

HSIE Results Daily

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Results Reviews

- Reliance Industries:** Reliance Industries' (RIL) consolidated Q2FY26 EBITDA stood at INR 459.0bn (+17.5% YoY, +6.9% QoQ), slightly above our estimate of INR 455bn. APAT at INR 181.6bn (+9.7% YoY; +0.5% QoQ) came in below our estimate, due to lower-than-expected other income. Our BUY rating on RIL with a price target of INR 1,685/sh is premised on (1) EBITDA growth in the digital business, led by ARPU improvement, subscriber addition, and new revenue streams; (2) O2C margin recovery; and (3) value unlocking potential in digital and retail businesses.
- UltraTech Cement:** We maintain BUY on UltraTech (UTCEM), with an unchanged target price of INR 13,900 (17x Sep-27E consolidated EBITDA). In Q2FY26, UTCEM delivered like-to-like (LTL) volume growth of 7% YoY (reported 15% YoY), indicating market share gains during Q2/H1FY26. However, margin contracted by INR 283/MT QoQ, owing to a seasonal price decline, high maintenance, and branding costs (management noted INR 100/MT is non-recurring), and increased contribution of low-margin Kesoram/India Cements (ICEM). On a YoY basis, 5% higher realization, however, drove margin up by INR 225/MT. UTCEM announced phase-4 expansion by 23mnMT (FY28-29 at low capex rate of USD 51/MT, owing to a mix of greenfield, brownfield, and debottlenecking). We maintain our estimates: consolidated volume CAGR of 10% during FY25-28E, unit EBITDA expanding by INR 500/MT in the said period to INR 1,423/MT, led by rising share of green power to >80%, logistics efficiencies, and margin ramp-up of acquired assets.
- JSW Steel:** We maintain BUY on JSW Steel (JSWS) with a revised target price of INR 1,200/share (8x Sep'27E consolidated EBITDA). JSWS delivered strong 10/20% consolidated volume growth QoQ/YoY, driven by the ramp-up of the JVML and BPSL expansion and Dolvi restart. Unit EBITDA contracted by INR 1.6k/MT QoQ to INR 9.7k/MT on weak pricing during the quarter, despite lower opex. We remain positive on an imminent recovery in steel prices, driven by strong domestic demand, impact of safeguard duties extension, and expected global price uptick from the anti-involution drive in China. We expect JSWS to deliver 9/17% consolidated volume/EBITDA CAGRs during FY25-28E.
- Dixon Technologies:** Dixon reported a 29% YoY revenue growth to INR148.5bn in Q2, primarily driven by a 41% growth in its mobile and EMS division. This growth was tempered by a decline in lighting, consumer electronics, and home appliances. EBITDAM remained flat YoY at 3.8%, owing to a decline in gross margin, offset by reduced other expenses. Management highlights that reduction in GST rate in mid-august and upcoming BEE norms led to deferment in demand, adversely impacting the consumer electronics and home appliances segments. It projects sales of ~42mn mobile phone units in FY26, with a further target of 60-65mn units in FY27. Dixon is also in advanced discussions with another major smartphone ODM, with production expected to commence by Q4FY26 at an estimated volume of 0.5mn units per month, primarily catering to the Indian market. Factoring in weak Q2 results, we have cut our revenue estimates by 5% each for FY26/27E and APAT estimates by 11/12%, respectively. We have introduced FY28E financials and roll forward our valuation to Sep-27E from

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Mar-27E. We maintain ADD with a revised TP of INR 18,830, by valuing the company at 70x Sep-27E EPS.

- **Havells India:** Revenue grew 5% YoY to INR47.7bn, impacted by a decline in the Lloyd and ECD segments due to continued weakness in summer products. Growth was led by the Cable, Switchgear, and Lighting & Fixtures segments, which posted YoY increases of 12%, 8%, and 7%, respectively. EBITDAM improved 90bps YoY to 9.3%, reflecting stronger gross margins. Consequently, EBITDA and APAT grew 16% YoY each. The company mentioned that channel inventory in summer products remains elevated but is expected to normalize by Q3-end, while early signs of demand recovery are visible, aided by the festive season and the recent GST rate cut. Factoring in sub-par Q2 performance, we have cut our revenue estimates by 2/3% and APAT estimates by 6/3% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain ADD and value the company at 50x Sep-27E EPS to arrive at a revised TP of INR 1,645/sh.
- **AU Small Finance Bank:** AUBANK's Q2FY26 earnings were in line with estimates as healthy growth on both sides of the balance sheet coupled with better margin management aided core earnings, while stress in unsecured businesses, although receding, remained elevated. Gross advances growth (17% YoY) was driven by secured retail assets while unsecured segments continued to de-grow. Deposit growth (21% YoY) was healthy, led by strong traction in CA balances, as CASA ratio improved to 29.4% (+30bps QoQ). Asset quality improved with lower delinquencies in the unsecured businesses as the management continued to guide for a credit cost of 1% of GLP. Managing the unsecured businesses (MFI+ credit cards) coupled with expansion into southern and eastern territories shall pose a challenge in the medium term. We maintain REDUCE with a revised TP of INR650 (2.1x Sep-27 ABVPS).
- **IndusInd Bank:** IndusInd Bank (IIB) reported a net loss for Q2FY26, owing to a weak operating performance, driven by de-growth on both sides of the balance sheet and accelerated provisioning (~INR9bn) in the MFI portfolio. Despite deposits de-growing (-2% QoQ/-6%YoY), the CASA ratio dropped further to 30.7% (-73bps QoQ) while advances continued to de-grow (-9% YoY) as the bank calibrates its MFI exposure further. With Mr. Rajiv Anand (ex-DMD, Axis Bank) taking over as MD and CEO, the bank is witnessing multiple new hirings at the senior management level. IIB is currently challenged with multiple handicaps around a sub-par deposit franchise, lack of credible accounting practices, and stress in its unsecured book. We hack our FY26E/FY27E forecasts by ~43%/~17%, to factor in accelerated provisioning, coupled with a single-digit loan CAGR and muted return ratios over the medium-term, as we expect IIB to undergo a complete overhaul to regain stakeholder credibility, which is likely to be a long grind. We maintain REDUCE with a revised TP of INR640 (0.7x Sep-27 ABVPS).
- **Federal Bank:** Federal Bank's (FB) Q2FY26 earnings were weak, owing to muted growth on both sides of the balance sheet, partially offset by margin improvement and stronger traction in fee income. Credit growth (6% YoY) remained muted as larger segments like housing and corporate (~48% of loan book) continued to witness sluggish growth, while the management continued to shift its focus toward scaling medium-yielding asset segments. Deposit growth (7% YoY) was soft too, while the CASA ratio improved to 31.0% (+66 bps QoQ), driven by pick-up in savings account balances. While the focus to lift IRR deflation is visible, growth on both sides of the balance sheet has softened for H1FY26. We cut our FY26/FY27E earnings by ~8%/6%, factoring in lower growth, partly offset by higher margins. We believe FB is well-placed to capitalize on its balance sheet strengths (quality deposit franchise and superior underwriting standards) to deliver on profitability and

growth in the medium term. We maintain BUY with a revised TP of INR240 (1.3x Sep-27 ABVPS).

- **RBL Bank:** RBL Bank (RBK) reported muted earnings on the back of sustained higher opex, driven by continued elevated write-offs on the credit card book, partly offset by moderation of slippages in the JLG portfolio. Deposit growth was sluggish at 8% YoY even as the CASA ratio slipped further to 32% (-62bps QoQ). Loan growth clocked in at 14% YoY, riding on the back of wholesale segment (+21% YoY), offset by continued de-growth in unsecured retail loans. Despite likely normalization in credit costs, we argue that stability in earnings is likely to take longer, given the elevated unsecured mix (26% of loans). Given margin pressure from the shift in loan mix and higher collection costs, 1% exit RoA for FY26 is likely to be a challenge. While RBK's proposed landmark transaction with NBD Emirates is likely to infuse significant equity (and will be accompanied by major equity dilution), we argue that the franchise handicaps are likely to dominate any potential upsides from the deal. We maintain REDUCE with a revised TP of INR220 (0.7x Sep-27 ABVPS).
- **Sobha:** Sobha Ltd (SDL) reported strong quarterly pre-sales growth in Q2FY26 at INR 19.7bn (+61.4%/-8.5% QoQ/YoY), mainly backed by sustenance sales. For FY26, SDL has guided for pre-sales of INR 85bn, which we believe should cross INR 100bn. H1FY26 project launches were delayed due to BBMP restructuring in Bengaluru, though the issue is now resolved with approvals progressing well. For H2FY26, SDL has 8-9msf of planned launches and is on track with completing the targeted 5.5msf of projects, driving its revenue and profitability. The company holds ~INR 180bn in deferred revenue from sold units, with healthy 30-35% margins, setting the stage for a significant financial uplift FY27 onwards. Demand remains stable across major markets like Bengaluru, Kerala, and Gurgaon. SDL is well-positioned to continue its growth trajectory, leveraging its brand equity to dominate the premium, end-user segment. SDL seems to be on track with INR 100bn+ new launches in H2FY26, setting the stage for FY26 pre-sales to cross INR 100bn. Valuation comfort, strong FCF generation, and likely robust growth are key near-term triggers for further rerating. Given the robust launch pipeline, strong balance sheet, and stable cash flows, we maintain BUY with a TP of INR 2,459/sh.
- **IndiaMART InterMESH:** IndiaMART posted a mixed quarter, with revenue growth of +5.1/12.5% QoQ/YoY, stable collections growth of +14% YoY, although the margin dipped by 270bps QoQ. Revenue growth was led by ARPU expansion (+3.2/9.6% QoQ/YoY) and improvement in net subscriber addition (added ~4K/quarter which is the highest in the last 10 quarters but still below the target range of ~8-10K). The higher churn is in the silver monthly bucket, which is impacting the net addition and will be elevated due to price increase in entry-level packages. The cash collections growth of 14% YoY was in line with the estimate. The company is working on reducing the churn through initiatives like improving the quality of inquiries for sellers, leveraging buyer side advertising, and boosting renewal rates. These efforts have led to some improvement (customer complaints have reduced) and the churn may reduce gradually. Product enhancements, AI integration, and targeted advertising are helping in customer retention and package upgrades. ARPU growth will be ~7% YoY and supplier addition will aid growth recovery. The margin declined due to increase in investments and digital marketing expenses. It will decline further if net additions improve. We raise revenue growth estimate by ~1% and cut EBITDA estimate by ~130bps for FY27/28E. We maintain ADD with a DCF-based TP of INR 2,560 (~25x Sep-27E EPS), led by revenue/EBITDA CAGR of 17/6% over FY25-28E.

- **Tanla Platforms:** Tanla's revenue grew by +3.6/7.8% QoQ/YoY, led by growth in platform (+7.1% QoQ) and enterprise segment (+3.3% QoQ). The enterprise segment growth (volume-led) was encouraging and came despite multiple headwinds of lower realization in a few large PSU contracts, soft OTT volume, and impact of the exit of one large gaming account. The OTT channel volume dropped QoQ due to a high base in Q1 (IPL) and should recover, led by continuous adoption of WhatsApp and RCS channels by enterprises. We expect enterprise growth to be fuelled by growth in OTT channel, recovery in domestic messaging volume, pricing revisions by telcos, and stable IILD. Platform segment registered strong growth of 7.1% QoQ, led by deployment of an AI-native anti-spam/scam solution (Wisely.ai) for Indonesian telco Indosat. GM expanded by 155bps QoQ, led by enterprise segment and change in business mix. Even with margin expansion, the earlier target to clock ~20% YoY EBITDA growth for FY26E will fall short of expectation due to regulatory hit on the gaming industry. Strategic priorities are 1) global expansion, 2) OTT leadership, and 3) scaling of platform business. We cut our EPS estimates by ~2-4% for FY26/27E to factor in client exit. We maintain BUY and with a TP of INR 865, based on 18x Sep-27E EPS. The stock is trading at a P/E of 18/16x for FY26/27E with an RoE of 24% for FY25.
- **Orient Electric:** Orient Electric's (OEL) revenue grew 6% YoY. The revenue of electrical consumer durables (ECD) segment remained flat YoY, owing to soft demand. Lighting and switchgear grew by 19% YoY, led by growth in consumer lighting on the back of festive season and selective price hikes, increased premiumization, double-digit growth in business lighting, and a high double-digit growth in switchgear and wires. Gross margin contracted by 90bps YoY to 31.5%. EBITDAM improved by 70bps YoY to 6% due to lower employee and other expenses. So, EBITDA remained flat YoY at 5.4%. APAT increased by 16% YoY. ECD/lighting and switchgear EBIT margin declined 60/50bps YoY to 8.2/13.1%. Management noted that soft demand and high channel inventory weighed on ECD segment performance. However, it expects inventory levels in fans to normalize by Q4. The company aims to achieve double-digit EBITDAM by FY27. Factoring in the sub-par topline growth in Q2, we have reduced our revenue estimates by 1% each for FY26/27E and APAT estimates by 3/2% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We value the company at 38x Sep'27 EPS and maintain a BUY, with a revised TP of INR 290/sh.
- **DCB Bank:** DCB Bank (DCBB) printed impressive Q2FY26 earnings on the back of lower funding costs (-16bps QoQ), stronger core fee income, evidence of productivity and efficiency gains, and a sharp QoQ improvement in credit costs (at 46bps). Deposit growth (+19% YoY, +4.4% QoQ) was healthy while CASA ratio stayed stable at 23.5% (+20bps QoQ). We find increasing comfort in DCBB's sustained efforts at cost rationalization and self-origination, reflecting in early evidence of operating leverage gains and greater control over asset quality outcomes. We believe that the bank's journey to sustainably reflate its RoA to 1% and beyond is contingent on its ability to further build on these gains, and simultaneously deliver on deposit granularity, margins, and asset quality. We raise our FY26E/FY27E estimates by 11%/3% respectively; maintain ADD with a revised TP of INR160 (0.7x Sep-27 ABVPS).

Reliance Industries

Steady growth in O2C and Jio

Reliance Industries' (RIL) consolidated Q2FY26 EBITDA stood at INR 459.0bn (+17.5% YoY, +6.9% QoQ), slightly above our estimate of INR 455bn. APAT at INR 181.6bn (+9.7% YoY; +0.5% QoQ) came in below our estimate, due to lower-than-expected other income. Our BUY rating on RIL with a price target of INR 1,685/sh is premised on (1) EBITDA growth in the digital business, led by ARPU improvement, subscriber addition, and new revenue streams; (2) O2C margin recovery; and (3) value unlocking potential in digital and retail businesses.

- Oil to chemicals (O2C) segment:** Q2FY26 EBITDA was up 20.9/3.4% YoY/QoQ to INR 150bn. Margin improved due to stronger transportation fuel cracks (up 22%-37% YoY) and higher petchem product deltas, which offset the drag due to weak polyester chain deltas (-9% YoY). Transportation fuel domestic sales volume continued to grow strongly, with gasoline volume up 32% YoY and diesel volume up 34% YoY. Crude throughput rose to 20.8mmt (+3% YoY, +8.9% QoQ) as domestic demand remained strong, resulting in RIL consuming additional domestic feedstock. Consequently, production meant for sale increased to 18.1mmt (+2.3% YoY, +4.6% QoQ).
- Oil & gas:** Revenue came in at INR 60.6bn (-2.6% YoY, -0.7% QoQ) and EBITDA came in at INR 50.0bn (-5.4% YoY, flat QoQ). YoY revenue and EBITDA decline was on account of total production from KG D6 reducing by ~8% to 63.5 BCFe, which was partially offset by better gas price realization of USD 9.97/mmbtu (+4.4% YoY). The average KG D6 gas production for Q2 was at 26.1mmcmd (-8.4% YoY, -1.9% QoQ). While CBM production increased to 2.75 BCFe (+5.8% YoY), price realization declined by ~16% YoY to USD 9.53/mmbtu. RIL is undertaking activities to arrest the natural decline in production by increasing the drilling velocity.
- Reliance Jio (RJPL):** Gross revenue continued to improve in the quarter and came in at INR 426.5bn (+14.9% YoY, +3.9% QoQ), led by growth in ARPU and increase in subscriber numbers. ARPU came in at INR 211.4/month (+8.4% YoY, +1.2% QoQ), in line with our estimates. The company added 8.3mn subscribers in the quarter, taking the total customer base to 506.5mn as of Q2. Jio 5G subscriber count has reached 234mn (+58% YoY, +11% QoQ).
- Reliance Retail (RR):** Net revenue was up 19% YoY to INR 791bn. Core retail revenue is estimated to have grown at ~20% YoY (~INR 574bn; ~9% ahead of estimates). EBITDA grew 16.7% YoY to INR 66.2bn (HSIE: INR 62bn). Retail EBITM stood flat YoY at 6.4% (HSIE: 6.3%). RR added 412/229 stores (gross/net basis) in Q2FY26, taking the store count to 19,821. In terms of category performance, grocery and F&L reported robust growth of 23/22% YoY on the back of festive buying; CE grew 18% YoY, aided by the GST rate cut and launches. Our SOTP fair value (attributable to minority shareholders) stands at INR 7.1trn. This implies a valuation of 23x Sep-27 EV/EBITDA + 4x FY27 EV/Sep-27 for the New Commerce Biz.
- Debt:** RIL's Q2 consolidated net debt climbed up to INR 1,185bn (vs net debt of INR 1,176bn in Jun-25). Total capex incurred in Q2 stood at INR 400bn (+17.6% YoY, +33.9% QoQ).
- Valuation:** We increase our SOTP-based TP to INR 1,685/sh (earlier INR 1,630/sh). We use EV/EBITDA to value O2C at Sep-26E EV/e, retail on peer benchmarked EV/e and E&P and Jio on DCF. The stock is currently trading at 7.8x Sep-26E EV/EBITDA and 19.7x Sep-26E EPS.

Financial summary – consolidated

Year Ending March (INR bn)	Q2 FY26	Q1 FY25	QoQ (%)	Q2 FY25	YoY (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	2,546	2,436	4.5	2,315	10.0	8,778	9,011	9,647	11,756	13,101
EBITDA	459	429	6.9	391	17.5	1,422	1,622	1,654	2,041	2,369
APAT	182	270	-32.7	166	9.7	667	696	696	850	1,014
Diluted EPS (INR)	13.4	19.9	-32.7	12.2	9.7	98.6	102.9	51.5	62.8	74.9
P/E (x)						14.4	13.8	27.5	22.6	18.9
EV / EBITDA (x)						15.2	13.4	13.3	10.3	8.0
RoE (%)						8.9	9.2	8.5	9.6	10.5

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	2,058	2,041	-0.8	2,381	2,369	-0.5
EPS	65.2	62.8	-3.6	77.3	74.9	-3.0

Source: HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 1,417
Target Price	INR 1,685
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,630	INR 1,685
EPS change	FY26E -3.6%	FY27E -3.0%

KEY STOCK DATA

Bloomberg code	RELIANCE IN
No. of Shares (mn)	13,532
MCap (INR bn) / (\$ mn)	19,173/2,17,691
6m avg traded value (INR mn)	16,525
52 Week high / low	INR 1,551/1,115

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.0)	11.2	4.5
Relative (%)	(6.1)	4.3	0.8

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	50.11	50.01
FIs & Local MFs	20.91	20.33
FPIs	18.98	18.65
Public & Others	10.00	11.01
Pledged Shares	0.00	0.00

Source: BSE

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UltraTech Cement

Healthy volume; prudent expansion

We maintain BUY on UltraTech (UTCEM), with an unchanged target price of INR 13,900 (17x Sep-27E consolidated EBITDA). In Q2FY26, UTCEM delivered like-to-like (LTL) volume growth of 7% YoY (reported 15% YoY), indicating market share gains during Q2/H1FY26. However, margin contracted by INR 283/MT QoQ, owing to a seasonal price decline, high maintenance, and branding costs (management noted INR 100/MT is non-recurring), and increased contribution of low-margin Kesoram/India Cements (ICEM). On a YoY basis, 5% higher realization, however, drove margin up by INR 225/MT. UTCEM announced phase-4 expansion by 23mnMT (FY28-29 at low capex rate of USD 51/MT, owing to a mix of greenfield, brownfield, and debottlenecking). We maintain our estimates: consolidated volume CAGR of 10% during FY25-28E, unit EBITDA expanding by INR 500/MT in the said period to INR 1,423/MT, led by rising share of green power to >80%, logistics efficiencies, and margin ramp-up of acquired assets.

- Q2FY26 performance:** UltraTech's consolidated volume grew 15% YoY to 33.9mn MT. On LTL basis, its volume rose 7% YoY (adjusted for ICEM). Blended NSR remained flat while grey cement NSR fell 1.5% QoQ, owing to a seasonal price decline. Blended opex rose 7% YoY on account of higher input cost (higher raw material and energy costs) and higher maintenance and branding costs. Thus, blended unit EBITDA contracted by INR 283/MT QoQ to INR 914/MT. UTCEM reported its core operations EBITDA at INR 966/MT while the acquired ICEM/Kesoram delivered INR 386/755 per MT.
- Expansion and outlook:** The upgradation work at ICEM and Kesoram is progressing as per schedule. UTCEM will add 14/15mn MT capacity over FY26/27 under phase-3 expansion, which has undergone revisions. It also announced a phase-4 expansion, where it will add 16/23mn MT clinker/cement capacity over FY28/29, incurring INR 103bn in capex. Phase-4 will witness UTCEM's north capacity expansion by ~40% as it will add 11/18mn MT clinker/cement capacities over FY28-29. The expansion includes 8mn MT clinker addition through debottlenecking, lowering the average capex run rate to USD 51/MT. We expect UTCEM's consolidated capacity to grow to 257mn MT by FY29. We remain bullish, owing to the company's all-round focus: prudent, low-cost expansion, aggressive low-cost green power additions, rising premiumization share, and other cost efficiency programs.

Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	33.9	29.4	15.1	36.8	(8.1)	119.1	135.8	152.3	167.5	182.3
NSR (INR/MT)	5,792	5,542	4.5	5,777	0.3	5,954	5,592	5,648	5,727	5,842
EBITDA(INR/MT)	914	689	32.6	1,197	(23.7)	1,089	925	1,150	1,351	1,423
Net Sales	196.1	162.9	20.3	212.8	-7.8	709.1	759.6	860.0	959.4	1,064.8
EBITDA	30.9	20.3	52.6	44.1	-29.8	129.7	125.6	175.1	226.4	259.3
APAT	12.3	7.0	75.2	22.5	-45.4	70.6	61.1	84.8	120.8	149.1
AEPS (INR)	42.7	24.3	75.2	78.1	-45.4	244.5	207.4	287.8	409.8	505.8
EV/EBITDA (x)						24.6	26.3	21.4	16.3	14.0
EV/MT (INR bn)						21.50	16.08	17.13	15.79	14.76
P/E (x)						45.1	52.1	43.0	30.2	24.4
RoE (%)						12.3	9.1	11.0	14.2	15.7

Source: Company, HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 12,370
Target Price	INR 13,900
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 13,900	INR 13,900
EBITDA change %	FY26E	FY26E
	-	-

KEY STOCK DATA

Bloomberg code	UTCEM IN
No. of Shares (mn)	295
MCap (INR bn) / (\$ mn)	3,645/41,388
6m avg traded value (INR mn)	3,245
52 Week high / low	INR 13,102/10,048

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.0)	3.9	12.3
Relative (%)	(3.1)	(2.9)	8.6

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	59.23	59.23
FIs & Local MFs	16.85	16.65
FPIs	15.72	15.82
Public & Others	8.20	8.30
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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JSW Steel

Expansion ramp-up bolsters volume growth

We maintain BUY on JSW Steel (JSWS) with a revised target price of INR 1,200/share (8x Sep'27E consolidated EBITDA). JSWS delivered strong 10/20% consolidated volume growth QoQ/YoY, driven by the ramp-up of the JVML and BPSL expansion and Dolvi restart. Unit EBITDA contracted by INR 1.6k/MT QoQ to INR 9.7k/MT on weak pricing during the quarter, despite lower opex. We remain positive on an imminent recovery in steel prices, driven by strong domestic demand, impact of safeguard duties extension, and expected global price uptick from the anti-involution drive in China. We expect JSWS to deliver 9/17% consolidated volume/EBITDA CAGRs during FY25-28E.

- Q2FY26 performance:** JSWS' EBITDA came in line with our estimates. Consolidated volume rose 10/20% QoQ/YoY to 7.3mn MT. Domestic sales jumped 19%YoY to 7.1mn MT, facilitated by ramp-up of JVML and BPSL expansion and optimum capacity utilization at Dolvi, following a shutdown. The share of VAP grew ~20% YoY to 4.3mn MT. Realization fell 5% QoQ to INR 61.5k/MT due to weak pricing, mainly for longs. However, JSWS expects price to improve from November onwards. There was spillover of shipments of certain pipe orders to Q3 at the US operations, which moderated the total volume growth. Opex cooled off by 3% QoQ with an all-round cost reduction. Iron ore prices remained stable QoQ while coking coal prices fell by USD6/MT QoQ. The company guided for USD 3-5/MT QoQ rise in Q3. Unit EBITDA contracted by INR 1.6k/MT QoQ to INR 9.7k/MT on weak pricing.
- Con call KTAs and outlook:** The Supreme Court of India reversed its earlier order negating JSWS' BPSL acquisition. JSWS has taken a 150-day shutdown for the BF-3 at Vijaynagar to increase capacity by 1.5mn MT by Feb'26. The 5mn MT JVML capacity is ramping up well. And it operated at 88% utilization in Sep'25. All expansion projects are on track. The company has guided for capex of INR 200/220/220bn for FY26/27/28E. It has spent INR 35bn in H1FY26. We lower our FY26E EBITDA estimates by 7%, factoring in the recent steel price decline. However, as we remain positive on domestic demand, extension of the safeguard duties in India, and the positive impact on global steel prices from the anti-involution drive in China, we maintain our FY27E estimates. We have also introduced FY28E estimates and rolled forward the valuation to Sep'27E, from March'27E earlier.

Quarterly/annual financial summary (consolidated)

YE Mar	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	7.3	6.1	19.7	6.7	9.7	24.8	26.5	29.4	32.0	34.9
NSR (INR/MT)	61,515	64,737	(5.0)	64,495	(4.6)	70,624	63,828	64,466	66,400	67,728
EBITDA (INR/MT)	9,693	8,869	9.3	11,324	(14.4)	11,395	8,659	11,589	12,876	13,364
Net Sales	451.5	396.8	13.8	431.5	4.6	1,750.1	1,688.2	1,892.7	2,124.9	2,362.5
EBITDA	71.2	54.4	30.9	75.8	-6.1	282.4	229.0	340.2	412.1	466.2
APAT	16.2	4.4	269.7	21.8	-25.7	83.7	38.7	102.2	143.6	171.0
AEPS (INR)	6.7	3.2	107.8	9.0	-25.7	34.4	15.9	42.0	58.9	70.2
EV/EBITDA (x)						10.4	13.1	8.8	7.2	6.3
P/E (x)						27.5	59.4	22.5	16.0	13.4
RoCE (%) pretax						12.5	7.6	12.6	15.1	16.0
RoE (%)						11.4	4.8	11.9	14.9	15.7

Source: Company, HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 1,163
Target Price	INR 1,200
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,120	INR 1,200
EBITDA revision %	FY26E (6.7)	FY27E (0.3)

KEY STOCK DATA

Bloomberg code	JSTL IN
No. of Shares (mn)	2,445
MCap (INR bn) / (\$ mn)	2,845/32,300
6m avg traded value (INR mn)	1,871
52 Week high / low	INR 1,179/880

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.5	15.5	18.8
Relative (%)	10.4	8.6	15.1

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	44.84	45.31
FIs & Local MFs	10.52	10.92
FPIs	25.78	25.43
Public & Others	18.86	18.34
Pledged Shares	5.99	5.62

Source : BSE

Pledged shares as % of total shares

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Dixon Technologies

Mobile growth strong; other segments lag

Dixon reported a 29% YoY revenue growth to INR148.5bn in Q2, primarily driven by a 41% growth in its mobile and EMS division. This growth was tempered by a decline in lighting, consumer electronics, and home appliances. EBITDAM remained flat YoY at 3.8%, owing to a decline in gross margin, offset by reduced other expenses. Management highlights that reduction in GST rate in mid-august and upcoming BEE norms led to deferment in demand, adversely impacting the consumer electronics and home appliances segments. It projects sales of ~42mn mobile phone units in FY26, with a further target of 60-65mn units in FY27. Dixon is also in advanced discussions with another major smartphone ODM, with production expected to commence by Q4FY26 at an estimated volume of 0.5mn units per month, primarily catering to the Indian market. Factoring in weak Q2 results, we have cut our revenue estimates by 5% each for FY26/27E and APAT estimates by 11/12%, respectively. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain ADD with a revised TP of INR 18,830, by valuing the company at 70x Sep-27E EPS.

- Q2FY26 highlights:** Revenue grew 29% YoY to INR148.5bn, primarily led by healthy growth of 41% YoY in mobile and EMS division, which formed 90% of revenue mix. However, this overall growth was impacted by negative performance in lighting segment (-53% YoY as business transferred to JV by slump sale), consumer electronics (-32% YoY), and home appliances segment (-3% YoY). EBITDAM remained flat YoY and QoQ to 3.8%. Consequently, EBITDA increased 32% YoY. APAT grew 15% YoY, adjusted for abnormal other income gains.
- Segmental highlights:** (1) Mobile and EMS division experienced healthy growth with revenue/EBITDA up 41/53% YoY (EBITDAM +30bps YoY). (2) Consumer electronics witness a 32/25% YoY revenue/EBITDA decline, (EBITDAM +40bps). (3) Home appliances revenue declined 3% YoY, while EBITDA grew 2% YoY (EBITDAM +60bps YoY).
- Earnings call takeaways:** Management highlights that reduction in GST rate in mid-August and upcoming BEE norms led to deferment in demand, adversely impacting the consumer electronics and home appliances segments. It projects sales of ~42mn mobile phone units in FY26, with a further target of ~60-65mn units for FY27. In lighting, the JV with Signify has commenced operations in Aug-2025, with a strong order book. Factoring in weak Q2 results, we have cut our revenue estimates by 5% each for FY26/27E and APAT estimates by 11/12%, respectively. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain ADD with a revised TP of INR 18,830, by valuing the company at 70x Sep-27E EPS.

Financial summary

(INR mn)	Q 2FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ(%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	1,48,550	1,15,341	28.8	1,28,357	15.7	1,76,909	3,88,601	5,65,207	7,20,270	9,06,023
EBITDA	5,613	4,264	31.7	4,824	16.4	6,976	15,076	21,804	27,444	35,859
APAT	2,470	2,142	15.3	2,250	9.8	3,678	7,046	10,457	13,482	18,927
EPS (INR)	40.8	36.0	13.5	37.3	9.3	61.5	116.9	173.6	223.8	314.1
P/E (x)						271.0	142.5	96.0	74.4	53.0
EV / EBITDA (x)						142.8	66.5	46.1	36.4	27.7
RoE (%)						24.7	29.9	28.1	26.6	28.7

Source: Company, HSIE Research

ADD

CMP (as on 17 Oct 2025) INR 16,700

Target Price INR18,830

NIFTY 25,710

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 17,740	INR 18,830
	FY26E	FY27E
EPS %	-10.5	-11.7

KEY STOCK DATA

Bloomberg code	DIXON IN
No. of Shares (mn)	61
MCap (INR bn) / (\$ mn)	1,010/11,474
6m avg traded value (INR mn)	6,503
52 Week high / low	INR 19,150/12,202

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.7	9.0	10.4
Relative (%)	1.6	2.1	6.7

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	28.95	28.30
FIs & Local MFs	26.10	28.94
FPIs	20.55	20.69
Public & Others	25.50	22.07
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Havells India

High channel inventory and monsoons drag results

Revenue grew 5% YoY to INR47.7bn, impacted by a decline in the Lloyd and ECD segments due to continued weakness in summer products. Growth was led by the Cable, Switchgear, and Lighting & Fixtures segments, which posted YoY increases of 12%, 8%, and 7%, respectively. EBITDAM improved 90bps YoY to 9.3%, reflecting stronger gross margins. Consequently, EBITDA and APAT grew 16% YoY each. The company mentioned that channel inventory in summer products remains elevated but is expected to normalize by Q3-end, while early signs of demand recovery are visible, aided by the festive season and the recent GST rate cut. Factoring in sub-par Q2 performance, we have cut our revenue estimates by 2/3% and APAT estimates by 6/3% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain ADD and value the company at 50x Sep-27E EPS to arrive at a revised TP of INR 1,645/sh.

- Q2FY26 highlights:** Revenue grew sub-par by 5% YoY to INR 47.7bn due to de-growth in Lloyd (down 19% YoY) and ECD segments (down 2% YoY), owing to continuous weakness in summer products. Cable, switchgear, and lighting and fixtures segment led the overall growth, increasing by 12/8/7% YoY growth, respectively. EBITDAM expanded by 90bps YoY to 9.3% (-30bps QoQ) due to higher GM. Thus, both EBITDA and APAT grew by 16% YoY..
- Segmental highlights:** Switchgear revenue grew 8% YoY to INR5.95bn, with EBIT margin improving by 140bps YoY to 22.3%. Wires and Cables revenue rose 12% YoY to INR 20.28bn, with robust growth observed in power cables, accompanied by a strong 510bps YoY expansion in EBIT margin to 13.7%. Lighting revenue increased 7% YoY, supported by price stabilization in LEDs, leading to a 50bps YoY margin improvement to 13.5%. In contrast, Lloyd's segment revenue declined sharply by 19% YoY due to elevated channel inventory and demand deferral following the GST rate cut. The ECD segment reported a 2% YoY decline, driven by mid-single-digit contraction in the fans category and a steep drop in coolers.
- Earnings call takeaways and outlook:** The company indicated that channel inventory levels for summer products remain elevated but are expected to normalize by Q3-end. It noted early signs of demand recovery, driven by the festive season and the recent GST rate reduction. However, management mentioned, as new BEE norms effective from Jan 2026 will lead to higher costs, RAC price will be almost back to pre-GST-cut levels. Capacity expansion in cables is on track. It planned INR14/10bn capex for FY26/27, respectively. Factoring in sub-par Q2 performance, we have cut our revenue estimates by 2/3% and APAT estimates by 6/3% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain ADD and value the company at 50x Sep-27E EPS to arrive at a revised TP of INR 1,645/sh.

Financial summary

(INR mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ(%)	FY24	FY25	FY26E	FY27E	FY87E
Net Sales	47,666	45,330	5.2	54,378	(12.3)	1,85,499	2,17,458	2,29,787	2,62,234	2,98,837
EBITDA	4,418	3,800	16.2	5,199	(15.0)	18,453	21,486	23,212	28,076	32,269
APAT	3,175	2,726	16.5	3,523	(9.9)	12,732	14,888	15,890	19,057	22,227
EPS (INR)	5.1	4.3	16.5	5.6	(9.9)	20.3	23.7	25.3	30.4	35.5
P/E (x)	47,666	45,330	5.2	54,378	(12.3)	73.2	62.6	58.7	48.9	41.9
EV / EBITDA(x)	4,418	3,800	16.2	5,199	(15.0)	48.9	41.8	39.0	32.1	27.8
RoE (%)	3,175	2,726	16.5	3,523	(9.9)	18.1	18.9	18.1	19.6	20.6

Source: Company, HSIE Research

ADD

CMP (as on 17 Oct 2025)	INR 1,492
Target Price	INR 1,645
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,575	INR 1,645
	FY26E	FY27E
EPS revision %	-6.0	-3.0

KEY STOCK DATA

Bloomberg code	HAVL IN
No. of Shares (mn)	627
MCap (Rs bn) / (\$ mn)	935/10,621
6m avg traded value (Rs mn)	1,577
52 Week high / low	Rs 1,946/1,360

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.7)	(9.0)	(17.4)
Relative (%)	(4.7)	(15.8)	(21.0)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	59.38	59.38
FIs & Local MFs	13.36	15.52
FPIs	21.59	19.28
Public & Others	5.67	5.82
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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AU Small Finance Bank

Early signs of stress reducing in unsecured businesses

AUBANK's Q2FY26 earnings were in line with estimates as healthy growth on both sides of the balance sheet coupled with better margin management aided core earnings, while stress in unsecured businesses, although receding, remained elevated. Gross advances growth (17% YoY) was driven by secured retail assets while unsecured segments continued to de-grow. Deposit growth (21% YoY) was healthy, led by strong traction in CA balances, as CASA ratio improved to 29.4% (+30bps QoQ). Asset quality improved with lower delinquencies in the unsecured businesses as the management continued to guide for a credit cost of 1% of GLP. Managing the unsecured businesses (MFI+ credit cards) coupled with expansion into southern and eastern territories shall pose a challenge in the medium term. We maintain REDUCE with a revised TP of INR650 (2.1x Sep-27 ABVPS).

- Healthy growth coupled with stable margins:** Loan growth (17% YoY) was led by wheels (26%), MBL (24%), and commercial segments (+24% YoY), offset by continued de-growth in unsecured businesses (MFI, CC, and PL). Our forecasts build ~19% loan CAGR over FY25-28E, lower than management guidance (2-2.5x of nominal GDP). Margins improved 10bps QoQ, as stress in the unsecured businesses moderated and cost of funds improved by 25bps QoQ on the back of SA rate cut and better liquidity management.
- Moderation of stress in unsecured segments:** Gross slippages came in lower at 3.2% (Q1FY26: 3.8%) coupled with lower credit costs in the MFI (Q2FY26: 1.9%, not annualized vs 2.1% in Q1FY26) and credit card (2.4%, not annualized vs 4.7% in Q1FY26) portfolios. AUBANK expects stress reduction across secured and unsecured portfolios as growth picks up in unsecured segments. Our FY26 credit cost forecast (1.2% of average assets) is 20bps higher than management guidance.
- Unsecured book management and calibrated expansion key monitorable:** We believe the re-scaling of the unsecured businesses and replicating the strengths of the northern market into the southern and eastern markets shall pose a challenge in the medium term. We built in a steady-state RoA of ~1.6% for FY27E/FY28E against the RoA guidance of 1.8%.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	21.4	19.7	8.6%	20.4	4.9%	80.1	90.5	110.6	132.6
PPOP	12.1	11.3	6.9%	13.1	-7.8%	45.8	54.2	63.0	72.7
PAT	5.6	5.7	-1.8%	5.8	-3.5%	21.1	24.7	31.8	39.4
EPS (INR)	7.5	7.7	-2.6%	7.8	-4.1%	28.3	33.2	42.7	53.0
ROAE (%)						14.2	13.5	15.2	16.1
ROAA (%)						1.6	1.4	1.6	1.6
ABVPS (INR)						219.4	246.8	289.1	340.1
P/ABV (x)						3.6	3.2	2.8	2.4
P/E (x)						28.3	24.1	18.7	15.1

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,280	1,271	0.8%	1,519	1,500	1.3%
NIM (%)	5.6	6.0	-42 bps	5.8	6.3	-52 bps
NII	90.5	97.4	-7.1%	110.6	120.8	-8.4%
PPOP	54.2	54.9	-1.2%	63.0	65.8	-4.3%
PAT	24.7	25.9	-4.3%	31.8	32.9	-3.2%
Adj. BVPS (INR)	246.8	250.5	-1.5%	289.1	293.1	-1.4%

Source: Company, HSIE Research

REDUCE

CMP (as on 17 Oct 2025)	INR 792
Target Price	INR 650
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR610	INR650
	FY26E	FY27E
EPS %	-4.3%	-3.2%

KEY STOCK DATA

Bloomberg code	AUBANK IN
No. of Shares (mn)	746
MCap (INR bn) / (\$ mn)	591/6,713
6m avg traded value (INR mn)	2,465
52 Week high / low	INR 841/478

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.6)	35.1	15.4
Relative (%)	(2.6)	28.2	11.7

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	22.9	22.9
FIs & Local MFs	27.2	28.9
FPIs	35.6	38.3
Public & Others	14.3	9.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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IndusInd Bank

Long grind towards regaining stakeholder confidence

IndusInd Bank (IIB) reported a net loss for Q2FY26, owing to a weak operating performance, driven by de-growth on both sides of the balance sheet and accelerated provisioning (~INR9bn) in the MFI portfolio. Despite deposits de-growth (-2% QoQ/-6%YoY), the CASA ratio dropped further to 30.7% (-73bps QoQ) while advances continued to de-grow (-9% YoY) as the bank calibrates its MFI exposure further. With Mr. Rajiv Anand (ex-DMD, Axis Bank) taking over as MD and CEO, the bank is witnessing multiple new hirings at the senior management level. IIB is currently challenged with multiple handicaps around a sub-par deposit franchise, lack of credible accounting practices, and stress in its unsecured book. We hack our FY26E/FY27E forecasts by ~43%/~17%, to factor in accelerated provisioning, coupled with a single-digit loan CAGR and muted return ratios over the medium-term, as we expect IIB to undergo a complete overhaul to regain stakeholder credibility, which is likely to be a long grind. We maintain REDUCE with a revised TP of INR640 (0.7x Sep-27 ABVPS).

- **Weak operating performance with balance sheet de-growth:** IIB reported a weak NII (-17% YoY) and fee income (-27% YoY) performance, driven by de-growth in advances (-9% YoY) on the back of a sharp reduction in the MFI book (-25% QoQ) even as demand across vehicle segments was muted.
- **MFI stress stifles earnings; provisioning coverage to increase:** Credit costs were elevated at 3.2% (Q1FY26: 2.1%), owing to accelerated provisioning of INR9bn in the MFI portfolio. Gross slippages were elevated at 3.1%, as NPAs also remained high in the core vehicle businesses, given disbursements were impacted by deferral of purchases post GST rate cuts. With the GNPA/NNPA at 3.6%/1.0%, the management has hinted at raising the provisioning coverage and bringing the NNPA below 0.5% in the medium-term.
- **Protracted journey to regaining stakeholder trust:** We expect IIB to face a tough adjustment period as the franchise is pushed towards greater regulatory compliance across a host of its business operations and practices.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	44.1	53.5	-17.5%	46.4	-5.0%	190.3	192.4	218.4	242.3
PPOP	20.5	36.0	-43.1%	25.7	-20.3%	106.6	109.9	133.1	152.9
PAT	(4.4)	13.3	NA	6.0	NA	25.8	25.5	47.6	63.8
EPS (INR)	(5.6)	17.1	NA	7.8	NA	33.1	32.7	61.1	81.9
ROAE (%)						4.0	3.8	6.7	8.3
ROAA (%)						0.5	0.4	0.8	1.0
ABVPS (INR)						790.0	832.2	909.5	998.3
P/ABV (x)						0.9	0.9	0.8	0.7
P/E (x)						22.6	22.9	12.2	9.1

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	3,611	3,686	-2.0%	3,939	4,027	-2.2%
NIM (%)	3.6	3.8	-15 bps	3.8	3.9	-6 bps
NII	192.4	203.7	-5.5%	218.4	228.1	-4.3%
PPOP	109.9	124.7	-11.8%	133.1	144.7	-8.1%
PAT	25.5	44.4	-42.6%	47.6	57.5	-17.2%
Adj. BVPS (INR)	832.2	864.3	-3.7%	909.5	940.6	-3.3%

Source: Company, HSIE Research

REDUCE

CMP (as on 17 Oct 2025)	INR 751
Target Price	INR 640
NIFTY	24,710

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR665	INR640
EPS %	FY26E	FY27E
	-42.6%	-17.2%

KEY STOCK DATA

Bloomberg code	IIB IN
No. of Shares (mn)	779
MCap (INR bn) / (\$ mn)	585/6,643
6m avg traded value (INR mn)	5,586
52 Week high / low	INR 1,360/605

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.2)	(5.5)	(44.3)
Relative (%)	(15.2)	(12.4)	(47.9)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	15.8	15.8
FIs & Local MFs	33.7	32.0
FPIs	33.7	34.3
Public & Others	16.9	17.9
Pledged Shares	6.9	6.9

Source : BSE

Pledged shares as % of total shares

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Federal Bank

Muted growth; IRR lift underway

Federal Bank's (FB) Q2FY26 earnings were weak, owing to muted growth on both sides of the balance sheet, partially offset by margin improvement and stronger traction in fee income. Credit growth (6% YoY) remained muted as larger segments like housing and corporate (~48% of loan book) continued to witness sluggish growth, while the management continued to shift its focus toward scaling medium-yielding asset segments. Deposit growth (7% YoY) was soft too, while the CASA ratio improved to 31.0% (+66 bps QoQ), driven by pick-up in savings account balances. While the focus to lift IRR refraction is visible, growth on both sides of the balance sheet has softened for H1FY26. We cut our FY26/FY27E earnings by ~8%/6%, factoring in lower growth, partly offset by higher margins. We believe FB is well-placed to capitalize on its balance sheet strengths (quality deposit franchise and superior underwriting standards) to deliver on profitability and growth in the medium term. We maintain BUY with a revised TP of INR240 (1.3x Sep-27 ABVPS).

- **Muted credit growth, offset by strong core income:** NII growth (6.8% QoQ) was strong as 18bps QoQ drop in yield on advances was offset by 24bps QoQ drop in cost of funds; this was on the back of better liquidity management and growth in average CASA balances leading to NIMs rising by 12 bps QoQ to 3.1%. Core income saw strong traction (+9% QoQ) on the back of higher processing, distribution, and forex income. Loan growth (6% YoY) was soft as growth in home loans and corporate loans remained sluggish, while higher-yielding segments (CC, CV/CE, and gold loans) continued to scale.
- **Asset quality gradually improving:** Gross slippages (0.9% vs 1.1% in Q1FY26) and credit costs (50bps vs 65bps in Q1FY26) were lower, as delinquency trends improved within the MFI business. The management guided for FY26 credit costs at 55bps, as MFI stress would have likely peaked.
- **Critical to deliver profitability plus growth:** Given FB's pivot toward enhancing profitability, we believe that the bank's ability to exercise pricing power on both sides of the balance sheet, while simultaneously picking up the pace on loan growth, is critical to a sustained valuation rerating.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	25.0	23.7	5.4%	23.4	6.8%	94.7	102.2	123.6	151.7
PPOP	16.4	15.7	5.0%	15.6	5.6%	61.0	69.6	83.1	100.1
PAT	9.6	10.6	-9.6%	8.6	10.9%	40.5	41.4	51.3	62.1
EPS (INR)	3.9	4.3	-9.8%	3.5	11.0%	16.5	16.9	20.9	25.3
ROAE (%)						13.0	11.7	12.9	13.8
ROAA (%)						1.2	1.1	1.3	1.3
ABVPS (INR)						131.3	147.1	165.5	188.0
P/ABV (x)						1.6	1.4	1.3	1.1
P/E (x)						12.9	12.6	10.1	8.4

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	2,623	2,716	-3.4%	3,032	3,182	-4.7%
NIM (%)	3.1	3.2	-8 bps	3.4	3.4	-3 bps
NII	102.2	105.9	-3.5%	123.6	129.9	-4.9%
PPOP	69.6	71.7	-2.8%	83.1	88.1	-5.7%
PAT	41.4	45.0	-7.9%	51.3	54.4	-5.6%
Adj. BVPS (INR)	147.1	148.0	-0.6%	165.5	168.0	-1.5%

Source: Company, HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 212
Target Price	INR 240
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR225	INR240
	FY26E	FY27E
EPS %	-7.9%	-5.6%

KEY STOCK DATA

Bloomberg code	FB IN
No. of Shares (mn)	2,459
MCap (INR bn) / (\$ mn)	522/5,929
6m avg traded value (INR mn)	1,711
52 Week high / low	INR 220/173

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.1)	9.0	9.7
Relative (%)	(2.1)	2.1	6.1

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	0	0
FIs & Local MFs	48.2	49.7
FPIs	26.9	25.5
Public & Others	25.0	24.7
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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RBL Bank

Sub-par outcomes; transaction offers hope trade

RBL Bank (RBK) reported muted earnings on the back of sustained higher opex, driven by continued elevated write-offs on the credit card book, partly offset by moderation of slippages in the JLG portfolio. Deposit growth was sluggish at 8% YoY even as the CASA ratio slipped further to 32% (-62bps QoQ). Loan growth clocked in at 14% YoY, riding on the back of wholesale segment (+21% YoY), offset by continued de-growth in unsecured retail loans. Despite likely normalization in credit costs, we argue that stability in earnings is likely to take longer, given the elevated unsecured mix (26% of loans). Given margin pressure from the shift in loan mix and higher collection costs, 1% exit RoA for FY26 is likely to be a challenge. While RBK's proposed landmark transaction with NBD Emirates is likely to infuse significant equity (and will be accompanied by major equity dilution), we argue that the franchise handicaps are likely to dominate any potential upsides from the deal. We maintain REDUCE with a revised TP of INR220 (0.7x Sep-27 ABVPS).

- **Transaction contours vague; offers hope trade:** RBK announced a landmark transaction, with NBD Emirates (incoming investor) likely to infuse equity to the tune of INR269bn (triggering significant equity dilution). However, we believe that the transaction is likely to be complex and distracting and offers no medium-term offset to the bank's structural handicaps.
- **Elevated stress sustains:** Gross slippage moderated to 3.8% (Q1FY26: 4.5%), with continued rundown in unsecured retail businesses. Credit costs inched up to 2.1% (Q1FY26: 1.9%) on the back of elevated write-offs at 4.4% (Q1FY26: 3.3%). We build in credit costs averaging ~2.1% during FY26-27E.
- **Structural challenges to achieving sustainable earnings:** RBK is faced with multiple structural handicaps (sub-par deposit franchise, lack of competitive moats on the asset side of the balance sheet, and persistently high opex ratios) and cyclical stress in the unsecured portfolios. We see fundamental challenges to its medium-term aspirations of delivering >1% RoA sustainably.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	15.5	16.1	-4.0%	14.8	4.7%	64.6	66.4	78.9	92.3
PPOP	7.3	9.1	-19.9%	7.0	3.6%	36.3	33.1	41.7	48.7
PAT	1.8	2.2	-19.8%	2.0	-10.9%	7.0	10.6	14.8	20.0
EPS (INR)	2.9	3.7	-21.5%	3.3	-12.5%	11.4	17.4	24.4	32.9
ROAE (%)						4.6	6.6	8.6	10.5
ROAA (%)						0.5	0.7	0.9	1.0
ABVPS (INR)						252.3	262.4	286.9	315.6
P/ABV (x)						1.2	1.1	1.0	0.9
P/E (x)						26.2	17.3	12.3	9.1

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	1,065	1,057	0.7%	1,227	1,227	0.0%
NIM (%)	4.9	5.1	-16 bps	5.1	5.0	6 bps
NII	66.4	68.9	-3.7%	78.9	78.9	0.0%
PPOP	33.1	38.6	-14.2%	41.7	45.5	-8.2%
PAT	10.6	11.8	-10.2%	14.8	15.6	-5.2%
Adj. BVPS (INR)	262.4	267.3	-1.8%	286.9	292.1	-1.8%

Source: Company, HSIE Research

REDUCE

CMP (as on 17 Oct 2025)	INR 300
Target Price	INR 220
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 200	INR220
	FY26E	FY27E
EPS %	-10.5%	-5.2%

KEY STOCK DATA

Bloomberg code	RBK IN
No. of Shares (mn)	613
MCap (INR bn) / (\$ mn)	184/2,086
6m avg traded value (INR mn)	3,406
52 Week high / low	INR 308/146

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	11.6	63.1	47.9
Relative (%)	9.5	56.2	44.3

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	0.0	0.0
FIs & Local MFs	34.8	35.7
FPIs	17.6	15.5
Public & Others	47.7	48.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Sobha

Launch-heavy year ahead

Sobha Ltd (SDL) reported strong quarterly pre-sales growth in Q2FY26 at INR 19.7bn (+61.4%/-8.5% QoQ/YoY), mainly backed by sustenance sales. For FY26, SDL has guided for pre-sales of INR 85bn, which we believe should cross INR 100bn. H1FY26 project launches were delayed due to BBMP restructuring in Bengaluru, though the issue is now resolved with approvals progressing well. For H2FY26, SDL has 8-9msf of planned launches and is on track with completing the targeted 5.5msf of projects, driving its revenue and profitability. The company holds ~INR 180bn in deferred revenue from sold units, with healthy 30–35% margins, setting the stage for a significant financial uplift FY27 onwards. Demand remains stable across major markets like Bengaluru, Kerala, and Gurgaon. SDL is well-positioned to continue its growth trajectory, leveraging its brand equity to dominate the premium, end-user segment. SDL seems to be on track with INR 100bn+ new launches in H2FY26, setting the stage for FY26 pre-sales to cross INR 100bn. Valuation comfort, strong FCF generation, and likely robust growth are key near-term triggers for further rerating. Given the robust launch pipeline, strong balance sheet, and stable cash flows, we maintain BUY with a TP of INR 2,459/sh.

- Q2FY26 financial highlights:** Revenue INR 14.1bn (+50.8%/+65.2% YoY/QoQ, a 32% beat). EBITDA was at INR 956mn (+24%/+301% YoY/QoQ, miss by 3.2%). EBITDA margin was at 6.8% (-147/+400 bps YoY/QoQ, vs. estimate of 9.3%). RPAT/APAT was INR 725mn (+178%/+432% YoY/QoQ, a beat by 13%). Margin was impacted by a one-time INR 270mn provision for ground rent in Bengaluru.
- On track to achieve its presales guidance with robust launch pipeline ahead:** SDL reported a strong quarter with pre-sales in value and volume at INR 19.7bn (+61.4%/-8.5% YoY/QoQ) and 1.4msf (+49.9%/-3.5% YoY/QoQ) resp. The average price realization was INR 13,647/sf (+61.4%/-8.5%, YoY/QoQ). Bengaluru drove 70% of demand, primarily from end users. SDL plans to launch 8-9msf in FY26, with key projects in NCR, Pune, Chennai, Kerala, Mumbai, and Bengaluru (including the imminent launch of Sobha Magnus). To strengthen its presence in NCR, SDL is actively pursuing land acquisitions via both government and private routes, while maintaining a selective approach due to its strong land bank. While land acquisition costs may rise amid increasing competition, SDL's strong pipeline and robust capital structure provide a cushion.
- Balance sheet strong; net cash position post rights:** Net debt decreased significantly post rights issue and as of H1FY26, SDL has a net cash position of INR 7.5bn (INR 6.3bn in Q1FY26). At INR 10.1bn, the gross debt is flat vs INR 10.2bn QoQ. The operating cash flow from completed and ongoing projects is expected at INR 97.9bn while that from forthcoming projects is at INR 71.7bn.

Consolidated financial summary (INR mn)

(INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E
Net Sales	14,076	9,336	50.8	8,519	65.2	40,386	47,025	53,366
EBITDA	956	771	24.0	238	301.6	2,942	6,318	11,988
APAT	725	261	178.0	136	432.6	947	3,785	7,913
Diluted EPS	6.8	2.4	178.0	1.3	432.6	8.9	35.4	74.0
P/E (x)						172.2	43.1	20.6
EV/EBITDA (x)						53.1	24.3	12.2
RoE (%)						2.7	8.0	15.0

Source: Company, HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 1,526
Target Price	INR 2,459
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,459	INR 2,459
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA

Bloomberg code	SOBHA IN
No. of Shares (mn)	107
MCap (INR bn) / (\$ mn)	163/1,852
6m avg traded value (INR mn)	449
52 Week high / low	INR 1,830/1,075

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.0)	27.6	(13.2)
Relative (%)	(12.0)	20.7	(16.8)

SHAREHOLDING PATTERN (%)

	Jun-25	Sept-25
Promoters	52.88	52.88
FIs & Local MFs	24.62	26.04
FPIs	8.09	6.41
Public & Others	14.40	14.68
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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IndiaMART InterMESH

Net additions recover; margin drops

IndiaMART posted a mixed quarter, with revenue growth of +5.1/12.5% QoQ/YoY, stable collections growth of +14% YoY, although the margin dipped by 270bps QoQ. Revenue growth was led by ARPU expansion (+3.2/9.6% QoQ/YoY) and improvement in net subscriber addition (added ~4K/quarter which is the highest in the last 10 quarters but still below the target range of ~8-10K). The higher churn is in the silver monthly bucket, which is impacting the net addition and will be elevated due to price increase in entry-level packages. The cash collections growth of 14% YoY was in line with the estimate. The company is working on reducing the churn through initiatives like improving the quality of inquiries for sellers, leveraging buyer side advertising, and boosting renewal rates. These efforts have led to some improvement (customer complaints have reduced) and the churn may reduce gradually. Product enhancements, AI integration, and targeted advertising are helping in customer retention and package upgrades. ARPU growth will be ~7% YoY and supplier addition will aid growth recovery. The margin declined due to increase in investments and digital marketing expenses. It will decline further if net additions improve. We raise revenue growth estimate by ~1% and cut EBITDA estimate by ~130bps for FY27/28E. We maintain ADD with a DCF-based TP of INR 2,560 (~25x Sep-27E EPS), led by revenue/EBITDA CAGR of 17/6% over FY25-28E.

- Q2FY26 highlights:** (1) Q2 revenue stood at INR 3.91bn, +5.1/12.5% QoQ/YoY. Gold and platinum customers contributed ~75% to revenue and the monthly churn was ~1%. The silver monthly churn was ~6-7%, the same as Q1FY26. (2) EBITDA margin stood at 33.2%, down 271bps QoQ, due to increase in outsource sales cost (+26% QoQ). (3) In Q2FY26, BUSY revenue increased by 18% QoQ to INR 0.29bn and EBITDA margin rose to 21% vs 19% in Q1FY26. (4) Standalone EBITDA margin stood at 31.9%, -568bps QoQ, given the 76% QoQ rise in G&A cost. (5) Top 1/10 supplier ARPU stood at 1,103K/324K, +7/11% YoY. (6) Top 10% of customers account for 50% of revenue. (7) PAT stood at INR 0.83bn, a decline of 46% QoQ. (8) Net cash stood at INR 29bn (~20.6% of market cap).
- Outlook:** We expect revenue growth of +14.5/17.1/18.4%, based on paid supplier growth of +5.1/7.7/8.6% and ARPU growth of +6.0/8.2/8.8% for FY26/27/28E. Consolidated EBITDA margin estimates stand at 33.6/32.6/32.9% for FY26/27/28E.

Quarterly financial summary

YE March (INR mn)	2Q	2Q	YoY	1Q	QoQ	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	3,910	3,477	12.5	3,721	4.8	11,968	13,884	15,893	18,605	22,021
EBITDA	1,297	1,346	-3.6	1,335	2.4	3,314	5,228	5,344	6,072	7,254
APAT	827	1,351	-38.8	1,535	-15.0	3,340	5,507	4,579	5,598	6,511
EPS	13.6	22.3	-38.8	25.3	-15.0	55.0	91.8	75.9	92.8	107.9
P/E (x)						43.4	26.0	31.5	25.8	22.2
EV / EBITDA (x)						37.3	22.6	20.9	17.1	13.0
RoE (%)						17.6	28.1	19.3	20.2	20.0

Source: Company, HSIE research

Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	15,811	15,893	0.5	18,362	18,605	1.3	21,758	22,021	1.2
EBITDA	5,568	5,344	-4.0	6,231	6,072	-2.5	7,470	7,254	-2.9
EBITDA margin (%)	35.2	33.6	-159 bps	33.9	32.6	-130 bps	34.3	32.9	-139 bps
APAT	5,479	4,579	-16.4	5,645	5,598	-0.8	6,578	6,511	-1.0
EPS (Rs)	91.1	75.9	-16.7	93.9	92.8	-1.1	109.4	107.9	-1.3

Source: Company, HSIE Research

ADD

CMP (as on 17 Oct 2025)	INR 2,344
Target Price	INR 2,560
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,600	INR 2,560
	FY26E	FY27E
EPS %	-16.7	-1.1

KEY STOCK DATA

Bloomberg code	INMART IN
No. of Shares (mn)	60
MCap (INR bn) / (\$ mn)	141/1,598
6m avg traded value (INR mn)	345
52 Week high / low	INR 3,049/1,835

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.8)	7.6	(22.2)
Relative (%)	(12.8)	0.7	(25.8)

SHAREHOLDING PATTERN (%)

	July-25	Sep-25
Promoters	49.17	49.17
FIs & Local MFs	15.30	13.00
FPIs	19.22	21.53
Public & Others	15.91	16.38
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Tanla Platforms

Margin expansion; OTT and platform growth drivers

Tanla's revenue grew by +3.6/7.8% QoQ/YoY, led by growth in platform (+7.1% QoQ) and enterprise segment (+3.3% QoQ). The enterprise segment growth (volume-led) was encouraging and came despite multiple headwinds of lower realization in a few large PSU contracts, soft OTT volume, and impact of the exit of one large gaming account. The OTT channel volume dropped QoQ due to a high base in Q1 (IPL) and should recover, led by continuous adoption of WhatsApp and RCS channels by enterprises. We expect enterprise growth to be fuelled by growth in OTT channel, recovery in domestic messaging volume, pricing revisions by telcos, and stable ILD. Platform segment registered strong growth of 7.1% QoQ, led by deployment of an AI-native anti-spam/scam solution (Wisely.ai) for Indonesian telco Indosat. GM expanded by 155bps QoQ, led by enterprise segment and change in business mix. Even with margin expansion, the earlier target to clock ~20% YoY EBITDA growth for FY26E will fall short of expectation due to regulatory hit on the gaming industry. Strategic priorities are 1) global expansion, 2) OTT leadership, and 3) scaling of platform business. We cut our EPS estimates by ~2-4% for FY26/27E to factor in client exit. We maintain BUY and with a TP of INR 865, based on 18x Sep-27E EPS. The stock is trading at a P/E of 18/16x for FY26/27E with an RoE of 24% for FY25.

- Q2FY26 highlights:** The enterprise revenue increased by +3.3/7.4% QoQ/YoY to INR 9.80bn and gross margin also increased 43bps QoQ to 26.6%. Excluding OTT, the enterprise segment increased 7% QoQ and OTT revenue stood at INR 3.23bn, down 4% QoQ but up 61% YoY. In Q2FY26, 84 new customers were added. Platform revenue stood at INR 0.98bn, +7.1%/11.8%, QoQ/YoY and gross margin was 98.6%. The EBITDA margin at 16.5% was up 70bps QoQ and APAT stood at INR 1.25bn, up 5.6 QoQ but down 4.0% YoY. The >INR500mn revenue bucket saw a steep decline of 18.2% QoQ due to the revised gaming regulations in India leading to a loss in some of their major clientele and a reduction in Meta Incentives. However, the INR 100-500mn bucket revenue increased by 7.4% QoQ. Net cash stands at INR 9.3bn, ~10% of the market cap.
- Outlook:** We estimate a 11.7% revenue CAGR over FY25-28E, led by CAGRs of +13/3/31% from the platform/Enterprise ex-OTT/WhatsApp segment. We estimate ~12% EPS CAGR over FY25-28E.

Quarterly financial summary

YE March (INR bn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	10.78	10.01	7.8	10.41	3.6	32.06	33.54	39.28	40.28	43.94	49.36
Gross Profit	2.87	2.62	9.5	2.61	10.0	9.08	8.36	10.56	10.51	11.46	12.93
EBITDA	1.77	1.75	1.2	1.64	8.3	7.00	5.88	7.32	6.91	7.18	8.14
APAT	1.25	1.30	-4.0	1.18	5.6	5.39	4.48	5.48	5.07	5.12	5.87
DEPS (INR)	9.3	9.7	-4.1	8.8	5.6	39.8	33.0	40.7	37.7	38.0	43.6
P/E (x)						16.9	20.4	16.6	17.9	17.8	15.5
EV/EBITDA (x)						11.9	14.5	11.6	11.8	10.9	9.3
ROE (%)						48.0	31.2	31.7	24.1	21.1	21.4

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR bn	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	44.83	43.94	(2.0)	50.80	49.36	(2.8)	58.97	56.11	(4.8)
EBITDA	7.22	7.18	(0.5)	8.38	8.14	(2.9)	10.07	9.70	(3.7)
EBITDA (%)	16.1	16.3	23bps	16.5	16.5	-1bps	17.1	17.3	20bps
APAT	5.25	5.12	(2.5)	6.14	5.87	(4.3)	7.46	7.07	(5.2)
EPS (INR)	39.0	38.0	(2.5)	45.6	43.6	(4.3)	55.4	52.5	(5.2)

Source: HSIE Research

BUY

CMP (as on 17 Oct 2025) INR 675

Target Price INR 865

NIFTY 25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 865	INR 865
	FY25E	FY26E
EPS %	-2.5%	-4.3%

KEY STOCK DATA

Bloomberg code	TANLA IN
No. of Shares (mn)	133
MCap (INR bn) / (\$ mn)	89/1,016
6m avg traded value (INR mn)	901
52 Week high / low	INR 910/409

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.4	39.2	(21.3)
Relative (%)	1.4	32.3	(24.9)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	45.49	46.17
FIs & Local MFs	0.95	0.76
FPIs	7.31	9.06
Public & Others	46.01	43.54
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Orient Electric

Good execution in a tough market

Orient Electric's (OEL) revenue grew 6% YoY. The revenue of electrical consumer durables (ECD) segment remained flat YoY, owing to soft demand. Lighting and switchgear grew by 19% YoY, led by growth in consumer lighting on the back of festive season and selective price hikes, increased premiumization, double-digit growth in business lighting, and a high double-digit growth in switchgear and wires. Gross margin contracted by 90bps YoY to 31.5%. EBITDAM improved by 70bps YoY to 6% due to lower employee and other expenses. So, EBITDA remained flat YoY at 5.4%. APAT increased by 16% YoY. ECD/lighting and switchgear EBIT margin declined 60/50bps YoY to 8.2/13.1%. Management noted that soft demand and high channel inventory weighed on ECD segment performance. However, it expects inventory levels in fans to normalize by Q4. The company aims to achieve double-digit EBITDAM by FY27. Factoring in the sub-par topline growth in Q2, we have reduced our revenue estimates by 1% each for FY26/27E and APAT estimates by 3/2% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We value the company at 38x Sep'27 EPS and maintain a BUY, with a revised TP of INR 290/sh.

- Q2FY26 performance:** Revenue grew 6% YoY. ECD revenue remained flat YoY, given soft demand. Lighting and switchgear grew 19% YoY, led by growth in consumer lighting on the back of festive season and selective price hikes, increased premiumization, double-digit growth in business lighting, and high double-digit growth in switchgear and wires. Gross margin contracted 90bps YoY to 31.5% (down 110bps QoQ). EBITDAM remained flat YoY (down 60bps QoQ) at 5.4% due to lower employee expenses (down 100bps YoY). So, EBITDA grew 6% YoY. APAT grew 16% YoY due to decreased finance cost (down 16% YoY). ECD/lighting and switchgear segments' EBIT margin declined 60/50bps YoY to 8.2/13.1%.
- Earnings call takeaways and outlook:** Management noted that soft demand and high channel inventory weighed on ECD segment performance. The company also mentioned that the recent GST rationalization had no direct impact on its product portfolio, while cash flow constraints within the trade channel affected primary sales. The company aims to achieve double-digit EBITDAM by FY27-end through premiumization, portfolio expansion, and an improved product mix. It expects the BEE rating change to increase costs by ~3-4%. Factoring in the sub-par topline growth in Q2, owing to a tough demand environment, we have reduced revenue estimates by 1% each and APAT estimates by 3/2% for FY26/27E. We introduce FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We value the company at 38x Sep'27 EPS and maintain a BUY, with a revised TP of INR 290/sh.

Financial summary

(INR mn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7,026	6,602	6.4	7,691	(8.6)	28,121	30,937	33,255	36,679	40,347
EBITDA	379	357	6.4	461	(17.7)	1,443	2,037	2,354	2,941	3,353
APAT	121	104	15.5	175	(31.2)	566	832	1,096	1,511	1,757
EPS (INR)	0.6	0.5	15.5	0.8	(31.2)	2.7	3.9	5.1	7.1	8.2
P/E (x)						77.7	52.8	40.1	29.1	25.0
EV / EBITDA (x)						29.9	21.3	17.7	14.0	12.0
RoE (%)						9.3	12.5	15.0	18.6	19.4

Source: Company, HSIE Research

BUY

CMP (as on 17 Oct 2025)	INR 206
Target Price	INR 290
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 275	INR 290
EPS Change %	FY26E -3.4	FY27E -1.7

KEY STOCK DATA

Bloomberg code	ORIENTEL IN
No. of Shares (mn)	213
MCap (Rs bn) / (\$ mn)	44/499
6m avg traded value (INR mn)	40
52 Week high / low	INR 265/177

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.8)	(3.9)	(11.6)
Relative (%)	(10.8)	(10.7)	(15.3)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	38.31	38.31
FIs & Local MFs	28.10	29.29
FPIs	6.87	6.34
Public & Others	26.72	26.06
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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DCB Bank

Early signs of cost discipline and operating leverage

DCB Bank (DCBB) printed impressive Q2FY26 earnings on the back of lower funding costs (-16bps QoQ), stronger core fee income, evidence of productivity and efficiency gains, and a sharp QoQ improvement in credit costs (at 46bps). Deposit growth (+19% YoY, +4.4% QoQ) was healthy while CASA ratio stayed stable at 23.5% (+20bps QoQ). We find increasing comfort in DCBB's sustained efforts at cost rationalization and self-origination, reflecting in early evidence of operating leverage gains and greater control over asset quality outcomes. We believe that the bank's journey to sustainably reflate its RoA to 1% and beyond is contingent on its ability to further build on these gains, and simultaneously deliver on deposit granularity, margins, and asset quality. We raise our FY26E/FY27E estimates by 11%/3% respectively; maintain ADD with a revised TP of INR160 (0.7x Sep-27 ABVPS).

- **Efficient margin management with flattish growth:** NII growth (+17% YoY) was healthy, while NIMs clocked in at 3.23% (+3bps QoQ) as the funding costs (-17bps QoQ) moderated more than loan yields (-13bps QoQ). We believe that the bank's efforts at pricing discipline on both sides of the balance sheet are beginning to make a difference, especially as DCBB calibrates its balance sheet mix towards short-tenor and fixed-rate loans.
- **Asset quality improves QoQ:** Gross slippages moderated sharply to clock in at 3.2% (Q1FY26: 4.6%) - concomitantly, credit costs halved QoQ to ~46bps (Q1FY26: 90bps). We believe that DCBB's focus on self-origination (through its branches) augurs well for better control on slippages and opex intensity.
- **Operating leverage and margin reflation key to 1% RoA:** While the cost-to-income (61%) and opex-to-assets ratio (2.5%) improved, we draw comfort from DCBB's sustained efforts, reflecting in early productivity and efficiency gains. We believe that DCBB's journey to a sustainable 1% RoA (FY25: 0.9%) is contingent on the bank sustaining these operating leverage gains, while simultaneously driving better deposit granularity and asset quality outcomes.

Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	6.0	5.1	17.1%	5.8	2.7%	21.1	25.1	29.7	35.5
PPOP	3.0	2.6	19.1%	3.3	-7.0%	10.4	13.3	15.8	19.5
PAT	1.8	1.6	18.3%	1.6	16.9%	6.2	7.6	9.2	11.6
EPS (INR)	5.8	4.9	18.1%	5.0	16.9%	19.6	24.2	29.4	37.0
ROAE (%)						11.4	12.6	13.5	14.6
ROAA (%)						0.9	0.9	0.9	1.0
ABVPS (INR)						162.9	187.1	210.6	250.4
P/ABV (x)						0.8	0.7	0.6	0.5
P/E (x)						6.6	5.3	4.4	3.5

Change in estimates

(INR bn)	FY26E			FY27E		
	New	Old	Δ	New	Old	Δ
Net advances	608	610	-0.3%	722	724	-0.4%
NIM (%)	3.3	3.2	10 bps	3.3	3.4	-4 bps
NII	25.1	24.4	2.8%	29.7	30.0	-0.9%
PPOP	13.3	12.8	4.0%	15.8	16.1	-1.8%
PAT	7.6	6.8	11.8%	9.2	9.0	2.4%
Adj. BVPS (INR)	187.1	180.6	3.6%	210.6	202.0	4.3%

Source: Company, HSIE Research

ADD

CMP (as on 17 Oct 2025)	INR 129
Target Price	INR160
NIFTY	25,710

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR155	INR160
	FY26E	FY27E
EPS %	11.8%	2.4%

KEY STOCK DATA

Bloomberg code	DCBB IN
No. of Shares (mn)	315
MCap (INR bn) / (\$ mn)	41/462
6m avg traded value (INR mn)	240
52 Week high / low	INR 151/101

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(12.8)	1.6	12.9
Relative (%)	(14.8)	(5.3)	9.2

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	14.7	14.7
FIs & Local MFs	31.8	31.9
FPIs	11.7	10.5
Public & Others	41.8	42.9
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

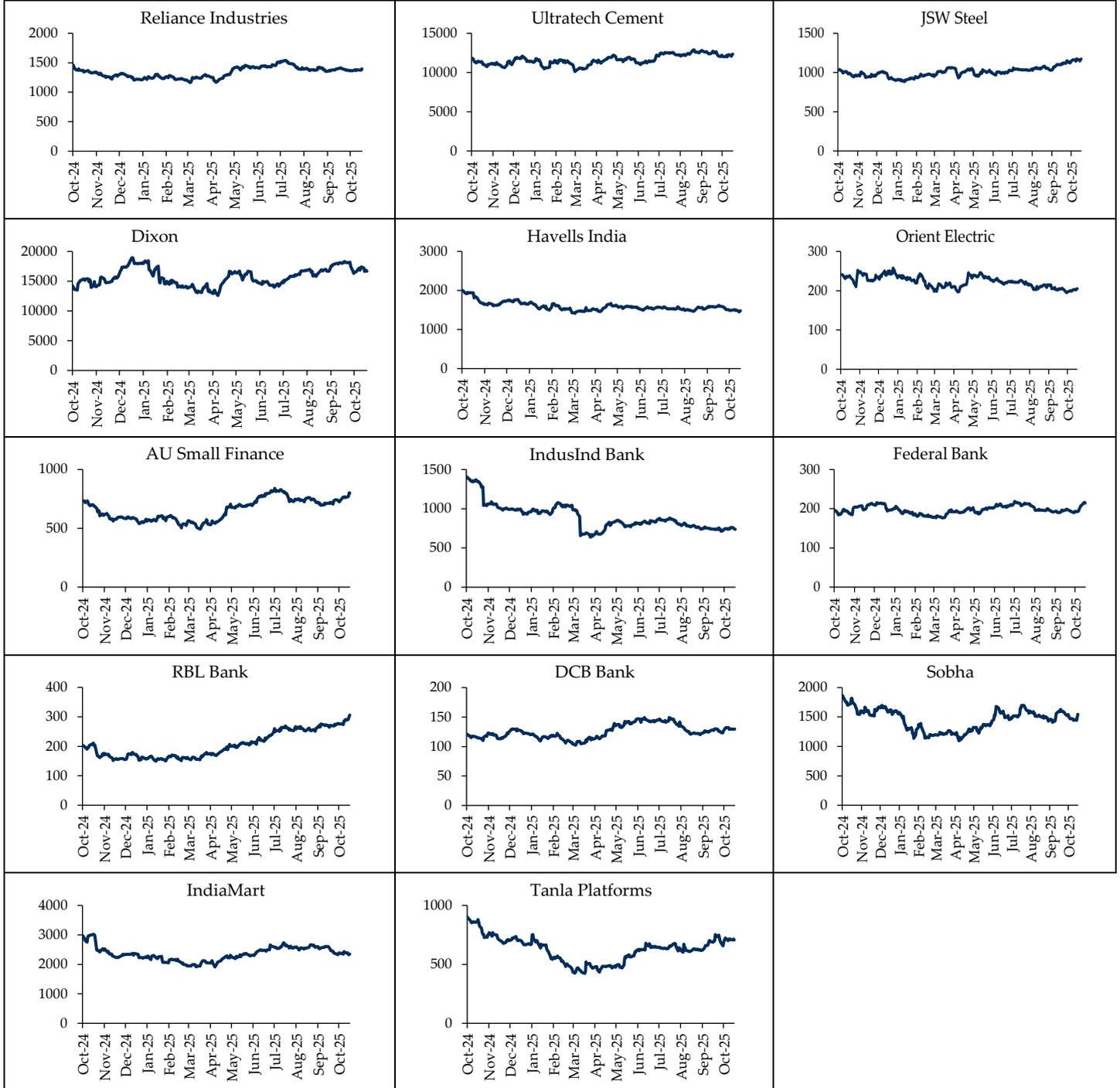
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Nilesh Ghuge	Reliance Industries	MMS	NO
Dhawal Doshi	Reliance Industries	CA	NO
Prasad Vadnere	Reliance Industries	MSC	NO
Rajesh Ravi	UltraTech Cement, JSW Steel, Dixon Technologies, Havells India, Orient Electric	MBA	NO
Keshav Lahoti	UltraTech Cement, JSW Steel, Dixon Technologies, Havells India, Orient Electric	CA, CFA	NO
Riddhi Shah	UltraTech Cement, JSW Steel, Dixon Technologies, Havells India, Orient Electric	MBA	NO
Mahesh Nagda	UltraTech Cement, JSW Steel, Dixon Technologies, Havells India, Orient Electric	CA	NO
Krishnan ASV	AU Small Finance Bank, IndusInd Bank, Federal Bank, RBL Bank, DCB Bank	PGDM	NO
Akshay Badlani	AU Small Finance Bank, IndusInd Bank, Federal Bank, RBL Bank, DCB Bank	CA	NO
Parikshit Kandpal	Sobha	CFA	NO
Jay Shah	Sobha	CA	NO
Aditya Sahu	Sobha	MBA	NO
Amit Chandra	IndiaMART InterMESH, Tanla Platforms	MBA	NO
Dhananjay Jain	IndiaMART InterMESH	CA	NO

1 Yr Price movement



Disclosure:

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