
TOP PICKS

June 2026



Staying Constructive Amid Uncertainty

Market Recap: Volatility Persists: Indian markets experienced sharp swings during May 2026 amid fluctuating global risk sentiment. The Nifty 50 remained under pressure due to weakness in heavyweight Banking, IT, and Oil-linked sectors, while broader markets demonstrated resilience. **The Nifty Midcap100 and Nifty Smallcap 250 outperformed frontline indices, supported by stronger earnings growth, domestic liquidity, and sectoral rotation into industrials, capital goods, defence, manufacturing, and select consumption themes. Recent sessions witnessed the Nifty Midcap 100 touching fresh lifetime highs despite weakness in benchmark indices.** The monsoon outlook has become a key area of focus after weather agencies indicated the possibility of below-normal rainfall conditions during 2026 due to El Niño risks. However, healthy reservoir levels, government support measures, irrigation expansion, and strong food grain buffer stocks may partially mitigate risks from below-normal rainfall conditions.

Q4FY26 Earnings Review: Recovery Visible but Uneven: The Q4FY26 earnings season has broadly reflected resilience in India Inc. despite a difficult global backdrop. Aggregate earnings growth for Nifty companies remained moderate (5-6%) but stable, supported by domestic demand-oriented sectors, financials, industrials, healthcare, capital goods and selective manufacturing segments, while broader market companies delivered stronger earnings momentum. **Nifty500 earnings grew by 9% YoY.**

Management Commentary & FY27 Outlook: Corporate management commentary during Q4FY26 earnings calls remained cautiously optimistic. Most companies acknowledged short-term uncertainty arising from crude oil volatility, logistics disruptions, and geopolitical developments. Most companies continue to expect demand recovery in the second half of FY27, supported by Government infrastructure spending, manufacturing expansion, stable urban consumption, and a pickup in private capex. **Companies also indicated increasing focus on operational efficiency, cost optimisation, premiumization, and balance-sheet discipline in response to volatile macro conditions. Management commentary across sectors suggests that FY27 demand conditions remain structurally favourable despite short-term geopolitical and commodity-related disruptions.**

Inflation- Risk Rising: Rising inflation has emerged as a key risk for Indian equities amid higher crude oil prices, diesel price hikes, currency volatility, and potential food inflation due to monsoon uncertainty. **Persistent inflation could also keep bond yields elevated and limit RBI's flexibility on monetary easing, thereby impacting market valuations. While near-term volatility may remain high, strong domestic demand, government capex, and resilient liquidity flows continue to support the medium-term market outlook**

Geopolitical Developments & Oil Shock: Key Overhang: Geopolitical developments remain the most critical overhang for markets as the ongoing US–Israel–Iran conflict continues to disrupt global energy dynamics. Key oil supply routes remain vulnerable, keeping crude prices elevated. While the resolution is expected, it's being delayed. For India, which imports nearly 85–90% of its crude requirements, sustained high oil prices pose a significant macroeconomic challenge. The recent increase in diesel prices is particularly important because diesel remains a critical input for

transportation, logistics, agriculture, mining, infrastructure, and industrial activities. Sustained increase in diesel prices could lead to broad-based inflationary pressures across sectors including FMCG, cement, logistics, paints, chemicals, and construction materials.

Currency Volatility & Bond Yields: Tightening Financial Conditions: The Indian Rupee has depreciated meaningfully (near ~95/\$), reflecting both oil-induced import pressures and capital outflows. Rising currency volatility has increased hedging costs and is feeding into imported inflation. **The benchmark 10-year Indian government bond yield currently trades in the ~6.7%–7% range, having recently moved to the highest levels in over a year (7%), driven by rising crude oil prices, inflation concerns, and global tightening expectations.**

The FII–DII Great Divergence: Persistent FII selling remains one of the key overhangs for Indian equities. Rising global bond yields, stronger dollar conditions, geopolitical uncertainty, and premium valuations relative to other emerging markets have reduced foreign investor appetite toward Indian equities. Total FII outflows in FY27 YTD have reached nearly \$8 billion. Unusually, FIIs sold \$14.2 billion during the February–March correction and continued offloading an additional \$4 billion even as markets rebounded. However, strong domestic institutional flows continue to provide structural support to markets. Domestic mutual fund SIP inflows, insurance investments, and retail participation have significantly cushioned the impact of FII outflows over the last several quarters.

Domestic Growth Outlook: Growth Resilience with Emerging Risks: India continues to remain among the fastest-growing major economies globally. Strong domestic demand, public infrastructure spending, manufacturing activity, formalisation of the economy, and financial sector stability continue to support medium-term growth prospects. GDP growth for FY27 is expected to be in the range of 6.8%–6.9%, supported by strong domestic demand, continued government capital expenditure, and gradual recovery in private sector investments. **However, emerging risks, including rising energy prices, global slowdown concerns, currency weakness, and weak monsoon expectations, may create temporary pressure on growth and inflation dynamics during FY27, and in such a case, growth may slip below 6.5%.** Thus, while the structural growth story remains intact, the near-term outlook is increasingly influenced by external vulnerabilities.

Equity Market Valuation & Relative Positioning: From an equity market perspective, valuations have corrected meaningfully, with benchmark indices now trading closer to their long-term averages of around 18x one-year forward earnings. India continues to command a premium relative to emerging markets due to its superior growth visibility and earnings quality, but this premium has moderated significantly from earlier elevated levels. **While the recent valuation reset improves the medium-term attractiveness of Indian equities, the sustainability of further market upside will increasingly depend on corporate earnings delivery and the ability of companies to protect margins amid rising input costs, elevated energy prices, higher logistics expenses, and potential inflationary pressures arising from the recent increase in diesel prices.**

Indian Economy Nearing Cyclical Recovery Amid Persistent Global Risks: Despite persistent global uncertainties, India's domestic growth outlook remains resilient, with macroeconomic indicators suggesting improved momentum in FY27 compared to FY26.

Continued policy support from both the government and the RBI, including growth-oriented fiscal measures, recent RBI dividend (2.87 Lc Cr) and supportive liquidity conditions, is expected to strengthen economic activity going forward. **In CY26, Indian equities are shifting from**

a consolidation phase to one driven by earnings visibility, valuation comfort, fiscal discipline, and sustainable growth.

Relative Underperformance Provides an Opportunity to Add Equity for the Long Term: In 2025, the Indian market has underperformed the US market and other emerging markets by a notable margin. FTSE India is now trading at a PE premium of 46% to the EM index (PE). During Sep'24, the Indian market traded at a 97% PE premium to EM. Now, after the correction, it is trading at a 46% premium, which looks attractive compared to the past. That said, it is to be noted that relative valuation stabilisation does not necessarily translate into an immediate rally in the current scenario.

Style & Sector Rotation - A Key to Generating Alpha Moving Forward: As highlighted in our earlier reports, the risk-reward in mid- and small-cap stocks had started turning favourable, and the recovery witnessed during May 2026 has broadly validated this thesis. In the current context, with crude oil prices elevated, liquidity conditions tightening, and FII outflows persisting, the market environment is likely to remain discerning. **We continue to believe that quality and growth-oriented companies with sustainable business models, pricing power, and earnings visibility will remain key outperformers through FY27. As a result, the focus should remain on bottom-up stock selection, with emphasis on companies that can navigate cost pressures while sustaining growth, as the market increasingly rewards consistency, balance sheet strength, and execution capability.**

In this environment, our strategy focuses on Growth at a Reasonable Price (GARP), quality businesses, market leaders, domestically-oriented sectors, and selected export plays. We continue to:

1. **Overweight:** BFSI, Telecom, Capital goods, Healthcare, Power & Energy
2. Maintain a **positive view on select discretionary and retail consumption** plays
3. Prefer **select capex-linked cyclical stocks**, which now offer attractive valuations and reasonable growth visibility
4. Remain **cautious on IT** in the medium term, led by AI disruption.

Staying Disciplined in a Volatile Environment: Indian equities enter June 2026 with a mix of resilience and caution. Domestic macro fundamentals remain favourable, earnings recovery is gradually broadening, and structural growth drivers continue to support long-term investment prospects. **While near-term volatility may remain elevated, long-term investors may continue to use market corrections selectively to accumulate high-quality businesses aligned with India's structural growth themes.**

We have refreshed our Top Picks by booking profits in SBIN, exiting Max Healthcare, while adding Varun Beverages Ltd and ICICI Bank Ltd. The changes reflect our disciplined profit-booking strategy and continued focus on identifying high-quality businesses that align with our core thematic investment framework and offer strong medium-term growth visibility.

We maintain the Dec'26 Nifty target at 27,220

We believe the Indian economy remains well-positioned for sustained growth, acting as a relative safe haven amid global economic volatility. Our constructive long-term outlook is underpinned by India's favourable economic structure, increased capital expenditure outlined in the Union Budget 2026–27, and the implementation of GST 2.0 reforms, all of which are expected to accelerate credit growth, particularly for banks. These structural drivers should support double-digit corporate earnings growth, enabling Indian equities to deliver healthy double-digit returns over the next 2–3 years. We project Nifty earnings to grow at a robust 13% CAGR over FY23–28, with financials expected to remain the largest contributors to earnings growth in FY27 and FY28. That said, near-term risks to market multiples include geopolitical tensions, crude price volatility, rupee depreciation, and any delay in the earnings recovery cycle. In our base case, we maintain our December 2026 Nifty target of 27,220, based on a valuation of 19.5x December 2027 earnings.

Market volatility in India, as reflected in the VIX, has contracted from recent highs. It is currently at the 16 level, indicating lower volatility in the near term. While extreme volatility has subsided, the market is not entirely out of the woods. Intermittent spikes may persist, especially given ongoing global uncertainties. While the medium-to-long-term outlook for the Indian economy and corporate earnings remains constructive, supported by domestic demand resilience, improving earnings visibility, and structural reforms, the near term may witness increased volatility driven by commodity price movements, global risk aversion, and foreign fund flows. **Hence, we recommend investors maintain good liquidity (10-15%) to use any dips in a phased manner and build a position in high-quality companies (where the earnings visibility is quite high) with an investment horizon of 12-18 months.**

Bull Case: We value NIFTY at 20.5x, implying a Dec'26 target of 28,615. Markets are closely tracking the global growth outlook under President Trump, with expectations of easing tariff-related uncertainties in 2025. Domestically, a revival in private capex, supported by policy continuity and improving business confidence, along with political stability, fiscal discipline, and rural recovery, is likely to drive growth. With Nifty earnings expected to sustain 13%+ CAGR over FY23–28, this backdrop could attract fresh capital inflows into emerging markets and support a re-rating of valuations, strengthening the equity outlook.

Bear Case: We value NIFTY at 16.5x, implying a Dec'26 target of 23,030. While valuations may remain above average amid potential policy shifts under the Trump regime, persistent inflation in developed markets and historically elevated interest rates increase downside risks. Uncertainty around currency movements, oil prices, and global trade is likely to weigh on export-driven growth in 2026. Additionally, concerns over global growth, exacerbated by tariffs and geopolitical tensions, could compress market multiples in the near term.

Based on the above themes, we recommend the following stocks: Kotak Bank, Bajaj Finance, Bharti Airtel, Avenue Supermarts, ICICI Bank, Varun Beverages Ltd, Navin Flourine, Kalpataru Projects, LG Electronics (I) Ltd, Nestle India Ltd, Eternal Ltd, Ujjivan Small Finance Bank, Chalet Hotels, Minda Corporation Ltd, Dalmia Bharat Ltd.

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Axis Securities Top Picks

Category	Company Name	Sector	Stock price	Target Price	Upside (%)	12 Month Fwd PE	12 Month Fwd P/BV	Dividend Yield	TR 1M%	TR 3M%	TR 6M%	TR YTD%
Large Cap	Bajaj Finance Ltd.	Financials	908	1,160	28%	22.9	4.2	0.6	-3.1	-8.8	-11.1	-8.0
Large Cap	Varun Beverages Ltd.	Consumer Staples	528	630	19%	51.0	8.0	0.1	2.8	17.2	9.3	8.0
Large Cap	Kotak Mahindra Bank Ltd.	Financials	384	500	30%	19.2	1.9	0.2	0.2	-7.5	-10.6	-12.7
Large Cap	Bharti Airtel Ltd	Communication Services	1,829	2,530	38%	28.6	6.4	1.3	-3.1	-2.7	-12.5	-13.1
Large Cap	Avenue Supermarts Ltd.	Consumer Staples	4,055	5,270	30%	71.7	9.4	NA	-11.6	5.4	2.3	7.2
Large Cap	ICICI Bank Ltd.	Financials	1,256	1,700	35%	15.0	2.2	1.0	-0.6	-8.9	-9.6	-6.4
Large Cap	LG Electronics India Ltd.	Consumer Discretionary	1,524	1,815	19%	46.9	11.6	NA	-4.3	-4.1	-7.6	0.2
Large Cap	Nestle India Ltd.	Consumer Staples	1,422	1,640	15%	71.6	42.2	0.8	-2.5	10.0	13.4	11.0
Large Cap	Eternal Ltd.	Consumer Discretionary	251	360	44%	114.1	7.1	NA	1.4	1.7	-16.9	-9.9
Mid Cap	Dalmia Bharat Ltd	Materials	1,748	2,430	39%	28.8	1.7	0.5	-8.3	-12.3	-13.0	-18.0
Small Cap	Ujjivan Small Finance Bank Ltd.	Financials	54	78	43%	10.2	1.4	NA	-4.4	-6.3	-2.3	2.6
Small Cap	Chalet Hotels Ltd.	Consumer Discretionary	785	1,000	27%	28.4	3.9	0.1	3.6	-2.9	-12.5	-9.9
Small Cap	Minda Corporation Ltd.	Consumer Discretionary	624	710	14%	33.8	4.8	0.2	20.1	12.4	8.4	8.9
Small Cap	Navin Fluorine International Ltd.	Materials	7,129	8,000	12%	45.5	7.8	0.2	4.5	13.9	24.0	20.4
Small Cap	Kalpataru Projects International Ltd.	Industrials	1,305	1,450	11%	17.9	2.5	0.8	4.4	5.2	10.5	8.5

Source: Company, Axis Securities, CMP as of 29th May 2026; All Target Prices have an investment horizon of over one year.

Multi-Asset Scorecard

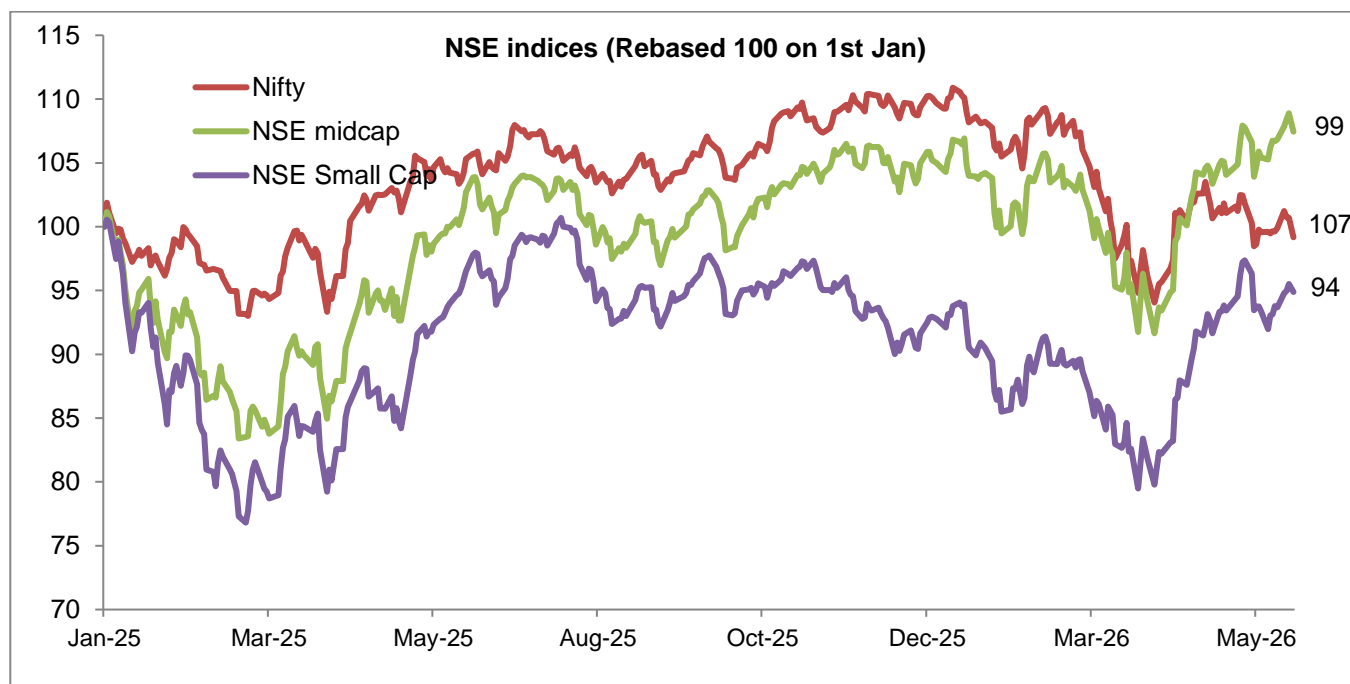
- In 2025, Gold emerged as the top-performing asset class. In YTD26 so far, Gold continues to remain the top-performing asset class. Gold led asset performance in 2024 until the end of May, after which the broader market took the lead. The broader market was the best-performing asset class domestically in 2023 and 2024. However, a sharp correction since Oct'24 impacted overall returns. **Broader market remained under pressure in Jan-May'26 YTD. However, Small and Midcap outperformed Nifty 50 on YTD basis by wide margin**
- Nifty 50 ranked at the bottom in 2024 for the first time in history, primarily due to sustained FII selling. The index has remained under pressure owing to geopolitical uncertainty amidst the West Asia crisis. In 2026 YTD, Emerging and Developed Markets have outperformed the Indian market by a notable margin.

Rank	Yearly performance of Asset Classes (%)															
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (YTD)
1	MCX Gold: 32%	Mid Cap: 39%	S&P 500: 30%	Mid Cap: 56%	Crisil Comp Bond: 9%	Crisil comp Bond: 13%	SmallCap: 57%	MCX Gold: 8%	S&P 500: 29%	MCX Gold: 28%	SmallCap: 59%	MCX Gold: 14.3%	SmallCap: 55.6%	SmallCap: 23.9%	MCX Gold: 61.5%	MCX Gold: 15.3%
2	Crisil comp Bond: 7%	SmallCap: 37%	Nifty 50: 7%	SmallCap: 55%	SmallCap: 7%	EM Index: 10%	Mid Cap: 47%	Crisil comp Bond: 6%	MCX Gold: 25%	Mid Cap: 22%	Mid Cap: 46%	Nifty 50: 4.3%	Midcap: 46.6%	Midcap: 23.8%	EM Index: 18.7%	S&P 500: 10.8%
3	S&P 500: 0%	Nifty 50: 28%	Crisil comp Bond: 4%	Nifty 50: 31%	Mid Cap: 6%	MCX Gold: 10%	EM Index: 29%	Nifty 50: 3%	EM Index: 17%	SmallCap: 21%	S&P 500: 27%	Mid Cap: 3.5%	S&P 500: 24.6%	S&P 500: 23.8%	S&P 500: 11.2%	EM Index: 10.1%
4	EM Index: -21%	EM Index: 14%	Mid Cap: -5%	Crisil comp Bond: 14%	S&P 500: -1%	S&P 500: 10%	Nifty 50: 29%	S&P 500: -6%	Nifty 50: 12%	S&P 500: 16%	Nifty 50: 24%	BSE Bond index: 2.9%	Nifty 50: 20%	MCX Gold: 20.9%	Nifty 50: 10.25%	SmallCap: 2.4%
5	Nifty 50: -25%	S&P 500: 13%	EM Index: -6%	S&P 500: 11%	Nifty 50: -4%	Mid Cap: 7%	S&P 500: 19%	Mid Cap: -15%	Crisil comp Bond: 11%	Nifty 50: 15%	Crisil comp Bond: 2%	SmallCap: -13.8%	MCX Gold: 14.9%	NSE G composite: 9.9%	NSE G composite: 6.2%	Midcap: 2.0%
6	Mid Cap: -31%	MCX Gold: 12%	MCX Gold: -8%	EM Index: -1%	MCX Gold: -7%	Nifty 50: 3%	MCX Gold: 6%	EM Index: -16%	Mid Cap: -4%	EM Index: 13%	EM Index: -2%	S&P 500: -19.2%	BSE Bond index: 7.9%	EM Index: 9.5%	Midcap: 5.4%	NSE G composite: 0.1%
7	SmallCap: -34%	Crisil comp Bond: 9%	SmallCap: -8%	MCX Gold: -6%	EM Index: -18%	SmallCap: 2%	Crisil comp Bond: 5%	SmallCap: -29%	SmallCap: -10%	Crisil comp Bond: 12%	MCX Gold: -4%	EM Index: -19.6%	EM Index: 5.7%	Nifty 50: 8.8%	SmallCap: -4.9%	Nifty 50: -9.9%

Source: Bloomberg, Axis Securities.

2025: A Year of Divergence in the Returns

After almost 15 months of underperformance, Nifty touched the all-time high level of 26,216 in 2025 (similar levels earlier seen in Sep'24). In 2025, Nifty and Small Caps saw huge divergence in returns. This gap started reversing in 2026. **In Jan'26, NIFTY touched an all-time high of 26,329 but has corrected since then by ~15% due to geopolitical unrest in the Middle East and has marked a low of 22,331 in Mar'26. However, on ceasefire announcements, the index recovered by ~6% since its low. Nifty is lagging and continues to underperform broader indices.**



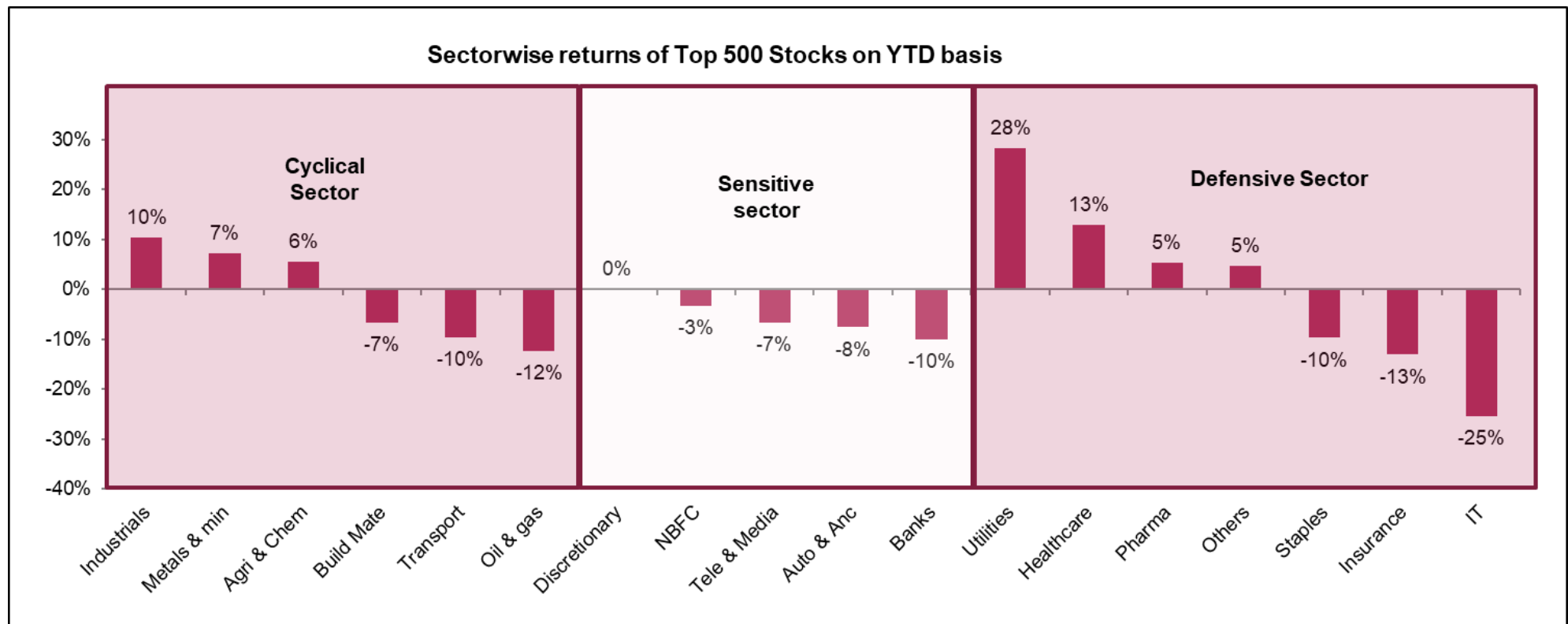
Correction from 1st Jan'26

- Nifty 50: -9.9%
- NSE Mid Cap 100: +2%
- NSE Small Cap 250: +2.4%

Source: Bloomberg, Axis Securities

Performance on a YTD basis [31st Dec'25 to 29 May'26]

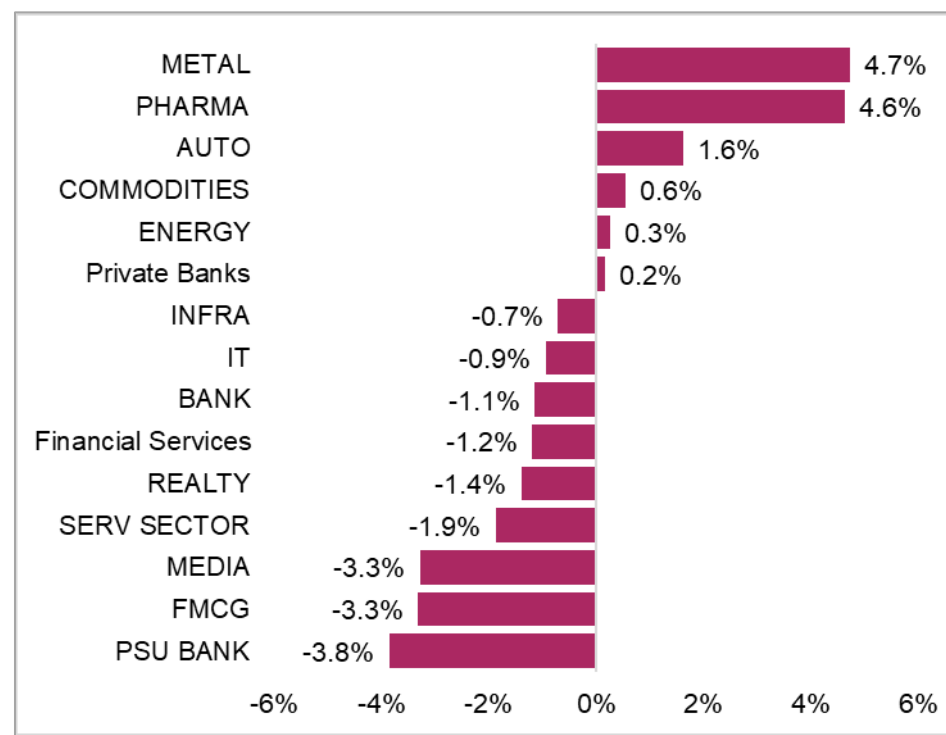
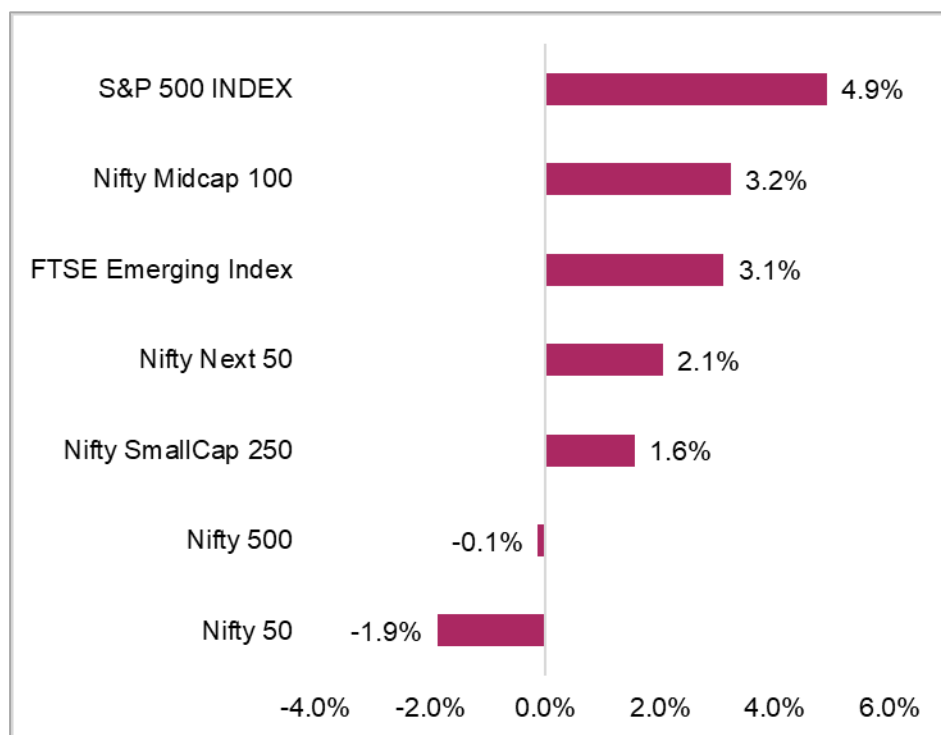
- YTD rally led by Utilities and Healthcare in defensive and Industrials and Metals in Cyclical. **IT Sector Underperformance continues to remain under focus – led by AI concerns**
- Market has slightly shifted towards the Defensive sectors. Sensitive sectors are under pressure owing to concern related to higher inflation.
- Export-oriented sectors continue to face challenges in the volatile global environment amidst the ongoing West Asia Crisis.



Source: Bloomberg, Axis Securities

What Happened in the Last One Month?

- Recovery in all the major World Indices. S&P 500 and Emerging markets [major weight of China and Taiwan] relative outperformance vis-à-vis Nifty 50. However, Nifty Small, Nifty Next 50 and Mid Cap outperformed Nifty 50. Nifty MidCap remained top performer.
- Market breadth remained mix across sectors with Pharma, Metals, Auto, Private banks relatively better. Broader market recovery post announcement of Ceasefire on 8th Apr'26 in Middle East. News flow related to US-Iran deal however remains volatile.



Source: Bloomberg, Axis Securities

Quarterly Sector Scorecard

- Nearly 80% of the sectors have outperformed the Nifty 50 in Apr-May'26 so far, indicating buying across the broader market.
- Mar'26, Dec'24 and Jun'25 quarters' performance was similar to the Jun'22 (Russia-Ukraine) and Mar'23 (Adani crisis) quarters. Broader indices continue to outperform Nifty 50 by a wide margin, driven by better earnings.
- In Apr-May'26 so far, Metals, Pharma and Energy **outperformed** the Nifty 50 index by a good margin. IT remains an underperformer.

	Quarterly returns (%)																	FY27 YTD	
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26	Apr'26	May'26
% of sectors outperformed the market	56%	50%	75%	38%	25%	63%	69%	50%	44%	56%	44%	50.0%	37.5%	50.0%	40.0%	46.7%	46.7%	80.0%	80.0%
Nifty 50	1%	-10%	8%	6%	-4%	11%	2%	11%	3%	7%	8%	-8.4%	-0.5%	8.5%	-3.6%	5.4%	-13.9%	7.5%	-1.9%
Nifty Next 50	-3%	-11%	16%	0%	-10%	16%	3%	18%	14%	18%	8%	-11.7%	-7.4%	9.4%	-1.7%	1.2%	-12.1%	15.4%	2.1%
Nifty 500	-1%	-10%	11%	4%	-6%	13%	5%	12%	4%	11%	8%	-7.8%	-4.6%	10.7%	-3.7%	4.1%	-13.3%	10.5%	-0.1%
Nifty Midcap 100	-2%	-11%	16%	3%	-5%	19%	13%	14%	4%	15%	9%	-4.9%	-9.6%	15.6%	-5.4%	6.0%	-12.1%	13.6%	3.2%
Nifty SmallCap 250	-4%	-14%	14%	3%	-7%	20%	16%	15%	2%	19%	8%	-4.2%	-14.4%	17.8%	-6.2%	-1.2%	-13.4%	17.1%	1.6%
AUTO	-4%	11%	9%	-1%	-3%	24%	7%	15%	15%	17%	8%	-16%	-6%	12.1%	11.2%	5.1%	-14.8%	9.0%	1.6%
BANK	3%	-8%	16%	11%	-6%	10%	0%	8%	-2%	12%	0%	-4%	1%	11.1%	-4.7%	8.3%	-15.0%	9.1%	-1.1%
COMMODITIES	7%	-16%	11%	7%	-7%	9%	8%	19%	8%	9%	8%	-18%	5%	5.5%	0.5%	4.2%	-2.5%	12.2%	0.6%
Financial Services	-1%	-10%	13%	8%	-5%	11%	-1%	8%	-2%	12%	4%	-4%	6%	8.4%	-4.2%	5.2%	-14.1%	9.1%	-1.2%
ENERGY	14%	-3%	2%	1%	-12%	8%	11%	22%	17%	5%	8%	-21%	-3.6%	8.9%	-4.3%	-0.5%	0.1%	17.0%	0.3%
FMCG	-3%	4%	18%	-1%	4%	14%	-1%	10%	-5%	5%	16%	-14%	-5%	2.4%	-0.3%	0.6%	-17.3%	12.2%	-3.3%
IT	-6%	-23%	-3%	6%	0%	3%	8%	12%	-2%	1%	18%	5%	-16.1%	5.6%	-13.6%	12.9%	-23.5%	1.0%	-0.9%
INFRA	1%	-8%	7%	6%	-3%	13%	9%	17%	14%	8%	6%	-12%	0%	11.3%	-4.3%	5.5%	-9.9%	10.0%	-0.7%
MEDIA	7%	-20%	9%	-3%	-15%	3%	30%	5%	-25%	13%	6%	-15%	-18.9%	18.9%	-12.1%	-7.7%	-11.3%	15.4%	-3.3%
METAL	16%	-27%	24%	17%	-18%	13%	10%	17%	3%	18%	5%	-16%	6%	4.9%	5.3%	9.7%	1.2%	15.2%	4.7%
PHARMA	-4%	-10%	7%	-3%	-5%	15%	12%	9%	13%	3%	19%	0%	-9.1%	4.3%	-2.7%	5.1%	-1.4%	4.7%	4.6%
PSU BANK	8%	-11%	23%	44%	-14%	11%	28%	9%	23%	5%	-8%	-4%	-3.5%	15.0%	4.5%	12.0%	-6.6%	7.7%	-3.8%
Private Banks	2%	-9%	19%	10%	-6%	11%	1%	8%	-5%	12%	1%	-7%	4%	9.8%	-6.3%	7.4%	-15.1%	8.9%	0.2%
REALTY	-4%	-17%	10%	2%	-10%	34%	11%	36%	15%	22%	0%	-4%	-19.3%	15.9%	-12.1%	0.3%	-25.1%	21.9%	-1.4%
SERV SECTOR	-1%	-12%	10%	6%	-7%	8%	1%	10%	1%	9%	9%	-4%	-1.3%	8.3%	-5.6%	5.2%	-15.4%	6.6%	-1.9%

Source: Bloomberg, Axis Securities, Note: Outperforming sectors (vs. Nifty during the quarter) highlighted in green for the quarter

Performance of Various Indices & Sector Outlook

- Indian equities have witnessed sharp volatility in May'26 and significantly underperformed the S&P 500. **Most global indices recovered since 8th Apr'26 due to Ceasefire announcement in West Asia.** Global indices, although recovered, remained volatile in later part of May'26 due to flip flops over the progress in US-Iran peace negotiations and a related volatility in Brent crude. Korea and Taiwan market outperformed all other markets in various time frame.
- Positive Near-term Outlook:** Power & Coal, Select metals (Aluminium), Defence. **Improving Outlook:** Industrials, Capital Goods, Pharma.
- Mixed Bag:** Discretionary, Consumption, Cement
- Near-term Challenging but Well-placed for Longer-time Horizons:** IT, Real Estate, Speciality Chemicals. **War impacted Sectors:** Autos, Paints, OMCs, Fertilisers, Ceramics, Airlines, Food Delivery, Commodity Chemicals.

National Index						
Index Performance (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Nifty 50	-1.9%	-6.5%	-10.1%	6.4%	-10.2%	-4.9%
Nifty Next 50	2.1%	2.0%	2.8%	24.6%	-7.8%	6.5%
Nifty 500	-0.1%	-2.2%	-5.3%	14.0%	-7.5%	-0.6%
Nifty Midcap 100	3.2%	4.4%	1.1%	28.8%	2.1%	7.5%
Nifty SmallCap 250	1.6%	7.0%	1.6%	22.7%	-7.8%	0.9%
Sector Index (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
NIFTY AUTO	1.6%	-6.5%	-5.2%	28.5%	-4.2%	12.9%
NIFTY BANK	-1.1%	-10.4%	-9.2%	12.2%	-0.3%	-2.7%
NIFTY COMMODITIES	0.6%	3.4%	11.8%	35.5%	5.8%	19.9%
Nifty Financial Services	-1.2%	-9.0%	-9.1%	10.1%	0.8%	-4.3%
NIFTY ENERGY	0.3%	10.3%	15.0%	36.2%	-7.4%	13.9%
NIFTY FMCG	-3.3%	-3.4%	-11.2%	-2.6%	-25.4%	-10.7%
NIFTY IT	-0.9%	-5.0%	-22.3%	-22.1%	-31.0%	-22.1%
NIFTY INFRA	-0.7%	-1.9%	-3.1%	22.0%	-3.2%	4.3%
NIFTY MEDIA	-3.3%	-0.6%	-4.1%	1.5%	-34.4%	-17.7%
NIFTY METAL	4.7%	9.8%	30.6%	63.5%	34.6%	46.2%
NIFTY PHARMA	4.6%	6.1%	5.9%	22.9%	4.7%	13.5%
NIFTY PSU BANK	-3.8%	-16.9%	-4.2%	44.3%	19.9%	16.9%
Nifty Private Banks	0.2%	-8.0%	-8.6%	8.7%	-3.4%	-4.5%
NIFTY REALTY	-1.4%	0.2%	-13.4%	-1.9%	-30.8%	-17.6%
NIFTY SERV SECTOR	-1.9%	-8.2%	-12.7%	0.9%	-12.0%	-9.0%

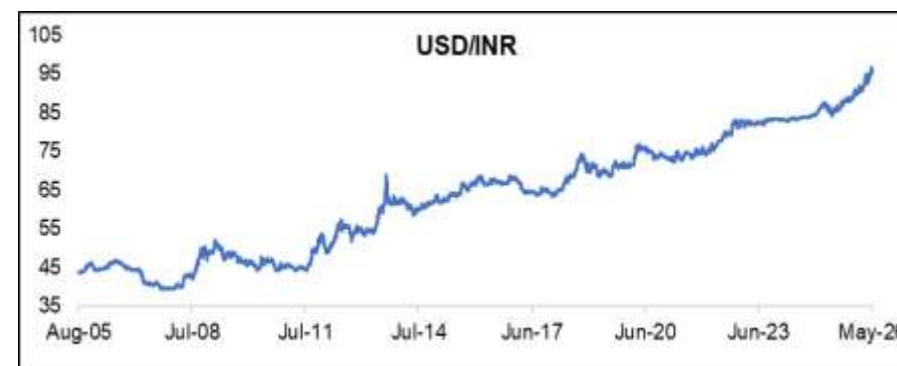
International Index						
Index Performance (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Shanghai Comp	-1.1%	-2.3%	4.6%	22.5%	35.6%	21.5%
Bovespa	-7.7%	-8.4%	8.7%	40.9%	30.1%	26.2%
south africa	-0.3%	-11.1%	3.5%	36.1%	34.9%	23.5%
Korea	28.4%	35.7%	115.9%	234.7%	217.3%	214.2%
Mexico	-0.1%	-4.2%	7.0%	30.8%	27.2%	18.2%
Indonesia	-11.9%	-25.6%	-28.0%	-2.3%	-20.9%	-14.6%
Argentina	9.4%	17.3%	2.4%	40.5%	80.7%	36.0%
Japan	11.9%	12.7%	32.0%	78.5%	70.4%	74.7%
Hongkong	-2.3%	-5.4%	-2.6%	9.8%	26.4%	8.1%
Philippines	-1.1%	-12.7%	-4.2%	-3.8%	-22.7%	-9.0%
Taiwan	14.9%	26.3%	61.9%	94.0%	95.7%	109.5%
Singapore	2.5%	0.9%	11.4%	29.3%	40.6%	29.4%
Thailand	5.0%	2.6%	24.8%	30.3%	7.8%	36.5%
Veitnam	0.5%	-0.9%	10.2%	42.8%	44.3%	39.8%
Dow	2.5%	3.9%	6.6%	16.1%	20.6%	20.4%
Nasdaq	8.3%	18.9%	15.4%	43.1%	48.2%	41.1%
FTSE 100 INDEX	0.3%	-4.6%	7.1%	18.2%	25.7%	18.7%
DAX INDEX	3.1%	-0.9%	5.1%	11.1%	30.2%	4.4%
CAC 40 INDEX	1.1%	-4.4%	1.0%	1.1%	5.9%	5.8%
S&P 500 Index	5.3%	10.4%	10.8%	27.5%	32.1%	28.4%

Source: Bloomberg, Axis Securities, and Performance as of 29th May 2026

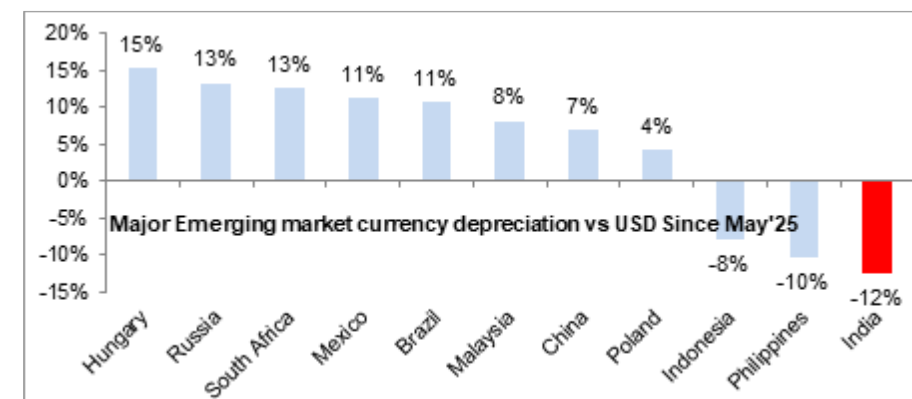
Commodity Prices Continued to Remain Elevated in the Last Month

- **Precious Metals:** Gold prices corrected by ~4% MoM, while Silver posted a meagre increase of ~1.5% MoM
- **Industrial Metals:** Aluminum prices remained at 4 year high. Copper and Zinc rose in last 1M by nearly 3% and 2% respectively.
- **Crude:** Brent crude stood at \$92.2/bbl up significantly from the levels of \$71/bbl, 3 months ago. Oil prices remained volatile amidst US-Iran peace deal talks. **Rupee continued to weaken against the dollar and was the worst performing currency. India Vix has reduced from one month ago signifying less volatility.**

Market Indicator	29-05-2026	1m ago	3m ago	Since 28 Feb'25	Since 26 Sep'24	1Year
Brent Crude (\$/bbl)	92.2	114.0	72.5	73.2	71.6	64.2
Bond Yield (GOi 10Yr)	7.0	7.0	6.7	6.7	6.7	6.3
USD/INR	95.0	94.9	91.0	87.5	83.6	85.6
India Vix	16.2	18.5	13.7	13.9	12.0	16.1



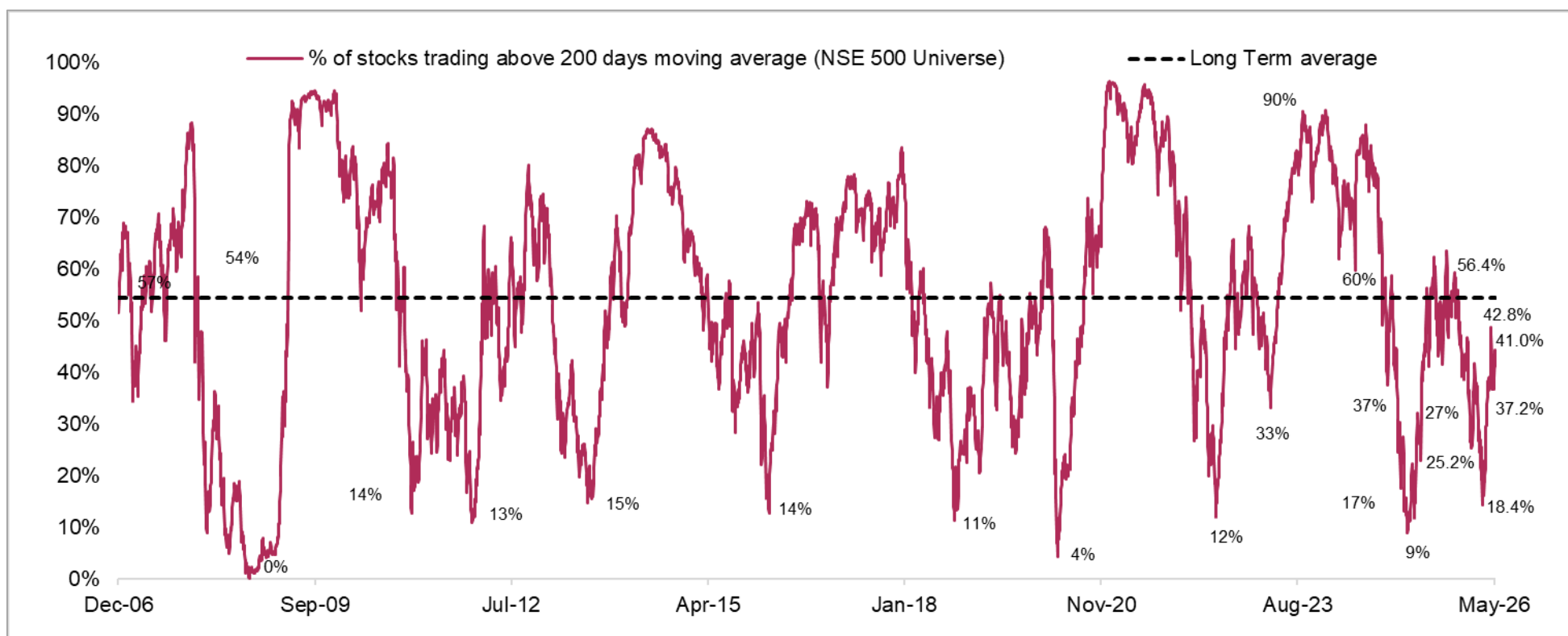
Commodity Index	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Gold (\$/OZ)	-1.8%	-14.1%	7.0%	58.7%	69.7%	37.9%
Steel (\$/ton)	2.0%	8.5%	13.3%	7.4%	9.7%	12.1%
Aluminium (\$/ton)	5.9%	18.3%	32.2%	41.6%	45.9%	52.8%
Copper (\$/ton)	5.8%	2.7%	21.6%	46.2%	37.3%	43.0%
Zinc (\$/ton)	3.7%	4.8%	7.1%	25.9%	14.7%	32.5%



Source: Bloomberg, Axis Securities, Performance as of 29th May 2026

NSE 500 Universe (200-day Moving Average) below the Average Levels

- After a recent weakness, the market is still trading below the neutral zone, with ~41% of the NSE 500 stocks currently trading above the long-term average. Nonetheless, it will continue to be driven by macroeconomic data in the near to medium term. Its performance will reflect the geopolitical developments in Middle east and its impact on Energy prices and earnings. Sector and Style Rotation will likely be visible in the market moving forward.



Source: Bloomberg, Axis Securities

52W-High Analysis

- From the trough of 30th Mar'26 Nifty has recovered by 6%. 109 stocks (vs. 6 in Mar'26) are now trading near their 52-week highs.
- 128 (~26%) stocks are still trading below 20% of their 52-week highs (vs. 140 (~28%) in Mar'26).
- 147 (~29%) of the stocks have corrected by over 30% from their 52-week high (vs. 44% in Mar'26).
- 26 Largecap stock now at a 52 Week high (vs. 1 in Mar'26), reflecting current market recovery.
- Similarly, out of 55 PSUs, 13 stocks are near their 52-week high, post the recovery over the last 2 months (vs just 1 stock in Mar'26).
- Overall market breadth has improved since March 2026.

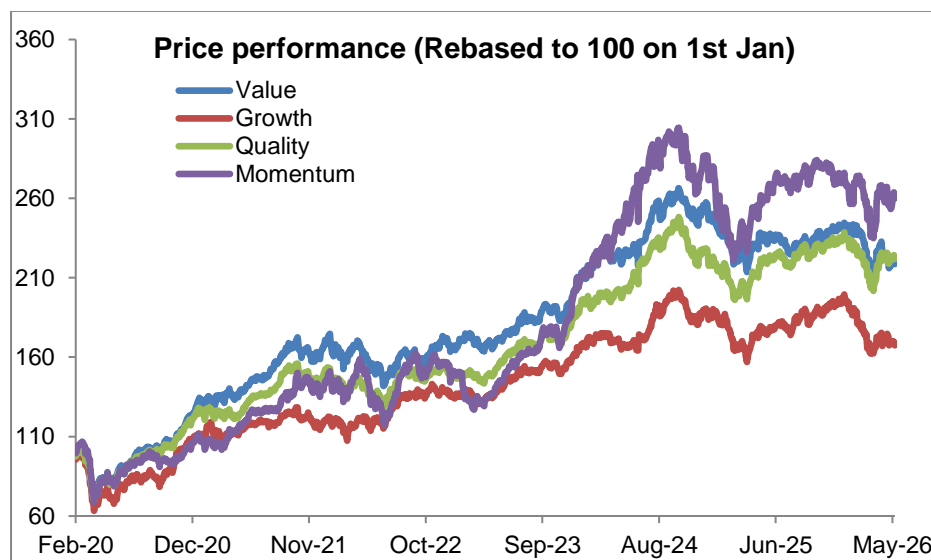
Sector	No of Stocks	Current level of number of stocks as compared to 52W high			
		Near to 52W high	5%-20% below 52W high	20%-30% below 52W high	Below 30%
Agri & Chem	36	6	9	10	11
Auto & Anc	42	9	10	15	8
Banks	28	6	13	6	3
Build Mate	40	1	10	11	18
Discretionary	30	2	5	8	15
Healthcare	49	20	17	7	5
Industrials	46	19	8	8	11
IT	42	1	7	6	28
Metals & min	25	13	5	6	1
NBFC	61	10	23	12	15
Oil & gas	16	2	6	5	2
Others	8	3	1	1	3
Staples	34	3	4	9	18
Tele & Media	15	3	3	4	5
Transport	10	2	2	5	1
Utilities	18	9	5	1	3
Total	500	109	128	114	147
Large cap	100	26	36	18	15
Mid cap	150	31	40	41	27
Small cap	250	52	52	55	105
PSUs	55	13	16	17	8

Source: Bloomberg, Axis Securities

Style Indicators

Quality was the Best-Performing Theme in last two Years

- Both quality and growth fared better than value and momentum in 2025. Quality has outperformed all other style indicators in last 2 years followed by Growth and Momentum. This relative outperformance indicates a stabilizing market that is beginning to look past recent corrections as broader macro uncertainties begin to ease.
- We believe that structural growth and high-quality plays, which offer robust corporate balance sheets and long-term sustained earnings visibility, will continue to outpace the broader market irrespective of near-term volatility.

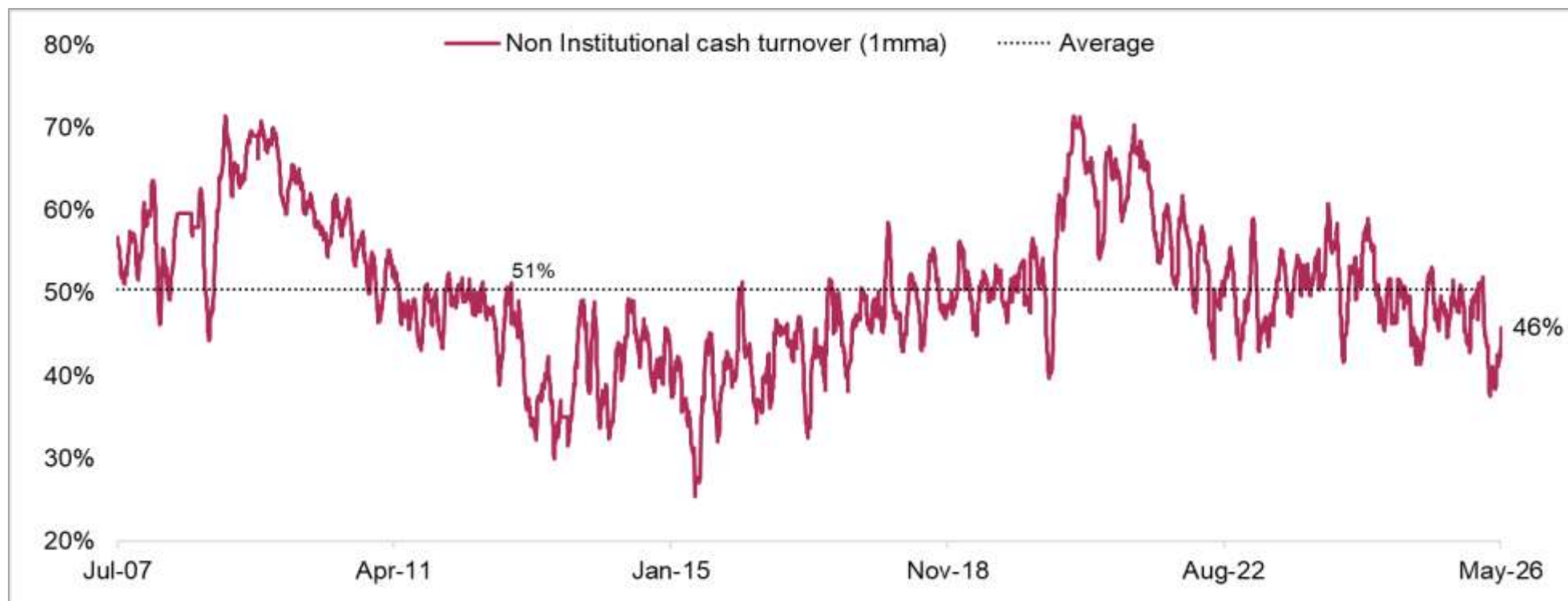


Perf	Performance (%)			
	Value	Growth	Quality	Momentum
2022	-0.9%	12.4%	-0.9%	7.1%
2023	27.8%	24.8%	32.0%	39.0%
2024	15.6%	9.8%	11.3%	30.0%
2025	-1.2%	5.4%	7.3%	-0.7%
1m	-2.8%	-2.4%	-0.8%	-0.6%
3m	-7.1%	-6.3%	-0.4%	-2.6%
6m	-8.8%	-13.6%	-4.8%	-7.6%
1YR	-6.9%	-5.1%	0.4%	0.0%
2YR	-3.9%	-0.4%	4.5%	-1.7%

Source: Bloomberg, Axis Securities, Performance as of 29th May 2026

Non-institutional Turnover Remains below Average Levels

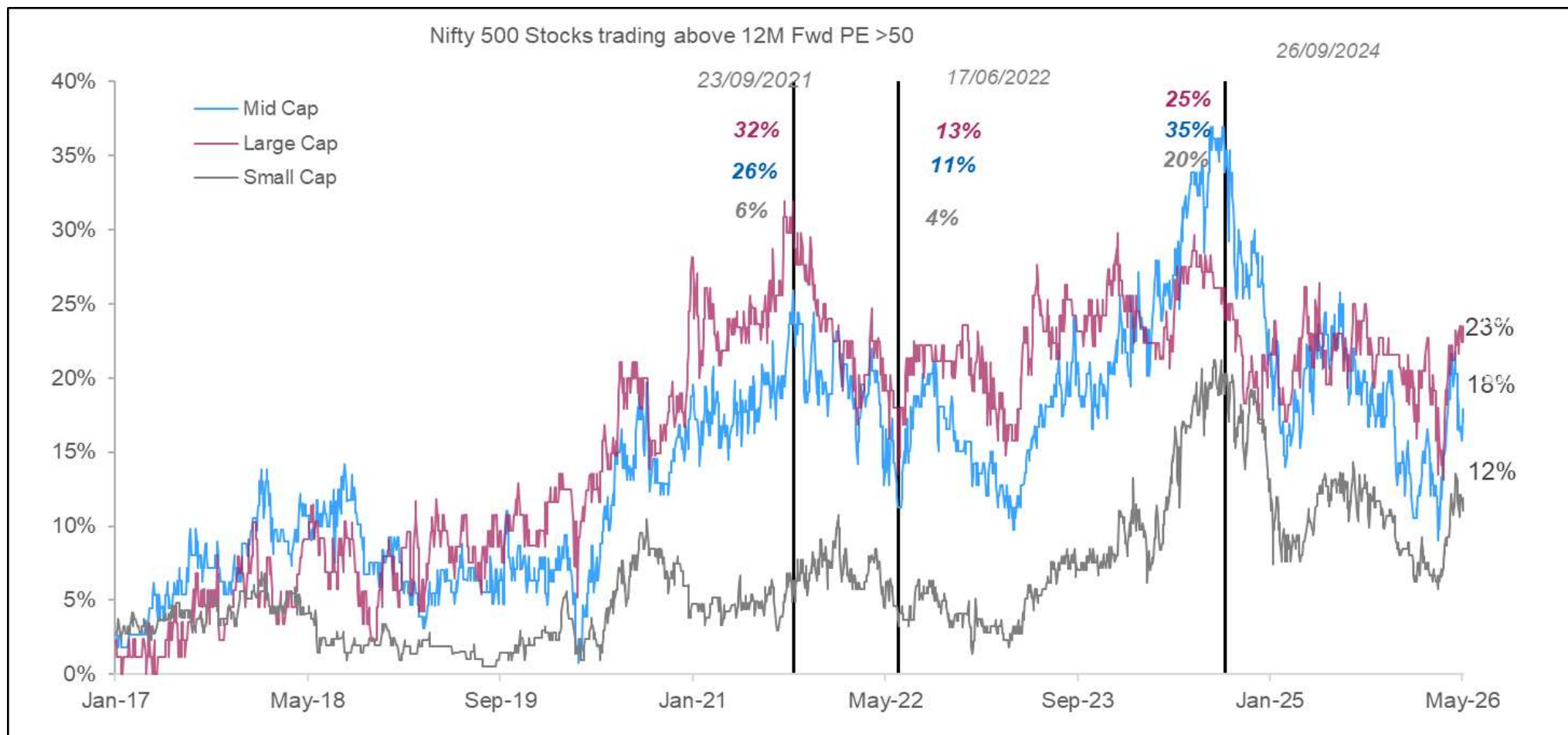
- Non-institutional (Retail) cash turnover is currently sitting at 46%, which is slightly below its long-term average of 51%. The turnover saw a noticeable dip over the last three months, bottoming out recently as retail investors paused during a period of lower-than-expected returns in the broader market and heightened global volatility.
- Retail investor participation will be key monitorable and is expected to improve in the coming months, given that equity is the only asset class that has given a positive return on the longer time frame and outperformed other asset classes.



Source: Bloomberg, Axis Securities

Number of NSE 500 stocks trading above 12M Fwd PE > 50

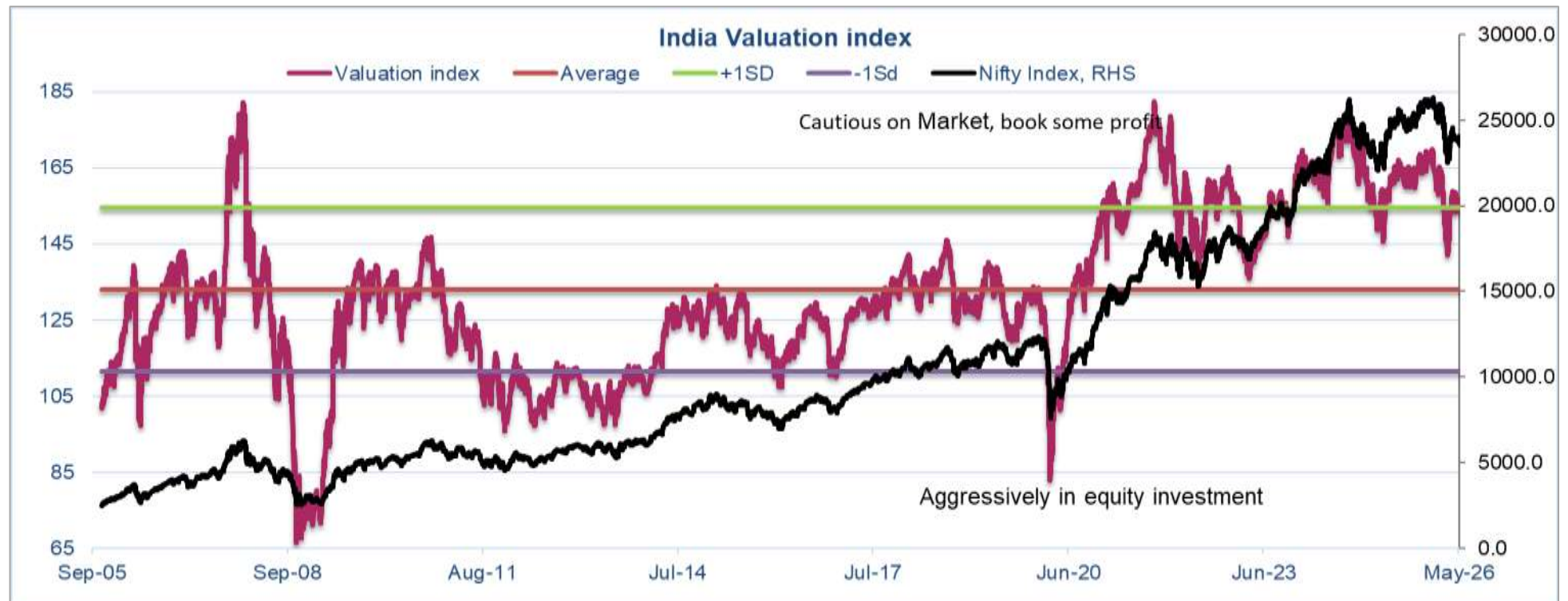
PE compression was observed across the board during the previous FII selling phase between 09/2021 and 06/2022, when total FII outflows exceeded \$34.5 Bn. 12MF P/E of stocks is currently still lower than the Sep'24 levels.



Source: Refinitiv, Axis Securities

India Valuation Index: Rebounded over Last 1 month; Earnings Commentary Remains Critical

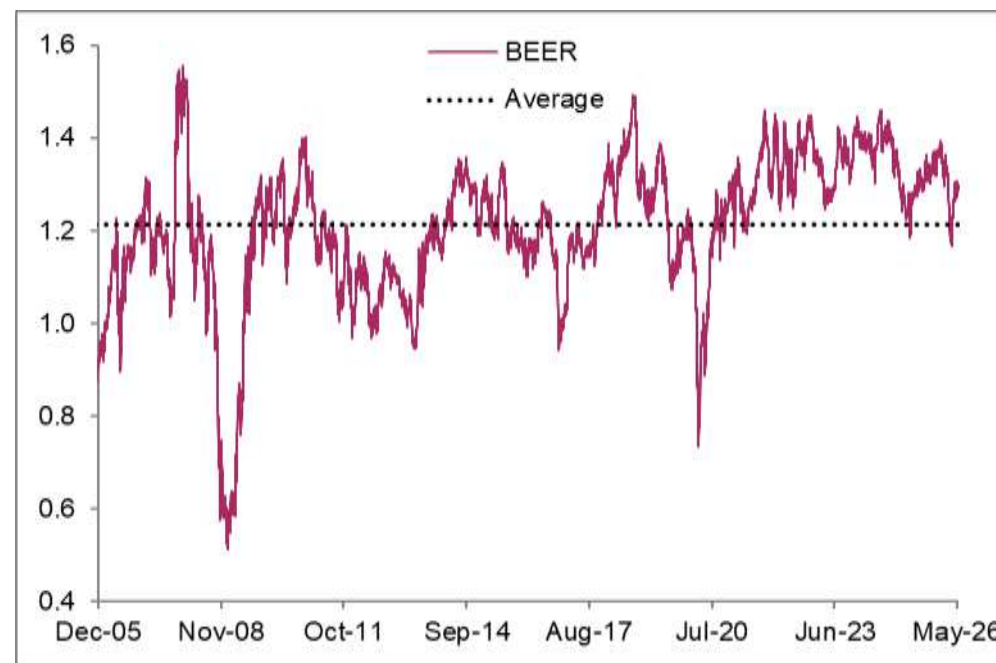
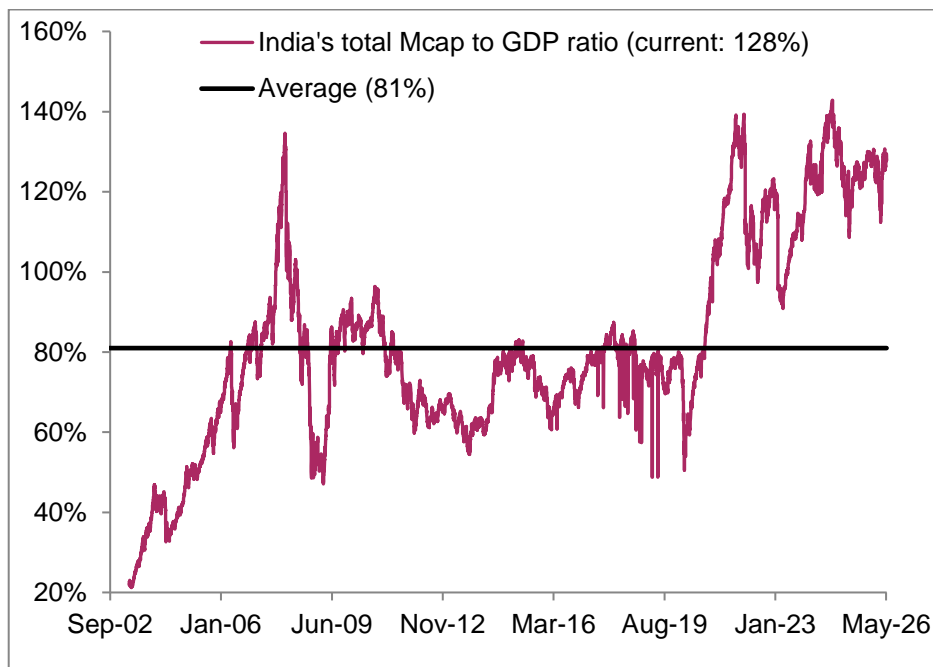
- Market valuation index is currently trading just above the +1stdev line, following a sharp rebound over the last month. Current valuations have rebounded from the trough of late Mar'26 but scope for further re-rating will depend on earnings growth and commentaries. Stock selection and tactical sector rotation will be key to achieving outperformance.
- The calculation of the India Valuation Index is based on four fundamental market parameters (12m fwd PE, 12m fwd PB, Bond Equity Earnings Yield Ratio, and MCAP to GDP Ratio).



Source: Bloomberg, Axis Securities

In terms of Mcap to GDP, India Stands Less Expensive than the US Market

- BEER:** Indian bond yields have increased by 24 bps since 18th Sep'24 (the start of the US Fed's Rate cut cycle) due to recent geopolitical tensions. This is despite the consumption boost, fiscal consolidation in the Union Budget, and rate cuts by the RBI. **The Bond to Equity Earnings Yields ratio is now trading slightly above the long-term average, after a rebound rally over the last month when it went below the LT average.**
- India's Total Market Cap to GDP has rebounded to 128%** from the recent trough of 112% in Mar'26 (still below 143% in Sep'24), though above its long-term average (rebased after the FY26 GDP estimate of Rs 345.47 Tn released by the government on 27th Feb'26). This indicates that the market has now retraced from overvaluation towards fair valuation.
- Historical Perspective:** Historically, similar upward earnings momentum was witnessed in FY10 earnings immediately after the GFC crisis, leading to the Market Cap to GDP ratio of 95-98%. MCAP-to-GDP ratio in the upcoming quarters could come under pressure with the earnings outlook for the upcoming quarters weakening due to a rise in the input costs.

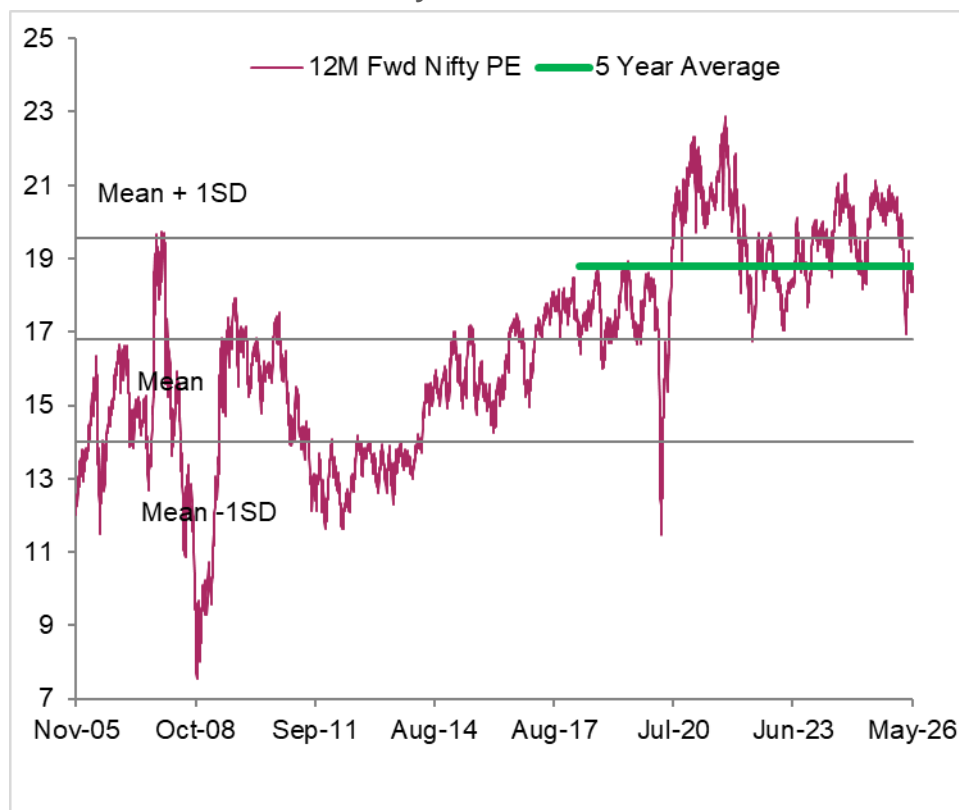


Source: Bloomberg, Axis Securities

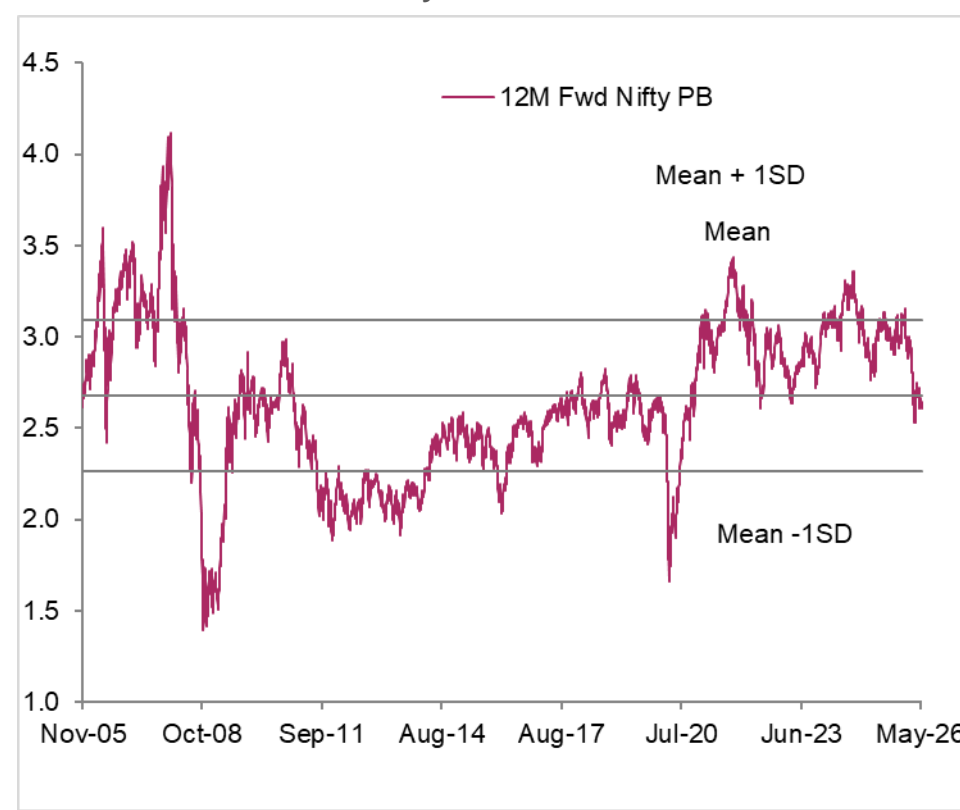
Market Valuation: 12M Fwd PE Now Trading at 18.4x (recovered from 17.3x in Mar'26); still below recent high of 21x

- NIFTY is currently trading at 18.4x on a 12M Fwd PE, which stands above its long-term average of 16.7x. However, it trades inline with the long-term average of a 12M Fwd PB.
- Current valuations although corrected, rerating will be dependent on complete resolution of Iran War and earnings outlook. Style rotation and sector selection are keys to generating alpha.

Nifty 12M Fwd PE



Nifty 12M Fwd PB



Source: Bloomberg, Axis Securities

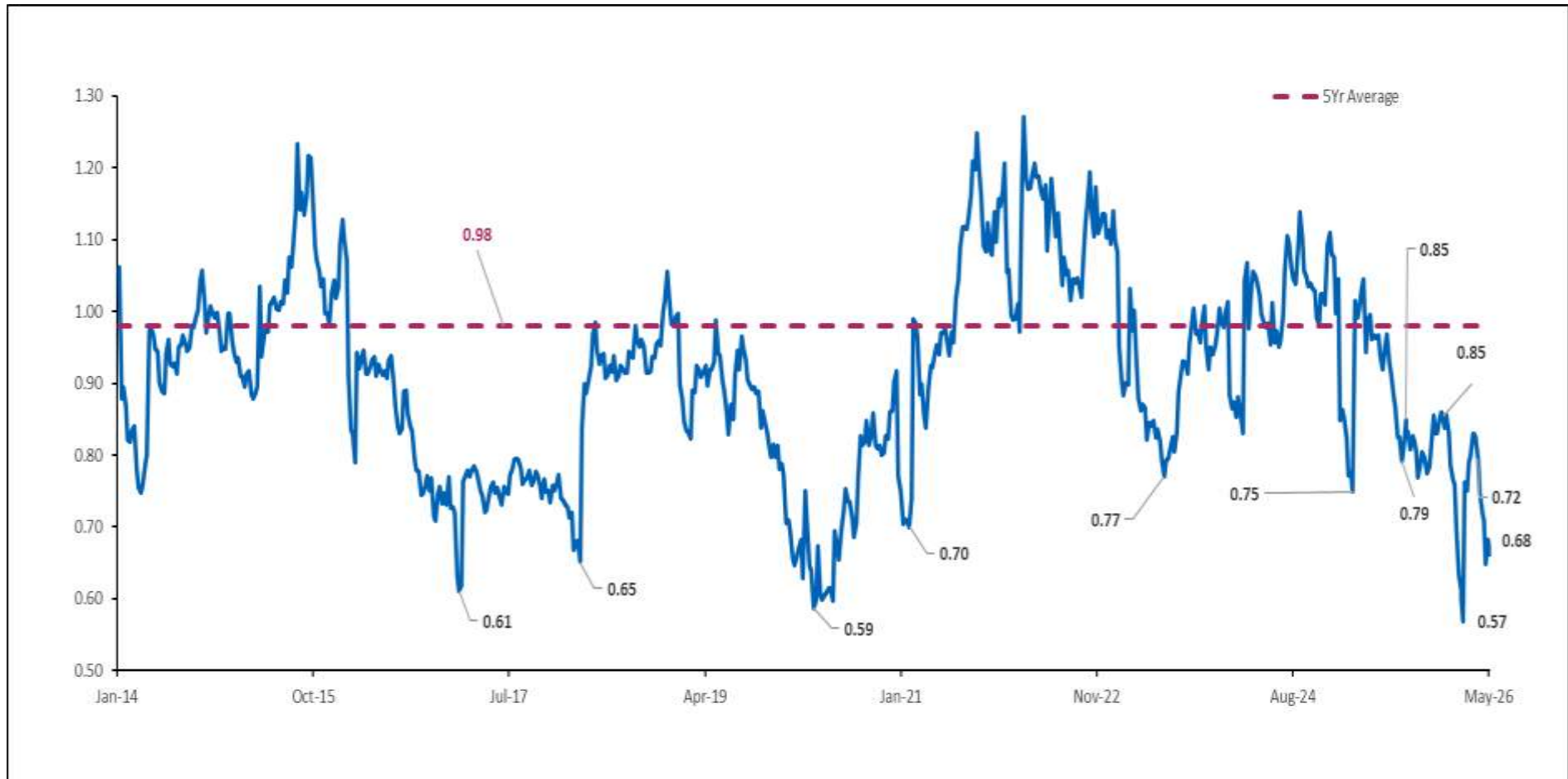
Valuation Correction in The Broader Index

Many sectors are still in the Oversold zone as compared to the Sep'24 levels

	12m fwd PE	Long-term Avg	Valuation as of Sep'24	% down from Sep'24
PSU Banks	7.8	10.0	7.6	3.5%
Pharma	30.8	24.2	30.8	0.0%
Energy	15.2	11.8	15.3	-0.4%
Auto	23.7	19.4	24.8	-4.3%
Infra	21.2	18.9	22.6	-6.5%
Banks	12.5	15.7	14.2	-11.8%
Nifty	18.1	18.3	21.3	-14.9%
Service sec	16.5	18.3	20.6	-20.1%
Metal	12.9	11.3	16.2	-20.6%
Media	19.6	22.4	25.3	-22.6%
FMCG	28.5	33.2	42.8	-33.4%
IT	16.8	20.8	29.2	-42.2%
Realty	25.5	27.0	44.8	-43.1%

Source: Bloomberg, Axis Securities

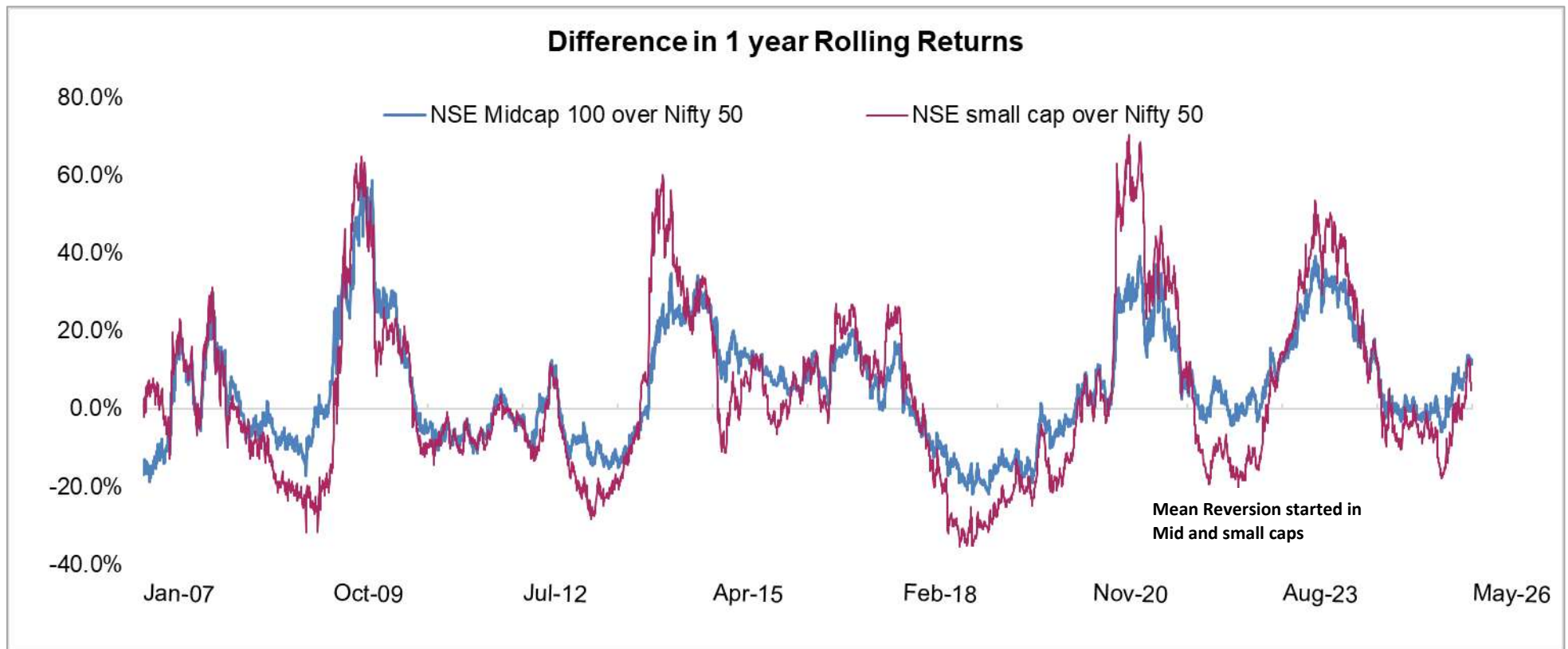
Nifty IT vs NASDAQ 100 - Relative 12M Fwd PE



Source: Bloomberg, Axis Securities

Market is on the verge of Mean reversion in 1-year Rolling Returns

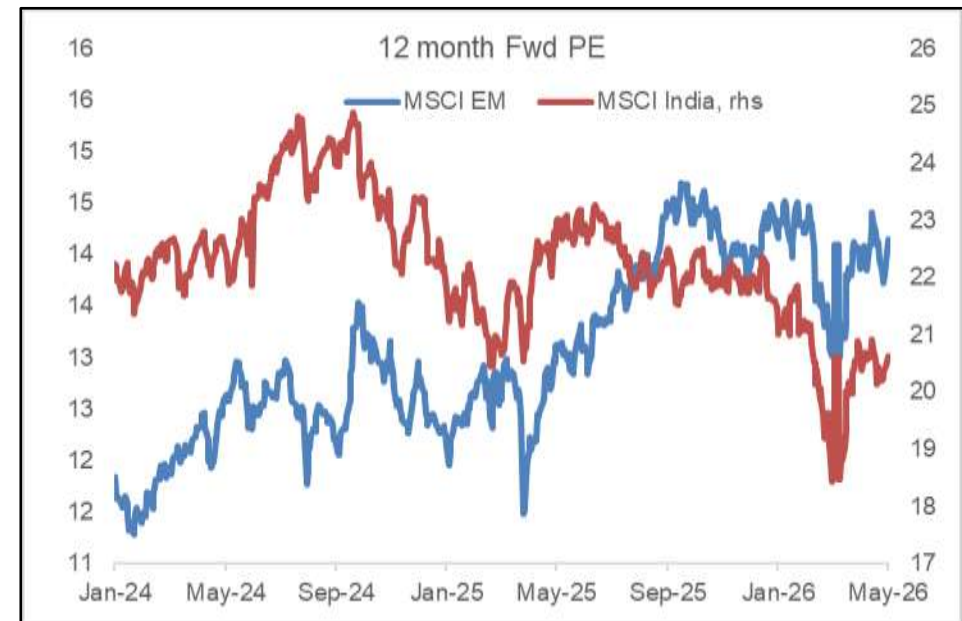
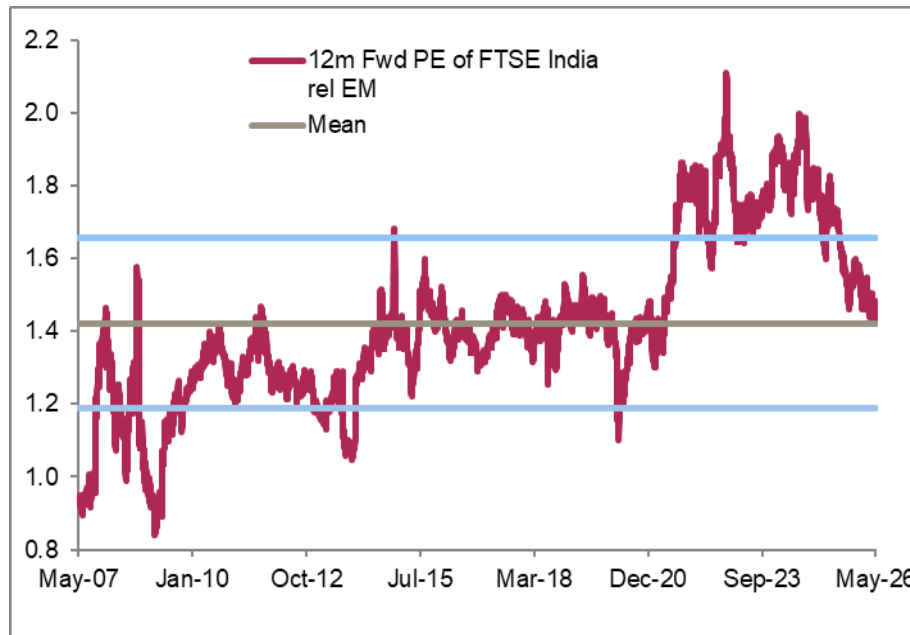
- The broader market is on the verge of mean reversion



Source: Bloomberg, Axis Securities

Market Valuations - On a Relative Basis, India Looks Attractive vs the EM Index

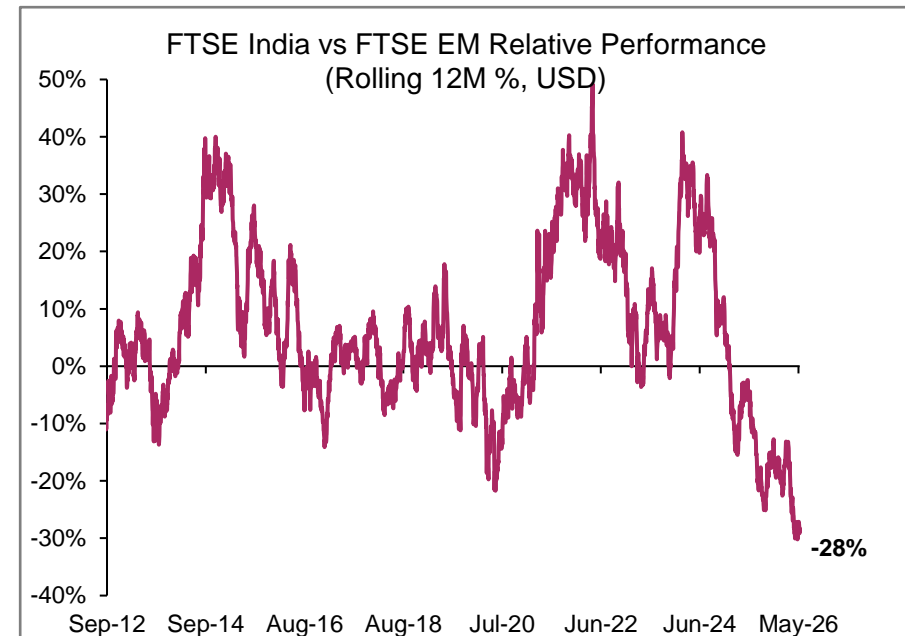
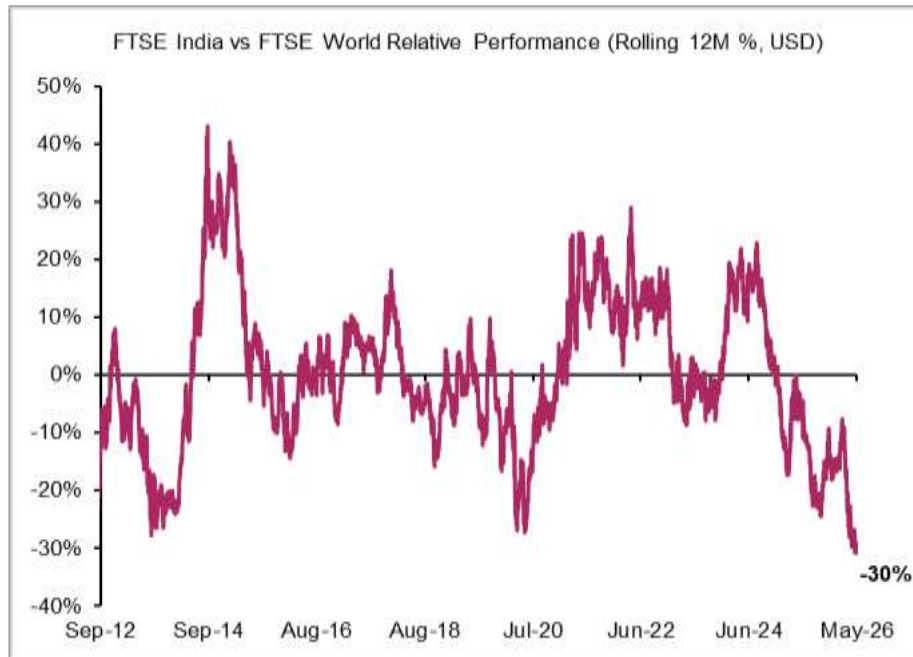
- Benchmark indices have corrected from all-time highs, and so have the valuations. FTSE India is now trading at a PE premium of 46% (48% vs last month) to the EM index (PE) in line with LT average. During Sep'24, the Indian market traded at a 97% PE premium to EM, and now, after the correction, it is trading at a 46% premium, which looks attractive compared to the past.
- We believe the Indian equity market will continue to trade at a higher premium to EM over the next year due to a) Strong economic growth compared to other EM countries, b) A healthy earnings outlook for FY27, c) Sustained demand across sectors, d) A well-capitalized banking sector with improving fundamentals, e) Expectations of a revival in the private Capex cycle, and f) GST 2.0 reforms.



Source: Bloomberg, Axis Securities

India's Standing vs the Emerging Market and World Index

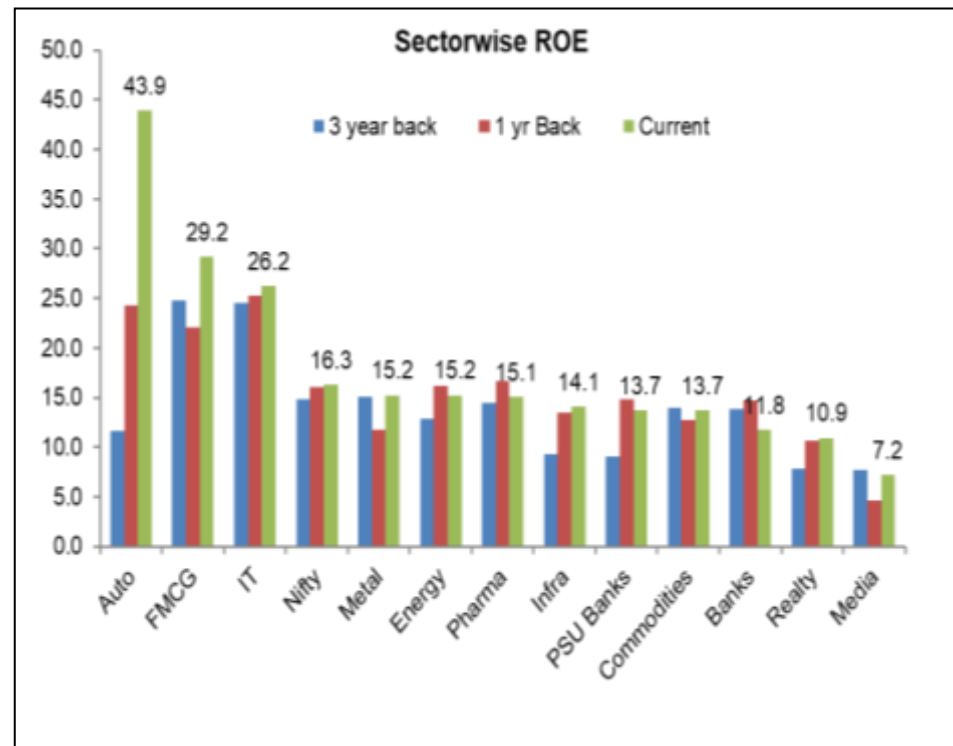
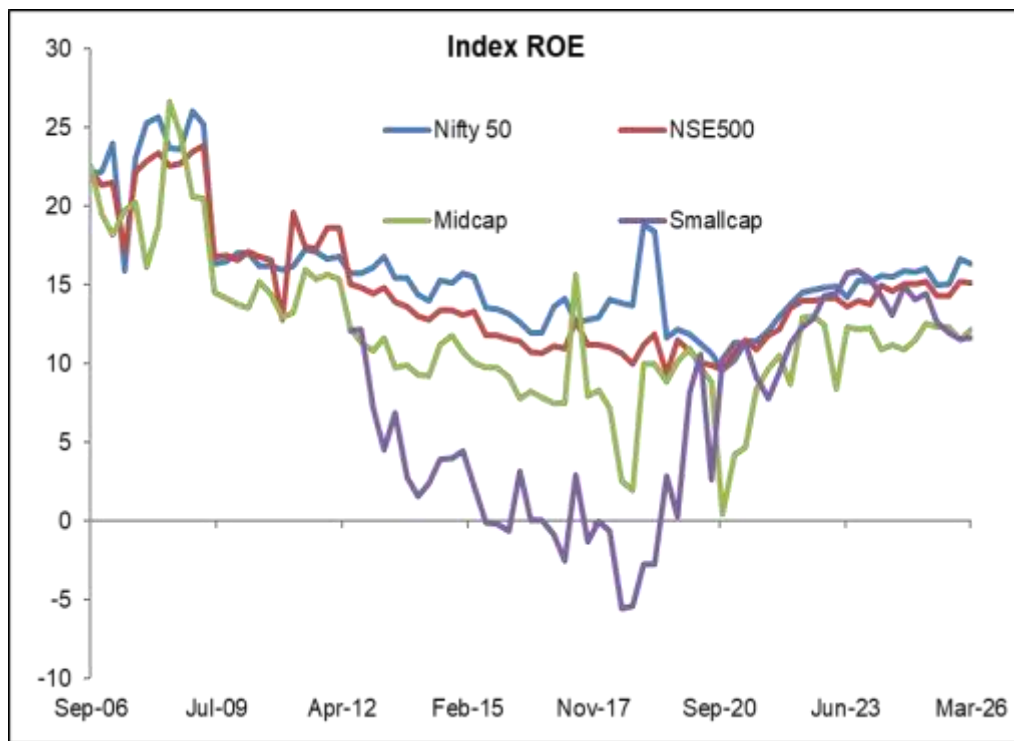
- Relative underperformance of the Indian market has led once again to near all-time low levels vs the world and the emerging markets.
- Earnings recovery, and stable macro policy could lead to mean reversion going forward. Prolonged Crisis in ME will be the key risk.



Source: Bloomberg, Axis Securities

Return Ratios Improving

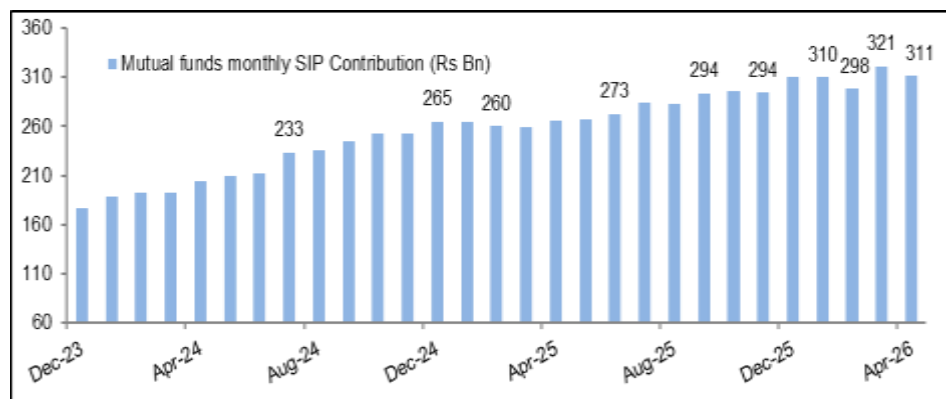
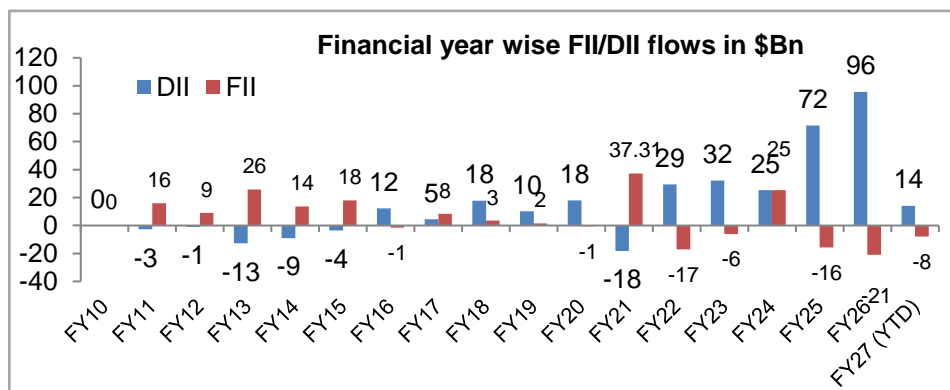
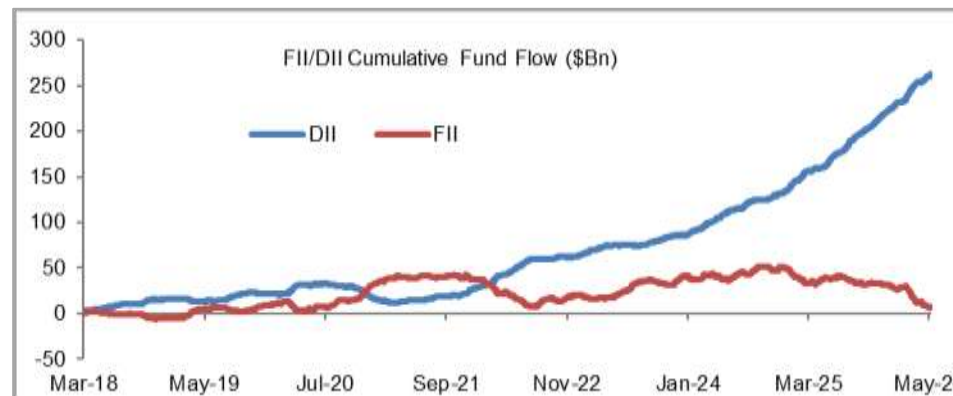
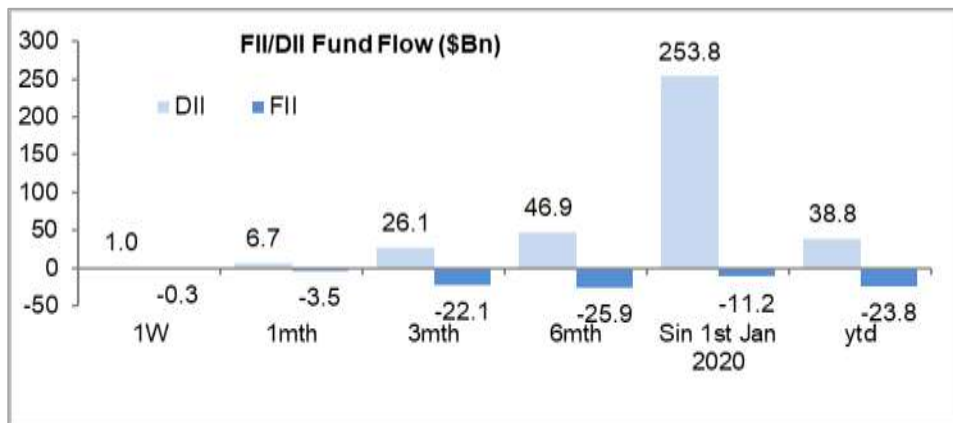
- ROE is improving across the market caps. Smaller stocks, too, have been showcasing a significant improvement.
- Some moderation seen in the ROE of the cyclical sector. However, current ratios are higher than the pre-pandemic levels.
- Significant improvement has been seen in the PSU banks in the last 3 years.
- The Auto and Infra sectors' profitability has improved in the past couple of years based on the positive outlook and premiumisation.



Source: Bloomberg, Axis Securities

FII Selling Seen in FY25 and FY26

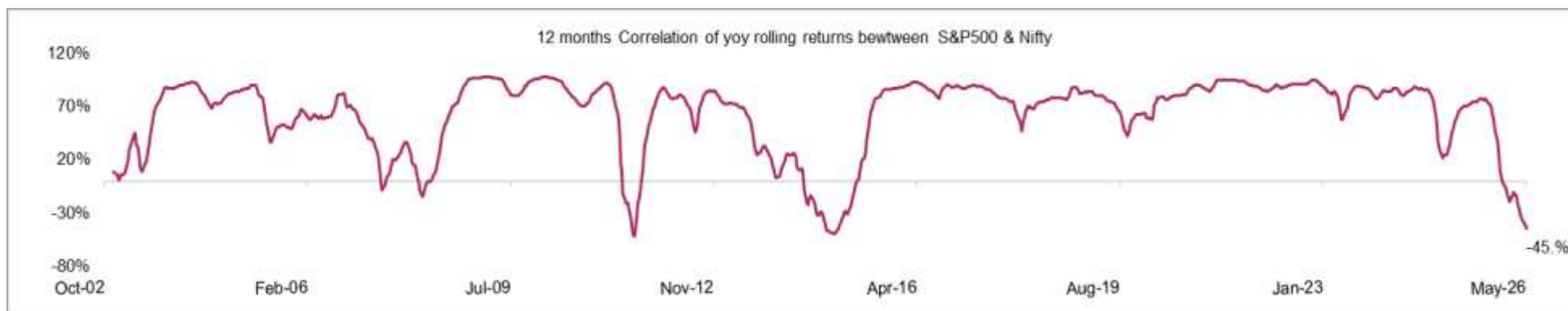
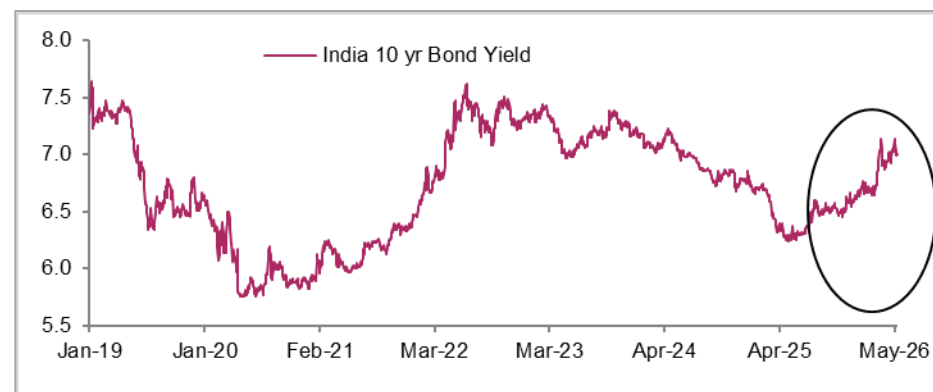
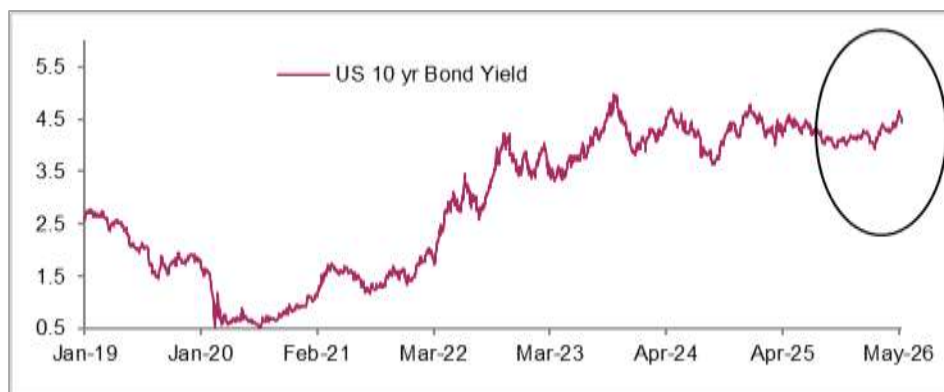
- The Indian market has emerged from the overdependence on the FII flows since FY20. From FY20 till now, DIIs have invested \$254 Bn while FIIs have sold \$11.2 Bn in the Indian market. Even with FII selling, our market remains resilient, and buying has been seen at every level, indicating the improvement in the risk appetite of the domestic investors and confidence in the India story.
- In Apr-May'26 DII buying continued, while FII remained net sellers. Notably, mutual fund SIP contributions in Apr'26 stood at Rs 31,115 Cr (Rs 26,632 Cr in Ap'25) as against Rs 32,087 Cr in Mar'26 and Rs 29,845 Cr in Feb'26.



Source: Bloomberg, Axis Securities

Macro Continues to Drive Near-Term Market Fundamentals

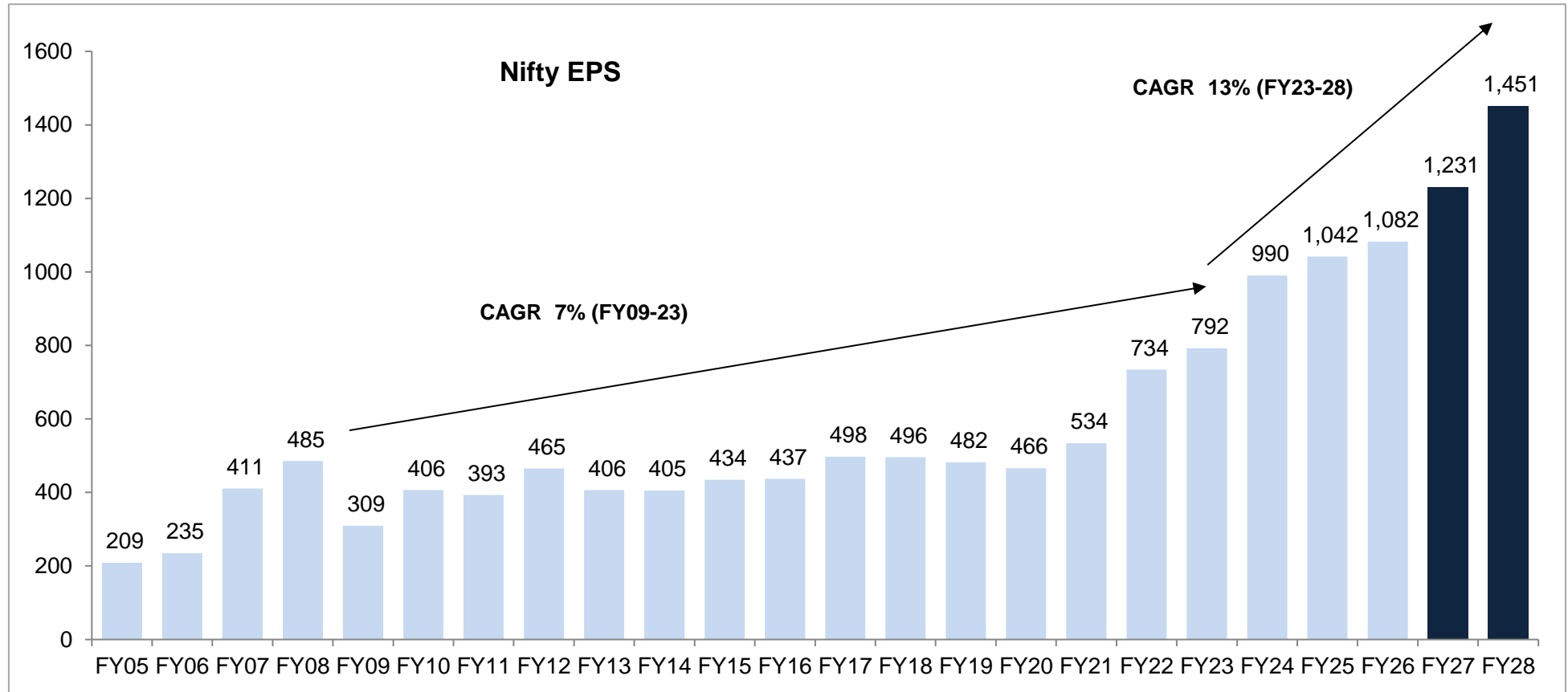
- US bond yields have increased to 4.49% from 4.34% towards the end of Mar'26. **Markets now price in nearly a 41% chance of a Fed rate hike by 25bps by December.**
- Indian bond yields rose from 6.25% in Jun'25 to 7.02% despite a 125 bps rate cut by the RBI in 2025. Middle East war, higher-budgeted borrowings (Rs 17.2 Lc Cr), the RBI's pause and low deposit growth in Banks led to a recent rise in bond yields.
- The correlation between the Indian and US markets continued to be decoupled and stood at -43% levels vs. the historical pattern of 70%.



Source: Bloomberg, Axis Securities

NIFTY EPS Growth Expectation Remains Robust

- Nifty EPS is expected to grow at 13% CAGR over FY23-FY28 vs. 7% CAGR over FY09-FY23.



Cut in FY27 Nifty EPS by 2.8%

- After Q4FY26, we foresee FY27/28 NIFTY Earnings at 1,231/1,451. We have downgraded our FY27 Nifty EPS expectations by -2.8% and keep FY28 expectation largely unchanged. The majority of the downgrades are related to downgrades seen in FMCG, IT, Oil & Gas, Financials & Cement sectors, while upgrades were visible in Metals (continued improvement in Profitability trends), industrials, Auto & Telecom
- Q4FY26 earnings were largely in line with expectations, reflecting improving business momentum. The near-term market outlook remains cautiously constructive despite elevated volatility. Indian equities continue to benefit from structural domestic growth drivers, strong government capex, healthy banking system balance sheets, formalization of the economy, and sustained domestic liquidity inflows. However, investors should remain mindful of rising geopolitical risks, elevated oil prices, monsoon uncertainty and currency volatility.

Nifty EPS Sector	Post Q3FY26		Post Q4FY26		Chg post Q4FY26	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Financial	559	644	547	629	-2.0%	-4.3%
IT	129	137	122	127	-5.7%	-9.1%
Oil & Gas	126	136	125	134	-1.2%	-3.2%
FMCG/Discretionary	78	89	76	89	-2.1%	-1.1%
Power	46	48	45	48	-1.0%	-2.2%
Industrial	73	85	81	96	11.5%	10.8%
Pharma	35	40	34	41	-0.8%	-0.2%
Metals	91	98	112	119	23.0%	18.6%
Automobile	80	96	86	101	7.9%	3.0%
Cement	10	12	9	11	-6.2%	-3.1%
Telecom	41	51	42	54	3.2%	4.2%
Total	1,267	1,447	1,231	1,451	-2.8%	0%

Source: Bloomberg, Axis Securities

The Last 4 Quarters' Rolling Profits for NSE 500 (Sum of the Earnings of the Last 4 Quarters)

A few interesting findings from our study: Sector-wise:

- The last 4 quarters' cumulative net profit reached an all-time high in Q4FY26, crossing the mark of 17.02 Lc Cr.
- NSE 500 earnings grew by 12% YoY, indicating a broad-based recovery in earnings during the quarter. Auto, Metals, Financials, Oil & Gas, and industrials witnessed notable YoY growth, while Staples, Discretionary and Transport witnessed decline.

	Sector-wise Net profit for NSE 500 – Trailing 4 Quarters (In Cr)											QoQ	YoY
	Q2FY20	Q4FY23	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Growth %	Growth %
Auto & Anc	36,212	43,028	68,426	70,977	72,945	73,813	75,509	77,647	84,321	88,623	92,401	4.3%	22.4%
Staples	34,044	49,516	48,309	50,298	49,873	50,775	69,875	70,478	70,070	74,705	61,089	-18.2%	-12.6%
Discretionary	18,283	30,085	30,085	33,752	35,517	37,134	38,828	36,400	29,207	30,731	32,351	5.3%	-16.7%
Financials	85,507	3,87,050	4,91,062	5,12,352	5,32,335	5,55,935	5,67,553	5,79,079	5,97,883	6,16,356	6,32,634	2.6%	11.5%
IT	81,462	1,14,293	1,22,274	1,24,997	1,29,644	1,33,100	1,32,401	1,35,566	1,43,461	1,39,716	1,45,314	4.0%	9.8%
Oil & gas	1,00,204	1,28,660	2,29,182	1,99,877	1,73,186	1,69,965	1,67,660	1,87,145	2,05,215	2,21,240	2,27,699	2.9%	35.8%
Metals & min	58,266	88,438	87,823	91,399	1,01,569	1,00,859	1,11,935	1,16,729	1,19,285	1,23,257	1,47,509	19.7%	31.8%
Industrials	31,188	37,174	48,191	50,923	59,526	60,645	70,638	72,172	82,227	84,937	87,827	3.4%	24.3%
Build Mate	22,387	23,965	36,531	37,477	37,743	45,690	37,098	38,758	46,008	46,897	46,954	0.1%	26.6%
Healthcare	28,133	39,045	50,109	59,490	62,670	64,931	69,323	64,035	67,356	67,755	67,994	0.4%	-1.9%
Utilities	27,165	59,631	74,954	71,391	67,802	68,312	72,397	74,382	76,201	76,250	81,061	6.3%	12.0%
Transport	2,462	4,152	13,326	13,307	12,377	11,988	13,445	12,705	11,014	9,704	4,919	-49.3%	-63.4%
Agri & Chem	12,424	31,842	17,428	16,874	17,128	19,783	23,502	24,661	24,003	23,692	22,240	-6.1%	-5.4%
Tele & Media	-19,015	12,474	15,212	18,160	22,784	38,279	50,953	52,344	52,597	41,866	38,724	-7.5%	-24.0%
Others	12,486	16,661	16,277	23,158	29,535	26,194	13,991	12,780	12,984	17,884	14,150	-20.9%	1.1%
Total	5,31,208	10,66,015	13,52,675	13,74,433	14,04,634	14,57,405	15,15,109	15,54,882	16,21,832	16,63,611	17,02,866	2.4%	12.4%
Ex Oil and Gas	4,31,004	9,37,354	11,23,493	11,74,556	12,31,448	12,87,440	13,47,448	13,67,737	14,16,617	14,42,371	14,75,167		
Total Growth		2%	3%	2%	2%	4%	4%	3%	4%	3%	2%		
Growth ex Oil and Gas		8%	4%	5%	5%	5%	5%	2%	4%	2%	2%		

Source: Bloomberg, Axis Securities, Note: Tata Motors, IRB and Vodafone are not included in the study.

Q4FY26 Earnings: Performance Largely Inline but Commentary Cautious

- 78% of Nifty 50 companies either beat or were in line with the revenue expectations, while 68% were either in line or beat the earnings expectations. Management highlighted the margin pressures due to rising input costs (especially fuel, logistics, and commodities), Demand is resilient but commentary was cautious on the back of geopolitical tensions.

Nifty Q4FY26 Results Out	Earnings			EBITDA			Revenue		
	BEAT	INLINE	MISS	BEAT	INLINE	MISS	BEAT	INLINE	MISS
50	25	9	16	22	13	11	15	25	10

Source: Bloomberg, Axis Securities

BAJAJ FINANCE – PRIORITISING ASSET QUALITY OVER GROWTH

Bajaj Finance (BAF) is one of India's largest NBFCs for consumer finance with a wide product portfolio comprising loans for two-wheelers, consumer durables, housing, and small businesses, among others. The company operates its business through 1,550+ urban and 2,600+ rural lending branches, with over 2.3+ Lc distribution points and caters to a customer base of 100+ Mn.

Key Rationale

- **Asset quality: Entering a Favourable Phase.** In Q4, BAF witnessed a sequential improvement in asset quality. Vintage credit performance across 3MOB, 6MOB and 9MOB continues to reflect significant improvement, indicating improved underwriting outcomes. Asset quality improvement would be supported by the winding down of the captive finance book and normalisation in the MSME segment. Resultantly, **credit costs are expected to trend downwards and range between 1.45-1.6% in FY26 and are contingent on the gradual easing of geopolitical uncertainties.** However, the management indicated that FY27 credit costs guidance includes a certain level of conservatism, considering the macro uncertainty. The management highlighted that **ECL provisioning is driven by a bottom-up, product-level assessment done on a quarterly basis, ensuring closer alignment with evolving portfolio risks.** BAF has continued to strengthen its PCR across Stage 1/Stage2, reflecting a consciously conservative stance.
- **Broad-Based Growth Momentum with Emerging Segment Driving Growth:** In Q4, BAF's AUM growth was broad-based, albeit temporarily moderated by conscious portfolio recalibration in captive 2-Wheeler financing (expected to be wound down to Rs 1,500 Cr by FY27) and MSME (growth slowed to 6% vs historical range of 20-25%). However, **the worst for the MSME portfolio is largely behind, and the management remains confident of resuming double-digit growth in this segment from Q2/Q3FY27 onwards.** Incrementally, AUM growth will be driven by newer segments – CV, Tractors and Gold. The newer segment contributed to ~3.5% of AUM growth in FY26 and is expected to scale further on a favourable base. The Gold portfolio is expected to continue to have strong growth momentum, supported by doubling the distribution network for gold loans, and is expected to contribute ~5% of the portfolio mix vs ~3.5% presently.

The management has guided to add 15-17 Mn customers during FY27 and expects AUM growth to remain healthy at 22-24% in FY27, mainly aided by new businesses launched in the last few years.

- **RoA Improvement Underway:** BAF has guided for RoA to range between 4.4% and 4.6% in FY27, supported by improving operating leverage and lower credit costs. The management is confident of delivering RoA in the guided range even in the absence of NIM improvement opportunities. The management has guided Opex-to-NTI to improve by 25-40bps going into FY27, led by scale benefits and AI-led efficiency. The management highlighted that AI-led call centre agent costs ~1/3rd of human call centre agents and will remain a key cost ratio improvement driver. BAF remains confident of earnings growth outpacing balance sheet growth in FY27.
- **Outlook & Valuation:** BAF is entering a phase of improved growth and earnings, with AUM growth seen at 22-24% underpinned by normalisation in MSME, winding down of the captive book, continued market share gains (~2x system growth), and strong momentum in emerging segments such as Gold, CV, 2-wheelers and tractors. Asset quality tailwinds, led by captive run-down and calibrated underwriting, are expected to drive credit costs lower. Importantly, the ongoing FINAI transformation creates a multi-year runway for productivity gains and scalability. Profitability is poised to sustain, with operating leverage and AI-led efficiencies driving cost ratios lower. We expect BAF to register a strong AUM/NII/Earnings growth of 24/22/27% CAGR over FY26-28E while delivering an RoA of 4.4-4.5% over FY27-28E. **BAF continues to reinforce its positioning as a high-quality compounding franchise, underpinned by strong execution, healthy, sustained growth delivery drivers, and a strong return ratio profile.**
- **Key Risks:** a) Slowdown in credit growth momentum, b) Asset Quality challenges in newer segments

Industry view



Over Weight

CMP
908

Target Price
1,160

Upside
28%

Key Financials (Consolidated)

Y/E Mar (Rs Bn)	NII (Rs Bn)	PPOP (Rs Bn)	PAT (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY25	364	292	168	27.0	156.6	5.8	4.5	0.4
FY26	441	355	193	31.1	184.8	4.9	4.2	0.4
FY27E	534	430	253	40.7	217.2	4.2	4.5	0.4
FY28E	656	532	313	50.3	257.2	3.5	4.5	0.4

Source: Company, Axis Securities

Income Statement (Rs Bn)

Y/E March	FY25	FY26	FY27E	FY28E
Net Interest Income	364	441	534	656
Other Income	77	92	108	127
Total Income	441	533	642	784
Total Operating Expense	149	178	212	252
PPOP	292	355	430	532
Provisions & Contingencies	71	95	92	114
PBT	220	260	338	418
Provision for Tax	53	65	85	105
PAT	168	193	253	313

Source: Company, Axis Research

Balance Sheet (Rs Bn)

Y/E March	FY25	FY26	FY27E	FY28E
SOURCES OF FUNDS				
Share capital	1	6	6	6
Reserves and Surplus	988	1164	1371	1628
Shareholders' funds	989	1170	1377	1634
Borrowings	3612	4351	5508	6861
Other Liabilities and provisions	714	685	840	1046
Total liabilities	59	79	98	121
	4661	5600	6984	8616
APPLICATION OF FUNDS				
Cash & Bank Balance	135	158	197	242
Investments	344	306	374	462
Advances	4078	4989	6181	7633
Fixed Assets & Other Assets	103	147	232	279
Total assets	4661	5600	6984	8616

Source: Company, Axis Research

Valuation Ratios (%)

Y/E March	FY25	FY26	FY27E	FY28E
EPS	2.7	31.1	40.7	50.3
Earnings growth (%)	15.6	1,050.3	30.9	23.6
BVPS	159.4	188.1	221.5	262.8
Adj. BVPS	156.6	184.8	217.2	257.2
ROAA (%)	4.5	4.2	4.5	4.5
ROAE (%)	18.8	18.1	19.9	20.8
P/E (x)	336.0	29.2	22.3	18.1
P/ABV (x)	5.8	4.9	4.2	3.5
Dividend Yield (%)	0.4	0.6	0.8	1.0

PROFITABILITY & OPERATING EFFICIENCY

NIM (%)	8.8	8.8	8.7	8.7
Cost/Avg. Asset Ratio (%)	3.5	3.5	3.4	3.2
Cost-Income Ratio (%)	33.9	33.3	33.0	32.1

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E March	FY25	FY26	FY27E	FY28E
Loan Growth (%)	25.9	21.6	23.9	23.5
Borrowings Growth (%)	23.1	20.4	26.6	24.6
Equity/Assets (%)	24.3	23.4	22.3	21.4
Equity/Advances (%)	21.2	20.9	19.7	19.0
Total Capital Adequacy Ratio	21.9	21.6	20.6	19.6

ASSET QUALITY

Gross NPLs (Rs Bn)	37	51	66	85
Net NPLs (Rs Bn)	17	21	27	34
Gross NPLs (%)	0.9	1.0	1.1	1.1
Net NPLs (%)	0.4	0.4	0.4	0.4
Coverage Ratio (%)	53.7	59.7	60.0	60.0
Provision/Avg. Loans (%)	1.9	2.1	1.7	1.7

ROAA TREE

Net Interest Income	8.6	8.6	8.5	8.4
Non-Interest Income	1.8	1.8	1.7	1.6
Operating Cost	3.5	3.5	3.4	3.2
Provisions	1.7	1.8	1.5	1.5
Tax	1.3	1.3	1.4	1.4
ROAA	3.9	3.8	4.0	4.0
Leverage (x)	4.8	4.8	4.9	5.2
ROAE	18.8	18.1	19.9	20.8

Source: Company, Axis Research

Varun Beverages – Geared For Growth

VBL is a key player in the global beverage industry and the second-largest franchisee of PepsiCo worldwide (outside the US), with operations across 10 countries under franchise rights and an additional 4 countries under distribution rights. The company contributes ~90% of PepsiCo's beverage sales volume in India, which remains its largest market, accounting for ~73% of net revenues in CY24. VBL holds franchise rights for PepsiCo products in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini and DRC, along with distribution rights in Namibia, Botswana, Mozambique, and Madagascar.

Key Rationale

- Consistent top/bottom line performance:** In Q1CY26, consolidated volumes grew 16.3% YoY to 363 Mn cases, driven by India (+14.4%) and international markets (+21.4%). Domestic demand remained strong, supported by distribution reach, execution, and capacity investments. Growth initiatives included pack upsizing, targeted price-point launches, and new products in the energy and juice segments. India's realisation per case declined by 1.5% due to these strategies, while consolidated realisation rose 1.6%, aided by better international pricing and favourable currency.
- International operations continued to scale steadily, led by Africa, with volumes growing 21.4% in Q1CY26,** supported by healthy growth in South Africa driven by deeper general trade expansion. The company also expanded its product portfolio, with the snacks business in Morocco ramping up well, while snack distribution in Zimbabwe and Zambia gained traction. Ongoing Visi-cooler additions, backward integration, and capacity enhancements strengthened supply-chain efficiency and cost competitiveness. In South Africa, the acquisition of Twizza has been fully completed, and the company has agreed to acquire Crickley Dairy via BevCo. Further, focus remains on scaling snacks and deepening presence in high-growth markets.
- Beer Pilot Adds a New Growth Lever:** VBL entered the beer and alcoholic beverages market through a strategic exclusive distribution agreement with Carlsberg to test market and sell beer in select African subsidiaries. The low-capex, test-and-learn approach supports portfolio diversification and strengthens presence in key growth markets.
- VBL strengthens ties with PepsiCo till 2049:** Varun Beverages has extended its exclusive PepsiCo India bottling agreement by another 10 years till 2049. PepsiCo has also removed restrictions that earlier limited VBL to only Pepsi-related operations, giving the company greater business flexibility and long-term growth potential. VBL continues to expand aggressively across India and global markets, backed by strong demand for soft drinks and energy beverages.
- Outlook:** VBL is poised to maintain its strong growth trajectory, driven by multiple levers: 1) Strengthening foot fold in South Africa with acquisition of Twizza and Crickley; 2) Expansion of its snacks portfolio beyond India, particularly in Zimbabwe and Zambia; 3) Continued efforts to enhance distribution reach with a focus on rural penetration; 4) Ongoing distribution expansion and adequate capacity position the company well to sustain growth; 5) Ongoing expansion of the high-margin Sting energy drink (launched Sting Classic – Gold & Black & Sting in Cans), along with a sharper focus on value-added dairy, sports drinks (Gatorade), and juice categories; and 6) Entry into alcoholic beverages. These strategic initiatives are set to support sustained revenue and margin expansion. We expect revenue/EBITDA/PAT to grow at 23%/26%/30% CAGR over CY25-28E.

Industry view



Equal Weight

CMP
528

Target Price
630

Upside
19%

Key Financials (Consolidated)

Y/E Dec (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
CY25	21,685	5,049	3,036	9.0	58.2	35.4	15.7	16.1
CY26E	26,215	6,421	4,056	12.0	44.0	27.3	17.8	17.9
CY27E	32,481	8,071	5,271	15.6	33.9	21.3	19.4	19.9
CY28E	40,243	10,116	6,788	20.0	26.0	17.0	20.0	21.0

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E DEC	CY25	CY26E	CY27E	CY28E
Net sales	21,685	26,215	32,481	40,243
Growth, %	11.5	20.9	23.9	23.9
Other operating income	-	619	681	749
Total income	21,685	26,834	33,161	40,992
Raw material expenses	(9,715)	(11,950)	(14,698)	(18,079)
Employee expenses	(2,201)	(2,894)	(3,820)	(5,042)
Other Operating expenses	(4,720)	(5,569)	(6,572)	(7,755)
EBITDA (Core)	5,049	6,421	8,071	10,116
Growth, %	7.2	27.2	25.7	25.3
Margin, %	23.3	24.5	24.8	25.1
Depreciation	(1,216)	(1,160)	(1,235)	(1,310)
EBIT	3,833	5,261	6,836	8,806
Growth, %	1.8	37.2	29.9	28.8
Margin, %	17.7	20.1	21.0	21.9
Other Income	352	133	144	156
Non-recurring Items	-	-	-	-
Pre-tax profit	4,016	5,309	6,899	8,885
Tax provided	(948)	(1,253)	(1,628)	(2,097)
Net Profit	3,068	4,056	5,271	6,788
Unadj. shares (Cr)	338	338	338	338

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E DEC	CY25	CY26E	CY27E	CY28E
Cash & bank	1,998	5,077	8,619	13,604
Debtors	1,249	718	890	1,103
Inventory	2,952	3,568	4,421	5,478
Loans & advances	1,178	1,178	1,178	1,178
Other current assets	512	512	512	512
Total current assets	7,889	11,054	15,620	21,875
Investments	11	11	11	11
Gross fixed assets	23,768	25,268	26,768	28,268
Less: Depreciation	(6,841)	(8,001)	(9,236)	(10,546)
Add: Capital WIP	266	266	266	266
Net fixed assets	17,193	17,533	17,798	17,988
Non-current assets	302	302	302	302
Total assets	25,559	29,063	33,894	40,339
Current liabilities	4,067	4,360	4,765	5,266
Provisions	190	190	190	190
Total current liabilities	4,257	4,550	4,955	5,457
Non-current liabilities	1,560	1,560	1,560	1,560
Total liabilities	5,817	6,110	6,515	7,016
Paid-up capital	676	676	676	676
Reserves & surplus	18,902	22,114	26,540	32,483
Shareholders' equity	19,741	22,952	27,378	33,322
Total equity & liabilities	25,559	29,063	33,894	40,339

Source: Company, Axis Research

Cash Flow	(Rs Cr)			
	CY25	CY26E	CY27E	CY28E
Pre-tax profit	4,016	5,309	6,899	8,885
Depreciation	1,216	1,160	1,235	1,310
Chg in working capital	(703)	207	(620)	(768)
Total tax paid	(821)	(1,253)	(1,628)	(2,097)
Cash flow from operating activities	3,708	5,423	5,887	7,331
Capital expenditure	(3,788)	(1,500)	(1,500)	(1,500)
Change in marketable securities	-	-	-	-
Cash flow from investing activities	(3,793)	(1,500)	(1,500)	(1,500)
Free cash flow	(85)	3,923	4,387	5,831
Equity raised/(repaid)	-	-	-	-
Dividend (incl. tax)	(227)	(845)	(845)	(845)
Cash flow from financing activities	(495)	(845)	(845)	(845)
Net chg in cash	(580)	3,078	3,542	4,986
Opening cash balance	2,450	1,998	5,077	8,619
Closing cash balance	1,998	5,077	8,619	13,604

Source: Company, Axis Research

Ratio Analysis	(%)			
	CY25	CY26E	CY27E	CY28E
Key Ratios				
Per Share data				
EPS (INR)	9.0	12.0	15.6	20.1
Growth, %	16.4	32.2	30.0	28.8
Book NAV/share (INR)	57.9	67.4	80.5	98.1
FDEPS (INR)	9.1	12.0	15.6	20.1
CEPS (INR)	12.7	15.4	19.2	24.0
CFPS (INR)	9.5	15.7	17.0	21.2
DPS (INR)	0.7	2.5	2.5	2.5
Return ratios				
Return on assets (%)	13.3	15.2	17.0	18.5
Return on equity (%)	15.7	17.8	19.4	20.5
Return on capital employed (%)	16.1	17.9	19.9	21.4
Turnover ratios				
Asset turnover (x)	1.2	1.3	1.6	1.8
Receivable days	21.0	10.0	10.0	10.0
Inventory days	49.7	49.7	49.7	49.7
Payable days	30.7	30.3	30.5	30.7
Working capital days	30.7	22.5	25.1	27.2
Liquidity ratios				
Current ratio (x)	1.9	2.5	3.3	4.2
Quick ratio (x)	1.2	1.7	2.4	3.1
Interest cover (x)	22.6	62.0	84.9	115.1
Total debt/Equity (%)	0.1	0.1	0.1	0.1
Net debt/Equity (%)	(0.1)	(0.3)	(0.4)	(0.5)
Valuation				
PER (x)	58.2	44.0	33.9	26.3
PEG (x) - y-o-y growth	3.5	1.4	1.1	0.9
Price/Book (x)	9.1	7.8	6.6	5.4
EV/Net sales (x)	8.2	6.7	5.3	4.1
EV/EBITDA (x)	35.4	27.3	21.3	16.5

Source: Company, Axis Research

KOTAK MAHINDRA BANK LTD – POISED FOR SUSTAINED, HIGH-QUALITY GROWTH AND RoA IMPROVEMENT

Kotak Mahindra Bank (KMB) is one of India’s leading diversified financial services groups, offering a broad range of solutions across customer segments and geographies. Through its subsidiaries, the bank operates in investment banking, equity broking, securities-backed lending, and vehicle financing. It serves retail customers (including salaried and self-employed), small businesses, NRIs, institutions, and government entities, supported by a strong focus on convenience, innovation, and digital-first offerings.

Industry view



Equal weight

CMP
384

Target Price
500

Upside
30%

Key Rationale

- Unsecured Book Stress Behind; Credit Costs Outlook Stable:** In Q4, a sharp decline in slippages and credit costs was the highlight. Slippages decline was aided by improved collection efficiency (CE) across CV, MFI, and credit cards. The secured book continues to exhibit near-negligible delinquencies. The management clarified that there were no one-time corporate lumpy recoveries in Q4, and the entire asset quality improvement was driven by better collections in retail accounts. Moreover, the **peak of the unsecured stress is now behind, with improving trends expected to sustain.** While the impact of the West Asia conflict has so far not been reflected in the bank’s asset quality metrics, **as a proactive measure, KMB has applied tighter underwriting across the bottom-end unsecured spectrum.** Thus, looking into FY27, the credit costs outlook appears favourable as the unsecured portfolio stress continues to normalise, with the credit cost trajectory improving. The **ECL transition is expected to have a one-time impact of <2% on net worth, and as per the bank’s calculation, the impact on steady-state credit costs is not expected to be material.**
- Building Blocks in Place; Fee Income Trajectory to Improve:** KMB’s fee income was weighed down by lower credit card traction as it remained flat post the lifting of the embargo. The management indicated that the bank has undertaken a comprehensive restack of the credit card portfolio, which is largely complete. Thus, **acceleration in card acquisitions and spends growth is expected to drive healthy fee income.** Moreover, **cross-selling of the subsidiary products through the bank** should further support fee income growth.
- NIMs to Remain Range-bound With A Slight Negative Bias:** In Q4, NIMs surprised positively, expanding 13bps QoQ; however were benefited by the day convention and core NIMs remained flat QoQ at 4.54%. Going into FY27, **the trajectory is expected to remain soft with margins remaining range-bound and moving with a slight negative bias, though quantum is expected to be less sharp.** The bank has taken a TD rate hike in order to target multiple customer segments and strategically lock in longer-tenor deposits. The increased TD rates are skewed towards longer durations, and thus the implied increase in CoF would be more pronounced in H2FY27. Going ahead, NIM compression is expected to be more gradual and largely offset by the improving pace of unsecured portfolios and focus on low-cost CASA mobilisation. We expect NIMs to remain steady at 4.6% (+/-5bps) over FY27-28E.
- Outlook & Valuation:** KMB enters FY27 with the credit cycle having demonstrably turned, thereby supporting credit cost normalisation, cost efficiency gains driving opex ratio improvement, and building blocks in place towards a stronger fee income profile, which would collectively aid RoA improvement to 2.0-2.1% over FY27-28E, in the absence of NIM improvement levers. **We believe current valuations are attractive, given a healthy earnings growth trajectory of ~21% CAGR over FY26-28E and sustained RoA delivery of 2+%.**
- Key risks:** a) Slowdown in overall credit momentum, which could potentially derail the bank’s earnings, b) Focus on unsecured growth may improve margins but could pressure asset quality.

Key Financials (Standalone)

Y/E Mar	NII (Rs Bn)	PPOP (Rs Bn)	Net Profit (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY25	283	210	165	16.5	116.6	3.3	2.1	0.3
FY26	300	221	140	14.1	134.8	2.9	1.9	0.3
FY27E	340	259	166	16.7	150.7	2.5	2.0	0.2
FY28E	400	319	204	20.5	170.1	2.3	2.1	0.2

Source: Company, Axis Securities.

Profit & Loss		(Rs Bn)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
Net Interest Income	283	300	340	400	
Other Income	114	116	139	165	
Total Income	398	416	478	564	
Total Operating Exp.	188	196	219	246	
PPOP	210	221	259	319	
Provisions & Contingencies	29	35	38	47	
Exceptional Items	35	0	0	0	
PBT	216	186	221	272	
Provision for Tax	51	46	55	68	
PAT	165	140	166	204	

Source: Company, Axis Research

Balance Sheet		(Rs Bn)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	10	10	10	10	
Reserves and Surplus	1,162	1,342	1,502	1,697	
Shareholders' funds	1,172	1,353	1,513	1,709	
Deposits	4,991	5,725	6,660	7,765	
Borrowings	484	325	464	613	
Other Liabilities, provisions	289	428	451	526	
Total liabilities	6,936	7,830	9,088	10,613	
APPLICATION OF FUNDS					
Cash & Bank Balance	658	841	873	1,017	
Investments	1,819	1,725	2,134	2,488	
Advances	4,269	4,960	5,765	6,739	
Fixed Assets & Other Assets	190	304	316	369	
Total assets	6,936	7,830	9,088	10,613	

Source: Company, Axis Research

KEY RATIOS				(%)
Y/E MAR	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
EPS	16.5	14.1	16.7	20.5
Change (%)	19.3	-14.9	18.5	22.7
BVPS	117.9	136.0	152.1	171.8
Adj. BVPS	116.6	134.8	150.7	170.1
ROAA (%)	2.1	1.9	2.0	2.1
ROAE (%)	12.6	11.0	11.6	12.6
P/E (x)	23.2	27.3	23.0	18.8
P/ABV (x)	3.3	2.9	2.5	2.3
PROFITABILITY				
NIM (%)	5.0	4.6	4.6	4.6
Cost-Assets Ratio	2.9	2.7	2.6	2.5
Cost-Income Ratio	47.2	47.0	45.8	43.5

Source: Company, Axis Research

Balance Sheet Structure Ratios				(%)
Y/E MAR	FY25	FY26	FY27E	FY28E
Loan Growth (%)	13.5	16.2	16.2	16.9
Deposit Growth (%)	11.2	14.7	16.3	16.6
C-D Ratio (%)	85.5	86.6	86.6	86.8
Equity/Assets	16.9	17.3	16.6	16.1
Equity/Loans	27.5	27.3	26.2	25.4
ASSET QUALITY				
Gross NPLs (%)	1.4	1.2	1.1	1.1
Net NPLs (%)	0.3	0.3	0.2	0.2
PCR	78.1	79.0	78.0	78.0
Credit Cost	0.7	0.8	0.7	0.8

Source: Company, Axis Research

BHARTI AIRTEL LTD – HIGHEST ARPU IN THE INDUSTRY

Bharti Airtel (Airtel), headquartered in New Delhi, is an Indian multinational telecommunications company operating in 18 countries across South Asia, Africa, and the Channel Islands. It is India's second-largest telecom operator, boasting a strong domestic presence and a comprehensive digital services portfolio that includes fibre optic networks, mobile and desktop telephony, and other digital solutions.

Industry view



Over Weight

CMP

1,829

Target Price

2,530

Upside

38%

Key Rationale

- Best ARPU in the Industry:** Bharti Airtel leads the industry in ARPU, with management expecting further improvement from the current Rs 257 level, compared to Reliance's Rs 214. This growth is driven by a more diverse customer base, continued migration from 2G to 4G/5G, and increasing adoption of value-added services. The company remains on track to reach its ARPU target of Rs 300, supported by rising data consumption and deeper rural penetration. Average data usage per customer remains strong at 31.4 GB/month, further bolstering revenue growth.
- Huge Revenue and Profit Growth Potential:** Bharti Airtel's business fundamentals remain strong, with continued improvements across key metrics. Management anticipates sustained revenue and profit growth driven by expanding rural distribution, network investments, and increasing 4G coverage. The company also sees strategic opportunities in tower sales, minority investments, and potential IPOs in mobile money. Airtel's digital portfolio is gaining traction alongside market share expansion. It has maintained a substantial share of 4G/5G net additions, with the smartphone customer base growing by 5.8 Mn QoQ, now accounting for 80% of the total customer base. Moreover, Airtel's Africa business is expected to continue its strong performance on a sequential basis.
- Data Centre & AI:** Through Nxtra (Subsidiary), Bharti Airtel plans to reach 1 GW capacity in the next three to four years, aiming for a 25% market share. It recently raised \$1 Bn from marquee investors. To strengthen its digital infrastructure in data centre space, the company plans to build 56 edge data centres over the next 18–24 months to improve low-latency computing capabilities. The company has also deployed around 143,000 km of fibre over the last three years to support future network and data growth. Currently, AI is being embedded into core operations, including self-serving voice bots, handling 70% of customer calls, and automated power optimisation for radio layers. It identified 14 Bn spam calls in Q4FY26.
- Moderated Capex and Capital Allocation Initiatives:** Bharti Airtel does not anticipate any immediate significant capex despite the ongoing 5G rollout. Management expects capex levels to remain stable, with investments primarily directed toward broadband expansion, enterprise solutions, and data centres. However, capex related to 4G radio is expected to decline with the completion of the rural rollout. Airtel aims to implement a few initiatives, such as deleveraging the balance sheet, dividend payments, and selective investment verticals.
- Valuation & Recommendation:** We maintain our **BUY** rating on the stock, driven by the company's superior margins, impressive subscriber growth, and increased 4G conversions.
- Key risks:** a) Competitors may eat into the company's market share, resulting in loss of sustainable revenue.

Key Financials (Consolidated)

Y/E	Sales	EBITDA	PAT	EPS	P/E	ROE	ROCE	EV/EBITDA
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs)	(X)	(%)	(%)	(X)
FY25	1,72,985	93,159	37,481	58.6	30	38.3	17.7	12.9
FY26	2,10,973	1,19,675	33,823	48.7	36	25.2	13.9	9.9
FY27E	2,41,607	1,38,683	42,859	70.3	25	26.3	15.0	8.2
FY28E	2,77,250	1,58,577	53,138	87.2	20	27.0	16.6	6.7

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	1,72,985	2,10,973	2,41,607	2,77,250
Change (YoY, %)	15	22	15	15
Operating expenses	79,826	91,298	1,02,925	1,18,673
EBITDA	93,159	1,19,675	1,38,683	1,58,577
Change (YoY, %)	19.0	28.5	15.9	14.3
Margin (%)	53.9	56.7	57.4	57.2
Depreciation	45,570	52,711	60,242	66,292
Interest paid	21,754	21,555	21,218	21,048
Other income	1,574	2,817	3,141	3,604
PBT	34,696	44,808	60,364	74,842
Tax	917	11,350	17,506	21,704
Effective tax rate (%)	3%	25%	29%	29%
Share of JV/Associate	3,703	(365)	-	-
Exceptional items	7,287	3,418	-	-
Net profit	37,481	33,823	42,859	53,138
Reported EPS	62	55	70	87
Adjusted net profit	44,768	37,240	42,859	53,138
Change (YoY, %)	2	(17)	15	24
Adj EPS	50	49	70	87
Dividend per share	16	24	24	24
Dividend Payout (%)	26	26	26	26

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Share capital	2,900	3,047	3,047	3,047
Reserves & surplus	1,10,772	1,46,010	1,74,242	2,12,753
Shareholders' funds	1,13,672	1,49,057	1,77,289	2,15,800
Total Debt	1,48,312	1,21,671	1,01,671	89,671
Other liabilities	75,589	81,598	81,598	81,598
Current Liabilities & Provisions	1,80,440	1,74,506	2,01,321	2,20,132
Current liabilities	1,00,837	1,17,136	1,32,685	1,46,231
Provisions	36,155	35,783	50,335	57,760
Total liabilities	3,60,893	3,56,188	3,66,289	3,75,260
Total equity & liabilities	5,14,360	5,52,152	5,95,176	6,46,786
Net fixed assets	1,43,272	1,57,066	1,56,824	1,45,533
Investments	544	1,139	1,139	1,139
Other non-current assets	3,03,376	3,03,732	3,03,732	3,03,732
Current assets	67,589	90,216	1,33,481	1,96,383
Inventories	452	601	601	601
Sundry Debtors	7,456	7,978	9,136	10,484
Cash & Liquid	16,720	30,377	65,483	1,24,067
Other Current Assets	16,195	26,834	33,835	36,805
Total assets	5,14,781	5,52,152	5,95,176	6,46,786

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Pre-tax Profit	38,399	45,173	60,364	74,842
Depreciation	45,570	52,711	60,242	66,292
Change in working capital	32,840	(14,904)	18,656	14,493
Other operating activities	12,893	15,321	18,077	17,443
Cash flow from operations (a)	1,28,785	86,950	1,39,833	1,51,366
Capital expenditure	1,14,460	(66,504)	(60,000)	(55,000)
Change in investments	3,142	5,064	-	-
Other investing activities	(2,41,359)	(3,617)	3,141	3,604
Cash flow from investing (b)	(1,23,756)	(65,058)	(56,859)	(51,396)
Equity raised/(repaid)	24	147	-	-
Debt raised/(repaid)	(604)	1,230	(16,714)	(9,840)
Dividend paid	(9,751)	(14,627)	(14,627)	(14,627)
Change in minorities	16,251	7,111	4,691	4,128
Other financing activities	(10,568)	(2,096)	(21,218)	(21,048)
Cash flow from financing (c)	(4,649)	(8,235)	(47,868)	(41,386)
Net change in cash (a+b+c)	380	13,657	35,106	58,584
Opening cash balance	16,340	16,720	30,377	65,483
Closing cash balance	16,720	30,377	65,483	1,24,067

Source: Company, Axis Securities Research

Ratio Analysis

(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Book Value (Rs)	187	245	291	354
Adj EPS (Rs)	50	49	70	87
Adj EPS growth (%)	86	-2	44	24
EBITDA margin (%)	54	57	57	57
Pre-tax margin (%)	20	21	25	27
Debt/Equity (x)	0.9	0.7	0.5	0.3
ROCE (%)	18	14	15	17
ROE (%)	38	26	26	27
Financial leverage ratios				
Debt / Equity (x)	0.9	0.7	0.5	0.3
Interest Coverage (x)	4.3	5.6	6.5	7.5
Interest / Debt (%)	18	21	23	27
Working Capital & Liquidity Ratio				
Inventory days	0	0	0	53
Receivable days	16	14	14	37
Payable days	79	77	77	61
Valuation ratio				
PER (x)	30	33	26	21
Adjusted PER (x)	37	38	26	21
P/BV (x)	9.8	7.5	6.3	5.2
EV/EBITDA (x)	12.9	9.9	8.2	6.7
Market Cap. / Sales (x)	6.4	5.3	4.6	4.0

Source: Company, Axis Securities Research

Avenue Supermarts Ltd – POSITIONING FOR THE NEXT PHASE OF GROWTH

D-Mart is a one-stop supermarket chain that aims to offer customers a wide range of basic home and personal products under one roof. The company was founded by Mr. Radhakishan Damani and his family to cater to the evolving needs of the Indian family. Since the launch of its first store in Powai in 2002, D-Mart has established a strong presence with 422 locations across Maharashtra, Gujarat, Andhra Pradesh, Madhya Pradesh, Karnataka, Telangana, Chhattisgarh, NCR, Tamil Nadu, Punjab, and Rajasthan. Additionally, the company operates in the online and multi-channel grocery retail segment under the brand name D-Mart Ready. Through D-Mart Ready, customers can order a broad range of grocery and household products via its mobile app and website, www.dmart.in. Orders can be picked up from designated D-Mart Ready Pick-up Points or delivered directly to customers' doorsteps. Many Pick-up Points also feature a curated selection of merchandise available for instant purchase.

Industry view



Equal Weight

CMP
4,055

Target Price
5,270

Upside
30%

Key Rationale

- Positioning for the next phase of growth:** D-Mart has consistently delivered 17-20% CAGR revenue growth over the past several quarters, driven by 14-15% expansion in its network and retail space. The recent investment in D-Mart Ready to support operations, working capital, and expansion is a step in the right direction. This strategic move will strengthen the company's position in the competitive online grocery market and is expected to yield long-term benefits. In fact, in Q4FY26, DMart reported 19% YoY revenue growth.
- Margins remain intact:** Despite a challenging environment marked by pressure in GM&A sales and rising competition from other value retailers and Q-commerce players, the company has maintained its overall Gross and EBITDA margins at approximately 15% and 7-8%, respectively, over the past several quarters. This reflects D-Mart's strong execution capabilities, robust business model (EDLP), and operational efficiencies.
- Extensive retail network:** D-Mart has consistently maintained its store opening expansion, with its total store network reaching 500 as of date. This represents a 14% CAGR, positioning the company to benefit as demand revives in the coming quarters. The company aims to increase its store count by 10-20% in the coming years. Further, the management sees potential for 1800+ store additions across India over a longer period.
- Improving outlook:** D-Mart has faced several challenges over the past few years, impacted by a subdued demand environment, particularly in the value segment. Larger and newer stores have longer gestation periods, affecting overall profitability, along with increasing competition from both organised players and online platforms. However, the company has undertaken several initiatives to address these challenges, such as: 1) changes in leadership to revamp the slowing GM&A category, 2) focusing on improving profitability in D-Mart Ready through a gradual expansion strategy, and 3) targeting a 10-20% store addition on an existing base of 500 stores, which is a step in the right direction. The overall improving consumer demand, supported by stable macroeconomics, is expected to further support these initiatives and drive growth in high-margin general merchandise and apparel categories. Additionally, reduction on GST rate cut has spurred consumption and indirectly supported discretionary spending. **Hence, we maintain our BUY rating on the stock.**

Key Financials (Standalone)

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY25	59,358	4,487	2,707	41.6	97.6	12.6	13.4
FY26	68,821	5,187	2,970	45.6	89.0	12.1	13.0
FY27E	82,581	6,314	3,545	54.5	74.6	12.7	13.4
FY28E	99,589	8,921	5,041	77.5	52.4	15.3	16.3

Source: Company, Axis Securities.

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	59,358	68,821	82,581	99,589
Growth, %	16.9	15.9	20.0	20.6
Raw material expenses	(50,552)	(58,460)	(70,152)	(83,480)
Employee expenses	(1,166)	(1,541)	(1,865)	(2,257)
Other Operating Expenses	(3,153)	(3,633)	(4,251)	(4,931)
EBITDA (Core)	4,487	5,187	6,314	8,921
Growth, %	9.3	15.6	21.7	41.3
Margin, %	7.6	7.5	7.6	9.0
Depreciation	(870)	(1,037)	(1,457)	(1,942)
EBIT	3,618	4,150	4,857	6,979
Growth, %	7.3	14.7	17.0	43.7
Margin, %	6.1	6.0	5.9	7.0
Other Income	124	74	149	179
Non-recurring Items	-	-	-	-
Pre-tax profit	3,673	4,082	4,857	7,001
Tax provided	(965)	(1,112)	(1,311)	(1,960)
Profit after tax	2,707	2,970	3,545	5,041

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Cash & bank	358	304	1,064	3,582
Debtors	154	149	179	216
Inventory	5,044	5,901	7,080	8,539
Loans & advances	-	-	-	-
Other current assets	835	1,122	1,122	1,122
Total current assets	6,392	7,478	9,447	13,461
Investments	178	206	206	206
Gross fixed assets	20,097	25,018	28,318	31,618
Less: Depreciation	(3,897)	(4,934)	(6,390)	(8,333)
Add: Capital WIP	1,099	1,300	1,300	1,300
Net fixed assets	17,299	21,384	23,227	24,585
Non-current assets	452	457	457	457
Total assets	24,321	29,525	33,338	38,710
Current liabilities	2,212	3,782	4,049	4,380
Provisions	-	-	-	-
Total current liabilities	2,212	3,782	4,049	4,380
Non-current liabilities	681	1,280	1,280	1,280
Total liabilities	2,894	5,061	5,329	5,660
Paid-up capital	651	652	652	652
Reserves & surplus	20,777	23,812	27,357	32,398
Shareholders' equity	21,428	24,464	28,009	33,050
Total equity & liabilities	24,321	29,525	33,338	38,710

Source: Company, Axis Research

Cash flow	(Rs Cr)				
	Y/E Mar	FY25	FY26	FY27E	FY28E
Pre-tax profit		3,673	4,082	4,857	7,001
Depreciation		870	1,037	1,457	1,942
Change in working capital.		(244)	1,014	(942)	(1,164)
Total tax paid		(945)	(1,102)	(1,311)	(1,960)
Cash flow from operating activities		3,353	5,030	4,060	5,818
Capital expenditure		(3,826)	(5,122)	(3,300)	(3,300)
Change in marketable securities		105	(1)	-	-
Cash flow from investing activities		(3,656)	(5,151)	(3,300)	(3,300)
Free cash flow		(302)	(121)	760	2,518
Equity raised/(repaid)		-	1	-	-
Dividend (incl. tax)		-	-	-	-
Cash flow from financing activities		-	1	-	-
Net change in cash		(302)	(120)	760	2,518
Opening cash balance		638	358	304	1,064
Closing cash balance		358	304	1,064	3,582

Source: Company, Axis Research

Ratios	FY25				
	Y/E Mar	FY25	FY26	FY27E	FY28E
Per Share data					
EPS (INR)		41.6	45.6	54.5	77.5
Growth, %		6.8	9.7	19.4	42.2
Book NAV/share (INR)		329.3	375.9	430.4	507.9
FDEPS (INR)		41.6	45.6	54.5	77.5
CEPS (INR)		55.0	61.6	76.9	107.3
CFPS (INR)		50.6	76.2	60.1	86.7
Return ratios					
Return on assets (%)		12.2	11.6	11.8	14.4
Return on equity (%)		12.6	12.1	12.7	15.3
Return on capital employed (%)		13.4	13.0	13.4	16.3
Turnover ratios					
Asset turnover (x)		3.1	3.1	3.3	3.6
Sales/Total assets (x)		2.6	2.6	2.6	2.8
Sales/Net FA (x)		3.8	3.6	3.7	4.2
Working capital/Sales (x)		0.1	0.0	0.1	0.1
Receivable days		0.9	0.8	0.8	0.8
Inventory days		31.0	31.3	31.3	31.3
Payable days		7.1	7.7	7.7	7.8
Working capital days		23.5	18.0	19.1	20.1
Liquidity ratios					
Current ratio (x)		2.9	2.0	2.3	3.1
Quick ratio (x)		0.6	0.4	0.6	1.1
Valuation					
PER (x)		97.6	89.0	74.6	52.4
PEG (x) - y-o-y growth		14.4	9.2	3.8	1.2
Price/Book (x)		12.3	10.8	9.4	8.0
EV/Net sales (x)		4.4	3.8	3.2	2.6
EV/EBITDA (x)		58.8	50.9	41.7	29.2
EV/EBIT (x)		73.0	63.6	54.2	37.4

Source: Company, Axis Research

ICICI BANK LIMITED – STEADY SHIP AMIDST TURBULENT MACROS; BEST ROA DELIVERY AMONGST PEERS

ICICI Bank (ICICIB) is one of the largest private sector banks in India, with business operations spread across Retail, Corporate, and Insurance. It is supported by a strong liability franchise and a healthy retail corporate mix. The bank's subsidiaries, such as ICICI Venture Funds, ICICI Pru AMC, ICICI Securities, ICICI Prudential, and ICICI Lombard, are among the leading companies in their respective domains.

Key Rationale

- Growth Acceleration with Focus on Quality and Profitability:** In Q4FY26, ICICIB witnessed a meaningful improvement in credit growth, inching up to ~16% YoY vs. an 11-13% YoY growth delivery over the past 4-5 quarters. On a segmental basis, mortgage growth, which was earlier held back due to spread pressures, is now seeing a pick-up in disbursements despite elevated competitive intensity. The credit card segment continues to report a muted performance; however, the management remains committed to improving the pace of growth through steady new customer acquisition and gradual normalisation in revolver behaviour. While the domestic economic outlook remains broadly stable, pockets of uncertainty persist, arising from geopolitical tensions, necessitating a calibrated growth approach. The bank will continue to anchor its strategy around risk-adjusted returns. We expect ICICIB to deliver a healthy ~16% CAGR credit growth over FY26-28E.
- NIMs to Remain Range-Bound:** ICICIB's performance on margins was in line with expectations. In Q4, NIMs stood at 4.32%, reflecting the impact of the Dec'25 rate cut on yields, while continued TD repricing, lower KCC slippages and a 5 bps impact from the IT refund supported margins. The loan mix remains skewed towards ~56% repo-linked, 13% MCLR, and 31% fixed-rate loans, with the repo cut impact largely flowing through. While some benefit of the deposit repricing is yet to flow through, the bank will continue to monitor incremental pricing dynamics. Management has indicated that NIMs will remain range-bound with limited upside. We expect NIMs to remain in the range of 4.35% (+/-5 bps) over FY27-28E.
- Benign Credit Cost Outlook with Stable Asset Quality Trends:** ICICIB's credit costs surprised positively, supported by lower slippages and higher write-backs and recoveries in the corporate portfolio. The bank has witnessed a meaningful decline in slippages within its unsecured portfolio. Management remains confident that benign credit cost trends will continue, with credit costs being contained at sub-50 bps going ahead. So far, the bank has not seen any material risk arising from the West Asia war and has not tightened credit filters, but will continue to calibrate actions as and when needed.
- Opex Growth to Trail Business Growth:** Opex growth for ICICIB throughout FY26 has been broadly in line with management expectations, with some upside driven by higher PSL compliance costs and employee remuneration impact from labour code changes. Despite these pressures, opex growth has trailed business growth, and the bank expects this trend to sustain going forward, driving operational efficiency.
- Outlook & Valuation:** ICICIB's outlook remains constructive, supported by a healthy, broad-based credit growth acceleration. While margins are expected to remain range-bound with limited scope for improvement as the impact of rate cuts largely absorbed, benign credit costs supported by stable asset quality trends should support earnings resilience and controlled opex growth driving operational efficiency, should support earnings resilience. The bank has identified levers to improve fee income, particularly from the card-related segment, which should further support earnings. **We expect the bank's RoA/RoE to remain steady at 2.2-2.3%/16-17% over the medium term. We believe ICICIB's premium valuation vs peers is well deserved and justified, given its consistent performance delivery.**
- Key risks:** a) Significant slowdown in credit growth

Industry view



Over Weight

CMP

1,256

Target Price

1,700

Upside

35%

Key Financials (Standalone)

Y/E Mar	NII (Rs Bn)	PPOP (Rs Bn)	Net Profit (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY25	1,097	673	472	66.3	373.9	3.4	2.3	0.4
FY26	1,188	716	501	70.0	432.7	2.9	2.2	0.4
FY27E	1,364	834	572	79.9	499.6	2.5	2.2	0.4
FY28E	1,578	981	674	94.2	578.2	2.2	2.2	0.4

Source: Company, Axis Securities.

Profit & Loss		(Rs Bn)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
Net Interest Income	812	881	1,014	1,178	
Other Income	285	308	350	399	
Total Income	1,097	1,188	1,364	1,578	
Total Operating Exp.	424	472	530	596	
PPOP	673	716	834	981	
Provisions & Contingencies	47	54	76	88	
PBT	626	662	758	893	
Provision for Tax	154	161	186	219	
PAT	472	501	572	674	

Source: Company, Axis Research

Balance Sheet		(Rs Bn)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	14	14	14	14	
Reserves and surplus	2,907	3,359	3,848	4,424	
Shareholders' funds	2,921	3,374	3,863	4,438	
Total Deposits	16,103	17,946	20,616	23,807	
Total Borrowings	17,339	19,196	22,333	26,021	
Other Liabilities, provisions	923	1,155	1,341	1,559	
Total	21,182	23,725	27,536	32,018	
APPLICATION OF FUNDS					
Cash & Bank Balance	1,856	2,303	2,584	2,984	
Investments	5,048	4,922	5,778	6,672	
Advances	13,418	15,539	18,059	21,065	
Fixed Assets & Other Assets	862	961	1,115	1,297	
Total Assets	21,182	23,725	27,536	32,018	

Source: Company, Axis Research

KEY RATIOS				(%)
Y/E MAR	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
EPS	66.3	70.0	79.9	94.2
Earnings Growth (%)	13.9	5.6	14.1	17.8
BVPS	410.0	471.1	539.4	619.7
Adj. BVPS	373.9	432.7	499.6	578.2
ROAA (%)	2.3	2.2	2.2	2.2
ROAE (%)	17.8	15.9	15.8	16.2
P/E (x)	18.9	17.9	15.7	13.3
P/ABV (x)	3.4	2.9	2.5	2.2
Dividend Yield (%)	0.8	0.9	1.0	1.2
PROFITABILITY				
NIM (%) – Domestic	4.3	4.3	4.4	4.4
NIM (%) - Global	2.1	2.1	2.1	2.0
Cost-Income Ratio	38.6	39.7	38.9	37.8

Source: Company, Axis Research

Balance Sheet Structure Ratios				(%)
Y/E MAR	FY25	FY26	FY27E	FY28E
Loan Growth (%)	13.3	15.8	16.2	16.6
Deposit Growth (%)	14.0	11.4	14.9	15.5
C-D Ratio (%)	83.3	86.6	87.6	88.5
Equity to Assets (%)	13.8	14.2	14.0	13.9
Equity to Loans (%)	21.8	21.7	21.4	21.1
CRAR (%)	16.6	17.2	16.9	16.4
Tier I (%)	15.9	16.4	16.2	15.8
ASSET QUALITY				
Gross NPLs (%)	2.1	1.5	1.5	1.6
Net NPLs (%)	0.4	0.4	0.4	0.4
PCR	80.0	76.1	76.3	76.3
Credit cost	0.4	0.4	0.5	0.5

Source: Company, Axis Research

LG ELECTRONICS LTD – HIGH VOLTAGE GROWTH STORY

LG Electronics is the market leader in India across major home appliances and consumer electronics. The company holds leadership positions across several key product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwave ovens. Its strength in the offline channel is particularly significant, as this segment accounts for nearly 80% of the total value of the major home appliances and consumer electronics market in India (excluding mobile phones).

Key Rationale

- Market Leader:** LG Electronics India continues to strengthen its leadership position across key consumer durable categories, including air conditioners, refrigerators, washing machines and televisions. The company delivered its highest-ever quarterly revenue of Rs 8,054 Cr in Q4FY26 with broad-based growth across premium and mass-premium segments. Strong traction in premium products such as French-door refrigerators, OLED TVs, and higher-star-rated ACs is improving product mix and supporting long-term profitability. LG's robust brand equity, wide distribution network and growing acceptance in Tier-2 and Tier-3 cities position it well to outperform industry growth over the medium term.
- Improving Localisation and Profitability:** The company's aggressive localisation and manufacturing expansion strategy provides strong earnings visibility. LG has committed nearly Rs 5,000 Cr towards the Sri City manufacturing plant, which will significantly enhance RAC and compressor capacity while strengthening exports. Localisation levels have already improved to 55.2%, helping reduce import dependence and mitigate currency volatility. Management expects exports to become a key profitability driver going ahead, supported by increasing shipments of premium refrigerators, washing machines, and Essential Series products to global markets. This export-led growth strategy can meaningfully improve operating leverage and margins over time.
- Diversified Revenue:** LG is also building multiple high-growth verticals that can diversify revenue streams. Businesses, such as AMC services, B2B solutions, commercial air conditioning, dishwashers, and information display solutions, are witnessing healthy momentum. The company highlighted strong recurring revenues from AMC operations along with rising contributions from institutional and infrastructure orders. Additionally, new categories such as chest freezers and fixed-speed ACs expand LG's addressable market opportunity.
- Outlook & Guidance:** Management remains optimistic on FY27 and has guided for mid-teen revenue growth along with early double-digit EBITDA margins. Demand momentum in ACs and premium appliances remains strong, aided by heatwave conditions, low appliance penetration and improving consumer preference for larger and energy-efficient products. While commodity prices and currency fluctuations remain near-term risks, LG's strong balance sheet, Rs 4,476 Cr cash position and expanding manufacturing footprint provide healthy long-term growth visibility.
- Recommendation & Valuation:** Valuing the company at 44x FY28E EPS, we arrive at a target price of Rs 1,815/share.

Industry view



Over Weight

CMP
1,524

Target Price
1,815

Upside
19%

Key Financials (Consolidated)

Y/E	Sales	EBITDA	Net Profit	EPS	PER	EV/EBITDA	RoE	Net Debt/Equity
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs Cr)	(X)	(X)	(%)	(X)
FY25	24,367	3,110	2,203	32	49	35	37	0.9
FY26	24,605	2,408	1,685	25	63	45	22	0.8
FY27E	27,739	3,467	2,586	38	41	31	29	0.7
FY28E	30,513	3,967	2,791	41	38	27	27	0.7

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Total operating revenues	24,367	24,605	27,739	30,513
Growth (%)	14	1	13	10
EBITDA	3,110	2,408	3,467	3,967
EBITDA margin (%)	13	10	13	13
Growth (%)	40	-23	44	14
Depreciation & amortization	380	396	471	596
EBIT	2,730	2,012	3,165	3,482
EBIT margin (%)	11	8	11	11
Interest	31	41	41	45
Other income	264	328	370	336
Profit before tax	2,963	2,300	3,494	3,772
Total Tax	760	614	909	981
Profit After Tax	2,203	1,685	2,586	2,791
net margin (%)	9.0	6.8	9.3	9.1
EPS (Rs)	32	25	38	41
Growth (%)	46%	-24%	53%	8%

Source: Company, Axis Research,

Balance Sheet

(Rs Cr)

As of 31st Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Equity share capital	679	679	679	679
Other equity	5,291	6,987	8,273	9,764
Total Equity	5,970	7,666	8,951	10,442
Non-Current Liabilities				
Financial Liabilities	331	344	344	344
Other Non-current liabilities	318	456	456	456
Total Non-Current Liabilities	649	801	801	801
Current Liabilities				
Financial Liabilities	97	115	115	115
Other Current Liabilities	4,801	5,055	5,493	5,889
Total Current Liabilities	4,898	5,170	5,608	6,003
Total Equity & Liabilities	11,517	13,636	15,360	17,247
APPLICATION OF FUNDS				
Non-Current Assets				
Net Fixed Assets	1,404	2,018	2,548	3,452
Financial Assets	572	860	860	860
Total Non Current Assets	1,976	2,878	3,407	4,311
Current Assets				
Inventories	3,031	2,962	3,116	3,427
Financial Assets	6,266	7,550	8,591	9,261
Other current assets	243	247	247	247
Total Current Assets	9,541	10,758	11,953	12,935
Total Assets	11,517	13,636	15,360	17,247

Source: Company, Axis Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
PBT	2,963	2,300	3,494	3,772
Depreciation	380	396	471	596
Others	-233	-178	0	0
Tax Paid	-754	-621	-909	-981
Changes in Working Capital	-703	-175	753	-152
Net Cash from Operations	1,654	1,721	3,810	3,235
Capex	-335	-1,172	-1,000	-1,500
Change in Investment	248	268	0	0
Others	59	48	0	0
Net Cash from Investing	-28	-856	-1,000	-1,500
Change in debt	-76	-91	0	0
Change in Equity	0	0	0	0
Others	-30	-36	0	0
Net Cash from Financing	-106	-127	0	0
Net Change in Cash	1,520	737	2,810	1,735

Source: Company, Axis Research

Ratio Analysis

(x,%)

Y/E Mar	FY25	FY26	FY27E	Fy28E
PROFITABILITY RATIOS				
EBITDA Margin (%)	13%	10%	13%	13%
net margin (%)	9.04	6.85	9.32	9.15
Return on invested capital (%)	41	24	32	31
Return on equity (%)	37	22	29	27
EFFICIENCY RATIOS				
Fixed Asset Turnover	17.35	12.19	10.89	8.84
Debtor days	31	38	34	30
Inventory days	60	64	59	58
Payable days	70	73	72	73
PER SHARE DATA				
EPS (Rs)	32.46	24.83	38.10	41.13
Book value per share (Rs)	87.96	112.94	131.89	153.86
VALUATION RATIOS				
P/E				
P/BV	48.52	63.44	41.34	38.30
EV/EBITDA	17.91	13.95	11.94	10.24
LIQUIDITY RATIOS				
Total Debt/Equity(x)	0.93	0.78	0.72	0.65
Total Asset/Equity(x)	1.93	1.78	1.72	1.65
Current Ratio(x)	1.95	2.08	2.13	2.15
Quick Ratio(x)	1.33	1.51	1.58	1.58
Interest Cover(x)	89.07	49.58	77.99	76.60

Source: Company, Axis Research

Nestle India Ltd – LONG-TERM STORY REMAINS INTACT.

Nestlé India manufactures and markets a wide range of food and beverage products, including milk and milk products, coffee, tea, noodles, chocolates, confectionery, and infant nutrition. Some of its popular brands in India include Maggi, Nescafé, KitKat, MilkyBar, and Nestle Everyday. Furthermore, it recently acquired Purina Petcare to enter the pet care business and launched Gerber Cereals to drive the premiumisation agenda. The company operates a robust distribution network that covers both urban and rural areas of India.

Industry view



Equal Weight

CMP
1,422

Target Price
1,640

Upside
15%

Key Rationale

- Robust Performance:** Nestlé India reported revenue growth of 23.4% YoY, driven by double-digit volume expansion. Growth was led by strong momentum in confectionery, beverages, prepared dishes, and pet food, alongside robust traction in MAGGI noodles, while the Milk and Nutrition portfolio remained resilient with steady growth. EBITDA increased ~28% YoY, with margins expanding 85 bps to 26.3%, despite a marginal gross margin contraction of 18 bps YoY. On the distribution front, the company strengthened its rural reach to ~216,000 villages, with a sharper focus on improving coverage quality and execution, resulting in one of the strongest reach expansions in the industry.
- Demand Environment:** Consumption trends have strengthened in recent quarters, with urban markets sustaining momentum and several Rurban pockets turning positive. Notably, seven of Nestlé's twelve power brands delivered double-digit growth, underscoring the breadth of recovery. Management indicated that coffee and cocoa prices remained soft on improved supply, while sugar stayed stable. Edible oil prices had firmed up, in line with crude, and wheat output was impacted by unseasonal rains, affecting quality and supply. Meanwhile, milk prices remained elevated due to seasonal tightness.
- GST Reforms—A Structural Positive:** The proposed GST rate reduction to 5% on packaged foods, dairy products, noodles, pasta, sauces, and ketchup is expected to enhance affordability and stimulate discretionary demand. Nestlé, with its wide presence in these categories, stands to be a key beneficiary, particularly in noodles and cooking aids.
- Outlook-** Nestlé remains well-positioned for long-term growth, underpinned by its dominant domestic franchise, continued innovation, distribution-led market penetration, capacity expansion, and increasing out-of-home consumption. While volatile commodity prices, especially in coffee, cocoa, and edible oils, may keep near-term margins under pressure, the expected moderation in milk prices alongside its strong pricing power and efficiency initiatives should partly offset cost headwinds. **Hence, we maintain our BUY rating on the stock.**

Key Financials (Standalone)

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY25	20,078	4,774	3,024	31.4	45.4	73.4	40.1
FY26	23,071	5,306	3,424	17.8	80.1	81.3	45.4
FY27E	25,659	6,251	4,029	20.9	68.1	74.2	50.2
FY28E	29,837	7,462	4,867	25.2	56.4	71.3	50.0

Source: Company, Axis Securities.

Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
Net sales	20,078	23,071	25,659	29,837
Growth, %	(17)	15	11	16
Other operating income	124	83	91	101
Total income	20,202	23,155	25,750	29,938
Raw material expenses	(8,750)	(10,341)	(11,375)	(12,740)
Employee expenses	(2,024)	(2,166)	(2,339)	(2,807)
Other Operating Expenses	(4,654)	(5,341)	(5,785)	(6,928)
EBITDA (Core)	4,774	5,306	6,251	7,462
Growth, %	(18)	11	18	19
Margin, %	24	23	24	25
Depreciation	(540)	(699)	(697)	(779)
EBIT	4,234	4,607	5,554	6,684
Growth, %	(20)	9	21	20
Margin, %	21	20	22	22
Interest paid	(136)	(158)	(159)	(160)
Other Income	59	40	48	53
Non-recurring Items	(291)	(121)	-	-
Pre-tax profit	3,866	4,368	5,444	6,577
Tax provided	(1,133)	(1,065)	(1,416)	(1,710)
Profit after tax	2,733	3,303	4,029	4,867
Unadj. shares (Cr)	96	193	193	193

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
Cash & bank	96	1,341	1,613	3,281
Marketable securities at cost	-	-	-	-
Debtors	363	329	281	327
Inventory	2,850	2,569	2,857	3,323
Loans & advances	74	80	80	80
Other current assets	415	340	340	340
Total current assets	3,798	4,660	5,172	7,350
Investments	706	706	706	706
Gross fixed assets	8,543	8,538	9,538	10,538
Less: Depreciation	(3,069)	(3,069)	(3,766)	(4,544)
Add: Capital WIP	1,173	507	507	507
Net fixed assets	6,646	5,976	6,279	6,500
Non-current assets	1,174	1,195	1,195	1,195
Total assets	12,324	12,535	13,351	15,751
Current liabilities	4,640	4,970	4,251	4,744
Provisions	3,090	2,824	3,140	3,652
Total current liabilities	7,730	7,794	7,392	8,395
Non-current liabilities	476	528	528	528
Total liabilities	8,207	8,322	7,920	8,923
Paid-up capital	96	193	193	193
Reserves & surplus	4,021	4,021	5,238	6,635
Shareholders' equity	4,117	4,214	5,431	6,828
Total equity & liabilities	12,324	12,535	13,351	15,751

Source: Company, Axis Research

Cash flow		(Rs Cr)			
Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E	
Pre-tax profit	3,866	4,368	5,444	6,577	
Depreciation	540	699	697	779	
Chg in working capital	181	428	(642)	493	
Total tax paid	(1,084)	(1,013)	(1,416)	(1,710)	
Other operating activities	-	-	-	-	
Cash flow from operating activities	3,502	4,483	4,083	6,138	
Capital expenditure	(1,984)	(29)	(1,000)	(1,000)	
Chg in investments	(282)	-	-	-	
Chg in marketable securities	40	-	-	-	
Other investing activities	-	-	-	-	
Cash flow from investing activities	(2,226)	(29)	(1,000)	(1,000)	
Free cash flow	1,276	4,454	3,083	5,138	
Equity raised/(repaid)	1	96	274	-	
Debt raised/(repaid)	(3)	(2)	-	-	
Dividend (incl. tax)	(2,459)	(2,459)	(3,085)	(3,470)	
Other financing activities	-	-	-	-	
Cash flow from financing activities	(2,461)	(2,364)	(2,811)	(3,470)	
Net change in cash	(1,184)	2,090	272	1,668	
Opening cash balance	779	96	1,341	1,613	
Closing cash balance	96	1,341	1,613	3,281	

Source: Company, Axis Research

Ratios		(%)			
Y/E Mar	FY25	FY26	FY27E	FY28E	
EPS (Rs)	31.4	17.8	20.9	25.2	
Growth, %	(23.0)	(43.4)	17.7	20.8	
Book NAV/share (Rs)	42.7	21.9	28.2	35.4	
FDEPS (Rs)	31.4	17.8	20.9	25.2	
CEPS (Rs)	40.0	22.0	24.5	29.3	
CFPS (Rs)	26.5	26.9	20.9	31.6	
DPS (Rs)	25.5	12.8	16.0	18.0	
Return ratios					
Return on assets (%)	25.1	27.8	32.3	34.5	
Return on equity (%)	73.4	81.3	74.2	71.3	
Return on capital employed (%)	40.1	45.4	50.2	50.0	
Turnover ratios					
Asset turnover (x)	4.1	4.6	5.6	5.6	
Sales/Total assets (x)	1.8	1.9	2.0	2.1	
Sales/Net FA (x)	3.4	3.7	4.2	4.7	
Receivable days	6.6	5.2	4.0	4.0	
Inventory days	51.8	40.6	40.6	40.6	
Payable days	62.1	64.6	52.6	53.1	
Working capital days	(17.1)	(26.1)	(9.9)	(8.2)	
Liquidity ratios					
Current ratio (x)	0.8	0.9	1.2	1.5	
Quick ratio (x)	0.2	0.4	0.5	0.8	
Interest cover (x)	31.1	29.1	35.0	41.7	
Total debt/Equity (%)	0.2	0.0	0.0	0.0	
Valuation					
PER (x)	45.4	80.1	68.1	56.4	
PEG (x) - y-o-y growth	(2.0)	(1.8)	3.9	2.7	
Price/Book (x)	33.3	65.1	50.5	40.2	
EV/Net sales (x)	6.9	11.8	10.6	9.1	
EV/EBITDA (x)	28.9	51.5	43.6	36.3	
EV/EBIT (x)	32.6	59.3	49.1	40.6	

Source: Company, Axis Research

Eternal Ltd – REDEFINING THE CONSUMPTION INDUSTRY

Eternal Limited, formerly Zomato Limited, operates as an Internet portal that helps in connecting users, restaurant partners/third-party merchants and the delivery partners. The company has an asset-light business model based on aggregating demand and supply while enabling efficient last-mile logistics, creating strong network effects, and high user engagement. It consists of four major businesses, namely Zomato, Blinkit, District, and Hyperpure.

Industry view



Over Weight

CMP
251

Target Price
360

Upside
43%

Key Rationale

- Quick Commerce and Food Delivery vertical to continue its Growth Trajectory:** In the Quick Commerce segment, the company recorded a Net Order Value (NOV) of Rs 14,386 Cr, reflecting a 95.4% YoY increase. Adjusted EBITDA improved significantly, turning positive at Rs 37 Cr, representing 0.3% of NOV. This was driven by assortment expansion, geographic coverage and demand densification. Management guided over 60% NOV CAGR for the next three years, anticipating the business to grow more than four times its current scale. Food delivery NOV grew 18.8% YoY in Q4FY26, marking the third consecutive quarter of improved growth following the slowdown in Q1FY26. Adjusted EBITDA margin reached a record high of 5.5% of NOV (Rs 532 Cr). Growth was driven by initiatives such as reducing the gold member minimum order value to Rs 99 from Rs 199, offering discounts to price-sensitive users, and expanding meal options priced below Rs 250.
- HyperPure and District (Going-Out) Business Building Strong Momentum:** HyperPure's restaurant supply revenue growth improved to 37% YoY. The overall adjusted revenue came in at Rs 978 Cr. The segment achieved a positive adjusted EBITDA of Rs 5 Cr (0.5% margin). Management emphasised that, despite being the smallest segment, Hyperpure will be a meaningful contributor to the overall company's \$1 Bn profit target. The going-out segment reported NOV of Rs 2,736 Cr in Q4FY26, growing 46.5% YoY. EBITDA losses reduced sharply to Rs 81 Cr from Rs 121 Cr in Q3FY26, while margins improved to -3.0% from -4.7%. For FY26, NOV increased 42% YoY. The company has guided for \$3 Bn NOV and \$150 Mn EBITDA by FY30, implying strong 30%+ annual growth from current levels. The district app now brings together restaurant bookings, movie tickets, concert tickets, sports events, and local retail discovery on a single platform. With every new service added, customer engagement has improved, and retention has strengthened.
- Platform Aggregator with Strong Network Effects:** Zomato operates a two-sided marketplace connecting users, restaurants, and delivery partners, creating strong network effects. As the platform scales, more restaurants join due to higher demand visibility, and more users are attracted by greater choice and convenience. This flywheel effect strengthens Zomato's competitive positioning and increases switching costs. The company also benefits from data-driven optimisation across pricing, logistics, and customer experience. Such a platform model enables scalable growth while improving efficiencies over time.
- AI Adoption to Provide Feasibility among Users:** Management views AI as a growth enabler rather than merely a cost-saving tool. Eternal is leveraging AI to make the platform more accessible for first-time users, non-English speakers, older customers, and users in Tier 2/3 cities. Features such as Zomato's Healthy Mode and Natural Language Search are aimed at enhancing customer experience and engagement. Management remains confident that regular, high-frequency users will continue to prefer dedicated apps over chat-based platforms.
- Valuation & Recommendation:** We maintain our **BUY rating on the stock**, driven by the company's transition to adj. EBITDA positive in key verticals, strong scalability potential, and continued expansion into adjacent consumption categories.
- Key risks:** a) Slowdown in discretionary spending; b) Competitors may eat market share, resulting in loss of sustainable revenue.

Key Financials (Consolidated)

Y/E	Sales	EBITDA	PAT	EPS	P/E	ROE	ROCE	EV/EBITDA
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs)	(X)	(%)	(%)	(X)
FY25	20,243	637	527	0.6	411.8	1.7%	2.7%	354.9
FY26	54,364	1,208	366	0.4	659.8	1.1%	3.0%	189.4
FY27E	77,269	4,233	2,611	2.7	92.5	6.9%	10.3%	53.5
FY28E	1,22,945	6,615	4,067	4.2	59.4	8.4%	12.1%	33.0

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	20,243	54,364	77,269	1,22,945
Other operating income	0	0	0	0
Total Income	20,243	54,364	77,269	1,22,945
Purchase of stock in trade	5,653	32,115	20,863	30,736
Change in inventories of traded goods	-88	-1,948	0	0
Employee benefits expense	2,558	3,536	13,677	25,818
Operating Expenses	11,483	19,453	38,497	59,776
Total Cost	14,041	22,989	73,036	1,16,331
EBITDA	637	1,208	4,233	6,615
EBITDA Margin (%)	3%	2%	5%	5%
Depreciation	577	1,597	1,757	2,196
Interest & Fin Chg.	154	392	404	420
Pre-tax profit	697	615	3,482	5,422
Tax provision	170	249	870	1,356
Profit after Tax	527	366	2,611	4,067
EPS	0.61	0.38	2.70	4.21

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Total Equity	30,317	30,980	33,591	37,658
Lease Liabilities	(7)	(7)	(7)	(7)
Provisions	30,310	30,973	33,584	37,651
Deferred Tax Liabilities	1,654	3,833	600	600
Total non-current liabilities	120	156	156	156
Current Liabilities	212	102	102	102
Lease Liabilities	391	759	115	115
Trade Payables	1,536	3,010	6,351	10,105
AJ Total O/S Dues of micro-enterprises and small enterprises	75	232	232	232
BJ Total O/S Dues of creditors other than micro-enterprises and small enterprises	1,461	2,778	2,778	2,778
Other Financial Liabilities	913	1,105	1,105	1,105
Provisions	452	744	26	26
Other Current Liabilities	34	54	276	276
Total Current Liabilities	3,326	5,672	7,873	11,627
Total Equity and Liabilities	35,623	40,736	42,320	50,141
Assets				
Property, Plant and Equipment	965	2,033	290	390
Right-of-use asset	1,918	4,294	4,294	4,294
Goodwill	5,737	5,737	5,737	4,717
Other intangible assets	912	611	991	991
Investments	10,920	9,742	9,742	9,742
Other Financial Assets	2,744	1,606	1,606	1,894
Other Non-Current Assets	546	675	675	675
Total Non-Current Assets	23,922	25,036	23,544	22,911
Inventories	176	2,181	915	1,347
Investments	2,272	5,091	5,091	4,485
Trade Receivables	1,946	1,764	3,387	5,389
Cash and Cash Equivalents	666	996	3,444	11,300
Other Financial Assets	2,769	3,537	3,537	3,537
Other Current Assets	924	1,604	1,604	372
Total Current Assets	11,701	15,700	18,777	27,230
Total Assets	35,623	40,736	42,320	50,141

Source: Company, Axis Securities Research

Cash Flow	(Rs Cr)			
Y/E March	FY25	FY26	FY27E	FY28E
Profit before tax	697	615	3,482	5,422
Depreciation	576	1,291	1,757	2,196
Changes in Working Capital	6,792	998	6,525	9,226
Cash Flow from Operating Activities	6,796	632	5,655	7,870
Capital expenditure	(936)	(1,751)	(1,743)	100
Cash flow from Investing	(7,993)	536	(1,743)	100
Equity Raised	-	-	-	-
Debt Raised	-	-	-	-
Cash flow from financing	(406)	(601)	(721)	(721)
Net Change in Cash	(1,603)	567	3,190	7,249

Source: Company, Axis Securities Research

Ratio Analysis	(%)			
Y/E March	FY25	FY26	FY27E	FY28E
Growth Ratio	-	-	-	-
Net Sales Growth (%)	67%	169%	42%	59%
EBIT Growth (%)	1417%	90%	250%	56%
PAT Growth (%)	134%	18%	286%	50%
Adj. EPS Growth (%)	50%	-31%	614%	56%
Margin Ratios	-	-	-	-
EBITDA Margin (%) (Core)	3%	2%	5%	5%
EBIT Margin (%)	4%	2%	5%	5%
Pre-Tax Margin (%)	3%	1%	5%	4%
PAT Margin (%)	3%	1%	3%	3%
Efficiency Ratios				
Asset Turnover (x)	1	1	2	2
Receivable days	16	16	16	16
Inventory Days	16	16	16	16
Payable days	30	30	30	30
Financial Stability Ratios				
Total Debt/Equity (x)	-	-	-	-
Current Ratio (x)	2	2	2	2
Quick Ratio (x)	4	4	5	5
Interest Cover (x)	2	2	9	13
Operational & Financial Ratios				
Earnings Per Share (Rs)	0.6	0.4	2.7	4.2
Book Value (Rs)	35	32	35	39
Tax Rate (%)	24%	40%	25%	25%
Performance Ratios				
ROA (%)	2%	2%	11%	26%
ROCE (%)	3%	3%	10%	12%
ROE (%)	2%	1%	7%	8%
PE	412	660	92	59
EV/EBITDA (x)	355	189	53	33
P/BV (x)	7.2	7.8	7.2	6.4

Source: Company, Axis Securities Research

Dalmia Bharat Ltd – Capacity Expansion and Profitable Growth to Drive Margins

Dalmia Bharat Limited (DBL), established in 1939, has emerged as one of the fastest-growing players in the Indian cement sector. It holds a 5% share of India's cement capacity in its operational areas. DBL boasts a total cement production capacity of 54.7 million tonnes per annum (mtpa), a clinker capacity of 30.4 mtpa, and a power generation capacity of 397 MW, including waste heat recovery systems (WHRS) and solar power. The company's operations extend across 18 locations in India, encompassing integrated plants and 10 grinding units, supported by a robust distribution network of over 46,000 channel partners nationwide.

Industry view



Equal Weight

CMP
1,748

Target Price
2,430

Upside
39%

Key Rationale

- Strategic Capacity Addition to Fuel Growth:** Strategic Capacity Addition to Fuel Growth: The company had earlier announced a capacity expansion plan comprising a 6 MTPA cement unit and a ~3–3.5 MTPA clinker unit at Kadapa, along with a 3 MTPA bulk terminal in Chennai, with a total capex of Rs 3,287 Cr. These projects are expected to be commissioned by Q2FY28. In addition, its 6 MTPA expansion in the western region (3 MTPA each at Pune and Belgaum) is progressing well and is also slated for commissioning by Q2FY28. These expansions, coupled with a current utilisation of ~61% (offering strong operating leverage), are expected to drive growth, with the company projected to deliver ~6% volume CAGR over FY25–FY28E.
- Improved Realisations and Cost Efficiency to Support Margins:** The company's quarterly performance was supported by higher realisations and lower costs. Cement prices have improved, driven by rising fuel and packaging costs across its regions, and are expected to help offset the current increase in input costs. In parallel, the company is actively undertaking cost-saving initiatives, targeting a reduction of Rs 150–200 per tonne over the next two years through enhanced operational efficiency and process optimisation. It has already achieved a cost reduction of Rs 100/tonne in FY26. These initiatives are likely to support profitability and drive margin expansion going forward. Accordingly, we estimate EBITDA margins in the range of 21–22% over FY27–FY28E.
- Higher Consolidation and Profitable Growth Strategy to Benefit the Company:** The Indian cement industry is witnessing a wave of consolidation, with larger players acquiring regional or mid-sized firms to enhance market presence, optimise logistics, and achieve cost synergies. This consolidation trend is expected to reduce competitive intensity, enabling better price discipline and margin stability across the sector.
- Outlook:** The company is undertaking strategic capacity additions to capitalise on strong demand and improve market presence. These expansions are expected to enhance volume growth, capture incremental market share, and support long-term revenue and EBITDA growth. Timely commissioning of new capacity will be key to sustaining competitive advantage amid sector consolidation.
- Valuation:** The stock is currently trading at 10.5x and 9.5x FY27E/FY28E EV/EBITDA and EV/tonne of \$65 and \$61. The valuation remains attractive compared to other larger peers. We maintain our BUY rating on the stock with a TP of Rs 2,430/share, implying an upside of 39% from the CMP
- Key risks:** a) Lower realisation and demand in its key markets, b) Delay in capacity expansion and higher input costs may impact margins.

Key Financials

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
FY25E	13,980	2,407	796	36	48	14.1	4%	6
FY26E	14,804	3,083	1,165	61	29	11.3	6%	7
FY27E	16,198	3,359	1,206	64	27	10.6	6%	8
FY28E	17,629	3,694	1,332	71.1	25	9.6	7%	8

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	13,980	14,804	16,198	17,629
Other operating income	0	0	0	0
Total income	13,980	14,804	16,198	17,629
Raw Material	2,328	2,338	2,517	2,718
Power & Fuel	2,903	2,980	3,335	3,602
Freight & Forwarding	3,286	3,234	3,566	3,852
Employee benefit expenses	885	894	950	1,045
Other Expenses	2,171	2,275	2,472	2,720
EBITDA	2,407	3,083	3,359	3,694
Other income	253	222	243	229
PBIDT	2,660	3,305	3,602	3,923
Depreciation	1,331	1,349	1,480	1,616
Interest & Fin Chg.	399	480	490	506
E/o income / (Expense)	-	-	-	-
Pre-tax profit	930	1,476	1,632	1,801
Tax provision	118	293	408	450
RPAT	812	1,183	1,224	1,350
Minority Interests	16	18	18	18
Associates	-	-	-	-
APAT after EO item	796	1,165	1,206	1,332

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Total assets	30,226	33,312	34,573	35,944
Net Block	19,228	21,302	23,062	24,090
CWIP	2,497	2,593	2,593	2,593
Investments	675	773	773	773
Wkg. cap. (excl cash)	736	762	833	908
Cash / Bank balance	158	224	224	377
Misc. Assets	6,932	7,658	7,089	7,203
Capital employed	30,226	33,312	34,573	35,944
Equity capital	38	38	38	38
Reserves	17,336	17,941	19,053	20,292
Minority Interests	126	144	162	180
Borrowings	5,258	6,752	6,752	6,752
Def tax Liabilities	2,036	2,237	2,237	2,237
Other Liabilities and Provisions	5,432	6,200	6,331	6,445

Source: Company, Axis Research

Cash Flow	(Rs Cr)			
	Y/E Mar	FY25	FY26	FY27E
Profit before tax	817	1,449	1,632	1,801
Depreciation	1,331	1,349	1,480	1,616
Interest Expenses	399	480	490	506
Non operating/ EO item	-258	-206	-243	-229
Change in W/C	-230	-659	-71	-75
Income Tax	-71	-99	-408	-450
Operating Cash Flow	2,117	2,278	2,879	3,169
Capital Expenditure	-2,664	-2,056	-3,240	-2,644
Investments	-54	-47	700	-
Others	371	82	243	229
Investing Cash Flow	-2,270	-3,023	-2,297	-2,415
Borrowings	648	1,531	-	-
Interest Expenses	-444	-446	-490	-506
Dividend paid	-169	-169	-94	-94
Others	-20	-108	-	-
Financing Cash Flow	2	81	-58	-60
Change in Cash	-192	63	-0	154
Opening Cash	341	149	212	212
Closing Cash	149	212	212	365

Source: Company, Axis Research

Ratio Analysis	(%)			
	Key Ratios	FY25	FY26	FY27E
Operational Ratios				
Sales growth	-5%	6%	9%	9%
OPM	17%	21%	21%	21%
Op. profit growth	-8%	28%	9%	10%
COGS / Net sales	61%	58%	58%	58%
Overheads/Net sales	22%	21%	21%	21%
Depreciation / G. block	4.5%	5.2%	5.1%	5.1%
Effective interest rate	7.6%	7.1%	7.3%	7.5%
Efficiency Ratios				
Total Asset turnover (x)	0.46	0.44	0.47	0.49
Sales/Gross block (x)	0.47	0.57	0.56	0.56
Sales/Net block(x)	0.73	0.69	0.70	0.73
Working capital/Sales (x)	0.21	0.20	0.14	0.13
Valuation Ratios				
P/BV (x)	1.87	1.81	1.70	1.60
PER (x)	48	29	27	25
EV/Ebitda (x)	14.1	11.3	10.6	9.6
EV/Sales (x)	2.4	2.4	2.2	2.0
EV/Tonne \$ (x)	80	74	76	61

Source: Company, Axis Research

UJJIVAN SMALL FINANCE BANK LIMITED – STANDING TALL THROUGH THE MFI DOWN CYCLE

Ujjivan Small Finance Bank Ltd. (UJSFB) is a leading and diversified SFB that transitioned from an NBFC (Ujjivan Financial Services Ltd.) in Feb'17. The bank primarily serves low and middle-income individuals and businesses in metro and urban areas with limited or no access to formal banking and financial services. Its diversified portfolio includes Microfinance-both group and individual products, MSE Finance, Affordable Housing Finance, FIG Finance, and newly introduced offerings such as vehicle loans and gold loans.

Industry view



Equal weight

CMP
54

Target Price
78

Upside
44%

Key Rationale

- Diversification Strategy and Secured Portfolio Scale-Up Remain Key Focus:** UJSFB highlighted that the RBI has acknowledged the ongoing diversification of the loan portfolio, and focus continues to remain on building a diversified and well-balanced portfolio, while simultaneously improving the mix of secured assets. **The management has guided for the share of secured advances to improve to 56% in FY27 vs ~49% in FY26. The secured asset growth is expected to remain robust at 35-40% in FY27, led by the aforementioned segments.** The MFI portfolio has stabilised and resumed its growth trajectory following a meaningful slowdown following the implementation of the guardrails. Management expects **MFI growth to remain muted at 8-10%**, with secured businesses growing materially faster. **We expect UJSFB's credit growth momentum to sustain and deliver a strong credit growth of ~25% CAGR over FY26-28E.**
- NIMs Holding Firm Despite Mix Shift:** In Q4, UJSFB's NIM expansion of 20 bps QoQ was aided by a combination of multiple factors such as lower CoF, better liquidity utilisation, stable yields and lower interest reversals amidst a shift towards the relatively lower-yielding secured segments. Going forward, despite the improving share of secured portfolio in the overall advances mix, **NIMs are expected to be maintained at exit-FY26 levels of ~8.5% over FY27.** On the liability front, **UJSFB expects continued easing in CoF, with nearly 25-30 bps of benefit still left to accrue from recent rate actions taken in Apr'26** (impact expected to be larger vs Jan'26 rate cut, with ~33% of the book getting repriced). **We expect NIMs to remain rangebound between 8.0% and 8.2% over FY27-28E.**
- Asset Quality Remains Stable Amid External Uncertainties:** UJSFB's asset quality trends continued to improve sequentially, with MFI X-bucket CE at 99.8% vs 99.6% QoQ. **Credit costs moderated meaningfully during the quarters, and management expects credit costs to settle at 1.4-1.5% of GLB in FY27, driven by healthy asset quality trends in the secured book and normalised trends in the MFI portfolio.** Management indicated that the **ongoing West Asia crisis has not had any material impact on asset quality so far, given the bank's largely retail and granular portfolio composition, with negligible exposure to foreign currency-linked risks.** The customer profile is believed to remain relatively insulated from any immediate first-order impact arising from the geopolitical crisis.
- Outlook & Valuation:** UJSFB appears well-positioned to deliver healthy and sustainable growth over the medium term, supported by the acceleration of its portfolio diversification strategy, strong traction in secured businesses, and improving liability franchise. The bank's shift towards better-yielding secured products, along with the benefit accruing from the SA rate cut taken in Apr'26, should help UJSFB maintain a resilient NIM profile. Asset quality trends across both secured and MFI portfolios continue to remain comfortable, aided by tighter underwriting, strong collection efficiencies, and prudent portfolio monitoring. Strong NIMs and gradually moderating credit costs should offset the impact of higher Opex as the bank continues to invest in the franchise at tech, enabling it to scale RoA to 1.6-1.8% over FY27-28E.
- Key risks:** a) Scalability of new products, b) Asset quality concerns in the MFI segment

Key Financials (Standalone)

Y/E Mar	NII (Rs Cr)	PPOP (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY25	3,636	1,689	726	3.8	30.2	1.8	1.6	0.5
FY26	3,871	1,710	693	3.6	33.7	1.6	1.3	0.4
FY27E	4,837	2,124	1,076	5.5	39.0	1.4	1.7	0.4
FY28E	5,872	2,682	1,411	7.3	46.0	1.2	1.8	0.4

Source: Company, Axis Securities.

Profit & Loss		(Rs Cr)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
Net Interest Income	3,636	3,871	4,837	5,872	
Other Income	846	1,108	1,320	1,569	
Total Income	4,482	4,979	6,156	7,441	
Total Operating Exp.	2,793	3,268	4,032	4,759	
PPOP	1,689	1,710	2,124	2,682	
Provisions & Contingencies	748	799	685	797	
PBT	941	911	1,439	1,886	
Provision for Tax	215	218	363	475	
PAT	726	693	1,076	1,411	

Source: Company, Axis Research

Balance Sheet		(Rs Cr)			
Y/E MAR	FY25	FY26	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	1,935	1,943	1,943	1,943	
Reserves and Surplus	90	97	142	187	
Shareholders' funds	4,059	4,776	5,852	7,262	
Deposits	5,994	6,718	7,794	9,205	
Borrowings	37,630	45,668	56,624	70,402	
Other Liabilities, provisions	2,845	3,736	5,296	6,836	
Total liabilities	1,130	1,321	1,642	2,036	
	47,689	57,541	71,498	88,667	
APPLICATION OF FUNDS					
Cash & Bank Balance	3,170	3,143	3,724	4,630	
Investments	11,730	12,724	15,550	19,334	
Advances	31,390	39,761	49,847	61,754	
Fixed Assets & Other Assets	1,399	1,913	2,377	2,948	
Total assets	47,689	57,541	71,498	88,667	

Source: Company, Axis Research

KEY RATIOS

(%)

Y/E MAR	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
EPS	3.8	3.6	5.5	7.3
Earnings Growth (%)	-43.5	-4.9	55.3	31.1
BVPS	31.0	34.6	40.1	47.4
Adj. BVPS	30.2	33.7	39.0	46.0
ROAA (%)	1.6	1.3	1.7	1.8
ROAE (%)	12.6	10.9	14.8	16.6
P/E (x)	14.5	15.3	9.8	7.5
P/ABV (x)	1.8	1.6	1.4	1.2
PROFITABILITY				
NIM (%)	8.7	8.1	8.3	8.1
Cost-Assets Ratio	6.3	6.2	6.2	5.9
Cost-Income Ratio	62.3	65.6	65.5	64.0

Source: Company, Axis Research

Balance Sheet Structure Ratios

(%)

Y/E MAR	FY25	FY26	FY27E	FY28E
Loan Growth (%)	7.9	26.6	25.4	23.9
Deposits Growth (%)	19.6	21.4	24.0	24.3
Equity/Assets (%)	8.5	8.3	8.2	8.2
Equity/Loans (%)	19.1	16.9	15.6	14.9
Total Capital Adequacy Ratio (CAR)	23.1	21.1	19.6	18.6
ASSET QUALITY				
Gross NPLs (%)	2.2	2.3	2.2	2.2
Net NPLs (%)	0.5	0.4	0.4	0.4
PCR	78.1	81.5	81.0	81.0
Credit costs	2.6	2.2	1.5	1.4

Source: Company, Axis Research

CHALET HOTELS LTD – ARR LED GROWTH

Chalet Hotels Limited is a leading owner, developer, and asset manager of high-end hotels in India, primarily operating in key metro cities such as Mumbai, Hyderabad, Bengaluru, and Pune. The company's portfolio comprises luxury and upper-upscale hotels managed by renowned global brands like Marriott, Westin, and Four Points. Chalet follows an integrated business model that combines hospitality with commercial and mixed-use developments, leveraging synergies in operations, location, and asset management. With a focus on premium urban markets, efficiency, and sustainable practices, Chalet continues to enhance its portfolio through strategic expansions and redevelopment projects.

Industry view



Equal Weight

CMP
785

Target Price
1,000

Upside
27%

Key Rationale

- Stronger Demand Cycle:** Chalet remains well positioned to benefit from India's structural hospitality upcycle, driven by rising domestic travel, increasing disposable incomes, robust wedding demand, and strong MICE activity. Despite temporary geopolitical disruptions and Mumbai market softness in Q4FY26, the company delivered resilient operational performance with FY26 hospitality revenue growth of 14% YoY. Management highlighted that supply additions continue to lag demand across key micro markets, supporting sustained ARR growth. Chalet's focus on premium assets in high-entry-barrier markets like Mumbai, Bengaluru, Hyderabad, and NCR provides strong pricing power and long-term occupancy stability.
- Strong Balance Sheet and Internal Cash Generation:** Despite investing nearly Rs 1,900 Cr in growth capex over the past two years, net debt reduced to ~Rs 1,900 Cr from Rs 2,500 Cr, supported by strong operating cash flows. Management expects the planned Rs 3,000 Cr capex over FY27-FY29 to be largely funded through internal accruals, limiting leverage risk. The company also maintains strong EBITDA margins near 43% and continues to generate high-margin rental income from its CRE assets.
- Outlook & Guidance:** Management remains optimistic on the medium-term hospitality outlook despite near-term geopolitical uncertainties. Demand trends in April and May have already improved meaningfully, while leisure assets continue to witness strong traction. Stabilisation of recently added inventory, ramp-up of resorts, and commissioning of commercial real estate assets are expected to drive earnings growth over the next few years. The company expects monthly CRE rentals to rise to Rs 30 Cr in FY27, while Cygnus 2 and Hyderabad projects provide long-term upside.
- Diversified Growth Pipeline:** The company's growth visibility remains robust with operating inventory crossing 3,389 rooms and total pipeline exceeding 5,000 keys. Strategic additions, such as the ultra-luxury The Ritz-Carlton Hyderabad and the Udaipur resort acquisition, strengthen Chalet's positioning across both business and leisure segments. Simultaneously, stabilisation of newer assets, including Bengaluru expansion, Khandala resort, and Delhi airport project, is expected to meaningfully improve occupancy and operating leverage over the next 2-3 years. The commercial real estate portfolio also provides annuity-style cash flows, with a monthly rental run-rate already reaching Rs 28 Cr and expected to scale further after Cygnus 2 commissioning.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)
FY25	1,718	736	143	6.5	137.1	29.9	6.4	4.7
FY26	2,770	1,187	645	29.6	30.3	18.3	5.3	17.4
FY27E	3,271	1,426	756	34.7	25.9	15.0	4.4	17.1
FY28E	3,191	1,436	767	35.2	23.2	13.4	3.4	14.8

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Net Sales	1,718	2,770	3,271	3,191
Growth (%)	21.2%	61.2%	18.1%	-2.4%
Total Expenditure	982	1,582	1,845	1,755
Raw Material Consumed	117	130	373	287
Gross margins (%)	93.2%	95.3%	88.6%	91.0%
Employee Expenses	234	288	393	383
% of sales	13.5%	13.5%	12.0%	12.0%
Other Expenses	631	1,165	1,080	1,085
% of sales	36.7%	42.1%	33.0%	34.0%
EBIDTA	736	1,187	1,426	1,436
EBITDAM (%)	42.8%	42.9%	43.6%	45.0%
Depreciation	179	230	243	270
% of GB	3.8%	4.5%	4.0%	4.0%
EBIT	557	957	1,183	1,166
EBITM (%)	32.4%	34.6%	36.2%	36.5%
Interest	159	180	195	168
Other Income	36	43	47	52
Share of P/L of Associates	0	0	0	0
PBT	434	818	1,035	1,050
Tax Rate (%)	67.2%	21.2%	27.0%	27.0%
Tax	292	174	280	284
Reported PAT	143	645	756	767

Source: Company, Axis Research,

Balance Sheet

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Share Capital	218	219	219	219
Reserves & Surplus	2,827	3,479	4,215	4,961
Net Worth	3,046	3,698	4,433	5,180
Total Loan funds	2,679	2,461	2,161	1,861
Deferred Tax Liability	85	220	170	170
Long-Term Provisions	16	19	16	16
Other Long-Term Liability	41	72	90	87
Capital Employed	7,063	7,309	7,677	8,013
Gross Block	4,684	5,131	6,081	6,751
Less: Depreciation	1,472	1,702	1,945	2,215
Net Block	3,212	3,429	4,136	4,536
Investments	99	15	15	15
Sundry Debtors	78	69	117	114
Cash & Bank Bal	186	309	365	337
Loans & Advances	23	80	80	80
Inventory	633	269	100	60
Other Current Assets	147	162	162	162
Total Current Assets	2,204	1,287	1,153	945
Curr Liab & Prov	1,165	903	838	768
Net Current Assets	-1,039	-384	-315	-177
Total Assets	7,063	7,309	7,676	8,02

Source: Company, Axis Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
PBT	434	818	1,035	1,050
Add: depreciation	179	230	243	270
Add: Interest	159	180	195	168
Cash flow from operations	772	1,229	1,473	1,488
Change in working capital	54	86	-96	74
Taxes	292	174	280	284
Net cash from operations	427	970	1,290	1,130
Capital expenditure	-1,130	-662	-674	-670
Net cash from investing	-1,228	-583	-670	-670
Increase/Decrease in debt	-271	-217	-300	-300
Dividends	0	-10	-20	-20
Proceedings from equity	13	1	-0	0
Interest	-159	-180	-195	-168
Others	1,272	144	-48	0
Net cash from financing	855	-263	-563	-488
Net Inc./ (Dec.) in Cash	53	123	57	-28
Opening cash balance	132	186	309	365
Closing cash balance	186	309	365	337

Source: Company, Axis Research

Ratio Analysis

(x,%)

Y/E Mar	FY25	FY26	FY27E	FY28E
Sales growth	21.2	61.2	18.1	(2.4)
OPM	42.8	42.9	43.6	45.0
Oper. profit growth	25.9	61.3	20.1	0.7
COGS / Net sales	6.8	4.7	11.4	9.0
Overheads/Net sales	50.4	52.4	45.0	46.0
Depreciation / G. block	3.8	4.5	4.0	4.0
Effective interest rate	67.2	21.2	27.0	27.0
Net wkg.cap / Net sales	0.1	0.1	0.0	0.1
Net sales / Gr block (x)	0.4	0.5	0.5	0.5
RoCE	9.4	16.0	19.3	17.9
Debt/equity (x)	0.9	0.7	0.5	0.4
Effective tax rate	67.2	21.2	27.0	27.0
RoE	4.7	17.4	17.1	14.8
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	6.5	29.6	34.7	35.2
EPS Growth	0.0	0.0	0.0	0.0
CEPS (Rs.)	14.7	40.1	45.8	47.5
DPS (Rs.)	0.0	1.0	2.0	2.0

Source: Company, Axis Research

MINDA CORPORATION LTD - PREMIUM ELECTRONICS & EV PLATFORMS POWERING NEXT GROWTH PHASE

Minda Corporation Ltd (Minda), established in 1958 and headquartered in Noida, India, is a major technology-driven manufacturer of automotive components and systems for both domestic and global original equipment manufacturers (OEMs). It is the flagship company of the Spark Minda Group and a leading supplier of mechatronic products, wiring harnesses, vehicle access systems, instrument clusters, connectivity systems, and interior & plastic components across passenger vehicles, commercial vehicles, two-wheelers, three-wheelers, and off-road vehicles.

Industry View



Over Weight

CMP
624

Target Price
710

Upside
14%

Key Rationale

- Product Portfolio Expansion & Key Order Wins:** MCL's product strategy in Q4FY26 reflects a strong shift toward premiumization, platform-level offerings, and EV-focused technologies across segments. The company expanded its premium PV portfolio with a lifetime sunroof order valued at ~Rs 1,050 Cr, with mass production expected to commence in the next 4-5 months and peak ramp-up likely by FY28. MCL also secured multiple orders for advanced TFT instrument clusters ranging from 3-inch to 15-inch displays across PV and CV segments, supported by rising premium content per vehicle. Further, the Toyo Denso JV secured new switch orders from leading Japanese OEMs, with SOP targeted for Q4FY27. In the EV space, the newly formed Turntide Technologies JV strengthens MCL's presence in axial flux motors and motor controllers for compact EV architectures across 2W, 3W, and CV segments. On the innovation front, the company filed 11 new patents during Q4FY26, taking total patent filings to 330, of which 147 have already been granted.
- Strong Order Book:** Minda Corporation's order book continues to provide strong medium-term revenue visibility and highlights the success of its premiumization and export-led growth strategy. The company reported a record lifetime order book of over Rs 10,000 Cr during FY26, with Q4 alone contributing ~Rs 3,500 Cr worth of new wins. Importantly, ~20% of the total order inflows were export-linked, supporting geographical diversification and reducing dependence on domestic cyclicality. The order pipeline remains diversified across sunroofs, wiring harnesses, TFT clusters, TPMS, switches, and EV solutions, with a typical execution lifecycle of 48-60 months, thereby providing sustained revenue visibility over the medium term.
- Flash Electronics Performance:** Associate company, Flash Electronics, delivered a healthy operational performance in Q4FY26, supported by strong export execution, improved utilisation levels and lower finance costs. Flash reported quarterly revenues of ~Rs 493 Cr, while EBITDA stood at Rs 89 Cr (+106% YoY) with EBITDA margins of ~18%. PAT came in at Rs 49 Cr (+137% YoY), with PAT margins of ~9.9%. For FY26, EBITDA and PAT stood at Rs 310 Cr and Rs 137 Cr, respectively. Growth was driven by higher-margin export programs within the metallic business, improved operating efficiencies and lower interest costs. Strategically, Flash continues to strengthen its EV portfolio through its dedicated technical centre in Poland, focusing on passenger vehicle EV motors, while expanding export opportunities through facilities in Vietnam and Indonesia. The company also remains well-positioned to benefit from increasing EV penetration and localisation trends across global OEMs.
- Valuation & Outlook:** We remain positive on Minda Corp's growth trajectory, supported by strong order inflows, premiumization, expanding EV opportunities, and technology-led product offerings. Backed by a robust Rs 10,000 Cr order book and management's confidence in outperforming industry growth through organic and inorganic initiatives, we project a CAGR of 18%/22%/30% in Revenue/EBITDA/Adj PAT over FY27-28E, with a higher share of profits from associates expected to further support PAT growth.
- Key risks:** Macro-economic uncertainty, Higher depreciation cost.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBITDA (x)
FY25	5,056	575	255	10.7	50.5	15.3	12.2	23.4
FY26	6,185	721	360	15.0	41.6	16.2	14.7	21.3
FY27E	7,249	877	471	19.7	31.6	18.6	16.6	17.7
FY28E	8,601	1,076	606	25.4	24.6	20.5	18.4	14.2

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Net sales	5,056	6,185	7,249	8,601
Raw materials	3,147	3,900	4,567	5,418
Staff costs	782.5	933.5	1,024.7	1,178.4
Other expenses	552.5	631.2	780.5	928.2
Total expenses	4,482	5,464	6,372	7,525
EBITDA	575	721	877	1,076
Depreciation	204	230	249	289
EBIT	371	491	628	787
Other income	32	15	34	34
Interest expense	67	122	121	121
Exceptional (expenses)/income	0	-1	1	0
Profit before tax	336	383	542	700
Tax expense	96	106	150	194
Associates	16	81	80	100
Adjusted PAT	255	359	472	606
Reported PAT	255	360	471	606
No. of shares	23.9	23.9	23.9	23.9
Reported EPS (Rs/share)	10.68	14.98	19.76	25.36

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Total assets	3,882	4,202	4,519	4,894
Net Block	1,347	1,446	1,392	1,299
CWIP	65	129	184	239
Goodwill	93	93	93	93
Investments	1,476	1,558	1,558	1,558
Wkg. cap. (excl cash)	805	828	1,243	1,419
Cash / Bank balance	97	147	49	286
Misc. Assets	0	0	0	0
Capital employed	3,882	4,202	4,519	4,894
Equity capital	48	48	48	48
Reserves	2,154	2,596	2,988	3,486
Pref. Share Capital	0	0	0	0
Minority Interests	0	15	15	15
Borrowings	1,668	1,534	1,448	1,323
Def tax Liabilities	12	9	21	22

Source: Company, Axis Securities Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY25A	FY26A	FY27E	FY28E	
Sources	1,473.5	368.2	566.7	663.4	
Cash profit	511	629	762	916	
(-) Dividends	16.7	16.7	0.0	8.4	
Retained earnings	494.0	611.8	762.3	907.7	
Issue of equity	0.0	0.0	0.0	0.0	
Change in Oth. Reserves	0.0	15.0	0.0	0.0	
Borrowings	1,074.3	(138.1)	(87.0)	(125.0)	
Others	(94.8)	(120.6)	(108.7)	(119.3)	
Applications	1,473.5	368.2	566.7	663.4	
Capital expenditure	497.1	419.6	250.0	250.0	
Investments	1,127.9	82.8	0.0	0.0	
Net current assets	(57.3)	(3.5)	415.1	176.2	
Change in cash	(94.2)	(130.7)	(98.4)	237.2	

Source: Axis Securities Research

Ratio Analysis		(%)			
Key Ratios	FY25A	FY26A	FY27E	FY28E	
Sales growth	8.7	22.3	17.2	18.6	
EBITDA margin	11.4	11.7	12.1	12.5	
EBITDA growth	11.7	25.5	21.6	22.7	
COGS / Net sales	26.4	25.3	24.9	24.5	
Overheads/Net sales	28.3	27.7	26.9	26.5	
Depreciation / G. block	9.3	9.1	9.1	9.9	
Effective interest rate	6.7	9.0	6.3	7.9	
Net wkg.cap / Net sales	0.1	0.1	0.1	0.1	
Net sales / Gr block (x)	2.3	2.4	2.7	2.9	
RoCE	15.3	16.2	18.6	20.5	
Debt/equity (x)	0.7	0.6	0.5	0.4	
Effective tax rate	28.7	27.7	27.6	27.7	
RoE	12.2	14.7	16.6	18.4	
Payout ratio (Div/NP)	6.6	4.7	0.0	1.4	
EPS (Rs.)	10.7	15.0	19.8	25.4	
EPS Growth	12.4	40.3	31.9	28.4	
Adj EPS (Rs.)	10.7	15.0	19.7	25.4	

Source: Axis Securities Research

NAVIN FLUORINE INTERNATIONAL LTD – SYNERGISTIC GROWTH ACROSS SEGMENTS

Navin Fluorine International Ltd. (NFIL), established in 1967, is one of India's largest manufacturers of speciality fluorochemicals. Part of the Padmanabh Mafatlal Group, the company operates one of India's largest integrated fluorochemical complexes, positioning itself as a preferred partner for a diverse range of fluorochemicals globally. NFIL's portfolio includes synthetic cryolite, fluorocarbon gases, hydrofluoric acid, and other fluorine-based chemicals. It also offers contract research and manufacturing services. With manufacturing capabilities for both anhydrous and diluted hydrofluoric acid in India, NFIL caters to industries such as stainless steel, glass, oil & gas, abrasives, electronics, and life & crop sciences.

Industry view



Over Weight

CMP
7,129

Target Price
8,000

Upside
12%

Key Rationale

- Volume and Realisation-led Growth Continues in HPP:** The HPP segment reported ~20% YoY revenue growth during Q4FY26, aided by favourable pricing and improved volumes. The AHF project has been commissioned successfully, with dispatches already underway. Additionally, the planned capex for incremental HFC capacity (up to 15,000 MTPA of R32) remains on schedule for commissioning in Q3FY27, with potential peak revenues estimated at Rs 600-825 Cr annually. The existing Honeywell contract continues to operate at ~80% utilisation, offering headroom for further scale-up.
- Strong Order Visibility and Capacity Expansion to drive growth in Speciality Chemicals:** The Speciality Chemicals segment registered robust growth of ~39% YoY during Q4FY26, supported by strong execution across existing products and new launches. The Chemours project is progressing as per plan and is expected to be commissioned by Q1FY27. Further, debottlenecking of the Dahej MPP facility (expected by Q3FY27) is likely to add incremental peak revenues of Rs 140-160 Cr. Management highlighted order visibility supporting ~80% capacity utilisation for FY27, while the dedicated Nectar facility is targeted to reach 75-80% utilisation by FY28.
- CDMO- Sustained Momentum Driven by Execution:** The CDMO business reported strong growth of ~61% YoY during Q4FY26, driven by execution strength and increasing client engagements. During the quarter, NFIL completed validation and initiated commercial supplies from its cGMP Phase I facility for a European customer, ensuring multi-year revenue visibility.
- Outlook & Recommendation:** NFIL continues to focus on capacity expansion, operational efficiencies, and productivity improvements across segments. A strong order book provides medium-term revenue visibility. With new capacities, product additions, and sustained traction in CDMO partnerships, the company is well placed to deliver healthy growth over FY27-FY28. Management has guided for sustainable EBITDA margins of ~30% (±100-200 bps) on an annualised basis, which we expect them to surpass/comfortably meet. Accordingly, we now value the stock at 32x FY28E EPS and maintain a BUY rating on the stock.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBITDA (x)
FY25	2,349	534	289	58.2	122	11%	11%	69
FY26	3,314	1,082	664	129.6	55	18%	17%	35
FY27E	4,331	1,415	951	185.7	38	20%	20%	27
FY28E	5,584	1,841	1,280	250.1	29	23%	21%	20

Source: Company, Axis Securities Research

Profit & Loss

	(Rs Cr)				
Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
Net Sales	2,065	2,349	3,314	4,331	5,584
COGS	935	1,039	1,376	1,799	2,319
Employee Cost	286	297	307	411	519
Other Expenses	445	480	549	706	905
Total Expenditure	1,667	1,816	2,232	2,916	3,743
EBITDA	398	534	1,082	1,415	1,841
EBITDA Margin %	19.3%	22.7%	32.6%	32.7%	33.0%
Depreciation	96	119	149	173	211
EBIT	302	414	932	1,242	1,630
Interest	75	78	118	98	85
PBT	228	336	815	1,143	1,545
Exceptional Items	52	-	(7)	-	-
Other Income	56	44	65	91	117
PBT	336	380	873	1,234	1,663
Tax	65	91	210	284	382
Tax Rate %	19.4%	24.1%	24.0%	23.0%	23.0%
PAT	271	289	664	951	1,280
EPS	54.6	58.2	129.6	185.7	250.1

Source: Company, Axis Securities Research

Balance Sheet

	(Rs Cr)				
Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
Share Capital	10	10	10	10	10
Reserves & Surplus	2,373	2,616	3,964	4,838	6,040
Total Equity Capital	2,383	2,626	3,975	4,848	6,051
Trade Payables	303	327	529	498	612
Other Financial Liabilities	84	99	94	94	94
Other Current Liabilities	40	52	71	71	71
Total Current Liability	787	915	1,068	951	1,064
Long-Term Borrowings	1,023	1,053	940	900	700
Total Non-Current Liabilities	1,208	1,289	1,336	1,293	1,124
Total Liabilities	1,994	2,204	2,405	2,243	2,188
Total Equity + Liabilities	4,377	4,830	6,379	7,091	8,239
Assets					
Inventories	372	322	446	475	612
Trade Receivable	513	582	752	771	994
Investments	486	472	1,224	1,224	1,224
Cash and Equivalents	7	20	23	40	238
Other Current Assets	137	153	222	222	222
Total Current Assets	1,553	1,589	2,785	2,851	3,410
Net Block	1,685	2,550	3,113	3,740	4,329
Capital Work in Progress	711	350	143	143	143
Goodwill on consolidation	88	88	88	88	88
Total Non-Current Assets	2,824	3,242	3,594	4,240	4,829
Total Assets	4,377	4,830	6,379	7,091	8,239

Source: Company, Axis Securities Research

Cash Flow		(Rs Cr)				
Y/E Mar	FY24	FY25	FY26	FY27E	FY28E	
PBT	336	380	873	1,234	1,663	
Depreciation & Amortization	96	119	149	173	211	
Chg in Working cap	361	93	(38)	(79)	(247)	
Direct tax paid	(34)	(78)	(159)	(284)	(382)	
Others	(8.6)	56.1	68.4	95.2	81.8	
Cash From Operating Activities	750	571	894	1,139	1,326	
Chg in Gross Block	(732)	(567)	(489)	(800)	(800)	
Interest Received	3	2	3	3	3	
Cash Flow from Investing Activities	(1,093)	(511)	(1,235)	(816)	(797)	
Proceeds / (Repayment) of Borrowings (Net)	491.3	101.4	(214.0)	(126.4)	(200.0)	
Proceeds from issue of Equity Instruments of the company	-	0	747	-	-	
Finance Cost paid	(75)	(79)	(106)	(98)	(85)	
Dividends paid	(74)	(60)	(68)	(77)	(77)	
Others	(6.5)	(10.1)	4.1	(3.9)	31.2	
Cash from Financing Activities	336	(47)	363	(306)	(331)	
Opening Cash & Cash Equivalents	14	7	20	42	40	
Chg in cash	(8)	13	22	18	198	
Closing Cash & Cash Equivalent	7	20	42	59	238	

Source: Axis Securities Research

Ratio Analysis		(%)				
Key Ratios	FY24	FY25	FY26	FY27E	FY28E	
Growth (%)						
Net Sales	-1%	14%	41%	31%	29%	
EBITDA	-28%	34%	103%	31%	30%	
APAT	-28%	7%	130%	43%	35%	
Profitability (%)						
EBITDA Margin	19%	23%	33%	33%	33%	
Adj. PAT Margin	13%	12%	20%	22%	23%	
ROCE	8%	11%	18%	20%	23%	
ROE	11%	11%	17%	20%	21%	
Per Share Data (Rs.)						
Adj. EPS	55	58	130	186	250	
BVPS	481	530	777	947	1182	
DPS	15	12	15	15	15	
Valuations (X)						
PER	131	122	55	38	29	
P/BV	15	13	9	8	6	
EV / EBITDA	92	69	35	27	20	
EV / Net Sales	18	16	11	9	7	
Turnover Days						
Asset Turnover	1.1	0.9	1.0	1.1	1.1	
Inventory days	74	54	42	40	40	
Debtors days	95	85	73	65	65	
Creditors days	48	49	47	42	40	
Working Capital Days	121	90	69	63	65	

Source: Axis Securities Research

KALPATARU PROJECTS INTERNATIONAL LTD – ROBUST EXECUTION & STRONG ORDER BOOK TO PROPEL GROWTH

KPIL, founded in 1981, is a prominent specialised EPC company with a strong global presence across 74 countries. The company has established itself as a key player in the international EPC market, leveraging its high-growth and diversified business model to deliver innovative solutions. KPIL consistently focuses on creating sustainable value for diverse stakeholders, reinforcing its reputation as a reliable and forward-looking organisation.

Industry view



Equal Weight

CMP

1,305

Target Price

1,450

Upside

11%

Key Rationale

- Robust Order Book to Support Revenue Growth:** As of 31st Mar'26, the company's order book stands at Rs 65,457 Cr, with 44% from T&D, 28% from B&F, 11% from Water, 7% from Oil & Gas, 4% from Railways, and 6% from Urban Infra. Backed by a strong execution track record and expanding opportunities across all segments, the company is positioned for steady revenue growth, projecting a 15% CAGR from FY26-28E.
- Strong Bid Pipeline to Support Inflows:** In FY26, order inflow stood at Rs 26,400 Cr. For FY27, management expects order inflows of at least Rs 30,000 Cr, mainly from T&D, B&F and Oil & Gas segments. T&D business remains highly optimistic across domestic and overseas markets, supported by a strong tender pipeline. The B&F segment also maintains a healthy order pipeline, driven by residential real estate along with emerging opportunities in data centers, airports, industrial plants, and Middle East Oil & Gas projects, which are expected to support strong tendering activity in FY27.
- T&D and B&F Business to be Major Growth Contributor:** The company holds L1 positions in projects worth ~Rs 3,200 Cr, largely concentrated in the T&D and B&F segments. The B&F segment achieved a record-high order inflow of Rs 11,460 Cr, and this momentum is expected to continue. The rising share of high-margin T&D and B&F projects is likely to support margin expansion and improved profitability. We expect EBITDA margin expansion and PAT growth to deliver a CAGR of 16% and 20%, respectively, over FY26–28E, driven by strong execution capabilities and a healthy order pipeline.
- Outlook:** The company is well-placed to capitalise on its strong order book, favourable sectoral trends across domestic and international T&D and B&F segments, and a strong financial position supported by lower debt and efficient working capital management. It is projected to deliver a CAGR of 15%/16%/20% over FY25–FY28E.
- Valuation:** The stock is currently trading at 18x/15x FY27E/28E EPS. We maintain our BUY rating on the stock with a TP of Rs 1,470/share, implying an upside of 13% from the CMP.
- Key risks:** a) Delay in collections may impact revenue growth; b) A rise in commodity prices may impact margins.

Key Financials

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
FY25	22,316	1,834	567	33	29	10.5	9.6	16.8
FY26	27,143	2,240	1,031	60	22	10.7	14.3	20.3
FY27E	30,964	2,601	1,208	71	18	9.4	14.3	22.4
FY28E	35,675	3,032	1,480	87	15	8.2	15.5	23.9

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	22,316	27,143	30,964	35,675
Other operating income	0	0	0	0
Total income	22,316	27,143	30,964	35,675
Net RM	8,581	9,340	10,961	12,593
Contribution (%)	61.5%	65.6%	64.6%	64.7%
Other Expenses	11,901	15,563	17,402	20,049
Operating Profit	1,834	2,240	2,601	3,032
Other income	62	105	115	139
PBIDT	1,897	2,345	2,716	3,172
Depreciation	497	510	557	601
Interest & Fin Chg.	577	501	526	571
E/o income / (Expense)	0	37	0	0
Share of Profit from Associates	0	0	0	0
Pre-tax profit	823	1,371	1,632	2,000
Tax provision	256	340	424	520
PAT	567	1,031	1,208	1,480

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Capital Applied	8,971	9,131	10,132	11,408
Net Block	3,090	2,887	3,130	3,329
Other non-current assets	984	1,572	1,572	1,572
Wkg. cap. (excl cash)	2,114	2,518	3,749	5,200
Cash / Bank balance	1,759	1,842	1,370	996
Misc Assets	1,024	312	312	312
Capital employed	8,970	9,131	10,135	11,410
Equity capital	34.1	34.1	34.1	34.1
Reserves	6,479	7,742	8,796	10,122
Minority Interests	(44)	(44)	(44)	(44)
Borrowings	1,467	611	561	511
Other non-current liabilities.	1,035	787	787	787

Source: Company, Axis Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY25	FY26	FY27E	FY28E	
PAT	567	1031	1208	1480	
Depreciation	497	510	557	601	
Interest Expense	577	501	526	571	
Changes in Working Capital	(677)	(430)	(1231)	(1451)	
Others	222	308	310	381	
Tax Paid	(272)	(384)	(424)	(520)	
Net Cash from Operations	914	1536	946	1061	
Capex	(575)	(810)	(800)	(800)	
Others	(144)	810	115	139	
Net Cash from Investing	(719)	(1)	(685)	(661)	
Borrowings	487	0	(50)	(50)	
Interest Expense	(566)	(483)	(526)	(571)	
Dividend paid	(130)	(154)	(154)	(154)	
Others	200	(1034)	0	0	
Net Cash from Financing	400	(1636)	(730)	(775)	
Net Change in Cash	596	(101)	(470)	(374)	
Opening cash	1009	1602	1510	1040	
Closing cash	1602	1510	1040	665	

Source: Company, Axis Research

Ratio Analysis		(%)			
Key Ratios	FY25	FY26	FY27E	FY28E	
Sales growth	14%	22%	14%	15%	
OPM	8.2%	8.3%	8.4%	8.5%	
Operating profit growth	13%	22%	16%	17%	
COGS / Net sales	38%	34%	35%	35%	
Overheads/Net sales	53%	57%	56%	56%	
Depreciation / G. block	10%	9%	9%	9%	
Effective interest rate	14.2%	13.4%	16.0%	17.7%	
Net working capital / Net sales	0.21	0.19	0.20	0.21	
Net sales / Gr block (x)	4.4	5.0	5.0	5.1	
RoCE	17%	20%	22%	24%	
Debt/equity (x)	0.6	0.4	0.4	0.3	
Effective tax rate	31.0%	24.8%	26.0%	26.0%	
RoE	10%	14%	14%	15%	
Payout ratio (Div/NP)	23%	15%	13%	10%	
EPS (Rs.)	33.2	60.3	70.6	86.5	
EPS Growth	4.2%	81.7%	17.2%	22.5%	
CEPS (Rs.)	62.3	90.1	103.2	121.7	
DPS (Rs.)	7.6	9.0	9.0	9.0	

Source: Company, Axis Research

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