FIRST LIGHT

03 August 2026

RESEARCH

TATA STEEL | TARGET: Rs 234 | +23% | BUY

Revenue beat expectations on better India & EU realisation

GAIL | TARGET: Rs 174 | -4% | HOLD

Results above expectations on gas marketing performance

MAHANAGAR GAS | TARGET: Rs 1,314 | +17% | BUY

Results beats expectations on better volumes & realisation

BOB ECONOMICS RESEARCH | INR MOVEMENT

INR movement in Jul'26

BOB ECONOMICS RESEARCH | INTEREST RATES

WALR across sectors

BOB ECONOMICS RESEARCH | MONETARY POLICY EXPECTATIONS

RBI in wait and watch mode

BOB ECONOMICS RESEARCH | MONSOON UPDATE

Monsoon and Sowing progress

SUN PHARMA | TARGET: Rs 2,292 | +15% | BUY

Gross Margin Maintained Amid Slowdown in US Sales

MARUTI SUZUKI | TARGET: Rs 17,169 | +21% | BUY

All segments firing guns, well-place to mitigate risk; BUY

DIVI'S LABS | TARGET: Rs 8,504 | +6% | HOLD

strong earnings, not sustainable

INDIAN OIL CORP | TARGET: Rs 163 | +16% | BUY

Results above expectation driven by refining business

SHREE CEMENT | TARGET: Rs 26,607 | +2% | HOLD

Opex impact short term, volume focus is the key; Retain HOLD

DIXON TECHNOLOGIES | TARGET: Rs 14,000 | -0% | HOLD

Price-led growth; volume recovery ahead

KAJARIA CERAMICS | TARGET: Rs 1,270 | +6% | HOLD

Strong operating performance, guides double digit volume growth

BOBCAPS Research
research@bobcaps.in

SUMMARY

TATA STEEL

- Revenue grew by 14.5%YoY, on volumes growth in India and pricing growth across India and Europe. EBITDA growth was 24.7%YoY
- Demand outlook is positive and expect prices to improve post monsoon. Elevated imports remain a concern on domestic pricing
- Raise to BUY from HOLD on correction in stock. Considering positive outlook on demand and rollover, raise TP to Rs234 from Rs223

Click here for the full report.

GAIL

- Revenue & EBITDA increased by 16.7%YoY and 93.5%YoY respectively primarily driven by improved gas marketing performance
- Gas marketing margins to come down as Brent price corrects. Overall, outlook is contingent on normalisation of LNG supply/prices
- Raise to HOLD from SELL; considering improved performance & rollover to June'28E, we raise TP to Rs174 from Rs147

Click here for the full report.

MAHANAGAR GAS

- Revenue grew by 13.9%YoY, on volume growth of 9.7%YoY in CNG. However, higher costs led to decline in EBITDA
- Outlook positive on volume growth driven by CNG and PNG. EBITDA spread is likely to improve with stability in imported LNG price
- Raise to BUY from HOLD; considering better volume performance & rollover to June'28 EPS, revise TP upwards Rs1,314 from Rs1,268

Click here for the full report.

INDIA ECONOMICS: INR MOVEMENT

INR traded cautiously in Jul'26 amidst an escalation in geo-political conflict. It depreciated by only 0.8% in the month even as oil prices increased by over 20% in the month. INR found support from a weaker dollar and buoyancy in dollar inflows. FPI inflows rose to a 22-month high, driven by a pickup in equity inflows. On the other hand, RBI's measures also led to inflows of US$ 40.8bn.

Click here for the full report.

INDIA ECONOMICS: INTEREST RATES

The weighted average lending rate on fresh loans is a good indicator of how interest rates are moving over time against the background of the reduction witnessed in the repo rate last year. Also significant is how this varies across various sectors as this rate is a function of both the MCLR portion of the portfolio as well as EBLR section.

Click here for the full report.

INDIA ECONOMICS: MONETARY POLICY EXPECTATIONS

Globally, tensions between US and Iran have resurfaced which have once again engulfed countries in the Middle East and threat has also expanded from the Strait of Hormuz to the Red Sea. This has led to 11% increase in oil prices since the last US-Iran peace deal (17 Jun) and 21% increase in Jul'26 alone (MoM basis). Even though news reports are indicative of back-channelling of peace talks between US and Iran, fresh military strikes by both signals otherwise.

Click here for the full report.

INDIA ECONOMICS: MONSOON UPDATE

South West monsoon has advanced but continues to remain below normal rainfall at 13% below LPA till 31 Jul 2026 on a cumulative basis. This has resulted in lower sown area of kharif crops compared with last year. Pulses, rice and coarse cereals have registered lower acreage. Out of 36, 19 sub-divisions (57% of the country) have received normal to excess rainfall during this period, while 16 states are in the deficient zone. Region-wise, a broad based deviation has been noted across all the regions.

Click here for the full report.

SUN PHARMA

- Sales/EBITDA/ APAT were 0.7%/3.9%/6.2% below our estimates. EBITDA Margin was 92.3bps below our estimates at 28.1%
- Leqselvi crossed the 1000 Rx count, and Unloxcyt's formulary access to cancer centers is expected to spur innovative portfolio growth
- We continue to ascribe a PE of 34x and roll forward to Jun'28 EPS to arrive at PT of Rs 2292 (earlier Rs 2124); Maintain BUY

Click here for the full report.

MARUTI SUZUKI

- Strong revival in small car (~34%), sustained SUV (~45%) lead domestic market share gains to 41.2%; Revenue up ~36% & realisations up ~6%
- Commodity inflation overshadowed operating performance, EBITDAM contracts ~218bps to 8.2% leading to ~8%/10% decline in EBIDTA/PAT
- Estimates factoring in the new demand and cost scenario maintained. Value MSIL at 29x P/E with revised TP of Rs 17,169 (16,734). Retain BUY

Click here for the full report.

DIVI'S LABS

- Sales/EBITDA/PAT were 11.1%/42.9%/41% above our estimates. EBITDA Margin reported 900 bps above our estimate of 40.5%
- The company retained its guidance of sustaining an EBITDA Margin of 32%, as guided last quarter
- We continue to ascribe 55x on Jun'28 EPS to arrive at a PT of Rs 8505 (earlier Rs 7500); Maintain Hold

Click here for the full report.

INDIAN OIL CORP

- Revenue grew by 38.5%YoY driven by refining business; while EBITDA declined by 69.4%YoY impacted by negative marketing margins
- Positive on the volume growth. However, environment is challenging due to volatility in crude prices, cracks and negative retail margins
- Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173

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SHREE CEMENT

- Healthy volume growth (17%) though lower clinker factor (1.5) lead to lower trade mix (62%) and dent in realisations (3%)
- EBITDAM contracts by ~573bps YoY impacted by sharp disruption in pet-coke supply, SRCM indicated peak cost has been absorbed
- Revise down FY27E/FY28E/FY29E EBITDA estimates factoring pain. TP revised to Rs 26,607(Rs 27,199) on rollover to Jun 2028, Retain HOLD

Click here for the full report.

DIXON TECHNOLOGIES

- Revenue grew 21% YoY to Rs 155.5bn, 34% ahead of estimate; EBITDA declined 4% YoY with margin contracting 80bps to 3%
- Growth led by input-cost pass-through, not volumes; Vivo JV consolidates from Q3FY27; no margin recovery guided in FY27
- Cut estimates, ascribe 45x to Jun'28E EPS to arrive at Jun'27 TP of Rs 14,000; maintain HOLD

Click here for the full report.

KAJARIA CERAMICS

- Revenue grew 20% YoY, driven by 6% volume growth and 11% higher realisations; EBITDA margin expanded 266bps YoY
- Higher Morbi gas costs support pricing; management reiterates double-digit volume growth and 18-19% margin guidance
- Roll forward to Jun-27 TP of Rs 1,270 (ascribe 30x FY28 EPS); maintain HOLD on limited upside

Click here for the full report.

BUY
TP: Rs 234 | ▲ 23%

TATA STEEL | Metals & Mining | 31 July 2026

Revenue beat expectations on better India & EU realisation

- **Revenue grew by 14.5%YoY, on volumes growth in India and pricing growth across India and Europe. EBITDA growth was 24.7%YoY**
- **Demand outlook is positive and expect prices to improve post monsoon. Elevated imports remain a concern on domestic pricing**
- **Raise to BUY from HOLD on correction in stock. Considering positive outlook on demand and rollover, raise TP to Rs234 from Rs223**

Sukhwinder Singh
Research Analyst
research@bobcaps.in

Revenue above expectations: Tata Steel reported revenue at Rs604bn, (+14.5%YoY, -3.6%QoQ) — 1.8% above our estimates. EBITDA came at Rs92bn (+24.7%YoY, -5.7%QoQ) and was 9.8% below estimates. India EBITDA/t was Rs17,762 for the quarter — higher by 18.5%YoY. The outperformance came primarily on the back of higher-than-expected realization in India and Europe.

Volumes performance: Standalone volumes came at 5.2mnt — higher by 8.8%YoY.This is in line with the domestic demand growth of 8% YoY. Volumes declined by 16.5% QoQ, due to maintenance shutdown at Kalinganagar & Meramandali plant. Europe volumes came at 1.9mnt; lower by 10.5%YoY, on account of lower UK demand & operational disruptions at Netherland. In Q2 management expects India volumes to improve from Q1, UK to normalise by Q3/Q4, and Netherlands to see Q2 improvement subject to DSP restart approval.

Domestic pricing: India realisations increased by 9.5%YoY and 15.1%QoQ to Rs70,507/t. Spot HRC prices are around Rs58,000/t. Prices have shown moderation in July vs Q1FY27 average due to elevated level of imports & seasonality. Management expects pricing in India to be Rs1,500 lower on QoQ in Q2FY27. We expect pricing to improve post monsoon period supported by healthy domestic demand.

Outlook: Europe-duty measures, with tariff on imports and carbon cost, will keep Europe prices stable going forward. It aims for the India capacity ramp-up from the current 27mnt to 40mnt over long term, through brownfield expansions.

Raise to BUY from HOLD; revise TP upwards: On recent correction in stock; we raise to BUY from HOLD. Considering positive outlook on demand and rollover, raise TP to Rs234 from Rs223 on SoTP basis - India at 7.0x & Europe at 5.5x June.28E EBITDA.

Key changes

Target	Rating
▲	▲

Ticker/Price	TATA IN/Rs 190
Market cap	US$ 24.9bn
Free float	67%
3M ADV	US$ 60.0mn
52wk high/low	Rs 224/Rs 153
Promoter/FPI/DII	33%/19%/27%

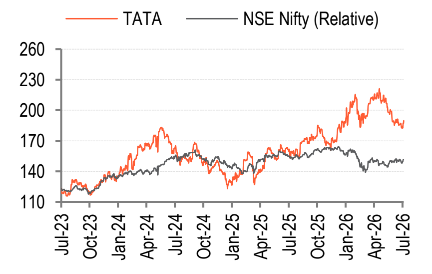
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs bn)	2,321	2,543	2,776
EBITDA (Rs bn)	344	456	521
Adj. net profit (Rs bn)	118	186	217
Adj. EPS (Rs)	9.5	13.9	17.4
Adj. ROAE (%)	12.2	17.1	17.5
Adj. P/E (x)	20.0	13.6	10.9
EV/EBITDA (x)	9.1	6.8	5.9
Adj. EPS growth (%)	176.6	57.5	16.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 174 | ↓ 4%

GAIL | Oil & Gas | 01 August 2026

Results above expectations on gas marketing performance

- **Revenue & EBITDA increased by 16.7%YoY and 93.5%YoY respectively primarily driven by improved gas marketing performance**
- **Gas marketing margins to come down as Brent price corrects. Overall, outlook is contingent on normalisation of LNG supply/prices**
- **Raise to HOLD from SELL; considering improved performance & rollover to June'28E, we raise TP to Rs174 from Rs147**

Sukhwinder Singh
Research Analyst
research@bobcaps.in

Performance above expectations: GAIL reported revenue at Rs412bn (+16.7% YoY, +15.8%QoQ) and was 23% above our estimates. EBITDA at Rs70bn (+93.5% YoY, +388.4% QoQ), was 199% above our estimates. Performance was strong due to strong recovery in gas marketing business as favourable movement in gas price indexes supported the elevated marketing spread during the quarter.

Gas transmission performance: Volumes performance showed a 0.8%YoY to 122mmscmd in Q1FY27 from 121mmscmd in Q1FY26. It was 119mmscmd in Q4FY26. The YoY increase is incremental offtake by CGD sector and fertiliser sectors, owing to the normalisation in spot LNG prices. Management expect volumes to improve gradually with normalization of LNG supply/prices and estimate volume of 123mmscmd for FY27E.

Petchem business continues to incur losses: Volumes fell 79.1%YoY to 37KT v/s 177KT in Q1FY26. Petchem business reported lower EBIT loss of Rs1,372mn in Q1FY27 vs a loss of Rs2,895mn in Q1FY26 due to feedstock gas supply shortage. Prices of polypropylene end products remain weak, which impacted profitability.

Outlook : Environment remains uncertain in terms of constraints on gas supply from the Middle East and the price volatility in spot LNG prices. LNG prices remains between USD17 and USD21/mmbtu. This will have a bearing on the gas marketing business as well as the profitability of the Petchem business. On positive side, demand for gas remains healthy, management expects demand to increase every year by CGD, refineries, fertilizer and power sector.

Capex: GAIL incurred a capex of Rs62bn in Q1FY27 and guided capex of Rs115bn for FY27E.

Raise to HOLD from SELL; revise TP upwards: Gas marketing business has shown strong recovery. Considering improved performance and rollover to June'28E, revise TP to Rs174 from Rs147; on SoTP-based EV/EBITDA of 6.0-6.5x for the business segments on June'28E EBITDA.

Key changes

Target	Rating
▲	▲

Ticker/Price	GAIL IN/Rs 181
Market cap	US$ 12.6bn
Free float	48%
3M ADV	US$ 17.0mn
52wk high/low	Rs 187/Rs 134
Promoter/FPI/DII	52%/13%/21%

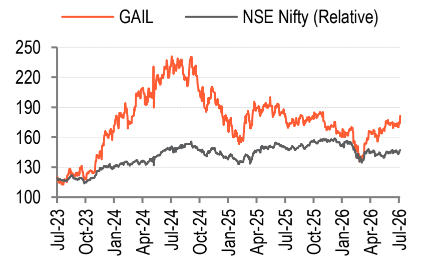
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,415,977	1,520,462	1,598,736
EBITDA (Rs mn)	115,101	166,841	189,431
Adj. net profit (Rs mn)	75,825	115,382	122,354
Adj. EPS (Rs)	11.5	17.5	18.6
Adj. ROAE (%)	8.7	12.5	12.5
Adj. P/E (x)	15.7	10.3	9.8
EV/EBITDA (x)	11.7	8.3	7.3
Adj. EPS growth (%)	25.8	(39.1)	52.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,314 | ⮝ 17%

MAHANAGAR GAS | Oil & Gas | 31 July 2026

Results beats expectations on better volumes & realisation

- **Revenue grew by 13.9%YoY, on volume growth of 9.7%YoY in CNG. However, higher costs led to decline in EBITDA**
- **Outlook positive on volume growth driven by CNG and PNG. EBITDA spread is likely to improve with stability in imported LNG price**
- **Raise to BUY from HOLD; considering better volume performance & rollover to June'28 EPS, revise TP upwards Rs1,314 from Rs1,268**

Sukhwinder Singh
Research Analyst
research@bobcaps.in

Performance above expectations: Revenue came at Rs23bn (+13.9%YoY, +15.6%QoQ) and was 7% above our estimates. EBITDA came at Rs3bn (-31.5%YoY, +31.7%QoQ) and was 27% above our estimates. EBITDA spread for Q1FY27 was Rs7.9/scm; lower by 36%YoY. Better performance was due to higher-than-expected volumes and realisation. Realisation came at Rs54.7/scm — higher by 6.5%YoY – aided by price hikes in month of May.

Volumes: Volumes came at 434mnscm — higher by 7%YoY and higher by 3%QoQ. CNG volume growth was 9.7%YoY, while PNG volumes grew 0.2%YoY. Management is positive about the volume growth and expect growth to be 9-10% for FY27E driven by CNG.

Operational performance: EBITDA spread came at Rs7.9/scm – lower by 36.0%YoY and higher by 27.7%QoQ. Gas cost was higher YoY at 73% of sales for the quarter vs 63% for Q1FY26. MGL has been increasing the mix of long-term contracts to offset the impact of cost hikes through spot LNG. Management targets EBITDA spread of Rs8.0-9.0 over medium term , though see uncertainty on LNG supply/pricing in near term.

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

Raise to BUY from HOLD; revise TP upwards: Raise to BUY on recent correction in stock; considering better volume performance & rollover to June'28 EPS, revise TP upwards Rs1,314 from Rs1,268, based on 12.5x P/E on June.28 EPS.

Key changes

Target	Rating
▲	▲

Ticker/Price	MAHGL IN/Rs 1,121
Market cap	US$ 1.2bn
Free float	68%
3M ADV	US$ 3.1mn
52wk high/low	Rs 1,378/Rs 900
Promoter/FPI/DII	33%/24%/21%

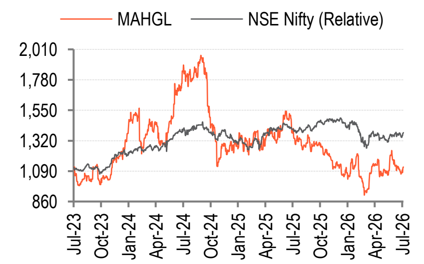
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	82,457	90,343	100,722
EBITDA (Rs mn)	14,506	15,495	17,345
Adj. net profit (Rs mn)	8,412	9,183	10,151
Adj. EPS (Rs)	85.2	93.0	102.8
Adj. ROAE (%)	13.7	13.6	13.7
Adj. P/E (x)	13.2	12.1	10.9
EV/EBITDA (x)	6.8	6.4	5.8
Adj. EPS growth (%)	(19.2)	9.2	10.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

INR MOVEMENT

01 August 2026

INR movement in Jul'26

Aditi Gupta
Economist

INR traded cautiously in Jul'26 amidst an escalation in geo-political conflict. It depreciated by only 0.8% in the month even as oil prices increased by over 20% in the month. INR found support from a weaker dollar and buoyancy in dollar inflows. FPI inflows rose to a 22-month high, driven by a pickup in equity inflows. On the other hand, RBI's measures also led to inflows of US$ 40.8bn.

Reports also indicated that RBI stepped up the defense of the currency by intervening in the forex market. Uncertainty regarding the war in West Asia is likely to prevail for some time, which will keep oil prices elevated. While this makes a case for a weaker rupee, the extent of the decline will be limited by dollar inflows and RBI intervention. Overall, we expect INR to trade in the range of 95.25-95.75/$ in the near-term.

1. What happened in CY 2026 and Jul'26

INR has experienced significant swings in 2026. While the currency started the year strong, external headwinds due to the war in West Asia, impinged on INR's trajectory since Feb'2026. After appreciating by 1.1% in Feb'26, INR witnessed considerable volatility in Mar'26 on account of the US-Iran-Israel war. However, proactive management by the RBI and the government, along with reports of a peace deal between US and Iran helped keep INR steady.

In Jun'26, RBI and the government announced several measures to attract foreign inflows, in order to manage the risk of an increasing current account deficit. This not only helped in attracting inflows, but was also beneficial in assuaging market sentiments, which benefitted the rupee. In Jul'26, INR once again face pressure due to a worsening in geo-political tensions. After days of ceasefire, and the possibility of an impending peace deal, tensions in West Asia flared once again, with both US and Iran launching fresh attacks. This once again dented investors sentiments and pushed up global oil prices. As a result, INR too witnessed some pressure, falling to a low of 96.57/$ on 22 Jul 2026. This marked a 2% decline in the value of the currency since end Jun'26. However, in the period thereafter, INR has appreciated/remained steady, likely due to RBI's intervention and an improvement in global risk sentiments. In fact, between 22 Jul 2026 to 31 Jul 2026, INR appreciated by 1.3%.

INTEREST RATES

01 August 2026

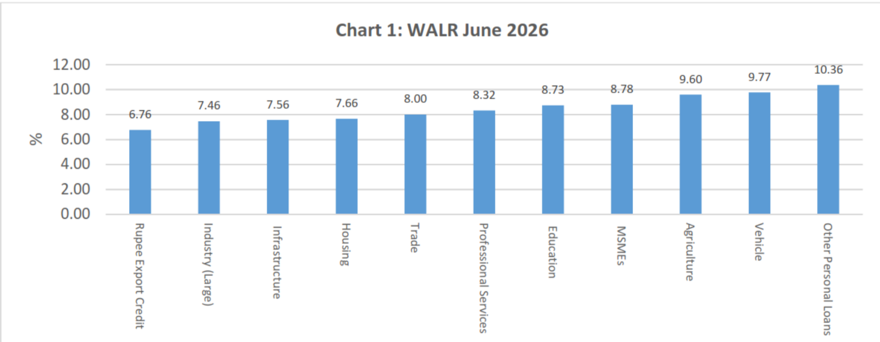
WALR across sectors

Aditi Gupta
Economist

The weighted average lending rate on fresh loans is a good indicator of how interest rates are moving over time against the background of the reduction witnessed in the repo rate last year. Also significant is how this varies across various sectors as this rate is a function of both the MCLR portion of the portfolio as well as EBLR section.

The repo rate cuts started from February 2025 and has been lowered by 125 bps over time. It does look like that the repo rate of 5.25% is the bottom that has been reached and from hereon there would only be an increase, though the timing will be synchronized with the inflation trajectory. The WALR for banks has come down by 80 bps on a point to point basis i.e. January 2025 to June 2026 from 9.33% to 8.53%. This has come about with the median MCLR moving from 9% to 8.6% during this period. The Share of EBLR in total loan portfolio of banks has increased from 61.7% in March 2025 to 67.6% in March 2026.

The chart below gives the WALR on fresh loans across various lending categories. The coverage includes the major sectors and is not exhaustive. As can be seen the highest WALR, is on the 'other personal loans' category at 10.36% and is 360 bps higher than the rupee export credit bucket which has the lowest rate.



Source: RBI

Large industry has the second lowest rate of 7.46% which is interesting. Here the lending rate tends to get linked with the MCLR. Further, this sector also has access to the debt market when the rating is high and hence companies are able to negotiate better rates with banks. Infrastructure, which would tend to be a sub-set of large industry, has the next lowest rate of 7.56%. The highest yields for banks come from vehicle loans after the unsecured category. Agriculture is next with a WALR of 9.6%. Housing fetches lower rate of 7.66%. MSMEs and education loans carry a WALR of between 8.70- 8.80%.

MONETARY POLICY EXPECTATIONS

01 August 2026

RBI in wait and watch mode

Sonal Badhan
Economist

Globally, tensions between US and Iran have resurfaced which have once again engulfed countries in the Middle East and threat has also expanded from the Strait of Hormuz to the Red Sea. This has led to 11% increase in oil prices since the last US-Iran peace deal (17 Jun) and 21% increase in Jul'26 alone (MoM basis). Even though news reports are indicative of back-channelling of peace talks between US and Iran, fresh military strikes by both signals otherwise.

On the domestic front, high frequency indicators are pointing towards slight moderation in service sector activity, while corporate performance remains steady despite surge in price pressures. Given that RBI estimates for Q1 growth had already factored in the impact of US-Iran war on Indian economy, we expect growth to come in line with these estimates (6.6-6.8%) and gives no reason for the central bank to alter its forecasts at this stage. In case of inflation, upside risks remain with elevated global oil prices, weak monsoon at home and lower water reservoir levels. IMD also expects El Nino to move to 'very strong' category in Oct-Dec'26 period. We expect MPC members will remain watchful of the progress of the monsoon and its impact on food inflation. Given this backdrop we expect RBI to remain on hold for now and also keep the stance unchanged. However, this is also the right opportunity for the central bank to signal the markets that RBI may hike rates in future, by taking a cautious tone. We expect at least one rate hike in H2FY27 depending on the inflation trajectory.

What has changed since the last policy?: In Jun'26 it appeared that the war between US and Iran had come to an and there was even a draft peace deal agreed upon between the two on 17 Jun 2026. Both countries signed a 14-point MoU and announced a 60-day ceasefire for the final talks to materialise. However, early in July 2026, before the ceasefire deadline ended, US and Iran were again engaged in hostile military strikes. This pushed oil prices higher once again, leading to revival of upside risks to global inflation. Domestically, there is slightly more clarity on the progress of the monsoon. Overall, the country has still received 13% less rain than LPA (cumulatively between June and till 31st July).

Table 1. Performance of major market and macro variables

Variables	Start of the war (27 Feb 2026)	Last policy (5 Jun 2026)	Current* (31 Jul 2026)
Brent (US$/bbl)	72.48	93.09	88.0
DXY index	97.6	100.1	100.2
US 10Y yield, %	3.37	4.53	4.65
India 10Y yield, %	6.66	6.97	6.81
INR/USD	90.98	94.94	95.34
CPI	3.21	3.48	4.38
WPI	2.18	8.36	9.87

Source: Bloomberg, CEIC, Bank of Baroda Research| Note: * Current CPI and WPI data as of Jun'26 and data as per new base year

MONSOON UPDATE

01 August 2026

Monsoon and Sowing progress

Jahnavi Prabhakar
Economist

South West monsoon has advanced but continues to remain below normal rainfall at 13% below LPA till 31 Jul 2026 on a cumulative basis. This has resulted in lower sown area of kharif crops compared with last year. Pulses, rice and coarse cereals have registered lower acreage. Out of 36, 19 sub-divisions (57% of the country) have received normal to excess rainfall during this period, while 16 states are in the deficient zone. Region-wise, a broad based deviation has been noted across all the regions.

East and North eastern India reported deficient rainfall (-30%), followed by Southern Peninsula (-23%) and North Western (-12%) while central region (4%) have reported normal rainfall. There is a clear reversal seen in rainfall after being in the deficient zone in the month of Jun'26 to being in surplus for the month of Jul'26 (1% above LPA) reflecting the deluge. Even as El Nino concerns continue to hover, revival in monsoon with better distribution could be a positive for food inflation in the near term and requires careful monitoring as we head towards the second half of the Southwest monsoon.

Where does Kharif sowing stand?

As of 31th Jul 2026, overall sown area has declined by 2.9% compared with last year and bringing actual sown area to 81% of the normal area sown. The acreage of coarse cereals and rice have registered a weaker growth of 7.5% and 2.2% respectively. Lower sown area has also been noted for pulses, with slower growth noted in moong (-9.3%) and arhar (-9.2%). On the positive side, urad sowing registered higher growth at 10.7% for the same period. Additionally, higher sown area has been noted for sugarcane and oilseeds, even though soybean sowing was marginally lower than last year levels. In contrast, lower acreage has also been noted for cotton as it declined by (-) 2.4% for the same period.

Table 1: Kharif Sowing

	Area sown in 2025-26 (lakh ha)	Area sown in 2026-27 (Lakh ha)	Growth (YoY %)
Coarse Cereals	170.6	157.7	(7.5)
Rice	308.4	301.5	(2.2)
Pulses	101.6	95.2	(6.3)
Oilseeds	171.1	172.3	0.7
Cotton	106.1	103.5	(2.4)
Sugarcane	56.7	57.6	1.5
Jute and Mesta	6.2	6.3	1.9
All Crops	920.7	894.2	(2.9)

Source: CEIC, Bank of Baroda | Data as of 31 Jul 2025

RESULT REVIEW

TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 2,292 | ⮝ 15%

SUN PHARMA | Pharmaceuticals | 03 August 2026

Gross Margin Maintained Amid Slowdown in US Sales

- **Sales/EBITDA/ APAT were 0.7%/3.9%/6.2% below our estimates. EBITDA Margin was 92.3bps below our estimates at 28.1%**
- **Leqselvi crossed the 1000 Rx count, and Unloxcyt's formulary access to cancer centers is expected to spur innovative portfolio growth**
- **We continue to ascribe a PE of 34x and roll forward to Jun'28 EPS to arrive at PT of Rs 2292 (earlier Rs 2124); Maintain BUY**

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In-line result - Sales grew by 10.5% YoY to Rs 153 bn, driven by 16% YoY growth in domestic sales and 13% YoY growth in the EM & ROW region, partially offset by flattish growth in the US region. Healthy product mix from the innovative segment resulted in 11.8% YoY growth in Gross Profit to Rs 123.37 bn. Gross margin expanded by 95 bps YoY to 80.6% in 1QFY27. Staff cost grew by 15.2% YoY to Rs 32.27 bn (due to annual salary hikes and higher field force expansion in FY26), and SG&A (ex R&D) grew by 22% YoY to Rs 39.87 bn (due to commercialization costs of Leqselvi and Unloxcyt); this was offset by an 8.5% YoY and 15.3% QoQ decline in R&D cost to Rs 8.26 bn (contributing 5.4% in 1QFY27 vs. 6.5% in 1QFY26). Thus, EBITDA grew by 5.5% YoY and 21.8% QoQ to Rs 42.957 bn, and EBITDA margin decreased by 133 bps YoY and increased by 394 bps QoQ to 28.1%. Reported PAT grew by 27% YoY and 6.7% QoQ to Rs 28.949 bn (9.3% below our estimates). Adjusted for exceptional items (Rs 2 bn towards Organon acquisition cost), forex gain (Rs 1.2 bn), and minority interest (Rs 64 mn), PAT grew by 3.5% YoY to Rs 29.93 bn

Global innovative portfolio contribution on the higher end – SUNP's global innovative sales grew by 13% YoY to USD 351 mn, contributing 22% of total sales. Sales were driven by healthy traction across the portfolio, including Ilumya, Leqselvi, and Unloxcyt, partially offset by seasonality in Levulan. Within one year of launch, Leqselvi crossed 1,000 prescriptions. Unloxcyt too is gaining a positive response from oncologists, and dermatologist. Ilumya's PDUFA date for its second indication, psoriatic arthritis, is Oct'26, which should further boost traction in the global innovative portfolio. Thus, we expect this segment to grow at a CAGR of 14.5% over FY27–29E to USD 1.647 bn.

Valuation – We increase our EPS by 3.6% in FY28E and 7% in FY29E, and continue to maintain BUY on the stock. At CMP, rolling forward to Jun'28 EPS of Rs 66.83, the stock trades at a PE of 30x. We continue to ascribe a PE of 34x, given its USD 3.4 bn consolidated cash in hand, which can be utilised to strengthen its innovative portfolio, to arrive at a PT of Rs 2,292 (earlier Rs 2,124).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SUNP IN/Rs 1,991
Market cap	US$ 50.3bn
Free float	45%
3M ADV	US$ 50.3mn
52wk high/low	Rs 2,047/Rs 1,548
Promoter/FPI/DII	54%/16%/20%

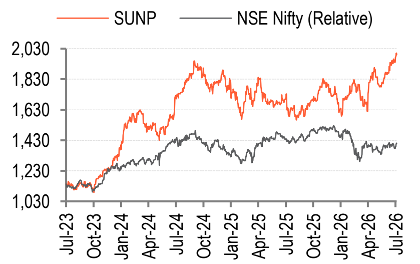
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	584,620	639,439	705,051
EBITDA (Rs mn)	164,912	187,042	223,860
Adj. net profit (Rs mn)	115,467	126,991	154,354
Adj. EPS (Rs)	48.1	52.9	64.3
Consensus EPS (Rs)	47.9	55.3	65.3
Adj. ROAE (%)	14.8	14.4	15.7
Adj. P/E (x)	41.4	37.6	30.9
EV/EBITDA (x)	30.7	27.5	23.4
Adj. EPS growth (%)	1.1	10.0	21.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 17,169 | ▲ 21%

MARUTI SUZUKI | Automobiles | 01 August 2026

All segments firing guns, well-place to mitigate risk; BUY

- **Strong revival in small car (~34%), sustained SUV (~45%) lead domestic market share gains to 41.2%; Revenue up ~36% & realisations up ~6%**
- **Commodity inflation overshadowed operating performance, EBITDAM contracts ~218bps to 8.2% leading to ~8%/10% decline in EBIDTA/PAT**
- **Estimates factoring in the new demand and cost scenario maintained. Value MSIL at 29x P/E with revised TP of Rs 17,169 (16,734). Retain BUY**

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Demand momentum across segments drives growth: MSIL reported strong growth in revenue at ~36% YoY to ~Rs525bn. Growth was driven by robust volume gains of ~29.3% YoY coupled with ~6% YoY improvement in net realisations despite a higher contribution from small cars. Demand remained broad-based with small cars (+34% YoY), SUVs (+44.6% YoY) and exports (+28.6% YoY) all contributing healthy to the aggregate. Domestic market share expanded by 2.3% YoY to 41.2%.

Commodity inflation and supply support measures weigh on margins: Gross margins were pressured as RM cost (adjusted for inventory) jumped ~35.5% YoY, with RM-to-sales rising sharply to ~76.9% (vs ~73.9% YoY). Commodity headwinds exerted pressures of ~300bps, including ~110bps impact from temporary shift in commodity settlements from quarterly to monthly cycles. Lower other expenses (+30bps) and higher operating income (+30bps) aided in partial offset.

Operating profitability impacted despite record volumes: EBITDA declined ~8% YoY to ~Rs43.1bn, with EBITDA margins contracting ~218bps YoY to ~8.2%, reflecting commodity cost inflation and temporary supplier initiative/s offsetting healthy operating leverage. Effectively PAT declined ~10% YoY to ~Rs33.5bn.

Focus broadening on alternate powertrains: With the fourth Gujarat Line (initially dedicated to EV) coming online capacity now at 2.9mn units. MSIL has approved first phase of CBG with Rs5.6bn investment to complement their alternate powertrain strategy. New EV to be showcased in Bharat Mobility Expo (early CY27)

Estimates unchanged, Retain BUY: We retain our FY27E/FY28E/FY29E earnings, to factor in in the revised demand mix, cost inflation and capacity addition. Our 3Y EBITDA/PAT CAGR is healthy at 9%/12% and EBITDA margins hover ~11% over FY26-FY29. Our growth stance is backed by MSIL's strong focus on new launches by 2031, healthy capex plans and a thrust on EVs (average of 1 EV launch till FY30). The revival in compact cars augurs well for MSIL. We continue to value MSIL at 29x P/E June 2028 earnings (premium to its 10Y average), with a revised TP of Rs 17,169 (vs Rs 16,734) on rollover (from March to June 2028). Maintain BUY

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MSIL IN/Rs 14,234
Market cap	US$ 45.3bn
Free float	44%
3M ADV	US$ 66.8mn
52wk high/low	Rs 17,370/Rs 12,201
Promoter/FPI/DII	56%/23%/16%

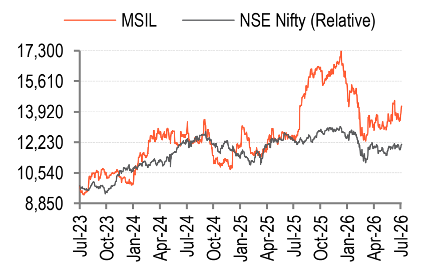
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	17,43,695	19,26,782	21,37,110
EBITDA (Rs mn)	2,14,502	2,14,429	2,42,290
Adj. net profit (Rs mn)	1,44,454	1,63,379	1,84,537
Adj. EPS (Rs)	459.5	519.7	587.0
Consensus EPS (Rs)	459.5	514.7	622.7
Adj. ROAE (%)	13.7	14.1	14.3
Adj. P/E (x)	31.0	27.4	24.3
EV/EBITDA (x)	20.1	20.1	17.8
Adj. EPS growth (%)	3.5	13.1	13.0

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

Stock performance



Source: NSE

HOLD
TP: Rs 8,504 | ▲ 6%

DIVI'S LABS | Pharmaceuticals | 03 August 2026

strong earnings, not sustainable

- **Sales/EBITDA/PAT were 11.1%/42.9%/41% above our estimates. EBITDA Margin reported 900 bps above our estimate of 40.5%**
- **The company retained its guidance of sustaining an EBITDA Margin of 32%, as guided last quarter**
- **We continue to ascribe 55x on Jun'28 EPS to arrive at a PT of Rs 8505 (earlier Rs 7500); Maintain Hold**

Foram Parekh
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Strong beat on estimates - DIVI's reported strong earnings, with sales growing by 27.8% YoY to Rs 30.8 bn, driven by growth in both segments. Raw material cost grew by a mere 3.2% YoY but declined by 11.9% QoQ to Rs 9.8 bn, contributing 32% of sales vs. 39.6% in 1QFY26, primarily due to a higher closing stock of Rs 517 mn in 1QFY27 vs. Rs 54 mn in 1QFY26. Thus, gross profit grew by 43.9% YoY to Rs 20.94 bn in 1QFY27, and gross margin increased by 761 bps YoY to 68%. Subsequently, EBITDA grew by 71% YoY to Rs 12.48 bn, and EBITDA margin increased by 1,023 bps YoY to 40.5%. Healthy operations led to PAT growth of 63.9% YoY to Rs 8.95bn.

API sales reported double digit growth amidst pricing pressure – In 1QFY27, generic API sales grew by 11% YoY to Rs 9.78 bn (9% above our estimates). However, the contribution has lowered to 32% of sales in 1QFY27 vs. 37% in 1QFY26. The growth in API sales was due to stable volume, which offset price erosion pressure across the portfolio. Going forward, this segment is likely to sustain growth as DIVI's ships validation quantities for Gadolinium compounds and engages with a customer for an exclusive order in iodine compound, whose commercial volumes are expected to move in 3–6 months. Thus, we expect API sales to grow at a CAGR of 11% from FY27–29E to Rs 52 bn in FY29E.

Custom Synthesis sales contribution at all time high post Covid - In 1QFY27, CS sales grew by 45% YoY to Rs 18.5 bn (17% above our estimates). The growth was due to increasing shipments for validation products under 3 long-term supply agreements. The company has utilized 70% of the announced capex of Rs 21bn for these 3 long-term supply agreements. The company is awaiting approval from the innovator's end (expected to take ~1 year) to resume commercialization of these products. Hence, we expect this segment to grow at 28% from FY27–29E to Rs 114.4 bn in FY29E.

Valuation – We have revised our EPS upwards. At CMP, rolling forward to Jun'28 EPS of Rs 155, the stock trades at a PE of 52x; we continue to ascribe a PE of 55x to arrive at a PT of Rs 8,504 (earlier PT of Rs 7,500), maintaining Hold.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	DIVI IN/Rs 8,056
Market cap	US$ 22.5bn
Free float	48%
3M ADV	US$ 29.8mn
52wk high/low	Rs 8,090/Rs 5,637
Promoter/FPI/DII	52%/15%/22%

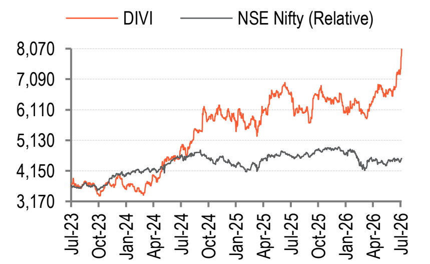
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	105,600	121,691	147,853
EBITDA (Rs mn)	34,410	39,869	51,462
Adj. net profit (Rs mn)	26,420	29,986	38,567
Adj. EPS (Rs)	96.7	112.9	145.3
Consensus EPS (Rs)	96.8	115.9	141.2
Adj. ROAE (%)	16.6	17.3	20.2
Adj. P/E (x)	83.3	71.3	55.5
EV/EBITDA (x)	63.2	54.3	41.8
Adj. EPS growth (%)	17.2	16.8	28.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 163 | ▲ 16%

INDIAN OIL CORP | Oil & Gas | 01 August 2026

Results above expectation driven by refining business

- **Revenue grew by 38.5%YoY driven by refining business; while EBITDA declined by 69.4%YoY impacted by negative marketing margins**
- **Positive on the volume growth. However, environment is challenging due to volatility in crude prices, cracks and negative retail margins**
- **Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173**

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Results above expectations: Indian Oil Corporation (IOCL)'s standalone revenue came at Rs2,624bn (+36.0%YoY,+26.2%QoQ) — 20.8% above our estimates. EBITDA came in at Rs19bn (-84.6%YoY, -90.6%QoQ) and was above our estimate of EBITDA loss. Consolidated revenue came in at Rs2,664bn (+38.5%YoY, +27.9%QoQ). EBITDA came in at Rs40bn (-69.4%YoY, -83.6%QoQ).

Refining segment performance: Crude brent price for Q1FY27 averaged USD105/bbl, up by USD37/bbl YoY. It was USD76/bbl in Q4FY26. Indian crude basket averaged US$100.7/bbl in Q1FY27 vs US$83.01/bbl in Q4FY26, up ~21% QoQ due to US-Iran/Middle East tensions. Reported GRM stood at US$15.6/bbl, net of SAED/export duty impact. Management indicated that GRM would have been ~US$35.7/bbl excluding SAED vs USD2.2 in Q1FY26.

Marketing business: Domestic sales volumes were 25.3mnt (+1.1%YoY, -3.1%QoQ). Exports volumes stood at 1.0mnt (-29.2%YoY, -25.0%QoQ). LPG under-recovery was around Rs665/cylinder in June, declined to Rs475/cylinder in July, and management expects it to average around Rs250/cylinder in Q2FY27.

Outlook and capex programme: Retail volume growth will likely be maintained for the medium term. IOCL has an ongoing capex programme of Rs1.6-1.8trn, targeted at refining expansion and petchem projects. We estimate the major benefit to kick in post FY29 only.

Maintain BUY; reduce TP: We are positive on the business growth that is being driven by a strong demand for petroleum products. Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173 based on 5.5x EV/EBITDA on June.28E EBITDA plus value of investments.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	IOCL IN/Rs 140
Market cap	US$ 20.3bn
Free float	49%
3M ADV	US$ 21.4mn
52wk high/low	Rs 189/Rs 130
Promoter/FPI/DII	52%/10%/9%

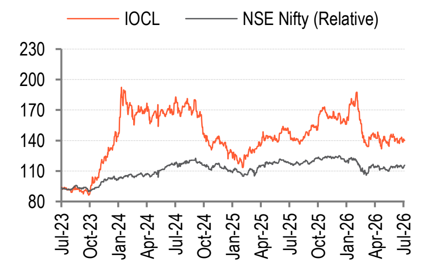
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	7,844,154	8,906,864	9,141,915
EBITDA (Rs mn)	770,616	425,817	561,288
Adj. net profit (Rs mn)	420,963	144,197	220,788
Adj. EPS (Rs)	30.6	10.5	16.0
Adj. ROAE (%)	20.7	6.5	9.5
Adj. P/E (x)	4.6	13.4	8.7
EV/EBITDA (x)	4.0	7.5	6.0
Adj. EPS growth (%)	258.0	(65.7)	53.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 26,607 | ▲ 2%

SHREE CEMENT | Cement | 01 August 2026

Opex impact short term, volume focus is the key; Retain HOLD

- **Healthy volume growth (17%) though lower clinker factor (1.5) lead to lower trade mix (62%) and dent in realisations (3%)**
- **EBITDAM contracts by ~573bps YoY impacted by sharp disruption in pet-coke supply, SRCM indicated peak cost has been absorbed**
- **Revise down FY27E/FY28E/FY29E EBITDA estimates factoring pain. TP revised to Rs 26,607(Rs 27,199) on rollover to Jun 2028, Retain HOLD**

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Realisation subdued due to operational disruptions: SRCM reported healthy revenue growth of 13.6% YoY (flat QoQ) to ~Rs56.2bn, driven by robust cement sales volume growth of ~17% YoY to ~10.5mnt (including clinker sales of 0.26mnt), aided by strong demand across North and South markets. However, lower clinker conversion due to higher coal usage resulted in a lower trade mix (62% vs 71% YoY), partially impacting product mix. Realisations fell by 3% YoY to Rs 5,360/tn.

Disruption led cost spike estimated to have peaked: Overall cost/tn rose ~4%/6% YoY/QoQ to ~Rs4,336/t, due to disruptions in pet-coke and gypsum supplies. Pet-coke consumption fell sharply to 9% (vs 54% QoQ), pushing fuel cost to ~Rs1.95/kcal (shift to low grade coal). Effectively, raw material cost jumped ~19%/25% YoY/QoQ, Freight cost spiked ~10%/22% YoY/QoQ. SRCM indicated fuel cost has majorly peaked and expects cost pressure to gradually ease from Q2FY27 as contracted pet-coke supplies normalise and packaging costs softens.

Cost headwinds impact margins: EBITDA slipped ~12.6% YoY to ~Rs10.7bn, as elevated fuel, raw material and freight costs more than offset strong volume growth. EBITDA/tn fell sharply by ~25% YoY to ~Rs1,024/t, while EBITDA margin contracted by ~573bps YoY (~313bps QoQ). This impacted PAT that fell by 29% to ~Rs4.4bn

Expansion pipeline: The UAE expansion (doubling capacity to ~7mtpa) remains on track for commissioning by Q3FY27, while the Meghalaya integrated plant (~1mtpa) will be ready by Q4FY28. SRCM maintained FY27 India capex guidance of Rs15bn.

Cut earnings estimates; retain HOLD: We cut FY27/FY28/FY29 EBITDA/PAT estimates by 5%/10%, to factor in the H1FY27 impact. SRCM's focus shifting back on volume growth is core and beyond the short-term war impact (that will reverse). We continue to value SRCM at 15x EV/EBITDA Jun 2028, as shift in focus on volume growth will help in improving efficiencies and sustained margins. Our FY25-29E Revenue/EBITDA CAGR estimates are 14%/16%. The UAE operations turning profitable is a key positive. We revise our TP at to Rs26,607 (earlier Rs27,199), at our target price SRCM is valued at Rs10.5bn/mnt replacement cost. Retain HOLD.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	SRCM IN/Rs 26,055
Market cap	US$ 9.9bn
Free float	37%
3M ADV	US$ 6.8mn
52wk high/low	Rs 31,920/Rs 22,550
Promoter/FPI/DII	63%/13%/12%

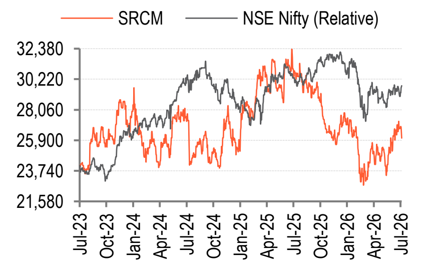
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	1,93,105	2,26,542	2,55,252
EBITDA (Rs mn)	41,912	47,940	55,076
Adj. net profit (Rs mn)	17,062	18,446	20,939
Adj. EPS (Rs)	472.9	511.2	580.3
Consensus EPS (Rs)	472.9	507.9	652.4
Adj. ROAE (%)	7.8	8.0	8.6
Adj. P/E (x)	55.1	51.0	44.9
EV/EBITDA (x)	19.6	17.0	14.7
Adj. EPS growth (%)	42.6	8.1	13.5

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

Stock performance



Source: NSE

RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 14,000 | ⩒ 0%

DIXON TECHNOLOGIES | EMS | 03 August 2026

Price-led growth; volume recovery ahead

- **Revenue grew 21% YoY to Rs 155.5bn, 34% ahead of estimate; EBITDA declined 4% YoY with margin contracting 80bps to 3%**
- **Growth led by input-cost pass-through, not volumes; Vivo JV consolidates from Q3FY27; no margin recovery guided in FY27**
- **Cut estimates, ascribe 45x to Jun'28E EPS to arrive at Jun'27 TP of Rs 14,000; maintain HOLD**

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Revenue beats, margins compress: DIXON reported revenue of Rs 155.5bn, up 21% YoY and 34% ahead of our estimate, as elevated memory and component prices were passed through into higher realisations. EBITDA declined 4% YoY to Rs 4.6bn, with margin contracting 80bps YoY to 3.0%, reflecting the expiry of mobile PLI 1.0 in Mar'26 and the optical dilution of percentage margins from pass-through pricing. Reported PAT of Rs 6.6bn was aided by a Rs 5.19bn fair value gain on the aditya infotech stake; adjusted for this, PAT after minority interest declined 3% YoY to Rs 2.2bn.

Mobile scale sustained on value, not volume: Mobile & EMS revenue grew 22% YoY to Rs 141.8bn, but segment EBIT declined 6% YoY with margin moderating 76bps YoY and 92bps QoQ to 2.6%, as the subsidy roll-off was only partly offset by scale. Within the segment, telecom contributed ~Rs 21bn to a 5.1% operating margin, while IT hardware at ~Rs 13.5bn in the quarter approached the entire FY26 base. Working capital absorbed Rs 8.1bn on a memory-led inventory build, resulting in negative FCF of Rs 6.8bn and a shift to a marginal net debt position.

Input costs weigh on home appliance margins: Home Appliances revenue grew 22% YoY to Rs 3.8bn, but margin contracted 312bps YoY to 8.4%, weighed by polymer price volatility and adverse currency movement. CE&A revenue rose 47% YoY to Rs 9.9bn with margin broadly stable at 5.9%, aided by mix, though LED TV demand in the value and mid-range segments remained subdued on memory-led input cost inflation. Refrigerator offtake was moderated by industry-wide inventory liquidation, a less intense summer and unseasonal rains, partly mitigated by traction in the ODM portfolio.

Raise estimates, Maintain HOLD: We raise FY27E/FY28E PAT estimates by 18%/21%, factoring in stronger pass-through pricing, the Vivo JV consolidation from Q3FY27 and the scale-up in telecom and IT hardware, partly offset by the absence of mobile PLI 1.0 and no margin recovery guided through FY27. We assign a target multiple of 45x to Jun'28E EPS to arrive at a Jun'27 TP of Rs 14,000. Considering the limited upside, we maintain HOLD.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	DIXON IN/Rs 14,049
Market cap	US$ 8.8bn
Free float	66%
3M ADV	US$ 81.5mn
52wk high/low	Rs 18,471/Rs 9,600
Promoter/FPI/DII	34%/12%/24%

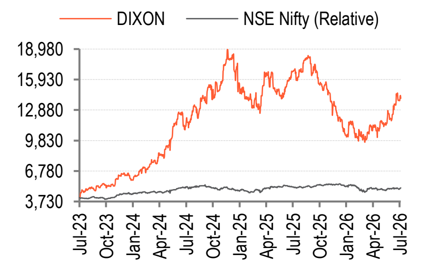
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	4,88,728	8,11,125	10,35,479
EBITDA (Rs mn)	18,665	26,207	36,758
Adj. net profit (Rs mn)	14,386	15,659	17,569
Adj. EPS (Rs)	241.6	263.0	295.0
Adj. ROAE (%)	37.4	28.7	24.7
Adj. P/E (x)	58.2	53.4	47.6
EV/EBITDA (x)	44.8	31.9	22.8
Adj. EPS growth (%)	126.4	8.8	12.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD
TP: Rs 1,270 | ⮝ 6%

KAJARIA CERAMICS | Building Materials | 03 August 2026

Strong operating performance, guides double digit volume growth

- **Revenue grew 20% YoY, driven by 6% volume growth and 11% higher realisations; EBITDA margin expanded 266bps YoY**
- **Higher Morbi gas costs support pricing; management reiterates double-digit volume growth and 18-19% margin guidance**
- **Roll forward to Jun-27 TP of Rs 1,270 (ascribe 30x FY28 EPS); maintain HOLD on limited upside**

Vineet Shanker
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Strong pricing drives earnings beat: Kajaria Ceramics (KJC) delivered a strong beat in Q1FY27, with revenue increasing 20% YoY (7% vs. est.), driven by 6% YoY volume growth and an 11% increase in tile realisations following price hikes undertaken to offset higher fuel costs. EBITDA increased 39% YoY, exceeding our estimate by 28%, while EBITDA margin expanded 266bps YoY to 19.6%, supported by operating leverage, lower employee and other costs as a percentage of sales, despite elevated power and fuel costs. APAT grew 56% YoY (35.2% beat), aided by margin expansion, lower interest costs and a lower effective tax rate.

Tiles and non-tile businesses deliver broad-based growth: Tiles revenue increased 15% YoY, with EBIT margin expanding 329bps to 17.0%, while the non-tile business continued to scale. Kerovit revenue increased 84% YoY, with EBIT margin expanding 756bps to 12.3%, while adhesives revenue grew 81% YoY.

Concall KTAs: Management remains constructive on FY27, citing improving industry demand and a favourable competitive environment after higher Morbi gas prices narrowed the pricing gap between organised players and Morbi manufacturers, although this benefit could reverse if gas prices normalise. The company guided for double-digit tile volume growth over the remaining nine months and 18-19% EBITDA margins, while continuing to invest in growth through ~21msm of announced capacity additions and ~Rs 4bn capex in FY27.

Raise estimates; maintain HOLD: We maintain our HOLD rating on KJC. We raise our FY27E-29E revenue/EBITDA/PAT estimates by 9%/8-10%/8-12%, respectively, reflecting stronger than expected pricing, margin performance and an improving demand outlook. While management remains constructive on volume growth and margin sustainability, we believe much of the near-term improvement is reflected in the current valuation. We retain our 30x Jun'28 EPS multiple and revise our TP to Rs 1,270 (earlier Rs 1,140).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	KJC IN/Rs 1,198
Market cap	US$ 2.0bn
Free float	52%
3M ADV	US$ 3.6mn
52wk high/low	Rs 1,322/Rs 870
Promoter/FPI/DII	48%/12%/26%

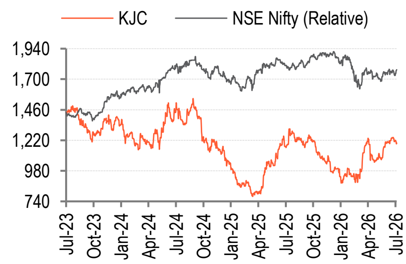
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	48,304	58,973	65,628
EBITDA (Rs mn)	8,650	9,659	10,557
Adj. net profit (Rs mn)	5,231	6,034	6,560
Adj. EPS (Rs)	32.8	37.9	41.2
Consensus EPS (Rs)	32.8	37.9	42.2
Adj. ROAE (%)	17.6	18.3	18.1
Adj. P/E (x)	36.5	31.6	29.1
EV/EBITDA (x)	21.4	19.0	17.2
Adj. EPS growth (%)	52.7	15.3	8.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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

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Note: Recommendation structure changed with effect from 21 June 2021

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