

Focus Investment Ideas

November 2025



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Large Cap	Mid Cap
Bharti Airtel	Aditya Birla Capital
Bharat Electron	Federal Bank
Tata Steel	Radico Khaitan
TVS Motors	Acme Solar
Canara Bank	Rubicon Research



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Bharti Airtel

Healthy 1Q; FCF generation robust while net debt dips

Key Rationales

- Bharti Airtel is well placed to capitalize on India's rising data consumption and premiumization trends, supported by consistent network investments, superior customer experience, & leadership in postpaid & broadband segments. The company continues to gain share through focused execution & a high-quality subscriber mix.
- Bharti reported a strong 2QFY26, with better-than-expected performance across key segments. Consol. revenue at INR521b (+26% YoY, est. INR510b) rose 5% QoQ, driven by robust growth in Africa (+13% QoQ) & Home broadband business (+8.5% QoQ).
- We model a 14%/17% CAGR in consolidated revenue/EBITDA over FY25–28E, driven by a ~15% tariff hike in India wireless from Dec'25, sustained growth in home broadband additions, and strong double-digit performance in Africa operations.



Bharat Electronics

Strong beat versus estimates

Key Rationales

- Bharat Electronics (BHE) continues to strengthen its leadership in defence electronics, supported by deep indigenization, strong execution, & transition toward system-level integration. Collaboration with L&T on the AMCA stealth fighter program & the new Defence System Integration Complex reflect its focus on higher-value platforms and long-term capability expansion.
- In 2Q, revenue rose 26% YoY to ₹57.6b and EBITDA grew 22% YoY to ₹17b, with margins at 29.4%. Order inflows doubled to ₹54b (+116% YoY), taking the order book to ₹746b. With opportunities exceeding ₹500b from recent AoN approvals & key programs such as QRSAM (~₹300b), next-gen corvettes, & LCA avionics, visibility extends well beyond FY26.
- We model 18%/17%/17% revenue/EBITDA/PAT CAGR over FY25–28E, driven by strong order pipeline, large defence programs, and export growth.

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TATA STEEL

TATA Steel

Strong domestic outlook; EU's breakeven to drive earnings

Key Rationales

- Tata Steel is well placed to benefit from India's strong steel demand, supported by rising infrastructure spending, safeguard duty protection, and improving realizations. Capacity expansion from 26.5 mtpa in FY25 to 40 mtpa by FY30 through Kalinganagar, NINL, and Ludhiana projects will reinforce leadership in value-added and sustainable steel.
- For 2QFY26, expect ~3% QoQ revenue growth, aided by domestic price recovery and improving Europe operations as restructuring gains traction.
- We model consolidated revenue/EBITDA/PAT CAGR of 6%/22%/43% over FY25–28E, driven by higher utilization, margin recovery in Europe, and strong ₹957b operating cash flow funding ₹160b annual capex without leverage.

TVS 

TVS Motors

Yet another strong quarter

Key Rationales

- TVS Motor continues to outperform the 2W industry, supported by strong execution, new product launches, and rising market share across ICE and EV segments. Consistent brand investments and success of models like Raider, Apache, and Jupiter, along with leadership in EV scooters, underpin its premium positioning and sustained growth momentum.
- In 2QFY26, volumes rose 23% YoY to 1.5m units, driven by broad-based growth across motorcycles, scooters, and 3Ws. EBITDA grew 40% YoY to ₹15.1b, while margins expanded 100bp YoY to 12.7%. For 2HFY26, revenue/EBITDA/PAT are expected to grow 25%/17%/34% YoY.
- We model 21%/25%/29% revenue/EBITDA/PAT CAGR over FY25–28E, led by a robust product pipeline, strong exports, expanding EV portfolio, and gradual margin improvement to 13.8% by FY28E.

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Canara Bank

Steady quarter; other income drives earnings beat

Key Rationales

- Canara Bank continues to deliver steady performance, supported by sustained growth in the retail, agriculture, and MSME (RAM) segments, which now form 58% of its loan book. Improved operating efficiency and prudent provisioning have strengthened asset quality, with GNPA/NNPA improving to 2.35%/0.54% and PCR rising to 77.4%.
- In 2QFY26, PAT grew 19% YoY to ₹47.7b, led by robust fee income and stable NIM at 2.5%. Loan growth remained strong at 15% YoY, driven by a 29% rise in retail loans, while CASA deposits rose 11% YoY, improving the CASA ratio to 30.7%.
- We model 14%/12%/10% CAGR in loans/deposits/PAT over FY25–28E, supported by healthy credit demand, stable NIM trajectory, controlled credit costs, and the ₹19.35b gain from stake sales boosting profitability. Reiterate BUY with FY27E RoA/RoE of 1.08%/18.6%.



Aditya Birla Capital

Operating performance strengthens in both NBFC & HFC

Key Rationales

- Aditya Birla Capital (ABCAP) is well-positioned for long-term growth, supported by a diversified financial services platform spanning lending, insurance, and asset management. Strong momentum in the NBFC and housing finance businesses, aided by robust digital sourcing and disciplined underwriting, continues to drive franchise expansion and margin improvement.
- In 2QFY26, consolidated revenue grew 4% YoY to ₹124.8b and PAT rose 3% YoY to ₹8.55b. Lending AUM grew 29% YoY to ₹1.78t, while AMC AUM rose 11% YoY to ₹4.25t. Asset quality improved, with GS2+GS3 declining 70bp QoQ to ~3%.
- We model ~25% PAT CAGR over FY25–28E, led by higher-yield personal and consumer loans, rising HFC RoA to 2–2.2%, and improving profitability in life and health insurance. Focus on cross-selling, digital initiatives, and the “One ABC” platform should lift RoE to ~16% by FY28E.

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Federal Bank

Marching towards sustained higher profitability

Key Rationales

- Federal Bank is entering a phase of structurally higher profitability, supported by its pivot toward mid-yielding assets such as Commercial Banking, LAP, Gold, and SME loans, while maintaining best-in-class asset quality and prudent risk controls. The focus on improving the CASA mix and fee intensity, coupled with technology-led productivity gains, underpins its long-term RoA improvement trajectory.
- The landmark ₹61.97b capital infusion from Blackstone significantly strengthens the balance sheet and provides ample growth headroom.
- We model ~29% PAT CAGR over FY26–28E, led by NIM expansion, higher-yielding portfolio growth, and improving operating leverage. RoA is expected to rise to 1.4–1.5% by FY28E, driven by a calibrated asset mix shift and stable credit costs.



Radico Khaitan

Solid performance backed by robust underlying volumes

Key Rationales

- Radico Khaitan remains well-positioned for long-term growth, supported by premiumization, brand-led portfolio expansion, and a strong presence across both P&A and regular segments. Steady market share gains in key states like Andhra Pradesh (now ~30%) and increasing traction in luxury brands reinforce its leadership in the IMFL space.
- In 2QFY26, revenue and volume grew 34% and 38% YoY, respectively, while EBITDA rose 46% YoY with 130bps margin expansion to 15.9%, aided by operating leverage and stable ENA prices.
- We model ~35% EPS CAGR over FY25–28E, driven by rising contribution from premium and luxury segments, annual margin improvement of 125–150bps, and a debt-free balance sheet by FY27.

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Acme Solar

Execution strength, PPA momentum, & storage upside

Key Rationales

- ACME Solar remains well positioned for long-term growth, driven by strong execution capability, rising project pipeline, and leadership in renewable energy. Installed capacity is set to expand from 2.5GW in FY25 to 5.5GW by FY28, supported by timely execution and competitive financing. Demonstrated delivery strength & cost discipline continue to bolster investor confidence.
- With the government addressing the ~40GW PPA backlog, ACME is actively bidding for large utility-scale projects, which will further reinforce earnings visibility beyond FY29. The company also plans to commission 3–3.5GWh of battery storage by 2025, creating incremental EBITDA potential of 3–9%.
- We model a 74% EBITDA CAGR over FY25–28E, driven by commissioning of 2.4GW new capacity, battery storage monetization, and favorable policy tailwinds.



Rubicon Research

Gains in the gale

Key Rationales

- Rubicon Research is an R&D-led specialty pharmaceutical manufacturer focused on regulated markets, particularly the US. With differentiated capabilities across oral solids, liquids, topicals, and nasal sprays, and a strong compliance track record, it has built a sustainable moat and delivered 60% revenue CAGR over FY22–25 to ₹12.8b, with 29% RoE in FY25.
- The company has commercialized 70 products as of Jun'25 with an 86% approval-to-launch conversion rate. It holds four of 25 nasal spray ANDAs approved since CY23, positioning it well in the fastest-growing US formulation category (9.5% CAGR over CY25–30).
- We model 29%/32%/43% revenue/EBITDA/PAT CAGR over FY25–28E, driven by robust launches in generics, nasal sprays, and CNS therapies, sustained R&D productivity (11% of revenue), and unblemished compliance.

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