

FIRST LIGHT

13 August 2025

RESEARCH

ALKEM LABS | TARGET: Rs 5,419 | +5% | HOLD

Earnings above expectations, valuations attractive

BOB ECONOMICS RESEARCH | CPI

Inflation is still in good books

BOB ECONOMICS RESEARCH | MONSOON UPDATE

Monsoon and Sowing progress

BOB ECONOMICS RESEARCH | OIL ECONOMICS

The oil economy for India

ABBOTT INDIA | TARGET: Rs 39,148 | +20% | BUY

Good traction in Wegovy sales

ASTRAL | TARGET: Rs 1,500 | +18% | BUY

Dismal quarter on all fronts; positive outlook

STAR CEMENT | TARGET: Rs 333 | +15% | BUY

On a firm growth path; maintain BUY

INSURANCE | Q1FY26 REVIEW

APE growth picks up, expansion in VNB margins

SUMMARY

ALKEM LABS

- Sales/EBITDA/PAT surpassed our estimates by 4%/27%/46%. This was due to lower other expenses & lower ETR
- Expect ALKEM to move past 19% EBITDA margin in FY26 on strong Q1 and sustained growth momentum across geographies
- Continue to ascribe 17x EV/EBITDA on June'27 roll forward to arrive at TP of 5,419. Upgrade to HOLD

[Click here](#) for the full report.

BOBCAPS Research
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INDIA ECONOMICS: CPI

CPI got the food driven sigh of relief in Jul'25 as well. The broad comfort came from vegetables, pulses and cereals. The sequential picture showed some reversal in trajectory of Tomato and Onion led by rain-related disruption. Our BoB ECI is running at -1.1% in Aug'25 compared to -3.1% in Jul'25. So, some loss of momentum in deflation is happening. The build-up in prices needs to be monitored carefully. For now, we do not see any immediate shock in CPI from elevated tariff rates as our study has shown that CPI basket is broadly cushioned from imported inflation. At the current juncture, the downside risks to inflation are expected to be more pronounced emanating from elevated risks to growth.

[Click here](#) for the full report.

INDIA ECONOMICS: MONSOON UPDATE

Kharif sowing has picked up pace supported by strong advancement of South West monsoon. Region-wise, a broad based deviation has been noted across all the regions. East and North eastern India reported deficient rainfall (-18%), followed by Southern Peninsula (0%) while central (3%) and North Western regions (17%) have reported normal rainfall. Out of 36, 32 sub-divisions (89% of the country) have received normal to excess rainfall during this period, while 4 states are in the deficient zone. In terms of progress, monsoon has been higher this year in Jun'25 (-10.7% versus 10.8%), lower in Jul'25 (10% versus 4.9%) and even in Aug'25 so far (26.4% versus -26.1%). In the coming week, IMD expects widespread rainfall in Northern peninsula and adjoining Central India. Moreover, below normal rainfall is expected in major parts of Western Himalaya.

[Click here](#) for the full report.

INDIA ECONOMICS: OIL ECONOMICS

The recent announcement by the USA to levy higher tariff on India for importing oil from Russia has raised economic concerns of the fallout. The present oil environment is quite benign with global prices prevailing at prices between \$ 65-70/bbl. If imported price does increase there will be implications for import bill, trade deficit, current account deficit, fiscal outlays, inflation and currency. It is against this background that the overall import dynamics of crude oil is presented for India.

[Click here](#) for the full report.

ABBOTT INDIA

- Sales in-line; EBITDA/PAT lower vs our estimates. EBITDA margin reported at 25.6%; core portfolio EBITDA margin was at 36.7%
- Wegovy sales under in-licensed Novo Nordisk portfolio reported at Rs 72 mn in July'25 vs Rs 25 mn in June'25
- We ascribe a PE of 45x (earlier 43x) on a higher traction in Wegovy sales on June'27 roll forward and maintain BUY

[Click here](#) for the full report.

ASTRAL

- Reported weak performance for its core pipe business as well as the non-pipe segments in Q1
- Maintain the guidance of growing pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26
- Maintain BUY on healthy earnings growth prospects; TP cut by 12% to Rs 1,500 per share

[Click here](#) for the full report.

STAR CEMENT

- Revenues rose ~21% YoY in Q1FY26 on ~12% volume gains, including clinker sales, though realisations stayed flat (+1% YoY)
- EBITDA margin jumped to 25% YoY as cost well controlled, despite flat realisations, EBITDA/tn stays healthy at Rs1,144/tn
- Revise FY26e/FY27e EBITDA upwards; introduce FY28e earnings, value STRCEM at 11x vs 10x 1YF EV/EBITDA with TP of Rs333 (Rs260)

[Click here](#) for the full report.

INSURANCE: Q1FY26 REVIEW

- APE growth for listed players witnessed healthy growth of 8.8% YoY, on a higher base
- Margins expanded for the entire life insurance players, aided by favourable product mix changes
- Going forward, we remain positive on HDFC Life and LIC

[Click here](#) for the full report.

HOLD

TP: Rs 5,419 | ▲ 5%

ALKEM LABS

| Pharmaceuticals

| 13 August 2025

Earnings above expectations, valuations attractive

- Sales/EBITDA/PAT surpassed our estimates by 4%/27%/46%. This was due to lower other expenses & lower ETR
- Expect ALKEM to move past 19% EBITDA margin in FY26 on strong Q1 and sustained growth momentum across geographies
- Continue to ascribe 17x EV/EBITDA on June'27 roll forward to arrive at TP of 5,419. Upgrade to HOLD

Foram Parekh

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Earnings above estimates on all fronts: ALKEM reported healthy earnings with sales/EBITDA/PAT reported at 11%/21%/22% respectively. Sales was higher due to a 12% growth in the domestic region, 9% growth in the US and ROW regions each. Healthy product mix and softening of API prices led to a 75 bps increase in the gross margin. During the quarter, employee cost rose by 15% due to annual increment, but was offset by a 6% decline in the R&D (completion of Denosumab clinical trial saved Rs 300-400 mn), resulting in an 185 bps increase in EBITDA margin at 21.9%. Subsequently, PAT grew by 22% YoY.

Domestic sales to outperform IPM by 100-150 bps: During the quarter, domestic sales grew by 12%, driven by outperformance in 7 therapies like Gastro by 1.6x, Vitamins by 2.3x, Pain & Anti Diabetic by 1.4x / CNS by 1.2x and Respiratory by 1.4x. Volume growth was 2.9% vs IPM of 1.5%. Med tech segment, too, contributed with Rs 25mn sales, which is expected to scale up to Rs 200mn by FY26. Due to seasonality, volume growth and price growth, we expect this segment to grow at 9% CAGR from FY25-28E.

US growth momentum to sustain: During the quarter, US grew by 9%, largely driven by a healthy base business amidst 3-4% price erosion in the base products and new launches. The launch momentum would likely continue with the launch of Sacubitril Valsartan in July'25. The Company is diversifying from generics to complex products like CDMO/Biosimilars. CDMO sales is expected to pick up in H2FY26 post the commercialization of CDMO plant in H2FY26. The company has also filed Bevacizumab with the USFDA that will probably get approval by mid FY27; the launch thereafter, depending on the settlement with the innovator. Hence, we expect sales to grow by 7% CAGR from FY25-28E.

Outlook: We have retained our FY26 & FY27 estimates, have introduced FY28 estimates and arrive at a sales/EBITDA/PAT CAGR of 9%/13%/2% (due to 35% ETR from FY27). We continue to value the stock on ascribed 17x EV/EBITDA on June'27 roll forward basis to arrive at TP of Rs 5,419, implying 5% upside from CMP, thus upgrading our stock to HOLD.

Key changes

Target	Rating
▲	▲

Ticker/Price	ALKEM IN/Rs 5,149
Market cap	US\$ 7.0bn
Free float	41%
3M ADV	US\$ 10.0mn
52wk high/low	Rs 6,440/Rs 4,492
Promoter/FPI/DII	57%/6%/16%

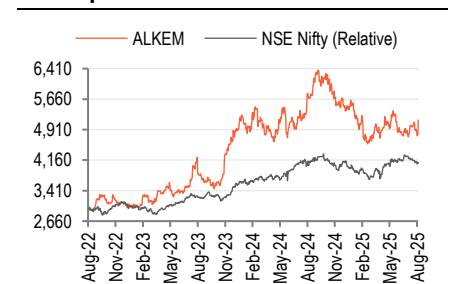
Source: NSE | Price as of 12 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	132,015	140,451	154,407
EBITDA (Rs mn)	25,122	27,848	31,339
Adj. net profit (Rs mn)	21,972	23,676	20,175
Adj. EPS (Rs)	183.8	198.0	168.8
Consensus EPS (Rs)	181.0	195.0	190.0
Adj. ROAE (%)	23.1	21.4	16.0
Adj. P/E (x)	28.0	26.0	30.5
EV/EBITDA (x)	24.1	21.8	19.2
Adj. EPS growth (%)	14.6	7.8	(14.8)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



CPI

12 August 2025

Inflation is still in good books
Dipanwita Mazumdar
 Economist

CPI got the food driven sigh of relief in Jul'25 as well. The broad comfort came from vegetables, pulses and cereals. The sequential picture showed some reversal in trajectory of Tomato and Onion led by rain-related disruption. Our BoB ECI is running at -1.1% in Aug'25 compared to -3.1% in Jul'25. So, some loss of momentum in deflation is happening. The build-up in prices needs to be monitored carefully. For now, we do not see any immediate shock in CPI from elevated tariff rates as our study has shown that CPI basket is broadly cushioned from imported inflation. At the current juncture, the downside risks to inflation are expected to be more pronounced emanating from elevated risks to growth.

Food continued to pull down headline

CPI reached its lowest since Jun'17: CPI inflation softened significantly to 1.55% in Jul'25 (in line with BoB forecast of 1.5%), on YoY basis compared to 3.6% inflation seen in Jul'24. The fine prints show that food index remained in deflation territory for 2 consecutive months in a row, falling by -1.8% in Jul'25 compared to 5.4% in Jul'24. The underlying components of food inflation showed that 5 out of 10 broad categories remained in deflation and the pace was sharper compared to last month. The significant loss of momentum was noticed in case of vegetables (-20.7% in Jul'25 compared to 6.8% in May'24), pulses and products (-13.8% compared to 14.8%, during the same reference period), cereals and product (3% compared to 8.1%) and eggs (2.3% compared to 6.8%). The outlook for food inflation seems favourable at the current juncture with supply data remaining in favour. Cereals, especially rice, is supported by better production data. Some stickiness is visible in case of international price of oilseeds led by robust global import demand. Even the sowing pattern of oilseeds on domestic front has been weaker.

The sequential picture of food inflation shows some buildup especially for vegetables. A stickier tomato price trajectory coupled with some firmness in onion prices might have attributed towards the same. This was also on account of rain related disruptions. Other than this, sequential increase was seen in fruits and oils and fats.

Core CPI (excl. food and fuel) also softened to 4.1%, on YoY basis. Among major sub-components, transport and communication (led by favourable base) and education have been the major drag down. However, some consumer-oriented services such as household goods and services maintained momentum. Core excl. Transport and Communication have remained sticky at 4.5%.



MONSOON UPDATE

12 August 2025

Monsoon and Sowing progress

Kharif sowing has picked up pace supported by strong advancement of South West monsoon. Region-wise, a broad based deviation has been noted across all the regions. East and North eastern India reported deficient rainfall (-18%), followed by Southern Peninsula (0%) while central (3%) and North Western regions (17%) have reported normal rainfall. Out of 36, 32 sub-divisions (89% of the country) have received normal to excess rainfall during this period, while 4 states are in the deficient zone. In terms of progress, monsoon has been higher this year in Jun'25 (-10.7% versus 10.8%), lower in Jul'25 (10% versus 4.9%) and even in Aug'25 so far (26.4% versus -26.1%). In the coming week, IMD expects widespread rainfall in Norther peninsula and adjoining Central India. Moreover, below normal rainfall is expected in major parts of Western Himalaya.

Jahnvi Prabhakar
Economist

Where does Kharif sowing stand?

As of 8th Aug 2025, overall sown area has improved by 4% compared with last year. Total sown area of coarse cereals and rice have registered a robust growth of 4.5% and 12.1% respectively. Marginally higher acreage has also been noted for pulses, with steady growth noted in moong and urad. In contrast, lower sown area has been noted for oilseeds on the back of much lower sowing noted in soybean and groundnut. Additionally, lower acreage has also been noted for both cotton and jute and mesta which has declined by (-) 3.2% and (-) 3.0% respectively for the same period. Sugarcane sowing has registered an improvement during this period.

Table 1: Kharif Sowing

	Area sown in 2024-25 (lakh ha)	Area sown in 2025- 26 (Lakh ha)	Growth (YoY %)
Coarse Cereals	170.96	178.73	4.5
Rice	325.36	364.8	12.1
Pulses	106.52	106.68	0.2
Oilseeds	182.43	175.61	(3.7)
Cotton	110.49	106.96	(3.2)
Sugarcane	55.68	57.31	2.9
Jute and Mesta	5.71	5.54	(3.0)
All Crops	957.15	995.63	4.0

Source: CEIC, Bank of Baroda | Data as of 8 Aug 2025



OIL ECONOMICS

12 August 2025

The oil economy for India

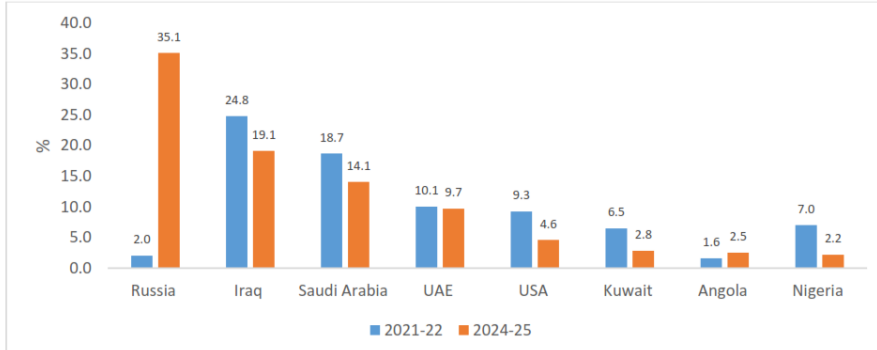
The recent announcement by the USA to levy higher tariff on India for importing oil from Russia has raised economic concerns of the fallout. The present oil environment is quite benign with global prices prevailing at prices between \$ 65-70/bbl. If imported price does increase there will be implications for import bill, trade deficit, current account deficit, fiscal outlays, inflation and currency. It is against this background that the overall import dynamics of crude oil is presented for India.

Economics Research Department
Economist

Sourcing of crude oil imports

The chart below gives the shares of various countries in our crude oil imports for two points of time. The first is 2021-22 which is before the Ukraine war began while 2024-25 is the last fiscal. As can be seen there has been a distinct shift in terms of sourcing of crude oil with Russia now becoming the major supplier.

Chart 1: Shares of countries in India's crude oil imports (%)



Source: CMIE

While Russia is the major source, it is interesting to note that Iraq is the second important source with share of 19% followed by Saudi Arabia with 14% and UAE with almost 10%. These four nations account for almost 80% of our imports in 2024-25. Interestingly, the share of USA was significant and peaked in 2021-22 even though it has been erratic in the last 10 years or so. It fell to 3.6% in 2023-24 before rising again in 2024-25.

The table below presents data on the average price of crude oil that was imported from the major suppliers over the last 6 years. It starts with pre-covid period and moves to 2024-25. The prices have been converted from \$/tonne to \$/barrel based on the conversion factor of 7.33. The idea is to capture what was the price that India paid for crude oil over the years and the variations in prices across suppliers.



BUY

TP: Rs 39,148 | ▲ 20%

ABBOTT INDIA

| Pharmaceuticals

| 12 August 2025

Good traction in Wegovy sales

- Sales in-line; EBITDA/PAT lower vs our estimates. EBITDA margin reported at 25.6%; core portfolio EBITDA margin was at 36.7%
- Wegovy sales under in-licensed Novo Nordisk portfolio reported at Rs 72 mn in July'25 vs Rs 25 mn in June'25
- We ascribe a PE of 45x (earlier 43x) on a higher traction in Wegovy sales on June'27 roll forward and maintain BUY

Foram Parekh

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Mix Q1: Abbott reported a mixed set of numbers where sales grew 11.6% (0.5% below estimates). Gross profit grew by 11.9% to Rs 7.9 bn (-1.4% below our estimates) due to higher purchases, primarily due to INR depreciation as most of the RM is imported from subsidiaries. Gross margin reported flat YoY at 45.8% (97 bps below our estimates). EBITDA reported 14% YoY growth (5.2% below our estimates), primarily due to employee cost reported 8% higher vs our estimates. Thus, EBITDA margin reported 156 bps below our estimates at 25.6%, 50 bps increase YoY. PAT grew by 11.5% YoY.

Core products performance continues to perform better vs company level:

Core portfolio sales (65% of the total sales) grew by 11.6% YoY to Rs 11.2bn, gross profit grew by 12% to Rs 7.3bn and EBITDA grew by 14% to Rs 4.1bn; thereby reporting gross margin of 22 bps to 65.1% and EBITDA margin of 36.7% — increase of 22bps and 81 bps respectively. Core sales is driven from brands like Duphaston, Thyronorm, Udiliv, Cremaffin, Duphalac, Digene, Vertin, Creon, etc., where BOOT is sustaining its No.1 or 2 spot in their respective therapies.

Increase in Wegovy sales traction to uplift BOOT's performance: Wegovy sales launched in June'25 grew by 183% MoM to Rs 72 mn in July'25. We expect the robust demand to sustain due to its dual indication of Anti Diabetic and Obesity drugs, thus targeting wider audience. We also believe GLP-1 can be the first line of treatment in treating Diabetes post Semaglutide turning generic in Mar'26.

Valuation: We have maintained our FY26 and FY27 estimates and introduced FY28 estimates, which drives our sales/EBITDA/PAT CAGR at 9%/6%/2% from FY25-28E, hence maintaining BUY. Due to benefits of higher traction in Wegovy sales to BOOT, we ascribe a PE of 45x (earlier 43x) on June'27 roll forward basis to arrive at TP of Rs 39,148 per share.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	BOOT IN/Rs 32,560
Market cap	US\$ 8.6bn
Free float	50%
3M ADV	US\$ 3.6mn
52wk high/low	Rs 37,000/Rs 25,325
Promoter/FPI/DII	0%/0%/0%

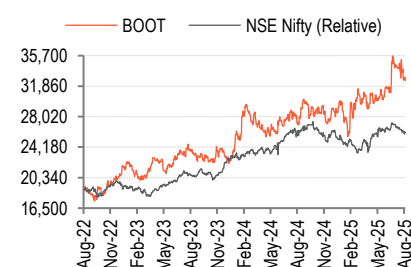
Source: NSE | Price as of 12 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	63,211	69,717	75,373
EBITDA (Rs mn)	16,946	19,626	23,123
Adj. net profit (Rs mn)	14,144	15,337	17,759
Adj. EPS (Rs)	665.6	721.7	835.7
Consensus EPS (Rs)	665.6	744.2	841.0
Adj. ROAE (%)	35.7	34.1	35.0
Adj. P/E (x)	48.9	45.1	39.0
EV/EBITDA (x)	44.4	38.3	32.5
Adj. EPS growth (%)	17.8	8.4	15.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY

TP: Rs 1,500 | ▲ 18%

ASTRAL

| Building Materials

| 12 August 2025

Dismal quarter on all fronts; positive outlook

- Reported weak performance for its core pipe business as well as the non-pipe segments in Q1
- Maintain the guidance of growing pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26
- Maintain BUY on healthy earnings growth prospects; TP cut by 12% to Rs 1,500 per share

Utkarsh Nopany

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Dismal Q1: ASTRA Q1FY26 result came well below our estimates (Revenue: -7%; EBITDA: -17%; APAT: -31%) due to lower-than-expected pipe sales volume (0.5% YoY vs +5.0% estimated) as well as the weak performance of non-pipe segments (Resinova/SEAL IT/Paints). Overall, ASTRA consolidated revenue/EBITDA/APAT de-grew by 1.6%/13.8%/31.5% YoY in Q1FY26.

Highlights: ASTRA reported relatively flat volume (+0.5% YoY), due to tepid demand conditions. Pipe EBITDA margin was down 187bps YoY to 15.3% in Q1FY26 due to the impact of MTM inventory loss (Rs 250mn). Resinova EBITDA was down 3.7% YoY in Q1 as the impact of higher revenue (+9.2%) was more than offset by margin contraction (-188bps YoY to 14.0%). The company has posted weak performance for its overseas adhesives and paints business for the past 10 consecutive quarters.

Outlook: ASTRA has delivered a strong pipe volume growth of 30% YoY and domestic adhesive revenue growth of 30% YoY in Jul'25. Management expects demand conditions to improve from Sep'25 onwards in anticipation of pick-up in construction activity post the festive period. ASTRA has maintained its guidance of growing the pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26. Resinova revenue is targeted to grow at 15-16% rate with EBITDA margin of 14-16% in FY26. Management expects the performance of SEAL IT and paints business to turnaround in the coming quarters. Capex guidance has been revised up to Rs 3.0-3.5bn (vs Rs 2.5-3.0bn earlier) for FY26. The proposed CPVC resin facility is expected to become operational by Q2FY27 onwards.

Maintain BUY; TP cut by 12% to Rs 1,500: We maintain our BUY rating on the stock due to healthy earnings growth prospects (EPS to grow at 17.6% CAGR over FY25-FY28E). We have cut our TP to Rs 1,500 per share (Rs 1,700 earlier) due to downward revision of our EPS estimates (-18.7%/-14.9% for FY26E/FY27E) based on weak Q1 result. At CMP, the stock trades at 1Y forward P/E of 55.1x vs 5Y average of 82.0x. Our target P/E multiple remains unchanged at 55x on Jun'27 estimate (Mar'27 earlier).

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ASTRA IN/Rs 1,269
Market cap	US\$ 3.9bn
Free float	46%
3M ADV	US\$ 15.1mn
52wk high/low	Rs 2,038/Rs 1,232
Promoter/FPI/DII	54%/20%/15%

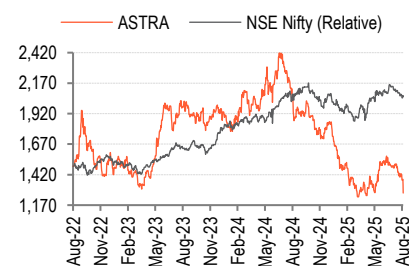
Source: NSE | Price as of 12 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	58,324	63,276	75,198
EBITDA (Rs mn)	9,459	10,274	12,517
Adj. net profit (Rs mn)	5,238	5,532	7,075
Adj. EPS (Rs)	19.5	20.6	26.3
Consensus EPS (Rs)	19.5	25.4	31.4
Adj. ROAE (%)	15.0	14.2	16.0
Adj. P/E (x)	65.2	61.7	48.3
EV/EBITDA (x)	36.7	33.7	27.7
Adj. EPS growth (%)	(4.9)	5.6	27.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY

TP: Rs 333 | ▲ 15%

STAR CEMENT

Cement

12 August 2025

On a firm growth path; maintain BUY

- Revenues rose ~21% YoY in Q1FY26 on ~12% volume gains, including clinker sales, though realisations stayed flat (+1% YoY)
- EBITDA margin jumped to 25% YoY as cost well controlled, despite flat realisations, EBITDA/tn stays healthy at Rs1,144/tn
- Revise FY26e/FY27e EBITDA upwards; introduce FY28e earnings, value STRCEM at 11x vs 10x 1YF EV/EBITDA with TP of Rs333 (Rs260)

Milind Raginwar

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Revenue jump on volume gains: STRCEM's revenue jumped by ~21% YoY (fell 13% QoQ) to Rs 9.1bn as cement volumes, including clinker sales, were higher 12.1% YoY (-15.5% QoQ) at 1.29mnt. Net realisations (ex-incentives of Rs620mn) stayed flat up by ~1% YoY/QoQ at Rs6,428/t. Ex-clinker sales, cement volumes were up ~6% YoY (down ~17% QoQ). Premium segment volumes rose to ~12% (6% YoY) while Northeast India volume was down to ~73% (74% in Q4FY25); eastern region volume was ~27% vs 25%.

Healthy EBITDA gains: Total cost fell by ~4% YoY (+3% QoQ) to Rs 5,284/t as raw material (RM) cost softened, following no clinker purchases. Energy cost (adjusted for RM) was down sharply by ~33%/42% YoY/QoQ, as fuel cost came down to Rs1.35/k cal vs Rs1.5 k/cal YoY. Logistics costs rose steeply to Rs 1,930/t vs Rs 1,129/t in Q1FY25 (down 3.7% QoQ), following higher lead distance (clinker movement) offsetting the RM cost decline. Effectively, EBITDA jumped by ~97% YoY to ~Rs 2.28bn and EBITDA margin spiked to 25% from 15.5% YoY (flat QoQ).

Capex guidance maintained: Management reiterated capex guidance of Rs8.2bn for FY26 and Rs6bn for FY27. STRCEM plans to commission a 2mnt grinding unit in Silchar (Assam) by Q4FY26, with Rs1.05bn spent to date, and a 2mnt unit in Jorhat by Q4FY27. No near-term clinker expansion planned, but mines secured in Nimbol, Rajasthan with ongoing auctions in Jaisalmer, support a planned 3mnt clinker and 4mnt grinding unit (Rs24bn budget) within 3 years.

Growth prospects intact; value at 11x; maintain BUY: We revise upwards our FY26e/FY27e EBITDA estimates by 7%/5% to factor in healthy growth, given the timely capacity addition, market leadership and strong regional presence. We introduce FY28 earnings with our Revenue/EBITDA/PAT 3Y CAGR at 19%/46%/32%, given healthy topline growth and cost-saving initiative. We now assign an 11x (vs 10x) 1Y EV/EBITDA to STRCEM, and revise TP to Rs 333 (Rs 260 earlier) to factor in healthy growth visibility, number 1 position and regional diversification. Our TP implies replacement cost valuation is in line with the industry average of Rs 7.5bn/mnt. Maintain BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	STRCEM IN/Rs 291
Market cap	US\$ 1.4bn
Free float	33%
3M ADV	US\$ 2.0mn
52wk high/low	Rs 295/Rs 172
Promoter/FPI/DII	67%/1%/6%

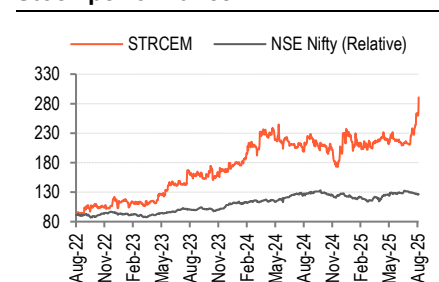
Source: NSE | Price as of 12 Aug 2025

Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	31,634	38,019	45,729
EBITDA (Rs mn)	5,786	8,383	11,240
Adj. net profit (Rs mn)	1,688	3,192	4,600
Adj. EPS (Rs)	4.0	7.6	11.0
Consensus EPS (Rs)	4.0	7.3	9.8
Adj. ROAE (%)	6.0	10.4	13.3
Adj. P/E (x)	72.2	38.2	26.5
EV/EBITDA (x)	21.6	14.3	10.6
Adj. EPS growth (%)	(42.6)	89.1	44.1

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



INSURANCE

Q1FY26 Review

12 August 2025

APE growth picks up, expansion in VNB margins

- **APE growth for listed players witnessed healthy growth of 8.8% YoY, on a higher base**
- **Margins expanded for the entire life insurance players, aided by favourable product mix changes**
- **Going forward, we remain positive on HDFC Life and LIC**

Vijiya Rao | Niraj Jalan
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APE growth gathers pace: APE growth for all listed players witnessed a healthy growth of 8.8% YoY, on a higher base of Q1FY25 (APE was up 23% YoY in Q1FY25 and 21% YoY in Q2FY25). For private players, APE grew 8.1% YoY while for LIC, APE growth came in at 9.4% YoY in Q1FY26. This was largely on account of robust growth in the group business for companies. Group business grew at 23.9% YoY for listed private players, while LIC group business increased 16.2% YoY. SBI Life saw the strongest growth of 42.4% YoY in group APE, among the listed players in Q1FY26.

VNB margins expanded: In Q1FY26, margins expanded for the entire industry, aided by favourable product mix changes - shift towards traditional products from ULIPs. VNB margin expanded by 9bps, 52bps, 60bps, 260bps and 144bps for HDFC Life, ICICI Pru Life, SBI Life, Axis Max Life and LIC, respectively. Absolute VNB saw 11.5% YoY growth for private life insurers. LIC saw VNB growth of 20.7% YoY. For HDFC Life, VNB margin was at 25.09% vs. 25% in Q1FY25, owing to improvement in the product level margins. VNB margin of ICICI Pru Life expanded to 24.52% in Q1FY26, owing to shift in the product mix towards non-linked, coupled with higher mix of protection. For SBI Life, VNB margins were at 27.4%, on account of change in the product mix in favour of non-par and protection products. VNB margin for LIC expanded to 15.37%, aided by favourable product mix and lower expense ratio.

Going forward: With structural growth drivers in place, coupled with tailwinds in protection, annuities, and long-term savings, we anticipate private players to deliver a mid-teen CAGR in APE over FY25–FY28E. Risk-reward appears favourable, with regulatory risks largely factored in and valuations remaining attractive. Private life insurers are currently trading at FY27E P/EV multiples of 1.4x–2.2x, which we view as reasonable given our forecast of a low to mid-teens CAGR in VNB over the medium term. Looking ahead, the industry will likely witness subdued growth in 1HFY26, due to a high base in 1HFY25. However, as 2HFY25 was relatively weak, growth is likely to pick up in 2HFY26 compared to the first half.



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