## RESEARCH

**BLUE STAR | TARGET: Rs 1,840 | +1% | HOLD**

Soft Q1; inventory correction on festive uptick, BEE reset

**ERIS LIFESCIENCES | TARGET: Rs 1,766 | +4% | HOLD**

All positives priced in; downgrade to HOLD

**LIC | TARGET: Rs 1,100 | +24% | BUY**

Steady quarter, non-par mix continues to rise

**GODREJ CONSUMER PRODUCTS | TARGET: Rs 1,195 | -2% | HOLD**

Relying on Home Insecticides

**HERO MOTOCORP | TARGET: Rs 4,872 | +5% | HOLD**

Growth concerns to stay; margins maintained, Retain HOLD

**THE RAMCO CEMENTS | TARGET: Rs 752 | -34% | SELL**

Shift to realisation chase helps margin gain; maintain SELL

**CROMPTON GREAVES | TARGET: Rs 390 | +22% | BUY**

Muted quarter; seasonal categories weigh on performance

**BIRLASOFT | TARGET: Rs 339 | -11% | SELL**

Likely the only Tier-2 player to show FY26 revenue decline

**CERA SANITARYWARE | TARGET: Rs 7,400 | +19% | BUY**

Margin miss; expanding horizon with margin accretive launches

**PRINCE PIPES & FITTINGS | TARGET: Rs 350 | +17% | BUY**

Weak Q1; margin to recover to normal level by Q4FY26

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## SUMMARY

### BLUE STAR

- Topline beat Street/ our estimates, EMP sustains growth momentum offsetting decline in Unitary products
- Management sees 10-15% unitary products growth; expects >1month inventory to clear on festive demand and BEE reset (Jan-26)
- Cut estimates, introduce FY28E, roll forward to June'26 TP with a 47x multiple to arrive at TP of Rs 1,840; downgrade to HOLD

Click here **for the full report.**

### ERIS LIFESCIENCES

- Domestic business margin increased by 37.5% and Biocon's margin by 1100 bps to 30%. Consol EBITDA margin at 35.8%
- Diversified into CDMO division with 5 projects confirmed in the regulated market. Expect CDMO sales of Rs 1bn by FY27
- We continue to ascribe 31x on June'27 roll forward basis to arrive at TP of Rs 1,766, but downgrade to HOLD due to premium valuation

Click here **for the full report.**

### LIC

- APE rose 10% YoY; non-par share increased to 30.3% on an individual APE basis
- APE rose 10% YoY; non-par share increased to 30.3% on an individual APE basis
- Maintain BUY on LICI with TP to Rs 1,100, assigning a multiple of 0.7x its Jun'27 EV

Click here **for the full report.**

### GODREJ CONSUMER PRODUCTS

- Compared to Bloomberg cons., sales were in line but EBITDA 7% lower on COGS pressure on soaps and macro driven weakness in Indonesia
- Maintained FY26 guidance; sales HSD, EBITDA DD. Savings programs on track. A&P cuts coincided with deceleration in soap share gains
- We forecast FY26 sales +9%, EBITDA +10%. Challenging conditions in soap increase reliance on HI delivery in the remainder of FY26

Click here **for the full report.**

## HERO MOTOCORP

- Q1FY26 revenue at Rs 95.8bn down 5.6%/3.6 YoY/QoQ impacted by subdued volumes of 1.37mn units down 11%/1% YoY/ QoQ
- Commodity cost relief helps gross margins, EBITDAM flat YoY to 14.4%; EV penetration hit by 2% as ICE EBITDA margins at 16.8%
- EBITDA estimates for FY26E/FY27E revised down by 2% each introduce FY28 earnings, assign 18x P/E, revise TP to Rs 4,872 (from Rs 4,642)

**Click here for the full report.**

## THE RAMCO CEMENTS

- Q1 revenue declined ~1%/14% YoY/QoQ, as TRCL chased realisations that gained by 8%/12% while volume was down 7%/23%
- Lower utilisation leads to operating cost inflation, partially offsetting realisation gains as margins settle ~19%, EBITDA/ton at Rs969
- Maintain FY26E/FY27E EBITDA introduce FY28 earnings, apply 10x target multiple and revise TP to Rs 752 (earlier Rs699). Maintain SELL

**Click here for the full report.**

## CROMPTON GREAVES

- Misses estimates; revenue/EBITDA was 9%/16% below our estimates (9%/19% below consensus)
- Revenue declined 7% YoY led by 8% YoY decline in ECD, while lighting was flat YoY; BGAL revenue grew 1% YoY
- Cut estimates, introduce FY28E, roll forward to June-26 TP with an unchanged 35x multiple to arrive at TP of Rs 390; maintain BUY

**Click here for the full report.**

## BIRLASOFT

- Weak 1Q QoQ CC revenue growth. EBIT margin contracted 80 bps QoQ. We estimate 5.6% FY26 USD revenue decline vs flat numbers earlier
- Weak order inflow problem is company specific. Its Tier-2 peers will likely show positive revenue growth in FY26 despite weak macro
- Cut EPS for FY26-FY28 and Maintain our target PE multiple and SELL rating. Weak execution we believe is a company specific issue

**Click here for the full report.**

## CERA SANITARYWARE

- Margin miss in Q1 due to the inability to pass on cost inflation pressure in a weak demand environment
- Target revenue to grow at high-single to low double-digit rate with EBITDA margin of 15-17% in FY26
- Maintain BUY on prospects of market share gains with reasonable valuations; TP cut by 1% to Rs 7,400 per share

**Click here for the full report.**

## PRINCE PIPES & FITTINGS

- Margin miss in Q1 due to high discount offered to dealers in view of weak market conditions and MTM inventory loss
- Target volume to grow at a high-single to low-double-digit rate in FY26; EBITDA margin targeted to improve to 12% by Q4FY26
- Maintain BUY on healthy earnings growth prospects; TP cut by 7% to Rs 350 per share

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**HOLD**
**TP: Rs 1,840 | ⮝ 1%**

**BLUE STAR** | Consumer Durables | 08 August 2025

# Soft Q1; inventory correction on festive uptick, BEE reset

- **Topline beat Street/ our estimates, EMP sustains growth momentum offsetting decline in Unitary products**
- **Management sees 10-15% unitary products growth; expects >1month inventory to clear on festive demand and BEE reset (Jan-26)**
- **Cut estimates, introduce FY28E, roll forward to June'26 TP with a 47x multiple to arrive at TP of Rs 1,840; downgrade to HOLD**

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**Topline beats estimate; EMP offset decline in UCP:** Blue Star reported a better-than-expected Q1 performance, with revenue /EBITDA 12%/.15% above our estimates (+4%/-16% consensus). Revenue rose 4% YoY to Rs 40bn, driven by strong 36% YoY growth in the electro-mechanical projects segment, offsetting 13% YoY decline in UCP segment. Gross margin marginally contracted 20bps YoY to 23.4% while EBITDA margin contracted significantly 160bps YoY/25bps QoQ. Adjusted PAT at Rs 1.2bn (-28% YoY/-38% QoQ) came in at 11% ahead of estimates.

**Growth momentum continues in EMP & commercial AC:** The segment reported revenue growth of 36% YoY (ahead of our estimates) as both projects as well as commercial ACs reported robust growth. Project business saw strong order finalisation driven by continued demand from factories and data centre market segments. Current order book in the project business stands at Rs 50.8bn (+11.5% YoY). Commercial AC business delivered robust growth. ERIS continued its market leadership in the VRF and ducted systems. EBIT margin contraction of 200bps YoY to 7.9%.

**Unitary products' growth disappoints; optimistic on recovery in remaining quarters:** Segment revenue declined 13% YoY on a high base, outperforming our estimate of a 14% drop. Management indicated a 25–30% YoY industry decline, implying market share gains (14.2% in Jun'25 vs 14% in Mar'25). Commercial refrigeration saw strong growth, led by processed food and pharma demand. EBIT margin contracted 330bps YoY/260bps QoQ to 5.8% on weak operating leverage. Management remains optimistic on recovery, supported by festive demand and the BEE rating reset, expects 10-15% YoY growth in FY26**.**

**Revise estimates, downgrade to HOLD:** We cut FY26–27E EPS by 4–6%, due to UCP weakness and build in lower growth despite management's 10–15% YoY guidance. With elevated inventory levels, we remain cautious. We introduce FY28E, roll forward to June'26 with a 47x multiple to arrive at TP of Rs 1,840; downgrade to HOLD on limited upside.

## Key changes

| Target | Rating |
|---|---|
| ▼ | ▼ |

| | |
|---|---|
| Ticker/Price | BLSTR IN/Rs 1,828 |
| Market cap | US$ 4.0bn |
| Free float | 61% |
| 3M ADV | US$ 15.5mn |
| 52wk high/low | Rs 2,417/Rs 1,521 |
| Promoter/FPI/DII | 39%/11%/25% |

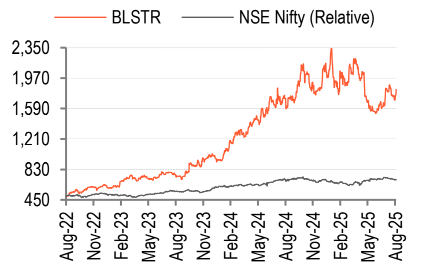
Source: NSE | Price as of 7 Aug 2025

## Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 1,19,677 | 1,32,327 | 1,52,335 |
| EBITDA (Rs mn) | 8,759 | 8,803 | 10,796 |
| Adj. net profit (Rs mn) | 5,787 | 5,681 | 7,155 |
| Adj. EPS (Rs) | 30.0 | 29.5 | 37.1 |
| Consensus EPS (Rs) | 30.0 | 37.0 | 46.0 |
| Adj. ROAE (%) | 20.4 | 17.4 | 19.2 |
| Adj. P/E (x) | 60.8 | 62.0 | 49.2 |
| EV/EBITDA (x) | 40.2 | 40.0 | 32.6 |
| Adj. EPS growth (%) | 39.5 | (1.8) | 25.9 |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance




Source: NSE

RESULT REVIEW

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**HOLD**
**TP: Rs 1,766 | ⮝ 4%**

**ERIS LIFESCIENCES** | Pharmaceuticals | 08 August 2025

## All positives priced in; downgrade to HOLD

- **Domestic business margin increased by 37.5% and Biocon's margin by 1100 bps to 30%. Consol EBITDA margin at 35.8%**
- **Diversified into CDMO division with 5 projects confirmed in the regulated market. Expect CDMO sales of Rs 1bn by FY27**
- **We continue to ascribe 31x on June'27 roll forward basis to arrive at TP of Rs 1,766, but downgrade to HOLD due to premium valuation**


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**Interest repayment led to increase in PAT: ERIS** sales grew by 7.8%, driven by 11% growth in Domestic Branded Formulation that includes the impact from discontinued FDCs and insulin shortages, due to shortfall of DPs. RM cost contribution lowered to 23.9% in 1QFY26 vs 25.2%, resulting in a 100 bps increase in gross margin at 76.3%. Subsequently, EBITDA margin increased by 100 bps YoY to 36.2% and 11% growth in EBITDA. During the quarter, finance cost fell by 19%, depreciation lowered by 7% and Other Income increased by 64%, which was offset by 38% hike in tax rate resulting in 39% increase in PAT. EPS for the quarter reported at Rs 8.7 per share.

**Domestic business sales growth driven by new launches:** Domestic sales grew by 11% in 1QFY26, surpassing IPM growth rate by 300bps. Ex-discontinuation of FDC products, domestic region grew by 13-14% primarily driven by new launches. EBITDA margin from this segment rose by 155bps to 37.2%. ERIS is on track to launch Semaglutide in India in the first wave, where they see market size expanding beyond Rs 30bn in the first year.

**Expect to capture half the vacant insulin market**: Eris has current insulin sales of Rs 2bn from its own and Biocon's portfolios. An innovator is exiting pen fill insulins from H2FY26 from the Indian market, which has a market size of Rs 5bn. ERIS expects to capture market size worth Rs 2bn from the vacant market.

**Exports to clock Rs 10 bn sales by FY29:** ERIS has an annual sales of Rs 3.5-4.5bn from Swiss Parental. The company is diversifying into CDMO in the regulated market where it anticipates sales of Rs 1bn from 5 projects by FY27. However, export of Oral Solids to regulated and ROW markets will likely drive sales worth Rs 10bn.

**Valuation:** ERIS is on track to launch Semaglutide in India in the first wave and to reduce Net debt/EBITDA to 1.8x by Sep'25 (peak 3.9x in Mar'24). We continue to ascribe a PE of 31x on June'27 roll forward basis to arrive at TP of Rs 1,766 (earlier Rs 1690), but downgrade to HOLD on premium valuation (previously BUY).

### Key changes

| Target | Rating |
|---|---|
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|---|---|
| Ticker/Price | ERIS IN/Rs 1,695 |
| Market cap | US$ 2.6bn |
| Free float | 29% |
| 3M ADV | US$ 4.8mn |
| 52wk high/low | Rs 1,910/Rs 1,097 |
| Promoter/FPI/DII | 55%/13%/16% |

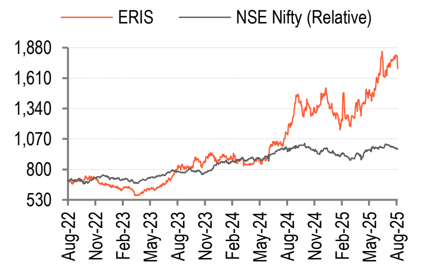
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 28,936 | 35,054 | 40,331 |
| EBITDA (Rs mn) | 10,172 | 12,619 | 15,138 |
| Adj. net profit (Rs mn) | 3,519 | 5,548 | 7,308 |
| Adj. EPS (Rs) | 25.9 | 40.9 | 53.8 |
| Consensus EPS (Rs) | 25.9 | 40.8 | 55.3 |
| Adj. ROAE (%) | 11.9 | 17.1 | 20.0 |
| Adj. P/E (x) | 65.4 | 41.5 | 31.5 |
| EV/EBITDA (x) | 23.7 | 19.7 | 16.5 |
| Adj. EPS growth (%) | (10.2) | 57.7 | 31.7 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

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**BUY**
**TP: Rs 1,100 | ⮝ 24%**

LIC | Insurance | 08 August 2025

## Steady quarter, non-par mix continues to rise

- **VNB witnessed strong growth of 21% YoY and VNB margin expanded 144 bps YoY**
- **APE rose 10% YoY; non-par share increased to 30.3% on an individual APE basis**
- **Maintain BUY on LICI with TP to Rs 1,100, assigning a multiple of 0.7x its Jun'27 EV**

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**Strong VNB growth:** LICI reported strong VNB growth (up 20.7% YoY) and significant margin expansion of 144bps YoY in Q1FY26. This can be attributed to the favourable product mix, new product launches and increase in the demand for non-par products. VNB margins stood at 15.37% vs 13.93% in 1QFY25 vs 18.75% in 4QFY25. In FY25 VNB margin was at 17.62%. The continued increasing share of high margin non-par product mix is aiding VNB margin with non-par mix currently at 30.3% of individual APE vs. 23.9% in Q1FY25 vs 27.7% in Q4FY25. Non-par business grew 32.6% YoY in Q1FY26. Additionally, individual VNB margins expanded to 23-24% vs. 21% in Q4FY25. Management remains committed to its strategic focus on expanding non-par mix to drive profitability and enhance the range of product offerings.

**Healthy APE growth:** APE rose 9.5% YoY to Rs126.5bn on a very high base (APE grew 21.3% YoY in Q1FY25) led by group APE that increased 16.1% YoY. Individual APE rose 4.7% YoY. For 1HFY26, the APE growth is expected to be weighed down by a higher base of 1HFY25. ULIP continued to witness robust growth of 115% YoY while individual non-par grew 32.6% YoY.

**Strategic expansion:** Management indicated that it is evaluating options for stake acquisition in the health insurance space and may take stake in standalone health insurance business. The company is waiting for the upcoming regulatory changes of raising FDI limit to 100%, reducing the required paid-up capital, and introduction of provisions for a composite license.

**We maintain BUY on LICI:** LICI reported a decent quarter with healthy APE growth, VNB and VNB margin saw robust growth, owing to high margin non-par share further moving up. With continued focus on the expanding non-par share in product mix, management foresees margin expansion going ahead and balancing the APE and absolute VNB growth. We largely maintain estimates with VNB margins to be in the 18-19% range in FY26-FY28E. Hence, we maintain BUY on LICI with TP to Rs 1,100, (previously Rs 1,092) assigning a multiple of 0.7x its Jun'27 EV.

### Key changes

| Target | Rating |
|---|---|
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|---|---|
| Ticker/Price | LICI IN/Rs 885 |
| Market cap | US$ 63.8bn |
| Free float | 0% |
| 3M ADV | US$ 14.7mn |
| 52wk high/low | Rs 1,160/Rs 715 |
| Promoter/FPI/DII | 97%/0%/1% |

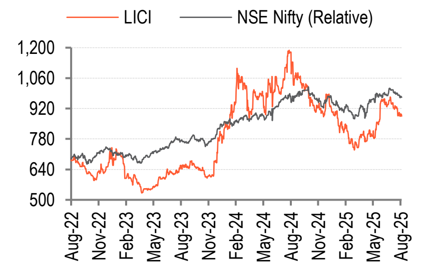
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| NBP (Rs mn) | 22,67,855 | 24,56,124 | 26,25,596 |
| APE (Rs mn) | 5,68,270 | 6,12,281 | 6,69,757 |
| VNB (Rs mn) | 1,00,110 | 1,12,660 | 1,25,914 |
| Embedded Value (Rs mn) | 77,68,750 | 85,61,300 | 94,23,737 |
| VNB margin (%) | 17.6 | 18.4 | 18.8 |
| EVPS (Rs) | 1,228.3 | 1,353.6 | 1,489.9 |
| EPS (Rs) | 76.1 | 84.8 | 88.2 |
| Consensus EPS (Rs) | 0.0 | 0.0 | 0.0 |
| P/EV (x) | 0.7 | 0.7 | 0.6 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

**HOLD**
**TP: Rs 1,195 | ∀ 2%**

**GODREJ CONSUMER PRODUCTS** | Consumer Staples | 08 August 2025

## Relying on Home Insecticides

- **Compared to Bloomberg cons., sales were in line but EBITDA 7% lower on COGS pressure on soaps and macro driven weakness in Indonesia**
- **Maintained FY26 guidance; sales HSD, EBITDA DD. Savings programs on track. A&P cuts coincided with deceleration in soap share gains**
- **We forecast FY26 sales +9%, EBITDA +10%. Challenging conditions in soap increase reliance on HI delivery in the remainder of FY26**

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**4QFY25 result summary:** Consolidated sales were +10% YoY, in line with consensus., and +4% vs our est. EBITDA down 4% YoY, -7% vs cons and -2% vs our est. The EBITDA miss was driven by weaker than expected performance in soaps and Indonesia. India business gross margins deteriorated 515bps with EBITDA margin contracting only 320bps.

**Domestic and International trends YoY** – **(1) India:** Domestic sales +8% with volumes +5%. Sales trends in soap deteriorated from 4QFY25 volume decline of mid-to-high single digit to 1QFY26 decline of double digits. Household Insecticides volumes were up in double digits for the second consecutive quarter. Liquid detergent Godrej Fab continued its national scale up. **(2) International trends in constant currency:** Indonesia sales -4%, reported EBITDA -13% due to weak macro and excess inventory at an industry level. GAUM (Africa, USA & Middle East) sales +29% with reported EBITDA +15%. Latin America sales +29%.

**FY26e outlook:** Godrej Consumer has maintained guidance of HSD sales growth, MSD to HSD volume growth and DD EBITDA growth. We see continued challenges in the soap portfolio along with rising competition in liquid detergent with HUL launching its value variant Sunlight with bulk pack priced lower than Godrej's fab. We forecast EBITDA growth of +10%, with sales +9%. We expect India business +7% and International +12%.

**Our view:** GCPL's structural cost disadvantage in soap is party offset with savings. We remain cautious on A&P cuts – soap market share gains have deteriorated for GCPL in 1QFY26. If this trend of share loss continues, discounting pressure will increase which can limit the margin recovery that the company is currently expecting in 2HFY26. HI double digit growth run rate is a positive – performance in the key September 2025 quarter will confirm the sustainability of this trend. We value GCPL in line with its 5Y historical average P/E of 45x on 12m to March 2027 EPS. Our target price decreases to Rs 1,195 from Rs1,212. Hold on an implied return of -2%.

### Key changes

| Target | Rating |
|---|---|
| ▼ | ◄ ► |

| | |
|---|---|
| Ticker/Price | GCPL IN/Rs 1,220 |
| Market cap | US$ 14.2bn |
| Free float | 37% |
| 3M ADV | US$ 16.4mn |
| 52wk high/low | Rs 1,542/Rs 980 |
| Promoter/FPI/DII | 63%/23%/14% |

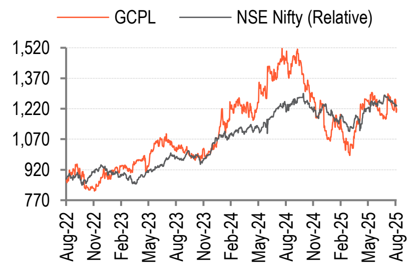
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 143,643 | 156,725 | 170,151 |
| EBITDA (Rs mn) | 30,031 | 32,896 | 38,138 |
| Adj. net profit (Rs mn) | 19,155 | 22,741 | 26,277 |
| Adj. EPS (Rs) | 18.7 | 22.2 | 25.7 |
| Consensus EPS (Rs) | 18.7 | 23.3 | 27.4 |
| Adj. ROAE (%) | 15.6 | 18.6 | 20.4 |
| Adj. P/E (x) | 65.2 | 54.9 | 47.5 |
| EV/EBITDA (x) | 42.1 | 38.8 | 33.6 |
| Adj. EPS growth (%) | 0.0 | 18.7 | 15.5 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

RESULT REVIEW

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**HOLD**

**TP: Rs 4,872 | ▲ 5%**

**HERO MOTOCORP** | Automobiles | 07 August 2025

# Growth concerns to stay; margins maintained, Retain HOLD

- **Q1FY26 revenue at Rs 95.8bn down 5.6%/3.6 YoY/QoQ impacted by subdued volumes of 1.37mn units down 11%/1% YoY/ QoQ**
- **Commodity cost relief helps gross margins, EBITDAM flat YoY to 14.4%; EV penetration hit by 2% as ICE EBITDA margins at 16.8%**
- **EBITDA estimates for FY26E/FY27E revised down by 2% each introduce FY28 earnings, assign 18x P/E, revise TP to Rs 4,872 (from Rs 4,642)**


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**Volume dent on supply chain constraints lead to revenue decline:** Hero Motocorp (HMCL) reported muted Q1FY26 revenue at Rs 95.8bn down 5.6%/3.6 YoY/QoQ, impacted by subdued volumes of 1.37mn units (-11%/-1% YoY/ QoQ) due to supply chain constraints and falling demand in the commuter segment. Realisation gains of 6% YoY (down ~3% QoQ) were driven by healthy product mix (uptake in the 125cc scooter segment and premium motorcycles) and price hikes.

**Commodity cost relief helps gross margins; EBITDA margins range-bound:** **G**ross margins improved to 33.3% (+100 bps YoY, -124 bps QoQ), aided by a softening of raw material costs (adjusted for inventory) by ~7%/2 YoY/QoQ). Effectively, RM reduced to 66.7% of sales from 67.7% YoY. EBITDA margin of ICE improved to 16.8% but the overall margin was flat YoY at 14.4% (14.2% in Q4FY25), impacted by continued investments in EV. Effectively, EBITDA fell by 5.4%/2.4% YoY/QoQ to Rs 13.8bn. Overall, APAT was flat at Rs 11.3bn up 0.3% YoY (4.1% QoQ). Consolidated PAT stood Rs 17bn, which included one-time gain of Rs 7.2bn on account of dilution investment in the associate company.

**Launch programme focused on 125cc segment:** HMCL launched VIDA VX2, in the EV portfolio, and the HF Deluxe Pro both in the entry segment. A new sporty 125cc bike launch is in the pipeline and another new launch planned for Q2FY26 based on 440cc platform HMCL plans to launch couple of more HD models in CY26.

**Maintain HOLD:** Factoring in 1QFY26 show, we have lowered our volume estimates, leading to EBITDA estimates cut by 2.0%, each in FY26/FY27. However, PAT estimates are revised upward to factor in higher other income. We introduce FY28 earnings and our 3Y Revenue/EBITDA/PAT CAGR is 15%/13%/12%. We continue to assign 18x target P/E to core operations, in line with the 10Y average 1YF earnings and revise the SOTP-based TP to Rs 4,872 (earlier Rs 4,642), which includes Rs 130/sh as the value of other businesses. We retain HOLD. Key risks a) concerns in the entry level segment revival 2) EV investments and brand focus will keep EBITDA margins range bound.

## Key changes

| Target | Rating |
|---|---|
| ▲ | ◄ ► |

| | |
|---|---|
| Ticker/Price | HMCL IN/Rs 4,661 |
| Market cap | US$ 10.6bn |
| Free float | 65% |
| 3M ADV | US$ 32.6mn |
| 52wk high/low | Rs 6,246/Rs 3,344 |
| Promoter/FPI/DII | 35%/30%/24% |

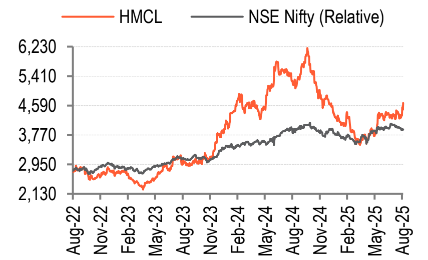
Source: NSE | Price as of 7 Aug 2025

## Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 4,07,564 | 4,75,551 | 5,20,585 |
| EBITDA (Rs mn) | 58,677 | 63,632 | 70,827 |
| Adj. net profit (Rs mn) | 46,100 | 49,179 | 53,442 |
| Adj. EPS (Rs) | 230.9 | 246.3 | 267.6 |
| Consensus EPS (Rs) | 230.9 | 251.3 | 273.9 |
| Adj. ROAE (%) | 23.3 | 22.2 | 21.8 |
| Adj. P/E (x) | 20.2 | 18.9 | 17.4 |
| EV/EBITDA (x) | 15.8 | 14.5 | 13.0 |
| Adj. EPS growth (%) | 21.1 | 6.7 | 8.7 |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance




Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

**SELL**
**TP: Rs 752 | ⩔ 34%**

## THE RAMCO CEMENTS | Cement | 08 August 2025

# Shift to realisation chase helps margin gain; maintain SELL

- **Q1 revenue declined ~1%/14% YoY/QoQ, as TRCL chased realisations that gained by 8%/12% while volume was down 7%/23%**
- **Lower utilisation leads to operating cost inflation, partially offsetting realisation gains as margins settle ~19%, EBITDA/ton at Rs969**
- **Maintain FY26E/FY27E EBITDA introduce FY28 earnings, apply 10x target multiple and revise TP to Rs 752 (earlier Rs699). Maintain SELL**

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**Revenue muted as focus shifts to margins:** TRCL's revenue was down by ~1% YoY (-13.5% QoQ) at ~Rs 207bn in Q1FY26. Cement volume was down by 7%/23% YoY/QoQ as TRCL shifted focus to chasing realisations. Realisations were higher by 8%/12% YoY/QoQ as average cement prices improved by 5%/11%. Volume share of South and East stood at 79% and 21% respectively. Capacity utilization at 68%.

**Overall cost inflation offset by better realisations:** Cost/t inflated by 3%/5% YoY/QoQ to ~Rs 4,181/t, driven by higher raw material cost up ~10%/11% YoY/QoQ impacted by mineral mining tax by Tamil Nadu. Clinker conversion ratio improved from 1.41x in Q1FY25 to 1.45x, helping abate raw material inflation. Logistics cost was largely flat up by 0.5% YoY (-1.6% QoQ) as lead distance was down to 246km vs 273km/278kms in Q1FY25/Q4FY25. Energy cost inflated to Rs 1.55/kcal vs Rs 1.49/kcal YoY and Rs 1.5/kcal QoQ, as TRCL shifted to imported coal usage over pet-coke; however, higher usage of wind energy and WHRS alleviated the overall cost. This resulted in EBITDA increasing by 24.5%/24% YoY/QoQ to ~Rs 4bn; EBITDA margin rose to 19.2% from 15.3%/13.4% YoY/QoQ driven by realisation gains. EBITDA/t increased to Rs 969 from Rs 710/Rs598 YoY/QoQ.

**Expansion plans:** TRCL incurred capex spend of Rs 3.2bn in Q1FY26 and capex for FY26 is planned ~Rs12bn. TRCL has monetised Rs 5bn of non-core assets out of a targeted Rs 10bn, with the balance expected to be monetised by September 2025, due to delays in regulatory approvals. The company remains on track to achieving 30mtpa capacity by FY26 end.

**Earnings maintained; Retain SELL:** We retain our FY26/FY27 EBITDA /EPS estimates unchanged at Rs 14.0/ Rs 25.7. We introduce FY28 earnings penciling Revenue/EBIDTA/PAT CAGR of 15%23%/22%. The aggressive capex has kept TRCL's net debt to EBITDA elevated 3x in FY25/FY26 and is likely to stay elevated in the medium term. Cost inflation is clearly a concern to EBITDA margins. Current valuation of 14.0x 1YF EV/EBITDA is at a premium. We assign a 10x target multiple and revise our TP to Rs 752 (previously Rs 699) that implies a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL rating.

### Key changes

| Target | Rating |
|---|---|
| ▲ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | TRCL IN/Rs 1,137 |
| Market cap | US$ 3.1bn |
| Free float | 58% |
| 3M ADV | US$ 7.5mn |
| 52wk high/low | Rs 1,209/Rs 778 |
| Promoter/FPI/DII | 42%/7%/32% |

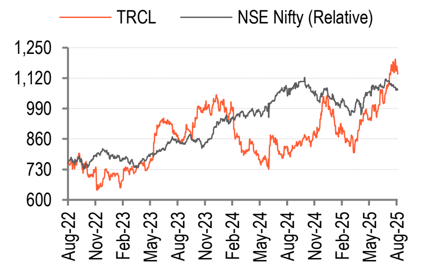
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 84,951 | 99,865 | 1,17,758 |
| EBITDA (Rs mn) | 12,318 | 16,329 | 20,964 |
| Adj. net profit (Rs mn) | 775 | 3,304 | 6,069 |
| Adj. EPS (Rs) | 3.3 | 14.0 | 25.7 |
| Consensus EPS (Rs) | 3.3 | 22.3 | 32.1 |
| Adj. ROAE (%) | 1.5 | 4.3 | 7.6 |
| Adj. P/E (x) | 346.4 | 81.3 | 44.3 |
| EV/EBITDA (x) | 25.6 | 19.1 | 15.0 |
| Adj. EPS growth (%) | (80.4) | 326.0 | 83.7 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

**BUY**
**TP: Rs 390 | 22%**

**CROMPTON GREAVES** | Consumer Durables | 08 August 2025

# Muted quarter; seasonal categories weigh on performance

- **Misses estimates; revenue/EBITDA was 9%/16% below our estimates (9%/19% below consensus)**
- **Revenue declined 7% YoY led by 8% YoY decline in ECD, while lighting was flat YoY; BGAL revenue grew 1% YoY**
- **Cut estimates, introduce FY28E, roll forward to June-26 TP with an unchanged 35x multiple to arrive at TP of Rs 390; maintain BUY**

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**Below expectation, seasonal categories dent performance:** Q1 revenue/EBITDA/PAT was 9%/16%/14% below our estimates. Revenue saw a decline of 7% YoY led by 8% YoY fall in the ECD segment; while lighting was flat YoY. Gross margin improved marginally by 20bps YoY (-180bps QoQ) to 32.1%, on account of improved product mix. EBITDA margin contracted 130bps YoY to 9.6% on weak operating leverage. Adjusted PAT saw a 19% YoY/28% QoQ decline to Rs 1.2bn.

**Weakness in ECD due to seasonal products:** ECD segment declined 8% YoY, impacted by weak seasonal demand in Fans, air coolers, and pumps. TPW fans saw a sharper drop than ceiling fans. Management indicated an 11% industry decline, implying market share (MS) gains. Crompton's performance was better vs peers Havells/V-Guard/Bajaj, as ECD sales declined 14%/16%/11% YoY respectively, while Orient was flat. EBIT margin contracted 160bps YoY to 13.3% due to weak operating leverage.

**Lighting margins sustained at elevated level:** In the lighting segment, revenue flat YoY, impacted by continued price erosion. However, volume saw double-digit growth in B2B segment. Profitability improved — EBIT margin expanded 380bps despite flat revenue. Margin uplift was driven by a structural shift in product mix, with panels emerging as the largest sub-segment, surpassing traditional lamps and battens.

**Sustainability at an affordable price; maintains capex plan:** Among its key priorities, Crompton aims to launch low-carbon, sustainable products. It maintains its earlier announcements of (a) a Rs 3.5bn greenfield capex to expand fan capacity (Phase 1, including land acquisition; details awaited) (b) entry into the solar rooftop segment via an outsourced model.

**Cut estimates, maintain BUY:** We cut FY26-27E EPS by 7-8% respectively to reflect weakness in seasonal categories. We introduce FY28E and roll forward to June-26 and arrive at a TP of Rs 390, assigning an unchanged multiple of 35x on June-27 EPS. We maintain BUY.

## Key changes

| Target | Rating |
|---|---|
| ▼ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | CROMPTON IN/Rs 319 |
| Market cap | US$ 2.3bn |
| Free float | 100% |
| 3M ADV | US$ 8.8mn |
| 52wk high/low | Rs 484/Rs 301 |
| Promoter/FPI/DII | 0%/40%/44% |

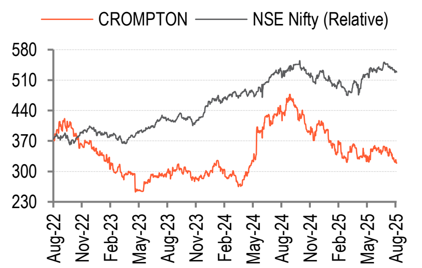
Source: NSE | Price as of 7 Aug 2025

## Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 78,636 | 81,994 | 91,403 |
| EBITDA (Rs mn) | 8,882 | 8,793 | 10,100 |
| Adj. net profit (Rs mn) | 5,560 | 5,759 | 6,890 |
| Adj. EPS (Rs) | 8.6 | 8.9 | 10.7 |
| Consensus EPS (Rs) | 9.5 | 12.0 | 15.0 |
| Adj. ROAE (%) | 17.4 | 16.0 | 16.9 |
| Adj. P/E (x) | 37.0 | 35.7 | 29.8 |
| EV/EBITDA (x) | 22.1 | 22.8 | 20.1 |
| Adj. EPS growth (%) | 26.4 | 3.6 | 19.6 |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance




Source: NSE

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**SELL**
**TP: Rs 339 | ▼ 11%**

**BIRLASOFT** | IT Services | 08 August 2025

# Likely the only Tier-2 player to show FY26 revenue decline

- **Weak 1Q QoQ CC revenue growth. EBIT margin contracted 80 bps QoQ. We estimate 5.6% FY26 USD revenue decline vs flat numbers earlier**
- **Weak order inflow problem is company specific. Its Tier-2 peers will likely show positive revenue growth in FY26 despite weak macro**
- **Cut EPS for FY26-FY28 and Maintain our target PE multiple and SELL rating. Weak execution we believe is a company specific issue**

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**Revenue and margin under pressure; Structural weakness evident:** Revenue declined 1.8% QoQ in CC terms to US$150.7mn, in line with estimates but reflecting weaknesses from project ramp-downs, completions, and client insourcing. The manufacturing vertical, a significant revenue contributor (~38% of revenue) saw a 4% QoQ drop. EBIT margin contracted 80bps QoQ to 10.7% (vs. our 11.5% estimate), as prior-quarter one-offs (~200bps) rolled off. Operational levers partially softened the impact, but pricing headwinds persist.

**Demand commentary stays weak; No near-term catalysts:** Management highlighted continued delays in decision-making, discretionary cuts, and pricing pressure. Clients remain focused on cost optimization and insourcing, while deal conversion from the pipeline remains sluggish.

**Soft TCV and order book decline underscore growth challenges:** Deal wins (Total TCV) stood at US$ 141 mn while Net New TCV stood at US$ 76mn. This reflects ~40% decline QoQ (due to seasonality and the delay of a large deal now expected in 2Q) and a 12% decline YoY. While management is focused on rebuilding through top-account mining and ERP turnaround efforts, limited large deal closures and shrinking backlog raise concerns on execution and near-term growth visibility. We are not very clear whether this is sales or a capabilities issue or both.

**Cut Estimates and Maintain Sell:** We have now reduced our revenue and EBIT margin estimates for FY26, FY27 and FY28, leading to EPS reductions of 23.3%, 11.2% and 15.6% respectively. We are skeptical of internal issues being fixed in FY26. We are now building in -5.6% USD revenue growth in FY26 and 5% growth in FY27 and FY28. Target PE remains unchanged at 16.0x (25% discount to the target PE multiple of TCS- our sector benchmark) and the stock rating continues to be SELL. It will stand out for showing a negative revenue growth in FY26 amongst its peer set.

## Key changes

| Target | Rating |
|---|---|
| ▼ | ◄ ► |

| | |
|---|---|
| Ticker/Price | BSOFT IN/Rs 382 |
| Market cap | US$ 1.2bn |
| Free float | 59% |
| 3M ADV | US$ 9.5mn |
| 52wk high/low | Rs 689/Rs 331 |
| Promoter/FPI/DII | 41%/12%/22% |

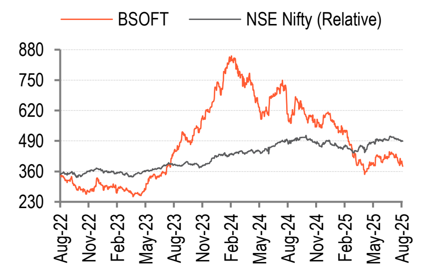
Source: NSE | Price as of 7 Aug 2025

## Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 53,752 | 51,913 | 56,194 |
| EBITDA (Rs mn) | 6,974 | 6,529 | 7,910 |
| Adj. net profit (Rs mn) | 5,168 | 4,400 | 5,858 |
| Adj. EPS (Rs) | 18.3 | 15.6 | 20.8 |
| Consensus EPS (Rs) | 18.3 | 19.9 | 23.6 |
| Adj. ROAE (%) | 15.8 | 12.1 | 14.8 |
| Adj. P/E (x) | 20.8 | 24.4 | 18.4 |
| EV/EBITDA (x) | 14.3 | 15.7 | 12.7 |
| Adj. EPS growth (%) | (19.0) | (14.8) | 33.1 |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance




Source: NSE

**BUY**
**TP: Rs 7,400 | ⮝ 19%**

**CERA SANITARYWARE** | Building Materials | 07 August 2025

## Margin miss; expanding horizon with margin accretive launches

- **Margin miss in Q1 due to the inability to pass on cost inflation pressure in a weak demand environment**
- **Target revenue to grow at high-single to low double-digit rate with EBITDA margin of 15-17% in FY26**
- **Maintain BUY on prospects of market share gains with reasonable valuations; TP cut by 1% to Rs 7,400 per share**

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**Mixed Q1:** CRS topline came broadly in line with our estimate (+0.1%), but missed our EBITDA (-11.9%)/APAT (-4.1%) due to margin contraction (-144bps YoY to 13.0% vs 14.8% estimated), on gross margin pressure (-176bps YoY to 53.0% due to inability to pass on cost inflation pressure in view of weak market conditions) and higher employee cost (+11.1% YoY).

**Highlights:** CRS revenue grew by 5.4% YoY in Q1FY26 driven by higher faucet sales (+13.4%). Sanitaryware revenue was flat (-0.3% YoY) in Q1FY26 due to weak retail demand. Project sales share was up 200bps YoY to 38% in Q1FY26. EBITDA/APAT was down by 5.1%/1.1% in Q1FY26 due to margin pressure.

**Guidance:** Management believes that the retail demand conditions continues to remain soft but expect demand to recover in H2FY26. However, the project business continues to gain positive traction as the project order book has gone up by 32% YoY in Q1FY26. CRS targets its revenue to grow at high-single to low double-digit rate with EBITDA margin of 15-17% in FY26. The company has launched economy range PTMT and brass bath fittings product (a margin-accretive step and expected to contribute 5-7% of sales over the next 3 years). The company is also expanding its luxury brand (Senator) network to ramp up share of premium offerings (which would also enhance its margin profile in future).

**Maintain BUY; TP cut by 1% to Rs 7,400:** CRS revenue/EBITDA/APAT is projected to grow at a moderate pace of 8.8%/7.7%/6.0% CAGR over FY25-FY28E. However, we maintain BUY as (a) We believe CRS's initiative to enter the economy-range bath fittings segment and enhance revenue contribution from its luxury portfolio will expand the addressable market opportunity and be margin accretive b) likely to generate healthy ROE (+16% over FY26-FY28) c) reasonable valuations (the stock trades at a P/E of 32.5x on 1YF basis vs 5Y average of 34.6x). We have slightly cut our TP to Rs 7,400 per share (Rs 7,500 earlier) due to downward revision of our EPS estimates (-5.2%/-3.6% for FY26E/FY27E) based on weak Q1 result. Our target P/E remains unchanged at 35x on Jun'27 estimate (vs Mar'27 earlier).

### Key changes

| Target | Rating |
|---|---|
| ▼ | ◄► |

| | |
|---|---|
| Ticker/Price | CRS IN/Rs 6,244 |
| Market cap | US$ 918.4mn |
| Free float | 46% |
| 3M ADV | US$ 4.0mn |
| 52wk high/low | Rs 10,790/Rs 5,060 |
| Promoter/FPI/DII | 54%/17%/12% |

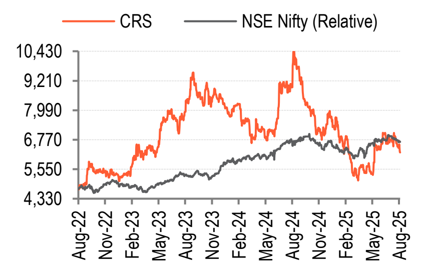
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 19,262 | 20,459 | 22,486 |
| EBITDA (Rs mn) | 3,041 | 2,898 | 3,366 |
| Adj. net profit (Rs mn) | 2,511 | 2,340 | 2,664 |
| Adj. EPS (Rs) | 194.7 | 181.4 | 206.5 |
| Consensus EPS (Rs) | 191.1 | 198.3 | 233.1 |
| Adj. ROAE (%) | 18.4 | 16.2 | 16.6 |
| Adj. P/E (x) | 32.1 | 34.4 | 30.2 |
| EV/EBITDA (x) | 28.8 | 30.3 | 26.1 |
| Adj. EPS growth (%) | 5.3 | (6.8) | 13.8 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

RESULT REVIEW

**BUY**
**TP: Rs 350 | 17%**

## PRINCE PIPES & FITTINGS | Building Materials | 07 August 2025

# Weak Q1; margin to recover to normal level by Q4FY26

- **Margin miss in Q1 due to high discount offered to dealers in view of weak market conditions and MTM inventory loss**
- **Target volume to grow at a high-single to low-double-digit rate in FY26; EBITDA margin targeted to improve to 12% by Q4FY26**
- **Maintain BUY on healthy earnings growth prospects; TP cut by 7% to Rs 350 per share**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**Weak Q1:** PRINCPIP Q1FY26 sales volume came slightly better than our expectation (+3.7% YoY vs +2.0% estimated), but sharply missed our EBITDA estimate (-26%) given the margin contraction (-360bps YoY to 6.0% vs +8.0% estimated) on the back of high discounts offered to dealers in view of weak market conditions and MTM inventory loss (Rs 150-200mn).

**Highlights:** PRINCPIP revenue fell by 4% YoY in Q1FY26 as lower realisation (-7.0% QoQ) more than offset the impact of higher volumes (+3.7% YoY). EBITDA was down 40% YoY in Q1FY26 due to gross margin pressure (-218bps YoY to 25.5%). Interest cost and depreciation expense rose sharply on QoQ basis in Q1FY26 due to the impact of commissioning of Bihar greenfield pipe project. The company has written back an amount of Rs 45mn towards excess staff incentive provision for the earlier period. Adjusted PAT was down 85% YoY in Q1FY26. Net debt has gone down from Rs 1.5bn in Mar'25 to Rs 1.0bn in Jun'25 owing to reduction in inventories.

**Guidance:** Management expects pipe volume to grow at a high single to low double-digit rate in FY26. EBITDA margin is also expected to improve to 12% by Q4FY26. The company does not expect to book inventory loss in near-future as resin prices have bottomed out. Bathware segment is expected to break even over the next 4-6 quarters. Bihar pipe plant is expected to operate at 65-70% rate in H2FY26 (breakeven point is 40%). Budgeted capex is estimated to be Rs 1.6-1.7bn for FY26.

**Maintain BUY; TP cut by 7% to Rs 350:** We maintain BUY as we expect sharp growth in operating profit (at 37% CAGR over FY25-FY28E assuming pipe volume to grow at 10.6% CAGR and margin to improve from 6.0% in Q1FY26 to 11.3% in FY28). The company's ROE is also projected to improve from 2.9% in FY25 to 10.8% in FY28. We have reduced our TP to Rs 350 per share (Rs 375 earlier) due to downward revision of our EPS estimate (-26.5%/-12.0% for FY26E/FY27E) based on weak Q1 result. At CMP, the stock trades at a P/E of 42.1x/22.7x/16.6x on FY26E/FY27E/FY28E. Our target P/E multiple remains unchanged at 25x on Jun'27 estimate (Mar'27 earlier).

### Key changes

| Target | Rating |
|---|---|
| ▼ | ◄ ► |

| | |
|---|---|
| Ticker/Price | PRINCPIP IN/Rs 299 |
| Market cap | US$ 376.6mn |
| Free float | 39% |
| 3M ADV | US$ 2.3mn |
| 52wk high/low | Rs 618/Rs 229 |
| Promoter/FPI/DII | 61%/4%/16% |

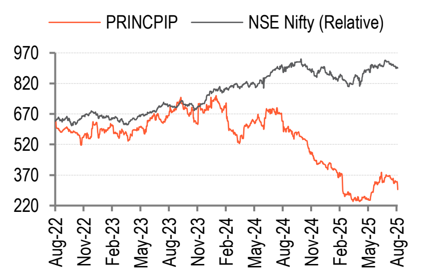
Source: NSE | Price as of 7 Aug 2025

### Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|---|---|---|---|
| Total revenue (Rs mn) | 25,239 | 26,357 | 31,655 |
| EBITDA (Rs mn) | 1,618 | 2,368 | 3,264 |
| Adj. net profit (Rs mn) | 447 | 783 | 1,452 |
| Adj. EPS (Rs) | 4.0 | 7.1 | 13.1 |
| Consensus EPS (Rs) | 3.9 | 13.1 | 17.6 |
| Adj. ROAE (%) | 2.9 | 4.9 | 8.5 |
| Adj. P/E (x) | 73.8 | 42.2 | 22.7 |
| EV/EBITDA (x) | 20.9 | 13.6 | 9.7 |
| Adj. EPS growth (%) | (73.9) | 75.0 | 85.4 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

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**SELL** – Expected return <-6%

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