

**RESEARCH****BOB ECONOMICS RESEARCH | US TRADE DEALS**

Fact sheet on US trade deals so far

**HINDUSTAN UNILEVER | TARGET: Rs 2,901 | +15% | BUY**

Looking for leverage in 2HFY26

**SUN PHARMA | TARGET: Rs 2,003 | +17% | BUY**

Innovative products sales growth to continue on higher base

**MARUTI SUZUKI | TARGET: Rs 14,574 | +16% | BUY**

Well-oiled to drive the bumpy ride

**AMBUJA CEMENTS | TARGET: Rs 592 | -0% | HOLD**

Consolidation phase pain may continue in medium term

**DABUR INDIA | TARGET: Rs 566 | +7% | HOLD**

Improving underlying trends but A&P needs to hold

**ACC | TARGET: Rs 2,038 | +14% | HOLD**

South presence helps operating show; maintain HOLD

**DCB BANK | TARGET: Rs 160 | +19% | BUY**

Robust growth, efficiency gain supported profitability

**SUMMARY****INDIA ECONOMICS: US TRADE DEALS**

Ever since the US President came to power, the tariff narrative has been played out frequently as part of the widely pushed Make America Great Again policy which formed the basis of his election campaign. After months of uncertainty, the US President announced a blanket tariff rate of 10% on all imports as well as sweeping country-specific tariffs on almost all trading partners on 2 Apr 2025, dubbed the "Liberation Day" by the President. The tariffs threatened to push global tariffs to a level not seen since the early 90's. However, the imposition of tariffs was delayed by 90 days and further to 1 Aug 2025, as the President gave countries a chance to negotiate mutually beneficial trade deals with the US. The analysis below lists out the key details of some of the trade deals announced so far.

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

**BOBCAPS Research**  
research@bobcaps.in



**HINDUSTAN UNILEVER**

- Compared to consensus, sales 3% higher and EBITDA 2% higher. Lower YoY spending helped results
- Our sequential margin recovery is moved ahead from 3QFY26 to 4QFY26 as reinvestments are coming in later vs expectations
- High growth segments in B&W carry a sales run rate of 25% and will be a key driver of sales and mix improvement. BUY

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

**SUN PHARMA**

- Earnings on an adjusted basis are in-line. Global innovative sales 8% above our estimated to USD 311mn
- New launches in innovative products aid in EBITDA margin scaling to 30%
- Factoring in higher growth in new launches and domestic region, we roll forward on June'27 basis, ascribing a PE of 39x. Maintain BUY

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

**MARUTI SUZUKI**

- Prudent export mix of ~18% partially offsets domestic market challenges help revenue growth of 8% YoY as realisation gains
- Commodity costs inflation and venturing into EVs hit gross margin YoY. Overall cost efficiencies likely to normalize over the medium term
- Tweak EBITDA factoring in mild volume impact. Introduce FY28E and, value MSIL at 25x P/E with revised TP of Rs 14,574. Maintain BUY

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

**AMBUJA CEMENTS**

- Strong volume-driven (13% YoY) revenue growth, backed by realisation gains of 8% YoY, due to price hikes in key operating pockets
- Operating cost impacted by ~9%/13%YoY/QoQ to Rs 4,521/tn, effectively impacting EBITDA margin to 13.9% vs 14.3%/18.3% YoY/QoQ
- We now value ACEM's consolidated business at 14x (earlier) 13x 1YF, revise earnings downward and TP to Rs 592 (vs Rs 618). Retain HOLD

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

**DABUR INDIA**

- Compared to consensus, sales were inline but EBITDA 3% higher as A&P cuts more than offset the impact from commodity inflation
- Sales trends improved, with non-seasonal business volumes up 7% while overall volumes grew 3%
- Dabur's FY26 target of HSD sales growth is achievable but margin targets appear stretched given risk to FY27 sales growth. Hold

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

**ACC**

- Revenue driven by 13% YoY volume jump to 11.5mnt (down 3.3% QoQ), backed by realisations gain of 4% YoY/QoQ to Rs 4,970/tn
- Cost escalation by 5% was a negative surprise dragging EBITDA margin to 12.7% from 13.1%/13.3% YoY/QoQ; EBITDA/t flat at Rs 672
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, revise FY27E EBITDA downward, introduce FY28E

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

**DCB BANK**

- Business growth remains strong with a rising focus on high-yielding advances
- PAT aided by higher cost efficiency, but partly offset by accelerated provisions; asset quality stable
- Maintain BUY with TP of Rs 160 (unchanged), valuing the bank at 0.8x Jun'27E ABV

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

## US TRADE DEALS

31 July 2025

### Fact sheet on US trade deals so far

Ever since the US President came to power, the tariff narrative has been played out frequently as part of the widely pushed Make America Great Again policy which formed the basis of his election campaign. After months of uncertainty, the US President announced a blanket tariff rate of 10% on all imports as well as sweeping country-specific tariffs on almost all trading partners on 2 Apr 2025, dubbed the “Liberation Day” by the President. The tariffs threatened to push global tariffs to a level not seen since the early 90’s. However, the imposition of tariffs was delayed by 90 days and further to 1 Aug 2025, as the President gave countries a chance to negotiate mutually beneficial trade deals with the US. The analysis below lists out the key details of some of the trade deals announced so far.

**Aditi Gupta**  
Economist

#### 1. US-UK trade deal

UK was amongst the first countries to secure a trade deal with the US on 8 May 2025. This was much earlier than the 31 Jul deadline imposed by the US. The trade deal, termed as the Economic Prosperity Deal (EDP), is expected to boost trade and improve market access for both countries. As per the terms of the deal, the reciprocal tariff rate of 10% remains in place. Finer blueprints of the deal include the following:

##### - For the US

- Lower tariff rates on agricultural products are likely to open the opportunity to export US\$ 5bn worth of goods to the UK. This includes, enhanced market access for US\$ 700mn ethanol exports and US\$ 250mn for other agricultural products including beef.
- Apart from this, the UK has also committed to reducing non-tariff barriers on manufacturing exports

##### - For the UK

- Some exemption was allowed with respect to auto exports. It must be noted that the US President had announced a 25% blanket tariff on imports of auto and key automobile parts into the US. Under the US-UK EDP, the US agreed on a reduced tariff rate of 10% for the first 100,000 vehicles imported from the UK, while additional imports would incur 25% tariffs.
- With regard to the 50% tariff on steel and aluminum, the higher tariff rate still holds for the UK, however the US has agreed to negotiate separately on the issue.



**BUY**

TP: Rs 2,901 | ▲ 15%

**HINDUSTAN UNILEVER**

Consumer Staples

01 August 2025

## Looking for leverage in 2HFY26

- Compared to consensus, sales 3% higher and EBITDA 2% higher. Lower YoY spending helped results
- Our sequential margin recovery is moved ahead from 3QFY26 to 4QFY26 as reinvestments are coming in later vs expectations
- High growth segments in B&W carry a sales run rate of 25% and will be a key driver of sales and mix improvement. **BUY**

**Lokesh Gusain**

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**1QFY26 result summary:** HUVR reported 1QFY26 underlying sales +5% YoY with EBITDA -1% as margins contracted 130bps to 22.5%. Gross margins declined 190bps YoY. Sales were 3% above consensus and 2% above vs our estimates, while EBITDA was 3% above consensus and 4% above our estimate. Gross margin deterioration of 190bps YoY was higher vs our estimates but lower spending resulted in higher than anticipated EBITDA margins. Demand trends continue to improve in rural with urban consumption also showing initial signs of a recovery.

**Demand trends improving:** Consolidated Underlying Volume Growth (UVG) of 4% (4Q at +2%) was driven by HomeCare (HSD UVG) on deflation driven lower pricing. B&W UVG was +LSD with USG +7%. Excluding Glow & Lovely, USG was +DD. Food segment USG +5%, driven by volumes.

**FY26 outlook:** HUVR expects continued growth in e-commerce, quick commerce, and digital-first brands with B&W and Food segments driving 2H. Continued improvement in rural, along with some improvement in urban will help volume growth. Commodity Inflation will require LSD pricing in the remainder of FY26.

**Our view:** We expect operating leverage in 2HFY26 but shift sequential recovery in margins from 2QFY26 to 3QFY26. Longer term, HUVR stands to benefit from the combination of its rural exposure, to tap into the rising the consumption in value segment; and focus on premiumisation, to capture a greater share of the fast growth affluent, and affluent plus consumer segments. We value the company in line with its 5-year historical 1 year forward average P/E of 53x on 12m to Jun 2027 EPS. Our TP changes to Rs 2,901 from Rs 2,859. Share price return of 15% – **BUY**.

(Rs mn)	Actual			Reported vs (%)	
	1Q25	1Q26	YoY	BoB	Cons.
Sales	157,070	165,140	5.1	2.0	2.7
EBITDA	37,440	37,180	(0.7)	3.9	1.8
EBITDA margin (%)	23.8	22.5	(132bps)	43bps	(21bps)

Source: Company, Bloomberg, BOBCAPS Research

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HUVR IN/Rs 2,521
Market cap	US\$ 67.6bn
Free float	38%
3M ADV	US\$ 46.3mn
52wk high/low	Rs 3,035/Rs 2,136
Promoter/FPI/DII	62%/14%/24%

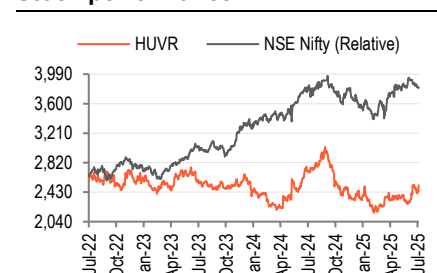
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	631,210	679,383	739,583
EBITDA (Rs mn)	148,510	155,070	179,650
Adj. net profit (Rs mn)	103,440	110,148	125,007
Adj. EPS (Rs)	44.0	46.9	53.2
Consensus EPS (Rs)	44.0	46.0	51.1
Adj. ROAE (%)	20.5	22.2	25.1
Adj. P/E (x)	57.3	53.8	47.4
EV/EBITDA (x)	39.8	38.0	32.6
Adj. EPS growth (%)	0.7	6.5	13.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**BUY****TP: Rs 2,003 | ▲ 17%****SUN PHARMA**

| Pharmaceuticals

| 01 August 2025

## Innovative products sales growth to continue on higher base

- Earnings on an adjusted basis are in-line. Global innovative sales 8% above our estimated to USD 311mn
- New launches in innovative products aid in EBITDA margin scaling to 30%
- Factoring in higher growth in new launches and domestic region, we roll forward on June'27 basis, ascribing a PE of 39x. Maintain BUY

**Foram Parekh**

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**Broadly in-line result:** Sales grew by 8.5%, driven by 14% growth from domestic region (12.7% above BoB estimates), 4% growth from the US region (10% below BoB estimates), 7% growth in EMs (14% above our estimates) and 18% growth in RoW (4% below BoB estimates) and 9.9% growth in the API segment. Healthy product mix resulted in 79.7% gross margin. Healthy gross margin and moderate SG&A expense resulted in 11% EBITDA, implying 29.4% EBITDA margin. During the quarter, PAT declined by 20% as there was an exceptional loss towards discontinuation of development work of SCD-044, adjusting against it, PAT declined by 0.6%.

**Domestic business continues to grow in double digits:** During the quarter, domestic sales growth of 14% was driven by volume growth as it continues to rank no.1 in Rx across 13 categories and 5 new product launches. Management expects to launch GLP products in India in the first wave as the market opens. We expect the leadership position in the existing business to sustain; and hence, expect sales to grow at 9% CAGR in FY26-28E.

**US sales growth to be driven by innovative products:** SUNP's global innovative sales grew by 17% YoY to USD 311mn. From the global innovative sales, 80-90% is driven from the US market. We expect US innovative sales to be ~USD 280 mn in 1QFY26, driven by growing innovative assets like Ilumya, Winlevi, Odomzo, Cequa etc. During the quarter, gRevlimid sales were better than Q4FY25. Sun's innovative sales will likely increase from launch of Leqselvi and Unloxcyt, so US region sales should grow at 6% CAGR to USD 2.3bn in FY28E.

**Valuation:** With the spread out of launch cost and phasing out of gRevlimid in H2FY26, we expect EBITDA margin to report at 28.5% in FY26 and scale up to 30% in FY27, as the full year impact of new launches will be seen. Having factored all positives, we have maintained our estimates. However, due to sustainable higher growth in its key innovative products and new launches in the innovative segment, we ascribe a PE of 39x on June'27 roll over basis to arrive at a PT of Rs 2003.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SUNP IN/Rs 1,707
Market cap	US\$ 46.7bn
Free float	45%
3M ADV	US\$ 47.5mn
52wk high/low	Rs 1,960/Rs 1,553
Promoter/FPI/DII	54%/16%/20%

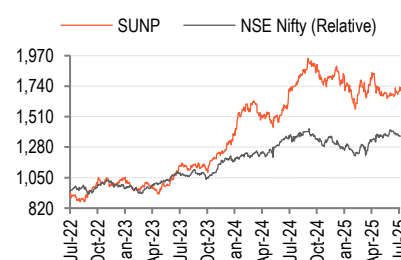
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	525,785	564,062	610,227
EBITDA (Rs mn)	153,869	160,622	182,964
Adj. net profit (Rs mn)	118,260	117,813	135,950
Adj. EPS (Rs)	49.3	49.1	56.7
Consensus EPS (Rs)	45.7	51.8	59.2
Adj. ROAE (%)	16.9	15.2	15.4
Adj. P/E (x)	34.6	34.8	30.1
EV/EBITDA (x)	25.5	24.0	20.6
Adj. EPS growth (%)	16.2	(0.4)	15.4

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**BUY**

TP: Rs 14,574 | ▲ 16%

**MARUTI SUZUKI**

| Automobiles

| 01 August 2025

## Well-oiled to drive the bumpy ride

- **Prudent export mix of ~18% partially offsets domestic market challenges help revenue growth of 8% YoY as realisation gains**
- **Commodity costs inflation and venturing into EVs hit gross margin YoY. Overall cost efficiencies likely to normalize over the medium term**
- **Tweak EBITDA factoring in mild volume impact. Introduce FY28E and, value MSIL at 25x P/E with revised TP of Rs 14,574. Maintain BUY**

**Milind Raginwar**

research@bobcaps.in

**Topline steady as prudent export mix helps realisation gains:** MSIL reported steady topline growth in Q1FY26, with revenues rising 8% YoY (fell 6% QoQ) to ~Rs 384bn. The growth was driven by a robust jump in blended realisation, growing by ~7%/8% YoY/QoQ to NRPV of Rs 727k. Contribution from the high-end utility vehicle (UV) segment rose to 38%, up from 36%/37% in Q1FY25/Q4FY25. Exports gained a healthy pace, contributing 18.4% to sales vs 13.5%/14.9% in Q1FY25/Q4FY25; reflecting MSIL's growing presence in overseas markets.

### Operating margin withers on adverse commodity and overall cost inflation:

Raw material costs, adjusted for inventory, jumped by 11% YoY but fell by 5% QoQ, rising to 72.2% (of sales) in Q1FY26, compared to 70.2%/71.9% in Q1FY25 and 71.9% in Q4FY25, driven by higher commodity prices despite a favorable sales mix. Consequently, gross margins contracted ~202 basis points YoY to 27.8%, compared to 29.8% in Q1FY25 (mild softness from 28.1% in Q4FY25). Other operating expenses added 10% YoY/QoQ to ~Rs 50bn, though down by 80 bps YoY to 13% (as % of sales). Staff expenses also rose by 14%YoY, adding pressure on margins.

**Capacity expansion plans:** MSIL has allocated a capex of ~ Rs 100bn for FY26, excluding Suzuki Motor Gujarat (SMG), and has signed an MoU with the Gujarat government to commission a 1mn unit plant by FY29, with a planned capex of Rs 350bn. MSIL plans to launch two new models in FY26, including the electric Grand Vitara and additional vehicle in the SUV segment.

**Tweak estimates, maintain BUY:** We revise FY26E/FY27E EBITDA by -5%/-3% given a slow demand revival and additional cost impact, though MSIL will remain ahead of the industry. We introduce FY28 earnings with our 3Y EBITDA/PAT CAGR healthy at 13%/12%; gross margin assumptions hover at ~30% with EBITDA margin of ~12% over FY25-FY28. Our growth outlook is backed by MSIL's focus on premiumisation, healthy capex and thrust on EVs (average of 1 EV launch till FY30). Recent revival in rural affordability only augurs well for MSIL. We maintain BUY as we continue to value MSIL at 25x P/E 1YF earnings (on par with its 10Y average), with a revised TP of Rs 14,574 (Rs 13,899).

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MSIL IN/Rs 12,608
Market cap	US\$ 43.5bn
Free float	44%
3M ADV	US\$ 45.5mn
52wk high/low	Rs 13,680/Rs 10,725
Promoter/FPI/DII	56%/23%/16%

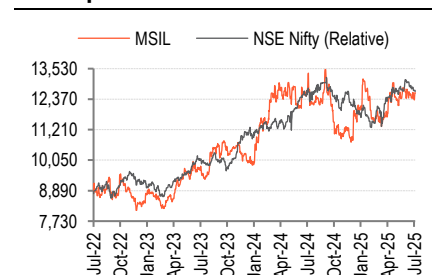
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	15,19,001	16,48,379	18,04,943
EBITDA (Rs mn)	1,77,852	1,95,094	2,23,057
Adj. net profit (Rs mn)	1,39,552	1,51,391	1,73,984
Adj. EPS (Rs)	443.9	481.5	553.4
Consensus EPS (Rs)	443.9	498.6	561.9
Adj. ROAE (%)	14.9	14.5	14.9
Adj. P/E (x)	28.4	26.2	22.8
EV/EBITDA (x)	21.5	19.5	17.1
Adj. EPS growth (%)	5.6	8.5	14.9

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE





**HOLD**

TP: Rs 592 | ▼ 0%

**AMBUJA CEMENTS**

| Cement

| 01 August 2025

## Consolidation phase pain may continue in medium term

- **Strong volume-driven (13% YoY) revenue growth, backed by realisation gains of 8% YoY, due to price hikes in key operating pockets**
- **Operating cost impacted by ~9%/13%YoY/QoQ to Rs 4,521/tn, effectively impacting EBITDA margin to 13.9% vs 14.3%/18.3% YoY/QoQ**
- **We now value ACEM's consolidated business at 14x (earlier) 13x 1YF, revise earnings downward and TP to Rs 592 (vs Rs 618). Retain HOLD**

**Milind Raginwar**

research@bobcaps.in

**Volume gains on inorganic growth; realisations healthy:** ACEM reported a healthy 22% YoY (-3% QoQ) revenue growth to Rs 55.1bn in 1QFY26 (SA), driven by double-digit volume growth and backed by realisations. Share of premium products was up to 29.1%. Volume growth was healthy at 12.9% YoY (-9% QoQ) to 10.5mt while realisations were at Rs5,252/t (8% YoY). Consolidated revenue grew 23%/3% YoY/QoQ at Rs ~103bn, as volumes jumped 20%/1% YoY/QoQ to 18.4mt. Blended cement was stable at 82% of the total trade volumes.

**Cost inflation a negative surprise:** Operating cost rose by ~9%/13%YoY/QoQ to Rs 4,521/t. Power and fuel costs (adjusted to raw material cost) spiked by 10%/9% YoY/QoQ to Rs 2,716/t in Q1FY26 from Rs 2,459/t in Q1FY25, on adverse raw material price. Kiln Fuel cost fell by 14% YoY to Rs 1.57/kcal, due to better fuel mix but was flat QoQ. Other expenses were higher because of Orient Cement integration. Consequently, EBITDA margin fell to 13.9% from 14.3% YoY. EBITDA/t came at Rs 731 vs Rs695 YoY.

**Capacity expansion on track:** ACEM is on track to reach 118 mnt by March 2026 and 140 mnt by FY28, supported by brownfield expansions at various locations including Bhatapara, Salai Banwa, Dabri, Mewar, Kalamboli, Krishnapuram, Bhatinda, Jodhpur, and Waghali. The Bhatapara clinker unit (4 mnt) and additional grinding units are due for commissioning in Q2FY26, with 13 mnt of grinding units targeted for FY26.

**Maintain HOLD:** We revise our EBITDA estimates for FY26/FY27 by 7%/4% to factor in the consolidation impact on cost, though volume growth will be healthy. Realisation gains may be challenging, given the heightened competitive pressure in FY26/FY27. Full impact of inorganic growth (ORCMNT + Penna) transition is steady and will continue in medium term, pinching cost. We introduce FY28 earnings and estimate revenue/EBITDA/PAT CAGR of 19/21%/19% over FY25-FY28. We value consolidated business by assigning EV/EBITDA of 14x (earlier 13x) 1YF earnings and revise TP to Rs 592 (Rs 618). Our TP implies a replacement cost of Rs 10bn/mnt – ~33% premium to the industry. We retain HOLD.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACEM IN/Rs 593
Market cap	US\$ 13.4bn
Free float	37%
3M ADV	US\$ 15.9mn
52wk high/low	Rs 681/Rs 453
Promoter/FPI/DII	63%/11%/17%

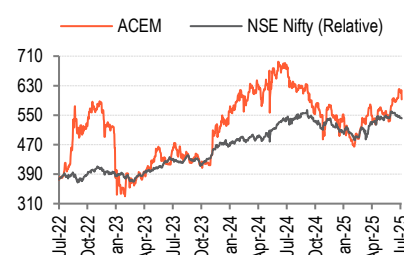
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	3,33,833	4,49,519	5,15,883
EBITDA (Rs mn)	59,707	72,966	96,413
Adj. net profit (Rs mn)	34,189	36,825	52,388
Adj. EPS (Rs)	14.7	15.0	21.3
Consensus EPS (Rs)	14.7	16.3	20.8
Adj. ROAE (%)	8.8	7.4	9.4
Adj. P/E (x)	40.4	39.6	27.9
EV/EBITDA (x)	19.4	17.0	12.6
Adj. EPS growth (%)	(8.8)	1.9	42.3

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

## Stock performance



Source: NSE





**HOLD**

TP: Rs 566 | ▲ 7%

**DABUR INDIA**

Consumer Staples

01 August 2025

## Improving underlying trends but A&P needs to hold

- Compared to consensus, sales were inline but EBITDA 3% higher as A&P cuts more than offset the impact from commodity inflation
- Sales trends improved, with non-seasonal business volumes up 7% while overall volumes grew 3%
- Dabur's FY26 target of HSD sales growth is achievable but margin targets appear stretched given risk to FY27 sales growth. Hold

**Lokesh Gusain**

research@bobcaps.in

**1QFY26 result summary:** Both sales and EBITDA increased 2% on a YoY basis. Compared to consensus, sales were in line while EBITDA came in 3% higher with margins also 50bps higher. A&P was cut ~14% YoY which helped in offsetting commodity inflation. Dabur faced 7% inflation during the quarter which was largely offset with pricing and spending cuts.

**Improving underlying sales:** Excluding the impact from unseasonal rains / shorter summer; underlying sales trends improved. Total volumes were +3%, while with non-seasonal volume up 7%. Inventory days in General Trade also remained stable at 21-22 days. Net pricing was -2% as inflation offsetting pricing of 3%-4% was more than offset with incremental promos to distributor. International business grew 14% YoY on a constant FX basis.

**FY26 outlook:** Dabur expects HSD sales growth in FY26 with double digit sales growth in 2Q on a low base due to inventory correction in the last year. The company also expects "meaningful" margin expansion during the year. We forecast 8% growth on sales and 9% growth on EBITDA. While there may not be cuts to A&P on a YoY basis, we expect A&P as a percentage of sales to decline over FY26 to help offset inflationary pressures.

**Our view** – Dabur's target of high single digit sales growth is achievable given recent improvement and stable distributor inventory. However, its target of "meaningful" improvement in margins is unlikely without a considerable slowdown in business reinvestments. Slow spending over a period of one year can adversely impact sales growth trajectory. We value Dabur at 47x, in line with its 5Yr historical average P/E on 12m to March 2027 EPS. Our target price changes to Rs566 from Rs 538. Share price return of 7% – Hold

(Rs mn)	1Q25	1Q26	YoY (%)
Revenue	33,491	34,046	1.7
Adjusted EBITDA	6,550	6,678	2.0
EBITDA Margin (%)	19.6	19.6	6bps

Source: Company, Bloomberg, BOBCAPS Research

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	DABUR IN/Rs 529
Market cap	US\$ 10.7bn
Free float	33%
3M ADV	US\$ 14.1mn
52wk high/low	Rs 672/Rs 433
Promoter/FPI/DII	66%/17%/17%

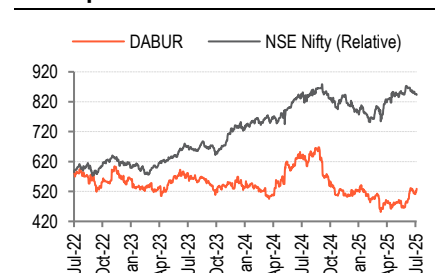
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	125,631	135,438	145,511
EBITDA (Rs mn)	23,164	25,153	27,655
Adj. net profit (Rs mn)	17,666	19,094	20,926
Adj. EPS (Rs)	10.0	10.8	11.8
Consensus EPS (Rs)	10.0	11.0	12.3
Adj. ROAE (%)	16.4	16.6	17.0
Adj. P/E (x)	53.1	49.1	44.8
EV/EBITDA (x)	40.8	37.6	34.1
Adj. EPS growth (%)	(4.1)	8.1	9.6

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 2,038 | ▲ 14%

**ACC**

Cement

31 July 2025

## South presence helps operating show; maintain HOLD

- Revenue driven by 13% YoY volume jump to 11.5mnt (down 3.3% QoQ), backed by realisations gain of 4% YoY/QoQ to Rs 4,970/tn
- Cost escalation by 5% was a negative surprise dragging EBITDA margin to 12.7% from 13.1%/13.3% YoY/QoQ; EBITDA/t flat at Rs 672
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, revise FY27E EBITDA downward, introduce FY28E

Milind Raginwar

research@bobcaps.in

**Volume and realisation gains push revenue:** ACC reported revenue of Rs 60.5bn in Q1FY26, up 18% YoY/QoQ, fueled by a 13% YoY volume increase to 11.5mnt (down 3.3% QoQ). Realisations rose by 4% YoY/QoQ to Rs 4,970/tn, driven by strong pricing in the southern region and a 7% YoY rise in the premium product share in trade sales. Capacity utilisation remained above optimal. Ready-mix concrete (RMX) segment expanded with 114 plants (+12 plants YoY).

**Cost escalation impacts EBITDA margin:** Aggregate costs rose ~5% YoY/QoQ to Rs 4,603/tn, driven by 23% YoY surge in raw material costs (including external purchases) to Rs 2,139/tn. Freight costs fell 6% YoY to Rs1,007/tn, and energy costs softened 24% YoY to Rs 737/tn from Rs 970/tn, driven by improved fuel mix (low-cost pet-coke, improved linkage, and captive coal) and green power share jump to 26.2% vs 11.9% YoY (WHRS at 13.9% and solar at 11.3%). EBITDA grew 14% YoY to Rs 7.8bn (down ~3% QoQ), but EBITDA margin fell to 12.7% from 13.1%/13.3% YoY/QoQ; due to ~5% YoY/QoQ cost escalation. EBITDA/t stayed flat at Rs 672, though cement EBITDA was up ~2% YoY to Rs 589/tn (declined QoQ).

**Capacity expansion on track:** ACC commissioned the 1.5mtpa brownfield grinding unit at Sindri. Green power share rose to 26.2% in Q1FY26 with an expectation to achieve the targeted 60% share ahead of FY28 timeline. Digital initiatives launched include DIGIPIN for hyperlocal marketing, SAP funds management, remote plant control access, and master data management transformation.

**Earnings revised, maintain HOLD:** We maintain our FY26 EBITDA forecasts but revise downward for FY27E by ~6% and introduce FY28E estimates. Our 3Y CAGR EBITDA/PAT is 6%/7%, due to limited capacity headroom, although we factor in higher cost savings. We continue to value ACC at 10x EV/EBITDA 1YF earnings and lower our TP to Rs2,038 (from Rs 2,154). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain HOLD as the current valuations factor the performance.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACC IN/Rs 1,788
Market cap	US\$ 3.8bn
Free float	43%
3M ADV	US\$ 9.4mn
52wk high/low	Rs 2,591/Rs 1,778
Promoter/FPI/DII	57%/12%/19%

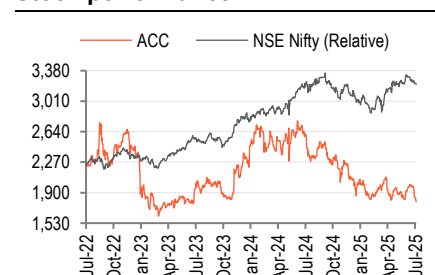
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,05,943	2,17,087	2,30,888
EBITDA (Rs mn)	30,162	30,852	34,687
Adj. net profit (Rs mn)	11,533	18,553	22,129
Adj. EPS (Rs)	61.4	98.7	117.7
Consensus EPS (Rs)	123.4	101.9	118.0
Adj. ROAE (%)	10.6	10.4	11.2
Adj. P/E (x)	29.2	18.1	15.2
EV/EBITDA (x)	10.2	8.0	7.1
Adj. EPS growth (%)	(45.7)	60.9	19.3

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**BUY****TP: Rs 160 | ▲ 19%****DCB BANK**

| Banking

| 01 August 2025

## Robust growth, efficiency gain supported profitability

- **Business growth remains strong with a rising focus on high-yielding advances**
- **PAT aided by higher cost efficiency, but partly offset by accelerated provisions; asset quality stable**
- **Maintain BUY with TP of Rs 160 (unchanged), valuing the bank at 0.8x Jun'27E ABV**

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**Strong business growth, focus on high-yielding advances:** DCBB reported strong business momentum with credit growth (+21% YoY; flat QoQ) and deposits growth (+20% YoY; +3% QoQ). The bank plans to ramp up share of organic products vs relatively low-yielding co-lending book (15.2% of total loans in Q1FY26) and targets to cap it at 15% going forward. Mortgages grew at a healthy pace (+17% YoY) and remained the largest share (43.8% of total advances). Within mortgages, DCBB began incrementally sourcing higher business loans (LAP) vs HL, given their 150-250bps higher yield. Management remains committed to its strategy of balance sheet doubling every 3-4 years, supported by granular, secured growth.

**PAT aided by higher cost efficiency but partly offset by accelerated provisions:** C/I ratio improved to 60.0% (-7.9% YoY) in Q1FY26, mainly aided by lower opex growth (+12.8% YoY) vs total asset growth (+20% YoY). DCBB reduced the headcount by ~800 employees and along with technology investment resulted in higher cost efficiency. Management plans to reduce C/I ratio to ~60% or below and cost-to-average assets of 2.5 (2.52% in Q1FY26) in the near term. Further, the bank undertook accelerated provisions of Rs 1.2bn (+4.1x YoY) in Q1FY26 to provide for entire NPA stock of MFI book and unsecured DA as of Mar'25 and on secured DA. As a result, PAT grew by 19.7% YoY translating into RoA/ RoE of 0.81%/11.56%. Management targets RoA of 1% or above and ~14% RoE in the near term.

**Asset quality stable with stress in MFI and DA book:** Despite spike in slippages to Rs 5.8bn (+58.7% QoQ), GNPA ratio was stable at 2.98% (-1bps QoQ), supported by higher w/offs of Rs 1.8bn (+6.7x QoQ). Slippage ratio was elevated at 4.6% (3.1% in Q4FY25). Slippage (ex-gold loan) was 3.1% (2.5%); largely from MFI, unsecured DA and small-ticket secured DA book. Management targets GNPA <2.5% and NNPA of 1.0%.

**Maintain BUY:** DCBB reported healthy earnings growth, supported by strong business growth and stable asset quality. We expect credit/deposit CAGR of ~19% with RoA of 0.8-1.0% in FY26-FY28E. We maintain BUY and roll over valuation to 0.8x Jun'27E ABV with TP of Rs 160 (unchanged).

## Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	DCBB IN/Rs 135
Market cap	US\$ 482.8mn
Free float	85%
3M ADV	US\$ 2.9mn
52wk high/low	Rs 151/Rs 101
Promoter/FPI/DII	15%/12%/32%

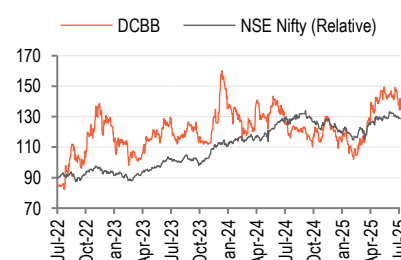
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	21,066	24,882	29,501
NII growth (%)	9.3	18.1	18.6
Adj. net profit (Rs mn)	6,153	6,968	8,582
EPS (Rs)	19.6	22.2	27.3
Consensus EPS (Rs)	19.5	22.7	29.0
P/E (x)	6.9	6.1	4.9
P/BV (x)	0.7	0.7	0.6
ROA (%)	0.9	0.8	0.9
ROE (%)	11.4	11.6	12.7

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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