MORNING INDIA

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	74,267	-0.7	-12.9
Nifty-50	23,383	-0.7	-10.5
Nifty-M 100	60,828	-1.5	0.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,600	0.3	11.0
Nasdaq	27,087	0.4	16.5
FTSE 100	10,339	-0.7	4.1
DAX	25,003	-0.4	2.1
Hang Seng	8,508	1.0	-4.6
Nikkei 225	66,934	0.9	33.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	93	0.0	49.5
Gold ($/OZ)	4,505	-0.8	4.3
Cu (US$/MT)	13,600	0.0	9.2
Almn (US$/MT)	3,768	0.0	26.9
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	95.0	0.0	5.7
USD/EUR	1.2	-0.1	-0.8
USD/JPY	159.5	0.1	1.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	0.02	0.4
Flows (USD b)	**1-Jun**	**MTD**	**CYTD**
FIIs	-0.41	-5.32	-25.9
DIIs	0.54	9.21	41.4
Volumes (INRb)	**1-Jun**	**MTD***	**YTD***
Cash	1,415	1517	1363
F&O	2,48,023	2,55,984	2,72,187

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research theme

Bulls & Bears: Weakness continues; India lags global peers

- The Nifty consolidated (down 1.9% MoM) in May'26 after rebounding smartly in Apr'26 with a 7.5% MoM gain. Notably, the index remained volatile and hovered around 1,220 points before closing 450 points lower. The Nifty is down 9.9% in CY26YTD. Over the last 12 months, largecaps have been down 5%, underperforming midcaps and smallcaps, which have been up 7% and 1%, respectively. Over the last five years, midcaps (CAGR: 19.1%) have notably outperformed largecaps (CAGR: 8.6%) by 88%, while smallcaps (CAGR: 14.4%) have markedly outperformed largecaps by 45%.
- Among the key global markets, Korea (+28%), Taiwan (+15%), Japan (+12%), MSCI EM (+9%), the US (+5%), Germany (+3%), and the UK (+0%) ended higher MoM. However, Indonesia (-12%), Brazil (-7%), India (-2%), and China (-1%) ended lower MoM. During the past 12 months, the MSCI India Index (-11%) has underperformed the MSCI EM Index (+51%) in USD terms. Over the last 10 years, the MSCI EM Index has now outperformed the MSCI India Index by 12%.
- The Nifty is trading at a 12-month forward P/E ratio of 18.6x, below its LPA of 21x (at an 11% discount). Further, its P/B of 2.7x represents a 5% discount to its historical average of 2.9x. The 12-month trailing P/E for the Nifty, at 21.5x, is below its LPA of 23.2x (at a 7% discount). At 3x, the 12-month trailing P/B ratio for the Nifty is below its historical average of 3.2x (at a 4% discount). Notably, two-thirds of the sectors trade at a discount to their averages. Capital Goods, PSU Banks, Metals, Oil & Gas, Healthcare, and Utilities trade at a premium to their long-period average (LPA) valuations, while Private Banks, Consumer, Technology, and Retail trade at a discount to their LPA.

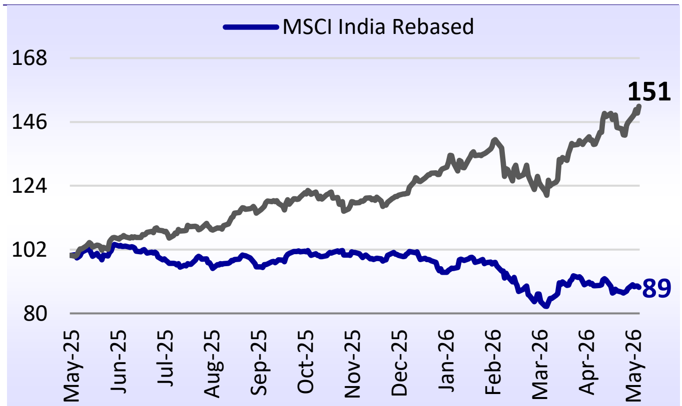
Research covered

Cos/Sector	Key Highlights
Bulls & Bears	Weakness continues; India lags global peers
NMDC	Broadly in-line earnings; outlook bright with volume uptick and elevated prices
Other Updates	Glenmark Pharma | Ipca Laboratories | Gujarat Gas | KNR Constructions | Automobiles | EcoScope (a. Apr'26 IIP; b. May'26 GST)

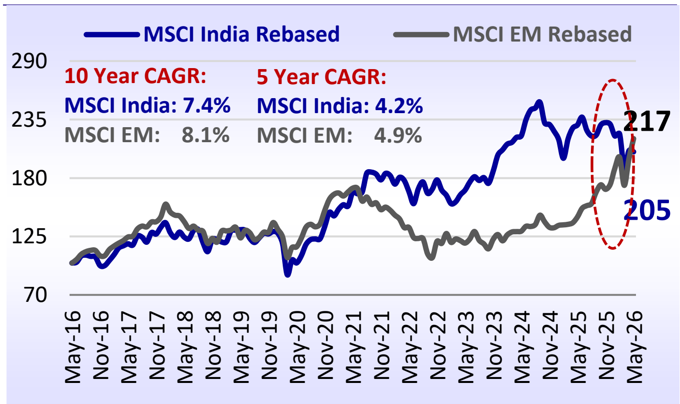
Chart of the Day: Bulls & Bears (Weakness continues; India lags global peers)

MSCI India underperforms MSCI EM

Performance of MSCI EM vs. MSCI India over the last 12 months in USD



MSCI EM now outperforms MSCI India by 12% in the last 10 years



Research Team

In the news today

Kindly click on textbox for the detailed news link

1

Auto sales post strong double-digit growth in May despite global uncertainties and fuel price pressures

India's automobile industry reported robust growth across passenger vehicles, two-wheelers and commercial vehicles in May, led by strong performances from Maruti Suzuki and Tata Motors despite rising fuel prices and geopolitical concerns.

2

Axis Bank raises stake in Axis Max Life Insurance to nearly 20% with ₹380 crore investment

Axis Bank has increased its stake in Axis Max Life Insurance to nearly 20% through a ₹380 crore investment, reinforcing its long-term commitment to the life insurance business and deepening its partnership with the insurer.

3

RBI reviews expected credit loss norms amid concerns over higher SME lending costs

The RBI is reassessing its proposed Expected Credit Loss (ECL) framework following concerns from banks that stricter provisioning requirements could increase credit costs and impact lending to small and medium enterprises.

4

LPG sales drop 24% in May while petrol and diesel demand rise sharply

LPG sales declined 24% year-on-year in May, reflecting weaker cooking gas consumption, while petrol and diesel sales by state-run oil companies increased 4.8% and 6.4% respectively amid higher transportation activity and resilient fuel demand.

5

Commercial LPG cylinder prices hiked by ₹42 from June 1; domestic cooking gas rates unchanged

Oil marketing companies have increased the price of 19-kg commercial LPG cylinders by ₹42 in Delhi and up to ₹53.50 in other cities, raising input costs for hotels, restaurants and small businesses, while domestic LPG prices remain unchanged.

6

GVK-backed Oval Fertility launches IVF centre in Hyderabad, targets growing fertility care market

GVK-backed Oval Fertility has launched a new IVF centre in Hyderabad as it looks to expand its presence in India's rapidly growing fertility treatment market, driven by rising awareness, lifestyle changes and increasing demand for assisted reproductive technologies.

7

Zee secures FIFA World Cup broadcasting rights, strengthening sports media portfolio

Zee Entertainment has acquired the broadcasting rights for the FIFA World Cup, significantly enhancing its sports content portfolio and strengthening its position in the highly competitive media and entertainment industry.

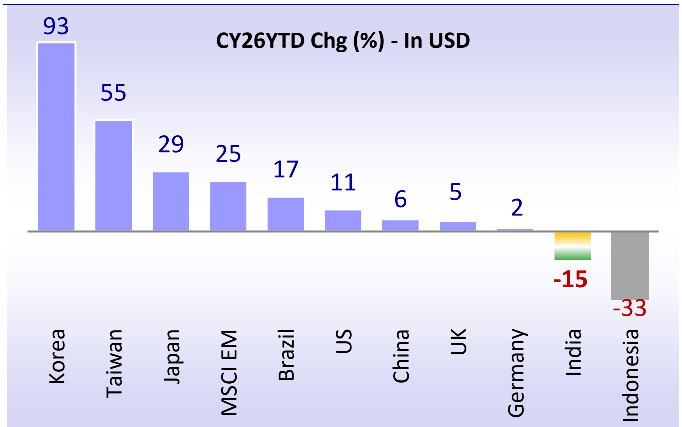
BULLS & BEARS (June 2026): India Valuations Handbook — Weakness continues; India lags global peers

- **Tested by volatility, the Nifty consolidates in May'26:** The Nifty consolidated (down 1.9% MoM) in May'26 after rebounding smartly in Apr'26 with a 7.5% MoM gain. Notably, the index remained volatile and hovered around 1,220 points before closing 450 points lower. The Nifty is down 9.9% in CY26YTD. Over the last 12 months, largecaps have been down 5%, underperforming midcaps and smallcaps, which have been up 7% and 1%, respectively. Over the last five years, midcaps (CAGR: 19.1%) have notably outperformed largecaps (CAGR: 8.6%) by 88%, while smallcaps (CAGR: 14.4%) have markedly outperformed largecaps by 45%.
- **FIIs record outflows for the third consecutive month; DII inflows remain strong:** FIIs recorded outflows for the third consecutive month in May'26 at USD4.9b. Notably, DII inflows were strong at USD8.7b. FII outflows into Indian equities stand at USD25.9b in CY26YTD. DII inflows into equities continue to be strong at USD41.4b in CY26YTD.
- **Breath balanced in May'26:** Sector wise, Telecom (+16%), Metals (+5%), Capital Goods (+5%), Healthcare (+5%), and Power (+3%) were the top gainers MoM, while PSU Banks (-4%), Consumer (-3%), Media (-3%), Real Estate (-1%), and Technology (-1%) were the key laggards. The breadth was balanced in May'26, with 24 Nifty stocks closing higher. Adani Enterprises (+22%), Tata Motors PV (+15%), Grasim (+12%), Asian Paints (+9%), and Adani Ports (+9%) were the top gainers, while ONGC (-11%), SBI (-10%), ITC (-9%), Power Grid (-9%), and TCS (-9%) were the key laggards.
- **Major economies end higher in May'26:** Among the key global markets, Korea (+28%), Taiwan (+15%), Japan (+12%), MSCI EM (+9%), the US (+5%), Germany (+3%), and the UK (+0%) ended higher MoM. However, Indonesia (-12%), Brazil (-7%), India (-2%), and China (-1%) ended lower MoM. During the past 12 months, the MSCI India Index (-11%) has underperformed the MSCI EM Index (+51%) in USD terms. Over the last 10 years, the MSCI EM Index has now outperformed the MSCI India Index by 12%.
- **Earnings review 4QFY26:** The 4QFY26 corporate earnings concluded on a strong note, showcasing widespread outperformance across aggregates. BFSI, Metals, OMCs, Technology, Telecom, and Automobiles fueled this healthy performance. Conversely, Oil & Gas (ex-OMCs) dragged overall profitability. The aggregate earnings of the MOFSL Universe companies grew 16% YoY (vs. our est. of 8% YoY) in 4QFY26. The Nifty delivered a 4% YoY PAT growth (vs. our est. of +2%). Nifty reported a single-digit earnings growth for the eighth consecutive quarter since the pandemic (Jun'20). Barring Reliance Industries, which posted a profit dip of 13% YoY, and Interglobe Aviation, which posted a loss of INR24b vs. a profit of INR30.7b YoY, the Nifty Universe posted a 9% YoY earnings growth.
- **The Nifty-50's valuation below its historical average:** The Nifty is trading at a 12-month forward P/E ratio of 18.6x, below its LPA of 21x (at an 11% discount). Further, its P/B of 2.7x represents a 5% discount to its historical average of 2.9x. The 12-month trailing P/E for the Nifty, at 21.5x, is below its LPA of 23.2x (at a 7% discount). At 3x, the 12-month trailing P/B ratio for the Nifty is below its historical average of 3.2x (at a 4% discount). Notably, two-thirds of the sectors trade at a discount to their averages. Capital Goods, PSU Banks, Metals, Oil & Gas, Healthcare, and Utilities trade at a premium to their long-period average (LPA) valuations, while Private Banks, Consumer, Technology, and Retail trade at a discount to their LPA.
- **View:** The Nifty-50 registered a modest 5% EPS growth in FY26 (following a 16%+ CAGR during FY20-25). Following India's sharp underperformance in FY26 and record FII outflows, a favorable base has likely been set for Indian equities. However, in the near term, the market will remain hostage to volatile developments arising from the West Asian crisis. Higher commodity prices will be the key monitorables, as a prolonged elevated level could affect India's macro parameters and engender a tight monetary policy stance. Our model portfolio broadly reflects our preference for growth visibility, structural domestic growth plays, and select global value names. We

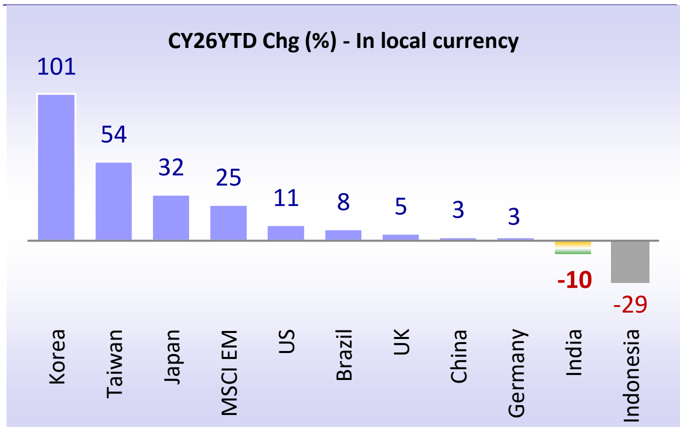
firmly believe that this is a bottom-up market, despite India witnessing both time and price corrections relative to EM peers. Our key OW sectors are Autos, PSU Banks, Diversified Financials, Manufacturing & Industrials, Consumer Discretionary, and New-age platforms. In contrast, we are UW on Oil & Gas, Private Banks, Metals, Consumer Staples, IT, and Commodities/Utilities.

- **Top Nifty-50 Ideas:** Bharti Airtel, SBI, ICICI Bank, M&M, Titan, Bharat Electronics, Eternal, Tata Steel, Infosys, and Interglobe Aviation. **Top Non-Nifty-50 Ideas:** TVS Motors, ICICI PRU AMC, Groww, Indian Hotels, AU Small Finance, Dixon Tech., Lenskart, Waaree Energies, Coforge, Radico Khaitan, and Delhivery.

World equity indices in USD terms in CY26YTD (%)

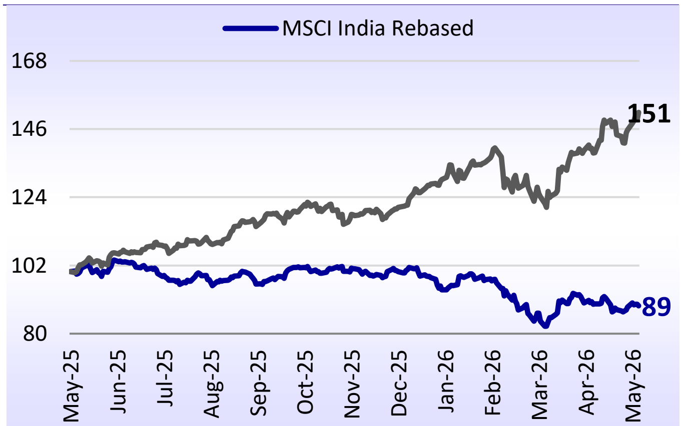


World equity indices in local currency terms in CY26YTD (%)

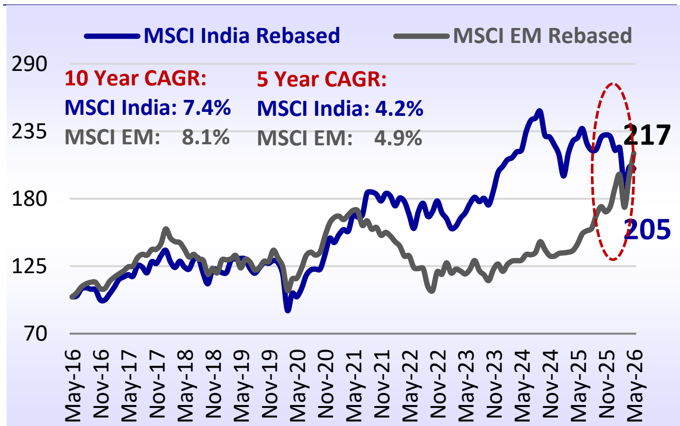


MSCI India underperforms MSCI EM

Performance of MSCI EM vs. MSCI India over the last 12 months in USD



MSCI EM now outperforms MSCI India by 12% in the last 10 years



NMDC

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	NMDC IN
Equity Shares (m)	8792
M.Cap. (INR b)/(USD b)	812.1 / 8.5
52-Week Range (INR)	94 / 67
1, 6, 12 Rel. Per (%)	5/33/35
12M Avg Val (INR M)	1908

Financials & Valuations (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	284	318	336
Adj EBITDA	90	108	117
Adj. PAT	72	85	91
EBITDA Margin (%)	32	34	35
Cons. Adj. EPS (INR)	8	10	10
EPS Gr. (%)	10	17	7
BV/Sh. (INR)	39	46	53
Ratios			
Net D:E	-0.2	-0.2	-0.2
RoE (%)	22.6	22.9	21.0
RoCE (%)	26.0	26.1	24.6
Payout (%)	41.5	29.4	27.3
Valuations			
P/E (x)	11.3	9.6	8.9
P/BV (x)	2.4	2.0	1.7
EV/EBITDA(x)	8.4	6.7	6.1
Div. Yield (%)	3.8	3.1	3.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	60.8	60.8	60.8
DII	13.8	14.1	15.1
FII	13.6	13.5	11.7
Others	11.8	11.7	12.4

FII Includes depository receipts

CMP: INR92 TP: INR106 (+15%) Buy

Broadly in-line earnings; outlook bright with volume uptick and elevated prices

Consolidated result highlights

- NMDC's reported consol. revenue stood at INR113b, driven by third-party value-added sales of INR30b in 4QFY26. The company undertook a temporary HR coil trading arrangement to support the working capital requirements of NMDC Steel. Management clarified that this was a one-off transaction and no such trading activity will be undertaken going forward.
- Revenue (ex-third party sales) stood at INR84b (vs. our est. of INR89b), growing 20% YoY and 22% QoQ, driven by better volumes during the quarter.
- Iron ore production stood at 16.3mt (+22% YoY and +11% QoQ), while sales were at 15.3mt (+21% YoY and QoQ) during the quarter.
- Blended ASP for the quarter stood at INR5,488/t (flat YoY and QoQ), while iron ore ASP stood at INR4,873/t (-3% YoY and +3% QoQ) in 4QFY26.
- EBITDA stood at INR25.3b (+24% YoY and +25% QoQ), largely in line with our estimate. EBITDA/t improved to INR1,656/t (+2% YoY and +4% QoQ) against our est. of INR1,730/t during the quarter.
- APAT for the quarter stood at INR19.5b (+32% YoY and +19% QoQ) against our estimate of INR21b during the quarter.
- In FY26, revenue stood at INR284b (+9% YoY), whereas EBITDA grew 11% YoY to INR90.3b and APAT by 10% YoY to INR72.2b. Annual production volume stood at 53.2mt (+21% YoY), and sales volume rose 13% YoY to 50mt in FY26, with blended ASP of INR5,657/t (+5% YoY).

Key concall highlights

- NMDC expects iron ore prices to remain broadly range-bound in the near term and does not foresee any significant volatility in the current quarter.
- The company has guided for 60mt of production in FY27, of which standalone production is expected to reach 58.5mt, while the balance will come from newly commissioned mines under the NMDC-CMDC JV (Deposit 4 & 13 – 1mt each).
- NMDC reduced mining costs at its Bacheli operations from ~1,000/t to INR810/t in FY26, and expects further improvements in FY27, which should sustain iron ore EBITDA margins at 42-43%.
- The company incurred a capex of INR33b in FY26 and has planned INR60b for FY27, followed by an annual capex of INR70-100b during FY28-30, with major project awards worth INR150-200b expected in the near term to support its capacity expansion roadmap of 100mt.
- Management reiterated its confidence in achieving the targeted 100mt iron ore production capacity by FY30. The Kirandul complex capacity is expected to increase from ~21mtpa to 30mtpa. The Bacheli complex will expand capacity from the current 18-19mtpa to ~35mtpa by FY30. In Karnataka, the Kumaraswamy mine is likely to stabilize at ~17mtpa, and the newly commissioned Deposit-4 mine will contribute 7mtpa, with Deposit-13 generating 10mtpa (plans to reach 20-21mtpa in the next 4-5 years).

Valuation and view

- NMDC reported strong earnings during the quarter, supported by healthy volumes. Management has guided for production volume to increase to ~60mt in FY27, fueled by an increasing EC limit and a new mine under JV. We largely maintain our estimates for FY27/28 and expect volumes and prices to remain elevated, in line with strong demand from steel makers.
- NMDC has planned a strong capex pipeline over various evacuation and capacity enhancement projects, aimed at improving the product mix and increasing production capacity to ~100mt by FY30.
- Additionally, the company is expected to venture into business diversification through coking/non-coking coal mines, critical minerals, and rare earth elements, which will serve as the catalyst for incremental revenue and EBITDA in the long term.
- **At CMP, the stock trades at 6.1x EV/EBITDA and 1.7x on P/BV on FY28 estimate. We reiterate our BUY rating on NMDC with a TP of INR106 (based on 7x EV/EBITDA on FY28 estimate).**

Consolidated Quarterly Performance (INR b)

Y/E March	FY25				FY26				FY25	FY26	FY26	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Iron ore Production (mt)	**9.2**	**8.3**	**13.3**	**13.3**	**12.0**	**10.2**	**14.7**	**16.3**	**44.1**	**53.2**	**16.3**	
Iron ore Sales (mt)	**10.1**	**9.7**	**11.9**	**12.7**	**11.5**	**10.7**	**12.7**	**15.3**	**44.4**	**50.2**	**15.3**	
Avg NSR (INR/t)	5,375	5,057	5,503	5,529	5,851	5,952	5,437	5,488	5,384	5,657	5,823	
Net Sales	**54.1**	**49.2**	**65.7**	**70.0**	**67.4**	**63.8**	**69.1**	**84.0**	**239.1**	**284.2**	**89.0**	**(5.7)**
Change (YoY %)	0.4	22.5	21.4	7.9	24.5	29.7	5.1	19.9	55.5	9.4		
Change (QoQ %)	(16.6)	(9.1)	33.5	6.6	(3.8)	(5.4)	8.3	21.6				
EBITDA	**23.4**	**13.9**	**23.7**	**20.5**	**24.8**	**19.9**	**20.2**	**25.3**	**81.5**	**90.3**	**26.4**	**(4.2)**
Change (YoY %)	17.3	16.4	18.2	(2.4)	6.0	43.9	(14.8)	23.5	11.7	10.8		
Change (QoQ %)	11.3	(40.8)	71.2	(13.5)	20.8	(19.6)	1.4	25.3				
EBITDA per ton (INR/t)	**2,322**	**1,425**	**1,987**	**1,619**	**2,152**	**1,860**	**1,591**	**1,656**	**1,835**	**1,796.9**	**1,730**	**(4.3)**
Interest	0.2	0.3	0.6	0.6	0.3	0.1	0.3	0.5	1.8	1.2		
Depreciation	0.7	1.0	1.0	1.4	1.1	1.1	1.1	1.5	4.2	4.8		
Other Income	3.6	3.6	3.8	4.9	3.0	3.8	3.7	4.3	15.9	14.9		
PBT (before EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**22.6**	**22.5**	**27.6**	**91.4**	**99.2**	**28.7**	**(3.8)**
Extra-ordinary item	-	-	-	-	-	-	1.2	1.1	-	2.3		
PBT (after EO Item)	**26.1**	**16.1**	**25.8**	**23.4**	**26.4**	**22.6**	**23.7**	**28.7**	**91.4**	**101.5**		
Total Tax	6.4	4.2	6.9	8.5	6.8	5.8	6.3	8.6	26.0	27.3		
% Tax	24.7	25.9	26.6	36.6	25.6	25.5	26.4	29.8	28.5	26.9		
PAT after MI and Sh. of Asso.	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**17.0**	**17.6**	**20.3**	**65.4**	**74.5**		
Adjusted PAT	**19.7**	**12.1**	**18.8**	**14.8**	**19.7**	**17.0**	**16.3**	**19.5**	**65.4**	**72.5**	**21.1**	**(7.7)**
Change (YoY %)	19.2	18.1	13.3	3.1	(0.1)	40.2	(13.2)	32.0	13.3	10.3		
Change (QoQ %)	37.4	(38.5)	55.3	(21.4)	33.2	(13.7)	(3.9)	19.4				

Glenmark Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GNP IN
Equity Shares (m)	282
M.Cap.(INRb)/(USDb)	621.2 / 6.5
52-Week Range (INR)	2474 / 1449
1, 6, 12 Rel. Per (%)	-6/24/57
12M Avg Val (INR M)	1774

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	133.1	165.2	184.6
EBITDA	13.4	35.1	40.0
Adj. PAT	5.7	21.8	25.8
EBIT Margin (%)	5.8	17.6	18.2
Adj EPS (INR)	20.2	77.2	91.3
EPS Gr. (%)	-57.6	281.9	18.2
BV/Sh. (INR)	372.5	445.5	532.5
Ratios			
Net D-E	0.1	0.0	-0.2
RoE (%)	5.9	18.9	18.7
RoCE (%)	7.8	18.8	19.0
Payout (%)	7.6	5.5	4.6
Valuations			
P/E (x)	109.0	28.5	24.1
EV/EBITDA (x)	46.1	17.1	14.5
Div. Yield (%)	0.1	0.2	0.2
FCF Yield (%)	3.4	3.5	3.9
EV/Sales (x)	4.6	3.6	3.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	46.7	46.7	46.7
DII	19.3	20.1	14.6
FII	20.4	19.2	23.2
Others	13.7	14.0	15.6

FII includes depository receipts

CMP: INR2,201 TP: INR2,610 (+19%) Buy

A mixed quarter; US/DF underperforms for the quarter

Post-reset positioning sets stage for US and DF-led earnings scale-up

- Glenmark Pharma (GNP) delivered lower-than-expected financial performance for the quarter. While revenue was in line with our estimate, EBITDA was a 7% miss. Higher other income led to a 9% beat on PAT for the quarter. Domestic formulation (DF) and US traction were lower than expectations, while ROW/EU revenue was better than expectations for the quarter.
- US revenue growth (ex-out-licensing income) is expected to pick up over the medium term. Certain approved products and upcoming niche approvals are expected to considerably scale up the US business in FY27. Logistics disruption due to the Middle East issue impacted the US segment's performance in 4QFY26.
- GNP outperformed IPM in the DF segment as per IQVIA, led by superior execution in cardiac, derma, and respiratory therapies. GNP's growth was impacted by higher traction in superior molecules within diabetes therapy.
- GNP continues to expand its differentiated product offerings across the EU/emerging markets. The company is gearing up to launch products like Winlevi/Rylatris (in various EU markets) in FY27, as well as working on filing products like Qinhayo, Trastuzumab Rezertecan, and Aumolertinib for several emerging markets.
- We slightly tweak our earnings estimate upwards for FY27/FY28, factoring in: a) an improved growth outlook for the US segment, b) outperformance in the DF segment, and c) increased R&D spend. We value GNP at 25x 12M forward earnings to arrive at a TP of INR2,610.
- Following a strategic reset in FY26, GNP is working to scale up business across focus markets through an expanding product pipeline (respiratory/injectables for US market), and differentiated branded products in DF and EMs. Accordingly, we expect a considerable scale-up in GNP's financial performance over FY26-28. Reiterate BUY.

Improved segmental mix drives profitability on a YoY basis

- GNP's sales grew 15.8% YoY to INR37.7b (our est. INR38.1b).
- Gross margin expanded 235bp YoY to 68.9%.
- EBITDA margin expanded 300bp YoY to 20.2% (our est. 21.6%).
- EBITDA increased 35.9% YoY to INR7.6b (our est. INR8.2b).
- GNP had exceptional items amounting to INR3.7b, largely related to litigation settlements.
- Adjusting for the same, PAT stood at INR5.9b, up 101.8% YoY (our est.: INR5.4b). PAT increased at a higher rate due to higher other income.
- For FY26, revenue was stable, while EBITDA/PAT declined 43%/58% YoY, mainly due to the impact of weak operational performance in 2QFY26.

EM/Europe/NA drive momentum; subdued YoY growth in the DF segment for the quarter

- NA sales grew 29.4% YoY to INR7.7b (20% of revenue). This includes deferred out-licensing income recognition for ISB-2001.
- Emerging markets' sales grew 13.7% YoY to INR8.9b (24% of revenue).
- Europe sales grew by 21.4% YoY to INR8.9b (24% of revenue).
- Domestic formulation sales grew by 8.2% YoY to INR10.2b (27% of revenue).
- In 4QFY26, GCC (Consumer Care) recorded primary sales growth of 9.7% YoY, driven by the CANDID, SCALPE and BONTRESS portfolio.

Key highlights from the management commentary

- Compared to INR133b revenue in FY26, GNP has guided for INR170b-INR180b revenue in FY27. The EBITDA margin is expected to be 21%-22% for FY27.
- GNP indicated that the DF business is likely to post 15% YoY growth in revenue for FY27, driven by niche launches in the US.
- Products like g-Flovent, g-Flonase, g-Horizant, and g-Inlyta would drive US sales in FY27.
- Ryaltris has garnered USD100m sales in FY26 and expects to grow at 30-40% annually going forward.
- GNP has seen good traction for Winlevi in the UK market. It plans to launch the product in the licensed EU market in FY27.

Quarterly performance

Y/E March	FY25				FY26				FY25	FY26	Estimate	
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	% Var
Net Revenues (Core)	**32,442**	**34,338**	**33,876**	**32,562**	**32,644**	**23,769**	**39,006**	**37,706**	**133,217**	**133,125**	**38,108**	**-1.1**
YoY Change (%)	6.9	7.1	35.1	6.3	0.6	-30.8	15.1	15.8	12.8	-0.1	17.0	
EBITDA	**6,102**	**6,019**	**6,002**	**5,610**	**5,805**	**-8,704**	**8,697**	**7,626**	**23,734**	**13,424**	**8,231**	**-7.4**
YoY Change (%)	39.5	19.1	-515.5	11.2	-4.9	-244.6	44.9	35.9	82.2	-43.4	46.7	
Margins (%)	18.8	17.5	17.7	17.2	17.8	-36.6	22.3	20.2	17.8	10.1	21.6	
Depreciation	1,178	1,203	1,227	1,252	1,299	1,412	1,544	1,479	4,860	5,735	1,405	
EBIT	**4,924**	**4,816**	**4,775**	**4,358**	**4,506**	**-10,116**	**7,153**	**6,147**	**18,874**	**7,689**	**6,827**	
YoY Change (%)	66.7	32.4	-263.8	23.5	-8.5	-310.0	49.8	41.0	161.9	-59.3	56.6	
Margins (%)	15.2	14.0	14.1	13.4	13.8	-42.6	18.3	16.3	14.2	5.8	17.9	
Interest	396	485	523	667	582	665	414	426	2,071	2,087	208	
Other Income	315	324	311	117	264	2,006	445	1,891	1,067	4,606	465	
PBT before EO Exp.	**4,843**	**4,656**	**4,563**	**3,808**	**4,188**	**-8,775**	**7,183**	**7,612**	**17,870**	**10,208**	**7,084**	
One-off loss/(gain)	220	-70	0	3,728	3,232	-18,449	1,843	3,734	3,878	-9,639	0	
PBT after EO Exp.	**4,623**	**4,726**	**4,563**	**80**	**956**	**9,674**	**5,340**	**3,878**	**13,992**	**19,847**	**7,084**	
Tax	1,221	1,181	1,083	36	486	3,570	1,308	864	3,521	6,228	1,665	
Rate (%)	26.4	25.0	23.7	45.0	50.9	36.9	24.5	22.3	25.2	31.4	23.5	
Rep.PAT	**3,402**	**3,545**	**3,480**	**44**	**470**	**6,104**	**4,032**	**3,013**	**10,471**	**13,620**	**5,419**	
Minority Interest	0	3	1	-3	1	1	0	-1	0	1	-2	
Rep. PAT after Minority Int.	**3,403**	**3,542**	**3,480**	**47**	**469**	**6,104**	**4,032**	**3,014**	**10,471**	**13,619**	**5,421**	
Adj PAT	**3,565**	**3,490**	**3,480**	**2,932**	**3,140**	**-8,776**	**5,424**	**5,916**	**13,466**	**5,704**	**5,421**	**9.1**
YoY Change (%)	220.9	149.8	-199.8	74.6	-11.9	NA	55.9	101.8	1,821.0	-57.6	84.9	
Margins (%)	11.0	10.2	10.3	9.0	9.6	-36.9	13.9	15.7	10.1	4.3	14.2	
Overall Adj. PAT	**3,565**	**3,490**	**3,480**	**2,932**	**3,140**	**(8,776)**	**5,424**	**5,916**	**13,466**	**5,704**	**5,421**	**9.1**

Ipca Laboratories

Estimate change	↑
TP change	⟷
Rating change	⟷

Bloomberg	IPCA IN
Equity Shares (m)	254
M.Cap.(INRb)/(USDb)	378.1 / 4
52-Week Range (INR)	1679 / 1252
1, 6, 12 Rel. Per (%)	0/16/10
12M Avg Val (INR M)	390

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	96.5	108.5	122.7
EBITDA	19.8	23.6	27.1
Adjusted PAT	11.6	13.4	15.7
EBIT Margin (%)	16.2	17.6	18.3
Cons. Adj EPS (INR)	45.6	52.7	62.0
EPS Gr. (%)	26.9	15.5	17.6
BV/Sh. (INR)	317.8	362.7	415.4
Ratios			
Net D-E	0.0	0.0	-0.1
RoE (%)	15.4	15.5	15.9
RoCE (%)	14.9	15.1	15.6
Payout (%)	11.1	15.3	13.0
Valuation			
P/E (x)	32.8	28.4	24.1
EV/EBITDA (x)	19.3	16.1	14.0
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	2.0	1.9	2.8
EV/Sales (x)	3.9	3.5	3.1

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	44.7	44.7	44.7
DII	37.5	37.3	36.1
FII	10.6	10.6	10.8
Others	7.2	7.3	8.5

FII Includes depository receipts

CMP: INR1,490 TP: INR1,730 (+16%) Buy

Domestic/exports formulation drive earnings

Superior execution to sustain mid-teen return ratios

- Ipca Laboratories (IPCA) delivered in-line revenue in 4QFY28. It delivered 5% beat on EBITDA, driven by higher gross margin. PAT came in line with estimate. Revenue growth YoY was driven by domestic formulation (DF) and exports (generics and branded). This was partly offset by subdued API and institutional anti-malaria sales.
- IPCA has been consistently outperforming IPM in DF segment for four consecutive years. Its focus on core brands and limited new launches should help to sustain growth momentum going forward.
- With a gradual revival in US sales and healthy traction in other export markets for generics segment, IPCA delivered better YoY growth in generics exports for FY26.
- The branded export segment saw an uptrend in YoY growth for the third consecutive year in FY26.
- API sales have seen some moderation in the past two quarters. Having said this, it is implementing efforts to increase offtake of existing molecules and add new molecules in this segment.
- We largely maintain our estimates for FY27/FY28. We value IPCA at 28x 12-month forward earnings to arrive at a TP of INR1,730.
- We expect 17% earnings CAGR over FY26-28, driven by 12% CAGR in DF revenue, 20% CAGR in exports and better operating leverage. Overall, IPCA remains in good stead for superior execution in DF and export markets, sustaining the mid-teen return ratios over FY26-28. Maintain BUY.

Product mix benefit partly offset by higher opex YoY

- 4QFY26 sales grew 6.3% YoY to INR23.9b (our est: INR23.6b).
- Revenue from subsidiaries declined 6% YoY to INR5.7b (25% of sales).
- Gross margin (GM) expanded 250bp YoY to 71%.
- EBITDA margin also expanded 120bp YoY to 20.3% (our est: 19.3%), driven by growth in gross margin, partly offset by higher other expenses (up 140bp YoY as % of sales).
- EBITDA grew 12.8% YoY to INR4.8b (our est: INR4.6b).
- IPCA had exceptional expenses of INR458.2m due to the impact of new labor code and gain of INR600.4m on deconsolidation pursuant to the sale of Bayshore Pharmaceuticals LLC.
- Adj. for the expense, PAT grew 19.2% YoY to INR2.9b (our est. INR2.8b).
- For FY26, revenue/EBITDA/PAT grew 8%/15%/27% to INR96b/INR20b/INR11.6b.

India/export formulation outshine; API drags down overall YoY growth

- Formulation sales grew 13% YoY to INR14.6b (61% of sales).
- Export formulation sales grew 16% YoY to INR6.1b (25% of total sales). Domestic formulation sales grew 12% YoY to INR8.5b (36% of total sales).
- Exports (generics formulation) grew 39% YoY to INR3.4b (56% of export sales).
- Exports (branded formulation) grew 14% YoY to INR1.9b (32% of export sales). Exports (institutional sales) declined 33% YoY to INR741m (12% of export sales).
- API sales remained stable YoY at INR3.4b (14% of sales).
- Export API sales declined 4% YoY to INR2.4b (70% of API sales). Domestic API sales grew 15% YoY to INR1b (30% of API sales).
- Revenue from subsidiaries declined 6% YoY to INR5.7b (25% of sales).

Highlights from the management commentary

- Management expects consolidated YoY revenue growth of ~12-13% in FY27, including Unichem.
- DF business is expected to grow ~12-13% YoY in FY27, compared to the management's expectation of ~10-11% growth for IPM.
- New product launches are expected to contribute ~1-2%, while the remaining growth would be driven by price hike and volume offtake.
- The overall generics business, including the US market, is also expected to grow ~12-13% in FY27.
- Consolidated EBITDA margin is guided at ~22-23% in FY27.
- Management expects Unichem's US business to grow by ~10% in FY27. Further, Unichem's EBITDA margin is expected to improve to ~12-13% during the year.
- In the DF segment, IPCA focuses on the core brands and hence, the new launches are limited (18-20 products in FY27).
- The company is currently marketing around eight products in the US and expects to commercialize another 6-8 products during FY27.
- Unichem also has a product pipeline in the US, with management expecting 5-6 product launches in FY27.
- In Europe and other international markets, the company typically launches 3-4 products annually in each market.

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26				FY25	FY26	FY26E	% Chg
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Revenues (Core)	**20,926**	**23,549**	**22,454**	**22,467**	**23,089**	**25,565**	**23,925**	**23,885**	**89,396**	**96,463**	**23,582**	**1.3**
YoY Change (%)	31.8	15.8	9.4	10.5	10.3	8.6	6.6	6.3	16.0	7.9	5.0	
EBITDA	**3,927**	**4,425**	**4,631**	**4,289**	**4,164**	**5,449**	**5,334**	**4,839**	**17,271**	**19,786**	**4,622**	**4.7**
YoY Change (%)	33.5	22.7	39.9	33.2	6.0	23.2	15.2	12.8	32.1	14.6	7.8	
Margins (%)	18.8	18.8	20.6	19.1	18.0	21.3	22.3	20.3	19.3	20.5	19.6	
Depreciation	989	1,004	985	1,001	1,001	1,033	1,076	1,071	3,978	4,181	1,008	
EBIT	**2,938**	**3,421**	**3,646**	**3,287**	**3,164**	**4,416**	**4,258**	**3,767**	**13,293**	**15,604**	**3,614**	
YoY Change (%)	30.7	26.6	57.5	46.9	7.7	29.1	16.8	14.6	39.9	17.4	9.9	
Margins (%)	14.0	14.5	16.2	14.6	13.7	17.3	17.8	15.8	14.9	16.2	15.3	
Interest	241	226	168	215	185	196	176	202	849	759	171	
Other Income	206	263	201	258	327	279	202	337	928	1,144	310	
PBT before EO Expense	**2,904**	**3,458**	**3,679**	**3,331**	**3,305**	**4,498**	**4,283**	**3,902**	**13,372**	**15,989**	**3,753**	
One-off (gain)/ Expense	0	0	0	2,051	0	583	-177	-142	2,051	264	0	
PBT after EO Expense	**2,904**	**3,458**	**3,679**	**1,280**	**3,305**	**3,916**	**4,460**	**4,045**	**11,321**	**15,725**	**3,753**	
Tax	914	994	906	622	961	1,081	819	951	3,436	3,812	938	
Rate (%)	31.5	28.7	24.6	48.6	29.1	27.6	18.4	23.5	25.7	23.8	25.0	
Reported PAT	**1,990**	**2,464**	**2,773**	**658**	**2,344**	**2,835**	**3,641**	**3,094**	**7,885**	**11,914**	**2,815**	**9.9**
Minority Interest	-67	-160	-292	20	-12	-9	-378	-103	-499	-503	20	
Adj PAT after Minority Int	**1,922**	**2,305**	**2,481**	**2,418**	**2,332**	**3,247**	**3,119**	**2,882**	**9,127**	**11,580**	**2,835**	**1.7**
YoY Change (%)	24.9	36.4	122.5	23.4	21.3	40.9	25.7	19.2	44.8	26.9	17.2	
Margins (%)	9.2	9.8	11.1	10.8	10.1	12.7	13.0	12.1	10.2	12.0	12.0	

Gujarat Gas

Estimate changes	**NA**
TP change	**NA**
Rating change	⟷

Bloomberg	GUJGA IN
Equity Shares (m)	688
M.Cap.(INRb)/(USDb)	273.2 / 2.9
52-Week Range (INR)	509 / 302
1, 6, 12 Rel. Per (%)	7/11/-8
12M Avg Val (INR M)	302

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	233.9	257.8	275.0
EBITDA	31.5	24.0	31.5
PAT	23.5	22.3	23.1
EPS (INR)	25.0	23.8	24.6
EPS Gr. (%)	2.0	-5.0	3.3
BV/Sh.(INR)	197.4	213.1	229.3
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	11.2	11.6	11.1
RoCE (%)	15.3	12.4	15.0
Payout (%)	36.3	34.0	34.0
Valuations			
P/E (x)	15.9	16.7	16.2
P/BV (x)	2.0	1.9	1.7
EV/EBITDA (x)	11.5	14.3	10.5
Div. Yield (%)	2.2	2.0	2.1
FCF Yield (%)	4.4	5.4	4.0

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	60.9	60.9	60.9
DII	21.8	22.1	21.8
FII	4.0	3.8	4.0
Others	13.4	13.2	13.3

FII Includes depository receipts

CMP: INR397 TP: INR490 (+23%) Buy

Strong Morbi traction, merger emerge as key positives

- Gujarat Gas' (GUJGA) city gas distribution volumes beat our estimate by 12% at 8.9mmscmd (down 5% YoY). While D-PNG volumes stood 7% below est., CNG volumes were 4% above our est. I&C-PNG volumes came in 26% above estimates at 4.4mmscmd. Gas trading volumes stood at 4.6/4.9mmscmd in 4QFY26/FY26. EBITDA stood at INR7.8b (+34% YoY, -18% QoQ). APAT stood at INR5.7b (+15% YoY, -19% QoQ), as the company incurred exceptional expenses of INR618m in 4Q.
- **Things we liked about the result:** 1) Morbi ceramic cluster gas consumption ramped up significantly during Mar-May'26 from 0.4mmscmd to ~8mmscmd. Due to the unavailability of alternate fuels, volumes in Morbi can go as high as ~8.9mmscmd. The company expects similar volume in Jun/Jul'26. 2) CNG volumes were up 12% YoY in 4Q, led by strong growth across both Gujarat (+11%) and non-Gujarat geographies (+18%). 3) Due to the merger, tax losses of ~INR19b still remain available for set-off against future profits. 4) Management has guided for gas trading segment EBIT of INR11-12b p.a.
- **Key monitorables:** 1) GTL is expected to get listed by end-Jul'26. 2) With I&C-PNG being supplied under monthly contracts in Morbi currently, volumes remain highly susceptible to declines in alternate fuel prices.
- **Valuation and view:** The stock (ex-GTL) currently trades at 13.5x FY28E EPS. We reiterate our BUY rating on the stock with an SoTP-based TP of INR490. In our SoTP-based valuation, we value: 1) the city gas distribution segment at 12x FY28E EV/EBITDA (INR261/sh); 2) the gas trading segment at 5x FY28E EV/EBITDA (INR58/sh); 3) add FY28E net cash balance (INR86/sh); 4) the gas transmission business (GTL) at 8x FY28E P/E (INR66/sh); and 5) investment in subsidiaries, associates, and JVs at 0.8x P/B (INR18/sh).

Strong CGD volume performance

- W.e.f. 1st May'26, the GSPC Group Composite Scheme of Arrangement came into effect, transforming Gujarat Gas into an integrated energy company (renamed as Gujarat Energy), with the company now operating in the businesses of exploration & production of oil & gas, gas trading, gas transmission, power generation and city gas distribution. The gas transmission business has been demerged into GSPL Transmission, with the process for separate listing on BSE and NSE currently underway.
- Total city gas distribution volumes beat our estimate by 12% at 8.9mmscmd (down 5% YoY).
  - While D-PNG volumes stood 7% below est., CNG volumes were 4% above our est. I&C-PNG volumes came in 26% above estimates at 4.4mmscmd.
- Gas trading volumes stood at 4.6/4.9mmscmd in 4QFY26/FY26.

- Standalone revenue stood at INR57.6b (-10% YoY, -3% QoQ).
- EBITDA stood at INR7.8b (+34% YoY, -18% QoQ). EBITDA margin came in at 13.6% (vs. 16.1%/9.2% in 3QFY26/4QFY25).
- APAT stood at INR5.7b (+15% YoY, -19% QoQ).
- In 4QFY26, the company incurred exceptional expenses of INR500m pertaining to stamp duty charges w.r.t. the amalgamation and made a provision of INR118m in respect of royalty & interest in the non-operated blocks where the company has a participating interest.
- The board has recommended a dividend of INR8.9/sh (FV: INR2/sh).
- The company added 7/14 new CNG stations in 4QFY26/FY26. It operates 839 CNG stations and supplies natural gas to over 2.4m households across six states and one union territory.

Valuation and view

- The company's long-term volume growth prospects remain robust, with the addition of new industrial units and the expansion of existing units. It is aggressively investing in infrastructure to push industrial gas adoption in Thane rural, Ahmedabad rural, and newly acquired areas in Rajasthan.
- The stock (ex-GTL) currently trades at 13.5x FY28E P/E. We reiterate our BUY rating on the stock with an SoTP-based TP of INR490/sh. In our SoTP-based valuation, we value: 1) the city gas distribution segment at 12x FY28E EV/EBITDA (INR261/sh); 2) the gas trading segment at 5x FY28E EV/EBITDA (INR58/sh); 3) add FY28E net cash balance (INR86/sh); 4) the gas transmission business at 8x FY28E P/E (INR66/sh); and 5) investment in subsidiaries, associates, and JVs at 0.8x P/B (INR18/sh).

Valuation SoTP

Particulars	Earning metric	Amount (INR m)	Val metric	Multiple	Amount (INR m)
City Gas Distribution segment	FY28E EBITDA	20,513	EV/EBITDA	12.0	2,45,157
Gas trading segment	FY28E EBITDA	11,000	EV/EBITDA	5.0	54,461
(+) Standalone FY28E Net Cash					80,679
Standalone Market Cap					**3,80,297**
(+) Gas transmission segment	FY28E PAT	7,783	P/E	8.0	62,261
(+) Investments in subsidiaries/asso./JVs	FY26 Book Value	21,580	P/B	0.8	17,264
SoTP					**4,59,822**
(/) shares outstanding (m)					**938**
TP (INR/share)					**490**
CMP					397
Upside/Downside (%)					**23%**

Standalone - Quarterly Earning Model (INR m)

Y/E March	FY25		FY26	YoY	QoQ
	4Q	3Q	4Q	(%)	(%)
Net Sales	**63,733**	**59,265**	**57,651**	**-10%**	**-3%**
YoY Change (%)	54.2	42.7	-9.5		
EBITDA	**5,859**	**9,555**	**7,825**	**34%**	**-18%**
Margin (%)	9.2	16.1	13.6		
Depreciation	1,237	1,476	1,444		
Interest	85	99	95		
Other Income	2,042	1,249	1,605		
PBT before EO expense	**6,579**	**9,230**	**7,891**		
Extra-Ord expense	5,608	32	630		
PBT	**972**	**9,198**	**7,261**	**647%**	**-21%**
Tax	523	2,276	2,055		
Rate (%)	53.8%	24.7%	28.3%		
Reported PAT	**449**	**6,922**	**5,206**	**1060%**	**-25%**
Adj. PAT	**4,921**	**6,946**	**5,657**	**15%**	**-19%**
YoY Change (%)	33.7	213.4	15.0		
Total volume (mmscmd)	**9.3**	**8.4**	**8.9**	**-5%**	**6%**
CNG	3.2	3.5	3.6	12%	4%
PNG – Industrial/Commercial	5.2	4.1	4.4	-16%	6%
PNG – Households	0.9	0.8	0.9	2%	10%
Segmental results					
E&P	-5,539	-114	-142	-97%	24%
Gas Trading	1,800	5,153	4,088	127%	-21%
Power	38	-29	68	77%	-333%
Gas Transmission	901	-	-	-100%	
CGD	4,033	3,340	3,257	-19%	-2%
Total	**1,234**	**8,350**	**7,270**	489%	-13%

KNR Constructions

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	KNRC IN
Equity Shares (m)	281
M.Cap.(INRb)/(USDb)	36.3 / 0.4
52-Week Range (INR)	245 / 109
1, 6, 12 Rel. Per (%)	6/-10/-33
12M Avg Val (INR M)	434

Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	21.0	21.7	31.1
EBITDA	1.8	2.2	3.7
PAT	1.2	1.3	2.3
EBITDA (%)	8.5	10.0	12.0
EPS (INR)	4.1	4.7	8.1
EPS Gr. (%)	-70.2	14.9	70.7
BV/Sh. (INR)	144.2	148.4	156.0
Ratios			
Net D/E	0.0	0.0	0.0
RoE (%)	2.9	3.2	5.3
RoCE (%)	3.1	3.6	5.6
Payout (%)	6.1	10.5	6.2
Valuations			
P/E (x)	31.3	27.2	15.9
P/BV (x)	0.9	0.9	0.8
EV/EBITDA (x)	19.7	15.8	9.3
Div Yield (%)	0.2	0.3	0.3
FCF Yield (%)	1.8	5.5	2.6

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	48.8	48.8	48.8
DII	19.3	20.0	28.3
FII	6.3	7.4	6.9
Others	25.6	23.8	16.0

FII includes depository receipts

CMP: INR129 TP: INR130 (+1%) Neutral

Weak execution yet again; revenue to improve as execution of recent orders picks up

- KNR Constructions (KNRC)'s revenue declined ~37% YoY to ~INR5.3b during 4QFY26 (16% above our estimate).
- EBITDA margin decreased 850bp YoY to 5.3% (vs. our estimate of 9.9%) in 4QFY26. EBITDA fell ~76% YoY to INR283m (vs. our estimate of INR460m).
- In line with weak operating performance, APAT decreased ~74% YoY to INR192m (against our estimate of INR278m).
- The board also recommended a dividend of INR0.25 per share.
- In FY26, revenue/EBITDA/APAT fell ~35%/~66%/~73%.
- The company's current order book stands at ~INR86.7b, including INR35.5b from the mining project.
- KNRC delivered a disappointing performance yet again in 4QFY26, missing estimates by a wide margin as execution slowed due to a thin executable order book. However, order awarding activity improved during the quarter, with KNR emerging as L1 in projects worth INR32.3b. We expect revenue to improve only in FY28 as recently won orders move into execution. We cut our earnings estimates for FY27 and FY28 by 8% and 3%, respectively, factoring in weak execution, and expect revenue and EBITDA CAGR of 22% and 45%, respectively, over FY26-FY28. **We reiterate our Neutral rating on the stock with our SoTP-based TP of INR130.**

Key takeaways from the management commentary

- Road sector witnessed muted project awarding activity during FY26, with both MoRTH and NHAI showing slower award conversion despite a healthy pipeline of ~INR3.5t due to extended approval timelines and land acquisition challenges.
- Of the revised INR9.52b equity requirement for HAM projects, INR7.3b has been infused to date, with the balance INR2.2b to be invested.
- Management has guided for order inflows of INR80-100b and revenue of ~INR20b in FY27, and expects EBITDA margin to remain in the range of 10%-11% based on the current executable order book.

Valuation and view

- KNRC delivered a disappointing performance yet again in 4QFY26, missing estimates by a wide margin. We expect execution to pick up only from FY28 as recently won projects move into execution. We expect revenue and EBITDA CAGR of 22% and 45%, respectively, over FY26-FY28 on a low base of FY26.
- **We reiterate our Neutral rating on the stock with an SoTP-based TP of INR130.**

Quarterly performance – Standalone (INR m)

Y/E March	FY25				FY26				FY25	FY26	MOFSL	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	**8,193**	**8,561**	**7,079**	**8,512**	**4,792**	**4,930**	**5,851**	**5,353**	**32,344**	**20,926**	**4,635**	**16**
YoY Change (%)	-11.9	-9.1	-21.8	-27.8	-41.5	-42.4	-17.4	-37.1	-18.2	-35.3	-45.6	
EBITDA	**1,356**	**1,380**	**1,173**	**1,175**	**617**	**536**	**306**	**283**	**5,084**	**1,743**	**460**	**-38**
Margins (%)	16.6	16.1	16.6	13.8	12.9	10.9	5.2	5.3	15.7	8.3	9.9	
Depreciation	225	226	229	223	150	147	146	139	903	582	154	
Interest	41	20	31	38	34	46	31	30	129	142	50	
Other Income	51	575	130	185	150	39	94	289	941	572	122	
PBT before EO expense	**1,141**	**1,709**	**1,044**	**1,099**	**583**	**382**	**223**	**403**	**4,993**	**1,590**	**379**	
Extra-Ord expense	531	1,867	919	0	80	0	0	0	3,317	80	0	
Tax	334	344	253	348	150	103	46	210	1,279	509	101	
Rate (%)	29.2	20.1	24.3	31.6	25.7	26.9	20.8	52.2	25.6	32.0	26.6	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,339**	**3,344**	**1,822**	**752**	**513**	**279**	**176**	**192**	**7,257**	**1,161**	**278**	
Adj PAT	**807**	**1,477**	**903**	**752**	**433**	**279**	**176**	**192**	**3,939**	**1,081**	**278**	**-31**
YoY Change (%)	-26.8	47.9	5.6	-43.4	-46.4	-81.1	-80.5	-74.4	-8.1	-72.6	-63.0	
Margins (%)	9.9	17.3	12.8	8.8	9.0	5.7	3.0	3.6	12.2	5.2	6.0	

Automobiles

Demand remains healthy for PVs and tractors in May as well

Retail demand momentum remained healthy in May for PVs and tractors. However, demand seems to have slowed down for both CVs and 2Ws during the first two months of FY27E. Given the sustained demand momentum in retails and lean inventory, wholesales have largely been ahead of our estimates for PV OEMs in May. Within PVs, MSIL and TMPV posted healthy double-digit growth, while HMIL and MM underperformed. In 2Ws, RE (+15%) and BJAUT (+20%) have underperformed our expectations. Conversely, TVSL (+31%) has outperformed our expectations, having overcome its recent supply constraints, while HMCL (+12%) was in-line wih expectations. In CVs, while demand remained sluggish due to the West Asia crisis, TMCV (+17%) continued to outperform peers. AL underperformed our expectations, and VECV (+8%) was largely in line. On the other hand, tractor momentum remained strong, with the two listed tractor peers posting 22% YoY growth. However, similar to CVs, the tractor outlook has also turned cautious, especially for 2H, given the adverse impact of a potential El Niño event in the fiscal. Overall, rising input costs remain a key near-term risk across segments. Our top picks in OEMs are MSIL, TVSL, and MM. Our top auto ancillary picks are Endurance, SAMIL, and MSWIL.

- **PVs (above):** Retail demand in PVs remained healthy in May'26, while channel inventory is expected to have remained lean across most OEMs. Accordingly, the four listed players combined posted a 26.5% YoY growth in wholesales during the month. TMPV and MSIL outperformed with robust double-digit growth, while HMIL and MM underperformed. MSIL posted a strong 34.8% YoY growth to 243k units, coming in ahead of our estimates. This strong performance was likely driven by a combination of lean channel stock, a healthy order backlog, and capacity additions at the new Kharkhoda plant. While domestic volume growth stood at ~35% YoY, exports grew 34.3% YoY. HMIL posted a much slower 4.1% YoY growth in volumes to ~61k units, coming in slightly below our expectations. The primary reason for slower growth can be attributed to a 10.4% decrease in export volumes to 13.3k units (in line with estimates), driven by the ongoing Middle East crisis. Domestic volumes rose 9.1% YoY to 47.8k units, though missing our estimates. TMPV posted a strong 42.2% YoY growth to ~60k units, beating our estimate of 56.6k units, led by the steady ramp-up of its newly launched Sierra and Punch EV. However, MM posted a relatively moderate 10.7% YoY growth in UV volumes, primarily due to ongoing supply constraints.
- **2Ws (mixed):** Unlike PVs, 2W retail demand has been relatively softer in the current fiscal. However, streamlining of dealer stocks has likely led to a much stronger 20% YoY growth in dispatches for the four listed OEMs. RE sales missed our estimates and posted 15.4% YoY growth to 103k units. Domestic volumes rose ~24% YoY to ~94.1k units, while exports dipped 25% YoY to 9.1k units. TVSL, outperformed peers having overcome their supply constraints, growing by 31.4% YoY to ~567k units for the month (v/s estimated ~507k units). HMCL wholesales were in-line with our expectations, having grown 12.3% YoY to 570k units. While domestic sales grew 9% YoY, exports posted a strong ~78% YoY growth. BJAUT also posted a healthy ~20% YoY growth, to close the month with 461k units, though coming in below our expectations. While domestic volumes (+9.9%) were in-line with estimates, exports (+34.2%, but down 20% MoM) came in below expectations.

- **CVs (below):** Domestic retails softened considerably due to significant headwinds and the continued impact of the West Asia crisis. The three listed players posted a moderate 9.2% YoY growth in May'26, despite the low base of last year, underperforming our expectations. TMCV continued to outperform its peers and drive industry growth, posting ~17% YoY growth in CV sales to ~33k units, but missed our estimate of ~35k units. HCV sales rose ~7.2% YoY, and LCVs rose 25.6% YoY. VECV sales grew 7.8% YoY to ~8k units for May'26, broadly in line with our estimates. However, AL was the only player to post a decline, with volumes contracting ~4% YoY to 14.9k units. The MHCV segment was the worst hit, declining 12.8% YoY, while the LCV segment posted a healthy 14.5% YoY growth.
- **Tractors (above):** The tractors segment continued to see strong momentum, driven by sustained rural demand supported by several positive drivers, including adequate reservoir levels, improved rural liquidity due to GST rate cuts, and improved MSPs. Additionally, strong retail traction in May'26 further boosted monthly sales. The two listed tractor players posted a ~22% YoY growth in tractor volumes in May'26. MM posted a ~22% YoY growth to ~49.7k units, beating our estimates. Escorts also posted an 18.9% YoY growth to 12.3k units, slightly above our estimated 11.7k units. Despite a strong growth momentum, supply chain disruptions arising from ongoing geopolitical tensions, increasing farm input costs (particularly fertilizers), softer prices for select cash crops, and the possibility of a weak monsoon due to the El Niño effect remain key monitorables in the near term.
- **Valuation and view:** Retail demand momentum remained steady in May for PVs and tractors, while 2Ws and CVs saw signs of slowdown. CV wholesales were adversely affected by disruptions arising from the West Asia conflict, leading to a moderation in industry growth during May'26. 2W retails were also sluggish and showed signs of slowing in the first two months of FY27. On the other hand, PV wholesales momentum sustained even in May, supported by lean channel inventory and healthy retail demand. Additionally, tractors posted healthy growth, beating expectations, though El Niño and supply disruptions for farm inputs remain the key monitorables. Our top picks in OEMs are MSIL, TVSL, and MM. Our top auto ancillary picks are Endurance, SAMIL, and MSWIL**.**

Snapshot of volumes for May-26

Company Sales	May-26	May-25	YoY (%) chg	Apr-26	MoM (%) chg	YTD FY27	YTD FY26	(%) chg	FY27E	Gr. (%)	Residual Gr. (%)	Residual Monthly Run rate	Estimate	
													May26e	Variation
Maruti Suzuki	**242,688**	**180,077**	**34.8**	**239,646**	**1.3**	**482,334**	**359,868**	**34.0**	**2,651,427**	**9.4**	**5.2**	**216,909**	**227,985**	**6.4%**
Domestic	200,774	148,858	34.9	199,592	0.6	400,366	300,738	33.1	2,169,953	9.9	5.7	176,959	193,644	3.7%
Export	41,914	31,219	34.3	40,054	4.6	81,968	59,130	38.6	481,474	7.5	2.8	39,951	34,341	22.1%
Hyundai Motor	**61,137**	**58,701**	**4.1**	**65,610**	**-6.8**	**126,747**	**119,475**	**6.1**	**837,086**	**8.0**	**8.4**	**71,034**	**63,796**	**-4.2%**
Domestic	47,837	43,861	9.1	51,902	-7.8	99,739	88,235	13.0	627,948	7.4	6.3	52,821	50,440	-5.2%
Exports	13,300	14,840	-10.4	13,708	-3.0	27,008	31,240	-13.5	209,138	10.0	14.6	18,213	13,356	-0.4%
Mahindra & Mahindra	**150,693**	**124,753**	**20.8**	**144,308**	**4.4**	**295,001**	**248,977**	**18.5**	**1,806,497**	**10.0**	**8.5**	**151,150**	**141,445**	**6.5%**
UV	58,021	52,431	10.7	56,331	3.0	114,352	104,761	9.2	758,838	14.9	16.0	64,449	56,101	3.4%
Tractors	49,695	40,643	22.3	48,411	2.7	98,106	80,697	21.6	547,459	4.0	0.8	44,935	46,739	6.3%
Escorts Kubota	**12,310**	**10,354**	**18.9**	**10,857**	**13.4**	**23,167**	**19,083**	**21.4**	**136,343**	**2.0**	**-1.2**	**11,318**	**11,679**	**5.4%**
Tata Motors CV	**32,850**	**28,147**	**16.7**	**34,833**	**-5.7**	**67,683**	**55,368**	**22.2**	**462,052**	**7.9**	**5.7**	**39,437**	**34,685**	**-5.3%**
Tata Motors PV	**59,790**	**42,040**	**42.2**	**59,701**	**0.1**	**119,491**	**87,572**	**36.4**	**699,791**	**9.1**	**4.7**	**58,030**	**56,603**	**5.6%**
Hero MotoCorp	**570,068**	**507,701**	**12.3**	**566,086**	**0.7**	**1,136,154**	**813,107**	**39.7**	**6,962,193**	**7.6**	**3.0**	**582,604**	**573,499**	**-0.6%**
Bajaj Auto	**461,257**	**384,621**	**19.9**	**513,792**	**-10.2**	**975,049**	**750,431**	**29.9**	**5,744,842**	**12.3**	**9.2**	**476,979**	**489,905**	**-5.8%**
Domestic	248,031	225,733	9.9	248,210	-0.1	496,241	446,348	11.2	3,224,637	12.5	12.7	272,840	246,194	0.7%
Exports	213,226	158,888	34.2	265,582	-19.7	478,808	304,083	57.5	2,520,205	12.0	4.9	204,140	243,711	-12.5%
TVS Motor	**566,585**	**431,275**	**31.4**	**473,970**	**19.5**	**1,040,555**	**875,171**	**18.9**	**6,589,790**	**12.0**	**10.8**	**554,923**	**506,670**	**11.8%**
Domestic	390,594	312,838	24.9	353,962	10.3	744,556	639,854	16.4	4,798,448	11.5	10.6	405,389	376,389	3.8%
Exports	175,991	118,437	48.6	120,008	46.6	295,999	235,317	25.8	1,791,342	13.0	10.8	149,534	130,281	35.1%
Eicher Motors														
Royal Enfield	**103,231**	**89,429**	**15.4**	**113,164**	**-8.8**	**216,395**	**175,988**	**23.0**	**1,421,087**	**14.7**	**13.4**	**120,469**	**109,199**	**-5.5%**
VECV	**7,978**	**7,403**	**7.8**	**7,318**	**9.0**	**15,296**	**14,249**	**7.3**	**109,959**	**6.2**	**6.1**	**9,466**	**7,934**	**0.6%**
Ashok Leyland	**14,923**	**15,484**	**-3.6**	**14,646**	**1.9**	**29,569**	**28,905**	**2.3**	**235,177**	**6.7**	**7.3**	**20,561**	**15,647**	**-4.6%**
M&HCV	8,966	10,282	-12.8	8,302	8.0	17,268	18,242	-5.3	151,279	6.0	7.7	13,401	9,791	-8.4%
LCV	5,957	5,202	14.5	6,344	-6.1	12,301	10,663	15.4	83,898	7.9	6.7	7,160	5,856	1.7%

Apr’26 IIP: Revised base captures stronger industrial momentum

- **India's industrial production grew 4.9% YoY in Apr’26, marking the first release under the revised IIP base year 2022-23 series. Growth was driven primarily by manufacturing (+6.2%), while Electricity & Gas Supply (+4.9%) and Water Supply, Sewerage & Waste Management (+6.6%) also recorded healthy expansion. In contrast, Mining contracted 5.1%, partly offsetting gains elsewhere. Compared with Mar’26, industrial activity moderated due to typical year-end seasonality, but the underlying growth trend remained healthy.**
- **The data continue to highlight an investment-led industrial cycle. Capital goods output surged 16.0% YoY, while intermediate goods (+7.7%) and infrastructure/construction goods (+7.1%) also posted strong growth. Manufacturing strength was broad-based, led by electrical equipment (+19.2%), other transport equipment (+18.9%), textiles (+15.6%), machinery (+12.9%), and motor vehicles (+12.7%), reflecting healthy capex, infrastructure spending, power sector investments, and industrial automation demand. By contrast, consumer-facing segments remained relatively softer, with consumer durables (+4.3%) and consumer non-durables (+2.8%) lagging investment-linked sectors.**
- **The new IIP framework provides a more representative picture of India's industrial economy through an expanded item basket (463 vs 407 item groups), revised weights, and broader sectoral coverage. The addition of gas supply and water supply, sewerage & waste management, inclusion of minor and rare-earth minerals, and separate tracking of renewable and non-renewable electricity generation have enabled improved measurement of structural shifts in the economy.**
- **Under the previous 2011-12 series, manufacturing accounted for 77.6% of the index, mining 14.4%, and electricity 8.0%. The revised 2022-23 series increases the relative importance of manufacturing and utility-related activities while reducing the weight of mining. As a result, future IIP readings are likely to be more reflective of developments in modern manufacturing sectors such as automobiles, electronics, electrical equipment, machinery, engineering goods, and pharmaceuticals.**
- **The revised methodology suggests industrial growth has generally been stronger than indicated by the old series. General IIP growth under the new series was 6.7% in FY24, 6.4% in FY25, and 4.3% in FY26, compared with 5.9%, 4.0% and 4.1%, respectively, under the old series. The biggest differences are visible in manufacturing and investment-linked sectors, where the updated product basket and weights better capture emerging industries and formal-sector activity.**
- **The revised use-based classification also points to stronger investment activity. Capital goods growth averaged 10.8%, 9.3%, and 11.7% during FY24-FY26, compared with 6.3%, 5.6% and 8.3% under the old series. This suggests that India's capex cycle has been stronger than previously captured, supporting the view that economic growth has increasingly been driven by manufacturing expansion, infrastructure spending, and corporate investment.**
- **Overall, the Apr’26 data reinforces the view that India's industrial growth remains resilient and increasingly driven by manufacturing, infrastructure, and investment rather than broad-based consumption.**

Exhibit 1: IIP and its components

% Growth	Old Weight	New Weight	Apr'25 YoY	Mar'26 YoY	Apr'26 YoY
Industry-based Classification					
Mining & Quarrying	14.4	11.1	0.6	-2.6	-5.1
Manufacturing	77.6	76.1	6.4	3.9	6.2
Electricity / Electricity & Gas Supply	8.0	10.9	6.1	4.4	4.9
Water Supply, Sewerage & Waste Management	–	2.0	8.2	6.4	6.6
General IIP	**100.0**	**100.0**	**5.7**	**3.2**	**4.9**
Use-based Classification					
Primary Goods	34.0	31.1	3.3	1.3	0.8
Capital Goods	8.2	8.1	13.8	11.2	16.0
Intermediate Goods	17.2	22.4	7.6	4.1	7.7
Infrastructure / Construction Goods	12.3	10.9	6.4	5.8	7.1
Consumer Durables	12.8	11.3	7.2	2.4	4.3
Consumer Non-Durables	15.3	16.1	4.1	-0.9	2.8

May'26 GST collections grow 3.2%

Gross GST collections stood at INR1.94t in May'26

- GST collections stood at INR1.94t in May'26 (INR1.88t in May'25), registering a 3.2% YoY increase. During Apr-May'26, GST collections stood at INR4.4t, printing a growth of 6.2% YoY. Net GST collections, which account for refunds issued by the government, grew 3.3% YoY to INR1.67t in May'26.
- At first glance, GST collections appear to have grown only 3.2% YoY in May'26. However, this headline number was distorted by a one-time GST payment of approximately INR100b received in May'25 from a telecom operator related to spectrum allocation. As no comparable payment was received in May'26, the elevated base in the prior year made the reported growth rate appear weaker than the underlying trend.
- For a like-for-like comparison, the one-time payment should be excluded from May'25 collections. After adjusting for this base effect, gross GST collections grew 9% YoY, while net GST collections increased 10.1% in May'26. Domestic gross GST collections, which appear to decline 2.6% in the headline data, actually grew 5% after adjustment. This suggests that underlying economic activity remains healthy and tax collections continue to grow broadly in line with nominal GDP.

GST from imports remain strong, while domestic collections appear weak:

- GST collections from imports rose 19.1% YoY in May'26, significantly faster than overall GST growth. The strong performance likely reflects healthy demand for imported electronics, machinery, capital goods, and industrial inputs.
- Adjusted gross domestic GST collections grew 5% YoY in May'26, suggesting softer domestic economic activity during the month.

Outlook:

- May'26 GST data indicates that economic growth remains resilient despite the weak headline number. After adjusting for base effects, GST collections show healthy momentum, supported by strong imports and investment activity. However, softer domestic GST growth suggests that consumption remains the key area to monitor for a more broad-based and sustainable growth recovery in FY27.

Exhibit 1: GST collections stood at INR1.94t in May'26

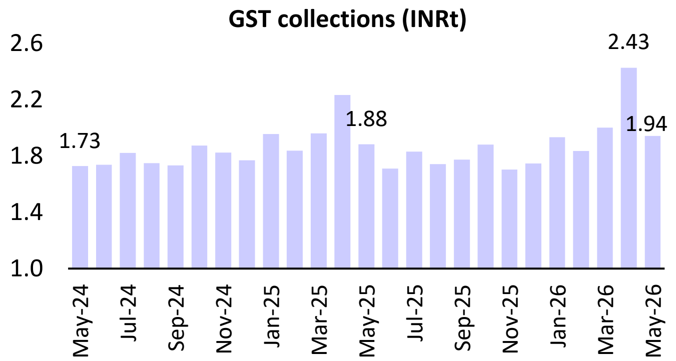


Exhibit 2: Breakup of GST collections

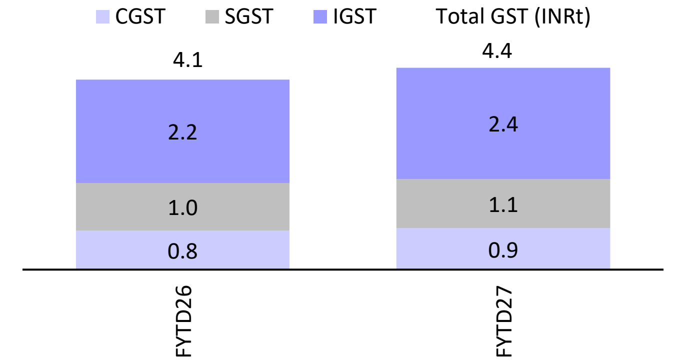


Exhibit 3: GST collected on domestic activities remained weak in FYTD27

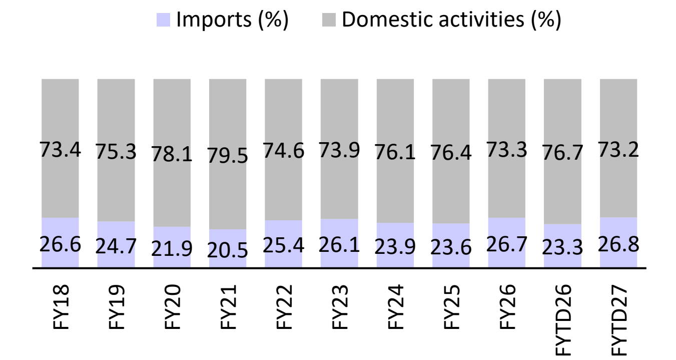
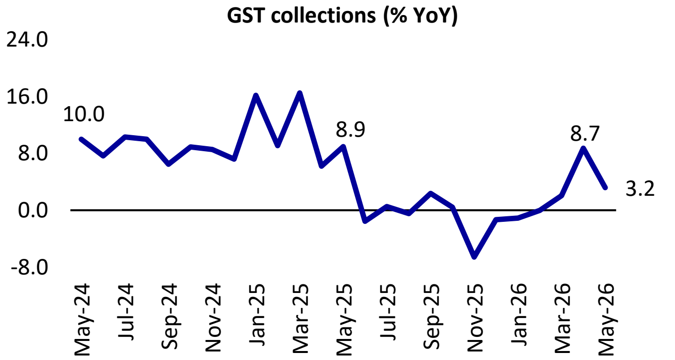


Exhibit 4: GST collections grew 3.2% YoY in May'26 vs. 8.7% YoY in Apr'25



Source: Finance Ministry, MOFSL

Mahindra & Mahindra: Strong tractor demand continues; rural outlook remains positive; Veejay Nakra, President – Farm Equipment Business

- Domestic tractor sales grew 23% year-on-year, supported by strong rural demand.
- Management remains optimistic on farmer sentiment and agricultural income trends.
- Export markets such as the US and Turkey continue to face demand challenges.
- Company expects favourable rural fundamentals to support growth through FY27.

IREDA: Renewable energy lending growth continues despite margin pressures; Pradip Kumar Das, Chairman & Managing Director

- Q4 net profit declined due to higher expenses and increased provisioning costs.
- Company continues to witness strong growth in renewable energy financing.
- Management remains focused on expanding green energy lending portfolio.
- Profitability faced pressure from rising costs, with investors monitoring margin trends ahead.

Smartworks Coworking Spaces: Bengaluru expansion and GCC demand driving growth; Neetish Sarda, Managing Director

- Company has signed a major 5 lakh sq ft lease transaction in Bengaluru to expand capacity.
- Rising GCC demand continues to be a key driver of flexible office space absorption.
- Management sees strong occupancy trends and record-high office demand across India.
- Focus on AI-enabled infrastructure and green buildings to support long-term growth.

Ram Ratna Wires: Targets 25–30% growth; expansion driven by EV and Make in India opportunities; Hemant Kabra, Director

- Company remains confident of delivering 25–30% annual growth over the medium term.
- Capacity expansion focused on copper tubes, BLDC motors and EV-linked opportunities.
- Management sees strong demand tailwinds from import substitution and Make in India initiatives.
- EBITDA growth expected to be supported by scale benefits and expanding product portfolio.

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:
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