



Strategy Capital Market

June 2026



Global Market Performance

- Global Market Recap:** After April's extraordinary gains, global equity markets largely held their ground in May, with US indices posting solid monthly advances, Asian markets hitting record highs, and European bourses achieving modest but positive returns. All three major indices in the USA ended the month in positive territory. The Nasdaq Composite surged over 8% for the month, the S&P 500 advanced 5%, and the Dow Jones Industrial Average rose around 3%. In 2026, they are up about 16%, 11%, and 6%, respectively.
- Positive Earnings Surprise:** The factors driving markets remained majorly focused on earnings growth and AI momentum. Earnings results continued to exceed expectations with a YoY growth rate of 28.6% during Q1 2026. The FactSet data showed that 85% of S&P 500 companies reported positive EPS surprise while 81% reported a positive revenue surprise. Technology sector was the undisputed engine of growth followed by Communication Services, Materials and Consumer Discretionary sectors.
- Europe and Asia:** European equity markets posted positive but more subdued returns in May, as the region grappled with energy cost pressures and downward revisions to growth forecasts. The European Stoxx 600 gained 2.2% for the month while the Euro Stoxx 50 added 2.9%. Germany lowered its economic growth forecasts for 2026 during the month, and expects to grow just 0.5% this year while trimming the 2027 forecast from 1.3% to 0.9%. The UK's FTSE 100 was the laggard among major European indices rising just 0.6% in May after 2% increase in April.

Top Picks:

	M Cap	CMP	TP	Upside	PE (x)	
	Rs bn	(Rs)	(Rs)	(%)	FY27E	FY28E
TCS	8,312	2,297	3,137	37	14	12
APL Apollo Tubes	497	1,788	2,270	27	33	28
Manappuram Fin.	297	316	353	12	15	11
City Union Bank	189	254	314	24	16	14
Kajaria Ceramics Ltd	175	1,102	1,370	24	30	28
Lemon Tree Hotels	89	112	165	47	28	23
Neogen Chemicals	50	1,810	2,001	11	97	31
Greenply Industries	31	247	316	28	22	16

Source: IDBI Capital, Bloomberg, Note: CMP closing of 1st June 2026

Pravin Bokade

pravin.bokade@idbicapital.com
+91-22-4069 1812

Smit Shah

Smit.shah@idbicapital.com
+91-22-4069 1819

Japan and South Korea's equity markets delivered one of the most remarkable performances of the month among developed markets. Japan's equity gained 12% driven by corporate reform initiatives, AI investment, and still accommodative central bank policies. South Korea's Kospi index logged its strongest monthly gain, up nearly 28.5%, powered by a surge in tech stocks that has helped the market shrug off geopolitical tensions in the Middle East.

- **US Economy Resilient But Slowing:** The US economy remained the anchor of global growth, though the pace is moderating. GDP grew by 1.6% in Q1 2026, slightly below expectations. Average monthly private payroll growth surged in Q1 to more than 2.5 times the monthly average seen in 2025, though the labour market has shown some signs of softening more recently. The inflation picture is a key concern. The CPI rose 3.8% YoY in April, with the monthly gain of 0.6% driven by shelter and energy costs. Core inflation came in at 2.8% YoY, well above the Fed's target.
- **Outlook Remains Constructive:** The medium term outlook for US equities remains constructive driven by sharp revenue and earnings growth momentum, AI capex commitments from hyperscalers, healthy corporate balance sheets and the US economy though slowing is still growing at a decent pace. The one year forward P/E for the S&P 500 is around 21x, which is slightly above the 5-year average of 20x and the 10-year average 19x. However, rising global bond yields, especially in Japan, and sticky inflation could be a concern that could derail markets momentum in the medium term.

Indian Equities

- Indian equity markets had a challenging month, with benchmark indices declining modestly as against the stronger performance from several global peers. The BSE Sensex ended the month down 2.8% from April's close, while the Nifty 50 declined around 1.9%. The market was largely weighed down by a sharp late month sell-off triggered by a confluence of weak monsoon forecasts, sustained FPI outflows and MSCI Global Standard Index rebalancing that alone triggered more than \$1.5bn in passive outflows from Indian equities.
- **FII Outflows Remain a Persistent Drag:** Foreign Institutional Investors (FIIs) continued their aggressive selling in the Indian equity market, offloading shares worth ₹55,963 crore in May. Cumulative FPI outflows in 2026 have now reached ₹2.25 lakh crore, already significantly higher than the ₹1.66 lakh crore withdrawn during the entire year of 2025. Foreign investors have stayed net sellers for most of the year with February being the only month of net buying.
- **Q4FY26 Earnings Reflected Underlying Strength:** Beneath the headline index weakness, corporate India's Q4FY26 earnings season delivered some unexpected robust performance, providing a foundation for the medium-term resilience. The broader market delivered a sales growth of 12% YoY and profit growth of 15% YoY, a much better result in an externally challenging year.
- **Resilient Economic Growth:** India's overall macroeconomic fundamentals remain healthy. The RBI projected real GDP growth at 6.9% for FY27, assuming the impact of the West Asia conflict remains contained. GDP growth in Q3FY26 came in at 7.8%, surprising on the upside and signaling continued momentum in domestic economic activity. GST collections in April reached an all-time high of ₹2.42 lakh crore, underlining the resilience of domestic consumption even amid global headwinds.

- **External Sector under Pressure:** India's Balance of Payments deficit widened sharply to \$30.8bn in FY26 compared to \$4.9bn deficit recorded in FY25. This marked a sharp reversal from the \$63.7bn surplus seen in FY24. The widening gap led to a drawdown in foreign exchange reserves with the entire deficit being financed through reserve depletion.

The current account deficit widened in FY26 driven primarily by a sharp rise in the merchandise trade deficit and higher import costs. The FY26 merchandise trade deficit widened by 17.5% to \$333.2bn. Petroleum imports which was historically India's largest import category, actually fell 6.4% to \$174bn, reflecting the benefit of discounted Russian crude through much of FY26. On the contrary, merchandise trade deficit was primarily driven by gold imports which surged 24.1% to \$72bn and electronic goods imports rose 17.8% to \$116.2bn, reflecting input demand from India's expanding mobile and electronics manufacturing base.

- **Three Major Risks:** Three major risks dominated India's near-term economic landscape.
 - **Crude Oil:** With crude around \$100 per barrel for much of the month, India's position as one of the world's largest energy importers is a material vulnerability. Oil prices sustained around \$100 pose meaningful risks to inflation, the fiscal balance, and the current account. The rupee's slide toward 95 against the dollar compounded the impact, raising the effective cost of oil imports in local currency terms.

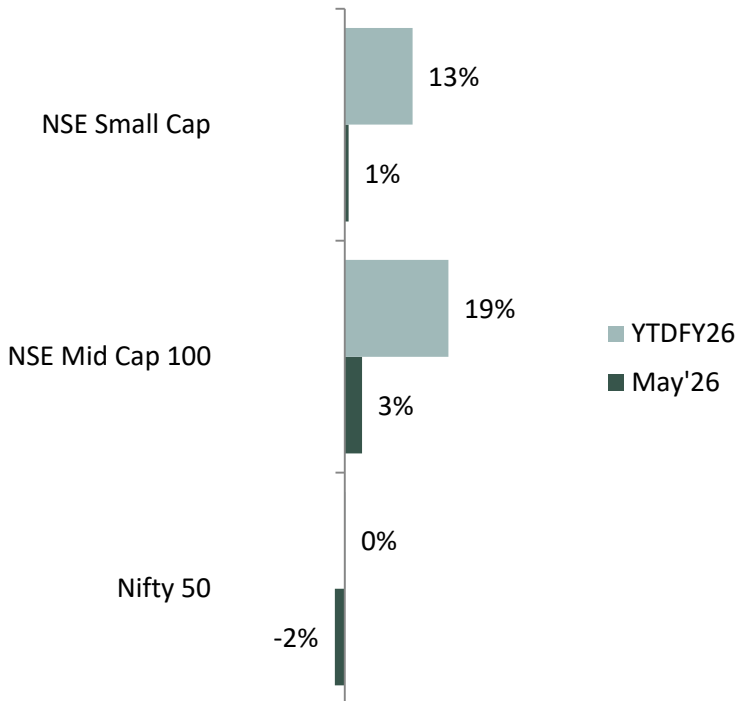
- **Weak Monsoon Outlook:** IMD's latest weather forecasts proved much weaker than normal, triggering concerns about agricultural output, food inflation, and rural consumption. CPI inflation for FY27 is already projected at 4.6%, near the upper end of the RBI's comfort zone and 10% monsoon shortfall could push this higher.
- **FII Outflows:** The ongoing rotation of global capital toward AI-driven markets like South Korea and Taiwan means Indian equities continue to face outflows pressure.

View on Indian Equities:

- While Indian indices have witnessed some weakness recently, the medium-term outlook for Indian equities remains neutral. Robust corporate earnings growth is expected to provide support, though this is largely offset by persistent FII outflows, elevated crude oil prices, rising inflationary pressures, and ongoing global uncertainties.
- Key near-term factors to watch include the RBI's June monetary policy meeting and the progress of the southwest monsoon. Additionally, a lasting ceasefire in the Middle East that drives oil prices below \$90 per barrel would help ease inflation, fiscal, and current account concerns, thereby removing a major macro headwind for the markets.
- In the near term, equity markets are likely to remain rangebound amid mixed domestic and global signals. Persistent FII selling is being partly cushioned by strong domestic institutional flows, resulting in stock-specific action rather than a clear directional trend. Volatility is expected to persist.
- **Top Picks:** In this environment, our preferred ideas are TCS, APL Apollo Tubes, Manappuram Finance, City Union Bank, Kajaria Ceramics, Lemon Tree Hotels, Neogen Chemicals and Greenply Industries.

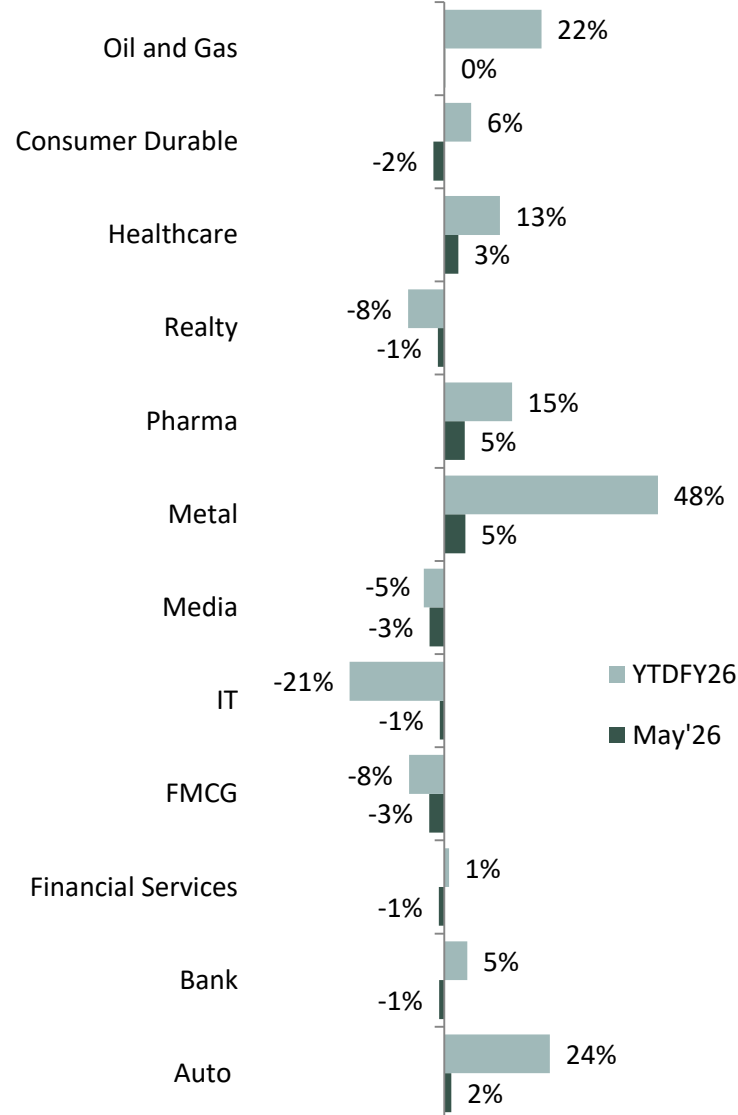
Equities

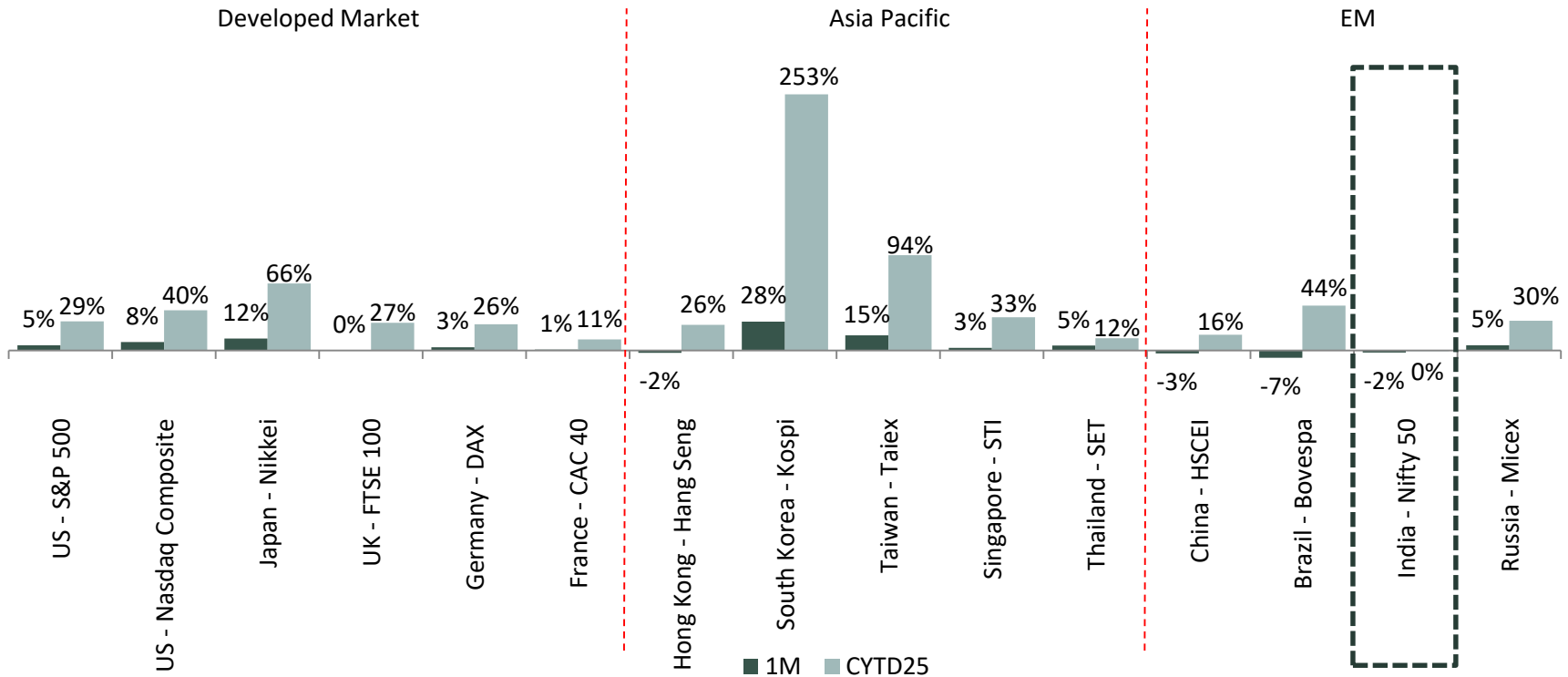
Index-wise



- Indian equity market (Nifty-50) declined 2% MoM in May-26. Mid Cap Index & small cap index also increased 3% and 1% MoM in May-26.
- Some of the sectors have recovered on MoM basis with Healthcare, Pharma and Metal gaining 3%, 5% and 5% respectively.

Sector-wise

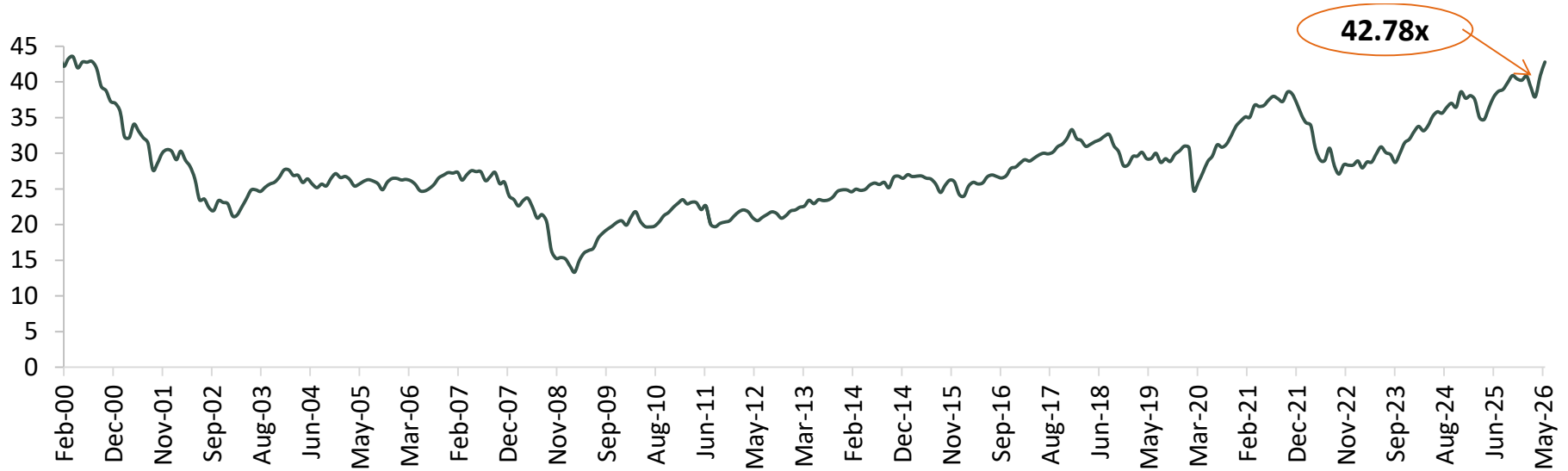




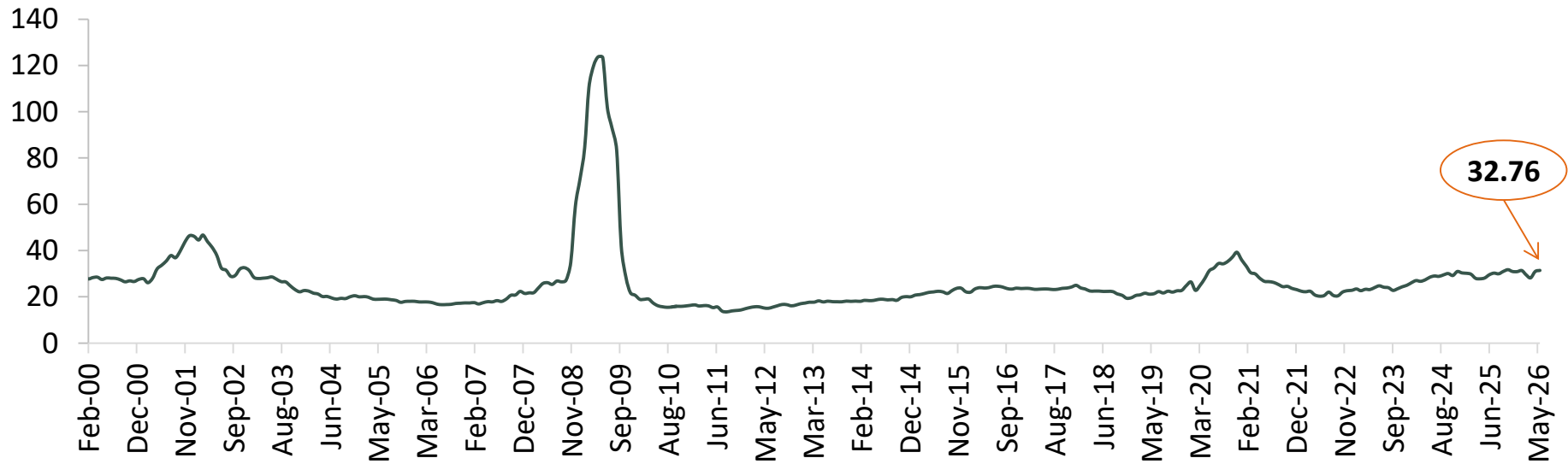
- All global stock indices were positive in May-26 with Nifty 50 decreasing 2% MoM respectively.
- Most of the global indices ranged between 28% to -7% in May-26, while Kospi increased by 28% and Bovespa declined by 7% during the month.

US Equity Performance in May-26

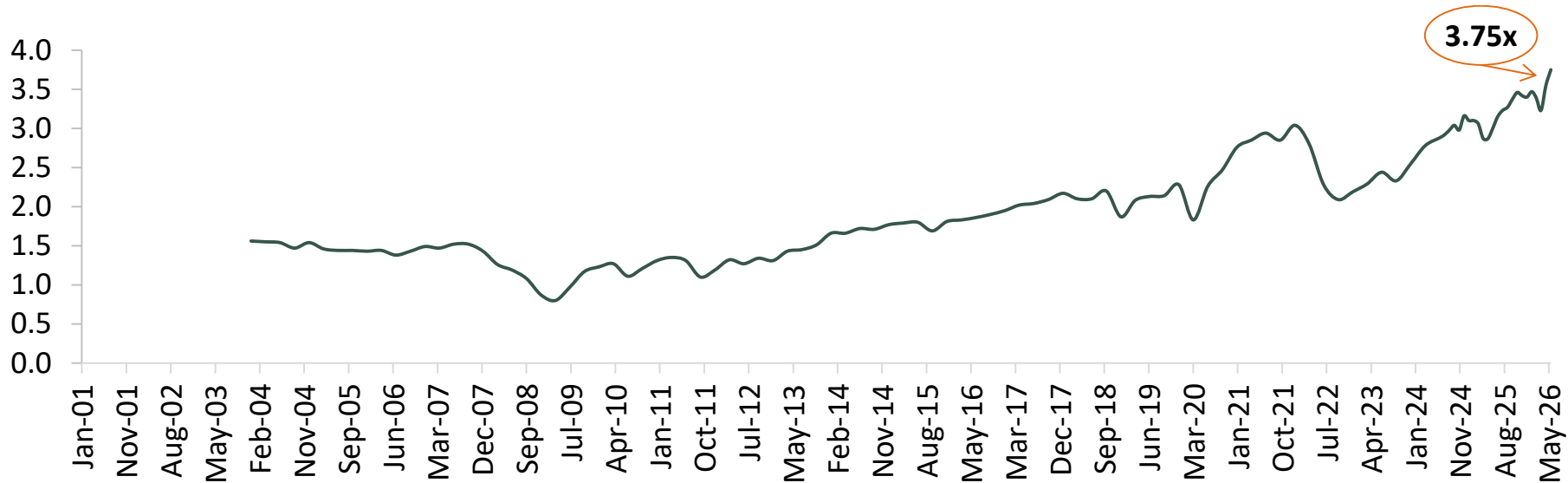
Current Shiller PE for S&P 500 at 47.78x compared to last 10 yr avg of 32.23x



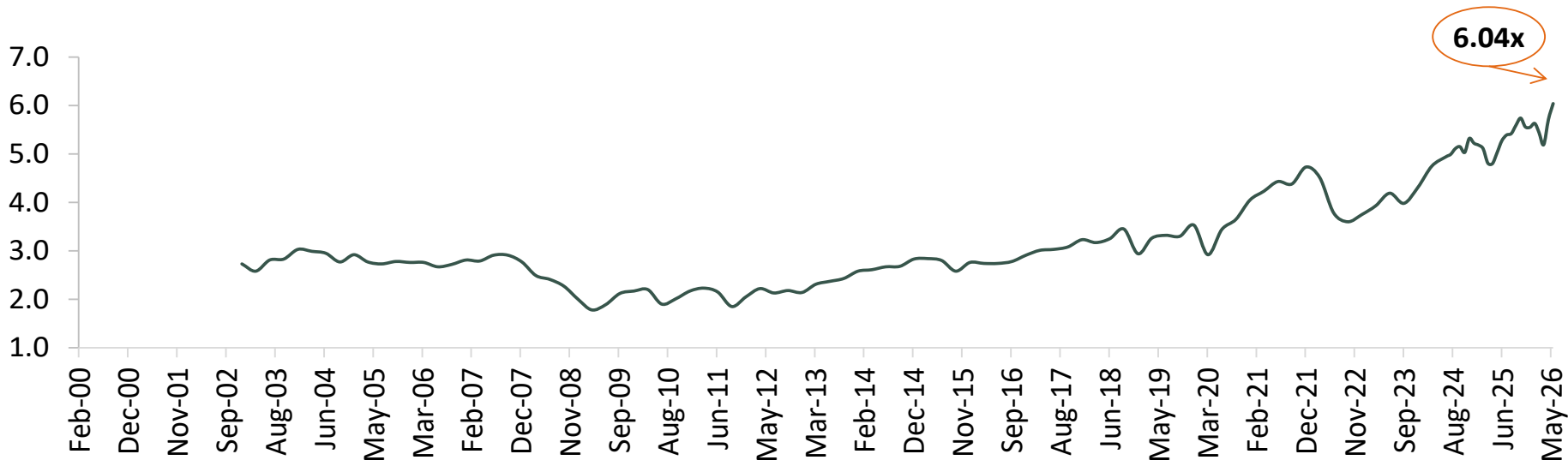
Current S&P 500 PE based on TTM is 32.76x compared to last 10 years avg of 25.40x



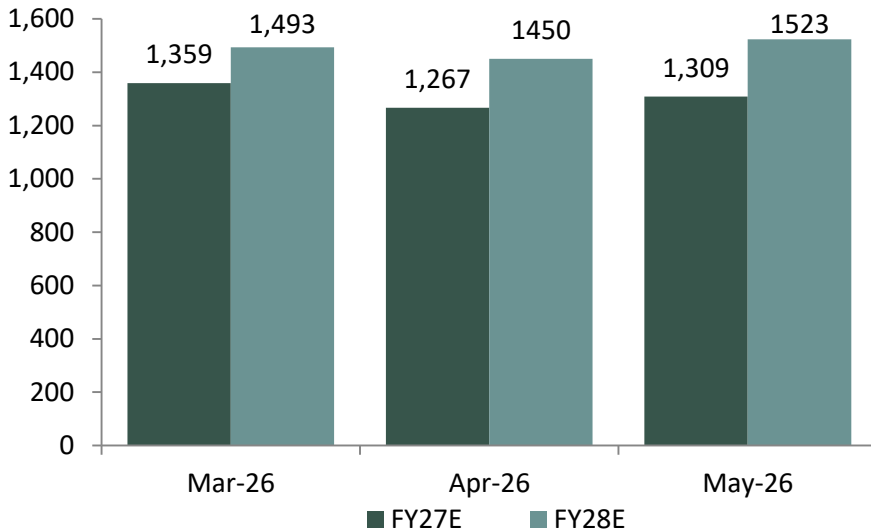
S&P 500 Price to Sales Ratio



S&P 500 Price to Book

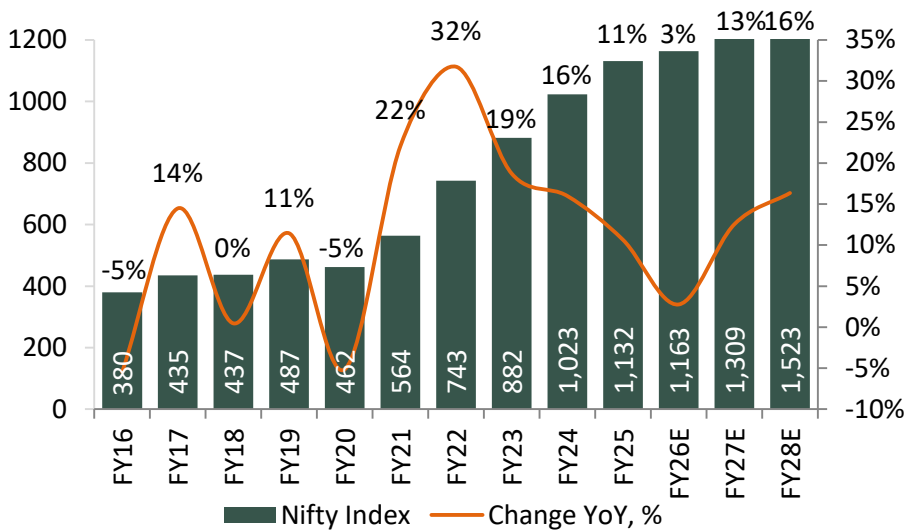


Nifty EPS trend (Rs)

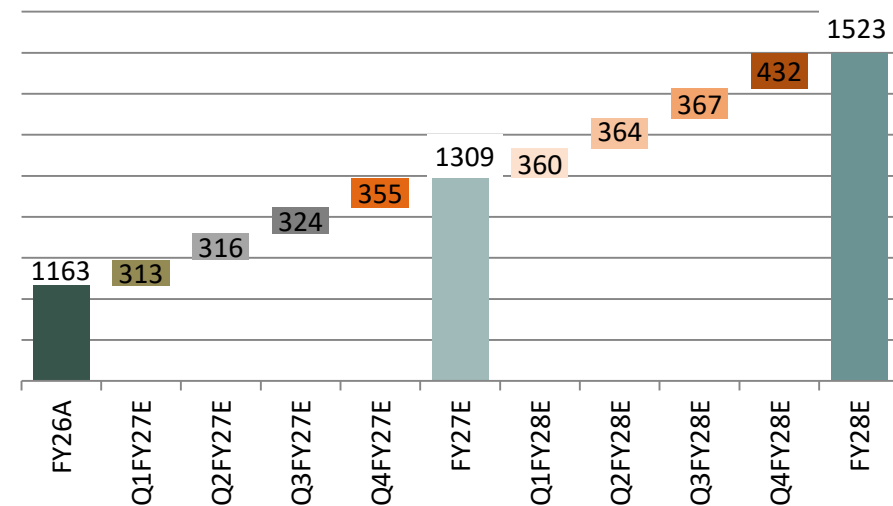


- Earnings growth expectations in FY27-28E increased with expectation changed 3% in FY27E, and also seen improving by 5% in FY28E.

EPS : Nifty 50

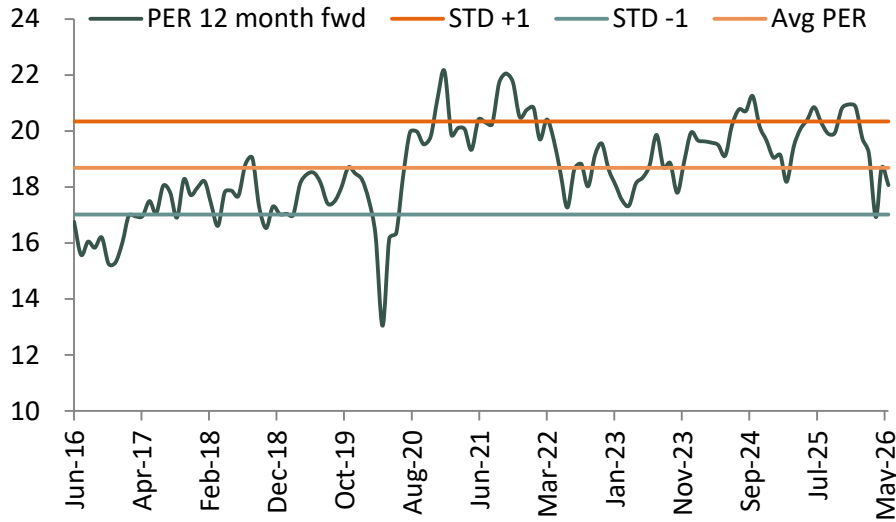


Nifty-50 EPS: Quarterly build up (Rs)



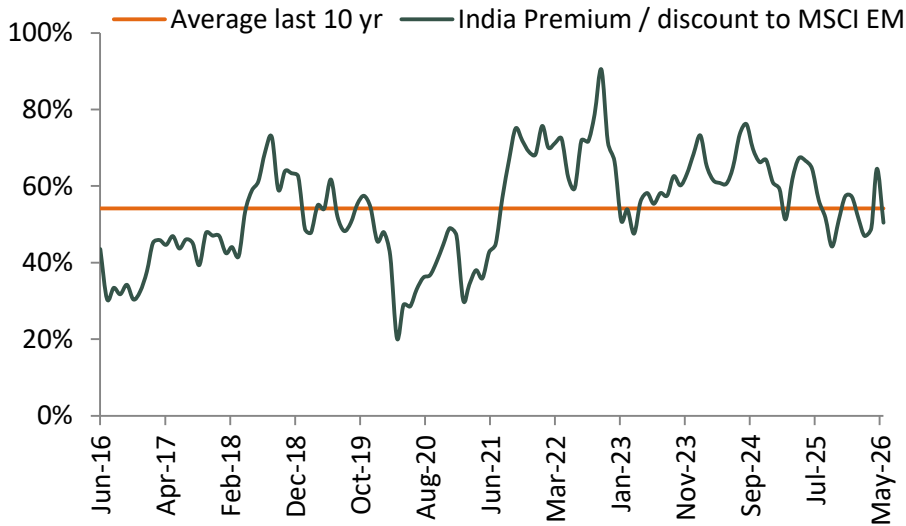
Source: Bloomberg

PER Valuation : Nifty 50



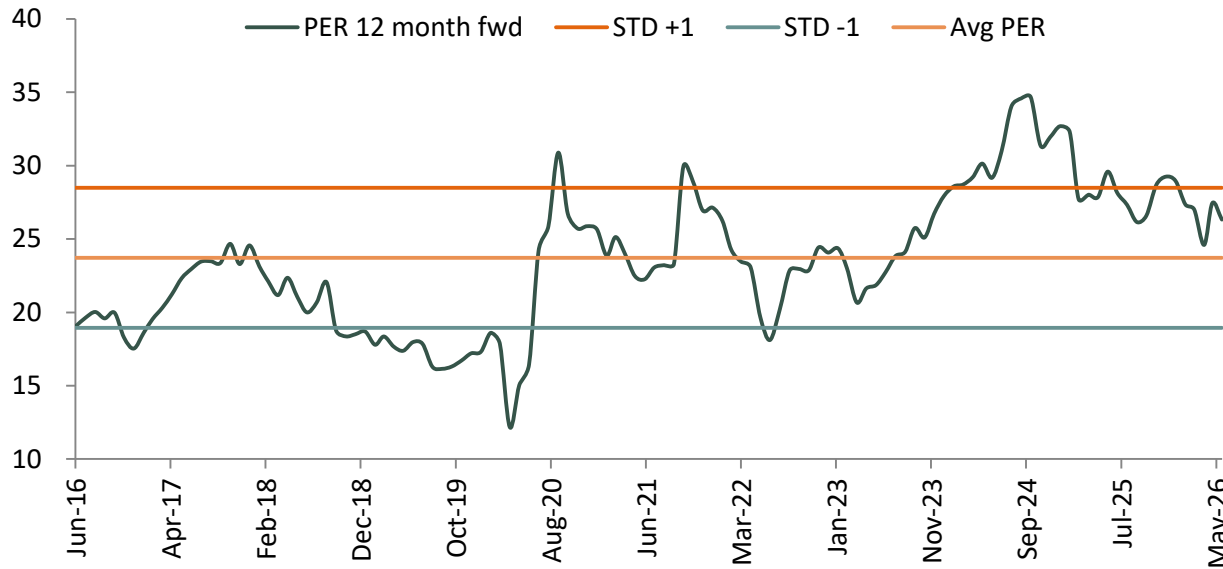
- Nifty 50 one year forward valuation is below its 10 year average.

Nifty-50 vs MSCI EM



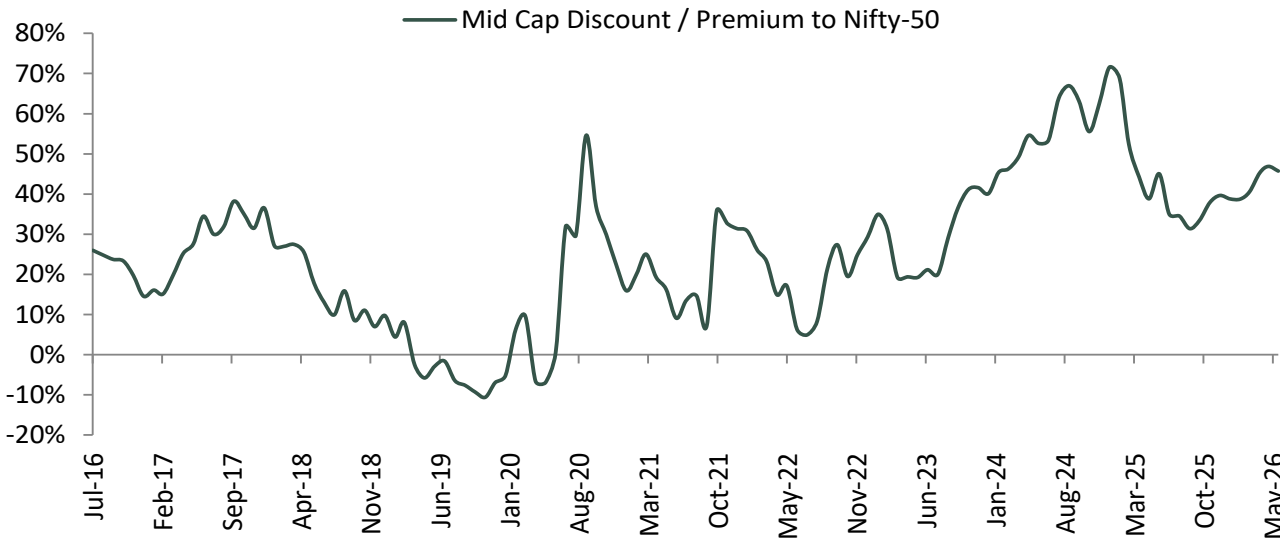
- India valuation to MSCI EM; slightly below its historical averages.

PER Valuation: Nifty Mid Cap 100



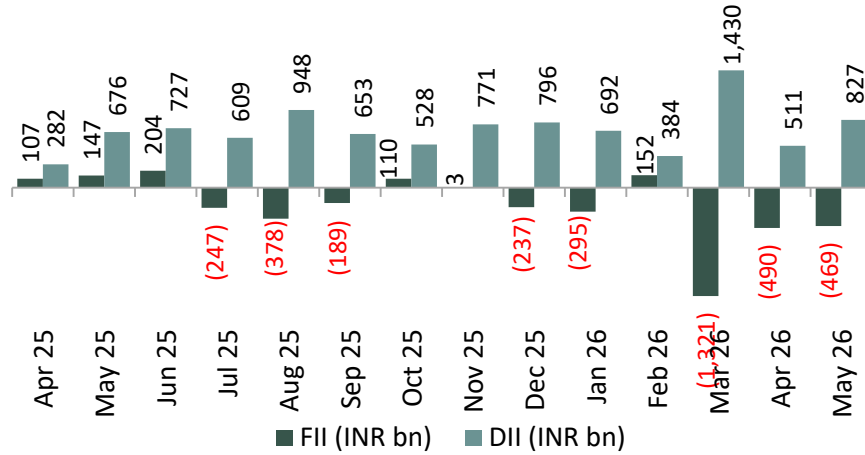
- Mid cap index is trading above average PE.
- Mid cap valuation premium over Nifty-50 is increasing.

Mid Cap to Nifty-50 PER valuation



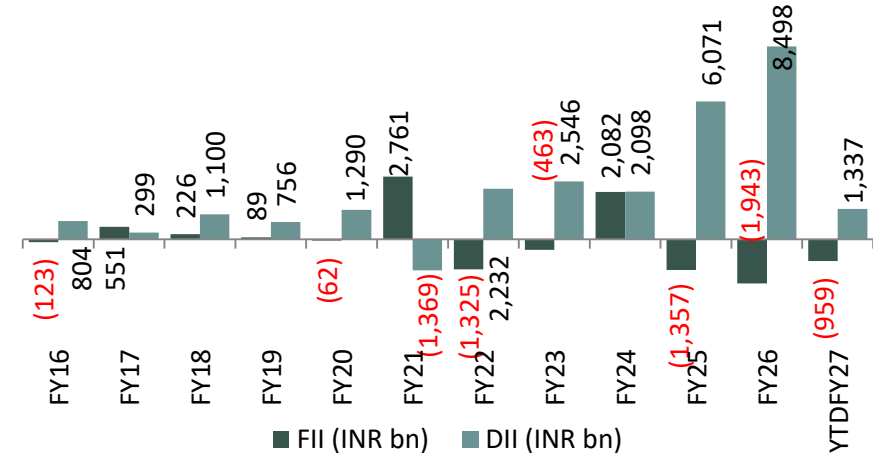
Source: Bloomberg

MonthlyFlows

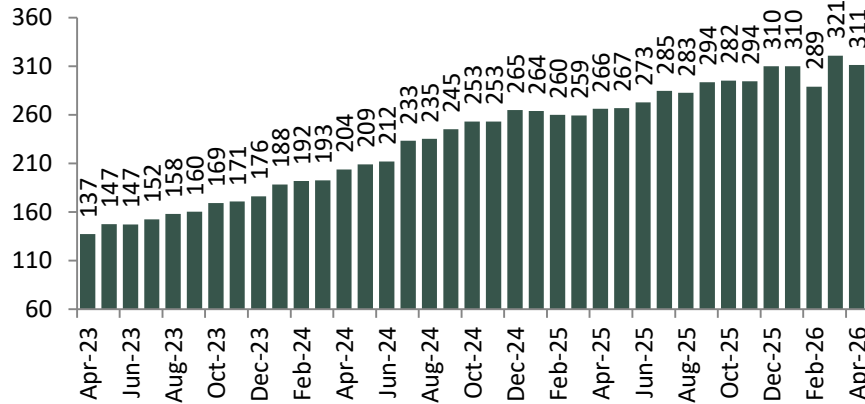


Source: Bloomberg

YearlyFlows



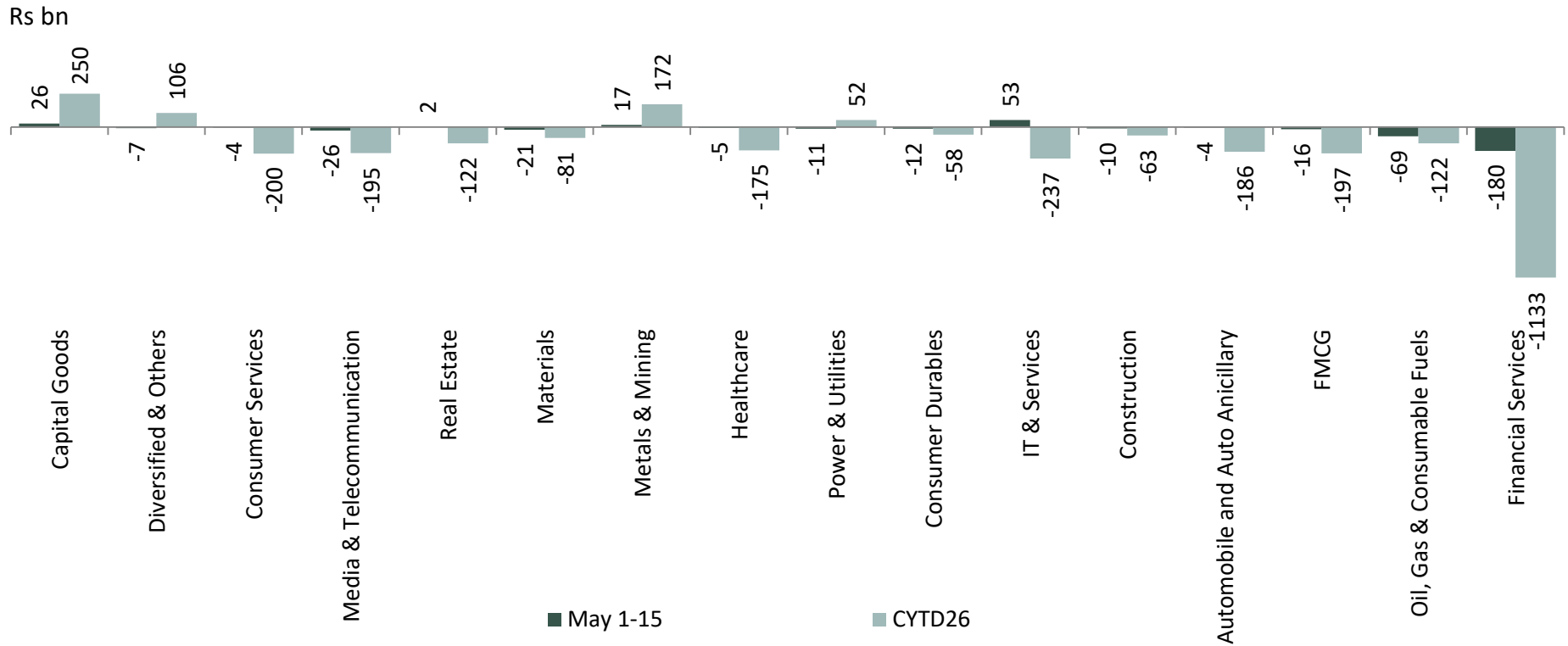
MF SIP Flows (Rs bn)



Source: AMFI

- In cash segment, DIIs were net buyers at Rs.827 bn* and FIIs were net sellers at Rs469bn* in May-26.

*FII flows data till 30th April 2026



- During the first fortnight of May-26, almost sectors witnessed FPI outflow except Capital Goods, Metals & Mining and IT Services.

Other macro's

India Economic Landscape



	Unit	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
MACRO																								
GST	Rs bn	1,740	1,821	1,750	1,732	1,873	1,823	1,769	1,960	1,836	1,960	2,367	2,011	1,846	1,957	1,863	1,890	1,959	1,703	1,746	1,934	1,836	2,001	2,427
Merchandise exports	USD mn	35,199	33,980	34,715	34,582	39,196	32,115	38,011	36,426	36,913	41,968	38,488	38,730	35,144	37,238	35,104	36,384	34,375	38,130	38,509	36,559	36,609	38,918	43,560
Services exports	USD mn	28,818	30,580	30,340	32,579	34,309	32,014	36,857	34,726	31,625	35,600	35,310	32,452	32,105	37,238	31,191	36,674	35,167	34,262	41,775	38,165	34,708	38,208	37,021
Non oil domestic imports	USD mn	41,130	43,610	53,340	42,820	48,040	53,840	44,680	45,990	39,070	44,500	44,200	45,860	40,120	49,010	48,330	54,500	61,270	48,550	49,150	57,830	50,740	47,410	53,320
INFLATION																								
CPI	%	5.08	3.54	3.65	5.49	6.21	5.48	5.22	4.31	3.61	3.34	3.16	2.82	2.10	1.55	2.07	1.54	0.25	0.71	1.33	2.75	3.21	3.40	3.48
Core CPI	%	3.10	3.12	3.25	3.31	3.35	3.33	3.33	3.34	3.40	3.46	3.49	3.44	3.51	3.22	3.01	3.05	2.46	2.39	2.28	2.10	2.07	2.10	2.23
WPI	%	3.36	2.04	1.31	1.84	2.36	1.89	2.37	2.31	2.38	2.05	0.85	0.39	-0.13	-0.58	0.52	0.13	-1.21	-0.32	0.83	1.81	2.13	3.88	8.30
AGRICULTURE																								
Fertilizer Production	yoy, %	2.40	5.30	3.15	1.89	0.37	2.02	1.67	2.96	10.24	8.83	-4.20	-5.89	-1.19	2.02	4.58	1.63	7.38	5.58	4.08	3.74	3.40	-24.59	-8.59
Tractor Sales	k units	71.03	79.97	65.48	62.54	64.43	80.52	99.29	93.38	65.57	74.01	60.92	71.99	77.21	88.72	85.22	64.79	73.58	126.03	115.00	114.76	89.42	82.08	75.11
Tractor Sales	yoy, %	-28.36	-11.95	-11.39	14.69	3.08	29.88	25.78	5.23	-14.50	-5.71	7.56	2.75	8.71	10.96	30.14	3.61	14.22	56.55	15.80	22.89	36.36	10.87	23.22
INDUSTRY																								
Core Sector change	%	4.00	6.10	-1.77	2.04	3.13	4.26	3.97	4.59	2.85	3.83	0.50	0.71	2.20	3.75	6.27	3.02	-	1.76	3.72	4.03	2.30	-0.44	1.65
IIP change	%	4.00	5.00	-	3.10	3.50	5.20	3.20	5.00	NA	3.00	2.70	1.23	1.52	3.47	4.05	4.02	0.40	6.68	7.78	4.83	5.23	4.15	4.85
PMI Manufacturing	Points	58.30	58.10	57.50	56.50	57.50	56.50	56.40	57.70	56.30	58.10	58.20	57.60	58.40	59.10	59.30	57.70	59.20	56.60	55.00	55.40	56.90	53.90	54.70
Domestic Auto Sale	mn units	1.90	2.03	1.89	1.72	2.83	3.21	1.76	2.29	1.90	2.13	2.29	2.21	2.00	1.96	1.96	1.83	4.02	3.30	2.03	2.72	2.41	2.69	2.61
Domestic Auto Sale	yoy, %	0.73	13.84	2.88	-9.26	32.14	11.21	-12.49	6.63	-7.19	-0.68	2.95	5.90	5.71	-4.31	2.84	5.22	40.53	2.14	14.63	17.61	26.86	25.28	12.94
Coal Production	yoy, %	14.80	6.80	-8.05	2.64	7.76	7.49	5.29	4.64	1.65	1.64	3.50	2.76	-6.81	-12.27	11.36	-1.19	-8.55	2.10	3.58	3.09	2.30	-4.04	-8.70
Steel Production	yoy, %	2.70	7.20	4.54	1.46	4.17	4.78	5.13	3.67	5.57	7.14	3.00	6.72	9.71	12.77	14.18	14.11	6.67	6.06	6.85	9.86	7.20	2.18	6.20
Cement Production	yoy, %	1.90	5.50	-3.02	7.10	3.25	13.04	4.01	14.46	10.50	11.58	6.70	9.23	8.16	11.74	6.14	5.31	5.29	14.52	13.46	10.65	9.30	3.98	9.39
Electricity generation	yoy, %	7.70	7.00	-5.03	-0.49	0.64	3.80	5.07	1.32	2.83	6.22	1.00	-5.80	-1.21	0.54	3.06	2.13	-7.56	-2.17	5.34	3.82	0.50	-0.46	4.13
Commercial Vehicle	YoY, %	-4.74	5.93	-6.05	-10.45	6.37	-6.08	-5.24	8.22	-8.60	2.68	-1.05	-3.71	6.60	0.23	8.55	2.66	17.69	19.94	24.60	15.07	21.82	15.12	15.02
CONSUMPTION / SERVICES																								
Passenger Vehicle	YoY, %	-6.77	10.18	-4.53	-18.81	32.38	-13.72	-1.97	15.53	-10.34	6.26	1.55	-3.11	2.45	-0.81	0.93	5.80	11.35	19.71	26.64	7.22	30.12	21.48	12.21
PMI Services	Points	60.50	60.30	60.90	57.70	58.50	58.40	59.30	56.50	59.00	58.50	58.70	58.80	60.40	60.50	62.90	60.90	58.90	59.80	58.00	58.50	58.10	57.50	58.80
Personal Loan growth	yoy, %	25.60	14.40	13.93	13.42	12.89	13.34	12.02	11.84	11.68	11.65	11.90	11.09	12.10	11.86	11.84	11.74	13.96	12.80	14.04	11.60	15.20	13.00	16.00
E Way bill generation	mn	97.60	104.80	105.40	109.00	117.20	101.80	112.00	118.15	111.60	120.00	119.30	122.60	119.10	131.90	129.13	132.00	126.85	129.85	138.39	136.83	132.60	140.60	133.30
Port Cargo Traffic	mn tonnes	69.40	70.08	69.58	65.60	68.22	67.52	72.15	77.01	71.23	83.85	71.97	75.19	72.87	72.88	75.96	73.13	76.36	77.40	81.49	82.84	74.88	77.60	73.76
Port Cargo Traffic	yoy %	4.33	5.75	6.74	6.00	-3.10	-4.74	3.22	6.28	6.56	13.44	6.97	4.38	1.05	1.04	9.17	11.48	11.92	14.64	12.95	7.57	5.12	7.82	2.48
Domestic Air Passenger	no. mn	13.21	12.99	13.13	13.03	13.66	14.25	14.93	14.61	14.04	14.54	14.32	14.06	13.60	12.61	12.95	12.64	14.03	15.24	14.30	15.25	14.25	14.42	13.82
Fuel consumption	mn mt	19.99	19.65	18.35	17.92	20.04	20.43	20.67	20.49	19.09	20.91	20.13	21.32	20.22	19.43	18.73	18.70	20.17	21.27	21.75	21.05	20.24	21.37	19.30
UPI (Value)	Rs bn	20,070	20,640	20,610	20,640	23,490	23,250	23,247	23,480	21,965	24,772	23,949	25,143	24,039	25,085	24,854	24,897	27,280	26,320	27,967	28,335	26,842	29,525	29,030

Source: Bloomberg

10 Year	Current %	Change (bps)		Real Yield %	Inflation %
		1M	12M		
COUNTRY					
United States	4.44	0.1	0.0	1.6	2.8
United Kingdom	4.89	-0.2	0.6	2.5	2.4
Japan	2.63	0.1	1.2	1.4	1.2
Europe	3.00	-0.1	0.4	0.8	2.2
Brazil	14.23	0.2	0.1	9.3	4.9
India	7.02	0.0	0.7	3.5	3.5
China	1.71	0.0	0.0	0.1	1.6
South Africa	8.70	-0.4	-1.6	5.3	3.4
INDIA CORPORATE BOND					
AAA	7.55	0.0	7.4		
AA	8.42	0.1	8.1		
A	9.95	0.0	8.3		
BBB	10.94	0.0	6.6		

India GSec Yield – 10 year



US Yield – 10 year



- US 10 year yield stood at 4.43% in May-26.
- India G-sec yield stood at 7.0% in May-26.

Commodity performance

	Unit	1M	CYTD26
Brent Crude OIL (USD / Barrel)	98	-24%	50%
Natural Gas (usd/MMBtu)	3	8%	-10%
Gold (Per Troy Ounce)	4502	-2%	5%
Silver (Per Troy Ounce)	75	2%	5%
Platinum (Per Troy Ounce)	1948	-3%	-7%
Aluminium (USD / mt)	3821	7%	27%
Copper (USD / mt)	13808	5%	9%
Zinc (USD / mt)	3556	5%	14%
Iron Ore (USD / Dry mt)	101	-2%	-3%
Coal (USD / mt)	138	3%	30%

- Most of the commodity prices increased in May-26 with Copper and Zinc increasing 6% MoM, while Natural Gas and Coal declined 9% on MoM basis.

BCOM Index (USD)



Brent Crude (USD/barrel)



INR versus Others

	INR	1M	CYTD26
DOLLAR INDEX SPOT	99.18	1%	1%
INR/USD	95.13	0%	6%
INR/EURO	110.69	0%	5%
INR/JPY	0.60	-2%	4%
INR/AUD	68.12	0%	13%
INR/CNY	14.07	1%	9%
INR/GBP	128.04	-1%	6%

- The rupee crossed ₹95 early in May and touched a record intraday low of ₹96.90 against the U.S. Dollar.

INR / USD trend



Dollar Index



Dollar Index values USD with basket of 6 currencies—Euro, Swiss Franc, Japanese Yen, Canadian dollar, British pound, and Swedish Krona. Negative value denote depreciation of dollar

Stock Recommendations

Resilient growth driven by AI-led transformation

Key rationale

- Revenue growth remains modest, with steady sequential improvement supported by strong deal wins and early signs of demand recovery, amid macro uncertainty and cautious client spending.
- Margins stayed robust at ~25%, aided by productivity and currency tailwinds, despite continued investments
- Customer focus remains strong, with rising large accounts, deeper partnerships, vendor consolidation gains, long-term AI-led transformation deals, reflecting trust, stability, and improving client-spending confidence.

Triggers / Catalyst

- The HyperVault data center business is progressing well, targeting 1 GW capacity with strong hyperscaler interest.
- Strategic partnerships with OpenAI, AMD, ABB, ServiceNow, and Google Cloud are strengthening its AI ecosystem. Agentic AI adoption is accelerating, with faster deployment cycles of 12–16 weeks.
- Company's strong order book, large deal pipeline and vendor consolidation programs provide sustained growth.

Risks

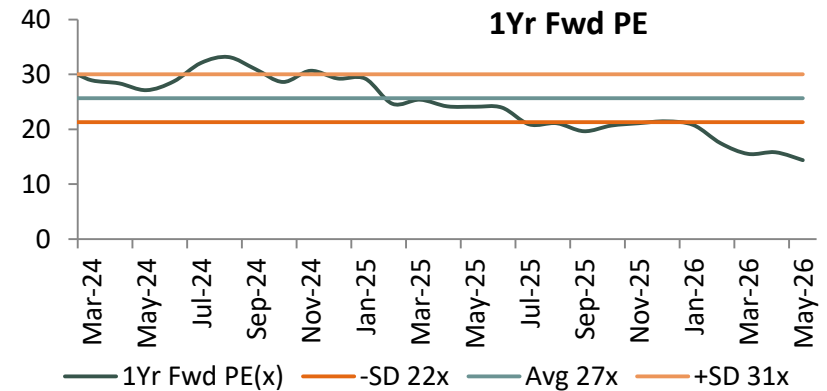
- Wage hikes will impact margins in the near term, and geopolitical risks, especially in the Middle East, remain a concern.

Valuation

- We value TCS at 17x FY28E EPS, with AI becoming a key growth driver, cost optimization and sequential growth, we maintain a BUY rating with a target price of Rs.3,137.

Mkt Cap: Rs8,312 bn, 3M daily vol.: Rs247.9 mn

PE valuation band



Financial Snapshot

	FY24	FY25	FY26	FY27E	FY28E
Revenue	24,08,930	25,53,240	26,70,210	29,44,476	31,43,454
Change YoY(%)	6.8	6.0	4.6	10.3	6.8
EBITDA	6,33,370	6,74,070	7,23,980	8,39,289	9,03,291
Change YoY(%)	6.9	6.4	7.4	15.9	7.6
EBITDA Margin(%)	26.3	26.4	27.1	28.5	28.7
Adj.PAT	4,59,427	4,85,530	5,37,360	6,08,786	6,67,977
EPS (Rs)	127	134	148.4	168.2	184.5
Change YoY(%)	10.2	5.7	10.7	13.3	9.7
PE(x)	19.2	18.1	16.4	14.5	13.2
Dividend Yield (%)	4.9	5.0	4.5	5.1	5.3
EV/EBITDA (x)	13.2	12.3	11.5	9.6	8.7
RoE (%)	50.8	52.4	50.1	49.5	46.8
RoCE (%)	60.2	62.0	57.0	58.1	54.8

Source : IDBI Capital, Company, Bloomberg,

Saptarshi Mukherjee

saptarshi.mukherjee@idbicapital.com
+91-22-4069 1853

Darshan Bhutra

darshan.bhutra@idbicapital.com
+91-22-4069 1859

Key Assumption & Ratios

Year to March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26	FY27E	FY28E
Revenue (Rs bn)	1,231.0	1,464.6	1,569.5	1,641.8	1,917.5	2,254.6	2,408.9	2,553.2	2,670.2	2,944.5	3,143.5
EBITDA	325.2	395.1	421.1	465.5	530.6	592.6	633.0	674.1	724.0	781.0	875.0
PAT	258.8	315.6	324.5	333.5	384.5	423.0	454.2	488.0	495	553	642
EPS	67.5	83.9	86.2	2,508.9	104.7	115.2	124.9	134.1	135.9	152.1	176.7

Peer comparison

Stocks	CMP INR/ sh	TP INR/ sh	Upside (%)	Rating	ROE %		PER x		EV/EBITDA	
					FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
TCS	2,298	3,137	37%	BUY	49.5	46.8	13.7	12.5	9.0	8.1
HCLTech	1,195	1,614	35%	HOLD	27.7	28.5	15.0	13.8	9.1	8.2
Infosys	1,203	1,355	13%	HOLD	31.8	31.7	15.6	14.6	9.9	9.1
Wipro	206	221	7%	HOLD	17.7	17.0	13.2	13.1	7.6	7.2

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
TCS	8,312	3%	-13%	-32%	-1%	37%	-7%	-20%	-28%	-48%	-102%
HCLTech	3,991	0%	-5%	-17%	55%	111%	-6%	-11%	-20%	2%	-47%
Infosys	6,219	0%	-13%	-24%	1%	61%	-4%	-9%	-20%	-44%	-75%
Wipro	2,636	3%	-11%	-7%	23%	84%	-5%	-11%	-8%	-25%	-64%

Source : IDBI Capital, Company, Bloomberg

Leader in structural steel pipes segment in India

Key rationale

- APL Apollo is a leader in structural steel pipes in India, with a market share of around ~60-65%.
- Management plans to spend Rs15bn funded through internal accruals to increase capacity from 5mnT to 8mnT by FY28, through four greenfield projects, one brownfield expansion, and debottlenecking of existing mills.
- Further, APL targets 10 mnT total capacity, with an additional 2mnT in super-specialty segments through global JVs.
- The contribution from value added products reached 55% in Q4FY26, the company aims to increase it to 70% in the future which will drive margin expansion
- Overall, APL aims to achieve sale volumes growth rate of 15-20% in FY27E, and targeting to improve ROCE from current 33% to 40%. Company has announced new dividend pay-out policy from current 20% to 25%.
- We expect Revenue/EBITDA/PAT to grow at a CAGR of 19%/19%/21% during FY26-FY28E.

Triggers / Catalyst

- Aggressive capacity expansion.
- Increasing contribution of Value added products to the top line (70%).

Risks

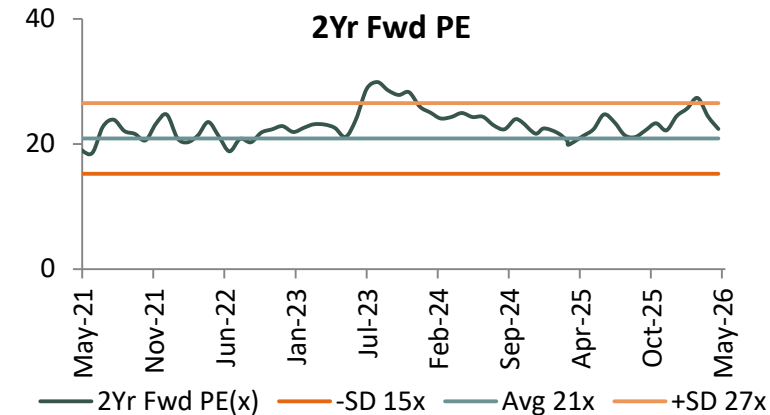
- Extension of the disruption caused by Middle East conflict.
- High fixed cost due to underutilization of capacity

Valuation

- We value the stock at a PER of 36x FY28 to derive a target price of Rs2,270. The stock is currently trading at a PER of 29x FY28

Mkt Cap: Rs493bn

PE valuation band



Financial Snapshot

	FY24	FY25E	FY26	FY27E	FY28E
Revenue	1,81,188	2,06,895	2,30,790	2,79,789	3,24,499
Change YoY(%)	12.1	14.2	11.5	21.2	16.0
EBITDA	11,922	11,990	18,018	21,838	25,319
Change YoY(%)	16.7	0.6	50.3	21.2	15.9
EBITDA Margin(%)	6.6	5.8	7.8	7.8	7.8
Adj.PAT	7,324	7,571	12,031	14,903	17,500
EPS (Rs)	26	27	43	54	63
Change YoY(%)	14.1	3.4	58.9	23.9	17.4
PE(x)	69	67	42	34	29
Dividend Yield (%)	0.3	0.3	0.5	0.5	0.7
EV/EBITDA (x)	43	42	28	23	20
RoE (%)	22.2	19.4	22.7	22.7	21.8
RoCE (%)	22.3	19.7	25.6	26.3	25.7

Source : IDBI Capital, Company, Bloomberg

Ajit Sahu

ajit.sahu@idbicapital.com
+91-22-4069 1847

Mohd Sheikh Sahil

sahil.sheikh@idbicapital.com
+91-22-4069 1854

Key Assumption & Ratios

Year to March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26	FY27E	FY28E
Gross Margin (%)	11.8	14.8	15.7	14.1	13.2	13.8	13.6	15.5	15.0	14.9
Operating Margin (%)	5.5	6.2	8.0	7.2	6.3	6.6	5.8	7.8	7.8	7.8
Net Margin (%)	2.1	3.3	4.8	4.7	4.0	4.0	3.7	5.2	5.3	5.4
Effective Tax rate (%)	34.7	13.6	25.3	25.6	25.7	25.1	21.2	22.7	23.4	23.4
Book value per share (INR)	40	55	68	91	108	130	152	191	236	289
ROCE (%)	18.9	18.2	23.9	29.3	24.0	22.3	19.7	25.6	26.3	25.7
ROE (%)	16.5	20.5	23.6	31.3	24.4	22.2	19.4	22.7	22.7	21.8
ROA (%)	13.3	12.6	17.3	21.3	17.1	15.6	13.5	17.8	19.4	19.1

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
APL Apollo Tubes	494	-6%	2%	-1%	52%	181%	-4%	12%	4%	27%	131%
Surya Roshni	54	0%	-5%	-24%	23%	109%	2%	5%	-19%	-1%	59%
JTL Industries	26	-16%	8%	-1%	-21%	204%	-13%	18%	5%	-46%	154%
Hi-Tech Pipes	17	-9%	-14%	-12%	5%	107%	-7%	-4%	-7%	-20%	57%

Revenue by products

Year to March	FY23	FY24	FY25	FY26
Apollo Structural	63%	69%	68%	69%
Apollo Z	33%	27%	27%	27%
Apollo Galv	4%	4%	5%	4%

Key assumptions	FY25	FY26	FY27E	FY28E
Volumes (in Mn)	3.2	3.5	4.1	4.8
GP/tonne	8,928	10,226	10,363	10,073
EBITDA/tonne	3,797	5,161	5,392	5,275

Source: IDBI Capital, Company, Bloomberg

Gold Loan Momentum Offsets Near-Term MFI Headwinds

Key rationale

- Manappuram has strong gold loan franchise with market leadership, extensive distribution and a digital-first operating model.
- Gold loan AUM grew ~99% YoY in FY26, supported by healthy demand, favourable gold prices and planned addition of 500–550 branches.
- Core earnings remain robust, driven by stable gold loan yields of ~17.5–18%, low credit costs and disciplined underwriting.
- Digital sourcing remains a key strength, with ~92% of the portfolio routed through the OGL platform, supporting operating efficiency.
- Microfinance recovery is gaining traction, with the new portfolio delivering ~99.8% collection efficiency and supporting credit cost normalization.
- Healthy AUM growth, stable margins and improving subsidiary performance should drive RoE improvement over FY27–28E. improves.

Triggers / Catalyst

- Continued strong growth in the gold loan business supported by branch expansion and favourable industry dynamics.
- Faster-than-expected normalisation in microfinance credit costs as the new portfolio scales up.
- Rising digital penetration through the OGL platform driving operating leverage and profitability.

Risks

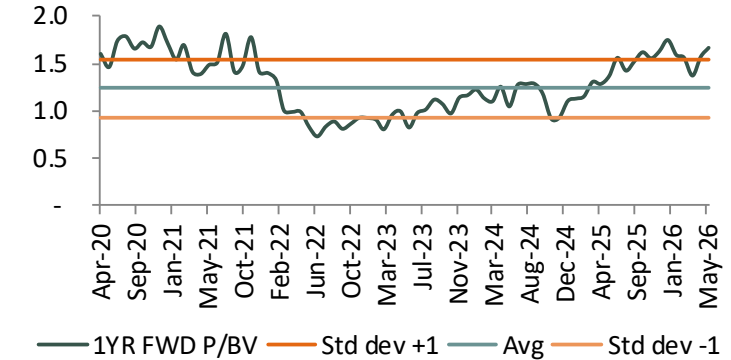
- Sharp correction in gold prices impacting gold loan growth.
- Slower-than-expected recovery in the microfinance portfolio.
- Elevated stress in MSME and vehicle finance portfolios.

Valuation

- We maintain BUY rating with a target price of Rs 353, valuing the stock at 1.6x FY28E P/BV.

Mkt Cap: Rs290 bn

PBV valuation band



Financial Snapshot

INR mn	FY24	FY25	FY26E	FY27E	FY28E
NII	56,228	60,775	54,650	70,968	87,036
Change (yoy, %)	32%	8%	-10%	30%	23%
Net Profit	21,975	12,039	9,931	21,178	28,999
Change (yoy, %)	46%	-45%	-18%	113%	37%
EPS (Rs)	26.0	14.2	10.6	20.5	28.1
ABV (Rs)	136.4	146.9	170.9	195.5	220.0
PER (x)	11.4	20.9	28.1	14.5	10.6
P/ABV (x)	2.2	2.0	1.7	1.5	1.4
ROE (%)	20.7	10.0	7.0	11.7	13.5
ROA (%)	5.1	2.5	1.6	2.6	3.0
GNPA (%)	2.4	4.0	2.4	2.5	2.4
NNPA (%)	1.3	1.9	1.4	1.3	1.3
CAR (%)	30.6	30.9	21.3	22.0	20.3

Source : IDBI Capital, Company, Bloomberg

Sweta Padhi

Sweta.padhi@idbicapital.com
+91-22-4069 1819

Smit Shah

Smit.shah@idbicapital.com
+91-22-4069 1819

Manappuram Finance: Key Parameters

Key Assumption & Ratios

Year to March (%)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Advances Growth	9.3	18.0	19.7	3.2	48.7	21.5	21.9
NII Growth	(3.6)	11.1	32.2	8.1	(10.1)	29.9	22.6
PPoP Growth	(17.7)	3.5	50.7	3.9	(23.1)	47.2	28.9
PAT Growth	(23.0)	12.9	46.5	(45.2)	(17.5)	113.2	36.9
NIMs	13.8	13.5	15.0	14.6	10.4	10.2	10.3
RoE	17.0	16.7	20.7	10.0	7.0	11.7	13.5
RoA	4.1	4.1	5.1	2.5	1.6	2.6	3.0
GNPA	3.4	1.8	2.4	4.0	2.4	2.5	2.4
NNPA	1.8	0.9	1.3	1.9	1.4	1.3	1.3

Peer comparison

Stocks	CMP INR/ sh	TP INR/ sh	Upside (%)	Rating	PER (x)		P/ABV (x)		RoA		RoE	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Manappuram Fin	316	353	11.7	BUY	15.4	11.3	1.7	1.5	2.6	3	7.0	11.7
Muthoot Fin	3246	4060	25.1	BUY	10.7	9.4	2.7	2.1	6.3	6.2	28.4	25.5

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
Manappuram Fin	294	11%	17%	36%	196%	102%	12%	27%	41%	169%	51%
Muthoot Fin	1302	-2%	-12%	51%	197%	155%	0%	-2%	56%	170%	104%

Source : IDBI Capital, Company, Bloomberg

Gold Loan Momentum Offsets Near-Term MFI Headwinds

Key rationale

- City Union Bank continues to benefit from its disciplined focus on secured and granular lending, with MSME and gold loans remaining the key growth drivers.
- The leadership transition to Mr. R. Vijay Anandh is expected to be seamless, with management reiterating continuity in strategy, underwriting standards and risk management.
- Strong branch expansion, with 75 new branches planned in FY27, should support distribution reach and sustain credit growth above industry levels.
- Asset quality remains a key strength, with GNPA declining below 2%, recoveries exceeding slippages and SMA levels improving consistently.
- Stable NIM guidance, improving fee income and operating leverage are expected to support profitability, with ROA guided to improve to 1.65–1.67% by FY27-end.

Triggers / Catalyst

- Accelerated Credit growth sustaining above industry levels, supported by branch expansion and strong MSME demand.
- Continued improvement in asset quality with recoveries exceeding slippages and declining SMA levels.
- Gradual improvement in ROA driven by operating leverage, fee income growth and stable margins

Risks

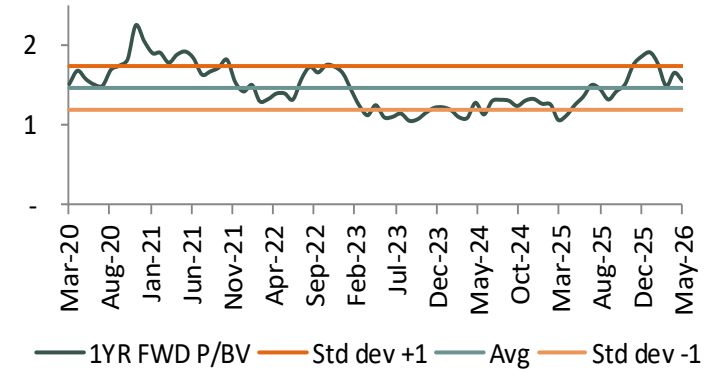
- Prolonged geopolitical uncertainty leading to higher inflation and pressure on MSME borrower cash flows.
- Margin pressure from adverse interest rate movements or increased funding costs.

Valuation

- We maintain BUY rating with a target price of Rs 314, valuing the stock at 2.6x FY28E P/BV.

Mkt Cap: Rs184 bn

PBV valuation band



Financial Snapshot

INR mn	FY24	FY25	FY26E	FY27E	FY28E
NII	21,235	23,157	28,298	33,990	39,125
Change (yoy, %)	-2%	9%	22%	20%	15%
Net Profit	10,157	11,236	13,262	15,286	18,576
Change (yoy, %)	8%	11%	18%	15%	22%
EPS (Rs)	13.7	15.2	17.8	15.4	18.7
ABV (Rs)	104.3	120.8	142.2	103.0	120.6
PER (x)	20.6	18.7	15.9	18.3	15.1
P/ABV (x)	2.7	2.3	2.0	2.7	2.3
ROE (%)	12.8	12.6	13.3	14.3	15.8
ROA (%)	1.5	1.5	1.5	1.5	1.6
GNPA (%)	4.0	3.1	2.4	2.4	2.4
NNPA (%)	2.0	1.3	0.0	1.1	1.1
CAR (%)	23.7	23.8	23.0	18.6	18.9

Source : IDBI Capital, Company, Bloomberg

Sweta Padhi

Sweta.padhi@idbicapital.com
+91-22-4069 1819

Smit Shah

Smit.shah@idbicapital.com
+91-22-4069 1819

Key Assumption & Ratios

Year to March (%)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Advances Growth	7.1	9.9	6.2	14.1	23.3	15.1	15.1
NII Growth	4.7	12.9	-1.8	9.1	22.2	20.1	15.1
PPoP Growth	8.7	14.0	-16.6	10.7	20.0	18.7	22.0
PAT Growth	28.2	23.3	8.3	10.6	18.0	15.3	21.5
NIMs	3.7	3.7	3.4	3.4	3.6	3.6	3.5
RoE	12.2	13.4	12.8	12.6	13.3	14.3	15.8
RoA	1.3	1.5	1.5	1.5	1.5	1.5	1.6
GNPA	4.7	4.4	4.0	3.1	2.4	2.4	2.4
NNPA	3.0	2.4	2.0	1.3	0.0	1.1	1.1

Peer comparison

Stocks	CMP INR/ sh	TP INR/ sh	Upside (%)	Rating	PER (x)		P/ABV (x)		RoA		RoE	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
City Union Bank	254	314	23.6	BUY	16.5	13.6	2.5	2.1	1.5	1.6	14.3	15.8
Federal Bank	288	328	13.8	BUY	14.6	12.3	1.7	1.5	1.2	1.2	11.9	12.6
IndusInd Bank	901	877	-2.7	HOLD	21.2	13.5	1.1	1.0	0.6	0.8	5.0	7.5

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
City Union Bank	184	-5%	-6%	31%	104%	53%	-4%	3%	35%	77%	2%
Federal Bank	722	1%	12%	43%	129%	237%	3%	21%	48%	102%	186%
IndusInd Bank	711	0%	8%	12%	-30%	-9%	2%	17%	17%	-57%	-61%

Source : IDBI Capital, Company, Bloomberg

Rebound in sales volume encouraging

Key rationale

- Kajaria is the largest player of organized tile industry with a combined capacity of 87.80MSM. It is present in ceramic, PVT & GVT which has over 3,000 SKUs.
- Kajaria's products are synonyms to quality and the its brand offers differentiated look and quality, setting it apart from competition, particularly from low grade tiles from unorganized players of Morbi.
- To capture the opportunity in allied businesses and leverage on its strong brand recall, Kajaria entered into Sanitaryware market in April, 2014. It has 250 SKUs in bathware and it is focused on growth of this segment with widening distribution network.
- Kajaria's focus on strong distribution network has paved the way for company's success over the year. Currently it has extensive dealership network of over 1,950 dealers.
- We like Kajaria amongst the listed building material companies and we believe that it is poised to benefit from domestic demand uptrend, capacity expansion, extensive distribution network and strong brand recall.

Catalyst

- Focus on cost optimization like using biofuel has offset major cost disruptions that peers have faced in the past.
- The company has adequate pricing power to implement necessary price hikes in order to amplify margins.

Risks

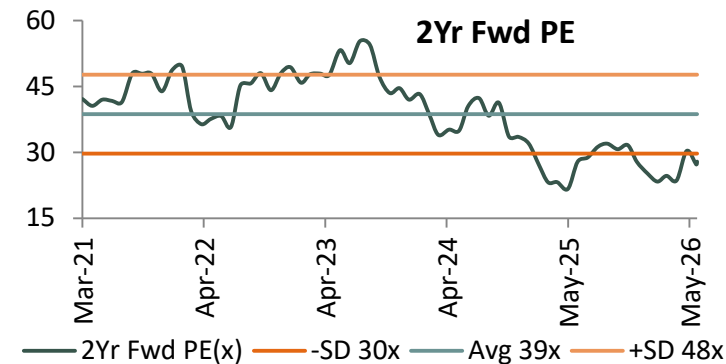
- Slowdown in demand, increased competitive intensity and volatile raw material prices will keep margins under pressure.

Valuation

- The stock is trading at 30.4x PER on FY28E EPS of Rs39.1. We value the company at 35x PER on FY28E to arrive at TP of Rs1,370.

Mkt Cap: Rs189bn, 3M daily Vol.: 5.4 Mn

PER valuation band



Financial Snapshot

	FY24	FY25	FY26	FY27E	FY28E
Revenue	44,740	46,351	48,304	51,460	56,092
Change YoY(%)	2	4	4	7	9
EBITDA	7,068	6,262	8,650	9,371	9,855
Change YoY(%)	19.4	(11.4)	38.1	8.3	5.2
EBITDA Margin(%)	15.8	13.5	17.9	18.2	17.6
Adj.PAT	4,447	3,475	5,331	5,862	6,224
EPS (Rs)	28.0	21.9	33.5	36.9	39.1
Change YoY (%)	25.6	(21.9)	53.4	10.0	6.2
PE(x)	42.6	54.5	35.5	32.3	30.4
Dividend Yield (%)	1.3	0.8	1.2	1.5	1.7
EV/EBITDA (x)	26.3	29.6	21.2	19.3	18.2
RoE (%)	18.0	13.0	18.4	18.4	18.2
RoCE (%)	19.4	14.9	20.9	20.5	20.2

Source : IDBI Capital, Company, Bloomberg

Archana Gude

archana.gude@idbicapital.com
+91-22-4069 1938

Parth Mandavgane

parth.mandavgane@idbicapital.com
+91-22-4069 1792

Kajaria Ceramics: Key Parameters

Key Assumption & Ratios

Year to March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Operating margin (%)	15.2	14.8	18.3	16.5	13.5	15.8	13.5	17.9	18.2	17.6
Net margin (%)	7.9	9.0	11.1	10.3	8.1	9.9	7.5	11.0	11.4	11.1
Raw material/ Sales (%)	38.8	39.2	44.8	42.0	41.2	42.3	42.4	42.8	43.0	43.3
Effective tax rate (%)	35.2	18.9	25.2	25.0	24.3	24.4	28.1	28.3	25.2	25.2
Book value per share (Rs)	99.1	107.8	117.5	133.5	146.3	164.6	172.6	192.8	208.1	223.2
ROA (%)	16.0	12.8	16.2	18.0	14.5	16.3	12.6	17.9	17.7	17.4
ROE (%)	16.0	15.4	17.2	19.2	15.9	18.0	13.0	18.4	18.4	18.2

Peer comparison

Companies	CMP	TP	Upside	Reco	EPS (Rs)		PER (x)		EV/EBITDA (x)		RoE(%)	
	(Rs)	(Rs)	(%)		FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Cera Sanitaryware Ltd	5,583	6,673	19.5	BUY	190.1	222.4	29.4	25.1	22.2	18.9	15.9	16.9
Kajaria Ceramics Ltd	1,101	1,370	24.4	BUY	36.9	39.1	29.9	28.1	19.3	18.2	18.4	18.2
Somany Ceramics Ltd	523	520	-0.6	BUY	24.0	30.6	21.8	17.1	7.7	6.3	11.1	12.9

Stock performance

	Absolute Perf (%)						Relative Perf wrt Nifty (%)					
	1M	3M	6M	12M	3Yrs	5Yrs	1M	3M	6M	12M	3Yrs	5Yrs
Kajaria Ltd	-10%	12%	-1%	3%	-14%	11%	-8%	19%	9%	8%	-40%	-40%
Somany Ceramics Ltd (India)	6%	20%	18%	3%	-25%	5%	8%	27%	27%	8%	-52%	-46%
Cera Sanitaryware Ltd	6%	14%	3%	-13%	-28%	40%	8%	20%	12%	-8%	-54%	-11%
Nifty 50	-2%	-6%	-10%	-5%	27%	51%	0%	0%	0%	0%	0%	0%

Source : IDBI Capital, Company, Bloomberg

On a fast track growth mode

Key rationale

- LTH is the one of the largest hotel chain in the mid-priced hotel operator in the domestic market.
- LTHL currently operates 10,956 rooms in 121 hotels in India and abroad, under its various brands viz. Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels, Keys Prima, Keys Select and Keys Lite..
- The company has also planned aggressive room additions over the next 2-3 years. So, with the addition of these rooms the company will have 17,116 rooms in 212 hotels.
- The company has guided to be debt free by the end of FY29.
- The company currently is focusing on renovating the hotels.

Catalyst

- The Indian hotel industry's upcycle is expected to last for the next 4-5 years with room demand expected to stay ahead of room supply.
- LTHL, with expanding room inventory, will be the key beneficiary of the upcycle and will see sustained improvement in the occupancies, ARR and RevPAR in the coming years.

Risks

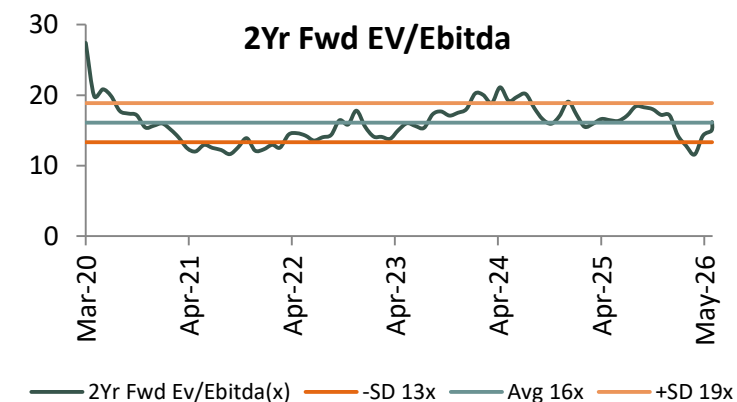
- Slowdown in the travel and tourism industry.
- Increase in room supply in the industry could put pressure on the ARR in the upcoming years.

Valuation

- The stock is trading at 10.6x EV/EBITDA on FY28E. We value the company at 15x EV/EBITDA on FY28E to arrive at TP of Rs165.

Mkt Cap: Rs89 bn, 3m daily Vol.: 43.6mn

EV/EBITDA valuation band



Financial Snapshot

	FY24	FY25	FY26	FY27E	FY28E
Revenue	10,711	12,861	14,445	16,657	18,489
Change YoY(%)	22	20	12	15	11
EBITDA	5,232	6,341	6,912	8,160	9,162
Change YoY(%)	17	21	9	18	12
EBITDA Margin(%)	48.8	49.3	47.8	49.0	49.6
Adj.PAT	1,485	1,966	2,604	3,114	3,917
EPS (Rs)	1.9	2.5	3.3	3.9	5.0
Change YoY(%)	29.6	32.4	32	20	26
PE(x)	59.8	45.2	34.1	28.5	22.7
Dividend Yield (%)	-	-	-	-	-
EV/EBITDA (x)	20.5	16.5	14.9	12.3	10.6
RoE (%)	16.3	18.5	20.4	20.1	20.6
RoCE (%)	11.0	13	13.7	15.9	17.5

Source : IDBI Capital, Company, Bloomberg

Archana Gude

archana.gude@idbicapital.com
+91-22-4069 1938

Parth Mandavgane

parth.mandavgane@idbicapital.com
+91-22-4069 1792

Key Assumption & Ratios

Year to March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Operating margin (%)	30.7	36.4	24.3	29.5	51.2	48.8	49.3	47.8	49.0	49.6
Net margin (%)	9.5	-1.2	-50.5	-21.7	13.1	13.9	15.3	18.0	18.7	21.2
Effective tax rate (%)	-25.0	2131.4	15.0	5.0	21.3	15.9	17.9	16.6	25.2	25.2
Book value per share (Rs)	10.3	11.7	10.8	9.7	10.0	11.4	13.9	16.8	20.8	25.7
ROA (%)	4.4	4.6	-1.2	0.4	9.5	10.6	12.2	13.2	15.3	16.7
ROE (%)	6.2	-0.8	-13.3	-10.0	13.6	16.3	18.5	20.4	20.1	20.6

Peer comparison

Companies	CMP (Rs)	TP (Rs)	Upside (%)	Reco	EPS (Rs)		PER (x)		EV/EBITDA (x)		RoE (%)	
					FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Lemon Tree Hotels	158	165	47.0	BUY	3.9	5.0	28.5	22.6	12.4	10.6	20.1	20.6
Chalet Hotels	780	937	20.2	BUY	28.1	29.7	27.8	26.2	15.5	14.4	18.1	18.3
Indian Hotels	646	869	34.4	BUY	17.8	20.4	36.4	31.7	24.2	21.1	18.1	18.3
The Park Hotel	115	154	34.4	BUY	5.4	6.7	21.1	17.1	9.7	8.1	8.3	9.6

Stock performance

	Absolute Perf (%)						Relative Perf wrt Nifty (%)					
	1M	3M	6M	12M	3Yrs	5Yrs	1M	3M	6M	12M	3Yrs	5Yrs
Lemon Tree Hotels	-3%	0%	-30%	-18%	22%	176%	-1%	7%	-20%	-13%	-4%	124%
Chalet Hotels	4%	-3%	-11%	-15%	81%	353%	5%	4%	-1%	-10%	54%	302%
The Park Hotel	-4%	-7%	-14%	-23%	-	-	-3%	-1%	-5%	-18%	-	-
Indian Hotels	3%	-2%	-12%	-15%	68%	396%	5%	5%	-2%	-10%	41%	345%
Nifty 50	-2%	-6%	-10%	-5%	27%	51%	0%	0%	0%	0%	0%	0%

Source : IDBI Capital, Company, Bloomberg

Battery Chemicals - An ACE up its sleeve

Key rationale

- Neogen has significantly expanded its product portfolio and significant increased its product range as well. The company is a leader in bromine and lithium based chemicals
- BuLi Chemicals India from the US-based Livent Corporation acquired for Rs250 mn contributing meaningfully to revenues
- Revenues of Rs12bn from its battery chemicals division in FY28 on a conservative basis.
- Confidence in management remains strong, supported by their strategic rationale and capability to potentially grow revenue to ~3x by FY28 of FY25 levels once operating leverage takes effect in the battery chemicals business.

Triggers / Catalyst

- The battery chemicals division will entail capex of Rs15bn and is estimated to generate peak revenue of Rs25bn to Rs29.5bn.
- Capture a sizeable market share 30% of the EV electrolytes and lithium salts market, strengthened by its technological tie up with MUIS
- Company starts receiving committed volumes for battery chemicals from domestic battery manufacturers such as Ola Electric, Rajesh Exports, Exide, Amara Raja

Risks

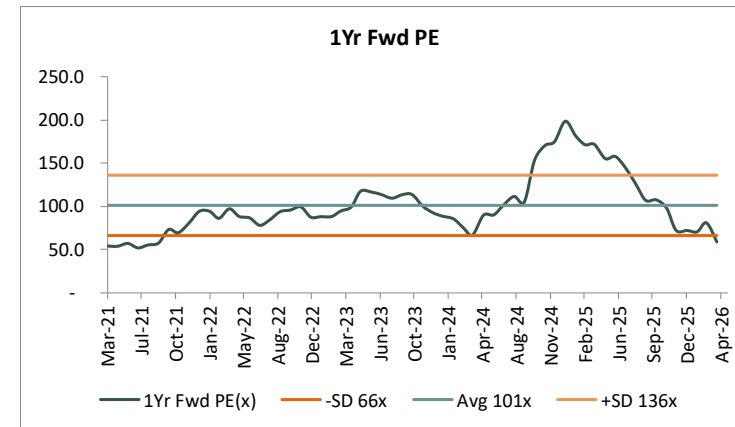
- Any significant delay in capex implementation could impact future revenue growth.
- Risk of further dilution of equity.

Valuation

- We expect Revenue/EBITDA/PAT to grow at CAGR of 62%/62%/128% over FY26-FY28E with ROE/ROCE scaling up from 6.3%/11% in FY25 to 10%/12 % in FY28. We have a BUY rating with a target price of **Rs2,001**.

Mkt Cap: Rs 48bn

PER valuation band



Financial Snapshot

	FY24	FY2025	FY26E	FY27E	FY28E
Revenue	6,907	7,776	8,620	11,376	22,678
Change yoy, (%)	1	13	11	32	99
EBITDA	1,101	1,363	1,373	1,806	3,599
Change yoy, %	(1)	24	1	32	99
EBITDA Margin (%)	15.9	17.5	15.9	15.9	15.9
Adj.PAT	357	489	288	392	1,493
EPS (Rs)	14	19	10.90	14.84	56.59
Change yoy, (%)	(28.7)	37.2	(41.2)	36.2	281.3
PE(x)	137.9	100.5	171.0	125.6	32.9
Dividend Yield (%)	0.2	0.1	0.1	0	0
P/B (x)	6.5	6.2	6.0	3.6	3.3
RoE (%)	5.7	6.3	3.6	3.6	10.4
RoCE (%)	11.0	11.1	8.0	7.1	12.2

Source : IDBI Capital, Company, Bloomberg

Jason Soans

jason.soans@idbicapital.com
+91-22-4069 1992

Khubaib Abdullah

khubaib.abdullah@idbicapital.com
+91-22-4069 1323

Key Assumption & Ratios

Year to March FY26E	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue Growth (%)	32.7	48.3	28.1	9.9	44.8	40.8	0.7	13	9	55
Gross Margin (%)	41.2	41.1	39.9	41.3	43.6	43.4	44.6	45.6	45	45
EBITDA Margin (%)	18.0	18.2	19.0	19.1	17.8	16.3	15.9	17.5	17.2	16.1
Net Margin (%)	6.8	8.8	9.4	9.3	9.2	7.3	5.2	4.5	2.9	3.8
ROE (%)	22	30	18	17	10	10	6	6.3	3.1	5.9
ROCE (%)	29.7	35.8	31.6	22.1	16.7	15.6	11.0	11.1	6.3	7.2
Net Debt / Equity	1.5	1.6	0.8	1.1	-0.1	0.4	0.5	0.7	2.0	2.0

Peer comparison

Stocks	CMP INR/ sh	TP INR/ sh	Upside (%)	Rating	ROE %		PER x		EV/EBITDA	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
SRF	2,519	3,579	39.6	BUY	14	14	40	36	22	19
Neogen Chemicals	1,864	2,001	7.3	BUY	3	6	174	88	37	23
Acutaas Chemicals	2,597	3,001	12.1	BUY	23.0	22.5	62.8	51.4	39.1	32.1
Clean Science	819	857	4.6	HOLD	15.2	14.5	38.2	36.1	21.1	18.2
Navin Fluorine	6,813	8,265	21.3	BUY	17	18	52	41	33	27

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
SRF	743	5%	-12%	-15%	-1%	85%	-1%	-7%	-13%	-32%	22%
Neogen Chemicals	46	41%	16%	11%	9%	86%	35%	21%	13%	-23%	23%
Navin Fluorine	350	17%	13%	48%	46%	91%	11%	19%	50%	15%	27%
Acutaas Chemicals	215	24%	48%	118%	402%	-	18%	54%	120%	371%	-
Clean Science	133	15%	-17%	-31%	-46%	-	9%	-11%	-30%	-77%	-

Source : IDBI Capital, Company, Bloomberg

Plywood Dominance and MDF Growth Fuelling Future Prospects

Key rationale

- Greenply Industries is a leading player in India's organised plywood market, holding one of the largest domestic market shares, second only to Century Plyboards is strongly positioned to benefit from sectoral tailwinds.
- The ongoing shift towards organised players in the plywood sector is expected to drive growth, Greenply is currently expanding its plywood capacity (+26%) by 13.5mn SQM in Odisha and aims to deliver high single digit volume growth with low double digit/high single digit EBITDA margins in FY27.
- Additionally, Greenply's new MDF plant, strategically located as the only MDF facility in Western India. Company has also announced to increase MDF capacity by 700 CBM/day via new from the current capacity of 1000CBM/Day (+70%). Greenply has guided for 25-30% YoY volume growth for MDF segment with double digit EBITDA margins.
- PVC and WPC segments have commenced operations with 6Mn/3Mn Kgs of Doors/Frames capacity and a peak revenue potential of Rs 750-800Mn. The new HDF flooring line is also expected to be commissioned by Q2FY27 with a revenue potential of Rs700-750Mn.
- We expect Revenue/EBITDA/PAT to grow at a CAGR of 12%/17%/45% during FY26-FY28E.

Triggers / Catalyst

- Increasing share of MDF - VAP improving blended realisation and margins.

Risks

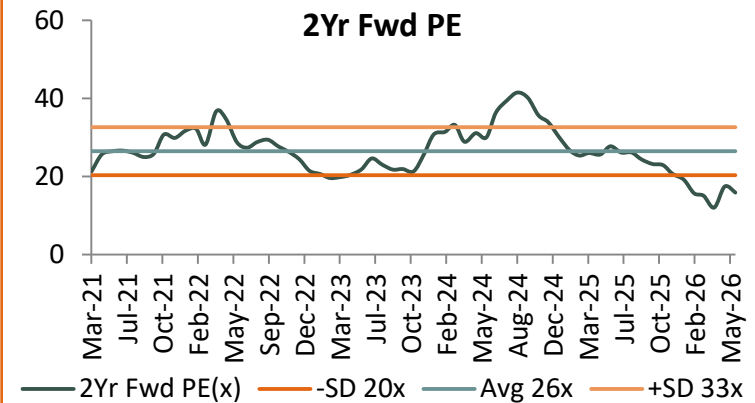
- Slowdown in realty sector.
- Increased competition in the MDF segment.

Valuation

- We value the stock at a PER of 21x FY28E to derive a target price of Rs316. The stock is currently trading at a PER of 16x FY28E.

Mkt Cap: Rs31bn

PE valuation band



Financial Snapshot

	FY24	FY25	FY26	FY27E	FY28E
Revenue	21,799	24,876	27,390	30,671	34,399
Change YoY(%)	31.1	14.1	10.1	12.0	12.2
EBITDA	1,868	2,377	2,705	3,190	3,715
Change YoY(%)	21.2	27.2	13.8	17.9	16.5
EBITDA Margin(%)	8.6	9.6	9.9	10.4	10.8
Adj.PAT	717	917	1,043	1,385	1,881
EPS (Rs)	5.7	7.3	8.3	11.1	15.0
Change YoY(%)	(25.6)	27.9	13.8	32.7	35.8
PE(x)	43.4	33.9	29.8	22.5	16.5
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	19.4	15.0	13.2	12.0	10.1
RoE (%)	10.6	12.1	11.7	13.5	15.6
RoCE (%)	10.2	13.8	14.7	13.8	15.1

Source : IDBI Capital, Company, Bloomberg

Ajit Sahu

ajit.sahu@idbicapital.com
+91-22-4069 1847

Mohd Sheikh Sahil

sahil.sheikh@idbicapital.com
+91-22-4069 1854

Key Assumption & Ratios

Year to March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Gross Margin (%)	39.6	41.2	41.3	40.2	37.9	39.7	40.3	40.6	40.8	41.0
Operating Margin (%)	10.1	11.0	9.9	9.6	9.3	8.6	9.6	9.9	10.4	10.8
Net Margin (%)	5.6	3.3	5.2	6.1	6.4	3.9	3.7	3.3	4.5	5.5
Effective Tax rate (%)	29.7	22.0	24.4	24.7	14.1	28.9	16.7	21.0	22.0	22.0
Book value per share (INR)	27	30	35	43	52	57	65	72	82	97
ROCE (%)	10.8	22.1	15.2	17.8	12.0	10.2	13.8	14.7	13.8	15.1
ROE (%)	13.1	27.3	15.0	19.4	16.3	10.6	12.1	11.7	13.5	15.6
ROA (%)	7.2	12.8	9.9	12.1	9.0	7.9	9.8	10.5	10.3	11.2

Peer Comparison

Stocks	CMP INR/ sh	TP INR/ sh	Upside (%)	Rating	PER x		RoE(%)		RoCE(%)	
					FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Greenply Industries	249	316	26.9	BUY	22.5	16.5	13.5	15.6	13.8	15.1
Century Plywood	766	775	1.2	HOLD	40.3	31.7	15.1	15.5	14.0	15.5
Greenpanel Industries	194	204	5.0	HOLD	32.6	19.0	5.3	8.5	5.9	9.2

Stock performance

	Mkt Cap INR bn	Performance (%)					Relative to Index (%)				
		1M	6M	12M	3 Year	5 Year	1M	6M	12M	3 Year	5 Year
Greenply Industries	31	-7%	-13%	-24%	52%	25%	-5%	-3%	-18%	27%	-25%
Century Plywood	168	-5%	-7%	-3%	32%	87%	-3%	3%	2%	7%	37%
Greenpanel Industries	23	-21%	-26%	-29%	-44%	-28%	-18%	-16%	-23%	-69%	-78%

Source: IDBI Capital, Company, Bloomberg

Valuation Summary

Companies	Sector	Mkt Cap (Rs bn)	CMP (Rs)	TP (Rs)	Upside (%)	Reco	EPS (Rs)		BVPS (Rs)		PER (x)		P/B (x)		EV/EBITDA (x)		RoE(%)	
							FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Aadhar Housing Finance	Banks & Financial services	203.36	467	602	28.98	BUY	31.83	39.87	202.99	242.48	14.67	11.71	2.30	1.92			16.84	17.73
AAVAS Financiers Ltd	Banks & Financial services	105.00	1324	1676	26.55	BUY	99.36	119.79	721.54	838.36	13.33	11.06	1.84	1.58			14.47	15.04
Aptus Value Housing Finance	Banks & Financial services	130.24	260	320	23.03	BUY	21.66	26.14	120.08	145.50	12.01	9.95	2.17	1.79			19.36	19.25
Axis Bank Ltd	Banks & Financial services	3,967.54	1276	1600	25.40	BUY	93.13	106.50	742.55	844.57	13.70	11.98	1.72	1.51			13.17	13.23
Cholamandalam Investment and Fin	Banks & Financial services	1,272.44	1493	1811	21.31	BUY	77.67	88.58	372.34	453.00	19.22	16.85	4.01	3.30			20.13	0.00
City Union Bank	Banks & Financial services	188.82	254	314	23.57	BUY	15.43	18.75	103.03	120.56	16.47	13.55	2.47	2.11			14.29	15.82
DCB Bank	Banks & Financial services	56.29	175	224	28.11	BUY	26.61	32.11	217.52	251.10	6.57	5.45	0.80	0.70			12.31	13.10
Federal Bank	Banks & Financial services	710.37	288	328	13.81	BUY	19.69	23.38	173.78	194.47	14.64	12.33	1.66	1.48			11.87	12.61
HDFC Bank Ltd	Banks & Financial services	11,434.86	743	960	29.26	BUY	56.15	67.21	419.49	482.09	13.23	11.05	1.77	1.54			14.30	14.87
Home First Finance	Banks & Financial services	112.41	1076	1409	30.94	BUY	66.23	80.24	461.32	535.80	16.25	13.41	2.33	2.01			14.69	0.00
ICICI Bank Ltd	Banks & Financial services	8,889.02	1240	1616	30.35	BUY	80.66	95.68	489.29	564.59	15.37	12.96	2.53	2.20			16.41	17.21
India Shelter Finance	Banks & Financial services	82.17	755	971	28.56	BUY	61.93	79.61	348.60	426.65	12.20	9.49	2.17	1.77			19.05	20.11
Indusind Bank	Banks & Financial services	702.10	901	877	-2.68	HOLD	42.60	66.73	846.09	898.52	21.15	13.50	1.07	1.00			4.98	7.50
Mahindra & Mahindra Financial Servi	Banks & Financial services	410.18	295	350	18.60	BUY	27.34	29.24	153.61	175.29	10.79	10.09	1.92	1.68			15.95	16.60
Manappuram Finance	Banks & Financial services	296.88	316	353	11.69	BUY	20.52	28.09	185.42	207.58	15.40	11.25	1.70	1.52			6.97	11.69
Muthoot Finance Ltd	Banks & Financial services	1,303.33	3246	4060	25.06	BUY	302.53	344.86	1191.65	1510.52	10.73	9.41	2.72	2.15			28.38	25.53
Shriram Finance Ltd	Banks & Financial services	2,162.37	919	1196	30.13	BUY	52.14	62.79	465.41	523.33	17.63	14.64	1.97	1.76			13.45	11.91
Sundaram Finance Ltd	Banks & Financial services	468.06	4213	5086	20.73	BUY	186.67	213.99	1287.55	1492.10	22.57	19.69	3.27	2.82			15.12	14.95
BLS International	Business Services	107.83	262	255	-2.63	BUY	19.64	21.54	78.49	97.51	13.34	12.16	3.34	2.69	10.35	9.44	28.40	24.68
Ador Welding Ltd	Capital Goods	19.17	1101	1251	13.58	BUY	68.81	79.03	349.69	398.01	16.01	13.94	3.15	2.77	11.97	10.85	20.86	21.14
Cummins India Ltd	Capital Goods	1,574.63	5681	4401	-22.52	HOLD	104.20	123.65	382.85	462.50	54.52	45.94	14.84	12.28	51.40	43.34	29.63	29.25
Harsha Engineers International Ltd	Capital Goods	35.55	391	471	20.61	BUY	19.49	22.49	173.32	195.81	20.04	17.36	2.25	1.99	13.77	12.11	11.91	12.18
Kirloskar Oil Engines Ltd	Capital Goods	278.89	1919	1586	-17.33	BUY	48.62	57.39	286.78	337.23	39.46	33.43	6.69	5.69	18.85	16.78	18.29	18.39
Rolax Rings Ltd	Capital Goods	37.50	138	152	10.38	BUY	8.38	9.88	54.87	64.75	16.42	13.94	2.51	2.13	12.18	10.82	16.55	16.52
Voltamp Transformers Ltd	Capital Goods	92.74	9167	8266	-9.83	HOLD	353.22	377.77	2058.78	2332.41	25.95	24.27	4.45	3.93	23.02	21.32	18.28	17.21
Acutaas Chemicals Ltd	Capital Goods & Chemicals	247.16	3019	3001	-0.59	BUY	56.23	70.95	256.40	325.87	53.69	42.55	11.77	9.26	39.17	32.50	24.55	24.37
Clean Science And Technology Ltd	Capital Goods & Chemicals	83.70	788	857	8.81	HOLD	22.71	28.56	164.23	184.15	34.69	27.58	4.80	4.28	20.40	16.57	14.51	16.40
Navin Fluorine International Ltd	Capital Goods & Chemicals	358.92	6999	8265	18.10	BUY	167.53	201.19	929.81	1117.73	41.77	34.79	7.53	6.26	27.59	23.37	18.02	18.00
Neogen Chemicals Ltd	Capital Goods & Chemicals	49.55	1810	2001	10.57	BUY	18.57	57.61	323.19	378.80	97.45	31.41	5.60	4.78	30.21	17.33	5.90	16.41
SRF Ltd	Capital Goods & Chemicals	799.22	2696	3579	32.74	BUY	72.60	85.16	537.36	613.55	37.14	31.66	5.02	4.39	21.49	19.04	14.36	14.80

Valuation Summary (Contd.)

Companies	Sector	Mkt Cap (Rs bn)	CMP (Rs)	TP (Rs)	Upside (%)	Reco	EPS (Rs)		BVPS (Rs)		PER (x)		P/B (x)		EV/EBITDA (x)		RoE(%)	
							FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Birlasoft Limited	IT-Services	91.62	328	430	31.18	HOLD	22.51	25.04	162.65	177.47	14.56	13.09	2.02	1.85	8.09	7.38	13.84	14.11
Coforge Ltd	IT-Services	628.32	1461	1300	-11.03	BUY	52.50	64.39	292.81	334.54	27.83	22.69	4.99	4.37	16.61	14.27	17.93	19.24
Cyient Ltd	IT-Services	100.73	906	1015	11.98	HOLD	63.60	72.55	529.75	546.49	14.25	12.49	1.71	1.66	7.68	6.67	12.00	13.27
HCL Technologies	IT-Services	3,243.10	1195	1725	44.34	HOLD	79.85	86.83	288.70	304.53	14.97	13.76	4.14	3.92	9.44	8.67	27.66	28.51
Infosys Ltd	IT-Services	4,877.77	1203	1397	16.17	HOLD	76.95	82.21	242.09	259.30	15.63	14.63	4.97	4.64	10.16	9.46	31.78	31.70
L&T Technology Services Ltd.	IT-Services	359.10	3386	3978	17.50	HOLD	140.13	161.43	674.75	775.38	24.16	20.97	5.02	4.37	14.53	12.65	22.20	22.26
LTIMindtree Ltd	IT-Services	1,244.65	4196	5244	24.97	BUY	211.31	238.15	917.06	1046.41	19.86	17.62	4.58	4.01	12.93	11.62	23.04	22.76
Newgen Software Technologies Ltd	IT-Services	62.83	442	565	27.97	HOLD	25.71	31.02	143.26	167.30	17.17	14.23	3.08	2.64	12.02	10.36	17.95	18.54
Sonata Software Ltd	IT-Services	74.69	266	332	24.65	HOLD	18.86	23.98	79.41	95.19	14.12	11.11	3.35	2.80	9.94	8.57	25.47	27.47
Swiggy Ltd	IT-Services	689.39	250				-7.30	-1.21	46.60	45.40	-34.22	-206.55	5.36	5.50	-49.76	90.04	-14.52	-2.63
Tata Consultancy Services	IT-Services	8,312.19	2297	3137	36.55	BUY	168.17	184.52	339.42	393.94	13.66	12.45	6.77	5.83	9.50	8.83	49.55	46.84
Tech Mahindra	IT-Services	1,512.27	1543	1697	9.97	BUY	75.40	83.84	358.64	395.80	20.47	18.41	4.30	3.90	13.50	12.20	21.02	21.18
Wipro Ltd	IT-Services	2,167.77	206	221	7.07	HOLD	15.69	15.81	88.60	92.81	13.16	13.06	2.33	2.22	8.15	7.87	17.71	17.03
Zensar Technologies Limited	IT-Services	112.71	495	569	14.85	HOLD	35.18	38.43	230.96	257.86	14.08	12.89	2.15	1.92	8.94	8.12	15.23	14.91
PVR Inox Ltd	Media	96.40	982	1191	21.33	BUY	38.41	55.91	798.41	854.33	25.55	17.56	1.23	1.15	9.68	6.95	4.81	6.54
Jindal Steel Ltd	Metal and Mining	1,234.10	1210	1303	7.70	HOLD	65.83	90.53	564.07	652.59	18.38	13.36	2.14	1.85	10421.44	8125.08	11.67	13.87
JSW Steel Ltd	Metal and Mining	3,177.62	1299	1242	-4.42	HOLD	39.98	52.70	451.83	509.07	32.50	24.66	2.88	2.55	11478.70	9713.71	8.85	10.35
Steel Authority India Ltd	Metal and Mining	841.26	204	158	-22.43	SELL	14.91	14.07	153.45	165.18	13.66	14.47	1.33	1.23	7385.64	7648.92	9.72	8.52
Tata Steel Ltd	Metal and Mining	2,628.77	211	229	8.75	HOLD	13.25	14.94	91.08	102.02	15.89	14.09	2.31	2.06	7835.03	7319.80	14.55	14.65
Apeejay Surrendra Park Hotels Ltd	Midcap	24.40	114	154	34.66	BUY	5.42	6.71	67.80	72.68	21.11	17.05	1.69	1.57	10.18	8.55	8.29	9.55
APL Apollo Tubes	Midcap	496.54	1788	2270	26.94	BUY	53.70	63.05	236.03	289.08	33.30	28.36	7.58	6.19	22.56	19.46	22.75	21.81
Astral Ltd	Midcap	411.87	1533	1611	5.08	HOLD	23.76	29.29	166.14	188.23	64.51	52.34	9.23	8.14	34.78	29.22	15.02	16.44
Bata India Ltd	Midcap	85.37	664	973	46.48	HOLD	20.18	22.63	133.75	139.58	32.91	29.35	4.97	4.76	11.64	10.78	15.42	16.56
Castrol Limited	Midcap	181.97	184	204	10.89	HOLD	10.53	12.03	20.74	22.77	17.48	15.29	8.87	8.08	12.12	10.57	52.69	55.30
CCL Product (India) Ltd	Midcap	142.18	1065	1139	6.97	HOLD	36.41	45.57	204.24	240.06	29.25	23.37	5.21	4.44	18.19	15.88	19.17	18.98
Century Plyboards	Midcap	167.56	754	775	2.76	HOLD	19.01	24.17	134.19	155.88	39.68	31.20	5.62	4.84	22.25	18.86	15.10	15.51
Cera Sanitaryware Ltd	Midcap	71.99	5582	6673	19.54	BUY	190.11	222.42	1246.93	1378.12	29.36	25.10	4.48	4.05	20.56	17.76	15.92	16.95
Chalet hotels Ltd	Midcap	170.87	780	937	20.09	BUY	28.06	29.73	195.12	222.45	27.80	26.24	4.00	3.51	16.03	15.10	15.42	14.24
DDev Plastiks Ltd.	Midcap	25.53	247	370	49.94	BUY	25.19	30.86	123.23	151.69	9.80	8.00	2.00	1.63	6.79	5.52	22.58	22.45
Finolex Industries Ltd	Midcap	110.43	178	207	16.31	HOLD	8.30	9.96	103.60	106.36	21.43	17.86	1.72	1.67	15.52	13.04	8.52	9.84

Valuation Summary (Contd.)

Companies	Sector	Mkt Cap (Rs bn)	CMP (Rs)	TP (Rs)	Upside (%)	Reco	EPS (Rs)		BVPS (Rs)		PER (x)		P/B (x)		EV/EBITDA (x)		RoE(%)	
							FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Greenpanel Industries Ltd	Midcap	22.24	181	204	12.46	HOLD	5.95	10.20	115.96	125.21	30.46	17.78	1.56	1.45	11.51	8.95	5.26	8.46
Greenply Industries Ltd	Midcap	30.90	247	316	27.74	BUY	11.08	15.05	82.17	96.71	22.32	16.44	3.01	2.56	11.21	9.63	13.49	15.56
Indian Hotels Company	Midcap	920.60	647	869	34.36	BUY	17.78	20.42	104.40	118.34	36.38	31.67	6.19	5.47	24.28	21.43	18.11	18.34
JK Paper Ltd	Midcap	65.58	362	387	6.99	BUY	27.75	44.12	347.98	383.41	13.03	8.20	1.04	0.94	8.30	6.27	8.15	11.98
Kajaria Ceramics Ltd	Midcap	175.47	1102	1370	24.35	BUY	36.87	39.15	208.07	223.21	29.88	28.14	5.29	4.94	18.23	17.34	18.39	18.15
Lemon Tree Hotels Ltd	Midcap	88.85	112	165	47.12	BUY	3.94	4.96	20.76	25.71	28.47	22.63	5.40	4.36	13.84	12.33	20.12	20.63
Molt-Tek Packaging	Midcap	22.93	690	728	5.51	BUY	25.74	31.63	228.83	253.26	26.80	21.81	3.02	2.72	12.98	11.26	11.80	13.12
Nilkamal Ltd	Midcap	18.81	1260	1692	34.24	HOLD	126.85	162.54	1155.10	1281.64	9.94	7.75	1.09	0.98	5.08	4.28	12.07	13.89
Phillips Carbon Black Ltd	Midcap	112.71	286	279	-2.60	HOLD	8.48	13.94	104.79	113.23	33.77	20.55	2.73	2.53	13.64	10.81	8.09	12.31
Prince Pipes and Fittings Ltd	Midcap	28.48	258	312	21.14	BUY	12.63	17.33	160.17	176.30	20.39	14.87	1.61	1.46	8.83	7.10	8.18	10.30
Relaxo Footwears Ltd	Midcap	81.60	328	386	17.75	HOLD	7.87	9.65	58.16	62.41	41.68	33.96	5.64	5.25	19.67	16.98	8.69	10.22
Safari Industries	Midcap	78.73	1607	2000	24.46	BUY	41.09	50.00	264.04	309.03	39.11	32.14	6.09	5.20	24.07	20.05	15.56	16.18
Somany Ceramics Ltd	Midcap	21.57	526	520	-1.14	BUY	23.97	30.59	224.62	249.81	21.95	17.20	2.34	2.11	8.88	7.82	11.14	12.90
Supreme Industries	Midcap	447.22	3521	4253	20.80	BUY	79.22	98.45	517.87	569.52	44.44	35.76	6.80	6.18	24.69	20.32	17.34	19.51
Surya Roshni Ltd	Midcap	54.37	250	221	-11.54	HOLD	17.93	21.76	136.13	153.89	13.94	11.48	1.84	1.62	7.62	6.45	13.17	14.14
VIP Industries	Midcap	47.20	332	275	-17.24	SELL	3.57	9.16	23.95	33.11	92.97	36.28	13.87	10.03	23.60	17.39	14.92	27.66
Indian Railway Catering & Tourism Cc Transportation		410.08	513	610	19.00	BUY	19.98	22.72	65.43	79.15	25.66	22.56	7.83	6.48	19.54	16.98	30.53	28.70

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