2026

NEW YEAR PICKS

AXIS DIRECT

Capturing India's Next Growth Phase

As we enter 2026, the Indian equity market stands at a critical inflection point — transitioning from a phase dominated by domestic liquidity to one where **earnings delivery, policy alignment**, **and macro stability** will be the primary drivers of returns. Indian equities saw divergent performance in 2025, with the Nifty 50 hitting a record high of 26,326 on 1st December and delivering a 10.2% annual return. Broader markets lagged, as the Nifty 500 rose 6.4% and the Nifty smallcap 250 fell 6.4% as of 1st Dec, 2025. The past year tested investor resilience through sharp market rotations, currency volatility, global trade uncertainty, and intermittent foreign capital outflows. Yet, India's domestic economic fundamentals have remained notably resilient.

We believe a cyclical recovery is unfolding in the Indian equity market as the corporate earnings cycle turns upward and economic growth broadens. As growth momentum becomes more visible across financials, consumption, and capital-intensive sectors, India stands out as one of the few large markets where cyclical recovery is aligned with structural growth drivers, creating a supportive backdrop for equity markets over the medium-to-long term.

Our **New Year Picks 2026 framework** is shaped by this evolving backdrop. While global growth remains uneven and geopolitical developments continue to influence capital flows, India enters the year with clear structural strengths—a stable political environment, financialization of savings, improving fiscal discipline, and a consumption-led growth model that is relatively insulated from external shocks. While global factors such as the US Federal Reserve's rate trajectory and geopolitical developments remain important variables, market performance will be primarily driven by the revival of domestic demand and the favourable resolution of key trade negotiations.

The macro backdrop that shapes our investment thesis is as follows:

Revival in the Corporate Earning Cycle

After a period of consolidation, corporate earnings appear to be at an inflection point. Consensus estimates indicate a meaningful **rebound in earnings growth, accelerating to 12%–15% YoY over FY26–27,** which is expected to be the primary driver of the Nifty's upward trajectory. A broad-based recovery in corporate earnings is anticipated in FY27, supported by resilient GDP growth, a revival in demand, and a supportive domestic policy environment.

GDP growth coupled with a Reversal in AI Trade to Benefit India

India's growth momentum remains firm heading into 2026, with GDP growth forecasts for H1FY27 revised upward to 6.7%–6.8% from 6.4% earlier. The RBI has also raised its GDP growth projection for FY25–26 to 7.3%, from 6.8%, following a strong second-quarter performance. This upward revision reflects sustained domestic demand, ongoing policy reforms, and supportive macroeconomic conditions.

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Capturing India's Next Growth Phase

A reversal in the global "AI trade," with capital rotating away from crowded and expensive US mega-cap AI stocks toward broader, valuation-sensitive markets, could be supportive for Indian equities. Global investors typically reallocate from over-owned trades to high-growth, under-owned markets, positioning India—given its strong domestic growth outlook and improving earnings visibility—as a natural beneficiary, particularly across large-cap and high-quality mid-cap stocks.

Currency Dynamics

The Rupee saw sharp depreciation, driven largely by FII outflows and trade-related uncertainty, breaching key levels around Rs 90/USD. While this poses a near-term headwind through higher imported input costs, it also supports exporters via improved rupee-denominated earnings, resulting in a mixed sectoral impact. Prolonged weakness could add to imported inflation risks. We expect a rebound, with USD/INR potentially moving back below the Rs 90 level. This outlook is supported by:

a) Stronger domestic growth and corporate earnings, attracting renewed portfolio investment inflows.

b) The RBI's continued commitment to managing volatility and maintaining a comfortable level of foreign exchange reserves.

c) Expected **USD** weakness globally as the US Federal Reserve continues its rate cut cycle.

US-India Tariff Resolution

The resolution of elevated tariffs imposed by the US on Indian imports remains a critical determinant for investor sentiment and export-oriented sectors. A successful rollback or partial reduction would act as a meaningful catalyst, improving FII confidence, lifting export volumes across impacted industries, and strengthening the foundation for sustained market performance.

Sustained Domestic Liquidity

The structural shift of household savings into financial assets via Systematic Investment Plans (SIPs) and mutual funds continues to provide a massive, resilient base for the market. This dominant Domestic Institutional Investor (DII) flow acts as a powerful counter-balance to intermittent Foreign Institutional Investor (FII) selling.

Key Challenges

As we progress with a positive outlook on the Indian economy and an earnings-led recovery, certain risks could challenge this thesis. These include delays in resolving the US–India tariff issue, continued depreciation of the rupee, a resurgence in inflation beyond the RBI's comfort range, a global risk-off environment, and a slower-than-expected recovery in corporate earnings.

Capturing India's Next Growth Phase

Sectoral Themes and New Year Picks 2026

Our New Year Picks 2026 are therefore structured to identify companies and sectors best positioned to compound earnings over the next market cycle, leverage domestic growth drivers, and exhibit strong balance sheets and pricing power amid a volatile global environment. While near-term volatility, particularly around currency movements and foreign flows, remains a reality, structural demand drivers and improving earnings visibility create a constructive backdrop for equity investing. The 2026 investment landscape is expected to reward quality, earnings visibility, and focused sectoral plays aligned with key macro themes. We are building in a Nifty base-case target of 28,100 for Dec'26, valuing the index at 20x Dec'27 earnings.

The year 2026 is expected to be more constructive for Indian equities, transitioning from a period of valuation-led consolidation to an earnings-led market. The favourable domestic macro drivers, combined with policy support and the anticipated resolution of US tariff issues, create a compelling investment case. We also suggest a "Buy on Dips" strategy in the stocks listed below, with an investment horizon of over 12 months.

In this backdrop, **we present 5 golden themes for the year 2026:**

1. **Financials,** which would be beneficiaries of credit expansion and the interest rate cycle
2. Playing a **domestic growth** story through companies benefiting from **consumption**
3. **Selective cyclicals,** which are expected to capture the commodity super cycle.
4. **Healthcare** as a defensive play
5. Aligning and capturing **all three segments of the market:** Large, Mid, and Small cap

Our New Year picks for 2026 are*: State Bank Of India Ltd, Varun Beverages Ltd, Hindalco Industries Ltd, Nippon Life India Asset Management Ltd, Dalmia Bharat Ltd, Astral Ltd, Affle 3i Ltd., Healthcare Global Enterprises Ltd, Mold-Tek Packaging Ltd.*

New Year Picks 2026

State Bank Of India Ltd.

CMP	Target	Upside (%)
980	1,135	16%

Varun Beverages Ltd.

CMP	Target	Upside (%)
469	550	17%

Hindalco Industries Ltd.

CMP	Target	Upside (%)
852	950	12%

Nippon Life India Asset Management Ltd.

CMP	Target	Upside (%)
888	1,000	13%

Dalmia Bharat Ltd.

CMP	Target	Upside (%)
2,015	2,320	15%

Astral Ltd.

CMP	Target	Upside (%)
1,424	1,625	14%

Affle 3i Ltd.

CMP	Target	Upside (%)
1,719	2,000	16%

Healthcare Global Enterprises Ltd.

CMP	Target	Upside (%)
707	850	20%

Mold-Tek Packaging Ltd.

CMP	Target	Upside (%)
578	670	16%

Source: Company, Axis Securities, Note: CMP as of 19th December 2025, All Target Prices have an investment horizon of over one year.

Invest in All Your Stock Ideas with Just One Click

Smallcase

(a basket of stocks)

*NEW YEAR **PICKS 2026***

Invest Now

2026

NEW YEAR PICKS

Company Section

AXIS DIRECT

State Bank of India Ltd

State Bank of India (SBIN) 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.

Investment Rationale

- **Growth Buoyancy to Continue:** SBI's strong credit growth momentum is expected to sustain, driven by robust performance in (a) home loans (projected at 15-16% growth), (b) revival in Xpress Credit, and (c) improving growth traction in the corporate segment. The bank has visibility of meaningful acceleration in corporate growth, supported by a strong sanction pipeline of Rs 7 Tn, of which ~50% has already been sanctioned and is awaiting disbursement. With strong growth visibility across segments, the management is confident of growing faster than the industry. It has guided for credit growth of 12-14% for FY26 and endeavours to 2x the balance sheet every 6 years. We pencil-in healthy credit growth sustaining at ~13% CAGR over FY26-28E.
- **Confident in Maintaining NIMs at 3%:** The bank is taking conscious steps towards optimizing the CoF by reducing reliance on bulk deposits and focused efforts towards CASA mobilisation. The management expects tailwinds on NIMs in the form of CRR cut (benefit to flow through by Nov-end) and continued repricing of TDs to adequately offset the impact of MCLR repricing. Thus, margins should move with a positive bias over H2. We expect the impact of the recent 25bps rate cut to be manageable. SBI's management remains confident of NIMs sustaining at 3%+ over the medium term.
- **Asset Quality No Cause of Concern; ECL impact manageable:** The bank continues to see healthy progress on asset quality, driven by controlled slippages and healthy recoveries. Presently, asset quality trends continue to remain encouraging, and we do not foresee any adverse impact on asset quality. Thus, credit costs are expected to remain steady at ~50bps (+/-5bps) over FY26-28E. The management has not guided on the impact of ECL provisioning; however, it hinted at a possible impact for the SMA pool in light of the floor rates, with provision buffers being lower.

Outlook & Valuation

- SBI's performance has been the best amongst the larger banks. The bank remains well-poised to sustain its performance, supported by the management's focus on deepening its liability franchise, allocating capital to higher RoRWA assets, maintaining a disciplined pricing approach, and leveraging tech to drive operating efficiency. The bank is making concentrated efforts to contain Opex growth by focusing on improving productivity and maintaining the C-I Ratio at <50% across cycles. Asset quality does not seem concerning at present, and thus, credit costs should stay under control. We expect consistent RoA/RoE delivery of 1-1.1%/14-16% over FY26-28E.
- **We recommend a BUY on the stock with a target price of Rs 1,135/share, implying an upside of 16% from the CMP.**

Financial Summary

Y/E March	NII (Rs Bn)	PPOP (Rs Bn)	PAT (Rs Bn)	EPS (Rs)	ABV (Rs)	ABV (x)	RoA (%)	NNPA (%)
FY25	1,670	1,106	709	79.4	472.3	2.1	1.1	0.5
FY26E	1,784	1,203	782	84.8	552.5	1.8	1.1	0.4
FY27E	2,048	1,384	841	94.1	624.5	1.6	1.1	0.4
FY28E	2,302	1,542	926	100.3	702.2	1.4	1.0	0.4

Source: Axis Securities Research

CMP (Rs)	Target (Rs)	Upside (%)
980	1,135	16%

Market Data

No. of Shares	923.1 Cr
Market Cap	Rs 9,04,601 Cr
52-week High / Low	Rs 999 / 680
BSE Code	500112
NSE Code	SBIN

Why State Bank of India?

- ✓ **Healthy Business Growth to Continue**
- ✓ **Strong Asset Quality and Controlled Credit Costs**
- ✓ **Healthy NIM Profile and Improving Cost Ratios to Keep RoA at 1%**
- ✓ **Adequate Capitalization**

Varun Beverages Ltd

VBL is a key global beverage player and PepsiCo's second-largest franchisee worldwide (ex-US). It operates across 10 countries with distribution rights in four more, with India as the core market, contributing ~90% of PepsiCo's beverage volumes domestically. The expanding Africa-led international footprint reinforces VBL's strategic importance within PepsiCo's global network.

Investment Rationale

- **VBL Volumes Remain Muted Temporarily; Long-term Growth Remains Intact:** In Q3CY25, consolidated volumes rose 2.4% YoY to 274 Mn cases. Domestic demand remained subdued due to prolonged rainfall, while international volumes grew 9%, led by mid-double-digit growth in South Africa. Realisations declined to Rs 179 per case, impacted by a higher water mix in overseas markets.
- **Strategic Capacity Expansion to Drive Future Growth:** VBL has laid a solid foundation for future growth through timely capacity additions. Four new greenfield plants—Prayagraj, Damtal, Buxar, and Mendipathar—have been commissioned to enhance capacity and logistics efficiency in high-growth, under-penetrated regions. Brownfield expansions are also underway across six key locations. Further, its snacks facility in Morocco has reached full-scale operations, while the upcoming Zimbabwe plant is advancing towards commissioning, underscoring the company's steady progress in diversifying its portfolio beyond beverages.
- **Beer Pilot Adds a New Growth Lever:** VBL plans to pilot Carlsberg in Southern Africa under an exclusive distribution tie-up, leveraging its existing infrastructure and favourable regulations. The low-capex, test-and-learn approach supports portfolio diversification and strengthens presence in key growth markets.

Outlook & Valuation

- VBL is poised to maintain its strong growth trajectory, driven by multiple levers, such as (1) The BevCo acquisition strengthening its presence in South Africa and the DRC; (2) International expansion of its snacks business, especially into Zimbabwe and Zambia; (3) Deepening rural distribution to widen market reach; (4) Capacity enhancement through new greenfield and brownfield facilities, improving operational efficiency; and (5) Scaling high-margin brands like Sting, alongside increased focus on value-added dairy, sports drinks, and juices. These strategic initiatives are set to support sustained revenue and margin expansion. We expect Revenue/EBITDA/PAT to grow at 23%/22%/29% CAGR over CY24-27E.
- **We recommend a BUY on the stock with a target price of Rs 550/share, implying an upside of 17% from the CMP.**

Financial Summary

Y/E December	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PE (x)	RoE (%)	ROCE (%)	EV/EBITDA (X)
CY24	19,445	4,711	2,595	7.7	60.5	15.9	20.8	34.0
CY25E	23,320	5,401	3,345	9.9	47.8	17.5	17.5	29.3
CY26E	28,894	6,774	4,395	13.0	36.4	19.4	19.5	23.0
CY27E	35,799	8,477	5,650	16.7	28.3	20.6	21.1	17.9

Source: Axis Securities Research

CMP (Rs)	Target (Rs)	Upside (%)
469	550	17%

Market Data

No. of Shares	338 Cr
Market Cap	Rs 1,60,306 Cr
52-week High / Low	Rs 664 / 419
BSE Code	540180
NSE Code	VBL

Why Varun Beverages?

- ✓ **A Key Global Beverage Player**
- ✓ **Second-largest PepsiCo Franchisee Globally.**

Hindalco Industries Ltd

Hindalco Industries, a metals arm of the Aditya Birla Group, is a global leader in both aluminum and copper. It holds the title of the world's largest aluminum company by revenue and the top recycler of the metal via its subsidiary, Novelis. Hindalco operates a fully integrated Aluminium supply chain from bauxite and coal mining to smelting and high-end downstream products like extrusions and rolled aluminum. It also operates one of the largest custom copper smelters and refinery complex at Gujarat in India.

CMP (Rs)	Target (Rs)	Upside (%)
852	950	12%

Market Data

No. of Shares	224.7 Cr
Market Cap	Rs 1,91,913 Cr
52-week High / Low	Rs 864 / 546
BSE Code	500440
NSE Code	HINDALCO

Investment Rationale

- **Focus on expansion projects:** Hindalco has a list of expansion projects lined up for the future, both at Indian operations and at Novelis. Aditya alumina refinery (850 ktpa), 180 ktpa phase I Aluminum smelter at Aditya, and the copper recycling (50 ktpa) plant are on track for FY28 commissioning. The company announced a 193 ktpa phase II Aluminum smelter expansion at Aditya Aluminum (to be operational by FY29). FY26 Capex guidance stands at Rs 8,000-8,500 Cr. Capex will rise from FY27 (Rs 11,500 Cr guided for FY27) as expansion projects pick up pace. Novelis's FY26 capex guidance is maintained at $1.9–$2.2bn. The company has underlined its focus on keeping the consolidated net debt/EBITDA below 2.0x during the capex phase over the next four years.
- **Copper business:** The company's 300 ktpa brownfield copper smelter expansion is expected to be commissioned by FY29 in Gujarat. Copper smelting capacity will rise to 721 kt from 421 kt post this 300 kt expansion. In line with the smelting capacity, the CCR expansion of 300 kt is also under execution over and above the existing 540 ktpa rods capacity. This will lead to a $100/t addition to EBITDA/t over the base of FY24.
- **Novelis:** Bay Minette project is on track for partial start-up by the end of FY26, and full commissioning is expected by H2CY26. Though the projected IRR has now dropped from mid-teens to higher single digits (due to a hike in capex), it will remain above the cost of capital.

Outlook & Valuation

- **Our BUY recommendation is supported by** a) **Expansion projects in India and Novelis** b) **Strong Aluminum prices:** Spot Aluminum prices are trading strongly above $2,800/t levels, supported by strong macro expectations for interest rate cuts and tight supply-demand fundamentals.
- **We recommend a BUY on the stock with a target price of Rs 950/share, implying an upside of 12% from the CMP.**

Why Hindalco Industries Ltd?

- ✓ **Strong Aluminum Prices**
- ✓ **List of expansion projects**
- ✓ **Novelis Bay Minette full commissioning is expected by H2CY26.**

Financial Summary

Y/E March	Revenues (Rs Cr)	EBITDA (Rs Cr)	PBT (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PE (x)	Div. Payout (%)	RoE (%)	EV/EBITDA (x)
FY25	2,38,496	32,824	23,216	16,002	72.1	11	6.94%	13.9	6.9
FY26E	2,68,289	35,299	25,147	17,629	79.4	10	1.26%	13.4	6.6
FY27E	2,78,186	36,196	23,889	16,967	76.4	10	1.31%	11.4	6.6
FY28E	2,92,970	39,637	26,695	19,066	85.9	10	1.16%	11.5	6.1

Source: Axis Securities Research

Nippon Life India Asset Management Ltd.

Nippon Life India Asset Management Ltd (NAM) is one of the largest asset management companies in India, with over 26 years of track record and a total MF AUM of over Rs 6.6 Lc Cr as of Sep'25. The company is promoted by Nippon Life Insurance Company, one of the leading private life insurers in Japan. The company offers a comprehensive suite of investment products, such as Mutual Funds, ETFs, AIFs, PMS, and Offshore Funds, catering to a diverse client base.

Investment Rationale

- **SIF Launches in The Pipeline:** NAM has put together a team under the leadership of Mr. Andrew Holland and is working towards launching its SIF fund. The management believes SIF is likely to have an inherent demand and is currently in the process of building a strong foundation to tap the strong growth potential in the product.
- **Growing Offshore AUM:** In H1, offshore AUM grew by 6% with inflows coming in from various geographies in Asia, Europe, and Latin America. NAM remains committed to continuous footprint expansion amongst the Japanese institutional and retail markets alongside healthy growth in the new geographies of Asia, Europe, and Latin America. The offshore AUM decline can be attributed to the geopolitical tensions and uncertainty, and also due to the impact of MTM. The company intends to scale up the offshore business going ahead.
- **Impact of SEBI Regulations Lower than Estimated Earlier:** SEBI has released a revised framework for mutual fund charges to streamline processes, improve transparency, and rationalize expenses. The final guidelines remove uncertainty surrounding the earlier draft and appear more balanced than the earlier draft guidelines in terms of TER. The regulator decided to revisit the expense structure by introducing the concept of a base expense ratio (BER). The BER will exclude statutory levies such as securities transaction tax and GST, marking a shift from the current system that focuses on the total expense ratio (TER). The elimination of the exit load of 5bps may weigh on the profitability of the company; however, potentially sharing of the burden with the distributors could ease the pressure of the impact.

Outlook & Valuation

- We expect NAM to deliver a healthy MF QAAUM/Revenue/Earnings growth of 21/16/14% CAGR over FY26-28E, supported by (i) Diversified product offerings, (ii) Improving market share across segments, (iii) Focus on passive offerings, and (iv) Strong SIP franchise.
- **We recommend a BUY on the stock with a TP of Rs 1,000/share, implying an upside of 13% from the CMP.**

Financial Summary

Y/E March	MF AUM (Rs Bn)	Total Revenue (Rs Cr)	Op. Profit (Rs Cr)	OPM (%)	PAT (Rs Cr)	EPS (Rs)	P/E (x)	RoE (%)
FY25	5,572	2,521	1,442	64.6	1,285	20.3	43.7	31.4
FY26E	7,048	2,973	1,721	65.6	1,534	24.2	36.6	35.5
FY27E	8,593	3,418	2,053	66.5	1,766	27.8	31.8	38.6
FY28E	10,397	3,931	2,393	66.8	2,036	32.1	27.6	42.0

Source: Axis Securities Research

CMP (Rs)	Target (Rs)	Upside (%)
888	1,000	13%

Market Data

No. of Shares	63.7 Cr
Market Cap	Rs 56,432 Cr
52-week High/Low	Rs 987 / 456
BSE Code	540767
NSE Code	NAM-INDIA

Why NAM-INDIA?

- ✓ **Market Share Gains Across Segments**
- ✓ **Healthy Growth Momentum to Continue**
- ✓ **Healthy Revenue Growth Despite Marginal Yield Compression**
- ✓ **Strong ROE Delivery**

Dalmia Bharat Ltd

Dalmia Bharat Limited (DBL) started its journey in 1939 and has emerged as one of the fastest-growing players in the Indian cement sector. It commands a 7% share of India's total Cement capacity. As of date, DBL has a total cement production capacity of 49.5 MTPA, a clinker capacity of 23.5 MTPA, and a renewable power generation capacity of 210 MW. The company's operations span 15 locations in India through its 9 integrated plants, and 6 grinding units, supported by a robust network of over 46,500 channel partners spread across the country.

CMP (Rs)	Target (Rs)	Upside (%)
2,015	2,320	15%

Investment Rationale

- **Strategic Capacity Addition to Fuel Growth:** The company's capacity expansion plan of 12 mtpa is progressing well. The first 6 mtpa capacity is expected to commence by Q4FY27, and another 6 mtpa capacity is expected by Q2FY28, taking the total grinding capacity to 62 mtpa. Dalmia Bharat has also commenced trial runs at its 3.6 MTPA clinker unit in Umrangso, Assam, with commercial production expected by Q3FY26, marking a key milestone in its ongoing capacity expansion program. 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 cost optimisation initiatives are expected to realise savings in overall cost by Rs 150-200/tonne in the next two years, and along with improved realisation, margins are expected to increase. 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. Dalmia Bharat, with its strategic focus on profitable growth through selective capacity expansion, focus on high-margin regions, improved product mix (e.g., blended cement), and disciplined capital allocation, is well-positioned to capitalise on this industry shift.

Market Data

No. of Shares	18.7 Cr
Market Cap	Rs 37,680 Cr
52-week High / Low	Rs 2,496 / 1,601
BSE Code	542216
NSE Code	DALBHARAT

Outlook & Valuation

- 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. We expect DBL to deliver Volume/Revenue/EBITDA/PAT CAGR of 7%11%/27%/47% over FY25-FY27E.
- **We recommend a BUY on the stock with a target price of Rs 2,320 /share, implying an upside of 15% from the CMP.**

Why Dalmia Bharat?

- ✓ **Capacity Expansion to Support Volume Growth**
- ✓ **Operating Efficiency to Drive Margin Higher**
- ✓ **Industry Consolidation to Benefit Large Players**

Financial Summary

Y/E March	Revenue (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	P/B (x)	ROE (%)
FY24	14,680	2,628	827	44	48	15	2.4	5
FY25	13,980	2,407	796	36	58	17	2.2	4
FY26E	15,220	3,329	1,339	72	29	12	2.1	7
FY27E	17,220	3,853	1,466	78	27	11	2.0	7

Source: Axis Securities Research

Astral Ltd

Astral Limited is an India-based company engaged in the manufacturing of chlorinated polyvinyl chloride (CPVC) pipes and fittings. The company operates in two segments: Plumbing and Paints & Adhesives.

Investment Rationale

- **Maturing Capex Cycle and Operational Leverage:** Astral is entering a high-growth phase as its multi-year Capex plan begins to mature. The company invested Rs 1,400 Cr over the last four years, leading to the commissioning of new facilities in Hyderabad and Kanpur. These new units are currently operating at low utilisation (15-20%) and are temporarily dragging margins. However, as utilisation scales up to the 40-50% level in the coming quarters, this new capacity will yield significant operational leverage. Additionally, localised production will reduce logistics costs, which the company will use to strategically drive further market share gains, cementing its competitive advantage for years to come.
- **Operational Performance:** Overall, the demand scenario in the industry was weak and saw an average price drop of 10.6% YoY. Despite this, the company managed to achieve volume growth of 20.6% and value growth of 15.7% for its plumbing business. This showcases Astral's focus on growing its value-added products. This resulted in a higher EBITDA of 20% for the plumbing business.
- **Margin Improvement and Backward Integration:** Astral is focused on maintaining healthy margins despite volatile polymer prices. The company has guided its core Adhesives segment to maintain stable margins in the 15% to 16% range. The management expects a big margin improvement in the coming years due to a key strategic backward integration move. By building its own CPVC resin plant, Astral will no longer have to import raw materials, which will lower its costs and reduce the amount of cash tied up in imported inventory. This move, which requires no new cash investment and is expected to be commissioned by Sep'26, will save money and give the company full control over the quality of its product, acting as a significant game-changer for long-term profitability.

Outlook & Valuation

- Our **BUY** recommendation is supported by a) Maturing capex cycle, b) Reduced costs and pick up in Adhesives & Paints, c) Improving margins due to backward integration, and d) Healthy pickup in volumes post festive season. We expect Astral to deliver a strong 15/17/21% CAGR Revenue/EBITDA/PAT growth over FY25-28E.
- **We recommend a BUY on the stock with a target price of Rs 1,625/share, implying an upside of 14% from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PE (x)	EV/EBITDA (X)	P/BV (X)	ROE (%)
FY25	5,832	946	519	19.3	72.2	39.2	10.1	14.1
FY26E	6,891	1,158	684	25.5	54.8	31.5	8.8	16.0
FY27E	7,937	1,365	823	30.6	45.6	26.3	7.5	16.5
FY28E	8,901	1,513	917	34.1	40.9	23.2	6.4	15.8

Source: Axis Securities Research

CMP (Rs)	Target (Rs)	Upside (%)
1,424	1,625	14%

Market Data

No. of Shares	26.9 Cr
Market Cap	Rs 38,160 Cr
52-week High / Low	Rs 1,870 / 1,232
BSE Code	532830
NSE Code	ASTRAL

Why Astral?

- ✓ **Maturing Capex Cycle**
- ✓ **Reduced Costs, Pickup in Adhesives & Paints**
- ✓ **Improving Margins**
- ✓ **Healthy Pickup in Volumes**

Affle 3i Ltd

Affle is a global technology company enabling AI and ML-driven mobile advertising solutions that power personalised recommendations, user conversions, and measurable marketing outcomes for leading global brands. The company's proprietary consumer platform stack leverages deep audience insights and advanced intelligence to optimise end-to-end consumer journeys across connected devices.

Investment Rationale

- **Diversified Presence in High-Growth Categories:** Affle is well diversified across 8-10 categories, with key verticals (E-F-G-H) maintaining strong momentum. This includes e-commerce, fintech, food tech, entertainment, and travel, reducing its dependence on a single vertical and broadening its advertiser base with lower revenue volatility. The company aims to achieve 10x growth over the decade, supported by consistent organic performance, selective inorganic acquisitions, and deeper penetration in such high-growth verticals and emerging geographies
- **Consistent Growth Across Key Geographical Markets:** India and Global Emerging Markets together accounted for 74% of the revenue, up 20% YoY. Furthermore, developed markets registered a 17% YoY growth, contributing 26% to overall revenue in Q2FY26 on account of higher digital penetration as advertisers continue to increase budgets towards performance marketing. Moreover, festive spending and aggressive marketing campaigns by clients provide growth visibility.
- **CPCU Model and Tech Moat Offers a Competitive Edge:** Affle has positioned itself as a conversion-led, full-stack platform in the highly competitive and fragmented ad-tech space. The number of conversions grew at a 39% CAGR and CPCU pricing at 9% CAGR, respectively, between FY21–25. Recently, the company has trained 100 AI agents who work in an integrated way with over 600 Affle employees to enhance productivity. Moreover, it has strengthened its tech moat with two new US patents (total 16) and deepened AI integration (Niko, Opticks AI), with automation enabling 80%+ of operations, enabling deeper user engagement.

Outlook & Valuation

- Management remains confident in achieving 20% sustainable revenue growth and maintaining 23% EBITDA margins in the coming years. We believe Affle's Revenue/EBITDA/PAT to grow at a CAGR of 23%/23%/25% over FY25-28E, supported by its scalable CPCU model, strong strategic moat, and expansion into emerging markets. The company is currently trading at a 40x/31x P/E multiple for FY27E/FY28E.
- **We recommend a BUY on the stock with a target price of Rs 2,000/share, implying an upside of 16% from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PE (x)	RoE (%)	ROCE (%)	EV/EBITDA (X)
FY25	2,266	483	381	27.2	64.1	12.9	12.5	45.1
FY26E	2,715	598	460	32.8	56.0	14.0	14.7	44.0
FY27E	3,398	757	595	42.5	41.1	15.9	16.6	34.3
FY28E	4,250	942	753	53.8	32.4	17.5	18.5	22.6

Source: Axis Securities Research

CMP (Rs)	Target (Rs)	Upside (%)
1,719	2,000	16%

Market Data

No. of Shares	14 Cr
Market Cap	Rs 24,548 Cr
52-week High / Low	Rs 2,187 / 1,221
BSE Code	542752
NSE Code	AFFLE

Why Affle 3i Ltd?

- ✓ **Presence in High-Growth Categories**
- ✓ **Growth Across Key Geographical Markets**
- ✓ **CPCU Model Offers a Unique Advantage**

Healthcare Global Enterprises

HCG is one of India's leading cancer care providers, operating 21 comprehensive centers dedicated to advanced treatment. Its tumour board specialists discuss each case, including diagnostic information, to create a treatment plan. The board's assessment helps specialists provide a reliable second opinion. HCG's multidisciplinary team uses evidence to create treatment plans that are likely to be successful.

CMP (Rs)	Target (Rs)	Upside (%)
707	850	20%

Investment Rationale

- **Structural Demand–Supply Mismatch in Oncology:** Cancer care in India remains significantly under-penetrated and under-served, with registered treatment coverage of only ~10% and a widening gap in both infrastructure and oncology talent. Incidence is rising faster than capacity creation, and the scarcity of high-quality cancer beds is particularly acute outside major metros. Against this backdrop, HCG is uniquely positioned to monetise this cycle, supported by a differentiated and defensible operating model — the largest LINAC installation base in India (38 units), over 2,500 beds across 25 hospitals, leadership positions in 16 of 19 markets, and demonstrably superior clinical outcomes. As awareness, diagnostic penetration, and affordability improve, HCG sits in a structural sweet spot to capture incremental patient volumes and sustain long-term growth.
- **Strengthening Capital Discipline with Calibrated Expansion:** HCG now operates under a more disciplined capital allocation framework compared with earlier cycles. Planned capex of Rs 600–700 Cr over the next 2–3 years will be primarily directed toward brownfield expansions in high-potential markets (such as Ahmedabad, Vizag, Baroda, and Cuttack), along with a limited number of greenfield projects and acquisitions. With annual maintenance capex stabilising at Rs 90–100 Cr and strong EBITDA-to-CFO conversion, growth capex is expected to be largely funded through internal accruals, supplemented by moderate debt, while keeping Net Debt/EBITDA within a comfortable range of 2–2.5x.
- **Cluster-focused Execution with Expected Operating Leverage:** Mature hospitals generating more than Rs 10 Cr per month, deliver EBITDA margins of over 25%, and ROCE of ~27%. The next cohort of 11 hospitals, generating Rs 5–10 Cr per month, is scaling at ~18% CAGR with EBITDA margins of ~20% and ROCE of ~12%. As newer centres mature, higher bed utilisation, an improved payer mix, and a greater share of complex oncology procedures are expected to drive EBITDA margin expansion. Management guides for EBITDA margins to expand to 21–22% over the next 4–5 years and company-level ROCE to rise above 20%, without relying on aggressive price hikes.

Market Data

No. of Shares	13.9 Cr
Market Cap	Rs 9,857 Cr
52-week High / Low	Rs 805 / 457
BSE Code	539787
NSE Code	HCG

Outlook & Valuation

- Our BUY recommendation is supported by strong structural tailwinds from under-penetration in oncology care, sustained volume growth driven by rising incidence and limited quality capacity, operating leverage from maturing hospitals, disciplined capital allocation, and improving ROCE visibility. We expect HCG to deliver a 16% sales CAGR over FY25–FY28E and ~22% EBITDA growth, with margins expanding to ~21–22% and ROCE rising above 20% over the medium term.
- **We recommend a BUY with a target price of Rs 850/share, implying 20% upside from the CMP.**

Why HCG?

- ✓ **Operational Excellence**
- ✓ **Specialty Focused**
- ✓ **Leadership in Oncology**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PE (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)
FY25	2,223	387	49	3.5	201.9	29	10.7	7
FY26E	2,707	530	149	10.7	66.1	21	9.2	12
FY27E	3,096	625	223	16.0	44.2	17	7.6	16
FY28E	3,439	709	288	20.7	34.2	15	6.2	20

Source: Axis Securities Research

Mold-Tek Packaging Ltd

Mold-Tek Packaging Ltd (Mold-Tek) has pioneered the IML (In-mould-labelling) technology in India and has emerged as the country's largest producer of plastic packaging pails for lubes, paints, food, and other products. The company has built a well-diversified business model, catering to varied markets and product segments to meet evolving customer requirements. Its portfolio includes pharma packs, paint packs, lubricant packs, food and FMCG packs, all unified under a single platform. This diversified approach enables the company to effectively mitigate potential business uncertainties, positioning it for sustainable long-term growth.

CMP (Rs)	Target (Rs)	Upside (%)
578	670	16%

Investment Rationale

- **Rebound in the Paints Segment:** Mold-Tek generates the majority of revenue from the Paint segment and relied heavily on the Asian Paints business before FY25. The company has now developed additional capacities at Cheyyar and Panipat plants for the Aditya Birla Group, where it has recorded strong growth over the last few quarters. The utilization levels at these plants are likely to improve over the next few quarters, which, along with steadying volumes from Asian Paints, are expected to boost the segment revenues.
- **Continued Momentum in Food and FMCG (F&F):** Strategic diversification into non-seasonal F&F categories has reduced dependency on cyclical demand and improved business resilience. The upcoming Panipat facility, scheduled to commence operations in the current quarter (Q3FY26), is expected to augment capacity and broaden market access. This should support volume growth in Q4FY26 and provide a sustained growth momentum thereafter.
- **Pharma and Vibe to Drive Incremental Growth:** The pharma packaging vertical continues to emerge as a key growth engine, supported by rising demand and expanding applications. The company has reaffirmed its FY26 revenue guidance of Rs 35 Cr for this segment, with upside potential of Rs 55–60 Cr at current installed capacity. This scale-up is expected to contribute positively to margin expansion over the medium term. The company has also signed an MoU with Vibe Generation Holdings (VIBE) to manufacture high-precision caps and closures, which represents a potential revenue opportunity of ~Rs 250 Cr over the next 5 years.

Outlook & Valuation

- We expect Mold-Tek to deliver robust growth, driven by (a) rapid scaling of the pharma packaging segment, (b) capacity expansions translating into higher volumes, (c) improvement in margins driven by improved product mix, and (d) focus on revenue diversification.
- **We recommend a BUY on the stock, with a target price of Rs 670/share, implying an upside of 16% from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	PE (x)	RoE (%)	ROCE (%)	EV/EBITDA (X)
FY25	781	142	53	19	31	8%	12%	15
FY26E	908	177	81	25	23	12%	15%	12
FY27E	1,110	221	118	37	16	15%	18%	9
FY28E	1,352	275	156	48	12	17%	21%	7

Source: Axis Securities Research

Market Data

No. of Shares	3.32 Cr
Market Cap	Rs 1,930 Cr
52-week High / Low	Rs 893 / 410
BSE Code	533080
NSE Code	MOLDTKPAC

Why Mold-Tek Packaging?

- ✓ **Leadership Position in India**
- ✓ **Product Diversification and New Capacity Expansion**
- ✓ **Focus on Innovation and Product Mix Improvement**

NEERAJ CHADAWAR Digitally signed by NEERAJ CHADAWAR Date: 2025.12.21 13:56:24 +05'30'

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