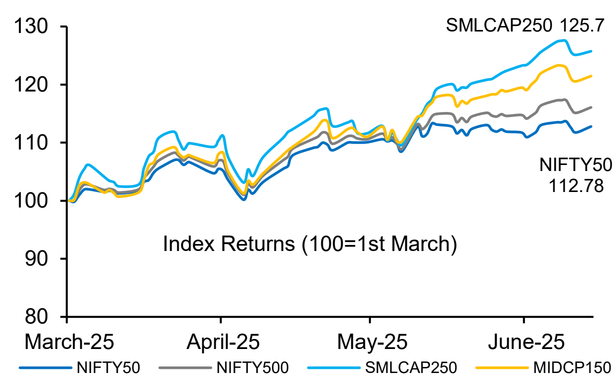
Convex Choices

High Conviction Investment Ideas After the Q4FY25 Results

June 20, 2025

India Equity Strategy

Convex Choices: India Equity Strategy (1/3)



Source: NSE, CEBPL Research

In Convex Choices - Edition I published on Mar 07([Link here]), we recommended to **'Play the Panic'**, building long-term long positions. Since then, Nifty 50 has returned ~8% while Nifty Midcap 150 and Nifty Small Cap 250 have returned 21% and 26% respectively (Refer LHS).

With Q4, 2025 and FY25 results out of the way, we have revaluated our market stance considering the news flow has been erratic, disturbing and seldom encouraging. Trump Tariff actions, dramatic volte-face and extensions, sporadic progress on US- China trade deal with China's export controls of rare earth minerals and larger July 08 *extendible* timeline, Operation Sindoor and evolving dynamics of warring nations with the US, Israel – Iran War with impending US involvement, lackadaisical domestic earnings with approaching slowdown being shouldered by RBI's front-loaded monetary policy actions are immediate monitorables. Despite such a backdrop, the markets have shown a strong resilience. **We challenge the prevailing consensus view of *'grinding market in a time bound correction mode'*. *Our view is cautiously optimistic* with any clearing up of such negative news screen likely to take markets higher. Selective churning into stronger sectors, right stock selection and higher cash positions is recommended.**

We continue to remain positive on Healthcare, Cement, Defense, Pharmaceuticals and Downstream - Oil & Gas while IT, Upstream - Oil & Gas, Autos and Auto Ancillaries are less favored. M&M, Lumax Auto, Lumax Industries, Nuvoco Vistas, Ultratech, Bharat Electronics, Marksans Pharma, Hindustan Aeronautics, Apollo Hospitals, Yatharth Hospitals and EFC (I) Limited to be our strong conviction buys.

What is shaping our view?

We believe Indian markets are not ready for a major correction and likely want to GO UP because:

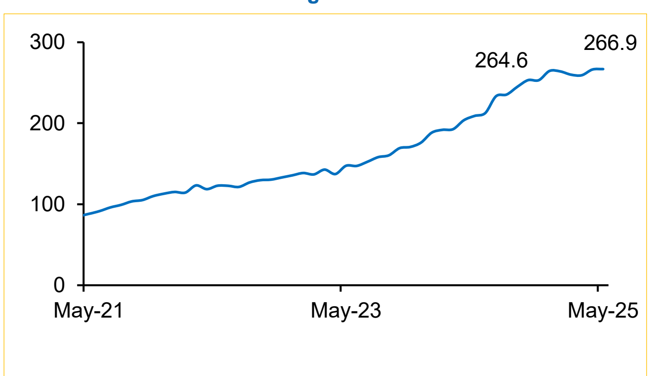
RBI has front-loaded the rate cuts and proactively injected liquidity: TRANSMISSION Round the Corner

RBI cut repo rate for 3rd consecutive time this year – 25bps each in February and April followed by jumbo 50bps cut in June 2025, CRR was slashed by 100 bps to 3% and stance shifted to 'Neutral' from 'Accommodative'. With benign retail inflation at 2.82% (May) and our house view of crude oil price averaging at USD 69/b despite current war situation, we still expect further 50bps rate cut in two tranches which should aid economic momentum to pick up pace. 3M lagged GDP YoY growth now shows an uptick (refer RHS), illustrating transmission picking although still subdued. We remain optimistic of transmission pick up and revival of the credit cycle leading to increase in consumer spending and increased capital outlays from the private sector.

ROBUST LIQUIDITY: SIP Flows achieve new high; FIIs selling spree is OVER with Mar-May being positive

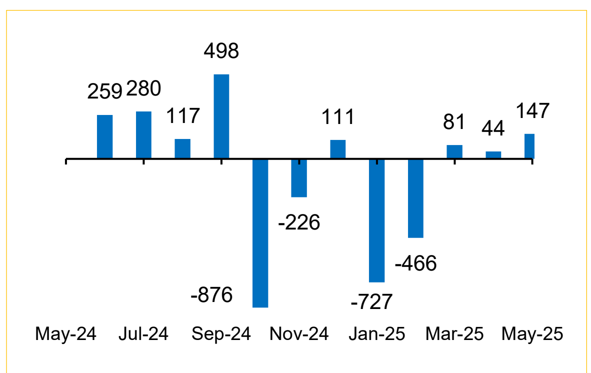
SIP flows slowed down in March and April but reached a new high in May'25 of INR 266 Bn. DII holding reached an all time high in Mar'25 quarter (~20%) whereas there is renewed interest in India by FIIs. Read our note indication India being the preferred EM, [link here]

Net SIP Flows at an all time high of INR 266.9 Bn



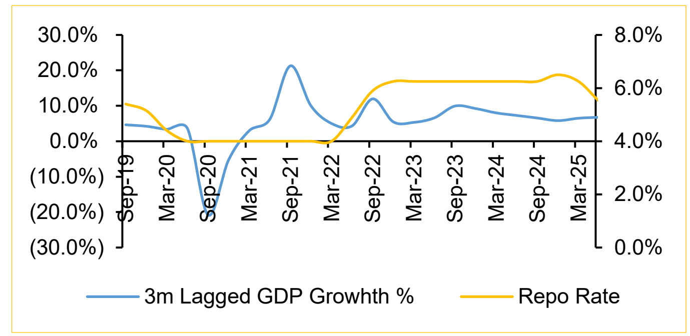
Source: AMFI, CEBPL Research

FII flows positive in last 3 months



Source: NSDL, CEBPL Research

Front loading interest rate cuts: 50bps cut on Jun 06,2025



Source: Reserve Bank of India, CEBPL Research

RESILIENT MARKET: Awaiting Triggers to GO UP

Despite multiple global headwinds, Indian markets have shown incredible resilience. While FPIs have been net sellers in the secondary market (≈US $11B sold YTD by June 13, 2025), they've been net buyers in primary markets (+US $2.3B), showing clear interest in fresh issues. With primary market activity gaining momentum and secondary market resilient, any emerging positive commentary / macro data points in such bleak outlook will lead to a positive surprise. However, we should ignore the geopolitical conflicts, weaker corporate earnings and high valuations at our own peril.

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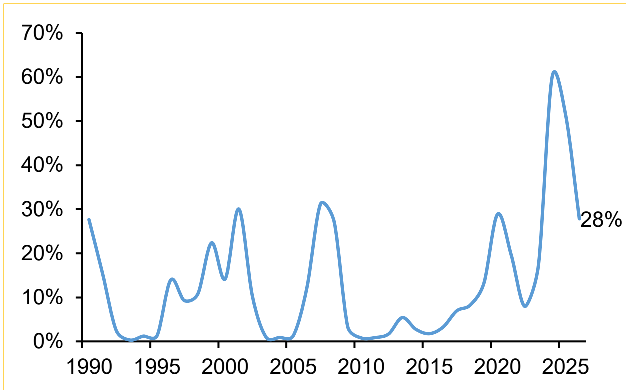
US Recession Fears remain elevated at 28%



Source: New York Federal Reserve, CEBPL Research

Geo-political tensions boiling

Source: RULAC – Geneva Academy, CEBPL Research

US recession fears are still elevated

US levied tariffs on all its imports elevating inflation risks in a push for domestic manufacturing. While the tariffs have been postponed till July 8 **(Read "Volte Face" here)**, US currently has the highest tariffs since over 100 years, the effective tariff rate is currently around 20-30% effecting consumer purchasing power. China & US reached a trade deal with America levying a rate of 30% on major Chinese imports while China to levy 10%, the trade deal also ensured the supply of Rare Earth Minerals to the US. The US weekly jobless claims rose to 245k, up by 5k, highest since August 2023. Consequently, we see that at this point recession fears while lower than April continue to remain at elevated levels.

The world continues to be plagued by large geo-political risks

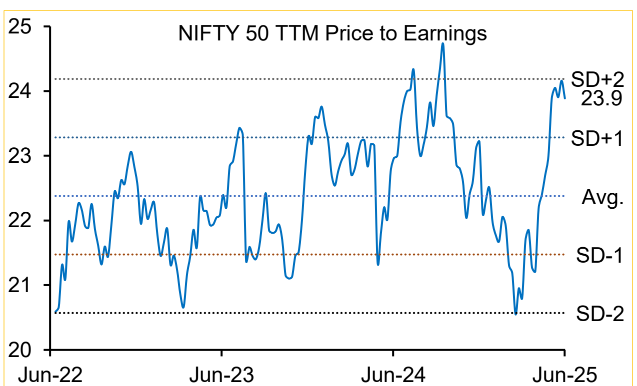
After the Pahalgam terrorist attack, India Pakistan tensions reached new highs with India launching Operation Sindoor highlighting India's strong defence capabilities. This did boost India's Defence spending propensity and consequently Indian made Defence products abroad. The Iran-Israel conflict rages in the Middle East, putting at risk the global oil trade. The Russia-Ukraine war has been waging since 2022 and currently ceasefire does not seem to be on the table. Thus the backdrop remains uncertain and volatile.

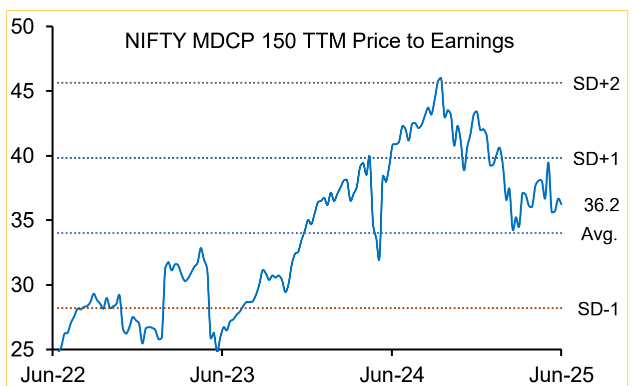
Corporate earnings have been weaker

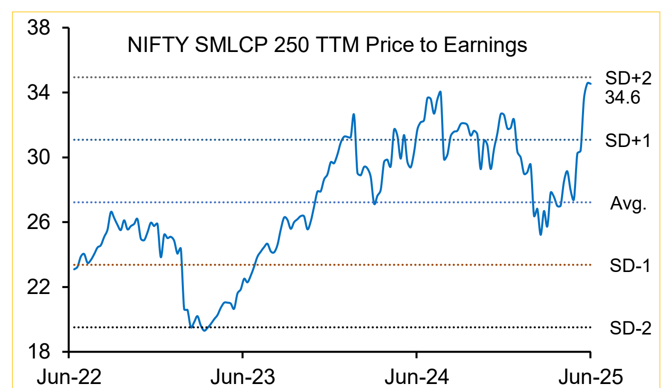
For FY25, excluding financials & banks NIFTY 50 companies' revenues grew by 7.4% far lower than nominal GDP growth of 9.5%. Out of 10 sectors, only 4 sectors, **(Results Heat Map next page)** grew faster than nominal GDP. EBITDA margins further exacerbated the pain growing only by 4.7%, as margins for the top 50 companies declined by 52 bps to 19.9% from 20.5% in FY24. Net Income did increase by 6.9% but ultimately falling short of the nominal GDP growth.

Valuations are nearing their highs, becoming beyond comfortable

NIFTY 50 has touched the SD+2 reaching a PE ratio of ~24x as on June, 16. At current levels, the markets are only 5% away from the record high of 26,200 in Sep'24. If earnings for H1FY26E are weak, this would lead to much higher valuations pushing them beyond comfort levels.







Source: Bloomberg, CEBPL Research

Convex Choices: India Equity Strategy (3/3)

Choice

Revenue growth slows on both Nifty 50 & Nifty 500

Rev. Growth %	FY21	FY22	FY23	FY24	FY25
Basic Materials	3.8%	47.0%	18.3%	(1.6%)	3.0%
Consumer Discretionary	(4.3%)	15.7%	29.2%	21.1%	8.2%
Consumer Staples	22.9%	15.5%	15.6%	3.3%	5.3%
Energy	(22.4%)	54.0%	27.2%	(1.2%)	9.3%
Healthcare	4.7%	17.5%	11.7%	11.8%	11.5%
Industrials	(6.8%)	15.5%	17.0%	20.7%	15.6%
Technology	5.6%	18.9%	18.1%	4.7%	4.8%
Telecommunications	18.8%	15.8%	19.4%	7.8%	15.3%
Transportation	15.6%	36.5%	21.8%	28.1%	11.8%
Utilities	2.6%	14.6%	27.2%	1.2%	6.2%
NIFTY 50 Average	(5.2%)	33.0%	22.7%	4.7%	7.4%

Rev. Growth %	FY21	FY22	FY23	FY24	FY25
Basic Materials	8.6%	44.4%	15.8%	(0.8%)	5.2%
Consumer Discretionary	(2.3%)	22.2%	30.0%	19.0%	10.9%
Consumer Staples	14.8%	20.4%	16.6%	2.3%	13.2%
Energy	(21.4%)	57.0%	33.4%	(3.4%)	3.2%
Healthcare	8.2%	14.8%	8.5%	13.0%	11.9%
Industrials	(5.3%)	21.7%	19.5%	17.2%	14.5%
Real Estate	(10.4%)	31.1%	22.9%	14.7%	2.8%
Technology	6.6%	22.6%	21.7%	7.3%	7.2%
Telecommunications	16.1%	14.2%	13.8%	6.8%	14.7%
Transportation	(9.3%)	34.3%	20.1%	12.9%	9.7%
Utilities	1.3%	15.1%	29.0%	6.6%	6.5%
NIFTY 500 Average	(5.1%)	35.9%	24.7%	3.9%	7.0%

EBITDA Margins have also lagged behind FY24 driving further weakness in earnings

OPM %	FY21	FY22	FY23	FY24	FY25
Basic Materials	19.7%	21.1%	15.4%	17.1%	17.6%
Consumer Discretionary	12.6%	10.1%	12.5%	14.5%	14.3%
Consumer Staples	27.6%	27.5%	27.9%	28.5%	27.3%
Energy	18.2%	16.7%	15.0%	18.5%	16.2%
Healthcare	22.5%	22.5%	23.5%	24.2%	25.2%
Industrials	17.3%	15.8%	14.7%	13.6%	13.0%
Technology	26.6%	24.9%	23.1%	22.8%	23.3%
Telecommunications	42.0%	49.2%	51.3%	52.2%	53.9%
Transportation	64.5%	61.5%	62.2%	59.8%	60.2%
Utilities	47.0%	44.5%	41.1%	40.5%	39.8%
NIFTY 50 Average	21.8%	20.8%	18.8%	20.5%	19.9%

OPM %	FY21	FY22	FY23	FY24	FY25
Basic Materials	21.0%	21.7%	14.8%	16.4%	18.1%
Consumer Discretionary	12.5%	11.1%	12.3%	14.1%	13.9%
Consumer Staples	16.8%	14.3%	11.1%	14.9%	17.3%
Energy	14.2%	11.9%	8.5%	13.6%	11.0%
Healthcare	23.0%	22.2%	21.1%	22.8%	24.1%
Industrials	12.6%	12.9%	13.0%	13.3%	13.4%
Real Estate	19.1%	19.6%	16.5%	19.3%	22.8%
Technology	22.8%	20.7%	19.1%	19.1%	19.0%
Telecommunications	39.0%	44.6%	43.5%	45.7%	47.9%
Transportation	36.3%	36.9%	36.8%	38.5%	39.1%
Utilities	40.7%	38.0%	32.8%	34.1%	34.5%
NIFTY 500 Average	18.6%	17.2%	13.9%	16.9%	16.6%

Earnings grow at the slowest pace in last 5 years, with Nifty 500 showing a momentum of only 4.4%

PAT Growth %	FY21	FY22	FY23	FY24	FY25
Basic Materials	17.1%	137.0%	(33.7%)	0.0%	7.6%
Consumer Discretionary	(28.8%)	129.1%	204.1%	112.1%	(4.9%)
Consumer Staples	7.0%	12.8%	21.1%	6.5%	(0.5%)
Energy	30.5%	59.8%	(1.5%)	15.4%	(10.9%)
Healthcare	(6.9%)	28.1%	80.4%	21.5%	15.6%
Industrials	(22.4%)	25.6%	20.8%	24.7%	15.1%
Technology	6.0%	17.4%	6.1%	4.1%	8.7%
Telecommunications	(25.6%)	(116.3%)	96.1%	(10.5%)	349.4%
Transportation	32.7%	(2.2%)	8.7%	52.8%	36.8%
Utilities	17.7%	25.6%	(3.5%)	12.5%	7.0%
Nifty 50 Average	18.6%	70.0%	2.7%	18.5%	6.9%

PAT Growth %	FY21	FY22	FY23	FY24	FY25
Basic Materials	72.8%	88.8%	(31.9%)	(4.4%)	16.6%
Consumer Discretionary	(61.0%)	217.4%	104.9%	90.2%	(2.0%)
Consumer Staples	(11.0%)	12.8%	18.0%	2.4%	12.2%
Energy	86.0%	35.5%	(20.9%)	68.9%	(26.5%)
Healthcare	34.4%	(3.9%)	17.0%	26.8%	28.0%
Industrials	2.2%	42.0%	25.7%	32.2%	17.3%
Real Estate	57.1%	45.9%	31.5%	51.5%	1.7%
Technology	13.0%	28.1%	(4.4%)	9.3%	10.1%
Telecommunications	(37.8%)	(77.8%)	16.7%	(2.0%)	(208.1%)
Transportation	135.2%	0.5%	44.9%	30.1%	26.4%
Utilities	64.8%	30.3%	18.3%	25.1%	1.9%
NIFTY 500 Average	66.3%	65.9%	(5.9%)	32.2%	4.4%

Source: Factset CEBPL Research

All Data above excluding Financials: Banks, Insurance, NBFCs, Financial Services

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Choice Sector View – 1/4

Sector	Outlook	Choice Sector View
Affordable Housing	Positive	**Navigating Margin Pressure Amid Rising Competition** With banks increasingly venturing into the affordable housing space, housing finance companies (HFCs) have faced mounting competition, leading to a gradual decline in their margins. The primary factor behind this dip is lower yields amid intensifying market pressure. Additionally, many HFCs have held off on passing recent PLR rate cuts, as the benefits from reduced borrowing costs have yet to materialize significantly. The second half of FY26 is expected to exhibit a better performance compared to the first half of FY26. Looking ahead, we project a steady 15-18% growth in the prime housing sector for FY26 and FY27, while the affordable housing segment is expected to expand at an even stronger pace of 18-20%. Given the sustained momentum in this space, our outlook for affordable housing remains highly optimistic in the coming years
Automobile & Auto Ancillaries	Neutral	**Indian Automobile Sector to Grow at 7% CAGR Until FY27; SUVs to Reach 70% of PV Market** We expect the Indian automobile sector to grow at a 7.1% CAGR from FY25 to FY27, driven by rising disposable income, rural demand recovery, and a shift toward premiumization. The two-wheeler segment is projected to expand at 8% CAGR, while the passenger vehicle (PV) segment is expected to grow by 3-4%, fueled by strong SUV demand, which we anticipate will account for 70% of the PV market by FY27. Additionally, we foresee the commercial vehicle segment growing at 2-3%, supported by infrastructure investments. **Shifting Consumer Preferences Reshaping the Indian Automobile Market** Rising disposable income in India is driving a notable shift in consumer preferences across both two-wheeler (2W) and four-wheeler (4W) segments. In 2Ws, demand is moving toward higher-capacity bikes, with the market share of ≥125cc models rising from 24.2% in 2022 to 28.8% in FY25, registering a healthy CAGR of 11.8%. Meanwhile, in the 4W segment, Multi-Utility Vehicles (MUVs) have gained significant traction, increasing their market share from 38.5% in FY21 to 62.3% in FY25, with total sales of 31,59,389 units and an impressive CAGR of 23.2%. This shift highlights a growing preference for performance-oriented and utility-focused vehicles, creating strong growth opportunities for manufacturers catering to these segments. For auto ancillary space, we remain positive driven by new product launches and expect auto ancillary companies to continue benefiting from the trend of premiumization and technological upgrades.
Banks	Positive	**Margin Pressures Loom in 1HFY26: All Eyes on Q3FY26** After a monumental rate cut of 50bps, further easing might be expected as inflation has eased to 2.8% in May'25, although RBI has changed its stance to Neutral. Bank credit growth has sharply declined from 19.5% last year to 9.8% in May 2025, driven by a slowdown in retail and corporate lending. Rising slippages in unsecured retail loans have made banks more cautious, while stress in the microfinance sector remains a concern. With a long overdue revival of credit cycle in the offing, we remain positive on the sector. For FY26, we anticipate credit growth to be between 12% and 12.5%. Large private banks are expected to see growth in the range of 13% to 15%, while mid- and small-sized banks may experience an increase of 15% to 17%.
Steel Pipes	Positive	**Strong Capex Cycle in Oil & Gas and Water Sectors to Fuel Pipe Industry Growth** The Oil & Gas and Water infrastructure sectors are witnessing strong structural growth. The global oil & gas pipeline market is projected to grow at ~5–6% CAGR (2023–28E), driven by rising energy demand and clean fuel transition. Similarly, the water pipeline infrastructure in India is estimated to grow at ~7–8% CAGR, supported by government schemes like Jal Jeevan Mission and AMRUT 2.0.

Choice Sector View – 2/4

Sector	Outlook	Choice Sector View
Capital Goods	Positive	**Vigorous Order Inflow Growth Driving Positive Execution & Profitability Outlook** Amongst players engaged in the capital goods sector – our view is positive on power equipment, EPC, Cable & Wire(C&W) players with robust outlook shared by various managements on quarterly calls, backed by accelerating order inflows to meet T&D requirements of renewable power generation players. We expect an addition of ~32,00 kms over the next 5 years, this would lead to total length to be 41,000 kms, an increase of roughly 4x. A sizeable increase in CAPEX on power T&D equipment, C&W side to meet with rising order inflows reflects conviction of management to grow business with rising profitability, backed by scaling operations. The Compressors, Pumps, and Diesel Engines segment recorded rising revenue and healthy profitability, supported by strong order inflows in Q4FY25. Robust infrastructure-led demand under “Viksit Bharat@2047” and supply constraints contributed to improved margins. In contrast, the Machinery Equipment (Casting & Forging) faced a marginal decline in revenue and profitability, driven by global disruptions, rising container costs, and weakened export demand amid rising geopolitical uncertainties.
Cement	Positive	**Strong Cement Demand Rebound Expected in CY26 Amid Higher Government Capex and Sectoral Recovery** Cement demand grew at a modest ~6% YoY in FY25, below the 5-year average of ~8%, due to broad-based weakness. For FY26, industry growth is expected to recover to ~7–8%, supported by a rebound across key segments—individual housing, infrastructure, and real estate—as indicated by channel checks and government capex data. Looking ahead, demand is set to strengthen further, driven by a 15% YoY increase in government capex, peak construction activity, ongoing rural recovery, sustained real estate momentum, and pent-up demand from FY25. Additionally, stable pet coke prices should support near-term margin improvement.
Defense	Positive	**India Doubles Down on Defense: Structural Tailwinds for Indigenous Players** In the aftermath of Operation Sindoor, we believe India’s defense sector is poised for accelerated growth, driven by a renewed strategic urgency and policy focus on self-reliance. The government is expected to double down on domestic defense manufacturing through increased budgetary allocations, faster procurement clearances, and enhanced private-sector participation under the Atmanirbhar Bharat initiative. The defense capital outlay in Union Budget FY25 rose by 16% YoY to INR 1.72 Tn, the highest ever. Emergency procurement powers have been activated, enabling swift acquisition of critical platforms and ammunition. Additionally, India has set an ambitious defense export target of INR 500 Bn (~$6 billion) by 2028, signaling an intent to position itself as a global defense supplier. As national security takes center stage, we anticipate a robust and sustained pipeline of orders across land, air, and naval systems, making the Indian defense industry a long-term structural growth story.
Healthcare	Positive	**Private Hospitals Drive Growth: With 63% Market Share and Upcoming 10,000 New Beds by FY26** India’s hospital market, valued at $98.9Bn in 2023, is poised for robust growth, projected to reach $193.6Bn by 2032, growing at a CAGR of 8.0%. The private sector, which contributes ~63% of the total market revenue, is undergoing rapid expansion. Leading private hospital chains plan to invest INR 115 Bn in FY26 to add over 4000 new beds—following an aggressive addition of nearly 6000 beds in FY25. This two-year expansion matches the total bed additions made between FY20 and FY24, reflecting a significant acceleration in capacity. This expansion is underpinned by strong sector fundamentals, including consistently high occupancy rates 64–65%, rising ARPOB, change in the specialty mix, and a renewed surge in the international patient footfalls. **70% of Greenfield Hospital Projects in Tier 1 Cities—Fast Breakeven in 12–15 Months Reduces Risk** India’s leading private hospital operators are sharpening their focus on high-margin specialties like oncology, reflecting a strategic shift toward more value-accretive service line. A large portion of the planned expansion is greenfield in nature, which inherently carries execution risks—particularly around project timelines and occupancy ramp-up. However, around 70% of these projects are concentrated in metropolitan and Tier 1 cities, where hospitals historically achieve optimal occupancy and breakeven within 12–15 months. This urban concentration significantly mitigates downside risk, supporting a more resilient profitability outlook and enhancing visibility of returns on invested capital.

Choice Sector View – 3/4

Sector	Outlook	Choice Sector View
Information Technology	Neutral	**FY26 To Begin On A Cautious Note; Pick-up Expected In H2FY26** Indian IT service firms are expected to post soft growth in FY26E, with top-tier firms likely posting -2.2% to 4% growth, amid macro uncertainty and cautious client spending focused on cost optimization and vendor consolidation. While Nifty IT gained 3.6% in the last month on rate cut hopes and easing US-China tensions, the Fed's rate cut pause and inflation risks have dampened sentiment resulting in a weak discretionary spending outlook in US. Amongst verticals, BFSI is poised for growth, while Manufacturing, Retail, and CPG may lag due to continued pressure. However, there is slight visibility in deal wins seen reported mostly by Tier 1 players from the fag end of Q1FY26.Though in near term there could be slow conversion rates on deals won, however from Q2FY26 onwards, we believe IT companies would start seeing good deal conversions. Demand for cloud infrastructure led by database migration and AI driven deals is only going to accelerate further with enterprises spending on hybrid and multi-cloud solutions in partnerships with either Hyperscalers or with IT companies. This we believe would augur well for IT sector demand both from mid-term to long-term perspective.
Metals & Mining	Neutral	**Tariffs Triggered Uncertainty Looms** The global tariff scenario unveiled by USA President has undoubtedly ruffled feathers in the global manufacturing supply chain in our view. The heightened level of uncertainty would create a deadweight loss in demand for CY25. Although domestic demand in India is expected to be buoyant, global uncertainty doesn't help the situation. Recent imposition of steel safeguard duty by India, does provide a downside cushion for the ferrous sector, but there is no such protection for the non-ferrous and mining sectors which remain vulnerable to the global uncertainty. Overall, we believe the near to medium term scenario is Neutral at best.
Oil & Gas-Upstream	Neutral	**Cautious Outlook on Indian E&P** The domestic oil & gas production is expected to grow at low to mid-single digits by FY27. New gas well linked pricing mechanism coupled with increase in gas volumes may help domestic E&P players to offset lower Brent realization expected during the current year. However, we remain cautious on the execution front of increase in production and therefore have neutral outlook on the Indian oil & gas upstream.
Oil & Gas-Downstream	Positive	**India's Fuel Demand Outpaces Global Growth** Indian oil consumption is expected to grow fastest across the globe at rate of CAGR of ~3% up to FY27, meanwhile natural gas consumption is estimated to increase at a CAGR of 6%, with city gas distributors expected to lead the growth. On the gas side, rising CNG vehicle adoption, accounting for ~33% of select automakers' portfolios, coupled with improved OEM alignment, expanding infrastructure, and supportive government policy, is driving sustained growth in the gas downstream businesses. Meanwhile, gasoline and diesel consumption growth is outpacing global averages. We expect Brent prices to cool off going forward and close at US$69/b during the current fiscal year, broadly in line with IEA and US EIA projections. We expect healthy GRMs, lower LPG losses coupled with strong auto-fuel margins in FY26 as compared to last year.

Choice Sector View – 4/4

Sector	Outlook	Choice Sector View
Pharma	Positive	**Chronic, Biosimilars, and CDMO to Power the Next Leg of Growth in Indian Pharma** The Indian pharmaceutical sector has seen renewed momentum, supported by falling API prices and a manufacturing push from PLI schemes. While global risks like potential US tariffs and pricing reforms persist, their impact is likely to be limited, with most Indian pharma companies positioned to pass on the cost increases. ***We expect the sector to grow at a CAGR of 8–9%*** through FY27E/FY28E, led by chronic therapies (10–12% CAGR) and volume-driven acute therapies (6–7%). Domestic formulations (8–9% CAGR) should see margin gains with API price decline, while export formulation growth (6–8% CAGR) may remain stable despite US pricing pressure. Biosimilars (11–12% CAGR) and CDMO services (~15% CAGR) are key growth levers, supported by strong global demand and the China+1 strategy. Overall, India is emerging as a key player across high-growth therapeutic and manufacturing segments, reinforcing its structural strength.
Real Estate – Office Spaces	Positive	**Demand for flex office spaces to remain robust** Demand for flexible workspaces continues to remain robust, driven by Global Capability Centers (GCCs), start-ups, hybrid work models, and a growing preference among businesses for Opex-based cost structures. In Q4 FY25, GCCs were the primary contributors to office space absorption, accounting for 44% (around 12 million square feet) of total transactions — the highest volume ever recorded by this segment. Flex space operators leased approximately 5 msft during the quarter, marking a 28% year-on-year increase and the highest-ever quarterly uptake for this category. Notably, co-working spaces made up 83% of all flex space deals, significantly above the eight-quarter average of 63%. The Indian Flexible Workspace Market is expected to grow by a 13.4% CAGR over FY25-32. We expect seat growth of ~42%/24%/14% in FY26/27/28E.

Convex Choices Edition II: High Conviction Investment Ideas

Company	Sector	Market Cap (INR Bn)	CMP (As on June 19,2025)	Target Price	Potential Upside
Mahindra & Mahindra	Automobile & Auto Ancillaries	3,844.7	3,092	3,965	28.0%
Lumax Auto Technologies	Automobile & Auto Ancillaries	75.0	1,100	1,375	26.0%
Lumax Industries	Automobile & Auto Ancillaries	29.67	3,174	4,000	27.0%
Man Industries	Steel Pipes	23.7	367	480	30.7%
Nuvoco Vistas	Cement	120.9	339	441	29.3%
Ultratech Cement	Cement	3,361.7	11,408	15,210	33.9%
Bharat Electronics	Defense	2,913.3	398	420	5.7%
Hindustan Aeronautics	Defense	3,277.2	4,900	5,570	13.9%
Apollo Hospitals	Healthcare	1,007.7	7,008	8,000	14.4%
Yatharth Hospitals	Healthcare	487.7	506	640	26.5%
Coforge	Information Technology	599.9	1,794	2,153	19.9%
Ajanta Pharma	Pharma	317.7	2,544	3,180	25.7%
Marksans Pharma	Pharma	112.2	248	315	27.0%
EFC (I)	Real Estate	29.8	300	465	54.9%

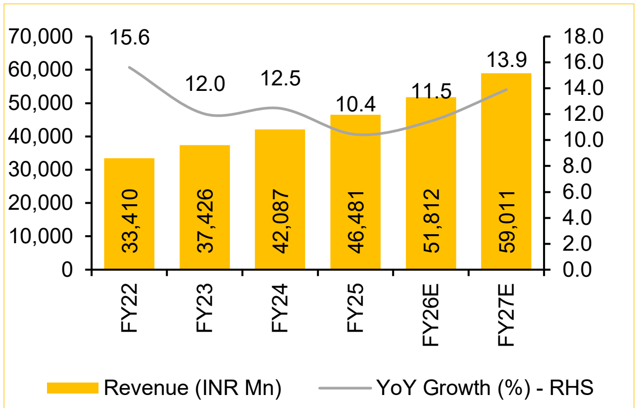
Convex Choices Edition I : Update on our previous recommendations

Company	CMP*	Current TP	Current Rating	Returns(%)* Since Edition I	Investment Case	Edition II Inclusion
Mahindra & Mahindra	3,092	3,965	Buy	12.7%	We maintain M&M as our top pick, driven by its leadership in the farm equipment segment and strong positioning in the LCV and MUV categories. The company continues to expand its market share, backed by a robust product portfolio and wide distribution network. While competition in MUVs remains intense, M&M's consistent growth and diversification support a strong long-term investment case.	✓
Hindware Home Innovation	283	325	Buy	41.5%	Hindware is well positioned to capitalize on Bathware Industry's demand which is expected to grow at a CAGR of 8-10% for the next few years driven by individual home building (IHB) segment and Real Estate activity in the country. Hindware is also exposed to PVC Pipes Industry which is expected to grow at a 14% CAGR over FY25-FY28 E i.e. from INR 475Bn in FY 25 to INR 700Bn in FY28E.	✗
JK Cement	5,820	6,750	Buy	29.6%	JK Cement was our top pick in 3QFY25 and delivered strong returns, backed by aggressive capacity expansion, 10% volume growth guidance for FY26E, and a focus on premiumization—driving an expected 670 bps RoCE improvement over FY25–28.	✗
Bharat Electronics	398	420	Buy	59.0%	We maintain this stock as our top pick, backed by strong confidence in its growth trajectory. The company is well-positioned to capture a significant share of upcoming defense opportunities, supported by recent developments. Additionally, its focus on export expansion and investments in future technologies like AI reinforce our positive outlook.	✓
Yatharth Hospitals	506	640	Buy	40.6%	Yatharth Hospital remains our top pick driven by several strong growth drivers: a favorable shift in payer mix from government schemes (declining from 37% to 25%) to higher-paying cash/TPA segments, an increased focus on high-end specialties, and strategic expansion into the high-ARPOB Delhi-NCR region. The hospital continues to deliver robust revenue growth of approximately 30% with a sustainable margin of around 25%, and plans to add 300–500 beds annually by acquiring at least one hospital each year.	✓
Coforge	1,794	2,153	Buy	18.0%	Coforge remains our top pick for Q4FY25, driven by disciplined execution and a focus on large, solution-led managed services deals that deepen client relationships. Its proven ability to scale specialized talent and pursue strategic deals, even amid macroeconomic shifts, supports sustained performance. With a strong order book and landmark wins like the Sabre deal and a USD 62Mn contract from a Cigniti client, Coforge targets over USD 2Bn revenue by FY27. AI-led offerings and modernization trends further reinforce its robust growth trajectory and profitability goals.	✓
Divi's Laboratories	6,493	7,275	Buy	16.6%	Divi's Laboratories was our top pick in Q3FY25 under our Convex Choice framework, driven by its robust order book and the seasonal strength of Q4 for the CDMO segment. We maintain a positive stance on Divi's as it continues to lead as the top CDMO player in India, supported by strong unmet capacities and a solid execution track record.	✗

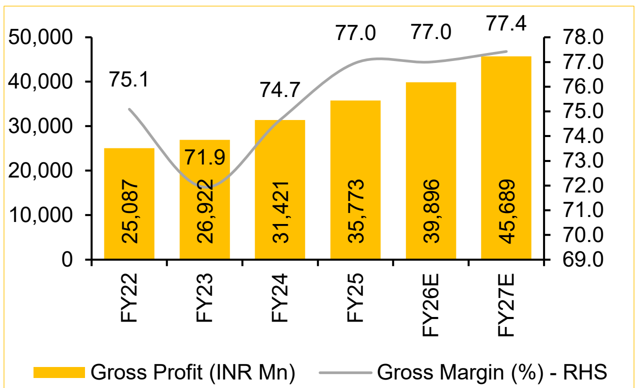
* CMP as on 19th June 2025
* Returns from Convex Choices Edition I (7th March 2025)

Ajanta Pharma Ltd I Rating: BUY I CMP: INR 2,544 I TP: INR 3,180

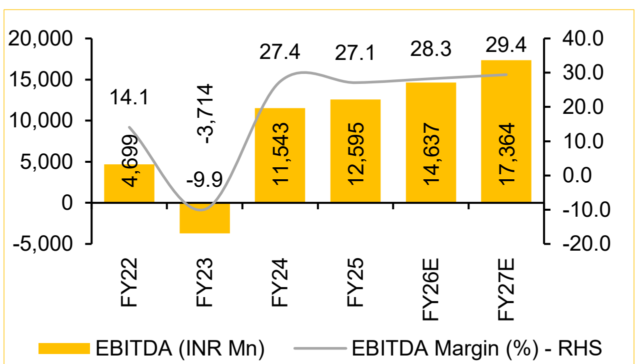
Revenue Expected To Grow By 12.7% CAGR (FY25-27E)



Gross Margins to Remain at FY25 Levels



EBITDA Margins to Improve by 233bps by FY27E



Business Overview: Ajanta Pharma (AJP) is a specialty pharmaceutical company engaged in the development, manufacturing, and marketing of high-quality generic and branded formulations, primarily focused on specialty segments such as ophthalmology, dermatology, cardiology, and anti-malarials. The company derives a significant portion of its revenue from branded generics in emerging markets (43% in FY25) across Asia and Africa, while its US generics business continues to expand, contributing 23% to overall revenues as of FY25. AJP operates six manufacturing facilities—two of which are US FDA-approved—supporting its global footprint across over 30 countries. The company's product portfolio spans over 250 molecules with multiple dosage forms, including tablets, capsules, injectables, and ophthalmic solutions. Its strong R&D capabilities are reflected in a robust pipeline of differentiated ANDAs and branded formulations tailored to underserved therapeutic areas.

How meaningful are AJP's recent and upcoming launches in driving its next leg of growth across key markets?

AJP's recent product launches are not just additions—they're strategically significant for driving growth. In the US, Oxtellar XR, launched as an authorized generic, targets a limited-competition segment with attractive margins. Fluvoxamine ER, a complex antidepressant, adds depth to AJP's neuro-psychiatric portfolio. With seven additional US launches planned in FY26, including differentiated and difficult-to-make products, we expect strong revenue ramp-up, supported by AJP's strong supply chain and high fill rates. In Asia and Africa, the launch of 25 and 13 branded products respectively, with a focus on chronic therapies, strengthens AJP's leadership in key sub-therapeutic segments. ***We believe these launches will sustain low double-digit growth in branded generics and drive high-teens growth in US generics***, in line with management guidance.

With expanding operations and field strength, can AJP manage cost pressures while sustaining earnings growth?

AJP's operating costs are set to rise in FY26E, driven by higher promotional spend, field force expansion (~450 MRs added), and pre-commercialization investments for new product launches across India, US, and emerging markets. While this will likely cap EBITDA margin expansion in the near term (guidance: 27–28%), absolute EBITDA is still expected to grow YoY. ***We view this as a transitory phase, with investments laying the foundation for stronger operating leverage from FY27E onward***. As the product pipeline commercializes and promotional intensity normalizes, ***we expect a margin recovery and a stronger earnings trajectory***. Ajanta remains well-positioned for sustainable, profitable growth.

Why Invest in AJP?

AJP is well-positioned for sustainable growth driven by strong execution and strategic investments:

- **Revenue Visibility Across Key Markets:** Strong growth expected in FY26 led by high-teen growth in US generics (Oxtellar XR, Fluvoxamine ER + 7 launches) and low double-digit growth in branded generics across India, Asia, and Africa.
- **Strategic Capacity Addition:** New Pithampur liquid plant enhances control and scalability in emerging markets, replacing third-party manufacturing.
- **Short-Term Margin Impact, Long-Term Upside:** Elevated promotional and field expenses (~450 MRs added) may cap margin expansion in FY26, but set the stage for operating leverage and margin rebound in FY27.

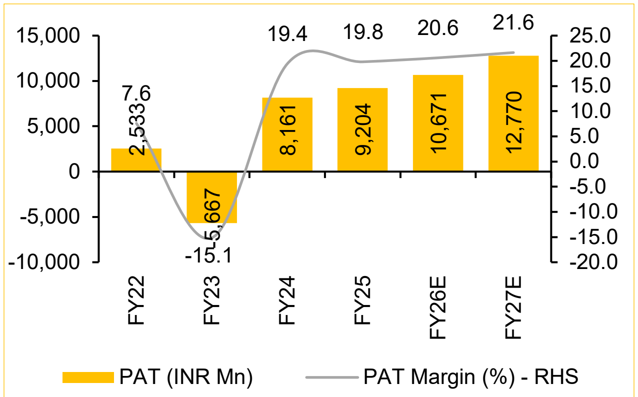
Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 3,180.

Key Risks:

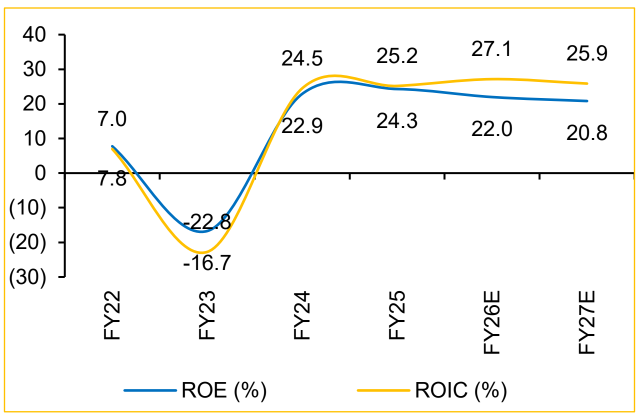
- **Regulatory and Compliance Risks:** Delays or adverse outcomes in regulatory approvals, especially in the US, could impact product launches and revenue visibility.
- **Rising Promotional Spend:** Continued expansion of the field force and promotional intensity may pressure EBITDA margins if revenue growth lags expectations.
- **US Generic Pricing Pressure:** Sustained price erosion and competitive intensity in the US generics market could offset gains from new launches.

Recent Report Link : Q4FY25 Result Update

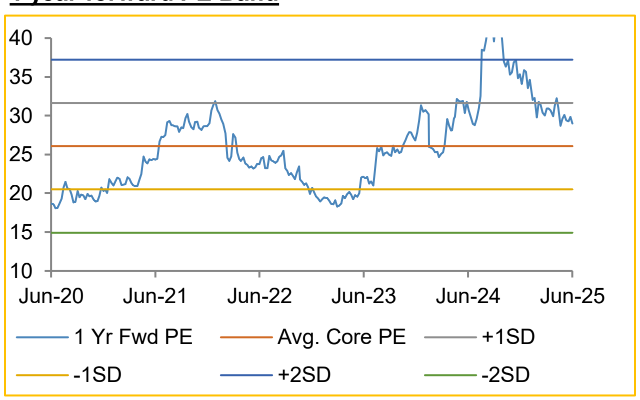
PAT Expected to Grow by 17.8% CAGR (FY25-27E)



ROE & ROIC Trends



1 year forward PE Band

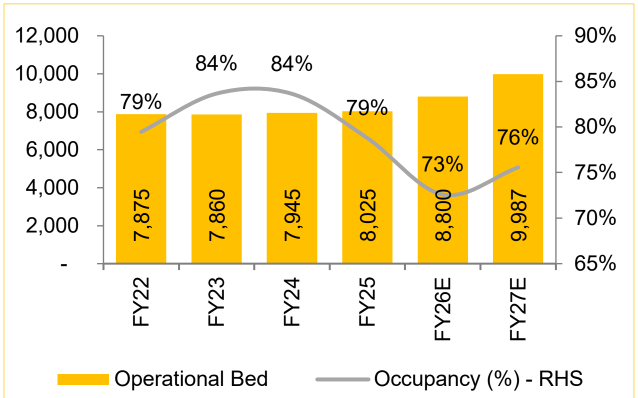


Income Statement Values (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	37,426	42,087	46,481	51,812	59,011
Gross profit	26,922	31,421	35,773	39,896	45,689
EBITDA	(3,714)	11,543	12,595	14,637	17,364
Depreciation	1,308	1,354	1,441	1,606	1,771
EBIT	(5,022)	10,189	11,154	13,031	15,593
Other income	986	1,022	945	1,347	1,534
Interest expense	58	72	207	150	100
PBT	(4,094)	11,138	11,892	14,228	17,027
Reported PAT	(5,667)	8,161	9,204	10,671	12,770
EPS	(45)	65	73	85	102

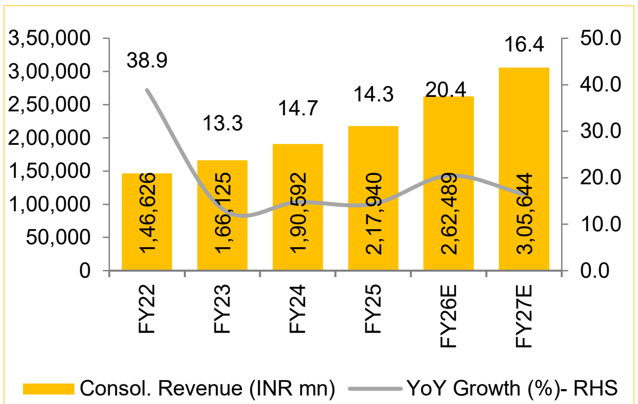
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenues	12.0	12.5	10.4	11.5	13.9
EBITDA	(179.0)	(410.8)	9.1	16.2	18.6
PBT	(191.0)	(372.0)	6.8	19.6	19.7
PAT	(323.8)	(244.0)	12.8	15.9	19.7
Margins (%)					
Gross Profit Margin	71.9	74.7	77.0	77.0	77.4
EBITDA Margin	(9.9)	27.4	27.1	28.3	29.4
Tax Rate	(38.4)	26.7	22.6	25.0	25.0
PAT Margin	(15.1)	19.4	19.8	20.6	21.6
Profitability (%)					
Return on Equity (ROE)	(16.7)	22.9	24.3	22.0	20.8
Return on Invested Capital (ROIC)	(22.8)	24.5	25.2	27.1	25.9
Return on Capital Employed (ROCE)	(12.1)	17.6	18.4	17.6	17.1
Financial Leverage (x)					
Pre-tax OCF/EBITDA	(2.6)	0.9	1.1	1.2	1.0
OCF / Net profit	(1.4)	1.0	1.3	1.3	1.0
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	(86.0)	141.3	53.8	86.9	155.9
Working Capital					
Inventory Days	80	72	71	64	63
Receivable Days	103	108	93	80	75
Creditor Days	41	40	36	36	35
Working Capital Days	141	140	128	108	103
Valuation Metrics					
No of Shares (Mn)	126	126	125	125	125
EPS (INR)	(45)	65	73	85	102
BVPS (INR)	268	282	302	388	489
Market Cap (INR Mn)	3,21,434	3,21,434	3,18,890	3,18,890	3,18,890
PE (x)	(57)	39	35	30	25
P/BV (x)	9	9	8	7	5
EV/EBITDA (x)	(86)	28	25	22	18
EV/Sales (x)	9	8	7	6	5

Apollo Hospitals Enterprise I Rating – BUY I CMP: INR 7,008 I TP: INR 8,000

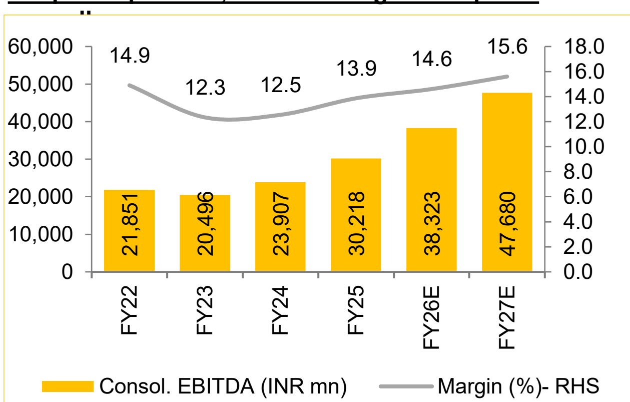
Operating beds to increase by ~2,000 beds in 2 years



Revenue expected to grow at ~18% CAGR (FY25-27E)



Despite expansion, EBITDA margin to improve



Business Overview: APHS is one of the largest healthcare conglomerates in India, founded by Dr. Prathap C. Reddy in 1983. The company operates a chain of multi-specialty hospitals, diagnostic clinics, pharmacies, and provides telemedicine services. It has a significant footprint in India and a growing presence internationally. APHS runs over 70 hospitals across India, with a total bed capacity exceeding 10,000. It focuses on specialized services such as oncology, cardiology, and orthopedics. It also operates one of India's largest pharmaceutical retail chains and has a strong diagnostic and telemedicine business, offering services through Apollo Clinics and Apollo 24/7, which extends the hospital's reach beyond physical locations.

Can Apollo Hospital's Sustain Its Growth Momentum with Metro-Focused Expansion?

APHS is executing a strategic capacity expansion plan aimed at **adding 1,937 beds in FY26**, representing a ~20% increase over its current capacity. This growth targets high-demand urban markets such as Pune, Kolkata, Delhi, Hyderabad, and Gurugram. Kolkata (270 beds) and Delhi (510 beds) hospitals are expected to achieve EBITDA breakeven within 12 months, leveraging APHS brand strength and market presence. Over the next 3–4 years, APHS **plans to add a total of 4,372 beds**, with a strong focus on high-margin specialties like oncology, neurosciences, and cardiac sciences. This expansion is aligned with projected inpatient volume growth of 6–7% annually, fueling ARPOB and sustaining robust EBITDA margins at 24%.The metro-focused growth strategy positions APHS to deepen its presence in markets while maintaining operational efficiency and margin strength.

Can Apollo's Diagnostics and Pharmacy Businesses Deliver Scalable and Profitable Growth?

APHS is strategically scaling its Diagnostics and Pharmacy divisions by combining digital leverage, market expansion, and strategic partnerships to drive both growth and profitability. **Diagnostics is targeting a 15–18% revenue CAGR**, with an EBITDA margin improvement of 200bps to ~10% by FY27. **Pharmacy is expected to grow at a robust 20% annually**, with a path to achieving 5–6% EBITDA margins by FY27. Strategic tie-ups with insurers are enhancing operating leverage and profitability, particularly through integrated care models. Expansion plans include growing from 6 core markets (which generate 80% of revenue) to **25 high-potential cities** over the next 2 years, supported by APHS digital health ecosystem & supply chain efficiency.

Why Invest in APHS?

APHS is India's leading integrated healthcare provider, offering strong long-term growth driven by its diversified business model across hospitals, diagnostics, pharmacy, and digital health. With a metro-focused capacity expansion **adding ~20% beds by FY26** and a pipeline of 4,372 beds over 3–4 years, APHS is positioned to capture rising healthcare demand in high-margin specialties like oncology and cardiac sciences. Its diagnostics and pharmacy businesses are scaling rapidly, **targeting double-digit EBITDA margins** supported by digital platforms and insurer partnerships. Strong brand equity, proven execution, and consistent EBITDA margins (~24%) underscore operational excellence. With inpatient volume growth of 6–7% and ARPOB expansion, APHS offers a compelling blend of scale, profitability, and structural tailwinds—making it a solid long-term investment.

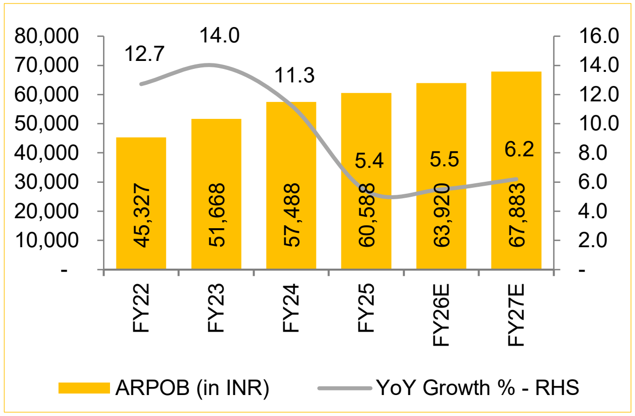
Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 8,000.

Key Risks:

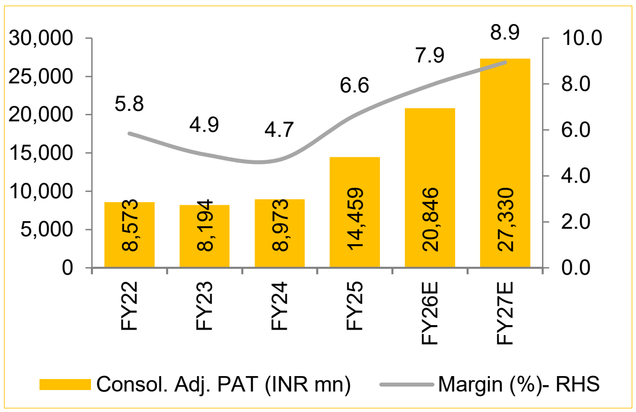
- **Regulatory Risks**: Healthcare is a highly regulated sector in India, and changes in government policy can impact business operations.
- **Competition**: Intense competition from other hospital chains, diagnostic centers, and pharmacy chains can pressure margins.

Recent Report Link : Q4FY25 Result Update

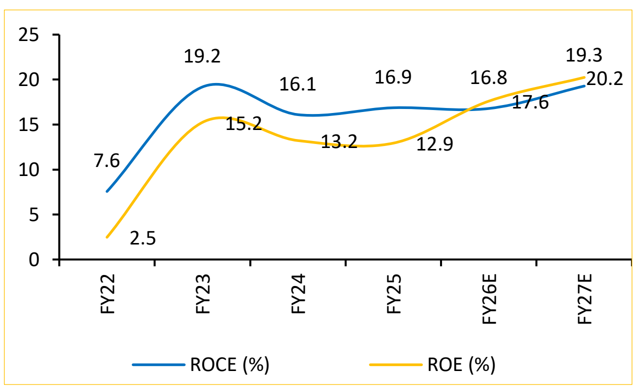
Sustained ARPOB growth amid new bed additions



PAT expected to grow at ~37% CAGR (FY25-27E)



ROE & ROCE Trend

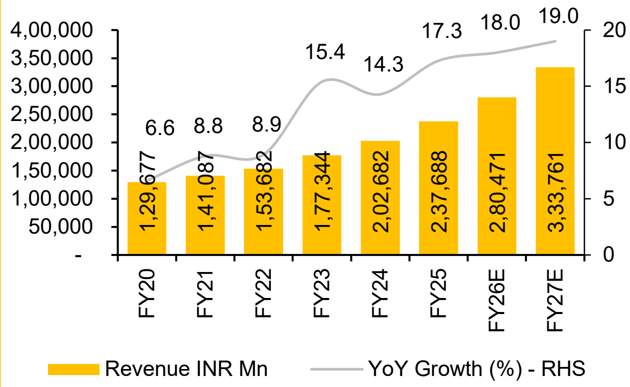


Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,66,125	1,90,592	2,17,940	2,62,489	3,05,644
Gross profit	80,382	92,537	1,04,840	1,28,095	1,49,765
EBITDA	20,496	23,907	30,218	38,323	47,680
Depreciation	6,152	6,870	7,575	8,429	9,284
EBIT	14,344	17,037	22,643	29,894	38,397
Other income	903	1,063	2,003	2,203	2,424
Interest expense	3,808	4,494	4,585	4,524	4,463
PBT	11,008	13,805	20,391	27,903	36,687
Reported PAT	8,194	8,986	14,459	20,846	27,330
EPS	57.0	62.5	100.5	145.0	190.1

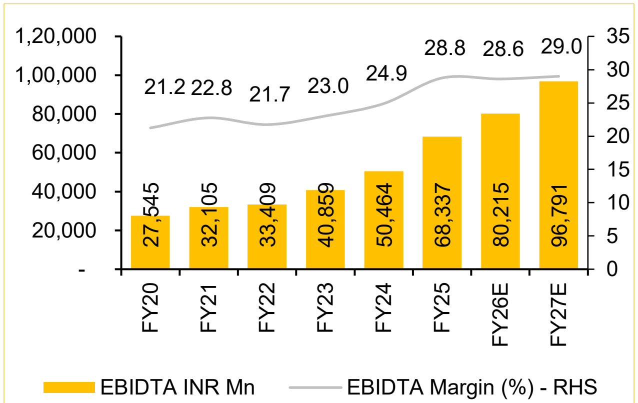
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenues	13.3	14.7	14.3	20.4	16.4
EBITDA	-6.2	16.6	26.4	26.8	24.4
PBT	-30.6	25.4	47.7	36.8	31.5
PAT	-26.1	9.7	60.9	44.2	31.1
Margins (%)					
Gross Profit Margin	48.4	48.6	48.1	48.8	49.0
EBITDA Margin	12.3	12.5	13.9	14.6	15.6
PBT Margin	6.6	7.2	9.4	10.6	12.0
Tax Rate	23.3	32.3	26.2	26.2	26.2
PAT Margin	4.9	4.7	6.6	7.9	8.9
Profitability (%)					
Return On Equity (ROE)	13.2	12.9	17.6	20.2	21.0
Return On Invested Capital (ROIC)	17.8	17.2	22.1	20.8	22.5
Return On Capital Employed (ROCE)	16.1	16.9	16.8	19.3	21.1
Financial Leverage (x)					
OCF/EBITDA (x)	0.7	0.8	0.7	0.6	0.5
OCF / Net profit (x)	0.1	0.1	0.1	0.1	0.1
Debt to Equity (x)	0.4	0.5	0.6	0.5	0.4
Interest Coverage (x)	3.8	3.8	4.9	6.6	8.6
Working Capital					
Inventory days (x)	16.6	17.1	15.5	17.0	17.0
Receivable days (x)	49.1	48.2	50.5	50.0	50.0
Creditor days (x)	42.1	45.4	37.5	40.0	40.0
Working Capital Days	23.6	19.9	28.5	27.0	27.0
Valuation Metrics					
BVPS (INR)	431.0	482.3	571.1	716.1	906.1
Market Cap (INR Mn)	9,88,948	9,89,085	9,89,085	9,89,085	9,89,085
PE (x)	120.7	110.1	68.4	47.4	36.2
P/BV (x)	16.0	14.3	12.0	9.6	7.6
EV/EBITDA (x)	49.2	42.3	34.0	26.8	21.5
EV/Sales (x)	6.1	5.3	4.7	3.9	3.3

Bharat Electronics Ltd I Rating – BUY I CMP : INR 398 I TP: INR 420

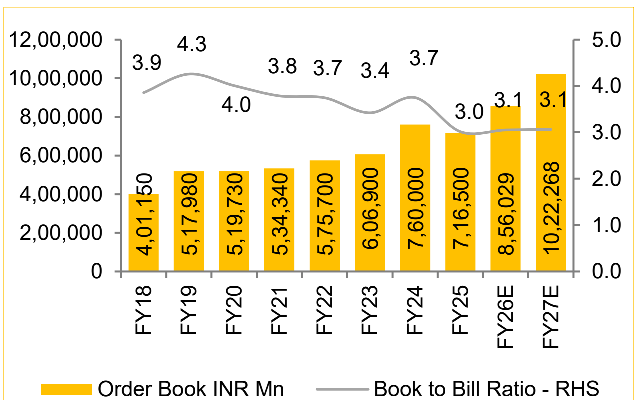
Revenue expected to grow 18.5% CAGR FY25-27E



EBITDA Margin to improve led by better mix



The Order Book-to-Bill ratio remains stable



Business Overview: BHE, a leading Indian defense and aerospace electronics company under the MoD, specializes in advanced electronic systems for defense, aerospace, and civilian applications. Its portfolio includes radars, communication systems, avionics, missile guidance, etc. Serving key clients like the Indian Armed Forces, DRDO, ISRO, and international defense organizations, BHE plays a vital role in defense modernization and the Aatmanirbhar Bharat initiative. With an unexecuted order book of INR 716.5 Bn (3.0x FY25 revenue), the company ensures strong visibility and steady growth.

How is BHE positioned to be a key beneficiary of the India's defense eco-system & Export potential

BHE's platforms demonstrated exceptional performance during Operation Sindoor, with extensive deployment in the India-Pakistan conflict. This success has reinforced the Indian armed forces' confidence in BHE's capabilities while show casing its ability to deliver complex, mission-critical; systems an expertise now gaining recognition in international markets. With the MoD announcing an emergency procurement program worth INR 400-500 Bn, BHE is well-positioned to emerge as a key beneficiary. The company's robust order book of over INR 716 Bn, combined with high-visibility projects such as the INR 300+ Bn QRSAM, INR 270 Bn in assured orders in FY26E, and strategic programs like NGC subsystems, LCA upgrades, and radar and EW systems, provides strong revenue growth momentum and cements BHE's leadership in the sector.

We expect in response to rising geopolitical tensions, BHE is accelerating project execution for replenishment order, supported by a strong MSME vendor eco-system contributing ~35% to project execution. This is expected to drive faster revenue recognition, while its in-house designed, supports healthy margin expansion. Furthermore, BHE is tapping into growing export opportunities, particularly in Europe, and is actively investing in emerging tech such as drone warfare and AI-integrated solutions. These initiatives enhance BHE's future earnings visibility and positioned the company for sustained long-term growth.

What makes BHE a strong investment opportunity in India's defense sector?

Our research indicates that electronic components, parts, and equipment contribute approximately 30-60% of the total cost of defense equipment, depending on the platform type. BHE holds a strategic position within India's defense sector, catering to all three branches of the armed forces and serving as a key supplier to major defense companies.

Additionally, BHE is well placed within the defense sector, because BHE not solely reliant on order inflows from major DPSUs. Its diversified portfolio, strong R&D capabilities, and increasing presence in both defense and non-defense sectors enhance its long-term growth potential. The company's ability to secure independent contracts from other DPSU's and expand into new technological domains like AI, Cybersecurity, further strengthens its investment appeal.

Near term triggers: 1) QR-SAM, MR-SAM, Kusha Project, Akash SAM, 2) We expect significant amount of defense business comes from Europe in near to medium term.

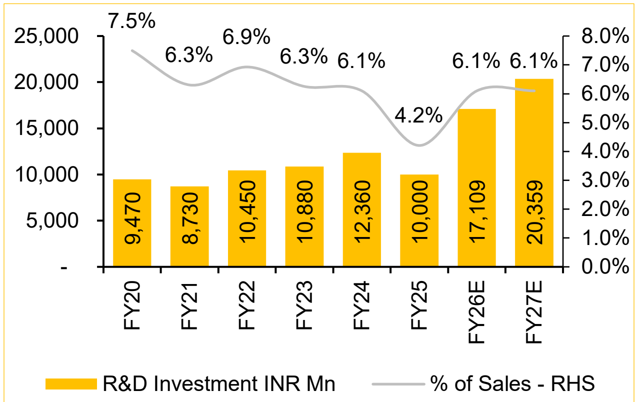
Valuation: Currently we have a "BUY" rating on the stock with a Target Price of INR 420.

Key Risks:

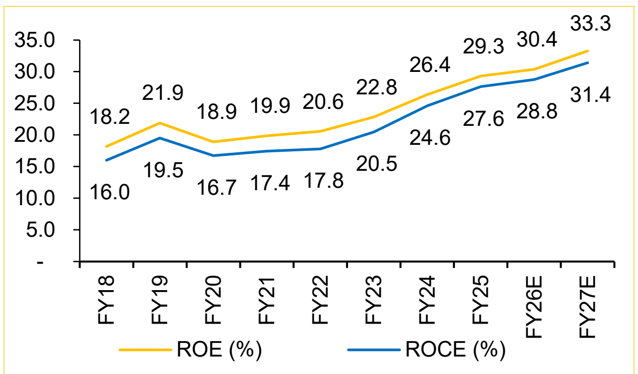
- Supply chain risk – Dependence on specific raw materials, semiconductors, and critical components can lead to delays and cost overruns due to global shortages or trade restrictions.
- Market risk – Changes in defense policies, economic downturns, & shifting government priorities can reduce demand for defense products and services.

Recent Report Link : Q4FY25 Result Update

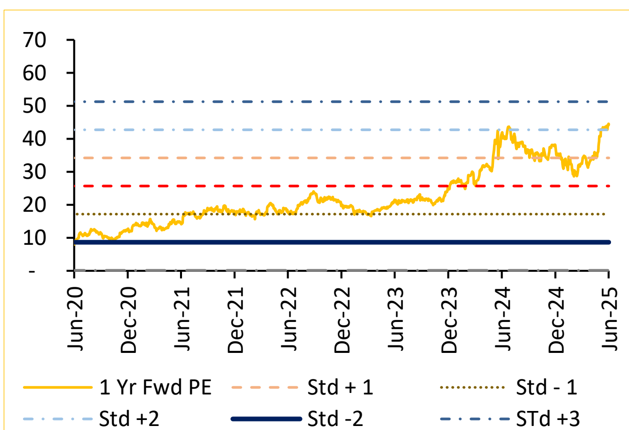
Sustained R&D investment



ROE & ROCE Trend



One year forward PE band

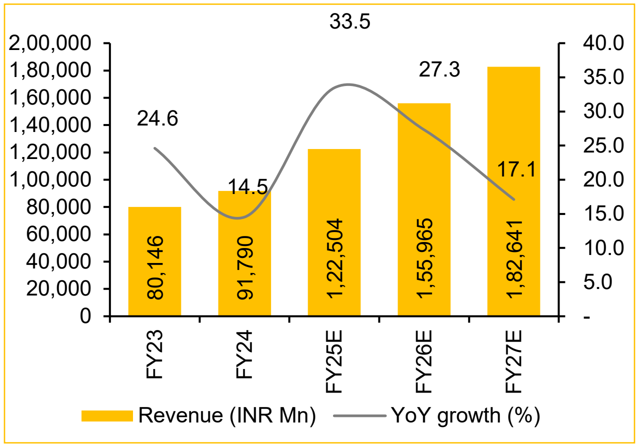


Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	1,77,344	2,02,682	2,37,688	2,80,471	3,33,761
Growth (%)	***15.40***	***14.29***	***17.27***	***18.00***	***19.00***
Material Expenses	98,276	1,05,763	1,21,872	1,44,723	1,71,553
Employee Expenses	23,173	24,895	27,606	32,254	38,049
Other Operating Expenses	15,037	21,560	19,872	23,279	27,368
EBITDA	40,859	50,464	68,337	80,215	96,791
EBITDA Margin (%)	***23.04***	***24.90***	***28.75***	***28.60***	***29.00***
Depreciation	4,288	4,432	4,674	5,149	5,697
EBIT	36,571	46,032	63,663	75,066	91,094
Other Income (Including EO Items)	2,808	6,701	7,424	9,256	10,680
Interest	150	71	97	112	134
PBT	39,229	52,662	70,990	84,210	1,01,641
Tax (Incl Deferred)	9,826	13,231	18,119	21,052	25,410
RPAT	29,404	39,431	52,872	63,157	76,231
Profit/Loss of Associate Company	441	421	355	419	499
APAT	29,844	39,852	53,227	63,576	76,730
APAT Margin (%)	***16.8***	***19.7***	***22.4***	***22.7***	***23.0***
Adjusted EPS (Rs)	4.1	5.5	7.28	8.70	10.50
EPS Growth (%)	*24.4*	*33.5*	*33.6*	*19.4*	*20.7*

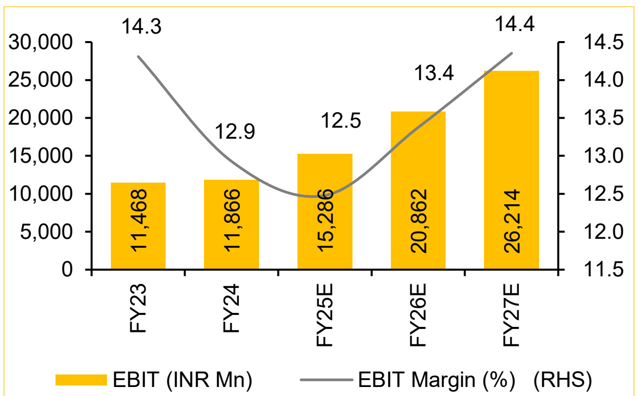
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	15.4	14.3	17.3	18.0	19.0
EBITDA	22.3	23.5	35.4	17.4	20.7
PAT	24.4	33.5	33.6	19.4	20.7
Margin Ratios (%)					
EBITDA	23.0	24.9	28.8	28.6	29.0
PAT	16.8	19.7	22.4	22.7	23.0
Performance Ratios (%)					
OCF/EBITDA (X)	0.4	0.9	0.2	1.0	1.0
OCF/IC	29.1	88.1	15.5	71.6	73.6
ROE	22.8	26.4	29.3	30.4	33.3
ROCE	20.5	24.6	27.6	28.8	31.4
Turnover Ratios (Days)					
Inventory	133	134	140	135	134
Debtor	144	133	140	135	132
Payables	69	67	51	55	58
Cash Conversion Cycle	208	200	229	215	208
Financial Stability Ratios (x)					
Net Debt to Equity	(0.6)	(0.7)	(0.5)	(0.5)	(0.5)
Net Debt to EBITDA	(2.0)	(2.2)	(1.4)	(1.3)	(1.2)
Interest Cover	245	645	658	669	682
Valuation metrics					
Fully Diluted Shares (Mn)	7,310	7,310	7,310	7,310	7,310
Price (INR)	398	398	398	398	398
Market Cap(INR Mn)	29,13,310	29,13,310	29,13,310	29,13,310	29,13,310
PE(x)	98.0	73.4	54.9	46.0	38.1
EV (INR Mn)	28,43,912	28,13,346	28,28,461	28,17,706	28,07,821
EV/EBITDA (x)	70	56	41	35	29
Book Value (INR/Share)	19	22	27	30	33
Price to BV (x)	21.1	17.9	14.6	13.4	12.1
EV/OCF	167	60	175	35	30

Coforge Ltd I Rating – BUY I CMP: INR 1,794 I TP: INR 2,153

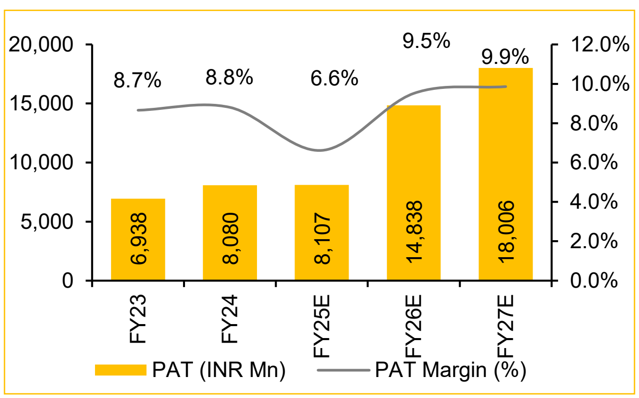
Revenue expected to grow at ~22.1% CAGR (FY25-27E)



EBIT expected to grow at ~31.0% CAGR (FY25-27E)



PAT expected to grow at ~49.0% CAGR (FY25-27E)



Business Overview: COFORGE is a global digital services and solutions provider, ranked among the top 20 Indian software exporters, serving global clients like British Airways, ING Group, SEI Investments, Sabre, and SITA. Over the years, COFORGE has set up subsidiaries in the US, Singapore, Australia, UK, Germany and Thailand, mainly to market and mobilize projects for the software division. The company has business partnerships with large IT companies across the world.

How is COFORGE set to outgrow peers despite macro challenges?

COFORGE is well-positioned to lead industry growth in FY26 due to several key strengths

- Firstly, the company's disciplined execution and unique intensity in delivering results sets it apart from peers. COFORGE emphasizes growth through solution-based, proactive large managed services deals, **focusing on expanding wallet share within existing clients rather than relying solely on client budget increase. This strategy ensures resilience through economic cycles, supported by a strong signed order book and a robust deal pipeline.**
- Having a proven history of building deep pools of specialized architects and industry-specific experts further differentiates COFORGE from peers. **Despite macroeconomic fluctuations the company's strategic pivot towards large deals is quite instrumental in the growth and profitability that it has witnessed so far.**
- Looking ahead, COFORGE aims to exceed USD 2Bn in revenue sooner than as anticipated in FY27, with EBITDAM guidance around 18%, translating to approximately 14% EBITM by FY26. The company's growth is fuelled by multiple vectors, like large deal wins (including the landmark Sabre deal and a significant USD 62Mn contract from a major Cigniti client in Q4FY25), scalable GPU-as-a-service offerings, AI-led quality engineering for banking clients, Salesforce-driven wins,. These opportunities, aligned with trends in AI-driven transformation and legacy modernization, underpin COFORGE's robust growth outlook.

Why Invest in COFORGE?

COFORGE posted a strong Q4 with record order intake of USD 2.1Bn, including 5 large deals. Capitalizing on targeted growth, it achieved a 75% YoY rise in annual TCV to USD 3.5Bn. Its executable order book rose 48% YoY to USD 1.5Bn, outpacing peers' cautious FY25 outlook. **The frequency and median size of large deals at COFORGE have steadily risen, reflecting its strong executional capabilities.** During FY25 the company has witnessed broad-based growth, with notable expansion across its Top 5, Top 10, and Top 20 clients. The USD 1.56Bn Sabre deal has transitioned smoothly, progressing further with ramp-ups. **COFORGE's confidence in sustaining long-term growth stems from a well-diversified portfolio across service offerings. Growth is being driven across geographies, industry verticals, and service lines.** Thus, we believe that this balanced approach positions COFORGE for sustained momentum in the coming quarters. We project Revenue/EBIT/PAT to grow at a CAGR of 22.1%/ 31.0%/ 49.0% respectively over FY25-FY27E.

Valuation: We currently have a 'BUY' rating on the stock with a target price of INR2,153.

Key Risks:

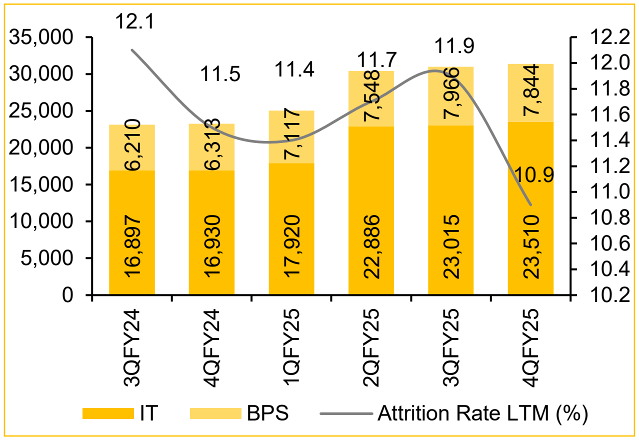
Slower TCV Conversion: Amidst of global macro-economic challenges there is possibility of Clients spending gradually thereby slowing down the actual revenue conversions from TCV won, which we believe could be a key risk factor to the company's growth and profitability in FY26.

Currency exchange volatility: Fluctuations in foreign currency exchange rates can affect profit margins and financial stability, especially in global contracts.

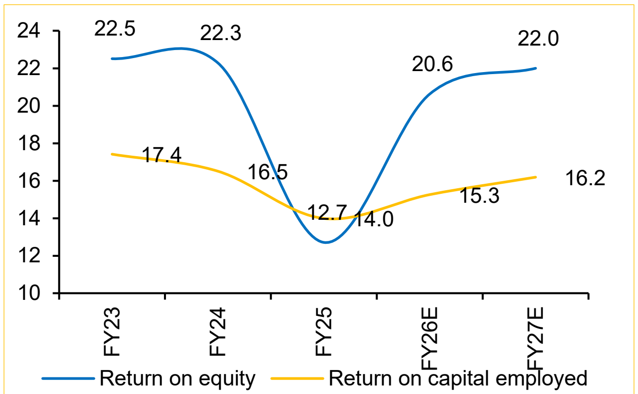
Geopolitical Policy Impact on IT sector: A significant portion of the company's revenue is derived from the US market. Policy shifts under the Trump administration and global geopolitical tensions may reduce capital flows into the IT sector, leading to short-term investment slowdowns and impacting growth.

Recent Report Link : Q4FY25 Result Update

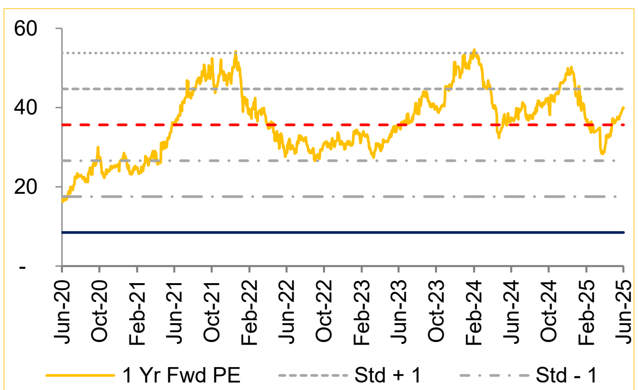
Positive net addition; Attrition declined



ROE & ROCE Trend



1 Year Forward PE Band



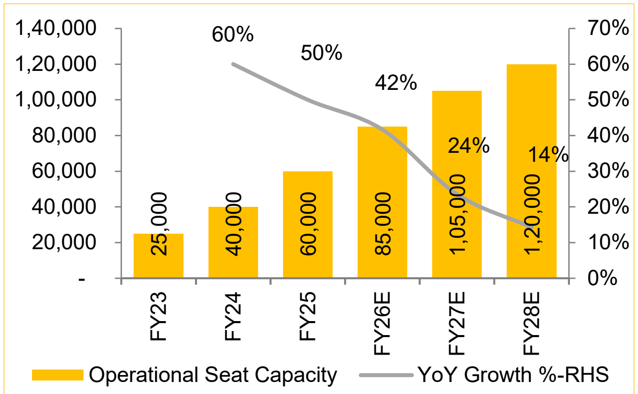
Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	80,146	91,790	1,22,504	1,55,965	1,82,641
EBITDA	14,649	16,205	21,603	28,132	34,067
Depreciation	2585	3,186	4,580	5,543	6,575
EBIT	11,468	11,866	15,286	20,862	26,214
Other income (net)	-630	-1156	-1495	-1838	-1882
Exceptional Item	1,326	261	1,243	-	-
PAT	6938	8,080	8,107	14,838	18,006
EPS (Rs)	113.8	131.6	122.5	221.8	269

Key Financial Ratios

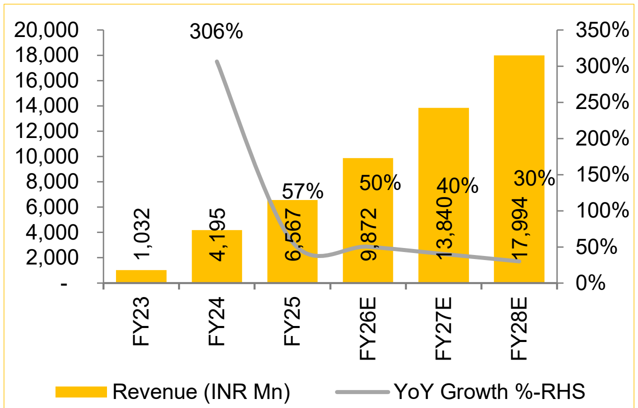
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenues	24.6	14.5	33.5	27.3	17.1
Gross Profit	26.7	14.7	35.9	27.4	19.3
EBITDA	21.5	10.6	33.3	30.2	21.1
EBIT	29.1	3.5	28.8	36.5	25.7
Margin Ratios (%)					
Gross Profit Margin	32.5	32.6	33.2	33.2	33.9
EBITDA Margin	18.3	17.7	17.6	18.0	18.7
EBIT Margin	14.3	12.9	12.5	13.4	14.4
Profitability (%)					
ROE	22.5	22.3	12.7	20.6	22.0
ROIC	17.9	16.6	13.1	13.7	14.4
ROCE	17.4	16.5	14.0	15.3	16.2
Valuation					
OCF / Net profit (%)	137.0	111.8	152.6	108.5	109.5
Book Value Per Share (x)	524.9	614.8	672.1	786.2	930.7
Free Cash Flow Yield (%)	6.6	7.0	8.2	8.2	8.2

EFC (I) Ltd I Rating – BUY I CMP : INR 300 I TP: INR 465

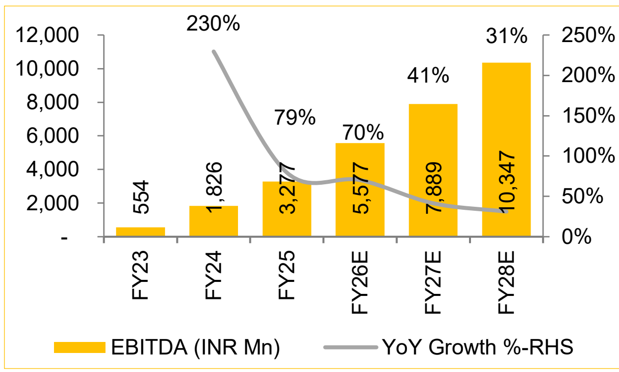
Seat Capacity to grow at a 26% CAGR over FY25-FY28E



Revenue to grow at a 40% CAGR over FY25-FY28E



EBITDA to grow at a 47% CAGR over FY25-FY28E



Business Overview: EFC Limited (EFCIL) operates in the flexible workspace and commercial real estate sector with three main verticals- **Office Rental, Design & Build (D&B) and Furniture Manufacturing**, contributing 57%,40% and 3% respectively to FY25 revenue. The D&B and Furniture Manufacturing segment is leveraging internal synergies by supplying products to its Office Rental segment through backward integration, while also fulfilling third-party orders.

Expansion of Seat Capacity to 1,20,000 Set to Propel Revenue Growth in the Office Rental Segment: To cater to the increasing demand from GCCs, start-ups, hybrid work models, and businesses opting for Opex-based cost structures, EFCIL is set to ramp up its seating capacity at a CAGR of 26% between FY25 and FY28E, with a goal of reaching 1,20,000 seats by FY28E. This expansion is projected to drive a 27% CAGR in revenue during the same timeframe.

What makes EFCIL a strong investment opportunity in the Flexible Workspace Sector?

1) 20k seat addition in FY26/27/28E taking the **total stock of seats leased under management to 120k by FY28E (doubling from FY25 end)**. EFCIL provides cost-effective pricing (₹6,500–₹7,500 per seat per month) while maintaining strong utilization levels of approximately 90%, giving it a competitive edge.
2) EFCIL's strategic backward integration into the Design & Build (D&B) and Furniture Manufacturing segments has been key to maintaining healthy EBITDA margins of around 30%. By managing critical aspects of the value chain—such as interior design, fit-outs, and furniture production in-house—the company reduces reliance on external suppliers, cuts costs, and enhances operational efficiency. This integration not only supports strong profitability but also allows **EFCIL to offer competitive pricing** (₹6,500–₹7,500 per seat per month) while **sustaining high utilization levels of ~90%,** reinforcing its competitive advantage.
3) D&B segment is expected to grow at a CAGR of 50% over FY25-28E given EFCIL's first mover advantage and years of experience in executing turnkey projects in a profitable manner (FY26-28E EBITDA margin of 20%). Current orderbook for this segment is INR 2,000 Mn and no capex is to be incurred in the D&B vertical in FY26.
4) Furniture Manufacturing is expected to grow at a **CAGR of 40% (on a very low base)** over FY25-28E with an EBITDA margin guidance of 30%.This unit went alive at the onset of Q3FY25 and has a revenue potential of INR 2,750- 3,000 Mn at full capacity. Management is targeting 50-60% capacity utilization going forward.

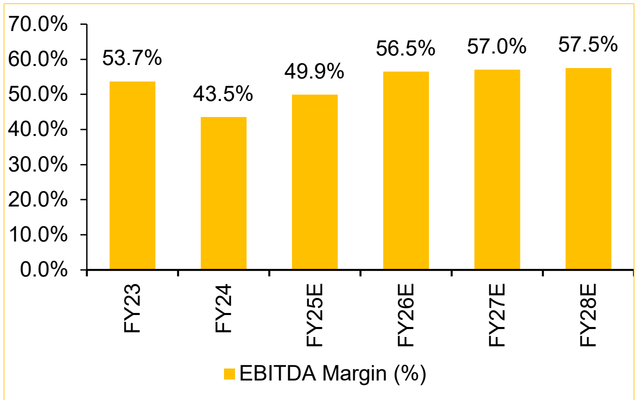
Overall, we anticipate **Revenue/EBITDA/PAT CAGR of 40%/47%/64%,** supported by our assumptions as discussed in the above 4 points. Any gains from REIT IPO launch would be an additional bonus that we don't factor into our numbers.

Valuation: We arrive at a 1 year forward (FY27E-28E blended) TP of INR 465/share for EFC. We now value EFC on our EV/EBITDA framework, where we assign an EV/EBITDA multiple of 10x/10x for FY 27E/ 28E (consolidated basis), which we believe is reasonable given the growth rate and margin profile. On our target price of INR 465, FY27E implied P/BV multiple translates to 3.5X.

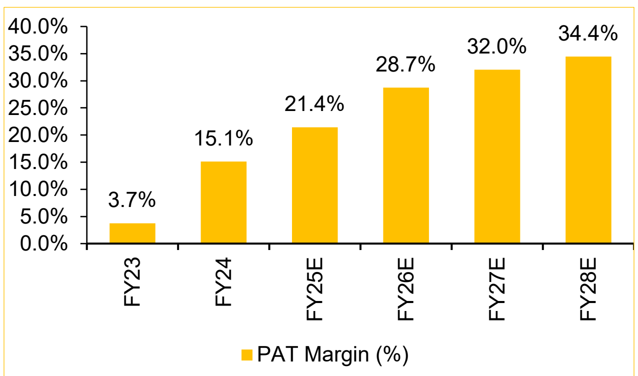
Key Risks: A broad based slowdown in the domestic economy, cold startup funding, abating offshoring/GCC trend, predatory pricing by larger competitors remain risks to our BUY rating.

Recent Report Link : Q4FY25 Result Update

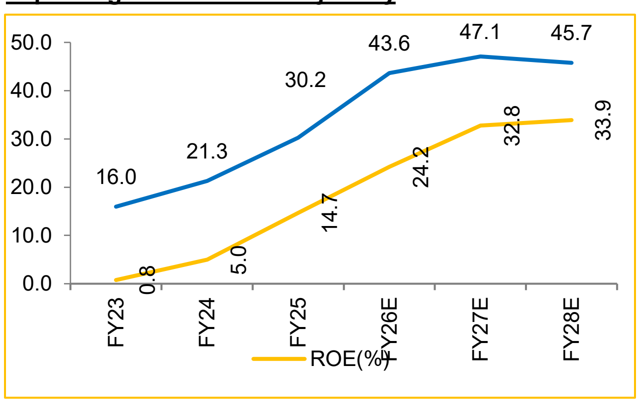
EBITDA margins to increase marginally



PAT margins to increase over time



Improving ROE & ROCE trajectory

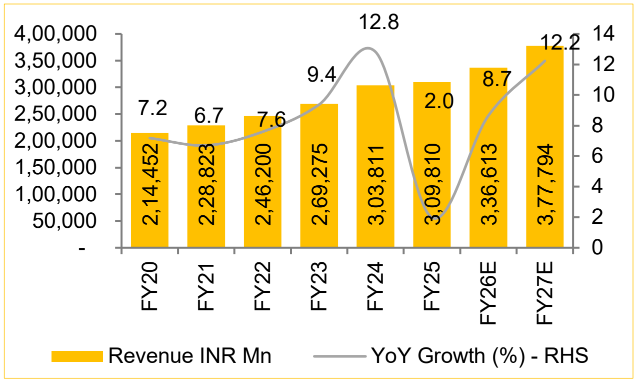


Income Statement INR in Mn.	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,032	4,195	6,567	9,872	13,840	17,994
Gross profit	1,032	3,367	4,198	6,910	9,688	12,596
EBITDA	554	1,826	3,277	5,577	7,889	10,347
Depreciation	345	756	997	1,221	1,435	1,569
EBIT	218	1,163	2,455	4,517	6,634	8,958
Other Income	8	93	175	160	180	180
Interest Expense	146	353	457	736	722	695
Profit Before Tax	72	810	1,998	3,780	5,912	8,262
Reported PAT	39	633	1,408	2,835	4,434	6,197
EPS	0.4	6.4	14.1	28.5	44.5	62.2
NOPAT	117	909	1,763	3,387	4,975	6,718

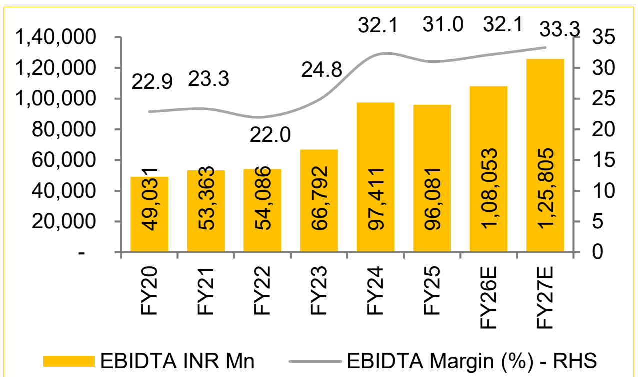
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios						
Revenue (%)	-	306.4	56.6	50.3	40.2	30.0
EBITDA (%)		229.5	79.4	70.2	41.4	31.2
PAT (%)	-	1,538.9	122.4	101.4	56.4	39.7
Margin ratios						
Gross Margins (%)	100.0	80.3	63.9	70.0	70.0	70.0
EBITDA Margins (%)	53.7	43.5	49.9	56.5	57.0	57.5
PAT Margins (%)	3.7	15.1	21.4	28.7	32.0	34.4
Performance ratios						
ROE %	5.0	14.7	24.2	32.8	33.9	32.1
ROCE %	16.0	21.3	30.2	43.6	47.1	45.7
ROIC %	8.6	16.6	21.7	32.7	35.3	34.3
Turnover Ratio (Days)						
Inventory (days)	-	22	1	22	22	22
Debtors (days)	52	104	55	55	55	55
Payables (days)	52	41	45	85	85	85
Working Capital (days)	(1)	85	11	(8)	(8)	(8)
Financial Stability ratios						
Net Debt to Equity (x)	0.7	0.2	0.4	(0.2)	(0.5)	(0.7)
Net Debt to EBITDA (x)	1.0	0.6	0.7	(0.4)	(0.8)	(1.2)
Interest Cover (x)	1.5	3.3	5.4	6.1	9.2	12.9
Valuation metrics						
Fully diluted shares (Mn)	50	50	100	100	100	100
Price (INR)	300	300	300	300	300	300
Market Cap(Rs. Mn)	17,023	17,024	34,047	34,047	34,047	34,047
PE(x)	881	53.8	24.2	12.0	7.7	5.5
EV (Rs.mn)	17,579	18,046	36,184	31,982	27,941	21,259
EV/EBITDA (x)	32	10	11	6	4	2
Price to BV (x)	21.9	3.9	5.9	3.9	2.6	1.8
OCF/IC	(0.4)	0.1	0.2	0.5	0.5	0.4
EV/IC	12.9	3.3	4.5	3.1	2.0	1.1

Hindustan Aeronautics Ltd I Rating – ADD I CMP : INR 4,990 I TP: INR 5,570

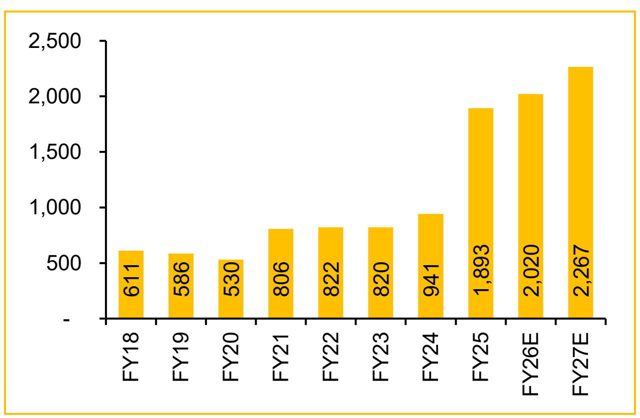
Revenue expected to grow 10.4% CAGR FY25-27E



EBITDA Margin to improve led by better mix



Strong order book



Business Overview: HNAL, is India's premier aerospace and defense company under the MoD, specializing in the design, development, production, and MRO of fighter jets, helicopters (Dhruv, LCH), engines, avionics, and UAVs. It primarily serves the Indian Armed Forces, DRDO, and ISRO. With over 60 years of expertise. The company holds a robust unexecuted order book of INR 1,893 billion (~6.1x FY25 revenue), offering strong revenue visibility. HNAL's diversified portfolio and capabilities reinforce its leadership in the defense sector.

Should Investors be concerned about this dependence on engine technologies, and how MoD will address these challenges?

Investor concerns about HNAL's dependence on imported engine technologies are valid but should be viewed in the context of India's evolving defense strategy. Historically, HNAL has relied on licensed production and imported components, which exposes it to supply chain risks, cost escalations, and geopolitical uncertainties. However, India's evolving defense strategy under the "Aatmanirbhar Bharat" initiative marks a structural pivot toward self-reliance. HNAL is actively aligning with this shift—investing in indigenous platforms like LCA Tejas Mk2, AMCA, LCH, HTT-40, and UAVs, while also partnering with DRDO and private players to localize high-value components. The MoD's renewed push behind the Kaveri engine program, along with its pursuit of JV's with global engine OEMs, underscores a dual-track strategy, building domestic capability while leveraging foreign collaboration to bridge current gaps. Over time, this is expected to de-risk HNAL's platform development through greater indigenization.

Should private players participation for fighter aircraft be a concern for HNAL's Investors?

Private participation to strengthen, not threaten, HNAL's strategic leadership

We believe the entry of private players into the fighter aircraft manufacturing space is unlikely to materially impact HNAL strategic position. While private sector participation may increase and take on a significant share of project components or sub-systems, HNAL is expected to retain its role as the principal integrator and nodal agency for final assembly, certification, and delivery. In fact, deeper private sector involvement may enhance execution efficiency and de-risk timelines, ultimately supporting HNAL's ability to scale production. Sharing margins with private partners is a reasonable trade-off, as HNAL's central role in program management and system integration ensures that profitability remains intact and the company continues to be the primary beneficiary of defense indigenization efforts.

What makes HNAL a strong investment opportunity in India's defense sector?

Our research indicates that a significant portion of HNAL's revenue comes appx. 70–75% is derived from its MRO business, rather than aircraft manufacturing alone. While direct revenues from aircraft production may not dominate the topline, we believe overall revenue visibility remains strong. This is supported by HNAL's diverse mfg. portfolio. Additionally, HNAL's strong unexecuted order book, estimated at ~6.1x of FY25 revenue and executable over the next 5–6 years, provides long-term comfort and earnings visibility. While near-term execution challenges persist, we believe HNAL remains strategically aligned with the MoD's long-term indigenization agenda under the Atmanirbhar Bharat initiative.

In summary:

- Short-term tech dependence is a concern, but not a deal breaker.
- MoD is actively mitigating this via ToT, localization policies and funding.
- HNAL is well-positioned to benefit as the domestic defense ecosystem matures.

Near term catalyst: 1) Finalize Tejas Mk2 & AMCA engine deal, 2) 97 Tejas Mk-1A order, 3) Potential acquisition SU-57E

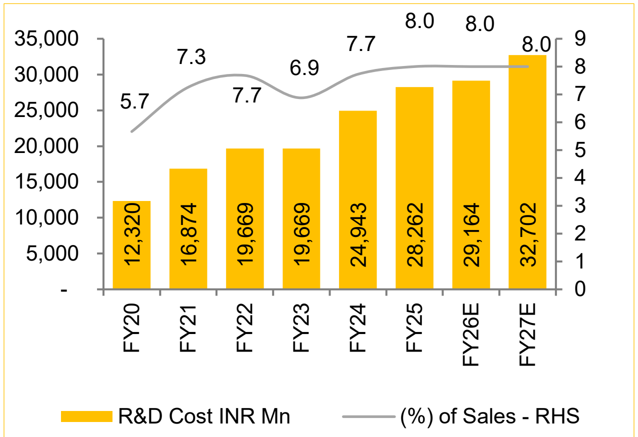
Valuation: Currently we have a "ADD" rating on the stock with a Target Price of INR 5,570.

Key Risks: 1) Dependence on engine, critical components and Changes in defense policies, economic downturns, & shifting government priorities can reduce demand for defense products and services.

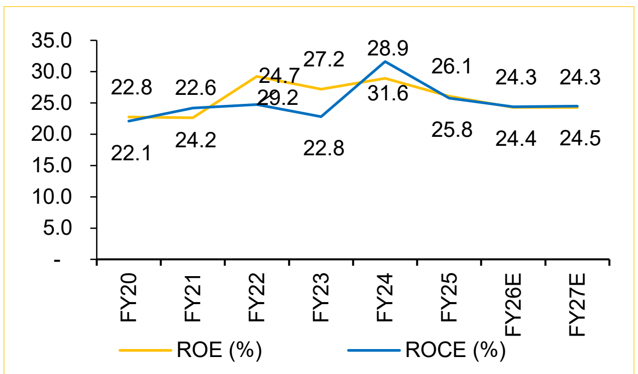
Recent Report Link : Q4FY25 Result Update

Convex Choices

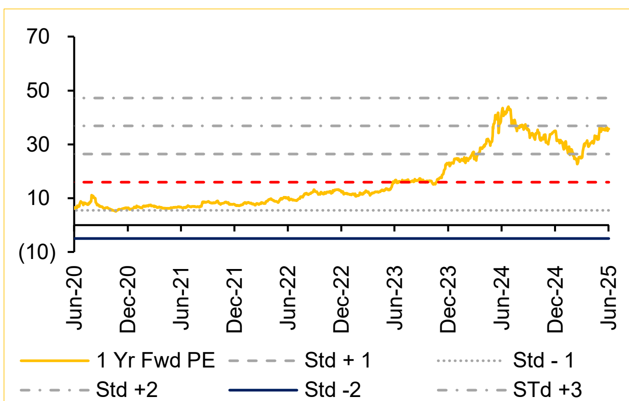
Sustained R&D investment



ROE & ROCE trend



One year forward PE band

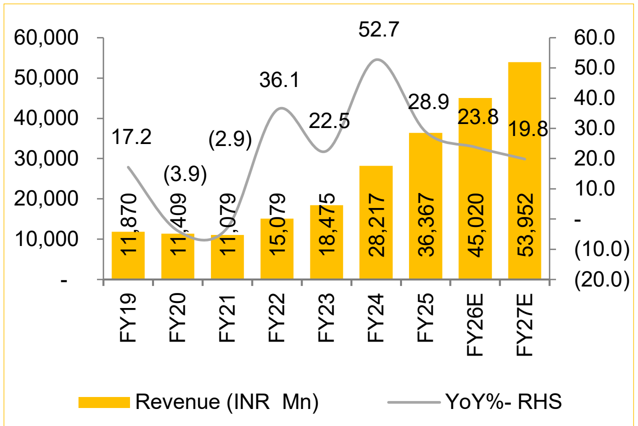


Particulars INR Mn	FY23	FY24	FY25	FY26E	FY27E
Revenues	**2,69,275**	**3,03,811**	**3,09,810**	**3,36,613**	**3,77,794**
Growth (%)	9.37	12.83	1.97	8.65	12.23
Material Expenses	1,01,021	1,10,591	1,22,880	1,32,626	1,48,095
Employee Expenses	49,104	52,907	57,304	60,590	66,114
Other Operating Expenses	52,358	42,902	33,545	35,344	37,779
EBITDA	66,792	97,411	96,081	1,08,053	1,25,805
EBITDA Margin (%)	**24.80**	**32.06**	**31.01**	**32.10**	**33.30**
EBITDA Growth (%)	23.49	45.84	-1.37	12.46	16.43
Depreciation	17,847	14,072	13,404	16,113	18,567
EBIT	48,945	83,339	82,677	91,940	1,07,239
Other Income (Including EO Items)	16,701	18,966	25,617	27,939	30,979
Interest	580	321	87	94	106
Exceptional Items	-	265	465	-	-
PBT	65,066	1,02,249	1,08,673	1,19,785	1,38,112
Tax (Incl Deferred)	6,818	26,039	25,032	28,149	31,766
APAT	58,277	76,210	83,641	91,635	1,06,346
APAT Margin (%)	21.6	25.1	27.0	27.2	28.1
APAT Growth (%)	14.7	30.8	9.8	9.6	16.1
Adjusted EPS (Rs)	**87.1**	**114**	**125**	**137**	**159**
EPS Growth (%)	14.7	30.4	9.6	10.0	16.1

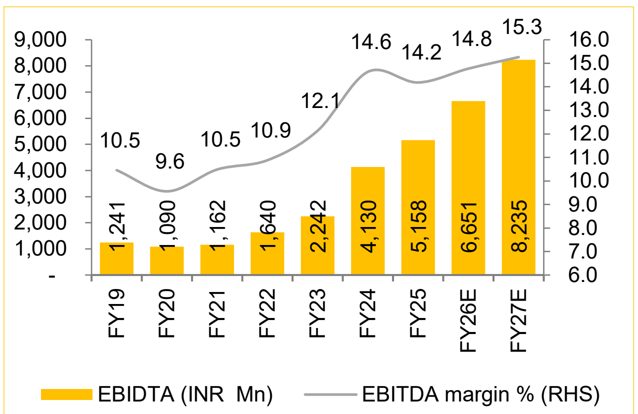
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	9.4	12.8	2.0	8.7	12.2
EBITDA	23.5	45.8	(1.4)	12.5	16.4
PAT	14.7	30.8	9.8	9.6	16.1
Margin Ratios (%)					
EBITDA	24.8	32.1	31.0	32.1	33.3
PAT	21.6	25.1	27.0	27.2	28.1
Performance Ratios (%)					
OCF/EBITDA (X)	1.2	0.8	1.4	0.7	0.8
OCF/IC	248.3	303.4	(426.7)	3,158.5	493.7
ROE	27.2	28.9	26.1	24.3	24.3
ROCE	22.8	31.6	25.8	24.4	24.5
Turnover Ratios (Days)					
Inventory	165	159	255	225	210
Debtor	64	55	55	55	55
Payables	42	41	60	55	50
Cash Conversion Cycle	186	173	250	225	215
Financial Stability Ratios (x)					
Net Debt to Equity	(0.9)	(0.9)	(1.1)	(1.0)	(1.0)
Net Debt to EBITDA	(3.0)	(2.7)	(4.0)	(3.7)	(3.6)
Interest Cover	84.4	259.5	952.5	974.9	1,013.1
Valuation metrics					
Fully Diluted Shares (Mn)	669	669	669	669	669
Price (INR)	5044	5044	5044	5044	5044
Market Cap(INR Mn)	33,73,301	33,73,301	33,73,301	33,73,301	33,73,301
PE (x)	58	44.3	40.3	36.8	31.7
EV (INR Mn)	31,70,135	31,08,985	29,91,479	29,71,004	29,21,716
EV/EBITDA (x)	47	32	31	27	23
Book Value (INR/Share)	353	436	523	605	704
Price to BV (x)	14.3	11.6	9.6	8.3	7.2
EV/OCF	39	38	22	39	31

Lumax AutoTech I Rating – BUY I CMP: INR 1,100 I TP: INR 1,375

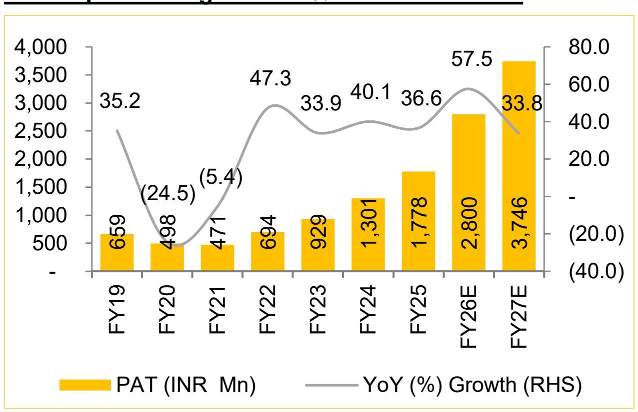
Revenue expected to grow 20.8% CAGR FY25-27E



EBITDA Margin to improve over the years



PAT expected to grow 45.2% CAGR FY25-27E



Business Overview: LMAX, part of the Lumax-DK Jain Group, is a Indian automotive component manufacturer with over 40 years of industry presence. The company operates 26 manufacturing facilities across 6 Indian states, supported by 2 engineering centers and international design centers in Taiwan and the Czech Republic. LMAX serves major OEMs with a diversified product portfolio including lighting, interior systems, electronics, and alternate fuel components. In FY25, LMAX reported revenue of INR 36,367 Mn with an EBITDA margin of 14.2%. Revenue is expected to grow at a CAGR of 20.8% from FY25 to FY27 increased JV wallet share, and growing scale across high-value segments.

What is the Impact of IAC India Full Acquisition on LMAX's Growth?

LMAX acquisition of the remaining 25% stake in IAC India for INR 2,210 Mn has made it a wholly-owned subsidiary of the company. IAC, which currently contributes around INR 12,000 Mn in revenue, is now fully under LMAX's strategic and operational control. The acquisition will reduce minority interest in consolidated earnings from ~23% in FY25 to 10–11% in FY26, enhancing PAT for LMAX shareholders.

We expect IAC India to grow at a 17% CAGR through FY27 while maintaining EBITDA margins of 17–17.5%. LMAX is also exploring a legal merger of IAC into the standalone entity to streamline operations and drive synergies. IAC's INR 6,000 Mn order book and exclusive supply role for Mahindra's BEV models (BE6, XUV 9e) strengthen its positioning in high-value interior systems and the EV segment. We expect this acquisition to significantly improve free cash flow and provide leverage for future inorganic growth by FY27.

What will drive LMAX's revenue and profitability growth through FY27?

We expect LMAX to grow organically from INR 36,370 Mn in FY25 to approximately INR 53,950 Mn by FY27, supported by new product launches, higher content per vehicle, and deeper OEM penetration. In addition, the company plans 1–2 strategic acquisitions in lightweighting and export-oriented segments, following its approach of acquiring majority stakes (typically over 60%) while retaining operational independence of acquired firms.

Strategic partnerships with global players like Alps Alpine (infotainment systems) and Yokowo (connected vehicle antennas) will drive technology-led expansion. On the profitability front, we expect PAT to grow from INR 2,290 Mn in FY25 to INR 3,180 Mn in FY26, and further to INR 4,260 Mn by FY27, driven by margin expansion, increased JV wallet share, and growing scale across high-value segments.

How will China's rare earth magnet export ban impact LMAX's EV-linked growth?

The ongoing export restrictions on rare earth magnets by China, which accounts for ~85% of India's magnet imports, pose a direct threat to LMAX Mahindra-dedicated EV plant. This facility, responsible for supplying integrated cockpits and door panels for Mahindra's BE6 and XUV 9e models, faces underutilization risk if production halts begin by mid-July 2025—as expected when existing magnet inventories are exhausted. LMAX holds a INR 13,500 Mn order book, with approximately 40% tied to EV models across multiple OEMs. A slowdown in EV production due to magnet shortages could delay revenue recognition across this portion of the business, including Mahindra-linked volumes.

While LMAX is partly shielded through its powertrain-agnostic components (e.g., cockpits, lighting), we believe prolonged shortages may pressure FY26 revenue guidance of INR 43,600–45,400 Mn and challenge EBITDA margin targets of 14.5–15% if magnet costs escalate.

What makes LMAX a standout investment in India's automobile industry?

LMAX stands out in India's automobile industry due to its robust financial performance, with consolidated revenue exceeding INR 36,367 Mn and a 37% profit increase in FY25. The company's aggressive growth strategy—driven by strategic acquisitions like Greenfuel in the CNG fuels space and the full consolidation of IAC India—positions it at the forefront of emerging mobility solutions. LMAX's expanding product portfolio, focus on R&D, and rapid capacity additions enable it to capitalize on the shift toward EVs and CNG vehicles. Its diversified client base, and consistent double-digit growth reflect market leadership and resilience. With a healthy balance sheet, ongoing investments in technology, and a clear roadmap for margin expansion, LMAX is well-placed for sustained outperformance and value creation for investors.

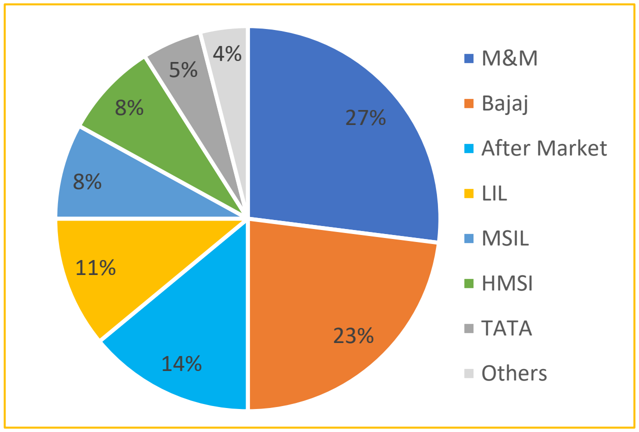
Recommendation: We maintain a positive outlook on LMAX, maintaining our 'BUY' rating, with a TP of INR 1,375.

Key Risks:

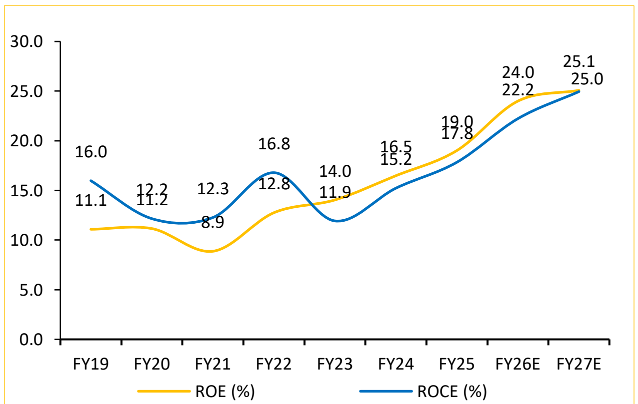
- **Cyclical Industry Exposure:** LMAX has high dependence on the cyclical automotive industry, meaning any slowdown in automobile sales or supply chain disruptions can directly and significantly impact its revenues and profitability.

Recent Report Link : Q4FY25 Result Update

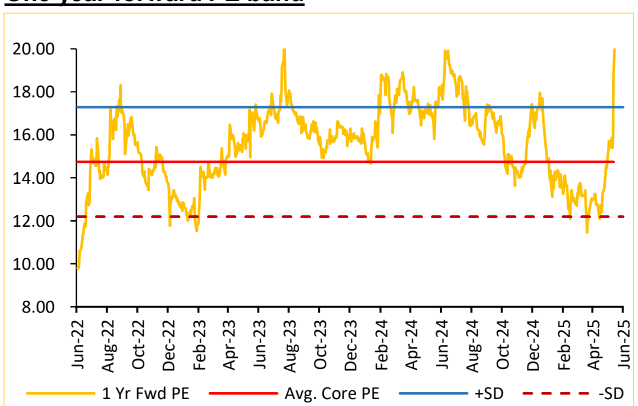
Customer Wise Revenue FY25



ROE & ROCE on an Upward Trend



One year forward PE band

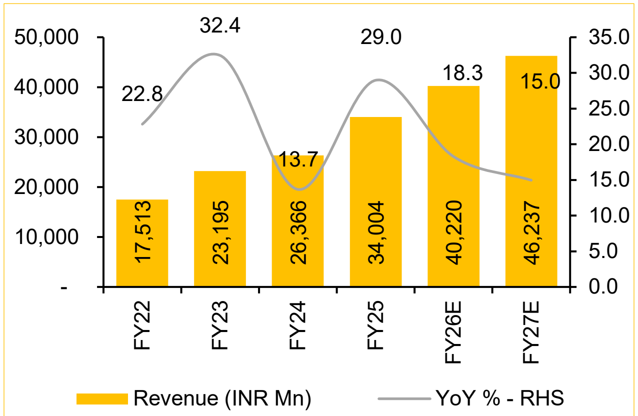


Income Statement INR Mn	FY23	FY24	FY25	FY26E	FY27E
Revenue	18,475	28,217	36,367	45,020	53,952
Gross profit	6,064	10,190	12,916	16,080	19,166
EBITDA	2,242	4,130	5,158	6,651	8,235
Depreciation	523	1,180	1,286	1,615	1,739
EBIT	1,719	2,950	3,872	5,036	6,496
Other Income	239	450	510	700	885
Interest Expense	163	684	790	794	820
Extraordinary Item	(88)	-	-	-	-
Reported PAT	1,115	1,669	2,292	3,182	4,257
Adjusted PAT	1,017	1,301	1,778	2,800	3,746
EPS	15	19	26.1	41.1	55.0
NOPAT	1,115	1,669	2,292	3,182	4,257

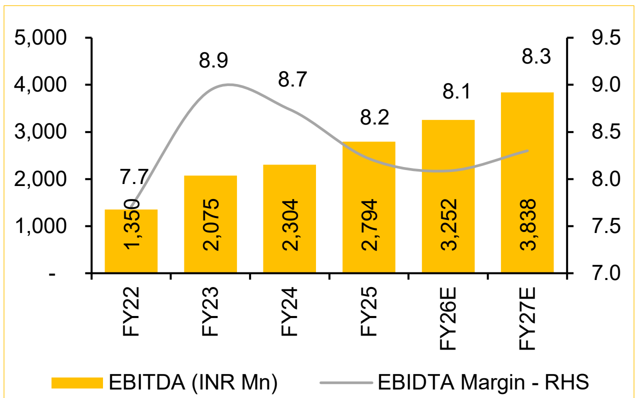
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	22.5	52.7	28.9	23.8	19.8
EBITDA	36.7	84.2	24.9	28.9	23.8
PAT	33.9	40.1	36.6	57.5	33.8
Margins (%)					
EBITDA	12.1	14.6	14.2	14.8	15.3
PAT	5.0	4.6	4.9	6.2	6.9
Profitability (%)					
ROE	14.0	16.5	19.0	24.0	25.1
ROCE	11.9	15.2	17.8	22.2	25.0
ROIC(Post Tax) %	10.5	12.1	14.5	17.6	21.3
ROIC(Pre Tax) %	13.8	16.5	19.5	23.5	28.5
Working Capital					
Inventory Days	32	32	37	35	37
Debtor Days	91	75	80	75	77
Payable Days	76	63	69	64	63
Cash Conversion Cycle	30	33	36	41	45
Financial Stability Ratios (x)					
Net Debt to Equity	0.6	0.8	0.8	0.6	0.4
Net Debt to EBITDA	1.8	1.5	1.4	1.0	0.7
Interest Cover	9.0	3.3	3.9	5.3	6.9
Valuation Metrics					
PE(x)	73.4	57.3	42.0	26.7	19.9
EV/EBITDA	35.1	19.6	15.9	12.2	9.7
Price to BV (x)	11.3	9.5	8.0	6.4	5.0
EV/OCF (x)	57.4	30.5	28.1	19.8	15.4

Lumax Industries I Rating – BUY I CMP: INR 3,174 I TP: INR 4,000

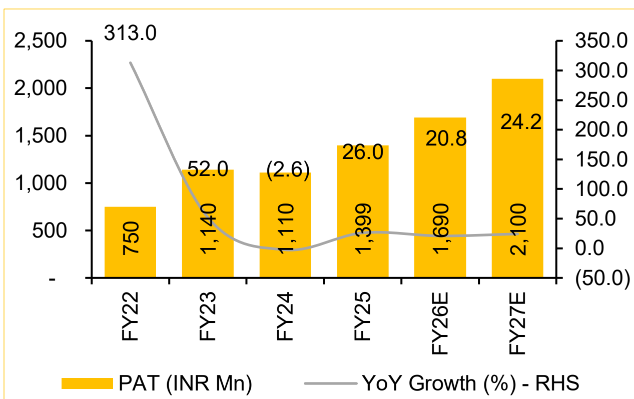
Revenue to grow at 16.6% CAGR over FY25-27E



EBITDA to grow at 17.2% CAGR over FY25-27E



PAT to grow at 22.5% CAGR over FY25-27E



Business Overview: Lumax Industries Limited (LUMX) is a leading Indian manufacturer and supplier of automotive lighting systems for four-wheelers, two-wheelers, and commercial vehicles, serving both domestic and international markets. Their product portfolio includes front and rear lighting, with a strong strategic focus on LED technology. For FY25, LUMX reported a strong financial performance with revenue of INR 34,004 Mn, achieving a significant YoY growth of 29.0%. EBITDA reached INR 2,794 Mn, an increase of 21.3% over the previous year, with an EBITDA margin of 8.2%. PAT stood at INR 1,399 Mn, marking a 26.0% YoY growth, and a PAT margin of 4.1%.

How well is LUMX positioned to take advantage of the transitions in the Automobile industry?

- **Shift to LED lighting:** As of FY25, the LED segment made up 88% of the order book and accounted for 58% of revenue in FY25, up from 39% in FY24. LUMX has invested in R&D and manufacturing capabilities to support the shift to LED's and is actively developing and launching innovative LED-based solutions. We expect the LED share to reach 65% in FY26 and believe this will drive future growth, as LED has higher value per vehicle.
- **Shift to EVs:** LUMX manufactures lighting components that are fuel-agnostic, meaning they are suitable for both conventional ICE vehicles and EVs. EV's currently contribute to 37% of the total order book indicating the company is well-positioned to take advantage of the transition to EVs and LUMX is also developing EV-specific solutions like charging indicator lamps.

How will China's export restrictions on rare earth magnets impact LUMX?

While the company's products do not directly use rare earth magnets as a raw material, the export restrictions will have an impact on LUMX if the approvals do not come through and the auto OEM's start seeing disruptions or production halts affecting the future order inflow as well as the current order book of the company (~ 37% from EVs). If the issue persists for a prolonged period we can see impact on revenue growth and profitability for FY26.

What makes LUMX an attractive investment?

- **Strong financial performance:** LUMX reported strong financial performance in FY25, and we expect the company to continue this growth, with an expected revenue CAGR of 16.6%, EBITDA CAGR of 17.2% and EPS CAGR of 22.5% over FY25–27.
- **Healthy order book and strong relationship with the majority of the OEMs:** LUMX's order book, which stood at approximately INR 22,750 Mn, is strategically composed to align with future market trends. A significant 88% of this order book is dedicated to LED lighting, while 37% is to Electric Vehicle (EV) applications and the PV segment accounts for 85% of the order book, indicating a strong and continued demand from key four-wheeler manufacturers. LUMX's success is solidified by its long-standing and strong relationships with major OEM's and is a market leader and preferred supplier to OEMs across various vehicle segments.
- **Continuous innovation and strong R&D capability:** LUMX leverages strong R&D and continuous innovation to advance automotive lighting technologies. With two certified R&D centers in India and design hubs in Taiwan and the Czech Republic, including the Lumax Europe Technical Center, the company enhances capabilities in optics, electronics, and software.

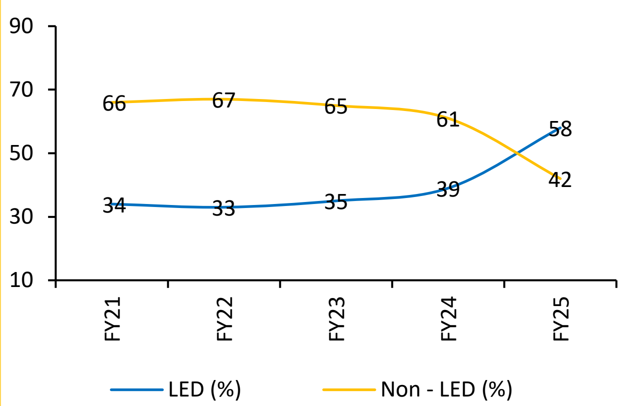
Recommendation: We maintain a positive outlook on LUMX, maintaining our 'BUY' rating, with a TP of INR 4,000.

Key Risks:

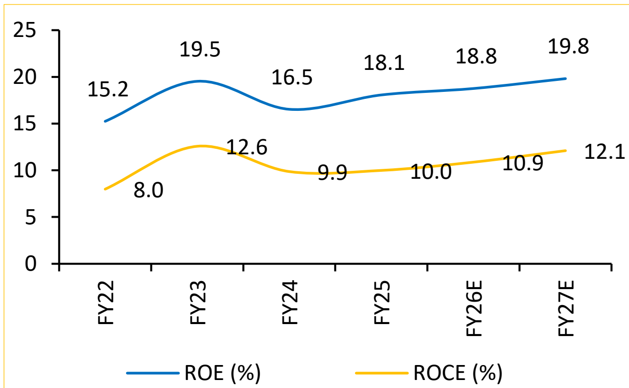
- Economic risk: Economic recession and a decline in market demand can adversely impact the company's performance and financial position, as vehicles are integral to its business and their demand is directly affected by economic situations.
- Technology Risk: The automotive industry's rapid technological transformation introduces inherent risks. Adapting new technologies is crucial for maintaining efficiency and market position.

Recent Report Link : Q4FY25 Result Update

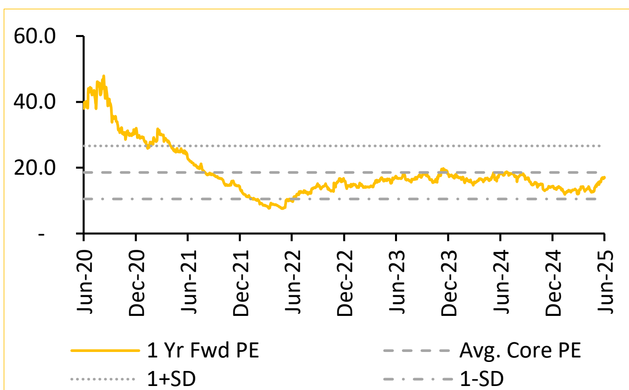
LED lighting gaining share



ROE & ROCE on an Upward Trend



One year forward PE band

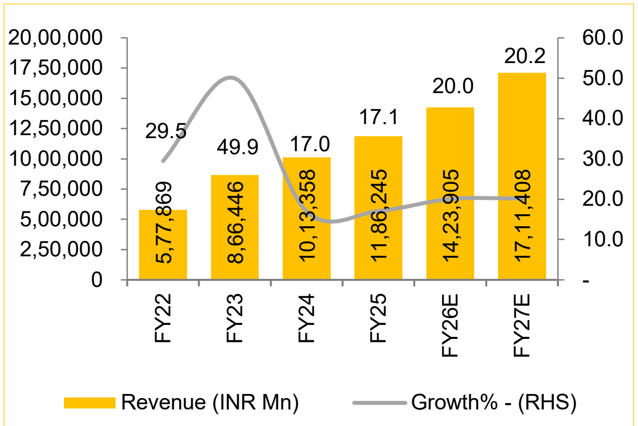


Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	23,195	26,366	34,004	40,220	46,237
Gross profit	8,082	9,194	10,896	12,723	14,703
EBITDA	2,075	2,304	2,794	3,252	3,838
Depreciation	799	928	1,133	1,263	1,384
EBIT	1,275	1,375	1,661	1,989	2,454
Interest Expenses	294	479	723	742	774
Other Income	147	114	92	120	132
Exceptional Item	(54)	-	-	-	-
Share of Associate	417	581	747	800	880
Reported PAT	1,085	1,110	1,399	1,690	2,100
Adjusted PAT	1,140	1,110	1,399	1,690	2,100
EPS (INR)	121.9	118.8	149.7	180.8	224.6

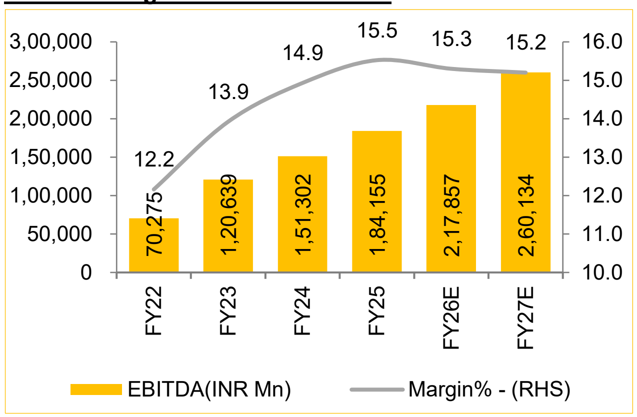
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	32.4	13.7	29.0	18.3	15.0
EBITDA	53.7	11.1	21.3	16.4	18.0
PAT	52.0	(2.6)	26.0	20.8	24.2
Margins (%)					
EBITDA	8.9	8.7	8.2	8.1	8.3
PAT	4.9	4.2	4.1	4.2	4.5
Profitability (%)					
ROE	19.5	16.5	18.1	18.8	19.8
ROCE	12.6	9.9	10.0	10.9	12.1
ROIC	9.3	8.2	9.1	9.8	11.0
Working Capital					
Inventory Days	59	81	55	65	65
Debtor Days	48	48	50	49	49
Payable Days	88	97	88	91	91
Cash Conversion Cycle	13	14	18	15	15
Financial Stability Ratios (x)					
Net Debt to Equity	0.7	1.0	1.1	1.0	0.9
Net Debt to EBITDA	2.0	2.9	3.1	2.8	2.4
Interest Cover	4.3	2.9	2.3	2.7	3.2
Valuation Metrics					
PE(x)	26	27	21	18	14
EV/EBITDA (x)	16	16	14	12	10
Price to BV (x)	5	4	4	3	3
EV/OCF (x)	31	28	18	10	10

Mahindra & Mahindra I Rating – BUY I CMP: INR 3,092 I TP: INR 3,965

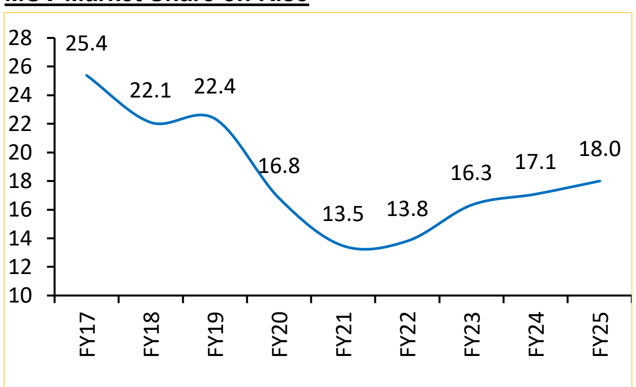
Revenue expected to grow 20.1% CAGR FY25-27E



EBITDA Margin to stabilize at 15%



MUV Market Share on Rise



Business Overview: Mahindra & Mahindra (MM) is a leading player in India's automotive and farm equipment sectors, with a strong presence in SUVs, tractors, and electric vehicles, supported by the launch of new EV models. The company benefits from strong brand equity, an extensive distribution network, and tech-driven mobility solutions. In FY25, MM reported revenue of INR 1,186Bn with an EBITDA margin of 15.5%. Revenue is expected to grow at a CAGR of 20.1% from FY25 to FY27, driven by sustained rural demand, an expanding EV portfolio, and global market expansion.

Can MM sustain its market share in MUV segment or emerge as the market leader?

MM has demonstrated impressive growth, with a CAGR of 37% from FY21 to FY25 in MUV sales, reaching 5,67,090 units. Its MUV market share has consistently increased, from 13.5% in FY21 to 18.0% in FY25 , indicating a strong upward trajectory. However, MSIL has outpaced with 36.2% CAGR in MUV sales, reaching 8,77,186 units in the same period. Additionally, MSIL market share has surged from 19.9% in FY21 to 27.8% in FY25 , significantly higher than MM's. While MM is sustaining its market share growth, emerging as the market leader seems challenging given MSIL superior volume and market share expansion.

Is MM's farm equipment market share growing, and can it maintain its leadership?

MM has steadily increased its market share from 38.2% in FY21 to 43.3% in FY25, showcasing consistent growth. With its closest competitor, Sonalika International, holding less than 15% market share, M&M faces no immediate threat to its leadership. The widening gap indicates MM's dominance in the sector is only strengthening, supported by its strong product portfolio and market reach. MM's revenue share from the Farm Equipment segment (FEM) stands at 25%, ensuring a stable contribution to its overall revenue.

Will MM's new EV launches significantly impact its overall passenger vehicle sales?

In FY25, EVs comprised just 1.5% of M&M's total SUV volumes (8,392 out of 5,51,487 units). However, with the launch of the BE 6E and XU 9E, monthly EV sales are projected to increase to 2,500–4,000 units. This would lift EV penetration to 4–7% of total SUV volumes by FY27, reflecting a significant push toward electrification, particularly in the premium segment. While this positions MM for long-term growth in the EV space, China's recent ban on Rare Earth Magnet exports poses a risk to production schedules and cost structures, potentially delaying model launches.

Impact of China's Rare Earth Magnet Ban on MM?

China's recent export restrictions on rare earth magnets have raised near-term risks for MM. These magnets are critical for EV motors, and with China controlling over 90% of global supply, MM is facing potential production delays and cost pressures. While the company currently holds adequate inventory, the import process has slowed due to stricter end-use certifications and bilateral clearances. If the restrictions persist beyond August 2025, EV production could be impacted, potentially delaying model launches and increasing costs by up to 8%. In response, MM is pursuing short-term de-risking measures such as importing assembled components and sourcing from alternate geographies. It is also working with industry bodies and the government to ease import constraints. In the long term, efforts are focused on diversifying supply chains, increasing rare earth recycling, and investing in domestic processing. While the situation presents a headwind, MM's proactive approach may partially offset the disruption.

What makes MM a standout investment in India's automobile industry?

MM has strengthened its position in the Indian auto industry with consistent market share gains across key segments. As of Q4FY25, the company has expanded its SUV market share to 18.3% in, capitalizing on the rising demand for utility vehicles. In the commercial segment, MM leads with a 45% market share in LCVs, reinforcing its dominance in freight and logistics.

Additionally, MM's tractor market share has reached to 41.2% in Q4FY25, highlighting its stronghold in the rural and agricultural sector. With a well-diversified portfolio across high-growth categories, MM is well-positioned to sustain its growth momentum and capitalize on evolving consumer preferences.

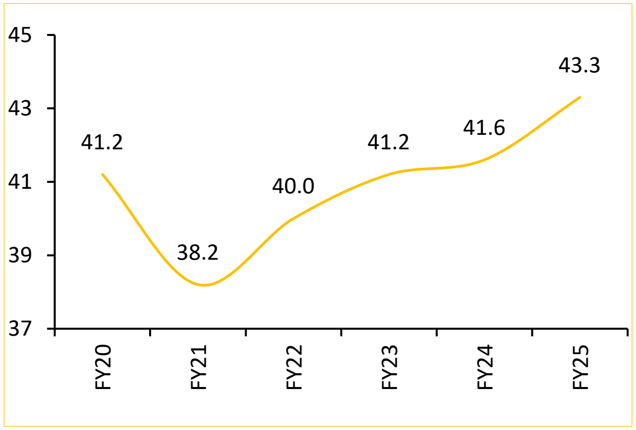
Recommendation: We maintain a positive outlook on MM, maintaining our 'BUY' rating, with a TP of INR 3,965.

Key Risks:

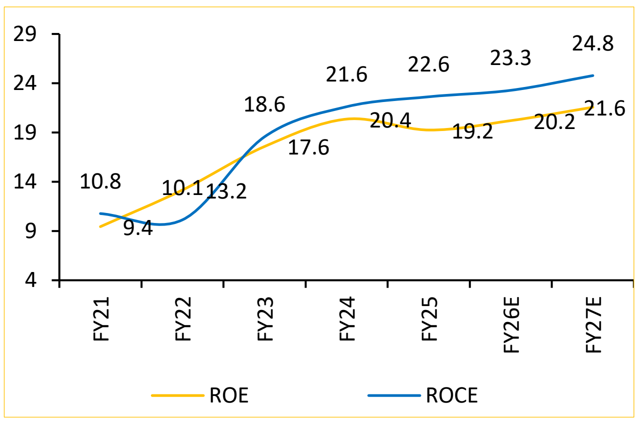
- Competition risk – Increasing competition from EV manufacturers, tech-driven mobility startups, and global automakers intensifies pricing pressure and the need for continuous innovation.

Recent Report Link : Q4FY25 Result Update

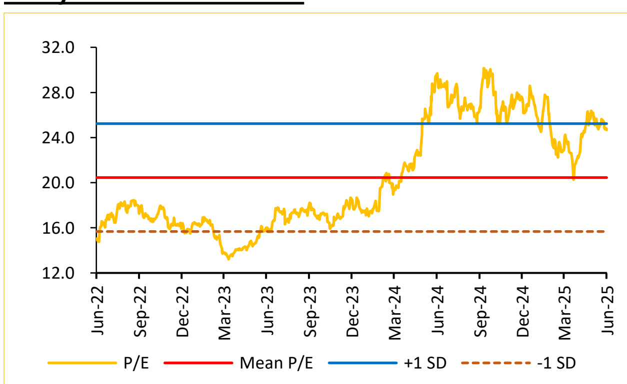
Farm dominance: MM's market share accelerates



ROE & ROCE on an Upward Trend



One year forward PE band

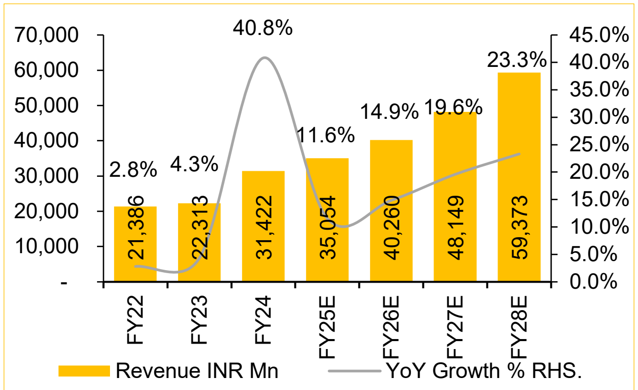


Income Statement INR Mn	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	8,66,446	10,13,358	11,86,245	14,23,905	17,11,408
Material Expenses	6,45,582	7,39,949	8,63,401	10,39,451	12,51,039
Employee Expenses	36,499	44,632	48,815	59,804	73,591
Other Operating Expenses	63,727	77,475	89,875	1,06,793	1,26,644
EBITDA	1,20,639	1,51,302	1,84,155	2,17,857	2,60,134
EBITDA Margin (%)	*13.9*	*14.9*	*15.5*	*15.3*	*15.2*
Depreciation	31,545	34,880	42,268	49,441	52,441
EBIT	89,094	1,16,422	1,41,887	1,68,417	2,07,693
Other Income (Including EO Items)	9,237	19,561	17,119	19,935	25,671
Interest	2,728	1,405	2,505	1,045	880
PBT	81,308	1,34,578	1,56,501	1,87,306	2,32,484
Tax (Incl Deferred)	15,821	28,155	37,952	43,080	53,471
RPAT	65,486	1,06,423	1,18,550	1,44,226	1,79,013
APAT	76,208	1,06,423	1,18,550	1,44,226	1,79,013
Adjusted EPS (INR)	61	86	95.3	116.0	144.0
EPS Growth (%)	*51.6*	*39.6*	*11.4*	*21.7*	*24.1*

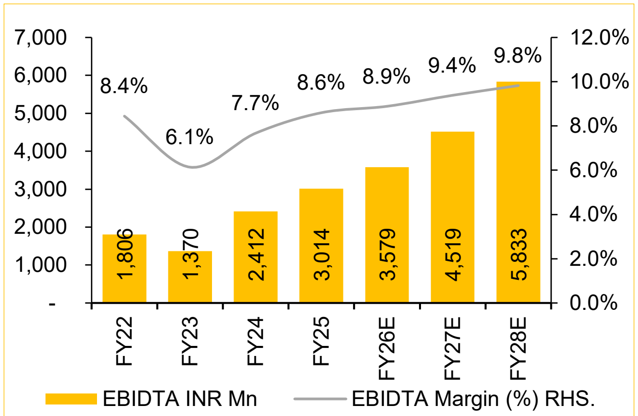
Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	49.9	17.0	17.1	20.0	20.2
EBITDA	71.7	25.4	21.7	18.3	19.4
Margin Ratios (%)					
EBITDA	13.9	14.9	15.5	15.3	15.2
PAT	8.8	10.5	10.0	10.1	10.5
Performance Ratios (%)					
OCF/EBITDA (X)	0.8	0.7	0.9	0.7	0.8
OCF/IC	22.4	25.3	33.1	26.1	30.9
ROE	17.6	20.4	19.2	20.2	21.6
ROCE	18.6	21.6	22.6	23.3	24.8
Turnover Ratios (Days)					
Inventory	37	34	32	32	33
Debtor	17	16	18	17	18
Payables	84	79	85	72	70
Cash Conversion Cycle	(25)	(28)	(39)	(23)	(18)
Financial Stability Ratios (x)					
Net Debt to Equity	0.0	(0.1)	(0.2)	(0.1)	(0.1)
Net Debt to EBITDA	0.0	(0.3)	(0.5)	(0.5)	(0.5)
Interest Cover	32.7	82.9	56.6	161.2	236.0
Valuation Metrics					
PE(x)	50	35	32	26	21
EV/EBITDA (x)	31	25	20	17	14
Price to BV (x)	8.7	7.2	6.1	5.3	4.5
EV/OCF	41	33	22	24	17

Man Industries I Rating – BUY I CMP : INR 367 I TP: INR 480

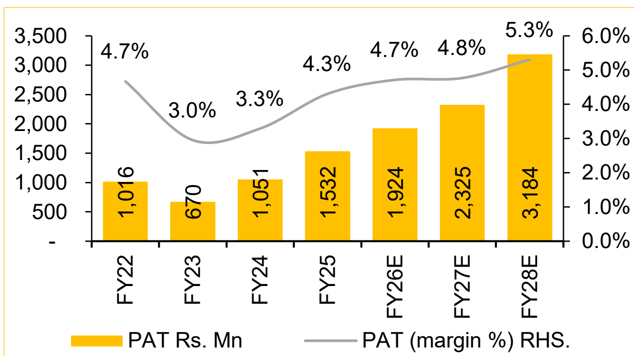
Revenue to grow by 19% CAGR over FY25-FY28E



EBITDA to grow by 25% CAGR over FY25-FY28E



PAT to grow by 27% CAGR over FY25-FY28E



Business Overview: Man Industries (MAN) is a leading manufacturer of large diameter pipes with over three decades of experience in the pipe industry. The company operates in LSAW, HSAW an ERW pipes, along with coating products. The company has a global customer reach, exporting to over 30 nations. Exports currently account for approximately 75 to 80% of the total consolidated revenue and 80% of the current order book, which stands at INR 35Bn.

What makes MAN a strong investment opportunity in Basic Materials Sector?

We are constructive on MAN due to the following reasons: 1) Capacity addition at Jammu 20 KT Stainless Steel pipes facility at an outlay of INR 5-6Bn) and at Saudi 300 KT H-Saw Pipes facility at an outlay of INR 6Bn), 2) Revenue/EBITDA CAGR of 19%/25% over FY 25-28E driven by order book of INR 35Bn and a bid pipeline of INR 150Bn, 3) Cash inflow from Navi Mumbai land parcel monetization of ~INR 7.5Bn (~25% of current Market Capitalization) spread over the next 5-6 years, 4) EBITDA margin expansion of 123bps over FY25-28E driven by increasing share of value added products and operating leverage benefits of higher capacity utilization at the current plants. Additionally, Robust EV to CE (Enterprise Value to Capital Employed) based valuation framework which allows us a rational basis to assign a valuation multiple that captures improving fundamentals.

Are capacity expansions on track to support growth and cater to higher-margin export orders?

MAN operates two advanced manufacturing facilities in Anjar (Gujarat) and Pithampur (Madhya Pradesh), with a combined capacity of over 1.18Mn TPA. The company is now setting up two new greenfield plants: a 20KTPA stainless steel seamless pipe facility in Jammu & Kashmir and a 300KTPA H-SAW pipe facility in Saudi Arabia. With a total capex of INR 11.64Bn, both plants are expected to be operational by Q3FY26. At full capacity, the Saudi plant is projected to generate INR 20Bn in annual revenue, while the Jammu plant is expected to contribute INR 10–12Bn. The Saudi facility targets regional demand in water and oil & gas sectors, benefiting from higher margins (12–14%) and favorable tax regimes, expanding MAN's global footprint. Meanwhile, the Jammu plant leverages state incentives and enters a high-margin business (20–25% EBITDA), catering to diverse industries such as defense, power, marine, and food processing.

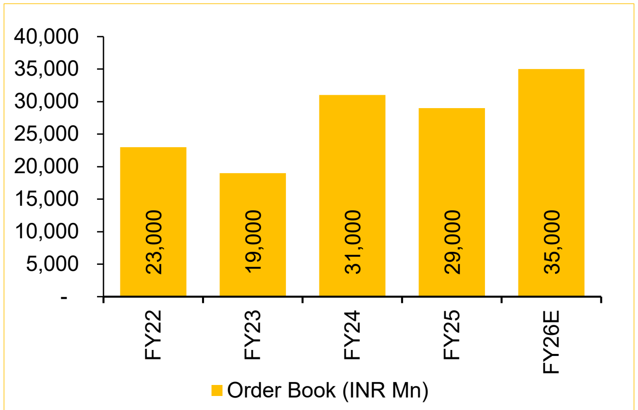
Valuation: We arrive at a 1 year forward TP of INR 480/share (INR 450/sh earlier) for MAN. We now value MAN on our EV/CE framework where we assign an EV/CE multiple of 1.35/ 1.35x for FY27E/28E, which we believe is conservative given strong ROCE even under reasonable operational assumptions. This valuation framework gives us the flexibility to assign a commensurate valuation multiple basis an objective assessment of the quantifiable forecast financial performance of the company. We do a sanity check of our EV/CE TP using implied EV/EBITDA, P/BV, and P/E multiples On our TP of INR 480 FY28E implied EVEBITDA/PB/PE multiples are 5.9x/1.2x/10.1x. Slow down in conversion of bid pipeline into order book and slow ramp up of upcoming capacities are risks to our BUY rating.

Key Risks:

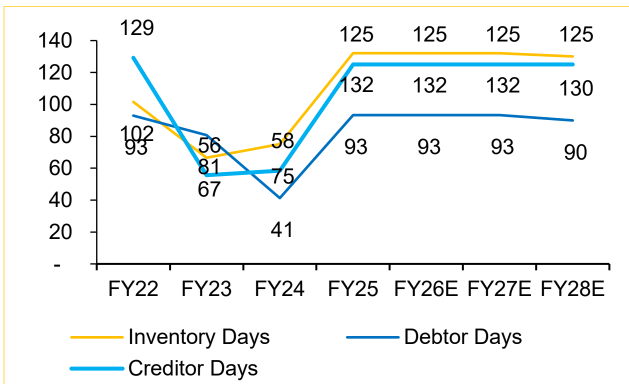
- **Order Book:** High dependence on a few large orders makes the order book vulnerable to delays or cancellations.
- **Capex –** Large capex burden poses a risk if new plants fail to ramp up as planned.
- **Regulatory Risk** – Regulatory changes may disrupt operations or lead to compliance costs.

Recent Report Link : Q4FY25 Result Update

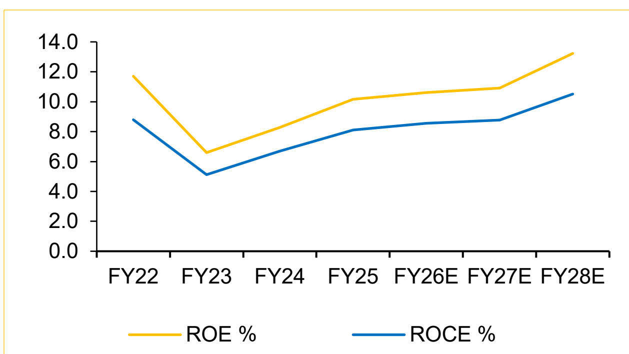
Order Book Flow



Working capital to remain stable



Improving ROE & ROCE trajectory

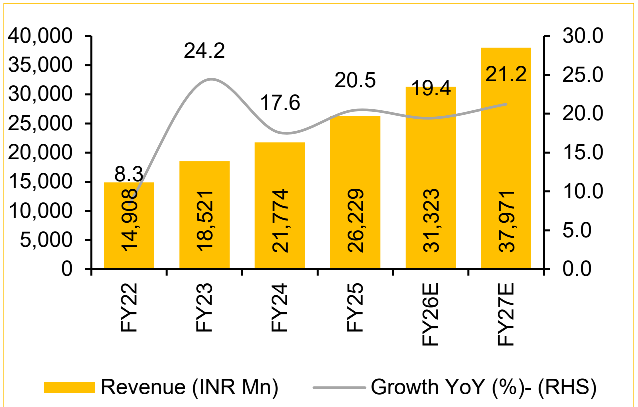


Income Statement INR in Mn.	FY24	FY25	FY26E	FY27E	FY28E
Revenue	31,422	35,054	40,260	48,149	59,373
Gross profit	6,547	11,696	9,040	10,953	13,755
EBITDA	2,412	3,014	3,579	4,519	5,833
Depreciation	611	453	985	1,180	1,375
EBIT	1,801	2,562	2,593	3,339	4,458
Interest Expense	878	996	527	777	777
Other Income	521	518	550	600	650
PBT	1,443	2,084	2,616	3,162	4,331
Adjusted PAT	1,051	1,532	1,924	2,325	3,184
EPS	16.2	23.7	28.6	34.6	47.4
NOPAT	1,312	1,883	1,907	2,455	3,277

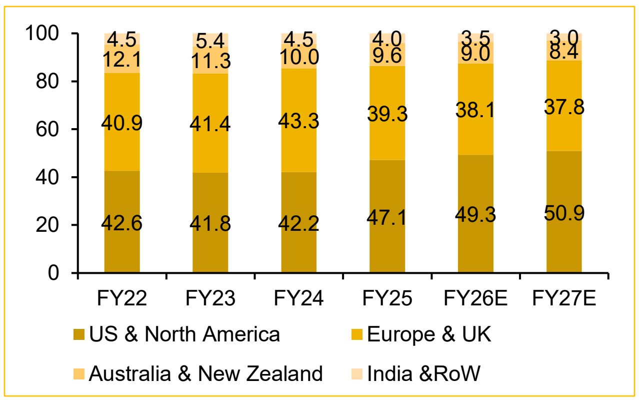
Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios					
Revenue (%)	40.8	11.6	14.9	19.6	23.3
EBITDA (%)	76.1	25.0	18.7	26.3	29.1
PAT (%)	56.8	45.7	25.6	20.9	37.0
Margin ratios					
EBITDA Margins (%)	7.7	8.6	8.9	9.4	9.8
Gross Margins (%)	20.8	33.4	22.5	22.7	23.2
PAT Margins (%)	3.3	4.4	4.8	4.8	5.4
Performance ratios					
ROE %	8.3	10.2	10.6	10.9	13.2
ROCE %	6.7	8.1	8.5	8.8	10.5
ROIC %	12.6	16.5	12.4	13.4	15.5
Turnover Ratio (Days)					
Inventory (days)	75	132	132	132	130
Debtors (days)	41	93	93	93	90
Payables (days)	58	125	125	125	125
Working Capital (days)	58	100	100	100	95
Financial Stability ratios					
Net Debt to Equity (x)	0.0	0.0	0.1	0.1	0.1
Net Debt to EBITDA (x)	0.2	0.3	0.5	0.7	0.6
Interest Cover (x)	2.1	2.6	4.9	4.3	5.7
Valuation metrics					
Fully diluted shares (Mn)	64.7	64.7	67.2	67.2	67.2
Price (INR)	368.0	368.0	368.0	368.0	368.0
Market Cap(Rs. Mn)	23,822	23,824	24,744	24,744	24,744
PE(x)	22.7	15.6	12.9	10.6	7.8
EV (Rs.mn)	24,359	24,592	26,532	27,995	28,360
EV/EBITDA (x)	10.1	8.2	7.4	6.2	4.9
Price to BV (x)	217	248	300	334	382
OCF/IC	1.7	1.5	1.2	1.1	1.0
EV/IC	7	36	13	13	9

Marksans Pharma Ltd I Rating: BUY I CMP: INR 248 I TP: INR 315

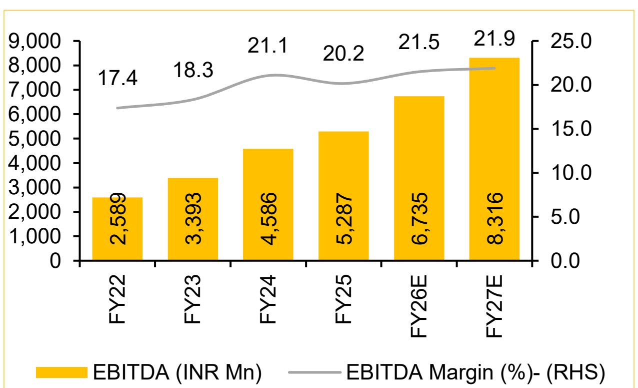
Revenue expected to grow by 20.3% CAGR (FY25-27E)



Regulated Markets to Remain Core Revenue Drivers



EBITDA Margins to Improve by 174bps by FY27E



Business Overview: Marksans Pharma (MRKS) is engaged in the research, manufacturing, and marketing of generic formulations across both OTC and prescription (Rx) segments. The company derives ~96% of its FY25 revenue from regulated markets such as the US, UK, Europe, Australia, and New Zealand, while also exporting to over 50 countries globally. MRKS operates four manufacturing facilities, including the recently acquired plant from Teva that became operational in FY25, boosting its total annual capacity to ~16 Bn units. Its diversified product portfolio includes over 300 molecules and 1,500 SKUs, with dosage forms ranging across tablets, capsules, soft gels, oral liquids, and ointments.

Is MRKS Well Positioned to Scale Profitably Through Front-End Expansion and Capacity-Led Growth?

MRKS is steadily transitioning from a backend generics supplier to a front-end focused player, with the US, UK, and European markets contributing ~86% of its revenue. The company has a strong product pipeline, especially in the US and UK, and is actively filing new products to expand its presence in these regions. The EU market remains underpenetrated and is a key focus for future growth, supported by increased R&D and regulatory investments. ***We believe continued momentum in these geographies will help MRKS achieve its target revenue of INR 3,000 Cr by FY26***, implying ~14% growth over FY25. While its significant US exposure may raise investor concerns regarding tariff uncertainties, however, ***as per our conversation with the CFO, the company is confident that it will be able to pass on any additional costs to end customers, thereby mitigating potential margin pressures.***

MRKS is leveraging its regulatory-compliant manufacturing infrastructure to strengthen its presence in key regulated markets. The recently commissioned Teva plant is emerging as a strategic growth driver, with management estimating a revenue potential of up to INR 1,000 Cr over time (INR 300–350 Cr in FY25). The expanded capacity from this facility not only caters to current demand but also positions the company for future growth through new product launches and volume ramp-up, particularly in the US and UK. ***We believe the high operational costs incurred during the integration phase are now tapering off, which should support EBITDA margin expansion***. To further capitalize on growing demand, the company also plans to explore new facility acquisitions, with India being a priority region.

Why Invest in MRKS?

MRKS is poised for strong growth on the back of several key factors:

- **Revenue Visibility in Regulated Markets:** MRKS is targeting INR 3,000 Cr in revenue by FY26E (14%+ growth), driven by robust expansion in the US and UK, supported by 8–10 product launches in North America and increased filings in the UK.
- **Increased Production Capacity:** The newly acquired Teva facility adds 8 Bn units per annum, taking total capacity to 16 Bn units, enabling scale-up across key regulated markets.
- **Margin Expansion from Capacity Ramp-up:** The Teva Goa facility is expected to drive operating leverage from higher utilization, supporting EBITDA margin improvement by FY26E.

Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 315.

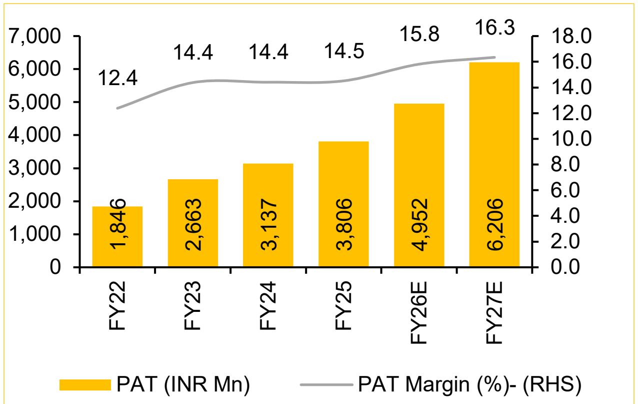
Key Risks:

- **Regulatory and Compliance Risks:** Adverse regulatory actions in key markets like the US or UK could disrupt operations and delay product approvals.
- **Execution Risk on Capacity Ramp-Up:** Delays in achieving optimal utilization of the Teva Goa plant may impact revenue growth and margin expansion.
- **Generic Pricing Pressure:** Intense competition in the US and other regulated markets could compress margins despite front-end integration efforts.

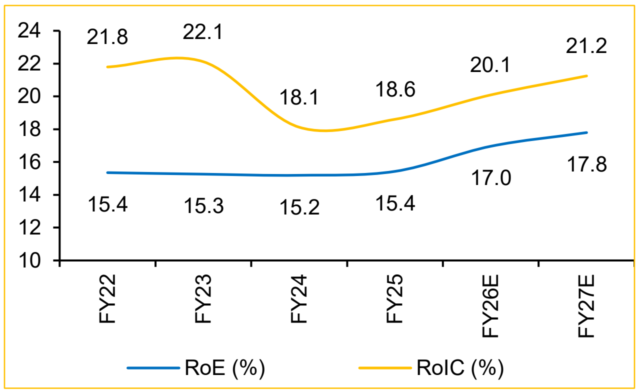
Recent Report Link : Q4FY25 Result Update

Convex Choices

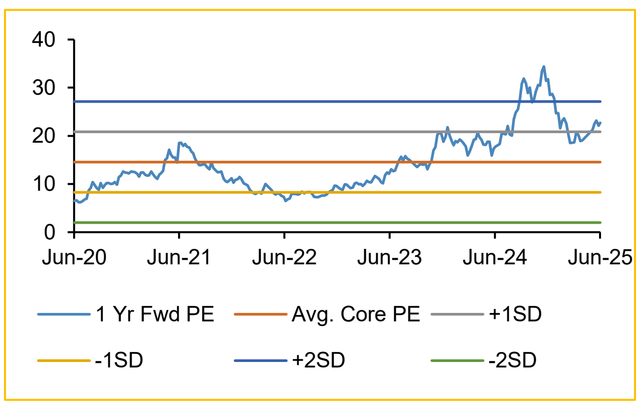
PAT Expected to Grow by 27.7% CAGR (FY25-27E)



RoE & RoIC Trends



1 year forward PE Band

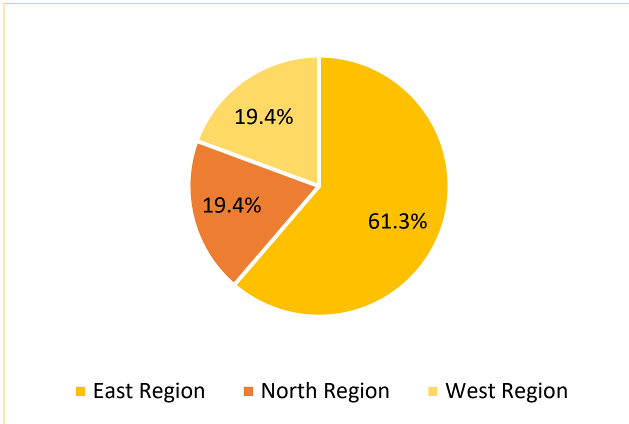


Income Statement Values (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	18,521	21,774	26,229	31,323	37,971
Gross profit	9,308	11,393	14,792	17,698	21,454
EBITDA	3,393	4,586	5,287	6,735	8,316
Depreciation	519	743	834	957	1,067
EBIT	3,468	4,347	5,157	6,717	8,388
Other income	593	504	704	940	1,139
Interest expense	91	112	117	114	113
PBT	3,377	4,235	5,040	6,603	8,275
Reported PAT	2,663	3,137	3,806	4,952	6,206
EPS	5.9	6.9	8.4	10.9	13.7

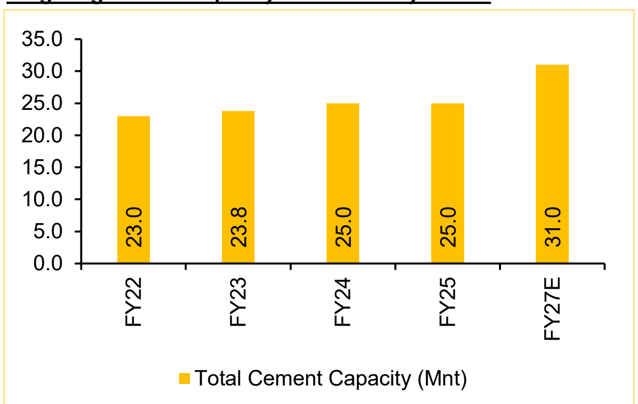
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Growth Ratios (%)					
Revenues	24.2	17.6	20.5	19.4	21.2
Gross Profit	20.3	22.4	29.8	19.6	21.2
EBITDA	18.3	21.1	20.2	21.5	21.9
PAT	44.3	17.8	21.3	30.1	25.3
Margins (%)					
Gross Profit Margin	50.3	52.3	56.4	56.5	56.5
EBITDA Margin	18.3	21.1	20.2	21.5	21.9
Tax Rate	21.4	25.6	24.1	25.0	25.0
PAT Margin	14.4	14.4	14.5	15.8	16.3
Profitability (%)					
Return on Equity (ROE)	15.3	15.2	15.4	17.0	17.8
Return on Invested Capital (ROIC)	22.1	18.1	18.6	20.1	21.2
Return on Capital Employed (ROCE)	14.9	15.0	15.3	16.8	17.7
Financial Leverage (x)					
Pre-tax OCF/EBITDA	0.9	0.7	0.6	0.7	0.8
OCF / Net profit	0.9	0.7	0.5	0.6	0.8
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	38.0	38.8	44.2	59.0	74.2
Working Capital					
Inventory Days	192	217	270	270	260
Receivable Days	82	76	75	75	75
Creditor Days	45	45	43	40	40
Working Capital Days	229	248	302	305	295
Valuation Metrics					
No of Shares (Mn)	453	453	453	453	453
EPS (INR)	5.9	6.9	8.4	10.9	13.7
BVPS (INR)	38.5	45.6	54.4	64.4	77.0
Market Cap (INR Mn)	1,12,384	1,12,384	1,12,384	1,12,384	1,12,384
PE (x)	42.2	35.8	29.5	22.7	18.1
P/BV (x)	6.4	5.4	4.6	3.8	3.2
EV/EBITDA (x)	32.1	23.7	20.4	15.8	12.4
EV/Sales (x)	5.9	5.0	4.1	3.4	2.7

Nuvoco Vistas Corporation Ltd. I Rating – BUY I CMP: INR 339 I TP: INR 441

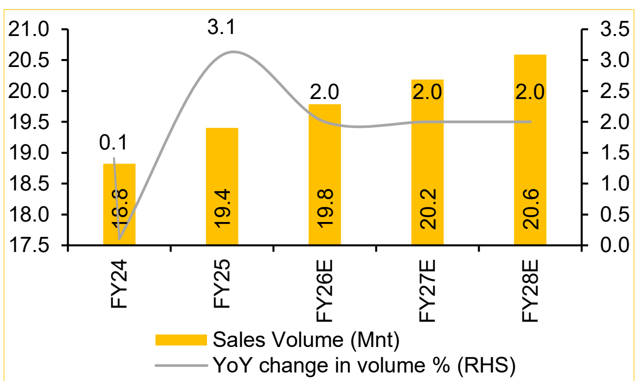
Strategic Foray into the Western Region



Targeting cement capacity to ~31 Mnt by FY27E



Volume expected to reach at 20.6 Mnt in FY28E



Business Overview: NUVOCO, the 5th largest cement group in India in terms of capacity, is set to scale up its cement capacity from 25 MTPA in FY25 to 31 MTPA by Q3FY27, implying a 11% CAGR over FY25–27E, driven by the Vadraj acquisition. It holds a dominant position in the East with 19 MTPA and North with 6 MTPA capacity as of FY25. The company operates 13 cement plants, 58 RMC units, 150 MW of captive power, 44.7 MW of WHRS, and 5.3 MWp of solar capacity.

How is NUVOCO leveraging the Vadraj acquisition and rising state-level capex to enhance its market share and operational efficiency?

NUVOCO is expanding its cement capacity from 25 MTPA in FY25 to 31 MTPA by FY27, driven by the strategic acquisition of Vadraj Cement via NCLT. The Vadraj acquisition, approved by the NCLT in April 2025, was completed at an attractive valuation of ~$60 EV/tonne. It provides NUVOCO with a strong entry into the high-growth West market, particularly Gujarat, where capex has surged 36% to INR 955 Bn. The acquisition also unlocks significant operational synergies with NUVOCO's Chittorgarh plant, enabling more efficient servicing of adjacent markets.

Regionally, NUVOCO maintains a dominant ~17% share in the East, supported by increasing government capex—up 35% in West Bengal (to INR 393 Bn) and 18% in Jharkhand (to INR 226 Bn). In the North, where it holds ~5% share, state capex has risen 40% to INR 537 Bn, further enhancing growth visibility.

Overall, this expansion reinforces NUVOCO's strategic footprint in high-growth regions, boosts capacity at a competitive cost, and creates long-term value for investors.

How is NUVOCO leveraging its regional presence to capitalize on the recent cement price hikes across India?

We acknowledge investor concerns around cement pricing; however, the tide is turning. Prices have already begun to firm up, and we believe the uptrend is gaining traction, driven by a sharp recovery in demand, underpinned by the government's aggressive infrastructure push.

Our channel checks indicate a broad-based price recovery in April, with All-India prices rising ~INR15/bag. Notably:

East region (where NUVOCO holds 17% capacity) saw a healthy hike of INR10–12/bag. **North region** (NUVOCO's 5% capacity) witnessed INR8–10/bag gains. **West region** prices improved by INR5–6/bag, aligning with NUVOCO's strategic entry via the Vadraj acquisition.

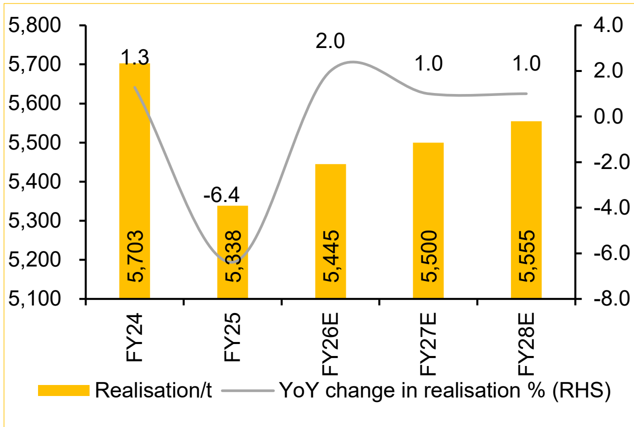
Outlook: **We arrive at a 1-year forward target price (TP) of INR 441/share for NUVOCO. We now value the company using our EV/Capital Employed (EV/CE) framework, assigning a multiple of 1.36x for both FY27E and FY28E**. This valuation remains conservative, considering the expected near-tripling of ROCE from 3.9% in FY25 to 10.6% in FY28E, based on reasonable operational assumptions.

Risks:

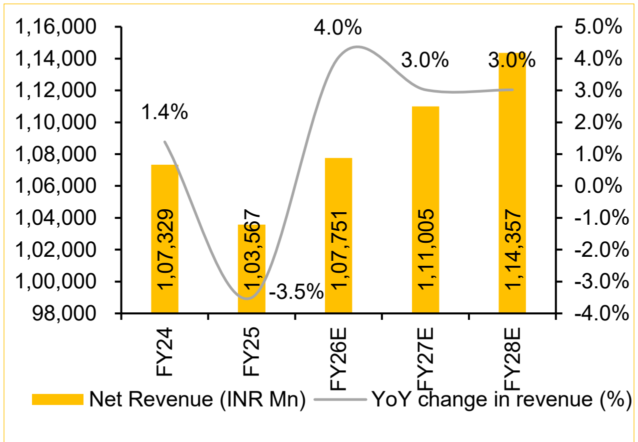
Regulatory: Potential hike in state levies on limestone may impact cost structure.
Cost Inflation: Global petcoke price spikes could pressure margins.
Acquisition Risk: Delays or hurdles in Vadraj acquisition may affect expansion plans.

Recent Report Link : Q4FY25 Result Update

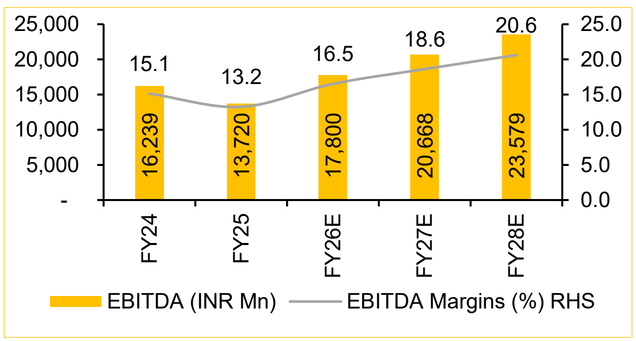
Realisation seems to bottom out, expected to grow



Revenue expected to improve with growing demand



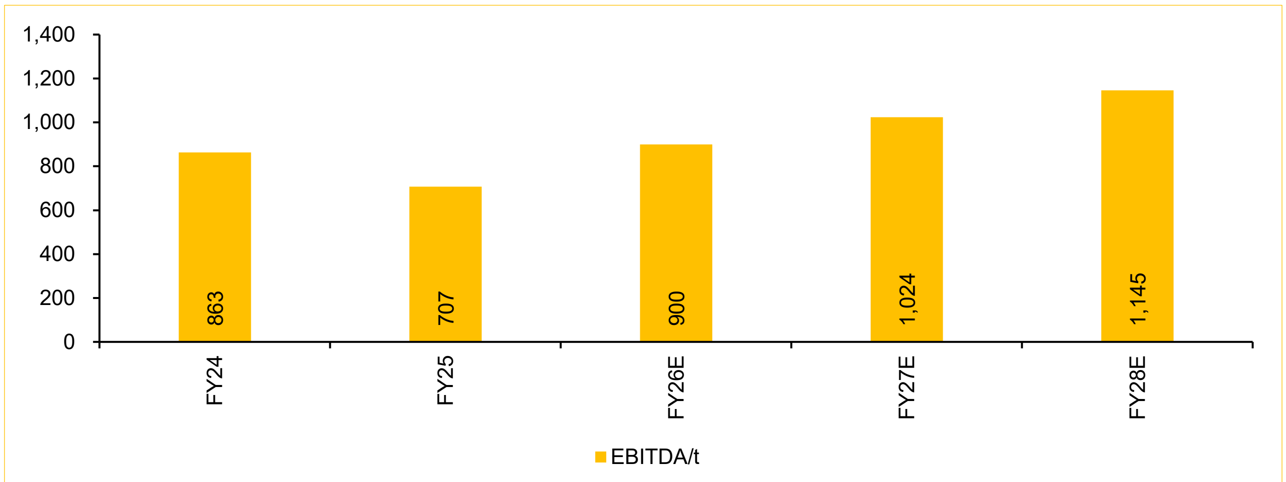
EBITDA expected to grow at a CAGR of 19.8% over FY25-28



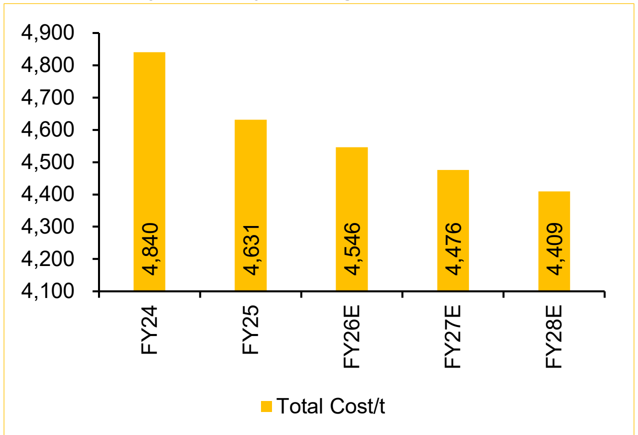
Key operating metrics of Nuvoco Vistas Corporation Ltd.

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total cement capacity (in Mnt)	23.8	25.0	25.0	25.0	31.0	31.0
Utilization (%)	79%	75%	78%	79%	65%	66%
Sales volume (in Mnt)	18.8	18.8	19.4	19.8	20.2	20.6
Realization/t	5,631	5,703	5,338	5,445	5,500	5,555
EBITDA/t	644	863	707	900	1,024	1,145
Total Cost/t	4,987	4,840	4,631	4,546	4,476	4,409
Power & Fuel cost/t	1,485	1,137	1,015	934	878	825
COGS/t	950	1,038	1,063	1,084	1,095	1,106
Freight Exp/t	1,499	1,556	1,440	1,411	1,389	1,367

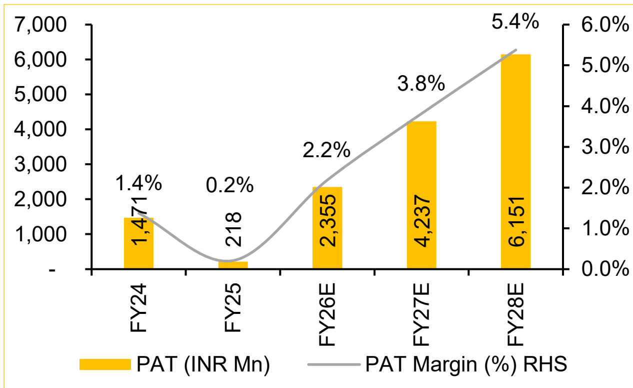
Cost reduction initiatives led to increase in EBITDA/t



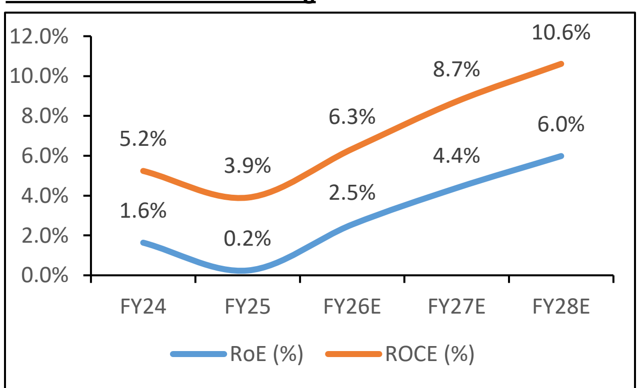
Cost Efficiency from Project Bridge



PAT expected to grow at a CAGR of 18.8% over FY25-27



ROE & ROCE to remain strong



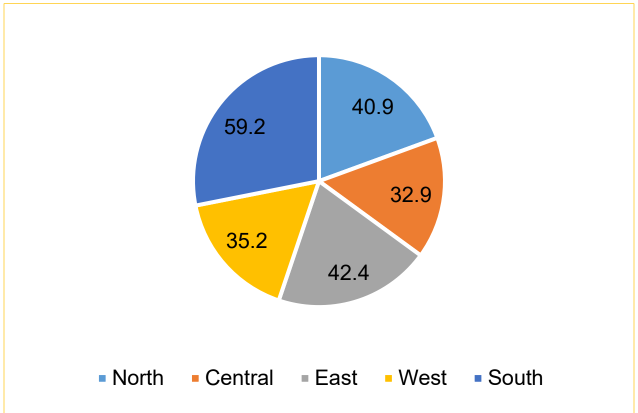
Profit & Loss (in INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,07,329	1,03,567	1,07,751	1,11,005	1,14,357
Gross profit	87,792	82,949	86,301	88,907	91,592
EBITDA	**16,239**	**13,720**	**17,800**	**20,668**	**23,579**
Depreciation	9,186	8,685	10,038	10,398	10,758
EBIT	**7,052**	**5,035**	**7,762**	**10,270**	**12,821**
Other Income	335	194	356	366	377
Interest Expenses	5,328	4,964	4,964	4,964	4,964
Exceptional Item	-	-	-	-	-
PAT	**1,471**	**218**	**2,355**	**4,237**	**6,151**
EPS (INR)	4.1	0.6	6.6	11.9	17.2

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	1.4	(3.5)	4.0	3.0	3.0
EBITDA	34.2	(15.5)	29.7	16.1	14.1
Margin ratios (%)					
EBITDA	15.1	13.2	16.5	18.6	20.6
PAT	1.4	0.2	2.2	3.8	5.4
Performance Ratios (%)					
OCF/EBITDA (x)	1.0	1.0	0.7	0.9	0.9
OCF/IC	12.8	10.8	10.5	14.5	18.3
RoE	1.6	0.2	2.5	4.4	6.0
ROCE	5.2	3.9	6.3	8.7	10.6
Turnover Ratios (Days)					
Inventory	32	27	38	40	40
Debtor	20	23	24	26	26
Payables	57	56	53	51	51
Cash Conversion Cycle	(5)	(6)	9	15	15
Financial Stability ratios (x)					
Net debt to Equity	0.4	0.4	0.4	0.3	0.2
Net debt to EBITDA	2.5	2.7	2.1	1.6	1.0
Interest Cover	1.3	1.0	1.6	2.1	2.6
Valuation metrics					
Fully diluted shares (Mn)	357	357	357	357	357
Price (INR)	339	340	346	346	346
Market Cap(INR Mn)	1,09,361	1,21,433	1,23,576	1,23,576	1,23,576
PE(x)	74.3	556.0	52.5	29.2	20.1
EV (INR Mn)	1,49,653	1,57,828	1,60,275	1,55,966	1,47,658
EV/EBITDA (x)	9.2	11.5	9.0	7.5	6.3
Price to BV (x)	1.2	1.3	1.3	1.3	1.2
EV/IC (x)	1.2	1.3	1.3	1.3	1.2
EV/OCF	9.4	11.9	12.3	8.8	6.8

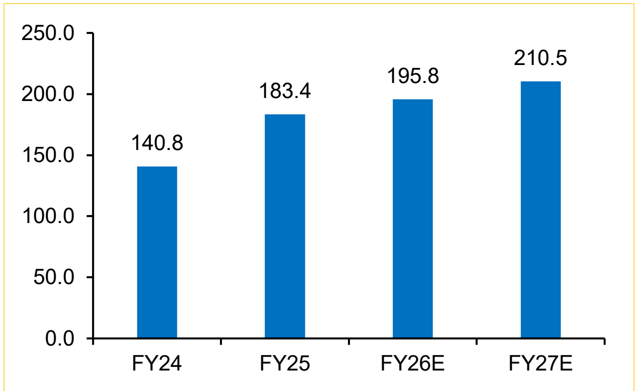
Choice

Ultratech Cement Ltd. I Rating – BUY I CMP: INR 11,408 I TP: INR 15,210

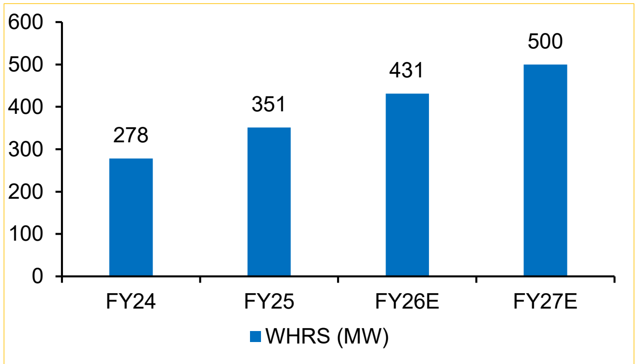
Regional Cement Capacity (in Mnt)- FY27E



Targeting cement capacity to ~210.5 Mnt by FY27E



WHRS capacity expansion trend FY24-FY27E



UltraTech Cement has a consolidated grey cement capacity of 190.46 million tonnes per annum (MTPA), supported by 34 integrated plants, 34 grinding units, 1 clinker unit, and 9 bulk packaging terminals. Backed by a strong network of over 1.3 lakh channel partners, the company has a market presence across more than 80% of India. UltraTech is also the largest manufacturer of Ready Mix Concrete (RMC) in India, operating 395 RMC plants across 155 cities, and offers a wide range of specialty concretes tailored to specific customer needs.

How does UTCEM scale, pricing power, and capital efficiency contribute to its shareholder value creation?

UltraTech Cement (UTCEM), India's largest cement manufacturer, continues to maintain a dominant position in the industry with a consolidated capacity of 190.5 MTPA as of FY25 – having nearly double the capacity of its closest peer (ACC+ Ambuja at ~100 MTPA). Other major peers such as Shree Cement (57 MTPA) and Dalmia Bharat (~45 MTPA) trail significantly in terms of scale.

Ultratech's Pan-India presence and well-diversified plant footprint allow it to optimize supply chains, capture regional demand pockets effectively, and command a small edge in pricing and cost structure. This is evident from its industry-leading realization of INR 5,592/ton, well above the peer average of ~INR 5,203/t. Barring JK Cement (INR 5,875/t due to higher white cement contribution), UTCEM stands as the leader in the grey cement segment. In terms of return ratio, we forecast UTCEM to deliver a healthy Return on Capital Employed (ROCE) of 15.6% by FY28E.

What are the key cost optimization initiatives UTCEM is undertaking, and how are they expected to impact its EBITDA per tonne by FY27?

UTCEM is actively working to enhance its Waste Heat Recovery System capacity from 351 MW in FY25 to 500 MW by FY27. Additionally, it is targeting 2.1 GW of renewable energy capacity by FY27, which is expected to meet ~30% of its total energy requirements. We believe these initiatives will help lower power and fuel costs by ~INR100/t by FY27. Furthermore, the company plans to reduce its lead distance by 25 km, which is expected to bring down freight costs by ~INR60/t. With its consistent focus on cost optimization, we expect UTCEM's EBITDA/t to improve to INR1,221/t in FY26E and further to INR1,326/t in FY27E.

Valuation: **We maintain our BUY rating with a revised target price of INR 15,210**, driven by upward revisions in volume and EBITDA/t assumptions following the integration and turnaround of Kesoram and India Cements, benefits from ongoing cost optimization initiatives, an improving cement pricing environment across regions, and the adoption of a robust EV/CE-based valuation framework that better captures the company's strengthening fundamentals, including a projected 720bps ROCE expansion over FY25–28E.

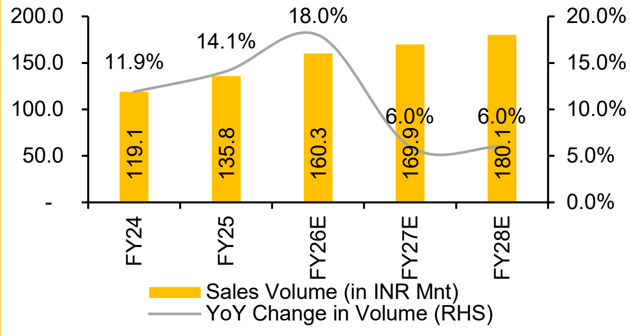
Risk:

Heatwave-Driven Demand Risk: Prolonged or intensified heatwaves across key regions may lead to a slowdown in construction activities, negatively impacting cement demand and dispatch volumes.

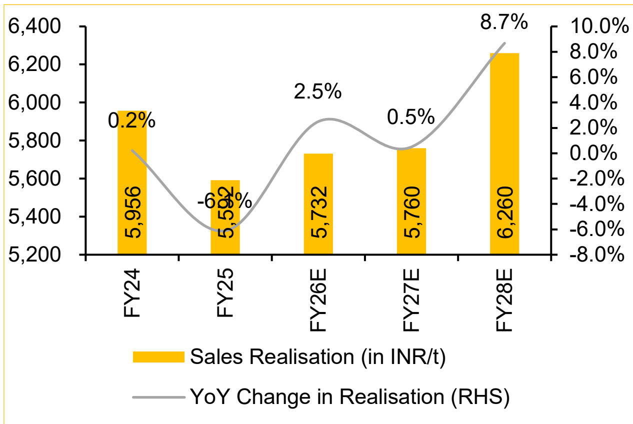
Fuel Cost Volatility: A sudden spike in petcoke prices due to global supply disruptions or geopolitical tensions could significantly raise input costs, thereby pressuring EBITDA margins.

Recent Report Link : Q4FY25 Result Update

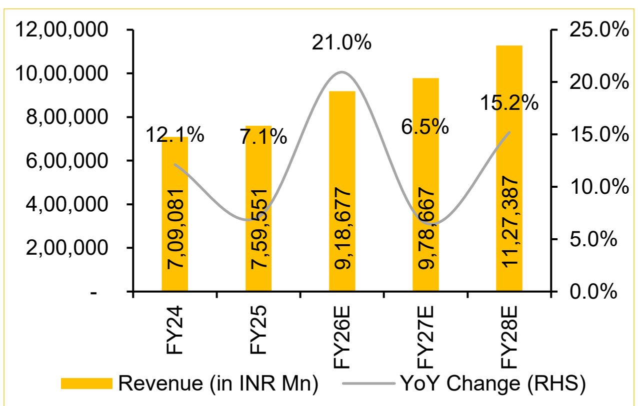
Expected Sales Volume to Reach 180.1 MnT in FY28E



Realisation seems to bottom out, expected to grow



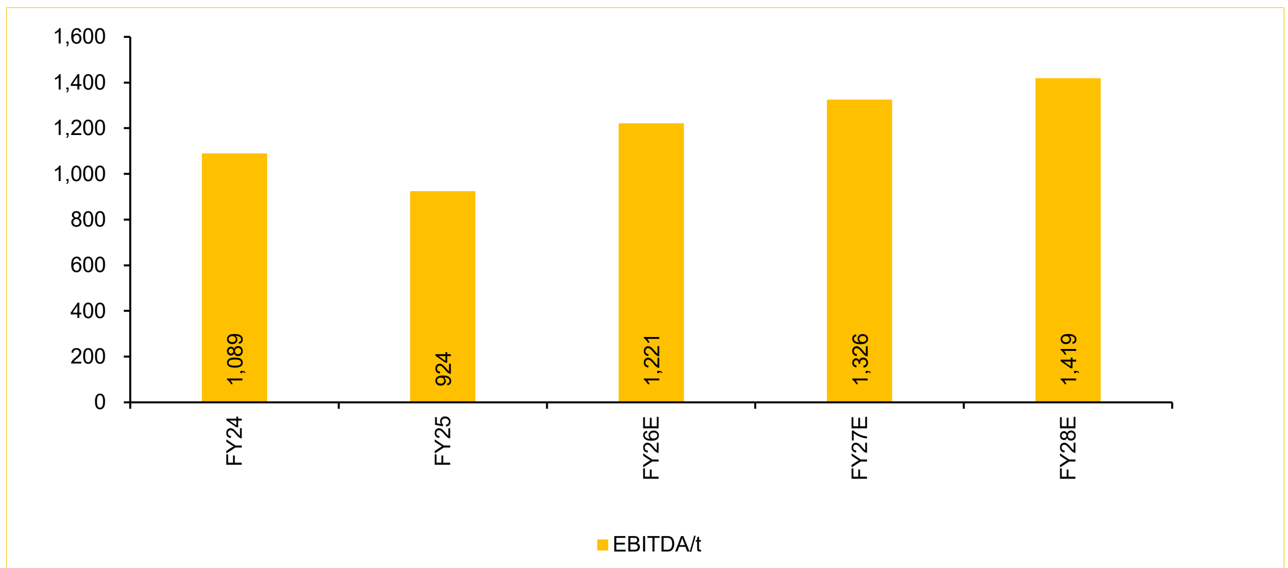
Revenue expected to improve with growing demand



Key operating metrics of Ultratech Cement Ltd.

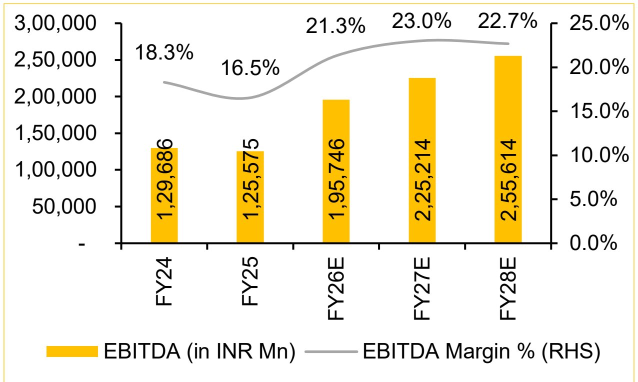
Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total cement capacity (in Mnt)	127.0	140.8	183.4	195.8	210.5	225.2
Utilization (%)	84%	85%	74%	82%	81%	80%
Sales volume (in Mnt)	106.4	119.1	135.8	160.3	169.9	180.1
Realization/t	5,944	5,956	5,592	5,732	5,760	5,760
EBITDA/t	998	1,089	924	1,221	1,326	1,419
Total Cost/t	4,946	4,867	4,667	4,510	4,435	4,841
Power & Fuel cost/t	1,738	1,536	1,356	1,275	1,243	1,243
COGS/t	913	1,000	1,009	1,003	1,008	1,358
Freight Exp/t	1,438	1,334	1,285	1,247	1,222	1,222

Cost reduction initiatives led to increase in EBITDA/t

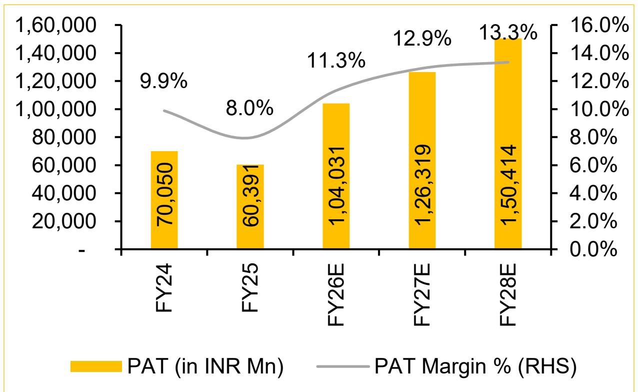


Convex Choices

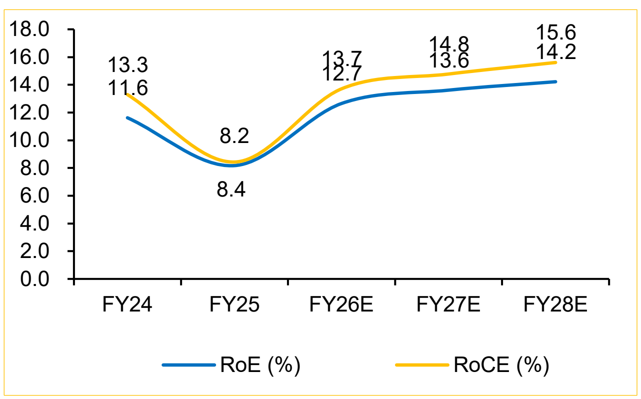
EBITDA expected to grow at a CAGR of 26.7% over FY25- 28



PAT expected to grow at a CAGR of 35.6% over FY25-28



Improving Return Ratios – RoE and RoCE (%)

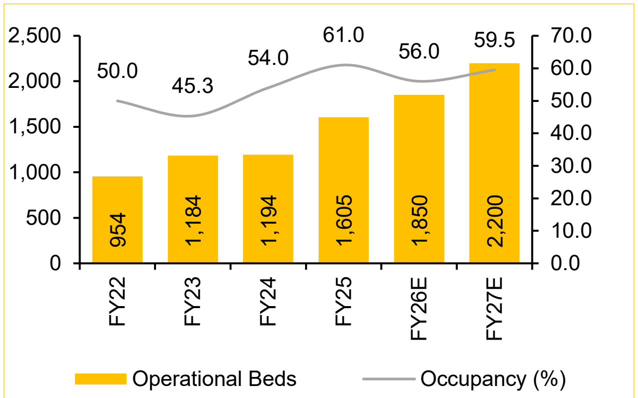


Profit & Loss (in INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	7,09,081	7,59,551	9,18,677	9,78,667	11,27,387
Gross profit	5,90,052	6,22,514	7,57,909	8,07,400	8,82,844
EBITDA	**1,29,686**	**1,25,575**	**1,95,746**	**2,25,214**	**2,55,614**
Depreciation	31,453	40,150	44,726	46,826	49,276
EBIT	**98,233**	**85,425**	**1,51,020**	**1,78,389**	**2,06,338**
Other Income	6,170	7,442	9,187	10,765	12,401
Interest Expenses	9,680	16,505	20,943	20,053	17,383
Exceptional Item	(500)	1,080	-	-	-
PAT	70,050	60,391	1,04,031	1,26,319	1,50,414
EPS (INR)	243	205	353	429	510

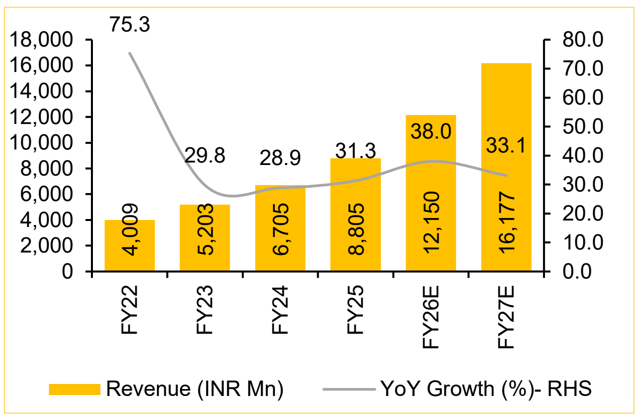
Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue	12.1	7.1	21.0	6.5	15.2
EBITDA	22.1	(3.2)	55.9	15.1	13.5
Margin ratios (%)					
EBITDA	18.3	16.5	21.3	23.0	22.7
PAT	9.9	8.0	11.3	12.9	13.3
Performance Ratios (%)					
OCF/EBITDA (x)	0.8	0.8	0.7	0.6	0.6
OCF/IC	16.4	11.4	13.6	13.4	14.1
RoE	11.6	8.2	12.7	13.6	14.2
ROCE	13.3	8.4	13.7	14.8	15.6
Turnover Ratios (Days)					
Inventory	43	46	47	50	52
Debtor	22	28	30	35	38
Payables	44	45	43	40	38
Cash Conversion Cycle	21	29	34	45	52
Financial Stability ratios (x)					
Net debt to Equity	0.2	0.3	0.3	0.2	0.1
Net debt to EBITDA	0.7	1.7	1.1	0.7	0.4
Interest Cover	10.1	5.2	7.2	8.9	11.9
Valuation metrics					
Fully diluted shares (Mn)	289	295	295	295	295
Price (INR)	9,749	11,509	11,425	11,425	11,425
Market Cap(INR Mn)	28,13,800	33,91,472	33,66,719	33,66,719	33,66,719
PE(x)	40.1	56.1	32.4	26.7	22.4
EV (INR Mn)	28,26,462	35,53,484	35,26,644	34,81,985	34,24,377
EV/EBITDA (x)	21.8	28.3	18.0	15.5	13.4
Price to BV (x)	4.7	4.6	4.1	3.6	3.2
EV/IC (x)	4.3	3.8	3.5	3.2	2.9
EV/OCF	25.9	33.3	25.4	24.0	20.7

Yatharth Hospital & Trauma Care I Rating – BUY I CMP: INR 506 I TP: INR 640

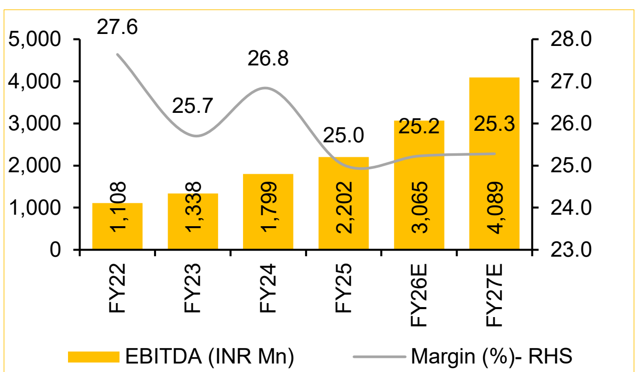
Operating beds to increase by 250-350 beds every year



Revenue expected to grow at ~35% CAGR (FY25-27E)



Despite expansion, EBITDA margin to sustain at ~25%



Business Overview: YATHARTH is a leading hospital chain in North India with 7 multi-specialty facilities **(2 upcoming facilities in next month)** and a strong presence in the Delhi-NCR region. The company has more than doubled its bed capacity post-COVID, from 1,100 in FY21 to 2,300 in FY25, while maintaining a solid occupancy rate of 61% and an ARPOB of INR 31,441 as of Q4FY25. Looking ahead, it aims to expand capacity to **~3,000 beds by FY28E**, primarily focused in Delhi-NCR, and drive **revenue growth at a ~30% CAGR** while sustaining its current EBITDA margin levels at 25%.

Is YATHARTH's Strategic Bed Expansion Set to Drive Significant Growth in Delhi-NCR?

YATHARTH is on track to surpass 3,000 bed capacity by FY28, driven by a focused capacity expansion strategy that **strengthens its footprint in the high-growth Delhi-NCR market.** The new hospitals will provide super-specialty services from launch, enabling higher ARPOB and a faster ramp-up period. With **EBITDA breakeven anticipated within 12–15 months**, this expansion is poised to deliver robust volume growth and improved operating leverage. Two new hospitals with capacities of 400 and 300 beds are expected to be **fully operational within 6 months** of their respective launches (July'2025). Additionally, brownfield expansions in Greater Noida and Noida Extension will add 250 beds each. We project that, with average occupancy levels exceeding 60%, these expansions will meaningfully enhance topline growth and patient volumes across North India.

Is YATHARTH Set to Benefit from India's Booming Oncology Market and Medical Tourism Revival?

YATHARTH has experienced headwinds in its international patient revenue segment—contributing approximately 10–12% of total revenue—due to prevailing geopolitical tensions. Despite this, the company remains well-positioned to capitalize on the resurgence of medical tourism, supported by its strategic expansion within the Delhi-NCR region, particularly within a 50-kilometer radius of key international airports. Furthermore, YATHARTH's **focus on high-margin specialties** such as oncology, which is well-aligned with rising global demand. **Oncology increases ~3x in FY25**, contributing 10% to Group's revenues & ~19% to Noida Ext. revenue. With the Indian oncology market projected to grow at a CAGR of approximately 15% over the next five years, the company is poised to leverage this growth to further strengthen its market position and accelerate revenue expansion.

Why Invest in YATHARTH?

Our analysis suggests that YATHARTH is well-positioned to benefit from the increasing demand for healthcare services in India, underpinned by its strategic expansion initiatives and stable EBITDA margins. The company has demonstrated healthy operational performance, with **ARPOB increasing by 16%** over the past two years to INR 31,441 in Q4FY25. While this remains below the industry average of INR 50,000–75,000, it highlights meaningful headroom for growth as YATHARTH's brand visibility and positioning continue to improve. With the stock currently trading at 19x EV/EBITDA, it presents a compelling opportunity for long-term investors seeking exposure to the structural growth in India's healthcare sector.

Near Term Triggers: Operationalization of Two New Facilities in July 2025: New Delhi (300+ Beds) and Faridabad (400 Beds).

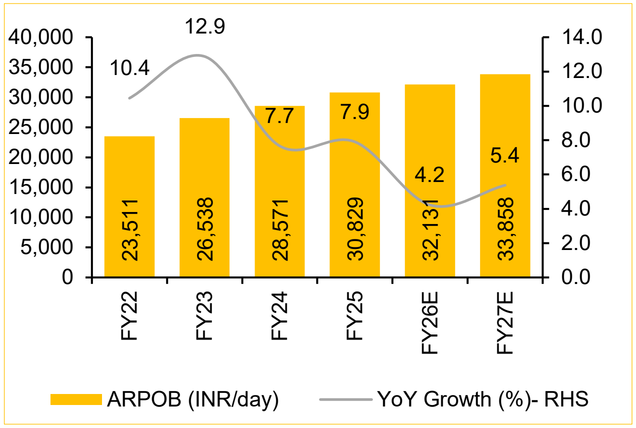
Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 640.

Key Risks:

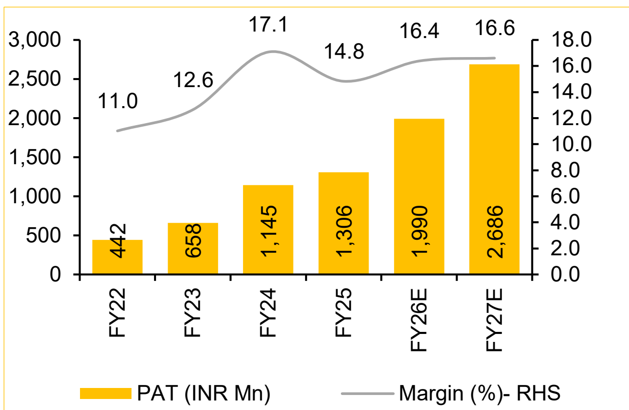
- **Competition:** The rise of new or well-established competitors in the healthcare sector could erode market share and reduce patient inflow, impacting the hospital's growth and sustainability.
- **Operational Challenges with Expansion:** The planned expansion of bed capacity to 3,000 beds could pose operational challenges.

[Recent Report Link : Q4FY25 Result Update]

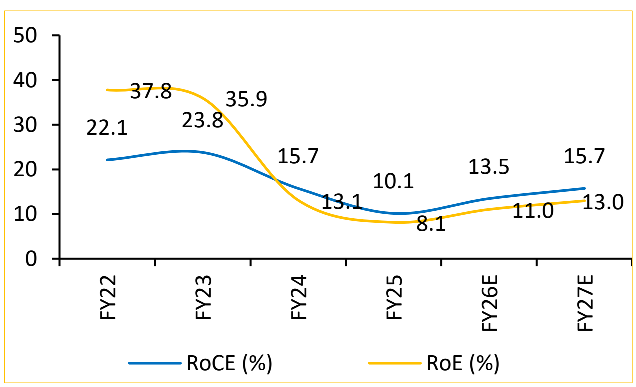
Sustained ARPOB growth amid new bed additions



PAT margin to sustain at ~16% for the next 2 years



ROE & ROCE Trend



Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	5,203	6,705	8,805	12,150	16,177
Gross profit	4,274	5,372	7,020	9,696	12,906
EBITDA	1,338	1,799	2,202	3,065	4,089
Depreciation	275	293	572	632	822
EBIT	1,063	1,506	1,631	2,433	3,268
Other income	28	156	162	243	324
Interest expense	214	94	75	57	57
PBT	877	1,568	1,717	2,619	3,534
Reported PAT	658	1,145	1,306	1,990	2,686
EPS	10.0	13.3	13.5	20.7	27.9

Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenues	29.8	28.9	31.3	38.0	33.1
EBITDA	20.7	34.5	22.4	39.2	33.4
PBT	38.9	78.9	9.5	52.5	35.0
PAT	48.9	74.1	14.0	52.5	35.0
Margins (%)					
Gross Profit Margin	82.1	80.1	79.7	79.8	79.8
EBITDA Margin	25.7	26.8	25.0	25.2	25.3
PBT Margin	16.9	23.4	19.5	21.6	21.8
Tax Rate	25.0	27.0	24.0	24.0	24.0
PAT Margin	12.6	17.1	14.8	16.4	16.6
Profitability (%)					
Return On Equity (ROE)	35.9	13.1	8.1	11.0	13.0
Return On Invested Capital (ROIC)	29.3	36.0	19.0	17.4	21.7
Return On Capital Employed (ROCE)	23.8	15.7	10.1	13.5	15.7
Financial Leverage (x)					
OCF/EBITDA (x)	0.0	0.8	1.3	0.3	0.0
OCF / Net profit (x)	0.0	1.3	2.1	0.5	0.0
Debt to Equity (x)	1.46	0.10	0.01	0.01	0.01
Interest Coverage (x)	5.0	16.0	21.7	42.5	57.0
Working Capital					
Inventory days (x)	23.8	22.3	42.8	42.0	42.0
Receivable days (x)	75.5	123.6	125.0	120.0	120.0
Creditor days (x)	11.8	15.9	12.1	12.0	12.0
Working Capital Days	87.5	130.0	155.7	150.0	150.0
Valuation Metrics					
BVPS (INR)	27.9	101.8	166.6	187.3	215.2
Market Cap (INR Mn)	34,462	45,157	50,682	50,682	50,682
PE (x)	52.4	39.4	38.8	25.5	18.9
P/BV (x)	18.8	5.2	3.2	2.8	2.4
EV/EBITDA (x)	27.5	24.2	21.1	14.7	11.3
EV/Sales (x)	7.1	6.5	5.3	3.7	2.9

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in statis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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