

ANTIQUE'S MORNING PRESENTATION

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Hindustan Aeronautics

Higher provisioning dents op. performance; execution key monitorable

Asian Paints

Strong operating performance; upgrade to BUY

Rail Vikas Nigam

Execution recovery in 3Q; valuation a key overhang

PI Industries

Challenges continue in CSM business

Max Financial Services

Improved product mix drive margin outperformance

Thermax

Weak operational performance; maintain HOLD

Gujarat Gas

In line results-margin beat offset by volume miss

KEC International

A marginal miss on the operational front; upgrade to BUY

Syрма SGS Technology

Strong all round performance; maintain BUY

Kirloskar Oil Engines

A healthy quarter; maintain BUY

Welspun Living

Weak performance; revenue & margin pressure to continue

RITES

Margin led beat; order book & exports support outlook

Jyothy Labs

Lacking growth triggers; maintain HOLD

Honasa Consumer

Valuations factor in recovery; maintain HOLD

Welspun Enterprises

Revenue outlook stable; raising capital for scaling opportunities

MOIL

Realization down YoY and QoQ; volume to recover gradually

EPL

Yet another decent quarter

Precision Wires India

Good operational performance

Kolte-Patil Developers

In transition, performance impacted

Ganesha Ecosphere

Temporary hiccups in a sustained growth journey

Yatra Online

Another stellar quarter; momentum to continue

INDIA STRATEGY

Government finances

Government capex may soften in 2HFY26!

ANTIQUE'S INDIA ECONOMIC MONITOR

CPI

At an all-time low!

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	48,255	0.7	13.4
NASDAQ	23,406	(0.3)	21.2
FTSE	9,911	0.1	21.3
CAC	8,241	1.0	11.7
DAX	24,381	1.2	22.5
Bovespa	1,57,633	(0.1)	31.1
Nikkei	51,063	0.4	28.0
Hang Seng	26,923	0.8	34.2
Shanghai Composite	4,000	(0.1)	19.3

Indian Indices	Closing	% Chg	% YTD
Sensex	84,467	0.7	8.1
Nifty	25,876	0.7	9.4
MSCI India	1,062	0.5	3.7
CNX Midcap	60,902	0.8	6.5
BSE Smallcap	53,256	0.8	(3.5)

Flows (USD mn)	Prev. Day	MTD
FII	(568)	246
MF	546.9	176.8

Provisional flows (USD mn)
FII
Locals

Volumes	USD bn	% Chg
Cash (NSE + BSE)	14.0	11.0
F&O (net)	1,135.9	(84.8)

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	1,450	153
Open Int (%)	-	1.1

ADR/GDR Gainers	Last	% Chg
Infosys	17.1	0.5
Reliance	67.8	0.3
Dr Reddy	13.9	0.3

ADR/GDR Losers	Last	% Chg
SBI	107.4	(0.9)
ICICI Bank	30.5	(0.7)
HDFC	36.5	(0.6)
Wipro	2.7	(0.4)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	60,542	1.0	1.1	17.2
BSE Bank	65,231	0.4	0.5	13.0
BSE Cap Goods	71,062	1.2	0.9	4.8
BSE Cons dur	60,418	0.1	(0.2)	(6.2)
BSE FMCG	20,386	0.2	(1.3)	(1.9)
BSE IT	35,342	1.1	0.9	(18.2)
BSE Health	44,229	(0.3)	(0.7)	(2.3)
BSE Metal	34,940	0.6	(0.5)	20.9
BSE Oil	28,872	0.7	0.8	10.8
BSE Power	6,712	0.4	(3.1)	(3.6)
BSE PSU	20,587	0.6	(0.0)	9.1
BSE Realty	7,319	(0.2)	(0.6)	(11.1)
BSE TECK	17,788	1.1	1.0	(8.7)

Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Glenmark Pharmaceuticals Ltd	13,03,802	516%	1.68%
UPL Ltd	27,40,667	214%	1.10%
GAIL India Ltd	70,10,199	186%	0.06%
NMDC Ltd	1,76,90,584	162%	1.83%
REC Ltd	60,14,048	158%	0.06%
Zee Entertainment Enterprises Ltd	70,37,476	144%	4.69%
IDBI Bank Ltd	46,84,938	142%	1.17%
Reliance Industries Ltd	85,06,960	131%	1.21%
Tata Consultancy Services Ltd	32,25,498	128%	2.78%
Tata Power Co Ltd/The	47,14,347	123%	-1.76%

Derivatives Update**Long Build Up**

Company	Last	% Chg	% Chg OI	OI (in 000)
MANKIND	2,284.20	2.35	19.86	2,586
GLENMARK	1,854.20	1.53	11.59	10,880
BIOCON	407.75	5.51	10.28	49,465
ASIANPAINT	2,769.40	4.19	6.84	14,232
BSE	2,788.70	5.27	5.21	12,369

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
PIIND	3,585.70	(5.62)	22.35	2,559
ASHOKLEY	142.11	(2.38)	7.05	1,60,595
MUTHOOTFIN	3,337.10	(1.72)	6.70	3,124
TMPV	404.05	(0.83)	6.14	56,688
ABB	4,943.50	(0.60)	5.56	3,320

Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
ADANIENT	2,489.30	4.90	(12.02)	13,830
IGL	210.65	1.23	(9.73)	15,939
TATATECH	699.75	1.68	(6.33)	10,268
CANBK	143.85	1.93	(5.79)	1,89,823
DRREDDY	1,234.80	1.66	(5.47)	15,246

Long Unwinding

Company	Last	% Chg	% Chg OI	OI (in 000)
HFCL	77.01	-1.95	(4.39)	1,18,370
BRITANNIA	5,910.50	-0.86	(3.54)	3,662
GODREJCP	1,141.20	-0.25	(2.03)	10,131
IOC	172.40	-0.13	(1.92)	94,414
BHARATFORG	1,395.60	-0.72	(1.78)	9,725

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Interglobe Aviation Ltd	5,783	3.5	2.8	27.0
Bharat Electronics Ltd	427	2.5	0.3	45.8
Mahindra & Mahindra Ltd	3,749	2.3	7.5	24.7
Adani Ports And Special Econ	1,474	2.0	1.6	19.8
Hcl Technologies Ltd	1,570	1.9	1.8	(17.8)
Hdfc Life Insurance Co Ltd	764	1.8	4.4	23.8
Eternal Ltd	306	1.4	(3.8)	10.0

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Bajaj Finance Ltd	1,005	(7.4)	(3.6)	47.5
Bajaj Finserv Ltd	1,989	(6.1)	(4.7)	26.9
Oil & Natural Gas Corp Ltd	249	(0.8)	(2.3)	4.3
Tata Motors Passenger Vehicl	408	(0.7)	(0.6)	(9.0)
Apollo Hospitals Enterprise	7,501	(0.4)	(2.3)	2.8
Kotak Mahindra Bank Ltd	2,087	(0.3)	(0.7)	16.8
Tata Steel Ltd	181	(0.2)	(1.0)	31.1

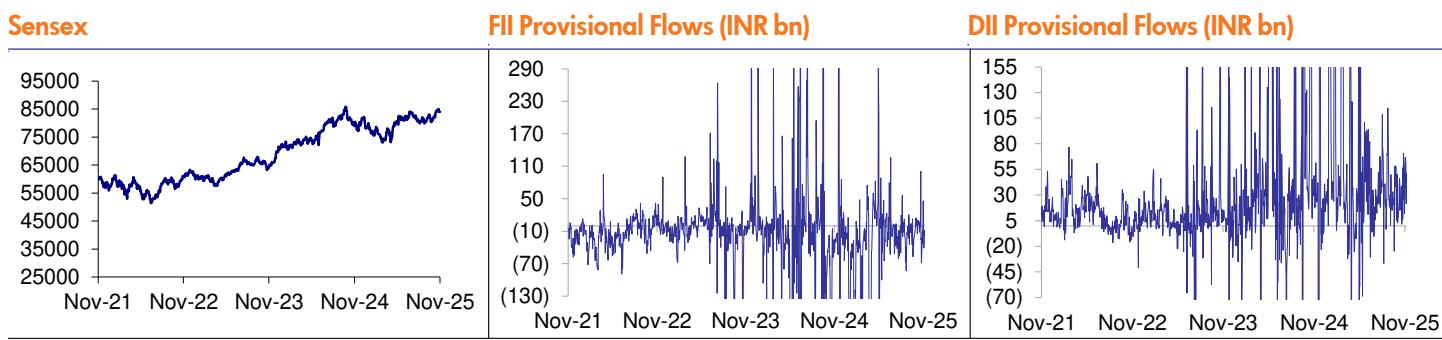
Data as on 11th Nov'25

Bulk Deals

Security Name	Client Name	Buy/Sell	Qty	Price	Value (mn)
DDIL	India Fast Forward Advisory Services Private Limited	Buy	57,72,685	7.04	41
ISTRNETWK	NEO Apex Venture LLP	Buy	5,13,457	53.20	27
GLOBUSCON	MGO High Conviction Fund Incorporated VCC Sub-Fund	Buy	17,31,442	15.21	26
PROFINC	Mansi Share And Stock Broking Private Limited	Buy	16,00,000	9.45	15
SVS	Altizen Ventures LLP	Buy	12,06,000	12.25	15



Source: Bloomberg



Source: Bloomberg

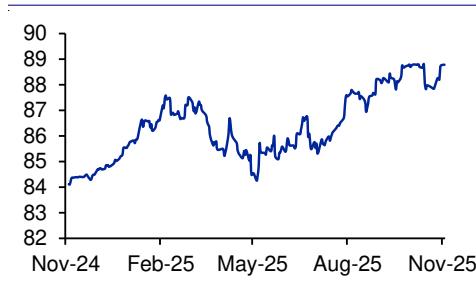
Economy, Money & Banking

Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	88.6	(0.1)	0.1	(3.4)
INR~EUR	102.5	(0.1)	0.2	(13.0)
INR~GBP	116.2	0.0	0.4	(7.5)
Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	6.5	(2)	(7)	(30)
Interbank call	5.2	(16)	24	(76)

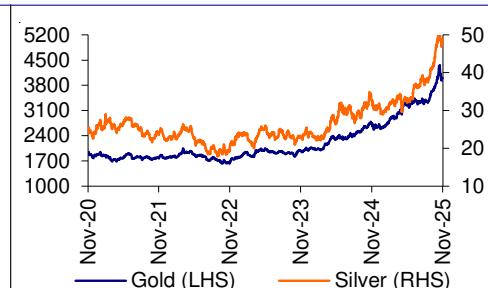
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	4,191	(0.1)	4.7	59.7
Crude Oil (\$/Bbl)	58	(0.3)	(4.3)	(14.4)
Aluminium (\$/t)	2,867	0.6	(0.4)	13.5
Copper (\$/t)	10,930	1.1	0.5	26.3
Zinc (\$/t)	3,203	0.6	2.0	8.4
Lead (\$/t)	2,072	1.4	4.1	7.6
Nickel (\$/t)	14,849	(0.0)	(1.1)	(1.7)

INR/USD



Gold and silver prices (USD/Tr.Oz)

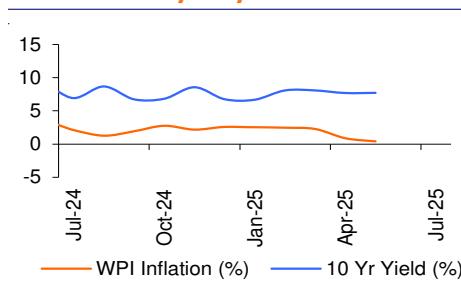


Crude prices (USD/barrel)

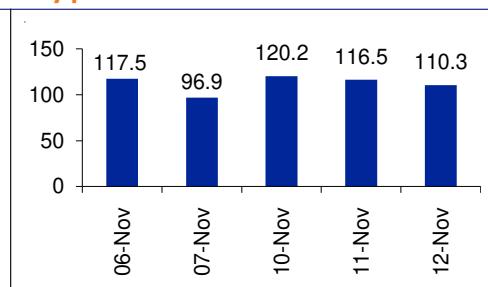


Source: Bloomberg

Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

CMP	: INR 4,747
Reco	: BUY ↘
Target Price	: INR 6,346 ↘
Target Price Change	: No Change
Target 1HFY28E P/E (x)	: 40
EPS Change FY26/ 27/ 28: -6%/ 0%/ 0%	

2QFY26 RESULT REVIEW

Hindustan Aeronautics

Higher provisioning dents op. performance; execution key monitorable

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Market data

Sensex	:	84,467
Sector	:	Defense
Market Cap (INR bn)	:	3,175.7
Market Cap (USD bn)	:	35.829
O/S Shares (mn)	:	668.8
52-wk HI/LO (INR)	:	5166/3046
Avg. Daily Vol ('000)	:	1,438
Bloomberg	:	HNALIN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	129.0	150.4	166.9
P/E (x)	36.8	31.6	28.4
P/BV (x)	7.9	6.8	5.9
EV/EBITDA (x)	26.5	22.6	18.0
Dividend Yield (%)	0.8	1.0	1.1

Source: Bloomberg

Returns (%)

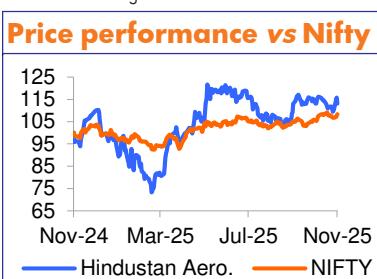
	1m	3m	6m	12m
Absolute	0	5	3	17
Relative	(2)	0	(1)	7

Source: Bloomberg

Shareholding pattern

Promoters	:	72%
Public	:	28%
Others	:	0%

Source: Bloomberg



Hindustan Aeronautics (HAL) revenue stood at INR 66.3 bn (+11% YoY), in line with our estimate of INR 65.1 bn. EBITDA at INR 15.6 bn (-4.5% YoY) was below our estimate of INR 17 bn due to higher than estimated provision created during the quarter to provide for liquidated damages for delay in supply of Tejas Mk-1A (INR 5.2 bn; +106% QoQ; est. of INR 2.9 bn). This led to weaker EBITDA margin of 23.5% (-380 bps YoY; est. of 26.1%). PAT came in at INR 16.6 bn (+12% YoY; est. of INR 16.1 bn). We remain confident of HAL's business prospects as India is in the midst of modernizing its armed forces due to (1) Obsolescence and (2) The prevailing adverse geopolitical situation, leading to strong ordering for fighter aircrafts and helicopters, along with developing their respective engines and accessories. We expect HAL to deliver strong operational performance over FY25–28E supported by normalization of supply of GE 404 engines which should help it execute its large Tejas Mk-1A order. Successfully procuring orders from friendly countries can also significantly boost its growth outlook. We retain BUY rating with a TP of INR 6,346, valuing the stock at 40x 1HFY28E earnings.

A good quarter despite supply chain constraints

HAL reported a revenue of INR 66.3 bn (+11% YoY), in line with our estimate of INR 65.1 bn. Revenue seems commendable despite delay in LCA Mk-1A delivery. EBITDA stood at INR 15.6 bn (-4.5% YoY; est. of INR 17 bn) with a margin of 23.5% (-380 bps YoY; est. 26.1%). The EBITDA margin decline was due to a sharp increase in provisions, which were up 106% YoY on account of provisions created for liquidated damages due to delay in supply of Tejas Mk-1A. PAT stood at INR 16.6 bn (+12% YoY), in line with our estimate of INR 16.1 bn.

Higher provisioning dents operating margin

HAL posted an EBITDA margin of 23.5% (-380 bps YoY; est. of 26.1%) impacted by higher provisioning during the quarter (INR 5.2 bn; +106% YoY; est. of INR 2.9 bn) to factor in for the delay in supply of Tejas Mk-1A. Going ahead, the margin is expected to be ~28% supported by better revenue mix in favor of RoH and also as operating leverage is expected to play out. We expect 11% EBITDA CAGR and PAT CAGR of 10% to play out over FY25–28E.

Robust order book; pipeline looks equally promising

HAL's order book at the end of FY25 stood at ~INR 2.85 trn supported by manufacturing orders (INR 1 trn) and RoH (INR 175 bn), Al-31FP engines for Sukhoi-30 (INR 255 bn), LCH Prachand (INR 628 bn), Sukhoi-30 MKI aircraft (INR 134.5 bn), and 97 LCA Mk-1A (INR 623 bn). Incrementally, the order pipeline also looks very promising with anticipated contracts for Do-228 (10 nos.), 43 ALH Dhruv, 60 utility helicopters for marine. The estimated value of the order pipeline stands at INR 1.0 trn and is expected to materialize over the next one to two years. We are expecting an addressable pipeline of INR 4.5 trn over the next 4-5 years. This could fructify with the finalization of large-scale platforms like additional Tejas LCA Mk-1A (97 nos), Tejas MK-II, AMCA & TEDBF with RoH orders worth INR 200 bn keeping manufacturing lines busy till FY32 and providing robust revenue visibility in the medium to long term.

Investment Summary

We believe that HAL with its long-term business outlook and strong execution capabilities is well on track to report 15% revenue CAGR over FY25–28E. Given the multi-year double-digit earnings growth potential and robust return ratio profile of +20%, we believe that the stock is attractively valued. We retain BUY rating with a TP of INR 6,346, valuing the company at a PE of 40x 1HFY28E earnings.

Table 1: Quarterly performance table (Standalone)

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Total revenues (net)	66,285	59,766	10.9	48,191	37.5	1,14,476	1,03,241	10.9
RM	29,162	24,591	18.6	15,422	89.1	44,585	39,108	14.0
% of Sales	44.0	41.1	285 bps	32.0	1199 bps	38.9	37.9	107 bps
Staff cost	13,319	13,724	(3.0)	13,797	(3.5)	27,116	26,169	3.6
% of Sales	20.1	23.0	-287 bps	28.6	-854 bps	23.7	25.3	-166 bps
Other operating expenses	8,231	5,149	59.9	6,132	34.2	14,363	11,726	22.5
% of Sales	12.4	8.6	380 bps	12.7	-31 bps	12.5	11.4	119 bps
Total expenditure	50,712	43,464	16.7	35,351	43.5	86,063	77,003	11.8
EBITDA	15,573	16,301	(4.5)	12,841	21.3	28,413	26,239	8.3
EBITDA Margin(%)	23.5	27.3	-378 bps	26.6	-315 bps	24.8	25.4	-59 bps
Depreciation	2,254	1,774	27.0	1,850	21.8	4,104	3,265	25.7
Interest	3	-	-	3	-	6	1	384.6
Other income	8,889	5,440	63.4	7,489	18.7	16,379	12,816	27.8
Extraordinary items	-	-	-	-	-	-	-	59
PBT	22,205	19,967	11.2	18,477	20.2	40,681	35,789	13.7
Tax	5,579	5,122	8.9	4,705	18.6	10,285	6,588	56.1
Tax rate (%)	25.1	25.7	-53 bps	25.5	-34 bps	25.3	18.4	687 bps
Reported net profit	16,625	14,904	11.6	13,772	20.7	30,397	29,260	3.9
Adjusted net profit	16,625	14,845	12.0	13,772	20.7	30,397	29,201	4.1
EPS (INR)	24.9	22.2	12.0	20.6	20.7	45.5	43.7	4.1

Source: Company, Antique

Table 2: Half yearly balance sheet (Standalone)

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	3,344	3,344	-	3,344	3,344	-
Reserves and Surplus	3,66,281	3,07,512	19	4,00,178	3,45,085	16
Loan Funds	106	3	-	4	4	-
Deferred Tax Liability	(14,741)	(14,835)	-	(15,680)	(15,680)	-
Total	3,54,990	2,96,024	20	3,87,846	3,32,752	17
Fixed Assets	61,054	59,192	3	90,821	59,629	52
Capital Work-in-Progress	11,124	9,935	12	9,358	10,911	(14)
Investments	16,273	59,581	(73)	14,825	16,274	(9)
Current Assets, Loans And Advances	11,26,593	7,20,447	56	9,47,078	9,58,638	(1)
Inventories	2,84,199	1,73,525	64	1,79,587	2,16,757	(17)
Sundry Debtors	44,156	45,273	(2)	1,85,614	46,475	299
Cash and Bank Balances	4,44,599	2,89,002	54	4,71,026	3,81,708	23
Loans and Advances	3,53,639	2,12,646	66	1,10,851	3,13,698	(65)
Current Liabilities and Provisions	8,60,055	5,53,131	55	6,74,236	7,12,699	(5)
Liabilities	7,60,864	4,63,452	64	5,68,739	6,09,961	(7)
Provisions	99,191	89,679	11	1,05,497	1,02,739	3
Net Working Capital	2,66,539	1,67,316	59	2,72,842	2,45,939	11
Total	3,54,990	2,96,024	20	3,87,846	3,32,752	17
Net debt	(4,44,494)	(2,88,999)	54	(4,71,023)	(3,81,704)	-

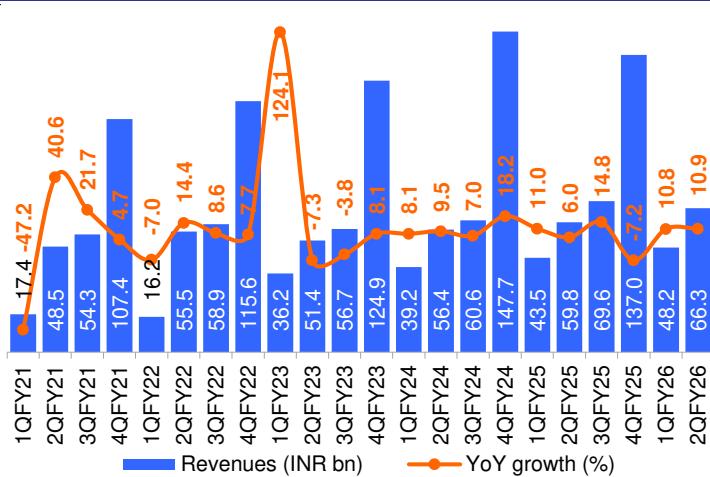
Source: Company, Antique

Table 3: Half yearly cash-flow statement (Standalone)

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	30,397	29,260	4	1,12,007	1,08,141	4
Depreciation	4,146	3,321	25	16,479	13,397	23
Interest	6	0	6,200	86	86	-
Others	5,008	2,140	134	-	-	-
Changes in working capital	(51,075)	(11,678)	337	62,415	40,281	55
Tax Paid	(16,816)	(17,888)		(25,762)	(26,169)	
Operating cash flow	73,816	28,511		1,38,603	1,10,081	26
Capex	(10,850)	(7,702)	41	(47,787)	8,287	(677)
Others	(66,991)	(2,877)	2,228	28,071	24,352	
Investing cash flow	(77,841)	(10,579)	636	(18,047)	32,698	
Net proceeds/Repayment from borrowings	(2)	0	(2,300)			
Others	(10,065)	(9,007)	12	(31,238)	(25,290)	24
Financing cash flow	(10,067)	(9,007)	12	(31,238)	(25,290)	24
Net cash flow	(14,092)	8,925	NA	89,318	1,17,490	(24)
Opening cash balance	45,469	42,542	7	3,81,708	2,64,218	44
Closing cash balance	31,377	51,467	(39)	4,71,026	3,81,708	23
Free cash flow	62,965	20,809	203	90,816	1,18,368	(23)

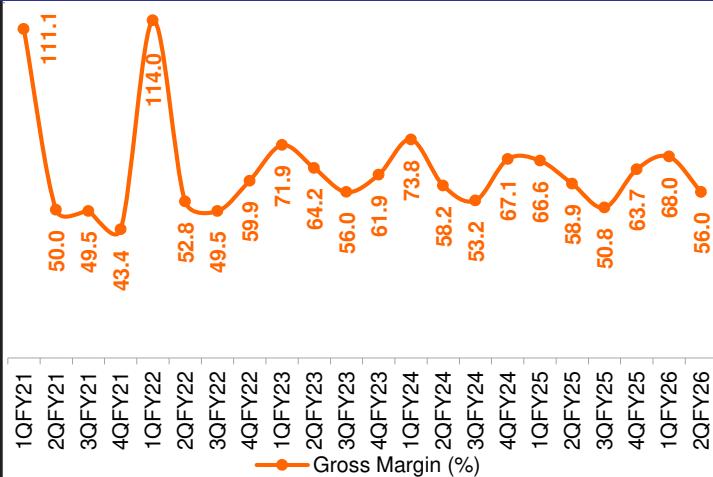
Source: Company, Antique

Exhibit 1: Registers 11% YoY revenue growth



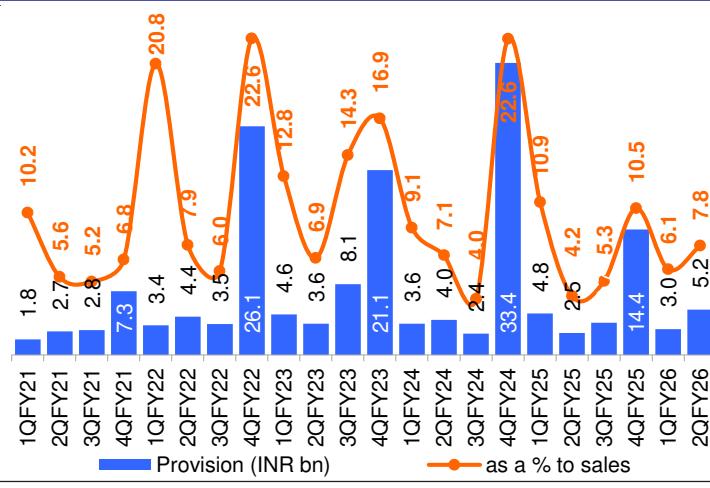
Source: Company, Antique

Exhibit 2: Gross margin contracts 290 bps YoY



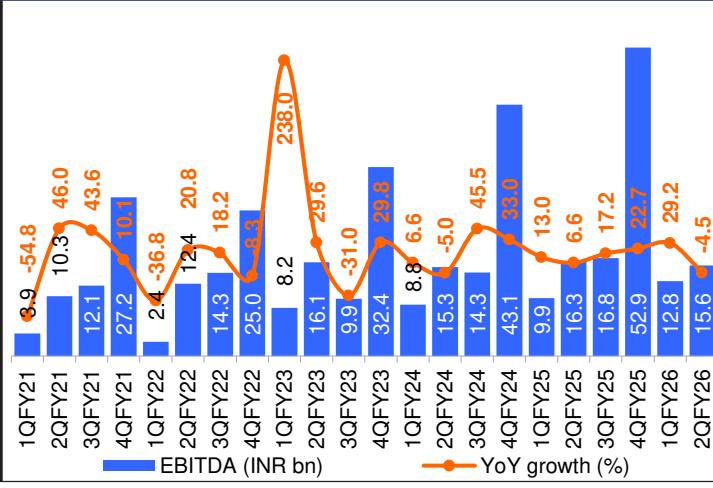
Source: Company, Antique

Exhibit 3: Provisions during the quarter stood at 7.8% of sales vs. 4.2% in 2QFY25



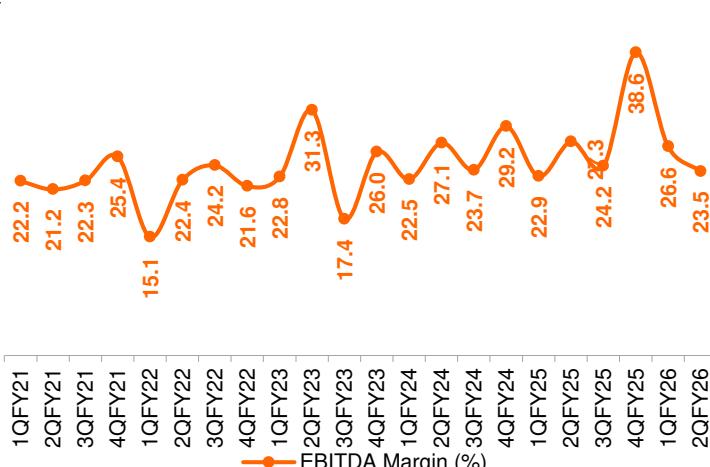
Source: Company, Antique

Exhibit 4: EBITDA contracts 4.5% YoY



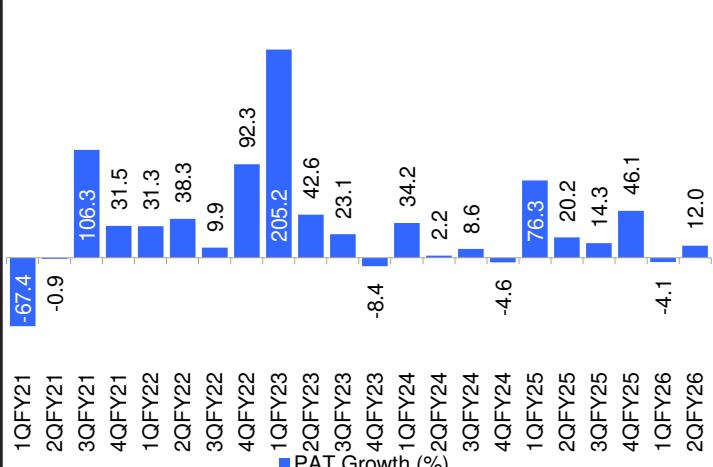
Source: Company, Antique

Exhibit 5: EBITDA margin expands contract 380 bps YoY



Source: Company, Antique

Exhibit 6: Registers 12% YoY increase in PAT



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	3,02,760	3,09,809	3,58,684	4,05,918	4,65,777
Op. Expenses	2,21,419	2,13,840	2,56,734	2,89,924	3,36,271
Gross Profit	1,92,000	1,86,684	2,06,243	2,27,314	2,51,520
EBITDA	81,340	95,969	1,01,950	1,15,994	1,29,505
Depreciation	14,065	13,397	16,479	18,702	20,114
EBIT	67,276	82,572	85,471	97,293	1,09,392
Other income	18,985	25,655	26,622	33,768	36,020
Interest Exp.	321	86	86	86	86
Extra Ordinary Items-gain/(loss)	15,000	59	-	-	-
Reported PBT	1,00,941	1,08,200	1,12,007	1,30,975	1,45,326
Tax	26,039	25,032	25,762	30,386	33,716
Reported PAT	74,902	83,168	86,246	1,00,588	1,11,610
Net Profit	74,902	83,168	86,246	1,00,588	1,11,610
Adjusted PAT	59,902	83,109	86,246	1,00,588	1,11,610
Adjusted EPS (INR)	89.6	124.3	129.0	150.4	166.9

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	3,344	3,344	3,344	3,344	3,344
Reserves & Surplus	287,120	3,45,085	4,00,178	4,64,434	5,35,731
Networth	2,90,464	3,48,429	4,03,522	4,67,778	5,39,075
Debt	4	4	4	4	4
Net deferred Tax liabilities	(14,543)	(15,680)	(15,680)	(15,680)	(15,680)
Capital Employed	2,75,924	3,32,752	3,87,846	4,52,102	5,23,398
Gross Fixed Assets	1,81,566	1,71,727	2,21,066	2,52,566	2,60,566
Accumulated Depreciation	98,701	1,12,098	1,30,246	1,48,947	1,69,061
Capital work in progress	9,358	10,911	9,358	9,358	9,358
Net Fixed Assets	92,224	70,540	1,00,179	1,12,977	1,00,864
Investments	14,971	16,274	14,825	14,825	14,825
Non Current Investments	14,971	16,274	14,825	14,825	14,825
Current Assets, Loans & Adv.	6,58,100	9,58,638	9,47,078	10,94,724	13,09,331
Inventory	1,32,259	2,16,757	1,79,587	2,10,410	2,52,413
Debtors	1,65,106	46,475	1,85,614	2,10,057	71,025
Cash & Bank balance	2,64,218	3,81,708	4,71,026	5,47,452	8,42,436
Loans & advances and others	96,516	3,13,698	1,10,851	1,26,805	1,43,458
Current Liabilities & Provisions	4,89,369	7,12,699	6,74,236	7,70,424	9,01,622
Liabilities	3,97,624	6,09,961	5,68,739	6,51,829	7,67,254
Provisions	91,745	1,02,739	1,05,497	1,18,596	1,34,368
Net Current Assets	1,68,730	2,45,939	2,72,842	3,24,300	4,07,710
Application of Funds	2,75,925	3,32,752	3,87,846	4,52,101	5,23,398

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	669	669	669	669	669
Diluted no. of shares (mn)	669	669	669	669	669
BVPS (INR)	434.3	521.0	603.4	699.4	806.1
CEPS (INR)	110.6	144.3	153.6	178.4	197.0
DPS (INR)	33.6	35.0	38.7	45.1	50.1

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	75,950	1,08,141	1,12,007	1,30,975	1,45,326
Depreciation & amortization	14,214	13,397	16,479	18,702	20,114
Interest expense	321	86	86	86	86
(Inc)/Dec in working capital	(31,220)	40,281	62,415	24,968	21,1574
Tax paid	(19,693)	(26,169)	(25,762)	(30,386)	(33,716)
Less: Interest/Div. Income Recd.	(16,363)	(25,655)	(26,622)	(33,768)	(36,020)
Other operating Cash Flow	59,049	-	-	-	-
CF from operating activities	82,257	1,10,081	1,38,603	1,10,576	3,07,364
Capital expenditure	(17,549)	8,287	(47,787)	(31,500)	(8,000)
Inc/(Dec) in investments	(1,120)	(1,303)	1,449	-	-
Add: Interest/Div. Income Recd.	17,477	25,655	26,622	33,768	36,020
CF from investing activities	(64,117)	32,698	(18,047)	2,268	28,020
Dividend Paid	(19,729)	(30,040)	(31,152)	(36,333)	(40,314)
Others	62,745	4,750	(86)	(86)	(86)
CF from financing activities	43,017	(25,290)	(31,238)	(36,419)	(40,400)
Net cash flow	61,157	1,17,490	89,318	76,426	2,94,984
Opening balance	2,03,062	2,64,218	3,81,708	4,71,026	5,47,452
Closing balance	2,64,219	3,81,708	4,71,026	5,47,452	8,42,436

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	12.4	2.3	15.8	13.2	14.7
EBITDA	22.1	18.0	6.2	13.8	11.6
Adj PAT	3.1	38.7	3.8	16.6	11.0
Adj EPS	3.1	38.7	3.8	16.6	11.0

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	53.0	38.2	36.8	31.6	28.4
P/BV (x)	10.9	9.1	7.9	6.8	5.9
EV/EBITDA (x)	35.8	29.1	26.5	22.6	18.0
EV/Sales (x)	9.6	9.0	7.5	6.5	5.0
Dividend Yield (%)	0.7	0.7	0.8	1.0	1.1

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	22.8	26.0	22.9	23.1	22.2
RoCE (%)	25.6	27.3	24.0	24.0	22.9
Asset/T.O (x)	1.3	1.1	1.0	1.0	1.0
Net Debt/Equity (x)	(0.9)	(1.1)	(1.2)	(1.2)	(1.6)
EBIT/Interest (x)	269.1	1,255.5	1,300.4	1,520.4	1,686.9

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin	26.9	31.0	28.4	28.6	27.8
EBIT Margin	22.2	26.7	23.8	24.0	23.5
PAT Margin	19.8	26.8	24.0	24.8	24.0

Source: Company Antique

CMP	: INR 2,773
Reco	: BUY 
Target Price	: INR 3,180 
Target Price Change	: 2%
Target 1HFY28e P/E (x)	: 55
EPS Change FY26/27/28	: -1% / 5% / 6%

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Market data	
Sensex	: 84,467
Sector	: FMCG
Market Cap (INR bn)	: 2,656.8
Market Cap (USD bn)	: 29.974
O/S Shares (mn)	: 959.2
52-wk HI/LO (INR)	: 2839/2125
Avg. Daily Vol ('000)	: 1,765
Bloomberg	: APNT IN

Source: Bloomberg

Valuation			
	FY26e	FY27e	FY28e
EPS (INR)	46.8	54.1	61.5
P/E (x)	59.3	51.2	45.1
P/BV (x)	12.4	10.9	9.7
EV/EBITDA (x)	39.5	33.9	29.5
Dividend Yield (%)	0.8	1.0	1.1

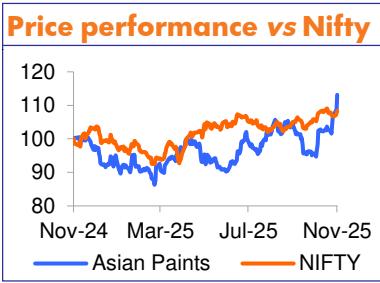
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	18	12	18	12
Relative	16	6	15	4

Source: Bloomberg

Shareholding pattern		
Promoters	: 53%	
Public	: 47%	
Others	: 0%	

Source: Bloomberg



Source: Bloomberg

2QFY26 RESULT REVIEW

Asian Paints

Strong operating performance; upgrade to BUY

Asian Paints' (APNT) 2QFY26 results were a beat on all fronts. Domestic volume and revenue grew 10.9% and 7% YoY, respectively (consolidated revenue grew 6% YoY), aided by improved product mix. Management highlighted that its recent initiatives-higher ad spends, strong traction in services and waterproofing, focus on regionalization, and strong traction in NPD (15% of sales)-further supported growth. The industrial and international segments grew 12% and 10% YoY (10.6% in CC). EBITDA margin stood at 17.6% (est. 16.2%) led by strong gross margin performance and operating leverage. Notably, management indicated there were early signs of demand recovery, with Oct continuing to see healthy growth momentum led by the festive season. Moreover, a strong wedding season outlook is expected to drive growth in 2H. Management has guided for mid-single-digit revenue growth and maintained FY26 EBITDA margin guidance at 18%-20%. In our view, the worst is behind for the company as competitive intensity appears to be easing. Combined with APNT's recent strategic initiatives we expect its growth momentum to continue. Also, benign raw material inflation and cost-saving initiatives are likely to aid profitability. Based on the above positive outlook we raise our FY27/ 28 EPS estimates by 5%-6% and upgrade our rating to BUY (from HOLD) with a revised TP INR 3,180 (previously INR 2,469). We now value the stock at 55x P/E (previously 45x) on 1HFY28 estimates (4% premium to its 10-year average).

Strong volume backed recovery

Domestic decorative paint volume grew 10.9% YoY while value growth stood at 7% YoY (ahead of 3%-4% industry growth) aided by higher marketing spends, improved product mix, increased traction of NPD (15% of sales). Volume and value gap narrowed down to 4% in 2Q while the company has guided to maintain 4%-5% volume and value gap going ahead, expecting mid-single-digit value growth for FY26 with higher volume growth. During September, there was an uptick in demand coupled with the festive season. Further, the demand momentum is expected to improve on account of the wedding season in 2H and GST reforms. Growth in urban and rural markets remained stable. Premium and luxe portfolios continue to perform well. In the last nine months, APNT has focused on improving relations, generating more business, and providing better ROI and margin to its dealers. Home décor remains challenging, reporting a decline in Kitchen/ Bath revenue to 7.2%/4.6% YoY respectively. Industrial segment delivered sales growth of 12.3% YoY driven by 13%/ 10% YoY growth in automotive/ industrial and powder segments. International business grew 10.6%/ 10% YoY in CC/ INR terms led by strong performance in Nepal, Sri Lanka, and UAE. On the backward integration front, a white cement plant was commissioned while VAM-VAE project is on track.

Raw material deflation aids profitability

Gross margin expanded by 242/ 51 bps YoY/ QoQ to 43.2% owing to deflation in raw material prices, and better sourcing. Going ahead, raw materials are expected to remain stable/ benign. EBITDA grew 21.3% YoY with margin expansion of 218 bps YoY to 17.6%. The EBITDA margin expansion was lower than gross margin expansion owing to 10% YoY growth in other expenses while employee expenses increased marginally by 1% YoY. Recurring PAT grew 13.6% YoY to INR 9.9 bn. Management maintained its margin guidance of 18%-20%. We expect profitability to improve going ahead, given easing of raw material prices.

Investment Summary

We expect APNT to deliver sales/ earnings CAGR of 9%/ 14% respectively over FY25-28 as we believe the competitive intensity likely to ease, raw material prices to stabilize, and continued traction from recent initiatives undertaken by the company.

Table 1: Consolidated quarterly financials

INR mn	2QFY26	2QFY25	% Chg	1QFY26	% Chg	1HFY26	1HFY25	% Chg
Total Operating Income	85,313	80,275	6.3	89,386	(4.6)	1,74,698	1,69,973	2.8
Cost of Raw material	48,463	47,543	1.9	51,231	(5.4)	99,694	99,089	0.6
% of sales	56.8	59.2	-242 bps	57.3	-51 bps	57.1	58.3	-123 bps
Employees cost	6,862	6,765	1.4	7,030	(2.4)	13,892	13,507	2.8
% of net sales	8.0	8.4	-38 bps	7.9	18 bps	8.0	7.9	1 bps
Other expenditure	14,953	13,572	10.2	14,876	0.5	29,829	28,044	6.4
% of net sales	17.5	16.9	62 bps	16.6	89 bps	17.1	16.5	58 bps
EBITDA	15,034	12,395	21.3	16,250	(7.5)	31,284	29,333	6.7
EBITDA margin%	17.6	15.4	218 bps	18.2	-56 bps	17.9	17.3	65 bps
Other income	1,986	1,736	14.5	1,928	3.0	3,914	3,298	18.7
Interest	439	630	(30.4)	445	(1.4)	884	1,184	(25.4)
Depreciation	3,049	2,420	26.0	3,009	1.3	6,058	4,697	29.0
PBT	13,532	11,081	22.1	14,724	(8.1)	28,256	26,750	5.6
Tax	3,733	2,654	40.7	3,917	(4.7)	7,650	6,822	12.1
Tax rate (%)	27.6	23.9	364 bps	26.6	99 bps	27.1	25.5	157 bps
PAT before exceptional items	9,799	8,427	16.3	10,807	(9.3)	20,607	19,928	3.4
Share of Profit of associate	383	311	23.1	363	5.5	746	678	10.0
Minority interest	246	(10)	(2,614.3)	173	42.6	419	158	164.8
Recurring PAT	9,936	8,748	13.6	10,998	(9.7)	20,934	20,448	2.4
Add: Extra ordinary items	-	(1,801)	-	-	-	-	(1,801)	-
Reported PAT	9,936	6,946	43.0	10,998	-9.7	20,934	18,646	12.3
Profit Margin %	11.6	10.9	75 bps	12.3	-66 bps	12.0	12.0	-5 bps
EPS	10.4	9.1	13.6	11.5	(9.7)	21.8	21.3	2.4

Source: Company, Antique

Table 2: Standalone quarterly financials

INR mn	2QFY26	2QFY25	% Chg	1QFY26	% Chg	1HFY26	1HFY25	% Chg
Total Operating Income	73,563	68,684	7.1	78,685	(6.5)	1,52,247	1,47,500	3.2
Cost of Raw material	41,294	40,268	2.5	44,602	(7.4)	85,897	85,111	0.9
% of sales	56.1	58.6	-249 bps	56.7	-55 bps	56.4	57.7	-128 bps
Employees cost	5,334	5,114	4.3	5,545	(3.8)	10,879	10,259	6.0
% of net sales	7.3	7.4	-19 bps	7.0	20 bps	7.1	7.0	19 bps
Other expenditure	13,343	12,080	10.5	13,337	0.0	26,680	24,978	6.8
% of net sales	18.1	17.6	55 bps	16.9	119 bps	17.5	16.9	59 bps
EBITDA	13,592	11,222	21.1	15,200	(10.6)	28,792	27,152	6.0
EBITDA margin%	18.5	16.3	214 bps	19.3	-84 bps	18.9	18.4	50 bps
Other income	2,320	1,816	27.8	2,477	(6.3)	4,796	4,071	17.8
Interest	297	390	(24.0)	303	(1.9)	599	695	(13.7)
Depreciation	2,735	2,073	31.9	2,693	1.6	5,428	4,031	34.7
PBT	12,879	10,574	21.8	14,682	(12.3)	27,561	26,498	4.0
Tax	3,324	2,553	30.2	3,685	-9.8	7,009	6,553	7.0
Tax rate (%)	25.8	24.1	166 bps	25.1	70 bps	25.4	24.7	70 bps
Recurring PAT	9,556	8,021	19.1	10,996	(13.1)	20,552	19,945	3.0
Reported PAT	9,556	6,023	58.7	10,996	-13.1	20,552	17,947	14.5
EPS	10.0	8.4	19.1	11.5	(13.1)	21.4	20.8	3.0

Source: Company, Antique

Table 3: Balance sheet

Year ended, INR mn	1HFY26	1HFY25	Chg, %	FY26e	FY25	Chg, %
Share Capital	959	959	-	959	959	-
Reserves & Surplus	1,94,827	1,79,280	8.7	2,13,327	1,93,039	10.5
Networth	1,95,786	1,80,239	8.6	2,14,286	1,93,998	10.5
Debt	19,573	11,235	74.2	22,753	22,903	(0.7)
Minority Interest	6,217	6,596	(5.7)	8,000	6,592	21.3
Net deferred Tax liabilities	3,809	4,122	(7.6)	4,049	4,049	-
Capital Employed	2,25,385	2,02,192	11.5	2,49,088	2,27,543	9.5
Net Fixed Assets	1,04,120	98,699	5.5	1,08,201	1,02,550	5.5
Goodwill	2,172	2,809	(22.7)	2,196	2,196	-
Investments	54,313	36,946	47.0	47,248	47,248	-
Current Assets, Loans & Advances	1,52,883	1,56,288	(2.2)	1,69,187	1,51,720	11.5
Inventory	60,108	64,744	(7.2)	70,793	67,193	5.4
Debtors	44,238	47,014	(5.9)	48,028	43,137	11.3
Cash & Bank balance	10,107	8,005	26.3	16,795	7,820	114.8
Loans & advances and others	38,429	36,525	5.2	33,571	33,571	-
Current Liabilities & Provisions	88,102	92,550	(4.8)	77,744	76,171	2.1
Liabilities	84,564	89,525	(5.5)	74,494	72,922	2.2
Provisions	3,538	3,025	17.0	3,249	3,249	-
Net Current Assets	64,781	63,738	1.6	91,443	75,549	21.0
Application of Funds	2,25,385	2,02,192	11.5	2,49,088	2,27,543	9.5

Source: Company, Antique

Table 4: Cashflow statement

Year ended, INR mn	1HFY26	1HFY25	Chg, %	FY26e	FY25	Chg, %
PBT	29,002	25,627	13.2	59,695	49,624	20.3
Depreciation & amortization	6,058	4,697	29.0	12,210	10,263	19.0
Interest expense	884	1,184	(25.4)	1,816	2,270	(20.0)
(Inc)/Dec in working capital	6,019	(5,637)	(206.8)	(6,919)	58,195	(111.9)
Tax paid	(5,827)	(6,511)	(10.5)	(15,619)	(13,955)	11.9
Less: Interest/Div. Income Recd.	-	-	-	(6,213)	(5,726)	-
Other operating Cash Flow	(1,313)	(154)	-	23,945	(36,774)	-
Cash flow from operating activities	34,823	19,205	81.3	68,916	63,897	7.9
Capital expenditure	(7,083)	(9,538)	(25.7)	(17,861)	(29,714)	(39.9)
Inc/(Dec) in investments	5,912	2,345	152.1	-	4,207	-
Add: Interest/Div. Income Recd.	-	-	-	6,213	5,726	-
Others	722	1,129	-	-	11,040	-
Cash flow from investing activities	(448)	(6,063)	(92.6)	(11,648)	(8,741)	33.3
Inc/(Dec) in share capital	-	-	-	-	-	-
Inc/(Dec) in debt	4,165	1,944	114.2	(150)	(1,841)	-
Dividend Paid	(19,800)	(27,053)	(26.8)	(23,788)	(31,941)	(25.5)
Others	(3,227)	(3,583)	(9.9)	(24,354)	(24,393)	-
Cash flow from financing activities	(18,862)	(28,692)	(34.3)	(48,293)	(58,176)	(17.0)
Net cash flow	15,512	(15,550)	(199.8)	8,975	(3,020)	(397.2)
Opening balance	(5,406)	23,555	(122.9)	7,820	10,840	(27.9)
Closing balance	10,107	8,005	26.3	16,795	7,820	114.8

Source: Company, Antique

Table 5: Actual vs. estimates

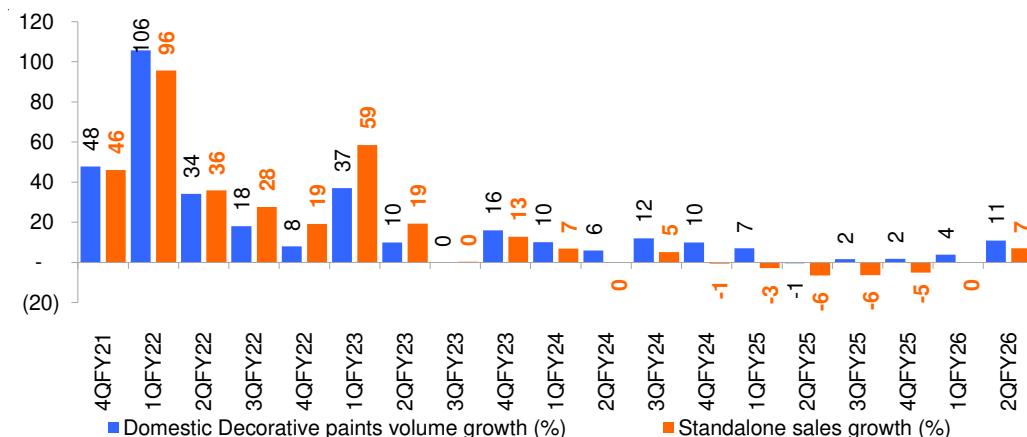
INR mn	Actual	Antique est.	Var (%)	Consensus	Var (%)
Revenue	85,313	79,473	7.3	81,569	4.6
Gross Margin	43.2	42.5	69 bps	42.3	89 bps
EBITDA	15,034	12,897	16.6	13,405	12.2
EBITDA Margin	17.6	16.2	139 bps	16.4	119 bps
Adj. Net profit	9,936	8,525	16.6	8,945.0	11.1

Source: Company, Antique

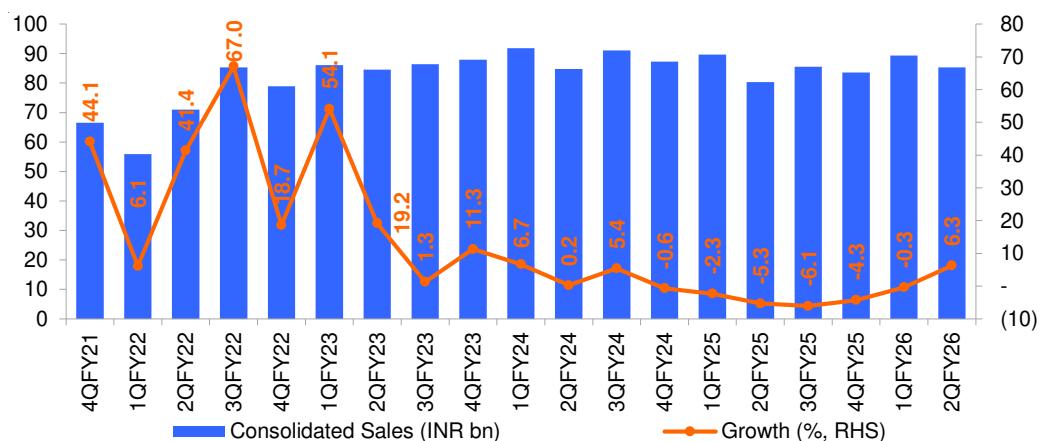
Table 6: Change in estimates

INR mn	FY26			FY27			FY28		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	3,57,223	3,62,355	(1.4)	3,99,211	3,98,787	0.1	4,44,394	4,38,932	1.2
EBITDA	67,509	68,489	(1.4)	78,223	75,306	3.9	89,065	85,030	4.7
EBITDA Margin, %	18.9	18.9	0 bps	19.6	18.9	71 bps	20.0	19.4	67 bps
PAT	44,884	45,188	(0.7)	51,929	49,455	5.0	58,984	55,784	5.7
EPS	47	47	(0.7)	54	52	5.0	61	58	5.7

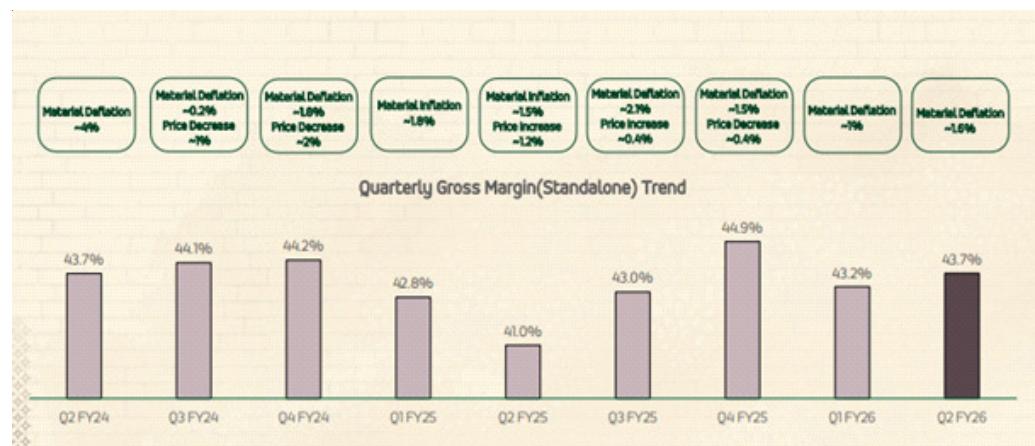
Source: Company, Antique

Exhibit 1: Domestic decorative paint volume grew 11% with sales growth of 7% YoY

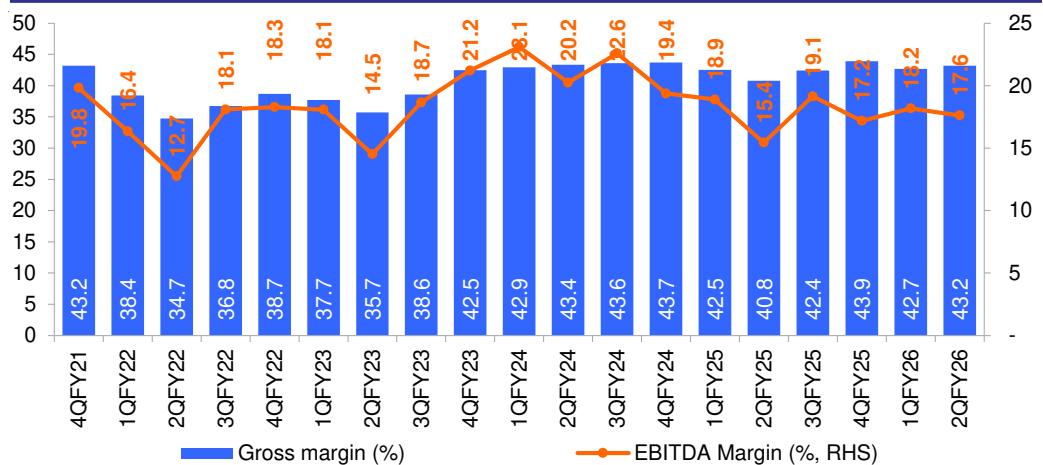
Source: Company, Antique

Exhibit 2: Consolidated sales grew 6% YoY during the quarter

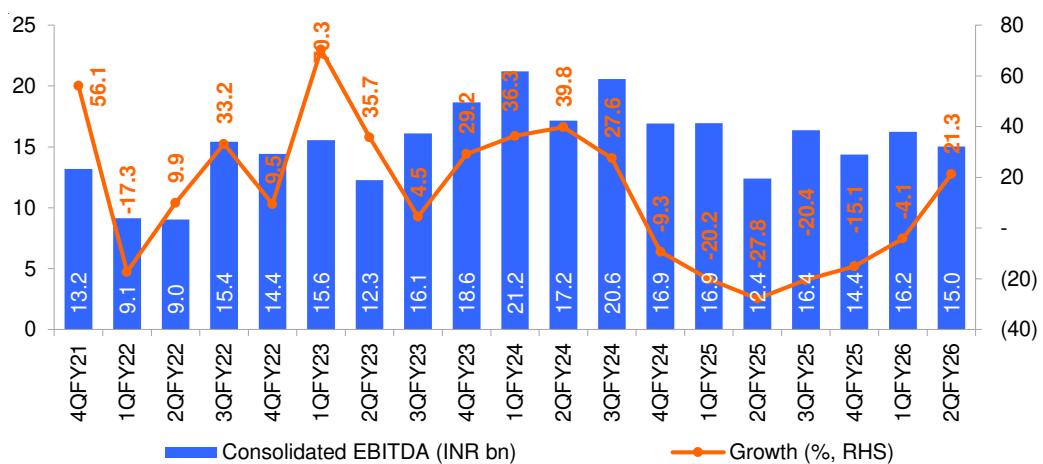
Source: Company, Antique

Exhibit 3: Material deflation continued during the quarter


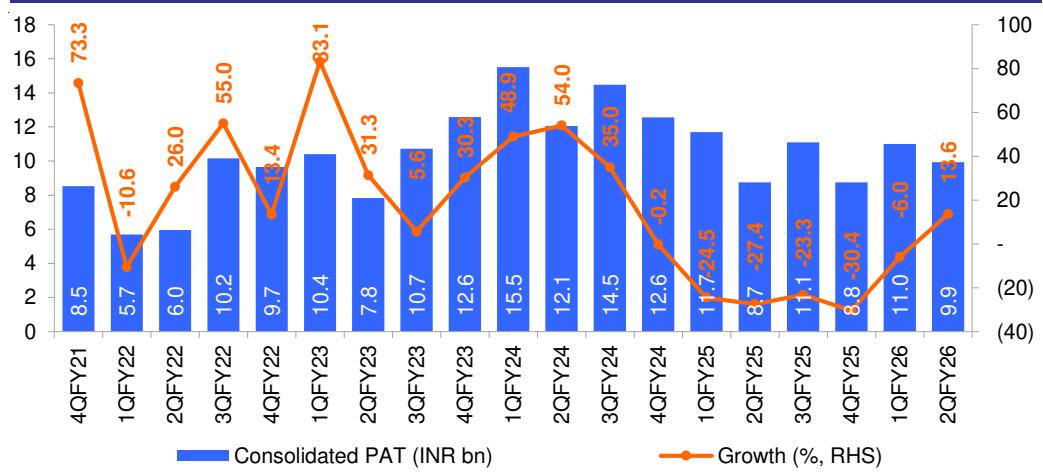
Source: Company, Antique

Exhibit 4: Gross/ EBITDA margin expanded by 242 bps/ 218 bps YoY respectively


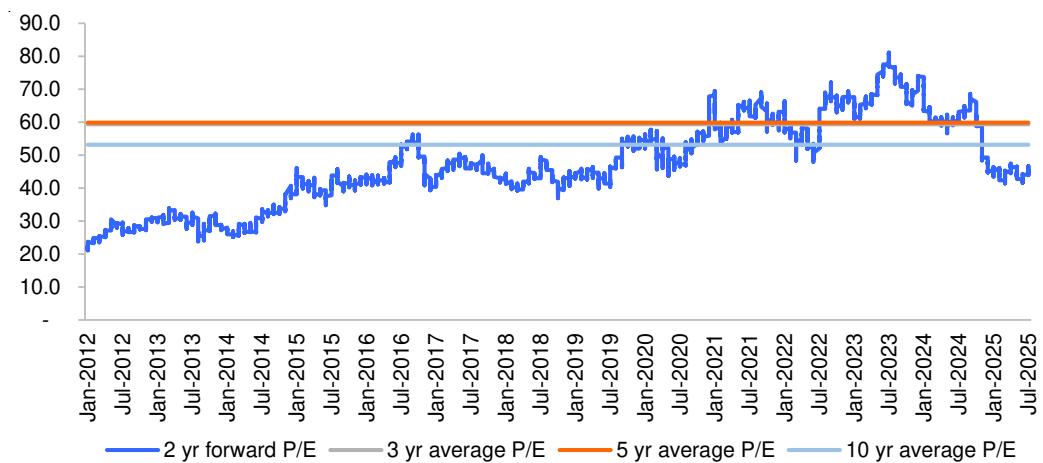
Source: Company, Antique

Exhibit 5: EBITDA grew 21.3% YoY to INR 15 bn


Source: Company, Antique

Exhibit 6: PAT grew 13.6% YoY to INR 9.9 bn during the quarter


Source: Company, Antique

Exhibit 7: APNT is trading at 21% discount (48x) to 5-yr. average of 2-yr. forward P/E (60x)


Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	3,54,947	3,39,056	3,57,223	3,99,211	4,44,394
Gross Profit	1,54,045	1,43,898	1,55,299	1,75,307	1,96,250
Op. Expenses	(78,195)	(83,836)	(87,790)	(97,084)	(1,07,185)
EBITDA	75,850	60,062	67,509	78,223	89,065
Depreciation	8,530	10,263	12,210	13,636	15,188
EBIT	67,320	49,799	55,299	64,588	73,877
Other income	6,880	5,726	6,213	6,648	7,113
Interest Exp.	2,052	2,270	1,816	1,998	2,198
Extra Ordinary Items/gain/(loss)	-	(3,631)	-	-	-
Reported PBT	72,148	49,624	59,695	69,238	78,792
Tax	17,901	13,934	15,619	18,115	20,615
Reported PAT	54,247	35,690	44,076	51,122	58,177
Minority Int./Profit (loss) from Asso.	(355)	(982)	(807)	(807)	(807)
Net Profit	54,602	36,672	44,884	51,929	58,984
Adjusted PAT	54,602	40,303	44,884	51,929	58,984
Adjusted EPS (INR)	56.9	42.0	46.8	54.1	61.5

Balance sheet (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	959	959	959	959	959
Reserves & Surplus	1,86,324	1,93,039	2,13,327	2,42,008	2,74,220
Networth	1,87,283	1,93,998	2,14,286	2,42,967	2,75,179
Debt	24,744	22,903	22,753	22,603	22,453
Minority Interest	6,954	6,592	8,000	9,407	10,814
Net deferred Tax liabilities	3,522	4,049	4,049	4,049	4,049
Capital Employed	2,22,502	2,27,543	2,49,088	2,79,025	3,12,495
Gross Fixed Assets	1,07,624	1,35,969	1,53,830	1,69,798	1,87,574
Accumulated Depreciation	40,349	45,964	58,174	71,810	86,998
Capital work in progress	26,984	12,545	12,545	12,545	12,545
Net Fixed Assets	94,258	1,02,550	1,08,201	1,10,534	1,13,121
Goodwill	4,192	2,196	2,196	2,196	2,196
Investments	45,879	47,248	47,248	47,248	47,248
Non Current Investments	45,879	47,248	47,248	47,248	47,248
Current Assets, Loans & Adv.	1,54,912	1,51,720	1,69,187	2,00,953	2,36,230
Inventory	59,234	67,193	70,793	79,114	88,068
Debtors	48,891	43,137	48,028	53,673	59,748
Cash & Bank balance	10,840	7,820	16,795	34,594	54,842
Loans & advances and others	35,947	33,571	33,571	33,571	33,571
Current Liabilities & Prov.	76,739	76,171	77,744	81,904	86,300
Liabilities	73,888	72,922	74,494	78,655	83,051
Provisions	2,850	3,249	3,249	3,249	3,249
Net Current Assets	78,173	75,549	91,443	1,19,048	1,49,930
Application of Funds	2,22,502	2,27,543	2,49,088	2,79,025	3,12,495

Per share data

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	959.2	959.2	959.2	959.2	959.2
Diluted no. of shares (mn)	959.2	959.2	959.2	959.2	959.2
BVPS (INR)	195.2	202.2	223.4	253.3	286.9
CEPS (INR)	65.4	47.9	58.7	67.5	76.5
DPS (INR)	33.3	24.8	23.4	27.1	30.7

Source: Company, Antique

Key assumptions

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Raw material cost % of net sales	56.6	57.6	56.5	56.1	55.8
Staff cost % of net sales	6.6	7.7	7.7	7.7	7.6
Other expenses % of net sales	9.3	10.5	11.0	10.8	10.5

Cash flow statement (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
PBT	72,148	49,624	59,695	69,238	78,792
Depreciation & amortization	8,530	10,263	12,210	13,636	15,188
Interest expense	2,052	2,270	1,816	1,998	2,198
(Inc)/Dec in working capital	845	58,195	(6,919)	(9,805)	(10,634)
Tax paid	(17,901)	(13,955)	(15,619)	(18,115)	(20,615)
Less: Interest/Div. Income Recd.	(6,880)	(5,726)	(6,213)	(6,648)	(7,113)
Other operating Cash Flow	18,386	(36,774)	23,945	29,328	32,656
CF from operating activities	77,180	63,897	68,916	79,630	90,472
Capital expenditure	(20,103)	(29,714)	(17,861)	(15,968)	(17,776)
Inc/(Dec) in investments	-	4,207	-	-	-
Add: Interest/Div. Income Recd.	6,880	5,726	6,213	6,648	7,113
Others	-	11,040	-	-	-
CF from investing activities	(13,224)	(8,741)	(11,648)	(9,321)	(10,663)
Inc/(Dec) in debt	5,418	(1,841)	(150)	(150)	(150)
Dividend Paid	(24,603)	(31,941)	(23,788)	(22,442)	(25,965)
Others	(42,368)	(24,393)	(24,354)	(29,918)	(33,447)
CF from financing activities	(61,554)	(58,176)	(48,293)	(52,510)	(59,561)
Net cash flow	2,402	(3,020)	8,975	17,800	20,248
Opening balance	8,438	10,840	7,820	16,795	34,594
Closing balance	10,840	7,820	16,795	34,594	54,842

Growth indicators (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Revenue (%)	2.9	-4.5	5.4	11.8	11.3
EBITDA (%)	21.2	-20.8	12.4	15.9	13.9
Adj PAT (%)	31.4	-26.2	11.4	15.7	13.6
Adj EPS (%)	31.4	-26.2	11.4	15.7	13.6

Valuation (x)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	48.7	66.0	59.3	51.2	45.1
P/BV (x)	14.2	13.7	12.4	10.9	9.7
EV/EBITDA (x)	35.3	44.5	39.5	33.9	29.5
EV/Sales (x)	7.5	7.9	7.5	6.6	5.9
Dividend Yield (%)	1.2	0.9	0.8	1.0	1.1

Financial ratios

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	31.5	21.1	22.0	22.7	22.8
RoCE (%)	36.2	24.7	25.8	27.0	27.4
Asset/T.O (x)	2.3	1.9	1.9	1.9	1.8
Net Debt/Equity (x)	0.1	0.1	0.0	(0.0)	(0.1)
EBIT/Interest (x)	36.2	24.5	33.9	35.7	36.9

Margins (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	21.4	17.7	18.9	19.6	20.0
EBIT Margin (%)	19.0	14.7	15.5	16.2	16.6
PAT Margin (%)	15.1	11.7	12.3	12.8	13.1

Source: Company Antique

CMP	: INR 316
Reco	: SELL ↘
Target Price	: INR 204 ↘
Target Price Change	: No Change
Target 1HFY28E P/E (x)	: SoTP based
EPS Change FY26/27/28	: No Change

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2QFY26 RESULT REVIEW

Rail Vikas Nigam

Execution recovery in 3Q; valuation a key overhang

Rail Vikas Nigam (RVNL) reported subdued 2QFY26, with PAT declining 20% YoY impacted by prolonged monsoon-led execution delays, though management noted a sequential recovery in activity from early 3Q. The company reiterated its FY26 revenue guidance of INR 210-220 bn, with execution expected to normalize through 2H. The order book remains healthy at INR 900 bn, implying strong visibility at ~4.5x TTM revenue, with a balanced mix of 48% nomination-based and 52% competitive projects. Order inflows stood at ~INR 20 bn in 1HFY26, including INR 8.5 bn in 2Q, and management expects the momentum ahead to be supported by bidding opportunities worth INR 750-800 bn. We value the EPC business at 35x 1HFY28E EPS, adding cash and investments at book value. We reiterate a target price of INR 204 and retain SELL rating, as valuations remain elevated at ~47x 1HFY28E EPS, with key upside risks being stronger execution traction or higher-than-modeled order inflows; our estimates currently assume an annual inflows of INR 250-260 bn over FY26-27E.

Market data

Sensex	:	84,467
Sector	:	Infra
Market Cap (INR bn)	:	659.6
Market Cap (USD bn)	:	7.442
O/S Shares (mn)	:	2,085.0
52-wk HI/LO (INR)	:	502/295
Avg. Daily Vol ('000)	:	3,097
Bloomberg	:	RVNLIN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	6.2	6.6	6.8
P/E (x)	51.3	48.2	46.6
P/BV (x)	6.3	5.8	5.3
EV/EBITDA (x)	61.7	56.9	52.1
Dividend Yield (%)	0.6	0.7	0.7

Source: Company, Antique

Returns (%)

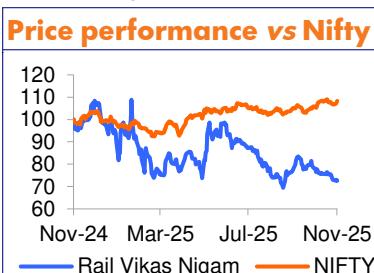
	1m	3m	6m	12m
Absolute	(8)	(4)	(12)	(28)
Relative	(10)	(9)	(14)	(33)

Source: Bloomberg

Shareholding pattern

Promoters	:	73%
Public	:	27%
Others	:	0%

Source: Bloomberg



Indexed to 100

Muted results

RVNL posted 2QFY26 revenue of INR 51 bn, up 6% YoY and in line with our estimate. In comparison to 1QFY26, 2Q execution has seen an improvement and 2H execution could improve further. EBITDA margin contracted to 4.2% from 5.6% YoY, reflecting a higher share of competitively bid projects in its revenue mix compared to legacy railway contracts, which carried relatively higher margins, leading to a 20% YoY drop in EBITDA to INR 2.1 bn. Other income declined 25% YoY to INR 2.1 bn, while higher depreciation further weighed on profitability. Consequently, PAT fell 20% YoY to INR 2.3 bn, coming in 16% below estimate.

Guidance maintained

The company has maintained its revenue guidance of INR 210-220 bn for FY26, supported by an improving execution pace in 2H as monsoon disruptions subside and construction activity accelerates. The company expects at least 10% revenue growth in FY27, driven by timely completion of ongoing projects and faster turnover of new orders. The execution momentum has significantly picked up in 3Q as per management, aided by project standardization, design optimization, and focus on shorter-gestation projects. On margins, the company guided for EBITDA margin to be in the range of 4%-5%. RVNL is also diversifying into higher-margin international projects, HAM model ventures, and O&M contracts, which are expected to raise overall EBITDA margin to 5%-6% over the medium term while sustaining steady revenue growth.

Healthy order book

As of 2QFY26, RVNL reported a healthy order book of approximately INR 900 bn, comprising INR 430 bn from legacy railway projects and INR 460 bn from competitively bid projects across metro, rural, BharatNet, and Vande Bharat manufacturing segments. The company secured order inflows of around INR 20 bn during 1H FY26, including INR 8.5 bn in 2Q, and expects full-year inflows in the range of INR 80-100 bn, backed by bidding activity worth INR 750-800 bn. The order book provides revenue visibility for the next 3-4 years, with a well-diversified mix across domestic and international projects, including INR 32 bn from overseas contracts.

Investment Summary

We admit RVNL had exceptionally strong execution (revenue) until FY22. But annual execution (revenue) over FY23-25 was largely muted. Order win and change of scope in the existing order book has been there and the order book too is largely the same over the last two years. Over FY26-28E, we have modelled in order wins to match execution and this implies a stagnant order book. RVNL has signed MoUs but the actual outcome in terms of opportunity size is still unknown. Stock valuation (EPC business) at 47x 1HFY28E EPS is pricing in an upside to CMP. Retain SELL rating.

Table 1: Quarterly financials

Particulars (INR mn)	Sep-25	Sep-24	YoY (%)	Jun-25	QoQ (%)	1HFY26	1HFY25	YoY (%)
Net Sales	51,230	48,550	6	39,088	31	90,318	89,288	1
EBIDTA	2,169	2,715	-20	529	310	2,698	4,530	-40
EBITDA margin (%)	4.2	5.6	-136bps	1.4	288bps	3.00	5.1	-207bps
Other income	2,104	2,811	-25	2,282	-8	4,386	5,441	-19
PBIDT	4,273	5,526	-23	2,811	52	7,084	9,971	-29
Depreciation	89	74	20	89	1	178	143	24
Interest	1,000	1,406	-29	1,082	-8	2,082	2,780	-25
Profit / (Loss) from associates	240	-152	-258	94	156	334	-139	-341
Pre-tax profit	3,424	3,893	-12	1,734	97	5,158	6,909	-25
Tax	1,119	1,024	9	391	186	1,509	1,801	-16
Tax Rate	33	26	636bps	23	1015bps	29	26	-319bps
Profit after tax	2,305	2,869	-20	1,344	72	3,649	5,108	40

Source: Company, Antique

Table 2: Semi-annual balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	20,850	20,850	-	20,850	20,850	-
Reserves and Surplus	74,733	67,068	11.4	83,567	74,860	11.6
Loan Funds	43,210	49,046		52,890	53,890	(1.9)
Others	4,291	664	546.6	3,716	3,690	0.7
Total	143,085	137,628	4.0	161,024	153,290	5.0
Fixed Assets	8,636	4,413	95.7	11,370	10,270	10.7
Capital Work-in-Progress	47	13	271.7	3	3	-
Investments	73,711	81,414	(9.5)	25,864	25,594	1.1
Current Assets, Loans And Advances	115,112	118,257	(2.7)	175,081	168,950	3.6
Inventories	-	648	(100.0)	714	680	5.0
Sundry Debtors	20,203	19,017	6.2	17,850	14,856	20.2
Cash and Bank Balances	18,882	43,999	(57.1)	35,539	38,862	(8.6)
Loans and Advances	24	42	(42.7)	65,105	62,276	4.5
Other current assets	76,004	54,552	39.3	55,874	52,276	6.9
Current Liabilities and Provisions	54,421	66,470	(18.1)	51,295	51,527	(0.4)
Liabilities	53,490	66,105	(19.1)	50,286	50,518	(0.5)
Provisions	931	365	155.2	1,009	1,009	-
Net Working Capital	60,691	51,787	17.2	123,786	117,423	5.4
Total	143,085	137,628	4.0	161,024	153,290	5.0
Net debt	24,329	5,047	382.1	17,351	15,028	15.5

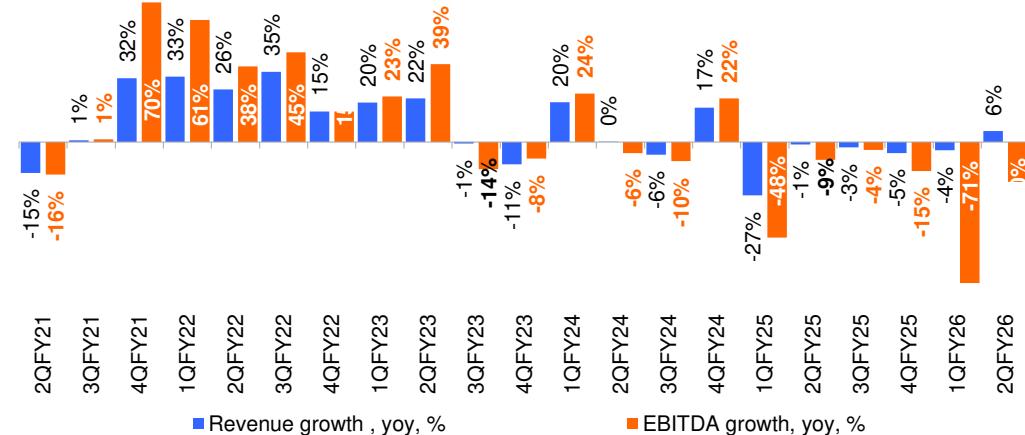
Source: Company, Antique

Table 3: Semi-annual cash flow

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported PBT	5,158	6,909	(25.3)	16,551	16,500	0.3
Depreciation	261	226	15.3	312	472	-33.9
Interest	2,050	2,304	(11.0)	-	54	-100.0
Others	(3,594)	(7,004)	(48.7)	(8,600)	(9,572)	-10.2
Changes in working capital	(16,422)	15,123	(208.6)	(9,661)	11,320	-185.3
Operating cash flow	(12,548)	17,558	(171.5)	(1,397)	18,775	-107.4
Capex	(52)	(37)	42.0	(412)	(4,318)	-90.5
Others	6,155	(1,483)	(515.0)	9,478	20,612	-54.0
Investing cash flow	6,103	(1,520)	(501.5)	9,066	16,294	-44.4
Inc/(Dec) in equity/premium	-	-	-	-	-	-
Net proceeds from borrowings	(4,385)	(4,720)	(7.1)	(1,000)	(4,720)	-78.8
Others	(9,348)	(5,610)	66.6	(9,992)	(22,613)	-55.8
Financing cash flow	(13,733)	(10,330)	32.9	(10,992)	(27,333)	-59.8
Net cash flow	(20,178)	5,707	(453.5)	(3,323)	7,736	-143.0
Opening cash balance	31,275	35,539	(12.0)	38,863	31,126	24.9
Closing cash balance	11,096	41,246	(73.1)	35,539	38,863	-8.6
Free cash flow	(12,600)	17,521	(171.9)	(1,809)	14,458	-112.5

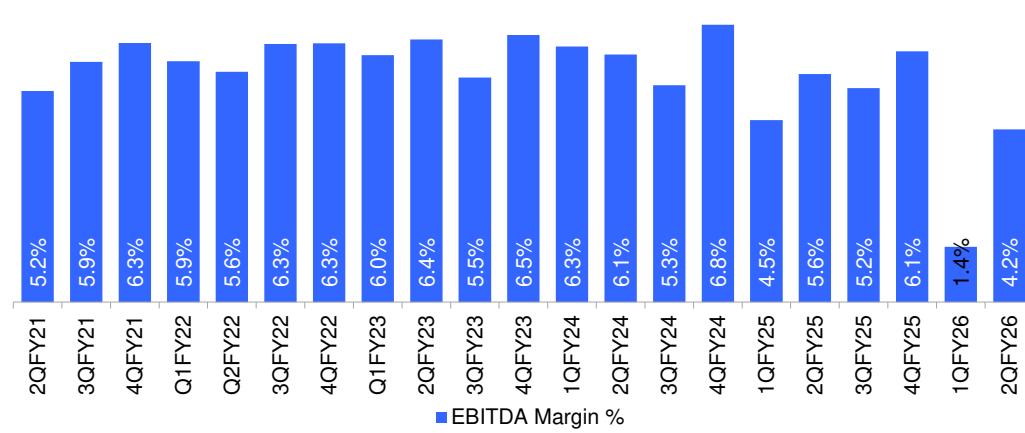
Source: Company, Antique

Exhibit 1: Revenue and EBITDA growth

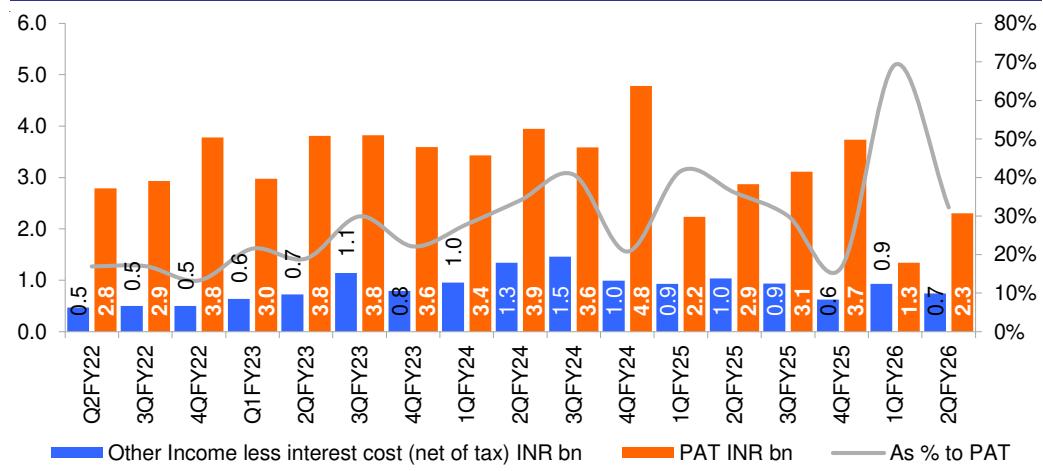


Source: Company, Antique

Exhibit 2: EBITDA margin



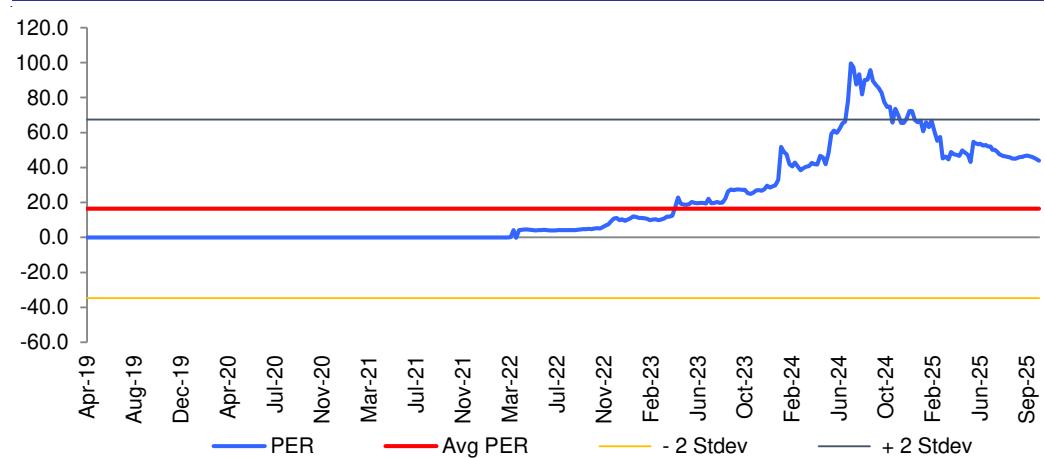
Source: Company, Antique

Exhibit 3: PAT and other income


Source: Company, Antique

Conference Call Takeaways

- RVNL reported a robust order book of ~INR 900 bn as of September 2025, providing revenue visibility for the next 3-4 years. The mix includes INR 430 bn from legacy railway projects and INR 460 bn from competitively bid contracts across metro, rural, and telecom sectors.
- Order inflows stood at INR 20 bn in 1H FY26, including INR 8.5 bn in 2Q. Management expects full-year inflows of INR 80-100 bn, supported by active participation in bids worth INR 750-800 bn.
- The company reiterated its FY26 revenue guidance of INR 210-220 bn, with a strong execution pipeline for 2H. Management also guided for ~10% YoY growth in FY27 on the back of higher order execution.
- Post-monsoon, execution has accelerated significantly in 3Q. RVNL expects stronger revenue realization in 2H as major projects in railways, metro, and tunneling sectors gain traction.
- Around 22% of the order book is from metro projects, 10% from rural works, 12% from BharatNet, and 10% from Vande Bharat manufacturing. This diversification reduces dependency on legacy railway projects.
- The company's international order book stands at INR 32 bn, with ongoing projects in the Maldives and bids in Central Asia, the Middle East, and Eastern Europe. RVNL targets stronger global traction to improve margins.
- The EBITDA margin is guided to be in the range of 4%-5% for FY26, impacted by competitive bidding. The company aims to enhance the margin to 5%-6% through design standardization, improved cost control, and better project selection.
- RVNL is expanding into higher-margin businesses like HAM model projects, multimodal logistics, and O&M contracts. These segments provide stable, long-term revenue visibility and better profitability.
- The company targets bidding worth INR 750-800 bn during FY26, maintaining a success rate of 10%-12%. The focus will remain on niche, high-value projects with moderate competition, particularly in tunneling and metro systems.
- Management remains confident of sustaining revenue growth and execution efficiency over the medium term. A combination of diversification, international expansion, and margin optimization measures is expected to support steady earnings growth in FY27 and beyond.

Exhibit 4: PER band

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	2,18,892	1,99,230	2,17,180	2,36,112	2,58,329
Op. Expenses	2,05,364	1,87,979	2,06,222	2,24,164	2,45,205
EBITDA	13,528	11,251	10,958	11,948	13,124
Depreciation	209	307	312	317	322
EBIT	13,319	10,944	10,646	11,631	12,802
Other income	11,856	9,998	9,748	9,657	8,955
Interest Exp.	5,685	5,395	4,845	4,745	4,645
Reported PBT	19,490	15,546	15,549	16,543	17,112
Tax	4,794	3,685	3,696	3,930	4,068
Reported PAT	14,695	11,861	11,853	12,613	13,043
Minority Int./Profit (loss) From Asso./JV	1,049	954	1,002	1,052	1,104
Net Profit	15,745	12,815	12,855	13,665	14,148
Adjusted PAT	15,745	12,815	12,855	13,665	14,148
Adjusted EPS (INR)	7.6	6.1	6.2	6.6	6.8

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	20,850	20,850	20,850	20,850	20,850
Reserves & Surplus	66,607	74,860	83,567	92,824	1,02,408
Networth	87,457	95,710	1,04,418	1,13,674	1,23,258
Debt	59,878	53,890	52,890	51,890	50,890
Other Non Current Liabilities	7,711	3,690	3,716	3,744	3,776
Capital Employed	1,55,045	1,53,290	1,61,024	1,69,308	1,77,924
Gross Fixed Assets	4,424	11,253	12,353	13,453	14,553
Accumulated Depreciation	(983)	(983)	(983)	(983)	(983)
Capital work in progress	938	3	3	3	3
Net Fixed Assets	4,379	10,273	11,373	12,473	13,573
Investments	24,052	25,594	25,864	25,864	25,864
Other Non Current Assets	70,007	52,276	55,874	59,668	64,121
Current Assets, Loans & Adv.	97,458	1,16,673	1,19,208	1,25,131	1,33,152
Inventory	647	680	714	749	787
Debtors	10,774	14,856	17,850	25,875	35,387
Cash & Bank balance	31,126	38,862	35,539	30,417	25,387
Loans & advances and others	54,911	62,276	65,105	68,089	71,591
Current Liabilities & Provisions	41,075	51,527	51,295	53,828	58,786
Liabilities	40,686	50,518	50,286	52,819	57,777
Provisions	389	1,009	1,009	1,009	1,009
Net Current Assets	56,383	65,146	67,912	71,303	74,366
Application of Funds	1,55,045	1,53,290	1,61,024	1,69,308	1,77,924

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	2,085.0	2,085.0	2,085.0	2,085.0	2,085.0
Diluted no. of shares (mn)	2,085.0	2,085.0	2,085.0	2,085.0	2,085.0
BVPS (INR)	41.9	45.9	50.1	54.5	59.1
CEPS (INR)	7.7	6.3	6.3	6.7	6.9
DPS (INR)	2.4	2.0	2.0	2.1	2.2

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	20,539	16,500	16,551	17,595	18,216
Depreciation & amortization	378	472	312	317	322
Interest expense	(125)	54	-	-	-
(Inc)/Dec in working capital	20,374	11,320	(9,661)	(12,279)	(12,514)
Tax paid	(4,603)	(4,650)	(3,696)	(3,930)	(4,068)
Other operating Cash Flow	(6,938)	(4,922)	(4,903)	(4,912)	(4,310)
CF from operating activities	29,625	18,775	(1,397)	(3,208)	(2,354)
Capital expenditure	(1,164)	(4,318)	(412)	(417)	(422)
Inc/(Dec) in investments	4,108	11,769	(271)	-	-
Add: Interest/Div. Income Recd.	3,150	8,843	9,748	9,657	8,955
CF from investing activities	6,095	16,294	9,066	9,240	8,533
Inc/(Dec) in debt	(3,813)	(4,720)	(1,000)	(1,000)	(1,000)
Dividend Paid	(4,439)	(4,399)	(4,147)	(4,409)	(4,564)
Others	(14,874)	(18,213)	(5,845)	(5,745)	(5,645)
CF from financing activities	(23,126)	(27,333)	(10,992)	(11,154)	(11,209)
Net cash flow	12,593	7,736	(3,323)	(5,122)	(5,030)
Opening balance	18,533	31,126	38,863	35,539	30,417
Closing balance	31,126	38,863	35,539	30,417	25,387

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	7.9	-9.0	9.0	8.7	9.4
EBITDA	8.5	-16.8	-2.6	9.0	9.8
Adj PAT	10.8	-18.6	0.3	6.3	3.5
Adj EPS	10.8	-18.6	0.3	6.3	3.5

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	41.8	51.4	51.3	48.2	46.6
P/BV (x)	7.5	6.9	6.3	5.8	5.3
EV/EBITDA (x)	50.8	59.9	61.7	56.9	52.1
EV/Sales (x)	3.1	3.4	3.1	2.9	2.6
Dividend Yield (%)	0.8	0.6	0.6	0.7	0.7

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	19.7	14.0	12.8	12.5	11.9
RoCE (%)	17.7	14.1	13.3	13.2	12.8
Asset/T.O (x)	3.8	2.9	2.8	2.9	3.0
Net Debt/Equity (x)	0.3	0.2	0.2	0.2	0.2
EBIT/Interest (x)	4.4	3.9	4.2	4.5	4.7

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	6.2	5.6	5.0	5.1	5.1
EBIT Margin	6.1	5.5	4.9	4.9	5.0
PAT Margin	7.2	6.4	5.9	5.8	5.5

Source: Company Antique

CMP	: INR 3,588
Reco	: HOLD ↘
Target Price	: INR 3,650 ↓
Target Price Change	: -7%
Target 1HFY28E P/E (x)	: 30
EPS Change FY26/27/28	: -9%/ -8%/ -8%

2QFY26 RESULT REVIEW

PI Industries

Challenges continue in CSM business

PI Industries (PI) registered a weak set of 2QFY26 numbers, mainly led by poor topline growth while the margins improved on YoY basis. Topline growth and profitability were ahead of our estimates. Revenue/ EBITDA/ PAT declined 16% / 14% / 20% YoY respectively on account of: a) A decline in CSM business and domestic agri input business and b) GP margin improved ~550 bps YoY. Key highlights: 1) CSM revenue was down 18% YoY on account of lower volumes; however, new products grew 27% YoY. 2) Domestic revenue was down 13% YoY led by lower volume offtake, while biological products revenue impacted the domestic market negatively. 3) Pharma revenue came in at INR 634 mn, up 54% / -12% on YoY/ QoQ basis. 4) Gross margin improved ~550 bps YoY to 57%, mainly on account of improved product mix. 5) EBITDA margin was at 29% (ex-pharma at 35%), up 63 bps YoY. Considering the weak 1HFY26 performance, PI has not provided any quantitative growth guidance for FY26 (was earlier expecting single digit YoY growth in FY26). However, it expects to see recovery in the CSM business from 4QFY26/ 1HFY27 onwards led by improved demand. Although it expects strong growth to continue for the newly launched products of the CSM business. Further, scale-up of the pharma business in the next 2-3 years will provide strong growth visibility in the medium term. However, due to regulatory challenges the domestic biological business was impacted negatively in 1HFY26 and its revenue contribution was nearly negligible (~4% of total topline in FY25). Considering softness in CSM export business and challenges in the domestic business, we have trimmed our FY26/ 27/ 28 EPS estimates by 9%/ 8%/ 8%. Maintain HOLD with a revised TP of INR 3,650 (earlier INR 3,920), valuing the stock at 30x 1HFY28E EPS (five-yr. high/ low/ average 43x/ 34x/ 25x).

CSM's established molecules business remains weak, but new products continue to show strong traction

Consolidated revenue was at INR 18.7 bn, down 16% YoY (Antique's est. INR 18.0 bn). The CSM business was down 18% YoY led by lower volumes/ realization of -17% / -1% YoY. However, new products in the CSM business registered strong growth of 27% YoY. The domestic business registered 13% YoY decline in revenue due to lower volumes. While biological products were impacted by regulatory challenges. However, as biological products are under the approval process, the company expects the situation to normalize from 4QFY26 onwards. Pharma registered 54% YoY topline growth to INR 634 mn.

Higher overheads cap operating margin gains despite strong improvement in GM

Gross margin improved ~550 bps YoY to 57%, which we believe is due to improved product mix and lower RM costs. EBITDA was at INR 5.4 bn, down 14% YoY, above our estimate of INR 4.6 bn. While the EBITDA margin improved marginally by 63 bps YoY to 29% due to higher employee costs and overheads, mainly related to development of new business and investments towards new product development and promotional activities. Employee costs/ other expenses as a % of revenue increased by ~297 bps/ ~190 bps YoY respectively. Standalone business EBITDA margin (ex-pharma) came in at 35%, up ~250 bps YoY. The pharma business reported an EBIT loss of INR 654 mn, mainly reflecting investments in talent, processes, and capability enhancement. The company has maintained its EBITDA margin guidance at FY25 levels.

Multiple levers to support future growth

The CSM order book at USD 1.25 bn, -14% / +4% on YoY/ QoQ, is executable in the next 4-5 years. FY26 capex guidance of INR 8-9 bn is for commissioning of two new dedicated plants. For the CSM business in FY26, the company expects to commercialize three other new products to maintain strong growth momentum in the newly launched products in the last three years. Expects the pharma business to register +75% growth in FY26 led by new customer addition. Working on new-age electronic molecules which could provide strong growth in coming years.

Investment Summary

We believe a) Recovery in CSM from FY27 onwards and growth in the domestic market, b) A robust pipeline of product launches for 3-4 years, c) Strong growth in new products, and d) Scale-up of the pharma business will continue to drive growth for PI over the medium term. The company has provided for single-digit YoY topline growth guidance with EBITDA margin sustaining at 26%-27% levels. Maintain HOLD.

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Market data

Sensex	: 84,467
Sector	: Agrochemicals
Market Cap (INR bn)	: 544.5
Market Cap (USD bn)	: 6.143
O/S Shares (mn)	: 151.7
52-wk HI/LO (INR)	: 4648/2951
Avg. Daily Vol ('000)	: 190
Bloomberg	: PLIN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	97.9	112.7	130.4
P/E (x)	36.6	31.8	27.5
P/BV (x)	4.8	4.2	3.7
EV/EBITDA (x)	25.0	21.4	18.2
Dividend Yield (%)	0.4	0.4	0.4

Source: Company, Antique

Returns (%)

	1m	3m	6m	12m
Absolute	1	(6)	(3)	(21)
Relative	(2)	(11)	(6)	(27)

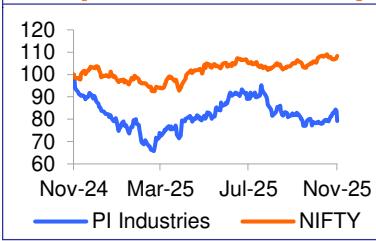
Source: Bloomberg

Shareholding pattern

Promoters	:	46%
Public	:	54%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg

Conference Call Highlights

■ **CSM business:**

- CSM revenue declined due to slow customer offtake and delivery schedule deferments, in line with planned softness built into FY26.
- The order book size at USD 1.25 bn will provide growth visibility to the CSM business for the next 4-5 years.
- During 1HFY26, the company commercialized five new molecules and is aiming to commercialize three new products in 2HFY26. Expects growth to come from newly launched products.
- Newly launched products (over the last 3 years) registered 27% YoY growth.
- New product contribution will increase to 30%-35% over the next 2-3 years from the current 18%-20%.
- Expects growth recovery in the CSM business in 4QFY26.
- Started working on electronics and specialty chemical segment and expects good growth to come from the new segment in coming years.
- Continued investments in technology, customer partnerships, and plant capacity provides medium- to long-term growth levers once the agrochemical cycle turns favorable.

■ **Domestic business:**

- Weak quarter due to weather and regulatory disruptions: Domestic business declined ~5% YoY in 1HFY26, primarily due to erratic rainfall during Kharif and abrupt regulatory actions impacting biological product sales.
- Temporary regulatory restrictions on biological products led to muted sales in 1HFY26; resolution is underway and normalization expected by 4QFY26.
- Despite weather headwinds, PI launched three new agri brands in 1H and plans to launch 2-3 more in 2HFY26, maintaining the innovation momentum.
- The biological business contributed ~20% to domestic agro-chemical business topline in FY25.
- The company has a pipeline of 20+ products at different stages of registration.

■ **Pharma business:**

- Pharma business delivered ~50% YoY growth in 2QFY26 and ~2x revenue in 1HFY26 vs. last year, reflecting successful client onboarding and project ramp-up.
- Two new global customers were onboarded in 1H (U.S. and Europe), with the company now working with ~7 clients, including two late-stage programs and plans to onboard two more in 2HFY26.
- Near-term margins remain under pressure due to high overheads; management expects operating leverage benefits as scale builds over the next 12-18 months.
- Prioritizing quality customer acquisition, late-stage development projects, and commercial-scale readiness to transition toward profitability from FY27.
- Maintained +75% revenue growth in FY26 with improvement in margin.

■ **Trade working capital:** Increased to 115 days vs. 73 days as of 4QFY25. This is mainly on account of higher inventory build-up for 2H and increasing receivable days.

■ **Cash balance:** Net cash balance stood at INR 38.6 bn.

Table 1: Financial snapshot - (Consolidated)

(INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	18,723	22,210	(15.7)	19,005	(1.5)	37,728	42,899	(12.1)
Cost of Material Consumed	8,004	10,714	(25.3)	8,091	(1.1)	16,095	20,691	(22.2)
% of sales	42.7	48.2	(549 bps)	42.6	18 bps	42.7	48.2	(557 bps)
Employee cost	2,205	1,956	12.7	2,323	(5.1)	4,528	3,957	14.4
% of sales	11.8	8.8	297 bps	12.2	(45 bps)	12.0	9.2	278 bps
Other expenses	3,101	3,258	(4.8)	3,400	(8.8)	6,501	6,137	5.9
% of sales	16.6	14.7	189 bps	17.9	(133 bps)	17.2	14.3	293 bps
Total expenditure	13,310	15,928	(16.4)	13,814	(3.6)	27,124	30,785	(11.9)
EBITDA	5,413	6,282	(13.8)	5,191	4.3	10,604	12,114	(12.5)
Margin %	28.9	28.3	63 bps	27.3	160 bps	28.1	28.2	(13 bps)
Other income	825	1,222	(32.5)	859	(4.0)	1,684	1,949	(13.6)
Depreciation	980	798	22.8	965	1.6	1,945	1,632	19.2
Interest	26	85	(69.4)	39	(33.3)	65	168	(61.3)
Profit Before Tax	5,232	6,621	(21.0)	5,046	3.7	10,278	12,263	(16.2)
PBT after exceptional	5,232	6,621	(21.0)	5,046	3.7	10,278	12,263	(16.2)
Tax	1,160	1,546	(25.0)	1,074	8.0	2,234	2,721	(17.9)
Tax Rate %	22.2	23.3	(118 bps)	21.3	89 bps	21.7	22.2	(45 bps)
Reported Net Profit	4,072	5,075	(19.8)	3,972	2.5	8,044	9,542	(15.7)
Adjusted Net Profit	4,093	5,082	(19.5)	4,000	2.3	8,093	9,570	(15.4)
EPS	27.0	33.5	(19.5)	26.4	2.3	53.4	63.2	(15.4)

Source: Company, Antique

Table 2: Actual vs. estimated performance

(INR mn)	Actual (Reported)	ASBLe	Var (%)	Cons. Est.	Var (%)
Revenues	18,723	17,992	4.1	18,977	(1.3)
EBITDA	5,413	4,649	16.4	5,003	8.2
EBITDA margins (%)	28.9	25.8	307	26.4	255
Adjusted PAT	4,093	3,623	13.0	3,993	2.5

Source: Company, Antique

Table 3: Change in estimates

	FY26E			FY27E			FY28E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	79,040	74,857	(5.3)	91,384	87,034	(4.8)	1,02,550	97,952	(4.5)
EBITDA	21,411	19,973	(6.7)	24,389	22,857	(6.3)	27,776	26,151	(5.9)
EBITDA Margin(%)	27.1	26.7	-40.7 bps	26.7	26.3	-42.6 bps	27.1	26.7	-38.8 bps
PAT	16,268	14,887	(8.5)	18,645	17,138	(8.1)	21,458	19,814	(7.7)
EPS	107.0	97.9	(8.5)	122.7	112.7	(8.1)	141.2	130.4	(7.7)

Source: Company, Antique

Table 4: Half yearly balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	152	152	-	152	152	-
Reserves and surplus	1,08,117	95,302	13.4	1,13,873	1,01,418	12.3
Loan funds	1,755	1,073	63.6	780	1,117	(30.2)
Deferred tax liability (Net)	529	344	53.8	278	278	-
Total	1,10,553	96,871	14.1	1,15,083	1,02,965	11.8
Fixed assets	50,530	44,589	13.3	51,987	47,589	9.2
Investments	13,521	12,331	9.7	15,314	15,314	-
Current assets, loans and advances						
Inventories	12,125	11,648	4.1	5,515	9,839	(43.9)
Sundry debtors	16,054	15,451	3.9	11,280	14,058	(19.8)
Cash and bank balances	26,127	28,440	(8.1)	32,312	24,996	29.3
Other current assets	14,652	7,492	95.6	10,698	10,698	-
Less: Current liabilities and provisions						
Trade Payables	13,274	13,342	(0.5)	4,596	12,102	(62.0)
Current liabilities	9,182	9,738	(5.7)	7,427	7,427	-
Net Current Assets	46,502	39,951	16.4	47,782	40,062	19.3
Total	1,10,553	96,871	14.1	1,15,083	1,02,965	11.8
Net Working Capital	14,905	13,757	8.3	12,199	11,795	3.4

Source: Company, Antique

Table 5: Half yearly cash flow

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	10,327	12,291	(16.0)	19,153	21,420	(10.6)
Depreciation	1,945	1,632	19.2	4,102	3,525	16.4
Interest	65	168	(61.3)	160	330	(51.5)
Others	(1,501)	(6,888)	(78.2)	(3,442)	(2,400)	-
Tax	(1,811)	(1,811)	-	(4,309)	(3,837)	-
Changes in working capital	(6,549)	2,614	-	(404)	(4,472)	-
Operating cash flow	2,476	8,006	(69.1)	15,303	14,130	8.3
Capex	(4,368)	(3,840)	-	(8,500)	(8,379)	-
Others	2,080	(3,035)	(168.5)	3,442	(5,863)	-
Investing cash flow	(2,288)	(6,875)	--	(5,058)	(14,242)	--
Net proceeds from borrowings	471	(236)	-	(337)	(450)	-
Others	(1,674)	(1,624)	-	(2,592)	(2,415)	-
Financing cash flow	(1,203)	(1,860)	--	(2,929)	(2,865)	--
Net cash flow	(1,015)	(729)	-	7,316	(2,977)	-
Opening cash balance	5,923	8,865	(33.2)	5,888	8,865	(33.6)
Closing cash balance	4,908	8,136	(39.7)	13,204	5,888	124.2
Bank Balance	21,219	20,304	4.5	19,108	19,108	0.0
Cash and Bank Balance	26,127	28,440	(8.1)	32,312	24,996	29.3
Free cash flow	(1,892)	4,166	(145.4)	6,803	5,751	18.3

Source: Company, Antique

Table 6: Key technical prices

Particulars (INR/kg)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Amisulbrom	11,291	11,424	11,405	10,893	10,938	--	--	--	--	7,690	--	--
YoY Growth (%)	10%	13%	10%	0%	-3%	--	--	--	--	--	--	--
QoQ Growth (%)	4%	1%	0%	-4%	0%	--	--	--	--	--	--	--
AE 747 ETHER	4,243	3,988	3,988	4,010	3,968	3,772	-	3,807	3,293	3,341	--	--
YoY Growth (%)	31%	12%	1%	-5%	-6%	-5%	--	-5%	-17%	-11%	--	--
QoQ Growth (%)	1%	-6%	0%	1%	-1%	-5%	--	--	-14%	1%	--	--
Metominostrobin	2,936	2,916	2,916	2,681	2,921	2,858	2,424	2,421	2,445	2,422	2,387	2,222
YoY Growth (%)	24%	14%	8%	-5%	-1%	-2%	-17%	-10%	-16%	-15%	-2%	-8%
QoQ Growth (%)	4%	-1%	0%	-8%	9%	-2%	-15%	0%	1%	-1%	-1%	-7%
PCM (Herbicide Intermediate)	3,789	3,586	3,614	3,285	3,193	3,185	3,212	3,054	3,073	3,146	3,114	3,171
YoY Growth (%)	19%	7%	-1%	-12%	-16%	-11%	-11%	-7%	-4%	-1%	-3%	4%
QoQ Growth (%)	2%	-5%	1%	-9%	-3%	0%	1%	-5%	1%	2%	-1%	2%
Pyroxasulfone	7,096	7,140	7,116	7,157	7,210	7,102	7,067	7,098	7,138	6,824	6,580	7,358
YoY Growth (%)	21%	8%	4%	4%	2%	-1%	-1%	-1%	-1%	-4%	-7%	4%
QoQ Growth (%)	3%	1%	0%	1%	1%	-2%	0%	0%	1%	-4%	-4%	12%
Tefuryltrione	8,700	8,293	8,343	8,402	8,399	7,927	7,956	--	8,061	7,919	8,098	
YoY Growth (%)	22%	--	-2%	-2%	-3%	--	-4%	-5%	--	-4%	0%	2%
QoQ Growth (%)	2%	--	--	1%	1%	0%	-6%	0%	--	--	--	--
Triazole Intermediate		3,366	3,385	4,000	3,120	3,140	3,146	--	--	--	--	2,849
YoY Growth (%)	--	--	--	--	--	--	-7%	-7%	--	--	--	-9%
QoQ Growth (%)	--	--	--	1%	18%	-22%	1%	0%	--	--	--	--
Fluindapyr - New Product	7,176	6,847	6,812	--	--	6,428	6,311	6,317	6,371	6,108	5,885	5,988
YoY Growth (%)	--	--	--	--	--	-6%	-7%	--	--	-5%	-7%	-5%
QoQ Growth (%)	5%	-5%	-1%	--	--	--	-2%	0%	1%	-4%	-4%	2%
Fluxapyroxad - New Product						6,708	6,708	-	-	5,902	4,387	-
YoY Growth (%)	--	--	--	--	--	--	--	--	--	-12%	-35%	--
QoQ Growth (%)	--	--	--	--	--	--	--	--	--	--	-26%	--
Saflufenacil - New Product	5,646	6,816	6,891	6,901	6,506	5,825	5,760	5,831	5,785	5,635	5,470	
YoY Growth (%)	--	--	--	--	--	15%	-15%	-16%	-16%	-11%	-3%	-5%
QoQ Growth (%)	--	--	--	--	--	-6%	-10%	-1%	1%	-1%	-3%	-3%

Source: Antique

Table 7: Quarterly revenue and growth

Particulars (INR in mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
CSM Revenue	13,286	12,814	15,187	15,610	15,037	13,986	17,241	17,199	15,565	13,638	14,897	14,108
Growth YoY (%)	23.5	15.0	33.0	22.1	13.2	9.1	13.5	10.2	3.5	(2.5)	(13.6)	(18.0)
Domestic Revenue	2,846	2,842	3,474	4,840	2,665	2,709	3,195	4,600	2,806	3,383	3,385	3,984
Growth YoY(%)	1.5	1.1	(13.4)	(1.6)	(6.4)	(4.7)	(8.0)	(5.0)	5.3	24.9	5.9	(13.4)
Pharma Revenue			443	719	1,273	715	253	411	637	850	723	634
Total Revenue	16,132	15,656	19,104	21,169	18,975	17,410	20,689	22,210	19,008	17,871	19,005	18,726
Growth YoY(%)	18.9	12.2	23.8	19.6	17.6	11.2	8.3	4.9	0.2	2.6	(8.1)	(15.7)

Source: Company, Antique

Table 8: Quarterly EBITDA and EBITDA margin

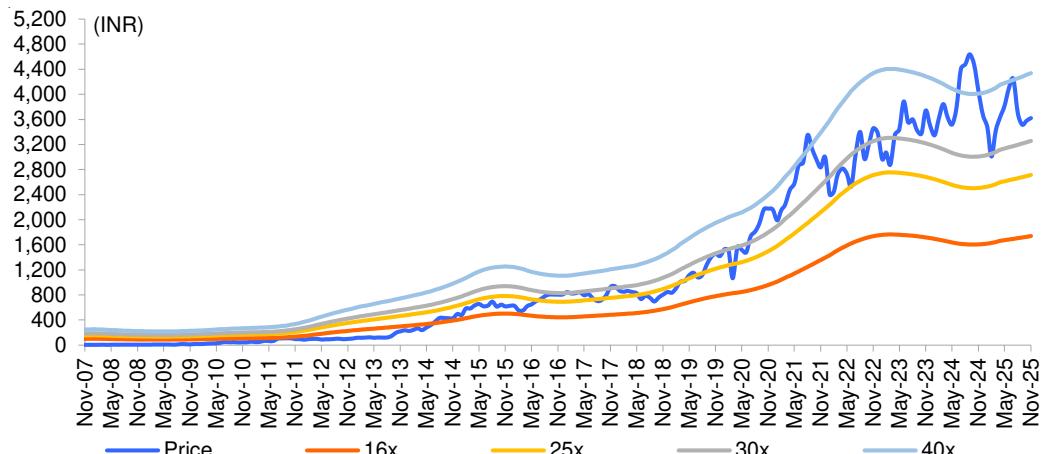
Particulars (INR in mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
EBITDA	4,151	3,428	4,678	5,514	5,536	4,418	5,832	6,282	5,120	4,556	5,191	5,413
EBITDA Margin(%)	25.7	21.9	24.5	26.0	29.2	25.4	28.2	28.3	26.9	25.5	27.3	28.9

Source: Company, Antique

Table 9: Quarterly CSM order book and YoY growth

Particulars (USD in mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
CSM Order book	1,800	1,800	1,800	1,800	1,700	1,750	1,550	1,450	1,400	1,300	1,200	1,250
Growth YoY (%)	29	29	29	-	(6)	(3)	(14)	(19)	(18)	(26)	(23)	(14)

Source: Company, Antique

Exhibit 1: One-year forward PE

Source: Bloomberg, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	76,658	79,778	74,857	87,034	97,952
Gross Profit	38,282	42,067	41,307	45,485	51,128
Op. Expenses	56,511	57,988	54,884	64,177	71,801
EBITDA	20,147	21,790	19,973	22,857	26,151
Depreciation	3,082	3,525	4,102	4,769	5,436
EBIT	17,065	18,265	15,871	18,088	20,715
Other income	2,077	3,442	3,442	4,130	4,956
Interest Exp.	300	330	160	160	160
Reported PBT	18,842	21,377	19,153	22,058	25,511
Tax	2,132	4,818	4,309	4,963	5,740
Reported PAT	16,710	16,559	14,844	17,095	19,771
Minority Int./Profit (loss) From Asso.	105	43	43	43	43
Net Profit	16,605	16,516	14,801	17,052	19,728
Adjusted PAT	16,815	16,602	14,887	17,138	19,814
Adjusted EPS (INR)	110.6	109.2	97.9	112.7	130.4

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	152	152	152	152	152
Reserves & Surplus	87,158	1,01,418	1,13,873	1,28,579	1,45,961
Networth	87,310	1,01,570	1,14,025	1,28,731	1,46,113
Debt	1,279	1,117	780	780	780
Net deferred Tax liabilities	(267)	278	278	278	278
Capital Employed	88,322	1,02,965	1,15,083	1,29,789	1,47,171
Gross Fixed Assets	48,616	58,604	67,104	75,604	84,104
Accumulated Depreciation	12,283	14,856	18,958	23,727	29,163
Capital work in progress	1,731	3,841	3,841	3,841	3,841
Net Fixed Assets	38,064	47,589	51,987	55,718	58,782
Investments	13,363	15,314	15,314	15,314	15,314
Non Current Investments	903	2,716	2,716	2,716	2,716
Current Investments	12,460	12,598	12,598	12,598	12,598
Current Assets, Loans & Adv.	55,744	59,591	59,805	71,875	86,916
Inventory	13,012	9,839	5,515	6,830	7,697
Debtors	9,299	14,058	11,280	11,922	13,418
Cash & Bank balance	27,039	24,996	32,312	42,425	55,103
Loans & advances and others	6,394	10,698	10,698	10,698	10,698
Current Liabilities & Provisions	18,849	19,529	12,023	13,119	13,841
Liabilities	11,484	12,102	4,596	5,692	6,414
Provisions	7,365	7,427	7,427	7,427	7,427
Net Current Assets	36,895	40,062	47,782	58,757	73,075
Application of Funds	88,322	1,02,965	1,15,083	1,29,789	1,47,171

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (m)	152	152	152	152	152
Diluted no. of shares (m)	152	152	152	152	152
BVPS (INR)	574.4	668.2	750.2	846.9	961.3
CEPS (INR)	130.2	132.1	124.6	143.8	165.8
DPS (INR)	15.0	16.0	16.0	16.0	16.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	18,947	21,420	19,153	22,058	25,511
Depreciation & amortisation	3,082	3,525	4,102	4,769	5,436
Interest expense	300	330	160	160	160
(Inc)/Dec in working capital	3,671	(4,472)	(404)	(862)	(1,640)
Tax paid	(3,750)	(3,837)	(4,309)	(4,963)	(5,740)
Less: Interest/Div. Income Recd.	(1,249)	(2,227)	(3,442)	(4,130)	(4,956)
Other operating Cash Flow	(533)	(173)	-	-	-
CF from operating activities	20,359	14,130	15,303	17,075	18,813
Capital expenditure	(6,190)	(8,379)	(8,500)	(8,500)	(8,500)
Inc/(Dec) in investments	(12,811)	(6,290)	-	-	-
Add: Interest/Div. Income Recd.	996	427	3,442	4,130	4,956
CF from investing activities	(18,005)	(14,242)	(5,058)	(4,370)	(3,544)
Inc/(Dec) in debt	(19)	(450)	(337)	-	-
Dividend Paid	(1,744)	(2,276)	(2,432)	(2,432)	(2,432)
Others	(453)	(139)	(160)	(160)	(160)
CF from financing activities	(2,216)	(2,865)	(2,929)	(2,592)	(2,592)
Net cash flow	138	(2,977)	7,316	10,113	12,678
Opening balance	8,727	8,865	5,888	13,204	23,317
Closing balance	8,865	5,888	13,204	23,317	35,995
Bank Balance	18,174	19,108	19,108	19,108	19,108
Cash and Bank Balance	27,039	24,996	32,312	42,425	55,103

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue (%)	18.1	4.1	(0.9)	15.6	12.2
EBITDA (%)	30.6	8.2	(1.7)	13.9	13.9
Adj PAT (%)	36.8	(1.3)	(2.0)	14.6	15.1
Adj EPS (%)	36.8	(1.3)	(2.0)	14.6	15.1

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	32.4	32.9	36.6	31.8	27.5
P/BV (x)	6.2	5.4	4.8	4.2	3.7
EV/EBITDA (x)	25.1	23.3	25.0	21.4	18.2
EV/Sales (x)	6.6	6.4	6.7	5.6	4.9
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	21.1	17.6	13.8	14.1	14.4
RoCE (%)	23.8	22.7	17.7	18.1	18.5
Asset/T.O (x)	1.1	1.0	0.8	0.8	0.8
Net Debt/Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
EBIT/Interest (x)	63.8	65.8	120.7	138.9	160.4

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue(%)	18.1	4.1	(6.2)	16.3	12.5
EBITDA(%)	30.6	8.2	(8.3)	14.4	14.4
Adj PAT(%)	36.8	(1.3)	(10.3)	15.1	15.6

Source: Company Antique

CMP	: INR 1,718
Reco	: BUY ↘
Target Price	: INR 2,085 ↑
Target Price Change	: 12%
Target 1HFY28 VNB (x)	: 22
VNB Change FY26/27/28	: No Change

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Market data	
Sensex	: 84,467
Sector	: Life Insurance
Market Cap (INR bn)	: 593.2
Market Cap (USD bn)	: 6.692
O/S Shares (mn)	: 345.1
52-wk HI/LO (INR)	: 1728/950
Avg. Daily Vol ('000)	: 637
Bloomberg	: MAXF IN

Source: Bloomberg

Valuation			
	FY26e	FY27e	FY28e
P/VNB (x) - Implied	25.4	19.9	15.2
P/EV (x)	3.2	2.7	2.3
P/EVOP	20.9	18.0	15.4
P/B	14.2	13.0	11.8
P/E	186.3	154.2	128.0

Source: Bloomberg

Returns (%)			
	1m	3m	6m
Absolute	9	8	33
Relative	6	3	30

Source: Bloomberg

Shareholding pattern	
Promoters	: 2%
Public	: 98%
Others	: 0%

Source: Bloomberg



2QFY26 RESULT REVIEW

Max Financial Services

Improved product mix drive margin outperformance

Max Financial (Axis Max Life) reported yet another strong quarter, beating both growth and margin estimates. 2QFY26 APE rose 16% YoY to INR 25.1 bn (vs. INR 24.2 bn estimate) leading to private market share gain of 83 bps reaching 10.1%, while VNB grew 25% YoY to INR 6.4 bn (vs. INR 5.7 bn estimate). For 1HFY26, APE grew 15% YoY to INR 41.8 bn (vs. INR 40.9 bn estimate) and VNB rose 27% YoY to INR 9.74 bn (vs. INR 9.1 bn estimate). VNB margin expanded 216 bps YoY to 23.3% (1HFY26) despite 60 bps impact from the unavailability of GST input tax credit and further improved to 25.5% in 2QFY26 (+190 bps YoY), supported by a richer product mix (protection + non-par + annuity) and strong cost control. On two-year CAGR, the company delivered 24% APE growth, well ahead of the private sector's 16% and more than double the industry's growth rate of 11%. Management maintains its earlier guidance with APE growth of 15%-17% YoY and a margin of 24%-25% (higher YoY) despite the unavailability of 300-350 bps GST input tax credit. Our FY26-28E VNB estimates remain largely unchanged. We maintain BUY with a revised DCF-based TP of INR 2,085 (INR 1,870 earlier), implying ~2.7x 1HFY28E P/EV, after reducing the holdco discount from 20% to 10%. MAXF remains our preferred pick.

Industry leading growth backed by improved product mix

APE growth of 15% YoY in 2QFY26 and 1HFY26 was broad-based across segments, driven by strong non-linked savings and protection traction. Retail protection APE rose 34% YoY, non-par savings were up 26% YoY, and annuity was up 85% YoY. ULIP APE declined 6% YoY, reflecting the pivot toward value-accractive segments. This shift, combined with higher ticket sizes and steady Group Credit Life (+14% YoY), helped deliver an improved product mix of ULIP 34%, non-par 26%, protection 12%, par 12%, annuity 8%, and group 7%. Management highlighted that the company maintains leadership in online protection and health segments and plans to leverage new product launches (Smart VIBE, SWAG Pension Plan variants, Group Smart Health Plan) to sustain growth.

Margin expansion driven by mix and efficiency

1HFY26 VNB margin improving 216 bps to 23.3% and 190 bps to 25.5% in 2QFY26 was primarily driven by product-mix changes and improved cost efficiency. Higher share of protection and non-par savings, coupled with higher rider attachment (37%), reduced ULIP dependence, and operating efficiency gains (policyholder opex/ GWP down 100 bps YoY to 15.5%) boosted profitability. The company also reported positive operating variance of INR 130 mn and stable operating RoEV at 16.3%. Management expects FY26 margin to remain within the 24%-25% band despite temporary GST impact to be offset by product mix change, cost optimization, and possibly distributors' commission rationalization.

Distribution franchise expansion and channel growth

Proprietary APE grew 17% YoY (offline +26%, online +14%) while partnership APE rose 13% YoY driven by new tie-ups and Axis Bank contribution (+7% YoY). Proprietary channels now contribute ~47% of APE (46% YoY), underscoring a balanced distribution mix. During 1HFY26, 31 new partners (15 group and 16 retail) were added, contributing 5% of individual APE with 87% YoY growth. Management aims to maintain this diversification momentum through deeper BFSI and broking partnerships while strengthening the 1.42 lakh-strong agency base.

GST reforms-Transient impact, long-term positive

Management reiterated that the recent GST reforms improved long-term affordability and penetration. However, disallowance of ITC is expected to cause a 300-350 bps run-rate margin drag; ~0.6% impact already seen in 1HFY26. The team is pursuing cost optimization, distributor renegotiations, and product repricing to offset the impact by 4QFY26. Early data post-September '22 showed improved protection traction, indicating that demand elasticity benefits are beginning to materialize.

Investment summary

MAXF continues to demonstrate industry-leading growth, margin discipline, and improved product mix. We expect FY25-28E APE/ VNB/ EV CAGR of ~16%/ 18%/ 17%, respectively. We retain BUY with a revised DCF-based TP of INR 2,085 (INR 1,870 earlier), implying ~2.4x 1HFY28E P/EV.

Conference Call Takeaways

Broad-based growth continues:

APE grew 15% YoY to INR 25.1 bn in 2QFY26, led by strong non-par (+26%), protection (+36%), and annuity (+85%) segments. Management reiterated FY26 APE growth guidance of 15%-17%, driven by balanced product momentum.

Sustains VNB margin uptrend:

VNB margin expanded to 25.5% (+190 bps YoY) supported by better mix, improved persistency, and cost efficiency. Management expects FY26 margin to remain within the 24%-25% range, with focus on maintaining double-digit VNB growth despite GST drag.

Protection and Health scaling rapidly:

Retail protection and Health APE rose 36% YoY to INR 5.4 bn, aided by digital and tele-sales, higher rider attachment, and medical-tech partnerships. Management sees this vertical as a long-term margin enhancer.

Non-linked savings gaining share:

Non-par APE grew 26% YoY led by new launches (Smart VIBE, SWAG Pension). ULIP share moderated to 34% (vs. 42% YoY), reflecting the shift toward value-accretive, less rate-sensitive products.

Cost optimization delivering results:

Operating expense ratio improved to 15.5% (-100 bps YoY) through efficiency programs, tech automation, and distribution rationalization. Management guided for another 50-70 bps saving over FY26-27 as scale benefits accrue.

Persistency & customer retention improving:

13-month persistency rose to 83%, while 25-month improved 500 bps YoY to 76%; management credited analytics-based renewal management and digital engagement.

Distribution diversification:

Proprietary channel APE was up 17% YoY, while partnership business grew 13% YoY with 31 new partners added. Axis Bank APE was up 7% YoY; 5% of individual APE now are from new partnerships growing 87% YoY.

GST impact quantified & manageable:

Loss of input-tax credit (ITC) expected to create a 300-350 bps margin drag, of which ~0.6% seen in 1HFY26. Management expects to offset this fully by 4QFY26 via cost actions, distributor renegotiation, and product repricing.

Capital position strong:

Solvency at 208% (post INR 8 bn sub-debt issue). EV up 15% YoY at INR 268.95 bn; operating RoEV 16.3%.

Management outlook:

Management remains confident of sustaining industry-leading growth and profitability, targeting ~15% APE CAGR, mid-20s VNB margin, and RoEV of ~18%-19% over the medium term.

Persistency, embedded value, and RoEV

MAXF continues to lead the industry in 13-month persistency by number of policies as per 1Q FY26 ranking and holds the second position for both 25- and 37-month persistency on the same metric, with 13-month ratio at 83% and 25-month at 76% (+500 bps YoY), reflecting enhanced customer retention and digital engagement initiatives. EV grew 15% YoY to INR 268.95 bn, with operating RoEV at 16.3%. Solvency strengthened to 208% post INR 8 bn sub-debt raise. Management remains focused on steady EV compounding and sustainable RoEV of 18%-19% over the medium term.

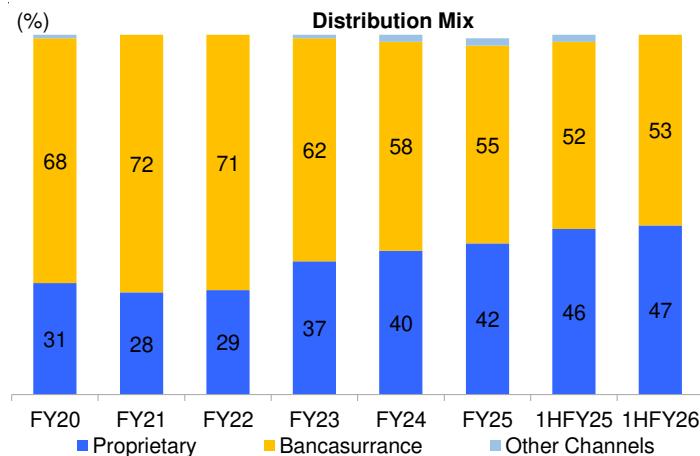
Quarterly performance

Table 1: Actual vs. estimated performance

(INR bn)	Actual	Estimated	% Variance
APE	25.1	24.2	3.6
VNB	6.4	5.7	12.1
VNB margin (%)	25.5	23.7	179bps

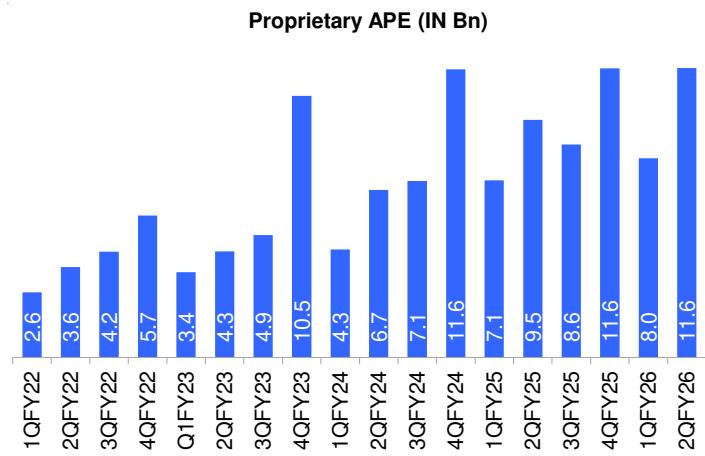
Source: Company, Antique

Exhibit 1: Broad based growth across channels



Source: Company, Antique

Exhibit 2: Proprietary APE firing



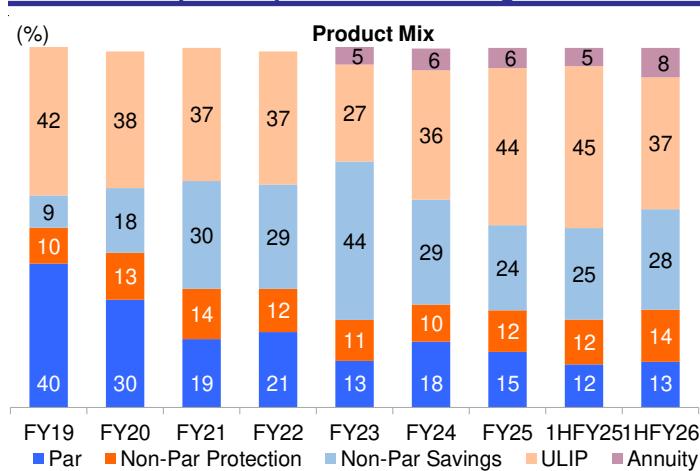
Source: Company, Antique

Table 2: Proprietary channel and other banks lead growth

Distribution mix	1HFY25	1HFY26	% YoY	2QFY25	2QFY26	% YoY
Proprietary	16,560	19,470	18	9,400	11,520	23
-Offline	10,975	13,495	23	6,445	8,155	27
-Online	5,585	5,975	7	2,955	3,365	14
Partnership	19,670	22,290	13	12,300	13,560	10
-Axis	16,350	17,630	8	10,200	10,810	6
-Others	3,320	4,660	40	2,100	2,750	31
Total APE	36,230	41,760	15	21,700	25,080	16

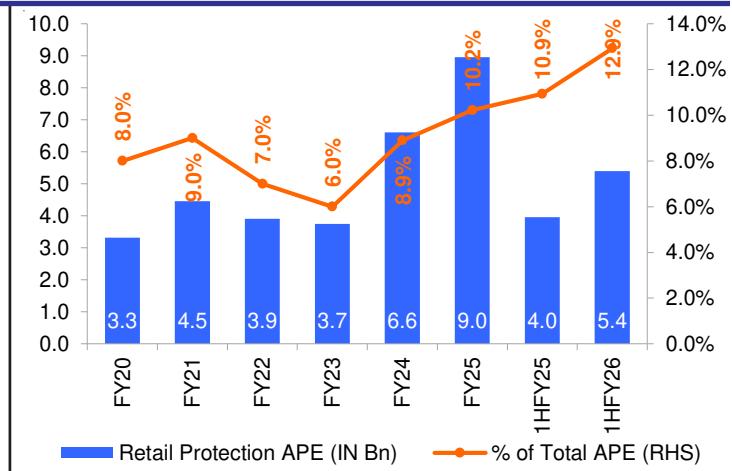
Source: Company, Antique

Exhibit 3: Non-par and protection lead APE growth



Source: Company, Antique

Exhibit 4: Retail protection registered a robust 13% YoY growth in 1HFY26

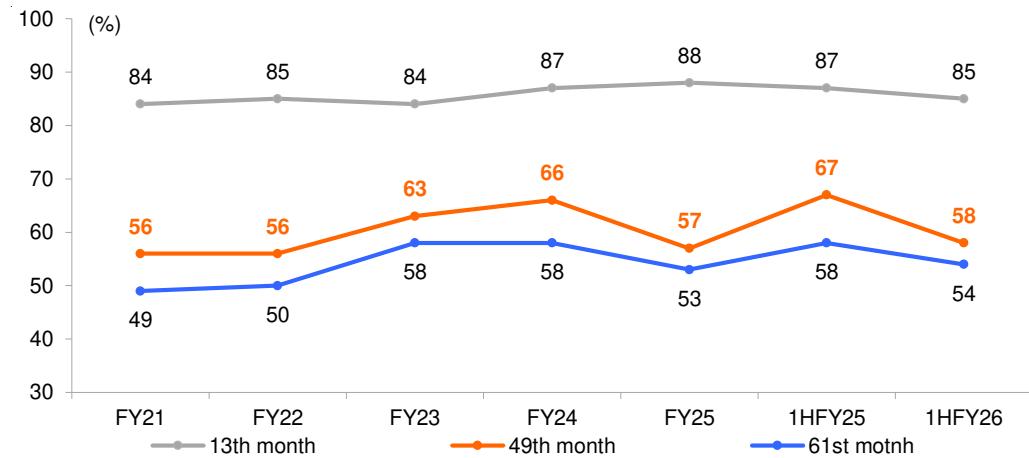


Source: Company, Antique

Table 3: APE growth of 16% YoY in 1HFY26 was led by non-par and protection

Annualised Premium Equivalent (APE)	1HFY25	1HFY26	% YoY	2QFY25	2QFY26	% YoY
Savings	29,860	32,290	8	17,970	19,200	7
- ULIP	16,300	15,320	-6	10,030	9,340	-7
- Par	4,350	5,320	22	2,260	3,190	41
Non-par	9,210	11,650	26	5,680	6,670	17
Annuity	1,850	3,430	85	1,030	2,290	122
Protection	4,520	6,040	34	2,700	3,590	33
- Individual	3,960	5,400	36	2,400	3,220	34
- Group Credit life	560	640	14	300	370	23
Total APE	36,230	41,760	15	21,700	25,080	16

Source: Company, Antique

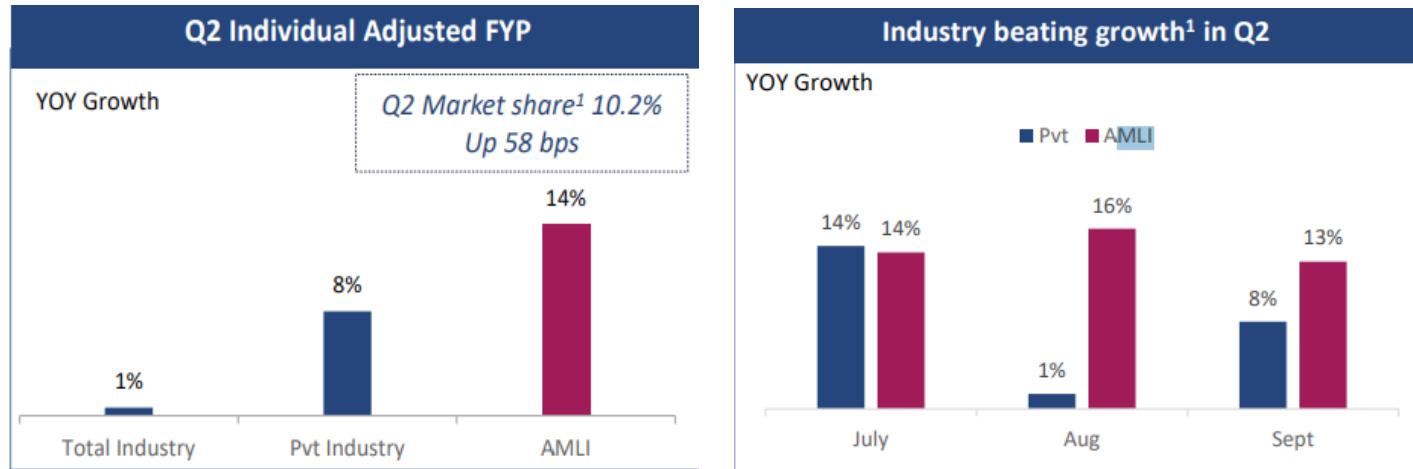
Exhibit 5: Persistency has been improving gradually


Source: Company, Antique

Table 4: VNB margin expands ~188 bps YoY to 25.5% owing to change in business mix and margins

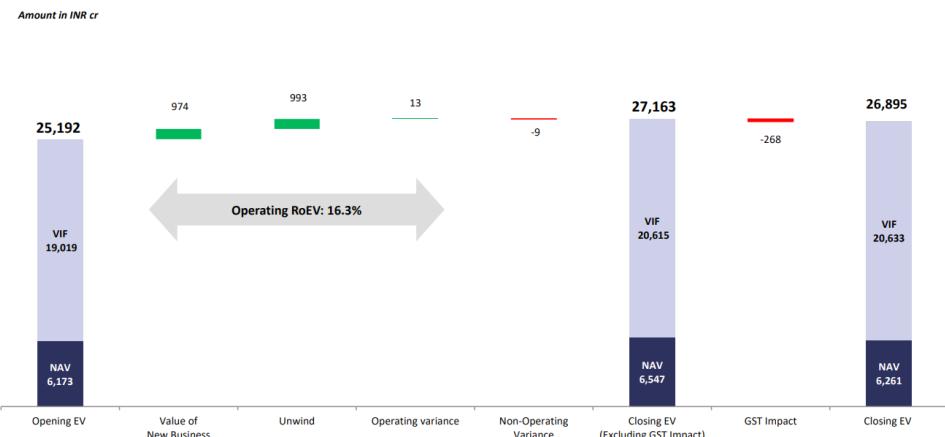
Profitability	1HFY25	1HFY26	% YoY	2QFY25	2QFY26	% YoY
VNB	7,660	9,740	27.2	5,120	6,390	24.8
VNB margin (%)	21.1	23.3	218bps	23.6	25.5	188bps
Operating RoEV (%)	16.8	16.3	-50bps			0bps

Source: Company, Antique

Exhibit 6: MAXF has been consistently gaining market share


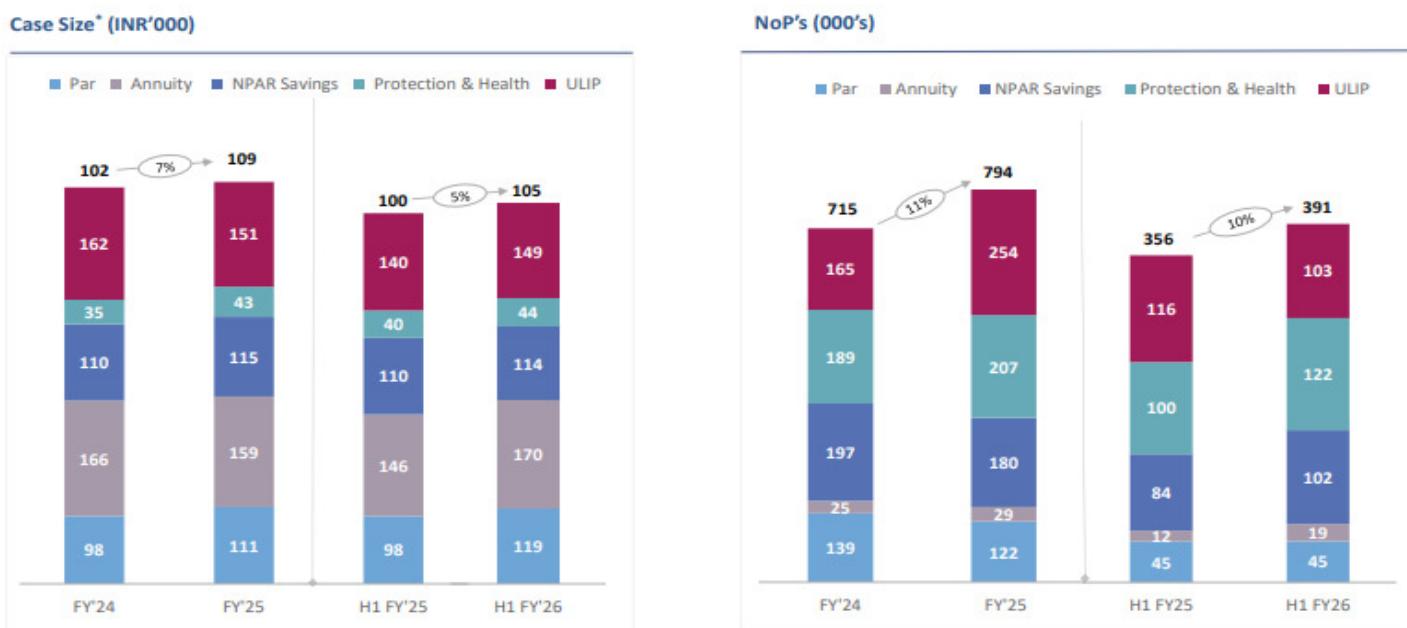
Source: Company, Antique

Exhibit 7: EV movement analysis: March 2025 to September 2025



Source: Company, Antique

Exhibit 8: 1HFY26 growth was driven by NOP



Source: Company, Antique

Table 5: We maintain our FY25-28E APE/ VNB/ EV estimates

Change in estimates	FY26E			FY27E			FY28E		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
APE	100.9	102.6	1.7	117.0	119.0	1.7	135.7	138.1	1.7
VNB	25.0	24.9	(0.3)	29.3	29.2	(0.3)	34.3	34.2	(0.3)
VNB margin (%)	24.8	24.3	-50bps	25.0	24.5	-50bps	25.3	24.8	-50bps

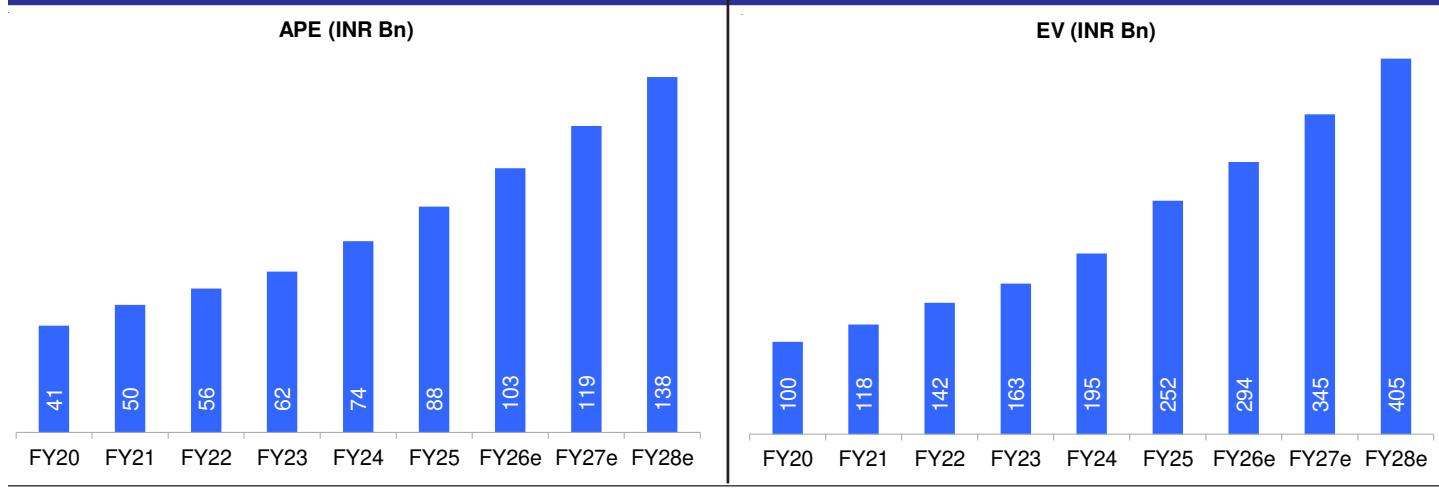
Source: Company, Antique

Table 6: Key assumptions

INR bn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
NBP	43	52	56	68	79	86	100	119	139	161	187
APE	32	40	41	50	56	62	74	88	103	119	138
VNB	7	9	9	12	15	19	20	21	25	29	34
EV	75	90	100	118	142	163	195	252	294	345	405
EVOP	14	17	18	19	23	31	33	37	44	52	60
ROEV	20.6%	22.4%	20.2%	18.6%	19.2%	22.1%	20.2%	17.7%	17.6%	17.5%	17.4%
VNB Margin	20.2%	21.7%	21.6%	25.2%	27.3%	31.2%	26.5%	24.0%	24.3%	24.5%	24.8%

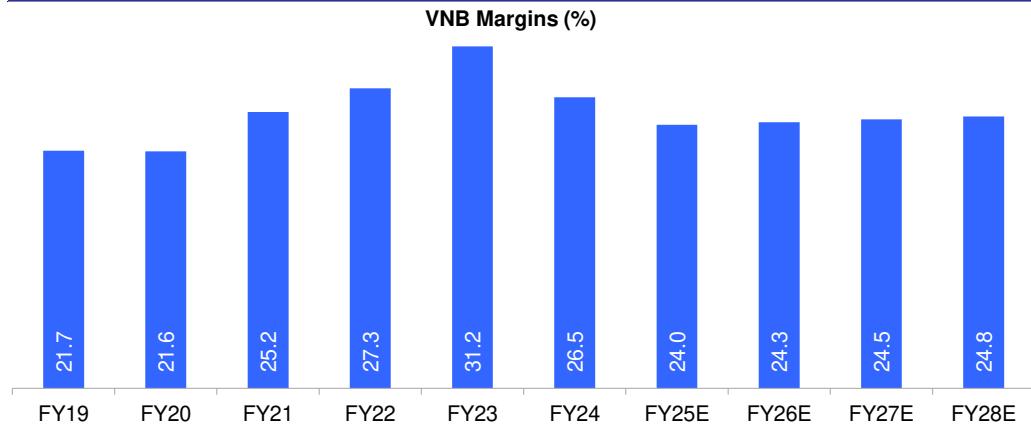
YoY growth (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e	CAGR
											FY25-28E
NBP	19	8	22	16	9	16	20	17	16	16	16
APE	22	5	19	13	12	19	18	17	16	16	16
VNB	30	5	39	22	28	1	7	18	17	17	18
EV	19	11	19	20	15	20	29	17	18	17	17
EVOP	24	8	2	23	38	5	14	19	16	17	17

Source: Company, Antique

Exhibit 9: APE expected to grow at 16% CAGR over FY25-27E **Exhibit 10: EV expected to grow at 17% CAGR over FY25-28E**

Source: Company, Antique

Source: Company, Antique

Exhibit 11: VNB margin expected to increase marginally over FY25-28E

Source: Company, Antique

Table 7: Maintain BUY with a revised target price of INR 2,085 (INR 1,870 earlier) using Appraisal Value framework

Particular	INR bn
1HFY28E VNB	31.7
Target VNB multiple (x)	22
Structural Value	697
1HFY27E EV	319
Appraisal value of Max Life	1,017
MAXF -80% stake	813
AV after 10% holdco discount	732
MAXF - expenses valuation at 25x	13
AV after MAXF expenses	719
Share count (bn)	0.345
Appraisal value per share (INR)	2,085

Source: Company, Antique

Table 8: Reverse DCF to reduce VNB growth assumption over 15 years

Parameter (INR bn)	Value
Implied FY25-40E APE CAGR	11.9%
Implied FY25-40E VNB CAGR	12.1%
Terminal growth rate	6.5%
Cost of Equity	12.0%
1HFY27E EV	319
Present value of future new business	698
1HFY28E Appraisal value of Axis Max Life	1,018
Max Financial ownership in Axis Max Life	80%
Max Financial proportionate value	814
Holding company expenses	0.5
Multiple to Holding company expense	25
10% Holding company discount	81
Fair value of Max Financials	720
No. Of shares	345
Target Price	2,085

Source: Company, Antique

Table 9: Arriving at implied P/EV

Target multiples on 1HFY28E*	2,085
Implied P/EV	2.7x
RoEV (%)	17.5
P/EV _{Op}	22x
Implied 1HFY28E VNB multiple	22x

Source: Company, Antique; *after 20% holdco discount

Exhibit 10: One-year forward P/EV

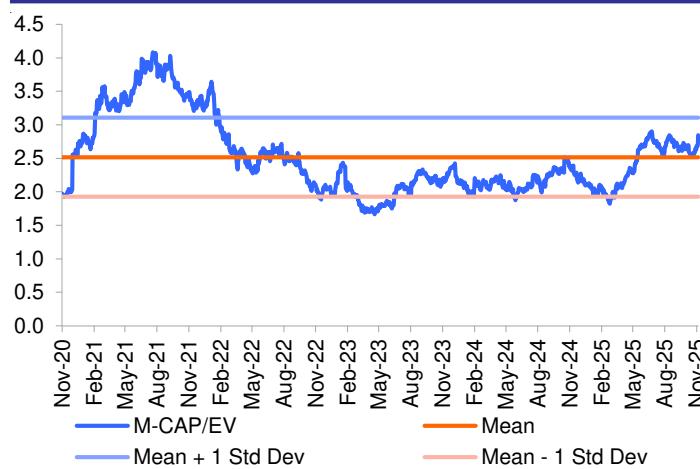
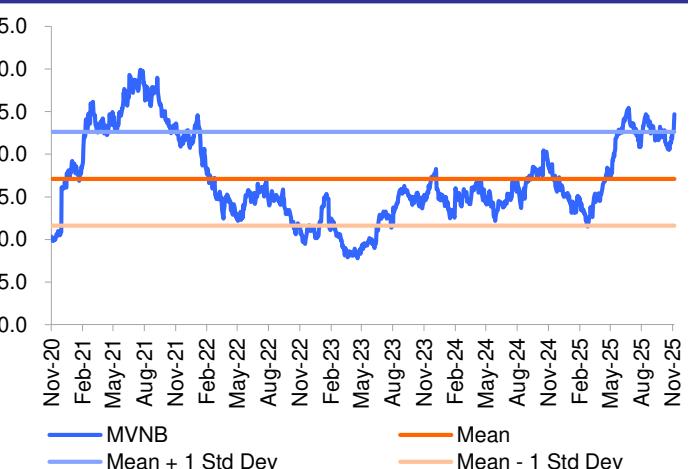


Exhibit 11: One-year forward P/VNB



Source: Company, Antique

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Policyholders' account					
Gross written premium	295,290	3,29,409	3,81,624	4,41,903	5,11,947
Net earned premium	2,89,847	3,23,338	3,74,590	4,33,758	5,02,511
Investment income	1,70,953	95,704	1,07,056	1,20,625	1,36,434
Total revenue	4,60,800	4,19,041	4,81,645	5,54,383	6,38,945
Commission expense	23,983	27,077	31,744	37,192	43,589
Operating expenses	40,861	46,229	54,306	63,751	74,861
Benefits cost	3,90,698	3,39,870	3,88,801	4,45,573	5,11,380
Total expense	4,57,636	4,15,527	4,77,574	5,49,670	6,33,484
Surplus/Deficit	3,164	3,514	4,071	4,714	5,461
Shareholders' account					
Transfer from policyholders' account	2,612	3,014	2,571	3,214	3,961
Investment income	3,968	5,145	6,445	7,008	7,687
Expenses	3,110	3,817	3,899	3,989	4,088
Profit before tax	3,749	4,586	5,361	6,477	7,805
Tax expense	152	333	390	471	567
Profit after tax	3,597	4,253	4,972	6,007	7,238

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Sources of Funds					
Shareholders' Funds	39,978	60,351	65,323	71,330	78,567
Borrowings	4,960	4,960	4,960	4,960	4,960
Policyholders' Funds: Insurance reserves and provisions	14,59,510	16,33,431	18,36,508	20,73,266	23,48,911
Others	33,767	35,703	37,737	39,871	42,113
Total Liabilities	15,38,216	17,34,446	19,44,527	21,89,427	24,74,552
Application of Funds					
Shareholders' Investments	58,484	88,288	95,561	1,04,348	1,14,936
Policyholders' Investments	10,08,078	11,28,205	12,68,469	14,31,997	16,22,384
Assets Held to Cover Linked Liabilities	4,41,793	4,84,439	5,44,666	6,14,883	6,96,634
Net Current Assets (C) = (A - B)	15,103	16,874	22,175	27,822	33,870
Other Asset	14,757	16,640	13,656	10,376	6,727
Total Assets	15,38,216	17,34,446	19,44,527	21,89,427	24,74,552

Embedded Value Account

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Embedded Value	194,940	251,920	293,626	3,45,133	4,05,225
Adjusted Net Worth	39,260	59,633	64,605	70,612	77,849
Value-in-Force	1,55,680	1,92,287	2,29,021	2,74,522	3,27,376
Annualised Premium Equivalent (APE)	74,330	87,700	1,02,609	1,19,026	1,38,071
New Business value	19,730	21,070	24,908	29,191	34,207
New Business Margin (%)	26.5	24.0	24.3	24.5	24.8
EV Operating Profit	32,850	37,300	44,306	51,507	60,092
Operating RoEV (%)	20.2	17.7	17.6	17.5	17.4

Source: Company, Antique

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EPS	1.9	2.2	2.6	3.1	3.8
DPS	0.4	0.0	0.0	0.0	0.0
EVPS	565	730	851	1,000	1,175
BVPS	116	175	189	207	228
EV Op. Profit per share	17.1	19.5	23.1	26.9	31.3

Key Ratio

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Return on Equity (%)	9.4	8.5	7.9	8.8	9.7
Commission expense/TWRP (%)	9.1	9.3	9.4	9.6	9.7
Operating expenses/TWRP (%)	15.5	15.9	16.1	16.4	16.6
Total expense (% of TWRP)	24.7	25.2	25.6	25.9	26.3
Total expense (% of Avg AUM)	4.7	4.6	4.8	4.8	0.0
Calculated conservation ratio (%)	84.7	84.7	84.7	84.7	84.7

Growth (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net earned premium	16.5	11.6	15.9	15.8	15.9
Embedded Value	19.9	29.2	16.6	17.5	17.4
Annualised Premium Equivalent (APE)	19.0	18.0	17.0	16.0	16.0
New Business value	1.2	6.8	18.2	17.2	17.2
EV Operating Profit	4.9	13.5	18.8	16.3	16.7

Key assumptions (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
NBP	100	119	139	161	187
APE	74	88	103	119	138
VNB	20	21	25	29	34
EV	195	252	294	345	405
EVOP	33	37	44	52	60
ROEV	20.2%	17.7%	17.6%	17.5%	17.4%
VNB Margin	26.5%	24.0%	24.3%	24.5%	24.8%

YoY growth (%)

	16	20	17	16	16
APE	19	18	17	16	16
VNB	1	7	18	17	17
EV	20	29	17	18	17
EVOP	5	14	19	16	17

Valuation

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/VNB (x) - Implied	37.1	32.0	25.4	19.9	15.2
P/EV (x)	4.8	3.7	3.2	2.7	2.3
P/EVOP	28.2	24.8	20.9	18.0	15.4
P/B	23.2	15.3	14.2	13.0	11.8
P/E	257.6	217.8	186.3	154.2	128.0

Source: Company Antique

CMP	: INR 3,061
Reco	: HOLD ↘
Target Price	: INR 3,308 ↓
Target Price Change	: -7%
Target 1HFY28E P/E (x)	: 40
EPS Change FY26/ 27/ 28: -6%/ -8%/ -6%	

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Market data

Sensex	:	84,467
Sector	:	Industrial
Market Cap (INR bn)	:	364.8
Market Cap (USD bn)	:	4.115
O/S Shares (mn)	:	119.2
52-wk HI/LO (INR)	:	5355/2930
Avg. Daily Vol ('000)	:	95
Bloomberg	:	TMX IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	55.5	72.3	93.1
P/E (x)	55.1	42.3	32.9
P/BV (x)	6.4	5.8	5.1
EV/EBITDA (x)	35.4	27.6	21.7
Dividend Yield (%)	0.4	0.5	0.5

Source: Company, Antique

Returns (%)

	1m	3m	6m	12m
Absolute	(5)	(7)	(7)	(40)
Relative	(7)	(12)	(9)	(44)

Source: Bloomberg

Shareholding pattern

Promoters	:	62%
Public	:	33%
Others	:	5%

Source: Bloomberg

Price performance vs Nifty



2QFY26 RESULT REVIEW

Thermax

Weak operational performance; maintain HOLD

Thermax's (TMX) 2QFY26 performance was below our estimates on key parameters. Revenue booking at INR 24.7 bn (-0.3% YoY) was below our estimate of INR 29.5 bn. EBITDA stood at INR 1.7 bn (-19% YoY), materially below our estimate of INR 2.8 bn, leading to 139 bps YoY fall in operating margin at 7% (our estimate at 9.3%). Consequently, PAT came in at INR 1.2 bn (-10% YoY), below our estimate of INR 1.9 bn on account of miss on operating profit. TMX is confident of improving overall FY26 operational performance, supported by a broader pick-up in activity that it anticipates coupled with the completion of legacy backlog orders, helping improve its profitability. Ordering activity for the quarter remained moderate at INR 35.5 bn (+6% YoY) while the order book stood at INR 123 bn (+6% YoY) with book to bill of 0.7x on TTM sales. The company has a robust order pipeline comprising high-quality projects across the power, metals, refining, and petrochemical sectors. On the international front, the pipeline remains healthy, supported by opportunities in power for data centers as well as in refineries and petrochemicals. We trim our FY26E/ 27E/ 28E EPS by 6%/ 8%/ 6% respectively to factor in weak performance in 1HFY26 and retain HOLD rating with a revised TP to INR 3,308 (earlier INR 3,562 earlier) as we value the stock at 40x 1HFY28E EPS.

Performance below estimates on account of weak execution

For 2QFY26, Thermax delivered lower than estimated operational performance, primarily on account of 24% YoY decline in revenue to INR 9.5 bn in the Industrial infra segment. Consolidated revenue stood at INR 24.7 bn (-0.9% YoY), materially below our estimate of INR 29.5 bn. Lower topline led to weak EBITDA at INR 1.7 bn (below our estimate of INR 2.8 bn). PAT at INR 1.2 bn (-10% YoY) was below our estimate of INR 1.9 bn on account of lower than estimated operating profit. With a major chunk of legacy orders under execution completion, management expects healthy turnaround in 2HFY26 in both revenue and profitability.

Industrial infrastructure segment disappoints; chemical segment flat

Revenue booking in the industrial infrastructure segment came in at INR 9.5 bn (-24% YoY) while it reported an EBIT loss of INR 148 mn on account of execution of low-margin orders (leading to cost overruns) and PSI income in the base quarter. With higher-margin orders in the Industrial Infra segment slated for execution in 3Q and 4QFY26, the backlog is likely to be delivered in FY27. Hence, the revenue momentum is expected to improve meaningfully from 3QFY26 onwards, supported by a stronger execution cycle. Chemical segment sales were flat YoY at INR 1.9 bn with EBIT margin declined 630 bps YoY to 9.8%. While Industrial products segment sales were up 12% YoY, its margin fell 100 bps YoY to 9.9% due to unfavorable product mix.

Order booking/ backlog witnessed moderate growth in 2QFY26

TMX's 2QFY26 order inflow and order book grew 6% YoY each to INR 35.5 bn/INR 123 bn, respectively. Higher-margin orders in the Industrial Infra segment are slated for execution in 3Q and Q4FY26, with the backlog likely to be delivered in FY27. Hence, revenue momentum is expected to improve meaningfully from 3QFY26 onwards, supported by a stronger execution cycle. The company expects its order book to grow by around 20% YoY in FY26, driven by a strong pick-up in 2HFY26, where growth could reach up to 30%. FY26 profitability is also projected to be higher than FY25, supported by improved execution and a stronger order mix.

Investment Summary

We trim our FY26/ 27/ 28 estimates by 6%/ 8%/ 6% respectively to factor in weak performance in 1HFY26. We revise the TP to INR 3,308 (earlier INR 3,562 earlier) as we value the stock at 40x 1HFY28E EPS. We maintain **HOLD** rating on the stock.

Conference Call Highlights

Financial Performance (2QFY26)

Revenue

- Revenue was flat YoY and materially below our estimate of INR 29.5 bn, primarily led by decline in core segment of industrial infra (INR 9.5bn; -24% YoY) on account of unfavorable product mix. Chemicals segment sales were flat YoY at INR 1.9 bn.

Order book and inflow

- Order book and order inflow grew 6% YoY each to INR 123 bn/ INR 35.5 bn. Higher margin orders in the Industrial Infra segment are slated for execution in 3Q and 4QFY26, with the remaining backlog likely to be delivered in FY27. Hence, revenue momentum is expected to improve meaningfully from 3QFY26 onwards, supported by a stronger execution cycle. Order booking for the industrial infra segment faltered in the quarter on account of a high base. The company has a robust order pipeline comprising high-quality projects across the power, metals, refining, and petrochemical sectors. On the international front, the pipeline remains healthy, supported by opportunities in power for data centers as well as in refineries and petrochemicals. Order inflow in the Chemicals segment underwent a change in reporting methodology (shift towards rolling 12-month forecast model). This resulted into an increase in order book by INR 1.9 bn. The company expects its order book to grow by around 20% YoY in FY26, driven by a strong pick-up in 2HFY26.

Profitability

- Profitability was impacted during the quarter on account of weak performance across all the segments. Industrial Infra suffered EBIT loss of INR 148mn due to execution of low margin orders (leading to cost overruns) and PSI income in the base year. Industrial Products margin fell 100bps YoY to 9.9% due to unfavorable product mix. EBIT margin was also weak for Chemicals segment at 9.8% (-630bps YoY) impacted by higher fixed costs, material costs and change in the product mix.

Business Segment Performance and Outlook

Industrial infra

- The segment has moved past most legacy issues. Execution of underperforming projects like **FGDs** and **refinery orders (notably NRL)** is nearing completion, with residual impact expected to taper off by FY27. Execution of these projects was temporarily impacted by prolonged monsoons, but activity is now picking up pace.
- The company is currently executing three FGD projects. The second project is halfway through and is expected to be completed in 2HFY26, while the third project is scheduled for execution by early FY27.
- Margin Outlook:** Higher-margin orders in the Industrial Infra segment are slated for execution in 3Q and 4QFY26, with the remaining backlog likely to be delivered in FY27. Hence, revenue momentum is expected to improve meaningfully from 3QFY26 onwards, supported by a stronger execution cycle.
- TBWES is projected to deliver a robust performance in 2HFY26, driven by both domestic and international projects. Margins are estimated at 5%–5.5% for domestic and 10%+ for international orders.
- TMX secured a large international boiler order from a Middle East upstream O&G major—a breakthrough entry into a marquee account.
- Over the past year, TMCX strategically refrained from bidding for ~INR 100 bn worth of supercritical projects from NTPC, citing unfavorable pricing and cash flow uncertainties. The company remains selectively bullish on conventional coal-based opportunities, particularly in supercritical and HRSG segments.

- The domestic boiler order pipeline remains strong; however, the company will avoid projects with elevated execution or cash flow risks, especially those involving civil construction exposure with of execution autonomy.

Industrial products

- Heating business delivered its highest-ever monthly order booking in 2QFY26, marking a strong rebound in demand.
- While the Heating division—a high-margin vertical for TMX—has grown at a slower pace compared to the Water and Enviro divisions, it continues to contribute meaningfully to overall profitability.
- Under the Enviro division, TMX offers de-dusting, scrubbing, and cleaning solutions catering to sectors such as semiconductors, solar, and food & beverages, where it enjoys a healthy market share. The segment grew in high teens YoY, supported by demand for new boiler-related products, which are also gaining strong traction.
- Water desalination and zero liquid discharge (ZLD) solutions present significant growth opportunities, with potential for meaningful scale-up. The company is set to execute ~INR 7 bn worth of projects in 2HFY26.
- Margins - The Water and Enviro businesses have scaled up sharply, leading to a substantial improvement in margins. These divisions operate at low double-digit margins, while Cooling and Heating businesses earn mid-to-high teen margins. The blended segment margin currently stands around 12%–13%.
- The Water and Enviro businesses, which were largely domestic earlier, are expanding their footprint internationally, particularly in the Middle East—this scale-up should drive further topline and margin expansion.
- Services revenue across these divisions is expected to grow steadily and become a significant contributor to overall profitability, up from current low double-digit levels.

Chemicals

- Margins: Management does not expect any significant margin dilution in the company's key focus areas.
- The current cost structure includes INR 150 mn in additional expenses, comprising INR 45 mn of incremental depreciation and INR 100 mn of investments toward future growth initiatives.
- Volumes lost to Chinese competitors over the past few quarters have begun to recover from October onwards, indicating improving competitiveness.
- Plant utilization, which had declined to 43% in 2QFY26, is expected to improve meaningfully from 3QFY26, supported by a healthy revival in volumes.
- The company aims to achieve an order book of over INR 2.5 bn every quarter, with expectations of reaching ~INR 2.3 bn as early as 3QFY26.

Green Solutions

- Bio CNG - Technology has stabilized but at yields lower than initial expectations; current projects deliver single-digit IRR, still not fully viable.
- Target to scale portfolio to 1 GW across renewable and green verticals (solar, bio-CNG, waste-to-energy).

Table 1: Quarterly highlights

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Total revenues (net)	24,739	25,460	(2.8)	21,502	15.1	46,241	47,304	(2.2)
RM	13,098	14,405	(9.1)	10,604	23.5	23,702	26,692	(11.2)
% of Sales	52.9	56.6	-363 bps	49.3	363 bps	51.3	56.4	-517 bps
Staff cost	3,405	3,229	5.5	3,290	3.5	6,695	6,142	9.0
% of Sales	13.8	12.7	108 bps	15.3	-154 bps	14.5	13.0	149 bps
Other operating expenses	6,516	5,703	14.3	5,357	21.6	11,873	10,934	8.6
% of Sales	26.3	22.4	394 bps	24.9	142 bps	25.7	23.1	256 bps
Total expenditure	23,019	23,336	(1.4)	19,251	19.6	42,270	43,769	(3.4)
EBITDA	1,720	2,124	(19.0)	2,251	(23.6)	3,971	3,535	12.3
EBITDA Margin (%)	7.0	8.3	-139 bps	10.5	-352 bps	8.6	7.5	112 bps
Depreciation	515	421	22.3	489	5.3	1,004	781	28.5
Interest	322	294	9.5	302	6.5	624	569	9.7
Other income	854	598	42.9	656	30.1	1,510	1,439	5.0
Extraordinary items	-	656		-		-	656	
PBT	1,738	2,663	(34.7)	2,117	(17.9)	3,855	4,280	(9.9)
Tax	543	683	(20.5)	600	(9.6)	1,143	1,201	(4.9)
Tax rate (%)	31.2	25.6	559 bps	28.4	287 bps	29.7	28.1	158 bps
Share of profit/(loss) from JVs	1.3	(0.3)		(1.8)		(0.5)	(4.5)	
Reported net profit	1,197	1,980	(39.6)	1,515	(21.0)	2,711	3,074	(11.8)
Adjusted net profit	1,197	1,324	(9.6)	1,515	(21.0)	2,711	2,418	12.1
EPS (INR)	10.6	11.8	(9.6)	13.5	(21.0)	24.1	27.3	(11.9)

Source: Company, Antique

Table 2: Segmental highlights

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales								
Chemicals	1,910	1,903	0.4	1,732	10.3	3,642	3,814	(4.5)
Industrial Products	11,888	10,576	12.4	9,547	24.5	21,434	22,464	(4.6)
Industrial Infra	9,487	12,426	(23.7)	8,975	5.7	18,461	21,913	(15.8)
Green Solutions	1,917	1,751	9.5	1,732	10.7	3,649	3,668	(0.5)
Less : Intersegmental	(463)	(541)		(410)		(873)	(1,003)	
Total	24,739	26,116	(5.3)	21,575	14.7	46,314	50,855	(8.9)
EBIT								
Chemicals	187	306	(38.8)	161	16.5	348	493	(29.4)
Industrial Products	1,173	1,145	2.4	777	50.9	1,950	2,318	(15.9)
Industrial Infra	(148)	882	(116.8)	710	(120.9)	562	733	(23.4)
Green Solutions	118	216	(45.6)	89	32.3	206	334	(38.2)
Less: Unallocable (expense)/income	487	(294)		439		926	193	
Total	1,816	2,255	(19.5)	2,176	(16.5)	3,991	4,071	(2.0)
EBIT Margins (%)								
Chemicals	9.8	16.1	-627 bps	9.3	52 bps	9.6	12.9	-338 bps
Industrial Products	9.9	10.8	-97 bps	8.1	173 bps	9.1	10.3	-122 bps
Industrial Infra	(1.6)	7.1	-866 bps	7.9	-947 bps	3.0	3.3	-30 bps
Green Solutions	6.1	12.3	-622 bps	5.1	100 bps	5.7	9.1	-344 bps
Total (%)	7.3	8.6	-130 bps	10.1	-274 bps	8.6	8.0	61 bps

Source: Company, Antique

Table 3: Half yearly balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	225	225	0%	225	225	0%
Reserves and Surplus	50,299	45,974	9%	53,486	49,144	9%
Minority Interest	80	77	-	-	-	-
Loan Funds	17,580	14,520	-	17,133	16,933	1%
Deferred Tax Liability	(1,223)	(987)	-	(1,243)	(1,243)	-
Total	66,961	59,810	12%	69,601	65,059	7%
Fixed Assets	27,793	19,352	44%	27,511	28,076	-2%
Capital Work-in-Progress	6,820	7,805	-	5,608	5,608	0%
Goodwill	2,050	1,414	-	-	-	-
Investments	14,548	18,908	-	16,930	16,930	0%
Current Assets, Loans And Advances	69,344	60,872	14%	75,942	68,165	11%
Inventories	9,182	8,181	12%	7,591	7,203	5%
Sundry Debtors	21,740	22,631	-4%	25,496	25,654	-1%
Cash and Bank Balances	12,939	7,668	69%	17,813	11,545	54%
Loans and Advances	43	57	-25%	25,043	23,763	5%
Other current assets	25,440	22,336	14%	-	-	-
Current Liabilities and Provisions	53,594	48,542	10%	56,390	53,721	5%
Liabilities	49,208	44,642	10%	52,245	49,576	5%
Provisions	4,386	3,900	12%	4,145	4,145	0%
Net Working Capital	15,750	12,330	28%	19,552	14,445	35%
Total	66,961	59,810	12%	69,601	65,059	7%
Net debt	4,641	6,852	-32%	(679)	5,388	NM

Source: Company, Antique

Table 4: Half yearly cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	3,855	4,280	-10%	8,832	8,847	0%
Depreciation	1,004	781	28%	2,065	1,585	30%
Interest	559	502	11%	-	-	-
Others	(2,074)	(1,231)	-	(2,573)	(2,858)	-10%
Changes in working capital	(2,709)	830	-426%	1,160	1,382	-16%
Operating cash flow	634	5,162	-88%	9,484	8,956	6%
Capex	(3,947)	(5,313)	-	(1,500)	(1,500)	0%
Others	5,639	(621)	-	(2)	(8,742)	-100%
Investing cash flow	1,691	(5,934)	-	(1,502)	(10,242)	-85%
Inc/(Dec) in equity/premium	-	-	-	-	-	-100%
Net proceeds/Repayment from borrowings	687	1,819	-62%	200	4,374	-95%
Others	(2,310)	(1,946)	-	(1,914)	(1,296)	48%
Financing cash flow	(1,623)	(127)	1178%	(1,714)	3,078	-156%
Net cash flow	702	(899)	-	6,268	1,792	250%
Opening cash balance	4,511	4,770	-5%	11,545	9,753	18%
Closing cash balance	5,213	3,872	35%	17,813	11,545	54%
Free cash flow	(3,314)	(151)	-	7,984	7,456	7%

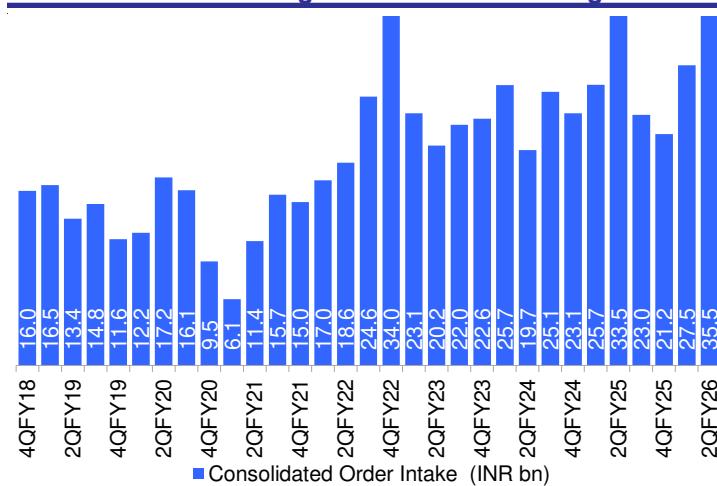
Source: Company, Antique

Table 5: Change in earnings estimate

Earnings Change	OLD			NEW			Change		
	INR mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	1,15,902	1,36,548	1,60,943	1,09,481	1,29,114	1,52,334	-6%	-5%	-5%
EBITDA	10,453	13,480	16,608	9,889	12,453	15,613	-5%	-8%	-6%
EBITDA margin	9.0%	9.9%	10.3%	9.0%	9.6%	10.2%	1 bps	-23 bps	-7 bps
Reported PAT	6,656	8,877	11,188	6,256	8,149	10,483	-6%	-8%	-6%
Adj. PAT	6,656	8,877	11,188	6,256	8,149	10,483	-6%	-8%	-6%

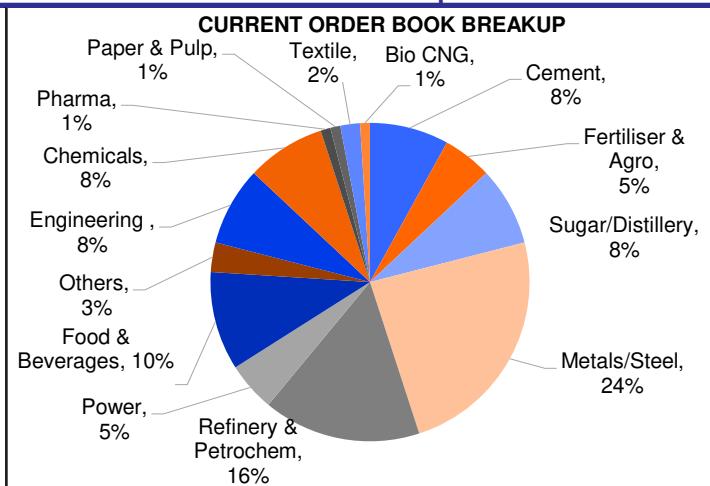
Source: Company, Antique

Exhibit 1: Order inflow registers moderate 6% YoY growth



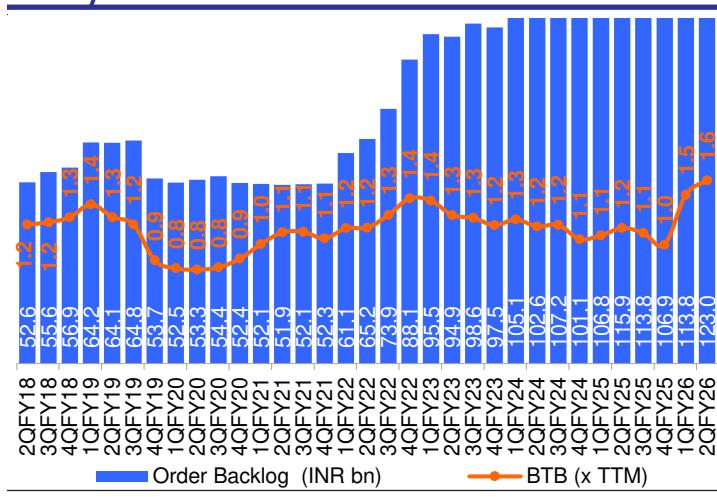
Source: Company, Antique

Exhibit 2: Sectoral order book break-up



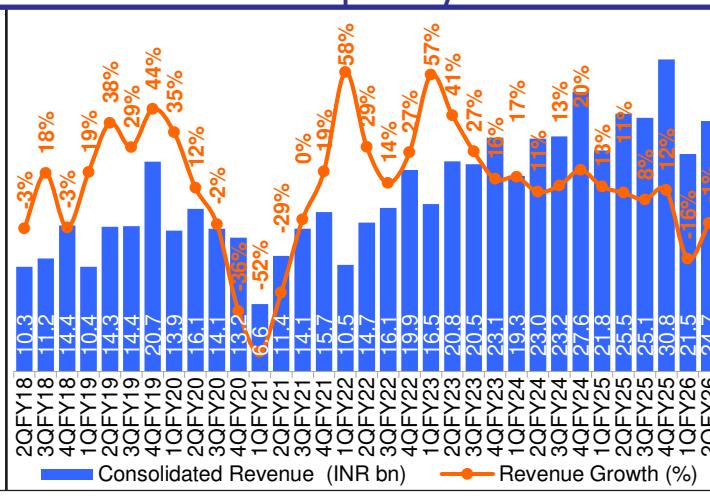
Source: Company, Antique

Exhibit 3: Order backlog stands at INR 123 bn providing visibility of 0.7x its TTM revenue



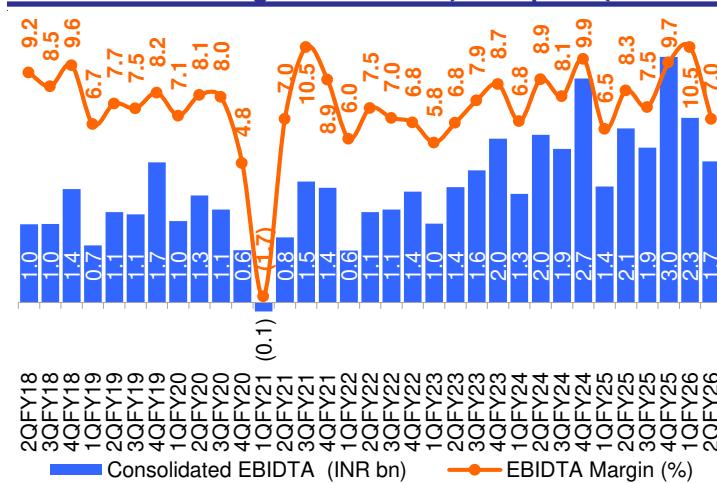
Source: Company, Antique

Exhibit 4: Flat YoY revenue impacted by weak execution



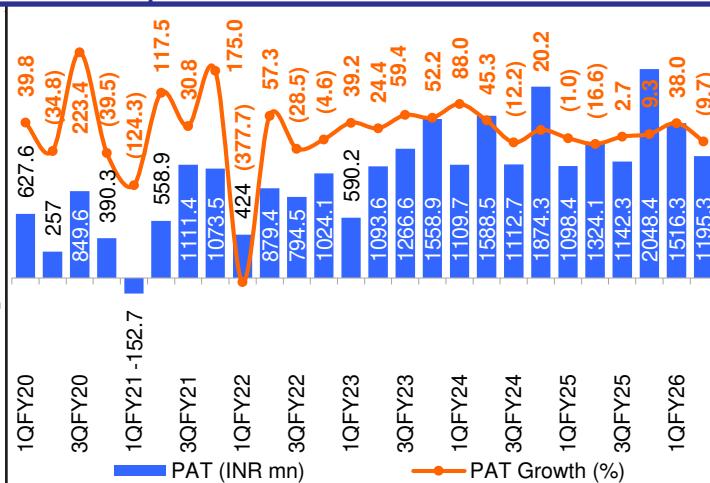
Source: Company, Antique

Exhibit 5: EBIDTA margin stands at 7% (-140 bps YoY)



Source: Company, Antique

Exhibit 6: Reports 10% YoY decline in PAT



Source: Company, Antique

Financials - Consolidated

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	93,235	1,03,887	1,09,481	1,29,114	1,52,334
Op. Expenses	85,261	94,809	99,592	1,16,661	1,36,721
Gross Profit	41,039	45,752	51,500	60,865	71,963
EBITDA	7,974	9,078	9,889	12,453	15,613
Depreciation	1,481	1,585	2,065	2,134	2,202
EBIT	6,493	7,493	7,824	10,319	13,411
Other income	2,326	2,522	2,597	2,791	3,012
Interest Exp.	876	1,168	1,589	1,608	1,626
Extra Ordinary Items/gain/(loss)	755	-	-	-	-
Reported PBT	7,943	8,847	8,832	11,503	14,797
Tax	2,258	2,578	2,573	3,351	4,311
Reported PAT	5,685	6,269	6,258	8,151	10,486
Minority Int./Profit (loss) From Asso.	(8)	(2)	(2)	(2)	(2)
Net Profit	6,432	6,267	6,256	8,149	10,483
Adjusted PAT	5,677	6,267	6,256	8,149	10,483
Adjusted EPS (INR)	50.4	55.6	55.5	72.3	93.1

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	225	225	225	225	225
Reserves & Surplus	44,173	49,144	53,486	59,530	67,698
Networth	44,398	49,369	53,711	59,755	67,923
Debt	12,560	16,933	17,133	17,333	17,533
Net deferred Tax liabilities	(963)	(1,243)	(1,243)	(1,243)	(1,243)
Capital Employed	55,995	65,059	69,601	75,845	84,213
Gross Fixed Assets	33,816	44,361	45,861	47,361	48,861
Accumulated Depreciation	14,700	16,285	18,350	20,484	22,686
Capital work in progress	5,194	5,608	5,608	5,608	5,608
Net Fixed Assets	24,309	33,685	33,120	32,486	31,783
Investments	17,651	16,930	16,930	16,930	16,930
Non Current Investments	17,651	16,930	16,930	16,930	16,930
Current Assets, Loans & Adv.	58,485	68,165	75,942	92,189	1,12,340
Inventory	7,649	7,203	7,591	8,952	10,562
Debtors	22,671	25,654	25,496	30,068	35,475
Cash & Bank balance	9,753	11,545	17,813	23,635	31,458
Loans & advances and others	18,412	23,763	25,043	29,534	34,845
Current Liabilities & Provisions	44,450	53,721	56,390	65,759	76,840
Liabilities	40,972	49,576	52,245	61,615	72,695
Provisions	3,478	4,145	4,145	4,145	4,145
Net Current Assets	14,035	14,445	19,552	26,430	35,500
Application of Funds	55,995	65,059	69,601	75,845	84,213

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	113	113	113	113	113
Diluted no. of shares (mn)	113	113	113	113	113
BVPS (INR)	394.3	438.3	476.8	530.5	603.0
CEPS (INR)	63.6	69.7	73.9	91.3	112.6
DPS (INR)	10.0	12.0	13.2	14.5	16.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	7,943	8,847	8,832	11,503	14,797
Depreciation & amortization	1,481	1,585	2,065	2,134	2,202
(Inc)/Dec in working capital	(2,927)	1,382	1,160	(1,055)	(1,248)
Tax paid	2,258	2,578	2,573	3,351	4,311
Other operating Cash Flow	849	(281)	-	-	-
CF from operating activities	5,088	8,956	9,484	9,230	11,440
Capital expenditure	(8,970)	(1,500)	(1,500)	(1,500)	(1,500)
Inc/(Dec) in investments	(1,390)	721	-	-	-
Add: Interest/Div. Income Recd.	-	-	1	1	1
CF from investing activities	(10,369)	(10,242)	(1,502)	(1,502)	(1,502)
Inc/(Dec) in debt	4,454	4,374	200	200	200
Dividend Paid	1,581	1,740	1,914	2,105	2,315
CF from financing activities	3,717	3,078	(1,714)	(1,905)	(2,115)
Net cash flow	(1,563)	1,792	6,268	5,823	7,822
Opening balance	11,316	9,753	11,545	17,813	23,635
Closing balance	9,753	11,545	17,813	23,635	31,458

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	15.2	11.4	5.4	17.9	18.0
EBITDA	33.4	13.8	8.9	25.9	25.4
Adj PAT	26.0	10.4	(0.2)	30.3	28.6
Adj EPS	26.0	10.3	(0.2)	30.3	28.6

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	60.7	55.0	55.1	42.3	32.9
P/BV (x)	7.8	7.0	6.4	5.8	5.1
EV/EBITDA (x)	43.4	38.8	35.4	27.6	21.7
EV/Sales (x)	3.7	3.4	3.2	2.7	2.2
Dividend Yield (%)	0.3	0.4	0.4	0.5	0.5

Financial Ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	13.7	13.4	12.1	14.4	16.4
RoCE (%)	17.3	16.5	15.5	18.0	20.5
Asset/T.O (x)	3.6	3.1	2.5	2.6	2.7
Net Debt/Equity (x)	0.3	0.3	0.3	0.3	0.3
EBIT/Interest (x)	10.1	8.6	6.6	8.2	10.1

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	8.6	8.7	9.0	9.6	10.2
EBIT Margin (%)	7.0	7.2	7.1	8.0	8.8
PAT Margin (%)	6.1	6.0	5.7	6.3	6.9

Source: Company Antique

CMP	: INR 408
Reco	: HOLD ↘
Target Price	: INR 435 ↓
Target Price Change	: -5%
Target 1HFY28e P/E (x)	: 20
EBITDA Change FY26/27/28	: -6%/-6%/-4%

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Market data

Sensex	:	84,467
Sector	:	Oil & Gas
Market Cap (INR bn)	:	280.9
Market Cap (USD bn)	:	3.169
O/S Shares (mn)	:	688.4
52-wk HI/LO (INR)	:	524/360
Avg. Daily Vol ('000)	:	608
Bloomberg	:	GUJGA IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	15.7	18.9	20.8
P/E (x)	26.0	21.6	19.6
P/BV (x)	3.1	2.8	2.6
EV/EBITDA (x)	15.1	12.7	11.7
Dividend Yield (%)	1.3	1.6	1.8

Source: Company, Antique

Returns (%)

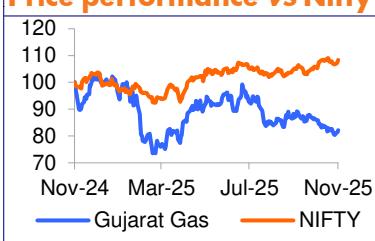
	1m	3m	6m	12m
Absolute	(5)	(4)	(12)	(19)
Relative	(7)	(9)	(14)	(24)

Source: Bloomberg

Shareholding pattern

Promoters	:	61%
Public	:	39%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg

Indexed to 100

2QFY26 RESULT REVIEW

Gujarat Gas

In line results-margin beat offset by volume miss

Gujarat Gas reported 2Q EBITDA of INR 4.5 bn (-14% QoQ, -13% YoY), in line with our estimate but 9% below consensus. EBITDA margin came in at INR 5.61/scm, 2% ahead of our estimate, driven by lower gas cost (-INR 0.17/scm) partly offset by higher opex. However, the margin beat was offset by a 2% volume miss, keeping absolute EBITDA broadly in line. PAT stood at INR 2.81 bn (-14% QoQ, -8% YoY), matching our estimate but missing consensus by 4%. Total volumes were weak at 8.66 mmscmd (-2.4% QoQ, -1% YoY), 2% below our estimate, led by weakness in Morbi volume at 2.13 mmscmd (-15% QoQ, -26% YoY) vs. our 2.35 mmscmd estimate (current run-rate: 1.7-1.8 mmscmd; recovery unlikely before FY27). In contrast, CNG/ DPNG volumes rose 13%/ 9% YoY, in line with estimates. Given the soft 1H and continued Morbi drag, we cut our FY26 volume estimate by 5% (retain FY27-28 unchanged, expecting lower spot gas prices to lift volumes). We also trim FY27-28 margin assumptions to INR 5.3/scm (from INR 5.5 earlier) amid rising price competition and as the company prioritizes volume recovery with medium term margin guidance of INR 4.5-5.5/scm, leading to FY26-28 EPS cut by 4%-6%. Our revised TP stands at INR 435/share (20x 1HFY28E EPS). Maintain HOLD.

Margin beat estimate by 2%

2Q EBITDA margin stood at INR 5.61/scm (-13% QoQ, -12% YoY), 2% above our estimate of INR 5.5/scm. Net realization at INR 47.5/scm (-1% QoQ) was in line, impacted by a INR 3.25/scm Morbi industrial price cut, partly offset by a INR 1/kg CNG price hike from August 1, 2025. Unit gas cost was INR 37.4/scm (+0.6% QoQ), 0.4% below our estimate, while opex rose to INR 4.4/scm (+2% QoQ), 1.2% higher than expected. We trim FY27-28 margin estimates to INR 5.3/scm (from INR 5.5), in line with management's INR 4.5-5.5/scm guidance and sustainable levels. Our model assumes zero APM allocation to CNG by FY29 (~5% in FY28). The current propane discount widened to INR 5.6/scm (vs. INR 4.6 in 2Q). Management expects spot LNG to fall to USD 8.9/mmbtu over two years as new US and Qatar supply adds pressure, keeping industrial gas prices competitive vs. propane.

Volume missed estimates by 2%-industrial weakness persists

Total volume at 8.66 mmscmd (-2.4% QoQ, -1% YoY) was 2% below our estimate of 8.87 mmscmd. CNG volumes grew 13% YoY, broadly in line, but industrial demand remains weak with recovery unlikely in 2HFY26 (management expects 2H volumes similar to 1H). Relief is expected only from FY27 as new global LNG supply comes online. Industrial volume fell to 4.35 mmscmd (-8% QoQ, -11% YoY), with Morbi down to 2.13 mmscmd (-15% QoQ, -26% YoY). CNG grew strong at 3.32 mmscmd (+13% YoY), while domestic PNG rose to 0.83 mmscmd (+20% QoQ, +9% YoY). Current Morbi run-rate: 1.7-1.8 mmscmd; 2H guided at ~2 mmscmd.

Entry into propane distribution-a defensive bet

The company is exploring entry into propane distribution in Morbi and is in talks with capacity providers at Pipavav/ Kandla ports and global propane suppliers. As per the company, a breakthrough is expected soon. The plan aims to recapture customers who switched from natural gas to propane, improving retention and portfolio strength. We believe there is risk of cannibalizing PNG business and entering a low-margin price war with established players like OMCs, Aegis, etc. However, we remain positive on long term volume outlook as we expects global LNG prices to fall amid large upcoming supply additions.

1H financials

In 1HFY26, EBITDA and PAT fell to INR 9.7 bn and INR 6.1 bn, down 8% and 4.5% YoY respectively, as volume slipped to 8.8 mmscmd (-11% YoY). Capex at INR 2.9 bn (-22% YoY) vs. full year target of INR 8 bn.

Investment Summary

While we continue to remain optimistic on the likely fall in global spot gas prices starting FY27 due to higher LNG capacity addition, continuing APM deallocation is an overhang and is likely to maintain pressure on margins, structurally. Merger of GSPL and GSPC into Gujarat Gas is value accretive. Maintain HOLD with a revised target price of INR 435/share.

Conference Call Takeaways

- **Scheme of Arrangement between GGas and GSPL:** Shareholders of Gujarat Gas and GSPL have approved the merger scheme; final MCA approval expected by Dec-25. The merger aims to simplify the GSPC Group structure and enhance value synergy.
- **Medium-term margin guidance:** The company reiterated an EBITDA margin guidance of INR 4.5-5.5/scm.
- **Industrial volume outlook:** 2HFY26 guidance-Morbi volumes at ~2 mm scmd, non-Morbi >2 mm scmd; FY27 target incremental 0.5 mm scmd industrial volume.
- **Industrial performance:** 2Q industrial volumes-Morbi 2.13 mm scmd (vs. 2.51 in 1Q) and non-Morbi 2.22 mm scmd (+8% YoY). Morbi volumes also dipped due to Janmashtami holiday; current run-rate ~1.7-1.8 mm scmd.
- **Industrial pricing:** PNG industrial price in Morbi at INR 44/scm (ex-VAT); >200 customers (1.5-1.6 mm scmd) operate solely on natural gas.
- **Propane competition:** Gas prices carried INR 4-6/scm premium vs. propane in 2Q; widened to INR 5-6/scm in 3Q so far. Volumes likely to stay weak through winter but should recover as propane prices rise.
- **Diversification into propane distribution:** The company is entering propane distribution to win back lost customers; discussions ongoing with Pipavav/ Kandla port suppliers. Pilot rollout expected soon.
- **Ex-Morbi growth drivers:** Industrial demand improving in Ahmedabad rural, DNH, and Thane rural GAs, likely adding 0.2-0.3 mm scmd over the next 18 months.
- **Gas sourcing mix:** 2Q composition-APM 2.03 mm scmd, NWG 0.44, long-term LNG 3.44, short-term/spot 2.85 mm scmd (including IGX). NWG down from 0.54 mm scmd in 1Q.
- **APM allocation:** ~36% of APM gas allocated to CNG in 2Q; overall blended APM shortfall in priority segments at ~51%.
- **CNG segment:** CNG volumes up 13% YoY in 2Q-11% in Gujarat GAs, 26% outside; added four new stations during the quarter.
- **Network expansion:** Added 44k DPNG connections in 2Q. 1H capex INR 2.82 bn; FY26 target INR 8 bn and FY27 guidance INR 8-10 bn.
- **Long-term LNG tie-ups:** Signed 1 mtpa 17-year LNG contract with Qatar Energy (from 2026) and 0.4 mtpa Henry Hub-linked supply with another partner (from FY27).
- **Gas price outlook and competitiveness:** Management expects spot LNG prices to moderate to USD 8-9/mmbtu within two years; if gas stays <12% of Brent, it will remain competitive vs. propane.

Table 1: Result snapshot

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Net sales	37,804	37,818	-0.0	38,709	-2.3	76,513	82,321	-7.1
COGS	29,825	29,470	1.2	30,028	-0.7	59,853	65,357	-8.4
Employee Benefits Expense	481	501	-4.1	495	-3.0	976	990	-1.4
Other Expenses	3,026	2,705	11.9	2,987	1.3	6,013	5,476	9.8
Total Exp	33,332	32,676	2.0	33,510	-0.5	66,842	71,823	-6.9
EBITDA	4,472	5,142	-13.0	5,199	-14.0	9,671	10,498	-7.9
EBITDA margin %	11.8	13.6		13.4		12.6	12.8	
Other Income	731	386	89.6	594	23.1	1,325	771	71.8
Finance Costs	81	80	2.4	79	2.6	161	158	2.0
Depreciation	1,343	1,295	3.7	1,314	2.2	2,657	2,526	5.2
PBT	3,779	4,152	-9.0	4,399	-14.1	8,178	8,585	-4.7
PBT after exceptional	3,779	4,152	-9.0	4,399	-14.1	8,178	8,585	-4.7
Tax	969	1,083	-10.5	1,131	-14.3	2,100	2,218	-5.3
Tax rate %	25.6	26.1		25.7		25.7	25.8	
Reported Net Profit	2,810	3,069	-8.4	3,268	-14.0	6,078	6,367	-4.5
Adjusted Net Profit	2,810	3,069	-8.4	3,268	-14.0	6,078	6,367	-4.5
EPS (INR)	4.1	4.5	-8.4	4.7	-14.0	8.8	9.3	-4.5
Sales volume (mmscmd)	8.66	8.75	-1.0	8.9	-2.4	8.76	9.86	-11.1
Gross margin (INR/scm)	10.02	10.37	-3.4	10.8	-6.9	10.39	9.40	10.5
EBITDA (INR/scm)	5.61	6.39	-12.1	6.4	-12.8	6.03	5.82	3.6
Opex (INR/scm)	4.40	3.98	10.5	4.3	2.0	4.36	3.58	21.6

Source: Company, Antique

Table 2: Quarterly summary

Standalone details	Units	Reported				Antique Est.		Consensus		
		2QFY25	1QFY26	2QFY26	YoY %	QoQ %	2QFY26E	vs. Est. (%)	2QFY26E	vs. Est. (%)
EBITDA	INR mn	5,142	5,199	4,473	(13.0)	(14.0)	4,491	(0.4)	4,905	(8.8)
PAT	INR mn	3,069	3,268	2,810	(8.4)	(14.0)	2,775	1.3	2,921	(3.8)
Volume	mmscmd	8.75	8.87	8.66	(1.0)	(2.4)	8.87	(2.3)	-	-
EBITDA Margin	INR/scm	6.39	6.44	5.61	(12.1)	(12.8)	5.50	2.0	-	-

Source: Company, Bloomberg, Antique

Table 3: Change in earnings estimates

	Units	FY26E			FY27E			FY8E		
		Revised	Old	Chg (%)	Revised	Old	Chg (%)	New	Old	Chg (%)
EBITDA	INR mn	18,264	19,147	-4.6%	21,246	22,212	-4.4%	22,556	23,337	-3.3%
PAT	INR mn	10,795	11,456	-5.8%	13,021	13,815	-5.7%	14,318	14,988	-4.5%
EPS	INR/sh	15.7	16.7	-5.8%	18.9	20.1	-5.7%	20.8	21.8	-4.5%
Key drivers										
Volume	mmscmd	9.0	9.5	-4.6%	11.0	11.0	0.0%	11.6	11.6	0.0%
EBITDA margin	INR/scm	5.5	5.5	0.0%	5.3	5.5	-4.3%	5.3	5.5	-3.3%
Target price	INR/sh							435	455	-4.5%

Source: Company, Antique

Table 4: Antique vs Bloomberg estimates

(INR bn)	FY26E			FY27E			FY28E		
	Antique	Bloomberg	% Variation	Antique	Bloomberg	% Variation	Antique	Bloomberg	% Variation
EBITDA	18.3	19.6	-6.6%	21.2	22.6	-6.0%	22.6	24.5	-7.8%
PAT	10.8	11.9	-9.5%	13.0	13.9	-6.1%	14.3	15.4	-6.9%

Source: Bloomberg, Antique

Table 5: Balance sheet

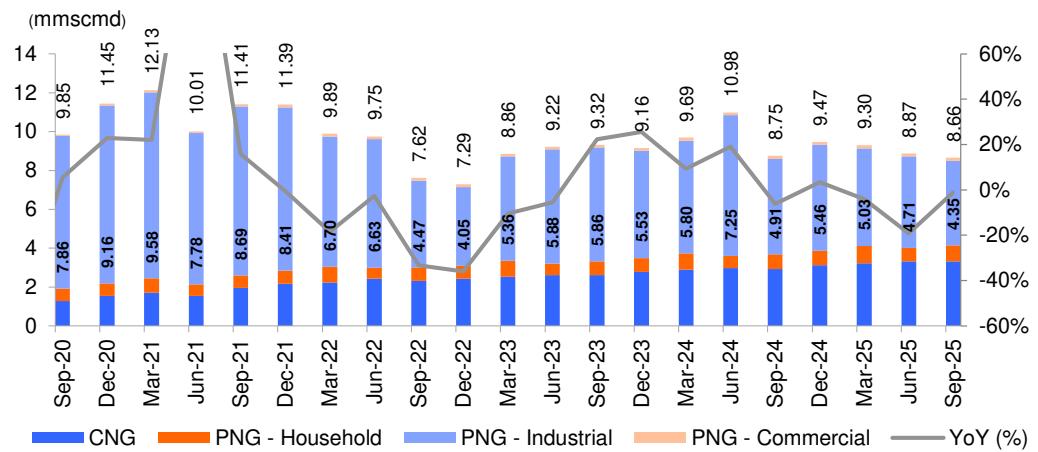
(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25E	YoY (%)
Share capital	1,377	1,377	0.0	1,377	1,377	0.0
Reserves and Surplus	85,251	78,020	9.3	89,125	83,160	7.2
Loan Funds	1,513	1,459	3.7	1,500	1,500	0.0
Net deferred Tax Liability	9,776	9,464	3.3	9,939	9,589	3.7
Other non current liabilities	759	746	1.7			
Total	98,675	91,066	8.4	1,01,940	95,625	6.6
Fixed Assets	82,335	79,618	3.4	86,676	82,075	5.6
Capital Work-in-Progress	8,490	9,048	(6.2)	8,389	8,389	0.0
Investments	1,356	1,351	0.4	1,356	1,356	0.0
Other non current assets	4,808	5,026	(4.4)			
Current Assets, Loans And Advances	36,354	28,952	25.6	36,562	34,331	6.5
Inventories	608	615	(1.0)	612	619	-1.1
Sundry Debtors	9,546	9,204	3.7	10,198	10,240	-0.4
Cash and Bank Balances	7,893	17,493	(54.9)	5,874	3,594	63.4
Loans and Advances	29	39	(27.3)	19,878	19,878	0.0
Other current assets	18,279	1,602	NA			
Current Liabilities and Provisions	34,669	32,929	5.3	31,042	30,526	1.7
Liabilities	33,890	32,081	5.6	30,292	29,776	1.7
Provisions	778	848	(8.2)	750	750	0.0
Net Working Capital	1,686	(3,977)	NA	5,519	3,805	45.1
Total	98,675	91,066	8.4	1,01,941	95,625	6.6
Net debt	(6,381)	(16,033)	NA	(4,374)	(2,094)	NA

Source: Company, Antique

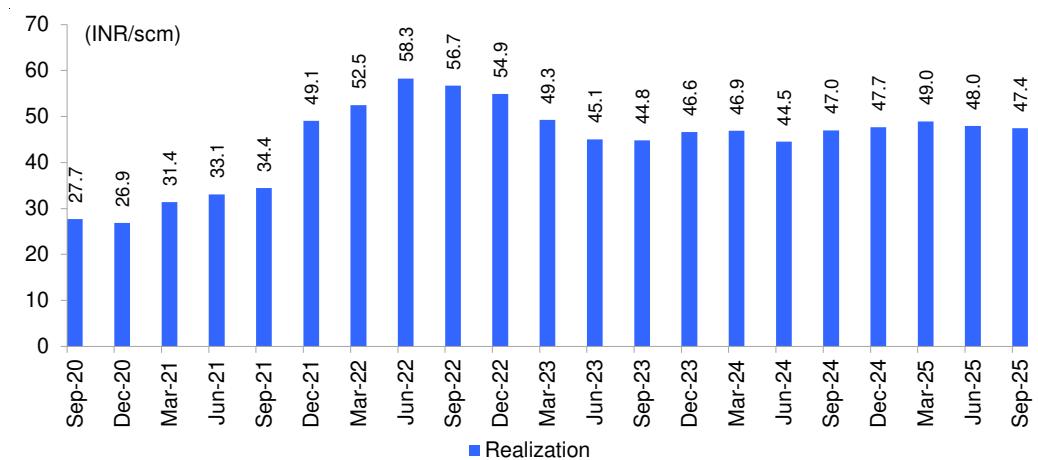
Table 6: Cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25E	YoY (%)
Reported Profit	8,178	8,585	(4.7)	14,432	15,466	(6.7)
Depreciation	2,657	2,526	5.2	5,399	5,106	5.7
Finance costs	161	158	2.0	324	325	(0.2)
Changes in working capital	1,227	2,249	(45.4)	565	1,544	(63.4)
Tax paid	(916)	(1,231)	NA	(3,287)	(3,115)	NA
Less: Interest/Dividend Income Received	(1,066)	(584)	NA	(1,891)	(1,443)	NA
Others	(34)	70	NA	-	176	NA
Operating cash flow	10,207	11,773	(13.3)	15,543	18,059	(13.9)
Capex	(2,903)	(3,731)	NA	(10,000)	(7,508)	NA
Others	(6,622)	(3,575)	NA	1,891	(11,705)	NA
Investing cash flow	(9,525)	(7,306)	NA	(8,109)	(19,213)	NA
Net proceeds from borrowings	(257)	(196)	NA	-	(548)	NA
Others	(243)	(214)	NA	(5,154)	(4,190)	NA
Financing cash flow	(500)	(410)	NA	(5,154)	(4,737)	NA
Net cash flow	182	4,057	(95.5)	2,279	(5,891)	NA
Opening cash balance	3,269	9,160	(64.3)	3,269	9,160	(64.3)
Closing cash balance	3,451	13,217	(73.9)	5,548	3,269	69.7
Other Bank balance	4,443	4,276	3.9	325	325	0.0
Cash and bank balance	7,893	17,493	(54.9)	5,873	3,594	63.4
Free cash flow	7,304	8,042	(9.2)	5,543	10,551	(47.5)

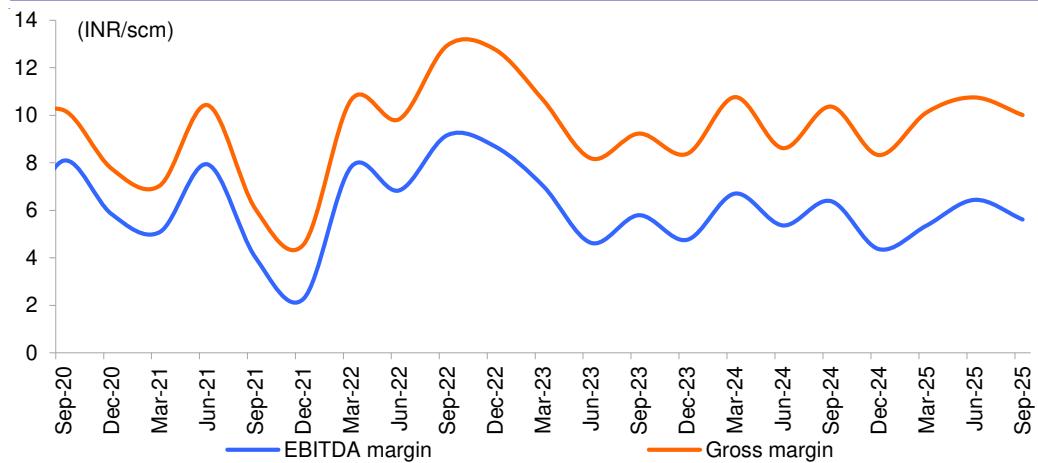
Source: Company, Antique

Exhibit 1: Volume: 8.66 mmSCMD (-2.4% QoQ, -1% YoY)


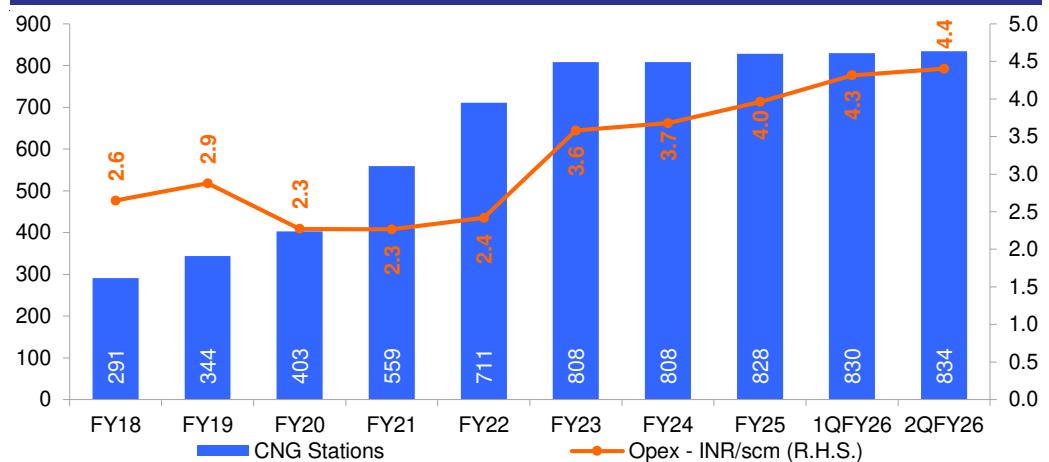
Source: Company, Antique

Exhibit 2: Sales realization: INR 47.4/scm (-1.1% QoQ, +1% YoY)


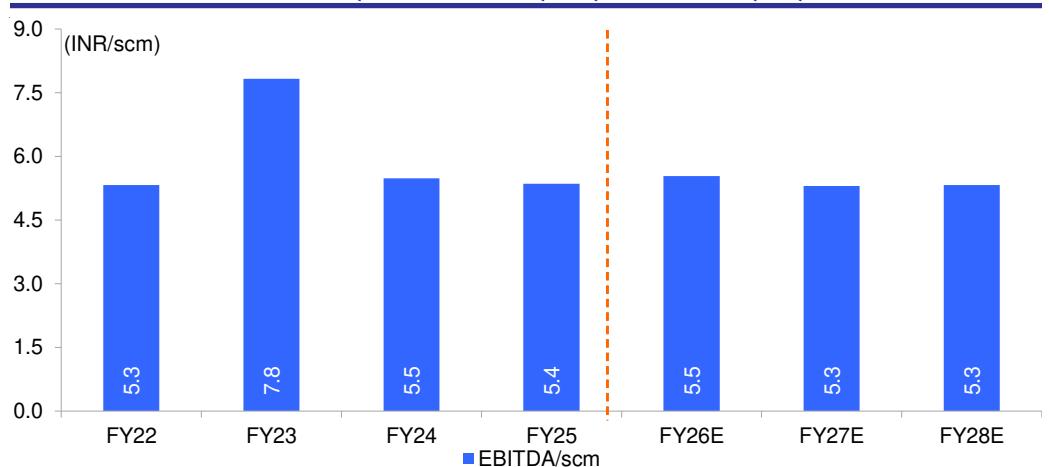
Source: Company, Antique

Exhibit 3: EBITDA margin: INR 5.61/scm (-12.8% QoQ, -12.1% YoY)


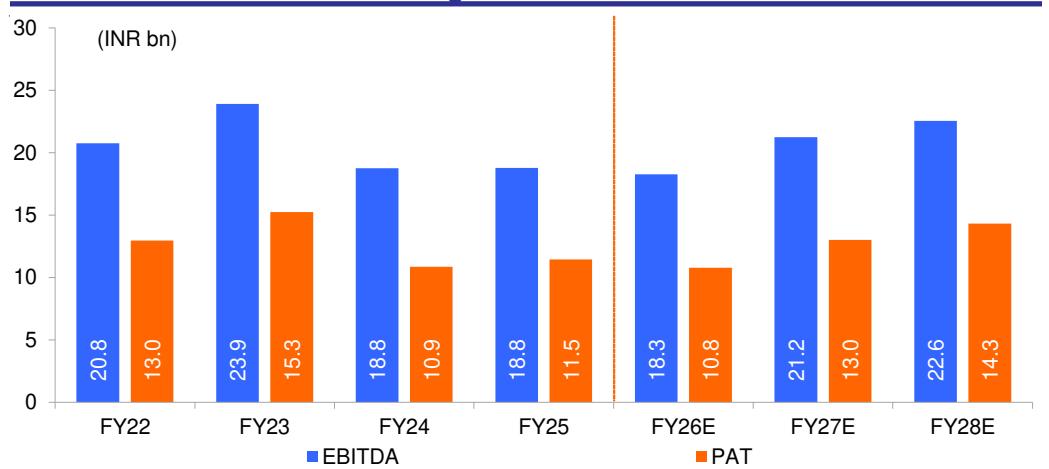
Source: Company, Antique

Exhibit 4: 2QFY26: CNG Stations at 834; Opex at INR 4.4/scm


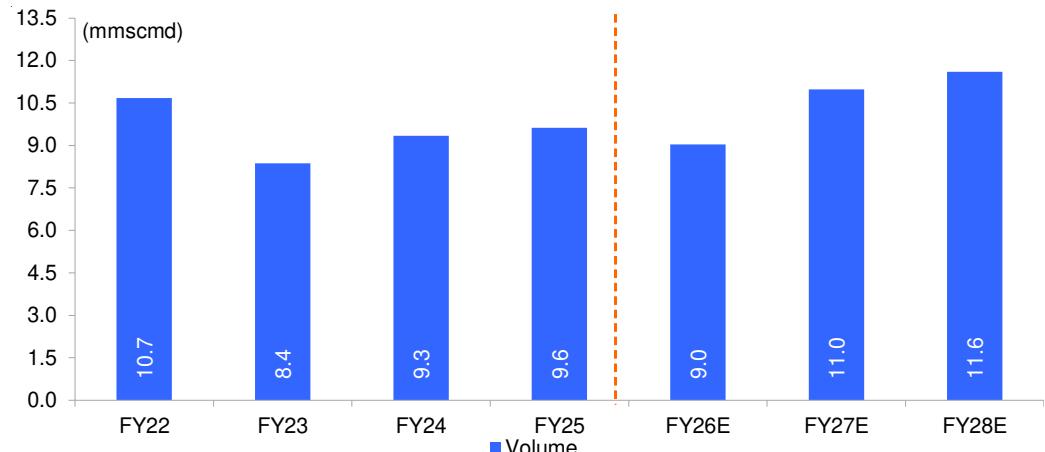
Source: Company, Antique

Exhibit 5: We estimate EBITDA/scm at INR 5.5/5.3/5.3 for FY26/27/28


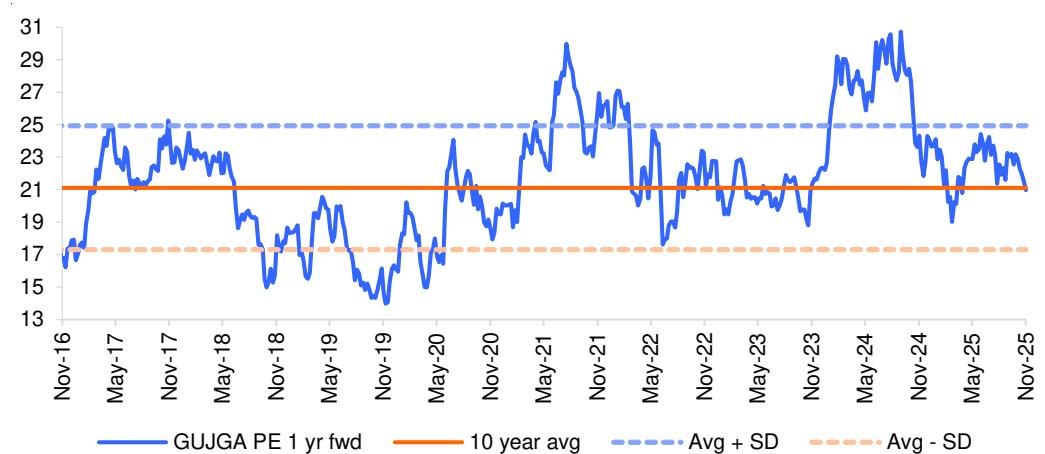
Source: Company, Antique

Exhibit 6: We estimate EBITDA/PAT to grow at 6.3%/7.7% CAGR over FY25-28E


Source: Company, Antique

Exhibit 7: We estimate volume to grow at 6.5% CAGR over FY25-28E


Source: Company, Antique

Exhibit 8: 1-year forward PE valuation


Source: Bloomberg, Antique

Table 5: Valuation

1HFY28E EPS	19.9
P/E multiple (x)	20
Value (INR)	397
Add : Others (INR)	36
Target Price (INR)	435

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	1,56,902	1,64,870	1,64,193	1,95,259	2,05,362
Op. Expenses	1,38,138	1,46,072	1,45,928	1,74,013	1,82,806
EBITDA	18,764	18,798	18,264	21,246	22,556
Gross Profit	31,345	32,710	33,492	38,445	41,691
Depreciation	4,743	5,106	5,399	5,702	5,984
EBIT	14,021	13,691	12,865	15,544	16,571
Other income	1,078	2,100	1,891	2,188	2,894
Interest Exp.	293	325	324	324	324
Extra Ordinary Items-gain/(loss)	556	-	-	-	-
Reported PBT	14,249	15,466	14,432	17,408	19,141
Tax	3,934	4,011	3,637	4,387	4,824
Reported PAT	10,315	11,455	10,795	13,021	14,318
Net Profit	10,315	11,455	10,795	13,021	14,318
Adjusted PAT	10,871	11,455	10,795	13,021	14,318
Adjusted EPS (INR)	15.8	16.6	15.7	18.9	20.8

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	1,377	1,377	1,377	1,377	1,377
Reserves & Surplus	75,516	83,160	89,125	97,582	1,06,422
Networth	76,892	84,537	90,502	98,958	1,07,799
Debt	1,503	1,500	1,500	1,500	1,500
Net deferred Tax liabilities	9,107	9,589	9,939	10,289	10,639
Capital Employed	87,502	95,625	1,01,940	1,10,747	1,19,937
Gross Fixed Assets	1,12,470	1,22,024	1,32,024	1,42,024	1,52,024
Accumulated Depreciation	34,842	39,948	45,347	51,049	57,033
Capital work in progress	9,180	8,389	8,389	8,389	8,389
Net Fixed Assets	86,808	90,465	95,066	99,364	1,03,380
Investments	1,350	1,356	1,356	1,356	1,356
Non Current Investments	1,350	1,356	1,356	1,356	1,356
Current Assets, Loans & Adv.	28,425	34,331	36,562	44,944	51,708
Inventory	587	619	612	734	766
Debtors	10,298	10,240	10,198	12,127	12,755
Cash & Bank balance	9,261	3,594	5,874	12,205	18,309
Loans & advances and others	8,279	19,878	19,878	19,878	19,878
Current Liabilities & Provisions	29,081	30,526	31,042	34,917	36,507
Liabilities	28,287	29,776	30,292	34,167	35,756
Provisions	794	750	750	750	750
Net Current Assets	(656)	3,805	5,519	10,027	15,202
Application of Funds	87,502	95,625	1,01,941	1,10,747	1,19,937

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	688	688	688	688	688
Diluted no. of shares (mn)	688	688	688	688	688
BVPS (INR)	111.8	122.9	131.5	143.8	156.7
CEPS (INR)	21.9	24.1	23.5	27.2	29.5
DPS (INR)	5.7	5.8	5.5	6.6	7.3

Source: Company Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	15,362	15,466	14,432	17,408	19,141
Depreciation & amortization	4,743	5,106	5,399	5,702	5,984
Interest expense	293	325	324	324	324
(Inc)/Dec in working capital	(201)	1,544	565	1,823	930
Tax paid	(3,227)	(3,115)	(3,287)	(4,037)	(4,474)
Less: Interest/Dividend Income Received	(649)	(1,443)	(1,891)	(2,188)	(2,894)
Other operating Cash Flow	19	176	-	-	-
CF from operating activities	16,340	18,059	15,543	19,032	19,012
Capital expenditure	(8,371)	(7,508)	(10,000)	(10,000)	(10,000)
Inc/(Dec) in investments	(1,038)	(12,841)	-	-	-
Add: Interest/Dividend Income Received	622	1,136	1,891	2,188	2,894
CF from investing activities	(8,787)	(19,213)	(8,109)	(7,812)	(7,106)
Interest paid	(273)	(299)	(324)	(324)	(324)
Inc/(Dec) in debt	(293)	(548)	-	-	-
Dividend Paid	(4,575)	(3,891)	(4,830)	(4,565)	(5,477)
CF from financing activities	(5,141)	(4,737)	(5,154)	(4,889)	(5,802)
Net cash flow	2,413	(5,891)	2,279	6,331	6,105
Opening balance	6,747	9,160	3,269	5,548	11,879
Closing balance	9,160	3,269	5,548	11,879	17,984
Bank balance	101	325	325	325	325
Cash and bank balance	9,261	3,594	5,873	12,205	18,309

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue(%)	-6.4	5.1	-0.4	18.9	5.2
EBITDA(%)	-21.6	0.2	-2.8	16.3	6.2
Adj PAT(%)	-28.7	5.4	-5.8	20.6	10.0
Adj EPS(%)	-28.7	5.4	-5.8	20.6	10.0

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	25.8	24.5	26.0	21.6	19.6
P/BV (x)	3.7	3.3	3.1	2.8	2.6
EV/EBITDA (x)	14.5	14.8	15.1	12.7	11.7
EV/Sales (x)	1.7	1.7	1.7	1.4	1.3
Dividend Yield (%)	1.4	1.4	1.3	1.6	1.8

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	14.8	14.2	12.3	13.7	13.8
RoCE (%)	18.0	17.2	14.9	16.7	16.9
Asset/T.O (x)	1.9	1.8	1.7	1.9	1.8
Net Debt/Equity (x)	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)
EBIT/Interest (x)	51.5	48.6	45.5	54.7	60.0

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin(%)	12.0	11.4	11.1	10.9	11.0
EBIT Margin(%)	8.9	8.3	7.8	8.0	8.1
PAT Margin(%)	6.9	6.9	6.5	6.6	6.9

Source: Company Antique

CMP	: INR 798
Reco	: BUY 
Target	: INR 928 
Target Price Change	: -3%
Target 1HFY28e P/E (x)	: 15
EPS Change FY26/ 27/ 28: -5%/-3%/-2%	

2QFY26 RESULT REVIEW

KEC International

A marginal miss on the operational front; upgrade to BUY

KEC International's (KEC) 2QFY26 results were marginally below expectations on the operational front. Revenue stood at INR 60.9 bn (+19% YoY; est. INR 58.8 bn) supported by better than estimated T&D segment execution. EBITDA at INR 4.3 bn (+34% YoY) was broadly in line with our estimate with operating margin at 7.1% (+80 bps YoY). PAT at INR 1.6 bn (+88% YoY) was lower than our est. of INR 1.8 bn. KEC has retained its revenue growth guidance of ~15% along with normalized high single-digit margin (~8%-8.5%) in FY26 as legacy orders move out of the system. Strong order book coupled with robust enquiry pipeline, improved operating margin profile and working capital improvement and robust business momentum across key business segments are positives for KEC. Recent correction in the stock price offers a good entry point. With minor tweak on earnings, we upgrade our rating to BUY (from HOLD) with a revised TP of INR 928 (15x its 1HFY28 EPS; earlier TP of INR 954).

A marginal miss on the operational front

KEC's 2QFY26 revenue of INR 60.9 bn (+19% YoY) was marginally above our estimate of INR 58.6 bn supported by better than estimated revenue booking in the Transmission segment. EBITDA stood broadly in-line with our estimate of INR 4.4bn (+34.4% YoY) with operating margin coming in at 7.1% (+80 bps YoY; est. of 7.5%). T&D segment reported strong momentum with the revenue at INR 36.5 bn (+45% YoY) strong execution across key geographies, while maintaining EBITDA margin in healthy double digits. Non-T&D business witnessed muted growth impacted by weaker than estimated performance of the non-T&D business given labor shortage, delayed payment collection and cautious execution. SAE Towers grew 35% YoY to INR 4.3 bn while cable sales were up 19% YoY at INR 5.2 bn. Given the healthy order book & a tender pipeline worth INR 1.8 trn+, KECL has retained its guidance to achieve INR 300 bn order inflow for FY26 with a revenue growth of 15% and thus we believe revenue booking traction should witness increased momentum from 3QFY26 onwards with execution of high margin orders.

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Market data

Sensex	:	84,467
Sector	:	Industrials
Market Cap (INR bn)	:	212.3
Market Cap (USD bn)	:	2.396
O/S Shares (mn)	:	266.2
52-wk HI/LO (INR)	:	1313/605
Avg. Daily Vol ('000)	:	2,162
Bloomberg	:	KECIN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	35.9	55.6	68.2
P/E (x)	22.2	14.4	11.7
P/BV (x)	3.4	2.8	2.3
EV/EBITDA (x)	12.2	9.1	6.9
Dividend Yield (%)	0.5	0.5	0.5

Source: Company, Antique

Returns (%)

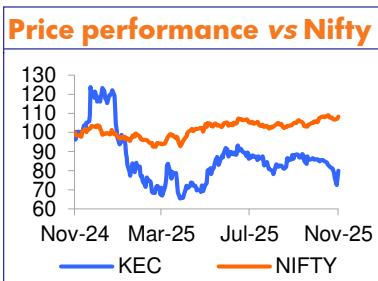
	1m	3m	6m	12m
Absolute	(7)	0	9	(20)
Relative	(9)	(5)	7	(26)

Source: Company, Antique

Shareholding pattern

Promoters	:	50%
Public	:	50%
Others	:	0%

Source: Bloomberg



Operating margin on an improving trajectory; retains target to achieve ~8%-8.5% margin in FY26

KEC reported an EBITDA of INR 4.3 bn (+34.4% YoY), broadly in line with our estimate. T&D segment margin performance continues to be healthy with the segment reporting double-digit margin given completion of all legacy orders and its improved margin trajectory. The company has retained its EBITDA margin guidance of ~8%-8.5% for FY26 as it believes non-T&D business margin performance should improve hereon with the execution of better-margin orders. KECL reported an interest expense of INR 1.7 bn accounting for 2.8% of sales (3.3% in 2QFY25; est. of 2.8%) while other income stood at INR 1.7 bn (est. of INR 1.6 bn). PAT at INR 1.6 bn was lower than our estimate of INR 1.7 bn.

Order inflow witnesses strong uptick in 2Q; tender pipeline looks healthy

2QFY26 order inflow stood at INR 105 bn (+81% YoY). Domestic T&D tender pipeline remains strong across both domestic and international markets, supported by increasing opportunities in renewable power evacuation, green energy transition, and inter-regional transmission connectivity. Overall the order pipeline continues to be healthy at INR 1.8 trn, primarily led by Transmission & Distribution followed by civil, renewables & railways, while KEC continues to be L1 for INR 440 bn worth of orders, which provides confidence of KEC achieving its order inflow guidance of INR 300 bn for FY26. Order backlog stood at INR 393 bn (+15% YoY) leading to healthy near-term revenue visibility.

NWC witnesses a minor extension; debt position to improve

KEC continues to focus on reducing its NWC days, which stood at 125 days as of 1HFY26 vs. 120 days YoY. Net debt, including acceptances, stood at INR 64.8 bn, an increase of INR 12.2 bn, and KEC further intends to bring down the net debt position to INR 50 bn by FY26 end.

Investment Summary

Strong order book position and tender pipeline supported by improved operating margin profile in conjunction with working capital improvement and reduced debt profile and robust momentum across key business segments augurs well for KEC. Due to recent correction in the stock, we believe this is a good entry point. Hence, we upgrade our rating to BUY (from HOLD) with a revised TP of INR 928 (15x its 1HFY28 EPS; post a margin tweak in earnings).

Conference Call Highlights

- Reported record quarterly topline, strong order intake, healthy expansion in margin and profitability.
- Revenue was healthy; driven by robust execution in T&D business, both in India and international. 1H revenue was up 15%, in line with management guidance.
- Order book + L1 stood at INR 440 bn.
- Net debt (including acceptances) as on 1HFY26 rose to INR 65 bn vs. INR 53 bn YoY due to higher revenue growth, increase in strategic inventory due to benign commodity prices, delayed release of payments in water projects, and spill-over of certain large collections which happened in the subsequent months. However, debt levels are expected to normalize going forward and should end FY26 with INR 50 bn.
- With the current strong order book, capacity expansion underway, healthy order intake, robust OB + L1 at INR 440 bn and strong enquiry pipeline of INR 1,800 bn (particularly in key segments of T&D and Civil); KECL is poised for a sustainable profitable growth.
- Order pipeline break-up of INR 1,800 bn—T&D (INR 600 bn, out of which India is ~INR 200 bn), Civil (INR 600 bn).
- Maintained FY26 topline growth and EBITDA margin guidance of 15% / 8%, respectively.
- Capex pegged for FY26 at INR 4 bn (normal capex run-rate is ~INR 2.5-3 bn).

T&D business

- L1 position in business worth ~INR 50 bn.
- Reported a robust 44% revenue growth, driven by strong execution across key geographies, while maintaining EBITDA margin in healthy double digits.
- Continued to strengthen its presence in the HVDC segment by securing another large order from a private developer. The company is currently executing five HVDC projects, including a major converter station project spanning three locations.
- The tender pipeline remains strong across both domestic and international markets, supported by increasing opportunities in renewable power evacuation, green energy transition, and inter-regional transmission connectivity.

SAE business

- Revenue grew 35% YoY, reflecting strong execution momentum; L1 position stands at INR 23 bn.
- The company continues to witness healthy traction in hardware orders, supported by steady demand from key clients.
- Construction of a new tower manufacturing facility at Butibori (Nagpur) is underway and is expected to be completed by FY26.
- Management expects ample growth opportunities from the Middle East, particularly Saudi Arabia, the UAE, and Oman, while also exploring prospects in the Americas, CIS, and Africa regions.

Civil business

- Revenue performance was impacted due to prolonged monsoon, labor shortage, and a deliberate slowdown in water project execution arising from delayed payments.
- The company continues to adopt a cautious approach in the water segment owing to ongoing payment challenges. Receivables currently stand at INR 8.8 bn, while the order backlog under the Jal Jeevan Mission (JJM) from Madhya Pradesh and Odisha combined stands at INR 10 bn.

- During the quarter, the company secured notable orders in the buildings and factories segment with superior margin profiles. As execution of these orders scales up, margins are expected to improve from the current low single-digit levels.
- Topline growth is guided at 15% YoY (to ~INR 50 bn), driven by the execution of large orders expected to commence from 3QFY26 onwards. For FY27, management expects revenue growth of 15% YoY with high single-digit margins.

Transportation business

- Secured two additional orders for TCAS (Train Collision Avoidance System) installation in partnership with its JV partner. The company is currently deploying the Kavach system across an additional 2,000 route kilometers.
- In 1HFY26, KEC International successfully completed 7–8 large legacy orders, and management expects margin improvement to reflect from 2HFY26 onwards.
- The company's key priorities include accelerating execution of ongoing projects, optimizing working capital, and selectively pursuing high-margin orders to enhance profitability.
- Revenue guidance for FY26 stands at INR 20 bn.

Cables business

- Reported healthy 19% revenue growth accompanied by improved profitability, driven by a favorable product mix and effective cost control measures. However, the margin remained modest at ~6%.
- Investments in e-beam and elastomeric cable facilities are currently underway. These will cater to key sectors such as defence, automotive, and railways.
- Commercial production of elastomeric cables is expected to begin in 4QFY26, while e-beam cables are likely to commence from 1QFY27, pending multiple regulatory approvals.
- The new aluminum conductor cable plant has become operational and the company has started revenue booking from this facility. The plant has an annual revenue potential of INR 5–6 bn.

Renewable business

- The company is executing two large solar projects—one in Rajasthan (expected completion by FY27) and another in Karnataka (scheduled for completion in 3QFY26). Upon successful completion of these projects, KEC International plans to pursue opportunities in international solar markets.
- The company intends to bid for projects across solar, wind, and Battery Energy Storage Systems (BESS), targeting annual revenue of INR 30–40 bn from FY28 onwards.

Oil and gas business

- On course to securing a third large order in the ME (pre-qualification already secured).

NWC and debt position

- Net working capital (NWC) remains elevated as the company expects to receive advance from several large international orders, the benefit of which is likely to reflect from 3QFY26 onwards.
- NWC levels appear stretched in international markets, primarily due to KECL's significant exposure in Saudi Arabia, where a 20% retention clause is applicable. However, the company targets to complete 7–8 large projects in the region, which should lead to the release of a substantial portion of the retention money.
- Debt levels are expected to decline from 4QFY26 onwards, supported by: receipt of pending dues from Afghanistan (~USD 30 mn), cash flow realization post-inauguration of select metro projects, advances from recently secured large international orders, retention money clearance from completed Saudi projects.

Table 1: Quarterly highlights

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Total revenues (net)	60,916	51,133	19.1	50,229	21.3	1,11,144	96,252	15.5
RM	47,567	39,500	20.4	38,766	22.7	86,333	73,878	16.9
% of Sales	78.1	77.2	84 bps	77.2	91 bps	77.7	76.8	92 bps
Staff cost	4,258	4,044	5.3	3,924	8.5	8,182	7,739	5.7
% of Sales	7.0	7.9	-92 bps	7.8	-82 bps	7.4	8.0	-68 bps
Other operating expenses	4,787	4,387	9.1	4,038	18.5	8,825	8,729	1.1
% of Sales	7.9	8.6	-72 bps	8.0	-18 bps	7.9	9.1	-113 bps
Total expenditure	56,612	47,931	18.1	46,728	21.2	1,03,340	90,346	14.4
EBITDA	4,304	3,202	34.4	3,501	22.9	7,805	5,906	32.1
EBITDA Margin(%)	7.1	6.3	80 bps	7.0	10 bps	7.0	6.1	89 bps
Depreciation	506	453	11.6	459	10.3	964	918	5.0
Interest	1,715	1,681	2.0	1,511	13.5	3,226	3,230	(0.1)
Other income	46	66	(30.2)	54	(14.1)	100	497	(79.9)
PBT	2,130	1,135	87.7	1,585	34.4	3,715	2,255	64.7
Tax	522	281	86.1	339	54.0	861	525	64.0
Tax rate (%)	24.5	24.7	-21 bps	21.4	313 bps	23.2	23.3	-10 bps
Reported net profit	1,608	854	88.2	1,246	29.0	2,853	1,730	65.0
Adjusted net profit	1,608	854	88.2	1,246	29.0	2,853	1,730	65.0
EPS (INR)	6.0	3.3	83.9	4.7	29.0	10.7	6.7	61.2

Source: Company, Antique

Table 2: Quarterly segmental performance

Description (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Transmission	36,510	25,140	45.2	27,970	30.5	64,480	46,670	38.2
Cables	5,240	4,410	18.8	3,830	36.8	9,070	8,040	12.8
SAE Towers	4,290	3,170	35.3	3,590	19.5	7,880	6,630	18.9
Railway	4,250	5,030	(15.5)	4,710	(9.8)	8,960	9,740	(8.0)
Civil+water+smartinfra	11,580	13,330	(13.1)	10,760	7.6	22,340	24,650	(9.4)
Oil and Gas pipelines	520	920	(43.5)	600	(13.3)	1,120	2,180	(48.6)
Less: Intersegment SBU	1,470	870	69.0	1,240	18.5	2,710	1,660	63.3
Total	60,920	51,130	19.1	50,220	21.3	1,11,140	96,250	15.5

Source: Company, Antique

Table 3: Change in estimates

INR mn	OLD			New			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,53,668	3,03,474	3,56,911	2,53,173	3,09,875	3,54,860	0%	2%	-1%
EBITDA	20,928	27,920	33,550	20,254	27,269	33,002	-3%	-2%	-2%
EBITDA margin	8.3%	9.2%	9.4%	8.0%	8.8%	9.3%	-25 bps	-40 bps	-10 bps
Reported PAT	10,076	15,283	18,593	9,549	14,787	18,163	-5%	-3%	-2%
Adj. PAT	10,076	15,283	18,593	9,549	14,787	18,163	-5%	-3%	-2%

Source: Company, Antique

Table 4: Half yearly balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	532	532	0%	532	532	0%
Reserves and Surplus	55,897	50,030	12%	61,214	52,942	16%
Loan Funds	50,199	43,119	16%	41,575	39,575	5%
Deferred Tax Liability	194	-	-	-4,372	-4,372	0%
Total	1,06,822	93,681	14%	98,949	88,678	12%
Fixed Assets	14,599	13,062	12%	13,098	13,684	-4%
Capital Work-in-Progress	546	548	0%	385	385	0%
Goodwill	2,920	2,850	2%	2,782	2,782	0%
Deferred Tax Asset	4,517	3,790	19%	-	-	-
Current Assets, Loans And Advances	2,13,547	1,76,346	21%	2,31,707	2,00,421	16%
Inventories	14,443	12,279	18%	13,216	11,405	16%
Sundry Debtors	51,967	40,449	28%	58,535	50,511	16%
Cash and Bank Balances	4,128	5,165	-20%	7,048	6,559	7%
Other current assets	1,43,009	1,18,452	21%	-	-	-
Current Liabilities and Provisions	1,29,306	1,02,915	26%	1,49,023	1,28,594	16%
Liabilities	1,03,703	84,806	22%	1,47,626	1,27,389	16%
Provisions	25,603	18,109	41%	1,397	1,206	16%
Net Working Capital	84,241	73,431	15%	82,684	71,827	15%
Total	1,06,822	93,681	14%	98,949	88,678	12%
Net debt	46,071	37,954	21%	34,526	33,016	5%

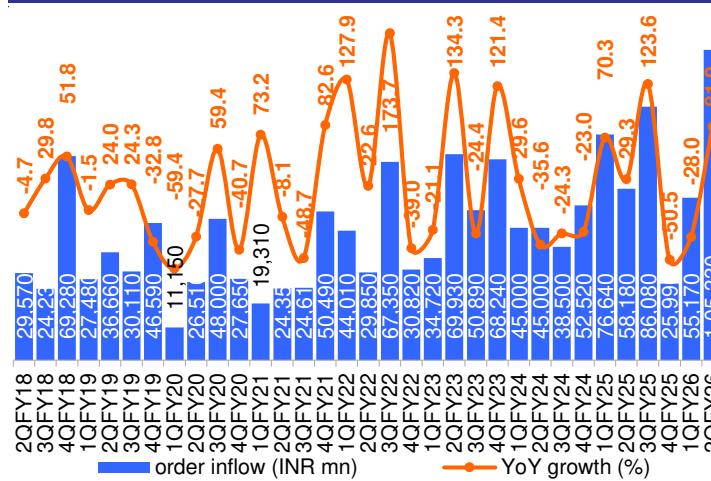
Source: Company, Antique

Table 5: Half yearly cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	2,853	1,730	65.0	12,243	7,275	68
Depreciation	964	918	5.0	2,086	1,837	14
Interest	861	525	64.0	6,558	6,636	-1
Others	3,408	3,538	-3.7	-	(835)	-
Changes in working capital	(15,376)	(12,706)	NM	(10,368)	(7,151)	NM
Operating cash flow	(9,171)	(4,890)	NM	7,825	6,194	26
Capex	(1,527)	(777)	NM	(1,500)	(2,205)	NM
Others	279	540	-48.3	-	-	-
Investing cash flow	(1,248)	(237)	NM	(1,500)	(2,205)	NM
Net proceeds/Repayment from borrowings	12,533	11,766	6.5	2,000	(336)	-
Others	(4,554)	(4,189)	NM	(7,836)	174	NM
Financing cash flow	7,979	7,578	5.3	(5,836)	(162)	NM
Net cash flow	(2,440)	2,451	NM	489	3,826	-87
Opening cash balance	5,517	2,254	144.8	6,559	2,733	140
Closing cash balance	3,078	4,705	-34.6	7,048	6,559	7
Free cash flow	(10,698)	(5,667)	NM	6325	3989	59

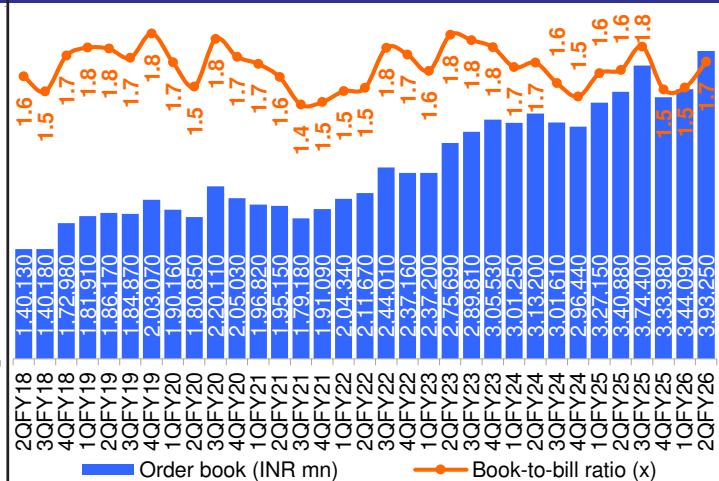
Source: Company, Antique

Exhibit 1: Order inflow registers robust 81% YoY growth



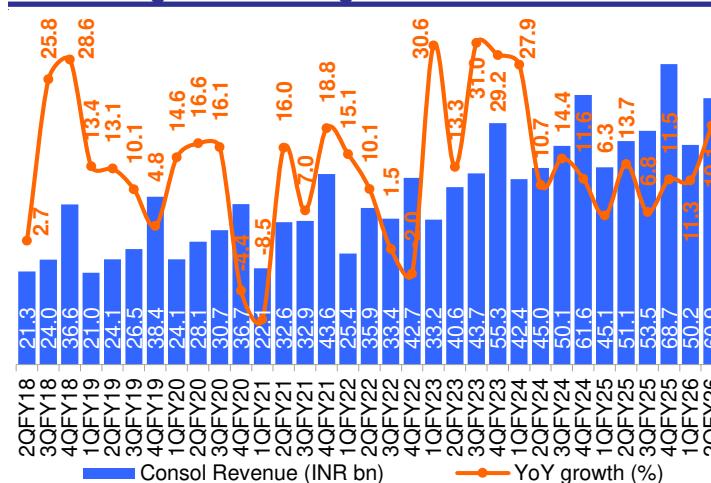
Source: Company, Antique

Exhibit 2: Order book + L1 at INR 440 bn



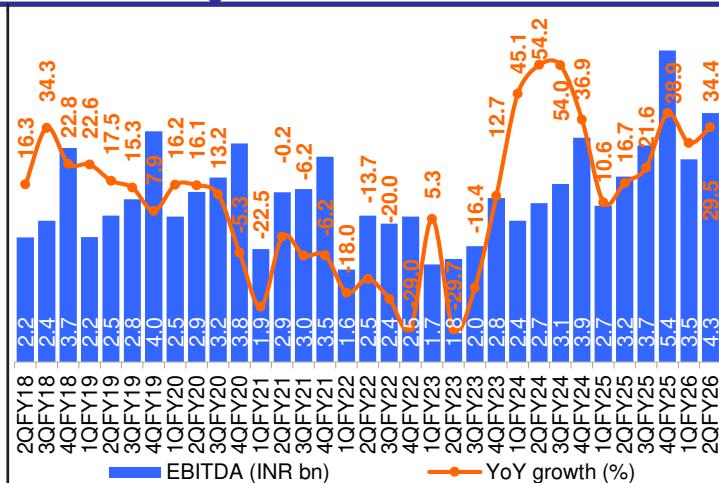
Source: Company, Antique

Exhibit 3: Registers 19% YoY growth in consol. revenue



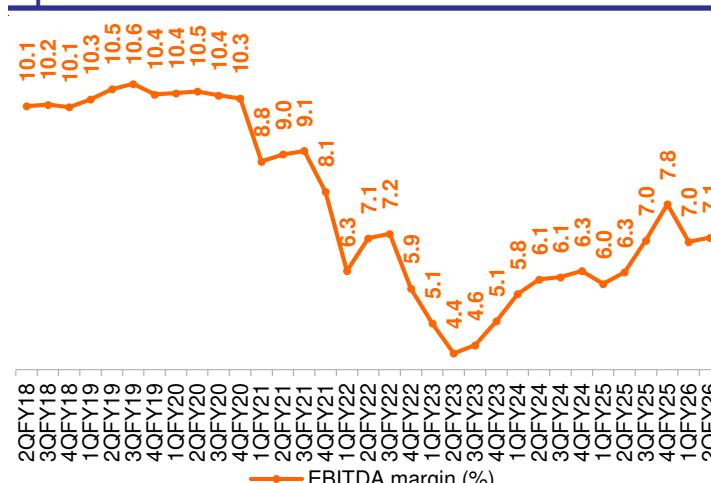
Source: Company, Antique

Exhibit 4: EBITDA growth of 34% YoY at INR 4.3 bn



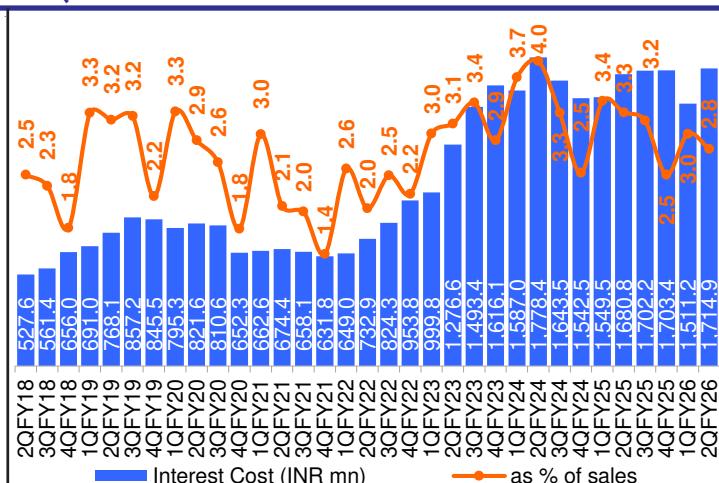
Source: Company, Antique

Exhibit 5: EBITDA margin witnesses a decent 80 bps expansion to 7.1%



Source: Company, Antique

Exhibit 6: Interest cost stood at 2.8% against sales vs. 3.3% in 2QFY25



Source: Company, Antique

Financials - Consolidated

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	1,99,142	2,18,467	2,53,173	3,09,875	3,54,860
Op. Expenses	1,86,996	2,03,428	2,32,919	2,82,606	3,21,858
Gross Profit	43,294	49,364	59,496	74,370	86,941
EBITDA	12,146	15,039	20,254	27,269	33,002
Depreciation	1,854	1,837	2,086	2,183	2,281
EBIT	10,292	13,202	18,168	25,086	30,721
Other income	524	709	633	806	816
Interest Exp.	6,551	6,636	6,558	6,933	8,251
Reported PBT	4,265	7,275	12,243	18,958	23,286
Tax	797	1,568	2,693	4,171	5,123
Reported PAT	3,468	5,707	9,549	14,787	18,163
Net Profit	3,468	5,707	9,549	14,787	18,163
Adjusted PAT	3,468	5,707	9,549	14,787	18,163
Adjusted EPS (INR)	13.5	21.4	35.9	55.6	68.2

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	514	532	532	532	532
Reserves & Surplus	40,443	52,942	61,214	74,723	91,609
Networth	40,957	53,475	61,746	75,256	92,141
Debt	39,850	39,575	41,575	44,075	46,575
Net deferred Tax liabilities	(3,537)	(4,372)	(4,372)	(4,372)	(4,372)
Capital Employed	77,271	88,678	98,949	1,14,959	1,34,344
Gross Fixed Assets	29,382	31,341	32,841	34,341	35,841
Accumulated Depreciation	15,821	17,657	19,743	21,927	24,208
Capital work in progress	139	385	385	385	385
Net Fixed Assets	13,701	14,069	13,483	12,800	12,019
Goodwill	2,721	2,782	2,782	2,782	2,782
Current Assets, Loans & Adv.	1,70,356	2,00,421	2,31,707	3,04,841	3,54,834
Inventory	12,133	11,405	13,216	16,176	18,525
Debtors	41,366	50,511	58,535	1,10,366	1,26,388
Cash & Bank balance	2,733	6,559	7,048	29,728	39,783
Current Liabilities & Provisions	1,09,507	1,28,594	1,49,023	2,05,464	2,35,291
Liabilities	1,08,310	1,27,389	1,47,626	2,03,753	2,33,333
Provisions	1,197	1,206	1,397	1,710	1,958
Net Current Assets	60,849	71,827	82,684	99,377	1,19,543
Application of Funds	77,271	88,678	98,949	1,14,959	1,34,344

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	257	266	266	266	266
Diluted no. of shares (mn)	257	266	266	266	266
BVPS (INR)	159.3	200.9	232.0	282.7	346.1
CEPS (INR)	20.7	28.3	43.7	63.8	76.8
DPS (INR)	4.1	4.0	4.0	4.0	4.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	4,265	7,275	12,243	18,958	23,286
Depreciation & amortization	1,854	1,837	2,086	2,183	2,281
Interest expense	6,551	6,636	6,558	6,933	8,251
(Inc)/Dec in working capital	(9,153)	(7,151)	(10,368)	5,986	(10,111)
Tax paid	(797)	(1,568)	(2,693)	(4,171)	(5,123)
Other operating Cash Flow	(371)	(835)	-	-	-
CF from operating activities	2,348	6,194	7,825	29,890	18,584
Capital expenditure	(2,297)	-2,205	(1,500)	(1,500)	(1,500)
CF from investing activities	(2,297)	(2,205)	(1,500)	(1,500)	(1,500)
Inc/(Dec) in debt	6,017	(336)	2,000	2,500	2,500
Dividend Paid	(1,065)	(1,065)	(1,065)	(1,065)	(1,065)
Others	(5,712)	1,239	(6,771)	(7,146)	(8,464)
CF from financing activities	(760)	(162)	(5,836)	(5,711)	(7,029)
Net cash flow	(708)	3,826	489	22,679	10,055
Opening balance	3,441	2,733	6,559	7,048	29,727
Closing balance	2,733	6,559	7,048	29,727	39,783

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	15.2	9.7	15.9	22.4	14.5
EBITDA	46.4	23.8	34.7	34.6	21.0
Adj PAT	97.0	64.6	67.3	54.9	22.8
Adj EPS	97.0	59.0	67.3	54.9	22.8

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	59.2	37.2	22.2	14.4	11.7
P/BV (x)	5.0	4.0	3.4	2.8	2.3
EV/EBITDA (x)	20.5	16.6	12.2	9.1	6.9
EV/Sales (x)	125.0	114.1	97.7	80.5	64.6
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.5

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	8.8	12.1	16.6	21.6	21.7
RoCE (%)	14.9	16.8	20.0	24.2	25.3
Asset/T.O (x)	3.1	3.1	3.2	3.4	3.4
Net Debt/Equity (x)	1.0	0.7	0.7	0.6	0.5
EBIT/Interest (x)	1.7	2.1	2.9	3.7	3.8

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	6.1	6.9	8.0	8.8	9.3
EBIT Margin	5.2	6.0	7.2	8.1	8.7
PAT Margin	1.7	2.6	3.8	4.8	5.1

Source: Company Antique

CMP	: INR 893
Reco	: BUY ↘
Target Price	: INR 1,044 ↑
Target Price Change	: 27%
Target 1HFY28e EPS (x)	: 48x
EPS Change FY26/27/28	: 3%/10%/9%

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Market data

Sensex	:	84,467
Sector	:	Industrial
Market Cap (INR bn)	:	171.9
Market Cap (USD bn)	:	1.939
O/S Shares (mn)	:	192.5
52-wk HI/LO (INR)	:	901/355
Avg. Daily Vol ('000)	:	5,054
Bloomberg	:	SYRMA IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	13.9	18.5	25.0
P/E (x)	64	48	36
P/BV (x)	8.0	6.8	5.7
EV/EBITDA (x)	37.9	27.2	20.8
EV/Sales (x)	3.5	2.6	2.1

Source: Bloomberg

Returns (%)

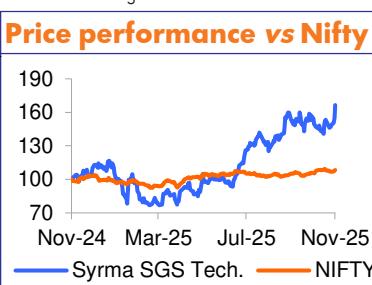
	1m	3m	6m	12m
Absolute	6	33	65	66
Relative	3	26	61	55

Source: Bloomberg

Shareholding pattern

Promoters	:	47%
Public	:	53%
Others	:	0%

Source: Bloomberg



2QFY26 RESULT REVIEW

Syrma SGS Technology

Strong all round performance; maintain BUY

Syrma SGS (SYRMA) reported strong 2QFY26 performance with revenue at INR 11.5 bn (+37% YoY; est. of INR 10.6 bn). EBITDA grew 62% YoY to INR 1.1 bn (est. of INR 984 mn), translating to an EBITDA margin of 10.1% (+160 bps YoY; est. of 9.3%), aided by reduced exposure to the low-margin consumer vertical and higher share of auto and railways. PAT came in at INR 663 mn (+67% YoY; est. INR 561 mn), aided by higher operating margin. Order book remains robust at INR 580 bn with ~75% share from high-margin segments. The company has announced the acquisition of Elcome Integrated Systems, marking its entry into defence electronics. The company has also raised its FY26 margin guidance to ~9.5% (earlier 8.5%-9%). We raise our FY26/ 27/ 28 EPS estimates by 3%/ 10%/ 9% respectively to reflect the improved margin trajectory and increase our exit multiple to 48x. We continue to retain BUY rating on the stock with a revised TP of INR 1,044, valuing it at 48x 1HFY28E EPS (earlier TP of INR 823 at 40x FY27E EPS).

Consumer de-focus continues to aid structural reset

Syrma's 2QFY26 revenue mix continues to highlight a shift in strategy toward high-margin, low-volume verticals, with automotive (INR 2.7 bn, +28% YoY), industrials (INR 3.7 bn, +9% YoY), and railways (INR 1.6 bn, +298% YoY) now comprising a combined 61% of its revenue, up from 59% a year ago. Management reiterated their intent to limit low-margin consumer contribution to ~25% on a full-year basis. Smart meters contributed ~INR 500 mn in 2QFY26 and management is confident of generating ~INR 3 bn from smart meters in FY26. Notably, the increase in railway revenue is led by deeper penetration into rail electronics through its JV with Elemaster.

Margin guidance increased to 9.5% (earlier 9%) for FY26

Gross margin came in better than expectation at 23.8% (est. of 23.5%). EBITDA grew 62% YoY to INR 1.1 bn (est. of INR 984 mn) with the EBITDA margin expanding 160 bps YoY to 10.1% (est. of 9.3%), reflecting benefits from improved mix. ODM share stood at 13% of revenue. Exports grew 40% YoY to INR 2.7 bn, accounting for ~24% of revenue, despite the ongoing US tariff uncertainties. Furthermore, management has raised its FY26 margin guidance to 9.5% from the earlier 8.5%-9%.

Acquisition of Elcome Integrated Systems-Strategic foray into defence electronics

Syrma announced the acquisition of 60% stake in Elcome Integrated Systems Pvt. Ltd. for a consideration of INR 2.35 bn to enter into defence electronics. Elcome's capabilities include design, integration and lifecycle support of navigation, communication, and surveillance systems deployed for naval and maritime platforms. Key products include integrated bridge systems, navigation radars, maritime communication suites, fire detection system, and platform monitoring solutions, with a mix of in-house development and OEM collaborations. Elcome recorded a revenue of INR 2.05 bn in FY25 with an operating margin of ~26%, driven by systems integration and services business. Also, management expects integration by 4QFY26/ 1QFY27.

Investment Summary

Syrma SGS continues to strengthen its margin profile through conscious mix realignment and increased exposure to exports and ODM. Its large order book and backward integration initiatives (PCB JV) further strengthen the structural growth story. We raise our FY26/ 27/ 28 EPS estimates by 3%/ 10%/ 9% respectively to reflect the improved margin trajectory and increase our exit multiple to 48x. We continue to retain BUY rating on the stock with a revised TP of INR 1,044, valuing it at 48x 1HFY28E EPS (earlier TP of INR 823 at 40x FY27E EPS).

Conference Call Highlights

1. Order book as of September 30, 2025 stood at INR 580 bn.
 - a. Auto - 35%
 - b. Consumer - 25%
 - c. Industrial - 25%
 - d. Healthcare - 6%
 - e. IT and Railways - 9%
2. Approval received for ECMS scheme. Set up of the facility to start in December 2025 and is hopeful of trial production by December 2026.
3. Onboarded eight major customers during the quarter.
4. Entered into one long term contract with potential of USD 250 mn revenue over 2-3 years.
5. Exports for the quarter stood at INR 2.7 bn.
6. ODM revenue for the quarter and half year stood at 13%.
7. NWC stood at 73 days. Confident of bringing it down below 70 days in 2 to 3 quarters. Inventory higher by around INR 1 bn in anticipation of supply chain constraints around rare earth and volume push-out related to US tariffs.
8. The company sold 4 mn units of smart meters (~INR 500 mn). Onboarded a new customer in the smart meter space. On track to achieve revenue guidance of INR 3 bn in FY26 from smart meters.

Acquired 60% stake in Elcome Integrated Systems Pvt. Ltd.:

1. Acquisition of 60% stake for INR 2,350 mn. Balance 40% stake to be acquired in multiple tranches over the next three years, linked to performance and earn-out milestones.
2. Founded in 1978 and headquartered in Navi Mumbai, Elcome has been a trusted partner to Indian defence and maritime establishments and national research organizations for over four decades.
3. Elcome's revenue is around INR 2.05 bn with operating margin of ~25%-26% driven by systems integration and services business. PAT margin ~15%.
4. Product portfolio includes integrated bridge systems, navigation radars, maritime communication suites, fire detection system, and platform monitoring solutions, with a mix of in-house development and OEM collaborations.
5. Consolidation expected by 4QFY26.

Guidance for FY26:

1. Revenue: 30%
2. Margin: 9.5%
3. Target to achieve 65 days of net working capital days.

Table 1: Quarterly highlights

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Total revenues (net)	11,459	8,327	37.6	9,440	21.4	20,899	19,926	4.9
RM	8,730	6,294	38.7	7,107	22.8	15,799	16,154	(2.2)
% of Sales	76.2	75.6	60 bps	75	91 bps	75.6	81.1	-547 bps
Staff cost	515	459	12.0	504	2.1	1,018	913	11.5
% of Sales	4.5	5.5	-102 bps	5	-85 bps	4.9	4.6	29 bps
Other operating expenses	1,061	864	22.8	963	10.2	2,025	1,704	18.8
% of Sales	9.3	10.4	-111 bps	10	-94 bps	9.7	8.6	113 bps
Total expenditure	10,307	7,618	35.3	8,574	20.2	18,880	18,771	0.6
EBITDA	1,152	710	62.4	866	33.0	2,019	1,155	74.7
EBITDA Margin (%)	10.1	8.5	154 bps	9	88 bps	9.7	5.8	386 bps
Depreciation	218	167	30.7	206	6.2	424	341	24.4
Interest	126	136	(7.0)	149	(15.4)	276	266	3.5
Other income	87	100	(12.9)	160	(45.5)	248	253	(2.2)
PBT*	895	507	76.6	671	33.3	1,566	802	95.4
Tax	232	110	109.9	172	34.4	404	202	100.1
Tax rate (%)	25.9	21.8		26		25.8	25.2	
Reported net profit	663	396	67.3	499	32.9	1,163	600	93.8
Adjusted net profit	663	396	67.3	499	32.9	1,163	600	93.8
EPS (INR)	3.8	2.2	67.3	2.8	32.9	6.6	3.4	93.8

Source: Company, Antique; *Including exceptional item

Table 2: Segmental performance

Segmental (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Auto	2,710	2,109	28	2,215	22	4,925	3,986	24
Consumer	3,656	2,715	35	3,178	15	6,834	8,881	(23)
Healthcare	834	661	26	674	24	1,508	1,250	21
Industrials	2,649	2,439	9	2,873	(8)	5,522	4,591	20
IT and Railways	1,610	405	298	500	222	2,110	1,219	73

% YoY

Auto	28	22	18	30	26
Consumer	35	8	-48	6	7
Healthcare	26	29	14	30	15
Industrials	9	23	34	40	29
IT and Railways	298	8	-39	50	58

Source: Company, Antique

Table 3: Half yearly balance sheet

Year ended, INR mn	1HFY26	1HFY25	YoY (%)	FY26e	FY25	YoY (%)
Share capital	1,923	1,774	8	1,780	1,780	0
Reserves and Surplus	26,166	14,659	78	18,195	15,719	16
Minority Interest	784	689	NA	749	749	NA
Loan Funds	2,820	6,028	-53	10,112	6,112	65
Deferred Tax Liability	101	150	NA	139	139	NA
Total	31,794	23,300	36	30,975	24,499	26
Fixed Assets	8,567	8,497	1	9,450	8,269	14
Capital Work-in-Progress	770	454	70	609	609	0
Goodwill	3,221	3,221	NA	3,221	3,221	0
Investments	1,096	1,243	-12	594	594	0
Current Assets, Loans And Adv.	38,420	26,246	46	36,791	29,354	25
Inventories	8,795	10,123	-13	10,425	8,219	27
Sundry Debtors	18,966	10,504	81	15,637	14,775	6
Cash and Bank Balances	6,489	3,038	114	4,113	2,958	39
Loans and Advances	105	-	NA	100	100	NA
Other current assets	4,066	2,581	58	6,516	3,303	97
Current Liabilities and Provisions	20,280	16,362	24	19,690	17,548	12
Liabilities	20,052	16,151	24	19,429	17,341	12
Provisions	228	211	8	261	207	26
Net Working Capital	18,139	9,884	84	17,101	11,806	45
Total	31,794	23,300	36	30,975	24,499	26
Net debt	(3,669)	2,990	NA	5,999	3,154	NA

Source: Company, Antique

Table 4: Half yearly cash-flow statement

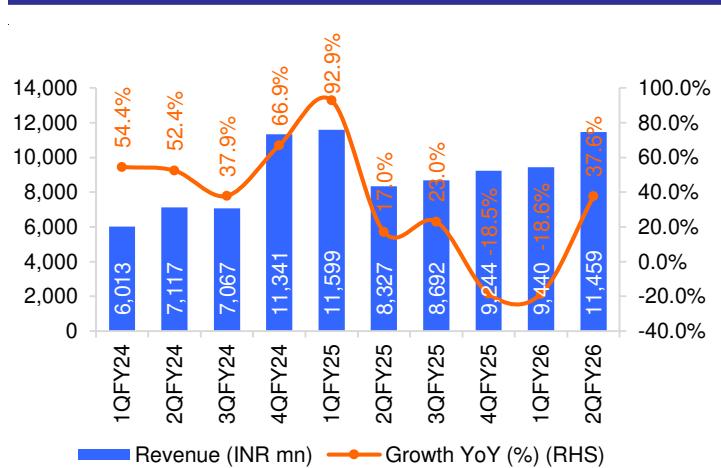
Year ended, INR mn	1HFY26	1HFY25	YoY (%)	FY26e	FY25	YoY (%)
Profit Before Tax	1,566	802	95	3,301	2,371	39
Depreciation	424	341	24	819	751	9
Interest	276	274	1	730	585	25
Others	101	(105)	-197	-	(228)	NA
Changes in working capital	(3,267)	1,076	-404	(4,139)	(934)	NA
Taxes Paid	(250)	(293)	-15	(825)	(607)	NA
Operating cash flow	(1,149)	2,095	-155	(115)	1,938	NA
Capex	(711)	(1,670)	NA	(2,000)	(2,365)	NA
Others	(1,945)	(264)	638	-	1,314	-100
Investing cash flow	(2,657)	(1,933)	37	(2,000)	(1,052)	NA
Dividends	-	(266)	NA	-	(266)	NA
Others	6,051	(12)	-49579	3,270	(441)	NA
Financing cash flow	6,051	(278)	-2274	3,270	(707)	NA
Net cash flow	2,246	(117)	-2026	1,155	179	NA
Opening cash balance	809	784	3	809	784	3
Closing cash balance	3,054	667	358	1,964	963	104
Free cash flow	(1,860)	426	NA	(2,115)	(428)	NA

Source: Company, Antique

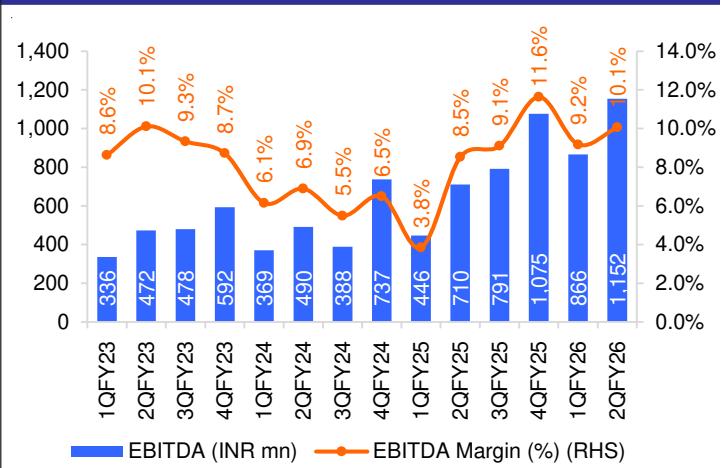
Table 5: Change in estimates

INR mn	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	47,854	61,005	77,111	47,564	62,902	79,332	-0.6%	3.1%	2.9%
EBITDA	4,245	5,665	7,582	4,372	6,096	8,081	3.0%	7.6%	6.6%
EBITDA margin	8.9%	9.3%	9.8%	9.2%	9.7%	10.2%	0.3%	0.4%	0.4%
Reported PAT	2,396	3,118	4,210	2,475	3,432	4,594	3.3%	10.1%	9.1%
Adj. PAT	2,396	3,118	4,210	2,475	3,432	4,594	3.3%	10.1%	9.1%

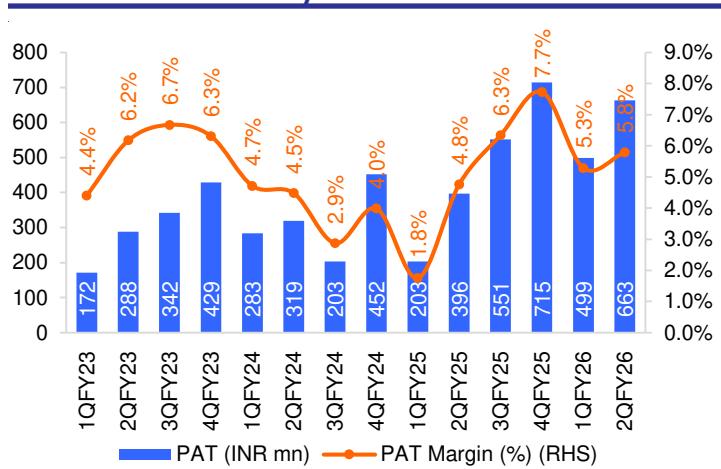
Source: Company, Antique

Exhibit 1: Revenue witnessed growth of 8% YoY

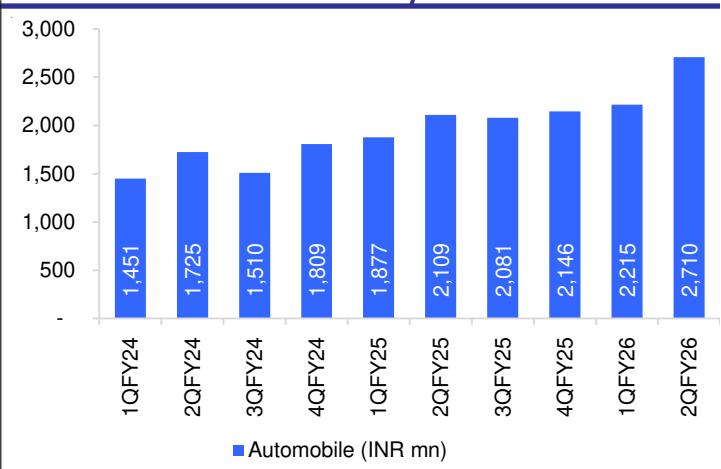
Source: Company, Antique

Exhibit 2: EBITDA increased by 62% YoY

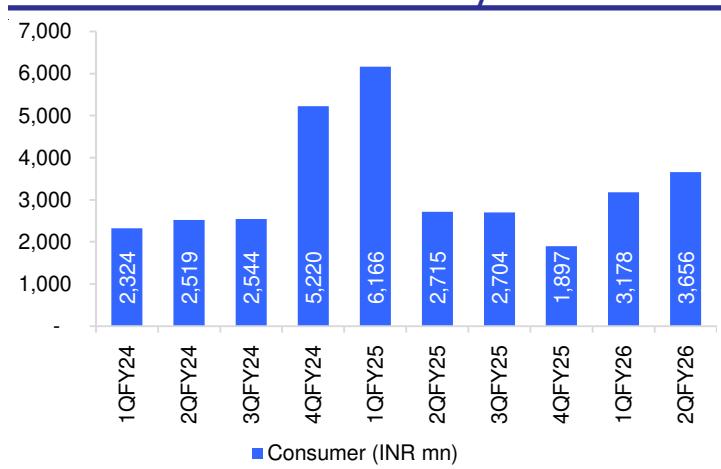
Source: Company, Antique

Exhibit 3: PAT increased by 67% YoY

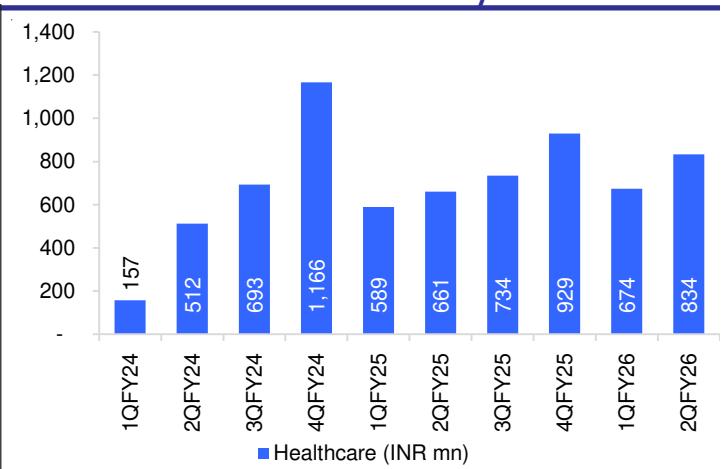
Source: Company, Antique

Exhibit 4: Auto revenue increased by 28% YoY

Source: Company, Antique

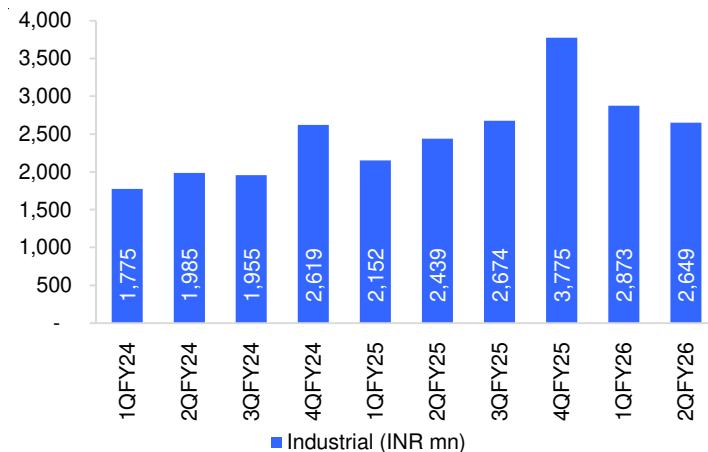
Exhibit 5: Consumer revenue increased by 35% YoY

Source: Company, Antique

Exhibit 6: Healthcare revenue increased by 26% YoY

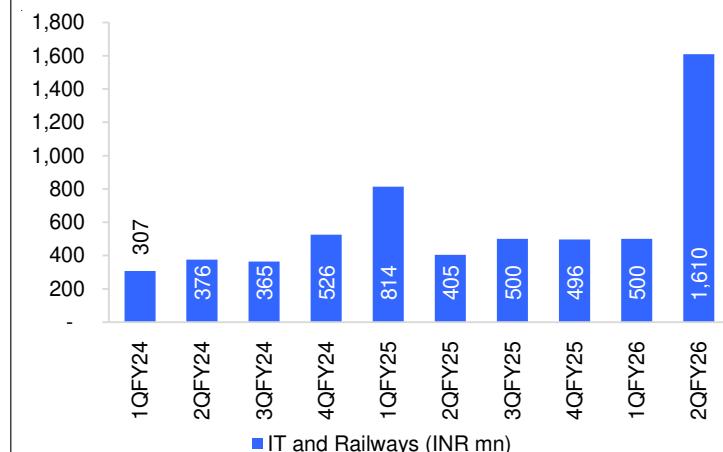
Source: Company, Antique

Exhibit 7: Industrial revenue increased by 9% YoY



Source: Company, Antique

Exhibit 8: IT and Railway revenue increased by 297% YoY



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	31,538	37,867	47,564	62,902	79,332
Op. Expenses	25,069	29,315	36,672	48,749	61,482
Gross Profit	6,469	8,552	10,892	14,153	17,850
EBITDA	1,985	3,233	4,372	6,096	8,081
Depreciation	515	751	819	1,013	1,350
EBIT	1,470	2,483	3,553	5,083	6,732
Other income	586	494	477	470	507
Interest Exp.	378	585	730	978	1,113
Reported PBT	1,664	2,371	3,301	4,575	6,126
Tax	421	526	825	1,144	1,531
Reported PAT	1,243	1,845	2,475	3,432	4,594
Net Profit	1,243	1,845	2,475	3,432	4,594
Adjusted PAT	1,243	1,845	2,475	3,300	4,443
Adjusted EPS (INR)	7.0	10.4	13.9	18.5	25.0

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	1,774	1,780	1,780	1,780	1,780
Reserves & Surplus	14,352	15,719	18,195	21,494	25,937
Networth	16,126	17,500	19,975	23,275	27,717
Debt	5,763	6,112	10,112	11,612	13,112
Minority Interest	644	749	749	749	749
Net deferred Tax liabilities	176	139	139	139	139
Capital Employed	22,710	24,499	30,975	35,774	41,717
Gross Fixed Assets	7,728	8,412	10,412	13,412	16,585
Accumulated Depreciation	682	1,525	3,269	6,002	-
Capital work in progress	106	609	609	609	609
Net Fixed Assets	7,152	7,496	7,753	8,019	17,194
Goodwill	3,221	3,221	3,221	3,221	3,221
Investments	419	594	594	594	594
Current Assets, Loans & Adv.	25,553	29,354	36,791	45,912	56,800
Inventory	10,043	8,219	10,425	12,925	16,301
Debtors	9,301	14,775	15,637	20,680	21,735
Cash & Bank balance	856	2,958	4,113	3,590	5,623
Loans & advances and others	-	100	100	100	100
Current Liabilities & Provisions	14,185	17,548	19,690	25,867	32,484
Liabilities	12,768	16,278	17,475	22,938	28,789
Provisions	1,416	1,269	2,215	2,930	3,695
Net Current Assets	11,368	11,806	17,101	20,045	24,316
Application of Funds	22,710	24,499	30,975	35,906	42,000

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	177	178	178	178	178
Diluted no. of shares (mn)	177	178	178	178	178
BVPS (INR)	90.9	98.3	112.2	130.7	155.7
CEPS (INR)	9.9	14.6	18.5	25.0	33.4
DPS (INR)	1.5	-	-	-	-

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	1,664	2,371	3,301	4,575	6,126
Depreciation & amortization	515	751	819	1,013	1,350
Interest expense	378	585	730	978	1,113
(Inc)/Dec in working capital	(2,804)	(934)	(4,139)	(3,467)	(2,238)
Tax paid	(540)	(607)	(825)	(1,144)	(1,531)
Other operating Cash Flow	(160)	(382)	-	-	-
CF from operating activities	(946)	1,783	(115)	1,955	4,819
Capital expenditure	(3,370)	(2,365)	(2,000)	(3,000)	(3,173)
Inc/(Dec) in investments	2,727	528	-	-	-
Add: Other	361	786	-	-	-
CF from investing activities	(282)	(1,052)	(2,000)	(3,000)	(3,173)
Inc/(Dec) in share capital	(88)	(125)	-	-	-
Inc/(Dec) in debt	2,288	330	4,000	1,500	1,500
Dividend Paid	(265)	(266)	-	-	-
Others	(388)	(646)	(730)	(978)	(1,113)
Cash Flow from financing activities	1,546	(707)	3,270	522	387
Net cash flow	319	25	1,155	(523)	2,033
Opening balance	465	784	809	1,964	1,441
Closing balance	784	809	1,964	1,441	3,474
Bank Balance	72	2,149	2,149	2,149	2,149

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	54.0	20.1	25.6	32.2	26.1
EBITDA	5.7	62.9	35.2	39.4	32.6
Adj PAT	1.0	48.4	34.2	33.3	34.6
Adj EPS	0.7	47.8	34.2	33.3	34.6

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	127	86	64	48	36
P/BV (x)	9.8	9.1	8.0	6.8	5.7
EV/EBITDA (x)	82.4	50.6	37.9	27.2	20.8
EV/Sales (x)	5.2	4.3	3.5	2.6	2.1
Dividend Yield (%)	0.2	-	-	-	-

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	7.9	11.0	13.2	15.3	17.4
RoCE (%)	9.9	12.6	14.5	16.6	18.7
Asset/T.O (x)	1.8	2.0	2.2	2.4	2.3
Net Debt/Equity (x)	0.4	0.3	0.5	0.5	0.5
EBIT/Interest (x)	5.4	5.1	5.5	5.7	6.5

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	6.3	8.5	9.2	9.7	10.2
EBIT Margin	4.7	6.6	7.5	8.1	8.5
PAT Margin	3.9	4.9	5.2	5.2	5.6

Source: Company Antique

CMP	: INR 1,059
Reco	: BUY ↘
Target	: INR 1,309 ↑
Target Price Change	: 2%
Target 1HFY28e P/E (x)	: 26
EPS Change FY26/ 27/ 28: 3%/ 1%/ 4%	

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2QFY26 RESULT REVIEW

Kirloskar Oil Engines

A healthy quarter; maintain BUY

Kirloskar Oil Engines' (KOEL) 2QFY26 performance was above our estimates across topline and profitability. Revenue came in at INR 16 bn (+34.3% YoY; est. of INR 13.3 bn). Adjusted EBITDA stood at INR 2.1 bn (+45% YoY; est. of INR 1.7 bn). Adj. EBITDA margin stood at 13.4%, up 100 bps and was above our estimate of 12.9%. Adjusted PAT at INR 1.4 bn (+4.8% YoY; est. of INR 1.1 bn). We expect demand to remain healthy across all divisions, with broad-based growth momentum across key sectors. For the industrial segment, management remains optimistic about the outlook, expecting broad-based demand from the defence, railways, construction, and mining sectors. Incrementally, KOEL has been able to penetrate the market through its Optiprime series and it is well received in the market. We are of the belief that KOEL being a dominant player in the LHP, MHP, and HHP segments, it should gain significant traction to capture market share. We marginally tweak our earnings estimate and retain BUY rating on the stock with a TP of INR 1,309, valuing the core business at 26x its 1HFY28E EPS.

2QFY26 result snapshot

- Sales** at INR 16 bn (+34.3% YoY) was materially above our estimate of INR 13.3 bn, led by healthy broad based growth across segments. 1HFY26 sales were at INR 30.5 bn (+20% YoY).
- Gross margin** at 34.7% (-210 bps YoY) was broadly in line with our estimate of 34.5%.
- Adj. EBITDA** at INR 2.1 bn (+45.3% YoY) was above our estimate of INR 1.7 bn (consensus: INR 1.7 bn) due to strong beat on topline. 1HFY26 adj. EBITDA was at INR 4 bn (+26% YoY).
- Adjusted EBITDA** margin stood at 13.4% (+100 bps YoY).
- Adj. PAT** of INR 2.6 bn (+23% YoY) was above our estimate of INR 1.1 bn (consensus: INR 1.1 bn). 1HFY26 adj. PAT was up 23% YoY to INR 2.6bn.

Segmental performance

- Powergen segment sales** stood at INR 6.8 bn (+41 % YoY), driven by strong volumes and HHP growth. 1HFY26 revenue was at INR 12.9 bn, up 28% YoY.
- Industrial segment sales** at INR 3.7 bn (+40% YoY), driven by strong traction in defence and railway segments. 1HFY26 revenue was up 13% YoY at INR 6.8 bn.
- Distribution and aftermarket** reported INR 2.3 bn sales, up 13% YoY. 1HFY26 sales were at INR 4.5bn, up 12% YoY.
- Exports** stood at INR 3.2 bn (+29% YoY).

B2C business restructured to drive greater operational efficiency; margin improvement to continue

In a notable development for the quarter, the company restructured its B2C business through a slump sale as a going concern, aimed at ensuring a dedicated focus on each segment and driving greater operational efficiency. The B2C division will now operate under the name Fluid Dynamics. Water Management Solutions (WMS) sales rose 22% YoY at INR 1.2 bn. For the industrial segment, demand remains healthy across all divisions, with broad-based growth momentum across key sectors. For the industrial segment, management remains optimistic about the outlook, expecting broad-based demand from the defence, railways, construction, and mining sectors.

Investment Summary

We expect KOEL to report topline CAGR of 15% over FY25-28 on the back of strong healthy execution across all the segments while 110 bps expansion over the same period will likely lead to 21% earnings. We marginally tweak our earnings estimate and retain BUY rating on the stock with a TP of INR 1,309, valuing the core business at 26x its 1HFY28E EPS.

Market data

Sensex	:	84,467
Sector	:	Diesel Engines
Market Cap (INR bn)	:	153.8
Market Cap (USD bn)	:	1.735
O/S Shares (mn)	:	145.3
52-wk HI/LO (INR)	:	1196/544
Avg. Daily Vol ('000)	:	271
Bloomberg	:	KOEL IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	34.6	41.0	49.7
P/E (x)	30.6	25.8	21.3
P/BV (x)	4.6	4.1	3.6
EV/EBITDA (x)	18.3	15.3	12.4
Dividend Yield (%)	1.0	1.2	1.4

Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	19	18	51	(7)
Relative	16	12	48	(13)

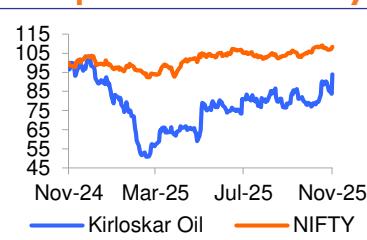
Source: Bloomberg

Shareholding pattern

Promoters	:	41%
Public	:	59%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg
Indexed to 100

Conference Call Highlights

2Q performance:

- KOEL reported a robust 34% topline growth to INR 16 bn (highest ever quarterly revenue), surpassing our estimate of INR 13.3 bn. 1HFY26 topline grew 20.2% YoY to INR 30.5 bn. Adj. EBITDA jumped 45% YoY to INR 2.1 bn, leading to 100 bps YoY improvement in operating margin to 13.4% (above our est. of 12.9%).
- Domestic sales were at INR 14 bn (+35% YoY growth), while export sales reached INR 1.7 bn (24% YoY growth).
- Working capital was maintained at healthy levels. Inventory was slightly higher at 62 days in order to support the high revenue growth.

Business segment performance & updates

■ B2B business:

- Power generation: Reported a robust 41% YoY growth in sales, driven by strong volume expansion and HHP growth, achieving the highest-ever quarterly revenue and further strengthening market leadership. The company also secured notable commercial orders in OptiPrime, for 1500, 2000 and 2500 KVA orders reflecting strong customer confidence. Demand remains healthy across all divisions, with broad-based growth momentum across key sectors. NPCIL orders are expected to commence revenue recognition from FY27.
- Industrial business sales were INR 3.7 bn, a growth of 40% YoY and driven by strong traction in the defence and railways segments. The defence business continues to perform well, supported by emergency procurement orders, and the company has submitted detailed designs to the Indian Navy for the prestigious 'Make 1' initiative. A new 400 HP engine design has been submitted to the Indian Railways, reinforcing the company's commitment to expanding its presence in this segment. The price increase following the implementation of CPCB-IV emission norms has now stabilized, ranging between 25%–40% across various engine nodes.
- Distribution and aftermarket business grew 13% YoY to INR 2.27 bn. The company continues to benefit from ongoing organizational strengthening initiatives, with its extensive service network remaining a key competitive differentiator.

■ B2C business (Fluid Dynamics):

- This segment grew 23% YoY. In a notable development for the quarter, the company has restructured its B2C business through a slump sale as a going concern, aimed at ensuring a dedicated focus on each segment and driving greater operational efficiency. The B2C division will now operate under the name Fluid Dynamics.
- Water Management Solutions (WMS) sales rose 22% YoY at INR 1.2 bn.
- International B2C business grew strongly at 77% to INR 240 mn.

■ Exports:

- Exports jumped 34% YoY to INR 1.9 bn. The MENA region remains the company's largest international market, accounting for around 60% of international sales, and continues to perform strongly.
- KOEL has revamped its business model in the Middle East, shifting from local distributor-based sales to partnering with a Genset OEM to address earlier operational challenges. This new model has stabilized and is expected to gain traction going forward.
- It has also made a strategic entry into the North American market, which will take time to scale up. The initial focus will be on building a strong product portfolio and establishing a robust distribution network through the right strategic partnerships.

■ **Financial services segment (ARKA):**

- Revenue grew 19% YoY to INR 2.3 bn.
- The company is building a granular retail book to complement its wholesale book, increasing presence in tier 2 and tier 3 cities.
- Assets under Management (AUM) stood at INR 75.5 bn as of September 2025. On Balance Loan Book as of Sep'25 was at INR 58.3 bn.

■ **Strategic outlook & key initiatives:**

- High Horsepower (HHP) segment is a key focus area, with significant inroads being made into new markets. KOEL has quickly built out its HHP portfolio in the last three years, which typically takes many years, partly due to innovations like Optiprime.
- The company continues to invest in the US market (the largest Genset market globally) to build a significant presence, acknowledging current investments are leading to a gap in numbers but are a strategic call for future meaningful presence.
- KOEL is also working on projects for data centers and is in the process of executing some orders.

Table 1: Quarterly financial performance

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Total revenues (net)	16,045	11,944	34.3	14,447	11.1	30,492	25,373	20.2
RM	10,472	7,544	38.8	9,510	10.1	19,982	16,408	21.8
% of Sales	65.3	63.2	210 bps	65.8	-57 bps	65.5	64.7	86 bps
Staff cost	969	921	5.1	863	12.2	1,832	1,751	4.6
% of Sales	6.0	7.7	-168 bps	6.0	6 bps	6.0	6.9	-90 bps
Other operating expenses	2,461	1,828	34.6	2,172	13.3	4,633	3,587	29.1
% of Sales	15.3	15.3	3 bps	15.0	31 bps	15.2	14.1	106 bps
Total expenditure	13,901	10,294	35.0	12,545	10.8	26,446	21,746	21.6
Adj. EBITDA	2,144	1,475	45.3	1,902	12.7	4,046	3,212	26.0
Adj. EBITDA Margin (%)	13.4	12.4	101 bps	13.2	20 bps	13.3	12.7	61 bps
Depreciation	357	266	34.3	340	5.0	696	513	35.7
Interest	29	26	10.3	32	(9.7)	61	53	13.7
Other income	119	118	1.5	123	(2.6)	242	225	7.5
Adj. PBT	1,878	1,301	44.3	1,653	13.6	3,531	2,870	23.0
Tax	470	365	28.8	425	10.6	895	723	23.8
Tax rate (%)	25.0	28.1	-303 bps	25.7	-68 bps	25.3	25.2	16 bps
Reported net profit	1,408	1,111	26.8	1,228	14.7	2,636	2,148	22.7
Adjusted net profit	1,408	979	43.8	1,228	14.7	2,636	2,148	22.7
Adjusted EPS (INR)	9.7	7.7	26.8	8.5	14.7	18.2	14.9	22.7

Source: Company, Antique

Table 2: Segmental performance

Particulars (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales								
Power Generation	6,780	4,810	41.0	6,090	11.3	12,870	10,090	27.6
Farm Mechanization	-	140	(100.0)	-	#DIV/0!	-	140	(100.0)
Water Management	1,200	980	22.4	1,540	(22.1)	2,740	2,530	8.3
Industrial	3,730	2,530	47.4	3,100	20.3	6,830	5,900	15.8
Customer Support (After Market & Distribution)	2,270	2,020	12.4	2,230	1.8	4,500	4,000	12.5
International	1,710	1,230	39.0	1,380	23.9	3,090	2,390	29.3
Total	15,690	11,710	34.0	14,340	9.4	30,030	25,050	19.9
Exports (out of the above)	1,360	1,120	21.4	1,600	(15.0)	3,090	2,390	29.3

Source: Company, Antique

Table 3: Half yearly balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	291	290	0%	290	290	0%
Reserves and Surplus	31,544	27,907	13%	32,975	29,466	12%
Loan Funds	643	1,361	-53%	1,194	1,294	-8%
Deferred Tax Liability	243	178	37%	250	250	
Total	32,720	29,736	10%	34,710	31,301	11%
Fixed Assets	9,757	7,938	23%	5,419	4,612	17%
Capital Work-in-Progress	-	-	-	957	957	-
Goodwill	-	-	-	1,329	1,329	-
Investments	18,796	17,731	6%	17,873	17,873	-
Current Assets, Loans And Advances	18,919	15,719	20%	23,291	16,131	44%
Inventories	7,183	7,239	-1%	5,718	4,931	16%
Sundry Debtors	7,761	6,317	23%	6,498	6,511	0%
Cash and Bank Balances	1,953	934	109%	6,970	732	852%
Loans and Advances	-	-	-	4,105	3,957	-
Other current assets	2,021	1,228	65%	-	-	-
Current Liabilities and Provisions	14,752	11,652	27%	14,159	11,774	20%
Liabilities	12,905	10,103	28%	12,406	10,262	21%
Provisions	1,846	1,549	19%	1,754	1,512	16%
Net Working Capital	4,167	4,067	2%	9,132	4,357	110%
Total	32,720	29,736	10%	34,710	31,301	11%
Net debt	(1,310)	427	-407%	(5,776)	562	NM

Source: Company, Antique

Table 4: Half yearly cash flow

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	3,531	3,285	7%	6,702	5,590	20%
Depreciation	696	513	36%	1,404	1,170	20%
Interest	61	53	-	136	121	-
Changes in working capital	(1,218)	(1,730)	-	1,083	(1,074)	-
Operating cash flow	2,354	950	148%	7,636	4,320	77%
Capex	(1,000)	(1,327)	-	(1,248)	(2,445)	-
Others	-	-	-	-	1,547	-
Investing cash flow	(1,434)	(399)	-	450	(2,897)	-
Inc/(Dec) in equity/premium	-	-	-	-	1	-
Net proceeds/Repayment from borrowings	(704)	(704)	0%	(100)	(1,989)	NM
Others	-	-	-	(1,504)	(531)	-
Financing cash flow	(1,349)	(1,352)	NM	(1,848)	(1,587)	NM
Net cash flow	(429)	(801)	NM	6,238	(164)	NM
Opening cash balance	732	896	-18%	732	896	-18%
Closing cash balance	303	95	219%	6,970	732	852%
Free cash flow	1,355	(377)	NM	6,388	1,875	241%

Source: Company, Antique

Table 5: SoTP valuation

	INR mn	Valuation Methodology	Multiple	EPS	INR
Core Standalone business		1HFY28 P/E	26x	45	1,179
La-Gajjar Machineries		1HFY28 P/E	15x	4.1	61
Core Engineering Business				49	1,240
Investment in ARKA Fincap	10,000	P/BV	1x		69
Total					1,309

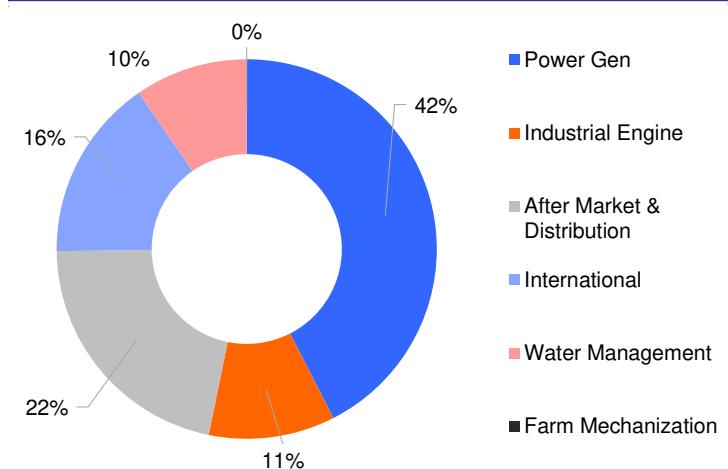
Source: Company, Antique

Table 6: Change in earnings estimate

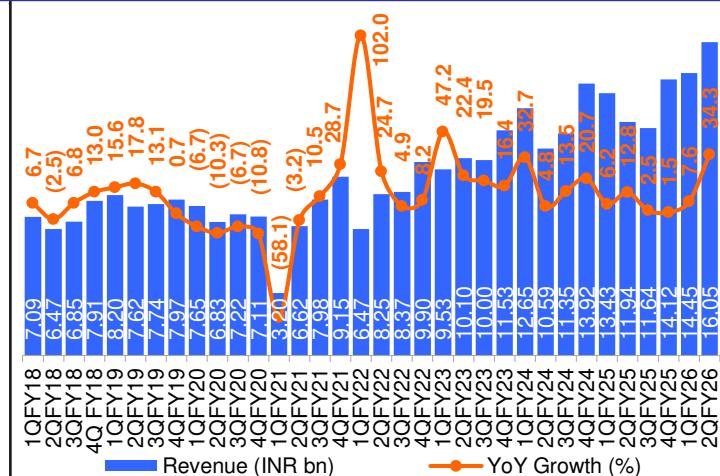
INR mn	OLD			NEW			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	56,368	64,933	74,205	59,296	68,232	78,445	5.2	5.1	5.7
EBIDTA	7,209	8,622	10,024	7,880	9,187	10,920	9.3	6.5	8.9
EBIDTA margin	12.8	13.3	13.5	13.3	13.5	13.9	0.5	0.2	0.4
PAT	4,878	5,906	6,930	5,013	5,945	7,203	2.8	0.7	3.9

Source: Company, Antique

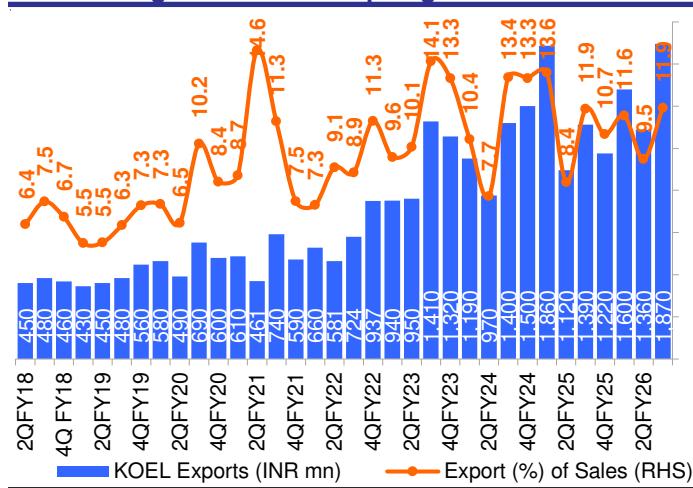
Story in Charts

Exhibit 1: 2QFY26 revenue mix (%)


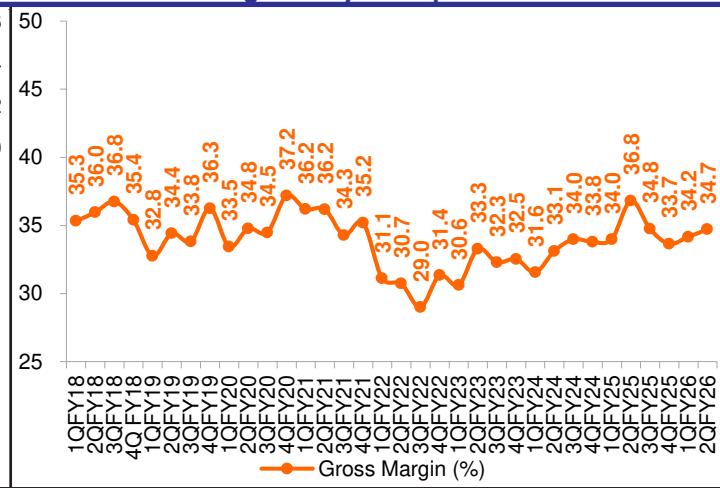
Source: Company, Antique

Exhibit 2: Registers 34% YoY revenue growth


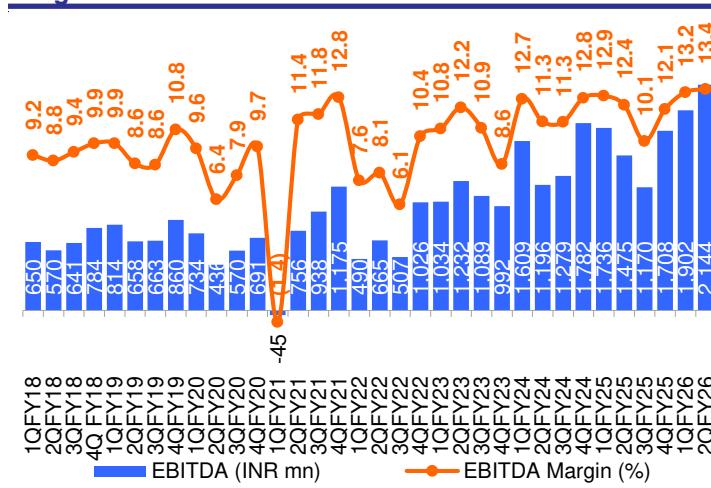
Source: Company, Antique

Exhibit 3: Registers 34% YoY export growth


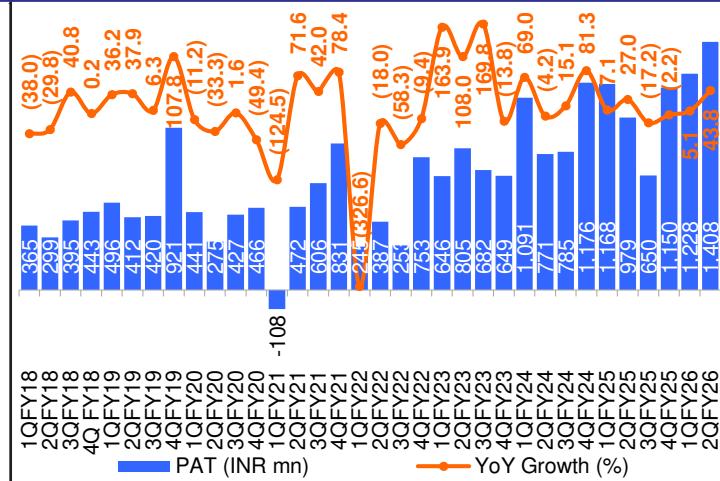
Source: Company, Antique

Exhibit 4: Gross margin fell by 210 bps YoY to 34.7%


Source: Company, Antique

Exhibit 5: Reports 45% YoY adjusted EBIDTA improvement, margin at 13.4%


Source: Company, Antique

Exhibit 6: Registers adjusted PAT growth of 44% YoY


Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	48,505	51,133	59,296	68,232	78,445
Op. Expenses	42,838	44,596	51,415	59,046	67,525
Gross Profit	16,066	17,765	20,457	23,335	26,828
EBITDA	5,668	6,537	7,880	9,187	10,920
Depreciation	970	1,170	1,404	1,466	1,518
EBIT	4,698	5,367	6,476	7,721	9,402
Other income	248	344	361	379	398
Interest Exp.	78	121	136	152	170
Extra Ordinary Items-gain/(loss)	-	209	-	-	-
Reported PBT	4,868	5,799	6,702	7,948	9,630
Tax	1,252	1,480	1,689	2,003	2,427
Reported PAT	3,616	4,319	5,013	5,945	7,203
Net Profit	3,616	4,319	5,013	5,945	7,203
Adjusted PAT	3,616	4,057	5,013	5,945	7,203
Adjusted EPS (INR)	24.9	28.0	34.6	41.0	49.7

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	290	290	290	290	290
Reserves & Surplus	25,937	29,466	32,975	37,137	42,179
Networth	26,227	29,756	33,266	37,427	42,469
Debt	2,091	1,294	1,194	1,094	994
Net deferred Tax liabilities	100	250	250	250	250
Capital Employed	28,418	31,301	34,710	38,772	43,714
Gross Fixed Assets	16,722	17,622	18,522	19,422	20,322
Accumulated Depreciation	12,388	13,009	13,663	14,349	15,068
Capital work in progress	2,426	957	957	957	957
Net Fixed Assets	6,507	7,743	6,376	6,590	6,772
Goodwill	827	1,329	1,329	1,329	1,329
Investments	18,762	17,873	17,873	17,873	17,873
Non Current Investments	14,879	15,001	15,001	15,001	15,001
Current Investments	3,883	2,872	2,872	2,872	2,872
Current Assets, Loans & Adv.	13,115	16,131	23,291	29,205	36,327
Inventory	5,235	4,931	5,718	6,580	7,565
Debtors	5,684	6,511	6,498	7,478	8,597
Cash & Bank balance	896	732	6,970	10,881	15,714
Loans & advances and others	1,299	3,957	4,105	4,267	4,452
Current Liabilities & Provisions	10,793	11,774	14,159	16,225	18,586
Liabilities	9,497	10,262	12,406	14,207	16,266
Provisions	1,296	1,512	1,754	2,018	2,320
Net Current Assets	2,322	4,357	9,132	12,980	17,741
Application of Funds	28,418	31,301	34,710	38,772	43,714

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	145	145	145	145	145
Diluted no. of shares (mn)	145	145	145	145	145
BVPS (INR)	180.9	205.2	229.4	258.1	292.9
CEPS (INR)	31.6	37.9	44.3	51.1	60.1
DPS (INR)	5.0	8.4	10.4	12.3	14.9

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	4,868	5,590	6,702	7,948	9,630
Depreciation & amortization	970	1,170	1,404	1,466	1,518
Interest expense	78	121	136	152	170
(Inc)/Dec in working capital	(441)	(1,074)	1,083	(353)	(403)
Tax paid	(1,084)	(1,480)	(1,689)	(2,003)	(2,427)
CF from operating activities	4,339	4,320	7,636	7,210	8,488
Capital expenditure	(2,765)	(2,445)	(1,248)	(1,248)	(1,248)
Inc/(Dec) in investments	(1,660)	1,547	-	-	-
CF from investing activities	(4,182)	(2,897)	450	(1,186)	(1,182)
Inc/(Dec) in share capital	0	1	-	-	-
Inc/(Dec) in debt	(751)	(1,989)	(100)	(100)	(100)
Dividend Paid	(724)	(531)	(1,504)	(1,783)	(2,195)
CF from financing activities	500	(1,587)	(1,848)	(2,114)	(2,473)
Net cash flow	657	(164)	6,238	3,911	4,833
Opening balance	239	896	732	6,970	10,881
Closing balance	896	732	6,970	10,881	15,714

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	17.8	5.4	16.0	15.1	15.0
EBITDA	32.8	15.3	20.5	16.6	18.9
Adj PAT	33.8	12.2	23.6	18.6	21.2
Adj EPS	33.8	12.2	23.6	18.6	21.2

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	42.5	37.8	30.6	25.8	21.3
P/BV (x)	5.9	5.2	4.6	4.1	3.6
EV/EBITDA (x)	26.5	23.1	18.3	15.3	12.4
EV/Sales (x)	310.2	295.0	243.7	205.9	172.8
Dividend Yield (%)	0.5	0.8	1.0	1.2	1.4

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	14.6	14.5	15.9	16.8	18.0
RoCE (%)	18.8	19.1	20.7	22.0	23.8
Asset/T.O (x)	2.6	2.5	2.4	2.3	3.6
Net Debt/Equity (x)	0.1	0.0	0.0	0.0	0.0
EBIT/Interest (x)	63.6	47.2	50.4	53.3	57.6

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	11.7	12.8	13.3	13.5	13.9
EBIT Margin	9.7	10.5	10.9	11.3	12.0
PAT Margin	7.5	7.9	8.5	8.7	9.2

Source: Company Antique

CMP	: INR 139
Reco	: HOLD ↘
Target Price	: INR 126 ↓
Target Price Change	: -4%
Target 1HFY28 P/E (x)	: 15
EPS Change FY 26/27/28	: -31%/-5%/-4%

2QFY26 RESULT REVIEW

Welspun Living

Weak performance; revenue & margin pressure to continue

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Welspun Living's (WELSPUNL) 2QFY26 highlights are the decline in revenue and continued contraction in EBITDA margin. Revenue declined 15% YoY to INR 24.4 bn due to subdued export (higher US tariffs) and domestic market (channel adjustment due to GST rationalization) demand. EBITDA margin contracted -370 bps/ -617 bps QoQ / YoY due to tariff impact and operating deleverage. Revenue and EBITDA margin are expected to witness further decline in 3QFY26 due to weaker consumer sentiment in the US and the impact of higher tariffs. The company is undertaking several cost optimization measures and diversifying its customer base. However, higher US tariffs remain a key concern as it accounts for 60% of the company's total revenue. We have cut our FY 26E/ 27E/ 28E earnings estimates by - 31%/-5%/-4% and maintain HOLD with a revised target price of INR 126 (previously INR 132), valuing the stock at 15x 1HFY28 EPS.

2QFY26 in a nutshell

WELSPUNL reported a revenue of INR 24.4 bn (8%/-15% QoQ/ YoY) vs. our estimate INR 24 bn. Home textile revenue stood at INR 23.2 bn (9%/-14% QoQ/ YoY) and flooring revenue stood at INR 1.8 bn (-27%/-6% QoQ/ YoY). EBITDA came in at INR 1.5 bn (-32%/-57% QoQ/ YoY) vs. our estimate of INR 1.9 bn due to lower margins. The margin stood at 6.3% (-369 bps/ -617 bps QoQ/ YoY) vs. our est. of 8%. Net profit came in at INR 0.13 bn (-85%/-94% QoQ/ YoY) vs. our estimate of INR 0.7 bn.

Higher tariffs impact demand and margins

Higher US tariffs reduced discretionary spending, prompting retailers to adopt a cautious approach, leading to revenue decline across the textile and flooring segments. Home textile export business declined 15.4% YoY while advance textile business declined 19% YoY. Further, domestic B2B and consumer business witnessed a decline of 25% YoY and 3.7% YoY respectively due to temporary channel adjustment post GST rate rationalization. Price adjustments, adverse product mix, and operating deleverage led to EBITDA margin contraction of 617 bps YoY to 6.3%. Emerging business (branded, advance textile, and flooring) continue to contribute 30% of the total revenue but witnessed a decline of 22% YoY during the quarter.

Pressure on revenue and margins to continue

Management highlighted that consumer sentiment remains weak in the US which can lead to a decline in revenue in 3Q. EBITDA margin will also witness a further compression due to bearing of higher tariffs. The company is undertaking cost optimization measures and diversifying to other geographies to reduce the impact caused by higher tariffs. However, conclusion of a trade deal with the US remains a key for improvement in performance.

Investment Summary

The US accounts for 60% of WELSPUNL's total revenue. Higher US tariffs remain a major concern, causing the revenue to decline and EBITDA margin to contract. We have cut our FY26E/ 27E/ 28E earnings estimate by - 31%/-5%/-4% and maintain HOLD with a revised target price of INR 126 (previously INR 132).

Market data

Sensex	:	84,467
Sector	:	Textiles
Market Cap (INR bn)	:	133.6
Market Cap (USD bn)	:	1.508
O/S Shares (mn)	:	959.2
52-wk HI/LO (INR)	:	188/105
Avg. Daily Vol ('000)	:	2,417
Bloomberg	:	WELSPUNL IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	3.6	7.5	9.4
P/E (x)	38.8	18.5	14.9
P/BV (x)	2.7	2.4	2.1
EV/EBITDA (x)	17.4	10.9	9.0
Dividend Yield (%)	0.2	0.2	0.3

Source: Bloomberg

Returns (%)

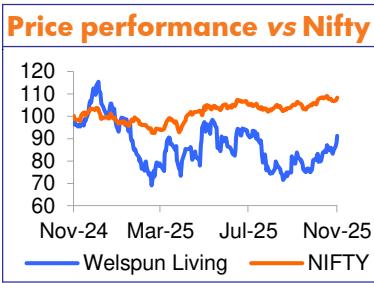
	1m	3m	6m	12m
Absolute	13	23	(8)	(10)
Relative	11	16	(10)	(16)

Source: Bloomberg

Shareholding pattern

Promoters	:	66%
Public	:	34%
Others	:	0%

Source: Bloomberg



Conference Call Highlights

- Higher US tariffs have disrupted trade flows and retailer buying patterns across industry, weighing on near term volumes.
- According to OTEXA data, overall US imports declined by 44% in towels and 8% in sheets between Jan'25 and Jul'25.
- The UK-India FTA and potential conclusion of a trade deal with other countries will accelerate the process of diversifying its presence in other regions.
- GST rate rationalization is expected to boost discretionary spending and serve as a structural positive for organized players. 30% of the company's portfolio will benefit from the GST rate rationalization.
- Consumer sentiment in the US remains subdued, with the Deloitte Holiday Retail Survey indicating a 20%-25% decline in home category spending.
- The company continues to expand its product portfolio with focus on high realization categories such as fashion towels, fashion and utility bedding, and pillows.
- The Ohio pillow facility has reached nearly 50% capacity utilization and with the Nevada expansion underway, pillow business is expected to get double this year.
- The company is deepening its presence across UK, Europe, GCC, ANZ, and Japan to drive geographic diversification for long term growth.
- Margins are expected to witness further contraction due to higher discounting.
- Demand in Europe is showing signs of improvement, and the company is currently in discussions with major retailers in the UK.

Table 1: Quarterly snapshot

INR mn	2QFY26	1QFY26	2QFY25	QoQ %	YoY %	1HFY26	1HFY25	YoY %
Net Sales	24,409	22,606	28,731	8%	-15%	47,015	54,096	-13%
Total Expenditure	22,876	20,352	25,155			43,227	47,104	
EBITDA	1,533	2,254	3,576	-32%	-57%	3,788	6,992	
Margins (%)	6.3	10.0	12.4	-369bps	-617bps	8.1	12.9	-487bps
Depreciation	1,009	879	856			1,888	1,823	
Interest	434	425	549			858	982	
Other Income	148	289	629			437	1,149	
PBT before EO expense	238	1,240	2,802			1,478	5,336	
PBT	238	1,240	2,802	-81%	-91%	1,478	5,336	-72%
Tax	90	347	779			437	1,454	
Rate (%)	37.6	28.0	27.8			29.5	27.2	
MI & Profit/Loss of Asso. Cos.	19	18	12			36	16	
Reported PAT	130	876	2,010			1,005	3,866	
Adj PAT	130	876	2,010	-85%	-94%	1,005	3,866	-74%
Margins (%)	0.5	3.9	7.0			2.1	7.1	

Source: Industry, Antique

Table 2: Change in estimates

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (INR bn)	97,482	1,14,847	1,31,931	1,03,689	1,19,011	1,35,787	-6%	-3%	-3%
EBITDA (INR bn)	8,773	14,241	16,755	10,576	14,757	17,245	-17%	-3%	-3%
EBITDA (%)	9.0%	12.4%	12.7%	10.2%	12.4%	12.7%	-1.2%	0.0%	0.0%
PAT (INR bn)	3,434	7,208	8,968	4,991	7,588	9,328	-31%	-5%	-4%

Source: Industry, Antique

Table 3: Half yearly balance sheet

Year ended	Sep-2025	Sep-2024
Share Capital	959	959
Reserves & Surplus	47,306	44,616
Networth	48,265	45,575
Debt	23,869	28,786
Minority Interest	567	964
Net deferred Tax liabilities	9,762	9,644
Capital Employed	82,463	84,969
Net Fixed Assets	40,440	38,099
Capital work in progress	1,824	3,525
Net Fixed Assets	42,264	41,623
Goodwill	1,968	1,918
Investments	6,060	8,148
Current Investments	6,060	8,148
Current Assets, Loans & Advances		
Inventory	20,642	22,044
Debtors	14,789	15,023
Cash & Bank balance	2,100	2,309
Loans & advances and others	15,455	13,139
Current Liabilities & Provisions	54,954	54,433
Liabilities	20,812	19,233
Provisions	3	3
Net Current Assets	34,139	35,197
Application of Funds	82,463	84,969

Source: Industry, Antique

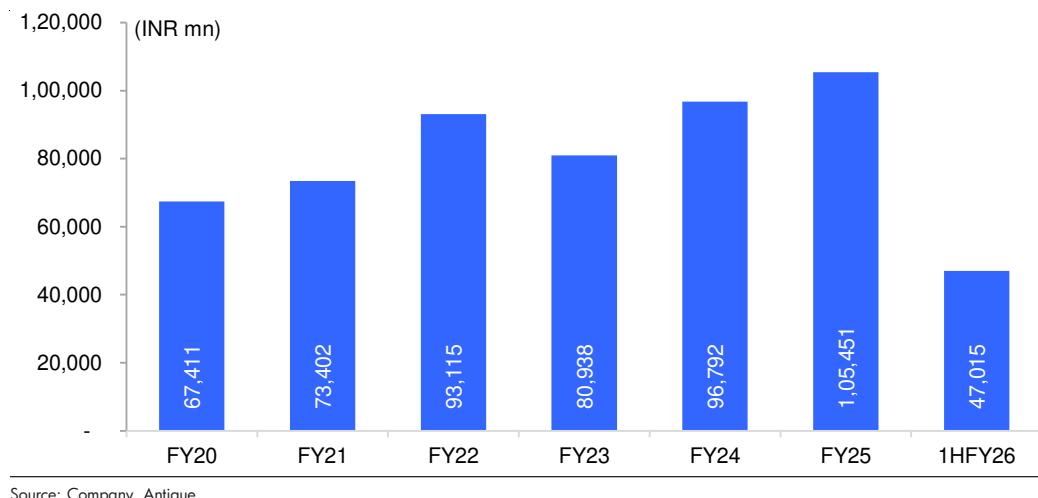
Table 4: Half yearly cash flow statement

Year ended	Sep-2025	Sep-2024
PBT	1,478	5,337
Depreciation & amortisation	1,888	1,823
Interest expense	-	-
(Inc)/Dec in working capital	823	(1,998)
Tax paid	(372)	(810)
Less: Interest/Dividend Income Received	-	-
Other operating Cash Flow	(156)	(871)
Cash flow from operating activities	3,660	3,482
Capital expenditure	(1,704)	(4,894)
Inc/(Dec) in investments	195	1,975
Add: Interest/Dividend Income Received	222	319
Cash flow from investing activities	(1,287)	(2,600)
Inc/(Dec) in debt	(823)	3,562
Dividend/Interest Paid	(2,085)	(123)
Others	(342)	(4,598)
Cash flow from financing activities	(3,249)	(1,159)
Net cash flow	(876)	(277)
Opening balance	2,845	2,014
Closing balance	1,969	1,737

Source: Industry, Antique

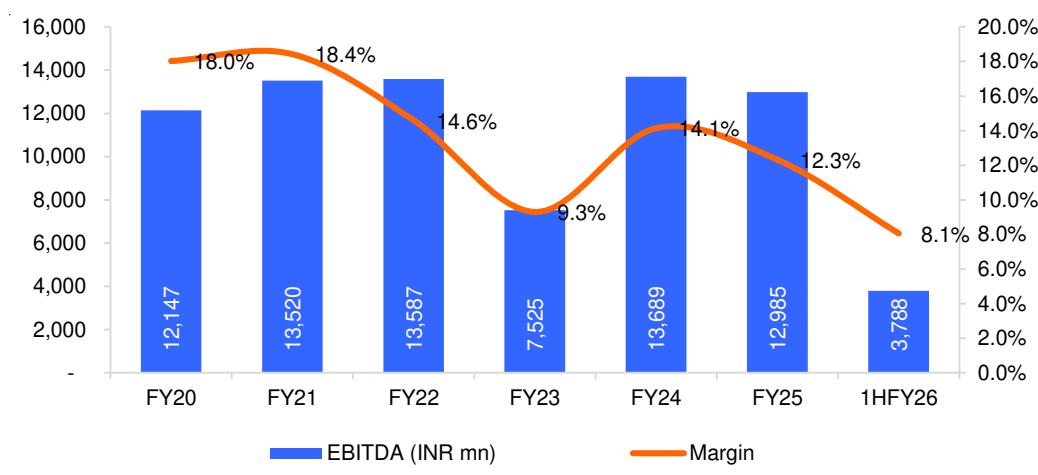
Story in Charts

Exhibit 1: Revenue declined 13% YoY in 1HFY26



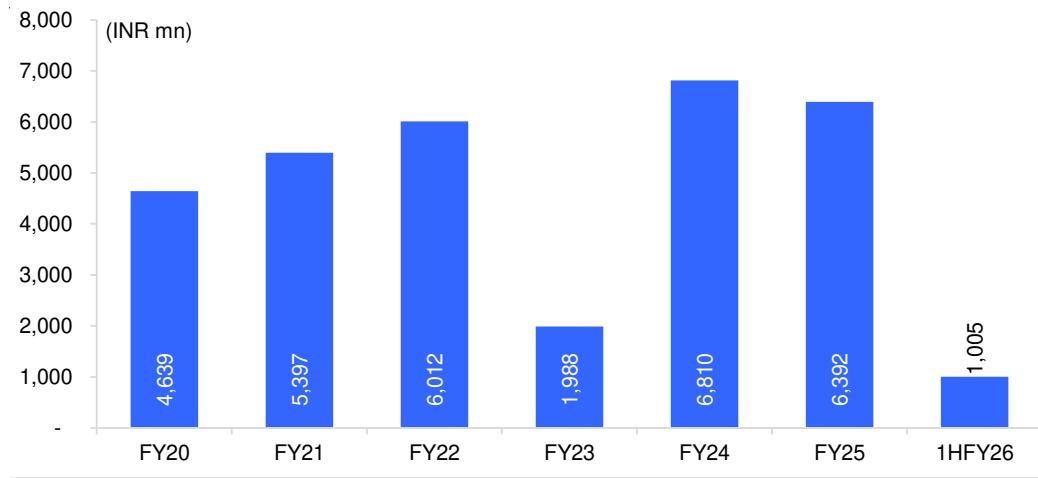
Source: Company, Antique

Exhibit 2: EBITDA margin contracted 487 bps YoY in 1HFY26



Source: Company, Antique

Exhibit 3: PAT declined 74% YoY in 1HFY26



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	96,792	1,05,451	97,482	1,14,847	1,31,931
Op. Expenses	(83,103)	(92,466)	(88,708)	(1,00,606)	(1,15,176)
EBITDA	13,689	12,985	8,773	14,241	16,755
Depreciation	(3,945)	(3,734)	(4,224)	(4,392)	(4,560)
EBIT	9,744	9,251	4,550	9,849	12,196
Other income	1,458	1,522	1,462	1,148	1,319
Interest Exp.	(1,534)	(2,175)	(1,217)	(1,033)	(1,140)
Reported PBT	9,668	8,598	4,795	9,964	12,375
Tax	(2,942)	(2,162)	(1,295)	(2,690)	(3,341)
Reported PAT	6,726	6,436	3,500	7,274	9,034
Minority Int./Profit (loss) From Asso.	84	(45)	(66)	(66)	(66)
Net Profit	6,810	6,392	3,434	7,208	8,968
Adjusted PAT	6,810	6,392	3,434	7,208	8,968
Adjusted EPS (INR)	7.0	6.7	3.6	7.5	9.4

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	972	959	959	959	959
Reserves & Surplus	44,186	47,252	50,355	57,181	65,708
Networth	45,158	48,211	51,314	58,140	66,668
Debt	25,205	24,686	17,415	19,020	20,583
Minority Interest	973	996	996	996	996
Net deferred Tax liabilities	4,355	4,540	4,540	4,540	4,540
Capital Employed	75,691	78,433	74,265	82,695	92,786
Gross Fixed Assets	95,576	1,01,272	1,05,272	1,09,272	1,13,272
Accumulated Depreciation	(59,328)	(62,920)	(67,144)	(71,536)	(76,096)
Capital work in progress	468	3,803	3,803	3,803	3,803
Net Fixed Assets	36,716	42,154	41,930	41,539	40,979
Goodwill	1,902	1,916	1,916	1,916	1,916
Investments	9,164	5,700	5,700	5,700	5,700
Non Current Investments	9,088	5,593	5,593	5,593	5,593
Current Investments	76	107	107	107	107
Current Assets, Loans & Adv.	47,719	53,302	47,624	56,465	70,019
Inventory	20,718	21,834	20,030	25,172	28,916
Debtors	12,547	16,449	14,689	17,306	19,880
Cash & Bank balance	2,008	3,063	1,812	919	6,209
Loans & advances and others	12,445	11,955	11,093	13,069	15,013
Current Liabilities & Provisions	19,810	24,638	22,905	22,924	25,827
Liabilities	19,806	24,635	22,902	22,920	25,823
Provisions	3	3	3	3	4
Net Current Assets	27,909	28,664	24,719	33,541	44,192
Application of Funds	75,691	78,433	74,265	82,695	92,786

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	972	959	959	959	959
Diluted no. of shares (mn)	972	959	959	959	959
BVPS (INR)	44.9	48.0	51.1	57.9	66.4
CEPS (INR)	11.0	10.6	8.1	12.2	14.2
DPS (INR)	0.2	0.3	0.3	0.3	0.4

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	9,670	8,602	4,795	9,964	12,375
Depreciation & amortisation	3,945	3,734	4,224	4,392	4,560
Interest expense	1,534	2,175	(245)	(115)	(180)
(Inc)/Dec in working capital	(3,571)	(2,469)	2,737	(9,715)	(5,360)
Tax paid	(2,942)	(1,702)	(1,295)	(2,690)	(3,341)
Less: Interest/Div. Income Recd.	-	(571)	-	-	-
Other operating Cash Flow	(3,307)	(2,889)	-	-	-
CF from operating activities	5,328	6,880	10,216	1,836	8,054
Capital expenditure	(2,754)	(7,127)	(4,000)	(4,000)	(4,000)
Inc/(Dec) in investments	(2,664)	4,131	-	-	-
Add: Interest/Div. Income Recd.	3,326	3,569	1,418	1,148	1,319
CF from investing activities	(2,092)	573	(2,582)	(2,852)	(2,681)
Inc/(Dec) in share capital	(16)	(3,456)	-	-	-
Inc/(Dec) in debt	1,699	(582)	(7,271)	1,605	1,563
Dividend Paid	(123)	(123)	(337)	(388)	(446)
Others	(4,245)	(2,471)	(1,277)	(1,093)	(1,200)
CF from financing activities	(2,686)	(6,631)	(8,885)	123	(83)
Net cash flow	550	822	(1,251)	(893)	5,290
Opening balance	1,461	2,008	3,063	1,812	919
Closing balance	2,008	3,063	1,812	919	6,209

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue(%)	19.6	8.9	(7.6)	17.8	14.9
EBITDA(%)	81.9	(5.1)	(32.4)	62.3	17.7
Adj PAT(%)	242.6	(6.1)	(46.3)	109.9	24.4
Adj EPS(%)	248.4	(4.9)	(46.3)	109.9	24.4

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	19.8	20.9	38.8	18.5	14.9
P/BV (x)	3.1	2.9	2.7	2.4	2.1
EV/EBITDA (x)	11.7	12.2	17.4	10.9	9.0
EV/Sales (x)	1.7	1.5	1.6	1.4	1.1
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.3

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	15.8	13.7	6.9	13.2	14.4
RoCE (%)	15.5	14.0	7.9	14.0	15.4
Asset/T.O (x)	1.6	1.6	1.4	1.6	1.6
Net Debt/Equity (x)	0.5	0.4	0.3	0.3	0.2
EBIT/Interest (x)	(7.3)	(5.0)	(4.9)	(10.6)	(11.9)

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin(%)	14.1	12.3	9.0	12.4	12.7
EBIT Margin(%)	10.1	8.8	4.7	8.6	9.2
PAT Margin(%)	6.9	6.0	3.5	6.2	6.7

Source: Company Antique

CMP	: INR 249
Reco	: HOLD ↘
Target Price	: INR 280 ↘
Target Price Change	: No Change
Target 1HFY28E P/E (x)	: 25
EPS Change FY26/ 27/ 28:	No Change

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2QFY26 RESULT REVIEW

RITES

Margin led beat; order book & exports support outlook

RITES reported good 2Q performance with PAT of INR 1.1 bn, up 32% YoY and ~12% above both our and consensus estimates. PAT growth was largely driven by EBITDA margin rising to 24% (vs. 20% YoY) on the back of a favorable revenue mix, with higher contribution from high-margin consultancy and lower share of low-margin turnkey projects. The quarter saw stability in consultancy margin and also marked an initial revenue recognition from the export segment. Management reaffirmed that there will be more exports, supported by loco supplies to Mozambique, with the dispatch of at least 6-7 locos in FY26. Growth visibility remains healthy, underpinned by an order book of INR 91 bn (~3.5x trailing revenue), and the company has retained its double-digit revenue growth guidance. RITES has declared a second interim dividend of INR 2/share, and we estimate FY26 DPS of INR 8.5, implying a ~3.4% dividend yield. Retain HOLD rating with an unchanged target price of INR 280, valuing the stock at 25x 1HFY28E earnings, with export execution momentum and new order wins as key monitorables.

2Q results better than expectations

RITES reported consolidated revenue of INR 5.5 bn, flat YoY and in line with our/ consensus estimates. A considerable decline was seen in the turnkey segment, also 2/3rd of the orders were added to the order book in the last one year so they are still in the initial phases of execution. EBITDA margin stood at 23.6% vs. 19.6% YoY as it was driven by better results in consultancy and export segments. The EBITDA came in at INR 1.3 bn, up 22% YoY and is above our and consensus estimates by 7%. PAT came in at INR 1.1 bn, up 32% YoY and 12% above our/ consensus estimates. PAT was supported by higher EBITDA margin. The company has announced a second interim dividend of INR 2 per share; with this announcement, interim dividend till 1HFY26 stands at INR 3.3 per share with a dividend payout ratio of 79%. Exports segment outlook

RITES' export business is progressing well, providing strong multi-year visibility. The Mozambique locomotive order (~INR 1.6 bn) is already contributing to revenue, with two locomotives dispatched in 2QFY25 (quarterly revenue of INR 606 mn) and two more in 3QFY25, while the remaining six are scheduled for delivery by 1QFY26, ensuring steady near-term execution. The Bangladesh coach order (~INR 3.8 bn) has reached the final approval stage for four of seven coach types, with prototype manufacturing expected in 4QFY25 and the first rake of 20 coaches targeted for export by 1QFY26; subsequent rakes will follow quarterly, extending deliveries through FY28. Meanwhile, the South Africa retrofit order (~INR 1.0 bn), a nomination-based project utilizing RITES' proprietary design capabilities, has entered the engineering phase, with revenue ramp-up expected through FY26. Together these projects form an export order book of ~INR 5.4 bn, diversifying RITES' international footprint across Africa and South Asia and supporting sustained, margin-accretive growth over the medium term.

Guidance and strategic priorities

Management reaffirmed its FY26 guidance of achieving double-digit topline growth, supported by improved execution across consultancy, exports, and turnkey projects. The company continues to operate under its five-point strategic roadmap, which includes: (1) Maintaining a consistent "one order per day" strike rate to sustain order inflows; (2) Securing at least one export order every quarter to strengthen international presence; (3) Targeting a INR 100 bn order book by FY25-end; (4) Ensuring sequential growth through timely execution and higher productivity; and (5) Safeguarding profitability with minimum 20% EBITDA and 15% PAT margin. Management emphasized that RITES remains on track with this roadmap, expecting strong revenue traction in 2H FY25 as turnkey execution picks up, while exports and consultancy continue to deliver stable, high-margin growth.

Investment Summary

RITES is a multi-disciplinary engineering and consultancy organization, providing a range of services from concept to commissioning in all facets of infrastructure. It has signed multiple MoUs with agencies in India and abroad but materialization in terms of actual orders are awaited. Being a service company, it has moderate capex, negative working capital and RoE at ~18% (FY27E).

Market data

Sensex	:	84,467
Sector	:	Railways
Market Cap (INR bn)	:	119.7
Market Cap (USD bn)	:	1.350
O/S Shares (mn)	:	480.6
52-wk HI/LO (INR)	:	316/192
Avg. Daily Vol ('000)	:	837
Bloomberg	:	RITE IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	9.0	10.4	12.0
P/E (x)	27.5	23.9	20.7
P/BV (x)	4.5	4.4	4.4
EV/EBITDA (x)	14.6	12.5	10.5
Dividend Yield (%)	3.4	3.9	4.5

Source: Company, Antique

Returns (%)

	1m	3m	6m	12m
Absolute	(2)	0	8	(11)
Relative	(4)	(5)	6	(17)

Source: Bloomberg

Shareholding pattern

Promoters	:	72%
Public	:	28%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

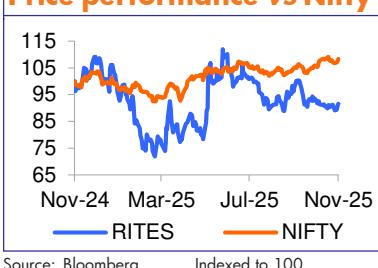


Table 1: Financial highlights

Particulars (INR mn)	2QFY26	2QFY25	YoY Chg (%)	1QFY26	QoQ Chg (%)	1HFY26	1HFY25	YoY Chg (%)
Net Sales	5,487	5,409	1	4,897	12	10,385	10,266	1
EBITDA	1,296	1,063	22	1,142	14	2,438	2,121	15
EBITDA margin (%)	23.6%	19.6%	397bps	23.3%	31bps	23.5%	20.7%	282bps
Other income	303	213	42	220	38	523	438	19
Depreciation	171	149	14	155	10	326	294	11
Interest	8	24	-69	14	-46	22	35	-37
Share of profit/(loss) from JVs	43	11	290	24	81	67	33	104
Pre-tax profit	1,464	1,113	32	1,216	20	2,680	2,263	18
Tax (current+deferred)	373	288	30	307	21	680	533	27
PAT	1,091	825	32	909	20	2,000	1,729	16

Source: Company, Antique

Table 2: Segmental highlights

Segmental Revenue	2QFY26	2QFY25	YoY Chg (%)	1QFY26	QoQ Chg (%)	1HFY26	1HFY25	YoY Chg (%)
Consultancy	3,276	2,977	10	2,902	13	6,178	5,691	9
Exports	606	23	2523	34	1709	640	73	780
Leasing	428	352	22	426	1	854	689	24
Turnkey Projects	1,130	2,011	-44	1,484	-24	2,614	3,717	-30
Power generation	48	46	4	52	-9	100	96	4
Segmental EBIT								
Consultancy	1,257	1,048	20	1,116	13	2,373	2,138	11
Exports	63	6	897	(8)	-895	55	30	83
Leasing	128	112	14	164	-22	291	241	21
Turnkey Projects	13	23	-45	23	-45	35	44	-19
Power generation	8	9	-13	14	-44	23	21	9
EBIT Margin %								
Consultancy	38.4%	35.2%	319bps	38.4%	-7bps	38.4%	37.6%	84bps
Exports	10.4%	27.3%	-1691bps	-23.6%	3395bps	8.6%	41.3%	-3268bps
Leasing	29.8%	31.9%	-208bps	38.4%	-856bps	34.1%	35.0%	-94bps
Turnkey Projects	1.1%	1.1%	-2bps	1.5%	-43bps	1.4%	1.2%	18bps
Power generation	17.1%	20.4%	-334bps	27.5%	4459bps	22.5%	21.6%	96bps

Source: Company, Antique

Table 3: Semi-annual balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	4,806	4,806	-	4,806	4,806	-
Reserves and Surplus	21,534	21,028	2.4	21,843	21,596	1.1
Minority Interest	1,124	1,097	2.5	1,480	1,091	35.6
Others	4,488	2,535	77.0	2,754	1,809	52.2
Total	31,954	29,466	8.4	30,883	29,301	5.4
Fixed Assets	5,851	6,971	(16.1)	6,059	5,965	1.6
Capital Work-in-Progress	702	269	161.0	476	476	-
Investments	8,564	5,099	68.0	3,850	3,850	-
Current Assets, Loans And Advances	45,530	46,979	(3.1)	49,535	50,902	(2.7)
Inventories	869	40	2,094.7	951	781	21.8
Sundry Debtors	9,015	8,466	6.5	9,015	7,400	21.8
Cash and Bank Balances	30,926	32,481	(4.8)	33,770	33,751	0.1
Loans and Advances	52	48	9.0	3,765	6,936	(45.7)
Other current assets	4,668	5,944	(21.5)	2,034	2,034	-
Current Liabilities and Provisions	28,694	29,852	(3.9)	29,037	31,891	(8.9)
Liabilities	25,496	29,357	(13.2)	28,603	31,478	(9.1)
Provisions	3,198	495	546.4	433	413	5.0
Net Working Capital	16,836	17,127	(1.7)	20,498	19,011	7.8
Total	31,954	29,466	8.4	30,883	29,301	5.4
Net debt	(30,926)	(32,481)	(4.8)	(33,770)	(33,751)	0.1

Source: Company, Antique

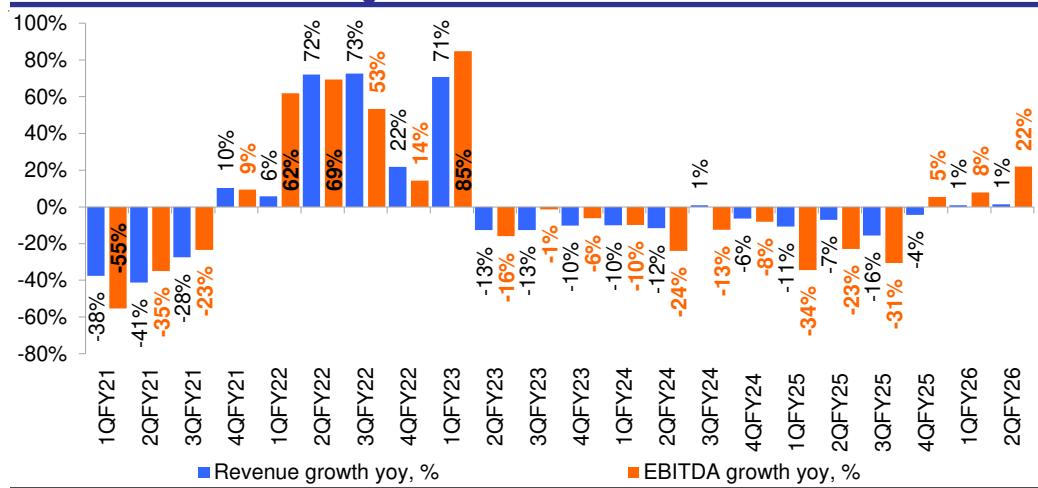
Table 4: Semi-annual cash flow

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported PBT	2,680	2,263	18.4	6,355	5,650	12.5
Depreciation	326	294	10.9	662	621	6.6
Interest	22	35	(37.2)	71	58	22.4
Others	(583)	(1,110)	(47.5)	(2,716)	(2,607)	4.2
Changes in working capital	(2,021)	(7)	27,209.5	(523)	2,648	-119.8
Operating cash flow	384	1,474	(73.9)	3,849	6,371	-39.6
Capex	(343)	(454)	(24.6)	(757)	(1,323)	-42.8
Others	2,877	2,123	35.5	1,095	(872)	-225.6
Investing cash flow	2,535	1,669	51.9	339	(2,195)	-115.4
Net proceeds from borrowings	(20)	(11)	85.8	-	(438)	-100.0
Others	(2,094)	(2,064)	1.5	(4,169)	(1,400)	197.9
Financing cash flow	(2,114)	(2,074)	1.9	(4,169)	(1,838)	126.8
Net cash flow	805	1,068	(24.6)	19	2,338	-99.2
Opening cash balance	6,881	33,751	(79.6)	33,752	31,414	7.4
Closing cash balance	6,787	34,819	(80.5)	33,770	33,752	0.1
Free cash flow	42	1,019	(95.9)	3,092	5,048	-38.7

Source: Company, Antique

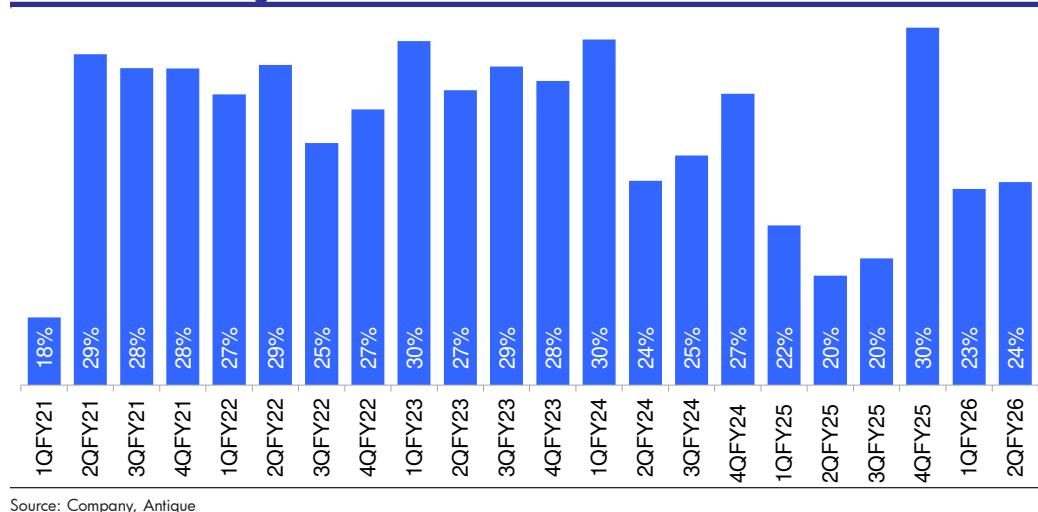
Story in Charts

Exhibit 1: Revenue and EBITDA growth



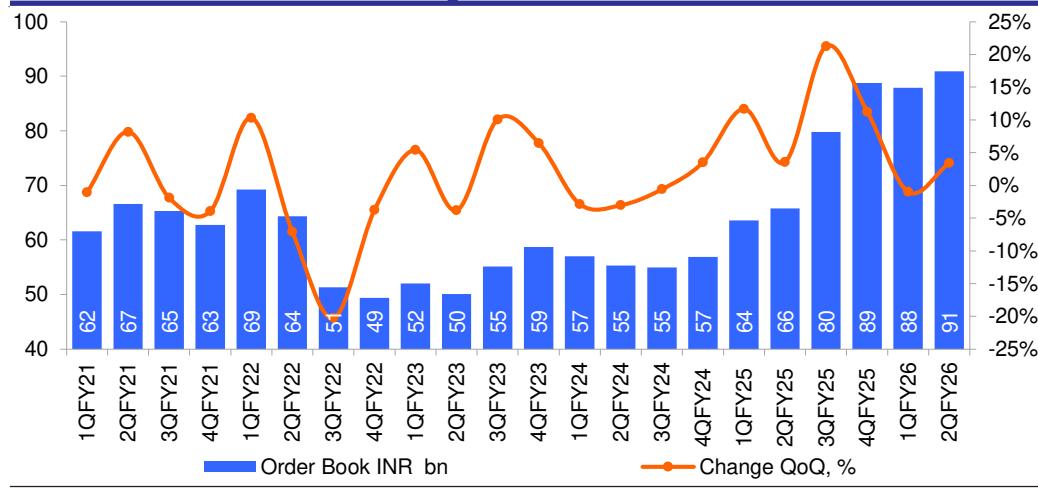
Source: Company, Antique

Exhibit 2: EBITDA margin

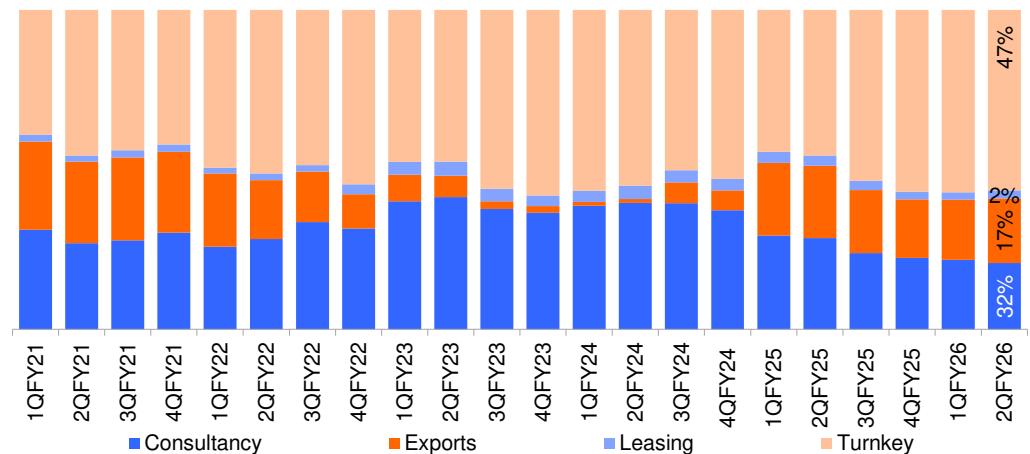


Source: Company, Antique

Exhibit 3: Order book and order book growth



Source: Company, Antique

Exhibit 4: Order book composition


Source: Company, Antique

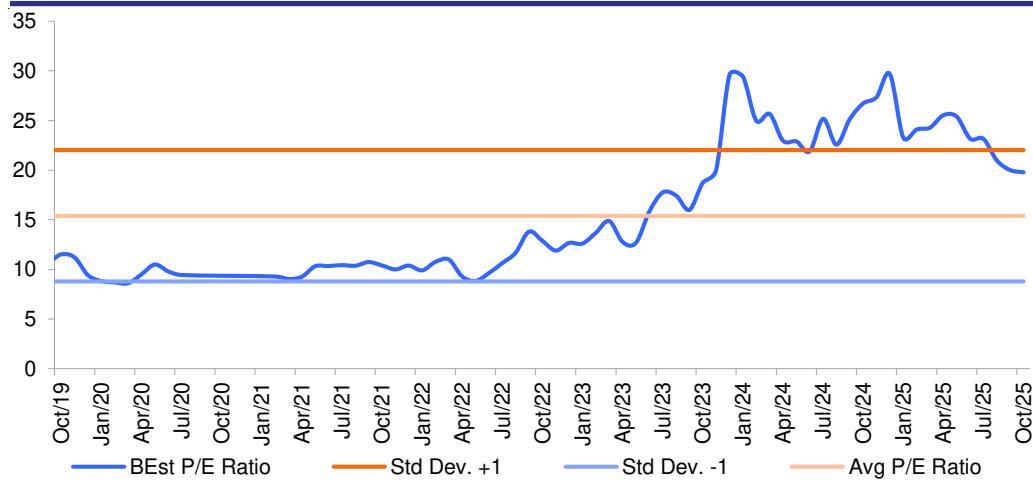
Conference Call Highlights

- RITES sustained its “one order a day” strike rate, securing 150+ orders worth ~INR 8.5 bn in 2Q. The total order book reached an all-time high of ~INR 90.9 bn, keeping the company on course toward its FY25 target of INR 100 bn.
- Exports revived with the delivery of two locomotives under the Mozambique order (10 locos total, INR 1.6 bn). Two more were shipped in October, with full execution expected by 1Q FY26, ensuring steady quarterly export revenue.
- Consultancy revenue grew ~12% YoY and QoQ, with the segment margin maintained at ~30%. The business benefited from stronger execution and mix improvement, particularly in quality audits and infrastructure consultancy.
- Turnkey revenue fell INR 0.9 bn in 2Q as most projects are in the early stages (8–10 months old). Execution is expected to ramp up from 4Q FY25, with peak revenue contribution expected by 2HFY27.
- The Quality Assurance (QA) vertical reported its best performance in 6–7 quarters, with >65% of the revenue now from non-IR clients. Diversification into highways, buildings, and third-party audits boosted margin mix.
- Consultancy and leasing yield ~30% EBIT margin, exports at ~10%, and turnkey at 1%–2%. The company maintained consolidated margin above its redlines of 20% EBITDA and 15% PAT, despite revenue mix shifts.
- International operations gained traction through MOUs with Etihad Rail and other Middle East partners. Projects in Jordan and the UAE have commenced, and the company plans to scale up its ISA certification and consultancy work abroad.
- The leasing portfolio surpassed 100+ locomotives, supported by steady order inflows. Despite new entrants, RITES continues to expand leasing revenue and maintains healthy ~30% margin from this capital-light vertical.
- Headcount reached ~2,800, with ~300 new hires in 1H offset by retirements. Given a strong order pipeline, project-based hiring will continue, though net employee growth will remain moderate due to ongoing superannuation.
- Management targets high-single to low double-digit topline growth in FY25. Consultancy and exports will remain the main drivers, while turnkey execution ramps up gradually to deliver stronger 2H FY26 performance.
- The company reaffirmed its asset-light, debt-free model with minimal capex needs. A strong ~94% dividend payout ratio was maintained, and management ruled out any diversification beyond its consultancy-centric core business.

Table 5: Snapshot

INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Order Book	60,970	62,230	62,770	49,390	58,700	56,900	88,770	1,06,865	1,22,488	1,39,737
Order Inflow	NA	26,004	19,135	13,238	35,593	22,729	54,048	64,048	74,048	84,048
Book to bill x		2.5	3.3	2.1	2.1	2.4	3.3	3.6	3.5	3.4
Revenue	20,475	24,744	19,053	26,618	26,283	24,529	22,178	27,019	32,539	38,911
Change yoy, %	37%	21%	-23%	40%	-1%	-7%	-10%	22%	20%	20%
EBITDA	5,755	6,609	5,496	7,238	7,449	6,441	5,150	5,870	6,786	7,818
Change yoy, %	39%	15%	-17%	32%	3%	-14%	-20%	14%	16%	15%
EBITDA Margin %	28.1%	26.7%	28.8%	27.2%	28.3%	26.3%	23.2%	21.7%	20.9%	20.1%
PAT	4,695	6,162	4,324	5,164	5,420	4,554	3,848	4,346	5,000	5,774
Change yoy, %	37%	31%	-30%	19%	5%	-16%	-16%	13%	15%	15%
PAT Margin %	23%	25%	23%	19%	21%	19%	17%	16%	15%	15%
WC as a % of sales	-82%	-61%	-86%	-63%	-61%	-56%	-76%	-57%	-46%	-44%
WC days	(298)	(224)	(316)	(230)	(222)	(203)	(276)	(207)	(169)	(162)
Net debt (INR bn)	-33,341	-34,676	-31,427	-31,325	-31,739	-29,579	-32,133	-31,216	-31,436	-34,100
Net debt/ equity (x)	-1.38	-1.32	-1.31	-1.26	-1.22	-1.13	-1.22	-1.17	-1.17	-1.25
Capex (INR bn)	1,161	1,603	569	836	1,354	1,367	1,323	757	911	1,089
Capex as % to revenue	5.7%	6.5%	3.0%	3.1%	5.2%	5.6%	6.0%	2.8%	2.8%	2.8%
CFO (INR bn)	1,298	3,192	5,157	3,096	5,598	4,316	6,371	3,849	5,346	8,713
CFO/ EBITDA	23%	48%	94%	43%	75%	67%	124%	66%	79%	111%

Source: Company, Antique

Exhibit 5: PER band

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	24,529	22,178	27,019	32,539	38,911
Op. Expenses	18,087	17,028	21,148	25,754	31,093
EBITDA	6,441	5,150	5,870	6,786	7,818
Depreciation	607	621	662	712	771
EBIT	5,835	4,529	5,208	6,074	7,047
Other income	861	1,057	1,095	1,108	1,173
Interest Exp.	47	58	71	71	71
Extra Ordinary Items -gain/(loss)	55	122	122	122	122
Reported PBT	6,704	5,650	6,355	7,233	8,272
Tax	1,752	1,414	1,620	1,845	2,109
Reported PAT	4,952	4,237	4,734	5,389	6,163
Minority Int./Profit (loss) From Asso. (398)	(389)	(389)	(389)	(389)	
Net Profit	4,554	3,848	4,346	5,000	5,774
Adjusted PAT	4,554	3,848	4,346	5,000	5,774
Adjusted EPS (INR)	9.5	8.0	9.0	10.4	12.0

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	2,403	4,806	4,806	4,806	4,806
Reserves & Surplus	23,687	21,596	21,843	22,129	22,458
Networth	26,090	26,402	26,649	26,935	27,264
Minority Interest	1,119	1,091	1,480	1,868	2,257
Other Non Current Liabilities	2,035	1,809	2,754	3,301	3,929
Capital Employed	29,245	29,301	30,883	32,104	33,450
Gross Fixed Assets	9,746	10,981	11,738	12,649	13,738
Accumulated Depreciation	4,395	5,016	5,679	6,390	7,161
Capital work in progress	1,737	476	476	476	476
Net Fixed Assets	7,088	6,440	6,535	6,734	7,053
Investments	1,094	3,850	3,850	3,850	3,850
Other Non Current Assets	3,323	2,034	2,034	2,034	2,034
Current Assets, Loans & Adv.	45,109	48,868	47,501	51,012	57,472
Inventory	49	781	951	1,146	1,370
Debtors	8,999	7,400	9,015	10,857	12,983
Cash & Bank balance	31,413	33,751	33,770	34,527	37,809
Loans & advances and others	4,648	6,936	3,765	4,483	5,311
Current Liabilities & Provisions	27,370	31,891	29,037	31,526	36,959
Liabilities	26,688	31,478	28,603	31,071	36,481
Provisions	681	413	433	455	478
Net Current Assets	17,740	16,977	18,464	19,486	20,513
Application of Funds	29,245	29,301	30,883	32,104	33,450

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	480.6	480.6	480.6	480.6	480.6
Diluted no. of shares (mn)	480.6	480.6	480.6	480.6	480.6
BVPS (INR)	54.3	54.9	55.5	56.0	56.7
CEPS (INR)	11.6	10.1	11.2	12.7	14.4
DPS (INR)	9.0	7.6	8.5	9.8	11.3

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	6,704	5,650	6,355	7,233	8,272
Depreciation & amortization	607	621	662	712	771
Interest expense	47	58	71	71	71
(Inc)/Dec in working capital	(152)	2,648	(523)	283	2,883
Tax paid	(2,227)	(1,651)	(1,620)	(1,845)	(2,109)
Less: Interest/Div. Income Recd.	(660)	(655)	(1,095)	(1,108)	(1,173)
Other operating Cash Flow	(2)	(300)	-	-	-
CF from operating activities	4,316	6,371	3,849	5,346	8,713
Capital expenditure	(1,367)	(1,323)	(757)	(911)	(1,089)
Inc/(Dec) in investments	(1,709)	(1,431)	-	-	-
Add: Interest/Div. Income Recd.	729	559	1,095	1,108	1,173
CF from investing activities	(2,347)	(2,195)	339	197	84
Inc/(Dec) in debt	(448)	(438)	-	-	-
Dividend Paid	(4,566)	(3,557)	(4,098)	(4,715)	(5,445)
Others	(27)	2,157	(71)	(71)	(71)
CF from financing activities	(5,041)	(1,838)	(4,169)	(4,786)	(5,516)
Net cash flow	(3,072)	2,338	19	757	3,282
Opening balance	34,485	31,414	33,752	33,770	34,528
Closing balance	31,414	33,752	33,770	34,528	37,809

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	-6.7	-9.6	21.8	20.4	19.6
EBITDA	-13.5	-20.0	14.0	15.6	15.2
Adj PAT	-16.0	-15.5	12.9	15.1	15.5
Adj EPS	-16.0	-15.5	12.9	15.1	15.5

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	26.3	31.1	27.5	23.9	20.7
P/BV (x)	4.6	4.5	4.5	4.4	4.4
EV/EBITDA (x)	13.7	16.7	14.6	12.5	10.5
EV/Sales (x)	4.8	5.3	4.4	3.6	3.0
Dividend Yield (%)	3.6	3.0	3.4	3.9	4.5

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	17.5	14.7	16.4	18.7	21.3
RoCE (%)	24.6	20.4	22.7	25.2	28.2
Asset/T.O (x)	1.0	0.9	1.1	1.3	1.4
Net Debt/Equity (x)	-1.20	-1.28	-1.27	-1.28	-1.39
EBIT/Interest (x)	142.2	96.3	88.8	101.2	115.8

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	26.3	23.2	21.7	20.9	20.1
EBIT Margin	23.8	20.4	19.3	18.7	18.1
PAT Margin	18.6	17.4	16.1	15.4	14.8

Source: Company, Antique

CMP	: INR 310
Reco	: HOLD ↘
Target Price	: INR 310 ↓
Target Price Change	: -12%
Target 1HFY28e P/E (x)	: 28
EPS Change FY26/ 27/ 28: -10%/-6%/-5%	

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Market data	
Sensex	: 84,467
Sector	: FMCG
Market Cap (INR bn)	: 113.9
Market Cap (USD bn)	: 1.285
O/S Shares (mn)	: 367.2
52-wk HI/LO (INR)	: 504/268
Avg. Daily Vol ('000)	: 119
Bloomberg	: JYLIN

Source: Bloomberg

	FY26e	FY27e	FY28e
EPS (INR)	9.2	10.5	11.6
P/E (x)	33.6	29.6	26.6
P/BV (x)	5.0	4.5	4.0
EV/EBITDA (x)	23.0	20.1	17.6
Dividend Yield (%)	1.1	1.1	1.1

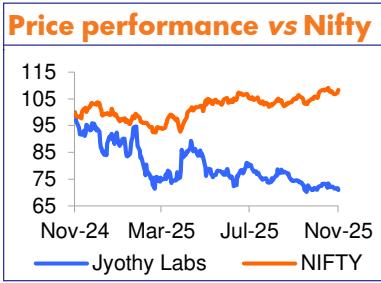
Source: Company, Antique

	1m	3m	6m	12m
Absolute	(1)	(7)	(12)	(30)
Relative	(3)	(11)	(14)	(35)

Source: Bloomberg

Shareholding pattern		
Promoters	: 63%	
Public	: 37%	
Others	: 0%	

Source: Bloomberg



Source: Bloomberg, Indexed to 100

2QFY26 RESULT REVIEW

Jyothy Labs

Lacking growth triggers; maintain HOLD

Jyothy Labs' (JYL) 2QFY26 performance was below our expectations, delivering 2.8% volume growth. General trade remained under pressure while e-commerce and quick commerce sustained double-digit growth. Fabric care delivered 6.1% growth on a weak base (flat growth in 2QFY25). Dish wash/ HI revenue declined 3.8% / 8.9% YoY, likely due to rising competitive intensity and weaker urban demand. Personal care performance was adversely impacted by GST transition, reporting a 4.3% YoY decline. Gross margin contraction of 214 bps to 48.1% was largely on account of elevated input costs, trade incentives, and price reductions. EBITDA margin contracted 280 bps YoY ahead of GM contraction on account of operating deleverage and high brand investments. Notably, management continues to assess inorganic expansion opportunities, closing 1HFY26 with INR ~6 bn in cash and equivalents (incl. current investments). Double-digit volume growth guidance for the full year was maintained (low single-digit volume growth in 1H). We have decreased our FY26-28 EPS estimates by 5%-10% on account of the sustained subdued environment and competitive intensity. Maintain HOLD recommendation with a revised TP of INR 310 based on 28x P/E (in line with 5-yr. average) based on 1HFY28 estimates (previously INR 352 based on 30x P/E 1HFY28 estimates).

GT pressure impacts performance

JYL's consolidated revenue stood flat YoY with volume growth of 2.8% YoY. Subdued volume growth was largely on account of high competitive intensity across categories and GST transition impact. Fabric care sales grew 6% YoY mainly led by liquid detergents (double digit YoY growth) and a favorable base (flat growth during 2QFY25). The quarter also saw the launch of Dr. Wool in the specialized garment care category. Dish wash sales were muted (declined 4% YoY) on account of price cuts and higher promotions (increase grammage), however, volumes grew 3.4% YoY. Personal care sales declined 4% YoY largely impacted by the GST led disruption in September. Household Insecticides (HI) declined 9% YoY as near-term headwinds sustain, the underperformance could be a result of market share gains by the market leader. General trade remained under pressure, while modern trade channel including ecommerce and quick commerce grew in double digits. Notably, revenue dependency on the South has reduced from 40% to 33% over the past few years.

Operating deleverage weighed on profitability

Gross margin contracted by 214 bps YoY to 48.1% mainly due to elevated input costs, price reductions, and trade incentives. Further, consolidated EBITDA declined 14.6% YoY with a margin of 16.1%, contraction of 280 bps YoY. Employee costs/ ad spends/ other expenses grew 5% / 1% / 1% YoY. PAT declined 16.4% YoY to INR 878 mn during the quarter. Fabric care witnessed margin contraction of 295 bps at 22%, while dish wash/ personal care margin stood at 17.3% / 2.7% (contracted 180/ 1088 bps YoY). Personal care margins were adversely impacted on account of operating deleverage and large investments in the Margo brand during the quarter. HI category profits continued to be impacted, with a negative EBIT margin of - 9.7% vs. - 9.5% in the base quarter. Management has guided to turnaround the HI business during the next 4 to 6 quarters.

Investment Summary

We build in revenue/ EBITDA/ earnings CAGR of 5% / 4% / 4% during FY25-28 given the elevated FY25 base. In our view, JYL is facing challenges with regards to a) Increasing competitive intensity, b) Subdued profitability due to operating deleverage, and c) Long gestation period for new brands.

Table 1: Quarterly financials

Y/E March (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Net Sales	7,361	7,331	0.4	7,512	-2.0	14,873	14,749	0.8
COGS	3,824	3,651	4.7	3,904	(2.1)	7,728	7,265	6.4
Gross Profit	3,537	3,679	(3.9)	3,608	(2.0)	7,145	7,484	(4.5)
Gross Margin (%)	48.1	50.2	-214 bps	48.0	3 bps	48.0	50.7	-270 bps
Employee Costs	848	806	5.2	867	(2.2)	1,715	1,667	2.8
% of net sales	11.5	11.0	52 bps	11.5	-3 bps	11.5	11.3	22 bps
AS&P	615	611	0.7	589	4.4	1,203	1,226	(1.9)
% of net sales	8.4	8.3	2 bps	7.8	51 bps	8.1	8.3	-22 bps
Other Expenses	892	880	1.4	911	(2.1)	1,802	1,872	(3.7)
% of net sales	12.1	12.0	12 bps	12.1	0 bps	12.1	12.7	-58 bps
EBITDA	1,183	1,383	-14.5	1,242	-4.7	2,424	2,718	-10.8
EBITDA Margin (%)	16.1	18.9	-280 bps	16.5	-46 bps	16.3	18.4	-213 bps
Depreciation	152	139	9.4	147	3.3	299	273	9.6
EBIT	1,031	1,245	(17.2)	1,094	(5.8)	2,125	2,445	(13.1)
EBIT Margin (%)	14.0	17.0	-297 bps	14.6	-56 bps	14.3	16.6	-229 bps
Other income	170	125	35.4	194	(12.7)	364	263	38.7
Interest costs	14	14	(2.9)	13	1.5	27	28	(3.2)
PBT	1,187	1,356	(12.5)	1,275	-7	2,462	2,680	(8.1)
Tax	309	307	0.9	307	0.6	617	613	0.5
Tax Rate (%)	26.1	22.6	345 bps	24.1	196 bps	25.0	22.9	216 bps
PAT	878	1,049	(16.4)	968	(9.3)	1,846	2,066	(10.7)
Recurring PAT	878	1,049	-16.4	968	-9.3	1,846	2,067	-10.7
NPM (%)	11.9	14.3	-239 bps	12.9	-96 bps	12.4	14.0	-160 bps
Reported PAT	878	1,049	-16.4	968	-9.3	1,846	2,067	-10.7
EPS (INR)	2.39	2.86	(16.4)	2.64	(9.3)	5.03	5.63	(10.7)

Source: Company, Antique

Table 2: Segment performance

Segment revenue	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Fabric care	3,355	3,161	6.1	3,328	0.8	6,682	6,389	4.6
Dishwashing	2,444	2,540	(3.8)	2,482	(1.5)	4,926	5,019	(1.9)
Household insecticides	411	451	(8.9)	455	(9.6)	866	954	(9.3)
Personal care	819	856	(4.3)	939	(12.8)	1,759	1,789	(1.7)
Total Others	332	323	2.8	309	7.6	640	597	7.2
Total revenue	7,361	7,331	0.4	7,512	(2.0)	14,873	14,749	0.8

Segment PBIT	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Fabric care	737	789	(6.7)	676	8.9	1,413	1,591	(11.2)
Dishwashing	422	484	(12.9)	502	(16.0)	924	979	(5.6)
Household insecticides	(40)	(43)	7.0	(48)	17.6	-88	-97	9.3
Personal care	22	116	(81.1)	111	(80.1)	133	219	(39.4)
Total Others	3	24	(87.6)	6	(45.5)	8.5	19.6	(56.6)
Total PBIT	1,143	1,371	(16.6)	1,246	(8.2)	2,390	2,712	(11.9)

PBIT margins (%)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Fabric care	22.0	25.0	-301 bps	20.3	164 bps	21.1	24.9	-377 bps
Dishwashing	17.3	19.1	-180 bps	20.2	-298 bps	18.8	19.5	-75 bps
Household insecticides	-9.7	-9.5	-19 bps	-10.6	94 bps	-10.2	-10.2	0 bps
Personal care	2.7	13.6	-1088 bps	11.8	-908 bps	7.5	12.2	-469 bps
Others	0.9	7.5	-656 bps	1.8	-88 bps	1.3	3.3	-195 bps
Total	15.5	18.7	-316 bps	16.6	-105 bps	16.1	18.4	-232 bps

Source: Company, Antique

Table 3: Balance sheet

Year ended, INR mn	1HFY26	1HFY25	Chg, %	FY26	FY25	Chg, %
Share Capital	367	367	-	367	367	-
Reserves & Surplus	14,012	18,494	(24.2)	22,232	20,128	10.5
Networth	14,379	18,861	(23.8)	22,599	20,495	10.3
Minority Interest	-	18	(100.0)	-	-	-
Net deferred Tax liabilities	(237)	(601)	(60.6)	(453)	(453)	-
Capital Employed	14,142	18,277	(22.6)	22,146	20,043	10.5
Net Fixed Assets	3,747	3,525	6.3	3,462	3,774	(8.3)
Goodwill	1,052	7,863	(86.6)	7,863	7,863	-
Investments	5,660	2,877	96.7	4,565	4,565	-
Current Assets, Loans & Advances	10,760	10,994	(2.1)	12,837	10,219	25.6
Inventory	3,356	3,041	10.4	3,311	3,281	0.9
Debtors	3,380	2,877	17.5	1,890	2,744	(31.1)
Cash & Bank balance	122	1,424	(91.4)	5,076	1,424	256.6
Loans & advances and others	3,903	3,651	6.9	2,559	2,771	(7.6)
Current Liabilities & Provisions	7,077	6,983	1.4	6,580	6,379	3.1
Liabilities	5,811	5,834	(0.4)	5,271	5,163	2.1
Provisions	1,267	1,149	10.3	1,309	1,216	7.7
Net Current Assets	3,683	4,011	(8.2)	6,257	3,840	62.9
Application of Funds	14,142	18,277	(22.6)	22,146	20,043	10.5

Source: Company, Antique

Table 4: Cash flow

INR mn	1HFY26	1HFY25	Chg, %	FY26	FY25	Chg, %
PBT	2,462	2,681	(8.1)	4,489	4,888	(8.2)
Depreciation & amortization	293	267	9.5	613	561	9.2
Interest expense	27	28	(3.6)	61	59	3.0
(Inc)/Dec in working capital	(321)	(401)	(19.9)	(2,704)	(364)	643.8
Tax paid	(201)	(517)	(61.2)	(1,100)	(1,184)	(7.1)
Less: Interest/Div. Income Recd.	-	-	-	(622)	(556)	-
Other operating Cash Flow	(296)	(170)	-	-	-	-
Cash flow from operating activities	1,888	1,888	-	736	3,405	(78.4)
Capital expenditure	(351)	(264)	32.7	(300)	(722)	(58.5)
Inc/(Dec) in investments	(904)	153	(691.0)	-	-	-
Add: Interest/Div. Income Recd.	-	-	-	622	556	-
Others	81	117	-	-	-	-
Cash flow from investing activities	5	5	-	322	(166)	(293.9)
Inc/(Dec) in debt	(131)	(140)	(6.3)	-	-	-
Dividend Paid	(1,285)	(1,285)	0.0	(1,285)	(1,285)	-
Others	(24)	(0)	11,750.0	3,879	(2,190)	-
Cash flow from financing activities	(1,425)	(1,425)	-	2,594	(3,476)	(174.6)
Net cash flow	468	468	-	3,653	(237)	(1,642.5)
Opening balance	(346)	956	(136.2)	1,424	1,660	(14.3)
Closing balance	122	1,424	(91.4)	5,076	1,424	256.6

Source: Company, Antique

Table 5: Actual vs. estimates

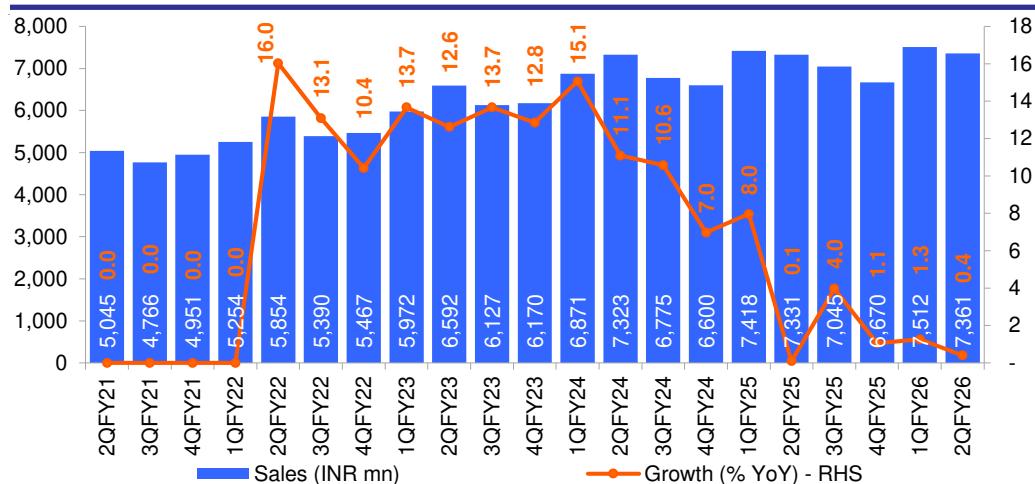
INR mn	Actual	Antique est.	Var (%)	Consensus	Var (%)
Revenue	7,361	7,411	-0.7	7,473	-1.5
Gross Margin	48.1	48	5 bps	48.8	-72 bps
EBITDA	1,183	1,240	-4.6	1,276	-7.3
EBITDA Margin	16.1	16.7	-67 bps	17.1	-101 bps
Adj. Net profit	878	923	-4.9	976.9	-10.2
Adj. NPM	11.9	12.5	-53 bps	13.1	-115 bps

Source: Company, Antique

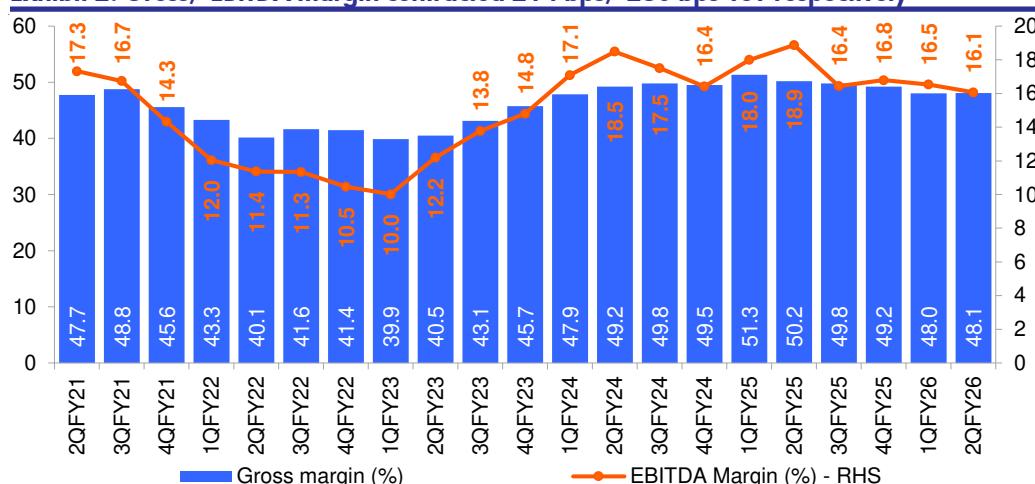
Table 6: Change in estimates

INR mn	FY26			FY27			FY28		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	28,738	29,418	(2.3)	30,657	31,798	(3.6)	32,606	34,389	(5.2)
EBITDA	4,540	4,961	(8.5)	5,051	5,427	(6.9)	5,575	5,940	(6.1)
EBITDA Margin, %	15.8	16.9	-107 bps	16.5	17.1	-59 bps	17.1	17.3	-17 bps
PAT	3,389	3,751	(9.6)	3,848	4,113	(6.4)	4,275	4,512	(5.3)
EPS	9.2	10.2	(9.6)	10.5	11.2	(6.4)	11.6	12.3	(5.3)

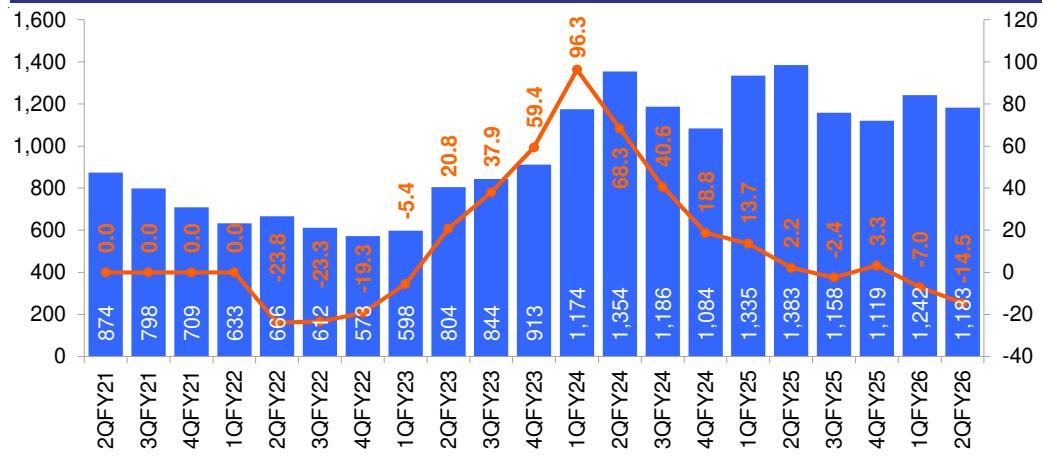
Source: Company, Antique

Exhibit 1: Overall sales stood flat YoY

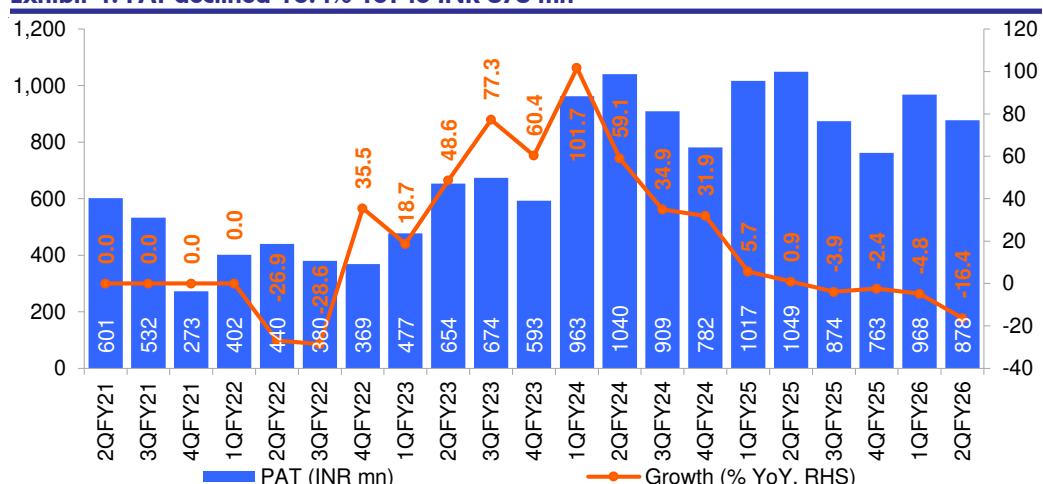
Source: Company, Antique

Exhibit 2: Gross/ EBITDA margin contracted 214 bps/ 280 bps YoY respectively

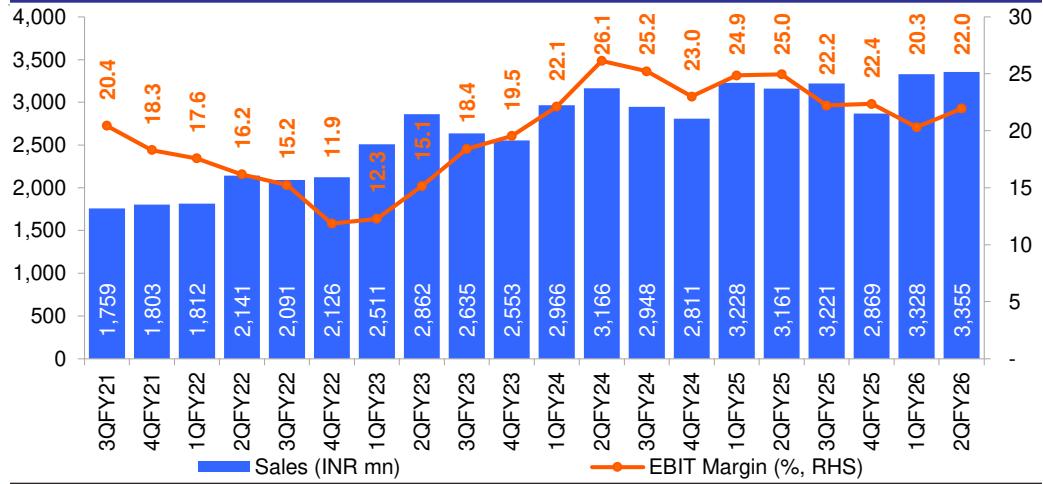
Source: Company, Antique

Exhibit 3: EBITDA declined 14.6% YoY with a margin of 16.1%


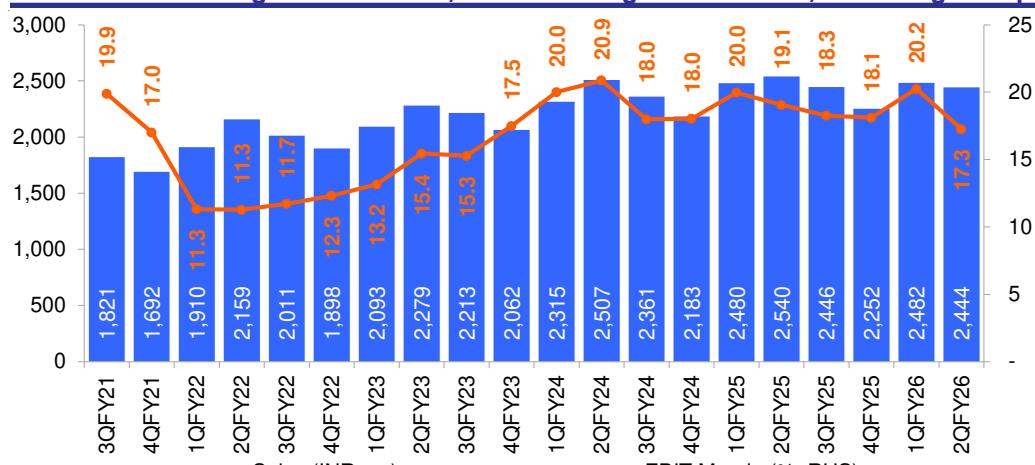
Source: Company, Antique

Exhibit 4: PAT declined 16.4% YoY to INR 878 mn


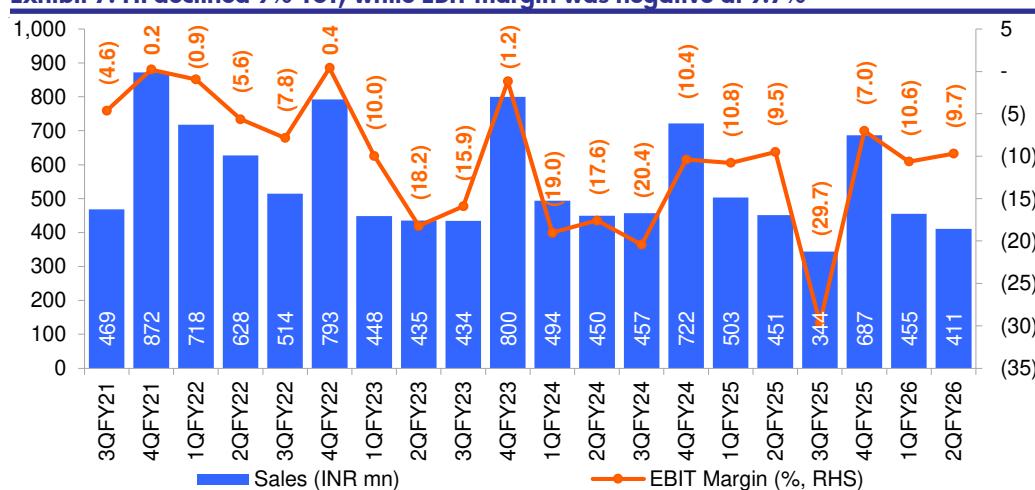
Source: Company, Antique

Exhibit 5: Fabric care grew 6% YoY, while EBIT margin contracted 295 bps YoY to 22%


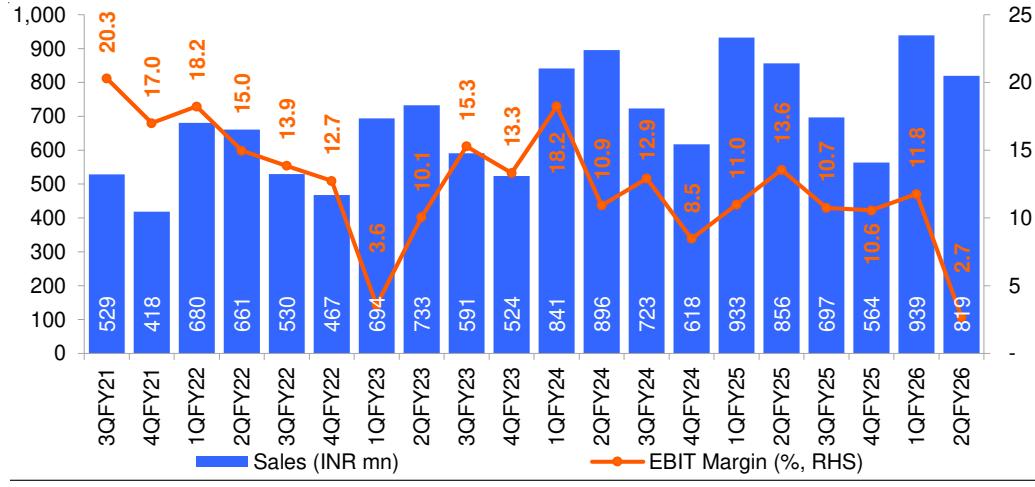
Source: Company, Antique

Exhibit 6: Dish washing declined 4% YoY, while EBIT margin was at 17.3%, contracting 180 bps


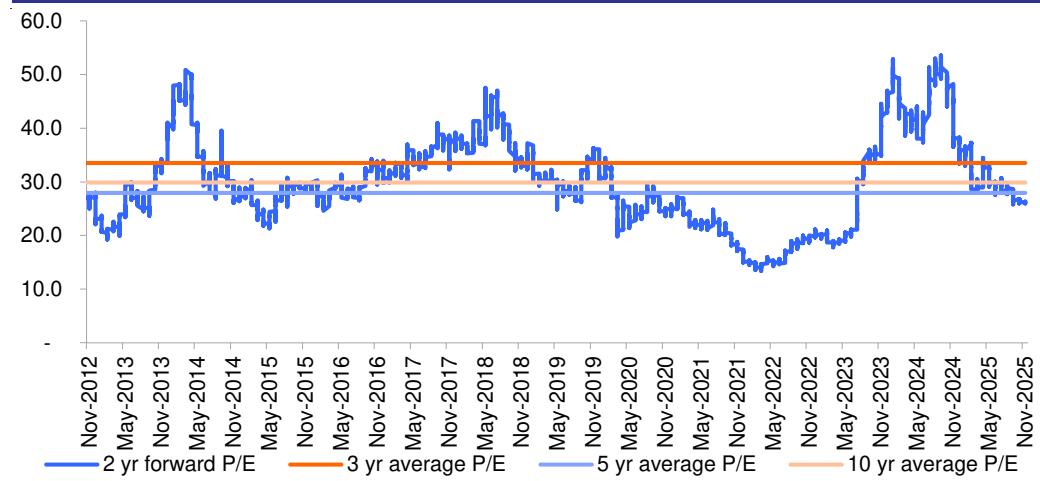
Source: Company, Antique

Exhibit 7: HI declined 9% YoY, while EBIT margin was negative at 9.7%


Source: Company, Antique

Exhibit 8: Personal care sales declined 4%, while EBIT margin stood at 2.7%


Source: Company, Antique

Exhibit 9: JYL is trading at 7% discount (26x) to 5-yr. average of 2-yr. forward P/E (28x)

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	27,569	28,470	28,738	30,657	32,606
Gross Profit	13,531	14,275	13,909	14,930	15,977
Op. Expenses	(22,771)	(23,474)	(24,198)	(25,606)	(27,031)
EBITDA	4,798	4,996	4,540	5,051	5,575
Depreciation	(500)	(561)	(613)	(628)	(642)
EBIT	4,298	4,435	3,927	4,423	4,933
Other income	537	556	622	672	726
Interest Exp.	(47)	(59)	(61)	(66)	(71)
Extra Ordinary Items/gain/(loss)	-	(43)	-	-	-
Reported PBT	4,788	4,888	4,489	5,030	5,588
Tax	(1,095)	(1,184)	(1,100)	(1,182)	(1,313)
Reported PAT	3,693	3,704	3,389	3,848	4,275
Minority Int./Profit (loss) From Asso.	2	1	-	-	-
Net Profit	3,692	3,703	3,389	3,848	4,275
Adjusted PAT	3,695	3,747	3,389	3,848	4,275
Adjusted EPS (INR)	10.1	10.2	9.2	10.5	11.6

Balance sheet (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	367	367	367	367	367
Reserves & Surplus	17,716	20,128	22,232	24,794	27,784
Networth	18,083	20,495	22,599	25,161	28,151
Minority Interest	19	-	-	-	-
Net deferred Tax liabilities	(648)	(453)	(453)	(453)	(453)
Capital Employed	17,454	20,043	22,146	24,709	27,699
Gross Fixed Assets	6,936	7,658	7,958	8,258	8,558
Accumulated Depreciation	3,547	4,108	4,721	5,349	5,990
Capital work in progress	134	224	224	224	224
Net Fixed Assets	3,523	3,774	3,462	3,134	2,792
Goodwill	7,863	7,863	7,863	7,863	7,863
Investments	1,915	4,565	4,565	4,565	4,565
Current Investments	1,915.2	4,564.7	4,564.7	4,564.7	4,564.7
Current Assets, Loans & Adv.	10,055	10,219	12,837	16,223	20,073
Inventory	2,835	3,281	3,311	3,533	3,757
Debtors	2,014	2,744	1,890	2,016	2,144
Cash & Bank balance	1,660	1,424	5,076	7,989	11,358
Loans & advances and others	3,545	2,771	2,559	2,685	2,814
Current Liabilities & Provisions	5,902	6,379	6,580	7,076	7,594
Liabilities	4,817	5,163	5,271	5,646	6,034
Provisions	1,086	1,216	1,309	1,430	1,561
Net Current Assets	4,152	3,840	6,257	9,147	12,479
Application of Funds	17,454	20,043	22,146	24,709	27,699

Per share data

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	367.2	367.2	367.2	367.2	367.2
Diluted no. of shares (mn)	367.2	367.2	367.2	367.2	367.2
BVPS (INR)	49.2	55.8	61.5	68.5	76.7
CEPS (INR)	11.4	11.6	10.9	12.2	13.4
DPS (INR)	3.5	3.5	3.5	3.5	3.5

Margins (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	17.4	17.5	15.8	16.5	17.1
EBIT Margin (%)	15.6	15.6	13.7	14.4	15.1
PAT Margin (%)	13.1	12.9	11.5	12.3	12.8

Source: Company Antique

Key assumptions

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Fabric care YoY (%)	12.6	5.0	3.0	6.0	6.0
Dishwashing YoY (%)	8.3	3.7	0.0	8.0	8.0
HI YoY (%)	0.3	(6.5)	(6.0)	3.0	1.0
Personal care YoY (%)	21.1	(0.9)	(2.0)	7.0	5.0
Ad-spends (%)	8.3	8.4	8.1	8.1	8.1
Gross Margin (%)	49.1	50.1	48.4	48.7	49.0

Cash flow statement (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
PBT	4,788	4,888	4,489	5,030	5,588
Depreciation & amortization	500	561	613	628	642
Interest expense	47	59	61	66	71
(Inc)/Dec in working capital	698	(364)	(2,704)	(2,918)	(3,366)
Tax paid	(1,095)	(1,184)	(1,100)	(1,182)	(1,313)
Less: Interest/Div. Income Recd.	(537)	(556)	(622)	(672)	(726)
CF from operating activities	4,400	3,405	736	951	896
Capital expenditure	(589)	(722)	(300)	(300)	(300)
Add: Interest/Div. Income Recd.	537	556	622	672	726
CF from investing activities	(52)	(166)	322	372	426
Dividend Paid	(1,285)	(1,285)	(1,285)	(1,285)	(1,285)
Others	(4,238)	(2,190)	3,879	2,875	3,333
CF from financing activities	(5,523)	(3,476)	2,594	1,590	2,047
Net cash flow	(1,174)	(237)	3,653	2,913	3,369
Opening balance	2,835	1,660	1,424	5,076	7,989
Closing balance	1,660	1,424	5,076	7,989	11,358

Growth indicators (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Revenue	10.9	3.3	0.9	6.7	6.4
EBITDA	51.9	4.1	(9.1)	11.3	10.4
Adj PAT	58.8	1.4	(9.6)	13.5	11.1
Adj EPS	58.8	1.4	(9.6)	13.5	11.1

Valuation (x)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	30.8	30.4	33.6	29.6	26.6
P/BV (x)	6.3	5.6	5.0	4.5	4.0
EV/EBITDA (x)	23.0	21.6	23.0	20.1	17.6
EV/Sales (x)	4.0	3.8	3.6	3.3	3.0
Dividend Yield (%)	1.1	1.1	1.1	1.1	1.1

Financial ratios

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	22.0	19.4	15.7	16.1	16.0
RoCE (%)	30.2	26.6	21.6	21.8	21.6
Asset/T.O (x)	3.8	3.7	3.3	2.8	2.4
Net Debt/Equity (x)	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)
EBIT/Interest (x)	(102.2)	(84.2)	(74.5)	(77.2)	(79.4)

Source: Company Antique

CMP	: INR 282
Reco	: HOLD ↘
Target Price	: INR 306 ↑
Target Price Change	: 10%
Target 1HFY28e P/E (x)	: 60
EPS Change FY26/27/28	: 31% / 12% / 8%

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Market data

Sensex	:	84,467
Sector	:	FMCG
Market Cap (INR bn)	:	91.8
Market Cap (USD bn)	:	1.035
O/S Shares (mn)	:	325.4
52-wk HI/LO (INR)	:	388/190
Avg. Daily Vol ('000)	:	495
Bloomberg	:	HONASA IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	4.3	4.6	5.6
P/E (x)	66.1	61.2	50.5
P/BV (x)	7.0	6.2	5.6
EV/EBITDA (x)	50.2	38.6	29.1
EV/Sales (x)	3.7	3.0	2.5

Source: Bloomberg

Returns (%)

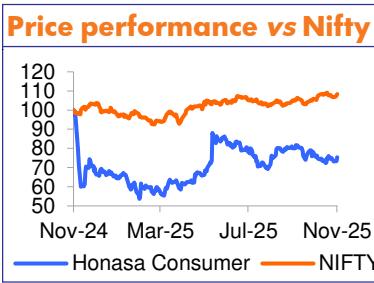
	1m	3m	6m	12m
Absolute	(3)	5	14	(25)
Relative	(6)	(1)	11	(30)

Source: Bloomberg

Shareholding pattern

Promoters	:	35%
Public	:	65%
Others	:	0%

Source: Bloomberg



Source: Bloomberg

Indexed to 100

2QFY26 RESULT REVIEW

Honasa Consumer

Valuations factor in recovery; maintain HOLD

Honasa Consumer's 2QFY26 operational performance was better than our expectations on the profitability front. Gross margin at 70.5% was better than our estimate of 69.2%, resulting in EBITDA margin at 8.9% during the quarter (vs. our est. of 7.6%). Change in settlement policies had an INR 280 mn impact on revenue recognition, however, this had no impact on absolute profitability. Profits were ahead of expectation given the decline in A&P spends/ other expenses of 1.6% / 19.4% YoY respectively. Revenue growth of 16.5% YoY was in line with estimate with 20% growth in e-com and MT, and double digit secondary sales growth in GT. Notably, underlying volume growth was strong at 16.7% YoY during the quarter. Mamaearth's growth was driven by double digit growth in focus categories across e-commerce and modern trade channels. Notably, secondary offtake delivered a second quarter of positive sales growth. The emerging brands (The Derma Co, Aqualogica, etc.) that are non-offline channel brands continue to grow at a healthy rate (20% YoY). Factoring higher profitability during FY26, we have increased our FY26/ 27/ 28 earnings estimates by 31% / 12% / 8% respectively. We maintain HOLD with a revised target price of INR 306 (previously INR 279), based on 60x P/E on 1HFY28 estimates.

Performance improved with UVG of 17% YoY during the quarter

Revenue grew 16.5% YoY (22% adjusted for revenue recognition impact from flipkart) amounting to INR 5.4 bn with underlying volume growth of 16.7% YoY. Within the Mamaearth brand, face cleanser value market share improved by 123 bps, and "Rice Facewash" is at INR 1 bn ARR. E-commerce and modern trade channels delivered double digit growth during the quarter. The company recorded 20% YoY growth in offtake from modern trade and e-com with double digit secondary sales growth. The company witnessed 35% YoY increase in direct outlet billed through distributors in 1HFY26. Total reach as of Sep'25 stands at 2.5 lakhs FMCG outlets, an increase of 20% YoY. Emerging brands such as The Derma Co., Aqualogica, BBlunt, and Dr. Sheth's collectively posted over 20% YoY growth during 2QFY26.

Profitability ahead of expectations

Gross margin expanded by 172 bps YoY to 70.5% due to favorable product mix (young brands involved in skin and face care). EBITDA stood at INR 476 mn with a margin of 8.9%, expanded 116 bps QoQ. Largely on account of revenue recognition changed by Flipkart resulting in lower logistics cost (other expenses decreased 19.4% YoY). Employee cost grew 16% YoY to INR 598 mn. Finally, rationalization in A&P spends declined by 2% YoY to 33.5% of sales vs. 39.6% in base quarter. Honasa has guided for EBITDA margin to stay in the current range in the coming quarters. Recurring PAT of INR 392 mn declined 5% QoQ.

Investment Summary

We build in revenue/ PAT CAGR of 12% / 36% during FY25-28E. In our view, current valuations factor the recovery in performance, and sustained performance is uncertain given headwinds in GT penetration.

Conference Call Takeaways

- The company made a strategic 25% minority investment in an early-stage oral care brand, Fang Oral. The brand is positioned to become a "prestige leader" in the country from an oral care perspective. It already plays in two specific partition spaces that the management believes will be built out over the next decade: clean label and whitening.
- A new brand called Lumineve was launched, focusing exclusively on night care. This is built on the science that skin regeneration peaks during sleep. Lumineve is the company's first entry into prestige skin care, with products priced about 2.5x higher than current offerings, and launched exclusively with Nykaa.
- The plan is to remain concentrated on focus categories to establish a cash generating pool prior to expanding in additional categories.
- Consistently maintaining the gross margin above 71%, with continued improvements in payment efficiencies. The newer brands are primarily skin-focused, contributing positively to the overall margin profile.
- Core categories now dominate 75% of contributions (up from 70% last year), and the aim is to reach 84%-85% over the next 4-6 quarters.

Derma Co

- Derma Co delivered INR 7.5 bn Annual Run Rate (ARR) and maintains a high single-digit EBITDA profile. The brand plans to build out the Moisturizer and Shampoo categories as it targets becoming a INR 100 bn+ brand over the next 1-2 years
- Currently, 80% of the business is coming from direct distribution contribution.
- The company is looking to sequentially grow secondary sales at 35% and the brand is now present in over 250,000 billing outlets.
- Management believes they will maintain margins at the current range and continue to target unlocking 50 to 100 bps of operating margin profile annually through marketing and sourcing efficiencies.

Table 1: Quarterly financials

INR mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Total Operating Income	5,381	4,618	16.5	5,953	(9.6)	11,333	10,159	11.6
Cost of Raw material	1,588	1,442	10.1	1,714	(7.4)	3,302	3,012	9.6
% of sales	29.5	31.2	-172 bps	28.8	71 bps	29.1	29.7	-52 bps
Gross Profit	3,793	3,176	19.4	4,238	-10.5	8,031	7,147	12.4
Margin %	70.5	68.8	172 bps	71.2	-71 bps	70.9	70.3	52 bps
Employees cost	598	515	16.3	604	(0.9)	1,202	1,009	19.2
% of net sales	11.1	11.1	-2 bps	10.1	98 bps	10.6	9.9	68 bps
A&P Spends	1,800	1,830	(1.6)	2,060	(12.6)	3,860	3,830	0.8
% of net sales	33.5	39.6	-617 bps	34.6	-115 bps	34.1	37.7	-364 bps
Other expenditure	918	1,139	(19.4)	1,117	(17.8)	2,035	2,154	(5.5)
% of net sales	17.1	24.7	-759 bps	18.8	-169 bps	18.0	21.2	-325 bps
EBITDA	476	(307)	(255.2)	458	4.0	934	154	506.2
EBITDA margin%	8.9	-6.6	1550 bps	7.7	116 bps	8.2	1.5	673 bps
Depreciation	117	106	11.1	108	8.5	226	200	12.9
Interest	33	31	5.2	33	0.4	66	62	6.8
Other Income	201	200	0.6	239	(15.7)	440	387	13.6
PBT	527	(244)	(316.4)	556	(5.1)	1,083	280	286.6
Tax	135	(58)	-333.2	143	-5.2	278	63	338.3
Tax rate (%)	25.6	23.8	185 bps	25.7	-3 bps	25.6	22.6	303 bps
Reported PAT	392	(186)	(311.2)	413	(5.1)	806	217	271.5
Minority Interest	-	-	NA	-	NA	-	-	#DIV/0!
Recurring PAT	392	(186)	(311.2)	413	(5.1)	806	217	271.5
EPS	1.2	(0.6)		1.3	(5)	2.5	0.7	

Source: Company, Antique

Table 2: Actual vs. estimates

INR mn	Actual	Antique Est.	Var (%)	Consensus	Var (%)
Revenue	5,381	5,403	(0.4)	5,371	0.2
Gross Margin %	70.5	69.2	129 bps	70.3	20 bps
EBITDA	476	411	15.9	391	21.9
EBITDA margin	8.9	7.6	125 bps	7.3	158 bps
PAT	392	274	42.9	330	18.8

Source: Company, Antique

Table 3: Change in estimates

INR mn	FY26			FY27			FY28		
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Revenue	22,875	22,405	2.1	27,574	26,851	2.7	32,815	31,629	3.7
Gross Margin %	70.7%	70.9%	0 bps	70.6%	70.9%	0 bps	70.6%	70.9%	0 bps
EBITDA	1,678	1,572	6.7	2,137	2,089	2.3	2,762	2,700	2.3
EBITDA margin	7.3	7.0	32 bps	7.8	7.8	-3 bps	8.4	8.5	-12 bps
PAT	1,388	1,062	30.7	1,500	1,343	11.6	1,817	1,683	7.9
EPS	4.3	3.3	30.7	4.6	4.1	11.6	5.6	5.2	7.9

Source: Company, Antique

Table 4: Balance sheet

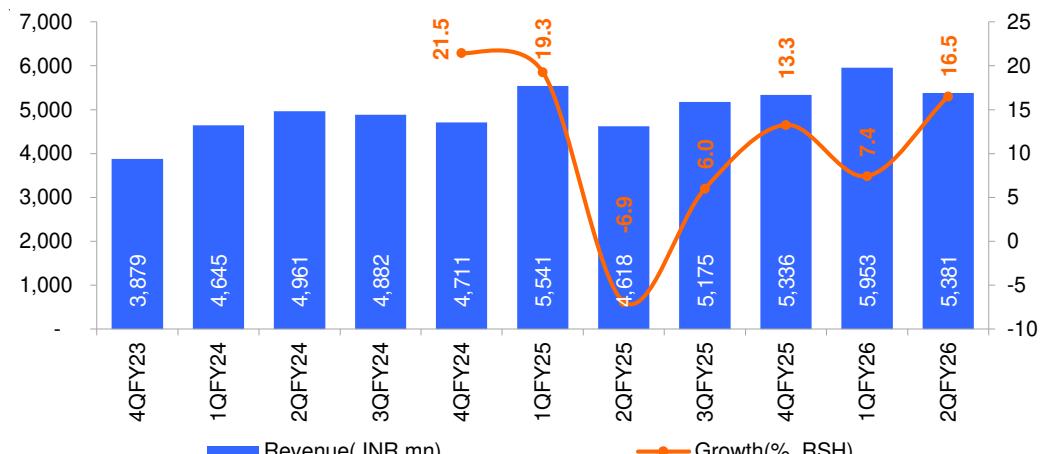
Year ended, INR mn	1HFY26	1HFY25	Chg, %	FY26E	FY25	Chg, %
Share Capital	3,254	3,248	0.2	3,252	3,252	-
Reserves & Surplus	9,455	8,004	18.1	9,934	8,546	16.2
Networth	12,709	11,253	12.9	13,186	11,798	11.8
Net deferred Tax liabilities	0	2		(107)	(107)	-
Capital Employed	12,709	11,255	12.9	13,079	11,691	11.9
Net Fixed Assets	2,481	2,562	(3.1)	2,575	2,495	3.2
Goodwill	528	528	-	528	528	-
Investments	2,887	2,239	29.0	3,048	3,048	-
Current Assets, Loans & Advances	13,053	12,124	7.7	13,535	11,724	15.5
Inventory	1,565	1,802	(13.1)	1,752	1,583	10.7
Debtors	1,834	1,533	19.7	1,464	1,323	-
Cash & Bank balance	2,146	4,388	(51.1)	4,473	3,313	35.0
Loans & advances and others	7,508	4,402	70.6	5,846	5,505	6.2
Current Liabilities & Provisions	6,240	6,198	0.7	6,607	6,103	8.3
Liabilities	6,044	6,030	0.2	6,401	5,916	8.2
Provisions	196	168	17.0	206	187	10.3
Net Current Assets	6,813	5,926	15.0	6,928	5,620	23.3
Application of Funds	12,709	11,255	12.9	13,079	11,691	11.9

Source: Company, Antique

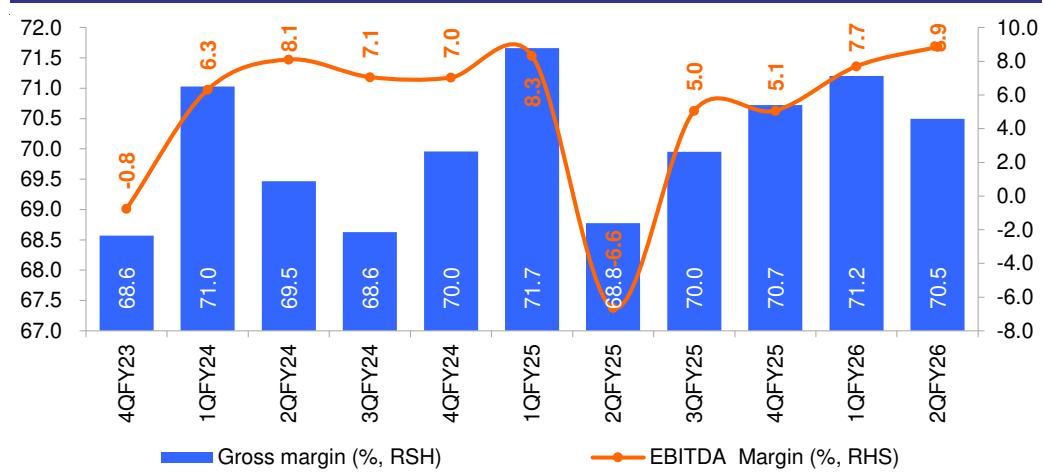
Table 5: Cash flow statement

Year ended, INR mn	1HFY26	1HFY25	Chg, %	FY26E	FY25	Chg, %
PBT	1,083	280	286.6	1,855	896	107.0
Depreciation & amortization	54	199	(73.0)	537	450	19.2
Interest expense	66	62	6.1	137	126	8.0
(Inc)/Dec in working capital	(874)	(337)	159.2	(148)	(50)	193.6
Tax paid	(231)	(230)	0.3	(468)	49	(1,046.0)
Other operating Cash Flow	(97)	(189)	(48.9)	-	(450)	(100.0)
Cash flow from operating activities	2	(215)	(100.8)	1,913	1,022	87.3
Capital expenditure	(43)	(126)	(66.2)	(617)	(171)	260.3
Inc/(Dec) in investments	(48)	(617)	-	-	(1,674)	(100.0)
Add: Interest/Div. Income Recd.	-	-	-	-	393	(100.0)
Others	197	111	-	-	-	-
Cash flow from investing activities	107	(632)	(116.9)	(617)	(1,451)	(57.5)
Inc/(Dec) in share capital	4	41	-	-	48	(100.0)
Inc/(Dec) in debt	(177)	(96)	83.7	-	-	-
Others	(4)	(62)	(93.1)	(137)	(1,162)	(88.2)
Cash flow from financing activities	(177)	(117)	51.0	(137)	(1,114)	(87.7)
Net cash flow	(69)	(964)	(92.9)	1,160	(1,544)	(175.2)
Opening balance	2,215	5,352	(58.6)	3,313	4,856	(31.8)
Closing balance	2,146	4,388	(51.1)	4,473	3,313	35.0

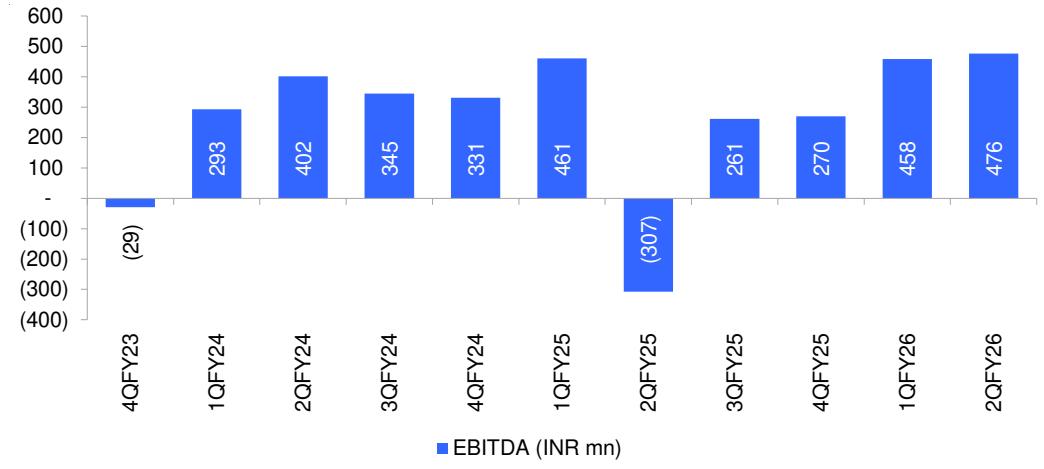
Source: Company, Antique

Exhibit 1: Revenue grew 16.5% YoY while UVG stood at 16.7%


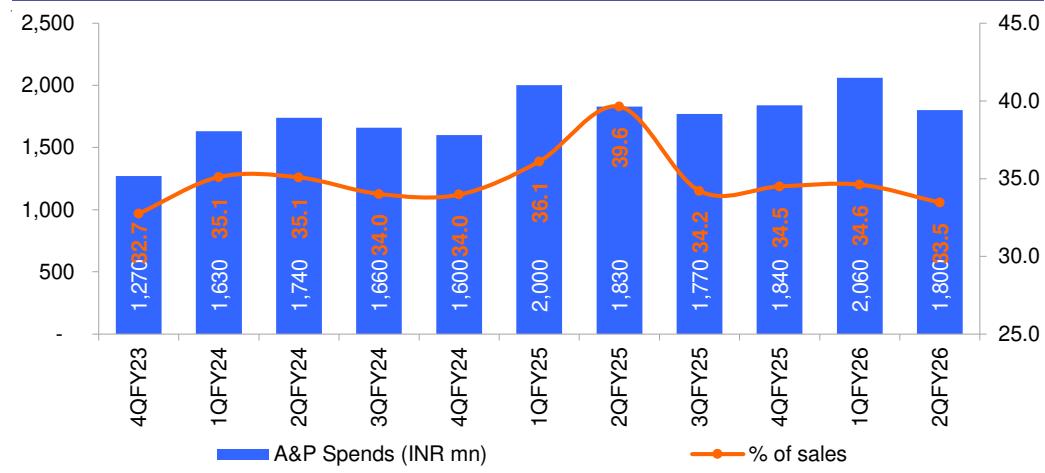
Source: Company, Antique

Exhibit 2: Profitability improved due to lower overheads


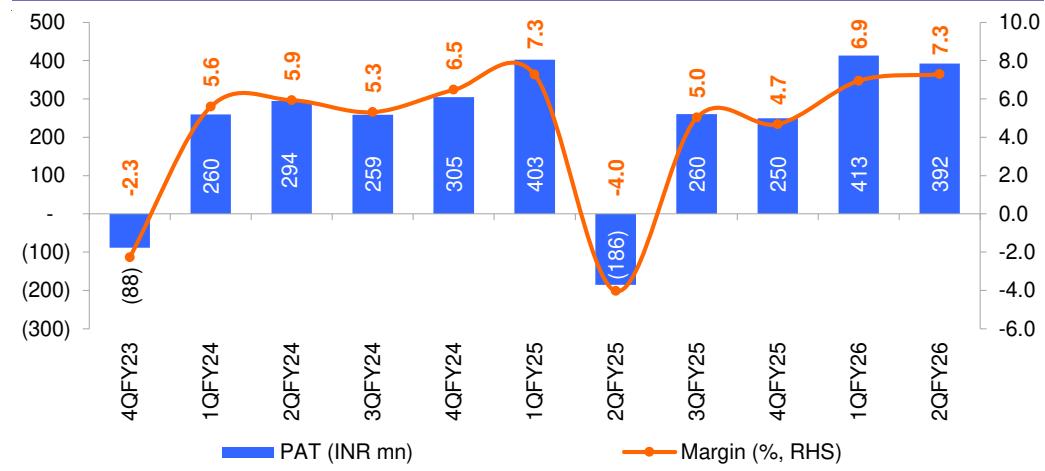
Source: Company, Antique

Exhibit 3: EBITDA grew 4% QoQ during the quarter to INR 476 mn


Source: Company, Antique

Exhibit 4: A&P spend declined 1.6% YoY to 33.5% of sales during the quarter


Source: Company, Antique

Exhibit 5: Adjusted PAT stood at INR 392 mn during the quarter


Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	19,199	20,669	22,875	27,574	32,815
Gross Profit	13,392	14,540	16,173	19,467	23,167
Op. Expenses	(12,021)	(13,855)	(14,495)	(17,330)	(20,405)
EBITDA	1,371	685	1,678	2,137	2,762
Depreciation	(306)	(450)	(537)	(737)	(926)
EBIT	1,065	235	1,141	1,401	1,836
Other income	497	787	850	765	773
Interest Exp.	(90)	(126)	(137)	(150)	(167)
Reported PBT	1,471	896	1,855	2,016	2,442
Tax	(366)	(169)	(468)	(516)	(625)
Reported PAT	1,105	727	1,388	1,500	1,817
Net Profit	1,105	727	1,388	1,500	1,817
Adjusted PAT	1,118	727	1,388	1,500	1,817
Adjusted EPS (INR)	3.4	2.2	4.3	4.6	5.6

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	3,242	3,252	3,252	3,252	3,252
Reserves & Surplus	7,710	8,546	9,934	11,434	13,251
Networth	10,953	11,798	13,186	14,686	16,503
Net deferred Tax liabilities	4	(107)	(107)	(107)	(107)
Capital Employed	10,957	11,691	13,079	14,578	16,395
Gross Fixed Assets	3,101	3,585	4,202	4,918	5,735
Accumulated Depreciation	(641)	(1,091)	(1,627)	(2,364)	(3,290)
Capital work in progress	5	1	1	1	1
Net Fixed Assets	2,464	2,495	2,575	2,555	2,445
Goodwill	528	528	528	528	528
Intangible Assets	528	528	528	528	528
Investments	2,918	3,048	3,048	3,048	3,048
Non Current Investments	-	-	-	-	-
Current Investments	2,918	3,048	3,048	3,048	3,048
Current Assets, Loans & Adv.	10,384	11,724	13,535	16,119	19,232
Inventory	1,228	1,583	1,752	2,112	2,513
Debtors	1,594	1,323	1,464	1,765	2,101
Cash & Bank balance	4,857	3,313	4,473	6,152	8,255
Loans & advances and others	2,705	5,505	5,846	6,091	6,363
Current Liabilities & Provisions	5,337	6,103	6,607	7,671	8,857
Liabilities	5,202	5,916	6,401	7,434	8,586
Provisions	135	187	206	237	272
Net Current Assets	5,047	5,620	6,928	8,448	10,374
Application of Funds	10,957	11,691	13,079	14,578	16,395

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	324	325	325	325	325
Diluted no. of shares (mn)	324	325	325	325	325
BVPS (INR)	33.8	36.3	40.5	45.2	50.7
CEPS (INR)	4.4	3.6	5.9	6.9	8.4

Source: Company, Antique

Key assumptions

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Gross margin (%)	69.8	70.3	70.7	70.6	70.6
Employee expenses(%)	8.9	9.7	10.5	9.9	9.4
Ad-spends (% of sales)	34.4	36.0	33.5	34.0	34.0

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	1,471	896	1,855	2,016	2,442
Depreciation & amortization	306	450	537	737	926
Interest expense	90	126	137	150	167
(Inc)/Dec in working capital	1,025	(50)	(148)	159	177
Tax paid	(324)	49	(468)	(516)	(625)
Other operating Cash Flow	(215)	(450)	-	-	-
CF from operating activities	2,353	1,022	1,913	2,545	3,087
Capital expenditure	(118)	(171)	(617)	(717)	(817)
Inc/(Dec) in investments	(4,714)	(1,674)	-	-	-
Add: Interest/Div. Income Recd.	133	393	-	-	-
CF from investing activities	(4,698)	(1,451)	(617)	(717)	(817)
Inc/(Dec) in share capital	3,633	48	-	-	-
Inc/(Dec) in debt	(36)	-	-	-	-
Others	2,923	(1,162)	(137)	(150)	(167)
CF from financing activities	6,521	(1,114)	(137)	(150)	(167)
Net cash flow	4,176	(1,544)	1,160	1,679	2,103
Opening balance	681	4,857	3,313	4,473	6,152
Closing balance	4,857	3,313	4,473	6,152	8,255

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue (%)	28.6	7.7	10.7	20.5	19.0
EBITDA (%)	502.2	(50.0)	144.9	27.4	29.2
Adj PAT (%)	(35.0)	90.9	8.1	21.2	21.2
Adj EPS (%)	(35.2)	90.9	8.1	21.2	21.2

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	81.8	126.2	66.1	61.2	50.5
P/BV (x)	8.3	7.8	7.0	6.2	5.6
EV/EBITDA (x)	61.2	124.5	50.2	38.6	29.1
EV/Sales (x)	4.4	4.1	3.7	3.0	2.5

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	13.1	6.4	11.1	10.8	11.7
RoCE (%)	18.3	9.0	16.1	15.7	16.8
Asset/T.O (x)	3.7	2.6	2.6	2.7	2.8
Net Debt/Equity (x)	(0.7)	(0.5)	(0.6)	(0.6)	(0.7)
EBIT/Interest (x)	(17.3)	(8.1)	(14.6)	(14.4)	(15.6)

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	7.1	3.3	7.3	7.8	8.4
EBIT Margin (%)	5.5	1.1	5.0	5.1	5.6
PAT Margin (%)	5.7	3.4	5.8	5.3	5.4

Source: Company Antique

CMP	: INR 561
Reco	: HOLD ↘
Target Price	: INR 509 ↘
Target Price Change	: No Change
Target 1HFY28e P/E (x)	: SoTP based
EPS Change FY26/27/28	: No Change

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Market data	
Sensex	: 84,467
Sector	: Infrastructure
Market Cap (INR bn)	: 77.1
Market Cap (USD bn)	: 0.870
O/S Shares (mn)	: 138.4
52-wk HI/LO (INR)	: 664/400
Avg. Daily Vol ('000)	: 256
Bloomberg	: WELENT IN

Source: Bloomberg

Valuation			
	FY26e	FY27e	FY28e
EPS (INR)	25.7	30.4	36.8
P/E (x)	21.8	18.4	15.3
P/BV (x)	2.6	2.3	2.0
EV/EBITDA (x)	15.6	12.6	9.9
Dividend Yield (%)	0.7	0.8	1.0

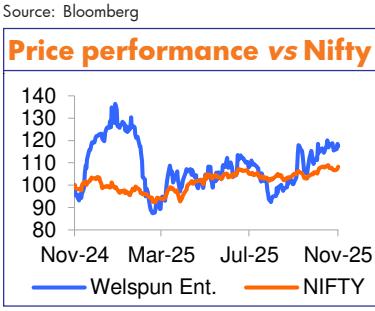
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	6	25	11	17
Relative	4	19	9	9

Source: Bloomberg

Shareholding pattern		
Promoters	: 55%	
Public	: 45%	
Others	: 0%	

Source: Bloomberg



2QFY26 RESULT REVIEW

Welspun Enterprises

Revenue outlook stable; raising capital for scaling opportunities

Welspun Enterprises (WELENT) reported in-line 2QFY26 performance, with revenue (standalone) declining 11% YoY due to completion of two large projects that significantly contributed to the topline. However, EBITDA margin improved to 15.6% (vs. 11.1% YoY) supported by improved project execution efficiency, release of contingencies from recently completed projects, and a richer mix of high-margin water and tunneling contracts. WELENT maintained its FY26 consolidated revenue guidance of INR 40 bn, with execution expected to accelerate in 2H as new projects like the Panjrapur WTP and Pune-Shirur BOT move into active phase. To be eligible for the new NHAI norms, the company is raising INR 10 bn through preferential issue of warrants (price of INR 525/sh, 14% dilution) primarily to strengthen its balance sheet and enhance bidding capacity for upcoming large-scale PPP and BOT projects. We retain HOLD rating with an unchanged SoTP-based target price to INR 509.

A decent quarter

For 2QFY26, Welspun Enterprises recorded standalone revenue de-growth of 11% YoY, mainly due to completion of two large projects (Aunta-Simaria, Mukarba Chowk-Panipat) which were contributing significantly to the topline. EBITDA margin came higher at 15.6% vs. 11.1% YoY; the margin improved due to improved project execution efficiency, release of contingencies from recently completed projects, and a richer mix of high-margin water and tunneling contracts. Thus, EBITDA came in at INR 914 mn, up 24% YoY (13% above our expectation). PAT came in at INR 732 mn, up 13% YoY, in line with our expectation, although it was eaten away by higher finance costs, up 97% YoY.

Order book provides good revenue visibility

2QFY26 consolidated order book stood at INR 156 bn, providing multi-year revenue visibility and execution strength. This includes a standalone EPC order book of INR 88 bn, maintenance order book of INR 54 bn (which provides steady annuity-like cash flows), and an additional INR 14 bn from its subsidiary, Welspun Michigan Engineers. The portfolio is well balanced across transportation, water infrastructure, and tunneling, supported by both EPC and PPP models. The company recently emerged L1 bidder for the INR 73 bn Pune-Shirur BOT Toll project, which will significantly boost the book once awarded. Management indicated that the FY26 order inflow target has already been achieved within the first half, reflecting healthy project momentum. Looking ahead, the company is pursuing a strong bid pipeline across water treatment, tunneling, and BOT/ HAM road projects.

Guidance outlook

WELENT maintained its FY26 consolidated revenue guidance of INR 40 bn, with execution expected to accelerate in 2H as new projects like the Panjrapur WTP and Pune-Shirur BOT projects move into active phase. The company expects these large orders to contribute meaningfully from FY27 onward, while ongoing road, water, and tunneling projects will support near-term growth. Management has guided for a sustainable consolidated EBITDA margin of around 18%, despite the current quarter's elevated 24%, driven by completion-stage efficiencies and cost control.

Investment Summary

Welspun group's WELENT is a play on the water and road capex in India. Its order book (~68% in water segment) provides revenue visibility and the balance sheet is lean with net cash at ~INR 10 bn (~16% of market cap). With an incremental focus on the EPC business, we believe the company can deliver a revenue growth of ~17% CAGR over FY25-28E. Retain HOLD rating; the stock trades at 14x 1HFY28E EPS (standalone).

Table 1: Quarterly financials – Standalone

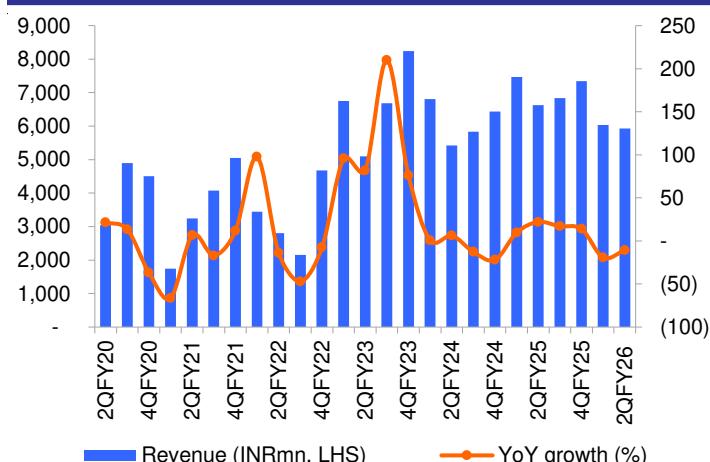
In INR mn	Quarter Ended							
	Sep-25	Sep-24	% Chg	Jun-25	% Chg	1HFY26	1HFY25	% Chg
Net Sales	5,931	6,629	(10.5)	6,037	(1.8)	11,968	14,095	(15.1)
EBIDTA	914	735	24.3	921	(0.8)	1,835	1,728	6.2
Other income	248	250	(0.9)	320	(22.4)	568	548	3.6
PBIDT	1,162	985	17.9	1,241	(6.4)	2,403	2,276	5.6
Depreciation	(37)	(26)	43.2	(20)	82.8	(57)	(42)	37.0
Finance costs	(171)	(87)	97.6	(54)	217.7	(225)	(176)	27.5
PBT	954	873	9.3	1,167	(18.2)	2,121	2,058	3.0
Tax	(222)	(226)	(1.9)	(299)	(25.9)	(520)	(521)	(0.2)
Adjusted PAT	732	647	13.2	868	(15.6)	1,600	1,537	4.1

Source: Company, Antique

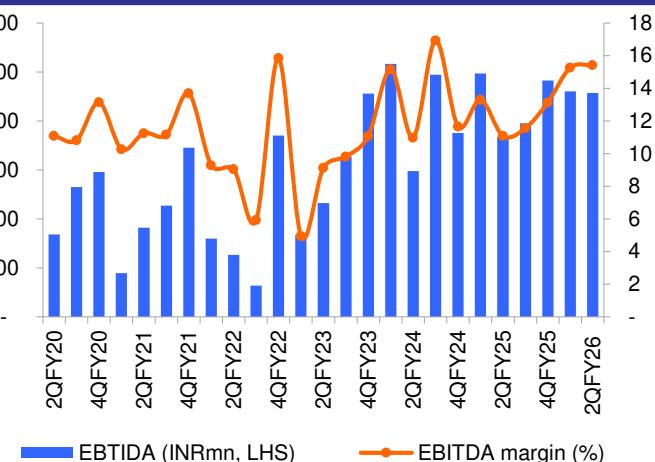
Table 2: Quarterly financials - Consolidated

Consolidated	Quarter Ended							
	Sep-25	Sep-24	% Chg	Jun-25	% Chg	1HFY26	1HFY25	% Chg
Net Sales	7,839	7,885	(0.6)	8,451	(7.2)	16,290	16,958	(3.9)
EBIDTA	1,724	1,005	71.6	1,822	(5.4)	3,546	2,407	47.3
Other income	193	494	(60.9)	256	(24.4)	449	1,019	(55.9)
PBIDT	1,917	1,499	27.9	2,078	(7.7)	3,995	3,427	16.6
Depreciation	133	140	(4.7)	115	16.3	248	227	9.3
Finance costs	525	343	53.3	415	26.5	941	644	46.1
Share of Profit/Loss in JV	(2)	(1)	171.4	(9)	(79.3)	(11)	(1)	
PBT	1,257	1,015	23.8	1,538	(18.3)	2,795	2,555	9.4
Tax	301	293	2.6	420	(28.3)	692	662	4.6
Adjusted PAT	956	732	30.6	1,137	(16.0)	2,103	1,893	11.1

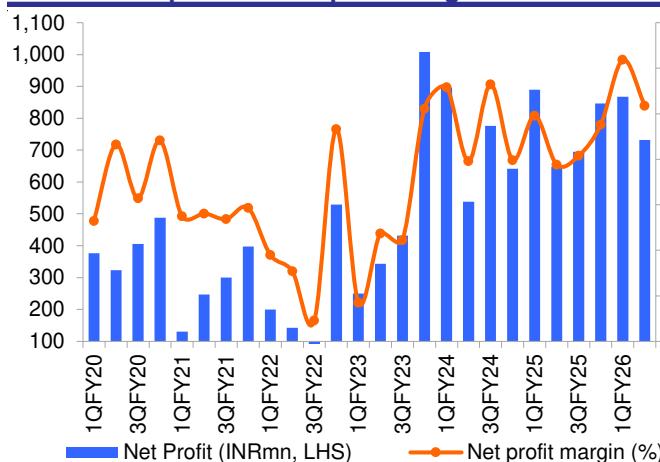
Source: Company, Antique

Exhibit 1: Revenue and revenue growth

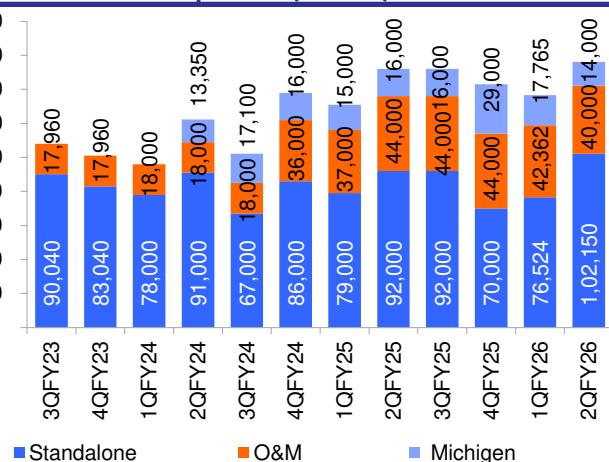
Source: Company, Antique

Exhibit 2: EBITDA and EBITDA margin

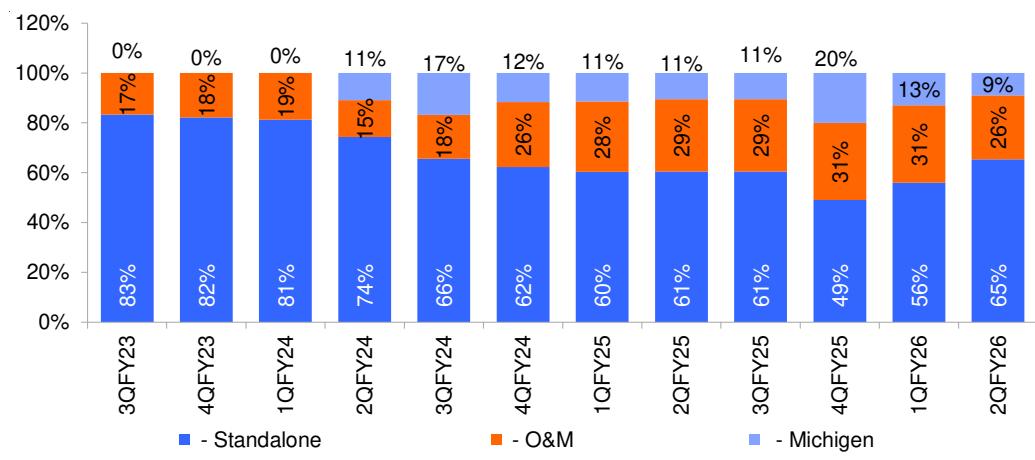
Source: Company, Antique

Exhibit 3: Net profit and net profit margin

Source: Company, Antique

Exhibit 4: Order book composition (INR mn)

Source: Company, Antique

Exhibit 5: Order book composition (%)

Source: Company, Antique

Conference Call Takeaways

- The company reported a consolidated order book of INR 156.15 bn, including INR 54 bn from long-term O&M contracts, ensuring strong multi-year revenue visibility.
- Management reaffirmed FY26 consolidated revenue guidance of INR 40 bn, with execution expected to accelerate in 2H FY26 and major contribution from new projects in FY27.
- EBITDA margin rose to 24% in 2Q FY26 (up ~600 bps YoY) due to improved execution, contingency release from completed projects, and a higher mix of water and tunneling contracts.
- Welspun plans to raise INR 10 bn via a preferential issue to strengthen its balance sheet and improve eligibility under NHAI's adjusted networth criteria for upcoming PPP bids.
- Secured a 910 MLD Water Treatment Plant at Panjrapur (INR 26.6 bn, EPC + O&M) and emerged L1 for the INR 73 bn Pune-Shirur BOT Toll project, significantly expanding its portfolio.
- The Aunta-Simaria project achieved PCOD and is set for monetization, while Varanasi-Aurangabad and SNRP projects are progressing well toward FY27 completion.
- With an INR 110 bn water order book, Welspun now manages projects covering ~70% of Mumbai's freshwater needs, strengthening its dominance in urban water infrastructure.
- Welspun Michigan Engineers delivered 2Q revenue of INR 1.69 bn, up 60% YoY, with an EBITDA margin of 22%, supported by robust tunneling and rehabilitation work.
- The company implemented SAP S/4HANA, digital dashboards, and 3D-5D modeling to enhance project monitoring, cost control, and supply chain efficiency.
- Management expects strong traction in PPP, HAM, water, and tunneling projects, supported by government infrastructure push, and remains confident of sustained long-term growth with disciplined capital allocation.

Table 3: Semi-annual balance sheet

(INR mn)	1HFY25	1HFY24	YoY (%)	FY25E	FY24	YoY (%)
Share capital	1,364	1,365	(0.1)	1,367	1,367	-
Reserves and Surplus	26,731	23,969	11.5	28,515	25,530	11.7
Borrowings	2,959	1,896	56.1	1,809	1,809	-
Others	106	1,179	(91.0)	28	28	-
Total	31,160	28,409	9.7	31,817	28,832	10.4
Fixed Assets	258	179	44.4	389	178	118.3
Investments	11,436	11,115	2.9	13,671	12,221	11.9
Current Assets, Loans And Advances	31,733	26,417	20.1	32,766	30,384	7.8
Inventories	1,051	1,282	(18.0)	1,287	1,120	15.0
Sundry Debtors	3,900	4,483	(13.0)	7,591	6,601	15.0
Cash and Bank Balances	1,709	3,085	(44.6)	10,526	10,209	3.1
Loans and Advances	765	400	91.4	216	216	-
Other current assets	24,308	17,167.90	41.6	13,146	12,238	7.4
Current Liabilities and Provisions	12,264	9,302	31.8	15,009	13,951	7.6
Liabilities	12,224	9,268	31.9	14,897	13,853	7.5
Provisions	40	34	18.9	113	98	15.0
Net Working Capital	19,469	17,115	13.8	17,757	16,433	8.1
Total	31,160	28,409	9.7	31,817	28,832	10.4
Net debt	1,250	(1,189)	(205.1)	(8,716)	(8,400)	3.8

Source: Company, Antique

Table 4: Semi-annual cash flow

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit before tax	2,121	2,058	3.0	4,715	4,132	14.1
Depreciation	57	42	37.0	89	87	2.0
Interest	225	176	27.5	352	330	6.7
Others	(389)	(931)	(58.2)	(563)	(5,680)	(90.1)
Changes in working capital	(3,023)	(1,474)	105.0	(1,008)	71	(1,527.2)
Operating cash flow	(1,009)	(129)	679.5	3,586	(1,060)	(438.3)
Capex	(54)	6	(1,037.9)	(300)	(48)	528.9
Others	(3,192)	(966)	230.4	(1,450)	(115)	1,165.3
Investing cash flow	(3,246)	(960)	238.0	(1,750)	(162)	978.3
Inc/(Dec) in equity/premium	-	-	-	-	18	-
Net proceeds from borrowings	985	33	2,910.7	-	-	-
Others	(607)	(560)	8.5	(878)	(2,144)	(59.0)
Financing cash flow	377	(527)	(171.5)	(878)	(2,126)	(58.7)
Net cash flow	(3,878)	(1,617)	139.8	957	(3,348)	(128.6)
Opening cash balance	4,337	17,698	(75.5)	10,209	9,092	12.3
Closing cash balance	460	16,081	(97.1)	11,167	5,744	94.4
Free cash flow	(1,063)	(124)	760.1	3,286	(1,108)	(396.6)

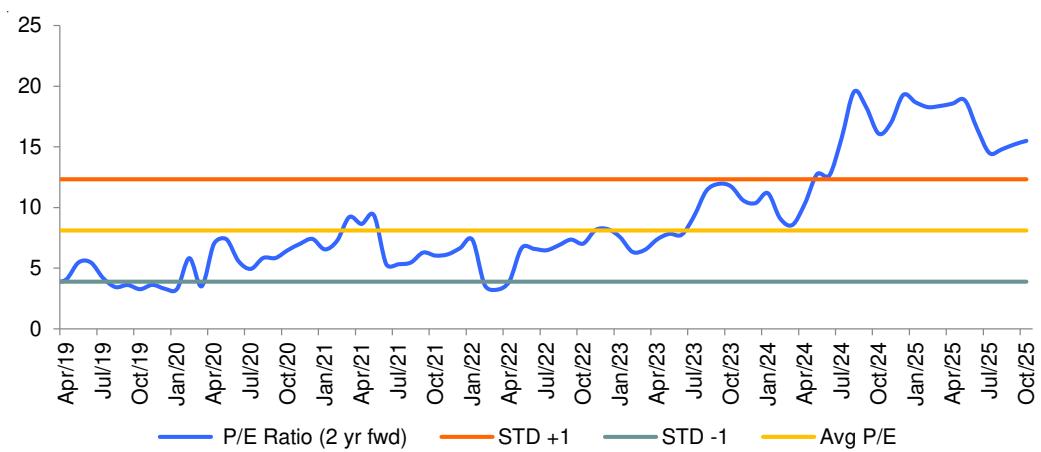
Source: Company, Antique

Table 3: Business snapshot

INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Consolidated										
Opening Order Book	52,400	52,400	49,000	84,000	84,000	1,01,000	1,22,000	1,43,000	1,70,485	2,02,117
Closing Order Book	49,000	49,000	84,000	84,000	1,01,000	1,22,000	1,43,000	1,70,485	2,02,117	2,26,843
- Standalone					83,040	70,000	81,000			
- O&M					17,960	36,000	44,000			
- Michigan						16,000	18,000			
Order Inflow	13,994	14,201	49,102	13,069	43,764	45,504	32,000	60,000	70,000	70,000
Book to bill x (excl O&M)			6.0	6.4	3.1	3.0	2.8			
Standalone										
Revenue	17,394	17,601	14,102	13,069	26,764	24,504	28,274	32,515	38,368	45,274
Change YoY, %			(19.9)	(7.3)	104.8	(8.4)	15.4	15.0	18.0	18.0
EBITDA	1,823	2,063	1,689	1,442	2,366	3,366	3,482	4,027	4,842	5,940
EBITDA Margin %	10.5%	11.7%	12.0%	11.0%	8.8%	13.7%	12.3%	12.4%	12.6%	13.1%
Interest Cost	142	254	445	535	755	334	330	352	382	418
PAT	1,339	1,593	1,075	935	2,032	2,852	3,074	3,511	4,159	5,025
Change YoY, %			(32.6)	(13.0)	117.4	40.3	7.8	14.2	18.4	20.8
PAT Margin %			7.6%	7.2%	7.6%	11.6%	10.9%	10.8%	10.8%	11.1%
WC as a % of sales	11.6	3.9	19.2	41.7	22.1	33.6	22.0	22.2	22.7	23.8
Net debt (INR bn)					-12,968	-7,283	-8,302	-8,619	-10,454	-12,452
Net debt/ equity (x)					-0.5	-0.3	-0.3	-0.3	-0.3	-0.3
Capex (INR bn)	0.6	-0.8	0.1	0.1	-0.2	0.1	0.1	0.3	0.3	0.3
CFO (INR bn)	-0.3	1.6	3.4	2.2	0.3	-1.1	3.6	2.9	3.1	3.5
CFO/ EBITDA	-16%	76%	199%	154%	11%	-31%	103%	73%	65%	58%

Source: Company, Antique

Exhibit 6: PER band



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	24,504	28,274	32,515	38,368	45,274
Op. Expenses	(21,138)	(24,792)	(28,488)	(33,525)	(39,334)
EBITDA	3,366	3,482	4,027	4,842	5,940
Depreciation	(97)	(87)	(89)	(91)	(93)
EBIT	3,269	3,395	3,938	4,751	5,847
Other income	1,023	1,064	1,129	1,216	1,319
Interest Exp.	(334)	(330)	(352)	(382)	(418)
Extra Ordinary Items -gain/(loss)		3	-	-	-
Reported PBT	3,958	4,132	4,715	5,585	6,748
Tax	(1,107)	(1,055)	(1,204)	(1,426)	(1,723)
Reported PAT	2,852	3,077	3,511	4,159	5,025
Net Profit	2,852	3,077	3,511	4,159	5,025
Adjusted PAT	2,852	3,074	3,511	4,159	5,025
Adjusted EPS (INR)	20.9	22.5	25.7	30.4	36.8

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	1,365	1,367	1,367	1,367	1,367
Reserves & Surplus	22,858	25,530	28,515	32,050	36,322
Networth	24,223	26,898	29,882	33,417	37,689
Debt	1,809	1,907	1,907	1,907	1,907
Others	1,946	28	28	28	28
Capital Employed	27,978	28,832	31,817	35,352	39,624
Gross Fixed Assets	688	795	1,095	1,395	1,695
Accumulated Depreciation	(529)	(617)	(706)	(797)	(889)
Net Fixed Assets	159	178	389	598	805
Investments	10,251	11,685	13,135	13,135	13,135
Non Current Investments	10,251	11,685	13,135	13,135	13,135
Current Assets, Loans & Adv.	26,801	30,920	32,766	37,554	43,342
Inventory	1,032	1,120	1,287	1,519	1,793
Debtors	6,213	6,601	7,591	8,958	10,570
Cash & Bank balance	9,092	10,209	10,526	12,361	14,359
Loans & advances and others	10,465	12,990	13,362	14,716	16,621
Current Liabilities & Provisions	9,485	14,487	15,009	16,470	18,195
Liabilities	9,179	13,853	14,897	16,338	18,038
Provisions	306	634	113	133	157
Net Current Assets	17,317	16,434	17,757	21,083	25,148
Application of Funds	27,977	28,833	31,817	35,352	39,624

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	137	137	137	137	137
Diluted no. of shares (mn)	137	137	137	137	137
BVPS (INR)	177.4	196.7	218.6	244.4	275.7
CEPS (INR)	22.5	23.3	26.3	31.1	37.4
DPS (INR)	1.0	3.4	3.9	4.6	5.5

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,958	4,132	4,715	5,585	6,748
Depreciation & amortization	97	87	89	91	93
Interest expense	334	330	352	382	418
(Inc)/Dec in working capital	(3,473)	71	(1,008)	(1,491)	(2,066)
Tax paid	(983)	(1,034)	(1,204)	(1,426)	(1,723)
Other operating Cash Flow	(993)				
CF from operating activities	(1,060)	3,586	2,945	3,141	3,470
Capital expenditure	141	(48)	(300)	(300)	(300)
chng in investments	(900)	(115)	(1,450)	-	-
CF from investing activities	(759)	(162)	(1,750)	(300)	(300)
Inc/(Dec) in share capital	(3,187)	18	-	-	-
Inc/(Dec) in debt	(2,847)	-	-	-	-
Dividend Paid	(136)	(409)	(527)	(624)	(754)
Others	7,558	(1,735)	(352)	(382)	(418)
CF from financing activities	1,388	(2,126)	(878)	(1,006)	(1,172)
Net cash flow	(431)	1,298	316	1,835	1,998
Opening balance	17,698	9,092	10,209	10,526	12,361
Closing balance	9,092	10,209	10,526	12,361	14,359

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	-8.4	15.4	15.0	18.0	18.0
EBITDA	42.2	3.4	15.7	20.2	22.7
Adj PAT	40.3	7.8	14.2	18.4	20.8
Adj EPS	54.1	7.6	14.2	18.4	20.8

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	26.9	25.0	21.8	18.4	15.3
P/BV (x)	3.2	2.9	2.6	2.3	2.0
EV/EBITDA (x)	19.4	18.3	15.6	12.6	9.9
EV/Sales (x)	2.8	2.4	2.1	1.7	1.4
Dividend Yield (%)	0.2	0.6	0.7	0.8	1.0

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	11.7	12.0	12.4	13.1	14.1
RoCE (%)	11.0	12.0	18.7	18.7	18.7
Asset/T.O (x)	0.6	0.7	0.6	0.6	0.6
Net Debt/Equity (x)	-0.3	-0.3	-5.8	-5.8	-5.8
EBIT/Interest (x)	12.8	13.5	14.4	15.6	17.1

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	13.7	12.3	12.4	12.6	13.1
EBIT Margin (%)	13.3	12.0	12.1	12.4	12.9
PAT Margin (%)	11.2	10.5	10.4	10.5	10.8

Source: Company, Antique

CMP	: INR 368
Reco	: BUY ↘
Target Price	: INR 411 ↓
Target Price Change	: -%
Target 1HFY28e EV/EBITDA (x):	6
EBITDA Change FY26/ 27/ 28: -34%/-14%/-7%	

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Market data	
Sensex	: 84,467
Sector	: Metals
Market Cap (INR bn)	: 75.0
Market Cap (USD bn)	: 0.846
O/S Shares (mn)	: 203.5
52-wk HI/LO (INR)	: 406/274
Avg. Daily Vol ('000)	: 706
Bloomberg	: MOIL IN

Source: Bloomberg

	FY26e	FY27e	FY28e
EPS (INR)	16.2	31.4	42.5
P/E (x)	22.8	11.7	8.7
P/BV (x)	2.6	2.2	1.8
EV/EBITDA (x)	12.7	6.5	4.6
Dividend Yield (%)	1.5	1.8	1.9

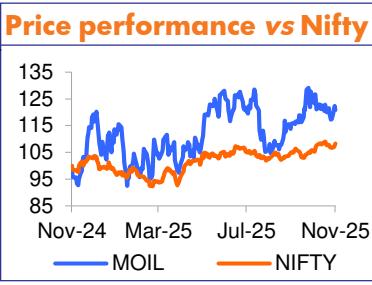
Source: Bloomberg

	1m	3m	6m	12m
Absolute	(5)	13	9	19
Relative	(7)	8	7	11

Source: Bloomberg

Shareholding pattern	
Promoters	: 65%
Public	: 35%
Others	: 0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

2QFY26 RESULT REVIEW

MOIL

Realization down YoY and QoQ; volume to recover gradually

MOIL's 2QFY26 revenue at ~INR 3.5 bn (2.3% above our and 2.2% above consensus estimate) increased by 19.2% YoY (flat QoQ) aided by higher volumes (including ore exports). Blended ore realization at INR 8,874 per ton (excluding exports) decreased by 2.7% YoY and 1.8% QoQ. The quarter witnessed its best ever 2Q ore production of 442 KT (10.5% higher YoY but 12.0% lower QoQ), while domestic ore sales were 353 KT (18.5% higher YoY but marginally lower QoQ). During 2QFY26, MOIL started export of manganese ore as a state trading enterprise (STE) and exported 47,000 Wet Metric Ton (WMT) of fines to Indonesia at a sale value of INR 157.9 mn. EBITDA was 3.8% above our estimate, at ~INR 995 mn, and increased by 25.7% YoY and 26.3% QoQ aided by higher sales volume. Blended EBITDA per ton at ~INR 2,481 was lower by 6.6% YoY but recovered 12.1% QoQ. Adjusted PAT at INR 704 mn was higher by 41.0% YoY and 36.8% QoQ, and was 17.0% above our estimate (higher other income). Domestic sales volume is expected to pick up with a seasonal uptick in demand from steel players. Price hike across all grades in Oct'25 (5%-6% hike; except for electrolytic manganese dioxide) along with firm international prices should aid profitability from 3QFY26. On account of weaker 1H sales volume and likely delays in shaft sinking projects, we reduce our volume estimates leading to a 33.8%/ 14.1%/ 7.3% decrease in FY26/ 27/ 28 EBITDA estimates respectively. We maintain BUY rating with a revised the TP of INR 411 (earlier INR 452) at a target multiple of 6x 1HFY28E EV/EBITDA.

Best-ever 2Q ore production; outlook strong

During 2QFY26, MOIL achieved its best ever 2Q ore production of 442 KT (up 10.5% YoY but down 12.0% QoQ). It reported domestic ore sales of 353 KT (up 18.5% YoY; marginally lower QoQ). Gol has designated MOIL as the exclusive STE for the export of manganese ore below 46% Mn grade. During 2QFY26, MOIL started exporting manganese ore fines and reported 47,000 WMT of export sales at a value of INR 157.9 mn. 2H is usually the stronger half in terms of volume and management had guided for FY26 production of 2.35 MT with long term target to reach an annual production of 3.5 MT by FY30.

Realization down YoY and QoQ; outlook positive

Blended ore realization excluding exports at INR 8,874 per ton (down 2.7% YoY and 1.8% QoQ) was impacted by price cuts in May'25 (5%-15% cut across grades) and Jun'25 (5% cut), partly mitigated by hike of ferro grade ore prices in Jul'25 and Aug'25 coupled with higher sales of non-fine ore. 3QFY26 realization could be supported by 5%-6% price hike across all grades in Oct'25 (except electrolytic manganese dioxide). Furthermore, spot international high-grade manganese ore prices are 1.0% above the 2QFY26 average, while spot medium-grade ore prices have firmed up by 3.6% over the 2QFY26 average. Key players in the industry, such as Eramet, reported an 8% YoY decline in 1HCY25 sales and revised their CY25 transported manganese ore guidance downward.

High capex to deliver higher volumes

EC capacity stands at 2.7 mtpa currently, with the management targeting to raise it to 5 mtpa by FY30. The company undertook exploratory core drilling of 21,035 meters during 2QFY26 (best ever in 2Q; 4.1% higher YoY). Management had guided for FY26 capex target of ~INR 3.3 bn (primarily towards the long ongoing high-speed shafts at Gumgaon and Balaghat [now expected by 1QFY27]). MOIL has incorporated a JV with GMDC (resource base of 9.5 MT with an incremental annual capacity of 200 ktpa) to meet the long-term annual production target of 3.5 MT by 2030 (expected capex of INR 24 bn in a phased manner). MOIL also plans to install five additional shafts (including two ventilation shafts) with ~INR 4 bn annual capex planned over the next 2-3 years. Cash and cash equivalents (including liquid investments) at the end of 1HFY26 stood at INR 10.1 bn, which constitutes ~13% of its current market capitalization (providing a high margin of safety). The company declared interim dividend of INR 1.8 per share for FY26 and we expect the dividend yield to remain around ~1.5%-1.9% over FY26-28.

Investment Summary

Manganese ore demand in India is expected to grow 1.4x from the current level of ~8 mtpa to 11 mtpa by 2030, in line with the 300 MT installed steel capacity target set under the National Steel Policy. The company is incurring high capex to enhance its production capacity. Despite the capex, cash and cash equivalents at the end of 1HFY26 were 13% of its current market cap with an expected dividend yield of ~1.5%-1.9%. We maintain BUY rating with a revised the TP of INR 411 (earlier INR 452) at a target multiple of 6x 1HFY28E EV/EBITDA.

Table 1: Quarterly performance (INR mn)

Standalone performance	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	CPLY (1HFY25)	YoY (%)
Sales	3,480	2,919	19.2	3,481	(0.0)	6,961	7,847	-11.3
Stock adjustment	(192)	(463)	n.a.	(157)	n.a.	(349)	(570)	n.a.
Cost of Material Consumed	54	67	-19.8	55	(1.6)	109	144	(24.1)
% of sales	1.6	2.3	-76 bps	1.6	-3 bps	1.6	1.8	-26 bps
Employee cost	1,395	1,366	2.1	1,406	(0.8)	2,801	2,783	0.7
% of sales	40.1	46.8	-672 bps	40.4	-33 bps	40.2	35.5	478 bps
Other expenses	1,229	1,157	6.2	1,388	(11.5)	2,617	2,562	2.1
% of sales	35.3	39.6	-432 bps	39.9	-457 bps	37.6	32.7	495 bps
Total Exp	2,485	2,127	16.8	2,693	(7.7)	5,178	4,919	5.3
EBITDA	995	792	25.7	788	26.3	1,783	2,929	(39.1)
Margin %	28.6	27.1	146 bps	22.6	595 bps	25.6	37.3	-1171 bps
Other income	303	268	13.0	225	34.8	527	539	(2.1)
Depreciation	400	378	5.8	374	6.9	775	742	4.3
Profit Before Tax	898	682	31.7	638	40.6	1,536	2,725	(43.6)
PBT after exceptional	898	682	31.7	638	40.6	1,536	2,725	(43.6)
Tax	193	182	6.2	123	56.8	316	702	(54.9)
Tax Rate %	21.5	26.7	-518 bps	19.3	222 bps	20.6	25.8	-516 bps
Reported Net Profit	704	500	41.0	515	36.8	1,219	2,023	(39.7)
Adjusted Net Profit	704	500	41.0	515	36.8	1,219	2,023	(39.7)

Source: Company, Antique

Table 2: Operating metrics

	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	CPLY (1HFY25)	YoY (%)
Manganese ore production (MT)	0.44	0.40	10.5	0.50	(12.0)	0.94	0.87	8.5
Manganese ore despatches (MT)	0.40	0.30	34.6	0.36	12.6	0.76	0.75	0.8
Manganese ore realization (INR per ton)	8,227	9,121	(9.8)	9,032	(8.9)	8,606	9,962	(13.6)
EBITDA (INR per ton)	2,481	2,657	(6.6)	2,214	12.1	2,355	3,900	(39.6)

Source: Company, Antique

Table 3: Segmental information (INR mn)

Revenue	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	CPLY (1HFY25)	YoY (%)
Mining products	3,299	2,718	21.4	3,215	2.6	6,515	7,481	(12.9)
Manufactured products	211	245	(13.9)	293	(28.0)	503	441	14.1
Power	55	55	(1.5)	62	(11.4)	116	120	(3.3)
Total	3,564	3,018	18.1	3,570	(0.1)	7,134	8,043	(11.3)
Inter-segment revenues	84	99	(15.2)	89	(5.7)	173	195	(11.4)
Net sales/ income from operations	3,480	2,919	19.2	3,481	(0.0)	6,961	7,847	(11.3)

EBIT	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	CPLY (1HFY25)	YoY (%)
Mining products	515	359	43.7	320	61.0	836	2,067	(59.6)
Manufactured products	50	18	175.4	57	(11.0)	107	39	172.4
Power	29	37	(21.2)	37	(21.5)	66	80	(17.8)
Total	595	414	43.8	414	43.8	1,008	2,186	(53.9)

EBIT Margins (%)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	CPLY (1HFY25)	YoY (%)
Mining products	15.6	13.2	242 bps	10.0	567 bps	12.8	27.6	-1481 bps
Manufactured products	24.0	7.5	1647 bps	19.4	459 bps	21.3	8.9	1237 bps
Power	52.8	66.1	-1324 bps	59.6	-674 bps	56.4	66.4	-997 bps

Source: Company, Antique

Table 4: Balance sheet

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	2,035	2,035	-	2,035	2,035	-
Reserves and Surplus	24,987	24,000	4.1	26,496	24,344	8.8
Deferred Tax Liability	(607)	(321)	n/a	(499)	(499)	n/a
Total	26,415	25,714	2.7	28,031	25,880	8.3
Fixed Assets	9,234	8,881	4.0	10,081	9,197	9.6
Capital Work-in-Progress	5,276	3,973	32.8	6,072	5,072	19.7
Investments	1,795	923	94.6	1,576	776	103.1
Current Assets, Loans And Advances	16,127	17,008	(5.2)	16,565	16,569	(0.0)
Inventories	3,398	2,688	26.4	2,120	2,885	(26.5)
Sundry Debtors	1,488	1,764	(15.7)	1,590	1,456	9.3
Cash and Bank Balances	8,363	10,073	(17.0)	9,476	9,000	5.3
Loans and Advances	2,878	2,481	16.0	3,379	3,229	4.7
Current Liabilities and Provisions	6,017	5,071	18.7	6,263	5,735	9.2
Liabilities	3,493	3,653	(4.4)	3,961	3,627	9.2
Provisions	2,524	1,419	77.9	2,302	2,108	9.2
Net Working Capital	10,110	11,937	(15.3)	10,302	10,835	(4.9)
Total	26,415	25,714	2.7	28,031	25,880	8.3
Net debt (incl. cash and liquid investments)	(10,082)	(10,920)	(7.7)	(10,975)	(9,699)	13.2

Source: Company, Antique

Table 5: Cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Reported Profit	1,219	2,023	(39.7)	3,291	3,816	(13.8)
Depreciation	775	742	4.3	1,616	1,521	6.2
Changes in working capital	1,827	(618)	(395.7)	1,008	391	157.9
Operating cash flow	3,821	2,148	77.9	5,915	5,729	3.3
Capex	(1,655)	(1,608)	3.0	(3,500)	(2,957)	18.3
Others			n/a	(800)	506	n/a
Investing cash flow	(1,655)	(1,608)	3.0	(4,300)	(2,451)	75.4
Others	(2,803)	1,633	n/a	(1,140)	(2,179)	n/a
Financing cash flow	(2,803)	1,633	(271.7)	(1,140)	(2,179)	(47.7)
Net cash flow	(637)	2,172	(129.3)	476	1,099	(56.7)
Opening cash balance	9,000	7,901	13.9	9,000	7,901	13.9
Closing cash balance	8,363	10,073	(17.0)	9,476	9,000	5.3
Free cash flow	2,166	540	301.2	2,415	2,771	(12.8)

Source: Company, Antique

Table 6: Revision in estimates

MOIL (standalone)	Previous estimates			Current estimates			% change		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Manganese ore sales volume (tons)	20,18,240	24,92,526	28,66,405	17,08,692	22,53,221	26,81,333	-15.3%	-9.6%	-6.5%
Blended realization/t (INR)	9,813	9,886	9,824	9,707	9,810	9,819	-1.1%	-0.8%	0.0%
Revenue (INR mn)	19,804	24,640	28,159	16,587	22,105	26,329	-16.2%	-10.3%	-6.5%
EBITDA (INR mn)	7,613	10,867	12,952	5,039	9,339	12,012	-33.8%	-14.1%	-7.3%
Blended EBITDA/t (INR)	3,772	4,360	4,519	2,949	4,145	4,480	-21.8%	-4.9%	-0.9%
PAT (INR mn)	5,090	7,567	9,320	3,291	6,398	8,652	-35.3%	-15.4%	-7.2%

Source: Company, Antique

Table 7: MOIL target price

1HFY28e EBITDA - INR mn	10,675
EV/EBITDA multiple	6.0
Target EV - INR mn	64,053
Add: 1HFY28e Net cash plus 0.4x CWIP	19,643
Target market capitalisation - INR mn	83,695
Target price - INR per share	411

Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues	14,494	15,849	16,587	22,105	26,329
Expenses	10,117	10,574	11,548	12,766	14,317
EBITDA	4,377	5,275	5,039	9,339	12,012
Depreciation & amortization	1,442	1,521	1,616	1,791	1,966
EBIT	2,935	3,754	3,423	7,548	10,046
Other income	935	1,114	977	1,006	1,521
Profit before tax	3,870	4,868	4,400	8,554	11,567
Tax	937	1,051	1,109	2,156	2,915
Reported Profit after tax	2,933	3,816	3,291	6,398	8,652
Adjusted PAT	2,933	3,816	3,291	6,398	8,652
EPS (INR)	14.4	18.8	16.2	31.4	42.5

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	2,035	2,035	2,035	2,035	2,035
Reserves & Surplus	22,496	24,344	26,496	31,571	38,799
Networth	24,531	26,379	28,531	33,606	40,834
Deferred tax/ other liabilities	(289)	(499)	(499)	(499)	(499)
Capital Employed	24,242	25,880	28,031	33,107	40,335
Gross Fixed Assets	19,125	20,584	23,084	25,584	28,084
Accumulated Depreciation	9,866	11,387	13,003	14,794	16,760
Net Assets	9,260	9,197	10,081	10,790	11,324
Capital work in progress	3,573	5,072	6,072	6,572	6,572
Investments	1,282	776	1,576	2,027	2,422
Liquid Investments	1,206	699	1,499	1,950	2,346
Current Assets Loans & Advances					
Inventory	2,125	2,885	2,120	2,077	1,883
Debtors	2,094	1,456	1,590	2,120	2,525
Cash & Bank	7,901	9,000	9,476	11,838	17,894
Loans & advances and others	2,364	3,229	3,379	4,503	5,364
Current Liabilities & Provisions					
Creditors	3,146	3,627	3,961	4,313	4,837
Provisions	1,211	2,108	2,302	2,507	2,811
Net Current Assets	10,127	10,835	10,302	13,718	20,016
Application of Funds	24,242	25,880	28,031	33,107	40,335

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	203	203	203	203	203
BVPS (INR)	120.6	129.6	140.2	165.2	200.7
CEPS (INR)	17.0	20.7	19.0	31.8	41.2
DPS (INR)	6.1	5.6	5.6	6.5	7.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,870	4,868	4,400	8,554	11,567
Depreciation	1,442	1,521	1,616	1,791	1,966
(Inc)/ Dec in working capital	(905)	391	1,008	(1,053)	(243)
Tax paid	(937)	(1,051)	(1,109)	(2,156)	(2,915)
CF from operating activities	3,471	5,729	5,915	7,136	10,375
Capex	(2,911)	(2,957)	(3,500)	(3,000)	(2,500)
(Inc)/ Dec in Investments	234	506	(800)	(451)	(395)
CF from investing activities	(2,678)	(2,451)	(4,300)	(3,451)	(2,895)
Dividends & Interest paid	(1,231)	(1,146)	(1,140)	(1,323)	(1,424)
Others	214	(1,033)	0	0	0
CF from financing activities	(1,017)	(2,179)	(1,140)	(1,323)	(1,424)
Net cash flow	(224)	1,099	476	2,363	6,055
Add: Opening balance	8,125	7,901	9,000	9,476	11,838
Closing balance	7,901	9,000	9,476	11,838	17,894

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	8.0	9.3	4.7	33.3	19.1
EBITDA	18.6	20.5	(4.5)	85.3	28.6
PAT	18.4	30.1	(13.8)	94.4	35.2
EPS	18.4	30.1	(13.8)	94.4	35.2

Valuation

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	25.5	19.6	22.8	11.7	8.7
P/BV (x)	3.1	2.8	2.6	2.2	1.8
EV/EBITDA (x)	15.0	12.4	12.7	6.5	4.6
EV/Sales (x)	4.5	4.1	3.9	2.8	2.1
Dividend Yield (%)	1.6	1.5	1.5	1.8	1.9

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE	12.5	15.0	12.0	20.6	23.2
RoCE	15.7	18.3	15.0	30.2	37.2
Net debt/Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA	30.2	33.3	30.4	42.2	45.6
EBIT	20.2	23.7	20.6	34.1	38.2
PAT	20.2	24.1	19.8	28.9	32.9

Source: Company Antique

CMP	: INR 199
Reco	: BUY ↘
Target Price	: INR 290 ↘
Target Price Change	: No Change
Target 1HFY28e P/E (x)	: 18
EPS Change FY26/ 27/ 28 : 0%/-1%/-1%	

2QFY26 RESULT REVIEW

EPL

Yet another decent quarter

EPL reported strong 2Q performance with revenue/ EBITDA/ PAT growing 11%/ 16%/ 20% YoY. Operational efficiencies and cost rationalization resulted in EBITDA margin expanding to 21%. Results were broadly in line with our estimate. Key highlights: 1) Americas, Europe, EAP, and AMESA grew 27%, 3%, 11%, and -1% YoY, respectively. 2) Oral care and Personal care mix stood at 47%/ 53% in 2QFY26. 3) EBITDA margin was up 91 bps YoY at 20.9%, the 13th consecutive quarter of improvement. 4) The robust growth in Americas was driven by double-digit gains across all countries, strong performance from Brazil's capacity expansion, and sustained momentum in the high-margin B&C segment, positioning it to outperform overall guidance. 5) AMESA revenue declined by 1%, partly due to GST-driven inventory corrections, mainly in the oral care category. 6) In Europe, margins were affected by temporary softness from a few large customers due to destocking, though the company expects recovery in the coming quarters supported by a strong pipeline. 7) The Thailand greenfield plant was commercialized in October, within nine months of announcement, with commercial sales expected to begin in 3QFY26 and the company considering further expansion amid robust demand. 8) Maintained guidance of sustained double-digit revenue growth over the medium term. The company has guided for faster EBITDA growth than revenue during FY26. We broadly maintain our FY26/ 27/ 28 estimates and reiterate BUY with a TP of INR 290 (unchanged) based on a P/E multiple of 18x1HFY28 EPS (five-year avg. high/ low of 20x/ 36x/ 14x).

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Market data

Sensex	:	84,467
Sector	:	Midcaps
Market Cap (INR bn)	:	63.7
Market Cap (USD bn)	:	0.719
O/S Shares (mn)	:	320.2
52-wk HI/LO (INR)	:	290/175
Avg. Daily Vol ('000)	:	939
Bloomberg	:	EPL IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	12.6	14.9	17.1
P/E (x)	15.7	13.4	11.6
P/BV (x)	2.5	2.3	2.0
EV/EBITDA (x)	6.9	6.1	5.4
Dividend Yield (%)	3.0	3.5	4.0

Source: Company, Antique

Returns (%)

	1m	3m	6m	12m
Absolute	(6)	(14)	(14)	(25)
Relative	(8)	(18)	(16)	(30)

Source: Bloomberg

Shareholding pattern

Promoters	:	26%
Public	:	74%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg

Indexed to 100

EBITDA margin expands to 20.9%; guided to outpace revenue

EBITDA at INR 2.5 bn grew 16% YoY. EBITDA margin at 20.9% expanded 91 bps on YoY basis. The margin improved across geographies, except Europe. The company guided that EBITDA shall grow faster than revenue during FY26: 1) Sustained margin improvement in Europe and the Americas region driven by operating leverage; 2) Mix improvement. We have factored in 12% EBITDA CAGR over FY25–28E and expect the margin to improve to 20.8%/ 20.9%/ 20.9% in FY26/ 27/ 28.

Investment Summary

Given EPL's strong thrust in providing sustainable product offerings, it should enable the company to garner a higher wallet share from existing customers and sustain revenue growth. Multiple headwinds across geographies are gradually fading away. Key risks to our call are any slowdown in key geographies and failure to improve non-oral care revenue share. Maintain BUY.

Table 1: Quarterly result

INR mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Sales	12,059	10,862	11.0	11,079	8.8	23,138	20,936	10.5
Cost of Material Consumed	4,872	4,564	6.7	4,411	10.5	9,283	8,643	7.4
% of sales	40.4	42.0	(162 bps)	39.8	59 bps	40.1	41.3	(116 bps)
Employee cost	2,340	2,058	13.7	2,246	4.2	4,586	4,148	10.6
% of sales	19.4	18.9	46 bps	20.3	(87 bps)	19.8	19.8	1 bps
Other expenses	2,331	2,073	12.4	2,154	8.2	4,485	4,057	10.5
% of sales	19.3	19.1	25 bps	19.4	(11 bps)	19.4	19.4	1 bps
Total Exp	9,543	8,695	9.8	8,811	8.3	18,354	16,848	8.9
EBIDTA	2,516	2,167	16.1	2,268	10.9	4,784	4,088	17.0
Margin %	20.9	20.0	91 bps	20.5	39 bps	20.7	19.5	115 bps
Other income	109	140	(22.1)	40	172.5	149	205	(27.3)
Forex gain/ (loss)	10	38	(73.7)	40	(75.0)	50	(25)	(300.0)
Depreciation	944	852	10.8	896	5.4	1,840	1,688	9.0
Interest expenses	285	291	(2.1)	281	1.4	1,225	581	110.8
Profit Before Tax	1,406	1,202	17.0	1,171	20.1	1,918	1,999	(4.1)
Share of associate/minority interest	(15)	(31)	(51.6)	(12)	25.0	3	15	(80.0)
PBT after exceptional	1,391	1,171	18.8	1,159	20.0	1,921	2,014	(4.6)
Tax	348	301	15.6	159	118.9	507	440	15.2
Tax Rate %	25.0	25.7	(69 bps)	13.7	1,130 bps	26.4	21.8	455 bps
Reported Net Profit	1,043	870	19.9	1,000	4.3	1,414	1,574	(10.2)
Adjusted Net Profit	1,043	870	19.9	1,000	4.3	1,414	1,574	(10.2)
EPS (INR)	3.3	2.7	19.9	3.1	4.3	6.4	4.7	35.1

Source: Company, Antique

Table 2: Semi-annual balance sheet

Particulars	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share capital	640	637	0.5	639	639	-
Reserves and surplus	25,597	21,428	19.5	25,033	22,909	9.3
Minority interest	76	19	300.0	39	39	-
Loan funds	6,826	7,400	(7.8)	4,727	6,727	(29.7)
Deferred tax liability (Net)	582	52	1,019.2	59	59	-
Total	33,721	29,536	14.2	30,497	30,373	0.4
Fixed assets	21,231	19,004	11.7	19,310	19,270	0.2
Goodwill on consolidation	1,159	1,159	-	1,159	1,159	-
Investments	229	57	301.8	144	394	(63.5)
Current assets, loans and advances						
Inventories	8,402	7,933	5.9	7,733	7,200	7.4
Sundry debtors	8,229	7,411	11.0	7,633	6,993	9.2
Cash and bank balances	2,195	1,510	45.4	1,387	1,969	(29.6)
Other current assets	3,151	2,316	36.1	2,538	2,538	-
Less: Current liabilities and provisions						
Current liabilities	10,338	6,757	53.0	6,187	5,943	4.1
Provisions	537	3,097	(82.7)	3,221	3,207	0.4
Total	33,721	29,536	14.2	30,497	30,373	0.4
Net Debt	4,631	5,890	(21.4)	3,340	4,758	(29.8)

Source: Company, Bloomberg, Antique

Table 3: Abridged semi-annual cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Profit before tax	2,582	1,980	30.4	5,127	4,215	21.6
Depreciation	1,840	1,688	9.0	3,760	3,427	9.7
Interest	566	530	6.8	768	1,068	(28.1)
Others	138	406	(66.0)	(60)	263	NA
Changes in working capital	(1,661)	(951)	74.7	(916)	(322)	184.5
Tax Paid	(500)	(413)	21.1	(1,025)	(700)	46.5
Operating cash flow	2,965	3,240	(8.5)	7,653	7,951	(3.8)
Capex	(1,669)	(1,696)	(1.6)	(3,800)	(3,562)	6.7
Others	181	63	187.3	349	(196)	(278.0)
Investing cash flow	(1,488)	(1,633)	(8.9)	(3,451)	(3,758)	(8.2)
Inc/(Dec) in equity/ warrants	98	35	180.0	-	191	(100.0)
Net proceeds from borrowings	82	(625)	(113.1)	(2,000)	(1,294)	54.6
Others	(1,539)	(1,592)	(3.3)	(3,034)	(3,195)	(5.0)
Financing cash flow	(1,359)	(2,182)	(37.7)	(5,034)	(4,298)	17.1
Net cash flow	118	(575)	(120.5)	(832)	(105)	692.7
Opening cash balance	1,909	2,014	(5.2)	1,969	2,073	(5.0)
Changes in other bank balances	168	71	136.6	250	-	#DIV/0!
Closing cash balance	2,195	1,510	45.4	1,387	1,968	(29.5)
Free cash flow	1,296	1,544	(16.1)	3,853	4,389	(12.2)

Source: Antique

Table 4: 2QFY25 - Actual vs. estimated performance

INR mn	Actual	Antique	Var (%)	Consensus	Var (%)
Revenue	12,059	11,964	0.8	11,900	1.3
EBITDA	2,516	2,635	(4.5)	2,462	2.2
Reported PAT	1,058	1,103	(4.1)	1,117	(5.3)
EBIDTA Margins %	20.9	22.0	(116 bps)	20.7	18 bps

Source: Antique

Table 5: Change in estimates

INR mn	Previous			Revised			% ch		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	46,251	50,583	55,324	46,437	50,787	55,549	0.4	0.4	0.4
EBITDA	9,482	10,502	11,507	9,654	10,604	11,619	1.8	1.0	1.0
EBITDA Margin (%)	20.5	20.8	20.8	20.8	20.9	20.9	29 bps	12 bps	12 bps
Net Profit	4,026	4,813	5,539	4,041	4,757	5,476	0.4	(1.2)	(1.1)
EPS (INR)	12.6	15.1	17.3	12.6	14.9	17.1	0.4	(1.2)	(1.1)
TP (INR)	290			290			-		

Source: Antique

Conference Call Highlights

FY26 guidance

- The company maintains double-digit volume growth guidance for FY26.
- The company maintained that the EBITDA is expected to grow at a faster pace than revenue.

Geography-wise details

- Americas and EAP displayed robust growth.
- Americas delivered 27% revenue growth. Double-digit growth registered in all countries. Brazil capacity expansion supported strong growth, while B&C (high margin business) momentum in the region remains solid. Americas to outgrow overall guidance.
- EAP registered a growth of 10.6% in 2QFY26.
- AMESA revenue decline of 1% partly due to GST led inventory corrections primarily in the oral category.
- In Europe, temporary softness from a few large customers was observed on customer destocking. This also negatively impacted margins. However, a strong pipeline is in place; the company expects recovery in the coming quarters.

Revenue mix

- Personal care & beyond – 53%, oral – 47%.

Thailand capacity expansion

- Commercialized Thailand greenfield plant in October, within nine months of announcement.
- The company expects to begin commercial sales in 3QFY26.
- The company may look to expand capacity further in Thailand considering robust demand.

Capacity utilization

- Oral – 65-70%, B&C – 50-55%.

Other important highlights

- Sustainable effective tax rate stands at 20%-22%.
- The company expects to reach a RoCE of 25% by FY29.
- The company enjoyed forex gain on USD appreciation.
- Management very bullish on B&C segment, guides for a sustained double-digit growth.

Table 6: Quarterly region-wise revenue

Revenue (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
AMESA	3,197	3,595	3,521	3,379	3,358	3,791	3,500	3,536	3,677	3,931	3,535	3,551	3,739	3,904
EAP	1,928	2,166	2,263	2,141	2,149	2,454	2,524	2,229	2,448	2,667	2,500	2,424	2,682	2,951
AMERICAS	1,973	2,226	2,260	2,299	2,178	2,519	2,528	2,664	2,589	2,757	2,713	3,044	2,930	3,512
EUROPE	1,972	2,050	1,911	2,502	2,125	2,163	2,076	2,563	2,316	2,617	2,257	2,697	2,674	2,690

Growth %

AMESA	5.0	5.5	(0.6)	4.6	9.5	3.7	1.0	0.4	1.7	(0.7)
EAP	11.5	13.3	11.5	4.1	13.9	8.7	(1.0)	8.7	9.6	10.6
AMERICAS	10.4	13.2	11.9	15.9	18.9	9.4	7.3	14.3	13.2	27.4
EUROPE	7.8	5.5	8.6	2.4	9.0	21.0	8.7	5.2	15.5	2.8

Source: Company, Antique

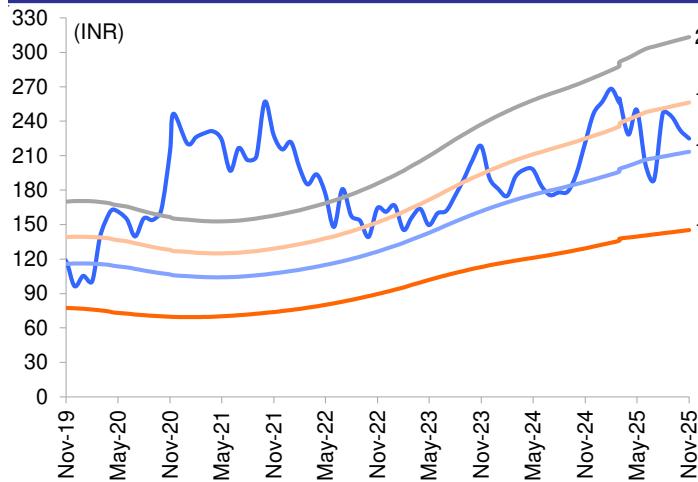
Table 7: Quarterly region-wise EBIT and EBIT margin

(INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Q1FY26	Q2FY26
AMESA	309	333	404	423	365	446	392	414	430	440	341	395	420	447
EAP	247	377	365	248	351	428	412	271	392	431	379	312	426	504
AMERICAS	105	106	109	59	24	91	175	240	169	260	292	334	305	471
EUROPE	34	70	(36)	134	79	46	23	99	135	258	232	280	277	158

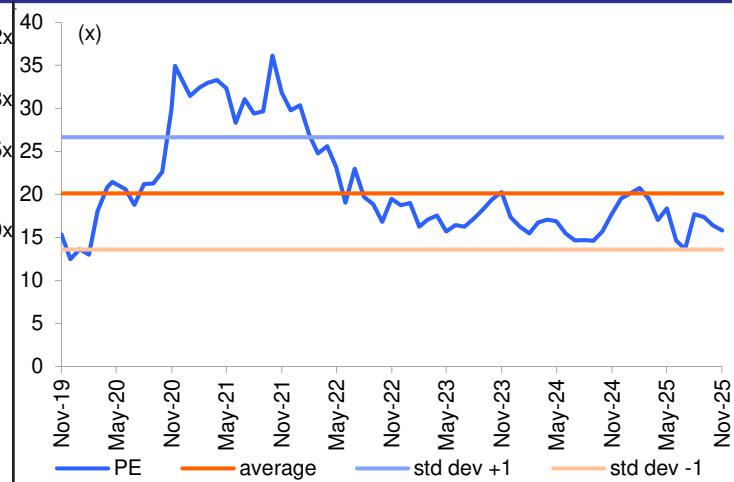
EBIT margin (%)

AMESA	9.7	9.3	11.5	12.5	10.9	11.8	11.2	11.7	11.7	11.2	9.6	11.1	11.2	11.4
EAP	12.8	17.4	16.1	11.6	16.3	17.4	16.3	12.2	16.0	16.2	15.2	12.9	15.9	17.1
AMERICAS	5.3	4.8	4.8	2.6	1.1	3.6	6.9	9.0	6.5	9.4	10.8	11.0	10.4	13.4
EUROPE	1.7	3.4	(1.9)	5.4	3.7	2.1	1.1	3.9	5.8	9.9	10.3	10.4	10.4	5.9

Source: Company, Antique

Exhibit 1: One-year forward P/E

Source: Bloomberg, Antique

Exhibit 2: EPL trading below its 5-year average P/E

Source: Bloomberg, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	39,161	42,133	46,437	50,787	55,549
Op. Expenses	32,018	33,774	36,783	40,183	43,930
EBITDA	7,143	8,359	9,654	10,604	11,619
Depreciation	3,328	3,427	3,760	4,086	4,412
EBIT	3,815	4,932	5,894	6,518	7,208
Other income	594	436	349	384	422
Interest Exp.	1,156	1,139	1,117	727	532
Extra Ordinary Items -gain/(loss)	605	-	-	-	-
Reported PBT	2,648	4,229	5,127	6,175	7,098
Tax	582	575	1,025	1,359	1,562
Reported PAT	2,066	3,654	4,101	4,817	5,536
Minority Int./Profit (loss) From Asso.	66	(38)	(60)	(60)	(60)
Net Profit	2,132	3,616	4,041	4,757	5,476
Adjusted PAT	2,737	3,616	4,041	4,757	5,476
Adjusted EPS (INR)	8.6	11.3	12.6	14.9	17.1

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	637	639	639	639	639
Reserves & Surplus	20,278	22,909	25,033	27,553	30,474
Networth	20,915	23,548	25,672	28,192	31,113
Debt	8,040	6,727	4,727	3,727	2,727
Minority Interest	(9)	39	39	39	39
Net deferred Tax liabilities	258	59	59	59	59
Capital Employed	29,204	30,373	30,497	32,017	33,938
Gross Fixed Assets	39,638	43,488	47,288	51,288	55,288
Accumulated Depreciation	20,519	23,787	27,547	31,632	36,044
Capital work in progress	720	728	728	728	728
Net Fixed Assets	19,839	20,429	20,469	20,384	19,972
Investments	76	394	144	144	144
Non Current Investments	76	394	144	144	144
Current Assets, Loans & Advances					
Inventory	6,558	7,200	7,733	7,974	8,714
Debtors	6,953	6,993	7,633	8,349	9,131
Cash & Bank balance	2,073	1,969	1,387	2,251	3,822
Loans & advances and others	2,212	2,538	2,538	2,538	2,538
Current Liabilities & Provisions					
Liabilities	5,659	5,943	6,187	6,265	6,846
Provisions	2,848	3,207	3,221	3,357	3,537
Net Current Assets	9,289	9,550	9,884	11,489	13,821
Application of Funds	29,204	30,373	30,497	32,017	33,938

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	319	320	320	320	320
Diluted no. of shares (mn)	319	320	320	320	320
BVPS (INR)	65.7	73.7	80.4	88.2	97.4
CEPS (INR)	16.9	22.2	24.6	27.9	31.1
DPS (INR)	4.5	5.0	6.0	7.0	8.0

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	2,683	4,215	5,127	6,175	7,098
Depreciation & amortization	3,328	3,427	3,760	4,086	4,412
Interest expense	1,156	1,139	1,117	727	532
(Inc)/Dec in working capital	(931)	(322)	(916)	(742)	(761)
Tax paid	(821)	(700)	(1,025)	(1,359)	(1,562)
Less: Interest/Div. Income Recd.	(129)	(71)	(349)	(384)	(422)
Other operating Cash Flow	579	263	(60)	(60)	(60)
CF from operating activities	5,865	7,951	7,653	8,444	9,237
Capital expenditure	(3,714)	(3,562)	(3,800)	(4,000)	(4,000)
Inc/(Dec) in investments	161	(267)	-	-	-
Add: Interest/Div. Income Recd.	110	71	349	384	422
CF from investing activities	(3,443)	(3,758)	(3,451)	(3,616)	(3,578)
Inc/(Dec) in share capital	28	191	-	-	-
Inc/(Dec) in debt	342	(1,294)	(2,000)	(1,000)	(1,000)
Dividend Paid	(1,396)	(1,526)	(1,917)	(2,237)	(2,556)
Others	(1,770)	(1,669)	(1,117)	(727)	(532)
CF from financing activities	(2,796)	(4,298)	(5,034)	(3,963)	(4,088)
Net cash flow	(374)	(105)	(832)	864	1,571
Opening balance	2,444	2,073	1,969	1,387	2,251
Closing balance	2,070	1,968	1,137	2,251	3,822
Changes in other Bank balance	3	-	-	-	-
Cash and cash equivalents	2,073	1,968	1,137	2,251	3,822

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	6.0	7.6	10.2	9.4	9.4
EBITDA	23.6	17.0	15.5	9.8	9.6
Adj PAT	20.2	32.1	11.8	17.7	15.1
Adj EPS	20.0	31.7	11.8	17.7	15.1

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	23.2	17.6	15.7	13.4	11.6
P/BV (x)	3.0	2.7	2.5	2.3	2.0
EV/EBITDA (x)	9.7	8.2	6.9	6.1	5.4
EV/Sales (x)	1.8	1.6	1.4	1.3	1.1
Dividend Yield (%)	2.2	2.5	3.0	3.5	4.0

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	13.4	16.3	16.4	17.7	18.5
RoCE (%)	15.4	18.0	20.5	22.1	23.1
Asset/T.O (x)	1.4	1.4	1.5	1.6	1.7
Net Debt/Equity (x)	0.3	0.2	0.1	0.1	(0.0)
EBIT/Interest (x)	3.8	4.7	5.6	9.5	14.3

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	18.2	19.8	20.8	20.9	20.9
EBIT Margin (%)	9.7	11.7	12.7	12.8	13.0
PAT Margin (%)	6.9	8.5	8.6	9.3	9.8

Source: Company Antique

CMP	: INR 231
Reco	: BUY ↘
Target Price	: INR 281 ↘
Target Price Change	: No Change
Target 1HFY28E Core P/E(x):	: 25
EPS Change FY26/27/28	: 14%/0%/0%

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2QFY26 RESULT REVIEW

Precision Wires India

Good operational performance

Precision Wires India's (PWI) 2QFY26 standalone revenue at ~INR 12.26 bn increased by 18.5% YoY aided by a combination of good volumes and higher LME copper price. EBITDA at INR 703 mn grew by 66% YoY supported by 170 bps YoY margin expansion to 5.7%. The demand scenario for winding wires remains strong led by Power Sector (Transmission, Distribution, Renewable Power, Railway Electrification, Data Centers), Consumer Durables (Air Conditioning), and EVs/ Hybrids (2-3x increase in Copper Winding Wire Content per vehicle vs. IC engine vehicles). The company is setting up a backward integration copper recycling/ refining project for captive consumption. A combination of a greater quantity of premium products and backward integration should result in a 2x plus increase in EBITDA over FY25-28E. We are raising our FY26E estimates, while retaining the FY27E/ 28E estimates. Maintain BUY with a target price of INR 281 based on target P/E multiple of 25x 1HFY28 earnings.

Market data

Sensex	:	84,467
Sector	:	Industrials
Market Cap (INR bn)	:	41.6
Market Cap (USD bn)	:	0.469
O/S Shares (mn)	:	180.0
52-wk HI/LO (INR)	:	249/118
Avg. Daily Vol ('000)	:	1,315
Bloomberg	:	PWIIN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	6.7	9.1	13.3
P/E (x)	34.4	25.5	17.3
P/BV (x)	5.8	4.9	4.0
EV/EBITDA (x)	18.5	14.5	10.5
Dividend Yield (%)	0.7	0.9	1.3

Source: Bloomberg

Returns (%)

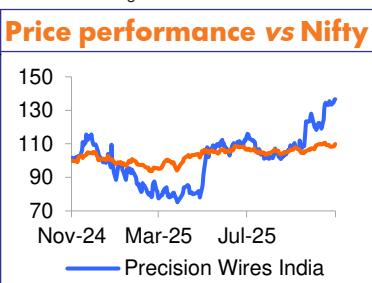
	1m	3m	6m	12m
Absolute	11	35	59	37
Relative	9	29	53	26

Source: Bloomberg

Shareholding pattern

Promoters	:	58%
Public	:	42%
Others	:	0%

Source: Bloomberg



Source: Bloomberg

Indexed to 100

Investment Summary

We expect PWI to report revenue/ EBITDA/ PAT CAGR of 16%/ 35%/ 38% over FY25-28E, driven by EBITDA margin rising from 4.1% in FY25 to 6.5% in FY28E resulting from backward integration, higher share of value-added products, and higher output driven by capacity expansion. Valuations are attractive at 34x/ 26x/ 17x FY26E/ 27E/ 28E earnings respectively. We reiterate BUY rating on the stock, valuing it at 25x 1HFY28E EPS to arrive at a TP of INR 281.

Table 1: Quarterly performance - strong operational performance

INR mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)
Revenue from operations	12,374	10,438	18.5	11,156	10.9
(Increase) / Decrease In Stocks	34	391	(91.2)	(507)	(106.8)
Raw Material Cost	11,100	9,171	21.0	10,581	4.9
Purchase of Finished Goods	-	2	(100.0)	-	-
% of sales	90.0	91.6	-164 bps	90.3	-33 bps
Manufacturing Expenses	287	244	17.4	259	10.7
% of sales	2.3	2.3	-2 bps	2.3	0 bps
Electricity , Power & Fuel Cost	106	96	10.2	108	(1.8)
% of sales	0.9	0.9	-7 bps	1.0	-11 bps
Employees Cost	144	112	28.9	125	15.1
% of sales	1.2	1.1	9 bps	1.1	4 bps
Total Exp	11,671	10,015	16.5	10,566	10.5
EBITDA	703	423	66.4	589	19.4
Margin %	5.7	4.0	164 bps	5.3	40 bps
Depreciation	68	44	55.1	61	12.1
Interest	151	120	25.8	167	(9.5)
Profit Before Tax	484	259	87.2	362	33.9
PBT after exceptional	484	259	87.2	362	33.9
Tax	128	66	94.0	91	40.9
Tax Rate %	26.5	25.5	94 bps	25.1	132 bps
Reported Net Profit	356	193	84.8	271	31.5
Adjusted Net Profit	356	193	84.8	271	31.5

Source: Company, Antique

Table 2: 1HFY26 balance sheet - borrowings increased to fund ongoing capex

(INR mn)	1HFY26	1HFY25	YoY (%)	FY25	FY24	YoY (%)
Share Capital	180	179	0.8	179	179	(0)
Reserves and Surplus	6,433	5,220	23.2	5,584	4,886	14
Loan Funds	1,277	1,045	22.2	615	986	(38)
Other non-current liabilities	219	31	612.7	150	110	36
Total	8,109	6,474	25.2	6,527	6,161	6
Fixed Assets	2,601	1,670	55.7	2,181	1,393	57
Capital Work-in-Progress	717	298	140.9	300	193	56
Other non-current assets	985	362	172.1	575	528	9
Current Assets, Loans And Advances	11,481	8,956	28.2	9,484	8,506	11
Inventories	4,041	2,914	38.7	3,045	2,874	6
Sundry Debtors	6,240	5,140	21.4	5,566	4,217	32
Cash and Eq	672	536	25.2	388	727	(47)
Bank Balances	11	18	(41.0)	10	36	(73)
Loans and Advances	517	347	49.1	475	652	(27)
Current Liabilities and Provisions	7,676	4,811	59.5	6,012	4,460	35
Liabilities	7,626	4,757	60.3	5,983	4,443	35
Provisions	49	54	(8.8)	30	17	78
Net Working Capital	3,806	4,145	(8.2)	3,471	4,046	(14)
Total	8,109	6,474	25.2	6,527	6,161	6
Net debt	605	508	19.1	227	259	(12)

Source: Company, Antique

Table 3: 1HFY26 cash flow - good cash flow generation from operations

(INR mn)	1HFY26	1HFY25	YoY (%)	FY25	FY24	YoY (%)
PBT	846	557	52	1,204	988	22
Depreciation	129	89	45	196	174	13
Interest	318	229	39	467	371	26
Others	(175)	(124)	41	(342)	281	(222)
Changes in working capital	(107)	(399)	(73)	154	(1,217)	(113)
Operating cash flow	1,010	351	188	1,679	597	181
Capex	(966)	(471)	105	(1,022)	(466)	119
Others	(331)	179	(284)	33	(470)	(107)
Investing cash flow	(1,296)	(292)	344	(989)	(936)	6
Inc/(Dec) in equity/premium	209	-	-	-	-	-
Net proceeds from borrowings	662	59	1,029	(371)	854	(143)
Others	(300)	(309)	(3)	(659)	(570)	16
Financing cash flow	570	(250)	(328)	(1,030)	284	(463)
Net cash flow	284	(191)	(249)	(340)	(55)	518
Opening cash balance	387	727	(47)	727	782	(7)
Closing cash balance	672	536	25	388	727	(47)
Free cash flow	45	(120)	(137)	657	131	402

Source: Company

Table 4: Change in estimates

INR mn	Previous			Revised			% Chg		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	47,339	54,776	62,800	48,933	54,776	62,800	3.4	0.0	0.0
EBITDA	2,024	2,975	4,070	2,270	2,975	4,070	12.2	0.0	0.0
EBITDA Margin %	4.3	5.4	6.5	4.6	5.4	6.5	36 bps	0 bps	0 bps
PAT	1,079	1,655	2,438	1,229	1,656	2,438	13.9	0.0	0.0

Source: Antique

Consolidated Financials

Profit and loss account (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	33,017	40,148	48,933	54,776	62,800
Op. Expenses	31,677	38,489	46,663	51,801	58,730
EBITDA	1,340	1,659	2,270	2,975	4,070
Gross profit	2,902	3,525	4,411	5,915	7,499
Depreciation	174	196	284	287	338
Other income	193	208	301	215	270
EBIT	1,359	1,670	2,287	2,902	4,002
Interest Exp.	371	467	622	695	751
Reported PBT	988	1,204	1,665	2,208	3,251
Tax	260	303	436	552	813
Reported PAT	729	901	1,229	1,656	2,438
Adjusted PAT	729	901	1,229	1,656	2,438
Adjusted EPS (INR)	4.1	5.0	6.7	9.1	13.3

Balance sheet (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Share capital	179	179	183	183	183
Reserves & Surplus	4,886	5,584	7,152	8,427	10,305
Networth	5,064	5,762	7,335	8,610	10,488
Debt	986	615	2,290	2,230	2,070
Other Non Current Liabilities	110	150	150	150	150
Capital Employed	6,161	6,527	9,775	10,990	12,708
Gross Fixed Assets	4,082	4,997	5,649	7,708	8,034
Accumulated Depreciation	2,689	2,816	3,100	3,387	3,726
Net Fixed Assets	1,393	2,181	2,549	4,321	4,309
Capital work in progress	193	300	300	300	300
Investments	528	575	575	575	575
Current Assets, Loans & Adv.	8,506	9,484	13,708	13,972	16,830
Inventory	2,874	3,045	4,022	4,502	6,022
Debtors	4,217	5,566	6,703	7,504	8,603
Bank Balance	36	10	10	10	10
Cash	727	388	2,434	1,353	1,503
Loans & advances and others	652	475	539	604	692
Current Liabilities & Provisions	4,460	6,012	7,358	8,179	9,306
Liabilities	4,443	5,983	7,328	8,149	9,276
Provisions	17	30	30	30	30
Net Current Assets	4,046	3,471	6,351	5,794	7,524
Miscellaneous expenses	-	(1)	(1)	(1)	(1)
Application of Funds	6,161	6,527	9,775	10,990	12,708

Per share data

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	178.7	178.7	182.8	182.8	182.8
Diluted no. of shares (mn)	178.7	178.7	182.8	182.8	182.8
BVPS (INR)	28.3	32.3	40.1	47.1	57.4
CEPS (INR)	5.1	6.1	8.3	10.6	15.2
DPS (INR)	0.9	1.1	1.5	2.1	3.1

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
PBT	988	1,204	1,665	2,208	3,251
Depreciation & amortization	174	196	284	287	338
Interest expense	371	467	622	695	751
Less: Interest/Div. Income Recd.	193	208	301	215	270
(Inc)/Dec in working capital	(1,217)	154	(833)	(524)	(1,580)
Tax paid	(202)	(235)	(436)	(552)	(813)
Other operating Cash Flow	676	101	-	-	-
CF from operating activities	597	1,679	1,001	1,899	1,678
Capital expenditure	(466)	(1,022)	(652)	(2,059)	(326)
Inc/(Dec) in investments	(469)	(20)	(0)	-	-
Add: Interest/Div. Income Recd.	(0)	54	301	215	270
CF from investing activities	(936)	(989)	(352)	(1,844)	(56)
Inc/(Dec) in share capital	-	-	627	-	-
Inc/(Dec) in debt	854	(371)	1,675	(60)	(160)
Interest paid	(371)	(467)	(622)	(695)	(751)
Dividend Paid	(172)	(197)	(283)	(381)	(561)
Others	(28)	4	-	-	-
CF from financing activities	284	(1,030)	1,397	(1,136)	(1,472)
Net cash flow	(55)	(340)	2,046	(1,081)	150
Opening balance	782	727	388	2,434	1,353
Closing balance	727	388	2,434	1,353	1,503

Growth indicators (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
Revenue	8.8	21.6	21.9	11.9	14.6
EBITDA	25.9	23.8	36.8	31.0	36.8
Adj PAT	22.5	23.6	36.4	34.7	47.3
Adj EPS	22.5	23.6	33.4	34.7	47.3

Valuation (x)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	56.6	45.8	34.4	25.5	17.3
P/BV (x)	8.1	7.2	5.8	4.9	4.0
EV/EBITDA (x)	31.7	25.6	18.5	14.5	10.5
EV/Sales (x)	1.3	1.1	0.9	0.8	0.7
Dividend Yield (%)	0.4	0.5	0.7	0.9	1.3

Financial ratios

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	15.2	16.6	18.8	20.8	25.5
RoCE (%)	25.0	26.3	28.1	28.0	33.8
Asset/T.O (x)	6.6	7.2	6.7	5.8	5.7
Net Debt/Equity (x)	0.2	0.1	(0.1)	0.0	(0.0)
EBIT/Interest (x)	3.7	3.6	3.7	4.2	5.3

Margins (%)

Year-ended March 31	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	4.1	4.1	4.6	5.4	6.5
EBIT Margin	4.1	4.2	4.7	5.3	6.4
PAT Margin	2.2	2.2	2.5	3.0	3.9

Source: Company Antique

CMP	: INR 406
Reco	: BUY ↘
Target Price	: INR 493 ↘
Target Price Change	: -13%
Target 1HFY28e EV/EBITDA (embedded) (x)	: 6
Sales booking FY26/27/28	: -22%/-24/-10%

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Market data

Sensex	:	84,467
Sector	:	Real Estate
Market Cap (INR bn)	:	36.1
Market Cap (USD bn)	:	0.408
O/S Shares (mn)	:	88.7
52-wk HI/LO (INR)	:	498/235
Avg. Daily Vol ('000)	:	62
Bloomberg	:	KPDL IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	7.9	11.2	11.5
P/E (x)	62.5	44.3	42.8
P/BV (x)	4.4	4.1	3.9
EV/EBITDA (x)	24.6	19.3	18.7
EV/Sales (x)	2.9	2.9	2.8

Source: Company, Antique

Returns (%)

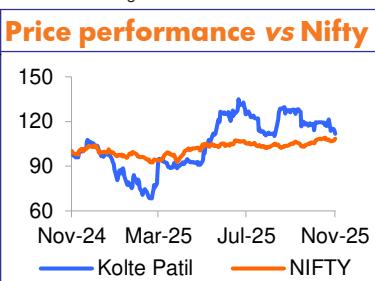
	1m	3m	6m	12m
Absolute	(6)	(1)	20	12
Relative	(8)	(6)	17	4

Source: Bloomberg

Shareholding pattern

Promoters	:	69%
Public	:	31%
Others	:	0%

Source: Bloomberg



2QFY26 RESULT REVIEW

Kolte-Patil Developers

In transition, performance impacted

Kolte-Patil Developers' (KPDL) key 2Q highlight is that Blackstone has concluded the transaction and currently holding 40% in the company and is jointly controlling it with the promoters. The company is net cash with INR 3.7 bn due to the infusion by Blackstone through the preferential route. On the operational front, KPDL's performance continued to be subdued. 2QFY26 pre-sales stood at INR 6.7 bn (-13% YoY); 1HFY26 stood at INR 12.9 bn (-13% YoY). We expect 3Q too to be a moderate quarter. KPDL is in transition and has not provided any guidance on pre-sales or launches. With a complete overhaul, we believe the new team would have a different strategy and aspirations. We reduce our FY26E/ 27E/ 28E pre-sales estimates by 24%/ 22%/ 10% to INR 27 bn/ INR 37 bn/ INR 51 bn respectively. However, we maintain our constructive view on KPDL driven by its deep Pune presence, improving Mumbai pipeline, stronger governance, and financial muscle post the Blackstone transaction. We maintain BUY with a reduced target price of INR 493 (earlier INR 569), valuing the residential segment on embedded EV/ EBITDA multiple of 6x on 1HFY28E basis, translating to 12% premium to NAV (CMP at 8% discount to NAV). Key monitorable is the hiring of a new CEO.

2QFY26 in a nutshell

Financial: Revenue for the quarter was INR 1.4 bn (-55% YoY), EBITDA INR -372 mn (vs. INR 162 mn in 2QFY25), and adj. PAT of INR -104 mn (vs. INR 97 mn in 2QFY25). OCF of INR 1.9 bn (-2% YoY) in 2QFY26 and INR 3.6 bn (-20% YoY). Net cash of INR 3.7 bn (INR 3.1 bn YoY). **Operational performance:** KPDL reported muted quarterly pre-sales of INR 6.7 bn (9% / 13% QoQ / YoY), above our estimate of INR 6.0 bn. Thus, in 1HFY26, KPDL did pre-sales of INR 12.9 bn (-13% YoY). The pre-sales were predominantly driven by sustenance sales. Life Republic, KPDL's flagship project, registered sales volume of 0.51 mn sq. ft. (-4% / -11% QoQ / YoY). Collections stood at INR 6.0 bn (8% / 8% QoQ / YoY); 1HFY26 collections came in at INR 11.5 bn (-1% YoY). Blackstone Funds now own 40% equity stake in KPDL

Major overhaul

Blackstone Fund currently own 40% equity stake in KPDL. Post Blackstone acquiring 40%, the Group CEO Mr. Atul Bohra has resigned (effective November 11, 2025); while the search is on for a new CEO, the MD Mr. Rajesh Patil will continue to lead the business. In addition, a new Chief Development Officer and Group CHRO have been appointed to strengthen project delivery and people strategy. Earlier in Aug'25, KPDL inducted three senior Blackstone executives to its board.

Strategic and operational clarity

We expect new launches and business development to gain traction once the new management team, including the new CEO, settles down. We expect onboarding of a CEO will take a while given the significant leadership changes over last few years. However, we believe that the onboarding of Blackstone in KPDL significantly strengthens KPDL's capital structure and enhances its governance and institutional profile. Once the transition concludes, the company is expected to benefit from strategic clarity and long-term visibility on capital deployment.

Investment Summary

It will be a while (2-3 quarters) before things fall in place for KPDL and the new team settles in. We maintain BUY rating with a revised TP of INR 493.

Valuation using embedded EBITDA

Table 1: SoTP valuation

	1HFY28e
Sales booking	INR 44.5 bn
Embedded EBITDA @15.0%	INR 6.7 bn
(a) EV of residential at 6.0x to EV/implied EBITDA	INR 40.0 bn
(b) Add: net cash	INR 3.7 bn
(c) Equity value (a + b)	INR 43.7 bn
(d) # of shares	89 mn
(e) Target Price (c/d)	INR 493

Source: Company, Antique

Table 2: NAV methodology

Valuations	Total NAV (INR mn)	Per share
Residential - for sale	15,883	179
Land bank	19,397	219
Total GAV (INR mn)	35,280	398
Add: Net cash	3,650	41
NAV	38,930	439
		INR/share
NAV	439	0%
CMP	406	-8%
TP	493	12%

Source: Company, Antique

Table 3: Operational performance - 2QFY26

INR mn	2QFY26	1QFY26	2QFY25	QoQ %	YoY %	1HFY26	1HFY25	YoY	FY25
Booking volume (mn sqft)	0.86	0.84	1.03	5	(13)	1.7	2.0	(15)	3.6
Booking value (INRbn)	6.70	6.16	7.70	(2)	(13)	12.9	14.8	(13)	27.9
Avg Realization (INR/sqft)	7,823	7,337	7,472	(7)	(1)	7,565	7,442	2	7,758
Collections(INRbn)	5.96	5.50	5.50	(22)	(10)	11.5	11.6	(1)	24.3
Net Debt (INRbn)	-3.65	-3.20	-0.58	-3.15	-2.83	-3.65	-0.58	-3.07	-0.05
Net D/E (x)	-0.30	-0.39	-0.08			-0.30	-0.08		-0.01

Source: Company, Antique

Table 4: Financial performance - 2QFY26

INR mn	2QFY26	1QFY26	2QFY25	QoQ %	YoY %	1HFY26	1HFY25	YoY	FY25
Net Sales	1,387	824	3,083	68	(55)	2,210	6,490	(66)	17,174
Total Expenditure	1,759	1,083	2,921			2,842	6,051		15,415
EBITDA	-372	-260	162	na	na	-632	440	na	1,759
Margins (%)	(26.8)	(31.5)	5.2	na	na	(28.6)	6.8		10.2
Depreciation	42	42	24			84	66		143
Interest	33	67	107			100	295		419
Other Income	231	145	127			375	222		464
PBT before EO expense	-216	-225	157	na	na	-441	301	na	1,661
PBT	-216	-225	157			-441	301		1,661
Tax	-29	-53	69			-82	173		618
Rate (%)	13.4	23.7	44.0			18.6	57.5		37.2
MI and Share of asso.	-83	-2	-10			-85	-32		-24
Reported PAT	-104	-170	97			-274	160		1,093
Adj PAT	-104	-170	97	na	na	-274	160	na	1,014
Margins (%)	(7.5)	(20.6)	3.2	na	na	(12.4)	2.5		5.9

Source: Company, Antique

Table 5: Change of estimates

	OLD			New			% change		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Sales booking (INR bn)	36	48	57	27	37	52	-24%	-22%	-10%
EBIDTA margin			15%			15%			0%
EV/Embedded EBITDA			6			6			0%
TP		569				493			-13%

Source: Company, Antique

Table 6: Balance sheet

Year ended	Sep-2025	Sep-2024
Share Capital	887	760
Reserves & Surplus	11,336	6,435
Networth	12,223	7,195
Debt	10,221	12,163
Minority Interest	(34)	14
Net deferred Tax liabilities	-	-
Capital Employed	22,410	19,372
Net Fixed Assets	1,753	1,485
Net Fixed Assets	1,753	1,485
Investments	4,401	403
Current Investments	4,401	403
Current Assets, Loans & Advances		
Inventory	42,794	35,925
Debtors	727	892
Cash & Bank balance	4,231	5,275
Loans & advances and others	10,536	8,873
Current Liabilities & Provisions	58,288	50,964
Liabilities	41,733	33,168
Provisions	299	312
Net Current Assets	16,256	17,484
Application of Funds	22,410	19,372

Source: Company, Antique

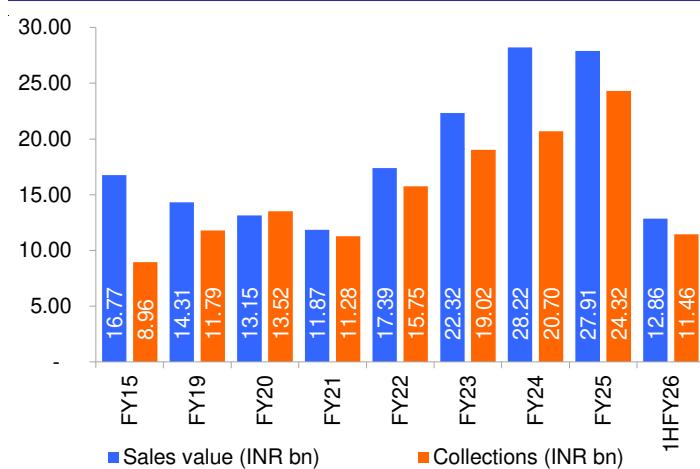
Table 7: Cash flow statement

Year ended	Sep-2025	Sep-2024
PBT	(441)	301
Depreciation & amortisation	84	66
Interest expense	100	295
(Inc)/Dec in working capital	2,292	228
Tax paid	(288)	(36)
Less: Interest/Dividend Income Received	(101)	(71)
Other operating Cash Flow	(11)	(54)
Cash flow from operating activities	1,635	729
Capital expenditure	(145)	(251)
Inc/(Dec) in investments	(4,810)	(209)
Add: Interest/Dividend Income Received	104	60
Cash flow from investing activities	(4,852)	(400)
Inc/(Dec) in share capital	4,170	-
Inc/(Dec) in debt	(943)	1,377
Dividend/Interest Paid	(582)	(1,159)
Others	(83)	(58)
Cash flow from financing activities	2,562	160
Net cash flow	(655)	489
Opening balance	1,804	2,998
Closing balance	1,149	3,487

Source: Company, Antique

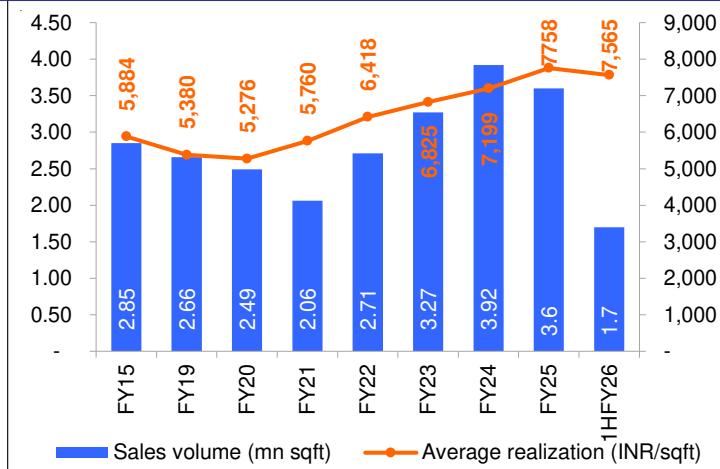
Story in Charts

Exhibit 1: Pre-sales and collections soft in 1HFY26



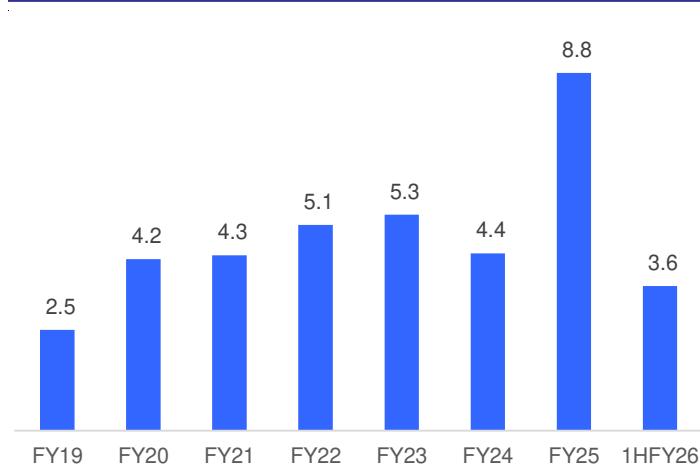
Source: Company, Antique

Exhibit 2: Drop in volume in 1HFY26



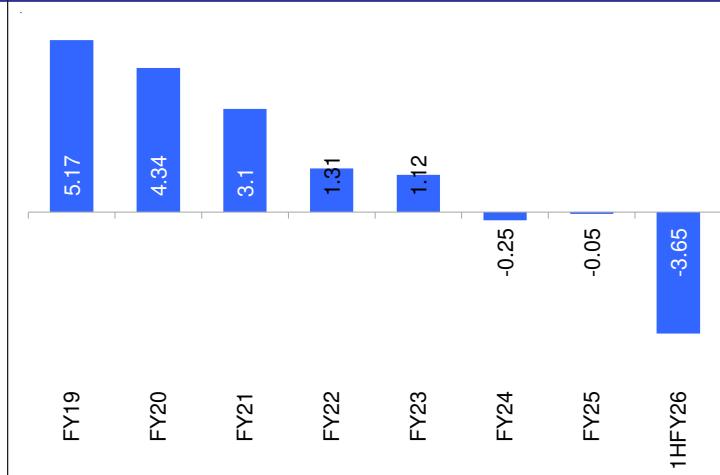
Source: Company, Antique

Exhibit 3: Steady operating cash flow in 1HFY26



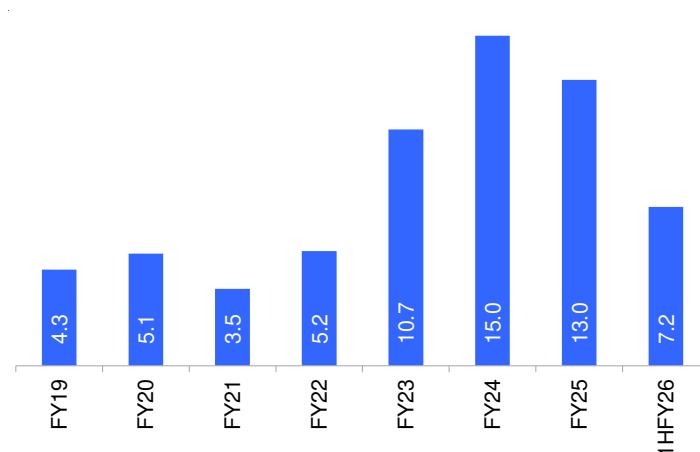
Source: Company, Antique

Exhibit 4: Continues to be net cash (INR bn)



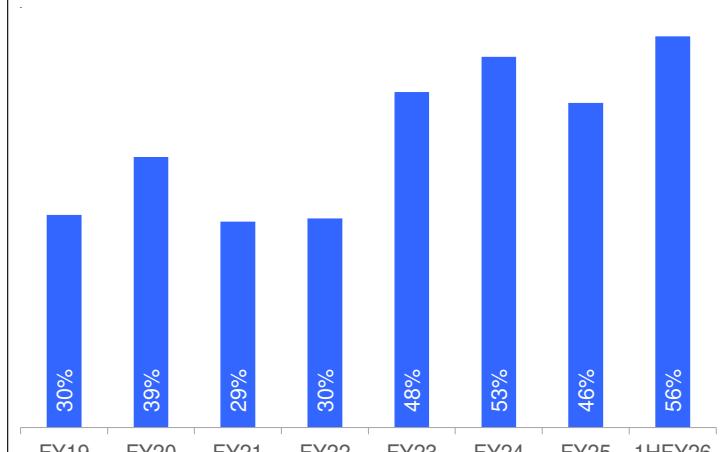
Source: Company, Antique

Exhibit 5: Robust pre-sales in Life Republic



Source: Company, Antique

Exhibit 6: Life Republic continues to be a key contributor



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	13,715	17,174	14,421	15,167	16,117
Op. Expenses	13,204	15,415	12,691	12,892	13,699
EBITDA	511	1,759	1,731	2,275	2,418
Depreciation	142	143	164	189	217
EBIT	369	1,616	1,566	2,086	2,201
Other income	233	464	464	464	464
Interest Exp.	979	419	917	977	1,037
Extra Ordinary Items-gain/(loss)	(235)	-	-	-	-
Reported PBT	(611)	1,661	1,113	1,573	1,627
Tax	(34)	618	286	404	418
Reported PAT	(577)	1,042	827	1,169	1,209
Minority Int./Profit (loss) From Associates	116	(24)	227	320	331
Adjusted PAT	(596)	1,014	600	848	878
Adjusted EPS (INR)	(7.8)	13.3	7.9	11.2	11.5

Balance sheet (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	760	760	760	760	760
Reserves & Surplus	6,579	7,541	7,838	8,382	8,956
Networth	7,339	8,301	8,598	9,142	9,716
Debt	10,786	11,089	11,839	12,589	13,339
Minority Interest	16	72	321	665	1,019
Others	1,338	341	341	341	341
Capital Employed	19,479	19,803	21,099	22,737	24,414
Property, Plant and Equipment	1,048	1,450	1,614	1,803	2,020
Other Non-Current Assets	5,415	5,895	5,895	5,895	5,895
Net Fixed Assets	6,463	7,345	7,509	7,698	7,915
Investments	1,238	628	928	1,228	1,528
Non Current Investments	307	221	221	221	221
Current Investments	931	407	707	1,007	1,307
Current Assets, Loans & Adv.	41,773	45,072	44,086	45,421	46,820
Inventory	34,685	36,107	35,267	37,618	39,801
Debtors	557	621	265	279	296
Cash & Bank balance	4,100	4,398	4,608	3,580	2,778
Loans & advances and others	2,430	3,945	3,945	3,945	3,945
Current Liabilities & Provisions	29,994	33,242	31,423	31,610	31,848
Liabilities	29,843	33,078	31,260	31,447	31,685
Provisions	152	164	164	164	164
Net Current Assets	11,778	11,830	12,662	13,811	14,972
Application of Funds	19,479	19,803	21,099	22,737	24,415

Per share data

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	76	76	76	76	76
Diluted no. of shares (mn)	76	76	76	76	76
BVPS (INR)	97	109	113	120	128
CEPS (INR)	-5.7	15.6	13.0	17.9	18.8
DPS (INR)	4.0	4.0	4.0	4.0	0.0

Source: Company, Antique

Cash flow statement (INR mn)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	(611)	1,661	1,113	1,573	1,627
Depreciation & amortization	142	143	164	189	217
Interest expense	979	419	917	977	1,037
(Inc)/Dec in working capital	(1,192)	1,112	(759)	(2,340)	(2,154)
Tax paid	(354)	(291)	(286)	(404)	(418)
Other operating Cash Flow	(74)	(224)	(153)	(153)	(153)
CF from operating activities	(1,110)	2,819	996	(159)	156
Capital expenditure	(419)	(572)	(164)	(189)	(217)
(Inc)/Dec in investments	(1,399)	(1,348)	(300)	(300)	(300)
Interest Received	81	148	50	50	50
Others	400	(637)	100	100	100
CF from investing activities	(1,338)	(2,408)	(314)	(339)	(367)
Inc/(Dec) in long-term debt	4,676	(157)	750	750	750
Interest paid	(1,074)	(1,022)	(917)	(977)	(1,037)
Dividend Paid	(304)	(302)	(304)	(304)	(304)
Others	(110)	(121)	-	-	-
CF from financing activities	3,188	(1,602)	(471)	(531)	(591)
Net cash flow	740	(1,192)	211	(1,029)	(802)
Opening balance	2,258	2,995	1,803	2,014	986
Closing balance	2,998	1,803	2,014	986	183
Bank Balance	1,103	2,594	2,594	2,594	2,594
On account of acquisition of subsidiary 3	-	-	-	-	-
Cash and bank balance	4,100	4,398	4,608	3,580	2,778

Growth indicators (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue	-7.9	25.2	-16.0	5.2	6.3
EBITDA	-73.0	244.2	-1.6	31.5	6.3
Adj PAT	-157.3	-270.2	-40.8	41.3	3.4
Adj EPS	-157.3	-270.2	-40.8	41.3	3.4

Valuation (x)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	63.0	37.0	62.5	44.3	42.8
P/BV (x)	5.1	4.5	4.4	4.1	3.9
EV/EBITDA (x)	81.7	24.0	24.6	19.3	18.7
EV/Sales (x)	3.0	2.5	2.9	2.9	2.8

Financial ratios

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	-6.7	13.0	7.1	9.6	9.3
RoCE (%)	3.3	10.6	9.9	11.6	11.3
Asset/T.O (x)	0.8	0.9	0.7	0.7	0.7
Net Debt/Equity (x)	0.8	0.8	0.8	0.9	1.0
EBIT/Interest (x)	0.4	3.9	1.7	2.1	2.1

Margins (%)

Year-ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	3.7	10.2	12.0	15.0	15.0
EBIT Margin (%)	2.7	9.4	10.9	13.8	13.7
PAT Margin (%)	-4.3	5.8	4.0	5.4	5.3

Source: Company Antique

CMP	: INR 984
Reco	: BUY ↘
Target Price	: INR 1,770 ↓
Target Price Change	: -15%
Target 1HFY28e P/E (x)	: 30
EPS Change FY26/ 27/ 28: -57%/-14%/-16%	

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Market data	
Sensex	: 84,467
Sector	: MidCaps
Market Cap (INR bn)	: 26.6
Market Cap (USD bn)	: 0.300
O/S Shares (mn)	: 26.8
52-wk HI/LO (INR)	: 2484/956
Avg. Daily Vol ('000)	: 190
Bloomberg	: GNPLIN

Source: Bloomberg

	FY26e	FY27e	FY28e
EPS (INR)	13.3	52.9	65.3
P/E (x)	73.9	18.6	15.1
P/BV (x)	2.1	1.9	1.7
EV/EBITDA (x)	21.5	12.4	8.4
Dividend Yield (%)	0.2	0.2	0.2

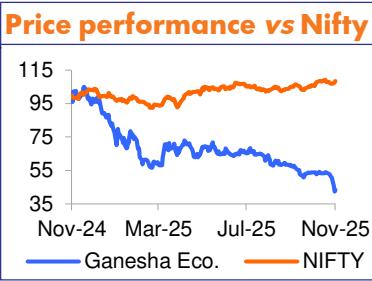
Source: Company, Antique

Returns (%)			
	1m	3m	6m
Absolute	(20)	(31)	(37)
Relative	(21)	(34)	(39)
			(57)
			(60)

Source: Bloomberg

Shareholding pattern			
Promoters	:	39%	
Public	:	61%	
Others	:	0%	

Source: Bloomberg



Source: Bloomberg

Indexed to 100

2QFY26 RESULT REVIEW

Ganesha Ecosphere

Temporary hiccups in a sustained growth journey

Ganesha Ecosphere (Ganesha) reported muted 2QFY26 led by a) The impact of high-cost inventory to the tune of ~INR 110 mn and b) Delayed final regulatory notification. The delayed regulation impacted deliveries in the B2B chip segment and led to lower operating leverage. On account of lack of short-term regulatory visibility, management reiterated that it will revisit its earlier topline guidance of INR 15 bn post 3Q. Ganesha expects the final notification next month. Despite the delayed notification, existing customers have committed to resume deliveries from January 2026 onwards. The company indicated that the impact of high-cost inventory will not be visible in 3Q and it has been liquidated fully. On the positive side, the legacy textile business witnessed a demand recovery, supported by stronger pricing and healthy order inflows. Ganesha's capex plan to increase B2B chip capacity from 42 kmtpa to 132 kmtpa is expected to come on-stream by FY27 (earlier 1HFY27) in stages. The company aspires to capture 30% share of the 1-1.2 mn MT B2B chip market over the next 4-5 years. We believe that Ganesha is likely to report healthy growth over the mid to long term considering regulatory tailwinds supported by its capex plan. We cut our FY26/ 27/ 28 EPS estimates by 57%/ 14%/ 16% considering high-cost inventory impact in 1HFY26 and slower than expected ramp of the B2B plant. Maintain BUY with a revised TP of INR 1,770 (earlier INR 2,080) based on a PE multiple of 30x 1HFY28EPS (five-year low/ high/ avg. of 11x/ 36x/ 105x).

Temporary delay in regulation marred volumes

Ganesha's revenue of INR 3.6 bn was flat on YoY basis. Standalone/ subsidiary revenue stood at INR 2.6 bn (+2% YoY)/ INR 1 bn (-21% YoY). Standalone volume/ realization grew 4%/ 2% YoY to 29 kmt/ INR 72 per kg. Whilst the textiles business showed recovery, B2B chip volume growth was impacted by deferral of customer orders due to delayed regulatory clarity. Blended CU stood at 80% in 2QFY26. The company largely maintained its share of the consolidated export business at 11% of total revenue. Management indicated that they would revisit the earlier topline guidance of INR 15 bn post gaining regulatory clarity. We believe that 1HFY26 is a temporary blip in the long-term growth story. We also believe the successful ramp-up of the South India plant should drive mix improvement and deliver volume/ revenue CAGR of 16%/ 17% over FY25–28E.

High-cost inventory impacts margin

EBITDA stood at INR 223 mn, -60% YoY. 2Q consolidated EBITDA margin contracted 815 bps YoY to 6.1%. Standalone/ subsidiary margin came in at 3.2%/ 13.6%, declined 726 bps/ 822 bps YoY, respectively. Gross margin was impacted by high-cost inventory to the tune of ~INR 110 mn. **The company indicated that the impact of high-cost inventory will not be visible in 3Q and it has been liquidated fully.** This is expected to improve the gross margin going forward. We have factored in an EBITDA CAGR of 21% over FY25–28E and expect a margin of 9.7%/ 14.8%/ 16.1% in FY26/ 27/ 28 vs. 14.4% in FY25.

INR 5 bn capital raised will be utilized to fund 67.5/ 22.5 kmtpa greenfield/ brownfield expansion

Currently, Ganesha's debt stands at INR 5.5 bn with an average cost of debt at 8.5%. INR 1.5 bn worth of convertible warrants were issued to the promoter group at INR 1,035/ warrant in Jan'24. INR 3.5 bn worth of equity shares were issued through QIP at INR 995/ share in Feb'24. The INR 6 bn greenfield expansion to set up 67.5 kmtpa rPET granule capacity is expected to be completed by March 2027 (earlier 1HFY27). Additionally, the 22.5 kmtpa brownfield capacity at a capex of INR 1-1.5 bn will be commercialized by March 26 (earlier Dec'25).

Investment Summary

We believe that Ganesha is on the cusp of a highly profitable growth cycle post commercialization of the South plant in FY24, and the successful and speedy ramp up of capacities is expected to improve performance. We strongly believe the successful ramp-up of the South plant will lead to continued re-rating of the stock. Maintain BUY.

Table 1: Financial performance

(INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Sales	3,634	3,868	(6.1)	3,371	7.8	7,005	7,234	(3.2)
Cost of Material Consumed	2,509	2,445	2.6	2,179	15.1	4,688	4,503	4.1
% of sales	69.0	63.2	583 bps	64.6	440 bps	66.9	62.2	467 bps
Employee cost	236	216	9.2	236	0.2	472	424	11.3
% of sales	6.5	5.6	91 bps	7.0	(49 bps)	6.7	5.9	87 bps
Other expenses	666	654	1.8	593	12.2	1,260	1,277	(1.4)
% of sales	18.3	16.9	141 bps	17.6	73 bps	18.0	17.7	32 bps
Total Exp	3,411	3,315	2.9	3,008	13.4	6,419	6,204	3.5
EBIDTA	223	553	(59.6)	363	(38.5)	586	1,030	(43.1)
Margin %	6.1	14.3	(815 bps)	10.8	(463 bps)	8.4	14.2	(587 bps)
Other income	53	37	41.6	34	56.4	87	80	8.6
Depreciation	157	135	16.4	155	1.5	312	270	15.9
Interest expenses	113	96	18.1	98	14.8	211	179	18.0
Profit Before Tax	6	359	(98.4)	143	(96.0)	149	661	(77.4)
PBT after exceptional	6	359	(98.4)	143	(96.0)	149	661	(77.4)
Tax	11	88	(87.6)	36	(69.3)	47	164	(71.6)
Tax Rate %	192.0	24.5	16,750 bps	24.8	16,720 bps	31.2	24.9	638 bps
Reported Net Profit	(5)	271	(101.9)	108	(104.9)	103	497	(79.3)
Adjusted Net Profit	(5)	271	(101.9)	108	(104.9)	103	497	(79.3)
EPS (INR)	(0.2)	10.1	(101.9)	4.2	(104.6)	4.0	18.5	(78.2)

Source: Company, Antique

Table 2: Semi-annual balance sheet

Particulars (INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Share Capital	268	253	5.7	268	255	5.3
Reserves and Surplus	12,354	10,700	15.5	12,544	11,252	11.5
Loan Funds	5,454	4,859	12.2	5,562	5,562	-
Deferred Tax Liability	205	172	19.3	213	213	-
Total	18,280	15,984	14.4	18,587	17,281	7.6
Fixed Assets	9,050	8,126	11.4	8,866	9,264	(4.3)
Capital Work-in-Progress	1,149	1,191	(3.6)	3,050	510	498.4
Goodwill	1	1	-	1	1	-
Investments	467	496	(5.9)	203	404	(49.6)
Current Assets, Loans And Advances	9,674	7,868	22.9	8,543	9,163	(6.8)
Inventories	3,556	3,199	11.2	3,657	3,554	2.9
Sundry Debtors	1,797	1,961	(8.4)	1,686	1,716	(1.7)
Cash and Bank Balances	972	936	3.8	525	1,418	(56.9)
Other current assets	3,349	1,772	88.9	2,676	2,676	-
Current Liabilities and Provisions	2,060	1,699	21.2	2,077	2,061	0.8
Liabilities	1,917	757	153.1	843	807	4.4
Provisions	143	942	(84.8)	1,234	1,254	(1.6)
Net Current Assets	7,614	6,169	23.4	6,466	7,102	(9.0)
Total	18,280	15,984	14.4	18,587	17,281	7.6
Net Debt	4,482	3,923	14.2	5,037	4,344	16.0

Source: Company, Antique

Table 3: Abridged semi-annual cash flow statement

(INR mn)	1HFY26	1HFY25	YoY (%)	FY26E	FY25	YoY (%)
Profit before tax	149	661	(77.4)	446	1,354	(67.1)
Depreciation	312	270	15.9	648	550	17.9
Interest	209	107	94.6	301	226	33.6
Others	(78)	11	NA	-	(7)	(100.0)
Changes in working capital	(386)	(888)	(56.6)	(56)	(1,460)	(96.1)
Tax Paid	(80)	(148)	(45.9)	(89)	(250)	(64.4)
Operating cash flow	127	13	885.6	1,250	412	203.1
Capex	(1,099)	(896)	22.6	(2,790)	(2,074)	34.5
Others	(479)	59	NA	344	821	(58.1)
Investing cash flow	(1,578)	(838)	88.4	(2,446)	(1,253)	95.3
Inc/(Dec) in equity/ warrants	1,039	-	-	1,039	85	1,116.7
Net proceeds from borrowings	(110)	792	NA	-	1,570	(100.0)
Others	(222)	(129)	71.9	(535)	(89)	504.0
Financing cash flow	708	663	6.8	504	1,567	(67.9)
Net cash flow	(743)	(162)	359.3	(693)	727	NA
Opening cash balance	1,161	434	167.4	1,418	434	180.4
Changes in other bank balances	554	663	(16.5)	-	57	(100.0)
Closing cash balance	972	936	3.8	525	1,418	(56.9)
Free cash flow	(972)	(883)	10.0	(1,540)	(1,662)	(7.3)

Source: Antique

Table 4: 2Q actual vs. estimates

INR mn	2QFY26	Antique	% ch
Revenue	3,634	3,607	0.8
EBITDA	223	449	(50.3)
PAT	(5)	171	(103.1)
EBITDA Margin	6.1%	12.4%	(631 bps)

Source: Antique

Table 5: Actual vs. estimates

Particulars	Previous			Revised			Ch %		
	INR mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	15,173	20,033	24,344	14,399	18,465	23,353	(5.1)	(7.8)	(4.1)
EBITDA	1,994	3,192	4,109	1,396	2,735	3,768	(30.0)	(14.3)	(8.3)
EBITDA Margin (%)	13.1	15.9	16.9	9.7	14.8	16.1	(345 bps)	(112 bps)	(74 bps)
PAT	829	1,651	2,069	357	1,418	1,749	(57.0)	(14.1)	(15.5)
EPS (INR)	30.9	61.6	77.2	13.3	52.9	65.3	(57.0)	(14.1)	(15.5)
TP (INR)	2,080			1,770			(14.9)		

Source: Antique

Conference Call Highlights

Financial and operational highlights

- 2Q FY26 was a challenging quarter, with the EBITDA margin declining to 6.1% and a marginal net loss, mainly due to high-cost inventory consumption and delayed regulatory clarity, leading to deferred deliveries in the B2B segment.
- The company faced severe raw material price volatility in 1H FY26. Inventory procured at much higher prices led to higher-than-market consumption costs by end-June, compressing gross margin for both legacy and subsidiary segments.
- Average selling prices dropped by about 4%, further impacting margins and profitability.

Regulatory/ policy developments

- In June 2025, the Ministry of Environment, Forest and Climate Change (MOEF) issued a draft notification allowing shortfalls in mandatory recycled plastic usage to be offset over three years. This led industry players to delay or reduce purchases of recycled material.
- The draft notification's uncertainty led to reduced RPT granule deliveries and higher inventory levels. A final notification is expected within a month; management views this as a temporary issue confined to FY26.
- From FY27, the regulatory mandate on recycled content steps up: mandatory use rises from 30% to 40% in FY27 and higher in subsequent years, which should spur demand and curb further deferrals.

Business segment updates

- Legacy textile business, which accounts for roughly 65% of revenue, has seen demand recover with firmer pricing, robust order flows, and GST rationalization aiding value chain demand.
- The B2B (bottle-to-bottle) segment was most affected by regulatory uncertainty. B2B plant utilization will remain low until there is clarity on policy; recovery is expected from January 2026 as customer commitments pick up.
- The average capacity utilization for the quarter was about 80% on consolidated basis. High-cost inventory has now been fully consumed; as of September end, inventory costs are at market parity.

Expansion and capex

- Brownfield expansion at Warangal remains on track to be commissioned by March 2026, adding 22,500 TPA RPT capacity, with revenue potential of INR 2.25-2.5 bn annually. Most of the capex outlay for this project has already been incurred.
- Greenfield expansion has been delayed and is now expected by end-FY27, with an estimated INR 5 bn capex.

Margin and outlook commentary

- 2Q saw inventory losses of approximately INR 100–110 mn due to price mismatch.
- Management expects legacy business EBITDA margin to improve to 7%–9% in December and March quarters, possibly returning to 10% or higher if current conditions sustain.
- For B2B, 3Q capacity utilization is expected to be similar or lower than 2Q, with a significant ramp-up in the March quarter post-notification clarity.
- Export revenue contributed about 11% in 2Q FY26.

Industry and supply chain dynamics

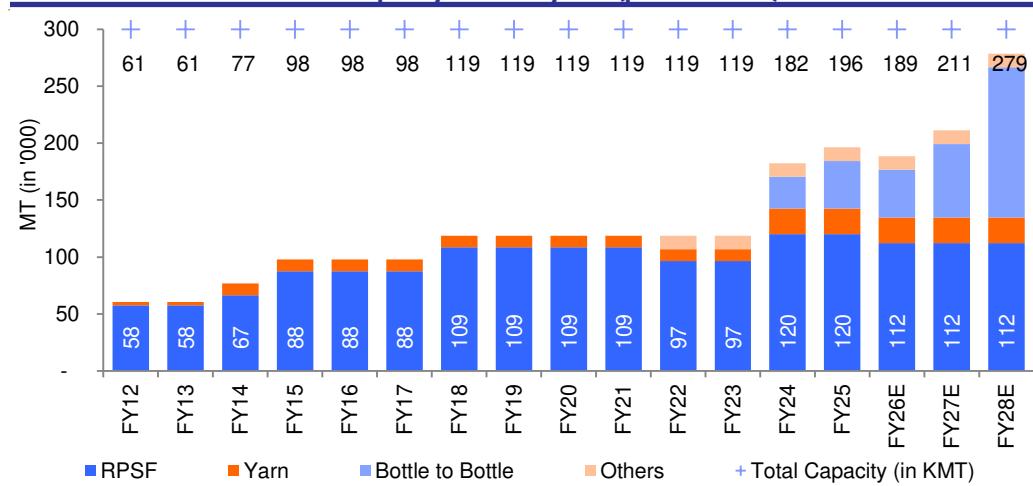
- Industry supply of food-grade RPT has more than tripled in six months, from 70,000 TPA to 210,000 TPA; Ganesh's own RPT capacity is now at 42,000 TPA. Supply-demand balance in PET scrap is dynamic, with many small suppliers limiting pricing power at the procurement end.

- Regulatory export restrictions on flakes have anchored supply toward domestic markets, stabilizing prices in the near term.

Guidance and miscellaneous

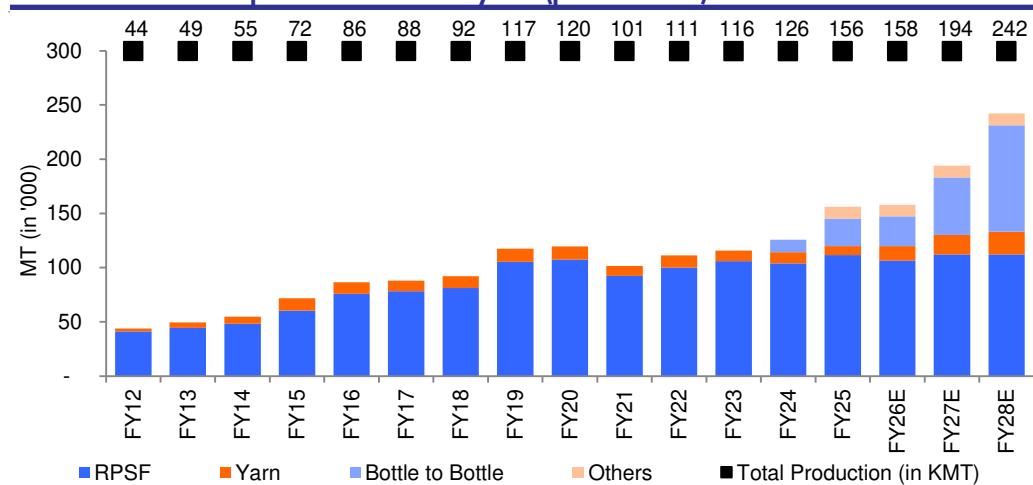
- FY26 topline guidance (INR 15 bn) will be revisited after 3Q, as B2B delivery visibility remains unclear; legacy business outlook is strong, but B2B recovery is contingent on regulatory clarity.
- Client concentration is low in legacy business (no customer >5%), but higher in B2B, supplying mainly to large beverage brands (Coke, Pepsi).

Exhibit 1: Increase in installed capacity over the years (product-wise)

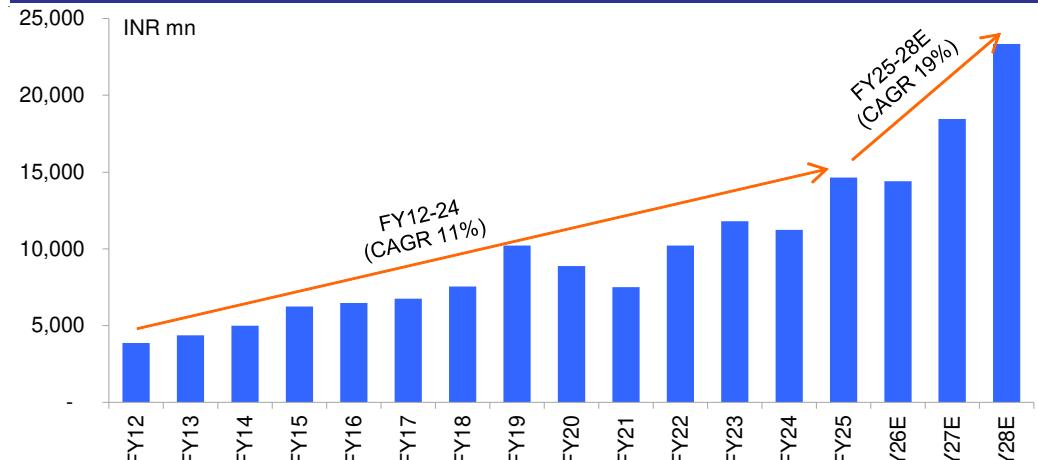


Source: Company, Antique

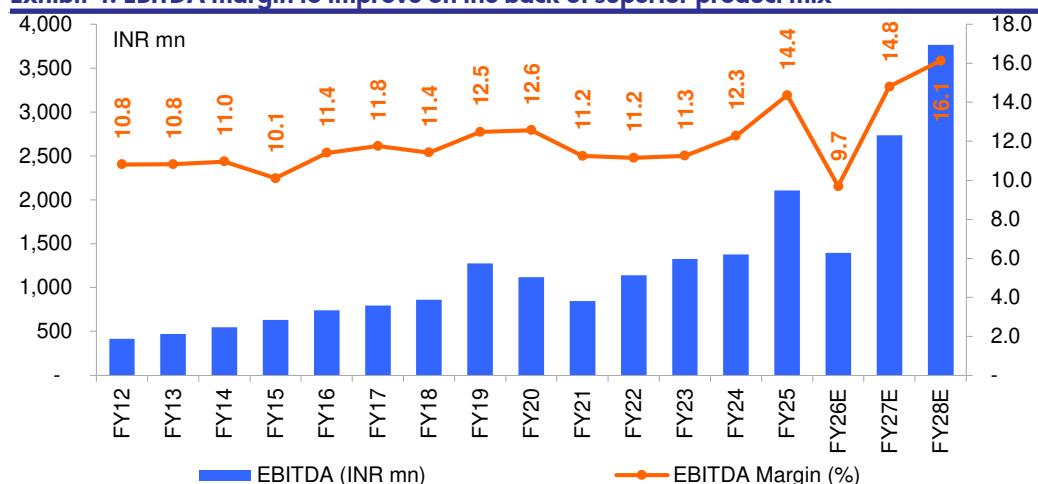
Exhibit 2: Increase in production over the years (product-wise)



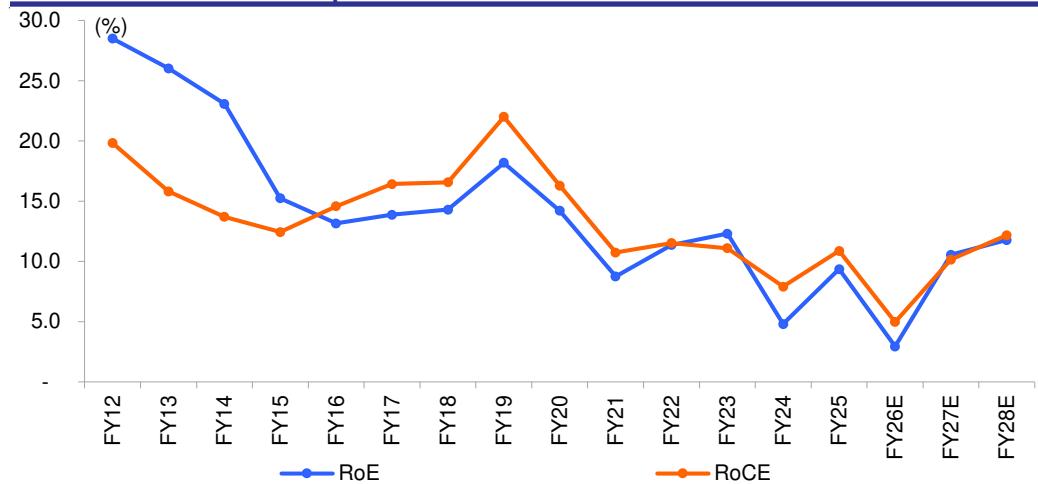
Source: Company, Antique

Exhibit 3: Steady revenue growth

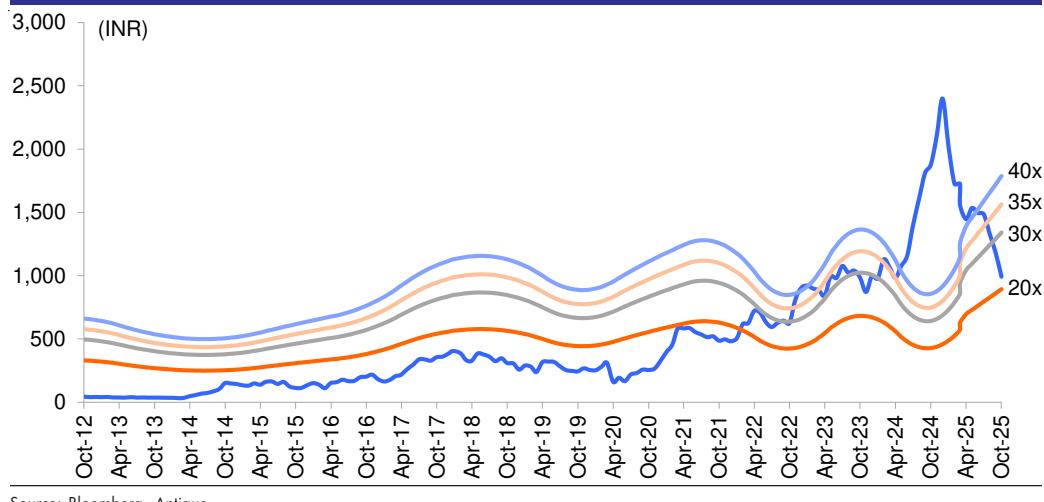
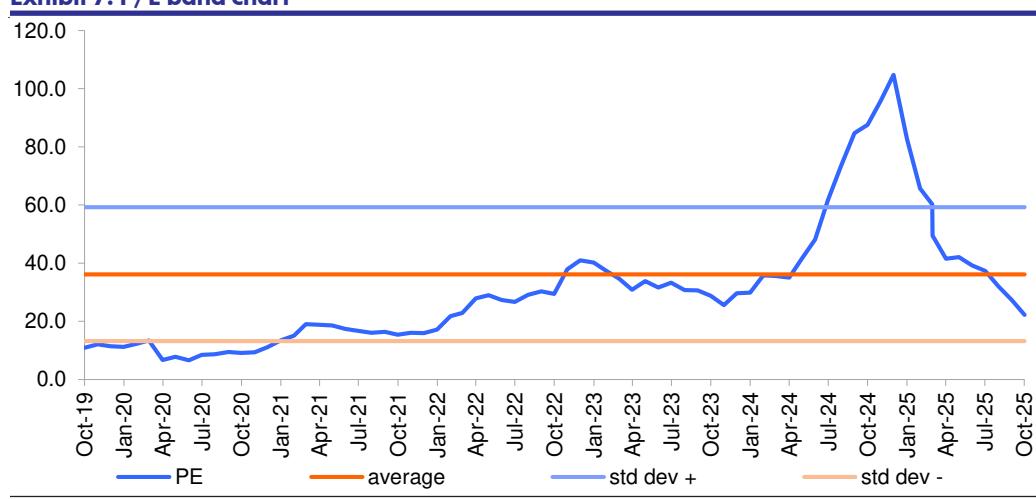
Source: Company, Antique

Exhibit 4: EBITDA margin to improve on the back of superior product mix

Source: Company, Antique

Exhibit 5: Return ratios to improve

Source: Company, Antique

Exhibit 6: One-year forward P/E**Exhibit 7: P/E band chart**

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	11,229	14,655	14,399	18,465	23,353
Op. Expenses	9,851	12,550	13,004	15,730	19,584
EBITDA	1,379	2,106	1,396	2,735	3,768
Depreciation	487	550	648	723	1,036
EBIT	892	1,556	747	2,012	2,733
Other income	146	179	144	144	144
Interest Exp.	449	381	445	382	605
Reported PBT	589	1,355	446	1,773	2,271
Tax	183	323	89	355	522
Reported PAT	406	1,032	357	1,418	1,749
Net Profit	406	1,031	357	1,418	1,749
Adjusted PAT	406	1,031	357	1,418	1,749
Adjusted EPS (INR)	16.0	40.5	13.3	52.9	65.3

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	253	255	268	268	268
Reserves & Surplus	10,268	11,252	12,544	13,817	15,372
Networth	10,521	11,507	12,812	14,085	15,640
Debt	3,988	5,562	5,562	9,562	7,562
Net deferred Tax liabilities	150	213	213	213	213
Capital Employed	14,659	17,281	18,587	23,860	23,415
Gross Fixed Assets	10,717	12,719	12,969	14,469	20,719
Accumulated Depreciation	2,916	3,455	4,103	4,826	5,862
Capital work in progress	711	510	3,050	6,500	500
Net Fixed Assets	8,512	9,774	11,916	16,143	15,357
Investments	59	203	203	203	203
Non Current Investments	59	203	203	203	203
Current Assets, Loans & Advances					
Inventory	3,014	3,554	3,657	4,397	5,514
Debtors	1,380	1,716	1,686	2,162	2,734
Cash & Bank balance	1,808	1,418	525	688	816
Loans & advances and others	1,472	2,676	2,676	2,676	1,676
Current Liabilities & Provisions					
Liabilities	746	807	843	1,013	1,271
Provisions	841	1,254	1,234	1,398	1,617
Net Current Assets	6,087	7,303	6,466	7,512	7,853
Application of Funds	14,659	17,281	18,587	23,860	23,415

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	25	25	27	27	27
Diluted no. of shares (mn)	25	25	27	27	27
BVPS (INR)	415.1	452.0	478.1	525.6	583.7
CEPS (INR)	35.2	62.1	37.5	79.9	103.9
DPS (INR)	3.0	3.0	2.8	4.5	6.0

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	589	1,354	446	1,773	2,271
Depreciation & amortization	487	550	648	723	1,036
Interest expense	439	366	445	382	605
(Inc)/Dec in working capital	(778)	(1,460)	(56)	(882)	(213)
Tax paid	(171)	(250)	(89)	(355)	(522)
Less: Interest/Div. Income Recd.	(103)	(141)	(144)	(144)	(144)
Other operating Cash Flow	(28)	(7)	-	-	-
CF from operating activities	435	412	1,250	1,498	3,033
Capital expenditure	(1,559)	(2,074)	(2,790)	(4,950)	(250)
Inc/(Dec) in investments	(1,050)	697	-	-	-
Add: Interest/Div. Income Recd.	128	49	144	144	144
CF from investing activities	(2,482)	(1,328)	(2,647)	(4,806)	(106)
Inc/(Dec) in share capital	3,775	85	1,039	-	-
Inc/(Dec) in debt	(1,071)	1,570	-	4,000	(2,000)
Dividend Paid	(44)	(114)	(90)	(145)	(194)
Others	(432)	25	(445)	(382)	(605)
CF from financing activities	2,228	1,567	504	3,472	(2,799)
Net cash flow	181	651	(893)	164	127
Opening balance	548	1,808	1,418	525	688
Closing balance	729	2,459	525	688	816
Changes in other bank balances	1,078	(1,041)	-	-	-
Cash and Bank balance	1,808	1,418	525	688	816

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue(%)	(4.8)	30.5	(1.7)	28.2	26.5
EBITDA(%)	3.8	52.7	(33.7)	96.0	37.8
Adj PAT(%)	(45.6)	154.2	(65.4)	297.5	23.3
Adj EPS(%)	(53.1)	153.1	(67.1)	297.5	23.3

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	61.5	24.3	73.9	18.6	15.1
P/BV (x)	2.4	2.2	2.1	1.9	1.7
EV/EBITDA (x)	19.7	13.8	21.5	12.4	8.4
EV/Sales (x)	2.4	2.0	2.1	1.8	1.4
Dividend Yield (%)	0.2	0.1	0.2	0.2	0.2

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	4.8	9.4	2.9	10.5	11.8
RoCE (%)	7.9	10.9	5.0	10.2	12.2
Asset/T.O (x)	0.9	0.9	0.8	0.9	1.0
Net Debt/Equity (x)	0.2	0.4	0.4	0.6	0.4
EBIT/Interest (x)	2.3	4.6	2.0	5.6	4.8

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin(%)	12.3	14.4	9.7	14.8	16.1
EBIT Margin(%)	7.9	10.6	5.2	10.9	11.7
PAT Margin(%)	3.6	7.0	2.5	7.6	7.4

Source: Company Antique

CMP	: INR 185
Reco	: BUY ↘
Target Price	: INR 230 ↑
Target Price Change	: 17%
Target 1HFY28e P/E (x)	: 35
EPS Change FY26/ 27/ 28:	No Change

2QFY26 RESULT REVIEW

Yatra Online

Another stellar quarter; momentum to continue

Yatra Online's (YATRA) 2QFY26 highlights are its strong profitability despite it being a seasonally weak quarter, better performance in the hotel and MICE business, and continued growth in the corporate segment. Revenue less service cost (RLSC) grew 34% YoY led by increase in net take rate and contribution from the hotel and MICE business. RLSC EBITDA margin stood at 19% in 2Q, up sharply from 9.8% in 2QFY25. Corporate bookings share stood at 67% in 2Q. The strategic shift towards targeting corporate clients and the MICE segment is yielding positive results, as reflected in the company's performance. We anticipate continued strong performance and expect FY26 PAT at ~INR 600 mn (FY25 was INR 365 mn), and earnings projected to grow at 45% CAGR over FY25–28E, supported by growth in high-margin corporate bookings, MICE, and hotel segments. We maintain our earnings estimates but increase our target PE multiple to 35x from 30x, to capture the strong sustained earnings growth. Maintain BUY with a revised TP of INR 230 (previously INR 197).

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Market data

Sensex	:	80,604
Sector	:	Travel Services
Market Cap (INR bn)	:	29.0
Market Cap (USD bn)	:	0.327
O/S Shares (mn)	:	156.9
52-wk HI/LO (INR)	:	197/66
Avg. Daily Vol ('000)	:	2,574
Bloomberg	:	YATRA IN

Source: Bloomberg

Valuation

	FY26e	FY27e	FY28e
EPS (INR)	3.9	5.9	7.3
P/E (x)	47.5	31.5	25.4
P/BV (x)	3.4	3.1	2.8
EV/EBITDA (x)	29.3	20.8	16.6
EV/Sales (x)	2.4	2.0	1.7

Source: Company, Antique

Returns (%)

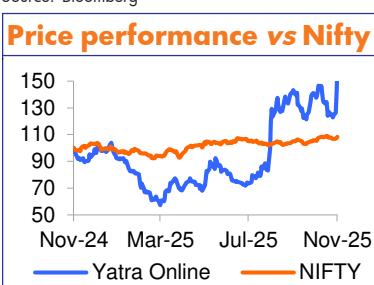
	1m	3m	6m	12m
Absolute	14	35	125	61
Relative	11	28	120	50

Source: Bloomberg

Shareholding pattern

Promoters	:	64%
Public	:	36%
Others	:	0%

Source: Bloomberg



2QFY26 in a nutshell

Gross bookings for the quarter rose 16% YoY to INR 21 bn (+13% QoQ) led by improved air ticketing and healthy performance in H&P and MICE bookings. Gross H&P bookings rose 40% YoY to INR 5.1 bn, while air ticketing bookings grew 12% YoY to INR 14.8 bn. 2QFY26 revenue came in at INR 3.5 bn (67% / 488% QoQ / YoY) vs. our estimate of INR 2.5 bn. RLSC grew by 34% YoY to INR 1.3 bn for the quarter. EBITDA for the quarter stood at INR 0.24 bn (4% / 160%, QoQ / YoY) vs. our estimate of INR 0.2 bn; the margin was 6.8%. RSLC EBITDA margin came in at 19% for the quarter. Adj. PAT for the quarter stood at INR 0.14 bn (-11% / 100% QoQ / YoY) vs. our estimate of INR 0.1 bn.

Strong uprend in profitability

YATRA reported healthy RLSC EBITDA margin at 19% in 2QFY26, up sharply from 9.8% in 2QFY25 led by net take rate expansion, better performance in hotel bookings & MICE and operating leverage. Air ticketing net take rate stood at 3.9% (-70 bps / 70 bps QoQ / YoY); sequential decline was due promotional activities on the B2C side. H&P net take rate was at 8.9% (-20 bps / 70 bps QoQ / YoY). H&P gross bookings grew 40% YoY as 2Q is seasonally a better quarter for MICE while air ticketing gross bookings grew 12% YoY driven by both B2B and B2C leading to RLSC growth 34% YoY.

Growth momentum to continue in B2B; B2C also recovering

The strategic shift towards targeting corporate clients and the MICE segment is yielding positive results. The company added 34 corporate clients in the quarter with annual billing potential of INR 2.6 bn. We expect B2B gross bookings to continue witness growth led by cross selling, new corporate acquisition, and increase in spending from existing corporate customers. B2C segment is also witnessing improvement. Various cost optimization and strategic initiatives has been undertaken in the B2C segment and management is guiding for profitable growth in the segment in coming period.

Investment Summary

We remain optimistic and believe YATRA will continue with its strong performance given its emphasis on growing the corporate business. Increasing share of B2B bookings in the overall business will help in margin expansion, thereby improving profitability. Maintain BUY with a revised TP of INR 230 (previously INR 197).

Conference Call Highlights

Operational performance

- Healthy performance was led by sustained demand from B2B and better execution on the B2C side. Additionally, corporate growth was led by H&P and MICE segment.
- Decline in net take rate in airlines was due to increase promotional activities on the B2C side due to anniversary sale.
- Increase in other expenses due to cloud platform migration and incremental commissions to affiliated partners; it is not expected to witness a significant uptick.
- 3Q to be seasonally weak which can lead to sequential decline in profitability, however, 4Q is expected to witness healthy growth led by MICE and new customer acquisition.

Corporate (B2B) business

- The company continued to expand its corporate client base and closed 33 new corporate accounts during the quarter with potential annual billing of INR 2,600 mn.
- B2B accounted for ~68% of total gross bookings in 2Q and witnessed 25% YoY growth.
- The company is investing in AI to streamline corporate bookings and enhance personalization.
- It is growing 2x the rate of industry led by robust technology and personalized platform and better supply.

Consumer (B2C) business

- On the B2C side, the company is making progress in optimizing customer acquisition cost and is expected to witness higher profitable growth in the segment.

Industry

- The corporate travel market is expected to reach USD 20 bn FY27 and online penetration stands at 20%, indicating significant headroom for growth.
- Branded/ luxury hotels and curated packages are witnessing traction across leisure and MICE travel.

Table 1: Financial performance

INR mn	2QFY26	1QFY26	2QFY25	QoQ %	YoY %	1HFY26	1HFY25	YoY %
Net Revenue	3,509	2,098	2,364	67%	48%	5,607	3,372	66%
Total Expenditure	3,270	1,867	2,272			5,137	3,234	
EBITDA	239	231	92	3%	160%	470	138	240%
Margins (%)	6.8%	11.0%	3.9%			8.4%	4.1%	
Finance Costs	22	24	25			46	49	
Depreciation	99	92	74			190	135	
Other Income	50	56	79			106	162	
PBT before EO expense	169	171	72			340	116	
PBT	169	171	72	-1%	134%	340	116	193%
Tax	26	11	0			37	3	
Reported PAT	143	160	72			303	113	
Adj PAT	143	160	72	-11%	99%	303	113	168%
Margins (%)	4.1%	7.6%	3.0%			5.4%	3.4%	

Source: Company, Antique

Table 2: Operating performance

	2QFY26	1QFY26	2QFY25	QoQ %	YoY %	1HFY26	FY25	FY24
Gross booking	20,503	18,037	17,609	14%	16%	38,540	70,732	75,884
Gross air bookings (INR mn)	14,811	14,103	13,260	5%	12%	28,914	55,272	64,950
Air passenger volume ('000)	1,329	1,206	1,377	10%	-3%	2,535	5,269	6,945
Gross H&P bookings (INR mn)	5,142	3,433	3,662	50%	40%	8,575	13,054	8,740
Hotel room nights ('000)	504	423	461	19%	9%	927	1,663	1,692
Air ticketing adjusted margin	1,016	982	886	3%	15%	1,999	3,552	4,539
gross take rate	6.9%	7.0%	6.7%			6.9%	6.4%	7.0%
H&P adjusted margin	514	380	400	35%	29%	895	1,473	1,139
gross take rate	10.0%	11.1%	10.9%			10.4%	11.3%	13.0%
Gross margin (RLSC)	1,257	1,156	936	9%	34%	2,414	3,875	3,359
Air ticketing RLSC	585	647	430	-10%	36%	1,232	1,889	1,766
Net take rate	3.9%	4.6%	3.2%			4.3%	3.4%	2.7%
H&P RLSC	456	311	299	47%	52%	766	1,122	827
Net take rate	8.9%	9.1%	8.2%			8.9%	8.6%	9.5%
EBITDA	239	230	92	4%	161%	469	444	171
Margins on RLSC	19.0%	19.9%	9.8%			19.4%	11.4%	5.1%
PAT	143	160	71	-11%	100%	302	365	(46)

Source: Company, Antique

Table 3: Half yearly balance sheet

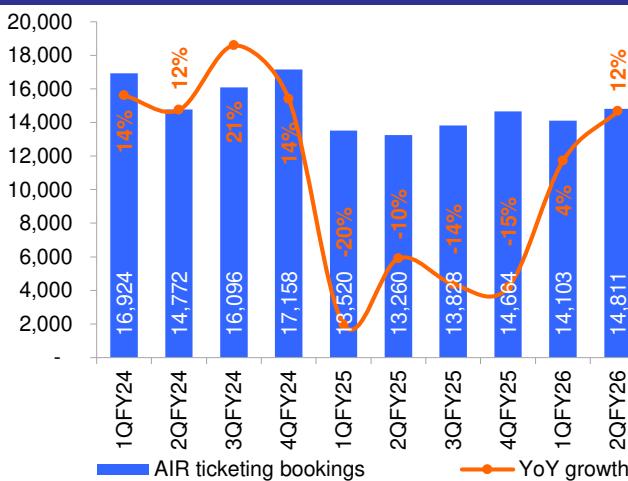
Year ended	Sep-2025	Sep-2024
Share Capital	157	342
Reserves & Surplus	7,979	46,469
Networth	8,136	46,811
Debt	211	3,920
Net deferred Tax liabilities	136	1,243
Capital Employed	8,482	51,973
Net Fixed Assets	1,633	23,920
Capital work in progress	-	989
Net Fixed Assets	1,633	24,908
Goodwill	1,415	7
Investments	-	5,778
Non Current Investments	-	15
Current Investments	-	5,763
Current Assets, Loans & Advances		
Inventory	-	12,138
Debtors	5,283	5,546
Cash & Bank balance	753	1,782
Loans & advances and others	3,939	4,962
Current Liabilities & Provisions	11,389	24,435
Liabilities	4,402	2,760
Provisions	139	387
Net Current Assets	6,849	21,288
Application of Funds	8,482	51,974

Source: Company, Antique

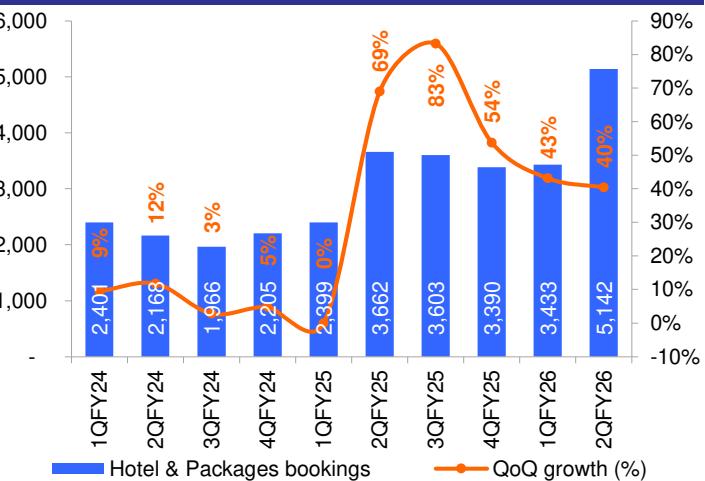
Table 4: Half yearly cash flow statement

Year ended	Sep-2025	Sep-2024
PBT	340	117
Depreciation & amortisation	190	135
Interest expense	30	37
(Inc)/Dec in working capital	385	207
Tax paid	18	(57)
Less: Interest/Dividend Income Received	(72)	(125)
Other operating Cash Flow	24	(24)
Cash flow from operating activities	914	289
Capital expenditure	(272)	(188)
Inc/(Dec) in investments	(72)	283
Add: Interest/Dividend Income Received	38	16
Cash flow from investing activities	(306)	112
Inc/(Dec) in debt	(464)	(892)
Dividend/Interest Paid	(13)	(20)
Others	(126)	(53)
Cash flow from financing activities	(604)	(965)
Net cash flow	3	(565)
Opening balance	503	1,414
Closing balance	507	848

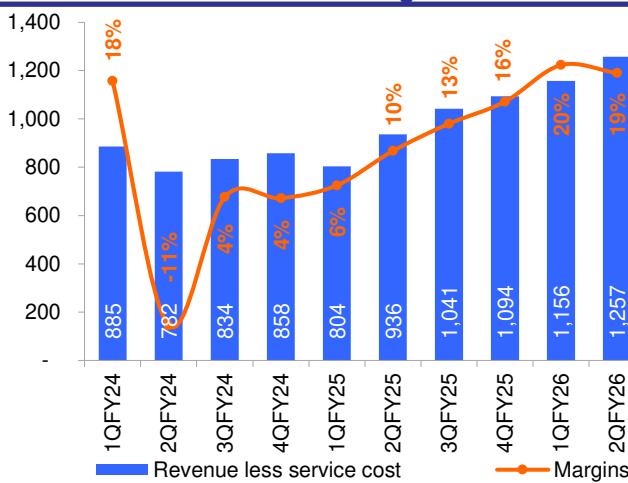
Source: Company, Antique

Exhibit 1: Air ticketing gross bookings grew 12% YoY

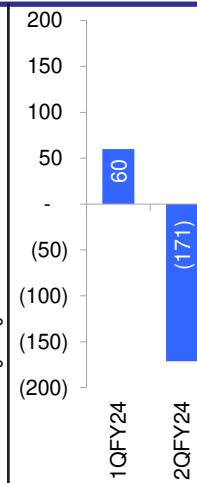
Source: Company, Antique

Exhibit 2: H&P bookings grew 40% YoY

Source: Company, Antique

Exhibit 3: Revenue less service cost grew 34% YoY**Exhibit 4: PAT trend**

Source: Company, Antique



Source: Company, Antique

Financials

Profit and loss account (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Net Revenue	4,223	7,914	11,363	13,360	15,185
Op. Expenses	4,053	7,471	10,414	12,046	13,596
EBITDA	171	444	949	1,314	1,589
Depreciation	197	309	358	371	387
EBIT	(27)	135	591	942	1,201
Other income	259	318	190	199	199
Interest Exp.	246	102	78	70	72
Reported PBT	(14)	350	703	1,071	1,329
Tax	32	(14)	91	150	186
Reported PAT	(47)	365	612	921	1,143
Net Profit	(47)	365	612	921	1,143
Adjusted PAT	(47)	365	612	921	1,143
Adjusted EPS (INR)	(0.3)	2.3	3.9	5.9	7.3

Balance sheet (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Share Capital	157	157	157	157	157
Reserves & Surplus	7,318	7,681	8,292	9,214	10,356
Networth	7,475	7,838	8,449	9,371	10,513
Debt	638	546	300	300	300
Net deferred Tax liabilities	5	143	143	143	143
Capital Employed	8,118	8,526	8,892	9,813	10,956
Property, Plant and Equipment	539	1,317	1,320	1,308	1,281
Capital work in progress	80	96	96	96	96
Net Fixed Assets	619	1,413	1,416	1,404	1,377
Goodwill	691	1,415	1,415	1,415	1,415
Other non current asset	712	813	718	718	718
Current Assets, Loans & Adv.	10,152	9,592	10,254	11,588	13,251
Debtors	4,502	5,453	5,419	5,984	6,576
Cash & bank balance	4,021	987	1,533	2,067	2,893
Loans & advances and others	1,629	3,152	3,302	3,537	3,782
Current Liabilities & Provisions	4,056	4,707	4,911	5,312	5,805
Liabilities	1,731	2,265	2,426	2,679	2,945
Provisions	2,325	2,442	2,485	2,632	2,861
Net Current Assets	6,096	4,885	5,343	6,276	7,446
Application of Funds	8,118	8,526	8,892	9,813	10,956

Per share data

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
No. of shares (mn)	157	157	157	157	157
Diluted no. of shares (mn)	157	157	157	157	157
BVPS (INR)	48	50	54	60	67
CEPS (INR)	1	4	6	8	10

Source: Company, Antique

Cash flow statement (INR mn)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	(13)	351	703	1,071	1,329
Depreciation & amortization	197	309	358	371	387
Interest expense	197	77	78	70	72
(Inc)/Dec in working capital	(1,357)	(1,384)	281	(368)	(312)
Tax paid	(97)	25	(91)	(150)	(186)
Other operating Cash Flow	(352)	(264)	(87)	(195)	(195)
CF from operating activities	(1,425)	(886)	1,241	800	1,094
Capital expenditure	(265)	(285)	(300)	(300)	(300)
(Inc)/Dec in investments	(2,116)	2,351	(204)	(49)	(51)
Others	44	(1,129)	190	199	199
CF from investing activities	(2,337)	937	(315)	(150)	(152)
Inc/(Dec) in share capital	6,021	-	-	-	-
Inc/(Dec) in borrowing	(902)	(739)	(246)	-	-
Interest paid	(162)	(42)	(78)	(70)	(72)
Others	(293)	(240)	(56)	(46)	(44)
CF from financing activities	4,663	(1,022)	(380)	(116)	(116)
Net cash flow	901	(971)	546	534	826
Opening Cash & Cash Equivalents	469	1,401	552	1,098	1,632
Adj. to Cash due to Forex, Subsidiaries, Amalgamation	31	122	-	-	-
Closing cash & cash equivalents	1,401	552	1,098	1,632	2,458
bank balance	2,621	435	435	435	435
Cash & bank balance	4,021	987	1,533	2,067	2,893

Growth indicators (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenue (%)	11.1	87.4	43.6	17.6	13.7
EBITDA (%)	-53.5	159.9	113.9	38.5	20.9
Adj PAT (%)	NA	NA	67.6	50.7	24.0
Adj EPS (%)	NA	NA	67.6	50.7	24.0

Valuation (x)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	624.6	79.6	47.5	31.5	25.4
P/BV (x)	3.9	3.7	3.4	3.1	2.8
EV/EBITDA (x)	150.3	64.5	29.3	20.8	16.6
EV/Sales (x)	6.1	3.6	2.4	2.0	1.7

Financial ratios

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
RoE (%)	-1.0	4.8	7.5	10.3	11.5
RoCE (%)	4.1	5.4	9.0	12.2	13.5
Asset/T.O (x)	1.0	1.2	1.7	1.9	1.8
Net Debt/Equity (x)	-0.5	-0.1	-0.1	-0.2	-0.2
EBIT/Interest (x)	-0.1	1.3	7.6	13.5	16.7

Margins (%)

Year ended 31 Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA Margin (%)	4.0	5.6	8.4	9.8	10.5
EBIT Margin (%)	-0.6	1.7	5.2	7.1	7.9
PAT Margin (%)	-1.1	4.6	5.4	6.9	7.5

Source: Company Antique



INDIA STRATEGY

Government finances

Government capex may soften in 2HFY26!

In this report, we have analyzed both center and state government finances for the months of April-September 2025. Key takeaways: a) Combined tax revenue grew by a meagre 3% YoY (center & state grew by -3% & 9% YoY respectively); b) Combined revenue expenditure grew by 6% YoY (center & state grew by 1.5% & 8.5% YoY respectively); c) Combined capital expenditure grew by a healthy 27% YoY (center & state grew by 40% & 6.5% YoY respectively); and d) The overall fiscal deficit rose to 37% of FY26BE, as against last year's 33% of FY25P. Extrapolating the 1HFY26 run rate, we believe that i) Tax collections may miss FY26BE by ~6%; ii) Capital spending growth may soften ~6% YoY in 2HFY26 (as compared to 27% YoY in 1H); iii) Revenue spending may grow at 11% YoY in 2HFY26 (as compared to 6% YoY in 1HFY26); and iv) Fiscal consolidation glide-path may be maintained.

Central govt.'s tax collections fall short of the target; the focus was on capex

During April-Sep FY26, gross tax revenue grew by a modest 3% YoY (given weakness across both direct & indirect tax), while net tax revenue de-grew by ~3% due to strong growth in state share of union taxes. In terms of expenditure, revenue expenditure was broadly flat (+1.5% YoY) while capex grew by ~40% YoY (mainly driven by communication, finance, and defence). Overall, fiscal deficit rose to 37% of FY26BE, as against last year's 30% of FY25P.

States govt.'s receipt and expenditure grew at a modest pace

During Apr-Sep FY26, tax revenue grew by 9.2% YoY (driven by strong growth in state's share of union taxes and stamps & registration fees) while non-tax revenue de-grew by 6.6% YoY (led by weakness in grants from the center). In terms of expenditure, revenue and capital grew by 8.5% YoY and 6.5% respectively. Overall, fiscal deficit rose to 38% of FY26BE, as against last year's 37% of FY25P.

Higher capex amidst weak tax collection impacted combined fiscal deficit

During Apr-Sep FY26, combined tax revenue grew by 3.4% while combined non-tax revenue grew by a healthy 25.1% (led by the center). In terms of combined expenditure, revenue and capital spending grew by 6% YoY and 27% YoY respectively. Overall, the fiscal deficit rose to 37% of FY26BE, as against last year's 33% of FY25P.

Government capex may soften in 2HFY26

Given the 1HFY26 run rate, we believe that i) Tax collections may miss FY26BE by ~6%; ii) Capital spending growth may soften to ~6% YoY in 2HFY26 (as compared to 27% YoY in 1H); ii) Revenue spending may grow at 11% YoY in 2HFY26 (as compared to 6% YoY in 1HFY26); and iv) Fiscal consolidation glide-path may be maintained.

Central govt.'s tax collections fall short of the target; the focus was on capex

During April-Sep FY26, gross tax revenue grew by a modest 3% YoY (given weakness across both direct & indirect tax), while net tax revenue de-grew by ~3% due to strong growth in state share of union taxes. In terms of expenditure, revenue expenditure was broadly flat (+1.5% YoY) while capex grew by ~40% YoY (mainly driven by communication, finance, and defence). Overall, fiscal deficit rose to 37% of FY26BE, as against last year's 30% of FY25P.

Table 1: Central Government capex likely to slow down in 2H

Center (INR bn)	6m FY26		Implied		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
	(Apr-Sep)	YoY (%)	6m FY26	YoY (%)					
Total receipts	17,302	5.7	17,662	22.5	30,782	34,964	13.6	53.2	49.5
Revenue receipts	16,954	4.5	17,250	22.0	30,364	34,204	12.6	53.4	49.6
Tax revenue	12,294	-2.8	16,080	30.3	24,989	28,374	13.5	50.6	43.3
Non-Tax revenue	4,661	30.5	1,169	-35.2	5,375	5,830	8.5	66.5	79.9
Capital receipts excl. borrowings	348	138.1	412	51.5	418	760	81.7	34.9	45.8
Recovery of loans and advances	114	-0.7	176	33.9	246	290	17.8	46.4	39.1
Other receipts	234	639.4	236	68.0	172	470	173.2	18.4	49.8
Total Expenditure	23,033	9.1	27,620	8.6	46,555	50,653	8.8	45.4	45.5
Revenue expenditure	17,226	1.5	22,217	16.5	36,035	39,443	9.5	47.1	43.7
Interest payments	5,782	12.3	6,982	16.1	11,163	12,763	14.3	46.1	45.3
Major Subsidies	1,504	-15.8	2,758	31.7	3,880	4,262	9.8	46.0	35.3
Capital expenditure	5,807	40.0	5,403	-15.2	10,520	11,211	6.6	39.4	51.8
Capital expenditure (excl. Loans & advances)	4,619	28.5	4,334	-12.6	8,553	8,952	4.7	42.0	51.6
Loans and advances	1,189	114.6	1,070	-24.3	1,967	2,258	14.8	28.2	52.6
Fiscal Deficit	5,731	20.8	9,958	-9.7	15,773	15,689	-0.5	30.1	36.5
Fiscal Deficit to GSDP	1.6		2.8		4.9	4.4			
Revenue Deficit (-ve=surplus)	271	-63.4	4,967	0.8	5,671	5,238	-7.6	13.1	5.2
Revenue deficit as % GSDP	0.1		1.4		1.7	1.5			
Primary deficit	-51	-87.5	2,977	-40.6	4,609	2,926	-36.5	-8.8	-1.7
Primary deficit as % of GDP	0.0		0.8		1.4	0.8			
GSDP	3,56,979	10.1	3,56,979	10.1	3,24,114	3,56,979	10.1	100.0	100.0

Source: Antique, CMIE

Table 2: Tax revenue collection remains muted across categories

Center revenue receipts (INR bn)	6m FY26		Implied		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
	(Apr-Sep)	YoY (%)	6m FY26	YoY (%)					
Gross Tax Revenue	18,654	2.8	24,049	21.4	37,952	42,702	12.5	47.8	43.7
Income Tax	5,910	4.7	8,470	37.0	11,830	14,380	21.6	47.7	41.1
GST	5,331	3.2	6,449	25.2	10,316	11,780	14.2	50.1	45.3
Corporate Tax	4,666	1.1	6,154	17.2	9,868	10,820	9.7	46.8	43.1
Excise	1,389	8.1	1,781	3.7	3,003	3,170	5.6	42.8	43.8
Customs	1,071	-5.2	1,329	10.8	2,329	2,400	3.1	48.5	44.6
Other taxes & duties	286	-4.9	-134	-143.6	608	152	-74.9	49.5	187.8
Less: State's share	6,318	16.0	7,907	6.6	12,869	14,224	10.5	42.3	44.4
Less: Transferred to NCCD	42	9.1	61	10.3	95	104	9.8	41.0	40.8
Net Tax Revenue	12,294	-2.8	16,080	30.3	24,989	28,374	13.5	50.6	43.3
Non-tax revenue	4,661	30.5	1,169	-35.2	5,375	5,830	8.5	66.5	79.9
Dividends & profits	3,215	28.3	35	-94.0	3,084	3,250	5.4	81.3	98.9
Interest receipts	180	-11.5	297	42.4	412	477	15.8	49.4	37.7
Other non-tax revenue	1,265	46.8	13	-98.8	1,879	1,278	-32.0	45.9	99.0
Revenue receipts	16,954	4.5	17,250	22.0	30,364	34,204	12.6	53.4	49.6

Source: Antique, CMIE

Table 3: Dip in subsidies mainly driven by food

Major Subsidies (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	Implied 6m FY26 (Oct-Mar)		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
			6m FY26 (Oct-Mar)	YoY (%)					
Food	644	-43.4	1,390	61.5	1,999	2,034	1.8	56.9	31.7
Fertilizer	855	39.7	824	-26.7	1,737	1,679	-3.3	35.2	50.9
Petroleum	5	-86.2	116	7.2	145	121	-16.4	25.3	4.2
Major Subsidies	1,504	-15.8	2,330	11.3	3,880	3,834	-1.2	46.0	39.2

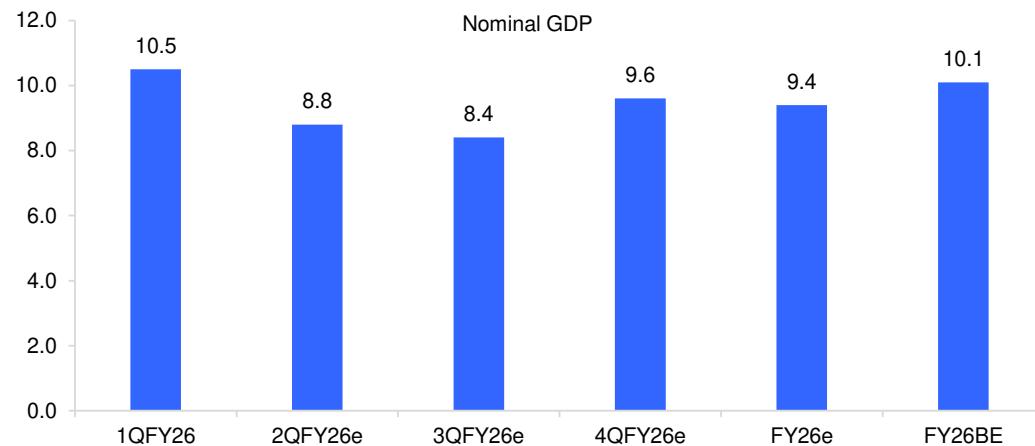
Source: Antique, CMIE

Note: Interest & other subsidies not included.

Table 4: FY26 budgeted estimates may miss expectations partly due to lower base

Center (INR bn)	FY25RE	FY25P	Deviation (%)
Total receipts	31,470	30,782	-2.2
Revenue receipts	30,880	30,364	-1.7
Tax revenue	25,570	24,989	-2.3
Capital receipts excl. borrowings	590	418	-29.1
Total Expenditure	47,165	46,555	-1.3
Revenue expenditure	36,981	36,035	-2.6
Capital expenditure	10,184	10,520	3.3
Fiscal Deficit	15,695	15,773	0.5
Fiscal Deficit to GSDP	4.8	4.9	

Source: Antique, CMIE

Exhibit 1: Also due to lower FY26 nominal GDP growth

Source: Antique, CMIE

Note: Estimates are from professional forecasters' from CMIE. FY26BE is Budget Estimate.

Table 5: Strong capex driven by communication, finance, and defence

Capital expenditure (INR bn)	6mFY26	YoY%	6mFY26 Implied	YoY%	FY26	YoY%
Ministry of Road Transport and Highways	1,711	21.7	1,014	-30.0	2,725	-4.5
Ministry of Railways	1,433	5.6	1,087	-6.5	2,520	0.0
Ministry of Defence	965	66.6	740	-34.3	1,705	-0.1
Ministry of Finance	592	46.8	988	-29.7	1,580	-12.7
Ministry of Communications	181	225.5	581	-16.4	762	1.6
Ministry of Housing and Urban Affairs	138	8.9	179	-5.7	317	0.1
Ministry of Home Affairs	77	136.6	81	-39.4	157	-4.9
Department of Atomic Energy	60	-4.3	65	6.0	125	0.8
Total of above ministries	5,157	28.2	4,734	-23.9	9,891	-3.5
Total	5,807	40.0	5,403	-15.2	11,211	6.6

Source: Antique, CMIE

States govt.'s receipt and expenditure grew at a modest pace

During Apr-Sep FY26, tax revenue grew by 9.2% YoY (driven by strong growth in state's share of union taxes and stamps & registration fees) while non-tax revenue de-grew by 6.6% YoY (led by weakness in grants from the center). In terms of expenditure, revenue and capital grew by 8.5% YoY and 6.5% respectively. Overall, fiscal deficit rose to 38% of FY26BE, as against last year's 37% of FY25P.

Table 6: States govt. receipt and expenditure lags last year pace

State (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	Implied		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
			6m FY26 (Oct-Mar)	YoY (%)					
Total receipts	17,305	6.9	27,866	35.8	36,698	45,171	23.1	44.1	38.3
Revenue receipts	17,245	6.7	27,437	34.7	36,529	44,683	22.3	44.2	38.6
Tax revenue	14,974	9.2	20,403	23.6	30,218	35,377	17.1	45.4	42.3
Non-tax revenue	2,272	-6.6	7,034	82.0	6,295	9,305	47.8	38.6	24.4
Capital receipts excl. borrowings	59	117.1	429	203.8	169	488	189.8	16.2	12.1
Recovery of loans and advances	59	120.5	381	172.6	166	440	164.2	16.0	13.4
Other receipts	0	-27.9	48	3,145.6	2	49	2,200.6	29.8	0.9
Total Expenditure	21,425	8.2	34,533	29.7	46,416	55,958	20.6	42.6	38.3
Revenue expenditure	18,633	8.5	27,286	26.5	38,740	45,920	18.5	44.3	40.6
Interest payments	2,513	11.8	3,418	25.7	4,967	5,931	19.4	45.2	42.4
Capital expenditure	2,791	6.5	7,247	43.4	7,676	10,038	30.8	34.2	27.8
Capital expenditure (excl. Loans & advances)	2,498	10.4	6,749	43.7	6,958	9,248	32.9	32.5	27.0
Loans and advances	293	-18.5	497	38.8	718	790	10.1	50.1	37.1
Fiscal Deficit	4,120	14.1	6,667	9.1	9,718	10,787	11.0	37.1	38.2
Fiscal Deficit to GSDP	1.2		2.0		3.2	3.2			
Revenue Deficit (-ve=surplus)	1,388	36.7	-151	-112.6	2,211	1,237	-44.1	45.9	112.2
Revenue deficit as % GSDP	0.4		0.0		0.7	0.4			
Primary deficit	1,607	18.0	3,249	-4.1	4,751	4,856	2.2	28.7	33.1
Primary deficit as % of GDP	0.5		1.0		1.6	1.4			
GSDP	3,40,703	11.6	3,40,703	11.6	3,05,185	3,40,703	11.6	100.0	100.0

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

Table 7: Weakness in revenue receipts is partly due to decline in grants from center

States Revenue Receipts (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	Implied		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
			6m FY26 (Oct-Mar)	YoY (%)					
Revenue receipts	17,245	6.7	27,437	34.7	36,529	44,683	22.3	44.2	38.6
Tax revenue	14,974	9.2	20,403	23.6	30,218	35,377	17.1	45.4	42.3
Stamps and registration fees	1,257	10.7	1,889	61.5	2,306	3,147	36.5	49.3	40.0
Taxes on sales, trade etc.	1,972	4.0	2,732	31.2	3,978	4,704	18.3	47.6	41.9
State excise duties	1,367	9.7	1,898	31.6	2,687	3,264	21.5	46.3	41.9
GST	4,837	5.7	5,352	10.1	9,438	10,189	8.0	48.5	47.5
State's share of Union Taxes	4,549	14.1	7,326	30.5	9,598	11,875	23.7	41.5	38.3
Other taxes and duties	992	14.0	1,207	-9.9	2,210	2,199	-0.5	39.4	45.1
Non-tax revenue	2,272	-6.6	7,034	82.0	6,295	9,305	47.8	38.6	24.4
State's own non-tax revenue	1,290	8.9	2,683	42.3	3,070	3,973	29.4	38.6	32.5
Grants-in-aid and contributions	982	-21.2	4,350	119.9	3,225	5,332	65.3	38.7	18.4

Source: Antique, CMIE

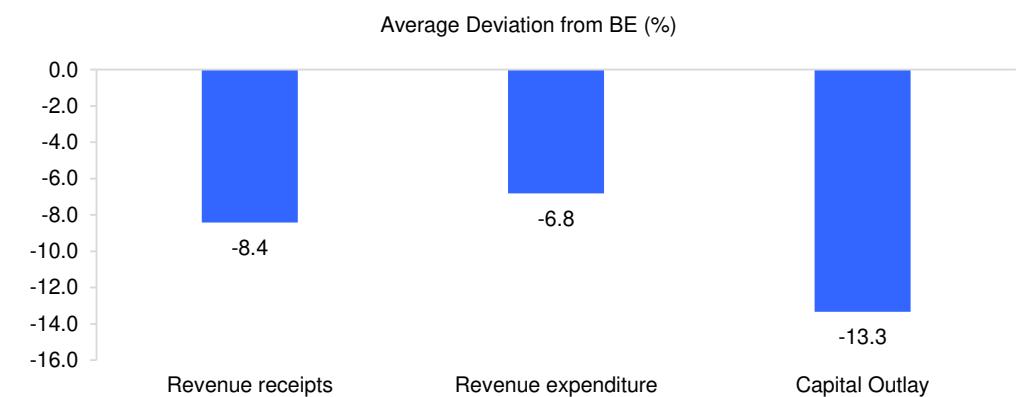
Note: State data includes 18 states contributing ~92% of GDP.

Table 8: FY26 budgeted estimates maybe missed partly due to lower base

State (INR bn)	FY25RE	FY25P	Deviation (%)
Total receipts	39,871	36,698	-8.0
Revenue receipts	39,639	36,529	-7.8
Tax revenue	31,281	30,218	-3.4
Capital receipts excl. borrowings	232	169	-27.2
Total Expenditure	50,071	46,416	-7.3
Revenue expenditure	41,449	38,740	-6.5
Capital expenditure	8,622	7,676	-11.0
Fiscal Deficit	10,204	9,718	-4.8
Fiscal Deficit to GSDP	3.3	3.2	

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

Exhibit 2: As has been the past trend

Source: Antique, CMIE Note: State data includes 18 states contributing ~92% of GDP. Average is from FY15 to FY25, excluding FY20 & FY21

Table 9: MP, Telangana, Tamil Nadu, and Gujarat have seen subdued tax revenue growth in FY26 so far

Tax Revenue (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	Implied 6m FY26 (Oct-Mar)		FY25P	FY26BE	YoY (%)	YTD as % FY25P	YTD as % FY26BE
			YoY (%)	FY25P					
Andhra Pradesh	676	10.3	990	23.4	1,415	1,666	17.7	43.3	40.6
Assam	361	14.6	433	11.4	703	793	12.8	44.8	45.5
Chhattisgarh	417	8.3	623	24.3	886	1,040	17.4	43.5	40.1
Gujarat	925	5.6	1,154	17.9	1,855	2,079	12.1	47.2	44.5
Haryana	514	13.7	563	20.3	920	1,077	17.0	49.1	47.7
Jharkhand	363	14.8	459	16.5	711	822	15.7	44.5	44.2
Karnataka	1,140	8.8	1,460	22.1	2,244	2,600	15.9	46.7	43.9
Kerala	514	8.2	688	27.5	1,014	1,201	18.5	46.8	42.8
Maharashtra	2,139	11.3	2,635	7.7	4,368	4,774	9.3	44.0	44.8
Madhya Pradesh	869	1.3	1,339	22.2	1,954	2,208	13.0	43.9	39.4
Odisha	553	7.9	751	18.3	1,148	1,304	13.6	44.6	42.4
Punjab	395	12.9	494	17.6	770	890	15.5	45.4	44.4
Rajasthan	900	10.7	1,385	39.2	1,808	2,285	26.4	45.0	39.4
Telangana	718	4.3	1,035	53.6	1,363	1,753	28.6	50.6	41.0
Tamil Nadu	1,167	6.9	1,622	31.3	2,327	2,789	19.9	46.9	41.8
Uttar Pradesh	2,179	11.0	3,323	34.6	4,431	5,502	24.2	44.3	39.6
Uttarakhand	178	9.2	221	16.6	353	399	13.2	46.3	44.6
West Bengal	966	11.5	1,229	13.7	1,948	2,195	12.7	44.5	44.0
All states	14,974	9.2	20,403	23.6	30,218	35,377	17.1	45.4	42.3

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

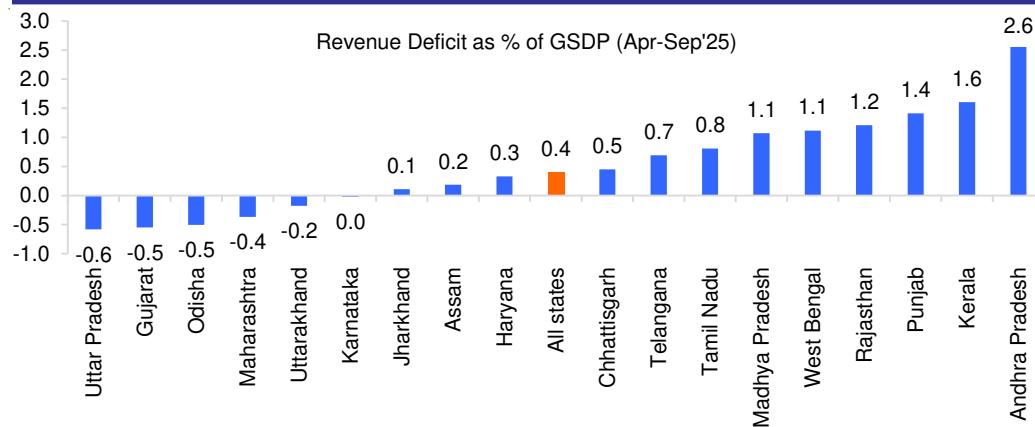
Table 10: Chhattisgarh, Punjab, Rajasthan, WB, TN, and UP saw a significant dip in capex spending

Capital Expenditure (excl. Loans & advances) (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	Implied				YoY (%)	YTD as % FY25P	YTD as % FY26BE
			6m FY26 (Oct-Mar)	YoY (%)	FY25P	FY26BE			
Andhra Pradesh	117	153.9	289	98.6	192	406	111.9	24.1	28.8
Assam	102	29.4	192	3.5	264	294	11.2	29.8	34.7
Chhattisgarh	35	-42.6	228	64.2	201	263	31.3	30.8	13.5
Gujarat	290	33.8	664	51.9	654	955	45.9	33.2	30.4
Haryana	66	77.2	96	21.4	116	162	39.3	32.1	40.8
Jharkhand	65	-0.2	161	35.5	184	226	22.9	35.4	28.7
Karnataka	164	32.5	518	13.8	579	682	17.8	21.4	24.0
Kerala	74	20.8	96	6.6	151	169	12.3	40.5	43.6
Maharashtra	264	32.5	581	-7.6	827	845	2.1	24.0	31.2
Madhya Pradesh	329	19.5	496	24.4	674	825	22.4	40.8	39.9
Odisha	143	-5.7	507	67.3	455	650	42.9	33.3	22.0
Punjab	18	-36.5	85	108.3	69	103	49.9	40.3	17.1
Rajasthan	121	-25.3	416	185.8	307	537	74.7	52.6	22.5
Telangana	222	123.8	143	-45.6	362	365	0.8	27.4	60.8
Tamil Nadu	130	-20.2	442	43.5	471	572	21.5	34.6	22.7
Uttar Pradesh	262	-26.0	1,391	80.4	1,125	1,652	46.9	31.5	15.8
Uttarakhand	37	16.2	111	39.6	111	148	32.9	28.5	24.9
West Bengal	60	-44.5	333	210.3	216	393	81.9	50.4	15.4
All states	2,498	10.4	6,749	43.7	6,958	9,248	32.9	32.5	27.0

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

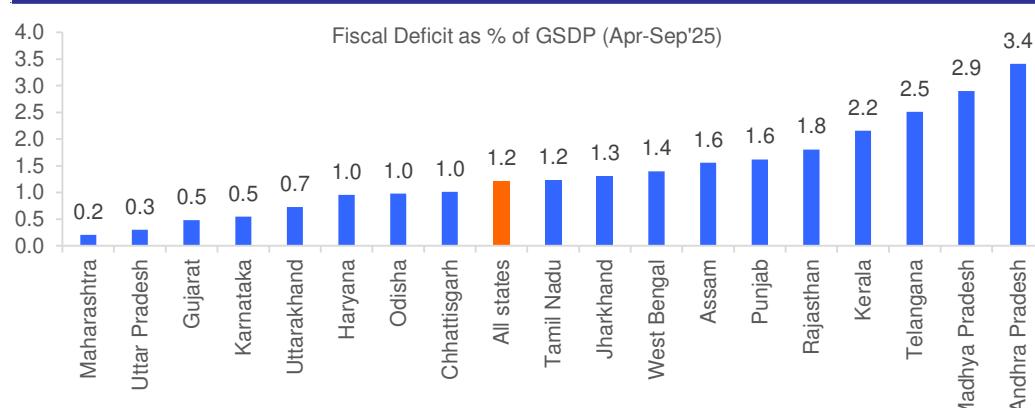
Exhibit 3: State-wise revenue deficit (as % of GSDP)



Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

Exhibit 4: State-wise fiscal deficit (as % of GSDP)



Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.

Higher capex amidst weak tax collection impacted combined fiscal deficit

During Apr-Sep FY26, combined tax revenue grew by 3.4% while combined non-tax revenue grew by a healthy 25.1% (led by the center). In terms of combined expenditure, revenue and capital spending grew by 6% YoY and 27% YoY respectively. Overall, the fiscal deficit rose to 37% of FY26BE, as against last year's 33% of FY25P.

Table 11: Capex and lower tax revenue lead to fiscal deficit increasing more than last year

Center & State			Implied		FY25P	FY26BE	YoY (%)	YTD as %	YTD as %	
	Combined (INR bn)	6m FY26 (Apr-Sep)	YoY (%)	6m FY26 (Oct-Mar)	YoY (%)					
Total receipts	33,625	7.5		41,178	25.0	64,239	74,803	16.4	48.7	45.0
Revenue receipts	33,218	6.7		40,337	24.0	63,652	73,554	15.6	48.9	45.2
Tax revenue	27,267	3.4		36,484	26.5	55,207	63,751	15.5	47.7	42.8
Non-tax revenue	5,950	25.1		3,853	4.4	8,445	9,803	16.1	56.3	60.7
Capital receipts excl. borrowings	407	134.8		841	103.5	587	1,248	112.8	29.5	32.6
Recovery of loans and advances	172	22.2		557	105.2	413	730	76.9	34.2	23.6
Other receipts	235	626.4		284	100.3	174	519	197.8	18.5	45.2
Total Expenditure	43,476	9.6		57,803	15.4	89,746	1,01,279	12.9	44.2	42.9
Revenue expenditure	34,878	6.0		45,152	16.8	71,550	80,030	11.9	46.0	43.6
Interest payments	8,295	12.1		10,399	19.1	16,131	18,694	15.9	45.9	44.4
Major Subsidies	1,504	-15.8		2,758	31.7	3,880	4,262	9.8	46.0	35.3
Capital expenditure	8,599	27.0		12,650	10.7	18,196	21,249	16.8	37.2	40.5
Capital expenditure (excl. Loans & advances)	7,117	21.5		11,083	14.8	15,511	18,200	17.3	37.8	39.1
Loans and advances	1,482	62.2		1,567	-11.5	2,685	3,049	13.6	34.0	48.6
Fiscal Deficit	9,851	17.7		16,625	-3.0	25,507	26,476	3.8	32.8	37.2
Fiscal Deficit to GSDP	2.8			4.7		7.9	7.4			
Revenue Deficit (-ve=surplus)	1,660	-6.4		4,816	-21.4	7,898	6,476	-18.0	22.4	25.6
Revenue deficit as % GSDP	0.5			1.3		2.4	1.8			
Primary deficit	1,556	60.0		6,226	-25.9	9,376	7,782	-17.0	10.4	20.0
Primary deficit as % of GDP	0.4			1.7		2.9	2.2			
GSDP	3,56,979	10.1		3,56,979	10.1	3,24,114	3,56,979	10.1	100.0	100.0

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP. We have adjusted grants from the Center to State from revenue receipts & revenue expenditure. Due to unavailability of monthly data, we have not adjusted net loans & advances from the Center to State leading to double counting.

Table 12: Likely miss in FY26 budgeted estimate may be partly due to lower base

Combined (INR bn)	FY25RE	FY25P	Deviation (%)
Total receipts	71,340	67,480	-5.4
Revenue receipts	70,519	66,893	-5.1
Tax revenue	56,850	55,207	-2.9
Capital receipts excl. borrowings	822	587	-28.6
Total Expenditure	97,236	92,971	-4.4
Revenue expenditure	78,430	74,775	-4.7
Capital expenditure	18,806	18,196	-3.2
Fiscal Deficit	25,899	25,491	-1.6
Fiscal Deficit to GSDP	8.0	7.9	

Source: Antique, CMIE

Note: State data includes 18 states contributing ~92% of GDP.



ANTIQUE'S INDIA ECONOMIC MONITOR

CPI**At an all-time low!**

Headline inflation has cooled off to 0.25% YoY in Oct'25 (an all-time low), lower than the previous month reading of 1.4% YoY. Core inflation came in at 4.4% YoY (higher than the previous month reading of 4.3%), despite elevated price pressures in personal care and effects category (at 23.9% YoY), particularly due to higher gold prices. Core inflation (ex-gold) was at 2.7% YoY (previous month reading of 3.0%). Food inflation de-grew by 5.0% YoY (as compared to -2.3% YoY in the previous month) aided by a sharp drop in prices of vegetables and pulses. Key products seeing an inflationary trend are a) Coconut, mustard oil, refined oil, coconut oil, and coffee—within food; and b) Gold and hospital charges—within the non-food category. However, few key products seeing benign inflationary trends are: a) Chicken, banana, groundnut oil, apple, potato, onion, garlic, ginger, tomato, arhar, gram, urad, jeera, and dry chilies within food; and b) Petrol, books, stationary—within the non-food category. We continue to believe that the final 25 bps rate cut in the December policy may materialize in the event the US's penal tariff on India is not withdrawn.

Food prices sharply de-grew YoY

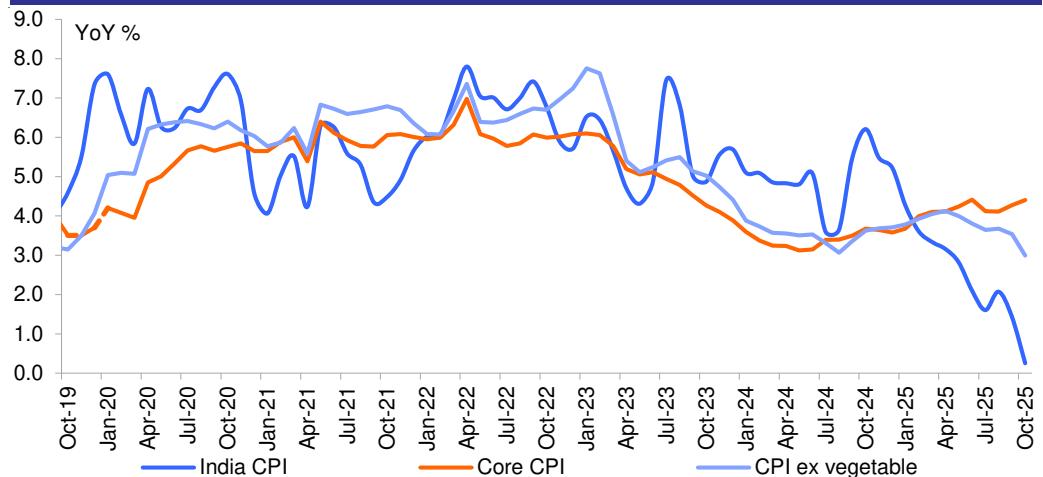
Food inflation de-grew by 5.0% YoY (as compared to -2.3% YoY in the previous month) aided by a sharp drop in prices of vegetables and pulses. Key products seeing an inflationary trend are a) Coconut, mustard oil, refined oil, coconut oil, and coffee; while benign inflationary trends continue in chicken, banana, groundnut oil, apple, potato, onion, garlic, ginger, tomato, arhar, gram, urad, jeera, and dry chilies. We expect food prices to remain benign given above normal monsoon, healthy sowing and reservoir level.

Core inflation (ex-gold) eases further to 2.7% YoY

Core inflation came in at 4.4% YoY (higher than the previous month reading of 4.3%), despite elevated price pressures in personal care and effects category (at 23.6% YoY), particularly due to higher gold prices. Core inflation (ex-gold) was at 2.7% YoY (previous month reading of 3.0%). Key products seeing an inflationary trend are a) Gold and hospital charges; while benign inflationary trends continue in petrol, books, and stationary.

25 bps rate cut contingent on continuity of US penal tariff

RBI MPC expects inflation is to inch up higher than 4% YoY from 4QFY26 onwards due to unfavorable base. MPC believes that the current macroeconomic conditions and the outlook have opened up policy space for further supporting growth and noted that growth remains below aspiration. The RBI Governor in the latest monetary policy press conference mentioned that future rate cut expectation will depend upon expected real policy rate and the growth outlook. We continue to believe that the final 25 bps rate cut in the December policy may materialize in the event the US's penal tariff on India is not withdrawn.

Exhibit 1: Monthly trend in consumer inflation


Source: Mospi, Bloomberg, Antique

Table 1: Summary table

(%, yoy)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
CPI	4.3	3.6	3.3	3.2	2.8	2.1	1.6	2.1	1.4	0.3
Food	6.0	3.7	2.7	1.8	1.0	(1.1)	(1.8)	(0.6)	(2.3)	(5.0)
Cereals	6.2	6.1	5.9	5.3	4.8	3.7	3.0	2.7	2.1	0.9
Fish & meat	5.3	2.1	0.3	(0.4)	(0.4)	(1.6)	(0.6)	1.5	2.1	1.7
Eggs	1.3	(3.0)	(3.1)	0.8	0.6	2.6	2.2	3.1	2.8	1.3
Milk and products	2.8	2.7	2.6	2.7	3.1	2.8	2.7	2.6	2.5	2.3
Oil & fats	15.6	16.4	17.1	17.4	17.9	17.8	19.2	21.2	18.3	11.2
Fruits	12.2	14.8	16.3	13.9	12.7	12.6	14.5	11.7	9.8	6.7
Vegetables	11.3	(1.1)	(7.0)	(11.0)	(13.7)	(19.0)	(20.7)	(15.9)	(21.4)	(27.6)
Pulses & products	2.5	(0.3)	(2.7)	(5.2)	(8.2)	(11.8)	(13.8)	(14.5)	(15.3)	(16.2)
Fuel & light	(1.5)	(1.3)	1.4	2.9	2.8	2.6	2.7	2.3	2.0	2.0
Clothing & footwear	2.7	2.7	2.6	2.7	2.7	2.6	2.5	2.3	2.3	1.7
Housing	2.8	2.9	3.0	3.1	3.2	3.2	3.2	3.1	3.0	3.0
Miscellaneous	4.3	4.8	5.0	5.0	5.2	5.5	5.0	5.0	5.4	5.7
Household goods & services	2.9	2.8	2.7	2.5	2.5	2.6	2.6	2.5	2.4	2.3
Health	4.0	4.1	4.3	4.3	4.3	4.4	4.6	4.4	4.4	3.9
Transport & comm	2.8	2.9	3.4	3.7	3.8	3.9	2.1	1.9	1.8	0.9
Recreation and amusement	2.7	2.7	2.5	2.5	2.4	2.5	2.4	2.2	2.0	1.5
Education	3.8	3.8	4.0	4.1	4.1	4.4	4.1	3.6	3.4	3.5
Personal care and effects	10.6	13.6	13.5	12.9	13.5	14.8	15.1	16.7	19.4	23.9
Core CPI	3.7	4.0	4.1	4.1	4.2	4.4	4.1	4.1	4.3	4.4

Source: Mospi, Bloomberg, Antique

Valuation Guide

Company	Reco	CMP	TP	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)			P/E(x)			EV/EBITDA (x)			P/BV(x)		RoE (%)	RoCE (%)	Absolute (%)	
		(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m	
ASSET MANAGEMENT COMPANY																								
Aditya Birla Sun Life AM	Buy	737	965	31	212.8	2.4	10.7	11.9	13.4	37.0	41.4	46.5	19.9	17.8	15.8	-	-	-	4.4	27.9	NA	-14	6	
HDFC Asset Management	Buy	5,486	6,700	22	1,174.7	13.3	29.9	34.9	40.3	140.2	163.2	188.6	39.1	33.6	29.1	-	-	-	11.4	35.8	NA	-3	29	
Nippon Life India AM	Buy	873	1,020	17	555.9	6.3	15.4	18.0	21.0	24.2	28.4	33.1	36.0	30.8	26.4	-	-	-	12.2	40.3	NA	-1	30	
UTI Asset Management	Buy	1,168	1,530	31	149.8	1.7	8.7	10.0	11.1	68.1	78.7	87.4	17.2	14.8	13.4	-	-	-	2.9	18.2	NA	-15	6	
AUTO																								
Maruti Suzuki	Buy	15,696	18,142	16	4,934.9	55.7	148.7	166.4	190.1	473.1	529.4	604.7	33.2	29.6	26.0	23.7	20.3	17.4	4.2	15.0	19.5	4	42	
TVS Motor	Hold	3,455	3,840	11	1,641.2	18.5	34.4	42.9	53.4	72.4	90.3	112.4	47.7	38.2	30.7	29.5	24.1	19.9	9.6	28.4	34.6	-1	45	
AGROCHEMICAL, CHEMICAL AND FERTILIZER																								
Bayer Cropscience	Hold	4,506	5,220	16	202.5	2.3	6.9	8.4	10.3	153.2	187.5	229.7	29.4	24.0	19.6	21.3	17.5	14.3	6.6	27.9	36.5	-10	-26	
Coromandel Intl.	Buy	2,185	2,610	19	644.3	7.3	22.0	28.9	32.5	74.7	98.1	110.2	29.3	22.3	19.8	17.8	13.6	11.6	4.2	20.4	28.9	-2	30	
Dhanuka Agritech	Buy	1,301	1,790	38	58.7	0.7	2.8	3.4	3.9	62.6	75.7	86.9	20.8	17.2	15.0	13.5	11.1	9.4	3.1	19.6	26.4	-9	-15	
Paradeep Phosphates	Buy	161	240	49	131.4	1.5	10.6	11.3	13.5	10.2	10.9	13.0	15.8	14.8	12.3	7.9	8.2	7.5	2.2	16.1	15.3	-10	51	
PI Industries	Hold	3,589	3,650	2	544.5	6.1	14.9	17.1	19.8	97.9	112.7	130.4	36.6	31.8	27.5	25.1	21.4	18.3	4.2	14.1	18.1	1	-19	
Rallis India	Hold	248	290	17	48.3	0.5	1.9	2.5	3.2	9.8	12.8	16.2	25.4	19.5	15.3	12.3	9.7	7.6	2.2	11.8	16.3	-16	-19	
Sharda Cropchem	Buy	762	1,270	67	68.7	0.8	5.4	5.9	6.9	59.8	65.4	76.1	12.7	11.6	10.0	7.0	5.7	4.7	2.0	18.3	23.3	6	2	
SRF Ltd	Buy	2,941	3,540	20	871.9	9.8	18.3	24.9	31.1	61.6	83.9	104.6	47.7	35.1	28.1	25.9	20.3	16.7	5.3	16.3	17.5	3	34	
Sumitomo Chemical India	Buy	476	600	26	237.4	2.7	5.7	6.8	8.0	11.4	13.7	16.1	41.8	34.7	29.6	33.7	28.4	24.4	5.9	18.5	24.8	9	7	
UPL	Buy	761	830	9	641.4	7.2	26.3	36.2	46.3	33.1	45.6	58.3	23.0	16.7	13.0	8.1	7.0	5.9	1.7	10.6	13.3	13	54	
BUILDING MATERIALS																								
Apollo Pipes	Buy	301	440	46	13.2	0.1	0.4	0.6	0.8	7.7	12.1	16.9	39.2	24.8	17.8	12.0	8.8	6.7	1.4	5.8	8.4	9	37	
Astral	Buy	1,585	1,790	13	425.8	4.8	5.7	7.1	9.0	21.1	26.2	33.6	75.0	60.5	47.2	39.3	33.1	26.5	9.0	15.9	20.9	12	8	
Cera Sanitaryware	Buy	5,772	6,940	20	74.4	0.8	2.6	2.9	3.1	200.9	221.1	241.3	28.7	26.1	23.9	21.3	18.9	17.2	4.4	17.6	22.2	4	-15	
Finolex Industries	Hold	186	230	24	115.5	1.3	5.4	6.4	7.2	8.8	10.3	11.7	21.1	18.1	15.9	18.0	15.1	13.1	1.7	9.8	11.7	2	-29	
Greenlam Industries	Buy	267	250	(6)	68.1	0.8	0.6	1.5	2.8	2.4	6.1	10.8	109.8	44.1	24.7	24.8	18.5	13.4	5.2	12.4	12.4	5	3	
Greenpanel Industries	Buy	270	340	26	33.1	0.4	0.6	1.5	2.7	4.7	11.9	22.0	56.9	22.8	12.3	17.4	10.7	6.6	2.1	9.4	7.7	9	-21	
Kajaria Ceramics	Buy	1,105	1,440	30	176.0	2.0	5.4	6.6	7.8	33.8	41.2	49.0	32.7	26.8	22.5	19.2	16.0	13.4	4.9	19.6	25.4	-12	3	
Prince Pipes and Fittings	Buy	318	360	13	35.2	0.4	0.7	1.3	1.6	6.5	11.4	14.2	49.0	27.9	22.5	15.9	11.9	10.2	2.0	7.4	9.3	4	-28	
Somany Ceramics	Buy	456	680	49	18.7	0.2	0.7	1.2	1.6	18.1	28.1	39.5	25.2	16.2	11.5	7.7	5.6	4.1	2.0	13.1	19.7	2	-30	
Supreme Industries	Buy	3,914	4,270	9	497.2	5.6	11.2	12.7	14.4	88.0	100.1	113.1	44.5	39.1	34.6	28.6	25.2	22.5	7.3	19.5	23.1	8	-13	
CEMENT																								
ACC	Buy	1,853	2,180	18	348.0	3.9	16.5	18.7	21.3	87.9	99.2	113.2	21.1	18.7	16.4	9.7	8.9	8.0	1.6	8.9	12.3	-1	-16	
Ambuja Cement	Buy	563	690	23	1,390.5	15.7	26.4	35.6	42.1	10.6	14.3	17.0	53.0	39.3	33.2	18.9	15.4	13.2	2.3	6.0	9.5	-1	3	
Birla Corp	Buy	1,179	1,600	36	90.8	1.0	5.3	5.8	6.8	69.4	75.6	88.3	17.0	15.6	13.3	7.7	7.3	6.9	1.1	7.5	9.3	0	9	
Dalmia Bharat	Hold	2,036	2,370	16	381.9	4.3	12.6	12.8	14.7	67.0	68.2	78.5	30.4	29.8	26.0	12.1	11.6	10.9	2.0	6.8	8.1	9	17	
Grasim Industries	Buy	2,767	3,210	16	1,883.3	21.3	4.0	8.2	13.2	5.9	12.0	19.3	469.1	230.9	143.1	120.0	84.1	64.1	3.5	1.5	2.9	-1	11	
Heidelberg	Hold	190	191	1	43.0	0.5	1.7	2.2	2.4	7.5	9.5	10.5	25.2	20.0	18.1	11.6	9.5	8.4	3.0	15.2	19.1	5	-12	
JK Cement	Buy	5,501	6,800	24	425.0	4.8	10.5	12.1	14.4	136.4	156.8	186.8	40.3	35.1	29.4	18.6	16.3	13.9	5.2	16.0	14.6	-17	38	
JK Lakshmi Cement	Hold	839	875	4	104.2	1.2	5.1	5.8	6.2	40.9	46.7	49.7	20.5	18.0	16.9	10.6	9.9	9.4	2.4	14.1	13.5	0	18	
Nuvoco Vistas	Hold	374	450	20	133.7	1.5	5.1	4.7	4.7	14.3	13.1	13.1	26.2	28.6	28.7	9.3	9.0	8.3	1.3	4.8	6.7	-13	14	
Orient Cement	Hold	192	240	25	39.4	0.4	2.9	2.0	1.6	14.2	9.6	7.8	13.5	20.0	24.7	5.5	6.2	7.0	1.8	9.2	10.2	-13	43	
Shree Cements	Buy	27,095	32,400	20	977.6	11.0	22.1	26.6	31.6	612.8	737.7	875.1	44.2	36.7	31.0	17.1	14.9	13.1	3.9	11.1	15.5	9	13	
Star Cement	Hold	238	260	9	96.4	1.1	3.7	3.8	4.4	9.2	9.5	10.9	25.8	25.1	21.8	11.2	10.7	9.6	2.7	11.1	14.5	-11	29	
Ramco Cement	Hold	1,006	1,000	(1)	237.6	2.7	3.2	5.6	7.7	13.6	23.7	32.5	74.2	42.4	30.9	17.2	14.3	12.2	2.9	7.0	8.8	-1	14	
UltraTech Cement	Buy	11,921	13,750	15	3,512.9	39.6	86.3	108.9	131.8	292.9	369.5	447.4	40.7	32.3	26.6	20.9	17.2	14.6	4.0	13.5	15.6	2	11	
EMS																								
Avalon Technologies	Hold	1,054	975	(7)	70.3	0.8	0.9	1.3	1.6	14.1	19.3	24.0	74.9	54.6	43.8	44.1	33.0	26.8	8.4	16.7	20.9	-14	39	
Cyient DLM	Buy	447	538	20	35.5	0.4	0.8	1.3	1.8	10.0	16.2	22.2	44.8	27.6	20.1	19.2	14.0	10.7	3.0	11.6	15.6	8	-27	
Kaynes Technology India	Hold	6,434	6,823	6	431.3	4.9	4.9	6.4	8.8	73.3	96.2	131.2	87.7	66.9	49.0	62.4	44.6	33.9	10.8	17.6	18.9	6	18	
Syrma SGS Technology	Buy	893																						

Valuation Guide

Company	Reco	CMP (INR)	TP (INR)	Return (%)	M. Cap (INR bn)	M. Cap (USD bn)	Net profit (INR bn)			EPS (INR)			P/E (x)			EV/EBITDA (x)			P/BV(x)		RoE (%)	RoCE (%)	Absolute (%)		
							FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26		1m	12m	
RETAIL																									
Aditya Birla Fashion & Retail	Hold	81	80	(2)	99.5	1.1	6.4	5.4	4.4	5.2	4.4	3.6	-15.5	-18.4	-22.4	12.4	10.9	8.8	1.7	-9.1	-2.8	-1	-24		
Aditya Birla Lifestyle Brands	Hold	130	144	11	158.6	1.8	1.9	3.4	5.3	1.6	2.8	4.4	82.6	47.0	29.8	12.5	11.0	9.7	8.8	20.6	192	7			
Arvind Fashions	Buy	502	710	41	67.2	0.8	1.3	2.3	2.9	9.8	17.2	21.4	51.3	29.3	23.4	9.6	7.6	6.1	5.1	17.4	22.3	3	9		
Avenue Supermarkets	Hold	4,058	4,175	3	2,640.7	29.8	32.6	39.3	44.4	50.2	60.4	68.3	80.9	67.2	59.4	50.5	41.9	36.6	9.0	13.3	17.7	3	8		
Devayani International	Hold	143	142	(1)	176.6	2.0	-0.2	0.3	0.7	-0.2	0.2	0.5	-761.3	637.9	261.4	21.4	17.5	15.0	11.7	1.8	13.0	-12	-15		
Jubilant Foodworks	Hold	585	670	14	386.2	4.4	2.7	5.2	8.0	4.1	7.8	12.2	144.3	74.8	48.1	23.0	17.9	14.3	15.9	22.6	32.5	2	6		
Kewal Kiran	Buy	513	755	47	31.6	0.4	1.4	1.7	2.0	22.8	27.5	32.9	22.5	18.7	15.6	12.9	10.7	8.8	2.9	15.7	18.1	7	-15		
Restaurant Brands Asia	Buy	64	90	40	37.5	0.4	-0.7	-0.6	-0.1	-1.3	-1.0	-0.1	-50.3	-63.0	-589.7	11.0	8.7	7.0	1.8	-2.8	5.2	9	-24		
Sapphire Foods India	Hold	253	301	19	81.3	0.9	0.1	0.6	1.0	0.3	1.8	3.2	968.6	137.1	79.9	16.3	12.6	10.2	5.5	4.1	16.4	9	-18		
Senco Gold	Buy	325	569	75	53.3	0.6	2.8	3.4	4.1	17.2	20.7	24.8	18.9	15.7	13.1	12.4	10.9	9.8	2.2	13.9	13.2	2	39		
Shoppers Stop	Buy	461	782	70	50.8	0.6	0.0	0.7	1.1	0.1	6.4	9.9	3,488.7	72.6	46.4	6.7	5.5	4.7	12.3	17.0	11.0	-13	-26		
Titan Co	Buy	3,851	4,400	14	3,419.0	38.6	45.4	58.0	72.2	51.1	65.4	81.3	75.3	58.9	47.4	48.6	38.7	31.7	17.5	33.6	21.5	9	21		
Trent	Buy	4,376	6,650	52	1,555.5	17.6	18.6	23.3	29.6	52.4	65.4	83.3	83.5	66.9	52.5	43.1	34.4	26.8	16.0	24.0	23.9	7	33		
Vedant Fashion	HOLD	630	700	11	153.0	1.7	3.7	4.3	5.2	15.4	17.6	21.3	41.0	35.8	29.5	22.4	19.6	16.4	7.1	20.9	29.1	8	53		
V-Mart Retail	Buy	832	1,100	32	66.1	0.7	1.2	2.0	2.8	15.6	24.6	35.2	53.2	33.8	23.6	13.2	10.2	7.9	5.8	18.9	18.4	6	6		
Westlife Foodworld	Hold	551	560	2	85.9	1.0	-0.3	0.1	0.6	-2.0	0.8	4.0	-279.7	655.6	137.9	27.4	22.1	17.5	13.7	2.1	20.9	-12	-24		
INDUSTRIALS																									
ABB	Hold	4,924	5,056	3	1,043.4	11.8	17.1	19.7	23.2	80.7	93.1	109.4	61.0	52.9	45.0	47.7	41.5	35.2	11.1	22.4	30.5	4	-28		
BHEL	Buy	287	302	5	999.5	11.3	16.4	32.0	48.9	4.7	9.2	14.0	60.8	31.2	20.4	37.9	22.0	15.1	3.6	11.9	25.8	22	29		
Cummins India	Buy	4,395	4,861	11	1,218.4	13.8	22.4	25.9	30.3	80.7	93.3	109.2	54.5	47.1	40.2	45.7	38.8	32.6	13.9	31.1	40.8	11	32		
Engineers India	Buy	194	237	22	109.0	1.2	4.2	4.9	5.7	6.6	7.7	9.0	29.4	25.2	21.5	22.0	18.0	14.5	3.4	16.1	18.1	3	8		
GE Vernova T&D	Buy	3,128	3,596	15	800.8	9.0	10.8	13.7	17.0	42.2	53.6	66.3	74.2	58.4	47.2	54.8	42.7	34.0	199	40.5	56.9	3	76		
Hitachi Energy	Buy	22,018	24,948	13	981.4	11.1	10.2	13.1	21.2	229.4	292.7	474.9	96.0	75.2	46.4	74.8	53.3	33.0	16.8	24.2	33.6	24	82		
Honeywell Automation	Hold	35,495	39,581	12	313.8	3.5	5.5	7.2	8.3	622.7	814.9	944.3	57.0	43.6	37.6	45.6	33.4	28.1	6.2	15.0	15.5	2	-15		
Precision Wires India	Buy	231	281	22	41.6	0.5	1.2	1.7	2.4	6.7	9.1	13.3	34.4	25.5	17.3	18.2	14.3	10.4	4.9	20.8	28.0	11	37		
KEC International	Buy	798	928	16	212.3	2.4	9.5	14.8	18.2	35.9	55.6	68.2	22.2	14.4	11.7	12.2	8.3	6.6	2.8	21.6	24.2	7	-17		
Kirloskar Pneumatic	Buy	1,084	1,499	38	70.4	0.8	2.6	3.2	3.7	40.0	49.7	57.3	27.1	21.8	18.9	18.8	14.5	12.1	4.3	21.6	20.0	7	-28		
Kirloskar Oil Engines	Buy	1,059	1,309	24	153.8	1.7	5.0	5.9	7.2	34.6	41.0	49.7	30.6	25.8	21.3	18.4	15.4	12.5	4.1	16.8	22.0	20	-3		
LMW	Hold	15,562	14,549	(7)	166.2	1.9	1.4	3.3	5.6	130.2	307.9	523.5	119.6	50.5	29.7	94.5	36.3	20.5	5.2	10.7	14.0	5	2		
Linde India	Hold	5,801	5,356	(8)	494.7	5.6	5.4	6.0	7.4	63.5	70.7	86.8	91.4	82.1	66.8	55.7	46.9	39.3	11.0	14.1	17.8	6	-13		
Larsen & Toubro	Buy	3,955	4,492	14	5,439.9	61.4	183.9	229.9	291.9	131.3	164.2	208.4	30.1	24.1	19.0	19.9	16.2	12.9	4.1	18.3	14.4	5	11		
Siemens	Buy	3,057	3,905	28	1,088.5	12.3	21.7	25.3	29.3	61.0	71.0	82.3	50.1	43.0	37.1	39.7	33.4	28.2	7.0	17.2	23.7	-1	8		
Siemens Energy India	Buy	3,284	3,412	4	1,169.4	13.2	13.8	18.7	22.9	38.8	52.5	64.3	84.5	62.5	51.1	62.7	48.7	39.3	23.0	38.6	54.3	3			
Thermax	Hold	3,061	3,308	8	364.8	4.1	6.3	8.1	10.5	55.5	72.3	93.1	55.1	42.3	32.9	36.8	28.8	22.5	5.8	14.4	18.0	4	38		
Transformers & Rectifiers India	Buy	297	491	66	89.0	1.0	2.5	3.5	4.6	8.0	11.1	14.8	37.2	26.8	20.1	22.3	15.9	11.9	5.2	21.3	28.0	40	-33		
DEFENCE AND AEROSPACE																									
Bharat Dynamics	Buy	1,532	1,951	27	561.7	6.3	9.1	13.2	15.4	24.9	35.9	42.1	61.5	42.7	36.4	63.5	39.4	31.9	10.3	26.3	26.7	2	56		
Bharat Electronics	Buy	425	502	18	3,104.8	35.0	60.1	71.8	81.2	8.2	9.8	11.1	51.7	43.2	38.2	37.6	31.0	26.8	11.3	28.3	29.0	4	51		
BEML	Buy	2,009	2,453	22	167.3	1.9	3.7	5.1	6.9	44.2	61.6	82.7	45.5	32.6	24.3	27.9	20.6	15.8	4.6	15.1	15.3	8	5		
Cochin Shipyard	Sell	1,792	1,999	12	471.4	5.3	8.4	9.9	11.1	31.8	37.8	42.2	56.3	47.4	42.5	34.2	28.8	26.2	6.9	15.3	19.1	2	36		
Garden Reach Shipbuilders	Buy	2,817	3,047	8	322.6	3.6	7.0	9.6	10.6	61.4	84.0	92.4	45.9	33.5	30.5	43.8	28.2	25.7	9.9	33.1	44.1	8	103		
Hindustan Aeronautics	Buy	4,749	6,346	34	3,175.7	35.8	86.2	100.6	111.6	129.0	150.4	166.9	36.8	31.6	28.5	26.5	22.7	18.0	6.8	23.1	24.0	0	17		
Mazagon Dock Shipbuilders	Buy	2,758	3,858	40	1,112.4	12.6	25.1	32.5	43.7	62.2	80.5	108.4	44.4	34.3	25.5	36.0	26.9	19.5	9.9	32.2	41.9	3	42		
PTC Industries	Buy	17,526	23,005	31	262.6	3.0	1.0	3.0	6.9	65.3	197.0	460.1	268.5	89.0	38.1	130.0	56.4	26.1	14.9	18.2	194	7	58		
Raymond	Buy	538	846	57	35.8	0.4	0.8	1.4	1.9	12.2	21.7	27.8	44.1	24.8	19.3	12.8	8.3	6.5	1.1	7.0	8.7	6	6		
Solar Industries	Buy	14,084	16,600	18	1,274.5	14.4	17.3	22.6	27.5	191.1	249.6	303.6	73.7	56.4	46.4	47.2	36.1	29.6	15.7	32.1	39.6	1	45		
Zen Technologies	Buy	1,390	1,744	25	125.5	1.4	2.2	4.2	5.5	24.4	46.8	60.7	57.0	29.7	22.9	42.8	21.4	16.0	5.3	19.5	28.0	0	-18		
CONSUMER DURABLES																									
Bajaj Elec.	Hold	507	509	0	58.5	0.7	1.0	1.7	2.2	8.9	14.9	19.1	57.0	34.1	26.6	18.4	14.1	11.6	3.1	9.3	12.4	-7	37		
Blue Star	Hold	1,798	1,886	5	369.7	4.2	6.1	9.7	12.5	29.9	47.0	60.9	60.1	38.2	29.5	36.8	24.7	19.0	8.6	24.9	33.5	6	2		
Crompton Consumer	Buy	281	340	21	181.1	2.0	5.0	6.8	8.9	7.8	10.5	13.8	36.2	26.7	20.4	22.5	16.7	12.7	4.5	17.6	20.8	-1	-27		
Eureka Forbes	Buy	574	701	22	111.0	1.3	2.0	2.7	3.4	10.4	13.7	17.5	55.0	41.9	32.9	35.8	28.1	22.4	2.3	5.6	6.4	5	2		
Havells India	Buy	1,458	1,760	21	914.5	10.3	16.7	20.5	25.3	26.7	32.9	40.5	54.7	44.4	36.0	35.8</									

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Valuation Guide

Company	CMP	TP	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)			P/E(x)			EV/EBITDA (x)			P/BV(x)	RoE (%)	RoCE (%)	Absolute (%)		
	Reco	(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m			
INFRASTRUCTURE																							
Ahluwalia Contracts	Hold	885	872	(1)	59.3	0.7	2.9	3.3	4.1	42.6	48.6	60.5	20.8	18.2	14.6	10.6	8.7	6.8	2.5	14.5	23.1	-9	-14
Ashoka Buildcon	Hold	202	219	9	56.6	0.6	3.0	4.1	4.9	10.6	14.4	17.5	19.0	14.0	11.5	10.1	7.7	6.7	1.2	9.0	14.0	6	-14
Dilip Buildcon	Hold	476	463	(3)	77.2	0.9	1.4	2.4	3.2	8.5	14.6	19.6	55.8	32.5	24.3	11.0	9.7	8.6	1.2	3.8	8.8	8	0
HG Infra Engineering	Buy	907	1,461	61	59.1	0.7	5.8	6.8	7.5	89.1	103.7	115.6	10.2	8.8	7.9	4.0	3.2	2.6	1.4	17.9	21.7	3	-24
IRB Infra	Buy	43	62	42	261.4	3.0	9.1	10.1	11.6	1.5	1.7	1.9	28.8	25.8	22.5	10.6	10.0	9.3	1.2	4.9	5.4	1	-11
KNR Constructions	Hold	177	197	11	49.7	0.6	2.4	2.8	3.5	8.6	10.0	12.5	20.6	17.7	14.1	11.8	10.4	8.1	1.1	6.5	9.2	7	43
NCC	Buy	187	262	40	117.3	1.3	7.1	9.6	12.3	11.3	15.3	19.6	16.5	12.2	9.5	7.2	5.8	4.8	1.3	11.5	19.8	-10	-33
PNC Infratech	Buy	281	395	40	72.2	0.8	5.6	7.0	8.5	21.9	27.4	33.2	12.8	10.3	8.5	6.6	5.6	4.4	1.1	11.1	15.0	-1	9
PSP Projects	Buy	984	881	(10)	39.0	0.4	1.5	1.9	2.7	38.5	48.9	68.6	25.5	20.1	14.3	13.5	10.9	8.2	2.6	13.5	17.1	28	59
Welspun Ent.	Hold	561	509	(9)	77.6	0.9	3.5	4.2	5.0	25.7	30.4	36.8	21.8	18.4	15.3	17.1	13.9	11.0	2.3	13.1	18.7	6	23
IT																							
Cyient	Buy	1,167	1,475	26	129.6	1.5	6.4	7.1	7.9	57.7	64.4	71.7	20.2	18.1	16.3	11.3	9.5	8.5	2.1	11.4	14.3	0	-35
Birlasoft	Hold	397	405	2	110.6	1.2	4.4	5.8	6.5	16.1	21.1	23.8	24.7	18.8	16.7	14.3	12.6	10.7	2.7	14.8	20.2	14	-28
FirstSource Sol.	Buy	366	420	15	255.3	2.9	7.6	8.8	10.3	10.7	12.5	14.6	34.2	29.2	25.2	18.2	15.2	13.1	5.2	18.8	14.4	12	5
HCL Tech	Buy	1,594	1,775	11	4,325.6	48.8	175.4	208.1	223.3	64.1	75.5	80.7	24.9	21.1	19.8	15.1	13.2	12.1	6.5	30.7	39.8	7	-14
Infosys	Hold	1,552	1,675	8	6,446.4	72.8	288.3	310.6	327.1	69.5	75.0	78.9	22.3	20.7	19.7	14.4	12.9	11.9	5.6	28.3	36.3	4	-17
LTI Mindtree	Buy	5,894	6,550	11	1,747.4	19.7	53.9	61.0	68.3	182.1	206.1	230.9	32.4	28.6	25.5	23.0	19.4	17.0	5.9	22.1	30.3	7	-1
L&T Technology Services	Hold	4,181	4,875	17	443.1	5.0	14.1	17.3	19.5	132.7	163.2	184.3	31.5	25.6	22.7	20.0	16.2	13.9	6.1	24.9	31.4	0	-19
Mphasis	Buy	2,826	3,425	21	538.1	6.1	19.1	21.7	25.0	100.4	114.1	131.8	28.2	24.8	21.4	17.5	15.4	13.0	4.9	20.6	26.3	3	-1
Forge	Buy	1,828	2,100	15	611.9	6.9	15.7	19.2	22.1	42.5	55.9	64.5	43.0	32.7	28.3	20.6	16.7	14.4	6.8	23.5	25.5	7	13
Persistent Sys	Hold	6,135	5,625	(8)	967.7	10.9	18.6	22.3	26.1	120.0	143.9	168.5	51.1	42.6	36.4	35.3	29.2	24.6	10.8	27.5	36.2	15	9
Qcess Corp	Buy	219	300	37	32.7	0.4	2.2	2.5	3.1	14.5	17.1	20.7	15.1	12.8	10.6	9.0	8.1	6.8	2.6	21.3	21.4	8	-29
TCS	Buy	3,132	3,575	14	11,331.1	127.9	519.0	571.0	615.9	137.2	157.8	170.3	22.8	19.8	18.4	15.3	13.9	12.9	9.0	48.1	59.1	4	-23
TeamLease	Buy	1,699	2,150	27	28.5	0.3	1.4	1.9	2.1	81.8	112.4	126.2	20.8	15.1	13.5	14.6	10.7	8.6	2.3	16.5	17.4	5	-37
Tech Mahindra	Hold	1,456	1,575	8	1,426.4	16.1	52.1	64.3	69.1	58.8	72.5	78.0	24.8	20.1	18.7	15.5	13.3	12.4	5.2	25.6	37.4	0	-13
Wipro	Hold	245	280	14	2,570.9	29.0	138.2	147.4	158.7	13.2	14.0	15.1	18.6	17.5	16.2	11.8	10.9	10.0	2.8	16.5	19.1	0	-14
Zensar Technologies	Hold	741	840	13	168.6	1.9	7.3	8.1	9.2	31.6	35.4	39.9	23.5	21.0	18.6	16.6	14.1	12.0	3.4	17.1	23.0	5	6
METALS & MINING																							
APL Apollo Tubes	Buy	1,796	2,023	13	498.7	5.6	11.6	15.4	19.7	41.9	55.5	70.9	42.9	32.4	25.3	29.0	22.0	17.6	7.6	26.3	32.4	3	20
Hindalco Industries	Hold	794	822	3	1,785.2	20.1	124.2	139.6	158.1	55.8	62.8	71.1	14.2	12.7	11.2	7.6	7.0	6.4	1.2	9.7	11.8	3	27
Hindustan Zinc	Hold	482	473	(2)	2,036.2	23.0	100.8	120.4	122.9	23.9	28.5	29.1	20.2	16.9	16.6	11.5	9.8	9.4	12.4	77.4	59.3	5	-1
Hi-Tech Pipes	Buy	106	122	16	21.5	0.2	1.1	1.5	1.8	5.5	7.6	8.7	19.4	13.9	12.2	11.2	8.8	7.8	1.4	10.8	14.1	9	-36
Indian Hume Pipe	Buy	380	487	28	20.0	0.2	1.0	1.2	1.4	19.3	22.8	25.7	19.7	16.7	14.8	11.2	9.8	8.8	1.3	8.0	10.7	7	8
Jindal Steel	Buy	1,080	1,171	8	1,101.6	12.4	58.1	78.5	105.9	57.4	77.6	104.7	18.8	13.9	10.3	9.9	7.9	6.0	1.8	13.6	14.5	7	26
JSW Steel	Hold	1,182	942	(20)	2,890.0	32.6	118.1	149.3	158.3	48.5	61.3	65.0	24.4	19.3	18.2	10.9	9.5	9.0	2.9	15.9	14.1	2	26
JTL Industries	Buy	59	86	46	23.9	0.3	1.0	1.5	2.5	2.6	3.8	6.4	22.6	15.7	9.3	16.3	11.7	7.3	1.6	10.7	14.3	-13	-36
Kirloskar Ferrous	Buy	482	659	37	79.3	0.9	4.1	6.3	7.6	25.0	38.4	46.2	19.3	12.5	10.4	9.4	7.1	6.1	1.8	15.6	17.5	7	-21
MOIL	Buy	369	411	12	75.0	0.8	3.3	6.4	8.7	16.2	31.4	42.5	22.8	11.7	8.7	12.7	6.6	4.6	2.2	20.6	28.0	3	23
NALCO	Buy	267	280	5	490.3	5.5	47.0	46.8	50.9	25.6	25.5	27.7	10.4	10.5	9.6	6.2	5.9	5.2	2.0	20.5	26.9	18	22
NMDC	Buy	77	91	18	678.6	7.7	74.5	81.5	88.8	8.5	93	10.1	9.1	8.3	7.6	6.2	5.5	4.9	1.7	22.3	27.4	0	4
SAIL	Hold	143	129	(10)	592.6	6.7	39.0	52.3	55.9	9.4	12.7	13.5	15.2	11.3	10.6	7.8	6.7	6.3	0.9	8.1	8.6	8	28
Tata Steel	Buy	179	174	(2)	2,229.8	25.2	106.9	146.1	171.1	8.6	11.7	13.7	20.8	15.3	13.0	8.6	7.3	6.5	1.9	13.6	14.2	3	28
Venus Pipes	Buy	1,288	1,617	26	26.4	0.3	1.1	1.6	1.9	53.7	76.6	93.7	24.0	16.8	13.7	14.1	10.9	9.2	3.3	21.9	24.2	2	31
Vedanta	Hold	521	517	(1)	2,035.7	23.0	152.4	214.1	243.9	39.0	54.8	62.4	13.4	9.5	8.3	5.4	4.4	3.9	4.4	49.2	31.2	9	20
OIL & GAS																							
BPCL	Buy	375	490	30	1,628.9	18.4	214.2	183.1	156.0	49.4	42.2	36.0	7.6	8.9	10.4	5.3	6.0	7.1	1.6	18.5	18.8	11	23
GAIL	Hold	182	170	(7)	1,199.6	13.5	75.2	87.1	90.4	11.4	13.2	13.7	16.0	13.8	13.3	10.9	9.2	8.9	1.5	11.2	12.0	1	4
Gujarat Gas	Hold	408	435	7	280.9	3.2	10.8	13.0	14.3	15.7	18.9	20.8	26.0	21.6	19.6	15.1	12.7	11.7	2.8	13.7	16.7	4	-17
HPCL	Buy	485	645	33	1,031.8	11.6	138.2	119.3	109.6	65.0	56.1	51.5	7.5	8.6	9.4	6.0	6.4	6.7	1.6	19.9	14.5	7	31
IGL	Sell	210	175	(17)	294.																		

Valuation Guide

Company	Reco	CMP	TP	Return	M. Cap	M. Cap	Net profit (INR bn)			EPS (INR)		P/E(x)		EV/EBITDA (x)		P/BV(x)		RoE (%)	RoCE (%)	Absolute (%)			
		(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m			
PHARMA & HEALTHCARE																							
Alkem	Hold	5,768	5,355	(7)	689.6	7.8	24.0	27.2	31.0	200.6	227.2	259.6	28.7	25.4	22.2	23.8	20.3	17.7	4.4	18.4	23.3	5	4
Alembic Pharma	Buy	917	1,275	39	180.2	2.0	6.6	9.1	11.0	33.5	46.1	55.9	27.4	19.9	16.4	16.0	12.4	10.4	2.9	15.2	17.5	3	-10
CIPLA	Buy	1,519	1,875	23	1,227.2	13.8	41.2	53.2	58.9	51.0	65.9	73.0	29.8	23.0	20.8	18.9	14.5	12.7	3.2	14.8	20.6	3	1
Concord Biotech	Buy	1,463	1,930	32	153.1	1.7	4.1	5.1	6.4	39.0	49.0	61.3	37.5	29.9	23.9	26.2	20.8	16.3	6.2	22.4	29.3	7	-21
Divi's Laboratories	Hold	6,520	6,575	1	1,730.9	19.5	24.7	30.5	36.5	93.0	114.7	137.5	70.1	56.8	47.4	49.7	39.8	32.8	9.2	17.2	22.3	-1	13
Dr Reddys	Sell	1,230	1,110	(10)	1,026.2	11.6	37.1	41.7	48.8	44.5	50.0	58.5	27.7	24.6	21.0	15.8	13.8	11.9	2.6	10.9	14.0	3	-1
JB Chemicals	Hold	1,820	1,790	(2)	284.9	3.2	7.6	9.2	11.5	49.0	58.8	73.8	37.1	31.0	24.7	24.0	20.3	16.1	3.2	21.8	28.1	10	6
Laurus Labs	Hold	989	810	(18)	534.0	6.0	6.6	9.2	15.8	12.2	17.1	29.2	81.0	58.0	33.8	36.2	28.7	20.4	9.1	16.9	17.8	13	108
Lupin	Buy	2,034	2,450	20	929.0	10.5	37.5	41.5	48.0	82.1	90.8	105.2	24.8	22.4	19.3	15.5	14.1	11.8	3.9	18.7	22.0	3	0
Mankind Pharma	Buy	2,270	3,070	35	937.0	10.6	19.5	25.8	32.7	47.1	62.5	79.3	48.2	36.3	28.6	26.3	21.8	17.9	5.0	14.7	15.1	7	-10
Shilpa Medicare	Buy	400	600	50	78.2	0.9	2.4	3.9	5.9	12.3	20.0	30.0	32.4	20.0	13.3	16.6	12.1	8.9	2.6	14.0	17.6	10	3
Torrent Pharma	Buy	3,825	4,310	13	1,294.4	14.6	25.4	25.1	34.0	75.0	68.1	92.3	51.0	56.2	41.5	29.9	21.6	18.4	6.5	16.1	17.7	9	23
Zydus Life Science	Buy	951	1,255	32	957.3	10.8	43.5	40.2	53.3	43.2	40.0	53.0	22.0	23.8	18.0	14.2	13.7	10.3	3.2	14.1	16.2	4	-1
HOSPITALS & DIAGNOSTICS																							
Dr Lal Pathlabs	Sell	3,081	2,670	(13)	258.1	2.9	5.2	6.0	6.8	61.6	71.1	81.5	50.0	43.3	37.8	31.7	27.3	23.4	45.2	22.3	28.7	4	4
Metropolis Healthcare	Sell	1,975	1,655	(16)	102.3	1.2	1.8	2.2	2.7	35.2	43.1	51.5	56.1	45.8	38.4	26.6	22.2	19.0	6.0	14.0	18.3	0	4
Vijaya Diagnostic Centre	Hold	1,024	1,000	(2)	105.2	1.2	1.8	2.4	3.2	17.6	23.1	31.0	58.2	44.4	33.1	32.5	26.2	20.1	4.5	22.3	24.7	5	1
REALTY																							
Arvind SmartSpaces	Buy	608	819	35	27.9	0.3	0.7	0.9	1.1	17.3	20.2	26.8	35.1	30.1	22.7	19.3	14.8	12.4	3.4	12.0	14.2	2	-30
Brigade Enterprise	Buy	959	1,346	40	234.4	2.6	8.1	12.0	15.6	35.2	52.3	67.8	27.3	18.3	14.2	13.9	10.7	8.7	15.3	17.1	16.3	3	-11
Aditya Birla Real Estate	Buy	1,776	2,820	59	198.4	2.2	0.6	0.3	11.4	-5.0	3.1	102.2	-358.3	581.0	17.4	107.0	78.2	13.6	5.4	0.9	2.0	10	-31
DLF	Buy	761	933	23	1,884.2	21.3	50.9	72.1	82.6	20.6	29.1	33.4	37.0	26.1	22.8	73.2	57.7	51.2	3.4	14.1	6.6	3	2
Godrej Properties	Buy	2,194	2,723	24	660.8	7.5	15.2	33.0	44.9	50.4	109.7	149.1	43.5	20.0	14.7	95.2	76.0	60.6	3.0	16.1	15.5	5	-15
Kolte Patil	Buy	407	494	21	36.1	0.4	0.6	0.8	0.9	7.9	11.2	11.5	51.6	36.5	35.3	24.6	19.4	18.8	3.4	9.6	11.6	6	13
LODHA Developers	Buy	1,217	1,588	30	1,215.5	13.7	30.5	36.0	38.4	30.5	36.1	38.5	39.9	33.7	31.6	26.4	22.7	21.0	4.5	14.4	16.3	5	1
Nexus Select Trust	Buy	161	189	17	244.3	2.8	8.8	10.6	11.8	5.8	7.0	7.8	27.9	23.0	20.8	14.1	13.5	12.1	1.9	8.0	9.4	0	14
Oberoi Realty	Buy	1,739	2,269	30	632.2	7.1	31.0	35.6	40.6	85.2	98.0	111.7	20.4	17.7	15.6	15.4	13.2	11.2	2.8	17.3	19.7	9	-10
Phoenix	Buy	1,732	2,100	21	619.4	7.0	11.8	14.6	16.4	33.0	40.9	46.0	52.6	42.3	37.7	25.9	22.2	20.1	5.0	12.4	11.7	7	20
Prestige Estates	Buy	1,701	2,195	29	732.8	8.3	7.4	14.7	14.0	17.1	34.1	32.5	99.3	49.8	52.4	32.7	22.4	22.1	4.2	8.3	9.3	5	12
Sobha	Buy	1,611	2,399	49	172.3	1.9	3.2	6.1	8.6	29.7	57.3	80.4	54.2	28.1	20.0	27.3	16.4	10.7	3.1	11.8	16.5	11	4
Sunteck Realty	Buy	445	562	26	65.2	0.7	2.8	2.4	2.7	19.4	16.6	18.6	23.0	26.8	23.9	18.4	21.9	19.4	1.8	6.9	8.7	2	9
TELECOM																							
Bharti Airtel	Buy	2,074	2,400	16	12,439.4	140.4	328.2	459.7	579.5	54.8	76.8	96.8	37.8	27.0	21.4	11.5	9.3	7.7	7.2	29.7	23.8	6	34
TEXTILE																							
Arvind	Hold	333	334	1	87.2	1.0	3.6	4.8	6.1	13.8	18.4	23.4	24.1	18.1	14.2	11.5	9.5	7.9	1.9	11.0	12.9	17	-1
KPR Mills	Hold	1,089	1,062	(3)	372.3	4.2	9.5	12.0	13.9	27.9	35.2	40.6	39.0	30.9	26.8	26.7	21.5	18.4	5.6	19.4	25.3	10	24
Nitin Spinners	Buy	334	420	26	18.8	0.2	1.4	2.1	2.7	25.7	36.6	47.4	13.0	9.1	7.0	8.1	6.8	5.1	1.2	13.4	12.0	3	-14
SANATHAN Textiles	Buy	479	584	22	40.4	0.5	2.2	3.2	5.0	25.6	38.0	59.3	18.7	12.6	8.1	13.0	9.2	6.3	1.7	14.7	13.5	4	-4
Vardhman Textile	Buy	447	407	(9)	129.4	1.5	8.3	9.7	11.3	29.1	34.2	39.8	15.4	13.1	11.2	11.2	9.1	7.6	1.1	8.8	10.4	12	-3
Welspun Living	Hold	139	126	(9)	133.6	1.5	3.4	7.2	9.0	3.6	7.5	9.4	38.9	18.5	14.9	17.0	10.6	8.8	2.4	13.2	14.0	13	6
UTILITIES																							
CESC	Buy	172	203	18	227.8	2.6	16.0	17.3	18.7	12.0	13.0	14.1	14.3	13.2	12.2	8.6	8.3	7.6	1.7	13.0	10.8	1	-2
COAL India	Buy	387	433	12	2,381.9	26.9	327.7	342.9	375.1	53.2	55.6	60.9	7.3	6.9	6.4	4.5	4.1	3.5	1.8	27.2	34.2	1	5
Indian Energy Exchange	Hold	139	155	11	124.3	1.4	4.8	5.2	5.9	5.4	5.8	6.6	26.1	23.9	21.2	20.3	18.1	15.8	8.6	38.2	50.1	2	-14
JSW Energy	Hold	528	581	10	922.9	10.4	20.8	25.7	29.4	11.9	14.7	16.8	44.3	35.8	31.4	14.5	13.3	12.7	2.9	8.5	8.4	3	-28
NHPC	Hold	82	85	3	823.5	9.3	38.3	50.9	60.9	3.7	5.0	5.9	22.0	16.5	13.8	22.9	17.4	14.6	1.9	11.8	5.6	5	5
NTPC	Buy	327	394	21	3,172.3	35.8	192.5	206.9	217.1	19.9	21.3	22.4	16.5	15.3	14.6	9.9	9.4	9.0	1.7	11.6	9.1	4	-14
Power Grid	Buy	267	333	25	2,484.2	28.0	159.4	175.0	193.8	17.1	18.8	20.8	15.6	14.2	12.8	8.8	8.4	8.0	2.3	16.8	13.1	7	-16
SJVN	Hold	83	97	17	325.2	3.7	11.2	14.1	15.2	2.8	3.6	3.9	29.1	23.1	21.4								

Valuation Guide

Company	CMP	TP	Return	M. Cap	M. Cap	Net profit (INR bn)			BVPS (INR)			P/BV (x)*			NNPA Ratio (%)			P/E(x)	RoE (%)	RoA (%)	Absolute (%)		
	Reco	(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m			
FINANCIALS																							
Axis Bank	Buy	1,222	1,350	11	3,791.1	42.8	247.2	328.7	387.0	629.9	732.2	852.9	1.8	1.5	1.3	0.4	0.3	0.3	11.5	15.6	1.7	3	7
Bank of Baroda	Buy	285	325	14	1,473.8	16.6	193.2	211.2	250.2	266.7	299.4	338.0	1.1	1.0	0.8	0.5	0.5	0.5	7.0	14.4	1.0	6	17
Canara Bank	Buy	144	160	12	1,302.3	14.7	206.9	211.4	236.5	121.2	139.9	160.7	1.2	1.0	0.9	0.4	0.4	0.3	6.2	17.9	1.1	12	46
City Union Bank	Buy	252	265	5	186.5	2.1	13.4	15.4	18.0	144.1	163.0	185.5	1.7	1.5	1.4	0.7	0.7	0.7	12.1	13.5	1.6	16	47
DCB Bank	Buy	172	184	7	54.3	0.6	7.0	8.3	10.0	189.4	213.6	243.1	0.9	0.8	0.7	1.2	1.2	1.2	6.7	12.8	0.9	33	52
Equitas SFB	Buy	58	75	29	66.1	0.7	0.6	6.8	9.3	52.7	58.6	66.7	1.1	1.0	0.9	0.9	0.9	0.9	9.8	10.6	1.1	4	8
Federal Bank	Buy	239	250	5	587.6	6.6	40.0	48.6	58.3	150.9	169.0	190.6	1.6	1.4	1.3	0.5	0.5	0.5	12.1	12.4	1.2	12	20
HDFC Bank	Buy	990	1,150	16	15,215.2	171.7	741.7	850.11,005.3		354.9	397.4	469.0	2.4	2.2	1.8	0.3	0.3	0.3	17.8	14.7	1.9	1	18
ICICI Bank	Buy	1,359	1,670	23	9,710.8	109.6	509.1	592.6	676.7	469.4	536.9	612.0	2.4	2.0	1.7	0.4	0.4	0.4	16.3	16.3	2.4	-1	8
IndusInd Bank	Buy	864	780	(10)	673.4	7.6	9.1	48.4	64.1	835.8	897.9	968.5	1.0	1.0	0.9	0.5	0.5	0.5	13.9	7.2	0.8	14	-17
Karur Vysya Bank	Buy	250	275	10	241.6	2.7	21.2	23.7	27.2	142.8	164.0	188.7	1.8	1.5	1.3	0.2	0.1	0.1	10.2	16.0	1.6	11	42
Kotak Mahindra Bank	Buy	2,085	2,510	20	4,145.3	46.8	141.1	182.3	217.4	640.5	728.7	834.0	2.5	2.1	1.8	0.3	0.3	0.3	22.7	13.4	2.2	3	24
Punjab National Bank	Hold	122	128	5	1,407.3	15.9	169.5	216.7	251.4	115.4	130.5	148.0	1.1	0.9	0.8	0.5	0.4	0.3	6.5	15.3	1.0	5	22
State Bank of India	Buy	957	1,105	15	8,835.1	99.7	789.6	834.0	926.6	503.2	575.5	655.8	1.5	1.2	1.0	0.4	0.3	0.3	10.6	16.0	1.1	8	18
South Indian Bank	Hold	39	36	(9)	102.8	1.2	13.6	14.5	15.9	41.9	46.8	52.2	0.9	0.8	0.8	0.5	0.5	0.5	7.1	12.5	1.0	19	74
Ujjivan Small Bank	Buy	51	65	28	98.8	1.1	5.5	9.6	13.4	34.3	39.2	46.2	1.5	1.3	1.1	0.6	0.5	0.4	10.3	13.4	1.5	5	49
Union Bank of India	Buy	156	165	6	1,193.1	13.5	173.8	185.4	199.0	158.8	178.2	199.0	1.0	0.9	0.8	0.5	0.4	0.3	6.4	14.4	1.1	12	35

*Adjusted for subsidiaries

Company	CMP	TP	Return	M. Cap	M. Cap	Net profit (INR bn)			BVPS (INR)			P/BV (x)*			NNPA Ratio (%)			P/E(x)	RoE (%)	RoA (%)	Absolute (%)		
	Reco	(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m			
NBFCs																							
Cholamandalam Invest.	Buy	1,719	1,570	(9)	1,446.2	16.3	50.9	64.3	75.5	339.3	413.1	499.7	5.1	4.2	3.4	2.9	2.6	2.6	22.5	0.2	2.3	4	43
L&T Finance	Buy	295	243	(18)	737.8	8.3	32.1	39.5	49.0	112.1	124.0	138.7	2.6	2.4	2.1	0.0	0.0	0.0	18.6	0.0	0.0	11	117

Company	CMP	TP	Return	M. Cap	M. Cap	VNB (INR bn)			EVPS (INR)			P/EV (x)			P/VNB (x)			RoEV (%)	Absolute (%)		
	Reco	(INR)	(INR)	(%)	(INR bn)	(USD bn)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY26	FY26	1m	12m	
Insurance																					
HDFC Life Insurance	Buy	783	870	11	1,688.4	19.1	43.2	51.0	59.4	286.9	330.5	380.5	2.7	2.4	2.1	23.1	17.7	13.3	15.8	5	14
ICICI Prudential Life Insurance	Buy	633	695	10	915.9	10.3	25.5	28.7	31.9	374.0	420.9	473.3	1.7	1.5	1.3	12.5	8.8	5.6	12.7	7	8
ICL of India	Buy	900	1,100	22	5,693.4	64.3	112.4	123.9		1,344.6	1,471.2		0.7	0.6	-	NA	NA		10.5	0	0
Max Life Insurance*	Buy	1,719	2,085	21	593.2	6.7	24.9	29.2		730.0	850.8	1,000.1	3.7	3.2	2.7	25.4	19.9		17.5	7	44
SBI Life Insurance	Buy	1,997	2,250	13	2,001.8	22.6	67.7	77.1	87.3	819.9	960.6	1,121.5	2.4	2.1	1.8	17.4	13.5	10.1	17.5	10	29

*Valuations after factoring 20% holdco discount

Events Calendar

Nov 2025

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sun
10 Nov	11 Nov	12 Nov	13 Nov	14 Nov	15 Nov	16 Nov
		Asian Paints Prestige Estates Tata Steel	Alkem Jubilant Foodworks	Engineers India Marico		

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