

RESEARCH**BANDHAN BANK | TARGET: Rs 186 | +9% | HOLD**

Earnings dent on NIMs pressure and muted loan growth

BOB ECONOMICS RESEARCH | CONSUMPTION PICTURE-OCT25

Consumption through lens of spending

BOB ECONOMICS RESEARCH | THE CAPACITY-INVESTMENT LINK

Is there a link between capacity utilization and investment?

CIPLA | TARGET: Rs 1,777 | +15% | BUY

On track to achieve USD1bn sales in North America

CANARA BANK | TARGET: Rs 159 | +20% | BUY

Return ratios remain healthy; asset quality improving

NIPPON LIFE INDIA AMC | TARGET: Rs 1,061 | +22% | BUY

Strong quarter, continued market share gains

V-GUARD INDUSTRIES | TARGET: Rs 400 | +8% | HOLD

Weakness persists; margin recovery expected ahead

MAHANAGAR GAS | TARGET: Rs 1,402 | +10% | HOLD

Below expectation operational performance on higher gas cost

APOLLO PIPES | TARGET: Rs 335 | +12% | HOLD

Another weak quarter; maintain HOLD on weak ROE profile

SAIL | TARGET: Rs 121 | -14% | SELL

Operational performance impacted by weak realisation



SUMMARY

BANDHAN BANK

- Significant decline in PAT due to NIMs pressure and higher provisions; credit growth remains moderate
- Weak AQ with elevated slippages; RoA to gradually improve to 1.4% by FY28E
- Downgrade to HOLD from BUY with revised TP of Rs 186 (from Rs 224) and roll over valuation to 1.1x Sep'27E ABV

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

INDIA ECONOMICS: CONSUMPTION PICTURE-OCT25

The Indian economy recently got a big structural booster dose through GST 2.0. This is likely to be a major support towards stimulating private consumption demand. Government in their recent press release has estimated a Rs 20 lakh crore boost in consumer spending due to the GST benefit. Since the timing of GST is finely aligned with festival period and supportive macro fundamentals in terms of a benign headline inflation, better sowing and a supportive monsoon, we expect household spending to get a major push.

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

INDIA ECONOMICS: THE CAPACITY-INVESTMENT LINK

Capacity utilization rates are a useful indicator of potential investment in the economy as higher utilization rates are a precursor for enhanced investment. Investment in the country is denoted by the gross fixed capital formation rate. Is there a link between the two variables? As a corollary, can a call be taken on investment in the economy based on the capacity utilization rate?.

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

CIPLA

- North America sales were higher at USD 233 mn, driven by 22% market share in gAlbuterol and 22% in gLanreotide (can scale to 30%)
- End of an era of Mr. Umang Vohra from 31st Mar'25. Mr. Achin Gupta to be elevated to CMD from being the global COO at Cipla
- North America complex generics products gaining market share. Maintain BUY, ascribe similar 27x PE on Sep'27 roll forward

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

CANARA BANK

- PAT largely supported by other income; advances growth largely led by retail credit and was higher vs system levels
- Asset quality improved, largely aided by lower slippages; targets GNPA of 2.5% in FY26E
- Maintain BUY with revised TP of Rs 159 (Rs 131 earlier), set at 1.0x Sep'27E ABV

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

NIPPON LIFE INDIA AMC

- The company reported strong core performance growth with core PAT growth of 17% YoY and core revenue growth of 15% YoY
- Continued market share gains with overall, equity, and ETF share showing expansion. B-30 MAAUM market share remained stable
- We maintain BUY with TP of Rs 1,061, valuing the stock at 34x Sept'27E EPS, and reaffirm NAM as our top pick in the sector

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

V-GUARD INDUSTRIES

- Revenue/EBITDA was 2%/6% below estimates. Q2 revenue grew 4% YoY while EBITDA declined 1% YoY
- Electricals and Electronics segments grew 5% YoY respectively, while CD grew 1% YoY amid demand weakness
- Cut estimates 2% in FY27-28E, roll forward to Sept'27 EPS and ascribe 40x to arrive at TP of Rs 400; maintain HOLD

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

MAHANAGAR GAS

- Lower APM gas allocation led to weak operational performance; EBITDA decreased by 18%YoY
- Positive on demand environment, expect volume growth to sustain in FY26E
- Assuming coverage with HOLD and TP of Rs1,402, based on 12.5x P/E on Sept'27 EPS

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

APOLLO PIPES

- Weak performance for the 8th consecutive quarter on intense competition in a tepid demand environment
- Demand conditions remained weak in Oct'25, but are likely to improve from Nov'25 onwards
- Maintain HOLD on weak ROE profile and expensive valuations; TP cut by 20% to Rs 335 per share

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

SAIL

- Q2 results were better than expectations, primarily due to a strong volume growth of 19.8%YoY
- Pricing outlook is positive in H2FY26 with a likely pickup in demand from a higher level of construction activity in H2FY26
- Maintain SELL with TP of Rs121, based on 5.5x Sept'27 EBITDA. due to limited growth drivers in near term

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

HOLD

TP: Rs 186 | ▲ 9%

BANDHAN BANK

| Banking

| 31 October 2025

Earnings dent on NIMs pressure and muted loan growth

- Significant decline in PAT due to NIMs pressure and higher provisions; credit growth remains moderate
- Weak AQ with elevated slippages; RoA to gradually improve to 1.4% by FY28E
- Downgrade to HOLD from BUY with revised TP of Rs 186 (from Rs 224) and roll over valuation to 1.1x Sep'27E ABV

Niraj Jalan
Research Analyst
Vijiya Rao
Research Analyst
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Significant decline in PAT due to NIMs pressure and higher provisions:

BANDHAN's PPOP at Rs 13.1bn (-29% YoY) was 10% below our estimates. This was largely due to the fall in NII (-12% YoY) and rise in opex (+8% YoY). NII declined due to muted advances (+6.8% YoY) and drop in NIMs to 5.8% (-152bps YoY) in Q2FY26. NIMs declined due to rising share of secured book (lower yielding) at 54.9% of total loans, interest reversals due to elevated slippages and repo rate cuts impacting yield on advances to 12.1% (-160bps YoY; -60bps QoQ), partially offset by ~10bps YoY/QoQ decline in the cost of funds (CoF). Management expects NIMs to further moderate by 10bps to ~6% (6.1% in H1FY26) by FY26 as the benefit of lower term deposit repricing expected from Q4FY26. Further, net profit declined significantly to Rs 1.1bn (-88% YoY) due to rise in provisions to Rs 11.5bn (+90% YoY) on the back of elevated slippages. We expect the return profile to weaken in FY26 with RoA / RoE of ~0.75% / 6.1% and gradually recover to 1.3-1.4% / 10.7-12.5% in FY27/28E.

Weak AQ with elevated slippages: Asset Quality (AQ) remains weak with increase in GNPA ratio to 5.02% (+6bps QoQ), as of Sep'25. This was mainly due to elevated gross slippages at Rs 15.9bn (Rs 11.2bn from EEB) or slippage ratio of 4.9% in Q2FY26 vs Rs 15.5bn (Rs 10.9bn from EEB) or 4.7% in Q1FY26. Further, loan write-offs were Rs 8.7bn, of which Rs 8bn was from EEB segment, reflecting ongoing stress in the segment. As a result, EEB stress pool (NPA+ SMA1+ SMA2) increased to Rs 58.6bn (+1.6% QoQ), as of Q2FY26.

Moderate credit growth: BANDHAN posted moderate net advance growth of below 7% YoY in the last two quarters. BANDHAN's portfolio strategy is to increase the share of secured book that grew to 54.9% (+7.9% YoY; +2.8% QoQ) of the total advances (excluding IBPC) as of Sep'25.

Downgrade to HOLD: Considering weak credit growth and the ongoing stress in the EEB portfolio impacting profitability, we have cut our earnings estimate (-52%/-27%/-22% for FY26E/ FY27E/FY28E). However, the bank is expected to report RoA/RoE 1.4/12.5% by FY28E as the MFI stress recedes. Hence, we downgrade to HOLD from BUY with revised TP of Rs 186 (from Rs 224), set at 1.1x Sep'27E ABV.

Key changes

Target	Rating
▼	▼

Ticker/Price	BANDHAN IN/Rs 171
Market cap	US\$ 3.1bn
Free float	59%
3M ADV	US\$ 10.7mn
52wk high/low	Rs 192/Rs 128
Promoter/FPI/DII	41%/23%/18%

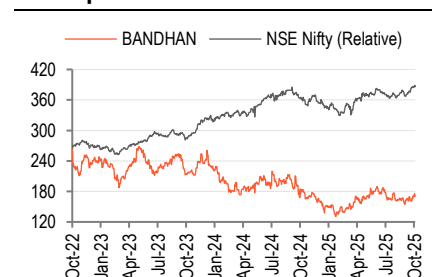
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	1,14,906	1,06,630	1,30,690
NII growth (%)	11.4	(7.2)	22.6
Adj. net profit (Rs mn)	27,453	15,221	29,132
EPS (Rs)	17.0	9.4	18.1
Consensus EPS (Rs)	17.0	16.7	22.0
P/E (x)	10.0	18.1	9.4
P/BV (x)	1.1	1.1	1.0
ROA (%)	1.5	0.8	1.3
ROE (%)	12.0	6.1	10.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



CONSUMPTION PICTURE- OCT25

30 October 2025

Consumption through lens of spending

The Indian economy recently got a big structural booster dose through GST 2.0. This is likely to be a major support towards stimulating private consumption demand. Government in their recent press release has estimated a Rs 20 lakh crore boost in consumer spending due to the GST benefit. Since the timing of GST is finely aligned with festival period and supportive macro fundamentals in terms of a benign headline inflation, better sowing and a supportive monsoon, we expect household spending to get a major push.

Dipanwita Mazumdar
Economist

In this note, we look at the digital payment statistics especially those media catering to retail payments such as UPI, debit and credit cards. The festival days from Dussehra to Diwali have been earmarked every year and adjusted to calendar days for maintaining similar base. Some key findings are:

1. UPI has emerged as the most popular choice of payment instrument.
2. There has been considerable improvement in payment statistics, especially UPI in the current festival period speaking of frontloading of spending.
3. The merchant category wise UPI data of Sep'25 also shows pick up in payments value of major consumer goods categories such as men's and women's clothing outlets, online marketplaces, electronics and beauty and barber establishments and liquor shops. Similar trend is also visible when we look at the average spending per transaction.

Oct'25 data is expected to provide more clarity as the significant impact of GST rate cut benefit will be visible.

What payments data convey?

RBI's daily payment statistics gives an interesting perspective of consumption from the point of view of spending. Ceteris paribus, it is not a holistic approach as there may be small to mid-value repeated transactions. However, the volume of transactions, especially during festival months, reflects some momentum in consumption demand. For this exercise, we have taken the recent festivals from Dussehra to Diwali period. The period has been adjusted to discount for any loss of days. Each calendar year, the corresponding period is mapped and accordingly the payments daily data have been cumulatively considered. Fig 1. shows the growing popularity of UPI as a mode of payment. Through this mode, the pickup has been significant. It went up to Rs 17.8 lakh crore compared to Rs 15.1 lakh crore in the same period of previous year.



THE CAPACITY-INVESTMENT LINK

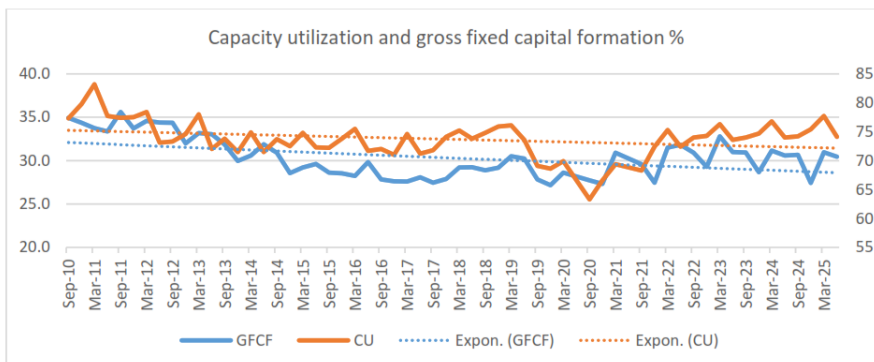
30 October 2025

Is there a link between capacity utilization and investment?

Capacity utilization rates are a useful indicator of potential investment in the economy as higher utilization rates are a precursor for enhanced investment. Investment in the country is denoted by the gross fixed capital formation rate. Is there a link between the two variables? As a corollary, can a call be taken on investment in the economy based on the capacity utilization rate?.

Aditi Gupta
Economist

To answer this question quarterly data on both the variables have been analyzed. Capacity utilization rates are provided by the RBI and ranged between 65% and 83% for the period September 2010 to June 2025. The pandemic quarters have been excluded as there were extreme numbers. For gross fixed capital formation, data on a disaggregated basis in terms of assets is provided only on an annual basis. Therefore, one cannot separate plant and machinery from buildings which is the dominant component of investment. Around 58% of total GFCF is in buildings and 32% in plant and machinery. The balance is in the form of IPR. Therefore, there is an inherent limitation here as capacity utilization refers to manufacturing which involves machinery. GFCF is much wider and scope. An analysis is still called for notwithstanding this limitation.



Source: RBI and NSO

The chart above maps the capacity utilization rates along with GFCF rates over the last 15 years or so. As can be seen, the two schedules are moving in harmony in the same direction. The coefficient of correlation was 0.58, which is quite strong.

The GFCF rate was high in March 2011 and crossed the 80% mark. This was the time when the GFCF rate was in the region of 34.5-35%. It was also the peak rate achieved in the economy that needs to be reached in the coming years too. This will bring along higher economic growth.



BUY

TP: Rs 1,777 | ▲ 15%

CIPLA

| Pharmaceuticals

| 31 October 2025

On track to achieve USD1bn sales in North America

- North America sales were higher at USD 233 mn, driven by 22% market share in gAlbuterol and 22% in gLanreotide (can scale to 30%)
- End of an era of Mr. Umang Vohra from 31st Mar'25. Mr. Achin Gupta to be elevated to CMD from being the global COO at Cipla
- North America complex generics products gaining market share. Maintain BUY, ascribe similar 27x PE on Sep'27 roll forward

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In-line earnings – Sales reported 7.6% YoY to Rs 75.8bn. The sales growth was driven by 7% YoY domestic sales, 2.7% North America sales, 53.8% SAGA sales and 24% Emerging Markets and Europe sales. Though Revlimid sales was lower and there was 9.4% YoY increase in the RM, gross profit increased by 7% YoY to Rs 50.9bn. During the quarter, employee cost rose by 9% YoY, R&D cost went up by 39% YoY due to tapping newer opportunities, and SG&A expense ex of R&D by 4% YoY; resulting in flattish EBITDA and 178 bps decline in the EBITDA margin to 25% in 2QFY26. Subsequently, interest cost declined by 14% and Other income went up by 41%, resulting in 3% growth in PAT to Rs 13.5bn in 2QFY26.

North America sales grew amidst lower gRevlimid – Sales reported 8% above our estimates to Rs 20bn, primarily driven by growth in key base products with increased market share. gLanreotide market share rose to 22% in 2QFY26 from 21% in 1QFY26 while gAlbuterol's climbed to the highest-ever 22% in 2QFY26 from 20% in 1QFY26. During the quarter, gRevlimid sales were lower than Q1 and is expected to be much lower in 3QFY26 and being almost negligible in 4QFY26.

Domestic sales growth witnessed recovery - Sales reported marginally 1.2% below our estimates to Rs 31.4bn. The growth was driven by 8% increase in branded prescription business, led by growth of 10% in Anti Diabetes, 13% in Cardiac, 7% in Urology and 18% in Dermatology. Currently Cipla has total 22 brands in the top 300 brands of the IPM and has sold 2bn unit tablets in the same. Cipla's consumer brand grew by 9% YoY to Rs 4bn, contributing 13% to domestic sales.

Valuation - While EBITDA margin guidance was lowered due to softer Revlimid sales, management remains confident about achieving USD 1bn in sales in North America in FY27. Hence, we maintain BUY and continue to ascribe a multiple of 27x On Sep'27 roll forward basis to arrive at TP of Rs 1,777.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CIPLA IN/Rs 1,540
Market cap	US\$ 14.0bn
Free float	65%
3M ADV	US\$ 23.6mn
52wk high/low	Rs 1,673/Rs 1,335
Promoter/FPI/DII	33%/26%/24%

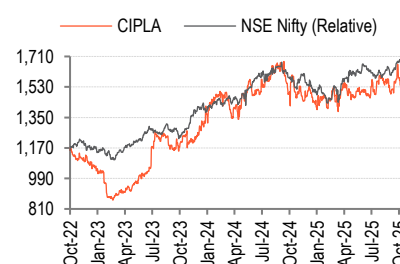
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	275,480	289,921	303,325
EBITDA (Rs mn)	71,283	70,023	73,821
Adj. net profit (Rs mn)	52,720	49,997	51,489
Adj. EPS (Rs)	65.4	62.1	63.9
Consensus EPS (Rs)	65.4	61.7	65.2
Adj. ROAE (%)	18.5	15.2	13.7
Adj. P/E (x)	23.5	24.8	24.1
EV/EBITDA (x)	18.3	18.9	18.3
Adj. EPS growth (%)	22.1	(5.2)	3.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY**TP: Rs 159 | ▲ 20%****CANARA BANK**

| Banking

| 30 October 2025

Return ratios remain healthy; asset quality improving

- **PAT largely supported by other income; advances growth largely led by retail credit and was higher vs system levels**
- **Asset quality improved, largely aided by lower slippages; targets GNPA of 2.5% in FY26E**
- **Maintain BUY with revised TP of Rs 159 (Rs 131 earlier), set at 1.0x Sep'27E ABV**

Niraj Jalan**Research Analyst****Vijiya Rao****Research Analyst**

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PAT largely supported by other income: CBK reported PAT of Rs 47.7bn (+19% YoY) in Q2FY26, largely aided by a significant rise in other income to Rs 70.5bn (+42% YoY) which was partially offset by decline in NII to Rs 91.4bn (-2% YoY). Other income was mainly supported by a) fee income of Rs 25.9bn (+6% YoY), b) treasury income of Rs 15.8bn (+79% YoY), and c) recoveries in w/off accounts of Rs 16.8bn (+41% YoY). NIMs declined to 2.5% (-36bps YoY; -5bps QoQ), as the bank passed on repo rate cut and given that 45% of CBK's loans are repo linked. The bank guided NIMs of 2.75-2.8% for FY26. Further, management expects NIMs to be stable in Q3FY26 and to improve gradually thereafter, but will stay above 2.5%. CBK reported RoA/RoE of 1.1%/20% in Q2FY26 vs its guidance of 1.05%/18.5% in FY26.

Advances growth remains above system levels: Gross advances grew 13.7% YoY, which was higher vs system growth of ~10.4% as of Sep'25. Retail, Agri and MSME (RAM) grew 16.4% YoY while corporate book was up 10.2% YoY. RAM growth was mainly aided by retail credit (+29.1% YoY). As a result, share of RAM credit increased to 58% (Sep'25) vs 57% (Sep'24). Management guided for an advance growth of 10-11% in FY26 with RAM expected to grow at a higher pace vs corporate at 10-11%. We have increased the advances CAGR to 12.8% vs the earlier estimate of 11.5% during FY25-28E.

Asset quality improved, largely aided by lower slippages: AQ improved with GNPA ratio falling to 2.35% (-34bps QoQ), mainly aided by the decline in slippages to Rs 21bn (-3% QoQ) or slippage ratio of 0.76% (-5bps QoQ). Slippage was mainly from MSME (Rs 9bn), agri (Rs 7.5bn) and retail (Rs 3.5bn). SMA book declined to Rs 74.7bn (-15% QoQ) or 0.65% (-15bps QoQ), of which Rs 50bn is already provided. We note that the bank has technical w/off pool of Rs 710bn and expects recovery of ~Rs 50bn per year. CBK guided GNPA/NNPA of 2.5%/0.6% for FY26.

Maintain BUY: Considering the bank's performance vs its guidance, along with improving AQ, we believe the bank has levers to perform well. We expect the bank to report RoA/RoE of ~1.1/17.7% during FY26-FY28E. We maintain BUY and roll over valuation to 1.0x Sep'27E ABV with revised TP of Rs 159 (from Rs 131).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CBK IN/Rs 133
Market cap	US\$ 13.6bn
Free float	42%
3M ADV	US\$ 32.3mn
52wk high/low	Rs 134/Rs 79
Promoter/FPI/DII	63%/12%/12%

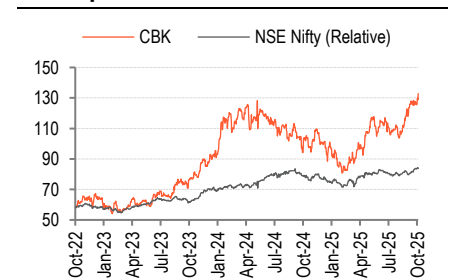
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	3,70,720	3,97,068	4,69,124
NII growth (%)	1.4	7.1	18.1
Adj. net profit (Rs mn)	1,70,267	2,00,336	2,18,354
EPS (Rs)	18.8	22.1	24.1
Consensus EPS (Rs)	18.8	18.9	20.7
P/E (x)	7.1	6.0	5.5
P/BV (x)	1.2	1.0	0.9
ROA (%)	1.1	1.1	1.1
ROE (%)	18.2	18.6	17.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY

TP: Rs 1,061 | ▲ 22%

NIPPON LIFE INDIA AMC

Diversified Financials

31 October 2025

Strong quarter, continued market share gains

- The company reported strong core performance growth with core PAT growth of 17% YoY and core revenue growth of 15% YoY
- Continued market share gains with overall, equity, and ETF share showing expansion. B-30 MAAUM market share remained stable
- We maintain BUY with TP of Rs 1,061, valuing the stock at 34x Sept'27E EPS, and reaffirm NAM as our top pick in the sector

Vijiya Rao

Research Analyst

Niraj Jalan

Research Analyst

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Strong core performance: NAM India reported strong core PAT growth (up 17% YoY) aided by robust core revenue growth of 15% YoY — ahead of our expectations (core revenue beat of 4%). Similar to peers, other income declined on both YoY and QoQ basis. This led to lower total income coming in at Rs 6.9bn, which was below our expectations.

B-30 market share: B-30 MAAUM market share remained stable at 9.1% in Q2FY26. NAM India continues to benefit from consistent fund performance, supporting steady inflows that are outperforming industry trends.

Profitability was impacted by lower other income: PAT declined 4% YoY and 13% QoQ, owing to decline in other income. Operating profit margin contracted 26bps YoY (was up by 128bps QoQ) to 65.3%. Additionally, other operating expenses were up 21% YoY and 11% QoQ, led by brand promotions, branch expansion, and technology expenses.

Strong AUM growth with sustained market share gains: Total AUM (closing basis) increased 3% QoQ and 17% YoY to Rs 7.6 trn. Its QAAUM grew 20% YoY and 7% QoQ to Rs 6.5 trn with continued overall market share gains in Q2FY26. Equity AUM rose 18% YoY (up 9% QoQ) with market gains of 17bps YoY and 9bps QoQ to 7.13% and forms 48% of the AUM. Further, its ETF QAAUM rose 24% YoY, 5% QoQ with market share increase of 160bps YoY and 1bp QoQ to 19.77%, comprising 27.9% of AUM vs 28.4% in Q1FY26.

View on TER changes: Management believes the recent consultation paper on TER could slightly impact profitability, though the effect is likely to be manageable.

Maintain BUY: NAM reported strong core profitability with consistent market share gains in H1FY26. TER proposal may slightly impact profitability, though management remains confident of managing the changes effectively. We maintain our BUY rating with a target price of Rs 1,061, valuing the stock at 34x Sept'27E EPS, and reaffirm NAM as our top pick in the sector.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	NAM IN/Rs 872
Market cap	US\$ 6.2bn
Free float	12%
3M ADV	US\$ 8.4mn
52wk high/low	Rs 987/Rs 498
Promoter/FPI/DII	74%/6%/9%

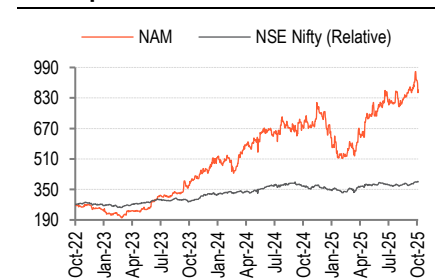
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Core PBT (Rs mn)	14,043	16,784	20,423
Core PBT (YoY)	46.5	19.5	21.7
Adj. net profit (Rs mn)	12,857	15,189	18,228
EPS (Rs)	20.3	24.0	28.8
Consensus EPS (Rs)	20.3	24.0	28.8
MCap/AAAUM (%)	10.2	8.3	6.7
ROAAAUM (bps)	23.8	22.8	22.3
ROE (%)	31.4	35.4	40.9
P/E (x)	42.9	36.3	30.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD

TP: Rs 400 | ▲ 8%

V-GUARD INDUSTRIES

Consumer Durables

30 October 2025

Weakness persists; margin recovery expected ahead

- Revenue/EBITDA was 2%/6% below estimates. Q2 revenue grew 4% YoY while EBITDA declined 1% YoY
- Electricals and Electronics segments grew 5% YoY respectively, while CD grew 1% YoY amid demand weakness
- Cut estimates 2% in FY27-28E, roll forward to Sept'27 EPS and ascribe 40x to arrive at TP of Rs 400; maintain HOLD

Vineet Shanker
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Demand weakness on prolonged monsoons and short summer: Q2 revenue grew 4% YoY (2% below our estimates). Electrical and electronics stood firm, as the revenue of both the segments grew 5% YoY. While CD and Sunflame revenue grew 1% YoY/3% YoY respectively. Improvement in gross margin (+140bps YoY) was offset by higher other expenses (+170bps YoY) and employee costs (+10bps YoY), leading to EBITDA margin contraction 40bps YoY. Absolute EBITDA declined 1% YoY/12% QoQ, adjusted PAT grew 3% YoY (-12% QoQ).

Solar products led to steady growth in Electronics amid weakness in stabilisers: Consumer durables revenue reported muted performance, up just 1% YoY, as elevated channel inventory weighed on primary sales, particularly in TPW fans and air coolers. Seasonal categories such as table, pedestal, and wall (TPW) fans, where V-Guard has a relatively higher exposure (25–30% of its fan portfolio) vs peers, saw a sharper decline. Electricals segment posted modest growth, supported by favourable commodity trends and broader industry tailwinds. Electronics segment, too, delivered a muted 5% YoY growth, with stabiliser demand remaining weak amid sluggish RAC sales; however, the segment saw encouraging traction in inverters, solar inverters, rooftop systems, and battery products.

Sunflame profitability improves, significant margin improvement likely: Sunflame revenue grew 3% YoY (+ 14% QoQ) to Rs 631mn, primarily due to continued challenges in the CSD channel, which contributes 35–40% of its total sales. Operating margin improved significantly to 6.5% vs 1.4% in Q2FY25. Going ahead, management expects significant margin improvement as the integration has now been completed.

Revise estimates, maintain HOLD: We cut our FY27-28 estimates by 2%/2% respectively to factor in weakness in the summer-led demand and roll forward our valuation on Sept-27 EPS; ascribe 40x multiple (unchanged) to arrive at TP of Rs 400; maintain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VGRD IN/Rs 369
Market cap	US\$ 1.8bn
Free float	44%
3M ADV	US\$ 1.6mn
52wk high/low	Rs 455/Rs 300
Promoter/FPI/DII	56%/13%/19%

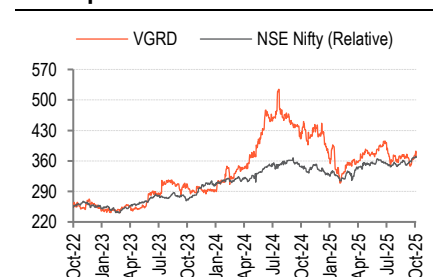
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	55,778	58,737	67,035
EBITDA (Rs mn)	5,132	5,305	6,678
Adj. net profit (Rs mn)	3,137	3,121	4,013
Adj. EPS (Rs)	7.3	7.2	9.3
Consensus EPS (Rs)	9.0	11.0	13.4
Adj. ROAE (%)	16.0	14.1	16.1
Adj. P/E (x)	50.9	51.1	39.8
EV/EBITDA (x)	31.1	30.1	23.9
Adj. EPS growth (%)	21.8	(0.5)	28.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD**TP: Rs 1,402 | ▲ 10%****MAHANAGAR GAS**

| Oil & Gas

| 30 October 2025

Below expectation operational performance on higher gas cost

- Lower APM gas allocation led to weak operational performance; EBITDA decreased by 18%YoY
- Positive on demand environment, expect volume growth to sustain in FY26E
- Assuming coverage with HOLD and TP of Rs1,402, based on 12.5x P/E on Sept'27 EPS

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Operational performance below expectations on higher gas cost: Revenue came at Rs205bn (+14.7%YoY, -1.5%QoQ) and was 3% above consensus estimates. EBITDA came at Rs3bn (-18.3%YoY, -32.5%QoQ), was 13% below consensus estimates. EBITDA spread was Rs8/scm for the quarter; lower by 28%YoY.

Volumes: Volumes came at 423mnscm, higher by 13.6%YoY and 9.8%QoQ. CNG volumes growth was 12.8%YoY while PNG volume growth was 15.8%YoY. Management is positive on the outlook and expects it to sustain, driven by the adjoining areas of Mumbai.

Operational performance outlook: EBITDA was impacted due to lower allocation of APM gas. APM allocation got reduced for the quarter. As there are production constraints for gas from ONGC, we expect allocation to gradually reduce for CGD companies. This is likely to have higher cost as MGL procures imported LNG gas at market rates. Management has indicated they would look for long-term contracts to offset the increase in costs. We expect EBITDA spread to remain soft owing to EV adoption risk.

Foray into new businesses to benefit over long term: MGL has forayed into other businesses of LNG retailing, EV manufacturing and battery cell manufacturing. All these investments are targeted to diversify revenue streams amidst competition in the core CNG business. These other businesses are expected to benefit after 5-6 years in terms of financials.

Capex intensity: It incurred a capex of Rs4,629mn in H1FY26 and guided a capex of Rs10,000mn for FY26E. Capex intensity is likely to remain ~Rs+10,000mn/year.

Coverage with HOLD: We remain positive on volume growth. However, lower APM gas allocation and adoption of EV in various segments will remain a concern on operational performance. We are assuming coverage with HOLD and TP of Rs1,402 based on 12.5x P/E on Sept'27 EPS.

Key changes

Target	Rating
▲	◀ ▶

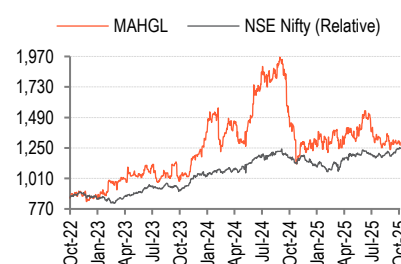
Ticker/Price	MAHGL IN/Rs 1,272
Market cap	US\$ 1.4bn
Free float	68%
3M ADV	US\$ 4.2mn
52wk high/low	Rs 1,587/Rs 1,075
Promoter/FPI/DII	33%/24%/23%

Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	72,638	76,926	84,417
EBITDA (Rs mn)	15,700	15,968	16,797
Adj. net profit (Rs mn)	10,406	10,674	10,854
Adj. EPS (Rs)	105.3	108.1	109.9
Consensus EPS (Rs)	105.3	112.0	117.6
Adj. ROAE (%)	18.9	17.0	15.4
Adj. P/E (x)	12.1	11.8	11.6
EV/EBITDA (x)	7.1	6.9	6.5
Adj. EPS growth (%)	(19.0)	2.6	1.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



HOLD

TP: Rs 335 | ▲ 12%

APOLLO PIPES

| Building Materials

| 30 October 2025

Another weak quarter; maintain HOLD on weak ROE profile

- Weak performance for the 8th consecutive quarter on intense competition in a tepid demand environment
- Demand conditions remained weak in Oct'25, but are likely to improve from Nov'25 onwards
- Maintain HOLD on weak ROE profile and expensive valuations; TP cut by 20% to Rs 335 per share

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Weak Q2: APOLP Q2FY26 results came below our estimate (Revenue: -8%; EBITDA: -13%; PAT: -68%), due to weak performance of its subsidiary (i.e. Kisan: on account of high share of agri pipe and impact of heavy monsoon in West India). Overall, APOLP revenue/EBITDA/APAT de-grew by 6%/19%/61% YoY in Q2FY26.

Highlights: APOLP standalone volume grew at 9.0% YoY in Q2FY26 over a weak base (-17.0% YoY in Q2FY25). Kisan volume grew at 8.7% YoY in Q2. Standalone EBITDA margin was marginally down 16bps to 8.9% in Q2FY26 due to MTM inventory loss. However, Kisan EBITDA margin fell sharply from 2.6% in Q2FY25 to -2.8% in Q2FY26 given the aggressive pricing scenario and negative operating leverage.

Guidance: As per management, demand conditions remained weak in Oct'25, but are expected to pick up from Nov'25 onwards, in anticipation of imposition of ADD on PVC resin, resumption of construction activities post monsoon and higher government spending on infrastructure projects. APOLP expects its pipe volume to be around 100-105 kt in FY26 (vs 99.7 kt in FY25) and 125 kt in FY27. EBITDA margin is targeted to improve to low-double-digit level over the next 2-3 years period. ROCE is expected to improve to >20% over the next 2-3 years. APOLP plans to grow its pipe capacity from 226.5 ktpa currently to 286 ktpa over the next 2 years. Capex is estimated to be Rs 1.5/Rs 1.0/Rs 0.4-0.5bn for FY26/FY27/FY28.

Maintain HOLD; TP cut by 20% to Rs 335: We maintain HOLD rating on the stock due to weak ROE profile (3.1%-7.4% for FY26E-FY28E) and expensive valuations (the stock trades at a P/E of 31.3x/18.9x on FY27E/FY28E vs pre-Covid average of ~20.0x on 1Y forward basis). APOLP ROE's profile is expected to remain weak over the next 3 years even if we assume healthy volume growth rate (11.4% CAGR over FY25-FY28E) and margin improvement (from 6.7% in Q2FY26 to 10.1% in FY28E) due to poor capital allocation (return-dilutive Kisan acquisition and operating plant at a low rate on a consistent basis). We have cut our TP to Rs 335 (Rs 420 earlier) owing to earnings downgrade (-35%/-25%/-10% for FY26E/ FY27E/FY28E) based on weak Q2 result. Our target P/E multiple remains unchanged at 25x on Sep'27 estimates.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	APOLP IN/Rs 300
Market cap	US\$ 149.9mn
Free float	53%
3M ADV	US\$ 0.4mn
52wk high/low	Rs 550/Rs 298
Promoter/FPI/DII	47%/4%/15%

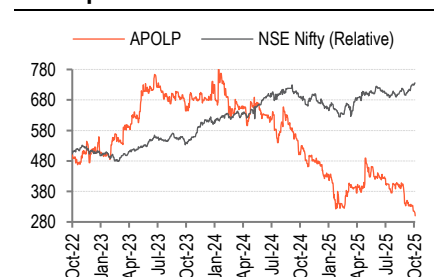
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	11,816	11,889	14,250
EBITDA (Rs mn)	957	881	1,216
Adj. net profit (Rs mn)	326	262	441
Adj. EPS (Rs)	7.4	5.7	9.6
Consensus EPS (Rs)	7.4	13.1	20.1
Adj. ROAE (%)	4.8	3.1	4.7
Adj. P/E (x)	40.5	52.8	31.4
EV/EBITDA (x)	13.6	14.2	10.5
Adj. EPS growth (%)	(31.6)	(23.3)	68.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



SELL**TP: Rs 121 | ▼ 14%****SAIL**

| Metals & Mining

| 30 October 2025

Operational performance impacted by weak realisation

- Q2 results were better than expectations, primarily due to a strong volume growth of 19.8%YoY
- Pricing outlook is positive in H2FY26 with a likely pickup in demand from a higher level of construction activity in H2FY26
- Maintain SELL with TP of Rs121, based on 5.5x Sept'27 EBITDA. due to limited growth drivers in near term

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Results above expectations on strong volume growth: Revenue came at Rs267bn, (+8.2%YoY, +3.0%QoQ), was 7.2% above our estimates. EBITDA came at Rs25bn (-13.2%YoY, -8.7%QoQ), was 9.6% above estimates. Outperformance is primarily due to the strong volume growth of 19.8%YoY. EBITDA/t was Rs5,144, lower by 15.3%YoY, impacted by higher raw material cost.

Volumes: Standalone volumes came at 4.9mnt, higher by 19.8%YoY. This was much higher than the domestic demand growth of 9%YoY.

Domestic pricing outlook: Realisation declined by 9.6%YoY and 4.5%QoQ. QoQ decline is despite the safeguard duty, as imports spiked QoQ by 36%, due to the tariff imposed by various countries. Even YoY decline in realisation is negative vs realisation performance YoY of other steel peers. Spot HRC prices are 2-3% lower than Q2 average. Management sees improvement in pricing in Q3, aided by a pick-up in construction activity and benefit of GST reforms.

Going forward, management expects a coking coal cost to be higher by USD6-7 in Q3FY26. So, H2 margin improvement is expected to be driven by price improvement.

Expansion project: SAIL is undergoing major expansion programme in which it will be doing brownfield and greenfield expansion projects, increasing the overall capacity by 14mn tonnes from the current 21mnt to 35mnt. Incremental volumes will come from FY29E onwards. We estimate 4% CAGR volumes growth over FY25-FY28E period.

Maintain SELL with TP of Rs121: Considering capacity constraints in near term, higher costs relative to peers and risk on balance sheet parameters as the capex picks up, we maintain SELL with TP of Rs121, based on 5.5x Sept'27 EBITDA.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	SAIL IN/Rs 141
Market cap	US\$ 6.6bn
Free float	35%
3M ADV	US\$ 21.9mn
52wk high/low	Rs 143/Rs 99
Promoter/FPI/DII	65%/3%/16%

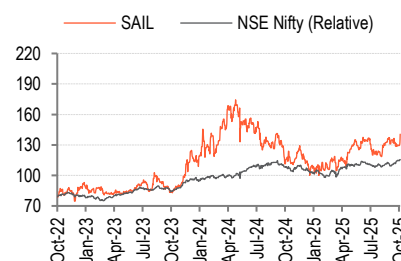
Source: NSE | Price as of 29 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs bn)	1,024,791	1,097,550	1,164,281
EBITDA (Rs bn)	106,462	124,329	131,842
Adj. net profit (Rs bn)	26,844	34,773	37,415
Adj. EPS (Rs)	6.5	8.4	9.1
Consensus EPS (Rs)	6.6	8.5	10.5
Adj. ROAE (%)	4.6	5.8	6.0
Adj. P/E (x)	21.6	16.7	15.5
EV/EBITDA (x)	2.8	2.4	2.4
Adj. EPS growth (%)	(31.3)	29.5	7.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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