
TOP PICKS

April 2026



Navigating Near-Term Volatility with Long-Term Conviction

Market Recap: Sharp Correction Amid Global Shock: Indian equities witnessed a sharp correction in March 2026, with the Nifty declining more than 11% and broader markets underperforming, driven by a confluence of global and domestic headwinds. The sell-off was triggered primarily by escalating geopolitical tensions in the Middle East, which pushed crude oil prices above \$100–110/bbl, alongside persistent FII outflows and rising global risk aversion. **The correction was broad-based across large-cap, mid-cap, and small-cap segments. Importantly, this drawdown has brought valuations closer to historical averages after a period of premium valuations.**

Geopolitical Developments & Oil Shock: Key Overhang: The ongoing US–Israel–Iran conflict has significantly disrupted global energy markets, with key oil supply routes under stress. For India, which imports ~85–90% of its crude requirement, the sharp spike in oil prices is a critical macro headwind. **Elevated oil prices not only increase input costs for corporates but also exert pressure on inflation, fiscal balances, and external accounts.** Recent estimates suggest that sustained crude prices above \$100/bbl could materially widen India's current account deficit (CAD) and reduce GDP growth trajectory. Additionally, prolonged geopolitical uncertainty is likely to keep global risk appetite subdued, impacting emerging market flows, including India.

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. Simultaneously, global bond yields, especially US yields, remain elevated, leading to tighter financial conditions and capital reallocation away from emerging markets. 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.

Oil Prices, Inflation & CAD: Triple Impact on Economy: Higher crude prices have a cascading impact on India's macro stability. **Inflation:** Rising fuel and transportation costs push CPI toward upper tolerance bands. **Current Account Deficit:** Every \$10/bbl increase in oil can widen CAD by ~0.4–0.5% of GDP. **Fiscal Stress:** Potential increase in subsidies and reduced fiscal flexibility due to global shocks.

FII Flows & Liquidity Dynamics: Persistent Headwind: Foreign Institutional Investors (FIIs) have remained consistent sellers, with over \$19 Bn of outflows in 2026 YTD and over 1.20 Lc Cr in March alone. This has been driven by a combination of rising US yields, dollar strength, geopolitical risk, and relative attractiveness of developed market assets. While domestic institutional investors (DIIs) have partially cushioned the fall, the absence of FII support continues to weigh on market sentiment and limits any sharp upside in the near term.

Domestic Economy: Strong Base but Emerging Headwinds: India's growth outlook remains relatively resilient, with GDP expected to grow in the range of ~7–7.6% in FY27,

supported by strong domestic demand and continued government capex. However, downside risks are rising. Global institutions have begun revising growth forecasts lower (to ~5.9–6.5% scenarios in stressed cases), reflecting the impact of higher oil prices, currency depreciation, and tighter financial conditions.

Equity Market Valuation & Relative Positioning: From an equity market perspective, the benchmark indices have already witnessed a correction of over 14% from their recent highs, leading to some moderation in valuations. **On a forward basis, valuations have moved closer to their historical averages (18x) when assessed against FY27 earnings estimates.** However, the risk from higher crude prices remains a key overhang. If elevated oil prices persist longer than anticipated, the impact on input costs, margins, and overall corporate profitability could be meaningful, thereby increasing the likelihood of earnings downgrades across sectors. India still trades at a structural premium due to superior growth visibility, earnings quality, and domestic liquidity support.

Why Q4FY26 Commentary Matters More Than Usual: Q4FY26 management commentary will be a critical trigger for reassessing FY27 earnings expectations, especially in the backdrop of elevated crude prices hovering near \$110–115/bbl. The recent oil shock challenges earlier assumptions of stable input costs, steady demand recovery, and margin normalization that were underpinning mid-teen earnings growth expectations for the Nifty 50. **Any indication of cost absorption, weak pricing ability, or early demand slowdown could lead to earnings downgrades. Overall, the upcoming earnings season will be pivotal in determining whether the oil-led disruption is transient or likely to have a more structural impact on corporate profitability and market outlook.**

Sectoral Implications: Domestic-oriented sectors such as banking, capital goods, and infrastructure continue to benefit from strong internal demand and government spending. However, oil-sensitive sectors (auto, aviation, paints, chemicals) are likely to face margin pressures due to input cost inflation. Export-oriented sectors such as IT and pharma may see some support from rupee depreciation, although global demand uncertainty remains a key risk. Overall, earnings growth is expected to moderate slightly but remain positive.

Indian Economy Nearing Cyclical Recovery Amid Persistent Global Risks: Despite ongoing global challenges, India's domestic growth trajectory remains resilient, with macro indicators pointing to a stronger FY27 compared to FY26. Coordinated fiscal and monetary support from the government and the RBI, including front-loaded pro-growth measures, suggests the economy is at an inflection point, with momentum likely to strengthen in FY27. **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 40% 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 40% 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: Risk-reward in mid- and small-cap stocks is gradually turning favorable after the recent correction. However, the recovery is likely to remain slow, staggered, and earnings-dependent through FY27, especially in the backdrop of elevated crude prices and tightening liquidity conditions. Near-term market behavior is expected to remain range-bound with intermittent volatility, as rising input costs, currency pressures, and potential earnings downgrades keep overall sentiment cautious. Market breadth is likely to stay narrow, with leadership concentrated in select sectors and high-quality names **within the Nifty 500. Overall, bottom-up stock selection and tactical sector rotation will remain critical to navigating this phase and generating alpha.**

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, Consumption, Healthcare, Power, and Interest-rate Sensitive Sectors
2. Maintain a **positive view on 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: The April 2026 outlook reflects a delicate balance between strong domestic fundamentals and rising external risks. **While India's long-term structural story remains intact, near-term headwinds from oil prices, currency volatility, and global tightening are likely to keep markets volatile and range-bound. Investors should adopt a disciplined, bottom-up approach, focusing on quality and earnings sustainability, while using market corrections as staggered entry opportunities.**

We have refreshed our Top Picks by adding Kotak Bank Ltd, Eternal Ltd, and Nestle India while exiting Mahanagar Gas Ltd, HDFC Bank, and Prestige Estate Projects Ltd. The revisions underscore our continued emphasis that aligns with our core thematic investment framework, with a focus on delivering robust and sustainable medium-term growth visibility.

We maintain the Dec'26 Nifty target at 28,080

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 FY26 and FY27. 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 28,080, based on a valuation of 20x December 2027 earnings.

Market volatility in India, as reflected in the VIX, has risen sharply. It is currently at the 28 level, reflecting macro uncertainty and geopolitical risks. Elevated levels indicate increased risk aversion, narrow market breadth, and higher drawdowns in mid and small-cap stocks. 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 21x, implying a Dec'26 target of 29,480. 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 17x, implying a Dec'26 target of 23,865. 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, State Bank of India, Max Healthcare, Navin Flourine, Kalpataru Projects, LG Electronics (I) Ltd, Nestle India Ltd, Eternal Ltd, Ujjivan Small Finance Bank, Chalet Hotels, Minda Corporation Ltd, and 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	802	1,150	43%	25.9	4.4	0.5	-19.5	-18.8	-19.8	-18.8
Large Cap	State Bank of India Ltd	Financials	979	1,350	38%	10.5	1.7	1.6	-18.5	-0.3	12.3	-0.3
Large Cap	Kotak Mahindra Bank Ltd.	Financials	353	515	46%	18.4	2.0	0.1	-14.9	-19.7	-11.3	-19.7
Large Cap	Bharti Airtel Ltd	Communication Services	1,782	2,530	42%	38.4	7.8	0.9	-5.2	-15.3	-5.1	-15.3
Large Cap	Avenue Supermarts Ltd.	Consumer Staples	3,957	4,450	12%	84.9	10.5	NA	2.8	4.6	-11.6	4.6
Large Cap	Max Healthcare Institute Ltd.	Health Care	962	1,250	30%	56.3	7.9	0.2	-11.9	-7.9	-13.7	-7.9
Large Cap	LG Electronics India Ltd.	Consumer Discretionary	1,441	1,815	26%	54.9	13.9	NA	-9.3	-5.3	NA	-5.3
Large Cap	Nestle India Ltd.	Consumer Staples	1,175	1,500	28%	72.3	52.3	1.2	-9.1	-8.3	2.4	-8.3
Large Cap	Eternal Ltd.	Consumer Discretionary	229	360	57%	554.4	6.9	NA	-7.0	-17.6	-29.7	-17.6
Mid Cap	Dalmia Bharat Ltd	Materials	1,779	2,520	42%	29.0	1.8	0.5	-10.7	-16.5	-20.0	-16.5
Small Cap	Ujjivan Small Finance Bank Ltd.	Financials	50.5	74	47%	15.0	1.5	NA	-13.0	-4.7	9.0	-4.7
Small Cap	Chalet Hotels Ltd.	Consumer Discretionary	702	1,120	59%	27.8	4.2	0.1	-13.1	-19.3	-26.1	-19.3
Small Cap	Minda Corporation Ltd.	Consumer Discretionary	506	710	40%	37.7	4.9	0.3	-9.0	-11.8	-11.1	-11.8
Small Cap	Navin Fluorine International Ltd.	Materials	6,163	7,400	20%	51.1	8.5	0.2	-1.5	4.1	33.5	4.1
Small Cap	Kalpataru Projects International Ltd.	Industrials	1,058	1,450	37%	19.0	2.5	0.9	-14.7	-12.0	-15.7	-12.0

Source: Company, Axis Securities, CMP as of 30th March 2026; All Target Prices have an investment horizon of over one year.

Multi-Asset Scorecard

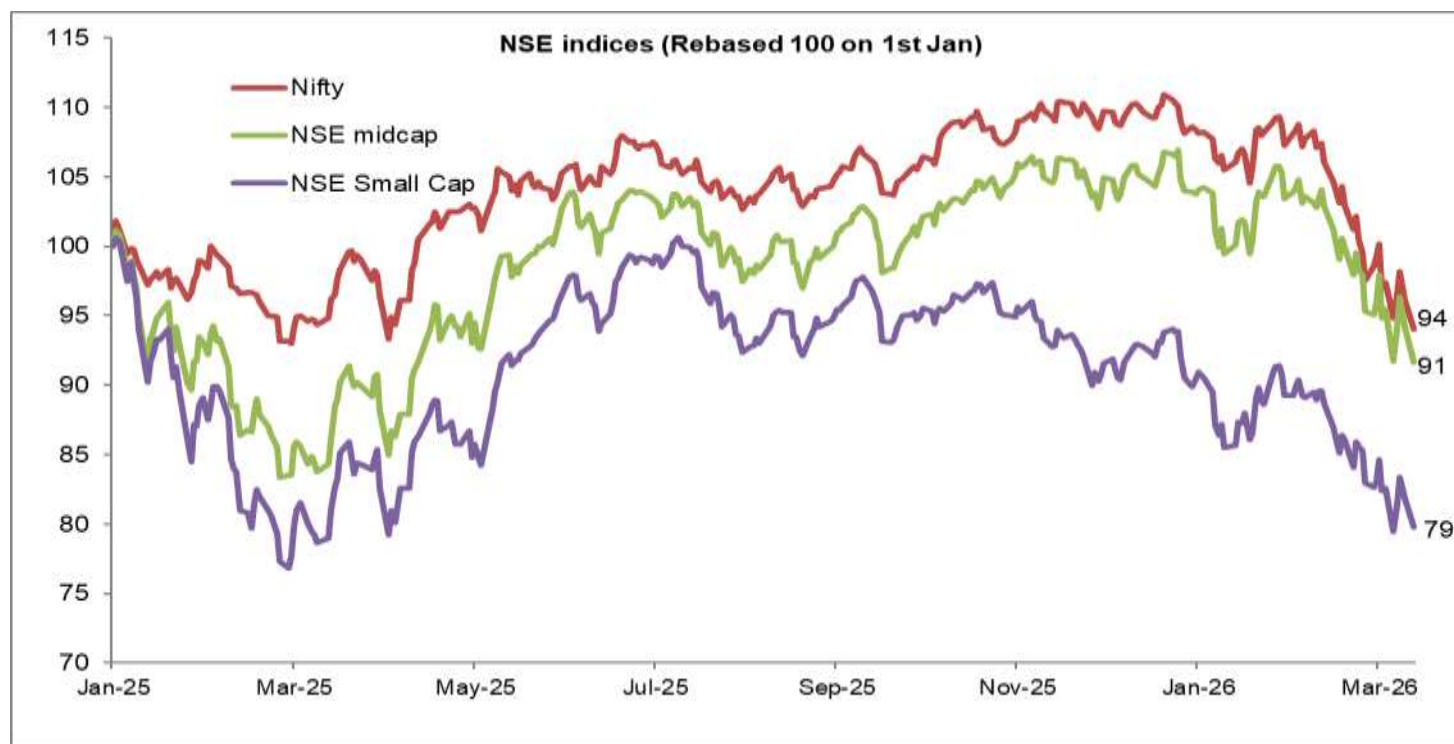
- In 2025, Gold emerged as the top-performing asset class. In Mar'26 so far, Gold remains the top-performing asset class.
- Gold led asset performance in 2024 until the end of May, after which the broader market took the lead. However, by Oct'24, Gold reclaimed its position as the top-performing asset class.
- The broader market emerged as the top-performing domestic asset class during 2023 and 2024. However, a sharp correction beginning October 2024 has weighed on overall returns. **This weakness persisted through the Jan–Mar'26 period, with the broader market continuing to face pressure on a year-to-date basis. So far in Mar'26, all major equity indices have remained in negative territory.**
- Nifty 50 ranked at the bottom in 2024 for the first time in history, primarily due to sustained FII selling in the last three months of the year.
- In 2025, 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: 9.0%
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%	NSE G Sec composite: -1.4%
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: -2.8%
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%	S&P 500: -6.6%
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 Sec composite: 9.9%	NSE G Sec composite: 6.2%	Midcap: -13.0%
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%	SmallCap: -14.2%
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: -14.5%

Source: Bloomberg, Axis Securities.

2025: A Year of Divergence in the Returns

After nearly 15 months of subdued performance, the Nifty rebounded to reach an all-time high of 26,216 in 2025, revisiting levels last seen in Sep'24. During the year, a sharp divergence emerged between Nifty and small-cap returns, with the latter significantly underperforming. This gap, however, has the potential to narrow in 2026. In Jan'26, the Nifty scaled a fresh all-time high of 26,329, but has since corrected by around 14.6%, largely driven by escalating geopolitical tensions in the Middle East.



Source: Bloomberg, Axis Securities

Correction from 1st Jan'26

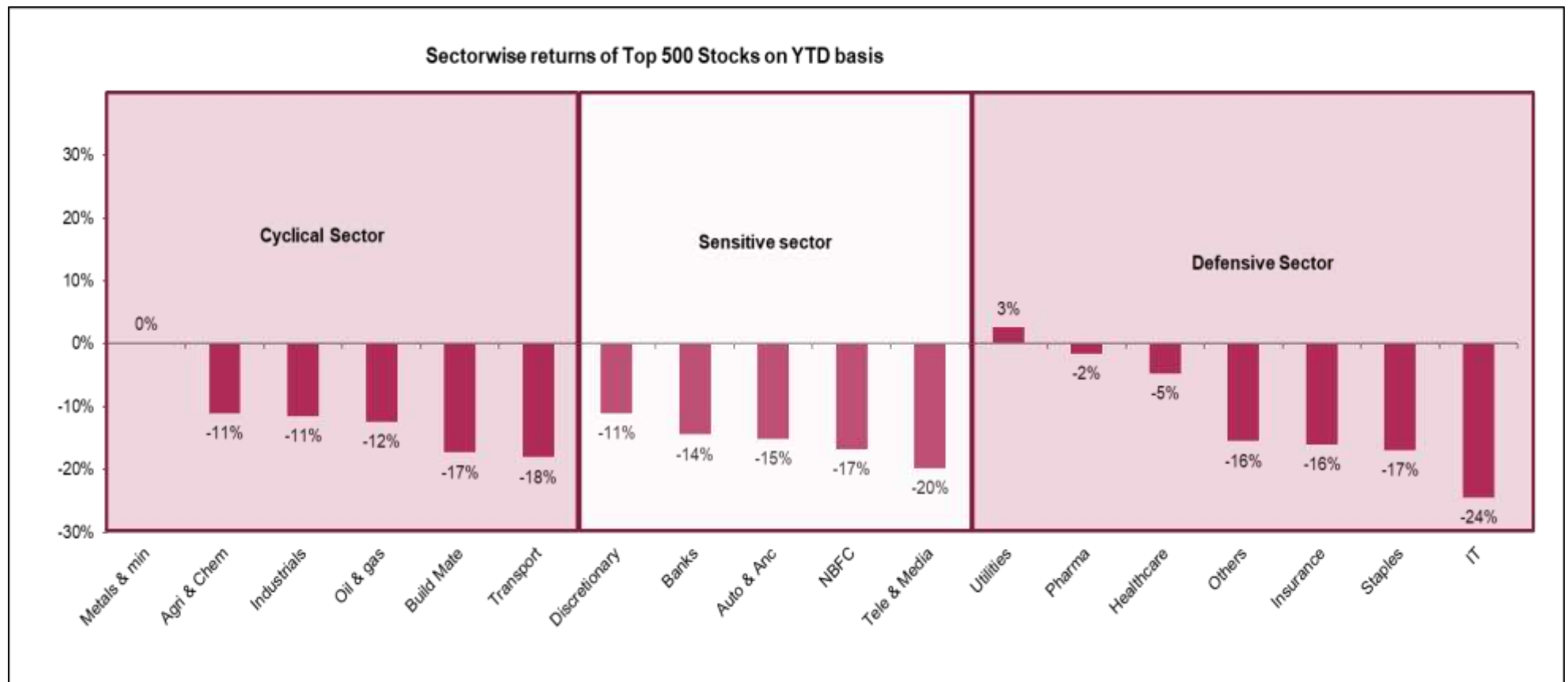
Nifty 50: 14.6%

NSE Mid Cap 100: 13.3%

NSE Small Cap 250: 14.3%

Performance on a YTD basis [31st Dec'25 to 30 Mar'26]

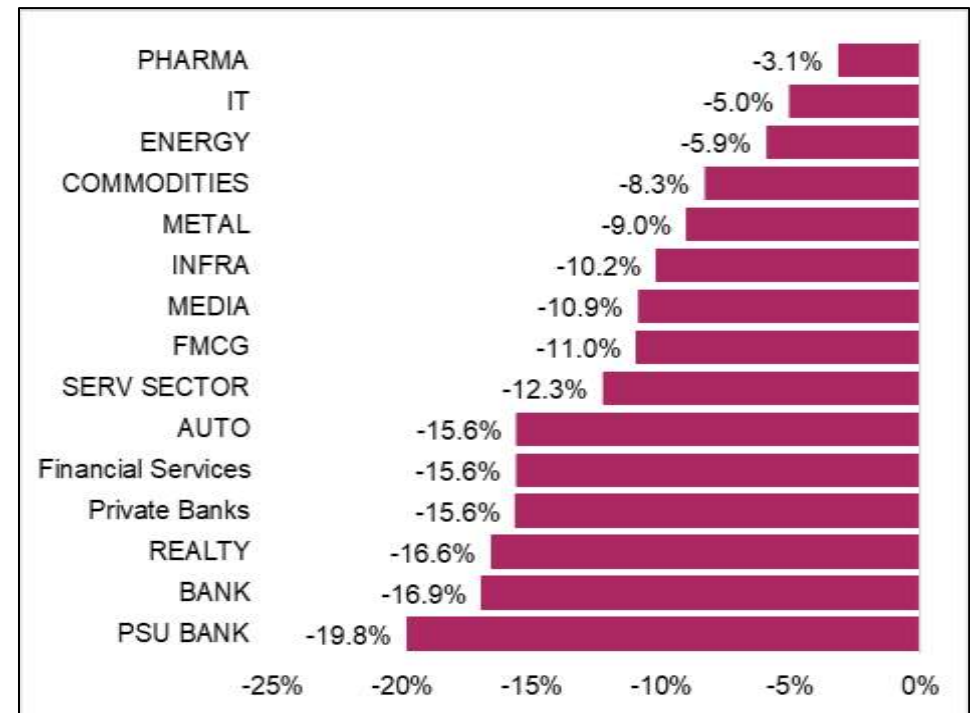
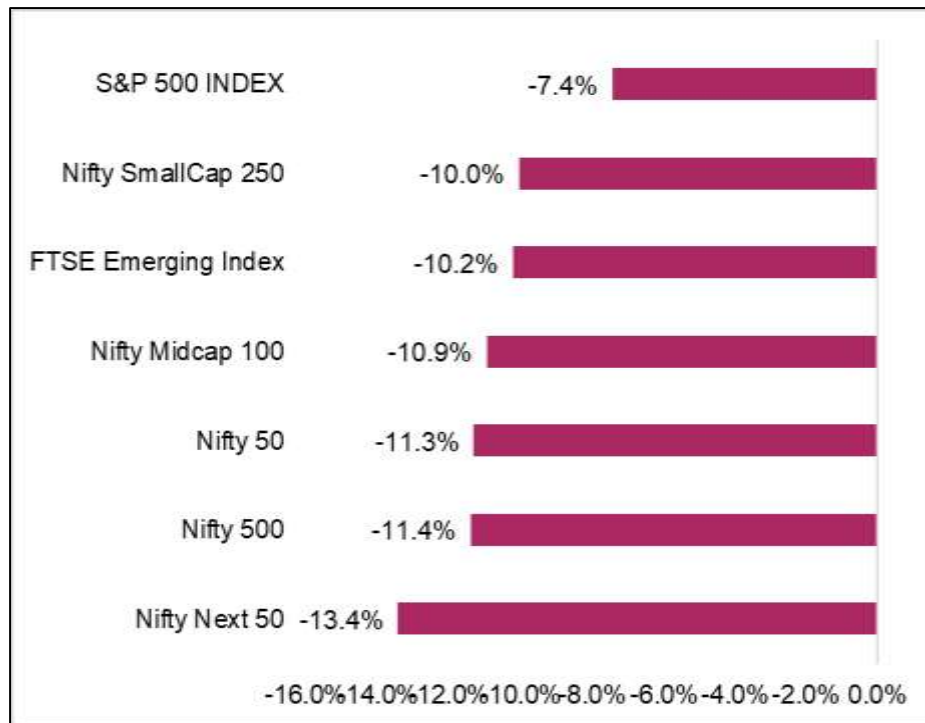
- While the Defensive sector has started to outperform others, the **IT Sector Underperformance is in focus – led by AI concerns.**
- Market positioning is slightly shifting towards Defensive sectors.



Source: Bloomberg, Axis Securities

What Happened in the Last One Month?

- Correction in all major World Indices. The S&P 500 posted relatively lower underperformance vis-à-vis others. Emerging markets [major weight of China and Taiwan] stood second.
- Nifty Next 50 has been a major underperformer, followed by Nifty 50 as well as broader Nifty 500, Mid, and Small caps.
- Market breadth remained negative across sectors due to the West Asia war. IT, Pharma, Energy, and Commodities stand relatively better.



Source: Bloomberg, Axis Securities

Quarterly Sector Scorecard

- 47% of the sectors have outperformed the Nifty 50 in Q4FY26 so far, indicating buying across the broader market.
- Mar'26 YTD, Dec'24 and Mar'25 quarters' performance was similar to the Jun'22 (Russia-Ukraine) and Mar'23 (Adani crisis) quarters.
- In Jan-Mar'26 so far, **IT, Realty, and FMCG** underperformed the Nifty 50 index, dragging the index down.

	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
% 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%
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%
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%
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%
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%
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%
AUTO	-4%	11%	9%	-1%	-3%	24%	7%	15%	15%	17%	8%	-16%	-6%	12.1%	11.2%	5.1%	-14.8%
BANK	3%	-8%	16%	11%	-6%	10%	0%	8%	-2%	12%	0%	-4%	1%	11.1%	-4.7%	8.3%	-15.0%
COMMODITIES	7%	-16%	11%	7%	-7%	9%	8%	19%	8%	9%	8%	-18%	5%	5.5%	0.5%	4.2%	-2.5%
Financial Services	-1%	-10%	13%	8%	-5%	11%	-1%	8%	-2%	12%	4%	-4%	6%	8.4%	-4.2%	5.2%	-14.1%
ENERGY	14%	-3%	2%	1%	-12%	8%	11%	22%	17%	5%	8%	-21%	-3.6%	8.9%	-4.3%	-0.5%	0.1%
FMCG	-3%	4%	18%	-1%	4%	14%	-1%	10%	-5%	5%	16%	-14%	-5%	2.4%	-0.3%	0.6%	-17.3%
IT	-6%	-23%	-3%	6%	0%	3%	8%	12%	-2%	1%	18%	5%	-16.1%	5.6%	-13.6%	12.9%	-23.5%
INFRA	1%	-8%	7%	6%	-3%	13%	9%	17%	14%	8%	6%	-12%	0%	11.3%	-4.3%	5.5%	-9.9%
MEDIA	7%	-20%	9%	-3%	-15%	3%	30%	5%	-25%	13%	6%	-15%	-18.9%	18.9%	-12.1%	-7.7%	-11.3%
METAL	16%	-27%	24%	17%	-18%	13%	10%	17%	3%	18%	5%	-16%	6%	4.9%	5.3%	9.7%	1.2%
PHARMA	-4%	-10%	7%	-3%	-5%	15%	12%	9%	13%	3%	19%	0%	-9.1%	4.3%	-2.7%	5.1%	-1.4%
PSU BANK	8%	-11%	23%	44%	-14%	11%	28%	9%	23%	5%	-8%	-4%	-3.5%	15.0%	4.5%	12.0%	-6.6%
Private Banks	2%	-9%	19%	10%	-6%	11%	1%	8%	-5%	12%	1%	-7%	4%	9.8%	-6.3%	7.4%	-15.1%
REALTY	-4%	-17%	10%	2%	-10%	34%	11%	36%	15%	22%	0%	-4%	-19.3%	15.9%	-12.1%	0.3%	-25.1%
SERV SECTOR	-1%	-12%	10%	6%	-7%	8%	1%	10%	1%	9%	9%	-4%	-1.3%	8.3%	-5.6%	5.2%	-15.4%

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

Performance of National Index against International Index

- Indian equities have continued to underperform emerging markets.
- **All global indices were down in last 1M due to West Asia war except Argentina.** S&P 500 relatively better than many other EM indices.
- **Positive Near-term Outlook:** Power & Coal, Sugar/Ethanol, Upstream O&G and Select metals (Aluminium), Defence
- **Improving Outlook:** Industrials, Capital Goods.
- **Mixed Bag:** Pharma, 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	-11.3%	-14.5%	-9.3%	0.9%	-14.8%	-5.1%
Nifty Next 50	-13.4%	-13.0%	-11.0%	5.8%	-21.7%	-4.3%
Nifty 500	-11.4%	-14.0%	-9.7%	3.3%	-16.2%	-3.8%
Nifty Midcap 100	-10.9%	-13.0%	-6.9%	9.9%	-12.9%	1.9%
Nifty SmallCap 250	-10.0%	-14.4%	-14.4%	3.2%	-22.5%	-5.4%
Sector Index (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
NIFTY AUTO	-15.6%	-15.7%	-10.4%	16.0%	-13.6%	11.6%
NIFTY BANK	-16.9%	-15.6%	-8.0%	4.0%	-7.5%	-2.5%
NIFTY COMMODITIES	-8.3%	-4.1%	1.6%	20.2%	-6.2%	7.8%
Nifty Financial Services	-15.6%	-14.8%	-9.6%	2.1%	-6.5%	-6.2%
NIFTY ENERGY	-5.9%	-1.3%	-0.4%	16.1%	-21.1%	3.8%
NIFTY FMCG	-11.0%	-17.9%	-16.8%	-10.2%	-31.2%	-15.0%
NIFTY IT	-5.0%	-23.3%	-13.6%	-22.1%	-31.1%	-21.2%
NIFTY INFRA	-10.2%	-11.0%	-5.0%	11.7%	-11.4%	1.2%
NIFTY MEDIA	-10.9%	-12.7%	-18.2%	-9.0%	-41.3%	-14.5%
NIFTY METAL	-9.0%	-0.3%	11.0%	35.5%	11.5%	22.5%
NIFTY PHARMA	-3.1%	-2.2%	3.6%	12.2%	-4.4%	5.2%
NIFTY PSU BANK	-19.8%	-7.7%	4.6%	39.3%	15.7%	25.7%
Nifty Private Banks	-15.6%	-15.9%	-8.8%	-0.3%	-11.4%	-6.2%
NIFTY REALTY	-16.6%	-25.8%	-24.9%	-18.4%	-42.4%	-23.5%
NIFTY SERV SECTOR	-12.3%	-15.7%	-11.0%	-3.5%	-15.9%	-9.0%

International Index						
Index Performance (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Shanghai Comp	-5.8%	-1.1%	1.0%	18.1%	30.7%	17.6%
Bovespa	-3.6%	12.9%	24.4%	48.2%	36.8%	39.7%
south africa	-13.1%	-3.2%	3.5%	33.1%	31.9%	28.4%
Korea	-15.5%	25.2%	54.1%	108.4%	97.5%	112.7%
Mexico	-6.2%	3.6%	6.9%	28.1%	24.5%	27.3%
Indonesia	-13.9%	-18.0%	-12.0%	13.1%	-8.4%	8.9%
Argentina	5.7%	-8.4%	57.5%	26.7%	62.8%	19.5%
Japan	-11.8%	3.1%	15.5%	39.6%	33.3%	45.7%
Hongkong	-7.1%	-3.4%	-7.8%	7.9%	24.2%	7.1%
Philippines	-11.2%	-3.0%	-1.4%	-2.1%	-21.3%	-5.0%
Taiwan	-8.2%	12.3%	25.9%	41.1%	42.3%	57.1%
Singapore	-2.0%	5.4%	13.9%	25.7%	36.7%	23.3%
Thailand	-5.1%	15.1%	13.8%	20.4%	-0.4%	25.2%
Veitnam	-11.6%	-6.8%	0.1%	27.4%	28.7%	27.2%
Dow	-7.8%	-6.0%	-2.7%	3.0%	7.1%	7.5%
Nasdaq	-7.6%	-9.9%	-7.6%	11.1%	15.2%	21.1%
FTSE 100 INDEX	-7.6%	1.5%	7.8%	14.4%	21.6%	17.4%
DAX INDEX	-11.3%	-8.5%	-6.1%	-0.6%	16.5%	1.1%
CAC 40 INDEX	-9.8%	-5.0%	-1.9%	-4.5%	0.0%	-0.6%
S&P 500 Index	-7.4%	-7.0%	-4.8%	7.0%	10.9%	13.5%

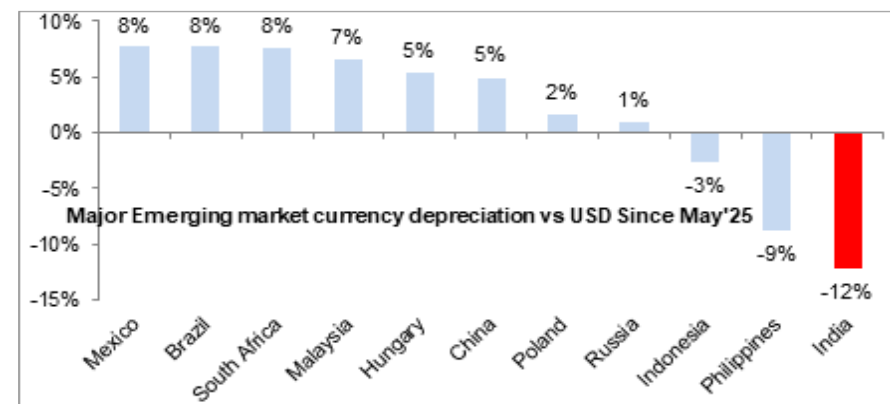
Commodities Saw a Mixed Trend in the Last Month

- **Precious Metals:** Gold and Silver prices rally halted (-13.5% MoM), and Silver declined (down 20% MoM) but still up YoY by solid 46% and 104% respectively.
- **Industrial Metals:** Aluminum went up 4.3% in the last 1M. Copper and Zinc corrected due to higher inventories in the last 1M.
- **Crude:** Brent crude oil stands at \$115/bbl, up significantly from the levels of \$70/bbl one months ago. **Rupee continues to weaken and remained underperformer against USD relative to other EM currency.**

Market Indicator	30-03-2026	1m ago	3m ago	Since 28 Feb'25	Since 26 Sep'24	1Year
Brent Crude (\$/bbl)	115.1	72.5	60.9	73.2	71.6	74.7
Bond Yield (GOi 10Yr)	7.0	6.7	6.6	6.7	6.7	6.6
USD/INR	94.8	91.0	89.9	87.5	83.6	85.5
India Vix	27.9	13.7	9.5	13.9	12.0	12.7



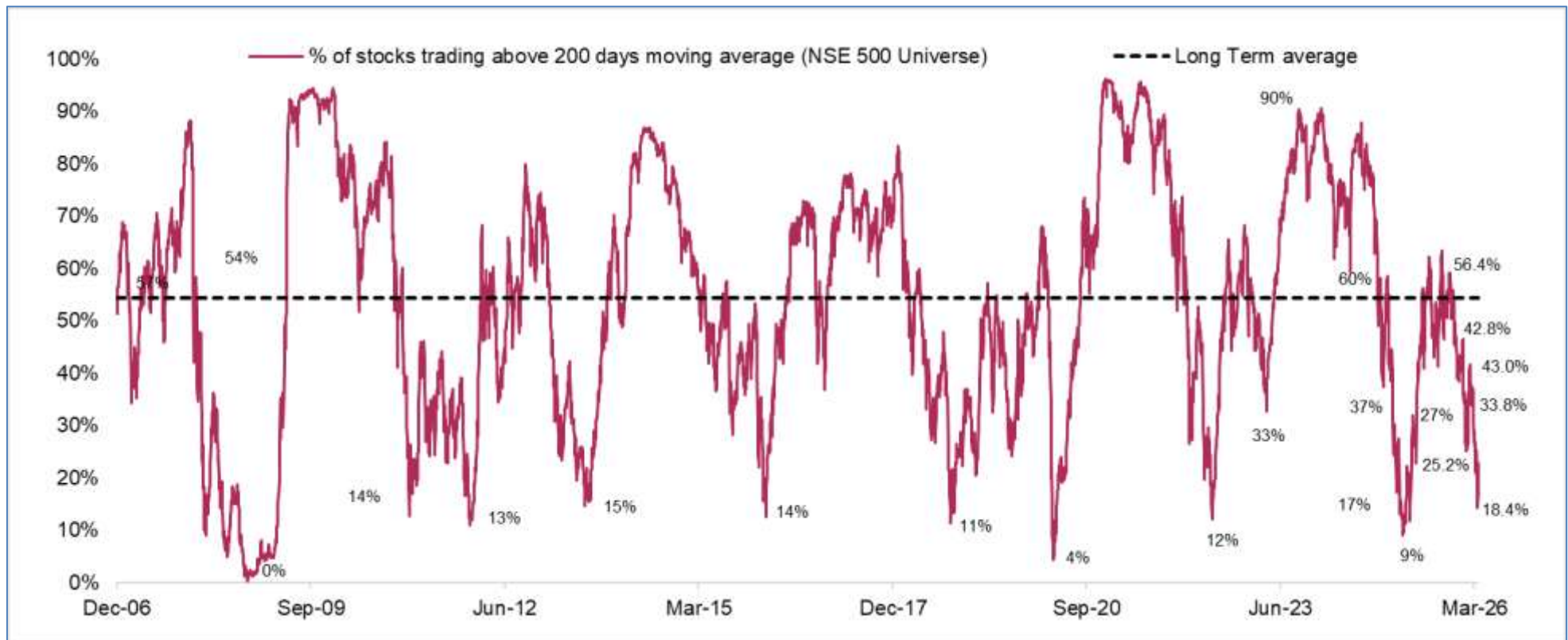
Commodity Index	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Gold (\$/OZ)	-13.5%	5.8%	18.4%	59.9%	71.0%	46.3%
Steel (\$/ton)	3.2%	9.0%	1.0%	2.1%	4.3%	3.2%
Aluminium (\$/ton)	4.3%	10.9%	23.4%	24.8%	28.6%	30.7%
Copper (\$/ton)	-8.8%	-2.6%	18.6%	29.8%	21.9%	25.5%
Zinc (\$/ton)	-7.6%	0.4%	2.2%	11.1%	1.2%	8.7%



Source: Bloomberg, Axis Securities, Performance as of 30th March 2026

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

- After a recent weakness, the market is now trading below the neutral zone, with only 18.4% of the NSE 500 stocks currently trading above the long-term average. Such low participation typically signals a fragile market environment, where a majority of stocks remain in corrective or bearish phases. It also indicates that leadership is highly concentrated in a limited set of large-cap names, while the broader market continues to lag. Historically, readings at these levels are associated with either late-stage corrections or early signs of base formation, depending on how breadth evolves going forward. Style and sector rotation remains key.



Source: Bloomberg, Axis Securities

52W-High Analysis

- Due to the war in the Middle East, Nifty has corrected by 14.6% since Jan'26. Only 6 (vs. 58 in Feb'26) stocks are now trading near their 52-week highs.
- 135 (~27%) stocks are still trading below 20% of their 52-week highs (similar to Feb'26).
- 242 (~48%) of the stocks have corrected by over 30% from their 52-week high (vs. 25% in Feb'26), indicating broad-based selling across market cap.
- Only one large-cap stock is now at a 5-Week high (vs. 26% in Feb'26), reflecting the current market correction, while some shift towards Mid and Small caps has been seen.
- Similarly, out of 55 PSUs, only 1 stock is near its 52-week high, post the strong performance until Feb'25 (11 stocks in Feb'26).

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	0	8	7	21
Auto & Anc	42	0	10	17	15
Banks	28	0	9	13	6
Build Mate	40	0	3	11	26
Discretionary	30	0	3	6	21
Healthcare	49	5	16	14	14
Industrials	46	0	17	9	20
IT	42	0	0	9	33
Metals & min	25	0	14	5	6
NBFC	61	0	10	22	28
Oil & gas	16	1	5	3	7
Others	8	0	2	2	4
Staples	34	0	4	8	22
Tele & Media	15	0	3	3	9
Transport	10	0	3	2	5
Utilities	18	0	9	4	5
Total	500	6	116	135	242
Large cap	100	1	36	34	24
Mid cap	150	3	32	47	57
Small cap	250	2	48	54	161
PSUs	55	1	16	13	24

Source: Bloomberg, Axis Securities

Style Indicators

Quality was the Best-Performing Theme in 2025 but Growth was slightly better in the Last One month

- Both quality and growth fared better than value and momentum in 2025. In the last one month, growth has taken the lead over other style indicators, indicating market chasing structural play amidst broad weakness. Constant geopolitical developments and news flows have raised market volatility, with momentum losing over other styles.
- We believe that structural growth plays, offering long-term earnings visibility, will continue to do well irrespective of the near-term volatility.

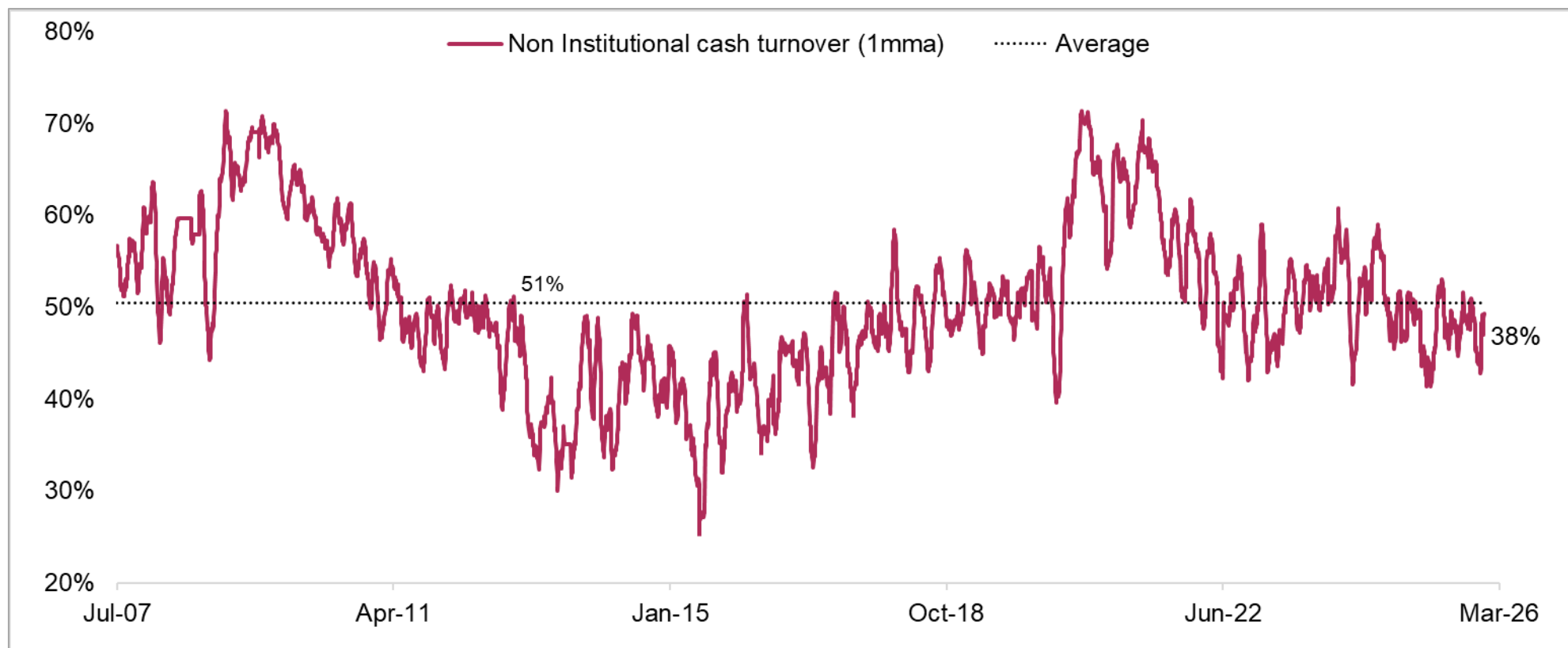


Perf	Performance (%)			
	Value	Growth	Quality	Momentum
2022	-0.9%	12.4%	-0.9%	7.1%
2023	27.8%	24.8%	32.0%	39.0%
2024	15.6%	9.8%	11.3%	30.0%
2025	-1.2%	5.4%	7.3%	-0.7%
1m	-10.1%	-9.2%	-9.5%	-12.0%
3m	-12.7%	-16.6%	-13.9%	-13.6%
6m	-7.1%	-10.1%	-9.2%	-12.6%
1YR	-7.4%	-2.6%	-2.4%	-2.6%
2YR	-5.1%	-4.9%	1.2%	-0.1%

Source: Bloomberg, Axis Securities, Performance as of 30th Mar'26

Non-Institutional Turnover Remains Around Average Levels

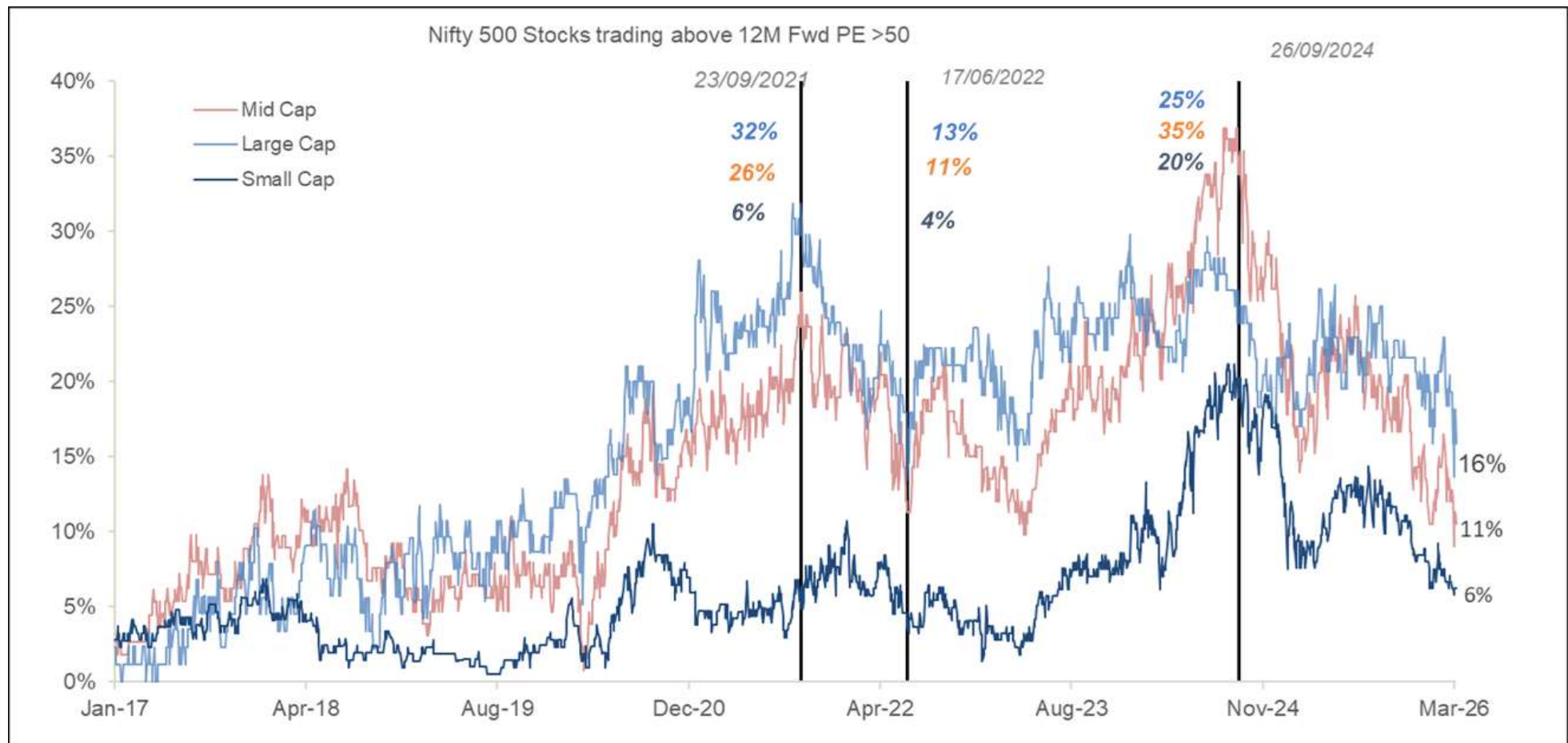
- Non-institutional (Retail) turnover is currently slightly below its long-term average of 50%. Turnover saw a dip in the last three months due to lower-than-expected returns in the broader market.
- Retail investor participation will be key monitorable and is expected to improve in the coming months, 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

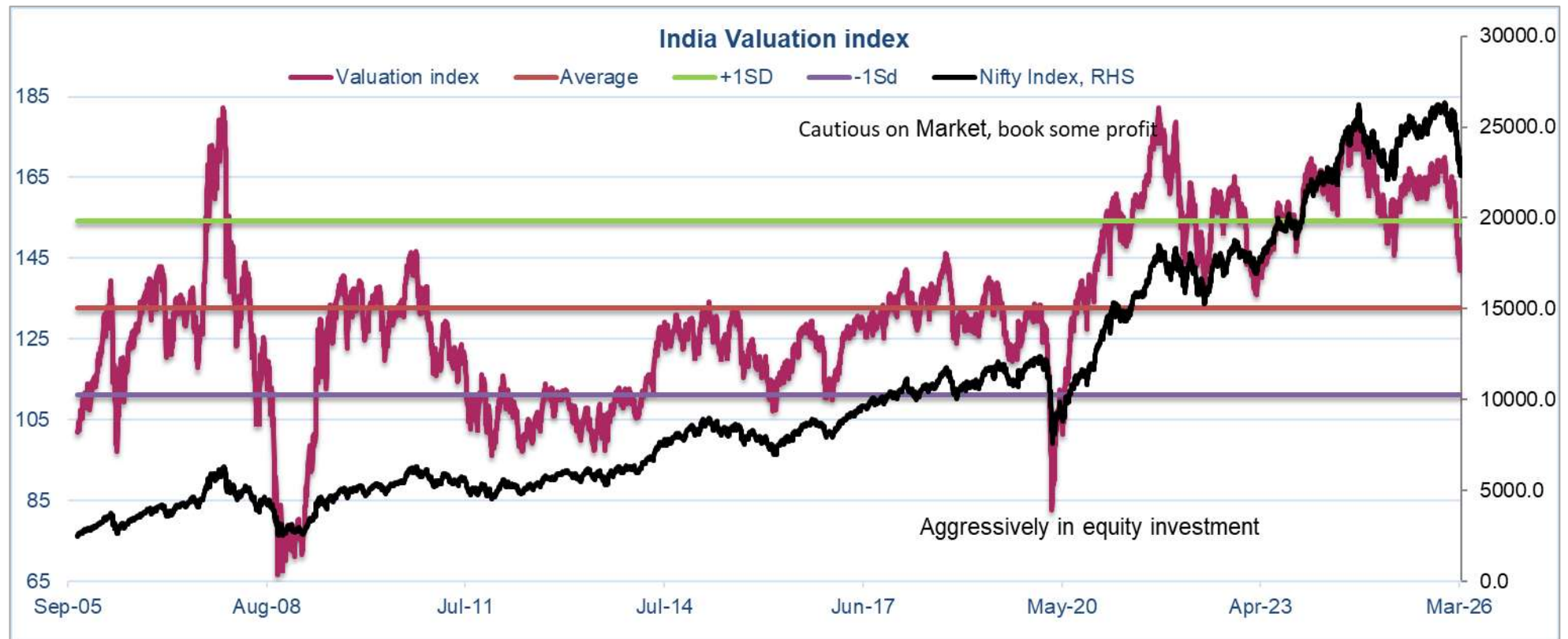
Number of NSE 500 stocks trading above 12M Fwd PE > 50

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. In the current cycle, cumulative FII selling has reached ~\$19 Bn so far



India Valuation Index: Now approaching LT average; Earnings commentary Remains Critical

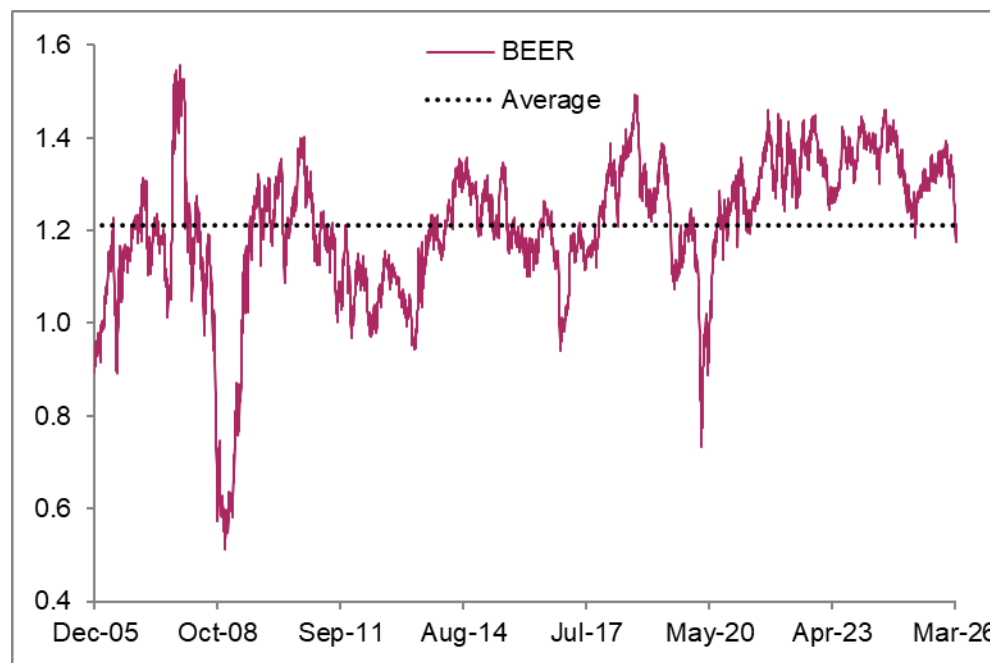
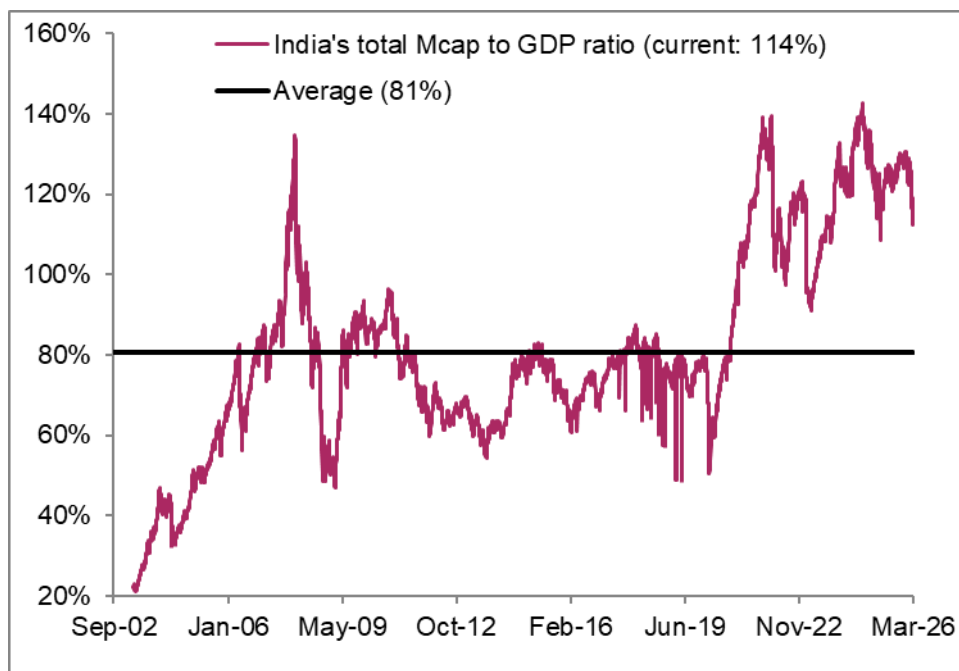
- Market valuation index is now trading below the 1stdev. At current valuations, although corrected, scope for re-rating will follow earnings growth and commentaries. Stock selection and sector rotation will be key to achieving outperformance.
- The calculation of the India Valuation Index is based on 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 recently spiked to around 7%, driven by escalating geopolitical tensions in the Middle East. Despite the RBI's front-loaded interest rate cuts, yields have not eased, indicating that the market is factoring in persistently higher inflation expectations. The continued firmness in yields also reflects robust demand for government securities at higher rates, suggesting that investors are seeking greater risk premium amid uncertainty and inflationary pressures. Decline in BEER ratio suggest equities are less attractive relative to bonds unless supported by strong earning growth .
- India's Total Market Cap to GDP has eased from recent highs** and is trading at 114%, 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 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 earnings outlook for upcoming quarters weakening due to war.

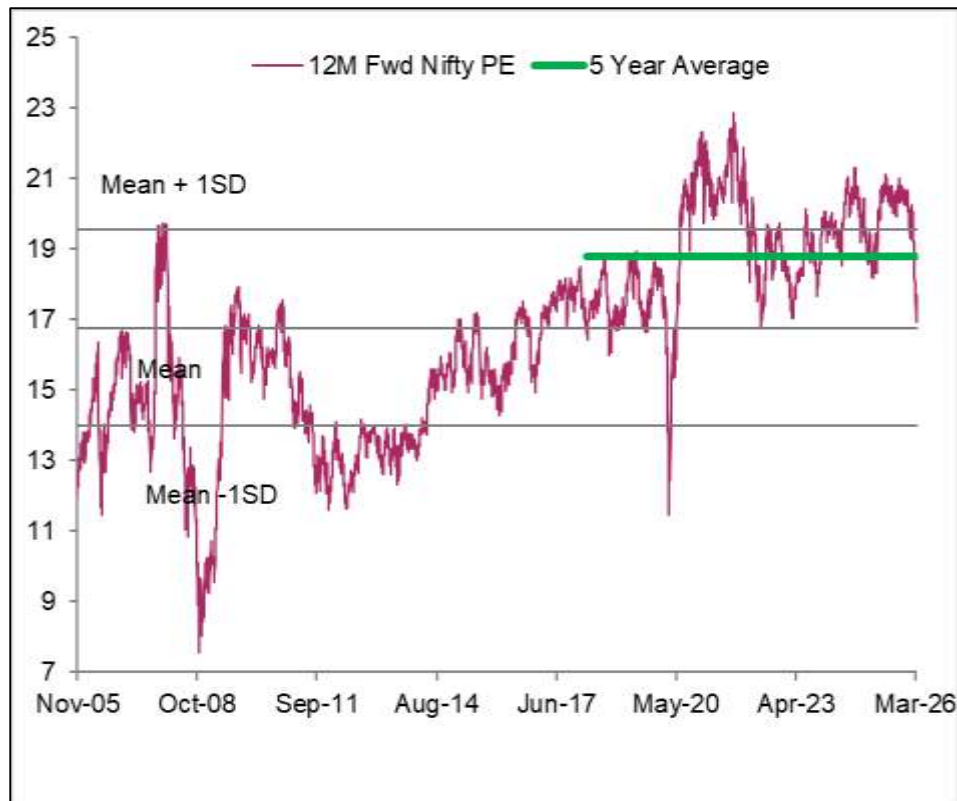


Source: Bloomberg, Axis Securities

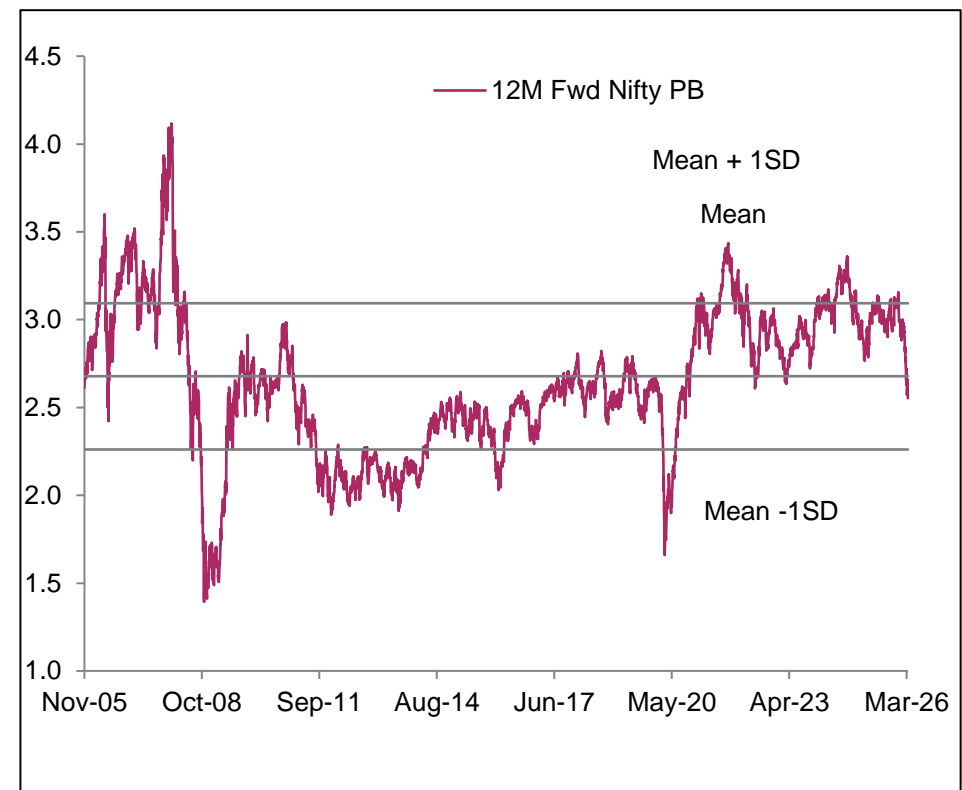
Market Valuations: 12M Fwd PE Now Trading at 17.3x – eased from recent high of 21x

- NIFTY is currently trading at 17.3x on a 12M Fwd PE, which stands near its long-term average. However, it trades slightly below the long-term average of a 12M Fwd PB.
- Current valuations, although corrected, will re-rate depending on swift resolution of Iran War and earnings outlook. Style and sector rotation are keys to generating alpha.

Nifty 12M Fwd PE



Nifty 12M Fwd PB



Source: Bloomberg, Axis Securities

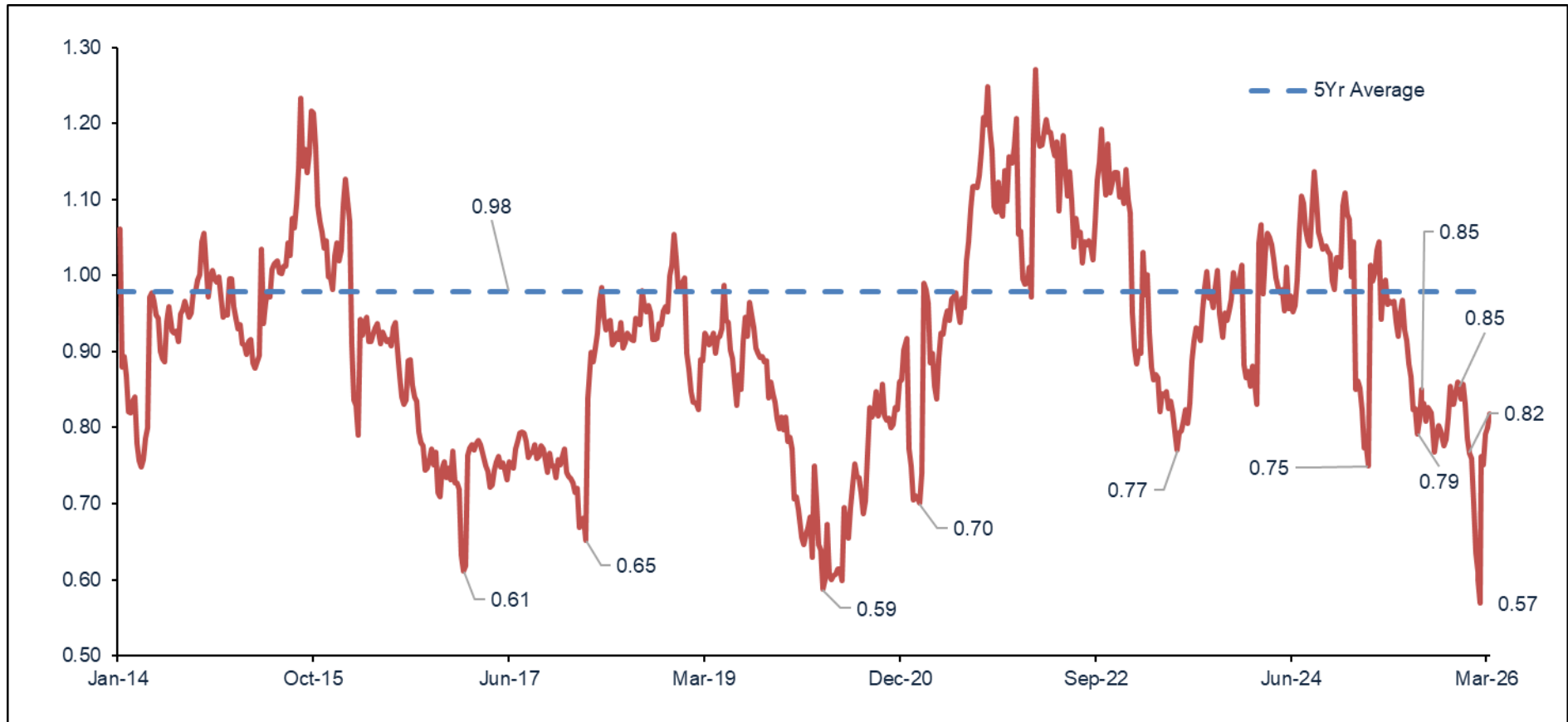
Valuation Correction in the Broader Index

- Most of the sectors are still in the Oversold zone except PSU banks as compared to the Sep'24 levels.

	12m fwd PE	Long term Avg	Valuation as on Sep'24	% down from Sep'24
PSU Banks	8.6	10.0	7.6	13.2%
Pharma	27.9	24.1	30.8	-9.5%
Energy	13.6	11.7	15.3	-11.2%
Banks	12.3	15.9	14.2	-13.5%
Auto	21.3	19.5	24.8	-14.2%
Infra	18.6	18.8	22.6	-17.8%
Metal	12.9	11.3	16.2	-20.3%
Nifty	16.9	18.2	21.3	-20.3%
Service sec	16.3	18.3	20.6	-21.0%
Media	16.7	22.4	25.3	-34.0%
IT	17.2	20.8	29.2	-41.2%
FMCG	21.1	33.4	42.9	-50.9%
Realty	20.7	27.0	44.7	-53.6%

Source: Bloomberg, Axis Securities

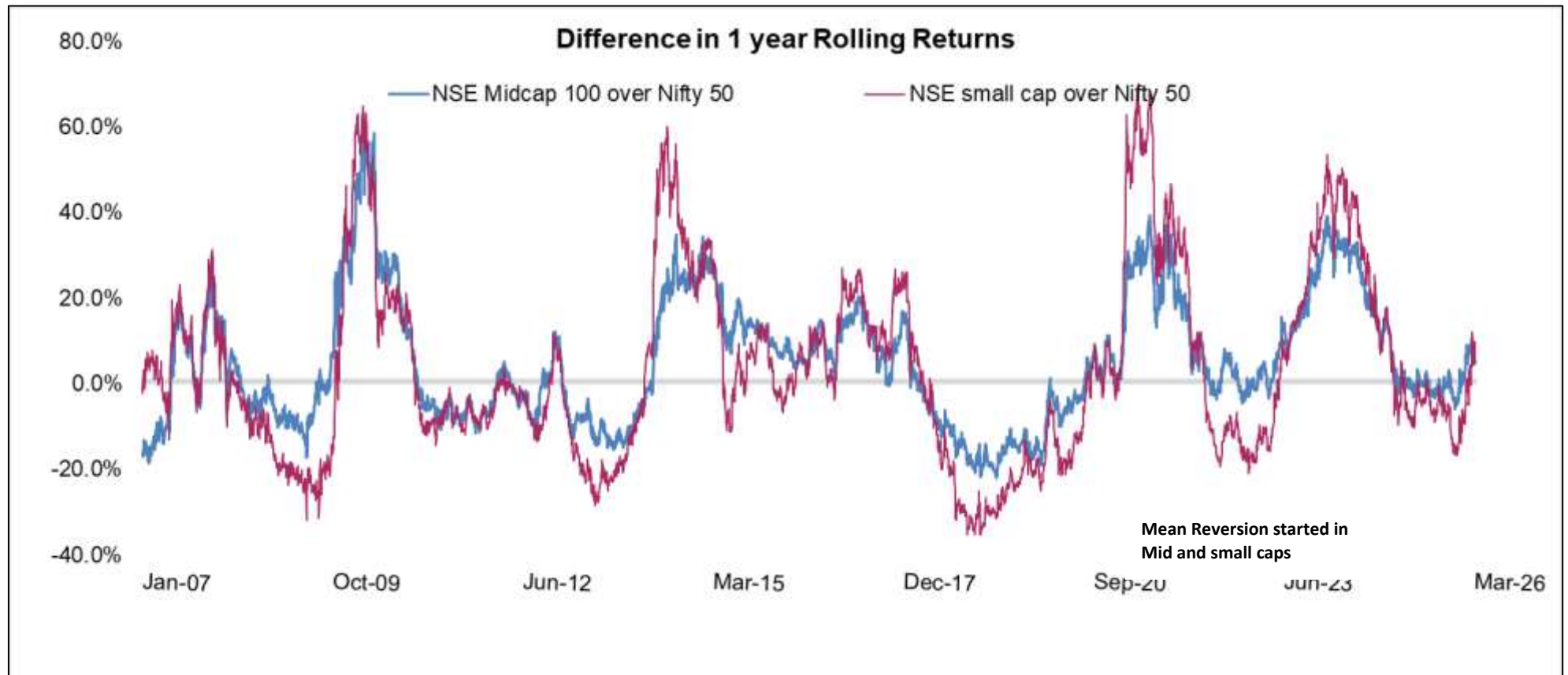
Nifty IT vs NASDAQ 100 - Relative 12M Fwd PE



Source: Bloomberg, Axis Securities

The Market is on the Verge of Mean Reversion in 1-year Rolling Returns

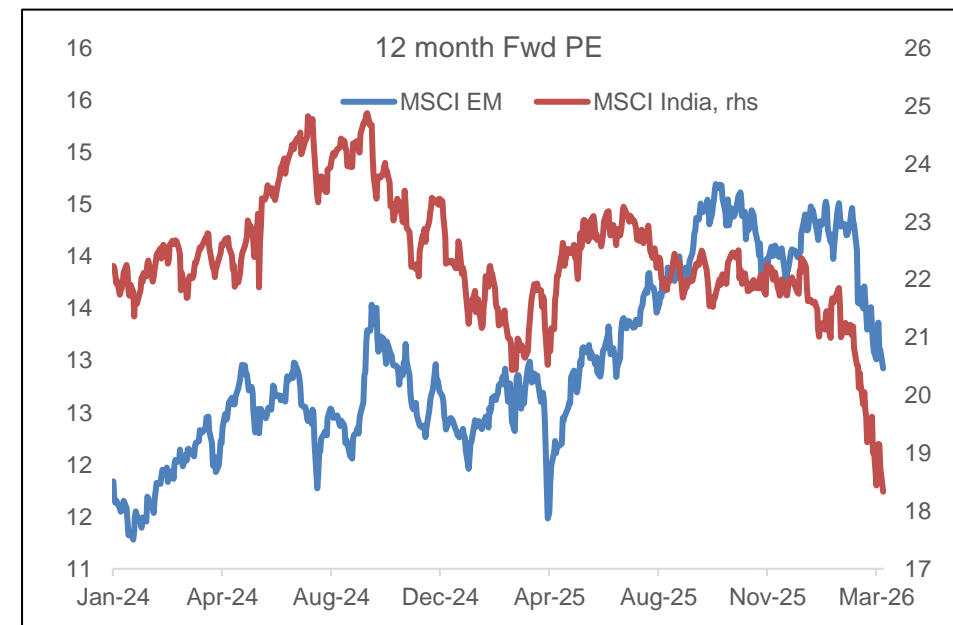
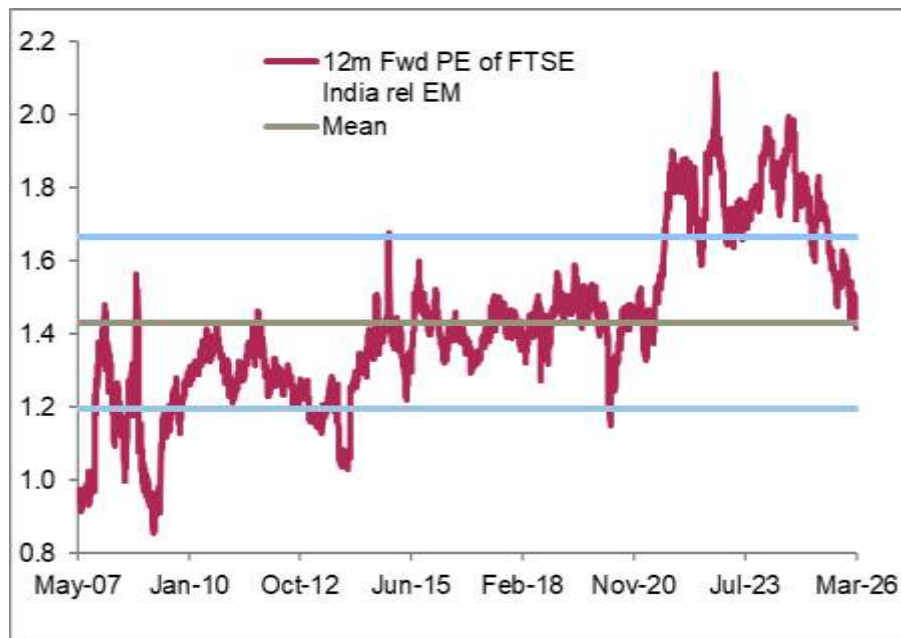
The broader market is on the verge of mean reversion.



Source: Bloomberg, Axis Securities

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

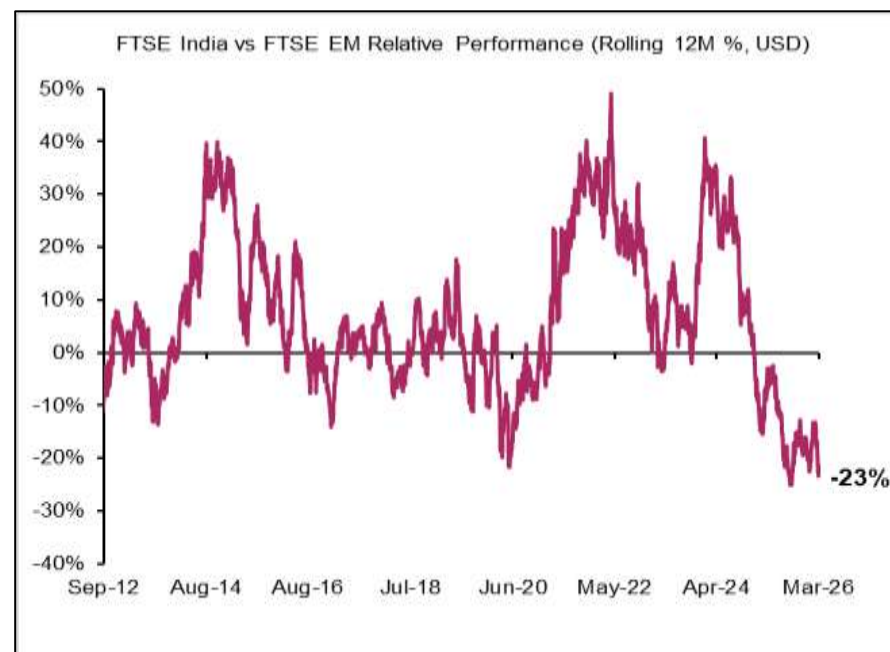
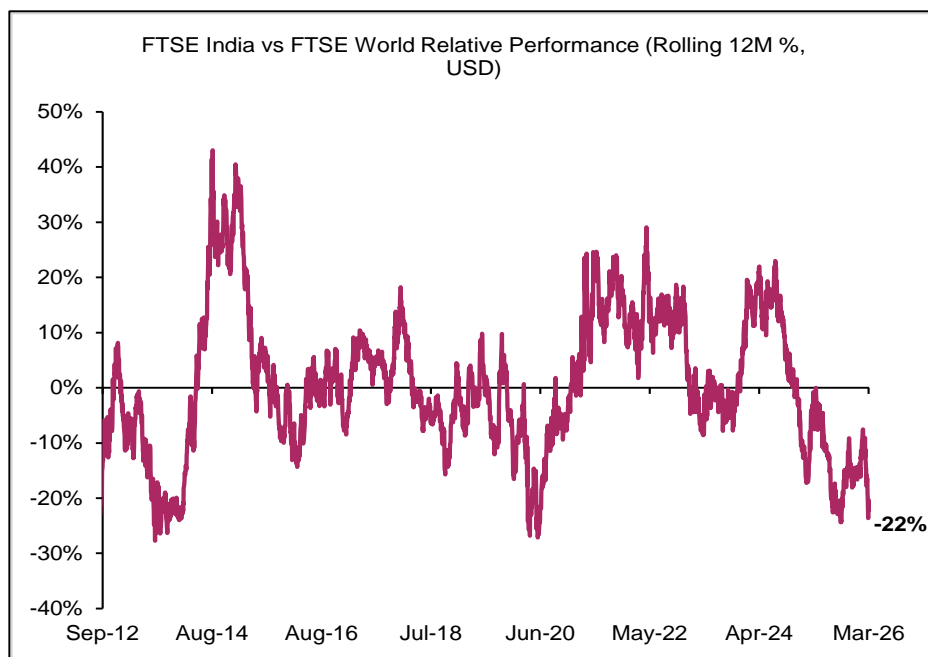
- Benchmark indices have corrected from all-time highs, and so have the valuations. FTSE India is now trading at a PE premium of 40% to the EM index (PE), in line with the LT average. During Sep'24, the Indian market traded at a 97% PE premium to EM, and now, after the correction, it is trading at a 40% 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

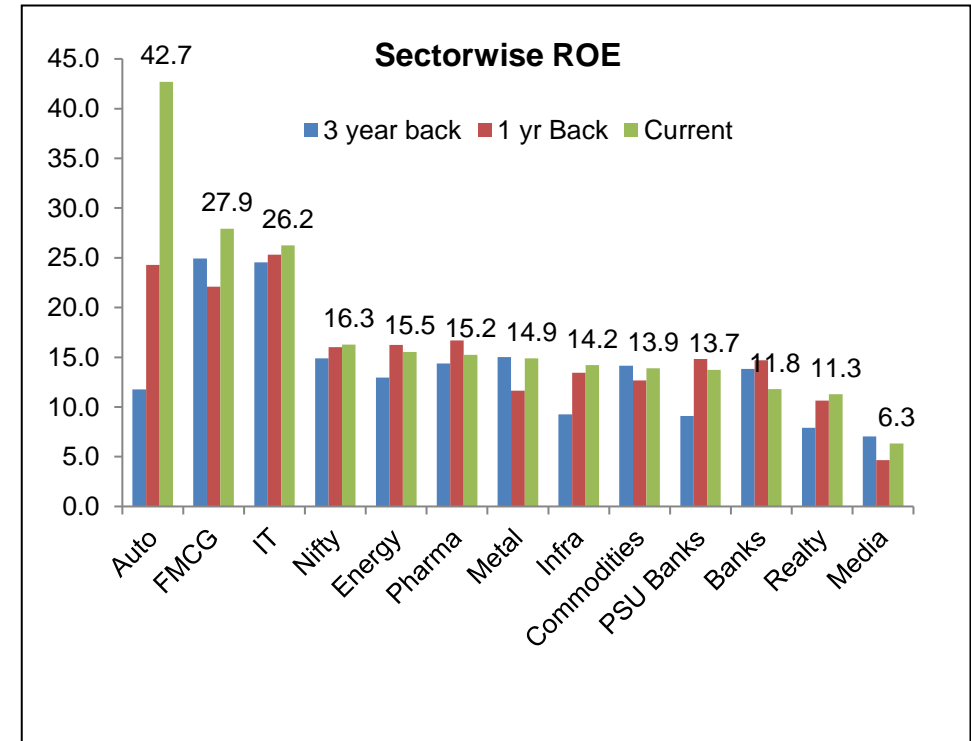
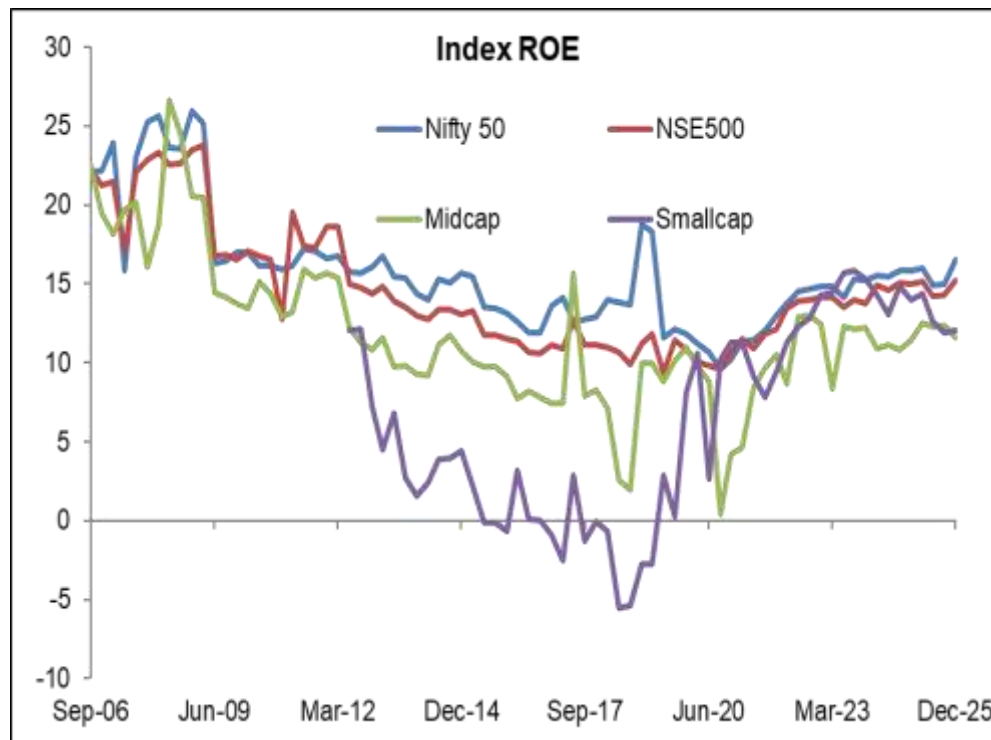
Where India Stands vs the Emerging Market and World Index

- 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.



Return Ratios Improving

- ROE is improving across market caps. Smaller stocks, too, have been showcasing a significant improvement.
- Some moderation has been 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.

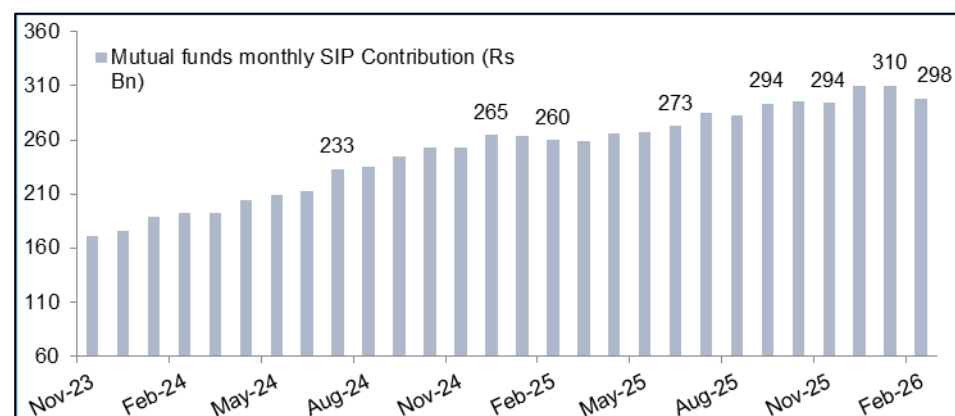
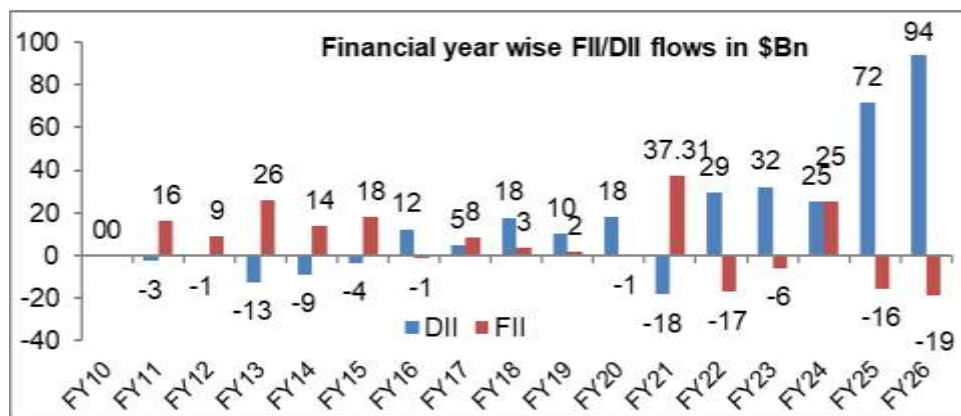
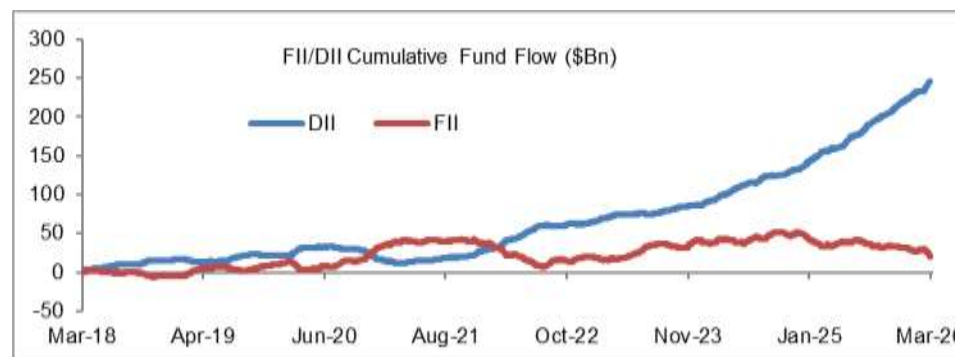
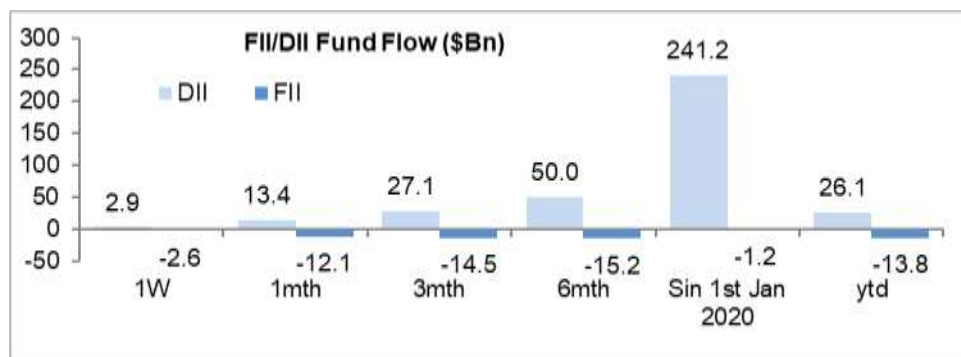


Source: Bloomberg, Axis Securities

FII Selling Seen in the Last 1M/3M

The Indian market has emerged from the overdependence on the FII flows since FY20. From FY20 till now, our DIIs have invested \$241 Bn while FIIs have sold \$1.2 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.

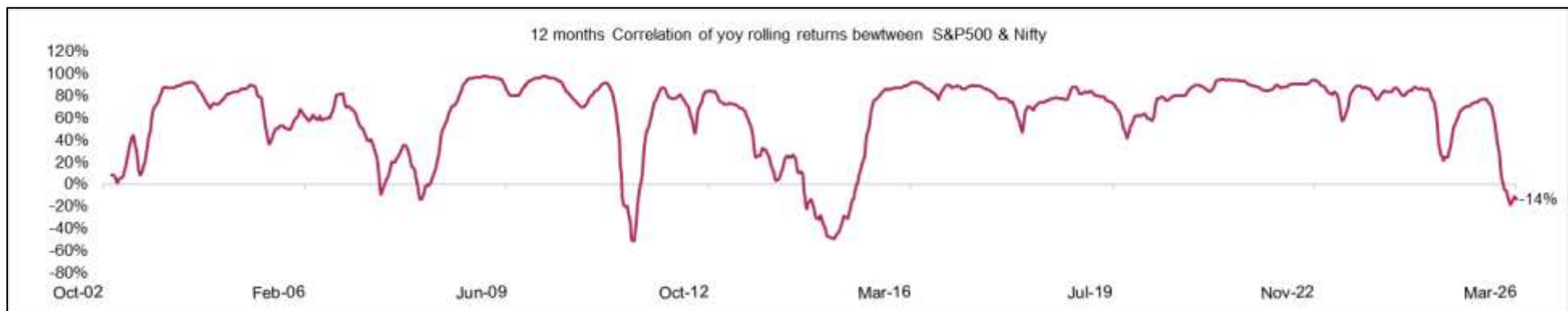
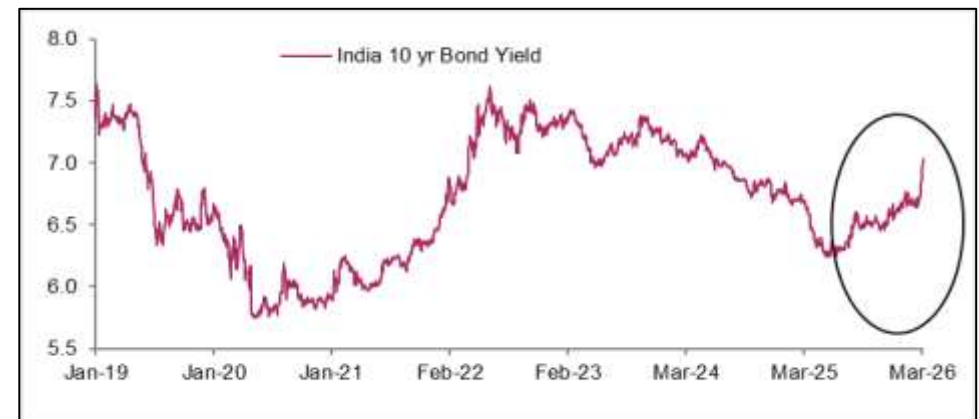
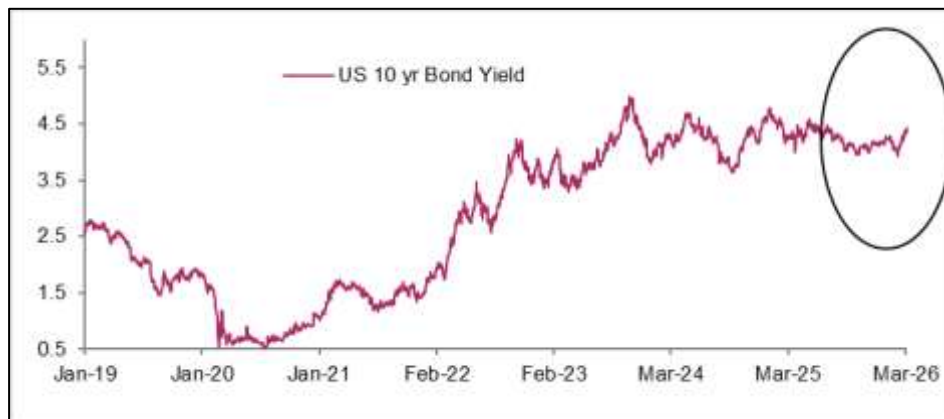
In FY26 so far, FIIs have pulled out \$19 Bn, while DIIs have invested \$94 Bn in the Indian equity market. Notably, mutual fund SIP contributions crossed Rs 29,000 Cr for the first time in Sep'25. Dec'25 SIP Contribution stood at Rs 31,002 Cr. **In Feb'26, it fell to 29,845 Cr**



Source: Bloomberg, Axis Securities

Macro Continues to Drive Near-Term Market Fundamentals

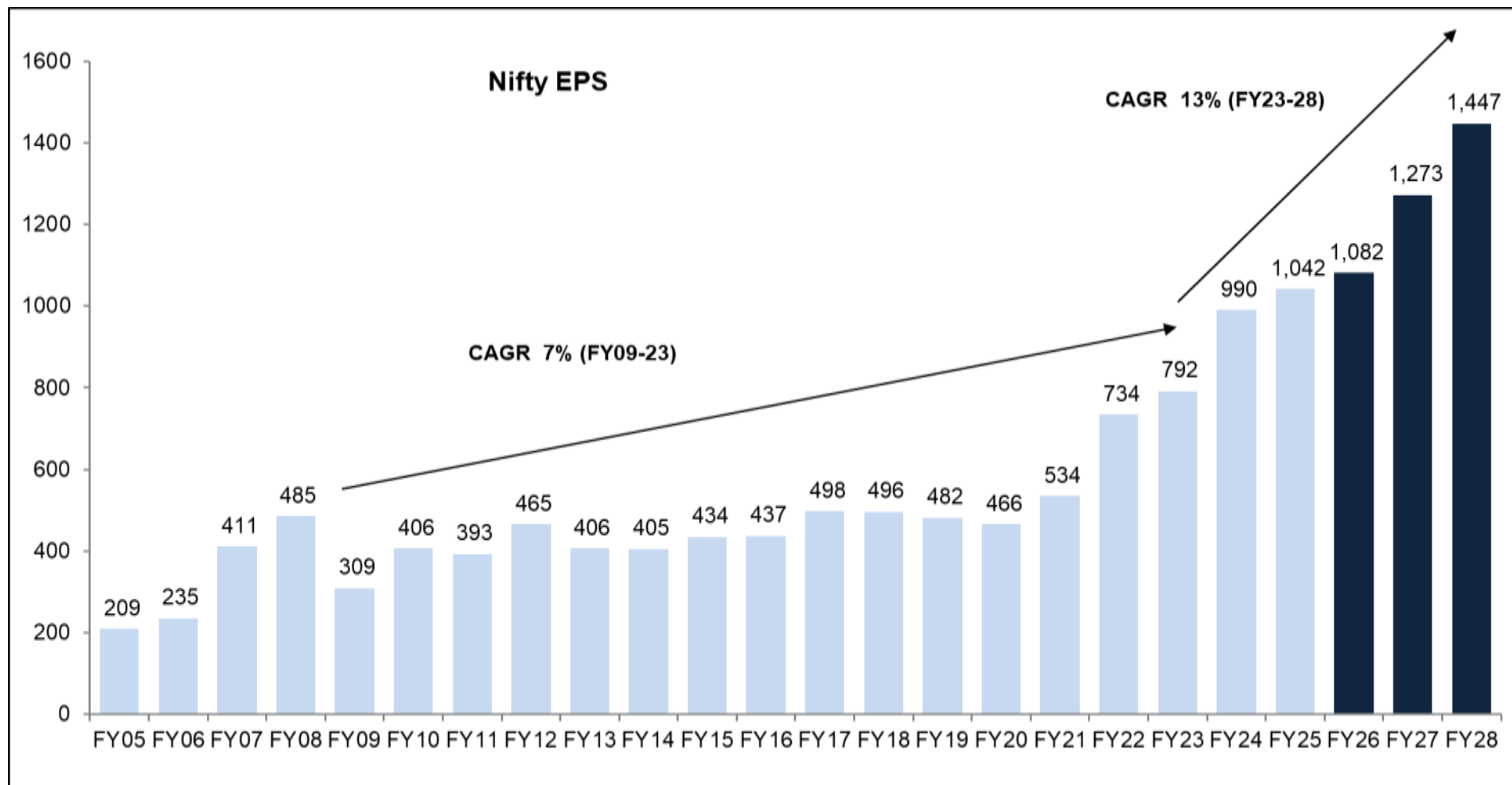
- US bond yields have increased since the last month to 4.35% from 3.93% at Feb'26 end. **The Market is now pricing in nearly a 50% chance of a Fed rate hike by Dec'26, a sharp reversal from earlier expectations of two rate cuts this year.**
- Indian bond yields rose from 6.25% in Jun'25 to 7% despite a 125-bps rate cut by the RBI in 2025. Middle east war, higher budgeted borrowings (Rs 17.2 Lc Cr), RBI's pause and low deposit growth in Banks led to recent rise in bond yields.
- The correlation between the Indian and US markets continued to be decoupled and stood at -14% levels vs. 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-FY27 vs. 7% CAGR over FY09-FY23.



Marginal Cut in Nifty EPS.... No Major Downgrade

- After Q3FY26, we foresee FY27/28 NIFTY Earnings at 1273/1447. We have downgraded our FY27/28 expectations marginally by 0.5% and 0.4%, respectively. The majority of the downgrades are related to downgrades seen in FMCG (muted guidance), Auto (owing to TATA Motors passenger vehicle), the Pharma, Oil & Gas, and Cement sectors, while upgrades were visible in Metals (continued improvement in Profitability trends). Auto earnings are expected to grow, except for TMPV.
- Q3FY26 earnings were largely in line with expectations, reflecting improving business momentum. GDP growth remained robust at 7.8% in Q3FY26, supported by strong performance in manufacturing and services. Corporate performance in Q4FY26 is also expected to remain healthy. We believe the earnings cycle is gradually strengthening, backed by sustained economic activity, higher capital expenditure, and a recovery in consumption. Overall, FY26 is likely to be stronger than FY25, with FY27 expected to see further improvement as operating leverage and credit growth accelerate.

Nifty EPS Sector	Post Q2FY26			Post Q3FY26			Chg post Q3FY26		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Financial	480	557	656	483	559	644	0.6%	0.4%	-1.9%
IT	118	128	138	116	129	137	-1.0%	0.9%	-1.0%
Oil & Gas	116	129	143	115	126	136	-1.1%	-2.1%	-5.1%
FMCG/Discretionary	71	85	98	65	78	89	-8.4%	-8.6%	-9.9%
Power	42	41	49	42	46	48	-0.5%	11.7%	-1.3%
Industrial	59	73	86	59	73	85	0.9%	-0.8%	-1.3%
Pharma	33	36	41	32	35	40	-1.2%	-2.6%	-2.9%
Metals	75	88	96	72	91	98	-3.8%	2.9%	2.1%
Automobile	73	87	98	55	80	96	-24.8%	-7.6%	-2.1%
Cement	8	10	12	7	10	12	-5.5%	-4.3%	-4.9%
Telecom	29	41	52	28	41	51	-2.2%	-0.4%	-0.9%
Total	1,108	1,279	1,453	1,082	1,273	1,447	-2.3%	-0.5%	-0.4%

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 Q3FY26, crossing the mark of 16.5 Lc Cr.
- NSE 500 earnings grew by 14% YoY, indicating a broad-based recovery in earnings during the quarter. Auto, Metals, Staples, Oil & Gas, and industrials witnessed notable YoY growth, while IT and Health Care witnessed moderate growth.

Sector-wise Net profit for NSE 500 – Trailing 4 Quarters (In Cr)

	Q2FY20	Q4FY23	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q-o-Q Growth %	Y-o-Y Growth %
Auto & Anc	36,212	43,028	68,426	70,977	72,945	73,813	75,509	77,647	84,321	88,623	5.1%	20.1%
Staples	34,044	49,516	48,309	50,298	49,873	50,775	69,875	70,478	70,070	74,705	6.6%	47.1%
Discretionary	18,283	30,085	30,085	33,752	35,517	37,134	38,828	36,400	29,207	30,731	5.2%	-17.2%
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	3.1%	10.9%
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	-2.6%	5.0%
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	7.8%	30.2%
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	3.3%	22.2%
Industrials	31,188	37,174	48,191	50,923	59,526	60,645	70,638	72,172	82,227	84,937	3.3%	40.1%
Build Mate	22,387	23,965	36,531	37,477	37,743	45,690	37,098	38,758	46,008	46,897	1.9%	2.6%
Healthcare	28,133	39,045	50,109	59,490	62,670	64,931	69,323	64,035	67,356	67,755	0.6%	4.3%
Utilities	27,165	59,631	74,954	71,391	67,802	68,312	72,397	74,382	76,201	76,250	0.1%	11.6%
Transport	2,462	4,152	13,326	13,307	12,377	11,988	13,445	12,705	11,014	9,704	-11.9%	-19.1%
Agri & Chem	12,424	31,842	17,428	16,874	17,128	19,783	23,502	24,661	24,003	23,692	-1.3%	19.8%
Tele & Media	-19,015	12,474	15,212	18,160	22,784	38,279	50,953	52,344	52,597	41,866	-20.4%	9.4%
Others	12,486	16,661	16,277	23,158	29,535	26,194	13,991	12,780	12,984	17,884	37.7%	-31.7%
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	2.6%	14.1%
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		
Total Growth		2%	3%	2%	2%	4%	4%	3%	4%	3%		
Growth ex Oil and Gas		8%	4%	5%	5%	5%	5%	2%	4%	2%		

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

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

- LGD Reset to Strengthen Balance Sheet; Incremental Impact Limited:** With a view to enhancing balance sheet resilience amidst a volatile global and sectoral environment, BAF has strengthened its provisioning framework by implementing a minimum Loss Given Default (LGD) floor across all businesses, resulting in an accelerated ECL provision of Rs 14.1 Bn in Q3 across all stages and a meaningful improvement in PCR. This action is a voluntary, though permanent change, with the revised LGD floors being applied consistently going forward. BAF has seen improvement in the Stage 2 pool, while the vintage credit performance across cohorts has strengthened materially, instilling optimism on the FY27 credit cost trajectory. **While the management alluded that there would be some cascading impact of the policy change, it is expected to be limited to Rs 3-4 Bn for FY27 and would be spread evenly throughout the year. Gauging the current credit environment, the management has guided for credit costs of 165-175bps for FY27.** A key lever in moderating credit costs stress would be the run-down in the captive finance business, which is a major contributor to asset quality stress (~8-9% credit costs and 14% contribution to GNPA).
- Discipline First, Growth to Follow from FY27:** In Q3, BAF's AUM growth was in line with management guidance, impacted by tightening actions in the MSME portfolio and the run-down of the captive 2W business. The MSME growth slowed down following stricter underwriting actions, resulting in business volumes declining by 25-30%; however, as stress recedes, the management expects the MSME segment to resume strong growth of 20+% from Q2FY27 onwards. On a segmental basis, the **B2B business is expected to grow in mid-teens given its scale, while most other businesses are guided to grow in the 20-25% range.** The newer businesses are expected to scale up on a favourable base, with the new car book expected to grow by early-30% and the CV & Tractor portfolio by 30-40% in FY27. However, BAF expects improved trends from H2 onwards. Gold loans have been registering a robust growth, albeit on a lower base.

Going ahead, continued distribution expansion and improving branch productivity should drive sustained strong growth. **Overall, the management emphasized that growth across businesses will continue to remain strong while maintaining RoA discipline. BAF has maintained its growth guidance at 22-23% for FY26.**

- NIMs To Remain Steady:** BAF maintained stable NIMs in Q3, aided by marginally lower CoF and a stable portfolio mix. The management expects CoF to remain range-bound between 7.55-7.6% in FY26, with scope for further improvement being limited. BAF continues to optimize its borrowing mix and will continue to grow its deposit franchise in a calibrated manner to maintain CoF. **Thus, barring any significant changes in the portfolio mix, we expect NIMs to remain broadly stable over FY27-28E vs FY26E at ~8.8% (+/-5bps).**
- Outlook & Valuation:** We expect BAF to revert to its AUM growth trajectory of 24% CAGR from FY27 onwards as stress in the MSME book recedes and the captive finance book runs down. With limited scope for CoF improvement and portfolio mix remaining broadly stable, we expect NIMs to remain rangebound between 8.7-8.8% over FY27-28E. Resultantly, we trim our NII estimates by 2-4% over FY27-28E. With the company prudently strengthening its provisioning framework, resulting in higher credit costs in FY26 and a cascading though limited impact in FY27E, we trim our earnings estimates by 3-5% over FY27-28E and ~7% in FY26E. We expect BAF to deliver a healthy AUM/NII/Earnings growth of 24/22/27% CAGR over FY27-28E, driven by (i) steady NIMs, (ii) Operating leverage driving cost ratio improvement, and (iii) downward trending credit costs backed by asset quality improvement. We expect BAF to deliver a RoA/RoE of 4.3-4.4%/19-21% over FY26-28E, broadly in line with the management's long-term guidance.
- Key Risks:** a) Slowdown in credit growth momentum, b) Asset Quality challenges in newer segments

Industry view



Over Weight

CMP
802

Target Price
1,150

Upside
43%

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	300	168	27.0	153.0	5.2	4.5	0.4
FY26E	443	362	192	30.9	180.9	4.4	4.2	0.4
FY27E	539	437	246	39.6	214.0	3.7	4.4	0.4
FY28E	662	536	308	49.5	255.0	3.1	4.4	0.4

Source: Company, Axis Securities

Income Statement (Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
Net Interest Income	364	443	539	662
Other Income	86	99	112	128
Total Income	450	541	651	790
Total Operating Expense	149	180	214	255
PPOP	300	362	437	536
Provisions & Contingencies	80	105	108	125
PBT	220	256	329	410
Provision for Tax	53	64	83	103
PAT	168	192	246	308

Source: Company, Axis Research

Balance Sheet (Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS				
Share capital	1	6	6	6
Reserves and Surplus	966	1140	1349	1611
Shareholders' funds	967	1146	1355	1617
Borrowings	3612	4443	5532	6913
Other Liabilities and provisions	82	100	123	152
Total liabilities	4,661	5,688	7,011	8,682
APPLICATION OF FUNDS				
Cash & Bank Balance	135	143	176	218
Investments	344	378	458	568
Advances	4078	4983	6157	7634
Fixed Assets & Other Assets	103	185	220	263
Total assets	4,661	5,688	7,011	8,682

Source: Company, Axis Research

Valuation Ratios (%)

Y/E March	FY25	FY26E	FY27E	FY28E
EPS	27.0	30.9	39.6	49.5
Earnings growth (%)	-88.4	14.4	28.2	24.8
BVPS	155.7	184.3	218.0	260.1
Adj. BVPS	153.0	180.9	214.0	255.0
ROAA (%)	4.5	4.2	4.4	4.4
ROAE (%)	19.0	18.2	19.7	20.7
P/E (x)	29.7	25.9	20.2	16.2
P/ABV (x)	5.2	4.4	3.7	3.1
Dividend Yield (%)	0.6	0.5	0.6	0.7

PROFITABILITY & OPERATING EFFICIENCY

NIM (%)	8.8	8.8	8.8	8.7
Cost/Avg. Asset Ratio (%)	3.5	3.5	3.4	3.2
Cost-Income Ratio (%)	33.2	33.2	32.9	32.2

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E March	FY25	FY26E	FY27E	FY28E
Loan Growth (%)	26.0	22.2	23.6	24.0
Borrowings Growth (%)	23.1	23.0	24.5	25.0
Equity/Assets (%)	23.7	23.0	22.0	21.2
Equity/Advances (%)	20.7	20.1	19.3	18.6
Total Capital Adequacy Ratio	21.9	21.7	20.8	19.9

ASSET QUALITY

Gross NPLs (Rs Bn)	37	55	68	92
Net NPLs (Rs Bn)	17	21	25	32
Gross NPLs (%)	0.9	1.1	1.1	1.2
Net NPLs (%)	0.4	0.4	0.4	0.4
Coverage Ratio (%)	53.7	62.0	64.0	66.0
Provision/Avg. Loans (%)	2.2	2.3	1.9	1.8

ROAA TREE

Net Interest Income	8.6	8.6	8.5	8.4
Non-Interest Income	2.0	1.9	1.8	1.6
Operating Cost	3.5	3.5	3.4	3.2
Provisions	1.9	2.0	1.7	1.6
Tax	1.3	1.2	1.3	1.3
ROAA	3.9	3.7	3.9	3.9
Leverage (x)	4.9	4.9	5.1	5.3
ROAE	19.0	18.2	19.7	20.7

Source: Company, Axis Research

STATE BANK OF INDIA – STEADY SHIP AMIDST TURBULENT MACROS; 1+% ROA DELIVERY TO CONTINUE!

State Bank of India (SBI) is the largest public sector bank in terms of assets, deposits, branches, number of customers, and employees, and has a pan-India presence. The RBI has designated SBI as a Domestic Systemically Important Bank (D-SIB), underscoring its continued functioning as critical for the Indian economy.

Key Rationale

- Broad-based Growth; Buoyancy to Continue:** SBI's management has revised its growth guidance upwards to 13-15% vs 12-14% earlier, supported by the broad-based growth trends visible so far. The RAM segment has seen continued healthy growth, while the corporate book has seen a decisive revival in growth and is expected to deliver a healthy double-digit growth going into Q4. Within the retail portfolio, the Xpress Credit segment was expected to deliver double-digit growth in Q3; however, it was impacted by a shift towards gold loans driven by better yields and higher gold prices, especially amongst the corporate salary borrowers. This switch resulted in moderate Xpress Credit growth despite healthy disbursement momentum. The gold loan growth has been robust, with the management indicating that the gold loan LTV is comfortable, thereby offering a significant margin of safety, leaving enough headroom to factor in sharp price movements. Furthermore, SBI's SME segment market share ranges between 15-16% and the bank remains well-placed to benefit from the budgetary announcements towards MSMEs. **Overall, the management remains upbeat on growth momentum sustaining, driven by Income Tax cuts, GST rate rationalisation, Trade Deals, and Budgetary push, with SBI well-positioned to capitalize on these opportunities.**
- Corporate Growth Revival Underway Supported by Multiple Levers:** In Q3, SBI's corporate portfolio delivered healthy growth of 13/8% YoY/QoQ, and the management remains constructive on the corporate growth momentum persisting even in Q4. The overall corporate pipeline stands at Rs 7.86 Tn. Another sector contributing to strong growth momentum is green energy, wherein the bank's portfolio has reached Rs 1 Tn, largely aided by renewable energy. **The bank sees incremental growth opportunities in REIT funding and M&A financing pursuant to regulatory guidelines being finalised, and steady traction in the metals and infrastructure sectors, and the power sector.**
- NIMs To Remain 3+% Across Cycles:** In Q3, NIM improvement lagged LDR (+317bps QoQ) due to higher working capital loans vs term loans. Management reaffirmed that SBI will maintain 3%+ NIMs across cycles, including Q4FY26E, supported by granular retail deposits, CASA expansion, and disciplined pricing. The bank continues to avoid high-cost wholesale deposits, with incremental mobilization skewed toward bulk card-rate deposits priced close to retail. Strong corporate credit growth came without margin dilution.
- Non-banking Subsidiaries to Boost Overall Performance:** Apart from the core banking, SBI's subsidiaries are expected to continue adding further value. The bank has a strong presence in various financial services operations, most of which are generating stable returns and support the overall performance.
- Outlook & Valuation:** SBI's performance has been the best amongst the larger banks, and the bank remains well-poised to sustain its performance. SBI has upgraded its credit growth guidance to 13-15%, driven by a strong corporate revival and resilient RAM momentum. The bank's ability to maintain margins given its disciplined risk-adjusted pricing and continued focus on retail, granular CASA deposits should enable SBI to maintain margins at >3% over the medium term. Strengthening the fee income profile, along with controlled costs driven by operational efficiency, should support earnings growth. Moreover, asset quality remains at decadal best levels, with credit costs remaining benign, further extending support to earnings. We expect SBI to deliver a strong Credit/Deposit/NII/Earnings growth of 14/11/14/9% CAGR over FY26-28E. **At present, we do not see downside risks to a comfortable, sustained RoA delivery of 1+% over the medium term.**
- Key risks:** a) Significant slowdown in credit growth

Industry view



Over Weight

CMP
979

Target Price
1,350

Upside
38%

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	1,670	1,106	709	79.4	472.3	2.1	1.1	0.5
FY26E	1,762	1,273	799	86.6	554.9	1.8	1.1	0.4
FY27E	2,032	1,396	854	92.5	627.6	1.6	1.1	0.3
FY28E	2,290	1,567	944	102.2	706.8	1.4	1.1	0.3

Source: Company, Axis Securities.

Profit & Loss		(Rs Bn)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
Net Interest Income	1,670	1,762	2,032	2,290	
Other Income	617	778	771	824	
Total Income	2,286	2,540	2,803	3,114	
Total Operating Exp.	1,181	1,267	1,407	1,547	
PPOP	1,106	1,273	1,396	1,567	
Provisions & Contingencies	153	206	257	307	
PBT	953	1,067	1,140	1,260	
Provision for Tax	244	268	286	316	
PAT	709	799	854	944	

Source: Company, Axis Research

Balance Sheet		(Rs Bn)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	9	9	9	9	
Reserves and surplus	4,403	5,292	5,974	6,729	
Shareholders' funds	4,412	5,301	5,984	6,739	
Total Deposits	53,822	59,062	65,493	72,547	
Total Borrowings	59,458	66,117	74,768	84,324	
Other Liabilities, provisions	2,891	3,000	3,392	3,825	
Total	66,761	74,418	84,144	94,888	
APPLICATION OF FUNDS					
Cash & Bank Balance	3,402	3,261	3,616	4,006	
Investments	16,906	17,725	19,655	21,772	
Advances	41,633	48,060	54,798	62,261	
Fixed Assets & Other Assets	4,819	5,372	6,074	6,850	
Total assets	66,761	74,418	84,144	94,888	

Source: Company, Axis Research

KEY RATIOS				(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS				
EPS	79.4	86.6	92.5	102.2
Earnings Growth (%)	16.1%	9.0%	6.8%	10.6%
BVPS	494.3	574.3	648.2	730.0
Adj. BVPS	472.3	554.9	627.6	706.8
ROAA (%)	1.1	1.1	1.1	1.1
ROAE (%)	17.3	16.5	15.1	14.8
P/E (x)	12.3	11.3	10.6	9.6
P/ABV (x)	2.1	1.8	1.6	1.4
Dividend Yield (%)	1.5	1.6	1.7	1.9
PROFITABILITY				
NIM (%) – Domestic	3.3	3.1	3.2	3.2
NIM (%) - Global	3.2	3.0	3.1	3.1
Cost-Income Ratio	51.6	49.9	50.2	49.7

Source: Company, Axis Research

Balance Sheet Structure Ratios				(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E
Loan Growth (%)	12.4	15.4	14.0	13.6
Deposit Growth (%)	9.5	9.7	10.9	10.8
C-D Ratio (%)	77.4	81.4	83.7	85.8
Equity to Assets (%)	6.6	7.1	7.1	7.1
Equity to Loans (%)	10.6	11.0	10.9	10.8
CRAR (%)	14.3	14.5	14.2	13.6
Tier I (%)	12.1	12.5	12.4	12.0
ASSET QUALITY				
Gross NPLs (%)	1.8	1.5	1.4	1.4
Net NPLs (%)	0.5	0.4	0.3	0.3
PCR	74.4	75.5	75.0	75.0
Credit cost	0.4	0.5	0.5	0.5

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.

Key Rationale

- Loan Mix Shift towards Unsecured Remains Key Margin Improvement Driver:** In Q3, NIMs remained flat QoQ owing to deployment of short-term excess liquidity towards treasury assets, which resulted in a ~4 bps drag on NIMs. During the quarter, CoF declined by 16bps QoQ, led by healthy low-cost deposit mobilisation and continued TD repricing. Going ahead, the management indicated that the full impact of the Jun'25 rate cut will flow through to asset yields, though should be offset by the partial benefit of the CRR cut, continued TD repricing, albeit at a slower pace, and a seasonal uptick owing to the day convention visible in Q4. The deposit repricing is expected to continue, albeit at a slower pace, until Q1FY27. Assuming no further policy rate cuts, the bank expects moderate improvement in NIMs in Q4 and a stable margin trajectory heading into FY27. Hereon, meaningful improvement in margins will be led by the improving trajectory of the unsecured mix in the portfolio.
- Unsecured Book Stress Ease; Credit Costs to Continue to Taper:** In Q3, KMB witnessed an improvement in asset quality and a decline in credit costs (calc.) from 81bps in Q2 to 66bps in Q3, primarily aided by lower stress in the unsecured book. The stress in the MFI and Personal Loans (PL) portfolio has declined QoQ, while that in the credit card portfolio has plateaued. The management had pointed out stress build-up in the retail CV, and the portfolio is being monitored continuously. The bank has tightened its underwriting and consciously curtailed disbursements in the wake of rising stress in the segment, and expects credit costs in this segment to plateau by Q4. In the near term, the credit cost trend will continue to remain downward sloping until Q1FY27. However, credit costs will settle above pre-COVID levels due to the improving share of unsecured loans. The management also highlighted that the estimated impact of ECL transition is expected to be <2% of networth, and thus its implementation, even if in the draft form, would not be materially impactful.
- Growth Remains Healthy; Ready to Press the Unsecured Growth Pedal:** KMB's advances growth remained strong at 16/4% YoY/QoQ, primarily driven by secured and corporate advances, while the unsecured segments' growth witnessed a marginal uptick (in absolute terms). The bank remains committed to expanding its unsecured portfolio to mid-teens without compromising on asset quality. The credit card segment continues to be a key growth driver contributing to customer stickiness, better CASA retention, and deeper engagement. Meanwhile, KMB will continue to pursue steady growth in the secured retail and corporate portfolios. We expect KMB's overall credit growth to remain robust at ~17% CAGR over FY26-28E, supported by a gradual improvement in the unsecured portfolio mix.
- Outlook & Valuation:** KMB is well-poised to deliver sustained, high-quality growth supported by improving asset quality trends in the unsecured book, resulting in a steady decline in credit costs and a calibrated ramp-up in unsecured lending. With unsecured stress normalising and growth engines gaining traction, KMB is well-placed to sustain healthy 17% credit growth over FY26-28E while preserving profitability and balance sheet strength. NIMs are expected to inch upwards as unsecured lending growth gathers steam and TD repricing continues over the next couple of quarters. Thereon, NIM improvement will solely be a function of improving the unsecured mix. Operational efficiency and use of tech-led initiatives should offset the higher opex as business volumes pick up. With these profitability drivers playing out, we expect KMB's RoA to improve to 2.1-2.2% over FY27-28E vs 1.9% in FY26.
- 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.

Industry view



Overweight

CMP
353

Target Price
515

Upside
46%

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	3.0	2.1	0.3
FY26E	301	223	139	14.0	127.9	2.8	1.9	0.3
FY27E	354	267	170	17.1	142.6	2.5	2.1	0.3
FY28E	416	319	204	20.5	160.2	2.2	2.1	0.3

Source: Company, Axis Securities.

Profit & Loss		(Rs Bn)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
Net Interest Income	283	301	354	416	
Other Income	114	121	141	163	
Total Income	398	422	495	579	
Total Operating Exp.	188	200	228	260	
PPOP	210	223	267	319	
Provisions & Contingencies	29	37	40	47	
Exceptional Items	35	0	0	0	
PBT	216	185	227	272	
Provision for Tax	51	46	57	68	
PAT	165	139	170	204	

Source: Company, Axis Research

Balance Sheet		(Rs Bn)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	10	10	10	10	
Reserves and Surplus	1,162	1,276	1,425	1,604	
Shareholders' funds	1,172	1,287	1,436	1,615	
Deposits	4,991	5,769	6,695	7,774	
Borrowings	484	264	322	464	
Other Liabilities, provisions	289	310	358	417	
Total liabilities	6,936	7,630	8,812	10,270	
APPLICATION OF FUNDS					
Cash & Bank Balance	658	564	587	682	
Investments	1,819	1,901	2,206	2,562	
Advances	4,269	4,956	5,777	6,745	
Fixed Assets & Other Assets	190	209	242	282	
Total assets	6,936	7,630	8,812	10,270	

Source: Company, Axis Research

KEY RATIOS				(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS				
EPS	16.5	14.0	17.1	20.5
Change (%)	19%	-15%	22%	20%
BVPS	117.9	129.4	144.4	162.4
Adj. BVPS	116.6	127.9	142.6	160.2
ROAA (%)	2.1	1.9	2.1	2.1
ROAE (%)	12.6	11.3	12.5	13.3
P/E (x)	21.3	25.2	20.6	17.2
P/ABV (x)	3.0	2.8	2.5	2.2
PROFITABILITY				
NIM (%)	5.0	4.7	4.9	4.9
Cost-Assets Ratio	2.9	2.7	2.8	2.7
Cost-Income Ratio	47.2	47.3	46.0	45.0

Source: Company, Axis Research

Balance Sheet Structure Ratios					(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E	
Loan Growth (%)	13.5	16.1	16.6	16.8	
Deposit Growth (%)	11.2	15.6	16.1	16.1	
C-D Ratio (%)	85.5	85.9	86.3	86.8	
CRAR	22.1	21.3	19.8	19.1	
Tier I	21.1	20.4	19.0	18.4	
ASSET QUALITY					
Gross NPLs (%)	1.4	1.3	1.3	1.3	
Net NPLs (%)	0.3	0.3	0.3	0.3	
PCR	78.1	76.0	76.0	76.0	
Credit Cost	0.7	0.8	0.8	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.

Key Rationale

- Best ARPU in the Industry:** Bharti Airtel leads the industry in ARPU, with management expecting further improvement from the current Rs 259 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 29.8 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 5.2 Mn QoQ, now accounting for 79% of the total customer base. Moreover, Airtel's Africa business is expected to continue its strong performance on a sequential basis.
- Improvement in the Digital/Home Segment:** Bharti Airtel's management anticipates an improvement in the Home Segment by offering multiple solutions simultaneously. The company has adopted a "Hunting" strategy, targeting existing high-value customers (primarily 50 Mn customers with strong financial profiles), while aggressively acquiring new ones. This approach is expected to drive growth in the Home Segment, enhancing revenue realisation and strengthening the overall business model. Management remains confident in achieving industry-leading growth, supported by intense rural penetration and an expanded service portfolio.
- 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 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 market share, resulting in loss of sustainable revenue.

Industry view



Over Weight

CMP

1,782

Target Price

2,530

Upside

42%

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY25	1,72,985	93,159	37,481	58.6	30.3	38	18	14.3
FY26E	2,12,270	1,19,414	32,052	52.2	34.0	26	14	10.7
FY27E	2,47,901	1,38,824	43,787	71.8	24.7	30	16	8.9
FY28E	2,81,006	1,56,493	53,936	88.5	20.1	31	17	7.5

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	1,72,985	2,12,270	2,47,901	2,81,006
Change (YoY, %)	15.3	22.7	16.8	13.4
Operating expenses	79,826	92,856	1,09,076	1,24,513
EBITDA	93,159	1,19,414	1,38,824	1,56,493
Change (YoY, %)	19.0	28.2	16.3	12.7
Margin (%)	53.9	56.3	56.0	55.7
Depreciation	45,570	52,675	57,876	63,376
Interest paid	21,754	22,539	23,250	21,927
Other income	1,574	2,789	3,973	4,777
PBT	34,696	46,733	61,672	75,967
Tax	917	14,304	17,885	22,030
Effective tax rate (%)	3%	31%	29%	29%
Share of JV/Associate	3,703	(376)	-	-
Exceptional items	7,287	257	-	-
Net profit	37,481	32,052	43,787	53,936
Adjusted net profit	44,768	32,309	43,787	53,936
Change (YoY, %)	2	(28)	36	23
Adj EPS	50	52	72	89
Dividend per share	16	21	27	35
Dividend Payout (%)	26	26	26	26

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Share capital	2,900	2,900	2,900	2,900
Reserves & surplus	1,10,772	1,30,148	1,57,456	1,89,969
Shareholders' funds	1,13,672	1,33,048	1,60,356	1,92,869
Total Debt	1,48,312	1,46,312	1,44,312	1,42,312
Other liabilities	75,589	75,589	75,589	75,589
Current Liabilities & Provisions	1,80,440	2,03,969	2,24,648	2,43,819
Current liabilities	1,00,837	1,15,852	1,29,708	1,42,582
Provisions	36,155	44,223	51,646	58,543
Total liabilities	3,60,893	3,81,976	4,01,255	4,19,026
Total equity & liabilities	5,14,361	5,56,810	6,05,486	6,57,964
Net fixed assets	1,43,272	1,35,598	1,37,722	1,24,346
Investments	544	544	544	544
Other non-current assets	3,02,956	3,02,956	3,02,956	3,02,956
Current assets	67,589	1,17,713	1,64,265	2,30,119
Inventories	452	452	452	452
Sundry Debtors	7,456	9,434	11,018	12,489
Cash & Liquid	16,720	61,718	1,03,717	1,65,342
Other Current Assets	16,195	19,343	22,312	25,070
Total assets	5,14,361	5,56,810	6,05,486	6,57,964

Source: Company, Axis Securities Research

Cash Flow	(Rs Cr)			
Y/E March	FY25	FY26E	FY27E	FY28E
Pre-tax Profit	38,399	46,356	61,672	75,967
Depreciation	45,570	52,675	57,876	63,376
Change in working capital	32,840	18,403	16,127	14,941
Other operating activities	12,893	19,493	19,277	17,150
Cash flow from operations (a)	1,28,785	1,22,623	1,37,066	1,49,403
Capital expenditure	1,14,460	(45,000)	(60,000)	(50,000)
Change in investments	3,142	-	-	-
Other investing activities	(2,41,359)	2,789	3,973	4,777
Cash flow from investing (b)	(1,23,756)	(42,211)	(56,027)	(45,223)
Equity raised/(repaid)	24	-	-	-
Debt raised/(repaid)	(604)	(2,445)	(1,400)	(1,400)
Dividend paid	(9,751)	(10,726)	(11,262)	(486)
Change in minorities	16,251	1,990	2,089	2,194
Other financing activities	(10,568)	(24,232)	(28,467)	(42,864)
Cash flow from financing (c)	(4,649)	(35,414)	(39,040)	(42,556)
Net change in cash (a+b+c)	380	44,998	42,000	61,624
Opening cash balance	16,340	16,720	61,718	1,03,717
Closing cash balance	16,720	61,718	1,03,717	1,65,342

Source: Company, Axis Securities Research

Ratio Analysis	(%)			
Y/E March	FY25	FY26E	FY27E	FY28E
Book Value (Rs)	187	218	263	316
Adj EPS (Rs)	50	52	72	89
Adj EPS growth (%)	86	5	38	23
EBITDA margin (%)	54	56	56	56
Pre-tax margin (%)	20	22	25	27
Debt/Equity (x)	0.9	0.8	0.6	0.5
ROCE (%)	18	14	16	17
ROE (%)	38	26	30	31
Financial leverage ratios				
Debt / Equity (x)	0.9	0.8	0.6	0.5
Interest Coverage (x)	4.3	5.3	6.0	7.1
Interest / Debt (%)	18	22	23	22
Working Capital & Liquidity Ratio				
Inventory days	0	0	0	53
Receivable days	16	16	16	37
Payable days	79	80	80	61
Valuation ratio				
PER (x)	30	34	25	20
Adjusted PER (x)	36	34	25	20
P/BV (x)	9.5	8.1	6.7	5.6
EV/EBITDA (x)	12.6	9.4	7.8	6.5
Market Cap. / Sales (x)	6.3	5.1	4.4	3.8

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
3,957

Target Price
4,450

Upside
12%

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 Q3FY26, DMart reported 13.3% YoY revenue growth, with like-for-like growth at 5.6%.
- 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 481 as of the 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 442 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, a reduction in the 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	95.2	12.6	13.4
FY26E	71,232	5,533	3,355	51.6	76.8	13.5	14.4
FY27E	85,371	6,627	3,874	59.5	66.5	13.5	14.4
FY28E	1,01,384	7,772	4,326	66.5	59.6	13.1	14.0

Source: Company, Axis Securities.

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Net sales	59,358	71,232	85,371	1,01,384
Growth, %	16.9	20.0	19.8	18.8
Raw material expenses	(50,552)	(60,662)	(72,794)	(86,625)
Employee expenses	(1,166)	(1,411)	(1,707)	(2,065)
Other Operating Expenses	(3,153)	(3,626)	(4,243)	(4,921)
EBITDA (Core)	4,487	5,533	6,627	7,772
Growth, %	9.3	23.3	19.8	17.3
Margin, %	7.6	7.8	7.8	7.7
Depreciation	(870)	(1,013)	(1,422)	(1,898)
EBIT	3,618	4,520	5,205	5,874
Growth, %	7.3	24.9	15.1	12.9
Margin, %	6.1	6.3	6.1	5.8
Other Income	124	149	179	214
Non-recurring Items	-	-	-	-
Pre-tax profit	3,673	4,596	5,307	6,008
Tax provided	(965)	(1,241)	(1,433)	(1,682)
Profit after tax	2,707	3,355	3,874	4,326

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Cash & bank	358	601	1,614	3,424
Debtors	154	185	221	263
Inventory	5,044	6,053	7,255	8,616
Loans & advances	-	-	-	-
Other current assets	835	835	835	835
Total current assets	6,392	7,674	9,926	13,138
Investments	178	178	178	178
Gross fixed assets	20,097	23,397	26,697	29,997
Less: Depreciation	(3,897)	(4,909)	(6,332)	(8,230)
Add: Capital WIP	1,099	1,099	1,099	1,099
Net fixed assets	17,299	19,586	21,464	22,866
Non-current assets	452	452	452	452
Total assets	24,321	27,891	32,020	36,634
Current liabilities	2,212	2,426	2,681	2,970
Provisions	-	-	-	-
Total current liabilities	2,212	2,426	2,681	2,970
Non-current liabilities	681	681	681	681
Total liabilities	2,894	3,108	3,363	3,652
Paid-up capital	651	651	651	651
Reserves & surplus	20,777	24,132	28,006	32,332
Shareholders' equity	21,428	24,783	28,657	32,983
Total equity & liabilities	24,321	27,891	32,020	36,634

Source: Company, Axis Research

Cash flow	(Rs Cr)				
	Y/E Mar	FY25	FY26E	FY27E	FY28E
Pre-tax profit		3,673	4,596	5,307	6,008
Depreciation		870	1,013	1,422	1,898
Change in working capital		(244)	(826)	(983)	(1,113)
Total tax paid		(945)	(1,241)	(1,433)	(1,682)
Cash flow from operating activities		3,353	3,542	4,313	5,110
Capital expenditure		(3,826)	(3,300)	(3,300)	(3,300)
Change in marketable securities		105	-	-	-
Cash flow from investing activities		(3,656)	(3,300)	(3,300)	(3,300)
Free cash flow		(302)	242	1,013	1,810
Equity raised/(repaid)		-	-	-	-
Dividend (incl. tax)		-	-	-	-
Cash flow from financing activities		-	-	-	-
Net change in cash		(302)	242	1,013	1,810
Opening cash balance		638	358	601	1,614
Closing cash balance		358	601	1,614	3,424

Source: Company, Axis Research

Ratios	FY25				
	Y/E Mar	FY25	FY26E	FY27E	FY28E
Per Share data					
EPS (INR)		41.6	51.6	59.5	66.5
Growth, %		6.8	23.9	15.5	11.7
Book NAV/share (INR)		329.3	380.8	440.4	506.9
FDEPS (INR)		41.6	51.6	59.5	66.5
CEPS (INR)		55.0	67.1	81.4	95.6
CFPS (INR)		50.6	52.2	63.5	75.2
Return ratios					
Return on assets (%)		12.2	13.1	13.2	12.8
Return on equity (%)		12.6	13.5	13.5	13.1
Return on capital employed (%)		13.4	14.4	14.4	14.0
Turnover ratios					
Asset turnover (x)		3.1	3.2	3.4	3.6
Sales/Total assets (x)		2.6	2.7	2.8	3.0
Sales/Net FA (x)		3.8	3.9	4.2	4.6
Working capital/Sales (x)		0.1	0.1	0.1	0.1
Receivable days		0.9	0.9	0.9	0.9
Inventory days		31.0	31.0	31.0	31.0
Payable days		7.1	7.1	7.1	7.1
Working capital days		23.5	23.8	24.1	24.3
Liquidity ratios					
Current ratio (x)		2.9	3.2	3.7	4.4
Quick ratio (x)		0.6	0.7	1.0	1.5
Valuation					
PER (x)		95.2	76.8	66.5	59.6
PEG (x) - y-o-y growth		14.0	3.2	4.3	5.1
Price/Book (x)		12.0	10.4	9.0	7.8
EV/Net sales (x)		4.3	3.6	3.0	2.5
EV/EBITDA (x)		57.4	46.5	38.7	32.7
EV/EBIT (x)		71.2	56.9	49.2	43.3

Source: Company, Axis Research

MAX HEALTHCARE – LEADER IN CHARGE

Max Healthcare is a market leader in the Delhi-NCR and Mumbai regions, with over 2,900 beds and a strong presence in oncology. The company plans to add 3,000 beds over the next three years, primarily through brownfield expansions. Strong operational performance has driven significant EBITDA growth, with margins currently at 26.5%. Backed by robust cash flows and strategic expansions, Max Healthcare is well-positioned for sustained profitability and growth.

Industry view



Over Weight

CMP
962

Target Price
1,250

Upside
30%

Key Rationale

- Revenue Growth Moderates:** Max Healthcare reported Q3FY26 net revenue of Rs 2,484 Cr, up 9% YoY but down 3.7% QoQ, moderately below expectations. Performance was supported by stable ARPOB; however, revenues were impacted by (1) lower incidence of borne diseases affecting occupancy, (2) temporary substitution of Standalone Health Insurer (SAHI) patients with PSU beneficiaries due to disruption in cashless services (largely resolved toward quarter-end), and (3) discontinuation of high-value patented chemotherapy drugs following restrictive CGHS pricing guidelines. The upward revision in CGHS tariffs, expected to be fully implemented by Apr'26, should partially offset these pressures. Revenue from international patients grew 14% YoY, contributing 9% of total revenue.
- Margin Compression due to Transitory Factors:** EBITDA margins declined 87 bps YoY and 76 bps QoQ to 25.5%, driven by transitional payor mix shifts and regulatory pricing changes in oncology drugs. EBITDA grew 5.3% YoY but declined 6.5% QoQ. Reported PAT stood at Rs 344 Cr, impacted by a one-time labour provision of Rs 55 Cr. Adjusted PAT was Rs 399 Cr. We believe margins are likely to normalise going forward, supported by the implementation of revised CGHS rates, ramp-up and operating leverage from recently added beds, and resolution of SAHI-related cashless service disruptions, which should improve the payor mix and profitability.
- Strong Operating KPI:** ARPOB stood at Rs 77,900, up 2.6% YoY. Overall occupancy declined to 74%, though occupied bed days increased 7% YoY, reflecting resilience despite weak seasonality. IP volumes grew 2% YoY, while OP volumes increased 9% YoY.
- Expansion-Focused Growth with Prudent Leverage:** Max Healthcare continues to pursue an aggressive yet capital-efficient brownfield expansion strategy, underpinning strong multi-year growth visibility. Bed capacity is targeted to scale from ~5,000 beds in FY25 to 9,000-9,500 by 2028. Recently commissioned projects include a 400-bed tower at Max Smart Saket, along with phased additions at Nanavati Max (Mumbai) and Max Mohali, both already EBITDA accretive with margins of 31% and 39%, respectively. Despite deploying Rs 408 Cr in quarterly capex, the balance sheet remains robust with net debt at Rs 2,166 Cr, keeping Net Debt/EBITDA well below 1.0x. Management has further approved a 260-bed expansion at Max Dwarka and secured land in Pune for a future 450-bed hospital.
- Outlook & Valuation:** Max Healthcare Institute maintains a positive multi-year outlook, underpinned by 6–7% ARPOB growth in mature hospitals and a sustained network occupancy target of ~80%. This trajectory is reinforced by an aggressive expansion plan, on track to add ~1,500 beds in FY26, including the recently commissioned 160-bed expansion at Max Mohali and phased commissioning at Nanavati Max (Mumbai) and Max Smart (Saket). Management expects a meaningful long-term tailwind from the recent CGHS rate revision, translating into a revenue uplift of ~Rs 200 Cr. Given the largely fixed cost base, 85–90% of this incremental revenue is expected to flow through to EBITDA. While partial benefits should accrue in the near term, the full impact, particularly from the newly introduced “super-speciality hospital” category, which carries a 15% higher tariff, should materialise from FY27 onwards. Concurrently, the company remains focused on scaling high-margin oncology services and international patient volumes, which should further support margin normalisation and earnings compounding over the medium term.
- Valuation:** We value the stock at 26x EV/EBITDA FY28E.

Key Financials (Consolidated)

Y/E March (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)
FY25	8,621	2,193	1,335	14	70	43	9	13
FY26E	11,201	2,856	1,798	18	52	33	8	15
FY27E	13,114	3,410	2,243	23	42	28	6	16
FY28E	16,806	4,420	3,007	31	31	21	5	17

Source: Company, Axis Securities

Profit & Loss		(Rs Cr)			
Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E	
Net sales	8,621	11,201	13,114	16,806	
Growth	27%	30%	17%	28%	
Total Expenditure	6,428	8,345	9,704	12,386	
Raw Material Consumed	2,115	2,834	3,305	4,235	
Gross Margins (%)	75.5%	74.7%	74.8%	74.8%	
EBITDA	2,193	2,856	3,410	4,420	
EBITDA (%)	25.4%	25.5%	26.0%	26.3%	
Depreciation	406	482	523	573	
% of GB	6%	5%	5%	5%	
Interest & Fin Chg.	84	141	157	165	
EBIT	2,109	2,716	3,253	4,255	
EBIT (%)	0	0	0	0	
Other Income	45	80	88	96	
Exceptional Items	(74)	(55)	-	-	
Share of P/L of Associates	-	-	-	-	
PBT	1,674	2,258	2,818	3,778	
Tax Rate (%)	20%	20%	20%	20%	
Tax	339	461	575	771	
Reported PAT	1,335	1,798	2,243	3,007	

Source: Company, Axis Research

Balance Sheet		(Rs Cr)			
Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E	
Share Capital	972	972	972	972	
Reserves & Surplus	9561	11261	13407	16317	
Shareholders Fund	10533	12234	14379	17289	
- Long Term Borrowings	3029	3429	3829	4029	
- Deferred Tax Liabilities(Net)	151	37	37	37	
- Other Long-Term Liabilities	95	95	95	95	
- Long Term Provisions	489	614	719	921	
Total Non-Current Liabilities	3764	4175	4680	5082	
TOTAL EQUITY & LIABILITIES	14297	16408	19059	22371	
Net Block	5597	7461	7939	8366	
CWIP	1292	445	445	445	
Goodwill	4795	4795	4795	4795	
Other intangible assets	698	1459	1459	1459	
Right-of-use asset	1344	1344	1344	1344	
- Fixed Assets(incl. Capital Work in Progress)	13726	15505	15982	16409	
Total Non-Current Assets	13726	15505	15982	16409	
- Current Investments	4	66	66	66	
- Inventories	134	184	216	276	
- Trade Receivables	857	1013	1186	1519	
- Cash & Cash Equivalents	1011	1076	3045	5535	
- Other Current Assets(Net)	-1435	-1435	-1435	-1435	
Total Current Assets	571	904	3077	5962	
TOTAL ASSETS	14297	16408	19059	22371	

Source: Company, Axis Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY25	FY26E	FY27E	FY28E	
PBT	1,674	2,258	2,818	3,778	
Add: depreciation	406	482	523	573	
Add: Interest	84	141	157	165	
Cash flow from operations	2,164	2,881	3,498	4,516	
Change in working capital	-169	81	100	192	
Taxes	339	461	575	771	
Miscellaneous expenses	0	0	0	0	
Net cash from operations	1,994	2,339	2,823	3,553	
Capital expenditure	-3,943	-2,261	-1,000	-1,000	
Change in Investments	62	-62	0	0	
Net cash from investing	-3,881	-2,323	-1,000	-1,000	
Increase/Decrease in debt	1,679	400	400	200	
Dividends	-97	-97	-97	-97	
Proceedings from equity	1	0	0	0	
Interest	-84	-141	-157	-165	
Others	113	-114	0	0	
Net cash from financing	1,612	48	146	-62	
Net Inc./(Dec.) in Cash	-275	65	1,969	2,491	
Opening cash balance	1,286	1,011	1,076	3,045	
Closing cash balance	1,011	1,076	3,045	5,535	

Source: Company, Axis Research

Ratio Analysis		(%)			
Key Ratios	FY25	FY26E	FY27E	FY28E	
Sales growth	27	30	17	28	
OPM	25	26	26	26	
Operating profit growth	40%	58%	55%	55%	
COGS / Net sales	25%	25%	25%	25%	
Depreciation / G. block	6%	5%	5%	5%	
Effective interest rate	3%	4%	4%	4%	
Net working capital / Net sales	-12%	-8%	-6%	-4%	
Net sales / Gr block (x)	1.2	1.2	1.3	1.5	
ROCE	12	14	17	21	
Debt/equity (x)	0.3	0.3	0.3	0.2	
Effective tax rate	20%	20%	20%	20%	
RoE	13	15	16	17	
Payout ratio (Div/NP)	10%	10%	10%	10%	
EPS (Rs.)	14	18	23	31	
EPS Growth	4%	35%	25%	34%	
CEPS (Rs.)	18	23	28	37	
DPS (Rs.)	1	1	1	1	

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).

Industry view



Over Weight

Key Rationale

- Market Leader in a Structurally Strong Space:** LGEIL has been consistently enjoying a high market share across categories, with an increasing share in premium segments and leadership in Side-by-Side refrigerators. Supported by superior R&D and a strong distribution network, the company is expected to maintain its consolidation in premium ranges as well as entry-level brands. It also has further scope to improve market share through entry into LG Essentials (an entry-level brand), capacity enhancements, and a robust supply chain, which should support improvement in the company's overall profitability. The consumer durables sector is expected to witness deeper penetration in tier 2/3 cities, where LGEIL's strong distribution capabilities are likely to further strengthen its overall market position.
- Innovative Technologies Tailored to Indian Consumers:** Over nearly three decades in India, the company has leveraged LG Electronics' global technology leadership to deliver consumer-centric innovations tailored to local requirements, thereby establishing a strong competitive edge. It has consistently introduced industry-first products, including early launches of OLED, 4K, and Smart TVs, where it commands a dominant market share. Innovation extends across categories through energy-efficient inverter air conditioners, customised washer-dryer solutions suited to Indian climatic conditions, and microwave ovens adapted to Indian cooking habits. Localised design features, supported by a nationwide after-sales service network, further strengthen brand loyalty, reinforcing the company's position as a preferred household electronics brand in India.
- Operational Efficiencies through Localised Supply Chains:** The company's operational efficiency is supported by a deeply localised and well-integrated supply chain. It works with 287 long-standing suppliers, with an increasing share of components sourced domestically; local procurement has risen to 54% in FY25, lowering costs, mitigating currency risk, and reducing lead times. Large in-house manufacturing capacity, component-level backward integration, and improved utilisation levels support tighter cost control and consistent product quality. The upcoming Sri City plant is expected to further enhance localisation, scale, and logistics efficiency. The company's Rs 705 Cr incentive in the government's manufacturing scheme shows the company's participation in the mega-expansion scheme.
- Fully Integrated Model for Sustained Profitability:** The company operates a fully integrated business model that consistently delivers strong profitability and superior returns. High capital efficiency, reflected in a ROCE of 41% in FY25, efficient working capital management, and healthy cash generation underpin sustained earnings quality. Integration across manufacturing, product development, and distribution enables effective cost control, scale advantages, and margin stability. Drivers like expansion into B2B segments, doubling exports by FY27, entry into new product categories, and rising localisation under the 'Make in India' initiative further strengthen the operating model.
- Recommendation & Valuation:** We expect a Revenue/EBITDA/PAT CAGR of 9%/19%/14% from FY26-28E. Valuing the company at 43x FY28E EPS, we arrive at a target price of Rs 1,815/share.

CMP
1,441

Target Price
1,815

Upside
26%

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs Cr)	PER (X)	EV/EBITDA (X)	RoE (%)	Net Debt/Equity (X)
FY25	24,367	3,110	2,203	32.5	48.5	35.0	36.9	0.9
FY26E	25,585	2,814	2,145	31.6	49.8	38.4	31.5	0.8
FY27E	28,112	3,514	2,567	37.8	41.6	30.6	31.8	0.8
FY28E	30,642	3,983	2,797	41.2	38.2	26.9	29.2	0.7

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26E	FY27E	FY28E
Total operating revenues	24,367	25,585	28,112	30,642
Growth (%)	14	5	10	9
EBITDA	3,110	2,814	3,514	3,983
EBITDA margin (%)	13	11	13	13
Growth (%)	40	-10	25	13
Depreciation & amortization	380	383	458	583
EBIT	2,730	2,655	3,197	3,485
EBIT margin (%)	11	10	11	11
Interest	31	33	33	37
Other income	264	277	305	332
Profit before tax	2,963	2,899	3,469	3,780
Total Tax	760	754	902	983
Profit After Tax	2,203	2,145	2,567	2,797
net margin (%)	9.0	8.4	9.1	9.1
EPS (Rs)	32	32	38	41
Growth (%)	46%	-3%	20%	9%

Source: Company, Axis Research,

Balance Sheet

(Rs Cr)

As of 31st Mar, Rs Cr	FY25	FY26E	FY27E	FY28E
Equity share capital	679	679	679	679
Other equity	5,291	6,137	7,404	8,901
Total Equity	5,970	6,816	8,082	9,580
Non-Current Liabilities				
Financial Liabilities	331	331	331	331
Other Non current liabilities	318	318	318	318
Total Non-Current Liabilities	649	649	649	649
Current Liabilities				
Financial Liabilities	97	97	97	97
Other Current Liabilities	4,801	5,009	5,439	5,799
Total Current Liabilities	4,898	5,106	5,536	5,897
Total Equity & Liabilities	11,517	12,570	14,267	16,125
APPLICATION OF FUNDS				
Non-Current Assets				
Net Fixed Assets	1,404	1,521	2,063	2,980
Financial Assets	572	572	572	572
Total Non Current Assets	1,976	2,093	2,635	3,552
Current Assets				
Inventories	3,031	3,154	3,158	3,442
Financial Assets	6,266	7,079	8,231	8,888
Other current assets	243	243	243	243
Total Current Assets	9,541	10,477	11,632	12,573
Total Assets	11,517	12,570	14,267	16,125

Source: Company, Axis Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
PBT	2,037	2,963	2,899	3,469
Depreciation	364	380	383	458
Others	-153	-233	0	0
Tax Paid	-570	-754	-754	-902
Changes in Working Capital	-13	-703	63	422
Net Cash from Operations	1,665	1,654	2,591	3,447
Capex	-240	-335	-500	-1,000
Change in Investment	199	248	0	0
Others	21	59	0	0
Net Cash from Investing	-20	-28	-500	-1,000
Change in debt	-65	-76	0	0
Change in Equity	0	0	0	0
Others	-2,120	-30	0	0
Net Cash from Financing	-2,185	-106	0	0
Net Change in Cash	-540	1,520	2,091	2,447

Source: Company, Axis Research

Ratio Analysis

(x,%)

Y/E Mar	FY25	FY26E	FY27E	FY28E
PROFITABILITY RATIOS				
EBITDA Margin (%)	10%	13%	11%	13%
net margin (%)	7.08	9.04	8.39	9.13
Return on invested capital (%)	43	41	36	37
Return on equity (%)	40	37	31	32
EFFICIENCY RATIOS				
Fixed Asset Turnover	15.90	17.35	16.82	13.62
Debtor days	28	31	34	31
Inventory days	62	60	66	60
Payable days	74	70	74	72
PER SHARE DATA				
EPS (Rs)	22.26	32.46	31.61	37.82
Book value per share (Rs)	55.58	87.96	100.42	119.09
VALUATION RATIOS				
P/E	70.75	48.52	49.83	41.64
P/BV	28.34	17.91	15.68	13.23
EV/EBITDA	49.17	34.95	38.42	30.56
LIQUIDITY RATIOS				
Total Debt/Equity(x)	1.25	0.93	0.84	0.77
Total Asset/Equity(x)	2.25	1.93	1.84	1.77
Current Ratio(x)	1.59	1.95	2.05	2.10
Quick Ratio(x)	1.02	1.33	1.43	1.53
Interest Cover(x)	65.27	89.07	80.96	97.50

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 into 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
1,175

Target Price
1,500

Upside
28%

Key Rationale

- Robust Performance:** Nestlé India reported an 18.5% YoY revenue growth in Q3FY26, supported by its strongest volume expansion in nearly five years. Performance was driven by double-digit growth in confectionery and MAGGI noodles, along with robust growth in beverages and prepared dishes, while the Milk and Nutrition portfolio delivered mid-single-digit growth. Management attributed the strong quarter to capacity additions, sustained brand investments, market recovery, and benefits from GST-related changes. EBITDA grew by ~11% YoY; however, margins contracted by 148 bps to 21.3%, impacted by gross margin pressure of 68 bps due to higher input costs and elevated operating expenses associated with ongoing expansion initiatives.
- 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 expects key commodities such as coffee, cocoa, and edible oils to remain stable in the near term, while milk prices are anticipated to soften with the onset of the monsoon and flush season, providing a supportive backdrop for margins.
- 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	37.5	73.4	40.1
FY26E	22,434	5,448	3,539	18.4	64.0	71.4	44.4
FY27E	25,503	6,190	4,040	21.0	56.1	68.3	43.5
FY28E	28,770	7,027	4,612	23.9	49.1	65.4	42.7

Source: Company, Axis Securities.

Profit & Loss				(Rs Cr)
Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
Net sales	20,078	22,434	25,503	28,770
Growth, %	(17)	12	14	13
Other operating income	124	136	150	165
Total income	20,202	22,571	25,653	28,935
Raw material expenses	(8,750)	(9,756)	(11,024)	(12,347)
Employee expenses	(2,024)	(2,186)	(2,513)	(2,890)
Other Operating Expenses	(4,654)	(5,182)	(5,925)	(6,670)
EBITDA (Core)	4,774	5,448	6,190	7,027
Growth, %	(18)	14	14	14
Margin, %	24	24	24	24
Depreciation	(540)	(595)	(665)	(735)
EBIT	4,234	4,853	5,525	6,293
Growth, %	(20)	15	14	14
Margin, %	21	22	22	22
Interest paid	(136)	(137)	(138)	(139)
Other Income	59	66	73	80
Non-recurring Items	(291)	-	-	-
Pre-tax profit	3,866	4,782	5,459	6,233
Tax provided	(1,133)	(1,243)	(1,419)	(1,621)
Profit after tax	2,733	3,539	4,040	4,612
Unadj. shares (Cr)	96	193	193	193

Source: Company, Axis Research

Balance Sheet				(Rs Cr)
Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
Cash & bank	96	452	1,437	2,701
Marketable securities at cost	-	-	-	-
Debtors	363	246	279	315
Inventory	2,850	3,185	3,620	4,084
Loans & advances	74	74	74	74
Other current assets	415	415	415	415
Total current assets	3,798	4,372	5,825	7,589
Investments	706	706	706	706
Gross fixed assets	8,543	9,543	10,543	11,543
Less: Depreciation	(3,069)	(3,664)	(4,328)	(5,063)
Add: Capital WIP	1,173	1,173	1,173	1,173
Net fixed assets	6,646	7,052	7,387	7,652
Non-current assets	1,174	1,174	1,174	1,174
Total assets	12,324	13,303	15,092	17,122
Current liabilities	4,640	4,417	4,778	5,163
Provisions	3,090	3,453	3,925	4,428
Total current liabilities	7,730	7,870	8,704	9,591
Non-current liabilities	476	476	476	476
Total liabilities	8,207	8,346	9,180	10,068
Paid-up capital	96	96	96	96
Reserves & surplus	4,021	4,860	5,816	6,958
Shareholders' equity	4,117	4,957	5,912	7,054
Total equity & liabilities	12,324	13,303	15,092	17,122

Source: Company, Axis Research

Cash flow		(Rs Cr)			
Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E	
Pre-tax profit	3,866	4,782	5,459	6,233	
Depreciation	540	595	665	735	
Chg in working capital	181	(78)	365	388	
Total tax paid	(1,084)	(1,243)	(1,419)	(1,621)	
Other operating activities	-	-	-	-	
Cash flow from operating activities	3,502	4,056	5,069	5,735	
Capital expenditure	(1,984)	(1,000)	(1,000)	(1,000)	
Chg in investments	(282)	-	-	-	
Chg in marketable securities	40	-	-	-	
Other investing activities	-	-	-	-	
Cash flow from investing activities	(2,226)	(1,000)	(1,000)	(1,000)	
Free cash flow	1,276	3,056	4,069	4,735	
Equity raised/(repaid)	1	(0)	(0)	(0)	
Debt raised/(repaid)	(3)	-	-	-	
Dividend (incl. tax)	(2,459)	(2,699)	(3,085)	(3,470)	
Other financing activities	-	-	-	-	
Cash flow from financing activities	(2,461)	(2,699)	(3,085)	(3,470)	
Net change in cash	(1,184)	357	984	1,265	
Opening cash balance	779	96	452	1,437	
Closing cash balance	96	452	1,437	2,701	

Source: Company, Axis Research

Ratios		(%)			
Y/E Mar	FY25	FY26E	FY27E	FY28E	
EPS (Rs)	31.4	18.4	21.0	23.9	
Growth, %	(23.0)	(41.5)	14.2	14.2	
Book NAV/share (Rs)	42.7	25.7	30.7	36.6	
FDEPS (Rs)	31.4	18.4	21.0	23.9	
CEPS (Rs)	40.0	21.4	24.4	27.7	
CFPS (Rs)	26.5	20.7	25.9	29.3	
DPS (Rs)	25.5	14.0	16.0	18.0	
Return ratios					
Return on assets (%)	25.1	28.7	29.4	29.5	
Return on equity (%)	73.4	71.4	68.3	65.4	
Return on capital employed (%)	40.1	44.4	43.5	42.7	
Turnover ratios					
Asset turnover (x)	4.1	3.4	3.6	3.8	
Sales/Total assets (x)	1.8	1.8	1.8	1.8	
Sales/Net FA (x)	3.4	3.3	3.5	3.8	
Receivable days	6.6	4.0	4.0	4.0	
Inventory days	51.8	51.8	51.8	51.8	
Payable days	62.1	52.4	52.4	52.5	
Working capital days	(17.1)	(8.1)	(5.6)	(3.5)	
Liquidity ratios					
Current ratio (x)	0.8	1.0	1.2	1.5	
Quick ratio (x)	0.2	0.3	0.5	0.7	
Interest cover (x)	31.1	35.5	40.0	45.1	
Total debt/Equity (%)	0.2	0.2	0.1	0.1	
Valuation					
PER (x)	37.5	64.0	56.1	49.1	
PEG (x) - y-o-y growth	(1.6)	(1.5)	4.0	3.5	
Price/Book (x)	27.5	45.7	38.3	32.1	
EV/Net sales (x)	5.7	10.1	8.9	7.8	
EV/EBITDA (x)	23.9	41.6	36.5	32.0	
EV/EBIT (x)	26.9	46.7	40.9	35.7	

Source: Company, Axis Research

Eternal Ltd – REDEFINING THE CONSUMPTION INDUSTRY

Eternal Limited, formerly Zomato Limited, operates as an Internet portal that helps in connecting the 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
229

Target Price
360

Upside
57%

Key Rationale

- Food Delivery Consumption Continues to be Underpenetrated:** The urban population in India currently accounts for ~34-35% of the total population. By 2030, this share is projected to increase significantly to around 42–43% of the country's total population. This rise in urbanisation presents a notable market potential for businesses, with evolving preferences and demands of the urban consumer base. Food consumption in India contributes a quarter of India's GDP, of which 10% is driven by restaurant food. This is likely to grow as India is one of the youngest nations, with a median age of 28. Moreover, rising internet penetration in India is expected to provide sustained support for the growth of the food delivery business.
- 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.
- Other Business Verticals Remain a Key Focus Area:** Hyperpure strengthens supply-side integration by providing restaurants with consistent quality inputs and pricing. The vertical turned adj. EBITDA positive during the last quarter. Other verticals, such as going out business, remain asset-light and margin accretive through advertising and premium listings. However, the business remains in an investment phase with high losses due to upfront investment in live IPs and District Pass.
- 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.
- Quick Commerce (Blinkit) Driving Next Leg of Growth:** With increasing consumer preference for instant delivery of groceries and essentials, Blinkit is witnessing rapid expansion in both dark stores and order volumes. During Q3FY26, Quick commerce achieved EBITDA breakeven, driven by supply chain cost efficiencies and operating leverage. The company is on track to open ~3,000 stores by Mar'27 (2,027 stores till Q3FY26). Capex per store is expected to increase, driven by rising consumer preference for quick delivery, larger dark stores, higher automation, and incremental supply chain infrastructure investments.

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY25	20,243	648	527	0.6	377.2	2	3	311.0
FY26E	56,929	1,560	1,229	1.3	179.8	4	5	118.2
FY27E	73,837	3,321	2,478	2.6	89.2	7	9	54.9
FY28E	1,16,784	4,989	3,490	3.6	63.3	9	12	35.4

Source: Company, Axis Securities Research

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	20,243	56,929	73,837	1,16,784
Other operating income	-	-	-	-
Total Income	20,243	56,929	73,837	1,16,784
Purchase of stock in trade	5,653	15,940	19,936	29,196
Change in inventories of traded goods	-88	0	0	0
Employee benefits expense	2,558	9,963	13,069	24,525
Operating Expenses	11,483	29,466	37,511	58,075
Total Cost	14,041	55,369	70,516	1,11,795
EBITDA	648	1,560	3,321	4,989
EBITDA Margin (%)	3%	3%	4%	4%
Depreciation	577	1,279	1,407	1,688
Interest & Fin Chg.	88	95	110	110
Pre-tax profit	697	1,617	3,261	4,653
Tax provision	170	388	783	1,163
Profit after Tax	527	1,229	2,478	3,490
EPS	0.61	1.27	2.57	3.62

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Total Equity	30,310	31,539	34,017	37,507
Lease Liabilities	1,654	600	600	600
Provisions	120	94	94	94
Deferred Tax Liabilities	212	212	212	212
Total non-current liabilities	1,987	910	910	910
Current Liabilities				
Lease Liabilities	391	115	115	115
Trade Payables	1,536	4,679	6,069	9,599
A] Total O/S Dues of micro-enterprises and small enterprises	75	75	75	75
B] Total O/S Dues of creditors other than micro-enterprises and small enterprises	1,461	1,461	1,461	1,461
Other Financial Liabilities	913	310	310	310
Provisions	452	26	26	26
Other Current Liabilities	34	276	276	276
Total Current Liabilities	3,326	5,406	6,795	10,325
Total Equity and Liabilities	35,623	37,855	41,723	48,743
Assets				
Property, Plant and equipment	965	240	290	340
Right-of-use asset	1,918	1,918	1,918	1,918
Goodwill	5,737	4,717	4,717	4,717
Other intangible assets	912	991	991	991
Investments	10,920	2,280	2,280	2,280
Other Financial Assets	2,744	1,894	1,894	1,894
Other Non-Current Assets	546	99	546	99
Total Non-Current Assets	23,922	12,274	12,771	12,374
Inventories	176	699	874	1,280
Investments	2,272	4,485	4,485	4,485
Trade Receivables	1,946	2,496	3,237	5,119
Cash and Cash Equivalents	666	14,408	16,417	21,990
Other Financial Assets	2,769	2,324	2,769	2,324
Other Current Assets	924	372	372	372
Total Current Assets	11,701	25,581	28,952	36,369
Total Assets	35,623	37,855	41,723	48,743

Source: Company, Axis Securities Research

Cash Flow	(Rs Cr)			
Y/E March	FY25	FY26E	FY27E	FY28E
Profit before tax	697	1,617	3,261	4,653
Depreciation	576	1,279	1,407	1,688
Changes in Working Capital	6,792	(9,825)	2,298	3,399
Cash Flow from Operating Activities	6,796	(10,214)	1,515	2,235
Capital expenditure	(936)	(725)	50	50
Cash flow from Investing	(7,993)	(725)	50	50
Equity Raised	-	-	-	-
Debt Raised	-	-	-	-
Cash flow from financing	(406)	(601)	(721)	(721)
Net Change in Cash	(1,603)	(11,540)	355	1,673

Source: Company, Axis Securities Research

Ratio Analysis	(%)			
Y/E March	FY25	FY26E	FY27E	FY28E
Growth Ratio	-	-	-	-
Net Sales Growth (%)	67%	181%	30%	58%
EBIT Growth (%)	1417%	145%	113%	50%
PAT Growth (%)	134%	99%	97%	42%
Adj. EPS Growth (%)	50%	133%	102%	41%
Margin Ratios	-	-	-	-
EBITDA Margin (%) (Core)	3%	3%	4%	4%
EBIT Margin (%)	4%	3%	5%	4%
Pre-Tax Margin (%)	3%	3%	4%	4%
PAT Margin (%)	3%	2%	3%	3%
Efficiency Ratios				
Asset Turnover (x)	1	2	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	4	4	3
Quick Ratio (x)	4	4	5	5
Interest Cover (x)	11	20	31	35
Operational & Financial Ratios				
Earnings Per Share (Rs)	0.6	1.3	2.6	3.6
Book Value (Rs)	35	33	35	39
Tax Rate (%)	25%	24%	24%	25%
Performance Ratios				
ROA (%)	4	10	20	27
ROCE (%)	3	5	9	12
ROE (%)	2	4	7	9
PE	377	180	89	63
EV/EBITDA (x)	311	118	55	35
P/BV (x)	7	7	6	6

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 49.5 million tonnes per annum (mtpa), a clinker capacity of 27.1 mtpa, and a power generation capacity of 397 MW, including waste heat recovery systems (WHRS) and solar power. The company's operations extend across 15 locations in India, encompassing integrated plants and 7 grinding units, supported by a robust distribution network of over 46,000 channel partners nationwide.

Industry view



Equal Weight

Key Rationale

- Strategic Capacity Addition to Fuel Growth:** The company had earlier announced a comprehensive capacity expansion plan involving a 6 MTPA cement unit and a 3.5 MTPA clinker unit at Kadapa (clinker capacity: 3 MTPA) and a 3 MTPA bulk terminal in Chennai, entailing a total capital outlay of Rs 3,287 Cr. These projects are targeted to become operational by Q2FY28. Additionally, its 6 MTPA capacity addition in the western region (3 MTPA each at Pune and Belgaum) is progressing as per schedule and is expected to be commissioned by Q4FY27. With improved utilisation and incremental capacity coming onstream, the company is projected to deliver a 7% volume CAGR over FY25–27E.
- Improved Realisations and Cost Efficiency to Support Margins:** The company's quarterly performance was aided by a 9% YoY increase in volume reaching 7.3 mtpa. With cement prices expected to improve in Q4 driven by better demand, margins are expected to stay elevated in moving forward. The company is also expecting cost savings of Rs 150–200/tonne over the next two years through enhanced operational efficiency and process optimisation. We pencil in higher EBITDA margins in the range of 21–22% over FY26–27E.
- 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.
- We remain positive on the company's growth prospects and expect it to deliver a Volume/Revenue/EBITDA/PAT CAGR of 7%/11%/26%/45% over FY25–FY27E. Capacity expansion, market share gains, and operational efficiencies will drive this growth. Pricing remains a key factor to monitor closely.
- Valuation:** The stock is currently trading at 11x and 9x FY26E/FY27E EV/EBITDA and EV/tonne of \$75 and \$76. The valuation remains attractive compared to other larger peers. We maintain our BUY rating on the stock with a TP of Rs 2,520/share, implying an upside of 42% 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.

CMP
1,779

Target Price
2,520

Upside
42%

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 (%)
FY24	14,680	2,628	827	44	47	15	5	7
FY25	13,980	2,407	796	36	57	17	4	6
FY26E	15,133	3,186	1,221	68	30	13	7	8
FY27E	17,140	3,812	1,434	76	27	11	7	9

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Net sales	14,680	13,980	15,133	17,140
Other operating income	0	0	0	0
Total income	14,680	13,980	15,133	17,140
Raw Material	2,703	2,328	2,376	2,661
Power & Fuel	3,116	2,903	3,116	3,459
Freight & Forwarding	3,203	3,286	3,270	3,613
Employee benefit expenses	871	885	905	977
Other Expenses	2,159	2,171	2,281	2,600
EBITDA	2,628	2,407	3,186	3,830
Other income	326	253	257	257
PBIDT	2,954	2,660	3,443	4,087
Depreciation	1,498	1,331	1,309	1,668
Interest & Fin Chg.	386	399	468	468
E/o income / (Expense)	-	-	-	-
Pre-tax profit	1,070	930	1,666	1,952
Tax provision	216	118	428	488
RPAT	854	812	1,237	1,464
Minority Interests	27	16	16	16
Associates	-	-	-	-
APAT after EO item	827	796	1,221	1,448

Source: Company, Axis Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Total assets	27,749	30,226	32,513	34,058
Net Block	17,855	19,228	21,218	22,979
CWIP	2,284	2,497	2,497	2,497
Investments	588	675	675	675
Wkg. cap. (excl cash)	738	736	805	915
Cash / Bank balance	582	158	460	660
Misc. Assets	5,702	6,932	6,857	6,333
Capital employed	27,749	30,226	32,513	34,058
Equity capital	38	38	38	38
Reserves	16,359	17,336	18,512	19,866
Minority Interests	110	126	142	158
Borrowings	4,630	5,258	6,458	6,458
Def tax Liabilities	1,795	2,036	2,036	2,036
Other Liabilities and Provision	4,817	5,432	5,327	5,502

Source: Company, Axis Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY24	FY25	FY26E	FY27E	
Profit before tax	1,069	817	1,714	1,952	
Depreciation	1,498	1,331	1,309	1,668	
Interest Expenses	386	399	468	468	
Non-operating/ EO item	-304	-258	-257	-257	
Change in W/C	46	-230	-69	-110	
Income Tax	-54	-71	-428	-488	
Operating Cash Flow	2,635	2,117	2,736	3,232	
Capital Expenditure	-2,827	-2,664	-3,329	-3,428	
Investments	-570	-54	-	700	
Others	47	371	257	257	
Investing Cash Flow	-2,750	-2,270	-3,072	-2,471	
Borrowings	951	648	1,200	-	
Interest Expenses	-439	-444	-468	-468	
Dividend paid	-169	-169	-94	-94	
Others	-13	-20	-	-	
Financing Cash Flow	33	2	64	-56	
Change in Cash	107	-192	302	199	
Opening Cash	234	341	149	451	
Closing Cash	341	149	451	651	

Source: Company, Axis Research

Ratio Analysis		(%)			
Key Ratios	FY24	FY25	FY26E	FY27E	
Operational Ratios	8%	-5%	8%	13%	
Sales growth	18%	17%	21%	22%	
OPM	13%	-8%	32%	20%	
Op. profit growth	61%	61%	58%	57%	
COGS / Net sales	21%	22%	21%	21%	
Overheads/Net sales	5.5%	4.5%	4.0%	4.6%	
Depreciation / G. block	8.3%	7.6%	7.2%	7.3%	
Effective interest rate					
Efficiency Ratios	0.53	0.46	0.47	0.50	
Total Asset turnover (x)	0.54	0.47	0.46	0.47	
Sales/Gross block (x)	0.82	0.73	0.71	0.75	
Sales/Net block(x)	0.21	0.21	0.20	0.14	
Working capital/Sales (x)					
Valuation Ratios	2.34	1.91	1.79	1.66	
P/BV (x)	47	49	26	23	
PER (x)	14.8	14.3	11.1	9.4	
EV/Ebitda (x)	2.7	2.5	2.3	2.1	
EV/Sales (x)	97	81	79	81	
EV/Tonne \$ (x)	8%	-5%	8%	13%	

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



Over weight

CMP
50.5

Target Price
74

Upside
47%

Key Rationale

- Asset quality Stress Waning; Credit Cost Normalisation from H2FY27 Onwards:** UJSFB has navigated the MFI down cycle stress well and emerged stronger with a sharp improvement across asset quality metrics. X-bucket CE is expected to have stabilised across all geographies since Nov'25. In Q3, slippages came in lower at Rs 221 Cr, with MFI contributing to ~80% of the overall slippages. With improvement trends visible in both GL and IL portfolios, the management has highlighted that credit costs in Q4 will be materially lower sequentially. While some residual stress may flow through in Q1FY27, credit costs normalisation will be visible by the end of H1FY27. Post this, the management expects credit costs to normalise at 1-1.5% on a steady state basis, and declining credit costs remain a key lever driving RoA improvement. The bank does not intend to make a meaningful reduction in the collections team in Q4; however, a gradual rationalisation of ~100-150 personnel per quarter from Q1 onwards would commence as CE stabilises.
- Growth Momentum to Build-up:** UJSFB's MFI portfolio has seen a consistent improvement in the customer acquisition run-rate, and management expects further improvement in Q4. Rejection rates had risen sharply post-implementation of MFIN 2.0 guardrails to 46-47%, primarily due to lender caps and tighter underwriting. However, rejection rates have started to moderate and currently stand at 30-35% with expectations of them settling at these levels. Growth momentum continues to remain strong with the management guiding for sequentially higher disbursements in Q4 supported by a strong recovery in MFI and continued traction in the non-MFI segment, as UJSFB aims to end FY26 with advances growth of 20%. The newer segment, Vehicle and Gold Finance, continues to scale up well, albeit on a lower base. The improvement in growth appears durable, and UJSFB remains confident of delivering a strong growth of 23% CAGR over FY26-28E.
- NIMs to Find Support From Lower CoF in FY27:** UJSFB's NIMs expanded by 33 bps QoQ, driven by lower CoF, CRR cut benefits, lower excess liquidity, and lower interest reversals. The management remains confident of maintaining margins at current levels, with room for further expansion supported by continued TD repricing and benefit from the recent SA rate cut taken in Jan'26 alongside revival in MFI growth. The bank has reduced SA rates by 25 bps in the <Rs 1 Lc bucket and 50 bps in the Rs 1-5 Lc bucket, which together account for ~46% of SA balances. The management has guided for the exit CoF to be at ~7%, with further improvement seen through FY27. Over the medium term, overall yields are expected to gradually decline as the loan mix shifts towards secured lending, with the bank looking to maintain a 50:50 mix in FY26 and improving the secured portfolio share to 65-70% by FY30. We factor in NIMs to be largely defended in FY27, with support from lower CoF, though gradually decline to 7.5% by FY28 vs ~7.8% in FY26-27E.
- Outlook & Valuation:** stabilising asset quality, as the MFI down cycle appears largely behind and collections remain strong across geographies. NIMs are expected to stay resilient in the near term, supported by continued CoF improvement in FY27 and revival in MFI growth, despite a gradual portfolio mix shift towards secured lending weighing on yields. With credit costs normalising to 1-1.5% from H2 FY27, RoA is likely to trend structurally higher. Sustained robust growth momentum, improving CASA franchise, and a strong earnings trajectory position UJSFB to deliver a RoA/RoE of 1.7-1.9%/15-18% over FY27-28E. The granting of the Universal Banking License could act as a strong catalyst for further re-rating of the stock
- Key risks:** a) Scalability of new products, b) Asset quality concerns in the MFI segment, and (c) non-issuance of Universal Banking License

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	1.7	1.6	0.5
FY26E	3,869	1,681	655	3.4	32.9	1.5	1.3	0.6
FY27E	4,656	2,170	1,071	5.5	37.8	1.3	1.7	0.5
FY28E	5,502	2,698	1,446	7.5	44.3	1.1	1.9	0.5

Source: Company, Axis Securities.

Profit & Loss		(Rs Cr)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
Net Interest Income	3,636	3,869	4,656	5,502	
Other Income	846	1,101	1,282	1,512	
Total Income	4,482	4,970	5,938	7,014	
Total Operating Exp.	2,793	3,289	3,768	4,316	
PPOP	1,689	1,681	2,170	2,698	
Provisions & Contingencies	748	818	739	765	
PBT	941	862	1,432	1,933	
Provision for Tax	215	207	361	487	
PAT	726	655	1,071	1,446	

Source: Company, Axis Research

Balance Sheet		(Rs Cr)			
Y/E MAR	FY25	FY26E	FY27E	FY28E	
SOURCES OF FUNDS					
Share capital	1,935	1,935	1,935	1,935	
Reserves and Surplus	4,059	4,648	5,612	6,914	
Shareholders' funds	5,994	6,583	7,547	8,849	
Deposits	37,630	45,488	55,755	68,837	
Borrowings	2,845	2,925	4,241	5,764	
Other Liabilities, provisions	1,130	1,338	1,643	2,031	
Total liabilities	47,689	56,465	69,362	85,701	
APPLICATION OF FUNDS					
Cash & Bank Balance	3,170	2,828	3,382	4,073	
Investments	11,730	13,633	16,710	20,631	
Advances	31,390	38,234	47,095	58,310	
Fixed Assets & Other Assets	1,399	1,770	2,174	2,686	
Total assets	47,689	56,465	69,362	85,701	

Source: Company, Axis Research

KEY RATIOS				(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E
VALUATION RATIOS				
EPS	3.8	3.4	5.5	7.5
Earnings Growth (%)	-43.5	-9.7	63.5	35.0
BVPS	31.0	34.0	39.0	45.7
Adj. BVPS	30.2	32.9	37.8	44.3
ROAA (%)	1.6	1.3	1.7	1.9
ROAE (%)	12.6	10.4	15.2	17.6
P/E (x)	13.5	14.9	9.1	6.8
P/ABV (x)	1.7	1.5	1.3	1.1
PROFITABILITY				
NIM (%)	8.7	7.8	7.8	7.5
Cost-Assets Ratio	6.3	6.3	6.0	5.6
Cost-Income Ratio	62.3	66.2	63.5	61.5

Source: Company, Axis Research

Balance Sheet Structure Ratios				(%)
Y/E MAR	FY25	FY26E	FY27E	FY28E
Loan Growth (%)	7.9	21.7	23.2	23.8
Deposits Growth (%)	19.6	20.9	22.6	23.5
Equity/Assets (%)	8.5	8.2	8.1	8.1
Equity/Loans (%)	19.1	17.2	16.0	15.2
Total Capital Adequacy Ratio (CAR)	23.1	21.4	19.8	18.7
ASSET QUALITY				
Gross NPLs (%)	2.2	2.2	2.0	1.8
Net NPLs (%)	0.5	0.6	0.5	0.5
PCR	78.1	75.1	75.0	75.0
Credit costs	2.6	2.4	1.7	1.5

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

Key Rationale

- Strong ARR:** The hospitality business reported 23% YoY revenue growth, with ARR increasing to Rs 14,970 (+15.7% YoY), driven by 25% growth in non-MMR assets. Occupancy stood at 68%, down 230 bps YoY. While MMR and NCR reported muted ADR growth YoY, Hyderabad, Pune, and Bengaluru delivered strong ADR growth. The occupancy softness was primarily due to key additions in Bengaluru and Khandala, leading non-MMR assets to witness a sharper 490 bps decline.
- Annuity Surge:** The rental annuity segment saw strong growth of 29% YoY, driven by 83% occupancy of leased area, with a monthly run rate of ~Rs 24 Cr, expected to increase to Rs 28–30 Cr by FY27E. Consolidated margins (ex-residential) stood at 46%, flat YoY, driven by the annuity business supporting profitability and strict operating cost discipline. The company's reported PAT was Rs 124 Cr.
- Aggressive Growth Pipeline & Strategic Development:** Chalet has planned Rs 2,500 Cr of capex over FY27–FY29 to expand both its hospitality and commercial portfolios. Strategic projects such as the Taj at Delhi International Airport and Hyatt Regency, Airoli, are progressing, with the Delhi airport project targeting a partial launch by Q4FY27 from earlier H1FY27. The successful rebranding of the Aravali Resort and the upcoming rebranding of the Vashi property under the Athiva brand are expected to drive further ADR uplifts.
- Outlook:** The company maintains a highly optimistic outlook, driven by a strategic focus on the upper upscale and luxury segments, aiming for a portfolio mix of approximately 20% leisure and 80% business hotels. Management expects strong revenue and RevPAR growth to continue, supported by the stabilisation of new inventory in Bangalore and Khandala over the next few quarters. This positive outlook is underpinned by the sustained success of the core "double engine strategy" (hospitality and commercial real estate, which provides the solid financial foundation, including an annual CRE cash flow of Rs 3-4 Bn, necessary to pursue growth, brand expansion with ATHIVA, and selective acquisitions like the bid for JW Marriott Bangalore.
- Recommendation & Valuation:** We remain confident in Chalet's strong execution capabilities. Its diversified portfolio across corporate and leisure hotels, annuity assets, and a robust development pipeline—particularly in high-demand metro locations—positions it well to deliver revenue growth above industry averages. We value the stock at an EV/EBITDA of 19x on FY28E earnings, arriving at a target price of Rs 1,120/share. We maintain our BUY recommendation on the stock.

CMP
702

Target Price
1,120

Upside
60%

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	7	137	30	6	5
FY26E	2,884	1,278	633	29	31	17	5	17
FY27E	3,271	1,426	736	34	27	15	4	17
FY28E	3,088	1,390	713	33	34	19	5	14

Source: Company, Axis Securities

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26E	FY27E	FY28E
Net Sales	1,718	2,884	3,271	3,088
Growth (%)	21.2%	67.9%	13.4%	-5.6%
Total Expenditure	982	1,606	1,845	1,698
Raw Material Consumed	117	337	373	278
Gross margins (%)	91.0%	88.3%	88.6%	91.0%
Employee Expenses	234	317	393	371
% of sales	13.5%	11.0%	12.0%	12.0%
Other Expenses	631	952	1,080	1,050
% of sales	37.0%	33.0%	33.0%	34.0%
EBIDTA	736	1,278	1,426	1,390
EBITDAM (%)	42.8%	44.3%	43.6%	45.0%
Depreciation	179	227	265	292
% of GB	3.6%	4.0%	4.0%	4.0%
EBIT	557	1,050	1,161	1,097
EBITM (%)	32.4%	36.4%	35.5%	35.5%
Interest	159	223	196	169
Other Income	36	40	44	48
Share of P/L of Associates	0	0	0	0
PBT	434	867	1,009	977
Tax Rate (%)	67.2%	27.0%	27.0%	27.0%
Tax	292	234	272	264
Reported PAT	143	633	736	713

Source: Company, Axis Research,

Balance Sheet

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26E	FY27E	FY28E
Share Capital	218	219	219	219
Reserves & Surplus	2,827	3,450	4,167	4,860
Net Worth	3,046	3,669	4,385	5,078
Total Loan funds	2,679	2,479	2,179	1,879
Deferred Tax Liability	85	170	170	170
Long Term Provisions	16	16	16	16
Other Long-Term Liability	41	79	90	85
Capital Employed	7,063	7,481	7,748	8,017
Gross Block	4,684	5,684	6,634	7,304
Less: Depreciation	1,472	1,699	1,964	2,257
Net Block	3,212	3,985	4,669	5,047
Investments	99	28	28	28
Sundry Debtors	78	103	117	110
Cash & Bank Bal	186	410	180	111
Loans & Advances	23	23	23	23
Inventory	633	310	100	60
Other Current Assets	147	147	147	147
Total Current Assets	2,204	1,876	1,615	1,397
Curr Liab & Prov	1,165	1,020	594	479
Net Current Assets	-1,039	-856	-1,021	-918
Total Assets	7,063	7,481	7,748	8,017

Source: Company, Axis Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
PBT	434	867	1,009	977
Add: depreciation	179	227	265	292
Add: Interest	159	223	196	169
Cash flow from operations	772	1,318	1,470	1,438
Change in working capital	54	-364	-39	84
Taxes	292	234	272	264
Net cash from operations	427	1,447	1,237	1,090
Capital expenditure	-1,130	-939	-950	-670
Net cash from investing	-1,228	-869	-950	-670
Increase/Decrease in debt	-271	-200	-300	-300
Dividends	0	-10	-20	-20
Proceedings from equity	13	0	0	0
Interest	-159	-223	-196	-169
Others	1,272	78	0	0
Net cash from financing	855	-354	-516	-489
Net Inc./ (Dec.) in Cash	53	223	-229	-69
Opening cash balance	132	186	410	180
Closing cash balance	186	410	180	111

Source: Company, Axis Research

Ratio Analysis

(x,%)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Sales growth	21.2	67.9	13.4	(5.6)
OPM	42.8	44.3	43.6	45.0
Oper. profit growth	25.9	73.6	11.6	(2.6)
COGS / Net sales	9.0	11.7	11.4	9.0
Overheads/Net sales	50.4	44.0	45.0	46.0
Depreciation / G. block	3.6	4.0	4.0	4.0
Effective interest rate	67.2	27.0	27.0	27.0
Net wkg.cap / Net sales	0.1	(0.1)	(0.1)	(0.1)
Net sales / Gr block (x)	0.4	0.5	0.5	0.4
RoCE	9.4	16.9	17.4	15.6
Debt/equity (x)	0.9	0.7	0.5	0.4
Effective tax rate	67.2	27.0	27.0	27.0
RoE	4.7	17.3	16.8	14.0
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	6.5	29.0	33.8	32.7
EPS Growth	0.0	0.0	0.0	0.0
CEPS (Rs.)	14.7	39.4	45.9	46.1
DPS (Rs.)	0.0	1.0	2.0	2.0

Source: Company, Axis Research

MINDA CORPORATION LTD - HEALTHY GROWTH ANCHORED BY TECH-ENABLED PREMIUM MIX

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
506

Target Price
710

Upside
40%

Key Rationale

- Product Portfolio Expansion & Key Order Wins:** MCL's order wins during 9MFY26 highlight its strategic shift toward higher-value, premium product categories and deeper penetration in the passenger vehicle (PV) segment. The company secured its first-ever sunroof order worth ~Rs 350 Cr from a leading OEM through a 50:50 joint venture with CMF, with commercial production expected in Q1FY27 and peak contribution likely in FY28, marking its entry into the premium PV accessories space. Additionally, MCL received a significant switch order with a lifetime value exceeding Rs 1,000 Cr from a leading two-wheeler OEM, while its collaboration with Toyota Denso enabled it to bag new switch orders from multiple leading OEMs, with SOP targeted for Q4FY27. On the innovation front, the company filed four new patents during Q3FY26, taking its total patent filings to over 320.
- Strong Order Book:** Minda Corporation's order book provides strong revenue visibility and underscores its accelerating transition toward premium and technology-driven products. The company reported a record lifetime order book exceeding Rs 7,000 Cr in 9MFY26, anchored by marquee wins across sunroofs, high-voltage wiring harness, TFT digital clusters, and smart key systems.
- Flash Electronics Performance:** In Q3FY26, Flash Electronics posted revenue of Rs 488 Cr, with EBITDA rising to Rs 90 Cr and margins at 18.4%. Growth was driven by higher-margin export programs, particularly in premium 2W and PV components, as well as productivity gains in utilities and overheads. The partnership focuses on high-growth offerings such as battery management systems, EV chargers, and sensors. Flash Electronics is pursuing DVS certification for its EV chargers to enable wider market access and future growth. The client portfolio includes BMW, Ducati, and Volkswagen. Management expects low double-digit growth as new export orders reach full execution and EV penetration increases.
- Valuation & Outlook:** We remain positive on Minda Corp's growth trajectory, underpinned by new order wins and a clear focus on EVs. Backed by a robust order book and management's confidence in outperforming industry growth through both organic and inorganic routes, we project a CAGR of 17%/23%/30% in Revenue/EBITDA/Adj PAT over FY25-28E, 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	12.1	23.4
FY26E	6,081	717	338	14.1	35.8	16.5	14.4	17.8
FY27E	6,978	873	439	18.3	27.5	19.0	16.6	14.5
FY28E	8,075	1,065	566	23.7	21.4	21.1	18.4	11.6

Source: Company, Axis Securities Research

Profit & Loss		(Rs Cr)			
Y/E Mar	FY25A	FY26E	FY27E	FY28E	
Net sales	5,056	6,081	6,978	8,075	
Raw materials	3,146	3,790	4,326	5,007	
Staff costs	782.5	935.6	1,027.0	1,132.4	
Other expenses	552.5	638.5	751.4	871.4	
Total expenses	4,481	5,364	6,104	7,010	
EBITDA	575	717	873	1,065	
Depreciation	204	232	263	299	
EBIT	371	485	610	764	
Other income	32	17	29	29	
Interest expense	67	125	121	121	
Exceptional (expenses)/income	-	-	1	-	
Profit before tax	336	378	519	673	
Tax expense	96	105	144	187	
Associates	16	65	65	80	
Adjusted PAT	255	338	439	566	
Reported PAT	255	338	439	566	
No. of shares	23.9	23.9	23.9	23.9	
Reported EPS (Rs/share)	10.68	14.13	18.39	23.67	

Source: Company, Axis Securities Research

Balance Sheet		(Rs Cr)			
Y/E Mar	FY25A	FY26E	FY27E	FY28E	
Total assets	3,882	4,046	4,297	4,651	
Net Block	1,347.0	1,310.5	1,242.4	1,138.0	
CWIP	64.8	119.7	174.5	229.4	
Goodwill	92.9	92.9	92.9	92.9	
Investments	1,475.6	1,475.6	1,475.6	1,475.6	
Wkg. cap. (excl cash)	805	1,087	1,229	1,376	
Cash / Bank balance	96.6	(39.8)	81.9	339.3	
Misc. Assets	0.0	0.0	0.0	0.0	
Capital employed	3,882	4,046	4,297	4,651	
Equity capital	47.8	47.8	47.8	47.8	
Reserves	2,154	2,411	2,786	3,263	
Pref. Share Capital	0.0	0.0	0.0	0.0	
Minority Interests	0.0	0.0	0.0	0.0	
Borrowings	1,668	1,568	1,443	1,318	
Def tax Liabilities	11.9	18.6	20.1	21.6	

Source: Company, Axis Securities Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY25A	FY26E	FY27E	FY28E	
Sources	1,506.5	395.0	514.5	653.6	
Cash profit	511	629	759	906	
(-) Dividends	21.5	16.7	0.0	8.4	
Retained earnings	489.2	612.7	758.7	897.8	
Issue of equity	0.0	0.0	0.0	0.0	
Change in Oth. Reserves	3.9	0.0	0.0	0.0	
Borrowings	1,074.3	(100.0)	(125.0)	(125.0)	
Others	(60.9)	(117.7)	(119.3)	(119.3)	
Applications	1,506.5	395.0	514.5	653.6	
Capital expenditure	531.3	250.0	250.0	250.0	
Investments	1,195.1	0.0	0.0	0.0	
Net current assets	(124.5)	281.4	142.7	146.2	
Change in cash	(95.3)	(136.4)	121.7	257.4	

Source: Axis Securities Research

Ratio Analysis		(%)			
Key Ratios	FY25A	FY26E	FY27E	FY28E	
Sales growth	8.7	20.3	14.7	15.7	
EBIDTA margin	11.4	11.8	12.5	13.2	
EBITDA growth	11.7	24.8	21.8	22.0	
COGS / Net sales	26.4	25.9	25.5	24.8	
Overheads/Net sales	28.3	27.7	27.5	26.8	
Depreciation / G. block	9.1	9.5	10.0	10.6	
Effective interest rate	6.7	9.0	6.3	8.0	
Net wkg.cap / Net sales	0.15	0.12	0.13	0.13	
Net sales / Gr block (x)	2.3	2.5	2.7	2.9	
RoCE	15.3	16.5	19.0	21.1	
Debt/equity (x)	0.73	0.61	0.49	0.38	
Effective tax rate	28.7	27.8	27.8	27.8	
RoE	12.1	14.4	16.6	18.4	
Payout ratio (Div/NP)	8.4	5.0	0.0	1.5	
EPS (Rs.)	10.68	14.13	18.39	23.67	
EPS Growth	12.4	32.3	30.1	28.7	
Adj EPS (Rs.)	10.7	14.1	18.3	23.7	

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



Equal Weight

CMP
6,163

Target Price
7,400

Upside
20%

Key Rationale

- Volume and Pricing-led Growth Continues in HPP:** HPP business delivered strong revenue growth during Q3FY26, supported by higher realisations and improved volumes amid a favourable pricing environment. The AHF project was successfully commissioned in Q4FY26, with dispatches already underway. The recently commissioned R32 capacity is operating at optimal utilisation. Additionally, capex for incremental HFC capacity (up to 15,000 MTPA of R32) remains on track for commissioning in Q3FY27. This expansion is expected to deliver (incremental) peak annual revenues in the range of Rs 600–825 Cr.
- Strong Order Visibility and Capacity Expansion to drive growth in Speciality Chemicals:** The Specialty Chemicals segment marked its highest-ever quarterly performance during Q3FY26. The outlook remains favourable, supported by a strong order pipeline extending into Q4FY26 and beyond. The product portfolio continues to expand with the scale-up of existing molecules and multiple new product introductions. The Chemours project is progressing as planned and is expected to be commissioned by Q1FY27. Furthermore, the capex to debottleneck its MPP facility at Dahej, targeted for commissioning in Q3FY27, is expected to add peak annual revenue capability of Rs 140–160 Cr.
- CDMO Progressing as per Expectations:** The CDMO segment maintained its growth momentum, aided by strong execution and growing customer engagements. During Q3FY26, NFIL completed validation and commenced commercial supplies from its cGMP4 Phase I facility for a European client, providing multi-year revenue visibility. Additionally, a scale-up order from another major European customer is scheduled for delivery in Q4FY26.
- Outlook & Recommendation:** NFIL continues to prioritise capacity expansion, productivity enhancement, and operational efficiency across its business segments. Strategic initiatives, along with favorable demand dynamics, have helped the company deliver robust growth and margins in the recent quarters. Furthermore, a strong order book underpins future revenue visibility. With incremental capacities, new molecule launches, and sustained traction in CDMO partnerships, the company is well-positioned for robust growth over FY26–FY28. Management has articulated a sustainable EBITDA margin target of ~30% (± 200 bps) on an annualised basis, which we expect them to surpass/comfortably meet. Accordingly, we value the stock at 31x 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/EBIDTA (x)
FY24	2,065	398	271	54.6	113	8	11	80
FY25	2,349	534	289	58.2	106	11	11	60
FY26E	3,381	1,116	685	133.9	46	19	17	29
FY27E	4,248	1,402	934	182.5	34	21	19	23
FY28E	5,435	1,794	1,221	238.6	26	22	20	18

Source: Company, Axis Securities Research

Profit & Loss

	(Rs Cr)				
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	2,065	2,349	3,381	4,248	5,435
COGS	935	1,039	1,403	1,763	2,256
Employee Cost	286	297	304	382	489
Other Expenses	445	480	558	701	897
Total Expenditure	1,667	1,816	2,265	2,846	3,642
EBITDA	398	534	1,116	1,402	1,794
EBITDA Margin %	19.3%	22.7%	33.0%	33.0%	33.0%
Depreciation	96	119	146	173	220
EBIT	302	414	970	1,229	1,574
Interest	75	78	118	80	69
PBT	228	336	852	1,149	1,505
Exceptional Items	52	-	(20)	-	-
Other Income	56	44	64	64	82
PBT	336	380	896	1,213	1,586
Tax	65	91	210	279	365
Tax Rate %	19.4%	24.1%	23.5%	23.0%	23.0%
PAT	271	289	685	934	1,221
EPS	54.6	58.2	133.9	182.5	238.6

Source: Company, Axis Securities Research

Balance Sheet

	(Rs Cr)				
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	10	10	10	10	10
Reserves & Surplus	2,373	2,616	3,992	4,866	6,028
Total Equity Capital	2,383	2,626	4,002	4,877	6,039
Trade Payables	303	327	417	489	596
Other Financial Liabilities	84	99	99	99	99
Other Current Liabilities	40	52	52	52	52
Total Current Liability	787	915	817	889	996
Long-Term Borrowings	1,023	1,053	800	700	700
Total Non-Current Liabilities	1,208	1,289	1,050	961	977
Total Liabilities	1,994	2,204	1,867	1,851	1,973
Total Equity + Liabilities	4,377	4,830	5,869	6,727	8,011
Assets					
Inventories	372	322	417	466	596
Trade Receivable	513	582	695	757	968
Investments	486	472	500	422	422
Cash and Equivalents	7	20	269	268	430
Other Current Assets	137	153	153	153	153
Total Current Assets	1,553	1,589	2,073	2,104	2,608
Net Block	1,685	2,550	3,105	3,932	4,713
Capital Work in Progress	711	350	350	350	350
Goodwill on consolidation	88	88	88	88	88
Total Non-Current Assets	2,824	3,242	3,796	4,623	5,404
Total Assets	4,377	4,830	5,869	6,727	8,011

Source: Company, Axis Securities Research

Y/E Mar	(Rs Cr)				
	FY24	FY25	FY26E	FY27E	FY28E
PBT	336	380	896	1,213	1,586
Depreciation & Amortization	96	119	146	173	220
Chg in Working cap	361	93	(145)	40	(235)
Direct tax paid	(34)	(78)	(210)	(279)	(365)
Others	(8.6)	56.1	116.4	78.3	67.6
Cash From Operating Activities	750	571	802	1,225	1,274
Chg in Gross Block	(732)	(567)	(700)	(1,000)	(1,000)
Interest Received	3	2	2	2	2
Cash Flow from Investing Activities	(1,093)	(511)	(698)	(998)	(998)
Proceeds / (Repayment) of Borrowings (Net)	491.3	101.4	(440.7)	(100.0)	-
Proceeds from the issue of Equity Instruments of the company	-	0	750	-	-
Finance Cost paid	(75)	(79)	(118)	(80)	(69)
Dividends paid	(74)	(60)	(59)	(59)	(59)
Others	(6.5)	(10.1)	14.0	11.4	15.3
Cash from Financing Activities	336	(47)	146	(228)	(113)
Opening Cash & Cash Equivalents	14	7	20	269	268
Chg in cash	(8)	13	250	(2)	162
Closing Cash & Cash Equivalent	7	20	269	268	430

Source: Axis Securities Research

Key Ratios	FY24					FY25					FY26E					FY27E					FY28E				
Growth (%)																									
Net Sales	-1%	14%	44%	26%	28%																				
EBITDA	-28%	34%	109%	26%	28%																				
APAT	-28%	7%	137%	36%	31%																				
Profitability (%)																									
EBITDA Margin	19%	23%	33%	33%	33%																				
Adj. PAT Margin	13%	12%	20%	22%	22%																				
ROCE	8%	11%	19%	21%	22%																				
ROE	11%	11%	17%	19%	20%																				
Per Share Data (Rs.)																									
Adj. EPS	55	58	134	182	239																				
BVPS	481	530	782	953	1180																				
DPS	15	12	12	12	12																				
Valuations (X)																									
PER	113	106	46	34	26																				
P/BV	13	12	8	6	5																				
EV / EBITDA	80	60	29	23	18																				
EV / Net Sales	15	14	10	8	6																				
Turnover Days																									
Asset Turnover	1.1	0.9	1.0	1.0	1.1																				
Inventory days	74	54	45	40	40																				
Debtors days	95	85	75	65	65																				
Creditors days	48	49	45	42	40																				
Working Capital Days	121	90	75	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 75 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
1,058

Target Price
1,450

Upside
37%

Key Rationale

- Robust Order Book to Support Revenue Growth:** As of 31st December, 2025, the company's order book stands at Rs 63,287 Cr, with 41% from T&D, 29% from B&F, 13% from Water, 8% from Oil & Gas, 4% from Railways, and 5% from Urban Infra. Backed by a strong execution track record and expanding opportunities across all segments, KPIL is positioned for steady revenue growth, projecting a 21% CAGR from FY25 to FY27E.
- New Order Inflow to Sustain Growth:** The YTD order inflow stood at Rs 19,546 Cr. The company holds L1 positions in projects worth ~Rs 7,000 Cr, largely concentrated in the T&D and B&F segments. Management expects full-year order inflows to exceed Rs 25,000 Cr, with a continued strategic focus on T&D and B&F. It highlighted strong opportunity visibility across power transmission and distribution, solar EPC, residential and commercial buildings, oil & gas pipeline networks, underground and tunnelling works, urban mobility, and select international civil projects.
- T&D and B&F Business to be a Major Growth Contributor:** The T&D business remains highly optimistic across domestic and overseas markets, supported by a strong tender pipeline. The B&F segment achieved a record-high order inflow of Rs 10,911 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 24% and 46%, respectively, over FY25–27E, 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 in domestic and international T&D and B&F segments, improved performance of international subsidiaries, supportive government initiatives, and anticipated margin gains. It is projected to deliver a CAGR of 21%/24%/46% over FY25–FY27E.
- Valuation:** The stock is currently trading at 18x/15x FY26E/27E EPS. We maintain our BUY rating on the stock with a TP of Rs 1,450/share, implying an upside of 37% 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 (%)
FY24	19,626	1,629	516	31.9	33	13.6	10.4	16.1
FY25	22,316	1,834	567	33.2	32	12.5	9.6	16.8
FY26E	27,688	2,439	1,036	60	18	9.2	14.7	21.3
FY27E	32,046	2,852	1,232	72	15	8.0	15.3	22.9

Source: Company, Axis Securities Research

Profit & Loss		(Rs Cr)			
Y/E Mar	FY24	FY25	FY26E	FY27E	
Net sales	19,626	22,316	27,562	32,046	
Other operating income	0	0	0	0	
Total income	19,626	22,316	27,562	32,046	
Net RM	8,205	8,581	9,991	13,331	
Contribution (%)	58.2%	61.5%	63.8%	58.4%	
Other Expenses	9,793	11,901	15,250	15,927	
Operating Profit	1,629	1,834	2,321	2,788	
Other income	64	62	92	96	
PBIDT	1,693	1,897	2,414	2,884	
Depreciation	473	497	514	597	
Interest & Fin Chg.	518	577	535	641	
E/o income / (Expense)	0	0	29	0	
Share of Profit from Associates	0	0	0	0	
Pre-tax profit	701	823	1,395	1,647	
Tax provision	185	256	383	461	
PAT	516	567	1,012	1,186	

Source: Company, Axis Securities Research

Balance Sheet		(Rs Cr)			
Y/E Mar	FY24	FY25	FY26E	FY27E	
Capital Applied	7,659	8,971	9,733	10,739	
Net Block	2,970	3,090	3,176	3,180	
Other non-current assets	788	984	984	984	
Wkg. cap. (excl cash)	1,850	2,114	2,317	3,879	
Cash / Bank balance	1,032	1,759	2,232	1,673	
Misc Assets	1,019	1,024	1,024	1,024	
Capital employed	7,659	8,970	9,732	10,738	
Equity capital	32	34.1	34.1	34.1	
Reserves	5,105	6,479	7,361	8,416	
Minority Interests	(25)	(44)	(44)	(44)	
Borrowings	1,448	1,467	1,348	1,298	
Other non-current liabilities	1,099	1,035	1,035	1,035	

Source: Company, Axis Securities Research

Cash Flow		(Rs Cr)			
Y/E Mar	FY24	FY25	FY26E	FY27E	
PAT	516	567	1012	1186	
Depreciation	473	497	514	597	
Interest Expense	518	577	535	641	
Changes in Working Capital	(635)	(677)	(203)	(1562)	
Others	253	222	291	365	
Tax Paid	(282)	(272)	(383)	(461)	
Net Cash from Operations	843	914	1765	765	
Capex	(352)	(575)	(600)	(600)	
Others	89	(144)	92	96	
Net Cash from Investing	(263)	(719)	(508)	(504)	
Borrowings	137	487	(120)	(50)	
Interest Expense	(504)	(566)	(535)	(641)	
Dividend paid	(114)	(130)	(130)	(130)	
Others	182	200	0	0	
Net Cash from Financing	(524)	400	(785)	(821)	
Net Change in Cash	56	596	473	(560)	
Opening cash	956	1009	1602	2075	
Closing cash	1009	1602	2075	1515	
FCF	492	340	1165	165	

Source: Company, Axis Securities Research

Ratio Analysis		(%)			
Key Ratios	FY24	FY25	FY26E	FY27E	
Sales growth	20.0%	14%	24%	16%	
OPM	8.3%	8.2%	8.4%	8.7%	
Operating profit growth	19%	13%	27%	20%	
COGS / Net sales	42%	38%	36%	42%	
Overheads/Net sales	50%	53%	55%	50%	
Depreciation / G. block	10%	10%	9%	10%	
Effective interest rate	13.6%	14.2%	13.0%	15.8%	
Net working capital / Net sales	0.21	0.21	0.18	0.19	
Net sales / Gr block (x)	4.2	4.4	4.9	5.1	
RoCE	16%	17%	20%	22%	
Debt/equity (x)	0.8	0.6	0.6	0.5	
Effective tax rate	26.4%	31.0%	27.5%	28.0%	
RoE	10%	10%	14%	15%	
Payout ratio (Div/NP)	22.0%	23%	13%	11%	
EPS (Rs.)	31.9	33.2	59.2	69.3	
EPS Growth	18.6%	4.2%	78.3%	17.2%	
CEPS (Rs.)	61.1	62.3	89.2	104.2	
DPS (Rs.)	7.0	7.6	7.6	7.6	

Source: Company, Axis Securities Research

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- Corporate Agent with Insurance Regulatory and Development Authority of India
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- Distributor for Mutual Funds with AMFI

Registration Details:

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