INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Tata Steel:** We maintain BUY on Tata Steel with a revised TP of INR 200/share (6.5x its Sep'27E consolidated EBITDA). Tata Steel delivered consolidated volume growth of 11% QoQ on strong uptick in domestics sales (+20%) and the Netherlands (+8). Despite weak pricing, op-lev gains and cost efficiencies led to unit EBITDA improving 8% QoQ to INR 11.2k/MT. With expected recovery in steel prices Q4FY26 onwards, continued cost reduction efforts across all units, and volume ramp-up, we estimate 5/24% consolidated volume/EBITDA CAGRs for FY25-28E.
- **Eicher Motors:** We are seeing the company's "volume over margin" strategy continue to play out, with a focus on absolute EBITDA growth, enabling the company to capitalize on the rise in demand post the GST rate rationalization. It will continue focusing on market activation to drive volume growth and management remains optimistic on good demand sustaining even post the festive season, as is seen in Nov 2025. Over the medium term, we also expect that the company's efforts of the last few years in international markets to pay off, once global macro turns favorable. We value the company at 29x Sep-27 EPS, and along with the value of VECV (INR 574), we arrive at a TP of INR 7,275; and maintain our ADD rating.
- **Samvardhana Motherson International:** Management has guided that the worst is behind, as it seeks to execute its strong order book, expecting the operational improvement to continue in the coming quarters. Additionally, given continuing global demand headwinds, supplier distress, and company's strong balance sheet, we expect it to close in on acquisition/s, now that the US tariff scenario is becoming less foggy. Also, it continues to expand its non-auto business, focusing on aerospace and consumer electronics divisions. We value SAMIL at 20x Sep-27 EPS for a TP of INR 119 and maintain ADD.
- **Prestige Estates:** Prestige Estates (PEPL) registered quarterly presales by value and volume INR 60.1bn presales (+49.6%/-50.4% YoY/QoQ) with volume at 4.4msf (+47.3%/-53.7% YoY/QoQ) resp. For FY26, PEPL has guided a robust presale growth of 46% YoY at INR 250-270bn, we expect INR 300bn+. The developer continues to see strong demand, with no visible slowdown in sales, driven by quality product offerings. In Q2FY26, PEPL added a GDV of INR 126bn, taking the YTD new BD GDV to INR 330bn across Bengaluru, Hyderabad, Mumbai, and Chennai which marks c.70% of its full year BD guidance. On the commercial side, the Mahalakshmi BKC office is 50% pre-leased, with rents expected to rise to INR 400/sqf post-completion in CY28. FY26 cash inflows are guided at INR 180–200bn with INR 80bn earmarked for construction and INR 30–32bn for BD capex. We believe PEPL has superior growth prospects for the residential portfolio and multi-fold annuity growth; hence, we maintain BUY, with an unchanged SOTP-based TP of INR 2,060/sh.
- **Alkem Laboratories:** EBITDA grew 22% YoY, led by 17% YoY sales growth (+12% YoY India, 7% QoQ in the US), steady gross margin (+26 bps YoY), offset by higher costs (SG&A/ staff +20%/16% YoY). The company expects (1) India business to beat IPM growth by 100-150 bps (on IPM growth of 8-8.5%); (2) low-double-digit growth in the US, led by new launches (8-10 in FY26); (3) international business (ex-US) to high-teen growth; (4) gross margin to sustain

HSIE Research Team
hdfcsec-research@hdfcsec.com

at 64-65%; (5) the EBITDA margin to remain steady at 19.5-20% in FY26. It expects to improve EBITDA margin by 100 bps p.a. for the next few years; (6) R&D spend at 4.5-5% (loaded more towards H2FY26) in FY26. While the company remains confident on revenue growth, it expects H2FY26 margin to see drag from its CDMO business (Enzene US) to the tune of INR 500-600 mn/quarter, ramp-up in R&D, and Sikkim plant impact due to absence of GST benefits (budgetary support benefit under GST) of INR 500-600 mn (in other operating income) from H2FY26. The scale-up in the US CDMO business remains key, given the company expects to achieve sales of INR 3 bn and EBITDA break-even in the next 1-2 years. On track to launch Semaglutide (GLP-1) in the first wave after patent expiry. Factoring in Q2, we have tweaked our EPS for FY26/27E and revised the TP to INR 6,070 (30x Q2FY28E EPS). ADD stays as we expect the India business to remain steady with ~10% CAGR over FY25-28E and a gradual scale-up in the US business with steady improvement in margin.

- **Endurance Technologies:** The potential expansion of the domestic 2W ABS market has led to the company seeking to expand its ABS capacity from 0.64mn p.a. currently to ~3mn p.a. However, further expansion plans and timeline for it will be decided post the government's final notification, which is expected in Nov 2025. Considering that the company is a low-cost ABS producer in India, with strong R&D capabilities, we expect it to be in a good position to capture the sub 125cc domestic 2W ABS market. Additionally, it continues to expand its business segments, as it has entered the solar damper segment and is about to enter the four-wheeler suspension segment, which augurs well for growth and diversification. As it continues to build its capabilities in the battery space via its subsidiary Maxwell, we expect the order book to expand further, aided by the domestic EV players' focus on localization, and procure better-quality battery packs and BMS. We value the company at 30x Sep-27 EPS for a TP of Rs 3,058 and maintain an ADD rating.

- **IPCA Laboratories:** EBITDA (+23% YoY) was 8%/12% above our/consensus estimates, driven by 9% YoY sales growth (India grew 8% YoY, API +28%), higher GM (+164 bps YoY), and effective cost controls (staff/SG&A +6%/+7% YoY). IPCA expects (1) India business to see 10-11% growth in FY26; (2) export formulation to see 8-9% growth H2FY26 (~1% in H1FY26), led by traction in the EU and UK businesses, scale-up in the US business, and growth recovery in branded generics; (3) API business to see 14-15% growth in FY26 (grew 21% in H1FY26); (4) to sustain momentum in standalone business with 9-10% growth in FY26 and strong margin expansion; (5) consolidated margin to improve by 1% in H2FY26 over H1FY26 (clocked at 20.1%), implying overall margin at 20.4-20.6% in FY26; and (6) R&D at 4% of sales in FY26 and ongoing filing, clinical studies, and biosimilar trials to be led to R&D inch-up to ~4.5% in FY27/28. The company expects Unichem to see steady growth and sustain 10-11% margin in FY26, while expecting growth to pick momentum from FY27/28, led by product commercialization across EU and RoW markets (registration process started and approval may take 10-12 months). We believe IPCA is well-positioned for growth (~11% CAGR over FY25-28E), given steady India growth (new launches, steady growth in focused therapies, and scale-up in chronic categories), export formulation ramp-up (through Unichem integration and new launches in the EU/RoW), and gradual recovery in the API business, with improving margins (~16%/24% EBITDA/PAT CAGR over FY25-28E). Considering Q2 results and R&D guidance, we have tweaked the EPS estimates for FY26E and cut 3% for FY27E and revised the TP to INR 1,660 (27x Q2FY28E EPS). Maintain BUY.

- **Century Plyboards India:** Century's revenue grew 17% YoY to INR 13.86bn, led by healthy growth in the MDF segment (up 28% YoY), ply segment (up 16% YoY), and laminates segment (up 17% YoY). EBITDA grew 57% YoY, led by MDF, ply, and laminates segment, resulting in 72% APAT growth. Ply revenue growth guidance upgraded to over 13% (previously 10%) and MDF to 25% (previously 20%) for FY26. Laminates growth guidance was cut to 15-17%, from 20%. Major capacity expansion plans include 48k CBM Hoshiarpur ply plant (expected in Q3FY27). For MDF, the company aims to increase the capacity of south AP plant by 25% in H1FY27, from 214k CBM at present. Factoring in healthy Q2 performance, we have increased our revenue estimates by 2-3% for FY26-28E and APAT estimates by 2% for FY28E. We value Century Ply using SOTP—ex-particle board business at 40x Sep-27E EPS and the upcoming particle board business at 2x capital employed in Sep-27E—to arrive at an unchanged TP of INR 955/sh.

- **Lemon Tree:** Lemon Tree Hotels (LTH) recorded a lacklustre Q2FY26 performance, reflected in weak 8% YoY RevPAR growth, led by 6% YoY ARR growth and 139 bps YoY improvement in occupancy (69.8% in Q2FY26). This soft performance has been attributed to geopolitical tensions, reduced travel due to Ahmedabad airplane accident, tariff wars, and GST revisions. Revenue grew a modest 8% YoY to INR3.1bn, reflecting soft RevPAR growth and unchanged owned room inventory (total owned rooms: 5759). No. of managed rooms grew by 14% YoY to 5197. Total fee income for the quarter was INR 343 mn (+8%YoY). While majority of the new room addition is through managed/franchised rooms, company has announced its owned Aurika project in Delhi with 500 rooms. This is expected to be meaningfully EBITDA accretive in our view due to locational advantage and ownership nature. We believe the key growth drivers for LTH include RevPAR growth, led by occupancy and ARR growth in the owned hotels portfolio and rising fee income, driven by mid-teen growth in number of managed rooms. Additionally, EBITDA margin expansion levers are reduction in renovation expenses and cost savings due to increase in renewable power adoption. Driven by favourable supply demand mismatch in key locations and expected improvement in operational parameters, we believe revenue and EBITDA will grow at ~11% and ~15% over FY25-FY28E. We introduce FY28E estimates and continue with a BUY rating but raise TP to INR 187 (17x FY28 EV/EBITDA) while we roll forward to FY28E.

- **Aether Industries:** We maintain BUY on Aether Industries (AIL), with a target price of INR 1,170. The expansion project at Site 3++ is on track to be commissioned in Q4FY26. Two production blocks in Phase-I of the greenfield project at Panoli (Site 5) will be commissioned by December-25. These developments will drive revenue growth over FY27-28 besides ramping up revenue from Baker Hughes contract. Production from site-4 has scaled up in Q2 and is expected to accelerate further in coming quarters. We expect revenue/EBITDA/PAT CAGRs of ~27/30/29% over FY25-29E while the RoE is expected to improve from 7.8% in FY25 to 14% in FY29. EBITDA was 4% while APAT was 11% above our estimates, owing to higher-than-expected revenue and other income, offset by higher depreciation and tax expenses.

- **Sansera Engineering:** The aerospace, defense, and semiconductor (ADS) segment continues to perform well and is at an inflection point—margin accretive and serving as a key driver of diversification beyond the ICE business. The company has improved its capability to supply complex components in the aerospace segment while it is seeing huge potential in semiconductors, having already acquired a major customer. However, we remain cautious amid global uncertainty, given that one-third of the company's revenue is derived from international markets, with ~9% of sales mix coming from the US. We value the company at 23x-Sep-27 EPS, for a TP of INR1,686 and maintain our ADD rating.

- **Sudarshan Chemical:** We maintain SELL on Sudarshan Chemical (SCIL), with a price target of INR 1,027. SCIL has completed the acquisition of Heubatch Group. Heubach's expansive global production and service network uniquely position the company to serve a worldwide customer base. Operational optimization and cost reduction programme undertaken by SCIL will improve efficiency. However, the gains from the synergy will take time to realize as it is a multi-geography, multi-asset integration. The global pigment manufacturers are uncertain about the demand outlook given the geopolitical situation and ongoing tariff war. Weak demand in global pigment markets, high inventory level at the customer end, and strong competition is expected to continue in the medium term. Q2 EBITDA/APAT was 33/56% below our estimates, owing to lower-than-expected revenue.
- **Galaxy Surfactants:** Our BUY recommendation on GALSURF with a price target of INR 2,611 is premised on (1) continuing demand in Rest of the World (RoW) markets; (2) shift in mix towards high-margin products; and (3) strong balance sheet. Q2 EBITDA/PAT was 19/23% below our estimates, owing to lower-than-expected revenue and higher-than-expected raw material cost.
- **PNC Infratech:** PNC Infratech (PNC) reported Q2FY26 revenue/EBITDA/APAT of INR 9.8/1.4/0.8bn, a beat/miss on our estimates by -8.9/+1.8/+7.2% respectively. FY25 revenue has been impacted by a prolonged monsoon, lower tendering, delay in appointed dates, and land availability issues. The OB as of Sep'25 stood at INR 201bn (~3.96x FY25 revenue). Highway, Expressway, Railway, Airport runway, and Canal EPC projects constitute 71% of the OB. FY26 revised revenue guidance at +5% (earlier: +15-20%) on a YoY basis, with an EBITDA margin of 12.5-13% and OI for FY26 expected at INR 120bn (OI in H1FY26: INR 60bn). PNC's diversification is visible from the OB now comprising Solar+BESS and mining projects while bidding for NHAI, NHIDCL, and MoRTH projects continues. PNC's balance sheet has INR 12bn cash and robust FY26 order backlog. We expect orders awards to pick up in H2FY26, new revenue streams like renewables and mining to aid order inflow and bid pipeline of INR 1trn remains healthy. We have cut estimates to factor slow ordering; maintain BUY with a reduced SOTP of INR 380/sh (14x Sep-27E EPS, 1.2x FCFE Sep-27E for BOT, and 1.1x P/BV for HAM equity investment).
- **HG Infra:** HG Infra (HG) reported its quarterly revenue/EBITDA/APAT of INR 11.5/1.5/0.7bn, a miss by -4.5/-20.4/-21.8%. HG's order book (OB) as of Jun'25 stood at INR 139.3bn (~3.4x FY25 revenue). It has reduced its FY26 revenue guidance from INR 70bn to INR 65-70bn in FY26, while aiming to achieve INR 78-80bn in FY27. HG is diversifying into new business segments, as is evident from its OB, which now includes roads, railways, solar, and BESS. This expansion strategy diversifies its portfolio and reduces segmental concentration risk, particularly in light of muted awards and intense competition in the roads sector. Other segments being evaluated include buildings and water. Execution risks, including potential delays in the Nagpur-Chandrapur project due to land acquisition and design challenges, may impact revenue recognition. Additionally, margin volatility persists amid competitive pressures, despite targeted recovery efforts, while efficient management of receivables remains crucial to sustain healthy working capital and cash flows. We have cut our estimates to factor in delay in projects awards and cut our valuation multiple from 16x to 14x to factor in lower growth and likely miss on new guidance (our estimates are lower than guidance). Given a stable OB, likely pick-up in project execution, and a healthy balance sheet, we maintain BUY on HG, with a reduced TP of INR 1,480 (14x Sep-27E EPS).

- **KNR Constructions:** KNR’s reported revenue/EBITDA/APAT at INR 4.9/0.5/0.3bn was a beat/miss to our estimates by +16/-4.1/-28.5%. EBITDA margin was 10.9% (+525/-201bps YoY/QoQ; vs. our estimate of 13.2%), INR 100mn/100mn one-time hit on promoter variable compensation and repair cost funding for Kerala project. KNR's weak Q2FY26 performance reflects a challenging operational environment, exacerbated by delayed new project rollouts due to revised government bidding policies and weaker state ordering. Based on current OB, KNR guided for the FY26 revenue to be in the range of INR20bn+, with the EBITDA margin at 13% and Order Inflow (OI) of INR 80-100bn for FY26. KNR is targeting significant order inflows and a larger order book in H2FY26 once NHAI debarment ends in Nov’25 including other segments like irrigation from MP and Maharashtra, subcontracting from EPC/BOT projects won by peers, and urban infra projects in AP, Tamil Nadu, and Telangana. We have cut estimates to factor in weak order inflows; maintain BUY with a TP of INR 240/sh (15x Sep-27E EPS).
- **Repco Home Finance:** REPCO’s Q2FY26 earnings were largely in line with our estimates, with strong NII growth offset by higher-than-expected opex. Disbursements witnessed a healthy uptick (+23% YoY), post strong growth in Q1 as well (+22% YoY), and looks poised to deliver strong growth in FY26. However, AUM growth is likely to hover ~12-13% and sustainability of disbursements growth remains a key monitorable. New initiatives such as multiple channels for customer sourcing, revamped employee incentives, and tech transformation brought about by the previous MD and CEO are likely to revive the loan growth, which had remained subdued in the past. We revise our FY26/FY27 earnings estimates to factor in higher NIMs and lower credit costs and maintain ADD with a revised RI-based TP of INR585 (implying 0.9x Sep-27 ABVPS).
- **IRM Energy:** Our BUY recommendation on IRM Energy (IRM) with a TP of INR 421/sh is premised on (1) a ~14% CAGR volume growth over FY26-28E and (2) margin expansion in the long term. IRM’s Q2FY26 EBITDA at INR 267mn (+11.5% YoY, -7.6% QoQ) and consolidated PAT at INR 126mn (+4.5%YoY, -9.8% QoQ) came in below our estimate due to higher-than-expected raw material cost. Volume at 0.59mmscmd (+10.0% YoY, -1.3% QoQ) was also lower than our estimates.

Tata Steel

Cost reduction and op-lev gains offset weak pricing

We maintain BUY on Tata Steel with a revised TP of INR 200/share (6.5x its Sep'27E consolidated EBITDA). Tata Steel delivered consolidated volume growth of 11% QoQ on strong uptick in domestics sales (+20%) and the Netherlands (+8). Despite weak pricing, op-lev gains and cost efficiencies led to unit EBITDA improving 8% QoQ to INR 11.2k/MT. With expected recovery in steel prices Q4FY26 onwards, continued cost reduction efforts across all units, and volume ramp-up, we estimate 5/24% consolidated volume/EBITDA CAGRs for FY25-28E.

- **Q2FY26 performance**: The company reported 11% QoQ volume uptick, led by 20% increase in domestic volume (expansion ramp-up) and 8% uptick in the Netherlands volume. Domestic NSR fell 4% QoQ on increased competition despite healthy demand. This pulled down blended consolidated NSR by 1% QoQ. Op-lev gains and continued cost cuts mainly in India and the Netherlands drove down consolidated opex by 2% QoQ. Thus, blended margin improved 8% QoQ to INR 11.2k/MT. Domestic margin remained flattish at ~INR 15.6k/MT (OPM at 25% vs 24% QoQ). Thailand margin doubled QoQ to 14% on strong demand for branded products. The Netherlands also reported margin expansion to 6% vs 4% QoQ on cost reductions. However, the operating losses at the UK operations widened to -13% vs -8% QoQ on heightened pricing pressure. Thus, consolidated EBITDA rose 20% QoQ, led by strong performance at all units barring the UK operations. Of the targeted cost reduction by INR 115bn for FY26-27, Tata has already achieved INR 55bn reduction in H1FY26, which helped it weather the impact of weak pricing.
- **Con call KTAs and outlook**: Tata noted that as steel prices remained weak, its domestic NSR would fall by ~2% QoQ in Q3. It guided its coking coal price to increase by USD 6/MT QoQ. It expects steel prices to recover in India and the Netherlands in the coming months. UK prices will recover once the government trims the import quotas. Tata Steel would continue to lower costs thorough its cost transformation program across plants. The EAF plant in Ludhiana (0.8mn MT) will be operational by FY27E. The company is working on other expansion projects in India and Europe to 40mn MT by 2030E. We have marginally trimmed FY26E consolidated EBITDA by 2%, factoring in weak prices. We have retained FY27E EBITDA estimates and introduced FY28E estimates. We have rolled forward valuation on Sep'27E EBITDA (vs Mar'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)	7.9	7.5	5.2	7.1	11.1	29.4	31.0	32.5	34.1	35.8
NSR (INR/MT)	74,196	71,682	3.5	74,688	(0.7)	77,976	70,589	73,906	73,906	73,906
EBITDA(INR/MT)	11,247	8,167	37.7	10,432	7.8	7,590	8,171	11,101	12,636	13,371
Net Sales	586.9	539.0	8.9	531.8	10.4	2,291.7	2,185.4	2,402.5	2,522.7	2,648.8
EBITDA	89.0	61.4	44.9	74.3	19.8	223.1	253.0	360.9	431.3	479.2
APAT	34.2	8.2	316.8	21.8	57.0	14.2	40.6	132.2	164.3	195.4
AEPS (INR)	2.7	0.7	316.8	1.7	57.0	1.1	3.3	10.6	13.2	15.7
EV/EBITDA (x)						12.7	11.3	7.9	6.4	5.6
P/E (x)						156.9	55.0	16.9	13.6	11.4
RoCE (%) pretax						6.8	8.0	12.2	14.7	16.1
RoE (%)						1.4	4.4	14.0	16.2	17.8

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 177
Target Price	INR 200
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 170	INR 200
EBITDA revision %	FY26E *(1.7)*	FY27E *0.2*

KEY STOCK DATA	
Bloomberg code	TATA IN
No. of Shares (mn)	12,484
MCap (INR bn) / ($ mn)	2,205/24,871
6m avg traded value (INR mn)	4,332
52 Week high / low	INR 187/123

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.3	18.2	26.9
Relative (%)	5.4	14.1	18.2

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	33.19	33.19
FIs & Local MFs	26.25	27.09
FPIs	17.72	17.78
Public & Others	22.84	21.94
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Eicher Motors

Demand for the 350cc portfolio remains strong

We are seeing the company's "volume over margin" strategy continue to play out, with a focus on absolute EBITDA growth, enabling the company to capitalize on the rise in demand post the GST rate rationalization. It will continue focusing on market activation to drive volume growth and management remains optimistic on good demand sustaining even post the festive season, as is seen in Nov 2025. Over the medium term, we also expect that the company's efforts of the last few years in international markets to pay off, once global macro turns favorable. We value the company at 29x Sep-27 EPS, and along with the value of VECV (INR 574), we arrive at a TP of INR 7,275; and maintain our ADD rating.

- **Standalone performance:** EBITDA margin at 24.9% declined 139bps YoY and 20bps QoQ, below both our estimate of 25.9% and Bloomberg consensus estimate of 26.1%. Revenue at Rs.59.0bn grew 40.3% YoY, led entirely by volumes, while adjusted PAT grew 19.6% YoY to Rs.12.1bn.
- **VECV performance:** VECV revenue grew 10.3% YoY to INR 6.11bn, with EBITDA margin of 8.0%. PAT grew 19.7% YoY to INR 2.49bn.
- **Call takeaways:** (1) Management commented that its product refreshment strategy has paid off as 350cc models gained good momentum in Q2. (2) It mentioned that the festive season was outstanding, driven by strong retail momentum, with rural regions outgrowing urban. (3) An increase in GST rate for 2W above 350cc led to pre-buying activity for the company's 450cc and 650cc bikes. (4) Post GST rate rationalization, demand shifted strongly towards the 350cc segment, which continues to perform well with growth sustaining through November, indicating sustained demand and leading to positive outlook for H2. (5) International market volumes have grown strong in double digits in H1FY26, led by good traction in Brazil, Argentina, Columbia, and SAARC markets, with Europe retail holding up. (6) Management indicated a 40bps cost impact due to rising aluminum and precious metal prices, which was offset by a 50bps positive impact on account of price hikes taken pre-GST rate rationalization announcement. (7) It indicated improvement in enquiry to booking ratio, post the GST rate cuts, which is continuing even post the festive season. (8) It has taken efforts to debottleneck and ramp up the production capacity, increasing it to 1.35mn units pa from 1.2mn units pa earlier and is adding a module to further increase capacity by Q1FY27. (9) In VECV, it highlighted that for electrification the two major challenges are charging infrastructure and especially for long haul trucks, the additional weight of the battery that reduces efficiency. (10) The company indicated that marketing expenditure should remain elevated over the coming quarters as it continues to invest in brand building, launch products, and pursue community engagement initiatives.

Quarterly/annual financial summary

YE Mar (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	59,021	42,054	40.3	49,084	20.2	1,84,515	2,26,385	2,59,120	2,98,923
EBITDA	14,687	11,049	32.9	12,313	19.3	47,680	58,257	69,298	81,306
EBITDA %	24.9	26.3	-139bps	25.1	-21bps	25.8	25.7	26.7	27.2
APAT	12,080	10,099	19.6	13,065	(7.5)	42,793	50,510	58,840	67,869
Diluted EPS (INR)	44.1	36.8	19.6	47.7	(7.6)	156.1	184.2	214.6	247.5
P/E (x)						43.8	37.1	31.8	27.6
EV / EBITDA (x)						39.1	31.9	26.6	22.4
RoE (%)						25.0	25.1	24.9	24.5

Source: Company, HSIE Research

ADD

CMP *(as on 13 Nov 2025)*	INR 6,855
Target Price	INR 7,275
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 7,321	INR 7,275
	FY27E	FY28E
EPS %	-0.4%	-0.8%

KEY STOCK DATA	
Bloomberg code	EIM IN
No. of Shares (mn)	274
MCap (INR bn) / ($ mn)	1,880/21,205
6m avg traded value (INR mn)	3,039
52 Week high / low	INR 7,124/4,536

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.0	26.5	49.4
Relative (%)	15.1	22.4	40.7

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	49.07	49.06
FIs & Local MFs	15.76	14.72
FPIs	25.83	26.98
Public & Others	9.34	9.24
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Samvardhana Motherson International

Operational improvement to continue

Management has guided that the worst is behind, as it seeks to execute its strong order book, expecting the operational improvement to continue in the coming quarters. Additionally, given continuing global demand headwinds, supplier distress, and company's strong balance sheet, we expect it to close in on acquisition/s, now that the US tariff scenario is becoming less foggy. Also, it continues to expand its non-auto business, focusing on aerospace and consumer electronics divisions. We value SAMIL at 20x Sep-27 EPS for a TP of INR 119 and maintain ADD.

- **Quarterly performance:** EBITDA margin at 8.7% was down 15bps YoY but recovered 52bps QoQ, 40bps above our estimate and 26bps above Bloomberg consensus estimate. Revenue grew 8.5% YoY to INR 301.7bn, led by volume growth, increase in content, and Asumitec acquisition.
- **Call takeaways**: (1) Management highlighted that the aerospace division grew 37% YoY on strong order execution; it has won new programs and become a tier-1 supplier to Airbus. (2) The consumer electronics division grew 36% QoQ, with two facilities operational now and with the largest plant expected to come on-stream in H2FY27. It expects the division to become profitable in the first full year of operations as ramp up in this segment would happen faster due to lower order gestation period. (3) It continues its efforts on expanding the consumer electronics division and has added an SMT line, PCBA and component manufacturing for semiconductor companies looking at making India their production base. (4) It indicated that despite Q2 being a seasonally weak quarter for the module and polymer division, profitability improved QoQ by 100bps to 7.4% in Q2, supported by operational efficiency and cost control measures. (5) It mentioned that the tariff-related impact in Q2 was limited to USD10mn. (6) It maintained its capex guidance for FY26, suggesting the top end of the guidance at INR 66bn, of which INR26bn has been spent in H1FY26. (7) It plans to add 5,000 engineers over the next five years to expand capabilities in Gen AI and digital engineering, and a new building is expected to be commissioned in H2FY26 to support these initiatives. (8) It highlighted that the restructuring initiatives to enhance overall business efficiencies have progressed well, with most of the restructuring having been completed in Q2, and thus an improvement in European business should be visible in the coming quarters. (9) It indicated that the worst is behind for European operations and Q3 and Q4 to be sequentially stronger. (10) Impact from the Nexperia-led chip shortage is expected to be limited for the industry as per commentary from customers, who have been working proactively to resolve it.

Quarterly/annual financial summary

YE Mar (INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	3,01,730	2,78,119	8.5	3,02,120	(0.1)	11,36,626	12,58,860	13,99,394	15,52,861
EBITDA	26,107	24,479	6.6	24,583	6.2	1,05,519	1,16,854	1,41,777	1,65,334
EBITDA %	8.7	8.8	-15bps	8.1	52bps	9.3	9.3	10.1	10.6
APAT	8,541	8,797	(2.9)	6,142	39.1	38,030	42,255	56,665	68,942
EPS (INR)						3.6	4.0	5.4	6.5
P/E (x)						30.3	27.3	20.3	16.7
EV / EBITDA (x)						10.2	8.9	7.2	5.9
RoE (%)						12.5	11.7	14.6	16.2

Source: Company, HSIE Research

ADD

CMP *(as on 13 Nov 2025)*	INR 109
Target Price	INR 119
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 118	INR 119
EPS %	FY27E +1.1%	FY28E +1.2%

KEY STOCK DATA	
Bloomberg code	MOTHERSO IN
No. of Shares (mn)	10,554
MCap (INR bn) / ($ mn)	1,152/12,990
6m avg traded value (INR mn)	1,936
52 Week high / low	INR 116/72

Note: Company issued a bonus of 1:2 on 21 July 2025.

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	16.9	14.9	2.4
Relative (%)	12.0	10.8	(6.4)

SHAREHOLDING PATTERN (%)	July-25	Sep-25
Promoters	48.6	48.6
FIs & Local MFs	20.7	21.0
FPIs	12.7	12.0
Public & Others	18.0	18.4
Pledged Shares	2.9	2.9

Source : BSE

Pledged shares as % of total shares

Note: Sumitomo Wiring Systems, Ltd., Japan and H. K. Wiring Systems, Limited, Hong Kong have been reclassified from 'Promoters' to 'Public & Others'.

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Prestige Estates

Strong momentum continues

Prestige Estates (PEPL) registered quarterly presales by value and volume INR 60.1bn presales (+49.6%/-50.4% YoY/QoQ) with volume at 4.4msf (+47.3%/-53.7% YoY/QoQ) resp. For FY26, PEPL has guided a robust presale growth of 46% YoY at INR 250-270bn, we expect INR 300bn+. The developer continues to see strong demand, with no visible slowdown in sales, driven by quality product offerings. In Q2FY26, PEPL added a GDV of INR 126bn, taking the YTD new BD GDV to INR 330bn across Bengaluru, Hyderabad, Mumbai, and Chennai which marks c.70% of its full year BD guidance. On the commercial side, the Mahalakshmi BKC office is 50% pre-leased, with rents expected to rise to INR 400/sqf post-completion in CY28. FY26 cash inflows are guided at INR 180–200bn with INR 80bn earmarked for construction and INR 30–32bn for BD capex. We believe PEPL has superior growth prospects for the residential portfolio and multi-fold annuity growth; hence, we maintain BUY, with an unchanged SOTP-based TP of INR 2,060/sh.

- **Q2FY26 financial highlights:** Reported revenue was INR 24.3bn (+5.5%/+5.4% YoY/QoQ, miss by 8.4%). EBITDA was INR 9.1bn (+44.4%/+1.8% YoY/QoQ, a 1.2% miss). EBITDA margin was 37.4% (+1002/-132bps YoY/QoQ, vs. our estimate of 34.7%). APAT was INR 4.3bn (+123.9%/+47.1% YoY/QoQ, a beat by 67.1%), lead by higher other income about INR 1.5bn gains from Nexus REIT fair value, adjusted beat 20%. Total collections stood INR 42.1bn (+54.1/-7.4% YoY/QoQ).
- **Strong presales on the back of new project launches:** Q2FY26 reported INR 60.1bn presales (+49.6%/-50.4% YoY/QoQ) with volume at 4.4msf (+47.3%/-53.7% YoY/QoQ). On a blended basis, realizations stood at INR 13,614psf (+1.5%/+7.2% YoY/QoQ). A jump in presales was largely on the back of new project launches. For FY26, PEPL has guided presales of INR 250-270bn, this would be backed by robust launch pipeline of INR 435bn, for Q3FY26, key launches include Marigold Phase 2, Prestige City (Fun, Eden Park), Prestige Park Grove (Evergreen), Rockcliff and Business Bay commercial, aggregating an estimated INR 160bn GDV over Q3/Q4FY26.
- **Stable balance sheet position with debt under control:** Net debt increased to INR 73.2bn (+INR 4.9bn QoQ), from INR 68.3bn in Jun-25. Net D/E is at 0.45x (0.42x in Jun-25). The increase in debt is attributable to rise in capex for its ongoing projects. PEPL need to incur a capex of ~INR 104/43bn on the ongoing and upcoming commercial and retail segments.

Consolidated Financial Summary

(INR in mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	24,317	23,044	5.5	23,073	5.4	73,494	1,08,676	1,35,281	1,46,444
EBITDA	9,098	6,313	44.1	8,938	1.8	25,588	38,811	48,174	50,901
APAT	4,303	1,922	123.9	2,925	47.1	4,675	12,243	18,187	18,357
EPS (INR)	10.0	4.5	123.9	6.8	47.1	10.9	28.4	42.2	42.6
P/E (x)						139.5	53.3	35.9	35.5
EV/EBITDA (x)						28.7	19.0	15.6	13.7
RoE (%)						3.5	7.7	10.5	9.6

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	*% Change*	New	Old	*% Change*
Revenues	1,08,676	97,262	11.7	1,35,281	1,30,383	3.8
EBITDA	38,811	33,400	16.2	48,174	43,484	10.8
EBITDA (%)	35.7	34.3	137	35.6	33.4	226
APAT	12,243	9,883	23.9	18,187	16,501	10.2

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 1,755
Target Price	INR 2,060
NIFTY	24,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,060	INR 2,060
EPS Change %	FY26E	FY27E
	23.9	*10.2*

KEY STOCK DATA	
Bloomberg code	PEPL IN
No. of Shares (mn)	431
MCap (INR bn) / ($ mn)	756/8,527
6m avg traded value (INR mn)	1,342
52 Week high / low	INR 1,900/1,048

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.8	30.3	15.5
Relative (%)	2.9	26.2	6.8

SHAREHOLDING PATTERN (%)

	Jun-25	Sept-25
Promoters	60.95	60.95
FIs & Local MFs	16.64	15.74
FPIs	19.63	20.68
Public & Others	2.78	2.63
Pledged Shares	-	-

Source: BSE

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Alkem Laboratories

Strong Q2; India growth to remain steady

ADD

CMP *(as on 13 Nov 2025)*	INR 5,726
Target Price	INR 6,070
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5700	INR 6070
EPS %	FY26E	FY27E
	(0.0)	0.6

KEY STOCK DATA	
Bloomberg code	ALKEM IN
No. of Shares (mn)	120
MCap (INR bn) / ($ mn)	685/7,721
6m avg traded value (INR mn)	1,005
52 Week high / low	INR 5,868/4,492

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.3	11.7	2.8
Relative (%)	1.4	7.6	(6.0)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	53.04	51.2
FIs & Local MFs	21.8	21.93
FPIs	9.11	9.47
Public & Others	16.05	17.4
Pledged Shares	-	-

Source: BSE

EBITDA grew 22% YoY, led by 17% YoY sales growth (+12% YoY India, 7% QoQ in the US), steady gross margin (+26 bps YoY), offset by higher costs (SG&A/ staff +20%/16% YoY). The company expects (1) India business to beat IPM growth by 100-150 bps (on IPM growth of 8-8.5%); (2) low-double-digit growth in the US, led by new launches (8-10 in FY26); (3) international business (ex-US) to high-teen growth; (4) gross margin to sustain at 64-65%; (5) the EBITDA margin to remain steady at 19.5-20% in FY26. It expects to improve EBITDA margin by 100 bps p.a. for the next few years; (6) R&D spend at 4.5-5% (loaded more towards H2FY26) in FY26. While the company remains confident on revenue growth, it expects H2FY26 margin to see drag from its CDMO business (Enzene US) to the tune of INR 500-600 mn/quarter, ramp-up in R&D, and Sikkim plant impact due to absence of GST benefits (budgetary support benefit under GST) of INR 500-600 mn (in other operating income) from H2FY26. The scale-up in the US CDMO business remains key, given the company expects to achieve sales of INR 3 bn and EBITDA break-even in the next 1-2 years. On track to launch Semaglutide (GLP-1) in the first wave after patent expiry. Factoring in Q2, we have tweaked our EPS for FY26/27E and revised the TP to INR 6,070 (30x Q2FY28E EPS). ADD stays as we expect the India business to remain steady with ~10% CAGR over FY25-28E and a gradual scale-up in the US business with steady improvement in margin.

- **Q2 highlights**: Sales grew 17% YoY to INR 40.01bn as India (70% of sales) grew 12% YoY to INR 27.66 bn, with growth in gastro, VMN, respiratory, and anti-infectives. The US (19%) grew 7% QoQ to USD 88mn (+23% YoY), and international sales (11%) grew 32% YoY. Steady GM at 65% (+26 bps YoY), higher staff (+16%) and SG&A (+20%) costs, offset by lower R&D (-11%), led to INR 9.21bn EBITDA (+22% YoY) and a 23% margin (+97 bps YoY). Higher depreciation and interest (+19%/+24%) with lower other income (-23%) led to a PAT of INR 7.65bn (+11% YoY).
- **Key con call takeaways:** Organic growth was steady at ~12%. The MedTech India business revenue was ~INR 25mn for Q2 with opex of INR 80-90mn; the company is looking to scale it up and break even in FY26-end. Adroit sales were ~INR 150mn in Q2. The US CDMO (Enzene) revenue was INR 400-450mn in H1 and targets sales of INR 800-900mn in FY26. It expects increasing price erosion and competition to reduce gEntresto sales from Q3. Tolvaptan (gJynarque) will be launched in FY27 (it has tentative approval presently and ongoing litigation with innovator) and Mirabegron (gMyrbetriq) is settled for launch after patent expiry. It expects other expenses run rate for H2FY26 at INR 9-9.5 bn/quarter. As of Sep-25, net cash was ~INR 49.4bn.

Quarterly financial summary

(INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	40,010	34,147	17	33,711	19	126,676	129,645	146,405	161,921	175,424
EBITDA	9,208	7,528	22	7,391	25	22,455	25,122	30,159	34,327	37,716
APAT	7,651	6,886	11	6,531	17	19,346	21,322	25,136	23,438	24,937
EPS (INR)	64.0	57.6	11	54.6	17	161.8	178.3	210.3	196.1	208.6
P/E (x)						35.4	32.1	27.2	29.2	27.4
EV/EBITDA (x)						30.5	27.0	22.5	19.4	17.3
RoCE (%)						19	20	20	20	20

Source: Company, HSIE Research

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Endurance Technologies

Higher RM costs impact standalone margin

The potential expansion of the domestic 2W ABS market has led to the company seeking to expand its ABS capacity from 0.64mn p.a. currently to ~3mn p.a. However, further expansion plans and timeline for it will be decided post the government's final notification, which is expected in Nov 2025. Considering that the company is a low-cost ABS producer in India, with strong R&D capabilities, we expect it to be in a good position to capture the sub 125cc domestic 2W ABS market. Additionally, it continues to expand its business segments, as it has entered the solar damper segment and is about to enter the four-wheeler suspension segment, which augurs well for growth and diversification. As it continues to build its capabilities in the battery space via its subsidiary Maxwell, we expect the order book to expand further, aided by the domestic EV players' focus on localization, and procure better-quality battery packs and BMS. We value the company at 30x Sep-27 EPS for a TP of Rs 3,058 and maintain an ADD rating.

- **Quarterly performance:** Consolidated EBITDA margin at 13.3% improved 19bps YoY but was flattish QoQ, 53bps below our estimate and 41bps below Bloomberg consensus estimate. Better performance of the European divisions made up for the margin impact in the standalone business. Standalone EBITDA margin at 12% declined 97bps YoY and 39bps QoQ, 83bps below our estimate and 108bps below Bloomberg consensus estimate, impacted by higher RM cost, especially aluminum alloys.
- **Destocking continues in EU:** Management highlighted that while registrations grew 7.7% in EU in Q2FY26, production was much lower than registration, as destocking continued. It expects stability to be maintained for the next few months. In Q2FY26, European operations revenue stood at €88.7mn, EBITDA at €15.8mn (margin of 17.8%), and PAT at €3.9mn.
- **Update on Maxwell:** It aims to finish forward integrating to battery packs by Q1FY27. It indicated that there are potential non-auto customers who are observing the company's development of the cylindrical battery pack. It is confident of its technology and cost competitiveness to acquire additional business.
- **Optimistic on suspension and solar damper:** The company is about to enter into the four-wheeler suspension space via a major OEM, aided by technology from its Korean partner, which is more suited for smaller cars. In the solar damper space, it has already started bulk supplies to a Spanish customer, while it is also in talks with two other customers, and sees a huge business potential in this space.

Quarterly/annual financial summary

YE Mar (INR mn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	35,828	29,127	23.0	33,189	8.0	1,15,608	1,38,501	1,60,997	1,87,040
EBITDA	4,768	3,820	24.8	4,439	7.4	15,511	17,883	22,906	28,125
EBITDA %	13.3	13.1	20bps	13.4	-7bps	13.4	12.9	14.2	15.0
APAT	2,273	2,030	12.0	2,263	0.4	8,242	9,010	12,520	16,152
Diluted EPS (INR)	16.2	14.4	12.0	16.1	0.4	58.6	64.1	89.0	114.8
P/E (x)						45.8	41.9	30.1	23.4
EV / EBITDA (x)						23.1	19.9	15.4	12.2
RoE (%)						15.4	14.8	18.0	19.9

Source: Company, HSIE Research

ADD

CMP *(as on 13 Nov 2025)*	INR 2,692
Target Price	INR 3,058
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 3,142	INR 3,058
EPS %	FY27E	FY28E
	-2.8%	-2.6%

KEY STOCK DATA	
Bloomberg code	ENDU IN
No. of Shares (mn)	141
MCap (INR bn) / ($ mn)	379/4,270
6m avg traded value (INR mn)	573
52 Week high / low	INR 3,080/1,556

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.3	25.2	12.2
Relative (%)	1.4	21.1	3.5

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	75.00	75.00
FIs & Local MFs	9.54	9.06
FPIs	13.54	13.84
Public & Others	1.92	2.1
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

IPCA Laboratories

Growth to recover; Unichem integration on track

EBITDA (+23% YoY) was 8%/12% above our/consensus estimates, driven by 9% YoY sales growth (India grew 8% YoY, API +28%), higher GM (+164 bps YoY), and effective cost controls (staff/SG&A +6%/+7% YoY). IPCA expects (1) India business to see 10-11% growth in FY26; (2) export formulation to see 8-9% growth H2FY26 (~1% in H1FY26), led by traction in the EU and UK businesses, scale-up in the US business, and growth recovery in branded generics; (3) API business to see 14-15% growth in FY26 (grew 21% in H1FY26); (4) to sustain momentum in standalone business with 9-10% growth in FY26 and strong margin expansion; (5) consolidated margin to improve by 1% in H2FY26 over H1FY26 (clocked at 20.1%), implying overall margin at 20.4-20.6% in FY26; and (6) R&D at 4% of sales in FY26 and ongoing filing, clinical studies, and biosimilar trials to be led to R&D inch-up to ~4.5% in FY27/28. The company expects Unichem to see steady growth and sustain 10-11% margin in FY26, while expecting growth to pick momentum from FY27/28, led by product commercialization across EU and RoW markets (registration process started and approval may take 10-12 months). We believe IPCA is well-positioned for growth (~11% CAGR over FY25-28E), given steady India growth (new launches, steady growth in focused therapies, and scale-up in chronic categories), export formulation ramp-up (through Unichem integration and new launches in the EU/RoW), and gradual recovery in the API business, with improving margins (~16%/24% EBITDA/PAT CAGR over FY25-28E). Considering Q2 results and R&D guidance, we have tweaked the EPS estimates for FY26E and cut 3% for FY27E and revised the TP to INR 1,660 (27x Q2FY28E EPS). Maintain BUY.

- **Q2 highlights**: Sales grew 9% YoY to INR 25.56bn, with India (40% of sales) growing 8% YoY to INR 10.18bn. Branded generics were up 2% YoY, generics exports declined 6% YoY, and institutional sales declined 29% YoY. API grew 28% YoY (domestic/export -11%/+45% YoY) and Unichem (23% of sales) was up 14% YoY. Higher GM at 69.4% (+164 bps YoY) and moderate costs (staff/SG&A +6%/+7% YoY) led to EBITDA^ of INR 5.54bn (+23% YoY) with a margin of 21.7% (+258 bps). Steady other income (+6%), lower interest (-13% YoY), and muted depreciation (3% YoY) led to reported PAT of INR 2.82bn (+23% YoY). Adjusted for one-offs^, PAT stood at INR 3.5 bn (+47% YoY).
- **Key takeaways from con call:** Unichem's US business grew 12% YoY, led by traction in recent launches and market share gains in baseline products. It expects Unichem to gradually improve through cost optimization (divested Ireland facility and Mumbai's corporate office), shifting API sourcing to IPCA's in-house facilities, ramping up operations in EU and RoW markets with new product registrations, and scaling up its US business. As of Sep-25, the company had 7,000 MRs. It has already added CVS and Flaxicare (pain) divisions in Q1 and plans to introduce a cosmetology/derma division in H2FY26; also, it aims to add ~500 MRs annually over the next 2-3 years.

Quarterly financial summary

(INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	25,565	23,549	9	23,089	11	77,050	89,396	98,727	109,699	121,126
EBITDA	5,543	4,498	23	4,246	31	12,882	16,931	20,042	23,256	26,769
APAT	3,502	2,378	47	2,414	45	5,943	8,884	11,969	14,456	16,743
EPS (INR)	13.8	9.4	47	9.5	45	23.4	35.0	47.2	57.0	66.0
P/E (x)						55.6	37.2	27.6	22.9	19.7
EV/EBITDA (x)						27.2	20.5	17.0	14.3	12.0
RoCE (%)						12	14	17	18	19

Source: Company, HSIE Research, ^Adjusted for forex of INR 94mn, PAT for INR 583mn one-off

BUY

CMP *(as on 13 Nov 2025)*	INR 1,303
Target Price	INR 1,660
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1720	INR 1660
EPS %	FY26E	FY27E
	1.1	(3.5)

KEY STOCK DATA	
Bloomberg code	IPCA IN
No. of Shares (mn)	254
MCap (INR bn) / ($ mn)	330/3,725
6m avg traded value (INR mn)	314
52 Week high / low	INR 1,758/1,168

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.6)	(7.3)	(13.5)
Relative (%)	(9.5)	(11.4)	(22.2)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	44.72	44.72
FIs & Local MFs	35.88	36.45
FPIs	10.67	10.42
Public & Others	8.73	8.41
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Century Plyboards India

Healthy performance — MDF and ply riding growth

Century's revenue grew 17% YoY to INR 13.86bn, led by healthy growth in the MDF segment (up 28% YoY), ply segment (up 16% YoY), and laminates segment (up 17% YoY). EBITDA grew 57% YoY, led by MDF, ply, and laminates segment, resulting in 72% APAT growth. Ply revenue growth guidance upgraded to over 13% (previously 10%) and MDF to 25% (previously 20%) for FY26. Laminates growth guidance was cut to 15-17%, from 20%. Major capacity expansion plans include 48k CBM Hoshiarpur ply plant (expected in Q3FY27). For MDF, the company aims to increase the capacity of south AP plant by 25% in H1FY27, from 214k CBM at present. Factoring in healthy Q2 performance, we have increased our revenue estimates by 2-3% for FY26-28E and APAT estimates by 2% for FY28E. We value Century Ply using SOTP—ex-particle board business at 40x Sep-27E EPS and the upcoming particle board business at 2x capital employed in Sep-27E—to arrive at an unchanged TP of INR 955/sh.

- **Q2FY26 highlights:** Revenue grew 17% YoY (+19% QoQ) to INR 13.86bn, led by healthy growth in MDF segment (up 28% YoY), ply segment (up 16% YoY), and laminates segment (up 17% YoY). Particle board declined 18% YoY. MDF/ply/laminates revenue grew 32/18/8% QoQ; but particle board declined 4%. Ply volume grew 16% YoY, while operating margin declined 80bps YoY (+40bps QoQ) to 14.2%. Laminates volume grew 2% YoY, while margin expanded 460bps YoY (+360bps QoQ) to 9.5%. MDF volume grew 21% YoY, with margin up 670bps YoY (-70 QoQ) to 13.6%. Particleboard volume declined 5% YoY, with margin going negative to -10.1% vs 11/1.5% YoY/QoQ owing to operation of new plant. EBITDA grew 57% YoY, led by MDF, ply, and laminates segments. APAT increased 72% YoY due to higher EBITDA and lower tax rate, partially offset by lower other income, increased depreciation (up 42% YoY), and higher finance cost (up 81% YoY).
- **Con call KTAs and outlook:** The company raised the ply revenue growth guidance for FY26 to over 13% (previously 10%) and MDF's to 25% (previously 20%). Laminates growth guidance was cut to 15-17% from 20%. Guidance for particle revenue growth and all segmental margins remains unchanged. Management aims for INR 120bn revenue by FY31 (18% CAGR). Ply and MDF selling prices are currently stable. MDF prices are expected to stay stable in the near term, with the recent raw material cost spike seen as temporary. Factoring in healthy Q2 performance, we have increased our revenue estimates by 2-3% for FY26-28E and APAT estimates by 2% for FY28E. We value Century Ply using SOTP—ex-particle board business at 40x Sep-27E EPS and the upcoming particle board business at 2x capital employed in Sep-27E—to arrive at an unchanged TP of INR 955/sh.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	13.86	11.84	*17.1*	11.69	*18.5*	38.86	45.28	53.73	60.69	67.29
EBITDA	1.75	1.11	*56.9*	1.28	*36.2*	5.32	4.87	6.62	8.80	10.07
EBITDAM (%)	12.6	9.4		11.0		13.7	10.7	12.3	14.5	15.0
APAT	0.69	0.40	*72.2*	0.52	*32.8*	3.37	1.99	2.90	4.56	5.61
AEPS (INR)	3.1	1.8	*72.2*	2.3	*32.8*	15.2	8.9	13.0	20.5	25.2
EV/EBITDA (x)						34.9	40.4	29.1	21.6	18.8
P/E (x)						52.6	89.4	61.2	38.9	31.6
RoE (%)						*16.4*	*8.7*	*11.5*	*15.9*	*16.7*

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 798
Target Price	INR 955
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 955	INR 955
EPS revision %	FY27E -	FY28E *1.8*

KEY STOCK DATA	
Bloomberg code	CPBI IN
No. of Shares (mn)	222
MCap (INR bn) / ($ mn)	178/2,003
6m avg traded value (INR mn)	69
52 Week high / low	INR 897/631

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.0	11.8	6.7
Relative (%)	5.2	7.7	(2.1)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	72.64	72.64
FIs & Local MFs	17.92	18.14
FPIs	4.42	4.27
Public & Others	5.02	4,95
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Lemon Tree

Soft performance amid temporary headwinds

Lemon Tree Hotels (LTH) recorded a lacklustre Q2FY26 performance, reflected in weak 8% YoY RevPAR growth, led by 6% YoY ARR growth and 139 bps YoY improvement in occupancy (69.8% in Q2FY26). This soft performance has been attributed to geopolitical tensions, reduced travel due to Ahmedabad airplane accident, tariff wars, and GST revisions. Revenue grew a modest 8% YoY to INR3.1bn, reflecting soft RevPAR growth and unchanged owned room inventory (total owned rooms: 5759). No. of managed rooms grew by 14% YoY to 5197. Total fee income for the quarter was INR 343 mn (+8%YoY). While majority of the new room addition is through managed/franchised rooms, company has announced its owned Aurika project in Delhi with 500 rooms. This is expected to be meaningfully EBITDA accretive in our view due to locational advantage and ownership nature. We believe the key growth drivers for LTH include RevPAR growth, led by occupancy and ARR growth in the owned hotels portfolio and rising fee income, driven by mid-teen growth in number of managed rooms. Additionally, EBITDA margin expansion levers are reduction in renovation expenses and cost savings due to increase in renewable power adoption. Driven by favourable supply demand mismatch in key locations and expected improvement in operational parameters, we believe revenue and EBITDA will grow at ~11% and ~15% over FY25-FY28E. We introduce FY28E estimates and continue with a BUY rating but raise TP to INR 187 (17x FY28 EV/EBITDA) while we roll forward to FY28E.

- **Q2FY26 highlights (consolidated):** ARR for the quarter was INR 6,247 (+6% YoY) along with occupancy of 69.8% (+139 bps YoY), resulting in a RevPAR growth of 8% to INR 4,358. Available hotel rooms grew by a modest 6% to 10,956, led by 14% YoY growth in managed rooms to 5,197, as number of owned rooms remained unchanged. Revenue grew 8% YoY to INR3.1bn, in line with estimates. EBITDA rose 1% YoY to INR 1.3bn. EBITDA margin declined by ~300bps YoY to ~43% due to investments in renovation, technology, and ex-gratia payment to employees. It pushed up PAT by 17% YoY to INR 346mn, broadly in line with the estimates.
- **Brand-wise performance in Q2FY26**: Aurika's occupancy increased to 71% (+21% YoY) but ARR declined 7% YoY to INR 8,806. This led to a 32% growth in RevPAR to INR 6,248 for the flagship brand. ARR for Aurika Mumbai has a further room of ~30% increase from here while peak occupancy can go up to 80%. So, RevPAR has an upside potential of more than 40% from current levels. Lemon Tree Premier has reached near-peak occupancy, maintaining it at ~80% (+88 bps YoY), and increased ARR by 5% YoY to INR 7,142. Lemon Tree Hotel's ARR grew by 5% YoY to INR 5,695, maintaining an occupancy of 67% (-604 bps YoY), resulting in a RevPAR degrowth of -4%. Red Fox and Keys had an average ARR of INR4,824 (+8%YoY) and INR4,031 (+10% YoY) at occupancy rates of 65% (-524 bps YoY) and 60% (+363 bps YoY). Keys has a lower occupancy due to ongoing renovation. Overall, occupancy and ARR for the entire portfolio could improve steadily once renovation is over in FY27.
- **Outlook:** LTH is planning a strong expansion by building a portfolio of 20,074 rooms across 242 hotels, up from 10,956 at present (owned and leased: 5,759 rooms across 41 hotels). 97% of the pipeline could be managed/franchised, reiterating an asset light growth strategy. Management may operationalize ~3,000 rooms in FY26 (opened in H1FY26: 664 rooms) and ~2000 in FY27, which we believe has a downside risk. Hence, we build ~2000 and ~1300 room additions for FY26 and FY27. We expect increase in ARR for Aurika, Mumbai. We also expect stable occupancy and mid-single-digit growth in ARR for the overall portfolio to be driven by demand tailwinds and support a ~15% EBITDA CAGR over FY25-FY28E.

Financial Summary

(INR mn, Mar YE)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	3,063	2,844	8%	3,158	-3%	10,711	12,861	14331	16287	17954
EBITDA	1,307	1,307	0%	1,405	-7%	5,237	6,341	7522	8698	9479
APAT	346	296	17%	383	-10%	1,485	1,966	2884	3755	4307
Diluted Consol EPS (INR)	0.44	0.37	19%	0.48	-8%	1.9	2.5	3.6	4.7	5.4
P/E (x)						83.0	62.7	42.8	32.8	28.6
EV/EBITDA						25.7	21.2	20.6	17.8	16.3
RoE (%)						16.3%	17.3%	21.7%	22.6%	22.2%

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 155
Target Price	INR 187
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR158	INR187
EPS Change %	FY26E	FY27E
	+1%	-

KEY STOCK DATA	
Bloomberg code	LEMONTRE IN
No. of Shares (mn)	792
MCap (INR bn) / ($ mn)	123/1,387
6m avg traded value (INR mn)	574
52 Week high / low	INR 181/111

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.3	11.8	31.3
Relative (%)	0.4	7.7	22.6

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	22.3	22.3
FIs & Local MFs	20.0	19.7
FPIs	21.3	21.5
Public & Others	36.4	36.6
Pledged Shares	-	-

Source : BSE

Amit Kumar, CFA
amit.kumar1@hdfcsec.com
+91-22-6171-7354

Aryan Singh Dalal
aryan.dalal@hdfcsec.com
+91 22 6171 7330

Aether Industries

Improved contribution from CEM business

We maintain BUY on Aether Industries (AIL), with a target price of INR 1,170. The expansion project at Site 3++ is on track to be commissioned in Q4FY26. Two production blocks in Phase-I of the greenfield project at Panoli (Site 5) will be commissioned by December-25. These developments will drive revenue growth over FY27-28 besides ramping up revenue from Baker Hughes contract. Production from site-4 has scaled up in Q2 and is expected to accelerate further in coming quarters. We expect revenue/EBITDA/PAT CAGRs of ~27/30/29% over FY25-29E while the RoE is expected to improve from 7.8% in FY25 to 14% in FY29. EBITDA was 4% while APAT was 11% above our estimates, owing to higher-than-expected revenue and other income, offset by higher depreciation and tax expenses.

- **Financial performance:** Revenue grew by 38.4/7.4% YoY/QoQ to INR 2,751mn. The increase was driven by growth in CEM business. EBITDA increased by 64.1/9.1% YoY/QoQ to INR 880mn. Segmental revenue breakdown for Q2FY26 was: 41.40% from large-scale manufacturing (LSM), 9.12% from CRAMS, and 47.75% from CEM.
- **Key con call takeaways:** (1) CRAMS and CEM contribution has increased over 50% for the first time. This will reach 60-70% of revenue over the next two years. (2) Revenue from Baker Hughes (site 4) has reached INR500mn. Ramp-up in Baker contract will drive increase in revenue contribution from oil and gas. Currently, it has reached 19% of the total revenue. (3) AIL expects the manufacturing for Milliken to start at Site 3++ in Q4 FY26. (4) AIL currently has over 55 R&D projects in the pipeline and expects to reach 120 projects in a span of two years. In line with same, it has started construction of a new R&D lab, which will house more than 130 fumehoods. It is also constructing two new labs, one of which will be an engineering lab, which will house process innovations. (5) Contract from Otsuka Chemical is on track and expected to achieve INR350-400mn in FY26. (6) Pricing and demand in LSM segment remain stable. AIL will launch three molecules at production block in site 5 relating to pharmaceutical, agrochemical, and material science sectors. The company expects first two production blocks of Phase-I at site 5, targeted to be commissioned by Q4FY26.

Financial summary (consolidated)

INR mn	2Q FY26	1Q FY26	QoQ (%)	2Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	2,751	2,561	*7.4*	1,988	*38.4*	5,982	8,387	11,022	13,471	17,166
EBITDA	880	807	*9.1*	536	*64.1*	1,322	2,412	3,198	4,017	5,314
APAT	559	490	*14.0*	371	*50.5*	929	1,673	2,114	2,722	3,583
AEPS (INR)	4.2	3.7	*14.0*	2.8	*50.5*	7.0	12.6	16.0	20.5	27.0
P/E (x)						109.9	61.2	48.5	37.6	28.6
EV/EBITDA(x)						74.5	42.2	32.3	26.0	19.8
RoE (%)						5.6	7.8	9.1	10.6	12.4

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	**INR 773**
Target Price	**INR 1,170**
NIFTY	**25,879**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 1,170	INR 1,170
EPS %	**FY26E**	**FY27E**
	-	-

KEY STOCK DATA

Bloomberg code	AETHER IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	102/1,156
6m avg traded value (INR mn)	159
52 Week high / low	INR 939/723

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	2.8	1.0	(6.1)
Relative (%)	(2.1)	(3.1)	(14.8)

SHAREHOLDING PATTERN (%)

	June-25	**Sept-25**
Promoters	74.84	74.84
FIs & Local MFs	13.41	12.97
FPIs	5.04	4.64
Public & Others	6.56	7.39
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Sansera Engineering

Business diversification to trump near-term uncertainty

The aerospace, defense, and semiconductor (ADS) segment continues to perform well and is at an inflection point—margin accretive and serving as a key driver of diversification beyond the ICE business. The company has improved its capability to supply complex components in the aerospace segment while it is seeing huge potential in semiconductors, having already acquired a major customer. However, we remain cautious amid global uncertainty, given that one-third of the company's revenue is derived from international markets, with ~9% of sales mix coming from the US. We value the company at 23x-Sep-27 EPS, for a TP of INR1,686 and maintain our ADD rating.

- **Quarterly performance:** Consolidated EBITDA margin at 17.3% was down 10bps YoY but up 10bps QoQ, 17bps below our estimate but 12bps above the Bloomberg consensus estimate. Decline of exports from India was negated by the robust growth in the ADS segment.
- **Aerospace, defense, and semiconductor (ADS):** Revenue for the segment at INR 496mn in Q2FY26 registered a growth of 80% YoY. Management indicated maintaining a monthly run rate of INR380-400mn over the remaining five months of FY26. Its current order book stands at INR 395bn with good visibility till FY30, thus aiding its diversification goal. Management highlighted that the company's capability in the aerospace division allows it to supply a vast array of complex parts. In the semiconductor segment, it is a tier 1 supplier to semiconductor equipment manufacturers. It has one major customer in the semiconductor segment and is in active dialogue with others too and sees huge potential in the segment.
- **Decision to manufacture in the US on hold:** Management is anticipating lowering of US tariffs on Indian exports, based on the positive dialogue between the two countries. However, it does expect focus on regional content mix to go up in the US. It has identified potential sites and is in discussion with OEMs and local governments, though it will take a final call on how much to produce in the US, based on tariff clarity. From when it is decided, the first line would take 12-15 months to be ready for mass production. It will seek to do forging in India and the finished machining and inspection in the US.
- **OEMs shift from in-house to outsourcing:** Management highlighted a trend where OEMs are considering outsourcing connecting rod manufacturing. 45-50% of global OEMs are still making it in-house, thus creating a huge scope for the company to acquire business when the OEMs start outsourcing.

Quarterly/annual financial summary

YE Mar (INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	8,252	7,634	8.1	7,663	7.7	30,168	33,802	42,065	49,342
EBITDA	1,431	1,331	7.5	1,321	8.3	5,148	5,838	7,641	9,178
EBITDA Margin (%)	17.3	17.4	-10bps	17.2	11bps	17.1	17.3	18.2	18.6
APAT	717	506	41.6	622	15.3	2,186	2,808	4,014	5,065
Diluted EPS (INR)	13.3	9.4	41.6	10.0	32.2	35.3	45.4	64.8	81.8
P/E (x)						44.0	34.3	24.0	19.0
EV / EBITDA (x)						18.4	16.3	12.4	10.1
RoE (%)						10.7	9.8	12.6	14.1

Source: Company, HSIE Research

ADD

CMP *(as on 13 Nov 2025)*	INR 1,554
Target Price	INR 1,686
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,604	INR 1,686
EPS %	FY27E	FY28E
	+0.3%	+0.8%

KEY STOCK DATA	
Bloomberg code	SANSERA IN
No. of a Shares (mn)	62
MCap (INR bn) / ($ mn)	96/1,088
6m avg traded value (INR mn)	145
52 Week high / low	INR 1,707/ 953

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.8	31.7	7.1
Relative (%)	15.9	27.6	(1.6)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	30.3	30.24
FIs & Local MFs	36.9	36.99
FPIs	19.5	19.58
Public & Others	13.3	13.19
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Sudarshan Chemical

Navigating through inventory destocking

We maintain SELL on Sudarshan Chemical (SCIL), with a price target of INR 1,027. SCIL has completed the acquisition of Heubatch Group. Heubach's expansive global production and service network uniquely position the company to serve a worldwide customer base. Operational optimization and cost reduction programme undertaken by SCIL will improve efficiency. However, the gains from the synergy will take time to realize as it is a multi-geography, multi-asset integration. The global pigment manufacturers are uncertain about the demand outlook given the geopolitical situation and ongoing tariff war. Weak demand in global pigment markets, high inventory level at the customer end, and strong competition is expected to continue in the medium term. Q2 EBITDA/APAT was 33/56% below our estimates, owing to lower-than-expected revenue.

- **Financial performance:** Revenue decreased by 4.8% QoQ to INR 23.87bn. The revenue decline was due to a. slower demand in the end user's market; b. lower than expected depletion of inventory and higher feed stock at customer end, which was initially bought from the competitors; c. higher interest rate across Europe leading to lower demand. EBITDA decreased by 31% QoQ to INR 1.32bn. Sudarshan Legacy Business Revenue was INR 7.12bn while EBITDA margin was 14.9%, driven by growth in coating and plastic industry. Acquired business revenue was INR 16.75bn while margin was 1.6% only.
- **Pigment segment:** Revenue decreased by 5.3% QoQ to INR 23.27bn. EBITDA decreased by 34% QoQ to INR 1.26bn. EBITDA margin decreased by 213bps QoQ to 5.54%.
- **Con call takeaways**: (1) Management expects demand to pick up in Q4 once existing stock is replenished. Global key players have major stock-up during insolvency. Management expects some global key players to place orders from January onwards. (2) It has introduced strategic initiatives like setting up the Global Capability Center (GCC) and "one SAP," which are expected to provide additional leverage beyond regular cost reduction. (3) Considering tariff situation, the company is moving some products to Europe and Mexico. Additionally, strategic initiatives have been taken to move some product lines from Europe to India.
- **Change in estimates**: We have cut EPS estimates of FY26/FY27/FY28 by 33%/3%/3% to INR 22.5/40.2/47.4, considering the weak H1 performance and revised guidance from management considering weak global demand in pigment business.

Financial summary (consolidated)

INR mn	2Q FY26	1Q FY26	QoQ (%)	2Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	23,874	25,069	*(4.8)*	6,961	*243.0*	25,388	33,456	98,052	1,04,996	1,11,284
EBITDA	1,322	1,924	*(31.3)*	945	*39.9*	3,164	3,810	6,611	8,303	9,083
APAT	286	621	*(53.9)*	365	*(21.7)*	2,716	1,436	1,769	3,158	3,726
AEPS (INR)	4.1	9.0	*(53.9)*	5.3	*(21.7)*	34.6	18.3	22.5	40.2	47.4
P/E (x)						31.2	59.1	47.9	26.9	22.8
EV/EBITDA(x)						28.0	23.8	13.8	10.8	9.8
RoE (%)						27.5	6.3	5.1	8.7	9.7

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	Change (%)	FY27E Old	FY27E New	Change (%)	FY28E Old	FY28E New	Change (%)
EBITDA (INR mn)	3,928	2,660	(32.3)	4,672	4,407	(5.7)	5,354	5,073	(5.2)
Adj. EPS (INR/sh)	33.8	22.5	(33.3)	41.6	40.2	(3.3)	49.0	47.4	(3.1)

Source: Company, HSIE Research

SELL

CMP *(as on 13 Nov 2025)*	INR 1,070
Target Price	INR 1,027
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 1,175	INR 1,027
EPS %	FY26E	FY27E
	-33%	-3%

KEY STOCK DATA	
Bloomberg code	SCHI IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	84/948
6m avg traded value (INR mn)	285
52 Week high / low	INR 1,604/796

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(26.0)	0.2	17.1
Relative (%)	(30.9)	(3.9)	8.3

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	16.4	8.19*
FIs & Local MFs	23.52	24.19
FPIs	8.51	8.54
Public & Others	51.56	59.08
Pledged Shares	-	-

Source: BSE
**Reclassified some promoter and promoter group to public category*

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Galaxy Surfactants

Elevated cost and tariff uncertainty

Our BUY recommendation on GALSURF with a price target of INR 2,611 is premised on (1) continuing demand in Rest of the World (RoW) markets; (2) shift in mix towards high-margin products; and (3) strong balance sheet. Q2 EBITDA/PAT was 19/23% below our estimates, owing to lower-than-expected revenue and higher-than-expected raw material cost.

- **Financial performance:** Q2 revenue changed by 24.8% YoY/QoQ to INR 13.26bn. Overall volume growth remained flat on both YoY/QoQ. Volumes were led by growth in specialty segment offsetting volume degrowth in performance segment. Gross profit per kg decreased from 51.51/kg to 49.20/kg in Q2 while EBITDA/kg decreased from INR 18.5/kg to 16.4/kg. Elevated feedstock price has resulted in shift toward alternative formulation by customers, impacting performance surfactants volumes. EBITDA margin decreased by 367/136 bps YoY/QoQ to 8.3%.
- **Post result con call takeaways:** (1) Domestic performance impacted by GST rate cut resulted in inventory recalibration. It was also impacted by reformulation by customers to counter the elevated feed stock prices. (2) Egypt revenue was impacted by market erosion in Egypt in the Tier 1 segment. Intensified competition from local players following backward integration. Turkey delivered strong double-digit volume growth. (3) Latin America and Asia Pacific saw strong demand in both performance and speciality segment. While North America volume was impacted by reciprocal tariff. (4) Speciality care segment revenue was driven by growth in non-US geography and led by TRI-Elevated fatty alcohol prices, which impacted the volume growth of performance surfactants. (5) Tariff imposition on India is likely to impact business and is affecting existing project pipeline. (6) GALSURF launched five new products in the Suncare range (second-generation sunscreen molecules) and other "leave on skin formulations" in the beauty segment, receiving a healthy pipeline response, particularly from APAC, Europe, and the US.
- **DCF-based valuation:** We reduce our EPS estimates by 7.5/7/10.6% for FY26/27/28 to INR 81.5/95.1/108.7 to factor in weak performance in H1 and FY26 outlook.

Financial summary (consolidated)

(Rs mn)	Q2 FY26	Q1 FY26	QoQ (%)	Q2 FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	13,262	12,779	3.8	10,630	24.8	37,944	42,237	52,315	57,387	62,990
EBITDA	1,105	1,239	(10.8)	1,277	(13.4)	4,615	4,842	4,822	5,442	6,198
APAT	665	795	(16.4)	847	(21.5)	3,007	3,049	2,889	3,372	3,855
AEPS (Rs)	18.8	22.4	(16.4)	23.9	(21.5)	84.8	86.0	81.5	95.1	108.7
P/E (x)						26.1	25.7	27.1	23.3	20.3
EV/EBITDA (x)						17.2	16.3	15.9	14.2	12.1
RoE (%)						14.8	13.4	11.7	12.5	13.0

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	% Ch	FY27E Old	FY27E New	% Ch	FY28E Old	FY28E New	% Ch
EBITDA (INR bn)	5.02	4.82	(3.9)	5.63	5.44	(3.4)	6.37	6.20	(2.7)
Adj. EPS (INR/sh)	88.1	81.5	(7.5)	102.2	95.1	(7.0)	121.6	108.7	(10.6)

Source: Company, HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 2,212
Target Price	INR 2,611
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,819	INR 2,611
EPS % chg	FY26E	FY27E
	-7.5%	-7%

KEY STOCK DATA	
Bloomberg code	GALSURF IN
No. of Shares (mn)	35
MCap (INR bn) / ($ mn)	78/884
6m avg traded value (INR mn)	48
52 Week high / low	INR 2,960/2,021

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.6)	(0.2)	(20.1)
Relative (%)	(10.5)	(4.3)	(28.9)

SHAREHOLDING PATTERN (%)	June-25	Sept-25
Promoters	70.91	70.91
FIs & Local MFs	12.70	12.90
FPIs	4.29	4.22
Public & Others	12.09	11.97
Pledged Shares	0.00	0.00

Source: BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

PNC Infratech

In-line performance

PNC Infratech (PNC) reported Q2FY26 revenue/EBITDA/APAT of INR 9.8/1.4/0.8bn, a beat/miss on our estimates by -8.9/+1.8/+7.2% respectively. FY25 revenue has been impacted by a prolonged monsoon, lower tendering, delay in appointed dates, and land availability issues. The OB as of Sep'25 stood at INR 201bn (~3.96x FY25 revenue). Highway, Expressway, Railway, Airport runway, and Canal EPC projects constitute 71% of the OB. FY26 revised revenue guidance at +5% (earlier: +15-20%) on a YoY basis, with an EBITDA margin of 12.5-13% and OI for FY26 expected at INR 120bn (OI in H1FY26: INR 60bn). PNC's diversification is visible from the OB now comprising Solar+BESS and mining projects while bidding for NHAI, NHIDCL, and MoRTH projects continues. PNC's balance sheet has INR 12bn cash and robust FY26 order backlog. We expect orders awards to pick up in H2FY26, new revenue streams like renewables and mining to aid order inflow and bid pipeline of INR 1trn remains healthy. We have cut estimates to factor slow ordering; maintain BUY with a reduced SOTP of INR 380/sh (14x Sep-27E EPS, 1.2x FCFE Sep-27E for BOT, and 1.1x P/BV for HAM equity investment).

- **Q2FY26 financial highlights:** Revenue stood at: INR 9.8bn (-14.5/-13.5% YoY/QoQ, a miss by 8.9%). EBITDA: INR 1.4bn (+2/-3.1% YoY/QoQ, a beat by 1.8%). EBITDA margin: 13.9% (+223/+149bps YoY/QoQ, vs. our estimate of 12.4%). APAT: INR 0.8bn (+1.7/+1.9% YoY/QoQ, a beat of 7.2%).
- **Robust order pipeline supported by RE and mining:** The OB as of Sep'25 stood at INR 201bn including solar+BESS (to be executed in 24 months) and coal mining project (to be executed in five years). Road highway, road expressway, railway, and canal EPC projects constitute 83% of the total OB. The company guided for its FY26 OI at INR 120bn (FYTD inflow INR 60bn). The current bid pipeline stands at INR 1trn. The total OB of RE and mining stands at INR 49.6bn.
- **Strong balance sheet through strategic asset monetization:** PNC's standalone debt stands at INR 7.9bn as of Sep'25, while net D/E is at 0.14x. The total equity investment in 13 ongoing/awarded HAM projects stands at INR 17.44bn, of which INR 10.81bn has been infused until Sep'25 with a balance of INR 6.63bn to be spread across FY26/27/28 at INR 1/2.8/2.8 respectively. NWC days stood at 139/113 as of Sep'25/Mar'25. Capex in H1FY26 stood at INR 1.21bn while annual capex targeted for HAM in FY26/27 stands at INR 2/2.5bn. Management has guided for equity requirement of INR 4bn for BESS, spread across FY27/28.

Standalone Financial Summary (INR mn)

Particulars	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	9,830	11,491	(14.5)	11,365	(13.5)	50,779	52,666	60,566	71,468
EBITDA	1,362	1,336	2.0	1,405	(3.1)	6,137	6,899	7,969	9,220
APAT	823	809	1.7	808	1.9	4,162	4,207	4,850	5,255
Diluted EPS (INR)	3.2	3.2	1.7	3.1	1.9	10.4	16.4	18.9	20.5
P/E (x)						26.8	17.0	14.7	13.6
EV / EBITDA (x)						11.2	10.2	9.2	7.9
RoE (%)						8.1	8.0	9.2	9.2

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	*% Change*	New	Old	*% Change*
Revenues	52,666	59,378	(11.3)	60,566	70,066	(13.6)
EBITDA	6,899	7,460	(7.5)	7,969	8,911	(10.6)
EBITDA (%)	13.1	12.6	53.7	13.2	12.7	44.0
APAT	4,207	4,782	(12.0)	4,850	5,736	(15.5)

Source: HSIE Research

BUY

CMP (*as on 13 Nov 2025*)	**INR 278**
Target Price	**INR 380**
NIFTY	**25,879**

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target (INR)	INR 417	INR 380
EPS Change (%)	FY26E	FY27E
	-12	-15.5

KEY STOCK DATA	
Bloomberg code	PNCL IN
No. of Shares (mn)	257
MCap (INR bn) / ($ mn)	71/805
6m avg traded value (INR mn)	204
52 Week high / low	INR 357/236

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.1)	6.9	(10.0)
Relative (%)	(14.9)	2.8	(18.8)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	56.07	56.07
FIs & Local MFs	25.90	26.51
FPIs	7.14	6.99
Public & Others	10.91	10.43
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

HG Infra

Weak show

HG Infra (HG) reported its quarterly revenue/EBITDA/APAT of INR 11.5/1.5/0.7bn, a miss by -4.5/-20.4/-21.8%. HG's order book (OB) as of Jun'25 stood at INR 139.3bn (~3.4x FY25 revenue). It has reduced its FY26 revenue guidance from INR 70bn to INR 65-70bn in FY26, while aiming to achieve INR 78-80bn in FY27. HG is diversifying into new business segments, as is evident from its OB, which now includes roads, railways, solar, and BESS. This expansion strategy diversifies its portfolio and reduces segmental concentration risk, particularly in light of muted awards and intense competition in the roads sector. Other segments being evaluated include buildings and water. Execution risks, including potential delays in the Nagpur-Chandrapur project due to land acquisition and design challenges, may impact revenue recognition. Additionally, margin volatility persists amid competitive pressures, despite targeted recovery efforts, while efficient management of receivables remains crucial to sustain healthy working capital and cash flows. We have cut our estimates to factor in delay in projects awards and cut our valuation multiple from 16x to 14x to factor in lower growth and likely miss on new guidance (our estimates are lower than guidance). Given a stable OB, likely pick-up in project execution, and a healthy balance sheet, we maintain BUY on HG, with a reduced TP of INR 1,480 (14x Sep-27E EPS).

- **Q2FY26 financial highlights:** Revenue of INR 11.5bn (+8.4/-32.5% YoY/QoQ, a miss by 4.5%). EBITDA: INR 1.5bn (-16.0/-37.8% YoY/QoQ, a miss by 20.4%). EBITDA margin came in at 12.7% (-368.4/-108.4bps YoY/QoQ, vs. our estimate of 15.7%). APAT: INR 673mn (-24.1/-46.4% YoY/QoQ, a miss by 21.8%). HG took INR 350mn hit on Ganga Expressway project, which may reverse once client approves.
- **Well-diversified OB:** The OB as of Sept'25 stood at INR 139.3bn (~3.4x FY25 revenue). Sector-wise, the OB is spread across highway/railway/solar/BESS, each accounting for 65/19.5/11/3.3% of the OB respectively. Segment-wise, the OB is spread between HAM and EPC at 36.4% and 63.6%. Geographically, the OB is spread well across 13 states with Maharashtra/Jharkhand/Gujarat/UP as major contributors at 36/16/16/8%. Region-wise, east/west/north/south contribute 22/54/18/9%. HG reduced its FY26 revenue guidance from INR 70bn to INR 65bn owing to muted ordering, while EBITDA margin is expected to be in 15-16% band.
- **Balance sheet - marginal increase in debt:** The standalone gross debt as of Sept'25 stood at INR 16.3bn vs. INR 15bn as of Jun'25. Of the equity requirement of INR 17.1bn, INR 12.1bn is being infused currently and INR 1.9/1.6/1.5bn is expected to be infused in H2FY26/27/28.

Standalone Financial Summary (INR mn)

Particulars	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY26E	FY27E
Revenue	11,537	10,645	8.4	17,092	(32.5)	60,519	61,608	71,773	84,858
EBITDA	1,466	1,744	(16.0)	2,357	(37.8)	9,507	8,594	10,551	11,795
APAT	673	886	(24.1)	1,255	(46.4)	5,771	4,697	5,937	6,649
EPS (INR)	10.3	13.6	(24.1)	19.3	(46.4)	88.5	72.1	91.1	102.0
P/E (x)						10.0	12.3	9.7	8.7
EV/EBITDA (x)						7.0	7.3	6.0	5.4
RoE (%)						22.2	15.6	17.3	17.9

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	*% Change*	New	Old	*% Change*
Revenues	61,608	70,807	(13.0)	71,773	82,844	(13.4)
EBITDA	8,594	11,046	(22.2)	10,551	12,841	(17.8)
EBITDA (%)	14.0	15.6	(165.0)	14.7	15.5	(80.0)
APAT	4,697	6,379	(26.4)	5,937	7,573	(21.6)

Source: Company, HSIE Research

BUY

CMP (*as on 13 Nov 2025*)	**INR 883**
Target Price	**INR 1,480**
NIFTY	**25,879**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 1,987	INR 1,480
EPS Change %	FY26E	FY27E
	-26.4	-21.6

KEY STOCK DATA	
Bloomberg code	HGINFRA IN
No. of Shares (mn)	65
MCap (INR bn) / ($ mn)	58/649
6m avg traded value (INR mn)	119
52 Week high / low	INR 1,561/875

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(11.3)	(22.7)	(26.3)
Relative (%)	(16.2)	(26.8)	(35.0)

SHAREHOLDING PATTERN (%)	**Jun-25**	**Sept-25**
Promoters	71.78	71.78
FIs & Local MFs	11.65	11.61
FPIs	2.43	2.32
Public & Others	14.13	14.29
Pledged Shares	-	-

Source: BSE

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

KNR Constructions

Weak performance

KNR's reported revenue/EBITDA/APAT at INR 4.9/0.5/0.3bn was a beat/miss to our estimates by +16/-4.1/-28.5%. EBITDA margin was 10.9% (+525/-201bps YoY/QoQ; vs. our estimate of 13.2%), INR 100mn/100mn one-time hit on promoter variable compensation and repair cost funding for Kerala project. KNR's weak Q2FY26 performance reflects a challenging operational environment, exacerbated by delayed new project rollouts due to revised government bidding policies and weaker state ordering. Based on current OB, KNR guided for the FY26 revenue to be in the range of INR20bn+, with the EBITDA margin at 13% and Order Inflow (OI) of INR 80-100bn for FY26. KNR is targeting significant order inflows and a larger order book in H2FY26 once NHAI debarment ends in Nov'25 including other segments like irrigation from MP and Maharashtra, subcontracting from EPC/BOT projects won by peers, and urban infra projects in AP, Tamil Nadu, and Telangana. We have cut estimates to factor in weak order inflows; maintain BUY with a TP of INR 240/sh (15x Sep-27E EPS).

- **Q2FY26 financial performance:** Revenue stood at INR 4.9bn (-42.4/+2.9% YoY/QoQ, a beat by 16%). EBITDA was INR 536mn (-61.2/-13.2% YoY/QoQ, a miss by 4.1%). EBITDA margin was 10.9% (-525/-201bps YoY/QoQ; vs. our estimate of 13.2%). APAT was INR 279mn (-81.8/-38.4% YoY/QoQ, a 29% miss).
- **New order wins crucial for return to growth:** KNR's executable OB as of Sep-25 stood at INR 82.2bn (2.5x FY25 revenue). YTD OB to be executed over next 1.5-2 years. Captive (HAM project) works constitute 20% of the OB, and of the balance, state/central government/other orders constitute 75/3/2%. Business-wise, roads (HAM)/roads (non-HAM)/mining/irrigation/pipeline account for 20/5/43/19/13% of the OB, which is geographically concentrated in southern India, comprising Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, and Telangana. KNR needs both geographical and segment diversification to maintain the growth trajectory. Further, KNR's 74% ownership in Jharkhand's Banhardih Coal Mining Block valued at INR 48bn (GST excluded) strengthens the mining portfolio while diversifying beyond its core infrastructure business.
- **Strong balance sheet supported by healthy liquidity:** Standalone debt was INR 0.7bn in Q2FY26, similar to previous quarter, with a net D/E of <0.1x, as of Q2FY25. Further, NWC stood elevated at 144/93 days for Sept'25/March'25 respectively due to delay in irrigation receivables. KNR is diversifying into coal mining and metro/railway EPC to strengthen revenue streams.

Financial Summary (INR mn)

Particulars	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	4,930	8,560	(42.4)	4,792	2.9	32,344	21,752	32,264	40,384
EBITDA	536	1,380	(61.2)	617	(13.2)	5,084	2,697	4,840	6,078
APAT	279	1,537	(81.8)	453	(38.4)	3,285	1,813	3,316	4,133
EPS (INR)	1.0	5.5	(81.8)	1.6	(38.4)	11.68	6.45	11.79	14.70
P/E (x)						14.6	26.4	14.4	11.6
EV/EBITDA (x)						9.3	16.1	9.9	7.1
RoE (%)						9.2	5.2	10.9	11.6

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)
Net Revenue	21,752	31,752	(31.5)	32,264	40,264	(19.9)
EBITDA	2,697	4,858	(44.5)	4,840	6,563	(26.3)
EBITDA (%)	12.4	15.3	(290.0)	15.0	16.3	(130.0)
APAT	1,813	3,261	(44.4)	3,316	4,466	(25.7)

Source: HSIE Research

BUY

CMP (*as on 13 Nov 2025*)	INR 170
Target Price	INR 240
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 288	INR 240
EPS Change %	FY26E	FY27E
	-44.4	-25.7

KEY STOCK DATA	
Bloomberg code	KNRC IN
No. of Shares (mn)	281
MCap (INR bn) / ($ mn)	48/540
6m avg traded value (INR mn)	413
52 Week high / low	INR 359/168

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(15.4)	(24.1)	(44.7)
Relative (%)	(20.2)	(28.2)	(53.4)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	48.81	48.81
FIs & Local MFs	25.10	25.10
FPIs	7.06	7.06
Public & Others	19.02	19.02
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

Repco Home Finance

Healthy uptick in disbursements; sustainability remains key

REPCO's Q2FY26 earnings were largely in line with our estimates, with strong NII growth offset by higher-than-expected opex. Disbursements witnessed a healthy uptick (+23% YoY), post strong growth in Q1 as well (+22% YoY), and looks poised to deliver strong growth in FY26. However, AUM growth is likely to hover ~12-13% and sustainability of disbursements growth remains a key monitorable. New initiatives such as multiple channels for customer sourcing, revamped employee incentives, and tech transformation brought about by the previous MD and CEO are likely to revive the loan growth, which had remained subdued in the past. We revise our FY26/FY27 earnings estimates to factor in higher NIMs and lower credit costs and maintain ADD with a revised RI-based TP of INR585 (implying 0.9x Sep-27 ABVPS).

- **Mixed P&L outcomes**: REPCO's NIMs reflated by 30bps QoQ to 5.5%, driven by yield reflation and lower cost of funds. While it reduced its benchmark lending rate by 10bps, the higher share of non-housing loans aided blended yields. Opex ratios were elevated at 1.62% of AUM (C/I at 30%), with higher employee incentives and one-off expenses. Profitability moderated sequentially, with RoA/RoE at 2.9%/13.5% respectively.
- **Improving asset quality:** REPCO's GS-III/NS-III improved sequentially to 3.2%/1.5% (Q1FY26: 3.3%/1.2%), with GS-II at 8.8%. Credit costs remained negative at -4bps, driven by NPA recoveries and reduction in provisioning levels. Adequate provisioning (overall: 2.5%; Stage III: 52%) and strong recovery efforts will likely result in subdued credit costs in FY26.
- **Strong uptick in disbursements; sustainability key monitorable for rerating**: With healthy turnaround in asset quality, REPCO's disbursements have witnessed strong traction in H1. With several initiatives such as expansion of the distribution footprint, separate sales and credit verticals, new sourcing channels and technology upgrades by previous MD and CEO, REPCO has multiple levers to sustain the growth momentum to drive AUM growth above 12%. However, sustainability of disbursals beyond FY26 remains a key monitorable for rerating amidst elevated competitive intensity and muted housing demand.

Financial summary

Y/E Mar (INR bn)	Q2FY26	Q2FY25	YoY(%)	Q1FY26	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	1.9	1.7	*14.2*	1.8	*4.1*	7.1	7.6	8.5	9.7
PPOP	1.4	1.4	*3.1*	1.4	*(1.9)*	5.5	6.0	6.8	7.8
PAT	1.1	1.1	*(5.2)*	1.1	*(0.9)*	4.4	4.5	4.8	5.4
EPS (INR)	17.1	18.0	*(4.9)*	17.3	*(1.0)*	70.2	72.4	76.5	86.6
ROAE (%)						14.2	12.8	12.1	12.2
ROAA (%)						3.1	2.9	2.7	2.7
ABVPS (INR)						482	557	629	704
P/ABV (x)						0.9	0.8	0.7	0.6
P/E (x)						6.0	5.8	5.5	4.8

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	162	163	0.2%	184	185	0.4%
NIM (%)	4.7	4.8	8 bps	4.6	4.7	8 bps
NII	7.5	7.6	1.6%	8.4	8.5	1.6%
PPOP	6.0	6.0	-0.6%	6.8	6.8	-0.7%
PAT	4.5	4.5	1.8%	4.8	4.8	-0.6%
ABVPS (INR)	570	557	-2.3%	640	629	-1.8%

Source: Company, HSIE Research

ADD

CMP *(as on 13 Nov 2025)*	INR 418
Target Price	INR 585
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 575	INR 585
EPS %	FY26E	FY27E
	1.8%	-0.6%

KEY STOCK DATA	
Bloomberg code	REPCO IN
No. of Shares (mn)	63
MCap (INR bn) / ($ mn)	26/295
6m avg traded value (INR mn)	104
52 Week high / low	INR 524/308

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	11.3	3.0	(9.6)
Relative (%)	6.4	(1.1)	(18.4)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	37.1	37.1
FIs & Local MFs	23.3	22.7
FPIs	11.2	11.9
Public & Others	28.5	28.3
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit
ayush.pandit@hdfcsec.com
+91-22-6171-7366

IRM Energy

Higher gas cost impacts profitability

Our BUY recommendation on IRM Energy (IRM) with a TP of INR 421/sh is premised on (1) a ~14% CAGR volume growth over FY26-28E and (2) margin expansion in the long term. IRM's Q2FY26 EBITDA at INR 267mn (+11.5% YoY, -7.6% QoQ) and consolidated PAT at INR 126mn (+4.5%YoY, -9.8% QoQ) came in below our estimate due to higher-than-expected raw material cost. Volume at 0.59mmscmd (+10.0% YoY, -1.3% QoQ) was also lower than our estimates.

- **Volume:** IRM's volume at 0.59mmscmd (+10.0% YoY, -1.3% QoQ) came below our estimate. The miss was due to weaker-than-expected CNG volume, which stood at 0.35mmscmd (+20.1% YoY -2.5% QoQ). Domestic PNG segment volume was 0.03mmscmd (+42.1% YoY, +11.3% QoQ), and industrial and commercial segment volume was 0.22mmscmd (-5.1% YoY, -0.8% QoQ). We expect IRM to maintain its CGD network expansion, which should support our projected ~14% CAGR volume growth from FY26-28E. Our volume estimates for FY26/27E stand at 0.64/0.73msmcmd.
- **Higher gas cost impacts margins:** Blended realization at INR 47.5/scm was up 1.9% YoY and down 0.9% sequentially. Raw material cost stood at INR 35.4/scm (+2.9% YoY, -0.5% QoQ), resulting in gross spreads declining to INR 12.1/scm (-0.9% YoY, -2.2% QoQ). Other expenses came in at INR 7.2/scm (+4.8% YoY, -5.7% QoQ). EBITDA margin at INR 4.9/scm (-8.3%YoY, +3.5%QoQ) was below our estimate due to higher gas cost. We factor in EBITDA margin assumption of INR 5.1/5.5 per scm for FY26/27E.
- **Other highlights:** (1) **CNG -** Volume growth was impacted by the strong monsoon season in Q2FY26. For expanding its CNG presence, the company has signed an agreement with Nayara Energy for setting up of co located CNG stations in the N&T GA. The Tamil Nadu State Transport Corporation has laid out a plan to allocate 100+ CNG buses for N&T GA in a phased manner from March 2026. Management believes that this phased conversion can result in additional demand for CNG to the tune of 0.003-0.004mmscmd. (2) **PNG -** The hearing on NGT order for compulsory usage of natural gas by industries in Fatehgarh Sahib GA is expected to be announced on 27 November 2025. In case of positive outcome of this hearing, IRM expects PNG demand in this GA to rise to 0.3mmscmd from the current levels of 0.2mmscmd. Demand in Q2 for PNG from industrial customers was impacted by the availability of cheaper alternative fuels. (3) **Guidance –** IRM has guided for FY26 volume to be in the range of 225-235mmscm (H1FY26 volume was 109.4mmscm) and expects 12-15% growth in FY27. Given the 3.5% QoQ increase in EBITDA/scm in Q2FY26, management has guided for FY26 margin of INR 5.25/scm and aims to increase it to the range of INR 5.25-5.5/scm in the longer term as the share of CNG increases in the total volume mix.
- **DCF-based valuation:** We cut our FY26/27E EPS estimates by 9.9/9.9% as we factor in the sub-par demand from the industrial customers, dragging down the volume growth. Our target price of INR 421/sh is based on Dec-26E free cash flow (WACC 13.7%, terminal growth rate 2%). The stock is currently trading at 19.3x Dec-26E EPS.

Consolidated financial summary

YE March (INR mn)	Q2 FY26	Q1 FY26	QoQ (%)	Q2 FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,594	2,625	(1.2)	2,315	12.1	8,905.2	9,754.8	11,659.6	13,022.8	15,307.9
EBITDA	267	259	3.2	265	0.8	1,488.5	963.2	1,184.6	1,456.0	1,816.9
APAT	126	139	(9.8)	120	4.5	856.6	452.0	589.1	695.0	831.2
AEPS (INR)	3.1	3.4	(9.8)	2.9	4.5	20.9	11.0	14.3	16.9	20.2
P/E (x)						15.0	28.4	21.8	18.5	15.5
EV / EBITDA (x)						6.7	10.6	4.7	4.0	3.5
RoE (%)						13.4	4.8	4.7	4.4	5.1

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR mn)	1,286	1,185	-7.9	1,575	1,456	-7.6
EPS	15.9	14.3	-9.9	18.7	16.9	-9.9

Source: HSIE Research

BUY

CMP *(as on 13 Nov 2025)*	INR 313
Target Price	INR 421
NIFTY	25,879

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 440	INR 421
EPS %	FY26E	FY27E
	-9.9%	-9.9%

KEY STOCK DATA	
Bloomberg code	IRMENERG IN
No. of Shares (mn)	41
MCap (INR bn) / ($ mn)	13/146
6m avg traded value (INR mn)	161
52 Week high / low	INR 398/236

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.9	16.4	(16.9)
Relative (%)	11.0	12.3	(25.6)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	50.07	50.07
FIs & Local MFs	5.64	4.98
FPIs	1.63	1.57
Public & Others	42.66	43.38
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

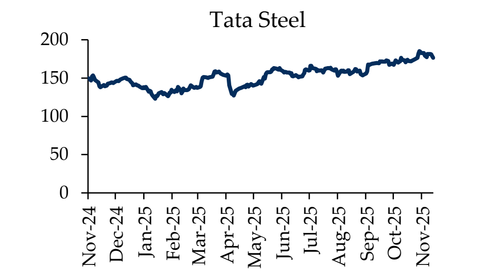
REDUCE: -10% to +5% return potential

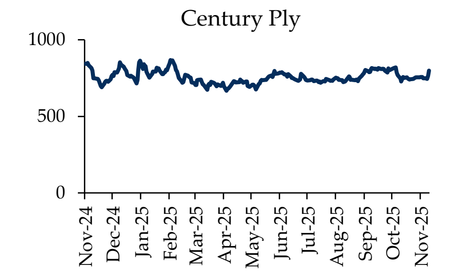
SELL: > 10% Downside return potential

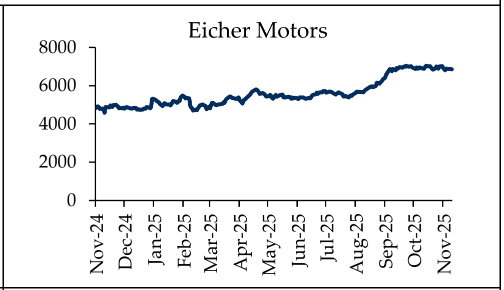
Disclosure:

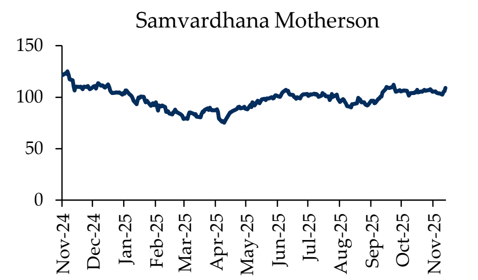
Analyst	Company Covered	Qualification	Any holding in the stock
Rajesh Ravi	Tata Steel, Century Plyboards India	MBA	NO
Keshav Lahoti	Tata Steel, Century Plyboards India	CA, CFA	NO
Riddhi Shah	Tata Steel, Century Plyboards India	MBA	NO
Mahesh Nagda	Tata Steel, Century Plyboards India	CA	NO
Hitesh Thakurani	Eicher Motors, Samvardhana Motherson International, Endurance Technologies, Sansera Engineering	MBA	NO
Shubhangi Kejriwal	Eicher Motors, Samvardhana Motherson International, Endurance Technologies, Sansera Engineering	MSc	NO
Parikshit Kandpal	Prestige Estates, PNC Infratech, HG Infra, KNR Constructions	CFA	NO
Jay Shah	Prestige Estates, PNC Infratech, HG Infra, KNR Constructions	CA	NO
Aditya Sahu	Prestige Estates, PNC Infratech, HG Infra, KNR Constructions	MBA	NO
Mehul Sheth	Alkem Laboratories, IPCA Laboratories	MBA	NO
Divyaxa Agnihotri	Alkem Laboratories, IPCA Laboratories	MSc	NO
Amit Kumar	Lemon Tree	CFA	NO
Aryan Singh Dalal	Lemon Tree	BCom	NO
Nilesh Ghuge	Aether Industries, Sudarshan Chemical, Galaxy Surfactants, IRM Energy	MMS	NO
Dhawal Doshi	Aether Industries, Sudarshan Chemical, Galaxy Surfactants, IRM Energy	CA	NO
Prasad Vadnere	Aether Industries, Sudarshan Chemical, Galaxy Surfactants, IRM Energy	MSc	NO
Deepak Shinde	Repco Home Finance	PGDM	NO
Krishnan ASV	Repco Home Finance	PGDM	NO
Ayush Pandit	Repco Home Finance	CA	NO

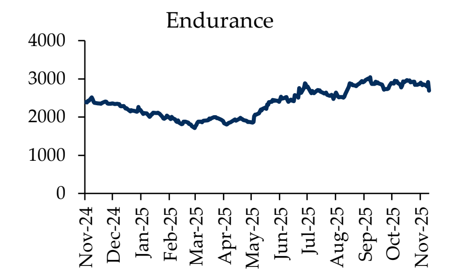
1 Yr Price movement

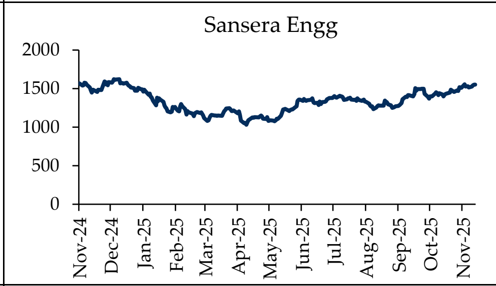


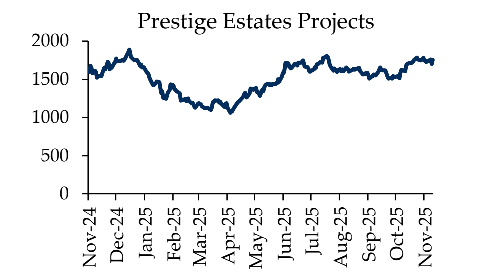


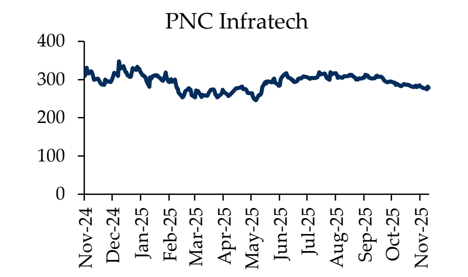


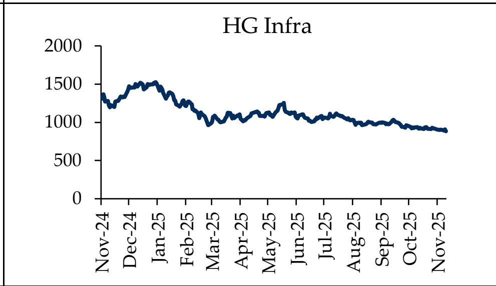


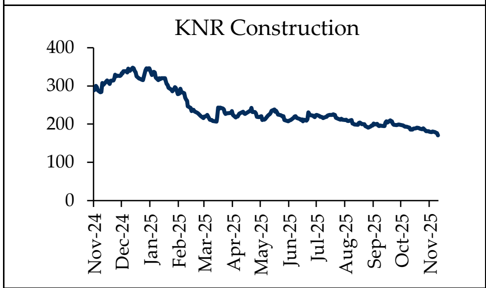


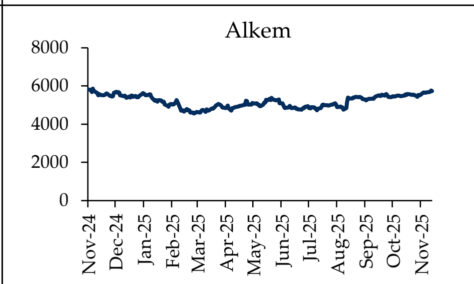


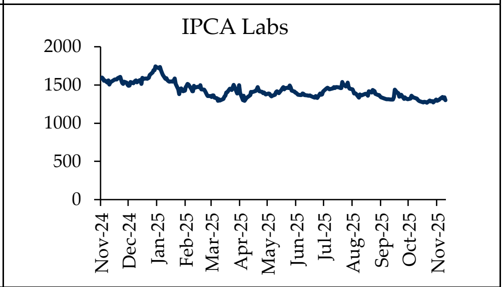


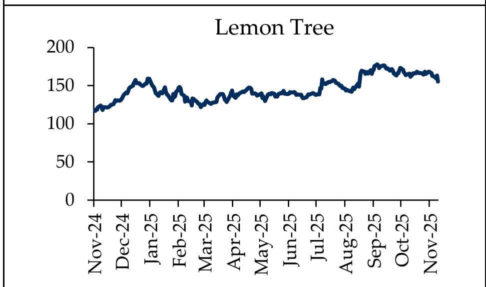


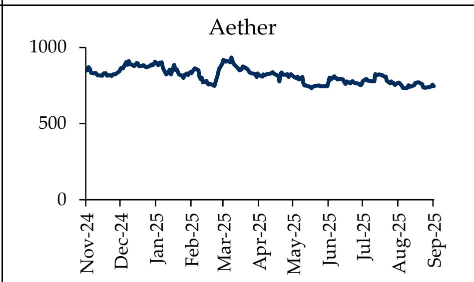


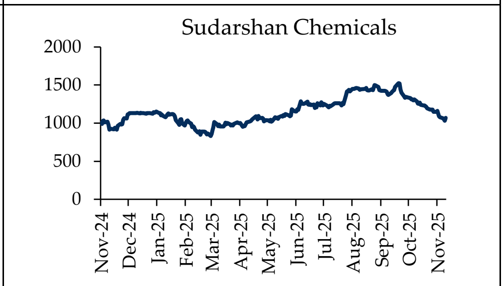


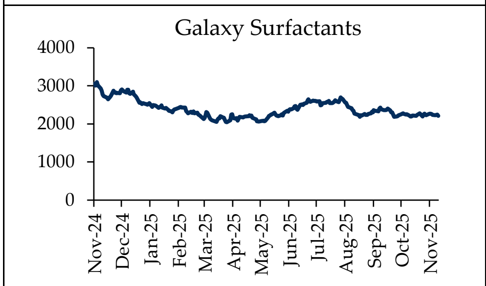


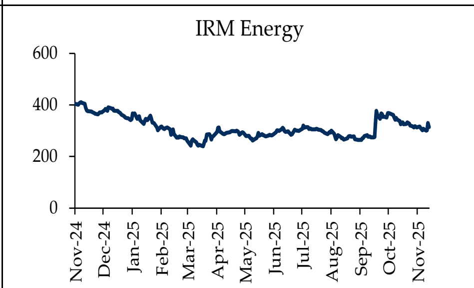


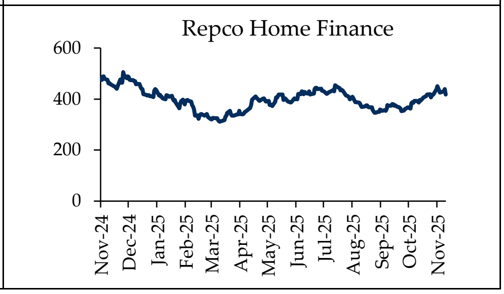












Disclosure:

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com