Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	84,696	-0.4	8.4
Nifty-50	25,942	-0.4	9.7
Nifty-M 100	60,001	-0.5	4.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	6,906	-0.3	17.4
Nasdaq	23,474	-0.5	21.6
FTSE 100	9,867	0.0	20.7
DAX	24,351	0.0	22.3
Hang Seng	8,892	-0.3	22.0
Nikkei 225	50,527	-0.4	26.7
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	62	-1.6	-15.7
Gold ($/OZ)	4,332	-4.4	65.1
Cu (US$/MT)	12,253	0.6	41.6
Almn (US$/MT)	2,914	-0.4	15.3
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	90.0	0.1	5.1
USD/EUR	1.2	0.0	13.7
USD/JPY	156.1	-0.3	-0.7
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.6	0.03	-0.2
10 Yrs AAA Corp	7.3	0.01	0.1
Flows (USD b)	**29-Dec**	**MTD**	**CYTD**
FIIs	-0.31	-1.74	-17.6
DIIs	0.29	7.71	88.7
Volumes (INRb)	**29-Dec**	**MTD***	**YTD***
Cash	1,136	988	1065
F&O	2,45,171	2,59,950	2,34,864

Note: Flows, MTD includes provisional numbers. *Average

Today's top research idea

Ajanta Pharma: Branded generics playbook fires; semaglutide adds a new growth leg

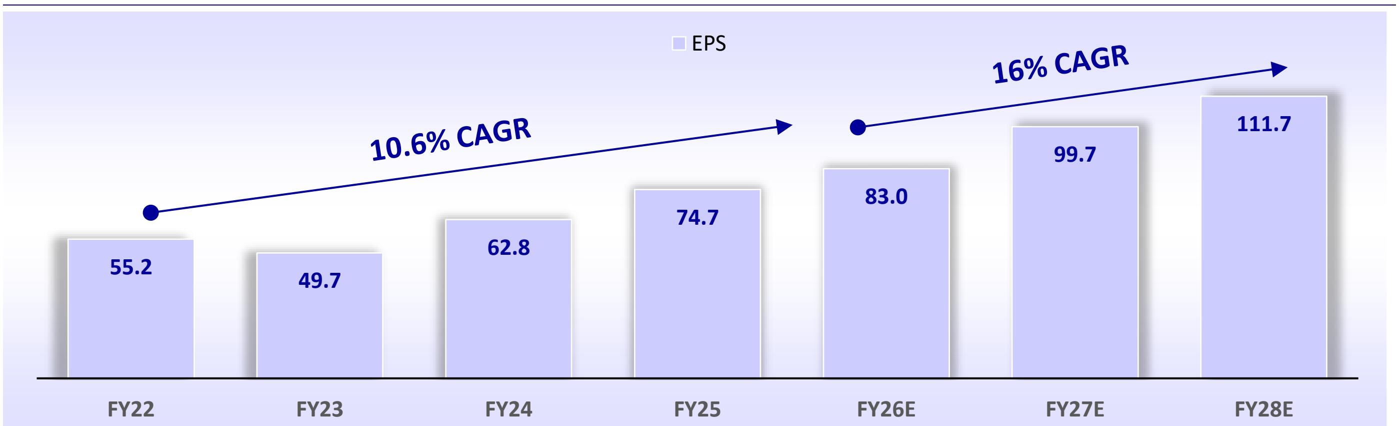
- Ajanta Pharma is implementing multiple strategic initiatives across its core branded generics markets in India, Asia, and Africa to sustain robust industry outperformance. In emerging markets, the company is expanding therapy coverage while shifting its portfolio toward chronic indications, enhancing growth sustainability, supported by two key levers: entry into larger, higher-TAM geographies and deeper product penetration in existing markets.
- A key development is the partnership with Biocon to source semaglutide for 23 countries, positioning AJP to participate in GLP-1 market formation and gain share given the innovator's limited reach. In India, incremental therapies backed by an expanded MR footprint continue to drive 25–30% outperformance versus the industry, with AJP still beating the IPM by 100–200bp despite pressure in select therapies.
- Strong cash generation supports inorganic growth, with INR10b earmarked for acquisitions across derma, pain, nephro, and gynaec, alongside 150–200 annual filings translating into 120–150 approvals. Management remains confident of delivering double-digit revenue growth in FY26.

Research covered

Cos/Sector	Key Highlights
Ajanta Pharma	Branded generics playbook fires; semaglutide adds a new growth leg
Defense	YTD DAC approvals nearly 2x the capital outlay
The Corner Office (Indigo Paints)	Growth outlook improving; remains committed to industry-leading growth
EcoScope	Nov'25 IIP: Strong rebound, mfg. leads recovery

Chart of the Day: Ajanta Pharma (Branded generics playbook fires)

Expect 16% earnings CAGR over FY25-28E



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Hyundai Palisade global sales set to cross 200,000 mark as hybrid demand soars

Global sales for the Hyundai Palisade are expected to cross the 200,000-unit mark for the first time this year.

2

RBI asks microlenders to monitor stress build-up

The Reserve Bank of India has urged microfinance institutions to monitor stress build-up on their books, noting lower disbursements in southern states.

3

Arvind Fashions snaps up Flipkart's stake in Flying Machine for Rs 135 crore

Arvind Fashions is acquiring Flipkart India's stake in its Flying Machine business. The deal is valued at Rs 135 crore.

4

Radico Khaitan bets on premium products to drive spirits demand

India's spirits industry is set for growth driven by premium products and tier-II markets. Consumers are increasingly choosing higher-end spirits.

5

2025 Year Ender: The year 10-minute delivery became a utility

2025 Year Ender: India's retail sector saw a major shift in 2025. Quick commerce merged with e-commerce, making delivery speed the new standard.

6

Healthy demand to absorb a 20% rise in branded hotel rooms

Branded hotels in India are set to add nearly 20,000 rooms over the next two fiscals, a 20% rise in supply, says Crisil Ratings.

7

TCS reboot on to become ready for AI-led future: COO Aarthi Subramanian

Tata Consultancy Services is preparing for an AI-driven future with a major internal and market reset.

Ajanta Pharma

BSE SENSEX	S&P CNX
85,041	26,042

Stock Info

Bloomberg	AJP IN
Equity Shares (m)	125
M.Cap.(INRb)/(USDb)	335 / 3.7
52-Week Range (INR)	3116 / 2022
1, 6, 12 Rel. Per (%)	6/2/-14
12M Avg Val (INR M)	350
Free float (%)	33.8

Financials Snapshot (INR b)

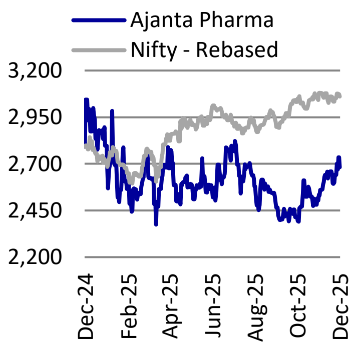
Y/E MARCH	FY26E	FY27E	FY28E
Sales	52.7	60.0	65.1
EBITDA	14.7	17.9	19.3
Adj. PAT	10.4	12.5	14.0
EBITDA Margin (%)	24.8	27.3	27.1
Cons. Adj. EPS (INR)	83.0	99.7	111.7
EPS Gr. (%)	11.1	20.0	12.1
BV/Sh. (INR)	365.5	439.7	523.0
Ratios			
Net D:E	-0.2	-0.2	-0.3
RoE (%)	24.9	24.8	23.2
RoCE (%)	25.2	25.1	23.5
Payout (%)	26.3	25.5	25.5
Valuations			
P/E (x)	32.4	27.0	24.1
EV/EBITDA (x)	23.0	18.5	16.8
Div. Yield (%)	0.8	0.9	1.0
FCF Yield (%)	0.8	2.7	3.4
EV/Sales (x)	6.4	5.5	5.0

Shareholding pattern (%)

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

FII includes depository receipts

Stock performance (one-year)



CMP: INR2,690 TP: INR3,145 (+17%) Buy

Branded generics playbook fires; semaglutide adds a new growth leg

We recently met the management of Ajanta Pharma (AJP) to gain deeper insights into the company's business prospects. The key takeaways are as follows:

- **AJP is implementing multiple strategic initiatives across focus branded generics markets of India, Asia, and Africa to sustain robust industry outperformance.**
- **In emerging markets across Africa and Asia, AJP has not only expanded its therapy coverage but has also shifted toward chronic indications, which should support more sustainable growth.**
- **AJP is also working on the following two levers: 1) adding geographies with larger market sizes to further widen its presence and 2) enhancing its product offerings within existing markets.**
- **The partnership with Biocon to source semaglutide for 23 target countries marks a meaningful step toward introducing newer therapies in these markets. Interestingly, the innovator's limited reach paves the way for AJP to participate in market formation and gain market share.**
- **In India, incremental therapies supported by the medical representative (MR) footprint continue to drive 25-30% outperformance vs. the industry. While certain therapies, such as Ophthalmology, have faced pressure due to adverse seasonality and heightened competition, AJP has still managed to outperform the Indian Pharmaceutical Market (IPM) by 100-200bp over the past 12 months.**
- **The company's surplus cash position provides enough cushion to acquire products that complement its branded generics portfolio. In fact, AJP has meaningfully scaled its acquired brands over the past 12 months.**
- **The company has earmarked INR10b for inorganic opportunities to plug gaps in select therapy areas, sharpening its growth focus across India/EM. Notably, Derma/Pain/Nephro/Gynaec shall remain the key focus areas with an emphasis on brand and portfolio acquisitions.**
- **AJP files around 150-200 product registrations annually, translating into 120-150 approvals across India and Emerging Markets.**
- **On an overall basis, management remains confident of delivering double-digit YoY revenue growth in FY26.**
- **We expect a revenue/EBITDA/PAT CAGR of 11%/15%/16% to reach INR65b/INR19b/INR14b over FY26-28. We estimate potential annualized sales from the semaglutide opportunity in Asia and Africa at USD25–30m from 2HFY28 onwards. Assuming a gross margin of ~70% and limited incremental operating costs, the EBITDA margin for this product should be healthy at 50–55%, driving incremental profitability for AJP.**
- **We value AJP at 30x 12M forward earnings to arrive at our TP of INR3,145. Reiterate BUY.**

AJP's positioning in GLP1: building the next growth engine via tie-ups

- In emerging markets, AJP is pursuing an asset-light, marketing-led model and will source semaglutide from Biocon under an in-licensing arrangement. The company has exclusive or semi-exclusive marketing rights across 23 countries in Africa and three countries in the Middle East and Central Asia. With patents expiring in Mar'26 and approvals expected between late 2026 and early 2027, this structure enables AJP to capture upside without assuming manufacturing risk.
- Given the innovator's limited presence, AJP's established footprint in these markets, and limited generic competition, management remains confident of strong traction for semaglutide injections across the 23 plus three countries post-regulatory approvals, supported by intensified marketing efforts.
- While AJP has a separate tie-up for sourcing Semaglutide in the Indian market, it is gearing up to participate in the first wave of market formation domestically.

EM: Broadening footprint into higher-TAM geographies and chronic-led portfolio aided by incremental MR addition

- Emerging markets are being developed into a scalable growth platform, driven by a steady cadence of new launches, adding therapies, a calibrated expansion of the field force, and exploring newer and bigger TAM markets.
- AJP is scaling its execution bandwidth via 5-6% annual MR addition on its strong base of 2,000, while also entering newer and structurally larger geographies to support the next phase of growth.
- In parallel, the portfolio is being transitioned from an acute-led portfolio to a more chronic-centric franchise, improving revenue durability, visibility, and thereby structurally upgrading the quality of growth.

DF: Growth funnel expanded through entry into gynaec, nephro, and acquisitions

- AJP is re-engineering its DF engine by layering new chronic growth drivers on top of a scaled legacy base, with FY25 marking entry into two new therapies: gynaec and nephro.
- Gynaec is witnessing higher traction and is expected to become a meaningful contributor in 2-3 years, while nephro is building more gradually due to intense competition, where growth is a bit slow.
- This is being reinforced by sustained outperformance in core therapies, with derma/pain likely to grow 500-600/300-400bp ahead of the market.
- Ophthal is likely to continue growing 100–200bp faster than IPM despite industry headwinds from seasonality, competition, and NLEM inclusion.
- Cardiac therapy delivered 7.4% YoY growth over the last three months (Sep'25 to Nov'25) according to IQVIA. Management indicated that AJP's growth in the covered market is in line with IPM. In 1HFY26, AJP is confident of achieving 11-12% YoY growth vis-à-vis 4.7% YoY growth as per IQVIA.
- The portfolio reset is supported by time-bound front-end investments, including the addition of 750 MR in FY25 (around 200 for new therapies, with nephrology accounting for 40-45%, and 550 for existing therapies) and another 150 in 1HFY26. Meaningful benefits from the MR addition is expected to be reflected from 2HFY27 onwards.

- In parallel, three brands acquired in Nov-24 for INR400m are experiencing healthy traction, signaling early success in integration.
- Taken together, these initiatives reposition the DF business into a structurally higher-quality growth platform, moving it away from a narrow, cyclical volume engine.

Regulated market: New product launches/expansion into new geographies

- Expansion into newer geographies should structurally improve the sustainability of margins by diversifying the revenue base.
- Deeper penetration into existing therapies through new product launches should continue to drive incremental growth.

Valuation and view

- After posting a strong 23% earnings CAGR over FY23-25, AJP has entered a consolidation phase in FY26 due to incremental investments in MRs for both base and newer therapies. We, thus, expect earnings growth to moderate to 11% YoY in FY26.
- That said, the benefits of initiatives undertaken in FY26 should begin to accrue meaningfully in FY27, driving 20% YoY earnings growth. We have not yet factored in any semaglutide-related upside in FY28 earnings. Given the considerable scope of demand expansion and AJP's robust franchise, the sales traction can be decent despite generics-led price erosion in Semaglutide across markets post-patent expiry.
- We estimate AJP's potential sales from this opportunity in Asia and Africa at USD25-30m on an annualized basis in 2HFY28. Assuming a gross margin of 70% and limited additional operating costs, the EBITDA margin of this product should be healthy at 50-55%, driving additional EBITDA for AJP.
- **We value AJP at 30x 12M forward earnings to arrive at our TP of INR3,145. Reiterate BUY.**

Defense

BHE - Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	276.7	325.5	386.4
EBITDA	78.9	92.8	108.2
Adj PAT	60.8	72.1	83.8
EPS (INR)	8.3	9.9	11.5
EPS Gr. (%)	15.0	18.6	16.2
BV/Sh (INR)	34.3	43.0	53.0
Ratios			
RoE (%)	24.2	23.0	21.6
RoCE (%)	27.2	25.6	23.9
Payout (%)	12.4	12.4	12.4
Valuations			
P/E (x)	47.3	39.9	34.3
P/BV (x)	11.5	9.2	7.4
EV/EBITDA (x)	34.3	28.5	23.9
Div Yield (%)	0.3	0.3	0.4

HAL - Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	375.0	453.4	584.6
EBITDA	111.2	129.4	159.2
Adj PAT	95.6	107.6	132.3
EPS (INR)	142.9	161.0	197.8
EPS Gr. (%)	14.3	12.7	22.9
BV/Sh (INR)	625.9	741.9	894.7
Ratios			
RoE (%)	22.8	21.7	22.1
RoCE (%)	23.6	22.3	22.6
Payout (%)	28.0	28.0	22.8
Valuations			
P/E (x)	30.6	27.2	22.1
P/BV (x)	7.0	5.9	4.9
EV/EBITDA (x)	22.2	18.4	14.1
Div Yield (%)	0.9	1.0	1.0

BDL - Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	45.8	61.1	81.5
EBITDA	10.9	15.1	20.8
Adj PAT	10.4	13.9	19.1
EPS (INR)	28.3	37.9	52.0
EPS Gr. (%)	88.6	33.9	37.3
BV/Sh (INR)	131.6	162.5	206.5
Ratios			
RoE (%)	21.5	23.3	25.2
RoCE (%)	22.1	23.8	25.6
Payout (%)	21.4	18.4	15.4
Valuations			
P/E (x)	52.1	38.9	28.3
P/BV (x)	11.2	9.1	7.1
EV/EBITDA (x)	44.1	30.7	21.1
Div Yield (%)	0.4	0.5	0.5

YTD DAC approvals nearly 2x the capital outlay

India's Defense Acquisition Council (DAC) has approved capital acquisition proposals worth INR790b in its winter session, taking FY26 YTD approvals to ~INR3.3t, nearly double the capital outlay on defense of INR1.8t. The approvals span across a wide spectrum of capabilities, including munitions, missiles, air defense systems, surveillance and communication equipment, training systems, and naval support platforms, reflecting a balanced modernization push across all three services. While the Acceptance of Necessity (AoN) approvals do not immediately translate into order inflows, the breadth and scale of the approvals materially de-risk order inflows for key defense PSUs and select private players over the next 2-4 years. We maintain our positive stance on BHE (CMP: INR393, TP: INR500), HAL (CMP: INR4,377 | TP: INR5,800), BDL (CMP: INR1,473 | TP: INR2,000), and AMPL (CMP: INR979 | TP:1,100). We remain Neutral on Zen Technologies (CMP: INR1,386 | TP: INR1,400).

DAC approvals totaling INR790b

The DAC's approval of projects worth INR790b is likely to benefit both leading defense PSUs and select private players. **Bharat Electronics (BHE)** is well-positioned to capture orders for radar systems, drone detection, HF SDR communications equipment, GBMES, and electronics portion of other systems. **Hindustan Aeronautics (HAL)** could see orders tied to HALE RPAS, Astra Mk-II missile integration, and full mission simulator production/support for platforms like Tejas. **Bharat Dynamics (BDL)** is positioned to gain from **guided rocket ammunition**, missile system production, and other munitions and missiles that fall under its manufacturing scope, while procurement of BP tugs and allied marine support vessels opens opportunities for shipyards such as **MDL, CSL, and GRSE.** Private players, including **LT, Tata Advanced Systems, Zen Technologies, and Astra Microwave**, could see increased participation for components and, in some cases, fully integrated products such as full mission simulators and SPICE-1,000.

Emergency procurement window extended

The emergency process, which was first introduced in **2020,** allows the Vice Chiefs to approve contracts up to INR3b per contract, significantly shortening procedural time compared with standard procurement. The DAC has extended the current emergency procurement window for the Army, Navy, and Air Force until **15 Jan'26**, allowing them to continue fast-track purchases of critical weapons, platforms, and equipment to meet urgent operational needs. Previously, the deadline for signing contracts under this expedited route had expired in Nov'25, creating risks of delay for several pending acquisitions. By pushing the timeline to mid-Jan'26, the Ministry of Defense aims to ensure continuity in urgent procurements while regular defense acquisition processes progress, helping the services maintain readiness in a fluid security environment.

AMPL - Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	11.2	13.7	17.3
EBITDA	2.8	3.6	4.5
Adj PAT	1.5	2.2	2.9
EPS (INR)	16.4	23.7	30.3
EPS Gr. (%)	0.8	44.5	27.7
BV/Sh (INR)	133.1	156.8	187.1
Ratios			
RoE (%)	13.2	16.4	17.6
RoCE (%)	12.0	14.2	15.3
Payout (%)	-	-	-
Valuations			
P/E (x)	59.7	41.3	32.4
P/BV (x)	7.4	6.3	5.2
EV/EBITDA (x)	33.1	26.5	21.3

ZEN - Financials &Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	5.8	11.1	15.4
EBITDA	2.0	4.1	5.7
Adj PAT	1.9	3.7	4.8
EPS (INR)	21.6	40.5	53.3
EPS Gr. (%)	-26.0	87.6	31.8
BV/Sh (INR)	208.6	249.1	302.4
Ratios			
RoE (%)	10.9	17.7	19.3
RoCE (%)	10.8	17.7	19.3
Payout (%)			
Valuations			
P/E (x)	64.3	34.3	26.0
P/BV (x)	6.6	5.6	4.6
EV/EBITDA (x)	56.0	27.6	19.6
Div Yield (%)	0.0	0.0	0.0

Other key developments in defense sector for our coverage universe

- **User trials of the Akash-NG system completed by DRDO, clearing it for induction.** We expect BDL and BHE to receive production and supply contracts in CY26 followed by ramp-ups based on induction timelines. Akash-NG is also attracting export interest from Armenia, Vietnam and Brazil.
- **India is deploying an indigenous integrated air defense system to protect the Delhi NCR,** built around home-grown missiles such as QRSAM and VSHORADS along with associated systems.
- **BHE received an order for indigenous SAKSHAM counter-unmanned aerial system (C-UAS).** SAKSHAM is designed to detect, track, identify, and neutralize hostile unmanned aerial systems in real time.
- **HAL has issued an Expression of Interest to engage Indian consultants to help develop and implement a tailored export strategy** aimed at expanding sales and support for its indigenous aircraft and helicopter platforms in target regions such as Africa, Latin America, and Southeast Asia.
- **HAL received the 5th F-404 engine** from GE for its Tejas Mk-1A fighter jets.
- **AMPL has signed an MoU with BHE** to jointly develop and manufacture advanced electronic modules and systems for defense electronics and aerospace, focusing on EW, radar, and satellite technologies.

Key monitorables

Going forward, we would watch out for 1) **emergency procurement** announcements over the next 2-3 weeks until the new deadline expires, 2) conversion of AoN approvals into firm orders, especially large-ticket missile, air-defense and electronics programs, 3) an **increase in the overall defense budgetary allocations** in the upcoming years, 4) **timelines for marquee programs** such as Akash-NG, QRSAM, Project Kusha, etc., and 5) **export order wins and government-to-government deals**, supporting incremental growth beyond domestic demand.

Valuation and recommendation

- **BHE** is currently trading at 39.9x/34.3x FY27E/FY28E EPS. **We maintain our estimates and reiterate our BUY rating on the stock** with an unchanged TP of INR500, based on the 45x two-year forward earnings.
- **HAL** is currently trading at 27.2x/22.1x FY27E/FY28E EPS. **We maintain our estimates and reiterate our BUY rating on the stock** with an unchanged TP of INR5,800, based on the average DCF and 32x two-year forward earnings.
- **BDL** is currently trading at 38.9x/28.3x FY27E/FY28E EPS. **We maintain our estimates and reiterate our BUY rating on the stock** with an unchanged TP of INR2,000, based on the 42x two-year forward earnings.
- **AMPL** is currently trading at 41.3x/32.4x FY27E/FY28E EPS. **We maintain our estimates and reiterate our BUY rating on the stock** with an unchanged TP of INR1,100, based on the 38x two-year forward earnings.
- **ZEN** is currently trading at 34.3x/26.0x FY27E/FY28E EPS. **We maintain our estimates and reiterate our Neutral rating on the stock** with an unchanged TP of INR1,400, based on the 30x two-year forward earnings.

Growth outlook improving; remains committed to industry-leading growth

Indigo Paints

Mr. Hemant Jalan, Chairman & MD

Mr. Jalan has been on the Board of INDIGOPN since March 2000. He has over 23 years of experience in the paints industry. He was previously associated with AF Ferguson & Co and Vedanta Group of Industries. He holds a bachelor's degree in Chemical Engineering from IIT Kanpur. After his graduation, Mr. Jalan completed his Master's degree in Chemical Engineering at Stanford University and earned his MBA Degree from Chicago Booth (University of Chicago).

We interacted with Mr. Hemant Jalan, Chairman and MD of Indigo Paints (INDIGOPN), to discuss demand trends in the paints industry and the company's growth and profitability outlook.

- **Mr. Jalan stated that while 3QFY26 industry growth is expected to remain in low-to-mid single digits (trending below our expectations), management expects industry demand to start accelerating from 4QFY26 onward. Industry growth is expected at 7-8% in FY27 and will be primarily led by volume growth.**
- **The company remains focused on diversifying its market mix, with Kerala continuing to be its largest market, contributing 20%-25% of revenue. In Kerala, the company is focused on increasing throughput and wallet share gains, as it has the second-largest distribution network in the state but a lower revenue market share. Bihar, UP, Chhattisgarh, and West Bengal each contribute ~INR1b annually, offering sufficient headroom for further market share gains. The company is also hopeful for improved brand penetration in markets like Tamil Nadu, Karnataka, UP, Rajasthan, Bihar, and MP. Accordingly, the company expects >20% growth from ex-Kerala market to drive overall growth of 15%-20%.**
- **Management stated that competitive pressure from new entrants is easing. While Birla Opus initially impacted most players, incremental growth from distribution will be limited. In terms of price positioning, there is quite a narrow gap among players in the mass segment (with only ~1% difference), while in higher-end products, the market leader commands a ~5% premium.**
- **The company continues to focus on dealer network expansion, particularly in Tier-1 and Tier-2 cities, while selectively addressing Tier-3 and Tier-4 markets. It leverages a strong on-ground presence with ~600 sales personnel, alongside influencer-led initiatives targeting painters and contractors. Engagement tools, such as product demos, blind tests, and QR code-based rewards, are improving brand recall.**
- **Pricing across the industry has remained steady, and INDIGOPN does not expect any price hikes in the near term. Instead, if raw material costs remain benign, the company may increase trade and consumer offers. Going forward, the company expects sequential expansion in margins, with an EBITDA margin of 18-18.5% in FY26. If demand sustains its upward trajectory, EBITDA margin could expand to ~19% in FY27, supported by lower logistics costs, favorable product mix, and operating leverage.**
- **INDIGOPN's strategic shift toward non-metro towns, along with increased investments in distribution and influencers as part of its Strategy 2.0, is proving to be a successful endeavor. That said, the company continues to focus on premiumization. Given its relatively small scale (INR13b revenue in FY25) in the paints industry, the company has been able to grow significantly faster than the industry. Rising consumer acceptance of the brand and continued distribution expansion have been driving this outperformance.**
- **The company expects revenue growth of 15%-20% in FY27, as demand is expected to recover after experiencing weakness over the last two years. However, given the rising competition and slower-than-expected industry demand recovery, we model a slightly lower CAGR of ~14% for FY26-FY28E. With milder raw material prices and improved growth leverage, we project EBITDA margins of ~18-19% for FY27 and FY28. Accordingly, we model EBITDA/PAT CAGR of 16%/18% over FY26-28E, and reiterate our BUY rating with a revised TP of INR1,450 (premised on 35x Dec'27E EPS).**

Muted near-term demand; expect pickup from 4QFY26 onwards

- INDIGOPN indicated that demand remained soft in October due to the festive season. Management noted that 10-12 days post-Diwali are typically a slow period for the paints industry. However, November saw a meaningful recovery, and the company expects to have outperformed the industry. For 3QFY26, the company anticipates industry growth in low to mid-single digit (trending below our expectations). That said, the company expects the 2HFY26 growth outlook to be better than 1HFY26.

- Management expects the industry to normalize to ~7–8% YoY growth in FY27, compared to the high-growth phase of FY21-22, which was driven by sharp price hikes, pent-up demand, RM inflation, and base effects. In contrast, the upcoming growth cycle is expected to be largely volume-led, with no pricing tailwinds. Against this backdrop, INDIGOPN is well-positioned to outgrow the industry, driven by distribution expansion and deeper market penetration.

Regional performance trends

- The northern belt (Rajasthan, UP, and Madhya Pradesh) has seen relatively weaker demand post-Diwali. However, eastern states, particularly West Bengal, have performed relatively better, aided by strong traction in premium emulsions.
- While Kerala remains the single largest market, contributing 20%-25% to revenue, regions like Bihar, UP, and West Bengal each contribute INR1b to annual revenue and 7–8% to sales.
- In terms of market share, the company holds the No. 2 position in Chhattisgarh and No. 3 in Kerala, while ranking No. 4 in most other states, indicating substantial headroom for market share gains.
- The company is also hopeful for better brand penetration in markets like Tamil Nadu, Karnataka, UP, Rajasthan, Bihar, and MP. As such, the company expects >20% growth from ex-Kerala market to drive overall growth of 15%-20%.

Competitive intensity settling

- Management stated that competitive pressure from new entrants is easing.
- While Birla Opus initially impacted most players, incremental growth from distribution is expected to be limited.
- Pricing differentials remain narrow among players, especially in the mass segment, with only ~1% variance across players, while in higher-end products, the market leader commands ~5% premium.

Focus on distribution expansion and deeper market penetration

- INDIGOPN continues to expand its dealer network, focusing on Tier-1 and Tier-2 cities for penetration-led growth, while selectively addressing Tier-3 and Tier-4 towns.
- With ~600 sales personnel, the company is intensifying influencer engagement through painters and contractors. Initiatives such as on-ground product demonstrations, blind tests, and QR-code-based reward programs (wallet incentives for painters and contractors) are strengthening brand recall at the retail level.
- As of 2QFY26, INDIGOPN had 11,656 tinting machines and 18,914 active dealers with 54 depots.

EBITDA margin to be in the range of 18-19%

- Pricing across the industry has remained steady, and INDIGOPN does not expect any price hikes in the near term. Raw material prices are stable and cooling off. However, gross margin benefits are being passed on to the trade across the industry.
- Going forward, the company expects sequential expansion in margins and anticipates FY26 EBITDA margin to be in the range of 18-18.5%. If demand sustains its upward trajectory, EBITDA margin could expand to ~19% in FY27, supported by lower logistics costs, favorable product mix, and operating leverage.

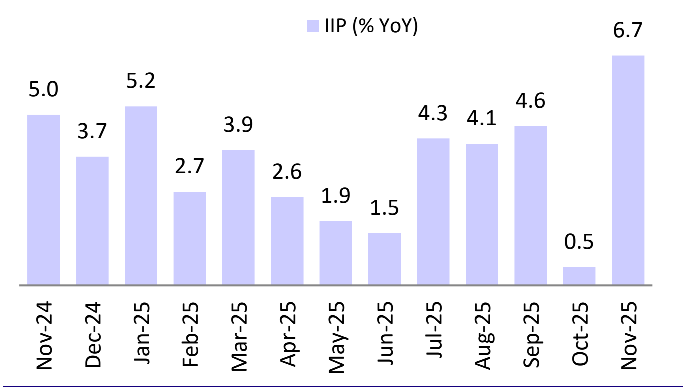
Valuation and view

- INDIGOPN's strategic shift toward non-metro towns, along with increased investments in distribution and influencers as part of its Strategy 2.0, is proving to be a successful endeavor. That said, the company continues to focus on the premium and emulsion segments, with a deliberate shift away from the economy segment.
- The company expects revenue growth of 15%-20% in FY27, as demand is expected to recover after witnessing weakness over the last two years. Given the rising competition and slower-than-expected industry demand recovery, we model a slightly lower CAGR of ~14% for FY26-FY28E. With milder raw material prices and improved growth leverage, we project EBITDA margins for FY27 and FY28 at ~18-19%. We model EBITDA/PAT CAGR of 16%/18% over FY26-28E, and reiterate our BUY rating with a revised TP of INR1,450 (premised on 35x Dec'27E EPS).

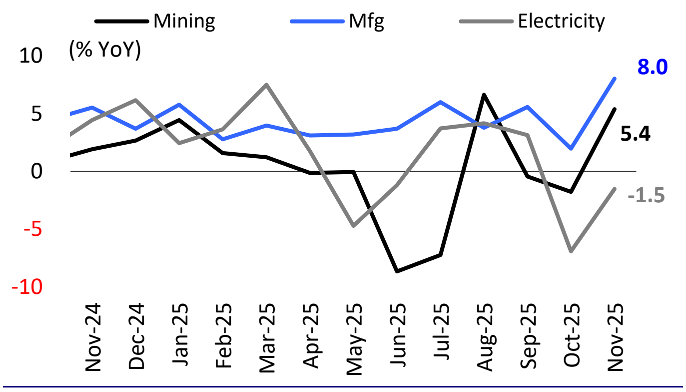
Nov'25 IIP: Strong rebound, mfg. leads recovery

- **In Nov'25, IIP growth rebounded to 6.7% YoY (vs. 0.5% YoY in Oct'25), led by a broad-based acceleration in the manufacturing sector. Mining output improved sequentially, while electricity output remained a drag.**
- **IIP performance in Nov'25 was significantly better than expected, indicating a recovery from the seasonal softness seen in Oct'25 (festive holidays, fewer working days) and suggesting that the earlier slowdown was largely transitory.**
- **Manufacturing output grew 8.0% YoY in Nov'25, a sharp acceleration from Oct'25. Manufacturing breadth improved meaningfully, with only ~30% of sub-sectors contracting, indicating a broad-based recovery across industries.**
- **Among manufacturing segments, 20 out of 23 industry groups recorded an increase in output, with strong growth led by basic metals, motor vehicles & trailers, pharmaceuticals, and machinery, pointing to strength across both consumer-linked and investment-related segments.**
- **On a use-based classification, the recovery was led by investment and infrastructure-linked goods, reflecting continued government capex support. Consumer goods output improved sequentially, with consumer durables outperforming non-durables, consistent with an urban-led demand recovery, while rural-linked consumption remained relatively subdued.**
- **Industrial activity is expected to remain range-bound but resilient in the coming months, supported by stable public capex, easing inflation, and improving monetary transmission. However, uneven rural demand and global trade frictions may continue to limit a broad-based acceleration.**

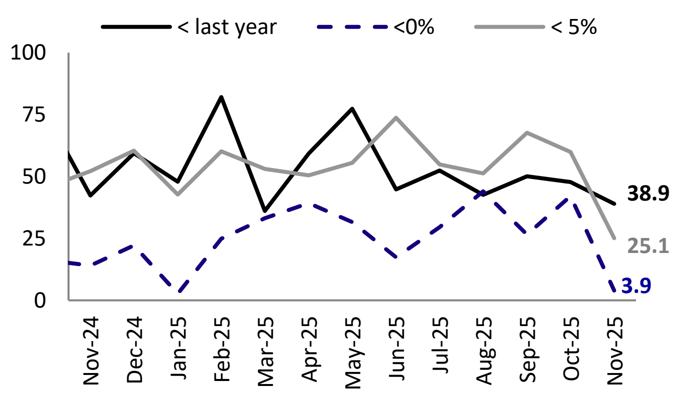
IIP growth rebounded to 6.7% in Nov'25…



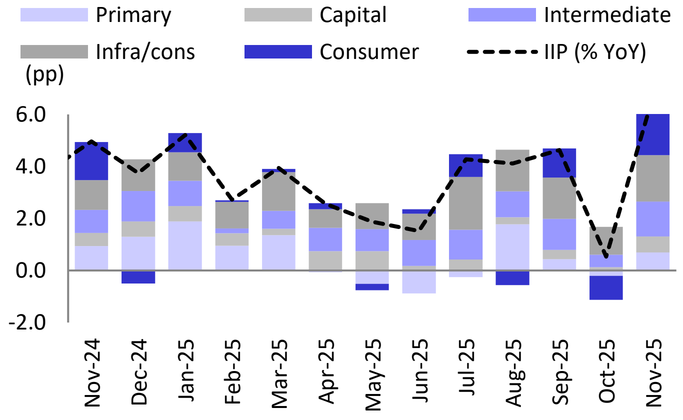
…mainly driven by an uptick in manufacturing sector growth



Share of mfg. sub-sectors contracting declined further in Nov'25



Investment and infrastructure goods led the recovery; consumer goods improved sequentially



Source: CSO, MOFSL

Gulf Oil Lubricants : BP-Castrol Transaction Signals That Lubricant Market Is A High-Growth Space; Ravi Chawla, MD & CEO

- Looking to grow in the AC/DC Chargers space
- Focusing on growing our geographical and segment wise market share
- Confident about achieving our margin target of 14-16%

Read More

Vikran Engineering : Have Near-term Visibility Of Additional ₹2,000 Cr Of Potential Order Inflows; Rakesh Markhedkar, CMD

- Current Order book stands at 5,000crs, Potential of additional 2000crs of order inflow
- Solar will be very big for them in coming financial year
- Aim to limit overall exposure to 10% in water segment
- Many positive orders are expected from overseas market as well

Read More

BLS International : Continue To Look At M&A Opportunities In Visa & Digital Business; Shikhar Aggarwal, Joint MD

- Expect around 25% organic growth in next 5 years with larger revenue base
- Continue to look at M&A opportunities in visa and digital business
- With a large revenue base, expect around 25% organic growth
- Aim to participate in MEA Tenders

Read More

NOTES

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

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

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report..

In the past 12 months, MOFSL or any of its associates may have:
received any compensation/other benefits from the subject company of this report
managed or co-managed public offering of securities from subject company of this research report,
received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
Research Analyst may have served as director/officer/employee in the subject company.
MOFSL and research analyst may engage in market making activity for the subject company.
MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement
Analyst ownership of the stock No
A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and

under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore
In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .
In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.
Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:
This report is intended for distribution to Retail Investors.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be` suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.