FIRST LIGHT

17 November 2025

RESEARCH

BOB ECONOMICS RESEARCH | WPI

WPI inflation slips into deflation again

HERO MOTOCORP | TARGET: Rs 5,213 | -6% | HOLD

Growth concerns recede, margins maintained; retain HOLD

VOLTAS | TARGET: Rs 1,440 | +7% | HOLD

Miss estimates; maintains leadership

INDRAPRASTHA GAS | TARGET: Rs 231 | +9% | HOLD

Performance below expectations on higher gas cost

GUJARAT STATE PETRONET | TARGET: Rs 316 | +5% | HOLD

Weak operational performance on high opex

BANKING | Q2FY26 REVIEW

Credit growth improving with stabilising asset quality

CEMENT | Q2FY26 REVIEW

Volume growth on a weak base; margin gains YoY healthy

SUMMARY

INDIA ECONOMICS: WPI

WPI inflation fell by (-) 1.2% in Oct'25 following a 2.8% increase in Oct'24. Inflation was also lower than 0.1%in Sep'25. Compared with last year (Oct'24), softening in prices was helped by food and manufactured product inflation. On the other hand, fuel and power inflation fell at a slower pace. Core inflation also inched higher to 1.5% in Oct'25 from 0.3% in Oct'24. Within food, vegetable, fruits and spices helped drag the index down, while protein (eggs, meat and fish) and milk inflation increased.

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HERO MOTOCORP

- Q2FY26 revenue strong at Rs 121.3bn, up 16%/27% YoY/QoQ, on a strong volumes jump of 11%/24% to 1.69mn with healthy product mix
- Commodity cost stays put, gross margins steady; EBITDAM at 15%, up 55-60bps YoY/QoQ; EV penetration hit ICE EBITDA margins by 2%
- EPS estimates for FY27E/FY28E revised up by 1%/2%, assign 18x P/E, revise TP to Rs 5,213 (vs Rs 4,872) on Sept-2027 rollover, Retain HOLD

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VOLTAS

- Q2 revenue and EBITDA below estimates; 10% YoY drop led by a sharp 23% decline in UCP sales (-23% YoY) amid weak RAC offtake
- EMP revenue grew 10% partially offsetting UCP drag, segment profitability significantly improves (430bps YoY)
- Cut FY27–28 estimates by 6%, roll forward to Sept'26 TP of Rs 1,440 (SOTP basis); maintain HOLD on limited upside

Click here for the full report.

INDRAPRASTHA GAS

- Performance was weak on account of higher input gas cost, impacted by lower APM gas allocation
- Outlook remains positive on CNG volume growth, driven by CNG infra expansion and growth from new operating areas
- Assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS

Click here for the full report.

GUJARAT STATE PETRONET

- EBITDA decreased by 10.2%YoY, impacted by lower volumes and high transmission expenses
- Volumes to improve steadily with increase in demand from various sectors
- Assuming coverage with HOLD and TP of Rs316, based on SOTP – core business at 5.5x plus value of its stake in Gujarat Gas.

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BANKING: Q2FY26 REVIEW

- Credit growth inching up, led by retail and MSME segments, largely supported by GST cuts and festive demand
- AQ improved due to lower slippages; expect Pvt/PSU banks to report PAT CAGR of 15%/12% in FY25-FY28E
- Top picks: ICICIBC, KMB, HDFCB and SBIN in large caps, while FB and KVB in midcaps

Click here for the full report.

CEMENT: Q2FY26 REVIEW

- Volume growth at 13% YoY, driven by steady demand in the northern, central and eastern regions and a weak base. QoQ fall due to rains
- EBITDA margins improved by 400bps to ~16.8% vs 12.7% YoY, driven by realisation gains of 8% YoY; operating cost stays muted
- Post results, we maintain BUY on UTCEM and STRCEM, and SELL on DALBHARA, JKLC and TRCL. JKCEM upgraded to HOLD

Click here for the full report.

WPI

14 November 2025

WPI inflation slips into deflation again

Sonal Badhan
Economist

WPI inflation fell by (-) 1.2% in Oct'25 following a 2.8% increase in Oct'24. Inflation was also lower than 0.1%in Sep'25. Compared with last year (Oct'24), softening in prices was helped by food and manufactured product inflation. On the other hand, fuel and power inflation fell at a slower pace. Core inflation also inched higher to 1.5% in Oct'25 from 0.3% in Oct'24. Within food, vegetable, fruits and spices helped drag the index down, while protein (eggs, meat and fish) and milk inflation increased.

Food grain inflation remains muted, led by pulses. Amongst cereals, paddy prices fell more steeply in Oct'25, and wheat price index also eased. Under manufactured products, softness in inflation was driven by items like computers/electronics, motor vehicles/trailers, food and beverages—possibly reflecting the impact of GST rate cuts. However, basic metal price index remained higher, led by increase in aluminium prices. Globally, major commodity prices (except Lead) are facing downward pressure given weak demand. Slower pace of deflation in fuel inflation was driven by mineral oil index. However, more recently, oil prices have been falling at a slower pace. Going forward, international commodity prices and oil prices may see some inching up if there is revival in demand seen following the re-opening of the US government after a 43-day long shutdown, and if Fed decides to lower rates in Dec'25.

Food inflation continues to support headline WPI:

Headline WPI inflation fell into deflation in Oct'25, a first since Jul'25 (-0.6%). This is much lower than 2.8% registered in Oct'24 and 0.1% in Sep'25. Compared to last year (Oct'24), food inflation contracted again by (-) 5% versus 12.1% increase in Oct'24. Vegetable inflation index declined for the 9th consecutive month in Oct'25, and fell by (-) 35%, much sharper than 62.9% increase noted during the same period last year. This was helped by decline in index for potato, onion, tomato, cabbage, radish and bottle gourd etc. Index for spices and condiments (-15.3% versus -2.9% in Oct'24) remains in contraction for the 15th consecutive month in Oct'25. Index for fruits also recorded 4th consecutive decline in Oct'25 (-7% versus 13.6% in Oct'24). On the other hand, index for milk (3%, unchanged from last year) prices was stable and that of eggs, meat and fish (1.8% versus -0.5%) inched up. Food grain inflation remained lower, as the index declined in Oct'25 (-4.2% versus 8.1%), led by sharp decline in inflation index for pulses (-16.5% versus 9.3%). Cereals also registered deflation, mainly due to movement in paddy inflation (-1.5% versus 7.5% in Oct'24). Wheat inflation also noted considerable deceleration (0.8% versus 8%).

RESULT REVIEW

HOLD
TP: Rs 5,213 | ∀ 6%

HERO MOTOCORP | Automobiles | 14 November 2025

Growth concerns recede, margins maintained; retain HOLD

- **Q2FY26 revenue strong at Rs 121.3bn, up 16%/27% YoY/QoQ, on a strong volumes jump of 11%/24% to 1.69mn with healthy product mix**
- **Commodity cost stays put, gross margins steady; EBITDAM at 15%, up 55-60bps YoY/QoQ; EV penetration hit ICE EBITDA margins by 2%**
- **EPS estimates for FY27E/FY28E revised up by 1%/2%, assign 18x P/E, revise TP to Rs 5,213 (vs Rs 4,872) on Sept-2027 rollover, Retain HOLD**

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Broad-based recovery drives revenue growth: HMCL registered a healthy revenue of Rs 121.3bn, up 16% YoY / 27% QoQ, aided by a strong festive-season demand and improved traction across Entry, Deluxe, and Scooter segments. Total volumes came in at 1.69mn units, up ~11% YoY. Realisation improved by 4% YoY to Rs 71.7k, driven by a richer product mix that is led by premium offerings (X-pulse 210, Xoom 125, Xoom 160) and festive pricing.

Commodity cost inflation pinches, margins steady: Raw material costs (inventory-adjusted) jumped ~16%/27% YoY/QoQ, though RM as % of sales were steady at 66.7% YoY/QoQ, supported by mix improvement and LEAP-led cost efficiencies. Effectively, gross margin stayed flat at 33.3% YoY/QoQ.

Other expenses inch up on brand related cost: Other expenses grew 15%/28% YoY/QoQ to Rs15.1bn, flat at 12.5% of sales as brand building and EV investments continue. EBITDA rose 20%/32% YoY/QoQ to Rs 18.2bn, with margin expanding 55bps/60bps YoY/QoQ to 15%, on strong festive volumes, richer product mix and operating leverage. ICE EBITDA margin improved to 17.7% (+121bps YoY).

Brand building and premiumisation to drive growth: Marketing activities stayed the highest in the industry to create a brand pull. With 12 new launches, product portfolio was strengthened with freshness focused to improve market share. Exports surged 77% YoY (3x industry) with premium bike contributing 40% of the mix.

Maintain HOLD: Factoring in the 1HFY26 show, we have revised upwards our volume estimates, leading to EBITDA/PAT estimates addition by 1.0/2.0% each in FY27/FY28. Effectively, our 3Y Revenue/EBITDA/PAT CAGR is 15%/13%/13%. Growth concerns in the entry level waned with GST rate rationalisation. HMCL is further consolidating with a more aggressive strategy in 125cc segment that augurs well. We continue to assign 18x target P/E to core operations, in line with the 10Y average with rollover to Sep 2027 earnings and revise the SOTP-based TP to Rs 5,213 (earlier Rs 4,872), which includes Rs 130/sh as the value of other businesses. Retain HOLD. Key risks a) Late entry level segment revival 2) EV investments

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HMCL IN/Rs 5,539
Market cap	US$ 12.5bn
Free float	65%
3M ADV	US$ 53.0mn
52wk high/low	Rs 5,717/Rs 3,344
Promoter/FPI/DII	35%/30%/24%

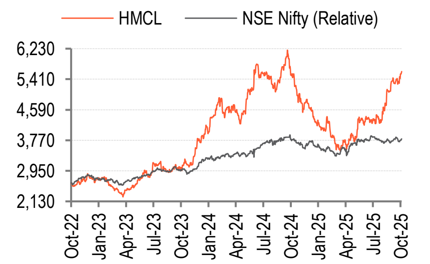
Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	4,07,564	4,75,551	5,21,709
EBITDA (Rs mn)	58,677	63,632	71,646
Adj. net profit (Rs mn)	46,100	49,179	54,055
Adj. EPS (Rs)	230.9	246.3	270.7
Consensus EPS (Rs)	230.9	255.0	277.9
Adj. ROAE (%)	23.3	22.2	22.0
Adj. P/E (x)	24.0	22.5	20.5
EV/EBITDA (x)	18.9	17.5	15.5
Adj. EPS growth (%)	21.1	6.7	9.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD
TP: Rs 1,440 | ⮝ 7%

VOLTAS | Consumer Durables | 16 November 2025

Miss estimates; maintains leadership

- **Q2 revenue and EBITDA below estimates; 10% YoY drop led by a sharp 23% decline in UCP sales (-23% YoY) amid weak RAC offtake**
- **EMP revenue grew 10% partially offsetting UCP drag, segment profitability significantly improves (430bps YoY)**
- **Cut FY27–28 estimates by 6%, roll forward to Sept'26 TP of Rs 1,440 (SOTP basis); maintain HOLD on limited upside**

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Misses estimates; UCP revenue declined 23% YoY: Voltas delivered another weak quarter in Q2FY26, with revenue declining 10% YoY to Rs 23.5bn (7% below our estimate) as UCP sales remained subdued (-23% YoY). Gross margin softened 100bps YoY to 24.8%. EBITDA fell 57% YoY to Rs 704mn, a 38% miss vs our estimate, with margin contracting 320bps YoY to 3.0% (vs est. 4.5%). Profitability was weighed down by muted secondary offtake, elevated channel inventory, higher marketing spending (support to channel), and under-absorption at the newly commissioned Chennai and Waghodia facilities. Adjusted PAT declined 76% YoY to Rs 315mn.

EMP segment revenue growth (+10% YoY) partially offset UCP drag: The EMP segment registered strong growth with revenue up 10% YoY to Rs 9.7bn and EBIT rising to Rs 920mn, driving margin expansion to 9.5% on steady execution across domestic and international projects. EPS revenue declined 5% YoY to Rs 1.4bn; while EBIT increased 11% YoY to Rs 439mn and margin expanded to 31.6%, supported by stable performance in mining and construction equipment, steady textile machinery execution and continued after-sales contribution.

Emerging growth drivers in the project business; improving UCP outlook: Voltas is seeing early signs of renewed momentum in its projects business, led by healthier order book and improving execution cycles. The project segment also witnesses renewed growth in drivers such as demand for cooling from data centers and district cooling centers, however it remains small in the overall order book (current 2-5%, potential to reach 30% of the order book). Management commentary also turned incrementally positive, highlighting optimism around a recovery in UCP demand as channel inventory normalizes, expect December to report growth.

Cut estimates, maintain HOLD: We cut our FY27-28 earnings by 6% to capture temporary UCP softness. We change our valuation methodology to SOTP basis and arrive at Sept 26TP of Rs 1440 (vs June 26TP of Rs 1400). We remain cautiously optimistic about stock as inventory situation remains a key monitorable. We maintain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VOLT IN/Rs 1,351
Market cap	US$ 5.0bn
Free float	70%
3M ADV	US$ 18.7mn
52wk high/low	Rs 1,859/Rs 1,135
Promoter/FPI/DII	30%/21%/33%

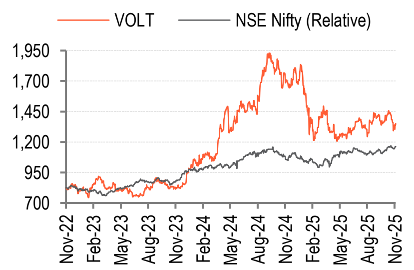
Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,54,128	1,47,213	1,70,189
EBITDA (Rs mn)	11,162	8,893	12,135
Adj. net profit (Rs mn)	8,414	6,805	9,274
Adj. EPS (Rs)	25.4	20.6	28.0
Consensus EPS (Rs)	24.5	31.0	39.0
Adj. ROAE (%)	13.6	10.1	12.6
Adj. P/E (x)	53.1	65.7	48.2
EV/EBITDA (x)	40.0	50.3	36.8
Adj. EPS growth (%)	233.9	(19.1)	36.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 231 | ⮝ 9%

INDRAPRASTHA GAS | Oil & Gas | 14 November 2025

Performance below expectations on higher gas cost

- **Performance was weak on account of higher input gas cost, impacted by lower APM gas allocation**
- **Outlook remains positive on CNG volume growth, driven by CNG infra expansion and growth from new operating areas**
- **Assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS**

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Performance below expectations on higher gas cost: Revenue came at Rs40bn (+8.8%YoY, +2.8%QoQ) and was 2% below consensus estimates. EBITDA came at Rs4bn (-17.4%YoY, -13.5%QoQ), was 14% below consensus estimates. EBITDA spread was Rs5/scm for the quarter; lower by 16%YoY.

Volumes: Volumes came at 857mnscm, higher by 3.2%YoY and higher by 3.1%QoQ. CNG volumes growth was at 2.7%YoY; while PNG domestic (D-PNG) volume growth was 6.1%YoY. Excluding DTC business volumes, CNG volume growth was at 10%YoY. Management is positive on CNG growth and guided a growth of 6-7% for FY26E driven by growth in new geography areas.

Operational performance and outlook: EBITDA was impacted by the lower allocation of APM gas. APM allocation got reduced to 41% in Q2 vs 65% in Q2FY25. This increased the gas cost. As there are production constraints for gas from ONGC, we expect the allocation to gradually reduce for CGD companies. Positive is PNGRB's recommendation on the restoration of APM gas allocation for CGD, which if implemented, will likely improve the company's profitability. IGL guided a EBITDA spread of Rs7-8/scm over medium term. IGL plans to foray into Saudi Arabia market by developing gas market for 5 cities by December 2025.

Capex intensity: IGL incurred a capex of Rs7,366mn in H1FY26 and guided a capex of Rs12,000-14,000mn for FY26E.

Coverage with HOLD: We remain positive on volume growth, driven by new geographic areas Foray into Saudi Arabia market will be positive over medium term. We are assuming coverage with HOLD and TP of Rs231, based on 14.5x P/E on Sept'27 EPS.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IGL IN/Rs 213
Market cap	US$ 3.4bn
Free float	55%
3M ADV	US$ 6.1mn
52wk high/low	Rs 229/Rs 153
Promoter/FPI/DII	45%/17%/24%

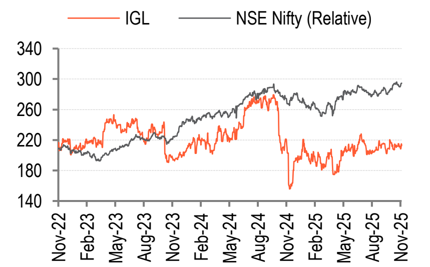
Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	149,276	172,905	183,702
EBITDA (Rs mn)	19,787	21,306	25,960
Adj. net profit (Rs mn)	14,677	15,658	18,945
Adj. EPS (Rs)	10.5	11.2	13.5
Consensus EPS (Rs)	10.5	11.8	13.1
Adj. ROAE (%)	10.7	10.6	12.0
Adj. P/E (x)	20.3	19.0	15.7
EV/EBITDA (x)	13.4	12.3	9.9
Adj. EPS growth (%)	(58.0)	6.7	21.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 316 | ⮝ 5%

GUJARAT STATE PETRONET | Oil & Gas | 14 November 2025

Weak operational performance on high opex

- **EBITDA decreased by 10.2%YoY, impacted by lower volumes and high transmission expenses**
- **Volumes to improve steadily with increase in demand from various sectors**
- **Assuming coverage with HOLD and TP of Rs316, based on SOTP – core business at 5.5x plus value of its stake in Gujarat Gas**

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Operational performance below expectations on higher gas cost: Revenue came at Rs2,741mn (+6.2%YoY, -3.5%QoQ) and was 2% above consensus estimates. EBITDA came at Rs1,732mn (-10.2%YoY, -14.4%QoQ), was 20% below consensus estimates. Blended EBITDA spread was Rs0.7/scm for the quarter; lower by 6.5%YoY.

Performance parameters: Transmission volumes came at 28.5mmscmd, lower by 4.0%YoY and lower by 3.9%QoQ. Blended realisation was higher by 12.4%YoY to Rs1/scm (~Rs31/mmbtu). Blended EBITDA was lower by 6.5%YoY to Rs0.7/scm (~Rs20/mmbtu). Revenue is as per the revised tariff by PNGRB in April 2024, when it revised GSPL tariff from Rs34/mmbtu to Rs18/mmbtu.

Capex intensity: GSPL incurred a capex of Rs1,563mn on standalone basis in H1FY26 and Rs4,466mn on consolidated basis in H1FY26E.

Outlook: Tariff was cut by 47% from Rs34/mmbtu to Rs18/mmbtu in May 2024 by PNGRB. and GSPL's revenue and EBITDA have fallen to a low base, since. Thus, tariff will likely stay around the current level and volume growth will be steady. As part of ongoing restructuring, GSPC, GSPL & GEL will be first amalgamated into Gujarat Gas. For each of the 13 shares of GSPL, investors will get 10 shares of Gujarat Gas. Post this, the Gas transmission business will be demerged and listed as new entity GTL (GSPL Transmission Ltd).

Coverage with HOLD: We expect growth in transmission volumes to be steady and remain positive on transmission volume growth. Realisation is likely to remain at the current level. We assume coverage with HOLD and TP of Rs316, based on SOTP – core business at 5.5x plus value of its stake in Gujarat Gas and Sabarmati Gas.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	GUJS IN/Rs 302
Market cap	US$ 1.9bn
Free float	62%
3M ADV	US$ 2.3mn
52wk high/low	Rs 395/Rs 261
Promoter/FPI/DII	38%/15%/25%

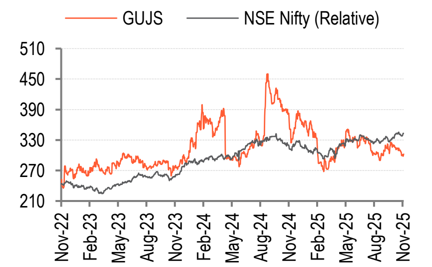
Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	173,701	182,186	184,646
EBITDA (Rs mn)	26,910	24,528	26,752
Adj. net profit (Rs mn)	11,111	14,559	14,872
Adj. EPS (Rs)	19.7	25.5	26.3
Consensus EPS (Rs)	19.7	23.5	25.7
Adj. ROAE (%)	9.9	11.9	11.1
Adj. P/E (x)	15.3	11.8	11.5
EV/EBITDA (x)	5.6	5.8	4.9
Adj. EPS growth (%)	1.1	(33.0)	31.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BANKING | Q2FY26 Review | 14 November 2025

Credit growth improving with stabilising asset quality

- **Credit growth inching up, led by retail and MSME segments, largely supported by GST cuts and festive demand**
- **AQ improved due to lower slippages; expect Pvt/PSU banks to report PAT CAGR of 15%/12% in FY25-FY28E**
- **Top picks: ICICIBC, KMB, HDFCB and SBIN in large caps, while FB and KVB in midcaps**

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Credit growth inching up, largely supported by GST cuts and festive demand: Credit growth was moderate for our coverage banks (+11.6% YoY; +4.1% QoQ) in Q2FY26 and was largely in line with the system growth (+11.4% YoY; +4.2% QoQ). Loan growth was largely supported by GST rate cut, coupled with festive demand in Q2FY26. Retail and MSME segments mainly led the loan growth; while corporate credit demand remains muted, along with calibrated growth in the unsecured segment. Further, deposit accretion remains challenging for coverage banks with growth of 10.3% YoY and 2.1% QoQ. IIB was the only bank under coverage to witness degrowth in both advances and deposits as of Sep'25. Further, LDR ratio for most banks increased on a QoQ basis, as deposit growth lagged the loan growth. We note that SBIN, with ~23% market share in system advances, raised loan growth guidance to 12-14% in FY26 from 12-13% guided earlier. We expect credit offtake to be ~11-12% YoY in FY26, largely supported by retail and MSME segments.

Asset quality improved, supported by lower slippages; unsecured stress likely to improve in H2FY26: AQ improved with GNPA ratio falling for most banks under coverage on a sequential basis, mainly driven by lower slippages, as stress appears to have peaked out in the MFI and plateaued in the credit card segment. Most of the banks under coverage witnessed a decline in the SMA levels, indicating improvement in early delinquency buckets. Further, CE improved across most of the banks under coverage. Credit costs (CC) for PSU banks were lower at 0.5%-0.9% vs private banks (0.3%-3.5%) in our coverage, largely on the back of relatively lower share of unsecured loans. Slippage and credit costs are expected to improve in H2FY26, given the signs of improvement in SMA portfolio.

NIMs pressure, elevated C/I weighed on profitability: NIMs declined sequentially for most of the banks in our coverage universe, led by the fall in yields on advances. However, a few banks like SBIN, FB, AUBANK and UJJIVANS saw NIMs improving QoQ, mainly due to a higher decline in CoF. Elevated C/I ratio for most of the banks under coverage adversely impacted profitability. We expect NIMs to improve from the current levels, aided by CRR cut benefits, CASA improvement, and ongoing deposit repricing over 2HFY26.

CEMENT | Q2FY26 Review | 14 November 2025

Volume growth on a weak base; margin gains YoY healthy

- **Volume growth at 13% YoY, driven by steady demand in the northern, central and eastern regions and a weak base. QoQ fall due to rains**
- **EBITDA margins improved by 400bps to ~16.8% vs 12.7% YoY, driven by realisation gains of 8% YoY; operating cost stays muted**
- **Post results, we maintain BUY on UTCEM and STRCEM, and SELL on DALBHARA, JKLC and TRCL. JKCEM upgraded to HOLD**

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Healthy volume growth YoY; seasonal decline QoQ: Our coverage universe posted aggregate volume growth of 13% YoY, supported by steady demand across northern, central and eastern regions, despite heavy monsoon impact. Volumes fell 8% QoQ, reflecting typical seasonal moderation, early festive shift, and transitional impact pre-GST rate cut (28% → 18%). UTCEM (+22% including ICEM and KSI), JKCE (+16%), and ACEM (+14%) led YoY growth on capacity ramp-up and improved utilisation, while TRCL remained subdued (–2% YoY) amid pricing discipline and regional monsoon impact.

Stable prices and favourable mix drive realisations: Revenue for the aggregate universe rose 19% YoY, supported by firm realisations across regions and improved product mix; although it fell 7% QoQ on softer demand conditions during the monsoon. Companies including ACEM, SRCEM, Dalmia Bharat and UTCEM reported strong revenue gains on the back of higher blended prices and improving premium product contribution (28% from 20% YoY). Others like TRCL and NUVOCO recorded modest top-line growth constrained by lower dispatches.

Operating costs largely stable: On an aggregate basis, cost per tonne rose marginally by around 2% YoY, with the benefit of efficiency and better fuel mix offset by higher logistics and maintenance costs. Pet-coke prices inflated YoY, impacting fuel mix. Freight costs inflated due to companies like JKLC, JKCE and STRCEM chasing newer markets for seeding though rail-share improved, while other expenses were elevated owing to shutdowns at plants. Costs were higher by about 5% QoQ on monsoon-linked logistics constraints and scheduled kiln maintenance.

UTCEM is our top pick: We maintain BUY on UTCEM (TP Rs 14,634) as we believe it is best-placed, owing to its higher capacity, better efficiencies and pan-India presence. We retain BUY on STRCEM (Rs 342), given its niche market presence, efforts for regional diversification and market share consolidation. We maintain SELL on TRCL (Rs 790), JKLC (Rs 770) and DALBHARA (Rs 2,087) due to weak operating efficiencies. We upgrade JKCE (Rs5,777) to HOLD on reasonable valuations retain SRCM as HOLD (Rs.29,833)

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Logo:

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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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