

RESEARCH**BOB ECONOMICS RESEARCH | MONTHLY ECONOMIC BUFFET**

Economic Round-up: April 2026

BOB ECONOMICS RESEARCH | PRICE PICTURE

Inflation to reach the 4% mark

POLYCAB INDIA | TARGET: Rs 9,300 | +11% | HOLD

Volume growth moderates, demand tailwinds intact

GODREJ CONSUMER PRODUCTS | TARGET: Rs 1,189 | +9% | HOLD

Broad-based momentum

HERO MOTOCORP | TARGET: Rs 5,674 | +10% | HOLD

Healthy show; betting on a strong scooterisation play

SHREE CEMENT | TARGET: Rs 27,199 | +9% | HOLD

Margin-volume balancing act to continue; maintain HOLD

UNITED BREWERIES | TARGET: Rs 1,544 | +9% | HOLD

Recovery-led growth amid near-term cost headwinds

FIRSTSOURCE SOLUTIONS | TARGET: Rs 299 | +23% | BUY

Full stack intelligence operator – aspiring for a new positioning

BIRLASOFT | TARGET: Rs 325 | -13% | SELL

A new leadership and sales line up to push growth

SUMMARY**INDIA ECONOMICS: MONTHLY ECONOMIC BUFFET**

Geo-political situation in West Asia still remains volatile. In end-Mar'26 there were signs of truce between US and Iran, however lately (end-Apr'26/early May'26), talks appeared to have stalled. Benefiting from the possibility of a truce, market indicators improved between end-Mar'26 and end-Apr'26. Oil prices came off their peak, DXY fell, global currencies appreciated, and stock markets also rebounded. However, more recently, given revival in tensions between the US and Iran, oil prices are back up and remain above US\$ 105/bbl mark. This is despite UAE exiting OPEC from 1 May 2026. Pressure on currencies and stocks can be felt again.

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

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INDIA ECONOMICS: PRICE PICTURE

BoB Essential Commodities Index (BoB ECI) has shown momentum for the past three months. In Apr'26 it went up by 1.1%, on YoY basis and on a sequential basis it has picked up by 0.3%, fastest pace since Aug'25. The upward pressure on prices is visible for Tomato, Onion, edible oils and other miscellaneous items. The increase in prices is more entrenched this month. Global energy, metals and food prices are also stickier, due to the impact of war. (Annexure 1).

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

POLYCAB INDIA

- Revenue/EBITDA grew 27%/13% YoY; W&C drove the top line, but margin contracted 160bps YoY to 13.1%, on an adverse mix
- W&C growth was largely price-led by ~18-19% price hikes; volume growth was in low-single digit, though market share rose to 30-31%
- Raise estimates upwards; assign 44x to Mar-28E EPS and arrive at TP of Rs 9,300. Maintain HOLD

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

GODREJ CONSUMER PRODUCTS

- Volume-led growth continued with 6% UVG, driven by robust India performance and steady international recovery
- Margins remained resilient at 21.7%, supported by pricing actions and operating leverage, despite RM inflation and higher A&P spends
- Steady growth outlook with improving international traction; maintain HOLD with TP of 1,189

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

HERO MOTOCORP

- Buoyant revenue growth (29% YoY). Volume growth (24% YoY) continues on recent launches and refreshes
- Commodity pressure intensifies (Rs2,100/units), BOM cost inflation in high single digits partially offset by price hikes (~2%)
- FY27/FY28 EBITDA estimates revised up by 1%/3%; PAT by 1% in FY28; rollover to Mar'28, value at 18x; TP revised to Rs 5,674. Retain HOLD

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

SHREE CEMENT

- Healthy volumeled recovery: Volumes grew ~9.5% YoY to ~10.8mnt, driving ~7.8% YoY revenue growth in Q4FY26
- EBITDA declined ~9.4% YoY (margin -430bps) on cost inflation; near-term cost pressure (~Rs150-200/tn) expected to continue
- Revise FY27E/FY28E Revenue/EBITDA estimates downwards. Maintain HOLD; TP revised to Rs27,199 (Rs 28,719) on rollover to March 2028

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

UNITED BREWERIES

- UBL reported recovery in category growth during Q4FY26, aided by premiumisation and improving demand trends
- The ongoing Middle-East conflict has heightened the supply chain disruptions and inflationary pressures; weighing on near-term profitability
- Premium portfolio grew 16% in Q4FY26 and 21% in FY26; reinforcing premiumisation. HOLD with TP of Rs 1,544

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

FIRSTSOURCE SOLUTIONS

- 4Q revenue fell short of estimates due to client specific issues. In the rapidly evolving services landscape, FSOL creates a new category
- TAM has expanded and thoughts are clear. But execution is key. Peers have not articulated AI pivot as well, but all are attempting the same
- Pare EPS estimates on lower revenue, higher interest cost and tax rate. Maintain target PE multiple (20% premium to TCS') and maintain BUY

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

BIRLASOFT

- 4Q revenue was weaker than estimate though margins were better. FY26 revenue declined 6.5% in CC, the weakest in our coverage
- FY27 could also be a challenging year. Predict flat growth but odds of decline are high. EBIT margins could come off by 150bps
- Revenue cut but EPS raised on lower Tax rate. Retain Target PE multiple at 13.4x FY28EPS (20% discount to that of TCS). Retain SELL

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

MONTHLY ECONOMIC BUFFET

06 May 2026

Economic Round-up: April 2026

Geo-political situation in West Asia still remains volatile. In end-Mar'26 there were signs of truce between US and Iran, however lately (end-Apr'26/early May'26), talks appeared to have stalled. Benefiting from the possibility of a truce, market indicators improved between end-Mar'26 and end-Apr'26. Oil prices came off their peak, DXY fell, global currencies appreciated, and stock markets also rebounded. However, more recently, given revival in tensions between the US and Iran, oil prices are back up and remain above US\$ 105/bbl mark. This is despite UAE exiting OPEC from 1 May 2026. Pressure on currencies and stocks can be felt again.

Sonal Badhan
Economist

Given this volatility in the market and uncertain political environment, major central banks have opted for a more cautious tone in their respective policy meetings in Apr'26. US Fed, BoE, ECB and BoJ, all have cautioned against renewed pressure on inflation. Central banks have also warned that if the war continues for long, it can have negative impact on growth as well. On the macro front, domestic consumption is slowing in US (GDP data) and China. Services sector growth also remains under pressure in US, China and India. Transport industry (airline, shipping) has been impacted the most by the rise in oil prices. In India, to help firms deal with the West Asia crisis, central government has announced ECLGS 5.0 scheme for MSMEs and non-MSMEs (including airline sector).

Global Central Banks: In Apr'26, all major central banks (US Fed, ECB, BoE, BoJ) kept their policy rates on hold. ECB and BoJ have hinted at possibility of rate hikes in the coming months if there is no early end to the war and inflation continues to breach central bank target levels. BoE and Fed have also raised similar concerns. US and Iran remain at an impasse, and tensions have revived in the gulf region. While ECB and BoJ are expected to hike rates in Jun'26, timing of hike from BoE remains unclear. Analysts are pricing in one or two rate hikes this year. US Fed is expected to maintain status quo till mid-2027. RBA has already begun tightening of its monetary policy as it raised its policy rate by 25bps to 4.35% in May'26 meeting, noting material gains in inflation. From RBI, we expect prolonged pause for now. Possibility of rate hike may arise if inflation surpasses upper limit of RBI's tolerance band (6%) towards the end of FY27.

Key macro data releases: CPI inflation reading came in at 3.4% in Mar'26 compared to 3.2% in Feb'26, on YoY basis. March's print shows stickiness due to war related factors such as firming up of LPG prices and higher food prices globally. Food inflation was at 3.9% in Mar'26, around 40bps higher compared to 3.5% in Feb'26. Outlook on food inflation is tilted to the upside. **CPI excl. food and fuel** was at 3.4%.



PRICE PICTURE

06 May 2026

Inflation to reach the 4% mark

BoB Essential Commodities Index (BoB ECI) has shown momentum for the past three months. In Apr'26 it went up by 1.1%, on YoY basis and on a sequential basis it has picked up by 0.3%, fastest pace since Aug'25. The upward pressure on prices is visible for Tomato, Onion, edible oils and other miscellaneous items. The increase in prices is more entrenched this month. Global energy, metals and food prices are also stickier, due to the impact of war. (Annexure 1).

Dipanwita Mazumdar
Economist

On domestic front, the pass-through to inflation requires monitoring, especially for components such as edible oils. Other than that, heatwave warnings of IMD, especially in TOP (Tomato, Onion and Potato) producing States pose higher risks to the upcoming arrival statistics (already declining in Apr'26).

Against this backdrop, we expect CPI to settle at 4% in Apr'26, with risks tilted to the upside.

To get an idea about the calculation of the index, refer to our [previous edition](#) of BoB ECI.

Price picture using BoB Essential Commodity Index-Adjusted for new base year:

- BoB ECI inched up by 1.1% in Apr'26, on YoY basis. Among 20 items, 16 items witnessed increase in inflation rate. Among them, the steepest increase was seen for Tomato, Onion (albeit in deflation territory) some components of edible oils (such as sunflower, mustard, and soya oil) and pulses. However, for pulses it is not much of a concern as the deflationary trajectory persists, albeit at a slower pace (except for Masoor dal). The increase in edible oils prices is in line with increase in international prices.
- It is to be noted that there has been a gradual buildup of food inflation in the past three months. However, it is not significant, especially the trajectory of Potato and Onion is still in favourable double-digit deflation.
- Sequential picture:** BoB ECI inched up by 0.3% in Apr'26, fastest pace since Aug'25. The majority price increase was visible for Tomato and edible oils. Some sequential momentum was also visible for other miscellaneous items such as sugar, milk, tea (loose) and salt pack.
- May'26 trend:** For the first 5 days, BoB ECI has inched up by 1%, on YoY basis. However, on a MoM basis, it has softened by -0.1%.



HOLD
 TP: Rs 9,300 | ▲ 11%

POLYCAB INDIA

Consumer Durables

07 May 2026

Volume growth moderates, demand tailwinds intact

- Revenue/EBITDA grew 27%/13% YoY; W&C drove the top line, but margin contracted 160bps YoY to 13.1%, on an adverse mix
- W&C growth was largely price-led by ~18-19% price hikes; volume growth was in low-single digit, though market share rose to 30-31%
- Raise estimates upwards; assign 44x to Mar-28E EPS and arrive at TP of Rs 9,300. Maintain HOLD

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Ahead of estimates, volume growth moderates on a high base: POLYCAB reported Q4FY26 revenue of Rs 88.6bn (+27% YoY) - 5% ahead of our estimates led by a strong execution in W&C (+29% YoY) and FMEG (+39% YoY). EPC declined 15% YoY. EBITDA grew 13% YoY to Rs 11.6bn, but margin contracted 160bps to 13.1%, largely reflecting the adverse W&C mix from higher institutional sales, lower export contribution due to softer March trade sentiment amid the West-Asia disruptions. Adj. PAT at Rs 7.7bn grew 6% YoY, partly weighed down by higher finance cost. For FY26, revenue/EBITDA/adj. PAT grew 29%/35%/32% YoY.

Channel mix led to contraction in margins (-160bps YoY): W&C revenue grew 29% YoY to Rs 77.6bn, with cables outpacing wires and institutional sales growing faster than the channel. Volume growth was low-single-digit, as a high base, construction curbs and softer March demand weighed on offtake; cumulative Jan-Mar price hikes of ~18-19% imply growth was largely value-led. Domestic organised W&C market share expanded to 30-31% up ~300-400bps YoY.

Improving margin trajectory for FMEG; EPC execution lags: FMEG business revenue grew 39% YoY to Rs 6.6bn. This was supported by broad-based growth across categories, with solar now being the largest contributor. EBIT margin improved to 4.4% expanded 400bps YoY (5th consecutive quarter of profitable growth). Management guides for achieving 8-10% EBITDA margin target by FY30. EPC revenue declined 15% YoY to Rs 5.1bn, on execution timing; EBIT margin stood at 7.6%.

Exports soft; capex on track: International business contributed ~Rs 3.9bn in Q4, (4.4% of revenue), impacted by the disruptions in West Asia. FY26 exports stood at Rs 15.7bn, or 5.4% of revenue — still below the >10% target for FY30. Management has re-established US distribution, while FY26 capex of Rs 14.8bn was in line with Project Spring guidance. Polycab will continue to invest Rs 11-12bn annually till FY30, to expand the capacities.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	POLYCAB IN/Rs 8,416
Market cap	US\$ 13.3bn
Free float	37%
3M ADV	US\$ 40.0mn
52wk high/low	Rs 8,722/Rs 5,600
Promoter/FPI/DII	63%/12%/8%

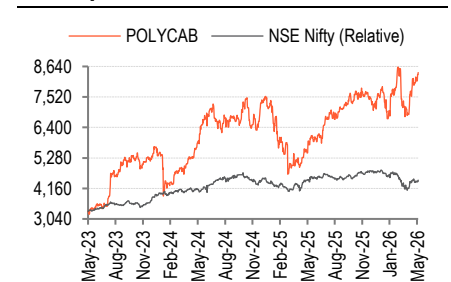
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,24,083	2,88,838	3,27,092
EBITDA (Rs mn)	29,603	40,057	43,666
Adj. net profit (Rs mn)	20,201	26,720	29,059
Adj. EPS (Rs)	134.6	177.5	193.6
Adj. ROAE (%)	22.4	24.5	22.4
Adj. P/E (x)	62.5	47.4	43.5
EV/EBITDA (x)	42.5	31.4	28.8
Adj. EPS growth (%)	13.2	31.9	9.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD
 TP: Rs 1,189 | ▲ 9%

GODREJ CONSUMER PRODUCTS

Consumer Staples

07 May 2026

Broad-based momentum

- Volume-led growth continued with 6% UVG, driven by robust India performance and steady international recovery
- Margins remained resilient at 21.7%, supported by pricing actions and operating leverage, despite RM inflation and higher A&P spends
- Steady growth outlook with improving international traction; maintain HOLD with TP of 1,189

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Strong 4Q: GCPL reported a strong quarter with consolidated revenue growth of 11% YoY, driven by UVG of 6% YoY. Standalone business remained robust, with 10% YoY revenue growth and 8% volume growth. Domestic performance was led by Home Care (+12% YoY), witnessing broad-based growth across Household Insecticides, Air Fresheners and Fabric Care, along with continued market share gains. Moreover, Air fresheners and Fabric Care sustained strong double-digit momentum, while new launches such as Godrej Spic Toilet Cleaner scaled up well. Personal Care grew 3% YoY, with soaps continuing to gain market share on improved affordability post GST reduction. Perfumes & deodorants delivered a strong double-digit growth that was led by KS99. On the international front, Indonesia showed early signs of stabilisation with 3% revenue growth, while Africa, USA & Middle East delivered strong 20% growth, supported by hair fashion and air care expansion.

Margins stable; outlook constructive: Consolidated EBITDA grew 10% YoY with margins at 21.7%, supported by disciplined cost management, calibrated pricing actions and operating leverage; particularly in the standalone business (EBITDA margin at 24.7%). Indonesia profitability improved sequentially, despite continued pricing pressure, with recovery expected, as conditions normalise from FY27E. Africa margins remained subdued due to higher media investments behind FMCG categories to drive long-term growth, while Latin America margins were impacted by one-off costs. Management highlighted that input cost pressures (crude-linked inflation) may create near-term margin volatility but expects recovery through calibrated pricing and cost actions. Overall, the company remains confident of delivering steady growth with stable-to-improving profitability across geographies.

Our view: We believe GCPL is well positioned for steady growth, driven by strong India momentum, recovery in Indonesia and sustained traction in high-growth categories like air care and fabric care, with margins expected to remain stable over the medium term. We maintain our estimates and build FY26-29E revenue/EPS CAGR of 9%/21%. We maintain our HOLD rating, roll over valuation to Mar'28, valuing the stock at 45x PE with TP of Rs 1,189.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	GCPL IN/Rs 1,094
Market cap	US\$ 11.8bn
Free float	37%
3M ADV	US\$ 16.8mn
52wk high/low	Rs 1,309/Rs 967
Promoter/FPI/DII	53%/15%/16%

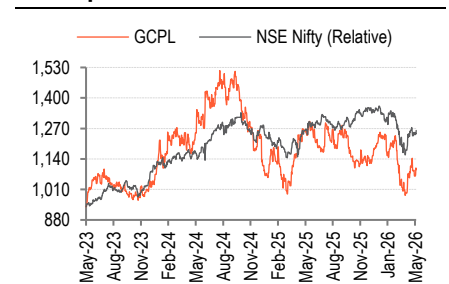
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	151,779	171,370	188,507
EBITDA (Rs mn)	31,562	37,059	40,074
Adj. net profit (Rs mn)	20,946	24,592	27,001
Adj. EPS (Rs)	20.5	24.1	26.4
Consensus EPS (Rs)	20.5	24.7	28.5
Adj. ROAE (%)	14.7	17.7	17.7
Adj. P/E (x)	53.4	45.5	41.4
EV/EBITDA (x)	35.4	30.2	27.9
Adj. EPS growth (%)	9.4	17.4	9.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD
 TP: Rs 5,674 | ▲ 10%

HERO MOTOCORP

| Automobiles

| 06 May 2026

Healthy show; betting on a strong scooterisation play

- **Buoyant revenue growth (29% YoY). Volume growth (24% YoY) continues on recent launches and refreshes**
- **Commodity pressure intensifies (Rs2,100/units), BOM cost inflation in high single digits partially offset by price hikes (~2%)**
- **FY27/FY28 EBITDA estimates revised up by 1%/3%; PAT by 1% in FY28; rollover to Mar’28, value at 18x; TP revised to Rs 5,674. Retain HOLD**

Growth momentum buoyant, while the mix improves: HMCL delivered a robust Q4FY26 show, with revenue at ~Rs 128bn (+29% YoY), driven by healthy volume growth and sustained demand momentum. Volumes rose to ~1.71mn units (+24% YoY), aided by continued traction across the 110–125cc segment, premium motorcycles and scooters; helped by the recent launches and refreshes. ASPs revised ~3.7% YoY, led by premiumisation, favourable product mix and pricing actions, cushioning the top-line growth.

Margins resilient, despite commodity inflation: Raw material costs remained elevated amid commodity inflation, with RM cost rising ~34.7% YoY; increasing to 68.5% of sales (vs 65.5% YoY). Commodity inflation intensified (Rs 2,100/unit) towards the end of the quarter, with BOM cost inflation in high single digits, while price hikes (~2% taken in April) only partially offset the impact.

Timely price action and operating leverage provide buffer: Operating leverage, pricing actions and improved mix supported the profitability, with EBITDA at Rs 18.6bn (+31% YoY) and margin broadly stable (-12 bps YoY). ICE EBITDA margin saw improvement (~100 bps YoY), though the overall margins were weighed by continued EV investments (~Rs 2.2bn in the quarter).

Capacity ramp-ups to capitalise on demand: HMCL is scaling up the capacity in scooters and EVs. ~Rs 15bn capex planned for FY27 will be directed toward capacity expansion, new product development and EV scaling, alongside ~Rs 7bn investment in a global parts centre to strengthen the aftermarket (PAM) business.

Maintain HOLD: Factoring in the FY26 show, we revise our FY27/FY28 estimates upwards by 1%/3% EBITDA and 1% PAT in FY28. We introduce FY29 earnings estimates and our 3Y Revenue/EBITDA/PAT CAGR is 16%/14%/16%. HMCL is consolidating further (plus GST gains, with an aggressive strategy in 125cc segment that augurs well. We continue to assign 18x target P/E to core operations, in line with the 10Y average, with rollover to Mar 2028 earnings and revise TP to Rs 5,674 (earlier Rs 5,559, SOTP-based) , with Rs 130/sh as the value of other businesses.

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Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HMCL IN/Rs 5,170
Market cap	US\$ 10.9bn
Free float	65%
3M ADV	US\$ 32.1mn
52wk high/low	Rs 6,389/Rs 3,735
Promoter/FPI/DII	35%/30%/24%

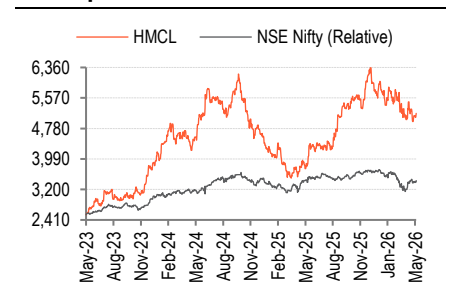
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	4,07,564	4,68,301	5,23,851
EBITDA (Rs mn)	58,677	68,707	73,636
Adj. net profit (Rs mn)	46,100	53,872	56,505
Adj. EPS (Rs)	230.9	269.8	283.0
Consensus EPS (Rs)	230.9	269.8	292.6
Adj. ROAE (%)	23.3	25.0	24.3
Adj. P/E (x)	22.4	19.2	18.3
EV/EBITDA (x)	17.7	15.1	14.1
Adj. EPS growth (%)	21.1	16.9	4.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



HOLD
 TP: Rs 27,199 | ▲ 9%

SHREE CEMENT

| Cement

| 07 May 2026

Margin-volume balancing act to continue; maintain HOLD

- **Healthy volumeled recovery: Volumes grew ~9.5% YoY to ~10.8mnt, driving ~7.8% YoY revenue growth in Q4FY26**
- **EBITDA declined ~9.4% YoY (margin -430bps) on cost inflation; near-term cost pressure (~Rs150-200/tn) expected to continue**
- **Revise FY27E/FY28E Revenue/EBITDA estimates downwards. Maintain HOLD; TP revised to Rs27,199 (Rs 28,719) on rollover to March 2028**

Healthy volume recovery; realisations stay mixed: SRCM reported a steady performance in Q4FY26 with revenue growing ~7.8% YoY to Rs 56.5bn, driven by strong recovery in volumes. Cement volumes rose ~9.5% YoY to ~10.8mnt (+23% QoQ), supported by a demand revival post Q3 disruptions and a strategic shift towards volume-led growth after achieving pricing stability. Realisations remained a mixed bag at ~Rs 5,245/tn (-1.6% YoY/ +3.7% QoQ).

Cost pressures likely to persist: Overall cost/tn jumped ~2.2% YoY to Rs 4,079/tn (-1.6 QoQ), driven by sharp RM cost inflation (~33.7% YoY to Rs 761/tn). Energy costs fell by 1.1% YoY, despite the fuel cost being at Rs 1.6/kcal (Rs 1.48/kcal YoY), as RE share rose to 61% (59% YoY). Freight cost rose ~6.6% YoY to Rs 1,252 per/tn, due to higher lead distance (~457km vs ~446km YoY), offsetting volume and energy gains partially. SRCM expects a near-term cost inflation of ~Rs150–200/tn.

Margins impacted by cost inflation: EBITDA fell ~9.4% YoY to Rs 12.5bn, due to cost inflation, despite a strong volume growth. EBITDA margin contracted sharply by ~430bps YoY to 22.2%, reflecting elevated input and logistics costs. APAT declined ~4.1% YoY to Rs 5.3bn.

Capacity expansion continues; growth visibility intact: The Kodla (Karnataka) IU (3.65mnt clinker + 3.5mnt cement) was commissioned; taking the total capacity to ~69.3mntpa. Meghalaya (0.95mnt clinker + ~1mnt cement) capacity was initiated.

Earnings revised downwards; retain HOLD: Our Revenue/EBITDA estimates for FY27/FY28 are revised downwards by 3%-6%, to factor in lower volume growth. SRCM delivers better opex, albeit at a lower capacity utilisation (~ 65%-70%) and remains a key concern. We retain our HOLD rating, valuing SRCM at 15x EV/EBITDA Mar 2028, as SRCM gaining size (~80mnt) without any meaningful dent in operating efficiencies and sustained margins. Revenue/EBITDA CAGR estimates at 14%/16% over FY25-FY29E. The UAE operations turning earnings accretive, is a key positive. We revise our TP at to Rs27,199 (earlier Rs28,719 for roll forward to March 2028, at our target price SRCM is valued at Rs10.5bn/mnt replacement cost.

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Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SRCM IN/Rs 24,975
Market cap	US\$ 9.5bn
Free float	37%
3M ADV	US\$ 8.7mn
52wk high/low	Rs 32,490/Rs 22,550
Promoter/FPI/DII	63%/13%/12%

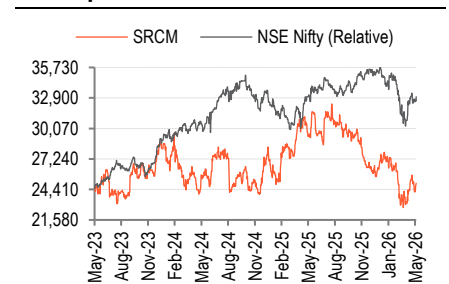
Source: NSE | Price as of 6 May 2026

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	50,837	58,224
Adj. net profit (Rs mn)	17,062	20,531	23,142
Adj. EPS (Rs)	472.9	569.0	641.4
Consensus EPS (Rs)	472.9	610.0	706.0
Adj. ROAE (%)	7.8	8.9	9.4
Adj. P/E (x)	52.8	43.9	38.9
EV/EBITDA (x)	18.7	15.2	13.2
Adj. EPS growth (%)	42.6	20.3	12.7

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

Stock performance



Source: NSE



HOLD
 TP: Rs 1,544 | ▲ 9%

UNITED BREWERIES

Consumer Staples

06 May 2026

Recovery-led growth amid near-term cost headwinds

- UBL reported recovery in category growth during Q4FY26, aided by premiumisation and improving demand trends
- The ongoing Middle-East conflict has heightened the supply chain disruptions and inflationary pressures; weighing on near-term profitability
- Premium portfolio grew 16% in Q4FY26 and 21% in FY26; reinforcing premiumisation. HOLD with TP of Rs 1,544

Results highlights: UBL reported a mixed Q4FY26 performance. Net sales declined 3% YoY to 22.5bn on a higher contribution from contract brewery-sourced markets, which impacted the mix, despite a 4% YoY growth in volumes. Gross profit margin expanded sharply by 332bps YoY to 45.4%, supported by premiumisation and pricing actions. However, EBITDA declined 25% YoY, due to higher fixed costs, increased new bottle infusion, and elevated commercial spends amid sustained competitive intensity. PAT recorded a modest growth of 4% YoY to 1bn. Management remains optimistic on long-term beer category growth, supported by favourable regulatory shifts and continued premiumisation trends.

Mixed operating trends: During the quarter, volume growth was driven by Andhra Pradesh, Assam and Maharashtra, partially offset by the weakness in Rajasthan, Telangana and Orissa. Growth in the beer category recovered to double digits (+10%) in Q4FY26. Premium portfolio continued to outperform with 16% growth, led by Kingfisher Ultra, Kingfisher Ultra Max and Heineken Silver. Competitive intensity remained elevated, with UBL increasing commercial spends by 27% YoY to support brand investments. Management highlighted that the ongoing Middle East conflict has led to supply chain disruptions and inflationary pressures across raw materials, packaging and logistics, with expected cost impact of 4–5bn over the next two-three quarters. UBL has implemented price hikes, cost optimisation, and productivity measures to offset cost pressures, while continuing to invest in growth and category development. UP greenfield brewery will likely start by the end of FY27.

Our view: We broadly maintain our estimates, modelling revenue/ebitda cagr of 12/28% over FY26-29E. We remain watchful of demand recovery across key states, competitive intensity, the upcoming summer season, potential excise policy changes, and UBL’s structural margin improvement initiatives. We retain our **HOLD** rating valuing at 60x on Mar28 EPS with target price of Rs 1,544.

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Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	UBBL IN/Rs 1,413
Market cap	US\$ 4.0bn
Free float	29%
3M ADV	US\$ 3.3mn
52wk high/low	Rs 2,245/Rs 1,382
Promoter/FPI/DII	71%/5%/18%

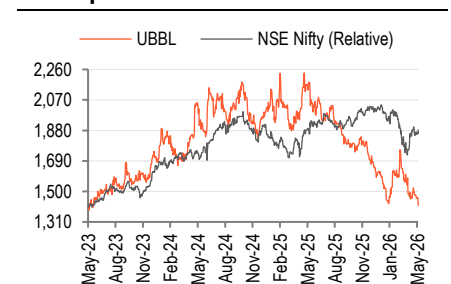
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	92,399	107,051	119,126
EBITDA (Rs mn)	8,055	12,204	15,129
Adj. net profit (Rs mn)	3,581	6,802	9,248
Adj. EPS (Rs)	13.5	25.7	35.0
Consensus EPS (Rs)	13.5	24.7	32.9
Adj. ROAE (%)	8.1	14.4	18.0
Adj. P/E (x)	104.3	54.9	40.4
EV/EBITDA (x)	47.0	31.3	25.3
Adj. EPS growth (%)	(23.5)	90.0	36.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY
 TP: Rs 299 | ▲ 23%

FIRSTSOURCE SOLUTIONS

| IT Services

| 07 May 2026

Full stack intelligence operator – aspiring for a new positioning

- 4Q revenue fell short of estimates due to client specific issues. In the rapidly evolving services landscape, FSOL creates a new category
- TAM has expanded and thoughts are clear. But execution is key. Peers have not articulated AI pivot as well, but all are attempting the same
- Pare EPS estimates on lower revenue, higher interest cost and tax rate. Maintain target PE multiple (20% premium to TCS') and maintain BUY

4Q falls short materially: While FOSL stated that 3% QoQ CC revenue growth was in line with internal expectations, it fell short of our 5.5% estimate. There have been client and sector specific issues (details inside) that drove the weaker than expected organic growth which came in at 1.7% versus our expectation of 4%

Trying to pivot from UnBPO to 'Full stack Intelligent operator'. Current size and low margins give it headroom: This pivot expands TAM significantly (7x) but would require it to move away significantly from its current 'Digital operations player' positioning. This pivot requires it to take a bigger role of a consultant, IT implementer, operations and transformation partner all rolled into one. Its size and current margin structure gives FSOL the leeway to attempt this dramatic pivot. Key is execution. This would require significant beefing up of capabilities on consulting and IT implementation which it will have to achieve as it drives a 50-75bps margin expansion annually. But with EBIT at 12-13% there is leeway.

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.

Trimming EPS estimates on lower revenue, higher interest expense and tax rate. Maintain Target PE multiple and BUY rating: We have lowered EPS estimates (by 4-7%) for FY27-FY29 on ~2% lower USD revenue, slightly higher interest expense and 100bps higher tax rate. We maintain our premium to TCS Target PE multiple of 20% but reduce Target price to Rs299 (from 323 earlier). It is among our top picks in Tier-2 space, and we believe recent PE multiple contraction presents a good entry point (for ~30% EPS CAGR during FY26-FY29). A significant part of our positive view is a bet on the CEO, Ritesh Idnani, executing the intelligence operator pivot successfully.

Girish Pai
 Research Analyst
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Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	FSOL IN/Rs 243
Market cap	US\$ 1.8bn
Free float	45%
3M ADV	US\$ 8.9mn
52wk high/low	Rs 404/Rs 202
Promoter/FPI/DII	54%/9%/25%

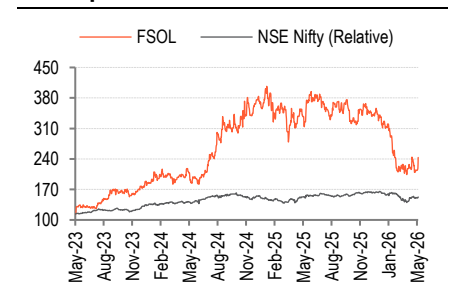
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	95,564	113,917	129,292
EBITDA (Rs mn)	15,562	19,058	22,035
Adj. net profit (Rs mn)	7,726	9,500	11,416
Adj. EPS (Rs)	9.6	13.5	16.2
Consensus EPS (Rs)	9.6	13.2	15.5
Adj. ROAE (%)	18.2	20.6	22.3
Adj. P/E (x)	25.5	18.1	15.0
EV/EBITDA (x)	10.8	8.9	7.8
Adj. EPS growth (%)	13.4	40.9	20.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



SELL
 TP: Rs 325 | ▼ 13%

BIRLASOFT

| IT Services

| 07 May 2026

A new leadership and sales line up to push growth

- 4Q revenue was weaker than estimate though margins were better. FY26 revenue declined 6.5% in CC, the weakest in our coverage
- FY27 could also be a challenging year. Predict flat growth but odds of decline are high. EBIT margins could come off by 150bps
- Revenue cut but EPS raised on lower Tax rate. Retain Target PE multiple at 13.4x FY28EPS (20% discount to that of TCS). Retain SELL

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4Q revenue growth much weaker than expected due to client specific issues. Margins better on one offs and Forex: The 3.7% QOQ CC decline was much weaker than the 1% decline expected whereas EBIT margin at 17% was 180bps better than our estimate on one offs and forex (see inside for more details). Sustainable EBITDA margin guided closer to 15% (with EBIT margin likely ~13.5%). Client specific issue in med tech and lower discretionary spending were given as reasons for the steep revenue decline.

Fresh leadership and beefing up of sales to hopefully improve TCV. Sales growth is likely to improve in FY28: There has been considerable leadership churn in BSOFT in the last few quarters. BSOFT onboarded Vikram Puranik as COO. He comes with a background in engineering and delivery operations. BSOFT has brought in leaders for Data and AI practice, ERP practice (a 25-year-old veteran from SAP), global partnerships and alliances and life sciences vertical. It also inducted Komal Jain to lead Americas business in 3Q. Many of these leaders have come in from Tier 1 companies (Komal Jain, a veteran from Infosys, handles a geography that contributes ~85% of revenue) and are expected to drive growth The sales team is going to be beefed up by 30-40% by mid-FY27. We think the impact of these actions on overall TCV and net new is likely to be visible from 2HFY27 and could drive growth in FY28.

Higher exposure to impacted verticals, services lines has impacted growth: BSOFT has a larger exposure to manufacturing (~40%) and ERP (~30%) which have been impacted by Tariffs and lately by supply chain issues. We believe its exposure to annuity type spending by customers is low though it has tried to pivot to that area.

Cut revenue estimates and Maintain Sell: We have trimmed our USD revenue estimates for FY27-FY29 BY ~3% on the back of lackluster order inflow and net new. We have lower tax rate from 29% to 25.5% leading to EPS increase of 7-9% across those years. Maintain Target PE at 13.4x (20% discount to the target PE multiple of TCS- our sector benchmark) and the stock rating continues to be SELL.

Key changes

Target	Rating
▲	◀▶

Ticker/Price	BSOFT IN/Rs 373
Market cap	US\$ 1.1bn
Free float	59%
3M ADV	US\$ 6.3mn
52wk high/low	Rs 474/Rs 325
Promoter/FPI/DII	40%/14%/23%

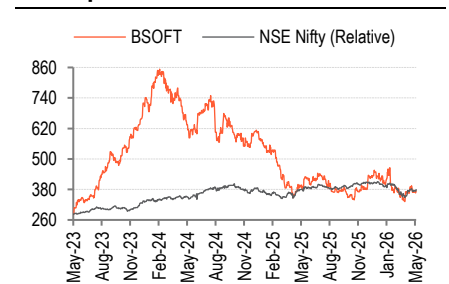
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	53,099	56,361	58,734
EBITDA (Rs mn)	8,661	8,312	8,705
Adj. net profit (Rs mn)	5,183	6,421	6,822
Adj. EPS (Rs)	18.4	22.8	24.2
Consensus EPS (Rs)	18.4	22.3	25.0
Adj. ROAE (%)	13.7	14.9	14.4
Adj. P/E (x)	20.2	16.4	15.4
EV/EBITDA (x)	12.6	13.4	13.3
Adj. EPS growth (%)	0.4	23.7	6.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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BUY – Expected return >+15%

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

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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