

Indices	Current Value	% 1 D	% YTD
Sensex	81,186	-0.4	3.9
Nifty	24,768	-0.3	4.8
BSE Midcap	45,782	-0.7	-1.4
BSE Small cap	53,425	-0.8	-3.2

Sectors – Performance (BSE)

FMCG	20,567	1.2	-1.0
Bankex	62,100	-0.2	7.5
Auto	52,901	-0.4	2.4
Telecom	2,909	-1.8	2.1
Oil & Gas	26,797	-1.5	2.8
Metal	30,886	-1.2	6.9

Nifty Gainers/Losers	CMP	% Chg
HINDUNILVR	2,521	3.4
ITC	412	1.1
JSWSTEEL	1,048	1.0
ADANIEN	2,431	(4.0)
TATASTEEL	158	(2.1)
DRREDDY	1,270	(1.7)

FII Trading activities in Cash

	Date	Net	MTD
FII	31-Jul-25	-5,538	-6,481
DII	31-Jul-25	6,171	7,976

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	44,131	(0.7)	3.7
Nasdaq	21,122	(0.0)	9.4
DAX	24,065	(0.8)	20.9
Nikkei 225	40,930	(0.3)	2.6
FTSE 100	9,133	(0.1)	11.7
Hang Seng	24,782	0.0	23.5
Shanghai	3,572	(0.0)	6.6

Forex Rate

INR/USD	87.6	-0.2	-2.3
INR/EUR	100.1	0.8	-10.9
INR/GBP	115.9	0.9	-7.2
INR/YEN (100)	58.4	0.8	-6.4

Source: Bloomberg

Market Commentary

- **Asian Markets** are trading mixed after U.S. President Donald Trump modified “reciprocal” tariff rates on several countries, ranging from 10% to 41%. Nikkei is trading down by 0.81%, while Hang Seng is trading up by 0.07% and Shanghai Composite is trading up by 0.05%.
- **Indian Indices** are expected to open on a weak note. GIFT Nifty was trading at 24,731 vs. yesterday's Nifty Futures closing at 24,871.
- **U.S. markets** closed on a negative note as traders kept an eye on the latest developments on the trade front ahead of President Donald Trump's tariff deadline on Friday. The Dow Jones was down by 330 points (0.74%) to close at 44,130, and the NASDAQ was down by 7 points (0.03%) to close at 21,122.

What's Inside:

- **Q1FY26 Result Update:** Birla Corporation Limited (BUY), City Union Bank (BUY), Embassy Office Parks REIT Ltd (BUY), DCB Bank (BUY), Skipper (BUY), JSW Energy (BUY), Ambuja Cements (BUY), Tata Steel (HOLD), Coal India (HOLD), Hindustan Unilever Ltd (HOLD), Maruti Suzuki (HOLD), TVS Motor Co Ltd (BUY), Dabur India (HOLD), Arcean Chemical Industries (HOLD), Apcotex Industries Ltd (HOLD), Aptus Value Housing Finance Ltd (FIRST CUT), Chalet Hotels (FIRST CUT), Cholamandalam Finance and investment Company Ltd (FIRST CUT), Aarti Industries (FIRST CUT).
- **Q1FY26 Result Preview:** ITC, Kirloskar Brothers, Dhanuka Agritech, GR Infraprojects, JK Lakshmi Cement, Steel Strings Wheels.

News in Focus

- **DOMS Industries:** The company's board has approved the acquisition of an additional 13% stake in its subsidiary, Pioneer Stationery Pvt. Ltd.
- **Gujarat Gas:** The company and Waaree Energy have partnered to develop sustainable energy solutions and reduce carbon footprints.
- **NCC:** The company received two orders worth Rs 792 Cr in Jul'25. Of this, Rs 461 Cr pertains to the Buildings Division and Rs 330 Cr pertains to the Electrical Division.
- **Dodla Dairy:** The company has completed the 100% acquisition of HR Food Processing for a total consideration of Rs 5 Cr.

Q1FY26 Earnings preview: Our Coverage

Year-end March (Rs Cr)	Q1FY26	Q4FY25	QoQ(%)	Q1FY25	YoY(%)	Result expectations
ITC						
Revenues	18,501	17,020	8.7%	16,858	9.7%	<ul style="list-style-type: none"> → We expect ~10% revenue growth as 1) We expect cigarette to grow 6% YoY (5% volume), 2) FMCG to grow at 4% YoY, and Agri to grow by 8% whereas papers to decline by 6% YoY on account of weak demand conditions due to cheap Chinese supplies. → Key Monitorable - Demand outlook on rural vs urban, competitive intensity, RM trends and Agri business outlook
EBITDA	6,599	5,986	10.2%	6,295	4.8%	
EBITDA margin (%)	35.7	35.2	50 bps	37.3	481.9%	
PAT	5,155	4,875	5.8%	4,917	4.8%	
EPS (Rs)	4.1	3.9	5.8%	3.9	4.6%	

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result Expectations
Kirloskar Brothers Ltd.						
Revenues	1,220	1,281	-5%	1,031	18%	<ul style="list-style-type: none"> → We expect robust revenue growth driven by continued traction in key end markets and export growth. → Similarly, the company is expected to post a robust EBITDA growth. → We expect the margins to improve on a YoY basis. → Similarly, we expect significant growth in net profit on a YoY basis. → Key Monitorable: Performance of overseas subsidiaries, commentary on key end market growth, and impact of tariff-related uncertainties.
EBITDA	137	190	-28%	112	23%	
EBITDA Margins (%)	11.3%	14.8%	-354 bps	10.8%	42 bps	
PAT	82	137	-40%	65	27%	
EPS	10.4	17.3	-40%	8.2	27%	

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result Expectations
Dhanuka Agritech Ltd.						
Revenues	553	442	25%	494	12%	<ul style="list-style-type: none"> → We expect the topline to grow on account of favourable monsoon, robust demand, and traction in new products. → EBITDA is also expected to witness significant growth on a YoY basis due to operational leverage and a better product mix → We expect the margins to improve over the same quarter last year, owing to the above factors. → The PAT is expected to grow in line with the overall performance → With the company reporting EPS of 13.7 per share
EBITDA	91	110	-17%	72	27%	
EBITDA Margins (%)	16.5%	24.8%	-833 bps	14.5%	197 bps	
PAT	63	76	-17%	49	28%	
EPS	13.7	16.7	-18%	10.7	28%	

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result Expectations
G R Infraprojects Ltd						
Revenues	2,080	1,990	4%	1,897	10%	→ Revenue to grow YoY owing to receiving AD
Gross Profit	534	558	-4%	451	18%	→ Gross margins to be higher owing to higher sales
Gross margin (%)	25.7%	28.0%	-238bps	23.8%	190bps	→ EBITDA to be highr YoY as revenue increases
EBITDA	278	349	-20%	243	14%	→ EBITDA margin to be higher YoY
EBITDA margin (%)	13.4%	17.5%	-416bps	12.8%	53bps	→ PAT to be higher YoY due to increase in sales and dividend from InvIT
PAT	236	372	-36%	149	59%	→ EPS to be in line with PAT
EPS (Rs)	24.4	38.3	-36%	15.3	59%	

Year-end March (Rs Cr)	Q1FY26	Q4FY25	QoQ(%)	Q1FY25	YoY(%)	Result expectations
JK Lakshmi Cement Ltd						
Volume (mntpa)	3.19	3.60	-11%	3.04	5%	→ Volume is expected to be higher YoY led by better demand and lower base.
Revenues	1707	1898	-10%	1,564	9%	→ Revenue is expected to be higher owing to higher volume and realization
Gross Profit	624	718	-13%	521	20%	→ Gross margin is expected to inch higher YoY led by higher realization and lower cost
Gross margin (%)	36.6%	37.8%	(120bps)	33.3%	330bps	→ Ebitda margin is expected to expand YoY owing to better realization and sales.
EBITDA	306	351	-13%	222	37%	→ PAT is expected to be higher YoY owing to above attributes.
EBITDA margin (%)	17.9%	18.5%	(60bps)	14.2%	370bps	→ EPS to be in line with PAT
PAT	137	184	-25%	70	95%	→ EBITDA/tonne is expected to be higher YoY owing to better realization .
EPS (Rs)	11.6	15.6	-25%	6.0	95%	→ Realization to be higher YoY.
EBITDA/Tonne	958	976	-2%	732	31%	→ Cost/Tonne to be lower YoY.
Realisation/tonne	5,353	5,274	1%	5,149	4%	
Cost/Tonne	4,395	4,298	2%	4,417	-1%	

Year-end March (Rs Cr)	Q1FY26E	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	Result expectations
Steel Strip Wheels (SSWL)						
Revenues	1,197	1,234	-3.0%	1,025	16.7%	→ Revenue to grow 17% YoY, led by higher volumes and a greater share of Aluminium products in the sales mix.
EBITDA	129	134	-4.1%	113	13.8%	→ EBITDA margin is expected to marginally decline by ~30bps/10bps YoY/QoQ, respectively, on account of increased working capital (higher exports), higher freight cost, and lower CV/PV volumes, being partly offset by cost control initiatives.
EBITDA margin (%)	10.7	10.9	-13 bps	11.0	-28 bps	
PAT	47	61	-22.0%	41	16.4%	
EPS (Rs)	3.0	3.9	-22.0%	2.6	16.4%	

Note: Showcasing the Earnings preview (expectations) for the companies under our coverage whose results are expected by today or by tomorrow (If weekend or Holiday).

City Union Bank Limited – Result Update; Buy; TP – Rs 270

Good Quarter; Growth Momentum Improves & Expected to Sustain!

Est. Vs. Actual for Q1FY26: NII – BEAT; PPOP – BEAT; PAT – BEAT

Changes in Estimates post Q1FY26

FY26E/FY27E: NII: +1.1/+1.8; PPOP: +2.2/+2.6; PAT: +2.7/+3.0

Recommendation Rationale

- **Growth visibility healthy; Momentum to Continue:** CUB's growth engine has started to fire, and the management is confident of the momentum to continue, supported by healthy growth visibility in its core segments. Thus, **the management has indicated that barring any macro uncertainties, CUB will continue to deliver ~15-16% credit growth in FY26.** The bank **does not expect any meaningful impact of the tariffs on its core MSME export-oriented customers.** Currently, the bank's exposure to export-oriented MSMEs is ~Rs 1,200 Cr, of which only 20% exports are to the USA. These customers expect a marginal 2-3% drop in their profitability owing to the imposition of tariffs. Moreover, they have been aiming at diversifying their risk by increasingly focusing on European markets. **The bank is on track to ramp up its retail portfolio with a focus on Home Loans, Affordable Housing, and LAP.** CUB intends to scale this business primarily through its existing branch network (80% contribution) with support from the DSA channel. **We expect CUB to deliver a healthy 15% CAGR credit growth over FY25-28E.**
- **NIMs to be Defended at 3.5% for FY26:** Despite ~70% of CUB's portfolio being floating rate (of which ~48% is EBLR-linked), the management remains confident of defending margins at 3.5% in FY26. The impact of the Jun'25 rate cut would reflect on Q2 margins (expected to range between 3.45-3.5%); however, as the rate actions on deposits reflect in the CoF, NIMs are expected to find support. The bank has reduced its TD rates in Apr'25 and has taken rate action on SA deposits in Jun'25, the benefit of which will reflect meaningfully from H2 onwards. Moreover, the bank had given certain customers loans at discounted rates, and the pass-on of the repo rate cut to these customers would be lower. **We expect a NIM delivery in FY26 to be in line with the guidance, with improvement likely in FY27. Margins are likely to hover between 3.5-3.6% over FY26-28E.**
- **Asset Quality Improvement to Continue:** The management remains confident of asset quality improvement continuing, led by controlled slippages and healthy recoveries. The pace of recoveries is expected to outpace slippages even in FY26. While the bank has not seen any signs of stress emerging in the MSME segment, it will continue to actively monitor the dynamic situation. The management has indicated that CUB will not shy away from decelerating growth in case of asset quality stress. The SMA2 has seen a steady decline and stood at ~1.6% vs 2.2% YoY and flat QoQ. **Thus, with no major asset quality challenges in sight in both the MSME and newly launched Retail Portfolio, we expect credit costs to remain under check at 60bps (+/-5bps) over FY26-28E. PCR is likely to range between 63-65%.**

Sector Outlook: Positive

Company Outlook: We expect CUB's superior RoA delivery on 1.5-1.6% over the medium term to continue supported by (1) Buoyant growth sustaining, (2) Ability to maintain NIMs in a narrow range of 3.5-3.6%, (3) Strong and improving Asset quality, keeping credit costs under control and (4) Gradual improvement in Opex ratios. Near-term challenges on margins would be visible; however, we believe CUB remains well poised to deliver a strong Advances/NII/Earnings growth of 15% each over FY25-28E. Sustainance of growth trends should drive stock performance.

Current Valuation: 1.8x FY27E ABV; Earlier Valuation: 1.5x FY27E ABV

Current TP: Rs 270/share. Earlier TP: Rs 225/share

Recommendation: We maintain our BUY recommendation on the stock.

Alternate BUY Ideas from Our Coverage

DCB Bank (TP – Rs 165); IDFC First Bank (TP – Rs 83)

DCB Bank Limited – Result Update; Buy; TP – Rs 165

NIMs Managed Well, Credit Costs Disappoint; Growth Outlook Intact!

Est. Vs. Actual for Q1FY26: NII – **INLINE**; PPOP – **BEAT**; PAT – **BEAT**

Changes in Estimates post Q1FY26

FY26E/FY27E (in %): NII: -2.6/-2.1; PPOP: +0.2/-0.7; PAT: -10.7/-2.6

Recommendation Rationale

- **NIMs Well-Managed; Sharper Decline in CoD to Aid NIMs:** In Q1FY26, DCB's contraction in NIMs was well-managed, supported by a sharp decline (16bps QoQ) in CoD. The bank has taken an additional SA rate cut, which should reflect in CoF in the coming quarter, thereby aiding NIMs. To minimise the impact of the rate cuts on margins, the bank consciously pursued growth in smaller tenor fixed-rate loans (co-lending and gold loans). While near-term NIMs will face pressures with the impact of the Jun'25 repo rate cut reflecting on the yields, a gradual downward repricing on TDs and SA deposits should partially cushion the fall in NIMs. Moreover, the bank will be looking to accelerate growth in the better-yielding LAP segment vs Mortgages to further aid NIM improvement.
- **Credit Costs Expected to Moderate:** In Q1, slippages were higher primarily on account of higher flows from the MFI, unsecured DA, small ticket size secured DA and Gold portfolio. **While the bank remains confident of recoveries from the gold slippages despite the higher slippages, the secured DA portfolio has cropped a negative surprise.** The management expects the pain in the MFI portfolio will continue for another couple of quarters. During the quarter, **elevated credit costs were on account of one-time accelerated provision towards NPA stock of MFI and unsecured DA loans as on Mar'25, as a prudent measure.** Going ahead, the management expects credit costs to be capped at <45bps over FY26, with the limited exposure of the secured DA book and incremental flows from the unsecured flows remaining manageable. **On a steady state basis, credit costs are expected to be contained at 45-55bps.**
- **Growth Buoyancy to Continue:** The bank has been clocking healthy credit/deposit growth over the past few quarters, largely led by co-lending, while the mortgage book growth has taken a breather. This was owing to accelerated growth being pursued in the short-term fixed rate products to manage NIMs. Hereon, as the visibility on further sharper rate cuts remains low, the bank will resume its growth journey in the Mortgage, SME and LAP segments. Going forward, co-lending will contribute <15% to the portfolio mix over FY26. The bank has strengthened its SME team to tap the opportunity amongst the graduating SME customers (higher ATS of Rs 3-10 Cr), to ensure lower customer attrition. Furthermore, the bank remains optimistic about the construction finance vertical and is comfortable growing the segment at 30%+. **Thus, with growth in the core segments picking up, we expect DCB to deliver a healthy credit growth of 21% CAGR over FY25-28E.**

Sector Outlook: **Positive**

Company Outlook: With demand visibility remaining strong in the target customer segment, along with the bank's efforts to push growth in the higher-yielding segments, DCB remains well-poised to drive healthy business growth. The bank is well-poised to deliver an aspirational RoA of 1% by FY27, supported by (1) Steady to improving NIMs, (2) Strengthening Fee income profile, (3) Gradual Moderation in Opex ratio with improved efficiency and productivity, and (5) Rangebound credit costs. We expect DCB's RoA/RoE to improve to 1%/14-15% over FY27-28E vs 0.8%/11% in FY26.

Current Valuation: 0.8x FY27E ABV; Earlier Valuation: 0.75x FY27E ABV

Current TP: Rs 165/share; Earlier TP: Rs 160/share

Recommendation: We maintain our **BUY recommendation** on reasonable valuations.

Alternate BUY Ideas from Our Coverage

City Union Bank (TP – Rs 270); IDFC First Bank (TP – Rs 83)

Aptus Value Housing Finance Limited – Q1FY26 First Cut

(Current Recommendation – BUY)

NII – MISS, PPOP – BEAT, PAT – BEAT

- **Operational Performance:** Disbursement momentum was seasonally weak de-growing at 27% QoQ and registered a growth of 15% YoY. AUM growth was marginally below our expectations at 24/4% YoY/QoQ, with growth driven by Home loans (+18/3% YoY/QoQ) and Small Business Loans (+51/7% YoY/QoQ). In the housing finance book, the share of housing loans improved to 71%, flat QoQ. Aptus has guided for AUM to reach Rs 25,000 Cr by FY29E
- **Financial Performance:** NII grew by 18/3% YoY/QoQ. Yields remain steady QoQ at 17.4%, while CoF declined by 10bps QoQ. Spreads were maintained at 8.7%. NIMs stood at 13.4% vs 12.8% YoY. The company added only 1 new branch in Q4FY25 taking the total branch count to 301. The addition was in the state of Andhra Pradesh. The company plans to add 15 branches in Q2FY26. Opex grew by 24/4% YoY/QoQ. C-I Ratio stood at 19.9% vs 20.9/20.2% YoY/QoQ. C-A ratio was steady at 2.66% vs 2.67/2.68% YoY/QoQ. PPOP grew by 31/6% YoY/QoQ. Credit costs stood at 38bps vs 30bps QoQ. PAT grew by 28/6% YoY/QoQ. RoA/RoE continues to remain best-in-class at 7.9/20.1%.
- Asset quality deteriorated owing to seasonality with GNPA/NNPA at 1.49/1.12% vs 1.19/0.89% QoQ. Collection Efficiency stood at 99.1% vs 99.2/101.2% YoY/QoQ. 30+dpd book was at 6.5% vs 6.3/5.9% YoY/QoQ.

Concall Scheduled at 10am on 01st August, 2025

Key Monitorables: Management comments on margins and Growth Outlook

Cholamandalam Finance and investment Company Limited – Q1FY26 First Cut

(Current Recommendation – BUY)

NII – MISS; PPOP – BEAT; PAT – MISS; owing to higher-than-expected credit costs

- **Operating Performance:** Disbursements growth was muted at flat YoY and down 8% QoQ, owing to slower growth across most segment. The Vehicle disbursements grew by +7/-5 YoY/QoQ, LAP by +21/-152% YoY/QoQ and Home Loans -1/-11% YoY/QoQ. Newer business disbursements were weak and de-grew by 31/8% YoY/QoQ. AUM was marginally lower than our expectations at 24/4% YoY/QoQ, with slower growth in the Vehicle portfolio. VF/LAP/HL/New Business AUM grew by 18/37/33/19% YoY.
- **Financial Performance:** NII grew by 23/4% YoY/QoQ led by healthy AUM growth, and a ~20bps margin compression. NIMs (reported) stood at 7.8% vs 7.6/8% YoY/QoQ. Non-interest income grew by 50/-3% YoY/QoQ. Opex growth was controlled and grew by 23/2% YoY/QoQ. C-I Ratio stood at 37.6% vs 39.0/38.0% YoY/QoQ. PPOP growth was strong at 30/3% YoY/QoQ. Credit costs (calc.) inched-up sequentially and stood at 187bps vs 139bps QoQ. PAT growth was healthy at 21/-10% YoY/QoQ.
- **Asset Quality** deteriorated with GNPA/NNPA at 4.29/2.86% vs 3.97/2.63% QoQ. Asset quality deterioration was visible across all segments. Stage 2 inched up to ~3.1% vs 2.5% QoQ.

Concall Scheduled at 10.30 am on 01st August, 2025

Key Monitorables: Margin and Growth Outlook, Comments on Asset quality

JSW Energy Ltd - Q1FY26 Result Update; BUY; TP: Rs 705/share

Strong Q1, Capacity addition trajectory in line

Est. Vs. Actual for Q1FY26: Revenue – BEAT; EBITDA – BEAT; PAT – BEAT

Change in Estimates post Q1FY26:

FY26E/FY27E: Revenue: 0%/0%; EBITDA: 0%/0%, PAT: 0%/0%

Recommendation Rationale

- **Improved power generation:** During Q1FY26, the company's installed capacity increased from 10.9 GW to 12.8 GW. The 1.9 GW of capacity additions was mainly led by 1.3 GW of acquired O2 portfolio and 550 MW of organic RE capacity additions (including 450 MW of O2 portfolio). Further, KSK Mahanadi which was operationalised in Mar'25, was fully operational for Q1FY26. Led by the capacity additions, the company's power generation stood at 13,494 Mus; up 71% YoY and QoQ.
- **Capacity additions:** The company added 550 MW of organic renewable energy capacity in Q1FY26. For the FY26, the company targets to add 3-4 GW of organic capacity and it is well on track to achieve the target. The company has a total locked in capacity of 30 GW and is well placed to achieve the target 30 GW installed capacity by 2030. It currently has 12,983 MW of capacity under construction of which 11,383 MW is renewable projects with an expected commissioning period of 3 years.
- **Strategic investments in Equipment Manufacturing:** To strengthen its supply chain and enhance its product portfolio, the company has started investments in equipment manufacturing segment. The company is in the process of establishing a battery assembly plant in Pune with a rated capacity of 5 GW per annum. This plant would require an initial capex outlay of Rs 165 to 180 Cr. Further, the company is also investing capital for wind blades manufacturing facilities located in western and southern India. The investments in equipment manufacturing is expected to yield cost efficiencies due to proximity to power plants.
- **Reduced reliance on merchant markets:** In line with the company's target to stabilise its earnings, it has tied up the open capacity of import-coal based Vijayanagar plant thereby reducing its exposure to the merchant market for imported coal-based generation. The company's open thermal capacity has come down to 974 MW from 1,400 MW in Q4FY25. Further, of this 974 MW, 90% are domestic coal based plants and thus reducing its exposure to global coal price volatility.

Current Valuation: We value JSWE using the SOTP method. We value the generation business at 12x (Unchanged) FY27 EV/EBITDA and the energy storage business at 1x P/BV of the target equity investment (excluding the SECI BESS 500 MW/1000 MWh project). We value energy storage business at Rs 30/Share. We further adjust the TP for JSWE's 2.9% stake in JSW Steel Ltd.

Sector Outlook: Cautiously Positive

Company Outlook & Guidance: Under its Strategy 3.0, the company expects to increase its current capacity of 12.8 GW to 30 GW by FY30 and to expand the storage capacity to 40 GWh/5 GW by 2030. It estimates a total Capex of Rs 1,30,000 Cr by 2030 towards this planned expansion, which would boost the company's growth prospects.

Current TP: Rs 705/share (Unchanged)

Recommendation: We maintain our BUY recommendation on the stock.

Maruti Suzuki Ltd - Q1FY26 Result Update; Hold; TP: TP: Rs 12,635

Results Beat Estimates; Market Share Loss a Concern

Est. Vs. Actual for Q1FY26: Revenue – **BEAT**; EBITDA – **BEAT** ; PAT – **BEAT**

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue -6.2%/-7.2%; EBITDA -0.4%/-13.1%; PAT -7.3%/-5.0%.

Recommendation Rationale

- **Domestic Market Outlook:** The Indian PV industry witnessed a marginal decline of 1.6% YoY in Q1FY26, compared to a 6.1% decline for Maruti. The slowdown was attributed to a high base effect and affordability pressures, particularly impacting entry-segment cars, with SUVs/MPVs accounting for over 66% of the industry sales mix in Q1FY26 vs less than 35% in FY19. On account of fierce competition, Maruti has lost overall wholesale market share to 39% from its peak of 51% in FY19. Retail saw 3.4% YoY growth for Maruti, whereas the industry degrew 1.5% YoY.
- **Exports Outlook:** Exports emerged as a key cushion to the subdued domestic growth in Q1FY26 for Maruti, achieving 37% YoY growth at 97k vehicles. Export revenue stood at ~Rs 6,500 Cr, and the company is projecting strong export volume growth ahead in FY26. A significant contribution to this will come from the eVITARA, an electric SUV, where the company plans to initiate sales by Sep'25. The earlier target set for 70,000 units in FY26 may be adversely impacted due to the unavailability of rare earth minerals. Japan has emerged as the second-largest export destination on the back of successful products like Jimny and Fronx.
- **EBITDA:** Maruti EBITDA margins contracted by 227 bps YoY in Q1FY26 to 10.4%. Key factors included a 60 bps negative impact from operating leverage, 50 bps from seasonal employee expenses, overheads from the newly commissioned Kharkhoda plant (30 bps impact), and adverse commodity prices mainly led by steel (40 bps), partly offset by a favorable product mix (30 bps), lower advertisement expenses (60 bps), and a 50 bps gain from hedging/forex gains.

Sector Outlook: **Neutral.**

Company Outlook & Guidance: In the near term, the company expects low single-digit domestic volume growth in FY26E and double-digit export volume growth.

Current Valuation: 20x PE on FY28EPS (earlier 22x P/E on FY27 EPS)

Current TP: Rs 12,635 (earlier 11,710/share)

Recommendation: We maintain our **HOLD** rating on the stock.

TVS Motors Ltd - Q1FY26 Result Update; BUY; TP: Rs 3,085/share

An Expanding Exports + EV Playbook; Upgrade to BUY

Est. Vs. Actual for Q1FY26: Revenue – **INLINE**; EBITDA – **INLINE**; PAT – **BEAT**

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue: -0.2%/0.8%; EBITDA: -1.9%/0.2%; PAT: -1.3%/-0.8%

Recommendation Rationale

- **Export Engine Remains a Core Compounder:** TVS Motors posted its highest-ever exports at 3.72 Lc units in Q1FY26. Africa is stabilising, Sri Lanka/Nepal are improving, and LATAM is a major white space for market share expansion. Export contribution to overall volumes and revenue continues to rise — a critical offset to domestic slowdown. Revenue from exports for Q1FY26 was Rs 2,487 Cr.
- **Electric Vehicles:** TVS Motor sharpened its EV strategy, now covering urban and semi-urban footprints via 900+ dealers. The widened iQube range, electric 3Ws (King EV Max), and upcoming electric motorcycles and bicycles (FY26) enhance the addressable market. Magnet sourcing risks are proactively being addressed through alternatives and local partnerships. During Q1FY26, TVS recorded e2W sales of 70,600 units, up from 51,936 units in Q1FY25. Total revenue from the EV segment (2W+3W) stood at approximately Rs 1,000 Cr for Q1FY26 (Rs 3,364 Cr for FY25).
- **Norton - A Play to become Global Mobility Player:** Norton is poised to become TVS's global premium flagship, with commercial production scheduled to begin in Q3–Q4FY26 and full-scale European launches in FY27, followed by India. The brand will initially roll out three models and their variants (totalling six), backed by a focused country-level marketing and distribution strategy. These investments not only enable TVS to enter high-margin premium segments but also support global brand visibility and technology transfer across platforms, reinforcing its ambition to become a formidable global mobility player.

Sector Outlook: Cautiously Positive.

Company Outlook & Guidance: The company expects to grow faster than the industry, driven by premium two-wheeler models (Raider, Apache, Ronin, and Jupiter125/110), E-3 wheelers (TVS King EV Max), e2Ws, and new product launches in both the EV and ICE portfolios over the next 18–24 months. We anticipate total sales volume to grow at an 11% CAGR over FY25–28E.

Current Valuation: 30x P/E on core Mar' 28 EPS (earlier Mar' 27 EPS) and other investments at 1x P/BV and TVS Credit Services at 1.5X P/BV.

Current TP: Rs 3,085/share (earlier Rs 2,670/share)

Recommendation: We upgrade from HOLD to BUY rating on the stock.

Birla Corporation Ltd - Q1FY26 Result Update; BUY; TP: Rs 1,560/share

Strong Volume Growth; Retain BUY

Est. Vs. Actual for Q1FY26: Revenue – INLINE; EBITDA Margin – MISS; PAT – MISS

Change in Estimates post Q1FY26 (Abs.)

FY26E/FY27E: Revenue: -2%/-2%; EBITDA: -4%/0%; PAT: -2%/0%

Recommendation Rationale

- **Capacity Expansion Progressing Well:** With earlier expansions stabilising at Mukutban (Maharashtra) and Chanderia (Rajasthan), and a strong foothold in central India, Birla Corporation Limited is entering its next growth phase. Total capacity would increase to 27.6 mtpa from 20 mtpa by 2028–29. This will involve expanding an integrated unit and setting up three new grinding units in Prayagraj (1.4 mtpa), Gaya (2.8 mtpa), and Aligarh (2 mtpa). Additionally, a Clinker grinding unit of 3.7 mtpa will be set up at the existing unit at Maihar, MP. The ongoing Kundanganj expansion remains on track. We forecast volume growth of 7% CAGR over FY25-27E.
- **Performance Improvement YoY:** During the quarter, the company reported EBITDA/tonne of Rs 724, up 23% QoQ, driven by better realisation YoY. The cost of cement production remained flat YoY to Rs 4,400/tonne. Current prices are similar to Q1FY26 exit prices. Consequently, we pencil in EBITDA/tonne growth of 13% CAGR over FY25-FY27E at Rs 855/tonne.
- **Robust Cement Demand in the Country:** Cement demand in the country is expected to remain robust, driven by increased capital spending by the central government on roads, railways, housing, and strong real estate demand. Moreover, rising investment in infrastructure development is anticipated to act as a catalyst for higher demand. The industry is projected to grow at a 7-8% CAGR during FY24-27E.

Sector Outlook: Positive

Company Outlook & Guidance: Pricing is expected to remain dynamic, reflecting ongoing market conditions. We expect cement demand to grow at a CAGR of 6–7% over the next few years. To strengthen its leadership in high-growth markets, the company is entering the next phase of expansion. New capacity additions will boost profitability and reduce lead distances, with grinding units strategically located closer to key markets.

Current Valuation: 9x FY27E EV/EBITDA (Earlier Valuation: 9x FY27E EV/EBITDA).

Current TP: Rs 1,560/share (Earlier TP: Rs 1,560/share)

Recommendation: We maintain our **BUY** recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP-13,840/share), Dalmia Bharat (TP-2,550/share), ACC Ltd (TP-2,260/share)

Ambuja Cements Ltd - Q1FY26 Result Update; BUY; TP: Rs 660/share

Beat On All Fronts; Retain BUY

Est. Vs. Actual for Q1FY26: Revenue – BEAT; EBITDA Margin – BEAT; PAT – BEAT

Change in Estimates post Q1FY26 (Abs.)

FY26E/FY27E: Revenue: 4%/4%; EBITDA: 0%/1%; PAT: -3%/3%

Recommendation Rationale

- **Capacity Expansion to Drive Volume and Revenue Growth:** The company is increasing its capacity from 104.5 MTPA (including 8.5 MTPA from Orient Cement) to 118 MTPA by FY26. It is also targeting 140 MTPA by FY28 through additional expansion. This capacity growth is expected to support sustained momentum, with volume and revenue projected to grow at 11% and 12% CAGR over FY24–FY27E.
- **EBITDA Margins Expected to Expand:** During the quarter, EBITDA margin improved to 19.1% driven by better realisation and robust volume growth. Efficiency gains have reduced costs by Rs 150 per tonne. The company targets an additional Rs 300–350 in cost savings by FY28 through operational improvements—lowering the clinker factor, cutting logistics expenses, increasing green power use, boosting blended cement sales, and expanding EBITDA margins. We project EBITDA margins to rise to 20%-21% by FY27E. The company aims to reduce production costs to Rs 3,850 per tonne and achieve EBITDA/tonne of Rs 1,500 by FY28.
- **Cement Sector Consolidation Enhances Competitive Advantage for Big Players:** Between 2013 and 2024, large players increased their market share from 46% to 57%. By FY27–28, it is expected to rise further to 65%–70%. As consolidation and capacity expansion among top players accelerate, market share gains will continue, supporting stronger cement pricing, better economies of scale, and improved supply chain efficiency. As the 2nd leading player, the company is well positioned to capitalise on this trend over the medium to long term.

Sector Outlook: Positive

Company Outlook & Guidance: Strong focus on volume expansion, premiumization, and pricing power, coupled with cost reduction, operational excellence, and synergies between the cement businesses and the Group, will help improve profitability in the coming quarters. Strong infrastructure demand and ongoing needs from the housing and commercial sectors are anticipated to boost cement demand in FY26. Strategic investments in roads, railways, and urban and commercial amenities are poised to drive robust growth. The company expects industry demand in FY26 to grow in the range of 7%-8%. Prices are currently stable and are expected to trend in a positive direction.

Current Valuation: 17x FY27 EV/EBITDA (Earlier Valuation: 17x FY27 EV/EBITDA).

Current TP: Rs 660 /share (Earlier TP: Rs 655/share).

Recommendation: We maintain our **BUY** rating on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP-13,840/share), Dalmia Bharat (TP-2,550/share), ACC Ltd (TP-2,260/share), Birla Corporation (TP-1560/share)

Tata Steel Ltd - Q1FY26 Result Update; Hold; TP: Rs 170/share

All Round Beat Led by Good Cost Control; Outlook Neutral

Est. Vs. Actual for Q1FY26: Revenue – **MISS**; Adj EBITDA – **BEAT**; Adj PAT – **BEAT**

Change in Estimates post Q1FY26:

FY26E/FY27E: Revenue -2%/-1%; EBITDA: 0%/0%, PAT: 0%/1%

Recommendation Rationale

- **Indian operations:** Adj. EBITDA/t in India stood at Rs 15,240/t (up 12%/20% YoY/QoQ), a strong beat vs. our estimate, led by better cost control and lower other expenses. Higher steel price realisations (up by Rs 2,600/t QoQ) partially offset the impact of lower volumes (4.75 MT down 4%/15% YoY/QoQ due to BF-G relining), while cost take-out from the cost transformation program aided margins. Conversion cost declined by Rs 700/t, despite low operating leverage.
- **Europe EBITDA/t turns positive:** EBITDA/t at Europe turned positive after 10 consecutive quarters at \$8/t from a loss of \$36/t in Q4FY25. **UK** EBITDA/t losses narrowed by £58/t to a loss of £67/t, led by fixed cost take-outs (focus on optimising substrate sourcing), despite lower sales volumes amidst weak demand. Demand outlook is weak in the UK, and EBITDA/t breakeven is pushed forward towards Q4FY26 from Q2FY26 earlier. **Netherlands** EBITDA/t improved to €42/t, up €35/t QoQ, driven by cost savings. TSN had registered \$14 Mn impact from tariffs on its shipments to the US.
- **Cost and efficiency program showing traction:** Out of the cost reduction target of Rs 11,500 Cr for FY26, the company achieved 98% compliance with its Q1FY26 plan. It achieved Rs 2,900 Cr of cost efficiencies in Q1FY26 with the split across geographies as: Rs 1,100 Cr in India; Rs 1,400 Cr in the Netherlands, and Rs 400 Cr in the UK.
- **Sector Outlook:** Cautious

Company Outlook & Guidance: Superior cost control amidst adverse macro led to an all-round beat in Q1FY26. Sustainance in future quarters will be a key monitorable. KPO-II ramp up to rated capacity expected by the end of FY26. NINL is at an advanced stage of engineering completion, a public hearing has been and EC is awaited over the next two months. Capex will be announced in H2FY26 post board approval, and it will have a 3-3.5 years execution time period. Volume guidance for FY26 is 1.5 MT higher YoY. FY27 volumes will have full KPO II contribution along with 0.75 MTPA of EAF at Ludhiana and 0.5 MT from the combi mill at Jamshedpur, partly offset by expected volume loss from BF-H at Jamshedpur, relining expected in FY27. FY26 Capex guidance is Rs 15,000 Cr, ~75% of which will be for Indian operations, mainly towards the last portions of KPO-II and EAF plant in Ludhiana.

Current Valuation: SoTP using 1Y Fwd EV/EBITDA for India, Europe and Others at 7.0x, 4.0x, 5.0x on Mar'27 EBITDA. (unchanged)

Current TP: Rs 170/share (Unchanged)

Recommendation: We downgrade to a **HOLD** from a BUY rating.

Dabur Ltd - Q1FY26 Result Update; Hold; TP: Rs 560/share

Seasonal Drag Dampens Growth Momentum

Est. Vs. Actual for Q1FY26: Revenue – **INLINE** ; EBITDA – **BEAT** ; PAT – **BEAT**

Changes in Estimates post Q1FY26

FY26E/FY27E – Revenue: 1%/2%; EBITDA: 3%/4%; PAT: 3%/4%

Recommendation Rationale

- Dabur's consolidated sales grew by ~2% YoY; however, they were impacted by unseasonal rains that hit peak summer demand, particularly in beverages and glucose. Excluding the seasonal portfolio, overall sales grew 7% YoY. Core categories like Digestives, Oral Care, Hair Care, Skin Care, and Home Care saw steady growth. The India business grew 4.3% YoY (ex-seasonals), while international business reported strong 13.7% constant currency growth in Q1FY26. Management maintains a high single-digit growth outlook for FY26, with expectations of double-digit growth for Q2FY26 on a low base, though the beverages portfolio may remain subdued with low single-digit growth.
- Rural markets continued to outperform urban for the fifth straight quarter, growing 450 bps ahead and reinforcing their role as Dabur's key growth driver. While urban demand remains relatively subdued, sequential improvement driven by Modern Trade and emerging channels signals early signs of recovery. Management expects a gradual uptick in urban consumption through FY26.
- Gross margins contracted 75 bps YoY to 47%, impacted by elevated food inflation and higher trade promotions (Oral Care and Hair Oils). However, EBITDA margin expanded 6 bps YoY to 19.6%, aided by lower ad spends and cost efficiencies. The company mitigated ~7% inflation through calibrated price hikes (3–4%) and savings initiatives. While inflationary pressures are projected to remain elevated (~8%), **management remains confident of preserving gross margins and improving operating margins through a better mix, portfolio premiumisation, and ongoing cost rationalisation efforts. Operating margin is expected to expand meaningfully in FY26, with no major pressure anticipated on gross margins for FY26.**

Sector Outlook: **Positive**

Company Outlook & Guidance: While Dabur's long-term growth trajectory remains intact, near-term uncertainties—driven by a lag in demand recovery- warrant a cautious stance. **Hence, we maintain our HOLD rating on the stock.**

Current Valuation: 47x Mar-27 EPS (Earlier Valuation: 45x Mar-27 EPS).

Current TP: Rs 560/share (Earlier TP: Rs 510/share).

Recommendation: With an upside potential of 6% from the CMP, **we maintain our HOLD rating on the stock**

Skipper Ltd - Q1FY26 Result Update; BUY; TP: Rs 570/share

Capacity Expansion to Drive Growth, Aided by Macro Tailwinds

Est. Vs. Actual for Q1FY26: Revenue – INLINE ; EBITDA – BEAT; PAT – BEAT

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- **Strong Order Book:** Skipper received new orders totalling Rs 1,977 Cr in Q1FY26, which included three 756V transmission line projects from PGCIL in the states of Rajasthan and Andhra Pradesh. As of Jun'25, the order book stood at its highest ever at Rs 8,520 Cr. The order book comprises 76% domestic T&D orders, 14% non-T&D orders (including Telecom, Railways, Solar, Water EPC, and other Steel Structural items), and 10% export orders. All export orders pertain to T&D. The company currently has a strong bid pipeline of more than Rs 30,000 Cr (20-25% historical order conversion success rate). The management expects the company to receive order inflows of Rs 6,500- 7,000 Cr from its order book based on its historical success rate.
- **Capacity Expansion to Capitalise on the Strong Tailwinds:** The company had achieved a close to full capacity utilisation in FY25, and capacity expansion remains critical. In Q1FY26, the company has installed and operationalised its 1st plan of 75kt in line with the guidance and reached a capacity of 375 kt. This plant is expected to reach optimum capacity utilisation by Q2FY26. The 2nd 75kt capacity is also expected to go online by the end of FY26. Further, the company has now target to increase its capacity to 600 kt by FY28 with a mix of brownfield and greenfield expansion.
- **Export Opportunities:** Exports stood at 10% of the company's order book as of Jun'25. In Q1FY26, 30% of the engineering revenue and 20% of total revenue has been from exports. The company has secured a tower testing and design order of Rs 25 Cr from the Middle-East's largest Utility – Saudi Electricity Company. It is also participating in a wide range of high-value tenders across African, Middle-Eastern and Latin American Markets. The company targets to double its export order inflow in FY26 to Rs 1,500 to 1,600 Cr (from Rs 700 to 800 Cr in FY25). The capacity expansion will also allow the company to target fast-track export orders with short-term demand cycles. Further, due to its strong backward integration, the company is also able to compete with Chinese companies.

Sector Outlook: Positive

Company Outlook & Guidance: The management expects a 20-25% revenue growth YoY for the next 3 years, led by the capacity expansion. The next 4 years' capex guidance is Rs 800 Cr, including the capacity additions. Furthermore, the management expects the current EBITDA margins of ~10% to gradually increase YoY, led by higher T&D contribution and better-quality T&D contracts. In FY26, the Management expects EBITDA margins to improve by at least 50 bps.

Current Valuation: 20x on our FY27 EPS estimate (Unchanged)

Current TP: Rs 570/share (Unchanged)

Recommendation: We **maintain our BUY** recommendation on the stock.

Embassy REITS Ltd - Q1FY26 Result Update; BUY; TP: Rs 3,085/share

Resilient Growth Backed by Record Leasing; Strong Fundamentals

Changes in Estimates post Q1FY26

FY26E/FY27E: Revenue: 1%/(0.3)%; EBITDA: 1%/(0.3)%; PAT: 0.3%/(10.4)%

Recommendation Rationale

- **Strong Operating Metrics; High Quality Tenant base:** Embassy REIT reported a 13% YoY increase in revenue to Rs 1,060 Cr, supported by a 7% growth in leasable area and a 100 bps improvement in occupancy. Net operating income (NOI) rose 15% YoY to Rs 872 Cr. Distribution per unit (DPU) came in at Rs 5.8, marking a 4% YoY increase led by robust leasing and contributions from Embassy Splendid Techzone. It continues to demonstrate robust leasing momentum, backed by demand from GCCs, healthcare, and technology firms. With 2 Mn sq. ft. leased in Q1—its best-ever start to a fiscal year—the REIT has shown resilience amid global uncertainties. The high re-leasing spread (38%) indicates strong pricing power, especially in core markets like Bangalore and Chennai.
- **Strong Leasing Performance and Strategic Divestment:** The REIT recorded gross leasing of 2 Mn sq. ft. in Q1FY26, across 25 deals. Embassy recorded its best-ever Q1 leasing, comprising 1 Mn sq. ft. at a healthy 38% re-leasing spread, 0.4 Mn sq. ft. of renewals and 0.7 Mn sq. ft. in pre-commitments. Occupancy improved to 88% by area, and 91% by value, with 10 out of 14 properties now above 90%. Embassy's strategic divestment of ~0.37 Mn sq. ft. of strata-owned blocks at Embassy Manyata executed at a 2.2% premium to independent valuation, not only eliminating operational inefficiencies but also freeing up capital for higher-yielding opportunities or debt repayment. Financially, the transaction supports portfolio quality enhancement with minimal income loss (only ~Rs 8 Cr in annual rents) while strengthening the REIT's already solid balance sheet, reflected in its low leverage ratio of 33% and declining cost of debt, now at 7.6% post-refinancing.
- **13% NOI Growth Target for FY26E from Vacancy Lease-Up and Expansion:** For FY26, Embassy REIT has reaffirmed its guidance, projecting Net Operating Income (NOI) in the range of Rs 3,589–3,811 Cr, representing a 13% YoY growth at the midpoint, and a DPU of Rs 24.5–26, implying a 10% annual increase. The REIT expects portfolio occupancy to reach 90–91% by area and 93–94% excluding the underperforming Quadron asset in Pune. As of Q1FY26, it has already made strong progress toward this goal, achieving record leasing of 2 Mn sq. ft., with 84% of its 3.2 Mn sq. ft. scheduled FY26 completions already pre-leased. Key assets like Block 10 in Chennai (430,000 sq. ft.) have been fully pre-leased, and Embassy Manyata's Block D1 and D2 (Q4 delivery) have reached 80% pre-commitment, reinforcing visibility on upcoming income streams and positioning the REIT well to meet its full-year targets.

Sector Outlook: Positive

Company Outlook & Guidance: We remain positive about the company's long-term prospects.

Current Valuation: 28x FY27E EPS (Earlier: 28X FY27 EPS)

Current TP: Rs 450/share (Earlier TP: Rs 450 /share).

Recommendation: we maintain our long-term BUY rating on the stock.

Coal India Ltd - Q1FY26 Result Update; Hold; TP: Rs 400/share

Weak Q1, Volume Growth Disappoints; Downgrade to HOLD

Est. Vs. Actual for Q1FY26: Revenue – INLINE; Adj EBITDA – BEAT; PAT – MISS

Change in Estimates post Q1FY26 Result

FY26E/FY27E: Revenue: -4%/-5%; Adj. EBITDA: -5%/-11%; Attrib. PAT: -10%/-14%

Recommendation Rationale

- **Volume Growth disappoints:** CIL's coal production in Q1FY26 stood at 183.3 Mt vs. the target of 208 MT, down 3% YoY, with production down YoY across subsidiaries except at NCL and NEC. Coal offtake in Q1FY26 stood at 191 MT vs. the target of 225.4 MT, down 4% YoY. The weak offtake is partly explained by lower peak demand in Q1FY25, which stood at 242 GW in Jun'25 (down 2.9% YoY) due to the early monsoon. OB removal also fell short of the target of 550 Mn CuM at 507 Mn CuM, down 5% YoY. Lower offtake and ASP led to a fall in the adjusted EBITDA (excluding stripping activities) at Rs 11,126 Cr, down 4%/1% YoY/QoQ.
- **E-auction premium dropped** at 50% (vs. our est. of 69%), down from 58%/69% YoY/QoQ. ASP stood at Rs 1,673/t, flat YoY but down 2% QoQ. E-auction prices stood at Rs 2,332/t (down 3%/11% YoY/QoQ), below our assumption of Rs 2,600/t. FSA price stood slightly ahead of our estimate at Rs 1,550/t (up 2% YoY but flat QoQ). **E-auction volumes** stood at 21 MT (down from 23/22 MT YoY/QoQ) in line with our estimate.
- **Full-year volume guidance** for FY26/27 is 875/915 MT, which looks ambitious. In FY25, CIL's volume offtake stood at 780 MT, 7% below its target. We cut our coal offtake volumes by 4%/5% at 775 MT/805MT for FY26/27, respectively. Coal Inventory as of Jun'25 is also adequate at 99 MT (vs 80 MT in Jun'24).

Sector Outlook: Neutral

Company Outlook & Guidance: We decrease our FY26/27 EBITDA estimates by 5%/11% YoY/QoQ as we cut our coal offtake assumptions. CIL offers a good dividend yield of 6%; however, volume ramp-up remains crucial for earnings growth in FY26/27. Although peak power demand is projected to grow to 366 GW by FY32, focus on captive coal growth and lower thermal PLFs as RE capacity picks up in the coming years, may slow down coal offtake requirements. Captive coal volumes reached 198 MT at 19% of total coal production in FY25 (25% CAGR over FY20-25). More Odds are stacked against CIL, with its production cost likely to increase with increasing stripping ratio. In Q4FY25, concall management guided at increasing the stripping ratio at 2.67x (vs. average of 2.3x over FY20-25). Furthermore, wage revision is due for non-executive employees in Jun'26 and executive employees in Jan'27, which will increase employee expenses in FY26/27. Capex guidance is of Rs 20,000 Cr for the next 3-4 years.

Current Valuation: 5.5 x EV/EBITDA on Adj. Mar'27E EBITDA (Unchanged)

Current TP: Rs 400/share (Earlier: Rs 440/share)

Recommendation: We downgrade to a **HOLD** from a BUY rating.

Hindustan Unilever Ltd-Q1FY26-RU-HOLD-2690

Poised for Gradual Recovery led by Volume Growth; Maintain HOLD

Est. Vs. Actual for Q1FY26: Revenue – INLINE ; EBITDA – INLINE ; PAT – MISS

Changes in Estimates post Q1FY26

FY26E/FY27E: Revenue: 1%/1%; EBITDA: 2%/3%; PAT: 2%/3%

Recommendation Rationale

- **Demand recovery gaining traction:** HUL reported 4% sales growth in the quarter, entirely volume-led (4%), with pricing support in Personal Care. Early signs of demand recovery, particularly in core categories, were met with stepped-up investments to accelerate portfolio transformation. Backed by favourable macro trends and disciplined execution of its ASPIRE strategy, HUL delivered broad-based, competitive growth across segments.
- **Margins Outlook:** EBITDA margin contracted 117 bps YoY to 22.3%, impacted by a 226bps decline in gross margins. However, management remains confident of sequential improvement, supported by a favourable price–cost equation, better product mix, and ongoing net productivity initiatives. Margin guidance remains at 22–23%, with continued focus on volume-led growth and premiumisation. Additionally, to encourage consumer up trading, HUL has introduced pricing interventions by narrowing the gap between sachets and larger packs.
- **Growth Outlook improves:** Management remains optimistic about near-to-mid-term demand recovery, driven by improving urban sentiment amid easing inflation, policy support, and gradual rural revival supported by a favourable monsoon in FY26. HUL expects H1FY26 to outperform H2FY25, aided by stable commodity prices and low single-digit price growth, reinforcing confidence in a sustained recovery trajectory.
- **Change in Leadership:** HUL has announced a key leadership change with the cessation of Mr. Rohit Jawa as MD & CEO, effective close of business on July 31, 2025. Priya Nair, currently President – Beauty & Wellbeing at Unilever, will take over as MD & CEO from August 1, 2025. With her strong global credentials and deep understanding of the beauty and personal care space, Nair is well-positioned to lead HUL's next phase of growth and strategic transformation.

Sector Outlook: Cautious

Company Outlook & Guidance: While management expects overall FMCG demand to remain stable and recent trends indicate initial signs of recovery in consumer sentiment, we maintain a cautious stance and prefer to await more sustained and meaningful signs of a broad-based revival.

Current Valuation: 52xMar'27 EPS (Earlier Valuation: 50xMar'27 EPS).

Current TP: Rs 2,690/share (Earlier TP: Rs 2,515/share).

Recommendation: With a 7% upside from the CMP, we maintain our HOLD rating on the stock

Apcotex Industries Ltd - Q1FY26 Result Update; Hold; TP: Rs 415

Volume Growth Continues but Valuation Remains Stretched; Downgrade to HOLD

Est. Vs. Actual for Q1FY26: Revenue: **INLINE; EBITDA: **MISS**; PAT: **INLINE****

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue: 4%/3%; EBITDA: 4%/3%; PAT: 6%/9%

Recommendation Rationale

- **Continued Strong Volume Growth:** The company posted a solid 25% YoY increase in volumes during the quarter, marking the sixth consecutive quarter of volume growth since Q4FY24, which contributed to revenue of Rs 376 Cr. Higher capacity utilisation and increased volumes translated into a 22% YoY rise in EBITDA, highlighting improved operating leverage and cost efficiencies. EBITDA margin expanded to 10% (vs. 9.4% in Q1FY25), supported by a favourable product mix, higher sales volumes, and lower raw material costs on a YoY basis.
- **Steady Growth in Export:** Export revenues rose 37% YoY, maintaining the company's strong export momentum, with exports contributing 37% to total sales. Growth was driven by new approvals, market share gains, and the introduction of new products targeting speciality and construction applications. Management expects export contribution to increase further, reaching around 40–43% of total revenue in the coming year.
- **Capacity Expansion:** The company is evaluating expansion opportunities across its existing product portfolio, including NBR, Styrene Butadiene Latex, and Styrene Acrylics Latex. While a comprehensive capex plan is expected to be disclosed after the board approval, management has indicated that certain debottlenecking and brownfield expansion initiatives are under consideration and may be announced once finalised.

Sector Outlook: Neutral

Outlook & Guidance: The company reported strong volume performance for the quarter and anticipates a further increase in capacity utilisation in the coming periods, supported by a rising share of exports. Management noted that existing capacity could reach its limit over the next one and a half years, with a decision on expansion expected in the upcoming quarters. Going forward, the focus will remain on improving profitability through operational efficiencies as utilisation ramps up, while maintaining a cautious stance given ongoing uncertainties surrounding US tariffs.

Current Valuation: 15x FY27E (Unchanged)

Current TP: Rs 415 (Previous TP: Rs 380)

Recommendation: We downgrade our rating from BUY to HOLD on the stock

Archean Chemical Industries Ltd - Q1FY26 Result Update; HOLD; TP: Rs 615/share

On Path of Steady Recovery; Maintain HOLD

Est. Vs. Actual for Q1FY26: Revenue: **MISS**; EBITDA: **MISS**; PAT: **MISS**

Changes in Estimates Post Q1FY26

FY26E/FY27E: Revenue: -5%/9%; EBITDA: -9%/9% ; PAT: -12%/10%

Recommendation Rationale

- **Signs of Improvement despite Persistent Pressure in Bromine:** The company posted a strong 67% YoY increase in industrial salt volumes during the quarter, while bromine volumes continued to decline on a YoY basis. Despite the prolonged weakness in pricing over the past few years, the bromine segment remained partly insulated due to long-term contractual arrangements. In line with previous guidance, the company maintained its salt volume run rate at 1.1 Mn tonnes and expects further improvement in the coming quarters. Earlier operational bottlenecks, particularly in logistics, have been largely resolved.
- **SOP & Bromine Derivatives to Contribute Meaningfully:** The SOP segment continues to show encouraging momentum, with trial runs progressing steadily. The company is working closely with its technology partner to move from pilot-scale to full-scale plant trials. Initial contributions from this vertical are expected in H2FY26. In the bromine derivatives segment, including CBF and PTA synthesis, current capacity utilisation stands at 30–40%, with positive customer feedback. Management expects utilisation to exceed 50% in the near term, indicating improving traction.
Growth Likely to Pick Up from FY27: With strong demand visibility and long-term customer contracts across Asia, the company remains confident of sustaining current volume levels. While recovery during the quarter was below expectations, rising capacity utilisation and a potential uptick in pricing are likely to accelerate growth from end-FY26 or early FY27.

Sector Outlook: Neutral

Company Outlook & Guidance: The company is witnessing mixed trends across the chemical industry, with early signs of recovery in a few segments. Enquiry levels are steadily improving, indicating a more favourable business environment in the coming quarters and the year ahead. The company maintains a positive outlook on its bromine derivatives project and the recently acquired Oren business, which is expected to contribute meaningfully to revenue in the current fiscal year. However, management remains cautious as project ramp-up and technical approvals are progressing slower than initially anticipated. Strong and sustained demand is expected to continue in the industrial salt segment, while the SOP business is projected to recover beginning FY26.

Current Valuation: 10x FY27E (Unchanged)

Current TP: Rs 615/share (Earlier: Rs 560/share)

Recommendation: We maintain our HOLD rating on the stock.

Aarti Industries Ltd Q1FY26 Result Firstcut

Est. Vs. Actual for Q1FY26: Revenue: MISS; EBITDA: MISS; PAT: MISS

- The company's Performance Missed on all fronts. Revenue came in at Rs 1,675 Cr, down 10% YoY and 14% QoQ, missed our estimates reflecting near-term impact of raw-material price corrections and deferred export flows. EBITDA stood at Rs 212 Cr, down 30% YoY and 21% QoQ, missing our estimates by 25%. EBITDA margin stood at 12.7%, compared to 16.4% in Q1FY25 and 13.7% in Q4FY25. Margins affected by input price volatility and temporary operational disruptions. The company's PAT was Rs 43 Cr, down 69% YoY and 55% QoQ, missing our estimates of Rs 97 Cr due to higher interest and depreciation.
- We currently have a BUY rating on the stock and we will revisit our estimates post the call scheduled on 1st August, 2025 at 11:00 am.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	YoY %	QoQ%	Axis Est.	Var %
Net Sales	1,675	-10%	-14%	1,827	-8%
EBITDA	212	-30%	-21%	283	-25%
EBITDA Margin	12.7%	-379bps	-109bps	15.5%	-284bps
Net Profit	43	-69%	-55%	97	-56%
EPS (Rs)	1.2	-69%	-55%	2.7	-56%

Chalet Hotels Q1FY26 Results: Mixed Performance with Operational Miss

Chalet Hotels reported a mixed performance in Q1FY26, with topline supported by real estate income, while core hospitality operations were slightly below expectations.

- **Reported Revenue** stood at **Rs 895 Cr**, including **Rs 439 Cr** from recognized residential real estate projects.
- **Adjusted Revenue** (excluding real estate) came in at **Rs 455 Cr**, up **26.2% YoY**, marginally ahead of expectations of **Rs 441 Cr**.
- **Reported EBITDA** was **Rs 357 Cr**, while **Adjusted EBITDA** (ex-real estate) stood at **Rs 183 Cr**, below the expected **Rs 198 Cr**.
- Despite the EBITDA miss, **margins improved by 140 bps YoY**, reflecting improved cost efficiency.
- **Reported PAT** came in at **Rs 203 Cr**, aided by one-offs from the real estate segment.
- **Adjusted PAT** is estimated at **Rs 71 Cr**, reflecting the underlying hospitality business performance.

We maintain our **Buy** rating on the stock and will **revisit our stance post the earnings call scheduled tomorrow at 11 PM**.

(Rs Cr)	Q1FY26**	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	455	26%	-13%	441	3.2
EBITDA	183	31%	-24%	198	-7.6
EBITDA Margin(bps)	40.3%	142	-599	44.9%	-
Net Profit	71	17%	-43%	84	-16.2
EPS (Rs)	3.2	17%	-43%	3.9	-16.2

Result Calendar - Q1FY26

Aug-2025							Nifty 50	NSE 500 + Nifty 50 + Axis Securities Universe
	Friday	Saturday	Monday	Tuesday	Wednesday	Thursday		
	01-Aug-25	02-Aug-25	04-Aug-25	05-Aug-25	06-Aug-25	07-Aug-25		
Large Cap	Adani Power. ITC Tata Power Co.	A B B	DLF Shree Cement	Adani Ports Bharti Airtel Britannia Inds. Lupin	Bajaj Auto Bajaj Holdings Div's Lab. Power Fin. Corpn. Pidilite Inds. Trent	Godrej Consumer Life Insurance Corporation Solar Industries Titan Company		
Mid Cap	Glaxosmi. Pharma Godrej Propert. Honeywell Auto LIC Housing Fin. Multi Comm. Exc. Narayana Hrudaya Tube Investments UPL	Federal Bank	Aditya Birla Cap Aurobindo Pharma Bosch Escorts Kubota Godfrey Phillips Marico Sona BLW Precis. Tata Inv. Corpn.	Berger Paints Bharti Hexacom Container Corpn. Exide Inds. Gujarat Fluoroch Gujarat Gas Prestige Estates Torrent Power	Bharat Forge B H E L Blue Star Fortis Health. Hero Motocorp H U D C O Jindal Stain. K P R Mill Ltd UNO Minda	3M India Biocon Cummins India General Insuranc H P C L Kalyan Jewellers Linde India Global Health Max Financial Natl. Aluminium Page Industries		
Small Cap	Glenmark Life Capri Global Capital Delhivery Ltd Graphite India Kirtl.Brothers Ramkrishna Forg. T R I L Dhanuka Agritech G R Infraprojects HealthCare Global JK Lakshmi Cement Steel Strips Wheels	Finotex Inds. Sarda Energy & Minerals	Inox India Kansai Nerolac Sumitomo Chemi. TBO Tek Triveni Turbine	Alembic Pharma BLS Internat. Castrol India CCL Products EIH ERIS Lifescience Gland Pharma Godawari Power And Ispat Jindal Saw NCC Automotive Axles	Bayer Crop Sci. Cera Sanitary. EID Parry G N F C Godrej Agrovet Ircan Intl. KIMS Kirtoskar Oil PVR Inox Raymond Raymond Lifestyle Rites SKF India V I P Industries	Birlasoft Ltd Caplin Point Lab Carborundum Uni. Century Plyboard Crompton Gr. Con Emcure Pharmaceuticals Metropolis Healt MMTC NBCC The Ramco Cement Sh.Renuka Sugar Sai Life Sciences Schneider Elect. Sun TV Network NOCIL Pitti Engineering		

Bold Companies: Axis Securities Coverage

Axis Intellect: Intraday Stocks for the week 28th July 2025 to 4th August 2025

Name of Stock	Mcap	Sector
AUROBINDO PHARMA LTD.	Mid Cap	Healthcare
ONE 97 COMMUNICATIONS LIMITED	Mid Cap	IT
VARUN BEVERAGES LIMITED	Large Cap	Staples
SUN PHARMACEUTICAL INDUSTRIES LTD.	Large Cap	Healthcare
ASTRAL LIMITED	Mid Cap	Others
CUMMINS INDIA LTD.,	Mid Cap	Industrials
APTUS VALUE HOUSING FINANCE INDIA LIMITED	Small Cap	NBFC
VEDANT FASHIONS LIMITED	Mid Cap	Discretionary
ULTRATECH CEMENT LTD	Large Cap	Build Mate
DEEPAK NITRITE LIMITED	Mid Cap	Agri & Chem

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Drugs Ltd	BUY	506	610	20.5
Aarti Industries Ltd	BUY	417	554	32.8
ACC Ltd	BUY	1,791	2,260	26.2
Ambuja Cements Ltd	BUY	590	655	11.0
APL Apollo Tubes Ltd	BUY	1,600	1,950	21.9
Aptus Value Housing Finance India Ltd	BUY	329	400	21.6
Arvind Smartspaces Ltd	BUY	622	840	35.0
Ashok Leyland Ltd	BUY	121	135	11.3
AU Small Finance Bank Ltd	BUY	742	850	14.6
Aurobindo Pharma Ltd	BUY	1,138	1,500	31.8
Avenue Supermarts Ltd	BUY	4,252	4,810	13.1
Bajaj Auto Ltd	BUY	8,003	9,890	23.6
Bajaj Finance Ltd	BUY	880	1,100	25.0
Bank of Baroda Ltd	BUY	238	275	15.7
Bharti Airtel Ltd	BUY	1,912	2,200	15.1
Birla Corporation Ltd	BUY	1,370	1,560	13.9
Can Fin Homes Ltd	BUY	752	925	23.1
Cera Sanitaryware Ltd.	BUY	6,521	8,500	30.4
Cholamandalam Investment & Finance Company Ltd	BUY	1,436	1,780	24.0
CIE Automotive India Ltd	BUY	402	465	15.7
Coal India Ltd	BUY	376	440	17.0
Colgate-Palmolive (India) Ltd	BUY	2,241	2,660	18.7
CreditAccess Grameen Ltd	BUY	1241	1,485	19.6
Dalmia Bharat Ltd	BUY	2,227	2,550	14.5
DCB Bank Ltd	BUY	134	160	19.2
DOMS Industries Ltd	BUY	2,332	2,820	20.9
Embassy Office Parks REIT	BUY	396	450	13.8
Equitas Small Finance Bank Ltd	BUY	59	76	28.8
Ethos Ltd	BUY	2,750	3,150	14.5
Federal Bank Ltd	BUY	203	230	13.1
G R Infraprojects Ltd	BUY	1,229	1,580	28.6
Genus Power Infrastructures Ltd	BUY	357	500	40.0
Gravita India Ltd	BUY	1,876	2,600	38.6
Greenply Industries Ltd.	BUY	322	385	19.6
H. G. Infra Engineering Ltd	BUY	1,042	1,530	46.8
Happiest Minds Technologies Ltd.	BUY	607	690	13.7
HDFC Bank Ltd	BUY	2,018	2,300	14.0
Hero MotoCorp Ltd	BUY	4,252	5,030	18.3
Hindalco Industries Ltd	BUY	684	775	13.4
ICICI Bank Ltd	BUY	1,485	1,650	11.1
IDFC First Bank Ltd	BUY	69	83	20.7
Indian Hotels Company Ltd	BUY	741	835	12.6
Inox Wind Ltd	BUY	151	230	52.7
ITC Ltd	BUY	412	500	21.4
J.Kumar Infraprojects Ltd	BUY	707	905	28.0
JSW Energy Ltd.	BUY	518	705	36.2
Juniper Hotels Ltd.	BUY	293	380	29.9
Jyothy Labs Ltd	BUY	336	400	19.2
K E C International Ltd	BUY	860	1,030	19.8
Kalpataru Projects International Ltd.	BUY	1,148	1,350	17.6
Karnataka Bank Ltd	BUY	181	270	49.3
Kotak Mahindra Bank Ltd	BUY	1,980	2,500	26.3
KPIT Technologies Ltd.	BUY	1,221	1,385	13.4
Lupin Ltd	BUY	1,925	2,500	29.9

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Man Infraconstruction Ltd.	BUY	175	220	26.0
MAS Financial Services Ltd	BUY	309	400	29.3
National Aluminium Co	BUY	185	220	18.9
Nestle India Ltd	BUY	2,246	2,580	14.9
Nippon Life India Asset Management Ltd	BUY	811	925	14.1
NLC India Ltd	BUY	242	300	23.8
NTPC Ltd	BUY	334	400	19.9
Persistent Systems Ltd	BUY	5,154	6,240	21.1
Pitti Engineering Ltd	BUY	942	1,350	43.3
Prestige Estates Projects Ltd	BUY	1,625	1,850	13.8
Rites Ltd	BUY	257	285	10.8
Sansera Engineering Ltd	BUY	1,325	1,580	19.3
SBI Cards & Payment Services Ltd	BUY	807	985	22.1
SBI Life Insurance Company Ltd	BUY	1,840	2,150	16.8
Shree Cement Ltd	BUY	30,660	33,960	10.8
Shriram Finance Ltd	BUY	632	750	18.7
Signatureglobal (India) Ltd	BUY	1,145	1,470	28.4
Skipper Ltd	BUY	490	570	16.4
Star Cement Ltd	BUY	240	270	12.5
State Bank of India	BUY	796	1,025	28.8
Steel Strips Wheels Ltd	BUY	231	265	14.8
Tech Mahindra Ltd	BUY	1,464	1,775	21.2
Trent Ltd	BUY	5,024	6,650	32.4
Ujjivan Small Finance Bank Ltd	BUY	44	53	19.5
UltraTech Cement Ltd	BUY	12,250	13,840	13.0
V Mart Retail Ltd	BUY	785	950	21.0
VA Tech Wabag Ltd.	BUY	1,582	1,920	21.4
Varun Beverages Ltd	BUY	521	590	13.2
Welspun Living Ltd	BUY	128	150	17.6
Westlife Foodworld Ltd	BUY	725	880	21.5

Trading Insights

Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
HINDUSTAN UNILEVER LTD	2,521	5,718	1,763	224.4%
MARUTI SUZUKI INDIA LTD	12,608	719	284	153.2%
MAHINDRA & MAHINDRA LTD	3,203	4,593	2,212	107.6%
TATA MOTORS LTD	666	19,565	9,445	107.1%
ITC LTD	412	19,985	9,902	101.8%
SBI LIFE INSURANCE CO LTD	1,841	1,890	937	101.6%
JSW STEEL LTD	1,048	3,200	1,599	100.2%

Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
LARSEN & TOUBRO LTD	3,637	5,180	1,391	272.5%
TATA MOTORS LTD	666	9,552	4,035	136.7%
ASIAN PAINTS LTD	2,396	848	519	63.4%
SUN PHARMACEUTICAL INDUS	1,707	1,454	1,153	26.0%
ITC LTD	412	7,896	6,402	23.3%
OIL & NATURAL GAS CORP LTD	241	5,708	4,656	22.6%
BHARAT PETROLEUM CORP LTD	329	4,872	4,012	21.4%

*CMP-Closing Market Price

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Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

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