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Outlook on the NBFC Sector

Managing Cost of - Funds, Operations and Credit – Key to success for NBFCs

Mr. Aseem Dhru
(MD & CEO at SBFC Finance Ltd.)

NBFC Business Model and Evolution

- NBFCs have a weak model as they borrow from banks to lend to the same customers, but they filled the gap left by state-owned banks. Over time, they diversified from bill discounting and retail loans into auto, personal, two-wheeler, and microfinance lending.
- The sector has faced 10-yearly shakeouts (1997-98, 2007-08, 2018), though the 2018 crisis was softened by easy capital from PE and stock markets.

Regulatory Changes and Their Impact

- RBI has tightened rules in the last few years by mandating higher provisioning, liquidity coverage ratios, and stricter leverage norms.
 - Earlier leverage levels of 6–7 times are now reduced, with AA-rated NBFCs at under 3.5x and AAA-rated firms closer to 5x.
- This shift has forced NBFCs to move towards a high RoA model rather than relying on leverage-driven ROE. To achieve this, they need high NIMs, but given their higher cost of funds, they lend at higher rates, which pushes them toward riskier customer segments. Banks, in contrast, grow more steadily at ~9%, while NBFCs target 15–20% growth.

Indian Lending and Economic Landscape

- With corporates avoiding debt, banks and NBFCs have focused heavily on retail, driving household debt-to-GDP up from 36% to 42% in three years.
- Unlike past decades, the economy has effectively become insular, with households financing each other's consumption.
- Post-COVID liquidity triggered asset inflation in housing, gold, crypto, and equities, making assets increasingly unaffordable, particularly for younger generations.
 - Home loan tenures have stretched from 10 to 30 years.
 - Retail NPAs are rising but reflect normalization post-COVID, while corporate NPAs are largely resolved.

Key Challenges for NBFCs and the Economy

- Lending is a commodity business where the winners are those that manage the three costs—funds, operations, and credit—efficiently. Growth is always available, but the real challenge is digesting it prudently.
- NBFCs rely on efficiency while banks rely on scale, making NBFCs attractive when small but harder to manage as they grow. Non-corporate NBFCs often hit a glass ceiling at Rs 200–250bn balance sheet size because they struggle to achieve AAA ratings, secure liabilities, and scale processes and culture.
- Unsecured lending has only worked at the prime end of the market. Very few players, notably Bajaj Finance and Cholamandalam, have consistently delivered 15% ROE across cycles, partly due to their ability to balance secured and unsecured lending.
- The sector also suffers from “hero worship” cultures that depend excessively on individuals rather than systems, increasing vulnerability to regulatory or fraud-related shocks.
- MSMEs face significant stress from higher compliance costs, poor payment discipline, and limited access to capital, while quick commerce is eroding the profitability of traditional retailers.
- At the household level, balance sheets are weak even as corporate and national balance sheets remain strong.
 - Post-COVID, asset owners gained sharply while others struggled to build wealth. Consumption growth is slowing, loan growth is stuck near 9%, and educated unemployment is emerging as a key long-term challenge.

Positive Developments and Future Outlook

- UPI has transformed lending to small businesses by offering reliable transaction data to assess creditworthiness, much like the mobile phone transformed connectivity.
- Falling interest rates benefit NBFCs more than banks by widening NIMs and boosting profitability. However, growth engines such as government infrastructure spending are nearing saturation, and no fresh corporate-led drivers are visible.
- Despite cyclical pressures, well-managed NBFCs can still navigate effectively, as lending ultimately comes down to managing cost of funds, cost of operations, and cost of credit.

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Hindustan Petroleum Corp. Ltd.

HPCL 2.0: Beyond PSU, Into Performance

- **From Boardrooms to Government corridors: Mr. Kaushal's bold energy play at HPCL:** Mr. Vikas Kaushal's journey at HPCL stands out because he is not merely running a company, he is redefining what leadership in India's energy ecosystem should look like. By stepping from a global consulting career into the CMD's chair, **he has lived his own advice of moving from "strategy on paper" to execution on the ground.** His approach is not about rushing in with a 100-day plan, but about listening, learning, and reshaping priorities in real time. In doing so, he is working to transform HPCL's size and complexity into strengths, focusing first on completing its heavy capital cycle before unlocking its next growth wave in green hydrogen, biofuels, and new energy platforms. What makes his leadership transformational is the **balance of private-sector urgency with PSU-scale responsibility**, a rare fusion that enables HPCL to reduce gap with peers and transform a traditional state-owned oil company.
- **Capex Supercycle: Delivering Rs. 1 trn. projects before dreaming bigger:** HPCL is in the thick of its largest-ever investment cycle, with ~Rs. 1 trn. committed across the Vizag refinery upgrade and the Barmer refinery-petrochemical complex. CMD has been clear, execution comes before expansion: **"We can't plan the next dream house without finishing this one."** Vizag refining capacity has already risen from 8.2mt to >9mt, with value-addition units nearing commissioning. Barmer alone represents huge bet on petrochemicals. Once operational and stabilize, these projects will significantly enhance margins, earnings visibility, and HPCL's positioning in the petrochemical value chain.
- **Operational Excellence: HPCL's Rs. 10–15bn efficiency engine:** HPCL's CMD has placed operational excellence at the heart of transformation. What began as a cost-takeout exercise has morphed into a company-wide EBITDA improvement program, targeting Rs. 10–15bn run-rate savings under its "Project Samridhi". Already, Rs. 3.5–3.7bn of savings have accrued in 1QFY26 with Rs. 2.4bn crystallized. Uniquely, every senior leader, from the CMD to business heads, carries this as a KPI, embedding accountability across the organization. This not only boosts margins in the near term but also instills a culture of efficiency, which could prove to be HPCL's strongest differentiator among peers.
- **Retail reinvention & Gas optionality, beyond Oil marketing:** With pricing volatility stabilizing and private players stepping up, HPCL is rethinking its retail business. The focus is on building marquee retail assets and stronger brand visibility, ensuring competitiveness in a more open market. Parallely, the Chhara LNG terminal, with India's largest single storage tanks (0.2m cum each), offers strategic optionality. Long-term deals are already tied up, and regas economics at ~60% utilization point to attractive returns. HPCL's foray into gas could evolve into a meaningful business line, adding resilience and diversification beyond liquid fuels.
- **Transition Pragmatism: Investing in TODAY, seeding for TOMORROW:** HPCL's energy transition stance is pragmatic, India cannot afford to under-invest in refining without risking supply gaps, unlike Europe. HPCL is simultaneously executing large refining projects while selectively seeding future fuels. Vizag will host one of India's first large-scale green hydrogen plants (awarded at the lowest rate globally), alongside exploratory pushes in biofuels, regas, and other emerging technologies. **The strategy is clear: sustain near-term profitability through core assets, while keeping credible optionality on tomorrow's energy solutions.**
- **Breaking the PSU Mold: Stakeholder engagement as growth catalyst:** HPCL is consciously moving beyond the "PSU" stereotype. The CMD emphasizes that it runs like any modern corporate, with full leadership accountability, and limited day-to-day government intervention. More importantly, management is leaning into active external engagement, consistent analyst interactions, investor outreach, and industry participation. This shift in narrative, combined with execution on efficiencies and growth projects, could be pivotal in unlocking HPCL's valuation gap.

Financial Summary

YE Mar Rs bn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	4,337	166	74	34.6	11.4	1.8	8.9	16.9	8.3	3.8
FY26E	4,296	216	158	52.6	7.5	1.4	6.1	21.2	11.2	5.0
FY27E	4,382	227	130	53.7	7.3	1.2	5.6	17.6	11.3	5.2
FY28E	5,058	231	113	52.9	7.4	1.0	5.4	15.0	11.3	4.6

Source: Company, Equirus Securities

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Outlook on India Defence Sector

Changing mindsets, building self-reliance in Defense

Dr. Laxman Bahera

(Leading Author on India's Defence Sector)

Mr. Puneet Kaura

(MD & CEO of Samtel Avionics)

Mr. Ashish Kansal

(Promoter of SMPP Ltd)

We hosted Dr. Laxman Bahera (a leading author on India's Defence Landscape), Mr. Puneet Kaura (MD & CEO of Samtel Avionics), and Mr. Ashish Kansal (Promoter of SMPP Ltd) and discussed the transformative changes in India's defense sector over the last decade, identifying key successes, persistent challenges, and opportunities for the future.

Game changing reforms and mindset shifts: Significant reforms have transformed India's defense landscape. High-level political leadership, particularly from the Prime Minister's Office (PMO), has moved from "lip service" to genuine commitment to self-sufficiency. The armed forces now actively participate in indigenous industrialization, facilitated by the Chief of Defence Staff (CDS), bridging the historical gap between users and developers. Operation Sindoor highlighted the strategic advantage of domestic equipment. Key policy and procurement measures include Defense Acquisition Procedure (DAP) 2020, raising FDI to 74% under the automatic route, corporatization of Ordnance Factory Boards, iDEX for startups, "Make in India," prioritization of "Buy Indian" and the 2005 offsets policy. This transformation reflects a fundamental shift in mindset towards innovation, risk-taking, and self-reliance.

Impact on Private Sector Engagement: Private sector participation has surged, contributing almost 25% to defense production, up from zero in 2001. Successful indigenous products and increased domestic surge capacity during conflicts have created growing opportunities for private companies, particularly in areas previously dominated by foreign suppliers. The government's reforms and active armed forces involvement have strengthened confidence and interest in defense manufacturing. The evolving mindset of private firms, now willing to invest in long-term R&D, is central to sustaining this growth trajectory.

Assessment of Indigenization Progress - a reality check: While over 70% of defense procurement by value is sourced domestically, progress varies across sectors. Shipbuilding achieves 75-80% indigenous content, land systems (e.g., tanks) are produced without foreign dependence, and a company-developed ballistic ceramic now commands 95% market share. Avionics has seen 100% indigenous cockpit displays for platforms like Sukhoi, LCA, and HTT40. Critical gaps remain in high-end avionics, jet engines, and aerospace electronics. Challenges include low R&D spending (0.5% of GDP vs 2-2.5% globally), a "build to print" mindset, and risks for private firms investing in R&D without guaranteed orders. Shifting mindsets towards proactive design and innovation remains critical to overcome these challenges.

Outlook and Opportunities for the Next Decade: Emerging technologies such as AI, drones, long-range precision weapons, hypersonic, and unmanned systems offer major opportunities. Strategic acquisitions or global partnerships are recommended for complex technologies like jet engines. India's ammunition sector can leverage global demand, producing low-cost, high-volume rounds (India's need: 80,000 precision rounds vs global production: 8,000). India aims to transition from component supplier to platform manufacturer ("Indian Airbus" or "Indian Rheinmetall") in an \$800 billion global defense market projected to reach \$1.2-\$1.3 trillion, with current exports only \$3 billion. A mindset embracing long-term vision and global competitiveness is essential to capture these opportunities.

Industry Expectations from the Government: The defense industry seeks stronger government support to accelerate private sector capability development. Direct financial backing for platforms, akin to Sweden's 50% funding for the Gripen fighter, is crucial, as current DRDO/DPSU funding often carries restrictive conditions. Clear visibility and trust for R&D, along with implementation of policies such as allocating 25% of the R&D budget to private industry, can catalyse lab-to-factory conversion. Expedited procurement processes, from Acceptance of Necessity (AoN) to contract placement, are essential to assure orders and encourage domestic capability growth. Aligning government and industry mindsets towards collaboration and trust will be key for India's defense self-reliance journey.

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Kross Ltd

Exports and new products to drive growth

We hosted the management of Kross Ltd and following were the KTAs:

- **GST reduction:** The company believes a reduction in GST will benefit the CV industry by lowering vehicle costs, which in turn is expected to drive a gradual increase in demand from fleet operators.
- **Forging and foundry capacity:** The MHCV segment witnessed healthy demand in Q4FY25, but the company was unable to fully capitalize on it due to limited forging capacity. To address this, it has invested IPO proceeds into expanding forging and foundry facilities, with capacity expected to double in FY26.
- **Trailer segment:** The company currently holds about 28% share in the trailer axle market, ranking second after York with ~60–65% share, and has priced its products 3–5% lower than competitors to expand its presence. It aims to scale volumes to 4.5–5k trailer axles per month by Q4FY26, supported by improving demand in the trailer segment. To enhance capacity, the company will commission an extrusion tube facility by the end of Q2FY26, which will raise axle capacity to 7–7.5k units per month compared to the present 5k welded axles. These extruded beams will also be supplied to OEMs for dead axles, with talks underway with Ashok Leyland. Looking ahead, the company expects additional market share gains through extrusion technology, which is seen as superior to welded axles and was earlier imported from China until anti-dumping duties were imposed in 2016.
- **Seamless tube:** Kross currently sources 400 tons of seamless tubes per month and is now setting up to manufacture 120–230 mm diameter seamless tubes, with machinery already ordered. Its main competitors in this space are Maharashtra Seamless, Jindal Saw, and ISMT. While seamless tube prices in India are around INR 180k/ton compared to INR 80k/ton for imports from China, the company aims to bridge this price gap with its own products. It will focus only on hot-rolled tubes and not on precision tubes, catering to two types of oil industry requirements—transportation, which requires API approval, and casing for drilling, which requires a three-year approval. Additionally, the company plans to use seamless tubes for captive consumption, with operations expected to commence in FY28.
- **Tipping Jacks:** The company is foraying into tipping jacks, beginning with trailer fabricators and later expanding to OEMs once the product is validated. Key competitors in this segment include Hiwa, Hydromas, and Wipro Hydraulics. Production is scheduled to start in H2FY26, with an expected output of 700–800 kits during the half year. Following product approvals, the company targets volumes of 500–600 kits per month in FY27. Realisations are typically in the range of INR 1.3–1.4 lakhs per unit.
- **Exports:** The company is witnessing steady traction in its export business, which it expects to contribute 10–15% of total revenue by FY27. It is also receiving RFQs from US trailer axle manufacturers for trailer axle components.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY24A	6,203	808	449	7.0	27.2	8.3	5.3	30.6	35.0	13.0
FY25A	6,204	813	480	7.4	25.4	2.8	3.3	11.1	23.4	13.1

Source: Company, Equirus Securities

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Lumax Auto Technologies Ltd

Strong growth outlook driven by new products and premiumisation

We hosted the management of Lumax Auto Technologies Ltd and following were the KTAs:

- The company is focused on increasing wallet share across customers through new product introductions. It targets 20% of revenues from clean mobility, with Greenfuel playing a key role. Greenfuel, which had earlier faced scaling limitations, was acquired by Lumax Auto to strengthen its business, especially with MSIL and Tata Motors.
- Post the IAC acquisition, M&M's revenue share has increased significantly. Company sees a strong content value increase in IAC from INR10k-12k/ unit to INR 35k-40k/unit driven by increasing premiumization of dashboards.
- New offerings such as ambient lighting are expected to enhance content per vehicle in the advanced plastics segment.
- The company aspires to gradually move closer to a 20% EBITDA margin, though management acknowledges that this target is still some distance away. Revenue growth is guided at 20% CAGR (15% organic, 5% inorganic), with inorganic opportunities focused on India-based, margin-accretive businesses. Acquisitions are driven by solving customer pain points, targeting products where OEMs face challenges.
- The company already holds a 72% market share in gear shifters, with wallet share at 75% for MSIL. It has also gained traction with Bajaj, supplying to the Chetak EV and implementing a shop-in-shop model at Akurli. For M&M, the company manages the entire outsourced cockpit, with content of ₹35,000–40,000 per vehicle, versus ₹1,500–3,000 for MSIL and ₹8,000–10,000 for M&M on plastics.
- In the EV space, it supplies 75% of plastic-moulded components for HMTI's EVs, and has added TVS-BMW volumes as well. The delivery systems business currently contributes ₹3,000–4,000 per vehicle (1 of 4 components), but Greenfuel has secured orders for localization of the remaining parts, creating a potential to scale to ₹1,000 crore in 3–5 years.
- The company is also expanding its supplier base, with Alps, Yokowo, and Cornaglia beginning supplies to M&M. Notably, Alps Alpine, the world's 4th largest display supplier, is entering the fray, while Aptiv and Visteon remain Mahindra BEV suppliers. Management highlighted that global suppliers charge significantly higher integration costs for cockpits.
- On sensors, the company has made inroads with oxygen sensors, historically led by NGK as an imported product. By offering solutions at 40% lower cost, the company has secured orders from Royal Enfield.

Financial Summary

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FY24A	28,217	3,681	1,302	19.1	59.8	9.9	23.0	17.9	18.6	13.0
FY25A	36,367	4,648	1,778	26.1	43.9	8.3	18.5	20.6	21.2	12.8

Source: Company, Equirus Securities

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Lumax Industries Ltd.

Long-term growth potential due to technology shift

We hosted the management of Lumax Industries Ltd and following were the KTAs:

- **Growth Guidance:** The management has projected 15% CAGR growth over the next five years, driven by 5% from industry volume growth, 7–8% from the technology shift from halogen to LEDs, and around 3% from increased wallet share with customers.
- **Margin Guidance:** The management anticipates an EBITDA margin expansion of 100–200 bps over the next two years. In the near term, margins are expected to improve by 30–50 bps from operating leverage benefits, with double-digit EBITDA margins (including other income) likely from Q4 onwards.
- **Increasing wallet share with customers:** Lumax Industries has an order book of Rs. 20 bn, with 85% dedicated to LED lighting. About 50% of the orderbook comes from Maruti Suzuki, where the company has secured multiple SUV orders, strengthening its presence in a segment where it was previously weak. It will serve as the single-source supplier for 3 new SUVs of MSIL. With Toyota, where Lumax had a strong position in rear lighting, it is now winning new front-lighting orders, while with M&M, where it was strong in front lighting, it is now also securing rear-lighting orders.
- **Technology and R&D:** Lumax Industries' partnership with Stanley provides access to global technology trends that typically reach India with a lag of about five years. Leveraging its strong team of 700–800 engineers, the company engineers these advanced technologies according to the requirement of Indian market at a much lower cost. It was also the first to localize Adaptive Driver Beam (ADB) technology, which automatically adjusts headlight shape and intensity based on speed, steering input, and the presence of other vehicles detected by sensors. Looking ahead, while LED lighting is expected to become commoditized, lighting technology will continue to evolve and play a larger role in enhancing vehicle safety through integration with cameras and other systems.
- **Localisation:** Lumax Industries is steadily increasing localisation in LED lighting. Earlier, PCBs for LEDs were fully imported, but the company has now localised PCB assembly and part of the PCB board, while electronic components continue to be imported. Complete localisation of LED lighting, however, will not be possible.
- **LED penetration:** LED lighting penetration stands at about 70% in two-wheelers, while in passenger vehicles it is around 55–60%.
- **Content per vehicle:** In passenger vehicles, content per vehicle ranges from Rs. 2,000–3,000 for entry-level models to Rs. 10,000–15,000 for premium cars. In two-wheelers, the content per vehicle varies between Rs. 1,000 and Rs. 7,000–8,000.
- **Capex:** The company plans to undertake an annual capex of Rs. 1.5–2 bn over the next two years, excluding land-related investments, and will fund this entirely through internal accruals.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	34,004	2,794	1,399	149.7	25.9	4.7	15.7	19.4	9.4	8.2
FY26E	38,689	3,333	1,760	188.3	20.6	3.9	13.1	20.7	11.1	8.6
FY27E	44,514	4,006	2,272	243.0	15.9	3.3	10.8	22.3	12.9	9.0
FY28E	51,172	4,606	2,717	290.6	13.3	2.7	9.3	22.1	13.7	9.0

Source: Company, Equirus Securities

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Rolex Rings Limited

Domestic business resilient amid slowdown in exports

We hosted the management of Rolex Rings Ltd and following were the KTAs:

- **Business outlook:** The company is witnessing decent growth in its domestic operations across both the auto component and bearing rings segments. However, exports, particularly bearing rings, have been impacted as a few major customers have sharply reduced their volumes. Despite this, the company has maintained its wallet share with key clients. In Europe, the performance is improving mainly on account of the auto component business, while the US market is expected to stay subdued in the near term owing to tariff-related uncertainties.
- **Auto Component business:** To mitigate the impact of the slowdown in the bearing rings segment, especially in exports, the company has diversified and strengthened its presence in the auto component business. Within this segment, it supplies transmission components, producing around 70–80 variants of gear blanks. The company is also securing new orders from the European market, where it had minimal presence just three years ago.
- **US tariffs:** There is no immediate tariff impact since goods currently in transit are exempt, and discussions with customers on future actions are ongoing. That said, some previously secured orders from the US market have been placed on hold due to tariff-related uncertainty, though none have been cancelled. The company believes that if the 50% tariffs remain in place, they will significantly affect not only its business but also that of other exporters.
- **CDR issue:** The company is keen to resolve the CDR issue at the earliest, as strong cashflows are being generated but certain restrictions remain on the distribution of free cashflow due to this matter. Lenders have raised a claim of about Rs. 2,279 mn towards the settlement of the Right of Recompense, calculated on a compounding basis. However, the company believes compounding is not applicable and has made a provision of Rs. 506 mn for this claim. The bank-appointed legal expert has also confirmed that compounding should not apply, leading the company to expect a favourable outcome on the CDR issue.
- **Domestic Bearing rings market share:** Rolex Rings has 30-35% market share in its domestic addressable market.
- **Bearing content:** ICE vehicles typically require around 18–20 bearings, compared to only 6–8 in EVs. However, the value per bearing in EVs is nearly double that of a bearing used in ICE vehicles.
- **Asset turnover:** In forgings, the company's asset turnover stands at 2–3x, while in machining it is higher, at about 4x.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	11,548	2,406	1,926	70.7	20.3	3.7	15.0	17.7	20.8	20.8
FY26E	12,508	2,752	2,030	74.5	19.3	3.1	12.6	14.9	21.4	22.0
FY27E	14,166	3,116	2,344	86.1	16.7	2.6	10.6	17.2	23.1	22.0
FY28E	16,126	3,548	2,747	100.9	14.3	2.2	8.7	17.0	24.8	22.0

Source: Company, Equirus Securities

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Sharda Motor Industries Ltd

Exports and Lightweighting present a huge opportunity

We hosted the management of Sharda Motor Industries Ltd and following were the KTAs:

- **Exports:** Exports currently account for about 2% of total sales, but the company sees a sizeable export opportunity of nearly \$1.8 bn across its identified product portfolio. The China+1 trend is supporting the growth in export opportunity, as business is shifting from China to countries like India. The company's potential export offerings include CV emission control components, temperature-controlled pipes, genset mufflers, and emission control products for tractors under 100HP. In Q1, the company added two new export customers with SOP scheduled 18 months later. The margins in export business will be similar to the company's current margins.
- **Major export order:** A couple of quarters ago, the company secured an order for emission components from one of the largest North American engine manufacturers, with an order size of \$7 mn annually—the maximum order size permitted as an initial order under the customer's policy. Successful execution of this order could lead to exponentially larger business wins with this customer in the future. Supplies for the first order are scheduled to begin from January 2026, initially covering only a few components, with scope to expand the number of components going ahead.
- **Lightweighting:** Lightweighting is expected to emerge as a major megatrend in India and it currently remains highly underpenetrated compared to China, which is far ahead in this area. The upcoming CAFE norms are also expected to present a significant opportunity for the lightweighting segment. At present, the company supplies control arms in this segment, holding a 12.5% value market share in PV and LCV control arms in India. Its control arms content per vehicle ranges between Rs. 2,000 and Rs. 8,000. Looking ahead, the company has the potential to expand its product portfolio within the lightweighting segment.
- **TREM V:** TREM V regulations are scheduled to take effect from April 2026, although management anticipates possible delays or changes in their implementation. For the company, TREM V will open up a new business line with an additional content opportunity of Rs. 5,000–15,000 per vehicle (excluding catalyst). In India, it will be a three-player market, comprising one North American company, one French company, and Sharda Motor Industries as the only Indian supplier. The company is well-prepared with proven TREM V technology, as it already supplies Indian OEMs that export tractors to markets where TREM V-equivalent norms are in place.
- **Capex:** The company expects to incur an annual incremental capex of Rs. 600–700 mn for its existing business. Any capex related to a new lightweighting plant or TREM V, if any, will be in addition to this. Export-related capex is expected to be small, as the company plans to adopt a modular approach for its export related capex.
- **M&A:** The company will look for powertrain-agnostic opportunities and is not limiting itself to acquisitions; it is also open to TLAs, which could enable entry into new products and segments.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY24A	28,093	3,614	2,949	51.4	21.2	6.1	17.6	28.8	38.7	12.9
FY25A	28,366	3,964	3,125	54.4	20.0	5.8	15.6	29.0	39.1	14.0

Source: Company, Equirus Securities

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Arman Financial Services (Not Rated)

Focus remains on collection; Change in credit underwriting approach imminent

Microfinance (MFI)

- Average ticket size (ATS) is Rs 48k–60k.
- Industry evolution: Deregulation triggered rapid growth with healthy ROEs.
 - Pre-Covid, core MFIs held ~80% market share (mostly rural), now reduced to ~30%.
- Increasing liability at customer level:
 - Rural incomes have stagnated since 2020, but lifestyles and expenses have risen due to inflation.
 - Borrowers increasingly supplement income with debt.
- JLG model
 - Two set of views in the market when on one is traditional belief that JLG is still sustainable model, whereas on the other JLG seems redundant
 - Management takes the middle ground stating that customers are diverse; the earlier one-size-fits-all JLG model is no longer effective.
- Credit assessment:
 - RBI allows lending up to 50% of annual income (<Rs 3 lac). ~92% of borrowers fall below this income
 - However, based on MFI's research 80% were concentrated in Rs 2.5–3lac range.
 - Arman assesses income through behavioural checks, past repayment, and community feedback, while strengthening credit teams.
- Portfolio quality
 - 0-dpd repayment peaked at 97.4% (Nov'24), improved to 99% (Mar'25), but slipped to 98.2% (Apr'25). Likely recovery to ~98.8–99% by Aug'25.
 - Current focus stays on collections
 - 350 recovery officers are employed to handle overdue accounts with ≥3 instalments.
 - Have sought approval to add upto 500 recovery officers
 - Each officer collects Rs 80k–1lac monthly.
 - Recovery on written-off loans is ~15%.
 - Monitoring challenges: Tracking end-usage of loans or number of lenders per borrower is practically futile.
- Operating Model & People
 - Branch model: Typically residential setups.
 - Workforce dynamics:
 - Earlier, MFI roles were respected white-collar jobs. Now, high attrition persists because collection work is unattractive.
 - Employees often shift to other MFIs for a fresh start or move to alternative jobs offering similar pay.
 - Future target: Build a balanced book — 50% MFI, 50% other products in the next 6 years.

MSME Lending

- ATS: Rs 75k–80k (offered range Rs 60k–0.15mn).
- Challenges: Growing the MSME book is harder than MFI, which was simpler to scale.
- Strategy: Company is applying learnings from MSME underwriting to strengthen MFI credit practices.
- Micro-LAP ATS: Rs 0.15–0.3mn average.

Two-Wheeler Financing

- ATS: Rs 80k–1 lac. About 5% of overall portfolio (along with micro-LAP) is secured.
- Industry dynamics:
 - Growth at ~5–6% annually.
 - Dealer relationships critical; lenders share business with dealers.
 - Underwriting challenges: walk-in customers can get loans within minutes with only KYC.
 - Market considers "new-to-credit" customers attractive since they are unleveraged.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY22A	1,311	829	317	37.4	246.7	40.8	6.2	15.9	2.9	4.1
FY23A	2,147	1,697	938	110.5	428.4	13.8	3.6	32.4	5.7	3.4
FY24A	3,276	2,932	1,736	195.0	772.1	7.8	2.0	29.5	7.4	3.6
FY25A	3,795	3,332	521	49.7	775.0	30.7	2.0	6.2	2.1	14.2

Source: Company, Equirus Research

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AU Small Finance Bank

Universal Bank Transition: Scaling with Regulatory Tailwinds, Anchored in Asset Quality

Universal Bank transition

- Initial setup complete with pan-India presence (aided by Fincare) and full retail product suite; senior management bench is adequately staffed
- Post universal license, promoter holding to be aligned within 18 months; SFB restrictions ease with removal of Rs 2.5mn loan cap and PSL requirement reducing to 40%

Advances strategy

- Loan mix to stay centred on Vehicle Loans, Housing Loans, and Business Banking
- Housing yields ~11.5% with ~1.5% RoA, but larger-ticket potential limited by yield compression
- Vehicle Loans targeted at Rs 1tn; Gold Loans to Rs 100–150bn leveraging Fincare's network
- Commercial lending (Rs 280bn, 250k merchants) to expand with higher-ticket loans post universal license; mix to rise gradually to 23–24%
- Strong commercial book quality (~10% yields, robust repeat usage) generating Rs 150–170bn in liabilities; geographic reach widening to Kolkata and Bangalore.

Liabilities strategy

- Liability strategy centres on urban/Tier-1 markets and top-10 cities (>60% of deposits), with premium products, wealth division, and government banking to diversify and attract affluent customers
- Focus on shifting from bulk (~30% of book) to stable retail deposits while narrowing 50–70bps CoF gap with peers over 3–5 years to enhance RoA and customer quality

Incremental Opex

- Opex to rise from branding (Rs 1.5–2.0bn past spend; fresh campaigns post-license) and branch expansion, with Tier-1 liability branches targeted to grow from 550 to 1,000–1,500 over 5–10 years
- Geographic focus on UP & South, leveraging Fincare's ~900 district/tehsil branches aligned with AU's expertise
- Tech investments largely complete; future spends aimed at efficiency and productivity gains

Asset Quality

- Secured lending forms ~90% of the book and is expected to remain stable post-transition with no major loan mix changes
- MFI capped at 7–8% of portfolio, with normalized credit cost (~3% vs 7.5% in year one) and full CGFMU cover ensuring smooth monetization
- MFI RoA expected at 1.0–1.5%, more efficient versus 3–4% PSL cost

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	80,116	45,807	21,059	28.3	222.1	26.6	3.4	13.1	1.5	198.9
FY26E	90,002	52,752	26,761	35.8	258.0	21.0	2.9	14.4	1.5	142.9
FY27E	1,08,305	64,919	35,130	46.9	302.8	16.0	2.5	16.2	1.7	123.9
FY28E	1,30,046	80,206	45,729	60.9	358.6	12.3	2.1	17.7	1.8	107.9

Source: Company, Equirus Research

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Can Fin Homes

Steady asset quality; impact of IT revamp limited to 3Q disbursements

Business updates

- Direct sales team expansion: 35 intended to reach 100 employees.
 - Expected productivity: Rs 6–7mn disbursement per month per employee (~4–5 cases).
 - Avg salary Rs 42k/month; no incentive structure.
 - Among industry's lowest attrition (~3.5% in Jun'24).
 - New joiners typically take 3–4 months to reach steady productivity
- Target to reduce dependence on DSAs (currently ~0.45% cost, higher BT-out risk ~3.8%).
- Branch expansion: targeting 300 branches by FY28 (vs ~249 currently).
- Six zones created – Karnataka, Tamil Nadu, Andhra Pradesh, East, West, North, Telangana – for sharper portfolio oversight.
- IT spend of Rs 3.0 bn (Rs 1.0bn capex, Rs 2.0bn opex over 5 years; ~Rs 0.40bn annually).
 - Aims to improve TAT and transparency.
 - Limited impact expected on ROA/ROE.

Loans and Advances

- Disbursements steadily recovering: 1QFY25 ~Rs 20bn, 2QFY25 ~Rs 25bn, 3QFY25 ~Rs 25bn (impacted by internal transformation), 4QFY25 expected >Rs 30bn.
- Telangana AUM ~Rs 70 bn, disbursements now at ~Rs 1 bn/month; FY25 expected at Rs 8–9 bn across 19 branches.
- 30% of Karnataka disbursements come from Bangalore; e-Khata suspension reduced Avg monthly disbursements from ~Rs 2.75bn to Rs 1.50–1.60bn. Targeted at ~Rs 3.0bn/month by 4QFY25.
 - Post-resolution, Karnataka expected to deliver 25–27% growth.
- 3QFY25 disbursements to moderate due to internal transformation.
- South contributes 72% of AUM with Karnataka alone at ~30%.
- Average ticket size ~Rs 2.4mn vs PSU peers at Rs 3.4–4.0mn.
- Segment mix:
 - 11% of loans <Rs 1mn
 - 21% of loans in Rs 1–2mn
 - Balance in mid-ticket Rs 2–3mn range (core focus area).
- Affordable housing (sub-Rs 1mn) not a focus; company targeting Rs 2–3mn ticket size.
- PM-AWAS 2.0 yields negligible contribution (only 7 loans disbursed out of 300 assessed) due to complex eligibility and low subsidy (~Rs 35k annually).

Asset Quality

- Ability to trigger SARFAESI immediately on NPA recognition; average recovery cycle ~6 months.

Ratios

- Rate transmission: 67% of book on annual reset, remainder quarterly; benefits passed with 2–3 month lag.
- Cost of funds expected to trend lower in FY26 due to NHB rate cuts.
- Nearly 100% floating-rate book ensures reset, but with a lag, cushioning spreads.

Guidance

- AUM growth guided at 12–13% in FY26 and ~15% in FY27; company expects to grow 1–2% faster than industry.
- FY26 disbursement guidance at ~Rs 105bn.
- Expects NIMs at ~3.5%, spreads at 2.5%, credit cost contained at ~15 bps

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY25A	13,544	11,532	8,572	64.4	367.5	12.6	2.2	18.2	2.2	0.2
FY26E	15,160	12,674	9,459	71.0	429.8	11.4	1.9	17.2	2.2	0.2
FY27E	17,122	14,178	10,766	80.8	502.3	10.1	1.6	16.7	2.2	0.1
FY28E	19,642	16,489	12,444	93.4	586.1	8.7	1.4	16.6	2.2	0.1

Source: Company, Equirus Research

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Creditaccess Grameen Ltd

Stress cycles boost company's share in MFI industry

Business Updates

- **Customer environment:** Cycle has largely stabilised after Covid-led stress. Underwriting was tightened in the last 3–4 quarters, which led to higher delinquencies in the short term, but stability has returned. About 5–10% of customers typically face challenges during crises.
- **Customer acquisition:** Added ~0.2mn new customers in 1QFY26; monthly run-rate continues into 2Q. New customer addition is robust and forms the key growth engine. New-to-credit customers are of superior quality as they were not impacted by past stress cycles.
- **Industry backdrop:** Industry size at Rs 3.6trn (Jun'25) vs Rs 1.8 tn in FY19. Post-Covid saw two years of 25% growth, followed by 20% de-growth last year. Outlook is for sustainable 15%+ growth.
- **Penetration:** Current MFI penetration at ~50% with a further 15–20% customer addition potential.
- **Product mix & diversification:**
 - Non-MFI share is 7% currently (Secured BL, Unsecured BL, HL) and is targeted to reach 12–15% over the next 3–4 years without RoA dilution.
 - Home loans (yields 14–17%, ATS ~Rs 0.55mn, PAR30 <1.5%) expected to scale faster and overtake BL.
 - Graduated IL book stands at Rs 13bn, with PAR30 peaking at ~2% (half if Karnataka excluded). About 15–20% of customers can graduate to IL in the next 5 years.
 - Gold loans business has been rolled back to zero due to poor economics (high churn, high infra cost in deep geographies). Will revisit later.
 - 2W finance still in pilot.
- **Collections & CE:** Daily (due date) and monthly (due-in-month) CE are aligned. Centre meeting attendance has reduced to ~60–65%, but customer preference for weekly collections (65%) is intact. Digital collections at 16% now, with a target of 30–40% in the next few years.
- **Incentives:** Focused on customer acquisition, service quality, and process adherence (auditing). No incentives on disbursement (to avoid poor quality origination) or on collections (to avoid customer pressure).
- **Branch infra:** Building infra in deeper geographies is challenging and costly, hence selective scaling of newer products.

Loans and Advances

- **Retail book:** ~7% of overall AUM, with 25% being secured. Retail expansion is front-loaded in opex, but longer-term share will reduce cost ratios.
- **Graduated IL book:** Rs 13bn with 3-year tenure, PAR 30 ~2% at peak, improving trend. Model focuses on starting with small ticket size and scaling gradually to build repayment history.
- **MFI customer overlap:** ~35% overlap with retail customers; ~20–25% of this is gold loans. Customer checks (monthly scrub) done for existing customers only.

Asset Quality

- **Write-offs:** Accounts >180 dpd have been written off. 1Q and 2Q write-offs to remain similar; write-off cycle expected to end in 2QFY26. Written-off customers will not return to borrowing.
- **Stress levels:** Industry-wide, 5–15% stress seen across lenders. For CREDAG, 11% of customers have >3 lenders; ~20% of this pool will be written off. Share will reduce gradually over next 1 year.
- **Credit costs:** Guidance of 3–3.5% credit cost in 2HFY26, expected to fall below 3% in FY27 if the industry stabilises. With 2.5% credit cost, RoA could cross 5%.

Business Ratios

- **Yields/CoF/Opex:** Current yields ~20%; CoF at 9.8% (CoB reduced 10 bps in 1Q and expected to reduce further as systemic rates decline); opex at 4.5% (due to weekly collection model).
- **RoA/RoE:** Currently sustaining >3% RoA. Guided to deliver >4% RoA in FY26; potential to cross 5% if credit costs trend to 2.5%. With 4.5x leverage, this translates to ~18% RoE.
- **Profitability trajectory:** 2QFY26 profitability expected to improve vs 1Q; 3QFY26 likely to deliver RoA above 4%.
- **Operating costs:** Elevated for the next 1–2 quarters due to upfront investments in retail infra; expected to moderate as retail scales and share of secured loans rises.
- **Funding:** Funding lines are not adequate for all industry players, which could drive consolidation.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	35,992	26,384	5,314	33.3	408.7	41.8	3.4	7.9	1.9	732.8
FY26E	37,533	26,576	7,398	46.3	465.1	30.0	3.0	10.1	2.5	603.9
FY27E	41,479	28,889	14,990	93.9	561.0	14.8	2.5	17.7	4.4	277.1
FY28E	47,589	33,562	17,878	111.9	670.8	12.4	2.1	17.7	4.5	256.4

Source: Company, Equirus Research

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DCB Bank Limited

Driving towards ~14% RoE through prudent growth

Guidance

- Cost-to-average-assets improving; targeting 2.5% by FY26
- ~45 bps credit cost in FY26
- Consistent 18–20% top and bottom line growth remains the key focus
- Slippages identified as an area for improvement
- Long-term focus on sustainably improving RoEs to ~14% handle

Business updates

- In Q1FY26 10 bps YOA impact, 16 bps CoD, 16 bps CoF, 9 bps NIM; expect further compression in Q2 with recovery in 2H
- Have been careful on capital consumption as Tier-1 capital grew 20bps yoy even on a Q1 YoY RWA grew at 21%
- Co-lending strategy while NIMs dilutive, provides benefit via lower cost-to-assets and reduced credit costs
- Remain conservative and not chasing higher yields at the cost of higher risk
- ROA/ROE drivers anchored on deepening customer engagement and strengthening organizational mindset

Customer & Distribution

- OD (overdraft) and enhanced customer engagement are critical to compete with NBFCs, as ~40% of asset book directly overlaps with NBFC segment
- Customer franchise growth:
 - Niyo adding ~150k high-salary customers annually; Niyo card float seasonally peaks in European summer holiday season
 - Self-employed customer base up 20% YoY
- Plan to add 20–25 branches in FY26, targeting a footprint of 500 branches by FY26-end

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	21,066	10,370	6,153	19.6	153.9	6.2	0.8	11.4	0.9	45.3
FY26E	24,288	12,067	6,399	20.3	169.5	6.0	0.7	10.7	0.8	62.5
FY27E	28,528	14,890	8,229	26.1	192.2	4.7	0.6	12.4	0.9	58.0
FY28E	34,057	18,837	10,781	34.1	219.6	3.6	0.6	14.3	0.9	54.9

Source: Company, Equirus Research

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Federal Bank Ltd

Targeting 1.4% RoA: Retail-Focused, Nationally Scaled and Tech-Led

Guidance

- Loan growth guided at 12–15% with near-term NIM compression (Q2FY26: –5–10 bps); FY26 NIM at ~3.1%, improving to 3.4–3.5% thereafter.
- RoA targeted at 1.4% over 3 years; cost-to-income ratio expected at 50–55%.
- Tech spend rising from 7% to 9–10% of opex, with efficiency gains driven by income growth rather than cost cuts

Advances

- Gold & Agri GL to grow ~30% (after flat 8–9 months); SME lending targeted at 27–30% growth; CV growth to resume post monsoon slowdown.
- Tractor finance remains challenging due to BC-led model, though FB book benefits from premium customer base and low delinquencies.
- MFI portfolio weak but stress peaked in May; recovery expected from Q3.
- Corporate portfolio being reshaped by exiting low-yield corporates and redeploying into higher-return assets.
- Mortgage growth muted, focus shifting to LAP; secured retail expansion led by leadership from peers, with PR, Wealth, and BUB verticals launching Q3FY26.

Liabilities

- CASA & deposits growth driven by urban branches and BUB customers; strong sticky TD base supported by Kerala NR deposits.
- Remittances ~20% market share sustained, with rising non-Kerala GCC inflows from states like Bihar, Jharkhand, Odisha, and Andhra.
- Expanding wholesale banking with syndication, trade, and custodian services; building wealth platform under ex-Motilal Oswal Wealth CEO

Cards & Payments

- Disciplined Underwriting: Credit cards see ~90% rejection rate amid cautious approach; industry delinquencies driving lower insurance
- Growth Engines: Scapia issuing ~50k cards/month; two new partners onboarded with pilots underway and public launch expected soon
- Profitability: Strong metrics with above-market revolver rates and average spends >₹13k per card
- Customer Franchise: Niyo adding ~150k high-salary customers annually, though card float remains seasonal with summer peaks

Expansion and People

- Targeting 1,800 branches by FY27, guided by Crisil, SLBC, and peer data for scientific location selection
- KPIs structured from CASA (50%) to TD, life insurance, bancassurance/para-banking, and gold loans; RBSCs opened to free branch capacity
- Strong talent attraction and retention with only ~3.5% attrition; stable relations with employee unions

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	94,680	61,011	40,519	16.5	131.8	12.1	1.5	13.0	1.2	33.0
FY26E	1,02,051	68,792	39,579	16.0	145.5	12.5	1.4	11.2	1.1	63.3
FY27E	1,23,350	89,641	52,563	21.1	164.9	9.4	1.2	13.3	1.3	67.4
FY28E	1,46,888	1,13,402	64,711	25.9	188.0	7.7	1.1	14.3	1.4	81.4

Source: Company, Equirus Research

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Fedbank Financial Services Limited

Focus on growth through customer addition and tonnage growth

Business Updates

- **Gold Loan:**
 - Strong productivity vs Muthoot at comparable size; AUM/branch growth much higher.
 - Branch expansion (100–150 in FY26, mostly STLAP branches converted to gold) aimed at tonnage and customer growth.
 - Portfolio LTV at 65–67% (outstanding), origination at ~75%; followed stricter LTV compliance in 4Q.
 - Pricing differs by region – LTV play role in South, pricing-led competition in North; competition mainly from IIFL, Capri, not Muthoot.
 - Doorstep model gaining traction (15% share of AUM)
- **Product Mix:**
 - Gold loans at 45–49% of book by FY27; mortgages ~55%.
 - BL reduced to ~2%; focus on gold, STLAP, MTLAP.
 - No immediate new product launches planned.
- **STLAP/MTLAP:**
 - STLAP sourced via connectors; quality/collection-driven incentives with clawback.
 - MTLAP sourced via DSAs; co-lending preferred for larger gold/MTLAP due to lower ROE.
- **Growth:** STLAP/MTLAP to grow at 30–35% CAGR; HL forms 10–15% of mortgage mix and declining.
- **Geographic Presence:** 17 states; focus on Gujarat, Maharashtra, Telangana, Tamil Nadu, Karnataka.
- **Co-lending:** 10% yield gold products done with banks; DA preference for MTLAP.

Asset Quality

- STLAP book revamped – new CBO, stronger underwriting, BRE system-driven, early-bucket focus in-house; ~40% increase in collection manpower.
- Credit cost target for FY26: $\leq 1\% \pm 10\text{bps}$.
- Regular CIBIL checks done to track overleveraging; dairy and some industries in watchlist.
- Andhra Pradesh, Maharashtra under close monitoring.

Business Ratios

- Yields: Gold 18–19%, STLAP 16–16.5% (ATS Rs 0.12–0.13mn, ~50% LTV), MTLAP 12.5% (ATS Rs 0.65mn), BL ~17%.
- Opex expected to decline by 30bps by FY27.
- CoF benefit – down 16bps in 1Q FY25; mix at 40% external benchmark, 60% MCLR.
- DA income contribution at ~30% in FY25, to reduce to near ~0% by FY26 (offset via lower CoF).

Guidance

- Long-term entity growth guidance: 20–25% CAGR.
- FY27 targets: ROA ~2.5%, leverage ~6x, ROE ~15%.
- Focus on moderating seasonality via product/branch mix.
- Cost efficiency through office consolidation, tech leverage, and collection recalibration.
- FY25 vs FY28 DuPont differences to mainly come from opex and credit cost; rest stable.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVP S (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY25A	10,708	5,201	2,252	6.0	65.2	20.3	1.9	9.4	1.8	1.5
FY26E	11,962	5,894	3,330	8.9	69.8	13.7	1.8	12.5	2.4	0.9
FY27E	14,325	7,311	4,300	11.5	80.8	10.6	1.5	14.4	2.6	0.8
FY28E	17,657	9,636	5,759	15.5	93.9	7.9	1.3	16.5	2.8	0.8

Source: Company, Equirus Research

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HDFC Bank Ltd

Staying the Course to Regain Top Position

Business Updates

- Rs 4–5bn opex allocated to open 300–400 smaller branches (50:50 metro/rural) with ~18-month stabilization.
- CASA growth driven by new customer acquisition and cross-selling; rural NREGA demand recovered, urban demand weak
- Continuous tech investments; pre-approved rule engine extended for faster processing
- Premium Infinia launch planned; ROA expected to improve from lower cost-of-funds and merger synergies.

Advances

- Unsecured retail disbursement remains highest; book stable due to repayments.
- Credit card profitability lower as revolve rates remain below previous levels; focus on wallet share.
- SME loans strategic focus; self-sourced, 95% secured, Dukandar OD approval mid-teens, below peers.
- Small SME/CV economic slowdown since October may pose credit quality risk.
- Personal loans not showing significant growth; construction finance book declining due to pricing, not quality.
- Investments continue in solar, transmission, data centers, GCC, chemicals, pharma; textile, iron, steel limited; firms increasingly self-fund or raise debt.

Liabilities

- Deposits per branch rising; CASA growth driven by new customers and cross-selling, though TD growth outpaces CASA.
- New branches quickly acquire CASA, but TD takes longer; adding ~2.5mn CASA customers quarterly.
- Post-HDFC merger, 50% of HDFC customers have liability relationships; LCR change from Apr'26 may boost wholesale deposits.

Progress Since HDFC Ltd Merger

- Upon merger strategy was to replace high-cost borrowing with TD first, CASA later; Rs 600bn/year planned for FY26–FY27.
- Normalized NIM: YoA stable, CoF reduced; NIM dip offset by improvements in Cost-to-Asset and Credit Cost; CASA migration slower than expected.
- Merger enhanced project evaluation capabilities; ROA expected to improve from CoF reduction and synergies.

Asset Quality

- Strong underwriting prioritized over NIM optimization; C/A expected to improve, C/I <35% in Q2FY26.
- Personal loans stagnant; small SME/CV slowdown may pose credit risk.
- Tariff changes unlikely to materially affect SME loan book.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	12,26,701	10,01,275	6,73,474	88.0	644.0	19.7	2.7	14.3	1.8	45.6
FY26E	12,77,249	11,79,188	7,32,803	95.6	712.1	18.1	2.4	13.9	1.8	84.5
FY27E	15,41,601	13,53,222	8,85,260	115.3	801.3	15.0	2.2	15.0	1.9	61.1
FY28E	18,19,980	16,36,692	10,79,579	140.4	913.5	12.4	1.9	16.1	2.1	62.3

Source: Company, Equirus Securities

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Home First Finance Company India Ltd

2QFY26 to see better disbursement and asset quality

Business Updates

- **Target Segment:** Focused on affordable housing (AFH) targeting households with Rs 40k-60k monthly income. Primary demand driven by MSME employees and self-employed individuals (e.g., auto-rickshaw operators, small vendors), whose income depends on the local economy.
- **Market Outlook:** AFH segment expected to grow from 1.3mn ATS currently to 2.5mn by 2028. Household debt is increasing, especially via unsecured and personal loans, supporting incremental demand. Overall industry growth is likely to track nominal GDP (~12-14%).
- **Competition & Sustainability:** Around 20% of peers pursue aggressive, short-term strategies like undercutting prices, higher BT-in payouts, and rapid book growth; not sustainable long-term. Home First aims for ~5% spread to maintain sustainable operations. Disbursement yields for most peers are 13-13.5%; lower yields (~200bps less) are required for aggressive BT-ins, which may not be viable long-term.
- **Operational Efficiency:** Launched in-house AI tool **"Pulse"**, which transcribes RM-customer conversations, generates summaries, highlights strengths, weaknesses, and opportunities; expected to improve RM productivity. Front-end manpower added; loan approval TAT remains ~48 hours.
- **Geography & Focus Markets:** Incremental focus on MP, UP, and Rajasthan; strong presence in Maharashtra and Gujarat (apartment-driven markets). Karnataka presence largely around Bangalore; Tamil Nadu faces leadership challenges; Telangana has mid-level attrition.
- **Productivity:** Front-end manpower added; AI tools expected to drive efficiency.

Loans and Advances

- **Disbursements:** July in line with May-June; August improved. 2Q expected to see better disbursement and asset quality.
- **Product Mix:** Apartments 27-28% (LTV 70%), self-construction 30%, resale 15%. Average ticket sizes: Badlapur ~Rs 1.8mn, Surat slightly lower.
- **Regional Insights:** MP contributes ~8-9% of AUM, scaling fast; Jaipur performing well; UP growth gradual. Surat reflects local economic recovery. Maharashtra is growing faster than company average.
- **Cost Efficiency:** Cost of disbursal per lac ~Rs 6-7k

Asset Quality

- **Housing Loans & LAP:** SARFAESI enforceable above Rs 0.1mn
- **Geographic/Industry Risks:** No material vulnerabilities outside core markets; Surat normalized in July; Tirupur expected to stabilize gradually.

Business Ratios

- **Sustainable Spread:** Target spread ~5% to maintain profitability in AFH segment. LAP yields ~15%, ~1.5% higher than housing loans.
- **Aggressive BT-ins** require ~200bps lower yields to acquire customers, which is not sustainable long-term; overleveraging risk emerges if peers start reducing their hurdle rates to compete.

Guidance

- **AUM Target:** Rs 35-36trn by 2030.
- **Incremental Focus:** MP, UP, Rajasthan for self-constructed homes; Maharashtra and Gujarat for apartment markets.
- **Industry Outlook:** Growth expected to track nominal GDP; Mortgage-to-GDP ratio in India still low compared to other economies, signalling room for growth.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY25A	6,388	5,304	3,821	42.4	265.0	30.7	4.9	16.5	3.5	0.3
FY26E	8,727	7,248	5,086	49.4	395.7	26.4	3.3	15.1	3.6	0.5
FY27E	10,773	9,018	6,317	61.4	448.3	21.2	2.9	14.0	3.5	0.5
FY28E	12,878	10,889	7,598	73.8	515.4	17.7	2.5	14.7	3.5	0.5

Source: Company, Equirus Research

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IDFC First Bank Ltd

FY26 Exit RoA Targeted at 0.9%; Pursuing Robust Yet Prudent Growth

Guidance

- Credit cost to stay 2–2.05%, supported by prudential provision buffers
- Corporate loan growth at 25–30% in near term, moderating to 20% from FY27
- Wholesale–Retail mix to remain similar to current levels, expect ~20% medium-term growth in both
- RoA to improve to 0.9% by Q4FY26 and >1% in FY27, led by operating leverage
- Opex growth guided at 12–13% yoy as efficiency gains expected
- Capital raise covers 18–20 months of growth; branch expansion 10–12% of base

Advances

- MSME portfolio led by LAP (~Rs 300bn) and secured BB lending;
- LAP LTV on book 45-50% on origination 55-60%
- MFI book steady at 4–5% of loan book; growth of ~15% in FY27 subject to environment; Incremental disbursement under CGFMU cover
- Corporate lending strategy working in-tandem with CA acquisition strategy. Goal to capture >10% of client borrowings for better CA opportunities
- 40% loan book floating of which 30% repo-linked and 10% EBLR;
- Gold loans to grow at natural pace
- Have strong NTB guardrails in Credit cards, current revolve rate at ~11%

Deposits

- Deposit growth target 24–25% to sustain ~20–21% advances growth
- CASA ratio goal 46% by FY26, with sharper CA focus (current CA 7.5%). See better CA execution via bundled services (salary, Forex, CMS, TB)
- Term deposits locked into 5+ years, aiding stickiness and stable funding
- LCR guided at 115–117%; retail deposits form ~63% of LCR base
- Cost of SA at 5.85%, CASA at 5.1%; CoF expected at 5.8% exit Q4FY26
- Full benefit of TD rate cuts to flow through in 8–9 months

Asset Quality

- Asset quality stable; MSME SMA levels under control
- MFI stress expected to ease in next 2 quarters
- No specific concerns to callouts in Exporting MSME due to tariff impact

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	1,92,920	74,148	15,248	2.1	50.7	33.6	1.4	4.3	0.5	257.9
FY26E	2,16,559	91,219	26,984	3.1	55.0	22.2	1.3	6.3	0.7	217.3
FY27E	2,63,006	1,25,799	47,135	5.5	59.2	12.7	1.2	9.4	1.1	207.3
FY28E	3,14,376	1,62,360	65,226	7.6	66.0	9.2	1.1	11.9	1.2	207.3

Source: Company, Equirus Research

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IKF Finance (Not Rated)

Aspire to launch IPO in 2 years

Scale & Franchise

- AUM ~Rs 70 bn, growing 35–40% CAGR over the last 3 years with operations across 11 states; 200+ branches with plans to add 40 more in FY26. FY26-FY27 growth guidance of ~30%.
- South is core market with presence in West (Maha, Guj, MP, Raj) & Odisha newly entered.
 - AUM spread between AP-Telangana – 35-40% and include Maha - ~53%, TN – 12-13%, GUJ – 12-13%, RAJ/MP -4-5% each, Odisha -1%

Business Mix (Consol)

- **Vehicle Finance (~65% of AUM)**
 - **Portfolio:** 95% used vehicles, 5% new.
 - Segment composition: HCV 25%, CE 25%, Cars 15–18%, SLCV 15%, SCV/Tractors small.
 - Asset vintage funded: 4–9 years; focus on 2nd/3rd ownership cycles.
 - **Edge:** Disburses funds before ownership transfer, allowing borrowers to put vehicles to work faster than peers.
 - **Cycle trends:**
 - Slowed lending to HCVs (10-tyre viability low; 14–16 tyre vehicle viabilities better).
 - SCV electrification moving fast; started EV 3Ws via DC model (better viability, though high upfront downpayment).
 - Construction equipment demand steady (JCBs, small cranes for warehouses)
 - Tractors ~1% of book; limited growth in South due to political environment (MP provides better market).
- **MSME (~15% of AUM)**
 - Team made of ex-Chola; product design backed by their experience.
 - 85–90% SORP-backed; FOIR 50–60% with Avg. ticket Rs 2–2.5mn; focus on >Rs 2 mn since SARFAESI action possible above this threshold and LTV capped at 50-60%
 - Customer profile: kirana shops, restaurants, doctors, jewellers, traders.
 - No top-ups; LAP priced same as HL (~16.5–17%).
- **Housing (~20% of AUM; Rs 15 bn subsidiary)**
 - Split: 65% HL, 35% LAP/MSME
 - Avg. HL ticket Rs 1.2–1.5mn; mostly self-construction loans in AP/Telangana (not large metros), LTV <50%.
 - Rates: HL 12.5% (blended ~14–14.25%), LAP 16.5–17%.
 - Growth driver: expanding branch presence in AP/Telangana (+15–20 branches planned).

Financial Profile

- ROA tree – Yields at 17%-18%, CoF – sub 10% (A+ rating), Opex – 3.5%, Credit cost – 1% resulting in ROA – 2.8% (FY26 guidance >3%) (1QFY26 PAT Rs 280–290mn)
 - PAT CAGR ~37–38% in last 3 years, in line with AUM growth.
 - FY25 PAT Rs 1.4 bn; guided Rs 2.2 bn FY26 and Rs 3.2–3.5 bn FY27,
 - Tier 1 ~34–35%, Net worth ~Rs 18 bn; Recent equity raise: Rs 7 bn primary + Rs 7.65 bn secondary (Motilal exit from old fund, reinvested via new); promoter added Rs 490mn. Valuation at 2.8–2.9x PB (pre-money Rs 28–29 bn).

Asset Quality

- VF GNPA 2.3% (NNPA 1.8%); Stage 2 higher in 1QFY26 due to monsoon + transport slowdown, but Stage 1 improving. Housing GS3 ~1.3%. Management overlay of Rs 1.6 bn in FY25; PCR on Stage 2 increased. TN seeing strain post new ordinance; KA collections stable

Guidance: Target to achieve credit rating of AA- and launch IPO in 2 years

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY22A	1268	735	511	9.9	79.0	NA	NA	13.0	2.7	0.3
FY23A	1734	888	615	11.5	113.3	NA	NA	14.3	2.7	0.3
FY24A	2526	1572	1018	15.0	134.9	NA	NA	11.3	2.9	0.6

Source: Company, Equirus Research

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MAS Financial Services

Retained AUM guidance despite selective MSME stress

Business Updates

- MAS operates through direct lending and ~200 NBFC partners, which contribute ~35% of business.
 - Partners are in similar lines of business (MEL, SME, VF) and are selected for origination and collection strengths.
 - MAS provides consistent funding, which makes NBFCs comfortable paying a premium even though their bank borrowings are priced lower.
 - MAS conducts branch audits and data sharing on a quarterly/half-yearly basis.
 - Typical partner size: AUM of Rs 1–10bn, not highly leveraged, backed by reputed private equity players and professional promoters.
 - Term loans are aligned with end-loan tenure (24–36 months). Lending is done in tranches so that MAS can review updated data before sanctioning the next tranche.
 - NBFCs bear losses in challenging cycles and are required to bring in additional capital.
 - Cumulative LGD for this model is ~0.5%.
 - MAS exposure typically limited to 10–15% of partner borrowings.
 - Partners demonstrate consistent ability to raise incremental capital.
 - Direct lending earns higher yields (17–18% vs 13–14%) but with higher credit cost (2% vs 0.5%) and opex (4% vs 0.5–1%), while ROA remains similar across both models with cost of funds at 9%.
- Product positioning:
 - MEL, SME, VF, and PL remain the core focus segments.
 - PL contributes ~10% of book, with 45–50% sourced through fintech partners (customers slightly riskier, but FLDG arrangement provides comfort).
 - MAS avoids gold loans (seen as a southern product with operational niche) and does not fund GEMS/jewellery.
- Market dynamics:
 - SME has seen increased competition with 30–40 players in the business, largely focused on Rs 0.5–2mn ticket size.
 - Consumption slowdown is impacting Rs 1.5–2.5mn ATS business loans, though borrowers continue to seek funding.
 - In Gujarat, some MFI players expanded into geographies with tough collection conditions, leading to challenges.

Loans and Advances

- FY26 AUM growth expected at ~19% despite MSME stress; management confident of sustaining 20–25% growth longer term.
- Loan mix:
 - MEL – 45% from partnerships (65% of MEL direct, of which 50% is secured).
 - SME – 30–35%.
 - Vehicle finance – 20–25%.
 - Personal loans – 10%, with fintech channel share at 45–50%.

Asset Quality

- Credit costs:
 - MEL – 2.2–2.5%.
 - CV – 3.5–4%.
 - Direct book – 1.5–2%.
 - Total – 1.25–1.5%.
- MSME stress most visible in brand distribution business and transportation and logistics business.
 - Disbursements in these sub-sectors have slowed.
 - Stress expected to normalize within one to two quarters.

Financial Summary

YE Dec Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (bps)
FY25A	5,673	5,366	3,059	16.9	125.9	18.5	2.5	14.1	2.9	1.6
FY26E	7,070	6,386	3,682	20.3	149.9	15.3	2.1	13.4	2.9	1.5
FY27E	8,644	7,652	4,530	25.0	170.4	12.5	1.8	14.6	2.9	1.4
FY28E	10,762	9,537	5,702	31.4	195.4	9.9	1.6	16.0	3.0	1.3

Source: Company, Equirus Research

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PROTEAN eGOV Technologies Ltd

Citizen Adoption Key to PAN Revenue; Leveraging Multi-Pronged Growth Strategy

PAN 2.0

- In Nov '24, ITD issued an RFQ to revamp its 2003–04 PAN generation tech stack, awarded to LTI Mindtree
- The revamped ITD website will handle PAN issuance but will not offer assisted-mode services
- Protean is expected to continue assisted mode, which currently accounts for ~70% of PAN originations
- Future citizen adoption is uncertain; PAN demand is increasing in Tier-2/3 cities due to government scheme mandates

Tax service

- Protean, UTITSL and ITD website are first point of Contact for PAN issuance. ITD does not charge but Protean/UTI charge for issuance (Protean 91/50 for Fresh/duplicate). ITD website has 6-7% traffic
- Even if a user gets its PAN from ITD, will have to come to protean/UTI to get it issued and then it costs Rs 50
- Protean shares Rs 30/13 for offline/online-assisted channel. Currently 60-70% issuance in assisted/pure online mode
- No of agents across India – 400k

Other updates

- Distribution partnerships with Paynearby and Vakrangee; multi-purpose distribution through Gol CSC portal offering ~1,400 services
- Secured two national turnkey mandates worth Rs 2.5bn; 60–65% billed in next 2 years, remainder via AMC. Projects include CERSAI stack revamp and building DPI for insurance sector via Bima Sugam (IRDA)
- CRA business licensed by PFRDA along with 2 other players. CRA revenue model in NPS for Pvt+Govt/APY at Rs 69/20 annual AMC and Rs 3.75 per transaction; of CRA revenue ~85–90% from AMC, 10–15% from account opening/transactions
- Launched UPS on 1 April 2025 for government employees, Protean has 100% market share

Financial Summary

YE Mar Rs mn	Sales	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)
FY25A	8,407	708	925	23	246	38	3.5	22.2	9.6%
FY26E	9,508	1014	1099	27	264	32	3.2	39.0	10.6%
FY27E	9,721	686	824	20	276	42	3.1	26.3	7.5%
FY28E	10,080	764	881	22	290	39	3.0	38.6	7.7%

Source: Company, Equirus Securities

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Shriram Finance

No major signs of stress; AUM growth guided at ~15% for FY26

Loans and Advances

- **MSME:**
 - Limited stress; exposure largely in trading & services (business loan-like).
 - Two books: avg Rs 0.3mn & Rs 0.8–0.9mn ticket sizes; ATS ~Rs 0.55mn (vs banks' >Rs 10mn).
 - 76-77% secured against SORP/commercial property; 97-98% loans for business use.
 - Yields 8-8.5% but with high credit cost; avg tenure 3 years, max tenure is 4 years.
- **CV:**
 - Growth ~12% in last 1-2 years; 92% used CV portfolio, avg vehicle age 5 years.
 - On-book LTV <58% (vs 65-70% at origination).
 - Passenger Vehicles: 87-88% used; no leasing model.
 - ~31% market share in 5–10 year CV segment.
 - ~1-1.5% of CV book are short (6-month) loans; 47% of these are insurance loans.
- Infrastructure: first signs of de-growth; Stage 2 increase linked to CE exposure.
- Gold loans: short-tenure (6 months), no pre-closure charges.
- Personal loans restricted to 2-wheeler customers; no CV exposure.
- Loan growth guidance: CV 10-12%, rest 14-16%; overall ~15% AUM growth.

Borrowings

- Deposits: Rate ~7.6% in 3–5 year bucket; deposit share to be capped at ~25% of liabilities.
- Liquidity buffer (Rs 300-320bn in Mar) to be pared by Rs 100-120bn in next 4 months, aiding margins.

Asset Quality

- Current NPA uptick is seasonal.
- Credit cost on assets ~2%; guided not to exceed 2.2% of loan book in FY26.
- Stage 2 stress visible in CE/infrastructure, leading to cautious approach.

Business Ratios

- Margins: Reported lower due to excess liquidity, but spreads stable.
- CoF on foreign borrowings at 8-8.5%.
 - 80% liabilities fixed-rate; rest largely MCLR-linked (1-year reset).
- Expect ~10-12 bps margin benefit in 4Q as rates reprice and liquidity normalises.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY25A	2,18,531	1,62,609	97,610	51.9	263.6	11.9	2.3	18.6	3.7	2.2
FY26E	2,52,467	1,90,217	99,055	52.7	296.7	11.7	2.1	16.5	3.1	2.1
FY27E	2,93,557	2,20,261	1,16,290	61.8	344.3	9.9	1.8	17.0	3.3	2.0
FY28E	3,32,126	2,47,447	1,30,329	69.3	395.8	8.9	1.6	16.7	3.2	2.0

Source: Company, Equirus Research

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Ujjivan Small Finance Bank

Incremental focus on increasing secured loan book share

Business Updates

- **Portfolio Mix & Diversification:** Currently ~54% MFI, targeted to reduce to ~35% with growth in secured assets (housing, MSME, gold, vehicle). Individual loans (90% from group loan upgrades) gaining traction with lower over-leverage risks.
- **Product Expansion:** Housing loans scaling fast (> 1% ROA), micro mortgage broken even in terms of profitability, Gold and Vehicle Finance expected to break even by 4QFY26–1QFY27. MSME added WC & supply chain finance products.
- **Branch & Distribution Strategy:** Focus on deeper product penetration within existing ~750 branches; expansion of ~400 branches only from FY27. Gold loans scaled from 0.5% to 2.5% of disbursements; vehicle finance from 1.3% to 2.5%.
- **Attrition:** <20%, aided by local hiring for better customer connect.
- **Capital & Leverage:** CAR ~23%; leverage ~7.7x. Capital raise expected in 6–8 quarters. With UBL license, CAR requirement may reduce (from 15%), giving leverage headroom.
- **Customer Filters:** Strict underwriting with ~50% rejection rate. Guardrail 2.0 implemented with cap of 3 lenders (MFI + unsecured retail), ensuring customer discipline.
- **Branch Color Coding:** Red/Amber/Green categorization for lending restrictions; Karnataka was main stress geography but now improving.
- **CGFMU:** Limited adoption due to low claim recovery.
- **Processing Fees & Insurance:** Fees only for loans >Rs 50,000; insurance optional.
 - New fee-income drivers include MF distribution, forex, retail insurance.

Asset Quality

- **Geography Stabilization:** 9/10 states peaked in 4QFY25, Karnataka in 1QFY26. Incremental overdue flow now contained.
- **Collection Efficiency:** Ex-KA/TN, CE ~99.5%. Slippages expected to reduce from 2QFY26. SMA book trending down.
- **Interventions:** 400+ interventions in 4QFY25 on SMA pool; SMA-1 resolution improved to 50% (vs 40% earlier).
- **Recovery:** ARC pool recovery expectations – 24% (3QFY26), 13% (4QFY26).
- **Independent Collections:** Dedicated team with fixed + variable pay, mix of on-roll/off-roll. ~40% digital collections, but physical connect emphasized.

Borrowings

- **CoF:** CoF targeted to reduce to ~7% by 4QFY25 via CASA improvement & TD repricing.
- **Deposit Mobilization:** Strategy to shift from bulk TDs to CASA; CASA ratio targeted to rise from 25% to 35% in 5 years. Retail liabilities team strengthened (hired an ex-Kotak executive).

Guidance / Vision

- **Profitability:** FY26 ROA guidance at 1.2–1.4%; long-term 1.8–2% with 16–18% ROE.
- **Margins:** NIM to average 7.8–7.9% in FY26; to normalize at 6–6.5% as portfolio shifts to secured by FY27–28.
- **Opex:** 6.1–6.3% of avg. assets
- **PPOP:** 3.5–4% steady state.
- **Strategic Vision:** Universal Bank transition; unsecured portfolio capped at ~35% “sweet spot”. UBL license decision expected by Dec’25.

Financial Summary

YE Mar Rs mn	NII	PPOP	PAT	EPS (Rs)	ABVPS (Rs)	P/E (x)	P/ABV (x)	ROE (%)	RoA (%)	Credit cost (%)
FY25A	36,363	16,892	7,261	3.8	30.7	11.6	1.4	12.4	1.6	2.6
FY26E	40,449	17,964	7,249	3.7	32.4	11.7	1.3	11.5	1.4	2.4
FY27E	48,065	22,927	11,160	5.8	37.0	7.6	1.2	15.9	1.8	2.0
FY28E	57,824	29,515	14,789	7.6	43.0	5.7	1.0	18.4	2.1	2.0

Source: Company, Equirus Research

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Zaggle Prepaid Ocean Services Ltd

Scaling Revenue Through Strategic Partnerships and Acquisitions

Acquisitions & Growth

- Another acquisition close to closure, total of 4 proposals under pipeline
- Of QIP proceeds, Rs 1.2bn allocated till date for acquisitions
- Have been valuing acquisitions cautiously and walking away from expensive ones
- Rio.money and Dice have cash burn; Effiasoft and Greenedge profitable
- Prominent client additions include Hindustan Pencil, Apollo Health, CK Birla Healthcare

Program Fees & Revenue

- Zoyer spends Rs 35.87bn; take rate 1.79%
- Propel program fee Rs 300mn in Q1FY26; corporate coverage ~1,500, including 21 TATA group companies
- Zoyer ~700 corporates, bulk targeting new customers
- Growth in spends: 19% overall; Propel 15% YoY
- Incentives as % of program fees reducing due to efficiency improvements
- 14–15% EBITDA margin expected post-consolidation in FY28
- Identified that BROME can reduce 20–30% leakage for clients

Partnerships & Collaborations

- Signed Ultratech and have large addressable wallet share from % of sales angle. Significant revenue opportunity in corporate spends management segment
- Grant Thornton promoting spend management solutions to their clients
- Mastercard 7-year co-branded forex prepaid card agreement
- One Assist as insurance partner for smart EPP

Technology & Product Development

- Focus on AI and product development; Rs 400mn invested in FY25
- Pilot-stage AI-driven claim validation workflow in progress
- Other operational expenses declined due to efficiency initiatives

Financial Summary

YE Mar (Rs mn)	Rev.	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/BV (x)	EV/ Sales (x)	RoE (%)
FY25	13,038	1,140	879	7.2	102.2	56	3.9	3.6	9.6%
FY26E	17,522	1,580	1,225	10.0	112.8	40	3.6	2.7	9.3%
FY27E	22,249	2,093	1,628	13.3	126.1	30	3.2	2.1	11.2%
FY28E	27,940	2,889	2,121	17.4	143.5	22	2.8	2.1	12.3%

Source: Company, Equirus Securities

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APL APOLLO TUBES LTD.

Await recovery in core consumption segments

We have hosted the management of APL Apollo Tubes and KTAs are:

Mgmt. stated that demand conditions for structural steel tube industry were tough due to challenging macroeconomic environment, geopolitical tension, USA tariff uncertainty and slowdown in government spending. Early onset of monsoon season across India slowed down construction industry in Jun'25.

Volume and Growth Projections: Dubai contribution was at 6% to overall sales. Dubai volumes are projected to increase significantly going ahead, aiding overall international market volumes for the company. The Dubai and Bhuj plants are considered sufficient to achieve the desired export target by 2030. The Raipur plant is ramping up well.

Confidence for revised volume growth comes from critical infra projects (railways, aviation, healthcare), private infra (warehousing, corporate factory expansions), commercial real estate (office spaces, data centres), and a potential pickup in retail segment (home renovation). Emerging sectors like data centres, solar, and electronics manufacturing are seen as significant growth drivers.

Company expects recovery in Middle East volumes post the ongoing War. Further, 2 new product lines have been launched: 100k MTPA capacity of 1000x1000mm tubes, and 300k MTPA of Rust-Proof capacity have come up which will add to volumes.

Capex plans: Capex intensity is projected to reduce going ahead. Greenfield Capex cost is Rs 8,000/t, while brownfield is Rs 4,000-5,000/t, with an average of Rs 7,000/t. The revenue is Rs 65,000/t, resulting in asset turns of 9x.

Major capex plans include: Two plants in Eastern India (combined 500,000 tons capacity), Dubai expansion (200,000 tons), South India expansion (360,000 tons), New coated capacity (500,000 tons) and heavy structural tubes (100,000 tons), Gujarat plant focused on exports (300,000 tons), and Specialty tubes capacity (500,000 tons). Shifting of existing lines will add 160,000 tons of capacity.

Financial Strategy and Cash Flow: Since adopting a cash and carry model, the company has generated healthy cash flows, achieving strong OCF to EBITDA ratios. This strong cash generation has led to a sufficient cash balance for capex, meaning the company has never needed to borrow for expansion. The company allocates its cash as follows: 25% for cash, 25% for capex, 25% for dividends, 25% for tax, with the rest kept as surplus cash.

Mgmt. highlighted that there's a significant potential for exports, with a strong order book in Dubai and plans for a dedicated export-focused plant in Gujarat.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,99,963	11,990	7,571	27.3	60.6	10.9	38.3	19.4	17.0	5.8
FY26E	2,27,088	16,100	10,127	36.5	45.3	9.5	28.3	22.5	21.8	6.8
FY27E	2,74,127	20,655	13,379	48.2	34.3	8.0	22.0	25.4	25.3	7.3
FY28E	3,30,909	25,790	17,067	61.5	26.9	6.5	17.5	26.8	27.3	7.5

Source: Company, Equirus Securities

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Apollo Pipes Limited

Growth supported by margin improvement needed for next leg of rerating

We have hosted the management of Apollo Pipes and KTAs are:

Current State of the Plastic Pipes Industry: The plastic pipes industry has faced a challenging period over the last 4-5 months, marked by sluggish demand and oversupply issues, estimated at ~5-10%. Government restrictions on HDPE sales led to a drop in HDPE volumes since FY23-end, causing HDPE pipe-heavy players to shift towards trading. Both retail demand and government capex have been slow. Management believes that pricing has now bottomed out, and smaller players in the market are struggling to survive. The industry experiences seasonality, with 1Q typically strong due to higher Agri business, and the 4Q strong due to housing demand.

Industry Structure and Dynamics: The plastic pipes industry is sizable, estimated at around Rs 500bn, with the top competitors accounting for ~Rs 150 billion of the same. The market is divided into 35-40% unorganized and 60-65% organized players, with smaller participants even within the organized segment. The industry operates with asset turns ranging from 2x to 2.5x. Generating revenues of Rs 35bn would necessitate substantial investment, specifically Rs 20bn in capex and Rs 10bn in working capital, which has led the company's management to adopt an aggressive approach to capacity expansion. The company's strategy is to acquire market share from smaller or unorganized players by offering better pricing, rather than targeting larger established peers. Industry generally operates at a 70% capacity utilization.

Company's Strategic Initiatives and Product Focus: The company has strategically partnered with a player for co-branding and sales of CPVC pipes, expecting CPVC sales to increase from the current quarter onwards 2QFY26. The company's product mix includes a 60% share from VAP, while the rest from general pipe sales. In terms of profitability, UPVC is a single-digit margin product primarily serving the agri business. CPVC offers ~15% margins, while OPVC also offers higher margins. The company anticipates achieving its guided EBITDA/t via operating leverage, benefit from increased CPVC sales.

Operational Footprint and Business Evolution: Company's channel network is projected to expand to as the Varanasi plant commences production and Kisan operations scale up. The Varanasi plant is strategically important for catering to East and Central India. Regionally, 60% of the company's revenue comes from North India (comparable to another large player), with 15-20% from the West, and the remainder from the South and East. Outside of North India, company's capacity includes 50-55 KTPA at KML, 15-20 KTPA in the South, 15 KTPA in Raipur, and 15 KTPA in Ahmedabad.

Historically, the company began its operations solely with Agri business; however, in the first quarter, Agri accounted for 35% of its share, while housing/plumbing constituted 65%, indicating a significant shift in its business focus.

The company maintains an average of 60 inventory days, predominantly consisting of finished goods.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	11,816	957	326	7.4	54.5	2.2	18.1	4.8	5.6	8.1
FY26E	12,837	1,091	421	9.6	42.3	2.2	16.4	5.2	5.3	8.5
FY27E	15,481	1,440	612	13.9	29.1	2.1	12.4	7.3	7.1	9.3
FY28E	18,669	1,774	793	18.0	22.4	2.0	10.0	9.0	8.6	9.5

Source: Company, Equirus Securities

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Carysil Ltd

Multiple customer tie-ups augur well for future growth sustainability

We have hosted the management of Carysil and KTAs are:

U.S. tariffs a key monitorable: Mgmt. stated that Trump administration is trying to reset the US economy. Current tariffs on company's products are at 25%. Irrespective of imposition of 50% tariffs, mgmt. intends to grow its US business, via partially passing on costs to end users. As per mgmt., buyers from the US import Quartz Sinks from countries like Germany, Italy, and Canada, apart from India. Despite volatility post announcement of tariffs, mgmt. stated that its products are better priced compared to peers from these other regions. In Europe, company has cost advantages vs peers as the cost of production there is high. Even if the company factors in the tariffs and any possible resultant price hikes, the same would still be at a 30% discount to its peers in Germany.

Focus on growing domestic business: Domestic business continues to grow driven by a focus on premium products. Company is working on a plan to increase its domestic business from current level to Rs 5bn over the medium term (i.e. 50% over next 5 years). This would include revenues of Rs 500mn from Q-commerce. Basis this, company is increasing its penetration domestically by expanding dealer network PAN-India, now at 4,000+ dealers and 95 distributors as of FY25-end (vs 3,200+ dealers and 85 distributors as of FY24-end). Target 5,000+ dealers by FY26-end (adding 200 dealers per quarter). Thrust to be on opening more galleries.

Shifting lifestyle changes a key positive: Mgmt. stated that company's product categories, especially Quartz Sinks, are observing healthy growth despite other BM products like Ceramics/Tiles observing decline over past few years on account of a lifestyle change across users. As per mgmt., users in Western countries change Sinks every 4 years (led by high frequency in renovation/remodelling trend in those regions), with a similar trend expected to pick up in India.

Future plans for Surfaces business: Company also engages into Surfaces business, in order to integrate its Sinks well with its surroundings. Company plans to bring the CNC technology to India for precision cutting. Currently, company carries out this fabrication business across multiple export regions and is a Rs 2bn business for the company.

As per mgmt., R.M. prices have cooled down and continue to remain stable as of now.

Another award from IKEA for its global sourcing requirement a key positive: Company will now cater to IKEA's global (non-U.S.) requirements for quartz kitchen sinks – thereby increasing company's wallet/market share via IKEA to 75% (from 25% earlier). Company would expand its Quartz Sinks capacities to 1.25mn units p.a. (+25%) by 1QFY27 in order to execute the order. This is aimed to achieve incremental revenues of Rs 1.4bn at a capex of Rs 300-400mn. Steel Sinks capacities would also be expanded by 70k units p.a. This new IKEA business win is a completely non-US job. Mgmt. highlighted that even if the US business turns zero, its IKEA business will fully compensate for that lost same.

Mgmt. expects to achieve FY26 revenue growth guidance of 15%. It has potential of reaching a Rs10bn run rate in FY26. Company maintained its 20% margin guidance.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	8,156	1,373	637	22.4	40.0	4.8	20.0	14.5	10.6	16.8
FY26E	9,456	1,809	909	32.0	28.1	4.2	14.9	16.0	13.5	19.1
FY27E	10,950	2,099	1,077	37.9	23.7	3.6	12.6	16.2	14.9	19.2
FY28E	12,723	2,457	1,285	45.2	19.9	3.1	10.4	16.6	16.4	19.3

Source: Company, Equirus Securities

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Century Plyboards (India) Ltd

Plywood continues to outshine; improvement in MDF and Laminate profitability + quicker ramp-up of P.B. capacity the key

We have hosted the management of Century Plyboards (India) and KTAs are:

Plywood – Best performing segment: The company is observing healthy traction for its Plywood business. Jul'25 recorded the highest-ever volume sales for Plywood. Management expects to achieve its guided sales growth of 10%+ led by urbanization, rising disposable incomes, affordable housing focus, and a shift towards branded products. The primary focus for the company in Plywood is maintaining market share.

MDF – Targets to outpace industry growth: As per mgmt., MDF industry is currently growing at a slow-than-expected pace. Unlike Plywood, new players frequently enter the MDF division. The growth in MDF is driven by the industry's shift towards readymade furniture, as Plywood cannot be used for this purpose. Company Expectations: To outpace the industry growth. It anticipates consolidated revenue growth/EBITDAM of 20%/15% even if capacities continue to increase.

Laminates – Challenges faced at company level; observing early signs of turnaround: Laminate is primarily considered a middle-class product. A strategy of "premiumizing" the product line over the last few years did not yield the expected benefits. The company's laminate business performance was further impacted by minimal exports and multiple hiring challenges. Outlook and Strategy: Management believes the worst is over for Laminates, with improvements expected to be gradually visible in six months. The new management is seen as a positive change. The company is putting more emphasis on exports. The new A.P. Laminate plant is 100% export oriented, which post coming online, is expected to support export mix from 20% currently to 30% going ahead. The Laminate segment is projected to achieve a double-digit EBITDAM exit level run-rate by 4QFY26. On a long-term basis, the division expects margins of 12-14%.

Particle Board (PB) – Facing profitability constraints: Earlier, during periods of healthy demand for PB, the company had increased Plain PB prices to boost sales of Prelam PB. However, with recent slowness in demand, the company faced challenges in maintaining EBITDAM. A new PB plant only recently commenced operations in Jun'25. This new plant is estimated to have a peak revenue potential of Rs 5bn+. It is expected to achieve 90%+ capacity utilization.

Timber Prices: Domestic plantation timber prices remain stable due to increased imports into India. CPBI has almost entirely shifted towards imported timber. If timber prices for Plywood decrease, the company may pass these savings on to end-users to maintain or improve market shares.

General Company Strategy & Operations: The company follows a policy of entering only those businesses that have matured sufficiently and then entering with a significant capacity. The company does not anticipate incurring significant capex for its CFS (Container Freight Station) business going forward.

The GST on the company's products is 18%, and a substantial reduction is not expected.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	45,278	4,866	1,987	8.9	82.9	7.0	36.8	8.1	6.9	10.7
FY26E	52,975	6,569	3,056	13.8	53.9	6.2	26.4	12.2	9.4	12.4
FY27E	61,451	8,910	4,919	22.1	33.5	5.3	19.1	17.1	13.9	14.5
FY28E	71,284	10,906	6,429	28.9	25.6	4.4	15.3	18.8	16.8	15.3

Source: Company, Equirus Securities

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Greenlam Industries Ltd

Capex phase behind; operating profitability to see improvement from FY27 onwards

We have hosted the management of Greenlam Industries and KTAs are:

Market Overview and Presence: The Indian Laminate market is valued at Rs 124bn, encompassing Rs 34bn from exports and a Rs 90bn domestic market. Within the organized domestic market, which stands at Rs 62bn, the company holds a significant 17.8% market share. As of Mar'25, the company commands a 29% share in Laminate exports. Globally, the laminate market is valued at \$8.5bn and is projected to reach \$10bn by 2030. The company has substantially expanded its geographical footprint, growing from presence in over 100 countries with 12,000+ trade partners and 6 global subsidiaries in FY15, to over 120 countries, approximately 40,000 trade partners, and 15 global subsidiaries. Domestically, the company's presence includes 17 RDCs, 5 manufacturing plants, 2 experience centres, and more than 40,000 distributors, wholesalers, dealers, and retailers. Lot of companies in Europe has become unviable as manufacturing has become expensive

Investment and Growth Strategy: Company invested ~Rs 14.5bn over FY23-FY25. These investments are anticipated to generate revenues of Rs 45bn within the next 3-4 years, supporting the company's intention to achieve an 18-20% growth rate. Going forward, the company plans to concentrate on margin expansion across all categories and intensify its focus on expanding its international presence. TAM has also grown, expanding from Rs 110bn as of March 2022 to Rs 494bn currently.

Laminates: Company boasts a capacity of 24.52mn sheets p.a. It offers a collection of over 10,000 Laminate Decors, 100+ Compact Laminate Decors, 200+ Veneered Laminates, and 20+ Veneered Compact Laminates.

Chipboards: Company produces Chipboards with 30 Universal Decors and 77 Studio Decors. The Particle Board capacity is 292,380cbm p.a. A new facility, located in A.P. across 80 acres, features a fully automated continuous press and offers accessibility to 4 major ports. The current market size for Particle Board is Rs 50bn, which management notes is dominated by substandard products. It expects to achieve margins of 18-22% once the plant reaches near full capacity utilization, projecting 40-50% utilization level for FY26.

Decorative Veneers and Plywood: The Decorative Veneers segment includes 340 Natural varieties, 14 Teak varieties, and 41 Engineered varieties. The capacity for Deco Veneer is 4.2msm p.a. The Plywood segment features 5 Plywood product ranges and 2 Blockboard product ranges. Plywood capacity is 18.9msms p.a. Company anticipates achieving EBITDA-breakeven for Plywood in FY26.

Financial Health and Expansion Plans: Total debt was Rs 11.2bn as of Jun'25, up from Rs 10.6bn in Mar'25. Management does not foresee significant debt reduction (or uptick) in FY26 due to a planned capex of Rs 1.5bn but expects further reduction from FY27 onwards. Company has space for multiple brownfield expansions at its Prantij and Naidupeta sites, which offer lower capital expenditure and quicker turnaround times. Management anticipates no need to add another greenfield laminate plant over the next 5-7 years, with land in Uttar Pradesh reserved for any future greenfield expansion.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	25,693	2,746	697	2.7	85.2	5.3	25.2	6.3	21.3	10.7
FY26E	29,624	3,081	667	2.6	89.1	5.2	22.4	5.9	21.8	10.4
FY27E	34,157	4,618	1,817	7.1	32.7	4.7	14.5	15.0	21.8	13.5
FY28E	39,281	5,625	2,555	10.0	23.3	4.0	11.5	18.5	21.7	14.3

Source: Company, Equirus Securities

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Jyoti Resins and Adhesives Limited (Not rated)

Expanding Capacity, Expanding Reach

We have hosted the management of Jyoti Resins & Adhesives Limited and KTAs are:

- **Industry & Business Overview:** Jyoti Resins Limited operates in the adhesives segment with only focus on white glue, which the management highlighted as the company's core strength. The overall white glue market in India is estimated at ~Rs.75bn, and management believes the category has wider applications compared to other adhesive types. In the furniture segment, white glue accounts for about 5–6% of furniture value, translating into 250–300 kgs per Rs.1mn of furniture. Beyond carpenters, adhesives and epoxy find usage across multiple customer segments. Jyoti has built a strong carpenter connect, which supports regional growth, and is also working on customer diversification by targeting OEMs and launching new products.
- **Growth and margin Outlook:** The company has set a long-term target of reaching Rs.5bn in revenues while sustaining operating margins in the range of 20–25%. Management remains optimistic about achieving volume growth of ~20%, supported by an expected pick-up in demand post-Diwali in H2FY26. For FY26, margins are expected to be maintained at a healthy 27–28%, reflecting strong cost control and steady demand visibility. On the sales and promotion front, spending is likely to be in the range of 7–8% of revenues for the year, with around 5% allocated towards trade marketing initiatives and 4% directed towards brand promotion, indicating a balanced approach between dealer engagement and brand-building efforts.
- **Expansion Plans:** The company is undertaking a brownfield expansion by adding 1,500 tons per month of capacity, which will take its total capacity to 3,500 tons per month. On a conservative basis, this expanded capacity has the potential to generate ~Rs.6.5bn in annual revenues. Post commissioning, utilization levels are expected to stabilize at around 85%. The new capacity is targeted to be commissioned by the end of the current year with a planned capex outlay of ~ Rs.100mn. Beyond this brownfield expansion, the company is also evaluating a greenfield project to further enhance long-term growth prospects.
- **Distribution Network and Incentive schemes:** The company's distribution mix is skewed towards stockists, contributing ~80% of business, with the balance 20% through distributors in smaller towns. Company passes on 3–4% margins to Stockists, while dealer and Influencer level incentives are in the range of 8–13%, significantly higher compared to Pidilite's ~6–7%.
- **Market presence:** Jyoti generates 30–35% of its revenues from Gujarat, ~20% from Maharashtra, ~25% from Rajasthan and Madhya Pradesh, and ~15% from Karnataka, with ~80% of its overall revenues concentrated in five states. The company now aims to increase penetration in Uttar Pradesh and Punjab, and is also planning expansion into Bihar, Jharkhand, Odisha, Kerala and Tamil Nadu to diversify.
- **Raw Material and Working capital:** Vinyl Acetate Monomer (VAM) is the critical raw material for white glue, accounting for ~90% of the raw material requirement. The average cost of VAM is approx. \$800/t (~Rs.70/kg). Jyoti has entered into agreements with port storage facilities to stock raw materials, which enables better inventory management and results in lower inventory days. It also expects the spiked WC cycle seen in march to stabilize.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	1,820	238	185	15.4	44.6	14.1	36.1	37.1	32.1	13.0
FY23A	2,613	606	463	38.6	32.8	14.4	24.6	55.1	52.4	23.0
FY24A	2,573	839	670	55.9	25.4	10.2	18.9	49.3	44.9	33.0
FY25A	2,841	895	739	61.6	19.9	6.4	14.7	37.3	31.1	31.0

Source: Company, Bloomberg, Equirus Securities

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Merino Industries (Unlisted)

New capacity ramp-up and mkt. share gains to be the key growth levers

We have hosted the management of Merino Industries and KTAs are:

Company operates **five manufacturing plants** – two in the North (Haryana and Uttar Pradesh), two in Gujarat, and one in the South (Tamil Nadu). The Halol plant is dedicated to manufacturing chipboard and furniture, while the Hosur plant handles furniture and prelamination. The chipboard plant, which went onstream in Oct-Nov'24, has a capacity of 400cbm p.a. and involved an investment of Rs 8bn. It utilizes West German equipment. Additionally, the company has an installed laminate capacity of 21mn sheets p.a. The company boasts a wide distribution network with 18-19k dealers, distributors, and stockists.

Product Portfolio & Offerings: The company's primary products include Laminates, Chipboards, and Furniture. Laminates constitute a significant portion of the business, accounting for Rs 16.5bn out of a total revenue of Rs 23bn. The company maintains 729 active SKUs for Laminates. In furniture, the company supplies items like wardrobes to IKEA India, IKEA Dubai, and IKEA Australia. A smaller part of the overall turnover, 4%, comes from Potato Flakes, which has been with the company for a long time. The company plans to introduce Merino marine board soon, positioning it as a cheaper, waterproof substitute for plywood, which will be 10-12% more affordable than MDF but offer superior attributes like adhesion, screw holding capacity, smooth surfaces, and waterproof qualities.

Market Presence & Sales Strategy: Company has a significant global reach, exporting to 60 countries across Europe, Western Asia, Africa, Southeast Asia, South America, and the USA, having done so for the past 30 years. In terms of product-specific sales, laminates show a 65% domestic and 35% export split (USA accounts for 6% of its exports), while chipboards are predominantly domestic at 88%; these ratios have remained consistent over recent years. For laminates, much of the exports are under the company's own brand, whereas furniture exports are more white-labelled. The company has no plans for contract manufacturing or outside white-label manufacturing for its laminate products.

Financials & Performance: In FY25, laminate division experienced volume/value growth of 5%/3%; Chipboards saw a volume/value growth of 20%/12%. Domestic sales remained flat, while exports grew by 10% over FY24-FY25. Laminates achieved a 12% EBITDAM, with domestic business at 10% and exports at 13%. Currently, chipboards are not generating margins. The asset turns for chipboards are expected to be between 1.2-1.5x but could increase to 1.8x if sold as pre-laminated chipboard or integrated into final furniture products. The chipboard plant is operating at 45-50% utilization, but traction in YTD FY26 shows positive signs for reaching PAT-breakeven, with timber prices stable.

Strategic Initiatives & Future Outlook: Management anticipates a mid-double-digit growth for the Chipboard division and ~9-11% growth for the Laminate division over the next three years. In terms of inventory management, the company intends to implement a Just-in-Time inventory model for chipboards, as it becomes difficult to sell chipboards once they turn into dead inventory. Demand for chipboards has been good in YTD FY26, largely driven by BIS implementation, although laminate demand has been stagnant. Company chose to invest in chipboard over MDF due to perceived overcapacity (led by success of MDF players during COVID-19 amid low imports) in MDF and a lack of chipboard capacity in their Western India location.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY21A	12,969	2,098	1,319	118.0	NA	NA	NA	13.4	10.6	16.2
FY22A	17,436	2,026	1,314	117.5	NA	NA	NA	12.0	8.9	11.6
FY23A	21,755	2,397	1,176	105.2	NA	NA	NA	9.8	8.3	11.0
FY24A	22,518	2,065	1,216	108.7	NA	NA	NA	9.3	6.2	9.2

Source: Company, Equirus Securities

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SG Mart Ltd (Not Rated)

Improved steel availability key for overall performance recovery

We have hosted the management of SG Mart and KTAs are:

Muted 1Q; Signs of recovery visible: The first quarter was slow for the material industry, including SG Mart, due to a slowdown in construction activities, the monsoon season in June, and the Iran war affecting the steel trading business in Dubai. However, Steel availability has become slightly better in 2Q and is expected to improve further in 2HFY26, which will help increase processing and supply to the construction sector.

Expansion and Geographical Presence: Company's primary focus currently is to expand its geographical presence. This involves continually adding new service centres. Currently, there are 8 service centres, with an ambitious target to increase this to 30 centres by 2028-29. This significant expansion will require an estimated Rs 15bn in capex. The company anticipates achieving an estimated annual turnover per service centre of Rs 5bn, with additional volumes expected from three new service centres after the third quarter of FY26 (9MFY26). Target EBITDAM for service centres business is 4-5%.

Financial Projections and Targets: The company has set several significant financial targets for the coming years, which are expected to be driven by a wider product portfolio. In terms of profitability per ton, the distribution business is projected to have an EBITDAM of 2-2.5%. while the B2B metal business is expected to be between 2-3%.

Business Segments and Performance: Company's business portfolio includes several segments, with varying performance levels. The B2B trading business has not yet stabilized due to inadequate steel raw material supply, and management views it as a "single miss" in the overall portfolio. A significant portion of the company's revenue mix is projected to come from service centres and profiling businesses. The solar business appears promising, with a nearly ~Rs 3bn solar order book already in place, with execution expected over next 3-4 months. Volume recovery is expected in the current quarter (2Q) as challenges faced in 1Q have been resolved.

Debt Strategy: Debt will be opportunity-based, utilizing fixed deposits and bank limits strategically to capitalize on large steel buying opportunities. The company aims to avoid returning to higher debt levels seen previously.

ROCE would improve with expected improvement in profits for rest of FY26. NWC days came at 15 days as of Jun'25 vs. 30 days for FY25. This was on account of decrease in receivables and nominal increase in inventories vs FY25. Cash balance would be used towards funding WC coupled with opening of new service centres.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	0	-2	3	0.2	NM	NM	NM	2.5	-1.0	NM
FY23A	16	-8	2	0.1	NM	NM	NM	1.6	-4.6	NM
FY24A	26,829	618	609	8.0	60.3	5.1	73.9	11.1	7.1	2.3
FY25A	58,562	1,031	1,034	8.8	35.0	3.0	31.1	9.0	4.7	1.8

Source: Company, Equirus Securities; NM: Not Material

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Shakara Building Products Ltd (Not Rated)

Store expansion, geographical reach and product mix changes take centre stage

We have hosted the management of Shankara Building Products and KTAs are:

Company background: Started in 1995 as a trading company for steel tubes and gradually moved into backward integration with manufacturing and roofing products. Company currently offers a complete building materials portfolio through 93 stores spread across South, West, and Central India. It operates under three store formats: standalone steel, standalone non-steel, and hybrid stores. Hybrid stores achieve breakeven in ~1.5 years with a payback period of ~3 years.

Business Mix & Segment Performance: Within steel, a large portion of revenue is from pipes (lower margins), and balance is from sheets and coils. Flat steel and coils are growing faster. Non-steel portfolio includes sanitaryware, paints, cement. Management expects Sanitaryware and Tiles to continue to contribute the majority of company's non-steel revenues going ahead as well.

Demerger Plans: Company is in process of demerging manufacturing and trading businesses. Post demerger, depreciation would be similar across both entities, though interest cost will be higher for marketplace business. Separate team is being set up for the manufacturing division. Expects demerger to be concluded in next 2 months.

Financials & Margins: Manufacturing business size ~ Rs 13 bn, with EBITDA of 2–2.5%. Capital allocation involves ~60% to be reinvested in new business development. Company is not actively pursuing acquisitions but remains open to opportunities in non-steel segment. Retail WC cycle for steel is ~15 days, while for non-steel is ~45–60 days. Non-steel WC days is higher due to higher inventory (~40 days). Management is exploring channel financing options to reduce WC burden.

Demand & Growth Outlook: Steel demand remains strong and not fully dependent on construction. Non-steel demand saw growth of 5% in 1QFY26 despite a slowdown in tiles over last 6–8 months.

Store Expansion & Geography: Plan for FY26 is to add new stores (2 already opened in 1Q). Company is also expanding presence in Jabalpur and Bhopal, with further scope in Rajasthan and select Eastern markets. As per management, store maturity cycle is ~2–2.5 years.

Geographic split: Western & Central India contribute ~17–18% of topline, while remainder is largely from South.

As per management, with 2H usually better than 1H, company remains on track to achieve its stated volume guidance for FY26. Product mix changes are believed to be a key margins lever, with products like roofing sheets having higher margin profiles. In terms of regional expansion, management also prefers to focus on North region going ahead.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	24,184	851	339	14.9	52.3	3.2	22.6	6.4	9.5	3.5
FY23A	40,297	1,173	625	27.4	22.2	2.2	12.6	10.5	13.9	2.9
FY24A	48,284	1,514	802	34.3	18.5	2.0	10.6	11.3	16.3	3.1
FY25A	56,967	1,689	774	31.9	17.8	1.6	8.6	9.3	16.1	3.0

Source: Company, Equirus Securities

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Sheela Foam Ltd (Not Rated)

Incremental realization of benefits via integration of recent acquisitions remains key

We have hosted the management of Sheela Foam and KTAs are:

Kurl-on Acquisition and Brand Strategy: Acquisition of Kurl-on was primarily for allowing the company to establish a presence in the Southern and Eastern markets. Kurl-on is recognized for its premium product offering brand image. Post-acquisition, there has been minimal cannibalization between the two brands. It's notable that after the Kurl-On acquisition, the company chose to retain some cash for potential contingencies, which momentarily impacted their deleveraging plans.

Market Dynamics and Growth Outlook: Company anticipates a 15% topline growth. The volume growth in the premium category is similar across different players, and the company is actively working to increase its share in the premium mattress segment. The market is also experiencing a notable impact from new-age players who have successfully captured consumer attention. Despite a currently muted and choppy market demand situation, the company expects robust growth. A key trend is that the lower price segment is anticipated to grow much faster, driven by a larger number of customers transitioning from cotton to foam mattresses, compared to those upgrading within the foam mattress category.

Product Portfolio and Sales Channels: A significant portion of the company's sales falls within the "belly segment," which includes products around the Rs 15,000 price range; however, this segment does not account for profitability. Products in the Rs 25-Rs 45k range contribute both decent revenue share and good profitability. In Eastern India, products priced under Rs 10k are preferred, although this constitutes the smallest portion of total sales. The typical usage life of a mattress is around 5-6 years, but consumers often use them for longer, leading to a slower replacement cycle. New product lines, Aaram and Tarang, will be sold using a traditional approach through established channels.

Financial Performance and Debt Reduction: Going ahead, company aims to achieve a 15% EBITDAM, led by significant cost savings. A major financial objective is deleveraging the India business by the end of FY27.

Online Sales Insights: Company had achieved Rs 2bn revenues from E-Commerce in FY25 and had earlier stated of its expectations of 50% growth in FY26. As a category, E-commerce represents 15-18% of the total mattress market. However, there is a definite price point up to which products can be effectively sold through online channels. Management had further highlighted that E-commerce growth above 50-60% is considered unsustainable due to logistical and systemic constraints. Competitors offer return policies, primarily for products in the Rs 12-15k price range, but the company believes that for a standard foam mattress, this feature is not a material differentiator that would compel a customer to switch brands.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	28,656	3,149	2,173	20.0	35.0	5.5	24.8	16.9	10.8	11.0
FY23A	28,733	2,982	1,989	18.3	38.2	4.8	24.5	13.3	9.4	10.4
FY24A	29,823	3,005	1,597	16.8	41.6	2.6	29.3	8.1	4.6	10.1
FY25A	34,392	2,499	298	5.6	125.8	2.5	33.2	2.0	1.1	7.3

Source: Company, Equirus Securities

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Supreme Industries Ltd

Volatile PVC prices, weak demand weigh on profitability; demand revival the key

We have hosted the management of Supreme Industries and KTAs are:

Demand environment challenging: The company's Piping business is operating in a challenging demand environment, primarily due to muted on-ground infrastructure capex spending from the government, hurting offtake – the industry saw a high single-digit volume growth in the current quarter as per management. It anticipates that growth may remain restricted to single digits until Anti-Dumping Duties (ADD) are implemented. A significant factor influencing this is the price of PVC resin, which has declined considerably to Rs 68-70/kg, reaching 2019-20 levels. Management has emphasized that a steep volume recovery is difficult until PVC resin prices stabilize or display a decent upward recovery.

Revenue Mix and current industry trends: In terms of product focus, the company's piping revenues are primarily derived from housing (50-55%), followed by agriculture (20-25%), and the remainder from infrastructure. The company's business model is largely B2B, accounting for 90%+ of its mix. Consumers are increasingly prioritizing the quality of piping as income levels improve, and aspirations grow. Since piping comprises only 3-4% of the overall housing cost, consumers generally avoid compromising on quality. While CPVC is a relatively small segment, representing less than 5% of the overall plastic pipe market, the company's installed CPVC capacity is expected to be the highest across the industry by the end of the year.

Distribution/logistics strategy: To enhance distribution and supply, company manufactures bulkier parts locally while producing smaller parts, including fittings, at only selected locations. This strategy aligns with the understanding that transportation beyond 300-400 km generally becomes unfeasible. Company has already established manufacturing plants in states like Telangana, though distribution there is relatively weak. Through recent PAN-India capacity additions, company has successfully saved on freight costs, which account for 2-3% of sales. The company is also a significant player in raw material sourcing, being one of India's largest importers/consumers of PVC resins in India, which provides better pricing leverage.

Maintains guidance: Financially, the company has reiterated its Rs 120bn overall company-level revenue guidance, with the Pipe segment projected to achieve 15-17% volume growth. Wavin is anticipated to contribute 30k MT in FY26, to be consolidated from Sep'25 onwards. While the management aims to optimize costs to support margins and focuses on improving ROCE, it will avoid sacrificing profits in favour of volumes.

To remain debt-free; Capex now largely via brownfield expansion: The company intends to remain debt-free going forward. For FY26, consolidated capex is expected at ~Rs 14bn, largely through brownfield expansion. Regarding taxation, the GST rate for the company's products is 18% across both input and output materials. The company's value addition is ~25-30%, on which 18% GST amounts to about 5%.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,04,463	14,327	8,968	70.6	64.8	11.7	39.9	18.9	21.3	13.7
FY26E	1,13,527	16,007	9,613	75.7	60.5	10.7	35.7	18.4	19.8	14.1
FY27E	1,28,109	19,601	11,928	93.9	48.7	9.6	29.2	20.7	22.3	15.3
FY28E	1,45,508	22,554	13,721	108.0	42.4	8.5	25.3	21.2	22.9	15.5

Source: Company, Equirus Securities

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Watertec India (Unlisted)

Holds a strong premium market positioning in the South

We have hosted the management of Watertec India and KTAs are:

Company's Core Businesses and Market Overview: The company's primary business is Polymer Bath-Fittings (bathroom fittings made of plastic). This sector has a market size of ~Rs 30bn, with Rs 10bn each in the North and South regions, and Rs 5bn each in the East and West. Company's second business focuses on plastic pipes, primarily operating in the South and East markets, with negligible presence elsewhere. A smaller, third business involves sanitaryware and Chrome-Plated (CP) Fittings, with majority of sales concentrated in the South.

Market Position and Regional Strategy: In the Polymer Bath-Fittings segment, the company holds a strong market position in the South, one of the highest market shares across the region, and expected to further grow going ahead. In the East, the company ranks as the #3 player. The company's products in the South are priced at a higher premium compared to some of its larger peers competitors whose products are offered at a 20% discount. For the North and West regions, the company targets a gradual improvement in its market share, but these markets are expected to yield slightly lower profitability as the company plans to sell different products there compared to its premium offerings in the South.

Product Differentiation and Manufacturing: Company's products are known for their superior quality, with a lifecycle that is 30% longer than the average of its peers. The company's Coimbatore plant has the capacity to generate higher revenues, though logistical challenges exist for distribution from the South to other regions. The production of Polymer Bath Fittings is expected to remain entirely in-house.

Marketing and Strategic Initiatives: Last year, the company initiated investments in a plumber program. Historically, the company has not heavily invested in branding or marketing, but it plans to increase its marketing expenditure to 5-6% of revenues moving forward, with efforts to ramp up starting next quarter. Despite its high market share in the South, end-user awareness of its products remains low. This high market share is primarily attributed to plumbers preferring to sell Watertec products due to their perceived superior quality. However, in the North and West, the low usage experience of the company's products makes it difficult to justify their premium pricing. To support its growth targets, the company may undertake capex in the East. A key challenge involves obtaining BIS certification, which is required for government and Railways projects; however, this certification necessitates a large range of products, making it difficult to introduce the same premium products from the South into the North and West markets.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY21A	4,164	934	571	31.7	N.A.	N.A.	N.A.	23.8	24.5	22.4
FY22A	4,177	1,100	692	38.4	N.A.	N.A.	N.A.	27.3	27.3	26.3
FY23A	4,572	1,479	994	55.2	N.A.	N.A.	N.A.	36.6	37.0	32.4
FY24A	4,693	776	309	17.1	N.A.	N.A.	N.A.	9.9	10.4	16.5

Source: Company, Equirus Securities

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Welspun Corp Ltd

Operations on a strong footing led by a large order book across core geographies

We have hosted the management of Welspun Corp and KTAs are:

Pipe Types and Applications: LSAW pipes are primarily utilized for offshore O&G exploration and transportation. In contrast, HSAW pipes (Spiral Pipes), are used for onshore O&G and other diverse purposes. ERW pipes have a smaller diameter compared to both LSAW and HSAW pipes. The company expanded its product offerings to include DI pipes in 2022, while OPVC pipes are currently under trial production. Further, company's HFIW plant previously had limitations, unable to manufacture pipes exceeding 20 inches. However, there has been an increasing demand for 24-inch HFIW Pipes, which management anticipates will grow significantly in the future, particularly with the advent of multiple carbon capture projects.

Expansion Strategies and Acquisitions: Company is strategically expanding its operations both domestically and internationally. A key rationale for entering Saudi Arabia is the country's focused development in O&G and water infrastructure, coupled with its policy to reduce reliance on imports. To address the growing demand for larger HFIW pipes, the company has approved an investment of \$100mn. Additionally, the company is establishing a new greenfield LSAW Pipes plant of 300-350 KTPA capacity in the US (capex: \$125mn), led by consistently high potential for oil exploration. For international reach, company's Anjar plant has been designated to cater to exports to Southeast Asian nations.

Market Dynamics and Growth Areas: Market for various pipe types is experiencing significant demand. Company holds a substantial position in the US, commanding a 30% market share, making it the largest player. A notable competitor in the US LSAW market is Borusan, with a capacity of 250-300 KTPA. Demand for DI Pipes is projected to grow at an 8-9% CAGR moving forward. Majority of DI pipe business, 80%, is conducted through EPC contracts, with the remaining portion coming from government projects. Water infrastructure development and O&G are central to Saudi Arabia's policy, driving demand in that region. East Pipe Integrated Company (EPIC), which exclusively deals in HSAW, has an order book full for the next 1.5-2 years, with 60% of orders from the water sector and 40% from O&G. Significant growth in the irrigation sector is occurring in Indian states such as Maharashtra and Karnataka, propelled by river-interlinking projects, which are expected to boost demand for both Spiral and DI Pipes. Government initiatives like Har Ghar Jal, Nal Se Jal, and JJM have seen a recent pickup in fund releases after an initial slowdown, further supporting demand. In the US, there's growing demand for Steel Pipes/Tubes from data centres, and the country is also recognized as the largest LNG exporter.

For Sintex, the company is undertaking initiatives to increase its branding expenditures, including the launch of more TVCs.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	65,051	4,717	4,495	16.2	55.2	5.6	52.3	10.6	3.2	7.3
FY23A	97,581	4,846	1,917	6.9	129.5	5.2	53.6	4.2	1.6	5.0
FY24A	1,73,396	15,614	11,616	41.9	21.4	4.4	16.1	22.4	14.1	9.0
FY25A	1,39,775	16,682	14,307	51.6	17.3	3.3	14.4	29.0	12.9	11.9

Source: Company, Equirus Securities

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360One WAM Ltd.

Net flow guidance retained at 12-15% of opening ARR AUM

We hosted the management of 360One WAM Ltd and KTAs were:

- Company has one of the largest product teams in the country with ~110+ people. (~70 in wealth management and ~40 in AMC). Company works with only 18-20 manufacturers and has a high rejection rate of ~90%.
- Management highlighted that a large part of AUM attrition owing to RM attrition is likely to be done by 2QFY26. Further, the AUM attrition is largely limited to distribution business whereas advisory business's AUM has been largely intact indicating the strength of 360One's advisory business model.
- On RM attrition, at the time of RM attrition in North, company deployed an existing senior personnel from Mumbai. It took time to replace the existing RMs as they have a decade long relationship with the clients. With good platform, good products, company is confident on retaining the clients. With new team in place, RMs are expected to bring new clients and AUM in couple of quarters. Management aims to increase RM count to 250 by FY26-end
- On net flows, retained guidance of 12-15% of opening ARR AUM. This excludes the one-time lumpy flows received from B&K acquisition in 1Q and flows that are likely to be received from UBS acquisition in 2QFY26. UBS acquisition is expected to bring one-time Rs 30-50bn of net flows in 2QFY26. 1 very big mandate received contributed Rs 20bn flows in 1Q.
- On ET Money, currently, no. of paying clients stand at 75k+ who pay Rs 250 monthly for portfolio advisory
- On HNI segment, the business model will phygital model and entire tech infrastructure is already in place as the product offerings are similar to UHNIs offering. Customers are acquired through referrals from UHNI clients. The clientele might include CXOs or senior management team of the businesses of UHNI. Management highlighted that they have enough leads for next 2-3 years to scale up the segment, however, will look to grow cautiously. As of Jun'25, no. of RMs stand at no. of RMs stand at 30 across 6 locations. Aim to double it by FY26-end. RM in this segment can handle up to 70-90 clients.
- Management aims to improve the C/I ratio to 43-44% over the next 3 years from current levels of 47-48%
- On capital structure, of Rs 21bn expected capital infusion by UBS, Rs 5.25bn has already been received with the remaining expected to be received by FY27. Revised dividend policy to 40-50% from 60-70% earlier to support acquisitions and scaling up of new initiatives.
- On AMC business, focus is largely on alternatives. However, in MF business as well, started strengthening sales and distribution team as scheme performance improved. Launch of an multi asset mutual fund is in pipeline.

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	P/E (x)	ROE (%)	RoA (%)	PAT (as bps of AUM)	Dividen d Yield (%)
FY25A	24,454	12,979	10,151	25.8	41.9	19.3	5.8	26.2	0.6
FY26E	29,671	15,121	12,368	30.2	35.8	15.7	5.8	24.9	1.1
FY27E	35,772	18,583	15,114	35.4	30.6	16.6	6.4	25.3	1.6
FY28E	41,849	22,002	17,600	41.2	26.3	17.8	6.9	25.7	1.9

Source: Company, Equirus Securities

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CMS Infosystems Ltd.

Diversifying into value-add services

We hosted the management of CMS Infosystems and KTAs were:

Guidance:

- Looking to grow revenue in mid-teens CAGR in the next 3 years.
- Revised capex target to Rs 2.5bn-Rs 3bn from Rs 3bn-3.25bn as some of the funds are being utilized for M&A purposes.

Cash Management Systems:

- Witnessing consumption slowdown, especially in rural areas (West Bengal, Odisha, Telangana and Andhra Pradesh). North and West are performing good in terms of consumption
- Generally, 1Q and 2Q are seasonally weak quarters for consumption and 3Q and 4Q are strong quarters for consumption.
- Generally, RFPs have a cycle of 3-5 years
- Transitioning from transaction price to fixed price contracts.
- Aiming for profitable growth and walking away from low margin RFPs
- Out of 24k ATMs awarded last year, only 6k have been deployed so far.
- Chairman and MD of SBI quoted in media that delay in deployment in ATMs is transitional in nature and is expected to recover by H2.
- Easy credit has dried out as lenders have become risk averse after one of the large competitors went bankrupt.

Diversification into non BFSI sectors:

- It helps mainly in 2 things – (a) building a relationship with a new client and (b) replicating the same services to other players in the same sector
- Expanding touch points on the retail side but not increasing pricing on the retail side
- Providing remote monitoring services to quick commerce companies for their dark stores

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs.)	P/E (x)	RoE (%)	Dividend Yield (%)
FY22A	15,897	3,998	2,240	14.6	30.1	12.9	0.6
FY23A	19,147	5,377	2,972	19.3	22.9	15.0	1.1
FY24A	22,647	5,995	3,471	21.3	20.6	14.6	1.3
FY25A	24,245	6,268	3,725	22.7	19.4	12.9	2.2

Source: Company, Equirus Securities

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Motilal Oswal Financial Services Ltd.

Healthy growth across segments

We hosted the management of Motilal Oswal Financial Services Ltd and KTAs were:

Wealth Management:

- Overall AUM stood at Rs 3.13tn, of this distribution AUM is Rs 3.81bn. ARR Distribution AUM has grown at 30% CAGR over the last 4 years. Net flows in distribution assets stood at Rs 30bn in 1QFY26 (9.6% of FY26 opening AUM)
- Strong presence with 9k+ external wealth managers and 71 branches
- Distribution income grew at 44% CAGR b/w FY21-FY25 and its share in the net revenues has increased to 24% in 1QFY26 vs 12% in FY21
- Looking to increase the lending book in FY26E
- Out of Rs 250bn distribution ARR, mutual fund accounts for half of it and alternates contribute Rs 100bn. The remaining is contributed by advisory. Follow open-ended architecture model.

Capital Markets:

- FY25 IB revenue at Rs 2.2bn+; aiming for Rs 2.5bn+ revenue for FY26 as pipeline is very strong. In FY25, company was no. of 1 in Q1P (in terms of funds raised) and no. 3 in IPOs (in terms of no. of IPOs).
- IB team consists of 60 people and is expanding the team segment.

Private Wealth Management:

- Overall AUM stood at Rs 1.74tn and family count stood at 16,602. About 70% of AUM is from clients with an AUM of Rs 100mn+
- ARR AUM is around Rs 372bn and focus is on growing this segment. Overall ARR net sales in 1QFY26 stood at ~Rs 14bn (~4% of opening AUM)
- Have added more than 250 RMs in last 3 years, taking the total to 615. Of this, 1/3rd of RMs have a vintage of more than 3 years
- With improving productivity of RMs, company is aiming to improve C/I ratio materially in the next 1-2 years (FY25: 53.3%)

AMC business:

- Consistently trying to maintain the performance of equity schemes across timeframe
- Seeing strong net flows in equity book and among the top AMCs in terms of net flow market share. Further, monthly SIP book has crossed Rs 13bn (4.5% market share)
- Recently closed the 5th PE fund with an AUM of about Rs 70bn

Financial Summary

YE Mar Rs mn	Revenue	OPAT	Reported PAT	EPS (Rs)	P/E (x)	RoE (%)	Dividend Yield (%)
FY22A	26,233	10,929	13,508	22.6	41.5	26.7	1.1
FY23A	29,475	11,152	8,852	15.0	62.8	14.8	1.1
FY24A	39,435	15,418	26,260	44.1	21.3	35.1	1.5
FY25A	51,605	20,159	24,939	41.6	22.6	25.1	0.5

Source: Company, Equirus Securities

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Nuvama Wealth Management Ltd.

Strong flows in focus areas of wealth business

We hosted the management of Nuvama Wealth and KTAs were:

- **Wealth business (HNI+UHNH):** RM is considered productive when they start contributing revenue of 3x of their CTC to the company. Post that, they will be eligible for incentives. Process of moving AUM from one wealth manager to another is complex in India unlike developed economies. It is easier only in mutual funds due to ARN code change regulations. Fixed Income is part of MPIS AUM in Nuvama Wealth and ARR AUM in Nuvama Private. In Nuvama Wealth (HNI segment), fixed income AUM is largely recurring in nature as the holding period of products is largely between 6-18 months.
- **Nuvama Wealth:** Active clients stand at 220k+ who are supported by RMs. Of the 1,300 RMs, 30-35% of RMs have a vintage of <1 year with the company while around 20-25% of RMs have vintage of 5+ years vintage. Average experience of all RMs (incl. previous work experience) is more than 5 years. Annual fixed cost of these RMs is usually around Rs 1.2-1.3mn. RM attrition rate at 40-45% (lower than ~60% attrition witnessed by banks). RM attrition is largely witnessed in the first 2 years. 7% RM attrition in top league RMs. Changed hiring pattern of RMs in the last 3 quarters. Earlier experimented with hiring freshers with an annual fixed cost of Rs 0.8-0.9mn to improve C/I ratio. It backfired as attrition rate was high and training requirements were huge. Reverted back to earlier pattern of hiring RMs from banks with an annual fixed cost of Rs 1.3-1.4mn.
- **Nuvama Private:** No. of RMs stand at 135+. No. of clients stand at 4,500+. RMs have an annual fixed cost of Rs 5.0-6.0mn. Less than 20% of RMs have a vintage of less than 1-year whereas 35-40% of RMs have a vintage of 5+ years. Average experience of all RMs (incl. previous experience) is more than 15 years. RM attrition rate stands at 3-5% (incl. both regret and mediocre). RMs won't get incentives for broking business in this segment which dissuades RM to advise direct equities to the clients. Generally hire individual RMs (1-2 times). In a one-time phenomenon, hired teams from 360One and Centrum Wealth.
- **Lending:** LAS and ESOP financing are products. Banks are not allowed to provide ESOP financing in excess of Rs 2mn to a single borrower. As a result, banks have started new companies to cater to this segment. However, the threat is low from them as this segment is not a priority for them. Less than 1% of this book is unsecured. Interest rate at 9.5% for less than 1 month, 10.5% for 1-3 months and 11% for more than 3 months
- **Nuvama AMC:** As of Jun'25-end, closing fee paying AUM stands around Rs 110bn and segmen is likely to achieve break-even once the AUM crosses Rs 200bn. Management aims to reach Rs 400bn of AUM over the next 3 years.
- **Asset Services:** Total no. of clients at 250+ of which FPIs at ~70-80. FPIs contribute 75% of revenue. Top 10 clients contribute only 30-35% of revenue. Further, these top 10 keep changing. Currently, Nuvama has a 25% market share in AIFs/PMS. The management has indicated that they are looking to venture into RTA and trusteeship services.

Financial Summary

YE Mar Rs mn	Revenue	EBDTA	PAT	EPS (Rs)	P/E (x)	RoE (%)	PAT (as % of AAUM)	Div Yield (%)
FY25A	29,013	25,641	9,862	274.9	25.5	30.6	24.1	1.9
FY26E	30,471	14,290	9,847	274.5	25.5	26.3	22.8	2.1
FY27E	35,244	16,745	11,560	322.2	21.7	27.1	22.7	2.3
FY28E	40,260	19,237	13,295	370.6	18.9	27.1	22.7	2.6

Source: Company, Equirus Securities

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Prudent Corporate Advisory Services Ltd.

SIP flows surpassed Rs 10bn in Jul'25

We hosted the management of Prudent Corporate Advisory Services Ltd and KTAs were:

Mutual Fund:

- Aiming for 20-22% revenue growth (~10-12% from net sales and ~10-12% from MTM gains)
- Broker code change regulation timeline has extended from 6 months to 12 months in a recent circular. During this period, no one earns the trail commission for one year and that commission moves to investor awareness fund.

AUM:

- ~20% of overall AUM is invested in hybrid schemes like aggressive hybrid, balance advantage etc. These funds have lower correlation with the broader indices compared to the equity schemes.
- ~10% of AUM is from direct channel which is very high yielding. Prudent is only focusing upon B2B2C model.

Net Flows:

- Net flows during Jul'25 were healthy. During 1Q, net flows in equity MF stood at Rs 25.3bn; ~2.5% of opening AUM
- Redemptions increased during May'25 due to geopolitical tensions; however, have now come down.
- ~50% of gross flows from SIPs

SIPs:

- Monthly SIP flows in Jul'25 crossed Rs 10bn vs Rs 9.48bn in Jun'25
- Perception in industry shifting rapidly from SIP as short-term product to long-term product
- At industry level, SIP cancellation has been higher in direct channel than regular channel
- Despite monthly SIP flows increasing to Rs 9.48bn in Jun'25 vs Rs 7.26bn in Mar'24, SIP stoppages have been stagnant at Rs 0.15-0.2bn

Insurance:

- Prudent continues to grow strongly in the general insurance segment and expects to grow this segment 20-25% for FY26E

Other Business:

- PMS/AIF AUM stood at Rs 14bn and have empanelled with 35-40 manufacturers. Internally, Prudent has identified around 1k channel partners to distribute AIF/PMS
- MF Industry has started receiving registrations for SIF distribution licenses, and as per AMFI data, around 300 registrations have been received.

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	P/E (x)	RoE (%)	PAT (bps of Avg AUM)	Div Yield (%)
FY25A	10,960	2,548	1,956	47.2	61.8	34.1	19.6	0.1
FY26E	13,092	2,828	2,270	54.8	53.2	29.3	18.6	0.1
FY27E	15,851	3,502	2,827	68.3	42.7	27.8	19.0	0.1
FY28E	19,204	4,353	3,529	85.2	34.2	26.8	19.5	0.2

Source: Company, Equirus Securities

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Wealth First Portfolio Managers Ltd.

Aims to double the ARR AUM in next 3 years

We hosted the management of Wealth First Portfolio Managers and KTAs were:

AUA and Yields:

- Aiming to double the ARR AUA in the next 3 years with 10-15% from net sales and 10-12% from MTM gains.
- ~80% of MFs are equity based
- ARR AUA generates a net yield (post GST) of 1.0%+ (MF + PMS + AIF)
- Bonds are part of transaction based AUA where the company buys and sells them at 15-25bps yield

Trading Revenue:

- Trading in direct equities is done to first test the waters with own money before suggesting them to clients.
- Accounting changed in 2019. Prior to 2019, sale value is considered as revenue whereas post 2019 only profit/loss (incl. unrealized) is considered as revenue.
- Assets lying as inventory in the balance sheet contribute to revenue in this segment whereas financial assets held as investments in the balance sheet contribute to other income

RMs:

- No. of RMs stood at 37 as of Jun'25. 2 of them are from Pune office.
- Most of the RMs are hired from Tier 3 management schools. Average joining salary of these RMs is Rs 0.5mn.
- Have one of the lowest RM attritions in industry; most of the RM attrition happens only in the first 2 years
- KRAs of RMs: 65% is based on revenue generated by RM (~7-9%) and the remaining 35% are based on qualitative aspects like no. of meetings, no. of referrals, no. of investor awareness meetings etc

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs.)	P/E (x)	RoE (%)	Dividend Yield (%)
FY22A	315	233	189	17.7	68.7	33.7	0.2
FY23A	295	193	138	13.0	93.6	19.4	0.2
FY24A	543	432	427	40.1	30.4	43.8	0.6
FY25A	532	402	341	32.0	37.9	27.7	1.3

Source: Company, Equirus Securities

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Dalmia Bharat Limited

Focusing on organic growth, awaiting macros to favour demand amid sustained pricing

We have hosted the management of Dalmia Bharat Limited and KTAs are:

- **Overall demand trends bit subdued:** As per management, demand growth has been weaker than media narratives published as per the Q1 volume growth reported by cement majors. It expects organically industry growth of ~6% in optimistic scenario for FY25 outlook given weak first 4 months. In recent months, July & August has also witnessed softer demand due to early monsoons. On its regional growth, it foresees Northeast to continue better growth. East regions is likely to grow mid-single digit majorly on slowdown in demand from states like Odisha (Slowdown in Infra Capex) and West Bengal (on lower state capex spendings). Southern region is likely to report muted growth on lower macro demand from urban housing and slow pickup of government capex spends. **Company will adopt strategy of maintaining volume growth in line with industry, and will not sacrifice market share chasing better price. It expects near term challenges to persist due to heavy monsoon resulting in low Q2 volumes, profitability may also get impacted on higher fix cost due to planned maintenance and operating deleverage on lower volumes.**
- **Pricing & Industry Dynamics:** Despite a seasonally muted demand due to monsoons, cement prices have been maintained at Q1 exit levels. As per management, All India pricing stood at ~Rs.356/bag with East prices being lowest at ~Rs.330/bag whereas South prices bounced back to ~Rs.350/bag post hikes in April and North prices remained healthy at ~Rs.370/bag. It does not foresee major price hikes in Northern region majorly on higher capacities planned. It expects its NSR to improve on account of improving premium mix and undergoing improvement in sales and marketing positioning with new sales leadership working on channel engagement, branding, and pricing discipline. Dalmia is implementing strict MOQ policies establishing pricing stability initiatives, especially in East & South.
- **On cost front:** It expects targeted cost improvement of Rs.150–200/ton to materialize yet majorly on higher green power share (increase to 50% in FY26 from 40%), incremental AFR share and savings in logistics costs.
- **Outlook on Industry capacity addition:** As per management, Industry is likely to continue witnessing continuous capacity addition with over 50MnTPA capacity likely to be added in FY26 (~20MnTPA commissioned till date). It expects Supply CAGR (of 8% over next 2 years outpacing estimated demand CAGR of ~6%.
- **Capacity Expansion:** Dalmia has currently total capacity of 49.5MnTPA and is undertaking expansion plans for expanding its capacities by ~12MnTPA with 3 MnTPA capacity at Belgaum, 3 MTPA at Pune and another 6 MnTPA at Kadapa, AP. Further its plans of expansion into Jaisalmer cluster depends upon the finalization of JP assets acquisition. It expects JP decision to be sometime away due to elongated procedures.
- **GST Rate cut:** As per management, any decrease in tax rates will be structural positive for sector. It will not be demand major demand driver for the sector.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,39,800	24,070	7,960	43.3	54.2	2.5	18.6	4.7	4.8	17.2
FY26E	1,56,733	34,334	13,602	72.5	32.4	2.4	13.5	7.6	6.9	21.9
FY27E	1,73,164	40,083	16,303	86.9	27.0	2.2	11.6	8.4	7.6	23.1
FY28E	1,93,090	47,124	19,759	105.3	22.3	2.0	9.8	9.5	8.7	24.4

Source: Company, Equirus Securities

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JK Cement Limited

Balancing aggressive capex with margin discipline

We have hosted the management of JK Cement Limited and KTAs are:

- **Industry Trends and Company outlook:** As per management, Demand in Q2 is expected to remain muted owing to early monsoons, but a strong revival is anticipated post-monsoon, supported by ongoing infrastructure development. Historically, good monsoon seasons have led to better demand, particularly from rural and IHB segments. Government infrastructure demand continues to remain robust, while IHB demand is expected to pick up further after the monsoon, contributing significantly to overall volumes despite lower urban metro real estate demand. **JKCE expects, its own Q2 growth to be healthy supported by lower base impact and also commissioning of new capacities like Prayagraj and Ujjain in post Q2 last year.** It remains committed to grow through volumes rather than engaging in aggressive price-led strategies. The company is not inclined to dump volumes at the cost of margins but will pursue steady capacity utilization and expansion-driven growth. It expects H2 to be better and also is estimated to auger well for industry pricing.
- **Aims sustained profitability:** JKCE expects pricing momentum to remain favourable, with a sustainability of pricing post 4Q despite weak demand on seasonality. It expects current profitability to be maintained with sustained pricing and cost savings measures (further expecting ~Rs.50/Ton of savings) on increasing green power share (~75% by FY28 vs 50% currently) and reduction of freight cost.
- **Capacity Expansion:** JK Cement's current cement capacity stands at 25 MnTPA, with 6 MnTPA slated to be added in FY26—comprising 3 MnTPA across Panna, Hamirpur, and Prayagraj, and another 3 MnTPA in Bihar. Over the subsequent two years, an additional 7 MnTPA expansion is planned in Rajasthan and Punjab. **Out of recent capacity announcement plan of Rs.48bn in Jaisalmer and Rajasthan, it plans to spend approx. Rs.8bn in FY26 stepping up its capex for FY26 to Rs.28bn from Rs.20bn earlier.** Jaisalmer expansion is particularly attractive, offering an estimated ROI of ~16% with a payback period of 5–5.5 years, supported by government incentives. Also, mines acquired by JKCE is at lower premium of just 15%, well below the ~50% borne by peers. It estimates FY27 capex to be highest at ~Rs.40bn and will be lower in FY28. Also, commissioning of the Jaisalmer unit provides a logistical advantage by reducing lead distance by nearly 100 km compared to supplies from Nimbahera cluster.
- **Debt to increase in near term:** Net debt stood at Rs.28bn as on Q1FY26 and is projected to rise to Rs.,50-55bn by next year as it plans to fund 60-65% of new Jaisalmer capex via Incremental debt.
- **GST Rate cut:** As per management, any decrease in tax rates will be structural positive for sector. It may not be the demand driver for the sector.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,18,792	20,271	7,809	99.6	71.7	9.1	29.2	15.4	6.0	17.1
FY26E	1,36,685	25,447	10,900	142.5	50.1	7.8	23.4	16.6	6.0	18.6
FY27E	1,59,182	32,901	15,311	199.6	35.8	6.5	18.1	19.7	5.9	20.7
FY28E	1,84,894	40,869	19,921	259.2	27.5	5.4	14.4	21.3	5.9	22.1

Source: Company, Equirus Securities

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Nuvoco Vistas Corporation Limited

Timely commissioning of acquired assets and sustainability of pricing a key

We have hosted the management of Nuvoco Vistas Corporation Limited and KTAs are:

- **Optimistic on demand & Market Trends:** Nuvoco reported a YoY volume growth of 4–5% in 1QFY26, broadly in line with industry performance in the Eastern markets, which account for ~75% of its volumes, with the balance 25% derived from North and Gujarat markets. Management highlighted that demand was relatively strong in April–May; however, heavy rainfall in the East impacted seasonality in Q2. The company does not foresee any material volume uptick in Q2FY26 but remains optimistic about stronger demand in H2, particularly in Q3–Q4. At the industry level, all-India cement demand is expected to grow 7–8% in FY26, with Nuvoco likely to track industry growth. Bihar, Jharkhand, and West Bengal are expected to remain key growth markets, while Chhattisgarh, though currently a small contributor, may gradually improve.
- **Pricing Dynamics:** Pricing momentum remains favourable, with a sustained improvement of Rs.20–25/bag since Dec-24, which carried into Q1FY26. This was followed by an additional Rs.2–4/bag increase in Bihar, Jharkhand, and West Bengal. Prices in the East remain higher than the South but lower than the North, with Q1–Q2 witnessing stability. On a YoY basis, realizations are higher by ~Rs.25/bag.
- **Capacity Expansion:** Nuvoco's current installed capacity stands at 25 MnT (19 MnT in the East, 6 MnT in the North). The recently acquired Vadraj Cement assets (6 MnT grinding capacity in Surat and 3 MnT clinker capacity in Kutch) and will enhance its presence in Western markets. The company plans to ramp up clinker capacity in Kutch from 10,000 TPD to 12,000–13,000 TPD, commission a 2 MnT Surat GU and 2.5 MnT Kutch GU by Q3FY27, with an additional 2 MnT GU targeted by FY28, subject to clinker availability. Looking ahead, further expansion opportunities include a brownfield expansion at Chittorgarh (2 MnT clinker and 3.5 MnT GU), a greenfield project in Maharashtra, and another brownfield expansion at Risda. Company has enough opportunities to expand either greenfield or brownfield but right now management key focus is to establish Vadraj Cement first and will go for further expansion. The company has earmarked Rs.12bn for refurbishment, Rs.3bn for a new GU at Kutch, Rs.1bn for a railway siding, and Rs.2bn for a captive power plant acquisition from JSW Energy, taking total Vadraj-linked capex to ~Rs.18bn, to be funded through internal accruals.
- **Debt to increase in near term:** Net debt stood at Rs.34.8bn in Q1FY26 and is projected to rise to ~Rs.41bn in Q2, post raising Rs.6bn debt for the Vadraj acquisition. The balance Rs.12bn has been funded through bridge financing, which will later be converted into CCPs/CCDs. Management aims to maintain net debt broadly stable at ~Rs.40bn over the medium term.
- **GST Rate cut:** As per management, any decrease in tax rates will be structural positive for sector.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,03,567	13,720	219	0.6	764.6	1.9	14.8	0.2	4.0	13.2
FY26E	1,17,517	18,294	2,745	7.7	60.9	1.8	11.0	3.0	4.0	15.6
FY27E	1,30,212	21,740	4,471	12.5	37.4	1.7	9.0	4.7	3.9	16.7
FY28E	1,47,033	25,569	6,071	17.0	27.5	1.6	7.3	6.1	3.9	17.4

Source: Company, Equirus Securities

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Acutaas Chemicals Ltd

Conference Takeaways

Accutas Chemicals has evolved into a diversified platform with two primary pillars: Pharma Intermediates and Specialty Chemicals, delivering ~Rs 10bn revenue last year, with ~Rs 8.5bn from Pharma Intermediates and ~Rs1.5bn from Specialty Chemicals.

Under **Pharma Intermediates** (~Rs8.5 bn last year), the business is split into Core and CDMO. In Core, the company owns the IP and supplies to both innovators and generics—roughly an even mix—allowing participation through the product lifecycle (during patent with innovators and post-expiry with generics). In CDMO, the IP rests with innovator clients and supply is exclusive, restricting third-party sales; CDMO contributed ~Rs2.5–3.0 bn within the pharma mix.

Specialty Chemicals contributed ~Rs1.5 bn, skewed to commodity chemicals (~Rs1.35 bn) with nascent semiconductor chemicals (~Rs0.15 bn) and no commercial battery revenues yet. A current-year capex of ~Rs2.5 bn includes ~Rs1.77 bn toward an electrolyte additives plant for EV and stationary storage; completion is targeted by 3QFY26E with contributions expected from 4QFY26E, positioning battery chemicals as the next growth vector.

On **semiconductor chemicals**, the company has entered a Korea-based JV (NDK), planning to invest ~Rs4.0 bn for a 71% stake, with the Korean partner providing technology and market access while leading manufacturing and primary marketing locally. This establishes a beachhead in a higher-spec segment with potential for stickier relationships and technology-led margins.

The manufacturing footprint spans four facilities: Pharma Intermediates at Sachin (Surat) and Ankleshwar; Specialty (commodity+battery) at Dahej; and semiconductor in Uttar Pradesh. Regulatory credentials include USFDA inspections at Sachin (2016, 2019) and recent PMDA Japan inspections for both Ankleshwar and Sachin, indicating quality systems aligned with API-adjacent expectations for advanced intermediates.

Near-term visibility is supported by a CDMO pipeline of three additional contracts—one expected to commence in 4QFY26E and two in FY27E—each envisaged at ~Rs0.5–1.0 bn annualized potential per product depending on end-market size and ramp. Combined with battery additives commissioning from 4QFY26E, the mix is poised to tilt toward higher-technology, stickier, and IP-backed streams from FY26E onward.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	5,201	1,052	719	9.8	144.2	19.8	97.7	13.8	28.1	20.2
FY26E	6,167	1,226	833	11.4	124.5	17.4	84.2	14.0	22.6	19.9
FY27E	7,175	1,285	428	5.8	245.5	15.3	83.0	6.3	17.23	17.9
FY28E	10,069	2,321	1,587	19.4	73.4	8.8	49.2	12.0	22.2	23.1

Source: Company, Equirus Securities

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Aether Industries

Conference Takeaways

Aether operates three verticals—LSM 50%, CEM 35%, CRAMS 15% in 1QFY26—with a stated target over 3–5 years to transition toward LSM 30–40% and CRAMS+CEM 60%. The company restricts itself to core chemistries and selects products that are first-time-in-India, involve ≥ 4 -step complex synthesis, have $\geq \text{Rs}1\text{bn}$ revenue potential per product at maturity, and target $\geq 51\%$ global share within 3–5 years.

CRAMS division ~ 50 active projects with $\sim 70\%$ in non-agro/non-pharma areas, is guided to grow at 15–20% CAGR, and runs at 60–65% EBITDA margins; FY26E R&D capex is $\sim \text{Rs} 500\text{mn}$ to double fume hoods (65 \rightarrow 130) and expand labs (8 \rightarrow 13).

CEM: Aether does not do tolling and commercializes only after CRAMS success; it has a 10-year Milliken contract (next-gen molecule at Site 3+, commissioning 4QFY26E) and a 5-year Baker Hughes program at Site 4 (PPDs, DRAs), with CEM EBITDA margins at 27–29% and broader product-library access post successful programs.

Large scale manufacturing: LSM leverages multipurpose plants for India-first molecules and matches China pricing while maintaining 18–20% EBITDA (vs 24–25% at IPO); there has been no price erosion in the last 9 months with strong volumes (FY25 +36%; Q1 +9%); average realization is $\sim \text{Rs}1,100/\text{kg}$; 15 active products include 9 with $>51\%$ global share, and SKU pruning is rapid due to asset fungibility.

Sales are $\sim 33\%$ exports and 66% domestic, with exports optically lower due to Baker Hughes billing in India; the US contributes $\sim 6\%$ from CRAMS services, which are not tariff impacted. About $\sim 13\%$ of raw material purchases are from China, with the majority sourced in India and minimal exposure to EU/Japan; a single sensitive input is THA (currently China-dependent), with Indian localization trials at $\sim 80\%$ success.

Aether focuses on eight chemistries at $\geq 500\text{t}$ continuous scale, leveraging strong process intensification and a pilot capable of scaling up to $\sim 1,000\text{t}$, enabling faster transitions from CRAMS to CEM and broader diversification beyond pharma/agro into oil & gas and material science. The company does not count LOIs and only announces 5–10 year strategic supply agreements; CRAMS is the mandated entry path into CEM, ensuring value-add before commercialization. With ~ 50 CRAMS projects (~ 30 for customers), even a 30% success rate would yield ~ 9 CEM commercializations, sufficient to fill initial Panoli capacity for ~ 5 years;

Following a Nov-2023 THF tank-farm accident attributed to an undetected vapor-cloud ignition, remediation included anti-static role-coded uniforms, device restrictions, tracked safety boots, and enhanced sensing/logging; 36 audits were completed with no contract losses; plants are highly fungible, with re-piping turnaround of ~ 20 days for Rs 3–5mn.

The company is positioned at an FY27E inflection as Panoli ramps (three plants in FY26E and four in FY27E), with the primary risk being execution across commissioning, quality, and safety; management believes the first 16 Panoli blocks can sustain $\geq 30\%$ EBITDA supported by funnel depth and signed anchor programs, while “Europe+1” alongside China+1 provides structural outsourcing tailwinds.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	5,900	1,681	1,089	9.67	77.7	22	51.88	28.16	40.25	28.49
FY23A	6,511	1,862	1,304	10.47	71.7	7.52	49.75	10.48	19.43	28.61
FY24A	5,982	1,322	825	6.22	120	4.83	72.47	4.00	6.75	22.11
FY25A	8,387	2,412	1,584	11.95	62.8	4.47	41.14	7.12	10.85	28.75

Source: Company, Equirus Securities

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Jubilant Ingrevia Ltd

Conference Takeaways

Ingrevia is rapidly transforming from a legacy commodity chemicals company into a leading specialty chemicals firm, now generating more than 90% of its profits from specialty chemicals and nutrition verticals. The specialty chemicals segment has been delivering consistent double-digit growth for six consecutive quarters maintaining a strong operating margin of 24–26%, owing to the product mix and pricing. Ingrevia is also the global market leader in key derivatives like pyridine and picoline, and is seeing exponential growth in fine chemicals—holding the number one position worldwide in over 35 derivatives.

CDMO: A major growth engine for Ingrevia is its relatively new, fast-expanding CDMO business, which now comprises 10–15% of revenues. After securing a major five-year contract worth \$300 million, commercial supplies to begin in Jan’26. The CDMO segment has a strong pipeline of over 50 molecules across pharma, agro, and semiconductor chemicals sectors, with revenues ranging from Rs 2-3bn in FY2025, aiming for Rs 8-10bn in FY2026E, and targeting over Rs 25bn by FY30E. Margins in the CDMO space are differentiated: pharmaceutical CDMO projects yield 25–35% margins, agrochemicals average 22–25%, and future semiconductor contracts are expected to exceed 40% margins, reflecting the high complexity and potential of this field.

Nutrition business: this business is another pillar, with significant investments in niacinamide (vitamin B3) plant capacity, new plants aimed at human products and then animal grade markets. Ingrevia, already a global leader in B3 feed, expects double-digit growth (14–15%), especially as demand for higher-margin, non-feed grades increases. The company is positioned to benefit from tightened supply in Europe due to anti-dumping measures on Chinese imports, opening new export opportunities for choline chloride, where Ingrevia holds more than 50% market share in India.

Chemical intermediates, such as acetic anhydride and acetic acid, remain stable with a solid 70% market share, and the company expects profitability recovery as pricing stabilizes. Capital allocation is focused sharply on specialty chemicals and CDMO, with annual capex not exceeding Rs 5-6bn and all investments funded internally. Utilization rates in specialty and CDMO plants are already high, and further expansion is underway to support ongoing double-digit volume growth.

Strategically, Ingrevia has renewed its management bench, bringing in younger, professional leadership and investing aggressively in R&D, AI-driven innovation, and global business development. The company has a clear financial roadmap—the pinnacle 3.4.5 is on track. Its growth is highly assured, with over 70% of future CDMO revenue under firm contracts and specialty segment margins expected to remain sustainably high due to a focus on innovation and premium products. Exposure to U.S. trade risk is minimal (under 2% of sales ~Rs600mn), insulating the company from global volatility. Key near-term initiatives include expanding into oilfield chemicals, strengthening presence in cosmetics and personal care through high-value ingredients, and leveraging export momentum in nutrition.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	41,237	5,191	2,512	15.9	44.9	3.9	23.3	8.6	10.5	12.4
FY26E	46,733	6,554	3,456	21.9	32.6	3.5	18.9	10.8	12.8	14.0
FY27E	59,492	9,258	5,210	33.0	21.6	3.1	13.6	14.3	16.8	15.6
FY28E	70,484	12,571	7,459	47.2	15.1	2.6	10.0	17.3	20.7	17.8

Source: Company, Equirus Securities

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Sumitomo Chemical India Ltd

Conference Takeaways

Sumitomo's domestic branded business derives about 30–35% of sales from specialty/proprietary products developed primarily by the Japanese parent and affiliates. While most of these molecules are now off-patent, management emphasized sustained dominance due to process know-how and development capabilities, resulting in no anticipated decline from patent expiries. The portfolio is deliberately broad and de-risked, spanning 200 products and 800 SKUs, with the top 10 contributing under 40% of revenue. The company refreshes the lineup every year with 3–5 launches, blending 1–2 proprietary introductions with 2–3 generics, keeping the mix resilient and current.

Across crops, the business is evenly spread, with market shares of roughly 10–15% in rice, wheat, fruits, vegetables, and other key categories. In segment terms, Sumitomo is skewing toward structurally faster-growing herbicides: while India's industry mix is 20–25% herbicides versus 45–50% globally, Sumitomo's herbicide share is already about 35%, indicating a push into higher-growth profit pools. Operationally, the company runs a tight ship: no channel stuffing, zero sales returns, disciplined credit, and stable pricing. Last year's domestic agrochemical growth exceeded 15% and management aims to repeat a similar trajectory this year via volume growth, with pricing assumed flat and margins broadly in the same range as last year. A low-margin animal nutrition line (about Rs 2.50bn revenue, 4% gross/2% net, roughly 7% of sales) is being discontinued from 2HFY26E; this will trim reported topline but should be neutral to accretive for profitability given the weak margin profile.

On manufacturing, Bhavnagar is fully utilized and being doubled, supported by strong export margins on its product. Tarapur, initially set up to serve the parent's products, has seen slower volume ramp due to global conditions and registration delays; in the interim, it is profitably deployed for CTP (ex-FMC, now off-patent) and will also manufacture the new fungicide Indefin (global brand: Xcalia Max) for India. Indefin has scaled rapidly in Brazil and other markets and is viewed as a future blockbuster, with potential to reach USD 400–500mn in global sales over the next five years. In India, the launch will start small and broaden over multiple crops (beyond soy), with Tarapur providing domestic supply initially. Strategic, larger-scale backward-integrated capacity for Indefin and other molecules is planned at Dahej, which has headroom for roughly 15 such plants; management reiterated that all new incremental global manufacturing for the parent will be India-centric, though execution will balance old and new molecules to ensure stable utilization and long-term product vitality.

From a risk perspective, management characterizes weather sensitivity as moderation in growth rather than structural cyclicality: in weaker monsoon years, industry growth may slow to mid-single digits and Sumitomo would track that; in strong years, growth could be up to 1.5–2x industry. Only rare, systemic downcycles like 2008 or 2022 would threaten a 10–20% topline impact. The glyphosate litigation remains a non-event operationally with no fresh government communication. On margins, the company targets stability, supported by disciplined procurement. It does not intend deep upstream integration everywhere; instead, it buys where components are commoditized with multiple suppliers and diverse end uses, keeping costs competitive and returns high. Typically, India may initially source technical from the parent for new launches; over time, as India manufactures for domestic needs, the parent captures economics from supplying the rest-of-world, balancing value within the group without direct royalties at the India P&L level.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	31,485	6,321	5,064	10.1	58.5	10.2	46.9	17.5	25.3	20.1
FY26E	35,913	7,430	6,305	12.6	47.0	8.6	39.9	18.2	27.0	20.7
FY27E	37,241	7,775	6,903	13.8	42.9	7.3	38.1	17.0	27.3	20.9
FY28E	41,435	8,673	8,001	16.0	37.0	6.2	34.2	16.8	28.5	20.9

Source: Company, Equirus Securities

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UPL Ltd

Conference Takeaways

UPL has navigated a harsh downcycle triggered by post-COVID channel overstocking and a China-led capacity surge that crushed herbicide pricing, notably glyphosate falling from peak USD 50–60/kg to ~USD 7–8/kg. Management's core response was an FY24 "clean-up" of channel and own high-cost inventories via rebates/credits and repricing, which compressed contribution/EBITDA by roughly USD 392–400mn and took FY24 EBITDA to ~USD 666mn. This reset enabled FY25 recovery: volume-led growth despite low prices, roughly 8% revenue increase, ~47% EBITDA growth, and ~USD 550mn operating FCF. FY26E is framed as a "new normal," with 1QFY26 showing broad-based platform growth, stronger contribution/EBITDA, better working capital, lower net debt, and improved PAT.

Strategically, the company has pivoted from a decade-long "grow 2x industry" and volume-first culture to "quality of business" with KPIs shifting to PBT/PAT/ROC and tighter sell-out discipline—"sell what you collect, collect what you sell." Working capital is explicitly managed to seasonality: H2 carries ~60% of annual revenue (Brazil/US seasons), so WC rises through Q2–Q3 and releases in March. Management targets a steady-state ~70 days NWC at March-end (vs an unusually low 53 days in a prior March), with intra-year oscillation expected. Credit risk (ECL) is embedded and historically low (~0.3% of revenue); recent Brazil stress (e.g., Agro Galaxy) was actively mitigated by cutting exposure from ~USD 60mn to ~USD 13mn pre-bankruptcy, with ~50% insurance coverage and modest P&L impact.

On portfolio, mancozeb is a key margin lever: UPL claims ~55% global share, backward integration, and a differentiated mix. AI pricing reportedly improved from ~USD 3–3.5/kg to ~USD 4.0–4.2/kg, aiding realisations and margins on a ~USD 600mn revenue base. Herbicides were the worst hit in FY24; mix has shifted from ~42–43% herbicide share in FY22 to the high-30s as fungicides/insecticides held up better. Biosolutions is a ~USD 450mn business with ~43–45% margins, and management targets growth ahead of industry.

Costs and balance sheet are improving. Manufacturing processes and input deflation reduced unit costs, and SG&A/overheads have been resized from FY22–23 peaks. Financing costs benefit from lower SOFR, a USD 250mn loan prepayment, and rating upgrades tightening spreads; management guides to a mid-single to low-teens percent yoy decline in finance cost, partly offset by growth-led working capital needs. On US tariffs, only ~USD 150–200mn of US revenue is exposed; many products are exempt, and India–China tariff differentials are currently negligible. UPL can rebalance routes (e.g., India/Brazil/Colombia for mancozeb) if relative tariffs shift, with routing determined by total cost-to-serve.

Management modelling assumes AI prices remain at today's trough-like levels for a protracted period given Chinese overcapacity; margin restoration is therefore anchored in mix, differentiation, and cost, not price mean-reversion. Geographically, India and Latin America (especially Brazil) lead volume growth; North America has recovered; Europe is steady; and Southeast Asia is improving. Seasonality, disciplined credit, and ROC-led incentives are now central to execution.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	4,66,370	83,600	8,970	10.6	67.1	1.9	10.0	8.0	10.8	17.9
FY26E	5,05,653	96,432	22,988	27.2	26.2	1.8	8.2	9.4	13.2	19.1
FY27E	5,41,972	1,07,817	35,101	41.6	17.1	1.6	6.8	11.7	14.7	19.9
FY28E	5,80,895	1,19,170	44,621	52.8	13.5	1.4	6.2	12.6	16.5	20.5

Source: Company, Equirus Securities

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ITD Cementation Ltd.

Execution momentum to continue

- ITCE's order book stood at ~Rs 188.2bn as of Jun'25, providing strong revenue visibility for the next 2-2.5 years.
- ITCE is currently evaluating a bid pipeline of ~Rs900bn across various segments like marine, airports, pump storage projects, roads, data centres etc.
- ITCE has also started evaluating few HAM projects where parent would be the developer and ITCE would be the EPC player.
- ITCE is eyeing order inflows of Rs 150bn-160bn in FY26 (already received/L1 in projects worth ~Rs 50bn).
- Adani Group share is ~20% of Order book and is expected to inch up (40%-50%) gradually.
- Adani Parentage will aid ITCE to bid for higher ticket size projects.
- ITCE is targeting 20%-25% revenue growth given its order book and execution capabilities.
- Bangladesh project is progressing well and is ~60% complete. Payments for Bangladesh project are secure and are being paid on time.
- Legacy projects are largely completed and hence margins are likely to improve from FY27 onwards.
- ITCE is targeting double digit operating margin going forward.
- Leverage at the consolidated level stood at ~0.49x and company is targeting to maintain the current leverage ratio and not breach the same.
- During 1QFY26 certain projects did not hit the margin threshold and hence operating margins were on a lower side.
- Capex target for FY26 is ~Rs3bn.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	90,969	8,686	3,733	21.7	35.5	7.2	16.3	22.4	21.3	9.5
FY26E	1,10,977	10,818	5,568	32.4	23.8	5.6	13.2	26.6	23.4	9.7
FY27E	1,31,705	13,300	7,074	41.2	18.7	4.4	10.7	26.3	23.9	10.1
FY28E	1,46,969	14,988	8,178	47.6	16.2	3.5	9.6	23.9	22.2	10.2

Source: Company, Equirus Securities

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KNR Constructions Ltd

Order Inflows to gather momentum

- Road awarding has been on a weaker side and competition too is high for projects which have been awarded.
- Road ministry has incorporated few changes in the concession agreement like awarding projects at 90% land acquisition, tightening the net-worth criteria, Restriction on number of projects per engineers etc which would reduce the bidding intensity.
- Recently, tenders were floated for a couple of projects, however bid dates are being extended.
- Execution has been hampered due to muted order book, delays in regulatory approvals (AD for HAM projects) and lower irrigation segment contribution.
- KNRC is expecting the LOA's for MSRDC projects within the next 3–4 months.
- Major portion of irrigation segment debtors is likely to be paid in coming 1-2 months and balance will be paid gradually.
- KNRC is targeting to sign SPA to sell its HAM projects in next 2-3 months and at a healthy premium.
- KNR is diversifying into urban infrastructure, metro, and mining projects, while roads remain the core focus.
- KNRC is looking at a capex of ~Rs3bn-Rs4bn for its mining project and revenue contribution to flow through FY27 onwards.
- KNRC is currently guiding revenues of ~Rs20bn-Rs25bn in FY26 and will revisit the guidance post materialization of new orders.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	33,586	6,259	7,407	25.8	7.9	1.5	9.2	20.2	11.9	18.6
FY26E	23,770	3,241	2,112	7.5	27.1	1.4	17.7	5.2	4.7	13.6
FY27E	32,325	4,376	2,865	10.2	20.0	1.3	13.1	6.7	6.0	13.5
FY28E	40,454	5,436	3,399	12.1	16.9	1.2	10.5	7.4	6.5	13.4

Source: Company, Equirus Securities

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Aditya Vision Ltd

Defying headwinds, expanding deeper in Hindi heartland

We hosted the management of AVL and following were the KTAs:

Beating the summer washout: AVL entered FY26 with abnormally high AC inventory, a rare event where all three months of summer were washed out. Typically, AVL carries just two months of stock given the underpenetrated markets it operates in, which allowed it to normalize inventory by the end of 1Q. Management stated that while other retailers and OEMs saw 30-50% decline in AC sales, AVL's decline was limited to just 2% yoy, highlighting its superior execution.

Category dynamics at play: By June, per-store inventory stood higher by 15-20%, with washers carrying ~15% extra stock built ahead of 2Q sales. Refrigerators continued to remain stable as an all-season product, while ACs held optimal inventory levels. AVL derived 26% of sales from ACs, and demand was supported by 15 key heat days, though overall summer intensity was weak. The company remains confident that GST rate reduction (expected from Sept) and festive demand will aid secondary sales.

Policy shifts and consumer choices: Management noted that GST changes will not materially impact retailers, except for transition stock being sold at lower slabs. Beyond GST, post-Jan'26 BEE norm change is expected to push AC prices up 5-6%. AVL believes rating upgrades won't alter consumer buying behaviour materially, as customers also will prefer older stock available at cheaper rates.

UP – The next growth lever: AVL has 113 stores in Bihar and plans to reach 150 over five years. UP is the next growth lever, with focus on Eastern and Central regions. Contribution from UP rose from 10% in 4Q to 13% in 1Q, supported by seven store openings in Lucknow in the last three months. Large format outlets are being opened in major cities, while smaller ~2,500 sq. ft. stores are rolled out in tier-III towns. Notably, the six new Lucknow stores achieved ~Rs 10mn per store revenue in the first month itself.

Operational and strategic initiatives: AVL is converting warehouses into retail space in ~20-25 cases and continues with store renovation as part of its capex strategy. Even mature stores in Bihar continue to post double-digit SSSg, with AC penetration still at just 1% of households. AVL is leveraging regional demand patterns effectively, for instance, Bihar customers prefer 5-star ACs over 3-star due to electricity savings mindset, also with ~60% of ACs sold bundled with stabilizers.

Competing with the giants: In Bihar, Reliance has ~40 stores, while Reliance and Croma together hold ~25% share in AVL's new geographies. Despite smaller average store size (~4,500 sq. ft. vs. Reliance at ~11,000 sq. ft.), AVL showcases a wider display mix, backed by 80%+ footfall conversion. AVL avoids ultra-low-margin categories like small-screen TVs and restricts mobiles to ~200 sq. ft. of floor space, focusing instead on higher-margin, underpenetrated categories.

Financial model and customer loyalty: AVL expects gross margins to remain capped at ~15% level, among the best in India, with EBITDA margins expected to be stable for the next three years before inching up as stores mature. Store rentals are higher in UP (~Rs 2.5 lakh vs. Rs 2 lakh in Bihar) but are controlled through careful location selection. Loyalty and repeat purchases remain core strengths, with customer repeat rate supported by the "Buy and Win" program offering cars, bikes, and even houses as rewards.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	22,598	2,041	1,055	8.2	47.8	8.6	26.4	19.7	14.3	9.0
FY26E	26,164	2,386	1,251	9.7	40.3	7.3	22.0	19.6	15.1	9.1
FY27E	33,003	3,083	1,713	13.3	29.4	6.0	17.1	22.4	16.1	9.3
FY28E	40,163	3,809	2,196	17.1	23.0	4.9	13.8	23.5	16.1	9.5

Source: Company, Equirus Securities

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KEI Industries

Scaling new highs

We hosted the management of KEI and following were the KTAs:

Sanand capex progress: KEI has already spent ~Rs 9bn on the Sanand plant, including Rs 2bn for land, Rs 4bn in FY25 and Rs 3bn in 1QFY26. KEI will spend another Rs 6-7bn over the next 9 months, with the first phase of LV and MV capacity expected by Sep'25 and EHV capacity by 1QFY27. Once fully operational, Sanand will add Rs ~60bn of production capacity (Rs 12bn EHV, Rs 15bn MV, balance LV), and KEI expects Rs 5-6bn contribution (mainly LV) from this facility in FY26.

Growth momentum intact: Currently, KEI's total revenue capacity stands at Rs 115bn. The company expects ~18% topline growth in FY26 and 19-20% CAGR from FY27 onwards, driven by full utilization of existing plants and incremental contribution from Sanand. Management highlighted that LV/MV capacities will be fully utilized by next year, while commissioning of HVDC cables in the new plant will further enhance the product portfolio.

Technology and product edge: The Sanand facility will introduce HVDC cables, making KEI the first Indian player with such capacity. An electron beam facility is also being set up, targeting solar, railways and shipbuilding industries, where tenders increasingly require electron beam cured cables. Alongside, KEI continues to build on niche products for oil exploration, creating strong entry barriers and positioning itself uniquely in the market.

Exports building scale: Exports contribute ~13% of revenues with 11% EBITDA margin. US contribution remains small (<2% of topline; Rs 1.8bn in FY25 and ~Rs 750-800mn in 1QFY26), while Australia (~Rs 3-4bn annually in renewables), Europe, South Africa, and the Middle East remain strong markets. KEI received fresh approvals in Europe (Rs 1.8bn contribution in FY25) and holds an exports OB of Rs 7bn (execution in 3-4 months). KEI is targeting 15-18% export contribution over the next 3-5 years.

Retail ~ The growth engine: Retail now contributes 50-51% (HW: 26% and LV/MV:24%) of revenues (vs. ~27-28% five years ago), with ~11% EBITDA margin and 22-25% annual growth. Segment growth is supported by aggressive pricing (~3-5% lower than peers in HW) and strong geographic distribution (North 38-39%, West 28-30%, South/East ~16-17% each). KEI spends Rs 400-500mn annually on advertisements to drive visibility and aims to sustain 20%+ growth while gradually reducing price gaps to improve margins.

EHV capacity to double: Current EHV capacity is ~Rs 6bn, and KEI is expecting the capacity to double once Sanand is operational. For FY26, KEI expects Rs 5.5-6bn contribution from EHV on the back of a strong OB, with margins of ~15%. Customers are evenly split between large EPC players and state utilities, though receivable cycles extend to ~3.5 months. High entry barriers (long performance history requirement) ensure limited competition, positioning KEI strongly in this niche.

Industry tailwinds supporting growth: The W&C industry is growing at 12-13% CAGR, while KEI continues to outpace with 16-17% growth. Demand tailwinds remain strong across power, renewables, and real estate. KEI has consciously de-focused on EPC due to W&C intensity and is deploying resources towards exports, retail, and high-margin segments. With strong retail traction, and Sanand ramp-up, KEI is well placed to sustain leadership.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	97,359	9,910	6,964	72.9	54.5	6.6	36.8	15.6	18.9	10.2
FY26E	1,18,174	12,247	8,827	92.4	43.0	5.7	30.3	14.2	16.6	10.4
FY27E	1,42,424	15,527	10,872	113.8	34.9	5.0	23.9	15.2	16.7	10.9
FY28E	1,71,816	19,644	13,749	143.9	27.6	4.2	18.7	16.6	18.1	11.4

Source: Company, Equirus Securities

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Polycab

Multi-engine growth in play

We hosted the management of POLYCAB and following were the KTAs:

W&C momentum sustained: POLYCAB has witnessed very good traction so far in 2QFY26, with July standing out as the best month in terms of sales. Government capex continues to drive demand for cables, while premium, luxury, and affordable housing segments are supporting wires growth. Copper prices have also remained stable, ensuring better visibility for distributors and improved channel uptake. OB remains strong, with visibility for the next 12 months, and exports are continuously being executed well across most geographies.

Exports diversification beyond the US: Exports are panning out well with good visibility across Middle East, Europe, and Australia, while the US remains challenging due to tariffs, making business unviable in certain categories. For POLYCAB, US contributes only 16% of exports (<1% of total sales), whereas Middle East, Europe, and Australia account for 40%, 19%, and 12% respectively. Long-term opportunity in exports remains intact, with contribution targeted to increase from 6% to 10% by FY30 (1QFY26: 5%). Global TAM of W&C is USD 280bn, of which USD 160bn is exports. Middle East is the largest importer of W&C followed by Europe followed by US (USD 35bn) and POLYCAB is confident of growing ahead of domestic.

Expanding EHV and new platforms: EHV cables currently contribute 5-10% of industry size, with POLYCAB expecting the market to double from Rs 35bn to Rs ~70bn in coming years. POLYCAB has tied up with Brooks Cable for up to 550KV cables, and its own EHV manufacturing is expected to start by end of FY27E. KEI and Universal currently dominate the EHV market with ~60% share. Additionally, BharatNet has an OB of ~Rs 80bn, where POLYCAB expects margins in line with existing business (12-14%). The company has also started supplying EV charging cables and is present in OFC, where pricing pressure seems to have bottomed out.

Margin guidance and utilization: Wires have delivered double-digit volume growth for the last two years, while cables continue to outpace wires, leading to a present mix of ~70-75% cables and ~25-30% wires vs 60:40 four years back. Capacity utilization last year was in the mid-70s. For FY26, margins are expected to be better than last year in 1HFY26, with full-year guidance maintained at 12-14%, and longer-term at 11-13%.

FMEG scaling with broader portfolio strength: FMEG biz has shown healthy momentum, tracking about 2x last year's growth over the last 5-6 quarters. While the fan biz remained muted, other categories like switches, conduits, and switchgears are performing well. Demand for FMEG typically follows wires demand with a lag of 6-12 months, hence sustained wires growth should support fans and lights going forward. Solar continues to be the largest contributor, with high single-digit EBITDA margins, while switchgears enjoy double-digit EBITDA margins and gross margins of 45%+. The R&D team is being continuously strengthened to drive product development in FMEG.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	2,24,083	29,602	20,200	134.3	43.8	9.0	29.3	22.4	26.6	13.2
FY26E	2,65,204	35,263	24,153	160.6	36.7	7.6	24.5	22.5	26.1	13.3
FY27E	3,11,034	42,308	28,991	192.7	30.5	6.4	20.2	22.7	25.4	13.6
FY28E	3,60,801	49,689	34,241	227.6	25.9	5.4	16.9	22.6	25.5	13.8

Source: Company, Equirus Securities

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Westlife Foodworld Limited

Balancing structural fixes with long-term growth

We hosted the management of WESTLIFE and following were the KTAs:

Innovation in Product Portfolio: WESTLIFE highlighted its collaboration with CLTRI, to co-develop a nutritious soy-pea-based vegetarian protein. The product is vegan-friendly, offers a cheesy flavor, and has been designed after extensive trials to deliver the right texture and bite. This move aligns with WESTLIFE's focus on mindful indulgence and strengthening its health-conscious offerings, while also differentiating its proposition in the QSR market.

SSSG trends and demand environment: SSSG trends were soft in the first month of the quarter but improved in the second, with management expecting progressive recovery every quarter to reach mid-to-high single-digit levels by year-end. Government's support and benign inflation are aiding consumption, though eating-out frequency has not materially improved. Demand stability has been visible over the past 6–9 months with some green shoots at a city level.

Regional performance and South market focus: Geographically, West India continues to perform well as a more mature market, with North India also seeing stable performance. South India remains a drag on consolidated performance. WESTLIFE has created a dedicated regional team and appointed a CBO based in the South. The aim is to structurally fix challenges through sharper GTM approaches, local consumer insights, and propositions like bundling rather than regional menu customizations. WESTLIFE reiterated its ambition to eventually become a market leader in South, where KFC currently dominates, and is investing disproportionately to achieve.

Omni-channel strategy and store expansion: Westlife remains focused on building an omni-channel brand across dining, delivery, and drive-thru formats. McCafe penetration has already reached ~99% of stores, supporting higher-margin mix. Delivery penetration stands at 16-18%, still below levels seen in global peers like China and Brazil. Real estate remains a key strategic lever, with the company entering long-term (25+ year) deals to mitigate rental inflation and building stores for future demand. Management reiterated its plan to add 45-50 stores annually, targeting 580-630 restaurants by CY27, with store-level ROCE consistently above 30% from last 2-3 years.

Margins and long-term outlook: Despite softer volumes, WESTLIFE has managed to protect margins through cost optimization initiatives, with further benefits expected in the 2H. Management clarified that upcoming GST rate changes are more likely to aid margin expansion rather than drive frequency gains. *Reinforcing its CY27 guidance, WESTLIFE reiterated confidence in the momentum-driven nature of the QSR business and its ability to deliver improved SSSG and margins in the long term.*

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	24,912	3,198	121	0.8	996.9	20.1	41.3	1.9	5.4	12.8
FY26E	27,453	4,105	636	4.1	190.5	18.5	32.5	10.1	6.8	15.0
FY27E	31,697	5,573	1,554	10.0	77.9	15.7	23.9	21.8	6.9	17.6
FY28E	36,493	6,847	2,391	15.3	50.6	12.7	19.3	27.7	6.8	18.8

Source: Company, Equirus Securities

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Vinyas Innovative Technologies Ltd (Not Rated)

Eyeing big

We hosted management of Vinyas Innovative Technologies (represented by Mr. Sumukh Narendra, ED & WTD) – a 24-year-old EMS player specialising in high-mix, low-to-medium volume, and high-complexity PCB assemblies and system manufacturing. Operating from a 1.5 lakh sq. ft facility, the company runs five SMT lines – two Class 3 for safety-critical applications and three Class 2 for industrial and medical devices. Two additional SMT lines are planned within 12 months to expand defense and aerospace capacity. Key takeaways:

- **Segment focus & revenue mix:** Vinyas serves Defense & Aerospace, Industrial Electronics, and medical segments. Defense historically contributed 75-80% of revenue, Industrial 20%, and Medical/others the rest. The current Rs 13bn order book is 95% defense. Management plans to cap defense at 60% and grow other segments to 35-40% of total revenues.
- **Capacity expansion & capex:** Defense operations run at ~50% capacity, supporting Rs 11bn-12bn revenue. A planned Rs 0.3bn capex will add two SMT lines by early FY27, doubling capacity and enabling Rs 21bn-24bn potential revenue, with each line generating Rs 5.5bn-6bn.
- **Product mix & margins:** The company is shifting from PCBA (70% of defense revenue) to box builds (30%), targeting 45-50% box build contribution in 2-3 years. This should improve gross margins by 2-3 percentage points (capping ~27%). Current PCBA margins average 18-20%; EBITDA is 9-11%, expected to rise to 14% by FY30.
- **Certifications & entry barriers:** Vinyas holds AS9100 and NADCAP certifications. AS9100 enabled 14-month box build qualification, while NADCAP, received four months ago, cuts this to 4-4.5 months and facilitates global defense, aerospace, medical, and industrial manufacturing.
- **Financials & working capital:** Management targets 35-40% annual revenue growth, aiming for Rs 20bn by FY30. Receivables, stretched to 200-220 days last year due to supply chain issues, are expected to normalise to 150-165 days. Working capital is supported by 15-30% PSU advances and Rs 2bn of unutilised non-fund limits. A recent Rs 1.5bn fundraise was primarily for working capital, while borrowing costs improved to ~9% from over 11%.
- **Order book & strategic programs:** The Rs 13bn order book is defense-heavy, including radars and thermal imaging systems. Key programs include a large radar contract with a US company (Rs 6bn-7bn yearly by FY27) and emergency procurement orders (~Rs 2bn, with an additional Rs 6bn expected).
- **Diversification & new markets:** Vinyas is expanding into commercial aerospace and medical devices. NADCAP certification enabled orders from SAAB and approvals from Crane Aerospace, Collins, Moog, and Bombardier. Medical manufacturing for Fresenius Kabi is projected to grow from Rs 0.4bn-0.5bn this year to Rs 2bn by FY28.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22	2,077	163	10	0.0	–	–	–	3.2	25.2	5.8
FY23	2,345	206	73	19.6	–	–	–	19.1	34.5	8.6
FY24	3,172	334	153	12.2	–	–	–	15.2	22.3	10.5
FY25	3,966	404	194	15.4	79.1	10.4	36.6	14.1	24.3	10.2

Source: Company, Equirus Securities

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Virtuoso Optoelectronics Ltd (Not Rated)

Growth levers visible through product & customer diversification

We hosted management of Virtuoso Optoelectronics (VOEPL, represented by Mr. Sajid Sheikh, CFO) – an EMS player that began operations in FY16 in Nashik, Maharashtra. It operates eight plants in Nashik and is adding a ninth, set to go live in FY26. VOEPL also runs smaller component units in Chennai and Sanand. Key takeaways from our interaction:

- **Strategic expansion & capacity building:** VOEPL entered RAC manufacturing in 2019 through a partnership with Voltas, starting with indoor and outdoor units (IDUs and ODUs). Capacity stands at 0.8mn IDUs and 0.4mn ODUs annually, with plans to scale to 1mn full sets (IDU+ODU) by Jan-Feb FY26 season. Beyond ACs, VOEPL has entered commercial refrigeration with water dispensers (Chroma, VJ Sales, Blue Star) and deep freezers (capacity: 0.15mn units, targeted to rise to 0.4mn in 18 months).
- **Compressor business as growth engine:** Commercial production of reciprocating compressors (for all cooling products except ACs) is planned by Dec'25, with 2.8mn-unit initial capacity. A technology tie-up with Huawei enables a three-phase value-add strategy: 10-15%, 20-30%, and 40-50%. Indigenisation of 40-45% at this scale requires Rs 1.75bn, of which Rs 0.45bn is spent and Rs 0.45-0.5bn will be invested by FY26-end. VOEPL plans to double capacity to 5.6mn units in FY27, requiring Rs 2.5bn-4.5bn depending on backward integration. It is targeting Rs 8bn in compressor revenues within three years, with margins expected at 6-7% initially and gradually rising to 9-10%.
- **Diversification & new segments:** VOEPL is entering semi-automatic washing machines (0.25mn-unit capacity) and high-end refrigerators for select clients, targeting Rs 0.15bn-0.20bn revenue in FY26. The EMS division, currently at Rs 0.4bn revenue, is expected to triple to Rs 1.2bn over the next two years, driven by PLC motors, inverter controller boards, and EV chargers.
- **Financial outlook & profitability:** VOEPL targets sales of Rs 15bn-20bn by FY28, with RACs alone scaling to ~Rs 10bn in 2-2.5 years (~15% CAGR). Operating margins are guided at ~9% with ± 50 bps variation. Deep freezers are likely to add ~Rs 1bn in FY26.
- **Customer strategy & market dynamics:** Voltas contributes ~65% of revenue, which VOEPL aims to reduce to ~35% in three years by diversifying and adding at least two tier-2 AC clients in FY26.
- **Working capital & funding:** Net working capital averages 65-70 days, with longer cycles in RACs (75-90 days) vs. deep freezers (60-75 days) and compressors (45-50 days). Bills are discounted at 8.5%. State incentives of Rs 3bn-3.5bn have been approved over 8-10 years. Gross block is projected at Rs 2.75bn in FY26, reaching Rs 3.8bn-4bn in FY27.
- **Localisation & competitive edge:** Localisation is ~85% for ODUs and 50-55% for IDUs, with plans to bring controller boards in-house, taking IDU localisation to 65-70% and supporting margin gains. With this, post-tax ROE is estimated at 17-18% and RoIC at 25-26%.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22	2,002	199	39	3.0	55.3	2.1	121.7	18.5	15.7	10.0
FY23	3,373	343	77	3.4	43.6	21.3	72.1	8.3	12.9	10.1
FY24	5,311	526	101	4.4	80.1	4.3	18.2	5.4	9.0	10.0
FY25	6,970	570	140	6.1	60.0	4.5	17.0	6.0	10.0	8.0

Source: Company, Equirus Securities

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Alkem Laboratories Ltd.

Eyeing strong growth with strengthening margins

We hosted the management of Alkem Laboratories Ltd and KTAs were:

India Business & Growth Outlook

- Alkem mentioned during the COVID period, channels had seen sharp increase in volumes (8.7% in FY21), which even resulted in higher inventories in some of the therapies within acute.
- Soft acute season over the last two years along with higher inventories resulted in soft domestic growth.
- Alkem is eyeing strong growth in the domestic biz and they have guided for 100-150bps outperformance vis-à-vis IPM.
- In therapy mix its chronic share stands at 17%, which organically will move to ~20-22% in 2-3 years. Additionally, it is looking for inorganic opportunities to expedite it.
- MR productivity improvement under focus currently it is at Rs. 0.5mn which it is looking to improve to Rs. 0.7-0.75mn over ensuing years.
- Company has leveraged "Day-1 launches" strategy effectively in the past 2-3 years (e.g. Sitagliptin, GLP-1, Empagliflozin in India) and looking to strengthen it further. It remains positive on GLP-1 and stated it is well prepared for the launch with own fill and finish lines.

US biz 1Q a new base for ensuing period and other Global biz

- 1QFY26 US revenues can be considered as a new base for the US biz and expected to see up move with new launches.
- Alkem will continue to file 8-10 ANDAs each year. Focus is on quality of filing rather than quantity of filings.
- FY26 pipeline muted (no major launches) but 6-7 new launches anticipated in FY27.
- Chile Business: Moving away from lumpy, volatile tender model — gradual shift toward branded, sustainable franchise.

US New businesses and initiatives

- Under Enzene, its domestic Biosimilar portfolio has scaled to Rs 3bn in revenues with 7 launched products.
- For CMO it has invested Rs. 6bn in capex for 500L capacity. Revenue potential for the facility would be 1.1x-1.2x.
- Continuous manufacturing technology patented → cost advantage (\$75/gm vs \$120/gm in fed batch).
- Positioned as end-to-end partner in biologics R&D for innovator molecules (both human and animal). Currently supports clinical trials stage in US.

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/B (x)
FY25A	1,29,645	25,122	22,160	184.7	998.7	29.4	5.4
FY26A	1,43,007	31,007	25,213	210.1	1,124.8	25.8	4.8
FY27A	1,57,308	35,278	25,082	209.0	1,250.2	26.0	4.3
FY28A	1,78,911	42,640	31,009	258.4	1,405.3	21.0	3.9

Source: Company, Equirus Securities

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Krishna Institute of medical sciences Ltd

New bed addition to drive growth

Maharashtra Cluster (Thane, Nashik, Mumbai, Nagpur)

- Revenue Outlook: Maharashtra expected to contribute 20–25% of revenues in 24–36 months.
- Thane Hospital is spread over 1.5-acre land and constructed for 1 lakh sq. ft. with 250–300 beds.
- In competitive position, its pricing is comparable with Jupiter Hospital and in terms of clinical talent it is in par.
- Mumbai Suburbs has huge demand, but land comes with litigation risk. Therefore due diligence ongoing for acquiring new land.

General metrics for a new hospital

- Ramp-up metrics: EBITDA breakeven at 35–40% occupancy, EBITDAM ~20% at 55–60% occupancy.
- Target: 25% ROIC in 3 years.
- Doctor ecosystem challenge: Culture of standalone doctor-run hospitals makes adoption of multi-specialty model slower.
- EBITDA Impact: Initial erosion expected in FY27 – 10–20 Cr per hospital in first 2–3 quarters; stabilization from year 2 onwards.
- Occupancy Lever: After 60% occupancy, 50% of incremental revenue directly flows to EBITDA.
-

Bangalore Cluster (Marathahalli, Electronic City, Sarjapur)

- Cluster Revenue potential expected 20–25% of revenues over two years-three years.
- Sarjapur Greenfield: 300-bed hospital, strategically located in growth corridor, away from incumbent players (virgin marketing zone).
- Bangalore has ~25% population from Andhra Pradesh, where its brand equity is already strong.

Telangana Cluster (Hyderabad Region)

- New Hospitals: Begumpet and Gachibowli operational, Hi-tech City covered.
- Pipeline: 1–2 more hospitals possible in Hyderabad.
- Kondapur IRR stands at ~30%.

Financial & Operational Metrics

- FY25–26 to be weight down by Nashik, Konur, Kollam in margin terms
- Q2 onwards positive EBITDA from Kollam and Nashik.
- By FY27: Only new Bangalore hospitals to erode EBITDA in first year; all others positive.

Source: Company, Equirus Securities

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/B (x)	ROE (%)	ROA (%)
FY25A	30,350	7,827	4,037	9.6	53.4	76.7	13.8	18.8	7.8
FY26A	33,874	7,554	2,831	6.6	60.0	112.0	12.3	11.6	4.4
FY27A	44,197	12,839	6,504	15.8	75.8	46.6	9.7	23.3	9.8
FY28A	61,545	22,428	13,660	33.7	109.5	21.9	6.7	36.4	18.0

Source: Company, Equirus Securities

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Lupin Ltd

FY26 to be strong; new initiatives losses to moderate

We hosted the management of Lupin Ltd and KTAs were:

Tariff unviable for generics; Localisation minimal

- Ongoing industry debate around tariffs on generics; company submitted that generics are not the right target as significant pass-through would occur.
- Indian generics account for ~55% market share in the US — scale makes it challenging to shift.
- US cost base is 4–5x higher than India (labour, utilities, capital). OSD (oral solid dosage) not viable — only select complex injectables can be considered for localization.
- New US tariffs dispatch date: 27th Aug, so goods entering till 20th September shall not be impacted by new tariff rates.
- Manufacturing: Two facilities in Somerset (US) with additional capacity expansion underway. Targeting high-value product sourcing there. Current revenue contribution US\$ 70–80mn.

US biz outlook

- Pricing Environment has been stable in the US at low single-digit price erosion.
- Lupin maintained its US\$ 1bn full-year US revenue guidance. It can exceed it based on timing of new competition in Tolvaptan and Mirabegron
- Streak of complex launches continues. It has introduced i.e. Liraglutide and Glucagon.
- Its pipeline remains healthy with 2–4 respiratory, additional injectables expected to contribute in 2H and biosimilars from the next year.

Investment towards specialty

- Strategy to pivot away from acute and instead focus on chronic specialty-driven portfolio.
- It is keen to acquire new specialty assets in Respiratory, Ophthalmology, Orphan Diseases.
- They are ready to spend US\$ 300-500 towards specialty assets, however, the asset must be in phase-2 or above for the consideration as it lowers their risk profile.

India Business

- In-licensed portfolio has come down from 15% to 6.5% (impact of LOEs). This has led to gross margin improvement.
- Still committed to in-licensing “top of the mind”/state-of-art products for differentiation.
- It is looking to maintain outperformance vis-à-vis IPM with target to grow 1.2–1.3x of IPM market.
- OTC Business demerged into new entity in FY25. It is currently Rs. 1.5bn–2.0bn in revenues. It is evaluating strategic investments in the new entities.
- PCPM moderated as the company expanded field force by 30–35%.

Margins hit by new initiatives

- New set of businesses has drag of ~200–250 bps at operating level, target to turn profitable with ~100–150 bps impact in near-term.

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/B (x)	ROE (%)	ROA (%)
FY25A	2,27,074	32,328	33,063	72.1	378.1	27.4	5.2	20.8	12.3
FY26A	2,52,985	71,247	48,796	107.0	458.4	18.4	4.3	25.6	16.1
FY27A	2,59,392	67,339	43,696	95.8	530.2	20.6	3.7	19.4	13.1
FY28A	2,86,362	69,054	45,799	100.4	605.6	19.7	3.3	17.7	12.4

Source: Company, Equirus Securities

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Sun pharmaceutical industries Ltd

FY26 investment year; Specialty to continue strong trajectory

US Tariffs outlook and impact

- Currently, pharma (like semiconductors) remains **exempt from new US tariffs**.
- **Generics** account for **90% of US prescription volumes but only 5% of value**. Price of generics can see sharp increase in case of any intervention/
- Risk of **shortages** exists given low margins & limited capacities.
- Dynamics suggest possible **exit of some players** from US generics.
- No new **greenfield investments planned**; company already has **three US facilities**.
- **CB-30 site transfer is used when a facility is designed as a "mirror facility"**. Facilities have specialized equipment based on requirement for product. Hence, CB-30 can't be used.
- Facilities not mirroring will be filed under **PAS (prior approval supplement)**, which is relatively long and costly.
- Only **select, critical products** will be manufactured in the US.

Specialty momentum to continue

- For new launches in specialty segment, it has maintained its additional cost guidance of US\$ 100mn for FY26. While in 1Q it was not meaningful, in residual quarters it will be equally spread.
- **Leqselvi** performance has been better than anticipate. Issue related to cosmeceutical perception is not seen. Prior-auth hurdles & insurance resistance is not seen.
- **Psoriatic Arthritis**: Filing planned by **year-end**; approval likely **next year**. Market expansion potential as ~30% additional patient pool to be tapped via both dermatologists and rheumatologists.
- **Unloxcyt's new label** efficacy data update is awaited.

Regulatory Updates

- **Halol** received USFDA 8 observations following re-inspection. It has already submitted its response.
- For **Dadra & Mohali work is still going on and they are yet** to invite the USFDA for re-inspection.
- Some US generic products have already lost on opportunity as **competitors entered early**.

R&D towards

- **Generics R&D** accounts for **50–60% of company's total R&D spend**.
- Pipeline diversification towards **specialty assets** and **biologics**.

Financial Summary

YE Mar Rs mn	Revenue	EBITDA	PAT	EPS (Rs)	BPS (Rs)	P/E (x)	P/B (x)	ROE (%)	ROA (%)
FY25A	5,25,784	1,50,862	1,16,580	45.6	301.0	36.0	5.5	17.1	13.1
FY26A	5,70,485	1,55,665	1,15,571	43.4	329.2	37.8	5.0	14.9	11.7
FY27A	6,39,098	1,86,952	1,33,478	54.0	364.3	30.4	4.5	15.6	12.4
FY28A	7,11,505	2,20,445	1,61,955	65.8	407.1	24.9	4.0	17.1	13.8

Source: Company, Equirus Securities

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The Anup Engineering Ltd

Balancing domestic strength and global opportunities

- **Overview:** The Anup Engineering (ANUP), demerged from Arvind Ltd in 2018, manufactures heat exchangers, reactors, pressure vessels, columns, centrifuges, and formed components. It shifted from small components to full-fledged heavy engineering about 10-12 years ago under then-CEO Rishi Roop Kapoor (ex-Godrej & Boyce).
- **Market size & peers:** ANUP makes static process equipment, focusing on tier 1 high-end proprietary and tier 2 critical products, while avoiding tier 3 low-end sub-critical products. Global industrial capex is ~US\$ 100bn annually, with 7-8% (US\$ 7bn-8bn) for static equipment. Management pegs ANUP's addressable market globally at 2-2.5% (Rs 200bn-250bn). Competitors include Godrej & Boyce, L&T, ISGEC and smaller niche players.
- **Manufacturing & capacity:** ANUP has three plants at Ahmedabad, Kheda, and Chennai (Mabel Engineering). Mabel, acquired for Rs 330mn, is expected to deliver Rs 330mn EBITDA in FY26 (1x EV/EBITDA). Capacity has risen 3x since COVID and is set to double again to 6x pre-COVID levels. With industry utilisation at 80-90%, ANUP is fully booked, having grown market share from 5% to 10% in five years and targeting 12-13% in next 3-5 years. Execution cycles run 6-12 months.
- **Growth & strategy:** ANUP has grown 25-30% p.a. over the past 3-5 years under CEO Reginaldo Dsouza. Order mix has shifted from 80-90% domestic to 65% exports in FY25, set to normalise at 50-55%. This diversification reduces cyclicality, aiding growth despite weak domestic demand. ANUP sees the current portfolio sustaining 20-25% annual growth for 3-5 years.
- **Mabel Engineering:** Boosts ANUP's South India presence and larger-order execution. Revenues were Rs 500mn in FY25, projected at Rs 0.9-1bn/Rs 2bn in FY26/FY27, with EBITDA margins at 15%/17-18%. With expansion, Mabel could scale to Rs 4bn revenue at 17-18% margins.
- **Exports & OB:** Exports drove 65% of FY25 revenue, likely to stabilise at 50-55%. Export orders are largely FOB, with 50-60% advance, 30-40% on delivery, and 10% on quality check. ANUP competes with Godrej & Boyce and ISGEC, citing faster execution. Enquiry pipeline rose to Rs 11bn in Jun'25 from Rs 8bn in Apr'25, led by domestic demand.
- **US market,** historically 10-15% of revenue, faces near-term tariff uncertainty. Orders are delayed, not cancelled. The Graham Corp tie-up (1QFY26) is stalled but intact long term. FY26 growth guidance is cut to 20% from 25%, with potential US orders of Rs 500-600mn, excluding Rs 80mn-100mn hit by tariffs. The first 25% duty was manageable; another 25% would erode margins.
- **Industry landscape:** China leads globally, followed by India and South Korea. Domestic competition has risen, with bidders for large orders up from 4-5 to 8-9. Govt. projects are L1-driven with pricing pressure, but negotiated bids see limited strain. Pricing is stable.
- **New growth areas, R&D:** ANUP is expanding into hydrogen and air-cooled heat exchangers. In green hydrogen, it participates in generation (electrolysers) and transport/storage; in blue hydrogen, it supplies exchangers, vessels, and columns. Air-cooled exchangers will be commercialised from 2QFY26, with first revenue in 1QFY27 and potential Rs 3bn-4bn in two years. In-house testing capability now covers 35 tests, improving execution and customer reach.
- **Guidance:** FY26 – Revenue growth 15-20%, EBITDA margins 21-22%, exports 50-55% vs. 65% in FY25. Incremental growth would led by the domestic market. US order uncertainty of Rs 1bn is excluded from guidance.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	2,882	709	629	31.8	NA	NA	NA	17.2	17.4	24.6
FY23A	4,113	839	514	26.0	NA	NA	NA	12.4	16.7	20.4
FY24A	5,504	1,283	1,035	52.0	NA	NA	NA	21.7	23.5	23.3
FY25A	7,328	1,652	1,183	59.2	35.0	6.6	24.0	22.6	26.7	22.5

Source: Company, Equirus Securities

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DEE Development Engineers Ltd

Ready to ride the power sector upswing

CMP
Rs 278

We have hosted management of DEE Development Engineers Ltd and KTAs are:

- **Revenues:** Revenue from operations grew 21% YoY to Rs 2.2bn in 1QFY26 from Rs 1.9bn in 1QFY25. The Piping division reported 30.4% YoY growth, contributing 86.9% of total revenue. Management indicated that performance generally improves sequentially through the year, with 4Q being the strongest, followed by 3Q, then 2Q, and 1Q being the weakest.
- **1QFY26 Geography Split:** India contributed 64% of revenues, while 36% came from international markets, across Canada, Thailand, USA, Switzerland, Italy, Malaysia etc.
- **OB & Order pipeline:** Order book stands at ~Rs 12.5bn as of Jul'25, with an order pipeline of ~Rs 20.0bn for FY26. Management expects to maintain an order book of Rs 12–15bn in the short to medium term. In power, most orders are from thermal. The only constraint is execution capacity, not inflows.
- The key domestic competitor is L&T. Major global competitors include Cintas Piping (Turkey), Shinwa Sangyo (Korea), and others from Italy.
- **Manufacturing Facilities:** The company operates seven strategically located manufacturing facilities: three in Palwal (Haryana) and one each in Anjar (Gujarat), Barmer (Rajasthan), Numaligarh (Assam), and Bangkok (Thailand). In Jan'2025, the company further expanded capacity with the commissioning of its New Anjar Facility II, adding 9,000 MTPA. 50% of the facility is operational, rest will start by Aug`2025-end.
- The company's strength lies in its robust infrastructure and deep technical expertise. It operates best-in-class welding equipment on par with industry leaders like BHEL and L&T. For heat treatment, highly specialized furnaces are deployed to ensure precise control over heating rate and temperature maintenance, processes that demand meticulous attention to detail.
- The company has initiated legal action against the downward revision of tariffs for two biomass projects. Hearings are completed and the Commission's order is expected by end-August/early September. Management is highly hopeful of a favourable outcome.
- **Guidance:** The company expects revenue to rise ~55% in FY26 to Rs13.0bn. EBITDA margin is guided at ~18–20% versus 15% in FY25, supported by operating leverage. Management targets topline of Rs25.0bn over the next five years, implying a ~25% CAGR. Depreciation for FY25 is estimated at ~Rs600mn. Net debt is projected at Rs5.5–6.0bn, with a potential addition of Rs750mn. No further expansion is planned beyond ongoing projects. At maximum utilization, the Anjar unit can generate Rs 8–10bn in revenue, while the Palwal facility can generate Rs 13–15bn. Overall, total capacity can support revenue of Rs 25–30bn.
- **Growth Outlook:** The company is witnessing strong traction in the power sector, with active participation in multiple tenders. It has secured L1 status in a key bid for a critical scope of work and is in the process of submitting additional bids to leading thermal power players. Alongside robust demand from the Oil & Gas segment, this positions the company favourably for sustained growth.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	4,609	646	82	7.7	36.0	0.7	33.8	1.9	2.5	14.0
FY23A	5,955	692	130	12.2	22.7	0.7	32.5	3.1	2.7	11.6
FY24A	7,888	1,025	262	4.9	56.3	3.3	22.9	6.0	5.1	13.0
FY25A	8,274	1,238	436	6.3	44.0	2.4	18.6	7.0	5.6	15.0

Source: Company, Equirus Securities

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Harsha Engineers International Ltd

CMP
Rs 413

Cautiously Optimistic

We have hosted management of Harsha Engineers International and KTAs are:

- The India Engineering business (HEIL + HEAL) reported ~5% YoY revenue growth and ~6.5% YoY growth in adjusted EBITDA in Q1FY26. Sequentially, performance was broadly flat compared with Q4FY25, as Q4 is typically the strongest quarter.
- **HEAL's Greenfield Bhayla Plant Phase-1** was commissioned on 26 June 2025. The plant has not yet scaled up, resulting in negative EBITDA and PAT due to fixed overheads, interest, and depreciation charges.
- **Business Update:** Harsha Romania reported strong 1QFY26 revenue growth, indicating a revival in industrial demand in Europe. Harsha China maintained its top-line growth. At the consolidated level, foreign subsidiaries recorded a combined loss due to continued negative EBITDA in Romania, while China showed bottom-line growth.
- **International Market:** Growth in Europe is attributed to industrial demand, while wind market demand has yet to show improvement. Nonetheless, the trend provides a positive outlook for the region.
- **Market Share:** The company holds ~6.5% of the global organized market for bearing brass, steel, and polyamide cages, and ~60% of the domestic market.
- **Global bearing companies** have steadily increased outsourcing of bearing cage manufacturing. Due to production complexity, customers prefer reliable vendors for long-term engagement to ensure consistent quality.
- **USA market and Tariffs:** In the U.S., demand is softening, representing ~10% of overall volume. While no significant long-term sourcing decisions have been made by customers, management is closely monitoring the evolving trade situation. They acknowledged that persistent trade barriers could impact future orders and are actively assessing new information to anticipate potential effects on operations.
- **Capex:** For FY27, India Engineering will continue incremental capex at the Bhayla site for new line setups, primarily to meet stamping and large-size bearing cage requirements. Additional capex will address bottleneck machines across both Indian plants. Management indicated that over 2.5–3 years, total capex at these sites is expected to be ~Rs 300bn, of which ~Rs 200bn has already been invested. Approximately Rs 100bn is anticipated over the next 1.5 years.
- **Sector Performance:** While some softening is observed in the automotive segment, overall domestic demand remains positive. The company expects growth to rebound in Q4, supported by automotive demand around Diwali and other seasonal factors, maintaining a healthy domestic growth trajectory.
- **Outlook:** Management noted that revenue from the new major sourcing contract for cages in India, initially expected in H2FY26, may be deferred to the next financial year as inventory is being built with the customer. Despite this, H2FY26 sales are expected to be stronger than H1 due to other favorable factors. Harsha Romania showed strong Q1FY26 top-line growth, although the sales mix remains unfavorable for cages. Management is engaging key and prospective customers to increase cage and semi-finished casting sales, with positive indications for the coming quarters,

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	14,077	1,749	1,170	12.8	32.1	3.0	20.8	9.6	9.5	12.4
FY26E	15,359	2,225	1,450	15.9	25.9	2.7	16.5	11.0	11.2	14.5
FY27E	17,029	2,530	1,657	18.2	22.7	2.4	14.3	11.3	11.6	14.9
FY28E	19,149	2,963	1,978	21.7	19.0	2.2	12.0	12.1	12.9	15.5

Source: Company, Equirus Securities

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IndiGrid Infrastructure Trust

Stable yields and strategic asset diversification

CMP
Rs 159

We have hosted management of IndiGrid Infrastructure Trust and KTAs are:

- **Overview:** IndiGrid was established in 2016 and publicly listed in 2017 as one of the first entrants in the space of InvITs. It pools capital from unit holders, which include institutional investors (largely international, with a smaller domestic share) and ~28% retail investors. As per its trust deed, investments are restricted to power sector infrastructure assets.
- **Major Investments:** IndiGrid, initially focused on transmission assets, has diversified into renewable energy and storage. In 2021, it entered solar through a 100MW DC acquisition from FRV, followed by 455MW from Viridescent Renewable Energy Trust. More recently, it acquired two 300MW projects from ReNew (2024 and 2025). Its solar portfolio now stands at ~1.15GW AC (~1.5GW DC).
- **Q1FY26** revenue was flat YoY as a one-off generator issue in a solar asset, now resolved, temporarily reduced solar revenue. EBITDA declined 8.2% YoY due to lower solar revenue from breakdown and irradiation impact, along with provisioning for Investment Manager fees on recent acquisitions. AUM stood at Rs324bn with Net Debt/AUM at ~61.2%. Collections in the quarter were 93% for transmission assets and 111% for solar assets
- **Investment Strategy:** Portfolio composition remains anchored in transmission (~78%), in line with management's covenant that renewables will not exceed 25%. Growth priorities are (1) acquiring operational transmission assets, (2) acquiring operational solar assets, and (3) selective under-construction exposure via its platform, Energrid. Wind remains excluded due to complexity and lack of scale benefits, while hydro may be considered if opportunities are meaningful.
- **Energrid:** To address regulatory limits on under-construction exposure (10% of AUM), IndiGrid set up Energrid in partnership with British International Investment and Norfund. Energrid bids for under-construction transmission and battery storage projects, with a pre-decided acquisition value agreed at the time of bid. IndiGrid acquires the projects post-COD (or COD+1 year, if required), while construction risk is shared equally among the three partners, limiting IndiGrid's equity exposure to one-third.
- **Energrid Storage Orders:** Energrid recently won two battery storage projects in Uttar Pradesh, including a 187.5MW/750MWh project with a four-hour cycle, awarded by SJVN. Details of the second project, awarded by NVVN, are pending.
- **Under-construction Assets:** Management highlighted that the under-construction portfolio is ~Rs 60bn, phased over time, against a total AUM of Rs 300bn. Given the smaller portfolio, planning has ensured timely supply tie-ups with OEMs for transformers and other components, minimizing delays. EPC partners include KEC and Techno, with Techno also holding equity in some projects (e.g., IPTL and DPTL).
- **Historical Return:** IndiGrid distributes 90% of its NDCF (post-tax) to unit holders, with payouts made quarterly though regulations mandate at least semi-annual distribution. Since listing, it has delivered Rs105–106 per unit in cumulative DPU over 33 quarters, with 3–5% annual growth. For FY25, it exceeded guidance of Rs15.0 by delivering Rs15.35 per unit.
- **Growth & strategy:** Given market opportunities, additional funding is likely if required. Energrid focuses on transmission and battery energy storage (BESS), both of which qualify under the 75% transmission mandate since BESS is categorized as part of transmission/distribution under CERC guidelines.
- **Guidance:** DPU guidance for FY26 stands at Rs16.0. Total returns since listing have been ~12–13%, including both distributions and capital appreciation.

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Kalpataru Projects International Ltd

Capitalizing on infrastructure and energy sector momentum

CMP
Rs 1,278

We have hosted management of Kalpataru Projects International Ltd and KTAs are:

- **1QFY26:** Consolidated revenue rose 35% YoY to Rs 61.7bn, driven by strong growth in T&D, B&F, and Oil & Gas. EBITDA increased 39% YoY to Rs 5.3bn, with margin up 20bps to 8.5%. PBT grew 112% YoY to Rs2.9bn, with margin up 170bps to 4.7%. Profitability improved on account of robust execution, strong demand, and better operating leverage in core businesses.
- **OB:** Order book stood at Rs 654.8bn as of 30 June 2025, providing visibility for future growth. YTD FY26 order inflows were Rs 99.0bn, led by B&F and T&D. The company secured its largest-ever B&F order of over Rs 25.0bn and strengthened its T&D presence in the Middle East.
- **Segmental Performance:** T&D growth was driven by execution and strong backlog in India and overseas. B&F remained resilient despite labour constraints, supported by large design-build orders. Oil & Gas grew on Saudi project progress and backlog. Railways focused on project completion and prudent bidding, while Urban Infra grew on metro rail execution.
- **Domestic vs International:** As of June 2026, 60% of the order book was domestic and 40% international. Last year, domestic was the main driver, while this year international, particularly the Middle East and Latin America, is likely to be stronger. Domestic inflows may be stable to slightly lower on a high base
- **Fund Raising:** The company has initiated a strategic review of its overseas step-down subsidiary, Linjemontage i Grästorps AB (LMG) (Sweden). Options under evaluation include a potential IPO, subject to market conditions. Merchant bankers and other advisors have been appointed, and LMG has begun preparatory steps.
- **Sweden subsidiary,** with an order book of Rs 35.0bn, is seeing strong execution after order buildup last year. The subsidiary has recruited ~170 people and the growth is expected to continue. The business focuses on EPC, with tower sales forming a small part and no conductor manufacturing. Operations in Europe are concentrated in the Nordic region.
- **T&D projects:** Nomination T&D projects, typically of national or strategic importance and often in difficult terrain, carry higher margins due to the associated execution risk. As an EPC contractor, the company participates in such projects with similar risk exposure, contributing to higher profitability.
- **B&F:** The Building & Factories (B&F) division is increasingly executing large-size projects, typically Rs 5.0bn–Rs 10.0bn+, which offers better margins compared to smaller projects. Competition is limited to 5–6 major players, including L&T and Shapoorji. Execution timelines range 2–3 years, though the company has reduced schedules through efficient project management. Current order book in the segment is Rs170.0bn, contributing ~25% to the total.
- **Guidance:** Management guided for FY26 order inflows of Rs160–180bn. At this level, revenue would broadly match inflows, keeping the order book stable. Even with 23–25% growth this year, the company expects growth to continue over the next couple of years, supported by order book strength and execution track record.
- **Outlook:** B&F revenue is not expected to match T&D immediately, as resource mobilization takes time. Recent capex investments over the past three years are enabling ramp-up. The company is also targeting lower-resource segments, such as data centers and airports, to support growth

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	ROCE (%)	EBITDA Margin (%)
FY22A	1,47,774	12,524	3,501	36.3	35.2	4.3	6.4	7.9	13.9	8.5
FY23A	1,63,614	14,726	3,442	27.1	47.1	4.4	7.7	7.3	14.2	9.0
FY24A	1,96,264	18,122	5,159	31.4	40.7	4.3	11.2	10.1	16.2	9.2
FY25A	2,23,158	18,341	5,857	34.3	37.3	3.2	10.4	9.0	14.1	8.2

Source: Company, Equirus Securities

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KEC International Ltd

Strong T&D outlook, Civil & Railways soft

- **T&D** tender pipeline is of Rs 900bn incl. Rs 600bn from the international markets. It will get concluded in next 2-3 months. With OB+L1 of >Rs 260bn, KECI expects business to maintain strong momentum. **Share of T&D** is increasing in revenue mix from 59% in FY25 to 10-11% expected in FY26. FY25 T&D margins were 9.5%. It should improve to 10-11% in FY26E.
- **India T&D** secured repeat orders from a private developer. KECI strengthened its HVDC presence, executing 4 projects (3 lines, 1 converter). It's bidding for multiple domestic and international HVDC projects. STATCOM tenders are emerging, with orders expected from 2HFY26.
- There was a slowdown in the tender pipeline in 1Q. KECI has observed a greater success for private players in the TBCB route. Unlike PGCIL, where EPC partners are tied up pre-bid enabling faster awards, private players begin the process post-award, causing delays in actual order placement. Expect ordering to pick up in coming quarters.
- **Internationally**, outlook is positive for T&D, with strong momentum in the ME, esp. Saudi Arabia and UAE, driven by large transmission projects. KECI has secured major orders from Saudi Arabia, the primary market for HVDC opportunities. Two large HVDC lines are currently tendering there. In USA, discussions exist but KECI's role would be limited to supply only.
- **SAE**: KECI is witnessing strong traction in hardware compared to tower supply orders. Operational capabilities have been enhanced with new equipment at the Brazil facility, boosting capacity and efficiency. KECI do not supply to its competition.
- **US Tariffs**: The Mexico tower supply is a costly proposition because steel is sourced from the USA, which costs roughly twice as much as steel from India. Although steel imported from the USA is exempt from duty, clients require products to be *Made in America*. Consequently, towers manufactured in Mexico end up being around 40% more expensive than if they were produced locally in India.
- **Competitive Intensity**: Competition has increased slightly in the UAE but remains stable. It has reduced in Saudi Arabia, which is a key market for KECI with the highest L1 position. Earlier, there were 7-8 bidders per project; this has now come down to 3-4. Overall, competitive intensity in large projects has eased across geographies incl. India.
- **Transportation**: KAVACH execution in the country is progressing slowly due to limited manufacturing scale, though KECI expects more orders. It remains cautious, focusing on margins, working capital, and execution risks. Transportation segment posted -10% margins in FY25. KECI aims to fast-track project closures and sees a turnaround by FY27. In railway, 10% of OB is of legacy projects.
- **Water**: Although collections have started to improve, they remain below expectations. KECI continues to take a calibrated approach to execution. In water biz, exposure is only to Jal Jeevan projects (8-10% margins). KECI avoids only state funded projects. Outstanding receivables of Rs 8bn at present incl. billed and unbilled from Water projects. **Civil**: KECI is focusing on projects above Rs 5bn and pruning count for faster execution and better margins. Civil margins are ~6-7%. KECI expects it to improve further.
- **FY26 guidance**: (a) Orders at Rs 300bn. (b) Revenue growth of 15%. (c) EBITDAM at 8-8.5%. (d) Interest cost (percentage of sales) at 2.5%. (e) NWC at 110 days. (f) Capex at Rs 4bn.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	2,18,467	15,039	5,707	21.4	38.0	4.1	16.6	12.1	12.5	6.9
FY26E	2,47,727	20,423	9,689	36.4	22.4	3.5	12.2	16.8	15.4	8.2
FY27E	3,01,173	26,673	13,873	52.1	15.6	2.9	9.5	20.5	17.9	8.9
FY28E	3,54,772	32,605	17,690	66.5	12.3	2.5	7.8	21.8	19.1	9.2

Source: Company, Equirus Securities

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Commтел Networks Pvt Ltd.

Engineering Intelligence – Where Humanity Meets Digital Transformation

We have hosted the management of Commтел Networks Pvt Ltd. and KTAs are:

- **Business Overview & Value Proposition:** Pure-play integrator of Industrial Telecom, Security & Safety Systems (iTSS), serving oil & gas, power, and transport. Provides full-stack turnkey solutions – engineering, procurement, integration, commissioning – acting as the “nervous system” for infra projects.
- **Sector & Customer dependence:** 80% of revenues come from oil & gas, with balance from power and transportation (metro & freight corridors). Clients are typically EPCs or direct contracts with large PSUs. Entry barriers are high due to mission-critical, customized, long-lifecycle systems.
- **Scale & Financials:** FY24 revenue: Rs 5.1bn. Revenue mix is 55:45 international vs India, though lumpy project-based recognition causes quarterly volatility.
- **Market positioning:** Estimated 6–7% market share in India’s ISS market (US\$ 0.5bn annually, growing 8–10% CAGR). Competes against ABB, Honeywell, Siemens in certain segments, but differentiated by focus on integration-only model vs product & integration approach of peers.
- **Execution Capability:** Proven track record with large-scale projects (e.g., Kuwait refinery with integrated systems, 650 custom-built cabinets). 70% of 400 employees are engineers. In-house integration facility in UAE and subsidiaries in India, UAE, and US provide global delivery reach.
- **Working capital challenges:** WC remains the key bottleneck as ~40% of revenues are tied up in receivables/retentions due to EPC-linked payments. Business is project-based and lumpy, requiring strong balance sheet support (bank guarantees, upfront procurement).
- **Growth Drivers:** Tailwinds from Industry 4.0, digitalisation, pipeline telecom mandates, and safety regulations. Company expanding into recurring O&M/maintenance contracts.
- **Strategic Positioning:** Operates in a sweet spot between innovation and commodity – leverages proven, mature OEM technologies (Cisco, Tejas, Nokia) with in-house integration expertise. Avoids high-risk early tech bets and low-margin mainstream telecom, focusing instead on reliability, safety, and mission-critical infra.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY21A	2674	453	311	NA	NA	NA	NA	NA	NA	16.9
FY22A	2630	431	267	NA	NA	NA	NA	NA	NA	16.4
FY23A	3801	767	561	NA	NA	NA	NA	NA	NA	20.2
FY24A	5126	1081	753	NA	NA	NA	NA	NA	NA	21.1

Source: VCC Edge, Equirus Securities

Analyst

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Crizac Ltd

Leading education platform offering international student recruitment solutions

We have hosted the management of Crizac Ltd. and KTAs are:

- **Business Model & Role:** Crizac is a B2B platform connecting universities with small/mid-size counsellors & agents. Agents counsel students, Crizac manages university contracts, application processing, and commissions. Revenue comes from universities; ~70% of commission is passed to agents.
- **Value Proposition:** Crizac provides a single channel filtered pipeline, solving for fragmentation and access. Agents benefit from unbiased offerings (multiple universities on platform), while universities reduce operational burden. First mover with 15+ years of platform operations, creating a strong network effect.
- **Seasonality effects:** Business has strong quarterly seasonality: 1Q ~20%, 2Q ~10%, 3Q ~30%, 4Q ~40% of revenues. Heaviest inflows occur in November–March (commission recognition).
- **Revenue Recognition:** Admissions cycles vary by destination, ensuring year-round activity. Revenue booked upon university confirmation (~60 days post-admission); cash received within ~75 days. 4Q is largest revenue quarter due to September intake.
- **Commercials & Contracts:** Universities pay 10–15% commission on tuition fees, depending on program (UG higher % than PG). Contracts with universities typically last 3–5 years due to higher switching costs and agent quality is ML-scored based on application success.
- **Growth strategy:** Plans to expand to destination markets (USA, Canada and Australia) and source markets beyond India (Southeast Asia and Africa). UK is dominant as a destination market (>90% today), but management aims to reduce to <60% in 5 years. Crizac is also diversifying services with accommodation & education loans, aiming to be a one-stop student services platform and improve monetization per student.
- **M&A Strategy:** Acquired Raj Consultants to expand destination market to USA. Actively looking for a Rs 1bn-3bn acquisition that complements and adds value to the company. Organically, Crizac is expected to grow at 25% on yoy basis in next 3-5 years and any inorganic expansion would add on to the projected forecast.
- **Risks & Challenges:** Heavily exposed to geopolitical/visa policy shifts (e.g., US restrictions, UK tightening). Competitive intensity (IDP, SI-UK, KC Overseas) may pressure take-rates.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	2,635	885	678	3.9	NA	NA	NA	94.3	504.1	33.6
FY23A	4,730	1,073	1,121	6.4	NA	NA	NA	68.0	734.1	22.7
FY24A	6,349	1,466	1,928	11.0	NA	NA	NA	68.4	205.3	23.1
FY25A	8,495	2,128	1,529	8.7	NA	NA	NA	36.1	255.5	25.1

Source: Company, Equirus Securities

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Yatra Online Ltd

Leading corporate travel services provider and online travel company

We have hosted the management of Yatra Online Ltd. and KTAs are:

- **Shift from B2C to B2B:** Yatra has strategically pivoted towards corporate travel, building India's largest tech-enabled business travel management platform with ~1,100 large corporate clients. Currently, 65% of gross bookings are B2B vs 35% B2C, with the long-term mix expected at 75:25.
- **Growth Outlook:** FY25 gross transaction value (GTV): Rs 18bn (+10% yoy). Corporate growth to be 20%+, driven by: ~7–8% same customer growth, 2–3% pricing growth, 10% new customers, and 5% cross-sell growth. PAT guidance is at Rs 2bn in the next 5 years.
- **Unit Economics and Margins:** Enterprise EBITDA/gross margin ratio ~30%, vs low single digits in B2C; weighted average ratio leads to 21–22%. Take rates: Air (4.5% B2B vs 3% B2C), Hotels (7–8% B2B vs 3% B2C). Targeting 20% GM, 30% EBITDA growth, 40% PAT growth in FY26.
- **Hotels & MICE:** Hotel revenue rose from Rs 1.7bn to Rs 5bn despite flat room nights, due to shift from low-value B2C to high-value corporate bookings. MICE business is expected to grow at 15–20% CAGR; standalone hotels at 25–30%, leading to an overall company growth at ~20% with EBITDA leverage (30–40%).
- **Cross sell opportunity:** 80,000 direct partnerships with budget/midscale hotels + channel manager network (~20,000). Domestic hotels remain supply constrained (12–24 months), but corporate adoption still low (~18%), providing large headroom.
- **Working Capital and Financing solutions:** Corporate contracts tie up working capital (28-day receivables). Yatra exploring: (i) shorter cycles, (ii) co-branded corporate card, and (iii) factoring solutions (T+1 cash realisation, ~20–25bps cost). Factoring could unlock capital, boosting RoCE despite some EBITDA impact.
- **Technology & AI leverage:** Self-book adoption ~70% vs competitor ~35%, creating a pricing edge. AI to enhance booking experience, reduce ops headcount, and improve service reliability.
- **Risks & Industry dynamics:** Domestic airlines' direct booking push threatens B2C but not B2B. Hotel segment is expected to become more competitive in 12–18 months. Exposure to macro shocks exists (travel demand, oil, currency, regulatory changes).

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	1,981	(89)	(308)	(2.8)	NA	NA	NA	(27.4)	(26.7)	(4.5)
FY23A	3,802	367	76	0.7	NA	NA	NA	5.6	5.0	9.6
FY24A	3,617	170	(45)	(0.3)	NA	NA	NA	(1.0)	(0.7)	4.7
FY25A	7,914	444	366	2.3	NA	NA	NA	4.8	2.5	5.6

Source: Company, Equirus Securities

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Cube Highways Trust Ltd

PROGRESSING with PURPOSE

- Cube Highways Trust has a portfolio of 27 assets spread across 12 states and 1 Union Territory.
- Of the 27 assets -18 are on toll mode, 6 on HAM and 3 on annuity model.
- It has marquee investors like I squared, ADIA, Mubadla, BCI, L&T etc.
- It has an AUM of Rs365.5bn with a debt of ~Rs192bn as of Jun'25. It has 49.62% Net Debt/AUM.
- 30% of the Debt is on Fixed rate borrowings and cost of debt stands at 7.7% as of Jul'25. None of the assets have any operating leverage in the form of premium obligation to NHAI.
- Cube Highways was India's first trust to issue a Sustainability-Linked Bond (SLB) and raised ~Rs8.6bn at 7.67% in Feb'25. The bonds are directly tied to the ESG performance targets outlined in the Sustainability Linked Financing Framework (SLFF), ensuring that trust's financial strategy is closely aligned with its environmental and social commitments.
- Cube has a healthy revenue mix with 67% of the revenues from toll projects while 33% are from annuity projects.
- Cube's toll asset portfolio has grown at a CAGR of ~5.9% and has an average residual life of 19.4 years.
- CUBE's assets are contiguous or clustered which helps to achieve synergy of scale in manpower planning and procurement.
- Significant share of revenues come from commercial vehicles, which have historically been very sticky and provide stability to portfolio's income.
- DPU: It stood at Rs 10.2/ Rs 11/ Rs 2.5 in FY24/FY25/1QFY26 respectively.
- Cubes focus on strategic acquisitions and operational efficiency has enabled it to provide a reliable yield of 11.45% in FY25.
- Cube Highway's portfolio expansion has delivered a NAV growth of 32.9% since listing.

- Cube Highways Trust has a portfolio of 27 assets spread across 12 states and 1 Union Territory.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	ROIC (%)	EBITDA Margin (%)
FY22A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
FY23A	0	-278	-278	NA	NA	NA	NA	NA	NA	NA
FY24A	29,161	18,998	-7,059	-5.72	NM	1.4	14.6	(5.5)	(0.3)	65.1
FY25A	33,071	22,340	-357	-0.27	NM	1.5	6.1	(0.3)	3.0	67.6

Source: Company, Equirus Securities

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Shrem InvIT Ltd

Sustainable Growth. Consistent Performance

- Sector risks from aggressive low-bid players are mitigated by partnering only with reputed developers with proven execution capabilities.
- Shrem InvIT was launched in Sep'21 with 24 assets.
- **Currently the portfolio has 37 assets includes:** a) 19 HAM assets b) 10 state toll/annuity assets c) 6 state annuity assets d) 1 state toll project e) 1 NHAI toll project.
- AUM has nearly doubled from ~Rs 66 bn (Sep'21) to about ~Rs 142.7bn currently. Net Debt/AUM stands at ~54.2%.
- Average residual life of the project's portfolio is 10.12 years ensuring long term stability.
- **HAM assets** contribute ~80% of revenues, with the balance from other assets.
- **Current yield** stands at 11.5%, with potential to rise to 13–14% as new assets get integrated.
- Trust will cap Net debt to AUM at 60%.
- **Cost of debt** stands at 7.35% (down from 7.9%), supported by 40–45% T-bill-linked borrowings. Major lenders include SBI and UBI.
- O&M: Fixed Price O&M Contracts with reputed contractors for the entire life of the concession mitigating risks of future cost escalations, inflation and contingencies.
- Back-to-back indemnities for deductions due to O&M deficiencies, ensuring full skin in the game for the contractors
- Trusts primary focus would be on completed and revenue generating HAM and Annuity assets that have long residual concession periods to enhance the overall portfolio life
- Shrem InvIT has signed Binding Documents for the acquisition of two more HAM assets, namely APCO Chetak Ultraway Pvt Ltd (DM-2) and APCO Chetak Expressway Pvt Ltd (DM-3) from APCO Infratech Private Limited and Chetak Enterprises Limited and the process of acquisition is in progress.
- Sector risks from aggressive low-bid players are mitigated by partnering only with reputed developers with proven execution capabilities.
- Shrem InvIT was launched in Sep'21 with 24 assets.
- **Currently the portfolio has 37 assets includes:** a) 19 HAM assets b) 10 state toll/annuity

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	ROIC (%)	EBITDA Margin (%)
FY22A	5,710	4,400	2,990	7.5	14.2	1.5	7.1	6.6	5.2	77.1
FY23A	13,840	7,410	4,870	10.2	10.4	1.2	8.0	8.7	5.9	53.5
FY24A	19,530	14,610	10,510	18.2	5.8	1.1	9.3	17.3	10.9	74.8
FY25A	24,580	15,540	11,180	18.2	5.8	1.0	5.3	17.0	10.7	63.2

Source: Company, Equirus Securities

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BIRLASOFT Limited

Growth revival likely ahead

We have hosted management of Birlasoft and KTAs are:

Commentary on execution strategy:

- BSOF now expects some growth turnaround from 2Q considering i) ramp up of large deals (won 1 large deal worth around US\$40mn in 4QFY25; expects to win another large deal in 2Q whose closure delayed from 1Q and BSOF also indicated that couple of large deals in the pipeline that are expected to close in 2H), ii) BSOF now actively working on building the pipeline by focusing on mining top-40 clients and hunting must have clients (identified c.15 such clients) and iii) investments to enhance tech and domain driven capabilities (incl. AI led platform delivery), go-to-market by augmenting/further changing its client facing leadership.
- Birlasoft incrementally focussing increasing its deal pipeline and order book, strengthening domain-specific hiring, leveraging its Agentic AI platform for delivery.
- As per BSOF, it is also looking to incrementally invest to enhance tech and domain driven capabilities (incl. AI led platform delivery), go-to-market by augmenting/further changing its client facing leadership and tech partnership with ISVs/Hyperscalers which is key for future growth and positions them well to capitalize the opportunities once demand environment starts to recover.
- **Demand commentaries:**
 - The macro environment remains challenging, with customers focused on cost optimization, reducing discretionary spending, and taking a wait-and-watch approach on large transformation programs. The difficult demand environment has led to prolonged customer reluctance to take up long-term transformation projects, delayed decision-making and cuts in discretionary spending.
 - While the deal pipeline remains strong, deal conversion rates have been tepid due to market conditions as per Birlasoft.
 - Birlasoft expects softness to continue in manufacturing vertical (contribute c.38% revenue) in near term. The decline in Birlasoft's ERP business is directly correlated with the soft performance and degrowth witnessed in the manufacturing vertical. Manufacturing vertical registered a decline due to project completion, ramp-downs, and insourcing. Within manufacturing, the med-devices business is showing signs of turning around and positive momentum, despite challenges related to tariffs. However, discrete manufacturing continues to be under pressure due to uncertainty, tariffs, and prolonged decision-making.
- **Commentary on margins:**
 - Despite investing in SG&A and building capabilities, BSOF is targeting of maintaining its EBITDAM in FY26E (c.13%) with narrow band movement and increase post FY26E considering levers incl. i) offshoring, ii) higher utilisation, iii) lower sub-con cost, iv) operating leverage and iv) cost efficiencies.
 - As per Birlasoft, the new large deals are expected to come at lower margins, but renewals are coming at almost flattish margin levels.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	53,752	6,974	5,168	18.3	21.0	3.1	15.3	15.8	32.4	13.0
FY26E	52,363	6,732	4,527	16.0	24.0	2.9	15.9	12.5	26.4	12.9
FY27E	56,676	8,006	6,351	22.5	17.1	2.6	13.3	15.9	35.7	14.1
FY28E	62,813	9,510	7,750	27.4	14.0	2.3	11.2	17.3	41.6	15.1

Source: Company, Equirus Securities; *On fully diluted equity

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Cyient Limited

Needs tight execution

We have hosted management of Cyient Limited and KTAs are:

Commentary on demand & growth strategy:

- Given the current macro environment, CYL believes it is prudent to utilize FY26E to build strength, predictability and stability across portfolio. Towards this, it has been working on boosting their leadership team (which has already started under the new leadership in DET). Also, under the renewed growth strategy, CYL is planning to scale up the integration of engineering work with the new-gen tech and driving these aspects across products, plants and networks.
- Within Aero, CYL is not expecting any major softness in demand despite increasing macro led concerns given its increased scale in MRO related work which is linked to air traffic. Regarding demand led tailwind from new engine design, Cyient still believes it is some time away.
- Regarding connectivity, the pipeline and deal wins are still decent, but issue being ongoing delay in decision making which is impacting project start and ramp up. Also, within Railways, despite need for modernisation, project start and ramp up are delayed considering macro led concerns esp. in Europe and US.
- Within new strategic units, except healthcare growth momentum not being very strong considering macro related uncertainty.

Update on focused subsidiary for semiconductor business

- Cyient believes its dedicated approach to turnkey ASIC design and chip sales (under the separate subsidiary and leadership) positions them well to capitalize on the opportunities within the global semiconductor specifically in the ASIC segment which requires high complex jobs with low volume categories esp in segments including Medtech, auto, consumer electronics etc. The strategic initiative will enhance Cyient's capabilities in ASIC turnkey design and manufacturing (through a fabless model for analog/digital mixed-signal chips) with tie up world's leading fab manufacturing partners with Cyient's focus will be largely on services with outsource arrangements on fab manufacturing.
- It plans to invest in opex and M&A to scale this new unit with expectations of 2-3 months of gestation period. Till that time this unit will operate as startup and may have losses/weak profitability. But once, it scales up to reasonable scale, CYL is hoping for unit to be cash flow and margin positive.

DET (as per new definition with 1QFY26 results) EBITM: As per new definition of DET which includes i) Transportation & Mobility (Aerospace + Rail + Automotive), ii) Networks & Infrastructure (Connectivity + Utilities), iii) Strategic Units (Mining & Minerals + Energy + Healthcare & Lifesciences). Semi-con which was part of the DET earlier is now fourth independent business segment of CYL. CYL now expects DET EBITM to reach around 15% over next 24 months vs. 12% in 1QFY26.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	73,604	11,513	6,216	55.9	22.1	2.6	12.1	12.9	15.1	15.6
FY26E	76,128	11,834	6,659	59.9	20.6	2.4	11.8	12.1	14.4	15.5
FY27E	85,468	13,881	7,857	70.6	17.5	2.2	10.0	13.3	16.7	16.2
FY28E	96,165	15,989	9,395	84.5	14.6	2.1	8.7	14.7	18.8	16.6

Source: Company data, Equirus; *Recurr. EPS based on dil.Equity; Above estimates are before 1QFY26 results

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eClerx Services Limited

Remains optimistic on growth traction continuing

We have hosted management of eClerx Services and KTAs are:

- Under the leadership of the MD & CEO Mr. Kapil Jain, eClerx reiterated its strategy of sharper focus on sales, improving predictability of revenue and adding new clients & growing existing clients across buckets by (i) focusing on market positioning in terms of preferred service provider for global clients across verticals, (ii) focus on value proposition through productize service delivery and tech led business transformation & domain. (iii) invest in skills / people (iv) improving sales operations by strengthening sales review & governance, investing in sales & marketing, and increasing CXO connects. (v) focuses on mining existing clients (with increasing wallet share), winning new logos, (vi) improving deal pipeline & winning large deals by building integrated solutions and increasing focus on improving annuity revenue. (vi) enhance position by building tech partnerships, pro-actively establishing and offering Gen AI/Agentic AI offerings to clients. eClerx believe their strategy resonating well for growth.
- **Macro environment:** Macro uncertainties and volatility still persists, primarily driven by delayed decision-making. Clients focuses on cost control and operational efficiencies in the current environment. However, it sounds cautiously optimistic given healthy deal pipeline, wins, cross sell opportunities led by technology and productized services.
- **New Delivery Centre:** A new operations center in Lima was launched 1Q, and another in Cairo is expected to go live in 2Q. eClerx believe these new centres will allow them to capture larger share of existing client's wallet and attracting new clients as well, these investments will have some impact on margin in the initial stages.
- **Investments/opportunities in AI:** eClerx is (i) upskilling its technology team on GitHub Copilot with the goal of achieving a 25% productivity gain, (ii) using GenAI in multiple products/services (like for KYC/compliance: client outreach, entity summarization, for customer care: speech-to-text, sentiment analysis – through their Robobox platform with integrated "Agentic AI" framework. (iii) it reiterated that AI is an opportunity rather than a threat, given their combination of domain expertise, proprietary technology, and process knowledge. Currently eClerx is passing some productivity benefits from GenAI improvements back to clients while retaining some benefits themselves.
- **Our view:** We believe that eClerx's growth prospects have already started improving considering i) US\$ Sales growth of 17.1% yoy/12.3% in 1QFY26/FY25; ii) eClerx's indication of strong deal pipeline it is chasing entering FY26E and expecting yoy growth to continue in FY26E in new business ACV excl. CLX (on base of 51% growth in FY25), iii) increasing cross sell opportunities led by technology, and productized services esp. during times rising adoption of AI by clients and iv) its expansion through new delivery centres in India and outside. We believe that investments eClerx is making will help to improve its growth profile on consistent basis over medium-long term which can provide margin upside as well. Also, we believe that eClerx's lower exposure to voice business (c.6-7% of its Sales) and its proactive approach towards non-linear/platform driven delivery model makes it relatively better poised (vs. peers) during times of increasing Gen/Agentic AI adoption.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	33,659	8,218	5,411	111.2	35.9	8.4	23.2	23.8	32.6	24.4
FY26E	39,713	10,160	6,525	134.1	29.8	7.5	18.8	26.7	35.7	25.6
FY27E	45,827	11,588	7,550	155.2	25.8	6.7	16.4	27.5	36.4	25.3
FY28E	52,275	13,235	8,703	178.9	22.3	6.1	14.4	28.5	40.0	25.3

Source: Company data, Equirus; *Recurring EPS based on diluted equity

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HCL Technologies Ltd

Growth leadership to continue despite volatile macro

We have hosted management of HCL Technologies and KTAs are:

➤ **Demand commentaries:**

- HCLT mentioned uncertainty persists considering current volatile current macro environment. Like peers, HCLT also witnessing delays in decision-making and cut in discretionary spend.
- HCLT remain close to their customers to understand how these changes are impacting their business.
- There are varying levels of discretionary spending across sectors, with financial services and technology showing positive signs, while manufacturing, automotive, life sciences, retail and CPG segments are under stress due to cut in discretionary spend and tariff related issues. Demand in Public services and telecom are now stabilising.
- HCLT reiterated that dip in new business deal TCV at US\$1,812mn in 1Q (vs. US\$2,995bn qoq and US\$1,960mn yoy) is due to delay in awards for two large deals led by procedural delay rather than macro concerns. HCLT continues to remain optimistic on pipeline and hence, it expects better TCV closures ahead post 1Q. HCLT continue to see growing demand for AI led propositions across services and software offerings.

➤ **Commentary on margins and operations:**

- HCLT reiterated that downward revision of FY26E EBITM guidance to 17–18% from 18–19% earlier is transient (given certain investments and one-time restructuring cost) with its target of achieving 18-19% again in FY27E.

➤ **GenAI:**

- HCL is witnessing a lot of traction on AI and Gen-AI related opportunities hence it continues to invest in AI specifically in GenAI as well as cloud native capabilities across products and services to address evolving client needs. As per HCLT, their GenAI solutions, such as AI Force and AI Foundry, are gaining significant traction with clients across vertical.
- As per HCLT clients are continuing to look for AI-led transformational proposition. In software development, IT operation services, the share of AI and GenAI continues to grow as they become central to nearly every deal.
- Agentic AI is gaining traction, especially in operational efficiency and accelerating application modernization programs.
- HCLT made strategic partnerships with OpenAI, UiPath, Google Cloud and Nvidia for enterprise AI transformation.

Overall, we believe that HCLT's Sales growth leadership vs. most of its large peers to continue even in FY26E (on a base of leadership in FY24/FY25). For FY26E HCLT has guided for CC US\$ Sales growth of 3-5% (2-4% organically) for Consol/Services Sales.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS *(Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	11,70,550	2,55,040	1,73,900	64.1	23.3	5.8	15.9	25.2	35.3	21.8
FY26E	12,60,917	2,62,464	1,74,555	64.3	23.2	5.6	15.5	24.6	36.3	20.8
FY27E	13,50,342	2,87,327	1,96,779	72.5	20.6	5.4	14.2	26.6	41.1	21.3
FY28E	14,53,273	3,07,323	2,14,369	79.0	18.9	5.2	13.3	28.0	46.9	21.1

Source: Company data, Equirus; *Recurring and on diluted equity

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Infosys Limited

Better placed

We have hosted management of Infosys and KTAs are:

➤ Demand commentaries:

- With FS (Financial services) capital markets, commercial banking and wealth management seeing a lot of transformation opportunities esp. in US.
- In retail, uncertainty around tariffs has led to muted spending in large geographies as these factors impacted supply chain and procurement management.
- Communication is facing growth challenges. Clients are focusing on cost takeouts and vendor consolidation which is gathering steam. There is strong focus on AI and customization to monetize 5G use cases.
- EURS (Energy & Utility, Resources and Services) vertical outlook remains mixed due to economic uncertainties. Oil price volatility is driving vendor consolidation in energy to cut costs. In Utilities, advancement in renewable energy, smart grid technology and sustainability regulations are reshaping the market.
- Manufacturing segment continues to face challenges in automotive and industrial with decision making delayed with soft discretionary spending.
- Clients in high-tech remains cautious due to macro headwinds and geopolitical tensions leading to cost pressures.
- Overall Budgets have not changed materially with decision cycles extended and clients still remain cautious on discretionary spend.
- Pipeline remains healthy with focus on cost takeouts and vendor consolidation opportunities.

➤ Commentary on margins and operations:

- Infosys EBITM guidance stands at 20-22% for FY26E with its target to further improve FY26E EBITM vs. that of 4QFY25/FY25 considering levers incl. ongoing cost optimisation program (project maximus) focussing on i) employee pyramid and productivity gains, ii) automation led gains, iii) portfolio optimisation, iv) cut in discretionary spend and v) higher value-based offerings. Infosys also reiterated that third party costs to dip yoy in FY26E.

- **Gen AI:** Infosys getting strong traction on GenAI/Agentic AI (from a use-case-based approach to an AI-led transformational approach). Infosys believe it has positioned well led by highly differentiated offering and transformation capabilities around GenAI. AI adoption is gathering momentum with enterprises keen on driving greater efficiency by leveraging AI with demand from cloud adoption and data engineering and analytics are becoming requisite for AI adoption.

Overall, we believe that Infosys is well on track to achieve its CC US\$ sales growth guidance of 1-3% and EBIT margin guidance of 20-22% for FY25E. We continue believe that Infosys's growth outperformance to continue even in FY26E vs. most of its peers despite it is expecting lower sales contribution from 3rd party item Sales on yoy basis.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	16,29,900	3,92,350	2,67,130	64.3	23.3	6.5	15.8	29.0	42.7	24.1
FY26E	17,29,206	4,12,584	2,84,746	68.6	21.8	6.0	15.1	28.7	46.4	23.9
FY27E	18,55,824	4,43,724	3,10,683	74.8	20.0	5.8	14.0	29.6	51.9	23.9
FY28E	19,99,023	4,76,403	3,38,056	81.3	18.4	5.6	13.0	30.9	58.5	23.8

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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KPIT Technologies Limited

Growth leadership to continue

We have hosted management of KPIT and KTAs are:

- **KPIT is now incrementally looking for** (i) Additional technology Investments in related areas with focus on AI adoption amongst others, (ii) increasing focus on Asia region (including India and China), (iii) improvement of delivery and operations through robust competency framework and execution , (iv) deepen strategic relationships by building proactive solutions to enhance value delivered to clients, (v) focuses on improving skill of its employees (with AI enablement), leadership development and new incentive plans (vi) higher focus on commercial vehicle vertical (to scale up its offerings for truck and off-highway vertical for autonomous and connected vehicle), (vii) improvement in margin through various levers such as improving realization with productivity gain, better people pyramid, offshoring and cost optimization (through global delivery model), automation led benefits and revenue movement towards fixed price & solution led business.
- **Macro environment and demand outlook:** (i) As per KPIT uncertainty persists on account of global macro concern, tariff announcements. Additionally, OEMs in US, Europe and Japan are also facing cost pressures and competitive intensity from Chinese OEMs. This is leading into reprioritization of spending and investments (more focussed on cost take out vs. discretionary) resulting into some decision-making delays in project start and ramp ups. However, it is hopeful of recovery from 2HFY26E (with H2 better than H1) driven by T25 clients, healthy deal pipeline/wins and its expectation of improving conversion of deal wins into revenues. Also, KPIT is helping its OEMs in western countries to reduce their time to introduce new features / new model.
- **China mobility ecosystem** has challenged Global OEMs on alteration of paradigms in speed, cost and innovation in vehicle development. KPIT is also looking to help OEMs in China / A.Pac to develop some standardised software and middleware architecture as they are lacking to some extent in this area. Hence as per KPIT, their efforts and investment in China resonating well in terms of winning new deals. KPIT leverages its subsidiary Technica which offers products that are seeing significant traction within the Chinese OEM ecosystem (already established partnerships for their products with some of the Chinese OEMs and aim to expand their reach to larger OEMs through these product offerings).
- **View:** KPIT is likely to grow better than many peers and to remain one of the biggest beneficiaries of growing SDV spend given i) its rich portfolio mix, ii) proven expertise and large scale up with many of the World's large OEMs iii) increasing focus of diversifying into Asian Markets (esp. India & China), diversify beyond PV segment (into CV, off-highway and agricultural vehicles) as well as providing ER&D services outside Mobility segment (announced Caresoft M&A helps to do that with M&A being accretive on EBITDAM & EPS as per KPIT), iv) continuing robust large deal pipeline/wins.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	58,423	12,298	7,572	27.7	43.8	11.4	27.1	33.2	45.6	21.0
FY26E	64,619	13,765	7,894	28.9	42.0	9.6	24.4	24.3	37.4	21.3
FY27E	75,909	16,354	10,034	36.7	33.1	7.9	20.6	26.2	35.1	21.5
FY28E	91,195	19,473	12,688	46.4	26.1	6.4	17.3	27.0	43.0	21.4

Source: Company, Equirus Securities; *Recurring EPS on fully diluted equity

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Latent View Analytics Limited

Management remains optimistic

We have hosted management of Latent View Analytics (Not Rated) and KTAs are:

- **Revenue & Margin Guidance:** Management expects a sequential rebound in Q2, supported by follow-on work in the tech vertical, recovery in the organic business, and continued momentum at Decision Point, which is set to grow faster on account of a low base and cross-sell synergies. For FY26E, the company has reiterated its USD revenue growth guidance of 18–19%, driven by stronger client relationships, increasing traction from its Databricks partnership, and scale-up in GenAI-led engagements.
- **Segment wise commentary:**
 - **BFSI:** Growth in 1Q was supported by client wins over the last six months. Management remains positive on the segment and is targeting ~40% YoY growth in FY26E.
 - **CPG & Retail:** The company is deepening its presence through large, end-to-end engagements across the full analytics value chain—R&D, supply chain optimisation, and revenue growth management (RGM)—aimed at driving higher wallet share and long-term client stickiness.
- **GenAI demand and macro uncertainty**
 - Macroeconomic headwinds have persisted for the past 18 months, resulting in delays in large programs and new deal signoffs.
 - Despite this, demand for GenAI remains strong, with revenue contribution expected to rise in FY26E.
 - Companies continue to prioritise building robust integrated data platforms, with demand for data engineering expected to accelerate once inflation and tariff-related uncertainties subside.
 - Latent View has set up a dedicated Center of Excellence (CoE) for GenAI and Agentic AI, staffed with 15 specialists. The focus is on three core platforms—Gemini, Azure AI Foundry, and Databricks—to deliver scalable and high-impact client solutions.

Databricks Partnership: (i) The Databricks partnership is a key growth catalyst for Latent View, especially in the CPG segment. Latent View notes that Databricks is "keen on getting big contracts" and that they are looking to differentiate themselves. Latent View has also established a Databricks COE, staffing it and expanding their GTM and sales team for this partnership. (ii) Latent View is "doubling down" on building competency around SAP data migration due to Databricks' partnership with SAP, seeing a significant opportunity in managing SAP data within the Databricks environment. (iii) The Databricks alliance continues to gain traction, particularly in the consumer goods sector.

Decision Point: (i) Latent View increased its ownership in Decision Point by acquiring an additional 10% stake in the recent past, bringing their total ownership to 80%. The remaining 20% is expected to be acquired by June 2026, with the final payout contingent on predefined revenue and EBITDA milestones. As per management Decision Point is expected to scale faster than the organic business. (ii) Decision Point is being smoothly integrated, with synergy benefits already reflecting performance, and is expected to scale faster than the organic business due to its low base and cross-sell opportunities. (iii) They are also seeing more traction in the CPG space.

We have hosted management of Latent View Analytics (Not Rated) and KTAs are:

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LTIMindtree Limited

Increasing execution rigour

We have hosted management of LTIM and KTAs are:

➤ Demand commentaries:

- **BFSI:** Unlike peers LTIM witnessing a bit soft demand in BFS primarily due to macroeconomic environment. While within Insurance demand is primarily driven by tech modernization and AI implementation. LTIM also believes that it is not currently witnessing any large client specific issues.
- **Technology, Media & Communications:** LTIM remains optimistic for this sector. It notices a trend of customers managing their spend needed towards investment for aligning towards AI. Also, LTIM believes that most large client specific issues in this segment are behind.
- **Manufacturing & Resources:** Despite macro led demand headwinds impacting this segment higher than other segments, LTIM is registering better growth in last few quarters considering seasonal strength and ramp of large deals won earlier. Considering ramp up of larger deals to stabilise ahead sector may see stability in near term, but growth momentum may pick beyond near term considering good deal pipeline and expected closure ahead.
- **Consumer business.** Like Manufacturing, consumer business also showing better traction considering deals wins besides better traction in travel and transportations.
- **Macro:** LTIM mentioned macro environment continues to remain uncertain. Clients are adopting cautious approach, delaying decision-making and cut in discretionary IT spend. LTIM continues to see the prioritization of spending from discretionary areas to cost optimization which has resulted in cost-take out, vendor consolidation and tech modernization led deal opportunities.

Margin commentaries:

- Going forward, LTIM remains optimistic on improving EBITM by adjusting employee experience pyramid, optimising average resource cost, discretionary spend cut, operating leverage and on-going benefits from Fit4Future program. As per LTIM, Fit4Future is a comprehensive initiative focused not just on cost-saving, but on making the organization more agile and fit for its future transformation journey. It includes simplification of the process, enhancing AI adoption in the internal environment, improving sales productivity, mapping bench to demand, smarter awarded expenses, and optimizing the direct cost of delivery.
- We believe it require tight walk on margins given limited headroom in offshore efforts and utilisation rates.

Overall, we believe that LTIM's its turnaround efforts under the leadership of newly appointed CEO are now focussing on i) making LTIM as AI centric organisation and improving sales growth prospects by driving sales transformation/productivity (to increase order intake esp. on large deals) through new playbook centered around AI and ii) improving EBITM and operational efficiencies.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	3,80,081	64,949	45,987	154.8	33.8	6.9	23.9	21.5	36.8	17.1
FY26E	4,07,096	69,960	51,561	173.6	30.2	6.0	22.2	21.2	36.9	17.2
FY27E	4,43,986	78,421	58,668	197.5	26.5	5.3	19.8	21.2	38.2	17.7
FY28E	4,90,049	87,169	66,969	225.4	23.2	4.6	17.8	21.2	38.6	17.8

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Mphasis Limited

Improving growth prospects

We have hosted management of Mphasis and KTAs are:

- **Macro uncertainty and Demand environment:** The macro environment remains characterized by global uncertainty, macroeconomic complexities, and geopolitical tensions, while technology remains a top priority for enterprises (AI spend funded from existing budgets, with cost and efficiency themes in play). Demand shows some resilience but is selective, and decision-making by clients is slow and deliberate. Clients are re-prioritizing spending on essential capabilities and cost savings. Mphasis continues to execute with focus on the micro, in an uncertain Macro by: (i) Focused on investing in growth initiatives, (ii) Strengthening and expanding AI-led propositions, (iii) Focused on conversion of pipeline to TCV and TCV to revenue, (iv) Expect ~2X of industry growth in FY26E, gaining from strong TCV wins and steady conversion of TCV to revenue across the portfolio, (v) In 1Q Logistics & Transportation revenue and margin declined due to customer-specific investments, it sees new deals in the pipeline and a gradual recovery in FY26E. Mphasis expects couple of quarters for strong deal wins in earlier to ramp up (esp. large deals).
- **Margin management:** Currently Mphasis is prioritizing growth with steady margin management around current levels of c.15.3% by banking on margin levers including cost efficiencies, pyramid adjustments, higher utilization, offshoring and AI led benefits).
- **Increasing focus on fixed price projects to drive productivity gains** which is resulting into the ability to drive revenues with lesser headcount. As per Mphasis, its efforts in shifting model from purely people-based services to platform or technology-induced services provides Mphasis with more operating leverage, don't need to run a large bench as historically.
- **AI Adoption:** As per Mphasis, AI is reshaping business models as both legacy and digital-native firms increase investments in AI. Mphasis has developed proprietary AI platforms including NeoZeta, NeoCrux, and NeoSaba (these platforms having GenAI and Agentic AI capabilities). Further, it remains focused on investing in AI-driven growth initiatives.
- **Our View:** Considering i) the worst of the large client specific issues getting behind Mphasis, ii) Mphasis's highest ever and very strong new business TCV wins, iii) its strong deal pipeline and registering highest ever deal wins in 1Q), we believe that Mphasis's Sales growth prospects are improving despite volatile macro conditions and resulting uncertainty. This is also evident from Mphasis's expectation of registering ~2x Industry growth in FY26E (vs. its earlier expectations of registering higher than industry growth rates), on the back of 1Q, steady conversion of TCV to revenue and steady ramp up of large deals in coming quarters. We also expect EBITM execution to remain steady given expected traction in Sales growth ahead despite executing many large deals.

Financial Summary management of Mphasis and KTAs are:

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,42,299	26,470	17,022	88.3	32.2	5.7	20.9	18.5	22.0	18.6
FY26E	1,55,045	28,870	18,603	96.5	29.5	5.3	19.2	18.6	22.7	18.6
FY27E	1,76,819	32,777	21,535	111.8	25.5	4.8	16.9	19.8	25.4	18.5
FY28E	2,01,648	37,256	24,805	128.7	22.1	4.4	14.8	20.8	28.3	18.5

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Netweb Technologies India Limited

Strongly poised

We have hosted management of Netweb technologies and KTAs are:

- **Demand environment:** On demand side Netweb continue to expect growth across its focussed segments due to (i) increase in demand for high-end computing system in various industries (ii) rising demand of cyber security solutions (iii) growing demand for AI across various industries, business verticals with rising investments in Generative AI infra by Govt & large enterprises to cater to demand for LLM oriented solutions (iv) rising adoption of private cloud by enterprises (v) various Govt initiative relating high end compute infrastructure building and promotion (including GOI's approval of over Rs.103bn for the India AI Mission) (vi) Increasing Data centre demand in India.
- **Strategic Focus on HPC, Private Cloud and AI:** Netweb's strategic focus remains on three pillars including HPC, Private Cloud, and AI (contribute > 80% of revenue).
- **Robust Business Pipeline and growth guidance:** Business pipeline and order book remains strong. Ongoing enhancements in its capabilities, coupled with the expansion of its operations and product portfolio positions it favourably for sustained growth ahead (with its growth outlook of around 35-40% CAGR in next couple of years).
- **AI Opportunity:** Netweb sees rising demand for AI across various industries, business verticals with rising investments in Generative AI infra by Govt. of India & large enterprises to cater to demand for LLM oriented solutions. Netweb is expected to benefit from GOI's 'India AI mission' with a budget of Rs. 103.7bn (for 5-years) to create a 'Sovereign AI' computing infrastructure as a service. (with Netweb expects formal RFPs to be floated soon and to be in the pole position given its successful delivery of AIRAWAT – India's fastest SPC for AI workload and its end-to-end solutions). However, it is not forming part of current deal pipeline.
- **Skylus.ai:** During 4QFY25, Netweb Introduced Skylus.ai: this simplifies the integration of multi-vendor GPUs and CPUs, enabling the creation of tailored workspaces that align with specific workload needs.
- **Margin commentary:** Netweb reiterated its EBITDAM guidance in the range of 13-14% and PAT margin guidance of 10.0-10.5% with focus on profitable and scalable growth. Its integrated full-stack approach (designing, manufacturing, and providing software and hardware) allows it to command better margins in the market, unlike its competitors who are either hardware or software companies that bundle their products together.
- **Continued Focus on R&D:** Netweb mentioned it has continued focus on R&D (on hardware and software part) with dedicated team of over 70 people focussed on software & team of over 20 people on hardware in place.
- **Revenue from Exports:** Netweb started receiving export orders in FY25 (aligns with their growth strategy to enter overseas markets). Netweb expects around 5-6% export contribution ahead.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	11,490	1,600	1,145	20.1	102.0	22.0	72.5	24.0	38.9	13.9
FY26E	16,968	2,374	1,689	29.7	69.1	17.0	48.9	27.7	38.3	14.0
FY27E	23,995	3,416	2,427	42.6	48.1	12.8	34.0	30.3	40.0	14.2
FY28E	32,258	4,608	3,286	57.7	35.5	9.6	25.2	30.8	40.6	14.3

Source: Company, Equirus Securities; * fully diluted

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Persistent Systems Limited

Increasing execution rigour

We have hosted management of Wipro and KTAs are:

- **Vertical-wise commentary:** (i) The Healthcare sector faces stress from potential tariffs impacting China-linked supply chains and uncertainties in federal research funding, leading clients to focus on cost control, vendor consolidation, and offshoring. (ii) Going forward the growth is expected to be led by the BFSI, followed by Hi-Tech, and Healthcare & Life Sciences.
- **Top Accounts Revenue:** Persistent continues to scale up customer relationships and continues to witness healthy growth, with most of its top accounts.
- **Long term aspirations:** PSYS reiterated its medium-term EBIT margin improvement target of 200-300bps in the next couple of years with aspiration to reach US\$2bn in Sales by FY27E.
- **Commentary on Margin:** PSYS reported 15.5% EBITM in 1Q (vs. 15.6% in 4QFY25). Persistent aims to sustain its 4Q current EBITM level for FY26E by banking on levers incl. employee pyramid, growth leverage, lower D&A cost, cost optimization, likely lower ESOP cost and automation led benefits. We believe that margin walk will be tight even in FY26E given absence of material one-offs in margins which existed in FY25, high utilisation rates, offshore efforts and wage hikes (which got deferred to eff. 3Q vs. historic trends of eff.2Q).
- **Investment in New Technology:** Persistent is implementing a dual strategy focused on "AI for Technology" and "AI for Business." AI for Technology aims to enhance engineering productivity and modernize tech stacks. The focus is their proprietary platform, SASVA 3.0, which streamlines the entire software development lifecycle. It offers significant productivity gains, can be deployed securely on-premises for regulated industries, and is cost-effective. AI for Business focuses on preparing enterprises for widespread AI adoption by modernizing legacy systems and developing agentic AI to transform specific business processes and customer experiences.
- **SASVA:** SASVA is a flagship, AI-based software development and data lifecycle platform of Persistent Systems. Enterprises can leverage SASVA to train and customize the platform for building their enterprise applications and business use cases in a seamless and secure manner. Further, SASVA 3.0 was built leveraging SASVA itself, demonstrating its self-improving productivity promise. SASVA is integrated across all Persistent's platforms.
- PSYS aims to do tuck-in acquisitions or a good scalable acquisition in geographies like Europe, to scale up its Europe revenues contribution to 15% over the next 2-3 years from current contribution of around 11%.
- **Our view:** In our view despite continuing volatile macro issues, PSYS will continue outperform most of its peers in terms of sales growth over medium-long term given its strong positioning in digital services, OPD led cost take out deals and its increasing traction in managed & GenAI services. But in pursuit of growing higher than industry (especially in years with higher macro led uncertainties), PSYS has been delaying its EBITM improvement timelines (EBITM up 26bps to 14.7% in FY25 from 14.4% in FY24; 14.9% in FY23).

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,19,387	20,582	14,001	86.9	61.5	13.6	40.6	24.8	32.6	17.2
FY26E	1,41,254	25,585	17,571	109.0	49.0	11.5	32.7	25.4	33.8	18.1
FY27E	1,67,152	30,593	21,575	133.9	39.9	9.6	27.3	26.2	37.2	18.3
FY28E	1,97,437	36,717	26,398	163.8	32.6	8.1	22.8	26.9	40.7	18.6

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Sasken Technologies Limited

Increasing focus on tech enabled offerings

We have hosted management of Sasken Tech (Not Rated) and KTAs are:

Sasken remains focused on delivering customer centric innovation, strengthening its talent pool, and driving operational excellence. The recent investment in Borqs Technologies has been set to complement its capabilities in IoT and 5G, positioning Sasken as a leader in cutting-edge solutions. The positive trajectory of their revenue growth and strategic investments affirms their confidence in the future and their readiness to continue shaping the technology landscape.

Key Investments:

- **SDV:** Sasken is investing in ARM-based Virtual Cockpit platform, deployable on AWS Graviton or native ARM hardware. This provides a comprehensive framework for efficient development and testing.
- **Computer Vision:** It is continuing to invest in computer vision and machine vision solutions to address the growing opportunities in the verticals of its interest, specifically in non-consumer devices and automotive.
- **AI and Generative AI:** Sasken is proactively investing in development of GenAI-based accelerators to expedite software development life cycle and enable product differentiation.
- **Cybersecurity Practice:** It is continuing to invest in its cybersecurity practice to help its clients navigate evolving regulatory landscapes and secure global market access.
- **Microsoft Devices Eco-System Platform (MDEP):** This platform aims to accelerate the creation of intelligent, secure devices. This collaboration is further strengthened by its acquisition of Borqs Technologies, whose deep expertise in connected devices and chipset partnerships has significantly expanded its capabilities.

Sector wise commentary:

- **Automotive Sector:** The automotive industry is moving towards a software centric transformation. Number of ECUs inside vehicle are consolidating into High-Performance Compute (HPC) domain controllers and they host multiple virtual ECUs for various functions across the vehicle. Virtual ECUs are purely software driven and agnostic to the HW underneath. Original Equipment Manufacturers (OEMs) are transitioning toward distributed applications with a heightened emphasis on cybersecurity.
- **Satellite Segment:** The next generation of Satellites are considering Edge AI for onboard processing and provide Adaptive Code Modulation for throughput optimization. Challenges are in terms of power as Satellites are operated in highly optimized power budget.
- **Cellular Communications Industry:** Sasken is continuing to see an increase in the adoption of AI in O-RAN and the usage of Network APIs for better utilization of AI-based modules to optimize network performance.
- **Android and Smart Devices:** In its Android and Smart Devices offerings segment, Sasken continues to witness a growing trend of enhancing user experiences through AI integration, security, and connectivity. AI-on-Edge is gaining significant traction, enabling real-time processing and reducing dependence on cloud infrastructure, significantly improving response times for applications such as image recognition and predictive analysis. Additionally, 5G integration in Android devices enhances connectivity, enabling faster data transfer and lower latency, crucial for applications like AR/VR and IoT.
- **Digital Space:** In the digital arena, adoption of GenAI is helping to gain competitive advantage. Customers are investing in GenAI based tools for revenue acceleration and improving product life cycle. Customers are also integrating Generative AI into products to enable product differentiation and improve market share.
- **Cybersecurity:** Sasken continues to see steady and growing interest in its cybersecurity service offerings, especially within Product Security.

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Tata Consultancy Services Ltd

Still optimistic on demand over medium to long term

We have hosted management of TCS and KTAs are:

➤ Demand commentaries:

- TCS reiterated that FY26E CC Int'l Sales growth to be better than 0.9% CC growth in FY25, but we believe that same requires tight execution given cpoq ask of 1.0-1.7% in CC terms from 2Q-4QFY26E to even achieve 1.0-2.0% CC growth yoy in Int'l Sales based on our estimates.
- Due to macro related uncertainty clients are still preferring to award cost optimisation deals to fund their high ROI driven transformational spend.
- TCS is hopeful that tariff related uncertainties will be short lived and clients will again re-start investing in crucial transformational projects related to AI capabilities, cloud adoption/migration, data/application/ERP modernisation.
- Hence TCS, is expecting pent up demand may emerge in 2HFY26E if macro concerns subside and could result into better exit in 4QFY26E (which may create better growth outlook entering FY27E).
- Despite macro concerns, delay in decision making on discretionary spend, TCS is witnessing robust demand for GenAI/Agentic AI adoption and cost optimization. TCS mentioned GenAI/Agentic AI has been key themes driving demand hence TCS continue to invest in building their Gen AI offerings, deepening employee skills on GenAI/Agentic AI, and building differentiated capabilities integrating it in their portfolio of products and platforms. As per TCS, enterprises advancing from pilots to scaled GenAI deployments (here demand is led by AI- led transformation, SDLC/IT-Ops automation, and data-platform modernization).
- Deal pipeline continues to be very healthy and well distributed across verticals and geographies as per TCS. TCS continue to witness demand (deal wins) across markets as clients prioritize initiatives around technology modernization, cost optimization, vendor consolidation, operational model transformation, risk and compliance. Win themes across key deals involved operating model transformation, vendor consolidation, AI powered intelligent automation, and SAP S4/HANA based transformation deals. Clients are prioritizing scaling AI across the enterprise, transforming contact centers, optimizing costs, and improving cyber defence capabilities.

➤ Commentary on margins and operations:

- After announcing its plan to rationalise its employee strength post 1Q results, TCS announced its wage hikes effective Sep 2025 (covering around 80% of its workforce).
- TCS still remaining optimistic on margin management with its expectations of higher utilization, productivity gains, pyramid rationalization and better operating leverage considering its expectation of demand recovery ahead once macro and tariff related uncertainties normalises/stabilises.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	PAT#	EPS (Rs)*	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	25,53,240	6,74,070	4,85,530	134.2	23.1	11.6	16.7	51.3	81.1	26.4
FY26E	26,36,794	7,06,589	5,15,993	142.6	21.8	11.1	15.9	52.0	79.7	26.8
FY27E	28,37,302	7,60,935	5,50,777	152.2	20.4	10.7	14.8	53.4	82.5	26.8
FY28E	30,58,563	8,18,495	5,92,706	163.8	18.9	10.3	13.7	55.5	85.8	26.8

Source: Company data, Equirus; #reported; *EPS on recurring basis and on fully diluted equity

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Tech Mahindra Limited

Increasing execution rigour

We have hosted management of Tech Mahindra and KTAs are:

We believe that besides continuing healthy margin execution, TechM's Sales growth prospects have also started improving considering i) worst of the client specific issues in telecom getting behind, ii) improving new business order intake qoq (+44% on LTM basis), and iii) expected increase in the conversion of order wins into Sales eff. 2Q. TechM continues to expect reducing Sales growth lag vs. its peers with expectation of registering near to its peers' CC Sales growth in FY26E.

TechM Continue to focus on execution and reiterated their aspirations of growth and margins (plan for execution over period of 3 years from FY25 to FY27):

- FY25 has seen a turnaround phase with (i) Investment has been made in key accounts, markets, service lines (ii) front-end integration of portfolio companies (iii) launched Turbocharge program for key account growth (iv) launched Project Fortius for cost optimization (v) laid a strong foundation for transformation journey through strategic investments in people, leadership, and capabilities and believe it has positioned themselves to accelerate their strategic roadmap.
- FY26E will see a stabilization phase where TechM will (i) continue normal investments (ii) full integration of portfolio companies (iii) project Fortius to further progress on cost savings.
- FY27E will be a year of reaping returns with improved long term structural mix and continuous improvement in pyramid. TechM has aspiration of a higher than peers' growth rate with EBIT margins c.15% in FY27E, with strong cash generation and capital allocation policy and an improved structural mix and a pyramid in place.

We continue believe that changes highlighted under the new CEO has a potential to reduce earnings growth volatility, improve its quality and profile in the long run. This requires a tight/consistent execution over a longer period of time in our view (as seen in FY25/1QFY26).

Macro Uncertainty and Demand Environment:

- Macro environment continues to remain challenging which has resulted in delay in decision making and cut in discretionary spending.
- Telecom vertical is in stabilization phase. Within Europe there is consolidation in the market overall in terms of the reduction in the number of telcos however TechM is hopeful of winning deals in consolidated market. While India and Middle East being relatively volatile. Going forward TechM's strategy is to leverage the strength of long-standing relationships with global communication service providers and leverage unique capabilities in IT, networks, and the Comviva software suite.
- TechM continue to see softness in demand from a manufacturing vertical, (particularly for auto sector) as Industry is facing supply chain related issues (due to tariff related concerns) and discretionary in nature amid current macros.
- Macro uncertainties have impacted much of the demand in hi-tech vertical.

Gen AI: Its AI strategy focuses on four pillars: transformation, productivity, innovation and assurance. It has developed 200+ enterprise-grade AI agents across industry segments, with some already being used by clients.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	5,29,883	69,911	42,515	44.2	34.4	4.9	21.4	15.7	17.6	13.2
FY26E	5,51,389	86,091	53,015	59.8	25.5	4.7	17.3	19.0	22.6	15.6
FY27E	5,97,478	1,07,256	70,474	79.4	19.2	4.4	13.9	23.9	30.6	18.0
FY28E	6,53,686	1,20,921	81,230	91.6	16.6	4.2	12.3	25.9	35.4	18.5

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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WIPRO Limited

Increasing execution rigour

We have hosted management of Wipro and KTAs are:

- **Focus Areas under newly appointed CEO and MD:** Wipro continue to emphasis on 5 focus areas of his execution strategy which was announced (by Mr.Srini Pallia, CEO and MD), this areas include (i) to accelerate large deal momentum by working closely with clients and partners (ii) to strengthen relationships with large clients and partners and further invest in accounts that have the potential to grow into large accounts (iii) to focus on industry-specific offerings and business solutions led by consulting and infused with AI (iv) continue to build talent at scale (which is AI ready and able to deliver industry specific business solutions) and (v) continue to simplify operating model and focus on execution rigor with speed.
- **Deal pipeline:** (i) It witnessed strong bookings in Q1 and chasing strong pipeline entering Q2. H2 is expected to be better than H1 in terms of sales growth given its large deal wins and pipeline, (ii) the large deals won by Wipro were strongly contested, with significant competitive pressure and pricing pressure. Further Several of large deal wins were driven by vendor consolidation, where Wipro continue to build strong momentum.
- **Macro environment and Demand environment:** Q1 witnessed muted overall demand due to macro uncertainty and weak discretionary spending, leading to clients focusing on cost optimization and vendor consolidation. In the current state of tariffs and macro uncertainties, Manufacturing (Automotive and Industrial) and Retail CPG got impacted due to its global supply chain dependence. Demand in BFSI remains strong. In Consumer and EMR, it stays cautious while Retail, CPG and Manufacturing (esp. auto) have been impacted by tariffs. In Technology and Communications, it witnesses AI related investments. Healthcare remains strong with ongoing digital investments, though payers face cost pressures.
- **EBIT Margin:** IT Services EBITM came at 17.3% in 1QFY26. Wipro expects near-term margins may be impacted by initial upfront investments to ramp up mega/large deals it won in last few quarters which are won at competitive pricing. However, Wipro also said it will try to offset these headwinds to some extent by banking upon margin levers including operational efficiencies, utilization, offshoring, bench optimisation, pyramid adjustments, efficiency in delivery cost (yielding more productivity benefits in fixed price projects), AI led productivity gains, G&A cost optimisation and driving further operational efficiencies in acquired subsidiaries.
- **Capital allocation policy and Dividend:** Wipro increased its capital allocation policy from 45-50% to a minimum of 70% of net income over 3 years, with plans to pay dividends twice per year. In 1Q Wipro declared an interim dividend of Rs.5/share. Wipro indicated that now it plans to announce interim dividend with 1Q & 3Q results and still considering the buy back as alternative option to return excess cash.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	8,90,884	1,80,818	1,31,354	12.6	19.9	3.2	15.4	16.6	23.2	20.3
FY26E	9,05,128	1,73,595	1,36,728	13.1	19.1	3.1	15.9	16.3	24.1	19.2
FY27E	9,66,622	1,84,557	1,40,158	13.4	18.7	3.0	15.1	16.3	25.3	19.1
FY28E	10,25,317	1,98,885	1,51,724	14.5	17.3	2.9	13.9	17.2	28.4	19.4

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Delhivery Limited

Journey starts from Giant to Mammoth

We have hosted management of Delhivery Ltd and KTAs are:

Ecom express integration: Delhivery completed the acquisition of Ecom Express on July 18, 2025, following CCI approval on June 17, 2025, for a final consideration of Rs 13.7bn, with financial consolidation effective from that date. All Ecom Express volumes have been successfully integrated into Delhivery's network, with volume retention exceeding expectations at 55–65% versus the planned 30%. Network rationalisation is in progress, with plans to retain seven core facilities and exit non-express businesses by 3QFY26. While Ecom volumes had minimal impact in 1Q, they ramped up in July. The acquisition is expected to be margin-neutral to accretive, with one-time integration costs of Rs 3bn to be recognised in 2Q and 3Q, and no recurring cost overhang anticipated post-integration.

Evolving market dynamics strengthen Delhivery's competitive position: The acquisition of Ecom express has contributed to greater pricing stability in the market, reducing the threat of irrational, yield-suppressing competition. With rising input costs and increasing financial pressure on standalone 3PL players, management anticipates continued pricing discipline. Delhivery's superior productivity and ongoing efficiency gains are expected to widen its cost advantage, further reinforcing its pricing power. A clear "flight to quality" is underway, with marketplaces and clients prioritising reliability over discounts amid growing operational complexity. As marketplaces increasingly outsource logistics despite having in-house capabilities, Delhivery is steadily gaining market share across all client segments, including platforms like Meesho, Flipkart, and Amazon.

Insourcing trends to remain stable: Meesho currently insources ~55–60% of its volumes through Valmo, while Amazon and Flipkart consistently insource over 90%. Despite the losses involved, Delhivery expects these levels to remain steady. Meesho's growth in insourcing is limited by scarce sortation infrastructure and the lack of guaranteed volumes, deterring logistics players from investing in dedicated capacity. Consequently, the overall insourcing landscape is expected to stay unchanged.

PTL segment to sustain strong growth: Delhivery's PTL segment has delivered consistent growth over the past 8–9 quarters, with margins surpassing 10% alongside revenue growth. Management targets 16–18% margins at scale, driven by improved network utilisation, fixed cost absorption, and disciplined pricing. Quick commerce is a key growth driver, generating complex B2B demand to warehouses and dark stores, boosting the value of PTL's services such as scheduled deliveries, e-PODs, and reverse logistics.

New services - Rapid Commerce and Delhivery Direct: Delhivery continues to invest in new service initiatives to expand its offerings. It has launched a rapid commerce service, currently operating through 20 dark stores across three cities. Also, "Delhivery Direct," an on-demand intracity delivery service, is now live in Ahmedabad, Delhi NCR, and Bangalore. Both services are strategic adjacencies to Delhivery's core business and are expected to serve as long-term growth levers for its existing customer base.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	89,319	3,758	1,672	2.2	210.0	3.7	93.7	1.7	(3.5)	4.2
FY26E	99,741	4,152	711	1.0	494.3	3.7	84.8	0.8	(3.6)	4.2
FY27E	1,11,172	9,779	5,787	7.8	60.7	3.5	36.0	5.9	4.6	8.8
FY28E	1,23,618	13,073	8,557	11.5	41.0	3.2	26.9	8.1	8.4	10.6

Source: Company Data, Equirus

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Ecos (India) Mobility and Hospitality Limited

Onward and upward

We have hosted management of Ecos (India) Mobility and Hospitality Limited (ECOSMOBL) and KTAs are:

Strong growth outlook: ECOSMOBL is well-positioned for sustained growth, guiding 15–18% revenue growth. Though growth guidance is at 15-18%, ECOSMOBL is targeting 20%+ growth over medium term. Client retention remains a key strength, with over 61% of FY25 (59% 1QFY26) revenue derived from client relationship of more than five years—highlighting high customer stickiness and service reliability. The company is tapping into a large, fragmented, and unorganized corporate mobility market by offering professional, tech-enabled services, unlocking significant growth potential.

SME segment to drive next phase of growth: While ECOSMOBL currently focuses on large enterprises, the SME segment is expected to become a key growth driver. To effectively serve this market, a dedicated application is under development, aimed at providing smooth onboarding through a seamless online process. The app is expected to go live in the next 2–3 months, positioning ECOSMOBL to tap into large unorganised portion of corporate mobility market and unlock significant growth potential.

Market consolidation in sight: Over time, many large companies have engaged multiple transport service providers based on location-specific needs. However, ECOSMOBL has recently begun replacing these smaller players in select contracts, emerging as the sole service provider. This marks the beginning of a consolidation trend, positioning ECOSMOBL as a key beneficiary of the shift towards streamlined, centralized mobility solutions.

Margin outlook: Management has guided for margins to remain in the 13–15% range, driven by the revenue mix between the CCR (28% take rate) and ETS (19% take rate) segments, each expected to contribute 40–60% of total revenue. Margins may face temporary pressure due to provisions for doubtful debts—Rs 19.5mn booked in 1Q, with an additional Rs 50mn likely in the near term.

Expanding international footprint: ECOSMOBL is rapidly growing its global footprint, now serving top-tier enterprises in 30+ countries. Revenue from overseas operations nearly doubled from ~Rs 50mn in FY24 to ~Rs 90mn in FY25 (~Rs 21.6mn in 1QFY26), underscoring strong traction. ECOSMOBL currently targets key gateway cities across the Middle East, Europe, the USA, and Southeast Asia. While initial margins are modest to attract clients, the high-ticket nature ensures profitability remains comparable to domestic business. The company is focused on scaling this segment swiftly to establish a robust global base.

Asset-Light approach: ECOSMOBL will maintain its asset-light strategy, with the majority of its fleet owned and operated by vendors. Currently, only about 6% of the vehicles are company-owned, a proportion that is expected to remain steady going forward.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	6,540	924	601	10.0	29.9	8.1	19.5	30.1	49.0	14.1
FY26E	7,850	1,035	661	11.0	27.2	6.6	17.4	26.8	45.0	13.2
FY27E	9,200	1,245	815	13.6	22.1	5.4	14.5	27.0	46.5	13.5
FY28E	10,546	1,451	967	16.1	18.6	4.4	12.4	26.2	46.7	13.8

Source: Company Data, Equirus

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Gateway Distriparks Limited

Growth – a fresh priority

We have hosted management of Gateway Distriparks Ltd (GRFL) and KTAs are:

GRFL signs exclusive container train operations agreement for Ankleshwar MMLP: GRFL has entered into an exclusive container train operations agreement to provide rail services for a MMLP in Ankleshwar, covering two key business segments: domestic operations and EXIM services. Domestic operations can commence immediately, with an expected exit volume of 1,000 to 1,500 TEUs per month for the year, potentially scaling up to 3,000 to 4,000 TEUs per month in the next few years. For the EXIM segment, GRFL has received in-principal approval, with full ICD operations expected to begin by April next year. This segment holds significant growth potential, including converting existing road cargo to rail due to limited ICD capacity in the region, with volumes projected to reach 5,000 TEUs per month within two to three years and a further upside to 10,000 TEUs per month. While the lead distance for this business is shorter than GRFL's current primarily northern-focused routes, EBITDA per TEU is estimated at ~Rs 3,000. The agreement operates on a completely asset-light model with zero capital investment from GRFL, utilizing leased trains and containers. Future container investments will be minimal and only considered upon sustained domestic volume growth. The partnership is structured on a sharing basis, aligning incentives and operational efficiencies.

Strong ICD Outlook: GRFL's ICD segment remains resilient while maintaining stable market shares across regions. GRFL is targeting double-digit volume growth in FY26E and is actively looking for expanding its ICD network via domestic opportunities and asset-light models. With 6–7 new ICD sites identified for development over 5–7 years and two prioritized in the near term, GRFL's strong liquidity position enables it to strategically invest in its rail segment for long-term growth.

DFC connectivity to JNPT a strategic lever: The final stretch of the DFC is expected to be operational in near-term. While the full impact depends on factors such as cargo realignment and pricing dynamics, GRFL is well-positioned to benefit, backed by its pan-India license and its presence as one of the few private players with regular services to JNPT.

Strong liquidity position: GRFL's net debt has more than halved, from ~Rs 4.4bn in Mar'21 to ~Rs 2.2bn in Mar'25, with strong cashflow generation and corporate restructuring. Besides, the CFS divestment plan, if successful, will further strengthen cash flows. With a robust liquidity position, GRFL is well-positioned to invest in ICD expansion for future growth.

Competition: The competitive landscape in the ICD segment has intensified with new entrants like DP World and JSW Infra joining established players such as Adani and CONCOR. Despite this, GRFL has effectively maintained its market share, leveraging its strategic location advantage to stay resilient amid heightened competition.

Tariff uncertainty impact: Near-term tariff uncertainty poses a risk to export volumes and may further widen the export-import imbalance.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	15,050	3,451	2,386	4.8	14.4	1.7	10.6	12.2	10.6	22.9
FY26E	16,394	3,937	2,845	5.7	12.1	1.6	9.1	13.5	12.3	24.0
FY27E	18,025	4,375	3,258	6.5	10.6	1.4	8.0	14.3	13.2	24.3
FY28E	19,715	4,834	3,638	7.3	9.5	1.3	7.2	14.6	13.7	24.5

Source: Company Data, Equirus

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TVS Supply Chain Solutions Limited

Strategic push for sustainable profitability

We have hosted management of TVS Supply Chain Solutions Ltd (TVSSCS) and KTAs are:

Project One – a major transformation programme: Project One is a major transformation programme launched by TVSSCS in Apr'25 for its UK and Europe operations, aimed at integrating the ISCS and IFM businesses under a unified leadership and operating structure to unlock synergies, improve efficiency, and enhance cross-selling. The programme's key pillars include right sizing, right shoring, management restructuring, warehouse consolidation, brand realignment into a single unified brand, and creation of a consolidated business development team. It is expected to deliver annualised cost savings of Rs 1.10–1.20bn, with Rs 500–600mn expected to flow through in FY26. In 1QFY26, TVSSCS booked a one-time exceptional cost of Rs 910mn as part of project one.

Ambitious long-term targets: TVSSCS expects mid-teens revenue growth, targeting ISCS adjusted EBITDA margin of 10–10.5% in the medium term and normalized GFS margin of ~3–3.5%. The company aims to achieve a 4% PBT margin by 4QFY27, driven by IFM turnaround (+0.4%), Project One savings (+1.2%), and operating leverage (+1.9%), with sequential improvement through FY26 and full benefits from early FY27. Long term, it targets the industry benchmark PBT margin of 8–11%, supported by efficiency initiatives including AI-driven enhancements.

GFS faces challenges: The GFS segment continues to face macroeconomic challenges, including an uncertain tariff environment, softening trade rates, and policy-induced trade disruptions, resulting in ongoing volatility, while the overall India business also experienced a slowdown in recent time, reflecting broader economic trends.

AI Initiatives: TVSSCS has initiated pilot programs in AI, with scaled deployments across select engagements in the UK, US, and India, focusing on visual computing to enhance efficiency; the company sees significant potential in leveraging Agentic AI to improve process efficiency and scale volumes with reduced effort, and is also utilizing an internal tool called 'Sidekick' (a ChatGPT-like assistant) to drive internal productivity.

Strong order pipeline: TVSSCS' current annualized order pipeline stands at Rs 53.0 bn with a historical win rate of ~22%.

Change in segment reporting: TVSSCS has revised its segment reporting, with ISCS segment now includes IFM services and warehousing contracts previously under GFS, while GFS is reported separately as a standalone freight forwarding segment to enhance visibility into its inherent volatility.

Share of JV – one-off income: TVSSCS realised strategic investment value from TVS ILP by monetising part of its early-stage investment, earning a Rs 1.77bn share of profit through the transfer of ~11msf of developed assets into an InvIT platform, with further gains expected as TVS ILP progresses towards its 20msf development target, although no material gains are anticipated in the near term.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	99,957	6,868	(181)	(0.3)	(436.1)	3.2	9.8	(0.7)	(7.0)	6.9
FY26E	1,07,983	7,798	2,423	3.2	41.8	3.0	8.7	7.5	8.7	7.2
FY27E	1,21,057	9,032	1,916	4.3	30.8	2.7	7.5	9.4	11.0	7.5
FY28E	1,34,623	10,354	2,806	6.4	21.0	2.4	6.5	12.3	13.0	7.7

Source: Company Data, Equirus

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Godawari Power & Ispat Ltd

Conference Takeaways

GPIL operates an integrated chain with captive power: mining → beneficiation → pellets → DRI → billets → wire rod/structurals → galvanizing/fabrication. Mining is being expanded from 3.0mt to 6.7mt (Ari Dongri 2.3→6.0; Boria Tibu 0.7 steady). Management expects mining plan approval soon, then public hearing and EC in ~3 months, aiming for 4QFY26 volume uplift and ~12 months to full ramp. A 5.4mt mine-site beneficiation is planned post-EC to deliver 65% Fe concentrate with ~20% reject; pellet capacity rises from 2.5mt to 4.7mt post-Diwali, with ~30% captive to DRI and the balance sold at ~Rs 9,000–10,000/t. Captive ore costs ~Rs 3,000/t at plant vs market ~Rs 6,000/t, implying ~Rs 3,000/t advantage.

Downstream capacities and pricing: DRI ~600kt (largely captive), billets ~525kt rising to ~575kt; sales realizations: sponge ~Rs 26,000–27,000/t, billets ~Rs 40,000/t, wire rod ~Rs 44,000/t, structurals ~Rs 48,000–49,000/t, and galvanized/fabricated towers ~Rs 75,000/t. Current rolled structurals ~200kt and galvanizing ~100kt (scalable); the strategy is to progressively tilt long products toward structurals as transmission demand scales, with a medium-term option to convert up to the full ~500kt long products into structurals.

Growth capex pillars: (1) Greenfield 1mt long-products steel plant (heavy structurals/beams) at Rs 50–60bn (rolling mill ~Rs 20bn), BF+SMS+rolling, 2.5–3 years build post-FID; to be timed only after mining cash-flow visibility strengthens. (2) CRM/value-added steel at Raipur (HR→CR, galvanised, color-coated): Rs 7.0bn capex + Rs 2.0bn WC, 0.7mt, construction targeted Nov–Dec, commissioning by Mar'27; margin ~8–10%, implying >Rs 40bn turnover and ~Rs 3–4bn EBITDA potential. (3) BESS containerisation at Sambhajinagar: Rs 7.0bn capex (incl. ~Rs 1.5bn land), initial 10 GW container capacity, importing cells/BMS while fabricating containers domestically (steel from CRM), margin ~8–10% and ~Rs 50bn turnover potential, supported by duty arbitrage (cells ~5% vs higher on finished containers).

Financial posture and power: debt-free with net cash ~Rs 6–7bn; current EBITDA ~Rs 11bn, with a guided 70–80% uplift from mines/pellets from next year, taking EBITDA to >Rs 20bn and underpinning the larger steel capex. Near-term spend centers on CRM and BESS (~Rs 14bn capex + Rs 2bn WC), with only small debt envisaged in the next financial year; annual capex run-rate ~Rs 20bn, peaking at ~Rs 30–35bn near commissioning; maintenance capex ~Rs 500mn p.a. Power self-sufficiency totals ~400 MW: ~290 MW solar (165 MW operating + 125 MW this year) plus ~110 MW thermal/biomass/WHR on net metering.

Corporate structure and portfolio moves: subsidiaries Hira Ferroalloys and Alok Ferroalloys (combined ~78 kt silico-manganese, captive power), JV Ardent Steel in Odisha (palletisation, 38% stake), and 44% in Jammu Pigments (non-ferrous recycling). Jammu Pigments saw ~Rs 2.5bn outlay for the stake, implying ~Rs 50bn equity value and ~Rs 80bn EV; plan to ramp output from ~30–40 kt to 85–90 kt in 12–18 months via input mix, maintenance, and process control, from a ~Rs 6–7bn turnover base. GPIL has scrapped the earlier 2mt HRC plan (cost escalation and coke import constraints) to focus on long products, CRM/value-add, and BESS, where competitive intensity from imports is lower and integration advantages are higher.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	53,757	11,937	8,110	13.2	16.9	2.8	12.8	13.8	24.6	22.2
FY26E	59,193	13,149	8,923	14.6	15.3	2.4	11.6	13.6	22.9	22.2
FY27E	75,118	21,820	15,184	24.8	9.0	1.9	7.0	19.3	33.6	29.0
FY28E	76,053	21,799	14,829	24.2	9.2	1.6	7.0	16.6	28.7	28.7

Source: Company, Equirus Securities

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Lloyds Metals And Energy Ltd

Conference Takeaways

Capacity and Integration: LMEL has expanded iron ore capacity to 26mtpa (from 10mtpa) with EC approvals in place and guided dispatches of 22mt in FY26E, targeting the full 26mt once the new slurry pipeline removes bottlenecks. Pellet integration is progressing with a 4mtpa plant and 35km slurry pipeline commissioned in 1QFY26, another 4mtpa pellet line expected in FY27E, and total pellet capacity guided at 8mtpa by FY27E and 12mtpa by FY29E. Steel integration includes a 1.2mtpa wire rod mill targeted in FY27E and an additional 3mtpa steel by FY29E, taking exit FY29E capacities to 4.5mt steel, 12mt pellets, 26mt ore, and 450–500MW captive power. The 30mtpa BHQ beneficiation project (Fe67% output from 37–38% feed) will see two modules commissioned by late FY27E and full scale by FY28E, marking India's first large flotation deployment with Chinese partners.

Cost Position and Product Economics: The slurry pipeline saves ~Rs500/ton on 10mt volumes (~Rs5,000mn annually), reducing iron ore cost base by ~Rs250/ton today with further Rs100–200/ton savings guided by FY27E through captive logistics and scale. Allocation-route mines (valid till 2057) avoid auction premiums of 120–150% plus 19.8% royalty, sustaining a deep structural cost edge. Iron ore realizations in 1QFY26 were ~Rs5,300–5,400/ton with EBITDA of ~Rs2,223/ton, costs ~Rs3,000/ton, and scope to fall to ~Rs2,750/ton. Pellets fetch ~Rs9,000/ton with ~Rs1,500–2,000/ton conversion costs, yielding ~Rs2,000/ton incremental EBITDA over ore, implying combined ore+pellet EBITDA potential of ~Rs4,000/ton. Pellet demand within 300–1,000km is mapped at ~27mt against LMEL's near-term 8mt sales, providing strong absorption without reliance on exports. For steel, management tracks cost spreads, targeting ~USD 320/t cost against market spreads of USD500–600/t.

MDO Business and Economics: The Triveni MDO platform was acquired at ~Rs49.5bn EV and is expected to deliver ~Rs9.5bn EBITDA in FY26E from ~70mt mined, with ramp-up to ~120mt by FY27E across iron ore, coal, and barite at 25–33% EBITDA margins. Structure involved minimal upfront cash (~Rs700mn) with LMEL backing RPS, while the MDO remains operationally independent with its own debt servicing. A Rs16–17bn owned fleet underpins capacity of ~200m BCM/year, with refurbishment and electrification programs targeting near-100% electric mine equipment within a year.

Funding and Leverage: LMEL plans ~Rs320bn capex over five years, with ~Rs67bn spent till June and annual spends of Rs70–75bn guided over the next three years. Funding will come mainly from internal accruals, Rs17bn pending warrant proceeds in FY26E, and optional long-tenor NCDs of up to Rs25bn as a buffer.

Market and Governance: Domestic ore remains discounted to global while steel is globally benchmarked, supporting the integration model. Export duties restrict ore exports above Fe58–60%, while pellets can be exported though domestic demand is prioritized. Governance has been strengthened with Triveni becoming co-promoter in 2021 and subsequent consolidation of the MDO to remove related-party concerns. A recent director exit was managed smoothly, ensuring continuity. International expansion is being evaluated selectively, with interest in coking coal MDOs but no appetite for high-premium domestic ore auctions.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	66,263	19,529	14,499	27.7	50.3	11.4	37.8	22.6	40.6	29.1
FY26E	1,65,659	67,346	49,246	87.9	15.8	6.0	10.8	37.7	78.0	39.7
FY27E	2,05,317	84,775	60,996	108.9	12.8	4.1	8.6	32.0	59.8	40.0
FY28E	2,14,264	91,949	64,362	114.9	12.1	3.1	7.9	25.3	42.3	41.0

Source: Company, Equirus Securities

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GAIL (India) Ltd

Tariff reset & Macro tailwinds ahead

- **Tariff Revision, a long-delayed catch-up:** PNGRB's directive to revisit tariffs stems from a clear mismatch between earlier assumptions and current realities as last tariff revision had factored in unrealistically low SUG prices and higher pipeline capacities, resulting in under-recoveries. Now, with revised capacity determinations trending lower and SUG benchmarked higher, the denominator shrinks. Management has filed for ~Rs. 78/mmbtu but guided to a more realistic Rs. 69–71/mmbtu post regulator moderation, in line with historical precedents. Tariff revision should provide a **20%+ EBITDA uplift** on stable volumes. Coupled with strong visibility on pipeline-led capex, expanding CGD offtake, and a favourable LNG price trajectory, the medium-term growth story remains intact.
- **Medium-Term demand growth anchored in CGD and Industry:** CY volumes remain under stress due to unplanned outages, heavy monsoon-led washouts, and refinery deferrals, leading to temporary supply disruptions. Due to this, full-year guidance was lowered to 126–127 mmscmd during 1Q call, with fertilizer and CGD sectors providing resilience. The 5-year transmission growth outlook of 8–10 mmscmd annually is underpinned by CGD (12% CAGR) and commissioning of new pipelines across Maharashtra, MP, Chhattisgarh, Odisha, and West Bengal. Demand traction is expected from steel, aluminium, and refinery clusters, with many IOC refineries set to integrate into the grid. PNGRB's independent study supports this optimism, projecting national gas consumption at ~297mmscmd by 2030 ('good-to-go' scenario), a 50% increase and ~350mmscmd under good to best scenario.
- **LNG Outlook: softening slope to aid competitiveness:** LNG sourcing landscape is expected to structurally improve post-FY27, with slopes moderating to ~11–11.5%, translating into landed costs of **\$8–9/mmbtu** with lot of supply coming from US, Qatar and Canada. At these levels, gas becomes more competitive against alternate fuels, especially given industrial decarbonization pressures. Terminals and connectivity infrastructure are in place, setting up LNG as a reliable incremental growth lever.
- **Capex Visibility, doubling down on pipelines, staying prudent on petchem:** Management indicated that ~40–50% of the total capex will be directed toward pipeline projects, ensuring regulated returns and long-term volume growth along with plans to nearly double existing LPG pipeline capacity, expand the Dabhol terminal, and progress on the Jagdishpur–Haldia corridor. At the same time, GAIL remains measured on its petchem exposure, margin volatility, and is calibrating investments accordingly with no new petchem projects under evaluation. Beyond core pipelines, there has been development of focus on renewable power & efficiency upgrades. Also, the economics of the Net zero capex of Rs.350bn by 2035 are attractive as with in-house power generation at ~Rs. 4.5/unit Vs current purchase cost of Rs. 8–9/unit, will directly reduce opex while aligning with ESG mandates.
- **Retail LNG & Emerging Segments:** Retail LNG is moving beyond the chicken-and-egg stage, with 700 LNG trucks already operating and GAIL planning 25 retail stations. PNGRB projects 30,000 LNG trucks by 2030, implying ~4mmscmd of incremental demand, where GAIL is well-positioned as a first mover. While near-term volumes remain negligible, exponential growth is expected post-2027 once conversion ecosystems scale up.
- **GST Inclusion, a potential game changer:** Industry continues to advocate for the inclusion of natural gas under GST, which would simplify taxation, improve credit pass-through, and structurally lower delivered costs for industrial consumers. For GAIL, GST adoption would not only streamline compliance but also enhance demand elasticity, particularly in CGD and industrial segments where cascading state levies remain a deterrent. While timelines remain uncertain, any policy move in this direction would serve as an additional macro tailwind, strengthening the case for sustained volume growth across the gas value chain.
- **Structural Debate: unbundling unlikely in the near-term:** While unbundling of trading and transmission businesses resurfaces periodically, management reiterated that legal or ownership separation is premature in a market with only ~6% gas share in the energy basket. Global precedents (UK, US) took decades to implement under much higher penetration levels. Instead, discussions around a Transmission System Operator (TSO) model may gain traction, but status quo on GAIL's integrated model is expected near term.

Financial Summary

YE Mar Rs bn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,419	154	100	15.2	11.7	1.4	7,575.7	12.4	9.3	10.9
FY26E	1,501	157	99	15.0	11.8	1.3	7,431.5	11.2	8.8	10.5
FY27E	1,536	185	118	18.0	9.9	1.2	6,317.3	12.4	9.7	12.0
FY28E	1,544	200	126	19.2	9.3	1.1	5,835.5	12.0	9.7	13.0

Source: Company, Equirus Securities

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Gujarat Gas Ltd.

Bottom of multiple headwinds

GSPC group has faced multiple headwinds in last 2 years from tariff reduction, APM gas deallocation and volume loss in Morbi to propane. We believe worst are behind and multiple catalysts converge over next 2 years - a) a capital-light propane hedge to regain market share, b) structural macro tailwinds from expected softening of spot LNG, c) optimum contract rebooking strategy, d) merger-driven tax synergies, and e) potential GSPL tariff upside. Together, these levers create a compelling multi-catalyst story that is set to improve from here onwards.

- **Propane as a strategic lever:** Propane remains a key energy source, with approximately 60% of industries in Morbi operating as dual fuel (capable of switching fuels), compared to around 35%-40% that rely solely on natural gas. With propane being relatively cheaper, management is leveraging international sourcing and terminal access agreements to secure competitive supply. The plan is to start with Morbi, targeting ~20% market share, before expanding into other geographies with expected margins at Rs.2/kg. Importantly, management reiterated that no significant upfront capex is required for this business stream, ensuring a capital-light entry into a competitive but growing segment.
- **Contract Portfolio and re-sourcing visibility:** GSPC LNG contract book provides long-term visibility. Key components include ~2.5mmscmd from Shell, renewed until 2030; a Qatar contract valid until 2028; and a 0.4mtpa, 10-year DES contract indexed to Henry Hub. These layered contracts provide optionality and sourcing flexibility, with Shell revised linkages now significantly more competitive than earlier cycles. Management expects LNG pricing to soften meaningfully post-2026, driven by new supply from the US, Canada, and Qatar, while propane-linked procurement remains the near-term hedge.
- **Merger synergies and tax shield:** The merger with GSPC delivers meaningful synergies. Firstly, elimination of the marketing spread improves supply economics by removing intermediary costs. Secondly, the company inherits ~Rs. 60bn of accumulated tax losses, enabling a tax holiday of 2 to 2.5 years, materially boosting cash flows and balance sheet flexibility in the medium term.
- **Capex outlook and regulatory landscape:** Management guided that the propane business will not require any incremental capex, keeping it capital-light. On the regulated pipeline side, GSPL has planned ~Rs. 30bn of investments over the next 2–3 years and Rs.8-10bn in FY26 under Gujarat Gas. Regulatory stability in Gujarat, along with consistent dealer expansion, continues to underpin volume growth.
- **CNG station addition to accelerate in FY27:** CNG growth remains anchored in Gujarat, with ~69% of CNG stations and ~85% of CNG volumes concentrated in the state. Expansion remains a key focus, with 69 new stations signed across 43 licenses, targeting ~100 outlets by FY27. Additionally, integration of Sabarmati Gas (where Gujarat Gas holds 49.5%) adds distribution heft and supports scale benefits. In addition, non-Morbi industrial volume can go up by ~1.5mmscmd over next 3 years with demand coming from Ahmedabad-rural, Thane, etc.
- **Gas supply volumes and sourcing mix:** GGAS current portfolio aggregates to ~4mmscmd, comprising ~2.1mmscmd of APM gas, ~0.5mmscmd from NWG, ~1.2mmscmd of HPHT volumes, and ~0.3mmscmd of spot LNG. This diversified mix provides resilience in procurement. Management emphasized that while industry-wide margins are under pressure, the supply diversification strategy helps mitigate volatility.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,64,870	18,798	11,455	16.6	26.1	3.5	15.9	14.2	12.9	11.4
FY26E	1,61,050	21,399	13,506	19.6	22.2	3.2	14.0	15.1	14.8	13.3
FY27E	2,03,799	23,434	14,710	21.4	20.4	2.9	12.8	14.8	15.9	11.5
FY28E	2,29,798	27,288	17,652	25.6	17.0	2.6	11.0	16.0	19.8	11.9

Source: Company, Equirus Securities

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Mahanagar Gas Ltd.

Scaling volumes, strengthening infra, diversifying beyond CGD

- **Attractive project-level returns:** Management disclosed CNG station economics: ~Rs. 40mn capex (ex-land) with breakeven achieved at 5,000 kg/day sales. IRRs for CNG typically start at ~14–15% in new GAs but scale up to 18–20% as volumes ramp. Pipeline assets, with a regulatory life of 25 years (actual >40–50 years), provide stable long-duration cash flows. Current company-wide RoCE stands at ~24–25%, boosted by legacy assets, but even new rollouts are expected to trend toward high-teens IRR.
- **Diversification and strategic bets:** Beyond CGD, the MGL is selectively entering adjacencies. A JV with a US battery player is setting up a 500 MW (expandable to 1 GW) lithium-ion cell manufacturing plant in India, with Rs. 8–8.5bn capex in Phase-1 (40% equity). Cells have already been tested with 2W OEMs under Indian conditions with positive feedback. LNG retailing and bio-CBG are also on the radar. Current CBG penetration is minimal (~100 plants pan-India), but incentives like assured offtake by GAIL and equivalent APM allocation make it a medium-term opportunity.
- **Consolidation and expansion strategy:** MGL acquired Unison (Ratnagiri, Osmanabad-Latur in Maharashtra and in Karnataka) and has recently merged with itself. Management remains open to further acquisitions, subject to regulator commitments and asset quality. Household penetration currently stands at 2.7m connections (~1.9m active consumers), with Tier-1 geographies nearly saturated but Tier-2/3 expected to provide the next leg of growth, albeit at higher unit costs.
- **Strong volume traction with Infrastructure Scale-Up:** Volumes grew ~12% yoy last year, with further visibility from customer additions and new compression infrastructure. Current CNG throughput stands at ~0.7mmcmd, with a near-term ramp-up potential to 0.9–0.95mmcmd as new GAs and pipelines come online. Customer onboarding is also scaling, annual additions have risen from ~200k earlier to 345k last year, and management is targeting 300k+ annually going forward. Management sees a sustainable 15–20% growth in domestic/retail volumes, underpinned by latent demand in GA-2 and GA-3, and structural per capita consumption recovery (currently at ~0.35 vs. ~0.4 ten years ago).
- **CNG economics and demand elasticity:** Despite significant reduction in APM allocation for CNG, pricing power has held up given the wide gap vs. petrol/diesel. Even at Rs. 89–90/kg during the Ukraine-Russia crisis, demand remained resilient, validating inelasticity for the existing base. Mgmt. expects 8–10% volume growth CAGR over the next 2–3 years, with disproportionate upside from commercial fleets, where adoption remains under-penetrated. Schemes such as upfront fuel-card subsidies for diesel-to-CNG conversions are compressing payback periods and boosting adoption.
- **Gas sourcing strategy provides hedge:** APM allocation for CNG stands at ~30%, with the balance sourced from long-term contracts (~4 mmcmd tied up). Spot purchases are opportunistic, via HPHT tenders on IGX. Contracts are signed in small tranches on rolling expiry, offering flexibility to switch between spot and term as market evolves. Management views cost risk as contained, with global gas prices expected to stabilize or decline post-2027–28. Even in a downside case (APM going to zero), CNG would remain competitive vs. alternate fuels, with only ~\$ 1.5–2/mmbtu higher procurement cost.
- **Capacity expansion to alleviate urban constraints:** Mumbai's pipeline laying is seasonally constrained (October–May window), but management is pushing capacity through parallel development of 3 new CNG compression stations (vs. only 1 earlier) and redesign of high-traffic stations. Large flagship sites, such as the upcoming Wadala mega station and port land leases in South Mumbai will structurally ease bottlenecks. Tie-ups with bus depots (8 already operational) and dealer-led app-based slot booking are being used to manage peak-time congestion. MGL targets ~50 new CNG stations in core GAs annually, plus ~30–40 across new GAs, positioning infrastructure ahead of demand.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	68,603	14,464	9,815	99.4	13.4	2.2	9.1	17.8	23.1	21.1
FY26E	78,258	16,244	10,424	105.5	12.6	2.0	8.1	16.9	22.7	20.8
FY27E	86,393	16,819	11,131	112.7	11.8	1.8	7.8	16.3	22.1	19.5
FY28E	94,563	20,544	13,568	137.4	9.7	1.6	6.4	17.8	22.7	21.7

Source: Company, Equirus Securities

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Antony Waste Handling Cell Ltd

Sustaining momentum

Business Performance

- Currently, the Collection & Transportation (C&T) segment contributes ~55-60% of revenues, which the company aims to gradually bring down to ~50%.
- Non-government dependent revenues ~3% of net sales and targeted to rise to 7–8% over time.
- Gross debt stood at Rs 4.4bn, while cash and bank balances were Rs 870mn, resulting in a net debt-to-equity ratio of ~0.4x. The average cost of borrowing remains at 9.2%.
- Receivable days extended in the absence of elected members required for approvals; going forward, management expects receivable days to normalize to ~90-100.

Kanjurmarg Contract

- A significant development took place regarding the company's proposed WtE project at Kanjurmarg, with the Bombay High Court quashing the earlier 2009 notification and declaring the 120-hectare landfill site as protected forest under the Forest Conservation Act.
- This has halted tendering activity for the planned 55MW WtE project, a key part of Mumbai's integrated waste management plan. However, with the Supreme Court's ruling, AWHCL continues to operate at the site, and management does not expect any major adverse implications.
- Mumbai generates ~7,200TPD of municipal waste, of which Kanjurmarg processes ~6,000 TPD. AWHCL is targeting to scale this up to ~7,000 TPD by CY31. The Kanjurmarg project continues to deliver EBITDA margins above 40%.

Projects and Bids

- The company continues to expand in the Construction & Demolition (C&D) waste segment, though Q1 performance was seasonally soft with revenues of Rs 80mn. Importantly, government's new interim guidelines mandating 20% recycled content in construction present a strong structural tailwind for the business.
- In the recycling verticals, AWHCL has finalized the vendor for its tyre recycling project. For vehicle scrapping, land has been identified near Mumbai and transfer formalities have begun.
- One of the C&T contracts in Mumbai (~3% of consolidated sales) is expiring in Dec'25, for which the company has already submitted a bid.
- The CITCO biomining project involves ~1.4mn tons of waste processing.

PCMC WtE Project Update

- The Pimpri-Chinchwad (PCMC) WtE plant has a capacity of 1,000 TPD but is currently handling ~1,200 TPD of waste, ~60% of which is dry and largely segregated.
- The project has three revenue streams: 1) tipping fees of Rs 504/MT (~Rs 200–220mn annually), 2) power sales at Rs 5/unit (~Rs 440–460mn annually), and 3) compost sales.
- Typically, WtE plants have a 6-7 years payback with EBITDA margins above 50%.
- While operations are robust, internal IRR remains below the 16.09% guaranteed under concession terms; management has sought a tipping fee revision, though approvals may take time. EBITDA margins could expand by ~300bps with higher plant load factor (PFL) of 84–90%.
- The facility requires 1,650 CV for efficient combustion, while incoming waste has a higher calorific value (~2,000 CV), enabling 14MW power generation from ~550 TPD waste versus 700 TPD planned earlier.
- Excess waste is temporarily dumped onsite and may be bio-mined in future if required. Water requirements of ~150 KL are met by the Chikali sewage treatment plant.

Andhra Pradesh WtE Project Update

- AWHCL has secured two large WtE contracts worth ~Rs 16bn each from the New & Renewable Energy Development Corporation of Andhra Pradesh (NREDCAP).
- These involve setting up two 15MW plants at Kadapa and Kurnool clusters (total 30MW capacity).
- Each project will follow a ~24-month construction period (from later of concession signing, PPA execution, or land transfer), with a 20-year concession.
- Power will be sold to APSPDCL at Rs 8.10/unit.
- Both facilities will incorporate advanced Material Recovery Facilities for waste sorting and pre-treatment before energy conversion.
- Project funding will be 70:30 Debt:Equity

Guidance

- Management expects to sustain volume-led revenue CAGR of 15–17% over the next five years.
- Core revenues are projected to grow at 18–20% CAGR, with EBITDA margins of 21–22% (excluding construction revenues) over the next 3–5 years.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	9,336	1,951	615	21.7	27.6	2.6	10.4	13.1	9.2	20.9
FY26E	10,257	2,178	744	26.3	22.8	2.3	7.3	10.9	12.4	21.2
FY27E	10,875	2,257	771	27.3	22.0	2.1	6.8	10.2	15.0	20.8
FY28E	11,360	2,340	798	28.2	21.3	1.9	6.2	9.6	14.7	20.6

Source: Company, Equirus Securities

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Concord Enviro Systems Ltd

Wastewater remains the backbone, New Energy as the next growth engine

- **Guidance anchored in profitability:** Concord remains firmly on track to deliver its 18–20% revenue growth guidance, with profitability underpinned by a strong order book, rising share of high-value process applications, and upcoming growth levers in biogas and carbon capture. While H1 typically accounts for ~35–40% of revenues, execution accelerates in H2, ensuring visibility on full-year numbers. Importantly, the strategic shift from end-of-pipe wastewater treatment to integrated process solutions enhances both margins and client stickiness, creating a pathway for sustained earnings growth even as new sustainability-linked businesses scale up over FY27 and beyond. Overall targeted topline in FY26E at Rs. 7.0-7.2bn; Gross Margins at 49-50%; EBITDA margin at ~16-16.5% with FY27 revenue growth potential in 20%+.
- **Rising cost of water: A tailwind for solutions providers:** The steadily escalating cost of industrial water is no longer a hidden line item, it is reshaping investment priorities. In high-stress regions like Chennai or Andhra, total costs have remained high, driven by energy intensity and scarcity premiums. For industries dependent on reliable water access, this transforms water from a utility into a strategic vulnerability, forcing them to rethink sourcing, recycling, and treatment strategies. This structural shift plays directly to the company's strengths: clients are now willing to pay a premium for solutions that not only ensure water security but also reduce long-term energy and operating costs. As tariffs rise and groundwater access tightens, the economics increasingly favor technology-led reuse and desalination, turning water scarcity into a profitable growth driver for solution providers.
- **Order book visibility & revenue mix:** Current order book stands at ~Rs. 5.3bn. Segment-wise breakdown of the order book: 59% relates to ZLD projects, 15% to CBG orders, and 26% to O&M contracts. International projects are progressing well; their first Mexico project was successfully commissioned in July 2025, and generally international orders have higher conversion. Actively pursuing quotes and discussions for approximately Rs. 25bn with healthy conversion prospects. Importantly, about Rs. 1-1.2bn of smaller system orders are typically booked and executed within the year, providing steady revenue inflows alongside the larger projects. Export orders, such as the recently closed Rs. 250mn O&M contract in Mexico, are also expected to add working capital needs as the international after-sales business scales up. With strong positioning in pharma (70% market share) and growing traction in F&B, the strategy is simple yet powerful: lower energy footprint, superior technology, and long-term savings for clients. This enables the company to compete with industry giants like Thermax and Ion Exchange while strong positioning in niche segments on back of tailored solutions.
- **In-House technology as a differentiator:** Unlike many peers, the company develops 90–95% of its solutions in-house, including membranes, evaporator frames, and process designs. This deep technology ownership not only ensures cost competitiveness but also strengthens client trust by offering customized, integrated solutions with lower energy and lifecycle costs. While reported R&D spend is ~1.5% of revenues, much of the innovation cost is embedded in material and application development, making the true investment higher. With a team of 30+ researchers, including PhDs and chemical engineers, the company is actively pushing the frontiers in **membrane applications, microbial carbon capture, and process separation technologies.**
- **The next growth levers: Biogas & Carbon Capture:** The company is betting on CBG and biological carbon capture as its next growth engines. CBG solutions allow industrial clients to convert organic waste into revenue streams, while microbial carbon capture technology promises sustainable CO₂ reduction at scale. These innovations align with tightening government sustainability targets, and revenue visibility is expected to build meaningfully by FY27. Together, they represent the next Rs. 10bn opportunity for the business. Additionally, India's tightening regulatory stance on wastewater reuse, particularly in CETPs, are both opportunities and risks. The opportunity lies in a massive, untapped market where industries must increasingly comply with stricter norms. The risk lies in the absence of robust collection mechanisms, forcing companies to risk Rs. 400–500mn in investments without guaranteed recoveries

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	3,294	534	164	8	-	-	-	6%	6%	16%
FY23A	3,432	430	54	3	-	-	-	2%	4%	13%
FY24A	4,969	1176	961	46	16	4	11	34%	26%	24%
FY25A	5,944	931	581	28	19	2	13	15%	15%	16%

Source: Company, Equirus Securities

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Nesco Ltd.

Promising medium to long term growth story

- **Commercial Segment:** NESCO launched its first tower in IT park- Tower 3 (~0.66msf) in 2013, and IT park- Tower 4 (~1.12msf) in 2019. Both the towers are 100% leased.
- Tower 3 has 11 floors with an ARR of 179/sq.ft and tower 4 has 13 floors with an ARR of 173/sq.ft. Both the towers have reputed and marquee clients like MSCI, HSBC, PWC, KPMG, Blackrock, Ericsson, Investec Sodexo etc.
- Both these towers generated a Rental Income of ~Rs3.7bn up 15% yoy in FY25 and Rs0.98bn up 11% yoy during 1QFY26.
- NESCO is now undergoing an expansion programme, adding a commercial tower and hotel-with ~5msf space of which ~2.3msf will be for premium office spaces and balance for a hotel (732 rooms) and 172 serviced apartments. Targeted capex is of ~Rs 35bn (~Rs 7bn already invested) over next 4-5 years.
- Construction for the proposed expansion plan is likely to be started by year end as approvals fall in place.
- **Exhibition Segment:** NESCO has a portfolio of 7 halls ranging from 2,200sqm to 19,000 sqm totalling to ~71,418sqm for hosting business and cultural events.
- Few of its clients include Gems and Jewelry Export Promotion Council (GJEPC), FICCI, ABEC, Chem Expo India, CMAI
- Redevelopment work is going on in few BEC's with Hall 6 completed and work going on in Hall1, Hall 2 & Hall 3. It would require ~Rs1.5bn-Rs1.8bn each and would require 12-15 months to complete. New halls will be pillar-free, taller, and feature modern amenities.
- Exhibition segment's current utilization stands at ~40%, with potential to increase to 50-60% post-development. Average Realization at ~Rs 249 Psm/pd. It generated revenue of ~Rs1.7bn during FY25 and ~Rs0.38bn during 1QFY26.
- **Foods Segment:** NESCO Foods was started in 2016 and delivers tailor-made spreads to any event at any time of the day. NESCO has its own brands (8 own) and 50+partnered brands. It operates a central kitchen of 24K+ sq.ft facility with a capacity of providing 80,000 meals per day. It also has a banquet hall of ~20,000sq.ft which can hold 3 events at the same time. NESCO Foods also has 2 food courts which are operational (Tower 4 and Hall 2) and an upcoming food court (Hall 6).
- **Way side Amenities:** NESCO has recently entered wayside amenities segment across highways. NESCO would be developing operating and managing Wayside Amenities across Express Highways. Facilities include fuel stations, food courts, quick-service restaurants, parking bays, convenience retails and vehicle repair services.
- The company has been awarded 3 tenders comprising of 11 sites across express highways by National Highways Logistics Management Limited and possession of 2 sites already taken and project development has been initiated.
- Company is targeting a capex of ~Rs4bn for these 11 sites. 80%-85% of revenues would be petroleum related which the company will outsource and would be majorly focusing on Food courts, QSR, convention centres etc.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	3,374	2,190	1,892	26.8	20.6	2.3	16.8	11.7	9.73	64.9
FY23A	5,460	3,488	2,906	41.2	12.6	1.9	9.3	15.9	13.5	63.9
FY24A	6,782	4,263	3,628	51.5	16.1	2.6	12.9	17.0	13.43	62.9
FY25A	7,320	4,378	3,752	53.3	17.1	2.4	14.1	15.2	11.96	59.8

Source: Company, Equirus Securities

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Arvind Fashions Ltd

Healthy demand momentum sustains

Healthy demand momentum sustains: We believe ARVINDFA was the amongst the few retailers with a better demand trend on a sequential basis during 1Q. The similar momentum has continued by far in 2Q as well. ARVINDFA welcomes Hon. PM's GST related announcement and by far they have not seen any sort of demand slowdown as the consumers may defer the purchase. However, they will stay watchful of demand trends and at the current juncture they remain positive about better growth rates during the festive time. In a quarter, where competition started EOSS early, ARVINDFA refrained and even on a yoy basis discounts went down during 1Q. Going ahead, focus remains on premiumization, healthy LFL, optimization in discounts and improved sourcing cost which along with scale benefit and moderation in opex shall drive margin expansion. ARVINDFA's plan is to grow EBITDAM at company level by 80-100bps.

Profitable growth remains a focus: There has been a change at the top-management recently and going ahead, profitable growth along with leading return ratios. Profitable growth has been in Arvind Group's DNA and that will continue to be the focus area in the coming years as well.

Brand wise strategy in place: 1) USPA with a NSV of Rs 20bn and EBITDAM of ~13-14% shall see growth from core biz as well from adjacent product categories, 2) TH & CK with a healthy margin profile also should also see topline CAGR of ~12-15% and 3) CK & Arrow: For these brands all the corrective measures are already taken and focus hereon should be on improved profitability.

Store expansion to be pick-up: Over last 2-3 years, we have seen store closures from ARVINDFA. Going ahead, while the company will keep on shutting non-performing stores, but the store openings will pick-up a pace with 150 store openings likely on an annual basis. COCO stores as of now contributes ~25% of the overall retail business with formats such as Tommy Hilfiger (TH) having higher COCO stores. Going ahead, while majority of the store openings will be FOFO driven but they will also look to buy-out successful FOFO stores and will invest capital behind the stores which can generate >15% return on deployed capital. For the Strides format, AVL has 11 stores and supply chain issues are sorted so we may see higher store openings for Strides – which has better GM then company average. Even, Strides stores can achieve throughput of Rs 20mn easily.

Adjacent categories share to rise: In the footwear biz, there were issues around supply as they were allowed to buy government certified factories. However, the supply chain issues are now sorted out and current footwear revenues of Rs 2.2bn in FY25 can go to Rs 3bn by FY26 and even the mid-to-long-term aspiration is to take it to Rs 5bn and eventually to Rs 10bn. Even for brands such as USPA, focus remains around innerwear, women wear, and Kids wear. Even, during 1Q we have seen a healthy 30% growth in the alternate categories. Along with solid topline growth, the focus will remain on higher margins.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	46,198	6,020	(339)	(2.5)	(203.6)	7.2	12.1	2.7	3.7	13.0
FY26E	52,444	6,926	1,362	10.2	50.7	6.5	10.4	17.0	20.7	13.2
FY27E	58,758	8,154	1,942	14.5	35.6	5.6	8.7	19.3	23.5	13.9
FY28E	65,284	9,361	2,459	18.4	28.1	4.8	7.5	19.9	25.1	14.3

Source: Company, Equirus Securities

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Sky Gold & Diamonds Ltd.

Firm footing on a growth trajectory

Growth trajectory intact: Over last-6 months we have seen a sharp volatility in gold-prices which led to some moderation in volume growth, but the company continued healthy growth trajectory led by new customer addition and value growth. Going ahead, with some moderation / stability in gold prices, SKYGOLD expects volume to come back. Current monthly run-rate of 500 kg / month (manufacturing capacity of 1ton) will ramp-up and SKYGOLD expects 90% utilization by FY27 / FY28. The management has maintained the topline guidance of Rs 76bn (29% implied CAGR over FY25-28E). The growth will be led by 1) new customer addition, 2) increased share from the current customers (through higher share in existing stores and contribution to newer stores – SKYGOLD indicated retail chains are going to add ~2,500 new stores over next-2 years), 3) rising contribution from exports biz (currently contributes 10% to topline which will move to 20% by FY27) and 4) increased contribution from studded Jewellery. In our view, all these factors should drive a solid growth for the company in the coming years.

Margins also to move northwards: Post-COVID we have seen EBITDAM moving from 1 - 1.5% market to 5.5% by FY25 end which are likely to improve further largely led by 1) increased share from studded Jewellery 2) scale benefit (current utilization levels of 50%) and, 3) higher exports share. PAT growth would be ahead of EBITDA / topline growth largely led by increased financing from GML and higher share from advance-gold schemes (which leads to lower working capital requirement and in-turn lesser finance cost). Management has maintained its guidance of ~4.25-4.5% PATM.

Exports full of opportunities: Over last few years, we have seen Indian retailers going global and the same footsteps SKYGOLD has also followed. In the exports market, Malaysia, UAE and Singapore remain the focus area with target audience being Asian customers. SKYGOLD has already received export order with 30-40kg / month run-rate and this will move up to 200kg / month in the coming 6-7 months. SKYGOLD aims to take export contribution from current 10% to 20% by FY27. A positive part about exports is that it offers better margins and even better receivable cycles (domestic cycle of 30-40 days vs. exports cycle of 15 days). Even, to source cheap gold from Dubai, SKYGOLD is looking to set up an office in Dubai and later on the same will be exported.

Customer addition and increased wallet share to drive growth: In the Jewellery retail space, we have been witnessing aggressive store addition and with rising store counts retailers will need higher inventory which along with increased wallet share in the existing store will drive a topline growth for SKYGOLD. Additionally, in the recent times, SKYGOLD has onboarded customers such as Indriya, Caratlane, Reliance and they are already in talks with Tanishq. The company showcase their designs in different exhibitions and keeps on adding new customers.

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Quess Corp Limited

Well-Positioned for the Next Phase of Growth

We have hosted management of Quess and KTAs are:

General Staffing:

- **Revenue & Growth:** On pricing side, Margin expansion remained constrained as in the General Staffing, pricing models include both flat fee and percentage fee arrangements, with flat fee deals offering limited room for margin expansion.
- **Vertical wise commentary:** 1) BFSI hiring is likely to expand further, aided by lower interest rates. 2) In CRT, recovery signs seen in June with festive hiring in 2Q–3Q to drive growth and expected to remain positive until October (Diwali). 3) Electronics Manufacturing & Auto is showing gradual recovery. 4) In Construction, where it is currently engaged with three customers, remains a long-term growth lever.

Professional Staffing:

- Professional Staffing remains the fastest-growing segment within the business, led by niche and strategic roles, not just headcount expansion.
- **Margins:** Quess expects to sustain double-digit margins going forward even with modest headcount growth, supported by GCC engagement, AI-led efficiencies and Favourable deployment mix.
- **New Initiative – Origint Platform:** GCC-as-a-Service platform, integrating IT hiring with allied services such as infrastructure management.

Overseas Staffing:

- **Revenue & Growth:** Singapore headwinds weighed on performance, but growth in the Middle East, Philippines, and Malaysia helped offset the impact.
- **Margins & Profitability:** Margins expected to remain stable near-term, with gradual improvement to ~7% by FY27E.
- **Strategic Shifts:** 1) Transitioning from Professional Staffing to General Staffing, as visa-related constraints challenge Singapore operations. 2) Localized business model being prioritized to drive sustainable growth. 3) Middle East has now become the largest contributor, overtaking Singapore.
- **Geography Commentary:** 1) In Singapore, shift from IT staffing to WFM staffing and multi-country APAC deals due to visa restrictions. 2) In Middle East, Philippines, and Malaysia, strong headcount and EBITDA growth, particularly in IT and ITES sectors. 3) Expansion in Middle East and SE Asia expected to support steady growth and margin expansion going forward.

ELI scheme: The ELI scheme went live on 1st August 2025 aimed at formalizing the labor market and improving retention of entry-level employees. It provides DBT-based benefits after a few months, which should help lower attrition. It expects the ELI scheme to incentivize formalization of informal labor, aiding retention and workforce growth, although the financial impact (especially margin improvement) will materialize in subsequent quarters, subject to further clarity.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,49,672	2,623	458	14.1	19.3	3.7	15.9	20.4	22.2	1.8
FY26E	1,55,222	3,048	2,304	15.5	17.6	3.3	13.8	19.9	25.8	2.0
FY27E	1,70,057	3,389	2,615	17.6	15.5	2.9	12.5	19.9	28.4	2.0
FY28E	1,87,980	3,951	3,150	21.2	12.9	2.5	10.7	21.1	33.5	2.1

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Team Lease Services Limited

Navigating Headwinds, Focused on Growth

India Equity Research | IT Services

We have hosted management of Team lease and KTAs are:

- TEAM is witnessing gradual recovery in BFSI, weak hiring trends in the consumer and retail segment (however expect to recover from 2Q), and flat demand in telecom and contract staffing. TEAM believes that FMCG formalization and recovery in BFSI and IT will drive greater momentum and contribute to growth in 2QFY26.
- It continues to witness growing workforce formalisation among enterprise clients where demand for tech talent remains selective but steady. Traditional IT services hiring is still sluggish, but GCC and product company demand is showing positive momentum.
- TEAM indicated potential tailwinds in the coming quarters from value-added services across both clients and associates, which are expected to support profit and margin expansion. Additionally, with fixed costs now fully absorbed, any incremental volume growth is likely to enhance operating leverage, further boosting profitability.
- While near-term pressures persist, it is well-positioned to drive gradual margin recovery in FY26 through operational efficiencies, cost optimisation, productivity gains, and focus on high margin businesses & revenue streams.

General Staffing: General Staffing's growth strategy is anchored on three key levers: deepening wallet share with existing clients, benefits accruing from continuing formalization, and capitalizing on sectoral rebounds.

BFSI sees some recovery: Although hiring picked up briefly towards the end of FY25, it slowed down following the RBI's cautious stance and advisory on NBFCs and fintech's offering small-ticket loans. Management anticipates visible signs of recovery in 2QFY26E.

Consumer and Retail faces challenges: TEAM was expecting consumer durables to perform well in 1Q while, it faced seasonal challenges that led to moderation. However, the FMCG and retail segments faced headwinds due to elevated input costs, which weighed on urban demand. April'25 began on a strong note, but early monsoons and weather disruptions impacted the sales of products like air conditioners, resulting in muted growth for the remainder of the quarter.

Specialized Staffing: Despite broader market softness, hiring within GCCs has remained steady. TEAM also noted growing activity from tier-2 GCCs and the expansion of new delivery hubs across India, driving consistent talent demand in emerging locations. TEAM is currently engaged with 75 GCCs, and demand from this segment is expected to continue.

HR Services: While EBITDA declined in 1Q due to seasonality of the EdTech business. The management expects ETR (consol) to be ~6-7% in FY26 and gradually increase to ~10% ahead, with growing profit contribution from prof. services and other HR services segments.

Apprenticeships: Degree Apprenticeship continues to gain momentum, with broader sectoral adoption and deeper client integration. TEAM has partnered with 22 universities to offer degrees, diplomas, work-integrated learning programs, and short-term certifications across both white- and blue-collar roles.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Reported PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	1,11,559	1,381	1,088	64.9	28.5	3.4	23.3	12.8	9.6	1.2
FY26E	1,26,755	1,646	1,291	77.0	24.0	3.0	19.6	13.3	11.4	1.3
FY27E	1,47,263	2,156	1,695	101.1	18.3	2.6	15.0	15.1	16.6	1.5
FY28E	1,73,188	2,521	2,128	126.9	14.6	2.2	12.8	16.2	20.6	1.5

Source: Company data, Equirus; EPS on recurring basis and on fully diluted equity

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Navigating Tariffs and Duties

Textile Business

1. Woven/Denim

- The company has no immediate plans to expand woven or denim capacity. Instead, it is consciously reducing woven manufacturing and redeploying resources toward garmenting.
- Around 15–20% of cotton requirements are currently imported (from the US, Egypt, etc.), though cotton costs are largely a pass-through in the garment business.
- Inter-segment sourcing from fibre to garment stands at ~15% and is expected to scale up to ~30% over the medium-to-long term.

2. Garments

- The garment division is anchored by three key products — jeans (~35% of garment sales), shirts, and t-shirts.
- Growth will be driven primarily by capacity expansion, with management targeting an increase from the current ~48mn units to ~55–60mn units by FY26/27.
- Division EBITDA margins currently stand at ~8%, below the industry benchmark of ~10–12%, due to an unfavourable sales mix and internal inefficiencies. Management aims to lift margins to ~10% in the near term through a richer product mix and better production efficiencies.
- Recent margin performance was impacted by a sharp increase in t-shirt saliency (from ~20% to ~35%).
- Margin differential between Indian and US customers remains at ~200–300bps.

Advanced Materials Division (AMD)

- Growth in AMD has been subdued over the last six months due to softness in the composites business, though a recovery is expected by end-FY26.
- Over the medium-to-long term, AMD is projected to deliver 15–20% sales growth, aided by new orders and a stronger sales mix.
- Current EBITDA margins of ~15% are expected to improve to ~18–20% going forward.

Impact of Reciprocal Duty

- Revised tariff structures now stand at India (25%), China (30%), Bangladesh (20%), Sri Lanka (20%), and Pakistan (19%).
- The USA accounts for ~30–35% of company revenues (direct + indirect).
- Orders are secured until Nov'25, though customers are seeking discounts to offset the higher duty.
- Under the previous 10% tariff, ~40–50% of the burden was absorbed by retailers/brands, ~25–30% by garment manufacturers, and the balance by lower-supply chain.
- With the new tariffs, there is limited scope for further absorption within the supply chain, implying potential pass-through to end-consumers, although brands have yet to mandate higher price tags.
- The company is exploring mitigation strategies including direct cotton imports from the US and potential transshipment routes.

Guidance

- Management has guided for high-single-digit to low-double-digit topline growth, with sequential and yoy EBITDA expansion from 2Q onwards.
- Discussions are ongoing with channel partners to recalibrate operations.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	83,288	8,534	3,535	13.5	22.3	2.1	11.1	9.4	9.0	10.2
FY26E	90,240	9,111	3,692	14.1	21.4	1.9	10.0	9.2	8.8	10.1
FY27E	1,03,152	11,585	5,530	21.1	14.3	1.8	7.8	12.7	11.4	11.2
FY28E	1,16,236	13,503	6,694	25.6	11.8	1.6	6.6	13.7	12.3	11.6

Source: Company, Equirus Securities

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