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Focus Investment Ideas

December 2025

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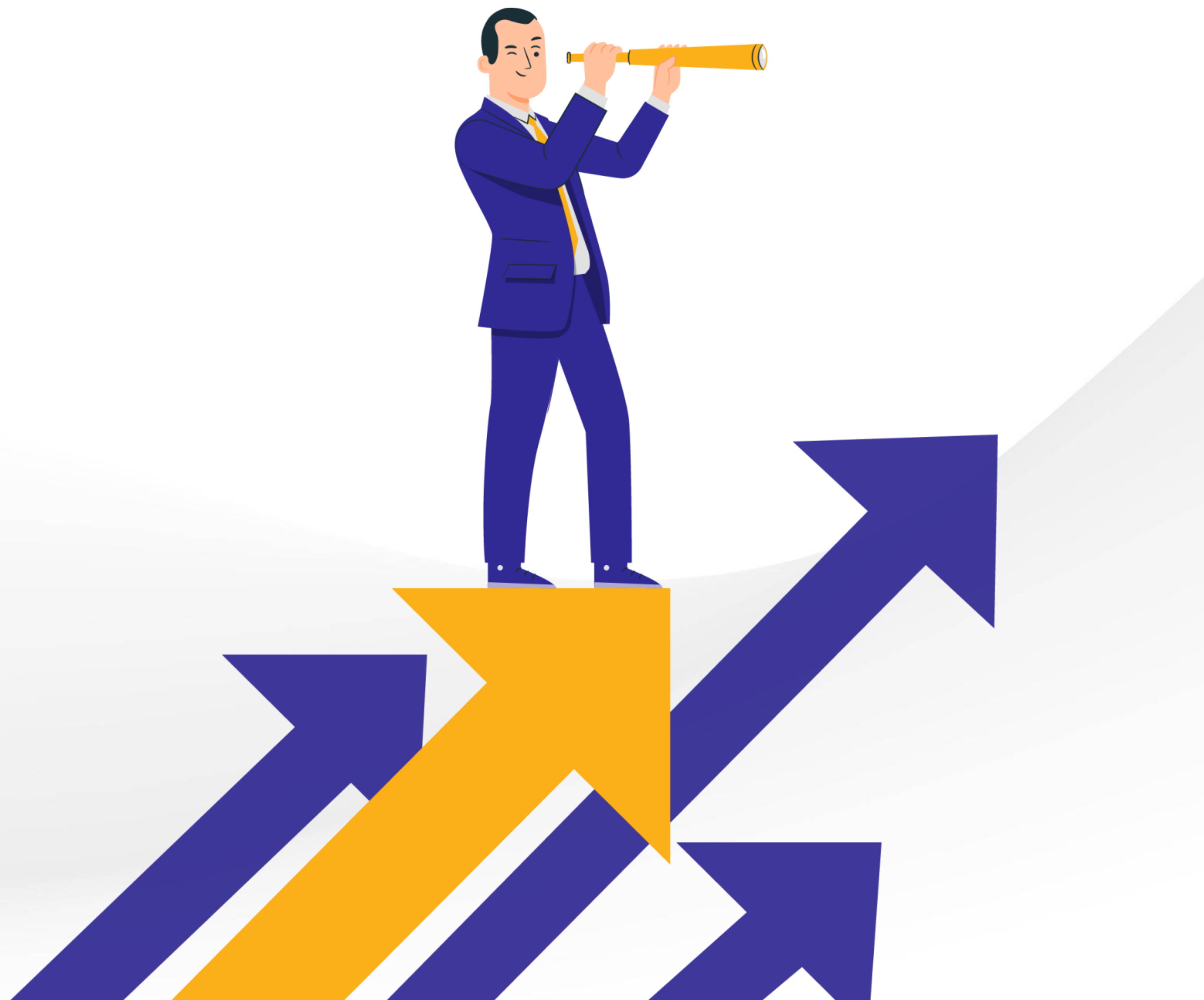
Large Cap	Mid Cap
Bharti Airtel	Max Financial
ICICI Bank	Mphasis
HCL Tech	Radico Khaitan
Bharat Electronics	KEI Industries
TVS Motors	Rubicon Research



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Valuation Snapshot

Preferred Large/Mid Cap Stocks	M. Cap (₹ b)	CMP (₹)	Target (₹)	Upside (%)	EPS CAGR FY26-FY28E (%)	PE (x)		PB (x)		RoE (%)	
						FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Large Cap											
Bharti Airtel	12,568	2,104	2,365	12%	29%	31.4	24.1	6.7	5.7	26.4	27.9
ICICI Bank	9,930	1,387	1,700	23%	15%	16.8	14.5	2.6	2.2	16.5	16.5
HCL Tech	4,514	1,655	2,150	30%	13%	22.2	20.0	6.6	6.7	29.6	33.5
Bharat Electronics	2,989	407	500	23%	17%	41.2	35.5	9.5	7.7	23.0	21.6
TVS Motors	1,734	3,646	4,159	14%	26%	37.8	29.9	10.4	8.1	31.0	30.5
Mid/Small Cap											
Max Financial	577	1,689	2,100	24%	48%	124.3	112.1	2.0	1.7	19.7	19.8
Mphasis	557	2908	4,100	41%	17%	25.1	21.3	4.9	4.5	20.4	22.1
Radico Khaitan	428	3,216	3,600	12%	25%	60.3	49.1	11.6	9.8	19.2	19.9
KEI Industries	396	4,185	4,960	19%	18%	38.6	32.5	5.3	4.6	14.6	15.1
Rubicon Research	106	624	780	25%	34%	34.0	25.4	7.0	5.6	22.5	24.4

CMP as on 4th December 2025

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Bharti Airtel

Strong margins across key segments

Key Rationales

- We continue to like Bharti Airtel's (Bharti) superior execution on the premiumization agenda. Further, with moderation in capex intensity and a potential tariff hike, Bharti is likely to generate significant FCF (~INR1t over FY26-27E).
- Bharti posted a strong 2QFY26, with consolidated EBITDA rising 6% QoQ (3% above), fueled by better performance in Airtel Africa (AAF, 7% beat) and India wireless (2% ahead, driven by a better-than-expected ARPU uptick and a 94% incremental EBITDA margin).
- We model a CAGR of 15%/18% in Bharti's consolidated revenue/EBITDA over FY25-28E, driven by 1) benefits of the ~15% tariff hike in India wireless from Dec'25, 2) continued acceleration in Home broadband net adds, and 3) strong double-digit growth in Africa.

ICICI Bank

Consistent Operational Excellence!

Key Rationales

- ICICI Bank (ICICIBC) continues to deliver an exemplary performance, rising above all sectoral challenges, as it sustains RoA in the range of 2.3-2.4%, which is beyond the aspirational level for most banks. Moreover, the bank has maintained a strong balance sheet as provisions declined 26% YoY/50% QoQ, placing the bank well on track to comfortably beat its credit cost guidance.
- ICICIBC reported a commendable Q2FY26, with healthy NIMs, lower provisions, controlled slippages and contained opex. Its focus on the better-yielding assets has helped the bank to have fair control over NIM compression, with next quarter expected to have the benefit of repo rate cuts, CRR cuts and cost of fund repricing.
- We estimate FY27E RoA/RoE of 2.3%/17.0%. We maintain a BUY rating, driven by strong fundamentals, stable margins, and sustainable growth prospects.

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HCL Tech

Well-placed for 2HFY26; first to break out AI revenue

Key Rationales

- HCL Technologies (HCLT) is the fastest-growing large-cap IT services company, and its all-weather portfolio remains the best large-cap bet in an uncertain macro environment. Additionally, INR depreciation vs USD and optimism over India-US trade deal would be a positive for the company.

- HCLT delivered a strong quarter, with Services revenue up 4.5% in organic YoY cc terms (2.5% QoQ). Deal TCV at USD2.6b rose 40% QoQ, positioning the company well for H2FY26E. Advanced AI revenue crossed USD100m, contributing ~3% to total revenue, with a balanced mix across services and software.

- For FY26, revenue growth guidance is projected at 3-5% YoY in CC. We expect HCLT to deliver a CAGR of 5.3%/7.2% in USD revenue/INR PAT over FY25-27.

Bharat Electronics

Strong near- to long-term order pipeline

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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TVS Motors
Continued outperformance

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 1.5 million units, driven by broad-based growth across motorcycles, scooters and 3-wheelers. 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.

Max Financial
Delivering industry-leading growth

Key Rationales

- Max Fiancial (MAXLIFE) maintains a better-than-industry APE growth trajectory. VNB margin witnessed a strong expansion owing to strong growth and a rise in the contribution of protection, non-par, and annuity businesses during 2QFY26.
- The proprietary channel continues to drive growth across offline and online channels, while the bancassurance channel posted strong growth in non-Axis partnerships. The persistency trends improved across long-term cohorts. While the GST exemption is expected to improve the growth momentum, the efforts to mitigate the impact of the loss of input tax credit will be key.
- MAX Financial delivered above-industry growth with gross premium income/new business APE up 18%/16% YoY. Its sustained margin expansion and a balanced product mix supports long-term profitability visibility.

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Mphasis
Consistent deal-wins

Key Rationales

- The Indian IT sector stands on the brink of a new growth cycle as enterprise AI spending is set to inflect from 2HFY27, leading to a transition from hardware-heavy investments to robust services demand. We are positive on Mphasis's (MPHL) BFSI exposure as it remains relatively resilient amid current uncertainties.
- MPHL'S 2QFY26 gross revenue rose 1.2% QoQ in Constant Currency (CC), largely in line with our estimate of 1.5% QoQ CC. For 1HFY26, net revenue/EBIT/PAT grew 9.7%/10.3%/10.0% YoY in INR terms. We expect revenue/EBIT/PAT to grow 11%/12%/15% YoY in 2HFY26 on the back of consistent deal wins.
- Over FY25-27, we expect a USD revenue CAGR of ~8.1% and an INR PAT CAGR of ~12%. MPHL targets a sustainable operating (EBIT) margin within the band of 14.75-15.75%.

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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KEI Wires & Cables

KEI Industries
Earnings in line; demand outlook positive

Key Rationales

- KEI Industries (KEII) has embarked on a robust expansion trajectory to consolidate its position in both domestic and export markets. The company is setting up a greenfield facility at Sanand, Gujarat, with a total investment of ~INR18b.
- KEII delivered strong performance in 1HCY25, with over 25% growth and stable margins supported by a robust demand environment, a diversified customer base, and a significant presence across domestic and international markets.
- Its growing focus on the retail segment and capacity expansion would continue to drive growth for the company. We estimate KEII's total revenue CAGR at ~18% over FY25-28, driven by ~19% growth in the C&W segment and ~6% growth in the SSW segment. We project its EBITDA and PAT to generate a CAGR of ~21% (each) over FY25-28.

Rubicon RESEARCH

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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