FIRST LIGHT

07 August 2026

RESEARCH

FIRSTSOURCE SOLUTIONS | TARGET: Rs 324 | +10% | HOLD

Inline operationally, One-offs hit PAT

AUROBINDO PHARMA | TARGET: Rs 1,859 | +17% | BUY

All growth drivers intact

EMCURE PHARMA | TARGET: Rs 2,243 | +16% | BUY

EBITDA Margin to remain on the higher side

MINDSPACE BUSINESS PARKS REIT | TARGET: Rs 541 | +9% | HOLD

Larger leasable area and higher in-place rents drive DPU beat

CROMPTON GREAVES | TARGET: Rs 330 | +22% | BUY

Margin expansion holds through supply and cost pressure

ECLERX SERVICES | TARGET: Rs 1,807 | -3% | HOLD

1Q revenue falls short. Expect top quartile growth in FY27

JK LAKSHMI CEMENT | TARGET: Rs 534 | -7% | SELL

Healthy quarter; concerns remain in medium term; Retain SELL

SUMMARY

FIRSTSOURCE SOLUTIONS

- Revenue growth and EBIT margin in line. One-offs hit PAT. These may be reversed. Strongest order inflow in last 5 quarters
- Revenue and margin guidance maintained despite loss of 100-150bps of revenue. Traction seen in its new positioning of Intelligence operator
- Tweak up estimates. Increase Target PE (premium to benchmark raised from 15% to 25%). Downgrade from Buy to Hold on price move

Click here **for the full report.**

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AUROBINDO PHARMA

- Sales/EBITDA/PAT were 1.6%/1.9%/7% above our estimates, while EBITDA Margin was reported in-line with our estimates at 20.5%
- Post integration of Lannett's business, the US quarterly sales run rate is expected to increase from USD ~400mn to ~470mn
- We continue to ascribe 21x on Jun'28 EPS of RS 89 to arrive at a PT of Rs 1859 (earlier Rs 1686), Maintain BUY

Click here **for the full report.**

EMCURE PHARMA

- Sales/EBITDA/APAT were 5.2%/6.2%/5.8% above our estimates. EBITDA Margin was in-line with our estimate of 19.7%
- Domestic sales to accelerate from H2FY27; international markets' growth drivers remain intact
- We ascribe higher PE of 26x (earlier 24x) and roll forward to Jun'28 EPS to arrive at a PT of Rs 2,243 (earlier PT 1965)

Click here **for the full report.**

MINDSPACE BUSINESS PARKS REIT

- Reported Q1FY27 DPU of Rs 6.67 (+15.2% YoY), beating our estimates by +1.2% on the back of higher avg. in-place rents (+3.8% vs estimates)
- Leased 0.9msf (-47.1% YoY) and occupancy deteriorated to 88.4% (-40bps YoY); avg. in-place rents improved to Rs 81psf/m (+11.1% YoY)
- Slower ramp-up of occupancy and higher interest expense to weigh on DPU growth – expect stock to trade at 17.9x DPU; maintain HOLD

Click here **for the full report.**

CROMPTON GREAVES

- Revenue grew 12% YoY to Rs 22.4 bn, with ECD up 11%, Lighting up 15% and Butterfly up 18%
- Gross margin down 90bps YoY to 31.2% on commodity inflation; lower ad spends and operating leverage lifted EBITDA margin 40bps YoY
- We assign 30x multiple on Jun'28E EPS to arrive at Jun'27TP of Rs 330, Maintain BUY

Click here **for the full report.**

ECLERX SERVICES

- 1Q revenue and margin fell short. ACV accretion was soft. Disappointing growth in BFS is expected to reverse by 2H
- US$500mn revenue run rate achieved. The goal towards US$1bn will involve more Tech intensity and moving to adjacencies
- Broadly maintain estimates. Raise target PE multiple and continue to have a HOLD Rating

Click here for the full report.

JK LAKSHMI CEMENT

- Optimised geomix aid volume growth (~8%) non-trade price improvement aid realisations (~1%) driving ~9% revenue growth
- Cost inflation firming up while pass through has been partial contracting EBITDAM by ~429bps; Impact to intensify in Q2FY27
- We value JKLC at 9x EV/EBITDA Jun'28 earnings with new TP of Rs 534 (Rs 571), as FY27E/FY28E/FY29E EBITDA cut 7%/3%/1%. Retain SELL

Click here for the full report.

RESULT REVIEW

HOLD

TP: Rs 324 | ⮝ 10%

FIRSTSOURCE SOLUTIONS | IT Services | 07 August 2026

Inline operationally, One-offs hit PAT

- **Revenue growth and EBIT margin in line. One-offs hit PAT. These may be reversed. Strongest order inflow in last 5 quarters**
- **Revenue and margin guidance maintained despite loss of 100-150bps of revenue. Traction seen in its new positioning of Intelligence operator**
- **Tweak up estimates. Increase Target PE (premium to benchmark raised from 15% to 25%). Downgrade from Buy to Hold on price move**

Girish Pai
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Provisions hit 1Q revenue and PAT. But guidance maintained: While operationally 1Q was in line, PAT disappointed as FSOL took Rs717 provision for one-offs (details inside). Revenue growth (QoQ) would have been 100-150bps higher too. The stock on 6 August 2026 corrected by ~13% on the back of one-offs. While we believe the sharp rise of ~50% in the last 60 days was a bit excessive, the sharp down move post results also seems an overreaction as some of the provisions may be reversed. The FY27 revenue guidance of 10-13% CC growth with EBIT margin of 12.25-12.75% has been maintained despite this one off.

The pivot to 'Full stack Intelligent operator' is visible. Current size and low margins give it headroom: Post 4QFY26 FSOL unveiled a pivot from the UnBPO positioning to 'Full stack intelligent operator' positioning. This pivot (which expands TAM by 7x) requires it to take a bigger role as a consultant, IT implementer, operations and transformation partner all rolled into one. Its small size and current low margin structure gives FSOL the leeway to attempt this dramatic pivot. FSOL says that the pivot is already resulting in bigger flow of business.

Will be a challenger in many contracts and has less of legacy business to defend: We believe there is a lot to do in building capabilities on the consulting and IT services implementation side in the coming days which we believe it will attempt both organically and through tuck in M&A. Believe it can use the lack of legacy business on the IT services side and Advanced AI capabilities to its advantage. Clients seem receptive to new propositions from vendors.

Raise FY28-FY29 EPS. Raise Target PE multiple but lower rating on strong near-term stock performance: We have raised EPS estimates (by 4-6%) for FY28-FY29 on slightly better EBIT margin. In our 9 July 2026 sector note (**'Show me the growth'**) we changed our valuation methodology or the sector. We raise Target PE multiple from 16.2x to 17.6x by increasing the premium on the benchmark for a likely ~26% EPS CAGR during FY26-FY29. It is among our top picks in the Tier-2 space. A significant part of our positive view is a bet on the CEO, Ritesh Idnani, executing the intelligence operator pivot successfully.

Key changes

Target	Rating
▲	▼

Ticker/Price	FSOL IN/Rs 294
Market cap	US$ 2.1bn
Free float	45%
3M ADV	US$ 14.2mn
52wk high/low	Rs 381/Rs 202
Promoter/FPI/DII	54%/8%/25%

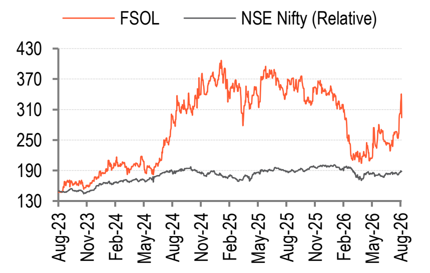
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	95,564	115,325	132,415
EBITDA (Rs mn)	15,562	19,201	23,002
Adj. net profit (Rs mn)	7,726	9,646	12,187
Adj. EPS (Rs)	9.6	12.7	17.3
Consensus EPS (Rs)	9.6	13.5	15.7
Adj. ROAE (%)	18.2	20.9	23.6
Adj. P/E (x)	30.7	23.1	17.0
EV/EBITDA (x)	13.0	10.7	9.1
Adj. EPS growth (%)	13.4	32.9	36.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 1,859 | ⮝ 17%

AUROBINDO PHARMA | Pharmaceuticals | 06 August 2026

All growth drivers intact

- **Sales/EBITDA/PAT were 1.6%/1.9%/7% above our estimates, while EBITDA Margin was reported in-line with our estimates at 20.5%**
- **Post integration of Lannett's business, the US quarterly sales run rate is expected to increase from USD ~400mn to ~470mn**
- **We continue to ascribe 21x on Jun'28 EPS of RS 89 to arrive at a PT of Rs 1859 (earlier Rs 1686), Maintain BUY**

Foram Parekh
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In-line numbers – Sales grew by 16.3% YoY to Rs 91.5bn, driven by growth across segments, with formulations growing by 16.5% YoY to Rs 81bn and API growing by 14.7% YoY to Rs 10.5bn. Geographically, US grew by 8% YoY, Europe grew by 25.6% YoY, and Growth Markets grew by 37% YoY, offset by a 7% YoY decline in ARV sales. Healthy product mix led to 17.3% YoY growth in gross profit to Rs 18.8bn in 1QFY27. R&D cost declined by 4.6% YoY to Rs 3.5bn as development cost is now complete, while other expenses (ex-R&D) grew by 26.8% YoY to Rs 18.12bn (includes Rs 432mn one-time expense towards net loss on derecognition of lease receivable), leading to 17.3% YoY growth in EBITDA to Rs 18.8bn and an 18bps YoY increase in EBITDA margin to 20.6% in 1QFY27. Adjusting for this one-time expense, EBITDA grew by 20% YoY to Rs 19.24bn, with a 65bps YoY increase in EBITDA margin to 20.5%. Other income grew by 101% YoY, and healthy operations led to 24% YoY growth in PAT to Rs 10.3bn in 1QFY27.

Europe sales driven by launch of new products - Sales grew by 11% in cc terms to EUR 267mn and by 26% in INR terms. Sales were driven by wider geographical expansion, launch of biosimilars like Bevqolva, Dazublys, Zefylti and Dyrupeg, improvement in turnaround time, and an increase in supplies from the China plant (25% capacity utilization). Going forward, we expect sales to grow at a 7% CAGR in cc terms to EUR 1.22bn in FY29 and at a 15% CAGR to Rs 159bn in FY29E.

Growth Market growth driven by across regions - Sales grew by 26% in cc terms to USD 113mn and by 38% in INR terms to Rs 106bn. The growth was driven by traction across geographies, launch of biosimilars Bevqolva and Zefylti in the LATAM market, and diversification into newer markets like Indonesia, China and Canada; however, growth in INR terms is likely to stay in single digits due to a lack of new filings. We expect this segment to grow at a CAGR of 10% from FY27-29E to Rs 46.1b.

Valuation - At CMP, the stock is trading at a PE of18x on Jun'28 EPS of Rs 89 per share. We continue to ascribe 21x to arrive at a PT of Rs 1859, Maintain BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ARBP IN/Rs 1,589
Market cap	US$ 9.8bn
Free float	48%
3M ADV	US$ 20.5mn
52wk high/low	Rs 1,637/Rs 1,016
Promoter/FPI/DII	52%/18%/23%

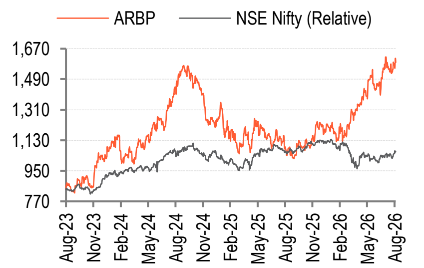
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	336,530	394,256	443,754
EBITDA (Rs mn)	68,557	82,974	94,778
Adj. net profit (Rs mn)	35,685	44,942	50,116
Adj. EPS (Rs)	60.9	76.7	85.5
Consensus EPS (Rs)	61.6	78.0	90.0
Adj. ROAE (%)	10.4	11.6	11.6
Adj. P/E (x)	26.1	20.7	18.6
EV/EBITDA (x)	13.7	11.2	9.6
Adj. EPS growth (%)	2.4	25.9	11.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 2,243 | ⮝ 16%

EMCURE PHARMA | Pharmaceuticals | 06 August 2026

EBITDA Margin to remain on the higher side

- **Sales/EBITDA/APAT were 5.2%/6.2%/5.8% above our estimates. EBITDA Margin was in-line with our estimate of 19.7%**
- **Domestic sales to accelerate from H2FY27; international markets' growth drivers remain intact**
- **We ascribe higher PE of 26x (earlier 24x) and roll forward to Jun'28 EPS to arrive at a PT of Rs 2,243 (earlier PT 1965)**

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In-line earnings – Sales grew by 22.8% YoY to Rs 25.8bn, driven by growth across geographies, where domestic sales grew by 10.2% YoY, Canada grew by 24.6% YoY, RoW grew by 44% YoY and Europe grew by 32.8% YoY. Higher growth in the international market (generic portfolio), domestic in-licensed portfolio (lowe margin business) and a 33% YoY increase in RM cost led to 16% YoY growth in gross profit to Rs 15bn and a 341 bps YoY decline in gross margin to 58.4%. However, EBITDA grew by 25.8% YoY to Rs 5bn and EBITDA margin increased by 46 bps to 19.7% in 1QFY27 as international markets are high EBITDA Margin business. There was a forex gain of Rs 228 mn and an increase in contingent consideration of Rs 16mn, resulting in 42% YoY growth in PAT to Rs 2.9bn. Adjusting for these gains, PAT grew by 28% YoY to Rs 2.6bn in 1QFY27.

Domestic growth regained traction – In 1QFY27, sales grew by 10% YoY, driven by 6% organic growth. Organically, the growth was driven by 4% from price hikes, 1% from new launches and 1% from volume. Zuventus restructuring is nearing completion of the consolidation phase and is expected to accelerate growth. The big brands are expected to become bigger, while Povistra is expected to pick up traction with the approval of the MASH indication. Due to recovery in the organic business and pick-up in the in-licensed brands, we expect this segment to grow at a CAGR of 11% from FY27-29E to Rs 55bn in FY29E

Europe sales driven by new launches – Sales grew by 33% YoY to Rs 5.37bn, primarily driven by wider penetration of Liposomal Amphotericin B injection and increased market share in the base business. The growth in the Europe region is expected to be product-driven with no competition visible; hence, we expect the sales from this segment to grow at a CAGR of 17% from FY27-29E to Rs 30.3bn in FY29E

Valuation - At CMP, rolling forward to Jun'28 EPS of Rs 86, the stock trades at a PE of 22x. We increase our ascribed PE to 26x due to the sustenance of margins on the higher side and the company turning net cash in FY28E, to arrive at a PT of Rs 2,243 (earlier PT of Rs 1965), implying 16% upside.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EMCURE IN/Rs 1,937
Market cap	US$ 3.9bn
Free float	22%
3M ADV	US$ 3.5mn
52wk high/low	Rs 2,009/Rs 1,260
Promoter/FPI/DII	78%/3%/3%

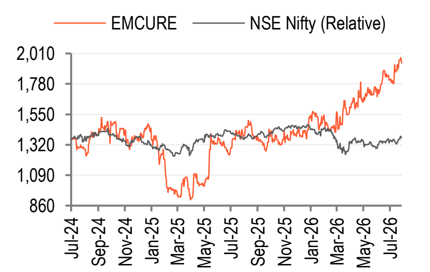
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	92,040	106,080	121,533
EBITDA (Rs mn)	17,891	21,637	25,642
Adj. net profit (Rs mn)	9,990	12,188	15,454
Adj. EPS (Rs)	52.7	64.3	81.5
Consensus EPS (Rs)	48.8	61.9	75.7
Adj. ROAE (%)	18.7	24.2	28.7
Adj. P/E (x)	36.8	30.1	23.8
EV/EBITDA (x)	19.5	16.0	13.7
Adj. EPS growth (%)	46.5	22.0	26.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD

TP: Rs 541 | ▲ 9%

MINDSPACE BUSINESS PARKS REIT | Real Estate (REITs) | 07 August 2026

Larger leasable area and higher in-place rents drive DPU beat

- **Reported Q1FY27 DPU of Rs 6.67 (+15.2% YoY), beating our estimates by +1.2% on the back of higher avg. in-place rents (+3.8% vs estimates)**
- **Leased 0.9msf (-47.1% YoY) and occupancy deteriorated to 88.4% (-40bps YoY); avg. in-place rents improved to Rs 81psf/m (+11.1% YoY)**
- **Slower ramp-up of occupancy and higher interest expense to weigh on DPU growth – expect stock to trade at 17.9x DPU; maintain HOLD**

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Over Q1FY27 **Mindspace Business Parks REIT (MINDSPCE) leased 0.9msf (-47.1% YoY), released 0.7msf (-41.7% YoY) at spreads of 10.7% (-1880bps YoY) pushing in-place rents to Rs 81psf/m (+11.1% YoY)**. We believe that the demand for MINDSPCE's office assets remains robust as it continues to attract a varied tenant base into its portfolio and capture demand from GCCs. **Leasable area expanded by ~4.0msf to 36.0msf (+19.2% YoY) resulting in lower economic occupancy 88.4% (-40bps YoY)**. Larger leased area pushed operating revenues and NOI to Rs 9,464mn (+27.9% YoY) and Rs 7,881mn (27.9%), respectively.

Over the period, the REIT **raised Rs 33,250mn - NCDs (Rs 5,000mn at ~7.6%) and CPs (Rs 28,250 at ~7.0%)**. MINDSPCE reported outstanding gross debt ~Rs 176,442mn (vs Rs 116,491 as of Q1FY26) at average cost of ~7.42% (vs 7.84% as of Q1FY26) and LTV of ~29.7% (vs 26.2% as of Q1FY26). ~60% of its outstanding debt referenced fixed rates.

Under the new Taxation and Others Laws (Ammendment) Bill passed by parliament, we **expect the REIT to shift all of its SPVs to the new tax regime**, resulting in lower effective cash taxes of ~28.6% (vs 29%-35% previously) and retain dividends' tax efficient status. The REIT is also expected to be allowed to accumulate and carry-forward MAT credits, however we do not expect any material impact given limited MAT credits applicable to MINDSPCE.

Despite robust demand, we believe that a slower ramp-up in occupancy (as a result of the ~12.5% increase in completed leasable area over Q1FY27 and incremental leasable area ~4.65msf expected to be delivered over FY27) and higher interest expense, are likely to weigh on DPU growth. We expect MINDSPCE to grow operating revenues by +15.9% CAGR over FY27E-FY29E (vs +12.1% CAGR over FY24-FY26) and deliver DPU growth of +10.9% CAGR over FY27E-FY29E.

We expect MINDSPACE to trade at an updated DPUx of 17.9x (18.3x previously) applied to Q2FY28E-Q1FY29E DPU, implying 1Y TP of Rs 541. Maintain at HOLD.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	MINDSPCE IN/Rs 495
Market cap	US$ 3.2bn
Free float	36%
3M ADV	US$ 1.1mn
52wk high/low	Rs 512/Rs 411
Promoter/FPI/DII	65%/14%/9%

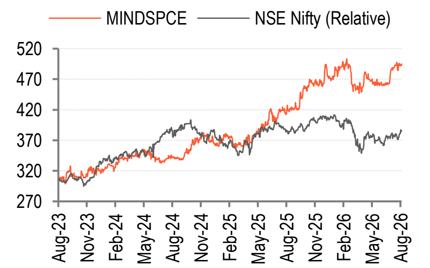
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	32,931	41,837	46,973
EBITDA (Rs mn)	25,135	31,973	35,632
Adj. net profit (Rs mn)	6,943	9,414	9,764
DPU (Rs)	24.1	25.4	28.8
Consensus DPU (Rs)	23.7	26.2	28.8
Adj. ROAE (%)	4.5	6.1	6.7
Price/DPU	20.5	19.5	17.2
EV/EBITDA (x)	12.0	9.4	8.5
Adj. EPS growth (%)	29.5	34.6	3.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY
TP: Rs 330 | ⮙ 22%

CROMPTON GREAVES | Consumer Durables | 07 August 2026

Margin expansion holds through supply and cost pressure

- **Revenue grew 12% YoY to Rs 22.4 bn, with ECD up 11%, Lighting up 15% and Butterfly up 18%**
- **Gross margin down 90bps YoY to 31.2% on commodity inflation; lower ad spends and operating leverage lifted EBITDA margin 40bps YoY**
- **We assign 30x multiple on Jun'28E EPS to arrive at Jun'27TP of Rs 330, Maintain BUY**

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EBITDA beats on lower brand spends: Q1FY27 revenue grew 12% YoY to Rs 22.4 bn while EBITDA grew 17% YoY to Rs 2.2 bn, 9% above our estimate, with margin at 10.0% (+40bps YoY) aided by an 18% YoY reduction in advertising and sales promotion spend and by operating leverage. Adj. PAT rose 15% YoY to Rs 1.4 bn, 8% ahead of estimate, with EPS at Rs 2.2.

ECD growth broad-based; BLDC scales sharply: ECD revenue grew 11% YoY to Rs 17.5 bn, with fans led by BLDC (+44% YoY) followed by TPW and ceiling fans despite supply constraints. Domestic appliances grew double digits on water heaters, while pumps grew across categories with market share gains and the B2C solar pumps rollout. EBIT grew 12% YoY to Rs 2.4 bn (margin at 13.5%, +18bps YoY) on pricing interventions and operating leverage.

Lighting growth accelerates; B2B contracts weigh on margin: Lighting revenue grew 15% YoY to Rs 2.7 bn on double-digit growth in both B2C and B2B category. B2C was led by ceiling lights, new product introductions and the outdoor street/flood range, while B2B by commercial followed by industrial and street. EBIT grew 9% YoY to Rs 323 mn with margin at 12.0% (-68bps YoY), as pre-contracted B2B order rates carried elevated input costs, partly offset by B2C margin expansion.

Butterfly sustains growth at flat margin: Butterfly revenue grew 18% YoY to Rs 2.1 bn on growth across offline and online channels, market share gains in mixer grinders, pressure cookers and glass cooktops, and relaunches in induction, infrared cooktops and electric rice cookers. EBIT grew 18% YoY to Rs 90 mn, with margin flat YoY at 4.2%, as price hikes and operating leverage offset input cost escalation.

Tweak estimates, Maintain BUY: We have marginally revised (1-3%) our FY27-29E estimates to factor in the current performance. We estimate Crompton to deliver 11%/12%/16% revenue/EBITDA/PAT CAGR over FY26-29E. We assign 30x (unchanged) to June28E EPS to arrive at June-27TP of Rs 330. Maintain BUY.

Key changes

Target	Rating
▼	◄►

Ticker/Price	CROMPTON IN/Rs 270
Market cap	US$ 1.8bn
Free float	100%
3M ADV	US$ 9.6mn
52wk high/low	Rs 338/Rs 217
Promoter/FPI/DII	0%/40%/44%

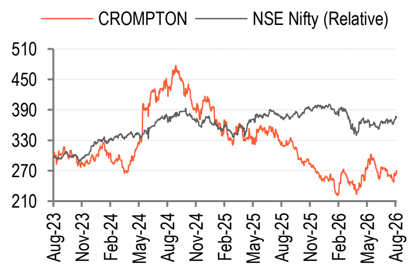
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	80,955	91,200	1,01,666
EBITDA (Rs mn)	8,274	8,910	10,202
Adj. net profit (Rs mn)	5,143	5,713	6,816
Adj. EPS (Rs)	8.0	8.9	10.6
Adj. ROAE (%)	16.2	18.0	18.7
Adj. P/E (x)	33.8	30.4	25.5
EV/EBITDA (x)	20.6	19.1	16.5
Adj. EPS growth (%)	(7.5)	11.1	19.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

HOLD
TP: Rs 1,807 | ∀ 3%

ECLERX SERVICES | IT Services | 07 August 2026

1Q revenue falls short. Expect top quartile growth in FY27

- **1Q revenue and margin fell short. ACV accretion was soft. Disappointing growth in BFS is expected to reverse by 2H**
- **US$500mn revenue run rate achieved. The goal towards US$1bn will involve more Tech intensity and moving to adjacencies**
- **Broadly maintain estimates. Raise target PE multiple and continue to have a HOLD Rating**

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1QFY27 performance disappointed us: Revenue, EBIT margin and ACV were below our estimates. That has led us to pare our FY27 revenue and EPS estimate though we retain our FY28-FY20 estimates. The weak performance has been due to second successive quarter of soft BFS (~40% of revenue) performance. This is concerning as most peers both large and small are displaying decent growth in this vertical.

Achieves US$500mn revenue run rate at better than peer EBIT margins: Growth strategy remains focused on existing capability areas, expansion into new geographies, adjacent opportunities including mortgages and wealth. Eclerx is also investing in sales, delivery, technology and AI capabilities. Its productized approach it says will help it hold on to its high margins over the longer term.

ACV has to move up few notches higher to deliver mid-high teen sustained growth: The quarterly ACV in the last 5 quarters has been stagnant. That in our view is leading to slowing down in revenue both QoQ and YoY. For growth to sustain high teen levels we believe the ACV number must move up. The PE compression that the stock has undergone (see chart inside) has been both a view that the market has taken on the sector regarding AI related disruption (and within that on the BPS segment) and on the slower growth in ACV. This would require greater investment in capability building as well as sales and marketing.

Tier-2 top quartile growth player: We have broadly retained estimates for FY28 and FY29 despite weaker than estimated 1QFY27 performance. In our 9 July 2026 sector note (**'Show me the growth'**) we changed our valuation methodology for the sector. We raise Target PE multiple from 16.2x to 17.6x by increasing the premium on the benchmark from 15% to 25%. We are giving the company the benefit of doubt regarding its performance going forward.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	ECLX IN/Rs 1,872
Market cap	US$ 1.8bn
Free float	44%
3M ADV	US$ 7.2mn
52wk high/low	Rs 2,498/Rs 1,320
Promoter/FPI/DII	55%/11%/24%

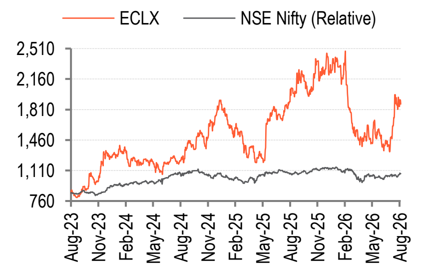
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	41,170	50,207	57,367
EBITDA (Rs mn)	10,523	13,448	15,613
Adj. net profit (Rs mn)	7,062	8,042	9,404
Adj. EPS (Rs)	74.7	85.1	99.5
Consensus EPS (Rs)	74.7	85.2	98.5
Adj. ROAE (%)	29.0	27.2	24.6
Adj. P/E (x)	25.1	22.0	18.8
EV/EBITDA (x)	17.1	13.7	12.4
Adj. EPS growth (%)	32.2	13.9	16.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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SELL
TP: Rs 534 | ∀ 7%

JK LAKSHMI CEMENT | Cement | 07 August 2026

Healthy quarter; concerns remain in medium term; Retain SELL

- **Optimised geomix aid volume growth (~8%) non-trade price improvement aid realisations (~1%) driving ~9% revenue growth**
- **Cost inflation firming up while pass through has been partial contracting EBITDAM by ~429bps; Impact to intensify in Q2FY27**
- **We value JKLC at 9x EV/EBITDA Jun'28 earnings with new TP of Rs 534 (Rs 571), as FY27E/FY28E/FY29E EBITDA cut 7%/3%/1%. Retain SELL**

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Healthy pricing recovery offset by cost inflation: JKLC (SA) reported a healthy ~9% YoY (flat QoQ) revenue growth at ~Rs19bn in Q1FY27, driven by resilient volumes and QoQ price gains. Volumes grew ~8% YoY (-8% QoQ) to ~3.6mnt, aided by sustained demand across core markets, continued ramp-up of the Surat GU and better geo-mix. Average realisations gained ~1%/9% YoY/QoQ to ~Rs5,294/tn, driven by improvement in non-trade prices and blended cement share going up.

Cost inflation intensifying weighing on profitability: Overall cost increased ~6% YoY (+10% QoQ) to ~Rs4,575/tn, led by steep raw material inflation (~20% YoY) due to flyash and gypsum procurement at higher prices. Energy cost increased a modest ~5% YoY, though further cost impact is expected in Q2FY27. Freight cost declined ~4% YoY to ~Rs769/tn on favourable geomix, partly cushioning the diesel cost pressure though the lead is also expected to go up in Q2FY27.

Margin contraction despite better pricing: EBITDA declined ~17% YoY (-10% QoQ) as higher input costs more than offset the improvement in realisations. EBITDA margin contracted ~429bps YoY, while EBITDA/tn declined ~23% YoY to ~Rs719/tn, reflecting limited ability to fully pass on cost inflation in Q1FY27.

Expansion and sustainability initiatives progress: The Rs30bn Durg expansion (2.3mtpa clinker + 4.6mtpa cement) remains on track for commissioning by March 2028, with Phase-I of the railway siding already operational. JKLC also approved a 29MW AC/42MWp DC solar plant with a 28MWh Battery Energy Storage System.

Cut estimates; maintain SELL: We revise downwards FY27E/FY28E/FY29E EBITDA by 7%/3%/1%. This is to capture the challenging scenario in JKLC's key operating region with supply glut and cost inflation to be reflected in the medium term. We estimate the cost pressure will hit the operations by ~Rs150 per/tn amid the middle east war situation per management. Top it with net debt addition due to Durg expansion and staying high beyond FY28 due to Naguar expansion are woes. We value JKLC at 9x EV/EBITDA Jun'28 revised earnings with a new TP of Rs 534 (Rs 571). Retain SELL. At our target price the stock trades at ~Rs7bn/mnt.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	JKLC IN/Rs 571
Market cap	US$ 747.2mn
Free float	54%
3M ADV	US$ 1.4mn
52wk high/low	Rs 990/Rs 550
Promoter/FPI/DII	46%/14%/26%

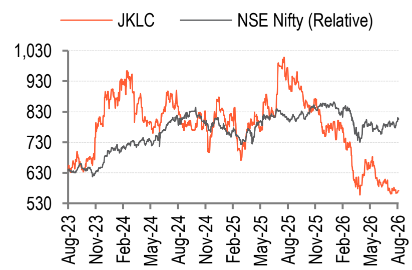
Source: NSE | Price as of 6 Aug 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	67,626	75,182	84,233
EBITDA (Rs mn)	10,114	10,280	11,761
Adj. net profit (Rs mn)	4,494	4,144	4,452
Adj. EPS (Rs)	37.2	33.4	35.9
Consensus EPS (Rs)	37.2	34.0	41.4
Adj. ROAE (%)	11.8	10.1	10.1
Adj. P/E (x)	15.4	17.1	15.9
EV/EBITDA (x)	9.3	9.6	8.9
Adj. EPS growth (%)	37.5	(10.2)	7.4

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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