

FIRST LIGHT

27 January 2026

RESEARCH

AXIS BANK | TARGET: Rs 1,470 | +17% | BUY

Business growth gaining traction with improving return profile

CIPLA | TARGET: Rs 1,394 | +6% | HOLD

A clear HOLD as valuation reflects pessimism

BOB ECONOMICS RESEARCH | GREENLAND IN FOCUS

Greenland issue – An explainer

KOTAK MAHINDRA BANK | TARGET: Rs 531 | +26% | BUY

Asset quality improving with strong advances growth

ULTRATECH CEMENT | TARGET: Rs 14,794 | +20% | BUY

Focused on growth and balance sheet, Maintain BUY

JSW STEEL | TARGET: Rs 1,307 | +12% | HOLD

Revenue better than expectations on volume growth

GODREJ CONSUMER PRODUCTS | TARGET: Rs 1,251 | +1% | HOLD

Volume-led growth

INDUSIND BANK | TARGET: Rs 833 | -7% | SELL

Earnings turn positive; credit growth lags

COFORGE | TARGET: Rs 1,486 | -9% | SELL

Market seems worried about equity and return dilution

GUJARAT STATE PETRONET | TARGET: Rs 305 | +2% | HOLD

Reported weak operational performance on high opex

ZENSAR TECHNOLOGIES | TARGET: Rs 632 | -10% | SELL

Remains growth challenged

LAURUS LABS | TARGET: Rs 1,113 | +10% | HOLD

Operational leverage expected to sustain

KARUR VYSYA BANK | TARGET: Rs 306 | +15% | BUY

AQ and return metrics to outperform peers

DCB BANK | TARGET: Rs 211 | +15% | BUY

Business momentum stays strong, supporting profitability

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SUMMARY

AXIS BANK

- PPoP in line with estimates; return ratios and asset quality improving
- Business growth gaining traction with deposit growth outpacing advances growth
- Upgrade to BUY from HOLD with revised TP of Rs 1,470 (from Rs 1,260) and roll over valuation to 1.6x Dec'27E ABV (1.5x earlier)

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

CIPLA

- Sales/EBITDA /PAT reported -5.5%/-27.9%/-45% below our estimates. Ex of one-time cost, PAT reported 23% below our estimates
- EBITDA margin guidance lower to 21%, on exhaustion of gRevlimid supplies and pause in Lanreotide until plant clearance at partner's end
- Revised estimates lower; lowered ascribed PE to 22x (earlier 24X) on Dec'27 roll forward. Downgrade to HOLD from the earlier BUY

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

INDIA ECONOMICS: GREENLAND IN FOCUS

Reiterating a long-standing demand, the US President intensified efforts to acquire Greenland in the interest of national and global security. The island nation, with a large area of over 2mn sq kms and with a population of only about 57,000, is covered largely in ice. It is an autonomous territory under Denmark. The US President's threat of using economic and military power to annex Greenland, hence created a significant rift in the NATO alliance of which both the US and Denmark are a part. In this study we have traced how the conflict has evolved and what are the reasons behind the US' demand for controlling Greenland.

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

KOTAK MAHINDRA BANK

- PPoP in line with estimates, while NIMs were flat sequentially; credit costs improved on QoQ basis
- Advances growth stays above system levels; asset quality improving with improvement in delinquencies in the unsecured retail segments
- Maintain BUY with revised TP of Rs 531 (vs Rs 521), set at 2.5x Dec'27E ABV(unchanged)

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

ULTRATECH CEMENT

- Strong volume growth to 36.6 mt, ~29% YoY growth (including ICEM and Kesoram) and ~15.4% YoY on a like-to-like basis
- Operating cost fell ~5% YoY/QoQ to ~Rs4,536/tn, aided by Q2 one-off reversals and sustained efficiency gains
- Revise FY27E/FY28E EBITDA (-2%/+1%) EBITDA/PAT CAGR ~28% each for FY27/FY28. Value at 18x EV/EBITDA, revise TP to Rs 14,794; BUY

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

JSW STEEL

- Revenue grew by 10.8%YoY driven by volume growth of 13.9%YoY. Realisation declined by 2.6%YoY
- Pricing environment has improved for Q4FY26, aided by safeguard duty and a seasonally strong period
- reduce rating to HOLD from BUY. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27E EBITDA

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

GODREJ CONSUMER PRODUCTS

- India margins beat expectations on lower input costs and operating leverage, enabling continued brand and innovation spends.
- The Muuchstac integration is progressing, with a scope to expand distribution beyond metros using GCPL's GT and omnichannel.
- Maintain HOLD; TP raise to Rs 1,251 per share.

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

INDUSIND BANK

- Credit growth continues to decline sequentially mainly due to rundown of MFI book, however earnings turn positive
- Leadership and strategic reset underway; asset quality improvement masked by higher w/offs
- Maintain SELL with revised TP of Rs 833 (from Rs 704), set at 0.9x Dec'27E ABV (0.8x earlier)

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

COFORGE

- 3Q strong but largely in line. QoQ revenue growth best in the Tier-2 set thus far. But near-term numbers are likely not focus of the market
- Equity/return dilution from Encora M&A seems to be. ROIC coming off ~1500bps in 4 years. Equity dilution ~7.6x that due to Cigniti's
- Broadly maintain estimates. Retain Target PE multiple (lowered after the Encora acquisition) and Sell Rating

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

GUJARAT STATE PETRONET

- EBITDA decreased by 14.0%YoY, impacted by lower volumes and high transmission expenses. Realised tariff increased 10.7%YoY
- Volumes through GSPL network will likely remain soft from Refinery, Petrochemical and Power consumers
- based on SOTP – core business on 5.5x on Dec'27 EBITDA + value of stake in Gujarat Gas.

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ZENSAR TECHNOLOGIES

- 3Q revenue came in short but EBIT margin at 16.1% positively surprised on offshore volume shift. TMT sector continues to be a drag
- With TCV remaining below US\$200mn for the third consecutive quarter, believe Zensar will be among the Tier-2 growth laggards in FY26/FY27
- Tweak USD revenue down but lift EBIT margin with small downshift in EPS. Retain Target PE of 17.4x (20% disc to TCS) and Sell rating

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

LAURUS LABS

- Sales/EBITDA/PAT reported 9.4%/20.6%/38.5% above our estimates. EBITDA margin at 27%, was reported 250bps above estimates
- On a normalized base, we expect custom synthesis to contribute 32% of sales by FY28E vs 27% in 9MFY26
- Continue to ascribe 50x PE on roll forward Dec'27 EPS for TP of Rs 1,113, largely due to Custom Synthesis capacity (2nd highest in India)

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

KARUR VYSYA BANK

- Asset quality improved and remains better than peers; stressed assets stay low at 0.48% of the total assets
- Return ratios improved and remained better vs peers; RoA guidance increased >1.85% from 1.55-1.65% earlier for FY26
- Maintain BUY with TP of Rs 306 (earlier Rs 263), ascribing 1.6x Dec'27E ABV (from 1.5x)

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

DCB BANK

- Earnings in line with estimates and margins improving; AQ improved owing to lower slippage and higher upgrades
- Business growth remains strong with loan growth guidance of 18-20% YoY in the near term
- Maintain BUY with TP of Rs 211 (earlier Rs 167), valuing the bank at 0.9x Dec'27E ABV (0.8x earlier)

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

BUY

TP: Rs 1,470 | ▲ 17%

AXIS BANK

| Banking

| 27 January 2026

Business growth gaining traction with improving return profile

- **PPoP in line with estimates; return ratios and asset quality improving**
- **Business growth gaining traction with deposit growth outpacing advances growth**
- **Upgrade to BUY from HOLD with revised TP of Rs 1,470 (from Rs 1,260) and roll over valuation to 1.6x Dec'27E ABV (1.5x earlier)**

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PPoP in-line with estimates with return ratios improving: AXSB's operating performance was steady with PPoP at Rs 108.8bn (+4.4% QoQ), and was in line with our estimates. This was mainly on the back of rise in NII to Rs 142.9bn (+3.9% QoQ) and a decline in operating cost to Rs 96.4bn (-3.2% QoQ). This was in-line with the bank's conscious strategy to optimise NII as it percolates to PAT and supports return ratios. However, NIMs declined to 3.64% (-9bps QoQ), mainly due to decline in the share of relatively high-yielding retail and SME book to 67.6% (-3.3% YoY; -1.0% QoQ) of total loans. Further, cost to assets improved to 2.3% (-5bps QoQ), primarily on sequential reduction in employees by ~950. With lower provisions of Rs 22.5bn (-36.7% QoQ), PAT increased to Rs 64.9bn (+27.5% QoQ) and was 6.3% above our estimates. Hence, return ratios improved with RoA/ RoE of 1.5%/13.7% in Q3FY26 vs 1.2%/11.1% in Q2FY26.

Business growth gaining traction: There was sustained net advances growth of 14.2% YoY (Q3FY26) from 11.7% YoY (Q2FY26), and high single-digit growth in the prior three quarters. Management highlighted a change in the growth strategy, marked by a calibrated tilt toward high-quality wholesale growth with corporate up by 27% YoY (32% of total loans). ~90% of corporate loans are rated A- and above, indicating better credit quality. Further, deposit growth gained traction at 15% YoY vs 9.1%-10.7% YoY in the last 4 quarters, led by broad-based growth across segments. Management reiterated guidance on loan growth to be 300bps higher than system in the medium term.

Asset quality improving: AQ improved with GNPA ratio falling by 6bps QoQ to 1.4%, as of Dec'25. This was mainly led by controlled slippages at Rs 60bn (+5% QoQ) or slippage ratio of 2.11% (flat QoQ) and elevated reductions. Management stated that retail AQ trends have stabilised with healthy overall PCR of ~70%.

Upgrade to BUY: With sustained business growth momentum resulting in an increase in the return profile, along with improvement in AQ, the bank is poised to deliver RoA/RoE of 1.9%/16.1% by FY28E. We upgrade to BUY from HOLD with revised TP of Rs 1,470 (from Rs 1,260), set at 1.6x Dec'27E ABV (from 1.5x earlier).

Key changes

	Target	Rating
Ticker/Price	AXSB IN/Rs 1,258	
Market cap	US\$ 42.6bn	
Free float	92%	
3M ADV	US\$ 68.1mn	
52wk high/low	Rs 1,327/Rs 934	
Promoter/FPI/DII	8%/43%/43%	

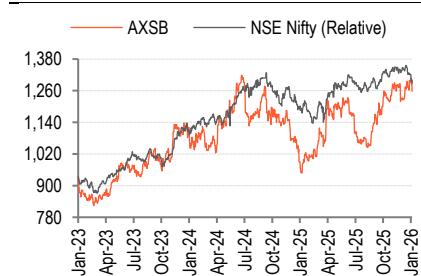
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	5,43,478	5,63,724	6,57,845
NII growth (%)	8.9	3.7	16.7
Adj. net profit (Rs mn)	2,63,735	2,49,111	3,30,730
EPS (Rs)	85.3	80.3	106.5
Consensus EPS (Rs)	85.3	79.1	99.3
P/E (x)	14.7	15.7	11.8
P/BV (x)	2.2	1.9	1.6
ROA (%)	1.7	1.5	1.7
ROE (%)	15.9	13.0	15.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD**TP: Rs 1,394 | ▲ 6%****CIPLA**

| Pharmaceuticals

| 25 January 2026

A clear HOLD as valuation reflects pessimism

- Sales/EBITDA /PAT reported -5.5%/-27.9%/-45% below our estimates. Ex of one-time cost, PAT reported 23% below our estimates**
- EBITDA margin guidance lower to 21%, on exhaustion of gRevlimid supplies and pause in Lanreotide until plant clearance at partner's end**
- Revised estimates lower; lowered ascribed PE to 22x (earlier 24X) on Dec'27 roll forward. Downgrade to HOLD from the earlier BUY**

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Earnings below estimates – Sales reported flat YoY and 6.8% decline QoQ, primarily due to 22% decline in the North America sales to Rs 14.8bn, offset by growth of 10% YoY in the domestic business to Rs 34.5bn, 12.7% YoY in the international business to Rs 9.2bn and 2.7% YoY in the SAGA region. Lower product mix and 16.3% YoY growth in RM cost (partially due to purchase of higher API for R&D) to Rs 26bn led to 8% decline in the gross profit to Rs 44bn and 519 bps decline in gross margins to 62.8%. Subsequently, 37% YoY rise in R&D cost (development +litigation) and 8% YoY increase in the SG&A cost ex of R&D drove a 37% YoY and 67% QoQ decline in EBITDA to Rs 12.5bn and 1038 bps decrease in EBITDA margin to 17.7%. During the quarter, CIPLA had an exceptional cost of Rs 2.7bn due to the New Labour Code, which resulted in 57% YoY reduction in PAT to Rs 6.7bn. Adjusting for this one-time cost, PAT decline was Rs 39% to Rs 9.5bn.

US sales impacted mainly by lower gRevlimid sales – During the quarter, US sales reported 18% below our estimates to Rs 14.8bn, primarily due to lower gRevlimid sales and partially on restricted supply issues in Lanreotide due to USFDA's observations at partner's Pharmathen plant. Cipla noted the end of Lenalidomide supplies to the US and a pause in Lanreotide until H1FY27, pending USFDA re-inspection. To offset this, the company plans 4 respiratory launches—2 in H1FY27 and 2 (including gSymbicort) in H2FY27—though margins are likely to be lower despite 3 in-house manufacturing and one partner product through Goa facility. Additionally, 4 peptide launches are planned across FY27E where 2 small opportunity peptides would launch by H1FY27 and remaining two by H2FY27. Overall, constant-currency sales are expected to remain below USD 1bn in FY27E, while INR revenues are projected to grow at a 7% CAGR over FY26–28E to Rs 78.7 bn by FY28E.

Key changes

	Target	Rating
	▼	▼

Ticker/Price	CIPLA IN/Rs 1,315
Market cap	US\$ 11.5bn
Free float	65%
3M ADV	US\$ 25.1mn
52wk high/low	Rs 1,673/Rs 1,303
Promoter/FPI/DII	33%/26%/24%

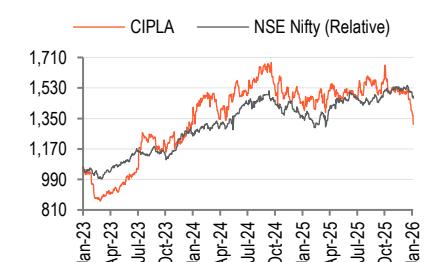
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	275,480	279,659	304,537
EBITDA (Rs mn)	71,283	58,326	61,768
Adj. net profit (Rs mn)	52,720	44,002	45,340
Adj. EPS (Rs)	65.4	54.6	56.3
Consensus EPS (Rs)	65.4	60.1	63.6
Adj. ROAE (%)	18.5	13.5	12.4
Adj. P/E (x)	20.1	24.1	23.4
EV/EBITDA (x)	15.8	19.6	18.7
Adj. EPS growth (%)	22.1	(16.5)	3.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



GREENLAND IN FOCUS

23 January 2026

Greenland issue – An explainer

Reiterating a long-standing demand, the US President intensified efforts to acquire Greenland in the interest of national and global security. The island nation, with a large area of over 2mn sq kms and with a population of only about 57,000, is covered largely in ice. It is an autonomous territory under Denmark. The US President's threat of using economic and military power to annex Greenland, hence created a significant rift in the NATO alliance of which both the US and Denmark are a part. In this study we have traced how the conflict has evolved and what are the reasons behind the US' demand for controlling Greenland.

Aditi Gupta
Economist

Context:

The US, led by President Trump has sought to “purchase” Greenland citing it to be “imperative for national and world security”. This is not a new demand from the US President, as even in his first Presidency a similar claim was made. So what's new this time and why is it important for the global trading system?

Greenland: Politics and beyond

Greenland is recognised as the World's largest island with an area of over 2mn square kilometres. The island is an autonomous territory of Denmark. This means that while the local government controls the majority of domestic issues such as education, health and use of domestic resources, the Danish government handles matter such as foreign policy, defence and security policy. A large part of the budget of Greenland is also financed by Denmark. Officially, the country's status is Overseas country and territory (OCT). However, Greenland is also a part of the Council for Europe, and is also the part of the North Atlantic Treaty Organization (NATO) through its close association with Denmark, of which US is also a member.

US threat: Higher tariffs

Over the last few days, the US President intensified his claims to annex Greenland, resorting to the use of both military and economic power, if required. Recognising this as a legitimate threat, several European nations, including France, Germany, Sweden amongst others increased military deployment in Greenland, further escalating tensions. This is said to have resulted in the US President threatening to impose tariffs on several European countries who do not back the US' plans to take over Greenland. President Donald Trump announced a 10% additional tariff on goods from UK, Denmark, Norway, Sweden, France, Germany, Netherlands and Finland from 1 Feb 2026. The rate was expected to increase to 25% by 1 Jun 2026.



BUY
TP: Rs 531 | ▲ 26%
**KOTAK MAHINDRA
BANK**

| Banking

| 27 January 2026

Asset quality improving with strong advances growth

- **PPoP in line with estimates, while NIMs were flat sequentially; credit costs improved on QoQ basis**
- **Advances growth stays above system levels; asset quality improving with improvement in delinquencies in the unsecured retail segments**
- **Maintain BUY with revised TP of Rs 531 (vs Rs 521), set at 2.5x Dec'27E ABV(unchanged)**

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PPoP in line with estimates; NIMs flat sequentially: KMB reported PPoP at Rs 53.8bn (+2.1% QoQ) and was in line with our estimates. While NIMs were flat sequentially at 4.54%, largely supported by a decline in the CoF to 4.54% (-16bps QoQ). Further, PAT increased to Rs 34.5bn (+5.9% YoY) and was 1.4% higher vs our estimates, mainly due to lower provisions (-14.5% QoQ). On a sequential basis, credit cost improved to 0.63% (Q3FY26) vs. 0.79% (Q2FY26), largely due to decline in unsecured business credit cost. Management indicated that the stress in unsecured retail (PLs and MFI) is largely behind, while the stress has plateaued in the credit card segment. KMB expects credit costs to trend lower in the next couple of quarters and remains watchful in the retail CV segment. Return ratio stays healthy with RoA/ RoE of 1.9%/10.7%.

Business growth remains strong and above system levels: KMB witnessed net advance growth of 16.1% YoY and remains above the system growth. Credit growth was mainly led by home loans & LAP (+18.1% YoY) and wholesale banking (+16.9%), among others. However, its high-yielding credit cards and Micro Finance segments declined 12.7% YoY and 30.1% YoY, respectively. Consequently, share of unsecured retail advances decreased to 8.9% (Dec'25) from 10.5% (Dec'24), as the bank remained cautious and tightened underwriting norms. However, the unsecured book grew marginally by 1.2% QoQ to Rs 430bn (Dec'25). We expect the bank to report credit/deposit growth at ~17%/16% CAGR over FY25-FY28E.

AQ improved: AQ improved with GNPA ratio of 1.3% (-9bps QoQ), driven by lower slippages of Rs 16bn (-1.5% QoQ) and elevated w/offs of Rs 9.9bn (-10.2% QoQ). Management stated that the delinquencies in unsecured retail business are improving, though they stay cautious on the retail CV segment.

Maintain BUY: KMB is well capitalised with CAR at 22.6% (CET1 at 21.5%) as of Q3FY26 to fund business growth. We estimate the bank to deliver RoA/RoE at 1.9-2.2%/11.2-13.5% over FY26E- FY28E. We maintain BUY and raise SOTP-based TP to Rs 531 (vs Rs 521). We roll over the valuation to 2.5x Dec'27E ABV (unchanged). This includes Rs 140/sh as the value of subsidiaries.

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	KMB IN/Rs 423
Market cap	US\$ 45.9bn
Free float	74%
3M ADV	US\$ 19.6mn
52wk high/low	Rs 460/Rs 373
Promoter/FPI/DII	26%/29%/33%

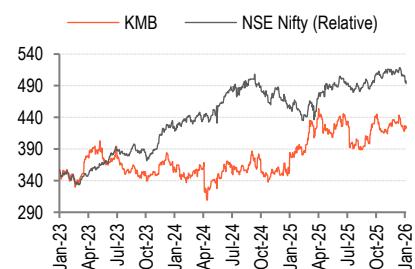
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	2,83,418	3,00,176	3,59,819
NII growth (%)	9.0	5.9	19.9
Adj. net profit (Rs mn)	1,64,501	1,38,803	1,78,584
EPS (Rs)	16.5	14.0	18.0
Consensus EPS (Rs)	16.5	14.3	17.5
P/E (x)	25.6	30.3	23.5
P/BV (x)	3.6	3.2	2.8
ROA (%)	2.5	1.9	2.1
ROE (%)	15.4	11.2	12.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY

TP: Rs 14,794 | ▲ 20%

ULTRATECH CEMENT

| Cement

| 25 January 2026

Focused on growth and balance sheet, Maintain BUY

- Strong volume growth to 36.6 mt, ~29% YoY growth (including ICEM and Kesoram) and ~15.4% YoY on a like-to-like basis
- Operating cost fell ~5% YoY/QoQ to ~Rs4,536/tn, aided by Q2 one-off reversals and sustained efficiency gains
- Revise FY27E/FY28E EBITDA (-2%/+1%) EBITDA/PAT CAGR ~28% each for FY27/FY28. Value at 18x EV/EBITDA, revise TP to Rs 14,794; BUY

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Volume-led growth partially offsets pricing pressure: UTCEM reported ~23%/12% YoY/QoQ revenue growth to ~Rs201bn in Q3FY26, driven by strong volume momentum across regions despite continued pricing softness. Grey cement volumes rose to 36.6 mt, ~29% YoY growth (including ICEM and Kesoram) and ~15.4% YoY on a like-to-like basis. Grey cement realisations fell ~6%/2% YoY/QoQ to ~Rs4,680/tn, impacted by price competition. However, prices have recovered by Rs6-8/bag improving realisation by Rs3-4/bag since Jan'26.

Cost normalisation: Operating cost fell ~5% YoY/QoQ to ~Rs4,536/tn, aided by Q2 one-off reversals and sustained efficiency gains. Energy cost (adjusted for RM cost) remained controlled at Rs2,326/tn (-3% YoY) despite fuel rates at Rs1.8/kcal (Rs 1.78/kcal YoY), supported by higher green energy usage (42% vs 33% YoY). Logistics cost fell ~6% YoY as lead distance reduced by 14km YoY to ~363 km.

Operating leverage improves margins: Effectively, EBITDA rose ~26%/27% YoY/QoQ to ~Rs35bn, with EBITDA margin at ~17.5% vs 17% YoY. EBITDA/tn stood at ~Rs960, lower by 2%YoY due to pricing pressure, but up10% QoQ on strong operating leverage. A one-off labour cost of ~Rs808mn was recognised in the quarter, leading APAT of Rs15.9bn vs reported PAT of Rs15.1bn.

Expansion on course: UTCEM will add 8-9mtpa in Q4FY26 and further ~12mnt in FY27. Targets achieving ~235mnt by FY28 (add 22.8 mtpa expansion in FY28). Capex guidance for FY26 is maintained at Rs100bn and additional Rs100bn in FY27/FY28. Balance sheet remains healthy with net debt/EBITDA at 1.08x.

Revise earnings, no change in valuations: We revise our FY27E/FY28E EBITDA (-2%/+1%) to recalibrate demand supply dynamics (left FY26 earnings unchanged) Our FY25-FY28E Revenue/EBITDA/PAT CAGR is baked in at 14%/29/29%. UTCEM is focused on cost savings, which is the correct strategy, to prepare it for short/long-term industry challenges. Given the effective cost management, healthy growth and a strong balance sheet, we continue to assign UTCEM 18x multiple EV/EBITDA (rolling over to Dec 2027) to arrive at TP of Rs14,794 (from Rs 14,634) and maintain BUY.

Key changes

	Target	Rating
	▲	◀ ▶

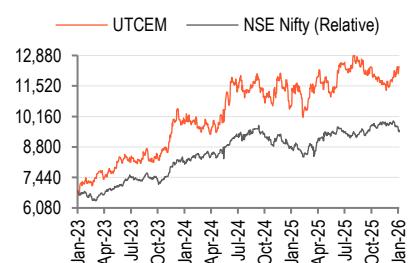
Ticker/Price	UTCEM IN/Rs 12,369
Market cap	US\$ 38.9bn
Free float	40%
3M ADV	US\$ 30.0mn
52wk high/low	Rs 13,097/Rs 10,048
Promoter/FPI/DII	60%/15%/17%

Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	7,08,573	8,51,131	9,64,853
EBITDA (Rs mn)	1,22,961	1,77,869	2,14,686
Adj. net profit (Rs mn)	62,807	89,524	1,12,331
Adj. EPS (Rs)	217.6	310.1	389.1
Consensus EPS (Rs)	217.6	293.0	387.0
Adj. ROAE (%)	9.7	12.3	14.0
Adj. P/E (x)	56.9	39.9	31.8
EV/EBITDA (x)	29.9	20.7	16.8
Adj. EPS growth (%)	(10.0)	42.5	25.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



HOLD**TP: Rs 1,307 | ▲ 12%****JSW STEEL**

Metals & Mining

24 January 2026

Revenue better than expectations on volume growth

- Revenue grew by 10.8%YoY driven by volume growth of 13.9%YoY. Realisation declined by 2.6%YoY
- Pricing environment has improved for Q4FY26, aided by safeguard duty and a seasonally strong period
- Reduce rating to **HOLD** from **BUY**. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27E EBITDA

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Revenue above expectations: Revenue came at Rs452bn, (+10.8%YoY, +1.5%QoQ), was 4.4% above our estimates. EBITDA came at Rs64bn (+16.4%YoY, -8.7%QoQ) and was 6.0% below our estimates. Lower-than-expected EBITDA was due to the shutdown of one of the blast furnaces at Vijayanagar during the quarter. Standalone EBITDA/t was Rs7,425 – lower YoY affected by lower volumes and higher cost.

Volumes: Consolidated volumes increased by 13.9%YoY. Domestic industry growth was 4.6%YoY. Standalone volumes came at 5.6mnt, lower by 0.7%oY owing to the shutdown at Vijayanagar. Domestic utilisation was 85% in Q3FY26 vs 92% in Q2FY26.

Domestic pricing environment & outlook: Realisation (standalone) increased by 0.4%YoY and 1.9%QoQ, helped by value added & other products. Spot HRC prices are at Rs51,000/t. Prices have improved by Rs3,000-3,500/t since Dec'25. Management is positive on the pricing and expects price improvement to sustain in Q4, on the back of a seasonally strong construction period.

Expansion projects: JSW Steel is on track to increase its domestic steel capacity from the current 34.2mnt to 47.4mnt by FY30E. Vijayanagar 5mnt project is fully commissioned and ramped up to rated capacity. It targets 54.5mnt India capacity by FY31E. The Board has approved a 5.0mnt steel project in Odisha with capex of Rs316bn, to be commissioned by FY30E.

Outlook: Performance is likely to sustain given the price improvement and strong demand growth. Going forward, management expects QoQ price benefit in Q4FY26. Management guided for a rise of USD15-20/tonne in coking coal cost in Q4FY26.

Revise rating to HOLD and revise TP: We are positive on the demand and pricing environment. However, considering the 9M performance impacted by shutdown, we reduce rating to **HOLD** from **BUY**. TP revised down to Rs1,307 from Rs1,345 based on 7.8x EV/EBITDA on Dec'27E EBITDA

Key changes

	Target	Rating
	▼	▼

Ticker/Price	JSTL IN/Rs 1,170
Market cap	US\$ 31.1bn
Free float	55%
3M ADV	US\$ 21.3mn
52wk high/low	Rs 1,224/Rs 901
Promoter/FPI/DII	45%/25%/11%

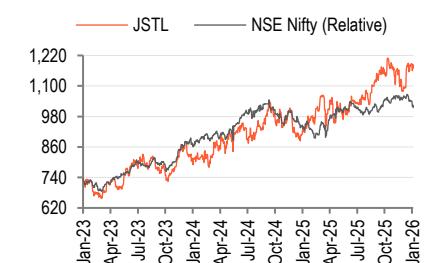
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs bn)	1,688	1,929	2,138
EBITDA (Rs bn)	229	293	412
Adj. net profit (Rs bn)	40	99	162
Adj. EPS (Rs)	16.4	40.5	66.3
Consensus EPS (Rs)	16.4	39.0	64.0
Adj. ROAE (%)	5.1	11.8	16.8
Adj. P/E (x)	71.5	28.9	17.7
EV/EBITDA (x)	15.8	11.9	7.9
Adj. EPS growth (%)	(51.4)	147.4	63.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD
TP: Rs 1,251 | ▲ 1%
GODREJ CONSUMER PRODUCTS

| Consumer Staples

| 25 January 2026

Volume-led growth

- India margins beat expectations on lower input costs and operating leverage, enabling continued brand and innovation spends.
- The Muuchstac integration is progressing, with a scope to expand distribution beyond metros using GCPL's GT and omnichannel.
- Maintain **HOLD**; TP raise to Rs 1,251 per share.

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Strong 3Q: GCPL consolidated revenue grew by 8.8%YoY, with an underlying volume growth of 7%YoY. Domestic business reported volume/value growth of 11%/9%YoY. In domestic business, growth was driven by Home Care (+12%YoY) while Personal Care saw a meaningful recovery (7%YoY). Fabric Wash and Air Fresheners continued to gain market share and delivered robust growth momentum during the quarter. However, Household Insecticides, witnessed a softer performance, impacted by severe winter conditions, despite the company's outperformance in the category on the back of superior product offerings. Personal Wash sustained the growth trajectory, driven by improved affordability post the GST cut, while maintaining competitive intensity and gaining market share amid a largely stable environment.

Margins at normative levels; outlook remains stable: Consolidated gross margins remained stable YoY to 53%, aided by favourable input costs in India and improved operating leverage. EBITDA margins expanded YoY to 21.5%, supported by cost discipline, operating efficiencies and normalisation in India margins. Indonesia profitability improved sequentially, despite revenue pressure, with recovery expected to be gradual. Management reiterated confidence in high single-digit revenue growth, with India volumes at 6-7% gradually improving over the next 18-24 months. Standalone EBITDA margins are expected to stay in the range of 24-26%, while Indonesia recovery is likely from FY27 onwards. Management maintained confidence in margin stability and steady improvement in the overall profitability over the medium term.

Our view: We believe that in the medium-to-long term, GCPL's expansion path will be fueled by steady gains in Indian volumes, a rising share from the high-growth non-soap segments, and the ongoing cost control. We maintain our revenue estimates and build FY25-28E revenue/EPS CAGR of 10%/15%. We maintain our **HOLD** rating, roll over valuation to Dec'27 valuing the stock at 45x PE — leading to a revised TP of Rs 1,251 (vs Rs 1,195 earlier).

Key changes

	Target	Rating
	▲	◀ ▶

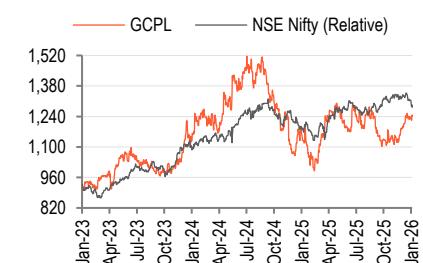
Ticker/Price	GCPL IN/Rs 1,240
Market cap	US\$ 13.8bn
Free float	37%
3M ADV	US\$ 15.5mn
52wk high/low	Rs 1,309/Rs 980
Promoter/FPI/DII	53%/15%/16%

Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	143,643	156,497	172,853
EBITDA (Rs mn)	30,031	31,565	37,383
Adj. net profit (Rs mn)	19,155	21,056	25,007
Adj. EPS (Rs)	18.7	20.6	24.5
Consensus EPS (Rs)	23.7	28.4	28.4
Adj. ROAE (%)	15.4	15.1	17.6
Adj. P/E (x)	66.2	60.2	50.7
EV/EBITDA (x)	42.2	40.2	33.9
Adj. EPS growth (%)	(3.1)	9.9	18.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance


Source: NSE



SELL**TP: Rs 833 | ▼ 7%****INDUSIND BANK**

| Banking

| 25 January 2026

Earnings turn positive; credit growth lags

- Credit growth continues to decline sequentially mainly due to rundown of MFI book, however earnings turn positive
- Leadership and strategic reset underway; asset quality improvement masked by higher w/offers
- Maintain **SELL** with revised TP of Rs 833 (from Rs 704), set at 0.9x Dec'27E ABV (0.8x earlier)

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Credit growth continues to decline sequentially, however turned profitable: IIB continues to report a sequential degrowth in net advances (-2.6% QoQ) from the last four quarters. Decline in credit was mainly due to the rundown in MFI loans and risk-reward-driven calibration in the corporate book. However, IIB turned profitable with net profit of Rs 1.3bn in Q3FY26 vs net loss of Rs 4.4bn in Q2FY26. PPoP was in-line with our estimates at Rs 22.7bn (+10.9% QoQ); mainly supported by rise in NII to Rs 45.6bn (+3.5% QoQ). Management expects the RoA profile to improve largely driven by improvement in credit costs.

Leadership & strategic reset underway: IIB saw a leadership overhaul with various top management inductions including the appointment of Mr Arijit Basu with 4 decades of experience as the new part-time Chairman till Jan'29, subject to the shareholder's approval. Further, management unveiled a 3Y strategic roadmap – P.A.C.E. that focuses on protecting endowments, accelerate key priorities, customer centricity and execution excellence. Under this framework, management targets industry-aligned credit growth in FY27, market share gains from FY28, and a recovery in profitability to ~1.0% ROA by end-FY27. Management will share a detailed plan for the same.

AQ improvement masked by higher w/offers: AQ improved marginally with GNPA ratio falling to 3.56% (-4bps QoQ) and NNPA ratio of 1.04% (flat QoQ). The improvement was masked by higher w/offers of Rs 26.1bn (+4% QoQ), largely coming from the MFI segment. MFI accounted for 40% of total slippages (Rs 25.6bn) in Q3FY26. However, management stated MFI book showing improvement in early buckets with 31-90 dpd declined to 2.4% (Dec'25) vs. 3.2% (Sep'25). Management expects to increase the CGFMU cover in MFI to 100% (38% now) and report NNPA ratio of 60-70bps over a period.

Maintain SELL: We expect muted loan growth at 5% CAGR in FY25-28E with lower return metrics vs previous performance. The bank is currently trading at 1YF P/ABV of 1.0x vs 3Y avg. of 1.5x. We maintain SELL and roll over valuation to 0.9x Dec'27E ABV (0.8x earlier) with revised TP of Rs 833 (earlier Rs 704).

Key changes

	Target	Rating
	▲	◀ ▶

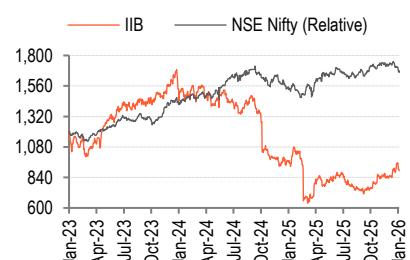
Ticker/Price	IIB IN/Rs 892
Market cap	US\$ 7.6bn
Free float	84%
3M ADV	US\$ 38.6mn
52wk high/low	Rs 1,087/Rs 606
Promoter/FPI/DII	16%/32%/35%

Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	1,90,313	1,81,816	1,94,691
NII growth (%)	(7.7)	(4.5)	7.1
Adj. net profit (Rs mn)	25,754	7,850	38,263
EPS (Rs)	33.1	10.1	49.1
Consensus EPS (Rs)	33.1	9.6	45.6
P/E (x)	27.0	88.6	18.2
P/BV (x)	1.1	1.1	1.0
ROA (%)	0.5	0.1	0.7
ROE (%)	4.0	1.2	5.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



SELL**TP: Rs 1,486 | ▼ 9%****COFORGE**

| IT Services

| 24 January 2026

Market seems worried about equity and return dilution

- 3Q strong but largely in line. QoQ revenue growth best in the Tier-2 set thus far. But near-term numbers are likely not focus of the market
- Equity/return dilution from Encora M&A seems to be. ROIC coming off ~1500bps in 4 years. Equity dilution ~7.6x that due to Cigniti's
- Broadly maintain estimates. Retain Target PE multiple (lowered after the Encora acquisition) and Sell Rating

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3Q performance outshines Tier-2 peers. Strong organic growth in FY26 likely:

The 4.4% QoQ CC growth was in line with our 4.6% estimate. EBIT margin (ex-forex hedges) at 14.4% bettered estimate. The QoQ growth was driven by 'Healthcare & HiTech' and 'others'(Retail, Manufacturing and Media & Utilities) among verticals, ROW among Geos and Data & Integration, Cloud & Infrastructure Management (CIMS) and BPM among horizontals. Organic USD revenue growth for FY26 at ~25% (our estimate) will likely be the highest among Indian Tier-2 players.

The negative stock reaction to the results was likely driven by equity and return dilution concerns: We highlighted them in detail in our company note post-acquisition ([Encora – expensive buy](#)). Some of them include (1) Encora at 4x Sales, 21x EBITDA on FY26E is at a premium to Coforge for weaker organic revenue growth of 7-8% (FY24-FY26E). The supposed AI native player has not delivered better growth or margins (2) 50%/100% of the equity held by investors in Encora (~21.5% post transaction) can come to market at 6/12-month intervals from deal closure (3) While the deal may be EPS-accractive, it is significantly return-dilutive. Post tax ROIC is falling by ~15 ppt from~ 25% in FY24 before Cigniti buy to ~10% level in FY28 post Encora deal (4) While Coforge has digested smaller acquisitions, this is the largest one done by any Indian player and more importantly, Encora itself in its current form has come about through multiple M&A transactions and hence value extraction could be a challenge (5) Assumption of 13-14 year amortization of intangible asset for client relationships (hence higher EBIT margin) seems optimistic. Vendor consolidation is a key theme playing out in the market now

Estimates tweaked; lower multiple and retain SELL: Consolidated Encora from 2QFY27 (adding US\$166mn to that quarter's revenue). Made it marginally EPS-accractive from FY27 itself. We lowered our target PE multiple post Encora by cutting out premium to the TCS target PE multiple of 10% that we were giving earlier due to the various risks that we perceived from the deal. We continue to have that view. Besides the issues pertaining to Encora, we are also wary of Sabre and GCC related risks highlighted in our notes (links inside).

Key changes

	Target	Rating
▼	◀ ▶	

Ticker/Price	COFORGE IN/Rs 1,636
Market cap	US\$ 5.9bn
Free float	100%
3M ADV	US\$ 38.2mn
52wk high/low	Rs 1,994/Rs 1,194
Promoter/FPI/DII	0%/35%/54%

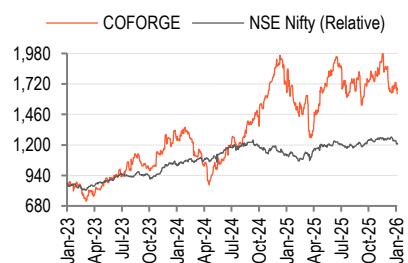
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	121,912	163,221	240,175
EBITDA (Rs mn)	18,332	29,471	43,746
Adj. net profit (Rs mn)	8,107	13,029	23,250
Adj. EPS (Rs)	24.5	40.1	57.6
Adj. ROAE (%)	16.2	19.1	14.3
Adj. P/E (x)	66.9	40.8	28.4
EV/EBITDA (x)	29.9	18.8	12.4
Adj. EPS growth (%)	(6.9)	64.1	43.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD
TP: Rs 305 | ▲ 2%
**GUJARAT STATE
PETRONET**

| Oil & Gas

| 24 January 2026

Reported weak operational performance on high opex

- EBITDA decreased by 14.0%YoY, impacted by lower volumes and high transmission expenses. Realised tariff increased 10.7%YoY
- Volumes through GSPL network will likely remain soft from Refinery, Petrochemical and Power consumers
- Maintain HOLD and revise TP to Rs305 from Rs316, valuing the core business at 5.5x on Dec'27 EBITDA + value of stake in Guj. Gas

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Operational performance below expectations on higher opex Revenue came at Rs2,722mn (+4.5%YoY, -0.7%QoQ) and was 2.8% above estimates. EBITDA came at Rs1,656mn (-14.0%YoY, -4.4%QoQ), and was 3.8% below consensus estimates. Lower-than-expected EBITDA was due to higher operating expenses. Blended EBITDA spread was Rs0.7/scm — lower by 9.2%YoY.

Performance parameters: Transmission volumes came at 27.5mmscmd, lower by 5.3%YoY and 3.5%QoQ. Blended tariff was higher by 10.7%YoY to Rs1.1/scm (~Rs32/mmbtu). Blended EBITDA was lower by 9.2%YoY to Rs0.7/scm (~Rs20/mmbtu).

Outlook: Tariff was reduced 47% from Rs34/mmbtu to Rs18/mmbtu for its high-pressure gas network in May'24 by PNGRB. And GSPL's revenue and EBITDA have fallen to a low base, since then. Thus, going forward, blended tariff will likely stay around the current level and volume growth is likely to stay subdued, due to better pricing of alternate fuels.

As part of the 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, gas transmission business will be demerged and listed as new entity GTL (GSPL Transmission Ltd). The restructuring process is likely to be completed by Feb'26 and the listing by April/May 2026.

Maintain HOLD rating and revised TP: We expect transmission volumes to remain subdued primarily led by the Refinery, Petchem and Power sectors, on the back of better price dynamics of alternate fuels. Realisation is likely to remain around the current level. We maintain HOLD rating and revise TP to Rs305 from Rs316, based on SOTP – core business on 5.5x on Dec'27 EBITDA + value of stake in Gujarat Gas.

Key changes

	Target	Rating
	▼	◀ ▶

Ticker/Price	GUJS IN/Rs 298
Market cap	US\$ 1.8bn
Free float	62%
3M ADV	US\$ 2.9mn
52wk high/low	Rs 361/Rs 261
Promoter/FPI/DII	38%/15%/25%

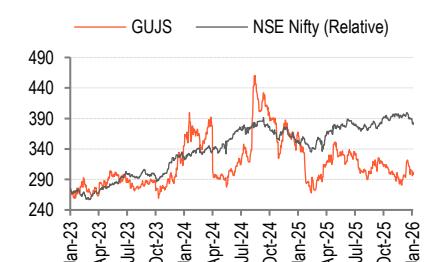
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	173,701	162,061	169,493
EBITDA (Rs mn)	26,910	22,523	24,177
Adj. net profit (Rs mn)	11,111	13,641	13,633
Adj. EPS (Rs)	19.7	25.5	26.3
Consensus EPS (Rs)	19.7	25.0	24.0
Adj. ROAE (%)	9.9	11.2	10.3
Adj. P/E (x)	15.1	11.7	11.3
EV/EBITDA (x)	5.6	6.3	5.5
Adj. EPS growth (%)	1.1	(33.0)	22.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



SELL
TP: Rs 632 | ▼ 10%
**ZENSAR
TECHNOLOGIES**

| IT Services

| 24 January 2026

Remains growth challenged

- 3Q revenue came in short but EBIT margin at 16.1% positively surprised on offshore volume shift. TMT sector continues to be a drag
- With TCV remaining below US\$200mn for the third consecutive quarter, believe Zensar will be among the Tier-2 growth laggards in FY26/FY27
- Tweak USD revenue down but lift EBIT margin with small downshift in EPS. Retain Target PE of 17.4x (20% disc to TCS) and Sell rating

3QFY26 revenue weaker than estimate but EBIT margin positively surprises primarily on offshore shift: Revenue declined QoQ in CC by 1.3% versus growth of 0.5% estimated. EBIT margin at 16.1% (+240bps QoQ) came in much higher than 14% estimate largely driven 140bps by offshore shift in volumes. TCV came in at ~US\$180mn, the third successive quarter below US\$200mn.

TMT vertical's (18.5% of revenue) second consecutive high single digit QoQ revenue decline hurt: ZENT believes that this is a structural change in spending by the Tech industry into capex versus Opex. It also talked about significant pricing pressure with peers willing to do work at ~30% discount. The best case ZENT sees vis-à-vis the sector would be for it to remain flat.

Structural pivot seems WIP as of now: From a largely staff augmentation and discretionary spend oriented company, ZENT is being molded by the current CEO and management team into one that can handle managed services and AI based business. This has meant raising margins to fund the pivot. It looks like restructuring is still a work-in-progress with no visibility of when results will show up.

Unlikely to be in leader's quadrant by FY27: When the current CEO stepped in, he aspired ZENT to move up one quadrant a year at a time from a revenue growth standpoint to the leaders quadrant in year 4(FY27). FY24 being the first year, it was at the bottom most quadrant – on revenue growth- but focused on getting margins to peer matching levels. That happened rather quickly in FY24. Getting into the leader's quadrant by FY27 would require buildup of both sales and delivery muscle and significant capabilities in efficiency-based projects. ZENT is yet to generate confidence in us to get to the leader's quadrant in growth by FY27 (which will largely be dominated by better performing Tier-2 companies) and hence our 20% discount to the target PE of industry benchmark TCS and retention of the SELL rating.

Tweak estimates: We have marginally lowered our USD revenue estimates, but increased EBIT margin estimates for FY26/FY27/FY28 by 100bps/40bps/40bps. Due to this EPS numbers are tweaked down a bit in FY27/FY28.

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Key changes

	Target	Rating
▼	◀ ▶	

Ticker/Price	ZENT IN/Rs 705
Market cap	US\$ 1.7bn
Free float	50%
3M ADV	US\$ 3.4mn
52wk high/low	Rs 985/Rs 536
Promoter/FPI/DII	49%/12%/23%

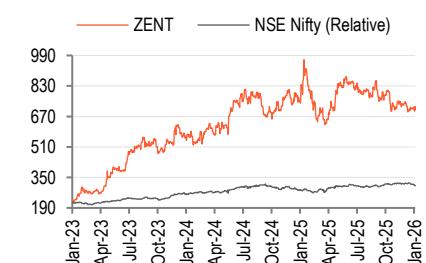
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	52,806	56,887	60,609
EBITDA (Rs mn)	8,166	9,241	9,519
Adj. net profit (Rs mn)	6,498	8,045	7,628
Adj. EPS (Rs)	28.4	34.0	33.6
Consensus EPS (Rs)	28.4	32.2	35.6
Adj. ROAE (%)	17.5	19.7	17.4
Adj. P/E (x)	24.8	20.7	21.0
EV/EBITDA (x)	20.5	18.3	18.0
Adj. EPS growth (%)	(2.5)	19.7	(1.2)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD**TP: Rs 1,113 | ▲ 10%****LAURUS LABS**

| Pharmaceuticals

| 26 January 2026

Operational leverage expected to sustain

- Sales/EBITDA/PAT reported 9.4%/20.6%/38.5% above our estimates. EBITDA margin at 27%, was reported 250bps above estimates**
- On a normalized base, we expect custom synthesis to contribute 32% of sales by FY28E vs 27% in 9MFY26**
- Continue to ascribe 50x PE on roll forward Dec'27 EPS for TP of Rs 1,113, largely due to Custom Synthesis capacity (2nd highest in India)**

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Earnings above estimates - Sales grew by 25.7% YoY on the back of 39% YoY growth in the Formulations segment, 36% YoY growth in Generics API and 2% YoY growth in Custom Synthesis that was offset by 10% YoY decline in the Bio segment. Healthy product mix resulted in 406 bps YoY increase in gross margins to 60.9%. Subsequently, operational leverage aided in 685 bps YoY increase in EBITDA margin to 27% and 68% YoY growth in absolute EBITDA to Rs 4.8bn. Healthy operations led to PAT growth of 179% YoY to Rs 2.5bn.

Formulations segment drove overall sales growth – During the quarter, Formulations sales reported 16% above our estimates to Rs 6bn, contributing 34% of the sales. The growth was driven by 1) increasing market share in ARV formulation, 2) price hikes, 3) new product launches, 4) increase in North America and European CMO sales. The company has also ventured into JV with KRKA Pharma to manufacture formulations for the European market, which requires Laurus to set up additional 3bn tablets in phase 1 and 5bn tablets in phase 2. We expect the momentum in formulations to continue at 22% CAGR from FY26-28E to Rs 30.8bn in FY28E.

Custom Synthesis grew weaker; likely to report growth over Q4FY25 - During the quarter, Custom Synthesis fell 9% below our estimates to Rs 4bn. The growth was affected by phasing of shipments to their partners. However, on a 9-month basis, the segment grew by 50% led by strong recurring business from the existing long-term customer relationship across various scales. Going forward, the segment is expected to report growth on the recurring business from commercial molecules. The company supplied 3 NCE molecules in the last 18 months and expects growth to continue coming from commercial molecules. There was a sales contribution of 23% from the segment in 3QFY26 and 27% in 9MFY26. We expect this to continue to scale up to 32% by FY28E and in the long term, 50% of the sales.

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	LAURUS IN/Rs 1,016
Market cap	US\$ 6.0bn
Free float	74%
3M ADV	US\$ 21.1mn
52wk high/low	Rs 1,141/Rs 501
Promoter/FPI/DII	27%/23%/5%

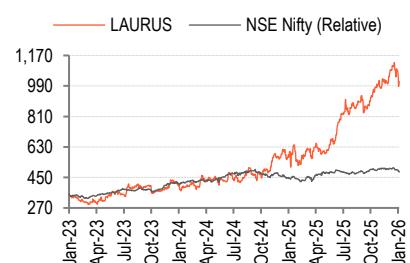
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	55,540	69,235	83,228
EBITDA (Rs mn)	10,553	17,655	21,639
Adj. net profit (Rs mn)	3,583	8,694	10,072
Adj. EPS (Rs)	6.7	16.2	18.8
Consensus EPS (Rs)	6.7	12.0	16.5
Adj. ROAE (%)	8.3	17.9	17.7
Adj. P/E (x)	152.2	62.7	54.1
EV/EBITDA (x)	49.3	29.4	24.0
Adj. EPS growth (%)	122.9	142.6	15.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY**TP: Rs 306 | ▲ 15%****KARUR VYSYA BANK**

| Banking

| 26 January 2026

AQ and return metrics to outperform peers

- Asset quality improved and remains better than peers; stressed assets stay low at 0.48% of the total assets
- Return ratios improved and remained better vs peers; RoA guidance increased >1.85% from 1.55-1.65% earlier for FY26
- Maintain BUY with TP of Rs 306 (earlier Rs 263), ascribing 1.6x Dec'27E ABV (from 1.5x)

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Asset quality improved and remains better vs peers: KVB's asset quality (AQ) remains better than peers with GNPA ratio of 0.71% (-5bps QoQ) as of Dec'25. This was aided by lower slippages of Rs 1.54bn (-56% QoQ) or slippage ratio of 0.7% (-94bps QoQ). Management stated that slippages were mainly from the RAM segments and are largely backed by security. Further, the SMA 30+ declined to 0.24% (Dec'25) from 0.27% (Sep'25). PCR (ex. TWO) continued to be healthy at 73%, which resulted in a sequential flat net NPA ratio of 0.19%. Further, stressed asset (net NPA + std restructured + net SRs) improved to Rs 6.5bn (0.48% of total assets) as of Dec'25 vs Rs 6.7bn (0.52%) as of Sep'25. Management expects slippages and net NPA to stay <1%. With a low stress pipeline and only one customer requested for dispensation related to the imposition of U.S. tariffs, we expect AQ to fare better than peers.

Return ratios improved, outperforming peers: KVB reported PPoP of Rs 10bn (+23 YoY) which was 16.9% higher than our estimates in Q3FY26. This was due to higher NII of Rs 12.4bn, recovery from written-off account of Rs 1.8bn and lower opex of Rs 7.4bn (+1.6% YoY). NIMs improved to 3.99% (+22bps QoQ), supported by reduction in CoD to 5.47% (-13bps QoQ) and rise in YoA to 9.77% (+1bps QoQ). YoA improved due to 23% growth in fixed rate book (Dec'25) from 15% (Sep'25). With lower provisions at Rs 1bn (-28.9% YoY), PAT increased to Rs 6.9bn (+39.1% YoY), translating into RoA/RoE of 2.1% / 17.7%, which remains better than peers. Management raised guidance on NIMs to 3.9-3.95% from 3.7-3.75% and RoA of >1.85% from 1.55-1.65% for FY26.

Maintain BUY: KVB's adequate capital position (Tier I of 15.1% as of Dec'25), credit growth higher than system levels (+17.3% YoY) & pristine AQ — all resulted in a consistent outperformance vs peers in terms of return profile. We expect the bank to deliver RoA/ RoE of 1.9%/17.9% by FY28E. Further, the Board approved the re-appointment of Mr. B Ramesh Babu as MD & CEO for a 2Y period w.e.f. July 29, 2026, subject to RBI and shareholders' approval. Hence, we maintain BUY and roll over the valuation to 1.6x Dec'27E ABV (from 1.5x) with TP of Rs 306 (earlier Rs 263) vs currently trading at 1Y forward P/ABV of 1.6x.

Key changes

	Target	Rating
Ticker/Price	KVB IN/Rs 266	
Market cap	US\$ 2.8bn	
Free float	98%	
3M ADV	US\$ 6.3mn	
52wk high/low	Rs 280/Rs 154	
Promoter/FPI/DII	2%/17%/40%	

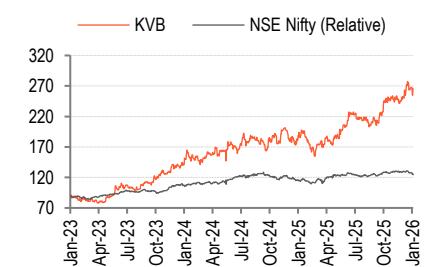
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	42,599	48,342	56,895
NII growth (%)	11.6	13.5	17.7
Adj. net profit (Rs mn)	19,416	24,280	27,883
EPS (Rs)	20.1	25.1	28.9
Consensus EPS (Rs)	20.1	22.4	25.0
P/E (x)	13.2	10.6	9.2
P/BV (x)	2.2	1.8	1.6
ROA (%)	1.7	1.9	1.9
ROE (%)	17.7	18.7	18.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY**TP: Rs 211 | ▲ 15%****DCB BANK**

| Banking

| 25 January 2026

Business momentum stays strong, supporting profitability

- Earnings in line with estimates and margins improving; AQ improved owing to lower slippage and higher upgrades
- Business growth remains strong with loan growth guidance of 18-20% YoY in the near term
- Maintain **BUY** with TP of Rs 211 (earlier Rs 167), valuing the bank at 0.9x Dec'27E ABV (0.8x earlier)

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PAT in line with estimates: PAT grew by 22% YoY to Rs 1.85bn, and was in line with estimates, translating into RoA/ RoE of 0.91%/12.73% in Q3FY26. This, post considering the impact of Rs 269mn related to the New Labour Codes. NIMs improved to 3.27% (+4bps QoQ). Management expects NIMs to be in the range of 3.5-3.65%. Further, PPoP increased to Rs 3.2bn (+19.1% YoY) and C/I ratio improved to 61.8% (-86bps YoY). Management plans to reduce C/I ratio to ~60% or below and cost-to-average assets of 2.5%-2.6% (2.7% in Q3FY26) in the near term. Management targets RoA of 1% or above in the near term with RoE of 13.5% in FY27 and 14.5% in FY28.

Business growth remains strong: DCBB reported strong business momentum with credit growth (+18.5% YoY) and deposits growth (+19.5% YoY). The bank plans to ramp up share of organic products vs relatively low-yielding co-lending (15.8% of total loans in Q3FY26) and targets to cap it at 15%, going forward. Mortgages grew at a muted pace (+7% YoY) while staying the largest segment (40% of total loans). Within mortgages, the strategy is to incrementally source higher business loans (LAP) vs HL, a) given their 150-250bps higher yield, b) increase the ticket size and c) source self-originated loans vs. DSA sourcing. Management remains committed to its strategy of balance sheet doubling every 3-4 years, supported by granular, secured growth and expects loan growth to be 18-20% YoY in the near term. Management plans to add more branches and employees next year to aid business momentum.

Asset quality improving: AQ improved with GNPA ratio falling to 2.72% (-19bps QoQ) as of Dec'25. This was driven by lower slippage ratio of 3.1% (-5bps QoQ) and was the lowest in last 18 quarters and higher upgrades of Rs 1.9bn (+19% QoQ) in Q3FY26. While the slippage excluding gold loan was 2.24% (-26bps QoQ). Management targets GNPA <2.5% and NNPA of 1.0% (1.1% as of Dec'25).

Maintain BUY: DCB reported healthy earnings growth, supported by strong business growth and improving asset quality. We expect credit/deposit CAGR of ~19% with RoA of 0.9-1.0% in FY26-FY28E. We maintain **BUY** and roll over valuation to 0.9x Dec'27E ABV (0.8x earlier) with TP of Rs 211 (earlier Rs 167).

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	DCBB IN/Rs 183
Market cap	US\$ 637.7mn
Free float	84%
3M ADV	US\$ 5.7mn
52wk high/low	Rs 193/Rs 101
Promoter/FPI/DII	16%/12%/32%

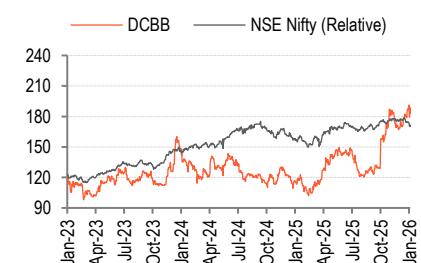
Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	21,066	24,451	28,909
NII growth (%)	9.3	16.1	18.2
Adj. net profit (Rs mn)	6,153	7,311	9,009
EPS (Rs)	19.6	23.0	28.1
Consensus EPS (Rs)	19.5	22.8	28.5
P/E (x)	9.3	7.9	6.5
P/BV (x)	1.0	0.9	0.8
ROA (%)	0.9	0.9	0.9
ROE (%)	11.4	12.0	13.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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Note: Recommendation structure changed with effect from 21 June 2021

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