

Top Fundamental Picks of the Month

Company	Stock Code	Sector	Market Cap (₹ crore)	CMP (₹)	Target Price (₹)	Potential Upside (%)	P/E(x)		ROCE/ROA(%)		ROE(%)	
							FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
LARGE CAP												
Larsen and Toubro	LARTOU	Capital Goods	5,62,811	4,091	4,955	21%	39.8	32.7	16.6	18.1	14.4	15.8
Kotak Mahindra Bank	KOTMAH	BFSI	3,98,863	401	475	18%	23.4	20.6	2.0	2.0	11.8	11.9
Hindustan Aeronautics Ltd	HINAER	Defence	2,96,602	4,435	5,300	20%	29.4	25.1	27.8	27.8	21.0	20.9
Asian Paints	ASIPAI	FMCG	2,60,747	2,717	3,180	17%	51.7	44.6	16.6	18.5	22.7	24.3
Power Finance Corporation	POWFIN	NBFC	1,42,333	431	520	21%	7.5	6.8	2.8	2.8	16.9	16.7
Mahindra and Mahindra	MAHMAH	Auto	3,91,608	3,093	4,000	29%	23.3	20.5	18.1	18.1	18.7	18.4
Bharti Airtel	BHAAIR	Telecom	11,40,053	1,871	2,350	26%	30.0	24.0	21.2	23.7	22.6	24.2
Zydus Lifesciences	CADHEA	Pharma	1,10,988	1,100	1,315	20%	26.2	21.7	12.2	13.7	14.1	14.7
MID CAP and SMALL CAP												
Narayan Hrudayalaya	NARHRU	Healthcare	40,095	1,962	2,310	18%	33.6	26.5	15.0	16.4	20.8	20.9
Engineers India	ENGIND	Capital Goods	13,478	240	315	31%	17.6	15.2	24.2	25.3	21.4	21.8
Astral	ASTPOL	Building Materials	36,724	1,367	1,830	34%	51.6	43.1	21.3	22.2	16.3	16.9
ITC Hotels	ITCHOT	Hotels	37,286	179	220	23%	33.8	28.0	11.1	13.3	8.7	10.3
Apollo Tyres	APOTYR	Auto Ancillary	24,640	432	500	16%	17.7	13.1	9.3	11.6	7.8	9.8
South Indian Bank	SOUBAN	BFSI	10,719	45	52	16%	7.1	6.2	1.0	1.0	11.7	11.9
ZF Commercial Vehicle System	WABIND	Auto Ancillary	28,242	2,482	3,170	28%	49.6	39.1	14.1	16.1	13.5	14.9
Bluestone Jewellery	BLUJEW	Retail	8,635	568	700	23%	236.9	57.4	5.8	8.4	2.0	7.9
Shriram Properties	SHRPRO	Real Estate	1,535	89	125	41%	11.0	7.0	10.7	14.8	9.1	13.0
Action Construction	ACTCON	Capital Goods	12,012	1,005	1,360	35%	26.0	22.1	29.2	27.6	18.7	18.2

Company Name (IDirect code)	Rationale
LARGE CAP	
Larsen and Toubro (LARTOU)	Larsen & Toubro is India's largest engineering and construction company with a diversified presence across EPC projects, hi-tech manufacturing and services, spanning infrastructure, heavy engineering, defence engineering, power, hydrocarbons and services. Overall, company expects to achieve 10-12% YoY growth in gross revenue for FY27 with target of 16-17% ROE in the medium term.
Asian Paints (APL)	APL is a leading player in the domestic decorative paints business with 50%+ market share. The company will benefit from reduction in the re-painting cycle, increase in demand for premium paints and uptick in demand for industrial paints. Recent correction in the crude prices will improve margin prospects and provides better earning visibility in the near term. Stock is currently trading at valuations of 52x/45x its FY27E/FY28E earning.
Kotak Mahindra Bank (KOTMAH)	Kotak Mahindra Bank is a leading private bank with advance at ₹4.96 lakh crore. Guidance on higher than industry growth with focus on unsecured retail loans (currently ~9% of book), resilient CASA at ~43.3% and benign credit cost at 39bps is seen to aid RoA at ~2%.
Power Finance Corporation (POWFIN)	PFC is a largest power sector focussed financier with AUM of ₹5.8 lakh crore. Massive capex cycle to increase installed capacity from 520 GW to 900 GW, with focus on renewables remains a structural growth opportunity. Proposed merger with REC Ltd to act as catalyst offering synergy benefit.
Hindustan Aeronautics (HAL)	HAL is among India's largest defence PSUs with leadership across aircrafts, helicopters, aeroengines, and avionics. The company ended FY26 with an order book of ~₹2.5 lakh crore (7.6x FY26 revenue), providing strong visibility. Improving engine supplies, execution ramp-up in LCA Mk-1A, HTT-40 and helicopter programs are expected to drive ~10-12% revenue growth with stable ~30-31% EBITDA margins in FY27.
Mahindra & Mahindra (MAHMAH)	Mahindra & Mahindra (M&M) is a conglomerate with presence in auto, IT, financial services, etc. among others. M&M's auto business remains on a strong trajectory, driven by the continued outperformance of its SUV portfolio and revival in LCVs. It presents a compelling investment case driven by a rare combination of strong demand visibility, and a deep product pipeline. With capital efficiency to the core, we continue to assign BUY rating on M&M with SoTP based target price at ₹4,000
Bharti Airtel (BHAAIR)	Airtel continues to maintain its relative strength among peers in a consolidated industry with the industry leading ARPU, wireless margins and free cash flows (~₹ 56,600 crore in FY26) with further confidence shown by promoters by indicating stake increase. We also expect a double digit tariff hike in H2FY27, which will boost profitability and cash flows, further.
Zydus Lifesciences (CADHEA)	Zydus is a leading pharma company with a family pedigree having a presence in domestic branded formulations (~24% of revenues), US generics and is in the process of repurposing itself into niche areas of specialty pharmaceuticals, biosimilars and vaccines. Over the years it has invested significantly towards scaling up capability for niche and differentiated products, which is bearing fruits for the same with scores of niche launches across geographies. . Going ahead, traction from its key acquisitions (Amplitude Surgical, Assertio along with new launches (like Saroglitazar and Desidustat) would also be a key monitorable. We have valued Zydus at 26x FY28E EPS of ₹ 50.6.

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MID CAP and SMALL CAP	
ZF Commercial Vehicle system (WABIND)	ZF Commercial Vehicle Control Systems commands strong leadership in supplying braking solutions to the domestic M&HCV space with regulatory safety led persistent content per vehicle increase. With government regulations mandating advanced safety technologies including ESC, and broader ADAS systems for CV's > 6 tons from Oct'27, we see this as a big positive for ZF CV as it can potentially double (~2x) its existing content per vehicle. ZFCV is well poised to deliver Sales/PAT growth of 15%/18% over FY26-28E with easing US tariffs also boosting the exports prospects
Engineers India (ENGIND)	Engineers India operates across consultancy and LSTK segments within the hydrocarbon value chain and emerging sectors like green hydrogen and biofuels. Consultancy and turnkey contributed 46% and 54% of FY26 revenue, respectively. We expect revenue and PAT CAGR of 16% and 18% over FY26-FY28E, supported by a strong consultancy-led backlog.
Action Construction (ACTCON)	Action Construction Equipment is India's leading material handling and construction equipment manufacturer, holding leadership in mobile and tower cranes. The CMCE segment contributes ~92% of revenue, while agri-equipment contributes 8%. It targets sustaining EBITDA margins of 15-16% despite rising raw material costs and inflationary pressures.
ITC Hotels (ITCHOT)	ITC Hotels is one of the strong players in luxury hotel space. ~15% of ITC Hotel's owned room inventory (of 5,575 rooms) is less than 5 years old, providing headroom for double-digit RevPar growth. Moreover rise in focus on asset light model and inorganic initiatives will help revenues and EBITDA to grow at 13% & 17% CAGR over FY26-28E. Its currently trading at discount valuations of 22x and 18x on FY27E & FY28E EV/EBIDTA.
South Indian Bank (SOUBAN)	South Indian Bank is a south based private bank with advances at ~₹1 lakh crore. Calibrated shift towards high yielding retail & MSME segment is expected to improve portfolio granularity and margins. Continued benign credit cost and controlled opex to aid RoA improvement to 1% and valuation (trades at below BV at 0.75x FY28E BV)
Shriram Properties (SPL)	SPL is residential developer in mid and mid-premium market with presence in Bengaluru, Chennai, Kolkata and Pune. SPL has strong unsold residential project portfolio of ~₹13,429 crore of ~20msf and additional ~26 msf in is pipeline thus fueling its ambition of stepping-up business activity to ₹5000 crore annually by FY28E. Additionally, it will unlock value equivalent to ~72% of current Mcap from Kolkata land resolution.
Astral (ASTPOL)	Astral is undergoing restructuring wherein its plumbing business (pipes, fittings, water tanks, bathware) and chemical business (adhesive, paint, speciality chemicals) will be housed under Astral Ltd and Astral Chemie respectively. Over next 4-5 years, Astral Chemie is eyeing ~+2.5x revenue growth while plumbing business will sustain healthy double-digit growth. The restructuring will boost individual business growth maintaining capital allocation discipline.
Apollo Tyres (APOTYR)	Apollo Tyres, is a leading tyre manufacturer, operations in India & Europe. Natural rubber & crude derivatives form bulk of raw material costs for tyre companies leading stock under pressure due to rise in key commodity prices and consequent impact on margin profile. We expect raw material pressure to ease as geopolitical tensions subside. With healthy B/S and capex plans in place, we upgrade stock to BUY and value it ₹ 500 i.e. 7.5x EV/EBITDA on FY28E
Bluestone Jewellery	Bluestone Lifestyle & Jewellery is digital first D2C jewellery retail company in India. It outlined aggressive growth outlook of 50% revenue CAGR and EBITDA margins doubling over FY26-30. It reiterated confidence in its business model, which will help it to deliver consistent strong growth despite near term global uncertainties and volatile gold prices in coming years. The stock is currently trading at discount valuations of 24x and 18x on FY27E & FY28E EV/EBIDTA.
Narayana Hrudayalaya (NARHRU)	Narayana Hrudayalaya operates a chain of multispecialty, tertiary & primary healthcare facilities in India, Cayman Islands and the UK. It is targeting aggressive capex (+₹ 3000 crore in next 2-3 years) in India for capacity expansion. This along with ramp-up in the integrated model (Hospitals + Insurance) of Cayman Island; and steady increase in the private insurance patients in the recently acquired Practice Plus Group Hospitals in the UK will drive next leg of growth in top-line (FY26-FY28E CAGR ~24%) and margins (FY26-FY28E margin expansion ~200 bps).

Target prices achieved from previous monthly top picks

Company	Stock Code	Sector	Market Cap (₹ crore)	Provided CMP(₹)	Target Price (₹)	Upside Achieved (%)
Indo Count Industries	INDCOU	Textiles	8,597	310	418	35%
Zen Technologies	ZENTEC	Defence	14,708	1,612	1,900	18%
Bharat Heavy Electricals	BHEL	Capital Goods	1,45,829	292	343	17%
Steel Authority of India	SAIL	Metals	84,676	167	200	20%

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