

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	83,459	-0.6	6.8
Nifty-50	25,598	-0.6	8.3
Nifty-M 100	60,037	-0.4	5.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	6,796	0.4	15.6
Nasdaq	23,500	0.6	21.7
FTSE 100	9,777	0.6	19.6
DAX	24,050	0.4	20.8
Hang Seng	9,163	-0.1	25.7
Nikkei 225	50,212	-2.5	25.9
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	65	-1.0	-12.0
Gold (\$/OZ)	3,932	-1.7	49.8
Cu (US\$/MT)	10,633	-1.8	22.9
Almn (US\$/MT)	2,852	-1.6	12.9
Currency	Close	Chg .%	CYTD.%
USD/INR	88.7	-0.1	3.6
USD/EUR	1.1	-0.3	10.9
USD/JPY	153.7	-0.4	-2.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	6.5	-0.01	-0.2
10 Yrs AAA Corp	7.2	0.00	0.0
Flows (USD b)	4-Nov	MTD	CYTD
FII's	-0.12	-0.34	-16.4
DII's	0.14	0.67	73.1
Volumes (INRb)	4-Nov	MTD*	YTD*
Cash	1,109	1088	1067
F&O	5,51,666	4,05,645	2,30,740

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Waaree Energies | Initiating Coverage: Bellwether solar manufacturing play

- ❖ We initiate coverage on the solar cell and module manufacturing sector, with a Buy rating on Waaree Energies Limited (WEL) and a TP of INR4,000.
- ❖ WEL, a bellwether in India's solar manufacturing space with 5.4GW cell and 16.1GW module capacity, along with a 2.6 GW plant in the US. WEL towers domestic competitors and enjoys a formidable capacity market share of 21.6%/13.3%.
- ❖ It plans to expand total capacity to 15.4GW/26.7GW/10GW (cell/module/ingot-wafer) by FY26/FY27. As WEL expands capacity, we estimate a CAGR of 43% in EBITDA and 40% in PAT over FY25-28.
- ❖ Its integrated presence across EPC, BESS, inverters, and green hydrogen supports diversified growth, with new businesses estimated to contribute 15% of EBITDA by FY28E.



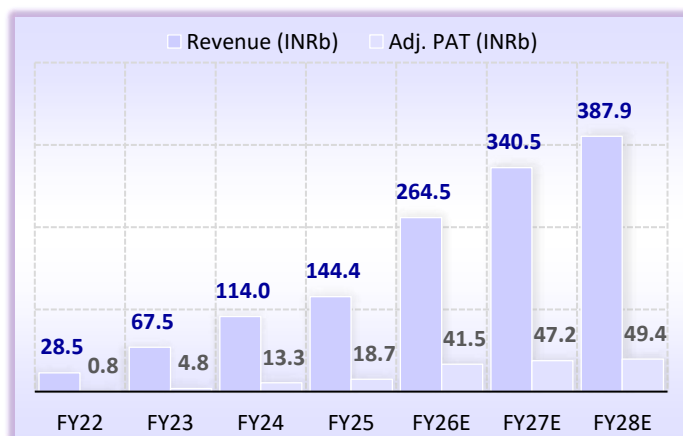
Research covered

Cos/Sector	Key Highlights
Waaree Energies Initiating Coverage	Bellwether solar manufacturing play
India Strategy	Ownership analysis – DIIs solidify their dominance
Other Updates	<p>The Eagle Eye Bharti Airtel SBI M&M Sun Pharma Inds. Titan Company Adani Ports Power Grid Corp. Interglobe Aviat. Grasim Inds. Indian Hotels Bharti Hecacom Suzlon Energy One 97 Tube Inves. J K Cements Kaynes Tech. Escorts Kubota Delhivery Motherson Wiring Nuvama Wealth The Ramco Cem. Alembic Pharma A B Lifestyle Vinati Organics ACME Solar Hold. Home First Fin. Blue Jet Health Aditya Bir. Fas. VRL Logistics Team Lease serv. Novelis NSE Britannia Inds. Aurobindo pharma Astral Castrol India Piramal Pharma Godrej Agrovet Prudent Corp. Alkyl Amines Avalon Tech. MTAR Tech. MAS Fin. Ser. Fusion Fin.</p>



Chart of the Day: Waaree Energies (Bellwether solar manufacturing play)

WEL's revenue/APAT over FY22-28E



WEL's capacity to grow ~2x by FY27

	Module	Cell	Ingot-Wafer
Current (Sep'25 end)	16.1 GW India	5.4 GW India	-
	2.6 GW USA		
Future	6 GW PLI	6 GW PLI	6 GW PLI
	2.05 GW (Incl. 1.6GW in USA)	4 GW (India)	4 GW (India)
Capacity	26.7 GW (FY26)	15.4 GW (FY27)	10 GW (FY27)

Source: Company, MOFSL

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

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



Kindly click on textbox for the detailed news link

1

Brookfield India Reit to acquire Bengaluru office asset for ₹13,125 cr

Brookfield India Real Estate Trust (REIT) has signed binding agreements to acquire Ecoworld, a large-grade A office campus in Bengaluru, for ₹13,125 crore, in one of India's largest commercial real estate transactions.

2

M3M enters integrated township segment, to invest Rs 7,200 cr in Gurugram

Realty firm M3M India will invest ₹7,200 crore to develop a 150-acre integrated township in Gurugram as part of its expansion plans. In a statement, the company said it has launched its Gurgaon International City (GIC)

3

Zydus Lifesciences gets clean USFDA report for Ahmedabad SEZ-II facility

Zydus Lifesciences Ltd has received a clean report from the US Food and Drug Administration (USFDA) for its manufacturing facility at SEZ-II, Ahmedabad.

4

TCS extends partnership with electrification and automation major ABB

Tata Consultancy Services (TCS) announced that it has extended 18-year-long partnership with Bengaluru-based electrification and automation major ABB to modernise its global hosting operations, simplify its IT landscape, and strengthen its digital foundation.

5

Vanguard opens Global Value Center in Hyderabad, boosting tech innovation

Vanguard announced the official launch of its global value center (GVC) in Hyderabad, marking a significant milestone in the firm's technology transformation. This centre reflects Vanguard's recognition of India, and particularly Telangana, as a strategic centre for innovation, talent development, and digital transformation.

6

Lighthouse Canton secures \$40 million from Peak XV Partners to power next phase of growth

Global investment institution Lighthouse Canton has secured \$40 million in strategic funding led by Peak XV Partners, with participation from Nextinfinity, the investment holding company of Shyam Maheshwari

7

Starlink's India debut: Maharashtra becomes 1st state to partner with Elon Musk's satcom firm

Maharashtra has become the first Indian state to formally partner with Starlink for its satellite-based internet services. The announcement of the landmark collaboration was made by Maharashtra Chief Minister Devendra Fadnavis

Waaree Energies

BSE Sensex
83,459
S&P CNX
25,598



Stock Info

Bloomberg	WAAREEEN IN
Equity Shares (m)	288
M.Cap.(INRb)/(USD\$)	969.2 / 10.9
52-Week Range (INR)	3865 / 1809
1, 6, 12 Rel. Per (%)	-5/26/6
12M Avg Val (INR M)	7850
Free float (%)	35.8

Financial Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	264.5	340.5	387.9
Sales Gr. %	0.8	0.3	0.1
EBITDA	59.6	73.5	80.3
EBITDA margin %	22.5	21.6	20.7
Adj. PAT	41.5	47.2	49.4
EPS (INR)	144.3	164.3	171.9
EPS Gr. (%)	121.7	13.8	4.6
BV/Sh. (INR)	470.3	630.6	798.4

Ratios

ND/Equity	(0.4)	(0.0)	(0.1)
ND/EBITDA	(0.9)	(0.1)	(0.2)
RoE (%)	36.1	29.8	24.1
RoIC (%)	138.0	57.7	34.5

Valuations

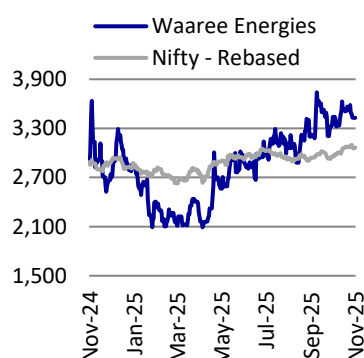
P/E (x)	23.8	20.9	20.0
EV/EBITDA (x)	15.6	13.3	12.1

Shareholding pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	64.2	64.3	64.3
DII	2.8	2.9	3.0
FII	6.4	2.7	2.2
Others	26.6	30.2	30.5

Note: FII includes depository receipts

Stock Performance (1-year)



CMP: INR3,370 TP: INR4,000 (+19%)

Buy

Bellwether solar manufacturing play

- Play on India's solar scale-up; indigenization of clean power generation:** WEL encapsulates the India module story, with national installed solar capacity set to rise from 100GW in 1QFY26 to 160GW by FY28. A strong pickup in utility-scale bids ([from 20 GW in FY23 to 69GW in FY24](#)) and accelerating demand from PM Kusum/Suryaghar Yojana will drive growth for the bread-and-butter domestic module business in FY26-27. Union government has displayed a strong intent to indigenize India's green power generation via regulations mandating domestically manufactured modules/cells.
- Unique value proposition with industry-leading scale, speed, integration:** We initiate coverage on the solar cell and module manufacturing sector, with a Buy rating on Waaree Energies (WEL) and a TP of INR4,000. **Scale:** WEL boasts unmatched scale and is a bellwether in the Indian cell/module manufacturing space. With operational cell/module capacity of 5.4GW/16.1GW in India, WEL towers domestic competitors and enjoys a formidable India capacity market share of 21.6%/13.3%. **Speed:** WEL has responded swiftly to regulatory and macroeconomic changes as evidenced by its move to set up domestic cell capacity ahead of competitors in response to the government's approved list of cell manufacturers (ALCM) and the planned expansion of its US capacity from 2.6GW to 4.2GW (by 4QFY26) in response to the changing tariff landscape. **Integration:** Lastly, WEL's presence across the solar value chain (EPC, BESS, inverters, green hydrogen) makes it an integrated player and places it well to pursue growth relentlessly.
- Multi-decade opportunity in solar manufacturing through 2030 and beyond:** India's installed solar capacity stood at 100 GW as of 1QFY26, against the central government's 280GW target by 2030, implying a substantial growth runway for the solar segment. Beyond 2030, we expect annual solar module demand of 50–60 GW, supported by rising power requirements and policy efforts to curb fossil fuel dependence. Upside to this estimate could arise from emerging applications such as green hydrogen, where project economics are steadily improving. Strong domestic demand for solar cells and modules also creates an enabling environment for 1) developing an export base once global tariff conditions turn favorable, and 2) capacity expansion in allied sectors such as batteries and inverters.
- Ambitious government vision ably supported by favourable policies:** The central government, aiming to achieve 500 GW of renewable energy (RE) capacity by 2030 using domestically manufactured components, has introduced supportive policies such as the Approved List of Module Manufacturers (ALMM). An Approved List of Cell Manufacturers (ALCM) is proposed from June 2026, while an Approved List of Wafer Manufacturers (ALWM) has already been conceptualized. Industry participants also anticipate a similarly favorable policy framework for ancillary equipment including batteries, inverters, and transformers.
- 43% EBITDA CAGR (FY25-28) amid capacity expansion, new business start-up:** WEL plans to expand its total cell/module capacity from 5.4/18.7GW in 2QFY26

to 26.7GW/15.4GW/10GW module/cell/ingot-wafer capacity by FY26/FY27 end. With a current order book of INR470b, earnings visibility for FY26-27 remains high. Management has guided for EBITDA of INR55-60b for FY26 (1H FY26: INR24b). As WEL expands capacity, we estimate a CAGR of 43% in EBITDA and 40% in PAT over FY25-28. By FY28E, the earnings contribution from new businesses is estimated to rise to 15% of EBITDA.

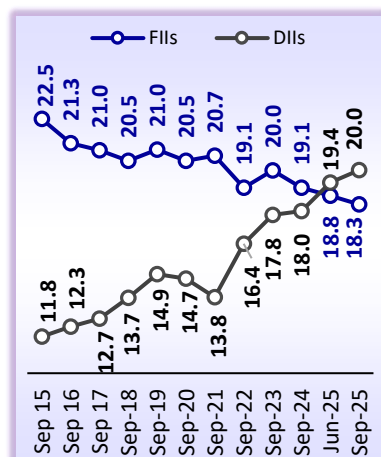
- **FY28 margin concerns offset by cell stabilization timelines, new segments:** We expect cell margins and pricing to remain resilient through FY27, supported by limited supply additions and elongated stabilization timelines for new capacity in the industry. While profitability is likely to stay firm in 1H FY28, we see potential margin pressure beyond FY28 as incremental cell capacity begins to align with demand. Meanwhile, emerging verticals such as battery energy storage systems (BESS), EPC, and green hydrogen are set to become key growth drivers, contributing an estimated ~15% of EBITDA by FY28E, thereby enhancing business diversification. Additionally, WEL's planned expansion of its U.S. module capacity to 4.2 GW by 4Q FY26—with further scale-up expected—should provide a meaningful boost to growth and international presence.
- **Valuation: India's solar bellwether—strong growth visibility at 13x FY27 EV/EBITDA:** The valuation of WEL has been derived through a sum-of-the-parts (SoTP) methodology, resulting in a TP of INR4,000/share. The domestic module business is valued at 15x FY28E EBITDA, representing a premium to global peers. The US module business is valued at 12x FY28E EBITDA, which is in line with global peers. The new business segments, of which over 74% of the contribution is attributed to the EPC and O&M businesses, is valued at 11x FY28E EBITDA, consistent with domestic peer valuations. The sum of these segment valuations (adjusting for net debt) results in a TP of INR4,000/share, capturing a comprehensive value of WEL's diversified operations.
- **Upside risks:** 1) slower-than-expected ramp-up of industry cell capacity in FY27-28, 2) the government formalizing the localization directive for wafers and ingots (similar to ALCM).
- **Downside risks:** 1) Intensifying competition from large domestic players may pressure pricing and margins; 2) Heavy US market reliance heightens sensitivity to policy, tariff, and geopolitical shifts; 3) If backward integration initiatives (cells, ingot-wafer, and other upstream operations) fail to scale effectively, profitability and competitiveness may be undermined; 4) the company's aggressive foray into capital-intensive cell and ingot/wafer manufacturing increases exposure to execution and stabilization risks, potentially impacting timelines, costs, and near- to medium-term financial performance.

India Strategy

BSE Sensex: 83,459

Nifty-50: 25,598

Institutional ownership - Nifty-500 (%)



DII's remain supportive – their holdings in the Nifty-500 surge to an all-time high of 20%

Ownership analysis – DIIs solidify their dominance

FII & DII allocations in BFSI moderate, while they surge in automobiles

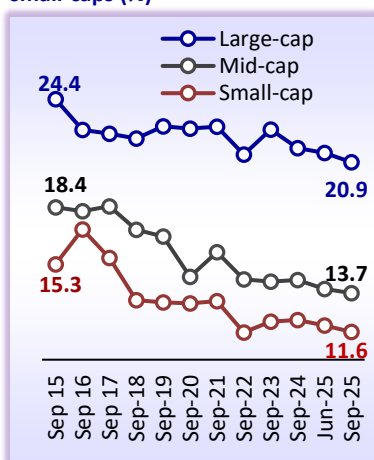
- **Indian markets – resilient amid headwinds!** Indian markets during 2QFY26 have witnessed an unprecedented confluence of multiple headwinds, such as 1) geopolitical strife, with India forced to engage in kinetic war, 2) a constant flow of disproportionate, punitive, and unfair US tariff measures, and 3) massive FII outflows – USD9.3b in 2QFY26. However, the Indian government's response to these primarily external developments has been swift, decisive, and oriented towards long-term capacity building. GST2.0 is one of the biggest reforms in the past decade, and the government is likely to follow this up with further reform measures to improve the business environment and potential economic growth rate.
- **DIIs remain supportive and strengthen their grip on Indian equities:** India's domestic retail investors have continued to demonstrate strong confidence in Indian equities, consistently investing through SIPs into mutual funds (INR840b invested in 2QFY26). Consequently, DIIs have remained strong buyers of Indian equities, investing a net USD25.3b in 2QFY26 – about 25% higher than the USD19.7b net flows posted in 1QFY26. This structural shift in institutional ownership, which has gained momentum since 2021, continues to strengthen as DII holdings reach new peaks to touch 20%, while FII holdings touched a new low of 18.3% in Nifty 500 companies. We believe a pause in FII outflows can be a key catalyst going forward.
- **In this report, we delve deep into their ownership across the Nifty-500 sectors and companies, examining how their holdings have evolved.**

DII holdings in Nifty-500 continue to surge

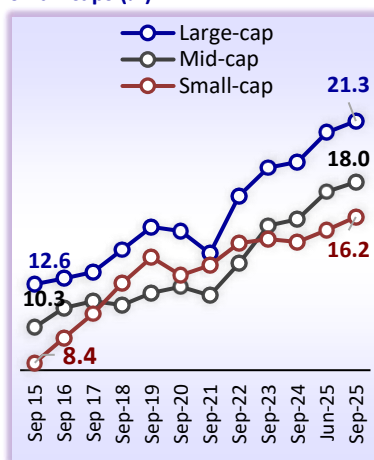
- Over the past one year, **DII** ownership rose 200bp YoY (+60bp QoQ) to an all-time high of 20% in Sep'25, while **FII** ownership dipped 80bp YoY (-50bp QoQ) to an all-time low of 18.3% (vs. 19.1% in Sep'24).
- **Promoter** holdings, which have historically remained range-bound, continued to decline materially to an all-time low of 49.3% (-120bp YoY, -10bp QoQ) in Sep'25. This sharp dip was driven by a recovery in the primary market over the last two quarters, where high valuations and strong investor appetite continue to provide an attractive opportunity for several promoters to liquidate their stakes. **Retail** holdings were stable at 12.4% in Sep'25 (+10bp YoY, flat QoQ).
- **Sectoral holding trends:** Within Nifty-500, FIIs and DIIs showcased divergent trends. On a YoY basis, **DIIs raised their holdings in 22** out of 24 sectors. The highest increase in holdings was visible in EMS, PSU Banks, Retail, Telecom, Technology, and Healthcare, while Media and NBFC-Non-Lending sectors experienced a reduction in holdings. On a sequential basis, DIIs recorded the maximum increase in holdings in the EMS, PSU Banks, Technology, Real Estate, and Healthcare sectors. On a QoQ and YoY basis, however, FIIs raised their stakes in Telecom, Chemicals, and Media. On a YoY basis, **FIIs reduced their holdings in 19** sectors. The highest reduction in holdings was observed in the Retail, Utilities, Consumer Durables, Automobiles, Technology, Oil & Gas, Consumer, Cement, and Real Estate sectors.

The FII-DII ownership ratio in the Nifty-500 contracts to 0.9x in Sep'25

FII holdings in large-, mid-, and small-caps (%)



DII holdings in large-, mid-, and small-caps (%)



FII-DII ownership ratio contracts

- As a proportion of the free float of Nifty-500, FII ownership dipped 260bp YoY (-100bp QoQ) to 36.1%. However, DII ownership rose 310bp YoY (+110bp QoQ) to 39.5%.
- The FII-DII ownership ratio in the Nifty-500 contracted 20bp YoY (-10bp QoQ) to 0.9x in Sep'25. Over the last year, the FII-DII ratio has expanded primarily in Media and Chemicals, while it contracted in 20 out of 24 sectors.
- Within the **Nifty-500 companies**, FIIs reduced their holdings in 57% of the companies YoY, while DIIs increased their stake in 73% of the companies.
- In the **Nifty-50**, FIIs reduced their holdings in 84% of the companies, while DIIs raised their holdings in 92% of the companies.

Analyzing the Caps: DIIs continue to raise their stakes across the board

- According to the SEBI's categorization, large-, mid-, and small-cap stocks accounted for 67%, 22%, and 11% of the total Nifty-500 market cap, respectively.
- **DIIs** significantly raised their stakes across market caps to an all-time high as of Sep'25. In contrast, FIIs have reduced their holdings across market caps.
- Notably, **promoter** holdings across market caps have reduced to a new low.
- **Analysis of institutional holding patterns:** 1) **FIIs** reduced their stakes in large-, mid-, and small-caps by 80bp, 70bp, and 60bp YoY, respectively. On a sequential basis, FIIs reduced their stakes across large-caps, mid-caps, and small-caps by 60bp/20bp/30bp QoQ to 20.9%/13.7%/11.6%; 2) **DIIs** significantly raised their stakes across market caps by 220bp/200bp/140bp YoY (+60bp/+50bp/+70bp QoQ) to 21.3%/18%/16.2%; 3) **Promoters** notably cut their YoY holdings across market caps to an all-time low. Their holdings reduced 130bp/210bp/were flat YoY across large-/mid-/small-caps. Similarly, their holdings reduced 20bp/10bp/10bp QoQ to 47.2%/54.4%/51.6% across large-/mid-/small-caps as of Sep'25; and 4) **Retail** holdings remained at all-time lows in large-caps at 10.5% (-20bp YoY; flat QoQ). For mid-caps and small-caps, holdings stood at 13.8% (+70bp YoY; -30bp QoQ) and 20.6% (-80bp YoY, -40bp QoQ), respectively.

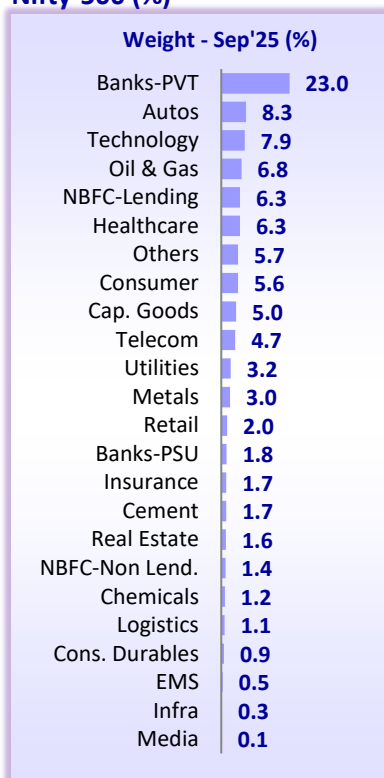
Private players: Apple of the eye for DIIs; holdings at an all-time high

- We classified the Nifty-500 universe among private, PSU, and MNC companies. Notably, **FII** holdings in private companies reduced 90bp YoY and 50bp QoQ to 21.4% in Sep'25. The FII stakes in PSUs reduced 70bp, but increased 10bp QoQ to 9.1% in Sep'25.
- **DII** holdings in private companies rose to an all-time high of 20.4% (up 250bp YoY/70bp QoQ). Their holdings in PSU companies increased 80bp QoQ to 16.7% (+110bp YoY).
- The return of buoyancy in primary and secondary markets also led to increased stake dilution by **promoter** groups of **private** companies. This resulted in a dip in their overall holdings in Nifty-500 to an all-time low of 44.7% (-170bp YoY/-10bp QoQ) in Sep'25. Further, promoter holdings in the **PSU** companies also dipped 70bp QoQ to 66.3% (-20bp YoY).

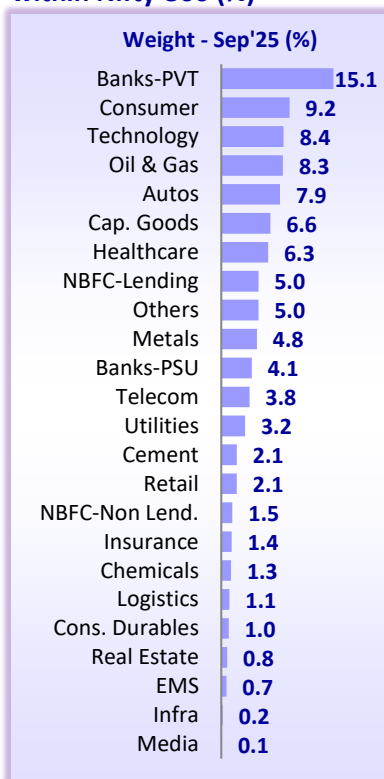
Sectoral holdings YoY: DIIs raise holdings in 22 sectors, while FIIs reduce holdings in 19

- Within Nifty-500, FIIs decreased their holdings in 19 out of 24 sectors: 1) **FIIs** had the **highest** holding in Private Banks (46.9%), followed by Telecom (23.2%), Real

FII's sectoral allocations within Nifty-500 (%)



DII's sectoral allocations within Nifty-500 (%)



Estate (19.2%), Automobile (18.5%), Healthcare (18.2%), Technology (17.6%), Consumer Durables (17.5%), NBFC Non-lending (17.4%), and Oil & Gas (16.5%). FII raised their stakes in Media (+180bp), Chemicals (+160bp), and Telecom (+150bp) YoY. 2) **DIIs** had the **highest** holding in Private Bank (33.6%), followed by Consumer (24.3%), Oil & Gas (21.9%), Consumer Durables (21.6%), and Metals (20.8%). Among the key sectors, DIIs raised their stakes in both Private Banks (+230bp) and PSU Banks (+380bp). They also raised their holdings in Telecom (+280bp), Technology (+250bp), Consumer Durables (+230bp), Consumer (+200bp), and Oil & gas (+160bp) on a YoY basis.

FII allocation in BFSI moderates, while it climbs in automobiles in Sep'25

- FII allocation in BFSI (Private Banks, PSU Banks, NBFCs, and Insurance) dips to 34.2% (-50bp QoQ, +370bp YoY) in Nifty-500 as of Sep'25, after rising for three successive quarters. FIIs remained significantly overweight (by 400bp) in BFSI vs. Nifty-500 (BFSI's weight in Nifty-500 currently stands at 30.2%).
- BFSI was followed by Automobiles, in which FIIs had 8.3% weightage (up 10bp YoY and 120bp QoQ). In the Technology sector, FIIs had 7.9% weightage (down 220bp YoY and 140bp QoQ). Overall, the Top 5 sectoral allocations of FIIs in Nifty-500 accounted for 63.5% of total allocation – BFSI at 34.2%, Automobiles at 8.3%, Technology at 7.9%, Oil & Gas at 6.8%, and Healthcare at 6.3%.
- On a sequential basis, FIIs raised their weights in Automobiles, Metals, PSU Banks, Capital Goods, and Consumer, while they reduced their holdings in Technology, Private Banks, NBFC-Non Lending, Real Estate, and Oil & Gas.
- In terms of absolute holdings, out of the total FII holdings of USD849b, Private Banks topped the chart with USD195b in investment value. The top-5 companies that contributed 30% to the holding value were HDFC Bank (USD92.5b), ICICI Bank (USD61.5b), Reliance (USD42.3b), Bharti Airtel (USD35.4b), and Infosys (USD25b).

DIIs: OW on Consumer and Global commodities; UW on Private Financials

- Within Nifty-500, DIIs were overweight on Consumer, O&G, PSU Banks, Metals, and Telecom, while they were underweight on Private Banks, NBFCs, Capital Goods, and Real Estate.
- Overall, the Top 5 sectoral holdings of DIIs in Nifty-500 accounted for 60.9% of the total allocation – BFSI (27.1%), Consumer (9.2%), Technology (8.4%), O&G (8.3%), and Automobiles (7.9%).
- Of the total DII holdings of USD927b in Nifty-500, Private Banks topped the chart at USD140b, followed by Consumer at USD86b and Technology at USD78b.
- The top 5 stocks by holding value were HDFC Bank (USD52.6b), Reliance (USD42.7b), ICICI Bank (USD40.6b), ITC (USD40.5b), and Infosys (USD26.1b).

Retail holdings have remained stable over the last three years

- Retail holdings for the overall Nifty-500 universe have been broadly stable over the last three years in the range of 12-13%. The holdings inched up 10bp YoY but remained flat QoQ at 12.4% as of Sep'25.
- Within Nifty-500, the top 5 sectoral holdings of Retail accounted for 57.3% of the total allocation. They are: BFSI (24.3%), Capital Goods (10.6%), Automobiles (8.1%), Consumer (7.8%), and Technology (6.5%).

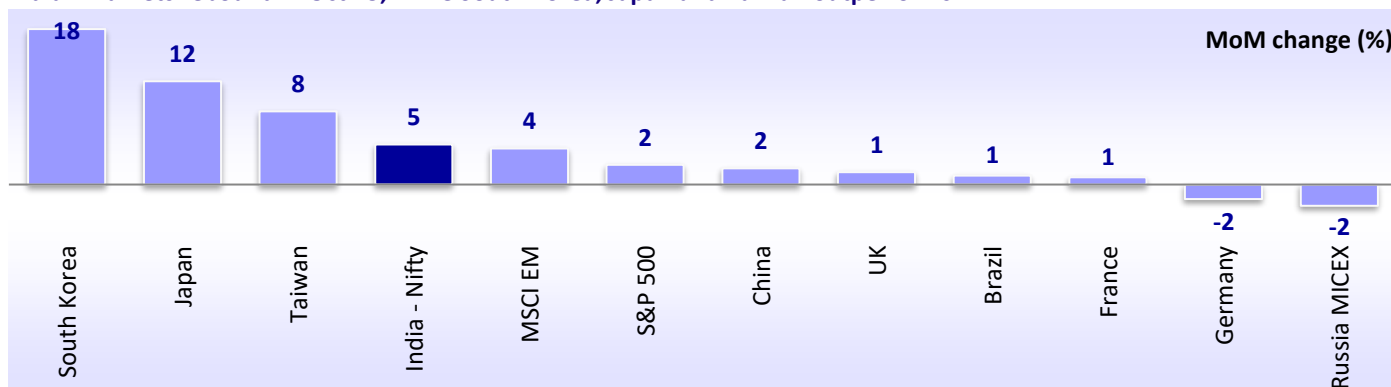
India Strategy

INDIA STRATEGY | NOV'25 | The Eagle Eye: Markets rebound on earnings optimism and hopes of trade resolution

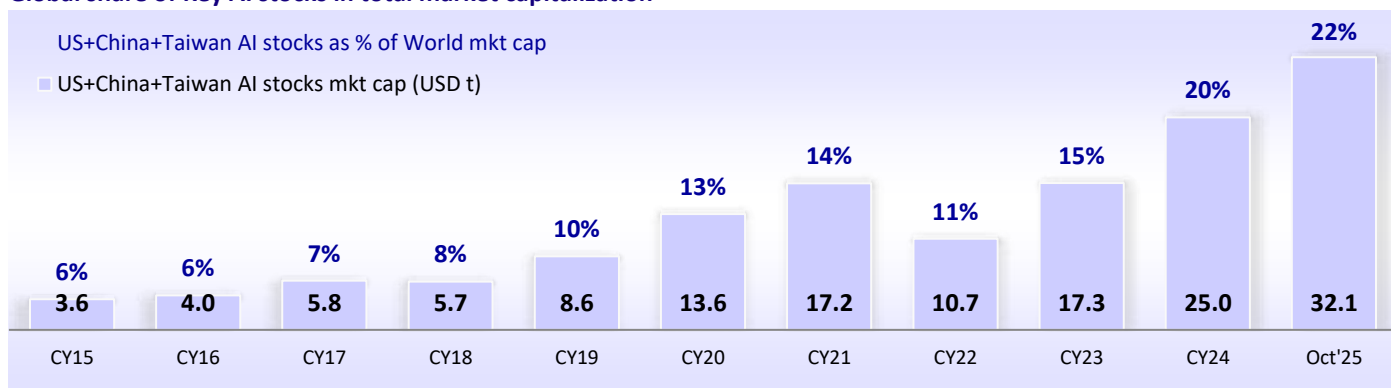
The key highlights of the 'The Eagle Eye' are as follows:

- a) Indian markets rebounded in Oct'25, while South Korea, Japan and Taiwan outperform; b) Markets post broad-based MoM gains; Real Estate and PSBs outperform; c) AI-driven growth is redefining market cap contributions across key economies; d) Foreign flows turn positive as DII inflows stay resilient; e) Institutional holdings: DIIs extend their lead in ownership; f) Monthly average cash volumes inch up, while F&O volumes jump MoM; g) Sep'25 CPI falls to an eight-year low; h) Mid-caps' market cap share hits record high, while large-caps' share near all-time low; i) India-US 10-year yield spread widens MoM to the highest level since Feb'25; j) Large-cap valuations hover near average; SMIDs valuations remain elevated
- **Notable Published reports in Oct'25:** Initiating Coverages on: a) LG Electronics India; b) Rubicon Research; and c) India Strategy: Flows meet fundamentals: MSCI India's enduring edge!

Indian markets rebound in Oct'25, while South Korea, Japan and Taiwan outperforms



Global share of Key AI stocks in total market capitalization



Bharti Airtel

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BHARTI IN
Equity Shares (m)	5702
M.Cap.(INRb)/(USDb)	12676.7 / 143
52-Week Range (INR)	2136 / 1511
1, 6, 12 Rel. Per (%)	9/9/26
12M Avg Val (INR M)	12129

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Sales	2,090	2,373	2,660
EBITDA	1,194	1,363	1,541
Adj. PAT	304	409	533
EBITDA Margin (%)	57.1	57.4	57.9
Adj. EPS (INR)	52.4	67.1	87.4
EPS Gr. (%)	73	28	30
BV/Sh. (INR)	241	312	370

Ratios

Net D:E	1.4	0.6	0.2
RoE (%)	24.5	26.4	27.9
RoCE (%)	15.5	18.1	20.6
Div. Payout (%)	53.3	50.7	51.5

Valuations

EV/EBITDA (x)	11.6	10.2	8.6
P/E (x)	40	31	24
P/BV (x)	8.8	6.8	5.7
Div. Yield (%)	1.3	1.6	2.1

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	53.1	53.2	54.8
DII	18.8	19.3	19.8
FII	25.2	24.7	21.9
Others	2.9	2.9	3.5

FII Includes depository receipts

CMP: INR2,110 TP: INR2,365 (+12%) Buy

Strong margins across key segments; 2Q FCF robust

- Bharti Airtel (Bharti) posted a strong 2QFY26, with consolidated EBITDA rising 6% QoQ (3% above), fueled by better performance in Airtel Africa (AAF, 7% beat) and India wireless (2% ahead, driven by a better-than-expected ARPU uptick and a 94% incremental EBITDA margin).
- Consolidated capex surged to INR114b (+37% QoQ), though 1HFY26 India capex (ex-Indus) is still 3% lower YoY. Management reiterated that FY26 India capex (ex-Indus) should further moderate from the FY25 levels (~INR300b).
- Consolidated FCF remained robust at INR146b (vs. ~INR143b in 1Q), despite a moderation in FCF generation from Indus Towers (Indus) in 2Q, reflecting the diversified and profitable nature of Bharti's portfolio.
- Bharti's consolidated net debt (ex-leases) inched up ~INR12b QoQ to INR1.27t, due to dividend payouts and the INR depreciation hit on FX debt.
- We continue to like Bharti's superior execution on the premiumization agenda. Further, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E).
- We raise our FY26-28E EBITDA by 2-3%, driven by higher growth in AAF and slightly higher India wireless ARPU. We model a CAGR of 15%/18% in Bharti's consolidated revenue/EBITDA over FY25-28E, driven by 1) benefits of the ~15% tariff hike in India wireless from Dec'25, 2) continued acceleration in Home broadband net adds, and 3) strong double-digit growth in Africa.
- **We reiterate our BUY rating with an SoTP-based revised TP of INR2,365.** We value the India wireless and homes business on DCF (implies ~13x Dec'27E EV/EBITDA), DTH/Enterprise at 5x/10x Dec'27 EBITDA, and Bharti's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.
- Bharti continues to outperform the broader market (up 33% YTD vs. 8% for Nifty-50), but we believe there are further re-rating triggers such as impending tariff hike, JPL IPO, and potential waiver on AGR dues. Further, we believe long-term risk-reward is favorable (bull case: INR2,970; bear case: INR1,770).

FCF generation robust at INR146b; net debt marginally higher QoQ

- Bharti's consolidated revenue grew 5% QoQ (+26% YoY) to INR521b, led by robust growth in AAF (+13% QoQ) and the Homes business (+8.5% QoQ).
- Consolidated EBITDA rose 6% QoQ to INR296b (up 35% YoY, 3% above), driven by robust performance in Airtel Africa (+15.5% QoQ, 7% beat), Home Broadband (+9% QoQ), and India Wireless (+4% QoQ, 2% above).
- India wireless revenue and EBITDA grew 2.6% and 4.2% QoQ, respectively (vs. 3.2%/3.5% QoQ for RJio), driven by ~2.2% QoQ ARPU uptick to INR256 (our est. of INR253) and 94% incremental margins.
- Homes continue to benefit from acceleration in subscriber additions (record high 0.95m net adds). Enterprise (B2B) revenue grew 4% QoQ (as the impact of rationalization of lower-margin business fades), while EBITDA margin was resilient at 41.6% (though it dipped 100bp QoQ). Revenue and EBITDA growth accelerated in Africa, driven by the flow-through of tariff hikes in Nigeria and favorable FX movements.

- After lower capex in 1QFY26, consolidated capex at INR114b picked up pace, with India capex (ex-Indus) rising ~33% QoQ to INR71b (16% YoY).
- Consolidated net debt (ex-leases) inched up ~INR12b QoQ to INR1.267t, with the India net debt-to-EBITDAaL dipping to 1.19x (vs. 1.35x QoQ).
- Consolidated FCF (after leases and interest payments) was broadly 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), despite weaker FCF generation by Indus.

Key highlights from the management commentary

- **AGR issue:** Bharti welcomed the SC's recent stance on AGR dues and would push their case to be included in a broader sector-wide relief with the GoI.
- **Home broadband (HBB):** The company's home passes accelerated to ~2.5m (vs. ~1.6m in 1QFY26). While the company's net adds remain lower than RJio's, and the company intends to step up net adds further, management noted that its share on large OTT platforms is tracking well.
- **Indus stake purchase:** Bharti has taken an enabling resolution to raise its stake in Indus Towers by 5% in one or more tranches (vs. 51% currently). Management indicated that it views Indus as a vital asset for Bharti's network, one which is comparatively undervalued (vs. global towercos). However, management reiterated that there are no plans to fold Nxtra datacenter into Indus, as there are no synergies in the two businesses as such.
- **5G:** Bharti has deployed dual-mode 5G (combining SA and NSA) for FWA in 13 circles and will completely transition to SA for wireless over the next few years.
- **Capex:** The capex to switch from NSA to SA 5G is not very material, and the acceleration in HBB capex is already built into management's guidance of FY26 India (ex-Indus) capex to be lower than FY25 levels (~INR300b). However, the company is looking to raise its investments in data centers (through Nxtra as well as a recent tie-up with Google for an AI data center) over a period.

Valuation and view

- We continue to like Bharti's superior execution on the premiumization agenda. Further, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E).
- We raise our FY26-28E EBITDA by 2-3%, driven by higher growth in AAF and slightly higher India wireless ARPU. We model a CAGR of 15%/18% in Bharti's consolidated revenue/EBITDA over FY25-28E, driven by 1) benefits of the ~15% tariff hike in India wireless from Dec'25, 2) continued acceleration in Home broadband net adds, and 3) strong double-digit growth in Africa.
- We **reiterate our BUY rating with an SoTP-based revised TP of INR2,365**. We value the India wireless and homes business on DCF (implies ~13x Dec'27E EV/EBITDA), DTH/Enterprise at 5x/10x Dec'27 EBITDA, and Bharti's stake in Indus Towers and Airtel Africa at a 25% discount to our TP/CMP.
- Bharti continues to outperform the broader market (up 33% YTD vs. 8% for Nifty-50), but we believe there are further re-rating triggers like the impending tariff hike, JPL IPO, and potential waiver on AGR dues. Further, we believe long-term risk-reward is favorable (bull case: INR2,970; bear case: INR1,770).

Consolidated - Quarterly Earnings Summary

(INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	385	415	451	479	495	521	526	547	1,730	2,090	511	2.1
YoY Change (%)	2.8	12.0	19.1	27.3	28.5	25.7	16.6	14.3	15.3	20.8	23.1	
Total Expenditure	188	196	205	209	216	226	224	230	798	895	224	0.9
EBITDA	197	218	246	270	278	296	303	318	932	1,194	287	3.1
YoY Change (%)	0.6	12.0	24.1	39.5	41.3	35.3	23.0	17.6	19.0	28.2	31.3	13
Depreciation	105	110	117	123	125	132	129	130	456	516	126	4.9
Net Finance cost	52	54	57	55	55	49	47	37	218	187	53	-8.9
Other Income	13	13	21	5	6	8	5	1	53	20	5	65.3
PBT before EO expense	53	68	93	97	105	123	132	152	311	512	113	9.3
Extra-Ord expense	-7	9	-75	1	0	0	0	0	-73	0	0	
PBT	60	59	169	96	105	123	132	152	384	512	113	9.3
Tax	13	17	8	-29	31	37	35	38	9	140	32	13.1
Rate (%)	21.7	29.6	4.5	-30.2	29.3	29.8	26.5	24.7	2.4	27.4	28.8	
Minority Interest & P/L of Asso. Cos.	6	6	14	15	15	19	17	18	39	68	15	
Reported PAT	42	36	148	110	59	68	80	96	336	304	65	4.6
Adj PAT	29	39	55	52	59	68	80	96	176	304	65	4.6
YoY Change (%)	0.8	32.2	121.3	76.9	103.3	73.6	44.8	84.6	55.4	72.8	66.1	

E: MOFSL Estimates

Our SoTP-based TP for Bharti stands at INR2,365

SoTP-based on Dec'27	Valuation base (INR b)		Multiple (x)		Valuation	
	EBITDA	Other	EBITDA	Other	(INRb)	(INR/share)
India business						
India wireless (including Hexacom)	881		13.1	DCF implied	11,558	1,993
Less: Hexacom minority (30% minority)	69		14.6	At our FV	303	52
Homes	64		13.1	DCF implied	844	146
India homes + wireless attributable value					12,100	2,086
DTH	14		5.0		71	12
Enterprise	102		10.0		1,016	175
Indus Towers attributable value	174	525	5.9	0.75	394	68
Other investments (Nxtra, APB)		148		1.0	148	26
India business enterprise value	1,153		11.9	Implied	13,730	2,367
India business net debt (including leases)					734	127
Network I2I perps					40	7
India business equity value (a)					12,956	2,234
International business						
Airtel Africa	354		4.6	At CMP	1,641	285
Airtel Africa net debt					426	74
Airtel Africa attributable value		762		0.75	572	99
Robi Axiata + Dialog SL attributable value		34		0.75	26	4
International business equity value (b)					597	103
Dividends (c)					162	28
Bharti Airtel TP (d) = (a) + (b) + (c)					13,715	2,365

Source: Company, MOFSL

State Bank of India

Estimate change



TP change



Rating change



Bloomberg	SBIN IN
Equity Shares (m)	9231
M.Cap.(INRb)/(USDb)	8839.2 / 99.7
52-Week Range (INR)	959 / 680
1, 6, 12 Rel. Per (%)	8/15/9
12M Avg Val (INR M)	9388

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	1,670	1,747	2,004
OP	1,106	1,190	1,338
NP	709	774	828
NIM (%)	2.9	2.8	2.9
EPS (INR)	79.4	85.3	89.7
EPS Gr. (%)	16.1	7.3	5.2
ABV (INR)	437	518	590
Cons. BV (INR)	529	611	714
Ratios			
RoA (%)	1.1	1.1	1.1
RoE (%)	18.6	16.9	15.5
Valuations			
P/BV (x) (Cons.)	1.8	1.6	1.3
P/ABV (x)*	1.6	1.4	1.2
P/E (x)	11.0	10.0	9.2
P/E (x)*	9.0	8.4	7.9

*Adjusted for subsidiaries

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	55.0	56.9	56.9
DII	27.6	25.5	23.9
FII	10.3	10.1	11.6
Others	7.1	7.5	7.6

FII includes depository receipts

CMP: INR954
TP: INR1,075 (+13%)
Buy

Steady quarter; NII growth surprises positively

Margins expand 7bp QoQ to 2.97%

- State Bank of India (SBIN) reported 2QFY26 PAT of INR201.6b (10% YoY growth, 21% beat), supported by an exceptional gain of INR45.9b from the divestment of 13.18% of its shareholding in Yes Bank. Adj. PAT stood at INR167b (in-line; down 9% YoY/13% QoQ).
- NII grew 3.3% YoY/4.7% QoQ to INR429.8b (6% beat). NIM stood at 2.97% (7bp QoQ rise), with domestic NIMs improving 7bp QoQ to 3.09%.
- Loan book grew 13% YoY/4% QoQ, while deposits grew 9.3% YoY/2.2% QoQ. CASA ratio stood at 39.6%.
- Slippages moderated to INR49.98b (vs INR84b in 1QFY26). GNPA/NNPA ratio improved 10bp/5bp QoQ to 1.73%/0.42%. PCR increased to 75.8%.
- **We raise our adj. earnings by 5.8%/3.1% for FY26/27E and estimate FY27E RoA/RoE at 1.1%/15.5%. Reiterate BUY with a TP of INR1,075 (1.4x FY27E ABV + INR242 for subs).**

Advances growth healthy; asset quality improves further

- SBIN reported 2QFY26 PAT of INR201.6b (10% YoY growth, 21% beat), supported by stake sale gains in Yes Bank and robust NII growth. Adj. PAT stood at INR167.7b (in-line; down 9% YoY/13% QoQ).
- NII grew 3.3% YoY/4.7% QoQ to INR429.8b (6% beat). NIM stood at 2.97% (7bp QoQ gain). SBIN expects FY26 domestic NIMs to be maintained at >3%.
- Other income stood flat YoY/declined 11.6% QoQ to INR153b (in-line) as treasury gains (excluding stake sale) stood at INR28.8b vs INR63.3b in 1QFY26. Core fee income, however, grew at a robust 25.4% YoY.
- Opex grew 12.3% YoY/11.2% QoQ to INR309.9b (6% higher than MOFSLe), led by GST, software, and training expenses. PPOp declined 7% YoY/declined 11% QoQ to INR273b (in-line).
- Advances grew healthy at 13% YoY/4% QoQ. Of this, retail grew 14% YoY/3.5% QoQ, agri grew 5.7% QoQ, and SME grew 19% YoY/2.7% QoQ. Corporate growth was 7% YoY/3% QoQ. Xpress credit grew 1.6% QoQ; the bank expects the segment to improve going forward.
- Provisions increased 20% YoY (20% higher than our estimate) to INR54b. Deposits grew 9.3% YoY/2.2% QoQ. CASA ratio stood at 39.6%. CD ratio increased to 78% vs 76.7% in 1QFY26.
- Slippages moderated to INR49.98b (slippage ratio at 0.45%). GNPA/NNPA ratio improved 10bp/5bp QoQ to 1.73%/0.42%, while PCR ratio increased to 75.8%. Credit cost moderated to 0.39%, while SMA book stood at 9bp of loans (12bp in 1QFY26).
- **Subsidiaries:** SBICARD clocked a PAT of INR4.5b (rising 10% YoY/declining 20% QoQ). SBILIFE's PAT declined 6.4% YoY (down 17% QoQ) to INR4.95b. PAT of the AMC business grew 7% YoY/declined 12% QoQ to INR7.4b.

Highlights from the management commentary

- SBIN reiterates its domestic NIM guidance of over 3%. RoA would be 1.04% excluding stake sale gains.
- The bank has guided for loan growth of ~12-14%, led by growth across its business segments.
- The extraordinary gain from the Yes Bank stake sale was about INR45b gross of tax and INR33.86b net of tax.
- GST on expenses stood at INR10.8b in 2QFY26 vs INR6.62b in 2QFY25.
- The bank incurred training expenses of ~INR5.5b, as many of the new recruits are individuals preparing for examinations. The bank conducted extensive training programs to prepare them for various assignments.

Valuation and view

SBIN reported a steady quarter, led by robust NII, resilient margins, and one-off gains from the Yes Bank stake sale. NIM expanded 7bp QoQ to 2.97%, and management expects a further recovery in 3Q and 4Q, supported by improved liquidity from CRR cuts. Opex was higher due to GST and training expenses, while robust revenue growth resulted in in-line PPop. Credit growth was healthy at 13% YoY, while a robust credit pipeline is expected to support a healthy outlook in FY26. Management guided FY26E loan growth at 12-14%. Asset quality also saw an improvement, with slippages improving and credit cost remaining benign at 39bp.

We raise our adj. earnings by 5.8%/3.1% for FY26/27E and estimate FY27E RoA/RoE at 1.1%/15.5%. Reiterate BUY with a TP of INR1,075 (1.4x FY27E ABV + INR242 for subs).

Quarterly performance

Quarterly performance											(INR b)	
Y/E March	FY25				FY26E				FY25	FY26E	FY26E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	411.3	416.2	414.5	427.7	410.7	429.8	445.4	461.5	1,669.7	1,747.4	405.8	6%
% Change (YoY)	5.7	5.4	4.1	2.7	-0.1	3.3	7.5	7.9	4.4	4.7	-2.5	
Other Income	111.6	152.7	110.4	242.1	173.5	153.3	161.7	214.7	616.8	703.2	155.2	-1%
Total Income	522.9	568.9	524.9	669.8	584.2	583.1	607.2	676.2	2,286.5	2,450.6	560.9	4%
Operating Expenses	258.4	276.0	289.4	357.0	278.7	310.0	314.4	357.7	1,180.7	1,260.8	291.5	6%
Operating Profit	264.5	292.9	235.5	312.9	305.4	273.1	292.8	318.5	1,105.8	1,189.8	269.4	1%
% Change (YoY)	4.6	50.9	15.8	8.8	15.5	-6.8	24.3	1.8	27.5	7.6	-8.0	
Provisions	34.5	45.1	9.1	64.4	47.6	54.0	51.9	51.5	153.1	205.0	44.9	20%
Exceptional items (exp)	0.0	0.0	0.0	0.0	0.0	45.9	0.0	0.0	0.0	45.9	0.0	
Profit before Tax	230.0	247.9	226.4	248.4	257.9	265.0	240.9	266.9	952.7	1,030.7	224.5	18%
Tax Provisions	59.6	64.6	57.5	62.0	66.2	63.4	60.2	66.7	243.7	256.7	57.3	11%
Net Profit	170.4	183.3	168.9	186.4	191.6	201.6	180.7	200.2	709.0	774.1	167.3	21%
% Change (YoY)	0.9	27.9	84.3	-9.9	12.5	10.0	7.0	7.4	16.1	9.2	-8.8	
Adj. Net profit	170.4	183.3	168.9	186.4	191.6	167.7	180.7	200.2	664.6	740.2	167.3	0%
Operating Parameters												
Deposits (INR t)	49.0	51.2	52.3	53.8	54.7	55.9	57.6	59.4	53.8	59.4	55.8	0.2%
Loans (INR t)	37.5	38.6	40.0	41.6	42.0	43.6	45.0	46.6	41.6	46.6	43.0	1.4%
Deposit Growth (%)	8.2	9.1	9.8	9.5	11.7	9.3	10.1	10.3	9.5	10.3	9.1	
Loan Growth (%)	15.9	15.3	13.8	12.4	11.9	13.1	12.4	12.0	12.4	12.0	11.6	
Asset Quality												
Gross NPA (%)	2.2	2.1	2.1	1.8	1.8	1.7	1.7	1.6	1.8	1.6	1.8	
Net NPA (%)	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.4	0.5	
PCR (%)	74.4	75.7	74.7	74.4	74.5	75.8	75.4	75.0	74.2	75.0	74.7	

E: MOFSL Estimates

Mahindra & Mahindra

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	MM IN
Equity Shares (m)	1244
M.Cap.(INRb)/(USD\$)	4453.3 / 50.2
52-Week Range (INR)	3724 / 2360
1, 6, 12 Rel. Per (%)	1/17/17
12M Avg Val (INR m)	9056

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	1,405	1,611	1,836
EBITDA	203.0	237.8	272.3
Adj. PAT	144.7	173.8	201.2
Adj. EPS (INR)	120.5	144.7	167.6
EPS Gr. (%)	22.1	20.1	15.8
BV/Sh. (INR)	608	722	856

Ratios

RoE (%)	21.5	21.8	21.2
RoCE (%)	20.7	21.1	20.6
Payout (%)	21.5	20.6	20.2

Valuations

P/E (x)	29.7	24.7	21.4
P/BV (x)	5.9	5.0	4.2
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	1.9	3.6	4.3

Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	18.1	18.1	18.1
DII	29.6	29.2	26.5
FII	42.5	43.1	46.1
Others	9.8	9.6	9.3

FII includes depository receipts

CMP: INR3,581 TP: INR4,122 (+15%) Buy

Healthy all-round earnings beat

Tractor and SCV guidance raised, UV guidance maintained

- Mahindra & Mahindra (MM)'s 2QFY26 PAT at INR45b was above our estimate due to better-than-expected margins (both from auto and FES segments), as well as higher other income. While the FES segment margin improved 220bp YoY to 19.7%, the auto segment margin improved marginally to 9.2% (despite EV ramp-up).
 - While MM has outperformed its own targets of earnings growth and RoE of 18% in the past, it remains committed to delivering 15-20% EPS growth and 18% RoE. These targets ensure sustained profitability and shareholder value.
- We reiterate our BUY rating with a TP of INR4,122 (based on Sep27E SoTP).**

Beat on margin both in the auto and farm segments

- MM's revenue grew 21% YoY to INR334b (in line), led by 16% YoY growth in volumes.
- EBITDA grew 23% to INR48.6b (ahead of our estimate by 5%). EBITDA margin was marginally up YoY (+20bp) to 14.5% (Vs our estimate of 14%).
- While Farm PBIT margins improved 220bp YoY to 19.7% (est. of 18.8%), auto margins contracted marginally by 35bp to 9.2% (est. of 8.6%) due to the impact of contract manufacturing for e-SUV, excluding which margins improved 80bp to 10.3%. Farm EBIT margin was stable QoQ in a seasonally weak quarter, which was commendable.
- Within auto, while core ICE margins came in at 10.3%, e-SUV contract manufacturing delivered a 0.3% PBIT margin.
- Higher dividend income from its subsidiaries led to strong growth in other income, supporting a 17.7% growth in PAT for 2QFY26.
- While the Auto segment PAT grew 18% YoY to INR15.4b, the FES segment PAT jumped 54% YoY to INR11.6b during the quarter.
- CFO for 1HFY26 stood at INR78b, while capex stood at INR25b. Thus FCF for H1 stood at INR 53bn
- MM's RoE for 1HFY26 stood at 19.4%, well ahead of its target of 18%.
- MM posted a revenue/EBITDA/PAT growth of 24%/22%/23.5% for 1H. For 2H, we expect MM to deliver a revenue/EBITDA/PAT growth of 18%/15%/ 20%.

Highlights from the management commentary

- While retail volume growth for MM was in the mid-to-high teens for this festive season, growth in bookings was even stronger.
- Management has maintained its mid-to-high teens volume growth guidance for SUVs for FY26.
- Further, LCV demand seems to have revived post the GST rate cuts. Management expects the momentum to be sustained in 2HFY26, and hence, it expects the industry to grow in the low double digits for FY26.
- Management has increased its FY26 tractor growth guidance for the industry to 10-12% from 6-7% earlier.

Valuation and view

- We believe MM is well placed to outperform across its core businesses, led by a healthy recovery in rural areas and new product launches in both UVs and tractors. We estimate MM to post a CAGR of ~16%/17%/19% in revenue/EBITDA/PAT over FY25-28E.
- While MM has outperformed its own targets of earnings growth and RoE of 18% in the past, it remains committed to delivering 15-20% EPS growth and 18% ROE, ensuring sustained profitability and shareholder value. Reiterate BUY with a TP of INR4,122 (based on Sep'27E SoTP).

Quarterly Performance

	(INR b)										
Y/E March	FY25				FY26				FY25	FY26	Var. (%)
INR b	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	
Total Volumes ('000 units)	315	301	344	319	361	350	394	355	1,280	1,462	350
Growth YoY (%)	4.7	-0.5	17.8	15.3	14.4	16.0	14.6	11.1	14.0	14.2	16.0
Net Realization (INR '000/unit)	857	914	889	981	945	955	947	1,004	910	961	941
Growth YoY (%)	7.0	13.5	2.2	8.0	10.2	4.5	6.6	2.3	3.1	5.6	3.0
Net Op. Income	270.4	275.5	305.4	313.5	340.8	334.2	373.1	356.4	1,165	1,405	329.2
Growth YoY (%)	12.0	12.9	20.3	24.5	26.1	21.3	22.2	13.7	17.5	20.6	19.5
RM Cost (% of sales)	73.7	74.2	74.4	74.1	74.5	75.6	75.0	74.2	74.1	75.2	75.0
Staff (% of sales)	4.3	4.2	4.2	4.0	3.8	3.9	3.8	3.8	4.2	3.8	4.8
Oth. Exp. (% of Sales)	7.0	7.3	6.7	6.9	5.8	5.9	6.7	7.5	7.0	6.5	7.1
EBITDA	40.2	39.5	44.7	46.8	48.8	48.6	54.0	51.6	171.2	203	46.2
EBITDA Margins (%)	14.9	14.3	14.6	14.9	14.3	14.5	14.5	14.5	14.7	14.5	14.0
Other income	3.5	20.0	6.1	0.5	6.4	23.1	4.1	0.6	30.0	34.2	21.0
Interest	0.5	0.6	0.6	0.8	0.6	0.6	0.6	0.6	2.5	2.3	0.5
Depreciation	9.1	9.6	10.5	13.1	10.0	10.4	11.2	12.9	42.3	44.5	10.5
PBT after EO	34.1	49.3	39.7	33.5	44.7	60.7	46.3	38.7	156.5	190.5	56.1
Tax	7.9	10.9	10.0	9.1	10.2	15.5	10.9	9.1	38.0	45.7	13.2
Effective Tax Rate (%)	23.3	22.1	25.3	27.1	22.8	25.5	23.5	23.6	24.3	24.0	23.5
Reported PAT	26.1	38.4	29.6	24.4	34.5	45.2	35.4	29.6	118.5	144.7	42.9
Adj PAT	26.1	38.4	29.6	24.4	34.5	45.2	35.4	29.6	118.5	144.7	42.9
Change (%)	23.2	13.2	19.1	21.9	32.0	17.7	19.5	21.5	11.4	22.1	8.1

Segmental (MM + MVML)

Y/E March	FY25				FY26				FY25	FY26E	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Realizations (INR '000/unit)											
Auto	977	1,015	1,010	1,079	1,101	1,099	1,091	1,102	1,022	1095	1,065
Farm Equipment	670	696	671	730	685	695	677	744	689	697	717
Blended	857	914	889	981	945	955	947	1,004	910	962	941
Segment PBIT Margins (%)											
Auto	9.5	9.5	9.7	9.2	8.9	9.2	9.3	9.4	9.5	9.2	8.6
Farm Equipment	18.5	17.5	18.1	19.4	19.8	19.7	20.2	19.4	18.4	19.8	18.8

Key Performance Indicators

	FY25				FY26E				FY25	FY26E	2QE
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Tractors ('000 units)	121.5	93.4	121.8	88.0	134.1	122.9	135.8	95.0	424.6	487.9	122.9
Change (%)	5.6	3.7	19.8	22.9	10.4	31.6	11.6	8.0	12.2	14.9	
Total UV ('000 units)	190.5	198.2	219.1	234.5	223.2	223.6	254.9	258.6	842.3	960.2	223.6
Change (%)	21.9	11.5	20.5	21.0	17.1	12.8	16.4	10.3	18.7	14.0	
Cost Break-up											
RM Cost (% of sales)	73.7	74.2	74.4	74.1	74.5	75.6	75.0	74.2	74.1	75.2	75.0
Staff Cost (% of sales)	4.3	4.2	4.2	4.0	3.8	3.9	3.8	3.8	4.2	3.8	4.8
Other Cost (% of sales)	7.0	7.3	6.7	6.9	5.8	5.9	6.7	7.5	7.0	6.5	7.1
Gross Margins (%)	26.3	25.8	25.6	25.9	25.5	24.4	25.0	25.8	25.9	24.8	25.0
EBITDA Margins (%)	14.9	14.3	14.6	14.9	14.3	14.5	14.5	14.5	14.7	14.5	14.0
EBIT Margins (%)	11.5	10.8	11.2	10.8	11.4	11.4	11.5	10.9	11.1	11.3	10.8

E:MOFSL Estimates

Sun Pharma

Estimate change



TP change



Rating change

Bloomberg	SUNP IN
Equity Shares (m)	2399
M.Cap.(INRb)/(USD\$)	4054.8 / 45.7
52-Week Range (INR)	1910 / 1547
1, 6, 12 Rel. Per (%)	1/-13/-13
12M Avg Val (INR M)	4098

Financials & valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	574.7	633.5	701.1
EBITDA	159.6	183.7	207.5
Adj. PAT	118.1	137.9	155.3
EBIT Margin (%)	23.0	24.5	25.4
Adj. EPS (INR)	49.2	57.5	64.7
EPS Gr. (%)	4.4	16.8	12.6
BV/Sh. (INR)	337.6	382.7	435.1

Ratios

Net D:E	-0.4	-0.5	-0.5
RoE (%)	15.4	16.0	15.8
RoCE (%)	15.2	15.9	15.8
Payout (%)	25.2	21.5	19.1

Valuations

P/E (x)	34.3	29.4	26.1
EV/EBITDA (x)	24.4	20.7	17.8
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.8	2.1	2.6
EV/Sales (x)	6.8	6.0	5.3

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	54.5	54.5	54.5
DII	20.2	19.5	18.6
FII	16.6	17.3	18.0
Others	8.7	8.8	8.9

FII includes depository receipts

CMP: INR1,690
TP: INR1,960 (+16%)
Buy

Superior show in innovative/branded portfolios

US generics sales weaken

- Sun Pharma (SUNP) delivered in-line revenue/EBITDA in 2QFY26. Earnings came in below our estimates largely due to lower other income.
- The growth momentum remained intact in global innovative medicines, driven by its increasing reach and enhanced traction in the existing markets. Interestingly, sales of innovative medicines surpassed generics in the US for the first time in 2QFY26. This implies that innovative medicines sales would be at least USD250m in the US in 2QFY26.
- Emerging markets and ROW segment saw robust growth, led by improved traction in innovative medicines and generic products.
- SUNP remains in good stead in domestic formulation (DF) market to not only hold leading position but also to gain market share gradually.
- We reduce our earnings estimates by 4%/6%/3% for FY26/FY27/FY28, factoring in marketing spends on global innovative medicines and a higher tax rate. These factors are partly offset by lower R&D spends on global innovative medicines under development.
- We value SUNP at 32x 12M forward earnings to arrive at a TP of INR1,960. SUNP continues to strengthen its branded franchise across focus markets in developed and emerging regions. Product launches and increased penetration should help SUNP sustain superior growth compared to large-cap peers in Indian pharma space. Maintain BUY.

Higher opex decelerates EBITDA growth after eight quarters

- Sales grew 8.6% YoY to INR144b (vs. our est: INR140.5b).
- DF sales grew 11% YoY to INR47.3b (33% of sales). ROW sales grew 22.7% YoY to INR20.4b (14% of sales). EM sales grew 15.7% YoY to INR28.3b (19% of sales). US sales were stable at INR43.2b (USD496m in CC terms and down 4% YoY; 30% of sales).
- Gross margin contracted 40bp YoY to 79.3%.
- EBITDA margin contracted 60bp to 28% (vs our est: 28.3%).
- EBITDA grew at 6% YoY to INR40.2b (vs. our est: INR39.7).
- Adj PAT was INR27.9b (our est: INR30.2b), down 3.8% YoY.
- For 1HFY26, revenue/EBITDA/PAT grew 9%/10%/2% YoY.

Highlights from the management commentary

- Ilumya has now been commercialized in all target geographies and is available in 35 markets globally.
- Innovative R&D accounted for 38% of total R&D spending, representing ~10% of global innovative medicine sales for the quarter.
- SUNP remains on track to launch Unloxcyt in 2HFY26 and plans to file Ilumya for psoriatic arthritis in 2HFY26.
- Growth in innovative medicines was driven by Ilumya/Odomzo, though this was partially offset by lower generic sales due to intensified competition and reduced g-Revlimid volumes.
- Sales of g-Revlimid were lower YoY/stable QoQ and could decline going forward.
- R&D spends are expected at the lower end of 6-8% guidance for the year.

Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	%
Net Sales	125,245	132,642	130,569	128,156	137,861	144,052	146,486	146,256	516,612	574,655	140,428	2.6
YoY Change (%)	6.3	10.5	7.4	8.5	10.1	8.6	12.2	14.1	8.2	11.2	5.9	
EBITDA	35,298	37,837	35,738	32,816	40,073	40,235	39,991	39,343	141,689	159,641	39,741	1.2
Margins (%)	28.2	28.5	27.4	25.6	29.1	27.9	27.3	26.9	27.4	27.8	28.3	
Depreciation	6,551	6,259	6,306	6,638	7,006	7,295	6,703	6,692	25,754	27,695	6,466	
EBIT	28,747	31,578	29,433	26,178	33,067	32,940	33,288	32,651	115,936	131,946	33,275	
Interest	615	692	515	491	748	999	439	439	2,314	2,624	439	
Other Income	6,608	3,811	7,041	7,561	5,298	5,430	7,487	7,765	25,022	25,980	7,437	
PBT before EO expense	34,740	34,697	35,959	33,248	37,617	37,371	40,337	39,977	138,644	155,303	40,273	
Extra-Ord expense	505	-1,281	1,195	705	5,890	-4,305	0	0	1,123	1,585	0.0	
PBT	34,235	35,978	34,764	32,543	31,728	41,676	40,337	39,977	137,520	153,718	40,273	
Tax	5,523	5,672	5,589	10,937	8,702	10,305	10,084	9,794	27,720	38,885	9,867	
Rate (%)	16.1	15.8	16.1	33.6	27.4	24.7	25.0	24.5	20.2	25.3	25	
Minority Interest & P/L of Asso. Cos.	356	-95	142	108	240	191	130	133	511	694	120	
Reported PAT	28,356	30,401	29,034	21,498	22,786	31,180	30,122	30,050	109,289	114,138	30,286	2.9
Adj PAT	27,494	29,052	27,637	28,891	29,961	27,939	30,123	30,050	113,075	118,073	30,287	-7.8
YoY Change (%)	20.4	20.8	11.6	3.0	9.0	-3.8	3.7	8.7	13.4	4.4	10.2	
Margins (%)	22.0	21.9	21.2	22.5	21.7	19.4	20.6	20.5	21.9	20.5	21.6	

E: MOFSL Estimates

Key performance Indicators (Consolidated)

No of Shares (mn)	FY25				FY26				FY25	FY26	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE
Domestic formulations	41,445	42,652	43,004	42,129	47,211	47,348	48,680	47,816	169,229	191,055	46,917
YoY Change (%)	16.4	11.0	13.8	13.6	13.9	11.0	13.2	13.5	13.7	12.9	10.0
US sales	38,894	43,274	40,030	40,204	40,452	43,288	43,051	45,212	162,403	172,003	42,484
YoY Change (%)	0.5	21.9	0.7	1.7	4.0	0.0	7.5	12.5	5.8	5.9	(1.8)
ROW+EM	39,509	41,152	41,424	39,901	44,267	48,782	48,159	46,684	161,986	187,892	45,030
YoY Change (%)	5.4	1.7	6.9	8.9	12.0	18.5	16.3	17.0	5.7	16.0	0.1
APIs	4,946	5,338	5,678	5,330	5,404	4,299	6,132	5,970	21,292	21,805	5,498
YoY Change (%)	-8.3	7.4	21.8	28.2	9.3	-19.5	8.0	12.0	11.0	2.4	3.0
Cost Break-up											
RM Cost (% of Sales)	21.4	20.3	21.0	20.6	20.4	20.7	20.7	20.8	20.8	20.7	20.5
Staff Cost (% of Sales)	19.6	18.7	19.5	19.4	20.3	19.2	20.3	20.4	19.3	20.1	20.4
R&D Expenses(% of Sales)	6.3	6.0	6.5	6.4	5.6	5.4	5.9	5.8	6.3	5.7	6.3
Other Cost (% of Sales)	24.5	26.5	25.6	28.0	24.6	26.7	25.8	26.1	26.2	25.8	24.5
Gross Margins(%)	78.6	79.7	79.0	79.4	79.6	79.3	79.3	79.2	79.2	79.3	79.5
EBITDA Margins(%)	28.2	28.5	27.4	25.6	29.1	27.9	27.3	26.9	27.4	27.8	28.3
EBIT Margins(%)	23.0	23.8	22.5	20.4	24.0	22.9	22.7	22.3	22.4	23.0	23.7

Titan Company

Estimate changes

TP change

Rating change



Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USD\$)	3385.6 / 38.2
52-Week Range (INR)	3827 / 2925
1, 6, 12 Rel. Per (%)	8/9/12
12M Avg Val (INR M)	3527

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	757.1	873.7	1,002.5
Sales Gr. (%)	25.2	15.4	14.7
EBITDA	81.5	94.5	108.9
EBITDA Margin (%)	10.8	10.8	10.9
Adj. PAT	50.5	59.9	70.7
Adj. EPS (INR)	56.8	67.2	79.5
EPS Gr. (%)	34.3	18.4	18.2
BV/Sh.(INR)	170.4	217.4	273.1

Ratios

RoE (%)	37.7	34.7	32.4
RoCE (%)	17.4	17.8	18.1
Payout (%)	30.0	30.0	30.0

Valuation

P/E (x)	67.3	56.8	48.1
P/BV (x)	22.4	17.6	14.0
EV/EBITDA (x)	41.6	36.3	30.7
Div. Yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.9	52.9	52.9
DII	14.2	12.8	11.5
FII	16.2	17.6	18.3
Others	16.8	16.7	17.3

FII Includes depository receipts

CMP: INR3,814

TP: INR4,500 (+18%)

Buy

Growth outlook improving; slight miss on margins

- Titan Company (TTAN) posted consolidated sales growth of 29% YoY in 2QFY26. Standalone jewelry sales (excl. bullion) rose 19% YoY, driven by the early onset of the festive season, gold exchange campaign, and consumer offers. Studded jewelry grew 16% YoY, and the mix remained flat YoY at 34%. Net jewelry store additions stood at 35 in 2Q, bringing the total count to 1,145. Standalone jewelry LFL growth was 14%, while CaratLane posted a robust 29% YoY growth. Moreover, TTAN witnessed robust festive season sales in October, consistent with the positive feedback shared in our channel checks update ([link](#)). Gold prices moderated ~6% during the 10 days after Diwali, supporting incremental footfalls.
- Standalone jewelry EBIT margin (excl. bullion) contracted 60bp YoY to 10.8% (est. 11.6%), impacted by a skewed product mix driven by: a) higher gold coin sales, b) reduced studded margins due to the sharp rise in gold price, and c) investments in exchange offers and campaigns to drive growth. Management reiterated its standalone EBIT margin guidance of 11-11.5%. CaratLane's EBIT margin expanded 320bp to 10.2%.
- The domestic watches business reported a 13% YoY revenue growth, led by a strong 17% growth in the analog segment. Analog volumes increased 12% YoY, supported by an 8% rise in average selling prices. In contrast, the smartwatch segment declined 22% YoY, primarily due to lower volumes, though ASPs were higher. Fastrack, Titan, and Helios LFL grew 10%, 11%, and 14% YoY, respectively. Eye care revenue grew 9% YoY, led by an 8% YoY growth in the domestic business.
- After a healthy 2Q, a shift of the festive season to an earlier period, and a high base, expectations for 2HFY26 were muted. However, strong jewelry demand over the past 45 days indicates that Titan is effectively capitalizing on the momentum. The earnings growth outlook has certainly improved, despite EBIT margin being under pressure (higher coinage mix). **We increase our estimates by 3% and reiterate our BUY rating with a TP of INR4,500 (60x Sep'27 EPS).**

Beat in consolidated EBITDA despite standalone EBIT margin pressure

- **Growth metrics improving, 2HFY26 better than 1HFY26:** TTAN's consolidated revenue grew 29% YoY to INR187.3b (est. INR163.6b). Consolidated Jewelry sales grew 29% YoY to INR165.2b (est. 142.7b), ex-bullion sales grew 22% to INR143.3b. Standalone jewelry sales (ex-bullion) grew 19% to INR127.9b (est. INR122.7). Bullion sales grew 122% YoY to INR19.6b. Growth was led by a higher ticket size due to an increase in gold prices. CaratLane's sales grew 29% YoY. The number of jewelry stores grew 13% YoY to 1,145. Watches/Eyewear/others clocked revenue growth of 13%/9%/63% YoY.

- **Standalone jewelry EBIT growth at 13%:** Gross margin contracted 130bp YoY to 21.4% (est. 23%). EBITDA margin contracted 50bp YoY to 10% (est. 11.2%). Standalone jewelry EBIT margin (excl. bullion) contracted 60bp YoY to 10.8% (est. 11.6%), impacted by elevated promotions and an unfavorable product mix. CaratLane's EBIT margin expanded 320bp to 10.2%. Watches' margin expanded 110bp to 16.1% (est. 16.1%). Eye care's margin declined 540bp YoY to 5.5% (est. 11%).
- **Robust 20% earnings growth:** EBITDA grew 23% YoY to INR18.8b (INR 18.3b). Ad spends increased 25% YoY, other expenses increased 20% YoY, and employee costs rose 19% YoY. PBT increased 23% YoY to INR15.2b (est. INR15.4b). Adj. PAT rose 20% YoY to INR11.2b (est. INR11.5b).
- In 1HFY26, net sales, EBITADA, and APAT grew 27%, 34%, and 34%, respectively.

Highlights from the management commentary

- October was strong, supported by robust festive season sales. Gold prices moderated by about 6% during the 10 days after Diwali.
- TTAN has launched more offerings in the lower carriages category. The company is also testing 18-karat jewelry, which has received encouraging initial response, though its contribution to the overall sales mix remains minimal.
- For 3QFY26, the company expects overall growth prospects to improve if gold prices stabilize, as this would likely drive higher footfalls and support stabilization in studded jewelry's gross margins.
- For Tanishq, in FY26, TTAN plans to open 35-40 stores and renovate ~70 stores.
- Standalone EBIT margin (ex-bullion) guidance remains at 11-11.5%, with a stronger focus on absolute growth.

Valuation and view

- We increase our EPS estimates by 3% for FY26/FY27.
- TTAN, with its superior competitive positioning (in sourcing, studded ratio, youth-centric focus, and reinvestment strategy), continues to outperform other branded players. The brand recall and business moat are not easily replicable; therefore, Tanishq's competitive edge will remain strong in the category.
- The store count reached 3,377 as of Sep'25, and the expansion story remains intact. The non-jewelry business is also scaling up well and will contribute to growth in the medium term.
- We model a CAGR of 18%/20%/23% in revenue/EBITDA/PAT during FY25-28E. TTAN's valuation is rich, but it offers a long runway for growth with a superior execution track record. **Reiterate BUY with a TP of INR4,500 (60x Sep'27 P/E).**

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	232.5	172.2	604.6	757.1	163.6	14.4
YoY change (%)	11.5	16.0	25.2	19.4	24.6	28.8	31.1	15.4	18.3	25.2	12.6	
Gross Profit	29.3	33.0	39.1	34.0	37.1	40.2	54.6	46.0	135.4	177.9	37.6	
Margin (%)	22.1	22.7	22.0	22.8	22.5	21.4	23.5	26.7	22.4	23.5	23.0	
EBITDA	12.5	15.3	19.3	15.4	18.3	18.8	24.8	19.6	62.4	81.5	18.3	2.4
EBITDA growth %	10.8	8.2	23.1	29.1	46.8	22.9	28.9	27.3	17.9	30.6	20.0	
Margin (%)	9.4	10.5	10.9	10.3	11.1	10.0	10.7	11.4	10.3	10.8	11.2	
Depreciation	1.6	1.7	1.8	1.8	1.8	1.9	1.9	1.9	6.9	7.6	1.8	
Interest	2.3	2.4	2.3	2.5	2.7	2.8	2.6	2.5	9.5	10.6	2.4	
Other Income	1.2	1.2	1.3	1.2	1.1	1.1	1.1	1.2	4.9	4.5	1.4	
PBT	9.7	12.4	16.5	12.2	14.8	15.2	21.4	16.4	50.8	67.8	15.4	-1.5
Tax	2.6	3.1	4.0	3.5	3.9	4.0	5.5	3.9	13.1	17.3	3.9	
Rate (%)	26.5	24.8	24.5	28.5	26.3	26.4	25.5	23.9	25.9	25.5	25.5	
Adjusted PAT	7.2	9.3	12.5	8.7	10.9	11.2	15.9	12.5	37.6	50.5	11.5	-2.7
YoY change (%)	-5.4	1.7	18.3	13.0	52.6	20.2	28.0	43.4	7.6	34.3	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	15.9	12.5	33.4	50.5	11.5	-2.7

E: MOFSL Estimates

Adani Ports & SEZ

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	ADSEZ IN
Equity Shares (m)	2160
M.Cap.(INRb)/(USDb)	3120.1 / 35.2
52-Week Range (INR)	1494 / 994
1, 6, 12 Rel. Per (%)	-1/9/0
12M Avg Val (INR M)	4192

Financial Snapshot (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	366	411	456
EBITDA	220	250	277
Adj. PAT	135	158	178
EBITDA Margin (%)	60.2	60.7	60.8
Adj. EPS (INR)	63	73	82
EPS Gr. (%)	24.9	17.0	12.3
BV/Sh. (INR)	340	403	473

Ratios

Net D:E	0.5	0.4	0.3
RoE (%)	19.9	19.7	18.8
RoCE (%)	13.5	14.2	14.2
Payout (%)	11.2	9.6	8.5

Valuations

P/E (x)	23.1	19.7	17.5
P/BV (x)	4.2	3.6	3.1
EV/EBITDA(x)	15.8	13.8	12.3
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	2.2	2.2	2.0

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	65.9	65.9	65.9
DII	15.0	15.1	13.3
FII	13.6	13.5	15.2
Others	5.5	5.5	5.6

FII Includes depository receipts

CMP: INR1,444 TP: INR1,770 (+23%) Buy

Robust performance yet again; logistics and marine emerge as key growth pillars

- Adani Ports & SEZ (APSEZ) reported revenue growth of ~30% YoY to INR92b in 2QFY26 (6% above our estimate). Cargo volumes grew 12% YoY to 124mmt, primarily led by containers.
- EBITDA margin came in at 60.5% vs. our estimate of 60.3% (-130bp YoY, +30bp QoQ). EBITDA grew 27% YoY to INR56b (6% above our estimate), while APAT increased ~39% YoY to INR34b (8% above our estimate).
- Its all-India cargo market share increased to 28.1% from 27.4% in 2QFY25. Its container market share stood at 45.9% (vs. 44.4% in 2QFY25).
- In 1HFY26, revenue/EBITDA/APAT grew by 31%/28%/33% YoY. Domestic ports delivered the highest-ever 1H EBITDA margin of 74.2%. The marine segment's revenue jumped 237% YoY to INR6.4b and EBITDA surged 285% YoY to ~INR3.4b. Logistics 1H revenue stood at INR22b (+92% YoY), driven by the ramp-up in Trucking and International Freight Network services. RoCE improved across business segments, with consolidated RoCE improving to 16% in 1HFY26 from 15% in FY25.
- APSEZ reported steady performance in 2QFY26, supported by strong growth in international port operations. Its logistics business emerged as a key growth driver, with significant improvement in network scale and last-mile connectivity, further complementing port operations. The marine business also saw strong traction, reflecting operational scale-up and integration. Overall, with continued market share gains, capacity additions, and expansion in value-added segments like logistics, APSEZ is well-positioned to grow faster than the broader industry.
- We maintain our estimates for FY26/27 and roll forward our valuation to FY28. Accordingly, we expect APSEZ to post 8% growth in cargo volume over FY25-28. This would drive a CAGR of 14%/15%/18% in revenue/EBITDA/PAT over FY25-28E. **We reiterate our BUY rating with a revised TP of INR1,770 (premised on 15x FY28E EV/EBITDA).**

Performance led by strong growth in container cargo

- APSEZ handled 123.6 MMT of cargo in 2QFY26, up 11.4% YoY, driven by growth in container volumes. Mundra Port contributed 40%/43% to total volume/domestic volume in 2QFY26 (vs. 45%/47% in 2QFY25), marking diversification across ports.
- Domestic cargo volume increased 8% YoY from 105.4MMT to 113.9MMT, while international cargo volume rose 80% YoY from 5.4MMT to 9.7MMT, driven by operations commencement in Colombo terminals.
- Revenue from domestic ports grew 16% YoY to INR63.5b and EBITDA margins expanded to 73.8% (vs. 72.9% in 2QFY25). Revenue from international ports rose ~35% YoY to INR10.7b and EBITDA grew 125%, led by operations commencement in Colombo Port and margin improvement in Tanzania and Israel.

Logistics and marine businesses gain momentum

- Logistics revenue rose 89% YoY to INR10.6b. The strong growth was supported by higher container volumes, along with ongoing network expansion. It handled 0.18m TEUs of container rail volume (+16% YoY) and ~5 MMT GPWIS volume (-4% YoY). APSEZ received approval to commence EXIM operations at Virochannagar (Gujarat), Kishangarh (Rajasthan) and Malur (Karnataka) ICDs.
- The marine segment's revenue jumped 237% YoY to INR6.4b and EBITDA surged 285% YoY to ~INR3.4b, driven by a significant increase in vessel count from 76 (Jun'24) to 127 (Sept'25). Together, these segments contributed significantly to overall revenue growth in 2QFY26.
- As of Sept'25, APSEZ strengthened its integrated logistics network with a total rake count of 132. It operates 12 multi-modal logistics parks (MMLPs) and has expanded its warehousing capacity to 3.1m sq. ft. Agri silo capacity rose to 1.3MMT, with a target of 4MMT.
- In the marine business, APSEZ has significantly increased marine vessels to 127 as of Sept'25 and aims to double its revenue in FY26 from INR11.4b in FY25.

Highlights from the management commentary

- Domestic volume growth is being impacted by muted volume in coal across ports. Additionally, Mundra Port which contributed to ~40% of the total cargo in 2QFY26, its coal volume heavily depends on the imported coal and has seen a coal volume decline of 14% YoY.
- RoCE improved across business segments, with consolidated RoCE improving to 16% in 1HFY26 vs. 15% in FY25.
- APSEZ maintains its ambitious plans to handle ~1b MT cargo by FY30.
- The company continued to deepen its international presence by commencing operations at the Colombo West International Terminal. It also approved the acquisition of NQXT Port in Australia, positioning itself for future growth in global trade corridors.
- The integration of its marine services business (which includes Ocean Sparkle, Astro, and TAHID) has been progressing well, and APSEZ expects its marine business revenue to double from INR11.4b in FY25 (INR11.8b already achieved in 1HFY26).
- Management maintains its guidance to handle 505-515MMT of cargo in FY26, with containers being the primary growth driver, followed by dry cargo and liquid cargo.

Valuation and view

- With strong cash flows, a healthy cash balance of INR130b, and net debt-to-EBITDA at 1.8x, APSEZ is well-positioned for further expansion. Capacity enhancements at key ports, ongoing infrastructure projects, and global port acquisitions provide visibility for sustained growth in FY26 and beyond.
- **We maintain our estimates for FY26/27 and roll forward our valuation to FY28. Accordingly, we expect APSEZ to report 8% growth in cargo volumes over FY25-28. This would drive a CAGR of 14%/15%/18% in revenue/EBITDA/PAT over FY25-28E. We reiterate our BUY rating with a revised TP of INR1,770 (premised on 15x FY28 EV/EBITDA).**

Quarterly Snapshot - Consolidated
(INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	70	71	80	85	91	92	91	92	305	366	87	6
YoY Change (%)	11.3	6.3	15.1	23.1	31.2	29.7	13.7	8.9	14.1	20.1	22.5	
EBITDA	42	44	48	50	55	56	55	55	184	220	52	6
Margins (%)	61.0	61.8	60.3	59.0	60.2	60.5	60.2	59.8	60.4	60.2	60.3	
Depreciation	10	11	11	12	13	13	13	12	44	50	12	
Interest	7	7	8	7	8	8	6	5	28	28	7	
Other Income	5	3	2	3	3	8	3	2	13	16	3	
PBT before EO expense	31	29	32	34	38	43	38	41	126	159	37	15
Extra-Ord expense	-6	0	2	1	1	4	0	0	-3	4	0	
PBT	37	29	30	34	37	39	38	41	129	155	37	
Tax	5	5	5	5	5	6	6	6	20	23	6	
Rate (%)	13.2	16.4	16.9	15.1	14.6	14.6	15.2	15.6	15.3	15.0	15.2	
MI and Associates	1	0	-1	-2	-2	2	0	-1	-2	0	0	
Reported PAT	31	24	25	30	33	31	32	35	111	132	32	
Adj PAT	26	25	27	31	34	34	32	35	108	135	32	8
YoY Change (%)	28.7	10.9	13.6	33.7	27.7	38.7	21.2	14.5	21.6	24.9	28.3	

Power Grid Corporation of India

Estimate change



TP change



Rating change



CMP: INR279

TP: INR300 (+8%) Downgrade to Neutral

Weak capitalization clouds outlook

Bloomberg	PWGR IN
Equity Shares (m)	9301
M.Cap.(INRb)/(USDb)	2595.3 / 29.3
52-Week Range (INR)	345 / 247
1, 6, 12 Rel. Per (%)	-7/-13/-18
12M Avg Val (INR M)	3860

Financials & Valuations (INRb)

Y/E March	FY26E	FY27E	FY28E
Sales	488.8	519.5	542.8
EBITDA	416.2	436.8	449.4
Adj. PAT	163.4	177.1	185.4
Adj. EPS (INR)	17.6	19.0	19.9
EPS Gr. (%)	5.3	8.3	4.7
BV/Sh.(INR)	106.6	114.1	122.3

Ratios

Net D:E	1.3	1.3	1.3
RoE (%)	17.0	17.2	16.9
RoCE (%)	9.6	9.6	9.2
Payout (%)	54.6	52.5	50.2

Valuations

P/E (x)	15.9	14.7	14.0
P/BV (x)	2.6	2.4	2.3
EV/EBITDA (x)	9.0	8.6	8.4
Div. Yield (%)	3.4	3.6	3.6
FCF Yield (%)	9.2	7.8	5.2

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.3	51.3	51.3
DII	19.4	18.6	16.9
FII	25.7	26.5	28.3
Others	3.6	3.6	3.5

FII Includes depository receipts

- In 2QFY26, Power Grid Corporation (PWGR) reported a standalone (SA) revenue of INR100b (-3% YoY), 6% below our estimate. EBITDA was 13% below our estimate at INR80.1b (-9% YoY), hit by a 55% YoY surge in other expenses. Reported PAT was INR35.5b, 4% below estimates (-4%YoY), supported by higher other income, lower depreciation (likely due to reduced capitalization), and a positive net regulatory deferral movement of INR 5.2b. Adj. SA PAT was 16% below our est. of INR31.2b, mainly due to a miss at the EBITDA level.
- In the analyst meet, management reiterated its capex guidance of INR280b/INR350b/INR450b for FY26/FY27/FY28, respectively. However, the capitalization target for FY26 might be on the lower side of INR200-220b, owing to persistent issues related to right-of-way (RoW).
- We downgrade PWGR to Neutral as we cut out FY26/27 Adj. PAT by 6%/4%. The cut to our estimate and our more cautious view is attributed to the slower-than-expected pace of capitalization, with PWGR capitalizing INR45b in 1HFY26 vs. the previously guided FY26 target of INR220b. While RoW issues have improved somewhat in recent months, we believe the risk to the company falling short of its FY26 capitalization target of INR200-220b remains elevated. While the medium-to-long term project pipeline continues to improve, we await more clarity on the resolution of near-term execution issues before forming a positive outlook.
- The stock is trading at FY27 P/B of 2.4x vs. the long-term avg. of 1.7x. We derive our TP of INR300 for PWGR based on Dec'27 BVPS and a P/B multiple of 2.5x (earlier 3x).

Earnings miss estimates due to higher other expenses

Standalone (SA) Performance:

- In 2QFY26, 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 INR31.2b (-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.

Highlights of the 2QFY26 performance:

- In 2QFY26, PWGR added ~205 ckm of transmission lines and 11,185 MVA transformation capacity.
- System availability stood at 99.83% in 1HFY26, with 0.09 trippings per line per year.
- Capex and capitalization in 1HFY26 were INR153.8b and INR45.8b, respectively. FY26 capex target of INR280b (TBCB: INR190.6b, RTM: INR35.5b, others: INR53.8b) has been maintained, with a potential to rise to INR300b.
- Capex targets for FY27/FY28 were reiterated at INR350b/INR450b, and capitalization targets at INR200b/250b/280b for FY26/27/28.
- Work in hand totals INR1.52t, including INR1,030b in TBCB projects.
- In the Brahmaputra Basin, the Ministry of Power has outlined a development plan requiring investments of about INR1.91t by 2035 and INR4.52t thereafter, presenting a total opportunity of INR6.43t. The project, currently under study, is an HVDC project in plain terrain and may follow the TBCB route.
- For the Leh–Ladakh HVDC project, the single bid received was not acceptable. The government is now considering replacing the HVDC system with an AC alternative costing ~INR 300b.
- The company participated in several BESS tenders but did not win any; it remains committed to future opportunities.

Valuation and view

We derive our TP of INR300 for PWGR based on Dec'27 BVPS and a P/B multiple of 2.5x.

Standalone Quarterly Performance

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	102.1	116.6	414.3	417.9	106.9	-6%	-3%	1%
YoY Change (%)	-1.7	5.3	-5.2	-0.6	-1.4	-2.5	0.9	6.1	-0.9	0.9	4.2			
EBITDA	87.4	87.9	85.2	92.2	81.2	80.1	86.3	109.2	352.8	356.8	92.2	-13%	-9%	-1%
YoY Change (%)	-2.9	3.0	-9.3	0.9	-7.2	-8.8	1.3	18.4	-2.5	1.1	4.9			
As of % Sales	86.8	85.6	84.2	84.0	81.8	80.1	84.6	93.6	85.1	85.4	86.2			
Depreciation	30.7	31.6	30.7	30.4	29.7	30.6	31.4	34.4	123.5	126.1	33.6	-9%	-3%	3%
Interest	21.6	26.0	21.3	25.9	23.0	25.6	21.6	26.1	94.8	96.4	25.8	-1%	-2%	11%
Other Income	7.8	11.2	14.9	15.0	13.3	13.5	15.1	7.8	48.9	49.6	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	48.4	56.4	186.2	191.3	44.2	-4%	-3%	-3%
Tax	8.2	6.8	9.6	8.1	7.3	7.1	10.1	9.9	32.7	34.5	7.0	1%	4%	-3%
Effective Tax Rate (%)	19.4	15.5	19.8	15.7	16.7	16.6	20.9	17.6	17.5	18.0	15.9			
Reported PAT	34.1	37.1	38.9	43.4	36.5	35.5	38.3	46.4	153.5	156.8	37.2	-4%	-4%	-3%
YoY Change (%)	-3.7	-3.2	-1.9	5.0	7.1	-4.2	-1.7	7.1	-0.8	2.1	0.2			
Adjusted PAT	34.6	35.0	38.6	42.9	34.7	31.2	38.3	46.4	151.2	150.7	37	-16%	-11%	-10%
YoY Change (%)	-8.7	4.8	-0.4	0.5	0.4	-10.9	-0.8	8.1	-1.1	-0.3	6.2			

InterGlobe Aviation

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR5,637 **TP: INR7,300 (+30%)** **Buy**

Muted performance; outlook remains positive

Operating performance below our estimate

- InterGlobe Aviation (INDIGO) reported a 64% YoY dip in EBITDAR to INR8.7b (est. INR25.8b) and a net loss of INR26.1b (est. net loss of INR6.6b) in 2QFY26. **However, EBITDA (ex-forex loss on lease liabilities) was INR34.5b (up 86% YoY), as forex loss stood at INR29b vs. INR2.4b in 2QFY25.**
- Due to higher-than-expected currency depreciation, slower reduction in aircraft on the ground, and additional damp leases, the company expects an early single-digit increase in unit cost (ex-fuel and forex) in FY26 vs. FY25. However, management remains confident about a healthy international as well as domestic demand outlook, backed by an under-penetrated aviation market with favorable long-term demand.
- Hence, looking at the long-term tailwinds, the company has upgraded its FY26 capacity growth guidance to mid-teens from double digits. Further, the capacity expansion is focused more internationally to provide geographical diversification against foreign exchange losses. We cut our FY26 earnings estimates by 23% (due to forex losses), while we largely retain our FY27/ FY28 estimates. We value the stock at 11x FY27E EBITDAR to arrive at our TP of INR7,300. **Reiterate BUY.**

Forex losses hurt operating performance

- INDIGO's yield stood at INR4.69 vs. our estimate of INR4.5 (down 3% YoY). Revenue Passenger Kilometer (RPK) was at 34.0b (our est. of 34.5b, +8% YoY), with Load Factor at 82.5%. ASK grew 8% YoY to 41.2b (our est. of 41.1b).
- Consequently, revenue stood at INR185.5b (est. INR183.2b, +9% YoY). EBITDAR stood at INR8.7b (est. of INR25.8b, down 64% YoY) with EBITDA at INR5.5b (our est. of INR21.1b) +64% YoY.
- However, INDIGO's EBITDA (excluding forex loss) stood at INR34.5b (up 86% YoY), as forex loss stood at INR29b vs. INR2.4b in 2QFY25.
- The company incurred a net loss of INR26.1b (est. net loss of INR6.6b) compared to a net loss of INR9.9b in 2QFY25.
- For 1HFY26, INDIGO's revenue grew 7% to INR390.5b, while EBITDA/adj. PAT declined 19%/15% to INR65.6b/INR57.5b.
- INDIGO's CFO was INR106b as of Sep'25, as against INR84.3b in Sep'24. Further, gross debt stood at INR639b in Sep'25 vs. INR567b as of Mar'25

Highlights from the management commentary

- **Capex:** Management upgraded its capacity growth guidance from double-digit growth to mid-teens growth in FY26. Further, management expects the capacity to grow in the high teens for 3QFY26
- **MRO strategy:** The company is planning to establish an MRO facility in Bengaluru for narrow- and wide-body aircraft in the next 2-4 years with a planned capex of INR10b. Currently, INDIGO's 90% MRO work is outsourced to third-party international MRO players.

Bloomberg	INDIGO IN
Equity Shares (m)	387
M.Cap.(INRb)/(USDb)	2179.2 / 24.6
52-Week Range (INR)	6233 / 3830
1, 6, 12 Rel. Per (%)	-3/0/36
12M Avg Val (INR M)	6106
Free float (%)	58.4

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	880.7	1005.5	1099.2
EBITDA	187.4	250.1	289.7
NP	65.9	93.8	106.1
EPS (INR)	170.6	242.8	274.7
Growth (%)	10.0	11.8	13.1
BV/Sh (INR)	404.4	635.5	896.9

Ratios

Net D:E	2.4	1.3	1.0
RoE (%)	53.0	46.9	36.0
RoCE (%)	19.0	25.0	25.1
Payout (%)	5.3	5.3	5.3

Valuations

P/E (x)	33.0	23.2	20.5
P/BV (x)	13.9	8.9	6.3
Adj.EV/EBITDAR(x)	12.8	9.7	8.6
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	1.2	2.3	-1.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	41.6	43.5	49.3
DII	24.7	24.1	20.7
FII	28.4	27.3	25.4
Others	5.3	5.1	4.7

FII Includes depository receipts

- **Guidance:** Due to the higher-than-anticipated currency depreciation and a lower-than-anticipated reduction in aircraft on the ground and induction of some additional damp leases, the company is **estimating an early single-digit percentage increase in its unit cost**. This excludes fuel and forex for FY26 as compared to FY25.

Valuation and view

- Despite near-term challenges in the form of rupee depreciation and rising damp leases, Indigo remains confident in its growth strategy as India's domestic network remains the backbone, with expanding international connectivity.
- Going forward, stabilizing fuel costs, the return of grounded aircraft to service, and improved demand are likely to drive performance in the coming quarters.
- Backed by mid-teens capacity growth coupled with rising demand, stable yields, and a rising international mix, INDIGO is well-positioned to sustain healthy profitability. We expect its revenue/ EBITDAR/Adj. PAT to clock a CAGR of 11%/18%/14% over FY25-28. We value the stock at 11x FY27E EBITDAR to arrive at our TP of INR7,300. **Reiterate BUY.**

Standalone Quarterly performance

Y/E March	(INR b)											
	FY25				FY26				FY25	FY26E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	
Net Sales	195.7	169.7	221.1	221.5	205.0	185.6	243.9	246.3	808.0	880.7	213.5	1%
YoY Change (%)	17.3	13.6	13.7	24.3	4.7	9.3	10.3	11.2	17.3	9.0	9.1	
EBITDAR	57.7	23.8	59.2	69.5	57.0	8.7	72.8	75.0	210.2	213.4	61.4	-67%
Margin (%)	29.5	14.0	26.8	31.4	27.8	4.7	29.9	30.4	26.0	24.2	28.8	
Net Rentals	6.2	7.6	7.6	8.6	4.9	3.2	8.8	9.1	30.1	26.0	8.8	-32%
EBITDA	51.5	16.2	51.6	60.8	52.0	5.5	64.0	65.9	180.1	187.4	52.7	-74%
Margin (%)	26.3	9.5	23.3	27.5	25.4	2.9	26.3	26.7	22.3	21.3	24.7	
Depreciation	18.7	20.8	22.2	24.8	25.5	26.3	26.4	26.6	86.4	104.7	25.4	
Interest	11.6	12.4	13.1	13.8	14.0	14.7	14.6	14.8	50.9	58.2	13.9	
Other Income	6.8	7.9	8.8	9.5	10.5	10.5	12.1	13.4	33.1	46.3	11.3	
PBT	28.0	-9.1	25.2	31.8	23.0	-25.1	35.2	37.9	75.9	70.9	24.6	NA
Tax	0.8	0.8	0.8	1.0	1.3	-1.5	1.1	1.6	3.3	2.5	0.8	
Rate (%)	2.7	-8.7	3.1	3.2	5.9	5.9	3.0	4.1	4.4	3.5	3.2	
Reported PAT	27.3	-9.9	24.4	30.7	21.6	-23.7	34.1	36.3	72.5	68.4	23.8	NA
EPS	70.6	-25.6	63.2	79.5	55.9	-61.3	88.3	94.0	187.7	177.0	61.7	NA
YoY Change (%)	-11.7	NA	-18.6	62.3	-20.7	139.4	39.7	18.2	-11.2	-5.7	-12.5	
Operational Data												
ASK (b)	36.3	38.2	40.8	42.1	42.3	41.2	44.1	45.5	157.4	173.0	41.7	0%
YoY Change (%)	11%	8%	12%	21%	17%	8%	8%	8%	13%	10%	15%	
Load factor (%)	86.8	82.7	87.0	87.4	84.4	82.5	87.5	88.0	86.0	85.7	85.5	-1.5
RPK (b)	31.5	31.6	35.5	36.8	35.7	34.0	38.6	40.0	135.4	148.3	35.6	-1%
YoY Change (%)	9%	7%	13%	23%	13%	8%	9%	9%	13%	10%	13%	
Yield (INR/RPK)	5.24	4.55	5.43	5.32	4.98	4.69	5.50	5.40	5.14	5.14	5.04	4%
RASK (Revenue per Available Seat Kilometer)	5.39	4.44	5.42	5.26	4.85	4.50	5.53	5.42	5.13	5.09	5.12	-1%
CASK (Cost per Available Seat Kilometer)	4.62	4.68	4.80	4.51	4.30	5.11	4.74	4.58	4.65	3.48	4.53	-9%
RASK less CASK	0.77	-0.24	0.62	0.75	0.54	-0.61	0.80	0.83	0.48	1.61	0.59	-72%
CASK ex-Fuel	2.83	2.93	3.20	2.88	2.90	3.64	3.28	3.21	2.96	2.32	2.94	-16%
Fuel Cost	1.79	1.75	1.60	1.63	1.40	1.47	1.46	1.38	1.69	1.16	1.59	6%

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	GRASIM IN
Equity Shares (m)	681
M.Cap.(INRb)/(USDb)	1961.3 / 22.1
52-Week Range (INR)	2979 / 2276
1, 6, 12 Rel. Per (%)	0/1/5
12M Avg Val (INR M)	1725

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	386.6	442.4	496.6
EBITDA	15.6	25.6	34.2
Adj. PAT	4.9	13.5	22.3
EBITDA Margin (%)	4.0	5.8	6.9
S/A Adj. EPS (INR)	7.2	19.8	32.7
S/A EPS Gr. (%)	50.0	174.6	65.4
Consol EPS (INR)	84.4	105.4	127.0
BV/Sh. (INR)	834.4	864.4	890.1

Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	-4.3	-1.1	1.4
RoCE (%)	0.5	2.9	5.0

Valuations

P/E (x)	85.3	31.1	18.8
EV/EBITDA (x)	2.9	2.2	1.5
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	(1.0)	(0.5)	0.5

Shareholding Pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	43.1	43.1	43.1
DII	17.5	17.9	17.8
FII	16.9	16.2	16.1
Others	22.5	22.7	23.0

FII includes depository receipts

CMP: INR2,882 TP: INR3,410 (+18%) Buy

Chemical-led beat on EBITDA; exit of Paints' CEO an overhang

Strong momentum in the Paints business in Sep-Oct'25

- GRASIM's 2QFY26 EBITDA was above our estimate, fueled by outperformance in the chemical business, while the VSF performance was in line. EBITDA increased ~13% YoY to INR3.7b (~14% beat). OPM contracted 50bp YoY to 3.8% (est. 3.5%). Adj. PAT grew ~6% YoY to INR8.0b (in line). However, Mr. Rakshit Hargave, CEO of the Paints business, who had joined GRASIM in Nov'21, has tendered his resignation after ~20 months of the launch of its paints brand "Birla Opus". This will be an overhang on the stock in the near term.
- GRASIM has also outperformed UTCEN in the last two months, and its HoldCo discount has been reduced to 39% vs. an average of 41% in 2QFY26. Revenue traction of the Paints segment and its losses would be the key monitorables for the next few quarters. Though we maintain our positive view on Grasim, considering the near-term headwinds for the Paints business, we raise our HoldCo discount to 40% from 35% earlier.
- Management highlighted that Birla Opus continues to grow its market share. Birla Opus hit its highest-ever monthly sale in Sep'25, and the brand saw an equally strong Oct'25. Management expects sequential growth in the Paints business to be in double digits in 3QFY26 and significantly higher on a YoY basis. GRASIM maintained its revenue guidance of INR100b and EBITDA break-even by FY28.
- We retain our EBITDA estimates for FY26-28. **We reiterate our BUY rating** with a revised TP of INR3,410 (earlier INR3,540) based on an SoTP valuation.

VSF margin dips 3.5pp YoY; chemical margin expands 1.9pp YoY

- GRASIM's standalone revenue/EBITDA/Adj. PAT was at INR96.1b/INR3.7b/INR8.1b (+26%/+13%/+6% YoY and +4%/+14%/+4% vs. our estimates) in 2QFY26. **VSF segment:** sales volume declined ~4% YoY, whereas realization rose ~5%. EBITDA declined ~29% YoY (up 9% QoQ) to INR3.5b. OPM dipped 3.5pp YoY (up 50bp QoQ) to ~8%. EBITDA/kg was at INR16 vs. INR21/INR15 in 2QFY25/1QFY26. **Chemical segment:** volume remained flat YoY, whereas realization rose ~17% YoY. EBITDA increased ~34% YoY to INR3.7b. OPM expanded 1.9pp YoY to ~15%. **The paints and B2B e-commerce** revenue (combined) grew ~8% YoY to INR26.5b. Loss in new high-growth businesses stood at INR3.2b vs. INR3.7b/INR3.0b in 2QFY25/1QFY26.
- In 1HFY26, revenue/EBITDA/Adj PAT stood at INR188.3b/INR7.5b/INR6.9b (+30%/+15%/-3% YoY). OPM dipped 50bp YoY to ~4%. OCF stood at INR10.7b vs. INR2.6b in 1HFY25. Capex stood at INR10.5b vs. INR20.1b. Net cash inflow stood at INR219m vs. net cash outflow at INR18.4b in 1HFY25.

Highlights from the management commentary

- Birla Opus continues to gain market share in the Indian decorative paints segment despite an overall industry slowdown, driven by rapid expansion of its distribution network, stronger secondary sales, enhanced brand visibility, and sustained product quality differentiation.

- With the commissioning of its sixth paint plant at Kharagpur, West Bengal, Birla Opus' total installed capacity now stands at 1,332mlpa, making it India's second-largest decorative paint company with 24% industry capacity share.
- Phase 1 of the 55K TPA Lyocell project at Harihar, Karnataka, is progressing well and is targeted for commissioning by mid-2027. Long-lead items have been ordered, basic engineering has been completed, and other orders and contracts are currently in process.

Valuation and view

- GRASIM's 2Q profitability was above our estimates, led by better-than-expected performance in the chemical segment. The CEO of the Paints business has resigned, which may weigh on the stock performance in the near term. While we remain positive on the company, we raise the HoldCo discount to 40% from 35% amid short-term headwinds in the Paints segment. We will also closely monitor its revenue traction and losses.
- **We reiterate our BUY rating with a TP of INR3,410** as we value its: 1) holding in listed subsidiaries by assigning a discount of 40% on our TP for coverage companies, 2) standalone business at 6x Sep'27E EV/EBITDA, 3) paint business at 2x of investments, 4) B2B e-commerce at 1.5x of Sep'27E (TTM) revenue, and 5) renewable business at 10x EV/EBITDA.

Quarterly performance (S/A)

Y/E March	FY25				FY26				FY25	FY26E	FY26	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	Var. (%)
Net Sales	68.9	76.2	81.2	89.3	92.2	96.1	96.5	101.8	315.6	386.6	92.2	4
YoY Change (%)	10.5	18.3	26.9	31.9	33.8	26.1	18.8	14.0	22.1	22.5	21.0	
EBITDA	3.3	3.3	2.7	2.2	3.8	3.7	3.9	4.2	11.4	15.6	3.2	14
YoY Change (%)	(51.7)	(45.2)	(48.2)	(58.1)	(50.7)	18.3	12.6	42.6	(50.7)	18.3	35.3	
Margins (%)	4.7	4.3	3.3	2.5	4.2	3.8	4.0	4.2	3.6	4.0	3.5	34
Depreciation	3.5	4.1	4.2	5.0	4.8	5.0	5.1	5.2	16.8	20.1	4.9	3
Interest	1.4	1.6	1.8	2.0	2.1	2.0	2.1	2.1	6.8	8.3	2.1	(2)
Other Income	0.9	12.9	1.0	2.3	1.4	14.2	1.7	2.0	17.2	19.3	14.0	2
PBT before EO Items	-0.7	10.5	-2.3	-2.5	-1.6	10.8	-1.6	-1.0	5.0	6.6	10.2	6
Extraordinary Inc/(Exp)	-	(0.5)	-	(1.1)	-	-	-	-	(1.6)	-	-	
PBT after EO Items	-0.7	10.0	-2.3	-3.7	-1.6	10.8	-1.6	-1.0	3.3	6.6	10.2	6
Tax	-0.2	2.8	-0.6	-0.8	-0.4	2.8	-0.4	-0.3	1.2	1.7	2.5	
Rate (%)	25.8	28.0	26.8	21.8	24.4	25.6	25.6	27.0	36.2	25.6	24.0	
Reported PAT	-0.5	7.2	-1.7	-2.9	-1.2	8.0	-1.2	-0.7	2.1	4.9	7.8	4
Prior period tax/DTL reversal	-	-	-	-	-	-	-	-	-	-	-	
Adj. PAT	-0.5	7.6	-1.7	-2.1	-1.2	8.0	-1.2	-0.7	3.3	4.9	7.8	4
Margins (%)	-0.8	9.9	-2.1	-2.4	-1.3	8.4	-1.3	-0.7	1.0	1.3	8.4	
YoY Change (%)	(114.7)	(4.7)	(171.4)	(191.6)	NM	6.2	NM	NM	(79.8)	50.0	2.6	

Indian Hotels

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	IH IH
Equity Shares (m)	1423
M.Cap.(INRb)/(USD\$)	1057.9 / 11.9
52-Week Range (INR)	895 / 651
1, 6, 12 Rel. Per (%)	0/-12/5
12M Avg Val (INR M)	2844
Free float (%)	61.9

Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	98.0	111.0	120.4
EBITDA	33.0	39.0	42.6
PAT	18.5	22.3	24.8
EBITDA (%)	33.6	35.1	35.4
EPS (INR)	13.0	15.7	17.4
EPS Gr. (%)	12.8	20.9	10.9
BV/Sh. (INR)	90.8	105.7	122.3

Ratios

Net D/E	(0.3)	(0.4)	(0.5)
RoE (%)	15.4	16.0	15.3
RoCE (%)	16.4	16.9	16.0
Payout (%)	6.2	5.1	4.6

Valuations

P/E (x)	57.2	47.3	42.7
EV/EBITDA (x)	31.3	26.0	23.2
Div Yield (%)	0.1	0.1	0.1
FCF Yield (%)	1.3	1.8	2.5

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	38.1	38.1	38.1
DII	19.6	18.5	18.8
FII	26.1	27.2	27.4
Others	16.2	16.2	15.6

FII includes depository receipts

CMP: INR743 TP: INR880 (+18%) Buy

Steady performance amid a high base and extreme weather conditions

Operating performance in line with our estimate

- Indian Hotels (IH) reported steady consolidated revenue growth of 12% YoY in 2QFY26, led by healthy growth in subsidiaries (up 24% YoY), while standalone revenue rose only 2% on the back of renovations, a high base (high-profile weddings in the base quarter), and extreme weather conditions. RevPAR/ARR/OR remained largely flat YoY for its standalone business.
- IH maintained its double-digit revenue guidance for FY26**, supported by strong MICE activity in 2H, favorable demand-supply dynamics, and the re-availability of renovated rooms in 2H. We expect IH's performance to continue its uptrend, with revenue/EBITDA/adj. PAT CAGR of 13%/16%/15% over FY25-28, largely led by room additions and ARR growth, while OR is likely to inch up marginally.
- We broadly maintain our FY26/FY27/FY28 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR880**.

Flattish RevPAR growth but consistent margin expansion

- 2Q consolidated revenue/EBITDA grew 12%/14% YoY to INR20.4b/INR5.7b, while Adj. PAT declined 12% YoY to INR2.9b (all in line with estimates). The decline in Adj. PAT was due to the one-time fair value adjustment (gain) of INR3b during the integration of TajSATS. Excluding this, Adj. PAT grew 15% YoY.
- Standalone revenue marginally rose ~2% to INR10.6b, led by flattish RevPAR growth YoY amid a high base and unavailability of rooms due to renovations. EBITDA grew 8% YoY to INR3.7b, with margins expanding 170bp to ~35%, led by continued cost optimization measures. F&B/other services/management fees grew 2%/9%/24% YoY.
- For subsidiaries (consol. less standalone; including TajSATS), sales/EBITDA grew 24%/27% YoY to INR9.8/INR2b. TajSATS revenue/EBITDA grew ~14%/10% YoY.
- International hotels performed better this quarter, with UOH/St. James' revenue growing 12%/23% YoY. EBITDA for St. James rose 18% YoY, while UOH saw a reduction in losses to INR40m vs INR100m in 2QFY25.
- IH's new business verticals, comprising Ginger, Qmin, and amã Stays & Trails, grew 22% YoY to INR3.2b in 1HFY26 and aim to grow at 30% in 2HFY26.
- 1HFY26 consolidated Revenue/EBITDA/Adj. PAT grew 21%/21%/2% to INR40.8b/INR11.5b/INR5.8b. For 2HFY26, implied Revenue/EBITDA/Adj. PAT growth is 15%/18%/14%.
- RevPAR/ARR grew 5% each for standalone in 1HFY26, while OR remained flat. Enterprise RevPAR/ARR rose 9%/8%, while OR was marginally higher.

Highlights from the management commentary

- Portfolio:** IH inaugurated two Greenfield hotels in Ekta Nagar- Ginger hotel (151 keys) and Vivanta (127 keys), and opened its 250th Hotel Gateway in Goa, Palolem. It also received all approvals for its Taj Bandstand hotel, with excavation work having started a few days ago.

- **Outlook and demand:** IH remains confident of maintaining double-digit growth guidance for FY26, driven by favorable demand-supply dynamics, high-profile diplomatic visits, and the busy wedding season in 2HFY26. The company maintained its capex guidance of INR10-12b for FY26 (spent INR4.8b in 1HFY26), and expects a similar outflow in FY27.
- **Renovations and upgrades:** In 1HFY26, IH incurred renovation and upgrade-related expenses of ~INR2.5b. Positive benefits from renovations and upgrades on ARR and OR are partially expected in 3QFY26 and fully from 4QFY26 onwards. Major renovation work has been completed as of Oct'25.

Valuation and view

- The outlook continues to remain healthy for IH, led by continued traction in both the core business and new and reimagined businesses.
- We expect the growth momentum to continue in the medium term, led by: 1) a strong room addition pipeline in owned/management hotels (~4,000/18,000 rooms), 2) continued favorable demand-supply dynamics, and 3) increasing MICE activities in India.
- We broadly maintain our FY26/FY27/FY28 EBITDA estimates and **reiterate BUY with our SoTP-based TP of INR880.**

Consolidated - Quarterly Earning Model

(INRM)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	(%)
Gross Sales	15,502	18,261	25,331	24,251	20,411	20,409	28,982	28,234	83,345	98,035	20,622	-1
YoY Change (%)	5.7	27.4	29.0	27.3	31.7	11.8	14.4	16.4	23.1	17.6	12.9	
Total Expenditure	11,006	13,249	15,714	15,684	14,651	14,708	17,933	17,770	55,652	65,060	14,909	
EBITDA	4,496	5,013	9,617	8,568	5,760	5,701	11,049	10,464	27,693	32,975	5,713	0
Margins (%)	29.0	27.5	38.0	35.3	28.2	27.9	38.1	37.1	33.2	33.6	27.7	
Depreciation	1,173	1,249	1,339	1,420	1,428	1,447	1,495	1,520	5,182	5,890	1,490	
Interest	499	522	524	539	546	561	555	549	2,084	2,210	550	
Other Income	460	641	587	616	611	834	735	756	2,305	2,936	700	
PBT before EO expense	3,285	3,882	8,340	7,225	4,398	4,527	9,734	9,152	22,733	27,811	4,373	
Extra-Ord expense	0	-3,074	0	26	0	0	0	0	-3,048	0	0	
PBT	3,285	6,956	8,340	7,200	4,398	4,527	9,734	9,152	25,781	27,811	4,373	
Tax	943	1,224	2,202	1,800	1,204	1,365	2,920	2,745	6,168	8,235	1,312	
Rate (%)	28.7	17.6	26.4	25.0	27.4	30.2	30.0	30.0	23.9	29.6	30.0	
Minority Interest & P/L of Asso. Cos.	-142	186	315	177	231	313	274	287	537	1,104	235	
Reported PAT	2,484	5,546	5,823	5,223	2,964	2,849	6,540	6,119	19,076	18,472	2,826	
Adj PAT	2,484	3,241	5,823	5,242	2,964	2,849	6,540	6,119	16,790	18,472	2,826	1
YoY Change (%)	11.7	94.1	28.8	25.5	19.3	-12.1	12.3	16.7	51.5	-3.2	-12.8	
Margins (%)	16.0	17.7	23.0	21.6	14.5	14.0	22.6	21.7	20.1	18.8	13.7	

Key Performance Indicators

Y/E March	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue Growth (%)										
Standalone	4.6	15.9	15.1	10.0	12.2	2.4	7.7	11.3	11.6	8.5
Subs	7.5	46.4	55.1	68.3	61.0	24.0	23.8	24.4	44.6	30.8
EBITDA Margin (%)										
Standalone	35.1	33.3	46.3	46.0	34.7	34.9	46.3	46.5	41.3	41.8
Subs	19.8	19.8	26.4	18.8	21.4	20.4	28.2	24.0	21.6	23.9
Cost Break-up										
F&B Cost (% of sales)	7.4	9.5	9.9	9.7	10.2	10.2	9.5	9.5	9.3	9.8
Staff Cost (% of sales)	29.7	28.6	22.9	24.3	29.3	29.0	20.9	21.6	25.8	24.5
Other Cost (% of sales)	33.9	34.4	29.3	30.7	32.3	32.9	31.5	31.8	31.7	32.1
Gross Margins (%)	92.6	90.5	90.1	90.3	89.8	89.8	90.5	90.5	90.7	90.2
EBITDA Margins (%)	29.0	27.5	38.0	35.3	28.2	27.9	38.1	37.1	33.2	33.6
EBIT Margins (%)	21.4	20.6	32.7	29.5	21.2	20.8	33.0	31.7	27.0	27.6

Bharti Hexacom

Estimate change



TP change



Rating change



Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	936.5 / 10.6
52-Week Range (INR)	2053 / 1225
1, 6, 12 Rel. Per (%)	11/5/29
12M Avg Val (INR M)	702

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Sales	94.4	106.8	119.8
EBITDA	50.5	60.9	71.6
Adj. PAT	18.6	26.8	34.8
Adj. EPS (INR)	37.2	53.5	69.7
EPS Gr. (%)	45.1%	43.9%	30.2%
BV/Sh. (INR)	145.8	179.3	219.0

Ratios

RoE (%)	28.1	32.9	35.0
RoCE (%)	16.9	24.2	31.8

Valuations

P/E (x)	50.3	34.9	26.8
P/BV (x)	12.8	10.4	8.5
EV/EBITDA (x)	19.5	15.8	13.1
Div. Yield (%)	1.1	1.6	2.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	70.0	70.0	70.0
DII	10.2	9.8	8.9
FII	3.9	4.3	5.1
Others	15.8	15.9	16.1

FII Includes depository receipts

CMP: INR1,869

TP: INR1,975 (+6%)

Neutral

Relatively weaker 2Q as subscriber base dips QoQ

- Bharti Hexacom (BHL) underperformed in 2QFY26, with customer wireless revenue growth of ~1.7% (vs. ~2.6% for Airtel) as its subscriber base declined. EBITDA (up 4% QoQ) was ~2% below our estimate as network opex remained high (up 11% YoY).
- Similar to Bharti, BHL's capex also surged in 2QFY26, which led to moderation in FCF generation to INR4.4b (vs. INR8.9b QoQ). Net debt (ex-leases) was broadly stable QoQ at INR28b (with leverage at modest 0.64x).
- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~25% premium to Bharti's India business (ex-Indus). We believe such a sharp premium is unjustified.
- We cut our FY26-28E EBITDA by ~1-2% and model a CAGR of ~12%/20% in BHL's revenue/EBITDA over FY25-28E, driven by ~15% tariff hike from Dec'25, ramp-up of FWA offerings and continued market share gains.
- We ascribe a DCF-based Dec'27E EV/EBITDA of 14.1x (~10% premium to our multiple for Bharti's India wireless business) to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR1,975.**

Weaker 2Q as wireless subscriber base declines and network opex remains elevated

- BHL's overall 2Q revenue at INR23.2b (+11% YoY) grew 2.4% QoQ, with customer revenue rising ~2% QoQ to INR22b.
- BHL's underlying sequential wireless revenue growth at 2.1% was weaker (vs. ~3% QoQ for Rjio, including FTTH and Airtel's India wireless) driven by subscriber base decline (pronounced seasonality in BHL circles).
- Reported EBITDA at INR12.1b (+21% YoY, +4% QoQ) came in 2% below our estimate due to higher network opex (+11% YoY, 9% higher).
- Reported EBITDA margin expanded ~85bp QoQ to 52.1% (+435bp YoY, 140bp below our est.).
- PAT at INR4.2b increased 8% QoQ (up 66% YoY), but was 5% below our estimate due to lower EBITDA and higher D&A.
- Similar to Bharti, BHL's overall capex surged QoQ to INR3.7b (still -18% YoY).
- BHL'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.
- BHL's net debt (ex-leases) was broadly stable at ~INR28.2b, with leverage ratio moderating to 0.64x (vs. 0.65x QoQ and 1.32x for Bharti India).
- For 1HFY26, BHL's revenue/EBITDA/adj. PAT grew 14%/26%/82%, driven by the full flow through of the Jun'24 tariff hikes.
- Based on our estimates, the implied revenue/EBITDA/adj. PAT growth run rate for 2HFY26 is 7%/16%/40%.

Wireless: Another quarter of weaker performance vs. Airtel

- BHL's wireless ARPU grew 1.8% QoQ (vs. 2.3% QoQ for Airtel) to INR251 (+10% YoY, our est. INR250), driven by better subscriber mix and one extra day QoQ.
- Paying subscriber base declined by 110k (vs. +17k QoQ and our est. +140k), resulting in ~10bp QoQ decline in BHL's share of Airtel's subs to 7.6%.
- Reported wireless revenue grew 2.1% QoQ (lower vs. ~3% QoQ for RJio/Bharti) to INR22.4b (+10% YoY, vs. our est. INR22.3b) due to weaker net adds. Underlying customer revenue growth was weaker at ~1.7% QoQ (+13% YoY).
- Wireless EBITDA at INR12.3b (+20% YoY, 2% below our estimates) was up ~3% QoQ (+3.5%/+4.2% QoQ RJio, including FTTH/Airtel) due to high network opex.
- Wireless EBITDA margin improved by ~40bp QoQ to 54.8% (+450bp YoY) vs. +90bp QoQ improvement for Airtel's India wireless business (60.3%).
- Incremental wireless EBITDA margins were robust at ~73% for BHL (vs. ~60%/94% for RJio/Bharti).

Key takeaways from the management interaction

- **Subscriber base decline:** BHL witnessed pronounced seasonality during the quarter, largely due to migration patterns and heavy monsoons across Rajasthan. This led to a marginal drop in customer base in 2Q. Management highlighted that the seasonality impact was a one-off event and 3Q has started on a strong note, with customer additions normalizing.
- **ARPU:** ARPU benefited from one additional day in the quarter and continued premiumization trends. The company continues to focus on data monetization and content-led packs, which are driving higher engagement.
- **Home Broadband (HBB):** HBB business sustained steady momentum, with record quarterly net additions. Management indicated that FWA plays a very important role in BHL circles and the share of customers sign-up for FWA remains high. HBB ARPU declined as newer customers signed up for low-end plans. However, increased preference for content-driven packs is leading to better customer acquisition as well as retention.
- **Capex:** The quarterly capex trends are impacted by seasonality and prioritization, but directionally capex should be trending downwards in FY26.
- **SG&A expenses:** There were certain one-offs in SG&A expenses and the trend going ahead should be similar to last two quarters' average rather than 2Q.

Valuation and view

- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~25% premium to Bharti's India business (ex-Indus)).
- We find such a sharp premium to Bharti's more diversified business to be too steep and do not find the risk-reward attractive for BHL shareholders. We continue to prefer Bharti over BHL.
- We cut our FY26-28E EBITDA by ~1-2% as we model higher network and other opex. We model a CAGR of ~12%/20% in BHL's revenue/EBITDA over FY25-28E,

driven by ~15% tariff hike from Dec'25, ramp-up of FWA offerings and continued market share gains.

- We ascribe a DCF-based Dec'27E EV/EBITDA of 14.1x (~10% premium to our multiple for Bharti's India wireless business) to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR1,975.**

Consolidated - Quarterly earnings summary

Y/E March	FY25				FY26E				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY25	FY26	FY26E	Est
Revenue	19,106	20,976	22,507	22,890	22,630	23,173	23,773	24,840	85,479	94,416	23,050	0.5
YoY Change (%)	13.6	20.7	25.0	22.5	18.4	10.5	5.6	8.5	20.6	10.5		
Total Expenditure	10,348	10,957	10,990	11,212	11,023	11,092	10,861	10,917	43,507	43,892	10,705	3.6
EBITDA	8,758	10,019	11,517	11,678	11,607	12,081	12,912	13,923	41,972	50,523	12,344	-2.1
YoY Change (%)	5.5	21.3	39.2	33.0	32.5	20.6	12.1	19.2	49.1	53.5		
Depreciation	4,957	5,361	5,315	5,312	5,273	5,543	5,598	5,576	20,945	21,990	5,405	2.6
Net Finance cost	1,615	1,754	1,802	1,712	1,541	1,509	1,479	1,410	6,883	5,939	1,510	-0.1
Other Income	399	491	450	478	475	612	550	613	1,818	2,250	500	22.4
PBT before EO expense	2,585	3,395	4,850	5,132	5,268	5,641	6,385	7,550	15,962	24,844	5,929	-4.9
Extra-Ord expense	-3,183	0	1,057	0	0	0	0	0	-2,126	0	0	
PBT	5,768	3,395	3,793	5,132	5,268	5,641	6,385	7,550	18,088	24,844	5,929	-4.9
Tax	656.0	864.0	1,184.0	448.0	1,352.0	1,429.0	1,607.1	1,900.4	3,152.0	6,253.3	1,492.4	-4.3
Rate (%)	11.4	25.4	31.2	8.7	25.7	25.3	25.2	25.2	17.4	25.2		
Reported PAT	5,112	2,531	2,609	4,684	3,916	4,212	4,778	5,650	14,936	18,591	4,437	-5.1
Adj PAT	1,929	2,531	3,666	3,802	3,916	4,212	4,778	5,650	12,810	18,591	4,437	-5.1
YoY Change (%)	-23.8	112.8	72.4	70.8	103.0	66.4	30.3	48.6	58.7	45.1		

E: MOFSL Estimates

We ascribe a TP of INR1,975 to BHL

	Valuation base (INR b)	Multiple (X)		Valuation	
	Dec'27E EBITDA	EBITDA	Other	(INR b)	(INR/sh)
BHL					
Mobility	68	14.1	DCF implied	956	1,912
Homes and offices	4	14.1		53	105
BHL EV	69	14.6		1,009	2,017
Net debt (including leases)				31	62
Dividends				10	20
BHL equity value				988	1,975

Suzlon Energy

Estimate change



TP change



Rating change



Bloomberg	SUEL IN
Equity Shares (m)	13709
M.Cap.(INRb)/(USDb)	822.4 / 9.3
52-Week Range (INR)	74 / 46
1, 6, 12 Rel. Per (%)	7/2/-16
12M Avg Val (INR M)	4684

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	171.4	231.6	271.6
EBITDA	29.6	42.5	49.3
Adj. PAT	18.8	29.6	33.9
EPS (INR)	1.4	2.2	2.5
EPS Gr. (%)	27.1	57.9	14.2
BV/Sh.(INR)	6.4	8.5	11.0

Ratios

ND/Equity	-0.3	-0.4	-0.5
ND/EBITDA	-1.0	-1.0	-1.5
RoE (%)	25.3	29.1	25.3
RoIC (%)	12.2	15.0	15.2

Valuations

P/E (x)	43.8	27.7	24.3
EV/EBITDA (x)	26.8	18.4	15.2

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	11.7	11.7	13.3
DII	10.2	10.2	9.0
FII	22.7	23.0	23.7
Others	55.4	55.1	54.0

CMP: INR60
TP: INR74 (+23%)
Buy

Strong 2Q; on track to meet FY26 guidance

- Suzlon Energy's (SUEL) consolidated revenue came in at INR38.7b, exceeding our estimates by 39% (higher than expected deliveries), while EBITDA was 71% above our estimates at INR7.2b.
- SUEL delivered a strong 2QFY26 performance with deliveries coming in significantly above our and street expectations. Key positives for us from the conference call were: 1) management reiterated its confidence in a strong new order outlook, given the guidance of 6/8 GW of wind installations in India in FY26/27, 2) SUEL now has a tax shield for PBT up to INR50b (meaning no cash taxes at least until the end of FY27, on our estimates) and a potential to create additional deferred tax assets given the historical losses, and 3) SUEL outlined an execution pipeline of 1.8GW for FY26, which reaffirms its confidence in delivery guidance of 2.5 GW for FY26.
- Following the conference call, we raise our FY26 estimates by 8%, mainly to account for a lower tax rate in 1HFY26. We continue to build in deliveries of 2.5/3.4 GW in FY26/27, respectively (unchanged). We lower the valuation multiple to 30x (35x earlier), but reiterate BUY with a revised TP of INR74/share (based on FY28 EPS).

Strong beat driven by higher WTG deliveries and margin expansion

Financial performance:

- SUEL's consolidated revenue came in at INR38.7b (+84% YoY, +24% QoQ), exceeding our estimates by 39% on account of higher-than-expected WTG deliveries of 565MW (~55% higher than our estimates).
- EBITDA was 71% above our estimates at INR7.2b (+145% YoY, +20% QoQ), driven by a higher-than-expected EBITDA margin of 19%.
- APAT exceeded our estimates by 182% and stood at INR5.6b (+179% YoY, +73% QoQ).
- SUEL's reported PAT was INR12.7b, which includes a deferred tax asset creation of ~INR7b during the quarter.

Operational performance:

- The WTG order book stood at 6.2GW (20% EPC and 80% Non-EPC).
- The segment mix comprised 51% C&I/Captive/Retail, 34% Auctions, and 14% PSU orders.
- WTG deliveries reached 565MW in 2QFY26 (vs. 256MW in 2QFY25 and 444MW in 1QFY26).
- A total of 270MW of WTGs were installed during the quarter, with an additional 568MW erected, bringing the overall tally to 838MW.
- Renom's AUM stood at 3,293MW as of 2QFY26.
- Net worth stands at INR78.6b.

Highlights of 2QFY26 performance

- SUEL achieved record deliveries of 565MW in 2QFY26, the highest quarterly deliveries in over 30 years of India's wind industry.
- The company's 4.5GW manufacturing capacity is now fully operational and ramped up to support the current execution pipeline.
- SUEL commissioned 270MW in 1HFY26, supported by an execution pipeline of 1,865MW across 39 sites nationwide.
- The forging business reported a 53% YoY revenue growth in 1HFY26. EBITDA margin expanded to 19.5% in 1HFY26, almost doubling from 1HFY25, due to strong cost control measures.
- In 2QFY26, revenue reached INR38.7b (+75% YoY) for the quarter, while EBITDA came in at INR7.2b (+145% YoY, EBITDA margin at 18.6%).
- PBT stood at INR5.6b (+117% YoY). Addition of INR7.2b in DTA lifted PAT to INR12.8b. Cumulative DTA now totals INR12.3b, providing a tax shield of ~INR50b on future profits.
- The company reaffirmed its FY26 guidance of 60% YoY growth across revenue and EBITDA.
- The total order book exceeded 6GW by the end of 2QFY26, with more than 2GW of new orders secured in 1HFY26. The current OB remains unaffected by recent PPA cancellations.
- SUEL is focusing on acquiring land for projects (7.5GW of projects already acquired). This provides an edge in EPC contracts and greater control over execution. More EPC contracts are expected to be announced from 4QFY26 onwards.
- Current OB mix: 61% C&I, 14% PSU, and the remainder from bidding. The company aims to increase the share of the EPC business, targeting a shift from the current 20:80 mix to 50:50 by FY28.
- The company is exploring export opportunities, with its first export order expected early next year. Exports will be on a supply-only basis, and no EPC, due to associated risks. The O&M business manages over 15GW of assets with above 95% fleet availability. Renom is set for further expansion.
- EBITDA margin in the O&M segment is guided at 40% going forward.
- Management does not anticipate any visible risk from BESS projects, as maintaining an economic tariff of ~INR4.7/unit requires the inclusion of wind in an FDRE project, vs. INR6.5/unit in Solar + BESS only.

Valuation and view

- We arrive at our TP of INR74 by applying a target P/E of 30x to FY28E EPS. This is close to its historical average two-year fwd P/E of 27x.

Consolidated performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)	(%)	(%)
Net Sales	20,216	21,034	29,748	37,899	31,317	38,708	46,321	55,084	108,897	171,430	27,852	39	84	24
YoY Change (%)	50%	48%	91%	73%	55%	84%	56%	45%	67%	57%	32%			
Total Expenditure	16,515	18,092	24,753	30,965	25,327	31,499	38,066	46,929	90,325	141,821	23,627	33	74	24
EBITDA	3,701	2,942	4,995	6,935	5,991	7,208	8,254	8,155	18,572	29,609	4,225	71	145	20
Margin (%)	18%	14%	17%	18%	19%	19%	18%	15%	17%	17%	15%			
Depreciation	458	544	662	928	702	752	840	1,066	2,592	3,361	840	-10	38	7
Interest	445	560	695	847	1,031	1,097	1,006	891	2,548	4,025	1,006	9	96	6
Other Income	228	179	275	353	335	266	299	296	1,034	1,195	296	-10	49	-21
PBT before EO expense	3,025	2,016	3,913	5,512	4,592	5,625	6,707	6,494	14,466	23,418	2,675			
Extra-Ord income/(exp.)	0	0	0	5,999	0	7,182	0	0	5,999	7,182	0			
PBT	3,025	2,016	3,913	11,512	4,592	12,807	6,707	6,494	20,465	30,600	2,675	379	535	179
Tax	2	10	36	-298	1,349	12	1,677	1,552	-251	4,590	669			
Rate (%)	0%	0%	1%	-3%	29%	0%	25%	24%	-1%	15%	25%			
Share of JV & associates	0	0	0	0	0	0	0	0	0	0	0			
Minority Interest	0	4	8	-12	0	0	13	40	0	54	13			
Reported PAT	3,023	2,002	3,869	11,822	3,243	12,794	5,017	4,902	20,716	25,956	1,993	542	539	294
Adj PAT	3,025	2,012	3,905	5,823	3,243	5,613	5,017	4,902	14,717	18,774	1,993	182	179	73
YoY Change (%)	226%	46%	92%	108%	7%	179%	28%	-16%	106%	28%	-1%			
Margin (%)	15.0	9.6	13.1	15.4	10.4	14.5	10.8	8.9	13.5	11.0	7.2			

Valuation table

Valuation		
EPS- FY28	INR	2.5
Valuation multiple	(x)	30
Target Price	INR	74
CMP	INR	60
Upside / (Downside)	%	24%

Source: MOFSL

One 97 Communications

Estimate change



TP change



Rating change



Bloomberg	PAYTM IN
Equity Shares (m)	639
M.Cap.(INRb)/(USDb)	810.4 / 9.1
52-Week Range (INR)	1324 / 652
1, 6, 12 Rel. Per (%)	6/47/62
12M Avg Val (INR M)	6249

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Revenue from Op	69.0	83.5	98.2
Contribution Profit	36.8	49.8	61.7
Adjusted EBITDA	(6.9)	7.1	12.8
EBITDA	(15.1)	5.6	11.3
PAT	(6.7)	6.4	12.7
EPS (INR)	(23.3)	13.1	19.0
EPS Gr. (%)	NM	NM	45.5

Ratios

Contribution Margin (%)	53.3	59.7	62.9
EBITDA Margin (%)	(21.9)	6.7	11.5
Adj. EBITDA Margin (%)	(10.0)	8.5	13.0
RoE (%)	(10.5)	5.6	8.1
RoA (%)	(7.7)	3.7	5.0

Valuations

P/E(X)	NA	97.0	66.6
P/BV (X)	5.4	5.3	5.3
P/Sales (X)	11.7	9.9	8.6

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	20.0	15.8	8.5
FII	51.7	54.9	55.5
Others	28.4	29.3	36.0

FII includes depository receipts

CMP: INR1268
TP: INR1,200 (-5%)
Neutral

Healthy performance; GMV growth on track

Revenue slightly ahead of our estimate; one-off loss hurts profitability

- One 97 Communications (Paytm) reported a strong operational performance with adj. net profit of INR2.1b (vs. our estimate of INR1.3b). However, its reported PAT stood at INR210m due to a one-time impairment of INR1.9b on its loan to JV First Games.
- Paytm's revenue performance remained robust, growing 24% YoY / 8% QoQ to INR20.6b (3% ahead of our estimates), driven by healthy trends across both payments and financial services.
- Payment revenue grew 21% YoY / 10% QoQ to INR11.5b, aided by higher merchant activity, a festive season uptick in EMI-based transactions, and strong traction in device deployment.
- Financial services revenues surged 63% YoY / 9% QoQ to INR6.1b, supported by sustained momentum in merchant loans and lending partnerships.
- Net payment margin improved 12% QoQ (up 28% YoY) to INR5.9b/10bp of GMV vs. 10bp in 1QFY26. However, the contained DLG costs led to a 5% QoQ growth in contribution profit to INR12.1b (up 35% YoY, largely in line).
- We marginally raise our contribution margin assumptions for Paytm, driven by stronger revenue traction and prudent opex control. Despite the one-off impairment charge in 2Q, we maintain our profitability estimates. We project a PAT of INR6.4b in FY26 and INR12.7b in FY27. **We value Paytm at INR1,200, based on 22x FY30E EBITDA discounted to FY27E, translating into 8.2x FY27E sales. We reiterate our NEUTRAL rating on the stock.**

Merchant expansion on track; AI capabilities contributing to cost control

- Paytm reported an adj. net profit of INR2.1b (vs. our estimate of INR1.3b). Reported PAT came in at INR210m (as the company has taken a one-time charge of full impairment). GMV increased by 28% YoY/ 6% QoQ at INR5.7t.
- Revenue grew by 24% YoY/ 8% QoQ to INR20.6b (3% beat), aided by growth in payment and financial services (up 33% YoY/ 9% QoQ), while payments revenue grew by 21% YoY/ 10% QoQ.
- Revenue from marketing services declined 25% YoY and 8% QoQ to INR2.3b.
- The payment processing margin was comfortably above the guided range of 3bp. Paytm continues to see an improvement in payment processing margin amid the higher growth of credit cards on UPI and other offerings such as EMI. Net payment margin expanded 28% YoY/12% QoQ to INR5.9b/10bp vs. 10bp in 1Q.
- Management highlighted AI as a key growth and efficiency lever, driving sharper cross-sell opportunities, cost optimization, and deeper merchant engagement. AI-led automation across sales and risk functions is expected to structurally improve operating metrics over time.
- Direct expenses grew 12% QoQ (up 12% YoY, largely in line), amid lower DLG cost. Contribution profit rose 5% QoQ (up 35% YoY), with the contribution profit margin standing at 58.5% (vs. 58.7% in 1QFY26). EBITDA was INR1.8b (vs. our estimated loss of INR1.3b). This was aided by contained opex and a healthy revenue. ESOP costs were lower at INR350m vs. our estimate of INR540m.

Highlights from the management commentary

- GMV growth has been margin-accretive, with gains in both consumer and merchant market share alongside improving economics. If UPI grows at 20%, Paytm expects its GMV growth to surpass that level.
- The postpaid opportunity is large, though it is currently at a nascent stage. The company expects strong growth as it expands consumer adoption and bank partnerships. The business benefits from high throughput and lower cost of capital.
- Market share in credit card-linked UPI has increased. The company foresees subscription revenue eventually being overtaken by MDR-based revenue.
- Indirect expenses have declined and are expected to remain range-bound in 2H. Marketing and software expenses have improved. The company plans to invest selectively in sales personnel while optimizing other cost areas.

Valuation and view: Reiterate NEUTRAL with a TP of INR1,200

- Paytm delivered a healthy quarter, largely in line with estimates, supported by robust revenue growth and disciplined cost management, resulting in a strong adjusted profit.
- It continues to make steady progress toward sustainable profitability, aided by its cost control measures and improving operating leverage, translating into better EBITDA margins, while GMV growth remains consistent.
- Contribution margin stood at a healthy 58.5%, and momentum in the financial services segment is expected to remain strong amid improving tailwinds in unsecured lending and the relaunch of Paytm Postpaid.
- AI-led differentiation remains a key strategic pillar, with Paytm leveraging its technology stack to enhance distribution, cross-sell opportunities, and merchant-level monetization efficiency. Postpaid business offers a large scalable opportunity, as Paytm deepens consumer adoption by leveraging its prior experience and strong data insights in credit origination.
- With a robust cash balance of INR167b, the company maintains ample flexibility to fund growth initiatives and potential international expansion, which could start contributing meaningfully over the medium term (2–3 years).
- We marginally raise our contribution margin assumptions for Paytm, driven by stronger revenue traction and prudent opex control. Despite the one-off impairment charge in 2Q, we maintain our profitability estimates. We project a PAT of INR6.4b in FY26 and INR12.7b in FY27. **We value Paytm at INR1,200, based on 22x FY30E EBITDA discounted to FY27E, translating into 8.2x FY27E sales. We reiterate our NEUTRAL rating on the stock.**

Quarterly Performance

	FY25				FY26E				FY25	FY26E	FY26E	(INR b) V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Payment Services to Consumers	0.8	0.9	0.9	1.0	1.0	1.1	1.5	2.2	3.6	5.8	1.4	-0.2
Payment Services to Merchants	8.0	8.6	9.1	9.5	9.5	10.4	10.6	10.5	35.2	40.9	9.7	0.1
Financial Services and Others	2.8	3.8	5.0	5.5	5.6	6.1	6.4	6.7	17.0	24.8	6.2	-0.0
Payment and Financial Services	11.6	13.2	15.1	15.9	16.1	17.6	18.4	19.4	55.8	71.4	17.3	0.0
% Change (Y-o-Y)	-39.3	-36.2	-34.2	-14.4	37.9	32.9	22.5	21.9	-31.3	28.0	31.1	0.1
Commerce and Cloud Services	3.2	3.0	2.7	2.7	2.5	2.3	2.4	2.4	11.6	9.5	2.3	-0.0
Revenue from Operations	15.0	16.6	18.3	19.1	19.2	20.6	21.3	22.3	69.0	83.5	20.1	0.0
% Change (Y-o-Y)	-35.9	-34.1	-35.9	-15.7	27.7	24.2	16.6	16.9	-30.9	21.0	21.2	0.1
Direct Expenses	7.5	7.7	8.7	8.4	7.7	8.6	8.6	8.8	32.2	33.7	8.3	0.0
Contribution Profit	7.5	8.9	9.6	10.7	11.5	12.1	12.7	13.5	36.8	49.8	11.8	0.0
% Change (Y-o-Y)	-42.1	-37.3	-36.9	-16.7	52.5	35.0	32.4	25.9	-33.6	35.5	32.0	0.1
Indirect Expenses	13.0	10.8	10.0	9.9	10.5	10.3	10.9	11.0	43.7	42.7	10.5	-0.0
Adjusted EBITDA	-5.5	-1.9	-0.4	0.8	1.0	1.8	1.8	2.5	-6.9	7.1	1.3	0.3
EBITDA	-7.9	-4.0	-2.2	-0.9	0.7	1.4	1.5	2.0	-15.1	5.6	0.8	
Adj. PAT	-8.4	-4.2	-2.1	-0.2	1.4	2.1	2.2	2.8	-14.9	8.5	1.3	
PAT	-8.4	9.3	-2.1	-5.4	1.2	0.2	2.2	2.8	-6.7	6.4	1.3	
Profitability												-
Contribution Margin (%)	50.3	53.9	52.5	56.1	60.1	58.5	59.6	60.4	53.3	59.7	58.7	
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	5.3	8.6	8.6	11.2	-10.0	8.5	6.5	
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	3.7	6.9	6.8	9.0	-21.9	6.7	3.8	

E: MOFSL Estimates

Quarterly Snapshot

Profit and Loss (INR m)	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Payment and Financial Services	11,640	13,220	15,050	15,910	16,050	17,570	33	9
Financial Services and Others	2,800	3,760	5,020	5,450	5,610	6,110	63	9
Commerce and Cloud Services	3,210	3,020	2,670	2,670	2,470	2,280	-25	-8
Total revenue from Operations	15,010	16,600	18,280	19,115	19,175	20,620	24	8
Direct Expenses	7,461	7,660	8,690	8,390	7,660	8,550	12	12
Contribution Profit	7,549	8,940	9,590	10,725	11,515	12,070	35	5
Indirect Expenses	13,010	10,800	10,000	9,920	10,497	10,300	-5	-2
Adjusted EBITDA	-5,461	-1,860	-410	805	1,018	1,770	NA	74
ESOP Expense	2,470	2,180	1,820	1,690	300	350	-84	17
EBITDA	-7,931	-4,040	-2,230	-885	718	1,420	NA	98
Depreciation and Amortization	1,780	1,790	1,650	1,500	1,660	1,370	-23	-17
Other Income	1,380	1,750	1,890	2,240	2,414	2,220	27	-8
PBT	-8,381	-4,070	-2,030	-185	1,432	2,210	NA	54
Tax	20	90	50	30	40	100	11	150
Adj. PAT	-8,401	-4,160	-2,080	-215	1,392	2,110	NA	52
PAT	-8,401	9,290	-2,080	-5,435	1,225	210	NA	-83
Key Metrics (INR b)								
GMV (INRt)	4.3	4.5	5.0	5.1	5.4	5.7	28	6
MTU (average over the period; m)	78.0	71.0	70.0	72.0	74.0	75.0	6	1
Registered Merchants (m)	41.2	42.0	43.0	44.0	45.0	47.0	12	4
Payment Devices (m)	10.9	11.2	11.7	12.4	13.0	13.7	22	5
Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
Payment processing charges % of GMV (%)	0.12	0.12	0.11	0.10	0.11	0.11	-1	0
Net Payment Margin as % of GMV, bp	8.99	10.40	9.70	11.33	9.81	10.42	2	61
Net Payment Margin (%)	43.3	49.2	48.8	55.3	50.8	51.8	268	107
Direct Expense % of Revenues	49.7	46.1	47.5	43.9	39.9	41.5	-468	152
Contribution Margin (%)	50.3	53.9	52.5	56.1	60.1	58.5	468	-152
Indirect Expense % of Revenues	86.7	65.1	54.7	51.9	54.7	50.0	-1,511	-479
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	5.3	8.6	NA	327
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	3.7	6.9	NA	NA
PAT Margin (%)	-56.0	-25.1	-11.4	-1.1	7.3	10.2	NA	NA

E: MOFSL Estimates

Tube Investments of India

Estimate changes

TP change

Rating change



Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USD\$)	579 / 6.5
52-Week Range (INR)	4515 / 2400
1, 6, 12 Rel. Per (%)	-7/-2/-38
12M Avg Val (INR M)	1090

Consol. Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Sales	85.0	93.7	102.3
EBITDA	10.7	12.1	13.2
Adj. PAT	8.4	9.4	10.3
EPS (INR)	43.2	48.6	53.2
EPS Gr. (%)	12.0	12.5	9.5
BV/Sh. (INR)	307.5	350.1	396.4

Ratios

RoE (%)	15.0	14.8	14.3
RoCE (%)	19.2	19.1	18.5
Payout (%)	11.6	12.3	13.2

Valuations

P/E (x)	11.5	10.3	9.4
P/BV (x)	1.6	1.4	1.3
Div. Yield (%)	1.0	1.2	1.4
FCF Yield (%)	0.7	0.8	0.9

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	44.1	44.1	45.0
DII	18.2	17.2	15.2
FII	25.4	26.3	28.4
Others	12.3	12.4	11.5

FII Includes depository receipts

CMP: INR2,993 TP: INR3,680 (+23%)

Buy

Beat on margins across key segments

GST rate cuts and ramp-up of new plants to drive growth

- Tube Investments' (TIINDIA) 2QFY26 PAT at INR1.86b came in line with our estimate of INR1.78b, even as EBITDA margin at 13.1% was ahead of our estimate of 12.2%. While the engineering business margin was in line, all other segments posted better-than-expected margins.
- We expect standalone revenue to pick up in the coming quarters, led by supplies to a new Hyundai Pune plant that is likely to commercialize from Oct'25, the ramp-up of a new CRSS plant, and the execution of a Railways order. Adjusted for stakes in CG Power and Shanti Gears, the standalone business is attractively valued at 11.5x/10.3x FY26E/FY27E EPS. **We reiterate our BUY rating with a TP of ~INR3,680 (premised on Sep'27E SoTP; our valuation is based on 26x PER for the standalone business, valuing the listed subsidiaries at a 30% HoldCo discount).**

Earnings in line, while margins beat our estimates

- TIINDIA's revenue rose 2.6% YoY to INR21.2b (in line). Revenue from mobility/ engineering/metal formed grew 15.7%/4.4%/1% YoY, respectively. The others segment, however, posted a 6.7% YoY dip in revenue in 2Q.
- EBITDA margin improved 120bp YoY (+80bp QoQ) to 13.1% and was above our estimate of 12.2%. While the engineering business margin was in line with estimates, all other segments posted better-than-expected margins.
- EBITDA grew 12.4% YoY to INR2.8b (v/s estimate of INR2.6b).
- **Segmental EBIT performance:** Mobility margins continued to be positive and stood at 2.2% (est. of 1.5%). Conversely, the Engineering business and metal formed division posted a margin contraction of 40bp YoY each to 11.9% (est. of 12%) and 10.9% (est. of 10.2%), respectively.
- Other income was below our estimates at INR229m (estimate INR250m).
- Hence, PAT at INR1.87b came in line with our estimate of INR1.78b, marking an 11.3% YoY increase.
- Tube investments' operating cash flow came in at INR3.8b, with capex of INR1.3b undertaken for 1HFY26. Consequently, FCF for TII was at INR2.5b.
- Revenue/EBITDA/PAT for 1HFY26 grew ~3%/ 8%/10% YoY to INR41.2b/ INR5.2b/INR3.5b. For 2HFY26, we expect these metrics to rise 13%/15%/ 14% to INR43.8b/INR5.5b/INR4.8b.

Highlights from the management commentary

- The railway order at the Metal Formed division, which was expected to be commissioned by 4QFY26, is likely to see a delay of one quarter due to a lack of readiness among other suppliers.
- The mobility business' revenue grew by a healthy ~16% YoY to INR1.9b in Q1. Growth was primarily led by a focus on premium and specialized bikes, the launch of e-bikes, and increased traction in the fitness and leisure segment. Management expects the growth momentum to sustain, which is likely to help sustain margins as well.

- Aided by a new model launch in the cargo EV segment, management expects the 3W EV segment to see a ramp-up from 4Q onwards.
- In TI Medical, management expects recovery from November–December 2025, aided by new product introductions. A growth target of 15% for the near term was maintained, with 25% CAGR over the long term as new verticals are launched beyond sutures.
- For FY26, capex for the base business is expected to be at INR3-4b. They would look to invest about INR4b between their CDMO business and TI Medical, and INR2-3b will be earmarked for potential M&A opportunities in adjacent sectors.

Valuation and view

- TIINDIA offers diversified revenue streams, with healthy growth in the core business (~11% S/A PAT CAGR over FY25E-28E), growth in CG Power, and the optionality of new businesses incubated under the TI-2 strategy.
- Adjusted for stakes in CG Power and Shanti Gears, the standalone business is attractively valued at 11.5x/10.3x FY26E/FY27E EPS. **We reiterate our BUY rating with a TP of ~INR3,680 (premised on Sep'27E SoTP; our valuation is based on 26x PER for the standalone business, valuing the listed subsidiaries at a 30% HoldCo discount).**

Quarterly performance (S/A)

Y/E March	FY25				FY26E				FY25	FY26E	2QE	VAR.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				(%)
Net Sales	19,603	20,648	19,102	19,573	20,066	21,190	20,973	22,804	78,925	85,032	21,342	-0.7
YoY Change (%)	10.1	4.8	0.6	-0.3	2.4	2.6	9.8	16.5	3.7	7.7	3.4	
EBITDA	2,400	2,460	2,431	2,280	2,474	2,765	2,688	2,780	9,606	10,707	2,600	6.3
Margins (%)	12.2	11.9	12.7	11.6	12.3	13.1	12.8	12.2	12.2	12.6	12.2	90bp
Depreciation	386	407	432	463	450	474	485	501	1,688	1,911	460	
Interest	72	69	54	52	37	16	20	17	247	90	40	
Other Income	137	261	175	1,502	234	229	200	1,567	2,075	2,230	250	-8.4
PBT before EO expense	2,079	2,245	2,120	3,267	2,221	2,504	2,383	3,828	9,745	10,936	2,350	6.6
Tax	534	567	512	664	540	637	573	821	2,277	2,570	565	
Tax Rate (%)	25.7	25.3	24.2	20.3	24.3	25.4	24.0	21.4	23.4	23.5	24.0	
Adj PAT	1,545	1,678	1,607	2,603	1,681	1,868	1,811	3,007	7,468	8,366	1,786	4.6
YoY Change (%)	4.6	-7.5	2.1	5.0	8.8	11.3	12.7	15.5	1.7	12.0	6.4	

E: MOFSL Estimates

JK Cement

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USD\$)	446.3 / 5
52-Week Range (INR)	7566 / 3891
1, 6, 12 Rel. Per (%)	-11/7/28
12M Avg Val (INR M)	670

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	136.3	155.9	173.5
EBITDA	24.8	31.0	35.7
Adj. PAT	11.3	14.5	16.8
EBITDA Margin (%)	18.2	19.9	20.5
Adj. EPS (INR)	146.1	187.9	217.1
EPS Gr. (%)	41.1	28.6	15.6
BV/Sh. (INR)	919	1,087	1,284

Ratios

Net D:E	0.7	0.8	0.6
RoE (%)	17.1	18.7	18.3
RoCE (%)	11.4	12.4	12.4
Payout (%)	10.3	10.6	9.2

Valuations

P/E (x)	39.5	30.8	26.6
P/BV (x)	6.3	5.3	4.5
EV/EBITDA(x)	19.4	15.9	13.9
EV/ton (USD)	153	157	132
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	(1.4)	(1.5)	2.8

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	45.7	45.7	45.7
DII	21.8	23.1	22.5
FII	18.6	17.5	17.5
Others	14.0	13.7	14.3

FII Includes depository receipts

CMP: INR5,776 TP: INR7,000 (+21%) Buy

Earnings in line; capacity expansion on track

Near-term pricing pressure expected to ease going forward

- JK Cement's (JKCE) 2QFY26 earnings were in line with our estimates, with EBITDA growing ~57% YoY to INR4.5b. EBITDA/t surged ~37% YoY to INR894 (vs. est. INR934). OPM expanded 3.7pp YoY to ~15% (vs. ~16% est.). Adj. PAT surged 4.5x YoY to INR1.6b (in line), albeit on a low base.
- Management highlighted that volume growth in 2Q was led by the central and south markets, while the north region remained flat. Cement prices remain under pressure in the current month; however, this is expected to ease going forward. Further, the company intends to pass on any future cost increases through price adjustments. JKCE is targeting cost savings of INR150-200/t, with INR75-90/t expected in FY26/FY27 (each). The 6mtpa capacity expansion is at an advanced stage and is expected to be commissioned in the coming months. Following the announcement of the Jaisalmer greenfield expansion during the quarter, capex guidance for FY26 has been raised to INR28b (earlier estimated INR20b).
- We cut our EBITDA estimate by ~6%/3% for FY26/FY27, reflecting higher opex/t due to increased spending on dealer networking, branding, and other expenses. EBITDA for FY28 is maintained. We value JKCE at 18x Sep'27E EV/EBITDA to arrive at our revised TP of INR7,000. Reiterate BUY.

Grey cement volume/realization increases ~16%/3% YoY

- JKCE's consolidated revenue/EBITDA/PAT stood at INR30.2b/INR4.5b/INR1.6b (+18%/+57%/+347% YoY and +3%/-3%/-2% vs. our estimate). Sales volume grew ~14% YoY (in line). Grey/white cement volume rose ~16%/5% YoY.
- Blended realization increased 3%/1% YoY/QoQ. Grey cement realization rose 3% YoY (dipped 2% QoQ). White cement realization increased 8%/3% YoY/QoQ. Other operating income/t stood at INR183 vs. INR161 YoY. Opex/t declined 1% YoY (+2% vs. estimate), led by a 1% decline in variable/freight cost/other expenses (each).
- In 1HFY26, revenue/EBITDA/adj PAT stood at INR63.7b/INR11.3b/INR4.8b, rising ~19%/47%/119% YoY. OPM expanded 3.5pp YoY to ~18%. EBITDA/t grew ~28% YoY to INR1,070. OCF stood at INR5.1b vs. INR3.0b in 1HFY25. Capex stood at INR10.1b vs. INR7.5b. Net cash outflow stood at INR6.5b (including INR1.5b spent on acquiring a stake in Saifco Cements) vs. INR4.4b in 1HFY25.

Highlights from the management commentary

- Major maintenance work on three kilns/cement mills, along with annual dealer conferences and branding initiatives, led to higher other expenses. This resulted in an additional cost impact of INR100/t.
- Incentive is expected to be marginally lower in FY26 due to the new GST reform. Incentives from the Bihar project are expected to start flowing in FY27, and from the Jaisalmer project (partially) in FY28.

- Recently, Toshali Cement received approval for its merger. However, the mining lease has not yet been granted, and the company is pursuing a long-term arrangement (20-25 years) with a mechanized pricing formula.

Valuation & view

- JKCE's earnings were in line with our estimates. However, the sharp increase in opex/t QoQ due to higher maintenance and branding expenses led to a decline in profitability. We expect normalcy in other expenses in the coming quarters and an improvement in profitability. It is committed to the timely completion of its expansion plans, which are likely to continue driving higher volume growth.
- We expect its revenue/EBITDA/profits to post a CAGR of 13%/21%/30% over FY25-28E. We estimate EBITDA/t at INR1,089/INR1,183/INR1,225 vs. INR1,012 in FY25. We estimate RoE at ~18-19% and ROCE at ~12% in FY27-28. The stock trades at 16x/14x FY27E/FY28E EV/EBITDA. We value JKCE at 18x Sep'27E EV/EBITDA (at a premium to its long-term average) to arrive at our revised TP of INR7,000. Reiterate BUY.

Consolidated quarterly performance

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Net Sales	28.1	25.6	29.3	35.8	33.5	30.2	32.3	40.3	118.8	136.3	29.4	3
YoY Change (%)	1.6	(7.0)	(0.2)	15.3	19.4	17.9	10.1	12.5	2.8	14.7	14.8	
Total Expenditure	23.2	22.8	24.4	28.2	26.6	25.7	26.6	32.4	98.5	111.4	24.8	4
EBITDA	4.9	2.8	4.9	7.6	6.9	4.5	5.6	7.9	20.3	24.8	4.6	(3)
YoY Change (%)	19.2	-39.2	-21.3	36.6	41.4	57.3	14.2	2.8	-1.6	22.5	57.3	
Margin (%)	17.3	11.1	16.8	21.4	20.5	14.8	17.4	19.5	17.1	18.2	15.6	(84)
Depreciation	1.5	1.5	1.5	1.6	1.5	1.5	1.6	1.9	6.0	6.4	1.5	0
Interest	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.2	4.6	4.5	1.1	(4)
Other Income	0.4	0.4	0.4	0.5	0.6	0.5	0.5	0.5	1.7	2.1	0.3	82
PBT before EO expense	2.7	0.5	2.8	5.4	4.9	2.4	3.4	5.3	11.4	16.1	2.3	6
Extra-Ord. expense	-	(1.0)	-	-	-	-	-	-	(1.0)	-	-	
PBT	2.7	1.6	2.8	5.4	4.9	2.4	3.4	5.3	12.4	16.1	2.3	6
Tax	0.9	0.2	0.9	1.7	1.6	0.8	0.9	1.4	3.7	4.8	0.6	
Profit from associate and MI	(0.0)	0.1	(0.0)	0.0	(0.0)	(0.0)	-	-	0.1	(0.0)	-	
Rate (%)	32.3	12.2	32.1	32.5	33.7	34.5	26.0	26.6	29.8	29.8	28.0	
Reported PAT	1.9	1.3	1.9	3.6	3.2	1.6	2.5	3.9	8.6	11.3	1.6	(2)
Adj. PAT	1.9	0.4	1.9	3.6	3.2	1.6	2.5	3.9	7.7	11.3	1.6	(2)
YoY Change (%)	49.3	(80.0)	(33.3)	69.1	75.1	346.8	34.6	8.1	(3.7)	46.4	358.2	
Margin (%)	6.6	1.4	6.5	10.1	9.7	5.3	7.9	9.7	6.5	8.3	5.6	

Consolidated quarterly performance

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Grey Cement (mt)	4.3	3.8	4.3	5.5	5.1	4.4	4.8	6.2	17.9	20.5	4.4	2
Growth (%)	5.6	(2.5)	3.5	16.8	16.7	15.6	11.4	13.8	6.3	14.3	14.5	
As a percentage of total volume	89.5	87.8	88.2	90.1	90.2	88.8	89.2	90.9	89.0	89.9	88.4	
White Cement (mt)	0.5	0.5	0.6	0.6	0.5	0.6	0.6	0.6	2.2	2.3	0.6	(1)
Growth (%)	(3.6)	(11.8)	5.9	14.3	8.7	5.5	1.2	3.8	0.8	4.7	7.1	
As a percentage of total volume	10.5	12.2	11.8	9.9	9.8	11.2	10.8	9.1	11.0	10.1	11.6	
Per ton analysis (INR/t)												
Net realization	5,801	5,862	6,015	5,912	5,981	6,043	6,009	5,893	5,900	5,975	5,974	1
RM Cost	990	1,034	980	1,007	984	930	970	1,039	1,007	985	1,000	(7)
Employee Expenses	452	514	470	379	441	496	469	429	450	456	506	(2)
Power, Oil, and Fuel	1,177	1,128	1,135	932	1,067	1,216	1,100	1,000	1,088	1,087	1,050	16
Freight and handling	1,280	1,318	1,356	1,361	1,365	1,305	1,360	1,281	1,338	1,325	1,360	(4)
Other Expenses	898	1,218	1,064	971	897	1,203	1,063	994	1,035	1,032	1,124	7
Total Exp.	4,797	5,212	5,005	4,650	4,754	5,150	4,962	4,742	4,919	4,886	5,040	2
EBITDA	1,005	650	1,010	1,263	1,227	894	1,047	1,150	1,012	1,089	934	(4)

Kaynes Technologies

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR6,659 TP: INR8,200 (+23%) Buy

Execution strength drives record growth

Operating performance in line with estimate

- Kaynes Technologies (KAYNES) continued its strong operating performance in 2QFY26, with revenue growth of 58% YoY, while EBITDA grew at a much faster pace of 80% YoY. This was fueled by a gross/EBITDA margin expansion of 480bp/200bp YoY, driven by higher-margin projects, operational leverage, and product diversification.
- The company maintains its full-year revenue guidance of INR45b, indicating an implied growth of ~64% YoY in 2HFY26. KAYNES also reiterated its EBITDA margin guidance of over 16% for FY26. However, working capital was elevated in 1HFY26, led by higher inventory levels toward the end of the quarter and a rise in trade receivables, reflecting strong growth and back-ended billing. The company is exploring multiple options, such as discounting and vendor inventory management, to reduce working capital.
- We keep our EPS estimates unchanged for FY26/FY27/FY28 and **reiterate our BUY rating on the stock with a TP of INR8,200 (premised on 50x Sep'27E EPS).**

Favorable business mix supports margin expansion

- Consolidated revenue grew 58% YoY to INR9.1b (est. in line) in 2QFY26, while EBITDA grew 80% YoY to INR1.5b (est. in line). EBITDA margin expanded 190bp YoY to 16.3% (est. in line), led by an expansion in gross margin (up 5pp YoY) due to a favorable business mix and reduction in raw material costs, which were partly offset by higher employee costs (up 150bp YoY) and other expenses (up 130bp). Adj. PAT grew 2x YoY to INR1.2b (est. INR1.1b).
- Order inflows remained strong at INR16b in 2Q, boosting the order book by 49% YoY/9% QoQ to ~INR81b, anchored by Industrials and Automotive.
- For 1HFY26, Revenue/EBITDA/adj. PAT grew 47%/75%/77% to INR15.8b/INR2.6b/INR1.9b. For 2HFY26, the implied revenue/EBITDA/PAT growth is ~64%/72%/98%.
- For 1HFY26, net working capital days increased to 116 from 108 days in 1HFY25. Receivable days rose 56 days YoY, which are expected to normalize going forward. Net debt stood at ~INR4.2b vs. INR4.9b as of Sept'24.
- Gross debt stood at INR8.5b as of Sep'25, as against INR8.8b as of Mar'25. Further, the company had a cash outflow of INR2.2b as of Sept'25, as against a cash outflow of INR823m as of Sept'24. The company expects to generate significant CFO by the end of FY26 through the optimization of working capital days.

Bloomberg	KAYNES IN
Equity Shares (m)	67
M.Cap.(INRb)/(USD\$)	446.4 / 5
52-Week Range (INR)	7825 / 3825
1, 6, 12 Rel. Per (%)	-11/11/16
12M Avg Val (INR M)	4000

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	42.8	67.2	95.3
EBITDA	7.1	11.1	16.7
Adj. PAT	5.6	8.8	13.1
EBITDA Margin (%)	16.6	16.5	17.5
Cons. Adj. EPS (INR)	83.3	131.9	194.9
EPS Gr. (%)	90.2	58.3	47.7
BV/Sh. (INR)	746.5	878.4	1,073.3

Ratios

Net D:E	-0.2	-0.4	-0.4
RoE (%)	14.2	16.2	20.0
RoCE (%)	13.6	16.0	19.9

Valuations

P/E (x)	80	50	34
EV/EBITDA (x)	61	38	25

Shareholding pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	53.5	53.5	57.8
DII	23.7	22.4	16.1
FII	10.7	10.7	14.9
Others	12.2	13.4	11.3

Note: FII includes depository receipts

Highlights from the management commentary

- **Guidance:** Management retained its full-year revenue guidance of INR4.5b (with INR42.5b from the EMS business, INR1b from the OSAT business, and INR1.8b from the Canadian business).
- **OSAT business:** At the Sanand OSAT Facility, the company reached an important milestone by successfully delivering India's first commercially manufactured multi-chip module in collaboration with Alpha and Omega, L&T Semiconductor, and Mitsu & Company. Further, the company has made a strategic collaboration with Infineon, marking its entry into EMS-based true wireless stereo packaging. 60% of OSAT capacity is already committed to anchor customers mentioned above.
- **PCB:** The first phase at Oragadam, Chennai, is on track for commissioning by the end of FY26, with shipments expected from Apr'26. The facility will produce high-density interconnect (HDI), multi-layer (up to 76 layers), and flex PCBs, with interest already received from ~16 global and domestic customers. KAYNES has also received government approval and capital subsidy under the PLI scheme for the second phase (capex of INR37b) of its advanced PCB manufacturing project near Tuticorin. This will enhance capacity and product scope over the next three years, completing KAYNES' backward integration across laminates, prepregs, and PCBs.

Valuation and view

- KAYNES continued its strong operating performance in 2QFY26 with an all-round performance. With a robust order book as of Sep'25 (INR81b), the company is likely to sustain strong revenue growth momentum going forward.
- With recent approvals under the electronic component manufacturing scheme (ECMS) for HDI, multi-layer PCB, camera module assembly, and laminates, the company reaffirms its commitment to expanding its scope of work in high-margin, high-growth verticals, aligned with the GOI's ambition of Atmanirbhar Bharat.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 52%/60%/64% over FY25-FY28. **Reiterate BUY with a TP of INR8,200 (premised on 50x Sep'27E EPS).**

Consolidated - Quarterly Earning Model

	(INR m)											
Y/E March	FY25				FY26E				FY25	FY26E	FY25E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	5,040	5,721	6,612	9,845	6,735	9,062	10,865	16,146	27,218	42,807	9,440	-4%
YoY Change (%)	69.6	58.5	29.8	54.5	33.6	58.4	64.3	64.0	50.8	57.3	65.0	
Total Expenditure	4,371	4,900	5,671	8,166	5,604	7,582	9,116	13,387	23,108	35,690	7,897	
EBITDA	669	821	940	1,679	1,130	1,480	1,748	2,758	4,109	7,117	1,543	-4%
Margins (%)	13.3	14.4	14.2	17.1	16.8	16.3	16.1	17.1	15.1	16.6	16.3	
Depreciation	84	86	108	169	156	166	165	170	447	658	160	
Interest	227	221	270	295	284	228	150	100	1,013	762	220	
Other Income	283	336	246	205	271	431	350	369	1,070	1,421	300	
PBT before EO expense	641	849	808	1,419	961	1,517	1,783	2,857	3,718	7,118	1,463	
PBT	641	849	808	1,419	961	1,517	1,783	2,857	3,718	7,118	1,463	
Tax	133	247	144	257	215	303	392	629	782	1,538	322	
Rate (%)	20.8	29.1	17.8	18.1	22.3	20.0	22.0	22.0	21.0	21.6	22.0	
Reported PAT	508	602	665	1,162	746	1,214	1,391	2,229	2,936	5,580	1,141	
Adj PAT	508	602	665	1,162	746	1,214	1,391	2,229	2,936	5,580	1,141	6%
YoY Change (%)	106.0	86.4	47.1	43.0	46.9	101.7	109.3	91.8	60.1	90.0	89.5	
Margins (%)	10.1	10.5	10.1	11.8	11.1	13.4	12.8	13.8	10.8	13.0	12.1	

Escorts Kubota

Estimate changes

TP change

Rating change



Bloomberg	ESCORTS IN
Equity Shares (m)	112
M.Cap.(INRb)/(USDb)	426.3 / 4.8
52-Week Range (INR)	4180 / 2776
1, 6, 12 Rel. Per (%)	4/13/-5
12M Avg Val (INR M)	636

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	107.8	117.2	127.6
EBITDA	14.3	15.8	17.2
EBITDA Margin (%)	10.9	11.2	11.1
Adj. PAT	13.2	15.4	16.8
EPS (INR)	107.5	125.5	136.7
EPS Gr. (%)	6.9	16.7	8.9
BV/Sh. (INR)	929	1,019	1,118

Ratios

RoE (%)	12.1	12.9	12.8
RoCE (%)	16.3	16.8	16.7
Payout (%)	26.7	27.9	27.8

Valuations

P/E (x)	35.5	30.4	27.9
P/BV (x)	4.1	3.7	3.4
EV/EBITDA (x)	24.9	22.5	20.7
Div. Yield (%)	0.8	0.9	1.0
FCF yield (%)	2.3	2.5	2.9

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	68.0	68.0	68.0
DII	11.8	11.4	10.2
FII	6.9	6.9	8.0
Others	13.2	13.6	13.7

FII includes depository receipts

CMP: INR3,810

TP: INR3,672 (-4%)

Neutral

Margins improve but miss estimates

Tractor guidance raised, led by an improved outlook

- Escorts' 2QFY26 PAT at INR3.2b was below our estimate of INR3.7b due to a lower-than-expected margin improvement and lower other income. Both tractor and construction equipment margins were below our estimates.
- Given the improved outlook for the tractor industry after the GST rate cuts, management has raised its growth guidance for the industry for FY26E to low double digits from mid-single digits earlier. However, market share loss for Escorts over the last several quarters remains a key concern.
- Further, while synergy benefits between Escorts and Kubota are likely to materialize over the medium to long term, valuations at ~30.4x/ 27.9x FY27E/FY28E EPS appear to be already factoring in most of the positives. Hence, we **reiterate our Neutral** rating on the stock with a TP of INR3,672, based on ~28x Sep'27E EPS.

PAT misses our estimate due to lower-than-expected margins

- Escorts' 2QFY26 standalone revenue came in line at INR27.8b (est. 27.6b), growing ~23% YoY (+12% QoQ). This was mainly due to a growth of 30% YoY in tractor volumes (in line with industry growth numbers), despite a marginal dip in average realizations per unit.
- EBITDA margin improved 280bp YoY to 13.1% – lower than our estimate of 13.6%.
- While the tractor segment margin improved 370bp YoY over a low base to 12.8% (slightly below our estimate of 13%), the construction equipment segment's margin remained under pressure. It was down 520bp YoY to 3.8% (estimate of 6%).
- Led by strong revenue growth and healthy margin improvement, EBITDA grew 56% YoY to INR3.6b (in line).
- Other income was lower than estimates at INR1.3b due to hardening of yields, which led to MTM loss on its investment book.
- Due to lower margin and lower other income, PAT missed our estimates, growing 6.1% YoY to INR3.2b (v/s estimate of 3.7b).
- Escorts' CFO for 1HFY26 stood at INR5b, with a capex of INR1.35b. Consequently, FCF stood at INR3.65b.
- Escorts' revenue /EBITDA/PAT rose 9.1%/25.2%/~12% YoY to INR59.5b/ INR6.9b/INR6.4b for 1HFY26. For the remainder of 2HFY26, we expect its revenue /EBITDA/PAT to grow ~3%/ 18%/38% to INR55.2b/INR7.4b/ INR7.9b.

Highlights from the management commentary

- Management has raised the tractor industry growth guidance to low double-digit growth from mid-single digits earlier, aided by positive sentiments.

- Dealer inventory is currently less than four weeks.
- The company expects to significantly expand its export footprint once the upcoming greenfield facility becomes operational (likely by FY28). Post this, they expect to commence exports to the US. Escorts would also look at making India a global hub for certain Kubota models.
- The first phase of the project will add 100,000 units of annual capacity (tractors and CE combined) and would add another 1k units in phase 2. The company's current installed capacity is ~170,000 units, expandable to 200,000 units with minor balancing investments.
- Management expects a gradual recovery in Construction equipment segment demand from mid-3QFY26, aided by the government's infrastructure push. It remains optimistic that margins will recover to high single digits in the second half, aided by normalization of volumes and easing input costs.

Valuation and view

- The outlook for the tractor industry has further improved post-GST rate cuts. As a result, management has raised its growth guidance for the industry for FY26E to low double digits from mid-single digits earlier. However, market share loss for Escorts over the last several quarters remains a key concern.
- Further, while synergies between Escorts and Kubota are significant, they will likely materialize over the medium to long term. However, valuations at ~30.4x/27.9x FY27E/FY28E EPS appear to be already factoring in most of the synergy benefits. Hence, we reiterate our Neutral rating on the stock with a TP of INR3,672, based on ~28x Sep'27E EPS.

Standalone Quarterly Performance

Y/E March	(INR m)											
	FY25				FY26E				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	25,563	22,649	29,354	24,303	24,834	27,774	29,017	26,184	101,870	107,808	27,588	0.7
YoY Change (%)	9.8	-8.1	8.5	6.1	-2.9	22.6	-1.2	7.7	4.1	10.1	21.8	
Total Expenditure	22,394	20,321	26,001	21,374	21,584	24,142	25,041	22,757	90,091	93,524	23,836	1.3
EBITDA	3,169	2,328	3,353	2,929	3,250	3,632	3,975	3,427	11,778	14,285	3,752	-3.2
Margins (%)	12.4	10.3	11.4	12.1	13.1	13.1	13.7	13.1	11.6	13.3	13.6	
Depreciation	590	610	612	615	591	615	630	661	2,426	2,497	620	
Interest	101	92	31	47	36	42	40	31	270	150	35	
Other Income	1,024	1,152	1,092	1,316	1,556	1,336	1,480	1,578	4,584	5,950	1,650	-19.0
PBT	3,502	2,778	3,802	3,313	4,939	4,311	4,785	4,312	13,395	16,828	4,747	-9.2
Rate (%)	24.0	-8.9	23.6	24.3	24.5	25.5	25.0	25.0	17.1	27.3	22.0	
Adj. PAT	2,662	3,027	2,905	2,710	3,153	3,212	3,589	3,234	11,465	14,318	3,703	-13.3
YoY Change (%)	-5.9	41.9	7.7	9.1	18.5	6.1	23.6	19.3	21.6	51.8	22.3	
Margins (%)	10.4	13.4	9.9	11.1	12.7	11.6	12.4	12.4	11.3	13.3	13.4	

E: MOFSL Estimates

Delhivery

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	DELHIVER IN
Equity Shares (m)	747
M.Cap.(INRb)/(USDb)	362.5 / 4.1
52-Week Range (INR)	490 / 237
1, 6, 12 Rel. Per (%)	8/53/30
12M Avg Val (INR M)	1260

Financial Snapshot (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	102.9	118.0	134.7
EBITDA	5.8	8.1	10.0
Adj. PAT	2.6	4.7	6.2
EBITDA Margin (%)	5.7	6.9	7.4
Adj. EPS (INR)	3.4	6.3	8.3
EPS Gr. (%)	52.3	83.0	32.1
BV/Sh. (INR)	129.9	136.2	144.5

Ratios

Net D:E	-0.4	-0.5	-0.5
RoE (%)	2.7	4.7	5.9
RoCE (%)	3.8	5.5	6.6
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	141.8	77.5	58.6
P/BV (x)	3.7	3.6	3.4
EV/EBITDA(x)	61.5	43.2	34.3
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-4.0	3.6	4.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	85.6	85.6	85.6
DII	2.7	2.5	4.1
FII	5.4	5.6	5.1
Others	6.3	6.3	5.2

FII Includes depository receipts

CMP: INR485 **TP: INR570 (+17%)** **Buy**

One-time integration costs hit 2Q performance; outlook remains bright

Strong performance in Express & PTL segments, while the supply chain margin improves

- Delhivery posted a 17% YoY rise in revenue to INR25.6b in 2QFY26 (in line).
- During the quarter, the company recognized INR900m of costs related to e-com express integration. The acquisition was formally completed in Jul'25.
- EBITDA (excluding Ecom Express integration costs) stood at INR1.5b against our estimate of INR1.6b. EBITDA margin (excluding Ecom Express integration costs) stood at 5.9% against our estimate of 6.5%.
- PAT (excluding Ecom Express integration costs) stood at INR590m against our estimate of INR820. PAT was impacted due to lower other income.
- Delhivery's core transportation segment, comprising Express Parcel and Part Truckload (PTL), saw healthy volume growth (Express Parcel: +34% YoY and PTL: +12% YoY), supported by improved services and network utilization. Service EBITDA margins for Express Parcel/PTL stood at 15.3%/8.5%, underscoring Delhivery's operational efficiency and scale advantages.
- Performance in the Supply Chain Services (SCS) and Cross-Border businesses was mixed. SCS reported an improvement in the service EBITDA margin to 12.8%, driven by strategic contract renegotiations with clients and technology-led operational efficiencies, while the Cross-Border business remained muted.
- Adjusted for one-time integration costs, Delhivery delivered a strong 2QFY26 performance supported by strong festive season demand and integration of Ecom Express, which led to robust volume growth in Express Parcel (+34% YoY) and PTL (+12% YoY) with decent service EBITDA margins. New services such as Delhivery Direct and Rapid are scaling up well.
- **We cut our FY26E EBITDA by ~13% to factor in the one-time integration expenses, which were incurred in 2Q and will be incurred in 2HFY26 as well. We broadly retain our FY27/FY28 estimates. We expect Delhivery to deliver a CAGR of 15%/38%/54% in revenue/EBITDA/APAT over FY25–28. We reiterate our BUY rating with a revised DCF-based TP of INR570.**

Core transportation businesses drive profit-accretive growth

- The Express Parcel and PTL segments remain the key drivers of Delhivery's core growth and profitability. Express Parcel revenue grew 24% YoY to INR 16.1b, with shipment volumes rising 34% YoY to 246m parcels. The segment reported a healthy service EBITDA margin of 15.3%, down 100bp QoQ. However, margins are expected to revert to the guided range of 16–18% by the end of FY26.
- PTL revenue grew ~15% YoY to INR5.4b, with tonnage increasing 12% YoY to 0.477MT. The Service EBITDA margin was 8.5%, which was down 220bp QoQ and up 560bp YoY, supported by improved yields and a favorable client mix.

- The combined transportation business (Express + PTL) delivered a robust service EBITDA margin of 13.5% in the quarter, with pricing discipline, route optimization, and consistent investments in a high-capacity fleet and integrated gateways.

Strengthened strategic position through asset optimization and acquisition

- Delhivery has demonstrated capital discipline and strategic clarity in recent quarters. The company has completed major capex investments during FY22-25, i.e., expanding its trucking fleet from 299 to 1,741 vehicles and building mega-gateways in Tauru, Bhiwandi, and Hoskote. As a result, capital intensity has declined from 6.8% of revenue in FY22 to 5.1% as of 1HFY26, with expectations of further moderation to ~4% of revenue by FY28.
- Delhivery has completed the acquisition of Ecom Express, bolstering its network footprint and consolidating the marketplace with fewer players, thus providing a competitive advantage. Moreover, access to Ecom Express's advanced automation equipment and high-quality infrastructure adds further synergies.

Highlights from the management commentary

- The company incurred a one-time integration cost of INR 900m in 2QFY26, which dragged reported profitability, resulting in a loss for the quarter. However, after adjusting for this one-time expense, the profit stood at INR 590m vs INR 102m YoY.
- Express Parcel and PTL segments continue to deliver healthy service EBITDA margins, and the company is targeting 16-18% steady-state margins across both businesses in the next two years.
- Delhivery is selectively exiting unprofitable contracts while targeting INR18-20b in supply chain revenue. It achieved a service EBITDA margin of 12% this quarter, and management expects to maintain this and achieve an RoCE of 20% in three years. This will be driven by a growing enterprise pipeline and white-labeled "Prime" offerings.
- Delhivery is building long-term optionality through targeted investments in new service lines like **Delhivery Direct** (on-demand intra-city and inter-city logistics) and **Rapid** (dark store-led same-day fulfillment). Delhivery Direct is launched in three major cities—Ahmedabad, Delhi NCR, and Bengaluru. It also signed its first B2B client in this segment in Oct'25 and plans to take the store count to 25 by FY26. The investment in the above two businesses was INR150m in 2QFY26.

Valuation and view

- Delhivery is well-positioned for future growth, supported by strong momentum in its core transportation businesses and a clear focus on profitability. With Express Parcel and PTL segments delivering consistent volume growth and healthy service EBITDA margins, the company expects to sustain 16-18% margins over the next two years.
- The integration of Ecom Express is set to enhance network efficiency and reduce capital intensity, while new services like Delhivery Direct and Rapid offer long-term growth potential in on-demand and time-sensitive logistics.
- **We expect Delhivery to deliver a CAGR of 15%/38%/54% in revenue/EBITDA/APAT over FY25–28. We reiterate our BUY rating with a revised DCF-based TP of INR570.**

Quarterly performance

INR m

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	21,723	21,897	23,783	21,916	22,940	25,593	26,45	27,874	89,319	1,02,862	25,025	2
YoY Change (%)	12.6	12.8	8.4	5.6	5.6	16.9	11.2	27.2	9.7	15.2	14.3	
EBITDA	971	573	1,024	1,191	1,488	682	1,746	1,916	3,758	5,832	1,627	(58)
Margins (%)	4.5	2.6	4.3	5.4	6.5	2.7	6.6	6.9	4.2	5.7	6.5	
YoY Change (%)	LP	LP	-6.3	159.5	53.3	19.0	70.5	60.9	196.9	55.2	184.0	
Depreciation	1,194	1,313	1,417	1,425	1,475	1,781	1,473	1,167	5,349	5,896	1,470	
Interest	282	305	333	337	340	389	315	257	1,258	1,301	330	
Other Income	1,099	1,196	987	1,119	1,299	922	1,100	1,308	4,401	4,629	1,270	
PBT before EO expense	593	151	260	548	973	-566	1,058	1,800	1,552	3,264	1,097	
Extra-Ord expense	51	0	0	0	0	0	0	0	-51	0	0	
PBT	542	151	260	548	973	-566	1,058	1,800	1,501	3,264	1,097	
Tax	-14	-16	-12	-8	-14	-27	243	436	-50	638	276	
Rate (%)	-2.6	-10.5	-4.5	-1.5	-1.4	4.8	23.0	24.2	-3.3	19.6	25.2	
Reported PAT	543	102	250	726	911	-504	815	1,364	1,621	2,550	820	
Adj PAT	595	102	250	726	911	-504	815	1,364	1,672	2,550	820	NA
YoY Change (%)	LP	LP	5.8	LP	53.1	-593.9	226.0	88.0	LP	52.5	704.2	
Margins (%)	2.7	0.5	1.1	3.3	4.0	-2.0	3.1	4.9	1.9	2.5	3.3	

Y/E March	FY24				FY25				FY26	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Express Parcel (mn)	182	181	201	176	183	185	206	177	208	246
Change YoY	20%	12%	18.2%	-2.2%	1%	2%	2.5%	0.6%	14%	33%
Realization (INR/shipment)	66.0	66.9	72.0	69.1	69.7	70.2	72.2	71.0	67	65
Change YoY	0%	0%	0%	0%	6%	5%	0%	3%	-3%	-1%
PTL (000'ton)	343	348	354	384	399	427	412	458	458	477
Change YoY	43.5%	21.7%	37.2%	20.8%	16.3%	22.7%	16.4%	19.3%	15%	12%
Realization (INR/000't)	10,117	10,718	10,706	10,859	10,902	11,101	11,214	11,288	11,092	11,447
Change YoY	0.0%	0.0%	0.0%	0.0%	7.8%	3.6%	4.7%	3.9%	4%	3%

Motherson Wiring

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	MSUMI IN
Equity Shares (m)	6632
M.Cap.(INRb)/(USDb)	311.6 / 3.5
52-Week Range (INR)	51 / 31
1, 6, 12 Rel. Per (%)	0/21/1
12M Avg Val (INR M)	340

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	107.6	124.9	143.6
EBITDA	11.1	14.5	17.4
Adj. PAT	6.6	9.1	11.0
EPS (Rs)	1.0	1.4	1.7
EPS Growth (%)	9.0	37.3	21.7
BV/Share (Rs)	3.0	3.8	4.6

Ratios

Net D:E	0.0	0.0	0.0
RoE (%)	35.9	40.5	39.7
RoCE (%)	41.7	47.8	47.8
Payout (%)	60.3	58.5	60.1

Valuations

P/E (x)	47.2	34.4	28.2
P/BV (x)	15.7	12.5	10.2
Div. Yield (%)	1.3	1.7	2.1
FCF Yield (%)	1.9	2.6	3.2

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	61.7	61.7	61.7
DII	16.3	16.2	17.8
FII	10.5	10.8	11.1
Others	11.4	11.3	9.4

FII Includes depository receipts

CMP:INR47 **TP: INR55 (+17%)** **Buy**

Earnings in line; start-up costs hurt margins

Continues to outperform industry growth

- MSWIL's revenue growth in 2QFY26 exceeded our estimate, though PAT of INR1.6b was in line with our estimate as margins continued to be under pressure due to the impact of start-up costs of the new greenfield plants.
- Considering a pickup in auto demand after GST rate cuts and the ramp-up of its new greenfield plants, we estimate MSWIL to post a CAGR of 15%/20%/22% in revenue/EBITDA/PAT over FY25-28E. The company's premium valuations at 47.2x/34.4x FY26E/FY27E EPS seem justified given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in autos. **Reiterate our BUY rating with a TP of INR55 (based on 36x Sep'27E EPS).**

Margins impacted by start-up costs of new plants

- Revenue grew 19% YoY to INR27.6b, aided by the commencement of new greenfield plants, which contributed to INR1.56b. Excl. these plants, revenue was up 11% YoY, ahead of PV industry growth of 4% YoY.
- Copper inflation was steep, rising 5% QoQ, with prices averaging INR929/kg in 2Q. INR depreciated to 87.3 against USD in 2Q.
- Due to the impact of start-up costs and copper inflation, reported EBITDA margin declined 60bp YoY to 10.1%. EBITDA margin (excl. greenfields) remained stable YoY at 12.7%
- Greenfield plants posted a combined EBITDA loss of INR460m in 2Q. The loss will start reducing in the coming quarters as these plants ramp up.
- Other income was lower than expected at INR8.1m in 2Q vs. INR47.5m YoY.
- As a result, PAT grew 9% YoY to INR1.6b (in line with our estimate). Adjusted for greenfield plans, PAT grew 11% YoY to INR2b.
- MSWIL remains net debt-free despite near-term margin pressures from the greenfield plants.

Highlights from the management commentary

- Greenfield projects reported revenue of INR1.9b and EBITDA losses of INR460m in 2Q.
- The majority of the greenfield units are still in the ramp-up phase. Utilization levels currently stand at around 36%.
- Out of the three greenfield projects, one has ramped up to the committed volumes, while the other two are still in the process of ramping up.
- Copper prices increased by 11% YoY and 5% QoQ. Rising raw material prices are managed by a lag of a quarter.
- EV share of revenue increased to 6.7% in 2QFY26.
- The capex guidance for FY26 stands at INR2.1b.

Valuation and view

- Considering a pickup in auto demand after GST rate cuts and the ramp-up of its new greenfield plants, we estimate MSWIL to post a CAGR of 15%/20%/22% in revenue/EBITDA/PAT over FY25-28E. Accordingly, RoCE is expected to improve to 48% in FY28E from 41.4% in FY25.
- The stock trades at 47.2x/34.4x FY26E/FY27E EPS. We believe MSUMI deserves rich valuations, given its strong competitive positioning, top-decile capital efficiency, and benefits of EVs and other mega-trends in autos. **Reiterate our BUY rating with a TP of INR55 (based on 36x Sep'27E EPS).**

Quarterly performance

Y/E March	(INR M)											
	FY25				FY26E				FY25	FY26E	Var.	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	21,848	23,256	23,003	25,095	24,940	27,619	27,143	27,947	93,203	1,07,649	26,047	6
YoY Change (%)	16.7	10.5	8.8	12.4	14.2	18.8	18.0	11.4	11.9	15.5	12.0	
RM Cost (% of sales)	65.1	64.9	64.9	65.7	64.7	66.2	65.5	65.5	65.2	65.5	64.7	
Staff Cost (% of sales)	17.2	17.3	17.9	16.5	19.1	17.4	17.8	17.4	17.2	17.9	18.5	
Other Expenses (% of sales)	6.7	7.1	6.8	7.0	6.4	6.3	6.4	6.3	6.9	6.3	6.4	
EBITDA	2,388	2,496	2,376	2,712	2,443	2,797	2,807	3,027	9,972	11,073	2,708	3
Margins (%)	10.9	10.7	10.3	10.8	9.8	10.1	10.3	10.8	10.7	10.3	10.4	
Depreciation	399	444	470	476	492	531	540	558	1,789	2,121	515	3
Interest	55	72	66	55	63	64	60	63	248	250	58	10
Other Income	50	48	6	16	9	8	25	36	119	77	20	-60
PBT before EO expense	1,984	2,027	1,846	2,197	1,896	2,210	2,232	2,441	8,055	8,780	2,155	
PBT after EO Expense	1,984	2,027	1,846	2,197	1,896	2,210	2,232	2,441	8,055	8,780	2,155	3
Tax Rate (%)	25	25	24	25	25	25	25	25	25	25	25	
Reported PAT	1,489	1,521	1,400	1,649	1,431	1,653	1,679	1,839	6,060	6,602	1,627	
Adj PAT	1,489	1,521	1,400	1,649	1,431	1,653	1,679	1,839	6,060	6,602	1,627	2
YoY Change (%)	20.9	-2.4	-16.6	-13.8	-3.9	8.7	19.9	11.5	-5.1	9.0	7.0	

E: MOFSL Estimates

Nuvama Wealth

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	NUVAMA IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	257.8 / 2.9
52-Week Range (INR)	8510 / 4568
1, 6, 12 Rel. Per (%)	3/13/-5
12M Avg Val (INR M)	1085

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Revenues	29.0	32.7	38.3
Opex	15.9	18.3	21.2
PBT	13.1	14.4	17.1
PAT	9.9	10.9	12.9
EPS (INR)	277	307	363
EPS Gr. (%)	64	11	18
BV/Sh. (INR)	989	1,128	1,294

Ratios (%)

C/I ratio	54.8	55.8	55.4
PAT margin	34.0	33.4	33.7
RoE	30.8	29.2	30.2
Div. Payout	53.8	58.2	57.5

Valuations

P/E (x)	25.8	23.3	19.7
P/BV (x)	7.2	6.3	5.5
Div. Yield (%)	2.1	2.5	2.9

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	54.6	54.7	55.2
DII	7.6	6.4	1.5
FII	16.3	17.1	13.9
Others	21.5	21.8	29.4

FII includes depository receipts

CMP: INR7,148 TP: INR9,100 (+27%) Buy

Transactional revenue improves CIR; 9% PAT beat

- Nuvama Wealth's (NUVAMA) 2QFY26 operating revenue at INR7.7b grew 4% YoY, with the Wealth/Private/Asset services businesses growing 19%/37%/5% YoY in 2QFY26, while AMC/Capital markets business declined 21%/28% YoY. For 1HFY26, revenue grew 10% YoY to INR15.4b.
- Total operating expenses grew 12% YoY to INR4.4b (in-line), with 8% YoY growth in employee expenses and 23% YoY growth in other opex. The cost-to-income ratio increased YoY to 56.6% in 2QFY26 vs. 53% in 2QFY25 (our est. of 58.9%).
- Better-than-expected CIR led to a 9% beat in PAT to INR2.5b (flattish YoY). PAT margin came in at 32.9% in 2QFY26 vs 34.8% in 2QFY25. For 1HFY26, PAT grew 8% YoY to ~INR5.2b.
- Management maintained its PAT growth outlook of 20-25%, supported by the normalization of the loss of client impact on asset services expected over the next 3-5 months and sustained flow momentum in wealth.
- We have increased our earnings estimates for FY26E/27E/28E by 5%/3%/3%, considering the higher transaction revenue and higher retention in the asset services business, keeping our MPIS/ARR revenue estimates largely intact. We expect a 15%/16% revenue/PAT CAGR for FY25-28E. **Reiterate BUY rating on the stock with a TP of INR9,100 (based on SOTP valuations).**

Retention improves in wealth; transactional boost to private segment

Nuvama Wealth (31% of total revenue)

- Revenue was up 19% YoY to INR2.4b (5% beat), driven by 74% YoY growth in Managed Products and Investment Solutions (MIPS), constituting ~62% of the mix. This was offset by 11%/37% YoY decline in interest/brokerage income.
- Average client assets grew 12% YoY to ~INR1.1t, driven by all-time high net new money of INR38b and offset by MTM losses. In 1HFY26, MPIS contributed net flows of INR46.8b (+34% YoY) out of total net flows of INR66.6b.
- The segment has ~1.3m clients serviced by an RM base of ~1.1k and ~7k external wealth managers (26% of revenue by external wealth managers).
- CIR for the quarter remained stable YoY at 65% (vs our est. of 65.5%), resulting in an operating PBT of INR843m (+19% YoY; 6% beat).
- Retention improved YoY to 90bp from 85bp in 2QFY25.

Nuvama Private (25% of total revenue)

- Revenue grew 37% YoY to ~INR2b (17% beat), driven by 66% YoY growth in transactional revenue to INR1b (64% beat), while ARR revenue grew 15% YoY to INR957m (10% miss).
- The average client assets rose 9% YoY, with 27% YoY growth in ARR assets to INR497b and 8% YoY growth in transactional assets to INR1.4t. Net new money flowing into ARR assets stood at INR22.7b.

- The segment services 4,500+ families with 140+ RMs.
- CIR improved by 40bp YoY to 66.3% (vs our est. of 67.5%), resulting in 38% YoY growth in operating PBT to INR663m (22% beat).
- Retention declined YoY to 76bp from 84bp in 2QFY25.

Nuvama AMC (2% of total revenue)

- Revenue declined 21% YoY to INR136m (29% miss), largely owing to a 43% YoY decline in the private market management fee, while the listed equities management fee grew 51% YoY.
- Fee-paying AUM represents 93% of closing AUM. Average fee-paying AUM grew 56% YoY to INR110b. Net new money of INR3.7b was largely driven by the real estate JV (INR5.1b), as private market flows were low at INR0.3b and listed equities witnessed an outflow of INR1.6b.
- Retention for private markets declined YoY to 56bp, while for listed equities, it was stable at 63bp. Real estate retention stood at 77bp for 2QFY26.
- Operating loss for this segment increased to INR87m. Including the PBT contribution from the real estate JV, operating loss was INR78m.

Nuvama Asset Services and Capital Markets (42% of revenue)

- Asset services revenue grew 5% YoY to INR 1.6b (14% beat), driven by an improvement in retention to 2.6bp (1.4bp in 2QFY25).
- The average assets under clearing declined 46% YoY to INR241b. The segment currently services over 250 clients.
- The capital markets revenue declined 28% YoY to INR1.6b (17% miss), largely due to a moderation in secondary market volumes.
- CIR for the segment stood at ~40% (vs our est. of 47%), resulting in an operating PBT of INR1.9b (16% YoY decline; 10% beat).

Highlights from the management commentary

- During the quarter, the firm leveraged syndication opportunities arising from its commercial real estate fund, which supported growth in transactional revenue, a trend expected to continue in the second half, with INR700m-800m transactional revenue/quarter expected.
- Management indicated that the proposed SEBI consultation on brokerage could have an INR200m-INR250m top-line impact on the IE business if no research fee is charged. However, this could be offset if brokerage stabilizes at 5-6bp rather than the proposed 2bp, mitigating potential downside.
- For FY26, management guided for opex growth of around 8-10%, with roughly half attributed to inflationary increases (4-5%) and the remainder to business expansion, branch additions, and space allocation for the upcoming mutual fund business.

Valuation and view

- NUVAMA has reported decent performance in 2Q despite the loss of a large client in the asset services business, backed by maintained momentum in the wealth management business and client additions in the asset services business. With the expectation of asset services business recovering to pre-client loss levels in the near-term, sustained revenue momentum in wealth management, and a stable cost trajectory, we expect 15%/16% revenue/PAT CAGR for FY25-28E.
 - We have increased our earnings estimates for FY26E/27E/28E by 5%/3%/3%, considering higher transaction revenue and higher retention in the asset services business, keeping our MPIS/ARR revenue estimates largely intact.
- Reiterate BUY rating on the stock with a TP of INR9,100 (based on SOTP valuations).**

Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	2Q FY26E	Actual vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Revenue from Operations	6,675	7,397	7,229	7,712	7,701	7,718	8,326	8,968	29,013	32,700	7,496	3.0	4.3	0.2
Change YoY (%)	60.2	50.2	29.5	29.5	15.4	4.3	15.2	16.3	40.7	12.7	1.3			
Employee expenses	2,793	2,983	2,946	3,082	3,156	3,220	3,276	3,309	11,804	12,961	3,221	0.0	7.9	2.0
Total Operating Expenses	3,741	3,920	3,894	4,349	4,209	4,372	4,680	4,994	15,904	18,255	4,412	-0.9	11.5	3.9
Change YoY (%)	27.9	30.0	18.8	21.6	12.5	11.5	20.2	14.8	24.3	14.8	12.6			
PBT before share of profit from associates	2,934	3,477	3,335	3,363	3,492	3,346	3,646	3,974	13,109	14,445	3,083	8.5	(3.8)	(4.2)
Change YoY (%)	136.2	82.2	44.7	41.3	19.0	-3.8	9.3	18.2	67.3	10.2	-11.3			
Tax Provisions	760	902	824	848	868	853	911	979	3,334	3,611	771	10.6	(5.4)	(1.8)
PAT before share of profit from associates	2,174	2,575	2,511	2,515	2,623	2,494	2,734	2,995	9,776	10,834	2,313	7.8	(3.2)	(4.9)
Change YoY (%)	135.0	78.3	42.8	38.5	20.7	-3.2	8.9	19.1	64.4	10.8	-10.2			
Share of profit of associates (net of taxes)	37	0	6	37	15	46	20	9	80	90	20	130.0		
Net Profit	2,210	2,575	2,517	2,553	2,639	2,540	2,754	3,004	9,855	10,924	2,333	8.9	(1.4)	(3.7)
Change YoY (%)	133.5	77.6	42.9	41.3	19.4	-1.4	9.4	17.7	65.2	10.8	-9.4			
Key Operating Parameters (%)													bp	
Cost to Income Ratio	56.0	53.0	53.9	56.4	54.7	56.6	56.2	55.7	54.8	55.8	58.9	-222	365	199
PBT Margin	44.0	47.0	46.1	43.6	45.3	43.4	43.8	44.3	45.2	44.2	41.1	222	-365	-199
PAT Margin	33.1	34.8	34.8	33.1	34.3	32.9	33.1	33.5	34.0	33.4	31.1	179	-190	-136

The Ramco Cements

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USDb)	243.3 / 2.7
52-Week Range (INR)	1209 / 788
1, 6, 12 Rel. Per (%)	1/4/11
12M Avg Val (INR M)	557

Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	92.1	100.5	109.5
EBITDA	16.4	19.9	23.4
Adj. PAT	3.8	5.8	8.2
EBITDA Margin (%)	17.8	19.8	21.4
Adj. EPS (INR)	16.0	24.6	34.6
EPS Gr. (%)	309.6	53.6	40.3
BV/Sh. (INR)	329	349	383

Ratios

Net D:E	0.5	0.5	0.4
RoE (%)	5.0	7.3	9.4
RoCE (%)	5.7	7.2	8.7
Payout (%)	24.9	0.0	0.0

Valuations

P/E (x)	64.1	41.8	29.8
P/BV (x)	3.1	2.9	2.7
EV/EBITDA(x)	16.7	13.9	11.6
EV/ton (USD)	128	110	108
Div. Yield (%)	0.4	0.0	0.0
FCF Yield (%)	3.3	1.9	4.0

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	42.6	42.6	42.3
DII	31.9	31.2	34.3
FII	8.2	8.4	6.6
Others	17.4	17.8	16.9

FII Includes depository receipts

CMP: INR1,030 TP: INR1,060 (+3%) Neutral

Higher volume drives EBITDA beat

Reiterates capacity target of 30mtpa by Mar'26

- The Ramco Cements' (TRCL) 2QFY26 EBITDA grew 24% YoY to INR3.9b (12% beat), led by higher-than-estimated volume (5% beat) and lower-than-estimated opex/t. EBITDA/t rose 22% YoY (down 12% QoQ) to INR851 (6% beat). Adj PAT surged 191% YoY to INR743m (55% beat), albeit on a low base.
- Management indicated that muted volume growth was due to early monsoons, excess rainfall, and run-up to GST 2.0. The construction chemicals business, however, registered strong performance, with sales volume up **~72% YoY** on a low base. TRCL has reiterated its target to reach **30mtpa cement capacity by Mar'26** through the commissioning of the **line II at Kolimigundla** and **debottlenecking/grinding capacity additions** at existing sites with minimal capex. It has monetized non-core assets worth INR5b out of the targeted value of INR10b. The balance is yet to be monetized, subject to necessary approvals.
- We maintain our EBITDA estimates for FY26-28. The stock is currently trading at 14x/12x FY27E/FY28E EV/EBITDA. We value the stock at 13x Sep'27E EV/EBITDA to arrive at our TP of INR1,060. **Reiterate Neutral.**

Overall volume increased ~1% YoY; realization/t up 8% YoY

- Revenue/EBITDA/adj. PAT stood at INR22.3b/INR3.9b/INR743m (+10%/+24%/+191% YoY and +6%/+12%/+55% vs. estimates) in 2Q. Sales volume inched up ~1% YoY to 4.5mt (~5% beat). Realization/t was up 8% YoY/down ~2% QoQ at INR4,914/t (in line).
- Opex/t was up 6% YoY (1% below our estimate), led by 5%/14%/3% increase in variable cost/other expenses/freight cost. OPM surged 2pp YoY to ~17% (vs. estimate of ~16%), and EBITDA/t increased ~22% YoY to INR851.
- Depreciation increased ~8% YoY, while interest cost declined 7% YoY. Other income declined ~38% YoY. ETR stood at 25.9% vs. 26.9% in 2QFY25.
- In 1HFY26, revenue/EBITDA/adj. PAT stood at INR43.1b/INR7.8b/INR1.6b (up ~4%/24%/162% YoY). OPM surged 2.9pp YoY to ~18.2%. OCF stood at INR6.5b vs. INR4.4b in 1HFY25. Capex stood at INR6b vs. INR5.4b. Net cash inflow stood at INR451m vs. INR1b in 1HFY25.

Highlights from the management commentary

- The share of premium products was ~30% in 2QFY26 vs. ~27%/29% in 2QFY25/1QFY26 in the south region. In the east region, it was ~24% in 2QFY26 vs. ~23%/22% in 2QFY25/1QFY26. OPC share was ~35% of total volumes in 2QFY26 vs. 30%/31% in 2QFY25/1QFY26.
- Blended coal consumption cost was USD122/t (INR1.49/kcal) vs. USD130/USD126 (INR1.60/INR1.55 per kcal) in 2QFY25/1QFY26.
- In 2Q, TRCL incurred capex of INR2.8b, including maintenance capex. FY26 capex guidance is INR12b.

View and valuation

- TRCL's operating performance was above our estimates due to higher-than-estimated volume and lower opex/t. We estimate a CAGR of ~9%/24% in revenue/EBITDA over FY25-28 and ~107% in PAT (on a low base). We believe that net debt peaked in FY25 at INR44.3b (net debt-to-EBITDA at 3.6). We estimate its net debt to decline to INR36.6b (net debt-to-EBITDA at 1.6x) by FY28.
- The stock is currently trading at 14x/12x FY26E/FY27E/FY28E EV/EBITDA (vs. its long-term average of 15x) and USD110/108 EV/t (vs. long-term average of USD130). We value the stock at 13x Sep'27E EV/EBITDA to arrive at our TP of INR1,060. **Reiterate Neutral.**

Quarterly Performance

Y/E March	FY25				FY26				FY25	FY26E	FY26	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			1QE	Var. (%)
Sales volume (m ton)	4.36	4.49	4.37	5.29	4.12	4.5	4.54	5.47	18.50	18.69	4.32	5
YoY Change (%)	1.3	(2.6)	9.3	(3.7)	(5.5)	1.3	4.0	3.5	0.5	1.0	(3.7)	
Realization (INR/ton)	4,792	4,539	4,523	4,522	5,027	4,914	4,864	4,915	4,592	4,927	4,897	0
YoY Change (%)	(8.1)	(10.2)	(14.1)	(7.1)	4.9	8.2	7.5	8.7	(9.6)	7.3	7.9	
QoQ Change (%)	(1.6)	(5.3)	(0.4)	(0.0)	11.2	(2.3)	(1.0)	1.0			(2.6)	
Net Sales	20.9	20.4	19.8	23.9	20.7	22.3	22.1	26.9	85.0	92.1	21.2	6
YoY Change (%)	(6.8)	(12.5)	(6.2)	(10.5)	(0.9)	9.6	11.8	12.5	(9.1)	8.4	3.9	
Total Expenditure	17.7	17.3	17.0	20.7	16.7	18.5	18.7	21.8	72.6	75.6	17.7	4
EBITDA	3.2	3.1	2.8	3.2	4.0	3.9	3.4	5.1	12.3	16.4	3.5	12
YoY Change (%)	(6.5)	(21.7)	(29.3)	(23.1)	(74.4)	21.1	10.0	84.0	(20.7)	33.3	8.4	
Margins (%)	15.3	15.3	14.1	13.4	19.2	17.3	15.5	19.1	14.5	17.8	16.4	96
Depreciation	1.7	1.7	1.7	1.8	1.8	1.8	1.9	1.9	6.9	7.4	1.8	(1)
Interest	1.1	1.2	1.1	1.1	1.0	1.1	1.1	1.0	4.6	4.3	1.1	4
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.1	(40)
PBT before EO expense	0.5	0.3	0.0	0.4	1.2	1.0	0.6	2.3	1.3	5.1	0.7	51
Extra-Ord expense/(Income)	-	-	(3.3)	(0.1)	-	-	-	-	(3.4)	-	-	
PBT	0.5	0.3	3.3	0.5	1.2	1.0	0.6	2.3	4.7	5.1	0.7	51
Tax	0.1	0.1	0.1	0.2	0.3	0.3	0.2	0.6	0.5	1.3	0.2	
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	26.3	26.9	2.4	37.1	26.2	25.9	26.0	26.0	10.4	26.0	28.0	
Reported PAT	0.4	0.3	3.3	0.3	0.9	0.7	0.5	1.7	4.2	3.8	0.5	55
Adj PAT	0.4	0.3	0.0	0.3	0.9	0.7	0.5	1.7	0.9	3.8	0.5	55
YoY Change (%)	(55.0)	(74.7)	(96.6)	(76.7)	142.3	190.5	1,321.7	514.2	(76.6)	309.6	87.2	
Margins (%)	1.7	1.3	0.2	1.2	4.2	3.3	2.0	6.4	1.1	4.1	2.3	

Per ton analysis (incl. Dry mortar)

Net realization	4,792	4,539	4,523	4,522	5,027	4,914	4,864	4,915	4,592	4,927	4,897	0
RM Cost	835	894	933	1,038	871	1,093	1,040	1,054	931	1,020	1,070	2
Employee Expenses	314	303	301	234	345	318	317	264	285	308	332	(4)
Power, Oil & Fuel	1,300	1,121	1,060	1,030	1,221	1,029	1,120	1,092	1,123	1,112	1,130	(9)
Freight cost	1,064	1,018	1,066	1,068	1,038	1,045	1,035	1,021	1,055	1,034	1,018	3
Other Expenses	546	509	523	546	586	578	596	545	532	574	546	6
Total Expenses	4,059	3,844	3,884	3,916	4,061	4,063	4,108	3,976	3,926	4,048	4,096	(1)
EBITDA	733	695	639	607	966	851	755	939	666	879	801	6

Source: Company, MOFSL Estimates

Alembic Pharma

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ALPM IN
Equity Shares (m)	197
M.Cap.(INRb)/(USDb)	188.8 / 2.1
52-Week Range (INR)	1153 / 725
1, 6, 12 Rel. Per (%)	3/4/-21
12M Avg Val (INR M)	231

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	73.7	80.7	89.4
EBITDA	12.2	14.3	16.9
Adj. PAT	7.1	8.8	10.6
EBIT Margin (%)	12.3	13.5	14.6
Cons. Adj. EPS (INR)	36.2	44.9	53.7
EPS Gr. (%)	24.2	24.1	19.7
BV/Sh. (INR)	294.6	333.9	382.0

Ratios

Net D:E	0.2	0.1	0.0
RoE (%)	12.8	14.2	14.9
RoCE (%)	11.7	12.9	13.7
Payout (%)	16.6	13.4	11.2

Valuations

P/E (x)	26.5	21.4	17.9
EV/EBITDA (x)	16.4	13.7	11.4
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	3.4	3.4	4.5
EV/Sales (x)	2.7	2.4	2.2

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	69.7	69.7	69.6
DII	16.3	16.5	16.1
FII	4.1	4.0	3.9
Others	9.9	9.9	10.4

FII Includes depository receipts

CMP: INR960 TP: INR1020 (+6%) Neutral

Exports (formulation/API) drive earnings

Utility Therapeutics acquisition marks entry into US prescription-led franchise

- Alembic Pharma (ALPM) delivered better-than-expected revenue/EBITDA (6%/6.5% beat) in 2QFY26. However, earnings were in line with our estimate due to a higher tax rate for the quarter.
- Non-US segment revenue remained on the robust growth path, with an all-time high quarterly run rate of INR3.9b. In addition to improved traction in established markets (Europe, Canada, Australia, Brazil, SA), ALPM is strategically expanding into new markets to better its growth prospects.
- Product launches boosted US sales to a quarterly run rate of USD64m in 2Q. Apart from generics, ALPM would be investing in products/field force in the urinary tract infection category for the prescription-led business model in US. The acquisition of Utility Therapeutics is the first step in this direction.
- Domestic formulation (DF) business has witnessed moderate growth for the past two quarters, partly due to the GST transition.
- We largely maintain our estimates for FY26/FY27/FY28. We value ALPM at 21x 12M forward earnings to arrive at a TP of INR1,020.
- We build 23% earnings CAGR over FY25-28, led by 21%/14%/8% sales CAGR in non-US/US/DF segments and 230bp margin expansion. We believe that the current valuation already factors in the earnings upside; hence, we maintain our Neutral stance on the stock.

EBITDA grew 32% YoY driven by better operating leverage

- ALPM sales grew 16% YoY to INR19b (our est: INR18b).
- US generics sales grew 21% YoY (14% YoY in CC) to INR5.7b (USD64m; 30% of sales). Ex-US generic, exports grew 31% YoY to INR3.9b (21% of sales).
- DF sales grew 5% YoY to INR6.4b (33% of sales). API sales rose 15% YoY to INR3.1b (16% of sales).
- Gross margin contracted 100bp YoY to 73%.
- EBITDA margin expanded 200bp YoY to 16.5% (in line), led by low employee expenses (-90bp YoY as % of sales) and low other expenses (-420bp YoY as % of sales), partly offset by high R&D expenses (+200bp YoY as % of sales).
- Consequently, EBITDA grew 32% YoY to INR3.2b (our est: INR3.0b).
- Adj. PAT rose 20.4% YoY to INR1.7b (in-line).
- For 1HFY26, revenue/EBITDA/PAT grew 13%/25%/18% YoY to INR36b/INR6b/INR3.2b.

Key highlights from the management commentary

- ALPM intends to achieve 18-20% EBITDA margin over the next two years.
- While there was strong YoY growth in non-US segment in 2QFY26, ALPM indicated 15-20% YoY growth for FY26 in this segment.
- DF business was impacted by the transition to a lower GST rate. ALPM hopes to recoup growth to some extent in the coming quarter.
- A low base and improved demand led to healthy YoY growth in API segment. ALPM expects 10% YoY growth in this segment in FY26.

Quarterly perf. (Consol.)
(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	15,617	16,480	16,927	17,696	17,107	19,102	18,552	18,870	66,721	73,631	17,963	6.3%
YoY Change (%)	5.1	3.3	3.8	16.7	9.5	15.9	9.6	6.6	7.1	10.4	9.0	
Total Expenditure	13,249	14,087	14,325	14,977	14,294	15,945	15,509	15,757	56,639	61,505	14,999	
EBITDA	2,368	2,393	2,602	2,719	2,813	3,157	3,043	3,114	10,082	12,126	2,964	6.5%
YoY Change (%)	19.2	14.9	-2.4	4.6	18.8	31.9	16.9	14.5	8.1	20.3	23.9	
Margins (%)	15.2	14.5	15.4	15.4	16.4	16.5	16.4	16.5	15.1	16.5	16.5	0.2%
Depreciation	690	705	700	690	738	761	799	813	2,786	3,110	800	
EBIT	1,678	1,688	1,902	2,029	2,075	2,396	2,243	2,301	7,297	9,016	2,164	10.7%
YoY Change (%)	26.6	19.9	-3.6	6.5	23.7	42.0	18.0	13.4	10.5	23.6	28.2	
Interest	132	188	223	245	235	242	205	159	788	841	215	
Other Income	21	167	95	142	65	69	171	375	425	680	167	
PBT before EO expense	1,567	1,667	1,774	1,926	1,905	2,223	2,209	2,517	6,934	8,854	2,116	5.1%
Extra-Ord expense	0	-129	0	0	0	0	0	0	129	0	0	
PBT	1,567	1,796	1,774	1,926	1,905	2,223	2,209	2,517	7,063	8,854	2,116	5.1%
Tax	225	273	401	353	365	532	400	453	1,252	1,749	385	
Rate (%)	14.4	15.2	22.6	18.3	19.1	23.9	18.1	18.0	17.7	19.8	18.2	
MI & P/L of Asso. Cos.	-5	-11	-11	4	-3	-24	9	11	-23	-7	7	
Reported PAT	1,347	1,534	1,384	1,569	1,544	1,715	1,801	2,053	5,834	7,112	1,724	-0.5%
Adj PAT	1,347	1,425	1,384	1,569	1,544	1,715	1,801	2,053	5,725	7,112	1,724	-0.5%
YoY Change (%)	11.6	3.6	-23.5	-12.3	14.6	20.4	30.1	30.8	-7.2	24.2	21.0	
Margins (%)	8.6	8.6	8.2	8.9	9.0	9.0	9.7	10.9	8.6	9.7	9.6	
EPS	6.9	7.2	7.0	8.0	7.9	8.7	9.2	10.4	29.1	36.2	8.8	-0.5%

Aditya Birla Lifestyle Brands

Estimate changes



TP change



Rating change



Bloomberg	ABLBL IN
Equity Shares (m)	1220
M.Cap.(INRb)/(USDb)	167.3 / 1.9
52-Week Range (INR)	176 / 129
1, 6, 12 Rel. Per (%)	-2/-/-
12M Avg Val (INR M)	293

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	82.5	90.0	97.9
EBITDA	12.9	14.5	16.2
Adj. PAT	2.1	2.7	3.2
EBITDA Margin (%)	15.7	16.1	16.5
Adj. EPS (INR)	1.8	2.2	2.6
BV/Sh. (INR)	12.2	14.5	17.1

Ratios

Net D:E	1.7	1.3	1.0
RoE (%)	15.5	16.8	16.5
RoCE (%)	12.5	13.4	13.6

Valuations

P/E (x)	78.1	61.3	52.8
EV/EBITDA (x)	15.0	13.2	11.7
EV/Sales (x)	2.3	2.1	1.9
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-25	Jun-25
Promoter	46.6	46.6
DII	11.5	11.0
FII	21.9	23.0
Others	20.0	19.5

FII Includes depository receipts

CMP: INR137
TP: INR155 (+13%)
Neutral

Retail momentum continues; profitability improvement remains key trigger

- ABLBL reported a modest 4% YoY revenue growth (vs. 11% for Arvind Fashion) in 2QFY26, as strong 12% LTL retail growth was offset by the adverse impact from recent store rationalization and GST-related transition on wholesale primary sales.
- EBITDA rose **12% YoY to INR3.2b**, with margins expanding **125bp to 15.5%**, driven by higher gross margin. However, pre-Ind AS EBITDA for 1H was flat at **INR2.5b**, with ~15bp margin contraction due to higher lease rental costs.
- Reebok and Van Heusen Innerwear showed strong consumer traction (10%+ and 20%+ LTL, respectively), but reported sales were muted due to inventory corrections in Reebok and GST-linked disruptions in wholesale channels.
- Management is targeting to double revenue (11%+ CAGR) over FY24-30 through sustained high-single-digit LTL growth and net store additions of 250+ annually (on a base of ~3,200+ stores).
- However, we believe that given the widespread presence of Lifestyle brands across EBOs, MBOs, LFS and online channels and rising competition from new-age D2C brands, sustaining double-digit growth could prove challenging.
- Our FY26-28E EBITDA is broadly unchanged, though our FY26E PAT is cut by ~13% due to the front-loaded impact of lease rentals. We build in a CAGR of 9%/11%/26% in revenue/EBITDA/adj. PAT over FY25-28E.
- We ascribe a 12x Dec'27E EV/EBITDA multiple to Lifestyle brands and a ~1.2x EV/sales multiple to the emerging brands. **We maintain a Neutral stance with a revised TP of INR155** (implies ~23x Dec'27E pre-INDAS EV/EBITDA).

Strong LTL growth across segments, but yet to translate into improved profitability

- Revenue at INR20.4b **grew by a modest 4% YoY** (vs. our estimate of 6% YoY, though 2QFY25 numbers have been restated), despite improvement for peers (+11% YoY for Arvind Fashions).
 - Lifestyle Brands grew 7% YoY, driven by 12% retail LTL growth, while Emerging Brands delivered 11% LTL growth.
 - Despite healthy LTL growth, ABLBL's overall growth was adversely impacted by store rationalizations in past 12 months.
- Gross profit rose ~6% YoY to INR11.7b (4% miss) as gross margin expanded ~130bp YoY to 57.7%, likely driven by lower discounting.
- Other expenses spiked 12% YoY likely due to higher A&P spends, while employee and rental expenses fell 4% and 8% YoY, respectively.
- Reported EBITDA at INR3.2b **grew by ~12% YoY** (in line with our estimate) as EBITDA margin expanded by ~125bp YoY to 15.5%.
 - Pre-IND AS EBITDA for 1HFY26 stood at INR2.5b, flat YoY, with margins at 6.4%, contracting 15bp YoY.
- Depreciation jumped ~20% YoY on front-loading of lease-related expenses, while interest cost declined ~10% YoY.

- Resultantly, PAT at INR232m declined ~41% YoY, significantly below our estimate of INR475m. Overall, 1HFY26 PAT stood at INR475m, down 30% YoY.
- Inventory levels increased by 16% compared to FY25, driven by festive-season stocking. This pushed core working capital up by 9% YoY, with core WC days rising to 67 from 61 in Mar'25.
- Pre-INDAS OCF outflow stood at INR1b in 1HFY26 (vs. ~INR2.1b YoY), driven by favorable WC movement. 1HFY26 FCF outflow stood at INR2.2b (vs. INR3.4b YoY) as capex moderated ~10% YoY to INR1.2b.
- For 1HFY26, revenue/EBITDA grew 7%/6%. Based on our estimates, the implied run rate for 2HFY26 for revenue/EBITDA stands at 10%/11%.

Key highlights from the management interaction

- **Demand:** Early festive and strong growth in small towns drove strong LTL growth in retail channels, but overall consumption remains muted due to weather and GST transition-related disruptions. Diwali sales were modest and the near-term outlook hinges on the recovery in the ongoing wedding season.
- **Expansion:** Network consolidation is largely complete, with ABLBL adding 75+ gross stores across formats (~26 on net basis). Management expects store additions to accelerate from 2HFY26.
- **Inventory:** Higher inventory levels reflect early festive stocking and precautionary winterwear sourcing amid sourcing uncertainty from Bangladesh. Working capital is elevated in the short term but is expected to normalize by year-end as sales accelerate.

Valuation and view

- ABLBL's Lifestyle brands have achieved scale along with healthy profitability. The company is focused on scaling up its Emerging brands such as American Eagle (denim), Reebok (footwear) and Van Heusen Innerwear (innerwear and athleisure), providing a compelling retail play with a balanced growth and profitability profile with strong cash generation and robust return ratios.
- Management is targeting to double revenue (11%+ CAGR) over FY24-30 through sustained high-single-digit LTL growth and net store additions of 250+ annually (on a base of ~3,200+ stores).
- However, we believe that given the widespread presence of Lifestyle brands across EBOs, MBOs, LFS and online channels and rising competition from new-age D2C brands, sustaining double-digit growth could prove challenging.
- Our FY26-28E EBITDA is broadly unchanged, though our FY26E PAT is lowered by ~13% due to the front-loaded impact of lease rentals. We build in a CAGR of 9%/11%/26% in revenue/EBITDA/adj. PAT over FY25-28E.
- We ascribe a 12x Dec'27E EV/EBITDA multiple to the Lifestyle brands and a ~1.2x EV/Sales multiple to the Emerging brands. **We maintain a Neutral stance with a revised TP of INR155** (implies ~23x Dec'27 pre-INDAS EV/EBITDA).

Quarterly earnings summary

Y/E March	FY25				FY26E				FY25	FY26	FY26	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	17,845	18,525	21,042	18,775	18,406	20,379	23,090	20,652	76,186	82,527	19,673	3.6
YoY Change (%)	-44.2	-42.6	-49.5	2.5	3.1	10.0	9.7	10.0	0.6	5.4		
Total Expenditure	14,951	15,715	17,709	15,688	15,775	17,212	19,361	17,240	64,269	69,587	16,601	3.7
EBITDA	2,894	2,810	3,332	3,087	2,631	3,167	3,729	3,412	11,918	12,940	3,072	3.1
Change, YoY (%)					-9.1	12.7	11.9	10.5	10.1	8.6		
Depreciation	1,623	1,705	1,716	2,014	1,725	2,090	1,935	1,989	7,057	7,738	1,899	
Interest	874	1,088	964	894	850	978	814	615	3,820	3,257	762	
Other Income	141	204	221	212	225	211	223	234	777	894	223	
PBT before EO expense	537	221	875	391	282	311	1,203	1,042	1,817	2,838	634	-51.0
Extra-Ord expense	3	-199	89	-877	0	0	0	0	-983	0		
Share in JV												
PBT	540	22	964	-486	282	311	1,203	1,042	834	2,838	634	-51.0
Tax	102	-218	239	104	41	76	303	275	238	695	160	
Rate (%)	18.9	-990.9	24.8	-21.4	14.6	24.6	25.2	26.4	28.5	24.5	25.2	
Reported PAT	438	240	725	-590	241	234	901	766	596	2,143	475	-50.6
Adj PAT	435	439	636	288	241	234	901	766	1,579	2,143	475	-50.6
YoY Change (%)					-44.6	-46.6	41.7	167.5	-7.5	35.7		

Vinati Organics

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	VO IN
Equity Shares (m)	104
M.Cap.(INRb)/(USD\$)	171.9 / 1.9
52-Week Range (INR)	2040 / 1413
1, 6, 12 Rel. Per (%)	-5/-2/-18
12M Avg Val (INR M)	120

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	24.1	28.4	32.9
EBITDA	7.7	9.1	10.6
PAT	5.4	6.3	7.4
EPS (INR)	52.1	60.9	71.2
EPS Gr. (%)	30.0	17.0	17.0
BV/Sh.(INR)	313.0	362.5	420.4

Ratios

Net D:E	-0.0	-0.0	-0.1
RoE (%)	17.8	18.0	18.2
RoCE (%)	16.7	17.0	17.3
Payout (%)	18.7	18.7	18.7

Valuations

P/E (x)	31.9	27.2	23.3
P/BV (x)	5.3	4.6	3.9
EV/EBITDA (x)	22.3	18.8	15.9
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	1.3	1.6	2.0

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	74.3	74.3	74.3
DII	9.5	9.3	7.3
FII	3.8	3.9	5.5
Others	12.4	12.6	13.0

FII Includes depository receipts

CMP: INR1,658 TP: INR2,100 (+27%) Buy

Healthy margin expansion and ATBS capacity addition strengthen growth visibility

Earnings in line

- Vinati Organics (VO) reported a strong operating performance in 2QFY26, as EBITDA surged 33% YoY to INR1.8b. Gross margin expanded to 56.5% from 45.8% in 2QFY25, while EBITDAM expanded 850bp YoY to 32.7%. PAT grew 22% YoY to INR1.3b (est. in line).
- For FY26, VO expects revenue growth across ATBS, Butyl Phenols (BP), and Anti-Oxidants (AO) segments, supported by favorable demand trends and capacity additions. VO has completed the phase 1 expansion of its Acrylamide Tertiary-Butyl Sulfonic Acid (ATBS) production capacity by 10,000mtpa to cater to the growing global demand and reduce order backlogs.
- We largely maintain our earnings estimates for FY26/FY27/FY28. We value VO at 35x FY27E EPS to arrive at a TP of INR2,100. **Reiterate BUY rating on VO.**

Gross margin expansion drives earnings

- Revenue came in at INR5.4b (est. INR6.3b), down 1% YoY/up 1% QoQ.
- Gross margin stood at 56.5% (vs. 45.8% in 2QFY25 and 52% in 1QFY26).
- EBITDAM came in at 32.7% (+850bp YoY, +210bp QoQ).
- EBITDA stood at ~INR1.8b (est. INR1.7b), up 33% YoY/8% QoQ.
- Adjusted PAT stood at INR1.3b (est. INR1.2b), up 22% YoY/14% QoQ.
- In 1HFY26, revenue/EBITDA/Adj. PAT grew 1%/33%/26% YoY to INR11b/INR3.4b/INR2.4b.
- Cash flow from operations stood at INR4.2b in Sep'25 vs. INR3.1b in sep'24.
- CFO Mr. N. K. Goyal has retired after reaching the age of superannuation, as per company policy. The board has appointed Mr. Gulshan Kr. Sakhuja as CFO (Designate), with effect from 6th Nov'25. Mr. Sakhuja is a Chartered Accountant with professional experience of more than two decades. He has been associated with VO since Dec'24.

Valuation and view

- VOPL has commissioned a plant for MEHQ and Guaiacol, along with other products (Anisole, 4-MAP, Iso Amylene, etc.), to be commercialized in FY26. We expect them to be the key growth drivers for VO going forward.
- VO continues to be one of the largest producers of AOs in India. While Chinese competitors continue to pose a threat to the supply, the long-term outlook for the segment remains positive on the back of a novel AO for lubricant additives, further strengthening of the portfolio.
- We expect growth to be driven by capacity expansion of ATBS by 10,000mtpa, enabling VO to cater to growing global demand and reduce order backlogs.
- We broadly maintain our FY26/FY27/FY28 estimates and expect a CAGR of 21%/35%/33% in revenue/EBITDA/PAT over FY26-28. The stock trades at ~27x FY27E EPS of INR61 and ~19x FY27E EV/EBITDA. We value the stock at 35x FY27E EPS to arrive at a TP of INR2,100. **Reiterate BUY.**

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY25					FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)	
Gross Sales	5,247	5,533	5,217	6,485	5,423	5,463	5,738	7,489	22,481	24,113	6,308	-13%	
YoY Change (%)	19.6	19.5	16.4	17.8	3.3	-1.3	10.0	15.5	18.3	7.3	14.0		
Total Expenditure	3,996	4,193	3,789	4,649	3,764	3,677	3,954	5,020	16,626	16,415	4,608		
Gross Margin (%)	44.9%	45.8%	49.0%	47.4%	52.0%	56.5%	52.0%	51.9%	46.8%	46.7%	47.6%		
EBITDA	1,251	1,340	1,428	1,836	1,658	1,786	1,784	2,469	5,855	7,698	1,699	5%	
Margin (%)	23.8	24.2	27.4	28.3	30.6	32.7	31.1	33.0	26.0	31.9	26.9		
Depreciation	196	205	205	202	213	215	240	255	808	923	225		
Interest	4	1	1	2	4	0	2	2	8	8	2		
Other Income	93	222	67	61	73	159	100	127	443	460	200		
PBT before EO expense	1,144	1,357	1,289	1,694	1,515	1,730	1,642	2,339	5,482	7,227	1,672		
PBT	1,144	1,357	1,289	1,694	1,515	1,730	1,642	2,339	5,482	7,227	1,672		
Tax	284	295	333	418	387	440	413	588	1,330	1,828	421		
Rate (%)	24.8	21.8	25.8	24.7	25.5	25.4	25.2	25.1	24.3	25.3	25.2		
Reported PAT	860	1,061	956	1,276	1,128	1,290	1,229	1,751	4,152	5,399	1,251	3%	
Adj PAT	860	1,061	956	1,276	1,128	1,290	1,229	1,751	4,152	5,399	1,251	3%	
YoY Change (%)	23.9	46.4	24.1	22.1	31.1	21.6	28.6	37.3	28.4	30.0	17.9		
Margin (%)	16.4	19.2	18.3	19.7	20.8	23.6	21.4	23.4	18.5	22.4	19.8		

ACME Solar Holdings

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR274 **TP: INR385 (+41%)** **Buy**

Execution remains a key monitorable for FY27

- ACME Solar Holdings (ACME) posted an in-line performance in 2QFY26, with revenue of INR4.7b (3% beat). 2QFY26 benefitted from healthy generation leading to EBITDA coming in line with our estimate of INR4b. Adj. PAT of INR1.1b was 13% above our estimate, aided by higher-than-expected other income.
- The company has continued to execute well and remains on track to scale up its installed capacity to an estimated ~5.4GW by FY28. This is expected to drive an EBITDA CAGR of 74% over FY25-28.
- Key monitorables in 2HFY26 include 1) PPA signing for pending projects and 2) Commissioning of 1GWh of BESS, which should be operationalized by 4QFY26, as this is expected to contribute an annual EBITDA of ~INR1.7b. This could pose an upside risk to our current EBITDA estimates for 4QFY26 and FY27.
- **We reiterate our BUY** rating with a TP of INR385, implying a 40% upside potential.

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

Financial highlights

- ACME's consol. revenue beat our est. by 3% at INR4.7b (+80% YoY, -8% QoQ), led 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 a 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.
- In 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.
- The 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.

Bloomberg	ACMESOLA IN
Equity Shares (m)	605
M.Cap.(INRb)/(USDb)	165.7 / 1.9
52-Week Range (INR)	324 / 168
1, 6, 12 Rel. Per (%)	-7/22/-
12M Avg Val (INR M)	457

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	22.2	39.3	73.0
EBITDA	19.4	34.8	64.9
Adj. PAT	5.3	6.4	14.8
EPS (INR)	8.7	10.6	24.5
EPS Gr. (%)	92.5	22.2	130.7
BV/Sh.(INR)	83.0	93.7	118.1

Ratios

ND/Equity	4.0	6.4	5.7
ND/EBITDA	10.4	10.4	6.3
RoE (%)	11.0	12.0	23.1
RoIC (%)	5.5	5.7	7.9

Valuations

P/E (x)	31.5	25.8	11.2
EV/EBITDA (x)	19.5	15.4	9.0

Shareholding Pattern (%)

As On	Sep-25	Jun-25
Promoter	83.4	83.4
DII	6.4	6.6
FII	5.6	5.8
Others	4.6	4.2

Highlights of the 2QFY26 performance

- About 378 MW has been commissioned in FY26 to date, with another 72 MW nearing completion.
- The total portfolio of 7,390 MW included 13.5 GWh of BESS, with a 10 GW target by 2030.
- New wins included 720 MW of projects (450 MW SJVN, 220 MW RUMSL, 50 MW Tata Power FDRE).
- Generation stood at 1,539MUs, and CUF was 24.1%.
- Successfully commissioned a 10 MWh pilot BESS at the ISTS plant to evaluate performance across configurations.
- Placed new orders for 2GWh during the quarter. A phased delivery of the 5.1 GWh BESS order is expected to start in Dec'25, with phased commissioning from 4QFY26 onward.
- About 1GWh of BESS (merchant capacity) should be operationalized from 4QFY26 onwards, which is expected to generate an annual EBITDA of INR1.7b (assuming an INR5/unit difference between merchant power sale during peak hours and the cost of generation of the same).
- The net debt-to-TTM EBITDA ratio was 4.3x, and net debt/net worth was 1.9x.
- ACME incurred ~INR14b capex in 1HFY26 but remains on track to meet its full-year target of INR120b, subject to a delay of a maximum of one quarter.

Valuation and view

- **We reiterate our BUY rating on ACME.** We assign a 10x FY28E EV/EBITDA . Adjusting for the net debt, we derive our TP of INR385, implying a 40% potential upside.

Consolidated performance

Y/E March	FY25				FY26E				FY25	FY26E	(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY26E 2QE	Var. %	YoY (%)	QoQ (%)
Net Sales	3,096	2,596	3,490	4,869	5,110	4,677	5,857	6,596	14,051	22,240	4,559	3%	80%	-8%
YoY Change (%)	-0.2	-20%	5%	65%	65%	80%	68%	35%	7%	58%	76%			
EBITDA	2,717	2,208	3,072	4,357	4,578	4,002	5,107	5,675	12,354	19,362	4,007	0%	81%	-13%
Margin (%)	88%	85%	88%	89%	90%	86%	87%	86%	88%	87%	88%			
Depreciation	556	599	697	1,022	1,076	1,174	1,170	1,307	2,873	4,725	1,125	4%	96%	9%
Interest	1,963	1,783	1,791	2,055	2,330	2,645	2,658	2,663	7,592	10,296	2,371	12%	48%	14%
Other Income	304	356	518	524	730	1,336	300	300	1,701	2,666	796	68%	276%	83%
PBT before EO expense	503	181	1,103	1,803	1,903	1,519	1,579	2,005	3,590	7,007	1,306			
Extra-Ord income/(exp.)	0	0	-69	-141	-159	42	0	0	-210	-117	-			
PBT	503	181	1,034	1,663	1,744	1,562	1,579	2,005	3,380	6,890	1,306	20%	761%	-10%
Tax	489	28	-87	442	436	411	387	516	872	1,750	327	26%	1344%	-6%
Tax rate	97%	16%	-8%	27%	25%	26%	25%	26%	26%	25%	25%			
Minority Interest	0.0	0.0	0.0	-12.9	-0.1	-0.1	0.0	0.0	-12.9	-0.1	-			
Reported PAT	14	153	1,121	1,234	1,308	1,151	1,192	1,489	2,521	5,140	980	17%	652%	-12%
Adj PAT	14	153	1,190	1,374	1,467	1,108	1,192	1,489	2,731	5,257	980	13%	624%	-24%
YoY Change (%)	-1.0	LP	206%	LP	10465%	624%	0%	8%	LP	92%	540%			
Margin (%)	0%	6%	34%	28%	29%	24%	20%	23%	19%	24%	21%			

Home First Finance

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,196 TP: INR1,450 (+21%) Buy

Soft quarter amid transient asset quality deterioration

AUM growth tracking lower than estimates; BT-OUT and credit costs elevated

- Home First Finance's (HOMEFIRS) 2QFY26 PAT grew 43% YoY to INR1.32b (in line). PAT in 1HFY26 grew ~39% YoY, and we expect PAT in 2HFY26 to grow 48% YoY. NII grew ~32% YoY to INR2.1b (in line). Other income surged 66% YoY to INR699m (vs. MOFSLe of INR600m), aided by higher assignment income during the quarter, which stood at INR250m (PY: ~INR202), higher investment income, and higher fee and commission income.
- Opex grew 21% YoY to INR879m (inline). PPoP rose ~49% YoY to INR1.9b (~5% beat). Credit costs stood at INR152m (vs. MOFSLe of INR110m), translating into annualized credit costs of ~52bp (PQ: ~42bp and PY: ~25bp).
- Management acknowledged that disbursement volumes were marginally lower than earlier expectations, led by broader macro uncertainties, monsoon-led disruptions, and a deliberate tightening in underwriting amid tariff-related uncertainties in select regions. However, the growth momentum for disbursements is expected to strengthen in 2H, driven by improving macros, GST rate cuts, and benign inflation. The company guided for AUM growth of over 25% in FY26, and our FY26 AUM growth estimates are in line with the company's guidance.
- Asset quality weakened QoQ and resulted in sequentially higher credit costs. There was an increase in both 1+ dpd and 30+ dpd buckets, largely attributed to stress in a few localized markets, particularly in Chennai, Tiruppur, Coimbatore, and Surat. While Surat is showing some signs of recovery, Coimbatore and Tiruppur continue to exhibit higher delinquencies. Management shared that while some stress from the MFI/micro-LAP segments could have spilled over into affordable housing, it was further amplified into certain pockets due to uncertainties arising from US tariffs.
- Even though the bounce rate rose to ~17.4% in Oct'25, recovery trends remained strong, implying that the recent weakness was largely seasonal rather than any structural trend. While the company acknowledged that sustained collection efforts will be required to arrest slippages, it expressed confidence in its ability to restore asset quality in 2HFY26. We model credit costs of 40bp/35bp in FY26/FY27E.
- HOMEFIRS is a resilient franchise, currently navigating transitory headwinds. Its execution track record has been consistently better than its peers, and we expect the company to emerge stronger from this transitory stress in asset quality. We estimate a CAGR of ~25%/~27% in AUM/PAT over FY25-28E. The company is expected to recover from recent elevated delinquencies, with a gradual improvement in asset quality in the subsequent quarters. **Reiterate BUY with a TP of INR1,450 (based on 2.8x Sep'27E BV).**

Stock Info

Bloomberg	HOMEFIRS IN
Equity Shares (m)	104
M.Cap.(INRb)/(USDb)	123.8 / 1.4
52-Week Range (INR)	1519 / 839
1, 6, 12 Rel. Per (%)	-8/-5/-3
12M Avg Val (INR M)	476
Free float (%)	87.6

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	6.4	8.7	10.9
PPoP	5.3	7.7	9.2
PAT	3.8	5.5	6.6
EPS (INR)	42.4	53.2	64.2
EPS Gr. (%)	22.8	25.4	20.8
BV/Sh. (INR)	280	415	475
ABV/Sh. (INR)	269	402	459

Ratios

NIM (%)	5.7	6.1	6.1
C/I ratio (%)	35.6	32.2	32.5
RoAA (%)	3.5	4.1	4.0
RoAE (%)	16.5	16.1	14.4

Valuations

P/E (x)	28.2	22.5	18.6
P/BV (x)	4.3	2.9	2.5
P/ABV (x)	4.5	3.0	2.6
Div. Yield (%)	0.3	0.3	0.4

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	12.4	12.4	23.4
DII	28.8	21.9	12.4
FII	40.0	37.2	25.6
Others	18.8	28.5	38.6

FII includes depository receipts

AUM grows ~26% YoY; BT-OUT remains elevated

- Disbursements grew 10% YoY to ~INR12.9b, leading to AUM growth of 26% YoY to ~INR142b.
- The BT-OUT rate (annualized) in 2Q rose to ~7.6% (PQ: ~6% and PY ~6.7%), driven by increased competitive intensity during the quarter. Earlier, BT-OUTs from HOMEFIRS were primarily directed to nationalized banks. However, in recent quarters, even peer affordable HFCs have become aggressive in pursuing balance transfers.

Yields decline ~10bp QoQ; reported NIMs expand ~20bp QoQ

- Reported yield declined ~10bp QoQ to 13.4%, and reported CoF declined ~30bp QoQ to 8.1%. Reported spreads (excl. co-lending) rose ~20bp QoQ to 5.3%. Management guided for spreads between ~5.0% and 5.25% in FY26.
- Incremental CoF and origination yield in 2QFY26 stood at 7.9% and 13.3%, respectively. Reported NIM expanded ~20bp QoQ to 5.4%. NIMs (calc.) expanded ~5bp QoQ to ~6%. Management highlighted that the decline in CoB was supported both by the reduction in benchmark (repo) rates and the earlier credit rating upgrade. It further indicated that the CoF is expected to decline to <8% by Mar'26. We model an NIM of 6.1% each in FY26/FY27 (FY25: 5.7%).

1+dpd rises ~10bp QoQ; bounce rates rise sharply in Oct'25

- GS3 rose ~10bp QoQ to 1.95%, and NS3 rose ~10bp QoQ to 1.5%. PCR declined ~1pp QoQ to ~21%. GS2 rose ~10bp QoQ to 1.7%.
- The company's 1+dpd rose ~10bp QoQ to 5.5%. Bounce rates declined ~50bp QoQ to ~16.3% in 2QFY26 (vs. ~16.8% in 1QFY26). In Oct'25, bounce rates again rose to 17.4%.
- Capital adequacy stood at 48.4% (Tier 1: 48%) as of Sep'25.

Highlights from the management commentary

- Quarterly run-rate for assignment volumes will be **INR1.5-2b**, while **insurance commission income** quarterly run-rate will be **INR180-200m**.
- The company will continue to add **5-7 branches per quarter**, with expansion balanced across both its **focus markets** and **emerging geographies**.
- Co-lending is expected to **scale up to ~10% of total disbursements** over time, as the company continues to expand and deepen its co-lending partnerships.

Valuation and view

- HOMEFIRS reported a soft operating performance in the quarter, with AUM growth tracking marginally below expectations, driven by both lower disbursement volumes as well as higher BT-OUT. The weakening of asset quality in certain geographies, impacted by tariff-related uncertainties, resulted in sequentially higher credit costs. A key positive was the NIM expansion, supported by the lower cost of borrowings and better liquidity management.
- HOMEFIRS has invested in building a franchise, positioning itself well to capitalize on the significant growth opportunity in affordable housing finance.
- We estimate the company to clock a ~25% AUM CAGR over FY25-FY28 and NIM (as % of average AUM) of 6.1% each in FY26/FY27. **Reiterate our BUY rating on the stock with a TP of INR1,450 (premised on 2.8x Sep'27E BVPS).**
- **Key downside risks:** a) higher BT-outs, leading to lower AUM growth; and b) deterioration in asset quality in its LAP product and self-employed customer segments, resulting in higher credit costs. Asset quality will be a key monitorable in 2HFY26.

Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	2Q FY26E	Act V/s Est
	1Q	2Q	3Q	4Q	1QF	2Q	3QE	4QE				
Interest Income	3,032	3,322	3,558	3,629	3,944	4,091	4,263	4,481	13,540	16,779	4,104	0
Interest expenses	1,568	1,756	1,926	1,903	2,003	2,026	2,022	2,047	7,153	8,098	2,009	1
Net Interest Income	1,464	1,566	1,631	1,726	1,941	2,065	2,241	2,434	6,388	8,681	2,095	-1
YoY Growth (%)	17.5	18.6	21.4	26.2	32.6	31.8	37.4	41.0	21.0	35.9	33.8	
Other Income	382	421	517	533	609	699	694	737	1,852	2,740	600	17
					32.56	21						
Net Income	1,846	1,987	2,148	2,259	2,550	2,764	2,935	3,172	8,239	11,421	2,695	3
YoY Growth (%)	20.6	23.4	25.8	31.4	38.2	39.1	36.6	40.4	25.5	38.6	35.7	
Operating Expenses	655	726	752	803	868	879	909	1,025	2,936	3,681	898	-2
Operating Profit	1,191	1,261	1,396	1,456	1,682	1,885	2,026	2,147	5,304	7,740	1,797	4.9
YoY Growth (%)	21.9	20.7	27.2	28.3	41.2	49.5	45.2	47.4	24.7	45.9	42.5	
Provisions and Cont.	56	57	98	77	117	152	130	119	288	518	110	39
Profit before Tax	1,135	1,204	1,298	1,379	1,565	1,732	1,896	2,028	5,016	7,221	1,687	3
Tax Provisions	258	281	324	332	376	414	455	488	1,195	1,733	396	4
Net Profit	878	922	974	1,047	1,189	1,318	1,441	1,540	3,821	5,488	1,291	2
YoY Growth (%)	27.0	24.1	23.5	25.4	35.5	43.0	48.0	47.1	25.0	43.6	39.9	
Key Operating Parameters (%)												
Other income to Net												
Income Ratio	20.7	21.2	24.1	23.6	23.9	25.3	23.6	23.2				
Credit Cost	0.26	0.25	0.40	0.30	0.43	0.53	0.43	0.37				
Cost to Income Ratio	35.5	36.5	35.0	35.5	34.0	31.8	31.0	32.3				
Tax Rate	22.7	23.4	25.0	24.1	24.0	23.9	24.0	24.1				
Balance Sheet Parameters												
AUM (INR b)	104.8	112.3	119.5	127.1	134.8	141.8	150.1	159.2				
Change YoY (%)	34.7	34.2	32.6	31.1	28.6	26.3	25.6	25.2				
Loans (INR b)	87.9	94.5	100.6	106.5	112.5	118.1	126.5	132.8				
Change YoY (%)	34.9	34.5	33.3	30.8	27.9	25.0	25.7	24.7				
Borrowings (INR b)	95.1	105.9	110.4	115.6	118.5	119.7	99.3	103.7				
Change YoY (%)	39.4	45.4	33.8	31.4	24.6	13.1	-10.0	-10.3				
Loans/Borrowings (%)	92.5	89.2	91.2	92.1	95.0	98.6	127.4	128.0				
Asset Quality Parameters (%)												
GS 3 (INR m)	1,540	1,640	1,770	1,808	2,082	2,297						
Gross Stage 3 (% on Assets)	1.74	1.72	1.7	1.68	1.84	1.93						
NS 3 (INR m)	1,116	1,202	1,319	1,353	1,623	1,815						
Net Stage 3 (% on Assets)	1.26	1.26	1.30	1.26	1.43	1.53						
PCR (%)	27.5	26.7	25.5	25.2	22.0	21.0						
ECL (%)	0.83	0.80	0.80	0.77	0.77	0.77						
Return Ratios (%)												
ROAA (Rep)	3.6	3.4	3.4	3.5	3.7	3.8						
ROAE (Rep)	16.3	16.5	16.6	17.0	14.9	13.4						

E: MOFSL Estimates

Blue Jet Healthcare

Estimate changes

TP change

Rating change



Bloomberg	BLUEJET IN
Equity Shares (m)	173
M.Cap.(INRb)/(USDb)	105.2 / 1.2
52-Week Range (INR)	1028 / 468
1, 6, 12 Rel. Per (%)	-11/-21/22
12M Avg Val (INR M)	412

Financial Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	12.0	14.9	18.5
EBITDA	4.4	5.6	7.1
PAT	3.6	4.5	5.6
EPS (INR)	20.5	25.7	32.3
EPS Gr. (%)	16.5	25.2	25.8
BV/Sh.(INR)	84.4	108.3	138.4

Ratios

Net D:E	-0.1	-0.1	-0.2
RoE (%)	27.4	26.6	26.2
RoCE (%)	26.7	25.5	25.5
Payout (%)	6.8	6.8	6.8

Valuations

P/E (x)	35.7	28.5	22.6
P/BV (x)	8.7	6.7	5.3
EV/EBITDA (x)	28.6	22.1	17.1
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	-0.5	1.3	2.7

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	79.8	86.0	86.0
DII	3.6	0.9	1.8
FII	1.8	2.0	2.2
Others	14.7	11.1	10.1

FII Includes depository receipts

CMP: INR606
TP: INR770 (+27)
Buy

Delayed revenue recognition impacts quarterly performance

Earnings below estimates

- Blue Jet Healthcare (BLUEJET) reported revenue of INR1.7b, marking a decline of 21% YoY, primarily due to a higher proportion of goods remaining in transit, which led to delayed revenue recognition. Consequently, only 55% of the goods produced during the quarter were recognized as revenue. The de-stocking of channel inventory in Pharma intermediates also impacted the operational performance of the company.
- Going ahead, we expect recovery in Pharma intermediates in 2HFY26, led by growth in cardiovascular drugs across geographies, coupled with a consistent rise in prescriptions. Hence, bempedoic acid (a key intermediate for cardiovascular products) is likely to show healthy growth, backed by long-term contracts and the expanding market size of its key drugs.
- Factoring in the weak 2QFY26 performance, we cut our FY26/FY27/FY28 earnings estimates by 19%/20%/16% and value the stock at 30x FY27E EPS to arrive at our TP of INR770. **Reiterate BUY.**

Declines in contrast media and pharma intermediates drag operating performance

- The company reported revenue of INR1.6b, declining 21% YoY and 53% QoQ (est. INR2.8b). Contrast media/pharma intermediates revenue declined 29%/27% YoY to INR807m/INR434m, while revenue from high-intensity sweeteners grew 8% YoY to INR340m.
- Gross margin stood at 65%, compared to 57% in 2QFY25 and 48% in 1QFY26, primarily due to inventory changes, higher levels of finished goods, and a reduction in the cost of goods sold (COGS) from overhead allocation.
- Employee costs as a % of sales stood at ~11% YoY compared to ~7% in 2QFY25, while other expenses as a % of sales stood at ~21% vs. ~16% in 2QFY25.
- EBITDA declined 21% YoY and 55% QoQ to INR549m (est. INR1.5b). EBITDA margin contracted 20bp YoY and 90bp QoQ to 33.2% (est. 32.6%).
- Adj. PAT stood at INR521m (declining 11% YoY, declining 43% QoQ) in 2QFY26, below our estimate of INR709m.
- Other income surged 2x YoY to INR243m, led by a higher net foreign exchange gain of INR154m, on account of USD appreciation and treasury income of INR74m.
- In 1HFY26, Revenue/EBITDA/Adj. PAT grew 40%/55%/49% YoY to INR5.2b/INR1.8b/INR1.4b.
- The cash flow from operations in Sep'25 stood at ~INR2.1b, compared to INR620m in Sep'24

Highlights from the management commentary

- **Pharma intermediates:** The end cardiovascular drug continues to demonstrate strong growth and traction across all geographies, supported by a steady rise in prescriptions as per customer data. This positive trend is expected to translate into consistent growth throughout the product's patent lifecycle. The company received a New Request for Proposal (RFP) for one high-conviction phase 3 product and two for products already commercialized, potentially enabling lateral entries.
- **Contract media:** The business is expected to remain stable in the second half of the year, with performance likely to align with last year's trend. The MRI segment reported robust growth in regulated markets, leading to a strong order book.
- **High-intensity sweeteners:** A key customer has approved a new product with an estimated target market size of USD1b. The product offers healthy margins, and the company will be the sole manufacturer in India. It aims to capture around 10% of the global market share, providing a significant growth opportunity.
- **Capacity expansion:** The company plans to add 1,000 KL of capacity over the next 2-3 years, including blocks for CMI, high-intensity sweeteners, and MMP at its newly acquired 102-acre Vizag site. The development will take place in three phases and is expected to strengthen API manufacturing, including bempedoic acid.

Valuation and view

- We expect a recovery in pharma intermediates in the coming quarter, led by growth in cardiovascular drugs across geographies, coupled with a consistent rise in prescriptions. Bempedoic acid (a key intermediate for cardiovascular products) is also likely to show healthy growth, backed by long-term contracts and the increasing market size of its key drugs.
- Further, operational performance is expected to be driven by strong order visibility in the MRI segment of contrast media and the approval of a new product in the high-intensity sweeteners segment.
- We expect a revenue/EBITDA/PAT CAGR of 21%/23%/22% over FY25-28, led by structural tailwinds resulting from the de-risking of supply chains by global innovators and the increasing adoption of complex APIs and NCE intermediates.
- Factoring in the weak 2QFY26 performance, we cut our FY26/FY27/FY28 earnings estimates by 19%/20%/16% and value the stock at 30x FY27E EPS to arrive at our TP of INR770. Reiterate BUY.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	(%)
Gross Sales	1,629	2,083	3,174	3,404	3,548	1,655	3,291	3,525	10,290	12,018	2,838	-42%
YoY Change (%)	-9.3	14.8	90.3	85.1	117.8	-20.5	3.7	3.5	44.6	16.8	36.3	
Gross Margin (%)	54.7%	57.0%	54.5%	54.9%	48.4%	65.0%	55.0%	55.4%	55.2%	54.6%	52.5%	
EBITDA	443	695	1,230	1,400	1,210	549	1,253	1,382	3,767	4,395	924	-41%
Margin (%)	27.2	33.4	38.8	41.1	34.1	33.2	38.1	39.2	36.6	36.6	32.6	
Depreciation	35	46	47	49	57	59	61	63	178	240	62	
Interest	0	0	0	0	7	46	12	18	1	83	10	
Other Income	87	121	132	122	83	243	150	170	463	645	123	
PBT before EO expense	495	769	1,315	1,472	1,229	687	1,330	1,471	4,051	4,717	975	-30%
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	495	769	1,315	1,472	1,229	687	1,330	1,471	4,051	4,717	975	-30%
Tax	117	186	335	371	317	166	335	345	1,009	1,163	266	
Rate (%)	23.6	24.1	25.5	25.2	25.8	24.1	25.2	23.5	24.9	24.7	27.3	
Reported PAT	378	583	980	1,101	912	521	995	1,126	3,042	3,554	709	-26%
Adj. PAT	378	583	980	1,101	912	521	995	1,126	3,042	3,554	709	-26%
YoY Change (%)	-14.4	21.9	149.5	177.6	141.3	-10.6	1.6	2.3	77.9	16.8	21.5	
Margin (%)	23.2	28.0	30.9	32.3	25.7	31.5	30.2	31.9	29.6	29.6	25.0	

Aditya Birla Fashion and Retail

Estimate changes

TP change

Rating change



Bloomberg	ABFRL IN
Equity Shares (m)	1220
M.Cap.(INRb)/(USD\$)	102.7 / 1.2
52-Week Range (INR)	119 / 71
1, 6, 12 Rel. Per (%)	-7/-15/-30
12M Avg Val (INR M)	955

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	81.0	95.4	108.1
EBITDA	6.9	8.4	11.9
Adj. PAT	(6.3)	(6.8)	(5.6)
EBITDA Margin (%)	8.5	8.8	11.0
Adj. EPS (INR)	(5.1)	(5.6)	(4.6)
BV/Sh. (INR)	60.9	54.2	48.7

Ratios

Net D:E	0.2	0.3	0.3
RoE (%)	(9.7)	(11.6)	(10.7)
RoCE (%)	(2.8)	(3.2)	(2.1)

Valuations

P/E (x)	(16.4)	(15.1)	(18.3)
EV/EBITDA (x)	18.5	15.7	11.2
EV/Sales (x)	1.6	1.4	1.2
Div. Yield (%)	81.0	95.4	108.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	46.6	46.6	49.3
DII	8.1	12.1	14.8
FII	19.0	18.0	20.1
Others	26.3	23.3	15.9

FII Includes depository receipts

CMP: INR84

TP: INR90 (+7%)

Neutral

High A&P spends weigh on margins; sustained revival in Pantaloons key to re-rating

- Aditya Birla Fashion and Retail (ABFRL) reported a weak 2Q as higher A&P spends (up 200bp YoY) and losses in TMRW led to a **14% decline in reported EBITDA (37% miss)**. **Pre-Ind AS EBITDA for 1HFY26 declined ~12% YoY**.
- Pantaloons delivered 7% LFL growth, driven by the boost from early festive, revamped retail identity and growth in OWND (+43% YoY, on a low base). However, EBITDA margin declined 120bp YoY due to higher A&P spends and continued losses in OWND.
- Ethnic portfolio revenue grew 11% YoY (19% LTL growth in TCNS), with margin expanding 280bp YoY, driven by improved profitability in TCNS. Management expects strong growth and profitability in the Ethnic segment in 2HFY26, driven by wedding demand.
- TMRW grew 27% YoY, but losses remained elevated as the company invested in marketing and ramp-up of offline presence.
- Margin expansion in Pantaloons with the refreshed brand identity, loss reduction in TCNS, and scale-up of TASVA/OWND remain key long-term triggers for ABFRL. However, high marketing spends and investments in TASVA/OWND could drag near-term profitability.
- We cut our FY26-28E EBITDA by 6-11% due to the adverse impact of continued higher marketing spends across segments. We build in a CAGR of 13%/21% in revenue/EBITDA over FY25-28E, though we expect ABFRL to remain in losses over FY25-28E.
- We value ABFRL on SoTP basis. We assign EV/EBITDA multiples of 10x/13x to Pantaloons (inc. OWND!) and designer-led ethnic portfolio. We ascribe EV/sales multiples of 1x/0.9x/1.5x to ABFRL's premium ethnic/TMRW/Luxury Retail portfolio to arrive at our **revised TP of INR90. Reiterate Neutral rating**.

Weak 2Q; margins hurt by higher marketing spends

- Revenue **grew 13% YoY** to INR19.8b (**in line**), driven by strong growth in Ethnic (up 11% YoY), Luxury retail (+13% YoY) and TMRW (up 27% YoY).
 - Pantaloons segment grew 6% YoY, aided by strong 7% LFL growth, while Ownd (erstwhile Style up) revenue rose 43% YoY.
 - E-commerce sales grew 20% YoY, with share of digital business in ABFRL's mix crossing 15% in 2Q.
- Gross profit grew 21% YoY to INR11.5b (8% ahead) as **gross margin expanded ~395bp YoY** to 57.9% (~390bp beat).
- Despite better gross margins, a sharp increase in rentals (up 25% YoY) and other expenses (up 30% YoY) adversely impacted the operating profitability.
- EBITDA at ~INR688m (**37% below**) **declined 14% YoY** as EBITDA margin contracted to 3.5% (vs. 4.6% YoY and our est. of 5.6%).

- Pantaloons EBITDA margin declined ~120bp YoY to ~13.7%, due to OWND losses and higher ad spends.
- Ethnic profitability improved ~280bp YoY, driven by improvement in TCNS profitability, though the segment continued to report operating loss.
- TMRW's operating losses grew to INR620m (vs. INR380m YoY, INR630m QoQ).
- Other segments (including Luxury retail) saw sharp margin contraction, which was a major reason for the miss on our estimates.
- Higher A&P spends across ABFRL portfolio impacted profitability by ~200bp.
- Adjusted losses after tax inched up ~6% YoY to ~INR2.95b (vs. ~INR2.8b loss YoY) as lower EBITDA and higher depreciation (up 14% YoY) were offset by increase in other income (up 75% YoY) and lower finance costs (down 12% YoY).
- For 1HFY26, revenue/EBITDA grew by 11%/6%.
- Pre-IND AS operating losses stood at INR3.4b (vs. INR3.9b loss YoY), with margins improving 235bp YoY to -9%.
- Pre-INDAS OCF outflow for 1HFY26 stood at INR7.2b (vs. INR4.9b in 1HFY25), though not strictly comparable as 1HFY25 included ABLBL's cash flows. 1HFY26 FCF outflow stood at INR9.8b.
- Gross borrowings (excluding leases) rose 19% YoY to INR17.2b, while net cash stood at INR4.3b (down from INR9.3b as of Mar'25).
- During 1HFY26, revenue/EBITDA increased by 11%/6%, while losses widened by 49%. For 2H, we estimate revenue/EBITDA growth of 9%/1%.

Key highlights from the management interaction

- **Demand:** The early onset of the Pujo boosted footfalls and conversions, leading to healthy LFL growth across segments. However, heavy monsoons in the East dampened festive momentum.
- **Margins** softened due to a 200bp YoY rise in A&P as the company stepped up brand-building initiatives, especially in Pantaloons. Pantaloons' network-level margins improved ~180bp YoY, though reported margins were hurt by higher marketing spends and losses in OWND.
- **Pantaloons:** ABFRL is refreshing the brand identity in Pantaloons with improved product assortment, enhanced retail experience and reduced inventory in stores. ABFRL plans to open 15 new Pantaloons stores in a revamped format annually (8 closures, 6 openings in 1HFY26) and renovate 8-15 stores annually. ABFRL aims to improve gross margins to over 50% (vs. ~50% currently), raise private label share to 70-75% (from mid-60s), and achieve 25% store-level profitability (15-17% segment level).
- **Capital:** Cash reduced to INR16b (down by INR6b in 1HFY26) due to inventory build-up ahead of the festive and wedding periods. Capex stood at INR2.6b; with plans to spend INR1.0-1.25b in 2H, for scaling up Ownd and Tasva. Management indicated that typically profitability and cash conversion improve in 2H.

Valuation and view

- ABFRL (demerged) provides a diversified play across several high-growth segments in apparel retail. However, over the last few years, ABFRL's profitability and valuations have been hurt by investments in several new business, which are currently in build-out phase and are loss-making.

- Margin expansion in Pantaloons with the refreshed brand identity, loss reduction in TCNS, and scale-up of TASVA/OWND remain key long-term triggers for ABFRL. However, higher marketing spends and investments in TASVA/OWND could drag down near-term profitability.
- We cut our FY26-28E EBITDA by 6-11%, due to the adverse impact of continued higher marketing spends across segments. We build in a CAGR of 13%/21% in revenue/EBITDA over FY25-28E, though we expect ABFRL to continue to report losses over FY25-28E.
- We value ABFRL on SoTP basis. We assign EV/EBITDA multiples of 10x/13x to Pantaloons (inc. OWND!) and designer-led ethnic portfolio. We ascribe EV/sales multiples of 1x/0.9x/1.5x to ABFRL's premium ethnic/TMRW/Luxury Retail portfolio to arrive at our **revised TP of INR90. Reiterate Neutral rating.**

Consolidated - Quarterly Earnings summary

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	16,742	17,605	22,005	17,195	18,315	19,817	24,169	18,724	73,547	81,024	19,619	1.0
YoY Change (%)				9.2	9.4	12.6	9.8	8.9	14.2	10.2		
Total Expenditure	15,847	16,802	18,989	15,146	17,198	19,129	21,059	16,720	66,783	74,105	18,524	3.3
EBITDA	896	803	3,017	2,049	1,117	688	3,110	2,004	6,764	6,919	1,095	-37.2
Change, YoY (%)				486.6	24.7	-14.3	3.1	-2.2	82.8	2.3	-84.2	
Depreciation	2,736	2,862	3,007	3,016	3,156	3,252	3,284	3,163	11,664	12,855	3,188	
Interest	1,321	1,412	1,507	1,434	1,134	1,242	1,261	1,061	5,674	4,698	1,038	
Other Income	337	312	349	959	635	545	671	397	1,957	2,249	411	
PBT before EO expense	-2,824	-3,159	-1,148	-1,442	-2,538	-3,260	-765	-1,823	-8,616	-8,386	-2,720	19.9
Extra-Ord expense	0	1,612	0	0	0	0	0	-1	1,612	0	0	
Share in JV	-3	-32	-89	-54	-58	-70	0	128	-179			
PBT	-2,827	-1,580	-1,238	-1,496	-2,595	-3,331	-765	-1,696	-7,184	-8,386	-2,720	22.5
Tax	-449	-418	-178	113	-258	-380	-193	-1,281	-942	-2,111	-685	
Rate (%)	15.9	26.4	14.4	-7.6	9.9	11.4	25.2	75.5	13.1	25.2	25.2	
Reported PAT	-2,379	-1,162	-1,059	-1,609	-2,337	-2,951	-572	-416	-6,242	-6,275	-2,034	45.1
Adj PAT	-2,379	-2,774	-1,059	-1,609	-2,337	-2,951	-572	-416	-7,853	-6,275	-2,034	45.1
YoY Change (%)									-14.6	-20.1		

E: MOFSL Estimates

Valuation: We ascribe a TP of INR90/share to ABFRL

Dec'27	Revenue (INR b)	EBITDA (INR b)	EV/sales (x)	EV/EBITDA (x)	Valuation (INR b)	INR/share
Pantaloons and OWND!		8.9	-	10.0	89	73
Ethnics		3.7		9.6	36	29
Designer (attributable)		3.2	-	13.0	21	17
Premium (attributable)	15.7	-	1.0	-	15	12
TMRW (attributable)	14.9	-	0.9	-	13	10
Luxury	8.5	-	1.5	-	13	11
EV (INR b)					150	123
Net debt / (cash)					40	33
Equity Value					110	90
Nos of shares (in mn)					1,220	
Target Price (INR)					90	

VRL Logistics

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	VRLL IN
Equity Shares (m)	175
M.Cap.(INRb)/(USDb)	47.3 / 0.5
52-Week Range (INR)	325 / 216
1, 6, 12 Rel. Per (%)	-4/13/-9
12M Avg Val (INR M)	82

Financial Snapshot (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)	21.5	18.3	16.4
P/BV (x)	3.9	3.6	3.4
EV/EBITDA(x)	8.1	7.0	6.3
Div. Yield (%)	1.8	3.7	4.2
FCF Yield (%)	6.7	7.9	6.7

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	60.2	60.2	60.2
DII	24.3	24.6	25.5
FII	4.0	4.0	3.9
Others	11.5	11.2	10.4

FII includes depository receipts

CMP: INR271 **TP: INR350 (+29%)** **Buy**

In-line quarter with steady margins; volume recovery expected ahead

Healthy margins amid volume weakness; recovery likely in 2HFY26

- VRL's revenue was flat YoY at INR8.0b (+7% QoQ) in 2QFY26, 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. However, volume rose 4% sequentially on the back of a strong festive season and customer recovery from new branch addition.
- 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. However, it was lower QoQ on account of increased employee cost, which was expected after the salary revision w.e.f Aug'25. Fuel costs stood at ~25.6% (vs. 28.6% in 2QFY25) of total income in 2QFY26. Lorry charges fell to 4.4% from ~5.7% of total income YoY. EBITDA grew ~14% YoY to INR1.5b (in line).
- Aided by strong operating performance, APAT increased 40% YoY to INR499m (in line). Capex stood at INR430m in 2QFY26.
- In 2QFY26, VRL reported a stable performance, supported by disciplined pricing and a continued focus on profitability, despite lower volumes following its strategic exit from low-margin contracts. Effective cost management through improved fuel procurement and reduced dependence on hired vehicles helped the company maintain healthy margins. We retain our FY26 and FY27 estimates and roll forward our valuation to FY28. We expect volume to recover and margin to stabilize in 2HFY26, aided by festive demand and GST rate cuts. **We expect VRL to deliver 5% volume growth and a CAGR of 8%/9%/16% in revenue/EBITDA/PAT over FY25-28. Reiterate BUY with a TP of INR350 (based on 22x FY28E EPS).**

Highlights from the management commentary

- Volume is expected to grow ~4% QoQ in 3QFY26 with improved volumes after GST rate cuts.
- Overall, management expects revenue to grow ~4-5% in FY26.
- Capex stood at ~INR1b in 1HFY26 largely for branch expansion and transshipment hubs funded through internal accruals. Capex is being aligned with tonnage trends, with additional branch/hub expansion as planned.
- VRL's consistent 100% hub-to-hub efficiency, low attrition rate, and in-house tech infrastructure (ERP, barcoding, GPS) reinforce its position as a high-service-quality logistics player.
- Door-to-door revenue share has increased to ~40%, reflecting a gradual shift toward express PTL offerings. Network optimization continues, with rationalized fleet size and selective branch closures.

Valuation and view

- VRL is well-positioned for long-term growth, supported by its strategic focus on profitable contracts, operational efficiency, and strong service reliability. The company's investment in technology, disciplined cost management, and robust hub-to-hub network create a strong foundation to scale operations as demand recovers.
- While near-term headwinds persist, VRL's focus on profitability through the addition of quality customers, expansion into under-penetrated areas, a healthy pricing strategy, and strong internal execution positions it well to benefit from the structural growth in India's organized surface logistics sector.
- We retain our FY26 and FY27 estimates and roll forward our valuation to FY28. We expect volume to recover and margin to stabilize from 2HFY26, aided by festive demand and GST rate cut. **We expect VRL to clock 5% volumes and a revenue/EBITDA/PAT CAGR of 8%/9%/16% over FY25-28. Reiterate BUY with a TP of INR350 (based on 22x FY28E EPS).**

Quarterly performance

Quarterly performance												INR m
Y/E March (INR m)	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	7,272	7,995	8,252	8,090	7,443	7,970	8,475	8,670	31,609	32,558	7,850	2
YoY Change (%)	7.9	12.7	12.0	5.3	2.4	-0.3	2.7	7.2	9.4	3.0	-1.8	
EBITDA	869	1,331	1,664	1,866	1,516	1,511	1,576	1,608	5,730	6,212	1,498	1
Margins (%)	11.9	16.6	20.2	23.1	20.4	19.0	18.6	18.6	18.1	19.1	19.1	
YoY Change (%)	-14.7	44.9	76.3	77.1	74.5	13.6	-5.3	-13.8	45.6	8.4	12.6	
Depreciation	615	638	646	638	647	648	675	703	2,536	2,672	665	
Interest	226	224	241	258	262	242	220	164	948	888	220	
Other Income	148	25	57	25	65	70	72	94	255	300	82	
PBT before EO expense	176	493	835	996	672	691	753	836	2,500	2,953	695	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	176	493	835	996	672	691	753	836	2,500	2,953	695	
Tax	42	135	240	253	172	192	181	201	670	746	175	
Rate (%)	23.6	27.3	28.8	25.4	25.6	27.8	24.0	24.1	26.8	25.3	25.2	
Reported PAT	134	358	594	743	500	499	573	635	1,829	2,206	520	(4)
Adj PAT	134	358	594	743	500	499	573	635	1,829	2,206	520	
YoY Change (%)	-60.4	84.4	333.9	244.6	272.4	39.2	-3.7	-14.5	106.5	20.6	45.0	
Margins (%)	1.8	4.5	7.2	9.2	6.7	6.3	6.8	7.3	5.8	6.8	6.6	

TeamLease

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	28.3 / 0.3
52-Week Range (INR)	3103 / 1641
1, 6, 12 Rel. Per (%)	-7/-15/-44
12M Avg Val (INR M)	106

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	124.2	139.3	156.0
EBIT Margin (%)	0.9	1.1	1.3
Adj. PAT	1.5	1.8	2.1
EPS (INR)	89.9	105.9	122.9
EPS Gr. (%)	38.6	17.8	16.0
BV/Sh. (INR)	627.0	730.4	850.4
Ratios			
RoE (%)	14.9	15.2	15.2
RoCE (%)	13.2	13.7	13.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	18.9	16.1	13.8
P/BV (x)	2.7	2.3	2.0
EV/EBITDA (x)	18.1	13.2	10.4
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	31.1	31.6	31.6
DII	50.7	50.3	34.6
FII	6.7	7.7	24.8
Others	11.5	10.4	9.0

FII Includes depository receipts

CMP: INR1,688 TP: INR2,000 (+18%) Buy

Gradual revival taking shape in 2H

Operating leverage and mix improvement to drive margin gains

- TeamLease's (TEAM) 2QFY26 revenue growth of 8.4% YoY was below our estimate of 13% YoY growth. General Staffing (GS) grew by 4% QoQ, while Specialized Staffing grew 8% QoQ. EBITDA margin of 1.3% was in line with our expectation (1.4%). EBITDA improved by 25% QoQ. Adj. PAT at INR278m was up 12% YoY/11% QoQ. In 1HFY26, revenue/EBITDA grew 10.2%/23.7% YoY. In 2HFY26, we expect revenue/EBITDA to grow 12.4%/14.4% YoY. We reiterate our BUY rating with a TP of INR2,000.

Our view: BFSI headwinds likely behind

- 2QFY26 performance was somewhat subdued, reflecting continued softness in BFSI and IT Services hiring. That said, **overall GS showed sequential improvement in growth**, adding 37 new clients (65% under the variable mark-up model) while maintaining PAPM at steady levels. The company's growing focus on mid- and small-sized accounts (where pricing is 2-3x higher than large clients pricing) supported blended margin improvement.
- BFSI hiring remained below previous peaks but showed early signs of revival in frontline sales roles, while Tier-2 IT firms and GCCs continued to provide steady momentum. Most businesses, in our view, have likely bottomed out and should see a gradual recovery through 2H. We expect 11%/12% YoY growth in FY26E/FY27E.
- Specialized Staffing reported healthy growth of 28% YoY, driven by steady GCC demand and stable IT hiring. Better delivery efficiency and cost management supported margin gains of 60bp QoQ, and we think a continued shift toward higher-value mandates should drive further expansion. We estimate 7.0%/7.2% EBITDA margin for 3Q/4QFY26.
- HR Services achieved EBITDA breakeven, supported by stronger EdTech billings and improved HCM activity. We think investments in this business are largely complete, with the focus now shifting to scaling up revenue. A seasonal uptick is expected in 3Q and 4Q, leading to stronger revenue and EBITDA contributions over the next few quarters.
- Overall, **we expect the demand backdrop to turn more supportive in 2H, aided by steady macro conditions and a stable regulatory environment** in BFSI. We believe TEAM's focus on higher-value accounts, broader variable mark-up adoption, and better operating leverage should help it sustain margin gains. We expect EBITDA margins to improve gradually toward ~1.5% by FY27, with profit growth likely to outpace revenue growth over FY25-27E.

Valuation and revisions to our estimates

- We remain positive on the medium- to long-term opportunities owing to gains from the formalization of the labor market. We keep our estimates largely unchanged. **We reiterate our BUY rating with a TP of INR2,000 (18x Jun'27E EPS).**

Miss on revenue and in-line margins; 140 new logos secured

- Revenue growth of 4.8% QoQ/8.4% YoY was below our estimate of 13% YoY.
- GS grew 4% QoQ, while Specialized Staffing grew 8% QoQ.
- GS associate addition was up 3% QoQ at ~303k. Specialized Staffing headcount was up 5% QoQ. At the group level, net headcount addition was ~11k.
- EBITDA margin of 1.3% was in line with our estimate of 1.4%. EBITDA improved by 25% QoQ.
- 140 new logos were added during the quarter.
- Adj. PAT at INR278m was up 12% YoY/11% QoQ.

Key highlights from the management commentary

- Demand environment is expected to be more favorable in 2H compared to 1H, supported by improving sentiment across core sectors.
- Management indicated that hiring momentum is gradually reviving, with visibility improving across BFSI, consumer, and telecom segments.
- BFSI hiring remained subdued but showed initial signs of recovery, particularly across frontline roles in sales and collections at banks and NBFCs. While overall hiring volumes remain below prior peaks, a more broad-based recovery is expected in the quarters ahead, subject to no new directives from the RBI.
- 37 new clients were added during the quarter, with over 65% under the variable model. Around 23% of the gross associates hired were first-time job seekers (driven by a few clients, mostly on fixed mark-up, who give volumes).
- PAPM has been maintained on a broader basis and has not declined. Large customers are growing larger and typically at the lowest PAPM. Efforts for variable mark-ups and gaining mid- and small-sized accounts are holding PAPM stable.
- Demand remained selective but stable in IT services, with continued growth in Tier-2 IT companies and GCCs.
- Margin expansion is expected to continue, supported by growth in smaller, high-PAPM accounts and variable mark-up adoption (~two-thirds of new sign-ups).
- EBITDA growth of ~25% for FY26 remains achievable, with medium-term aspiration for double-digit EBITDA growth.
- GST 2.0 rollout is expected to create incremental staffing demand in consumer-related verticals over the medium term.

Valuation and view

- As both the central and state governments look to liberalize and formalize the labor market, TEAM should be one of the biggest direct beneficiaries in the medium term.
- Healthy growth and expected margin recovery should help TEAM deliver a CAGR of 12%/23% in revenue/earnings over FY25-28. **We reiterate our BUY rating with a TP of INR2,000 (18x Jun'27E EPS).**

Consolidated Quarterly Performance

(INR M)

	FY25				FY26E				FY25	FY26E	Est.	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QFY26	2QFY26	/ bp)
Revenue	25,799	27,968	29,213	28,579	28,914	30,321	32,701	32,239	1,11,559	1,24,175	31,654	-4
YoY Change (%)	19%	23%	19%	18%	12%	8%	12%	13%	20%	11%	13%	
Total Expenditure	25,576	27,634	28,864	28,104	28,608	29,938	32,247	31,751	1,10,178	1,22,543	31,204	-4
Reported EBITDA	223	335	349	475	307	383	454	489	1,381	1,632	450	-15
Margins (%)	0.9%	1.2%	1.2%	1.7%	1.1%	1.3%	1.4%	1.5%	1.2%	1.3%	1.4%	-16bp
Reported EBIT	91	196	216	341	171	242	334	369	844	1,115	320	-25
Margins (%)	0.4%	0.7%	0.7%	1.2%	0.6%	0.8%	1.0%	1.1%	0.8%	0.9%	1.0%	-21bp
Interest	30	44	32	42	37	40	30	30	148	137	25	60
Other Income	141	107	102	97	126	87	150	200	447	563	120	-28
PBT before EO expense	202	259	286	397	260	289	454	539	1,144	1,541	415	-30
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
Reported PBT	202	259	286	397	260	289	454	539	1,144	1,541	415	-30
Tax	8	11	2	20	13	12	18	22	40	64	17	
Rate (%)	4%	4%	1%	5%	5%	4%	4%	4%	4%	4%	4%	5bp
Adjusted PAT	194	249	284	379	250	278	440	522	1,105	1,491	399	-30
YoY Change (%)	-25%	-10%	3%	38%	29%	12%	55%	38%	2%	35%	60%	-4839bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	0.9%	1.3%	1.6%	1.0%	1.2%	1.3%	-34bp
Reported PAT	194	249	284	379	250	278	440	522	1,105	1,491	399	-30
YoY Change (%)	-25%	-10%	-8%	38%	29%	12%	55%	38%	-1%	35%	60%	-4839bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	0.9%	1.3%	1.6%	1.0%	1.2%	1.3%	-34bp

Key Performance Indicators

Y/E March	FY25				FY26		FY25
	1Q	2Q	3Q	4Q	1Q	2Q	
Headcount							
General staffing associates	2,82,450	2,98,300	2,99,600	2,92,150	2,95,270	3,03,350	2,92,150
Apprentices	42,350	45,270	47,200	47,300	49,000	51,600	47,300
Specialised staffing	6,900	6,670	6,700	6,620	6,730	7,050	6,620
Revenue							
General staffing	24,139	26,094	27,207	26,230	26,693	27,834	1,03,669
Specialised staffing	1,446	1,425	1,472	1,581	1,770	1,912	5,924
Other HR Services	214	450	533	768	451	574	1,965
Operating Margins							
General staffing	0.9	0.9	1.0	1.0	0.9	0.9	1.0
Specialised staffing	6.0	7.5	7.4	7.0	5.9	6.5	7.0
Other HR Services	(44.8)	(1.8)	(2.9)	19.0	(23.5)	(6.5)	1.3

BSE SENSEX	S&P CNX
83,459	25,598

CMP: INR831
Buy

Novelis 2QFY26: Earnings beat; capex revised further for Bay Minette facility

- Shipments volume stood at 941kt (flat YoY and -2% QoQ) and was in line with our estimate. Higher automotive and aerospace shipments were offset by lower beverage packaging and specialty shipments.
- Revenue stood at USD4.7b (+10% YoY and flat QoQ) against our estimate of USD4.4b. The beat was due to higher ASP for the quarter at USD5,041/t (+11% YoY and +3% QoQ), driven by favorable aluminum prices.
- Adjusted EBITDA stood at USD422m (vs. our estimate of USD374m), declining 9% YoY (+1% QoQ), primarily due to net negative tariff impacts and higher aluminum scrap prices, partially offset by higher product pricing and cost efficiencies. Adj. EBITDA/t for the quarter stood at USD449 (against our estimate of USD395), declining 8% YoY but rising 4% QoQ.
- APAT stood at USD141m in 2QFY26 (-30% YoY and -10% QoQ) against our estimate of USD105m.

Quarterly Performance (Novelis)

Y/E March	FY25				FY26E		USD m			
	1Q	2Q	3Q	4Q	1Q	2Q	FY25	FY26E	FY26 2QE	Vs Est (%)
Sales (000 tons)	951	945	904	957	963	941	3,757	3,854	947	(0.6)
Change (YoY %)	8.2	1.3	(0.7)	0.6	1.3	(0.4)	2.3	2.6		
Change (QoQ %)	-	(0.6)	(4.3)	5.9	0.6	(2.3)	-	-		
Net Sales	4,187	4,295	4,080	4,587	4,717	4,744	17,149	18,333	4,467	6.2
Change (YoY %)	2.3	4.6	3.7	12.5	12.7	10.5	5.8	6.9		
Change (QoQ %)	2.7	2.6	(5.0)	12.4	2.8	0.6	-	-		
EBITDA (adjusted)	500.0	462.0	367.0	473.0	416.0	422.0	1,802.0	1,697.4	374.1	12.8
Change (YoY %)	18.8	(4.5)	(19.2)	(8.0)	(16.8)	(8.7)	(3.8)	(5.8)		
Change (QoQ %)	(2.7)	(7.6)	(20.6)	28.9	(12.1)	1.4	-	-		
EBITDA per ton (USD)	525.8	488.9	406.0	494.3	432.0	448.5	479.6	440.4	395.0	13.5
Interest	64.0	67.0	61.0	60.0	62.0	68.0	252.0	313.4		
Depreciation	140.0	141.0	142.0	152.0	148.0	152.0	575.0	582.3		
PBT (before EO item)	296.0	254.0	164.0	261.0	206.0	202.0	975.0	801.7		
Extra-ordinary Income	(86.0)	(74.0)	(15.0)	42.0	(60.0)	22.0	(133.0)	-		
PBT (after EO item)	210.0	180.0	149.0	303.0	146.0	224.0	842.0	801.7		
Total Tax	60.0	51.0	39.0	9.0	50.0	61.0	159.0	200.4		
% Tax	28.6	28.3	26.2	3.0	34.2	27.2	18.9	25.0		
Reported PAT (after MI)	151.0	128.0	110.0	294.0	96.0	163.0	683.0	601.3		
Change (YoY %)	(3.2)	(18.5)	(9.1)	77.1	(36.4)	27.3	13.8	(12.0)		
Adjusted PAT	237.0	202.0	125.0	252.0	156.0	141.0	816.0	601.3	105.1	34.2
Change (YoY %)	42.8	(9.4)	(35.6)	3.7	(34.2)	(30.2)	(1.2)	(26.3)		
Change (QoQ %)	(2.5)	(14.8)	(38.1)	101.6	(38.1)	(9.6)				

Key highlights from the management commentary

Operating performance guidance and outlook

- The company has revised its cost reduction initiatives and now expects to exit FY26 savings run-rate with over USD125m vs its earlier target of USD100m. Moreover, it is targeting USD300m of total savings by the end of FY28 through the implementation of incremental efficiency activities.
- In 2QFY26, the company recognized USD21m of charges related to a fire incident at Oswego, NY. It expects a free cash flow impact of USD550-650m in FY26 (majorly in 3Q) due to the incident, including an Adj. EBITDA loss of USD100-150m.
- The majority of cash flow impact will be directed toward customer servicing, as the company is procuring materials incurring additional logistics and tariff costs, with a smaller portion allocated to reconstruction capex.
- The Oswego plant has been insured against such events, and management expects to recover ~70-80% via insurance.
- Management guided a YoY decline in volume for FY26, primarily led by an expected volume loss of 75kt in 3Q on account of the fire incident at Oswego.

Capital allocation update

- Total capex for Bay Minette has been further revised to USD5b (vs USD4.1b earlier). Management clarified that ~50% of the escalation was due to inflation, tariffs, and upgrades. ~30-40% of the cost increase was due to project complexity and design upgrades to make the facility future-ready.
- The 600kt Bay Minette facility remains on schedule for commissioning in 2HCY26. Guided cold mill commissioning is expected to start in 4QFY26, while the hot mill installation is underway.
- The parent company (HNDL) will provide an equity infusion of USD750m in the near term to support the Oswego restoration and the Bay Minette project escalation.
- Novelis has spent ~USD2.2b on the project to date and USD913m in 1HFY26.
- No additional debt has been planned beyond the previously announced USD1.5b program, of which USD1.25b has already been raised.
- Short-term net leverage may rise to 4x in FY26 due to lower EBITDA, but management expects a quick recovery to 3.5x in FY27.

Scrap market & recycling strategy

- Novelis reported that aluminum scrap prices have stabilized globally, with trends now turning favorable in North America.
- Scrap availability and spreads in the region have improved compared to the prior year, benefiting the company's cost structure and margins.

Market outlook and others

- The company reported a fire incident at the Oswego plant, New York, with no injuries sustained. The damage was localized to the hot mill area, and management anticipates resuming operations by Dec'25.
- Demand for aluminum beverage packaging remains robust globally, driven by a shift toward sustainable, infinitely recyclable materials.
- In automotive, aluminum continues to gain share in North America, supported by strong SUV and pickup demand, while Europe faces macro softness, and China is shifting toward smaller EVs with lower aluminum use.
- Aerospace demand remains structurally strong, though OEM supply chain constraints limit near-term growth.

BSE SENSEX
83,459

S&P CNX
25,598

Conference Call Details


Date: 06th November 2025

Time: 04:00pm IST

[Link for the call](#)

Financials (INR b)

Y/E March	FY23	FY24	FY25
Revenue	118.6	147.8	171.4
EBITDA (incl SGF)	94.3	98.7	133.2
PAT	73.7	83.1	111.1
EPS (INR)	29.8	33.6	44.9
EPS Gr. %	42.0	12.7	33.8
RoE (x)	41.1	37.4	42.9

Not Rated

Volume decline hits revenue; settlement fees impacts PAT

- NSE reported operating revenue of INR36.8b, reflecting a decline of 18% YoY/9% QoQ. For 1HFY26, revenue declined 15% YoY.
- Revenue mix was dominated by transaction charges (67% of revenue), which declined 22% YoY owing to a 12%/16%/16% decline in cash/futures/option premium ADTO.
- Data center charges (7% of revenue) grew 6% YoY, data feed & terminal services (3% of revenue) grew 11% YoY, while listing services (2% of revenue) grew 10% YoY. Operating investment income (5% of revenue) declined 16% YoY.
- The dip in transaction charges to INR27.6b for 2Q was owing to a 27%/31%/20% YoY decline in transaction charges from cash/futures/options.
- Total expenditure rose 38% YoY to INR21.9b due to provisions made for the SEBI settlement fee for INR13b, while employee expenses/regulatory fees declined 4%/35% YoY.
- EBITDA at INR14.8b dipped 49% YoY/53% QoQ, reflecting an EBITDA margin of 40.4% (64.7% in 2QFY25). Excluding the impact of the settlement fee, EBITDA was at INR27.8b with an EBITDA margin of 76% for 2QFY26.
- NSE reported an exceptional gain of INR12b on the sale of a stake in NSDL.
- PAT for the quarter came in at INR21b, down 33% YoY/28% QoQ. Excluding the impact of the settlement fee, PAT was at INR34b. For 1HFY26, reported PAT declined 12% YoY.

Quarterly Performance

Y/E March	FY25				FY26		(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	FY25	YoY (%)	QoQ (%)
Gross Sales	45.1	45.1	43.5	37.7	40.3	36.8	171	-18%	-9%
YoY Change (%)	51.0	23.5	23.7	-18.4	-10.6	-18.5	16.0		
Employee Expense	1.5	1.9	1.6	1.7	2.0	1.9	6.7	-4%	-6%
Other Expenses	6.7	14.0	7.2	8.0	7.0	20.1	29.2	43%	185%
Total Expenditure	8.2	15.9	8.8	9.7	9.0	21.9	48.7	38%	143%
EBITDA	36.9	29.2	34.7	28.0	31.3	14.8	122.7	-49%	-53%
Margins (%)	81.9	64.7	79.7	74.3	77.6	40.4	71.6		
Depreciation	1.3	1.4	1.3	1.5	1.5	1.6	5.5	18%	7%
Other Income	4.4	5.1	4.6	6.3	7.7	4.8	20.4	-6%	-37%
PBT before EO expense	40.1	32.9	37.9	32.8	37.5	18.1	137.6	-45%	-52%
Contribution to SGF	-5.9	4.3	-0.7	0.0	0.0	0.0	2.3		
PBT	34.2	37.2	37.2	32.7	37.5	18.1	135.3	-51%	-52%
Tax	8.5	10.2	11.0	9.0	9.6	9.4	38.7		
Rate (%)	21	31	22	27	26	31	28.6		
Exceptional Item	0.0	0.0	-11.5	-0.5	0.0	12.0	12.1		
Minority Interest	0.2	0.3	0.4	0.4	0.3	0.3	1.3		
PAT	26.0	27.3	15.1	23.6	28.1	21.0	110.0	-23%	-25%
YoY Change (%)	30.9	-12.9	-51.8	-35.4	8.3	-23.2	65.9		
Margins (%)	57.6	60.5	34.6	62.5	69.7	57.0	64.2		
Reported PAT (ex-disc. operations and SGF)	25.7	31.4	38.3	26.5	29.2	21.0	121.9	-33%	-28%
YoY Change (%)	39.2	57.0	94.1	6.5	13.9	-33.1			
Margins (%)	56.9	69.6	88.1	70.3	72.5	57.1			
Revenue break-up (INR m)									
Trading Services	41	41	40	34	36	33		-11%	6%
Clearing Services	7	8	6	4	5	4		-35%	8%
Other Segments	5	1	2	1	1	2		-70%	3%
Revenue mix									
Trading Services	77%	82%	83%	86%	86%	85%			
Clearing Services	13%	15%	13%	11%	11%	11%			
Other Segments	10%	2%	3%	4%	4%	4%			

Britannia Industries

BSE SENSEX

83,459

S&P CNX

25,598

Conference Call Details



Date: 7th Nov 2025

Time: 09:30 AM

Dial-in details:

+91 22 6280 1313 /

+91 22 7115 8214

[Diamond Pass Registration](#)

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	199.3	225.4	248.7
Sales Gr. (%)	11.1	13.1	10.3
EBITDA	35.5	41.0	46.3
EBITDA mrg. (%)	17.8	18.2	18.6
Adj. PAT	25.0	29.3	33.3
Adj. EPS (INR)	103.6	121.6	138.3
EPS Gr. (%)	12.8	17.4	13.7
BV/Sh.(INR)	207.0	249.2	306.0

Ratios

RoE (%)	53.4	53.3	49.8
RoCE (%)	41.1	43.0	42.1
Payout (%)	74.3	65.0	58.6

Valuation

P/E (x)	56.8	48.4	42.6
P/BV (x)	28.4	23.6	19.2
EV/EBITDA (x)	39.3	33.7	29.5
Div. Yield (%)	1.3	1.3	1.4

CMP: INR5,914

Miss in revenue but beat in EBITDA; appoints new CEO

- BRIT's consolidated total revenue rose 3.7% YoY to INR48.4b (est. INR50.2b) in 2QFY26.
- Consolidated gross margin improved by 20bp YoY and 140bp QoQ to 41.7% (est. 40.8%), driven by relatively stable commodity prices.
- Employee expenses were down 22% YoY, while other expenses declined ~7% YoY, leading to a beat in EBITDA margin, which expanded by 290bp YoY 330bp QoQ to 19.7% (est. of 17.4%).
- EBITDA was up 22% YoY at INR9.5b (est. INR8.7b).
- APAT rose 23% YoY to INR6.6b (est. INR6.1b).
- In 1HFY26, net sales/EBITDA/APAT grew 6%/11%/11% YoY.
- The company has appointed Mr. Rakshit Hargave as an Additional Whole-Time Director and CEO, designated as ED and CEO of the Company for a term of five years, effective 15th Dec'25.

Other key highlights

- Transitional challenges arising from the GST-related changes in Supply Chain, Trade and Channels had a short-term impact on business during the latter part of the quarter, which is expected to get normalized progressively in the coming quarter.
- Profitability was supported by relatively stable commodity prices and sustained efforts to optimize costs across the value chain.
- The adjacent bakery categories of Rusk, Wafers, and Croissants continued to deliver double-digit growth for consecutive quarters despite the transitional headwinds, driven by strong momentum in the e-commerce channel, also aiding the in-home consumption of BRIT's indulgent and impulse product range of Fudge It Cakes, Pure Magic Stars and Tarts, Jim Jam, Little Hearts etc.
- BRIT aims to drive the business through healthy volume-led growth and continue to strengthen its presence across different geographies with regional consumer-centric product and distribution strategies and price competitiveness while leveraging its brand strength to sustain market leadership amid the proliferation of multiple local players in different states and regions.

Consol. Quarterly Performance
(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Base business volume growth (%)	8.0	8.0	6.0	3.0	2.0	0.0	8.5	15.5	6.3	6.5	4.0	
Net Revenue	41,299	45,662	44,633	43,756	45,349	47,522	50,882	51,801	1,75,350	1,95,553	49,315	(3.6)
YoY change (%)	4.0	4.5	6.5	9.0	9.8	4.1	14.0	18.4	6.0	11.5	8.0	
Other operating income	1,204	1,013	1,293	566	874	885	925	1,040	4,077	3,724	950	(6.9)
YoY change (%)	194.6	62.4	100.5	2.4	-27.4	-12.7	-28.5	83.7	82.8	-8.7	-6.3	
Total Revenue	42,503	46,676	45,926	44,322	46,222	48,406	51,807	52,841	1,79,427	1,99,277	50,265	(3.7)
YoY change (%)	6.0	5.3	7.9	8.9	8.8	3.7	12.8	19.2	7.0	11.1	7.7	
Gross Profit	18,449	19,381	17,784	17,773	18,631	20,177	21,241	21,256	73,386	81,305	20,508	(1.6)
Margins (%)	43.4	41.5	38.7	40.1	40.3	41.7	41.0	40.2	40.9	40.8	40.8	
EBITDA	7,537	7,834	8,449	8,052	7,571	9,545	9,905	8,450	31,872	35,471	8,738	9.2
Margins (%)	17.7	16.8	18.4	18.2	16.4	19.7	19.1	16.0	17.8	17.8	17.4	
YoY growth (%)	9.4	-10.2	2.9	2.3	0.4	21.8	17.2	5.0	0.5	11.3	11.5	
Depreciation	739	761	824	810	820	851	850	836	3,133	3,357	837	
Interest	290	346	446	307	262	347	300	279	1,388	1,187	300	
Other Income	556	460	625	630	570	521	625	719	2,271	2,435	600	
PBT	7,064	7,187	7,804	7,566	7,059	8,869	9,380	8,054	29,621	33,362	8,201	8.1
Tax	1,762	1,836	1,961	1,928	1,809	2,286	2,364	1,939	7,487	8,397	2,067	
Rate (%)	24.9	25.5	25.1	25.5	25.6	25.8	25.2	24.1	25.3	25.2	25.2	
Adjusted PAT	5,295	5,317	5,823	5,591	5,201	6,551	6,988	6,117	22,027	24,857	6,107	7.3
YoY change (%)	16.3	-9.3	4.3	4.2	-1.8	23.2	20.0	9.4	3.1	12.9	14.9	

E: MOFSL Estimates

Aurobindo Pharma

BSE SENSEX
84,404

S&P CNX
25,878

Conference Call Details


Date: 6 November 2025

Time: 8:30 am IST

Dial-in details:
[Diamond Pass Link](#)

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	330.7	370.6	415.2
EBITDA	70.5	81.2	78.5
Adj. PAT	36.6	45.8	54.2
EBIT Margin (%)	16.0	16.8	17.4
Cons. Adj. EPS (INR)	62.9	78.8	93.3
EPS Gr. (%)	3.2	25.2	18.3
BV/Sh. (INR)	621.2	696.1	789.3

Ratios

Net D:E	-0.1	-0.2	-0.2
RoE (%)	10.6	12.0	12.6
RoCE (%)	9.5	11.0	11.8
Payout (%)	6.3	5.1	0.0

Valuations

P/E (x)	18.3	14.6	12.3
EV/EBITDA (x)	8.7	7.1	7.1
EV/Sales (x)	0.3	0.3	0.0
Div. Yield (%)	3.7	5.8	2.2
FCF Yield (%)	1.9	1.6	1.4

CMP: INR1,151

Earnings broadly in line with expectations

- Aurobindo's (ARBP) 2QFY26 sales grew 6.3% YoY to INR82.9b (our estimate: INR81.1b).
- Overall Formulation sales grew 10.3% YoY to INR73.2b.
- US formulations revenues grew 3.1% YoY to INR36.4b (CC: -1.0% YoY to USD417m; ~44% of sales). Europe formulation sales grew 18% YoY to INR24.8b (6% YoY in CC terms; ~30% of sales). Growth markets sales grew ~9% YoY to INR8.8b (~11% of sales).
- ARV revenue grew ~68% YoY to INR3.2b (~4% of sales). API sales declined ~17% YoY to INR9.6b (~11% of sales).
- Gross margin (GM) expanded 90bp YoY to 59.7% due to better product mix.
- EBITDA margin expanded 20bp YoY to 20.3% (our estimate: 20.4%), led by higher GM and partly offset by higher employee expenses (+120bp YoY as % of sales).
- EBITDA grew 7% YoY to INR16.8b (our estimate: INR16.6b).
- PAT grew 3.4% YoY to INR8.5b (our est.: INR8.6b).
- In 1HFY26, revenue/EBITDA grew 5.1%/0.6% YoY, while PAT declined 2.8% YoY.

Other Key Highlights:

- ARBP filed 13 ANDAs with the USFDA, received final approval for 7 ANDAs, and launched 6 products during 2QFY26.
- As of 30th Sep'25, ARBP had filed 876 ANDAs with the USFDA and received 711 final approvals and 31 tentative approvals.
- Constant currency (CC) growth in Europe was 6.3% for 2QFY26.
- DF sales stood at INR810m in 2QFY26 and INR1,520m in 1HFY26.
- R&D expenditure was INR4,140m in 2QFY26 (~5% of sales).

Quarterly performance (Consolidated)

Y/E March (INRm)	FY25				FY26E				FY25	FY26E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	
Net Sales	75,670	77,961	79,785	83,821	78,681	82,857	82,739	86,409	3,17,237	81,128	2.1%
YoY Change (%)	10.5	8.0	8.5	10.6	4.0	6.3	3.7	3.1	9.4	4.1	
Total Expenditure	58,724	62,299	63,507	65,202	62,647	66,076	65,364	66,103	2,49,732	64,578	
EBITDA	16,947	15,661	16,278	18,619	16,034	16,781	17,375	20,306	67,505	16,550	1.4%
YoY Change (%)	47.2	11.6	1.7	10.4	-5.4	7.1	6.7	9.1	15.5	5.7	
Margins (%)	22.4	20.1	20.4	22.2	20.4	20.3	21.0	23.5	21.3	20.4	
Depreciation	4,042	3,823	4,185	4,444	4,057	4,292	4,528	4,729	16,494	4,591	
EBIT	12,905	11,839	12,093	14,175	11,977	12,489	12,847	15,577	51,011	11,959	
YoY Change (%)	56.5	20.1	2.6	6.4	-7.2	5.5	6.2	9.9	18.0	1.0	
Margins (%)	17.1	15.2	15.2	16.9	15.2	15.1	15.5	18.0	16.1	14.7	
Interest	1,110	1,127	1,185	1,150	978	952	942	906	4,572	977	
Other Income	1,199	1,360	1,573	1,232	1,053	1,156	1,380	1,400	5,364	1,350	
PBT before EO expense	12,994	12,072	12,481	14,257	12,053	12,693	13,285	16,071	51,804	12,332	2.9%
Forex loss/(gain)	-10	0	498	-116	4	-50	0	0	372	0	
Exceptional (expenses)/income	249	0	0	-700	0	0	0	0	-451	0	
PBT	13,254	12,072	11,983	13,673	12,049	12,743	13,285	16,071	50,981	12,332	3.3%
Tax	4,057	3,905	3,543	4,323	3,826	4,278	3,587	5,692	15,827	3,576	
Rate (%)	30.6	32.3	29.6	31.6	31.8	33.6	27.0	35.4	31.0	29.0	
Minority Interest	4	-7	-18	315	-25	-20	105	111	294	110	
Reported PAT	9,193	8,174	8,458	9,035	8,248	8,485	9,593	10,267	34,860	8,646	-1.9%
Adj PAT	9,013	8,174	8,809	9,434	8,250	8,451	9,593	10,264	35,430	8,646	-2.2%
YoY Change (%)	51.9	5.1	-2.4	-6.6	-8.5	3.4	8.9	8.8	7.9	5.8	
Margins (%)	11.9	10.5	11.0	11.3	10.5	10.2	11.6	11.9	11.2	10.7	
EPS	15.4	14.0	15.1	16.1	14.1	14.4	16.4	17.5	61.0	14.8	

E: MOFSL Estimates

BSE SENSEX

83,459

S&P CNX

25,598

CMP: INR1467
Buy

Conference Call Details


Date: 6th Nov 25

Time: 5pm IST

Dial-in details:
[click here](#)

Material beat on estimates, led by healthy volume growth and margin expansion

- Astral's consolidated revenue grew 15% YoY/16% QoQ to INR15.8b in 2QFY26 (est. of INR14.6b)
- Consolidated EBITDA grew 22%/39% YoY/QoQ to INR2.6b (est. of INR2.2b). EBITDA margin expanded 100bp YoY/270bp QoQ to 16.3% (est. of 14.9%), driven by a 70bp YoY improvement in gross margin.
- PAT surged 23% YoY/66% QoQ to INR1.3b (est. of INR1.1b).
- For 1HFY26, revenue/EBITDA grew 7%/4% YoY to INR29.4b/INR4.4b, while PAT declined 6% to INR2.2b.

Segment-wise performance

- **Plumbing:** Revenue stood at INR11.2b (+16% YoY, +17% QoQ), EBIT was INR1.6b (+19% YoY, +59% QoQ), and EBIT margin came in at 14% (+40bp, +370bp QoQ). Volume grew 13% YoY/ 9% QoQ to 61,224MT, while EBIT/kg grew 6% YoY/ 45% QoQ to INR25.7.
- **Adhesives and paints:** Revenue stood at INR4.6b (+14% YoY, +13% QoQ), EBIT stood at INR313m (+30% YoY, +60% QoQ), and EBIT margin was 6.8% (+90bp, +200bp QoQ).

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	
Gross Sales	13,836	13,704	13,970	16,814	13,612	15,774	16,445	19,724	58,324	65,555	14,611	8
YoY Change (%)	7.8	0.5	2.0	3.5	-1.6	15.1	17.7	17.3	3.4	12.4	6.6	
Total Expenditure	11,692	11,603	11,775	13,795	11,763	13,206	13,765	16,128	48,865	54,862	12,438	
EBITDA	2,144	2,101	2,195	3,019	1,849	2,568	2,680	3,596	9,459	10,693	2,173	18
Margins (%)	15.5	15.3	15.7	18.0	13.6	16.3	16.3	18.2	16.2	16.3	14.9	
Depreciation	556	599	631	648	719	723	739	780	2,434	2,961	725	
Interest	76	102	139	96	123	160	74	50	413	407	110	
Other Income	119	88	118	88	91	114	170	186	413	561	130	
PBT before EO expense	1,631	1,488	1,543	2,363	1,098	1,799	2,036	2,952	7,025	7,885	1,468	
Extra-Ord expense	0	0	0	163	0	0	0	0	0	0	0	
PBT	1,631	1,488	1,543	2,200	1,098	1,799	2,036	2,952	7,025	7,885	1,468	
Tax	436	401	416	583	306	451	513	739	1,836	2,009	370	
Rate (%)	26.7	26.9	27.0	26.5	27.9	25.1	25.2	25.0	26.1	25.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	-9	-13	-14	-13	-19	0	-15	-15	-49	-49	-14	
Reported PAT	1,204	1,100	1,141	1,630	811	1,348	1,538	2,229	5,238	5,926	1,112	
Adj PAT	1,204	1,100	1,141	1,793	811	1,348	1,538	2,229	5,238	5,926	1,112	21
YoY Change (%)	0.5	-16.2	0.5	-1.3	-32.6	22.5	34.8	24.3	-4.3	13	1	
Margins (%)	8.7	8.0	8.2	10.7	6.0	8.5	9.4	11.3	9.0	9.0	7.6	

Castrol India

BSE SENSEX
 83,459

S&P CNX
 25,598

Conference Call Details



Date: 6 Nov'25
Time: 1200 hours IST
Dial-in details:
 +91 22 7195 0000

CMP: INR194

Buy

Stable performance

- Castrol India's (CSTRL) 3QCY25 revenue stood at ~INR13.6b, in line with expectations (up 6% YoY).
- EBITDA came in above our estimate at INR3.2b (up 13% YoY).
- EBITDA margin expanded 150bp YoY/30bp QoQ.
- Gross margin expanded 200bp YoY/140bp QoQ.
- PAT also came in 7% above our estimate at INR2.3b.
- Other income came in above our estimate.

■ Press release KTAs

➤ Expanded footprint and strengthened market presence:

- The company has expanded its national network to ~150,000 outlets across India.
- Its service network now encompasses over 750 Castrol Auto Service centers, around 33,000 independent bike workshops, and about 11,500 multi-brand workshops.
- With nearly 40,000 rural outlets and 500 Rural Express points, the company continues to deliver consistent double-digit growth in rural markets.
- The full Auto Care product range is now accessible via e-commerce platforms, modern trade channels, and more than 67,000 physical outlets nationwide.
- The company has signed an MoU with VinFast Auto India to provide reliable and easily accessible aftersales support for EV customers through select Castrol Auto Service workshops.

➤ Building momentum through new launches and localization:

- The company has expanded its Auto Care portfolio with the introduction of Castrol All-in-One Helmet Cleaner.
- It has localized high transmission EV fluids and industrial products, Alusol SL 41 XBB and NPI - Spheerol SM 00.
- It has upgraded Castrol Magnatec to align with the latest API SQ specifications.

➤ Building momentum through new launches and localisation:

- Expanded the Auto Care portfolio with the introduction of Castrol All-in-One Helmet Cleaner.
- Localisation of high transmission EV fluids and industrial product Alusol SL 41 XBB and NPI - Spheerol SM 00.
- Upgraded Castrol Magnatec to align with the latest API SQ specifications.

Quarterly Performance

(INR m)

Y/E December	CY24				CY25				3QE	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	13,252	13,975	12,882	13,539	14,220	14,968	13,628	13,444	13,218	3%	6%	-9%
YoY Change (%)	2.4	4.8	8.9	7.1	7.3	7.1	5.8	-0.7	2.6			
EBITDA	2,937	3,224	2,861	3,759	3,074	3,495	3,228	3,255	3,017	7%	13%	-8%
YoY Change (%)	-0.4	4.1	6.5	14.2	4.6	8.4	12.8	-13.4	5.4			
Margin (%)	22.2	23.1	22.2	27.8	21.6	23.4	23.7	24.2	22.8	4%	7%	1%
Depreciation	237	261	245	254	246	266	252	260	251			
Interest	21	26	20	27	23	26	21	28	21			
Other Income	241	204	209	232	322	93	123	71	94			
PBT	2,921	3,142	2,805	3,709	3,127	3,295	3,079	3,037	2,839	8%	10%	-7%
Rate (%)	26.0	26.1	26.0	26.8	25.3	26.0	26.0	23.4	25.2			
Adj. PAT	2,162	2,322	2,074	2,714	2,335	2,440	2,278	2,326	2,124	7%	10%	-7%
YoY Change (%)	6.8	3.1	6.7	12.2	8.0	5.1	9.8	-14.3	2.4			

Piramal Pharma

BSE SENSEX

83,459

S&P CNX

25,598

CMP: INR200

Conference Call Details


Date: 6th Nov 2025

Time: 9:30 am IST

Dial-in details:

Zoom [Link](#)

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	90.3	104.8	118.3
EBITDA	12.5	15.5	18.3
Adj. PAT	0.2	2.6	6.0
EBIT Margin (%)	4.8	6.8	8.1
Cons. Adj. EPS (INR)	0.2	2.0	4.5
EPS Gr. (%)	(75.4)	1,061.9	130.2
BV/Sh. (INR)	68.5	70.6	75.7

Ratios

Net D:E	0.4	0.4	0.4
RoE (%)	0.3	3.1	6.9
RoCE (%)	0.5	2.6	5.5
Payout (%)	9.0	17.6	17.6

Valuations

P/E (x)	1,181.4	101.7	44.2
EV/EBITDA (x)	24.2	19.7	16.3
Div. Yield (%)	0.0	0.1	0.3
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	3.4	2.9	2.5

Result below estimates

- PIRPHARM's revenue dipped 9% YoY to INR20.4b (in line) in 2Q.
- The CDMO segment's (52% of total sales) revenue declined 21% YoY to INR10b.
- The complex hospital generics segment (CHG; 32% of total sales) revenue was almost flat YoY at INR6.4b.
- The India consumer healthcare segment (ICH; 16% of total sales) revenue grew 15% YoY to INR3b.
- Gross margin expanded 110bp YoY to 65.6%.
- However, EBITDA margin contracted 740bp YoY to 7.8%, largely due to lower operating leverage (employee costs/other expenses rose 500bp/370bp as a % of sales).
- EBITDA declined 54% YoY to INR1.6b (our est: INR2.2b).
- Adj. Loss came in at INR1b (our est: PAT of INR40m) for the quarter vs PAT of INR226m in 2QFY25.

Other highlights

- **CDMO:**
 - Destocking of one large on-patent commercial product led to a YoY decline in CDMO business for the quarter.
 - PIRPHARM is witnessing a significant pick-up in biopharma funding in Sep'25/Oct'25. Sustained momentum of funding would lend impetus to early-stage order inflows.
 - PIRPHARM is enhancing its business development team to adapt to the market dynamics and better engage with its customers.
 - The multi-million-dollar joint investment with New Amsterdam Pharma will provide commercial capacity for a fixed-dose combination of Obicetrapib and Ezetimibe to meet commercial demand.
- **CHG:**
 - Intrathecal therapy sales were lower in 2QFY26 due to temporary supply challenges. The company expects sales to normalize in 2HFY26.
 - PIRMPHARM is working on obtaining regulatory approvals for Sevoflurane in the ex-US markets from our Digwal plant in India.
- **ICH:**
 - Added 26 new products/SKUs in 1HFY26.
 - PIRPHARM had 12% of its ICH spent towards media and promotional activities.

PPL Income statement (INRm)	FY25				FY26E				FY25	FY26E	FY26E % var	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	
Revenues	19,511	22,418	22,042	27,541	19,337	20,437	23,998	26,515	91,511	90,288	20,537	0%
growth YoY(%)	11.6	17.3	12.5	7.9	-0.9	-8.8	8.9	-3.7	12.0	-1.3	-8.4	
CDMO	10,570	13,240	12,780	17,880	9,970	10,440	13,419	15,198	54,470	49,027	10,857	
CHG	6,310	6,430	6,540	7,050	6,370	6,440	7,521	8,249	26,330	28,580	6,494	
ICH	2,640	2,770	2,780	2,740	3,020	3,190	3,058	3,069	10,930	12,337	3,186	
EBITDA*	2,044	3,416	3,377	5,610	1,067	1,587	4,128	5,754	14,447	12,535	2,259	-30%
margin (%)	10.5	15.2	15.3	20.4	5.5	7.8	17.2	21.7	15.8	13.9	11.0	
growth YoY(%)	54.5	28.6	25.8	5.9	-47.8	-53.5	22.2	2.6	20.8	-13.2	-33.9	
Depreciation	1,846	1,922	1,968	2,428	1,973	2,028	2,089	2,100	8,163	8,190	2,045	
EBIT	198	1,494	1,409	3,182	-906	-441	2,039	3,654	6,284	4,345	214	
Other income	195	611	121	420	584	656	585	610	1,348	2,435	590	
Interest expense	1,070	1,076	1,033	1,037	862	824	860	855	4,216	3,401	870	
Share from Asso. Co	224	173	171	162	186	148	195	210	729	739	180	
PBT	-452	1,201	668	2,728	-998	-462	1,959	3,619	4,145	4,118	114	
EO Expenses/(gain)	-	-	-	-	(207)	-	-	-	-	(207)	-	
Taxes	436	975	631	1,193	27	530	1,195	2,135	3,235	3,887	74	
Tax Rate (%)	-96.4	81.2	94.5	43.7	-3.4	-114.9	61.0	59.0	78.0	89.9	65.0	
Reported PAT	-888	226	37	1,535	-817	-992	764	1,484	910	438	40	NA
Adj. PAT	-888	226	37	1,535	-1,031	-992	764	1,484	910	224	40	NA
Change (%)	NA	348.2	-89.5	34.0	NA	NA	1,975.7	-3.3	62.5	-75.4	-82.3	

E: MOSL Estimates

BSE SENSEX
83,459

S&P CNX
25,598

CMP: INR649
BUY

Conference Call Details



Date: 6th Nov 25
Time: 2:30pm IST
Dial-in details:
[click here](#)

Operating performance in line

Adj. PAT misses our estimate due to lower other income

- Consol. revenue stood at INR25.7b, up 5% YoY (est. in line). EBITDA margins contracted 80bp to 8.3% (est. of 8.6%), while the gross margin expanded 100bp YoY to 26.6%. EBITDA declined 4.5% YoY to INR2.1b (est. in line).
- Adj. PAT declined 18% YoY to INR926m (est. of INR1.3b).

Segmental performance

- Animal feed (AF) business revenue grew 1% to INR12.2b. EBIT margin contracted 10bp YoY to 5.8%. EBIT stood at INR703m (largely flat YoY).
- Palm oil business revenue grew ~45% YoY to INR6.4b. EBIT margin expanded 490bp YoY to 21.6%. EBIT stood at INR1.4b, up 88% YoY.
- Crop protection (CP) business revenue dipped ~28% YoY to ~INR2b. EBIT margins contracted 11pp YoY to 7.7%. EBIT stood at INR163m, down 70% YoY.
- Dairy business revenue declined by ~2% YoY to INR3.9b. EBIT margins expanded by 20bp YoY to 2%. EBIT stood at INR91m, up 8% YoY.
- The poultry and processed food business declined 7% YoY to INR1.8b. EBIT margin expanded 100bp to 1.3%. EBIT stood at INR23m, up 4.6x YoY.

Consolidated - Quarterly Earnings

Y/E March	FY25				FY26E				FY25		FY26E		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE		Var (%)
Gross Sales	23,508	24,488	24,496	21,336	26,143	25,674	27,637	25,222	93,828		1,04,676	25,670	0
YoY Change (%)	-6.4	-4.8	4.5	0.0	11.2	4.8	12.8	18.2	-1.9		11.6	4.8	
Total Expenditure	21,246	22,254	22,296	19,870	23,446	23,540	25,415	23,259	85,666		95,660	23,474	
EBITDA	2,261	2,234	2,200	1,467	2,697	2,134	2,222	1,963	8,162		9,016	2,196	-3
Margins (%)	9.6	9.1	9.0	6.9	10.3	8.3	8.0	7.8	8.7		8.6	8.6	
Depreciation	546	583	567	565	579	571	610	625	2,261		2,384	590	
Interest	302	398	345	289	355	396	320	315	1,334		1,385	345	
Other Income	92	126	87	130	119	78	117	111	435		425	120	
PBT before EO expense	1,506	1,379	1,376	742	1,882	1,246	1,409	1,134	5,002		5,671	1,381	
PBT	1,506	1,379	1,376	742	1,882	1,246	1,409	1,134	5,002		5,671	1,381	
Tax	345	541	414	204	517	507	355	284	1,504		1,663	348	
Rate (%)	22.9	39.3	30.1	27.5	27.5	40.7	25.2	25.0	30.1		29.3	25.2	
MI & P/L of Asso. Cos.	-190	-286	-153	-170	-240	-187	-200	-219	-799		-846	-240	
Reported PAT	1,352	1,123	1,115	708	1,605	926	1,254	1,069	4,297		4,855	1,274	
Adj PAT	1,352	1,123	1,115	708	1,605	926	1,254	1,069	4,297		4,855	1,274	-27
YoY Change (%)	28.3	6.7	21.4	23.9	18.8	-17.6	12.5	51.0	19.5		13.0	13.4	
Margins (%)	5.7	4.6	4.6	3.3	6.1	3.6	4.5	4.2	4.6		4.6	5.0	

Prudent Corporate Advisory

BSE Sensex
83,459

S&P CNX
25,598

Conference Call Details



Date: 06th November 2025

Time: 11:00 AM IST

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Revenues	12,571	15,278	18,988
Opex	9,725	11,749	14,533
PBT	2,952	3,717	4,736
PAT	2,210	2,788	3,552
EPS (INR)	53.4	67.3	85.8
EPS Gr. (%)	12.9	26.2	27.4
BV/Sh. (INR)	41.7	53.4	68.7

Ratios (%)

EBITDA Margin	22.6	23.1	23.5
PAT margin	17.6	18.2	18.7
RoE	28.9	28.3	28.1
Div. Payout	11.2	13.4	10.5

Valuations

P/E (x)	48.0	38.0	29.8
P/BV (x)	61.4	48.0	37.2
Div. Yield (%)	0.2	0.4	0.4

CMP: INR2,560

Neutral

Revenue in line; 6% beat on EBITDA

- Prudent reported operating revenue of INR3.2b, +12% YoY (in-line) in 2QFY26. For 1HFY26, it grew 15% YoY to INR6.1b.
- Commission and fees income for the quarter rose 11% YoY to ~INR3.2b, of which INR2.7b (+16% YoY) was contributed by the distribution of MF products, while the contribution from insurance products declined 4% YoY to INR324m.
- QAAUM grew 17% YoY to INR1.2t, while the closing AUM grew 13% to ~INR1.2t for the quarter. Monthly SIP flow grew to ~INR10.9b from INR8.7b in 2QFY25, reflecting a market share of ~3.5%.
- Total insurance premium for the quarter came in at INR1.9b (+21% YoY), of which life insurance premium stood at INR1.4b (+20% YoY) and general insurance premium stood at INR481m (+26% YoY).
- Operating expenses grew 14% YoY to INR2.5b (in-line); fees and commission expenses rose 17% YoY, employee expenses grew 11% YoY, and other expenses dipped 1% YoY. The CIR came in at 17.9% vs 18.9% in 2QFY25 and 18.2% in 1QFY26.
- EBITDA grew 5% YoY to INR722m (6% beat), reflecting an EBITDA margin of 22.6% (vs. 24% in 2QFY25 and our est. of 22.3%).
- Other income grew 4% YoY but declined 20% QoQ to INR82m.
- PAT grew 4% YoY/3% QoQ to INR535m (in-line). For 1HFY26, it grew 10% YoY to INR1.1b

Quarterly performance

Y/E March

(INR m)

	FY25				FY26		FY25	FY26E	2Q	Act w/t	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q			FY26E	Est. (%)		
Commission and Fees Income	2,477	2,845	2,827	2,809	2,910	3,168	10,960	12,478	3,044	4.1	11%	9%
Other Operating revenue	17	15	23	20	28	30	76	93	22	35.2	94%	8%
Revenue from Operations	2,494	2,861	2,850	2,829	2,938	3,198	11,036	12,571	3,066	4.3	12%	9%
Change YoY (%)	50.8	50.5	35.8	18.0	17.8	11.8	37.1	13.9	7.2			
Operating Expenses	1,904	2,174	2,191	2,143	2,265	2,476	8,412	9,725	2,384	3.9	14%	9%
Change YoY (%)	50.8	48.0	37.0	19.8	18.9	13.9	37.5	15.6	9.7			
EBIDTA	590	687	659	686	673	722	2,624	2,846	683	5.7	5%	7%
Depreciation	62.9	67.2	73.7	74.8	72.5	76.8	279	301	75	2.4	14%	6%
Finance Cost	4.9	5.7	6.4	6.7	6.9	7.3	24	27	7	4.2	28%	6%
Other Income	70	78	66	85	103	82	299	434	105	-22.2	4%	-20%
PBT	592	693	645	690	696	719	2,621	2,952	706	1.9	4%	3%
Change YoY (%)	57.9	70.6	34.7	15.4	17.5	3.8	41.1	12.6	1.9			
Tax Provisions	149.9	177.9	163.1	173.5	178.1	184.0	664	742	176	4.3	3%	3%
Net Profit	442	515	482	516	518	535	1,957	2,210	529	1.1	4%	3%
Change YoY (%)	58.3	69.2	35.0	15.9	17.1	4.0	41.0	12.9	2.8			
Key Operating Parameters (%)												
EBIDTA Margin	23.6	24.0	23.1	24.3	22.9	22.6	23.8	22.6	22.3	30bp	-145bp	-33bp
Cost to Income Ratio	19.5	18.9	17.8	17.6	18.2	17.9	18.4	18.4	18.7	-83bp	-100bp	-30bp
PBT Margin	23.7	24.2	22.6	24.4	23.7	22.5	23.7	23.5	23.0	-52bp	-172bp	-119bp
Tax Rate	25.3	25.7	25.3	25.2	25.6	25.6	25.3	25.2	25.0	58bp	-11bp	-2bp
PAT Margins	17.7	18.0	16.9	18.2	17.6	16.7	17.7	17.6	17.3	-52bp	-126bp	-88bp
MF revenue / QAAUM (bps)	91.9	91.8	91.8	90.3	90.3	91.3	91.3	91.4	89.8	146bp		
Revenue from Operations (INR Mn)												
Commission and Fees Income												
Distribution of MF Products-Trail Revenue	2,052	2,343	2,421	2,297	2,489	2,716	9,113	10,354	2,522	7.7	16%	9%
Distribution of Insurance Products	261	339	286	402	291	324	1,288	1,488	373	-13.1	-4%	11%
Stock Broking and Allied Services	77	73	49	41	50	44	240	224	54	-18.5	-40%	-12%
Other Financial and Non-Financial Products	87	90	71	69	80	83	317	412	95	-12.6	-8%	4%
Revenue from Operations Mix (%)												
As % of Commission and Fees Income												
Distribution of MF Products-Trail Revenue	82.3	81.9	84.9	81.2	84.7	84.9	82.6	82.4	82.3	267bp	303bp	20bp
Distribution of Insurance Products	10.5	11.9	10.0	14.2	9.9	10.1	11.7	11.8	12.2	-203bp	-172bp	23bp
Stock Broking and Allied Services	3.1	2.6	1.7	1.4	1.7	1.4	2.2	1.8	1.8	-39bp	-118bp	-33bp
Other Financial and Non-Financial Products	3.5	3.1	2.5	2.4	2.7	2.6	2.9	3.3	3.1	-50bp	-55bp	-13bp
Opex Mix (%)												
Fees and commission	74.4	75.1	76.9	76.8	76.4	76.9	75.8	76.2			176bp	49bp
Employees expenses	14.2	13.6	13.7	11.3	13.9	13.3	13.2	13.7			-29bp	-58bp
Other expenses	11.3	11.3	9.5	11.9	9.7	9.8	11.0	10.1			-146bp	9bp

Alkyl Amines

BSE SENSEX	S&P CNX
83,459	25,598

CMP: INR1829
Neutral

Earnings below our estimate

- 2QFY26 revenue came in at INR3.9b (est. INR4.2b), down 6% YoY/4% QoQ.
- Gross margin stood at 47.3% (+190bp YoY, +150bp QoQ).
- EBITDAM came in at 18% (+30bp YoY, -80bp QoQ).
- EBITDA stood at INR702m (est. INR776m), down 5% YoY/8% QoQ.
- Adjusted PAT stood at INR429m (est. INR505m), down 9% YoY/13% QoQ.
- In 1HFY26, revenue/EBITDA/adj. PAT declined 2%/4%/4% to INR7.9b/INR1.5b/INR924m.

Standalone - Quarterly Snapshot

Y/E March									(INR m)			
	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	3,997	4,149	3,712	3,861	4,055	3,894	4,083	4,247	15,718	16,617	4,232	-8%
YoY Change (%)	-2.5	17.8	15.3	8.3	1.5	-6.1	10.0	10.0	9.1	5.7	2.0	
Total Expenditure	3,206	3,414	3,000	3,182	3,290	3,192	3,338	3,471	12,807	13,553	3,455	
Gross Margin (%)	47.0%	45.4%	48.4%	45.9%	45.8%	47.3%	48.2%	46.8%	46.6%	46.8%	46.3%	
EBITDA	791	735	712	678	766	702	746	776	2,911	3,063	776	-10%
Margin (%)	19.8	17.7	19.2	17.6	18.9	18.0	18.3	18.3	18.5	18.4	18.3	
Depreciation	177	180	179	176	179	182	193	197	712	756	187	
Interest	2	4	9	2	3	3	3	4	10	12	3	
Other Income	47	92	66	93	80	74	91	99	298	358	88	
PBT before EO expense	659	643	591	594	663	591	641	675	2,486	2,653	674	
PBT	659	643	591	594	663	591	641	675	2,486	2,653	674	
Tax	170	169	153	133	169	162	161	170	625	670	170	
Rate (%)	25.9	26.2	25.9	22.5	25.5	27.4	25.2	25.2	25.1	25.2	25.2	
Adj PAT	489	475	438	460	494	429	479	505	1,861	1,984	505	-15%
YoY Change (%)	-1.8	74.2	30.9	19.7	1.2	-9.5	9.6	9.7	25.0	6.6	6.3	
Margin (%)	12.2	11.4	11.8	11.9	12.2	11.0	11.7	11.9	11.8	11.9	11.9	

Avalon Technologies

BSE SENSEX
83,459

S&P CNX
25,598

CMP: INR1,149

Buy

Conference Call Details



Date: 6th Nov, 2025

Time: 3:30pm IST

Dial-in details:

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Operating performance in line

Earnings beat estimates due to higher other income

- 2QFY26 consolidated revenue grew 39% YoY to INR3.8b (est. INR3.3b).
- EBITDA margin contracted by 90bp to 10.1% (est. 11.1%) largely due to a reduction in gross margins (down 250bp to 34.3%) and increase in employee expenses (employee cost as % of sales rose to 18.3% from 17.0% in 2QFY25). While other expenses as % of sales stood at 6% vs. 9% in 2QFY25. EBITDA grew 28% YoY to INR386m (est. INR367m).
- Segmental mix for clean energy/Mobility/Transportation/Industrials/Communication/Medical and Others stood at 18%/27%/34%/10%/11% in 2QFY26 compared to 20%/27%/30%/8%/15% in FY25.
- Adj. PAT grew 43% to INR250m (est. INR232m).
- For 1HFY26, revenue/EBITDA/adj. PAT grew 49%/99%/2.6x to INR7.1b/INR685m/INR392m.
- Gross debt stood at INR1.6b as of Sep'25 vs. INR1.8b as of Mar'25. Further, the company reported a cash outflow of INR101m as of Sep'25 vs. CFO of INR187m as of Sep'24.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	%
Gross Sales	1,995	2,750	2,809	3,428	3,233	3,825	3,454	4,216	10,981	14,728	3,300	16
YoY Change (%)	-15.2	36.8	31.1	58.1	62.1	39.1	23.0	23.0	26.6	34.1	20.0	
Total Expenditure	1,951	2,449	2,462	3,014	2,934	3,438	3,008	3,668	9,876	13,048	2,934	
EBITDA	44	301	346	414	299	386	447	549	1,105	1,680	367	5
Margins (%)	2.2	11.0	12.3	12.1	9.2	10.1	12.9	13.0	10.1	11.4	11.1	
Depreciation	66	69	74	77	85	89	87	88	286	348	85	
Interest	42	37	45	42	38	41	20	19	167	117	30	
Other Income	44	39	100	32	17	79	50	55	215	201	60	
PBT before EO expense	-20	234	327	326	193	336	390	497	867	1,415	312	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	-20	234	327	326	193	336	390	497	867	1,415	312	
Tax	3	60	87	83	51	86	99	127	233	363	79	
Rate (%)	-14.5	25.4	26.7	25.5	26.4	25.6	25.5	25.5	26.8	25.6	25.5	
Minority Interest & P/Lof Asso.												
Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	-23	175	240	243	142	250	290	370	634	1,052	232	
Adj PAT	-23	175	240	243	142	250	290	370	634	1,052	232	8
YoY Change (%)	NA	140.1	264.7	243.8	NA	42.9	21.0	52.4	126.7	65.8	32.8	
Margins (%)	-1.2	6.4	8.5	7.1	4.4	6.5	8.4	8.8	5.8	7.1	7.0	

MTAR Technologies

BSE SENSEX
83,459

S&P CNX
25,598

CMP: INR2,526

Buy

Conference Call Details



Date: 6th Nov '25

Time: 11:00am IST

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Miss on estimates led by lower revenue booking and unfavorable operating leverage

- Consolidated revenue declined 29% YoY to INR1.4b (est. INR1.5b).
- EBITDA declined 54% YoY to INR170m (est. INR283m).
- EBITDA margin contracted 680bp YoY to 12.5% (est. 18.6%), and gross margins stood at 51.2% (+370bps YoY), while employee expenses/other expenses as a % of sales stood at 24.6%/14.1% (+890bp /+170bp YoY), indicating a sharp operating deleverage due to lower revenue booking in 2Q.
- Adj. PAT declined 77% YoY to INR42m (est. INR119m).

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	1,283	1,902	1,745	1,831	1,566	1,356	2,617	2,929	6,760	8,468	1,522	-11%
YoY Change (%)	-15.9	14.0	47.4	28.1	22.1	-28.7	50.0	60.0	16.4	25.3	-20.0	
Total Expenditure	1,117	1,534	1,412	1,489	1,282	1,186	2,032	2,203	5,552	6,703	1,239	
EBITDA	166	368	333	341	284	170	585	726	1,208	1,765	283	-40%
Margins (%)	12.9	19.4	19.1	18.7	18.1	12.5	22.3	24.8	17.9	20.8	18.6	
Depreciation	61	78	87	96	84	88	90	101	322	362	87	
Interest	48	52	63	59	58	62	55	30	222	205	57	
Other Income	5	14	31	0	6	37	15	11	52	69	20	
PBT before EO expense	62	253	214	186	148	57	455	606	716	1,266	159	
PBT	62	253	214	186	148	57	455	606	716	1,266	159	
Tax	18	65	55	49	40	14	114	153	187	321	40	
Rate (%)	28.6	25.8	25.5	26.3	27.0	25.2	25.2	25.2	26.1	25.4	25.2	
Reported PAT	44	188	160	137	108	42	340	454	529	944	119	
Adj PAT	44	188	160	137	108	42	340	454	529	944	119	-64%
YoY Change (%)	-78.2	-8.2	52.8	181.7	144.2	-77.4	113.1	230.6	-5.8	78.6	-36.8	
Margins (%)	3.5	9.9	9.2	7.5	6.9	3.1	13.0	15.5	7.8	11.2	7.8	

BSE Sensex
83,459

S&P CNX
25,598

Conference Call Details



Date: 6th November 2025

Time: 12:30 PM IST

Dial-in details:

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Number: +91 22 6280 1384/
+91 22 7115 8285

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Total income	8.0	9.9	12.5
PPP	5.4	6.4	8.3
PAT	3.1	3.5	4.6
EPS (INR)	16.9	19.4	25.5
EPS Gr. (%)	11.6	15.2	31.2
BVPS (INR)	140	158	181
Ratios (%)			
NIM	7.1	6.8	6.9
C/I ratio	32.8	35.3	34.1
RoA	2.9	2.7	2.9
RoE	14.4	13.1	15.1
Payout	10.0	9.2	9.0
Valuations			
P/E (x)	19	16	12.3
P/BV (x)	2.2	2.0	1.7
Div. yield (%)	0.5	0.6	0.7

CMP: INR314

Buy

Earnings in line with stable asset quality; AUM rises ~18% YoY

NIM stable QoQ

- MASFIN's 2QFY26 PAT grew ~17% YoY to INR897m (in line).
- Net total income rose 29% YoY to INR2.5b (in line), while opex was INR897m, rising ~42% YoY (in line). PPop stood at INR1.6b (in line) and grew 23% YoY.
- Credit costs declined sequentially to ~INR371m (vs. est. of INR437m), translating into annualized credit costs of 1.2% (PQ: 1.4% and PY: 1.0%). GNPA (basis AUM) rose ~5bp QoQ to 2.5%, while NNPA rose ~5bp QoQ to 1.7%. PCR on Stage 3 assets rose ~10bp QoQ to ~41.3%.
- CRAR stood at ~24.6% with Tier1 at ~22.7%.

AUM rises ~18% YoY; NIM stable QoQ

- Standalone AUM was ~INR130b and rose ~18.0% YoY/4.0% QoQ. Within this, AUM of Micro-enterprise/ SME/2W/CV loans grew 10%/17%/30%/18% YoY. Salaried personal loans grew ~70% YoY to ~INR11.7b.
- About 35% of the underlying assets in the standalone AUM were through partner NBFCs. The MSME segment contributed ~60% to the incremental YoY AUM growth.
- Yields (calc.) declined ~10bp QoQ to 14.75% while CoF (calc.) declined ~15bp QoQ to 9.2%. This resulted in ~5bp QoQ expansion in spreads to ~5.6%. NIM (calc.) was stable QoQ at ~7.7%.

Other highlights

- The average ticket size of micro-enterprise loans rose to ~INR88k (PQ: ~INR66k), while SME loans declined to 2.6m (PQ: ~3.5m).
- RoTA was largely stable QoQ at ~2.85% in 2QFY26.
- MASFIN Insurance Broking Private Limited (a subsidiary of MAS Financial) has been granted a Certificate of Registration from IRDAI to operate as a Direct Insurance Broker (Life & General).

HFC subsidiary

- MAS Housing reported AUM of ~INR8.2b, which grew ~24% YoY.
- GNPA/NNPA in the housing segment remained stable QoQ at 0.95%/0.65%.

Valuation and view

- MASFIN reported in-line earnings for 2QFY26, supported by healthy AUM growth of ~18% YoY. Asset quality remained largely stable, and the credit costs dipped sequentially. It has a niche expertise in the SME segment, and its asset quality is perhaps the best among (M)SME lending peers.
- The company is well placed to achieve its target AUM CAGR of 18-20%, supported by robust liability management, a strong capital base, and healthy asset quality. We will look to revise our estimates following the earnings call on 6th Nov'25.

Quarterly Performance

(INR M)

Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E	Act. v/s Est. (%)
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26				
Revenue from Operations	3,465	3,670	3,901	4,169	4,438	4,586	4,789	5,073	15,205	18,886	4,604	0
Interest Income	2,952	3,078	3,332	3,535	3,687	3,760	3,930	4,326	12,896	15,703	3,827	-2
Gain on assignments	304	375	356	396	430	534	561	335	1,431	1,860	447	19
Other operating Income	210	217	213	239	320	292	299	412	877	1,323	329	-11
Interest expenses	1,714	1,754	1,845	1,910	2,062	2,116	2,243	2,520	7,224	8,940	2,157	-2
Total income	1,751	1,916	2,056	2,259	2,376	2,471	2,547	2,554	7,981	9,947	2,447	1
Growth Y-o-Y (%)	27	26	31	34	36	29	24	13	31	25	28	
Operating Expenses	567	632	673	744	827	897	924	867	2,615	3,515	860	4
Operating Profits	1,183	1,284	1,383	1,516	1,549	1,574	1,623	1,686	5,366	6,432	1,587	-1
Growth Y-o-Y (%)	25	24	25	35	31	23	17	11	27	20	24	
Provisions	239	263	332	427	424	371	368	555	1,261	1,718	437	-15
Profit before tax	944	1,021	1,051	1,089	1,124	1,202	1,255	1,132	4,104	4,713	1,150	5
Growth Y-o-Y (%)	25	28	24	20	19	18	19	4	24	15	13	
Tax Provisions	240	255	270	281	285	305	314	283	1,045	1,188	288	6
Net Profit	704	766	781	808	839	897	941	848	3,059	3,526	863	4
Growth Y-o-Y (%)	23	28	25	19	19	17	21	5	23	15	13	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.76	14.66	14.8	14.82	14.85	14.75						
Cost of funds (Cal)	9.61	9.37	9.31	9.12	9.32	9.18						
Spreads (Cal)	5.1	5.3	5.5	5.7	5.5	5.6						
NIM on AUM (Cal)	6.83	7.16	7.2	7.60	7.73	7.75						
Credit Cost (%)	0.9	1.0	1.2	1.4	1.4	1.2						
Cost to Income Ratio	32.4	33.0	32.7	32.9	34.8	36.3						
Tax Rate	25.4	25.0	25.0	25.8	25.4	25.4						
Balance Sheet Parameters												
Standalone AUM (INR B)	103.8	110.2	116.8	121.0	125.0	130.0						
Change YoY (%)	23.4	21.8	20.7	19.5	20.4	18.0						
Disbursements (INR B)	27.3	30.2	31.6	30.9	31.9	0.0						
Change YoY (%)	19.5	21.0	18.6	10.7	17.1	13.0						
Borrowings (INR B)	71.9	77.9	80.6	87.0	89.9	94.5						
Change YoY (%)	20.1	16.1	18.6	22.9	25.1	21.3						
Debt/Equity (x)												
Asset liability Mix												
AUM Mix (%)												
Micro Enterprises	43.6	43.1	40.3	39.6	40.1	40.1						
SME loans	36.4	36.1	36.6	37.2	36.2	35.6						
2W loans	6.4	6.5	6.9	6.5	7.0	7.1						
CV loans	7.9	8.2	8.3	8.1	7.7	8.1						
Borrowings Mix (%)												
Direct Assignment	24.4	22.9	22.1	21.3	21.2	22.0						
Cash Credit	11.3	14.6	13.2	11.6	10.1	9.9						
Term Loan	52.9	50.6	50.4	51.1	51.6	50.5						
NCD	8.1	8.9	11.3	13.3	14.4	15.1						
Sub Debt	3.3	3.1	3.0	2.8	2.7	2.6						
Asset Quality Parameters (%)												
GS 3 (INR m)	2,043	2,235	2,423	2,480	2,620	2,663						
GS 3 (%)	2.29	2.36	2.41	2.44	2.49	2.53						
NS 3 (INR m)	1,243	1,361	1,505	1,483	1,541	1,563						
NS 3 (%)	1.52	1.57	1.62	1.62	1.63	1.69						
PCR (%)	39.1	39.1	37.9	40.2	41.2	41.3						
Return Ratios (%)												
ROA	3.0	3.0	2.9	2.9	2.8	2.9						
Tier I ratio	25.4	23.8	23.1	22.6	23.2	22.7						

E: MOFSL estimates

Fusion Microfinance

Conference Call Details


Date: 6th November 2025

Time: 9:30 AM IST

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+91 22 7115 8807 /

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Financials & Valuation (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	15.3	12.3	13.3
PPP	7.4	4.3	5.6
PAT	-12.2	0.1	3.2
EPS (INR)	-121.7	0.56	19.9
EPS Gr. (%)	-	-	-
BV (INR)	163	127	171

Valuations

NIM (%)	14.3	14.6	14.9
C/I ratio (%)	51.7	65.4	57.9
RoAA (%)	-12.2	0.1	4.1
RoE (%)	-54.5	0.4	13.4

Valuations

P/E (x)	-	-	9.0
P/BV (x)	1.1	1.4	1.0

CMP: INR179
Buy

Moves closer to profitability; stabilization of forward flows a positive

GS3 improves ~80bp QoQ and exhibits a sequential decline in credit costs

- Fusion reported a net loss of ~INR221m in 2QFY26 (v/s est. profit of INR7m). NII in 2QFY26 declined ~38% YoY to ~INR2.5b (7% miss).
- Opex rose 9% YoY to INR2.1b (flat QoQ; inline). The cost-to-income ratio declined ~60bp QoQ to ~70.2% (PQ: ~70.8% and PY: ~40.4%). PPop declined ~69% YoY to ~INR890m (11% miss).
- Net credit costs declined sequentially to ~INR1.1b (vs. our est. of ~INR1b). Annualized credit costs in 2QFY26 stood at ~6.4% (PQ: 9.4% and PY: 26%).
- Disbursements grew 37% QoQ to ~INR13b. AUM declined ~39% YOY and 9% QoQ to ~INR70b.

Reported NIM rises ~55bp QoQ; calc. yields up ~50bp QoQ

- Yields (calc.) rose ~50bp QoQ to ~22.7%, while CoF (calc.) increased ~30bp QoQ to ~10.5%, which led to a ~20bp QoQ rise in spreads to ~12.2%. Reported NIM rises ~55bp QoQ to ~10.9%.
- Share of public sector banks in the borrowing mix declined ~4pp to ~22% in 2QFY26 (PQ: 26%).
- The company has robust liquidity of ~INR8.9b, an aggregate of cash and cash equivalents and liquid assets, amounting to ~13% of the total assets.

Write-offs dip QoQ; collection efficiency at 98.5%

- GS3 improved ~80bp QoQ to ~4.6%, while NS3 rose ~20bp QoQ to 0.4%. Stage 3 PCR stood at 92% in 2QFY26.
- Stage 2 declined ~25bp QoQ to 2.2%. ECL/EAD (including a management overlay of ~INR445m) declined to ~7.0% (PQ: ~8.2%). Write-offs for the quarter declined to ~INR2.5b (PQ: INR4.9b). **Collection efficiency of the current portfolio stood at ~98.5% in 2QFY26. The net flow forward into PAR 0+ stabilized at 0.5-0.6%.**

Decline in borrower base along with Fusion + >=3 borrowers

- Borrower base dipped to 2.6m as of Sep'25 (down from 2.8m as of Jun'25). Fusion + >=3 borrowers declined to 13.9% (vs. ~17.6% as on Jun'25), and the company only onboards customers if they are in the current bucket for all their MFI loans.
- CRAR stood at ~31.3% as of Sep'25.

Valuation and view

- Fusion moved closer to profitability in this quarter, supported by a further reduction in credit costs. Disbursements saw an improvement, and the company continues to scale disbursements while maintaining prudent underwriting, which is reflected in stable PAR accretion and healthy CE. Additionally, margins improved during the quarter, aided by higher yields, which were partly attributable to lower interest income reversals.

■ It will be interesting to hear from the management regarding its credit cost guidance, the overall stress in the MFI sector, and by when it expects things to start trending towards normalization. We may revise our estimates and TP after the earnings call on 6th Nov'25.

Fusion: Quarterly Performance Y/E March

(INR M)

	FY25				FY26E				FY25	FY26E	2QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	6,213	6,261	4,382	4,487	4,219	3,808	3,732	4,205	21,342	15,964	3,974	-4
Interest Expenses	2,234	2,274	2,137	1,794	1,489	1,343	1,249	1,242	8,439	5,322	1,310	2
Net Interest Income	3,979	3,987	2,245	2,693	2,730	2,465	2,483	2,963	12,904	10,642	2,664	-7
YoY Growth (%)	34.6	30.4	-33.7	-25.4	-31.4	-38.2	10.6	10.0	-0.8	-17.5	-33	
Other Income	854	776	443	273	237	519	647	233	2,347	1,635	377	38
Total Income	4,833	4,764	2,688	2,966	2,967	2,984	3,130	3,196	15,250	12,277	3,041	-2
YoY Growth (%)	30.9	25.3	-34.7	-35.6	-38.6	-37.4	16.4	7.8	-6.0	-19.5	-36	
Operating Expenses	1,855	1,925	2,041	2,065	2,101	2,094	2,017	1,811	7,886	8,024	2,038	3
Operating Profit	2,978	2,838	648	901	866	890	1,113	1,384	7,365	4,253	1,003	-11
YoY Growth (%)	26.5	17.4	-75.1	-69.0	-70.9	-68.6	71.8	53.6	-28.4	-42.2	-65	
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,789	1,112	867	400	18,695	4,167	993	12
Profit before Tax	-507	-4,102	-5,075	-1,646	-923	-221	246	984	-11,330	86	10	-2,319
Tax Provisions	-151	-1,052	2,118	0	0	0	12	1	915	13	2	-100
Net Profit	-356	-3,050	-7,193	-1,646	-923	-221	233	984	-12,245	73	7	-3,059
YoY Growth (%)	-130	-343	-669	-224	159	-93	-103	-160	-342	-100.6	-100	
Key Parameters (%)												
Yield on loans	21.7	21.5	19.1	19.1	20.6	21.2						
Cost of funds	10.1	10.1	10.3	10.5	10.3	10.4						
Spread	11.6	11.4	8.8	8.6	10.3	10.9						
NIM	11.6	11.5	8.9	8.6	10.3	10.9						
Credit cost	3.28	6.55	5.70	2.80	2.30	1.50						
Cost to Income Ratio (%)	38.4	40.4	75.9	69.6	70.8	70.2						
Tax Rate (%)	29.8	25.6	-41.7	0.0	0.0	0.0						
Performance ratios (%)												
Avg o/s per borrower (INR '000)	30	29	27	26	25	25						
AUM/ RO (INR m)	1.2	1.1	1.1	0.9	0.8	0.8						
AUM/ Branch (INR m)	9	8	7	6	5	4						
Borrower/ Branch (INR m)	3,017	2,805	2,590	2,175	1,932	1,759						
Balance Sheet Parameters												
AUM (INR B)	121.9	115.7	106.0	89.8	76.9	70.4						
Change YoY (%)	25.5	15.4	-0.9	-21.8	-36.9	-39.2						
Disbursements (INR B)	29.9	16.6	11.7	11.6	9.5	13.0						
Change YoY (%)	30.7	-29.1	-56.9	-60.9	-68.2	-21.9						
Borrowings (INR B)	91.2	86.4	73.1	64.0	52.7	49.3						
Change YoY (%)	26.9	14.8	-8.9	-25.7	-42.3	-42.9						
Borrowings/Loans (%)	89.0	94.6	92.3	88.2	81.4	83.1						
Debt/Equity (x)	3.2	3.4	4.0	3.9	2.7	2.6						
Asset Quality (%)												
GS 3 (INR M)	5,952	9,672	11,920	6,457	3,830	2,940						
G3 %	5.5	9.4	12.6	7.9	5.4	4.6						
NS 3 (INR M)	1,301	2,302	1,450	224	130	230						
NS3 %	1.27	2.52	1.83	0.31	0.20	0.39						
PCR (%)	78.1	76.2	87.8	96.5	96.6	92.1						
ECL (%)	5.9	11.1	16.4	10.9	8.2	7.0						
Return Ratios - YTD (%)												
ROA (Rep)	-1.2	-10.3	-27.6	-7.4	-4.7	-1.2						
ROE (Rep)	-5.0	-45.7	-132.9	-38.2	-20.6	-4.6						

E: MOSL Estimates



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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