# Prime Picks

September 17, 2025

Cummins India Ltd (MTF ✓)

Hindustan Aeronautics Ltd (MTF ✓)

Karur Vysya Bank (MTF ✓)

Reliance Industries Ltd (MTF ✓)

VRL Logistics Ltd (MTF ✓)

# Cummins India Ltd

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| Engines and Power Systems | Rs.4111 | Buy in Rs 4069-4152 band and add on dips in Rs 3663-3737 band | Rs 4480 | Rs 4730 | 2-3 quarters |

| | |
|---|---|
| HDFC Scrip Code | CUMINDEQNR |
| BSE Code | 500480 |
| NSE Code | CUMMINSIND |
| Bloomberg | KKC IN |
| CMP Sep 17, 2025 | 4111 |
| Equity Capital (Rs Cr) | 55.4 |
| Face Value (Rs) | 2 |
| Equity Share O/S (Cr) | 27.7 |
| Market Cap (Rs Cr) | 113957 |
| Book Value (Rs) | 253.2 |
| Avg. 52 Wk Volumes | 604554 |
| 52 Week High | 4100 |
| 52 Week Low | 2580 |

| Share holding Pattern % (Jun, 2025) | |
|---|---|
| Promoters | 51.00 |
| Institutions | 40.03 |
| Non Institutions | 8.97 |
| Total | 100 |

* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**
Rishab A Jain
rishab.jain@hdfcsec.com

**Our Take:**

Formed in 1962, the largest entity of Cummins in India, Cummins India Limited, is the country's leading manufacturer of diesel and natural gas engines. Cummins India Limited comprises three business units - Engine, Power Systems, and Distribution. In the Engines business, the company manufactures engines (125 to 400 HP) for low, medium and heavy-duty on-highway commercial vehicle markets and the off-highway commercial equipment industry spanning construction and compressor (49HP to 430HP). In the Power systems business, Cummins designs and manufactures robust engines with a horsepower spectrum ranging from 700 HP to 4500 HP. These engines are tailored for various sectors, including marine, railways, defence, and mining. It also designs and develops integrated generator sets ranging from 7.5 kVA to 3750 kVA. The company is headquartered in Pune with facilities in Pune, Satara, and Chennai, with a total of 5 plants and 1 parts distribution centre. It caters to various markets like India, Nepal, Bhutan and exports products to different countries like the USA, Europe, Mexico, Africa, the Middle East and China. In Q1FY26, the company recorded a revenue of Rs. 2,907 cr with domestic sales of Rs. 2,336 cr and export sales of Rs. 523 cr. EBITDA stood at Rs. 623 cr (+33.4% YoY) with an EBITDA margin of 21.4% (+110 bps). Pat stood at Rs. 556.2 cr (+32.5%). Domestic Power gen revenue stood at Rs. 1,056 cr, Distribution revenue at Rs. 777 cr, and Industrials at Rs . 418 cr. Revenue from high HP/heavy duty HP/Medium HP/low HP gensets stood at Rs. 628/115/229/84 cr in Q1FY26. Capex remains steady with current capacity utilisation of around 65% to 70%, which is influenced by ongoing capacity expansions and line upgrades to fuel future growth.

CIL has done a tremendous job by introducing CPCB 4+ engines ahead of its peers, whose pricing has stabilised now with volumes reaching pre-CPCB IV+ levels. Management is confident that its products are competitively priced and well accepted in the market and has provided a double digit growth guidance over the longer term with a positive margin bias. Despite better availability of powergen nodes from peers and rising competitive intensity, CIL has been able to hold on to the prices. The distribution business is benefiting from deeper penetration in Powergen and Railways and greater aftermarket service requirements arising from technology-rich new product introductions.

Multiple tailwinds, including stringent emission norms, the recovery of the capex cycle, the adoption of alternative fuels with lower carbon footprints, a revival in industrials and exports, and support for manufacturing policies, will aid the company's growth. KKC foresees genset demand from residential real estate, commercial real estate, infrastructure-related segments, and data centres. Cummins also sees demand in emerging segments like the quick commerce sector, where companies need to set up their warehouses. The company also launched Battery Energy Storage Systems (BESS), targeting commercial and industrial customers, with future expansion possibilities depending on market demand.

**Valuation & Recommendation:**

Cummins being one of the leader in power gensets, brings in a significant price premium for its products compared to peers and enjoys the first mover advantage in the industry. It is well placed for a surge in demand for mission-critical power segment, Data centres, residential, hospitality, construction, railway, mining, manufacturing, and healthcare sectors. Exports have bottomed out and are expected to recover from MEA and Latin American markets. CPCB IV+ products will bring in higher margins for the company, along with the company's efficient cost optimisation, leading to healthy profitability. Channel inventory of CPCB II remains low and CPCB IV+ engines are normalized. On all these reasons, we remain positive on the stock.

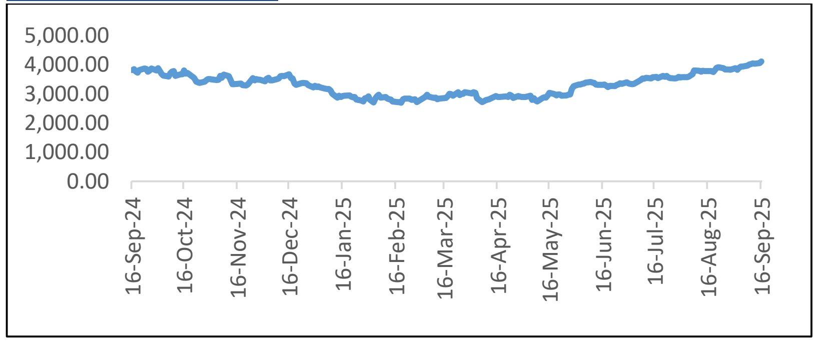
**We expect the company to post Revenue/EBITDA/PAT CAGR of 17.6%/21.6%/18%, respectively over FY25-28E. We think the base case fair value of the stock is Rs 4480 (39.6x FY28E EPS) and the bull case fair value is Rs 4730 (41.8x FY28E EPS) over the next two-three quarters. Investors can buy the stock in the band of Rs 4069-4152 and add more on dips to Rs 3663-3737 band (32.7x FY28E EPS).**

**Financial Summary:**

| (Rs cr) | Q1FY26 | Q1FY25 | YoY (%) | Q4FY25 | QoQ (%) | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|---|
| Operating Income | 2906.8 | 2304.2 | 26.2 | 2456.9 | 18.3 | 10339.4 | 12014.5 | 14198.8 | 16837.9 |
| EBITDA | 623.5 | 467.3 | 33.4 | 519.7 | 20.0 | 2068.0 | 2487.7 | 2984.6 | 3724.0 |
| APAT | 556.2 | 419.8 | 32.5 | 521.4 | 6.7 | 1905.8 | 2204.8 | 2577.2 | 3135.2 |
| Diluted EPS (Rs) | 20.1 | 15.1 | 32.5 | 18.8 | 6.7 | 68.8 | 79.5 | 93.0 | 113.1 |
| RoE-% | | | | | | 28.9 | 27.2 | 24.5 | 23.5 |
| P/E (x) | | | | | | 59.8 | 51.7 | 44.2 | 36.3 |
| EV/EBITDA | | | | | | 53.4 | 38.3 | 31.6 | 31.0 |

(Source: Company, HDFC sec)

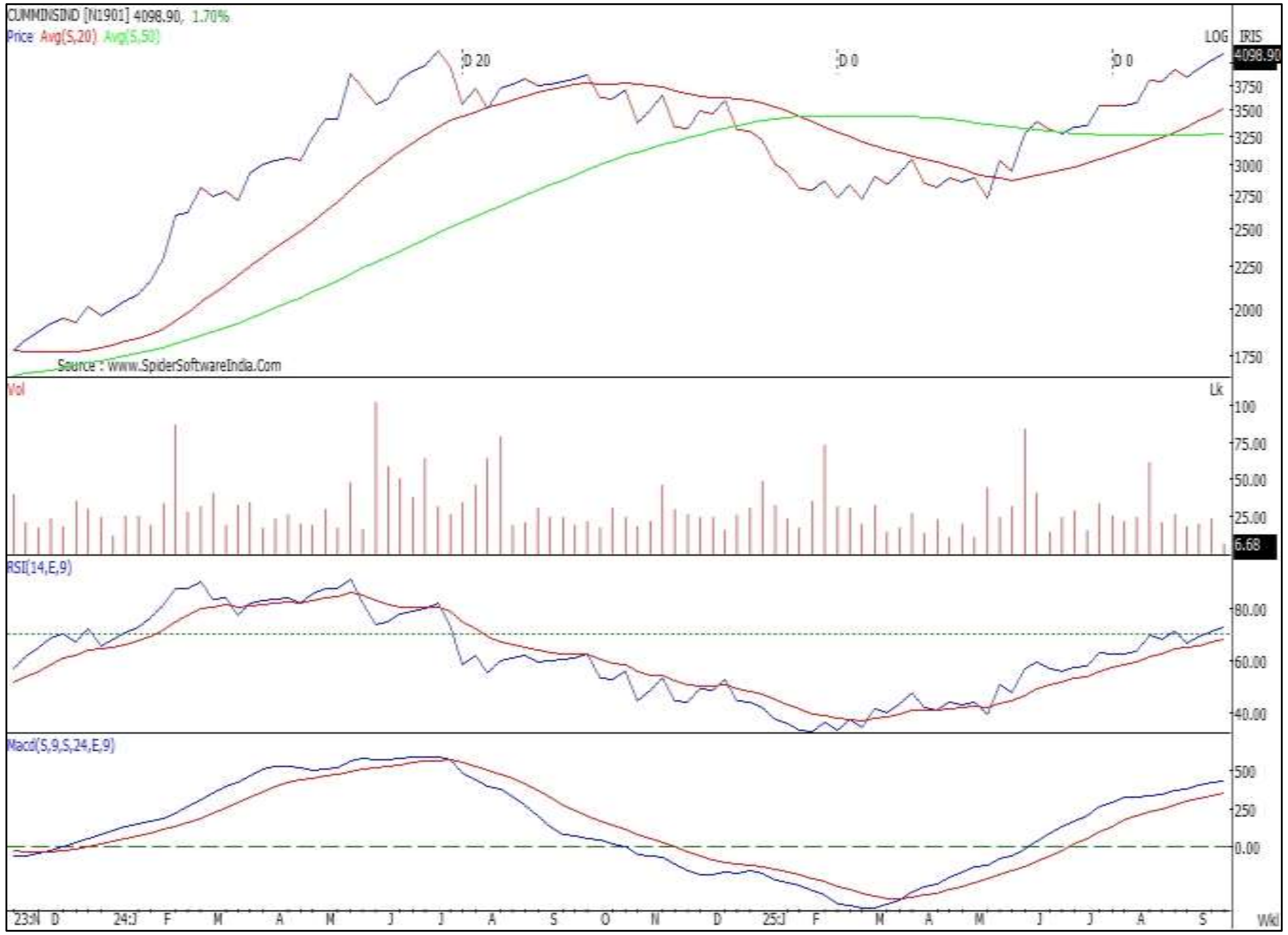
**One Year Price chart**




Source: Company, HDFC sec)

# Cummins India Ltd

| Stock | Buying Range | Add on Dips | Red Flag Level | Targets | Time Horizon |
|---|---|---|---|---|---|
| CUMMINSIND | Rs 4069-4152 | Rs 3663- 3737 | Rs 3617 | Rs 4480, and Rs 4730 | 2-3 quarters |




## Technical Rationales

- Cummins has broken out of a range after making a double bottom pattern on the weekly line chart.
- The breakout of the range which happened towards the end of May 2025 was accompanied with above average volumes. This indicates significant accumulation has happened in this counter.
- On the weekly chart, there has been a positive MA crossover as the 20 week SMA has moved above the 50 week SMA.
- Weekly RSI Indicator is placed above 50, indicating sustainable uptrend.
- Weekly MACD is placed above equilibrium and signal line.

# Hindustan Aeronautics Ltd

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| Aerospace & Defence | Rs 4840 | Buy in Rs 4795-4890 band and add on dips in Rs 4400- 4480 band | Rs 5205 | Rs 5585 | 2-3 quarters |

| | |
|---|---|
| HDFC Scrip Code | HINAER |
| BSE Code | 541154 |
| NSE Code | HAL |
| Bloomberg | HNAL IN |
| CMP Sept 16, 2025 | 4840.0 |
| Equity Capital (Rs Cr) | 334.4 |
| Face Value (Rs) | 5.0 |
| Equity Share O/S (Cr) | 66.88 |
| Market Cap (Rs Cr) | 323,687 |
| Book Value (Rs) | 523.1 |
| Avg. 52 Wk Volumes | 2,995,485 |
| 52 Week High | 5165.0 |
| 52 Week Low | 3046.1 |

| Share holding Pattern % (Jun, 2025) | |
|---|---|
| Promoters | 71.6 |
| Institutions | 20.7 |
| Non Institutions | 7.7 |
| Total | 100 |

* Refer at the end for explanation on Risk Ratings


**Fundamental Research Analyst**
Abdul Karim
abdul.karim@hdfcsec.com


## Our Take:

Hindustan Aeronautics Limited (HAL) is the most significant defense public sector undertaking, governed by the Indian Ministry of Defense. The company is involved in designing, developing, manufacturing, repairing, and overhauling aircraft, Satellite Launch Vehicles, helicopters, engines, and related systems, such as avionics, instruments, and accessories.

HAL has a strong order pipeline, order book stood at Rs 189300 crore in FY25, which is 6x TTM Sales and orders of ~Rs. 1 lakh crore are expected in the next 1-2 years. The new order inflows will provide high revenue visibility in the medium to long term while also indicating HAL's strong competitive and strategic positioning.

HAL is planning to invest Rs 14000-15000 crore over the next 4-5 years to augment capacities for Tejas Mk2, GE-414 & IMRH engines, development of AMCA & IMRH, and RoH facilities to speed up execution and free up capacity for additional orders. HAL is also focused on the development of indigenous aircraft and helicopters, which could give revenue visibility for the next 5-10 years.

## Valuation & Recommendation:

HAL is the market leader in aerospace and is also the largest company by revenue in India's defense sector. HAL has strong revenue growth, high margins, high R&D spending, and reasonable net working capital when compared to its global defense peers. **Investors can buy in the Rs 4795-4890 band and add more on dips to Rs. 4400-4480 band (29x FY27E EPS). Base case fair value of the stock is Rs 5205 (34x FY27E EPS), and the bull case fair value of the stock is Rs 5585 (36.5x FY27E EPS) over the next two to three quarters. At the CMP of Rs 4840, the stock trades at 31.6x FY27E EPS.**

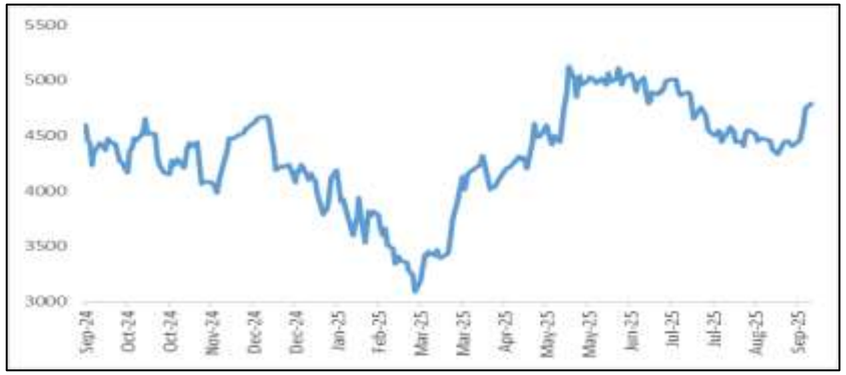
## Risks:

Competition with private players, dependence on foreign OEMs for the supply of critical components and delay in order executions.

**Financial Summary:**

| Particulars (Rs Cr) | Q1FY26 | Q1FY25 | YoY-% | Q4FY25 | QoQ-% | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Operating Income | 4819 | 4348 | 10.8 | 13700 | -64.8 | 26,927 | 30,381 | 30,981 | 35,899 | 41,827 |
| EBITDA | 1282 | 991 | 29.4 | 5295 | -75.8 | 6,679 | 9,741 | 9,608 | 10,860 | 12,611 |
| APAT | 1363 | 1425 | -4.3 | 3942 | -65.4 | 5,828 | 7,621 | 8,364 | 9,185 | 10,236 |
| Diluted EPS (Rs) | 20.7 | 21.5 | -3.7 | 59.5 | -65.2 | 174.3 | 114.0 | 125.1 | 137.3 | 153.1 |
| RoE-% | | | | | | 27.2 | 28.9 | 26.1 | 24.2 | 23.3 |
| P/E (x) | | | | | | 27.8 | 42.5 | 38.7 | 35.2 | 31.6 |
| EV/EBITDA (x) | | | | | | 45.4 | 30.5 | 29.7 | 25.9 | 22.4 |

**One Year Price Chart**



# Hindustan Aeronautics Ltd

| Stock | Buying Range | Add on Dips | Red Flag Level | Targets | Time Horizon |
|---|---|---|---|---|---|
| HAL | Rs 4795-4890 | Rs 4400- 4480 | Rs 4100 | Rs 5205 and Rs 5585 | 2-3 quarters |


## Technical Rationales

- The downward correction of the last two months has ended in this defense stock around the lows of Rs 4500 levels recently.
- The stock price has witnessed a sharp bounce back from the lows which indicates a formation of important higher bottom reversal pattern.
- •Currently, the stock price is placed near the crucial hurdle of down sloping trend line at Rs 5000 levels. The overall chart pattern indicates chances of sharp breakout in the coming weeks.
- Volume has started to expand gradually during present bounce back.
- Weekly 14 period RSI has placed at the edge of moving above its bullish 60 levels. This action of momentum oscillator signals chances of strengthening of upside momentum in the stock price ahead.
- Defense sector has started to bounce back now after a reasonable downward correction. Hence, one may expect further upside in the sector and the stock-HAL over the medium to long term.

# Karur Vysya Bank

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| BFSI – Pvt. Bank | Rs 212 | Buy in Rs 209-215 band and add on dips in Rs 192-194 band | Rs 244 | Rs 259 | 2-3 quarters |

| | |
|---|---|
| HDFC Scrip Code | KARVYSEQNR |
| BSE Code | 590003 |
| NSE Code | KARURVYSYA |
| Bloomberg | KVB IN |
| CMP Sep 16, 2025 | 211.6 |
| Equity Capital (Rs Cr) | 193.3 |
| Face Value (Rs) | 2 |
| Equity Share O/S (Cr) | 9.7 |
| Market Cap (Rs Cr) | 20435 |
| Adj. Book Value (Rs) | 127.1 |
| Avg. 52 Wk Volumes | 23,70,000 |
| 52 Week High | 231.3 |
| 52 Week Low | 154.6 |

| Share holding Pattern % (June, 2025) | |
|---|---|
| Promoters | 2.1 |
| Institutions | 54.9 |
| Non Institutions | 43.0 |
| Total | 100.0 |

* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**
Atul Karwa
atul.karwa@hdfcsec.com

## Our Take:

Karur Vysya Bank is a south based private-sector bank, headquartered in Karur in Tamil Nadu. Set up in 1916 by M. A. Venkatarama Chettiar and Athi Krishna Chettiar, it is one of the oldest banks in India. KVB has a strong presence in its home state of Tamil Nadu and other southern states. However, to expand its business it is scaling up its operations in other states. At the end of Q1FY26 the bank had 888 branches (55% in Tamil Nadu, 87% in South India) and 2,252 ATMs and Cash Recyclers. Total business of the bank has grown to ~Rs 2 lakh crore.

KVB's Q1 FY26 results demonstrate balanced growth with sound capital and asset quality foundations. The bank is well-positioned to leverage growth opportunities across key segments, maintain profitability amid rising costs, and deliver shareholder value in the coming quarters. This performance signals confidence in the bank's strategy and resilience in a competitive banking environment, making KVB a compelling proposition for investors seeking steady returns and quality balance sheet growth.

## Valuation & Recommendation:

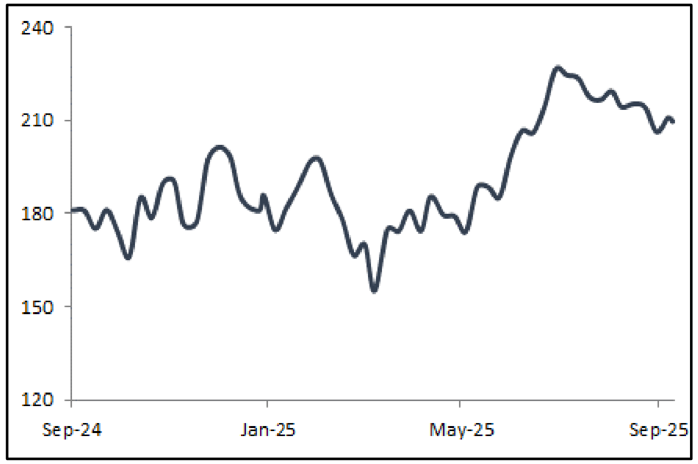
We believe KVB can sustain its loan growth while continuing to improve its deposit granularity. However, we believe that efficiency gains are key to protecting RoAs at 1.6-1.7%, given likely impact of continued transmission on loan yields (and NIMs), gradual upward normalization of credit costs, and sustained elevated investments in distribution and technology. We feel that investors can buy the stock in the band of Rs 209-215 and add on dips in Rs 192-194 band (1.25x FY27E ABV) for base case fair value of Rs 244 (1.6 FY27E ABV) and the bull case fair value of Rs 259 (1.7x FY27E ABV) over the next 2-3 quarters.

## Financial Summary:

| Particulars (Rs cr) | Q1FY26 | Q1FY25 | YoY (%) | Q4FY25 | QoQ (%) | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|---|
| NII | 1079 | 1024 | *5.4* | 1089 | *-0.9* | 3809 | 4252 | 4600 | 5310 |
| PPoP | 806 | 746 | *8.0* | 835 | *-3.5* | 2829 | 3212 | 3520 | 4060 |
| APAT | 521 | 459 | *13.7* | 513 | *1.6* | 1605 | 1942 | 2120 | 2380 |
| Diluted EPS (Rs) | 6.5 | 5.7 | *13.7* | 6.4 | *1.6* | 16.7 | 20.1 | 22.0 | 24.6 |
| ABVPS (Rs) | | | | | | 101.8 | 121.5 | 136.1 | 152.4 |
| P/E (x) | | | | | | 12.7 | 10.6 | 9.6 | 8.6 |
| P/ABV (x) | | | | | | 2.1 | 1.7 | 1.6 | 1.4 |
| RoAA (%) | | | | | | 1.6 | 1.7 | 1.7 | 1.7 |

# Karur Vysya Bank

### One Year Price chart




### Guidance

- The management has guided for NIMs at 3.7-3.75% for FY26E, factoring in the impact of residual rate transmission.
- It is targeting credit growth above industry, with RAM book to spearhead expansion. Corporate loan growth to be driven only by pricing/yield discipline, not asset growth for its own sake.
- Credit cost is expected to remain ~1%. Slippage ratio to be kept under 1%; GNPA expected below 1.5%, NNPA under 1%.
- ROA guided at 1.55%-1.65% for FY26 (Q1 at 1.73%).

### Key Triggers

**Strong growth in loan book driven by RAM**

Post Covid, KVB has emphasized growth in RAM segments, which collectively grew by 20% YoY in Q1FY26, contributing to a 16% increase in total advances. Over the last 5 years, overall advances of the bank have grown at CAGR of 13% to Rs 84,004cr in FY25. During the same period RAM advances grew at 29% CAGR. Consequently, the share of RAM advances has increased from 74% in FY20 to ~86% in FY25. The continued focus on better yielding, granular, secured advances in RAM verticals has enabled the bank to expand its NIM and maintain the margin ~3.8-4% level.

**Comfortable capitalisation levels**

KVB's capitalisation profile remains comfortable with the reported Core equity Tier I (CET I) and capital-to-risk weighted assets ratio (CRAR) at 16.33% and 17.36%, respectively, as on June 30, 2025. Further, the improvement in the bank's profitability in the last two years, with a return on equity (RoE) of 17.7% in FY25, enhances its capitalisation profile. The relatively low risk-weighted density of the asset base is driven by the significant share of gold loans (~26% of net advances including agriculture gold loans), which attract nil risk weight.

### Risks & Concerns

**Rules and regulatory policies**

Any unfavorable change in rules and regulatory policies by the RBI/NHB/Govt ministries can have a negative impact on the earnings outlook of the company.

**Higher than expected deterioration in asset quality**

In the past, the company has faced issues with its asset quality and the GNPA ratios had in the past touched the highs of 8.1%. This was primarily driven by the corporate book. As of Jun'25, the GNPA ratio of the company stood at 0.66%. Though all the NPAs in the corporate book have been provided for, the management is looking to restart lending which could result in higher NPAs in the future.

# Karur Vysya Bank

| Stock | Buying Range | Add on Dips | Red Flag Level | Targets | Time Horizon |
|---|---|---|---|---|---|
| KARURVYSYA | Rs 209-215 | Rs 192-194 | Rs 180 | Rs 244 and Rs 259 | 2-3 quarters |


**Technical Rationales**

- Karur Vysya is in a healthy long term uptrend as it has been consistently making higher tops and higher bottoms since 2020.
- In the month of March, the stock bounced from the 20 month SMA and in the month of June 2025, there was a healthy breakout accompanied with above average volumes
- This pushed the stock to new life highs.
- While the stock has taken a breather subsequently, with the uptrend intact, we expect the stock to resume its uptrend in the coming months.
- Monthly RSI Indicator too is placed above 50, indicating sustainable uptrend

# Reliance Industries Ltd

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| Diversified | Rs 1405.30 | Buy in Rs 1390-1420 band and add on dips in Rs 1285- 1315 band | Rs 1515 | Rs 1605 | 2-3 quarters |

| | |
|---|---|
| HDFC Scrip Code | RELIND |
| BSE Code | 500325 |
| NSE Code | RELIANCE |
| Bloomberg | RIL IN |
| CMP Sept 16, 2025 | 1405.3 |
| Equity Capital (Rs Cr) | 13532.0 |
| Face Value (Rs) | 10.0 |
| Equity Share O/S (Cr) | 1353.2 |
| Market Cap (Rs Cr) | 1,894,343 |
| Book Value (Rs) | 623.1 |
| Avg. 52 Wk Volumes | 12,820,009 |
| 52 Week High | 1551.0 |
| 52 Week Low | 1115.6 |

| Share holding Pattern % (Jun, 2025) | |
|---|---|
| Promoters | 50.1 |
| Institutions | 39.1 |
| Non Institutions | 10.8 |
| Total | 100 |

* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**
Abdul Karim
abdul.karim@hdfcsec.com

## Our Take:

Reliance Industries Ltd (RIL) is India's largest private-sector enterprise, engaged in oil and gas exploration, petroleum refining, petrochemicals, retail, telecom, digital services, and Green Hydrogen. RIL enjoys a leadership position in the Indian polymer market. RIL operates along the entire energy value-chain of the O2C segment, starting from oil and gas exploration and production up to manufacturing and marketing petrochemicals and transportation fuels.

RIL's ARPU inched up ~1% QoQ and ~15% YoY to Rs 209/month, led by one extra day and higher consumption in Q1FY26, and the company could continue to build in the next round of tariff hikes by 12-15% on the base pack in Dec 2025. Besides, RIL expects 20%+ revenue CAGR for the Retail business over the next three years and continues to rationalise its footprint with net store additions of 252. The company has announced the formation of a new wholly owned subsidiary, Reliance Intelligence, to drive large-scale investments in artificial intelligence.

RIL has made significant investments in the E&P business and has witnessed a healthy ramp-up in the production of natural gas volumes from the KG basin. The company is working on fast-tracking various projects currently underway at Jamnagar's Dhirubhai Ambani Green Energy Giga complex. RIL plans to establish and enable at least 100 GW of solar energy generation capacity by 2030 through its subsidiary, Reliance New Energy Ltd (RNEL). Also, it plans to set up a battery Giga factory by 2026. It will manufacture battery chemicals, cells and packs, leading up to energy storage solutions, and will include a battery recycling facility.

## Valuation & Recommendation:

RIL could continue to derive strength from an experienced and resourceful promoter group, diversified revenue streams, highly integrated operations with presence across the entire energy value-chain and a leadership position in the oil-to-chemicals (O2C) segment. Its strong guidance for Retail and Digital, and huge petchem capacity additions could drive growth. Digital business's IPO is likely by H1CY26, enabling principal value unlocking.

**Investors can buy in the Rs 1390-1420 band and add more on dips to the Rs 1285-1315 band (7.75x FY27E EV/EBITDA). Base case fair value of the stock is Rs 1515 (9.15x FY27E EV/EBITDA), and the bull case fair value of the stock is Rs 1605 (9.75x FY27E EV/EBITDA) over the next two to three quarters. At the CMP of Rs 1405.3, the stock trades at 8.4x FY27E EV/EBITDA.**

## Risks:

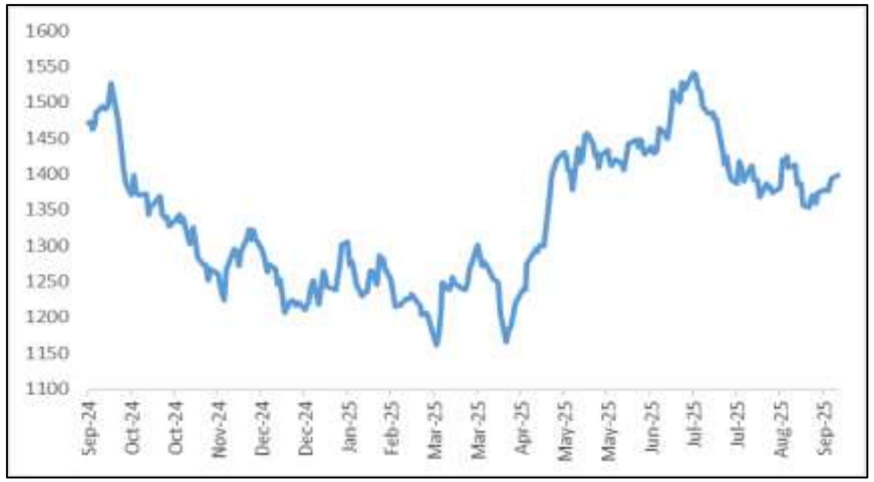
Economic slowdown, volatility in oil and gas prices, an unexpected debt-funded expansion or acquisition and regulatory changes in Oil and Gas/telecom industry.

**Financial Summary:**

| Particulars (Rs Cr) | Q1FY26 | Q1FY25 | YoY (%) | Q4FY25 | QoQ (%) | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Operating Income | 243632 | 231784 | 5.1 | 261338 | -6.8 | 876396 | 899041 | 962820 | 1170600 | 1304000 |
| EBITDA | 42905 | 38765 | 10.7 | 73832 | -41.9 | 142318 | 162498 | 165598 | 205800 | 238100 |
| APAT | 30783 | 17445 | 76.5 | 22611 | 36.1 | 74088 | 79020 | 81309 | 88200 | 104600 |
| Diluted EPS (Rs) | 20.0 | 11.3 | 76.5 | 14.7 | 36.1 | 48.0 | 51.2 | 52.7 | 65.2 | 77.3 |
| RoE-% | | | | | | 8.9 | 9.2 | 8.5 | 10.0 | 10.7 |
| P/E (x) | | | | | | 29.3 | 27.4 | 26.7 | 21.6 | 18.2 |
| EV/EBITDA (x) | | | | | | 14.9 | 13.2 | 13.1 | 10.1 | 8.4 |

(Source: Company, HDFC sec)

**One Year Price Chart**




Source: Company, HDFC sec)

# Reliance Industries Ltd

| Stock | Buying Range | Add on Dips | Red Flag Level | Targets | Time Horizon |
|---|---|---|---|---|---|
| RELIANCE | Rs 1390-1420 | Rs 1285- 1315 | Rs 1165 | Rs 1515 and Rs 1605 | 2-3 quarters |


**Technical Rationales**

- The recent downward correction seems to be in the ending phase, and one may expect decisive upside in the near term.
- The stock price has sustained above the crucial support as per the concept of change in polarity at Rs 1350 levels on the weekly line chart.
- Bullish chart pattern, like consistent higher bottoms, have been formed over the last few months according to the weekly timeframe chart.
- Decrease in volume during recent decline could mean a higher possibility of volume breakout during the upmove from here onwards.
- Weekly 14-period RSI has turned up gradually from near the lower range of 40 levels. This action could mean a higher possibility of strengthening upside momentum in the stock price ahead.

# VRL Logistics Ltd

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| Logistics | Rs.284 | Buy in Rs 281-287 band and add on dips in Rs 252-257 band | Rs 312 | Rs 325 | 2-3 quarters |

| | |
|---|---|
| HDFC Scrip Code | VRLLOGEQNR |
| BSE Code | 539118 |
| NSE Code | VRLLOG |
| Bloomberg | VRLL IN |
| CMP Sep 16, 2025 | 284 |
| Equity Capital (Rs Cr) | 175 |
| Face Value (Rs) | 10 |
| Equity Share O/S (Cr) | 17.5 |
| Market Cap (Rs Cr) | 4989 |
| Book Value (Rs) | 62 |
| Avg. 52 Wk Volumes | 3935204 |
| 52 Week High | 325 |
| 52 Week Low | 216 |

| Share holding Pattern % (Jun, 2025) | |
|---|---|
| Promoters | 60.2 |
| Institutions | 28.7 |
| Non Institutions | 11.1 |
| Total | 100 |

* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**
Ashish Karkera
Ashish.Karkera@hdfcsec.com

**Our Take:**

VRL Logistics is one of the major companies in India's logistics landscape, having started in 1976 with a single truck. The company has a unique hub-and-spoke model. The company is focusing on expanding its transhipment areas at key locations to ensure that future growth is sufficiently addressed. Starting as a modest regional transport service, VRL has expanded its footprint to cover over 23 states and more than 4,000 locations, making it a critical player in the country's vast and complex logistics network. The company operates a diversified fleet consisting of trucks, buses, and courier vehicles, enabling it to offer a wide array of services, including cargo transportation, parcel delivery, and passenger transport. VRL Logistics has consistently focused on integrating technology and innovation into its operations, employing advanced tracking systems, efficient route management, and digital customer interfaces to enhance service reliability and transparency. Its ability to cater to various sectors—ranging from manufacturing and retail to e-commerce and agriculture—demonstrates its versatility and adaptability in meeting the evolving demands of India's growing economy. Furthermore, VRL has emphasised sustainability and safety in its fleet operations, aligning with global standards to reduce environmental impact and ensure the secure transport of goods and passengers. With a strong commitment to customer satisfaction, operational excellence, and strategic expansion, VRL Logistics continues to play a vital role in shaping the future of logistics infrastructure in India.

In addition to its core logistics and transportation services, VRL Logistics has diversified its business portfolio to include courier services under the brand name 'VRL Courier,' catering to both B2B and B2C segments with timely and reliable delivery solutions. The company's emphasis on customer-centric strategies, such as customised logistics solutions and flexible service offerings, has helped it build long-term partnerships with major corporations and small businesses alike. VRL's robust infrastructure, including strategically located warehouses and distribution centres, supports its ability to manage complex supply chains efficiently. As the Indian logistics industry undergoes rapid transformation driven by digitalisation and government initiatives like the Goods and Services Tax (GST) and infrastructure development, VRL Logistics is well-positioned to leverage these changes and sustain its growth trajectory in the competitive marketplace.

**Valuation & Recommendation:**

VRL Logistics offers strong growth potential driven by its extensive pan-India network and diversified service portfolio in a rapidly expanding logistics sector. Its focus on technology adoption and operational efficiency enhances competitiveness and customer satisfaction. With consistent financial performance and strategic expansion plans, VRL is well-positioned to capitalise on India's increasing demand for reliable logistics solutions.

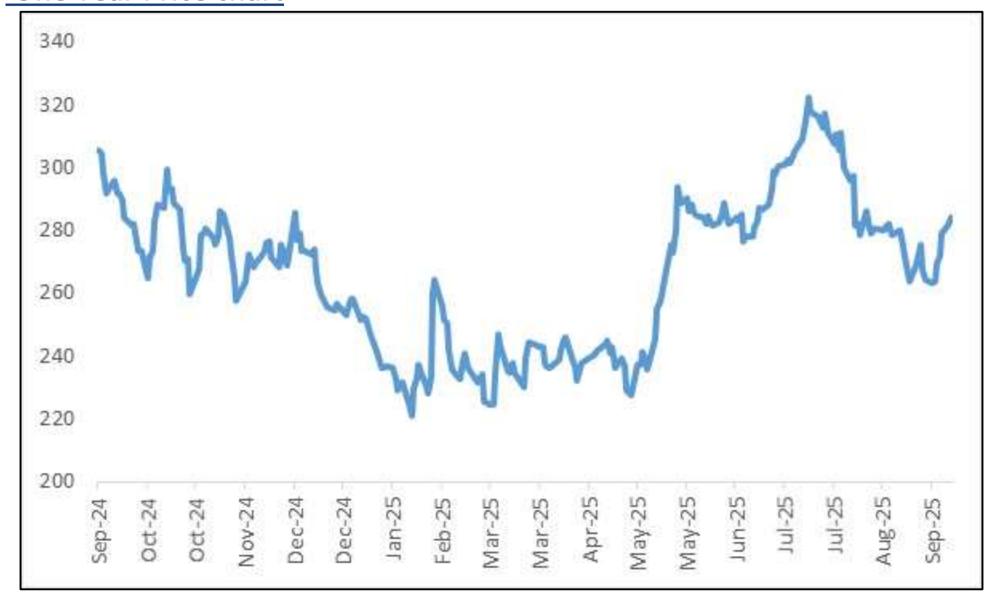
# VRL Logistics Ltd

**We believe investors can buy the stock in the price band of Rs 281-287 (18.6x FY27E EPS) and add on dips in Rs 252-257 band (16.8x FY27E EPS) for a base case fair value of Rs 312 (20.5x FY27E EPS) and bull case fair value of Rs 325 (21.4x FY27E EPS) in the next 2-3 quarters.**

## Financial Summary:

| (Rs cr) | Q1FY26 | Q1FY25 | YoY (%) | Q4FY25 | QoQ (%) | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Income | 744.3 | 727.2 | 2.4 | 809.0 | -8.0 | 2,649 | 2,889 | 3,161 | 3,477 | 3,651 |
| EBITDA | 151.6 | 86.9 | 74.5 | 186.6 | -18.8 | 402 | 393 | 573 | 703 | 774 |
| APAT | 50.1 | 13.4 | 272.4 | 74.3 | -32.6 | 166 | 89 | 183 | 243 | 266 |
| Diluted EPS (Rs) | 5.7 | 1.5 | 272.4 | 8.5 | -32.6 | 18.8 | 10.1 | 20.9 | 13.9 | 15.2 |
| RoE-% | | | | | | 20.4 | 9.2 | 18.0 | 20.1 | 18.2 |
| P/E (x) | | | | | | 15.2 | 28.1 | 13.6 | 20.6 | 18.8 |
| EV/EBITDA | | | | | | 7.8 | 8.9 | 6.4 | 4.3 | 3.2 |

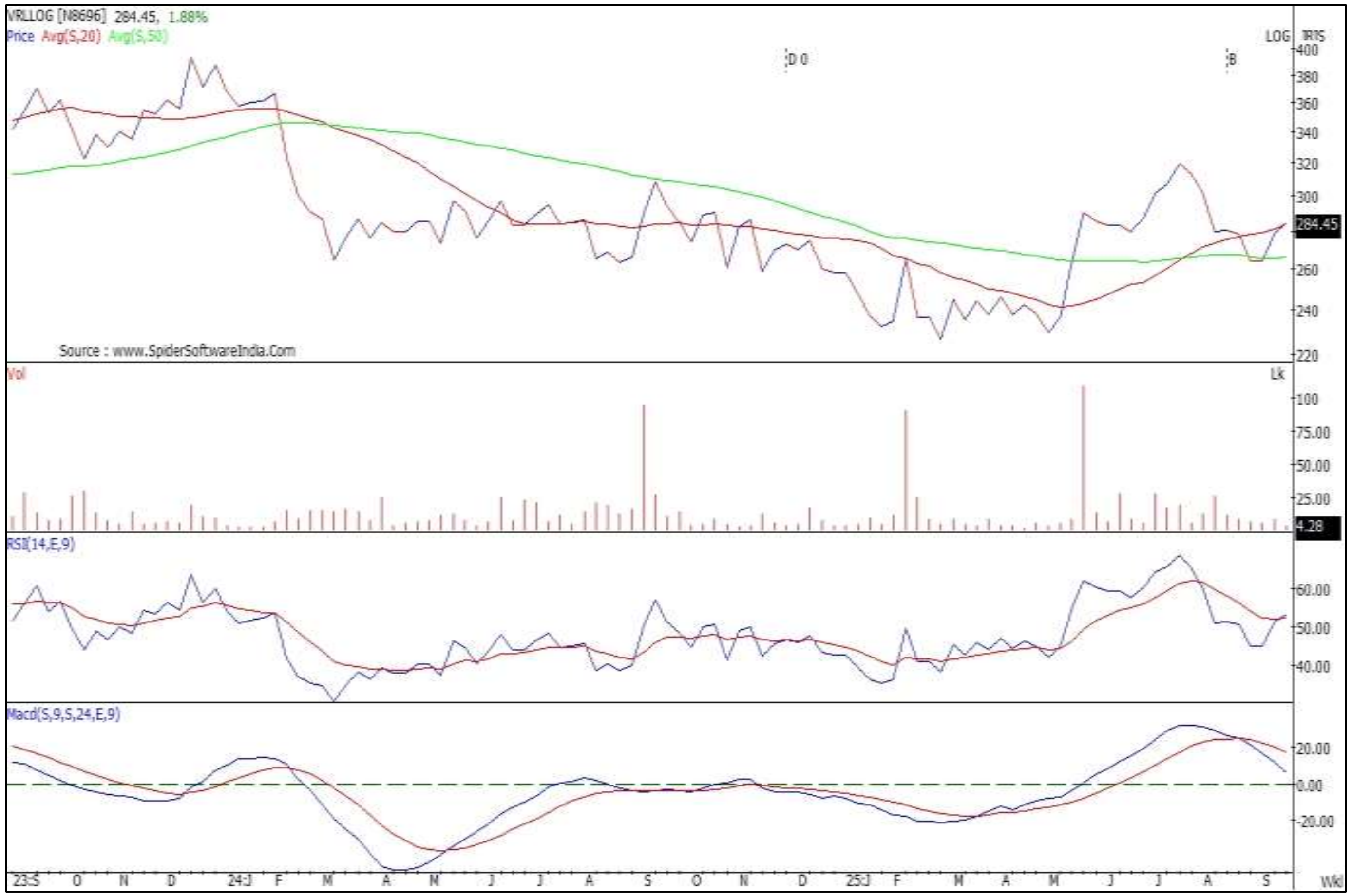
## One Year Price chart




(Source: Company, HDFC sec)

# VRL Logistics Ltd

| Stock | Buying Range | Add on Dips | Red Flag Level | Targets | Time Horizon |
|---|---|---|---|---|---|
| VRLLOG | Rs 281-287 | Rs 252-257 | Rs 247 | Rs 312 and Rs 325 | 2-3 quarters |




**Technical Rationales**

- After correcting from a high of 402 in Dec 23, VRL Logistics has found support around the 225 levels in early 2025.
- The stock made a triple bottom around the same support levels and has risen from there.
- The stock has subsequently corrected, but found support near the 200 week EMA and bounced back from there. This indicates it is resuming the uptrend.
- On the weekly chart, there has also been a positive MA crossover as the 20 week SMA has moved above the 50 week SMA.
- Weekly RSI Indicator is placed above 50, indicating sustainable uptrend.

# Disclaimer

**HDFC sec Prime Research rating description**

**Green Rating stocks**
This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

**Yellow Rating stocks**
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

**Red Rating stocks**
This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

**Disclosure:**
We, Research Analyst, Atul Karwa, (MMS), Abdul Karim (MBA), Ashsih Karkera (CA), Rishab Jain, (MBA), author and the name 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 relative or HDFC securities Ltd. **does not hav**e 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 not have** any material conflict of interest.
Any holding in stock **–** Yes for Karur Vysya Bank of Atul
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.

# Disclaimer

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.
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.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from t 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.

**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.