



PL Capital
PRABHUDAS LILLADHER

CONNECT

Apr-Jun'25 Results



Optimistic outlook on festival demand

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August 22, 2025

Optimistic outlook on festival demand

- PL Universe in 1QFY26 reported Sales, EBIDTA, PAT growth of 3.8%, 16.1%, and 18.3% YoY respectively. Coverage universe posted higher sales/EBIDTA growth by 2.0/0.9% and lower PBT growth by -1% than estimates. Ex-BFSI EBIDTA increased 14.9% while PBT increased by 24.1% YoY.
- Cements, Healthcare, Metals & Mining, Oil and Gas and Telecom beat in sales by 1.3-4.4%. Building Material, Chemicals, Consumer Durables, EMS, Logistics, HFC and Media miss in sales between 2.7-4.3%.
- Bldg. Materials and O&G miss in EBIDTA by 16.7% and 9.6% respectively, whereas Banks and EMS beat in EBITDA 12.6% and 8% respectively. Bldg. Materials and Financial services had reported a double digit miss in PBT.
- Bldg. Materials, Media and Telecom reported double digit miss in PAT whereas Metals & Mining, Logistics and EMS reported beat in PAT ranging from 10.4-27.9%
- Cement, EMS, Financial services, Healthcare, Logistics and Telecom reported more than 20% EBIDTA growth YoY. Only Building Material and Consumer durables reported decline in EBIDTA. Staples, Chemicals, IT, HFC, Travel Tourism, Pharma reported single digit EBIDTA growth.
- Durables, Education, Building Material and Travel reported decline in PBT. Durables, Building Material and Travel reported decline in PAT.
- Earnings commentary of most companies in the consumption space indicate gradual uptick in demand due to peaked out impact of pricing and likely benefits from cut in tax rates, interest rates, decline in inflation etc. Given early Diwali and normal monsoons, most players expect demand to show improvement in 2Q. rationalization of GST rates under GST 2.0 will further boost demand.
- Earnings commentary in the capex and infra related industries show a mixed picture as several segments like Power, Data centers, Urban Infra, Hydro, PSP and defense continued momentum while segments like consumables and export-oriented companies had a lagged growth.
- BFSI sector faced impact of slowing credit growth and asset quality issues in MFI, MSME and unsecured loans. Overall growth rate seems to be at the bottom of the cycle.
- Commentary seems cautiously optimistic given various booster shots by the GOI, early festival season and rising focus on domestic market.
- Out of our PL coverage stocks, 31 stocks are also covered by NIFTY 50 Index. For these 31 stocks, reported sales, EBITDA and PAT had increased YoY by 6%, 15.9 and 16.6% respectively. Actuals beat estimates for these stocks, with revenue of 2.7%, EBITDA 4.5%, and PAT 3.1% above expectations.

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Note: Sectoral/stock growth and its variation with estimates are as per PL coverage universe.

Banks – In Q1FY26, banks reported an YoY 1.7% increase in revenue, while EBITDA and PAT grew by 18.7% and 6%, respectively. Revenue fell short by just 1.8%, whereas EBITDA and PAT exceeded estimates by 12.6% and 1.6%, respectively.

Building Materials – The sector underperformed expectations, with revenue, EBITDA, and PAT missing estimates by 4.3%, 16.7%, and 23.9%, respectively. Revenue grew modestly by 0.1%, while PAT and EBITDA saw declines of 22.8% and 17.7% YoY, respectively.

Capital goods – The sector reported consistent YoY growth, with revenue, EBITDA, and PAT increasing by 14.2%, 12.4%, and 19.5%, respectively. Revenue and EBITDA reported miss of 0.8% and 2.7% respectively whereas 2.1% beat seen in PAT.

Cement – The sector reported strong YoY growth, with revenue, EBITDA, and PAT increasing by 10.5%, 39.8%, and 47.5%, respectively. The sector exceeded revenue estimates by 1.3%, but EBITDA and PAT fell short by 2.3% and 8.7%, respectively.

Chemicals – Chemicals reported an YoY 1.4% increase in revenue, while EBITDA and PAT grew by 6.2% and 10.3%, respectively. However, actuals missed estimates, with revenue down 3.9%, EBITDA 2.6%, and PAT 0.4% below expectations.

Consumer Durable – In Q1FY26, Consumer Durables reported an 2.0% increase in revenue, while EBITDA and PAT declined by 1.7% and 3.3%, respectively. All three metrics, that is, Revenue, EBITDA and PAT misses estimates by 3.3%, 4.1% and 3.6% respectively.

Consumer – Sector posted 10.5% YoY growth in Revenue while EBITDA and PAT grew by 2.2% and 1% YoY. Revenue estimates beat by 1% whereas EBITDA and PAT came in lower than our estimates, missed by 1.5% and 2% respectively.

Healthcare – The sector delivered a strong YoY growth in revenue (16.7%) EBITDA (23.5%) and PAT (22.2%). Revenue beats by 2.2%, EBITDA by 4.1% and PAT by 5.7% from the estimates.

IT – The sector recorded modest YoY growth of 4.7% in revenue, 3.9% in EBITDA, and 4.9% in PAT. PAT met expectations beats by a mere 0.4%, while EBITDA and Revenue fell slight short of estimates by 0.9% and 0.2%, respectively.

Metals & Mining – The sector performed well in Q2FY25 with solid YoY growth of 4.4%, 16.7% and 42% in Revenue, EBITDA and PAT respectively. All the three metrics exceeded expectations with a 4.4%, 2.9% and 10.4% beat.

Oil & Gas – Good 17.3% EBITDA and 51.5% PAT YoY growth seen, despite 0.6% decline in YoY Revenue. EBITDA and PAT fell short of estimates by 9.6% and 1.8%, whereas Revenue exceeded expectations by 4%.

Pharma – The Pharma sector in Q2FY25 reported YoY growth of 8.4% in revenue, 7% in EBITDA and 1.1% in PAT. Revenue was almost in line with estimates with beat of 0.4% along with EBITDA with 1.9% beat, while PAT missed 4.2%.

Exhibit 1: 1Q FY26 Results and Variation in Numbers

	Revenue					EBITDA				PBT			PAT			
	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.
Banks																
Axis Bank	1,38,298	1,35,598	-2.0%	1,34,482	0.8%	1,11,249	1,15,152	3.5%	1,01,062	13.9%	89,908	67,431	58,061	-13.9%	60,346	-3.8%
Bank of Baroda	1,13,933	1,10,495	-3.0%	1,16,001	-4.7%	69,630	82,365	18.3%	71,613	15.0%	51,322	37,465	45,414	21.2%	44,582	1.9%
City Union Bank	6,125	6,253	2.1%	5,452	14.7%	4,237	4,509	6.4%	3,735	20.7%	3,463	2,735	3,059	11.8%	2,645	15.7%
DCB Bank	5,692	5,804	2.0%	4,966	16.9%	2,633	3,269	24.2%	2,054	59.2%	1,931	1,435	1,573	9.6%	1,314	19.7%
Federal Bank	24,597	23,368	-5.0%	22,920	2.0%	14,393	15,563	8.1%	15,009	3.7%	11,900	8,865	8,618	-2.8%	10,095	-14.6%
HDFC Bank	3,14,306	3,14,380	0.0%	2,98,371	5.4%	2,48,970	3,57,340	43.5%	2,38,846	49.6%	2,16,081	1,64,222	1,81,552	10.6%	1,61,748	12.2%
ICICI Bank	2,12,512	2,12,435	0.0%	1,95,529	8.6%	1,69,988	1,83,548	8.0%	1,60,248	14.5%	1,55,321	1,16,491	1,23,772	6.3%	1,10,591	11.9%
IndusInd bank	44,974	46,398	3.2%	54,076	-14.2%	28,131	26,522	-5.7%	39,267	-32.5%	14,131	10,599	6,843	-35.4%	21,522	-68.2%
Kotak Mahindra Bank	73,486	72,593	-1.2%	68,424	6.1%	51,700	55,637	7.6%	52,541	5.9%	44,425	33,319	32,817	-1.5%	35,161	-6.7%
State Bank of India	4,25,923	4,10,725	-3.6%	4,11,255	-0.1%	3,00,929	3,05,445	1.5%	2,64,486	15.5%	2,55,872	1,95,764	1,91,604	-2.1%	1,70,352	12.5%
Union Bank Of India	94,872	91,126	-3.9%	94,121	-3.2%	80,515	69,087	-14.2%	77,853	-11.3%	62,024	45,277	41,155	-9.1%	36,789	11.9%
Total	14,54,719	14,29,174	-1.8%	14,05,596	1.7%	10,82,375	12,18,435	12.6%	10,26,714	18.7%	9,06,378	6,83,603	6,94,467	1.6%	6,55,143	6.0%
Building Materials																
Astral Ltd.	14,734	13,612	-7.6%	13,836	-1.6%	2,288	1,849	-19.2%	2,144	-13.8%	1,654	1,224	792	-35.3%	1,195	-33.7%
Century Plyboard	11,119	11,694	5.2%	10,054	16.3%	1,320	1,282	-2.9%	1,112	15.3%	891	666	529	-20.6%	341	55.2%
Cera Sanitaryware	4,256	4,222	-0.8%	4,007	5.4%	651	551	-15.4%	581	-5.1%	685	517	471	-9.0%	475	-0.9%
Finolex Industries	10,453	10,432	-0.2%	11,405	-8.5%	1,528	936	-38.7%	2,067	-54.7%	1,799	1,472	982	-33.3%	1,671	-41.3%
Greenpanael Inds	4,192	3,282	-21.7%	3,650	-10.1%	378	76	-80.0%	360	-79.0%	208	156	(71)	N	157	-145.1%
Kajaria Ceramics	11,639	11,027	-5.3%	10,958	0.6%	1,688	1,869	10.7%	1,710	9.3%	1,317	962	1,103	14.6%	976	13.1%
Supreme Industries	27,538	26,092	-5.2%	26,364	-1.0%	3,853	3,189	-17.2%	3,873	-17.7%	3,030	2,662	2,023	-24.0%	2,734	-26.0%
Total	83,931	80,360	-4.3%	80,273	0.1%	11,705	9,750	-16.7%	11,847	-17.7%	9,582	7,660	5,829	-23.9%	7,549	-22.8%
Capital Goods																
ABB India	32,702	31,754	-2.9%	28,309	12.2%	6,050	4,141	-31.6%	5,425	-23.7%	6,615	4,954	3,521	-28.9%	4,426	-20.5%
Apar Inds Ltd	46,359	51,042	10.1%	40,105	27.3%	4,149	4,523	9.0%	3,766	20.1%	3,036	2,271	2,629	15.8%	2,025	29.8%
BEML	7,013	6,340	-9.6%	6,341	0.0%	(351)	(493)	N	(501)	-1.7%	(621)	(621)	(641)	N	(705)	-9.0%
Bharat Electronics	49,622	44,168	-11.0%	41,988	5.2%	11,413	12,399	8.6%	9,367	32.4%	12,198	9,149	9,691	5.9%	7,761	24.9%
BHEL	67,929	54,869	-19.2%	54,849	0.0%	(1,019)	(5,371)	N	(1,694)	217.2%	(2,309)	(1,727)	(4,549)	N	(2,125)	114.0%
Carborundum Universal	12,678	12,190	-3.8%	11,975	1.8%	1,623	1,213	-25.3%	1,936	-37.4%	1,176	947	619	-34.6%	1,130	-45.2%
Elgi Equipments	8,794	8,667	-1.4%	8,011	8.2%	1,284	1,211	-5.7%	1,139	6.3%	1,174	850	856	0.7%	728	17.5%
Grindwell Norton	7,315	7,035	-3.8%	7,056	-0.3%	1,361	1,299	-4.5%	1,331	-2.4%	1,261	942	945	0.3%	932	1.4%
Cummins India	25,352	29,068	14.7%	23,042	26.2%	4,918	6,235	26.8%	4,673	33.4%	5,818	4,410	5,555	26.0%	4,198	32.3%
Engineers India	8,413	8,704	3.5%	6,238	39.5%	925	721	-22.1%	510	41.3%	1,208	1,100	654	-40.6%	916	-28.6%
GE T&D India	12,784	13,301	4.0%	9,583	38.8%	2,518	3,876	53.9%	1,822	112.7%	2,483	1,801	2,912	61.7%	1,345	116.4%
Harsha Engineering	3,629	3,653	0.7%	3,432	6.4%	533	554	3.9%	552	0.5%	473	346	379	9.8%	361	5.2%
Hindustan Aeronautics	47,170	48,190	2.2%	43,475	10.8%	10,684	12,824	20.0%	9,907	29.4%	14,740	11,350	13,838	21.9%	10,898	27.0%
Ingersoll Rand India	3,495	3,153	-9.8%	3,141	0.4%	856	742	-13.3%	792	-6.2%	875	652	590	-9.6%	619	-4.7%
Kalpataru Power Transmission	45,514	50,397	10.7%	37,219	35.4%	3,869	4,284	10.7%	3,135	36.7%	2,329	1,677	2,008	19.7%	1,166	72.1%
KEC International	50,390	50,229	-0.3%	45,119	11.3%	3,477	3,501	0.7%	2,704	29.5%	1,529	1,418	1,486	4.8%	636	133.7%
Kirloskar Pneumatic Co	3,135	2,817	-10.2%	2,753	2.3%	458	333	-27.3%	393	-15.2%	428	320	253	-20.9%	269	-5.9%
Larsen & Toubro	6,33,423	6,36,789	0.5%	5,51,198	15.5%	65,212	63,177	-3.1%	56,153	12.5%	55,612	34,371	36,172	5.2%	27,857	29.8%
Praj Industries	7,824	6,402	-18.2%	6,991	-8.4%	673	356	-47.1%	868	-59.0%	575	431	53	-87.6%	560	-90.5%
Siemens	42,154	43,468	3.1%	37,626	15.5%	5,143	5,250	2.1%	4,853	8.2%	5,773	4,330	4,215	-2.6%	4,342	-2.9%
Thermax	24,238	20,944	-13.6%	21,844	-4.1%	1,721	1,693	-1.6%	1,412	19.9%	1,871	1,352	1,128	-16.6%	1,158	-2.6%
Triveni Turbine	5,457	3,713	-32.0%	4,633	-19.9%	1,146	736	-35.8%	956	-23.0%	1,294	967	645	-33.3%	800	-19.4%
Voltamp Transformers	4,419	4,236	-4.1%	4,282	-1.1%	756	726	-3.9%	758	-4.2%	968	746	795	6.7%	794	0.1%
Total	11,49,808	11,41,129	-0.8%	9,99,209	14.2%	1,27,399	1,23,929	-2.7%	1,10,256	12.4%	1,18,507	82,034	83,754	2.1%	70,093	19.5%

	Revenue			EBITDA			PBT		PAT		Q1FY25	YoY Gr.
	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.		
Cement												
ACC	56,119	60,872	8.5%	51,991	17.1%	8,612	7,780	-9.7%	6,791	14.6%	6,395	3.9%
Ambuja Cement	91,761	1,02,891	12.1%	83,921	22.6%	18,156	19,611	8.0%	12,798	53.2%	14,451	12.1%
Dalmia Bharat	36,738	36,360	-1.0%	36,210	0.4%	8,089	8,830	9.2%	6,690	32.0%	4,214	68.9%
Nuvoco Vistas Corporation	27,438	28,727	4.7%	26,365	9.0%	4,683	5,186	10.7%	3,434	51.0%	1,155	29 4341.7%
Shree Cement	52,192	49,480	-5.2%	48,347	2.3%	13,841	12,291	-11.2%	9,164	34.1%	7,044	94.7%
Ultratech Cement	2,04,235	1,96,353	-3.9%	1,82,814	7.4%	44,549	42,018	-5.7%	29,589	42.0%	32,114	55.6%
Total	4,68,484	4,74,682	1.3%	4,29,648	10.5%	97,930	95,716	-2.3%	68,465	39.8%	65,372	47.5%
Chemicals												
Aarti Industries	20,917	16,750	-19.9%	18,550	-9.7%	2,889	1,950	-32.5%	3,060	-36.3%	1,113	-80.4%
Clean Science	2,638	2,429	-7.9%	2,240	8.4%	1,086	999	-8.1%	947	5.5%	1,025	6.3%
Deepak Nitrite	20,528	18,899	-7.9%	21,668	-12.8%	2,900	1,896	-34.6%	3,092	-38.7%	2,443	-44.3%
Fine Organic Inds	5,715	5,884	3.0%	5,497	7.0%	1,186	1,236	4.2%	1,397	-11.5%	1,294	-2.5%
Gujarat Fluorochemicals	12,243	12,810	4.6%	11,760	8.9%	3,126	3,440	10.0%	2,620	31.3%	1,992	70.4%
Jubilant Ingrevia	10,381	10,380	0.0%	10,243	1.3%	1,363	1,421	4.3%	1,095	29.8%	881	54.1%
Laxmi Organic Inds	6,888	6,929	0.6%	7,182	-3.5%	517	308	-40.5%	712	-56.8%	155	-37.8%
Navin Fluorine	7,494	7,254	-3.2%	5,237	38.5%	2,001	2,068	3.3%	1,004	106.1%	1,525	128.8%
Nocil Ltd	3,554	3,362	-5.4%	3,722	-9.7%	386	306	-20.8%	411	-25.5%	330	-36.1%
PCBL Chemicals	22,134	21,141	-4.5%	21,436	-1.4%	3,350	3,191	-4.8%	3,583	-10.9%	1,487	-20.2%
SRF	37,069	38,186	3.0%	34,641	10.2%	7,035	8,298	18.0%	6,034	37.5%	4,458	70.8%
Vinati Organics	5,955	5,423	-8.9%	5,247	3.3%	1,646	1,658	0.7%	1,251	32.6%	1,533	31.2%
Total	1,55,518	1,49,446	-3.9%	1,47,423	1.4%	27,485	26,770	-2.6%	25,205	6.2%	18,236	10.3%
Consumer Durables												
Bajaj Electicals	11,986	10,646	-11.2%	11,549	-7.8%	765	333	-56.4%	754	-55.8%	416	-94.2%
Cello World	5,476	5,290	-3.4%	5,007	5.7%	1,384	1,091	-21.2%	1,293	-15.6%	1,345	-12.3%
Crompton Greaves Consumer Electricals	21,976	19,983	-9.1%	21,377	-6.5%	2,373	1,917	-19.2%	2,324	-17.5%	2,035	-19.4%
Havells India	59,731	54,554	-8.7%	58,062	-6.0%	5,316	5,157	-3.0%	5,722	-9.9%	4,697	-14.7%
KEI Inds	24,029	25,903	7.8%	20,605	25.7%	2,475	2,580	4.2%	2,148	20.1%	2,342	30.1%
Polycab India	55,627	59,060	6.2%	46,980	25.7%	7,398	8,576	15.9%	5,834	47.0%	7,024	49.5%
RR Kabel	20,265	20,586	1.6%	18,081	13.9%	1,382	1,421	2.8%	949	49.6%	1,164	39.4%
Voltas	44,229	39,386	-11.0%	49,210	-20.0%	2,742	1,785	-34.9%	4,238	-57.9%	3,107	-58.0%
Total	2,43,319	2,35,408	-3.3%	2,30,871	2.0%	23,836	22,860	-4.1%	23,262	-1.7%	22,130	-3.3%

	Revenue					EBITDA					PBT			PAT		
	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.
Consumer Staples																
Asian Paints	92,388	89,386	-3.25%	89,697	-0.3%	17,923	16,250	-9.3%	16,938	-4.1%	15,598	11,743	11,000	-6.3%	11,713	-6.1%
Avenue Supermarts	1,63,765	1,63,597	-0.10%	1,40,691	16.3%	13,511	12,990	-3.9%	12,213	6.4%	10,941	8,041	7,728	-3.9%	7,737	-0.1%
Britannia Industries	46,328	46,222	-0.23%	42,503	8.8%	8,339	7,571	-9.2%	7,537	0.4%	7,804	5,814	5,250	-9.7%	5,302	-1.0%
Colgate Palmolive	14,818	14,341	-3.22%	14,967	-4.2%	4,942	4,526	-8.4%	5,083	-11.0%	4,700	3,502	3,206	-8.4%	3,607	-11.1%
Dabur India	34,328	34,046	-0.82%	33,491	1.7%	6,660	6,678	0.3%	6,550	2.0%	6,460	4,974	5,083	2.2%	4,944	2.8%
Emami	9,242	9,041	-2.18%	9,061	-0.2%	2,033	2,142	5.4%	2,165	-1.1%	1,762	1,595	1,642	3.0%	1,527	7.6%
Hindustan Unilever	1,60,293	1,59,310	-0.61%	1,53,390	3.9%	36,547	35,580	-2.6%	36,060	-1.3%	34,722	26,215	24,900	-5.0%	25,720	-3.2%
ITC	1,80,201	1,97,499	9.60%	1,70,001	16.2%	61,809	62,613	1.3%	62,955	-0.5%	66,363	49,772	49,124	-1.3%	49,205	-0.2%
Jubilant FoodWorks	17,016	13,313	-21.76%	14,396	-7.5%	3,318	2,543	-23.4%	2,782	-8.6%	868	642	376	-41.4%	515	-27.0%
Kansai Nerolac Paints	21,324	20,874	-2.11%	20,504	1.8%	3,369	3,120	-7.4%	3,344	-6.7%	3,229	2,390	2,309	-3.4%	2,411	-4.3%
Marico	32,112	32,590	1.49%	26,430	23.3%	6,198	6,550	5.7%	6,260	4.6%	6,058	4,725	5,130	8.6%	4,740	8.2%
Metro Brands	6,337	6,282	-0.86%	5,761	9.1%	1,964	1,939	-1.3%	1,804	7.5%	1,215	905	985	8.8%	917	7.4%
Mold Tech Packaging	2,144	2,406	12.19%	1,967	22.3%	390	468	19.9%	357	31.0%	217	163	216	32.4%	165	30.5%
Nestle India	51,509	50,962	-1.06%	48,140	5.9%	11,950	11,003	-7.9%	11,143	-1.3%	10,120	7,540	6,592	-12.6%	7,466	-11.7%
Pidilite Industries	36,500	37,531	2.82%	33,954	10.5%	8,760	9,410	7.4%	8,127	15.8%	8,210	6,096	6,781	11.2%	5,713	18.7%
Restaurant Brands Asia	6,082	5,524	-9.18%	4,905	12.6%	851	682	-19.9%	625	9.1%	(104)	(104)	(115)	N	(269)	-57.4%
Titan Company	1,43,431	1,45,640	1.54%	1,20,530	20.8%	14,773	16,320	10.5%	12,110	34.8%	12,413	9,310	10,300	10.6%	7,700	33.8%
Westlife Development	6,672	6,576	-1.43%	6,163	6.7%	901	853	-5.3%	786	8.5%	58	42	12	-71.1%	33	-62.3%
Total	10,24,490	10,35,139	1.0%	9,36,550	10.5%	2,04,239	2,01,237	-1.5%	1,96,839	2.2%	1,90,635	1,43,366	1,40,520	-2.0%	1,39,144	1.0%
Education																
Doms Inds	5,501	5,623	2.2%	4,450	26.4%	952	987	3.8%	864	14.3%	765	540	573	6.1%	518	10.5%
Navneet Education	8,127	7,940	-2.3%	7,980	-0.5%	2,210	2,270	2.7%	2,210	2.7%	2,031	1,513	1,570	3.7%	860	82.6%
S Chand & Co	1,052	1,026	-2.5%	1,107	-7.3%	(65)	(91)	N	84	-208.5%	(171)	(114)	(133)	N	(21)	546.4%
Total	14,680	14,589	-0.6%	13,537	7.8%	3,097	3,166	2.2%	3,158	0.3%	2,625	1,940	2,010	3.6%	1,357	48.1%
EMS																
Avalon Technologies	2,593	3,233	24.7%	1,995	62.1%	249	299	20.0%	44	583.4%	165	124	142	14.7%	(23)	-716.1%
Cyient DLM	2,760	2,784	0.9%	2,579	8.0%	221	251	13.5%	200	25.3%	86	64	75	16.0%	106	-29.6%
Kaynes Technology India	7,559	6,735	-10.9%	5,040	33.6%	1,096	1,130	3.1%	669	69.0%	830	622	746	19.9%	508	46.8%
Syrma SGS Technology	9,888	9,440	-4.5%	11,599	-18.6%	791	866	9.5%	446	94.3%	606	454	497	9.5%	203	144.5%
Total	22,801	22,192	-2.7%	21,212	4.6%	2,357	2,546	8.0%	1,359	87.4%	1,686	1,265	1,460	15.5%	795	83.7%
Financial Services																
Bajaj Finance	1,03,645	1,02,270	-1.3%	99,617	2.7%	85,978	84,878	-1.3%	69,500	22.1%	64,527	48,395	47,653	-1.5%	39,120	21.8%
Cholamandalam Investment and Finance Cc	32,598	31,838	-2.3%	25,738	23.7%	24,051	24,117	0.3%	18,499	30.4%	17,350	13,012	11,359	-12.7%	9,422	20.6%
Shriram Finance	58,667	57,725	-1.6%	52,339	10.3%	42,190	41,924	-0.6%	38,541	8.8%	55,793	21,932	21,557	-1.7%	19,806	8.8%
Sundaram Finance	6,838	6,792	-0.7%	5,298	28.2%	6,509	7,171	10.2%	4,755	50.8%	5,724	4,298	4,287	-0.3%	3,077	39.4%
Total	2,01,748	1,98,624	-1.5%	1,82,993	8.5%	1,58,729	1,58,090	-0.4%	1,31,296	20.4%	1,43,393	87,638	84,857	-3.2%	71,425	18.8%
Healthcare																
Apollo Hospitals Enterprise	56,816	58,421	2.8%	50,856	14.9%	8,021	8,519	6.2%	6,751	26.2%	5,220	3,656	4,328	18.4%	3,052	41.8%
Aster DM Healthcare	10,559	10,779	2.1%	10,019	7.6%	1,963	2,081	6.0%	1,659	25.4%	1,343	899	807	-10.2%	734	10.0%
Fortis Healthcare	20,815	21,667	4.1%	18,588	16.6%	4,143	4,907	18.4%	3,424	43.3%	2,598	1,918	2,603	35.7%	1,659	56.9%
HealthCare Global Enterprises	6,032	6,132	1.7%	5,256	16.7%	1,086	1,078	-0.7%	909	18.6%	161	118	47	-59.6%	121	-60.7%
Jupiter Life Line	3,259	3,476	6.7%	2,886	20.5%	732	781	6.8%	653	19.6%	582	425	438	3.1%	446	-1.7%
Krishna Institute of Medical Sciences	8,849	8,716	-1.5%	6,884	26.6%	2,100	1,926	-8.3%	1,794	7.4%	1,275	880	786	-10.6%	866	-9.2%
Max Healthcare Institute	23,923	24,600	2.8%	19,350	27.1%	6,052	6,140	1.4%	4,990	23.0%	4,552	3,642	3,450	-5.3%	2,950	16.9%
Narayana Hrudayalaya	15,381	15,073	-2.0%	13,410	12.4%	3,518	3,370	-4.2%	3,039	10.9%	2,548	2,141	1,965	-8.2%	2,016	-2.5%
Rainbow Medicare	3,457	3,529	2.1%	3,302	6.9%	1,037	1,036	-0.1%	937	10.6%	647	475	535	12.6%	395	35.3%
Total	1,49,092	1,52,393	2.2%	1,30,550	16.7%	28,651	29,838	4.1%	24,156	23.5%	18,925	14,154	14,960	5.7%	12,238	22.2%

	Revenue			EBITDA			PBT			PAT						
	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.
Information Technology																
Cyient	17.7	17.1	-3.2%	16.8	2.2%	2.0	1.6	-18.4%	2.0	-18.3%	2.04	1.34	1.5	14.8%	1.4	7.2%
HCL Technologies	303.7	303.5	-0.1%	280.6	8.2%	52.5	49.4	-5.9%	48.0	3.0%	55.85	41.86	38.4	-8.2%	42.6	-9.7%
Infosys	419.7	422.8	0.7%	393.2	7.5%	88.6	88.0	-0.6%	82.9	6.2%	96.32	68.49	69.3	1.1%	63.8	8.6%
KPIT Technologies	15.3	15.4	0.6%	13.6	12.8%	2.6	2.6	0.4%	2.4	10.8%	2.73	1.96	1.7	-12.3%	2.0	-15.8%
LTIMindtree	98.3	98.4	0.1%	91.4	7.6%	14.1	14.1	0.1%	13.7	2.6%	15.92	11.80	12.5	6.3%	11.4	10.4%
L&T Technology Services	29.2	28.7	-1.8%	24.6	16.4%	3.8	3.8	0.3%	3.8	-0.6%	4.14	3.01	3.2	4.9%	3.1	0.7%
Mphasis	37.5	37.3	-0.5%	34.2	9.1%	5.8	5.7	-1.2%	5.1	11.2%	6.04	4.56	4.4	-3.2%	4.0	9.2%
Persistent Systems	33.4	33.3	-0.3%	27.4	21.8%	5.2	5.2	-1.4%	3.8	34.8%	5.52	4.22	4.2	0.7%	3.1	38.7%
Tata Consultancy Services	642.3	634.4	-1.2%	626.1	1.3%	154.8	155.1	0.2%	154.4	0.5%	163.79	121.51	127.6	5.0%	120.4	6.0%
Tata Technologies	12.2	12.4	2.0%	12.7	-1.9%	1.7	1.7	-0.7%	2.0	-16.2%	1.94	1.48	1.7	15.1%	1.6	5.1%
Tech Mahindra	133.2	133.5	0.2%	130.1	2.7%	14.5	14.8	1.7%	11.0	34.0%	16.52	12.39	11.4	-7.9%	8.5	34.0%
Tata Elxsi	8.9	8.9	0.2%	9.3	-3.7%	1.7	1.6	-4.4%	2.3	-27.9%	2.15	1.63	1.4	-11.4%	1.8	-21.6%
Wipro	220.4	221.3	0.4%	219.6	0.8%	37.9	38.2	0.7%	36.1	5.9%	43.43	32.84	30.8	-6.1%	30.0	2.7%
Total	19,71,756	19,67,103	-0.2%	18,79,542	4.7%	3,85,173	3,81,861	-0.9%	3,67,487	3.9%	4,16,380	3,07,091	3,08,319	0.4%	2,93,875	4.9%
Logistics																
Delhivery	24,622	22,940	-6.8%	21,723	5.6%	1,342	1,488	10.9%	971	53.3%	554	554	910	64.3%	596	52.7%
Mahindra Logistics	16,206	16,246	0.2%	14,200	14.4%	794	763	-4.0%	663	15.0%	6	(5)	(108)	N	(93)	16.5%
TCI Express	2,950	2,868	-2.8%	2,930	-2.1%	336	281	-16.6%	327	-14.3%	305	231	195	-15.7%	223	-12.7%
Total	43,779	42,053	-3.9%	38,853	8.2%	2,472	2,531	2.4%	1,961	29.1%	866	780	997	27.9%	727	37.2%
Housing Finance																
Aavas Financiers	2,837	2,776	-2.2%	2,446	13.5%	1,932	1,904	-1.5%	1,695	12.3%	1,856	1,466	1,392	-5.0%	1,261	10.4%
Can Fin Homes	3,499	3,628	3.7%	3,214	12.9%	2,985	3,039	1.8%	2,796	8.7%	2,805	2,216	2,239	1.0%	1,996	12.1%
LIC Housing Finance	21,503	20,658	-3.9%	19,891	3.9%	18,954	18,920	-0.2%	17,715	6.8%	17,554	13,867	13,599	-1.9%	13,002	4.6%
Total	27,839	27,061	-2.8%	25,551	5.9%	23,871	23,863	0.0%	22,206	7.5%	22,215	17,550	17,230	-1.8%	16,260	6.0%
Media																
Imagicaa World	1,903	1,481	-22.2%	1,840	-19.5%	1,117	726	-35.0%	1,101	-34.1%	989	742	453	-38.9%	688	-34.2%
Nazara Technologies	4,872	4,988	2.4%	2,501	99.4%	487	474	-2.5%	249	90.4%	326	226	(125)	N	227	-155.4%
PVR	14,306	14,691	2.7%	11,907	23.4%	3,735	3,973	6.4%	2,515	58.0%	(1,190)	(892)	(539)	P	(1,787)	-69.8%
Zee Entertainment	19,733	18,248	-7.5%	21,305	-14.3%	2,368	2,280	-3.7%	2,717	-16.1%	1,885	1,404	1,328	-5.4%	1,554	-97.4%
Total	40,814	39,408	-3.4%	37,553	4.9%	7,707	7,453	-3.3%	6,582	13.2%	2,010	1,479	1,117	-24.5%	681	64.0%
Metals & Mining																
Hindalco Industries	598	642	7.3%	570	12.7%	80	79	-1.2%	75	5.4%	53	39	40	2.0%	37	7.2%
Jindal Stainless	114	102	-10.5%	94	8.2%	14	13	-5.2%	12	8.1%	10	8	7	-4.8%	6	10.2%
Jindal Steel & Power	124	123	-0.5%	136	-9.7%	25	30	18.8%	28	6.2%	15	10	15	46.5%	13	11.5%
JSW Steel	397	431	8.7%	429	0.5%	70	79	12.6%	55	43.7%	28	17	24	41.9%	8	188.7%
National Aluminium Co.	40	38	-3.8%	29	33.3%	19	15	-20.5%	9	59.7%	17	14	11	-23.6%	6	77.0%
NMDC	67	67	0.1%	54	24.5%	22	25	13.8%	23	5.9%	24	17	20	13.5%	20	0.2%
Steel Authority of India	255	257	1.1%	240	7.3%	31	26	-17.3%	22	16.7%	12	9	7	-21.4%	0	6318.4%
Tata Steel	507	532	4.9%	548	-2.9%	70	74	5.7%	67	11.0%	26	18	22	23.5%	11	98.6%
Total	21,01,291	21,93,525	4.4%	21,00,341	4.4%	3,31,593	3,41,296	2.9%	2,92,430	16.7%	1,85,086	1,31,605	1,45,293	10.4%	1,02,297	42.0%
Travel & Tourism																
Chalet Hotels	4,326	8,946	106.8%	3,610	147.8%	1,698	3,573	110.4%	1,402	154.8%	825	618	2,032	228.5%	607	234.8%
IRCTC Ltd	12,382	11,597	-6.3%	11,176	3.8%	4,274	3,973	-7.0%	3,749	6.0%	4,541	3,383	3,307	-2.3%	3,055	8.2%
Interglobe Aviation	2,10,179	2,04,963	-2.5%	1,95,707	4.7%	60,084	57,190	-4.8%	57,833	-1.1%	26,293	25,767	23,236	-9.8%	27,288	-14.8%
Lemon Tree Hotels	3,124	3,158	1.1%	2,680	17.8%	1,350	1,405	4.1%	1,151	22.1%	572	210	383	82.3%	198	93.5%
Safari Industries (India)	5,085	5,278	3.8%	4,500	17.3%	732	793	8.3%	659	20.4%	615	474	505	6.6%	444	13.7%
Samhi Hotels	2,767	2,722	-1.6%	2,475	10.0%	960	905	-5.7%	824	9.9%	185	185	152	-18.0%	42	259.0%
VIP Inds	6,325	5,614	-11.2%	6,389	-12.1%	620	247	-60.2%	493	-50.0%	183	143	110	-23.3%	40	171.5%
Total	2,44,188	2,42,278	-0.8%	2,26,537	6.9%	69,718	68,085	-2.3%	66,111	3.0%	33,214	30,781	29,724	-3.4%	31,675	-6.2%

	Revenue			EBITDA			PBT		PAT							
	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.	Q1FY26E	Q1FY26E	Q1FY26A	Var. (A vs E)	Q1FY25	YoY Gr.
Oil & Gas																
Bharat Petroleum Corporation	993	1,125	13.3%	1,131	-0.5%	103	97	-5.8%	57	71.0%	83	62	61	-1.0%	30	103.1%
GAIL (India)	355	348	-2.1%	337	3.3%	32	33	3.1%	45	-26.4%	27	20	19	-7.3%	27	-30.8%
Gujarat Gas	43	39	-9.9%	45	-13.0%	6	5	-16.9%	5	-2.9%	5	4	3	-15.3%	3	-0.2%
Gujarat State Petronet	2	2	12.1%	3	-27.7%	2	2	32.3%	3	-32.8%	2	1	1	19.0%	2	-32.8%
Hindustan Petroleum Corporation	1,012	1,014	0.2%	1,067	-5.0%	89	76	-14.7%	21	260.7%	71	53	44	-17.9%	4	1128.5%
Indian Oil Corporation	1,906	1,930	1.3%	1,932	-0.1%	172	126	-26.6%	86	46.0%	124	93	57	-38.8%	26	115.2%
Indraprastha Gas	39	39	-0.2%	35	11.3%	5	5	-5.6%	6	-11.5%	5	4	4	-7.1%	4	-11.5%
Mahanagar Gas	18	20	7.5%	16	24.3%	4	5	19.8%	4	15.9%	4	3	3	15.1%	3	13.9%
Mangalore Refinery	184	174	-5.8%	232	-25.3%	12	2	-84.8%	6	-70.3%	6	4	(3)	N	1	-514.8%
Oil & Natural Gas Corporation	322	320	-0.6%	353	-9.3%	188	187	-0.5%	186	0.2%	128	96	80	-16.3%	89	-10.2%
Oil India	56	50	-11.0%	58	-14.2%	24	16	-34.3%	25	-34.9%	21	16	8	-47.7%	15	-44.5%
Petronet LNG	115	119	3.1%	134	-11.4%	12	12	-2.4%	16	-25.8%	11	8	9	4.9%	11	-25.5%
Reliance Industries	2,276	2,436	7.0%	2,318	5.1%	451	429	-4.9%	388	10.7%	291	203	270	33.1%	151	78.3%
Total	73,22,759	76,15,641	4.0%	76,62,168	-0.6%	10,99,889	9,94,320	-9.6%	8,47,709	17.3%	7,77,691	5,66,754	5,56,311	-1.8%	3,67,155	51.5%
Pharma																
Aurobindo Pharma	81,981	78,681	-4.0%	75,670	4.0%	16,861	16,034	-4.9%	16,196	-1.0%	12,641	9,082	8,252	-9.1%	9,182	-10.1%
Cipla	69,593	69,575	0.0%	66,939	3.9%	16,819	17,781	5.7%	17,158	3.6%	16,089	11,905	12,976	9.0%	11,776	10.2%
Divis Lab	23,870	24,100	1.0%	21,180	13.8%	7,577	7,290	-3.8%	6,230	17.0%	7,227	5,384	5,450	1.2%	4,300	26.7%
Dr. Reddy's Laboratories	83,982	85,452	1.7%	76,727	11.4%	20,906	21,501	2.8%	21,270	1.1%	18,206	13,695	14,096	2.9%	13,920	1.3%
Eris Lifesciences	7,610	7,730	1.6%	7,197	7.4%	2,714	2,767	2.0%	2,500	10.7%	1,474	1,093	1,171	7.2%	832	40.8%
Indoco Remedies	3,979	4,378	10.0%	4,315	1.5%	104	175	67.8%	478	-63.5%	(356)	(328)	(370)	N	10	-3726.5%
IPCA Labs	23,196	23,089	-0.5%	20,926	10.3%	4,327	4,246	-1.9%	3,875	9.6%	3,302	2,298	2,332	1.5%	1,922	21.3%
JB Chem & Pharma	11,110	10,939	-1.5%	10,044	8.9%	3,072	3,009	-2.1%	2,804	7.3%	2,736	2,038	2,024	-0.7%	1,768	14.4%
Lupin	64,735	62,683	-3.2%	56,003	11.9%	17,626	16,414	-6.9%	12,864	27.6%	14,201	11,144	12,190	9.4%	8,013	52.1%
Sun Pharmaceutical Industries	1,35,131	1,38,514	2.5%	1,26,528	9.5%	38,126	40,726	6.8%	36,581	11.3%	35,926	29,691	22,786	-23.3%	28,356	-19.6%
Torrent Pharma	31,297	31,780	1.5%	28,590	11.2%	10,267	10,320	0.5%	9,040	14.2%	7,918	5,859	5,480	-6.5%	4,570	19.9%
Zydus Lifesciences	63,970	65,737	2.8%	62,075	5.9%	19,143	20,314	6.1%	21,092	-3.7%	16,818	12,449	13,526	8.6%	14,199	-4.7%
Total	6,00,456	6,02,659	0.4%	5,56,195	8.4%	1,57,543	1,60,577	1.9%	1,50,086	7.0%	1,36,182	1,04,311	99,914	-4.2%	98,849	1.1%
Telecom																
Bharti Airtel	4,87,498	4,94,626	1.5%	3,85,064	28.5%	2,68,124	2,78,387	3.8%	1,97,076	41.3%	93,586	70,825	59,479	-16.0%	34,249	73.7%
Total	4,87,498	4,94,626	1.5%	3,85,064	28.5%	2,68,124	2,78,387	3.8%	1,97,076	41.3%	93,586	70,825	59,479	-16.0%	34,249	73.7%
Aggregate So far	1,78,08,971	1,81,57,489	2.0%	1,74,89,665	3.8%	41,13,894	41,50,711	0.9%	35,74,204	16.1%		23,33,474	23,21,815	-0.5%	19,63,443	18.3%

Source: Company, PL



Aarti Industries (ARTO IN)

Rating: HOLD | CMP: Rs407 | TP: Rs420

- Steep correction in prices of key RMs (benzene and aniline), which declined by 20%-30%; the company doesn't expect prices to go down further.
- Isreal-Iran conflict affected logistics, leading to shipment delays to Q2FY26. India-Pakistan conflict impacted Kutch operations.
- MMA capacity has been scaled up from 200ktpa to 260ktpa; it can go up further with minor capex.
- Capex for the quarter was Rs2.8bn; FY26 capex is expected to be ~Rs10bn.
- The US accounts for 15%-20% of topline; 25% tariffs may exert pressure on performance on products like MMA, but a few products are exempted.
- DCB portfolio faces competition from Europe and will be impacted by the likely differential tariff between India and Europe exports to the US.
- Exports for the quarter stood at ~Rs9.5bn.
- Tax rate could be lower than mid-single digit.
- Demand for MMA is strong, but pricing is under pressure due to low RM prices and global competition; MMA exports stood at 20-22kt in Jul, higher due to spillover from Jun.
- Additional EBITDA of Rs150-200mn can come in next quarter due to delay of MMA shipments from Jun to Jul, and Rs300mn from inventory.
- DCB demand was subdued from US customers, who use it to produce advanced polymers with end applications in the automotive sector.

AAVAS Financiers (AAVAS IN)

Rating: ACCUMULATE | CMP: Rs1,728 | TP: Rs1,925

Assets/Liabilities

- AUM growth for FY26 guided at 18-20% and is expected to be 20-25% in FY27. Monthly disbursement run-rate at Rs.5.5-6bn.
- Owing to stress in certain sectors of salaried class, management is focused more on disbursals to self-employed segment due to better risk reward profile. Focus is more on loans exceeding Rs0.5mn as it exhibits stronger asset quality and portfolio behavior.
- Management has adopted change in accounting of disbursements to realization model whereby disbursals would be accounted when they credit to the account of customers as against earlier practice of accounting it as and when cheques are issued. This has resulted in drop in sanction to disbursement ratio by 10bps to 75%.





- Company usually witness 15-45 days gap in cheque issuance and credit to the account of customer, observed mainly under builder purchase and resale purchase category which forms 5-10% of total book. Disbursements in MSME and LAP category happen under RTGS route.
- Borrowing mix: EBLR – 38%, MCLR – 40%, Fixed – 22%. Company has witnessed a 22bps reduction in EBLR linked borrowing. No PLR changes made during Q1FY26.
- NCDs worth Rs4bn raised during Q1FY26.

Profit & Loss

- Company has received fresh sanctions from NHB and has completed a drawdown of Rs2bn in Q1FY26 which is expected to cushion its cost of borrowing going forward.
- 10 new branches to be opened in Tamil Nadu in Sept'25. Tech-transformation has led to reduction in TAT from 13 days to 6 days and is also expected to optimize costs further.
- Employee per branch were higher compared to peers as company follows a direct distribution model which typically employs a higher no of employees on role.

Asset Quality

- Credit costs guided at less than 25bps for FY26.
- Uptick in delinquency largely remains seasonal, 1+DPD levels started showing normalization from July'25 retracing back to below 4% levels.
- Maharashtra, MP and Karnataka have observed some stress.
- One day DPD is guided to be below 5%.
- Management is confident about a rating upgrade from ICRA and CARE.

ABB India (ABB IN)

Rating: ACCUMULATE | CMP: Rs5,093 | TP: Rs5,600

- **Order inflows** for Q2CY25 decreased by 11.6% YoY to Rs30.4bn due to the timing of a larger order signed in Q2 CY24 within the Electrification and Motion segment while the base order in Q2CY25 has increased by 5% YoY. Order pipeline remains strong supported by medium sized orders across segments which are expected to convert in H2CY25.
- **Inventory:** Company has built up high inventory levels to Rs 23bn due to pre-emptive imports materials to meet compliance requirements, which have recently been relaxed. Some of the products has one year runways and for some of the products company will get to know in the coming months or year. These components will support timely deliveries and gradually reduce inventory. The company remains committed to customer timelines and is preparing for regulatory readiness through FY26 for select products. In the



next six months, it plans to balance imported and localized materials while optimizing the mix of revenue between manufacturing and services to sustain margins.

- **Electrification:** During the quarter, revenue grew on the back of strong backlog execution across business segments and increased export sales. However, margins were pressured by higher import content in raw materials, forex volatility, revenue mix, and a one-off customer claim. Additionally, management noted some softness in larger orders inquiries from heavy industries and data centers while base order inquiries remain strong.
- **Motion:** Revenue growth driven by higher revenue from drives products, traction business and services. However, imports of raw materials to meet customer orders and price realization challenges impacted the segment. Base orders improved in this quarter, with management expecting a recovery in large orders in H2CY25. The order execution period remains 18-24 months.
- **Process Automation:** The segment's performance was muted due to delayed customer decisions and a strong revenue base in Q2CY24. However, profitability improved, driven by favorable revenue mix, growth in the service business, operational efficiencies, project closures, and margin realization that offset forex impacts. Management noted strong traction from the energy, mining, and paper industries.
- **Robotics:** During the quarter, revenue improved, driven by order execution in emerging segments; however, profitability was impacted by revenue mix and forex losses. Management remains optimistic about strong order traction in the electronics and automotive sectors.
- **Competition:** Management has noted competition from Chinese manufacturers primarily in the heavy industry and heavy equipment segment, particularly in the process automation business.
- **Tariffs:** ~90% of ABB's business is domestic, with most products featuring high localized content. While the company exports a lower volume of products to the US, these exports constitute a small portion of overall revenue and orders.

Adani Port & SEZ (ADSEZ IN)

Rating: BUY | CMP: Rs1,358 | TP: Rs1,777

Ports:

- Overall domestic cargo market share increased from 27.2% to 27.8%.
- ADSEZ maintained its FY26 volume guidance and expects to remain within the guided range of 505-515mmt.
- Domestic volume was impacted due to two reasons: 1) Blackout at Mundra port due to *Operation Sindoor* which led to shipping route disruption. 2) Decline in iron ore trade at Dhamra port.

- Volume weakness was also due to early monsoon and consequent drop in overall energy demand, with thermal power generation declining 8%. Energy demand is expected to recover in Q2.
- Coal volumes at Mundra remained muted due to lower imported coal requirements from TATA Power and Adani Power plants, driven by a drop in energy demand.
- July saw delays in the arrival of two large ships, which is expected to be made up in August.
- Dhamra port's EBITDA margin saw seasonal moderation, which is expected to normalize over the full year.
- Dhamra port commenced operations at a new export berth and started construction of two additional berths, taking capacity to 92mmtpa.
- Vizhinjam port completed one year and achieved 100% utilization in its ninth month; Phase 2 construction has begun.
- Colombo West International Terminal (CWIT) has commenced operations and will handle around 3.2 million TEUs annually once fully operational.
- International volumes grew 245% YoY, driven by Tanzania handling 3.5mt, Colombo 1.4mt, and Haifa recording its highest-ever performance at 2.9mt.
- There's increasing focus on containerization, and capacity expansion is underway in this segment. ADSEZ continues to prioritize market share gains, increase in NSR, and cost reductions.

Logistics:

- Logistics EBITDA margin is expected to improve to ~35-40% over the next 2-3 years from the current ~23%.
- Logistics business is growing across all verticals—rail, ICD, trucking, and international freight—moving towards an integrated model.
- Logistics revenue doubled, supported by strong growth in trucking and international freight & forwarding. Target ROE for Logistics segment is ~16%, which management is confident to achieve soon.
- Land acquisition is progressing for development of industrial parks.



Ambuja Cement (ACEM IN)

Rating: BUY | CMP: Rs593 | TP: Rs685

- Mgmt. expects the cement industry to grow by 7-8% in FY26 and anticipates ACEM to outpace the industry, driven by accelerated growth, cost efficiencies, and Adani Group synergies.
- Excluding clinker sales, cement volume growth for ACEM was 20% YoY.
- The southern region was a big contributor to ACEM's strong performance, and as per the mgmt. demand in the region is steady too.
- Coal costs improved to Rs1.59/kcal from Rs1.73/kcal in Q1FY25.
- Primary lead distance reduced by 8km to 269km and is expected to further reduce by ~50km when 140mtpa is achieved.
- Capacity utilization across Penna, Sanghi, and Orient stood at ~77-78% for the quarter.
- Q1FY26 capex was Rs20bn, and FY26 capex is expected at Rs90-100bn including the capex planned for Penna.
- With the completion of the Orient acquisition (w.e.f. 22nd April, 2025), expansion at Sindri and Sankrail, and debottlenecking at various plants, ACEM's capacity has reached 105.4mtpa. With upcoming grinding units at Bhatapara, Salai Banwa, Marwar, and units of Penna set to be commissioned in FY26, ACEM is expected to reach 118mtpa by the end of FY26.
- With commissioning of 57.7MW wind power, the total RE stands at 473MW. WHRS capacity stands at 228MW. Total RE is taking care of 28% of power requirement.
- Out of the target savings of Rs530/t, ACEM has already achieved Rs175-200/t savings till now led by power & fuel, logistics, etc. Mgmt. reiterated its confidence despite recent acquisition of Orient.
- ACC's bump-up in costs was due to scheduled maintenance at its plant, which is expected to get neutralized by year-end.
- With planned cost efficiency projects at ACC, ACEM expects to bridge the gap between ACC's EBITDA/t and the parent company over FY25-27E.
- ACEM's cash stands at ~Rs30bn post capex, dividend, and cash outflows for Orient.
- Capex for Orient will include efficiency improvement projects, debottlenecking its plants, and expansion at Chittapur, KN and Devapur, TG plants by FY27, and at the plant in MP later.
- Integration of Penna and Orient into Ambuja brand is progressing well.



Apar Industries (APR IN)

Rating: HOLD | CMP: Rs9,682 | TP: Rs9,540

- **Guidance:** Management maintains their guidance of ~10% volume growth on an annual basis along with EBITDA of Rs30,000/ton + tailwinds in the conductor segment. Furthermore, management re-affirmed the Cables growth guidance of ~25% YoY on the value basis in FY26.
- **Conductors:** Revenue growth was driven by strong domestic demand, higher realization, 17.5% YoY growth in volumes and an 82.8% YoY growth in the US sales against a low base. Domestic sales grew 63.0% YoY to Rs22.3bn while exports declined 2.0% YoY to Rs5.6bn. Premium product mix improved to 43.5% (vs 37.1% in Q1FY25). Apar's EBITDA/MT improved to Rs43,688 (vs Rs38,532 in Q1FY25) primarily due to the higher mix of premium products and improved US mix. Apar's conductor business benefited from pre-buy in the USA given the uncertainty revolving around the reciprocal tariffs. The segment saw the highest ever quarterly order booking of Rs31.4bn while the order book stands at Rs77.8bn with an export mix of 29.6%.
- **Cables:** Revenue growth was primarily driven by strong exports (+69.5% YoY to Rs5.9bn) particularly from the USA where uncertainties regarding the impact of reciprocal tariffs led to some pre-buy. Despite the strong revenue growth, EBITDA margin declined by ~30bps YoY to 10.0% due to tariff related headwinds in the USA. Domestic sales grew by 19.7% YoY to Rs8.3bn. In the domestic market, the competition remains high, however good traction is seen for the elastomeric cables in the wind segment. Meanwhile, data centers remain a strong growth driver for cables in both domestic as well as international markets. Cables order book stands at Rs16.5bn.
- **Specialty Oils & Lubricants:** Revenue remained flat YoY due to weaker exports. Some of the transformer oil projects in key markets such as Saudi Arabia, South Africa and Australia had been delayed. However, management believes that this is a temporary headwind, and the exports should bounce back. Export mix fell to 36.8% (vs 45.0% in Q1FY25). The volumes for the segment grew by 8.1% YoY primarily driven by 7.4% YoY growth in global transformer oil volume along with 8.4% YoY growth in the Automotive Oil volume. The EBITDA margin improved by ~400bps YoY to 8.3%.
- **Apar to invest Rs13bn in capacity and capability enhancements in 12-15 months:** Out of the total budget capex, Apar has already incurred capex of Rs1.5bn in Q1FY26 and expects to incur additional capex of Rs3.5bn in the next few months. It will be followed by major capex spending in the month of December 2025 for the machinery acquisition of new capacity.
- **Non-USA exports:** The company continues to encounter some headwinds in non-US markets due to subsidized products from China. In the markets such as Africa and Latin America, there is a deeper penetration and better acceptability of Chinese products which has led to management being selective of which orders to book and from which geographies. The company continues to receive healthy enquiries from geographies ex of the USA. However, the management is finding better projects in India.



- **The reciprocal tariffs from the USA:** Apar's products are subject to a 10% reciprocal tariff in the USA along with a 5% import duty. The company does not book any tariff risk related orders. Whatever order company book from the USA, the tariff impact on it is borne by the customers or else Apar let go of that order.

Apollo Hospitals Enterprise (APHS IN)

Rating: BUY | CMP: Rs7,809 | TP: Rs9,300

- **Bed expansion:** Mgmt cited phase wise operationalization of ongoing projects on track; new facilities expected to ramp quickly given existing market presence and planned clinician additions. Expansion for FY26 – Mgmt plans to add 700 beds across new facilities such as Women's Oncology Centre (Delhi), multi-specialty hospitals in Pune & Kolkata, and acquired hospital in Bengaluru. Additional ~800 beds targeted in FY27; total 1,577 beds planned in current expansion cycle.
- **Hospitals:** Mgmt targets to increase existing network hospital EBITDA margin to 25% before factoring in new hospital's losses. New hospitals expected to incur cumulative EBITDA loss of Rs 1.5bn over two years, with potential breakeven in 12 months of commercialization and expected to ramp-up thereafter. ARPP (average revenue per patient) growth of 9% YoY driven from ~4–5% from tariff increases, rest from better case mix, primarily in Congo specialties (Cardiac, Oncology, Neuro, Gastro, Orthopedics). ALOS came down 6% YoY from increased robotic surgeries. International patients contributed 5% of hospital revenue; targeted to rise to 7% by FY26-end and 10% in FY27. Recovery in Bangladesh volumes expected; Iraq identified as a new growth market.
- **Apollo HealthCo (Pharmacy & Digital):** Offline pharmacy EBITDA margins stable at ~7.7%, with scope for expansion via higher private label mix (currently 14.6%). Apollo 24/7's operating loss reduced to Rs 960mn from Rs 1.3bn in Q1FY25 due to improved unit economics, renegotiated vendor rates, and insurance monetization (~Rs 50mn in Q1). GMV at Rs 6.82bn (+23% YoY on restated basis); targeted Rs30–32bn GMV in FY26. Reiterated breakeven targeted by FY26-end; long-term growth expected at 20–25% annually.
- Mgmt guided **Apollo HealthCo** to be demerged and listed by Q4FY27; Keimed merger to complete before listing. Reiterated combined entity target of Rs250bn revenue with 7% EBITDA margin by FY27.
- **AHLL:** Diagnostics margins impacted by one-off costs from the April 2025 launch of a 45K sqft. fully automated central reference lab in Chennai; adjusted diagnostic margins at ~10.3%. Mgmt cited specialty clinics delivered margin expansion through primary care focused on revenue growth and expects margins to improve in coming quarters.



Asian Paints (APNT IN)

Rating: REDUCE | CMP: Rs2,402 | TP: Rs2,248

- 1Q delivered a subdued performance due to continued tepid demand environment and uncertain macro condition
- April and May was good while June saw tepid demand amidst early monsoon (North & east performed good, south remain subdued)
- Some green shoots are being seen sequentially driven by improved demand from urban centers
- Premium and eco segment has done well while luxury segment remain subdued
- July demand remain similar to Q1 with no positive triggers, 3Q to remain impacted due to slightly lower retailing days
- Home Décor categories saw a muted performance in Q1 due to pressure on household disposable incomes
- Industrial Coatings business grew by 8.8%, on the back of good performance in Auto & Protective coating segments
- The operating margins for the quarter were marginally lower on a YoY basis on account of higher sales and marketing investments.
- International business saw decent growth in Q1 led by decent demand in Asia, UAE and Egypt markets, however Ethiopia saw some currency depreciation
- Overall competitive intensity continue to remain at elevated levels
- Economy emulsion/water proofing/exterior texture/wood finishes doing good; however, luxury emulsions saw some downtrading
- RM price remain benign, APNT saw deflation of 1% in 1Q, however anti-dumping duty on Tio2 to impact over RM basket in near term
- Backward integration projects (VAM-VAE & White cement) remain on track, this project are likely to improve cost efficiency.
- New product now contributes 14% towards overall revenue
- FY26 to see CAPEX of Rs7bn with Rs1bn already deployed.
- Company expects single digit value/volume growth for FY26



Aster DM Healthcare (ASTERDM IN)

Rating: BUY | CMP: Rs605 | TP: Rs700

- **Bed expansion plan: ASTERDM expansion** - On track to add ~2,600 beds with total capex requirement at Rs25bn; of this, Rs4-5bn has already been incurred and balance will be deployed over the next 2–3 years. A 500-bed greenfield unit has been added at Yeshwanthpur in Q1. Whitefield (159 beds), Kasargod (264 beds) and Ongole (75 beds) are guided to be operational in the next 2-3 months.
- **QCIL expansion** – Plans to add 1,200 beds over the next 3 years with capex requirement of Rs11bn, of which Rs8-9bn is expected to be incurred in FY26.
- **Kerala cluster's** occupancy improved 200bps QoQ to 64% driven by 6% QoQ increased in IP volumes. Margin improved by ~270 bps YoY to 25.3% led by cost efficiencies and operating leverage in manpower cost and overheads. MVT business in Oman and Maldives saw a recovery, and the management has guided for significant improvement in performance in Q2 compared to Q1.
- **Karnataka and Maharashtra cluster's** occupancy declined by 300bps to 56% due to exit from a few low-priced scheme businesses at Aster Aadhar unit. ARPOB increased 17% YoY aided by improved case mix (Oncology and Neurosciences). The cluster reported 200bps YoY margin expansion to 23.2% driven by the ramp-up of Aster Whitefield, exit from low-margin businesses, and improved operational efficiencies. A greenfield, asset-light hospital (fifth unit) has been added at Yeshwanthpur with 500 bed capacity at a capex of Rs5.8bn; it is likely to be operationalized in 2HFY29.
- **QCIL performance and guidance:** QCIL reported revenues of Rs10.8bn (16% YoY) and EBITDA of Rs2.3bn (up 19% YoY) in Q1. At consol level, QCIL managed to report incremental Rs200mn of EBITDA through procurement synergies. Matured units contributed 60% to total revenue. Nagercoil unit, which commenced operations in Oct'24, achieved EBITDA breakeven within 3 quarters of its commencement. ARPOB grew 15% YoY to Rs 45k per day, aided by better case mix (improved Oncology cases), with contribution from the CONGO (specialties) segment rising by 210bps to 58.4%. ARPOB growth was also driven by the price hike of 2-3%. Payor mix improved with 170bps YoY reduction in scheme patients, which has been offset by a 150bps increase in cash, TPA, and corporate segments. 70+ doctors and 2 experienced professionals were onboarded in Q1. The management expects ongoing operational efficiency measures and manpower optimization initiatives, combined with merger-driven synergies from the integration of three entities, to support sustained margin improvement over the next 1–2 years. ALOS is expected to come down to 3.1 days from 3.9 days.
- **QCIL merger:** ATSERDM and QCIL merger transaction is waiting final regulatory approvals from NCLT; the merger is expected to be completed by Q4FY26. Q2 margin expansion led by improvement in gross margins, cost rationalization efforts, and operating leverage given occupancy improvement and restructuring in low-margin wholesale pharmacy business.



Astral Ltd. (ASTRA IN)

Rating: BUY | CMP: Rs1,269 | TP: Rs1,503

- Mgmt has guided a double-digit volume growth in the piping segment with the 16-18% EBITDA margin in FY26. Company highlighted that the double-digit growth guidance remains achievable, supported by multiple drivers: anti-dumping duty (ADD) implementation, BIS certification, higher government spending, and a recovering construction sector. If these factors play out favorably, growth could potentially reach ~15% or above.
- UK adhesive business has stabilized and is showing recovery with 8% growth in Q1FY26. A new experienced leader has been appointed to drive the UK business turnaround.
- The bathware segment grew by 27% YoY in Q1FY26, driven by strong market acceptance of Astral's products. The order book remains healthy, with management aiming to sustain growth momentum through continued product launches and premiumization efforts. Company aims to reach Rs 5-6bn revenue in coming years.
- Paint business delivered 20% growth. Company aims to maintain this growth trajectory in coming quarters.
- Astral Kanpur plant is expected to commence commercial production in Q3FY26, adopting a phased rollout beginning with tank and PVC products. This facility is set to strengthen the company's market presence in Northern India, especially in Uttar Pradesh, Bihar, and parts of Eastern NCR.
- Management expects that ADD on PVC resin will be announced in Q2FY26, supporting both volume and value growth. PVC prices appear to have bottomed out, with a modest recovery likely ahead.
- Astral has acquired an 80% stake in Nexelon Chem Pvt Ltd and will invest up to Rs 1.2 bn to set up a 40,000 MT CPVC resin plant, aimed at securing key raw materials, reducing costs, and improving margins.
- It is expected to start commercial production by Q2FY27. Astral has developed in-house technology for CPVC resin manufacturing with technical assistance from its partner.
- Currently, Astral maintains a 90-day CPVC resin inventory due to import dependency. Once the new CPVC plant is operational, inventory holding will drop sharply to 1-2 weeks, eliminating the need for long-term stockpiling. This will free up working capital, reduce storage costs, and improve supply chain efficiency.
- Company reported an inventory loss of Rs 250mn which impacted the margins, however for Q2FY26 company is not expecting any inventory loss.
- The company plans to invest Rs 3-3.5bn in capex during FY26, with Rs 500mn already deployed in Q1FY26, and is set to add 25,000 MT capacity at its Kanpur plant.



Aurobindo Pharma (ARBP IN)

Rating: BUY | CMP: Rs1,079 | TP: Rs1,300

- **US:** Revenues were impacted due to, loss of Rs 1.5bn YoY and Rs 5.5bn QoQ sales in gRevlimid. No major gRevlimid sales expected ahead, as most of the allocated inventory has been exhausted. Further oral solid sales were affected by destocking ahead of anticipated tariff changes. 15 new products were launched in the US during Q1. 4 ANDAs were filed, and 14 approvals were received during the quarter. US injectables business grew 11% QoQ.
- **Dayton facility** (\$70 mn investment) awaits regulatory approval; commercial production expected in Q2–Q3 FY26. Biologics CMO- \$13mn spent with further \$100mn to be spent by March 2027
- **Europe:** Strong and sustained growth continued across all major markets and on track to cross Eur 1bn revenues in FY26. Margins are improving towards 20% range, supported by increased in-house manufacturing. Added 2 new lines for oncology products to meet the rising demand.
- **Ems & ARVs:** Supported by strong performance in key markets like Brazil and Canada. **ARV:** Growth was driven by strong volume uptick and new tender wins.
- **API:** Revenue was impacted by pricing pressure, adverse business mix, and geopolitical challenges. Seasonal weakness in demand also affected volumes.
- **PenG plant:** Commercial production began on July 1. Yields improving; contribution to financials expected from Q3 FY26. Targeting EBITDA breakeven by Q3FY26. Production target set at 7,000–8,000 tons with PLI income estimated at Rs 1.5bn in FY26.
- **Biosimilars:** Received 4 European approvals: 3 from EMA and 1 from MHRA. Commercial revenues expected to begin from Q3–Q4 FY26. Focus remains on building a robust supply chain and finalizing partnerships in markets where ARBP is not present.
- **China:** \$145 mn invested with capacity for 2 bn units. Invoicing started in Q1 FY26; breakeven expected by Q3 FY26.
- **Vizag:** Plans to file 20+ products for the US and Europe over the next two years. On Eugia-3 have invited USFDA for reinspection.
- **Lannett Acquisition:** Portfolio includes 70+ active products, primarily in controlled substances, with a strong focus on non-opioid ADHD medications that are stable and in short supply. Lannett also has a CMO business, with existing contracts across multiple countries. ARBP expects to benefit from synergies in business development, in-licensing, and CMO capabilities. The business currently operates at ~30% gross margin with EBITDA margin of 15%. Capacity utilization stands at ~40%. Management does not foresee significant portfolio overlap that could hinder FTC clearance.
- **Guidance-** Maintained its 20-21% OPM for FY26 despite gRevlimid sales loss. Volume expansion continued product launches, and a stable pricing



environment especially in the US and Europe. Ramping up of commercial operations at new manufacturing sites would further support revenue growth and margin improvement in the upcoming quarters

- **Other:** Gross debt reduced to \$884 mn, down from \$930 mn in the previous quarter. Finance cost declined to 4.9%, from 5.5% QoQ. Net cash at \$140 mn in Q1FY26. FCF stood at \$98 mn in Q1; the company is targeting \$100 million FCF per quarter, supported by improved working capital and lower capex. R&D spend was towards with focus on complex generics and specialty therapies. Net CapEx for the quarter was \$73 mn. Company is prepared for US tariff shifts; higher costs expected to be offset by better pricing.

Avalon Technologies (AVALON IN)

Rating: ACCUMULATE | CMP: Rs878 | TP: Rs943

- Management upward their revenue growth guidance from 18-20% to 23-25% for FY26, while maintaining gross margin guidance at 33-35%.
- The management expects that operating leverage will start reflecting from H2FY26 onwards, as the upfront costs associated with the manufacturing ramp-up in H1FY26 are expected to normalize, supported by a gradual improvement in capacity utilization.
- The company reported a loss of Rs 90mn from its US operations in Q1FY26; however, management expects to achieve breakeven in the coming quarters, supported by ramp-up in orders from a key US customer.
- The Railway Kavach system, a critical safety project, is anticipated to start contributing to revenues from FY27 onwards.
- The Communication segment, which witnessed robust YoY growth of ~102% in Q1FY26, is projected to maintain its strong momentum in the upcoming quarters, driven by healthy order inflows.
- Avalon expects minimal impact from the 'Beautiful Bill' on its Clean Energy segment. Strong 60-70% growth in the US energy storage market is driving revenues, with a gradual manufacturing shift to India as US incentives phase out.
- Avalon has entered semiconductor equipment manufacturing through a partnership with a global OEM, focusing on high-margin, Industry 4.0-compliant Box-Builds. Under this partnership, the company will produce power boxes for semiconductor equipment. Production will ramp up over the next 4-5 quarters, starting Q2FY26, offering a scalable growth opportunity with eligibility for government incentives.
- Avalon's dual manufacturing footprint ensures flexibility amid ongoing US tariff discussions. With cost-plus contracts and long-term customer tie-ups (15-20 years), the company expects full pass-through, while India's cost advantage and tech capabilities bolster its global competitiveness.
- Incentives for Battery Energy Storage Systems (BESS) in the US are set to phase out from FY27, the company remains optimistic about demand-led



growth, especially in the Indian market, where the energy storage ecosystem is expected to see significant traction.

- The company highlighted that any tariffs imposed by the USA will be passed on to customers.
- The export-focused Chennai plant is now in production and ramping up, with Phase 2 brownfield expansion scheduled for completion by Q3FY26.
- In Q1FY26, the company incurred a capex of Rs 96mn. For the full year, it has outlined a capex plan in the range of Rs 450–550mn.

Axis Bank (AXSB IN)

Rating: BUY | CMP: Rs1,161 | TP: Rs1,375

Balance Sheet:

- Bank is expecting advances to grow 300bps faster than industry for FY26.
- Retail loans have been consistently slowing (+17.5% YoY a year ago to +6.5% YoY in Q1FY26); retail segment will need to see strong growth so that the bank can meet its guidance.

Profit & Loss

- NIMs for Q1FY26 has absorbed the impact of 25bps rate cut (announced in Feb) and a part of 75bps rate cut. Full impact of 75bps rate cut will be available in Q2FY26 partially offset by savings in borrowings cost.
- Also, technical impact of asset quality affected NIM by 1bp while agri slippages affected NIM by 3bps.
- Staff cost increase QoQ was attributable to gratuity

Asset Quality

- As per the bank, more stringent recognition criteria in NPA movement led to higher slippages of Rs27.1bn resulting in higher provisions of Rs8.2bn and PAT impact of Rs6.14bn.
- As per IRAC norms an account is classified as per DPD, however, to be more prudent, Bank introduced additional qualitative criteria along with DPD
- Change in recognition criteria for slippages/upgrades was not regulatory but was part of annual practice of benchmarking policies followed by bank.
- This recognition criteria affected CC, OD and OTS accounts. Bank intends to recover these accounts in normal course; 80% of these accounts are secured.
- PCR ex-technical impact has improved as new slippages had to be provided with lesser provisions given 80% of accounts are secured.
- Q2, Q3 and Q4 are expected to be muted in terms of asset quality as elevated slippages will be offset by higher recoveries.



- FY27 is expected to normalize in terms of asset quality as bank does not intend to materially change policies going forward unless regulations change.
- As per bank, asset quality has been stabilizing in PL and improving on CC
- Provisions ex-technical impact increased QoQ due to ageing accounts.

Bajaj Electricals (BJE IN)

Rating: ACCUMULATE | CMP: Rs615 | TP: Rs656

- Company has entered switchgear segment, which will be part of the lighting segment and is expected to contribute 10–15% to its Lighting segment.
- Nirlep business had impacted revenue, prompting the company to undertake a restructuring, for which approval has already been received.
- CP segment: fans saw a double-digit decline and coolers dropped over 40%, while water heaters and kitchen appliances registered double-digit growth.
- Consumer lighting recorded mid-single-digit growth in consumer lighting, with single-digit volume growth and double-digit value growth in general trade,
- planned CAPEX for FY26 is Rs1.4 bn, primarily for new product development, with the company also evaluating the setup of a new factory.
- Brand investment for Q1FY26 was at 4% compared to 3% in Q1FY25.
- Company has not introduced any additional trade commission or discounts.
- Order book for professional lighting stands at Rs2.1bn.
- Company launched 85 new products in Consumer Products, 62 in Consumer Lighting, and 287 in Professional Lighting.
- contribution from new product development (NPD) is expected to be around 40% of total revenue in FY26.

Bajaj Finance (BAF IN)

Rating: HOLD | CMP: Rs959 | TP: Rs900

Growth

- AUM saw a robust growth by 25% YoY to Rs 4,414.5 bn (vs Rs 3,541.9 bn as of Q1FY25); aiming a disbursal of over 50 mn new loans in FY26.
- Strong traction was visible in Q1 with a record 13.5 mn loans booked and 4.7 mn new customers. Company aims to add 14–16 mn new customers in FY26 supported by digital-led distribution and product diversification.
- Deposit book grew 15% YoY to Rs 721.1 bn as of Q1FY26 contributing 19% to consolidated borrowings. Company aims to gradually reduce reliance on deposits to 15–16% over the next 12 months.



Operating Profitability

- CoF improved by 20 bps QoQ to 7.79% in Q1FY26. Company expects CoF to further decline and remain in the range of 7.60%–7.65% for FY26.
- Company expects increased reliance on NCDs, CPs, ECBs and bank borrowings; with NCD rates improving by 90 bps and bank loans reflecting rate transmission.
- Company expects improvement in NIM by ~10 bps in FY26 supported by rate cuts and corresponding reduction in cost of funds.
- Net gain on fair value changes increased 118% YoY primarily due to higher returns in mutual funds instead of G-Sec; adjusted for this NIM remained broadly stable.
- Company reported annualised ROA and ROE of 4.5% and 19.0% respectively (vs 4.6% and 19.9% in Q1FY25) with a guidance to maintain ROA in the 4.3% - 4.7% range and ROE between 19% - 21%.

Asset quality

- GNPA/NNPA stood at 1.03%/0.50% (vs 0.86%/0.38% in Q1FY25). Loan losses and provisions rose 26% YoY to Rs 21.2 bn and loan loss to average AUM stood at 2.02% (vs 1.99% YoY).
- Stage 2 & 3 assets rose by Rs 8.8 bn in Q1 which includes Rs 2.2 bn of restructured standard accounts provided to MSME book; Stage 2 and Stage 3 increased by Rs 3.2 bn and Rs 5.5 bn respectively; expect additional restructuring of Rs 1.0–1.5 bn over the next quarter.
- Consumer leverage remains a concern, however the proportion of customers with 3+ loans has declined to 4% from 5.5% pre-Covid.
- Credit costs remained elevated in the 2W/3W segment driven by stress in the captive book, however Company is now in the process of winding down the segment; NNPA for the product stood at 3.63% vs 1.85% YoY.

Other highlights

- Capital adequacy remained strong at 21.0%. Tier-1 capital was 21.2%.
- Company approved the issuance of 8.2 mn equity shares to the Trustees of BFL Employee Welfare Trust under the ESOP Scheme, 2009.
- On 21 July 2025, Anup Saha tendered his resignation as MD and Director of BFL for personal reasons. To ensure continuity, the Board, based on the NRC's recommendation and in accordance with the applicable provisions of the Companies Act, 2013, entrusted Rajeev Jain (Executive Vice Chairman) with the role of managing the Company and re-designated him as Vice Chairman and Managing Director (VC & MD) for the remainder of his term as Director, i.e., until 31 March 2028.



Bank of Baroda (BOB IN)

Rating: BUY | CMP: Rs243 | TP: Rs270

Assets/Liabilities

- On retail book full benefit of repo has been passed while on the deposit front 70% of the of it would reprice in three to four months. Bank expects a 25bps rate cut during year.
- Corporate book is expected to grow at 9-10% in FY26. RAM guided at 64-65% of the total book in next 2-3 years.
- EBLR comprises 35% of total book, MCLR would be 45%, Fixed at 6%.

Fees/NIMs

- Reclassification of interest on IT refund from other income to interest income (others) has impacted NIM which would be 2.81% ex of Interest on IT refund against 2.91%.
- Cost of deposit and cost of funds expected to moderate by 15-17bps owing to rate cut transmission. NIM guided at 2.85-3% for FY26.
- OMO operations undertaken by RBI and lower yield movement has fueled treasury income. Share of treasury income from OMO operations is expected to continue.
- Provisioning for staff cost has remained elevated owing to reduction in discount rates.
- Opex growth guided at 10% and might go up to 15% if there occurs a need. Bank plans to add 15000 employees in operational and relationship segment. Plan is to add 300 branches during the year.

Asset Quality

- Slippages saw a blip QoQ due to 1) increase in legacy PL accounts amounting to Rs1bn and 2) one international account slipped to NPA during the quarter which had a peak exposure of \$80mn. It eventually reduced to \$50mn; bank is confident of recovering this exposure but has provided 40%.
- Avg recovery per quarter is expected to be at Rs7.5bn.
- Standard asset provisions increased as Rs.5-6 Bn was additionally provided on SMA 1/2 pool as internal weakness was observed and flagged by auditors.
- MSME loan books remains largely secured with little exposure to unsecured.



Bharat Electronics (BHE IN)

Rating: HOLD | CMP: Rs387 | TP: Rs374

- **The management has maintained ~15% revenue growth guidance** along with EBITDA margin of ~27% in FY26. Furthermore, management expects order intake of more than ~Rs270bn (ex. of QRSAM worth Rs300bn). Management expects to incur total capex of Rs10bn+ in FY26 with nearly ~Rs16bn of investments in the R&D efforts (6-7% of sales). The company is anticipated to achieve export revenue of USD 120mn+ in FY26.
- The company's strong order book of Rs748.6bn includes major projects such as 1) LRSAM (~Rs50bn), 2) Fuses (~Rs45bn), 3) Akash Army (~Rs30bn), 4) BMP Upgrades (~Rs30bn), 5) Ashwini Radar (~Rs25bn) and 6) Shakti EW systems (~Rs20bn). Furthermore, ~Rs140bn of the order book has an execution period of more than 3 years while nearly Rs250bn of the order book is executable in more than 2 years.
- **The major orders to be executed in remaining 9MFY26 include;** 1) LRSAM (~Rs30bn), 2) Himshakti (~Rs17bn), 3) Akash Army (~Rs13bn), 4) B29 (~Rs6-8bn), 5) LRU for LCA MkA1 (~Rs6-8bn), 6) Arudhra Radar (~Rs6-8bn), 7) Shakti EW (~Rs5bn) and, 8) BMP Upgrades (~Rs5bn).
- **Project/Order updates:**
 - **QRSAM:** BEL received approval on 3rd of July 2025 and is waiting for RFP to be issued to BEL. Management is confident of finalizing and awarding of the ~Rs300bn QRSAM order by Q4FY26.
 - **Emergency Procurement (EP):** The company has already received 1-2 orders under the EP. It is further expecting good order intake under EP in coming months given the government's deadline of Sep'2025 for order placement under EP.
 - **MF-STAR Radar:** BEL has initiated discussion with various shipbuilders regarding the final specs of the radar and expect to get substantial subsystems orders in the next 3-6 months while small portion of the MF-STAR ordering may slip to FY27.
 - **Kusha Project:** It is currently in the development phase with DRDO and order materialization may happen 3-4 years down the line.
- **~Rs30bn+ ordering prospects from HAL's 97 additional LCA MkA1 order:** BEL previously received ~Rs20bn orders for supply of electronics LRU for HAL's 83 nos of LCA Mk1A order. With additional order for 97 LCA MkA1 aircrafts, BEL may receive another order for electronics LRU supply worth ~Rs30bn. Furthermore, additional enhanced systems can also be offered such as EW systems and radar which may further increase the order value.
- **Opportunities in the Drones:** The company has 4-5 major leads for its drones business including Archer UAV where big orders are expected. Further opportunities are present in the loitering ammunition and logistics drones. Management expects to get 1-2 more orders in FY26 while there is a lot of traction for Anti-drone systems in the export markets..



Bharat Petroleum Corporation (BPCL IN)

Rating: HOLD | CMP: Rs323 | TP: Rs333

- Domestic consumption- petrol +7% YoY, diesel +2.6% YoY,
- Distillate yield 84.96%,
- Procuring alternate crude as discount on Russian crude narrows, 34% in crude basket in Q1FY26, expect to keep it 30-35% if more sanctions are not levied,
- Inventory levels have been 22-25% higher during the quarter in anticipation of geo-political turbulence,
- 317 retail outlets commissioned during the quarter, aim to take total to 25,000 by FY26-end,
- Jul-Aug'25 LPG under-recovery stood at Rs100/cyl and has come down to Rs30/cyl in Sep'25, average during the quarter was Rs150/cyl,
- 19.6% ethanol blending has been achieved,
- Sourced 1st HH cargo from ADNOC,
- Capex guidance of Rs200bn in FY26 and Rs220-250bn in FY27,
- Also building a petro fluidized catalytic cracker at Mumbai refinery at a cost of Rs140bn, expected to be mechanically completed by May'29.

Bharti Airtel (BHARTI IN)

Rating: ACCUMULATE | CMP: Rs1,930 | TP: Rs2,090

- In discussion with the government on relief on AGR payments
- Eliminated subsidies on set-top boxes, which impacted DTH net adds but is expected to improve cash generation
- Expects ARPU growth through upselling of data top-ups
- Customer affordability doesn't appear a constraint
- 5G subs at 152mn with 36% of total traffic
- 5G shipments make 86% of total, Bharti gaining market share
- Payments bank has 98mn monthly transacting users.





Britannia Industries (BRIT IN)

Rating: BUY | CMP: Rs5,403 | TP: Rs6,223

- **Revenue Guidance:** BRIT expects a realisation growth of ~6–8% over the next 2–3 quarters, demand conditions remain stable.
- **Commodity Inflation:** Q1 FY25 saw YoY input inflation (flour +8%, palm oil +5%, cocoa +35%), though costs softened sequentially. No Further price hikes expected; Dairy is now price competitive (vs earlier 25–30% premium). **Palm Oil Benefit:** May'25 palm oil duty cut provided partial benefit in Q1; full benefit expected in Q2.
- **Regional Performance:** Rural markets grew in double digits; urban (GT/MT/E-com) grew in high single digits. **Focus States:** Grew at 2.7x vs other states with double-digit growth and 65bps market share gain YoY. **Market Share:** BRIT sustained/gained share in 5 of 7 regions in Q1FY26 vs FY25; lost share in East due to local competition and distribution restructuring.
- **Digital Commerce:** Contributes ~4% of sales; Q-com makes up ~75% of digital sales. Strong traction in categories like Croissant (35% via E-com), Pure Magic Stars (~50% via Q-com), and Brownie.
- **Innovation Pipeline:** Strong momentum seen in recent launches - Harry Potter packs, Pure Magic Coco Frames, Butter Jeera Good Day, Fruit & Nut, recently launched 100% Milk Nutri Choice (millets-based, no added sugar/palm oil) and is soon launching Pure Magic Choco Tarts, Milk Bikis (chess-themed).
- **Adjacent Business Performance:** 1) **Rusks:** Continued strong double-digit growth with significantly improved profitability. 2) **Croissants:** Grew in mid-20% range and nearing breakeven. 3) **Wafers:** Growing at 30% with market share gains. 4) **Dairy:** Strong growth—up 40% in GT and improving in MT/E-com. **Milkshakes:** Delivered double-digit growth despite negative nos reported by industry due to early monsoons.
- **Other Segments:** 1) **Bread Business:** Strong growth and improved margins, though still below corporate average; expanded from North-centric to pan-India footprint. 2) **Cakes:** Muted, single-digit growth due to INR10-to-INR15 price shift; recent relauches (e.g., Brownie) gaining traction.
- **Other Operating Income:** Up ~88% in FY25 due to investments necessary to take Ranjangaon facility from mega to ultra-mega project; Other Operating Income expected to normalize and remain linear ahead.
- **Capex:** Capex for FY26 is capped at ~Rs. 1bn, lower YoY, with focus on essential additions. Recent expansions (Tirunelveli, UP, Orissa) offer sufficient capacity, especially for Jim Jam.
- **A&P Spend:** BRIT strategically focused 1Q spends on IPL and digital, limiting ads to top four brands—driving strong returns amid inflationary pressures.
- **Stock Appreciation Rights:** If the stock price remains stable over the next 2–3 quarters, the Rs.520mn SARS-related charge recognized this quarter is likely



the full-year impact. BRIT is working towards reducing SAR-related fluctuations in employee costs from FY27 onwards.

Can Fin Homes (CANF IN)

Rating: BUY | CMP: Rs813 | TP: Rs875

Assets/Liabilities

- In terms of disbursements, north zone has gone up at 40%; Tamil Nadu, at 35%; and west zone, at 15%, compared to Q1FY25.
- TL did not show a major turnaround. However, the company has not seen any demolitions in the last 6 months under the HYDRA projects, leading to stable prices and increased customer confidence. Disbursements for the quarter for TL were Rs2.25bn.
- KTK saw flattish disbursements; however, the state government has now allowed conversion of B-khata properties to A-khata using the Seva Kendra app. The company received good number of enquiries in KTK, but couldn't execute due to E-khata issues. Disbursements for the quarter for KTK were Rs6bn.
- Target for disbursements in Q2FY26 stands at Rs25bn. AUM growth guidance is at 12-13% for FY26 and 15% for FY27.
- 67% of loan portfolio has annual reset and rest, quarterly reset.
- As per the management, company is not facing major competition from banks as they are majorly in higher ticket size market whereas CANF's average ticket size for housing is Rs2.4mn and non-housing is at Rs1.4mn.
- Company does not have any plans for co-lending.
- Proportion of bank borrowings linked to repo is at 80%, and T-bills at 20%
- Under PMAY 2.0, only 7 of 70 applications were eligible since last Sep as number of eligible cities has reduced and credential requirements have increased leading to more eliminations.

NIM/Opex

- Incremental cost of borrowing from banks is 7-7.25% and for CPs, it is sub-6%. Company expects rate cut from NHB, which will benefit 60% of borrowings from NHB that are floating in nature. It also expects 50bps benefit on Rs30bn of bank borrowings.
- Company has passed on 25bps benefit to customers after repo rate cut: 10bps effective May and 15bps effective Jul.
- NIM guidance is at 3.5% and spread guidance at 2.5%.
- Employee cost was up QoQ on account of Rs45mn impact of actuarial valuation. 63 members were added to sales team, taking the tally to 100. Sales team contributed to 5% of business (4% last quarter).



- Other opex was up QoQ as rent & taxes increased due to opening of 25 branches and 6 zonal offices.
- CANF is targeting to open 15 branches by H1FY26, in west and north zones. By FY28, it aims to reach 300 branches.
- Phase-I of tech transformation will start in Sep with the shifting of ALM; borrowings and treasury and core business will be moved in Nov.
- Cost to income ratio guidance is at 18% for FY26 and 19% for FY27.

Asset Quality

- Total delinquencies have come down QoQ by Rs2.8bn. Company has identified 96 accounts totaling to Rs139mn, which are very sticky.
- 80% of customers have an average CIBIL score of 700+, and 9% are new to credit.
- For FY26, credit cost is guided at 15bps and GNPA at 0.8%.

Carborundum Universal (CU IN)

Rating: HOLD | CMP: Rs841 | TP: Rs835

- **Guidance:** The management lowered their consolidated revenue growth guidance from 6-7% to 5.5-6.5% YoY while they also lowered profitability guidance from prior drop of 100-150bps to currently 250-300bps drop YoY in PBIT.
- **Abrasives:** Abrasives revenue declined YoY due to lower standalone and Rhodius sales. Management is currently witnessing softer demand in the channels due to inventory correction as retail distributors are clearing their stocks. Segment's profitability was also lower due to lower volumes and higher freight costs in standalone business along with lower volumes at Rhodius. **Management now expects revenue growth of 4-5% YoY (vs 5-6% previously) and PBIT margin in the range of 6-6.5% (vs 8-8.5% previously) for FY26.**
- **Ceramics:** Revenue growth in Ceramics was primarily driven by standalone business and Australia subsidiary. Standalone revenue growth was due to better volume and price in Industrial ceramics and metallized ceramics. **Management retained their revenue growth guidance of 16-18% at consolidated level with PBIT margins in the range of 23.5-23.7% in FY26.**
- **Electrominerals** saw YoY revenue growth driven by good traction from domestic as well as export markets. However, profitability was impacted due to lower volumes in VAW and competition from low-cost imports in the standalone business. **Management maintained their revenue growth guidance of 1-2% on a consolidated basis while lowering their profitability guidance from 6.5-7.5% EBIT margin to 4.5-5.5% EBIT margin in FY26 on account of higher alumina costs.**



- **RHODIUS recorded sales of EUR13.2mn in Q1FY26 vs EUR17.3mn YoY:** During the quarter, RHODIUS shifted to a different logistics partner which resulted in disruption and non-fulfillment of orders. Company expects the disruption to be resolved by the end of Aug'25.
- **Awuko posted sales of EUR2.6mn in Q1FY26 vs EUR3.0mn YoY** while Loss before tax is flat YoY.
- **VAW reported sales of RUB1.84bn in Q1FY26 vs RUB2.46bn YoY:** VAW's performance continues to be impacted by sanctions placed on it. The volume drop in VAW due to sanctions is in line with management's expectations of ~25%.
- **Foskor Zirconia posted sales of Rs560mn in Q1FY26 vs Rs540mn YoY.** While its loss before tax increased to Rs80mn vs Rs50mn in Q1FY25.

Cello World (CELLO IN)

Rating: BUY | CMP: Rs563 | TP: Rs678

- CELLO has guided for overall revenue growth of 12–15% and EBITDA margin of 23–23.5% for FY26.
- Capacity utilization of the glassware plant stands at 65%. The company aims to increase this to 85% by FY26.
- Capacity utilization in the Opalware segment stands at 80%-85%.
- The company's sales promotion expenses increased due to higher discounts, offered to counter aggressive competitor pricing, delaying the usual Apr price hike.
- The company expects its Writing Instruments segment to improve in FY26 with a good pipeline of orders from the Middle East, Russia and Latvia and domestic market expansion efforts with new product launches .
- CELLO has planned capex of ~Rs1bn for FY26: Rs0.5bn for steel flask with an asset turnover of 5x and maintenance capex of Rs0.5–0.6bn.
- Inventory levels have improved compared to Q1FY25, though some stock remains in the channel due to softer demand.
- Wim Plast merger is expected to be completed by Q3FY26, with a few SEBI approvals still pending..



Century Plyboard (I) (CPBI IN)

Rating: HOLD | CMP: Rs738 | TP: Rs702

- The management has guided Plywood/Laminate/MDF/PB sales growth at 10%/20%/20%/40% with EBITDA margin of 12-14%/8-10%/15%/low single digits in FY26.
- The company achieved a milestone in Jul'25, recording the highest ever plywood sales volume in its history.
- Plywood currently has a capacity of 366k CBM with a utilization of 91%; the company is expected to add 30k in H2FY26. The Hoshiarpur plant is expected to come up by 2QFY27.
- MDF business continued its strong trajectory with 23.7% revenue growth and 14.3% EBITDA margin, among the highest in the industry. The improved performance reflects better capacity utilization and cost optimization.
- The company had taken 2% price hikes in the Plywood segment and 2.5% in the Laminate segment in Q1FY26.
- Particle Board remains in the recovery phase, but showed sequential improvement over Q4, with the new Tamil Nadu facility commencing commercial production.
- In Q1FY26, timber prices were Rs6.3/kg in North India and ~Rs5.8/kg in South India.
- Working capital management showed improvement, with the cycle reducing from 76 to 71 days, driven by better raw material inventory management.
- Ad spends were higher in Q1FY26 at 5.5% (normally ~4%) due to branding expenses in IPL.
- The management emphasized its strategy of capturing market share from unorganized players, rather than solely depending on overall market growth.
- CPBI has formed a senior team to explore and assess the opportunity for manufacturing of furniture fittings. The decision will be taken in next 6-9 months.



Cera Sanitaryware (CRS IN)

Rating: ACCUMULATE | CMP: Rs6,244 | TP: Rs7,178

- CRS aims to outperform the industry by 6-7% and reach its revenue target of Rs29bn by Mar'27, depending on demand recovery in the retail market, but for FY26, expects margin to be in the range of 15-16%.
- CRS launched its premium brand Senator, targeting the luxury segment with comprehensive product offerings. The brand operates through 23 exclusive channel partners with upgraded 650-800 sqft showrooms. targeting 45-50 stores by FY26.
- The company has entered the deep value segment through its Polipluz brand, targeting Rs90bn unorganized market in Tier 4 cities and rural areas. For FY26, Polipluz is expected to deliver revenue of Rs250-300mn with EBITDA margin of 24-25%. Over the next 3 years, it aims to contribute to 5-7% of the company's topline.
- Capacity utilization for the sanitaryware and faucet segments stood at 86% and 92%, respectively, in Q1FY26.
- Project sales contribution rose to 38% (vs 36% YoY), with a 32% YoY growth in order book driven by improving developer sentiment and construction activity; however, margins remain 6-7% lower than retail due to higher discounts.
- Tier1/Tier2/Tier3 Cities contributed 36%/22%/42% of total sales in Q1FY26.
- 43% of total sales came from premium category, 35% from mid-category and 22% from entry-level category in Q1FY26.
- Gas prices increased by 4.8% YoY to Rs33.2/SCM; Gail:Sabarmati supply mix stood at 84:16 in Q1FY26.
- Advertising expenses stood at Rs93mn vs Rs114mn in Q1FY25.
- The company maintains a healthy cash and cash equivalent balance of Rs7.8bn, with a capex plan of Rs230mn for FY26

Chalet Hotels (CHALET IN)

Rating: BUY | CMP: Rs882 | TP: Rs1,071

- 95 apartments at Vivarea, Koramangala (Bangalore) were handed over during 1QFY26 generating revenue/EBITDA of Rs4,391mn/Rs1,628mn respectively.
- Another 58 units at Koramangala will be handed over in 2QFY26E. No further handovers are planned for FY26E. Possession of balance units is scheduled in FY27E.
- Promoters had provided a cushion of Rs2,000mn towards Koramangala in the early stages and Rs400mn was repaid in 1QFY26.





- Capex of ~Rs20bn has been planned till FY27E which will be primarily funded through internal accruals.
- Chalet currently has ~3,300 operational rooms while ~1,200 rooms are in various stages of development, taking the total count to ~4,500 rooms. Target is to reach ~5,000 rooms by FY26E end indicating early visibility of addition of ~500 rooms beyond the current pipeline.
- Leisure segment is expected to form 20% of portfolio mix.
- EBITDA margins are expected to be better in phase-2 sales of Koramangala as new apartments are being sold at ~Rs20,000 per sq ft.
- Occupancy for the annuity business is expected to stabilize at ~90% in coming quarters.
- Net proceeds of ~Rs5bn are expected from Koramangala project over the next 2 years.
- The contract segment, including airline crew business, formed ~11% of the total room revenue in 1QFY26..

Cholamandalam Investment and Finance Company (CIFIC IN)

Rating: HOLD | CMP: Rs1,423 | TP: Rs1,500

Growth

- 1QFY26 disbursement growth was flat (at Rs 243.25 bn) due to a slowdown in VF, home loan and CSEL segments.
- However, AUM growth remained steady (+24% YoY) to Rs 1,921.5 bn driven by the VF and LAP segments. AUM growth is expected to be maintained at ~23%, contingent on H2 performance.
- AUM mix as on 1QFY26 in terms of VF/LAP/Home Loans/New Business stood at 55%/23%/10%/12%.
- HL saw flat disbursements due to changes in the registration process in some geographies. Commentary suggests lower expansion in FY26 with disbursement growth of 10%
- Company did lower disbursements in fintech lending (of ~Rs 15 bn) and supply chain finance (of Rs 5 bn) with a focus on improving in-house book.
- Company expects to see a rebound in growth driven by festive demand and rural recovery. VF disbursement growth was soft in Q1 due to seasonality, early monsoon and weak industrial activity but a recovery is likely as these effects fade.
- Company has opened ~73 branches for gold loan segment in the tier 1 region, aiming expansion in tier-2 and 3 cities in coming quarters. All disbursements were made to new customers.



Operating profitability

- Company expects NIM to improve from Q2 driven by a 20-bps reduction in CoF as 50% of borrowings are EBLR-linked. It intends to pass 7–8 bps to customers thereby a net benefit of 12–15 bps is anticipated.
- Company expects opex to AUM ratio to trend at ~3% with an improvement in productivity; however rise in Q2 is anticipated on account of increment to employees.

Asset quality

- Asset quality trend declined in the quarter with GS3/NS3 at 3.16%/ 1.78% vs. 2.81%/ 1.54% in 4QFY25. Commentary indicated higher stress in small CV, tractor and unsecured SME segments while secured SME is also seeing some pressure but it is expected to stabilize.
- Credit cost is expected to remain at 1.7–1.8% in Q2 with improvement from Q3. Base case assumes levels similar to FY25 with a potential ~10 bps improvement in a positive scenario.
- The segment-wise GS3 ratio for VF/ LAP/ HL/ CSEL/ SME/ SBPL stood at 3.89%/ 2.26%/ 1.68%/ 2.29%/ 2.87%/ 3.36% vs. 3.52%/2.02%/1.32%/2.06%/2.36%/2.59% as on 4QFY25.

Cipla (CIPLA IN)

Rating: BUY | CMP: Rs1,533 | TP: Rs1,730

- Domestic formulation:** New introductions and key therapies supported performance during the quarter. Muted growth in respiratory and anti-infectives segment impacted growth in Rx segment however Cipla continued to outperform market. Its Chronic share was maintained at 61.5% during Q1. The growth in the trade generic segment was strong given the low base. Cipla launched 7 products in Q1FY26. Guided for in -line IPM growth over the next three quarters of FY26.
- Consumer health:** Brands such as Nicotex, Omnigel, and Cipladine continued to hold market leadership positions in their respective categories.
- US business:** Price erosion in old products was offset by new launches. The company launched Nano Paclitaxel vials (ANDA) and Nilotinib Capsules (NDA) during the quarter which boosted US revenues. The Q1 does not reflect the full benefit of these launches. Albuterol share stood at 19.5%. Lanreotide market share at 30%. Holding both 505(b)(2) and generic ANDA versions.
- New launches:** Plans to commercialize gAdvair in H2FY26. The company is on track launching couple of inhalation assets and has started working on gSymbicort launch in FY27. Focus remains on launching 2-3 peptides during FY26.
- Biosimilar:** First launch of Filgrastim expected in Q2FY26 (oncology therapy). Cipla will launch its own pipeline from FY30. Cipla will be investing \$100Mn of



investment with Kemwell JV over next three years, 20-30% of that already being incurred by Cipla.

- **Pipeline: GLP-1** Aims to be in first wave through hybrid supply chain (own + partner). Not in first wave in Canada but assessing Brazil market. Preparing both for India and RoW markets.
- **One Africa:** Private market was up 5.6% YoY. This growth was propelled by an uptick in key therapies followed by expansion in tender business as well as new launches.
- **Other highlights:** PLI incentives are reported in other income for the quarter. R&D focus areas remain peptides, respiratory, biologics, and complex/long-acting injectables. Indore facility: Prepping up for expected re-inspection in FY26. Remediation costs from Indore to normalize in coming quarters. Confident about achieving \$1bn in revenues from US business in FY27. Debt: Rs 4.59 bn; Cash stands at Rs 104bn. Margin guidance maintained at 23.5–24.5%; Q1 margin may be peak due to phasing of high-value products like gRevlimid.

City Union Bank (CUBK IN)

Rating: BUY | CMP: Rs214 | TP: Rs245

Assets/Liabilities

- Tariff impact: Bank's clients in textile industry have export business of Rs10bn-12bn of which US exposure is 20%, a 2-3% impact is expected on margins thus the same is not of material in terms of bank's lending to the textile sector.
- Bank has HL/LAP exposure and is planning to penetrate affordable housing due to strong presence in rural areas; blended yield for would be 9.80-9.85%.
- In gold loan category existing to new customer ratio at 85:15.
- Repo rate has been passed on to all customers. Major part of book will get repriced by Q3FY26E.
- Loan book mix: EBLR – 48%, Fixed – 30%, MCLR – 17%.

Fees/NIMs

- Impact of rate cut brought down loan yields by Rs1.35bn while deposit repricing gave a benefit of Rs0.64bn. Thus, net impact was Rs0.71bn which translates to 11bps.
- NIM is guided at 3.5% for FY26. NIM guidance for Q2/Q3/Q4 at 3.45%-3.5%/3.5%-3.55%/3.55%-3.6%.
- Bank had earlier partnered only with LIC for insurance but later on-boarded multiple insurance companies which gave a push to bank assurance fees in Q4FY25; same should not be extrapolated and further increase in fee business would happen as and when business grows.
- Branch addition for FY26 could be 75-80.



- Cost to income is guided at 48-50% in the near to medium term.

Asset Quality

- SMA to total advances at 1.59% in Q1FY26 (2.22% in Q1FY25)
- MSME book is completely secured and there are no signs of any stress.
- Slippage breakup: MSME – 75%, Agri -3%, CRE – 2%, Edu – 0.7% and rest is to other sectors.
- Recovery might surpass slippage for the full year.
- PCR is targeted at 63% for FY26.
- Credit cost net of TWO could be in the range of 0.20-0.25% for FY26.

Clean Science and Technology (CLEAN IN)

Rating: HOLD | CMP: Rs1,445 | TP: Rs1,425

- Revenue mix: Performance Chemicals: 74%, Pharma & Agro: 16%, and FMCG: 10%, with domestic and export contributions at 39% and 61% respectively.
- Contribution from principal products increased to 83% in Q1FY26 (vs. 80% in Q1FY25 and 75% in Q4FY25), due to relatively softer offtake in new products (notably DCC and TBHQ).
- Utilization levels were 75% for Performance Chemicals, 22% for HALS, and 70% for Pharma & Agro.
- HALS volume in Q1FY26 was 580tn, with revenue at Rs240mn.
- The domestic revenue mix of HALS was 73% during the quarter vs 84% in Q4FY25.
- New HALS grades priced at USD11-35/kg are likely to be launched in the next few quarters.
- A major pickup in HALS sales is expected from Q3FY26.
- Performance Chemicals 1: Water trials are scheduled in Aug'25, and commercial production is likely to begin in Sep.
- Performance Chemicals 2: The facility is on track to be commercialized in Q4FY26.
- Barbituric acid (PBQ is replaced with this product) production is likely to start in Aug'25.



Crompton Greaves Consumer Electricals (CROMPTON IN)

Rating: BUY | CMP: Rs 319 | TP: Rs 430

- Ceiling fans witnessed a downturn, while TPW and air coolers declined in Q1FY26 due to unseasonal rains.
- Solar pumps recorded 2x revenue growth, and secured a Rs1.01bn order form Maharashtra Energy Development Agency.
- Residential and agri pumps witnessed a slowdown due to unseasonal rains and delayed government initiatives.
- Built-in kitchen appliances recorded a total revenue of Rs150mn in driven by cooktops.
- The company aims for double-digit growth in Butterfly segment, driven by market share gains, improved product mix, and operational efficiencies.
- Following the repayment of its last Rs3bn NCD, the company is now completely debt-free.
- CROMPTON holds No. 2 position in the BLDC category and aims to become the market leader, backed by new launches on its Nucleus platform.
- The company has announced a greenfield expansion with a total capex of Rs3.5bn, which will be incurred over the next 2-3 years.
- The company has no plans to enter into large durables segment.



Cummins India (KKC IN)

Rating: HOLD | CMP: Rs3,807 | TP: Rs3,895

- **Guidance:** Despite a strong performance in Q1, the management has reaffirmed its guidance of double-digit growth for FY26, citing ongoing global uncertainties as a reason for maintaining a cautious outlook
- **Powergen revenue increased by ~32% YoY to Rs10.6bn** driven by strong execution and broad-based growth across both domestic and export markets. The segment continues to gain traction in mission-critical sectors such as roads, airports, data centers, hospitals, and the pharmaceutical industry. Additionally, the quarter saw increased demand from the quick commerce segment. While the company faces competition from both domestic and international players, strong brand acceptance continues to support KKC in sustaining its market position. The CPCB IV+ products contributed approximately 60% to domestic Market volumes have recovered to levels previously seen under CPCB II, and pricing has been largely stabilized.
- **Industrial revenue grew by ~12% YoY to Rs4.2bn.** Growth was supported by increasing orders for diesel-electric tower cars and power cars, contributing to steady performance in the Railways segment. The Construction segment also witnessed stable growth, although some projects were impacted by the early onset of the monsoon. Meanwhile, the Compressors segment continued



its positive momentum, driven by consistent demand. Management highlighted that strong execution capabilities and robust aftermarket services are expected to be key drivers of future growth in this segment.

- **Distribution revenue increased 19% YoY to ~Rs7.8bn.** driven by improved market penetration across Powergen, Railways, and aftermarket solutions. The launch of new products has also begun contributing meaningfully to the segment's performance. Management indicated that future growth is expected to remain balanced between Powergen and Industrial segments. While the contribution from Powergen CPCB IV+ will be significant, it is not expected to offset the growing contributions from industrial sub-segments such as Railways and Mining.
- **Exports Increased by ~34% YoY to Rs5.2bn.** Latin America and Europe continued to remain the primary growth driver for the company's exports. However, given the global uncertainties management remains cautiously optimistic about the outlook for exports. LHP exports (+45% YoY to Rs2.3bn) and HHP exports (+25% YoY to Rs2.5bn) along with growth in spares (+44% to Rs840mn) contributed to the jump in exports in Q1FY26
- **Battery Energy Storage Sysytem** - The product was launched in Q1 FY26, with the order book still developing as the company engages with customers to tailor value-driven solutions. Management sees no risk of cannibalization, as gensets serve backup needs while BESS complements the broader energy mix. Both offerings are positioned to meet different customer requirements.

Cyient DLM (CYIENTDL IN)

Rating: ACCUMULATE | CMP: Rs480 | TP: Rs540

- CYIENTDL is targeting a 30% CAGR in topline over the next five years, with double-digit margins in FY26. It aims to maintain a book-to-bill ratio above 1x, with revenue momentum expected to pick up from Q3FY26 onwards.
- In Q1FY26, the company added one new logo — Deutsche Aircraft — and has two major B2S orders in the finalization stage.
- CYIENTDL Order backlog increased on the back of order intake of Rs5.2bn during the quarter — the highest in the past 8 quarters. Nearly 50% of this is executable in FY26.
- Q1FY26 revenue was impacted by the completion of a key defense order and supply chain disruptions caused by the Middle East war.
- Defense segments declined by 83% YoY to Rs 251mn in Q1FY26 primarily due to the completion of contract from a large domestic client.
- Export: domestic ratio stood at 90:10 in Q1FY26 vs 58:42 in Q1FY25.
- The company expects future growth in the MedTech and Industrial segments, supported by new order wins.



- The company anticipates higher growth potential in the domestic market compared to exports, with recent order intake skewed more towards domestic orders.
- The company is exploring inorganic opportunities in areas such as technological advancements and geographical expansion, with discussions currently underway.
- CYIENTDL has capacity utilization of 60%, with higher utilization levels at its Mysore facility, while other locations are operating at comparatively lower utilization rates.
- Mr. Rajendra Velagapudi has been appointed as the Managing Director & Chief Executive Officer (MD & CEO) of Cyient DLM. He was earlier serving as the Managing Director, and with this elevation, he will now also oversee the responsibilities of the CEO.

Dabur India (DABUR IN)

Rating: HOLD | CMP: Rs529 | TP: Rs524

- 1Q26 faced challenges from unseasonal rainfall & geopolitical headwinds. Rural markets outperformed urban markets for the fifth consecutive quarter. Though urban markets have shown some sequential recovery.
- Dabur expects sequential demand recovery due to softening food inflation, favorable monsoon, sustained rural momentum and early signs of urban demand improvement.
- Dabur expects double digit growth across segments given on a low base except for low single digit growth in Beverage in Q2 FY26
- Beverage segment has not performed well given rains in July.
- Dabur is experiencing 7-8% inflation which will require price hikes. Dabur has existed in the Diapers & Vita business which contributed ~Rs.80mn
- Dabur is actively looking to plug portfolio gaps through M&A, with a focus on acquiring new-age brands across healthcare, home & personal care (HPC), and food & beverage segments.
- Ad spends during the quarter remained high due to high competitive intensity and Dabur will continue investing further in the upcoming quarters.
- The inventory correction is completed and hence no effect to be seen in 2QFY26.
- Dabur is planning to introduce new contemporary formats across healthcare in the coming months. Urban demand was impacted by high food inflation & muted demand, However, it has bottomed out & recovery is expected going ahead



Dalmia Bharat (DALBHARA IN)

Rating: ACCUMULATE | CMP: Rs2,270 | TP: Rs2,395

- Mgmt. expects cement industry to grow at 6-7% in FY26.
- Prices in July are holding up and are at a similar level to Q1FY26 average.
- Reiterated guidance of Rs150-200/t cost savings to be achieved in the next 2 years.
- Lead distance for the quarter increased by 8km to 280km Q1FY26.
- The company incurred capex of Rs6.12bn in Q1FY26, mainly on Umrangso Clinker Line and Belgaum-Pune projects.
- DALBHARA plans to spend Rs40bn each in FY26/27, with 75–80% allocated to growth projects and land acquisition, and the balance towards maintenance and renewables.
- Net debt stands at Rs8.73 bn with net debt to EBITDA of 0.33x. Despite higher capex, it is not expected to exceed 2x.
- Management aims to balance margin improvement with market share considerations on a market-by-market basis.
- Q1FY26 saw a typical seasonal inventory buildup, about Rs1bn higher than last year.
- The company is waiting on the outcome of their bid for Jaiprakash Associates (JP) before committing to the Jaisalmer project.
- JP acquisition would provide a minimum of 5mt of cement capacity, with potential for more depending on the outcomes of other assets including a joint venture with SAIL in Bhilai and an arbitration with Ultratech.
- The incentive for North Eastern assets is expected to be 200% of the total fixed cost investment for the period of 20 years. Incentives works out at Rs100/t at company level.
- Incentives accrued and collected during the quarter were Rs820mn and Rs420mn respectively.
- The incentive outstanding at the end of Q1FY26 was Rs7.8bn including Rs2.5bn from the government of WB.
- With Assam clinker addition, total clinker capacity would reach 27.1mtpa. The supporting GU for this clinker is already commissioned in Mar'25 at Lanka.
- The work on the Belgaum/ Pune project is in full strength with all major orders placed. While civil work is under progress, the project remains on track for completion and is expected to come online by the end of FY27.
- For the Jaisalmer project, land acquisition and mining lease are complete, while EC is in progress. The situation will be reviewed in Mar'26, allowing sufficient time for completion by Mar'28.



- Trade volume share was 68%; fuel cost Rs1.33/kcal; cc ratio 1.71x; and premium share at 22% of traded volumes.

Deepak Nitrite (DN IN)

Rating: REDUCE | CMP: Rs1,831 | TP: Rs1,883

- Domestic and export revenue mix stood at 86%:14% in Q1FY26.
- Recovery remained muted in a few agrochemicals' intermediates, revival expected in upcoming quarter.
- Dumping from China continued to keep realizations under pressure.
- Phenolics segment witnessed stable demand with better sequential realization during the quarter.
- Short-term benefits are visible from the transition to renewable energy; the company has target to meet 60–70% of power consumption from renewable sources by FY27.
- The US tariff is expected to have a limited impact on the company, as exposure to the US market is only 2.5–3%.
- Products with application in dyes and pigments space, volumes have remained intact with marginal growth.
- Hydrogenation and CNA plants are currently undergoing trial runs.
- WNA commissioning activities are in progress, with completion targeted for Q2FY26.
- Nitration and MIBK/MIBC projects are expected to be commissioned in H2FY26.
- Nitric acid plant will help in margin improvement by 200-300bps for the AI segment.
- Polycarbonate compounding will meaningfully contribute from FY27-FY28, approval cycles are close to 18 months for these products.

Delhivery (DELHIVER IN)

Rating: ACCUMULATE | CMP: Rs430 | TP: Rs466

- Revenue of SCS segment was down 20.8% YoY to Rs2,050mn as warehousing service to one quick-comm client was discontinued.
- Steady state margin guidance for B2C express parcel segment remains intact at ~16-18%.
- DELHIVER IN invested Rs140mn in 2 new services: Rapid Commerce (2-hour same-day delivery; via 20 dark stores in 3 cities, currently) and Delivery Direct (on-demand intracity service in Ahmedabad, Delhi NCR, and Bengaluru) in





1QFY26. Rapid commerce services will be expanded to 3 more cities with total dark stores count of 35-40 by 4QFY26E.

- Yield decline in B2C parcel segment was driven by a double-digit drop in average weight per parcel.
- Volume transition from E-com Express to Delhivery's network has started from July-25.
- Retention volumes at E-com express are trending higher at ~55-65% versus earlier expectation of ~30% odd.
- SCS business is expected to scale revenues of ~Rs18-20bn with service EBITDA margin of 12%+ over the next 3 years supported partly by a strong pipeline of ~Rs10bn (~Rs3bn of supply chain mandates in active conversion stages).
- PTL division is expected to achieve service EBITDA margin of ~16-18% at a quarterly load of ~600-640K tons driven by better fixed cost absorption, improved utilization, and pricing discipline.
- Trucking utilization stood at ~60-65%.
- Current asset turnover stands at ~2x with a target of reaching 3x in the B2C parcel and PTL businesses.
- Corporate overheads to stabilize at ~6-7% of revenue in steady state (0.5-0.7% of annual reduction expected).
- Steady state capex to be at ~4% of revenue.

Divi's Laboratories (DIVI IN)

Rating: ACCUMULATE | CMP: Rs6,134 | TP: Rs6,550

- **Generic business:** Contributed 47% of the mix in Q1FY26. Management highlighted that pricing pressure persists. Despite pricing pressure Divis could retain 60-70% share in key API's. Logistics and supply chain costs remained elevated, impacting margins. Several products awaiting approvals with commercial flow expected in 6-12 months.
- **Custom synthesis:** Continues to be the growth engine. The company is witnessing strong traction in this segment, with multiple global innovators actively engaging and seeing healthy RFP. Several projects that are currently in the R&D, pilot, or validation stages are expected to progress to commercial-scale manufacturing over the next 12 to 24 months. Signed 3 large projects of which 1 got commercialized recently whereas rest 2 in late phase clinical stage. For this it is constructing 3 dedicated manufacturing plants.
- **Peptides:** Commissioned its solid phase capacity for pilot work and commercialization of fragments. Divis anticipates initial commercial supplies to commence within the next 6-8months.
- **Kakinada unit:** Primary objective of unit 3 is to focus towards KSM and intermediates. This strategic shift enables Divi's to free up valuable GMP-



certified capacity at its Unit 1 and Unit 2 sites, allowing those facilities to focus on manufacturing higher-margin molecules and carrying out new product validations.

- **Capex:** Spent Rs 2.6bn during the quarter broadly towards expanding capacities and upgrading facilities. Out of which Rs 1.14bn was dedicated towards Kakinada phase 1. Guided for Rs 20bn of spend in FY26E. CWIP at Q1 end stood at Rs 13.2bn.
- **Other:** Current utilization stands at 80% including Kakinada unit. Cash stood at Rs 42bn. On Tariff, long-term supply agreements with clients will protect any significant financial impact.

DOMS Industries (DOMS IN)

Rating: BUY | CMP: Rs2,503 | TP: Rs3,087

- Capex of Rs700mn was incurred during the quarter, with full-year guidance at ~Rs2.10–Rs2.25bn.
- Exports to US accounts for ~5.5-5.8% of sales and is currently subject to 6.5% tariff. While the new tariff rate is expected at ~50.6%; any decline in the US sales is expected to be offset by increase in exports to other countries.
- Wooden pencil's capacity expansion involves three processes, of which two are complete. The third process is finishing and is expected to be complete by 4QFY26E/1QFY27E.
- Office supplies revenue grew 76.9% YoY to Rs787mn led by strong growth in pens. Majority of the revenue contribution of pens is from price point of Rs5. However, new SKUs have been introduced in Rs10 category as well.
- DOMS IN holds a 3-4% market share in the pens category, with aspirations to scale it to double digits.
- In 4QFY25, new wet wipes capacity was added to the hygiene business. Steady state EBITDA margins of hygiene business can be in the band of ~8-9%.
- Hobbies & craft segment witnessed a 279.1% YoY increase in sales to Rs169mn driven by capacity addition in adhesives category.
- Once the entire three phases of 44-acre project become operational with ~1.8–2 mn sq ft of area under utilization; the workforce is expected to double, requiring additional ~12,000–13,000 employees.
- As of 30th June-25, ~Rs1.5 bn has been invested in the 44-acre project. Upon full commercialization, the project is expected to generate an asset turnover of ~2-2.5x in the initial phase.
- In March-25, new land measuring ~1.2 lakh sq ft of area was purchased close to the existing plant in GIDC.



- The combined gross sales of scholastic stationery, art materials, and kits & combos grew 6.4% YoY to Rs3.7bn.
- The northern region's revenue contribution declined to 28% in 1QFY26, as over 35% of Uniclax's sales and DOMS' merchant exports originated from factories in Jaipur and Gujarat, respectively, thereby increasing reliance on western front. This shift also drove a 200bps YoY increase in modern trade share to 6%.

Dr. Reddy's Laboratories (DRRD IN)

Rating: REDUCE | CMP: Rs1,247 | TP: Rs1,270

- **US business:** The company witnessed increased price erosion in certain key products including gRevlamid during the quarter. Filed 1 ANDA and launched 5 products. On gRevlamid, trying to avoid shelf price adjustments and sales should come off from Q3 onwards. Guided for 20 new launches in FY26, none of them meaningful.
- **Semaglutide:** launch set for early 2026 in Canada, followed by India and RoW post-Mar'26. DRRD among first filers. Company does not see any IP related issues for launch in Canada market and should launch immediately post exclusivity ends in Jan 2026. Would be launching only generic Ozempic Company has 10mn pens capacity for CY26 and 12mn pen capacity in FY27. These are mostly single use pens/week. API will be provided by DRRD while pen will be provided by partner.
- Planning to launch Liraglutide in coming quarters. On gSaxenda DRRD is likely to be first-to-market in US but opportunity not as big as Semaglutide
- **Biosimilars:** Expanded Alvotech partnership for Keytruda biosimilar (pembrolizumab). On gAbatacept, read out for phase 3 clinical trials is in Nov 2025 and expect to launch IV product at start of CY27 and subsequently will launch subcutaneous version by CY28.
- **EU:** Growth driven by NRT acquisition and new launches. Ex-NRT, business grew 15% YoY. Completed integration of NRT portfolio in Nordics markets. Launched 13 products (ex-NRT). Biosimilar launches may accelerate growth beyond current double digits.
- **India:** Quarterly growth driven by new launches, price hikes, and strong execution. Launched 5 new brands, including 2 via expanded Sanofi partnership to introduce Beyfortus and Sensimmune. MR strength at 10,000.
- **PSAI:** Margins impacted by seasonality and overhead under-recovery. On track to achieve \$100mn sales from CDMO in FY26; aiming for \$250–300mn by FY30.
- **Russia:** Benefited from strong volumes, new product launches, and favourable forex movement, up 17% YoY in CC.
- **EM's:** Launched 26 new products in Q1FY26.



- **Others:** GMs declined YoY due to generics price erosion, partially offset by favorable product mix. Out licensing income during the quarter stood at Rs 1.2bn and will continue to be there in coming quarters. PLI income: Minimal in FY26, next tranche expected in FY27–28. Q1FY26 capex stood at Rs 6.8bn; net cash at Rs 29.2bn. R&D: Targeted Rs 25-27bn for FY26 with emphasis on complex generics, biosimilars and peptides. Mgmt indicated 400-500 bps of opex are discretionary in nature. ETR: Guided for 25% ETR in FY26.

Elgi Equipments (ELEQ IN)

Rating: ACCUMULATE | CMP: Rs500 | TP: Rs559

- **Domestic market:** Market sentiment remains robust with healthy enquiry levels, though geopolitical uncertainties and US tariff announcements have led to order finalization delays. Order finalizations are being deferred, especially in US-dependent sectors like textiles and auto components, where decision-making has slowed since the tariffs.
- **USA market:** All of ELEQ's business in the US are growing, and the region was profitable during the quarter. However, the announcement of tariffs has led to some uncertainty.
 - **Industrial compressor business in the US** could have been sustainable at the tariff rate of 25%. However, with additional 25% tariffs, the management would need to make fundamental structural changes to survive. In the event of tariffs remaining at the current 50% levels, the management will implement structural changes post which the company will take about 1 year to become competitive again in the US.
 - **Portable compressor business:** The business primarily exports out of Europe, which is attracting a tariff of 15%. The management believes that the company will be able to absorb 15% tariff and remain competitive in the Portable business.
- **European business:** Europe continues to remain a challenge due to overall weaker economy amid geopolitical instability such as Russia-Ukraine war. The management is working toward different initiatives to aid European demand revival. The company remains profitable in Europe in terms of EUR currency; however, appreciation of EUR against INR has led to a YoY decline in Europe in terms of INR.
 - **Rotair:** The business continues to face challenges due to its dependency on the US. Demand modernization in the construction and mining segment, in line with the cyclicity of these industries, is expected to have bottomed out, and the management expects some revival in demand in the coming quarter.
- **Other export geographies:** Australia is seeing some revival, while the management works to improve its presence in the country. The Southeast Asian region is growing with some initiatives underway by the company in specific countries. The Middle East and Africa continue to do well for ELEQ with strong revenue and profitability.



- **Stabilisor:** ELEQ has launched Stabilisor in the wider market to get better feedback. It plans to launch the product across India by Sep'25, with international launch planned by Apr'26.
- **Backward integration into motor manufacturing:** ELEQ manufactures 40-45% of its motor requirements in-house. It expects to reach captive consumption of ~70% by the end of FY26 and ~90% in the next 2-3 years. ELEQ uses Chinese motors in the compressors supplied in the Southeast Asian region, while it uses American and European motors in the compressors supplied to these regions.

Emami (HMN IN)

Rating: ACCUMULATE | CMP: Rs601 | TP: Rs683

- Urban demand continues to witness pressure, while rural demand saw signs of recovery.
- Shorter summer and early monsoon impacted summer-centric portfolio as Talcum & prickly heat powder category saw 17% decline, while Navratna oil saw 6% growth
- Innovation pipeline remained strong with several new offerings in 1Q including Dermicool prickly heat spray, Navratna Ayurvedic hairfall etc, 2Q to see more such offerings in Man company, Kesh king, Zandu care, smart and handsome etc
- Kesh King is undergoing a strategic transformation to enhance long-term relevance, while Smart & Handsome is expanding into adjacent male grooming categories
- Man company returned to growth in Q1 and management remains confident on its growth trajectory in coming quarters
- Quick commerce business saw 3x growth YoY led by better reach and continue to see good traction
- IBD recorded flat growth in constant currency terms as markets in Bangladesh, Middle east and Africa remain impacted due to uncertainties
- **Healthcare** posted 4% growth in Q1, supported by growth in the Immunity range, Honey, Health Juices, and the digital-first portfolio.
- **Boroplus** range degrew by 5% amidst adverse weather conditions. However, antiseptic cream grew 60%
- **Pain Management** saw healthy growth of 17% led by strong growth in Balms as early monsoon accelerated their sales Rural markets slightly grew ahead of urban markets



Engineers India (ENGR IN)

Rating: BUY | CMP: Rs191 | TP: Rs245

- Guidance: Management has guided a ~15-20% YoY revenue growth with Consultancy/LSTK margins of ~25%/6%. Management mentioned that consultancy segment is expected to grow by ~12-15% YoY.
- During the quarter, Ramagundam Fertilizer project was impacted this quarter due to a planned shutdown for 45 out of 90 days, resulting in temporary losses. With operations now resumed at healthy capacity levels, management expects a strong recovery and profitable performance for the full year.
- Non -O&G business: The non-oil & gas business is primarily driven by the infrastructure segment, catering to both government and select private clients through specialized, negotiated contracts. Key projects include educational institutions (IITs, IIMs, Jaipur institutes), data centers, and cultural assignments such as the Ram Janmabhoomi project with a two-year execution timeline. Non-O&G orders, spanning sectors like chemicals, power, and clean energy, currently account for 30–35% of the order book, with management expecting this share to increase to 40–45% in future inflows.
- Overseas consultancy segment is witnessing strong traction from Abu Dhabi, Kuwait, UAE, and Saudi Arabia. YTD order intake stood at Rs9.6bn, of which Rs4.8bn was secured in Q1FY26, while the balance relates to the Abu Dhabi project under execution along with a few projects in Kuwait. Management also highlighted a healthy pipeline, with upcoming opportunities in the petrochemical sector across Saudi Arabia, UAE, and Kuwait.
- EIL signed an MoU with NPCIL to provide engineering services for the Bharat Small Modular Reactor (BSMR), marking its first assignment (~Rs30cr) with NPCIL. Seen as a testimony project, it is expected to open further opportunities as government and private players in oil and power invest in this technology.
- In Q1FY26, the revenue mix between Consultancy and Turnkey stood at 48% and 52%, respectively. However, management expects the mix to shift going forward, with Consultancy contributing around 55% and Turnkey about 45%.

Eris Lifesciences (ERIS IN)

Rating: BUY | CMP: Rs1,808 | TP: Rs1,975

- Revenues including all acquisition grew by 11% YoY and outperform IPM. Adjusted for insulin shortages and discontinued FDCs, growth was 13-14%. EBITDA margins expanded to 37.2%. Margins for Biocon business will see further expansion in FY26 on account of insulin sourcing to its Bhopal facility. EBITDA loss (ex DBF) of Rs 50mn due to ramp down of Trade Gx division in Q1.
- Strategic stocking of insulin APIs caused a Rs 730Mn working capital impact. Insulin cartridge production from Bhopal to start in Q4; vials already





operational. Rs 100Mn revenue loss this quarter due to DP (Drug Product) shortages.

- **GLP-1:** Recombinant semaglutide candidate to enter Phase 1 trials in Q4. Validation ongoing at Ahmedabad plant. Bausch & Strobel cartridge line (GLP-1 + RHI glargine) under installation. Market expected to be Rs 25-30bn in first year post-LoE.
- **Insulin:** Eris sees Rs 2bn annual revenue upside from Novo Nordisk exiting human insulin cartridge market in India. Cartridge production readiness at Bhopal expected in Q4; ramping up validation. Currently facing ~20% capacity shortfall; adding vial capacity via MJ Biopharm site.
- **R&D:** 25 products under development (oral + injectable). Q2/Q3 launches: combinations of dapagliflozin, sitagliptin, esaxerenone.
- **Exports:** Leveraging competitive strength of Swiss parentals and venturing into CDMO model. The company has confirmed CDMO contracts worth Rs1bn per annum which should start reflecting from FY27. Products include corticosteroids, critical care injectables, women's health, etc. **Capacity constraints exist;** new facility expected to be ready in ~1.5 years, will triple capacity. FY29 international sales aspiration: Rs 10bn (including ROW, CDMO, OSD exports, and B2C).
- **Capex in Q1:** Rs 660Mn (focused on insulin, GLP-1, general injectables).
- **Others:** Net Debt stands at Rs 23bn in Q1 and is expected to reduce to Rs 18bn by FY26 end. Maintains revenue growth guidance of 15–21% with EBITDA of 11.9-12.5bn in FY26. Strong confidence in Sema, insulin cartridge, and EU CDMO opportunities from FY27E onward.

Federal Bank (FB IN)

Rating: BUY | CMP: Rs196 | TP: Rs220

Assets/Liabilities/Others

- Growth in BuB was moderated due to more cautious approach. SME growth accelerated in mid-yielding segment.
- Mid-yielding asset share is increasing consistently. CV/CE is mainly towards mid-level customers.
- Growth in gold portfolio is expected to bounce back going ahead.
- Fixed loan share has risen from 30% to 33%; EBLR has fallen from 51% to 48%.
- Bank is expected to grow at 1.2x of nominal GDP growth
- **Strategic update:** CA is improving while fees are getting granular. 70 regional business support centers were introduced to free up the core team to focus on relationships.
- Standardized branch process is in its last stage. Sales training is being conducted by an external professional company.

- Branch scorecards are maintained to improve branch manager ownership of CA, fee and asset mix.
- Central teams and heads of verticals are restructured and now in place. Credit head is expected to join soon.
- RoA has bottomed out assuming no further rate cuts.

NIMs/Yields/Opex

- SA rate was cut twice by 25bps each. One deposit cut was done in mid-June so part of the benefit is expected in Q2FY26.
- T+1 rate transmission policy led to major repricing; further NIM pressure in Q2FY26 should not be more than 5-10bps. Improving yields, moderating CoFs and improved recoveries are expected to improve margins post Q2FY26.
- Fee income is now aligned to competitors. Increase in fee income to be led by 1) Wealth vertical, 2) transaction banking (forex fees), 3) parabanking fee, 4) card business.
- Loan processing fee should improve aided by gold and other disbursals. Partnerships have been renegotiated for better outcomes. Fees growth is expected to be above loan growth. Q2 is expected to receive PSLC income.
- Recovery for TWO was lower; it is expected to improve going ahead leading to increase in other income.
- Opex ratios are expected to be maintained at current levels. Redesigning branches and technological improvement could lead to operational efficiency leading to reduced number of branches.

Asset Quality

- Agri. slippages, includes MFI which contributed majorly to fresh slippages. Excluding these, credit cost were largely in-line stable. Retail, BuB, and CV/CE witnessed a marginal uptick in slippages owing to seasonality.
- MFI (20% in Karnataka) stress significantly came in Q1 (May was peak and Jun-July saw a drop). Accelerated provision was taken in unsecured. Not much is expected to flow in Q2. Collection efficiency is improving as well.
- Credit cost is guided at 50-60bps.



Finolex Industries (FNXP IN)

Rating: ACCUMULATE | CMP: Rs197 | TP: Rs217

- FNXP expects volume growth of 10% in pipes segment for FY26 (in-line with the industry growth rate).
- Agri:Nonagri ratio stood at 70:30, with both segments growing at similar 2% rates in Q1FY26. Non-agri revenue stood at Rs 4.6bn.
- Early monsoon significantly impacted demand, with June being particularly subdued. The weak demand scenario persisted throughout quarter despite the company's efforts to maintain growth.
- The company remains optimistic about the industry's double-digit growth potential and expects demand recovery post-monsoon, supported by government infrastructure schemes and improving market conditions.
- In Q1FY26 realizations got impacted due to PVC price volatility which leads to margin contraction. The company managed inventory effectively with no inventory losses reported.
- The PVC price stood at USD 708/MT vs USD 855/MT in Q1FY25, PVC-EDC spread stood at USD 522/MT vs USD 533/MT, PVC-VCM spread at USD 151/MT vs USD 184/MT.
- FNXP has debottlenecked 50,000 MT capacity in the pipes segment, with 25,000 MT completed in Q4FY25 and the remaining 25,000 MT commissioned in Q1FY26.
- In Q1FY26 CPVC volumes grew at 10% YoY, with pipes contributing 6% growth and fittings achieving impressive 32% growth. CPVC currently contributes nearly 6% to the overall volumes.
- In the Fitting segment company is expected to add 35-40KMT capacity in FY27.
- Mr. Udipt Agarwal is appointed as Additional Director/Whole-time Director from Sep 5, 2025, and as Managing Director from Nov 1, 2025. He currently serves as Chief Commercial Officer at Alkyl Amines Chemicals Ltd. He will look at the market expansion, capacity expansion and market penetration part.
- The company will now report as a single entity rather than separate PVC resin and pipes segments, as PVC resin sales are now almost entirely for captive consumption.
- FNXP plans to invest Rs1.5bn for Capex in FY26 and expects to add up capacity in the coming years. Company expects to invest Rs2-3bn every year for maintenance and for expansion in capacity.



Fortis Healthcare (FORH IN)

Rating: BUY | CMP: Rs884 | TP: Rs1000

- **Bed expansion:** The management reiterated its plan to add ~900 new beds, including the recently acquired Jalandhar unit in FY26, of which ~600 beds are expected to contribute to revenue meaningfully from FY27E. In H2FY26, ~200 beds at FMRI, 90 beds at Manesar and 90 beds in Noida are likely to be operationalized. Plans are in place to add 450 new beds in Mohali and 180 beds in Amritsar over the coming years.
- **Shrimann Superspeciality Hospital in Jalandhar:** FORH acquired the 228-bed Shrimann Superspeciality Hospital in Jalandhar for Rs4.5bn, along with 2.4 acres of adjacent land for Rs169mn. Operational since 2018 with 191 functional beds, which can be expanded to ~270. Of this, 35 beds will be commercialized immediately and the balance ~44 over the next 15–18 months. The additional land allows potential expansion of another ~180 beds. The hospital reported FY25 revenue of Rs1.5bn and EBITDA of Rs350mn (23% margin), with a strong ARPOB of Rs40k/day and ~50% occupancy. Revenue grew at 33% CAGR over FY22–24. The management expects occupancy ramp-up and cost synergies (notably in RM procurement) to further boost profitability.
- **O&M contract with GHIPL:** FORH has entered into an O&M services agreement with Gleneagles Healthcare India Pvt Ltd (GHIPL), a subsidiary of IHH, to manage 5 hospitals and 1 clinic in India. FORH will receive a monthly service fee equivalent to 3% of net revenue (excl. taxes). GHIPL recorded Rs7.2bn revenue in FY25 with single-digit operating margin. The O&M deal is expected to add ~Rs250mn to revenue/EBITDA (~2% of FORH' existing EBITDA), with potential for scalability. FORH plans to deepen its collaboration with GHIPL by leveraging latter's existing high-end clinical talent.
- **Manesar unit performance:** Manesar unit, commissioned in FY25, is currently generating ~Rs110mn in monthly revenue with the management guiding for breakeven by Q2FY26 or Q3FY26, contingent on the unit reaching ~Rs130mn in monthly revenue.
- **Operational metrics & occupancy trends:** Flagship facilities such as FMRI reported 80% occupancy and continued to maintain strong profitability. Mulund and Ludhiana units reported EBITDA margin exceeding 20%, while Escorts (Delhi) moved up to 15%+ margin bracket. BG Road operated at lower occupancy of 56–57%, yet delivered robust EBITDA due to its focus on high-end clinical work. Jaipur, Mohali and BG Road units are witnessing recovery, with the one at Jaipur already operating at ~65% occupancy and delivering double-digit margins. Noida saw a ramp-up in occupancy to 76% after adding 60 beds, while Faridabad reached 80% occupancy.
- **Margin performance and outlook:** The management maintained its FY26 guidance of 22–23% on consolidated basis and reiterated its 200bps margin expansion guidance in the hospital segment. The Gleneagles India O&M arrangement, under which FORH will earn a 3% revenue share is expected to enhance consolidated EBITDA margin by another 20–30bps.



- **ARPOB drivers:** ARPOB growth was driven by improved case mix, including 28% YoY growth in oncology, increased share of complex surgeries (up 70%), and an improved payor mix. The management guided for 5–6% ARPOB growth on sustainable basis.
- **Focus on oncology and robotic surgeries:** Oncology remains a core growth pillar, currently contributing to 17–18% of revenue, and the management targeting to increase it to 19–20%. Robotic surgeries witnessed strong 75% YoY growth. FORH operates 11 robotic machines and plans to add another 4. FORH targets 50% growth in robotic surgery volumes in the coming years.
- **Agilus business strategy:** B2C:B2B mix remains steady at 51:49. Following the acquisition of a 31.5% stake in Agilus, FORH plans to enhance B2C focus. The management expects the diagnostic business to achieve early double-digit YoY revenue growth. It reiterated its margin guidance at 22–23% for FY26.

GAIL (India) (GAIL IN)

Rating: HOLD | CMP: Rs181 | TP: Rs180

- One-time gain of Rs1.33bn on account of differential tariffs of prior periods
- 67% utilization in integrated pipeline
- Annual shutdown at Pata resulted in loss of vol
- Mumbai-Nagpur-Jhansuguda & Jagdishpur-Haldia pipelines to be completed this year, Gurdaspur-Jammu pipeline to be completed next year
- PDH-PP project delayed to next year, IRR of 13% at current spreads, 15yrs contract with BPCL for sourcing of propane as per Saudi contract price
- Ethane cracker at MP- no final decision yet
- Process of consultation for the tariff order has been completed, expected any time soon
- FY27 capex at Rs120bn- Rs40bn for pipeline, Rs25bn for Petrochem, Rs5bn for E&P, Rs14bn for net zero, Rs2bn for CGDs
- Average transmission volume in Jul'25 stands at 127mmscmd
- Guidance of 127–128mmscmd for FY26E and 136mmscmd in FY27E
- Dabhol LNG terminal has been functioning this monsoon
- Trading EBIT guidance of Rs40–45bn maintained



GE Vernova T&D India (GVTD IN)

Rating: ACCUMULATE | CMP: Rs2,473 | TP: Rs2,706

- Management expects EBITDA margin to improve YoY, supported by higher volumes, better pricing, improved productivity, operational efficiencies, and strong execution of export orders.
- Order backlog stands at Rs130bn, with Rs30-35bn spanning 3-5 years and Rs95-100bn expected to execute within 10-24 months, providing strong near- and medium-term revenue visibility even excluding HVDC orders. The Order backlog, roughly 3x of last year's revenue, supports growth over the next three years. Management is confident of maintaining ~30% revenue from exports based on the current backlog, excluding future pipeline opportunities.
- Management expects two HVDC orders of Khavda-South Olpad HVDC project and Barmer- South Kalamb HVDC project are expected to be finalized and awarded to OEMs within the current financial year. In the long run management will remain focused on HVDC projects only given improved returns compared to 8-10 years ago
- GVTD has announced a capex of Rs1.4bn for HVDC projects and Rs1.1bn for debottlenecking existing plant capacity, totaling an expected Rs2.3-2.4bn over the next 12-24 months
- Company is equipped to deliver synchronous condenser solutions in collaboration with global group entities, managing transmission-related components locally. Discussions around introducing synchronous condensers in the Indian market are gaining traction, indicating potential future demand.
- The company is actively supplying to data centers, with demand evolving from 220 kV to 400 kV as scale increases. It offers a full suite of solutions including GIS, grid automation, and turnkey project execution.
- Management mentioned that with more states adopting the TBCB route, new opportunities are emerging. Although state projects currently make up only ~3% of the INR 130bn backlog, wider TBCB adoption could significantly expand the addressable market.
- The global shift towards energy transition has spurred robust demand from Europe, Australia, the Middle East, Latin America, and Southeast Asia. In response, management has established a long-term target for exports to comprise about 30% of the order backlog. This quarter, export backlog rose from 20-25% to nearly 30%, with exports projected to account for a similar share of total revenues over time.
- GVTD leverages parent company technology and actively collaborates on localization efforts. The company consistently engages with Indian customers to introduce newer technologies, making technology innovation a key performance indicator for its teams.



Greenpanel Industries (GREENP IN)

Rating: BUY | CMP: Rs280 | TP: Rs374

- GREENP maintained its MDF volume guidance of reaching 550kCBM in FY26 (currently 439kCBM), driven by 10–12% growth from existing plants and 72kCBM contribution from the new AP facility. Domestic/Exports volumes are expected to grow at 30%/12% YoY, with overall margin of 12%.
- For FY26, the company expects a margin of 7–8% in plywood segment.
- Domestic MDF volumes declined in Q1FY26 due to the discontinuation of commercial-grade MDF sales, which are non-compliant with BIS norms.
- The realization difference between commercial and industrial-grade MDF is 6–8%, while the margin difference is 2.5–3%.
- The new MDF plant operated at 33% utilization in Q1FY26, with full-year utilization expected at ~35%; the plant is expected to stabilize by Q2FY26, reach breakeven at 40% utilization, and VAP to start contributing from Q3FY26.
- MDF margins contracted by 770bps YoY to 4.4%, due to lower capacity utilization at the new MDF plant, lower ratio of VAP and higher discounts offered.
- Timber prices in North India are higher than in the South, with blended prices at Rs6/kg.
- A 7% reduction in timber prices during Q1FY26 led to a 200bps improvement in gross margins.
- The management indicated that every 10% drop in timber prices results in ~300bps gross margin expansion.
- The company reported Rs510mn in incentives under the Export Promotion Capital Goods Scheme in Q1FY26.
- The company offered 5% discount in Q1FY26 and 3% discount in Jul'25 to support volume growth.
- No significant capacity addition is expected in FY26. 3–4 small players from the unorganized sector may add capacity in FY27, which is not expected to materially impact the industry supply-demand dynamics.
- MDF imports have massively declined post BIS implementation in Feb'25. In Q1FY25, the imports declined by 90%. Compared to Q2, overall margin is likely to expand by 150–200bps in H2.



Gujarat Fluorochemicals (FLUOROCH IN)

Rating: HOLD | CMP: Rs3,486 | TP: Rs3,580

- PTFE and majority battery materials are exempted from US tariffs.
- A few high-grade fluoropolymers will be impacted by the tariff; however, since there are very few manufacturers globally, and the approval cycle for these products is long, the Fluoropolymers segment is not expected to be significantly affected.
- New Fluoropolymer capacities are likely to reach optimal utilization by the end of FY26.
- In FY26, the Fluoropolymers segment is expected to see 25% growth supported by volume growth.
- Commercial production of R32 commenced in Q1FY26; this was achieved by strategic retrofitting at minimal capex. Capacity will be ramped up to 20,000mtpa by the end of the year.
- The Specialty Chemicals segment remained stable during the quarter.
- Bulk Chemicals saw degrowth in revenue due to decline in prices of caustic soda and shutdown of the CMS unit.
- New bill passed in the USA, expected to be growth driver for battery manufacturers, will benefit the company.
- For the EV segment, samples have been approved or are in advanced qualification stages at over 85% of potential customers globally.
- Pre-commissioning activities of the LFP plant have been completed.
- The EV business is expected to show meaningful numbers from FY27.
- FLUOROCH invested Rs13bn in the EV business in FY25 and plans to invest another Rs12bn in FY26

Gujarat Gas (GUJGA IN)

Rating: HOLD | CMP: Rs431 | TP: Rs432

- Gas prices at Morbi are ~Rs3/scm higher than propane even after the recent cut of ~Rs3/scm,
- 830 ROs across 44 districts, 567 within Gujarat, 662 through OMCs,
- Morbi volume at 2.51mmcmd and down to 2.3mmcmd in Jul'25,
- FY26 CNG vol growth to surpass that in FY25,
- Capex of Rs1.2bn in the quarter,
- Domestic gas 28%, 38% long-term contracts, rest short-term,





- 370 industrial units at Morbi on gas, 530 have dual feed capacity, which means that 1-1.5mmcmd is exclusively for gas,
- GUJGA also venturing into sourcing/sale of propane, expects 25% market share in FY26,
- Expecting listing of GTL & additional shares of GUJGA by Q3FY26.

Harsha Engineers International (HARSHA IN)

Rating: HOLD | CMP: Rs423 | TP: Rs402

- **Guidance and Outlook:** Management maintains the guidance of low-teens top line growth in India Engineering with high-single digit top line growth in the consolidated business. Management also expects better growth in profitability. It remains cautiously optimistic for the year with bullish stance for H2FY26.
- **India Engineering:** The domestic demand saw an uptick driven by demand from industrial segment while the demand from Auto sector remains sluggish. Management may incur some additional capex for India Engineering to set up incremental lines mainly in the stampings and large size cages.
- **Advantek:** The greenfield expansion of Harsha Advantek reported negative profitability during the quarter due to high overhead and higher depreciation and interest expenses. Post the commercialization, Advantek reported marginal revenues of ~Rs0.2mn and with the rental subsidiary site it reported Rs16.5mn. While this facility will house the production of bushings, large size bearing cages and stampings, management expects additional capex of Rs1.0bn in next 18 months on top of prior investments worth ~Rs2.0bn.
- **Romania:** Romania reported ~18% YoY revenue growth in Q1FY26 signaling some revival in the demand scenario in Europe. Company is witnessing positives with increasing purchases of cages and semi-finished castings. The management is also trying to diversify the revenue base with increased mix from cages however, the mix of cages is still lower (~20% of Romania topline) than management's expectations. Meanwhile, the management's cost saving initiatives in Romania may take 6-8 more months to realize the benefits.
- **Bushings:** The company is witnessing strong traction for its bushings business and expect a top line growth of ~30% YoY in FY26. The management remains confident of growing the bushings business from ~Rs1.0bn in FY25 to ~Rs2.0bn in next 2-3 years. The recently won long-term supply contract worth Rs1.2bn is not expected to contribute materially to FY26 and is expected to scale up over the next 2-3 years.
- **Exports from India:** The exports from India also started seeing better demand from Industrial sectors in Europe. The large size cages have seen significant improvement in demand and order bookings. Meanwhile, the demand from the USA is softening in FY26 due to tariff related uncertainties. However, the USA accounts for ~10% of Harsha's exports and hence it may not materially impact the export momentum of the company.
- **Japan based customers:** Sales to the Japan based customers continue at a steady rate however it is not reporting YoY growth. Management remains optimistic about the prospects however, it may take longer to pick up pace.



Havells India (HAVL IN)

Rating: ACCUMULATE | CMP: Rs1,532 | TP: Rs1,645

- ECD segment declined primarily due to weak demand for fans and air coolers, weak summer demand and early rains.
- Lloyd had a weak quarter but continues to maintain margins, with no plans for heavy discounting during the off-season.
- The company aims to maintain Switchgear's contribution margin in range of 38% to 40%.
- W&C segment reported 20–21% volume growth, with equal contribution from wires and cables
- company expects strong growth in solar portfolio, and likely to rise its revenue from Rs5bn in FY25 to Ra10bn–15bn in next few years.
- Havells remains positive in its lighting business and continues to invest despite price deflation and maintaining industry-leading margins.
- Rural region currently contributes 5–6% of overall revenue but are growing faster than urban markets. Havells plans to drive this growth by expanding distribution and launching Lloyd products through its UTSAV stores.
- Havells plans to double underground cable capacity by FY27, with gradual capacity ramp-up and production already underway at the Tumkur facility
- Goldi Solar is undertaking backward integration by setting up solar cell production over the next 18months, and a potential to entry into battery storage.

HCL Technologies (HCLT IN)

Rating: HOLD | CMP: Rs1,620 | TP: Rs1,550

- Management mentioned that the demand environment remains stable with some volatility existing due to tariff uncertainty and geo-political conflicts. They further mentioned that they have witnessed traction in discretionary spending in FS & Tech segment while weakness continues in Manufacturing, Retail & Lifescience segments.
- Management mentioned that the strong performance of tech segment was due to ramp up of large deal. The management indicated that the ramp up was slower than expected but it was not due to client specific or macro issue rather it being a timing difference which led to lower utilization of resources on the project. They further mentioned that they expect this deal to ramp up by Q2/Q3. The management further expressed confidence that the growth in FY26 will be driven by FS & Tech segment despite some weakness in other segments.





- EBIT margin during the quarter declined sharply by ~160-170 bps sequentially and the decline was due to the headwinds of lower utilization (-80 bps), investment in sales team (-30 bps), impact due client bankruptcy (-30 bps), and lower software business impact (-20 bps). The management further indicated that drag on margins will impact Q2 also as it will continue to invest in sales team for its restructured GTM.
- The management mentioned that its restructuring its GTM for AI-led strategy for which it will continue making investments which will impact the margins in FY26. They also indicated that utilization will be impacted by short-term due training of its employees which were recently released by a client due to productivity passback. They also mentioned that utilization than anticipated due to slower ramp of large deal for which high-cost resources were deployed. Due to these headwinds management lowered EBIT margin guidance for FY26 from 18-19% earlier to 17-18%.
- Deal wins during the quarter was weak at USD 1.8 bn compared to USD 3 bn in Q4FY26. The management mentioned that this was largely due to delay in closing 2 large deals to Q2. The management expressed confidence that these 2 deals would be closed in Q2, and the delay was structural in nature and not related to macro issues. The management also expressed confidence of closing a large vendor consolidation deal apart from the 2 large deals which together gives them confidence in achieving the revised revenue guidance of 3-5% YoY CC growth.
- The management mentioned that they have strengthened their AI offerings by expanding their partnerships with OpenAI. They mentioned that they partnership was to help OpenAI clients for adoption & transformation, for internal use & to co-sell solutions with OpenAI.
- The management mentioned that they are pro-actively passing productivity benefits with clients which is leading to cannibalization of some revenue but expressed confidence that it will lead to increase wallet share in future
- Top 5/10/20 clients revenue grew by 1.2%/2%/0.3% QoQ respectively.

HDFC Asset Management Company (HDFCAMC IN)

Rating: BUY | CMP: Rs5,357 | TP: Rs5,700

Industry:

- Actively managed equity inflows for industry witnessed 52nd consecutive month of positive net flows. Debt, liquid and arbitrage funds witnessed a positive momentum due to improved liquidity in the system

Company Performance

- **Revenue yields** were flattish mainly due to impact of rationalization.
- **Blended yields were stable:** overall at ~46bps, equity at 58-59bps, debt at 28-29bps and liquid at 12-13bps. Yield for alternative fund is equivalent to overall business yield.



- **Other income** was higher due to MTM gains.
- **Old ESOP plan** – NRC had allocated 3.2mn shares in 2020 for employees basis remuneration and performance. Till 2025, ~2.3mn shares were granted while balance shares (0.87mn shares) are cancelled. Vesting period was spread equally over 3 years. Over past 5 years, HDFCAMC has recognized Rs1.8bn through P/L account. Residual cost for these shares stood at Rs110mn for FY26E and Rs30mn for FY27E.
- **New ESOP plan** – In Q4FY25, NRC had approved a new ESOP scheme (incl. performance) to the tune of 2.5mn vesting over 4 years. On 20th June 2025, NRC issued 1mn ESOPs and 0.23mn performance stock units (PSUs). These shares will not be granted to heads of departments.
- As per Black-Scholes estimates, non-cash ESOPs and PSU related expenses may be Rs2.0-2.1bn over the vesting period. This cost will be allocated as Rs560mn in FY26E, Rs630mn in FY27E, Rs510mn in FY28E, Rs320mn in FY29E and Rs60mn in FY30E.
- New ESOP plan will be applicable to ~50% of workforce and impact for FY26 may be ~0.8bps assuming an average AuM of Rs8.5trn.
- Surge in other opex was mainly due to CSR expense incurred in Q1FY26.

Others

- Unique investor penetration for HDFCAMC stood at 25%.
- Share from HDFC bank is falling due to other segments growing at a higher pace, mainly led by direct channels fueled by Fintech platforms
- Company launched “HDFC Innovation Fund” in Jun’25. Product bouquet is largely completed for both equity and debt segments.
- Market share across asset classes has remained robust. Flow market share is higher than book market share.
- Company closed its venture capital private equity fund of fund in FY25 with Rs12bn. New inflows came under non-discretionary PMS account.

HDFC BANK (HDFCB IN)

Rating: BUY | CMP: Rs1,957 | TP: Rs2,150

Balance Sheet:

- Bank is confident of achieving guided loan growth equal to system in FY26 and higher than system in FY27 given strong domestic demand and upcoming festive season which is expected to boost urban consumption. Focus would be mainly on improving RAM share.
- On MSME, bank is seeing upfronting of exports to take tariff benefits which is expected to continue. Corporates are enjoying benign interest rates.
- Mortgage disbursements were down due to pricing competition from PSUs.



- Since merger bank focused on getting deposits to cater to additional reserve requirements and to keep LDR in check. Going forward, bank intends to focus more on garnering CASA deposits.
- In ALM majority of deposits fall in 15-18 months category and it takes a few quarters for CoF reduction to completely flow through.
- Bank is targeting LDR of 87-90% in medium term
- Bank stated that they have zero or minimal customer overlap with HDB financials as HDB customers are notch below HDFCB customers.

Profit & Loss:

- Repo rate cuts announced in Feb/Apr'25 are fully priced in Q1FY26. Impact of Jun'25 rate cut will reflect in the following quarter.
- 70% of loan portfolio is EBLR linked and repricing of assets happens in a span of 1-3 months following the rate cut.
- Fee income was subdued due to lower third party distribution income.
- 4000+ employees were added during Q1FY26 partly on account of opening of new branches and partly due to additions in tech and sales force.

Asset quality:

- Credit cost for Q1FY26 was higher due to agri slippages.
- Contingent provisions of Rs17bn were created to strengthen balance sheet and does not reflect any underlying stress.
- Bank stated that asset quality ex-agri has been stable.
- OTS accounts are classified under NPA.

Hindalco Industries (HNDL IN)

Rating: ACCUMULATE | CMP: Rs667 | TP: Rs762

- 18% of the currency is hedged at an exchange rate of Rs87/USD and 20% of metal is hedged at USD2,666/t for Q2FY26.
- Alumina sales stood at 170kt in Q1FY26 and would be ~190-200kt in Q2FY26.
- HNDL incurred a capex of Rs12.73bn in Q1FY26. For FY26, capex is projected at Rs75-80bn, with FY27 expected to see peak spending of ~Rs150bn.
- In HNDL India, total cash is Rs186bn and Rs70bn of long-term debt. Cons net debt is Rs342bn. Net debt-to-EBITDA stood at 1.02 at the end of Q1FY26.
- In its downstream business, HNDL is moving up the value chain by expanding beyond extrusions to offer premium products, e.g. adding battery enclosures for EV manufacturers, which is further enhancing margins.



- Commercial coal production from Chakla to start from Mar'26. In the first year, production is estimated at 0.5-1mt. The Bandha coal mine, having high stripping ratio, is expected to produce coal by the end of FY27. Meenakshi is expected to begin production only in FY28.
- HNDL has guided for a 30% reduction in coal costs compared to linkage once all captive mines are operational at 20mtpa full capacity.
- HNDL sourced 63% of its coal supplies in Q1 through linkage as prices were down 3% in Q1 QoQ. Q2 costs expected to rise by ~3% QoQ. CP coke prices have also increased.
- HNDL began commercial sales from Aditya-FRP in Jun'25, with the ramp up progressing well and a full-year volume target of 70kt.
- FRP demand in India is projected to grow 6-7% YoY, driven by strong uptick from the construction, packaging, and consumer durables sectors.
- HNDL has guided Rs6bn quarterly EBITDA run rate for the copper business.
- HNDL incurred an impairment loss of Rs1.6bn in Q1FY26 related to the return of the Kathautia mines.
- HNDL is setting up a 50kt copper scrap facility, expected by Dec'27, with phased expansions of 50kt each up to 200kt. This will sustainably enhance copper business EBITDA, as scrap-based production yields 2-3x the margins of the smelting business.
- Aditya alumina refinery (FY28) and copper e-waste & recycling project (FY27) all orders placed, with construction underway. For the copper smelter (FY29), the company is yet to go for the public hearing and obtain approvals.

Hindustan Petroleum Corporation (HPCL IN)

Rating: ACCUMULATE | CMP: Rs402 | TP: Rs422

- Pre-commissioning at bottom-upgradation project at Vizag ongoing,
- Barmer- refinery 95% completed, Petrochem 73% completed, expect first crude in by FY26-end,
- targeting Rs10-15bn improvement in EBITDA through operational efficiencies,
- Inventory loss of Rs14bn in refining, Rs6bn in marketing,
- Core refining margin was lower QoQ due to maintenance in one of the diesel units,
- Russian crude stood at 13.2% of the basket in Q1FY26,
- LPG under-recovery during the quarter at ~Rs165/cyl,
- Expect 10-15% utilization at Chhara LNG terminal and expect to rise to 35-40% in FY27 post completion of breakwater facility.



Hindustan Unilever (HUVR IN)

Rating: ACCUMULATE | CMP: Rs2,521 | TP: Rs2,686

- Rural demand continues to grow faster than urban demand, even after accounting for e-commerce growth.
- Gross margins (commodity prices softening) are expected to be re-invested back into business in the near term while EBITDA margin guidance stands around 22-23%.
- The demerger of the ice cream business is on track and is likely to be completed by the end of FY26.
- Home Care continued to face competitive pressure with local, regional & global players. leading to price cuts by HUVR amid benign crude prices
- In spite of tea prices softening, HUVR did not pass on the benefit to consumer leading to healthy value & volume growth.
- Minimalist continues to show strong performance post-acquisition with robust double-digit growth since April25.
- OZiva (Health & Nutrition) revenue tripled YoY crossing Rs.4.5bn+ ARR
- HUVR expanded Boost portfolio with the introduction of Boost Protein in the adult protein drink segment
- HUVR is working on a relaunch of Horlicks as it continues to de-grow
- Re-launch of Lifebuoy & Closeup improved overall performance, 1Q also saw new launches like Nexus (bridge to luxury).
- Future Core & Market Makers now account for over 50% of the portfolio
- HUVR remains open to evaluating new brand acquisitions while also leveraging multiple levers for portfolio expansion, including building new brands, introducing global Unilever brands to the Indian market, and extending its existing brand portfolio
- HUVR will focus on volume-led growth and expects low-single digit pricing growth if commodity prices remain firm at current levels



ICICI Bank (ICICIBC IN)

Rating: BUY | CMP: Rs1,426 | TP: Rs1,730

Assets/Liabilities:

- **Corporate:** Shift from AA- to BBB- is a factor of both demand/pricing. This mix may be maintained. For lower brackets, there are tighter controls.
- **BuB:** Healthy growth is sustaining due to a combination of distribution process, technology and digital interface offered to the customers while maintaining the quality. This segment is expected to grow at a faster pace than overall book, thus increasing its share.
- **Vehicle loan** slowdown was mainly due to competitive pricing environment.
- **Unsecured loans:** PL and CC growth may be more aggressive going ahead while maintaining pristine customer quality.
- **CASA:** CA accretion was due to presence in transaction flows of corporate business and capital market players while SA accretion was a function of being a primary or transacting bank of retail customer. There is not much change in the competitive environment
- With easing liquidity, positive impact is expected in deposit/credit accretion. Average **LCR** for Q1FY26 was 128%.

NIM/Opex

- Bank has changed its **method of computing NIM** from number of days to number of months to reduce volatility (impact in this quarter was negligible; it will be visible in upcoming quarters). Reported NIM for Q4FY25 would have been lower had this method been followed.
- Impact of transmission of **repo rate cuts** on EBLR is expected to be higher in Q2FY26. This would be partly offset by (1) fall in cost of deposits mainly due to SA rate cut of 25bps in Apr'25 (2) repricing of retail TDs and (3) reduction in wholesale deposits. Benefit of CRR cut is expected to flow thru from Q3'26.
- **Impact of rate cuts** in Feb'25 has fully been passed, while that of Apr'25 has majorly been passed. However, Jun'25 cut has not yet been passed. Most of it is expected in Q2FY26.
- Impact of **interest on IT refund** was 7 bps in Q1'26 (vs 2bps/0bps QoQ/YoY).
- Increase in **staff cost** was mainly due to annual increments and promotions. **Technology expenses** were 10.7% of total expenses.

Asset Quality:

- GNPA from KCC portfolio in Q1 was Rs7.67bn. Adjusting for KCC, credit cost was ~50bps.
- Only 2 accounts in BBB and below book were Rs5bn+ as at 30th June 2025.



- Credit cost for BuB may go up slightly due to negligible credit cost currently, but the portfolio is granular and tightly monitored.

Imagicaaworld Entertainment (IMAGICAA IN)

Rating: BUY | CMP: Rs61 | TP: Rs77

- Hotel occupancy stood at ~65% with an ARR of ~Rs9,500 in 1QFY26.
- Sabarmati Park, being a riverfront project, will require additional government approval, and groundbreaking is expected in 2HCY25E.
- Capex for FY26E/FY27E remains unchanged at ~Rs520mn/Rs780mn respectively pertaining to Sabarmati Park.
- IMAGICAA IN is in the process of applying for first tranche of capital subsidy for Indore Park.
- IMAGICAA IN has shortlisted locations like Chandigarh, Delhi, Goa, Jaipur, Bangalore, and Coimbatore for development of new parks.
- Of the balance ~Rs3,000mn payable to Giriraj Enterprises from ~Rs6,294mn, for acquisition of parks at Lonavala and Shirdi, Rs1,000mn each will be paid in Oct'25/Apr'26/Oct'26 respectively.
- Indore Park reported revenue/EBITDA of Rs108mn/65mn in 1QFY26, respectively.
- A new subsidiary 'Imagicaa Next Private Limited' has been incorporated to develop an indoor entertainment center, though the location and plans are yet to be finalized.

Indian Oil Corporation (IOCL IN)

Rating: ACCUMULATE | CMP: Rs140 | TP: Rs152

- Refining throughput expansion: Barauni +3mmtpa commissioning start from Aug'26, Panipat (+10mmtpa) / Koyali (+4.3mmtpa) commissioning from FY26-end, expect 24m for full ramp up,
- Targeting to raise Petrochem integration from existing 6% to 15%, expect Petrochem cycle to turn back favorable by the time expansions are completed,
- Expect to add 4,000 retail outlets each in next two years,
- Russian crude intake at 22% in FY25, 24% in Q1FY26, discount has narrowed to USD1.5/bbl,
- Final modalities of Rs300bn LPG compensation to OMCs still not communicated,
- Total inventory loss of Rs65bn in Q1FY26, **7)** expect Rs340bn capex in FY26, out of which 140-150bn on refining.





Indian Railway Catering and Tourism Corporation (IRCTC IN)

Rating: BUY | CMP: Rs725 | TP: Rs850

- ~126mn tickets were booked in 1QFY26.
- UPI share for 1QFY26 was at 48.7%.
- Convenience fee/non convenience fee formed 2/3rd/1/3rd to internet ticketing revenue, respectively.
- Catering reach is ~1,300 trains.
- For Rail Neer business, capacity expansion is planned at Danapur and Ambarnath plants, with additional facilities planned at Prayagraj, Ranchi, Bhagalpur, and Mysore.
- In Rail Neer business, ~1.41mn bottles were sold per day in 1QFY26.
- IRCTC IN will add one more rake of Bharat Gaurav train in FY26E.
- IRCTC IN has received in-principle approval from RBI for payment aggregation license. Final approval is likely to take 12-18 months.
- Utilization of Rail Neer plants was 87.4% in 1QFY26 (86.8% YoY in 1QFY25). Blended realization per bottle is on a decline as 500 ML bottles are being introduced in Vande Bharat trains. Typically, Rail Neer bottle of one litre is sold for Rs15.

Indoco Remedies (INDR IN)

Rating: HOLD | CMP: Rs322 | TP: Rs325

- **Domestic Formulations:** Key therapy areas such as Anti-infectives, Respiratory and VMS reported healthy growth YoY, whereas stomatologicals delivered single-digit growth YoY. However, gastro delivered muted growth on YoY basis. Major brands like Cyclopam and Cital disappointed with its performance, down YoY. Oxipod, ATM and Methycal achieved double-digit growth YoY. 30-35% of the portfolio was impacted due to seasonality. Launched 3 new products (a) Rinseoff MW (b) Vopanza 20 tab (c) Hyperlact Cap. PCPM remained between Rs 0.3-0.4mn. Sales growth in OTC business has shown improvement, up 46%, Rs 316mn in Q1FY26.
- **International markets:** Phase 1 of master manufacturing plan (MMP) rollout led to sequential improvement in international formulations. USFDA allowed resumption of supplies from 2 of 4 lines. Received approval for Allopurinol 200mg during the quarter. Plans to launch 4-5 products for US markets in FY26. Successfully launched Ticagrelor 90 mg in the UK through Indoco UK and Clarity Pharma. The company has received approval for sterile product





supply to European markets. Performance is likely to bounce back from Q3FY26.

- **Other:** Remediation cost for the quarter was Rs 40mn. Anticipates final phase of remediation activities in August 2025. Forex cost during the quarter stood at Rs 55-60mn. Guided for R&D spend at 5-5.5% of revenues in FY26. Debt as on June 2025 stood at Rs 9.5bn, repaid Rs 210mn in Q1FY26. Targets additional loan repayment of Rs 680mn in FY26.

Indraprastha Gas (IGL IN)

Rating: REDUCE | CMP: Rs205 | TP: Rs186

- CNG conversion stood at 18,500 per month in (vs 15,000 per month YoY)
- DTC volumes have already declined to 85,000kg/d and are likely to go out completely in two years
- exclud DTC, volume growth in CNG is 9% YoY
- benefit of 0.7-1.3/scm estimated on account of rationalization of zones for CGDs
- expect addition of 102 CNG outlets in FY26
- long term EBITDA/scm guidance of Rs7-8
- volume guidance is 10%
- YoY, 40% of the incremental volume is accounted for by new GAs
- APM gas stands at 3.08mmscmd, HPHT at 0.3-0.4mmscmd, CBM 0.1-0.2mmscmd
- capex guidance of Rs14-15bn, Rs2.9bn done in Q1FY26

IndusInd Bank (IIB IN)

Rating: HOLD | CMP: Rs808 | TP: Rs780

Balance Sheet/Others

- **Vehicle/consumer business** disbursal trend was maintained. For **corporate banking**, disbursements are now improving due to ease in liquidity environment.
- Bank remained cautious in **MFI** owing to MFIN guidelines and focus on vintage customers. Disbursements to MFI stood at Rs.60bn (Rs.70bn last year).
- H2FY26 is expected to be better for disbursements. Vehicle demand, however, is expected to remain muted.
- **Loan composition:** Fixed-55-58%, EBLR ~27%, MCLR ~13%. Entire EBLR book will be repriced in next 3-6months.
- **Deposits:** Bank exited certain non-accretive wholesale deposits and few CDs raised in Mar'25 were also not renewed. CDs are targeted at 3-4% of total

deposit book. Few CDs with a tenure of 6months are likely to come up for renewal in Q2FY26

- **Change in systems:** Bank has stopped internal treasury deals and has upgraded its functionality of trade management controls and monitoring. MFI framework has improved as well. Bank has also setup a dedicated Project Management Office to improve internal control.
- **Management update:** Higher employee churn is due to resignations and superannuation which will be filled both internally/externally.
- **Average surplus liquidity** was Rs527bn
- **Focus areas:** 1) Profitability through reduction in deposit rates and effective pricing, 2) contain cost to single digit growth, 3) focus on upgradations and recoveries to reduce net slippages.

Profit & Loss

- IIB has cut SA rate by 200bps and TD rate by 100bps; There is further scope for deposit rate cuts. SA rate cut is yet to be fully reflected in deposit cost.
- **NIM** had an 11bps cushion owing to NPA recovery and interest on IT refund.
- **Fee income** was lower in Q1 due to seasonality. It was further impacted due to subdued corporate and MFI disbursals. This fees should be taken as a new base and it is expected to pick up pace going forward.
- **Employee cost** was elevated during the quarter because of re-statement of certain expenses amounting to Rs.1.14bn.
- **Opex** is guided to grow in single digit owing to lower variable cost, lesser disbursal related expenses in MFI segment and benefits of technology and operating leverage.

Asset Quality

- **GNPA** is elevated as there were no ARC sales or write-offs. Focus is on internal collections. Bank targets to keep NNPA at 50-60bps in longer run and would start writing it off after becoming profitable.
- **Stress in MFI segment** is expected to take at least 6 months to stabilize.
- **Restructured book** for vehicle finance is Rs0.85bn (Rs4.2bn a year ago).
- **Slippages** are expected to stabilize from Q3/Q4FY26.
- **Gross slippages in corporate book** was mainly due to one manufacturing a/c amounting to Rs1.18bn. Corporate slippages are expected to improve.
- **Slippages mix:** MFI Rs8.88bn; vehicle-Rs7.43bn, other retail Rs6.92bn and corporate Rs2.45bn.



Infosys (INFO IN)

Rating: ACCUMULATE | CMP: Rs1,575 | TP: Rs1,750

- Management mentioned that the macro environment remains uncertain, and they have not seen any material improvement in the demand environment, with discretionary spending continuing to remain weak. They further reiterated that demand is still being driven primarily by cost takeout and vendor consolidation initiatives.
- Strong growth in Q1 came despite lower passthrough revenue, as third-party expenses declined by 4.3% QoQ (down 60 bps QoQ as a percentage of revenue). Management attributed this to seasonality and expressed confidence that third-party expenses for FY26 will be lower than in FY25, indicating an improvement in revenue quality.
- Management expressed confidence that, despite the uncertain macro environment, normal seasonality will prevail, with higher growth expected in H1 compared to H2.
- Segment-wise, management mentioned that they are seeing traction in the FS segment in the U.S., particularly within the capital markets and commercial banking sub-segments. There is also growing demand in areas such as agentic AI for KYC and portfolio management within FS segment. In the Manufacturing segment, automotive sub-segment in the Europe region continues to remain weak. However, the overall pipeline in the segment remains healthy, driven by cost takeout projects. In the Retail segment, tariff-related uncertainty is causing reduced spending and delayed decision-making among clients. In the Comms segment, clients remain focused on cost takeout and vendor consolidation programs, with growth supported by previously won deals.
- Management mentioned that demand for enterprise AI and agentic AI remains strong. They further stated that while they are sharing productivity gains and AI-related benefits with clients, they have been a net beneficiary of AI adoption overall.
- Deal wins were strong for the company during the quarter. Infosys secured 28 large deals in Q1 with a TCV of USD 3.8 bn. Of these, 20 deals were from the U.S., 6 from Europe, and 2 from RoW regions. The wins were largely driven by cost takeout and vendor consolidation opportunities, with over USD 1 bn in TCV coming from these areas, including one mega deal.
- Management expressed confidence that the cost take out & vendor consolidation deals won't be margin dilutive.
- Management mentioned that they will continue adding employees, as utilization levels have peaked, and supporting revenue growth will require either net headcount addition or the deployment of subcontractors.
- Management mentioned that during the quarter, it implemented the second phase of its wage rollout and has not yet decided on the timing of the wage hike implementation for FY26.



- During the quarter Top 5/10/25 clients grew by 5.3%, 5% & 5.7% QoQ respectively.

InterGlobe Aviation (INDIGO IN)

Rating: BUY | CMP: Rs5,740 | TP: Rs6,517

- IndiGo has exercised its purchase option and placed a firm order for an additional 30 A350-900 aircrafts. For the first leg of 30 aircrafts (order placed in 2024), the delivery will begin in 2027, while for the second leg, delivery is expected by 2032.
- IndiGo has finalized a 6-aircraft damp-lease deal with Norse Atlantic, with 1 aircraft already inducted while remaining 5 are scheduled for induction in FY26E.
- "IndiGo Stretch" has now been extended to international routes.
- 2 new domestic destinations have been added during 1QFY26.
- Fuel CASK declined 21.9% YoY to Rs1.38, driven by lower ATF prices and redeliveries of less fuel efficient damp lease aircrafts.
- In FY26E, CASK (ex-fuel & ex-forex) is expected to remain flat on YoY basis.
- AoG count remained stable in the 40s. 16 damp-leased aircrafts were redelivered in 1QFY26.
- ASKM growth is likely to be in early double-digits in FY26E.
- A321XLR aircraft deliveries are expected in FY26E.
- Finance lease count rose from 31 in 1QFY25 to 69 in 1QFY26. Finance leases enable ownership of the aircraft at the end of the lease term.

Ipca Laboratories (IPCA IN)

Rating: ACCUMULATE | CMP: Rs1,377 | TP: Rs1,525

- Domestic:** Market share improved by 7bps to 2.08% in Q1FY26. Chronic segment grew 15.1% (vs 9.9% industry growth) whereas acute segment growth was 9.8% (vs 6.8% in industry). Most therapies outperformed except cardiovascular therapy as growth slowed down to 8% due to reorganization and MR additions. Plans to add 3-4% MR's annually mainly in specialty areas.
- Unichem:** US business grew by 12%, but overall margins declined due to loss of market share in profitable products and issues in Asia and Brazil markets. Asia fell due to Myanmar import license issues. Europe growth was aided by product shortages in UK markets. Additional one offs; made provision of Rs 120mn due to Euro appreciation. Took hit of Rs 100mn for shutdown of Ireland facility. Management expects market share recovery in lost products over the coming quarters. Unichem unlikely to post EBITDA growth in FY26. Earlier guidance of Rs3bn now unlikely due to Q1 weakness, but performance expected to improve in the remaining 3 quarters.





- **US:** 4 products launched with visibility of adding \$15-16mn in revenues. Additional filings and launches (4-5 products) are expected in the coming quarters. IPCA's US business with Unichem is on profit-sharing model; no incremental manpower required at Unichem for handling IPCA's portfolio.
- **Export formulations:** Europe and LATAM remained strong growth contributors. Margins remained better in certain markets such as Canada, Australia, New Zealand. Expansion into Germany underway with a new subsidiary; product registrations in process.
- **Subsidiaries:** Onyx Scientific witnessed first quarterly loss (~GBP 0.3 mn) after a decade of profits, due to slowdown in new project initiation by big pharma/virtual pharma amid funding issues. Pishah continues to incur losses; injectable project expected to be commercially ready in 2HFY26, with improvement expected thereafter. Planned for 2-3 products launches in FY26.
- **Others:** Dewas facility operational for three years, now filing for exports after recent inspection.
- **Guidance-** IPCA expects 9%-10% top-line growth for FY26. Consolidated EBITDA margin improvement revised to 75bps (earlier 100bps). Domestic business margins are expected to expand due to productivity improvements.

J.B. Chemicals & Pharmaceuticals (JBCP IN)

Rating: BUY | CMP: Rs1,778 | TP: Rs2,030

- **Domestic business** growth was evenly split between volume and price increases (7% each), and JBCP expects to continue to outperform IPM by 300-400 bps. Key brands like Cilacar, Cilacar-T and Nicardia delivered strong YoY growth. The chronic portfolio rose 15% YoY, the acute segment grew 12% YoY, and ophthalmology advanced 19% YoY as per IQVIA. The acute rebound was driven by Sporolac's high-teen growth and strong demand for ophthalmology eye drops (Moxifloxacin, anti-allergics, pain-relief), while Rantec and Metrogyl remained flat.
- The **ophthalmology** portfolio continues to gain momentum with a field force of 105.
- **CDMO** business dispatched its first commercial shipments of iodine throat spray and immunity lozenges to APAC and EU markets. The company expects 3-4 product launches in the next 12-18 months and has guided for 12-14% growth in FY26E, with a quarterly revenue run-rate of Rs 1.2-1.3bn in FY26E, rising to Rs 1.4-1.5bn in FY27E. The segment is supported by a robust pipeline of globally relevant products developed with key partners.
- **Branded generics** business was flat for the quarter but is expected to return to high single-digit growth in H2FY26. The US market faced some pricing pressure on 2 molecules, but visibility remains strong for the next 4-6 months. In South Africa, weak institutional and private orders weighed on performance, though grants and sanctions should help recovery in H2. Russia experienced a slow season, with demand expected to pick up later in the year.
- **API** segment growth was led by Diclofenac exports during the quarter.



- **ROW** expansion plans include 8–10 new molecules across 14–16 markets from Q4FY26, with the full impact expected from FY27E.
- **Other highlights:** The company maintained gross margin guidance at 67% for FY26E. R&D spend was ~1% of revenue, largely toward international formulations. Other expenses grew 16% YoY to Rs 2.52bn, which included Rs 150Mn in merger-related costs. EBITDA margin guidance was maintained at 27–29%, with the aim to reach the top end of the range. Operating cash flows are expected to be 75–78% of EBITDA for FY26E. Staff costs increased 16% YoY, driven by increments and incentives, with no major field force expansion.

Jindal Stainless (JDSL IN)

Rating: HOLD | CMP: Rs683 | TP: Rs678

- Mgmt. reiterated its guidance for EBITDA/t to be in the range of Rs19,000–21,000 for FY26 with a volume growth of 9–10%.
- JDSL's consl. net debt declined by Rs1.2bn QoQ to Rs38.7bn with debt-to-equity ratio at 0.2x and debt-to-ebitda ratio at 0.81x.
- Volume mix for Q1FY26 was 36%/46%/18% for Series 200/300/400 respectively. JDSL benefitted from improved product mix and higher volumes of value-added and special grade products.
- The planned capex for FY26 is Rs27bn with Rs6.65bn spent in Q1FY26. For FY27 the mgmt. has guided for a capex of Rs10–12bn. As mgmt. finalizes capex on new project at Maharashtra, detailed plan will be announced.
- JDSL has invested Rs0.79bn for acquiring 33.64% equity stake in Oyster Green Hybrid One Pvt Ltd, to develop a 282MW hybrid RE project for captive power requirements, thereby making it an associate of JDSL w.e.f. 2nd Jun'25.
- Chromeni plant is currently running at 65% CU and is being ramped up to reach 80–85% by H2FY26. Chromeni has achieved EBITDA positive performance in Q1FY26.
- Rathi unit is currently operating at 80–85% capacity utilisation. While the initial strategy was to produce rebars and pellets, ~70% of current production comprises wire rods. However, JDSL ultimately intends to focus on rebars and is seeing a pickup in demand in the coming quarters.
- For new Maharashtra project, land acquisition is on track. The project will be executed in four phases of 1mtpa each. The timeline may be adjusted based on market conditions. Phase 1 capex plans is yet to be finalized.
- The SMS project in Indonesia is progressing well and remains on schedule. The HRAP project is advancing as planned and is expected to be commissioned by H2FY27.
- The Indian Stainless Steel Development Association has filed an application with DGTR, requesting action on certain CR SS flat products from China, Vietnam, and Indonesia. In response, two officials have been assigned to conduct a preliminary inquiry with the industry.



Jindal Steel & Power (JSP IN)

Rating: ACCUMULATE | CMP: Rs996 | TP: Rs1,060

- In Q1FY26, JSPL achieved net savings of Rs1,600/t YoY- Rs500/t from lower coking coal costs, Rs200/t from PCI, and Rs900-1,000/t from scrap and other items.
- JSPL's average cost of consumption of coking coal declined by USD11/t. In Q2, mgmt. has guided for further decline of ~USD5/t while iron ore costs to remain flattish.
- Q1 sales mix was 56% longs and 44% flats, with captive coal consumption at 90-95%.
- Net debt rose by Rs24.43bn in Q1 to Rs144bn due to working capital buildup, with a net debt-to-EBITDA ratio of 1.49x.
- Q1FY26 capex stood at Rs22.26bn, taking total Angul project expenditure to Rs281.5bn at the end of Q1FY26 out of the announced Rs470.4bn.
- JSPL achieved 87% capacity utilization in Q1FY26, with Angul at ~84%. & Raigarh at 95%.
- Value-added sales rose to 72% in Q1 from 64% in Q4, with auto sector supply set to increase QoQ as ramp-up happens and OEM approvals come.
- In Q1FY26, JSPL commissioned a 0.2mtpa continuous galvanizing line at Angul. BF#2 is expected to deliver first hot metal in Aug'25, with BOF#2 to be commissioned alongside it and BOF#3 in Q4FY26. The slurry pipeline is on track for FY26 commissioning. The color coated line is slated for Q3FY26, second lines of galvanizing and color coated are planned for end FY26. Second 6mtpa pellet plant to be commissioned in FY27 to support DRI.
- JSPL secured the Roida-1 iron ore block (EC capacity: 3mtpa; reserves: 126mt) and has begun ore extraction, targeting 1.6mt volumes in FY26.
- The Tensa iron ore mine is at the end of its life and contributed very minimal volumes (0.13mt) during the quarter.
- Utkal B1 mining is set to begin in Q2FY26, JSPL recently won the Saradhapur Jalatap East coal block (3.2mt resources) which would be fully explored over the next two years, after which extractable reserves and annual EC limits will be announced.



Jubilant FoodWorks (JUBI IN)

Rating: HOLD | CMP: Rs644 | TP: Rs688

- Overall demand situation is improving led by menu innovation and focus on value menu
- JUBI has accelerated the pace of new product innovation with introducing new chicken burst Pizza for Rs349.
- Gross margin came in at 74.1%, lower by ~199bps YoY amidst higher investment behind growth and new customer acquisition.
- Company has increased its share in its own digital assets and is further looking to increase its market share by focusing more on 20-min delivery especially in metro and tier-1 cities
- Robust order growth is being observed in dine-in backed by recent initiatives taken by the company.
- Dunkin and Hong's are seeing some restructuring and in the medium term the losses are expected to be halved.
- Dp eurasia is navigating through a hyperinflation period, however JUBI remains optimistic on turkey in medium term given improving inflation scenario
- Popeye is continuously seeing traction with improving ADS and healthy double digit SSG led by menu innovation in chicken and superior store experience.
- Popeye has strong pipeline of new store opening in Q2
- Big-Big Pizza is gross margin dilutive, however JUBI is re-engineering the product to increase the GM
- Some price increase were taken in Big-Big Pizza, volcano pizza and chicken
- Going forward price increase will be calibrated as management is likely to focus on aggressive growth with focus on store addition and product innovation
- JUBI continue to gain market share led by 20% delivery SSG and product innovation
- JUBI is seeing better conversion on its application led by various initiative on technology side
- JUBI is calibrating store sizes with max store size of newer store not bigger than 1200sqft
- Over last 3 years CAPEX/store has seen reduction of 10-15% annually due to scale and usage of technology



Jubilant Ingrevia (JUBLINGR IN)

Rating: HOLD | CMP: Rs777 | TP: Rs743

- US and RoW revenue increased by 11% and 45% YoY, respectively.
- Capex is on track for the \$300mn Agro contract; supplies are likely to start early CY26. Capex for FY26 is expected to be Rs6bn.
- New MPP plant is planned to be set up in Gajraula for Fine Chemicals and CDMO; detailed engineering is underway.
- Specialty segment volumes are improving, while prices have remained stable.
- 5-6 CDMO orders are in advanced stages.
- One batch has been delivered for an agro CDMO order.
- Volumes and prices of niacinamide were under pressure during the quarter.
- Demand for choline (B4) increased, while prices have gone down in the domestic market.
- Europe imposing anti-dumping duty imposed on choline chloride from China presents a significant opportunity for the company. The company is not currently exporting this product to Europe, where the total market size stands at ~10,000t.
- 2-3 molecules in pipeline for the Human Nutrition segment.
- Ethyl Acetate and Acetic anhydride volumes increased QoQ, but prices remained under pressure.

Jupiter Life Line Hospitals (JLHL IN)

Rating: BUY | CMP: Rs1,451 | TP: Rs1,720

- The company continues to be on track to achieve its initial target of 2,500 beds across 6 hospitals in Western India in the next 3-4 years.
- **Bed expansion and capex** - Total 3 greenfield projects are in the portfolio. These include 500 beds at **Dombivli**, construction work is progressing well and ~250 beds are expected to be operational in Q1FY27. Incurred Rs 2bn of capex so far and guided for another capex of Rs 2bn to be incurred in few months with breakeven guidance within 12 months. Mgmt plans to commercialize second phase once the unit achieves 60% occupancy with capex requirement of Rs. 1bn. The second hospital in **Bibwewadi, Pune**, construction is planned to commence in Q3FY26. In the case of the **Mira-Bhayandar hospital**, regulatory processes are underway for recently acquired 2 acres of land to build a 300-bed unit.
- **Capex Phasing:** Typically spread as 15% in Year 1, 25% in Year 2, and 60% in Year 3 (excluding land cost).
- **Net debt** – JLHL's net cash stood at Rs2.75bn as of Q1FY26. JLHL has total debt of Rs 3.25bn.





- **Thane unit** - Maintained near-mature occupancy (~mid-70%) in Q1. Environmental approval for adding an extra floor at Thane is stalled due to a Supreme Court-linked issue.
- **Pune Unit:** Improved occupancy YoY; case mix largely matured with limited room for improvement.
- **Indore unit** - Ramp-up continues with increasing occupancy and ongoing case mix optimization. Newly added 78 beds (from Q4FY25) seeing traction.
- **Higher depreciation** - Depreciation increased by over Rs 100mn YoY in Q1FY26, driven by capex in new census beds, OTs, and biomedical equipment including surgical robots, MRIs, and cath labs. While QoQ increased in depreciation led by new beds added at Indore unit in Q4.
- **Guidance for FY26E** - Expect continued organic growth led by Indore and Pune. Thane remains stable. EBITDA margins expected to sustain; however, PAT margins to compress due to increased depreciation and finance cost from prior capex.
- **Renewable Energy Capex** - Commissioned 1.2 MW solar plant at Indore (~Rs 50mn outlay, guided for Rs 10mn annual savings). Currently, Mgmt is in process of evaluating 3 MW solar in Maharashtra to support future units.
- Contribution from the insurance business increased to 56.3% in 1QFY26 vs 52.8% in Q1FY25.

JSW Infrastructure (JSWINFRA IN)

Rating: ACCUMULATE | CMP: Rs322 | TP: Rs344

Operational Highlights:

- JSWINFRA implemented tariff hikes in Q1FY26 at locations like Goa and the coal terminal at Paradip. In non-WPI-linked contracts, hikes were substantial, while WPI-linked increases were modest due to low inflation.
- Jaigarh and Dharamtar together are expected to handle cargo volumes of 45.8-46mtpa in FY26.
- Dolvi plant was shut down for maintenance in Q4FY25 and Q1FY26. The decline at Jaigarh was driven by lower third-party cargo, mainly MOP and urea, due to delayed government orders, which are expected to resume next quarter.
- Employee expenses, including ESOPs, have been steadily declining, with Q1 lower than both same period last year and Q4FY25.
- Given the volatility in rupee and the resulting shift in the yield curve, a mark-to-market unrealized gain of Rs360mn has been recognized.
- As of Q1FY26, net debt stood at Rs12.46bn, with a net debt/EBITDA ratio of 0.54x.



- Group cargo tends to be lumpy with quantum jumps tied to steel capacity additions.
- With rising JSW Steel volumes and large vessels booked for iron ore that will come to Jaigarh, traction is visible from Jul, which is expected to cover the shortfall of Q1.

Logistics:

- Navkar Corporation is expected to post revenue and EBITDA of Rs7-8bn and Rs1bn, respectively, for FY26.
- Morbi has shown steady growth, crossing 5,000 TEUs/month with improved empty-to-loaded ratios. At 80–90% utilization, terminals are expected to generate Rs8–9bn in revenue, rising to Rs10bn with a larger rake fleet.
- The Rs4.67bn NCR Rail (Khurja, UP) acquisition supports JSWINFRA's pan-India logistics strategy, anchored on steel cargo with return load potential. Strategically located near both DFCs and the NCR gateway, it is expected to aid EBITDA as the network scales up.
- JSWINFRA will have many verticals similar to Navkar, with overall revenue target of Rs80bn for its logistics business and investment of Rs90bn over the next 5-6 years.

Expansion on track:

- JSWINFRA secured the LoA from Syama Prasad Mookerjee Port for redevelopment and mechanization of Berth 7 & 8 at Netaji Subhas Dock, Kolkata. The terminals are expected to be commissioned by Aug'27.

JSW Steel (JSTL IN)

Rating: HOLD | CMP: Rs1,034 | TP: Rs1,068

- Domestic sales grew 12% YoY, which was much higher than industry growth of ~ 8% during the quarter.
- Capacity utilization at JSTL's Indian operations stood at 87%. Value-added and special products accounted for 64% of total sales.
- Capex during the quarter stood at Rs34bn. Revenue acceptances as of Q1FY26 were USD2.11bn.
- JSTL's board has approved a 0.6mtpa cold rolling complex at Khopoli with capabilities to produce galvanized, galvalume and zinc, and magnesium coated products, for appliances, general engineering and renewables.
- A 0.4mtpa continuous galvanizing line in Vijayanagar for advanced high-strength steel for the automotive industry, has also been approved.
- JSTL is also setting up a 0.55mtpa non-grain oriented electric steel facility at Vijayanagar, to be used for generators and motors.

- Fall in export volumes due to global challenges and ongoing geopolitical uncertainties has led to total inventory buildup reaching 2.4mt, increasing by 400kt during the quarter.
- The 2.5GW RE project is on track with 1GW expected to be achieved by Q2FY26. 800MW has been commissioned up to Q1, and the remaining is scheduled for Q2.
- Ramp-up of the 5mtpa JVML Vijayanagar expansion is underway. The second converter at SMS will be commissioned in Q2.
- The management has guided for improvement by Rs1,500/t from JVML ops vs Vijayanagar ops.
- JSTL has filed a review petition before the SC on 25th Jun'25, in respect of the SC judgment dated 2nd May'25 in the BPSL case. The CoC and RP have also filed separate review petitions. The review petitions will be listed in the SC in due course.
- JSTL has planned shutdown of BF#3 at Vijayanagar from Sep'25, which will upgrade furnace capacity by 1.5mtpa
- Dolvi Phase 3 expansion from 10mtpa to 15mtpa is on track for completion by Sep'27.
- The pricing environment in India remains soft due to the seasonal impact of the monsoon, which has disrupted construction activity, along with an influx of cheaper imports into the country.
- The slurry pipeline project is progressing on schedule and is expected to commence operations by Mar/Apr'27, with 190-km out of the total 300-km already completed. Upon completion, it is expected to help JSTL save Rs1,000/t.
- JSTL, in collaboration with the Government of Andhra Pradesh, is developing a beneficiation plant for magnetite ore, which will be enriched to 64% Fe grade. The plant will have a capacity of 5mtpa with an output of 1.5mtpa to be used at Vijayanagar plant, located ~600km from the mine.
- Coking coal costs declined by USD14/t during the quarter. Captive iron ore consumption during the quarter stood at 39%.
- JSTL will be commissioning 3 iron ore mines in Karnataka (KA) progressively during FY26, targeting 15mt of production from KA.
- JSTL will begin mining ops at Cudnem mine in Q3FY26, while the mines in Surla & Codli will commence production in H2FY27. Cumulatively, these 3 mines in Goa will produce ~3.7mtpa.
- The company has also secured a linkage for 5mtpa coal supply from Coal India. Additionally, it plans to secure 3-3.5mtpa of usable coking coal from domestic sources over the next 2-3 years.
- Net debt at the end of Q1FY26 stood at Rs798.5-bn, up by ~Rs33bn QoQ largely on account of working capital buildup during the quarter.



Kajaria Ceramics (KJC IN)

Rating: HOLD | CMP: Rs1,242 | TP: Rs1,192

- KJC has refrained from providing FY26 guidance due to near-term soft demand, it remains confident of outperforming the industry. Domestic demand remained muted in Q1FY26, but management expects a recovery in the coming quarters, supported by increased government infrastructure and development spending
- Exports in the tiles industry declined 20% YoY to Rs 160bn, primarily due to rising ocean freight rates and geopolitical uncertainty in Gulf regions. However, for FY26, management expects exports to reach to Rs 200bn as freight costs ease. In Q1, the exports stood at Rs45bn.
- EBITDAM expansion was aided by the consolidation of the dealer network and integration of Ceramic, GVT, and PVT tile divisions into one. This move, currently implemented in select states, has led to cost optimization, with full benefits expected as it scales pan-India.
- Fuel prices for the North/South/West stood at Rs 38/39/36 SCM.
- Tier1/Tier2/Tier3/Tier4 cities contributed 15%/30%/30%/15% to the topline in Q1FY26.
- North/South/West/East contributed 35/30/15/20% to the topline in Q1FY26.
- In FY25, the Bathware/Adhesives segments contributed Rs3.8bn/Rs768mn, KJC aims to reach Rs4.8bn/1.2bn in FY26.
- The Gailpur Adhesives plant was commissioned in Q1FY26, and KJC is planning to set up another plant in Tamil Nadu, to serve the Southern market, expected to be operational by Q2FY26.
- Government projects contributed 4–6% to revenue and are expected to gradually increase going forward.
- Nepal JV having an annual capacity of 5.1 MSM, operated at 69% utilization levels in Q1 with a volume of 0.87 MSM.
- KJC currently has 1850 dealers, out of which 450 are exclusive dealers.



Kalpataru Projects International (KPIL IN)

Rating: ACCUMULATE | CMP: Rs1,184 | TP: Rs1,366

- **Guidance:** The management has guided for revenue growth of 20-25% for both consolidated as well as standalone business in FY26 with a PBT margin of 5-5.5% at the standalone level. The management expects total order intake of Rs260-280bn in FY26 along with a capex of Rs6-7bn. NWC days are expected to be below 100 days in FY26, while tax rate is likely to remain in the range of 28-30%.
- **T&D business clocks revenue growth of 56% YoY:** Growth was driven by robust project execution and healthy order backlog in domestic as well as international markets. Domestically, there is a huge tender pipeline worth ~Rs1.2trn for the next 12-18 months. Of this, Rs500-600bn is to be tendered out in the next 6 months. **The management expects this segment to grow at 25%-30% over the next 3-5 years.**
- **LMG grows by 72% YoY, while Fasttel declines 6% YoY:** LMG reported 8%+ EBITDA margin in Q1FY26; the management expects it to continue to see good execution in FY26. The company is assessing the IPO option for LMG to unlock shareholder value. Meanwhile, Fasttel reported EBITDA loss during the quarter; the management expects to break even from Q3FY26. Further, the management remains selective in order booking in Fasttel.
- **B&F grows by 13% YoY:** The management expects **B&F business to growth by 20-25% in FY26**, despite continued labor availability challenges. The company expanded its presence in data centers by building competencies to provide end-to-end solutions. 60-65% of the B&F order book consists of projects in southern India, while remaining projects are in the north-western regions.
- **Water declines 5% YoY:** Water business continued to face challenges, primarily due to delayed fund flows in JJM projects. The management expects the collections to improve going forward. It **expects the business to post single-digit revenue growth in FY26**, while the current order book execution timeline is 2-2.5 years.
- **O&G grew by 132% YoY** driven by strong order backlog and significant progress in the Saudi Aramco order. **O&G segment is expected to growth at 20%+ YoY in FY26** supported by improving presence in international markets and focus on execution.
- **Railways grew by 5% YoY** as the management prioritizes project completion and selective order booking in a competitive market. Meanwhile, international prospects exist in Africa. **The management does not expect material YoY growth in the Railways segment in FY26.**
- **Urban Infra posted growth of 42% YoY** led by the execution of elevated and underground metro rail projects. The management remains focused on improving capabilities and bidding for orders in metro projects, elevated corridors and tunneling infrastructure.



Kansai Nerolac Paints (KNPL IN)

Rating: ACCUMULATE | CMP: Rs244 | TP: Rs277

- Demand in decorative business was affected in May (North India) due to operation Sindoor while project business was affected due to early monsoon
- Demand in auto segment was muted, Kansai did better than market led by various initiatives in distribution and innovations
- PV & 2W segment demand is expected to be subdued, while normal monsoons will enable positive Tractor demand outlook
- Performance Coatings continued to register strong growth on the back of strong infra push of Govt.
- Raw material prices are currently benign, ADD on Tio2 will increase input costs by 1-1.3% of overall RM.
- KNPL expects QoQ improvement in demand led by favorable monsoon and early Diwali
- July demand remains muted like June25, however august and September are anticipated to be better
- Competition seems to be picking out as dealers in strong areas are coming back to KNPL.
- Auto to show mid-single digit value growth while non-auto industrial segment to see higher single digit value growth in FY26.
- New products now contributing 10% towards overall revenue
- North and east doing well, west improving, while south remains subdued
- Nepal is doing well, however Bangladesh and Sri-Lanka remains concerned area.



Kaynes Technology India (KAYNES IN)

Rating: HOLD | CMP: Rs6,172 | TP: Rs6,367

- Kaynes has maintained its revenue guidance of Rs45bn by FY26, while raising its margin guidance from 15.6% to ~17%, driven by higher contribution from high-margin businesses and improved operating leverage.
- Gross margins expanded significantly in Q1FY26, mainly due to margin expansion in automotive, EV, aerospace, and railway segments, and rising contribution from the ODM business. Going forward, margin expansion is expected to continue, led by OSAT and Multi/HDI PCB, both of which are high-margin verticals. Focus on backward integration and operating leverage will further aid profitability.
- Kaynes is targeting a 15% market share in smart metering, with a revenue of Rs 10-12bn, leveraging its expanding design and manufacturing capabilities.



- The company added a leading two-wheeler OEM in the automotive segment and secured new clients in aerospace and railway (including pilot projects under Kavach with German technology); Aerospace/Railway to contribute 8%/10% to the topline in FY26.
- The OSAT plant in Sanand, Gujarat and the HDI PCB plant in Chennai remain on track, with completion expected by Q3FY25. The first chip production from OSAT is targeted for early Q3, with meaningful volumes by Q4FY25, while HDI PCB revenues are expected to begin from Q1FY27.
- Working capital days increased to 132 in Q1FY26, primarily due to a rise in receivable days to 145, driven by a Rs3.5bn one-time acquisition-related receivable. However, the management aims to reduce net working capital days to ~70 by FY26 through initiatives such as supplier-managed inventory, improved collections, and factoring arrangements.
- The company expects positive operating cash flow in FY26, with notable improvement in H2.
- On the inorganic front, Kaynes is actively evaluating acquisitions for geographical expansion (especially North America), design/IP enhancement, and backward integration in niche tech segments.
- The acquisition of August Electronics (Canada) expands Kaynes' EMS footprint in North America, providing access to high-margin global clients and reinforcing its strategic positioning as a "Canada-India alternative to China."
- The company continues its transition from a traditional EMS player to a fully integrated ESDM, by expanding into design, prototyping, system integration, and IP-led solutions.

KEC International (KECI IN)

Rating: ACCUMULATE | CMP: Rs860 | TP: Rs911

- **Guidance:** Management has reaffirmed its guidance of ~15% revenue growth with EBITDA margin between 8-8.5% in FY26.
- **Transmission and Distribution:** The T&D business witnessed robust execution across both domestic and international business with its contribution to overall revenue rising to 63% in the current quarter. The order intake stood at ~Rs32bn driven by strong traction from international geographies such as the UAE, Saudi Arabia, Oman, Africa, CIS countries. The total T&D order pipeline is around Rs900bn, comprising ~Rs300bn from the domestic market and ~Rs600bn from international markets. KEC is also seeing a TBCB projects emerging from Maharashtra, further strengthening its presence in the domestic segment
- **HVDC & STATCOM:** KEC is currently executing four major HVDC projects, comprising one HVDC converter station project spread across multiple locations and three HVDC transmission line projects. The company has also submitted bids for additional HVDC lines and converter station tenders, which

are expected to be of larger scale. In line with the growing demand for renewable energy, management anticipates that STATCOM orders will be floated in the upcoming quarters, presenting further opportunities for growth in the power transmission space.

- **SAE Towers:** SAE Towers witnessed slightly subdued growth this quarter, primarily due to the strengthening of the Brazilian currency. However, KEC is observing strong traction in hardware orders and, to capitalize on this opportunity, has installed new equipment at its Brazil facility to enhance hardware production capacity. Additionally, in Mexico, the company secured a tower supply order, further strengthening its international presence.
- **Civil Business:** Business growth was impacted this quarter due to continued labor shortages and delayed payments in water projects. However, management highlighted an improvement in labor availability, with shortages reducing to 10% from the earlier 30–35%. KEC has also made a strategic entry into the semiconductor EPC segment by securing its first and largest order from a reputed client. Additionally, the company has strengthened its presence in the metals and mining sector with a repeat order for an upstream project at a steel plant
- **Building and Factories:** KEC has secured two of its largest orders in the Buildings & Factories segment, one being the highest in terms of value, and the other for constructing its tallest structure to date, marking the company's entry into the premium high-rise residential segment. KEC is currently executing over 70 high-rise towers for marquee clients, further expanding its presence across key real estate hubs in India.
- **Water Projects:** Delayed payments in the water segment continued to impact on the overall performance of the Civil business. While management has observed some improvement in payment flows, the pace of recovery remains below expectations. During the quarter, KEC received cash inflows of ~Rs250cr from this segment, which were fully redeployed into ongoing water projects. The current outstanding receivables stand at around ₹800 crore, including a billed amount of ~Rs250cr. Management also confirmed that there are no plans to expand into international markets within this segment at present.
- **Railway/Transportation:** KEC is deploying KAVACH across ~500 track km with its JV partner and pursuing international bids, especially in the Middle East. Despite supply chain delays, more orders are expected soon, with the company well-positioned for new wins.
- **Kavach :** KEC is executing orders for the deployment of KAVACH across ~500 track km, in partnership with JV partner. However The growth of the Kavach system has been slower than expected due to ongoing supply chain challenges, primarily involving small electronic component suppliers. Since hardware constitutes 70–80% of the system, these constraints have slowed ordering and execution. While KEC is L1 on several tenders and actively bidding on others, overall progress remains moderate. Management expects steady, but not rapid, growth until supply issues are resolved.



- **Cables:** The company commissioned its new Aluminium conductor plant in Vadodara and initiated capacity doubling. The management also invested in the facilities for its E-beam and Elastomeric cables, which are expected to start commercial production from Q4FY26.
- **Renewables:** The company is executing two key solar projects in Karnataka and Rajasthan, with partial commissioning underway and phases completing soon. KEC is targeting Rs30-40bn revenue in 2-3 years in this segment, focusing on India, while selectively booking orders in Solar, Wind, and BESS. KEC has bid for 19-20 NTPC projects but is cautious about large Middle East projects due to margin risks. Several orders clustered last month are expected to materialize soon, though some projects face delays due to land availability.
- **Oil and Gas:** KEC has secured its second international order for a terminal station in Africa, alongside ongoing projects. The company is focusing on international markets due to rising domestic competition and a shrinking tender pipeline.

KEI Industries (KEI IN)

Rating: BUY | CMP: Rs3,970 | TP: Rs4,527

- The company has guided for revenue growth of 18%/20%+ for FY26/FY27 and EBITDA margin of 11% in FY26.
- W&C volume grew 28%-30% YoY in Q1FY26.
- Total capex for Sanand plant is estimated at Rs19-20bn, targeting topline of Rs60bn from the plant. Of this, Rs12bn will be contributed by EHV segment and Rs48bn by low and medium voltage power cables.
- In Q1FY26, the company incurred a total capex of Rs4.1bn: Rs2.96bn in Sanand, Rs950mn for land purchase (Sanand & Salarpur) and Rs190mn at other locations.
- Till Q1FY26, KEI has incurred total Rs8.8bn on the plant and will be spending another Rs6-7bn in FY26 and Rs3-4bn in FY27.
- Commercial production of LT and HT cables will commence by H1FY26 and Sanand project will be completed by the end of H1FY27.
- Pending order book, including EPC, stood at Rs39.2bn: EPC at Rs5.4bn, EHV at Rs5.4bn, domestic cables at Rs21.4bn, and export cables at Rs7.0bn.
- Capacity utilization for Q1FY25 stood at 75% in Cables.
- Export contribution to total revenue is expected to increase to 17-18% over the next 2 years.
- The company derived 51.18% of revenue from dealers/distributors Q1FY26.
- 70% of dealers/distributors are covered by channel financing.



Kirloskar Pneumatic Company (KKPC IN)

Rating: BUY | CMP: Rs1,316 | TP: Rs1,636

- **Guidance:** Despite a subdued quarter, management has reiterated its guidance of achieving ~Rs20bn revenue with an EBITDA margin of ~20% in FY26. For Q2FY26, management expects revenue growth of about 10%, reaching ~Rs5bn.
- During the quarter, the company faced execution delays primarily due to structural supply chain disruptions in Europe, which impacted the availability of Howden compressors and related components and global uncertainty. These challenges are industry-wide as European suppliers manage their internal supply chain issues.
- Management expects the revenue mix between **Equipment and Projects** to shift to ~70%:30%, compared to 60%:40% a year ago. They are also aiming to increase the Equipment share to 80% over the next few years.
- **Air Compression:** For the Air Compression segment, management estimates the addressable market size to be around Rs50–70bn. They expect this segment to contribute ~20% to the overall revenue going forward. The company currently focuses on industrial and specialty screw compressors but does not yet operate in the oil-free screw compressor segment however, it plans to enter this space in the future.
- **Tezcatlipoca** is gaining strong traction beyond its traditional markets of cold chains and ice plants, with increasing demand from industrial refrigeration packages. Management expects to secure its first significant order worth ~Rs1bn in FY26, solely for compressors, with a substantial portion expected to be executed within FY26.
- **Gas Compression** segment continues to face challenges due to delays in decision-making and deferrals of large orders amid ongoing global uncertainties. Management estimates the total addressable market for gas compression, including maintenance, to be approximately Rs30–50bn. In FY25, the company delivered around 200 CNG packages, evenly split between mother and booster stations, and targets ~250 packages in FY26. Management believes natural gas will play a pivotal role in meeting global energy demands and expects the gas segment's contribution to revenue to rise meaningfully, potentially reaching ~45% as the market becomes more structured and organized.
- **Biogas and Hydrogen:** Management noted strong market traction in the biogas segment, with several projects progressing toward finalization. In the hydrogen segment, a few projects have already been commissioned, with compressors sourced from PDC USA and packaging carried out locally. However, execution remains slow due to structural challenges primarily undefined end-use cases for hydrogen. Despite this, overall market activity continues to grow, and the company is currently in the process of finalizing additional orders in both biogas and hydrogen segments.



- **The Refrigeration Compression** market of commercial and Industrial is expected to be ~Rs40-50bn. The segment remained stable during the quarter, supported by strong demand for CO₂ compressors and Khione screw compressors from the cement, dairy, and chemical sectors. However, order finalizations and dispatches for overseas markets were delayed due to global uncertainties, though management expects the situation to improve in the coming quarters.
- **Tyche compressors**, fully developed in-house, are aimed at replacing European imports in commercial refrigeration applications such as cold rooms and ice boxes. Currently, ~2,000 semi-hermetic compressors are imported, and the total market is estimated to be ~Rs30-50bn. Tyche has been soft-launched and is expected to scale up from Q2FY26. The required castings will be supplied from the Nashik plant, currently under trial. To support this scale-up, the company is also developing the Yamus range of specialty motors for Tyche compressors. Management expects demand to improve with the anticipated recovery in the commercial refrigeration market.

KPIT Technologies (KPITTECH IN)

Rating: ACCUMULATE | CMP: Rs1,269 | TP: Rs1,390

- Management highlighted that macro uncertainty due to tariffs and competition from Chinese OEMs continues but expressed confidence that tariff-related uncertainty will ease in the next 1-2 quarters, based on the expected finalization of trade deals between the US and major economies.
- Management highlighted that client spending is currently focused on completing existing projects and rolling them out at the earliest with enhanced features while remaining cost competitive. This has led to some project cannibalization and increased traction in functional validation to test these new features. Management mentioned they are seeing strong traction in areas such as functional validation, smart/digital cockpits, Level 2 autonomous features, and cybersecurity. They further noted that OEMs have postponed the launch of the next generation of SDV architecture programs beyond 2028.
- Management mentioned that, to cater to the increasing demand for functional validation, they have launched an AI-driven validation solution for OEMs to accelerate their validation processes. This not only helps OEMs reduce costs but also reduce time-to-market, creating a competitive advantage for the company.
- Management acknowledged that project ramp-ups have been slower than expected and some projects have faced cannibalization. However, they expressed confidence in a stronger performance in H2, supported by improved revenue visibility from previously won deals, a strong pipeline, ongoing deal ramp-ups, and an improving macro environment.
- Management mentioned that the investments made in India and China are expected to yield results soon, with strong revenue growth anticipated in these regions. They further noted that the pipeline in China is growing steadily, with engagements involving global OEMs operating in China, Tier 1 suppliers,



and Chinese OEMs. In the Japan region, management stated that growth so far has been driven by a single OEM, but they are in advanced discussions with three additional OEMs, which are expected to begin contributing by the end of the year, leading to robust sustainable growth.

- Management stated that they intend to maintain the EBITDA margin at the current level of 21% for the foreseeable future. They further emphasized that the increasing business in India and China will not be margin dilutive, as they plan to implement programs to sustain margins at current levels.
- Management mentioned that they plan to implement a wage hike in H2. Additionally, they are in the process of revising their HR policy to increase the variable and outcome-based components in the compensation structure. They expect to finalize this policy by the end of Q2 and roll it out in H2.
- Management announced that they entered into strategic collaboration with JSW Motors for their New age vehicles. They further mentioned that it is 3 year project which will start contributing to revenue from Q3 and gradually ramp up in FY27.
- Management highlighted that Caresoft acquisition has not completed due to delay in some closing conditions. However, they expressed confidence that it will be completed in Q2.

Kotak Mahindra Bank (KMB IN)

Rating: BUY | CMP: Rs2,121 | TP: Rs2,350

Assets/Liabilities

- Softness in CV/CE/PV is affecting lending to these sectors. CE industry de-grew 4% YoY as a result of low retail buying owing to tighter state govt. cash flows. Pick-up is expected post monsoons on arrival of festive season.
- About 60% of the total loan book is on floating rate. Loan book expected to be repriced completely after 3 months of rate cut.
- Credit card issuance growth remained muted during the quarter as one time cleaning of blocked credit cards has resulted in a lower market share.
- MFI de-grew by 12% QoQ owing to higher repayments vs disbursements. Share of unsecured is down from 11.6% to 9.7% as underwriting has tightened. Gold loan book is up 30% YoY though no of branches has reduced.
- Moderated disbursements were seen in retail and working capital portfolio for CV/CE and retail segment accounts for ~10% of total.
- Average tenure of term deposit is 9-12 months.

Fees/NIMs

- Reported NIM declined by 32bps QoQ as a result of 1) impact of repo rate cut 2) reduced mix of unsecured loans 3) number of days impact which benefited Q4FY25 reversing in Q1FY26.



- Full effect of June rate cut of 50bps would be reflected in Q2FY26 while organic growth in CASA may offset NIM fall.
- Interest rate is reset within a fortnight and its earning loss would be offset by reduction in cost of funds over next 3-4 quarters.
- Avg. SA rate (incl. MIBOR) was 3.25% in Q1FY26 and same is aligned to 2.50%, effect of 75bps reduction would be witnessed in Q2FY26. MIBOR related SA has come down which would result in lower deposit cost.
- Fees was impacted due to lower credit card fees and deal-based income.
- On opex, tech cost is 13.5% of total opex. Marketing cost remained elevated because of re-start of 811 app.

Asset Quality

- Slippage remained sequentially higher because of 1) stress in retail CV/CE & MFI segment and 2) seasonal impact in rural agriculture.
- Credit cost remained elevated in Q1FY26 because of lower recovery from legacy corporate segment. With stress in MFI, CV and retail segment, credit cost for credit cards has plateaued and for PL it has stabilized. Provision for MFI is expected to reduce in H2FY26.
- SME/MSME portfolios are fully secured. Bank cautiously plans to keep MFI book at 3-4% and unsecured at 15% of the total book.

Krishna Institute of Medical Sciences (KIMS IN)

Rating: BUY | CMP: Rs745 | TP: Rs815

- **Bed expansion Plans:** KIMS plan to add two units in Bengaluru, expected to be operational by August-end. Management targets 60–70% bed capacity operationalization in Bangalore, with breakeven achievable at 30–40% occupancy levels. Apart from existing capacities, KIMS is evaluating additional O&M opportunities, particularly in Telangana, with one more unit to be added to this model. Incremental bed capacity at Kondapur, Anantapur, and Rajahmundry is expected to take 3–4 years to achieve mature occupancy. The Sunshine and Nagpur units also have expansion potential.
- **New units' losses:** The five recently commissioned/ acquired units collectively reported a loss of Rs 210mn in Q1FY26, with Thane, Nashik, and Kannur contributing losses of Rs 110mn, Rs 70mn, and Rs 35mn, respectively. Management has guided for a loss from new units of Rs 250mn in Q2FY26 and expects these to moderate for FY27E. In Q2FY26, Kerala and Nashik units are expected to report negligible loss, while Thane and Bangalore units may report a combined EBITDA drag of Rs200–250mn, which should normalize over the next 9–12 months. Ramp-up in Nashik has been slow, particularly in the insurance segment; however, breakeven is expected in Q2FY26.
- **Ramp-up progress at new units:** The new hospitals in Thane, Nashik, and Kollam are expected to be fully empaneled with insurance companies over the next 9–12 months, which should aid in case mix improvement and revenue

acceleration. Thane achieved 50% occupancy with 100 operational beds by July-end, and is expected to turn EBITDA neutral by Q3FY26, having already achieved Rs90mn in revenue in July. Nashik unit's breakeven is expected in Q2FY26. Kollam to start contributing positively to EBITDA from Q3FY26 onwards.

- **Telangana:** Telangana cluster continued its steady performance, with 5–6% YoY volume growth. The Secunderabad unit is operating at peak occupancy, and the upcoming 500-bed Kondapur unit is expected to be commissioned in FY27. Oncology and pulmonology services are being added at Begumpet, and oncology is planned at Gachibowli.
- **AP:** KIMS commissioned a 100-bed unit at Srikakulam in July (Q2FY26). Oncology departments will be commissioned in Ongole and Anantapur soon.
- **O&M units:** Guntur and Sangli O&M units are already EBITDA breakeven, generating Rs 170–180mn in monthly revenue and are expected to double over the next 2–3 years.
- **RoCE guidance:** New units are expected to generate RoCE of 20–25% at maturity, supporting long-term value creation across clusters.
- **ARPOB and Occupancy Guidance:** Management guided for 4–5% YoY ARPOB growth in mature units. At the consolidated level, ARPOB is expected to reach Rs 53,000 per day as ramp-up in Thane and Bangalore accelerates. Telangana cluster is targeted to reach peak occupancy of 65–70%, up from current levels of ~50% as of Q1FY26.
- **Net Debt:** Elevated costs in the quarter were primarily driven by doctor hiring at Srikakulam and ongoing renovation and recruitment at QNRI (Vizag). Consolidated net debt stood at Rs 20.2bn as of Q1FY26. Minority interest was at 12% for Q1FY26.
- **Kerala:** Kannur hospital breakeven whereas newly consolidated **Kollam** expected to break even in 2 quarters. Kerala cluster will continue to be cash-heavy (80%). **Thrissur unit** to be commissioned in FY27.

Larsen & Toubro (LT IN)

Rating: BUY | CMP: Rs3,496 | TP: Rs4,144

- **Guidance:** Management has reiterated their conservative guidance for FY26, projecting ~10% growth in order intake and ~15% revenue growth, with a P&M margin of ~8.3%–8.5%. Additionally, the NWC-to-sales ratio is expected to rise to ~12%, vs ~11% in FY25.
- **Order prospects for remaining 9MFY26** stand at Rs14.4trn vs Rs9.1trn YoY primarily driven by Infrastructure and Hydrocarbon. Total order prospects comprise of Infrastructure (Rs7.97trn vs Rs6.03trn YoY), Hydrocarbon (Rs5.78trn vs Rs2.17trn YoY), CarbonLite (Rs0.55trn vs Rs0.45trn YoY), Green & Clean Energy (Rs0.21trn vs Rs0.14trn YoY), and Hi-Tech Manufacturing (Rs0.30trn vs Rs0.031trn YoY). The domestic/International mix of order prospects stand at Rs6.13trn/Rs8.68trn.



- **Order book (OB) stands at Rs6.13trn** with domestic share of 54% (Rs3.31trn) and international share of 46% (Rs2.82trn). No orders were deleted in Q1FY26. Slow-moving orders constitute ~2.0% of the order book.
- **International OB** comprises of Middle East (80%) and RoW (20%). International order book primarily consists of Power T&D, renewable energy and Hydrocarbon.
- **Domestic OB** comprises of Central Govt (14%), State Govts (25%), PSUs (34%) and private players (27%).
- **Infrastructure Projects:** Revenue growth was primarily due to better execution of international infrastructure. Q1FY26 order inflow came in at Rs410bn (vs Rs401bn in Q1FY25) led by 44.2% increase in the international order intake. Orders primarily came from renewables, Power T&D, B&F, Metals and Minerals. Order prospects for remaining 9MFY26 is Rs7.97trn (domestic: Rs5.04trn; international: Rs2.93trn) vs Rs6.03trn YoY, comprise of Transportation Infra – 19%, Minerals & Metals – 8%, Buildings & Factories – 11%, Water & Effluent Treatment – 17%, Power T&D – 14%, Renewables – 14%, and Heavy Civil Infra – 17%. The execution period of infrastructure order book is ~29 months. Segmental margins were affected by prolonged project execution in the water segment..
- **Energy Projects (Hydrocarbon & Carbon Lite Solutions):** Order intake came in at Rs314bn vs Rs88bn in Q1FY25 primarily aided by multiple BTG packages in CarbonLite Solutions business. Order prospects stand at 1) Hydrocarbon – Rs5.78trn, of which Rs5.51trn are international prospects primarily in Middle East 2) CarbonLite – Rs0.55trn and 3) Green and Clean energy – Rs0.21trn (Rs0.17trn in gas to power segment). Order book stands at Rs1.86trn with a domestic/international mix of 35%/65%. Revenue growth of 46.8% YoY was primarily attributed to execution ramp up in international projects of Hydrocarbon business. Segment margin was lower due to execution of the low margin international orders while the margin is expected to continue to remain subdued for FY26.
- **Hi-Tech Manufacturing (Precision & Heavy Engineering):** Order inflow for the quarter declined 48.6% YoY to Rs18.9bn primarily due to high base in the Precision Engineering & Systems business. Order prospects stand at Rs0.3trn (vs ~Rs0.31trn YoY). Of which, Heavy engineering prospects stand at Rs88bn while prospects for Precision Engineering stand at Rs0.21trn. Revenue growth of 75% YoY to Rs33.6bn was attributable to improved execution in both the Heavy Engineering and Precision Engineering & Systems businesses. EBITDA margin declined to 15.1% (vs 17.4% in Q1FY25) due to key orders in the PES business that are currently in the early stages of execution.
- **Hyderabad Metro:** Company increased the fare of Hyderabad metro by 30% and then offered a 10% discount to customers resulting in a net increase of fare of 20%. The average fare of Hyderabad metro has increased from Rs38 to Rs43. This fare increase led to ridership fall to 4.17 lakh passengers per day vs 4.32 lakh passengers per day in Q1FY25. The fall in the ridership is expected to be temporary and it is expected to bounce back to the levels of ~4.5 lakh passengers per day. At the current levels of financial performance of Hyderabad metro, the breakeven ridership is ~12 lakh passengers per day.



- **Others segment:** The company saw higher handover of the residential units in the Realty business which aided revenue growth of 1% YoY to Rs13.9bn in 'Others' segment. Export sales constituted ~15% of the total revenue majorly relating to the Industrial Valves business. The EBITDA margin for the segment was higher at 32.9% (vs 23.4% in Q1FY25) due to higher contribution from Realty and favorable sales mix in Industrial machinery and products. Management is focusing on metropolitan regions such as Mumbai, Navi Mumbai, Chennai, Bangalore and NCR to further grow its Realty business.

L&T Technology Services (LTTS IN)

Rating: HOLD | CMP: Rs4,347 | TP: Rs4,250

- Management mentioned that clients remain cautious due to macroeconomic uncertainty. However, they expressed confidence in a pickup in revenue growth from Q2 onwards, driven by the ramp-up of previously won deals, recent deal wins, and a strong pipeline. Management reiterated their goal of achieving double-digit revenue growth in FY26, with stronger growth expected in the second half compared to the first. They further indicated that organic revenue growth in FY26 is likely to surpass FY25 levels, provided the macro environment does not deteriorate.
- The Sustainability segment reported strong growth in Q1, driven by the ramp-up of a large deal. Management indicated that it expects the momentum in this segment to continue, which will support margin improvement at the company level, as it is a margin-accretive business. Furthermore, management noted that demand remains strong within the segment, particularly in plant engineering and industrial engineering. They also mentioned seeing increased demand for oil & gas projects focused on plant modernization aimed at enhancing efficiency and sustainability.
- In the Mobility segment, management mentioned that weakness in the automotive sector continues, driven by project pauses and delays in project ramp-ups due to slow decision-making. They further noted that segment margins were low during the quarter, impacted by weak performance and discounts offered to clients. However, management indicated that the off-highway and aerospace sub-segments reported sequential growth.
- In the automotive business, decision-making delays continue due to indecision among U.S. clients and intense competition faced by European clients from Chinese OEMs. However, management expressed confidence that European ER&D peers are struggling to meet the rapidly evolving requirements of U.S. and European clients. This, they believe, will serve as a tailwind for the company and its Indian peers once macroeconomic uncertainty subsides.
- In the Tech segment, LTTS completed the integration of SWC. Management mentioned that they onboarded two new clients during the quarter and continue to invest in expanding their ME business. They expressed confidence that the ME business will ramp up in FY26 and that by early FY27, it will mitigate the seasonality impact of the SWC business to a negligible level.



- The Intelliswift business is now fully integrated with the company. Management indicated that its revenue is segmented across Hyperscalers & ISVs, Retail, and Fintech. They also mentioned their aim to scale these segments into a USD 100 million business.
- Management expressed confidence that margins will improve gradually over FY26, starting from Q2. They also mentioned that H2 margins will be stronger than H1, driven by higher revenue growth, a greater share of high-margin business, and improved operational efficiency. Additionally, they reiterated their aim to achieve a mid-16% EBIT margin by Q4 FY27 or Q1 FY28.
- Deal wins remain strong, with the company securing large deal TCVs exceeding USD 200 million for the third consecutive quarter. Management further indicated that the deal pipeline remains robust, and USD 200 million in TCV is expected to become the new baseline going forward.

Laxmi Organic Industries (LXCHEM IN)

Rating: REDUCE | CMP: Rs196 | TP: Rs179

- The company has transitioned to the new tax regime and has also shifted its depreciation method from written down value to straight line method.
- Agrochemicals segment continues to witness margin pressure and lower demand.
- Acetic acid prices stand at ~Rs340/kg, compared to Rs400–450/kg during FY24 and FY25.
- Ethanol prices are at Rs690/kg, vs. Rs840/kg in FY24, and Rs720/kg in FY25.
- Ethyl acetate spreads, which were in the range of \$140–150/t over the past few quarters, have started to decline due to oversupply of raw materials. However, demand for the product has remained stable.
- Spreads for ethyl acetate, which constitutes 80%–85% of essentials basket, are at \$120/t, with long-term average have been at \$220–225/t (spreads have gone down till \$100/t in past).
- Specialty segment topline is expected to be impacted in Q2FY26 as well.
- Fluorochemicals segment in ramp-up phase, with 40–60% of peak revenue expected in FY26; the company is targeting \$2.5bn TAM in fluorination, focusing on electrochemical fluorination



Lemon Tree Hotels (LEMONTRE IN)

Rating: BUY | CMP: Rs142 | TP: Rs170

- In 1QFY26, Aurika, MIAL's occupancy increased to 76.6% (45.8% in 1QFY25) led by increase in share of negotiated business (corporates and airlines).
- Lemon Tree's loyalty program has 2.1mn members with a strong repeat rate of ~43-44%. The membership base is expected to grow to 3mn within the next year.
- Post-renovation, the keys portfolio is expected to generate an EBITDA in the range of ~Rs600-800mn.
- Renovation time-line of select hotels are as follows: i) Lemon tree Premier, Delhi, is expected to be renovated by July-Aug'26. ii) Red Fox, Delhi, is 60% renovated and is expected to be ready by next year. It can be upgraded to a Lemon Tree Hotel. iii) Lemon Tree, Electronics City, will take ~1.5-2 years for complete renovation and by next year ~75% of renovation will be complete. It will be rebranded to Lemon tree Premier. iv) Lemon Tree Premier, Whitefield's public areas/rooms are renovated ~80%/60-70%. Complete renovation should be over by next year. v) Lemon tree, Gachibowli, is expected to be renovated within next 18 months. vi) Keys, Hosur's renovation is likely to be stretched to early 2028.
- During the quarter, one-offs in other expenses pertain to technological expenses and reimbursement of pay cuts taken by top-leaders during covid.
- Guidance on renovation capex stands at ~Rs1.3bn for FY26E. For FY27E, renovation capex is expected at ~Rs910mn. From thereon it is expected to drop to ~Rs200mn per year.
- In 1QFY26, Aurika, MIAL's EBITDAR margin was around 60%.
- In 1QFY26, ARR under the negotiated business grew by 9%, while ARR for non-negotiated business grew by 10%.
- Debt is projected to decline by ~Rs500mn each quarter henceforth.

LIC Housing Finance (LICHF IN)

Rating: BUY | CMP: Rs591 | TP: Rs725

Assets/Liabilities

- Disbursal growth for Q1FY26 was muted owing to rate cut and slower pace of rate pass-on to end customers. Management also witnessed lower than expected demand after rate cut.
- Disbursals for Apr/May/June were at Rs32.7/45.8/51.3bn respectively. Avg monthly disbursal would be in range of Rs60-65bn from Aug'25. Disbursal and AUM growth is expected to be in double digit for FY26 and company does not see a material rise in BT-outs





- Project finance has Rs8bn loans under sanction and will be disbursed as and when construction progresses.
- Management is not aggressive on affordable housing and still building up infrastructure and efficiency to reach a target of Rs10bn
- 25% of total borrowings are EBLR linked and Rs 220bn worth of NCDs will be repriced. Considering bank borrowing and repricing of NCDs, 43% of total book is floating and remaining fixed.
- Company does not possess any excess liquidity.

Fees/NIMs

- Company has cut rates by 25bps in Q1FY26 with monthly reset and from 1st May 1/3rd of the book got reset while 2/3rd will get repriced in July impacting the yields. Management does not intend to cut rates further.
- Incremental cost of borrowings expected to come down by further 5-10bps. Company has taken full 100bps rate cut impact on bank borrowings. Spread to be maintained at 2.10%.
- Management does not expect material deviation from current levels of NIM as decline in yield on advances would offset by savings in cost of borrowings. Management emphasized their preference to margins over growth.

Asset Quality

- Delinquencies for Q1FY26 were majorly from IHL and retail.
- Company witnessed pressure on collection efficiency during Q1FY26 driven by movement of personnel on account of promotions.
- Segment-wise stage-3 and EAD: IHL: Rs32.1bn (1.2%), NHC: Rs35.0bn (24.8%), NHI: Rs14.1bn (4.3%) and NH: Rs81.2bn (2.6%).
- Written-off pool stood at Rs40bn.
- Credit cost is guidance has been maintained at 9-15bps.

LTIMindtree (LTIM IN)

Rating: HOLD | CMP: Rs5,195 | TP: Rs5,340

- The management mentioned that the macro environment remains similar to the previous quarter, and growth was driven by focus on key clients and deal ramp-ups. They also indicated that another large deal is expected to close in Q2, and the ramp-up of large deals will support stronger growth in H2
- Among segments, BFS clients remain cautious, and the company is focusing on expanding business with clients that have higher growth potential. In the Insurance segment, growth is expected to be driven by AI adoption and tech modernization; however, since the company has won fewer deals in this segment compared to BFS, it anticipates some softness going forward.

- The company expects momentum in the Manufacturing and Retail segments to continue, driven by the ramp-up of large deals. The Healthcare segment, which returned to growth after two quarters of decline, is expected to remain stable. Margins in healthcare, which were soft during the quarter, are expected to recover gradually. The management attributed the lower margins to Q1 seasonality and the completion of a large project.
- Geography-wise, Europe reported strong growth of 10.2% QoQ in USD terms, and approximately 3% in CC terms. The RoW region declined by 5.7% QoQ, largely due to higher deal renewals in Q4 and its relatively smaller revenue contribution, which leads to greater volatility.
- The management's investment in the sales team to actively pursue large deals is yielding results, with improvements seen in both the deal pipeline and winning conversions in recent quarters. They mentioned that the pipeline remains robust, and another large deal is expected to close in Q2. The management expressed confidence that deal wins in FY26 will exceed those in FY25, although quarterly volatility may persist due to the nature of large deals.
- The management mentioned that the productivity passback activity with a large client has been completed. They expressed confidence in growing the business with this top client by expanding their services into newer areas.
- The management mentioned that margin expansion is expected to continue in Q2, supported by revenue growth, the absence of elevated visa and travel costs incurred in Q1, and expense optimization through the 'Fit for Future' program. They also stated that a decision on the quantum and timing of the wage hike has not yet been made.
- During the quarter, LTIM hired ~1,600 freshers and plans to continue fresher hiring throughout FY26 to strengthen the employee pyramid going forward
- Utilization increased during the quarter due to the ramp-up of large deals and is expected to remain elevated in Q2. However, the management expects it to gradually reduce to its comfort band of 85–86% thereafter.
- Management mentioned that its JV with Aramco has started operations in Q1.
- LTIM launched BlueVerse, an "Agentic AI ecosystem" that includes AI Advisory for accelerating innovation, AI Foundry for building solutions, and an Agent Marketplace with over 300 industry-specific AI agents
- To cater to the growing GCC demand, LTIM has launched 'GCC-as-a-Service,' offering a modular framework for capability centers that includes setup, infrastructure, facility management, and access to BlueVerse.
- LTIM's Top 5/10/20/40 client revenue grew by 0.5%, 2% & 1.3% QoQ respectively.



Lupin (LPC IN)

Rating: BUY | CMP: Rs1,852 | TP: Rs2,400

- **India business:** Moderate growth during H1 due to lower tender business. Chronic mix in Q1FY26 stood at 65% up 100bps QoQ. In licensing income stands at 6% of sales vs 15-20% historically. Hived off OTC business into its wholly owned subsidiary Lupin life consumer health. Focus remains on GLP-1s and therapies such as GI, Onco, CNS, VMS. Targets 80 product launches by FY30.
- **Semaglutide:** Targets first wave of entry. Intends to launch injectable version through partnership by FY26E whereas oral version by FY27E.
- **US:** Net sales at \$282mn, up 15% QoQ. Key launches like gTolvaptan aided healthy performance. The product was launched in May and not much channel stocking given it was done through specialty route. The full impact of product will be seen in Q2.
- Experienced price erosion in albuterol amid competition from new player entering in market. Launched gGlucagon in August; expects to launch Liraglutide in October. Guided for gRisiperdal Consta approval in Q3FY26E with TAD in Sept 2025.
- FY27 will see high value launches like gSaxenda, couple of biosimilars and high value OSDs, one 505 (b) (2) which will drive US sales. Currently it is responding to CRLs for gDulera, US launch likely in H2FY27E/H1FY28.
- **Biosimilars:** Company expects approval for bPegfilgrastim in FY26E. OBI (On-body injector) version approval expected in FY27/28E. bCertolizumab clinical trials are expected to start soon. Intends to launch bRanibizumab in FY27E.
- **EMs/Other developed markets:** Strong growth from South African markets was offset by soft performance from LATAM & Philippines markets. Europe remain a strong contributor with sales up 28% YoY.
- **R&D and pipeline:** Focus on 505(b)(2), long-acting injectables, green propellants. Targets 60+ products fillings for US markets. R&D is likely to range between 7.5-8.5% of revenues. About 70% of R&D spend is towards complex generics of which 30% is towards inhalation products.
- **Other highlights:** Diagnostic business dragged EBITDA performance by 1%. Mgmt remains confident of achieving breakeven in the diagnostics business in FY27E. FY26E consol OPM guided at 24-25%, aims to sustain in FY27E. Mgmt remains confident of achieving double digit revenue growth in FY26E and high single digit growth in FY27. Net cash of Rs 12.4bn. Working capital days stood at 106 against 110 in Q4FY25. ETR to remain at 19% in FY26E.



Mahanagar Gas (MAHGL IN)

Rating: ACCUMULATE | CMP: Rs1,483 | TP: Rs1,559

- Sourcing breakdown of 4.2mmscmd- APM- 1.69mmscmd, HPHT- 0.5mmscmd direct & another 0.5mmscmd through IGX, NWG 0.5mmscmd, HH 1.15mmscmd although contract is for 1.45mmscmd.
- Unison vol at 0.225mmscmd, vol +8.6% QoQ.
- Scheme of amalgamation approved.
- GA3 to see growth of City Gate Stations from one to four within next 7-8 months, expect growth of 30%.
- Capex guidance of Rs11-13bn each year for next two years.
- EBITDA/scm guidance of Rs9.5
- CNG vol in Jul'25 slightly above Q1FY26.

Mahindra & Mahindra Financial Services (MMFS IN)

Rating: HOLD | CMP: Rs266 | TP: Rs285

Growth

- Disbursements were broadly flat YoY at Rs 128 bn (vs Rs 127.41 bn) led by strong traction in tractors (+21%), offset by a decline in CV/CE (-12%) and SME (-19%).
- Company faced softness in entry level PV while being selective in CV because of high competition from banks; aim to grow in LCV/ ICV where pricing is decent.
- Degrowth in SME is mainly temporary as company has made changes in the organization structure by creating four divisions
- Company expects mortgage business turnaround to be underway with a new CEO; momentum is expected to pick up and value could be unlocked over the next two years.
- Company expects ~15% medium-term disbursement growth. Expect growth to be stronger in H2 supported by a favourable monsoon, kharif season and upcoming festive demand.
- Tier-1 capital augmented to 17.9% with Rs 30 bn raised via rights issue; debt-to-equity stands at 4.75x with no near-term capital raise envisaged.

Operating Profitability

- Of the Rs 5.30 bn PAT, Rs 460 mn came from MIBL dividend (expected to be recurring in coming years) contributing 14 bps to margins.



- Company migrated to a new cloud-based LMS expecting to drive operational efficiency and optimize opex over the medium term.
- Company is targeting to achieve an ROA of 2-2.2% driven by margin stability and improved operating efficiency.

Asset quality

- Headline asset quality slightly declined in the quarter with GS3/NS3 at 3.85%/1.91% vs. 3.69%/1.84%. Seeing stress mainly due to monsoon, company expects to keep GS2 & 3 under 10% in coming quarters.
- Guidance of 1.5%-1.7% of credit cost provided for FY26.

Mahindra Logistics (MAHLOG IN)

Rating: HOLD | CMP: Rs408 | TP: Rs383

- Operationalized ~0.33mn sq. ft. of dedicated space for Cummins India Ltd in Phaltan, Pune during the quarter.
- Warehousing revenue stood at ~Rs 3,060mn in 1QFY26, up from ~Rs 2,590mn in 1QFY25.
- MLL Mobility contributed 5% to the topline.
- Revenue share of auto sector stood at 63% in 1QFY26.
- In 1QFY26, MAHLOG IN derived 56% of its revenue from Mahindra group.
- Volumes of B2B Express business were up 10% on QoQ basis but yields remained under pressure.
- Utilization rate for the quarter remained in the band of ~80-85%.
- Unabsorbed white space of ~1.5mn sq ft is likely to see a reduction from 3QFY26E.
- Historically, capex has been at ~1.5% of revenue (i.e. Rs600mn-700mn) but FY25 witnessed a rise to ~Rs1.8bn on account of increase in fleet size & warehousing space.
- New deal wins from M&M group include a) the Nashik project (~3 lakh sq. ft.) which is expected to go live in the month of Aug'25, b) Pune (~80K sq. ft.) which will be commissioned in the month of Sep'25 and c) Haridwar (~1 lakh sq. ft.) which will also be commissioned soon.



Mangalore Refinery & Petrochemicals (MRPL IN)

Rating: ACCUMULATE | CMP: Rs139 | TP: Rs152

- Plant shutdown and inventory loss of USD2/bbl resulted in loss.
- Shutdown resulted in an additional cost of USD2/bbl.
- Capex during the quarter stood at Rs5.4bn, expected to rise to Rs10bn by year end.
- Expect to add 100 retail outlets to the current 170 outlets.
- Sold 68,000kl during the quarter, expected to sell 500tkl in FY27.
- HSD is 38-40% of the product slate
- One refinery each in California and UK has been announced for closure.
- Reformate added USD0.5/bbl to the refining margin.
- Gross debt stands at Rs136bn.
- 11.4% fuel & loss due to the shutdown compared to 10% during normal operations; also targeting a reduction of 1% in fuel & loss.
- Factory acceptance test for IBB has been completed; mechanical completion of IBB pilot plant to be completed by Aug'25 and plant trials to start by Sep'25 post customer approval, full scale plant would come up



Marico (MRCO IN)

Rating: ACCUMULATE | CMP: Rs723 | TP: Rs743

- Consumer sentiment remained stable with gradual & optimistic outlook given easing inflation & favorable monsoon.
- Rural markets continue to grow ahead of urban whereas Premium products outperformed rest of portfolio
- Copra prices surged 18% QoQ and ~107% YoY, surpassing company expectations. The copra inflation was driven by a 9% drop in productivity, combined with inelastic demand for religious/consumption purposes and delayed conversion due to unseasonal rains. Rapid ~60% effective price hikes have been implemented and are reflected on shelves. Margin pressures are expected to ease given copra prices begin to stabilize (~12% fall from peak)
- Parachute volumes declined 1% due to a sharp rise in consumer pricing and ml-age reduction in select packs, while VAHO saw sequential recovery driven by strong performance in the mid and premium segments. VAHO gained 150bps in value market share on MAT basis.
- Premium Personal Care posted strong 1Q26 results, with serums, male grooming, and skincare driving Rs. 3bn+ ARR, while Digital-First brands



reached Rs. 8.5bn+ ARR. 6) Foods continue to grow in-line with aspirations with ~20% value growth in 1Q26. Gross Margins have improved ~1000bps over past 2 years.

- 1Q26 witnessed ~25% higher ad spends YoY with focus on VAHO, PPC & Foods whereas non-media spends were optimized through rationalization of Nielsen data frequency, deferral of discretionary film shoots, and reduced celebrity time costs. Additionally, improved efficiency across media and non-media spends is driving better ROI for the same outlay.
- MRCO posted a 19% CCG, with Bangladesh (~17%) & MENA (~42%) sustained their strong momentum, Vietnam witnessed recovery & SA remained flattish. MRCO gained market share in Gulf & Egypt.
- With current volatility in commodity prices, margins will likely remain under pressure with recovery expected to settle in post 3Q
- MRCO guides for double-digit profit CAGR over FY26-28.

Max Healthcare Institute (MAXHEALT IN)

Rating: BUY | CMP: Rs1,221 | TP: Rs1,355

- **Bed Expansion plans-** MAXHEALT targets adding ~1,000 brownfield beds and 500 greenfield beds in FY26. Trial runs started at a new brownfield tower of 160 beds in Mohali.
- **Project updates: Nanavati (Phase 1 with 268 beds):** commissioning of multiple floors in coming weeks. **Max Smart (400 beds):** interiors/MEP progressing; phase commissioning targeted by end-Q2 FY26. **Lucknow (Phase 2):** expanding from 413 beds to 520 beds by FY26E; 32 beds are ready; LINAC installation expected in early Sep'25. **Sec56, Gurgaon (501 beds):** structural/MEP underway; commissioning by FY26 end. **Nagpur (100 beds):** waiting for environmental clearance approval; 24-month completion post start. **Patparganj (397 beds):** post-EC, barricading/tendering in progress. **MAX Vikrant (550 beds):** pending tree-transplantation approval from Forest Dept; guided to start after Saket 400-bed commissioning. **Zirakpur, Mohali (asset-light) 400 beds:** approvals received; will take ~24 months to complete. **Max Vaishali (Brownfield) 140 beds:** demolition work is underway; guided ~30 months to complete. **Thane (500 beds):** master plan being finalized; drawings/submissions will be done by end-Q2 FY26. **Pitampura, Delhi (250 beds):** drawings submitted; will start construction post approvals.
- **Dehradun (Built to suit lease, 130 beds):** located at ~100 meters of distance from existing 220-bed unit of MAX (reported 80% occupancy in Q1); plans for oncology-focused (incl. radiation) and expected commissioning by 2028 end.
- Executed binding term sheet to divest Chitta (Bulandshahr) & Anoopshahr Hospitals for Rs 400mn; expected completion by Sep-2025. In Q1, Chitta delivered Rs 50mn of revenues with Rs 10mn of EBITDA loss.
- **New units: Noida** reported revenue growth of 14% YoY with 32% YoY EBITDA growth to Rs 230-240mn. **Dwarka** revenues improved 24% QoQ with Rs 70-80mn of EBITDA. **Lucknow** reported revenue growth +97% YoY and EBITDA



growth of +191% YoY. While **Nagpur**'s revenue growth was at +27% YoY and EBITDA growth in the same range (~27%).

- Oncology is ~25–26% of hospital revenue and rising structurally; radiation oncology at Lucknow and Dwarka is expected to commission in Q3 FY26, which should improve the oncology share further. Dwarka occupancy is already ~81–82% on operational beds.
- Consol ARPOB was flattish (up 1% YoY and QoQ) due to new/acquired units' lower ARPOB; existing beds' ARPOB was up ~7%. Guided ARPOB to increase as newer units ramp.
- Existing units delivered 26.2% margin; adjusted for a one-time Rs 120mn donation. New units contributed Rs 270mn EBITDA.
- In Q1, Capex deployment of Rs 4.35bn for expansion/upgrade; Rs 1.31bn for Vaishali land.
- International patient revenue was Rs 2.1bn, up 32% YoY, despite airspace closures and geopolitical challenges; accounts for 9% of hospital revenues.

Metro Brands (METROBRAIN)

Rating: HOLD | CMP: Rs1,095 | TP: Rs1,135

- Q1FY26 saw a 9.1% YoY growth led by increase in wedding-related footfalls and consistent execution across channels.
- preponement of Eid to March (2-3% impact on revenue growth), an early onset of monsoons, and ongoing global geopolitical tensions had some minor challenges in 1Q.
- In 1Q Metro Brands signed a long-term strategic partnership with Clarks, becoming its exclusive licensee and distributor across India, Bangladesh, Nepal, Bhutan, Maldives, and Sri Lanka, Clarks will be launched in Q3FY26
- Company is preparing to launch three new Foot Locker stores ahead of the festive season in Q3FY26, though management remains cautious due to supply chain concerns after BIS implementation
- Metro plans to open new exclusive brand outlets for FILA in the 2HFY26.
- Fila's repositioning is progressing as planned, supported by a clear merchandise assortment and pricing strategy.
- E-commerce revenue grew by 44.8% YoY to Rs840mn, now contributes 13.7% towards overall revenue
- Management guided for 15%-18% revenue CAGR over medium to long term with PAT margin to be maintained in mid-teens
- Long term SSG target maintained at mid-high single digit
- FILA expects to break even by FY27 10) Only footwear ASP came at Rs2700 with 3-4% growth in 1Q.



Mold-tek Packaging (MTEP IN)

Rating: ACCUMULATE | CMP: Rs761 | TP: Rs805

- The company reported a 15% year-on-year volume growth, driven by strong performance in the Paints, Foods, and FMCG segments. Despite a shorter summer, F&F segment recorded robust volume growth of 13.57%.
- The Panipat plant is scheduled to begin production for the F&F segment from August onwards.
- The majority of volume growth in the Paints segment came from the Aditya Birla Group (ABG), while other companies experienced flat growth.
- The Lubes business witnessed subdued demand due to an early monsoon.
- The Pharma segment is gaining traction, with each new clients expected to contribute an additional Rs25–50 lakh in monthly revenue.
- The segment is expected to achieve revenues of around Rs350mn in FY26 and Rs500mn in FY27.
- Over 20 products in the Pharma segment are currently under approval at the client level.
- The company aims to reduce its dependency on seasonal products (such as ice creams) by increasing its focus on non-seasonal categories like detergents and health drinks.
- Paints volume is expected to remain stable in Q2 at around 5,500 MTPA, with FY26 guidance of approximately 21,000 MTPA.
- Management expects total volume to reach 45,000 MTPA for the full year.
- Revenue for FY26 is projected to grow by 18–20%, with an expected EBITDA of Rs41–42 per kg.
- Capex for FY26 is estimated to be in the range of Rs800–900 million.
- The Panipat facility will add 1,000 MTPA of capacity for the F&F segment, along with an additional 700 MTPA capacity for pails and Q-packs.



Mphasis (MPHL IN)

Rating: ACCUMULATE | CMP: Rs2,625 | TP: Rs2,920

- Growth during the quarter was driven by the BFS, Insurance, and TMT segments. The Insurance segment led the growth, supported by the ramp-up of a previously won large deal, while BFS growth was driven by wallet share gains from both new and existing clients. TMT growth was aided by steady deal wins and consistent revenue conversion. Management indicated that the momentum is expected to continue.
- The Logistics segment, which has remained weak for the past six quarters, declined sharply in Q1 due to client-specific issues. However, management expressed confidence that the segment has largely bottomed out and is expected to see gradual improvement, supported by a strong pipeline. Management also clarified that the decline in the EMEA region was attributable to clients in the logistics segment. The gross margin decline in the segment was attributed to investments made by the company for its top clients.
- Management acknowledged that macroeconomic environment still remain uncertain but gave a positive outlook for broad-based growth through the remainder of the fiscal year. This optimism is underpinned by the ramp-up of recently secured large deals, a healthy AI-led deal pipeline, and steady conversion of TCV into revenue.
- Management expects the recently won deals to fully ramp up over the next two quarters. Based on the performance in Q1—despite continued weakness in the logistics segment and steady revenue conversion—they aspire to achieve 2x industry growth in FY26.
- The company's deal pipeline remains strong despite robust wins in recent quarters, with AI-led projects driving continued demand. The pipeline is broad-based across segments, client mix, and deal sizes. The BFS pipeline grew 47% YoY, while the non-BFS pipeline increased by 108% YoY. Additionally, the large deal pipeline grew by 40% QoQ and 154% YoY. Management expects steady conversion of this pipeline into TCV, despite broader macro headwinds across the industry.
- AI demand remains strong, with management noting that clients are funding AI-led projects through cost-efficiency programs and existing budget. Management also highlighted that AI-led projects now comprise 68% of the pipeline, up from 65% in Q4FY25.
- Management indicated that employee addition will not be directly proportional to revenue growth, as they are comfortable operating at the current utilization levels, which remain elevated compared to historical trends. They emphasized a focus on hiring for specialized skills rather than fresher intake and plan to pursue just-in-time hiring based on a 90-day demand forecast.
- Management reiterated its EBIT margin guidance of 14.75–15.75%, as it continues to invest in initiatives aimed at driving sustainable growth.



Narayana Hrudayalaya (NARH IN)

Rating: BUY | CMP: Rs1,830 | TP: Rs2,000

- **Expansion plan** – Upcoming 100 beds (leased) Bangalore Southwest unit's structural work is completed, interiors and equipment procurement underway. Likely commissioning in Q1FY27. Mgmt is exploring pipeline of 400+ beds via M&A which is in early evaluation phase. Mgmt guided for a total capex outlay of ~Rs 7.7 bn, comprising Rs 2.9bn toward routine maintenance, replacements, and in-facility capacity enhancements, and Rs 4.2bn toward greenfield and brownfield expansions. Overall, a total of 1,235 greenfield beds in Kolkata & Bengaluru and 300 brownfield beds in Raipur will be added in the next 3-4 years. NARH's focus for expansion remains in existing locations such as Bangalore, Kolkata and Raipur.
- **Capex:** FY26 capex target for greenfield hospitals at Rs4.2bn; only Rs50mn incurred in Q1 due to monsoon delay.
- **Cayman** – Hospital margins stable QoQ despite decline in discharges and outpatient volumes due to volatility typical of new facility ramp-up. Consolidated Cayman margin was diluted due to Integrated Care losses.
- **Integrated Care (Cayman CIHL)** - Breakeven expected by Q4FY26 or Q1FY27. Insurance plan allows usage globally; mgmt. guided patient volumes to ramp over coming quarters. During Q1, CIHL reported revenues of Rs450mn with losses of Rs93mn
- **India Hospitals units:** In India, hospital operations demonstrated margin expansion, driven by payer mix improvement, price hikes, and higher-value procedures.
- **New India units:** New hospitals to be commissioned in FY27–FY28. While these will have margin impact during ramp-up, break-even expectations are in line with peers.
- **Occupancy:** India occupancy rates were largely stable in Q1.
- **ALOS** reduced to 4.3 days (vs. 4.5 days in Q4), with long-term target of 4 days, although quarterly fluctuations may persist.
- **Integrated business (NHIC & NHIL):** NARH has ~6,000 active policyholders as of Q1FY26. NARH expanded 'Aditi' health insurance to Kolkata, Shimoga, Raipur, and 'Aditi+' in Bangalore/Kolkata. Going forward, NHIC (clinics) will focus on Bangalore expansion; 1 new clinic opened and 1 under construction. Combined entity remains loss-making but showing traction with guidance intact for FY26 that will see a peak investments/loss. NARH invested total Rs 4.5bn in insurance business; of which ~Rs 1bn deployed as capital and Rs 1.5bn invested into clinics & insurance.
- **Digital initiative:** Rolled out 'Namah' nurse app and digital inpatient services; stabilization expected by Oct'25. Mgmt focusing on seamless digital-first patient experience with all hospitals now fully paperless.



- **FY26 guidance:** Mgmt guided for continued strong performance from India hospitals; growth to be driven by ARPP uptick via case mix (Robotics, oncology and surgical volumes) and pricing, and traction in insurance/clinic business. Margin dilution continues at consolidated level due to Cayman Integrated Care ramp-up.
- ARPP improvement aided by low-single digit price hike taken in Jan'25 which resulted in better payor mix, shift to high-end procedures (cardiac robotics, complex surgeries).

National Aluminium Co. (NACL IN)

Rating: BUY | CMP: Rs187 | TP: Rs228

- NACL is running at full capacity utilizations for metal and Alumina. Alumina sales volume for FY26 is expected to be 1.28mt.
- ~80% of alumina export sales are usually on spot, rest on contract. Can change depending upon prices.
- Upcoming 1mtpa refinery is expected to complete physical commissioning by Mar'26, expect production from Jun'26. FY27 volume from this line will be ~0.5mt; FY28 to reach full 1mt capacity.
- Aluminium CoP was in the range of Rs155,000–160,000/t. Alumina CoP at Rs20,000–21,000/t (60% variable); expected to decline slightly by year-end.
- Q1FY26 Alumina average realization at USD 416/t due to some higher priced contracts from previous period; currently it is USD400/t and expected FY26 range is USD 400–450/t.
- Caustic soda landed cost at Rs44,000/t (vs Rs41,000 in Q4FY25 and Rs36,600 in Q1FY25).
- Other expenses were higher on account of: a) additional cost paid worth Rs700–750mn under Renewable Purchase Obligation compliance (obligation rose to 29.3% for FY25 and ~30% for FY26), b) Rs100–120mn from higher coal transportation cost and c) increase in repair & maintenance.
- 7MW solar project under execution (commissioning in 1 year), 10MW wind project (6 turbines) to be commissioned by Sept'25; broader renewable roadmap to be finalized in 3–4 months. By FY30 NACL is expected to have 15–20% green power.
- Coal requirement for FY26 at 7.2mt; 4mt from captive sources, 3.2mt from Coal India. Utkal D & E captive coal mines are operational with 4mtpa capacity; full production targeted for FY26.
- Pottangi Bauxite mine (3.5mtpa, 111mt reserves) tender released for MDO; operations are expected to commence by Mar/Jun'26.
- Existing two Bauxite mines are operational: leases to expire by 2029/2031; NACL will initiate process for renewal soon.



- DPR preparation for smelter & CPP projects has begun; consultant to be appointed in 2–3 months; tendering to start in FY27.

Navin Fluorine International (NFIL IN)

Rating: ACCUMULATE | CMP: Rs5,198 | TP: Rs5,559

- QIP of Rs7.5bn completed during Q1FY26.
- Expect EBITDAM at ~25% going forward on consolidated basis.
- Capex may expand to Rs7-10bn in FY26.
- AHF plant with capex of Rs4.5bn to be commissioned by the end of Q2FY26.
- cGMP4 plant for capex of Rs2.88bn, Phase 1 with an outlay of Rs1.6bn, to be commissioned by the end of Q3FY26.
- New R32 plant operating at optimum level; sales of R32 increased.
- Refrigerants growth driven by increased demand and higher realizations.
- Buss Chemtech tie-up: focus will be on electronic grade AHF; detailed engineering work underway.
- In Specialty Chemicals, supply of 3 new molecules to start in Q2FY26.
- Fluoro specialty at Dahej, which started in Dec'24, is expected to contribute meaningfully in FY26.
- Partnership with Chemours and foray into high-growth advanced material progressing well; commercial production expected by Q1FY27.
- Dahej plant operated at 70% during Q1FY26.
- Strong order book visibility for FY26 in the CDMO segment, including order visibility from Fermion.
- In the CDMO segment, a large order is expected in Q2FY26 from another major European customer.
- The company has partnered with a global pharmaceutical company to work on late-stage products.



Navneet Education (NELI IN)

Rating: HOLD | CMP: Rs140 | TP: Rs136

- Publication of grade-1 curriculum in Maharashtra was delayed impacting growth in publishing business. Grade 1 contributes ~5-6% to revenue of publication business.
- Domestic stationery business declined 14% YoY in 1QFY26, driven by 9% drop in realization and 5% drop in volumes.
- The additional 25% tariff proposed by the US has not come into effect yet.
- In exports, for every Rs100 received by NELI IN from primary sale, the end customer typically ends up paying ~Rs200–250 after distributor margins, operational costs, and other incidental expenses.
- Publication business is expected to grow by ~15% in FY27E.
- In stationery export business, cost differences between countries are mainly due to labor and are not expected to exceed 5-7%.
- In non-paper stationery, NELI IN has launched new products including writing instruments, geometry boxes, and examination boards, with geometry boxes contributing ~1.5% to sales.
- Non-paper stationery development team comprises of 8-9 members, with no dedicated marketing staff at present.
- Maharashtra and Gujarat will implement grade-wise curriculum changes next year, for more than 2 grades in the publication segment.
- ILL reported revenue/PAT of Rs30mn/(Rs70mn) in 1QFY26 respectively.
- Paper prices declined by 5% between Jan to Mar'25, with no further decline since.
- Under the CBSE business, NELI's reach was 10,000 schools in 1QFY26.
- Top-line growth of ~12-15% in ILL is expected in FY27E.
- US forms 75% of NELI IN's exports.
- Capex of Rs900mn has been earmarked for FY26E, while Rs1,500mn has been planned for FY27E (subject to export market conditions).



Nazara Technologies (NAZARA IN)

Rating: HOLD | CMP: Rs1,413 | TP: Rs1,345

- Nodwin plans to raise fresh capital to fund the next leg of growth. NAZARA IN has decided not to participate in this capital raise and would own ~46-47% in Nodwin post dilution.
- Funky Monkeys is expected to add 8 to 9 centers this calendar year.
- In May'25, Fusebox released a new game based on "Big Brother" IP. A new game on "Big Boss" IP is expected to be released in CY25E and a new IP contract has been signed for another game scheduled to be released in CY26E.
- SportsKeeda witnessed a dip in organic traffic in the US due to Google's core update. Traffic is expected to return to normalcy in a couple of quarters.
- Other income had a one-time revaluation gain of ~Rs660mn in an investee company, STAN.
- Curve Games plans to invest in two strong IPs set to be developed from next quarter, which can drive future growth from hereon.
- PokerBaazi reported an EBITDA loss of Rs739mn in 1QFY26 led by higher branding spends in IPL/Shark Tank of ~Rs850mn/~Rs250mn respectively.
- PokerBaazi is unlikely to achieve profitability in FY26E but may turn profitable in FY27E.
- Current strategy of Smaaash is to stabilize existing 11 centres with expansion lined up in FY27E.
- EBITDA guidance of ~Rs3bn in FY27E remains intact.
- The core gaming segment delivered EBITDA margin of 24.4% in 1QFY26. The goal is to scale 30% mark in future. Efforts are ongoing to sign 1-2 IP partnerships in order to boost organic user growth in Kiddopia



Nippon Life India Asset Management (NAM IN)

Rating: BUY | CMP: Rs794 | TP: Rs860

Industry

- Equity market in Q1 FY26 witnessed a sharp rebound from prior quarter levels. The Nifty increased by 8.5% QoQ while the Nifty Mid and small cap indices increased by 15% and 17.8% QoQ respectively.
- Gross inflows were relatively flat QoQ while net inflows were lower QoQ. Categories with the highest inflow were flexicap, small cap, & mid-cap funds.



NAM AUM/financial Performance

- Yields on different asset classes: Blended yields at 36bps, equity 55bps, debt 25bps, liquid 12bps and ETF 17bps. Yield decline over the last 2 years is attributable to i) telescopic pricing ii) net flows coming at higher cost compared to stock.
- ETF yields have gone up due to composition of various products within ETFs where schemes with higher expenses have grown sizeably.
- ESOP cost for Q1FY26 stood at Rs110mn. For FY26/27 ESOP cost is expected to be Rs460mn/ Rs270mn respectively.
- Management does not have any target to rationalize commissions and it will be done basis market conditions.
- Management stated that the proprietary book will always have more fixed income component to avoid volatility.

Others

- SIP folios saw a decline in QoQ due to one time cleanup of inactive accounts industry wide.
- NAM is getting reasonable flows across categories. 75% of SIP by value are less than Rs10,000 which adds stability to the flows.
- NAM is neutral on the draft SEBI consultation paper which states that a new scheme in existing category with AUM of >Rs500bn can be added with existing TER of the category.
- Company stated that investors have matured, and they do not react to short term volatility.
- In Q1 FY26 NAM launched new products viz. Nifty 500 Fund, Quality 50 Index Fund, Nifty 500 Low Volatility 50 Index Fund, BSE Sensex Next 30 ETF, BSE Sensex Next 30 Index Fund. NAM has launched a real estate scheme Yield Maximize Optimizer with Rs3bn commitment raised.

NOCIL (NOCIL IN)

Rating: HOLD | CMP: Rs174 | TP: Rs182

- Volumes increased by 1% QoQ but declined by 7% YoY.
- Aggressive dumping from China and other markets continues, resulting in muted domestic growth.
- Anti-dumping investigations for major products have been found to be valid (~40% of the product portfolio); outcome is expected in the coming month.
- Indian tire industry is expected to grow by mid-single digits supported by replacement tire demand.
- International tire market has shown some uptick, supported by replacement tire demand.



- Export markets for latex portfolio have been impacted, while non-latex portfolio is growing.
- Global rubber chemicals market is growing at 2%, driven by growth in China and India, while other markets are witnessing a decline.
- TDQ antioxidant plants are running at full capacity. Expansion is underway at Dahej and on track; capex for this project is Rs2.5bn.
- The Dahej project is expected to deliver an asset turnover of 1.8–2x. As of Mar'25, 30% of the project was complete, with majority of capex scheduled for FY26.
- Revenue contribution from this project is expected from H2FY27.
- Existing capacity utilization is at ~65% overall.
- Export growth was around 3.5% during the quarter.

Nuvoco Vistas Corporation (NUVOCO IN)

Rating: ACCUMULATE | CMP: Rs390 | TP: Rs422

- The management expects the industry to grow at 7-10% in FY26 led by higher government capex in H2FY26.
- Cement prices in Jul still seem to be holding up compared to Q1FY26 average.
- NUVOCO aims to reduce lead distance by 10–13 km, which is expected to lower freight costs by Rs70–80/t in the coming quarters.
- Lead distance increased to 334km from 324km in the previous quarter.
- Current prices for slag in the eastern region have gone up due to increase in composite cement players in the region. NUVOCO has secured 2.5mt of slag contract from Tata Steel for 20 years, covering 55–60% of its requirement. This ensures Jojobera plant is supported by below-market slag cost.
- Vadraj Cement has no plans to enter slag cement manufacturing, as Gujarat is predominantly an OPC and PPC market.
- NUVOCO is planning to add 2.5mtpa GU (with 6.3m vertical rolling mill) at Kutch at Rs3bn capex.
- Surat has 3×2mtpa GUs. Initially, one 2.5mt Kutch GU and one 2mt Surat GU will start to optimize capex. The other two mills at Surat will come up in the next 3–5 years.
- Depreciation is expected to be around Rs2bn, while interest costs are estimated at Rs1–1.1bn QoQ going forward.
- NUVOCO will launch UNO in Concreto brand in Odisha as well, in the coming days.
- NUVOCO has plans to bring its blended clinker-to-cement (C/K) ratio to 1.74, with efforts underway to raise the East region's C/K ratio to 2.1.



- Fuel costs have likely bottomed out across petcoke, domestic open market coal, and linkage coal. Going forward, any further reduction will depend upon optimizing the fuel mix and enhancing operational efficiencies.
- AFR usage was slightly lower at ~10% in Q1FY26, due to issues in Chhattisgarh. With the issues resolved and the Chittor shredder now fully operational, AFR usage is targeted to reach 15%.
- NUVOCO expects Rs50/t savings in FY26 driven by higher WHRS capacity (increasing to 6.6MW from 4.7MW), AFR rising to 15–16%, reduced lead distance (12–15km), and upcoming hybrid wind-solar in the North. With the Odisha siding set to be operational by Q3, 100% clinker movement to Jajpur will shift to rail.
- Premium product share was at 43% in Q1FY26 vs 40% in Q4FY25.
- Blended fuel cost continued to be Rs1.43/mcal. CC ratio was 1.72/kcal.
- Trade volume share was 76% vs 75% in the last quarter.
- Net debt reduced by Rs8.8bn to Rs34.75bn at the end of Q1FY26.
- The financing plan for Vadraj acquisition includes Rs6bn in long-term debt and Rs12bn through CCPs/CCDs that won't appear as debt on the balance sheet.

Oil & Natural Gas Corporation (ONGC IN)

Rating: BUY | CMP: Rs239 | TP: Rs273

- 19.93mmt oil and 20.11bcm gas guidance in FY26, rising to 21mmt oil and 21.49bcm gas in FY27
- opex rose due to higher FPSO cost in the KG basin
- current output is 30kbopd of oil and 3mmscmd gas and expected to ramp up to 6-7mmscmd by Jan/Feb'26
- FY26 capex target Rs300bn
- BP's collaboration in Mumbai High- output expected from Q4FY26
- OPaL running at 90% utilization, EBITDA turned positive in Q1FY26; debt Rs248bn, no further equity infusion
- Mozambique remains under force majeure although expected to lift by Sep'25.



Oil India (OINL IN)

Rating: BUY | CMP: Rs425 | TP: Rs581

- Discovered oil in Namrup and commenced production from DSF field in Jaisalmer,
- 76% physical completion achieved in NRL expansion and crude pipeline from Paradip to NRL is expected to be commissioned by Q4FY26,
- Guidance of 3.7mmt of oil and 3.65bcm of gas production in FY26 followed by 3.95mmt of oil and 4.31bcm of gas in FY27,
- FY26 capex guidance Rs70bn standalone, Rs91bn NRL followed by Rs76bn standalone and Rs73bn for NRL in FY27,
- Shutdowns at several consumers like BCPL, BVFCL, LPG plant and lower offtake from NRL affected production during the quarter,
- yet to get clearance for 165km feeder pipeline to Duliajan which would run parallel to DNPL and connect to NRL and beyond.

PCBL Chemical (PCBL IN)

Rating: BUY | CMP: Rs406 | TP: Rs474

- CB sales in the spot market account for 30%, contractual mix accounts for 60%, and rest is specialty.
- Orion announced plans to shut down CB capacity in North America and Europe; the closure will be a positive for PCBL in the long term.
- The company is planning to set up additional 20,000mtpa specialty black capacity in Mundra in next few quarters, which will take total specialty capacity to 132,000mtpa.
- 30,000mtpa capacity in Tamil Nadu is likely to be commissioned in the next few weeks and another 60,000mtpa capacity along with 12MW power capacity is likely to be operational by FY26 end.
- Capex for 1,000mtpa specialty CB plant for superconductivity grade is set to be completed by the end of FY26 in Palej.
- Rs3-4/kg incremental EBITDA/t is expected to come from operational efficiency as well as change in product mix.
- Aquapharm has commissioned a new polymer line with capacity of 11,500mtpa at Mahad; the remaining ongoing capacity addition is expected to be operational over the next 2–3 months.
- The impact of freight costs for Aquapharm during the quarter was Rs60mn.
- The pilot plant for nano silicon is under construction and should be ready by Q3FY26.



- Technology transfer for setting up a 5,000mtpa acetylene black facility in Mundra by FY27, is complete, and detailed engineering work is underway.

Persistent Systems (PSYS IN)

Rating: HOLD | CMP: Rs5,606 | TP: Rs5,890

- Management mentioned that macro uncertainty due to tariffs and geopolitical conflicts affected client decision-making, which in turn impacted growth during the quarter. However, they expressed confidence in achieving broad-based growth in FY26, which could be stronger if the macro environment improves. This confidence is backed by strong deal wins and a robust pipeline, including mega deals.
- The Healthcare segment, which delivered strong growth in FY25, started on a weaker note with a 1.9% QoQ decline in Q1, followed by muted growth in Q4. Management attributed the slowdown to the transition of a large deal from onshore to offshore, delayed project ramp-up due to client-specific issues, and broader segmental weakness driven by tariff uncertainty impacting supply chain and changes in the U.S. Medicaid policy. Despite these headwinds, management expressed confidence that the segment has bottomed out in Q1 and is expected to report growth in FY26, albeit at a slower pace.
- Management reiterated that growth in FY26 will be driven by BFSI, followed by Hi-Tech and Healthcare.
- Management expects ESOP costs to remain at current levels for the next few quarters but indicated that they could increase if new grants are issued to employees. They further mentioned that ESOP costs are expected to decline in FY27 and will be lower than the levels incurred in FY26.
- Utilization during the quarter increased by 60 bps QoQ to 88.7%, marking the peak for the company. Management indicated that they expect to operate at these elevated utilization levels for some time before it normalizes.
- Management stated that, in light of ongoing macroeconomic uncertainty, the planned wage hikes originally scheduled for July have been deferred to Q3. They added that a final decision regarding the implementation of these hikes will be made by the end of Q2.
- LTM attrition increased sharply by 100 bps QoQ to 13.9% during the quarter. Management indicated that the rise in attrition is an industry-wide phenomenon and does not expect it to exceed their comfort band.
- Management reiterated that they are on track to achieve their goal of reaching USD 2 billion in revenue by FY27, along with a margin improvement of 200–300 bps. The key levers driving margin expansion include improved realizations, SG&A optimization and leverage, lower ESOP expenses, and operating at higher utilization levels. They further emphasized that this revenue goal will not come at the expense of margins.
- Management reiterated that they are actively looking for capability-led acquisitions, primarily in the form of tuck-in deals. However, they also indicated openness to pursuing relatively larger acquisitions to strengthen their presence in Europe.



- Top 5/10/20/50 clients grew by 1%, 3.4%, 5.4% & 5.8% respectively
- Management expects ETR for FY26 to be in the range of 22.5-23.5%

Petronet LNG (PLNG IN)

Rating: SELL | CMP: Rs339 | TP: Rs311

- Capex: Rs50bn for FY26, expect higher in FY27
- Dahej expansion to 22.5mmtpa delayed to CY25-end due to geo-political issues
- Gopalpur to be ready in another 3.5yrs
- Kochi-Bangalore pipeline expected to come up latest by Mar'26
- PDH-PP: few long lead contracts have been awarded out of total 13 packages, capex done so far is Rs5bn, expect ramp up in FY26
- FACT had taken a shutdown in Q1FY26 for 1.5m due to which volumes at Kochi were impacted
- Pricing of regas volume for Deepak is expected to be similar to that of LNG
- Availability of Dabhol throughout the year not expected to be a major challenge
- Due to supply glut in next 3-4 years, spot LNG prices are expected to decline and would aid consumption in India- expect LNG demand to double in next 3-4 years.

Pidilite Industries (PIDI IN)

Rating: BUY | CMP: Rs3,051 | TP: Rs3,427

- Rural markets continue to grow ahead of urban markets.
- Employee costs expected to be elevated or increase further in FY26 given ESOPs issued in 1Q26.
- PIDI expects to continue double-digit UVG, maintain GM at current levels for the new few quarters and EBITDA Margin guidance stands at 22-24% levels.
- Tile Adhesives is growing 1.5x overall market with PIDI's main competitor is global player- Myk Latricete, who has historically focused more on projects while PIDI built retail presence.
- PIDI has shifted its strategy from retail to projects for UnoFin
- PIDI is open to M&A's if they match their customer, channel & chemistry criteria.
- Growth & Pioneer categories constitute 45% of portfolio with room to grow by 2-4x GDP growth





- PIDI sees tremendous opportunities in the EV (estimates to be \$1bn market by 2030) & EMS space
- PIDI's Paint venture (Haisha) continues to see good response & is improving MoM. Competition is more intense in urban areas compared to rural and small towns, where fewer paint companies have direct reach.

Polycab India (POLYCAB IN)

Rating: BUY | CMP: Rs6,926 | TP: Rs8,091

- **Consolidated revenue grew 25.7% YoY**, marking the highest Q1 revenue for the company, led by robust performance in the W&C business.
- The company targets 1.5x industry growth in W&C business and 1.5x-2x in FMEG business in the next 5 years under Project Spring.
- The company has planned a capex of Rs 60–80bn over the next 5 years, majority of which will be allocated to W&C and backward integration.
- The company incurred a total capex of Rs4.1bn in Q1FY26.

W&C Segment

- The company has guided EBITDA margin of 11-13% for the next 5 years. Margins are expected to remain in the 12–14% range from the BharatNet project and in high single digits from the RDSS order book.
- International business grew by 24% YoY on a low base and contributed to 5.2% of consolidated revenue. The US accounted for 1/3rd of the company's total exports.
- Domestic business grew by 32% with cables continuing to outperform wires. Both channel and institutional segments witnessed strong momentum.
- EBIT margin expanded by 190bps supported by targeted pricing actions and improved operating efficiency.
- EPC order book as of Q1FY26 stood at Rs120bn. Of this, RDSS order book stood at Rs40bn and BharatNet order book at Rs80bn, which is executable over the next 3-4 years.

FMEG Segment

- The company has guided EBITDA margin to be 8-12% for FY26.
- The segment delivered another quarter of positive EBIT led by the premium portfolio.
- Premium fans contributed 25% to overall fan sales, while premium lighting accounted for 35% of lighting sales. Premium switches made up 20% of switch sales, and switchgears and conduits witnessed healthy demand from the real estate sector.



- Solar products recorded over 2x growth compared to the same quarter last year, and are now the largest contributors within the FMEG portfolio.
- All FMEG products, except solar inverters, are manufactured in-house, with no changes planned; solar inverters will continue to be outsourced.

Praj Industries (PRJ IN)

Rating: HOLD | CMP: Rs414 | TP: Rs393

- **1G Domestic:** India's EBP20 target has been achieved, and the installed capacity exceeds the EBP20 requirement which led to slowdown in greenfield ethanol plants. Meanwhile, the funding challenges for the customers continue leading to elongation of the execution cycle and some strain on Praj's working capital due to accumulation of inventory and receivables. Different states of India are now encouraging bioenergy transition with better investments and policy support which is anticipated to support Praj's domestic Bioenergy business.
- **1G International:** Decision making delays due to tariff related uncertainties has resulted in the lower order booking despite a healthy enquiry basket. IRA Approval of 45Z/ 45Q with clarity and extension through 2029 presents a strong short to mid-term opportunity to promote ATCS, CO2 solutions in the USA market while company is witnessing good traction from Latin America due to favorable policy landscape such as increase in ethanol blending mandate in the countries like Brazil. Furthermore, the Latin American countries also export Ethanol to USA, and these countries have lower tariff which may further develop incremental opportunity for Praj's 1G International business.
- **2G Ethanol:** Praj's first ever 2G Ethanol plant is progressing in line with management's expectation. The management expects to commercialize its first 2G plant by the end of FY26 followed by few more 2G plants in the pipeline.
- **GenX facility:** Tariff related uncertainty and reduced prioritization of energy transition has led to ordering slowdown. This tariff related uncertainty has led to management exploring alternative uses for the facility into non-ETCA industries. During the quarter, management added 2 more framework agreements along with having ~Rs10bn worth of proposals/prospects on hand where decision making is pending.
- **SAF:** Company received an order for detailed engineering of a commercial size SAF plant in the USA which will help Praj to develop its capabilities in the ethanol-to-jet path. Furthermore, various states in India are promoting SAF with various supporting policies are expected to be announced soon.
- **CBG:** Company is witnessing good traction for Napier Grass and press mud-based plants. However, the ordering is getting delayed due to delayed funding finalization. Company successfully completed 3 CBG projects and is witnessing more enquiries in different feedstocks including Napier Grass. Company is currently in discussion with multiple customers regarding addition of Bio Bitumen as a byproduct as it can be blended to up to 10% in fossil-based bitumen..



PVR Inox (PVRINOX IN)

Rating: HOLD | CMP: Rs1,036 | TP: Rs1,052

- There was a loss of ~0.6-0.7mn footfalls due to 'Operation Sindoor', protests around the film Akaal, and indefinite suspension of Sardarji-3.
- Currently, 55 new screens are signed under FOCO and 72 under the asset-light model.
- There were no screen closures during the quarter.
- Net debt stood at Rs8,915mn as of 1QFY26.
- F&B SPH was up 10.4% YoY to Rs148 in 1QFY26. Unlimited refills, improved strike rate and strong growth in Hollywood genre where tendency to spend on candy is high; supported growth.
- Ad-revenue grew 17.3% YoY to Rs1,096mn driven by high-profile releases such as Raid 2, Kesari 2, Good Bad Ugly, and Sitaare Zameen Par, which attracted strong advertising interest.
- The OTT windowing gap for Hindi movies remains at 8 weeks.
- Capex for FY26E is estimated at ~Rs4-4.25bn. Roughly, ~Rs2.0-2.5bn will be allocated for new screens (90-100 screens) and the rest for renovations and maintenance.
- ATP was flat in FY25 due to a weak Hollywood slate following the strike. Rebound in Hollywood content in FY26E is expected to drive growth in ATP.
- Asset-light model offers superior RoCE and faster breakeven compared to the traditional 100% lease model.
- "Passport" program has been discontinued.
- There are no plans to re-launch the loyalty program.
- Management fee income stood at Rs24mn in 1QFY26 and is expected to grow as additional FOCO screens become operational and new signings materialize.
- Revenue share arrangement with BMS remains unchanged. Adjusting for Rs35mn provision reversal in the base quarter, convenience fee revenue was up 19.4% YoY to Rs481mn.
- As final notification on price cap in Karnataka has not been issued, expansion plans (including in Bengaluru) remain unchanged, with no cancellations from FOCO partners.



Rainbow Children's Medicare (RAINBOW IN)

Rating: BUY | CMP: Rs1,541 | TP: Rs1,725

- **New acquisitions** - RAINBOW acquired 76% majority stake in Prashanthi Hospitals, Warangal, (100 beds, of which 30-35 beds already operationalized) in Jul'25 that will reflect in Q2FY26 numbers. The company is in advanced discussions to add a 150-bed asset-light, built-to-suit greenfield facility in Pune, targeted to become operational in the next 2-3 years. The estimated capex is Rs8mn per bed.
- **Bed expansion** – Rajahmundry (100 beds), Electronic City (90 beds), and Hennur (60 beds) are expected to become operational by the end of Q2FY26. A 130-bed Coimbatore unit is under construction. In Gurugram (NCR), excavation is progressing well for 2 new hospitals (325 and 125 beds), which are targeted for commissioning by Sep'27. RAINBOW is actively exploring expansion into new geographies, including Maharashtra, NCR, and the North East, and further growth in existing markets like Hyderabad and Bengaluru
- **Capex** – Capex stood at Rs415mn in Q1. The management mentioned that the entire 800 beds+ expansion plan over the next 3 years will be funded via internal accruals and cash reserves (net cash of Rs7.35bn as of Q1). Pune greenfield hospital capex is expected to be ~Rs8mn/bed, based on an asset-light structure.
- **Mature hospitals'** revenue grew by a mere 2% YoY given lower occupancy compensated by strong case mix and steady tertiary/quaternary care.
- **New hospitals** – The new unit at Sarjapur has achieved breakeven, while Anna Nagar is expected to break even in the next 6 months.
- **ARPP & ALOS** - ARPP grew 3% YoY, driven by improved case mix. The management maintains a 6–7% annual ARPP growth guidance. It has guided for overall revenue guidance of 20% despite weak Q1, and ALOS guidance of 2.6-2.8 days.
- **International biz** - Growth has been impacted due to headwinds in patient flow across Bangladesh, Oman and Sudan; focus is shifting to alternate markets.
- IVF units contributed 3.2% of Q1FY26 revenue.
- **Doctor engagement model** - Mature clusters like Hyderabad and Bengaluru have a higher share under revenue-based models for doctors, while newer markets like Chennai are still in the retainer phase.
- Higher other income was on account of MTM gains on debt funds



R R Kabel (RRKABEL IN)

Rating: ACCUMULATE | CMP: Rs1,337 | TP: Rs1,561

- RRKABL expects 18% volume growth in FY26.
- W&C volume grew by 6.5% in Q1FY26 with wires increasing by 10% and cables, 2%.
- W&C mix stood at 70:30, which is expected to shift to 65:35 by FY26.
- RRKABL expects 20-25% growth in its FMEG segment for FY26.
- Fans contributed 50% to the FMEG portfolio, followed by lighting at 30%, appliances at 10%, and the remaining from other products.
- In FMEG segment, 20% of its revenue came from premium products.
- The management has guided for EBIT margin improvement of 100bps for W&C segment in FY26.
- FMEG segment is expected to break even in H2FY26.
- The company has incurred capex of Rs500–750mn in Q1FY26, and total capex of Rs3bn has been planned for FY26.
- The company has planned capex of Rs12bn over FY26-FY28 with an incremental revenue of Rs45bn.
- Working capital days decreased to 52 days in Jun'25 from 56 days in Mar'25.
- Current capacity utilization for cables is 90-95% and wires, 70%.

Restaurant Brands Asia (RBA IN)

Rating: ACCUMULATE | CMP: Rs81 | TP: Rs87

- 1Q SSSG was 2.6% (5.1% in 4Q25) led by healthy growth in SSTG with continuous traction in value offerings.
- launched Rs99 offer on Café, during summer holidays for 2 weeks to drive additional store traffic
- ADS came at 120k up just 0.8% YoY as newer stores drag overall ADS
- Focus on digital journey to continue with 93% restaurants having SOK's with 90% orders now coming from digital platform
- Labor costs increased from by 13.8% QoQ due to new hirings on digital initiatives and regular increments
- Gross margins continue to remain stable led by supply side initiative and efficiencies, company targets 70% over next 3-4 years





- Innovations & strengthening existing portfolio continue to drive additional traffic with new launches like limited time Korean spicy fest to come every quarter with new theme.
- King 2.0 collection launched in June with enhanced quality ingredients seeing good traction
- mix deteriorated as premium portfolio (Whopper) is seeing some shrinkage while value offerings continue to see robust demand
- Indonesia business is seeing green shoots with increasing footfalls, company is developing new whole chicken products by including local spices
- Popeyes in Indonesia is witnessing strong competition from both global as well as local QSR players.
- overall ADS for café business is at Rs13k, 2-year-Old Café ADS comes at ~Rs22k, while new café ADS comes at Rs6k
- The company maintains its guidance to add 60-80 restaurants annually to reach approximately 800 restaurants by FY2029
- Management expects market conditions to improve by Q3 with more positive tailwinds for premium traffic

Safari Industries (India) (SII IN)

Rating: BUY | CMP: Rs2,101 | TP: Rs2,434

- HL:SL mix for 1QFY26 stood at 70%:30%.
- E-com growth was flat in 1QFY26.
- A&P expense stood at ~7.0% of revenue in 1QFY26 (~5.5% in 1QFY25) driven by higher spends towards premium brands (Urban Jungle & Safari Select). In FY26E, A&P expense is expected to form ~7.0% of revenue.
- Inventory days declined in 1QFY26 supported by liquidation of Urban Jungle & Safari Select.
- Safari plans to incur ancillary capex of Rs250mn towards manufacturing of trolley and wheels at Jaipur (currently outsourced). Backward integration is expected to aid EBITDA margins post commissioning in 2HFY26E.
- Capacity utilization at Jaipur stood at 50%.
- Urban Jungle and Safari Select contributed ~5% to the top-line in 1QFY26.



Samhi Hotels (SAMHI IN)

Rating: BUY | CMP: Rs205 | TP: Rs300

- In 1QFY26, there was a revenue loss of ~Rs50mn arising from sale of an hotel and conversion of commercial space into hotel rooms at Sheraton, Hyderabad.
- Following the sale of Caspia, Delhi, net debt has reduced to ~Rs13.7bn.
- ICRA has upgraded SAMHI IN's credit rating from A- to A+. SAMHI IN's current blended borrowing rate stands at 8.5%. However, marginal cost of borrowing has declined to 8.2%. The interest cost is expected to moderate to ~8.3%/~8.1% by end of FY26E/FY27E.
- As a part of asset recycling strategy; Caspia, Delhi, which reported an EBITDA loss of Rs1.5mn has been divested for Rs650mn.
- One more asset/hotel may get added under the JV platform formed with GIC.
- Litigation pertaining to Navi Mumbai hotel is still ongoing and some resolution is expected by year-end.
- TTM EBITDA of hotels co-owned by GIC stood at ~Rs1.3bn.
- Capex for FY26E/FY27E is estimated to be in the range of Rs1.7-Rs2bn/Rs1.8bn-Rs2bn respectively.
- Total 75 rooms are expected to be added in FY26E between Sheraton, Hyderabad and Hyatt Regency, Pune. Current revenue per key for these hotels stands at ~Rs5.5mn. On an annualized basis, ~Rs410mn is estimated to be generated from these renovated rooms out of which ~60% will be directly flowing to EBITDA.
- Once the new ballrooms at Hyatt Place, Gurgaon, Sheraton, Hyderabad, and Hyatt Regency, Pune become operational in 2HFY26E, F&B revenue growth is likely to be in the band of ~10-11%.
- ESOP expenses are expected to decline from ~Rs24mn per quarter in FY26E to ~Rs10mn per quarter in FY27E.
- In 1QFY26, revenue from new hotel openings accounted for Rs73mn.
- Trinity, Bangalore is being managed & marketed by Marriott from 1st August'25



S Chand and Company (SCHAND IN)

Rating: BUY | CMP: Rs192 | TP: Rs286

- NCERT is expected to release new textbooks for grades 4,5,7 & 8 in FY26E.
- Capex for the next 2 years is pegged at ~Rs350–400mn, mainly for an integrated press facility. The project is expected to be completed within 12 months and deliver a 15–20% improvement in production capacity and efficiency.
- The total number of employees as of 1QFY26 stood at ~1,900.
- The AI content licensing business has expanded from 2 clients last year to 7 clients currently, with an even split between in-house and outsourced content at ~50% each.
- Paper prices have declined by 5–7% since the start of the year and are expected to remain stable.
- S CHAND IN is evaluating 3 potential acquisitions: in the test prep segment (currently under due diligence), in the international board segment, and in the regional segment. Acquisitions are likely to be funded through internal accruals and combined revenue of all 3 target companies under consideration is likely to be less than Rs500mn.
- Curriculum changes for classes 9–12 is expected in FY26E.
- S CHAND IN ended 1QFY26 with a positive net cash balance of Rs1,161mn.
- Receivable days/Net Working Capital days for 1QFY26 stood at 89/119 days respectively, down from 92/132 respectively in 1QFY25.

Shriram Finance (SHFL IN)

Rating: HOLD | CMP: Rs616 | TP: Rs650

Growth

- AUM saw a robust growth of 16.6% YoY/3.4% QoQ to Rs 2,722.5 bn; customer base stood at 9.7 mn with 3,225 active branches.
- Q1FY26 disbursements grew 13% YoY to Rs 418.2 bn led by CV/ PV/ MSME segments by Rs 169.2/81.6/63.6 bn respectively. Management expects momentum likely to strengthen during the festive period.
- Deposits grew by 32.7% YoY/12.4% QoQ to Rs 630.3 bn. Company plans to scale deposit base to leverage softening rates and reduce funding costs.
- Company focuses on MSME lending in small-ticket sizes largely to trading and services sectors with relatively stable business profiles; ~2/3 of branches currently serve MSMEs and company has a strategic plan to scale this up to the remaining 1/3.





- New customer additions in the trucking portfolio have slowed with existing customers operating steadily amid seasonal disruptions.
- Used CV segment continues to perform well supported by strong disbursements and healthy cash flows. Repossession rates remain stable aided by higher resale values resulting in lower defaults.

Operating profitability

- Reported NIM saw a contraction of 14 bps QoQ to 8.11% due to negative carry from excess liquidity; intend to reduce from 5 to 3 months buffer via Rs 100 bn rundown over 3-4 months.
- Management indicated a 40 bps reduction in deposit rates effective August, resulting in lower cost of deposits
- Incremental CoF declined to 8.37% (vs 8.86%) and is expected to fall further. With 85% fixed-rate borrowings, the decline in cost will be gradual supporting NIM improvement towards 8.5% by Q4FY26.
- Fair value gain includes profit from mutual funds of Rs 1.3 bn. Fee income declined QoQ due to a one-off of Rs 1.7 bn assignment transaction recorded in the previous quarter.

Asset quality

- Headline asset quality ratio stood stable with GS3/NS3 at 4.53%/ 2.57% vs. 4.55%/ 2.64% in Q4FY25.
- GS2 rose by 40 bps due to seasonal factors such as excess monsoon causing temporary business disruption; however, management states no material impact on credit costs.
- Company had write-offs of Rs 4.5 bn during the quarter. It expects credit cost to remain under 2% of total assets by FY26.

SRF (SRF IN)

Rating: HOLD | CMP: Rs3,150 | TP: Rs3,071

- Registration of new AI & launch of a pharma intermediate during the quarter.
- The domestic demand of fluorochem remained weak, but exports remained strong.
- Started commercial sales of patented R467A, a replacement of R22.
- Rs4.9bn BOPP line at Indore to come up in 24m.
- R32 capacity at full utilization, 60% sales domestic, export rest.
- PTFE exit utilization at 75-80% FY26 end.
- Several AIs in various stages of launch.



- Technical textile business is expected to face margin pressure in near term; it is expected to report similar performance as FY25 in FY26.
- Overall net debt Rs32-33bn

State Bank of India (SBIN IN)

Rating: BUY | CMP: Rs804 | TP: Rs960

Assets/Liabilities

- Corporate loan book impacted because of 1) prepayment of ~Rs120bn owing to rate change and 2) Business of ~Rs160bn to Rs180bn impacted as big corporates moved to CP.
- Xpress credit business had lower growth owing to 1) faster repayments and 2) bank undergoing system improvement, cutting its overleverage exposure to low-income groups 3) one of the customer segments included defense areas which could not be accessed due to disturbances
- Bank does not have significant exposure to sectors witnessing pressure from tariffs and hence impact of same is expected to be minimal. Challenges in renewable sector seen because of 1) faster churning of loans 2) competition from certain NBFCs.
- Segmental growth: Power is expected to fuel growth, good opportunities expected in CRE and premium residential segments. Corporate segment growth guided at 10-11% and growth in Auto/PL expected to pick up from H2FY26. Bank is comfortable growing SME between 19-21%.
- Book mix: MCLR – 30.7%, EBLR – 30.2%, Fixed – 22.6% Others – 15.9%.
- Bank has a strong pipeline of Rs7.2tn. Credit growth guided to be ~12% for FY26. Credit expansion to outpace nominal GDP growth and industry growth. If uncertainties do not persist there is an upside risk to credit growth at ~13%.
- Other retail mainly includes education, pension loans and loan against FDs.
- AFS Reserve stands at Rs.77bn as at Q1FY26. Wtd. avg SA rate was 2.68%.

Fees/NIMs

- CoF remained elevated because of i) growth in fixed deposits ii) reduction in CASA. However, as the book is expected to get repriced in next few quarters, CoF is expected to moderate.
- Domestic NIM guided at 3% for FY26, it is likely to have a U-shaped trajectory with Q2FY26 witnessing some pressure. Improvement is expected from Q3FY25 owing to 1) TD repricing 2) CRR rate cut freeing nearly Rs520bn.
- Misc. income fell QoQ as Q4FY25 included inspection/folio charges which are collected at year end only. Attrition rate was below 1% for Q1FY26.



- Lower opex in Q1FY26 due to containment in overheads while in Q4FY25 there was front loading of expenses. Opex might be inch up going forward. Digital initiatives under consideration are not expected to alter C/I ratio.
- C/I guided at below 50% for FY26.

Asset Quality

- Most of the SME book is secured/backed by CGTMSE scheme.
- Slippage split: SME-Rs26.8bn, Agri-Rs24.6bn, PL-Rs26.0bn, CCG-Rs12.0bn. Slippage of Rs15.85bn has already been pulled back in Q2FY26.
- Recovery from AUCA guided between Rs70bn to 80bn for FY26.
- Slippage ratio guided to be below 0.6% for FY26. Bank does not see any concerns on slippages as significant pullback was observed in July.

Steel Authority of India (SAIL IN)

Rating: HOLD | CMP: Rs126 | TP: Rs133

- Blended NSR in Q1 was Rs51,700 vs Rs50,100 in Q4, and declined to ~Rs50,000 in July. NSR in Q1 for flats and longs stood at Rs50,400 and Rs54,500, respectively, compared to Rs47,300 and Rs53,300 in Q4FY25.
- In July, both flats and longs further declined to Rs48,600 and Rs51,500, respectively. Mgmt. expects price improvement in August and September.
- Volume and revenue from NMDC Steel stood at 0.373mt and Rs18bn respectively.
- For Q1FY26- imported coking coal cost was Rs 17,600, blended coking coal cost: Rs16,918/t, excess royalty on iron ore: Rs1.73bn
- There was a one-time stock revaluation impact of Rs10.5bn primarily due to reduction in coking coal costs by Rs6,000/t.
- SAIL holds 1.7mt of saleable steel and 1.3mt of in-process inventory at Q1 end.
- Rail pricing for FY26 is set at Rs74,000/t due to decreasing coking coal prices.
- Capex in Q1 was Rs16.42bn and is projected to be Rs75bn for FY26 and the company has received board approval for the same.
- IISCO steel plant expansion: The tendering process is underway, with order placements expected at the end of Q3 and Q4FY26. ~Rs360bn would be spent over 3 years starting FY27.
- Borrowings declined by Rs11bn QoQ to Rs287.41bn as of Q1FY26.
- Projected crude steel sales volume for FY26 is 18.5mt (ex NMDC steel).



Sun Pharmaceutical Industries (SUNP IN)

Rating: BUY | CMP: Rs1,707 | TP: Rs1,875

- **Domestic formulation:** Consistency in market share (8.3% up from 8% YoY). Volume followed by new product launches led to growth ahead of IPM. It launched 5 products during the quarter. Growth was largely by Rx business.
- **US:** Revenues from generics declined due to increased competition. The gRevlimid sales were higher QoQ moderately. Mgmt indicated \$100mn marketing/launch cost through FY26E. Launched 4 generic products.
- **Global Specialty Sales:** Q1 specialty sales growth remained strong. Illumya, Cequa, Winlevi, Odomzo continued to perform well. Launched specialty product Leqselvi post settlement with innovator removing overhang. Illumya Phase 3 for psoriatic arthritis met primary endpoints; filing planned before end of CY25. Approval to take 10-12months. Checkpoint Therapeutics acquisition completed. Unloxcyt US launch planned in H2 FY26.
- **EMs:** Delivered 5.1% growth YoY in CC terms. Romania, Russia and South Africa continue to deliver YoY.
- **RoW:** Philogen withdrew EMA application for a Nidlegly; plans to refile later.
- **R&D:** Spent 41% of R&D for innovative medicines. Continued investment in dermatology, ophthalmology & onco-derma therapy areas. SCD-044 clinical trials discontinued, with no development plans ahead. There was an impairment charge of Rs 1,362 mn. GL0034 Phase 2 to start soon. Costs to increase as large trials start; focus on long-term business strength.
- **GLP -1:** It will be there in first wave of launch in Indian market, no guidance shared for Canada/Brazil participation.
- **Tariff:** Pharma largely exempted from new tariff's, awaiting 232 investigation outcome.
- **Other:** Halol resolution timeline unclear. ETR to remain at 25% in FY26. Net cash position \$3.1bn.

Sunteck Realty (SRIN IN)

Rating: BUY | CMP: Rs427 | TP: Rs650



- **New BD activity target by FY26** – New BD activity continues to be aggressive where SRIN plans to add new projects to reach at total GDV of Rs 500bn by FY26, up from the current Rs 400bn.
- **New launches plan for FY26** – SRIN plans to launch GDV of Rs 110bn worth of launches in FY26, including ODC 5th Avenue (GDV of Rs 15bn), Bandra Bandstand (GDV of Rs 10bn), Nepean Sea Road (premium/uber-luxury), Andheri Redevelopment (GDV of Rs 11bn), Mira Road new tower (GDV of Rs 10bn), Vasai (2 new towers with GDV of Rs 5–6 bn) and Naigaon (GDV of Rs 5bn additional phase).



- **BD Investments and Strategy** - Around Rs 3bn was invested in Q1FY26 toward business development. Mgmt cited strategy remains a hybrid model with a mix of asset-light (JDA/redevelopment) and asset-heavy transactions.
- **Dubai Project** - launch is reiterated for Q4FY26 or Q1FY27.
- **Pre-sales and Collection guidance** - Management expects collections to exceed FY25 levels driven by Mira-road and Vasai projects along with securing Occupation Certificate of 4th Avenue in ODC. Guidance: 30% YoY growth in pre-sales and 20% in collections.
- Operating cash flow stood at Rs 1.1bn in Q1, driven by healthy collections.
- Net debt to equity stood at -0.02x in Q1.

Supreme Industries (SI IN)

Rating: HOLD | CMP: Rs4,243 | TP: Rs4,346

- SI is targeting a volume growth of 15-17% in the pipes segment and 14.5-15.5% from overall segments with EBITDA margins of 14.5-15%.
- The company is aiming to scale its pipe segment capacity to 1mn MT by FY26 with a utilization of 65-70%. The recently acquired Wavin is expected to contribute 30k MT to volumes in FY26.
- In Q1FY26, the plastic piping business was impacted due to an early monsoon, leading to lower demand in the agriculture piping segment.
- SI is expecting an ADD on PVC resin to come by Oct-Nov'25.
- The protective packaging segment contributed Rs 4.0bn in Q1FY26 and expected to reach Rs 10bn by FY26.
- The Profile Window project is nearing completion, with trial production set for Q2FY25. Initial launch will be in U.P. and NCR, followed by pan-India expansion. The plant will have a 5,000-ton PVC profile capacity.
- The company plans to set up a new unit for material handling products at its recently acquired land in Malanpur (Madhya Pradesh), aiming to strengthen its presence in central India.
- The Company received an LoA for supplying 2 lakh of 10kg composite LPG cylinders to BPCL and a repeat order of 2.3lakh cylinders from IOCL, supporting better utilization of its expanded composite cylinder capacity.
- Demand for housing remains strong; the company has expanded its piping system portfolio by adding over 15,000 SKUs and new product offerings.
- After receiving positive response for its PTMT faucets, the company is now diversifying into PTMT showers.
- SI reported an inventory loss of Rs 500mn in Q1FY26. CPVC prices remained stable, resulting in a 33% volume growth for H1 FY25, as India imports from



the USA, Europe, Japan, and Thailand, while ADD are imposed on Chinese and Korean suppliers.

Syrma SGS Technology (SYRMA IN)

Rating: HOLD | CMP: Rs706 | TP: Rs705

- Mgmt has guided for 30% revenue growth in FY26, driven primarily by the industrial and automotive segments, with margin of 9%.
- The consumer segment contributed ~34% to the topline in Q1FY26, but the company expects this to reduce to 30% as it shifts focus towards higher-margin segments.
- The company has a order book of Rs 54-55bn in Q1FY26, auto/consumer/industrial/healthcare/IT & Railway segments contribute 35-35%/25%/25%/6-8%/7-9%.
- The IT & Railway segments declined by 39% in Q1FY26. However, strong growth is expected in the coming quarters. Railway revenue stood at Rs210mn in Q1FY26, expected to reach Rs1bn by FY26. FY27 is expected to be stronger, backed by a healthy order book.
- Syrma SGS has formed a JV with Shinhyup Electronics Co. Ltd. to set up a multi/double-layer PCB manufacturing plant with a planned capacity of 1.5–2mn sqm. Phase 1 involves a capex of USD 91mn, targeting an asset turn of 1–2x over 5 years.
- The company expects 40% of the capex to be supported through PLI incentives from the state government. It is targeting an EBITDA margin of 12–15% and RoCE of ~20%, with commercial production slated to begin from Q4FY27.
- The company received PLI benefit Rs 40-60mn in Q1FY26.
- Smart meter business contributes Rs 550–600mn in Q1FY26, Company expects to reach Rs 2.5-3bn for FY26.
- In the industrial segment, domestic growth will be driven by energy metering, while globally, power electronics, large format box builds (including EV charging and power supplies), and smart metering are expected to be key growth drivers. The automotive segment will benefit from increasing demand in EV.
- Company expects large orders in exports segment from Q2FY26 as there will be no uncertainties. For FY26 company expects to reach Rs 10bn (22-24%) of Topline. Currently USA contributes 5-6% to the exports and rest is in the Europe.
- Syrma SGS incorporated two new wholly owned subsidiaries to manufacture electronic components, bare printed circuit boards, loading components onto printed circuit boards and for manufacturing interface cards and other electronic components.



- The company aims to reduce working capital days from 69 to 65 in FY26.

Tata Consultancy Services (TCS IN)

Rating: BUY | CMP: Rs3,382 | TP: Rs3,920

- Management mentioned that the demand environment remains challenging, especially for discretionary spending. They further stated that the macro environment deteriorated, leading some clients to restructure their ongoing projects, postpone ramp-ups, and pause projects. This led to weak performance in their international business, which declined by 0.5% in CC during the quarter.
- Management mentioned that decision making remains elongated due to the tariff related uncertainty and indicated that it would continue to remain elongated till tariff related clarity emerges. They further mentioned that they will witness some residual impact of delayed decision making on their revenue in Q2 but expressed confidence in better performance from Q2 onwards.
- Although TCS's international business saw a 0.5% decline QoQ CC during Q1, management is confident it will report better performance than last fiscal year.
- Management mentioned that its deal pipeline remains strong despite the decision-making delays. They further clarified that BSNL add-on deal is not included in the TCV as it yet to receive the PO from government.
- Management mentioned that BFSI growth remains steady but its BFSI clients in US, UK & Europe region remains cautious. They further mentioned that Europe BFSI segment was impacted by completion of project for a large client. However, the management expressed confidence that current headwinds in the BFSI segment is temporary.
- Retail segment remains challenging for the company as the segment is impacted by tariff uncertainty leading to project postponements & spending pause. Management mentioned that manufacturing segment for the company reported minor growth despite the weakness in the automotive subsegment.
- Management mentioned that technology segment for the company witnessed broad-based growth while lifescience & healthcare continue to remain weak due to changes in US government policy.
- Management mentioned that traction in AI & Agentic AI continues, and it is witnessing increase in adoption of AI led projects from pilots. They further mentioned that to address this traction they have launched new agentic AI offerings & increased AI infusion in their services.
- On the margins front, management mentioned that despite the sharp decline in 3rd party equipment & software cost margin improvement was only 30 bps QoQ due to decline in utilization & increased investment for anticipated growth. Management further anticipates margin to improvement driven by the tailwinds of improved utilization, operating leverage, improved productivity and pyramid optimization.
- Management mentioned that net employee additions of 5.1k during the quarter was for the anticipated growth in the upcoming quarters.



Valuations and outlook:

We estimate USD revenue/earnings CAGR of 3.1%/8.1% over FY25-FY27E. The stock is currently trading at 21.6x FY27E, we are assigning P/E of 25x to FY27E with a target price of INR 3,920. We maintain "BUY" rating.

Tata Elxsi (TELX IN)

Rating: SELL | CMP: Rs6,138 | TP: Rs4,750

- Management indicated that macro uncertainties continues due to tariff wars & geo-political conflicts. The management further mentioned that US geography continues to remain volatile, but it is witnessing traction in the other regions of India, Europe & UK.
- The transportation vertical surprisingly reported flat growth in QoQ CC terms during the quarter after reporting sharp decline in Q4FY25. The management mentioned that the large deals which were won earlier are ramping on the anticipated lines, leading to recovery in Q1. They further mentioned that they confident of sustaining the momentum in transportation and expect growth in FY26 to be driven by transportation vertical on the back of the large deals it won, its pipeline and sustained momentum in ramp up of deals.
- The management mentioned that OEM's contribute 72-75% of revenue mix in the automotive sector and the contribution from Tier 1 suppliers to OEM's continues to reduce as the OEM's reduces its dependence on Tier 1 suppliers. They further indicated that OEM's operations through GCC's & service providers will continue to increase.
- In Comms & Media, the management indicated that the large deal it won will ramp up from Q2 onwards with full ramp expected in Q3/Q4. They further mentioned that globally the segment remains weak due to consolidation in media segment and weak ARPU in communication segment. The management however expressed confidence of recovery in the segment on the back of ramp up of the large deal from Q2 onwards.
- Healthcare & Lifescience (HLS) segment was weak during the quarter due to the impact of tariffs on 2 of its key clients. The management mentioned that its HLS business is relatively small & has client concentration, so it expects the segment to remain weak due to tariff uncertainty continuing.
- The management mentioned that it is diversifying its business by investing to grow its aerospace division. They further noted that the company is witnessing traction in its drone, eVTOL, and defense businesses, not only in India but also in the US. The management expressed confidence in generating a revenue of INR 500 million in FY26 and is confident of ramping up the business in the next 2-3 years.
- Management mentioned that its expects H2 growth to be stronger than H1 driven by ramping up large deals & sustained momentum in transportation segment.
- Management mentioned that its expects its business with its large client to stabilize despite the client facing challenges. They also expressed confidence in growing their business with its top client despite these challenges.



- Management mentioned that they expect its margin to improve gradually as its revenue growth returns. They further indicated that they would implement wage in Q3. The management further indicated that they aim to improve their EBITDA margin to 28-30% band in the medium term
- Management mentioned that they are on a look out for any tuck in acquisition in the future

Valuations and outlook:

We estimate USD revenue/earnings CAGR of 3.9%/6.9% over FY25-FY27E. The stock is currently trading at 43x FY27E, we are assigning P/E of 33x to FY27E with a target price of INR 4,750. We maintain "SELL" rating.

Tata Steel (TATA IN)

Rating: ACCUMULATE | CMP: Rs158 | TP: Rs177

- TATA accomplished cost savings of Rs29bn in Q1 through its cost transformation journey undertaken in FY25, with contributions of Rs11bn from TSI, Rs14bn from TSN, and Rs4bn from TSUK.
- TATA incurred capex of Rs38.29bn in Q1 primarily in India. The board has approved doubling the capacity of the tinplate business and developing the captive coking coal mine facility.
- Q1 production was affected due to maintenance shutdown undertaken at NINL in April and Jamshedpur G BF relining. NINL's production has been normalised, while G BF is expected to be back in production in the coming days.
- NINL delivered EBITDA of Rs2.2bn with a 100bps QoQ margin improvement to 24%. EC and Engineering activities for planned expansion at NINL from 1 to 4.5mtpa is at an advanced stage. The Final Investment Document will be presented to the board by Oct–Nov, followed by ~3–3.5 years for project completion.
- Tata *Aashiyana* recorded a GV of Rs13.5bn in Q1. TATA targets Rs50bn annualised GV in FY26 from Tata Tiscon.
- The EU and UK are being impacted by rising steel imports and US tariffs on the UK. European steel capacity utilisation stands at 66%.
- The Continuous Galvanizing Line (CGL) products are currently in the approval stage, with the first coil produced in June 2025.
- KPO-II ramp up will happen over next 18 months to reach peak capacity utilization while 0.75mtpa Ludhiana EAF and 0.5mtpa Combi mill at Jamshedpur would aid volume growth till FY28E.
- The Netherlands is currently in the pre-election phase, and TSN's decarbonization plan, which has received parliamentary backing, falls under the normal course of business. Following the formation of the new government, its approval will be required before issuing the LOI, after which TSN will begin negotiations with the newly formed administration.



- Kalinganagar's FY26 exit rate is expected to peak for HSM at 6-6.5mt. The CRM is ramping up well, already approved by Auto OEMs, which will enhance the overall mix.
- Jamshedpur's H furnace relining is scheduled for FY27 which might impact FY27 volume growth.
- **Guidance for Q2 vs Q1:** TSI NSR expected to be lower by ~Rs2,000/t. Coking coal costs to decline by USD10/t across all geographies, while iron ore is expected to be lower by USD7-8/t for TSN.

Tata Technologies (TATATECH IN)

Rating: SELL | CMP: Rs717 | TP: Rs570

- Management mentioned that the Q1 weak performance in the services segment was due to macro headwinds due to tariff-related uncertainty which led to delay in ramp up and pause of certain projects especially in US region. The management, however, expressed confidence that these headwinds are short term as they witnessed strong deal closure at the end of June quarter indicating an improving macro environment.
- The auto business in Services segment was impacted by slower ramp up and project deferrals. The management further mentioned that in the non-auto business they observed weakness in industrial machinery business while aerospace reported strong sequential growth of 13% due to ramp up Airbus deal.
- Management mentioned that they witnessed traction in client conversations by end of June quarter which translated into closure of 6 large deals. They expect their auto clients to resume spending, which makes them optimistic of recovery from Q2 onwards. In aerospace segment management mentioned that they are witnessing strong demand which gives them confidence that robust growth. On the back of revival in demand and the order book management expect H2 performance to stronger than H1.
- Management mentioned that strong performance of tech solutions was due to ramp up education business which was delayed to infrastructure issues.
- Management mentioned that although its anchor clients of JLR & Tata Motors are currently facing uncertain macro uncertainty they are confident of them continuing their investment in product development as the automotive industry recovers
- Management mentioned that the double-digit growth it has estimated at the start of fiscal year remains challenging due to weak Q1 but maintained that it will still strive for it and re-evaluate its revenue goal post Q2.
- Management mentioned that ramp up of JV with BMW is progressing ahead of schedule and it expects 4-digit headcount deployment before the end of fiscal year.
- Management mentioned that offshore revenue mix increased during the quarter due to ramp up Airbus deal and they indicated that as the client relationship matures the onshore mix of the deal will increase.



- Management mentioned that they have not yet decided on the quantum and timing of implementation of wage hike as of now and will take a decision on it later

Valuations and outlook:

We estimate USD revenue/earnings CAGR of 5.1%/10.2% over FY25-FY27E. The stock is currently trading at a PE of 35x FY27E earnings, we are assigning P/E of 28x to FY27E with a target price of INR 570. We maintain our "SELL" rating.

TCI Express (TCIEXP IN)

Rating: HOLD | CMP: Rs693 | TP: Rs707

- TCIEXP IN's aims to increase multimodal segment's revenue contribution to 20-22% within the next 2-3 years.
- Volume in 1QFY26 stood at 233,000 MT.
- Capacity utilization for the quarter stood at 82%.
- Margin under surface express, domestic air express & rail express segment are more or less equal but slightly less under international air express segment.
- Capex for FY26E and FY27E is pegged at ~Rs1bn.
- Volume growth target for FY26E is ~8-9%, with value growth estimated at ~11-12%.
- In a steady state, EBITDA margins in international air express segment could be in the band of ~10-12%.
- Price hike of 75bps was taken in 1QFY26, with a 2% price hike projected for FY26E.
- The customer mix for the quarter is as follows: 49% - SMEs and 51% - Corporates.
- In 1QFY26, multimodal segment contributed 18% to the topline.
- Rail express segment witnessed a growth of 8% in 1QFY26.
- A total of 10 new branches were opened in 1QFY26, and 3 new branches were opened in July.



Tech Mahindra (TECHM IN)

Rating: REDUCE | CMP: Rs1,608 | TP: Rs1,470

- The management mentioned that macro environment remains uncertain with weakness witnessed in automotive business & hitech segment while other segments have remained largely stable with improvement witnessed in comms business especially telecos.
- In the Communications segment, management mentioned that they have restructured their business in India, the Middle East, and Africa with new leadership, which is expected to support growth in these regions. They also noted increased traction in consolidation deals in Europe, which the company aims to capitalize on. In the U.S., the segment was previously impacted by spending cuts from large clients, but management indicated that the situation has now stabilized. Overall, the company expects steady growth in the Communications vertical going forward.
- Management mentioned that the Manufacturing segment reported growth during the quarter despite macro headwinds, driven by some spending push from clients. They also noted that the impact of tariffs on the segment is yet to be reflected.
- NN deal wins for the company remains stable with deal wins of USD 809 mn in the quarter which were broad based with key wins in the segment of comms, hitech & BFSI. The management mentioned that the deal wins are result of the restructuring exercise.
- The management mentioned that despite the strong deal wins the revenue performance is not on anticipated levels due to runoffs of certain projects due to macro uncertainty. However, they expressed confidence that sequential growth could resume from Q2 if the demand scenario remains stable.
- Management stated that their focus on growing large clients is yielding results, with top clients growing at a pace higher than the company average.
- The management remain confidence of improving its margin to its target level by FY27. The levers for margin improvement would be reduce sub-con costs to the band of 8-10%, increase productivity in FPP, increase offshoring and further integration of subsidiary companies.
- EBIT margin increased by 60 bps QoQ during the quarter due to tailwinds of higher offshore mix, G&A optimization and integration of portfolio companies mitigated by the tailwinds of Comviva seasonality, visa costs & lower utilization. Management mentioned that they will decide on wage hike implementation & quantum in Q4FY26.
- Management mentioned that despite recent macro headwinds, they continue to aim for top-quartile revenue growth in FY27 and expect FY26 growth to be better than FY25.
- Top 5/10/20 clients revenue declined by 1.5%, 3.9% & 3.2% QoQ respectively.



Thermax (TMX IN)

Rating: HOLD | CMP: Rs3,779 | TP: Rs3,633

- **Management remains reasonably bullish for FY26** and Q2FY26 with growth to be driven by Industrial Products. The management further expects Industrial Infra and Green Solutions to post reasonably good stable growth. Despite the expected order intake run rate per quarter of ~Rs22.5bn for Chemicals business, the management remains cautiously optimistic given the uncertainty revolving around tariff impact on the business.
- **Order enquiry pipeline:** There is a robust enquiry pipeline across key sectors such as O&G, power (including thermal), steel, cement, waste-to-energy, and sugar distilleries. International demand remains strong, with growing traction in regions like the Middle East, Africa and Latin America, further strengthening the company's growth outlook.
- **Industrial Products** segment saw muted profitability due to lower revenue. Water & Enviro continued to grow with strong demand in desalination and ZLD. Cooling remained robust, while it has ~USD15mn exports exposure to the USA. Cooling has a robust pipeline of Rs1.0bn from emerging sectors like data centers. Heating was weak due to ethanol slowdown, but rising enquiries point to a better Q2. The company aims to cross Rs10.0bn as export orders in the segment's order book, backed by a healthy global pipeline.
- **Industrial Infra** segment is expected to have a stronger Q2 as execution of key projects begins. The company has stepped back from low-margin government projects like FGDs, focusing instead on higher value opportunities. **It expects double-digit growth in FY26**, driven by rising opportunities in non-supercritical and captive thermal segments, where it sees a stronger role. International competitiveness is improving, and the company is building EPC capabilities in areas like ethanol and carbon capture, aiming for a larger revenue share by FY29-30. While PSI credits will continue to be received, it will taper over the next 2wo years. The existing FGD backlog (~Rs700cr) will be mostly cleared by FY26.
- **Chemicals** is expected to be the fastest growing segment for TMX, driven by R&D investments and capacity expansions by the company. Capacity and capability additions in the business led to lower margin during the quarter. Margins are expected to improve to 12-13% in Q2FY26, while stable business margins are expected to be 15-16%. The management anticipated ~USD15mn chemical exports to the US for FY26 but now foresees short-term uncertainty due to the impact of reciprocal tariffs by the US.
- **Green Solutions:** The management anticipates to achieve operational capacity of 300MW of its green assets by FY26. Additional 300MW of capacity is under construction. The newer project in Gujarat is seeing good traction as the management focuses on better execution. However, legacy projects, which were stuck in Tamil Nadu, have been further delayed to Aug'25 from Jun'25. The management expects to infuse Rs10.0bn of debt and Rs4.0bn of equity into its subsidiary for the new plants in Gujarat and Tamil Nadu.



- **Exports from India:** Exports from India have relatively higher margins. The company sees good traction from exports markets such as the Middle East, SEA, Africa and Latin America. TMX competes reasonably well in international markets, primarily against Chinese products. TMX's product portfolio, such as boilers and chillers, can be customized according to applications, which gives it an edge above its peers. Geography wise, SEA is the most competitive due to higher Chinese penetration, while Africa and Latin America have relatively lower Chinese competition. TMX is working on getting approvals for big projects in petrochemicals and O&G in geographies like the Middle East, where it will be primarily competing with Europe.

Titan Company (TTAN IN)

Rating: BUY | CMP: Rs3,416 | TP: Rs3,901

- High gold prices and challenging market conditions led customers to shift towards gold jewellery and coins, as opposed to studded jewellery.
- Rising gold prices have led sub-₹2 lakh consumers to opt for lighter-weight jewellery, which is putting pressure on average making charges, especially in the sub-₹2 lakh segment. Meanwhile, consumer growth for jewellery priced above ₹2 lakh remains strong
- Improvement in average ticket size has largely offset the impact of elevated gold prices on customer footfall during the quarter.
- CaratLane's targeted gold coin promotion received an excellent consumer response, driving healthy customer acquisition.
- The International Jewellery business reported healthy double-digit growth in both the UAE and North America.
- Analog watches grew 28% YoY, driven by both volume growth and premiumization. This strong momentum resulted in significant operating leverage benefits and margin expansion for the business.
- Management expects the momentum in the watches segment to continue in Q2, supported by a healthy festive season.
- There was a one-off gain of 400 bps in watches amidst revaluation 50 bps in jewellery due to mark-to-market gains. However, these gains are expected to reverse (opposite impact) in the coming quarters.
- TTAN sustained its jewellery market share in Q1.
- TTAN plans to focus more on 9K and 14K studded jewellery to cater to consumers in the sub-Rs50,000 segment amidst rising gold prices across channels.
- TTAN has maintained its jewellery EBIT margin guidance at 11%–11.5% and for watches it has reiterated mid-teen margin guidance for FY26.
- On the tariff front, the situation remains uncertain, but management expects stability in the near term.



- Studded share dropped by 100bps to 29% YoY as gold jewellery sold more compared to diamond jewellery amidst elevated gold prices.

Torrent Pharmaceuticals (TRP IN)

Rating: ACCUMULATE | CMP: Rs3,623 | TP: Rs4,000

- **Domestic growth** was aided by 6% price, 3.5% volume and 2.5 % new product launches. The chronic division achieved 13% growth, driven by outperformance in the Cardiac, Diabetic, Gastro and CNS portfolio. Contribution from consumer brands is 10-15% and remaining 85-90% from prescription. Field force increased by 200 in Q1 to 6600 reps; expected to rise 6900-7000reps by FY26E. Torrent's focus remains on increasing market share through new launches and improving field force productivity.
- **Curatio brands** continue to witness positive traction.
- **Brazil:** Registered growth on account of performance from top brands and new launches. Has 62 products in pipeline awaiting ANVISA approval. Guided for 2-3 launches per division annually.
- **Semaglutide:** Targeting day 1 launches in Brazil market. Currently mkt size for Ozempic is at \$350mn while for Wegovy is \$600mn. For India it is conducting phase 3 trials for oral form, partnered for injectable and aiming for first wave of launch.
- **Germany:** Growth impacted by 3rd party supply disruptions (partner compliance issues). It derives 75% of the business from 3rd party products. Enjoys 6% market share.
- **US markets:** Launched 4-5 products in Q1FY26. Targets 10 launches in FY26E. Launches Sacubitril Valsartan last week with 10 generic players on day 1.
- **JBChemical Acquisition:** Public offer & merger filings (including CCI) submitted. JB Chemical will add ~2,100 field force post-merger; expansion continues in non-overlap areas.
- **Other:** Acquisition related one-off expenses of Rs 150Mn included in other expenses. Adjusted for this one-off, the underlying operating margin for the quarter stands at 32.9%. Margins to sustain at current levels in FY26E. Have booked Rs 480mn forex loss (transactional loss) in other income. Guided for 25-26% ETR. R&D spend and reinvestments will remain elevated but margin trajectory steady.



Triveni Turbine (TRIV IN)

Rating: BUY | CMP: Rs533 | TP: Rs650

- **Management guidance:** Despite weak Q1FY26, the management remains optimistic regarding the growth in revenue and order booking in FY26. The management also expects margins to remain robust.
- **Domestic business:** Domestic enquiry pipeline increased by ~130% YoY driven by traction from steel, cement, sugar, process cogeneration, municipal solid waste-based projects, and domestic O&G. The management expects this momentum to continue. Despite strong growth in the domestic market, domestic revenue declined ~24% YoY to Rs1.9bn due to lower order bookings in the previous year, which were supposed to be executed in Q1FY26.
- **Exports business:** Export enquiry pipeline declined ~5% YoY due to lower demand in SAARC, SEA and Europe, while pipeline grew in the USA, Central Asia and Africa. Global uncertainties have led to prolongation of order enquiry to conversion cycles. Enquiry pipeline in the USA was up ~175% YoY; however, order finalization continued to saw hesitation from customers. Similarly, Europe, which accounts for ~20% of Triveni's exports business, saw lower demand during the quarter.
- **USA subsidiary:** The subsidiary underperformed during the quarter leading to a loss of ~Rs60mn. Tariff related uncertainties impacted order finalization, and it is expected to continue while the management aims to capture both refurbishment market and opportunities for the sale of new products.
- **CO2 turbine project for NTPC** is well on track. However, the scope is comprehensive for TRIV, and hence, the final margins from such projects can only be figured out post completion. TRIV remains confident of timely completion of this project having executed a similar project well within the execution timeline previously.
- **New product – India's first CO2-based heat pump:** TRIV launched an indigenously developed high-temperature and ultra-efficient heat pump capable of delivering heat up to 122°C. The product has applications across industries ranging from pharmaceuticals, food and beverages, chemicals, textiles, distilleries, pulp and sugar and distinct heating and cooling applications and would support applications including steam generation, pasteurization, distillation, dehydration, etc. The domestic market offers a good entry point to prototype and commercialize this product. The company will also offer this product in export markets, where it has wider applications.



Ultratech Cement (UTCEM IN)

Rating: ACCUMULATE | CMP: Rs12,561 | TP: Rs13,634

- As per management, prices in the East continue to rise, while North and West remain flat. Other regions like South are witnessing slight increase.
- UTCEM expects double-digit volume growth in FY26, including Kesoram volumes in the base.
- Q1FY26 Capex stood at Rs20bn, and for FY26, it is expected to be Rs100bn.
- ICEM is expected to deliver strong operational numbers in FY28E aided by efficiency capex to be undertaken. ICEM brand transition will be revisited in FY27 as they have strong local brands like Coromandel.
- For ICEM, UTCEM aims to achieve EBITDA/t of Rs1,000 by FY28E.
- UTCEM is in the process of integrating Kesoram assets with its own operations.
- UTCEM reduced its lead distance from 384 km to 370KM QoQ.
- UTCEM has refinanced ICEM debt similar to parent's AAA rating at competitive interest rates.
- The company plans to announce its next phase (Phase IV) of organic growth by the end of this calendar.
- Phase V expansion will include brownfield opportunities at India Cements' locations.
- UTCEM is increasing the green power mix for India Cements with the commissioning of 21MW of WHRS and 219MW of renewable energy (RE), raising RE share from 3% to 86% in FY28E. The capex plan will be announced by Q2FY26 and will be funded through internal accruals and debt. Debt levels are expected to reach Rs500mn by the end of the capex program.
- Ultratech began managing the operations of Kesoram from 1st March 2025; however, per the composite scheme of arrangement, financials have been consolidated from Q1FY25.
- The average cost of borrowing for UTCEM in the last quarter was 7%, which is expected to decline following the recent RBI rate cut.
- Major orders for the Wires & Cables segment have already been placed, land lease finalization is underway, and a location in Gujarat is being considered. The announced capex for this project will be Rs18bn, as announced earlier.



Union Bank of India (UNBK IN)

Rating: BUY | CMP: Rs146 | TP: Rs150

Balance Sheet

- **Deposit growth** was moderated consciously to reduce bulk deposits. During Q1FY26, bank reduced its bulk deposits by ~6%.
- Deposits in **foreign branches** saw a reclassification.
- Bank has deployed 1500ORMs to map high-value clients for **CASA** accretion
- **Retail book** grew mainly due to rise in gold loan disbursements. Gold portfolio stood at ~Rs840bn (Rs780bn YoY). Double digit RAM growth is guided.
- Bank has a project book of Rs510bn under **pipeline** having higher yields.
- **Loan book composition:** EBLR 48%, MCLR 42%, others 10%
- **Overall credit and deposits growth** was contained to support margins as benefit on 46% of book (EBLR) was passed immediately. Also, there would be no renewal of low-cost advances.

Profit & Loss

- **EBLR repricing** is completed (within 2-3 days of rate cut having an impact of 11bps) and **MCLR** is reduced by 25bps. No further reduction is expected. **Maximum impact** in Q2FY26 is expected to be ~20bps.
- ~20% of **RTD** is repriced (base of Mar'25) as the average duration is ~1.2 years. Overall SA rate cut is 25bps.
- **Interest on IT** refund of Rs5-10bn is expected in FY26.
- **Margin** for FY26 is expected to fall by 20-25bps (11bps impact in Q1'26). NIM is guided at 2.6-2.65%, then a bounce back is expected owing to fall in CoFs.
- **CRR cut** expected in the second half may support margins.
- **Accounting principle:** Interest from recovery is accounted in interest income while interest on w/o accounts is accounted in other income
- **PSLC income** opportunity was not available this year due to change in gold loan regulation. Q1 is generally favorable for PSLC due to higher premium and commission income. Bank may not see higher income from PSLC in remaining quarters of FY26. New options are being explored to improve fees.
- **Treasury book** has seen improvement. In Q4FY25, there was a write back of SR provision (Rs7.9bn) leading to a higher base. Fx income may remain stable at these levels.
- **Digital expenses** are budgeted at Rs15bn for FY26 (Rs10bn in FY25). Cost to income ratio is expected to move to lower levels going forward.



Asset Quality

- Trend of gross recoveries being higher than slippages is expected to continue. To improve recoveries, bank is also exploring one-time settlement option.
- In **SMA**, repayments are coming in owing to government support. In Q1, there is usually muted recovery. Also, some decisions pending at NCLT may materialize in Sept'25.
- **Standard provisions** were made on accounts where ICA guidelines were not present leading to higher provisions even though there is no overdue. These are not private entities.

V.I.P. Industries (VIP IN)

Rating: HOLD | CMP: Rs450 | TP: Rs455

- During the quarter, e-comm channel de-grew by 17% YoY.
- Volumes declined by 8% YoY to 4.5mn units.
- In 1QFY26, capacity utilization at Bangladesh was 80%.
- "Carlton" witnessed double digit growth during the quarter.
- Saliency of modern trade declined 200bps YoY to 26% in 1QFY26 due to consolidation of stores by one established player.
- 80% of Carlton's revenue comes from VIP's owned stores.
- Modern trade and e-commerce channel together contributed ~50% of volumes in 1QFY26.
- ~15-18% of slow-moving inventory is still left to be liquidated as of June'25.
- The ongoing insurance claim pertaining to Bangladesh fire incident is expected to be settled within 6-7 months with ~Rs300mn yet to received.
- One-off expenses of ~Rs110mn under the head other expenses largely pertain to legal and professional fees.
- Inventory liquidation of ~Rs200mn-220mn (net of provision) materialized during the quarter.
- Debt levels remained unchanged as of March'25. Guidance to reduce debt by ~Rs 1.3bn in FY26E remains intact.



Voltas (VOLT IN)

Rating: HOLD | CMP: Rs1,305 | TP: Rs1,268

- VOLT has maintained its leadership position in RAC. It has a YTD market share of 17.8% as on Jun'25.
- Voltbek reported volume growth of 33% YoY in Q1FY26.
- Inventory level stands at 3–4 months for Voltas and 2 months at the channel level, with no discounting for liquidation.
- EMPS order book for the project business reached Rs62bn.
- For EMPS segment company has guided for single digit growth while EBIT margin to remain around 5% in FY26; domestic business performed well, while an international project slightly impacted Q1FY26 margins.
- VOLT has a market share of 7.2%/8.6% in refrigerators/washing machines.
- Company expects strong H2FY26 driven by the festive season, which will offset the Q1FY26 shortfall.
- UCP EBIT margin fell to 5% due to lower volumes leading to under-absorption, particularly at the Chennai branch, where capacity remain under-utilized.
- Voltas Beko gross margins have improved slightly over the past year, though the increase is not significant.
- To normalize inventories company is focusing on production of models that are in shortage.



Westlife Foodworld (WESTLIFE IN)

Rating: HOLD | CMP: Rs772 | TP: Rs745

- WDL SSG Came at 0.5% driven by stable guest count and average check.
- WFL anticipates a gradual improvement in dining-out trends as inflation moderates and government stimulus measures take effect.
- Company is observing positive signals in the market with stabilizing consumption patterns 4) The McSaver Meals and McSaver+ Combos platform continues to drive affordability and guest count. Additionally, the limited-time Korean Range launched in March saw good consumer traction.
- On-Premise sales grew by 8% YoY, contributing 59% to total sales, while Off-Premise sales increased by 4% YoY
- SSG will see gradual recovery with reaching into high-single digit in 3-5 quarters.
- Digital Sales contribution reached 75%, growing by over 500 bps YoY driven by mobile Apps and Self-Ordering Kiosks.



- As business volumes continue to grow, company remains steadfast in its goal of reaching 18-20% Operating EBITDA margin by 2027 with high single digit SSG.
- West continues to perform well, while south dragging the SSG , however with team efforts, green shoots are being seen in south market.
- Marginal price increase taken in 1Q.
- Drive thru do exceptionally well after 5-6 years with better operating metrics but they cost 15-20L higher than normal stores.

Wipro (WPRO IN)

Rating: HOLD | CMP: Rs261 | TP: Rs260

- Macro environment remains unstable due to geo-political conflicts & tariff uncertainties. Management mentioned that discretionary demand remains weak, and clients continue to prioritize spending on cost take out & vendor consolidation projects.
- The Manufacturing and Retail segments remain the most impacted by tariff uncertainties. Management mentioned that a large SAP transformation project, which had been put on hold by a manufacturing client, is yet to be resumed. They also indicated that overall demand in the BFSI segment remains steady, with increasing traction for IT landscape modernization among BFSI clients. Among technology clients, the company is seeing growing interest in AI-led projects and has won a large deal in this space that could potentially scale into a mega deal. In the Healthcare segment, demand from both payers and providers remains weak.
- Europe has remained a challenging region for the company, marking its 10th consecutive quarter of decline. Management attributed the weakness to macroeconomic headwinds and client-specific issues. However, they expressed confidence that the client-specific issues are now largely behind them, and the strong deal pipeline provides optimism for a recovery despite continued cautious client behavior. They also mentioned that the previously won mega deal will begin ramping up from Q3, which reinforces their confidence in a return to growth.
- Capco reported robust growth of 6% YoY CC during the quarter with growth witnessed across the geographies of LATAM, APMEA & US. Management expects the growth momentum in Capco to continue on the back of strong order wins.
- During the quarter, the company won 16 large deals, including two mega deals in the BFSI segment. Despite these wins, the deal pipeline remains strong, giving management confidence in a stronger H2 driven by deal conversions and the ramp-up of large deals. Management highlighted that many of the large deal wins are with its top clients, indicating that its strategy to grow large accounts is yielding results. The deal wins represent a healthy mix of renewals and net new deals.



- Management highlighted that most of the deals it has won are cost take-out and vendor consolidation deals, which are typically long tenured. As a result, this leads to higher TCV growth but relatively lower ACV growth.
- Management highlighted that the ramp-up of deals, which are primarily cost take-out and vendor consolidation in nature, requires upfront investments. This will impact margins in the short term. While the company aims to maintain margins within its aspirational band of 17–17.5%, management acknowledged that this could be challenging given the intense competition under which these deals were won.
- Management aims to maintain margins within its aspirational band, supported by several levers including improved productivity in fixed-price projects, margin enhancement in acquired entities, G&A optimization, improved utilization, pyramid optimization through fresher hiring, and potential currency benefits.
- The top client reported strong sequential growth of 6.4%, while the top 5 and top 10 clients grew by 1% and 0.9%, QoQ respectively.
- Following a change in its capital allocation policy, management declared an interim dividend of INR 5 per share and announced that, going forward, it will declare dividends twice a year. Management also mentioned that they have not ruled out buybacks as an option for shareholder payouts.

Zee Entertainment Enterprises (Z IN)

Rating: HOLD | CMP: Rs134 | TP: Rs177

- Subscription revenue declined marginally during the quarter due to fall in Pay TV subscribers and pending negotiations with MSO's.
- ZEE5 has introduced 7 new language packs. Currently, these packs are sold directly to consumers and are not a part of any B2B deals.
- Aspirational guidance of ~8-10% ad-revenue growth in FY26E remains intact.
- Viewership share for June stood at 17.8% with July crossing the 18% mark. Some of the markets like Hindi, Marathi, Kannada, Bangla and Odiya have seen an improvement in viewership.
- Ad-revenue recovery may materialize in 2HFY26E as benefit of Zee Anmol's re-entry into FTA is likely to be back-ended.
- Aspirational EBITDA margin guidance of ~18–20% for FY26E is after factoring in all planned investments.
- Zee Studios plans to release ~20–25 films in FY26E.
- The dip in cash balance this quarter reflects the cyclical nature of collections in subscription business and increased content investments.



Zydus Lifesciences (ZYDUSLIF IN)

Rating: ACCUMULATE | CMP: Rs956 | TP: Rs970

- **India formulation:** Branded formulations outpaced market growth in Q1FY26. Key therapies such as Cardiology, Respiratory, Anti-infective, Pain management, Oncology continue to be the growth drivers. Chronic portfolio share stood at 43.7%. Biosimilars, new launches and specialty segment will drive growth.
- **Consumer health segment** - non-seasonal portfolio grew in double digits offsetting weak seasonal brands.
- **US markets:** Growth aided by new launches and resilient base business despite likely erosion in gRevlimid and gMirabegron. Filed 3ANDAs and launched 3 products in Q1FY26. Sales from gMirabegron remained stable QoQ, litigation trial in Feb'26. Witnessed steep decline in gAsacol volumes
- **Specialty & 505b(2)** – existing products like Sitagliptin and likely launch of Docetaxel in Q2 and 2 more in pipeline to drive growth. Guided for single-digit growth despite gRevlimid price pressure with 30+ launches expected in FY26.
- **FY27 Outlook:** Key launches incl. Ibrance (FY27E/FY28E depending on pediatric exclusivity), 505b(2) portfolio scale-up and 25 -30 new launches to drive US sales in FY27
- **GLP-1:** Fully backward integrated (API + formulation); device & cartridge capacity ready. Planned for day-1 launch. Exploring licensing opportunities for global markets.
- **International markets:** Witnessed broad-based growth across geographies. Expects sustainable growth in high teens to mid-20s.
- **Vaccines:** Completed Phase II Hepatitis E vaccine trial. Initiated Phase IV rabies vaccine trial vs WHO pre-qualified vaccine.
- **Medtech expansion:** Completed 85.6% stake acquisition in Amplitude Surgical (orthopedic implants; robotics). Strategic partnership with Braille Biomedica (TAVI technology) for Europe, India, select markets.
- **Others: Saroglitazar (PBC):** Trial completed, data readout expected Q2/Q3 FY26; NDA filing in FY27 if positive. **Desidustat (CKD anemia):** China launch expected within 12 months post-approval; large potential market with profit-share model.
- **Capex:** Guided for Rs 12bn (incl of Rs 3bn for MedTech). Targeting margins ~26% for FY26.

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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