Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,836	1.0	-9.8
Nifty-50	23,996	1.0	-8.2
Nifty-M 100	62,304	1.1	3.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,413	0.0	8.3
Nasdaq	24,932	-0.2	7.3
FTSE 100	10,782	0.4	8.6
DAX	25,361	1.0	3.6
Hang Seng	8,365	1.1	-6.2
Nikkei 225	64,931	0.5	29.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	91	-8.3	45.0
Gold ($/OZ)	4,076	0.6	-5.6
Cu (US$/MT)	13,771	0.9	10.6
Almn (US$/MT)	3,182	0.4	7.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	95.9	-0.7	6.7
USD/EUR	1.1	0.0	-3.2
USD/JPY	163.8	0.0	4.5
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	-0.05	0.2
Flows (USD b)	**27-Jul**	**MTD**	**CYTD**
FIIs	-0.18	1.23	-27.6
DIIs	0.24	3.58	53.4
Volumes (INRb)	**27-Jul**	**MTD***	**YTD***
Cash	1,144	1357	1361
F&O	2,36,807	2,47,030	2,65,122

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Meesho | Initiating Coverage: Democratizing value e-commerce for Bharat

- Meesho operates a multi-sided marketplace, connecting consumers, sellers, logistics providers, and content creators, creating a self-reinforcing flywheel that drives platform adoption and sustains its cost advantage.
- Unlike traditional retailers and other internet platforms, Meesho's business model is truly asset-light requiring limited capex on physical infra or inventory. Further, it operates on a negative working capital (~25 days of NMV), which provides large float income and enables significant FCF generation.
- We expect Meesho to deliver a 25% CAGR in marketplace NMV over FY26-31, driven by customer acquisition and rising platform adoption. Higher ad monetization and normalization in logistics spread should drive ~400bp expansion in contribution margin to ~7.5% by FY31, while ~255bp operating leverage should drive adj. EBITDA of ~INR48b by FY31 (at ~3.75% margin).
- We initiate coverage on Meesho with a BUY rating and a TP of INR240, premised on 30x FY31E adj. marketplace EBITDA, discounted to Sep'28E. This implies ~1.4x FY28E EV/NMV, ~10% premium to Eternal's FY28 multiple. However, we believe a higher multiple could be justified for Meesho, given its truly asset-light model, negative working capital, and likely significant FCF generation starting FY27 and rising to 4%+ of NMV by FY31.

Research covered

Cos/Sector	Key Highlights
Meesho Initiating Coverage	Democratizing value e-commerce for Bharat
Other Updates	NTPC | Bharat Electron | Coal India | Lodha Developers | Canara Bank | Container Corpn. | R R Kabel | Tata Chemicals | KFin Tech. | Five-Star Bus. Fin. | Zen Technologies | Prudent Corp. | Vedant Fashions | V-Mart Retail | Northern ARC | Cyient DLM | Tata Power Co. | Indus Towers | Gravita India | Home First Fin. | P N Gadgil

Chart of the Day: Meesho (Democratizing value e-commerce for Bharat)

We ascribe a TP of INR240 based on ~30x FY31E EV/adj. marketplace EBITDA discounted back to Sep'28E

INR b	adj. EBITDA (INR b)	Multiple (x)	Value (INR b)
Enterprise value	**47.5**	**30**	**1,420**
Sep'28 EV			**1,068**
Net cash			-71
Equity value			**1,140**
TP (INR/share)			**240**
CMP (INR/share)			185
Potential upside (%)			30

Source: Company, MOFSL

Our TP implies ~1.4x Sep'28E EV/NMV

(INR b)	NMV (INR b)	Multiple (x)	Value (INR b)
Sep'28 EV	**777**	**1.4**	**1,068**
Net cash			-71
Equity value			**1,140**
TP (INR/share)			**240**
CMP (INR/share)			185
Potential upside (%)			30

Source: Company, MOFSL

Research Team

In the news today

Kindly click on textbox for the detailed news link

1

Cipla secures USFDA approval for generic Advair Diskus in all three strengths

Cipla Ltd announced that it has received approval from the United States Food and Drug Administration (USFDA) for its generic version of Advair Diskus (fluticasone propionate and salmeterol inhalation powder).

2

Thai FDA approves new treatment for gonorrhoea

Thailand's Food and Drug Administration has approved Nuzolvence (zoliflodacin), a first-in-class oral antibiotic for the treatment of uncomplicated urogenital gonorrhoea for which Dr. Reddy's Laboratories with support from The GARDP Foundation had led the priority review submission.

3

Tata Motors' Gujarat plant hit by floods; Nexon, Sierra output disrupted

Tata Motors Passenger Vehicles (TMPV) said operations at its Sanand plant in Gujarat and several supplier facilities have been severely disrupted due to flooding caused by heavy rainfall in the region, affecting production of key models including the Tiago, Tigor, Nexon and Sierra.

4

Radisson Hotel Group announces 10 hotel signings across seven states

Radisson Hotel Group signed 10 new hotels across seven states in July, spanning pilgrimage towns, wildlife corridors and strategic metro markets. The announcement includes greenfield projects, resorts and conversion projects.

5

Lodha Developers to generate land sales of ₹10,000 cr via data centre park

Mumbai-based real estate developer Lodha Developers intends to generate ₹10,000 crore in sales over the next three-four years by monetising about 150 acres of land at its data centre park in Palava, part of the Mumbai metropolitan region (MMR). The company expects to monetise the 150-acre land at an average price of about ₹60 crore per acre.

6

HDFC Bank's board penalises Sashidhar Jagdishan, cites biz overreach

HDFC Bank, India's largest private sector lender, on Monday said its board has issued warning letters and imposed a monetary penalty of ₹1 lakh each on three senior executives — Sashidhar Jagdishan, managing director & chief executive officer

7

IKEA India plans 30 stores by 2030, bets on smaller formats for expansion

Ikea India aims to have 30 stores in India by 2030 as it focuses on opening large-, medium-, and small-format stores across the country. "Smaller-format stores make a lot of sense because they bring us closer to people. It's a faster way of expanding. It requires much less investment in real estate.

Meesho

BSE Sensex	S&P CNX
76,060	23,767

CMP: INR185 **TP: INR240 (+30%)** **Buy**

Democratizing value e-commerce for Bharat

- Meesho operates a multi-sided marketplace, connecting consumers, sellers, logistics providers, and content creators, creating a self-reinforcing flywheel that drives platform adoption and sustains its cost advantage.
- Meesho has achieved a vast scale (274m ATUs, 2.8b+ LTM placed orders) and industry-leading unit economics, while improving affordability through its low-cost logistics, zero seller commissions, and reducing onboarding friction for the first-time internet users as well as sellers on its platform.
- Unlike traditional retailers and other internet platforms, Meesho's business model is truly asset-light requiring limited capex on physical infra or inventory. Further, it operates on a negative working capital (~25 days of NMV), which provides large float income and enables significant FCF generation.
- We expect Meesho to deliver a 25% CAGR in marketplace NMV over FY26-31, driven by customer acquisition and rising platform adoption. Higher ad monetization and normalization in logistics spread should drive ~400bp expansion in contribution margin to ~7.5% by FY31, while ~255bp operating leverage should drive adj. EBITDA of ~INR48b by FY31 (at ~3.75% margin).
- **We initiate coverage on Meesho with a BUY rating and a TP of INR240**, premised on 30x FY31E adj. marketplace EBITDA, discounted to Sep'28E. This implies ~1.4x FY28E EV/NMV, ~10% premium to Eternal's FY28 multiple. However, we believe a higher multiple could be justified for Meesho, given its truly asset-light model, negative working capital, and likely significant FCF generation starting FY27 and rising to 4%+ of NMV by FY31.

India remains at the nascent stages of e-commerce adoption

- India remains one of the least penetrated e-commerce (e-com) markets globally, with online retail accounting for only ~7% of total retail sales in CY24, significantly below markets such as China (~34%), the US (~17%), and even Indonesia (~15%).
- Despite rapid growth since 2016, India's unique internet user penetration of ~50% remains well below the 80%+ penetration in the US and China.
- Rising smartphone penetration, the introduction of UPI, and affordable data have enabled India's e-com user base to double over FY19-26 to reach ~270m.
- However, it remains well below the ~550-600m users of OTT platforms and digital wallets in India. In more developed markets, e-com adoption typically converges with OTT users, implying significant headroom for growth even in the existing internet user base.
- As penetration deepens, the next phase of e-com growth is likely to be driven by value-conscious consumers, who prioritize affordability, assortment, and accessibility over brand affinity.
- Meesho's value-led assortment, low-ticket purchases, and vernacular shopping experience are designed to address the India-specific challenges, positioning it to capture a disproportionate share of incremental e-com adoption, particularly across Tier 2+ markets.

Stock Info

Bloomberg	MEESHO IN
Equity Shares (m)	4513
M.Cap.(INRb)/(USDb)	856.3 / 8.9
52-Week Range (INR)	255 / 126
1, 6, 12 Rel. Per (%)	-1/14/-
12M Avg Val (INR M)	5543
Free float (%)	83.6

Financial Snapshot (INR b)

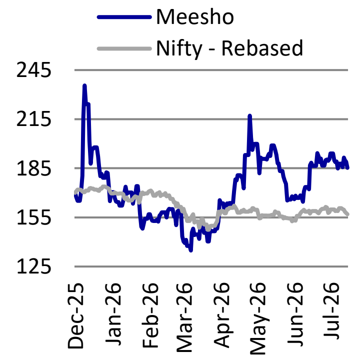
Y/E March	FY26	FY27E	FY28E
NMV - marketplace	416	554	695
Sales	126	184	233
EBITDA (adj)	-11.8	-3.6	3.8
EBITDA (reported)	-14.9	-7.0	-0.2
Adj. PAT	-12.2	-3.3	4.2
CM (%)	3.5	5.5	6.0
EBITDAM (adj) %	(2.8)	(0.6)	0.6
EBITDAM (reported) %	(11.8)	(3.8)	(0.1)
EPS	-2.7	-0.7	0.9
RoE (%)	n/m	n/m	9.1
RoCE (%)	n/m	n/m	9.2
P/E	n/m	n/m	202
EV/EBITDA	n/m	n/m	n/m
EV/NMV	2.0	1.5	1.1

Shareholding pattern (%)

Select Qtr End	Jun-26	Mar-26
Promoter (%)	16.4	16.6
DII (%)	9.1	5.6
FII (%)	5.2	4.2
Others (%)	69.3	73.7

Note: FII includes depository receipts

Stock performance (one-year)



88% of Meesho's ~264m ATUs (as of FY26-end), originated from non-top 8 cities.

A multi-sided marketplace with a self-reinforcing flywheel

- Meesho operates as a multi-sided marketplace, connecting consumers, sellers, logistics providers, and content creators, where growth in each stakeholder creates a self-reinforcing flywheel effect that strengthens platform adoption and lowers transaction costs.
- Zero commissions and low logistics costs have enabled Meesho to build a broad seller base (1m+), reduce charges per delivered order (down to INR74 in FY26 from INR93 in FY24), and make low-ticket e-com (AOV of ~INR265) viable.
- Meesho's affordability-led value proposition has resonated strongly in under-penetrated tier-2+ markets, enabling the vast scale of the platform, with 88% of its ~264m ATUs (as of FY26-end) originating from non-top 8 cities.
- As Meesho gained scale, seller productivity also increased, and logistics density strengthened, further reducing fulfillment costs. Meesho also built an asset-light logistics marketplace, Valmo, which aggregates a fragmented delivery ecosystem, leading to a further reduction in logistics costs and diversifying the use cases beyond fashion apparel.
- Building on its origins in social commerce, Meesho launched a content commerce platform, leveraging content creators and discovery-led shopping to drive organic user acquisition, higher engagements, and increased ordering frequency at structurally lower costs, reinforcing the strength of the flywheel.
- Meesho is increasingly evolving into an AI-native commerce platform, with technology investments focused on reducing friction for first-time internet users, improving accessibility, discovery, and logistics efficiency, and thereby driving operating leverage.

Industry-leading unit economics; adj. EBITDA break-even likely by FY28

- Meesho does not charge commissions from its sellers for listing products, but it monetizes through the recovery of order fulfillment charges, advertisement income, and providing data insights to sellers.
- Meesho has also refrained from charging platform fees to its consumers, yet it delivered contribution margin (CM) of ~5.6% in FY24. However, due to consolidation in the 3PL industry, ramp-up of customer acquisitions, and increased tech investments, its CM dipped to ~3.5% in FY26 (recovered subsequently to ~4.6% in 1QFY27).
- The company aims to maintain its contribution from logistics at ~2.5% of NMV (vs. ~1% in 4QFY26) over the medium term and pass on the benefits of scale and initiatives such as self-pick up from nearby locations to the end consumers.
- Incrementally, better monetization of its ads platform (currently contributes ~3% of NMV, vs. ~9% of the ads budget for sellers), along with increased adoption of Meesho Mall (dedicated brand stores within the app), is likely to be the key driver of improving the contribution margin.
- Scaling up of financial services platform (through tie-ups with regulated partners) could become another key driver over the longer run.
- The rising scale of the platform has already delivered notable operating leverage on indirect costs, which declined to ~5.3% of NMV in FY25 from ~11.3% in FY23. While increased tech and people investments led to a modest rise in indirect costs in FY26, most of the indirect costs remain semi-fixed. We expect operating leverage to drive adjusted EBITDA and reported PAT break-even by FY28.

Build in ~500m ATUs by FY31 (~14% CAGR over FY26-31) and ordering frequency to reach ~18 by FY31.

Model ~25% NMV CAGR over FY26-31, driven by rising platform adoption

- Meesho's ATU clocked ~25% CAGR over FY23-26 to reach ~264m, among the largest for any e-com platform in India. Despite its vast user base, the company added 65m (+33% YoY) ATU in FY26, driven by rising adoption of its value-focused offerings.
- With ~550-600m users opting for digital wallets and OTT subscriptions, we believe Meesho has a long runway to sustain ATU additions. We build in ~500m ATUs for Meesho by FY31 (~14% CAGR over FY26-31).
- The ordering frequency increased from 7.5 in FY23 to 10.1 in FY26 (at ~10% CAGR), despite rapid ATU additions over the last few years. We estimate that the ordering frequency for mature user cohorts is growing in the mid-teens.
- We model an ordering frequency of six for new users on the platform in the first year, with ~33%/~25% growth in years 2/3. For users acquired 2+ years ago, we model ~10% CAGR in ordering frequency over FY26-31. These drive ~12% CAGR in the platform's blended order frequency over FY26-31 to reach ~18 orders by FY31.
- Meesho's low-cost logistics and zero seller commissions enable a steady reduction in NoV, thus expanding the addressable market and enabling more use cases on the platform. We build ~3% annual reduction in NoV over FY26-31.
- Overall, we build in ~25% NMV CAGR over FY26-31, with Meesho's NMV rising to INR1.27t by FY31 (vs. ~29% CAGR over FY23-26).

Build in ~400bp CM improvement over FY26-31 to reach 7.5% by FY31, driven by normalization in logistics spread and an increase in ads monetization

Improvement in the ads platform monetization to drive margin inflection

- Meesho's spread on logistics cost was hit by the consolidation in 3PL logistics providers in FY26 (Logistics CM at ~1% of NMV in 4QFY26 vs. ~2.5% in FY25). Management targets to revert to ~2.5% of NMV as the spread on logistics costs over the medium term, while it plans to pass on the benefits from rising scale and initiatives such as self-pick-up from nearby locations to end consumers.
- Advertising remains the largest monetization opportunity, with advertisement revenue currently at ~3% of NMV (in 4QFY26) vs. 9% demand based on sellers' ad budgets. As more sellers adopts Meesho's ads platform, we expect RoAS expectations to moderate, leading to better monetization for Meesho. Increased adoption of Meesho Mall should provide additional tailwinds for CM expansion.
- We build in ~400bp improvement in CM over FY26-31 to reach ~7.5% by FY31, driven by normalization of logistics spread and an increase in ads monetization.
- The key indirect costs for Meesho are largely semi-fixed and are likely to drive operating leverage as the platform scales. Over FY26-31, we project ~255bp operating leverage on indirect costs. Along with ~400bp CM expansion, this should enable break-even on adj. marketplace EBITDA by FY28, followed by further inflection in profitability to INR48b by FY31 (or ~3.75% of NMV).

Asset-light model and negative working capital fuel robust FCF generation

- We expect Meesho to achieve reported EBITDA break-even (after ESOP costs) by FY28-exit, while interest income on its growing cash holdings, zero debt, and limited assets on its books should drive PAT break-even by FY28.
- Unlike other internet platforms and offline retailers, Meesho's business model is truly asset-light, with little capex, as the company does not own any inventory or physical infrastructure such as warehouses or storefronts.

- Further, the company settles payments with the sellers only after the closure of the return window, which leads to negative working capital (~25 days of NMV) and a significant float.
- This unique business model enabled Meesho to become one of the first Indian horizontal e-com players to achieve positive FCF. While FCF generation was impeded by a large one-time tax outgo and increased investments to drive growth in FY26, we expect Meesho to generate significant FCF starting FY27.

Initiate coverage on Meesho with a BUY rating and a TP of INR240. Expect Meesho to generate significant FCF starting FY27 and reach 4%+ of NMV by FY31

Valuation and view: Initiate coverage with a BUY rating and a TP of INR240

- We believe Meesho's asset-light model with negative working capital and improving unit economics makes for a unique combination of a scaled platform business with a long runway for growth and potential margin inflection.
- We build in ~25% NMV CAGR over FY26-31 for Meesho with likely adj. EBITDA and PAT breaking even by FY28-exit. We expect ~660bp adjusted marketplace EBITDA margin expansion over FY26-31, which, along with rising float, is likely to help generate significant FCF starting FY27 and reach 4%+ of NMV by FY31.
- **We initiate coverage on Meesho with a BUY rating and a TP of INR240**, premised on ~30x FY31E adj. marketplace EBITDA, discounted back to Sep'28E. This implies ~1.4x FY28E EV/NMV, ~10% premium to Eternal's FY28 EV/NMV. We believe a premium could be justified, given the truly asset-light nature of Meesho's business model.
- Meesho's valuations are highly sensitive to NMV growth and CM expansion. We believe at CMP, the stock is pricing in ~25% NMV CAGR over FY26-31 (similar to our estimate) and ~6.7% contribution margin by FY31 (~80bp lower than our base case estimate of ~7.5%).
- Stronger-than-expected NMV growth and/or sharper expansion in CM could fuel further upside risks to our TP, while lower NMV growth and/or weaker-than-expected CM expansion pose downside risks (bull case: INR335; bear case: INR140).

Key risks and concerns

- Dependence on third party for logistics
- Product quality and seller management
- Intense competition and a shift in consumer behavior towards convenience
- Lower-than-expected monetization of the platform.

We ascribe a TP of INR240 based on ~30x FY31E EV/adj. marketplace EBITDA discounted back to Sep'28E

INR b	adj. EBITDA (INR b)	Multiple (x)	Value (INR b)
Enterprise value	47.5	30	1,420
Sep'28 EV			1,068
Net cash			-71
Equity value			1,140
TP (INR/share)			240
CMP (INR/share)			185
Potential upside (%)			*30*

Source: Company, MOFSL

Our TP implies ~1.4x Sep'28E EV/NMV

(INR b)	NMV (INR b)	Multiple (x)	Value (INR b)
Sep'28 EV	777	1.4	1,068
Net cash			-71
Equity value			1,140
TP (INR/share)			240
CMP (INR/share)			185
Potential upside (%)			*30*

Source: Company, MOFSL

NTPC

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	NTPC IN
Equity Shares (m)	9697
M.Cap.(INRb)/(USDb)	3401.6 / 35.5
52-Week Range (INR)	414 / 316
1, 6, 12 Rel. Per (%)	0/6/9
12M Avg Val (INR M)	4003

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	1,874	1,944	2,027
EBITDA	553	576	633
Adj. PAT	192	224	241
Adj. EPS (INR)	20	23	25
EPS Gr. (%)	-5	17	8
BV/Sh.(INR)	210	226	243
Ratios			
Net D:E	1.2	1.2	1.2
RoE (%)	9.9	10.6	10.6
RoCE (%)	6.5	6.8	6.9
Payout (%)	45.4	40.2	38.8
Valuations			
P/E (x)	17.7	15.2	14.1
P/BV (x)	1.7	1.6	1.4
EV/EBITDA (x)	11.0	10.8	10.3
Div. Yield (%)	2.6	2.6	2.8

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	51.1	51.1	51.1
DII	29.5	29.3	29.0
FII	16.3	16.6	16.1
Others	3.2	3.1	3.8

FII Includes depository receipts

CMP: INR351 TP: INR381 (+9%) Neutral

Capacity addition guidance maintained

- NTPC's standalone revenue for 1QFY27 came in at INR438b (+3% YoY, +2% QoQ), 4% ahead of our estimate. APAT stood at INR51b (+16% YoY, -3% QoQ), beating our estimate by 17% as other expenses came in 20% below our estimate and 22% lower YoY. Consolidated revenue/EBITDA stood at INR507b/INR162b (+8%/+29% YoY), with profit from subsidiaries doubling YoY to INR12b.
- **Key things we liked about the result:** 1) management reaffirmed the FY27 capacity addition guidance of 9.5GW and targets a capacity of 150GW/250GW by FY32/FY37, with RE share in the mix rising to 40%/54%; 2) consolidated regulated equity rose 9.3% YoY to INR1,217b; and 3) improvement in coal PLF to 76.7% (75.2% in 1QFY26) and in solar PLF to 31.1% from 26.8%.
- **Key monitorables:** 1) pace of NGEL commissioning, with consolidated renewable addition of only 595MW in 1QFY27 against the FY27 commissioning target of 8GW; and 2) we have observed delays as per CEA data in upcoming thermal projects, specifically Patratu (Unit-3), Lara and Talcher.
- **Valuation and view:** We have a Neutral rating on NTPC with a TP of INR381. Our TP is based on value of INR216 for the standalone, coal, and other businesses at FY28E P/B of 2x; value of INR20 for other subsidiaries at FY28E P/B of 2x and INR49 for JV/associates at FY28E P/B of 1.5x, and the stake in NGEL is valued at a 25% discount to the current market price.

Beat driven by lower-than-estimated other expenses

Financial highlights

- NTPC reported its SA revenue at INR438b (+3% YoY, +2% QoQ), beating our estimate by 4%.
- EBITDA came in at INR126b (+23% YoY, +1% QoQ), 17% above our estimate, as EBITDA margin improved ~466bp YoY at 28.8%. Strong beat at the EBITDA level was mainly due to 20% lower-than-estimated other expenses (-22% YoY).
- APAT came in 17% above our estimate at INR51b (+16% YoY, -3% QoQ).

Operational highlights

- NTPC posted SA commercial generation of 93.6BUs (+3% YoY/QoQ).
- SA Coal/Solar/Hydro PLF for 1QFY27 was 76.7%/31.06%/30.92% vs. 75.16%/26.81%/59.5% in 1QFY26.
- On a standalone level, NTPC added 196MW capacity (176MW renewable and 20MW thermal).
- SA-regulated equity stood at INR927.9b (1QFY26-end: INR923.4b).
- The company incurred INR115.9b of group capex during 1QFY27.
- Group installed/under-construction capacity as 1QFY27 end stood at 91GW/36GW.

Consol. highlights

- Revenue stood at INR507b (+8% YoY, +2% QoQ), while EBITDA came in at INR162b (+29% YoY, 6% QoQ).
- Consol. regulated equity stood at INR1,217b (1QFY26 end: INR1,113b).
- NTPC added 1.8GW of consolidated capacity in 1QFY27, including 820MW thermal, 726MW renewable, and 250MW hydro (PSP) capacity.
- Profit from subsidiaries doubled to INR12b, supported by earnings from THDC (750MW Tehri PSP and 660MW Khurja commissioning), NTPC Mining (coal mine transfers), and the commissioning of Patratu units, among others.

Highlights of 1QFY27 performance

- NTPC's consol. capacity stood at 91GW as of 1QFY27 end, with 35.7GW under construction and a further 12GW under tendering. FY27 capacity addition guidance remains unchanged.
- RE capacity addition target for FY27 remains unchanged at 8GW, comprising a mix of solar, wind and BESS (0.7GW added in 1QFY27), with operational RE capacity targeted at 28GW by FY28, 60GW by FY32 and 136GW by FY37.
- Total capacity is targeted at 150GW/250GW by 2032/2037, with RE share rising to 40%/54% of capacity, and RE's share in generation mix shifting to 33% by 2037 from 4% currently.
- NTPC is targeting a contribution of 30GW toward the national nuclear target by FY47, with ASHVINI's 2.8GW Mahi Banswara PHWR project under construction, 30+ sites identified across states and site studies ongoing at 10 locations.
- PSP capacity is targeted at 3GW to 5GW by FY33, with THDC's 1GW Tehri PSP already operational and the Tehri storage plant now expected to be commissioned in FY28.
- Total planned capex through FY37 stands at INR16,860b (INR1,080b over 2025-27, INR5,970b over 2027-32 and INR9,810b over 2032-37).

Valuation and view

Our TP of INR381 for NTPC is based on:

- Value of INR216 for the standalone, coal, and other businesses at FY28E P/B of 2x.
- Value of INR20 for other subsidiaries at FY28E P/B of 2x and INR49 for JV/associates at FY28E P/B of 1.5x P/B.
- The stake in NGEL is valued at a 25% discount to the current market price.

Standalone performance **(INR b)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	%	%
Net Sales	**426**	**392**	**406**	**431**	**438**	**411**	**419**	**405**	**1,655**	**1,674**	**422**	**4%**	*3%*	*2%*
YoY Change (%)	*-4.2*	*-2.9*	*-1.7*	*-1.8*	*3.0*	*4.8*	*3.2*	*-6.0*	*-2.7*	*1.1*	*(1)*			
EBITDA	**103**	**100**	**120**	**125**	**126**	**108**	**111**	**101**	**448**	**447**	**108**	**17%**	23%	1%
Margin (%)	*24.2*	*25.6*	*29.5*	*29.0*	*28.8*	*26.4*	*26.5*	*25.0*	*27.1*	*26.7*	*26*			
Depreciation	39	40	41	41	41	39	37	40	160	157	39	**4%**	*5%*	*0%*
Interest	28	27	23	27	24	24	23	35	104	107	24	**-3%**	-17%	-12%
Other Income	8	15	10	9	7	11	11	14	42	42	11	**-36%**	-10%	-26%
PBT incl. Regulatory items	63	63	71	0	71	55	61	60	197	247	55			
Extra-Ord inc/(exp)	-	-	-	99	-	-	-	-	99	-	-			
PBT	**63**	**63**	**71**	**99**	**71**	**55**	**61**	**60**	**296**	**247**	**55**	**30%**	14%	-28%
Tax	15	16	21	12	18	12	13	10	64	54	11	**64%**	21%	51%
Rate (%)	*23.7*	*26.1*	*29.7*	*12.0*	*25.2*	*22.0*	*22.0*	*17.0*	*21.7*	*21.7*	*20.0*			
Reported PAT	**48**	**47**	**50**	**87**	**53**	**43**	**48**	**49**	**232**	**194**	**44**	**22%**	12%	-39%
Adj PAT	**44**	**45**	**47**	**53**	**51**	**43**	**48**	**49**	**189**	**192**	**44**	**17%**	*16%*	*-3%*
YoY Change (%)	*5.2*	*7.5*	*0.7*	*5.8*	*16.2*	*-4.7*	*2.5*	*-6.4*	*4.8*	*1.5*	(0)			
Margin (%)	*10.4*	*11.5*	*11.4*	*12.3*	*11.7*	*10.5*	*11.4*	*12.2*	*11.4*	*11.4*	10			

NTPC SoTP valuation

Segment	Regulated Equity (FY28)	P/B	Value/Sh. (INR)
Standalone + Coal + Others	10,47,068	2.0	216
Other subsidiaries	97,278	2.0	20
JV & Associates	3,19,728	1.5	49
NGEL Stake*			54
Cash and equivalents			41
Target price			**381**
CMP			351
Upside/(Downside)			**9%**

**At 25% Discount*

Source: MOFSL

Bharat Electronics

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	BHE IN
Equity Shares (m)	7310
M.Cap.(INRb)/(USDb)	2976.2 / 31
52-Week Range (INR)	473 / 361
1, 6, 12 Rel. Per (%)	0/3/6
12M Avg Val (INR M)	6687

Financials Snapshot (INR b)

Y/E March	2027E	2028E	2029E
Sales	319.2	375.8	414.8
EBITDA	92.9	107.3	118.6
EBITDA Margin	29.1	28.6	28.6
Adj. PAT	70.1	81.7	92.0
Adj. EPS (INR)	9.6	11.2	12.6
EPS Gr. (%)	15.8	16.6	12.6
BV/Sh.(INR)	41.4	51.9	63.6
Ratios			
RoE (%)	23.1	21.5	19.8
RoCE (%)	25.9	24.0	21.8
Payout (%)	6.6	6.6	6.6
Valuations			
P/E (x)	42.5	36.4	32.4
P/BV (x)	9.8	7.8	6.4
EV/EBITDA (x)	30.5	25.9	22.8
Div. Yield (%)	0.2	0.2	0.2

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	51.1	51.1	51.1
DII	21.0	20.0	20.6
FII	18.0	19.5	18.6
Others	9.8	9.4	9.7

FII includes depository receipts

CMP: INR407 TP: INR530 (+30%) Buy

A slight miss; broader outlook intact

Bharat Electronics' (BHE) 1QFY27 revenue/EBITDA/PAT came slightly lower than our estimates. Margin performance was hit by an adverse revenue mix. Inflows for 1Q stood at INR40b and are likely to improve in the coming quarters from both base as well as large orders. Despite a weaker-than-expected performance, BHE has retained its guidance of 15%+ revenue growth, 28%+ EBITDA margin, and inflows of INR550b for FY27, including QRSAM. The QRSAM project, worth INR300b, is expected to be awarded by 2QFY27. We continue to remain positive on BHE and expect it to benefit from various large platform orders, which will be finalized over the next few years from the Army, Navy, and Air Force. We tweak our estimates and expect BHE to post a 15%/14%/15% CAGR in revenue/EBITDA/PAT over FY26-29. Reiterate BUY with a revised TP of INR530 on roll forward to 45x Sep'28E earnings (vs. INR510 earlier).

Results slightly below our estimates on EBITDA and PAT

BHE's results were slightly below our estimates on EBITDA and PAT, largely due to the execution product mix during the quarter. Revenue grew 25% YoY to INR55b, 8% above our estimates. Gross margin during the quarter contracted to 45.5% (53.2% in 1QFY26), vs. our estimate of 53.0%. Management attributed the contraction largely to product mix, while noting that commodity price inflation did not materially affect profitability. Absolute EBITDA increased 12% YoY to INR13.9b (vs. our est. of INR14.8b), while margin contracted 300bp YoY to 25.1% (vs. our estimate of 29.0%) mainly due to the product mix. PAT increased 8% YoY to INR10.5b, 7% below our estimates. The order book as of 1QFY27-end stood at INR723b, with an order inflow of ~INR40b during the quarter.

Current order book composition and execution visibility

BHE's order book stood at INR723b as of 1st Jul'26, with ~90% comprising defense programs and the balance from non-defense businesses. The backlog remains well diversified across the Army, Navy, and Air Force, with each contributing roughly one-third of the defense orders. Key programs include electronic fuzes, LRSAM, LCA Mk1/Mk1A LRUs, BMP-2 upgrades, Ashwini Radar, Mi-17 V5 EW suite, and multi-platform radar (Arudhra), with these seven programs together accounting for ~INR200b of the order book. During FY27, execution is expected to be driven by LRSAM (~INR21b), Akash Army (INR10-12b), BMP-2 upgrades, Arudhra, Electronic Warfare Systems, LCA LRUs, and other major programs, each contributing ~INR5-10b of revenue.

Near-to-long-term prospect pipeline

BHE maintained its FY27 order inflow guidance of over INR550b, including the QRSAM project worth INR300b, which is expected to receive CCS approval by 2QFY27. Excluding QRSAM, key expected inflows include next-generation corvettes (NGC), Project 75(I), Project Shatrughat, Samaghat (~INR90b), Project Shakti Phase IV (~INR20b), and the HAMMER weapon integration program (over INR25b), alongside a steady flow of base orders and support contracts. Beyond FY27, the company sees opportunities arising from multiple large-sized orders, including Project Kusha (commercial orders of ~INR400b expected by FY29), Next Generation Destroyers (NGD), Project 17B (P-17B), AMCA, missile electronics, counter-drone systems, next-generation radar, and exports.

Exports to scale up meaningfully over the medium to long term

The company continues to target export contribution in overall revenue to increase to 10% over the next five years. The current export order book stands at ~USD465m, while the active opportunity pipeline is estimated to be 4-5x of this across 15-20 major products, with USD300m export orders targeted in FY27 itself. Key growth products include software-defined radios (SDRs), weapon locating radars (WLRs), counter-drone systems, directed energy weapons (laser- and microwave-based), airborne TR modules, and other build-to-print electronic modules. The company also highlighted growing export interest in its customized directed-energy weapon solutions, with demonstrations already conducted for several overseas customers, which could support incremental export orders over the medium term.

Accelerated indigenization to protect margins

The long-term margin profile of BHE will be supported by accelerated indigenization, with BHE targeting to eliminate imports of all electronic modules (ex-semiconductor components) over the next five years. The company has earmarked over INR22b towards R&D in FY27, focused on indigenization, next-generation technologies and collaborations with MSMEs and startups, which should strengthen technology ownership and mitigate raw material cost pressures. The impact of the 8^{th} Pay Commission is expected to remain limited as higher employee costs are likely to be offset by revenue growth, keeping the employee cost-to-turnover ratio broadly stable at around 12%. Accordingly, the company maintained its ~28% EBITDA margin guidance for FY27.

Guidance maintained for FY27

BHE reiterated its FY27 guidance, expecting revenue growth of ~15%, an EBITDA margin of ~28%, and order inflows of over INR550b, including the QRSAM program. The company also plans to invest over INR22b in R&D and INR12b in capex during the year, while maintaining a business mix of 90% defense and 10% non-defense.

Financial outlook and valuation

We trim our estimates by 1% each for FY27/FY28 and expect a CAGR of 15%/14%/ 15% in sales/ EBITDA/PAT over FY26-29. We expect OCF/FCF to remain strong, led by control over working capital. BHE is currently trading at 42.5x/36.4x/32.4x P/E on FY27E/FY28E/FY29E EPS. We arrive at **a revised TP of INR530, on roll forward to 45x Sep'28E earnings. Reiterate BUY**.

Key risks and concerns

A slowdown in order inflows from the defense and non-defense segments, intensified competition, further delays in the finalization of large tenders, a sharp rise in commodity prices, and delays in payments from the MoD can adversely impact our estimates on revenue, margins, and cash flows.

Standalone - Quarterly Earnings Model (INR m)

Y/E December	FY26				FY27				FY26	FY27E	FY27E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	**44,168**	**57,637**	**71,220**	**1,01,772**	**55,331**	**67,032**	**82,992**	**1,13,845**	**2,74,796**	**3,19,199**	**51,072**	**8**
YoY Change (%)	5.2	25.8	23.7	11.6	25.3	16.3	16.5	11.9	16.2	16.2	15.6	
Total Expenditure	31,769	40,683	50,043	72,148	41,439	48,464	58,758	77,688	1,94,643	2,26,349	36,261	
EBITDA	**12,399**	**16,953**	**21,176**	**29,624**	**13,892**	**18,568**	**24,234**	**36,157**	**80,153**	**92,850**	**14,811**	**-6**
YoY Change (%)	32.4	22.1	28.1	6.2	12.0	9.5	14.4	22.1	18.4	15.8	19.4	
Margins (%)	28.1	29.4	29.7	29.1	25.1	27.7	29.2	31.8	29.2	29.1	29.0	
Depreciation	1,129	1,185	1,275	1,651	1,526	1,475	1,512	1,535	5,239	6,048	1,399	9
Interest	14	17	20	16	12	16	17	22	67	67	16	-28
Other Income	1,636	1,591	1,595	1,082	1,674	1,659	1,700	1,768	5,904	6,801	1,619	3
PBT before EO expense	**12,892**	**17,343**	**21,477**	**29,038**	**14,028**	**18,735**	**24,405**	**36,368**	**80,750**	**93,536**	**15,015**	**-7**
EO item	0	0	0	0	0	0	0	0	0	0	0	
PBT	**12,892**	**17,343**	**21,477**	**29,038**	**14,028**	**18,735**	**24,405**	**36,368**	**80,750**	**93,536**	**15,015**	**-7**
Tax	3,201	4,482	5,576	7,007	3,545	4,702	6,125	9,103	20,266	23,474	3,768	
Rate (%)	24.8	25.8	26.0	24.1	25.3	25.1	25.1	25.0	25.1	25.1	25.1	
Reported PAT	**9,691**	**12,861**	**15,901**	**22,032**	**10,483**	**14,033**	**18,280**	**27,265**	**60,485**	**70,062**	**11,247**	**-7**
Adj PAT	**9,691**	**12,861**	**15,901**	**22,032**	**10,483**	**14,033**	**18,280**	**27,265**	**60,485**	**70,062**	**11,247**	**-7**
YoY Change (%)	24.9	17.9	20.8	4.7	8.2	9.1	15.0	23.8	14.4	15.8	16.1	
Margins (%)	21.9	22.3	22.3	21.6	18.9	20.9	22.0	23.9	22.0	21.9	22.0	

Coal India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2634.6 / 27.5
52-Week Range (INR)	491 / 369
1, 6, 12 Rel. Per (%)	-2/6/16
12M Avg Val (INR M)	4197

Financials & Valuations (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	1,684	1,757	1,810
Adj. EBITDA	394	440	462
Adj. PAT	329	349	354
EBITDA Margin (%)	23.4	25.0	25.5
Cons. Adj. EPS (INR)	53.3	56.6	57.5
EPS Gr. (%)	(7.5)	6.2	1.5
BV/Sh. (INR)	193.3	220.8	248.8
Ratios			
Net D:E	(0.4)	(0.2)	(0.2)
RoE (%)	26.1	25.6	23.1
RoCE (%)	27.1	25.2	22.9
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	8.0	7.5	7.4
P/BV (x)	2.2	1.9	1.7
EV/EBITDA(x)	5.6	5.3	4.9
Div. Yield (%)	6.2	6.6	6.7
FCF Yield (%)	11.7	(0.7)	5.3

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	61.1	63.1	63.1
DII	22.3	22.9	22.8
FII	10.4	8.4	8.2
Others	6.2	5.6	5.9

CMP: INR428 TP: INR510 (+19%) Buy

In-line revenue; miss on EBITDA over higher costs

- Coal India's (COAL) 1QFY27 revenue stood largely in line at INR462b (+8% YoY and flat QoQ), driven by higher volume offtake.
- Adj. EBITDA (excluding OBR expenses) stood at INR102b, declining 9% YoY and 17% QoQ, against our estimate of INR118b. EBITDA/t stood at INR517/t (-12% YoY and -16% QoQ), which was impacted by higher opex.
- The high opex during the quarter was mainly driven by 27% YoY input cost inflation (explosives, oil & lubricants, and other spare parts) and an 11% YoY rise in contractual expenses due to higher outsourcing. Other expenses also rose 14% YoY, driven by higher taxes in Jharkhand (mineral-bearing land-cess) and elevated power expenses. APAT came in at INR88.5b (flat YoY and -18% QoQ) during the quarter, against our estimate of INR93b.
- Production in 1QFY27 stood at 170mt (-7% YoY and -29% QoQ), and sales volume stood at 198mt (+4% YoY and flat QoQ).
- The company commenced production at the ASGKCC Mine (Katras Area) under the MDO revenue-sharing model, with BCCL receiving 9% of the revenue. The mine contributed 12kt of coal production during the quarter.
- The e-auction premium for the quarter stood at 35%, with volumes of 26.5mt (13% contribution to total sales volume), compared to a 41% premium and volumes of 21mt (11% contribution to total sales volume) in 1QFY26.
- The company has constructed the Bhojudih Coal Washery at BCCL, with an annual capacity of 2MTPA, and commenced commercial operations in May'26. With this addition, BCCL's total coal washing capacity has increased to 17.35MTPA, including 1.7MTPA operated through TSL.
- The company commissioned ~200MW of the 300MW Solar Project at Khavda, Gujarat on May'26. It recorded revenue of INR56.8m from the sale of energy during the quarter.
- The Board has recommended an interim dividend of INR5.5/share in 1QFY27.

Valuation and view

- COAL's earnings were a miss due to cost pressures arising from the geopolitical situation. We expect some of these cost headwinds to stabilize in the coming quarters. Going forward, we expect COAL to post a 3-4% volume CAGR in FY26-28, while a higher share of e-auction volumes and improved premiums should support overall NSR and margins. This is expected to translate into a CAGR of 4% and 9% in revenue and EBITDA over FY26-28.
- The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management continues to focus on expanding its coal mining operations, which will be funded through internal accruals. **At CMP, the stock is trading at 4.9x on FY28E EV/EBITDA. We retain our estimates and reiterate our BUY rating with a TP of INR510, valuing the stock at 6x FY28E EV/EBITDA.**

Consolidated quarterly performance

(INR b)

Y/E March	FY26				FY27				FY26	FY27E	FY27	Vs Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**429.2**	**365.5**	**424.4**	**464.9**	**462.5**	**371.7**	**462.4**	**460.3**	**1,684.0**	**1,756.9**	**439**	**5.3**
Change YoY (%)	17.7	19.2	15.1	5.8	7.8	1.7	9.0	(1.0)	(0.5)	4.3		
Change QoQ (%)	(2.4)	(14.8)	16.1	9.6	(0.5)	(19.6)	24.4	(0.5)				
Adj. EBITDA	**111.9**	**57.8**	**100.7**	**123.3**	**102.4**	**91.6**	**116.2**	**129.4**	**393.7**	**439.5**	**118**	**-13.2**
Change YoY (%)	(3.0)	(19.2)	(12.3)	8.4	(8.5)	58.5	15.4	4.9	(8.7)	11.6		
Change QoQ (%)	(1.6)	(48.4)	74.3	22.4	(17.0)	(10.5)	26.8	11.4				
EBITDA per tonne	**585.9**	**348.0**	**533.8**	**619.2**	**517.4**	**560.3**	**569.4**	**585.9**	**529.5**	**558.8**	**603**	**-14.1**
Depreciation	23.1	26.6	22.2	29.5	23.0	27.0	28.0	33.0	101.4	111.0		
OBR	(14.0)	(8.7)	(14.6)	(3.4)	(18.3)	(10.6)	(12.2)	(13.2)	(40.7)	(54.4)		
Interest	2.7	2.9	3.2	3.4	3.3	4.0	4.0	4.7	12.2	16.0		
Other Income	16.2	21.4	23.9	51.3	20.4	23.0	24.0	27.6	112.8	95.0		
EO Inc/(Exp)	-	-	(22.0)	-	-	-	-	-	(22.0)	-		
PBT after EO	**116.3**	**58.4**	**91.8**	**145.1**	**114.8**	**94.2**	**120.4**	**132.5**	**411.6**	**461.9**	**124**	**-7.2**
Tax	29.9	18.4	23.1	37.2	28.7	24.0	30.7	34.4	108.5	117.8		
Tax Rate (%)	25.7	31.5	20.3	25.6	25.0	25.5	25.5	25.9	26.4	25.5		
PAT pre MI & Asso.	**86.4**	**40.0**	**68.8**	**107.9**	**86.1**	**70.2**	**89.7**	**98.1**	**303.1**	**344.1**	**92**	**-6.5**
MI	(0.1)	(0.9)	0.1	0.7	(0.0)	-	-	-	(0.2)	-		
Sh. of Assoc.	1.4	2.1	2.9	1.2	2.4	1.2	1.2	(0.1)	7.6	4.6		
PAT After MI & Asso.	**88.0**	**43.0**	**71.6**	**108.4**	**88.5**	**71.4**	**90.9**	**98.1**	**310.9**	**348.8**		
Adjusted PAT	**88.0**	**43.0**	**89.2**	**108.4**	**88.5**	**71.4**	**90.9**	**98.1**	**328.6**	**348.8**	**93**	**-5.1**
Change YoY (%)	(19.7)	(31.6)	4.9	11.2	0.6	65.9	1.9	(9.5)	(7.5)	6.2		
Change QoQ (%)	(9.8)	(51.1)	107.4	21.5	(18.3)	(19.4)	27.3	7.9				

Source: MOFSL, Company

COAL Dispatches (mt) – Subsidiary-wise

Subsidiaries	FY26				FY27	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	%	%
ECL	11.9	9.6	10.9	14.3	13.3	11.8	(7.0)
BCCL	8.9	7.9	8.5	7.3	7.7	(13.5)	5.5
CCL	18.2	14.5	19.7	22.8	21.7	19.2	(4.8)
NCL	33.5	32.5	33.1	33.7	32.3	(3.6)	(4.2)
WCL	17.6	11.0	14.9	16.2	17.8	1.1	9.9
SECL	46.0	37.8	44.9	49.2	48.3	5.0	(1.8)
MCL	51.8	50.8	54.0	54.3	54.9	6.0	1.1
NEC	-	0.0	-	0.0	-	NA	NA
Total	**187.8**	**164.0**	**185.9**	**197.8**	**195.7**	**4.2**	**(1.1)**

Lodha Developers

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	LODHA IN
Equity Shares (m)	999
M.Cap.(INRb)/(USDb)	1197.7 / 12.5
52-Week Range (INR)	1328 / 651
1, 6, 12 Rel. Per (%)	27/37/-3
12M Avg Val (INR M)	2190

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	166.8	197.3	224.3
EBITDA	49.2	63.4	72.3
EBITDA Margin (%)	29.5	32.1	32.3
PAT	34.3	43.9	51.6
EPS (INR)	34.3	43.9	51.6
EPS Gr. (%)	24.0	28.0	17.5
BV/Sh. (INR)	233.1	271.1	315.7
Ratios			
RoE (%)	14.7	16.2	16.4
RoCE (%)	13.0	14.3	15.2
Payout (%)	12.4	13.6	13.5
Valuations			
P/E (x)	34.9	27.3	23.2
P/BV (x)	5.1	4.4	3.8
EV/EBITDA (x)	25.6	19.0	16.1
Div yld (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	70.3	72.3	71.9
DII	3.6	4.6	2.2
FII	23.7	21.3	24.9
Others	2.5	1.9	1.0

CMP: INR1,199 TP: INR1,430 (+19%) Buy

Strong quarter; growth visibility improves

Robust launch visibility on continued business development

Lodha Developers (LODHA) added one project in Pune during 1QFY27, with 1.9msf of saleable area and an estimated GDV of INR23b. It has INR413b of launched inventory yet to be sold, which is expected to support sustenance sales. Further, the company has ~71msf (own land + JDA) planned for launch beyond the next 12 months, providing comfortable growth visibility for medium-term pre-sales growth. Additionally, LODHA's land bank of ~600msf in Extended Eastern Suburbs provides multi-year sales visibility in this micro-market.

1Q pre-sales on expected lines; momentum to improve

In 1QFY27, pre-sales grew by 4% YoY to INR46.3b (in line), despite the absence of any significant launches (1H usually comprises 40% of annual pre-sales). In 1Q, it launched one new phase in its MMR project, offering GDV of ~INR3.3b. MMR remained the key growth driver, contributing 88% of quarterly pre-sales, with the Extended Western Suburbs alone accounting for INR19b (land sales were ~INR12b). Around 60% of 1QFY27 pre-sales were from premium and luxury housing. LODHA has a strong pipeline of projects for the remainder of FY27, comprising 21 launches with a GDV potential of INR241b, providing healthy growth visibility. **We maintain a 16% CAGR in pre-sales, reaching INR276b during FY26-28E**.

Takes a step forward in the emerging DC business segment

The company recorded a land transaction with Digital Edge in 1Q at ~INR425m/acre. At its 660-acre integrated DC park, it has already sold 132 acres as of 1QFY27. It plans to monetize an additional 143 acres over the next three years, which is expected to generate INR90b (at INR600m/acre). This would fund the development of a 1GW power shell data center on 90 acres on a built-to-suit basis, with an annual rental potential of INR20b by FY32, which would enable the monetization of the Palava land as well as generate steady annuity income. LODHA has reiterated its plan of 10x growth in overall annuity income over the next six years.

Robust collections; balance sheet further strengthens

Collections increased 46% YoY to INR42.1b, reflecting strong execution and supported by cash inflows from the Palava land monetization. Strong operating cash flows of ~INR18b in 1Q enabled net debt reduction of INR4.5b QoQ to INR49.3b (net debt-to-equity at 0.2x). With a development pipeline of nearly INR2.0t GDV, management expects the DevCo business to become net debt-free in the coming years.

Highest-ever quarterly profitability

Revenue grew 43% YoY to INR50b, driven by the recently concluded land sale transaction at Palava. Consequently, EBITDA increased 95% YoY to INR19.2b, with EBITDA margin expanding 850bp QoQ to 38.5%. PAT doubled YoY to a record INR13.7b on the back of strong revenue growth and EBITDA margin expansion.

Valuation and view

- LODHA has showcased its ability to diversify regionally beyond MMR while scaling up operations, which is expected to expand its addressable opportunity, derisk operational performance, and improve growth visibility over the medium term.
- Despite strong BD worth INR1.4t over the last 4-5 years, the company has continued to add projects while maintaining a healthy pace of inventory monetization.
- Regional diversification and continuity in the BD activity reinforce our confidence that LODHA can deliver higher growth compared to peers of similar scale while maintaining balance sheet strength.
- **Hence, given the continued investments toward growth, we assign a 20% premium to the residential NAV, which we believe is justified as our calculations suggest that the segment can command ~40% NAV premium.** Further increase in NAV premium would depend on the pace of project additions in the coming quarters.
- Disciplined cash flow generation has ensured leverage remains well under control, further strengthening the balance sheet. Driven by robust pre-sales performance and project execution, we expect collections growth and OCF generation to remain strong over the next 2-3 years. Scaling up of the commercial segment and data center businesses would offer additional growth avenues over the medium term.
- Overall, we have valued Devco at a 20% premium to NAV, whereas the annuity business is on a 7.5% cap rate.
- **LODHA is our preferred pick among the larger developers. Despite the stock's sharp run-up by 35% in the past 3M, we reiterate our BUY recommendation with a revised TP of INR1,430.**

Quarterly performance

Y/E March	FY26				FY27E				FY26	FY27	FY27	1QE Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q Est.	(%/bp)
Net Sales	**34,917**	**37,985**	**46,725**	**47,135**	**49,967**	**44,943**	**49,327**	**53,071**	**1,66,762**	**1,97,308**	**36,676**	**36**
YoY Change (%)	23	45	14	12	43	18	6	13	21.0	18.3	5.0	
Total Expenditure	25,073	26,897	32,574	33,009	30,743	32,259	34,931	35,968	1,17,553	1,33,901	26,236	
EBITDA	**9,844**	**11,088**	**14,151**	**14,126**	**19,224**	**12,684**	**14,396**	**17,103**	**49,209**	**63,407**	**10,440**	**84**
Margins (%)	28.2	29.2	30.3	30.0	38.5	28.2	29.2	32.2	29.5	32.1	28.5	
Depreciation	**12,000**	**13,100**	**14,900**	**16,500**	692	750	900	1,267	3,454	3,609	890	
Interest	34.4	34.5	31.9	35.0	1,791	1,650	1,587	1,437	6,567	6,465	1,682	
Other Income	659	714	975	1,106	1,000	683	750	567	4,433	3,000	563	
PBT before EO expense	1,478	1,565	1,850	1,674	**17,741**	**10,967**	**12,659**	**14,965**	**43,621**	**56,332**	**8,431**	**110**
Extra-Ord expense	1,330	804	1,029	1,270	0	0	0	0	0	0	0	
PBT	**9,037**	**9,613**	**12,355**	**12,616**	**17,741**	**10,967**	**12,659**	**14,965**	**43,621**	**56,332**	**8,431**	**110**
Tax	0	0	0	0	4,028	2,413	2,785	3,295	9,406	12,393	1,855	
Rate (%)	**9,037**	**9,613**	**12,355**	**12,616**	22.7	22.0	22.0	22.0	0.2	0.2	22.0	
MI & P/L of Asso. Cos.	2,284	1,710	2,854	2,558	-8	11	13	34	-67	50	9	
Reported PAT	25.3	17.8	23.1	20.3	**13,721**	**8,543**	**9,862**	**11,636**	**34,282**	**43,889**	**6,567**	**109**
Adj PAT	6	16	-68	-21	**13,721**	**8,543**	**9,862**	**11,636**	**34,282**	**43,889**	**6,567**	**109**
YoY Change (%)	**6,747**	**7,887**	**9,569**	**10,079**	103	8	3	15	24.0	28.0	-2.7	
Margins (%)	**6,747**	**7,887**	**9,569**	**10,079**	27.5	19.0	20.0	21.9	20.6	22.2	17.9	**955bp**

Canara Bank

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	1154.3 / 12
52-Week Range (INR)	163 / 104
1, 6, 12 Rel. Per (%)	-1/-13/18
12M Avg Val (INR M)	3823

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	372.1	434.8	505.1
OP	330.2	341.5	398.7
NP	191.9	200.6	230.6
NIM (%)	2.1	2.2	2.3
EPS (INR)	21.2	22.1	25.4
EPS Gr. (%)	12.7	4.5	15.0
BV/Sh. (INR)	121	132	142
ABV/Sh. (INR)	116	127	136
RoA (%)	1.1	1.0	1.0
RoE (%)	19.1	17.9	19.0
Valuations			
P/E (x)	6.0	5.7	5.0
P/BV (x)	1.0	1.0	0.9
P/ABV (x)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	62.9	62.9	62.9
DII	11.9	10.9	11.4
FII	12.7	14.2	11.4
Others	12.5	11.9	14.3

CMP: INR127 TP: INR160 (+26%) Buy

Steady quarter; maintains 1% RoA guidance

Higher other income offset by higher provisioning

- Canara Bank (CBK) posted 1QFY27 standalone PAT of INR48.6b (up 2% YoY/ 8% QoQ, 10% beat on MOFSLe), led by strong traction in other income, partly offset by higher-than-expected provisions.
- NII grew 13% YoY/4% QoQ to INR102.2b (broadly in line). Its margin declined by 2bp QoQ to 2.52% vs. our est. of 2.57%. The bank has maintained its NIM guidance of 2.5-2.6% for FY27.
- The loan book grew 19% YoY/5% QoQ to INR12.77t. The bank continues to maintain its loan growth guidance of 11-12%. Deposits grew 11.6% YoY/ 2.7% QoQ to INR16.12t.
- Slippages declined to INR18b (INR28b in 4QFY26) as asset quality improved across segments. GNPA/NNPA ratios improved 27bp/7bp QoQ to 1.57%/ 0.36%. PCR stood at 77.1%. CBK will make additional provisions of INR100-120b for ECL transition, which will have an impact of 1.20-1.25% on CRAR.
- **We marginally tweak our estimates for FY27E/28E and expect CBK to deliver FY27E RoA/RoE of 1.01%/17.9%. Reiterate BUY with a TP of INR160 (based on 1.1x Mar'28E ABV+ INR13 for subs).**

Business growth steady; asset quality ratios improve

- 1Q PAT rose 2% YoY/8% QoQ to INR48.6b (10% above MOFSLe), aided by strong traction in other income, partly offset by higher-than-expected provisions.
- NII grew 13% YoY/4% QoQ to INR102.2b (broadly in line). Margin fell 2bp QoQ to 2.52% (est. 2.57%). CBK retains FY27 NIM guidance at 2.5-2.6%.
- Other income improved 39% QoQ/fell 5% QoQ to INR67.3b (24% above MOFSLe) on the back of strong PSLC and treasury income. Total revenue thus rose 16% YoY/5% QoQ (9% beat).
- Operating expenses increased by 5% QoQ (up 11% YoY) to INR83.1b (4% higher than MOFSLe) owing to INR3b of PLI bonus in opex. C/I ratio decreased to 49.0% (vs. 53.8% in 4QFY26). PPoP thus rose 1% YoY/28% QoQ to INR67.6b (14% beat).
- The loan book grew 19% YoY/4.7% QoQ, led by robust growth in the retail (33% YoY/7.7% QoQ) and MSME segments (15.1% YoY/6.9% QoQ). The gold loan book stood at INR2.59t, in which agri. gold loan stood at INR1.5t.
- Deposits grew 11.6% YoY/2.7% QoQ to INR16.12t. CASA deposits grew 10.6% YoY/2.1% QoQ. The CASA ratio stood at 29.7%, while the CD ratio increased to 79.3% (vs. 77.8% in 4QFY26).
- Provisions came in at INR20.8b (13% higher vs. MOFSLe), up 110% QoQ and down 12% YoY. Slippages declined to INR18b (INR28b in 4QFY26), with asset quality improving across segments. GNPA/NNPA ratios improved 27bp/7bp QoQ to 1.57%/0.36%. PCR stood at 77.1%.
- Reported credit costs declined to 0.49% from 0.59% in 4QFY26. SMA book (INR50m and above) increased to 0.58% from 0.46% in 4QFY26.

Highlights from the management commentary

- INR180b of advances eligible in the ECLGS scheme, against which sanction of INR110b is made and INR100b is already disbursed.
- Aims to mobilize USD2.3-2.5b in FCNR(B) deposits + OFCBs + ECBs. Endeavors to cross USD1b in July month, with USD775m already raised.
- The bank shall be making additional provisions of INR100-120b for ECL transition, having an impact of 1.20-1.25% on CRAR.
- Priority shall be on efficiency over growth, but shall try to strike a balance between the two.

Valuation and view- Maintain BUY with a TP of INR160

CBK reported a steady quarter with stable margins and strong other income, offset by higher provisioning even as asset quality improved. NIMs are expected to be range-bound at 2.5-2.6% for FY27. Loan growth was healthy, driven by retail and MSME loans. Deposit growth lags credit growth, while focus remains on improving the granularity of deposits under the new MD. CBK maintains its loan growth guidance of 11-12%. Asset quality for the bank improved, with lower slippages and NPAs across asset classes. The bank shall be making additional provisions of INR100-120b for ECL transition, which shall have an impact of 1.20-1.25% on CRAR. The bank maintains its RoA guidance of 1%. **We marginally tweak our estimates for FY27/28 and expect CBK to deliver FY27E RoA/RoE of 1.01%/17.9%. Reiterate BUY with a TP of INR160 (based on 1.1x Mar'28E ABV+ INR13 for subs).**

Quarterly Performance (INR b)

	FY26				FY27E				FY26	FY27E	FY27E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Interest Income	**90.1**	**91.4**	**92.5**	**98.1**	**102.2**	**106.1**	**110.7**	**115.9**	**372.1**	**434.8**	**101.8**	**0.3%**
% Change (Y-o-Y)	-1.7	-1.9	1.1	3.9	13.4	16.1	19.6	18.2	0.4	16.9	13.0	
Other Income	70.6	70.5	79.0	48.2	67.3	57.9	59.5	51.5	268.4	236.2	54.3	23.8%
Total Income	**160.7**	**162.0**	**171.5**	**146.3**	**169.4**	**164.0**	**170.2**	**167.4**	**640.5**	**671.0**	**156.1**	**8.5%**
Operating Expenses	75.2	76.1	80.3	78.7	83.1	81.4	82.4	82.7	310.3	329.6	80.1	3.7%
Operating Profit	**85.5**	**85.9**	**91.2**	**67.6**	**86.4**	**82.6**	**87.8**	**84.7**	**330.2**	**341.5**	**76.1**	**13.5%**
% Change (Y-o-Y)	12.3	12.2	16.4	-18.4	1.0	-3.9	-3.7	25.4	5.2	3.4	-11.1	
Other Provisions	23.5	23.5	24.1	9.9	20.8	19.1	19.3	20.0	81.1	79.3	18.4	13.0%
Profit before Tax	**62.0**	**62.3**	**67.1**	**57.7**	**65.6**	**63.5**	**68.4**	**64.7**	**249.1**	**262.2**	57.6	13.7%
Tax	14.5	14.6	15.5	12.6	17.0	14.9	15.9	13.8	57.2	61.6	**13.5**	**26.0%**
Net Profit	**47.5**	**47.7**	**51.6**	**45.1**	**48.6**	**48.5**	**52.6**	**50.9**	**191.9**	**200.6**	44.2	10.0%
% Change (Y-o-Y)	21.7	18.9	25.6	-9.9	2.2	1.7	2.0	12.9	12.7	4.5	**-7**	
Operating Parameters												
Deposit (INR b)	14,438	15,003	15,213	15,687	16,117	16,534	17,004	17,569	15,687	17,569	16,044.4	
Loan (INR b)	10,736	11,301	11,728	12,200	12,777	12,925	13,327	13,811	12,200	13,811	12,512	
Deposit Growth (%)	8.1	11.4	12.9	7.7	11.6	10.2	11.8	12.0	9.7	12.0	9	
Loan Growth (%)	13.4	14.8	14.6	16.3	19.0	14.4	13.6	13.2	16.3	13.2	16.5	
Asset Quality												
Gross NPA (%)	2.7	2.5	2.1	1.8	1.6	1.5	1.5	1.5	1.8	1.5	1.8	
Net NPA (%)	0.6	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	77.1	77.4	78.6	77.1	77.1	77.3	77.1	77.5	77.0	77.5	76.8	

E: MOFSL Estimates

Container Corporation

Estimate change	⟷
TP change	↑
Rating change	⟷

Bloomberg	CCRI IN
Equity Shares (m)	762
M.Cap.(INRb)/(USDb)	388.8 / 4.1
52-Week Range (INR)	603 / 421
1, 6, 12 Rel. Per (%)	9/10/-11
12M Avg Val (INR M)	912

Financial Snapshot (INR b)

Y/E MARCH	2026	2027E	2028E
Sales	90.6	95.1	112.9
EBITDA	19.2	20.4	25.2
Adj. PAT	12.2	13.0	16.2
EBITDA Margin (%)	21.2	21.4	22.3
Adj. EPS (INR)	16.0	17.0	21.3
EPS Gr. (%)	(5.8)	6.2	25.1
BV/Sh. (INR)	169.2	177.1	187.0
Ratios			
Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	9.7	9.8	11.7
RoCE (%)	10.1	10.3	12.0
Payout (%)	53.6	53.6	53.6
Valuations			
P/E (x)	31.9	30.0	24.0
P/BV (x)	3.0	2.9	2.7
EV/EBITDA(x)	17.8	16.7	13.3
Div. Yield (%)	1.7	1.8	2.2
FCF Yield (%)	0.2	1.6	3.2

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	54.8	54.8	54.8
DII	29.9	29.8	26.2
FII	7.9	8.3	12.7
Others	7.5	7.1	6.3

FII includes depository receipts

CMP: INR511 TP: INR590 (+16%) Buy

Muted 1Q performance; DFC commissioning to drive volumes and earnings

- Container Corporation's (CCRI) revenue stood flat YoY at INR21.5b during 1QFY27 (6% below our estimate). Total volumes grew 9% YoY to 1.4m TEUs, with EXIM/domestic volumes at 0.107m/0.33m TEUs, respectively (+10%/+6% YoY). Blended realization fell by ~8% YoY to INR15,333/TEU. EXIM/domestic realization stood at INR13,409/INR21,460 per TEU, respectively (-7%/-9% YoY).
- EBITDA margin came in at 20.2% (vs our estimate of 21.3%). EBITDA rose by 2% YoY to INR4.3b and was 10% below our estimate. APAT rose by 8% YoY to INR2.7b (10% below our estimate), in line with soft operating performance.
- Land license fee for 1QFY27 stood at INR1.12b. The Board has declared a dividend of INR1.6 per equity share, amounting to INR1.2b.
- CCRI reported a weak operating performance in 1QFY27, impacted by subdued scrap imports, which weighed on tonnage growth, along with lower lead distance and heavy rainfall in the Mumbai and Gujarat regions, adversely affecting margins. Realizations across both the EXIM and domestic segments remained under pressure due to the shorter lead distance. Growth was further constrained by intensifying competition, as the company continued to avoid low-margin business, resulting in a gradual erosion of market share. While 1Q was challenging, outlook remains bright with recent DFC commissioning. We largely maintain our FY27/FY28 estimates and would closely monitor the volume recovery following the commissioning of DFC connectivity. We expect revenue/EBITDA to register a CAGR of 8%/9% over FY26–28. **We reiterate our BUY rating with a TP of INR590, based on 16x FY28E EV/EBITDA.**

Key highlights from the management commentary

- Heavy rainfall in Mumbai and Gujarat disrupted operations during late 1Q and early 2Q, though the impact is expected to be temporary.
- West Asia geopolitical tensions had a limited impact during 1Q, except for weaker Morbi tile exports.
- Realizations were impacted by lower lead distance during the quarter, while weak scrap imports adversely affected tonnage and realizations despite higher container volumes.
- Management remains optimistic about sustained market share gains, margin expansion, and long-term road-to-rail modal shift, supported by DFC-led transit assurance.
- For FY27, CCRI has revised its guidance upwards to 18% growth in total volume (15%/25% growth in EXIM/domestic volumes).
- DFC was successfully commissioned in Jun'26. The rail coefficient at JNPT, currently at ~14.13%, is expected to rise to ~30% over the next three years, which is likely to drive strong growth in rail volumes.
- 1QFY27 originating volume for EXIM/Domestic stood at 0.56m/0.10m TEUs.

Valuation and view

- While 1Q was challenging, the outlook remains encouraging, supported by the recent DFC commissioning. The company expects rail coefficient to improve gradually at JNPT with DFC connectivity in place.
- We largely maintain our FY27/FY28 estimates and would closely monitor the volume recovery following the commissioning of DFC connectivity.
- We expect revenue/EBITDA to register a CAGR of 8%/9% over FY26–28. **We reiterate our BUY rating with a TP of INR590, based on 16x FY28E EV/EBITDA.**

Standalone quarterly snapshot (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	**21,495**	**23,514**	**23,017**	**22,568**	**21,540**	**23,825**	**24,385**	**25,367**	**90,595**	**95,117**	**22,855**	**(6)**
YoY Change (%)	2.5	3.0	4.5	-1.1	0.2	1.3	5.9	12.4	2.2	5.0	6.3	
EBITDA	**4,265**	**5,688**	**5,059**	**4,203**	**4,361**	**5,075**	**5,316**	**5,636**	**19,215**	**20,388**	**4,868**	**(10)**
Margins (%)	19.8	24.2	22.0	18.6	20.2	21.3	21.8	22.2	21.2	21.4	21.3	
YoY Change (%)	-1.3	-1.1	10.4	-3.0	2.3	-10.8	5.1	34.1	1.2	6.1	14.1	
Depreciation	1,570	1,427	1,490	1,488	1,463	1,510	1,540	1,593	5,976	6,105	1,500	
Interest	164	177	196	206	191	195	200	214	744	800	160	
Other Income	935	959	953	891	939	940	970	939	3,738	3,788	900	
PBT before EO expense	**3,465**	**5,043**	**4,325**	**3,400**	**3,646**	**4,310**	**4,546**	**4,769**	**16,233**	**17,270**	**4,108**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**3,465**	**5,043**	**4,325**	**3,400**	**3,646**	**4,310**	**4,546**	**4,769**	**16,233**	**17,270**	**4,108**	
Tax	888	1,275	1,034	818	870	1,084	1,143	1,204	4,015	4,300	1,033	
Rate (%)	25.6	25.3	23.9	24.0	23.9	25.2	25.2	25.2	24.7	24.9	25.2	
Reported PAT	**2,577**	**3,768**	**3,291**	**2,582**	**2,777**	**3,226**	**3,403**	**3,565**	**12,218**	**12,970**	**3,075**	**(10)**
Adj PAT	**2,577**	**3,768**	**3,291**	**2,582**	**2,777**	**3,226**	**3,403**	**3,565**	**12,218**	**12,970**	**3,075**	**(10)**
YoY Change (%)	0.9	-4.9	-4.2	-14.5	7.7	-14.4	3.4	38.1	-5.8	6.2	19.3	
Margins (%)	12.0	16.0	14.3	11.4	12.9	13.5	14.0	14.1	13.5	13.6	13.5	

R R Kabel

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	RRKABEL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	285.6 / 3
52-Week Range (INR)	2585 / 1165
1, 6, 12 Rel. Per (%)	2/94/84
12M Avg Val (INR M)	689
Free float (%)	38.6

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	97.2	126.7	151.5
EBITDA	7.8	11.7	14.5
Adj. PAT	5.1	7.7	9.6
EBITDA Margin (%)	8.1	9.2	9.6
Cons. Adj. EPS (INR)	44.8	67.8	84.8
EPS Gr. (%)	62.7	51.3	25.0
BV/Sh. (INR)	227.6	289.3	366.1
Ratios			
Net D:E	0.0	0.1	(0.0)
RoE (%)	21.4	26.2	25.9
RoCE (%)	21.7	26.0	25.9
Payout (%)	15.6	10.3	9.4
Valuations			
P/E (x)	56.3	37.2	29.8
P/BV (x)	11.1	8.7	6.9
EV/EBITDA (x)	36.5	24.6	19.5
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	0.0	0.1	1.5

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	61.4	61.7	61.8
DII	11.9	13.3	13.6
FII	10.7	9.1	8.6
Others	16.1	15.9	16.0

FII includes depository receipts

CMP: INR2,522 TP: INR2,960 (+17%) Buy

Beat on estimates; C&W continues to post healthy growth

Robust volume growth in C&W; FMEG profitability on track

- RR Kabel (RRKABEL)'s 1QFY27 performance was above our estimate, driven by better-than-estimated volume growth in C&W and achieving break-even in its FMEG segment vs. our estimate of segment loss of INR68m. In 1Q, revenue was up ~54% YoY to INR31.7b (~12% beat), whereas EBITDA almost doubled YoY to INR2.8b (~10% beat). OPM surged 2.0pp YoY to 8.9%. Adj. PAT surged 2.2x YoY to INR1.9b (~20% above estimates, aided by higher other income).
- **Management indicated** that the company's C&W volume growth was ~17% YoY, led by strong growth across domestic and exports. Margin expansion was driven by operating leverage, better fixed-cost absorption, an improvement in product mix, and ongoing cost optimization initiatives. Despite near-term volatility in raw material prices, it expects demand to remain resilient and reiterated its FY28 margin guidance of 10.5% in C&W. Domestic cable margins are likely to improve further over the medium term. In the FMEG segment, RRKABEL reiterated its target of ~20% annual revenue growth and sustainable break-even in FY27E.
- We raise our EPS estimates by ~8%/6% for FY27-28 due to higher volume growth estimates and improving profitability in FMEG. The stock is trading at 37x/30x FY27E/FY28E EPS. We value RRKABEL at 35x FY28E EPS to arrive at our revised TP of INR2,960 (vs. INR2,800 earlier). **Reiterate BUY.**

C&W revenue rises ~57% YoY; margin at 9.9% (est. 9.6%)

- Consol. revenue/EBITDA/Adj. PAT stood at INR31.7b/INR2.8b/INR1.9b (up 54%/2.0x/2.2x YoY and ~12%/10%/20% above our estimates). Gross margin expanded 35bp YoY to ~19%. Employee costs increased ~38% YoY (at ~4.1% of revenue vs. 4.5% in 1QFY26). Other expenses increased ~26% YoY (at 5.5% of revenue vs. 6.8% in 1QFY26). The depreciation/interest increased ~46%/74% YoY, while other income jumped 2.7x YoY.
- Segmental highlights: **1) C&W:** Revenue increased ~57% YoY to INR28.8b, and EBIT increased 2.0x YoY to INR2.9b. EBIT margin improved 2.3pp YoY to 9.9%; and **2) FMEG:** Revenue increased ~28% YoY to INR2.9b. The segment reached break-even vs. a loss of INR71m/INR93m in 1QFY26/4QFY26.

Key highlights from the management commentary

- Management indicated that cable volumes rose >25% YoY, notably outpacing wire volume growth of ~12% YoY. The sharp increase in raw material prices had a temporary adverse impact on volumes toward the exit of 1QFY27.
- On raw material costs, it indicated that compared to 2QFY26 levels, current prices imply an increase of ~30% YoY. While such sharp price movements may lead to temporary channel stocking or destocking, it believes C&W demand remains structurally resilient over the medium-to-long-term.

- In FMEG, business growth was supported by healthy demand across lighting, appliances, and switches, while fans benefited from better realizations and an improved premium product mix. **The fan volumes remained broadly flat.**

Valuation and view

- RRKABEL's 1QFY27 earnings exceeded our estimates, driven by strong volume growth in C&W and healthy performance in FMEG segments. The company's volume growth in C&W at ~17% YoY was above the industry growth estimated at ~10-12%. The management remains focused on outperforming industry growth in the C&W business by increasing its presence in the higher-value cables and B2B segments. The margin improvement in the C&W segment was also encouraging, led by positive operating leverage and an improvement in product mix. Management believes it will achieve sustainable break-even in FY27 in the FMEG business.
- We estimate RRKABEL's revenue/EBITDA/PAT CAGR at ~25%/36%/40% over FY26-28. We estimate OPM at 9.2%/9.6% in FY27/FY28 vs. 8.1% in FY26. The stock is trading at 37x/30x FY27E/28E EPS. We value RRKABEL at 35x FY28E EPS to arrive at our revised TP of INR2,960 (earlier INR2,800). **Reiterate BUY.**

Quarterly performance (INR m)

Y/E March	FY26				FY27				FY26	FY27E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales	**20,586**	**21,638**	**25,359**	**29,641**	**31,682**	**28,768**	**31,182**	**35,037**	**97,224**	**1,26,668**	**28,370**	**12**
YoY Change (%)	13.9	19.5	42.3	33.7	53.9	33.0	23.0	18.2	27.6	30.3	37.8	
EBITDA	**1,421**	**1,758**	**2,043**	**2,617**	**2,832**	**2,370**	**2,810**	**3,639**	**7,838**	**11,651**	**2,570**	**10**
YoY Change (%)	49.6	104.9	84.8	34.6	99.3	34.8	37.5	39.1	61.4	48.6	80.9	
Adj EBITDA margin (%)	6.9	8.1	8.1	8.8	8.9	8.2	9.0	10.4	8.1	9.2	9.1	**(12)**
Depreciation	203	219	239	262	297	300	312	399	923	1,308	275	**8**
Interest	151	162	189	250	263	235	220	218	753	936	230	**14**
Other Income	124	169	142	129	329	185	145	135	564	794	125	**163**
PBT	**1,190**	**1,546**	**1,757**	**2,234**	**2,601**	**2,020**	**2,423**	**3,158**	**6,727**	**10,202**	**2,190**	**19**
Tax	303	386	405	574	708	525	620	776	1,668	2,629	569	
Effective Tax Rate (%)	25.4	25.0	23.1	25.7	27.2	26.0	25.6	24.6	24.8	25.8	26.0	
Extra-ordinary Items	-	-	190	-	(138)	-	-	-	190	(138)		
JV share	10	3	21	19	21	3	15	21	53	60	6	
Reported PAT	**898**	**1,163**	**1,182**	**1,680**	**2,052**	**1,498**	**1,817**	**2,403**	**4,922**	**7,771**	**1,626**	**26**
Change (%)	39.4	134.7	72.4	30.1	128.6	28.9	53.7	43.1	58.0	57.9	81.2	
Adj PAT	**898**	**1,163**	**1,329**	**1,680**	**1,950**	**1,498**	**1,817**	**2,403**	**5,068**	**7,668**	**1,626**	**20**
YoY Change (%)	39.4	134.7	93.8	30.1	117.2	28.9	36.8	43.1	62.7	51.3	81.2	
Margins (%)	4.4	5.4	5.2	5.7	6.2	5.2	5.8	6.9	5.2	6.1	5.7	

Segmental performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales												
Cables & Wires	18,335	19,712	22,926	26,664	28,800	26,611	28,658	31,659	87,637	1,15,727	25,669	12.2
FMEG	2,251	1,926	2,432	2,977	2,882	2,157	2,524	3,378	9,586	10,941	2,701	6.7
Growth YoY (%)												
Cables & Wires	16.2	22.3	48.6	36.3	57.1	35.0	25.0	18.7	31.0	32.1	40.0	
FMEG	(2.1)	(2.9)	1.5	13.8	28.1	12.0	3.8	13.5	3.1	14.1	20.0	
EBIT												
Cables & Wires	1,391	1,804	1,988	2,573	2,854	2,342	2,665	3,192	7,756	11,053	2,464	15.8
FMEG	(71)	(117)	(49)	(93)	-	(86)	-	32	(330)	(55)	(68)	NA
EBIT Margin (%)												
Cables & Wires	7.6	9.2	8.7	9.6	9.9	8.8	9.3	10.1	8.9	9.6	9.6	**31**
FMEG	(3.2)	(6.1)	(2.0)	(3.1)	-	(4.0)	-	0.9	(3.4)	(0.5)	(2.5)	**250**

Tata Chemicals

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	178 / 1.9
52-Week Range (INR)	1027 / 580
1, 6, 12 Rel. Per (%)	-6/3/-22
12M Avg Val (INR M)	768

Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	145.8	165.6	176.8
EBITDA	18.1	19.9	29.2
PAT	-4.3	3.3	11.0
EBITDA (%)	12.4	12.0	16.5
EPS (INR)	(16.8)	12.9	43.1
EPS Gr. (%)	(202.1)	(176.7)	233.5
BV/Sh. (INR)	832	830	858
Ratios			
Net D/E	0.3	0.3	0.2
RoE (%)	(2.0)	1.6	5.1
RoCE (%)	3.8	2.4	5.0
Valuations			
P/E (x)	(41.5)	54.1	16.2
EV/EBITDA (x)	13.7	12.4	7.9
Div Yield (%)	1.8	2.1	2.1
FCF Yield (%)	0.7	4.5	13.3

Shareholding Pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	38.0	38.0	38.0
DII	21.2	22.9	22.7
FII	12.1	11.9	12.8
Others	28.8	27.3	26.5

CMP: INR698 TP: INR700 Neutral

Indian business supports overall performance

Operating performance above our estimates

- Tata Chemicals (TTCH) posted a muted performance in 1QFY27, with consol. EBITDA declining 15% YoY to INR5.6b (est. INR4.5b). The muted performance was primarily driven by TCNA/TCAHL witnessing sharp EBITDA declines of 98%/94% and TCEHL reporting an EBITDA loss of INR50m. However, standalone India/Rallis reported EBITDA growth of 35%/23%.
- Indian standalone business outperformed, driven by higher volumes in salt and better realizations in soda ash, bicarbonate, and salt. The business is expected to continue delivering healthy performance on the back of resilient domestic demand, stable pricing, and growth-focused capital allocation toward the non-cyclical business.
- International operations remained weak due to lower soda ash realizations and Chinese pricing pressure. The international business is expected to remain under pressure in the near term due to global soda ash oversupply and higher input and logistics costs.
- We largely maintain our consolidated FY27/FY28 EBITDA estimates; however, we increase our standalone estimates while cutting our international estimates. We **reiterate our Neutral rating with an SoTP-based TP of INR700.**

Earnings dip due to weaker international performance

- TTCH reported overall revenue of INR42.6b (est. INR39.6) in 1QFY27 (up 14% YoY). EBITDA margin contracted by 450bp YoY to 13% (est. ~11.4%); EBITDA stood at INR5.6b (est. INR4.5b), down 15% YoY.
- It posted an adj. net loss of INR170m vs. adj. net profit of ~INR2.5b in 1QFY27 (est. adj net profit of ~INR351m).
- **The Living Essentials** business grew 25% YoY to INR29.3b. EBIT was INR1.9b (vs. EBIT of INR2b YoY). EBIT margin stood at 18%.
- **The Industry Essentials business** grew 13% YoY to INR22.4b. Loss before interest and taxes was INR700m (EBIT of INR1.3b in 1QFY26). EBIT margin stood at -3.1%.
- **The Farm Essentials business** grew 7% YoY to INR10.2b. EBIT was INR1.6b (up 28% YoY). EBIT margin stood at 15%.
- The Indian standalone/TCNA/TCEHL/TCAHL/Rallis revenue grew ~10%/16%/6%/7%/7% YoY to INR12.8b/INR13.9b/INR4b/INR1.4b/INR10.2b.
- EBITDA for Indian standalone/Rallis grew 35%/23%, while EBITDA for TCNA/TCAHL declined 98%/94%. EBITDA loss for TCEHL stood at INR50m (vs. EBITDA of INR320m).
- EBITDA/MT of TCNA stood at USD0.5 (vs. USD41 YoY). EBITDA/MT of TCAHL declined 96% YoY to USD1. EBITDA margin for Indian standalone expanded 530bp YoY to 28.4%.

Highlights from the management commentary

- **Demand-supply scenario:** The global soda ash market remains challenging, with persistent oversupply driven by China, where producers continue to operate at high utilization rates, resulting in elevated exports and intense pricing pressure, particularly in Southeast Asia. India remains the strongest market with healthy demand, while the US and China are largely flat. Management expects global soda ash prices to remain under pressure until supply rationalization occurs, although domestic pricing is likely to remain stable, supported by steady demand.
- **India:** Indian standalone business delivered a strong performance, supported by robust domestic demand, higher volume in salt, and better realizations across soda ash, salt, and bicarbonate. Improved soda ash realizations were driven by import parity pricing and a weaker INR. Further, disciplined cost control with better operating efficiencies bolstered performance. While freight and logistics costs increased due to the Middle East conflict, the company was able to pass on these higher costs to customers, limiting the margin impact.
- **North America:** In contrast, North America remained under pressure as lower soda ash realizations and unremunerative exports to Southeast Asia amid Chinese oversupply weighed on margins, although domestic demand remained stable and higher exports to LATAM supported volume growth.
- **Battery:** TTCH has developed its first sodium-ion battery pack prototype, which is currently undergoing pilot testing. Management sees the primary opportunity in stationary applications (ESS/data centres) rather than mobility. The pilot phase is expected to conclude within 6-9 months, while commercial-scale production is likely at least two years away, subject to product approvals.

Valuation and view

- The near-term environment remains challenging, with the soda ash demand-supply balance yet to meaningfully improve despite expectations of future demand from solar glass and electric vehicles. Benefits from these end-use industries are likely to play out gradually, while the current oversupply persists.
- Further, diversification from the commodity business (primarily soda ash) to the specialty segment/batteries is also expected to pay off for TTCH in the medium-to-long run.
- Although the company has expansion plans in India, the payoff remains contingent on a broader cyclical recovery, limiting near-term upside.
- **We expect TTCH to record a revenue/EBITDA CAGR of 10%/27% over FY26-28. Reiterate Neutral with an SoTP-based TP of INR700.**

Consolidated - Quarterly Earning Model

(INRm)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
Net Sales	**37,190**	**38,770**	**35,500**	**34,380**	**42,550**	**42,691**	**40,098**	**40,305**	**1,45,840**	**1,65,643**	**39,633**	**7**
YoY Change (%)	-1.8	-3.1	-1.1	-2	14.4	10.1	13	17.2	-2	13.6	6.6	
Total Expenditure	30,700	33,400	32,050	31,640	37,000	37,248	35,593	35,896	1,27,790	1,45,737	35,126	
EBITDA	**6,490**	**5,370**	**3,450**	**2,740**	**5,550**	**5,443**	**4,505**	**4,409**	**18,050**	**19,906**	**4,507**	**23**
Margins (%)	17.5	13.9	9.7	8	13	12.7	11.2	10.9	12.4	12	11.4	
Depreciation	2,800	2,850	2,930	3,430	3,360	3,450	3,500	3,550	12,010	13,860	3,450	
Interest	1,470	1,440	1,460	1,530	1,480	1,200	1,100	1,003	5,900	4,783	1,400	
Other Income	960	1,380	380	440	560	800	800	802	3,160	2,962	800	
PBT before EO expense	**3,180**	**2,460**	**-560**	**-1,780**	**1,270**	**1,593**	**705**	**658**	**3,300**	**4,225**	**457**	
Extra-Ord expense	0	650	540	18,370	0	0	0	0	19,560	0	0	
PBT	**3,180**	**1,810**	**-1,100**	**-20,150**	**1,270**	**1,593**	**705**	**658**	**-16,260**	**4,225**	**457**	
Tax	440	820	-40	1,340	500	319	141	104	2,560	1,063	110	
Rate (%)	13.8	45.3	3.6	-6.7	39.4	20	20	15.8	-15.7	25.2	24	
MI & Profit/Loss of Asso. Cos.	220	220	-130	-170	940	-150	-450	-469	140	-129	-4	
Reported PAT	**2,520**	**770**	**-930**	**-21,320**	**-170**	**1,424**	**1,014**	**1,023**	**-18,960**	**3,291**	**351**	
Adj PAT	**2,520**	**1,258**	**-525**	**-7,543**	**-170**	**1,424**	**1,014**	**1,023**	**-4,290**	**3,291**	**351**	**NA**
YoY Change (%)	86.7	-35.2	10,400.00	2,203.10	-106.7	13.3	-293.1	-113.6	-245.1	-176.7	-86.1	
Margins (%)	6.8	3.2	-1.5	-21.9	-0.4	3.3	2.5	2.5	-2.9	2	0.9	

Key Performance Indicators

Y/E March	FY26				FY27E				FY26	FY27E
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (000'MT)										
North America	542	599	603	524	614	611	615	587	**2,268**	**2,427**
Europe	84	88	77	77	86	91	82	86	**326**	**345**
Africa	62	58	84	82	75	75	75	80	**286**	**305**
EBITDA/MT										
North America (USD)	40.5	14.7	-1.3	7.5	0.5	5.0	10.0	15.0	**15.0**	**7.6**
Europe (GBP)	32.5	37.1	25.5	-7.3	-4.5	10.0	15.0	20.0	**22.7**	**10.1**
Africa (USD)	32.0	35.5	49.4	38.7	1.4	15.0	20.0	30.0	**39.8**	**16.8**
Cost Break-up										
RM Cost (% of sales)	19.7	25.0	22.9	19.5	20.2	25.0	23.0	20.1	**21.8**	**22.1**
Staff Cost (% of sales)	13.9	13.3	14.2	15.2	12.8	13.8	14.7	14.6	**14.1**	**14.0**
Power and Fuel Cost (% of sales)	12.2	11.4	12.5	13.4	12.6	11.5	12.5	13.4	**12.3**	**12.5**
Freight and Distribution Cost (% of sales)	18.9	18.5	21.6	22.3	22.9	21.0	22.0	22.0	**20.3**	**22.0**
Other Cost (% of sales)	17.8	18.1	19.1	21.6	18.5	15.9	16.6	18.9	**19.1**	**17.5**
Gross Margins (%)	80.3	75.0	77.1	80.5	79.8	75.0	77.0	79.9	**78.2**	**77.9**
EBITDA Margins (%)	17.5	13.9	9.7	8.0	13.0	12.7	11.2	10.9	**12.4**	**12.0**
EBIT Margins (%)	9.9	6.5	1.5	-2.0	5.1	4.7	2.5	2.1	**4.1**	**3.7**

KFin Technologies

Estimate change	↔
TP change	↑
Rating change	↑

Bloomberg	KFINTECH IN
Equity Shares (m)	172
M.Cap.(INRb)/(USDb)	164.1 / 1.7
52-Week Range (INR)	1217 / 785
1, 6, 12 Rel. Per (%)	9/-2/-15
12M Avg Val (INR M)	1099

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Revenue	13.0	16.5	19.3
EBITDA	5.3	6.7	7.8
PAT	3.6	4.3	5.0
EPS	20.9	25.3	29.3
EPS Grw. (%)	7.3	20.8	15.9
BVPS	85.9	95.1	105.4
RoE (%)	26.0	27.9	29.2
Div. Payout (%)	57.4	55.4	56.3
Valuations			
P/E (x)	45.4	37.5	32.4
P/BV (x)	11.1	10.0	9.0
Div. Yield (%)	1.3	1.5	1.7

Shareholding Pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	22.8	22.9	22.9
DII	27.3	25.2	23.7
FII	20.7	26.3	27.8
Others	29.2	25.7	25.6

FII includes depository receipts

CMP: INR949 TP: INR1,150 (+21%) Upgrade to Buy

Revenue in line; operating efficiency fuels PAT beat

- **KFin Technologies' (KFin) operating revenue grew 30% YoY/3% QoQ to INR3.6b in 1QFY27 (in line). Revenue from domestic MF solutions grew 7% YoY (in line), while issuer solutions grew 8% YoY (5% beat). International solutions witnessed a 182% YoY growth (in line) due to Ascent's contribution.**
- **Total operating expenses grew 46% YoY/7 QoQ to INR2.3b (in line), with employee expenses growing 44% YoY to INR1.6b and other expenses growing 52% YoY to INR738m. EBITDA grew 7% YoY but declined 5% QoQ to INR1.2b, with an EBITDA margin of 34.2% vs. 41.5% in 1QFY26 (MOFSLe of 32.6%).**
- **KFin posted a net profit of INR752m, down 3% YoY/7% QoQ (7% beat due to operating efficiency) in 1QFY27, with a PAT margin of 21.1% (vs. 28.2% in 1QFY26).**
- **Management's FY27 guidance implies 18-20% revenue growth despite a subdued market environment, supported by the ongoing cost optimization initiatives. For FY27, KFin's EBITDA and PAT are likely to grow 17-20% and 12-15%, respectively. Consolidated EBITDA margin (including Ascent) to exceed 40% by the end of FY26, with Ascent turning EBITDA-accretive by FY26-end/early-FY27 and achieving full-margin convergence over the next 3–5 years.**
- **We maintain our FY27/FY28 earnings estimates, based on KFin's 1QFY27 performance, and we expect the company to deliver a revenue/EBITDA/PAT CAGR of 22%/22%/18% over FY26-28E. We upgrade the stock to a BUY, as we expect 1) continued momentum in the domestic MF business, 2) a robust pipeline for the issuer solutions business, and 3) gradually improving margins of the international business, which would result in consolidated margin expansion for KFin. Our one-year TP of INR 1,150 is based on a 39x FY28 EPS multiple.**

MF yield declines, primarily led by a change in asset mix

- KFin's total MF AAUM serviced during the quarter rose 16% YoY/3% QoQ to INR27.3t. Equity AAUM, at 56.8% of total MF AAUM, grew 14% YoY/4% QoQ to ~INR15.5t, reflecting a market share of 32.4% (33.0% in 1QFY26).
- MF revenue growth (7% YoY) was lower than AUM growth (16% YoY), driven by weaker equity MTM gains, slower client decision-making amid geopolitical uncertainties, and higher allocation toward liquid funds.
- MF fee revenue contribution dipped to 55% from 66% in 1QFY26, in line with the guidance of reducing it further to <50% over the next three years.
- MF yields declined to 3.2bp in 1QFY27 (vs. 3.5bp in 1QFY26 and 3.3bp in 4QFY26), primarily due to a shift toward lower-yield liquid funds (~30% of the decline), with the balance reflecting provisions for an upcoming AMC contract renewal, partly offset by a favorable equity mix.
- Issuer Services revenue grew 8% YoY to INR356m, but it remained flat QoQ due to lower corporate actions (~30% contribution in overall revenue). Expects growth to recover on the back of a healthy IPO pipeline, while continuing to focus on SME IPOs to build long-term client relationships.
- The mainboard IPO market share (issue size basis) surged sequentially to 79.2% in 1QFY27 from 58.3% in 4QFY26 despite a fall in the number of IPOs handled (8 vs. 9 in 4QFY26).

- International revenue surged ~192% YoY, including Ascent, and ~32-33% organically, primarily driven by new client wins and expanding wallet share of existing clients rather than market appreciation, highlighting execution strength.
- KFin continues to leverage its technology platform globally while also bringing international product capabilities into India, particularly through GIFT City.
- Ascent revenue increased 32% YoY (guidance to grow at ~25%), led by new client wins and improving AUM growth in the Southeast Asian business, supporting better yields and profitability.
- In the alternates and wealth business, KFin’s AUM grew 28% YoY/19% QoQ, driven by benefits from existing client expansion, transitions, and GIFT City mandates. Its market share stood at 37.3% and is expected to approach ~40% based on the committed wins.
- The NPS business contributes ~15% of EBITDA margins and expects pensions to become one of the highest-margin businesses due to its platform-led operating model. The subscriber growth stood at ~39% vs. ~13% for the industry.
- Total operating expenses grew 46% YoY/7 QoQ to INR2.3b (in line), with employee expenses growing 44% YoY to INR1.6b and other expenses growing 52% YoY to INR738m. The cost-to-income ratio was 65.8% (58.5% in 1QFY26).
- KFin’s other income grew 3% YoY/declined 31% QoQ to INR104m vs. MOFSLe at INR100m.

Key takeaways from the management commentary

- Ascent’s EBITDA margin stood at ~8.4% during the quarter. It targets a double-digit EBITDA margin by the end of FY27.
- Under the international business, the digital asset funds remained affected by weaker cryptocurrency markets; however, new fund launches and client wins continued to offset this pressure. Any recovery in cryptocurrency markets could provide incremental revenue upside through mark-to-market gains.
- Wealth management platform secured three client mandates currently under implementation. Expects to onboard its first bank-led wealth management client, opening a larger addressable market.

Valuation and view

- Structural tailwinds in the MF industry, coupled with increasing diversification into international, issuer solutions, alternates and pension businesses, are expected to drive KFin's long-term growth. Its technology-led, asset-light platform model, improving global fund administration capabilities through Ascent, and continued focus on operational efficiency position the company well to capitalize on opportunities across both Indian and global markets.
- We retain our FY27/FY28 earnings estimates, based on KFin’s 1Q performance, and we project the company to deliver a revenue/EBITDA/PAT CAGR of 22%/22%/18% over FY26–28E. **We upgrade the stock to a BUY, as we expect 1) continued momentum in the domestic MF business, 2) a robust pipeline for the issuer solutions business, and 3) gradually improving margins of the international business, which would result in consolidated margin expansion for KFin. Our one-year TP of INR 1,150 is based on a 39x FY28 EPS multiple.**

Quarterly Performance

(INR m)

Y/E March	FY26				FY27				FY26	FY27E	1Q FY27E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Revenue from Operations	2,741	3,092	3,709	3,473	3,565	4,061	4,441	4,436	13,015	16,503	3,512	1.5	30%	3%
Change YoY (%)	15.4	10.3	27.9	22.9	30.1	31.3	19.7	27.7	19.3	26.8	28.2			
Employee expenses	1,117	1,140	1,476	1,518	1,608	1,640	1,673	1,696	5,251	6,616	1,639	-1.9	44%	6%
Other Expenses	485	595	716	671	738	804	845	796	2,467	3,183	727	1.5	52%	10%
Total Operating Expenses	1,602	1,735	2,193	2,189	2,346	2,444	2,518	2,492	7,718	9,799	2,366	-0.9	46%	7%
Change YoY (%)	16.2	12.7	37.5	36.4	46.4	40.8	14.8	13.9			47.7			
EBITDA	**1,139**	**1,357**	**1,516**	**1,285**	**1,220**	**1,618**	**1,923**	**1,944**	**5,297**	**6,704**	**1,146**	**6.4**	**7%**	**-5%**
Other Income	100	108	66	150	104	112	115	115	424	446	100	3.6	3%	-31%
Depreciation	176	184	233	269	273	333	338	341	863	1,285	285	-4.2	55%	1%
Finance Cost	11	11	12	13	14	13	13	14	47	49	13	6.0	25%	3%
PBT	**1,052**	**1,270**	**1,338**	**1,152**	**1,037**	**1,384**	**1,687**	**1,704**	**4,812**	**5,815**	**948**	**9.3**	**-1%**	**-10%**
Change YoY (%)	14.5	6.3	9.6	0.8	-1.4	9.0	26.1	48.0	7.5	20.9	-9.8			
Tax Provisions	276	336	332	296	282	357	435	426	1,241	1,500	245	15.3	2%	-5%
Net Profit	**773**	**933**	**920**	**811**	**752**	**1,027**	**1,252**	**1,278**	**3,571**	**4,315**	**704**	**6.9**	**-3%**	**-7%**
Change YoY (%)	13.5	4.5	2.0	-4.6	-2.6	10.0	36.1	57.5	7.3	20.8	-8.9			
Key Operating Parameters (%)														
Revenue / AUM (bps)	4.7	4.9	5.6	5.3	5.2	5.7	6.0	5.7	5.1	5.7	5.2	6bp	55bp	-3bp
Opex / AUM (bps)	2.7	2.8	3.3	3.3	3.4	3.4	3.4	3.2	3.0	3.4	3.5	-4bp	70bp	12bp
PBT / AUM (bps)	1.8	2.0	2.0	1.7	1.5	1.9	2.3	2.2	1.9	2.0	1.4	13bp	-28bp	-22bp
PAT / AUM (bps)	1.3	1.5	1.4	1.2	1.1	1.4	1.7	1.7	1.4	1.5	1.0	7bp	-22bp	-13bp
Cost to Operating Income Ratio	58.5	56.1	59.1	63.0	65.8	60.2	56.7	56.2	59.3	59.4	67.4	-158bp	733bp	278bp
EBITDA Margin	41.5	43.9	40.9	37.0	34.2	39.8	43.3	43.8	40.7	40.6	32.6	158bp	-733bp	-278bp
PBT Margin	38.4	41.1	36.1	33.2	29.1	34.1	38.0	38.4	37.0	35.2	27.0	208bp	-930bp	-409bp
Tax Rate	26.3	26.5	24.8	25.7	27.2	25.8	25.8	25.0	25.8	25.8	25.8	140bp	91bp	152bp
PAT Margin	28.2	30.2	24.8	23.4	21.1	25.3	28.2	28.8	27.4	26.1	20.0	106bp	-709bp	-227bp
Opex Mix (%)														
Employee expenses	69.7	65.7	67.3	69.3	68.5	67.1	66.4	68.1	68.0	67.5	69.3	-73bp	-120bp	-80bp
Other Expenses	30.3	34.3	32.7	30.7	31.5	32.9	33.6	31.9	32.0	32.5	30.7	73bp	120bp	80bp

INR b	New estimates		Old Estimates		Change in Estimates	
Y/E March	2027E	2028E	2027E	2028E	2027E	2028E
Revenue	16.5	19.3	16.4	19.2	0%	0%
EBITDA	6.7	7.8	6.7	7.8	0%	0%
PAT	4.3	5.0	4.3	5.0	1%	1%
EPS	25.3	29.3	25.0	29.0	1%	1%
EPS Grw. (%)	20.8	15.9	19.7	15.9		
BVPS	95.1	105.4	94.9	104.9	0%	0%
RoE (%)	27.9	29.2	27.7	29.1	22 bps	16 bps
Div. Payout (%)	55.4	56.3	55.9	56.8		
Valuations						
P/E (x)	37.5	32.4	34.4	29.7		
P/BV (x)	10.0	9.0	9.1	8.2		
Div. Yield (%)	1.5	1.7	1.6	1.9		

Five Star Business Finance

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	FIVESTAR IN
Equity Shares (m)	295
M.Cap.(INRb)/(USDb)	159.5 / 1.7
52-Week Range (INR)	698 / 338
1, 6, 12 Rel. Per (%)	9/10/-18
12M Avg Val (INR M)	916

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	23.9	27.1	32.4
PPoP	16.8	18.4	21.9
PAT	11.0	11.8	14.3
EPS (INR)	37	40.0	48
EPS Growth (%)	2	7	21
BVPS (INR)	250	288	334
Ratios (%)			
NIM	19.4	18.9	18.3
C/I ratio	33.1	35.5	35.5
Credit Costs	1.7	1.8	1.6
RoAA	7.3	6.8	6.7
RoAE	16.1	14.9	15.5
Dividend Payout	5.4	6.2	5.2
Valuation			
P/E (x)	14.5	13.5	11.2
P/BV (x)	2.2	1.9	1.6
Div. Yield (%)	0.4	0.5	0.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	18.6	18.6	21.5
DII	22.4	17.6	9.5
FII	44.0	48.5	58.1
Others	15.1	15.3	10.9

FII Includes depository receipts

CMP: INR540 TP: INR670 (+24%) Buy

Rebuilding momentum; on track for asset quality stabilization

Early delinquencies improved with moderation in 1+ dpd and 30+dpd

- Five Star Business Finance's (FIVESTAR) 1QFY27 PAT grew 2% YoY to INR2.7b (in line). NII grew ~10% YoY to INR6.4b (in line). Other income rose 17% YoY to INR311m (~8% beat).
- Opex grew 21% YoY to INR2.4b (~5% higher than est.). PPoP rose ~5% YoY to INR4.2b (in line). Credit costs stood at INR618m (in line). Annualized credit costs (as a % of AUM) stood at ~1.84% (PQ: ~1.85% and PY: ~1.6%).
- Disbursements rose ~16% YoY/~23% QoQ to ~INR15b and AUM grew 10% YoY/4% QoQ to ~INR137b. Management exuded confidence in achieving ~20% AUM growth in FY27, supported by a pickup in disbursement momentum and improvement in asset quality and collection trends. We model AUM growth of ~21% in FY27 and AUM CAGR of ~23% over FY26-28.
- FIVESTAR shared that slippages during the quarter remained stable despite weak seasonality. However, it expects slippages and NPA levels to decline in subsequent quarters. Collection trends have also been steadily improving and moving closer to pre-stress levels, indicating a gradual improvement in the operating environment. Management has guided for credit costs of 1.7-1.9% in FY27 and ~1.6-1.7% in FY28. We model credit costs of ~1.8% in FY27E.
- FIVESTAR continues to focus on promoting responsible credit behavior, which should strengthen portfolio resilience over the medium term. The ~60bp QoQ improvement in 1+ dpd indicates stabilization in early-bucket delinquencies and, if sustained, should provide management with greater confidence to accelerate business momentum in the coming quarters.
- **We estimate FIVESTAR to deliver a CAGR of ~23%/~14% in AUM/PAT over FY26-28, with FY28E RoA/RoE of 6.7%/15.5%. Reiterate BUY with a revised TP of INR670 (based on 2x Mar'28E BV).**

NIM contracts ~10bp QoQ; incremental CoB declines ~20bp QoQ

- Reported yields declined ~12bp QoQ to 22.5%, while CoB declined ~15bp QoQ to 8.8%, resulting in spreads rising ~5bp QoQ to 13.7%. Reported NIM (as a % of AUM) contracted ~10bp QoQ to ~20%.
- Management expects yields to settle at ~22.25%, with a further 10-15bp moderation possible over the next couple of quarters. Incremental CoF declined ~20bp QoQ to ~8.35%. With incremental CoF remaining below the average cost of liabilities, the company expects a 10-15bp reduction in overall CoF in FY27, assuming no adverse policy changes.
- 1QFY27 RoAUM/RoE stood at 8.1%/14.5%, respectively. Capital adequacy stood at ~51% as of Jun'26.

Early delinquencies improve; PCR on stage 2 declines ~40bp QoQ

- GS3/NS3 rose ~10bp QoQ each to 3.45% and 2.1%, respectively. PCR on stage 3 declined ~125bp QoQ to ~40%. Stage 2 PCR declined ~40bp QoQ to 3.05% (PQ: 3.47% and PY: 5.1%).
- 30+ dpd declined ~30bp QoQ to 12.4%, and 1+dpd declined ~60bp QoQ to 16.7%. Overall collection efficiency and unique customer collection efficiency in 1QFY27 stood at 99.2% and 97.9%, respectively. Slippage ratio remained stable QoQ at 0.7% (PQ: 0.7% and PY: 0.8%).
- Cash proportion in collections declined to ~14% (PQ: ~16% and PY: ~19%).

Highlights from the management commentary

- FIVESTAR does not expect significant benefits from lower write-offs in FY27, given the sizeable 61-90 dpd pool. Write-offs are expected to remain elevated at ~INR2.25-2.4b in FY27.
- Management highlighted that salary revisions and higher performance-linked incentives, amid rising competition, are likely to keep employee costs elevated. As a result, meaningful operating leverage is unlikely in FY27, with benefits expected to start emerging from FY28 onwards.
- The company shared that underlying demand remains healthy, with the recent moderation in growth primarily driven by internal risk-control measures rather than any weakness in demand.

Valuation and view

- FIVESTAR appears on track to regain its mojo with a healthy pick-up in disbursement volumes and AUM growth. Early-stage delinquencies improved meaningfully, driven by a decline in 1+ dpd and 30+ dpd, while slippages and credit costs remained broadly stable sequentially. With the business now on a stronger footing, the company is well-positioned to build from here, supported by healthy underlying demand, strong asset quality, and improving productivity.
- The stock currently trades at 1.9x FY27E P/BV. We estimate FIVESTAR to post a CAGR of ~23%/~14% in AUM/PAT over FY26-28, with an RoA/RoE of 6.7/15.5% in FY28. Reiterate BUY with a revised TP of INR670 (based on 2x Mar'28E BV).

Quarterly Performance (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	7,647	7,731	7,959	7,955	8,076	8,375	8,768	9,217	31,291	34,437	8,145	-1
Interest Expenses	1,873	1,800	1,885	1,814	1,715	1,753	1,879	2,039	7,372	7,386	1,883	-9
Net Interest Income	**5,774**	**5,931**	**6,073**	**6,141**	**6,361**	**6,622**	**6,890**	**7,178**	**23,919**	**27,051**	**6,263**	**2**
YoY Growth (%)	*19.6*	*14.9*	*12.5*	*9.8*	*10.2*	*11.6*	*13.4*	*16.9*	*14.0*	*13.1*	*8.5*	
Other Income	265	334	264	306	311	339	369	415	1,168	1,435	289	8
Total Income	**6,039**	**6,265**	**6,337**	**6,447**	**6,672**	**6,961**	**7,258**	**7,594**	**25,088**	**28,486**	**6,552**	**2**
YoY Growth (%)	*18.1*	*15.4*	*13.2*	*10.3*	*10.5*	*11.1*	*14.5*	*17.8*	*14.1*	*13.5*	*8.5*	
Operating Expenses	2,012	1,936	2,078	2,271	2,435	2,494	2,539	2,658	8,296	10,126	2,319	5
Operating Profit	**4,027**	**4,330**	**4,259**	**4,175**	**4,238**	**4,467**	**4,719**	**4,936**	**16,792**	**18,360**	**4,233**	**0**
YoY Growth (%)	*13.5*	*13.9*	*9.7*	*5.3*	*5.2*	*3.2*	*10.8*	*18.2*	*10.5*	*9.3*	*5.1*	
Provisions & Loan Losses	478	510	571	604	618	638	663	691	2,163	2,611	616	0
Profit before Tax	**3,550**	**3,819**	**3,688**	**3,571**	**3,620**	**3,829**	**4,056**	**4,245**	**14,629**	**15,749**	**3,617**	**0**
Tax Provisions	886	958	918	879	905	950	1,006	1,076	3,641	3,937	897	1
Net Profit	**2,663**	**2,861**	**2,770**	**2,693**	**2,714**	**2,879**	**3,050**	**3,168**	**10,988**	**11,812**	**2,720**	**0**
YoY Growth (%)	6	7	1	-4	2	1	10	18	*2.5*	*7.5*	*2.1*	
Key Parameters (%)												
Yield on loans	25.1	24.4	24.7	24.3	24.0	23.8	23.8	23.7				
Cost of funds	9.5	8.9	9.1	8.8	8.5	8.6	8.5	8.5				
Spread	15.7	15.6	15.6	15.5	15.4	15.3	15.2	15.2				
NIM	19.0	18.8	18.8	18.8	18.9	18.8	18.7	18.4				
Credit cost	1.57	1.61	1.77	1.85	1.84	1.82	1.80	1.78				
Cost to Income Ratio (%)	33.3	30.9	32.8	35.2	36.5	35.8	35.0	35.0				
Tax Rate (%)	25.0	25.1	24.9	24.6	25.0	24.8	24.8	25.4				
Performance ratios (%)												
AUM/Branch (INR m)	162	160.6	155.3	156.7	160							
Balance Sheet Parameters												
AUM (INR B)	124.6	128.5	129.6	132.2	137.2	143.8	151.5	160.0				
Change YoY (%)	20.4	17.6	16.0	11.3	10.1	12.0	16.9	21.0				
Disbursements (INR B)	**12.9**	**12.0**	**9.8**	**12.1**	**15.0**	**16.4**	**17.6**	**19.1**				
Change YoY (%)	-2.1	-4.4	3.8	-16.9	16.0	37.0	80.0	57.5				
Borrowings (INR B)	78.7	83.8	82.0	82.0	78.7	84.9	91.7	100.6				
Change YoY (%)	17.1	21.8	11.4	3.5	-0.1	1.3	11.8	22.7				
Borrowings/Loans (%)	63.2	65.2	63.2	62.0	57.3	59.0	60.5	62.9				
Debt/Equity (x)	1.1	1.1	1.0	1.0	1.0	1.1	1.1	1.2				
Asset Quality (%)												
GS 3 (INR M)	**3,070**	**3,388**	**4,119**	**4,461**	**4,752**							
G3 %	**2.46**	**2.6**	**3.2**	**3.4**	**3.46**							
NS 3 (INR M)	**1,534**	**1,857**	**2,478**	**2,614**	**2,845**							
NS3 %	**1.3**	**1.5**	**1.9**	**2.0**	**2.1**							
PCR (%)	**50.0**	**45.2**	**39.8**	**41.4**	**40.1**							
ECL (%)	**1.9**	**1.9**	**1.8**	**1.8**	**1.8**							
Return Ratios (%)												
ROAUM (Rep)	8.8	0.0	8.5	8.4	8.1							
ROE (Rep)	16.57	0.0	15.8	15.1	14.46							

E: MOFSL Estimates

Zen Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	152.4 / 1.6
52-Week Range (INR)	2024 / 1223
1, 6, 12 Rel. Per (%)	-4/37/-2
12M Avg Val (INR M)	1022

Financials Snapshot (INR b)

Y/E MARCH	FY27E	FY28E	FY29E
Sales	9.9	13.7	17.5
EBITDA	3.6	5.0	6.4
EBITDA Margin (%)	35.9	36.4	36.4
PAT	3.0	4.2	5.3
EPS (INR)	33.6	47.0	58.8
EPS Growth (%)	107.8	40.0	25.1
BV/Share (INR)	235.4	282.4	341.2
Ratios			
Net D/E	-0.6	-0.6	-0.6
RoE (%)	15.4	18.2	18.9
RoCE (%)	15.5	18.3	19.0
Valuations			
P/E (x)	50.3	35.9	28.7
P/BV (x)	7.2	6.0	5.0
EV/EBITDA (x)	39.9	28.1	21.7

Shareholding pattern (%)

As Of	Jun-26	Mar-26	Jun-25
Promoter	48.5	48.5	49.1
DII	10.4	10.1	8.8
FII	6.9	6.4	6.5
Others	34.2	35.0	35.7

FII includes depository receipts

CMP: INR1,690 TP: INR1,600 (-5%) Neutral

Execution to improve from 2HFY27

Zen Technologies (ZEN)'s 1QFY27 result was weaker than our estimates due to lower-than-expected execution and higher other expenses, which affected its EBITDA margin. Orders started flowing in from Jul'26, and we expect further inflows from simulator orders worth ~INR7-8b, followed by anti-drone orders. We also expect the execution ramp-up to be largely visible from 2HFY27 owing to the inflows of FY26. The company is continuously adding new capabilities to widen its portfolio of offerings, and going forward, we also expect subsidiaries to witness an improvement in inflows. We largely maintain our estimates and reiterate our Neutral rating on the stock with a TP of INR1,600 based on 30x Sep'28E earnings. Order inflows and improvement in execution will be the key re-rating drivers for the stock going forward.

A weak set of results

ZEN reported a weak set of results with a miss across revenue, EBITDA, and PAT. Revenue declined 7% YoY to INR1b, missing our estimate by 6%. Gross margins surged to 65.7% (55.1% last year) during the quarter vs. our estimate of 55.0%. However, due to a spike in other expenses, EBITDA margin contracted 690bp YoY to 27.4% vs. our estimate of 28.5%. The absolute EBITDA declined 26% YoY to INR282m (9% below our estimates). Lower execution and margin contraction led to a 21% YoY dip in PAT to INR292m vs. our estimate of INR333m. The standalone order book as of the end of 1QFY27 grew 88% YoY to ~INR11.4b, whereas the consolidated order book stood at INR12.4b, indicating subsidiaries' OB of ~INR1b.

Inflow and execution to pick up in 2HFY27

ZEN's consolidated order book stood at INR12.4b as of Jun'26, comprising INR9.2b of equipment orders and INR3.2b of AMC orders. At the standalone level, the order book stood at INR11.4b, with equipment orders of ~INR8.4b (55% anti-drone, 34% simulator), and AMC of ~INR3b. Post quarter-end, the company secured an additional INR1.8b order from the Ministry of Defence for the upgradation and integration of tank and crew gunnery simulators, taking the executable consolidated order book to ~INR14.2b. The company expects to end FY27 with an order book of around INR25b, after factoring in order execution during the year, supported by a healthy pipeline across simulators and anti-drone systems. Simulator orders worth INR7-8b remain in the pipeline, with additional orders expected over the next few months as government procurement gains momentum. The company also reiterated that the current order book has a typical execution cycle of around 12 months, with execution weighted towards 2HFY27. We expect standalone inflows/revenue to clock a CAGR of 32%/60% over FY26-29.

Gradual expansion in export markets

Management expects exports to become a more meaningful growth driver, supported by rising global defense spending and increasing demand for training simulators and anti-drone solutions. The company is expanding beyond its traditional export markets in the Middle East, Africa, Southeast Asia and CIS countries into North America and Europe, initially through partnerships with established defence contractors before pursuing direct opportunities. The addressable market for the simulator portfolio in the US alone stands at ~USD10b over the next three years, with the company targeting ~USD100m of revenue from the US market by the third year.

Expanding defense capabilities through subsidiaries

Vector Technics, the company's drone propulsion subsidiary, has expanded its manufacturing capacity to approximately 300,000 propulsion units and supplies products to domestic drone manufacturers as well as export customers. Nearly 50% of recent inquiries have originated from overseas markets, including Europe and the US, although industry-wide delays in drone procurement have slowed near-term order inflows. Depending on order conversion, Vector Technics has the potential to generate INR1-3b of annual revenues at current capacity utilization. Separately, ZEN continues to evaluate acquisitions to strengthen its technology portfolio, supported by its debt-free balance sheet, cash balance of around ~INR12.2b, and balance proceeds from the earlier QIP.

Margins affected by cost absorption

The company attributed the lower EBITDA margin during the quarter primarily to negative operating leverage arising from lower revenue absorption of fixed costs, with revenue expected to improve as execution accelerates through the year. Margins were also impacted by the absence of INR77m of provision reversals recorded in 1QFY26, along with higher warranty provisions of INR29m and incremental R&D expenditure of ~INR43m during the quarter. The company reiterated its expectation of achieving a mid-30% EBITDA margin for FY27 as execution scales up over 2QFY27 and 3QFY27.

Broadening solutions across the core and emerging segments

ZEN expects simulators to contribute ~INR20b (50%) of its targeted cumulative revenue of INR40b during FY27-FY28, supported by opportunities across the Army, Navy, and Air Force, including the C-295 flight simulator. Management expects anti-drone procurement to accelerate with fast-track government tenders, while the man-portable anti-drone system remains under armed forces evaluation. Beyond its core businesses, it is also developing an Integrated Smart Border Management System, Hyper-Strike interceptor drones (~20km range), laser-based directed energy weapons, robotics, and autonomous ground vehicles, with these technologies expected to mature over the next 2-3 years and support long-term growth.

Financial outlook

We broadly maintain our estimates and expect revenue/EBITDA/PAT CAGR of 60%/67%/54% over FY26-29E, with an EBITDA margin of ~36% for FY27-29. Subsidiaries' contributions to consolidated numbers are also expected to improve meaningfully over the next two years.

Valuation and view

The stock currently trades at 50.3x/35.9x/28.7x P/E on FY27/28/29E earnings. We **reiterate our Neutral rating on the stock with an unchanged TP of INR1,600, based on 30x Sep'28E earnings.**

Key risks and concerns

Any slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of reduced order inflows and hinder its growth. ZEN is also exposed to foreign currency risk due to its export revenue.

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	**1,111**	**1,247**	**1,162**	**719**	**1,030**	**2,181**	**2,776**	**3,928**	**4,238**	**9,916**	**1,091**	**(6)**
YoY Change (%)	(56.3)	(48.4)	(17.9)	(75.5)	(7.3)	75.0	139.0	446.3	(54.5)	134.0	(1.8)	
Total Expenditure	730	829	636	683	747	1,462	1,846	2,305	2,877	6,360	780	(4)
EBITDA	**380**	**418**	**526**	**36**	**282**	**720**	**930**	**1,624**	**1,360**	**3,556**	**311**	**(9)**
YoY Change (%)	(63.1)	(47.4)	43.2	(96.2)	(25.8)	72.2	76.8	4,427.2	(56.6)	161.4	(18.3)	
Margins (%)	34.3	33.5	45.3	5.0	27.4	33.0	33.5	41.3	32.1	35.9	28.5	
Depreciation	31	33	36	37	47	38	39	32	137	156	37	27
Interest	14	4	10	6	5	8	9	12	34	34	8	(36)
Other Income	199	230	143	200	175	177	177	180	772	709	182	(4)
PBT	**535**	**610**	**624**	**192**	**405**	**851**	**1,060**	**1,759**	**1,961**	**4,075**	**448**	**(9)**
Tax	164	149	145	45	113	218	271	441	502	1,044	115	(1)
Rate (%)	30.6	24.4	23.3	23.2	27.9	25.6	25.6	25.1	25.6	25.6	25.6	
Reported PAT	**371**	**462**	**478**	**147**	**292**	**633**	**788**	**1,318**	**1,459**	**3,031**	**333**	**(12)**
Adj PAT	**371**	**462**	**478**	**147**	**292**	**633**	**788**	**1,318**	**1,459**	**3,031**	**333**	**(12)**
YoY Change (%)	(50.0)	(29.2)	23.8	(82.6)	(21.3)	37.1	64.9	793.6	(44.5)	107.8	(10.3)	
Margins (%)	33.4	37.0	41.2	20.5	28.4	29.0	28.4	33.5	34.4	30.6	30.5	

Prudent Corporate Advisory

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	PRUDENT IN
Equity Shares (m)	41
M.Cap.(INRb)/(USDb)	118.1 / 1.2
52-Week Range (INR)	3160 / 1955
1, 6, 12 Rel. Per (%)	-4/32/2
12M Avg Val (INR M)	100

Financials & Valuations (INRm)

Y/E March	2026	2027E	2028E
Revenues	13,174	15,048	18,190
Opex	10,071	11,279	13,519
PBT	2,980	3,921	4,913
PAT	2,221	2,940	3,685
EPS (INR)	53.6	71.0	89.0
EPS Gr. (%)	13.5	32.4	25.3
BV/Sh. (INR)	213.2	279.7	363.2
Ratios (%)			
EBITDA Margin	23.6	25.0	25.7
PAT margin	16.9	19.5	20.3
RoE	28.6	28.8	27.7
Div. Payout	6.5	6.3	6.2
Valuations			
P/E (x)	53.2	40.2	32.1
P/BV (x)	13.4	10.2	7.9
Div. Yield (%)	0.1	0.2	0.2

Shareholding Pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	55.3	55.3	55.3
DII	23.9	23.6	20.8
FII	14.3	14.9	17.5
Others	6.5	6.2	6.5

FII includes depository receipts

CMP: INR2,851 TP: INR3,260 (+14%) Neutral

Lower operating expenses lead to a PAT beat

- **Prudent Corporate Advisory (Prudent) reported an operating revenue of ~INR3.5b (+18% YoY/-4% QoQ in 1QFY27; in line). Commission and fees income for the quarter rose 18% YoY to ~INR3.4b, of which INR2.9b (+18% YoY) was contributed by the distribution of MF products, while the contribution from distribution of insurance products rose 21% YoY to INR351m.**
- **Operating expenses grew 14% YoY/down 3% QoQ to INR2.6b, with fees and commission expenses rising 10% YoY to INR1.9b, employee expenses increasing 33% YoY, and other expenses growing 22% YoY. EBITDA grew 32% YoY/dipped 4% QoQ to INR891m (8% beat), with an EBITDA margin of 25.6% (vs. 22.9% in 1QFY26 and 23.4%).**
- **PAT grew 44% YoY/26% QoQ to INR748m (20% beat, led by lower operating expenses). PAT margin improved to 21.5%, up from 17.6% in 1QFY26 and 16.4% in 4QFY26.**
- **The recent regulatory changes led to a dip in gross yields by ~2.8bp QoQ to 88bp. Prudent's 1QFY27 margins are likely to represent the new steady state, with yields expected to decline gradually by 1–2bp over the medium term due to competitive pressure on the new business.**
- **We raise our FY27/FY28 earnings estimates by 7%/8%, driven by a lower commission ratio to reflect the recent regulatory changes, partly offset by lower revenue yield assumptions and higher employee costs (in line with management guidance). We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 18%/ 23%/29% over FY26–28. We reiterate our Neutral rating with a TP of INR3,260, based on 37x FY28E EPS.**

Equity AUM rises due to strong SIP flows and the Indus acquisition

- Prudent's QAAUM grew 21% YoY/4% QoQ to INR1.3t in 1QFY27, with Jul'26 trends indicating a strong recovery, taking the AUM to ~INR1.4t.
- Equity AUM (97% of closing AUM) grew 18% YoY/16% QoQ, driven by strong SIP inflows and the contribution from the recent Indus acquisition.
- Monthly SIP flows improved to ~INR12b (vs INR10b YoY), maintaining ~3.6% market share; SIP collection trends remain stable after adjusting for the Mar'26 month-end processing impact.
- Alternative assets (PMS, AIF, and related products) AUM stood at ~INR19b, growing 37% YoY.
- Total insurance premium for the quarter stood at INR1.9b (+34% YoY), led by strong growth across segments, with life insurance premium at INR1.4b (+29% YoY) and general insurance premium at INR547m (+45% YoY).
- Commission and fees income rose 18% YoY to ~INR3.4b, of which INR2.9b (+18% YoY) was led by the distribution of MF products, while insurance products' contribution rose 21% YoY to INR351m.
- MF revenue grew 17.9% YoY, slower than the QAAUM growth of 20.8% due to the impact of regulatory changes implemented from Apr'26.

- The regulatory changes reduced gross yield by 2.8bp QoQ, taking it to 88bp, which is a steady-state assumption going forward.
- Insurance distribution revenue grew 21% YoY, supported by strong growth across both life and general insurance businesses. Fresh life insurance premiums increased 73% YoY, driven by robust growth in participating products (100%) and ULIPs (82%), while general insurance growth was led by a 37% YoY increase in health insurance premiums.
- Revenue from the stockbroking segment increased 12% YoY/19% QoQ at INR56m. Revenue from other financial and non-financial products rose 28% YoY to INR102m, led by strong growth in PMS and bond distribution.
- Other income stood at INR208m vs INR103m in 1QFY26 and negative INR47m in 4QFY26 due to MTM gains on the treasury book.
- Operating expenses grew 14% YoY/declined 3% QoQ to INR2.6b. The CIR (ex-commissions) came in at 19.7% vs. 18.2% in 1QFY26 and 19.1% in 4QFY26.
- Commission & fee expenses rose only 10% YoY/fell 4% QoQ to INR1.9b, primarily due to GST-related regulatory changes and the removal of the 5bp exit load from TER, while other expenses were up 22% YoY/down 20% QoQ to INR269m.
- Employee costs rose 33% YoY/19% QoQ to INR418m mainly due to annual salary revisions, branch expansion, higher headcount, and increased variable pay provisions. Employee cost growth, including ESOP expenses, is expected to remain in the 22–24% range for FY27.

Key takeaways from the management commentary

- Yields on new business remain higher than the existing book, and management expects the 88bp gross yield to sustain going forward.
- Commission expenses grew 9.8% YoY due to GST-related regulatory changes and the removal of the 5bp exit load from TER. The one-time reset is complete, with current gross margins reflecting the new normalized regulatory framework.
- SIF AUM crossed INR5b with ~1,326 certified distributors. Management expects adoption to accelerate following simplified certification norms, with monthly SIF business growing faster than the mutual fund business.

Valuation and view

- Prudent delivered a healthy 1QFY27 performance, with PAT outperforming expectations driven by lower operating expenses despite the impact of recent regulatory changes on yields. Core business momentum remains strong, supported by healthy equity AUM growth, resilient SIP inflows, robust insurance premium growth, and continued traction across alternate products. Management expects the current gross yield of 88bp to represent the new steady state, while operating leverage and a lower commission ratio should support margin expansion over the medium term.
- **We raise our FY27/FY28 earnings estimates by 7%/8%, driven by a lower commission ratio to reflect the recent regulatory changes, partly offset by lower revenue yield assumptions and higher employee costs (in line with management guidance). We expect Prudent to deliver a revenue/EBITDA/PAT CAGR of 18%/ 23%/29% over FY26–28. We reiterate our Neutral rating with a TP of INR3,260, based on 37x FY28E EPS.**

Quarterly performance (INR m)

	FY26				FY27				FY26	FY27E	1QFY27E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE						
Commission and Fees Income	2,910	3,168	3,407	3,579	3,443	3,616	3,762	4,107	13,065	14,928	3,508	-1.9	18%	-4%
Other Operating revenue	28	30	25	27	33	30	31	25	109	119	28	18.3	20%	25%
Revenue from Operations	**2,938**	**3,198**	**3,432**	**3,606**	**3,476**	**3,646**	**3,793**	**4,132**	**13,174**	**15,048**	**3,536**	-1.7	18%	-4%
Change YoY (%)	17.8	11.8	20.4	27.5	18.3	14.0	10.5	14.6	19.4	14.2	20.4			
Operating Expenses	2,265	2,476	2,654	2,676	2,586	2,739	2,843	3,111	10,071	11,279	2,710	-4.6	14%	-3%
Change YoY (%)	18.9	13.9	21.1	24.9	14.2	10.6	7.1	16.3	19.7	12.0	19.6			
EBIDTA	**673**	**722**	**778**	**930**	**891**	**906**	**950**	**1,022**	**3,103**	**3,769**	**826**	**7.8**	32%	-4%
Depreciation	72.5	76.8	80.2	78.7	80.0	81.0	82.0	83.8	308	327	81	-1.2	10%	2%
Finance Cost	6.9	7.3	16.9	16.4	16.8	16.0	16.0	15.4	48	64	16	4.7	143%	2%
Other Income	103	82	95	-47	208	110	115	109	233	543	100	108.3	103%	-545%
PBT	**696**	**719**	**776**	**788**	**1,002**	**919**	**967**	**1,032**	**2,980**	**3,921**	**829**	**20.9**	44%	27%
Change YoY (%)	17.5	3.8	20.3	14.3	44.1	27.8	24.7	30.9	13.7	31.6	19.2			
Tax Provisions	178.1	184.0	199.7	197.1	254.7	229.9	241.9	253.7	759	980	207	22.9	43%	29%
Net Profit	**518**	**535**	**576**	**591**	**748**	**690**	**726**	**778**	**2,221**	**2,940**	**622**	**20.2**	44%	26%
Change YoY (%)	17.1	4.0	19.6	14.5	44.4	28.8	25.9	31.6	13.5	32.4	20.1			
Key Operating Parameters (%)														
EBIDTA Margin	22.9	22.6	22.7	25.8	25.6	24.9	25.1	24.7	23.6	25.0	23.4	225bp	273bp	-17bp
Cost to Income Ratio	18.2	17.9	18.4	19.1	19.7	20.3	20.0	20.1	18.4	20.1	18.8	91bp	154bp	66bp
PBT Margin	23.7	22.5	22.6	21.9	28.8	25.2	25.5	25.0	22.6	26.1	23.5	538bp	515bp	697bp
Tax Rate	25.6	25.6	25.7	25.0	25.4	25.0	25.0	24.6	25.5	25.0	25.0	41bp	-18bp	41bp
PAT Margins	17.6	16.7	16.8	16.4	21.5	18.9	19.1	18.8	16.9	19.5	17.6	391bp	388bp	511bp
MF revenue / QAAUM (bps)	90.3	91.3	92.2	90.0	88.2	88.0	88.0	87.8	91.4	91.4	90.0	-182bp		
Revenue from Operations (INR M)														
Commission and Fees Income														
Distribution of MF Products Trail Revenue	2,489	2,716	2,940	2,879	2,934	3,075	3,197	3,316	11,024	11,469	2,996	-2.1	18%	2%
Distribution of Insurance Products	291	324	336	569	351	395	410	647	1,520	1,580	372	-5.8	21%	-38%
Stock Broking and Allied Services	50	44	44	47	56	50	50	46	185	191	50	12.0	12%	19%
Other Financial and Non-Financial Products	80	83	86	84	102	96	105	98	333	355	90	13.3	28%	21%
Revenue from Operations Mix (%)														
As % of Commission and Fees Income														
Distribution of MF Products- Trail Revenue	84.7	84.9	85.7	79.8	84.4	84.3	84.3	80.2	83.7	76.2	84.7	-32bp	-33bp	456bp
Distribution of Insurance Products	9.9	10.1	9.8	15.8	10.1	10.8	10.8	15.7	11.5	10.5	10.5	-44bp	19bp	-568bp
Stock Broking and Allied Services	1.7	1.4	1.3	1.3	1.6	1.4	1.3	1.1	1.4	1.3	1.4	20bp	-9bp	31bp
Other Financial and Non-Financial Products	2.7	2.6	2.5	2.3	2.9	2.6	2.8	2.4	2.5	2.4	2.5	39bp	21bp	60bp
OpexMix (%)														
Fees and commission	76.4	76.9	76.2	74.3	73.5	0.0	0.0	0.0	75.9	73.2	0.0		-293bp	-83bp
Employees expenses	13.9	13.3	14.4	13.1	16.2	0.0	0.0	0.0	13.7	15.1	0.0		227bp	304bp
Other expenses	9.7	9.8	9.4	12.6	10.4	0.0	0.0	0.0	10.4	11.6	0.0		66bp	-221bp

27 July 2026
1QFY27 Results Update | Sector: Retail

Vedant Fashions

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	MANYAVAR IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	98.9 / 1
52-Week Range (INR)	804 / 329
1, 6, 12 Rel. Per (%)	-1/-13/-45
12M Avg Val (INR M)	143

Financials & Valuations Consol (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	15.0	15.9	16.9
EBITDA	6.5	7.0	7.5
Adj. PAT	3.9	4.3	4.6
EBITDA Margin (%)	43.5	44.0	44.5
Adj. EPS (INR)	16.0	17.7	18.9
EPS Gr. (%)	3.2	10.4	7.2
BV/Sh. (INR)	86.4	95.8	105.6
Ratios			
Net D:E	(0.5)	(0.6)	(0.6)
RoE (%)	18.0	17.9	17.4
RoCE (%)	17.2	17.5	17.1
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	25.3	23.0	21.4
EV/EBITDA (x)	15.4	13.9	12.7
EV/Sales (X)	6.7	6.1	5.6
Div. Yield (%)	2.0	2.2	2.3

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	74.9	74.9	75.0
DII	13.2	12.6	11.1
FII	8.0	8.3	9.9
Others	3.9	4.2	4.1

FII Includes depository receipts

CMP: INR407 TP: INR460 (+13%) Neutral

Resilient quarter, but await sustainable demand recovery

- Vedant Fashions (VFL) delivered a decent 1QFY27 with ~3.4% YoY/~7% YoY growth in customer sales/revenue, despite the lack of weddings for a month due to Adhikmaas.
- Despite a ~125bp YoY gross margin contraction (linked to GST rate changes), reported EBITDA grew 9% YoY (12% beat) and margin expanded ~60bp, aided by robust cost controls.
- Net retail area declined by ~15k sqft as VFL prioritized store closures ahead of the lull period. Management reiterated its focus on improving the quality of retail network and expects to accelerate gross store expansions, alongside the recovery in demand momentum (likely in 2HFY27).
- We fine-tune our FY27-28 estimates and now forecast a ~6-7% CAGR in revenue, EBITDA and PAT over FY26-29E.
- Following a steep correction, VFL now trades at ~25x FY27E EPS, undemanding for a franchise generating ~INR3b annual FCF and ~18% RoE. While valuations have meaningfully reset, VFL's growth has stagnated and profitability has weakened since FY23.
- **Maintain Neutral with a revised TP of INR460, premised on 25x Sep'28E EPS (earlier Jun'28).** We await evidence of a sustainable demand recovery and earnings acceleration before turning constructive on the stock.

Decent beat on our muted expectations

- Customer sales grew 3.4% YoY to INR4.2b despite the lack of weddings for a month due to Adhikmaas, though they remained 16% below 1QFY23 levels.
- SSSG stood at 3.8% (vs. 17.6% in 1QFY26 and ~2.7% in FY26), with equal contributions from price hikes and volume.
- Revenue growth was higher than customer sales growth at ~7% YoY to INR3b (6% ahead), though it remained below 1QFY23 and 1QFY24 levels.
- Network expansion was muted as VFL net closed ~15k sqft, taking the total area to 1.77m sqft (-1% YoY). Store count stood at 651 (-18 QoQ, -33 YoY) as it closed seven domestic EBOs, eight SIS and three international EBOs.
- Gross profit (incl of job charges) grew ~5% YoY to INR1.98b as gross margin (GM) contracted ~125bp YoY to 65.7%.
- Employee expenses declined ~3% YoY, while other expenses remained broadly flat YoY, reflecting continued cost discipline.
- Reported EBITDA stood at INR1.3b, up ~9% YoY (12% beat). EBITDA margin expanded ~60bp YoY to 43.5% (~235bp beat), driven by better growth and operating leverage.
- Depreciation and amortization increased ~6% YoY, while finance costs declined ~8% YoY and other income grew ~15%.
- Reported PAT grew 15% YoY to INR806m (25% beat), aided by higher EBITDA and lower D&A. 1QFY27 PAT was still lower than 1QFY24 and 1QFY23 levels.

Highlights from the management commentary

- **Strategic priorities:** Management's focus remains on improving the quality of retail network and not just store expansion. It expects LFL growth to pick up meaningfully in 2HFY27 and would then follow up with the acceleration in store openings, provided the rentals remain reasonable. Overall, management expects net positive retail area additions in FY27, despite potential 3-4% store closures.
- **SSSG:** Management indicated that pricing and volume contributed equally toward ~3.8% domestic EBO SSSG during 1QFY27, with Mohey and Twamev outperforming the company-level SSSG. For FY27, VFL targets healthy high-single-digit SSSG, driven by rising salience of premium products, ASP increases and higher focus on repeat purchases.
- **Competitive intensity:** Management believes competitive intensity is easing as store closures by 2-3-year-old players now exceed new openings in several key markets. Internal research across major states (8 states) indicates a net decline in competing stores. Management noted that celebration wear remains a tough industry to operate in due to significant pressure of dead-stock, though VFL has an edge with just ~3% dead-stock and superior margins.
- **Wedding calendar:** Management expects the overall wedding calendar in FY27 to be slightly better than FY26. September and October may remain softer due to the delayed festive and thereby weddings, but November to March should witness strong demand (vs. no wedding dates in Jan during FY26).

Valuation and view

- Over the past few years, VFL's sales have stagnated (<3% CAGR since FY23) due to higher competition, subdued demand sentiment in mid-premium categories, and an uneven wedding calendar.
- While the wedding calendar creates quarterly fluctuations, VFL's growth has been structurally weak for the past few years despite a largely stable number of wedding days in FY24 and FY26 (refer: Exhibit 4 and 5).
- We believe rising organized competition in ethnic wear, coupled with a slower-than-expected shift from unorganized to organized in ethnic wear, has been the key headwind for VFL.
- We fine-tune our FY27-28 estimates and now forecast a ~6-7% CAGR in revenue, EBITDA and PAT over FY26-29E.
- Following a steep correction, VFL now trades at ~25x FY27E EPS, undemanding for a franchise generating ~INR3b annual FCF and ~18% RoE. While valuations have meaningfully reset, VFL's growth has stagnated and profitability has weakened since FY23.
- **Maintain Neutral with a revised TP of INR460 (earlier INR440), premised on 25x Sep'28E EPS (earlier Jun'28).** We await evidence of a sustainable demand recovery and earnings acceleration before turning constructive on the stock.

Exhibit 1: Valuation based on Sep'28E P/E

Valuation	Sep'28E
EPS	18.3
PE multiple (x)	25
Target Price (INR)	**460**
CMP (INR)	406
Upside (%)	**13.5%**

Source: MOFSL, Company

Quarterly Earnings Snapshot (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Revenue	**2,812**	**2,632**	**4,917**	**3,994**	**3,014**	**2,578**	**4,939**	**4,444**	**14,355**	**14,975**	**2,843**	**6.0**
YoY Change (%)	17.2	-1.8	-3.8	8.7	7.2	-2.0	0.5	11.3	3.5	4.3		
Total Expenditure	1,606	1,524	2,720	2,206	1,704	1,535	2,797	2,432	8,055	8,468	1,675	1.7
EBITDA	**1,206**	**1,108**	**2,197**	**1,788**	**1,310**	**1,043**	**2,142**	**2,012**	**6,299**	**6,507**	**1,168**	**12.1**
EBITDA margins (%)	**42.9**	**42.1**	**44.7**	**44.8**	**43.5**	**40.4**	**43.4**	**45.3**	**43.9**	**43.5**	**41.1**	
Change YoY (%)	7.0	-9.2	-9.3	7.9	8.6	-5.9	-2.5	12.5	-2.0	3.3		
Depreciation	398	417	442	439	422	435	443	497	1,696	1,798	452	-6.6
Interest	141	150	140	132	130	130	130	130	563	519	142	-9.0
Other Income	258	199	214	263	297	223	240	246	935	1,006	289	2.6
PBT before EO expense	**925**	**740**	**1,829**	**1,481**	**1,055**	**701**	**1,809**	**1,631**	**4,975**	**5,197**	**863**	**22.3**
Tax	222	180	464	338	249	177	455	427	1,204	1,308	217	14.7
Rate (%)	24.1	24.3	25.6	22.8	23.6	25.2	25.2	26.2	24.3	25.2	25.2	-6.2
Reported PAT	**703**	**561**	**1,349**	**1,143**	**806**	**525**	**1,354**	**1,204**	**3,755**	**3,889**	**646**	**24.8**
Adj PAT	**703**	**561**	**1,361**	**1,143**	**806**	**525**	**1,354**	**1,204**	**3,768**	**3,889**	**646**	**24.8**
YoY Change (%)	12	-16	-14	13	15	-6	-1	5	-3	3		

E: MOFSL Estimates

Exhibit 2: Quarterly performance (INR m)

	1QFY26	4QFY26	1QFY27	YoY%	QoQ%	1QFY27E	v/s Est (%)
Total Revenue	**2,812**	**3,994**	**3,014**	**7**	**-25**	**2,843**	**6**
Raw Material cost	777	1,222	886	14	-28	824	7
Gross Profit	**2,035**	**2,772**	**2,128**	**5**	**-23**	**2,018**	**5**
Gross margin (%)	**72.4**	**69.4**	**70.6**	**-176.8**	**120.7**	**71.0**	**-39.5**
Employee Costs	156	157	152	-3	-3	159	-4
Other expenses	673	827	666	-1	-19	692	-4
EBITDA	**1,206**	**1,788**	**1,310**	**9**	**-27**	**1,168**	**12**
EBITDA margin (%)	**42.9**	**44.8**	**43.5**	**58.0**	**-131.0**	**41.1**	**237.4**
Depreciation and amortization	398	439	422	6	-4	452	-7
EBIT	808	1,350	888	10	-34	716	24
EBIT margin (%)	28.7	33.8	29.5	72.4	-432.9	25.2	426.8
Finance Costs	141	132	130	-8	-2	142	-9
Other income	258	263	297	15	13	289	3
Exceptional item			0	NM	NM	0	NM
Profit before Tax	**925**	**1,481**	**1,055**	**14**	**-29**	**863**	**22**
Tax	222	338	249	12	-26	217	15
Tax rate (%)	24.1	22.8	23.6			25.2	-6.2
Profit after Tax	**703**	**1,143**	**806**	**15**	**-29**	**646**	**25**
Adj Profit after Tax	**703**	**1,143**	**806**	**15**	**-29**	**646**	**25**

Source: MOFSL, Company

Operating metrics	1QFY26	4QFY26	1QFY27	YoY%	QoQ%
SSSG (%)	**17.6%**	**4.6%**	**3.8%**		
Retail area (m sqft)	**1.78**	**1.79**	**1.77**	**-1**	**-1**
Total stores	**684**	**669**	**651**	**-5**	**-3**
Net store adds	6	5	-18	NM	NM
EBOs	**530**	**525**	**515**	**-3**	**-2**
Domestic	516	508	501	-3	-1
International	14	17	14	0	-18
SIS	**154**	**144**	**136**	**-12**	**-6**

V-Mart Retail

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	VMART IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	56.9 / 0.6
52-Week Range (INR)	888 / 458
1, 6, 12 Rel. Per (%)	-6/30/-8
12M Avg Val (INR M)	450

Financials & Valuations (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	45.4	53.4	62.0
EBITDA	6.2	7.7	9.3
NP	1.5	2.2	2.9
EBITDA Margin (%)	13.7	14.5	14.9
Adj. EPS (INR)	18.8	28.2	36.7
EPS Gr. (%)	19.7	49.7	30.1
BV/Sh. (INR)	138.7	166.9	203.5
Ratios			
Net D:E	0.8	0.5	0.3
RoE (%)	14.6	18.5	19.8
RoCE (%)	10.7	13.8	15.7
Valuations			
P/E (x)	37.6	25.1	19.3
EV/EBITDA (x)	10.5	8.2	6.6
EV/Sales (x)	1.2	1.0	0.9

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	44.2	44.2	44.2
DII	30.9	31.9	31.5
FII	16.5	16.9	18.3
Others	8.5	7.0	6.0

FII includes depository receipts

CMP: INR715 TP: INR975 (+36%) Buy

Good 1Q; traction strengthening in Unlimited

- VMART delivered another strong quarter, with 1QFY27 revenue rising 23% YoY, driven by 9% blended SSSG. The traction in Unlimited keeps strengthening, with volume growth of ~34% YoY (~30% YoY LTM).
- Despite ~85bp YoY gross margin contraction (60bp YoY increase in inventory provisioning), pre-IND AS EBITDA grew 36% YoY, as margin expanded ~75bp YoY to 7.6% (~10bp beat).
- Management indicated that demand remained resilient with higher footfalls, however inflationary pressures on household budgets and deficient monsoon (so far) remains key monitorables.
- Management has reiterated its guidance of 90 store additions and mid-to high-single-digit SSSG.
- We fine-tune our FY27-28 estimates and build in FY26-29E CAGR of 18%/26%/33% in revenue/pre-Ind AS EBITDA/adjusted PAT, driven by ~14% CAGR in store additions, mid-single-digit SSSG and continued operating leverage with pre-IND AS margin rising to ~7.5% by FY29.
- We **reiterate BUY with a TP of INR975**, premised on 18x Sep'28E EV/pre-Ind AS EBITDA. Despite the recent rally, the stock trades at 14.5x FY28E EV/pre-Ind AS EBITDA, a meaningful discount to VMM (~29x), leaving room for further re-rating as consistent execution sustains.

9% SSSG drives 75bp pre-IND AS EBITDA margin expansion

- 1QFY27 revenue grew 23% YoY (already disclosed) to INR9.7b, driven by 9% blended SSSG and ~16% YoY store additions.
  - SSSG for V-Mart (core) stood at 8% (vs. 4%/12% in 1QFY26/4QFY26), while SSSG for Unlimited came in at 13% (vs. 5%/9% in 1Q/4QFY26).
  - Reported monthly SPSF grew 7% YoY to INR767, with Unlimited delivering ~18% YoY growth to INR710 and V-Mart's SPSF rising ~4% YoY to INR780.
- V-Mart opened 15 new stores (13 in V-Mart (core), two in Unlimited) and closed one store (in V-Mart), bringing the total store count to 591.
- Gross profit grew 20% YoY to INR3.8b (in line), as gross margins contracted ~85bp YoY to 34.5% (in line) due to ~60bp YoY increase in inventory provisioning (at 1.3% of sales).
- Employee expenses grew 17% YoY to INR1.1b due to an increase in minimum wages in several states.
- Other expenses grew ~13% YoY to INR1.03b.
- Resultantly, reported EBITDA stood at INR1.6b (+27% YoY, in line) and margins expanded ~50bp YoY to 14.8% (in line).
- Pre-IND AS EBITDA grew 36% YoY to INR832m (in line), with margins expanding ~75bp YoY to 7.6% (~10bp beat).
- Depreciation increased 24% YoY due to accelerated store additions, while interest cost rose ~9% YoY (8% below our estimate).
- V-Mart's reported PAT stood at INR472m (+41% YoY, in line).

Unlimited outperforms once again with 33% YoY growth; LR losses reduce

- **V-Mart (core):** 1Q revenue grew ~21% YoY to INR9b, driven by 12 net store additions (up 16% YoY) and 8% SSSG. The growth was largely volume-led (up 20% YoY), while ASP inched up ~1.5% YoY. 1Q reported EBITDA grew 21% YoY to INR1.3b, as margin remained stable YoY at 14.4%.
- **Unlimited**: 1Q revenue grew ~33% YoY to INR1.8b, driven by two net store additions in 1Q (up 13.5% YoY) and 13% SSSG. The growth remained volume-led (up 34% YoY) as pricing continued to decline (down ~1% YoY). 1Q reported EBITDA grew 40% YoY to INR343m, as margin expanded ~90bp YoY to 18.6%, as operating leverage offset weaker gross margin.
- **LimeRoad (LR):** Commission income increased ~28% YoY to INR104m (+5% QoQ), while operating loss reduced ~39% YoY to INR29m (vs. INR46m loss YoY).

Operational highlights

- 1QFY26 footfalls grew 40% YoY to 28m; however, conversions moderated to ~39% (vs. 48% YoY).
- Blended 1Q ASP grew 2.3% YoY to INR223, with apparel ASP rising ~1.8% YoY to INR332. Implied volume grew ~20% YoY (20% for V-Mart, 34% in Unlimited).
- Unlimited continued to see lower pricing, with a 1% YoY decline in both overall and apparel ASP (though lower than ~3% YoY dip in 4QFY26).

Key highlights from the management commentary

- **Demand trends:** Demand remained healthy despite a delayed summer season, shorter wedding period and Adhik Maas. Growth was driven by higher footfalls, improved merchandising and ~2-3% higher ASP largely driven by mix.
- **Outlook: 2QFY27 is likely to be a muted quarter due** to the timing shift of Durga Puja to 3QFY27. The company expects demand to recover during the festive quarter, while inflationary pressures on household budget and deficient monsoon (so far) remain key near-term monitorables. VMART has reiterated its guidance of 90 gross store openings and mid- to high-single-digit SSSG.
- **Raw material inflation remains manageable** (up 10% YoY), with higher raw material costs and minimum wages largely offset through sourcing efficiencies, product engineering, vendor negotiations and selective price increases.
- **Inventory productivity** improved, with inventory days declining 8% YoY to 86 and inventory per store reducing 5% YoY **(to INR1.5m)**, driven by fresher assortments, faster replenishment and improved full-price sell-through.

Valuation and view

- The improved productivity of VMART/Unlimited stores and lower losses in LimeRoad have led to an improvement in VMART's overall profitability (pre-IND AS margins up ~180bp YoY to 6.2% in FY26).
- However, VMART still lags value fashion peers on profitability, which provides room for further margin expansion.
- VMART remains a key beneficiary of the unorganized-to-organized retail shift and the massive growth opportunity in value fashion. However, raw material inflation due to the West Asia conflict and its impact on demand/margins remains a key near-term monitorable.
- We fine-tune our FY27-28 estimates and build in FY26-29E CAGR of 18%/26%/33% in revenue/pre-Ind AS EBITDA/adjusted PAT, driven by ~14%

CAGR in store additions, mid-single-digit SSSG and continued operating leverage, with pre-IND AS margin rising to ~7.5% by FY29.

- We **reiterate BUY with a TP of INR975**, based on 18x Sep'28E EV/pre-Ind AS EBITDA. Despite the recent rally, the stock trades at 14.5x FY28E EV/pre-Ind AS EBITDA, a meaningful discount to VMM (~29x), leaving room for further re-rating as consistent execution sustains. VMART remains one of our preferred picks in the retail space.

Consol. Quarterly Earnings (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Revenue	**8,852**	**8,069**	**11,264**	**9,709**	**10,888**	**8,910**	**14,233**	**11,358**	**37,894**	**45,389**	**10,890**	**0**
YoY Change (%)	12.6	22.1	9.7	24.5	23.0	10.4	26.4	17.0	16.5	19.8		
Total Expenditure	7,591	7,354	9,169	8,646	9,282	8,240	11,679	9,978	32,759	39,179	9,287	0
EBITDA	**1,262**	**715**	**2,095**	**1,063**	**1,606**	**670**	**2,554**	**1,379**	**5,135**	**6,210**	**1,603**	**0**
EBITDA Margin (%)	14.3	8.9	18.6	10.9	14.8	7.5	17.9	12.1	13.6	13.7	14.7	
Depreciation	679	711	779	801	840	889	915	976	2,971	3,620	815	3
Interest	182	175	206	192	198	192	226	176	755	793	215	-8
Other Income	29	34	40	47	27	45	52	76	150	200	39	-31
PBT	**429**	**-136**	**1,150**	**116**	**595**	**-365**	**1,465**	**303**	**1,560**	**1,998**	**611**	**-3**
Tax	93	-47	249	13	123	-92	369	103	308	503	154	
Rate (%)	21.8	34.8	22.1	10.0	20.7	25.2	25.2	34.0	19.9	25.2	25.2	
Reported PAT	**336**	**-89**	**880**	**113**	**472**	**-273**	**1,096**	**200**	**1,240**	**1,495**	**457**	**3**
Adj PAT	**336**	**-89**	**896**	**106**	**472**	**-273**	**1,096**	**200**	**1,249**	**1,495**	**457**	**3**
YoY Change (%)	176.8	-84.3	25.0	-286.8	40.5	207.9	22.4	88.5	478.5	19.7		

E: MOFSL Estimates

We ascribe a TP of INR975 based on ~18x pre-IND-AS Sep'28 EV/EBITDA (implying ~10x FY28 EV/reported EBITDA)

	Methodology	Driver (INR m)	Multiple	Fair Value (INR m)	Value/sh (INR)
Pre-IND AS EBITDA	Sep'28E EV/ EBITDA	4,253	18	77,200	973
Less net debt				-205	-3
Total Value				**77,405**	**975**
Shares o/s (m)				79.4	
CMP (INR)					715
Upside (%)					**36**

Quarterly performance

P&L (INR m)	1QFY26	4QFY26	1QFY27	YoY%	QoQ%	1QFY27E	vs. est (%)
Revenue	**8,852**	**9,709**	**10,888**	***23.0***	***12.1***	**10,890**	***0.0***
Raw Material cost	5,729	6,588	7,136	*24.6*	*8.3*	7,134	*0.0*
Gross Profit	**3,124**	**3,121**	**3,752**	***20.1***	***20.2***	**3,756**	***-0.1***
Gross Margin (%)	**35.3**	**32.1**	**34.5**	***-83bps***	***231bps***	**34.5**	***-3bps***
Employee Costs	950	1,005	1,112	*17.1*	*10.6*	1,085	*2.5*
Other Expenses	912	1,053	1,033	*13.2*	*-1.9*	1,067	*-3.2*
EBITDA	**1,262**	**1,063**	**1,606**	***27.3***	***51.1***	**1,603**	***0.2***
EBITDA margin (%)	***14.3***	***10.9***	***14.8***	***50bps***	***381bps***	***14.7***	***4bps***
IND AS Rent	650	738	774	*19.1*	*4.9*	783	*-1.2*
Pre-IND AS EBITDA	**612**	**325**	**832**	***36.0***	***156.3***	**820**	***1.5***
EBITDA margin (%)	***6.9***	***3.3***	***7.6***	***73bps***	***430bps***	***7.5***	***12bps***
Depreciation and amortization	679	801	840	*23.6*	*4.8*	815	*3.0*
EBIT	583	261	767	*31.7*	*NM*	788	*2.7*
EBIT margin (%)	*6.6*	*2.7*	*7.0*	*46bps*	*435bps*	*7.2*	*-19bps*
Finance Costs	182	192	198	*8.7*	*3.0*	215	*-7.9*
Other income	29	47	27	*-9.6*	*-43.9*	39	*-31.5*
Exceptional item	0	-9	0	*0.0*	*0.0*	0	*NM*
Profit before Tax	**429**	**125**	**595**	***38.6***	***374.6***	**611**	***-2.6***
Tax	93	13	123	***31.8***	***877.0***	154	
Tax rate (%)	*21.8*	*10.0*	*20.7*	*-107bps*	*1063bps*	*25.2*	
Profit after Tax	**336**	**113**	**472**	***40.5***	***318.5***	**457**	***3.2***

Source: MOFSL, Company

27 July 2026

Company Update | Sector: EMS

Cyient DLM

BSE Sensex	S&P CNX
76,060	23,767

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	52.8 / 0.6
52-Week Range (INR)	735 / 265
1, 6, 12 Rel. Per (%)	43/95/48
12M Avg Val (INR M)	256

Financials & Valuations (INR m)

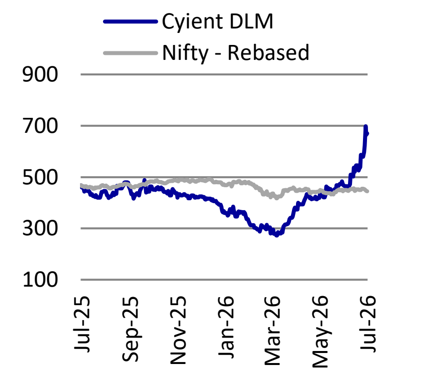
Y/E Mar	FY26	FY27E	FY28E
Sales	12.6	16.4	20.5
EBITDA	1.3	1.9	2.6
PAT	0.6	1.1	1.6
EBITDA (%)	10.3	11.5	12.5
EPS (INR)	7.2	13.5	20.1
EPS Gr. (%)	-22.7	87.2	48.9
BV/Sh. (INR)	127.5	141.0	161.1
Ratios			
Net D/E	-0.0	-0.3	-0.3
RoE (%)	5.8	10.0	13.3
RoCE (%)	7.1	10.6	14.0
Valuations			
P/E (x)	92	49	33
EV/EBITDA (x)	40	26	19

Shareholding pattern (%)

As on	Jun-26	Mar-26	Jun-25
Promoter	52.1	52.1	52.1
DII	29.2	26.7	28.2
FII	0.3	0.8	2.5
Others	18.5	20.4	17.2

Note: FII includes depository receipts

Stock Performance (1-year)



CMP: INR665	TP: INR830 (+25%)	Buy

At the cusp of a growth inflection

Cyient DLM Ltd (CYIENTDL) is an emerging design-led electronics platform serving Aerospace & Defense, Industrial, MedTech, and Automotive end-markets (with AI data centers and robotics segments expected from FY27 onwards), positioned at the intersection of several technology and manufacturing megatrends. As global OEMs increasingly seek integrated partners capable of supporting products from development through commercialization and lifecycle management, CYIENTDL is well placed to capture a larger share of the electronics value chain.

- **CYIENTDL is evolving from a traditional EMS vendor (PCBA+Box-Build) to a Build-to-Spec (B2S mix to increase from 6% in FY26 to double digits by FY28) and a platform-partner model, embedding itself across design, engineering, certification, manufacturing, and lifecycle support. This significantly increases switching costs and extends customer relationships from annual purchase orders to 10-15+ year program partnerships, enabling the company to capture a larger share of value across the electronics product lifecycle.**
- **Aerospace provides the foundation for this transformation, supported by: a) record global aircraft backlogs (of 12 years), b) multi-decade platform lifecycles, c) rising electronics content per aircraft, and d) key B2S wins (such as Deutsche Aircraft's D328eco program and Skydrive's eVTOL project) and platform partnerships (like Boeing 787), which provide long-duration revenue visibility and validate CYIENTDL's ability to participate in high-value, design-led manufacturing programs.**
- **Additionally, a substantial growth opportunity lies beyond Aerospace, with Industrial and Automotive emerging as the next growth pillars. Exposure to semiconductor equipment, AI infrastructure, clean energy, B2B smart metering, and EV electronics (BMS) positions CYIENTDL to benefit from multiple simultaneous, policy-supported capex cycles and the structural increase in electronics content across industrial and mobility platforms.**
- **Further, Altek (US acquisition) significantly strengthens CYIENTDL's growth runway by providing: a) a North American manufacturing footprint, b) International Traffic in Arms Regulations (ITAR)-compliant capabilities, and c) access to high-value Industrial, MedTech, and Defense customers. Beyond revenue addition, the acquisition creates meaningful cross-selling opportunities and enhances CYIENTDL's ability to offer global, dual-region engineering and manufacturing solutions.**
- **Overall, we like CYIENTDL from current levels as the base has normalized following the execution of the large BEL defense order (~32% of FY25 revenue but a low-margin order). Coupled with a strong 1.9x book-to-bill ratio (vs. 1.3x in FY25) and 41% growth in FY26 order inflows, this provides robust growth visibility. We expect CYIENTDL to deliver a CAGR of 27%/40%/67% in Revenue/EBITDA/Adj. PAT over FY26-28 and reiterate our BUY rating with a TP of INR 830, based on 41x FY28E EPS.**

Business model transformation

- CYIENTDL's transformation extends beyond the shift from pure EMS to B2S. The company is evolving from a project-based manufacturer to a platform supplier participating across the entire product lifecycle (Product Design → Engineering → Qualification → Manufacturing → Lifecycle Support). The significance lies in transitioning from annual purchase orders to decade-long production programs, a model followed by global aerospace and industrial electronics suppliers (such as Plexus Corp and Sanmina).

- The company's SET (Strengthen-Expand-Transform) framework closely mirrors the evolution path adopted by global aerospace suppliers. The first phase focuses on deepening core OEM relationships (by FY26-27), followed by expansion into automotive, defense, robotics and AI-led opportunities through M&A and integration (by FY27-29). The final phase involves transitioning to a product- and platform-led model (by FY27-32) (Refer to Exhibit 5).
- The key evidence of this transition is the increasing contribution from B2S programs. **While B2S contributed ~6% of FY26 revenue, we expect double-digit contribution by FY28.** More importantly, several programs are still in the development stage and are likely to contribute materially after 2 years down the line, indicating healthy visibility of the growth pipeline.
- Unlike traditional EMS contracts, where customers can easily switch suppliers, B2S engagements embed CYIENTDL into product architecture, validation, and certification processes. In aerospace and industrial electronics, **this often results in supplier relationships lasting for an entire platform lifecycle of 10-15 years** (Refer to Exhibit 1).
- The company's recent engineering investments, dedicated testing infrastructure, and B2S labs indicate that management is strategically positioning CYIENTDL to capture a larger share of the growing electronics manufacturing market.
- Our research also indicates that **platform-based OEMs globally seek fewer, but more capable, partners that can provide integrated design-to-manufacturing solutions.**
- **We believe the successful execution of this transformation could gradually shift CYIENTDL's margin profile from the current 9-11% to 13-14%.**

Aerospace: Long-duration programs create a decade of revenue visibility

- Aerospace remains the core of CYIENTDL's business model (38% of revenue in FY26), a segment defined by exceptionally long qualification cycles, high switching costs, and platform lifecycles that often exceed ~15 years, making revenue visibility structurally superior to most other EMS end-markets.
- For instance, in Jul'24, CYIENTDL secured a production contract for Battery Diode Modules (BDMs) on the Boeing 787 platform, marking its entry into Boeing's power electronics supply chain with scope spanning production, design, and certification support. The 787 is expected to remain Boeing's core wide-body platform for at least the next decade, as the next-generation 777X is yet to commercialize at scale. **Consequently, this program offers ~20 years of revenue visibility** (Refer to Exhibit 6).
- CYIENTDL followed this up in Feb'25 by winning a separate production contract with Boeing Global Services for precision-machined parts and assemblies—evidence that the relationship is broadening beyond a single component into a multi-program aerospace OEM relationship.
- Moreover, the global commercial aerospace industry is sitting on a historically large backlog. **As of Apr'26, the combined Airbus-Boeing backlog stood at a record ~16,683 aircraft, equivalent to more than ~12 years** of work for the aerospace supply chain (ADS data in Apr'26). The persistence of this multi-year backlog underpins multi-year demand visibility.
- To capitalize on this backlog and the underserved 30-80 seat regional segment, Deutsche Aircraft is reviving itself through the D328eco. Cyient Group's

relationship with the program has deepened steadily and sequentially: rear fuselage DFM design (Mar'24) → technical publication/documentation for the aircraft's full lifecycle (Jan'25) → CYIENTDL wins design, development, and manufacturing of the Cabin Management System - CSM (Apr'25), one of Deutsche Aircraft's first electronics programs to be designed and manufactured entirely in India.

- This is a classic B2S relationship, from structural design to owning an entire electronics sub-system.

D328eco

- While the D328eco is targeted to enter service in CY27, Deutsche Aircraft has indicated a validated global sales pipeline of nearly 600 aircraft, including around 150 aircraft backed by Letters of Intent. **As a provider of design-led manufacturing support for avionics and electronic systems, CYIENTDL is well-positioned to benefit from long-term production and aftermarket revenue streams as the platform scales successfully.**
- The opportunity for CYIENTDL extends beyond rising aircraft production to the **increasing electronics, computing, and connectivity content per aerospace platform** (Refer to Exhibit 7).
- For instance, avionics were historically supplied as standalone Line Replaceable Units (LRUs). However, new platforms increasingly require cloud-connected avionics, real-time data transmission, onboard computing, cybersecurity, health monitoring, and software-defined functionality. CYIENTDL itself highlights winning a multi-year 'next-generation cloud-connected avionics suite'.

SkvDrive eVTOL

- Further, **CYIENTDL has gained exposure to the fast-growing eVTOL market**, which, according to market.us, is projected to expand from ~USD3.2b in CY25 to ~USD39b by CY33 (37% CAGR). Following its partnership with SkyDrive in Jan'24, CYIENTDL added a Japanese eVTOL company as a strategic customer in 2QFY26. The program is expected to provide ~9 years of lifecycle visibility, enabling long-term participation in the emerging urban air mobility market.
- **Aerospace combines three powerful structural drivers for CYIENTDL: a) multi-year aircraft production backlogs, b) long platform lifecycles that enhance revenue visibility, and c) rising electronics content per aircraft. The addition of D328eco and eVTOL programs further expands the company's participation in future aerospace growth platforms.**

Large opportunity may exist outside aerospace

- **Industrial is increasingly emerging as the company's next major growth pillar**, supported by multiple concurrent capex cycles across semiconductors, energy transition, AI infrastructure and factory automation.
- CYIENTDL has commenced series production for a **semiconductor equipment** customer, supplying power-control systems, with program revenue expected to ramp up in FY27. This is strategically important as semiconductor equipment spending is entering a multi-year upcycle, driven by supply-chain localization and technology sovereignty initiatives along with semiconductor demand cycles.
  - Tailwinds also remain robust, with SEMI expecting 18 new semiconductor fabs to begin construction in CY25 across the US, Europe, Japan, and Asia. Global wafer-fab equipment spending is projected to increase from ~USD110b in CY25

to ~USD130b in CY26, supporting sustained demand for semiconductor manufacturing equipment and related electronics subsystems.

- Additionally, the US CHIPS Act (USD52b), European Chips Act (EUR43b), Japan's semiconductor revitalization programs, and India's semiconductor mission collectively represent one of the largest industrial-policy-led manufacturing investment cycles globally. As every new fab requires power-management, control, and automation systems, CYIENTDL is well positioned to benefit through its semiconductor equipment programs.

- **Further, smart metering (Box Build B2B) could emerge as another meaningful growth driver from FY28.** India's RDSS program targets deployment of 203.3m smart meters by Mar'28, which is one of the largest utility digitization opportunities. B2B model avoids exposure to working-capital-intensive project execution and utility collection risks, while enabling the company to benefit from the same smart-meter theme.
- CYIENTDL has expanded into two new growth segments: AI data centers and robotics. The company is **leveraging its power electronics, inverter, and converter capabilities to capitalize on opportunities in clean energy and AI infrastructure.** This strategy is well aligned with the global energy transition, with the International Energy Agency (IEA) estimating clean-energy investments of ~USD2.2t in CY25, more than double investments in fossil fuels, supporting sustained long-term demand for power management and energy conversion solutions.

- The appointment of a dedicated executive for AI infra and data centers highlights management's focus on the AI capex opportunity. As data centers require significant investments in power management, electrical conversion, thermal control, and monitoring systems, CYIENTDL is well-positioned to benefit from the multi-year AI infrastructure buildout.

- **Automotive** segment appears to be approaching an inflection point following IATF certification and the commencement of series production. We believe the opportunity is driven less by vehicle volume growth and more by rising electronics content per vehicle, particularly in EVs where the company has built capabilities in BMS, charging systems, and power electronics.

- Additionally, EV adoption is expected to drive sustained growth in the BMS and charging ecosystem, both of which are relatively higher-margin segments. With electronics content in EVs estimated to be 2-3x that of ICE vehicles, automotive electronics is expected to grow structurally faster than overall vehicle production, creating a favorable long-term opportunity.

- **We believe Industrial and Automotive are emerging as CYIENTDL's next growth pillars, supported by: a) ongoing capex cycles across semiconductors, AI data centers, clean energy, and smart metering, b) strong policy-led and technology-driven demand visibility, and c) rising electronics content in industrial equipment and auto. With several programs already entering production, both segments are well positioned to become meaningful growth drivers beyond Aerospace.**

Altek: Enabler of geographic expansion and cross-selling opportunities

- We believe Altek could be a transformational acquisition, providing: a) an immediate North American manufacturing footprint, b) ITAR-compliant capabilities, and c) access to high-entry-barrier Industrial, MedTech, and Defense customers. The strategic significance is further amplified by the fact that **North America accounts for ~40% of the global EMS market**, while defense and medical electronics typically carry higher qualification barriers, longer product lifecycles, and deeper customer stickiness.
- In FY26, **Altek delivered 425% YoY growth in Industrial revenue and 142% YoY in MedTech revenue**, underscoring strong momentum in end markets while also indicating market share gains from peers.
- **This also creates meaningful cross-selling opportunities**, with one existing CYIENTDL customer already placing orders through Altek and one Altek customer awarding business to CYIENTDL. This demonstrates the broader opportunity to increase wallet share by combining Altek's North American customer base and ITAR-compliant manufacturing capabilities with CYIENTDL's engineering expertise and cost-efficient Indian manufacturing platform.
- **As customers increasingly seek dual-region manufacturing and supply-chain redundancy, the combined platform materially enhances CYIENTDL's competitiveness across Industrial, Aerospace, Defense, Automotive, and MedTech verticals, making Altek a potentially powerful long-term growth engine.**

Valuation and view

- CYIENTDL's growth in FY26 was impacted by the execution of the large but low-margin BEL defense order (32% mix of FY25 revenue). With this order now executed, the base has been normalized. Meanwhile, the company ended FY26 on a strong footing, with its order book increasing 27% YoY to INR24.2b and the book-to-bill ratio improving to ~1.9x (vs. 1.25x in FY25), providing healthy revenue visibility and laying the foundation for the next phase of growth.
- We believe the company's growth trajectory will remain strong, backed by: 1) increasing contribution from higher-value B2S programs (double-digit contribution by FY28E); 2) a robust order pipeline reflected in a 41% growth in FY26 order inflows and a strong 1.9x book-to-bill ratio repeat above; 3) the ramp-up of marquee aerospace platforms and new program wins (such as D328eco, Thales, Honeywell); 4) growing exposure to industrial, AI infrastructure, semiconductor equipment, clean energy, and automotive electronics; and 5) enhanced customer access and cross-selling opportunities through the Altek acquisition.
- We expect CYIENTDL to deliver a CAGR of 27%/40%/67% in revenue/EBITDA/Adj. PAT over FY26-28 and **reiterate our BUY rating with a TP of INR 830, based on 41x FY28E EPS.**

27 July 2026

1QFY27 Result Update | Sector: NBFCs

Northern Arc Capital

Estimate change	↑
TP change	↑
Rating change	↔

Stock Info

Bloomberg	NORTHARC IN
Equity Shares (m)	162
M.Cap.(INRb)/(USDb)	48.5 / 0.5
52-Week Range (INR)	334 / 206
1, 6, 12 Rel. Per (%)	4/20/22
12M Avg Val (INR M)	208
Free float (%)	100.0

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	15.4	20.9	25.1
PPP	9.6	12.4	15.1
PAT	4.0	5.6	7.2
EPS (INR)	25.0	34.9	44.7
EPS Gr. (%)	34	40	28
BV/Sh. (INR)	241	276	321
Ratios (%)			
NIM	10.7	11.9	11.8
C/I ratio	47.0	47.6	46.7
RoA	2.7	3.0	3.2
RoE	11.0	13.5	15.0
Valuation			
P/E (x)	12.0	8.6	6.7
P/BV (x)	1.2	1.1	0.9
Div. Yield (%)	0.0	0.0	0.0

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	0.0	0.0	0.0
DII	9.4	10.9	6.9
FII	4.9	3.8	9.2
Others	85.7	85.4	84.0

FII includes depository receipts

CMP: INR300 **TP: INR395 (+32%)** **Buy**

Steady quarter; D2C momentum strengthens growth outlook

Lending AUM grew ~26% YoY; D2C AUM in the mix improved to ~64%

- Northern Arc's (NACL) 1QFY27 PAT grew ~46% YoY to ~INR1.14b (~11% beat). NII rose ~45% YoY to ~INR4.9b (11% beat). Other income declined ~42% YoY to ~INR287m (PQ: ~INR649m) due to lower assignment income of INR69m (PQ: INR403m). Opex rose ~41% YoY to ~INR2.6b (10% higher than est).
- PPOP grew ~27% YoY to INR2.6b (7% beat). Credit costs stood at ~INR1.1b (in line). This translated into annualized credit costs of ~2.8% for 1QFY27 (PY: 3.2%).
- NACL expects RoA to improve gradually toward ~3% by Mar'27, driven by improving margins, higher contribution from fee-based businesses and operating leverage. The continued scaling of the D2C franchise (currently ~64% of lending AUM), along with growth in fee-generating businesses such as placements and fund management, is expected to enhance profitability and earnings quality, with fee income likely to contribute ~75-100bp to revenue over time. Further, disciplined cost management, despite continued investments in branch expansion, sales capacity and technology, is expected to support operating leverage as the business scales.
- NIM is expected to improve progressively to ~9.5% in the near term and approach ~10% by the end of FY27, supported by a favorable business mix and stable funding profile. The company's diversified borrowing base and comfortable liquidity position are expected to provide resilience on funding costs, helping offset modest increase in MCLR from banks and support margin expansion.
- NACL remains focused on building a scalable, granular retail lending franchise, with growth increasingly driven by the expansion of its D2C platform, a strengthening fee-based ecosystem and stability provided by its IR lending business. The evolving portfolio mix, supported by higher-yielding retail assets and growth in fee-generating businesses, is expected to drive gradual improvement in profitability and return ratios. The company remains well positioned to achieve its targeted ~3% RoA in FY27E while sustaining healthy AUM growth.
- NACL trades at 1.1x FY27E P/BV. We model an AUM/ PAT CAGR of ~21%/34% over FY26-28E, with RoA/RoE of ~3.2%/15% in FY28E. Reiterate our BUY rating with a TP of INR395, based on 1.2x FY28E P/BV.

Lending AUM grew 26% YoY; credit solutions business muted in 1Q

- Lending AUM grew 26% YoY/1.6% QoQ to INR169b. D2C AUM in the mix improved to ~64% in Jun'26 (vs ~59% in Mar'26). MSME AUM rose ~40% YoY, Consumer AUM grew ~66% YoY and Rural AUM grew ~26% YoY.
- Fund AUM declined 6% YoY/ 3% QoQ to ~INR29.9b, while the placement volumes declined to INR16b (PY: INR28b) amid geopolitical tensions.

- NACL plans to expand its Credit Solutions business in a calibrated manner while maintaining profitability and expects improving traction in placement volumes across MFI, MSME and Consumer Finance.
- The company has 30 active digital partners and 373 originator partners. The branch network has grown to 430 branches (90 for MSME and 340 for Rural). We expect NACL to deliver AUM CAGR of ~21% over FY26-28E, largely supported by strong D2C growth.

Margins to improve with rising share of D2C in the loan mix

- NIM (calc.) in 1QFY27 improved ~65bp QoQ to ~12.3%. CoB (calc.) increased by ~25bp QoQ to ~8.4% and yields improved ~80bp QoQ to ~18.8%.
- We expect NACL to deliver NIM (as % of on-book AUM) in the range of ~11.8-11.9% over FY27-28E.

Asset quality remains resilient; portfolio performance stays healthy

- Total GNPA/NNPA improved to ~1%/0.5% (PQ: 1.2%/0.6%). (Intermediate Retail GNPA: 0.8%, MSME GNPA: 2.6%, Consumer GNPA: 0.2% and Rural GNPA: 0.02%).
- Portfolio quality remains healthy, with collection efficiency at ~99.6% and no incremental Stage 3 additions in the Intermediate Retail (IR) business. Management highlighted that the decline in IR business during 1QFY27 was seasonal and not reflective of any asset quality weakness. We expect NACL to deliver credit costs of ~2.7%/~2.5% in FY27E/FY28E.

Highlights from management commentary

- NACL continues to diversify its borrowing profile, with ~27% of borrowings sourced offshore and ~73% from domestic sources.
- NACL received SEBI approval to launch two new funds, a diversified debt fund and a Savings Plus Fund, which provides strong visibility for future growth. As the AUM of these funds increases, the company expects a meaningful improvement in fee income.

Valuation and View

- NACL delivered a steady 1QFY27 performance, supported by healthy growth across key operating parameters. Management remains confident of improving this momentum going forward in FY27, aided by the recovery in the MFI segment and continued growth across MSME and Consumer Finance businesses. The company is also focused on scaling the Credit Solutions business, which is expected to strengthen its fee income franchise, while continued emphasis on asset quality and prudent risk management provides a strong foundation for sustainable long-term growth.
- NACL trades at 1.1x FY27E P/BV. We model an AUM/ PAT CAGR of ~21%/34% over FY26-28E, with RoA/RoE of ~3.2%/15% in FY28E. Reiterate our BUY rating with a TP of INR395, based on 1.2x FY28E P/BV.

Quarterly performance INR m

Particulars	FY26				FY27E				FY26	FY27E	1Q FY27E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	5,580	5,656	6,287	6,802	7,541	7,843	8,196	8,706	24,326	32,286	7,020	7
Interest expense	2,163	2,082	2,312	2,391	2,598	2,728	2,925	3,166	8,948	11,418	2,582	1
Net interest income	**3,417**	**3,574**	**3,975**	**4,411**	**4,943**	**5,115**	**5,271**	**5,540**	**15,377**	**20,869**	**4,438**	**11**
Growth YoY (%)	*0.6*	*2.8*	*28.4*	*25.8*	*44.7*	*43.1*	*32.6*	*25.6*	*14.1*	*35.7*	*29.9*	
Other operating income	497	631	956	649	287	526	778	1,137	1,703	1,600	381	-25
Net total income	**3,914**	**4,205**	**4,931**	**5,060**	**5,230**	**5,641**	**6,050**	**6,677**	**18,055**	**23,597**	**4,818**	**9**
Growth YoY (%)	*4.9*	*10.5*	*34.4*	*24.4*	*33.6*	*34.2*	*22.7*	*32.0*	*18.2*	*30.7*	*23.1*	
Operating expenses	1,845	2,042	2,291	2,371	2,601	2,706	2,873	3,105	8,495	11,223	2,356	10
Operating profits	**2,068**	**2,163**	**2,640**	**2,690**	**2,629**	**2,935**	**3,177**	**3,572**	**9,560**	**12,374**	**2,463**	**7**
Growth YoY (%)	*18.0*	*1.8*	*50.0*	*17.4*	*27.1*	*35.7*	*20.3*	*32.8*	*20.6*	*29.4*	*19.1*	
Provisions	1,022	924	1,300	872	1,103	1,209	1,275	1,326	4,119	4,914	1,100	0
Share of loss from associates	-3	-28	7	-62	3	0	0	0			0	
Profit before tax	**1,044**	**1,210**	**1,347**	**1,756**	**1,529**	**1,726**	**1,902**	**2,245**	**5,356**	**7,461**	**1,362**	**12**
Tax expenses	261	300	330	429	388	423	466	551	1,320	1,828	334	16
Net profit	**782**	**910**	**1,017**	**1,327**	**1,141**	**1,303**	**1,436**	**1,695**	**4,036**	**5,633**	**1,029**	**11**
Growth YoY (%)	*-16.4*	*-5.4*	*39.0*	*245.7*	*45.8*	*43.3*	*41.2*	*27.8*	*33.9*	*39.6*	*31.4*	
Key Parameters (%)												
Yields on on-book AUM	17.5	17.3	18.0	18.0	18.8	19.0	18.9	18.8				
Cost of funds	9.0	8.4	8.6	8.2	8.4	8.5	8.5	8.6				
Spread	8.6	8.9	9.4	9.9	10.4	10.5	10.4	10.2				
NIMs	10.7	11.0	11.4	11.7	12.3	12.4	12.2	12.0				
Credit cost on loans	3.2	2.8	3.7	2.3	2.8	2.9	2.9	2.9				
Cost to Income Ratio (%)	47.1	48.6	46.5	46.8	49.7	48.0	47.5	46.5				
Tax Rate (%)	25.0	24.8	24.5	24.4	25.4	24.5	24.5	24.5				
Balance Sheet Parameters												
AUM (INR B)	**134**	**142**	**151**	**166**	**169**	**177**	**187**	**203**				
Change YoY (%)	12.5	15.1	23.4	21.7	26.2	24.9	24.0	22.1				
Loans (INR B)	**126**	**136**	**144**	**159**	**162**	**168**	**178**	**193**				
% of AUM	94.0	95.7	95.0	95.5	96.1	95.2	95.1	95.0				
Asset Quality (%)												
GS 3 (INR M)	**1,510**	**1,630**	**2,050**	**1,940**	**1,620**							
G3 %	1.1	1.2	1.4	1.2	1.0							
NS 3 (INR M)	752	**784**	**1,049**	**1,077**	832							
NS3 %	0.6	0.6	0.7	0.6	0.5							
PCR (%)	**50.2**	51.9	48.8	44.5	**48.6**							
ECL (%)	3.3	3.1	3.0	2.5	2.7							
Return Ratios - YTD (%)												
ROA (Rep)	2.4	2.6	2.7	3.3	2.7							
ROE (Rep)	9.3	10.1	10.7	14.0	11.5							

E: MOFSL Estimates

Tata Power

BSE SENSEX	S&P CNX
76,836	23,996

CMP: INR377 — Buy

Coal and solar cell manufacturing drive beat

Financial Highlights

- TPWR's consolidated revenue was 4% above our estimate at INR190.5b (+6% YoY, +28% QoQ).
- EBITDA came in at INR40.1b (-3% YoY, +54% QoQ), 6% above our estimate.
- Adj PAT beat our estimate by 9%, reaching INR11.8b (+11% YoY, +10% QoQ).
- The strong results were driven by robust performance in the solar cell and module manufacturing business, along with the Indonesian coal mining business.
- Solar cell and module revenue/EBITDA grew to INR24.6b/INR6.2b (+53%/+113% YoY), aided by better realizations and higher external sales (over 63% of modules and 50% of cells sold to third parties).
- Profit from JV & Associates stood at INR2.4b (+86% YoY), mainly led by the Indonesian coal mining business.

Other Highlights

- Operational capacity stood at 16.8GW by end-1QFY27, with 0.2GW of capacity commissioned during the quarter (FY27 target- 2.5GW).
- During 1QFY27, the Mundra plant continued to operate under Section 11, with the terms of the SPPA signed with GUVNL extended till Sep'26.
- Module/cell production stood at 1.0GW/0.9GW (+5%, -4% YoY).
- Revenue/EBITDA from the solar EPC and rooftop business declined 22%/48% YoY to INR17b/INR1.4b due to lower billing in the third-party EPC business.
- TPWR recorded capex of INR53.8b in 1QFY27.

Conference Call Details

Date: 28 July 2026
Time: 11:00 HRS IST
Dial in:
+91 22 6280 1285
+91 22 7115 8186

Valuation summary

Y/E March	FY26	FY27E	FY28E
Sales	624.3	780.9	869.6
EBITDA	131.0	171.4	210.4
Adj. PAT	38.2	49.4	64.2
EPS (INR)	11.9	15.5	20.1
EPS Gr.%	-11.1	29.5	30.0
BV/Sh. (INR)	123.5	136.2	153.3
Ratios			
Net D:E	1.2	1.2	1.2
RoE (%)	10.1	11.9	13.9
RoCE (%)	6.5	8.1	8.9
Payout (%)	20.9	17.8	14.9
Valuation			
P/E (x)	31.6	24.4	18.8
P/B (x)	3.1	2.8	2.5
EV/EBITDA (x)	14.1	11.3	9.7
Div. yield (%)	0.7	0.7	0.8

Consolidated performance (INRb)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	%	%
Net Sales	180.4	155.4	139.5	149.0	190.5	201.0	192.8	196.6	624.3	780.9	183.5	3.8	5.6	27.9
YoY Change (%)	4.3	-1.0	-9.4	-12.8	5.6	29.3	38.2	32.0			1.8			
EBITDA	41.4	33.0	30.5	26.0	40.1	44.1	44.2	42.9	131.0	171.4	38.0	5.6	-3.0	54.4
EBITDA Margin	22.9%	21.2%	21.9%	17.4%	21.1%	22.0%	23.0%	21.8%	21.0%	22.0%	20.7%			
Depreciation	11.6	11.6	12.1	12.8	12.6	12.9	13.0	13.3	48.1	51.8	12.9	-2.1	8.5	-1.6
Interest	12.8	13.2	13.6	13.0	14.1	15.1	15.6	15.4	52.6	60.1	13.2	6.8	10.0	8.6
Other Income	3.6	5.1	3.2	5.6	3.9	5.7	3.6	6.5	17.4	19.8	4.1	-5.5	7.4	-30.1
Rate regulated activity	-5.7	2.2	5.4	10.6	-1.5	0.0	0.0	0.0	12.5	-1.5	0.0			
PBT before EO items	14.9	15.5	13.4	16.4	15.8	21.9	19.3	20.8	60.2	77.8	16.1	-1.6	6.2	-3.6
Extra-ord items	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	0.0	-0.9	0.0	0.0			
PBT	14.9	15.5	13.4	15.5	15.8	21.9	19.3	20.8	59.3	77.8	16.1	-1.6	6.2	2.3
Tax	3.6	4.3	3.5	3.8	4.2	5.1	4.5	4.8	15.2	18.0	3.6	15.7	18.3	10.7
Rate (%)	24.0	28.0	25.8	24.7	26.7	23.2	23.2	23.2	25.6	23.2	22.7			
Share of associates and JV	1.3	1.3	2.0	2.5	2.4	0.5	0.7	-1.1	7.1	2.5	0.5			
Minority Interest	2.0	3.3	4.2	4.2	2.2	3.1	4.0	3.6	13.7	12.9	2.1			
Reported PAT	10.6	9.2	7.7	10.0	11.8	14.2	11.6	11.3	37.5	49.4	10.8	9.0	11.0	18.1
Adj PAT	10.6	9.2	7.7	10.7	11.8	14.2	11.6	11.3	38.2	49.4	10.8	9.0	11.0	10.2

Indus Towers

BSE SENSEX	S&P CNX
76,836	23,996

Conference Call Details

Date: 28th July 2026
Time: 02:30pm IST

Financials & Valuations (INR b)

INR b	FY27E	FY28E	FY29E
Net Sales	339.7	351.9	365.9
EBITDA	186.9	196.4	205.0
Adj. PAT	75.9	80.7	85.5
EBITDA Margin (%)	55.0%	55.8%	56.0%
Adj. EPS (INR)	28.8	30.6	32.4
EPS Gr. (%)	9.5	6.4	5.9
BV/Sh. (INR)	161.6	171.0	177.3
Ratios			
Net D:E	-0.2	-0.2	-0.2
RoE (%)	18.3	18.0	18.2
RoCE (%)	21.0	20.6	20.5
Valuations			
EV/EBITDA (x)	5.1	4.8	4.5
P/E (x)	13.4	12.6	11.9
P/BV (x)	2.4	2.3	2.2
Div. Yield (%)	5.4	6.7	7.8

CMP: INR387 **Neutral**

Slightly weaker 1Q; moderation in capex drives healthy FCF generation

- Indus' 1QFY27 results were slightly weaker than our estimates, with recurring EBITDA (excl. provisions) rising 1% QoQ to INR45b (vs. our est. of INR45.6b), largely due to higher energy under-recoveries and marginally lower ARPT (flat QoQ).
- Operationally, tower and tenancy additions moderated QoQ. Indus' capex moderated ~26% QoQ (in line with tower additions), leading to healthy FCF generation of INR14.4b (vs. ~INR38b in FY26).
- Indus has secured licenses for the three African markets and expects to commence tower rollouts in 2026.

Slightly weaker 1Q due to higher energy under-recoveries and marginally lower ARPT

- Consolidated reported revenue grew 4% QoQ to INR84.3b (+5% YoY, in line).
  - Service revenue came in at INR53.7b (+1.2% QoQ, +5% YoY, vs. our estimate of INR54.4b) as slightly higher tenancy additions were partly offset by slightly lower ARPT (flat QoQ).
  - Energy reimbursements stood at INR30.5b (+10% QoQ, +4% YoY, our est. INR29.8b), likely due to higher diesel prices and seasonality.
- Consolidated reported EBITDA grew ~1% QoQ to INR44.8b (+4% YoY, 2% below our est. INR45.6b).
  - Adjusted service EBITDA at INR44.8b (+1% QoQ, +3% YoY) was slightly weaker than our estimate of INR46.9b, largely due to lower than estimated service rentals.
  - Energy under-recovery was also higher at INR1.4b (vs. our estimate and YoY under-recovery of INR1.25b).
  - Indus reported a bad debt provision of INR233m (vs. INR153m QoQ and reversal of INR0.9b YoY). We did not build in any bad debt provision or reversal for 1QFY27.
- Adjusted for bad debt provisions, recurring EBITDA at INR45b (+1% QoQ, +6% YoY) was slightly weaker than our estimate of INR45.6b.
- Reported PAT at INR17.5b declined ~3% QoQ (+5.5% YoY). Adjusted PAT at INR17.6b also declined 3% QoQ (+6% YoY) and was ~5% below our estimates.

Tower and tenancy additions moderate QoQ; ARPT stable YoY

- Net macro tower adds moderated to 3,097 (vs. 4,898 QoQ, though ahead of our estimate of 2,500); EoP macro tower count stood at ~267.6k.
- Indus' net leaner tower count declined by 20 QoQ (vs. 55 QoQ in 4Q); overall leaner tower count stood at ~14.02k.
- For the ninth successive quarter, net macro tenancy additions were higher than tower adds at 4,236 (though moderated from 6,192 QoQ in 4Q and lower than our estimate of 5k). Indus' total macro tenant count increased to ~432.3k.
- End-period tenancy ratio was stable QoQ at 1.62x, though incremental tenancy ratio remained lower at ~1.37x.
- Reported ARPT was stable QoQ at INR41.1k (flat YoY, our est. INR41.6k).

Other highlights: Healthy FCF generation as capex moderates; net cash increases ~INR15b QoQ

- Indus' receivables were largely stable QoQ at INR49.3b (though INR5.6b higher YoY).
- Capex moderated ~26% QoQ to INR17.2b, in line with the moderation in tower additions.
- Reported adjusted fund from operations (EBITDA net of lease payment and maintenance capex) at INR29.9b rose ~3% QoQ.
- Net debt, including lease liabilities, declined ~INR11.3b QoQ to INR141.5b (vs. ~INR153b as of end-FY26); excluding lease liabilities, the company's net cash increased ~INR14.9b QoQ to ~INR64b (vs. ~INR49.3b net cash as of end-FY26).
- Indus reported healthy 1Q FCF at ~INR14.4b (vs. INR37.6b in FY26).

Indus Towers - quarterly results (INR m)

	1QFY26	4QFY26	1QFY27	QoQ	YoY	1QFY27E	vs. est
Service revenues	**51,102**	**53,060**	**53,716**	**1.2**	**5.1**	**54,380**	**(1.2)**
Energy reimbursements	29,440	27,879	30,540	9.5	3.7	29,798	2.5
Exit / one-off revenue	34	71	55			-	
Reported revenue	**80,576**	**81,010**	**84,311**	**4.1**	**4.6**	**84,178**	**0.2**
Power and fuel	(30,687)	(28,883)	(31,953)	10.6	4.1	(31,048)	2.9
Employee expenses	(2,133)	(2,307)	(2,151)	(6.8)	0.8	(2,240)	(4.0)
Other costs	(5,144)	(5,430)	(5,193)	(4.4)	1.0	(5,261)	(1.3)
Bad debt provision reversals	**883**	**(153)**	**(233)**	**52.3**	**(126.4)**	**-**	
Total operating costs	(37,081)	(36,773)	(39,530)	7.5	6.6	(38,549)	2.5
EBITDA	**43,495**	**44,237**	**44,781**	**1.2**	**3.0**	**45,629**	**(1.9)**
Service EBITDA	**43,825**	**45,323**	**46,372**	**2.3**	**5.8**	**46,879**	**(1.1)**
Energy EBITDA	(1,247)	(1,004)	(1,413)	40.7	13.3	(1,250)	13.0
One-offs (Exit revenue/ provision write-offs)	**917**	**(82)**	**(178)**	**117.1**	**(119.4)**	**-**	
D&A	(17,043)	(18,378)	(18,936)	3.0	11.1	(18,664)	1.5
EBIT	**26,452**	**25,859**	**25,845**	**(0.1)**	**(2.3)**	**26,965**	**(4.2)**
Net finance costs and other income	(3,114)	(2,206)	(2,371)	7.5	(23.9)	(2,237)	6.0
PBT	**23,338**	**23,653**	**23,474**	**(0.8)**	**0.6**	**24,728**	**(5.1)**
Provision for taxes	(5,970)	(5,724)	(6,016)	5.1	0.8	(6,224)	(3.3)
Recurring PAT	**16,707**	**18,097**	**17,632**	**(2.6)**	**5.5**	**18,504**	**(4.7)**
EO items	883	(224)	(288)	28.6	(132.6)	-	
Reported PAT	**17,368**	**17,929**	**17,458**	**(2.6)**	**0.5**	**18,504**	**(5.7)**
Recurring EPS (INR/share)	**6.3**	**6.9**	**6.7**	**(2.6)**	**5.5**	**7.0**	**(4.7)**

Core operational performance analysis	1QFY26	4QFY26	1QFY27	QoQ	YoY	1QFY27E	vs est
Revenue	**80,542**	**80,939**	**84,256**	**4.1**	**4.6**	**84,178**	**0.1**
EBITDA	**42,578**	**44,319**	**44,959**	**1.4**	**5.6**	**45,629**	**(1.5)**
EBIT	25,535	25,941	26,023	*0.3*	*1.9*	26,965	*(3.5)*
PBT	22,421	23,735	23,652	*(0.3)*	*5.5*	24,728	*(4.4)*
PAT	**16,707**	**18,097**	**17,632**	**(2.6)**	**5.5**	**18,504**	**(4.7)**
Key operating metrics	**1QFY26**	**4QFY26**				**1QFY27E**	**vs. est**
Total towers (#)	**2,51,773**	**2,64,514**	**2,67,611**	**1.2**	**6.3**	**2,67,014**	**0.2**
Total tenants (#)	**4,11,212**	**4,28,014**	**4,32,250**	**1.0**	**5.1**	**4,33,014**	**(0.2)**
Tenancy ratio (end-period)	1.63	1.62	1.62	*(0.2)*	*(1.1)*	1.62	*(0.4)*
Sharing revenue per operator (INR/month)	**41,132**	**41,078**	**41,082**	**0.0**	**(0.1)**	**41,564**	**(1.2)**
Sharing revenue per tower (INR/month)	67,036	66,604	66,416	*(0.3)*	*(0.9)*	69,204	*(4.0)*
Margins (%)							***(1.2)***
Overall EBITDA	**54.0**	**54.6**	**53.1**	**(149)bp**	**(87)bp**	**54.2**	**(109)bp**
Service EBITDA (inc. one-offs)	**85.8**	**85.6**	**86.4**	**88 bp**	**60 bp**	**86.2**	**22 bp**
EBIT	32.8	31.9	30.7	(127)bp	(217)bp	32.0	(138)bp
PAT	20.7	22.3	20.9	(143)bp	18 bp	22.0	(107)bp
Effective tax rate	25.6	24.2	25.6			25.2	

RESULTS FLASH

27 July 2026

Results Flash | Sector: Recycling

Gravita India

BSE SENSEX	S&P CNX
76,836	23,996

Conference Call Details

Date: 28th Jul'26

Time: 12:00 PM IST

Dial-in details:

click here

CMP: INR1,789 **BUY**

Operating performance in line with estimates

- 1QFY27 consol. revenue grew 42% YoY to INR14.8b (est. INR14b).
- Gross margins contracted 190bp YoY to 17.2%.
- Adjusted EBITDA rose 29% YoY to INR1.4b (est. in line).
- Adjusted EBITDA margins contracted ~90bp YoY to 9.8% (est. 10%).
- Adj. PAT increased by 14% YoY to INR1.1 (est. in line).
- EBITDA was adjusted for INR293m M2M of hedging and INR54.9 of ECL reversal of the previous year.

Segmental performance

- Lead business revenue grew 3% YoY to INR9.5b, led by 8% YoY realization growth. Volume stood at 44KMT and EBITDA/MT stood at INR24,181 (+11% YoY) for the quarter.
- Copper business revenue stood at INR3.8b, volume stood at 4.1KMT, and EBITDA/MT was INR55,151.
- Aluminum business revenue grew 17% YoY to INR1.1b. Volumes stood at 3.4KMT, down 21% YoY. EBITDA/MT grew 47% YoY to INR25,175.
- Plastic business revenue grew 62% YoY to INR266m, volume grew 53% YoY to 3.7KMT, and EBITDA/MT was flat YoY at INR10,197.

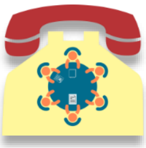
Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY26				FY27				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Sales	**10,399**	**10,355**	**10,171**	**11,728**	**14,751**	**16,831**	**17,055**	**17,700**	**42,653**	**66,336**	**14,047**	**5**
YoY Change (%)	14.5	11.7	2.1	13.1	41.8	62.5	67.7	50.9	10.2	55.5	35.1	
Total Expenditure	9,282	9,237	9,010	10,598	13,305	15,254	15,383	15,981	38,128	59,923	12,640	
Adjusted EBITDA	**1,117**	**1,118**	**1,161**	**1,129**	**1,445**	**1,577**	**1,672**	**1,719**	**4,525**	**6,413**	**1,407**	**3**
Margins (%)	10.7	10.8	11.4	9.6	9.8	9.4	9.8	9.7	10.6	9.7	10.0	
Depreciation	87	92	98	111	145	150	164	180	388	639	120	
Interest	61	78	65	44	115	120	130	130	248	495	100	
Other Income	190	165	154	85	127	80	80	80	594	367	80	
PBT before EO expense	**1,159**	**1,113**	**1,151**	**1,060**	**1,313**	**1,387**	**1,458**	**1,489**	**4,483**	**5,646**	**1,267**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**1,159**	**1,113**	**1,151**	**1,060**	**1,313**	**1,387**	**1,458**	**1,489**	**4,483**	**5,646**	**1,267**	
Tax	229	153	176	141	249	222	233	238	699	942	203	
Rate (%)	19.7	13.8	15.3	13.3	19.0	16.0	16.0	16.0	15.6	16.7	16.0	
Minority Interest & Profit/Loss of Asso. Cos.	-2	0	-2	-1	0	-1	-1	-2	-5	-4	-1	
Reported PAT	**933**	**960**	**977**	**919**	**1,064**	**1,166**	**1,226**	**1,252**	**3,788**	**4,708**	**1,065**	
Adj PAT	**933**	**960**	**977**	**919**	**1,064**	**1,166**	**1,226**	**1,252**	**3,788**	**4,708**	**1,065**	**0**
YoY Change (%)	38.5	33.3	25.3	-3.4	14.1	21.5	25.5	36.3	21.3	24.3	14.2	
Margins (%)	9.0	9.3	9.6	7.8	7.2	6.9	7.2	7.1	8.9	7.1	7.6	

HomeFirst Finance

BSE SENSEX	S&P CNX
76,836	23,996

Conference Call Details



Date: 28 July 2026
Link for the call
Time: 4 PM IST
Dial-in: +91 22 6280 1382

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	8.7	10.9	12.9
PPoP	7.6	9.3	10.7
PAT	5.4	6.6	7.7
EPS (INR)	51.8	63.4	73.6
EPS Gr. (%)	22.1	22.4	16.1
BV/Sh. (INR)	418	476	546
ABV/Sh. (INR)	404	460	525
Ratios			
NIM (%)	6.1	6.1	5.8
C/I ratio (%)	32.4	32.5	33.5
RoAA (%)	3.9	3.9	3.7
RoAE (%)	15.7	14.2	14.4
Valuations			
P/E (x)	22.8	18.7	16.1
P/BV (x)	2.8	2.5	2.2
P/ABV (x)	2.9	2.6	2.3
Div. yield (%)	0.3	0.4	0.4

CMP: INR1,183 — Buy

Earnings in line; healthy disbursement and AUM growth

NIM improves ~10bp QoQ; asset quality stable

- HomeFirst's 1QFY27 PAT grew 34% YoY to INR1.6b (in line). NII in 1QFY27 grew 31% YoY to INR2.5b (in line). Other income grew 28% YoY to INR779m (vs. MOFSLe of INR682m).
- Opex grew 24% YoY to INR1.1b (~6% higher than MOFSLe). PPoP rose ~33% YoY to INR2.2b (in line).
- Credit costs stood at INR159m (vs MOFSLe of ~INR124m), translating into an annualized credit cost of ~47bp (PQ: ~50bp and PY: ~43bp).

Healthy AUM growth of ~26% YoY; BT-OUT rate declines YoY/QoQ

- Disbursements grew 31% YoY/4% QoQ to ~INR16.3b, and this increase led to an AUM growth of 26% YoY/6.7% QoQ to ~INR169b.
- BT-OUT rate (annualized) in 1QFY27 declined to ~4.5% (PQ: ~6.4% and PY ~6%).

Spreads stable; NIM improves~10bp QoQ

- Reported yields dipped ~10bp QoQ to ~13%. The reported CoF also declined ~10bp QoQ to ~7.8%. Overall spreads were stable QoQ at 5.2%.
- Incremental CoF and origination yield in 1QFY27 were stable QoQ at 7.6% and 13%, respectively. **Reported NIM improved ~10bp QoQ to 6.0%.**

1+dpd stable QoQ; overall asset quality stable sequentially

- GS3 was stable QoQ at 1.8%, and NS3 was also steady QoQ at 1.4%. PCR declined ~50bp QoQ to ~23.4%.
- 1+dpd was stable QoQ at 4.7%. Bounce rates rose ~40bp QoQ to ~16.3% in 1QFY27 (vs. ~15.9% in 4QFY26). Jul'26 bounce rates came in at 15.2%.
- Capital adequacy stood at 42.6% (Tier 1: 42.2%) as of Jun'26.

Valuation and view

- HomeFirst reported a strong quarter. Disbursements and AUM growth remained robust, indicating sustained business momentum. Yield compression was offset by a decline in borrowing costs. The company managed balance transfers effectively, with BT-OUT moderating significantly to ~4.5% from 6.4% in 4QFY26. The asset quality was stable despite weak seasonality, and credit costs remained within the guided range of 45-50bp.
- Going forward, it will be important to track loan growth guidance and analyze yield trends. We might revise our estimates after the earnings call on 28th Jul'26.

Quarterly Performance (INR m)

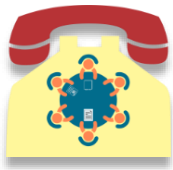
Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,944	4,091	4,288	4,317	4,620	4,891	5,173	5,379	16,640	20,062	4,568	1
Interest expenses	2,003	2,026	1,941	1,953	2,084	2,230	2,386	2,502	7,923	9,204	2,080	0
Net Interest Income	**1,941**	**2,065**	**2,347**	**2,364**	**2,535**	**2,661**	**2,786**	**2,876**	**8,717**	**10,858**	**2,488**	2
YoY Growth (%)	32.6	31.8	43.9	37.0	30.6	28.9	18.7	21.7	36.5	24.6	28.2	
Other Income	609	699	549	730	779	695	765	648	2,587	2,887	682	14
Net Income	**2,550**	**2,764**	**2,896**	**3,094**	**3,314**	**3,356**	**3,551**	**3,524**	**11,304**	**13,745**	**3,170**	**5**
YoY Growth (%)	38.2	39.1	34.8	37.0	30.0	21.4	22.6	13.9	37.2	21.6	24.3	
Operating Expenses	868	879	926	984	1,079	1,087	1,131	1,173	3,658	4,469	1,018	6
Operating Profit	**1,682**	**1,885**	**1,970**	**2,110**	**2,235**	**2,269**	**2,421**	**2,351**	**7,646**	**9,276**	**2,152**	4
YoY Growth (%)	41.2	49.5	41.1	44.9	32.9	20.4	22.9	11.5	44.2	21.3	27.9	
Provisions and Cont.	117	152	142	158	159	140	170	163	569	632	124	28
Profit before Tax	**1,565**	**1,732**	**1,828**	**1,952**	**2,076**	**2,129**	**2,251**	**2,188**	**7,078**	**8,644**	**2,028**	2
Tax Provisions	376	414	426	457	478	500	529	524	1,674	2,031	476	0
Net Profit	**1,189**	**1,318**	**1,402**	**1,494**	**1,599**	**1,628**	**1,722**	**1,664**	**5,404**	**6,612**	**1,551**	3
YoY Growth (%)	35.5	43.0	44.0	42.7	34.5	23.5	22.8	11.3	41.4	22.4	30.5	
Key Operating Parameters (%)												
Other income to Net Income Ratio	23.9	25.3	18.9	23.6	23.5	20.7	21.5	18.4				
Credit Cost	0.43	0.53	0.47	0.50	0.47	0.39	0.45	0.41				
Cost to Income Ratio	34.0	31.8	32.0	31.8	32.5	32.4	31.8	33.3				
Tax Rate	24.0	23.9	23.3	23.4	23.0	23.5	23.5	24.0				
Balance Sheet Parameters												
AUM (INR b)	**134.8**	**141.8**	**149.2**	**158.8**	**169.4**	**178.8**	**188.6**	**197.7**				
Change YoY (%)	28.6	26.3	24.9	24.9	25.7	26.1	26.3	24.5				
Loans (INR b)	**112.5**	**118.1**	**123.5**	**131.3**	**139.9**	**148.4**	**156.5**	**164.6**				
Change YoY (%)	27.9	25.0	22.7	23.3	24.3	25.7	26.7	25.4				
Borrowings (INR b)	**118.5**	**119.7**	**124.5**	**132.8**	**137.2**	**135.3**	**143.0**	**132.5**				
Change YoY (%)	24.6	13.1	12.8	14.9	15.8	13.0	14.9	-0.2				
Loans/Borrowings (%)	95.0	98.6	99.2	98.9	101.9	109.7	109.5	124.2				
Asset Quality Parameters (%)												
GS 3 (INR m)	2,082	2,297	2,551	2,404	2,496							
Gross Stage 3 (% on Assets)	1.84	1.93	2.05	1.82	1.77							
NS 3 (INR m)	1,623	1,815	1,990	1,829	1,911							
Net Stage 3 (% on Assets)	1.43	1.53	1.60	1.38	1.36							
PCR (%)	22.0	21.0	22.0	23.9	23.4							
ECL (%)	0.77	0.77	0.81		0.78							
Return Ratios (%)												
ROAA (Rep)	3.7	3.8	4.0	4.1	3.8							
ROAE (Rep)	14.9	13.4	13.7	14.0	14.5							

E: MOSL Estimates

P N Gadgil Jewellers

BSE SENSEX	S&P CNX
76,836	23,996

Conference Call Details



Date: 28th July 2026
Time: 3:00 PM
Dial-in details:
+ 91 22 6280 1123/
+91 22 7115 8024

Diamond Pass Registration

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	107.4	135.7	159.5
Sales Growth (%)	39.6	26.4	17.5
EBITDA	6.1	7.3	8.7
EBITDA Margin (%)	5.6	5.4	5.4
Adj. PAT	4.0	4.6	5.3
EPS (INR)	29.7	33.8	38.8
EPS Gr. (%)	70.6	13.8	14.8
BV/Sh. (INR)	144.6	178.4	217.2
Ratios			
Debt/Equity	0.8	0.8	0.8
RoE (%)	22.9	20.9	19.6
RoIC (%)	18.3	15.7	15.4
Valuations			
P/E (x)	23.1	20.3	17.7
EV/EBITDA (x)	14.7	11.9	10.0

CMP: INR641

Beat on operating performance; SSSG up 46%

Revenue

- Consolidated sales rose 41% YoY to INR24.1b (est. INR24.1b) in 1QFY27.
- Retail segment (78% of total sales) recorded robust revenue growth of 56% to INR18.9b.
- Akshay Tritiya sales jumped 80% YoY to INR2,514m.
- Same-store-sales growth (SSSG) for the quarter stood at 46%.
- Gold reported value growth of 54%, while volume was broadly stable.
- Silver delivered 131% growth in value, while volume declined by 7% YoY.
- Diamond posted healthy 29% YoY growth in value and 26% growth in volume.
- Studded ratio stood at 10.9% in 1QFY27 vs. 10% in 1QFY26.
- E-commerce revenue grew 20% YoY to INR0.8b, contributing 3% to total revenue.
- Franchisee operations saw 8% YoY growth to INR2.9b, contributing 12% to total revenue.
- The transaction count grew by 26%, and ATV stood at INR92.2k.
- The company recorded a 26% increase in footfalls, coupled with a strong 92% conversion rate.
- The company did not open any store during the quarter, though a few store launches are planned in 2QFY27, with the majority of the year's store expansion scheduled across 3Q and 4QFY27.

Profitability

- Gross margin expanded by 30bp YoY to 12.8% (vs. est. 12.5%; 9.7% in 4QFY26). GP is adjusted for an inventory gain of INR97m on unhedged inventory.
- Employee expenses rose 50% YoY and other expenses were up 5% YoY.
- EBITDA was up 73% YoY at INR1.7b (est. INR1.6b).
- EBITDA margin expanded 130bp YoY to 7.2% (est. 6.5%, 3.8% in 4QFY26).
- APAT grew 61% YoY to INR956m (est.INR941b). PAT margin came in at 4% (est. 3.9%).
- The company increased its hedge coverage to ~70%. Management targets 80%+ coverage in the near term and near-full inventory hedging (~100%) over time to enhance earnings stability.

Consol. Quarterly Performance **(INR m)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	**17,146**	**21,776**	**33,026**	**35,443**	**24,130**	**25,768**	**39,836**	**46,007**	**1,07,391**	**1,35,741**	**24,084**	**0%**
YoY change (%)	2.8	8.8	35.6	123.2	40.7	18.3	20.6	29.8	39.6	26.4	40.5	
Gross Profit	**2,158**	**2,581**	**4,739**	**3,442**	**3,099**	**3,066**	**5,278**	**4,637**	**12,921**	**16,081**	**3,011**	**3%**
Margins (%)	12.6	11.9	14.4	9.7	12.8	11.9	13.3	10.1	12.0	11.8	12.5	
EBITDA	**999**	**1,071**	**2,443**	**1,352**	**1,727**	**1,278**	**2,728**	**1,600**	**6,058**	**7,333**	**1,555**	**11%**
Margins (%)	5.8	4.9	7.4	3.8	7.2	5.0	6.8	3.5	5.6	5.4	6.5	
YoY growth (%)	55.2	48.6	99.0	43.6	72.9	19.3	11.7	18.4	71.2	21.0	41.4	
Depreciation	112	139	152	169	178	182	188	195	572	742	175	
Finance Cost	189	198	251	276	341	275	275	327	916	1,217	275	
Other Income	129	358	274	311	100	175	175	300	881	750	150	
PBT	**826**	**1,092**	**2,315**	**1,219**	**1,309**	**996**	**2,440**	**1,378**	**5,452**	**6,123**	**1,255**	**4%**
YoY growth (%)	73.2	71.0	101.3	44.2	58.4	-8.7	5.4	13.0	75.2	12.3	35.3	
APAT	**618**	**793**	**1,743**	**903**	**981**	**747**	**1,830**	**956**	**4,031**	**4,586**	**941**	**4%**
Margins (%)	3.6	3.6	5.3	2.5	4.1	2.9	4.6	2.1	3.8	3.4	3.9	
YoY change (%)	75.0	49.9	102.6	45.6	58.7	-5.8	5.0	5.9	70.6	13.8	35.7	

E: MOFSL estimates

In conversation

IDFC Bank | Provisions Are Coming Down Because Portfolio Is Becoming Better; V. Vaidyanathan, MD & CEO

- ₹900 crore reflects normalized quarterly profit, not an exceptional quarter
- Improving portfolio driving lower provisions and stable future credit costs
- 25% loan book in high-yield inclusive kirana and village lending
- 9.5% book yield supported by declining cost of funds.

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Ramkrishna Forgings | Targeting 20%+ Margin Over The Next Few Quarters; Naresh Jalan, MD

- Confident of sustaining Q1 growth momentum
- 20%+ margins remain medium-term aspiration
- Exports to contribute 35%+ of revenue
- Rail wheel JV supplies begin October
- Targets 45,000 wheels for Railways
- Adding 10+ new customers this year

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