BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIRST LIGHT

10 November 2025

RESEARCH

BOB ECONOMICS RESEARCH | PRICE PICTURE

TOP continues to drive inflation down

BAJAJ AUTO | TARGET: Rs 9,474 | +9% | HOLD

Steady show in a challenging supply chain availability phase

DIVI'S LABS | TARGET: Rs 7,098 | +7% | HOLD

Key molecule LOE to risk upside growth in Custom Synthesis

LUPIN | TARGET: Rs 2,500 | +27% | BUY

Massive beat on earnings; margin guidance raised for FY26

KALYAN JEWELLERS | TARGET: Rs 500 | -2% | HOLD

Weak Q2 on margin miss; maintain HOLD on rich valuations

AMBER ENTERPRISES | TARGET: Rs 7,540 | +4% | HOLD

Weak Q2; Electronics pipeline intact

THE RAMCO CEMENTS | TARGET: Rs 790 | -24% | SELL

Price hikes help margin gains, but may reverse in short term

STAR CEMENT | TARGET: Rs 342 | +39% | BUY

No major surprises; growth path modified, maintain BUY

JK LAKSHMI CEMENT | TARGET: Rs 770 | -9% | SELL

Healthy show; medium-term concerns to continue; retain SELL

VST TILLERS TRACTORS | TARGET: Rs 3,947 | -33% | SELL

Healthy show; GST cut to help; valuations steep, Retain SELL

SOMANY CERAMICS | TARGET: Rs 600 | +36% | BUY

Mixed Q2; capacity ramp-up to fuel margin expansion ahead

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SUMMARY

INDIA ECONOMICS: PRICE PICTURE

BoB Essential Commodities Index (BoB ECI) continued to contract and declined by 3.6% in Oct'25 and further by 3.8% in Nov'25 (upto 6 Nov 2025). The decline is broad-based, even as TOP vegetables (tomato, onion and potato) remained firmly in the deflationary territory, registering double-digit declines. Healthy mandi arrivals can explain this trend. Amongst other major commodities, prices of pulses, especially tur dal has also declined. At the same time, edible oil inflation is also showing some signs of softening tracking a weakness in global prices. Overall, we expect CPI inflation in the range of 0.4%-0.6% in Oct'25. The outlook for inflation also looks benign, supported by tailwinds from GST rate rationalization and lower global commodity prices.

Click here for the full report.

BAJAJ AUTO

- Aggregate domestic market volumes fell by ~5% YoY (2-W fell 6% too), offset by robust export market growth of ~19% YoY in Q2FY26
- Better product mix guards gross margins despite raw materials cost inflation; EBITDA margin at 20.5% vs 20.2% YoY (19.7% QoQ)
- We revise FY26E/FY27E/FY28E EPS upwards by 1%/2%, value BJAUT at 24x Sep 2027 earnings, new TP at Rs 9,474 (vs Rs 9,142)

Click here for the full report.

DIVI'S LABS

- Sales/EBITDA/PAT reported 3%/9%/11% above estimates. EBITDA margin reported 170 bps above estimates.
- Generic segment (35% of sales), ex of Nutraceuticals, continues to witness pricing pressure. Pricing pressure to persist in near term
- We factor in all positives in our estimates at 20% EPS CAGR from FY26-28E. We continue to ascribe 56x PE on Sep'27 roll forward EPS

Click here for the full report.

LUPIN

- Sales/EBITDA/PAT reported 15%/37%/47% above estimates. Adj. forex gain PAT reported 27% above estimates.
- US sales in cc terms reported at USD 315 mn, largely due to Tolvaptan's exclusivity. Quarterly sales upped to USD 280 – 300 mn in H2FY26
- Focus on rising in Ophthalmology after Respiratory across globe; continue to ascribe PE of 26x on Sep'27 roll forward vs 1YF PE of 25x

Click here for the full report.

KALYAN JEWELLERS

- Missed EBITDA estimate by 6.4% for Q2FY26 on lower-than-expected margin, due to a sharp rise in franchise revenue share (+600bps QoQ)
- Observed strong demand for Jewellery in Oct'25; broadly maintained new store addition target for FY26
- Maintain HOLD as strong earnings growth prospects is well baked in the current valuation; TP remains unchanged at Rs 500 per share

Click here **for the full report.**

AMBER ENTERPRISES

- Q2 revenue and EBITDA were 11%/ 32% below estimates, weighed down by weak CD and softer margins across segments
- EBITDA margin contracted 120bps YoY/190bps QoQ on commodity inflation, adverse operating leverage and unfavourable product mix
- Cut estimates, roll forward to Sep-27 EPS, TP at Rs 7,540 (42x multiple), we maintain HOLD

Click here **for the full report.**

THE RAMCO CEMENTS

- Q2 revenue grew by ~10%/8% YoY/QoQ to ~Rs 22.3bn, helped by healthy pricing gains of 12% YoY. Volume slips by 2%
- Lower utilisation leads to operating cost inflation, partially offsetting realisation gains as margins settle ~17%; EBITDA/tn at Rs857
- Revise FY27E/FY28E EBITDA to factor in GST rate implication. Apply 10x target multiple and revise TP to Rs 790 (vs Rs752). Maintain SELL

Click here **for the full report.**

STAR CEMENT

- Revenues rose ~26% YoY in Q2FY26 on ~11% YoY volume gains, excluding clinker sales, though realisations stayed soft (-3% YoY)
- EBITDA margin jumped to 23% from 15% YoY as cost well controlled, despite soft realisations. EBITDA/tn stays healthy at Rs1,070/tn
- Maintain FY26e/FY27e/FY28e EBITDA upwards; value STRCEM at 11x vs Sep 2027 EV/EBITDA with revised TP of Rs342 (Rs333)

Click here **for the full report.**

JK LAKSHMI CEMENT

- Revenue grew by 24% YoY to ~Rs15.3, helped by volume gains of ~15% YoY driven by the impact of the UCLW amalgamation
- Overall cost flat YoY (+8% QoQ) at Rs4,657/tn, helping EBITDA margin improve to 13.6% from a weak base of 7.2% (14.3% QoQ)
- We value JKLC at 9x EV/EBITDA Sep'27 EBITDA with new TP of Rs 770 (Rs 731), as FY26e/FY27e EBITDA revised +6% each. Retain SELL

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VST TILLERS TRACTORS

- Q2FY26 revenue grew by 11%/12% YoY/QoQ to Rs3.2bn, driven by volume gains of ~15% to ~14.5k units
- Gross margin contracted 110bps YoY to 30.8%, driven by commodity inflation and lower export realisations. EBITDA stays flat at 13%
- Revise FY26/FY27 EBITDA estimates upward by 7%/5%, revise TP to Rs3,947 (Rs 3, 422), value VSTT at 20x P/E 1YF. Retain SELL

Click here for the full report.

SOMANY CERAMICS

- SOMC tiles sales volume grew at a muted pace for the 6th consecutive quarter on muted demand and heavy monsoon in the North region
- Tiles volume growth guidance revised down from high-single-digit to mid-high single-digit rate for FY26
- Maintain BUY on healthy earnings growth prospects with reasonable valuations; TP remains unchanged at Rs 600 per share

Click here for the full report.

PRICE PICTURE

07 November 2025

TOP continues to drive inflation down

BoB Essential Commodities Index (BoB ECI) continued to contract and declined by 3.6% in Oct'25 and further by 3.8% in Nov'25 (upto 6 Nov 2025). The decline is broad-based, even as TOP vegetables (tomato, onion and potato) remained firmly in the deflationary territory, registering double-digit declines. Healthy mandi arrivals can explain this trend. Amongst other major commodities, prices of pulses, especially tur dal has also declined. At the same time, edible oil inflation is also showing some signs of softening tracking a weakness in global prices. Overall, we expect CPI inflation in the range of 0.4%-0.6% in Oct'25. The outlook for inflation also looks benign, supported by tailwinds from GST rate rationalization and lower global commodity prices.

Aditi Gupta
Economist

For detailed methodology on the calculation of BoB ECI index, refer to our *previous edition* of BoB ECI.

Price picture using BoB Essential Commodity Index:

- BoB ECI contracted for the 6th straight month in Oct'25 and declined by 3.6% on a YoY basis. This is the largest decline in the index since it was constructed. In Sep'25, BoB ECI had declined by 1%. Out of the 20 commodities, prices of 10 declined in Oct'25. Within this, most noticeable decline was visible in the case of vegetables. In fact, prices of TOP vegetables (Tomato, Onion and Potato) have seen a sustained fall this year. Prices of onion declined by 51.2% in Oct'25, marking the strongest pace of contraction since Dec'20. Retail prices of tomato also declined sharply by 39.9% in Oct'25, compared with a decline of 8.3% in Sep'25. Prices of potatoes too have seen a sustained decline in the last 7 months. In Oct'25, retail prices of potato declined by 31.3%. The CPI weighted trajectory for TOP in Sep'25 based on retail prices have fallen on an aggregate basis by -29.5%. Among other items, major pulses have also continued to witness a deflationary trend in Oct'25. Within this group, price of Tur dal has dropped most significantly by 29.4%-the largest decline since Jan'18. For edible oils, a broad-based deceleration in prices is visible, which is providing additional comfort to BoB ECI.

- Sequential picture: On a sequential basis, BoB ECI has declined by -0.1% in Oct'25, on MoM basis. Broadly, the sequential picture also mirrors the trend seen on a YoY basis. However, the most notable discrepancy here is with regard to the prices of potato which has seen a marginal increase on a MoM basis, reversing the trend seen in the last 2-months.

HOLD
TP: Rs 9,474 | ▲ 9%

BAJAJ AUTO | Automobiles | 09 November 2025

Steady show in a challenging supply chain availability phase

- **Aggregate domestic market volumes fell by ~5% YoY (2-W fell 6% too), offset by robust export market growth of ~19% YoY in Q2FY26**
- **Better product mix guards gross margins despite raw materials cost inflation; EBITDA margin at 20.5% vs 20.2% YoY (19.7% QoQ)**
- **We revise FY26E/FY27E/FY28E EPS upwards by 1%/2%, value BJAUT at 24x Sep 2027 earnings, new TP at Rs 9,474 (vs Rs 9,142)**

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Domestic volume growth muted, offset by exports drive: BJAUT's revenue surged ~16% YoY / 24% QoQ to ~Rs149bn, supported by robust exports, festive demand, superior product mix, and favourable currency. Domestic volumes declined ~5% YoY (2W -6%) due to uneven monsoon and delayed rural recovery but were offset by 19% YoY growth in exports. Average realisation per vehicle rose ~9% YoY / 7% QoQ to ~Rs115k, driven by higher-priced exports, and improved FX realisation.

EBITDA steady amid cost rationalisation: Raw material costs (as % of sales) fell 126 bps YoY to 70.1% (vs. 71.3% QoQ), aided by favourable mix and stronger dollar realisation (Rs 87.1/USD), which partly offset ~40 bps cost inflation in commodities. EBITDA margin stood at 20.5% (vs. 20.2% YoY), though growth was capped by a 39% YoY spike in other expenses Rs 10.1bn (6.8% of sales), led by continued brand investments (Pulsar campaign, product refreshes) and festive marketing.

Export drives outperformance: Export volumes surged 24% YoY to >550k units. Growth was broad-based across LATAM, Africa, and Asia, led by record volume from Colombia, Mexico, and Brazil (>8k units; now profitable). KTM exports rose +10% QoQ (~20k India-made units), while improved product and broadening market reduced the Nigeria dependence.

Supply chain bottleneck easing: The EV portfolio (2W + 3W) contributed ~18% of domestic revenue (~Rs17bn) in Q2FY26. While rare earth implied temporary supply constraints (~15% shortfall in e-3Ws), production will likely normalise in Q3FY26.

Revise earnings, maintain HOLD: We revise our FY26/FY27/FY28 EPS estimates by 1%/2% to factor in BJAUT's improving domestic market growth in the key 2W segment. This is driven by our higher volume estimates to factor in the GST benefits and receding supply chain issues (rare-earth magnet shortage). This may be offset by 2W EV focus partially. EBITDA/PAT 3Y CAGR is now at 12%/11%. To factor the growth momentum in domestic markets balanced by lower-than-estimated response to CNG segment and earnings dilution from EV segment, we value the stock at 24x P/E Sep 2027 earnings and arrive at TP of Rs 9,474 (vs Rs 9,142). Maintain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	BJAUT IN/Rs 8,722
Market cap	US$ 28.5bn
Free float	46%
3M ADV	US$ 40.2mn
52wk high/low	Rs 10,033/Rs 7,089
Promoter/FPI/DII	54%/10%/13%

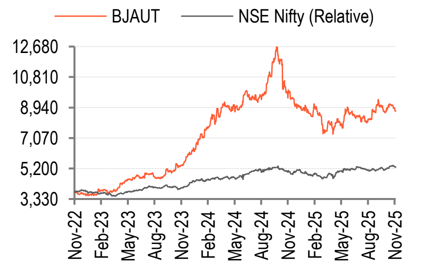
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	5,00,103	5,58,943	6,24,800
EBITDA (Rs mn)	1,00,988	1,15,419	1,30,744
Adj. net profit (Rs mn)	83,627	94,189	1,07,065
Adj. EPS (Rs)	307.1	337.4	383.5
Consensus EPS (Rs)	307.1	334.5	380.0
Adj. ROAE (%)	26.0	25.9	26.6
Adj. P/E (x)	28.4	25.9	22.7
EV/EBITDA (x)	25.1	21.7	19.3
Adj. EPS growth (%)	11.8	12.6	13.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

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HOLD
TP: Rs 7,098 | ⮝ 7%

DIVI'S LABS | Pharmaceuticals | 10 November 2025

Key molecule LOE to risk upside growth in Custom Synthesis

- **Sales/EBITDA/PAT reported 3%/9%/11% above estimates. EBITDA margin reported 170 bps above estimates.**
- **Generic segment (35% of sales), ex of Nutraceuticals, continues to witness pricing pressure. Pricing pressure to persist in near term**
- **We factor in all positives in our estimates at 20% EPS CAGR from FY26-28E. We continue to ascribe 56x PE on Sep'27 roll forward EPS**

Foram Parekh
Research Analyst
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Above estimate Q2 – sales reported 16% YoY growth to Rs 27.1 bn, EBITDA grew by 24% YoY to Rs 8.8 bn and PAT grew by 34% YoY to Rs 6.9bn. During the quarter, Custom Synthesis sales grew by 23% YoY to Rs 15.2bn, Generics API grew by 8.8% to Rs 9.5bn and Nutraceuticals grew by 6% YoY to Rs 2.4bn. Healthy growth in Custom Synthesis resulted in 192 bps increase in the gross margin to 60.5% and 208 bps increase in EBITDA margin to 32.7%.

Custom Synthesis growth on healthy order execution - CS sales was 7% above our estimates, driven by continued strong execution in multiple projects. Divi's CS growth is expected to continue with 1) higher RFPs and site visit from global innovators 2) three long-term supply agreements that are at various stages and will likely commission from H2FY27 3) long sustaining relationship with customers 4) working on phase 3 development for Gadolinium compound 5) strong peptide pipeline for which they have opened a centre of excellence.

Generic API sales driven by volume growth – Generics API sales, ex of Nutraceuticals, reported 1% below our estimates. The decline was driven by pricing pressure which was offset by volume growth. The company has not witnessed any loss of clients, capacities or volume in the API segment. However, management does not foresee the situation on the pricing front improving and hence, expects the next couple of quarters to be muted.

Backward integration at Kakinada unit 3 plant led to margin increment - Gross margin increased by 192 bps YoY to 60.5% and EBITDA margin by 208 bps to 32.7%, largely driven by the manufacturing of starting material for the key molecules in Unit 3 Kakinada. The company has constructed 6 blocks in unit 3 and intend to add 2 more blocks, which can further aid margin increment through backward integration.

Valuations - Due to the interim upside risk for Custom Synthesis business from LOE of key molecule Sacubitril Valsartan in the US, we continue to ascribe 56x on Sep'27 EPS lower than 1 year forward mean PE of 60x to arrive at a PT of Rs 7098 (earlier PT of Rs 6851).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	DIVI IN/Rs 6,657
Market cap	US$ 19.9bn
Free float	48%
3M ADV	US$ 31.6mn
52wk high/low	Rs 7,072/Rs 4,955
Promoter/FPI/DII	52%/15%/22%

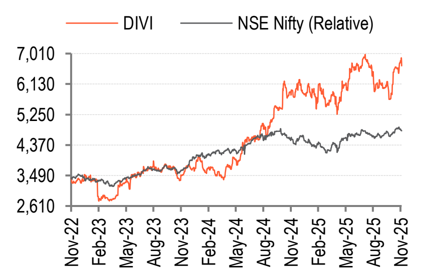
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	93,600	100,271	115,061
EBITDA (Rs mn)	29,680	34,355	43,450
Adj. net profit (Rs mn)	21,910	24,932	31,310
Adj. EPS (Rs)	82.5	93.9	117.9
Consensus EPS (Rs)	82.5	102.4	126.4
Adj. ROAE (%)	15.4	16.2	18.7
Adj. P/E (x)	80.7	70.9	56.4
EV/EBITDA (x)	60.9	52.4	41.1
Adj. EPS growth (%)	39.6	13.8	25.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY
TP: Rs 2,500 | ⮝ 27%

LUPIN | Pharmaceuticals | 10 November 2025

Massive beat on earnings; margin guidance raised for FY26

- **Sales/EBITDA/PAT reported 15%/37%/47% above estimates. Adj. forex gain PAT reported 27% above estimates.**
- **US sales in cc terms reported at USD 315 mn, largely due to Tolvaptan's exclusivity. Quarterly sales upped to USD 280 – 300 mn in H2FY26**
- **Focus on rising in Ophthalmology after Respiratory across globe; continue to ascribe PE of 26x on Sep'27 roll forward vs 1YF PE of 25x**

Foram Parekh
Research Analyst
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Strong beat on all fronts – LPC reported 24%YoY growth in sales to Rs 70bn, 63% YoY growth in EBITDA and 73% YoY growth in reported PAT. During the quarter, there was a forex gain of Rs 2bn, adjusting for the forex gain, PAT grew by 50% YoY. Geographically, US rose by 47.3% YoY, EMs grew by 45% YoY, Other developed market grew by 18.9% YoY and domestic market grew by 3% YoY.

US sales growth aided by Tolvaptan's exclusivity – US sales reported 21.9% above our estimates. In cc terms, US sales reported at USD315 mn, primarily driven by Tolvaptan's exclusivity and higher growth in gSpiriva, strong QoQ growth in Mirabegron and new complex injectable launches like Glucagon and gVictoza.

Emerging markets growth supported by strong Diabetes portfolio in Brazil – EMs sales reported 43% above our estimates. The growth came from strong performance in countries like Brazil and South Africa, offset by lower performance in Philippines. Brazil, in cc terms, grew by 141% YoY, aided by new launches and strong sales from Dapagliflozin.

Other Developed Markets growth was driven by Europe – sales reported 19% above our estimates. Growth came from markets like Europe, Canada and Australia, where Europe reported 26.8% YoY growth, led by higher sales in Germany and UK. Going forward, Europe is expected to continue growing higher than the company level growth rate, driven by VISUfarma acquisition and new launches.

Domestic region growth impacted by LOE in Diabetes portfolio – sales reported 4.3% below our estimates, affected by LOE in the Diabetes brands and low tender business. Rx business grew by 8.8% and excluding the impact on LOE brands like Gibtulio and Ajaduo, sales grew by 10.7% supported by 8200 MRs.

Valuation - At CMP, the stock is trading at PE of 20x on Sep'27 EPS and due to sustenance of strong growth across geographies, we continue to ascribe PE of 26x on Sep'27 roll forward basis vs 1 year forward mean PE of 25x to arrive at a PR of Rs 2500 (earlier Rs 2626)

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	LPC IN/Rs 1,972
Market cap	US$ 10.1bn
Free float	53%
3M ADV	US$ 19.1mn
52wk high/low	Rs 2,403/Rs 1,795
Promoter/FPI/DII	46%/14%/29%

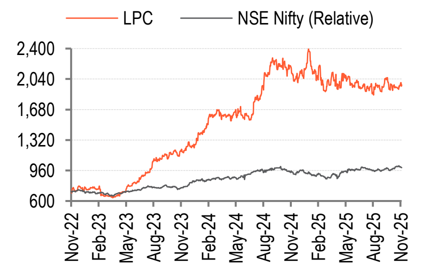
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	227,079	254,550	268,873
EBITDA (Rs mn)	52,775	66,485	67,913
Adj. net profit (Rs mn)	32,816	40,826	41,741
Adj. EPS (Rs)	72.5	90.2	92.2
Consensus EPS (Rs)	72.5	90.8	88.1
Adj. ROAE (%)	20.7	22.5	20.6
Adj. P/E (x)	27.2	21.9	21.4
EV/EBITDA (x)	17.0	13.8	13.9
Adj. EPS growth (%)	71.4	24.4	2.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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HOLD
TP: Rs 500 | ∨ 2%

KALYAN JEWELLERS | Retail | 08 November 2025

Weak Q2 on margin miss; maintain HOLD on rich valuations

- **Missed EBITDA estimate by 6.4% for Q2FY26 on lower-than-expected margin, due to a sharp rise in franchise revenue share (+600bps QoQ)**
- **Observed strong demand for Jewellery in Oct'25; broadly maintained new store addition target for FY26**
- **Maintain HOLD as strong earnings growth prospects is well baked in the current valuation; TP remains unchanged at Rs 500 per share**

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Weak Q2: Kalyan missed our EBITDA/PAT estimates by 6.4%/5.6% for Q2FY26, mainly due to lower-than-expected margin (-66bps QoQ to 6.3% vs 6.7% estimated). This was because of a sharp rise in franchise revenue share (+600bps QoQ to 49%). Overall, Kalyan's revenue/ EBITDA/PAT grew by 30%/52%/100% YoY in Q2FY26.

Highlights: Kalyan Indian operations revenue grew by 31.1% (SSG: +16%) in Q2FY26, driven by aggressive franchise store expansion however, COCO stores revenue fell by 1.0% in Q2FY26 (despite steep rise in gold prices). Despite a rise in the share of franchise revenue share (33% in Q2FY25 to 49% in Q2FY26), adjusted EBITDA margin of Indian operations slightly improved by 5bps YoY to 6.3% in Q2FY26, due to better supply chain management (which resulted in cost savings of 0.2-0.3%). Middle East revenue at a muted pace of 8.4% YoY with slight margin contraction (-32bps YoY to 7.1%) in Q2FY26. Candere revenue grew sharply by 127% YoY in Q2FY26. Candere posted a loss of Rs 90mn in Q2FY26 (vs loss of Rs 40mn in Q2FY25). Net debt/EBITDA remained relatively stable at 1.48x in Sep'25 over Mar'25, given the efficient inventory management.

Concall KTAs: KALYANKJ has observed a strong demand for jewellery in Oct'25 (as SSG growth for the 30-day period ending Diwali was over 30% YoY) and a similar trend is continuing post Diwali. The company maintains the guidance of opening 84 Kalyan stores in India (opened 40 stores YTD), 80 Candere store (opened 23 stores in H2FY26), and 6 stores in the overseas market (opened 2 stores in H2FY26) and 2 regional brand stores in FY26.

Maintain HOLD with unchanged TP of Rs 500: We maintain our HOLD rating on the stock as we believe the company's strong earnings growth prospects (EPS to grow at 30.9% CAGR over FY25-FY28E) are quite well captured in the current valuation (trades at 41.0x on 1Y forward P/E vs average of 36.8x since IPO). We have slightly tweaked our EPS estimates based on Q2FY26 result. Our target P/E multiple remains unchanged at 35x on Sep'27 estimate.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	KALYANKJ IN/Rs 513
Market cap	US$ 6.0bn
Free float	37%
3M ADV	US$ 28.7mn
52wk high/low	Rs 795/Rs 399
Promoter/FPI/DII	63%/14%/15%

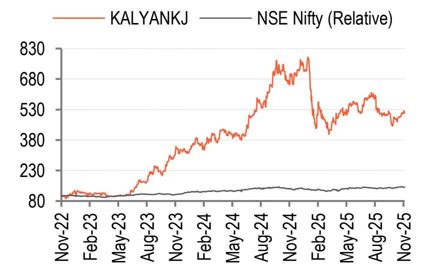
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	3,22,955	4,06,062	4,69,516
EBITDA (Rs mn)	21,117	25,862	30,202
Adj. net profit (Rs mn)	11,229	13,755	16,021
Adj. EPS (Rs)	10.9	13.3	15.5
Consensus EPS (Rs)	10.9	13.3	15.5
Adj. ROAE (%)	21.4	22.0	21.5
Adj. P/E (x)	47.1	38.5	33.0
EV/EBITDA (x)	26.3	21.8	19.0
Adj. EPS growth (%)	57.1	22.5	16.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 7,540 | ⮝ 4%

AMBER ENTERPRISES | Consumer Durables | 07 November 2025

Weak Q2; Electronics pipeline intact

- **Q2 revenue and EBITDA were 11%/ 32% below estimates, weighed down by weak CD and softer margins across segments**
- **EBITDA margin contracted 120bps YoY/190bps QoQ on commodity inflation, adverse operating leverage and unfavourable product mix**
- **Cut estimates, roll forward to Sep-27 EPS, TP at Rs 7,540 (42x multiple), we maintain HOLD**

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Soft quarter amid weak RAC season; margins contract across segments: Amber delivered a muted Q2, with revenue down 2% YoY to Rs 16.5 bn (–52% QoQ) as the seasonally weak quarter was exacerbated by a sharp slowdown in RAC demand, driven by an unusual monsoon and GST-related purchase deferments. EBITDA declined 20% YoY to Rs 913 mn, with margin contracting 120bps YoY to 5.5% (–190bps QoQ) on lower operating leverage, a softer CD mix, and raw-material inflation in Electronics. These factors led to a reported PAT of –Rs 329 mn (vs Rs 192 mn YoY).

Seasonal weakness and mix headwinds drag CD performance: Consumer Durables revenue declined 18% YoY to Rs 8.7bn (–66% QoQ), in line with the steep 30-35% industry-wide contraction in RAC volumes. Margin was subdued, with CD EBITDA down 46% YoY to Rs 335 mn and margin compressing 196bps YoY to 3.8%, reflecting weaker AC demand, lower utilisation, and a soft mix. While the RAC industry declined 35% YoY in the H1, Amber reported 15% YoY growth.

Electronics momentum sustains amid margin compression: Electronics division delivered 31% YoY revenue growth to Rs 6.4bn, underpinned by continued traction in PCBA and an early contribution from new verticals. However, EBITDA grew just 1% YoY to Rs 374 mn, with margins contracting 169bps YoY to 5.8%, impacted by higher copper-clad laminate prices (+13% YoY) and gold prices, and the one-quarter lag in price pass-through. Segment mix continues to evolve, with PCBA forming the bulk of revenue and the company preparing for a step-up in the bare PCB vertical as Ascent Circuits (multi-layer) and the Korea Circuit JV (HDI/Flex) move closer to commissioning over FY27–FY28.

Railways steady; execution set to accelerate from FY27: The division posted 7% YoY revenue growth to Rs 1.3bn, with EBITDA at Rs 213 mn (+1% YoY) and margins at 16.1% (–83bps YoY). Execution improved through metro orders, while Sidwal's new facility remains on track with trials in Q3FY26 and commercialisation in Q4FY26. Management added that Vande Bharat delays have been addressed, with deliveries expected to scale from FY27, strengthening visibility for the division.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	AMBER IN/Rs 7,227
Market cap	US$ 2.7bn
Free float	60%
3M ADV	US$ 31.4mn
52wk high/low	Rs 8,626/Rs 5,235
Promoter/FPI/DII	40%/24%/14%

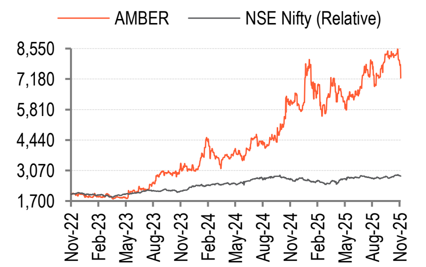
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	99,730	1,12,411	1,40,240
EBITDA (Rs mn)	7,634	8,462	11,778
Adj. net profit (Rs mn)	2,436	3,090	5,299
Adj. EPS (Rs)	72.3	87.9	150.8
Consensus EPS (Rs)	74.0	140.0	186.0
Adj. ROAE (%)	11.2	10.5	13.7
Adj. P/E (x)	100.0	82.2	47.9
EV/EBITDA (x)	31.9	28.8	20.7
Adj. EPS growth (%)	83.3	21.6	71.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 790 | ∀ 24%

THE RAMCO CEMENTS | Cement | 07 November 2025

Price hikes help margin gains, but may reverse in short term

- **Q2 revenue grew by ~10%/8% YoY/QoQ to ~Rs 22.3bn, helped by healthy pricing gains of 12% YoY. Volume slips by 2%**
- **Lower utilisation leads to operating cost inflation, partially offsetting realisation gains as margins settle ~17%; EBITDA/tn at Rs857**
- **Revise FY27E/FY28E EBITDA to factor in GST rate implication. Apply 10x target multiple and revise TP to Rs 790 (vs Rs752). Maintain SELL**

Milind Raginwar
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Steady growth driven by realisations as volume stays muted: TRCL's revenue grew by ~10%/8% YoY/QoQ to ~Rs 22.3bn in Q2FY26, helped by healthy pricing YoY despite slow demand during monsoons. Realisations gained by ~12% YoY (-2% QoQ) to Rs 5,079/t, offsetting the ~2% YoY decline in cement volumes. QoQ volumes gained 10% as the demand gradually recovered after monsoon disruptions.

Overall cost inflation offset by better realisations: Total cost rose ~9% YoY (flattish QoQ) to ~Rs 4,200/t. Energy cost (raw-material adj.) increased 9%/2% YoY/QoQ, though blended fuel cost moderated to Rs 1.49/kcal (vs Rs 1.6/kcal in Q2FY25). Raw material cost continued to reflect the Tamil Nadu mineral tax impact of Rs 80–90/t, while INR depreciation offset a part of the fuel cost benefit. Logistics cost rose 6%/1% YoY/QoQ, owing to lead distance at 253km vs 244km/246km in YoY/QoQ, as TRCL targeted higher sales in the eastern region.

Margin stable on strong realisation: EBITDA rose 24% YoY (-3% QoQ) to ~Rs 3.9bn with EBITDA margin at 17.3%, up from 15.3% YoY, but down from 19.2% QoQ. EBITDA/t improved to Rs 857/t (vs Rs 673/969/t YoY/QoQ), driven by superior realisations, though partly moderated by higher costs.

Expansion plans: TRCL incurred capex spend of Rs 2.8bn in Q2FY26 and capex for FY26 is maintained ~Rs12bn. TRCL remains on course to achieve 30mtpa cement capacity by Mar'26 with the commissioning of the second kiln line at Kolimigundla and de-bottlenecking/grinding capacity additions at existing locations.

Earnings revised; retain SELL: We tweak our FY27 EBITDA /EPS estimates and revise FY28 earnings upwards, penning EPS estimates of Rs 14.0/Rs24.8/Rs34.3 for FY26e/FY27e/FY283; leading to Revenue/EBIDTA/PAT CAGR of 15%23%/22% over FY25-28E. TRCL's net debt to EBITDA is elevated at 3x in FY25/FY26, owing to aggressive capex, but may soften in the medium term. Cost inflation is clearly a concern to EBITDA margins. We feel the current valuation of 14.0x 1YF EV/EBITDA is at a premium. We assign a 10x target multiple and revise our TP to Rs 790 (vs Rs 752) impliying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL rating.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	TRCL IN/Rs 1,033
Market cap	US$ 2.7bn
Free float	58%
3M ADV	US$ 3.3mn
52wk high/low	Rs 1,209/Rs 788
Promoter/FPI/DII	42%/7%/32%

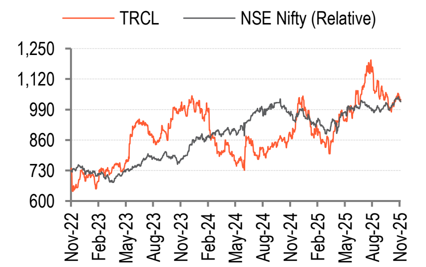
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	84,951	99,865	1,17,758
EBITDA (Rs mn)	12,318	16,329	20,664
Adj. net profit (Rs mn)	775	3,304	5,850
Adj. EPS (Rs)	3.3	14.0	24.8
Consensus EPS (Rs)	3.3	20.5	30.7
Adj. ROAE (%)	1.5	4.3	7.3
Adj. P/E (x)	314.8	73.9	41.7
EV/EBITDA (x)	16.2	12.0	9.5
Adj. EPS growth (%)	(80.4)	326.0	77.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 342 | ▲ 39%

STAR CEMENT | Cement | 07 November 2025

No major surprises; growth path modified, maintain BUY

- **Revenues rose ~26% YoY in Q2FY26 on ~11% YoY volume gains, excluding clinker sales, though realisations stayed soft (-3% YoY)**
- **EBITDA margin jumped to 23% from 15% YoY as cost well controlled, despite soft realisations. EBITDA/tn stays healthy at Rs1,070/tn**
- **Maintain FY26e/FY27e/FY28e EBITDA upwards; value STRCEM at 11x vs Sep 2027 EV/EBITDA with revised TP of Rs342 (Rs333)**

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Healthy volume gains drive revenue: STRCEM's revenues rose ~26% YoY (-11% QoQ) to Rs 8.1bn in Q2FY26. Cement volumes added 11% YoY (-12% QoQ) at 1.07mt, with total volumes at 1.17mt including clinker sales. Net realisations fell marginally by ~3% YoY (adjusted for incentives of Rs 550mn) but stayed flattish QoQ at Rs 6,376/t. North East contributed 0.76mt (71% of total) vs 0.75mt YoY and East was 0.31mt vs 0.21mt YoY.

Overall cost under check: Overall cost fell by ~5% YoY to Rs 5,284/t, driven by the absence of clinker purchases impacting raw material costs. Energy costs fell 5% YoY (+5% QoQ) to Rs 1,137/t, aided by the falling fuel costs from coal purchases. However, logistic costs rose 12% YoY to Rs 1,229/t (vs Rs 1,091/t YoY) due to in-house clinker movement affecting inter-unit logistics for split grinding units in Assam. Other expenditures were managed well, rising 13% YoY slower than volume growth.

EBITDA doubles with margin expansion: Effectively, EBITDA nearly doubled YoY to ~Rs 1.9bn, with EBITDA margin expanding sharply to 23% from ~15% YoY (down QoQ from 25%). EBITDA/t remained healthy at ~Rs 1,070 (vs Rs 977 YoY).

Strategic shift in capex: Management has updated capex guidance to Rs 7.1-7.2bn for FY26 (Rs 2.1bn in H1YF26). Silchar GU (2mt) is on track for going on stream by Q3FY26. However, Jorhat may be postponed and replaced by 2mnt Bihar GU. In Rajasthan, Nimbol will be the priority over Jaisalmer for a more central location. Resolution for Rs 15bn fundraise passed.

Growth prospects though modified stay intact; value at 11x; maintain BUY: We maintain our FY26e/FY27e/FY28e EBITDA estimates, factoring in healthy growth with capacity addition plans, market leadership, regional diversification and strong regional presence. Our Revenue/EBITDA/PAT 3Y CAGR is at 19%/46%//32%, given the healthy topline growth and cost-saving initiatives. We assign an 11x Sep 2027, EV/EBITDA and revise TP to Rs 342 (Rs333 earlier) to factor in healthy growth visibility, no. 1 position and regional diversification. Our TP implies replacement cost valuation is in line with the industry average of Rs 7.5bn/mt. Maintain BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	STRCEM IN/Rs 246
Market cap	US$ 1.2bn
Free float	33%
3M ADV	US$ 2.1mn
52wk high/low	Rs 309/Rs 172
Promoter/FPI/DII	67%/1%/6%

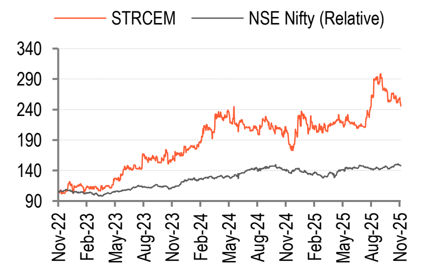
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	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	8.5	10.7
Adj. ROAE (%)	6.0	10.4	13.3
Adj. P/E (x)	61.0	32.3	22.4
EV/EBITDA (x)	18.1	12.7	9.4
Adj. EPS growth (%)	(42.6)	89.1	44.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

SELL
TP: Rs 770 | ∀ 9%

JK LAKSHMI CEMENT | Cement | 09 November 2025

Healthy show; medium-term concerns to continue; retain SELL

- **Revenue grew by 24% YoY to ~Rs15.3, helped by volume gains of ~15% YoY driven by the impact of the UCLW amalgamation**
- **Overall cost flat YoY (+8% QoQ) at Rs4,657/tn, helping EBITDA margin improve to 13.6% from a weak base of 7.2% (14.3% QoQ)**
- **We value JKLC at 9x EV/EBITDA Sep'27 EBITDA with new TP of Rs 770 (Rs 731), as FY26e/FY27e EBITDA revised +6% each. Retain SELL**

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Volume surge arrested by sharp realisation fall: JKLC (standalone) reported a robust ~24% YoY increase in revenue (-12% QoQ) to ~Rs15.3bn in Q2FY26, driven by the full-quarter impact of the UCWL amalgamation. Volumes rose by 14.7% YoY (-14.6% QoQ) to 2.8mnt (amalgamation effect), while average realisation jumped by ~8%/3% YoY/QoQ to Rs 5,136/tn (excluding RMC income), as non-trade segment incurred price declines on demand softness cushioned by premium mix at 26%.

Operating leverage offsets cost headwinds: Overall cost was flat YoY (+8.3% QoQ) to Rs4,657/tn, aided by scale benefits from higher volumes. Raw material cost (adjusted for fuel) inched up ~3% YoY (+6% QoQ), as share of renewable energy was at 46%. Fuel cost at Rs 1.54/kcal (vs Rs 1.62/kcal YoY) kept fuel cost soft. Logistics cost rose by ~9% YoY (+3.5% QoQ), led by a jump in sales to stretched markets. Other expenditure shot up by ~10% YoY (-7.8% QoQ), driven by integration costs and maintenance shutdown offset by scale benefits.

Margin expansion on weak base: Effectively, EBITDA surged ~134% YoY (-33% QoQ) to ~Rs2.1bn, with EBITDA margin doubling from 7.2% to 13.6% YoY (17.9% in Q1FY26). EBITDA/tn jumped to Rs732/tn from Rs359/tn YoY (down 22% QoQ).

Capacity expansion on track: JKLC capacity was at 18mtpa post Surat GU commissioning and Sirohi de-bottlenecking. All major equipment orders are placed for Durg brownfield expansion with kiln expected by FY27-end, 1.2mnt Durg and 1.2mnt Madhubani grinding in FY27, while the balance 2.2mnt by Mar'28. Railway siding at Durg (Rs3.25bn) saw Phase 1 completion, to be funded via Rs2.25bn debt.

Estimates revise; maintain SELL: We revise our FY26e/FY27e EBITDA upwards by 6% each to capture the amalgamation benefits. However, challenges from the changing dynamics following intense supply pressure from large cement majors impacts pricing. Further, net debt reversing upwards due to Durg expansion and staying high following Nagaur and Assam expansion beyond FY28 are concerns. We value JKLC at 9x EV/EBITDA Sep-2027 revised earnings with a new TP of Rs 770 (Rs 731). Retain SELL. At our target price the stock trades at ~Rs7bn/mnt.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	JKLC IN/Rs 845
Market cap	US$ 1.1bn
Free float	54%
3M ADV	US$ 1.3mn
52wk high/low	Rs 1,021/Rs 661
Promoter/FPI/DII	46%/14%/26%

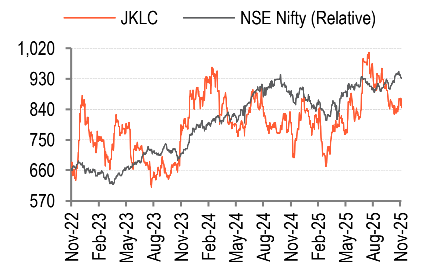
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	56,980	71,615	79,683
EBITDA (Rs mn)	6,308	10,531	12,565
Adj. net profit (Rs mn)	2,814	4,476	5,200
Adj. EPS (Rs)	23.9	38.0	44.2
Consensus EPS (Rs)	23.9	39.3	48.2
Adj. ROAE (%)	9.4	12.5	12.9
Adj. P/E (x)	35.3	22.2	19.1
EV/EBITDA (x)	16.3	10.9	10.1
Adj. EPS growth (%)	(33.7)	59.0	16.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
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SELL

TP: Rs 3,947 | ∀ 33%

VST TILLERS TRACTORS | Automobiles | 07 November 2025

Healthy show; GST cut to help; valuations steep, Retain SELL

- **Q2FY26 revenue grew by 11%/12% YoY/QoQ to Rs3.2bn, driven by volume gains of ~15% to ~14.5k units**
- **Gross margin contracted 110bps YoY to 30.8%, driven by commodity inflation and lower export realisations. EBITDA stays flat at 13%**
- **Revise FY26/FY27 EBITDA estimates upward by 7%/5%, revise TP to Rs3,947 (Rs 3, 422), value VSTT at 20x P/E 1YF. Retain SELL**

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Revenue growth on domestic demand; export headwinds persist: VSTT's revenue jumped by ~11%/12% YoY/QoQ to Rs 3.2bn in Q2FY26, as domestic demand was offset by export weakness. Overall volume growth was robust at ~15% YoY to ~14.5k units. Average realisation/vehicle fell ~4% YoY (flat QoQ), pressured by discounts, rate cut and export pricing. Domestic tractors grew 16% YoY, while exports fell 33% YoY on soft demand from the European region and logistics delays.

EBITDA stable despite gross margin pressure: Raw material (RM) cost as a percentage of sales rose 110bps YoY to 69.2%. Adjusted RM cost leapt to ~Rs 2.2bn (up ~13% YoY). Gross margin contracted 110bps YoY to 30.8%, driven by commodity inflation and lower export realisations. Staff costs climbed up 9% YoY to ~Rs 277mn, while other expenses jumped 5% YoY to Rs 285mn. EBITDA stayed flattish YoY at 13%. Reported PAT declined 43% YoY to Rs 254mn (vs. Rs 449mn) due to MTM loss of ~Rs 23mn (vs. gain YoY); ex-MTM PAT up ~10% YoY to Rs 277mn.

Focus on higher HP and global platform: VSTT deepened its push into 30-50 HP via Zetor, with 3.22L engine. Over 20 products are planned in the next 2 years, including electric platforms (5-7hr runtime). Export recovery hinges on European base (year-end). MoU with Tamil Nadu Agri University to expand into other states. In the compact segment (<30 HP), the company has taken multiple measures including 18-22 HP/27 HP with 1.2L Torque Max engine replacing 0.9L; FENTM series ramp-up in H2FY26; 1.6L Stage V engine for 29 HP (global platform for India/Europe/US).

Maintain SELL: We revise our FY26/FY27 EBITDA EPS estimates upward by 7%/5%, factoring in the H1FY26 performance on a lower base and benefits of GST rate cut. However, we keep FY28e unchanged. We model in revenue/EBITDA/PAT CAGR of 13%/17%/20% over FY25-FY28E. We continue to value VSTT at 20x P/E 1YF earnings and arrive at a new TP of Rs 3,947 (from Rs 3,422) rolling forward. We maintain VSTT's performance is below par on gross margins and exports despite its focus on the high-end farm equipment business, healthy contribution from non-farm business and regional diversification. Effectively, the valuations run-up is steep and remain decoupled from earnings and hence unjustified. Maintain SELL.

Key changes

Target	Rating
▲	◄►

Ticker/Price	VSTT IN/Rs 5,892
Market cap	US$ 578.4mn
Free float	45%
3M ADV	US$ 2.0mn
52wk high/low	Rs 6,149/Rs 3,082
Promoter/FPI/DII	55%/5%/15%

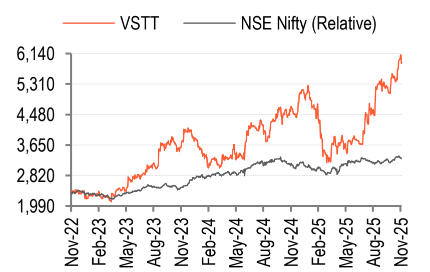
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	9,946	11,963	13,207
EBITDA (Rs mn)	1,111	1,459	1,673
Adj. net profit (Rs mn)	945	1,260	1,515
Adj. EPS (Rs)	109.3	145.9	175.3
Consensus EPS (Rs)	109.3	147.7	176.4
Adj. ROAE (%)	9.4	11.3	12.2
Adj. P/E (x)	53.9	40.4	33.6
EV/EBITDA (x)	46.9	35.6	31.0
Adj. EPS growth (%)	(22.3)	33.4	20.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 600 | ⮝ 36%

SOMANY CERAMICS | Building Materials | 07 November 2025

Mixed Q2; capacity ramp-up to fuel margin expansion ahead

- **SOMC tiles sales volume grew at a muted pace for the 6th consecutive quarter on muted demand and heavy monsoon in the North region**
- **Tiles volume growth guidance revised down from high-single-digit to mid-high single-digit rate for FY26**
- **Maintain BUY on healthy earnings growth prospects with reasonable valuations; TP remains unchanged at Rs 600 per share**

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Mixed Q2: SOMC Q2FY26 topline came broadly in line with our estimate, but beats our EBITDA estimate by 16.2% due to better-than-expected operating margin (-59bps YoY to 7.8% vs 6.8% estimated). Overall, SOMC revenue grew by 2.8% YoY, but EBITDA/APAT fell by 4.4%/12.6% YoY in Q2FY26.

Highlights: SOMC tiles sales volume was relatively flat (-0.1% YoY) in Q2FY26 due to the impact of a heavy monsoon in the North region (accounts for 46-47% of its total volume). Own tiles volume was down 0.8%/24.9% YoY in Q2FY26 due to outage of Kassar, Haryana plant by 20-25 days on account of leakage in GAIL gas pipeline. Outsourced tiles volume was up 32.0% in Q2FY26. Tiles realisation improved by 0.4% QoQ in Q2FY26. Non-tiles revenue rose sharply by 17.7% YoY in Q2FY26, driven by both bathware (+9.0%) and adhesives (+44.0%). EBITDA margin contracted by 59bps YoY to 7.8% in Q2FY26 due to low capacity utilisation (-200bps YoY to 75%). Net debt has gone down from Rs 2.31bn in Jun'25 to Rs 2.07bn in Sep'25.

Outlook: Management believes that the Indian tiles industry is out of the woods due to a gradual recovery in the domestic tiles demand and higher tiles exports (+9-14% YoY in FY26E). Tiles volume growth guidance for FY26 was revised down to mid-high single-digit rate (vs high-single-digit earlier). Plans to take a price hike by Dec'25-end or early Q4FY26. EBITDA margin is projected to improve by 100-150bps in H2FY26 over H1FY26, to be driven by operating leverage benefit. Max plant reported a loss of Rs 75mn in Q2FY26 (vs Rs 65mn in Q1FY26) but will likely breakeven by Q4FY26 due to ramp-up of its plant (from 50% in Q1FY26 to 75-80% in Q4FY26). Project business revenue share is targeted to increase from 15-17% in Q2FY26 to 18-19% in FY27 owing to the recovery in real estate.

Maintain BUY with unchanged TP of Rs 600: We maintain our BUY on the stock. We have cut our EPS estimates (-6.1%/-3.9%/-5.2% for FY26E/FY27E/FY28E) due to downward revision in tiles sales volume for FY26, but our TP remains unchanged at Rs 600 per share due to roll forward of our valuation to Sep'27 (Jun'27 earlier). Our target P/E multiple remains unchanged at 20x.

Key changes

Target	Rating
◄►	◄►

Ticker/Price	SOMC IN/Rs 441
Market cap	US$ 203.9mn
Free float	45%
3M ADV	US$ 0.2mn
52wk high/low	Rs 737/Rs 395
Promoter/FPI/DII	55%/1%/23%

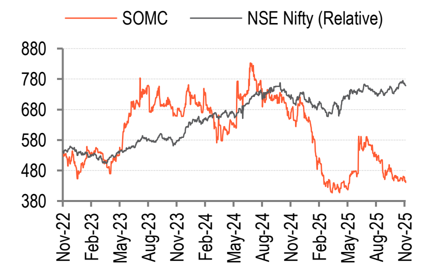
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	26,588	27,605	30,117
EBITDA (Rs mn)	2,209	2,369	2,809
Adj. net profit (Rs mn)	605	780	1,126
Adj. EPS (Rs)	14.8	19.0	27.5
Consensus EPS (Rs)	14.7	23.1	42.4
Adj. ROAE (%)	7.2	8.8	11.6
Adj. P/E (x)	29.9	23.2	16.1
EV/EBITDA (x)	9.2	8.3	6.8
Adj. EPS growth (%)	(39.0)	28.9	44.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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