



₹ High Conviction Basket

Large Cap

FY27

Basket Snapshot

Sr No	Stock	Rating	Weightage	CMP * (3-June)	Market Cap * (Rs. Cr) (3-June)	Return on Equity (FY26 ROE%)	Price to Earnings Ratio * (PER) (3-June)
1	Reliance Industries Ltd	BUY	20%	1,313	17,76,557	9.10%	21.99
2	Axis bank	BUY	20%	1,255	3,90,367	14.74%	14.78
3	Hindustan Aeronautics Ltd	BUY	20%	4,263	2,85,165	24.00%	31.34
4	LG Electronics India Ltd	BUY	20%	1,519	1,03,113	24.70%	61.23
5	Mazagon Dock Shipbuilders Ltd	BUY	20%	2,442	98,394	29.10%	38.15

Factsheet

- 1. Rationale:** The model portfolio consists of 5 large-cap stocks. Each constituent has been selected based on fundamental analysis, with a documented investment rationale covering business model, financial performance, valuation metrics, and recent developments.
- 2. Methodology:**
 - The constituent securities of this model portfolio are selected from the Nifty 50 and Nifty Next 50 indices, comprising large-cap stocks.
 - The selection process is based solely on fundamental research. Key evaluation parameters include an assessment of the company's business model and product offerings, analysis of historical financial statements, financial and valuation ratios, and recent business developments over the last 4 to 12 quarters.
- 3. Launch Date: 4th June, 2026**
- 4. Updates:** The model portfolio is rebalanced quarterly, following the conclusion of each earnings season. Rebalancing occurs four times in a financial year, as outlined:
 - Q1 (April–June): Rebalanced by end–August, post earnings season (July to mid–August)
 - Q2 (July–September): Rebalanced by end–November, post earnings season (October to mid–November)
 - Q3 (October–December): Rebalanced by end–February, post earnings season (January to mid–February)
 - Q4 (January–March): Rebalanced by end–May, post earnings season (April to end–May)
 - Rebalancing dates are aligned with the earnings disclosure timelines of listed companies to reflect the most recent financial and business developments.
- 5. Type of model portfolio:** This is an equity-only, large-cap model portfolio comprising stocks selected exclusively from the Nifty 50 and Nifty Next 50 indices.
- 6. Weightage:** The model portfolio consists of 5 stocks; each assigned an equal weight of 20%.
- 7. Investment Horizon: 1 year**
- 8. Frequency:** The model portfolio is updated at predefined quarterly intervals, aligned with the conclusion of each corporate earnings season.
- 9. Risk Disclosures:** Investments in equity securities are subject to market risks, including price volatility, economic and political uncertainties, interest rate fluctuations, and sector-specific developments. Past performance is not indicative of future results. There is no assurance of returns or capital protection. Investors are advised to consider their risk tolerance and investment objectives before acting on this model portfolio.
- 10. Benchmarking:** The performance of this model portfolio will be benchmarked against the Nifty 100 index.

01

Reliance Industries Ltd

Investment Rationale

- RIL operates across energy, petrochemicals, retail, digital services, new energy, and media; providing a diversified business model that balances cyclicalities, enhances capital efficiency, and captures multiple growth opportunities.
- 'New Energy' remains the long-term game changer for RIL, with its Rs 75,000 crore giga factory program spanning solar PV modules, battery storage systems, green hydrogen, and fuel cells progressing towards phased commissioning.
- The solar manufacturing ecosystem is nearing initial commissioning stages, with further scale-up expected over the next few quarters. The company has also gained early commercial traction by signing one of the world's largest green ammonia supply contracts with Samsung C&T, while execution across Kutch (renewable generation), Jamnagar (chemicals integration), and giga factories will be key near-term proof points.
- **"Tale of Two Periods" in FY26:** Management highlighted that the first 11 months saw strong domestic demand, stable energy prices, and robust 5G traffic growth, while March experienced a sharp energy shock, with prices nearly doubling in certain segments and gas prices rising significantly.
- The company faced a global supply shock driven by geopolitical tensions, which negatively impacted industry and consumer confidence. Additionally, INR depreciation (~11% for FY26 and ~4% in March alone) added further cost pressures and volatility.
- **Digital Services (Jio Platforms):**
 - Jio Platforms continues to be a key growth and profitability driver for RIL, supported by strong subscriber additions, improving margins, and a robust technology-led roadmap.
 - ARPU increased to ~RS 214 (+4% YoY), driven by organic growth factors such as higher engagement and an improved product mix, despite no tariff hikes.
 - Jio's subscriber base reached 524 million, with net additions of 36.3 million during FY26 (including 9.1 million in Q4). The 5G subscriber base expanded to 268 million (+77 million YoY), making it the largest 5G network outside China for a single-country operator.
 - The fixed broadband segment continued its strong ramp-up, reaching 27 million subscribers (+~10 million YoY), with JioAirFiber contributing ~12.9 million homes. Notably, ~75% of new home connections are now driven by AirFiber, reflecting rapid adoption of fixed wireless access (FWA). Network usage remains robust, with total data traffic at 241 Exabytes for FY26 (66 Exabytes in Q4), growing ~31% YoY. Per capita data consumption stood at ~42.3 GB/month, while churn trends continue to improve.

Investment Rationale

- Overall, Jio Platforms is demonstrating strong execution across scale, monetisation, and technological innovation, with expanding margins and a clear roadmap toward deeper digital ecosystem integration and future monetisation opportunities.
- **Retail Business (Reliance Retail Ventures):**
 - Reliance Retail continues to scale rapidly, driven by strong execution in hyperlocal commerce, a differentiated omni-channel strategy, and category expansion, while consciously managing margin trade-offs.
 - For FY26, total transactions reached ~1.93 billion (+39% YoY), with transaction growth significantly outpacing revenue growth—primarily driven by the high-frequency nature of quick commerce and hyperlocal orders. The store network added 333 net stores in Q4, taking the total count to over 20,000 stores, including a key milestone of 1,000+ large-format hypermarkets/supermarkets. The 3P marketplace continues to expand to address assortment gaps, while app upgrades have improved conversions and basket values.
 - Overall, Reliance Retail is prioritizing aggressive expansion and market share gains through hyperlocal and omni-channel integration, even at the cost of near-term margin pressure, positioning itself strongly for long-term dominance in India's retail ecosystem.



About the Company



Reliance Industries Limited (RIL), incorporated in 1973 and headquartered in Mumbai, is one of India's largest and most diversified conglomerates. RIL began as a textiles manufacturer and has since evolved into an integrated business group with significant presence across the oil-to-chemicals (O2C) value chain, including upstream exploration, refining, and petrochemicals.

The company also operates India's largest organized retail network under Reliance Retail and leads the digital connectivity space through its telecom arm, Reliance Jio.

In recent years, RIL has expanded into the renewable energy and circular economy space, with ongoing investments in solar, hydrogen, battery storage, and advanced materials manufacturing. The company has also built a presence in India's media and entertainment sector through Network18 and Jio Studios, and its recent merger of Jio Hotstar.

Business Segment

Reliance Industries Limited (RIL) operates a diversified, vertically integrated portfolio across six core business segments—Energy, Petrochemicals, Retail, Digital Services, New Energy & New Materials, and Media & Entertainment.

Energy -

- **Oil and Gas Exploration & Production (E&P):**

The company's deep-water operations in the Krishna-Godavari (KG) D6 Block represent India's first ultra-deep-water fields. Developed in partnership with BP, the R Cluster, Satellite Cluster, and MJ fields together contribute ~30% of India's domestic gas production, operating at depths exceeding 2,000 meters—making R Cluster the deepest offshore producing field in Asia. Production from these assets supports national energy security and reduces import dependence, having already displaced over \$40 billion in energy imports. In the unconventional energy space, RIL's coal bed methane (CBM) operations in Madhya Pradesh represent the country's largest surface footprint in hydrocarbon E&P. Over 300 wells are currently producing, connected to India's gas grid through a 302-km dedicated pipeline.

- **Refining and Marketing (R&M):**

- The Jamnagar Refinery Complex—RIL's flagship downstream asset—is the world's largest and most complex single-site refinery, with a nameplate capacity of 1.4 million barrels per day and a complexity index of 21.1. This unique configuration allows RIL to process over 216 types of crude oil, ensuring maximum flexibility across geographies and price cycles. The refinery houses the world's largest petcoke gasification plant and the world's largest Refinery Off-Gas Cracker (ROGC), enabling near-total conversion of the bottom barrel and enhanced integration with petrochemicals.
- Jamnagar is supported by a robust logistics ecosystem, including marine facilities capable of handling Very Large Crude Carriers (VLCCs). This infrastructure enables RIL to switch seamlessly between export and domestic markets based on demand-supply dynamics and margin optimization. The refining product slate includes LPG, gasoline, naphtha, ATF, diesel, and petrochemical feedstocks.
- Downstream integration is furthered through Reliance BP Mobility Ltd (RBML), a joint venture with bp operating under the Jio-bp brand. RBML's network of over 1,700 outlets delivers fuels, EV charging, and convenience services.

Business Segment

Petrochemicals -

RIL's petrochemicals division is among the most integrated and diversified globally, serving as a cornerstone of its Oil-to-Chemicals (O2C) strategy. With facilities across Jamnagar, Hazira, Dahej, Nagothane, Vadodara, and multiple international locations, the segment encompasses polymers, polyesters, fibre intermediates, elastomers, aromatics, and composites. RIL is the world's largest polyester producer and ranks among the top five producers globally of PTA, PP, and PX. The integrated O2C model enables seamless conversion from crude oil to high-margin chemical products, reducing feedstock volatility and boosting profitability. A Rs. 75,000 crore capacity expansion program is underway, including a 3 MMTPA PTA plant and a 1 MMTPA PET plant at Dahej, as well as world-scale PVC production in India and the UAE. Upon completion, RIL is expected to rank among the top five PVC producers globally. RIL is also pioneering sustainable practices through circular economy initiatives, including PET bottle recycling (targeting 5 billion bottles annually), chemical recycling, and the development of biodegradable plastics—enhancing both ESG credentials and long-term competitive positioning.

Retail -

Reliance Retail is India's largest and most profitable retail enterprise, with a footprint of over 19,340 stores spanning 77.4 million square feet and a registered customer base exceeding 349 million. The business spans core verticals such as grocery, fashion and lifestyle, consumer electronics, luxury, and pharmacy, supported by a robust omnichannel framework integrating physical retail with digital platforms like JioMart. Strategically, Reliance Retail has adopted a "scale with inclusion" model. Through its New Commerce initiative, the company partners with over a million small merchants and kiranas, digitally enabling them with supply chain access, product assortment, and tech support.

Digital Services -

Reliance Jio, launched in 2016, has transformed India's digital infrastructure. In less than a decade, it has built the largest telecom network in the country. With over 488 million subscribers (in FY25) and ~60% share of India's total data traffic (in FY24), JPL's network handles 184.5 billion GB of data annually. Jio also offers wireless, fiber-to-home, enterprise solutions, and digital applications, supported by AI, blockchain, AR/VR, IoT, and edge computing. The company's strategic partnerships with Meta, Google, and Microsoft have further expanded its ecosystem, delivering solutions such as JioPhone Next, WhatsApp commerce integration, and cloud-native 5G. The platform is expanding into digital verticals like healthcare, education, media, and smart cities—creating long-term monetization avenues.

Business Segment

New Energy and New Materials -

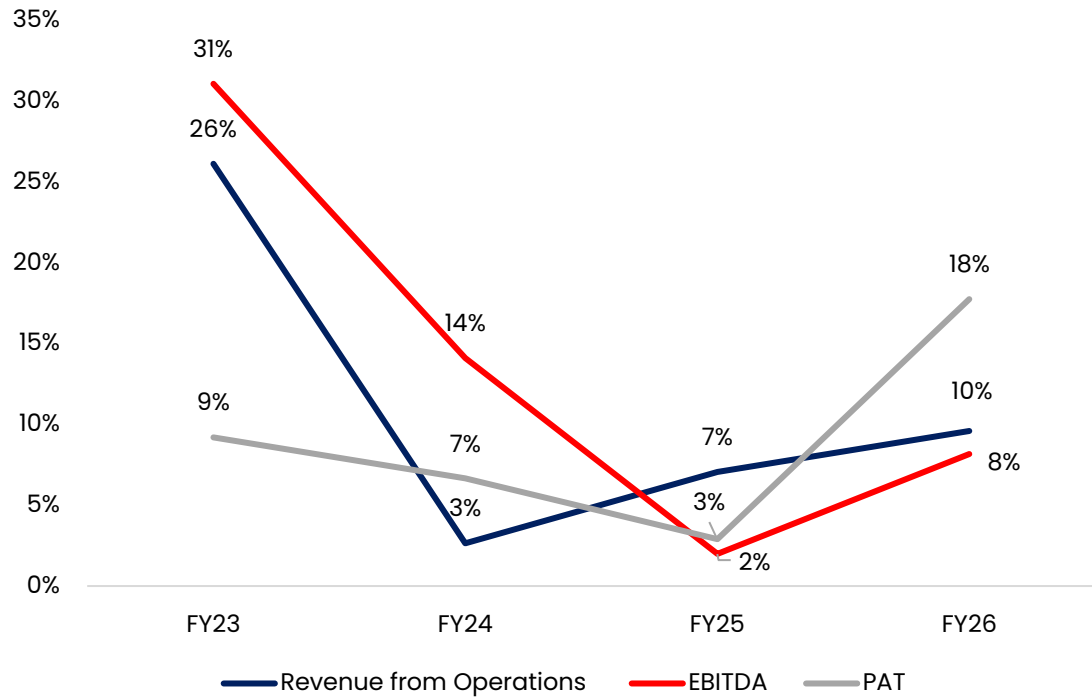
- RIL is making a bold pivot to green energy, with a stated ambition to become net-zero by 2035. Central to this transition is the Dhirubhai Ambani Green Energy Giga Complex in Jamnagar, a 5,000-acre facility that will host five giga factories for: solar PV, battery storage, green hydrogen, fuel cells, and power electronics.
- The company is investing Rs. 75,000 Crores across the green value chain, including quartz-to-module solar manufacturing, sodium-ion and LFP battery technologies, modular electrolyser systems, and EV-ready fuel cell systems. RIL is also constructing one of the world's largest carbon fibre facilities (20,000 MTPA), critical for wind turbine blade manufacturing, and has entered into several global partnerships—Faradion, REC Solar, NexWafe, and Caelux—to secure intellectual property and supply chain leadership.
- In bio-energy, RIL aims to set up 100 compressed biogas plants over five years and become India's largest producer of biofuels. These initiatives address India's energy trilemma—affordability, sustainability, and security—and represent a multi-decade opportunity to transform from a fossil fuel importer to a renewable energy exporter.

Media and Entertainment: -

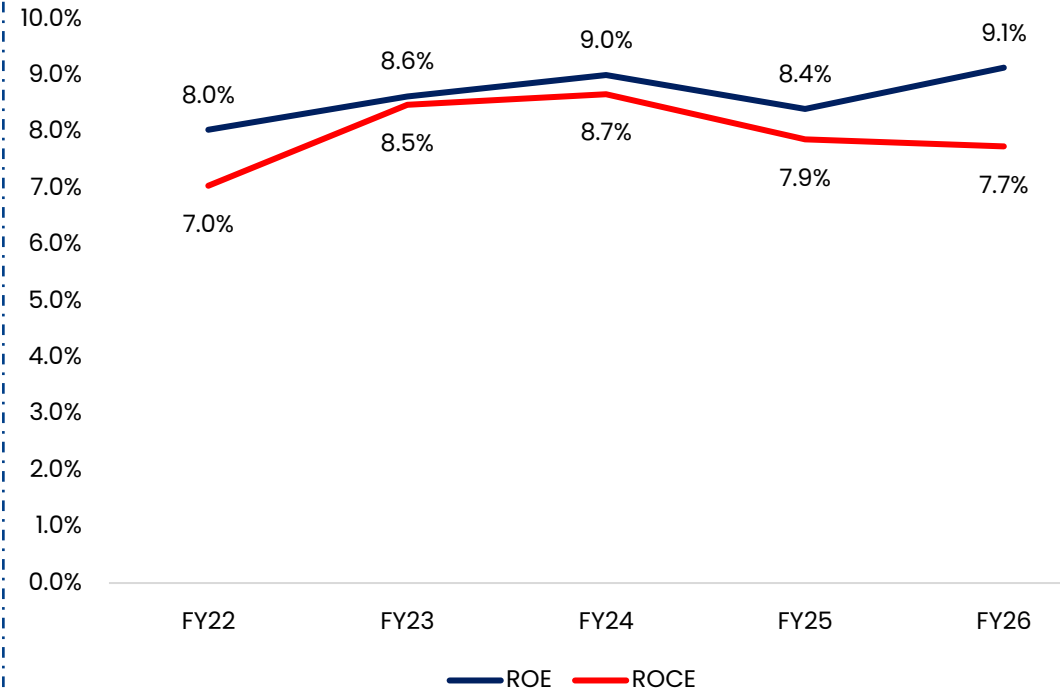
Reliance Industries operates a diversified media and entertainment portfolio through JioStar, Network18, and Jio Studios, spanning broadcast, digital news, OTT platforms, and film production. The group's properties reach 227 million monthly digital news readers and 225 million monthly JioCinema viewers, supported by a "Digital First, TV Always" strategy emphasizing vernacular content, cross-platform integration, and technology-led scalability. In FY2024, Jio Studios reported box office revenues of Rs. 700 Crores, producing content that garnered over 80 awards across categories. JioStar reported revenues of Rs. 10,006 Crores since the merger. JioHotstar recorded 503 million monthly active users (MAUs) in March 2025, driven by marquee sporting events such as the ICC Champions Trophy and the Indian Premier League (IPL), alongside access to India's largest digital content library exceeding 320,000 hours.

Story in Charts

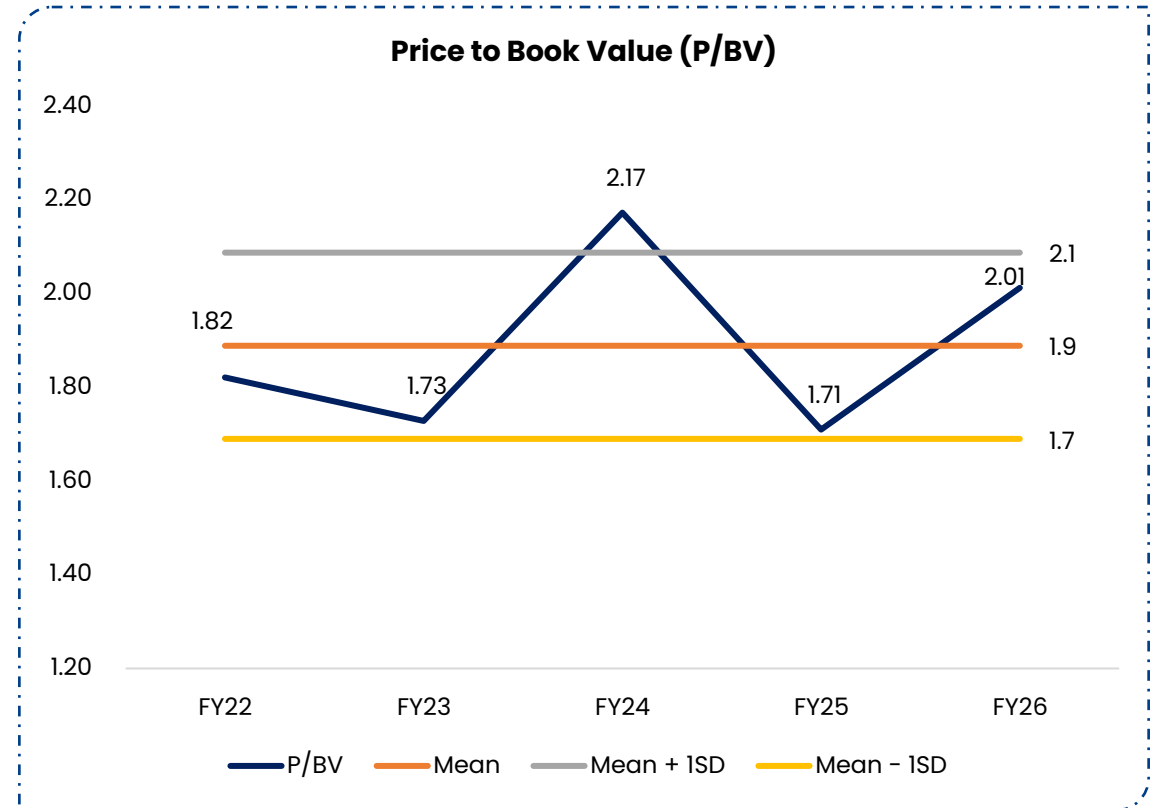
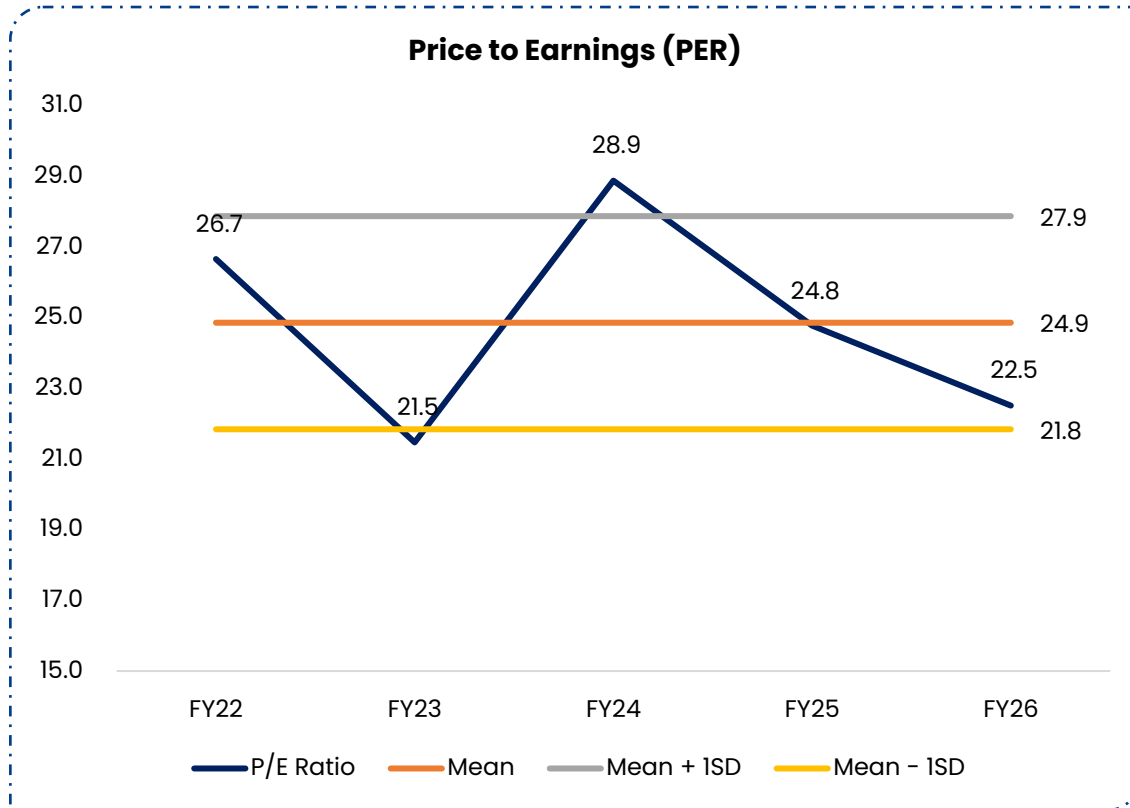
P&L Growth Rates (FY22 to FY26)



Return Ratios (ROE% and ROCE%)



Story in Charts



Ratio Analysis

Ratios	FY22	FY23	FY24	FY25	FY26
EPS	44.9	49.3	51.5	51.5	59.7
P/E	26.7	21.5	28.9	24.8	22.5
P/BV	1.8	1.7	2.2	1.7	2.0
Du Pont Analysis					
(a) Net Profit / Sales	0.10	0.08	0.09	0.08	0.09
(b) Sales / Total Assets	0.49	0.57	0.54	0.52	0.51
(c) Total Assets / Total Equity	1.67	1.81	1.92	2.00	1.97
Return on Equity	8.0%	8.6%	9.0%	8.8%	9.1%
Return on Capital Employed	7.0%	8.5%	8.7%	8.3%	7.7%

**PER for FY26 is calculated as of 31st March with FY26 Profit*

Historical Financials:

Income Statement (Rs. Crores)	FY24	FY25	FY26
Revenue from Operations	9,01,064	9,64,693	10,57,219
Other Income	16,057	17,978	28,962
Total Income	9,17,121	9,82,671	10,86,181
Less: Expenses	7,38,831	7,99,249	8,78,270
EBITDA	1,62,233	1,65,444	1,78,949
EBITDA Margin (%)	18.0%	17.1%	16.9%
Less: Depreciation	50,832	53,136	57,688
EBIT	1,11,401	1,12,308	1,21,261
Less: Finance Cost	23,118	24,269	27,061
PBT and Associates & JV	1,04,340	1,06,017	1,23,162
Share of Profit / (Loss) of Associates and Joint Ventures	387	522	144
Exceptional Item (Net of Tax)	-	-	-
PBT	1,04,727	1,06,539	1,23,306
Less: Tax	25,707	25,230	27,552
PAT from Continuing Operations	79,020	81,309	95,754
Profit from Discontinued Ops (Net of Tax)	-	-	-
PAT	79,020	81,309	95,754
Earnings Per Share (EPS) (Rs.)	51.5	51.5	59.7

Balance Sheet (Rs. Crores)	FY24	FY25	FY26
Equity and Liabilities			
Equity Capital	6,766	13,532	13,532
Non-Controlling Interest	1,32,307	1,66,426	1,81,836
Reserves	7,86,715	8,29,668	8,90,498
Borrowings	4,07,411	4,37,627	5,00,493
Other Liabilities	4,22,787	5,02,868	5,91,781
Total Equity and Liabilities	17,55,986	19,50,121	21,78,140
Assets			
Fixed Assets	7,79,985	9,99,393	11,24,795
CWIP	3,38,855	2,62,358	2,37,686
Investments	2,25,672	2,42,381	2,48,332
Cash and Cash Equivalents	97,225	1,06,502	1,45,977
Other Assets	3,14,249	3,39,487	4,21,350
Total Assets	17,55,986	19,50,121	21,78,140

02

AXIS Bank

Investment Rationale

- FY26 reflected the bank's continued focus on digital transformation and innovation, supported by strategic partnerships and product-led initiatives.
- NIM remained stable at 3.62% in Q4FY26, broadly in line with Q3FY26, supported by a relatively stable rate environment, although margin compression risks persist.
- Asset quality improved, with GNPA improving to 1.23% (down 17 bps QoQ, 5 bps YoY), while NNPA stood at 0.37% (down 5 bps QoQ, up 4 bps YoY), indicating stable underlying credit trends.
- The bank continues to focus on reimagining customer journeys, strengthening core systems, and building ecosystem partnerships to drive long-term growth.
- While NIM compression remains a near-term headwind, steady NII growth, healthy loan growth, and improving operating leverage provide visibility for sustained profitability. Focus on granular retail fees and CASA-led deposit growth should support margin stability over the medium term.
- The secured retail loan mix remains strong at 73%, with housing loans contributing 26% of the retail book, ensuring better risk-adjusted returns.
- Small Business Banking grew 7% QoQ and 17% YoY, while LAP grew 16% YoY. Personal loan growth remained moderate at 2% QoQ and 6% YoY.
- The corporate loan book expanded strongly (10% QoQ, 38% YoY), with domestic corporate growth at 36% YoY, indicating improving credit demand.
- Axis Bank maintains a strong positioning supported by a robust deposit franchise, diversified fee income base, and disciplined cost management.
- Fee income grew 8% QoQ and 4% YoY to Rs 6,561 crore, supported by retail-driven granular fee streams, while core operating income remained broadly stable.
- The bank continued to gain traction in digital payments, maintaining leadership in the UPI payer PSP segment (~36% market share), along with strong growth in credit cards (1 million+ additions in Q4).
- ECL impact is expected to be negligible, with only minor shifts in exposure, indicating limited earnings sensitivity.

About the Company



Axis Bank is India's 3rd largest private bank, headquartered in Mumbai. Founded in 1993, the bank has a market capitalization of Rs. 3.61 lakh crores as of April 30, 2026. The consolidated entity provides a diverse range of financial services, including retail banking, wholesale and commercial banking, investment banking, asset management, insurance, MSME digital invoice discounting platform, and trustee services.

Axis Bank has a well-distributed and strategically established network of 6,275 branches. This includes 31% (1,945) in metro areas, 28% (1,757) in semi-urban areas, 22% (1,381) in urban areas, and 19% (1,192) in rural areas.

The company also has an international presence through branches in DIFC (Dubai) and Singapore, as well as representative offices in Abu Dhabi, Sharjah, Dhaka, and Dubai, and an offshore banking unit in GIFT City. Axis Bank serves approximately 5.9 crore customers and employs over 1,01,300 individuals.

Business Segment

Retail Banking –

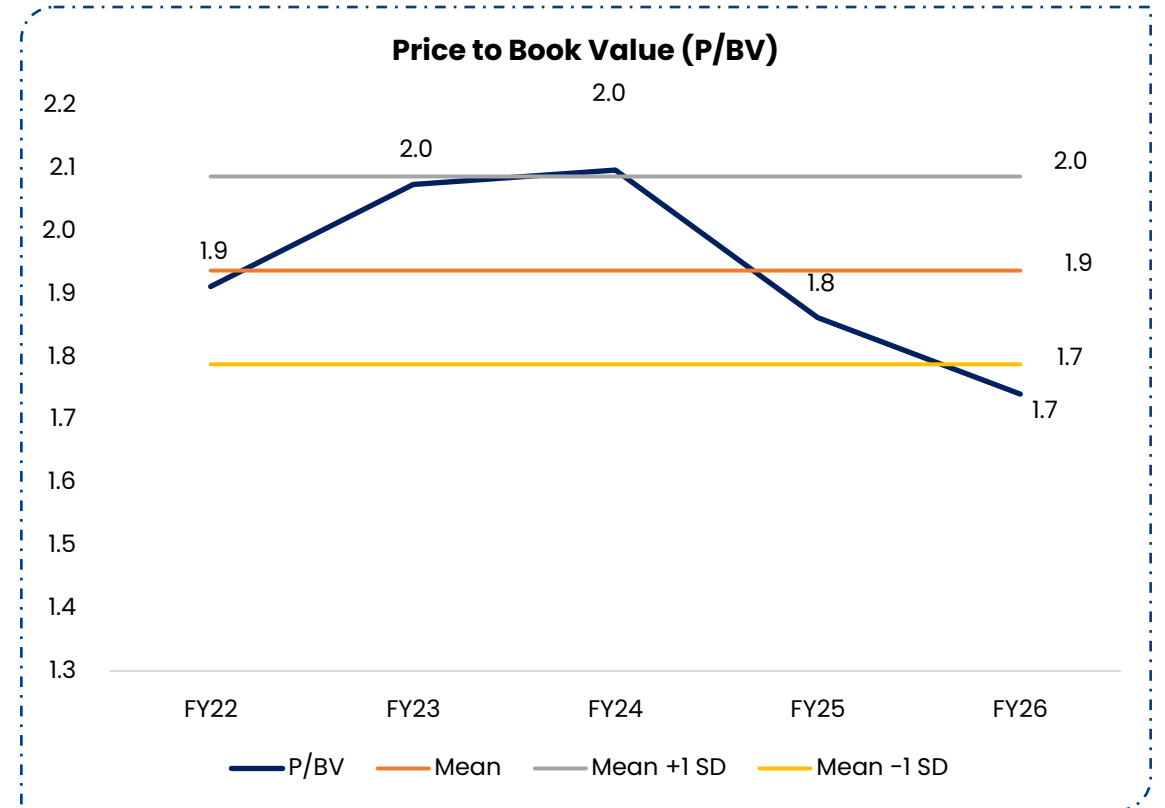
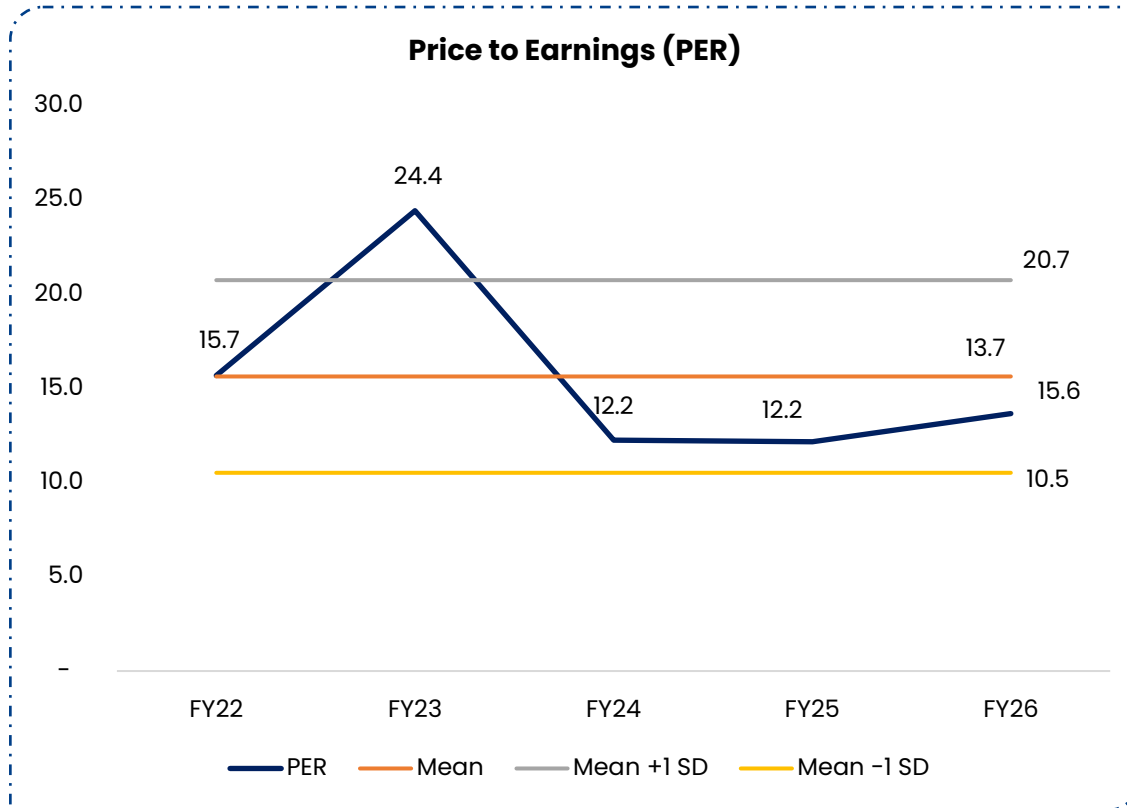
The retail business segment provides a complete bouquet of products across deposits, transaction services, wealth management and lending products for retail customers, small businesses, NRIs (non-resident Indians) and retail institutions, backed by innovative, digital-first solutions.

Wholesale & Commercial Banking:

The Bank's Wholesale Coverage Group provides entire bouquet of products and services including cash credit facilities, demand and short-term loans, project finance, export credit, trade, forex and derivative solutions, payments and cash management systems, tax payments, salary accounts and trust services, commercial and credit cards etc. with the support of a well-defined Wholesale Banking Products team.



Story in Charts



Ratio Analysis

Particulars	FY22	FY23	FY24	FY25	FY26
EPS	45.99	35.16	85.49	90.58	85.04
EPS Growth		-23.5%	143.1%	6.0%	-6.1%
PER	15.68	24.42	12.25	12.17	13.66
P/BV	1.86	2.02	2.05	1.81	1.69
Particulars	FY22	FY23	FY24	FY25	FY26
GNPA	2.82%	2.02%	1.43%	1.28%	1.23%
NNPA	0.73%	0.39%	0.31%	0.33%	0.37%
PCR	75%	81%	79%	75%	70%
ROA	1.21%	1.82%	1.83%	1.88%	2%
ROE	12.91%	18.38%	18.86%	17.11%	14.74%
NIM	3.47%	4.02%	4.07%	3.98%	3.62%

*PER for FY26 is calculated as of 31st March with FY26 Profit

Historical Financials:

Income Statement (Rs. Crores)	FY24	FY25	FY26
Interest earned	1,12,759	1,27,374	1,32,538
a. Interest / discount on advances / bills	90,314	1,01,582	1,04,658
b. Income from investment	20,082	23,057	25,444
c. Interest on balances with RBI & others	924	1,243	1,274
d. Others	1,439	1,492	1,163
Other Income	25,230	28,543	29,674
Total Income	1,37,989	1,55,917	1,62,212
Interest expended	61,391	71,036	74,075
Operating Expenses	37,243	39,992	42,226
Employees Cost	12,194	13,661	14,006
Other Operating Expenses	25,049	26,331	28,220
Total Expenditure	98,633	1,11,028	1,16,301
Operating Profit	39,356	44,889	45,911
Provision (other than tax) & Contingencies	4,178	8,166	13,617
Exceptional Items	-	-	-
Profit from Ordinary Activities before tax	35,178	36,722	32,293
Tax Expenses	8,754	8,610	5,800
Net Profit for the Period	26,424	28,112	26,494
Earnings Per Share (EPS) (Rs.)	85.49	90.58	85.04

Balance Sheet (Rs. Crores)	FY24	FY25	FY26
Capital & Liabilities			
Capital	617	619	622
Employees' Stock Options Outstanding	894	1,183	1,456
Reserves & Surplus	1,55,512	1,85,433	2,12,957
Minority Interest	499	635	798
Deposits	10,67,102	11,70,921	13,33,791
Borrowing	2,28,200	2,20,687	2,80,511
Other Liabilities & Provision	65,414	77,484	1,15,915
Total Capital & Liabilities	15,18,239	16,56,963	19,46,050
Assets			
Cash and Balances with Reserve Bank of India	86,077	73,638	78,627
Balances with Banks and Money at Call and Short Notice	30,416	29,060	30,724
Investments	3,32,354	3,96,685	4,46,422
Advances	9,99,333	10,81,229	12,82,392
Fixed Assets	5,838	6,492	6,756
Other Assets	63,931	69,568	1,00,839
Goodwill on Consolidation	289	289	289
Total Assets	15,18,239	16,56,963	19,46,050

03

Hindustan Aeronautics Ltd

Investment Rationale

- HAL is India's sole vertically integrated defence aerospace manufacturer, operating across the entire value chain from research and development to maintenance, repair, and overhaul, and is protected by deep entry barriers created by high capital requirements and long project gestation periods.
- Over the years, the company has evolved from a primarily repair-and-overhaul entity into a full-scale original equipment manufacturer, with product value migration driving operating margins from about 10% in FY15 to nearly 31% on a TTM basis.
- In September 2025, the Ministry of Defence awarded HAL a Rs 62,370 crore contract for 97 LCA Tejas Mk1A aircraft—comprising 68 fighters and 29 twin-seaters—with over 64% indigenous content and multiple advanced systems, scheduled for delivery between 2027 and 2033, which elevated the company's order book beyond Rs 2 lakh crore. Further strengthening this, HAL secured another Rs 2,312 crore contract in February 2026 for the supply of 8 Dornier 228 aircraft under the Buy (India) category.
- In an ET Now interview in February 2026, HAL's Managing Director Dr. D.K. Sunil confirmed that the order book had exceeded Rs 2.54 lakh crore, compared with Rs 1.89 lakh crore at the end of March 2025, offering revenue visibility of over seven years and translating into a healthy 7.8x book-to-bill ratio on a TTM basis.
- During the same period, HAL signed an agreement with General Electric for the supply of 113 F404-GE-IN20 engines and associated support packages for the LCA Mk1A programme, with deliveries planned from 2027 to 2032, aligning with the aircraft production cycle.
- HAL currently manufactures 16 LCA Mk1A aircraft annually at its Bengaluru facility and is scaling capacity to 24 aircraft per year with the operationalisation of the Nashik assembly line. Its Tumakuru helicopter plant is also being expanded to support rising demand for rotary platforms.
- While the company continues to supply aerostructures, composites, and engineering services to global aerospace majors such as Airbus, Boeing, and Eurocopter, providing diversification beyond domestic defence procurement.
- After the FY25 slowdown, HAL reported ~9% PAT growth in FY26 and expects to return to a stronger earnings growth trajectory (~15–20% CAGR) if order execution and government approvals continue as anticipated.
- In summary, all strategic and operational indicators—order pipeline, capacity ramp-up, margin stability, and sectoral momentum, point to sustained growth, potentially in the 8–12% revenue and mid-teens PAT growth range for FY27.
- This positions HAL for another year of solid performance, assuming timely execution.

About the Company



Hindustan Aeronautics Limited (HAL), incorporated in 1964 and headquartered in Bengaluru, is a Central Public Sector Enterprise (CPSE) under the administrative control of the Ministry of Defence, Government of India. HAL became a Maharatna company in October 2024, it plays a strategic role in India's aerospace and defence ecosystem, serving as the country's principal manufacturer of aircraft, helicopters, aero engines, avionics, and related systems.

With over seven decades of experience in aviation manufacturing, HAL has developed end-to-end capabilities across the aerospace value chain—from design and development to production, maintenance, repair, overhaul (MRO), and product support. The company operates 20 production and overhaul divisions and 9 co-located R&D centres, supporting a wide range of Indian Air Force, Army, Navy, Coast Guard, and civil aviation programs.

HAL's product portfolio includes the Light Combat Aircraft (LCA) Tejas, Su-30MKI, HTT-40 basic trainer, Hawk advanced jet trainers, and the Dornier Do-228 utility aircraft. Its rotary-wing programs include the Dhruv Advanced Light Helicopter, Light Combat Helicopter (LCH), and Light Utility Helicopter (LUH). HAL is also engaged in joint development programs and exports platforms and aerospace components globally.

As of March 2026, HAL maintained a strong order book of Rs. 2,54,538 Crores, with a significant pipeline of new contracts in negotiation.

Products and Services:

Fixed-Wing Aircraft:

HAL designs, manufactures, and supports a range of military and civil aircrafts. Its fixed-wing portfolio includes the Light Combat Aircraft (LCA) Tejas, Intermediate Jet Trainer (IJT), Hindustan Turbo Trainer-40 (HTT-40), Su-30 MKI, Hawk Advanced Jet Trainers (AJT), and Dornier Do-228 utility aircraft. The LCA Mk1A is among the largest indigenization efforts in Indian aerospace, with projected indigenous content exceeding 65% in future production batches. HAL has also set up a third manufacturing line for the LCA in Nashik to meet long-term demand. The Dornier Do-228, developed under license from Germany's Dornier GmbH, is now manufactured solely by HAL and caters to both defence and civil markets. It is deployed for maritime surveillance, training, commuter services, and logistical support. HAL maintains worldwide marketing and support rights for this platform and offers end-to-end MRO services for its airframe, engines, and avionics.

Rotary-Wing Platforms (Helicopters):

HAL has developed extensive in-house expertise in rotary-wing platforms, including light utility and combat helicopters. Its flagship offering is the Dhruv Advanced Light Helicopter (ALH), a 5.5-tonne class, twin-engine, multi-role platform developed indigenously. The Dhruv is deployed in both utility and armed variants (Rudra) and is in service across the Indian Army, Navy, and Air Force. Production capacities have been augmented with the commissioning of a new greenfield helicopter manufacturing facility at Tumakuru, Karnataka, entirely funded through internal accruals. The other rotary-wing offerings include:

- Light Combat Helicopter (LCH): Designed for high-altitude operations with integrated weapons systems, currently being inducted into Indian forces.
- Light Utility Helicopter (LUH): A new platform optimized for reconnaissance and logistics roles.
- Chetak and Cheetah: Legacy helicopters produced under license, still in active deployment and supported through life-cycle MRO services.
- Lancer: A light attack variant developed from the Cheetah platform, optimized for counter-insurgency and support missions.

Space Systems and Civil Aviation:

HAL contributes components and sub-systems for India's space programs, including nose cones, tank shrouds, and heat shield assemblies for launch vehicles. It also supports the civilian aviation segment via airframe and engine support for commuter aircraft like the Dornier Do-228.

▶ Products and Services:

Engines and Power Plants:

HAL manufactures, repairs, and overhauls a wide variety of aero engines under license from Rolls-Royce, Turbomeca, Honeywell, and others. Engine programs include:

- Adour Mk804/Mk811 engines for Jaguar aircraft, under license from Rolls-Royce.
- Garrett TPE331 engines for the Do-228, under license from Honeywell.
- Artouste III B engines for Cheetah and Chetak helicopters.
- Dart engines used in legacy aircraft such as HS-748.

Additionally, HAL services marine gas turbines (e.g., LM2500 series) used in naval ships and offshore oil platforms, extending its relevance beyond aerospace. The company recently signed an MoU with GE for licensed manufacturing of the GE 414 engine for the LCA Mk2, with a targeted indigenization level of 80%. HAL's engine divisions also specialize in development of small gas turbines and test beds for various platforms.

Maintenance, Repair, and Overhaul (MRO):

HAL provides MRO services across the life cycle of over 17 types of aircraft and helicopters, including platforms not manufactured by the company. MRO constitutes a critical revenue stream with relatively higher margins and recurring cash flow. Key services include:

- Overhaul and servicing of Su-30 MKI, Mirage-2000, Jaguar, MiG series aircraft.
- Engine overhaul for multiple types including Adour, Garrett, and LM2500 turbines.
- Powerplant services, avionics maintenance, accessories refurbishment.

HAL has also entered into a working partnership with Airbus for future MRO services, positioning itself as a regional hub for both domestic and export markets.

Spares and International Services:

HAL offers spare part manufacturing, refurbishment, and export support to international customers in Southeast Asia, Africa, and the Middle East. Its clientele spans military and civil operators across countries such as Malaysia, Thailand, Vietnam, Sri Lanka, and the UAE.

▶ Products and Services:

Avionics and Electronic Systems:

HAL designs and maintains a wide range of avionics systems, both indigenously developed and licensed. These include:

- Communication and navigation systems such as Advanced Communication System ACS-235, VOR/ILS, and TACAN.
- Electronic warfare systems, digital map generators, head-up displays (HUDs), inertial navigation systems (INGPS), and solid-state flight data recorders.
- Integration of western and Russian origin systems across multiple aircraft platforms.

The company is progressively working on integrating indigenous systems like the Uttam AESA radar into the LCA Mk1A platform, enhancing self-reliance in critical avionics sub-systems.

Structures and Components:

HAL supplies complex aerostructures and components for both domestic and international aerospace programs. Key deliverables include:

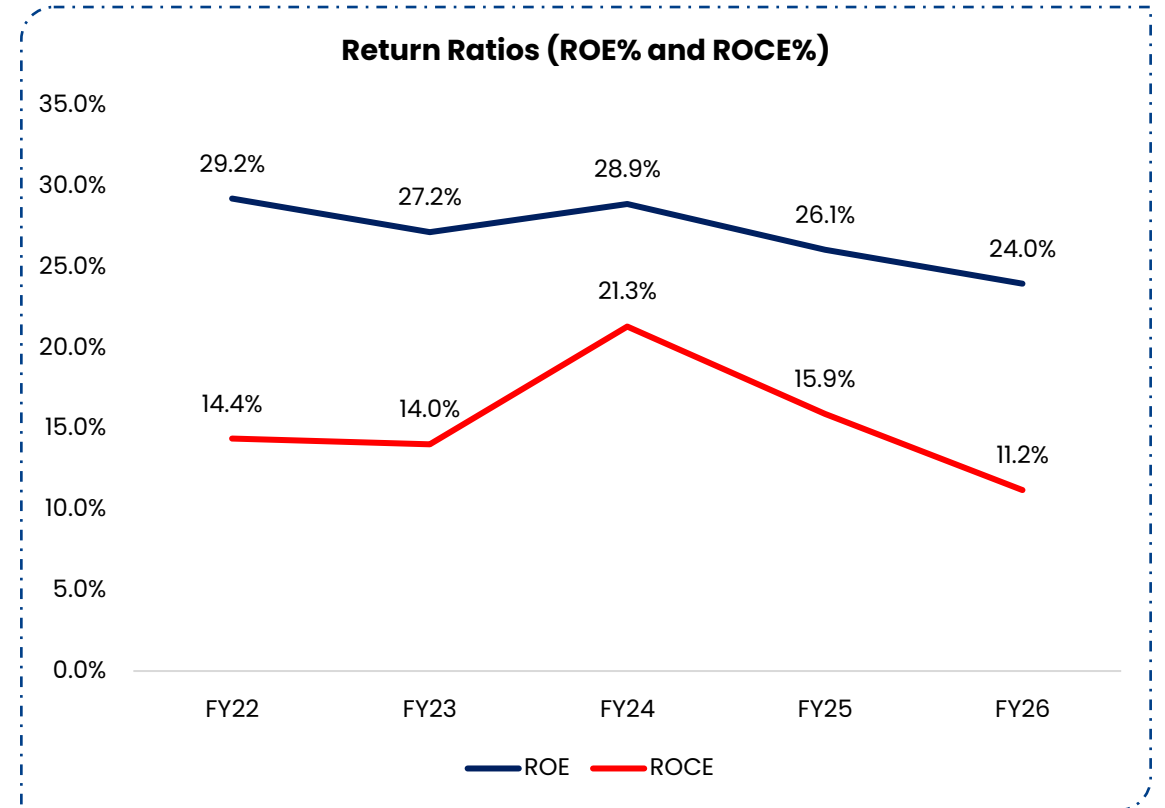
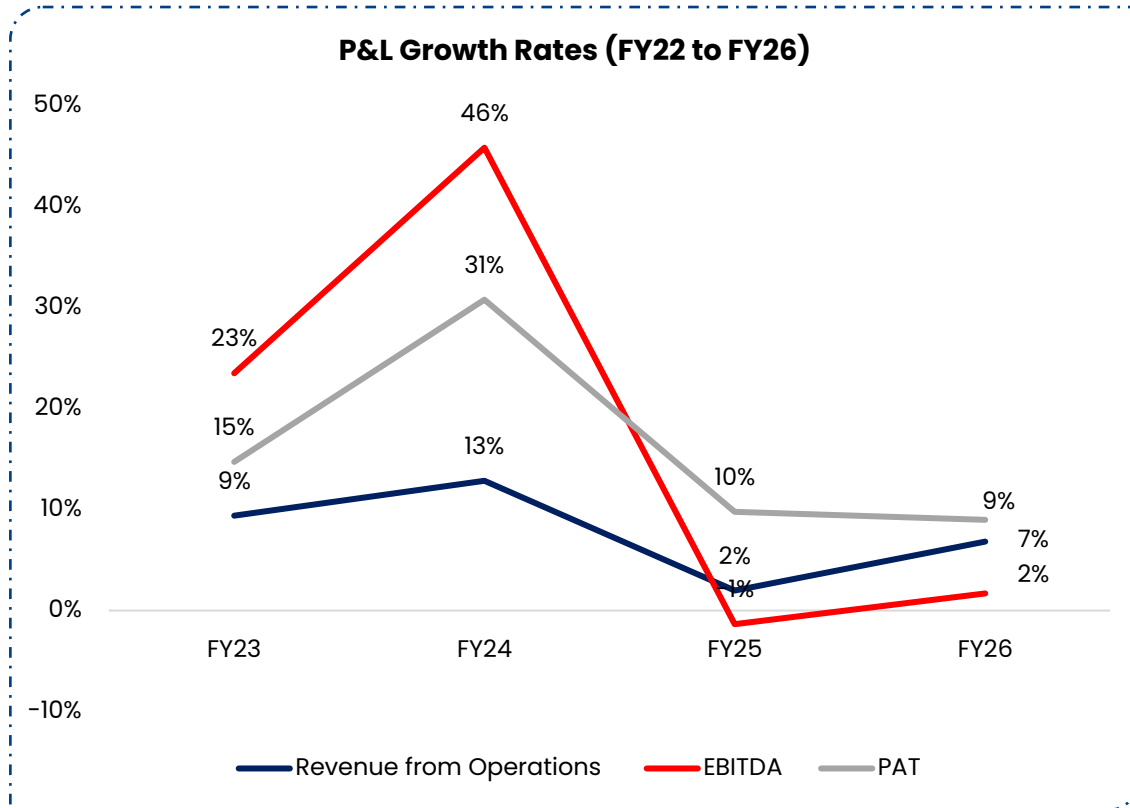
- Airbus A320 forward passenger doors
- Boeing 737 freighter conversion kits and P-8I tailcones
- Gun bay doors for F/A-18
- Eurocopter composites and various structural sub-assemblies

Its manufacturing capabilities encompass sheet metal, precision machining, composite fabrication, and advanced 3D modeling and digital design support for global OEMs.

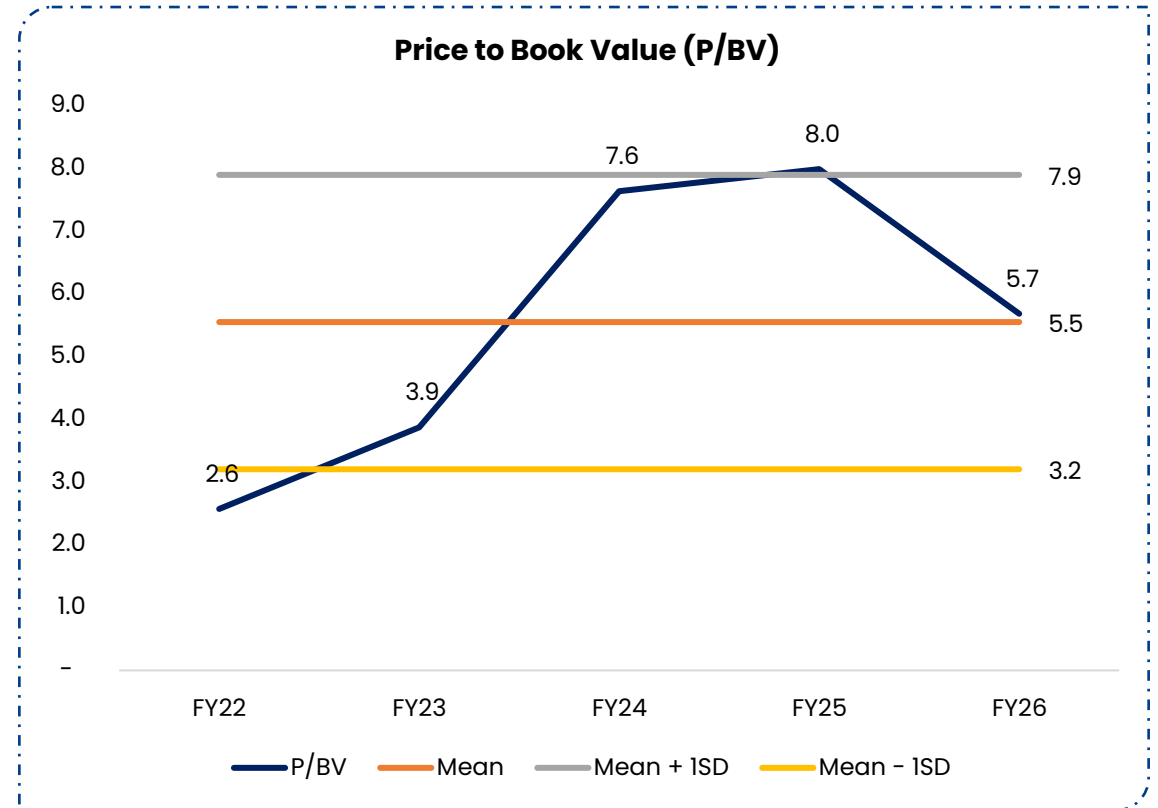
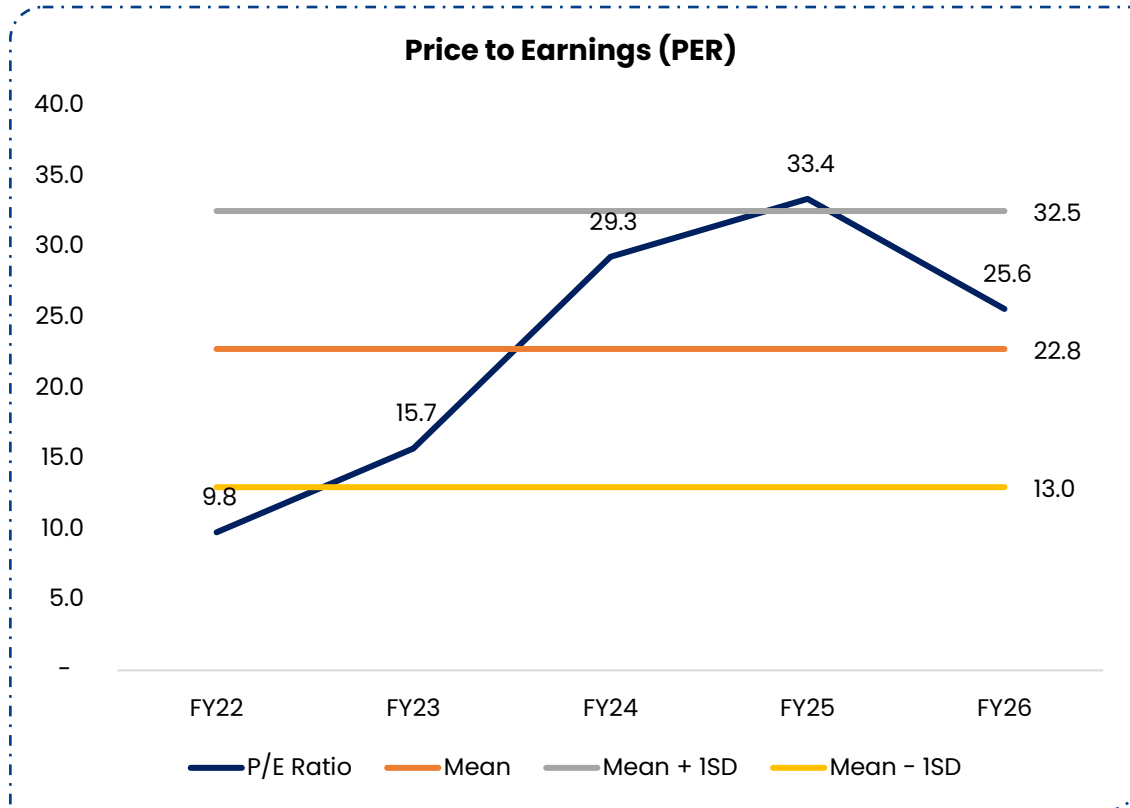
Software and Digital Engineering Services:

HAL's software division provides advanced digital engineering capabilities including 3D modeling, structural design, wind tunnel testing, and finite element analysis. The division supports internal programs and global OEMs with digitization and engineering consultancy, leveraging platforms such as CATIA, Unigraphics, NASTRAN, and Teamcenter.

Story in Charts



Story in Charts



Ratio Analysis

Ratios	FY22	FY23	FY24	FY25	FY26
EPS	76.1	86.9	113.6	125.1	136.3
P/E	9.8	15.7	29.2	33.4	25.6
P/BV	2.6	3.9	7.6	8.0	5.7
Du Pont Analysis					
(a) Net Profit / Sales	0.21	0.22	0.25	0.27	0.28
(b) Sales / Total Assets	0.45	0.43	0.42	0.34	0.28
(c) Total Assets / Total Equity	3.17	2.93	2.76	2.87	3.14
Return on Equity	29.2%	27.2%	28.9%	26.1%	24.0%
Return on Capital Employed	14.4%	14.0%	21.3%	15.9%	11.2%

*PER for FY26 is calculated as of 31st March with FY26 Profit

Historical Financials:

Income Statement (Rs. Crores)	FY24	FY25	FY26
Revenue from Operations	30,381	30,981	33,089
Other Income	1,897	2,562	3,699
Total Income	32,278	33,543	36,788
Less: Expenses	20,640	21,373	23,319
EBITDA	9,741	9,608	9,770
EBITDA Margin (%)	32.1%	31.0%	29.5%
Less: Depreciation	1,407	1,340	1,355
EBIT	8,334	8,268	8,415
Less: Finance Cost	32	9	6
EBT	10,198	10,821	12,108
Share of Profit / (Loss) of Associates and Joint Ventures	27	41	44
PBT	10,225	10,867	12,152
Less: Tax	2,604	2,503	3,036
PAT	7,621	8,364	9,115
Earnings Per Share (EPS) (Rs.)	113.6	125.1	136.3

Balance Sheet (Rs. Crores)	FY24	FY25	FY26
Equity and Liabilities			
Equity Capital	334	334	334
Non-Controlling Interest	4	4	3
Reserves	28,804	34,647	40,707
Borrowings	2,958	3,327	3,235
Other Liabilities	45,995	67,955	88,135
Total Equity and Liabilities	78,095	1,06,267	1,32,415
Assets			
Fixed Assets	6,737	6,671	7,293
CWIP	2,493	3,098	3,313
Investments	1,390	1,509	1,626
Cash and Cash Equivalents	26,432	38,182	46,197
Other Assets	41,044	56,807	73,985
Total Assets	78,095	1,06,267	1,32,415

04

LG Electronics India Ltd

Investment Rationale

- LG Electronics India stands out as a market leader in the home appliances and consumer electronics space, consistently maintaining its position across multiple product categories.
- Uneven rainfall during last summer negatively impacted cooling product demand, which weighed on industry performance and has already been factored into current valuations. However, the early onset of summer this year provided a more favorable outlook for demand recovery, particularly in air conditioners and refrigerators.
- With new technology reforms being implemented across the industry, LG's leadership in inverter ACs and eco-friendly refrigerants positions it to capture incremental demand and deliver stronger growth.
- The government's regulation standardizing AC temperature settings between 20°C–28°C is expected to accelerate demand for energy-efficient models, a segment where LG already leads.
- The mandated shift toward low-GWP (Global Warming Potential) refrigerants (R-32, R-290) aligns with LG's sustainability initiatives, positioning the company to benefit from early compliance and consumer preference for eco-friendly products.
- LG's pioneering role in inverter technology adoption, fully adopted since 2017, gives it a competitive edge, as reforms encourage wider adoption of inverter ACs that reduce power consumption by over 50%.
- In March 2026, the company increased prices of 5-star ACs by ~9% and 3-star models by ~7% to offset rising input costs and compliance with stricter energy-efficiency norms.
- Since June 2025, LG Electronics India has adopted foaming injection molding for 4-way system air conditioners, reducing plastic use by approximately 900 grams per unit. The company is also transitioning from Acrylonitrile Butadiene Styrene (ABS) to Polypropylene (PP) for exterior panels, lowering the carbon footprint and enhancing recyclability. These production methods reduce emissions to ~14.85 kg CO₂ equivalents per AC unit manufactured, supporting LG's target of a 54.6% reduction in greenhouse gas emissions by 2030.
- LG's proactive adoption of foaming injection molding and polypropylene panels sets it apart from competitors, who remain focused primarily on inverter technology and refrigerant transitions, thereby giving LG a first-mover advantage.
- For the six-month period ended June 30, 2025, and calendar years 2024, 2023, and 2022, the company led in value share within the offline channel, which accounts for approximately 78% of the Indian market—underscoring its dominant retail presence.

▶ Investment Rationale

- With over 35,000 B2C touchpoints, 1,006 service centers, and 97 sales offices, the company has built a robust infrastructure to support sales and after-sales service across urban and rural India.
- Financially, LG Electronics India has delivered strong performance, with a 2-year PAT CAGR of 27.8% and revenue CAGR of 10.7%. This profitability boost is driven by strategic cost optimization, including sourcing 54% of raw materials locally.
- The company's return on equity for FY25 stood at an impressive 37.1%, significantly outperforming its peer group.
- Additionally, the upcoming manufacturing facility in Andhra Pradesh by Q3FY27, focused initially on air conditioners, is expected to integrate new reforms into production, ensuring compliance while enhancing scalability and cost efficiency.
- Strategically, the company is focusing on a two-pronged approach for FY27, involving expansion of its premium portfolio alongside strengthening its "LG Essential" product lineup, supported by new product launches and continued growth in the B2B segment.
- Additionally, export expansion remains a key growth driver, with the Essential Series expected to reach 22 countries across Asia, the Middle East, and Africa in 2026.



About the Company

- LG Electronics India Private Limited, a wholly owned subsidiary of LG Electronics, was incorporated in 1997 and has since established itself as a market leader in the Indian home appliances and consumer electronics sector (excluding mobile phones). Backed by the global strength and innovation of LG Electronics—recognized as the leading single-brand global home appliances player by revenue in CY2024 according to the Redseer Report—the company has consistently maintained its position as the number one player in India across multiple product categories. For the six-month period ended June 30, 2025, and calendar years 2024, 2023, and 2022, LG Electronics India led the market in terms of value share in the offline channel, which represents approximately 78% and 77% of the major home appliances and consumer electronics market in India during the respective periods. The company’s dominance spans key categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves.
- With a deep understanding of Indian consumer preferences developed over 28 years of local operations, LG Electronics India has leveraged its parent company’s pioneering technology to introduce innovative and tailored products. Notably, it was among the first to introduce inverter air conditioners in India in 2014 and became the only player to fully transition to inverter technology by 2017. As of December 31, 2024, and June 30, 2025, approximately 80% of air conditioners sold in India were inverter-based, reflecting the company’s leadership in driving technological adoption. In addition to product innovation, LG Electronics India was the first among leading players to replace plastic tanks with stainless steel tanks in water purifiers in 2013, further demonstrating its commitment to quality and consumer well-being.
- The company offers one of the widest product portfolios in the industry and serves both B2C and B2B customers across India and international markets. Its comprehensive service offerings include product installation, repair, and maintenance. Operating across two business segments, LG Electronics India continues to build on its legacy of trust, innovation, and excellence, supported by the globally recognized LG brand, which was listed on Interbrand’s Top 100 Best Global Brands in 2024.
- **Distribution and Service Network:** LG Electronics India Private Limited operates the largest distribution network among leading home appliances and consumer electronics companies in India, with 35,640 B2C touchpoints and 463 B2B trade partners as of June 30, 2025, according to the Redseer Report. Its reach spans urban and rural regions, supported by 286 customer service employees and a strong presence across all major distribution formats. The company promotes its products through targeted campaigns and on-ground sales promoters who engage directly with consumers. Nearly half of LG’s trade partners have been associated with the brand for over a decade, reflecting deep-rooted channel relationships. Complementing its distribution strength, LG also runs one of the largest after-sales service networks in India, with 1,006 service centers, 13,368 engineers, and four call centers. This infrastructure enables same-day installations and efficient maintenance services, reinforcing LG’s commitment to customer satisfaction and helping sustain its market leadership.

About the Company

- **Global Parentage and Management:** LG Electronics India Private Limited benefits significantly from its global parent, LG Electronics, which was recognized as the leading single-brand global home appliances company by market share in revenue for CY2024. The parent company's commitment to delivering high-quality products and exceptional consumer experiences underpins LG India's operations, providing strategic advantages in technology innovation, product development, manufacturing excellence, quality control, and brand marketing. The company's operations in India are guided by a seasoned and stable leadership team. As of June 30, 2025, Chief Sales Officer Sanjay Chitkara has been with the organization for over 26 years; Chief Operating Officer Ashish Agrawal for over 25 years; Chief Accounting Officer Atul Khanna for over 21 years; and Chief Manufacturing Officer Gagan Jeet Singh brings over 27 years of experience within LG and the broader industry. This leadership team exemplifies the company's blend of global corporate governance standards and deep local market expertise. LG Electronics India is committed to operating with fairness, transparency, and integrity.
- **In-House Manufacturing Capacity:** The company operates one of the largest in-house production capacities among leading home appliances and consumer electronics players in India (excluding mobile phones), as of June 30, 2025. Its two manufacturing units in Noida and Pune collectively accounted for over 85% of overall sales across multiple periods, including the three months ended June 30, 2025 and 2024, and Fiscals 2025, 2024, and 2023.
- **Flexible and Automated Production:** The Noida and Pune facilities are designed for flexibility and scalability, using advanced automation technologies to produce a wide range of products—including refrigerators, water purifiers, air conditioners, televisions, monitors, and digital signages—on shared production lines. As of June 30, 2025, 77 auto-guided vehicles supported unmanned logistics and part feeding operations. Additional automation initiatives include smart monitoring systems, robotic systems, and automated material handling equipment.
- **Enhanced Productivity and Utilization:** In Fiscal 2025, LG achieved a capacity utilization rate of at least 82.72% for its air conditioner, washing machine, and microwave oven lines. These improvements led to a 29% increase in productivity per hour for air conditioners and a 13% increase for washing machines between Fiscals 2022 and 2025.
- **Robust and Localized Supply Chain:** LG's supply chain includes 287 suppliers with an average relationship tenure of 13.13 years as of June 30, 2025. The company has adopted a phased localization strategy to support domestic industry and reduce import reliance, helping mitigate exchange rate risks and lower operational costs.
- **Growth in Domestic Sourcing:** The share of raw materials sourced from domestic suppliers rose from 50.48% in Fiscal 2023 to 53.79% in Fiscal 2025, with quarterly figures reaching 58.29% and 54.12% for the three months ended June 30, 2024 and 2025, respectively.
- **Supplier Quality and Loyalty:** LG maintains rigorous supplier onboarding standards, focusing on production quality, supply stability, technological capabilities, and sustainability. As of June 30, 2025, 65.51% of LG's third-party raw material suppliers had been associated with the company for over 13 years, reflecting strong supplier loyalty and operational consistency.

▶ Products and Services:

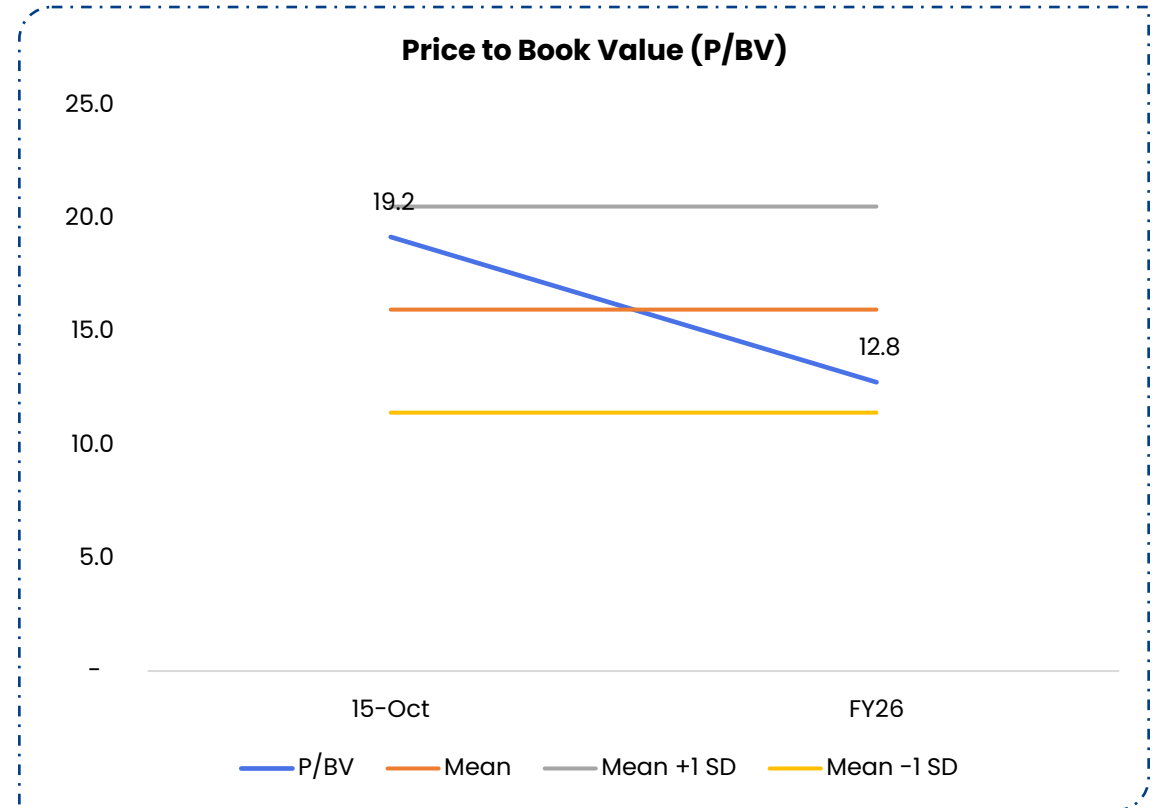
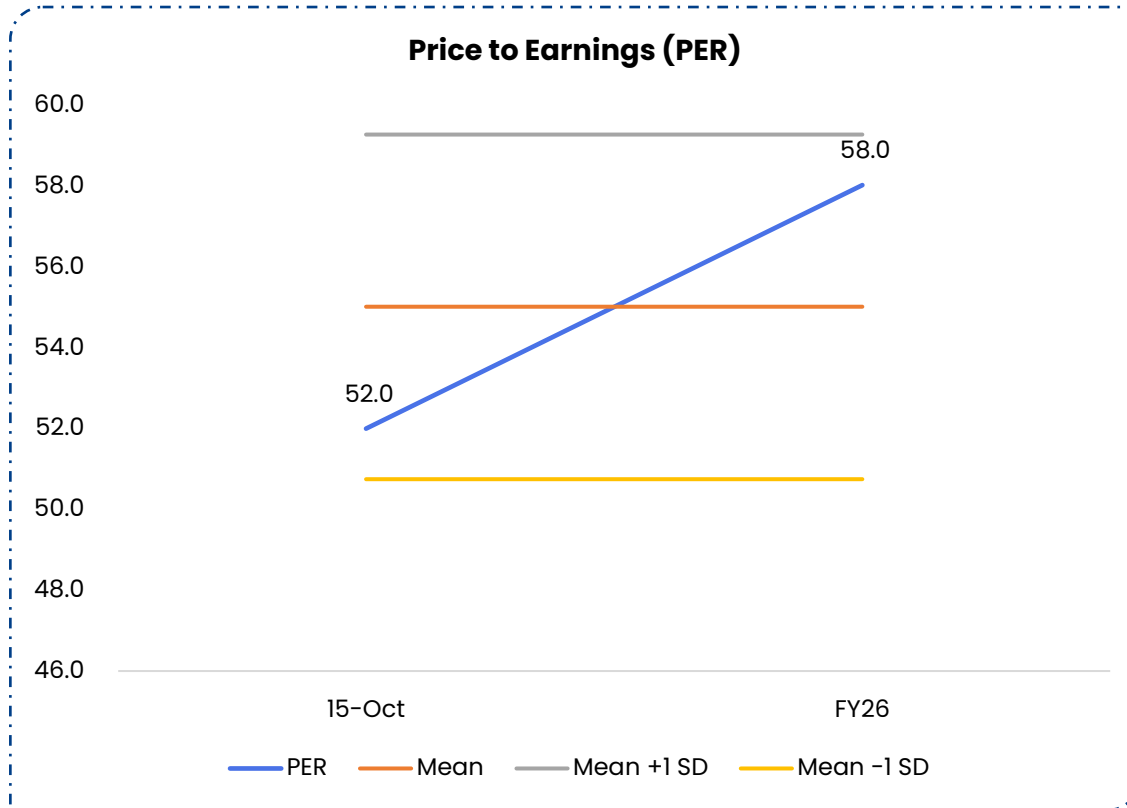
- **Home Appliances and Air Solution:** The company operates under the Home Appliances and Air Solution segment, offering a diverse portfolio of products that includes refrigerators, washing machines, water purifiers, dishwashers, microwave ovens, air conditioners, air purifiers, and compressors. These products are supported by comprehensive installation and after-sales services, ensuring a seamless consumer experience.
- **Refrigerators:** The company introduced its first refrigerator in 1997, beginning with a single door model. Over the years, the refrigerator portfolio has expanded to include French door, side-by-side, double door, and single door refrigerators, each available in multiple variants and designs. These refrigerators cater to a wide range of consumer preferences in terms of design and capacity, and are equipped with advanced features such as Door Cooling+ (which provides additional cooling vents on the doors), Convertible functionality (allowing the freezer to be converted into a fridge), and HygieneFresh+ (which includes anti-bacterial deodorization filters to maintain freshness and reduce odors). The refrigerators are typically certified by the Bureau of Indian Standards (BIS), Bureau of Energy Efficiency (BEE), and Wireless Planning & Coordination (WPC), and have received approvals from relevant Indian authorities. Refrigerators manufactured in India are exported to markets across the Middle East, Asia, Africa, and South America.
- **Washing Machines and Dryers:** The company launched its first top load washing machine in 1997 and has since expanded its offerings to include wash towers (integrated washer-dryer units), standalone dryers, washer-dryers, front load and top load machines, and semi-automatic washing machines. These products serve both residential and commercial consumers. The washing machines incorporate innovative technologies such as 6 Motion Direct Drive (which simulates hand washing through varied drum movements), AI Direct Drive (which uses artificial intelligence to optimize washing patterns based on fabric type and load), LG ThinQ (enabling smart home integration via Wi-Fi), LG Steam (for bacterial elimination), Wrinkle Care (for crease-free laundry), Turbo Wash (for faster cleaning), and Toughened Glass exteriors (for enhanced durability). These machines are certified by BEE, BIS, and WPC, and are exported to regions including the Middle East and Africa.
- **Air Conditioners:** The company entered the air conditioning market in 1998 and currently manufactures a wide range of residential and commercial air conditioning solutions. The residential segment includes split and window air conditioners, offered in various designs and configurations. For commercial and B2B clients, the company provides systems such as Multi V cassette, ductable units, Multi-I home systems, and chillers, which are suitable for large-scale applications in residential complexes, hotels, offices, educational institutions, airports, and shopping malls. The air conditioners feature advanced technologies including AI Convertibles (which adapt cooling based on usage patterns and environmental conditions), ThinQ Wi-Fi (for remote monitoring and control), and Plasmaster Ionizer (for air purification). New models also include an energy manager that allows users to monitor electricity usage and receive maintenance alerts via the ThinQ app. In 2016, the company transitioned its air conditioner portfolio to inverter technology to enhance energy efficiency. These products are certified by BEE, BIS, and WPC, and are primarily exported to Sri Lanka and Nepal.

▶ Products and Services:

- **Other Products:** In addition to its core product lines, the company also offers water purifiers, dishwashers, microwave ovens, air purifiers, and compressors under the Home Appliances and Air Solution division. These products are available in multiple variants and are designed with technology-enabled features to enhance user comfort and convenience.
- **Home Entertainment:** The company's Home Entertainment division encompasses a wide array of media display and audiovisual products. It manufactures televisions, monitors, interactive displays, and information systems, while importing soundbars, audio systems, projectors, wireless speakers, and earbuds for sale in domestic markets. This segment is designed to cater to both residential and commercial consumers, offering technologically advanced and user-centric solutions.
- **Televisions:** The company introduced its first television in 1997 and has since developed a diverse portfolio ranging from miniature to large-screen models. Its premium television offerings feature cutting-edge technologies such as OLED, QNED, NanoCell, UHD, and LED. To enhance consumer experience, the company has launched innovative formats including rollable televisions, wallpaper televisions, and gallery televisions. Additionally, lifestyle television screens are available for residential users, equipped with mobile integration and touch capabilities that adapt to various viewing environments. All television products are typically certified by the Bureau of Energy Efficiency (BEE), Bureau of Indian Standards (BIS), and Wireless Planning & Coordination (WPC).
- **Other Products:** Beyond televisions, the Home Entertainment division offers a variety of home audio products, primarily comprising soundbars, wireless and party speakers, and wireless earbuds. For business-to-business (B2B) clients, the company supplies information technology systems such as monitors used in hospitals for surgical procedures, as well as in hotels, museums, airports, and gaming environments. It also provides commercial display solutions including televisions for hospitality settings, monitor signage for banks, airports, railway stations, and hotels, interactive display boards for educational institutions, shopping malls, and government offices, and LED screens for offices, indoor and outdoor signage, and home theatre systems.



► **Story in Charts**



Historical Financials:

Income Statement (Rs. Crores)	FY24	FY25	FY26
Revenue from Operations	21,352	24,367	24,605
Other Income	205	264	328
Total Income	21,557	24,631	24,933
Less: Expenses	19,127	21,257	22,196
EBITDA	2,225	3,110	2,409
<i>EBITDA Margin (%)</i>	<i>10.42%</i>	<i>12.76%</i>	<i>9.8%</i>
Less: Depreciation	364	380	396
EBIT	1,861	2,730	2,013
Less: Finance Cost	29	31	41
PBT	2,037	2,963	2,300
Less: Tax	526	760	614
PAT	1,511	2,203	1,685
Earnings Per Share (EPS) (Rs.)	-	32.46	24.83

Balance Sheet (Rs. Crores)	FY24	FY25	FY26
Equity and Liabilities			
Equity Capital	113	679	679
Reserves	3,659	5,291	6,987
Non-Controlling Liabilities	718	900	979
Other Liabilities	4,009	4,647	4,991
Total Equity and Liabilities	8,498	11,517	13,636
Assets			
Fixed Assets	1,319	1,329	1,561
CWIP	24	75	457
Cash and Cash Equivalents	2,223	3,741	4,476
Other Assets	4,933	6,371	7,142
Total Assets	8,498	11,517	13,636

05

Mazagon Dock Shipbuilders Ltd

Investment Rationale

- The company presents an attractive investment opportunity, underpinned by its consistent growth trajectory, robust order book, and strategic evolution from a legacy ship repair company into India's premier warship and submarine builder.
- Over the past decade, the company has delivered a revenue CAGR of 12% and profit CAGR of 17%, with growth accelerating in the last five years to 18% and 38% respectively.
- This performance highlights MDL's ability to scale operations and enhance profitability as its execution capabilities matured. Importantly, the company has maintained a debt-free balance sheet, which reduces financial risk, strengthens liquidity, and enables expansion through internal accruals and advance payments from long-term defence contracts.
- The company's return on equity has been exceptional, averaging above 30% over the last three years, reflecting industry-leading capital efficiency and profitability.
- As of December 31, 2025, MDL's order book stood at Rs. 20,535 crore, primarily comprising high-value shipbuilding contracts for the Indian Navy, including Project 15B destroyers, Project 17A stealth frigates, and Scorpene-class submarines. While repair and refit work currently contributes a minor portion, the 2026 acquisition of a 51% stake in Colombo Dockyard PLC signals a strategic shift to capture the high-margin global ship-repair market.
- This diversification, combined with a book-to-bill ratio of 1.6x on FY26 revenue of Rs 13,006 crore, provides long-term visibility with an execution pipeline stretching over 5–7 years.
- Crucially, the anticipated signing of the Rs 99,000 crore Project 75(I) submarine contract is expected to re-base the book-to-bill ratio to over 8.0x, swelling the order book to more than Rs 1 lakh crore and anchoring growth in the most capital-intensive and technologically complex segment of naval platforms.
- Strategically, MDL has begun diversifying beyond defence shipbuilding. In September 2024, it secured a Rs. 1,486 crore pipeline replacement project from ONGC, marking its entry into non-defence engineering.
- More recently, in March 2026, MDL signed a landmark contract with Shipping Corporation of India to construct India's first 3,000 DWT methanol dual-fuel platform supply vessel, valued at approximately Rs. 320 crore. This project aligns with the National Green Hydrogen Mission and positions MDL as a participant in sustainable commercial shipping, expanding its portfolio into eco-friendly maritime solutions.
- The company is aligning its long-term capacity expansion—including new dry docks and greenfield shipyards—with the government's Maritime Amritkaal 2047 initiative, effectively future-proofing its role in India's maritime sovereignty.
- Operationally, MDL has demonstrated remarkable margin expansion, with operating profit margins rising from ~5% in 2016 to 18.1% in FY25.
- As high-value, high-precision projects reach peak execution, margins are expected to sustain at ~20% over the next five years, supported by a high indigenization level of approximately 75%, which reduces reliance on costly imports.

Investment Rationale

- With strong sectoral tailwinds from “Atmanirbhar Bharat,” intensifying geopolitical tensions in the Indian Ocean, and the critical need to secure India’s vast 7,500+ km coastline, MDL is positioned as a primary beneficiary of the government’s naval modernisation drive, where going forward about 75% of procurement is reserved for domestic shipyards.
- Going forward, we expect MDL is well positioned to deliver around plus 20% revenue growth CAGR over FY’26e to FY’30e.
- Altogether, MDL stands out as a resilient, high-growth industrial powerhouse within India’s maritime and defence ecosystem, having successfully transformed itself from a ship repair company into a cornerstone of India’s naval shipbuilding capability.



About the Company

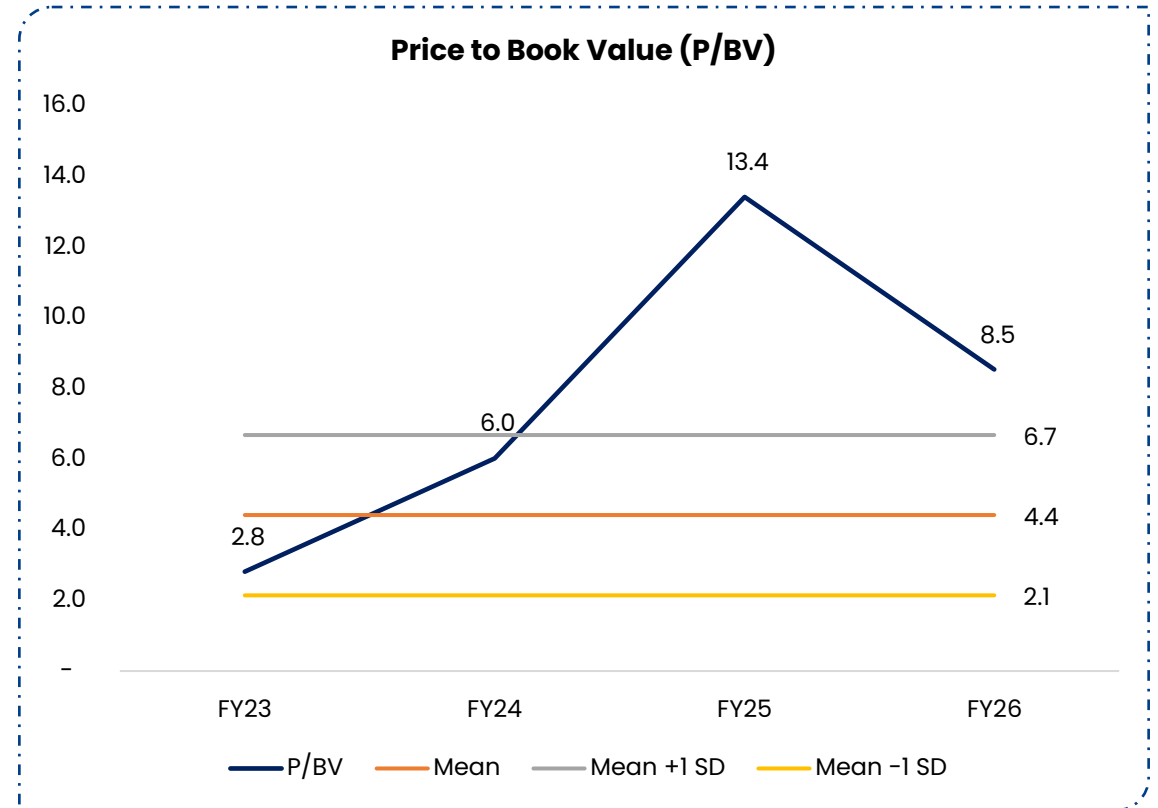
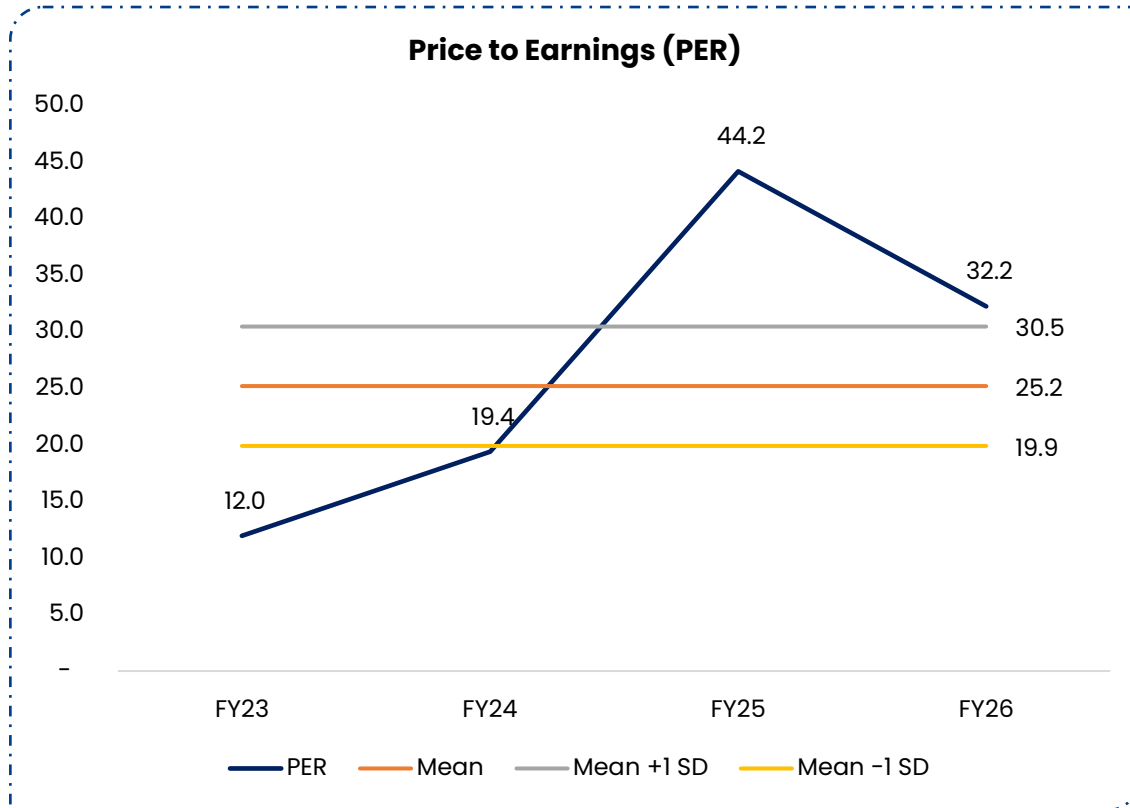
- Mazagon Dock Shipbuilders Limited (MDL), established in 1774 and headquartered in Mumbai, is India's oldest and most significant shipyard, playing a central role in the nation's maritime and defence ecosystem. The company is engaged in the construction and repair of ships, submarines, vessels, and related engineering products, serving both domestic and international clients. It operates through two primary segments: Shipbuilding and Submarine & Heavy Engineering, reflecting its dual expertise in surface combatants, undersea platforms, and offshore engineering solutions.
- MDL's naval portfolio includes advanced platforms such as destroyers, conventional submarines, frigates, corvettes, missile boats, offshore patrol vessels, and floating border outposts, which form the backbone of the Indian Navy's modernization program. Beyond defence, the company produces a wide range of merchant and commercial vessels, including general cargo ships, multipurpose support vessels, offshore supply vessels, tugs, dredgers, passenger-cum-cargo vessels, water tankers, barges, trawlers, and specialized structures such as windmill towers and pontoons.
- The company also has a notable presence in the oil and gas sector, delivering offshore platforms and jack-up rigs, which highlight its engineering capabilities beyond defence. For the Indian Coast Guard, MDL supplies training ships, next-generation offshore patrol vessels, and fast patrol vessels, strengthening maritime security and coastal surveillance. In addition, MDL has expanded into advanced technology solutions, offering AI-enabled products such as remotely operated vehicles, phased array ultrasonic testing systems, and computerized radiography, underscoring its commitment to innovation and digital transformation in shipbuilding and engineering.
- Formerly known as Mazagon Dock Limited, the company adopted its current name in May 2015 to reflect its broader shipbuilding identity. With centuries of legacy, advanced capabilities, and a diversified product portfolio, MDL continues to be a cornerstone of India's defence indigenization under the "Make in India" and Atmanirbhar Bharat initiatives, while also expanding into commercial and technological domains to ensure sustained growth and long-term relevance.

▶ Products and Services:

- **Naval and Defense Offerings:** Mazagon Dock Shipbuilders Limited (MDL) remains the backbone of the Indian Navy's fleet, having built 31 warships and 8 submarines since 1960. Notable recent milestones include the commissioning of INS Nilgiri (frigate), INS Surat (destroyer), and INS Vagsheer (submarine) on January 15, 2025. MDL is the only Indian shipyard to have constructed both destroyers and conventional submarines for the Navy. It is currently the lead shipyard for the Project 17A Nilgiri-class stealth frigates and is preparing for major upcoming programs such as the Rs. 99,000 crore P-75I submarine project.
- **Auxiliary and Support Vessels:** In addition to frontline combatants, MDL produces essential support vessels, including supply ships, multipurpose support vessels, water tankers, dredgers, and tugs. In 2024, the yard began production of a Multi-Purpose Vessel (MPV) for international clients, while continuing to deliver border outpost vessels for coastal security.
- **Commercial Shipbuilding:** MDL is actively expanding its commercial presence to reduce reliance on domestic defence contracts. It has delivered cargo ships, passenger ferries, and fishing trawlers to both national and international customers. A significant strategic step was the acquisition of a 51% majority stake in Colombo Dockyard PLC in early 2026, positioning MDL as a regional leader in commercial shipbuilding and high-margin ship repair.
- **Offshore and Special Products:** MDL remains a key partner for India's oil and gas sector, recently securing major contracts from ONGC for wellhead platforms and pipeline replacement projects worth approximately Rs. 1,486 crore and Rs. 4,676 crore. The yard is also pioneering "Special Products," including India's first methanol dual-fuel platform supply vessel, signed in March 2026, and the ongoing development of unmanned vessels with AI-enabled dual navigation systems.



Story in Charts



Ratio Analysis

Ratios	FY23	FY24	FY25	FY26
EPS	27.74	48.02	59.83	64.04
P/E	11.95	19.41	44.19	32.25
Book Value	118.12	154.92	197.02	242.05
P/BV	2.81	6.02	13.42	8.53
Du Pont Analysis				
(a) Net Profit / Sales	0.14	0.20	0.21	0.20
(b) Sales / Total Assets	0.26	0.32	0.39	0.46
(c) Total Assets / Total Equity	6.87	5.35	4.10	3.17
Return on Equity (abc)	26.0%	35.2%	34.0%	29.1%

*PER for FY26 is calculated as of 31st March with FY26 Profit

Historical Financials:

Income Statement (Rs. Crores)	FY24	FY25	FY26
Revenue from Operations	9,467	11,432	13,006
Other Income	1,101	1,121	1,139
Total Income	10,568	12,553	14,146
Less: Expenses	8,055	9,372	10,741
EBITDA	1,412	2,060	2,266
EBITDA Margin (%)	14.9%	18.0%	17.4%
Less: Depreciation	83	115	97
EBIT	1,329	1,945	2,169
Less: Finance Cost	5	4	72
EBT	1,323	1,941	2,097
Share of Profit / (Loss) of Associates and Joint Ventures	-	-	-
PBT	2,425	3,062	3,237
Less: Tax	616	784	815
PAT	1,937	2,414	2,578
Earnings Per Share (EPS) (Rs.)	48.0	59.8	64.0

Balance Sheet (Rs. Crores)	FY24	FY25	FY26
Equity and Liabilities			
Equity Capital	202	202	202
Reserves	6,042	7,738	9,553
Borrowings	17	20	447
Other Liabilities	23,189	20,748	17,256
Total Equity and Liabilities	29,449	28,708	27,458
Assets			
Fixed Assets	838	1,466	2,066
CWIP	72	133	249
Investments	679	765	915
Cash and Cash Equivalents	14,210	16,150	13,096
Other Assets	13,651	10,194	11,132
Total Assets	29,449	28,708	27,458

Cholamandalam Securities Limited Member: BSE, NSE, MSE, NSDL, CDSL

Regd. Office: Chola Crest, C54 – 55 & Super B-4, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032.

Website: www.cholasecurities.com | **Email id** – csecsupport@chola.murugappa.com | CIN U65993TN1994PLC028674

Cholamandalam Securities Limited (CSEC) is a SEBI registered stock broker and depository participant. CSEC does not provide investment advisory services.

Investors are advised to consult an independent financial advisor before taking any investment decisions.

RESEARCH			
Dharmesh Kant	Head of Equity Research	+91- 44 - 4004 7360	dharmeshkt@chola.murugappa.com
Riddhi Asrani	Research Analyst	+91- 44 - 4004 7360	riddhijai@chola.murugappa.com
Vishwanath B	Research Associate	+91- 44 - 4004 7360	vishwanathb@chola.murugappa.com
Gayathri R	Compliance Officer	044 -4004 7226	complianceofficercsec@chola.murugappa.com
Prem Kumar R	Customer service	1800 203 3460	premkumarram@chola.murugappa.com

Disclaimer:

This report is for private circulation and for the personal information of the authorized recipient only, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not provide individually tailor-made investment advice and has been prepared without regard to any specific investment objectives, financial situation, or any particular needs of any of the persons who receive it.

The research analyst(s), Cholamandalam Securities Limited (CSL), AMFI registered mutual fund distributor, who is primarily responsible for this report certifies that: (1) all of the views expressed in this report accurately reflect his or her personal opinions about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Cholamandalam Securities Limited makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete.

The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein Cholamandalam Securities Limited reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. Cholamandalam Securities Limited, its affiliates, directors and employees may from time to time, effect or have effect an own account transaction in or deal as agent in or for the securities mentioned in this report. The recipient should take this into account before interpreting the report.

All investors may not find the securities discussed in this report to be suitable. Cholamandalam Securities Limited recommends that investors independently evaluate particular investments and strategies. Investors should seek the advice of a financial advisor with regard to the appropriateness of investing in any securities / investment strategies recommended in this report. The appropriateness of a particular investment or strategy will depend on an investor's individual preference. Past performance is not necessary a guide to future performance. Estimates of future prospects are based on assumptions that may not be realized. Re-publication or redistribution in any form, in whole or in part, is prohibited. No part of this material may be duplicated in any form and/or redistributed without Cholamandalam Securities Limited prior written consent. The news items appearing in this are collected from various media sources and we make no representations that it is complete or accurate.