%/11%. A lower-than-expected share of milestone income and lower tech transfer/CMO business in ROW markets impacted 2QFY26 performance.
- Having said this, GLAND has limited competition products in the pipeline to drive growth in 2HFY26/FY27. The base business is also witnessing an uptick with steady traction in already commercialized products.
- GLAND's work on facility upgrade/modification and the addition of lyophilizers line at Cenexi facility is on track. It is expected to enhance the revenue run rate from 3QFY26 onward.
- GLAND is implementing a two-pronged strategy in GLP-1 opportunity. It is not only adding a customer base but also working on expanding the capacity to cater to future needs of the manufacturing of peptide products.
- We lower our FY26 estimate by 3% and largely maintain our FY27/FY28 estimates. We value GLAND at 33x 12M forward earnings to arrive at a TP of INR2,310.
- We expect a CAGR of 13%/18%/24% in sales/EBITDA/PAT over FY25-28 to INR81b/INR20.6b/INR13.5b, factoring a) a revival in US business on the back of product introduction, b) increased revenue growth prospects in Cenexi after infrastructure upgrade, and c) increasing capacity utilization of GLP-1 pens/cartridge for non-regulated markets in the initial phase of patent expiries in these markets. Maintain BUY.

### Cenexi drives revenue; margins remain steady

- 2Q revenue grew 5.8% YoY to INR14.8b (our est: INR15.1b).
- The base business (ex-Cenexi) was stable YoY at INR10.8b. Sales in core markets grew 4% YoY to IN8.5b (57% of sales). RoW sales remained stable at INR1.6b (11% of sales). India sales decreased 24%YoY to INR665m (4% of sales).
- Cenexi sales grew 21% YoY to INR4.1b (28% of sales).
- Gross margin (GM) expanded 370bp YoY to 62.8% due to lower costs of raw materials. EBITDA margin remained stable at 21% (our estimate: 22.7%). Higher employee costs (+240bp YoY as % of sales) and higher other expenses (+130bp YoY as % of sales) were offset by lower raw material costs (down 370bp YoY as %of sales).
- Exl. Cenexi, EBITDA margin was 35% (up 70bp YoY).
- EBITDA grew 5.7% YoY to INR3.1b (our estimate: INR3.4b).
- Adj. PAT rose 12%YoY to INR1.8b (our estimate: INR2.1b).
- In 1HFY26, revenue/EBITDA/PAT grew 7%/21%/30%.

## Highlights from the management commentary

- GLAND remains confident of achieving mid-teen (+-2%) YoY growth in revenue in FY26. 1H revenue growth was 6.6% YoY.
- 2H YoY growth would be driven by few key launches, volume growth of existing products and better Cenexi performance.
- The milestone income/profit share for the quarter was 4%/13% as % of sales.
- The YoY growth in US base business was driven by 10% volume growth and 6-7% new launches. Lower milestone income dragged down YoY growth in 2Q.
- The goal date for Dalbavancin is in Nov'25. Another product opportunity (Congrelor) is subject to patent expiry/settlement of GLAND's partner with innovator.
- While GM of Cenexi was lower at 67%, GLAND remains confident of achieving GM of 74-75% in FY26.

**Consol. - Quarterly perf.** **(INR m)**

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26E | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 2QE | Var (%) |
| **Net Sales** | **14,017** | **14,058** | **13,841** | **14,249** | **15,056** | **14,869** | **16,065** | **17,055** | **56,165** | **63,045** | **15,159** | -1.9 |
| YoY Change (%) | 16.0 | 2.4 | -10.4 | -7.3 | 7.4 | 5.8 | 16.1 | 19.7 | -0.9 | 12.3 | 7.8 | |
| Total Expenditure | 11,373 | 11,088 | 10,241 | 10,774 | 11,378 | 11,730 | 12,258 | 12,910 | 43,476 | 48,276 | 11,718 | |
| **EBITDA** | **2,644** | **2,970** | **3,600** | **3,475** | **3,678** | **3,139** | **3,807** | **4,144** | **12,689** | **14,769** | **3,441** | -8.8 |
| YoY Change (%) | -10.1 | -8.3 | -3.8 | -3.1 | 39.1 | 5.7 | 5.8 | 19.3 | -6.1 | 16.4 | 15.9 | |
| Margins (%) | 18.9 | 21.1 | 26.0 | 24.4 | 24.4 | 21.1 | 23.7 | 24.3 | 22.6 | 23.4 | 22.7 | |
| Depreciation | 920 | 938 | 963 | 958 | 1,011 | 1,063 | 1,009 | 1,072 | 3,779 | 4,155 | 948 | |
| Interest | 56 | 61 | 228 | 75 | 115 | 78 | 68 | 59 | 420 | 320 | 76 | |
| Other Income | 514 | 597 | 585 | 440 | 575 | 842 | 623 | 647 | 2,136 | 2,687 | 599 | |
| **PBT before EO expense** | **2,182** | **2,567** | **2,993** | **2,883** | **3,128** | **2,839** | **3,353** | **3,661** | **10,626** | **12,981** | **3,016** | -5.9 |
| **PBT** | **2,182** | **2,567** | **2,993** | **2,883** | **3,128** | **2,839** | **3,353** | **3,661** | **10,626** | **12,981** | **3,016** | -5.9 |
| Tax | 745 | 932 | 946 | 1,018 | 973 | 1,002 | 1,006 | 1,073 | 3,641 | 4,054 | 947 | |
| Rate (%) | 34.1 | 36.3 | 31.6 | 35.3 | 31.1 | 35.3 | 30.0 | 29.3 | 34.3 | 31.2 | 31.4 | |
| **Reported PAT** | **1,438** | **1,635** | **2,047** | **1,865** | **2,155** | **1,837** | **2,347** | **2,588** | **6,985** | **8,928** | **2,069** | -11.2 |
| **Adj PAT** | **1,438** | **1,635** | **2,047** | **1,865** | **2,155** | **1,837** | **2,347** | **2,588** | **6,985** | **8,928** | **2,069** | -11.2 |
| YoY Change (%) | -25.9 | -15.8 | 0.4 | -2.7 | 49.9 | 12.3 | 14.7 | 38.8 | -10.9 | 27.8 | 26.5 | |
| Margins (%) | 10.3 | 11.6 | 14.8 | 13.1 | 14.3 | 12.4 | 14.6 | 15.2 | 12.4 | 14.2 | 13.6 | |
| **EPS** | **8.7** | **9.9** | **12.4** | **11.3** | **13.1** | **11.2** | **14.3** | **15.7** | **42.4** | **54.2** | **13** | |

E: MOFSL Estimates

**Key performance Indicators (Consolidated)** **(INR m)**

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26E | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INRm** | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 2QE | Var (%) |
| Core Markets | 10,641 | 10,521 | 10,398 | 11,320 | 11,484 | 11,614 | 11,077 | 12,674 | 42,880 | 46,848 | 10,857 | 7.0 |
| *YoY Growth (%)* | 24.3 | 3.2 | -13.4 | -6.0 | 7.9 | 10.4 | 6.5 | 12.0 | 0 | 9 | 3.2 | |
| India | 527 | 874 | 562 | 525 | 594 | 665 | 635 | 656 | 2,488 | 2,550 | 612 | 8.7 |
| *YoY Growth (%)* | -18.5 | -0.2 | -26.1 | -0.2 | 12.7 | -23.9 | 13.0 | 25.0 | -11 | 3 | -30.0 | |
| Rest of the world | 2,734 | 2,663 | 2,881 | 2,404 | 2,978 | 2,590 | 4,353 | 3,725 | 10,682 | 13,646 | 3,690 | -29.8 |
| *YoY Growth (%)* | -4.9 | 0.1 | 1.4 | -14.2 | 8.9 | -2.7 | 51.1 | 54.9 | -5 | 28 | 38.6 | |
| **Cost Break-up** | | | | | | | | | | | | |
| RM Cost (% of Sales) | 40.3 | 40.9 | 33.4 | 34.2 | 34.6 | 37.2 | 35.1 | 34.8 | 37.2 | 35.4 | 36.0 | 3.5 |
| Staff Cost (% of Sales) | 25.4 | 23.5 | 24.8 | 26.2 | 27.1 | 25.9 | 26.1 | 25.2 | 25.0 | 26.0 | 26.5 | -2.3 |
| Other Cost (% of Sales) | 15.5 | 14.5 | 15.8 | 15.2 | 13.9 | 15.7 | 15.1 | 15.7 | 15.2 | 15.1 | 14.8 | 6.4 |
| Gross Margins (%) | 59.7 | 59.1 | 66.6 | 65.8 | 65.4 | 62.8 | 64.9 | 65.2 | 62.8 | 64.6 | 64.0 | -1.9 |
| EBITDA Margins (%) | 18.9 | 21.1 | 26.0 | 24.4 | 24.4 | 21.1 | 23.7 | 24.3 | 22.6 | 23.4 | 22.7 | -7.0 |
| EBIT Margins (%) | 12.3 | 14.5 | 19.0 | 17.7 | 17.7 | 14.0 | 17.4 | 18.0 | 21.8 | 22.9 | 16.4 | -15.1 |

3 November 2025

2QFY26 Results Update | Sector: Healthcare

# Ajanta Pharma

| | |
|---|---|
| Estimate change | ⟷ |
| TP change | ⟷ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | AJP IN |
| Equity Shares (m) | 125 |
| M.Cap.(INRb)/(USDb) | 317.3 / 3.6 |
| 52-Week Range (INR) | 3148 / 2022 |
| 1, 6, 12 Rel. Per (%) | 2/-8/-24 |
| 12M Avg Val (INR M) | 365 |

**Financials & Valuations (INR b)**

| Y/E MARCH | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 52.7 | 59.9 | 65.0 |
| EBITDA | 14.7 | 17.8 | 19.2 |
| Adj. PAT | 10.4 | 12.4 | 13.9 |
| EBIT Margin (%) | 24.8 | 27.1 | 27.0 |
| Cons. Adj. EPS (INR) | 83.0 | 98.7 | 111.0 |
| EPS Gr. (%) | 11.1 | 18.9 | 12.5 |
| BV/Sh. (INR) | 365.5 | 439.0 | 521.8 |
| **Ratios** | | | |
| Net D:E | -0.2 | -0.2 | -0.3 |
| RoE (%) | 24.9 | 24.5 | 23.1 |
| RoCE (%) | 25.2 | 24.9 | 23.4 |
| Payout (%) | 26.3 | 25.5 | 25.5 |
| **Valuations** | | | |
| P/E (x) | 30.6 | 25.7 | 22.9 |
| EV/EBITDA (x) | 21.7 | 17.6 | 15.9 |
| Div. Yield (%) | 0.8 | 1.0 | 1.1 |
| FCF Yield (%) | 0.8 | 2.7 | 3.4 |
| EV/Sales (x) | 6.0 | 5.2 | 4.7 |

**Shareholding Pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 66.3 | 66.3 | 66.3 |
| DII | 17.9 | 17.5 | 17.1 |
| FII | 8.5 | 8.9 | 9.1 |
| Others | 7.3 | 7.4 | 7.5 |

FII includes depository receipts

**CMP: INR2,539 TP: INR3,000 (+18%) Buy**

## In-line 2Q; growth led by DF/US generics

### Efforts on track to sustain industry outperformance in branded generics

- Ajanta Pharma (AJP)'s 2QFY26 revenue was slightly above our expectation (3.5% beat). EBITDA and PAT were largely in line and grew at a lower rate compared to revenue growth for the quarter. Product mix across geographies and higher opex to enhance traction in newer therapies in the domestic formulation (DF) segment kept EBITDA/PAT growth under check.
- AJP is outperforming the industry in its core therapies (ophthalmology, dermatology, and pain therapies) within the DF segment. Additionally, it is improving traction in newer therapies like gynecology as well as nephrology.
- The company is deepening its presence through MRs in addition to a healthy pipeline of launches in branded generics (Asia/Africa).
- AJP delivered its third consecutive quarter of strong YoY growth in US generics, backed by launches and market share gains in existing products.
- We broadly retain our FY26/FY27/FY28 estimates. We expect 14% earnings CAGR over FY25-28, led by consistent industry-beating growth in branded generics markets of India/Asia/Africa and healthy traction in US generics.
- We value AJP at 30x 12M forward earnings to arrive at our TP of INR3,000. Considering superior execution across key markets supported by product launches as well as strengthening the field force, we expect AJP to deliver sustained growth over the next 3-5 years. **Reiterate BUY.**

### Product mix drags profitability both YoY and QoQ

- AJP's 2QFY26 revenue grew 14% YoY to INR13.5b (our est: INR13.0b), led by growth in all its key business areas.
- India sales rose 12% YoY to INR4.3b (32% of sales). The US generic sales grew 48% YoY to INR3.4b (26% of sales). Branded generics Asia sales rose 5% YoY to INR3.1b (23% of sales).
- The branded generic sales in Africa grew 4% YoY to INR2.2b (17% of sales). Africa Institutional sales declined 25% to INR320m (2% of sales).
- Gross margin contracted 130bp YoY at 76.6%.
- EBITDA margin also contracted ~120bp YoY to 27% (our est. of 28%), majorly due to contraction in gross margin.
- EBITDA grew 9.5% YoY to INR3.7b (our est. INR3.7b).
- Adjusting for the Net Forex loss impact of INR13m, Adj. PAT grew by 10.9% YoY to INR2.6b (our est. INR2.6b).

### Highlights from the management commentary

- Two ANDAs were filed in 1HFY26. AJP received approvals for two ANDAs and launched three ANDAs in 1HFY26.
- AJP intends to file 10-12 ANDAs in FY26.
- AJP remains confident in delivering low-teens YoY growth in the Asia branded generics segment in FY26.
- AJP expects to sustain the growth momentum in the US generics segment in FY26 and can grow at high teens in FY27 as well.
- It guided a 78% (+-1%) gross margin and 27% (+-1%) EBITDA margin for FY26.

- A calibrated approach towards first-to-market launches may drive fewer such launches in the DF segment. Having said this, AJP remains confident to outperform the DF segment going forward as well. AJP is witnessing improved traction in newer therapies such as gynaecology/nephrology, and progress is as per expectation.

**Consol. - Quarterly Performance**

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | vs Est |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **11,449** | **11,866** | **11,461** | **11,704** | **13,027** | **13,537** | **13,155** | **13,012** | **46,481** | **52,731** | **13,078** | **3.5** |
| YoY Change (%) | 12.1 | 15.4 | 3.7 | 11.0 | 13.8 | 14.1 | 14.8 | 11.2 | 10.4 | 13.4 | 10.2 | |
| Total Expenditure | 7,846 | 8,498 | 8,253 | 8,733 | 9,262 | 9,850 | 9,511 | 9,434 | 33,330 | 38,056 | 9,364 | |
| **EBITDA** | **3,604** | **3,368** | **3,208** | **2,972** | **3,765** | **3,688** | **3,644** | **3,578** | **13,152** | **14,675** | **3,714** | **-0.7** |
| YoY Change (%) | 28.1 | 15.9 | -0.3 | 6.8 | 4.5 | 9.5 | 13.6 | 20.4 | 12.2 | 11.6 | 10.3 | |
| Margins (%) | 31.5 | 28.4 | 28.0 | 25.4 | 28.9 | 27.2 | 27.7 | 27.5 | 28.3 | 27.8 | 28.4 | |
| Depreciation | 340 | 344 | 360 | 398 | 413 | 430 | 375 | 371 | 1,441 | 1,588 | 376 | |
| **EBIT** | **3,264** | **3,024** | **2,849** | **2,574** | **3,352** | **3,258** | **3,269** | **3,208** | **11,710** | **13,087** | **3,338** | |
| YoY Change (%) | 31.5 | 17.7 | -0.9 | 5.4 | 2.7 | 7.7 | 14.8 | 24.6 | 13.0 | 11.8 | 10.4 | |
| Margins (%) | 28.5 | 25.5 | 24.9 | 22.0 | 25.7 | 24.1 | 24.9 | 24.7 | 25.2 | 24.8 | 25.5 | |
| Interest | 7 | 60 | 79 | 61 | 53 | 34 | 66 | 66 | 207 | 218 | 66 | |
| Other Income | 182 | 195 | 129 | 111 | 170 | 197 | 165 | 175 | 616 | 706 | 145 | |
| **PBT before EO expense** | **3,439** | **3,159** | **2,898** | **2,624** | **3,469** | **3,421** | **3,368** | **3,316** | **12,119** | **13,575** | **3,417** | |
| Extra-Ord expense | -217 | -257 | 176 | 71 | -158 | -13 | 0 | 0 | -227 | -171 | 0 | |
| **PBT** | **3,221** | **2,902** | **3,074** | **2,694** | **3,311** | **3,408** | **3,368** | **3,316** | **11,892** | **13,404** | **3,417** | |
| Tax | 764 | 738 | 745 | 442 | 758 | 806 | 775 | 789 | 2,688 | 3,128 | 776 | |
| Effective Rate (%) | 23.7 | 25.4 | 24.2 | 16.4 | 22.9 | 23.7 | 23.0 | 23.8 | 22.6 | 23.3 | 22.7 | |
| MI & P/L of Asso. Cos. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Reported PAT** | **2,458** | **2,165** | **2,329** | **2,253** | **2,553** | **2,602** | **2,594** | **2,527** | **9,204** | **10,276** | **2,642** | **-1.5** |
| **Adj PAT** | **2,624** | **2,356** | **2,196** | **2,194** | **2,675** | **2,612** | **2,594** | **2,527** | **9,369** | **10,407** | **2,642** | **-1.1** |
| YoY Change (%) | 30.8 | 26.5 | 3.3 | 16.4 | 2.0 | 10.9 | 18.1 | 15.2 | 18.9 | 11.1 | 12.1 | |
| Margins (%) | 22.6 | 19.5 | 18.9 | 18.6 | 20.3 | 19.0 | 19.5 | 19.2 | 19.9 | 19.5 | 20.0 | |

**Key Performance Indicators**

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| INRm | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 2QE |
| Domestic formulations | 3,530 | 3,860 | 3,450 | 3,700 | 4,100 | 4,320 | 4,011 | 4,232 | 14,540 | 16,662 | 4,185 |
| YoY Change (%) | 10.7 | 8.7 | 12.0 | 13.5 | 16.1 | 11.9 | 16.2 | 14.4 | 11.2 | 14.6 | 8.4 |
| Asia | 2,770 | 2,960 | 3,160 | 3,030 | 3,040 | 3,100 | 3,350 | 3,363 | 11,944 | 12,853 | 3,315 |
| YoY Change (%) | 9.1 | 28.7 | 8.2 | 7.8 | 9.7 | 4.7 | 6.0 | 11.0 | 13.0 | 7.8 | 12.0 |
| Africa (branded + Insti) | 2,720 | 2,560 | 2,060 | 1,610 | 2,660 | 2,530 | 2,443 | 2,020 | 8,902 | 9,653 | 2,444 |
| YoY Change (%) | 21.4 | 31.5 | (14.5) | (7.5) | (2.2) | (1.2) | 18.6 | 25.5 | 6.7 | 7.9 | (4.5) |
| US | 2,280 | 2,320 | 2,630 | 3,250 | 3,100 | 3,440 | 3,235 | 3,315 | 10,205 | 13,090 | 3,016 |
| YoY Change (%) | 7.0 | (2.1) | 4.4 | 24.5 | 36.0 | 48.3 | 23.0 | 2.0 | 5.9 | 24.9 | 30.0 |
| **Cost Break-up** | | | | | | | | | | | |
| RM Cost (% of Sales) | 23.4 | 22.1 | 22.5 | 24.2 | 21.2 | 23.4 | 21.9 | 22.0 | 23.0 | 22.1 | 22.1 |
| Staff Cost (% of Sales) | 22.2 | 22.0 | 23.1 | 23.9 | 23.3 | 23.4 | 23.9 | 24.1 | 22.8 | 23.7 | 23.0 |
| Other Cost (% of Sales) | 18.5 | 22.8 | 21.8 | 21.1 | 22.4 | 21.3 | 22.1 | 22.2 | 21.1 | 22.0 | 22.0 |
| Gross Margin (%) | 76.6 | 77.9 | 77.5 | 75.8 | 78.8 | 76.6 | 78.1 | 78.0 | 77.0 | 77.9 | 77.9 |
| EBITDA Margin (%) | 31.5 | 28.4 | 28.0 | 25.4 | 28.9 | 27.2 | 27.7 | 27.5 | 28.3 | 27.8 | 28.4 |
| EBIT Margin (%) | 28.5 | 25.5 | 24.9 | 22.0 | 25.7 | 24.1 | 24.9 | 24.7 | 25.2 | 24.8 | 25.5 |
| PBT Margin (%) | 29.6 | 26.2 | 25.0 | 22.2 | 26.3 | 24.9 | 25.3 | 25.1 | 25.7 | 25.4 | 25.8 |
| PAT Margin (%) | 22.6 | 19.5 | 18.9 | 18.6 | 20.3 | 19.0 | 19.5 | 19.2 | 19.9 | 19.5 | 20.0 |

3 November 2025
2QFY26 Result Update | Sector: Chemicals

# Tata Chemicals

| | |
|---|---|
| Estimate change | ↓ |
| TP change | ↓ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | TTCH IN |
| Equity Shares (m) | 255 |
| M.Cap.(INRb)/(USDb) | 223 / 2.5 |
| 52-Week Range (INR) | 1159 / 756 |
| 1, 6, 12 Rel. Per (%) | -9/-1/-30 |
| 12M Avg Val (INR M) | 774 |

**Financials & Valuations (INR b)**

| Y/E Mar | 2026E | 2027E | 2027E |
|---|---|---|---|
| Sales | 151.2 | 161.0 | 171.4 |
| EBITDA | 23.8 | 28.4 | 33.6 |
| PAT | 7.4 | 11.3 | 15.3 |
| EBITDA (%) | 15.8 | 17.7 | 19.6 |
| EPS (INR) | 29.0 | 44.5 | 60.0 |
| EPS Gr. (%) | 75.9 | 53.4 | 34.9 |
| BV/Sh. (INR) | 862 | 891 | 936 |
| **Ratios** | | | |
| Net D/E | 0.2 | 0.1 | 0.0 |
| RoE (%) | 3.4 | 5.1 | 6.6 |
| RoCE (%) | 4.2 | 5.3 | 6.8 |
| **Valuations** | | | |
| P/E (x) | 30.2 | 19.7 | 14.6 |
| EV/EBITDA (x) | 11.5 | 9.1 | 7.2 |
| Div Yield (%) | 1.4 | 1.7 | 1.7 |
| FCF Yield (%) | 5.9 | 9.3 | 10.5 |

**Shareholding Pattern (%)**

| As of | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 38.0 | 38.0 | 38.0 |
| DII | 22.2 | 22.7 | 20.4 |
| FII | 13.7 | 12.8 | 13.6 |
| Others | 26.1 | 26.5 | 28.1 |

**CMP: INR875** **TP: INR900 (+3%)** **Neutral**

## Unfavorable demand-supply dynamics hurt margins

### Operating performance below our estimates

- Tata Chemicals (TTCH)'s 2QFY26 consolidated EBITDA declined 13% YoY, led by subdued performance in America (TCNA)/Africa (TCAHL)/Rallis, with EBITDA down 65%/58%/5% YoY due to a weak demand-supply scenario. India/Europe (TCEHL) delivered a healthy performance with EBITDA up 67%/50% YoY. India operations were better, led by an increase in capacity, operating leverage, and a lower base for the last year. Due to heavy rains in 2QFY25, TTCH had a total cost impact of ~INR400-440m with a production loss of ~30KMT/40KMT of soda ash/salt. However, TCEHL witnessed an improved performance due to a reduction in power and fuel costs (mainly due to the cessation of Lostock in the UK).
- The unfavorable demand-supply scenario of soda ash has led to lower prices globally. India and the US domestic market are witnessing a better demand scenario, while the US exports/Africa/EU are under pressure due to oversupply.
- Factoring in a weak macro environment, we cut our FY26/FY27 EBITDA estimates by 7%/11%. Lower FY26 estimates are on account of a one-off expense of INR1.1b in the UK (~INR650m)/US business (~USD5m) and a weak outlook for the soda ash pricing globally. However, we maintain our FY28 EBITDA estimates, anticipating an improving macro scenario. We **reiterate our Neutral rating with an SoTP-based TP of INR900.**

### Earnings hurt by US and Kenyan operations; India and UK outperform

- TTCH reported total revenue of INR38.8b (est. INR41.9b) in 2QFY26, down 3% YoY, due to a slight decline in soda ash volumes (down 2%). Sodium bicarbonate/salt volumes grew 19%/12%. EBITDA margin contracted 160bp YoY to 13.9% (est. 14.9%), due to lower gross margin and higher employee and freight costs. EBITDA stood at INR5.4b (est. INR6.3b), down 13% YoY.
- It posted an adj. net profit of INR1.3b vs. INR1.9b in 2QFY25 (est. ~INR2.1b).
- **The Basic Chemistry Products** business was down 2% YoY to INR29.8b. EBIT is INR1.2b (down 53% YoY). EBIT margins stood at 4%.
- **The Specialty Products business** grew 2% YoY to INR9b. EBIT is INR 1.2b (up 2% YoY). EBIT margins stood at 13.7%.
- Indian standalone revenue rose ~19% YoY to INR12b, while TCNA/TCEHL/TCAHL/Rallis dipped 8%/25%/23%/5% YoY to INR12.3b/INR3.9b/INR1.3b/INR8.6b.
- EBITDA for India standalone/TCEHL grew 67%/50% to INR2.4b/INR390m, while the same for TCNA/TCAHL/Rallis declined 65%/58%/5% YoY to INR1.9b/INR1.7b/INR1.6b.
- EBITDA/MT of TCNA/TCAHL declined 65%/47% YoY to ~USD14.7/USD36. EBITDA margin for India standalone expanded 560bp YoY to 19.9%.
- For 1HFY26, Revenue/EBITDA declined 2%/1% to INR76b/INR12b, while adj. PAT grew 15% to INR3.8b
- Gross debt was INR67.2b as of Sep'25 vs. INR63.0b in Mar'25. Further, the CFO stood at INR5.4b as of Sep'25, as against INR6.7b in Sep'24.

## Highlights from the management commentary

- **European business:** Margin improvement was led by a better product mix. Going forward, the pharma salt business and in-house manufacturing of $CO_2$ are expected to be the key growth drivers. The company expects the business to turn profitable in 3QFY26.
- **Capex:** TTCH has guided for an annual maintenance capex of INR10b for FY26. The company plans to expand its Indian capacity by 50% in two phases (i.e., 15% + 35%). Further, it plans to add silicate capacity of ~42k tons in Cuddalore and 60k tons in Mithapur. The company is planning to raise INR15b through NCDs for funding these initiatives.
- **Africa:** Pending litigation concerning land rates has been ruled in the company's favor. The company will wait to check if the local body takes this matter to the Supreme Court. However, other matters regarding taxes have been completely resolved.

## Valuation and view

- Global demand for soda ash is expected to be muted in the near term as the soda ash market is currently oversupplied with high inventory levels, particularly in China (1.65m tons). This is putting pressure on soda ash prices.
- However, the soda ash demand supply scenario is likely to be favorable in the medium term due to better demand from solar glass and electric vehicles. The company is in a good position to capitalize on the demand with capacity expansion in India.
- **We expect TTCH to record a revenue/EBITDA/adj. PAT CAGR of 5%/17%/54% over FY25-28. Reiterate Neutral with an SoTP-based TP of INR900.**

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

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2Q | % |
| **Net Sales** | **37,890** | **39,990** | **35,900** | **35,090** | **37,190** | **38,770** | **37,316** | **37,906** | **1,48,870** | **1,51,182** | **41,974** | **-8** |
| YoY Change (%) | -10.2 | 0.0 | -3.8 | 1.0 | -1.8 | -3.1 | 3.9 | 8.0 | -3.5 | 1.6 | 5.0 | |
| Total Expenditure | 32,150 | 33,810 | 31,560 | 31,820 | 30,700 | 33,400 | 31,604 | 31,660 | 1,29,340 | 1,27,364 | 35,723 | |
| **EBITDA** | **5,740** | **6,180** | **4,340** | **3,270** | **6,490** | **5,370** | **5,712** | **6,246** | **19,530** | **23,818** | **6,250** | **-14** |
| Margins (%) | 15.1 | 15.5 | 12.1 | 9.3 | 17.5 | 13.9 | 15.3 | 16.5 | 13.1 | 15.8 | 14.9 | |
| Depreciation | 2,730 | 2,770 | 2,800 | 2,930 | 2,800 | 2,850 | 2,950 | 3,050 | 11,230 | 11,650 | 2,850 | |
| Interest | 1,330 | 1,450 | 1,480 | 1,370 | 1,470 | 1,440 | 1,150 | 1,000 | 5,630 | 5,060 | 1,200 | |
| Other Income | 470 | 1,080 | 280 | 420 | 960 | 1,380 | 350 | 550 | 2,250 | 3,240 | 1,000 | |
| **PBT before EO expense** | **2,150** | **3,040** | **340** | **-610** | **3,180** | **2,460** | **1,962** | **2,746** | **4,920** | **10,348** | **3,200** | |
| Extra-Ord expense | 0 | 0 | 700 | 550 | 0 | 650 | 0 | 0 | 1,250 | 650 | 0 | |
| **PBT** | **2,150** | **3,040** | **-360** | **-1,160** | **3,180** | **1,810** | **1,962** | **2,746** | **3,670** | **9,698** | **3,200** | |
| Tax | 940 | 810 | 170 | -250 | 440 | 820 | 481 | 680 | 1,670 | 2,421 | 784 | |
| Rate (%) | 43.7 | 26.6 | -47.2 | 21.6 | 13.8 | 45.3 | 24.5 | 24.8 | 45.5 | 25.0 | 24.5 | |
| MI & Profit/Loss of Asso. Cos. | -140 | 290 | 0 | -170 | 220 | 220 | 0 | -64 | -20 | 376 | 319 | |
| **Reported PAT** | **1,350** | **1,940** | **-530** | **-740** | **2,520** | **770** | **1,481** | **2,130** | **2,020** | **6,901** | **2,097** | |
| **Adj PAT** | **1,350** | **1,940** | **-5** | **-328** | **2,520** | **1,258** | **1,481** | **2,130** | **2,958** | **7,388** | **2,097** | **-40** |
| YoY Change (%) | -73.8 | -44.8 | -100.3 | -68.7 | 86.7 | -35.2 | NA | NA | -67.9 | 149.8 | 8.1 | |
| Margins (%) | 3.6 | 4.9 | 0.0 | -0.9 | 6.8 | 3.2 | 4.0 | 5.6 | 2.0 | 4.9 | 5.0 | |

E: MOFSL Estimates

# Blue Dart Express

| | |
|---|---|
| Estimate change | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | BDE IN |
| Equity Shares (m) | 24 |
| M.Cap.(INRb)/(USDb) | 151.2 / 1.7 |
| 52-Week Range (INR) | 8200 / 5365 |
| 1, 6, 12 Rel. Per (%) | 9/-4/-27 |
| 12M Avg Val (INR M) | 367 |

**Financial Snapshot (INR b)**

| Y/E MARCH | 2026E | 2027E | 2028E |
|---|---|---|---|
| Sales | 63.3 | 72.4 | 80.6 |
| EBITDA | 6.0 | 8.1 | 8.7 |
| Adj. PAT | 3.3 | 4.7 | 4.9 |
| EBITDA Margin (%) | 9.5 | 11.2 | 10.7 |
| Adj. EPS (INR) | 139.6 | 197.1 | 204.9 |
| EPS Gr. (%) | 35.4 | 41.2 | 3.9 |
| BV/Sh. (INR) | 798.7 | 970.7 | 1150.6 |
| **Ratios** | | | |
| Net D:E | -0.1 | -0.1 | -0.2 |
| RoE (%) | 18.8 | 22.3 | 19.3 |
| RoCE (%) | 20.7 | 23.8 | 20.5 |
| Payout (%) | 17.9 | 12.7 | 12.2 |
| **Valuations** | | | |
| P/E (x) | 45.7 | 32.4 | 31.1 |
| P/BV (x) | 8.0 | 6.6 | 5.5 |
| EV/EBITDA(x) | 23.7 | 17.3 | 15.8 |
| Div. Yield (%) | 0.4 | 0.4 | 0.4 |
| FCF Yield (%) | 1.1 | 2.0 | 2.4 |

**Shareholding Pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 75.0 | 75.0 | 75.0 |
| DII | 13.1 | 13.0 | 12.9 |
| FII | 5.0 | 5.5 | 5.5 |
| Others | 6.8 | 6.4 | 6.6 |

FII includes depository receipts

**CMP: INR6,371 TP: INR7,900 (+24%) Buy**

## Strong margin expansion driven by higher volumes and cost optimization

- Blue Dart Express's (BDE) revenue grew ~7% YoY to INR15.5b in 2QFY26 (in line). The company handled 0.36m tons of cargo volumes (+6% YoY) in 2QFY26. Realization rose ~1% YoY to INR42.6/kg. It carried 106.3m shipments in 2Q.
- EBITDA margin came in at 10.1% in 2QFY26 (up 170bp YoY and 320bp QoQ) vs. our estimate of 8.7%.
- EBITDA grew ~29% YoY to INR1.57b (13% above our estimate). The company reported a profit of INR795m vs. INR608m in 2QFY25 (6% above our estimate).
- In 2QFY26, BDE reported a steady improvement in revenue, with APAT increasing 31% YoY due to higher EBITDA margins, which were driven by a higher number of shipments and cost optimization initiatives. The ground express segment continued to experience healthy traction, driven by B2C growth and e-commerce volumes. Management expects EBITDA margins to remain strong going forward, driven by yield improvement, cost rationalization, product mix optimization, and network efficiencies. We largely maintain our estimates for FY26/27. **We reiterate our BUY rating with a revised TP of INR7,900 (based on 20x FY28 EV/EBITDA).**

## Utilization levels improve in newly added aircraft; B2B:B2C revenue mix at 70:30, with B2C growing at robust pace

- In 2QFY26, BDE reported shipment volume of 106.3m (+10% YoY) and tonnage of 0.36mt (+6% YoY). Margins have substantially expanded due to the increasing number of shipments and cost optimization.
- The company's revenue mix remained stable, with Air Express contributing ~70% and Surface Express ~30% of total revenue, while the B2B and B2C segments accounted for 70% and 30%, respectively.
- During the quarter, B2C revenue grew ~18% YoY on strong e-commerce demand, while B2B revenue rose ~3% YoY, respectively.

## Highlights from the management commentary

- EBITDA margins increased 170bp YoY on account of improvement in the number of shipments and cost controls, which led to margin expansion.
- BDE announced a General Price Increase (GPI) effective 1st Jan'26, with average shipment prices set to rise 9-12%.
- During the quarter, B2C revenue grew ~18% YoY on strong e-commerce demand, while B2B revenue rose ~3% YoY.
- Management mentioned that margins are expected to sustain in the near term and, going forward, margin expansion will be driven by yield improvement, cost rationalization, product mix optimization, and network efficiencies.

## Valuation and view

- The ground express segment continues to experience healthy traction, driven by B2C growth and e-commerce volumes. Despite competition, the company has been able to maintain market share through its premium offerings.
- Management expects EBITDA margin to expand going forward. We largely maintain our estimates for FY26/27. **We reiterate our BUY rating with a revised TP of INR7,900 (based on 20x FY28 EV/EBITDA).**

**Quarterly snapshot - Standalone** INR m

| Y/E March (INR m) | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | vs Est |
| **Net Sales** | **13,427** | **14,485** | **15,117** | **14,173** | **14,419** | **15,493** | **16,785** | **16,624** | **57,202** | **63,322** | **15,968** | **(3)** |
| YoY Change (%) | 8.5 | 9.4 | 9.3 | 7.1 | 7.4 | 7.0 | 11.0 | 17.3 | 8.6 | 10.7 | 10.2 | |
| **EBITDA** | **1,094** | **1,219** | **1,462** | **1,181** | **1,002** | **1,572** | **1,712** | **1,746** | **4,956** | **6,032** | **1,389** | **13** |
| Margins (%) | 8.1 | 8.4 | 9.7 | 8.3 | 6.9 | 10.1 | 10.2 | 10.5 | 8.7 | 9.5 | 8.7 | |
| YoY Change (%) | -3.4 | -6.6 | 8.9 | -15.3 | -8.5 | 29.0 | 17.1 | 47.9 | -4.2 | 21.7 | 14.0 | |
| Depreciation | 523 | 519 | 522 | 529 | 505 | 594 | 550 | 484 | 2,092 | 2,132 | 520 | |
| Interest | 70 | 70 | 73 | 75 | 72 | 105 | 88 | 63 | 288 | 328 | 85 | |
| Other Income | 191 | 190 | 196 | 206 | 207 | 194 | 215 | 246 | 783 | 861 | 220 | |
| **PBT before EO expense** | **693** | **819** | **1,064** | **782** | **632** | **1,066** | **1,289** | **1,446** | **3,359** | **4,433** | **1,004** | |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **PBT** | **693** | **819** | **1,064** | **782** | **632** | **1,066** | **1,289** | **1,446** | **3,359** | **4,433** | **1,004** | |
| Tax | 178 | 212 | 273 | 250 | 163 | 271 | 325 | 362 | 912 | 1,120 | 253 | |
| Rate (%) | 25.7 | 25.9 | 25.6 | 32.0 | 25.7 | 25.4 | 25.2 | 25.0 | 27.2 | 25.3 | 25.2 | |
| **Reported PAT** | **515** | **608** | **791** | **532** | **469** | **795** | **964** | **1,084** | **2,446** | **3,312** | **751** | |
| **Adj PAT** | **515** | **608** | **791** | **532** | **469** | **795** | **964** | **1,084** | **2,446** | **3,312** | **751** | **6** |
| YoY Change (%) | -13.8 | -14.8 | -3.0 | -30.0 | -8.9 | 30.8 | 21.9 | 103.7 | -15.2 | 35.4 | 23.6 | |
| Margins (%) | 3.8 | 4.2 | 5.2 | 3.8 | 3.3 | 5.1 | 5.7 | 6.5 | 4.3 | 5.2 | 4.7 | |

# R R Kabel

| | |
|---|---|
| Estimate change | ↑ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | RRKABEL IN |
| Equity Shares (m) | 113 |
| M.Cap.(INRb)/(USDb) | 157.3 / 1.8 |
| 52-Week Range (INR) | 1612 / 751 |
| 1, 6, 12 Rel. Per (%) | 7/30/-15 |
| 12M Avg Val (INR M) | 374 |
| Free float (%) | 38.2 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 89.2 | 100.1 | 113.7 |
| EBITDA | 7.0 | 8.2 | 9.7 |
| Adj. PAT | 4.5 | 4.9 | 5.8 |
| EBITDA Margin (%) | 7.9 | 8.2 | 8.6 |
| Cons. Adj. EPS (INR) | 39.7 | 43.2 | 50.9 |
| EPS Gr. (%) | 44.2 | 8.6 | 17.9 |
| BV/Sh. (INR) | 223.1 | 259.3 | 302.2 |
| **Ratios** | | | |
| Net D:E | 0.1 | 0.1 | 0.1 |
| RoE (%) | 19.2 | 17.9 | 18.1 |
| RoCE (%) | 17.7 | 16.4 | 16.7 |
| Payout (%) | 17.6 | 16.2 | 15.7 |
| **Valuations** | | | |
| P/E (x) | 35.0 | 32.2 | 27.3 |
| P/BV (x) | 6.2 | 5.4 | 4.6 |
| EV/EBITDA (x) | 22.9 | 19.6 | 16.5 |
| Div Yield (%) | 0.5 | 0.5 | 0.6 |
| FCF Yield (%) | (2.1) | 1.0 | 1.5 |

Shareholding pattern (%)

| As of | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 61.8 | 61.8 | 61.8 |
| DII | 13.9 | 13.6 | 14.3 |
| FII | 8.2 | 8.6 | 7.4 |
| Others | 16.2 | 16.0 | 16.5 |

FII includes depository receipts

**CMP: INR1,391 TP: INR1,470 (+6%) Neutral**

## Earnings above estimate; FMEG breakeven in 4QFY26E

### Aiming ~18% volume CAGR in C&W over FY26-28E

- RRKABEL's 2QFY26 earnings were above our estimates, led by a higher-than-estimated margin in C&W. Revenue grew ~20% YoY to INR21.6b (in line), driven by robust growth of ~22% in the C&W segment. EBITDA grew ~105% YoY at INR1.8b (~14% beat). OPM expanded 3.4pp YoY to ~8% (80bp above estimate). Adj. PAT grew 135% YoY to INR1.2b (~20% beat).
- Management highlighted that the underlying demand environment continues to be favorable, led by infrastructure investments, formalization of the electrical sector, and rising consumer preference for branded and energy-efficient products. Margin expansion during the quarter was driven by positive operating leverage, better cost absorption, and sustained efficiency initiatives across the procurement and production chains. In C&W, the company targets ~18% volume CAGR, 10.5-11% EBIT margin (through better capacity utilization and product mix), and over 20% ROE over the next 2-3 years.
- We increase our EPS estimates ~6%-8% for FY26-FY28E (each) by increasing margins in the C&W segment (8.4%/8.6%/8.8% for FY26E/FY27E/FY28E). The stock is trading reasonably at 32x/27x FY27E/FY28E EPS. We value RRKABEL at 30x Dec'27E EPS to arrive at our revised TP of INR1,470. **Reiterate Neutral.**

### C&W revenue rises ~22% YoY and margin surges 4.1pp YoY to 9.2%

- Consolidated revenue/EBITDA/PAT stood at INR21.6b/INR1.8b/INR1.2b (up 20%/105%/135% YoY and +3%/+14%/+20% vs. our estimates). Gross margin expanded 3.0pp YoY to ~19%. Employee cost increased ~13% YoY (stood at 4.7% of revenue vs. 4.9% in 2QFY25). Other expenses increased ~16% YoY (stood at 6.1% of revenue vs. 6.2% in 2QFY25). Depreciation/interest cost increased ~25%/4% YoY, while other income increased ~134% YoY.
- Segmental highlights: **a) C&W:** Revenue increased ~22% YoY to INR19.7b, and EBIT increased ~120% YoY to INR1.8b. EBIT margin surged 4.1pp YoY to 9.2%. **b) FMEG:** Revenue declined marginally ~3% YoY at INR1.9b. The company reported a segment loss of INR117m vs. INR117m/INR71m in 2QFY25/1QFY26.
- In 1HFY26, Revenue/EBITDA/PAT stood at INR42.2b/INR3.2b/INR2.1b (up 17% /76%/81% YoY). OPM expanded 2.5pp YoY to ~8%. Operating cash outflow stood at INR1.3b vs OCF of INR338m in 1HFY25, mainly due to an increase in working capital. Capex stood at INR1.7b vs INR1.6b. Free cash outflow stood at INR3b vs INR1.3b in 1HFY25.

### Key highlights from the management commentary

- Capacity utilization stood at ~70% in wires and ~90% in cables. Demand visibility remains strong across both domestic and export markets, and the company expects 2HFY26 to be better than 1HFY26, supported by sustained infrastructure activity and retail traction.
- Management reiterated its guidance to achieve FMEG breakeven by 4QFY26, expecting overall losses for FY26 to be negligible.

- The company's **INR12b capex plan** is progressing as per schedule, with **~80% allocated to the cables business.** Net working capital stood at 57 days vs. 56 in Mar'25 and 64/75 days in Mar'24/ Mar'23.

## Valuation and view

- RRKABEL's 2**QFY26 earnings were above expectations**, driven by higher-than-estimated margins in the **C&W segment. It** targeted a 100bp margin expansion in FY26 and, so far, is in line with its guidance. Since 2H remains better in terms of demand and industry trend, it estimates margins to sustain/expand in 2H. The FMEG segment is still facing challenges due to adverse market conditions. Its efforts towards product rationalization, operational efficiency, and cost control helped keep losses largely stable.
- We estimate RRKABEL's revenue/EBITDA/PAT CAGR at 14%/26%/23% over FY25-28E. We estimate the company's C&W segment margin at 8.6%/8.8% in FY27/FY28 vs. 8.4%/7.4% in FY26E/FY25. We project the company's net debt (excluding acceptances) to increase INR5.6b by FY27 vs. INR3.1b in Sep'25 due to aggressive capex plans. The stock is trading fairly at 32x/27x FY27E/28E EPS. We value RRKABEL at 30x Dec'27E EPS to arrive at our revised TP of INR1,470 (earlier INR1,340). **Reiterate Neutral.**

**Quarterly performance** (INR m)

| | FY25 | | | | FY26E | | | | FY25 | FY26E | MOFSL | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **1Q** | **2Q** | **3Q** | **4Q** | **1Q** | **2Q** | **3QE** | **4QE** | | | **2QE** | **(%)** |
| **Sales** | **18,081** | **18,101** | **17,822** | **22,178** | **20,586** | **21,638** | **20,649** | **26,311** | **76,182** | **89,183** | **21,063** | **3** |
| YoY Change (%) | 13.2 | 12.5 | 9.1 | 26.4 | 13.9 | 19.5 | 15.9 | 18.6 | 15.5 | 17.1 | 16.4 | |
| **EBITDA** | **949** | **858** | **1,105** | **1,944** | **1,421** | **1,758** | **1,482** | **2,361** | **4,856** | **7,022** | **1,548** | **14** |
| YoY Change (%) | (15.9) | (29.1) | (1.8) | 68.6 | 49.6 | 104.9 | 34.1 | 30.6 | 5.2 | 44.6 | 80.5 | |
| Adj EBITDA margin (%) | 5.3 | 4.7 | 6.2 | 8.8 | 6.9 | 8.1 | 7.2 | 9.0 | 6.4 | 7.9 | 7.4 | 77 |
| Depreciation | 162 | 175 | 178 | 190 | 203 | 219 | 229 | 246 | 705 | 897 | 207 | 5 |
| Interest | 116 | 156 | 162 | 155 | 151 | 162 | 175 | 179 | 589 | 668 | 160 | 1 |
| Other Income | 185 | 72 | 134 | 119 | 124 | 169 | 120 | 124 | 511 | 537 | 120 | 41 |
| **PBT** | **857** | **599** | **900** | **1,718** | **1,190** | **1,546** | **1,197** | **2,060** | **4,074** | **5,993** | **1,301** | **19** |
| Tax | 218 | 101 | 219 | 441 | 303 | 386 | 307 | 539 | 978 | 1,534 | 344 | |
| Effective Tax Rate (%) | 25.4 | 16.9 | 24.3 | 25.6 | 25.4 | 25.0 | 25.6 | 26.2 | 24.0 | 25.6 | 26.5 | |
| JV share | 5 | (2) | 4 | 14 | 10 | 3 | 8 | 14 | 21 | 35 | 8 | |
| **Reported PAT** | **644** | **495** | **686** | **1,291** | **898** | **1,163** | **899** | **1,535** | **3,116** | **4,494** | **965** | **20** |
| Change (%) | (13.4) | (33.2) | (3.4) | 64.0 | 39.4 | 134.7 | 81.5 | 34.8 | 4.5 | 598.1 | 95 | |
| **Adj PAT** | **644** | **495** | **686** | **1,291** | **898** | **1,163** | **899** | **1,535** | **3,116** | **4,494** | **965** | **20** |
| YoY Change (%) | (13.4) | (33.2) | (3.4) | 64.0 | 39.4 | 134.7 | 31.1 | 34.8 | 4.5 | 598.1 | 94.8 | |
| Margins (%) | 3.6 | 2.7 | 3.8 | 5.8 | 4.4 | 5.4 | 4.4 | 5.8 | 4.1 | 5.0 | 4.6 | |

**Segmental performance (INR m)**

| **Y/E March** | FY25 | | | | FY26E | | | | FY25 | FY26E | MOFSL | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **1Q** | **2Q** | **3Q** | **4Q** | **1Q** | **2Q** | **3QE** | **4QE** | | | **2QE** | **(%)** |
| **Sales** | | | | | | | | | | | | |
| Cables & Wires | 15,782 | 16,118 | 15,425 | 19,562 | 18,335 | 19,712 | 17,893 | 23,252 | 66,888 | 79,192 | 19,020 | 3.6 |
| FMEG | 2,300 | 1,984 | 2,396 | 2,616 | 2,251 | 1,926 | 2,756 | 3,059 | 9,296 | 9,991 | 2,043 | (5.7) |
| **Growth YoY (%)** | | | | | | | | | | | | |
| Cables & Wires | 10.9 | 11.1 | 7.6 | 28.4 | 16.2 | 22.3 | 16.0 | 18.9 | 14.7 | 18.4 | 18.0 | |
| FMEG | 24.2 | 24.1 | 19.5 | 13.3 | (2.1) | (2.9) | 15.0 | 16.9 | 19.7 | 7.5 | 3.0 | |
| **EBIT** | | | | | | | | | | | | |
| Cables & Wires | 1,130 | 818 | 1,075 | 1,941 | 1,391 | 1,804 | 1,431 | 1,951 | 4,965 | 6,578 | 1,503 | 20.1 |
| FMEG | (207) | (117) | (44) | (91) | (71) | (117) | (55) | 23 | (459) | (220) | (92) | 27.0 |
| **EBIT Margin (%)** | | | | | | | | | | | | |
| Cables & Wires | 7.2 | 5.1 | 7.0 | 9.9 | 7.6 | 9.2 | 8.0 | 8.4 | 7.4 | 8.3 | 7.9 | 125 |
| FMEG | (9.0) | (5.9) | (1.8) | (3.5) | (3.2) | (6.1) | (2.0) | 0.8 | (4.9) | (2.2) | (4.5) | (156) |

# Niva Bupa

| | |
|---|---|
| Estimate change | ↓ |
| TP change | ↓ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | NIVABUPA IN |
| Equity Shares (m) | 1846 |
| M.Cap.(INRb)/(USDb) | 136.7 / 1.5 |
| 52-Week Range (INR) | 109 / 61 |
| 1, 6, 12 Rel. Per (%) | -12/-16/- |
| 12M Avg Val (INR M) | 505 |

**Financials & Valuations (INR b)**

| Y/E March | 2025 | 2026E | 2027E |
|---|---|---|---|
| GWP | 67.6 | 84.9 | 114.8 |
| NEP | 48.9 | 60.3 | 78.6 |
| U/W Profit | -2.5 | -4.6 | -3.4 |
| PBT | 2.1 | 1.3 | 3.6 |
| PAT | 2.1 | 0.7 | 2.7 |
| **Ratios (%)** | | | |
| Claims | 61.2 | 67.0 | 65.2 |
| Commission | 19.8 | 19.5 | 19.3 |
| Expense | 20.2 | 17.1 | 14.7 |
| Combined | 101.2 | 103.6 | 99.2 |
| RoE | 7.8 | 2.0 | 6.7 |
| EPS (INR) | 1.2 | 0.4 | 1.5 |
| EPS Growth (%) | 142.7 | -68.2 | 293.3 |
| **Valuations** | | | |
| P/E (x) | 64.3 | 201.9 | 51.3 |
| P/BV (x) | 4.5 | 3.6 | 3.3 |

**Shareholding pattern (%)**

| As of | Sep-25 | Jun-25 |
|---|---|---|
| Promoter | 55.4 | 55.4 |
| DII | 15.3 | 15.1 |
| FII | 10.7 | 10.8 |
| Others | 18.6 | 18.8 |

FII includes depository receipts

**CMP: INR74 TP: INR92 (+24%) Buy**

## Combined ratio hit by higher opex and claims

- Niva Bupa (Niva) reported 17% YoY growth in NEP to INR14.2b (in-line) in 2QFY26. For 1HFY25, NEP grew 18% YoY to INR26.4b.
- The loss ratio at 71.2% (our est. of 66.9%) jumped 1,000bp YoY. The ratio was hit by 1/n accounting, as well as a higher group health loss ratio due to 50% URR accounting. An opex ratio of 21.2% (vs. our est. of 18.9%) and the commission ratio of 19.3% (vs. our est. of 20.2%) resulted in a combined ratio of 111.7% (vs. our est. of 106%), up 1,040bp YoY.
- The loss for 2QFY26 was INR353m vs. a PAT of INR130m in 2QFY25 (vs. our est. of PAT of INR381m). For 1HFY26, loss was INR1.3b vs. a loss of INR58m in 1HFY25.
- After the GST exemption, customer behavior has shifted toward higher coverage, reflected in the rise in ticket sizes for both new and renewal policies. Importantly, Niva has passed the entire GST impact to distributors. Management reaffirmed its medium-to-long-term RoE guidance in the mid-to-high teens.
- We cut our PAT estimates for FY26/27/28 by 49%/14%/9%, considering the performance in 1HFY26. However, this impact was largely due to 1/n accounting and the elevated group health loss ratio due to 50% URR accounting. Hence, we broadly retain our IFRS estimates. We value the stock at 32x Sep'27E IFRS PAT to arrive at a fair value of INR92. **Reiterate BUY.**

### IFRS PAT experiences ~2x jump in 1HFY26

- GWP grew 4% YoY to INR18.4b, driven by 6%/3% YoY growth in retail health/group health, while the PA business declined 39% YoY. On a pre-1/n basis, GWP grew 19% YoY, with retail health growing 24.5% YoY.
- The underwriting loss for 2QFY26 came in at INR1.8b vs. the underwriting loss of INR881m in 2QFY25 (est. loss of INR1b), with net incurred claims growing 36% YoY to INR10.1b (5% above estimates) and 10% YoY growth in operating expenses to INR3.1b.
- The commission ratio was at 19.3% (vs. our est. of 20.2%) with net commission flattish YoY at INR2.8b (6% below estimates).
- Without considering the impact of 1/n, the claims ratio for 1HFY26 increased to 69.1%, while the expense ratio (including commission) improved to 37.1%, leading to a combined ratio of 106.2% (103.5% in 1HFY25). With the impact of 1/n, the claims/expenses/combined ratios were 74.3%/39.9%/114.1% for 1HFY26.
- Investment assets stood at INR84.8b at the end of 2QFY26, with investment yield at 7.3%. The solvency ratio was 2.85x in 2QFY26.
- The average ticket size per policy (without 1/n) increased to INR31,037 in 1HFY26 from INR30,839 in 1HFY25, while GWP contribution from >INR1m sum insured increased to 83.8% in 1HFY26 from 74.1% in 1HFY25. With the GST exemption announced, the contribution from the higher sum insured is increasing, as witnessed in Oct'25.

- The IFRS claims ratio for 1HFY26 rose to 65.9% (from 64.7% in 1HFY25), with the retail health loss ratio broadly stable YoY at 68.1%. However, the group health loss ratio was elevated. The expense ratio improved to 37.2% in 1HFY26 (39.5% in 1HFY25), resulting in an improvement in the combined ratio to 103.1% (104.2% in 1HFY25).
- IFRS PAT grew ~2x to INR1.3b (from INR0.6b in 1HFY25).
- The company's hospital network was at 10,507 (10,488 at the end of 1QFY26), while the preferred partner network increased to 855 for 1HFY26 (681 at the end of 1QFY26).
- The channel mix remained largely stable, with 30.6%/19.8%/10.5%/28.0%/10.5%/ 0.6% of the business being contributed by agents/banks/other corporate agents/ brokers/ direct/ others. Strong growth is being witnessed in the agency, direct channel, and digital partner channels post-GST exemption.

## Key takeaways from the management commentary

- The newly launched ReAssure 3.0 has received strong traction since its rollout during the quarter, helping enhance product differentiation. The launch led to a temporary increase in advertising expenses during the quarter.
- The GST exemption on health insurance has significantly boosted demand and customer affordability. In October 2025, despite the festive season, the retail health business grew over 50% YoY, with a surge in web traffic, query volumes, and conversions — consistent with broad industry trends.
- The EoM ratio improved to 35.5% in 1HFY26, aided by lower gross commission (as a % of GWP) and stronger scale efficiencies. Management expressed confidence in bringing the EoM ratio within the regulatory threshold by the end of FY26.

## Valuation and view

- Niva witnessed the impact of 1/n accounting as well as an elevated group health loss ratio on its profitability, while the retail health loss ratio remained largely stable. While opex witnessed an increase due to a new product launch during the quarter, the EoM ratio declined in 1HFY26 and is expected to achieve the regulatory limit of 35% by FY26.
- We believe Niva has a strong position to harness the growth opportunity, with a strategic global partner, a growing customer base, a diversified channel mix, and innovative product offerings. Measures taken to mitigate claim inflation will continue to aid loss ratios, while operational efficiency will lead to expense ratio improvement going forward.
- We cut our PAT estimates for FY26/27/28 by 49%/14%/9%, considering the performance in 1HFY26. However, this impact was largely due to 1/n accounting and the elevated group health loss ratio due to 50% URR accounting. Hence, we broadly retain our IFRS estimates. We value the stock at 32x Sep'27E IFRS PAT to arrive at a fair value of INR92. Reiterate BUY.

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

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | 2QFY26E | Act v/s Est. (%) | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | | | |
| Gross premium | 14,642 | 17,773 | 14,421 | 20,787 | 16,319 | 18,431 | 21,503 | 28,682 | 67,622 | 84,935 | 18,480 | -0.3 | 4% | 13% |
| Net written premium | 11,516 | 13,933 | 11,524 | 16,721 | 12,879 | 14,501 | 16,918 | 22,566 | 53,694 | 66,863 | 14,784 | -1.9 | 4% | 13% |
| Net earned premium | 10,180 | 12,132 | 11,358 | 15,274 | 12,200 | 14,221 | 14,221 | 19,644 | 48,945 | 60,285 | 14,372 | -1.1 | 17% | 17% |
| Investment Income | 575 | 682 | 679 | 938 | 868 | 981 | 1,006 | 1,036 | 2,874 | 3,892 | 974 | 0.7 | 44% | 13% |
| **Total Income** | **11,593** | **13,597** | **12,405** | **15,647** | **13,084** | **15,381** | **15,482** | **21,017** | **53,243** | **64,965** | **15,625** | **-1.6** | **13%** | **18%** |
| Change YoY (%) | 36.2 | 37.1 | 20.1 | 18.7 | 12.9 | 13.1 | 24.8 | 34.3 | 26.9 | 22.0 | 14.9 | | | |
| Incurred claims | 6,518 | 7,419 | 7,398 | 8,616 | 9,499 | 10,126 | 9,971 | 10,818 | 29,950 | 40,414 | 9,616 | 5.3 | 36% | 7% |
| Net commission | 2,280 | 2,803 | 2,608 | 2,955 | 2,598 | 2,798 | 3,265 | 4,355 | 10,646 | 13,016 | 2,982 | -6.2 | 0% | 8% |
| Operating expenses | 2,563 | 2,791 | 2,365 | 3,127 | 2,439 | 3,077 | 2,554 | 3,377 | 10,846 | 11,448 | 2,791 | 10.2 | 10% | 26% |
| Total operating expenses | 4,843 | 5,594 | 4,973 | 6,082 | 5,037 | 5,875 | 5,819 | 7,732 | 21,492 | 24,464 | 5,774 | | | |
| Change YoY (%) | 28.2 | 37.3 | 14.2 | 13.5 | 4.0 | 5.0 | 17.0 | 27.1 | 7.5 | 5.5 | 3.2 | | | |
| **Underwriting profit** | **-1,180** | **-881** | **-1,013** | **576** | **-2,336** | **-1,780** | **-1,569** | **1,094** | **-2,498** | **-4,592** | **-1,018** | | | |
| Operating profit | 232 | 585 | 34 | 949 | -1,452 | -620 | -308 | 2,467 | 1,801 | 87 | 235 | | | |
| **Shareholder's P/L** | | | | | | | | | | | | | | |
| Transfer from Policyholder's | 232 | 585 | 34 | 949 | -1,452 | -620 | -308 | 2,467 | 1,801 | 87 | 235 | | | |
| Investment income | 494 | 401 | 544 | 615 | 642 | 539 | 552 | 569 | 2,054 | 2,302 | 620 | -13.1 | 34% | -16% |
| **Total Income** | **726** | **986** | **578** | **1,564** | **-810** | **-81** | **244** | **3,036** | **3,855** | **2,389** | **855** | | | |
| Provisions other than taxation | 8 | 3 | 8 | -13 | 20 | 24 | - | - | 6.3 | 45 | - | | 800% | 20% |
| Other expenses | 906 | 853 | 438 | -484 | 84 | 247 | 324 | 406 | 1,713 | 1,061 | 348 | -28.8 | -71% | 194% |
| **Total Expenses** | **915** | **856** | **446** | **-497** | **105** | **272** | **324** | **406** | **1,720** | **1,106** | **348** | -21.8 | -68% | 160% |
| **PBT** | **-188** | **130** | **132** | **2,061** | **-914** | **-353** | **-80** | **2,630** | **2,135** | **1,283** | **508** | | | |
| Change YoY (%) | NA | NA | NA | 31.2 | NA | NA | NA | 27.6 | 160.9 | -39.9 | NA | | | |
| Tax Provisions | - | - | - | - | - | - | - | 657.44 | - | 657 | 127 | | | |
| **Net Profit** | **-188** | **130** | **132** | **2,061** | **-914** | **-353** | **-80** | **1,972** | **2,135** | **626** | **381** | | | |
| Change YoY (%) | NA | NA | NA | 31.2 | NA | NA | NA | -4.3 | 160.9 | -70.7 | NA | | | |
| **Key Parameters (%)** | | | | | | | | | | | | | | **bp** |
| Claims ratio | 64.0 | 61.1 | 65.1 | 56.4 | 77.9 | 71.2 | 70.1 | 55.1 | 61.2 | 67.0 | 66.9 | 430 | 1006 | -666 |
| Commission ratio | 19.8 | 20.1 | 22.6 | 17.7 | 20.2 | 19.3 | 19.3 | 19.3 | 19.8 | 19.5 | 20.2 | -87 | -82 | -87 |
| Expense ratio | 22.3 | 20.0 | 20.5 | 18.7 | 18.9 | 21.2 | 15.1 | 15.0 | 20.2 | 17.1 | 18.9 | 234 | 118 | 228 |
| Combined ratio | 106.1 | 101.3 | 108.3 | 92.8 | 117.0 | 111.7 | 104.5 | 89.3 | 101.2 | 103.6 | 106.0 | 576 | 1042 | -525 |
| Solvency | 2.4 | 2.3 | 3.0 | 3.0 | 2.9 | 2.9 | 0.0 | 0.0 | 3.0 | 2.6 | 0.0 | | | |

# Westlife Foodworld

| | |
|---|---|
| Estimate change | ↓ |
| TP change | ⟷ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | WESTLIFE IN |
| Equity Shares (m) | 156 |
| M.Cap.(INRb)/(USDb) | 91.7 / 1 |
| 52-Week Range (INR) | 893 / 570 |
| 1, 6, 12 Rel. Per (%) | -16/-18/-30 |
| 12M Avg Val (INR M) | 125 |

**Financials & Valuations (INR b)**

| Y/E March | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 26.7 | 30.5 | 34.4 |
| Sales growth (%) | 7.2 | 14.2 | 12.8 |
| EBITDA | 3.4 | 4.1 | 4.9 |
| Margins (%) | 12.8 | 13.6 | 14.3 |
| Adj. PAT | 0.0 | 0.3 | 0.8 |
| Adj. EPS (INR) | -0.2 | 2.0 | 5.4 |
| EPS Growth (%) | P/L | L/P | 165.1 |
| BV/Sh.(INR) | 39.7 | 41.7 | 47.1 |
| **Ratios** | | | |
| RoE (%) | -0.6 | 5.0 | 12.1 |
| RoCE (%) | NA | 6.0 | 7.9 |
| **Valuations** | | | |
| P/E (x) | N/M | 290.0 | 109.4 |
| P/BV (x) | 14.9 | 14.1 | 12.5 |
| EV/Sales (x) | 3.4 | 3.0 | 2.6 |
| EV/EBITDA (x) | 46.1 | 34.7 | 28.0 |

**Shareholding pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 56.3 | 56.3 | 56.3 |
| DII | 24.8 | 24.0 | 21.3 |
| FII | 10.8 | 11.6 | 14.1 |
| Others | 8.2 | 8.1 | 8.4 |

FII Includes depository receipts

**CMP: INR588 TP: INR675 (+15%) Neutral**

## Weak print continues

- Westlife Foodworld (WESTLIFE) reported revenue growth of 4% YoY to INR6.4b in 2QFY26. Same-store sales growth (SSSG) declined 2.8% YoY (estimate -1.5%) even on a favorable base (-6.5% in 2QFY25), with demand remaining muted in August and September. Average sales per store declined 2% YoY to INR62m (annually) in 2QFY26. On-premise sales grew 5% YoY, while off-premise sales held steady.
- The operating environment remained challenging for most part of 2Q, with industry-wide out-of-home food consumption frequency declining ~4-6% YoY. The decline in Western fast-food consumption was even more pronounced. That said, the company noted encouraging signs of recovery in October and expects eat-out frequency to gradually pick up in 2HFY26, supported by improving macros. Moreover, the company has passed on the benefit of the GST rate cut to consumers through price reductions.
- The company added net six new stores (+10% YoY) in 2Q. It plans to maintain its store expansion pace, targeting 45-50 new stores annually. It aims to grow its network to 580-630 restaurants by 2027.
- GM expanded 270bp YoY to 72.4% (est. 71%). EBITDA margin contracted 90bp YoY to 11.8%, while EBITDA margin (pre IND AS) contracted 150bp YoY to 6.2% (RBA was at 5%), primarily due to operating deleverage. ROM pre-IND AS rose 10bp YoY to 13.6%.
- WESTLIFE has faced strong demand pressure in the Southern region, leading to relatively weaker numbers than peers. We believe regional demand will see a gradual improvement and, therefore, do not expect a faster ADS recovery in 2HFY26. **We reiterate our Neutral rating with a TP of INR675, based on 35x Sep'27E EV/EBITDA (pre-IND AS).**

### Weak performance; SSSG declines 2.8%

- **SSSG declined 3%:** Sales grew 4% YoY to INR6.4b (est. INR6.6b), led by store additions of 10% YoY. SSSG declined 2.8% YoY in 2QFY26 (est. -1.5%, 0.5% in 1QFY26, -6.5% in 2QFY25). WESTLIFE opened net six stores (opened eight stores, closed two stores), bringing the total count to 450 stores in 72 cities. Average sales per store declined 2% YoY to INR62m (annually) in 2QFY26.
- **Broadly in-line margins:** Gross margin expanded 270bp YoY and 80bp QoQ to 72.4% (est. 71%), driven by sustained supply chain efficiencies. EBITDA declined 4% YoY to INR759m (est. INR826m), primarily due to operating deleverage. EBITDA margin contracted 90bp YoY to 11.8%. (est. 12.5%), while EBITDA margin (pre-IND AS) declined 150bp YoY to 6.2% and EBITDA (pre-IND AS) declined 16% YoY. ROM pre-IND AS rose 10bp YoY to 13.6% (est. 13.3%).
- **APAT witnessed a loss:** APAT recorded a loss of INR180m (estimated profit of INR8m) vs INR4m profit in 2QFY25.

## Key takeaways from the management commentary

- Regionally, South India, particularly Bengaluru (its second-largest city with ~65–70 restaurants), acted as a drag on overall performance due to muted consumer sentiment and negative growth trends in the region.
- July witnessed a decent performance. However, the operating environment remained challenging through August and September. October showed MoM improvement.
- Most new stores opened in the last six months are performing ahead of expectations, with several operating above system averages.
- Strategic investments in AI-based location intelligence software are helping the company identify optimal store locations for future expansion.
- The royalty rate stands at 5% (excluding GST), with no anticipated changes in the near term.

## Valuation and view

- We cut our EBITDA (pre-IND AS) estimates for FY26 and FY27 by 5-6%.
- Demand was impacted in 2Q, with SSSG declining YoY even on a low base. WESTLIFE has been aggressive in store additions, which was not the case historically. However, the current demand environment is not conducive to such rapid expansion, and performance in South India remains a challenge. Therefore, the benefits of its various initiatives may take longer to materialize than initially expected.
- The revenue gap between dine-in and delivery has narrowed, supported by improved dine-in footfalls. However, weak underlying growth, coupled with rising costs related to strategic initiatives, could weigh on the operating margin, exerting pressure on restaurant margins and EBITDA margins.
- **We reiterate our Neutral rating with a TP of INR675, based on 35x Sep'27E EV/EBITDA (pre-IND AS).**

**Consolidated quarterly performance** (INR m)

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26 | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| SSSG % | (6.7) | (6.5) | 2.8 | 0.7 | 0.5 | (2.8) | 1.0 | 1.3 | -2.9 | 0.0 | -1.5 | |
| No. of McDonald's restaurants | 403 | 408 | 421 | 438 | 444 | 450 | 465 | 478 | 438 | 478 | 454 | |
| **Net Sales** | **6,163** | **6,180** | **6,537** | **6,031** | **6,576** | **6,419** | **7,081** | **6,637** | **24,912** | **26,713** | **6,610** | **-2.9** |
| YoY Change (%) | 0.3 | 0.5 | 8.9 | 7.3 | 6.7 | 3.9 | 8.3 | 10.0 | 4.2 | 7.2 | 7.0 | |
| **Gross profit** | **4,351** | **4,306** | **4,581** | **4,221** | **4,709** | **4,647** | **5,042** | **4,702** | **17,459** | **19,100** | **4,693** | **-1.0** |
| Margin (%) | 70.6 | 69.7 | 70.1 | 70.0 | 71.6 | 72.4 | 71.2 | 70.8 | 70.1 | 71.5 | 71.0 | |
| **EBITDA** | **799** | **786** | **914** | **794** | **855** | **759** | **976** | **821** | **3,293** | **3,410** | **826** | **-8.2** |
| YoY Change (%) | -24.1 | -21.1 | -4.8 | 3.0 | 6.9 | -3.5 | 6.8 | 3.4 | -12.9 | 3.5 | 5.1 | |
| Margins (%) | 13.0 | 12.7 | 14.0 | 13.2 | 13.0 | 11.8 | 13.8 | 12.4 | 13.2 | 12.8 | 12.5 | |
| Depreciation | 506 | 528 | 549 | 550 | 553 | 574 | 580 | 584 | 2,133 | 2,385 | 576 | |
| Interest | 298 | 316 | 330 | 328 | 354 | 363 | 360 | 374 | 1,272 | 1,451 | 345 | |
| Other Income | 51 | 65 | 29 | 98 | 68 | 91 | 50 | 169 | 242 | 378 | 105 | |
| **PBT** | **45** | **7** | **65** | **13** | **16** | **-88** | **86** | **33** | **131** | **-48** | **11** | |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | -455 | 0 | 0 | 0 | 0 | 0 | |
| **PBT after EO expense** | **45** | **7** | **65** | **13** | **16** | **367** | **86** | **33** | **131** | **-48** | **11** | |
| Tax | 13 | 3 | -5 | -2 | 4 | 92 | 22 | -130 | 9 | -12 | 3 | |
| Rate (%) | 27.9 | 48.1 | -8.0 | -13.9 | 27.4 | -105.2 | 25.0 | -394.9 | 6.9 | 25.0 | 25.0 | |
| **Reported PAT** | **33** | **4** | **71** | **15** | **11** | **275** | **65** | **163** | **122** | **-36** | **8** | |
| **Adj PAT** | **33** | **4** | **71** | **15** | **11** | **-180** | **65** | **163** | **122** | **-36** | **8** | |
| YoY Change (%) | -88.7 | -98.3 | -59.1 | 96.5 | -64.8 | NA | -8.5 | 971.7 | -82.4 | -129.3 | 116.1 | |
| Margins (%) | 0.5 | 0.1 | 1.1 | 0.3 | 0.2 | -2.8 | 0.9 | 2.5 | 0.5 | -0.1 | 0.1 | |

*E: MOFSL Estimates*

# Mahindra Lifespaces

| | |
|---|---|
| Estimate change | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | MAHLIFE IN |
| Equity Shares (m) | 213 |
| M.Cap.(INRb)/(USDb) | 86.4 / 1 |
| 52-Week Range (INR) | 487 / 254 |
| 1, 6, 12 Rel. Per (%) | 7/20/-18 |
| 12M Avg Val (INR M) | 129 |

**Financials & Valuations (INR b)**

| Y/E Mar | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 4.9 | 8.2 | 10.7 |
| EBITDA | -0.9 | -0.1 | 0.5 |
| EBITDA (%) | NM | NM | NM |
| Net profit | 0.6 | 2.7 | 3.2 |
| EPS (INR) | 2.7 | 12.8 | 15.1 |
| EPS Growth (%) | -32.4 | 380.6 | 17.6 |
| BV/Share (INR) | 158.9 | 168.9 | 181.2 |
| **Ratios** | | | |
| Net D/E | -0.2 | -0.3 | -0.2 |
| RoE (%) | 2.2 | 7.8 | 8.6 |
| RoCE (%) | -2.8 | -0.2 | 1.3 |
| Payout (%) | 104.8 | 21.8 | 18.5 |
| **Valuations** | | | |
| P/E (x) | 151.6 | 31.5 | 26.8 |
| P/BV (x) | 2.5 | 2.4 | 2.2 |
| EV/EBITDA (x) | NM | NM | NM |
| Div Yield (%) | 0.7 | 0.7 | 0.7 |

**Shareholding Pattern (%)**

| As On | Sep-25 | Mar-25 | Sep-24 |
|---|---|---|---|
| Promoter | 52.4 | 51.1 | 51.2 |
| DII | 22.5 | 20.1 | 20.9 |
| FII | 8.1 | 9.6 | 9.8 |
| Others | 17.0 | 19.2 | 18.1 |

**CMP: INR405 TP: INR447 (+10%) Neutral**

## Strong operations with muted financial performance

### No competitions in 1HFY25

- Mahindra Lifespaces (MLDL) achieved bookings of INR7.5b, rising 89% YoY and 67% QoQ (in line with estimates). In 1HFY26, presales stood at INR12b, declining 15% YoY.
- Sales volume in 2QFY26 stood at 1.2msf, rising 121% YoY and 102% QoQ. In 1HFY26, the booking area stood at 1.8msf, rising 3% YoY.
- Blended realization in 2QFY26 declined 14% YoY and 17% QoQ to ~INR6,427psf.
- Quarterly collections rose 24% YoY and 10% QoQ to INR5.7b.
- In 2QFY26, MLDL added projects with a GDV of INR17b, rising 2.6x YoY. In 1HFY26, the company added projects with a GDV of INR52b, rising 2.5x YoY.
- Revenue from the IC&IC business stood at INR990m, declining 11% YoY. Total leased area stood at 16.9 acres.
- MLDL is a net cash company, and the net cash-to-equity ratio stands at 0.17x.
- **P&L performance:** Revenue came in at INR176m, rising 131% YoY but declining 45% QoQ (80% below estimate). In 1HFY26, revenue came in at INR495m, declining 75% YoY.
- In 2QFY26, operating loss was INR525m vs. a loss of INR478m in 2QFY25. In 1HFY26, operating loss came in at INR1.1b vs. a loss of INR893m YoY.
- PAT stood at INR479m (4x above the estimate), against a loss of INR141m YoY due to a higher share of profit realization from its JV's at IC & IC business. In 1HFY26, PAT came in at INR991m vs. a loss of INR13m YoY.

### Key highlights from the management commentary

- MLDL is strengthening its presence in MMR, Pune, and Bengaluru with a focus on large-scale, high-impact projects like Bhandup.
- The company is pursuing outright land buys, JDAs, and redevelopment while enhancing brand positioning and execution capacity.
- In 1QFY26, the company launched New Haven (Bengaluru) and Citadel (Pune) with a combined GDV of INR4.5b, both ~80% sold.
- In 2QFY26, the company successfully launched Marina64 (MMR, 50% sold) and Lakewoods (Chennai, 100% sold).
- Upcoming launches include Hopefarm (Bengaluru, INR18b), Mahalaxmi (INR16.5b), Citadel Phase 3 (INR9.8b), and Bhandup Phase 1 (~INR25-30b).
- The Saibaba Nagar redevelopment project in Borivali (INR18b) is facing a road alignment issue and is now expected to be launched by 2HFY27.
- MLDL added six new projects in FY26 with a total GDV of INR95b, bringing its total pipeline to INR463b as of Oct'25.
- Of this, INR200b relates to Bhandup/Thane, INR145b to redevelopment, INR35b to Rajasthan and Murud, and ~INR83b to outright projects.

- The company remains net cash positive with a cash/equity ratio of 0.17x, OCF of INR4.3b, and land spends of INR3.8b in 1HFY26.
- The balance sheet remains healthy post the rights issue, and MLDL is targeting cumulative sales of INR95b over the next five years.

## Valuation and view

- MLDL posted strong booking growth and is well-positioned to improve this momentum, given the healthy project pipeline across its key markets.
- We have incorporated the recent rights issue proceeds of INR15b and accordingly adjusted the equity, debt, and cash components.
- We value the residential business on a DCF basis, with a WACC of ~14%, translating into INR66b. The valuation reflects recent BD additions and lower-than-expected cash deployment toward land.
- We reiterate our **Neutral** rating on the stock with a TP of INR447, reflecting a 10% upside.

**Quarterly performance** (INRm)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E 2Q Est. | 2QE Var (%/bp) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| **Income from Operations** | **1,881** | **76** | **1,673** | **92** | **320** | **176** | **1,360** | **3,060** | **3,723** | **4,915** | **857** | **-80** |
| YoY Change (%) | 91.9 | -57.2 | 104.0 | -35.3 | -83.0 | 130.7 | -18.7 | 3,211.2 | 75.5 | 32.0 | 1,026.8 | |
| Total Expenditure | 2,297 | 554 | 1,927 | 644 | 870 | 700 | 1,617 | 2,658 | 5,422 | 5,845 | 1,020 | |
| **EBITDA** | **-416** | **-478** | **-254** | **-552** | **-550** | **-525** | **-258** | **402** | **-1,699** | **-931** | **-162** | **N/A** |
| Margins (%) | -22.1 | -627.5 | -15.2 | -597.2 | -172.1 | -298.8 | -18.9 | 13.1 | -45.6 | -18.9 | -18.9 | |
| Depreciation | 43 | 40 | 40 | 55 | 61 | 65 | 63 | 39 | 178 | 228 | 40 | |
| Interest | 60 | 70 | 42 | 21 | 40 | 19 | 50 | 74 | 194 | 182 | 32 | |
| Other Income | 186 | 84 | 185 | 462 | 86 | 155 | 54 | -99 | 916 | 197 | 34 | |
| **PBT before EO expense** | **-334** | **-504** | **-151** | **-166** | **-564** | **-453** | **-317** | **190** | **-1,155** | **-1,145** | **-200** | **N/A** |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **PBT** | **-334** | **-504** | **-151** | **-166** | **-564** | **-453** | **-317** | **190** | **-1,155** | **-1,145** | **-200** | **N/A** |
| Tax | -97 | 0 | 173 | 15 | -97 | 28 | 25 | 134 | 92 | 91 | 16 | |
| Rate (%) | 28.9 | 0.0 | -114.6 | -8.9 | 17.1 | -6.2 | -7.9 | 70.6 | -7.9 | -7.9 | -7.9 | |
| Minority Interest & Profit/Loss of Asso. Cos. | 365 | 364 | 99 | 1,032 | 980 | 961 | 499 | -635 | 1,859 | 1,805 | 315 | |
| **Reported PAT** | **127** | **-141** | **-225** | **851** | **512** | **479** | **158** | **-579** | **613** | **570** | **99** | **382** |
| **Adj PAT** | **127** | **-141** | **-225** | **851** | **512** | **479** | **158** | **-579** | **613** | **570** | **99** | **382** |
| YoY Change (%) | NM | NM | NM | 19.0 | NM | NM | NM | -168.1 | -37.6 | -7.0 | NM | |
| Margins (%) | 6.8 | -184.6 | -13.4 | 920.8 | 160.3 | 272.8 | 11.6 | -18.9 | 16.5 | 11.6 | 11.6 | |
| **Operational Performance** | | | | | | | | | | | | |
| Area sold (msf) | 1.2 | 0.5 | 0.5 | 1.0 | 0.6 | 1.2 | 0.7 | 0.8 | **3.2** | **3.2** | 0.7 | **67** |
| Booking value (INR b) | 10.2 | 4.0 | 3.3 | 10.5 | 4.5 | 7.5 | 7.4 | 14.6 | **28** | **34** | 7.4 | **2** |
| Avg Realization (INR) | 8718 | 7491 | 7422 | 10223 | 7741 | 6427 | 10500 | 19131 | **8,818** | **10,566** | 10566 | **-39** |

# NOCIL

| | |
|---|---|
| Estimate changes | ↓ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | NOCIL IN |
| Equity Shares (m) | 167 |
| M.Cap.(INRb)/(USDb) | 30.2 / 0.3 |
| 52-Week Range (INR) | 294 / 155 |
| 1, 6, 12 Rel. Per (%) | -3/-2/-43 |
| 12M Avg Val (INR M) | 101 |

**Financials & Valuations (INR b)**

| Y/E March | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 13.2 | 14.8 | 15.9 |
| EBITDA | 1.0 | 1.3 | 1.6 |
| PAT | 0.6 | 0.8 | 1.0 |
| EPS (INR) | 3.7 | 4.9 | 6.1 |
| EPS Gr. (%) | -42.3 | 31.8 | 24.8 |
| BV/Sh.(INR) | 107.5 | 110.9 | 115.2 |
| **Ratios** | | | |
| Net D:E | 0.0 | 0.0 | 0.0 |
| RoE (%) | 3.5 | 4.5 | 5.4 |
| RoCE (%) | 3.3 | 4.1 | 4.9 |
| Payout (%) | 31.0 | 31.0 | 31.0 |
| **Valuations** | | | |
| P/E (x) | 48.7 | 36.9 | 29.6 |
| P/BV (x) | 1.7 | 1.6 | 1.6 |
| EV/EBITDA (x) | 31.5 | 24.2 | 19.3 |
| Div. Yield (%) | 0.6 | 0.8 | 1.0 |
| FCF Yield (%) | 0.2 | 0.1 | 3.3 |

**Shareholding pattern (%)**

| As On | Sep-25 | Jun-25 | Sep-24 |
|---|---|---|---|
| Promoter | 33.8 | 33.8 | 33.8 |
| DII | 6.6 | 5.2 | 6.2 |
| FII | 5.2 | 6.7 | 7.9 |
| Others | 54.5 | 54.4 | 52.2 |

FII includes depository receipts

**CMP: INR181 TP: INR170 (-6%) Neutral**

## Challenging operating environment hurts 2Q performance

### Operating performance below our estimates

- NOCIL's 2QFY26 was weak, with revenue declining 12% YoY to INR3.2b. EBITDA also declined 44% due to continued pricing pressure in the domestic market.
- Domestic volumes witnessed a positive traction in the quarter; however, the volumes in international markets were subdued due to global uncertainties and US tariff issues. Volumes in 1HFY26 declined in both the domestic and the international markets.
- We cut our FY26/FY27/FY28 earnings estimates by 28%/25%/19% due to sustained pricing pressure, rising competitive intensity, a global slowdown in rubber chemicals, and a slowdown in the US market. Exports are likely to be subdued in the near term. **We reiterate our Neutral rating on the stock** with a TP of INR170, based on 30x Dec'27 EPS.

### Weak quarter hit by lower realizations and softer export demand

- NOCIL posted revenue of INR3.2b (est. of INR3.4b; down 12% YoY), due to a 3% YoY dip in sales volume to 13.8tmt. This was because volumes in international markets were dampened due to global uncertainties and the US tariff issues.
- Gross margin at 41.3% dipped 190bp YoY, while EBITDA margin contracted 370bp YoY to 6.5%. This was due to a 9% YoY dip in realization to INR232.3/kg (INR254.1/kg in 2QFY25), led by dumping pressure in the domestic market. EBITDA/kg also declined 42% YoY to INR15.2.
- Employee costs as a % of sales were flat YoY at ~7%, while other expenses as a % of sales stood at ~28% vs. ~27% in 2QFY25.
- EBITDA stood at INR209m (est. of INR310m), down 44% YoY, and PAT dipped 58% YoY to INR173m in 1QFY26 (est. INR245m).
- In 1HFY26, revenue /EBITDA/Adj. PAT declined 11%/34%/51% to INR6.6b/ INR505m/INR338m
- CFO stood at INR1.3b as of Sep '25 compared to INR567m in Sep'24.

### Highlights from the management commentary

- **Anti-dumping duty:** In order to mitigate the impact of dumping in the domestic market, the company has filed anti-dumping petitions with the Indian government. These petitions are currently under investigation, with outcomes anticipated over the coming months.
- **Brownfield expansion:** The Brownfield expansion in Dahej is poised to commence from 1HCY26 onwards. This involves capex of INR2.5b, with 75-80% of the work already completed.
- **Strategic initiatives:** The company is introducing various cost savings and efficiency improvement initiatives to reduce conversion costs from 4QFY26 onwards and focusing on geographies other than the US.

## Valuation and view

- NOCIL is focused on expanding its capacity, with the Dahej plant expected to start trial production by Jan'26. To mitigate the slowdown of the US market due to the tariff-related uncertainties, the management plans to increase its market share in other geographies.
- Despite the management's focus on cost optimization and efficiency improvement, the continued pricing pressure in the global market – due to heightened competitive intensity – and the slowdown in the global market are expected to weigh on NOCIL's operating performance in the near term.
- Consequently, we cut our FY26/FY27/FY28 earnings estimates by 28%/25%/19%. We reiterate our Neutral rating on the stock with a TP of INR170, based on 30x Dec'27 EPS.

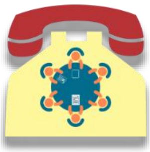
**Standalone - Quarterly Earnings Model** (INR m)

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 2QE | (%) |
| **Gross Sales** | **3,722** | **3,627** | **3,181** | **3,397** | **3,362** | **3,206** | **3,264** | **3,388** | **13,927** | **13,220** | **3,448** | **-7%** |
| YoY Change (%) | -6.2 | 3.4 | -6.6 | -4.7 | -9.7 | -11.6 | 2.6 | -0.3 | -3.6 | -5.1 | -4.9 | |
| Total Expenditure | 3,324 | 3,256 | 2,943 | 3,062 | 3,066 | 2,996 | 3,042 | 3,135 | 12,585 | 12,240 | 3,137 | |
| Gross Margin (%) | 41.7% | 43.3% | 44.4% | 41.6% | 42.5% | 41.3% | 41.0% | 41.5% | 42.7% | 41.6% | 41.7% | |
| **EBITDA** | **398** | **371** | **238** | **335** | **296** | **209** | **222** | **253** | **1,342** | **980** | **310** | **-33%** |
| Margin (%) | 10.7 | 10.2 | 7.5 | 9.9 | 8.8 | 6.5 | 6.8 | 7.5 | 9.6 | 7.4 | 9.0 | |
| Depreciation | 128 | 130 | 132 | 132 | 133 | 133 | 140 | 169 | 523 | 575 | 135 | |
| Interest | 5 | 5 | 4 | 4 | 4 | 4 | 6 | 10 | 18 | 23 | 5 | |
| Other Income | 100 | 88 | 148 | 54 | 64 | 160 | 111 | 116 | 389 | 451 | 91 | |
| **PBT before EO expense** | **364** | **324** | **249** | **254** | **222** | **233** | **187** | **191** | **1,191** | **833** | **261** | **-11%** |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **PBT** | **364** | **324** | **249** | **254** | **222** | **233** | **187** | **191** | **1,191** | **833** | **261** | **-11%** |
| Tax | 92 | -91 | 64 | 50 | 57 | 60 | 47 | 48 | 115 | 212 | 66 | |
| Rate (%) | 25.3 | -28.0 | 25.7 | 19.7 | 25.4 | 25.9 | 25.2 | 25.1 | 9.7 | 25.4 | 25.2 | |
| **Reported PAT** | **272** | **415** | **185** | **204** | **166** | **173** | **140** | **143** | **1,076** | **621** | **195** | **-12%** |
| **Adj PAT** | **272** | **415** | **185** | **204** | **166** | **173** | **140** | **143** | **1,076** | **621** | **195** | **-12%** |
| YoY Change (%) | -18.9 | 54.3 | -37.8 | -50.4 | -39.1 | -58.4 | -24.3 | -29.9 | -18.1 | -42.3 | -52.9 | |
| Margin (%) | 7.3 | 11.4 | 5.8 | 6.0 | 4.9 | 5.4 | 4.3 | 4.2 | 7.7 | 4.7 | 5.7 | |

# Bharti Airtel

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details



**Date:** 04th November 2025
**Time:** 13:00 hours IST

**Financial Valuations (INR b)**

| INRb | FY26E | FY27E | FY28E |
|---|---|---|---|
| Net Sales | 2,087 | 2,360 | 2,658 |
| EBITDA | 1,201 | 1,367 | 1,547 |
| Adj. PAT | 297 | 418 | 545 |
| EBITDA Margin (%) | 57.5 | 57.9 | 58.2 |
| Adj. EPS (INR) | 51.2 | 68.6 | 89.5 |
| EPS Gr. (%) | 69 | 34 | 30 |
| BV/Sh. (INR) | 239 | 313 | 366 |
| **Ratios** | | | |
| Net D:E | 1.4 | 0.5 | 0.2 |
| RoE (%) | 24.0 | 27.1 | 28.7 |
| RoCE (%) | 16.0 | 18.6 | 21.2 |
| Div. Payout (%) | 54.5 | 58.3 | 67.1 |
| **Valuations** | | | |
| EV/EBITDA (x) | 11.3 | 10.0 | 8.4 |
| P/E (x) | 41 | 30 | 23 |
| P/BV (x) | 8.7 | 6.6 | 5.7 |

## CMP: INR2,074 — Buy

*Bharti Airtel's 2QFY26 consolidated financials are not strictly comparable on a YoY basis, as the company consolidated Indus Towers (Indus) from mid-November 2024.*

- Overall, Bharti reported a strong 2QFY26, with better-than-expected performance across key segments. India wireless revenue grew 3% QoQ (higher ARPU offset by muted net adds), but EBITDA grew ~4% QoQ (2% above our estimate), driven by continued margin expansion (94% incremental margins QoQ). The Homes segment continues to benefit from an acceleration in subscriber additions. Meanwhile, the Enterprise segment's revenue grew (after the exit of low-margin business) and margins remained elevated (though 100bp lower QoQ). Airtel Africa continued to post strong double-digit CC revenue and EBITDA growth, with a further boost from favorable FX movements. After low capex in 1Q, it picked up in 2Q (with India wireless capex up 7% YoY). FCF remained robust at INR142b (~INR285b in 1HFY26), though net debt (excl. leases) inched up marginally ~INR12b QoQ on account of dividend payments.

### Good 2Q; Strong margin performance across key segments

- Consolidated revenue at INR521b (+26% YoY, our est. INR510b) rose 5% QoQ, driven by robust growth in Africa (+13% QoQ) and Home broadband business (+8.5% QoQ).
- India revenue (including Indus) grew 3% QoQ to INR387b (+11% YoY) and was slightly above our estimate, largely driven by better India Wireless (+2.6% QoQ) and Enterprise (+4% QoQ).
- Consolidated EBITDA at INR296b (35% YoY, 3% above) increased 6% QoQ, driven by robust performance in Airtel Africa (+15.5% QoQ), Home Broadband (+9% QoQ), and India Wireless (+4% QoQ).
- India EBITDA (including Indus) at INR232b (+3.8% QoQ, 12% YoY) was ~3% above our estimate, driven by improved performance in India Wireless (2% above) and Airtel Business (7% above) as well as the reversal of bad debt provisions for Indus Towers.
- Reported EBITDA margin expanded ~40bp QoQ to 56.7% (+400bp YoY) and was ~50bp ahead of our estimate, driven by better margins in India wireless, Enterprise, and Airtel Africa.
- Reported PBT (before share of JVs) at INR122b (+18% QoQ, +2.16x YoY) was 9% ahead of our estimate, driven by better EBITDA and lower net finance cost (-16% QoQ, likely on favorable FX movement in Africa).
- Reported attributable PAT at INR67.9b (5% beat) grew 14% QoQ (+89% YoY on a low base) due to higher EBITDA and lower interest expenses.
- Adjusted for exceptional items in the past quarters, PAT at INR67.9b grew 74% YoY.

## FCF generation healthy at INR146b; net debt marginally higher QoQ due to dividend payouts

- After lower capex in 1Q, consolidated capex at INR114b **(+37% QoQ, +26% YoY)** picked up pace. India capex (ex-Indus) at INR71b rose ~33% QoQ (+16% YoY), but was ~4% below our estimate.
- Bharti Airtel's consolidated free cash flow (after leases and interest payments) was stable QoQ at INR146b (vs. ~INR143b **QoQ**), driven by better operational performance (OCF pre-WC changes rose 6% QoQ) and lower interest outgo (-22% QoQ).
- Bharti Airtel's consolidated net debt (ex-leases) inched up **~INR12b QoQ to INR1.267t (vs. INR1.255t QoQ)** as robust FCF was utilized in dividend payments. Including the impact of leases, Bharti Airtel's consolidated net debt increased ~INR31b QoQ to INR1.95t (vs. INR1.92t QoQ)**.**
- The company's consolidated net debt (including leases) to EBITDA (annualized) declined to 1.63x (vs. 1.7x QoQ). India SA's net debt to EBITDA moderated to 1.57x (vs. 1.62x QoQ).
- Excluding the lease impact, the company's net debt to EBITDAaL **dipped to 1.19x** (vs. 1.26x QoQ) for the consolidated business and **1.32x (**vs. 1.35x QoQ**) for India SA**.

## India Wireless: Strong show with continued benefits of premiumization, margin expansion continues with 94% incremental EBITDA margins

- Bharti's India Wireless ARPU at **INR256 (+10% YoY, our est. INR253)** rose **2.2% QoQ** (vs. +1.3% QoQ for RJio at INR211), driven by subscriber mix improvement and one extra day QoQ.
- However, the company's subscriber net adds remained subdued at 1.4m, with paying net adds (vs. 1.2m net adds QoQ, ~5.3m wireless net adds for RJio), and was **weaker than our estimate of ~3m**.
- The subscriber mix continues to improve as **Bharti added further ~0.95m** postpaid net adds (+3.6% QoQ, 12% YoY). Further, the company's 4G/5G net additions remained resilient at 5.1m (improvement on ~3.9m 4G net adds QoQ).
- Bharti's India Wireless revenue rose **2.6% QoQ** (vs. 3.2% QoQ for RJio, including FTTH) to INR281b (+11% YoY, our est. INR279b).
- India Wireless EBITDA rose **4.2% QoQ** (vs. 3.5% QoQ for RJio including FTTH) to INR169.5b (**20% YoY,** our est. INR166b)**.**
- Reported wireless EBITDA margin **further expanded ~90bp** QoQ to 60.3% (+325bp YoY, vs. +20bp QoQ for RJio to 54.2%) and was **90bp ahead** of our estimate.
- Incremental margin **came in at ~94%** (vs. ~67% in 1QFY26 and ~60% for RJio and our estimate).
- India wireless **capex increased ~33% QoQ (on a low base) to INR43b** (+27% YoY), but was ~7% below our estimate.

## Homes: In-line results; robust net adds partly offset by continued ARPU declines

- Bharti's Homes BB net adds accelerated further to ~950k (vs. ~940k QoQ, our estimate of ~975k net adds) to reach ~11.9m subs (+40% YoY), likely due to the ramp up of FWA services.

- Reported ARPU decline continued with further ~1% QoQ dip to INR534/month (-6% YoY, though better than our est. INR530).
- **Homes revenue rose 8.5% QoQ** to INR18.6b (+30% YoY, **inline**). Homes EBITDA at INR9.3b (**+9% QoQ**, 30% YoY) was also **in line** with our estimate.
- EBITDA margin expanded ~5bp QoQ to 50.1% (-25bp YoY) and was **~25bp below** our estimate.
- Capex in the Homes Business remained elevated and increased ~2x YoY to INR18.6b (+28% QoQ, 26% higher than our estimate), likely on the ramp up of FWA offerings.

### Enterprise: Revenue growth picks up, 7% EBITDA beat as margins remain elevated

- **Airtel Business (Enterprise)** revenue **grew ~4% QoQ** to INR52.8b (-7% YoY due to the exit of lower-margin business, vs. our est. INR51b).
- EBITDA at INR21.9b rose ~2% QoQ (+9% YoY) and was ~**7% above** our estimate, as EBITDA margins contracted ~100bp QoQ to 41.6% (but remained above our estimate of 40%, and 36.3% YoY).
- Capex for the Airtel business stood at INR7.7b (+5% QoQ, -15% YoY).

### Other businesses: Sustained strong growth in Africa, DTH continued to face headwinds

- **Airtel DTH's** revenue at INR7.5b declined ~1% QoQ (-1% YoY) as subscriber trends were weaker with **341k net declines** (vs. 204k QoQ net declines in 1QFY26, our est. 200k net declines). **ARPU rose ~1% QoQ** at INR163 (+3% YoY, our est. INR162). DTH EBITDA at INR3.7b (-6% QoQ, -14% YoY) was **~5% below** as margins contracted ~225bp QoQ to 48.6% (-730bp YoY and ~205bp below our estimate).
- **Airtel Africa (AAF)** continued to report strong double-digit YoY CC growth. AAF's reported revenue (in rupee terms) rose ~13% QoQ (+35% YoY, 4% ahead), while EBITDA increased ~16% QoQ (42% YoY, **~7% beat**), driven by the flow-through of tariff hikes in Nigeria and favorable FX movements.

### Other highlights: Data volume surge on IPL boost; tower additions moderate further

- Data volume for the India Wireless business rose ~7% QoQ (vs. 8% QoQ in 1QFY26, +7% QoQ for RJio, including FTTH), while data usage per sub improved to 28.3GB/month (vs. 26.9GB QoQ, 38.8GB/month reported by RJio, including FTTH).
- Voice usage on network in India Wireless rose ~1% QoQ (vs. -1% QoQ in 1QFY26 and similar to RJio), with minute of usage (MoU) per subscriber marginally rising to 1,145mins (vs. 1,143min QoQ and 996mins for RJio).
- Bharti's tower additions improved to ~3.5k towers QoQ (vs. 1.8k in 1QFY26), bringing the total tower count to ~343k. Meanwhile, revenue per site inched up 2% QoQ to INR272.5k/month (+9% YoY)

## Consolidated results

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs est |
|---|---|---|---|---|---|---|---|
| **Revenue** | **4,14,733** | **4,94,626** | **5,21,454** | **25.7** | **5.4** | **5,10,584** | **2.1** |
| Access charges | 18,211 | 12,571 | 13,215 | (27.4) | 5.1 | 16,529 | (20.1) |
| License and spectrum fee | 34,658 | 37,200 | 38,249 | 10.4 | 2.8 | 40,807 | (6.3) |
| Network operating costs | 80,115 | 95,456 | 1,01,178 | 26.3 | 6.0 | 95,043 | 6.5 |
| Employee costs | 14,966 | 17,380 | 18,571 | 24.1 | 6.9 | 18,322 | 1.4 |
| SG&A expenses | 48,321 | 53,632 | 54,627 | 13.1 | 1.9 | 53,049 | 3.0 |
| Total costs | 1,96,271 | 2,16,239 | 2,25,840 | 15.1 | 4.4 | 2,23,750 | 0.9 |
| **EBITDA** | **2,18,462** | **2,78,387** | **2,95,614** | **35.3** | **6.2** | **2,86,834** | **3.1** |
| EBITDA margin (%) | 52.7 | 56.3 | 56.7 | 402 bps | 41 bps | 56.2 | 51 bps |
| Depreciation and amortization | 1,10,000 | 1,24,651 | 1,31,821 | 19.8 | 5.8 | 1,25,628 | 4.9 |
| **EBIT** | **1,08,462** | **1,53,736** | **1,63,793** | **51.0** | **6.5** | **1,61,205** | **1.6** |
| EBIT margin (%) | 26.2 | 31.1 | 31.4 | 526 bps | 33 bps | 31.6 | (16)bps |
| Net finance cost | 51,690 | 49,520 | 41,380 | (19.9) | (16.4) | 49,127 | (15.8) |
| **PBT** | **56,772** | **1,04,216** | **1,22,413** | **115.6** | **17.5** | **1,12,078** | **9.2** |
| Tax provision | 17,440 | 30,826 | 36,715 | 110.5 | 19.1 | 32,459 | 13.1 |
| PAT before minority interest | 39,332 | 73,390 | 85,698 | 117.9 | 16.8 | 79,619 | 7.6 |
| Share of associates / JVs | 10,739 | 828 | 810 | (92.5) | (2.2) | 625 | 29.6 |
| Minority interest | 5,602 | 14,739 | 18,591 | | 26.1 | 15,292 | 21.6 |
| Extraordinary items | 8,537 | - | - | | | - | |
| **Reported net income** | **35,932** | **59,479** | **67,917** | **89.0** | **14.2** | **64,952** | **4.6** |
| **Adjusted net income** | **39,115** | **59,479** | **67,917** | **73.6** | **14.2** | **64,952** | **4.6** |
| Reported EPS (Rs) | 6.2 | 10.3 | 11.7 | 88.7 | 14.2 | 11.2 | 4.6 |
| Adjusted EPS (Rs) | 6.8 | 10.3 | 11.7 | 73.4 | 14.2 | 11.2 | 4.6 |

## Exhibit 1: Net debt trends

| | Mar-23 | Sep-23 | Mar-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|---|---|---|---|---|---|---|---|---|
| **Debt and cash trends** | | | | | | | | |
| **Reported gross debt** | **1,655** | **1,578** | **1,520** | **1,465** | **1,418** | **1,484** | **1,374** | **1,401** |
| LT debt | 401 | 333 | 276 | 197 | 208 | 202 | 208 | 202 |
| ST debt (inc. current maturities) | 135 | 162 | 204 | 291 | 265 | 376 | 258 | 264 |
| Deferred payment liabilities | 1,119 | 1,084 | 1,040 | 977 | 944 | 906 | 908 | 935 |
| **Cash and Cash Equivalents** | **128** | **103** | **110** | **54** | **81** | **99** | **119** | **134** |
| **Net Debt excluding Lease Obligations** | **1,527** | **1,475** | **1,410** | **1,410** | **1,337** | **1,385** | **1,255** | **1,267** |
| Lease Obligation | 605 | 596 | 637 | 792 | 629 | 653 | 661 | 681 |
| **Net Debt including Lease Obligations** | **2,131** | **2,070** | **2,046** | **2,202** | **1,966** | **2,038** | **1,916** | **1,947** |
| **Net debt (including leases) to EBITDA** | **2.83** | **2.63** | **2.61** | **2.50** | **1.69** | **1.86** | **1.70** | **1.63** |
| **Net debt (excluding leases) to EBITDAaL** | **2.35** | | **1.85** | **1.60** | **1.28** | **1.42** | **1.26** | **1.19** |

## Exhibit 2: FCF (post interest and leases) trends

| | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | FY25 | FY24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CFO post tax before WC changes** | **186** | **192** | **197** | **189** | **194** | **214** | **236** | **255** | **267** | **283** | | |
| WC changes | 22 | -1 | 17 | -14 | 24 | 35 | 21 | 3 | 40 | 19 | | |
| **Cashflow from operations** | **208** | **191** | **214** | **175** | **218** | **249** | **257** | **259** | **307** | **302** | **983** | **789** |
| Lease payments | -20 | -21 | -20 | -18 | -18 | -20 | -16 | -17 | -17 | -16 | -72 | -79 |
| Capex in tangible assets | -91 | -97 | -99 | -94 | -99 | -96 | -84 | -98 | -111 | -108 | -376 | -381 |
| Capex in intangible assets | -13 | -44 | -4 | -80 | -71 | -57 | -35 | -69 | -2 | -6 | -231 | -140 |
| Paid finance cost | -23 | -55 | -23 | -39 | -42 | -64 | -33 | -38 | -33 | -26 | -175 | -140 |
| **FCF, post lease and interest payment** | **62** | **-25** | **69** | **-56** | **-12** | **14** | **90** | **37** | **143** | **146** | **129** | **49** |
| Spectrum prepayments | - | 80 | - | 83 | 79 | 85 | 36 | 60 | - | - | 260 | 163 |
| **Adjusted FCF post leases and interest** | **62** | **55** | **69** | **27** | **68** | **98** | **126** | **97** | **143** | **146** | **389** | **213** |

**Exhibit 3: Segmental performance**

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs est |
|---|---|---|---|---|---|---|---|
| **Segmental revenue (INR b)** | | | | | | | |
| **India (incl. Indus)** | **350** | **376** | **387** | **10.6** | **2.9** | **383** | **1.1** |
| **Wireless** | **248** | **274** | **281** | **13.2** | **2.6** | **279** | **0.8** |
| Homes | 14.3 | 17.2 | 18.6 | 30.2 | 8.5 | 18.5 | 0.7 |
| DTH | 7.6 | 7.6 | 7.5 | (0.7) | (1.3) | 7.6 | (1.0) |
| Airtel Business | 57 | 51 | 53 | (6.7) | 4.3 | 51 | 2.5 |
| Passive infra | 75 | 81 | 82 | 9.7 | 1.6 | 82 | 0.3 |
| **Africa** | **102** | **121** | **137** | **34.6** | **13.2** | **131** | **4.2** |
| **Consolidated** | **449** | **495** | **521** | **16.1** | **5.4** | **511** | **2.1** |
| Eliminations | (54) | (56) | (57) | | | (59) | |
| **Segmental EBITDA (INR b)** | | | | | | | |
| **India (incl. Indus)** | **208** | **224** | **232** | **11.6** | **3.8** | **226** | **2.7** |
| **Wireless** | **142** | **163** | **170** | **19.6** | **4.2** | **166** | **2.3** |
| Homes | 7.2 | 8.6 | 9.3 | 29.6 | 8.7 | 9.3 | 0.2 |
| DTH | 4.2 | 3.9 | 3.7 | (13.7) | (5.6) | 3.9 | (5.0) |
| Airtel Business | 20 | 22 | 22 | 8.6 | 1.9 | 21 | 6.6 |
| Passive infra | 50 | 45 | 47 | (6.5) | 5.1 | 44 | 5.9 |
| **Africa** | **47** | **58** | **67** | **42.1** | **15.5** | **63** | **6.7** |
| **Consolidated** | **255** | **278** | **296** | **15.9** | **6.2** | **287** | **3.1** |
| Eliminations | (16) | (21) | (23) | | | (20) | |
| **Segmental EBITDA margin (%)** | | | | | | | |
| **India (incl. Indus)** | **59.4** | **59.5** | **60.0** | **55.6** | **50.4** | **59.0** | **94.3** |
| **Wireless** | **57.1** | **59.4** | **60.3** | **323.4** | **88.7** | **59.4** | **88.2** |
| Homes | 50.3 | 50.0 | 50.1 | (23.2) | 6.7 | 50.3 | (26.8) |
| DTH | 55.9 | 50.9 | 48.6 | (729.9) | (225.9) | 50.7 | (205.7) |
| Airtel Business | 35.7 | 42.6 | 41.6 | 585.9 | (99.3) | 40.0 | 160.5 |
| Passive infra | 67.3 | 55.4 | 57.3 | (991.6) | 189.8 | 54.3 | 300.1 |
| **Africa** | **46.5** | **48.1** | **49.1** | **258.8** | **95.9** | **47.9** | **115.2** |
| **Consolidated** | **56.8** | **56.3** | **56.7** | **(13.5)** | **40.8** | **56.2** | **51.3** |
| **Segmental capex (INR b)** | | | | | | | |
| **India (incl. Indus)** | **76** | **73** | **96** | **27.1** | **32.6** | **90** | **7.7** |
| **Wireless** | **40** | **30** | **43** | **7.1** | **44.3** | **46** | **(7.2)** |
| Homes | 9.5 | 14.6 | 18.6 | 96.7 | 27.7 | 14.8 | 25.7 |
| DTH | 4.3 | 3.1 | 3.1 | (28.0) | 0.2 | 3.4 | (10.5) |
| Airtel Business | 9 | 7 | 8 | (14.9) | 4.8 | 9 | (17.3) |
| Passive infra | 15 | 20 | 26 | | 32.4 | 16 | 61.3 |
| **Africa** | **14** | **10** | **17** | **21.5** | **66.4** | **13** | **31.4** |
| **Consolidated** | **90** | **83** | **114** | **26.2** | **36.8** | **103** | **10.7** |

### Exhibit 4: Key performance indicators

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs est. |
|---|---|---|---|---|---|---|---|
| **Operating metrics** | | | | | | | |
| **India wireless** | | | | | | | |
| **Wireless ARPU** | **233** | **250** | **256** | **9.8** | **2.2** | **253** | **0.9** |
| **EoP reported subs (m)** | **351.6** | **362.8** | **364.2** | **3.6** | **0.4** | **365.8** | **(0.4)** |
| Net adds (m) | (2.9) | 1.2 | 1.4 | | | 3.0 | |
| EoP prepaid subs | 327.0 | 336.2 | 336.7 | 3.0 | 0.1 | 338.5 | (0.5) |
| EoP post paid subs | 24.7 | 26.6 | 27.5 | 11.6 | 3.6 | 27.3 | 0.9 |
| **EoP data subs (m)** | **271.2** | **284.8** | **289.4** | **6.7** | **1.6** | **290** | **(0.20)** |
| Data net adds (m) | 4.0 | 3.5 | 4.7 | | | 5.3 | |
| Data subs proportion (%) | 77.1 | 78.5 | 79.5 | 236 bps | 98 bps | 79.3 | 19 bps |
| **EoP 4G subs (m)** | **263.6** | **280.7** | **285.8** | **8.4** | **1.8** | **287** | **(0.30)** |
| 4G net adds (m) | 4.2 | 3.9 | 5.1 | | | 6.0 | |
| Data volume (b MBs) | 19,775 | 23,388 | 25,033 | 26.6 | 7.0 | 23,927 | 4.6 |
| Data usage per data sub (GB/month) | 23.9 | 26.9 | 28.3 | 18.6 | 5.3 | 27.1 | 4.6 |
| Average data realization (INR/GB) | 12.8 | 11.9 | 11.4 | (10.6) | (4.1) | 11.9 | (3.8) |
| Voice usage on network (b mins) | 1,200 | 1,242 | 1,249 | 4.1 | 0.6 | 1,254 | (0.4) |
| Minute of usage per sub (min/month) | 1,135 | 1,143 | 1,145 | 0.9 | 0.2 | 1,147 | (0.2) |
| Network towers ('000) | 329.5 | 339.9 | 342.3 | 3.9 | 0.7 | 343.5 | (0.3) |
| MBB sites ('000) | 962.6 | 999.9 | 1,154.8 | 20.0 | 15.5 | 1,009.0 | 14.4 |
| Revenue per tower (INR/month) | 2,51,029 | 2,67,276 | 2,72,510 | 8.6 | 2.0 | 2,70,225 | 0.8 |
| **Homes** | | | | | | | |
| Cities covered (#) | 1,345 | 1,512 | 1,551 | 15.3 | 2.6 | | |
| **Reported ARPU (INR/month)** | **566** | **537** | **534** | **(5.7)** | **(0.6)** | **530** | **0.7** |
| Calculated ARPU (INR/month) | 578 | 545 | 543 | (6.1) | (0.4) | 538 | 0.8 |
| **EoP reported subs (m)** | **8.6** | **11.0** | **11.9** | **39.5** | **8.7** | **12.0** | **(0.2)** |
| Net adds ('000) | 583 | 938 | 951 | | | 974 | |
| **DTH*** | | | | | | | |
| **ARPU (Rs/month)** | **158** | **161** | **163** | **3.4** | **1.5** | **162** | **0.9** |
| **EoP active DTH subs (m)** | **15.8** | **15.7** | **15.4** | **(2.8)** | **(2.2)** | **15.5** | **(0.9)** |
| Net adds ('000) | (546.3) | (203.5) | (341.1) | | | (200.0) | |
| **Airtel Business** | | | | | | | |
| **M2M subs (m)** | **28.4** | **44.7** | **56.3** | **98.0** | **26.1** | | |
| Net adds ('000) | 155 | 9,852 | 11,657 | | | | |
| **Airtel Africa** | | | | | | | |
| **Reported ARPU (US$)** | **2.3** | **2.4** | **2.6** | **9.9** | **6.1** | **2.9** | **(12.1)** |
| **EoP subscriber base (m)** | **156.6** | **169.4** | **173.8** | **11.0** | **2.6** | **171.9** | **1.1** |
| Net adds (m) | 1.2 | 3.3 | 4.4 | | | 2.5 | |
| EoP data subscriber base (m) | 66.0 | 75.6 | 78.1 | 18.4 | 3.4 | | |
| Net adds (m) | 1.6 | 2.2 | 2.5 | | | | |
| Data subs proportion (%) | 42.1 | 44.6 | 45.0 | 281 bps | 32 bps | | |
| EoP mobile money subs base (m) | 41.5 | 45.8 | 49.8 | 20.0 | 8.6 | | |
| Net adds (m) | 2.0 | 1.3 | 3.9 | | | | |

# Titan

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details

**Date:** 4th Nov 2025
**Time:** 8:00am IST
**Dial-in details:**
[Diamond Pass Registration]

**Financials & Valuations (INR b)**

| Y/E March | 2026E | 2027E | 2028E |
|---|---|---|---|
| Sales | 701.2 | 809.5 | 930.8 |
| Sales Gr. (%) | 16.0 | 15.4 | 15.0 |
| EBITDA | 76.8 | 89.8 | 103.4 |
| EBITDA Margin (%) | 11.0 | 11.1 | 11.1 |
| Adj. PAT | 49.1 | 58.3 | 69.1 |
| Adj. EPS (INR) | 55.1 | 65.5 | 77.7 |
| EPS Gr. (%) | 30.4 | 18.8 | 18.6 |
| BV/Sh.(INR) | 169.2 | 215.0 | 269.4 |
| **Ratios** | | | |
| RoE (%) | 36.8 | 34.1 | 32.1 |
| RoCE (%) | 17.1 | 17.9 | 18.4 |
| Payout (%) | 30.0 | 30.0 | 30.0 |
| **Valuations** | | | |
| P/E (x) | 64.4 | 54.2 | 45.7 |
| P/BV (x) | 21.0 | 16.5 | 13.2 |
| EV/EBITDA (x) | 40.7 | 35.6 | 29.8 |
| Div. Yield (%) | 0.5 | 0.6 | 0.7 |

## CMP: INR3,731 Buy

## Festive and Caratlane positive; contraction in standalone jewelry EBIT margin

- TTAN's consolidated revenue grew 29% YoY to INR187.3b (est. INR163.6b). The beat was largely driven by high bullion revenue.
- Gross margin contracted 130bp YoY to 21.4% (est. 23%).
- EBITDA margin contracted 50bp YoY to 10% (est. 11.2%).
- Ad spends increased by 25% YoY, other expenses rose 20% YoY and employee costs were up 19% YoY.
- EBITDA grew by 23% YoY to INR18.8b (INR18.3b).
- PBT was up 23% YoY at INR15.2b (est. INR15.4b).
- Adj. PAT grew 20% YoY to INR11.2b (est. INR11.5b).
- In 1HFY26, nest sales, EBITDA and APAT grew by 27%, 34% and 34%, respectively.

### Segmental performance

**Jewelry Segment:**

- **Standalone sales (ex-bullion) grew 19% to INR127.9b (est. INR122.7b). Bullion sales jumped 122% YoY to INR19.6b.**
- The domestic business witnessed a strong recovery in consumer momentum during the Navratri festive period.
- Tanishq's attractive gold exchange offer helped to sustain sales despite elevated gold prices.
- The Tanishq, Mia & Zoya portfolio delivered ~18% YoY growth. Within the mix, gold jewelry grew 13% YoY and coins grew 65% YoY.
- Studded jewelry grew 16% YoY. Studded ratio stood at 34% of domestic jewelry (incl. Caratlane).
- Caratlane revenue surged 29% (beat) and EBIT margin expanded by 320bp to 10.2%.
- **Standalone EBIT (ex-bullion) rose 13% YoY to INR13.8b and EBIT margin contracted 60bp YoY to 10.8% (est. 11.6%, 1QFY26 at 11.5%).**
- **EBIT margin impacted by a skewed product mix due to (a) higher gold coin sales, (b) reduced studded margins on account of high gold price, and (c) investments in exchange offers and campaigns to drive growth.**
- Consolidated jewelry sales grew 29% YoY to INR165.2b (est. INR142.7b) (ex-bullion sales grew 22% to INR143.3b).
- Consolidated EBIT margin contracted 80bp YoY to 9.1% (est. 10.4%).
- Growth was primarily driven by higher average ticket sizes, while the number of buyers saw a marginal decline YoY.

**Watches:**

- Watch sales grew 13% YoY to INR14.8b (est. INR15.6b).
- EBIT margin was up 110bp YoY at 16.1% (est. 16%).

**Eye Care:**

- Eye Care sales grew 9% YoY to INR2.2b (est. INR2.3b).
- EBIT margin was down 540bp YoY at 5.5% (est. 11%).

**Consolidated Quarterly Performance** (INR b)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **132.7** | **145.3** | **177.4** | **149.2** | **165.2** | **187.3** | **208.2** | **141.2** | **604.6** | **701.2** | **163.6** | 14.4 |
| YoY change (%) | 11.5 | 16.0 | 25.2 | 19.4 | 24.6 | 28.8 | 17.4 | -5.4 | 18.3 | 16.0 | 12.6 | |
| **Gross Profit** | **29.3** | **33.0** | **39.1** | **34.0** | **37.1** | **40.2** | **48.9** | **38.6** | **135.4** | **164.8** | **37.6** | |
| Margin (%) | 22.1 | 22.7 | 22.0 | 22.8 | 22.5 | 21.4 | 23.5 | 27.3 | 22.4 | 23.5 | 23.0 | |
| **EBITDA** | **12.5** | **15.3** | **19.3** | **15.4** | **18.3** | **18.8** | **23.0** | **17.5** | **62.4** | **76.8** | **18.3** | 2.4 |
| EBITDA growth % | 10.8 | 8.2 | 23.1 | 29.1 | 46.8 | 22.9 | 19.6 | 14.1 | 17.9 | 23.2 | 20.0 | |
| Margin (%) | 9.4 | 10.5 | 10.9 | 10.3 | 11.1 | 10.0 | 11.1 | 12.4 | 10.3 | 11.0 | 11.2 | |
| Depreciation | 1.6 | 1.7 | 1.8 | 1.8 | 1.8 | 1.9 | 1.9 | 1.7 | 6.9 | 7.3 | 1.8 | |
| Interest | 2.3 | 2.4 | 2.3 | 2.5 | 2.7 | 2.8 | 2.4 | 1.3 | 9.5 | 9.2 | 2.4 | |
| Other Income | 1.2 | 1.2 | 1.3 | 1.2 | 1.1 | 1.1 | 1.4 | 2.0 | 4.9 | 5.6 | 1.4 | |
| **PBT** | **9.7** | **12.4** | **16.5** | **12.2** | **14.8** | **15.2** | **20.1** | **16.5** | **50.8** | **65.9** | **15.4** | -1.5 |
| Tax | 2.6 | 3.1 | 4.0 | 3.5 | 3.9 | 4.0 | 5.1 | 3.7 | 13.1 | 16.8 | 3.9 | |
| Rate (%) | 26.5 | 24.8 | 24.5 | 28.5 | 26.3 | 26.4 | 25.5 | 22.7 | 25.9 | 25.5 | 25.5 | |
| **Adjusted PAT** | **7.2** | **9.3** | **12.5** | **8.7** | **10.9** | **11.2** | **15.0** | **12.8** | **37.6** | **49.1** | **11.5** | -2.7 |
| YoY change (%) | -5.4 | 1.7 | 18.3 | 13.0 | 52.6 | 20.2 | 20.4 | 46.7 | 7.6 | 30.4 | 23.6 | |
| Extraordinary | 0.0 | 2.3 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.3 | 0.0 | 0.0 | 0.0 |
| **Reported PAT** | **7.2** | **7.0** | **10.5** | **8.7** | **10.9** | **11.2** | **15.0** | **12.8** | **33.4** | **49.1** | **11.5** | -2.7 |

*E: MOFSL Estimates*

| Sales (Standalone) (INRb) | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Jewelry** | 100.1 | 103.3 | 118.3 | 101.3 | 107.9 | 116.5 | 147.0 | 121.0 | 130.0 | 147.4 |
| *-YoY growth (%)* | 26% | 34% | 20% | 17% | 8% | 13% | 24% | 19% | 21% | 27% |
| **Bullion** | 9.4 | 17.6 | 1.2 | 11.3 | 9.1 | 8.8 | 0.0 | 8.6 | 14.8 | 19.6 |
| *-YoY growth (%)* | 163% | 264% | -62% | 7% | -3% | -50% | -100% | -23% | 63% | 122% |
| % of Jewelry | 9% | 17% | 1% | 11% | 8% | 8% | 0% | 7% | 11% | 13% |
| **Jewelry (ex-bullion)** | 90.7 | 85.8 | 117.1 | 90.0 | 98.8 | 107.6 | 147.0 | 112.3 | 115.2 | 127.9 |
| *-YoY growth (%)* | 19% | 19% | 23% | 19% | 9% | 26% | 26% | 25% | 17% | 19% |
| **Jewelry EBIT (INR m) (ex-bullion)** | 10.0 | 12.1 | 14.3 | 10.9 | 11.0 | 12.2 | 16.5 | 13.3 | 13.2 | 13.8 |
| *-YoY growth (%)* | -3% | 9% | 16% | 9% | 10% | 1% | 15% | 22% | 20% | 13% |
| ***EBIT margin (%)*** | **11.0%** | **14.1%** | **12.2%** | **12.1%** | **11.2%** | **11.4%** | **11.2%** | **11.9%** | **11.5%** | **10.8%** |
| **Caratlane** | | | | | | | | | | |
| Sales (INR m) | 6.4 | 6.5 | 8.9 | 7.5 | 7.4 | 8.3 | 11.2 | 8.8 | 10.3 | 10.7 |
| *-YoY growth (%)* | 33% | 45% | 32% | 29% | 15% | 28% | 25% | 18% | 39% | 29% |
| EBIT (INR m) | 0.4 | 0.3 | 0.8 | 0.5 | 0.4 | 0.6 | 1.3 | 0.7 | 0.7 | 1.1 |
| *EBIT margin (%)* | 5.5% | 4.0% | 9.2% | 7.0% | 5.7% | 7.0% | 11.7% | 7.9% | 6.6% | 10.2% |

| Consolidated (INR b) | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Sales** | **120.1** | **126.5** | **143.0** | **126.5** | **133.9** | **146.6** | **178.7** | **150.3** | **166.3** | **188.4** |
| Watches sales (INR b) | 9.1 | 10.9 | 9.9 | 9.4 | 10.2 | 13.0 | 11.4 | 11.3 | 12.7 | 14.8 |
| *YoY Growth* | 16% | 32% | 22% | 6% | 12% | 19% | 15% | 21% | 24% | 13% |
| Jewelry sales (INR b) | 107.0 | 110.8 | 127.4 | 110.1 | 118.1 | 127.7 | 161.3 | 132.5 | 146.5 | 165.2 |
| *YoY Growth* | 28% | 39% | 22% | 21% | 10% | 15% | 27% | 20% | 24% | 29% |
| Jewelry (excluding gold ingots) | 97.6 | 92.7 | 125.6 | 98.2 | 108.1 | 117.8 | 159.9 | 122.7 | 129.9 | 143.3 |
| *YoY Growth* | 22% | 23% | 24% | 22% | 11% | 27% | 27% | 25% | 20% | 22% |
| Eyewear sales (INR b) | 2.0 | 1.9 | 1.7 | 1.7 | 2.1 | 2.0 | 2.0 | 1.9 | 2.4 | 2.2 |
| *YoY Growth* | 11% | 13% | -3% | 1% | 3% | 7% | 17% | 16% | 13% | 9% |
| Others | 2.0 | 2.9 | 4.0 | 5.4 | 3.5 | 3.8 | 4.0 | 4.5 | 4.7 | 6.2 |
| *YoY Growth* | 19% | 27% | 51% | 77% | 73% | 30% | -1% | -17% | 36% | 63% |
| **Total EBIT** | **11.1** | **13.9** | **15.5** | **11.9** | **12.0** | **14.8** | **18.7** | **14.7** | **17.5** | **18.0** |
| Watches | 1.0 | 1.6 | 0.6 | 0.8 | 1.1 | 2.0 | 1.1 | 1.3 | 2.9 | 2.4 |
| *YoY Growth* | 3% | 31% | -32% | -28% | 10% | 23% | 93% | 75% | 159% | 21% |
| *EBIT Margin* | 11.1% | 14.7% | 5.7% | 8.1% | 10.9% | 15.0% | 9.5% | 11.7% | 22.5% | 16.1% |
| Jewelry EBIT (INR b) | 10.2 | 12.2 | 14.8 | 10.9 | 11.0 | 12.6 | 17.4 | 13.3 | 14.1 | 15.1 |
| *YoY Growth* | -3% | 12% | 19% | 9% | 8% | 4% | 18% | 22% | 28% | 19% |
| *EBIT Margin* | 9.6% | 11.0% | 11.6% | 9.9% | 9.3% | 9.9% | 10.8% | 10.1% | 9.6% | 9.1% |
| Eyewear EBIT (INR b) | 0.4 | 0.3 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| *YoY Growth* | -3% | -11% | -59% | 250% | -46% | -12% | 54% | 171% | 5% | -45% |
| *EBIT Margin* | 17.2% | 13.2% | 7.7% | 4.2% | 9.0% | 10.9% | 10.2% | 9.8% | 8.4% | 5.5% |
| Others EBIT (INR b) | (0.5) | (0.1) | (0.0) | 0.2 | (0.3) | (0.0) | 0.0 | (0.2) | 0.4 | 0.4 |

| Jewelry | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|---|
| Studded share | 26 | 33 | 24 | 33 | 30 | 34 | 23 | 30 | 29 | 34 |
| **Jewelry Secondary USP growth (%)** | | | | | | | | | | |
| LTL growth (%) | | | | | 3 | 15 | 22 | 15 | 11 | 14 |
| Sales growth | | | | | 9 | 21 | 28 | 20 | 17 | 19 |
| **Tansihq** | | | | | | | | | | |
| LTL growth (%) | 16 | 22 | 10 | 14 | 3 | | | | | |
| Sales growth | 21 | 27 | 16 | 19 | 9 | | | | | |
| **Caratlane** | | | | | | | | | | |
| LTL growth (%) | 8 | 10 | 2 | 3 | 8 | 28 | 15 | 14 | 20 | 15 |
| Sales growth | 44 | 47 | 37 | 31 | 18 | 43 | 25 | 22 | 32 | 25 |

| *include international Store | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Watches** | | | | | | | | | | |
| World of Titan | 636 | 646 | 655 | 665 | 670 | 688 | 700 | 720 | 724 | 729 |
| Fastrack | 188 | 193 | 198 | 218 | 225 | 227 | 228 | 239 | 239 | 242 |
| Helios | 207 | 212 | 223 | 237 | 242 | 256 | 266 | 276 | 277 | 283 |
| Helios Luxe | | | | | | | | | 4 | 5 |
| **Jewelry** | | | | | | | | | | |
| Tanishq | 433 | 445 | 466 | 479 | 491 | 502 | 515 | 522 | 526 | 533 |
| Zoya | 7 | 8 | 8 | 8 | 11 | 12 | 12 | 12 | 12 | 12 |
| Mia | 119 | 145 | 162 | 178 | 197 | 209 | 222 | 234 | 240 | 258 |
| Carat Lane | 233 | 246 | 262 | 272 | 275 | 286 | 306 | 323 | 332 | 342 |
| **Eye Wear** | | | | | | | | | | |
| Titan Eye+ | 901 | 905 | 913 | 902 | 905 | 908 | 905 | 897 | 878 | 878 |
| Fastrack (Eyewear) | 7 | 8 | 8 | 3 | 3 | 2 | 2 | 0 | 1 | 6 |
| **Others** | | | | | | | | | | |
| Taneira | 47 | 51 | 62 | 73 | 77 | 81 | 82 | 81 | 81 | 79 |
| IRTH | | | | | | | 2 | 6 | 7 | 9 |
| SKINN | | | | | | | | 1 | 1 | 1 |
| **Total** | **2,778** | **2,859** | **2,957** | **3,035** | **3,096** | **3,171** | **3,240** | **3,311** | **3,322** | **3,377** |

# Power Grid

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 17,892 |

**Financials & Valuations (INRb)**

| Y/E March | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 497.8 | 528.5 | 553.2 |
| EBITDA | 424.8 | 445.3 | 459.2 |
| Adj. PAT | 169.6 | 183.9 | 192.9 |
| Adj. EPS (INR) | 18.2 | 19.8 | 20.7 |
| EPS Gr. (%) | 9.3 | 8.4 | 4.9 |
| BV/Sh.(INR) | 107.3 | 115.5 | 124.5 |
| **Ratios** | | | |
| Net D:E | 1.3 | 1.2 | 1.0 |
| RoE (%) | 17.6 | 17.8 | 17.3 |
| RoCE (%) | 9.8 | 10.1 | 10.2 |
| Payout (%) | 52.6 | 50.6 | 48.2 |
| **Valuations** | | | |
| P/E (x) | 15.8 | 14.6 | 13.9 |
| P/BV (x) | 2.7 | 2.5 | 2.3 |
| EV/EBITDA (x) | 9.0 | 8.3 | 7.7 |
| Div. Yield (%) | 3.3 | 3.5 | 3.5 |
| FCF Yield (%) | 10.7 | 11.6 | 11.1 |

## CMP: INR288 Buy

## Earnings miss estimates due to higher other expenses

**Standalone (SA) Performance:**

- In 2QFY26, Power Grid (PWGR) reported SA revenue of INR100b (-3% YoY,+1% QoQ), missing our estimate by 6%. EBITDA was 13% below our estimate at INR80.1b (-9% YoY, -1% QoQ), hit by a 55% YoY growth in other expenses.
- Reported PAT came in 4% below our estimate at INR35.5b (-4% YoY, -3% QoQ), supported by higher-than-expected other income, lower-than-expected depreciation (likely due to lower capitalization), and positive net movement in regulatory deferral account balances of INR5.2b.
- Adj. PAT was 16% below our estimate at INR.31.2b (-11%YoY,-10% QoQ), mainly due to a miss at the EBITDA level.

**Consolidated Performance:**

- Consolidated operating revenue came in at INR114.76b, improving 2% YoY, while reported PAT declined ~6% YoY to INR35.7b.
- The transmission segment remained the primary revenue driver, contributing 92% of total income (INR116.7b).
- In 2QFY26, its JVs reported a loss of INR0.6b (vs. a loss of INR1b/INR0.4b in 2QFY25/1QFY26).

**Other Matters:**

- The Board of Directors approved the payment of the first interim dividend of INR4.5/share.
- The Board further approved raising of funds through an unsecured rupee term loan/line of credit up to INR60b from SBI.

**Standalone Quarterly Performance** (INRb)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | Var. | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | % | % | % |
| **Sales** | 100.7 | 102.6 | 101.2 | 109.8 | 99.3 | 100.0 | 104.3 | 123.3 | 414.3 | 426.9 | 106.9 | -6% | -3% | 1% |
| YoY Change (%) | -1.7 | 5.3 | -5.2 | -0.6 | -1.4 | -2.5 | 3.0 | 12.3 | -0.9 | 3.0 | 4.2 | | | |
| **EBITDA** | 87.4 | 87.9 | 85.2 | 92.2 | 81.2 | 80.1 | 88.4 | 115.6 | 352.8 | 365.3 | 92.2 | -13% | -9% | -1% |
| YoY Change (%) | -2.9 | 3.0 | -9.3 | 0.9 | -7.2 | -8.8 | 3.8 | 25.4 | -2.5 | 3.6 | 4.9 | | | |
| As of % Sales | 86.8 | 85.6 | 84.2 | 84.0 | 81.8 | 80.1 | 84.8 | 93.8 | 85.1 | 85.6 | 86.2 | | | |
| Depreciation | 30.7 | 31.6 | 30.7 | 30.4 | 29.7 | 30.6 | 32.7 | 38.4 | 123.5 | 131.4 | 33.6 | -9% | -3% | 3% |
| Interest | 21.6 | 26.0 | 21.3 | 25.9 | 23.0 | 25.6 | 21.1 | 24.3 | 94.8 | 94.0 | 25.8 | -1% | -2% | 11% |
| Other Income | 7.8 | 11.2 | 14.9 | 15.0 | 13.3 | 13.5 | 15.2 | 8.1 | 48.9 | 50.1 | 11.5 | 17% | 20% | 2% |
| Regulatory/Extraordinary Items | -0.6 | 2.5 | 0.4 | 0.5 | 2.1 | 5.2 | 0.0 | 0.0 | 2.8 | 7.3 | 0.0 | | | |
| **PBT** | 42.3 | 43.9 | 48.5 | 51.4 | 43.9 | 42.6 | 49.9 | 61.0 | 186.2 | 197.4 | 44.2 | -4% | -3% | -3% |
| Tax | 8.2 | 6.8 | 9.6 | 8.1 | 7.3 | 7.1 | 10.1 | 9.8 | 32.7 | 34.4 | 7.0 | 1% | 4% | -3% |
| Effective Tax Rate (%) | 19.4 | 15.5 | 19.8 | 15.7 | 16.7 | 16.6 | 20.3 | 16.1 | 17.5 | 17.4 | 15.9 | | | |
| **Reported PAT** | 34.1 | 37.1 | 38.9 | 43.4 | 36.5 | 35.5 | 39.8 | 51.2 | 153.5 | 163.0 | 37.2 | -4% | -4% | -3% |
| YoY Change (%) | -3.7 | -3.2 | -1.9 | 5.0 | 7.1 | -4.2 | 2.1 | 18.0 | -0.8 | 6.2 | 0.2 | | | |
| **Adjusted PAT** | 34.6 | 35.0 | 38.6 | 42.9 | 34.7 | 31.2 | 39.8 | 51.2 | 151.2 | 156.9 | 37 | -16% | -11% | -10% |
| YoY Change (%) | -8.7 | 4.8 | -0.4 | 0.5 | 0.4 | -10.9 | 3.1 | 19.2 | -1.1 | 3.8 | 6.2 | | | |

# Bharti Hexacom

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details

**Date:** 4th November 2025
**Time:** 13:00 hours IST

**Financial Valuations (INR b)**

| INRb | FY26E | FY27E | FY28E |
|---|---|---|---|
| Net Sales | 94.3 | 106.1 | 119.5 |
| EBITDA | 50.9 | 61.0 | 71.9 |
| Adj. PAT | 18.8 | 26.9 | 35.4 |
| Adj. EPS (INR) | 37.6 | 53.8 | 70.8 |
| EPS Gr. (%) | 46.9% | 42.9% | 31.6% |
| BV/Sh. (INR) | 146.3 | 180.0 | 220.8 |
| **Ratios** | | | |
| RoE (%) | 28.4 | 33.0 | 35.3 |
| RoCE (%) | 17.2 | 24.5 | 32.5 |
| **Valuations** | | | |
| P/E (x) | 49.6 | 34.7 | 26.4 |
| P/BV (x) | 12.8 | 10.4 | 8.5 |
| EV/EBITDA (x) | 19.3 | 15.7 | 13.0 |

**CMP: INR1,870** **Buy**

## Slightly weaker 2Q (vs. Airtel) as wireless subscriber base declines and network opex remains elevated

- Overall 2Q reported revenue of INR23.2b (+11% YoY, vs. our est. INR23b) grew 2.4% QoQ. Excluding ICR revenue from inroamers, customer revenue grew 2% QoQ to ~INR22b.
- Overall 2Q EBITDA grew ~4% QoQ to INR12.1b (+21% YoY) but was 2% below our estimate due to higher network opex (+11% YoY, 9% ahead).
- Reported EBITDA margin expanded ~85bp QoQ to 52.1% (+435bp YoY, 140bp below our estimate), and remained significantly below 58.5% (up 40bp QoQ) for Bharti's India operations (ex-Indus).
- Depreciation and amortization rose 5% QoQ to INR5.5b (3% higher), while net finance cost fell ~16% QoQ (-29% YoY) to INR0.9b (11% lower).
- Reported PAT came in at INR4.2b (up 8% QoQ, 66% YoY), 5% below our estimate due to lower EBITDA and higher D&A.

## Capex picks up, FCF moderates QoQ; net debt broadly stable QoQ

- After low capex in 1Q, capex surged 62% QoQ to INR3.7b (still -18% YoY).
- Hexacom's overall net debt (ex-leases) was broadly stable QoQ at INR28.2b (vs. INR28.1b QoQ). Including the impact of leases, Hexacom's consolidated net debt stood at INR63b (vs. INR63.1b QoQ).
- Net debt (ex-leases)-to-EBITDAaL declined to 0.64x (vs. 0.65x QoQ, 1.32x for Bharti's India SA business).
- Hexacom's consolidated free cash flow (after leases and interest payments) moderated QoQ to INR4.4b (vs. INR8.9b QoQ), due to higher capex and actual interest outgo.

## Wireless: Subscriber base declines; elevated network opex leads to weaker performance vs. Airtel

- Wireless ARPU grew 1.8% QoQ (vs. 2.3% QoQ for Airtel) to INR251 (10% YoY, vs. our est. of INR250), driven by subscriber mix improvements and one extra day QoQ.
- Paying subscriber base declined by 110k (vs. 17k net adds QoQ and our est. 140k net adds). As a result, its share of Airtel's paying subs fell ~10bp QoQ to ~7.6%.
- However, the subscriber mix continued to improve as Hexacom added 193k smartphones net adds QoQ. Hexacom's share of Bharti's 4G/5G net adds moderated to ~3.2% (vs. 7.2% QoQ and ~7.7% share of Airtel's 4G subscriber base). The share of data subs in Hexacom's mix improved ~95bp QoQ to 78.6%, but remained below Airtel's at 79.3% (+80bp QoQ).
- Reported wireless revenue grew 2.1% QoQ (vs. ~3% QoQ for RJio, including FTTH and Airtel's India wireless) to INR22.4b (+10% YoY, vs. our est. INR22.3b) due to weaker net adds.

- Customer revenue grew ~1.7% QoQ (vs. ~3% QoQ for RJio, including FTTH and Airtel's India wireless) to INR21.1b (+13% YoY, in line).
- Wireless EBITDA at INR12.3b (+20% YoY, 2% below our estimate) was up ~3% QoQ (vs. 3.5%/4.2% QoQ RJio, including FTTH/Airtel) due to high network opex.
- Wireless EBITDA margins improved ~40bp QoQ to 54.8% (+450bp YoY, vs. +20bp QoQ to 54.2% for RJio), vs. 90bp QoQ improvement for Airtel's India wireless business to 60.3%.
- Incremental margins were robust at ~73% (vs. 60%/94% for RJio/Bharti).
- Similar to Bharti's India wireless segment, Hexacom's wireless capex also surged ~94% QoQ to INR2.4b (though down 37% YoY).

### Homes and Offices: Net subscriber additions remain elevated; margins contract (vs. expansion for Bharti)

- Homes BB subs base reached ~0.56m (+60% YoY) as net adds accelerated to 60k (vs. 54k QoQ, in line). Hexacom accounted for ~6.1% of Airtel's Homes BB net adds (vs. ~4.7% share in Airtel's Homes BB subscriber base).
- Reported Homes ARPU was stable QoQ at INR484/month (-5% YoY, vs. ~1% QoQ dip for Airtel to INR534/month).
- Homes and Offices revenue was up ~12% QoQ at INR0.88b (+47% YoY, 2% above) and was better than ~9% QoQ growth for Airtel.
- Homes and Offices EBITDA at INR0.3b (8% below) was up ~19% QoQ (+58% YoY, vs. 9% QoQ growth for Airtel), as margins expanded ~200bp QoQ to 33.7% (+235bp YoY). Comparatively, Airtel's Home BB margins were largely stable QoQ at 50.1%.
- Capex in Homes Business rose ~23% QoQ to INR1.25b (up ~2x YoY).

### Other highlights: Data engagement remains ahead of Airtel's India wireless business

- Data volume for Hexacom rose 6% QoQ (vs. 8% QoQ in 1QFY26, +7% QoQ RJio including FTTH and Airtel India).
- Data usage per sub improved to 30.7GB/month (vs. 29.4GB QoQ, 38.8GB reported by RJio including FTTH and higher than 28.3GB for Airtel on pan-India basis).
- Voice usage on network remained flat QoQ (-2% QoQ in 1QFY26, +1% QoQ for RJio and Airtel), with minute of usage (MoU) per subscriber broadly stable at 1,111mins/month (vs. 1,107mins QoQ, ~996mins for RJio, and slightly lower vs. 1,145mins for Airtel on pan-India basis).
- Hexacom's tower count increased by 39 QoQ (vs. reduction by 7 in 1QFY26) to 26.5k towers. Revenue per site grew ~2% QoQ to INR281k/month (+8% YoY, vs. +2% QoQ to INR273k for Airtel).

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### Consolidated results

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs est. |
|---|---|---|---|---|---|---|---|
| **Bharti Hexacom** | | | | | | | |
| **Revenues** | **20,976** | **22,630** | **23,173** | **10.5** | **2.4** | **23,050** | **0.5** |
| Access charges | 2,238 | 1,630 | 1,675 | (25.2) | 2.8 | 1,603 | 4.5 |
| License and spectrum fee | 1,923 | 2,114 | 2,138 | 11.2 | 1.1 | 2,109 | 1.4 |
| Network operating costs | 4,764 | 5,219 | 5,303 | 11.3 | 1.6 | 4,867 | 9.0 |
| Employee costs | 322 | 210 | 320 | (0.6) | 52.4 | 348 | (8.0) |
| SG&A expenses | 1,710 | 1,850 | 1,656 | (3.2) | (10.5) | 1,778 | (6.9) |
| Total costs | 10,957 | 11,023 | 11,092 | 1.2 | 0.6 | 10,705 | 3.6 |
| **EBITDA** | **10,019** | **11,607** | **12,081** | **20.6** | **4.1** | **12,344** | **(2.1)** |
| EBITDA margin (%) | 47.8 | 51.3 | 52.1 | 437 bps | 84 bps | 53.6 | (142)bps |
| Depreciation and amortization | 5,361 | 5,273 | 5,543 | 3.4 | 5.1 | 5,405 | 2.6 |
| **EBIT** | **4,658** | **6,334** | **6,538** | **40.4** | **3.2** | **6,940** | **(5.8)** |
| EBIT margin (%) | 22.2 | 28.0 | 28.2 | 601 bps | 22 bps | 30.1 | (189)bps |
| Net finance cost | 1,263 | 1,066 | 897 | (29.0) | (15.9) | 1,010 | (11.2) |
| **PBT** | **3,395** | **5,268** | **5,641** | **66.2** | **7.1** | **5,929** | **(4.9)** |
| Tax provision | 864 | 1,352 | 1,429 | 65.4 | 5.7 | 1,492 | (4.3) |
| Extraordinary items | - | - | - | | | - | |
| **Reported net income** | **2,531** | **3,916** | **4,212** | **66.4** | **7.6** | **4,437** | **(5.1)** |
| **Adjusted net income** | **2,531** | **3,916** | **4,212** | **66.4** | **7.6** | **4,437** | **(5.1)** |
| Reported EPS (INR) | 5.1 | 7.8 | 8.4 | 66.4 | 7.6 | 8.9 | (5.1) |
| Adjusted EPS (INR) | 5.1 | 7.8 | 8.4 | 66.4 | 7.6 | 8.9 | (5.1) |
| **Costs as % of revenue** | | | | | | | |
| Access charges | (10.7) | (7.2) | (7.2) | 344 bps | (3)bps | (7.0) | (27)bps |
| License and spectrum fee | (9.2) | (9.3) | (9.2) | (6)bps | 12 bps | (9.2) | (8)bps |
| Network operating costs | (22.7) | (23.1) | (22.9) | (17)bps | 18 bps | (21.1) | (177)bps |
| Employee costs | (1.5) | (0.9) | (1.4) | 15 bps | (45)bps | (1.5) | 13 bps |
| SG&A expenses | (8.2) | (8.2) | (7.1) | 101 bps | 103 bps | (7.7) | 57 bps |
| Total costs | (52.2) | (48.7) | (47.9) | 437 bps | 84 bps | (46.4) | (142)bps |

### Exhibit 5: Net debt trends

| Debt and cash trends | Mar-23 | Sep-23 | Mar-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|---|---|---|---|---|---|---|---|---|
| **Reported gross debt** | **62,693** | **62,353** | **48,347** | **48,901** | **43,033** | **37,800** | **29,155** | **31,264** |
| LT debt | 19,999 | | | | | | | |
| ST debt (inc. current maturities) | 15,001 | 35,013 | 20,001 | 11,907 | 6,040 | 8,746 | 9 | 2,522 |
| Deferred payment liabilities | 27,693 | 27,340 | 28,346 | 36,994 | 36,993 | 29,054 | 29,147 | 28,742 |
| **Cash and Cash Equivalents** | **11,015** | **15,775** | **2,774** | **340** | **187** | **910** | **1,091** | **3,081** |
| Cash and Cash Equivalents | 555 | 463 | 398 | 334 | 169 | 171 | 351 | 212 |
| Investments & Receivables | 10,460 | 15,312 | 2,376 | 6 | 18 | 739 | 740 | 2,869 |
| **Net Debt excluding Lease Obligations** | **51,678** | **46,578** | **45,573** | **48,561** | **42,846** | **36,890** | **28,064** | **28,183** |
| Lease Obligation | 29,343 | 30,968 | 32,700 | 36,229 | 36,054 | 35,729 | 35,096 | 34,806 |
| **Net Debt including Lease Obligations** | **81,021** | **77,546** | **78,273** | **84,790** | **78,900** | **72,619** | **63,160** | **62,989** |
| **Net debt (including leases) to EBITDA** | **2.63** | **2.35** | **2.23** | **2.12** | **1.71** | **1.55** | **1.36** | **1.30** |
| **Net debt (excluding leases) to EBITDAaL** | | | **1.46** | **1.35** | **1.03** | **0.87** | **0.65** | **0.64** |

### Exhibit 6: FCF (post interest and leases) trends

| FCF, after lease and interest payment | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | FY2024 | FY2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CF before WC changes** | **8,676** | **8,369** | **8,770** | **8,949** | **8,610** | **8,569** | **10,207** | **9,577** | **10,963** | **10,338** | **34,764** | **36,963** |
| WC changes | 305 | 2,537 | 646 | (2,791) | 4,475 | 1,826 | 631 | 1,932 | 2,474 | 937 | 697 | 8,864 |
| **Cashflow from operations** | **8,981** | **10,906** | **9,416** | **6,158** | **13,085** | **10,395** | **10,838** | **11,509** | **13,437** | **11,275** | **35,461** | **45,827** |
| Lease payments | (666) | (826) | (736) | (702) | (755) | (750) | (1,004) | (953) | (914) | (966) | (2,930) | (3,462) |
| **Capex in tangible assets** | **(4,999)** | **(5,593)** | **(5,334)** | **(4,902)** | **(4,728)** | **(5,252)** | **(4,025)** | **(11,167)** | **(2,956)** | **(4,220)** | **(20,829)** | **(25,172)** |
| Paid finance cost | (1,771) | (1,531) | (739) | (1,315) | (1,728) | (1,661) | (671) | (1,335) | (625) | (1,647) | (5,356) | (5,395) |
| **FCF, after lease and interest payment** | **1,545** | **2,956** | **2,607** | **(761)** | **5,874** | **2,732** | **5,138** | **(1,946)** | **8,942** | **4,442** | **6,346** | **11,798** |
| Spectrum prepayments | | | - | - | | | | 8,576 | | | - | 8,576 |
| **Adjusted FCF after leases and interest** | **1,545** | **2,956** | **2,607** | **(761)** | **5,874** | **2,732** | **5,138** | **6,630** | **8,942** | **4,442** | **6,346** | **20,374** |

**Exhibit 7: ICR Impact analysis: Customer revenue grew ~2% QoQ**

| Bharti Hexacom (INR m) | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|---|
| Reported wireless revenue | 16,473 | 17,029 | 17,477 | 18,232 | 18,604 | 20,433 | 21,931 | 22,249 | 21,916 | 22,385 |
| Service revenue based on reported ARPU | 15,155 | 15,506 | 16,025 | 16,562 | 16,881 | 18,707 | 19,820 | 20,194 | 20,794 | 21,142 |
| **Revenue from inroamers** | **1,318** | **1,523** | **1,453** | **1,671** | **1,723** | **1,726** | **2,112** | **2,055** | **1,122** | **1,243** |
| Implied ARPU (INR/month) | 209 | 213 | 219 | 224 | 225 | 248 | 267 | 266 | 259 | 265 |
| Reported ARPU (INR/month) | 194 | 196 | 200 | 204 | 205 | 228 | 241 | 242 | 246 | 251 |
| **ARPU from inroamers (INR/month)** | **15** | **17** | **18** | **20** | **20** | **21** | **25** | **24** | **13** | **14** |
| Access charges | 1,641 | 1,856 | 1,897 | 2,067 | 2,209 | 2,238 | 2,304 | 2,468 | 1,630 | 1,675 |
| **Access charges per wireless sub (INR/month)** | **21** | **23** | **24** | **25** | **27** | **27** | **28** | **30** | **19** | **20** |
| **Net impact from ICR/IUC (INR/month)** | **(6)** | **(6)** | **(5)** | **(6)** | **(7)** | **(7)** | **(3)** | **(5)** | **(7)** | **(6)** |

**Exhibit 8: Segment Performance**

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs est |
|---|---|---|---|---|---|---|---|
| **Segmental revenue (INR b)** | | | | | | | |
| **Wireless** | **20,433** | **21,916** | **22,385** | **9.6** | **2.1** | **22,260** | **0.6** |
| Homes | 599 | 784 | 880 | 46.9 | 12.3 | 861 | 2.3 |
| **Overall** | **20,976** | **22,630** | **23,173** | **10.5** | **2.4** | **23,050** | **0.5** |
| Eliminations | (57) | (70) | (92) | | | (71) | |
| **Segmental EBITDA (INR b)** | | | | | | | |
| **Wireless** | **10,276** | **11,923** | **12,266** | **19.4** | **2.9** | **12,521** | **(2.0)** |
| Homes | 188 | 249 | 297 | 58.0 | 19.3 | 324 | (8.2) |
| **Overall** | **10,019** | **11,607** | **12,081** | **20.6** | **4.1** | **12,344** | **(2.1)** |
| Eliminations | (445) | (565) | (482) | | | (500) | |
| **Segmental EBITDA margin (%)** | | | | | | | |
| **Wireless** | **50.3** | **54.4** | **54.8** | **451 bps** | **39 bps** | **56.2** | **(145)bps** |
| Homes | 31.4 | 31.8 | 33.7 | 236 bps | 197 bps | 37.6 | (387)bps |
| **Overall** | **47.8** | **51.3** | **52.1** | **437 bps** | **84 bps** | **53.6** | **(142)bps** |
| **Segmental Capex (INR b)** | | | | | | | |
| **Wireless** | **3,845** | **1,246** | **2,422** | **(37)** | **94** | **2,783** | **(13)** |
| Homes | 619 | 1,024 | 1,254 | 103 | 23 | 1,170 | 7 |
| **Overall** | **4,465** | **2,270** | **3,676** | **(17.7)** | **61.9** | **3953** | **(7.0)** |

### Exhibit 9: Key performance indicators

| | 2QFY25 | 1QFY26 | 2QFY26 | YoY | QoQ | 2QFY26E | vs. est |
|---|---|---|---|---|---|---|---|
| **Operating metrics** | | | | | | | |
| **India wireless** | | | | | | | |
| **Wireless ARPU** | **228** | **246** | **251** | **10.1** | **1.8** | **250** | **0.4** |
| **EoP reported subs (m)** | **27.1** | **28.1** | **28.0** | **3.4** | **(0.4)** | **28.3** | **(0.9)** |
| Net adds ('000) | (473) | 17 | (110) | | | 138 | (180.2) |
| **EoP data subs (m)** | **20.6** | **21.8** | **22.0** | **7.0** | **0.8** | **22.2** | **(0.7)** |
| Data net adds ('000) | 128 | 278 | 184 | | | 345 | (46) |
| Data subs proportion (%) | 75.9 | 77.6 | 78.6 | 266 bps | 96 bps | 78.4 | 12 bps |
| **EoP 4G subs (m)** | **20.3** | **21.8** | **22.0** | **8.1** | **0.9** | **22.2** | **(0.9)** |
| 4G net adds ('000) | 143 | 283 | 193 | | | 394 | (51) |
| Data volume (b MBs) | 1,636 | 1,958 | 2,077 | 27.0 | 6.1 | 1,978 | 5.0 |
| **Data usage per data sub (GB/month)** | **25.9** | **29.4** | **30.7** | **18.5** | **4.5** | **29.2** | **5.1** |
| Average data realization (INR/GB) | 12.8 | 11.4 | 11.0 | (13.8) | (3.8) | - | |
| Voice usage on network (b mins) | 89.9 | 93.4 | 93.7 | 4.2 | 0.3 | 94.0 | (0.4) |
| **Minute of usage per sub (min/month)** | **1,098** | **1,107** | **1,111** | **1.2** | **0.3** | **1,111** | **0.0** |
| Network towers ('000) | 26,172 | 26,490 | 26,529 | 1.4 | 0.1 | 26,562 | (0.1) |
| MBB sites ('000) | 80,907 | 81,874 | 92,455 | 14.3 | 12.9 | 82,057 | 12.7 |
| Revenue per tower (INR/month) | 2,60,768 | 2,75,054 | 2,80,610 | 7.6 | 2.0 | - | |
| Homes | | | | | | | |
| Cities covered (#) | 103 | 115 | 117 | 13.6 | 1.7 | - | |
| **Reported ARPU (INR/month)** | **509** | **485** | **484** | **(4.9)** | **(0.1)** | **482** | **0.5** |
| **Calculated ARPU (INR/month)** | **594** | **550** | **552** | **(7.1)** | **0.4** | **539** | **2.3** |
| **EoP reported subs (k)** | **351** | **502** | **561** | **59.8** | **11.9** | **562** | **(0.1)** |
| Net adds ('000) | 30 | 54 | 60 | | | 60 | |
| Implied other revenue (INR m) | 85 | 93 | 108 | 26.1 | 16.3 | 92 | 17.3 |

![motilal oswal | MORNING INDIA]

**RESULTS FLASH**

03 November 2025

2QFY26 Results Flash | Sector: Capital Goods

# Hitachi Energy

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details

**Date:** 07th November 2025

**Time:** 04:30pm IST

**Dial-in details:**

Diamond pass

**Financials & Valuations (INR b)**

| Y/E March | 2026E | 2027E | 2028E |
|---|---|---|---|
| Sales | 86.0 | 115.2 | 142.1 |
| EBITDA | 11.2 | 16.2 | 21.5 |
| Adj. PAT | 7.9 | 10.6 | 14.3 |
| Adj. EPS (INR) | 177.4 | 238.4 | 319.9 |
| EPS Gr. (%) | 129.1 | 34.3 | 34.2 |
| BV/Sh.(INR) | 1,176.3 | 1,422.8 | 1,754.9 |
| **Ratios** | | | |
| RoE (%) | 15.9 | 17.6 | 19.2 |
| RoCE (%) | 16.8 | 18.4 | 19.8 |
| **Valuations** | | | |
| P/E (x) | 101.1 | 75.2 | 56.1 |
| P/BV (x) | 15.2 | 12.6 | 10.2 |
| EV/EBITDA (x) | 67.8 | 46.1 | 34.1 |

## CMP: INR17,919 — Sell

## PAT boosted by better-than-expected other income and lower tax rate

- Hitachi Energy's revenue for 2QFY26 was 12% lower than our estimates as execution remained weaker-than-expected during the quarter. However, with a better-than-expected EBITDA margin of 16.3%, higher other income, and a lower tax rate, reported PAT came 42% ahead of our estimates.
- Revenue grew 18% YoY to INR18.3b (vs. our estimate of INR20.9b), led by effective order execution and improved operational efficiencies.
- EBITDA at INR3.0b (vs. our estimate of INR2.5b) grew 172% YoY. EBITDA margin at 16.3% was 430bp above our expectation of 12%, driven by lower-than-expected RM costs, employee costs, and other expenses.
- PAT increased 406% YoY to INR2.6b, which was above our estimate of INR1.9b.
- Order inflows grew 14% YoY to INR22.2b, taking the order book to INR294b. Growth in inflows was led by the large orders for gas-insulated switchgear (GIS) and air-insulated switchgear (AIS) stations and locomotive transformers. In terms of segment, industries and renewables were the key contributors to the order book, followed by transmission and transport.
- For 1HFY26, the company reported revenue/EBITDA/PAT growth of 15%/188%/531% YoY.
- Operating cash inflow came in at INR8.7b vs. an outflow of INR0.8b in 1HFY25. FCF stood at INR807m in 1HFY26 vs negative INR118.1m in 1HFY25.

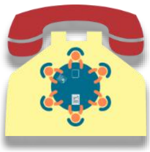
**Quarterly performance (Standalone)** (INR m)

| | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | Est |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **1Q** | **2Q** | **3Q** | **4Q** | **1Q** | **2Q** | **3QE** | **4QE** | | | **2QE** | **Var (%)** |
| **Net Sales** | **13,272** | **15,537** | **16,203** | **18,837** | **14,789** | **18,326** | **21,827** | **31,071** | **63,849** | **86,012** | **20,931** | **(12)** |
| Change (%) | 27.6 | 26.5 | 27.2 | 11.1 | 11.4 | 17.9 | 34.7 | 64.9 | 21.9 | 34.7 | 34.7 | |
| **EBITDA** | **479** | **1,097** | **1,669** | **2,713** | **1,549** | **2,990** | **2,837** | **3,774** | **5,958** | **11,150** | **2,512** | **19** |
| Change (%) | 42.3 | 68.0 | 145.5 | 49.1 | 223.4 | 172.5 | 70.0 | 39.1 | 70.7 | 87.1 | 128.9 | |
| As % of Sales | 3.6 | 7.1 | 10.3 | 14.4 | 10.5 | 16.3 | 13.0 | 12.1 | 9.3 | 13.0 | 12.0 | |
| Depreciation | 221 | 228 | 230 | 235 | 250 | 258 | 282 | 336 | 914 | 1,126 | 282 | (8) |
| Interest | 109 | 164 | 120 | 60 | 40 | 29 | 116 | 268 | 452 | 452 | 113 | (75) |
| Other Income | 1 | 1 | 2 | 182 | 509 | 826 | 300 | (259) | 186 | 1,376 | 450 | 84 |
| **PBT** | **150** | **706** | **1,322** | **2,600** | **1,769** | **3,529** | **2,740** | **2,910** | **4,778** | **10,948** | **2,567** | **37** |
| Tax | 46 | 183 | 467 | 628 | 453 | 886 | 759 | 936 | 1,324 | 3,034 | 711 | |
| Effective Tax Rate (%) | 30.8 | 25.9 | 35.3 | 24.1 | 25.6 | 25.1 | 27.7 | 32.2 | 27.7 | 27.7 | 27.7 | |
| Extra-ordinary Items | | | 519 | (134) | | | | | 386 | | | |
| **Reported PAT** | **104** | **523** | **1,374** | **1,839** | **1,316** | **2,644** | **1,981** | **1,974** | **3,840** | **7,914** | **1,856** | **42** |
| Change (%) | 332.4 | 111.4 | 498.1 | 61.8 | 1,163.0 | 405.6 | 44.2 | 7.3 | 110.9 | 129.1 | 254.9 | |
| **Adj PAT** | **104** | **523** | **855** | **1,973** | **1,316** | **2,644** | **1,981** | **1,974** | **3,454** | **7,914** | **1,856** | **42** |
| Change (%) | 332.4 | 111.4 | 272.1 | 73.5 | 1,163.0 | 405.6 | 131.8 | 0.1 | 110.9 | 129.1 | 254.9 | |
| As % of Sales | 2.5 | 0.7 | 1.7 | 0.4 | 7.9 | 2.2 | 0.6 | 0.0 | 0.2 | 0.2 | 1.2 | |

# ACME Solar Holdings

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details



**Date:** 3 Nov 2025
**Time:** 12:00 HRS IST
**Dial in:**
+91 22 6280 114
+91 22 7115 8047

**Financials & Valuations (INR b)**

| Y/E March | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 22.6 | 39.3 | 73.0 |
| EBITDA | 19.9 | 34.8 | 64.9 |
| Adj. PAT | 5.4 | 6.4 | 14.8 |
| EPS (INR) | 9.0 | 10.6 | 24.5 |
| EPS Gr.% | 99.5 | 18.0 | 130.7 |
| BV/Sh. (INR) | 83.4 | 94.0 | 118.5 |
| **Ratios** | | | |
| ND/Equity | 4.0 | 6.4 | 5.7 |
| ND/EBITDA | 10.1 | 10.4 | 6.3 |
| RoE (%) | 11.4 | 12.0 | 23.1 |
| RoIC (%) | 5.8 | 5.7 | 7.9 |
| **Valuation** | | | |
| P/E (x) | 30.4 | 25.8 | 11.2 |
| EV/EBITDA (x) | 18.9 | 15.4 | 9.0 |

## CMP: INR274 Buy

## EBITDA in line; APAT beat driven by higher other income

### Financial Highlights

- ACME's consol. revenue beat our est. by 3% at INR4.7b (+80% YoY, -8% QoQ), driven by higher generation due to improved capacity utilization factor (CUF).
- EBITDA came in at INR4.0b (+81% YoY, -13% QoQ), in line with our estimate, with an EBITDA margin of 86%.
- Adj PAT was 13% higher than est. at INR1.1b (+624% YoY, -24% QoQ) on account of higher-than-expected other income.
- Net debt stood at INR89b. The net debt-to-TTM EBITDA ratio declined to 4.3x from 5x in 2QFY25.
- ACME secured INR70.5b debt for 680 MW FDRE projects.
- It received a ~75bp interest rate cut from the existing lender on INR20.8b debt tied to 600 MW SECI ISTS projects following a credit rating upgrade. Also, the rate was lowered to 8% p.a. on INR12.45b debt for a 300MW operational project.

### Operational Highlights

- Generation stood at 1,539MUs in 2QFY26 (+133.8% YoY). The company recorded CUF of 24.1% (22.2% in 2QFY25).
- Operational capacity reached 2,918MW as the company commissioned 28MW wind capacity during 2QFY26.
- During 1HFY26, ACME won 720 MW/2,460 MWh (Solar + ESS and FDRE) and 550 MWh standalone BESS capacity.
- During 2QFY26, PPAs were signed for 50 MW/220 MWh and 550 MWh, taking cumulative PPA signings in 1HFY26 to 600 MW/1,350 MWh and 550 MWh.
- Total portfolio of the company now stands at 7,390 MW, including 13.5 GWh of BESS installation, with PPAs signed for 5,180 MW.
- A phased delivery of the 5.1 GWh BESS order is expected to start in Dec'25, with phased commissioning from 4QFY26 onward.

**Consolidated performance (INR m)**

| Y/E March | FY25 | | | | FY26E | | FY25 | FY26E | FY26E | Var. | YoY | QoQ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | | 2QE | % | (%) | (%) |
| **Net Sales** | **3,096** | **2,596** | **3,490** | **4,869** | **5,110** | **4,677** | **14,051** | **22,627** | 4,559 | 3% | 80% | -8% |
| *YoY Change (%)* | *-0.2* | *-20%* | *5%* | *65%* | *65%* | *80%* | *7%* | *61%* | *76%* | | | |
| Total Expenditure | 379 | 388 | 418 | 511 | 532 | 675 | 1,697 | 2,694 | 552 | 22% | 74% | 27% |
| **EBITDA** | **2,717** | **2,208** | **3,072** | **4,357** | **4,578** | **4,002** | **12,354** | **19,933** | 4,007 | 0% | 81% | -13% |
| *Margin (%)* | *88%* | *85%* | *88%* | *89%* | *90%* | *86%* | *88%* | *88%* | *88%* | | | |
| Depreciation | 556 | 599 | 697 | 1,022 | 1,076 | 1,174 | 2,873 | 4,590 | 1,125 | 4% | 96% | 9% |
| Interest | 1,963 | 1,783 | 1,791 | 2,055 | 2,330 | 2,645 | 7,592 | 10,097 | 2,371 | 12% | 48% | 14% |
| Other Income | 304 | 356 | 518 | 524 | 730 | 1,336 | 1,701 | 2,018 | 796 | 68% | 276% | 83% |
| **PBT before EO expense** | **503** | **181** | **1,103** | **1,803** | **1,903** | **1,519** | **3,590** | **7,263** | 1,306 | | | |
| Extra-Ord income/(exp.) | 0 | 0 | -69 | -141 | -159 | 42 | -210 | -117 | - | | | |
| **PBT** | **503** | **181** | **1,034** | **1,663** | **1,744** | **1,562** | **3,380** | **7,146** | 1,306 | 20% | 761% | -10% |
| Tax | 489 | 28 | -87 | 442 | 436 | 411 | 872 | 1,815 | 327 | 26% | 1344% | -6% |
| *Tax rate* | *97%* | *16%* | *-8%* | *27%* | *25%* | *26%* | *26%* | *25%* | *25%* | | | |
| Minority Interest | 0.0 | 0.0 | 0.0 | -12.9 | -0.1 | -0.1 | -12.9 | -0.1 | - | | | |
| **Reported PAT** | **14** | **153** | **1,121** | **1,234** | **1,308** | **1,151** | **2,521** | **5,331** | 980 | 17% | 652% | -12% |
| **Adj PAT** | **14** | **153** | **1,190** | **1,374** | **1,467** | **1,108** | **2,731** | **5,448** | 980 | 13% | 624% | -24% |
| *YoY Change (%)* | *-1.0* | *LP* | *206%* | *LP* | *10465%* | *624%* | *LP* | *99%* | *540%* | | | |
| *Margin (%)* | *0%* | *6%* | *34%* | *28%* | *29%* | *24%* | *19%* | *24%* | *21%* | | | |

3 November 2025
Results Flash | Sector: Logistics

# VRL Logistics

| BSE SENSEX | S&P CNX |
|---|---|
| 83,978 | 25,763 |

## Conference Call Details

**Date:** 4th Nov 2025
**Time:** 10:30 AM IST
**Dial-in details:**
Link

**Financials & Valuations (INR b)**

| Y/E MARCH | 2026E | 2027E | 2028E |
|---|---|---|---|
| Sales | 32.6 | 35.8 | 39.8 |
| EBITDA | 6.2 | 6.9 | 7.5 |
| Adj. PAT | 2.2 | 2.6 | 2.9 |
| EBITDA Margin (%) | 19.1 | 19.3 | 18.9 |
| Adj. EPS (INR) | 12.6 | 14.8 | 16.5 |
| EPS Gr. (%) | 20.6 | 17.4 | 11.6 |
| BV/Sh. (INR) | 69.6 | 74.4 | 79.4 |
| **Ratios** | | | |
| Net D:E | 0.2 | 0.1 | 0.0 |
| RoE (%) | 19.2 | 20.6 | 21.5 |
| RoCE (%) | 17.7 | 19.8 | 21.4 |
| Payout (%) | 39.6 | 67.5 | 69.6 |
| **Valuations** | | | |
| P/E (x) | 22.4 | 19.0 | 17.1 |
| P/BV (x) | 4.1 | 3.8 | 3.5 |
| EV/EBITDA(x) | 8.4 | 7.3 | 6.6 |
| Div. Yield (%) | 1.8 | 3.5 | 4.1 |
| FCF Yield (%) | 6.5 | 7.6 | 6.4 |

## CMP: INR281 Buy

## In-line performance

### Earnings snapshot – 2QFY26

- VRL's revenue was flat YoY at INR8.0b (+7% QoQ), in line with our estimate.
- Volume dipped 11% YoY to 0.97m tons, while realization grew by 12% YoY to INR 8,079/ton, driven by a price hike. Volume drop was mainly due to contract restructuring and the voluntary exit from certain low-margin contracts.
- EBITDA margins stood at 19% (+240bp YoY and -140bp QoQ), in line with our estimate. EBITDA margin continued to be robust despite volume pressure, driven by cost rationalization efforts. EBITDA grew ~14% YoY to INR1.5b in (in line).
- Aided by strong operating performance, APAT increased 40% YoY to INR499m (in line).
- Fuel costs were ~25.6% of total income in 2QFY26. Lorry charges fell to 4.4% from ~5.7% of total income YoY.

**Quarterly Earnings Model**

| Y/E March (INR m) | FY25 | | | | FY26E | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | | | 2QE | vs Est |
| **Net Sales** | 7,272 | 7,995 | 8,252 | 8,090 | 7,443 | 7,970 | 31,609 | 32,558 | 7,850 | 2 |
| YoY Change (%) | 7.9 | 12.7 | 12.0 | 5.3 | 2.4 | -0.3 | 9.4 | 3.0 | -1.8 | |
| **EBITDA** | 869 | 1,331 | 1,664 | 1,866 | 1,516 | 1,511 | 5,730 | 6,212 | 1,498 | 1 |
| Margins (%) | 11.9 | 16.6 | 20.2 | 23.1 | 20.4 | 19.0 | 18.1 | 19.1 | 19.1 | |
| YoY Change (%) | -14.7 | 44.9 | 76.3 | 77.1 | 74.5 | 13.6 | 45.6 | 8.4 | 12.6 | |
| Depreciation | 615 | 638 | 646 | 638 | 647 | 648 | 2,536 | 2,672 | 665 | |
| Interest | 226 | 224 | 241 | 258 | 262 | 242 | 948 | 888 | 220 | |
| Other Income | 148 | 25 | 57 | 25 | 65 | 70 | 255 | 300 | 82 | |
| **PBT before EO expense** | 176 | 493 | 835 | 996 | 672 | 691 | 2,500 | 2,953 | 695 | |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **PBT** | 176 | 493 | 835 | 996 | 672 | 691 | 2,500 | 2,953 | 695 | |
| Tax | 42 | 135 | 240 | 253 | 172 | 192 | 670 | 746 | 175 | |
| Rate (%) | 23.6 | 27.3 | 28.8 | 25.4 | 25.6 | 27.8 | 26.8 | 25.3 | 25.2 | |
| **Reported PAT** | 134 | 358 | 594 | 743 | 500 | 499 | 1,829 | 2,206 | 520 | |
| **Adj PAT** | 134 | 358 | 594 | 743 | 500 | 499 | 1,829 | 2,206 | 520 | (4) |
| YoY Change (%) | -60.4 | 84.4 | 333.9 | 244.6 | 272.4 | 39.2 | 106.5 | 20.6 | 45.0 | |
| Margins (%) | 1.8 | 4.5 | 7.2 | 9.2 | 6.7 | 6.3 | 5.8 | 6.8 | 6.6 | |

## Bank of Baroda : BoB surprises with higher than expected margins, NIMS to remain ranged with an upwards bias; Debadatta Chand, MD & CEO

- BoB had a good quarter, with asset quality among the best in many quarters
- Prudent asset & liability mgmt. is helping to improve asset quality and support growth
- BoB has been guiding to reduce dependency on bulk deposits, being a volatile component
- Full year overall growth guidance for loans is 11-13%

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## United Breweries : The company has touched 20% market share in the premium segment; Vivek Gupta, MD & CEO

- Company is expecting positive action from regulators
- 1/3rd of biz grew >15% in Q2, another 1/3rd was hit by monsoons and regulatory issues
- Category recovery of 5-6% is still a quarter away, expects prem. Biz to bounce back over 30% in Q3
- It is confident that Q3 vol will remain positive; it is working towards managing bottle returns

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## Azad Engineering : Confident of achieving 25-30% topline growth for next 5 years; Vishnu Malpani, Executive Director

- FY26 topline guidance maintained at 25-30%
- Company has signed MoU for expansion into Saudi Arabia
- Net profit was driven by energy and aerospace growth
- Aero and defence customers are ramping into production

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## LG Balakrishnan : Steel industry has started doing well; Margin guidance given for FY26; B Vijayakumar, CMD

- Company will stick to revenue and margin guidance given for FY26
- Steel industry has started doing well and supported positively
- It is targeting to maintain margin at 17%
- It has set up a new manufacturing facility for industrial chains

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# NOTES

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

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