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Convex Choices

The Dilemma is Broken, The Distress is Not

June 9, 2026

India Equity Strategy

High Conviction Investment Ideas

India's Macro Fragility: From Risk to Reality

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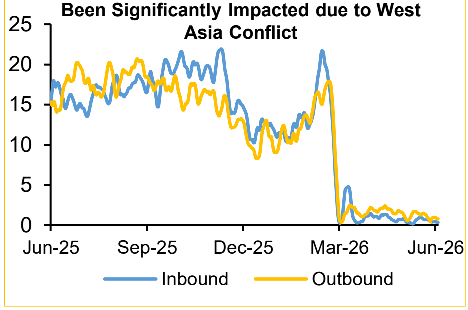
From Calling the Trap to Tracking the Aftermath: India's Macro Faces the Next Test

Our **West Asia framework has largely played out as anticipated**. In February, we argued that geopolitical uncertainty had capped market upside. As tensions escalated, we framed the conflict as a Prisoner's Dilemma (link), where neither side could afford restraint without risking strategic disadvantage. The subsequent escalation validated our downside-risk scenario. More recently, **we identified a credible off-ramp through the ceasefire** (link) and the likely reopening of the Strait of Hormuz. By allowing all parties to preserve their narrative of strength, the ceasefire reduced incentives for renewed escalation. This has helped Brent retreat from its conflict highs (~USD 125/bbl) and lowered geopolitical risk premiums.

However, **India's challenge may outlast the conflict**. India imports ~85% of its crude oil requirements and over 50% of its natural gas needs. Even if Brent stabilizes at USD 80–90/bbl (CIE FY27E Est. USD 89/bbl)—well above the FY25 average of ~USD 76/bbl—the macro impact becomes meaningful. **Elevated energy costs could keep inflation sticky and may lead to monetary tightening**. The earnings impact is equally important. Higher fuel, freight and input costs act as a tax on corporate profitability and consumption. Consensus earnings expectations, already facing downgrades, may struggle to recover if energy prices remain elevated. **Indian equities continue to trade at a meaningful premium to emerging markets**, **supported by strong domestic flows**. But if earnings growth slows while macro pressures build, sustaining that premium could become increasingly difficult.

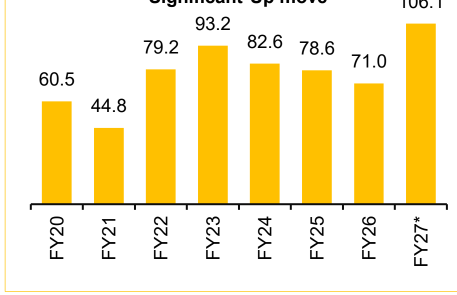
Market View: Although **geopolitical tail risk may have faded**, but the **macroeconomic aftershocks are only beginning to emerge**. The scenario with Brent at USD 89/bbl is likely to cause India's CAD from -0.6% in FY26 to -2.2% in FY27E. Further, decline in GDP growth from **7.7% in FY26 to 6.5% in FY27E** and a **Nifty that de-rates to 17.0–18.0x**, is **not a scenario that warrants an aggressive long-India position**. **We are overweight on Defence, Hospitals, New-Age Technology and Pharmaceuticals**.

Oil Tankers Movement through SoH Has Been Significantly Impacted due to West Asia Conflict



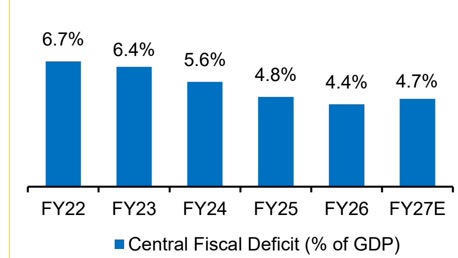
Note: Seven-day average of Oil tankers moving through SoH
Source: LSEG, Choice Institutional Equities

India's Crude Basket has Witnessed Significant Up move



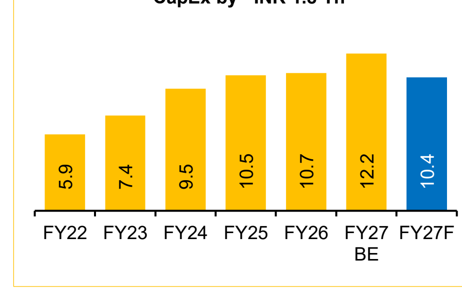
*Note: *FY27 data till 8th June '26*
Source: PPAC, Choice Institutional Equities

Fiscal Deficit is likely to Inflate in FY27E led by Higher Subsidies and lower Tax Collections…



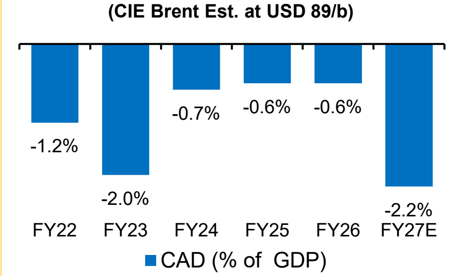
Source: MOSPI, Choice Institutional Equities

…resulting in fall in Central Government CapEx by ~INR 1.8 Tn



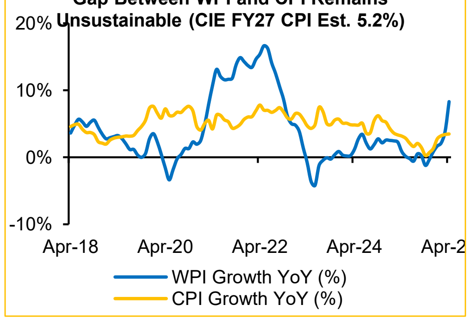
Note: FY27F CapEx is CIE Estimate
Source: MOSPI, RBI, Choice Institutional Equities

India's CAD to Remain Affected in FY27E led by Higher Import Bill (CIE Brent Est. at USD 89/b)



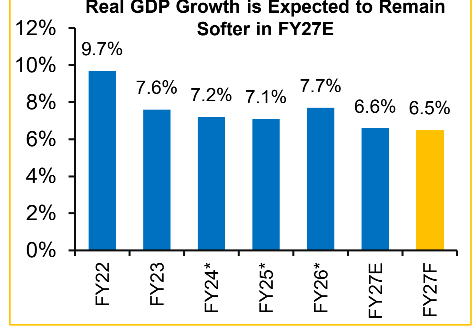
Source: RBI, Choice Institutional Equities

Gap Between WPI and CPI Remains Unsustainable (CIE FY27 CPI Est. 5.2%)



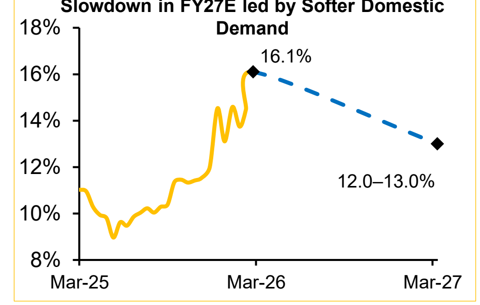
Source: MOSPI, RBI, Choice Institutional Equities

Real GDP Growth is Expected to Remain Softer in FY27E



Source: MOSPI, RBI, Choice Institutional Equities

Systematic Credit Growth to Witness Slowdown in FY27E led by Softer Domestic Demand



Source: RBI, Choice Institutional Equities

*Note: *Government has revised FY24 and FY25 GDP growth under new series.*
FY26 Fiscal Deficit and GDP growth is as per Government estimates. FY27E is RBI Estimate, while FY27F is Choice Institutional Estimates

Read Convex Choice Edition II	Read Convex Choice Edition III	Read Convex Choice Edition IV	Read Convex Choice Edition V

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India's Equity Market: A Domestic Fortress as Foreign Capital Retreats

Earnings Downgrades and Compressed Yield Spreads Drive Capital-Flow Reset, Keeping FPI Appetite Weak and INR Under Pressure

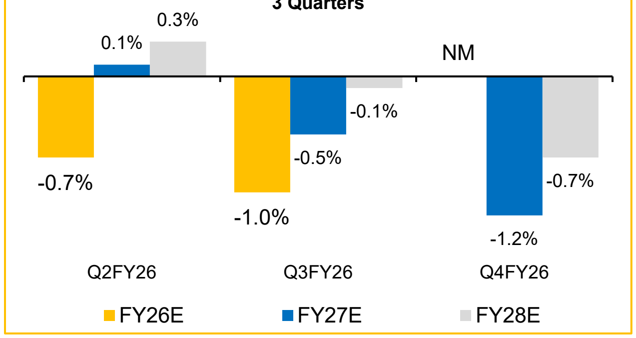
India's macro-equity setup has weakened in recent quarters. Nifty 50 earnings estimate for **FY27E/FY28E have seen downgrades**. This reflects a weaker growth outlook, led by softer demand and margin pressure from West Asia-related disruptions. As a result, investor expectations have moderated, reducing the near-term appeal of Indian equities for foreign investors.

The pressure is visible in FPI flows, with **FY27TD outflows** of **~INR 1.5 Tn**, following cumulative outflows of **INR 3.1 Tn** in **FY25–FY26**. The trend is particularly sharp compared with FY21 and FY24, when India attracted meaningful inflows of ~INR 2.7 Tn and ~INR 2.0 Tn, respectively. Consequently, FPI ownership in the NSE coverage universe declined from **~19% in Q4FY23** to **~16% in Q4FY26**, although **resilient DII flows have cushioned the impact on domestic equities**.

Elevated US yields have further weakened the foreign-flow setup, with the India–US yield differential compressing meaningfully over the past few years. This has reduced India's relative appeal for foreign capital at a time when domestic earnings expectations are also under pressure. As a result, the risk-reward for FPIs has become less compelling, limiting incentives to maintain aggressive allocations to Indian equities.

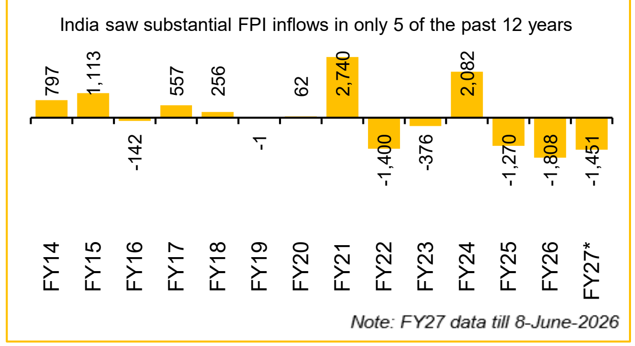
Persistent FPI outflows and weaker external-flow support have weighed on INR, which has **depreciated ~6.4% over the last six months**. Recent RBI measures, including **relaxation in FPI limits, concessional FX swaps** and **support for FCNR(B) hedging**, could help stabilise the currency in the near term. However, a **durable recovery in foreign flows** will likely **require earning upgrades, INR stability** and **favourable policy treatment for foreign capital**. Moreover, a rotation away from global AI-led trades could emerge as a potential tailwind for India but is unlikely to be an immediate driver.

Weak Macros Lead to Downgrades in Nifty-50 Earnings in the Last 3 Quarters



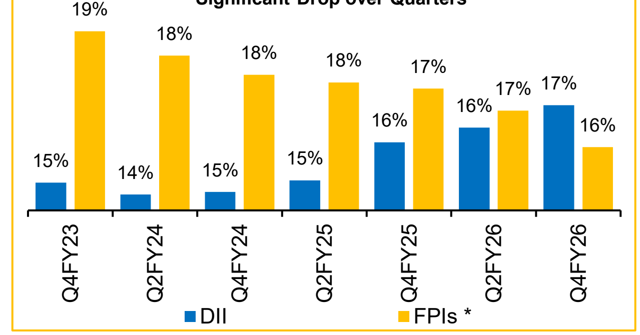
Source: FactSet, Choice Institutional Equities

FPI Equity Outflows stood at ~1.5 Tn in YTDFY27(INR Bn)



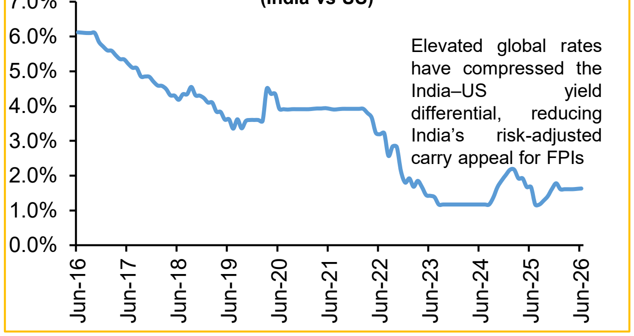
Source: NSDL, Choice Institutional Equities

FPI's Ownership in NSE Coverage Universe Witnessed Significant Drop over Quarters



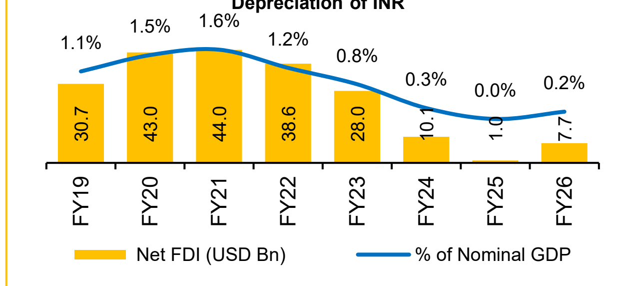
Source: NSE, Choice Institutional Equities

Lower Interest Rate Differential Further Fuelled Weaker Returns (India vs US)



Source: Federal Reserve, RBI, Choice Institutional Equities

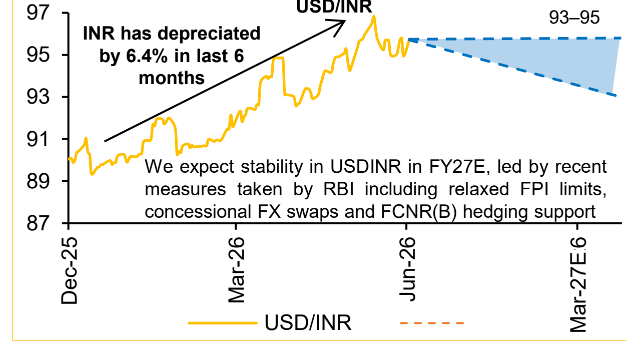
Net FDI Annual Flows have Diminished Over Years Causing Depreciation of INR



*Note: In **FY27** (as of June 2), net FPI flows to India stood at a **USD 13.7 Bn outflow**, led primarily by equity outflows*

Source: RBI, Choice Institutional Equities

Sustained Capital Outflows led to Weakening of USD/INR



Source: FactSet, Choice Institutional Equities

Observe Behavioural Breakdown in this Still Expensive Emerging Market

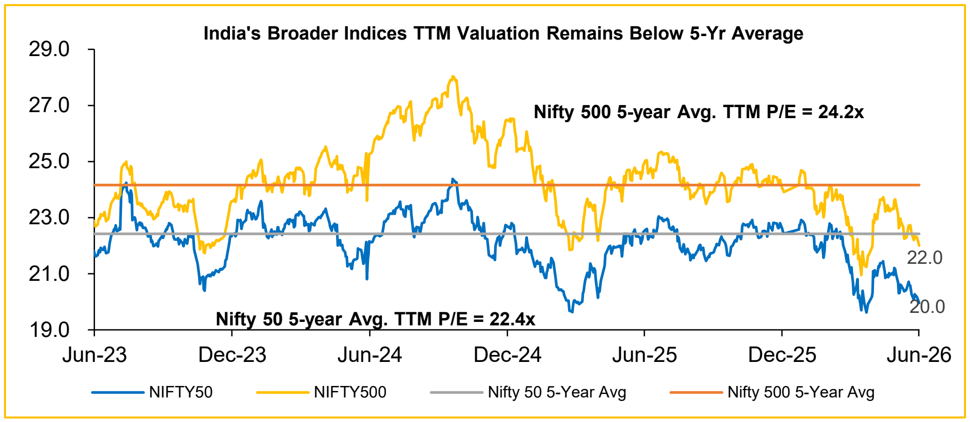
Despite India's Valuation below Long-term Averages, it Trades at a Higher PEG; SIP Flows Remain Key Monitorable to Avoid Further Correction

Although headline valuations have corrected, **India doesn't appear outright cheap on relative basis**. Nifty 50 is trading at 21.4x TTM P/E, below its 5-year average TTM P/E of 23.1x, whereas other broader indices have also moderated from their recent peaks. **India continues to trade at one of the highest valuation multiples** among the key global markets, as **its PEG ratio (at ~1.8x) remains elevated**, **indicating that valuations are expensive relative to expected earnings growth**.

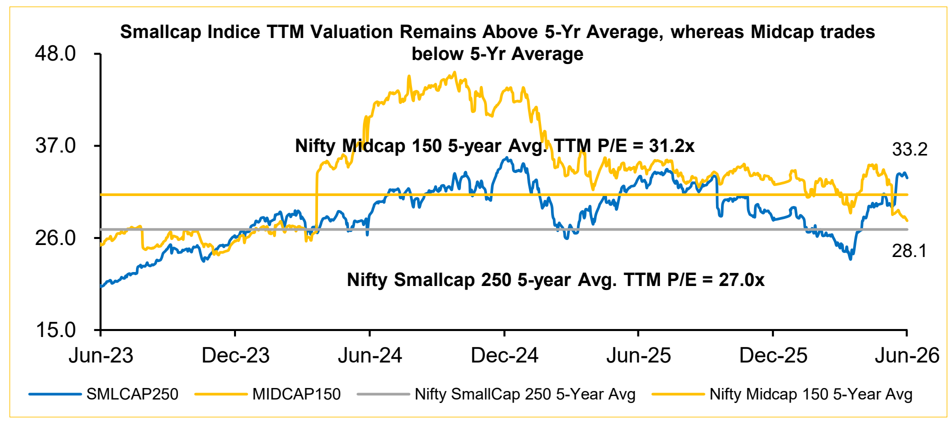
The valuation concern is more pronounced in the broader market, where **small cap valuations (33.2x TTM P/E) remain above their 5-year average TTM P/E (~28.1x)**, while **midcap valuations are only modestly below historical averages**. Despite the recent correction, **pockets of valuation excess exists** particularly in segments where earnings growth needs to catch up with market expectations.

With fundamentals under pressure, **domestic liquidity has become India's equity market anchor**. **SIP flows have grown structurally (from INR 1.2 Tn in FY22 to INR 3.5 Tn in FY26), whereas the monthly inflows have held firm** even during volatile phases, **absorbing FPI outflows** and underpinning valuations that the earnings backdrop alone cannot fully support.

Key Risk: A **simultaneous moderation in SIP flows** and a sustained FPI absence, against a backdrop of weaker earnings downgrades and premium PEG multiples **could expose Indian equities to a sharper-than-expected correction**.



Source: NSE, Choice Institutional Equities



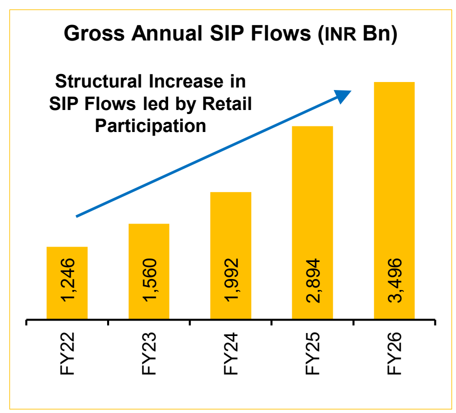
Source: NSE, Choice Institutional Equities

India and Japan are the Most Expensive Markets

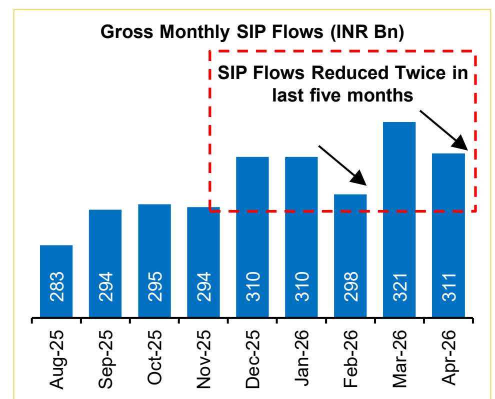
Country	TTM P/E Valuation	10- Year Average TTM P/E	EPS CAGR CY25-28E	PEG	+1 S.D. TTM P/E	-1 S.D. TTM P/E
India	21.4x	23.1x	11.6%	1.8x	26.1x	20.1x
Japan	23.6x	22.2x	12.8%	1.8x	27.9x	16.5x
Korea	20.5x	15.3x	71.6%	0.3x	19.6x	11.0x
Taiwan	29.1x	18.1x	32.2%	0.9x	22.2x	14.0x
US	27.2x	22.7x	17.8%	1.5x	26.3x	19.1x
Vietnam	14.7x	16.9x	25.2%	0.6x	19.6x	14.2x

Source: Bloomberg, Choice Institutional Equities

Note: For valuation Nifty 50 considered for India, Nikkei 225 for Japan, Kospi for Korea, TWSE for Taiwan, S&P 500 for US and VN Index for Vietnam



Source: AMFI, Choice Institutional Equities



Source: AMFI, Choice Institutional Equities

Choice High Conviction Ideas Portfolio Outperform Benchmark Indices Overwhelmingly

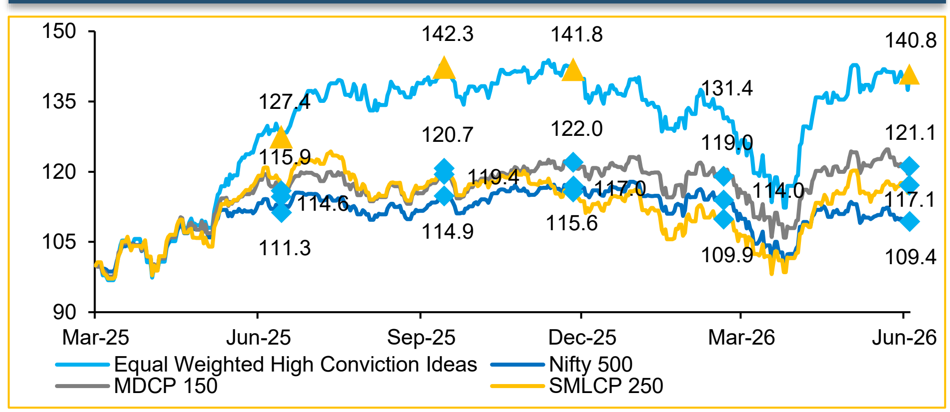
Re-Alignment Notes for Convex Choices Edition VI

We introduce Metals and Power and increase weightage for Pharmaceuticals and New-Age Technology, while reducing Consumer Discretionary (AlcoBev and Autos).

Company	Sector	Market Cap (INR Bn)	CMP (INR) (As of June 09, 2026)	Target Price (INR)	Potential Upside (%)
Allied Blender & Distilleries Ltd	AlcoBev	163	583	690	18.4%
Bharat Dynamics Ltd	Defence & Aerospace	437	1,202	1,500	24.8%
Bharat Electronics Ltd	Defence & Aerospace	3,008	412	500	21.3%
Fractal Analytics	Technology	168	986	1,250	26.8%
Garden Reach Shipbuilders	Defence & Aerospace	303	2,676	3,500	30.8%
Glenmark Pharma	Pharmaceuticals	624	2,207	2,590	17.3%
Jeena Sikho	Hospitals	74	603	1,000	65.8%
Lloyds Metals	Metals	932	1,717	2,075	20.9%
Lumax Auto Technologies Ltd	Automobile & Auto Ancillaries	112	1,642	1,950	18.8%
Mahindra & Mahindra Ltd	Automobile & Auto Ancillaries	3,729	2,991	4,450	48.8%
Man Industries	Basic Materials	39	519	690	32.9%
Meesho	Internet	753	167	210	25.8%
Narayana Hrudayalaya	Hospitals	396	1,932	2,500	29.4%
Nazara Technologies	Internet	103	278	400	43.8%
Senores Pharmaceuticals	Pharmaceuticals	50	1,094	1,165	6.5%
Shanti Gold	Jewellery	16	219	350	60.1%
Smartworks	Realty	51	451	630	39.8%
Sun Pharma	Pharmaceuticals	4,253	1,779	2,300	29.3%
Yash Highvoltage	Power	21	748	1,200	60.3%
Yatharth Hospital & Trauma Care Services	Hospitals	81	839	1,050	25.2%

New Ideas in Edition VI	Exclusions from Edition V
Fractal Analytics	Ashok Leyland
Garden Reach Shipbuilders	Data Patterns
Glenmark Pharma	Lumax Industries
Lloyds Metals	Nuvoco Vistas
Meesho	Radico Khaitan
Sun Pharma	Sobha
Yash Highvoltage	Supriya Lifesciences

Performance of CIE Model Portfolio



▲◆ denotes day of Rebalancing Source: Factset, Choice Institutional Equities

Constructive on BMAT; Watch on Cement Profitability

Choice Institutional Equities

Industry	Sector	Outlook	Choice Sector View
Basic Materials	Construction Materials	Neutral	**Organised Players to Drive Sector Outperformance** **Building Materials (Tiles, Bathware, PVC Pipes, Plywood, MDF, Wood Coating and SAW pipes):** We are **neutral on the Building Materials sector**, supported by **structural demand drivers** including **premium housing, urbanisation, renovation-led consumption, and sustained infrastructure spending**. While elevated competition intensity and weak pricing across select categories continued to weigh on near-term margin recovery, **underlying demand trends remained healthy** across most building material segments. **We continue to prefer companies with stronger brands, premium product exposure, wider distribution networks and superior execution capabilities**, as these players are better positioned to sustain pricing power, improve operating leverage, and capture ongoing market share gains from the unorganised players. We expect the building materials sector **to maintain healthy momentum over FY27E–FY29E**, **driven by 8–12% volume growth and 2–5% realisation improvement**.
		Neutral	**Balancing Demand Recovery, Near-term Profitability Remains a Key Monitorable** **Cement:** We maintain a **neutral stance on the cement sector**, with **near-term profitability remaining a key concern** despite an expected **6–7% YoY industry volume growth in FY27**, supported by robust infrastructure activity and healthy housing demand. The sector is likely to face margin pressure from **~40 MTPA of capacity additions** and **INR 350–400/t cost inflation** across fuel, freight and packaging. With limited pricing support ahead of the monsoon, earnings recovery will depend on the industry's ability to implement **post-monsoon price hikes** and improve utilisation of newly commissioned capacities. While margin expansion may remain constrained in the near term, **industry consolidation, improving market discipline and strong structural demand drivers** continue to underpin the sector's medium- to long-term outlook.

Convex Choices

Buoyancy in Commodity Cycle Drives Positive Skew on Metals

Choice Institutional Equities

Industry	Sector	Outlook	Choice Sector View
Basic Materials	**Steel & Non-Ferrous Metals**	**Positive**	**India remains a Global Outpost for Steel and Non-Ferrous Demand; Domestic Price Recovery and Favourable Trade Dynamics Support Earnings** **Steel**: India's steel industry **enters FY27 with elevated momentum**, supported by sustained infrastructure spending, healthy manufacturing activity, and continued government-led capital expenditure. While **India remained a net finished steel importer for the whole of FY26**, **trade dynamics turned sharply in Q4FY26 as domestic mills captured expanding export opportunit**ies amidst recovering global spreads and resilient local demand. **Local flat steel/HRC prices successfully rebounded by over 3.8% MoM late in the quarter**, partially offsetting input cost inflation arising from elevated coking coal prices, geopolitical tensions, and shipping disruptions across key trade routes. Backed by robust **full-year crude steel production of 168.4 million tonnes**, major producers are aggressively advancing **capacity expansions toward the long-term 300 MTPA vision** to insulate domestic supply and unlock strong medium-term operating leverage. **Non-Ferrous Metals (Aluminium, Copper, Zinc)**: The non-ferrous segment is riding a structural demand upcycle driven by the energy transition, with domestic volumes strongly anchored by rapid solar infrastructure deployment and aggressive EV charging rollouts. Crucially, the global supply picture has shifted materially in India's favour following the closure of the Strait of Hormuz since late February 2026, which severely curtailed exports from Gulf primary producers and pushed the ex-China aluminium market toward an acute deficit. Consequently**, LME aluminium has rallied to multi-year highs above USD 3,650/t, while copper has reached record levels above USD 14,000/t.** Indian captive-power-integrated smelters are direct beneficiaries of this environment; they remain fully insulated from the regional supply shock, command a significant cost advantage over disrupted global peers, and are capturing elevated LME realizations alongside surging physical premiums as global buyers aggressively redirect demand. **Declining LME warehouse stocks (Aluminium & Zinc) — at their lowest since mid-2025 — confirm that this supply tightness is not yet unwinding, supporting elevated realisations through the near term**. Ongoing downstream integration and an expanding value-added product mix further support structural margin resilience and balance sheet strengthening as the sector transitions into FY27.

Convex Choices

Choice Sector View – 3/13

Chemicals on the Path to Recovery; Mining Supported by Strong Demand

Choice Institutional Equities

Industry	Sector	Outlook	Choice Sector View
Basic Materials	Chemicals	Positive	**Supply and Price Shock Pressures Near Term; Medium-term Thesis Stronger** We **expect the chemical sector to remain under near-term pressure**, as localised raw material shortages, freight disruption and elevated input costs continue to pose key operating challenges. However, the impact varies across the value chain. **Petrochemical and commodity producers remain most exposed**, given their dependence on crude and energy-linked feedstocks, resulting in sharper supply disruption and benchmark-linked realisation volatility. **Agrochemicals remain relatively defensive**, supported by resilient farm demand and stable technical supply from China and Japan**. Fertilisers have seen limited supply disruption**, given their essential-use classification, while CMIE estimates **production volumes to decline only 1.2% YoY in FY27E**. A ~20% YoY increase in subsidy rates should also support double-digit revenue growth in Q1FY27E. **Downstream specialty and formulation players are likely to show wider dispersion**, given varied feedstock baskets, contract structures and pricing power. Cost pass-through remains stronger in premium and demand inelastic applications, though timing lags may keep margins volatile. As supply conditions normalise and utilisation improves, Indian chemical players should benefit from operating leverage on a higher realisation base. Over the medium to long term, the **sector's structural thesis remains robust, supported by China+1 diversification, global strategic stockpiling and new demand for battery chemicals used in BESS and EVs.**
	Mining	Neutral	**Robust Steel Output to Keep Iron Ore Demand Sky-high; Supply Surplus Mitigates Margin Compression Risks:** **Iron Ore**: Iron ore demand **remains robustly anchored by India's crude steel output**, which grew approximately 10.5% YoY heading into Q4FY26. However, the supply picture has shifted materially — **domestic production is projected to reach 340–345 MnT in FY27E** (~8% YoY growth), led by significant capacity additions by private miners especially in Odisha. Incremental supply is growing slightly ahead of domestic steel absorption capacity, building a localized supply cushion that should keep merchant ore pricing range bound. While a brief price uptick occurred late in the quarter, this does not change the structural balance. Operating margins for pure-play mining companies will remain **under pressure from rising statutory royalties, DMF, and NMET levies**. We hold a Neutral stance on the segment — stable volumes, but limited margin upside. Note: NMDC (not covered), given its full-year **FY26 landmark production of 53 MnT and ongoing pellet plant ramp-up**, may **warrant a differentiated view and should be assessed separately**.

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Led by Higher Cracks Upbeat on Pure-play Refiners; Structural Demand Drives Positive Outlook on Alternative Energy

Industry	Sector	Outlook	Choice Sector View
Energy	Oil & Gas- Upstream	Neutral	**Selective Opportunities Amid a Neutral Upstream Outlook** We project domestic oil & gas output **to expand at a low to mid-single-digit rate by FY29E**. We **remain cautious about the actual delivery of production growth.** The **largest oil & gas producer in India** has disappointed on its **guidance of oil and gas production growth during the past four years**. The recent reduction in royalty rates reflects the government's intent to encourage domestic hydrocarbon development and improve sector economics. However, **investor appetite remains subdued**, as evidenced by the repeated postponement of bid submissions for OALP Round X, now **extended for the fifth time since Feb 2025 to June 2026**. While sector **conditions are improving, execution risks persist**. We maintain a neutral upstream outlook and remain selective on companies with stronger growth visibility.
	Oil & Gas- Downstream	Positive	**Refiners and CGDs Positioned to Benefit from Demand Growth** India's oil consumption is **expected to expand at ~3% CAGR over FY26–FY29E**, driven **primarily by transportation fuel**, while **natural gas will expand at ~6% CAGR**, **favouring city-gas distributors**. We anticipate **Brent to average at USD 82.0/b** this fi**scal year**, **up 20% YoY**. While higher Brent prices pose a headwind for OMCs, **sustained strength in diesel and ATF cracks** continue to support earnings for pure-play refiners. Assuming a GRM cap of ~USD 15/b for Indian refiners and any incremental government intervention remains broadly in line with April/May/June measures - where ~50% of diesel and ATF cracks were taken as a discount - this still sets up a strong uplift in revenues and EBITDA for these pure-play refiners in H1FY27 on year-on year basis, aided by a low base in H1FY26. Additionally, the **ongoing household transition from LPG to PNG is expected to drive volume growth** for city gas distributors.
	Alternative Energy	Positive	**Solar Localisation and E30 Unlock New Growth Beneficiaries** India's solar cell industry is entering a **structural upcycle following the June 2026 implementation of ALMM List-II**, which mandates domestically manufactured cells for new rooftop and open-access projects. With **only ~30 GW of cell capacity against ~200 GW of module capacity**, the resulting supply deficit is supporting **high utilisation, strong pricing, and margin expansion for integrated manufacturers**. In contrast, **module manufacturers** face rising competitive pressures from **industry overcapacity and higher input costs, accelerating consolidation and backward integration**. Beyond domestic demand, Indian players are benefiting from ex-China export opportunities and are increasingly expanding into adjacent segments like battery energy storage systems (BESS), inverters, and transformers. Separately, regulatory support for higher ethanol blending continues to strengthen, with new **BIS standards for fuel blends of up to E30 providing greater visibility** on long-term ethanol demand. Moreover, **India's SAF roadmap (1% by 2027; 5% by 2030)** opens a new growth avenue for biofuels in aviation.

Convex Choices

Stance Changed To Neutral for Consumer Discretionary: Demand Softness due to Prolonged West Asia Conflict

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Industry	Sector	Outlook	Choice Sector View
Consumer Discretionary	AlcoBev	Positive	**Margin Uplift due to Backward Integration Moderated by Inflation and Price Shocks** **UK FTA (effective Q2–Q3FY27E) will reduce Scotch tariffs from 150% to 75**%. This will lower the landed cost of Bulk Scotch Whiskey, a major ingredient of premium blended Indian Made Foreign Liquor (IMFL). Further, most companies in our coverage are undertaking capital expenditure for backward integration via enhanced ENA distillation capacities, PET plants and Malt plants. **The combined positive impact is estimated at 200–300 bps over FY26–FY29E**. However, severe supply and price shocks in crude and gas have led to an inflationary scenario. Natural gas is a necessary RM for glassblowing; glass prices are up 10–20% and lower supply of natural gas has constrained outputs. Further, grain and rice prices which have **been benign for the last 2–3 years are also expected to go up, due to El Niño, a rise in fertiliser and other agrochemical prices**. This inflationary environment is likely to erode 100–150 bps of margin gains. Hence, **we expect overall margin gains to** be **subdued at 100–200 bps over the medium-term**.
	Automobile & Auto Ancillaries	Neutral	**Growth Moderation in the Near Term; Structural Drivers Remain Intact** We expect India's automobile sector to expand at a 7.0% CAGR over FY26–29E, driven by rising disposable incomes, healthy replacement demand, premiumisation and accelerating electrification. While near-term growth and margin may **be affected by commodity inflation, elevated freight costs, fuel-price volatility and geopolitical uncertainty, the sector's structural demand drivers remain firmly intact**. The PV segment (+11% CAGR FY22-26) is expected to remain resilient, **supported by sustained demand for SUVs (+20% CAGR FY22-26), premium vehicle launches and increasing adoption of hybrid and electric vehicles**. Premium and utility vehicle categories are likely to outperform, aided by favourable consumer demographics and higher spending capacity. **The 2W (+8% CAGR FY22-26)** segment is poised for steady growth, led by **continued momentum in scooters (+19% CAGR FY22-26), premium motorcycles (+17% CAGR FY22-26) and EVs**. Rising fuel prices are expected to further enhance the total cost-of-ownership advantage of EVs, supporting faster electrification. The CV segment is expected to witness modest growth, **supported by infrastructure spending, replacement demand and freight activity**, while we expect slowdown in **the near-term due to fuel-cost pressures**. For the auto ancillary sector, we remain constructive, **supported by localisation, capacity expansions, new product launches and rising content per vehicle**. Premiumisation, electrification and technology-led value addition are expected to remain key long-term growth drivers.

Convex Choices

Choice Sector View – 6/13

Stance Changed To Neutral for Consumer Discretionary: Demand Softness due to Prolonged West Asia Conflict

Industry	Sector	Outlook	Choice Sector View
Consumer Discretionary	**Hotels**	Neutral	**Structural Tailwinds Intact; West Asia Conflict Clouds Near Term Outlook** The long-term demand-supply setup remains constructive — **demand CAGR is projected at 12.3% vs. supply CAGR of 9.3%** (FY24–27E), with all-India occupancy tracking toward ~70% by FY28E from 68% in FY25. Near term, the West Asia conflict introduces measurable headwinds. **FTAs have dropped by 36.5% in March 2026**. Flight disruptions through the West Asia corridor pose a direct risk to foreign arrivals, which skew toward premium leisure. **Based on management interactions, we believe domestic substitution offsets ~30–40% of the premium demand loss.** Post-conflict normalisation, we expect the RevPAR upcycle to reassert with **9–10% medium-term growth**, supported by structurally under-supplied inventory, rising office absorption (MICE demand catalyst) and pent-up leisure demand. We continue to believe that **peak occupancy is 18–24 months out. However, we remain on watch for an inflation led cut in discretionary spending which could drag occupancies lower.** Sector re-rating to be triggered on **sustained occupancy gains for two quarters.**
	Jewellery – B2B	Positive	**B2B Manufacturers stand to Win Big from the Organised Jewellery Boom** The jewellery market is witnessing a strong **shift towards organised players** — rising from just 5% in CY05 to 35% in CY23 and projected to reach ~60% by CY29E — driven by mandatory hallmarking, expanding branded retail presence in Tier-2/3 cities and growing consumer trust in organised brands. **We believe the rapid scaling up of organised jewellery retail chains is structurally positive for B2B gold jewellery manufacturers. It not only ensures greater business visibility and operational stability but also accelerates the sector's formalisation.** **In the medium term, B2B players with strong design agility, automation-driven production, flexibility to move across karat categories and compliance-led manufacturing will emerge as preferred partners, benefiting astronomically from the expansion of organised retail.**

Growth Drivers Intact for AUM and Insurance; Sustained Credit Growth to Aid Stronger Earnings for Banks and NBFCs

Choice Institutional Equities

Industry	Sector	Outlook	Choice Sector View
Financials	AMCs	Positive	**Moderate AUM growth amid volatile markets; MTM losses impact PAT; Growth drivers intact** The mutual fund industry **witnessed a subdued Q4FY26 as weak equity market performance and elevated volatility constrained AUM growth.** Industry QAAUM remained flat QoQ at Rs82tn, while delivered a healthy 21% YoY growth. This was supported by robust SIP inflows, sustained retail participation, and operating leverage benefits. **Market share gains continued to favor larger AMCs,** particularly Nippon AMC and IPRU AMC. **We remain positive on the AMC sector, supported by increasing financialization of savings, rising SIP penetration, strong retail participation and growing adoption of passive products. We expect the AMC sector to deliver 14-20% AAUM growth.** Despite the highly volatile market conditions, SIP contributions increased 21% YoY to Rs3.5tn in FY26, underscoring the resilience of retail investor flows.
	Banks	Positive	**Healthy Credit Growth and Potential Rate Hike to Aid Sustained Core Earnings Growth** Margin for most of the **large private banks remained stable during Q4FY26**, following the cumulative repo rate cut of 125 bps in the last 15 months. Weighted Average Lending Rate (WALR) for **Fresh Loans** and for **Outstanding loans witnessed a reduction of 93 bps and 88 bps, respectively**, from **February 2025 to March 2026**, which reflects a **satisfactory transmission** considering **the current inflationary environment and hardening in 10-year G-sec yields**. On the liability side, the Weighted Average Term Deposits Rate (WATDR) on **Fresh Deposits and Outstanding Deposits** saw **reduction of 55 bps and 47 bps, respectively**, over the same period, reflecting the **banking sector's ongoing difficulty in mobilising deposits at lower rates**. The **current West Asia Conflict poses serious upside risks to India's CPI inflation trajectory**, and **we anticipate RBI will shift towards policy tightening over the next six months**. Against this backdrop, we **forecast improvement in NIMs of both private and PSU banks over FY27E**, led by a **marginal decline in cost of deposits** and **increase in lending rates driven by repo rate hikes**. Further, we expect the systematic banking credit growth to slow down from 16.1% observed in FY26 to a **range of 12.0–13.0% in FY27E**, reflecting softer domestic demand stemming from the second-order effects of West Asia Conflict. **Elevated global bond yields**, **rising energy costs** and **broader input price pressures** underpin our **forecast of a 25–50 bps rate hike in FY27E**. Banking earning growth in FY27E is expected to be supported by sustained credit offtake across MSME and retail loans, and potential improvement in NIMs on account of repo rate hikes.

Convex Choices

Choice Sector View – 8/13

Growth Drivers Intact for AUM and Insurance; Sustained Credit Growth to Aid Stronger Earnings for Banks and NBFCs

Choice Institutional Equities

Industry	Sector	Outlook	Choice Sector View
Financials	Insurance	Positive	**Sector enters FY27 on a stronger footing** Listed life insurance companies witnessed **healthy Annualized premium equivalent (APE) growth of 17.6% QoQ and 11.4% YoY on average in Q4FY26, (except for LICI), primarily driven by strong growth in the protection and annuity segment.** VNB margins for the listed players **improved sequentially, primarily supported by favourable product mix,** with some of the impact offset by the adverse impact from the unavailability of input tax credit (ITC) post GST rationalization. Looking ahead, the life insurance industry **is expected to maintain healthy growth momentum of ~10-12% in the long term.** Further, the companies remain focused on preparing for key regulatory developments, including the transition to IND AS 117, for which implementation has been deferred by one year, and the eventual migration to a Risk-Based Solvency (RBS) framework.
	NBFCs	Positive	**Credit Stress to inch up in MSME and CV Segment, while Credit Growth to outperform Banks in FY27E** We anticipate the **NBFC credit offtake at 16.0%–18.0% CAGR over FY26–FY28E**. Led by stronger formal credit demand, we believe **that NBFCs are expected to gain market share from banks**, driven **by stronger loan origination, shorter TAT and niche focus on selected product categories**. We forecast the **CV segment to underperform the overall credit growth over the short term**, impacted by the ongoing West Asia Conflict, with **modest inch up in NPAs across CV financiers**. We project s**ome stress in the MSME segment in Q1FY27E led by the conflict**, which we believe **would be transitory in nature**. Gold financers are **anticipated to observe stronger credit growth on account of recent custom duty hike** and **expansion of physical branch network**, while yields are expected to witness compression led by higher competition intensity and the asset quality is anticipated to remain contained.

Convex Choices

Choice Institutional Equities

Strength in Hospitals led by Expansion; Upbeat on Pharma led by Sustained Demand Outlook

Industry	Sector	Outlook	Choice Sector View
Healthcare	Hospitals	Positive	**India's Hospital Sector Enters a Multi-year High-growth, High-return Expansion Cycle** The Indian hospital industry is in a **high-growth, high-return phase**, supported by strong structural drivers such as rising life expectancy, increasing chronic disease burden, higher insurance penetration, improving affordability and expanding medical tourism. Healthcare delivery contributes ~71% of the total healthcare market and is **expected to exceed INR 7.7 Tn by FY27E**, reinforcing hospitals as the dominant segment. Overall **healthcare spending is projected to rise from 3.3% of GDP to 5% by 2030, while the hospital market is estimated to reach ~US$194 Bn by 2032**. The sector is witnessing sustained **improvements in occupancy, ARPOB, cash flows and ROCE**, driven by disciplined capacity expansion and operating leverage. **Recent CGHS tariff revisions are expected to enhance realisations and profitability**, with potential spillover into other reimbursement schemes. With an estimated requirement of ~3 Mn additional hospital beds and strong expansion into Tier-II/III cities, the sector remains in a **long-term expansion cycle with robust growth visibility**.
	Pharmaceuticals	Positive	**Pharma Sector to Continue Strong Growth Momentum Led by Specialty Shift and Sustained CDMO Demand** The sector outlook remains positive, driven by a continued shift towards complex and specialty generics. Companies are expanding into high-value segments, such as peptides, with the **Semaglutide opportunity expected to create a market worth ~USD 1.4 Bn in 2026**, while biosimilars are expected to drive the next growth wave amid a rising number of global biologic patent expiries. **CDMO also remains a key growth engine, supported by China+1 outsourcing trends** and increasing global demand for India's cost-efficient manufacturing capabilities. Despite the ongoing West Asia geopolitical crisis, **we do not expect any meaningful structural impact on the sector**, given the essential nature of the healthcare demand, diversified export exposure and relatively limited direct dependence on the region. Overall, we expect the **Indian Pharmaceutical Market (IPM) to deliver a healthy ~8–10% CAGR** over the medium term.

Convex Choices

Choice Institutional Equities

Defence and Capital Goods Demand Cycle Remains Optimistic

Industry	Sector	Outlook	Choice Sector View
Industrials	Aerospace & Defence	Positive	**Execution Visibility Improves as Key Platforms Enter Production** India's defence manufacturing sector continues to progress through a structurally strong upcycle, supported by sustained policy continuity, rising budgetary allocation and steady progress in indigenisation. Backed by higher domestic procurement, increasing localisation of critical subsystems and expanding private-sector participation, **defence production** remains on track to reach **~INR 3 Tn by FY29E (~18% CAGR)**. **The policy thrust is increasingly visible in execution, with multiple complex platforms such as LCA Tejas Mk-1A, advanced missile systems, indigenous radars and UAV programs progressing through final trials and entering production phases.** Focus remains on high-value segments – missiles, avionics, radars, UAVs, electronic warfare and space-based systems – supported by Make and iDEX initiatives which continue to accelerate technology absorption and ecosystem development. **With defence exports targeted at INR 500 Bn by FY29E, India is gradually strengthening its position as a competitive global supplier beyond import substitution.** We continue to view this as one of the most compelling multi-year manufacturing themes in India. **Improving execution across large programs, supported by visible transition from development to production in key platforms, along with platform-level integration by private players and supply-chain deepening across DPSUs and Tier-I/II vendors, is driving better revenue visibility.** T he pipeline of upcoming programs across aircraft, missile systems, sensors and strategic electronics remains **robust over the next 3–5 years**. **In our view, the sector is steadily transitioning from policy-led intent to execution-driven growth, with earnings compounding supported by scale benefits, localisation gains and improving export traction.**
	Solar Pumps	Neutral	**Policy Catalyst Awaited, Margin Pressure to Persist** The solar pumps market in India saw **strong execution in Q4FY26 on the back of huge order inflows** in Q3FY26 and early Q4FY26. **Margins were seriously affected owing to raw material price inflation and increasing competition in government bidding.** We **expect KUSUM 2.0 to be announced by the end of Q2FY27E**, it will renew the growth trajectory for the sector. We further believe that the new central government scheme will revise realisation upwards considering the sharp up move in commodity prices such as steel and copper. However, the **companies continue to benefit from state schemes** like MTSKPY from Maharashtra offering 67–90% subsidy.

Choice Sector View – 11/13

Defence and Capital Goods Demand Cycle Remains Optimistic

Industry	Sector	Outlook	Choice Sector View
Industrials	Power	Positive	**Rising Power Demand and Renewable Investments Fuel Industry Growth** India's power sector continues to benefit from strong **structural tailwinds** driven by **rising electricity demand**, **renewable energy expansion**, and increasing investments in **transmission infrastructure**. Peak power demand is projected to reach **~388 GW by FY32**, while installed power capacity is expected to increase to **~874 GW**, necessitating significant **grid expansion and modernization**. The **renewable energy transition** remains a key growth driver, with India's installed non-fossil fuel capacity already reaching ~283 GW (~47% of total installed capacity) as of FY26 and the government **targeting 500 GW of non-fossil fuel capacity by 2030**. To facilitate renewable integration and meet future power demand, India plans to invest **~INR 9 Tn in transmission infrastructure by FY32**, driving investments in **transmission networks**, **Green Energy Corridors**, and **power evacuation infrastructure**. This is expected to support long-term demand for **transformers, bushings, switchgear, and other transmission and distribution equipment**.
	Wires & Cables	Positive	**Power Transmission Expansion Drives Demand** The global **wires and cables market** was valued at approximately **USD 230.9 Bn in 2025** and is projected to grow to **USD 313.2 Bn by 2033**, reflecting a **CAGR of 3.8%** over 2026–2033 (Grand View Research). Growth is being supported by increasing investments in **power transmission infrastructure** and **grid modernization**, as well as the continued expansion of **fiber-optic networks** for telecommunications and data connectivity. Additionally, rising demand for cables used in **renewable energy projects** and the deployment of **smart grid infrastructure** is further contributing to market growth.

Choice Sector View – 12/13

Demand-led Momentum to Support Developers and Flexible Workspace; Delay in Spends Drives Neutral Outlook on IT

Industry	Sector	Outlook	Choice Sector View
Realty	Developers	Positive	**Structural Tailwinds Remain Intact, Quality Developers Well Positioned** We **remain positive on Real Estate Developers**, supported by three enduring structural drivers: **resilient demand in the premium housing segment**, **continued market-share consolidation in favour of branded developers**, and **healthy balance-sheet discipline despite elevated business development activity**. We anticipate **pre-sales, collections and ASPs to grow at 12–18%, 15–20% and 3–6% CAGR, respectively, over FY27–FY29E**. While demand remains healthy and organised developers continue to gain market share, increased project launches and supply additions are likely to result in a gradual normalisation of inventory levels, with **inventory overhang expected to rise to 3.0–3.5 years in FY27–FY28.** **We continue to prefer large, execution-led developers with strong launch pipelines, healthy collections-to-pre- sales conversion, rising contribution from premium projects, disciplined capital allocation, and robust net cash positions**. While near-term volatility may persist amid macro and interest-rate uncertainties, we believe **the recent correction offers an attractive opportunity** for long-term **institutional investors to accumulate quality real estate names**.
	Flexible Workspace	Positive	**GCC and Enterprise Leasing Momentum Sustains, Sector Entering a Mature Growth Phase** Demand fundamentals for the flexible workspace **industry remain structurally strong**, driven by sustained **enterprise leasi**ng, **accelerating GCC** (Global Capability Centre) **expansion, and rising adoption of managed office solutions across Tier-1 markets**. At the same time, the latest earnings season highlighted a meaningful evolution in the sector, **with operators increasingly prioritising profitability**, **balance-sheet discipline, and cash-flow visibility over aggressive footprint expansion**. **India's emergence as a preferred global GCC destination continues to be a key long-term growth driver** for the sector. **Large multinational corporations are increasingly adopting managed office** formats due to their scalability, lower upfront capital requirements, and operational flexibility in a hybrid-work environment. This structural shift has significantly expanded the addressable market for enterprise-focused flexible workspace operators. We expect the flexible workspace sector **to sustain strong momentum over FY27–FY29E**, driven by **20–30% CAGR in seat additions**, **healthy occupancy of 82–88%**, and **rental growth of 4–7% CAGR**. Increasing scale and operating leverage should support **gradual margin expansion and robust cash flow generation** for leading operators.

Choice Sector View – 13/13

Demand-led Momentum to Support Developers and Flexible Workspace; Delay in Spends Drives Neutral Outlook on IT

Industry	Sector	Outlook	Choice Sector View
Technology	IT Services	Neutral	**FY27E Recovery Deferred; Deal Momentum Intact** We expect the **recovery to remain gradual in FY27**, with healthy deal momentum yet to translate into proportional revenue growth. Tier-1 players reported 15–30% YoY growth in large-deal TCV during FY26, reflecting sustained demand for cost optimisation, cloud and AI-led transformation programs. However, **delayed deal ramp-ups, soft discretionary spending and AI-led productivity pass-throughs continue to weigh on revenue conversion**. While 20–40% of new deal discussions now incorporate GenAI, monetisation remains nascent and deployment-led. **Improving BFSI spending trends, resilient demand across Manufacturing and Healthcare and INR depreciation tailwinds support the outlook**, though we expect **revenue growth recovery to remain measured at ~5–8% in FY27E**.
	New Age Tech	Positive	**AI Monetisation and Margin Expansion Fuel the Next Leg of Growth** We remain constructive on the New-Age Tech sector as the **focus shifts from scale-led growth to profitable growth**. **Revenue is expected to grow at ~18–25% CAGR over FY26–28E, supported by rising digital adoption, premiumisation and expanding platform ecosystems**. AI is increasingly becoming a monetisation lever through better engagement, higher conversion and new revenue streams, while automation and **cost discipline are driving operating leverage.** **As a result, we expect EBITDA margins to expand by 300–600 bps over the next 2–3 years**, with companies demonstrating profitable growth, cash generation and scalable AI-led business models best placed for earnings upgrades and valuation re-rating.
	ER&D	Neutral	**Stabilisation Visible; Recovery Increasingly Inclined to H2FY27E** ER&D **demand remains soft in the near term, with revenue recovery increasingly back-ended to H2FY27E amid elongated client decision cycles and delayed deal conversions**. However, underlying demand indicators remain healthy, reflected in LTTS' FY26 deal wins of USD 855 Mn (+40% YoY) and KPIT's Q4 TCV of USD 349 Mn (+73% QoQ). We expect growth to be led by SDV, ADAS, hybrid powertrain programs, semiconductor engineering and industrial automation, supported by **accelerating R&D offshoring by European OEMs**. Despite muted revenue growth, **margins continue to hold up on AI-led productivity**, **utilization improvement and delivery optimisation, reinforcing confidence in earnings recovery as deal ramp-ups convert into revenue over the next 2–3 quarters**.

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Convex Choices Edition V : Update on our Previous Recommendations

Company	CMP*	Target Price	Current Rating	Returns(%)* Since Inclusion	Investment Case	Edition V Inclusion
Allied Blender & Distilleries	583	690	BUY	6.0%	ABDL delivered a resilient Q4FY26 performance, with Prestige & Above revenue rising 24.1% YoY, driving premium salience to 55.8% and supporting margin expansion of 203 bps YoY to 16.8%. EBITDA margin is forecasted to increase supported by price revision and activation of backward integration projects. Furthermore, ABD Maestro continued to strengthen its super-premium and luxury portfolio in FY26 with launches, such as The Collective Single Malt Whisky and Zoya Gin.	✓
Ashok Leyland.	144	195	BUY	(10.1%)	Ashok Leyland was our preferred investment idea in Q3FY26. Ashok Leyland (AL) remains well-positioned to emerge as a key beneficiary of the ongoing commercial vehicle (CV) upcycle in India. This is supported by improving domestic demand, strong export momentum and a structurally stronger business-mix.	✗
Bharat Dynamics	1,202	1,500	BUY	(25.3%)	We maintain this stock as our high-conviction idea, backed by successful trials of next-gen ATGMs, upgraded SAMs, VL-SRSAM, LR-LACM and underwater weapon system. The company expects ~INR 200 Bn in new orders inflow in the next 2–3 years, with several at the finalisation stage, ensuring strong revenue visibility. Additionally, joint ventures with global defence leaders enhance technology, execution and exports, positioning BDL as a key beneficiary of India's growing defence self-reliance.	✓
Bharat Electronics	412	500	BUY	49.8%	We maintain this stock as our high-conviction idea, supported by strong confidence in its growth trajectory. The company is well-positioned to capture a significant share of upcoming defence opportunities. Additionally, its focus on export expansion and investments in future technologies, such as AI, reinforce our positive outlook.	✓
Data Patterns	4,554	4,060	ADD	60.8%	Data Patterns was our preferred investment idea in Q3FY26. We maintain our positive stance on DATAPATT, underpinned by its robust long-term growth visibility, supported by a healthy orderbook and strong order pipeline. We expect respective Revenue/EBITDA/PAT to expand at a CAGR of 20.0%/20.1%/19.0% over FY27–29E.	✗
Jeena Sikho Lifecare	603	1,000	BUY	(26.6%)	JSLL remains our preferred idea, given its solid foothold in India's rapidly-growing Ayurveda healthcare sector and its asset-light strategy to scale up capacity, from 2,570 to 10,000 beds, in the next 3–5 years through partnerships with Ayurveda colleges. The company is also enhancing its OTC portfolio with over 15 product launches in CY26 and is actively preparing for international expansion (already started in the UAE), which should widen its growth runway.	✓
Lumax Auto Technologies Ltd	1,642	1,950	ADD	49.3%	Lumax Auto Technologies remains our recommended investment idea in Q4FY26, supported by its robust order book of INR 14,500 Mn, providing strong visibility over the next few years. Its focus on high-growth, technology-driven segments, positions LMAX for sustainable growth in the evolving mobility landscape.	✓

** CMP as on June 09, 2026*

Convex Choices Edition V : Update on our Previous Recommendations

Company	CMP*	Target Price	Current Rating	Returns(%)* Since Inclusion	Investment Case	Edition V Inclusion
Lumax Industries Ltd.	5,298	7,100	BUY	66.9%	Lumax Industries was our preferred pick in Q3FY26, supported by its robust order book and a growing LED lighting segment. We remain positive on the company and expect the LED share to reach 65–70% in FY27. We believe a deeper LED penetration and an increase in contribution by the PV segment will drive growth, as these areas have higher content per vehicle.	✗
Mahindra & Mahindra Ltd	2,991	4,450	BUY	9.1%	We maintain MM as our preferred investment idea, 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, MM's consistent growth and diversification support a long-term investment proposition.	✓
Man Industries	519	690	BUY	41.5%	Man Industries (MAN) is a leading manufacturer of large-diameter pipes with over three decades of operating experience across LSAW, HSAW, ERW pipes, and coating solutions. The company has strengthened its growth profile through the acquisition of National Pipe Company in Saudi Arabia and maintains a strong global footprint, with exports contributing ~80% of consolidated revenue. Supported by a INR 30.0 Bn order book, ~INR 160 Bn bid pipeline, and ongoing capacity expansion, we forecast Revenue/EBITDA/PAT CAGR of 31.0/40.9/65.7% over FY26–29E.	✓
Narayana Hrudayalaya Ltd	1,932	2,500	BUY	6.1%	NARH remains our top pick due to its unmatched combination of strong execution, high capital efficiency, and multiple growth drivers. Capacity expansion in India, the scalable Cayman healthcare-insurance model, and the UK acquisition provide significant earnings visibility. Combined with improving case mix, healthy margins, and robust return ratios, NH is well positioned to deliver superior long-term growth and shareholder value compared to peers.	✓
Nazara Technologies	278	400	BUY	13.5%	NAZARA remains a top pick post its structural reset, with growth anchored in Mobile Gaming, global IP-led franchises, and scaling PC/Console publishing. The company is targeting 20%+ EBITDA margins over the next few quarters, supported by operating leverage, portfolio optimisation and increasing contribution from owned gaming IPs. Recent acquisitions of BlueTile and Best Play further strengthen its content, publishing and user engagement capabilities, enhancing long-term monetisation potential. We believe current valuations underprice the improving earnings trajectory and the transition to a more predictable, IP-led platform model.	✓

** CMP as on June 09, 2026*

Convex Choices Edition V : Update on our Previous Recommendations

Company	CMP*	Target Price	Current Rating	Returns(%)* Since Inclusion	Investment Case	Edition V Inclusion
Nuvoco Vistas Corporation	315	500	BUY	(7.1%)	NUVOCO was our preferred investment idea in Q3FY26. The company remains well-positioned, driven by its premiumisation strategy, increasing trade sales mix aiding pricing realisation, strategic expansion into the western region through the Vadraj Cement acquisition, and continued focus on cost optimisation	✖
Radico Khaitan Ltd.	3,500	3,950	BUY	16.3%	RDCK delivered a strong Q4FY26 performance, with net revenue growing 15.3% YoY to INR 15.0 Bn. This was supported by EBITDA growth of 60.3% YoY, resulting in margin expansion of 531 bps to 18.9%. Prestige & Above volumes grew 27.9% YoY, while gross margin expanded 453 bps to 48%, supported by premiumisation, reinforcing confidence in sustained margin expansion and earnings. Going ahead, management remains confident of sustaining momentum, guiding for ~20% P&A volume growth and ~25% growth in the Luxury portfolio.	✖
Senores Pharmaceuticals	1,094	1,165	BUY	52.8%	Senores remains our preferred long-term investment idea, supported by a and visible launch pipeline to roll out in the next 4–8 quarters. The company also continues to increase the contribution of its own products across regions, driving an improved product mix. Combined with ongoing backward integration initiatives, this has resulted in faster-than-anticipated EBITDA margin expansion. We believe sustained execution on launches and geographic expansion should support continued operating leverage and earnings compounding in the medium term.	✔
Shanti Gold	219	350	BUY	5.6%	We continue to maintain SHANTIGOLD as our preferred investment idea for Q4FY26. SHANTIGOLD is broadening its domestic playbook by entering the Mangalsutra segment and introducing a Turkish jewellery range, expanding its addressable market and targeting higher-volume categories.	✔
Smartworks Coworking Spaces Ltd	451	630	BUY	5.1%	We are constructive on SMARTWOR owing to its 1)The company has achieved 6x growth in four years through an asset-light model focused on Grade-A properties, with 76% of its portfolio leased from HNIs and family offices. Mature centres operate at 88% occupancy with ~36-month payback, supported by low capex (INR 1,350/sq ft) and opex (INR 30–35/sq ft), enabling faster breakeven and strong returns. 2) The business model is built to withstand market fluctuations through long-term agreements with both landlords (~15 years) and enterprise clients (~4 years), ensures stability in occupancy and rental income with a revenue to rent ratio of 2.0x. 3) Revenue concentration is also well-managed — the top 10 clients account for 20% of total income in FY26, while multi-city tenants contribute roughly 31%, adding depth and diversification. The Tier 1 focus ensures premium demand and lower vacancy risk.	✔

** CMP as on June 09, 2026*

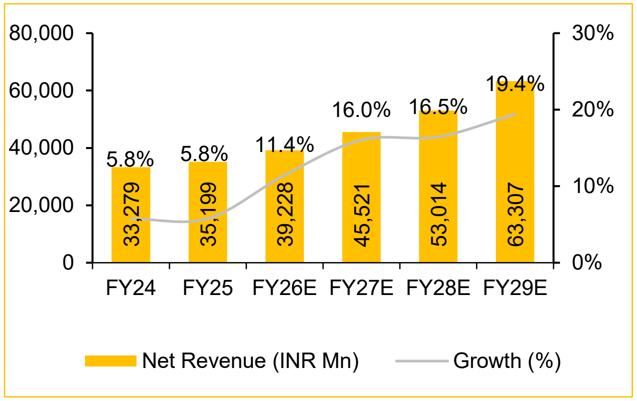
Convex Choices Edition V : Update on our Previous Recommendations

Company	CMP*	Target Price	Current Rating	Returns(%)* Since Inclusion	Investment Case	Edition V Inclusion
Sobha Ltd	1,300	1,840	BUY	(15.0%)	SOBHA was our preferred investment idea Q3FY26 on the back 1) Management is confident of achieving pre-sales growth of ~30% YoY with improve margins in FY27E. SOBHA expects to generate net cash flows of INR 95.6 Bn in the next 4–5 years, while future projects of 20.67 msf are forecasted to yield pre-sales of INR 271.65 Bn 2) SOBHA is gradually expanding its presence beyond the Southern market. The company has already made an impressive start in NCR and is investing in new geographies, such as Pune, Hyderabad and MMR (In Q3FY26, it started penetrating the MMR market with the phase 1 launch of SOBHA Inizo at Sewri-Parel). It is also increasing its presence in Kerala. 3) SOBHA maintains a historically low debt-to-equity ratio (~0.17), providing ample headroom to invest in business development and sustain pre-sales growth. Despite higher land prices across Tier-I and Tier II cities, we believe SOBHA has the execution wherewithal to generate over 30% project-level EBITDA.	✗
Supriya Lifescience	962	1,030	BUY	29.0%	We reiterate our positive stance on Supriya, underpinned by growth visibility across key financial metrics. The growth trajectory is expected to be driven by a steady cadence of product launches alongside scaling up of existing products, enhancing revenue depth and operating leverage. The company's entrenched leadership in niche therapies, coupled with strong backward integration, positions it favourably to capture value across the supply chain. We believe these structural advantages should translate into meaningful margin expansion from FY28, driving the next leg of earnings compounding.	✗
Yatharth Hospital & Trauma Care Services	839	1,050	BUY	112.9%	YATHARTH remains our preferred pick, supported by several strong growth catalysts: A shift in payer mix away from government schemes towards higher-margin cash and TPA business, a concentrated push into high-end specialties and continued expansion into the high-ARPOB Delhi-NCR market. The company is consistently delivering strong revenue growth of about 30% with a stable margin profile near 25% and it plans to add 300–500 beds each year through the acquisition of at least one hospital annually.	✓

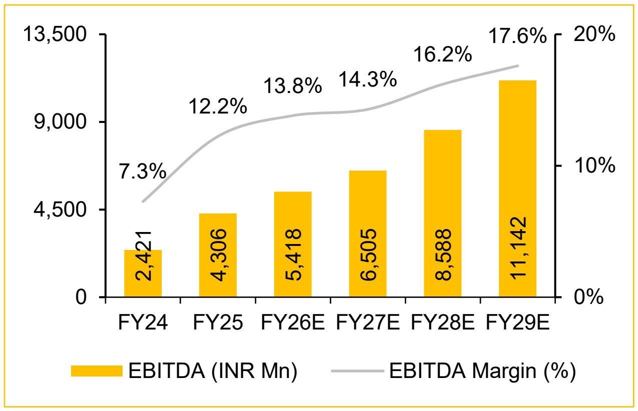
** CMP as on June 09, 2026*

Allied Blenders & Distillers I Rating – BUY I CMP: INR 583 I TP: INR 690

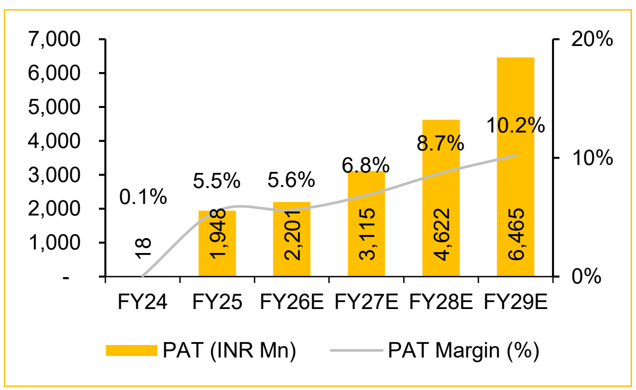
We expect revenue of 17.3% CAGR over FY26–FY29E



FY26–FY29E: EBITDA forecast to expand 27.2% CAGR



PAT margin anticipated to reach 10.2% by FY29E



Source: ABDL, Choice Institutional Equities

Business Overview

ABDL, founded in 1988, is a leading player in the Indian-made Foreign Liquor (IMFL) market. Its flagship product, Officer's Choice Whisky, launched in 1987, is the third best-selling whisky worldwide, with sales of 16.9 Mn cases in FY26 and a 40%+ market share. The company focuses on premiumisation, recently introducing its Rangeela Vodka, Yello Designer Whisky and Aodh Irish Whisky, so as to enhance its portfolio. On the operational side, ABDL is implementing backward integration, targeting 100% in-house production of Extra-neutral Alcohol (ENA) and malt.

What are ABDL's plans to expand into the luxury AlcoBev market?

- ABD Maestro is building a premium-to-luxury portfolio across whisky, gin, vodka and rum through an asset-light "build, buy and partner" strategy
- Luxury portfolio strengthened through new launches such as The Collective 34YO Single Malt, Zoya Gin, Aodh Irish Whisky and Arthaus
- Focusing on travel retail, exports, premium on-trade and CSD channels to enhance brand visibility and accelerate scale-up of luxury brands

What does ABDL's distribution network look like?

- Extensive pan-India distribution reach with 80,000+ retail touchpoints and access to over 90% of India's liquor retail universe
- Strong manufacturing and bottling infrastructure comprising 2 distilleries, a PET bottle facility and 37 bottling units across the country
- Largest Indian spirits exporter by volume, with products available across 36 countries and expanding international distribution

How did Q4 results demonstrate ABDL's ability to deliver on the multi-year margin-accretion roadmap?

- EBITDA margin expanded 179 bps YoY to 17.9%, driven by premiumisation, favourable input cost and early benefits from backward integration
- Gross margin improved 480 bps YoY, highlighting the impact of mix improvement and captive PET operations on profitability
- Management reiterated ~300 bps EBITDA margin expansion by FY28E, supported by ENA, malt and bottling integration projects currently under execution

Why invest in ABDL?

- Premiumisation-led growth engine, with Prestige & Above brands contributing an increasing share of volumes and revenues
- Clear margin expansion roadmap backed by backward integration, operating leverage and potential benefits from the India-UK FTA
- Strong brand portfolio and market leadership, anchored by Officer's Choice and fast-growing ICONiQ White, alongside an emerging luxury portfolio
- Scalable growth platform with pan-India distribution, export expansion and disciplined capital allocation supporting long-term earnings growth

Valuation

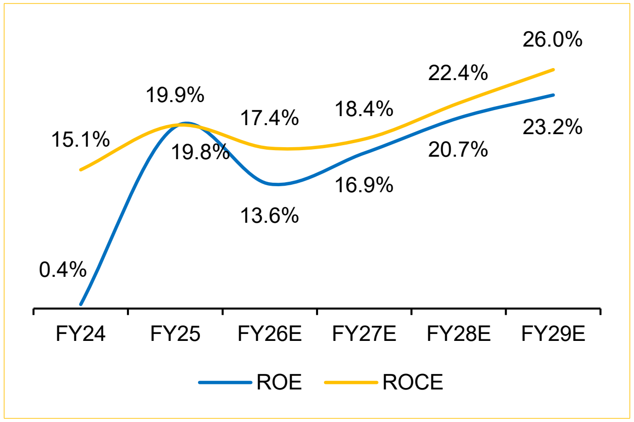
- We, therefore, value ABDL at INR 690 using the DCF approach, while maintaining our "BUY" rating. Our TP implies a PE of 62.0x / 41.8x for FY27E / FY28E

Key Risks:

- Premium and luxury launches may scale up slower than expected, while delays in backward-integration projects could impact margin expansion.

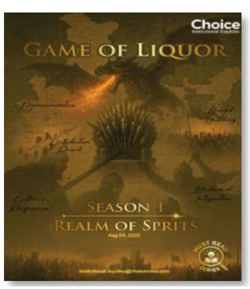
Recent Report Link: Q4FY26_Result Update

ROE projected to improve to 23.2% by FY29E



One-year forward PE band

Game of Liquor: Indian AlcoBev Industry Thematic



Click here to read the Full Thematic Report

Click here to read the Q4 FY26 Results Update

Click here to read the Q4 FY26 AlcoBev Results Review

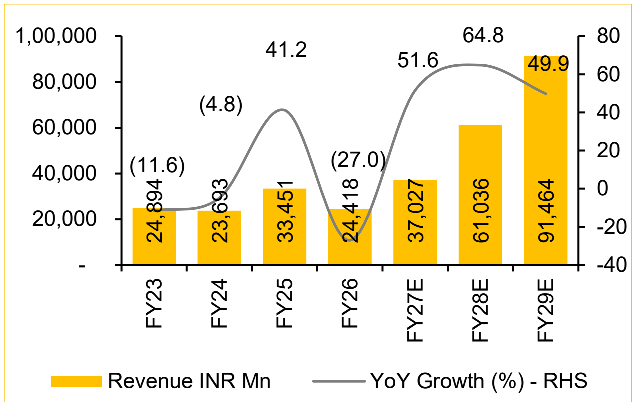
Income Statement (INR Mn)	FY25	FY26E	FY27E	FY28E	FY29E
Gross Revenue	**80,732**	**75,713**	**87,879**	**102,344**	**122,214**
Excise Duty	45,533	36,486	42,358	49,330	58,907
Net Revenue	**35,199**	**39,228**	**45,521**	**53,014**	**63,307**
Gross Profit	14,810	17,878	20,890	25,447	31,020
EBITDA	4,306	5,418	6,505	8,588	11,142
Depreciation	606	792	986	1,147	1,308
EBIT	3,699	4,627	5,519	7,441	9,834
Other Income	209	260	140	140	140
Interest Expense	1,251	1,346	1,409	1,276	1,154
PBT	2,657	3,540	4,250	6,305	8,820
Reported PAT	**1,948**	**2,201**	**3,115**	**4,622**	**6,465**
EPS (INR)	7.0	7.9	11.1	16.5	23.1

Ratio Analysis	FY25	FY26E	FY27E	FY28E	FY29E
Margin Ratios					
Gross Margin	42.1	45.6	45.9	48.0	49.0
EBITDA Margin	12.2	13.8	14.3	16.2	17.6
EBIT Margin	10.5	11.8	12.1	14.0	15.5
PAT Margin	5.5	5.6	6.8	8.7	10.2
Working Capital (Days)					
Inventory Days (x)	103	128	128	128	128
Receivable Days (x)	181	168	164	161	158
Creditor Days (x)	109	137	137	137	137
Working Capital Days	175	158	155	151	148
Dupont Analysis					
Tax Burden	73.3%	62.7%	73.3%	73.3%	73.3%
Interest Burden	71.8%	75.9%	77.0%	84.7%	89.7%
EBIT Margin	10.5%	11.8%	12.1%	14.0%	15.5%
Asset Turnover	1.1	1.0	1.0	1.1	1.2
Equity Multiplier	3.1	2.4	2.4	2.2	1.9
ROE	**19.8%**	**13.6%**	**16.9%**	**20.7%**	**23.2%**
Leverage Ratios					
Net Debt To Equity (x)	0.5x	0.6x	0.5x	0.4x	0.3x
Net Debt To EBITDA (x)	1.9x	1.9x	1.7x	1.2x	0.8x
Interest Cover (x)	3.0x	3.4x	3.9x	5.8x	8.5x

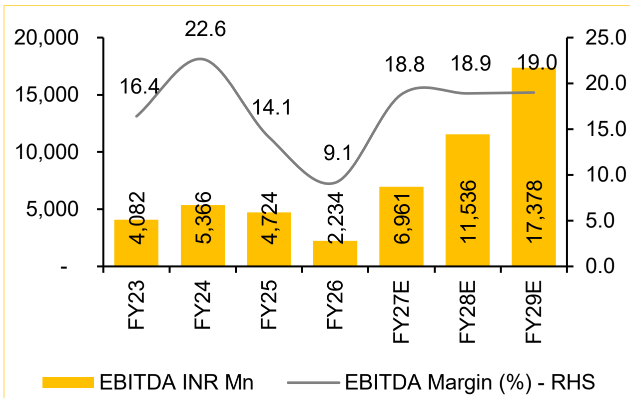
Source: ABDL, Choice Institutional Equities

Bharat Dynamics I Rating – BUY I CMP : INR 1,202 I TP: INR 1,500

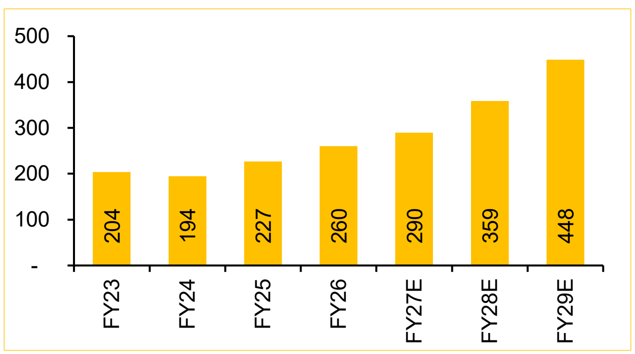
Revenue expected to expand 54.8% CAGR over FY26–29E



EBITDA margin anticipated to improve



Strong order book position (INR Bn)



Business Overview:

BDL, established in 1970, is a Government of India enterprise under the Ministry of Defence. It is a leading manufacturer of strategic defence systems, including surface-to-air missiles (SAMs), air-to-air missiles (AAMs), anti-tank guided missiles (ATGMs), torpedoes and allied defence equipment. Headquartered in Hyderabad, BDL operates three manufacturing units in Telangana and Andhra Pradesh, with new facilities under development in Maharashtra, Telangana and Uttar Pradesh. The company has also expanded into defence exports and forged strategic partnerships with both, the public and private, sectors, strengthening its position as a key contributor to India's defence ecosystem.

What is BDL's medium- to long-term growth outlook?

In our view, BDL is uniquely positioned in India's defence ecosystem, with its strongest moat being in the missile and air defence domain. **After 'Operation Sindoor,' the government realised that India needs a robust, multi-layered air defence shield to counter** incoming aerial threats, particularly **ballistic and cruise missiles.** Pakistan's deployment of ballistic systems during the conflict served as a wake-up call, pushing the government to accelerate the procurement of advanced air defence systems. **We believe this shift has structurally changed the demand trajectory for BDL's core offering.**

BDL today stands as the lead system integrator for India's frontline missile platforms, including the **Akash Missile Systems, MR-SAM, LR-SAM and the upcoming Akash-NG.** These platforms form the backbone of India's layered air defence architecture. In addition, BDL's portfolio is not restricted to air defence alone; it extends into Anti-Tank Guided Missiles (ATGMs) and strategic weapon systems, making it an indispensable partner for the armed forces.

In our opinion, BDL is not just another PSU defence manufacturer — it is a strategic enabler of India's deterrence capability. With a growing order book and a clear policy tailwind, we expect revenue to compound at a healthy 30–40% CAGR in the next 3–5 years, supported by improving margin as scale builds.

What makes BDL a strong investment opportunity?

We believe BDL stands out as a compelling play on India's defence indigenisation theme. A significant 90–95% of its product portfolio is indigenised, insulating the company from any risk of import restrictions and aligning it firmly with the government's Aatmanirbhar Bharat vision. We think this provides a long-term policy support and de-risks its supply chain. Moreover, BDL's robust unexecuted **order book stands at ~10.8x FY26 revenue** and is **executable in the next 5–6 years**, lending strong earnings visibility and growth stability. We expect this to drive consistent performance even amid short-term execution challenges.

Importantly, the company has a **healthy project pipeline worth INR 200 Bn in the next 2–3 years**, which should further strengthen its positioning in the defence value chain. We also like BDL's diverse manufacturing portfolio spanning strategic missiles, underwater weapons and countermeasure systems, which reduces dependence on a single programme. In our view, BDL remains strategically aligned with the Ministry of Defence's long-term procurement roadmap and we expect it to be a key beneficiary of rising domestic defence spending.

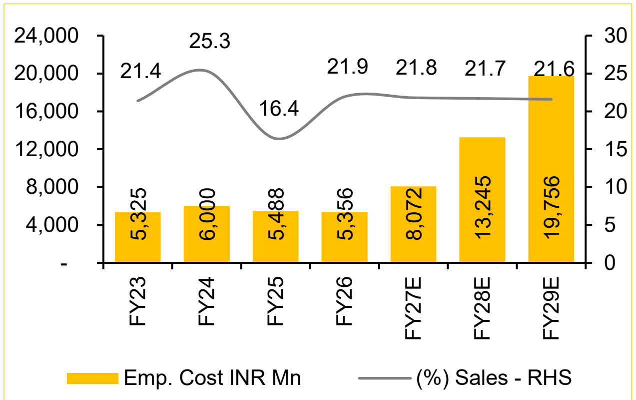
Near-term catalysts: 1) INR 200 Bn order pipeline 2) Expecting strong export orders and 3) Potential global OEM partnership.

Valuation: At present, we have a **"BUY" rating** on the stock with a **Target Price of INR 1,500.**

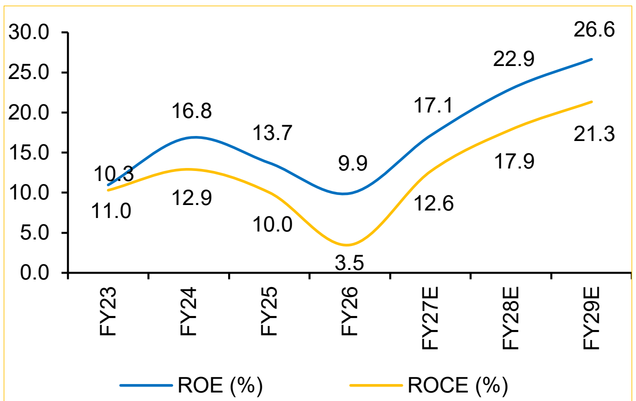
Key Risks: 1) Dependence on other platform manufacturers to deliver BDL platforms 2) Possible changes in defence policies and 3) Likely shifting of government priorities. These can reduce demand for defence products and services.

Recent Report Link : Q4FY26 Result Update

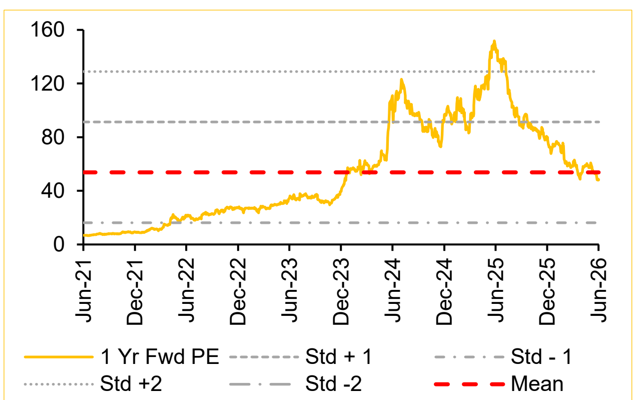
Employee cost trend



ROE & ROCE trend



One-year forward PE band



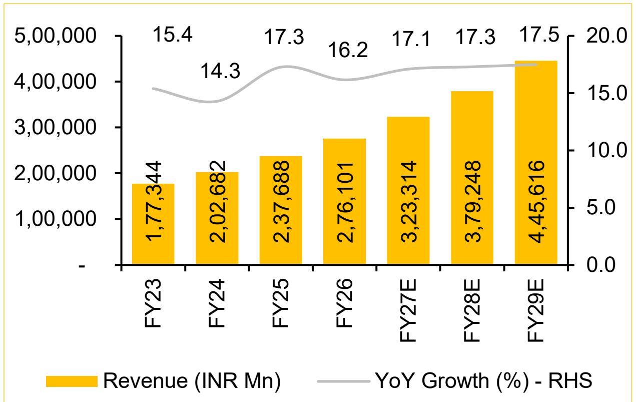
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	33,451	24,418	37,027	61,036	91,464
Gross Profit	16,672	12,193	20,624	33,936	50,762
EBITDA	**4,724**	**2,234**	**6,961**	**11,536**	**17,378**
Other Income	3,504	4,238	5,147	7,935	11,433
Depreciation	707	759	819	874	929
EBIT	4,691	2,200	6,906	11,444	17,259
Interest Expense	33	34	56	92	119
PBT	7,488	5,678	11,234	18,505	27,763
Reported PAT	5,496	4,203	8,313	13,694	20,545
EPS (INR)	**15.0**	**11.5**	**22.7**	**37.4**	**56.0**

Balance Sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	40,090	42,410	48,567	59,674	77,115
Total Debt	-	-	-	-	-
Other Long-term Liabilities	33,734	36,747	29,627	42,730	54,883
Trade Payables	15,056	28,348	16,738	26,755	38,841
Other Current Liabilities	28,546	35,110	32,584	51,270	73,171
Total Net Worth & Liab.	**1,17,425**	**1,42,615**	**1,27,516**	**1,80,429**	**2,44,010**
Net Fixed Assets	7,183	7,495	7,676	7,802	7,874
CWIP	1,171	1,741	2,222	2,441	1,829
Intangible Assets	2,519	2,532	2,679	3,018	3,377
Other Non-current Assets	2,772	3,277	4,482	6,753	9,185
Inventories	26,451	46,256	33,477	53,511	77,681
Trade Receivables	8,264	4,229	6,594	10,033	13,782
Cash & Bank Balance	41,904	47,093	40,733	49,212	60,692
Other Current Assets	27,161	29,991	29,653	47,659	69,589
Total Assets	**1,17,425**	**1,42,615**	**1,27,516**	**1,80,429**	**2,44,010**

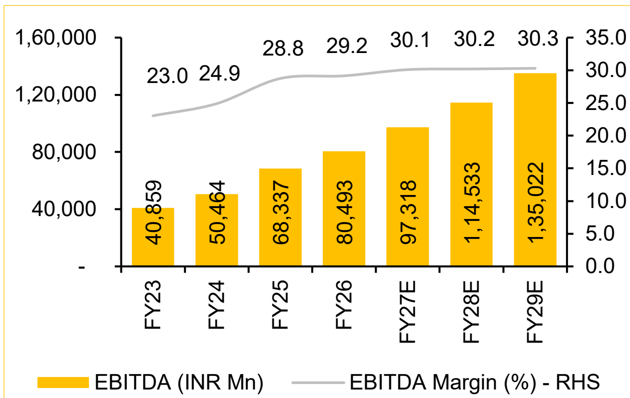
Financial Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	41.2	(27.0)	51.6	64.8	49.9
EBITDA (%)	(12.0)	(52.7)	211.6	65.7	50.6
PAT (%)	(10.3)	(23.5)	97.8	64.7	50.0
Margin Ratios					
EBITDA Margin (%)	14.1	9.1	18.8	18.9	19.0
PAT Margin (%)	14.9	14.7	19.7	19.9	20.0
Performance Ratios					
OCF/EBITDA (x)	0.4	2.7	0.8	0.2	0.3
ROE (%)	13.7	9.9	17.1	22.9	26.6
ROCE (%)	7.4	5.3	10.6	13.4	15.6
Turnover Ratio (Days)					
Inventory (Days)	289	691	330	320	310
Debtors (Days)	90	63	65	60	55
Payables (Days)	164	424	165	160	155
Cash Conversion Cycle (Days)	215	331	230	220	210
Leverage Ratio					
Net Debt to Equity (x)	(1.0)	(1.1)	(0.8)	(0.8)	(0.8)

Bharat Electronics I Rating – BUY I CMP : INR 412 I TP: INR 500

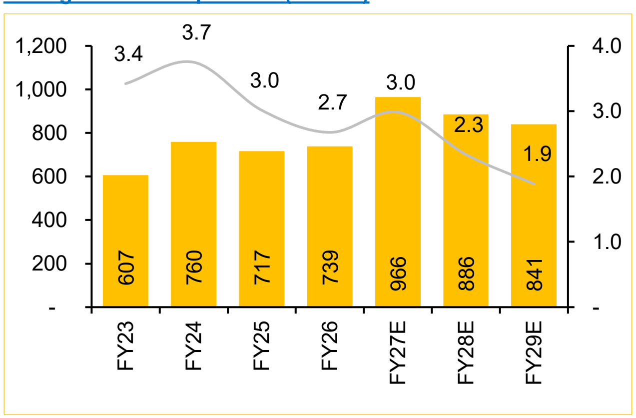
Revenue expected to expand 17.3% CAGR over FY26–29E



Led by better mix, EBITDA margin anticipated to improve



Strong order book position (INR Bn)



Business Overview:

BHE, a leading Indian defence and aerospace electronics company under the MoD, specialises in advanced electronic systems for defence, aerospace and civilian applications. Its portfolio includes radars, communication systems, avionics and missile guidance. Serving key clients, such as the Indian Armed Forces, DRDO, ISRO and international defence organisations, BHE plays a vital role in defence modernisation and the Aatmanirbhar Bharat initiative. An unexecuted order book of INR 763 Bn (2.8x FY26 revenue) ensures strong visibility and steady growth.

How is BHE a beneficiary of India's defence eco-system & export potential?

BHE's platform demonstrated exceptional performance during 'Operation Sindoor,' with extensive deployment in India-Pakistan conflict. This success has reinforced the Indian armed forces' confidence in BHE's capabilities while showcasing its ability to deliver complex, mission-critical systems. This expertise is now gaining recognition in the international market. **BHE's robust order book of ~INR 763 Bn**, combined with high-visibility projects, provides strong revenue growth momentum and cements BHE's leadership in the sector. These projects include over INR 300 Bn QRSAM and strategic programmes, such as NGC subsystems, LCA upgrades and radar and EW systems.

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

What makes BHE a strong investment opportunity?

Our research indicates that, electronic components contribute approximately 30–60% of the cost of defence equipment, depending on the platform type. **BHE holds a strategic position** in India's defence sector, catering to **all arms of the armed forces** and serving as a key supplier to major defence companies.

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

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

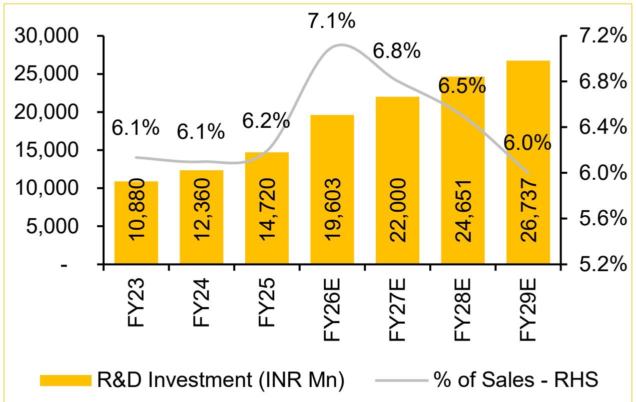
Valuation: At present, we have a **"BUY" rating** on the stock with a **Target Price of INR 500.**

Key Risks:

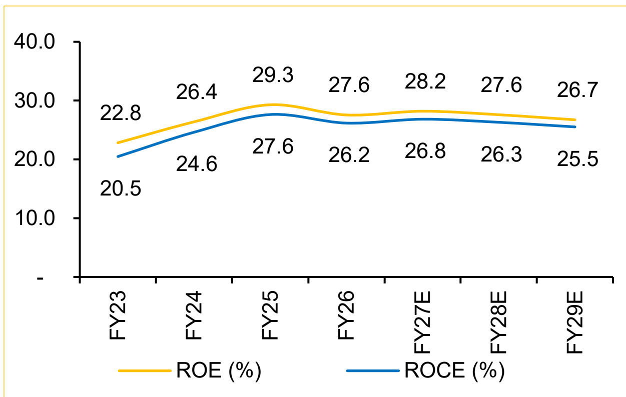
- Supply chain risk – Dependence on specific raw materials, semiconductors and critical components can lead to delays and cost overruns due to global shortages or trade restrictions
- Market risk – Possible changes in defence policies, probable economic downturns and likely shift in government priorities can reduce demand for defence products and services

Recent Report Link : Q4FY26 Result Update

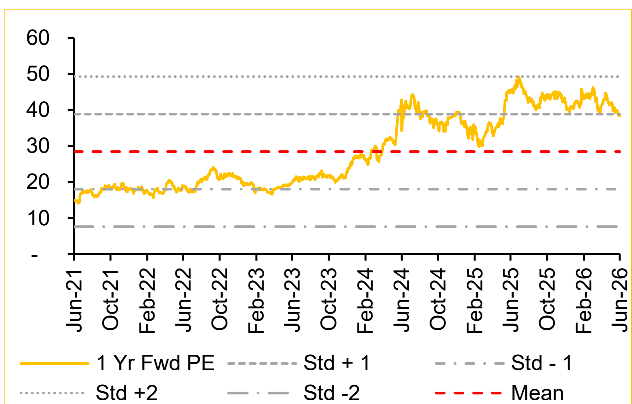
Sustained R&D investment



ROE & ROCE trend



One-year forward PE band



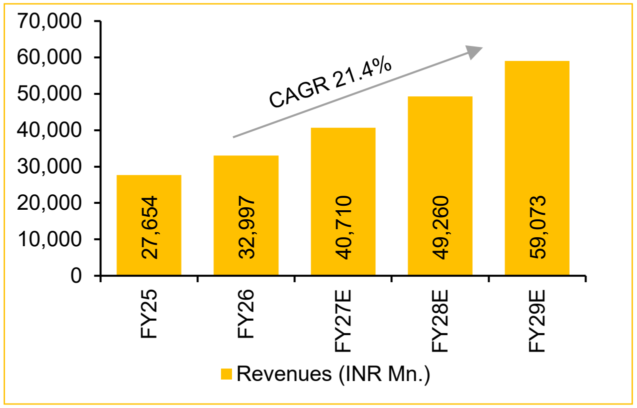
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	2,37,688	2,76,101	3,23,314	3,79,248	4,45,616
Gross Profit	1,15,815	1,35,770	1,59,394	1,87,348	2,20,580
EBITDA	**68,337**	**80,493**	**97,318**	**1,14,533**	**1,35,022**
Other Income	7,424	5,660	7,436	9,481	9,804
Depreciation	4,674	5,557	6,038	6,502	7,082
EBIT	71,087	80,597	98,716	1,17,512	1,37,743
Interest Expense	97	67	97	114	134
PBT	70,990	80,530	98,619	1,17,398	1,37,609
Reported PAT	53,227	60,623	75,104	89,394	1,04,786
EPS (INR)	**7.3**	**8.3**	**10.3**	**12.2**	**14.3**

Balance Sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	1,99,928	2,40,071	2,92,644	3,55,220	4,28,571
Other Liabilities & Provisions	10,865	12,706	14,879	17,453	20,507
Trade Payables	33,388	35,834	42,518	50,913	61,043
Other Current Liabilities	1,56,741	1,48,219	1,61,657	1,82,039	2,00,527
Provisions	7,397	8,545	6,466	7,585	8,912
Total Net Worth & Liabilities	**4,08,319**	**4,45,375**	**5,18,165**	**6,13,210**	**7,19,561**
Net Fixed Assets	32,045	34,816	41,278	49,776	60,694
Capital Work in Progress	4,770	4,855	6,466	7,585	8,912
Intangible Assets	7,895	8,847	9,699	11,377	13,368
Investments	7,430	7,996	9,699	11,377	13,368
Other Non-current Assets	7,600	8,293	9,699	11,377	13,368
Cash & Bank Balance	95,451	85,720	92,964	98,286	94,921
Other Current Assets	2,53,128	2,94,848	3,48,359	4,23,431	5,14,929
Total Assets	**4,08,319**	**4,45,375**	**5,18,165**	**6,13,210**	**7,19,561**

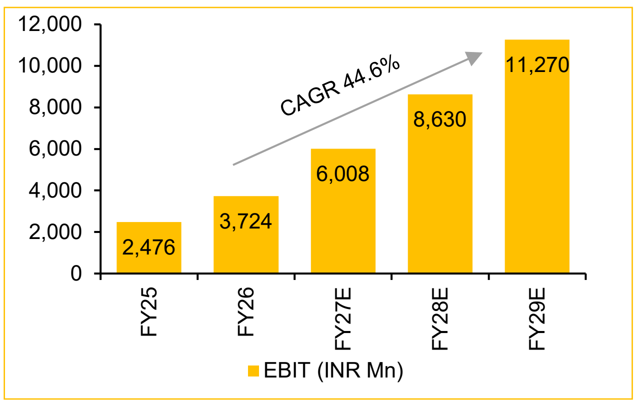
Financial Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	17.3	16.2	17.1	17.3	17.5
EBITDA (%)	35.4	17.8	20.9	17.7	17.9
PAT (%)	33.6	13.9	23.9	19.0	17.2
Margin Ratios					
EBITDA margin (%)	28.8	29.2	30.1	30.2	30.3
PAT margin (%)	22.4	22.0	23.2	23.6	23.5
Performance Ratios					
OCF/EBITDA (x)	0.1	0.2	0.5	0.4	0.4
ROE (%)	29.3	27.6	28.2	27.6	26.7
ROCE (%)	27.6	26.2	26.8	26.3	25.5
Turnover Ratio (Days)					
Inventory (Days)	140	135	134	132	130
Debtors (Days)	140	170	168	166	164
Payables (Days)	51	47	48	49	50
Cash Conversion Cycle (Days)	229	257	254	249	244
Financial Stability Ratios					
Net Debt to Equity (x)	(0.5)	(0.4)	(0.3)	(0.3)	(0.2)

Fractal Analytics I Rating – BUY I CMP: INR 986 I TP: INR 1,250

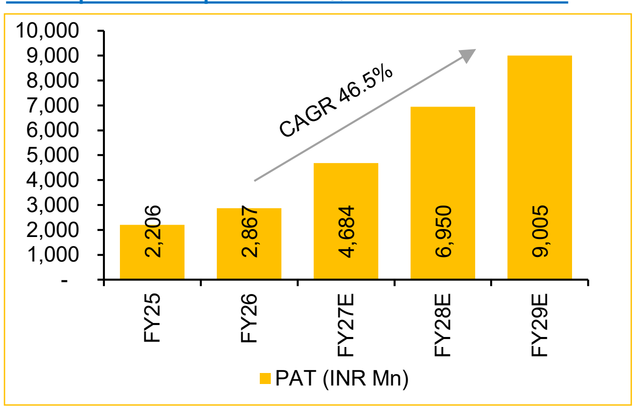
Revenue to expand at 21.4% CAGR over FY26-29E



EBIT expected to expand at 44.6% CAGR over FY26-29E



PAT expected to expand at 46.5% CAGR over FY26-29E



Business Overview: Fractal Analytics is a global AI and advanced analytics company that enables enterprises to drive data-led decision-making through a combination of AI consulting, technology services, and proprietary software platforms. The company operates through two business segments - **Fractal.ai**, which houses its core AI services and product offerings, and **Fractal Alpha**, which incubates and scales emerging ventures. With deep expertise across data, analytics, and AI, Fractal helps organisations solve complex business challenges, enhance operational efficiency and accelerate growth. The company serves a diversified roster of blue-chip clients, including Citibank, Costco, Franklin Templeton, Mars, Mondelez, Nestlé, and Philips, and counts a majority of the Magnificent Seven technology companies among its customers, underscoring its strong positioning in the global AI ecosystem.

How is FRACTAL set to outgrow peers despite macro challenges?

Fractal is well positioned to outgrow peers despite macroeconomic headwinds, supported by its pure-play focus on AI, data, and analytics areas that remain strategic investment priorities for enterprises. The company continues to see strong momentum in AI and Agentic AI-led engagements, backed by a growing portfolio of proprietary platforms and accelerators. As enterprise AI adoption evolves from pilot programs to large-scale deployments, Fractal is well placed to capture a disproportionate share of AI spending, supporting growth rates that are likely to remain ahead of the broader IT services industry.

Why Invest in FRACTAL?

FRACTAL's key bets:

(1) Fractal is well-positioned in one of the fastest-growing sub-segments of global IT spend – DAAI market.

(2) Growth driven by Magnificent Top 7 client accounts & Must Win Clients acquisition

(3) Fractal has developed AI/analytics platforms (e.g., Cogentiq) and repeatable use-case accelerators.

(4) Meaningful monetisation optionality through platforms and IP – Vaidya, Kalaido.ai, Project Ramanujan, and Fathom R1-14B.

(5) Strong pricing power and AI expertise make Fractal a high-quality, resilient growth story.

Fractal's healthy NRR of 112%, improving revenue productivity and strong traction in platform-led businesses such as Asper and Analytics Vidhya underscore robust client mining and growing monetisation of its AI-led offerings. Coupled with sustained investments in R&D and improving profitability, the company is effectively balancing innovation with growth, positioning it to capitalise on accelerating enterprise AI adoption and platform-driven transformation opportunities. ***We expect Revenue/EBIT/PAT to grow at a CAGR of 21.4%/44.6%/46.5% over FY26–FY29E. We maintain our 'BUY' rating deriving a DCF-based target price of INR 1,250 on an implied PE of 31x based on FY28E EPS of INR 40.4.***

Valuation: We currently have a 'BUY' rating on the stock with a target price of INR 1,250.

Key Risks:

Weakness in TMT segment: The recent weakness in the TMT segment was driven by client-specific issues that have largely flowed through the P&L and are not expected to persist going forward.

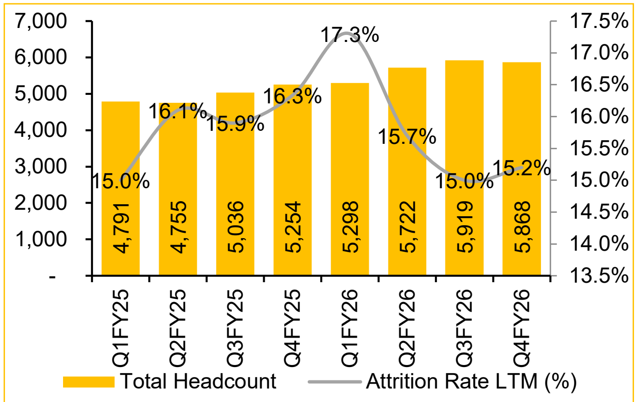
Competition: Competition from IT consulting firms, BPO, niche analytics players, can pressurise growth and pricing.

Low EBIT Margin: Fractal's subdued EBIT margin reflect deliberate investments in R&D (~6.2% of revenue), AI platforms such as Cogentiq, Vaidya.ai and LLM Studio, along with acquisition integration costs.

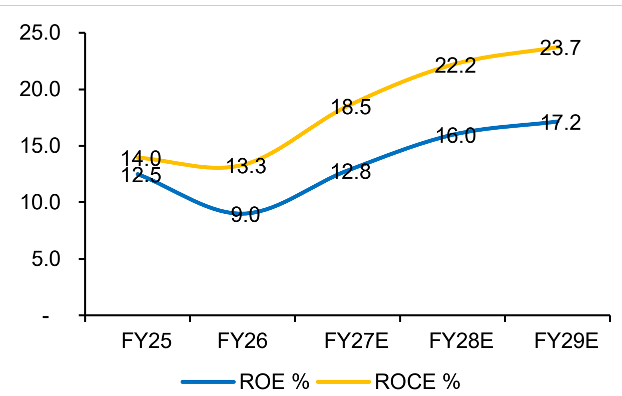
Recent Report Link : Q4FY26 Result Update

Convex Choices

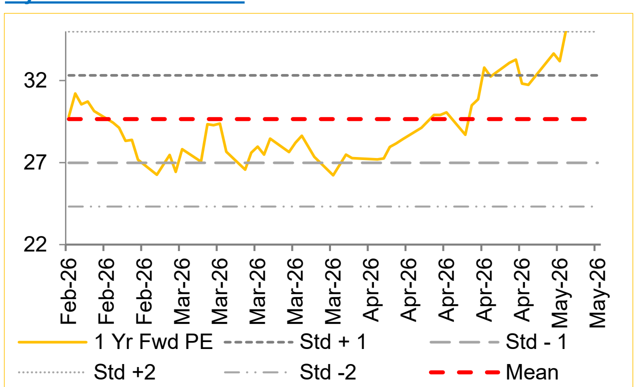
Attrition rate rose marginally by 20 bps QoQ to 15.2%



ROE & ROCE trend



1-year forward PE band



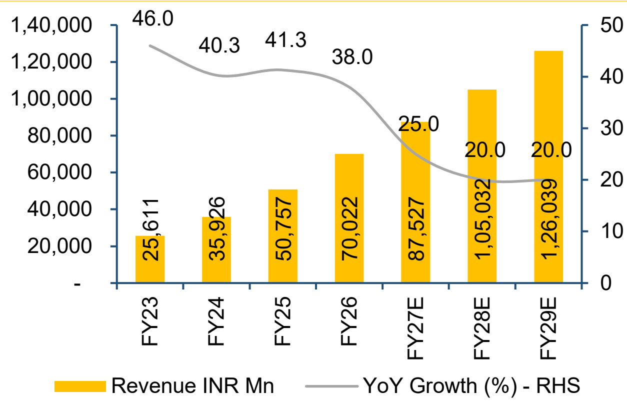
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	27,654	32,997	40,710	49,260	59,073
Gross Profit	12,693	15,372	19,337	23,940	29,005
EBITDA	3,499	5,082	7,677	10,649	13,692
Depreciation	1,023	1,358	1,669	2,020	2,422
EBIT	2,476	3,724	6,008	8,630	11,270
Other income	508	629	650	750	850
Interest Expense	577	474	132	113	113
PAT	2,206	2,867	4,684	6,950	9,005
EPS (INR)	13.4	17.2	27.2	40.4	52.3

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	25.9	19.3	23.4	21.0	19.9
EBITDA	376.7	45.2	51.0	38.7	28.6
EBIT	(2,626.5)	50.4	61.3	43.6	30.6
PAT	(503.3)	30.0	63.4	48.4	29.6
Margin Ratios (%)					
EBITDA Margin	12.7	15.4	18.9	21.6	23.2
EBIT Margin	9.0	11.3	14.8	17.5	19.1
Profitability (%)					
ROE	12.5	9.0	12.8	16.0	17.2
ROIC	19.4	24.3	28.0	34.6	41.0
ROCE	14.0	13.3	18.5	22.2	23.7
Valuation					
OCF / EBITDA (%)	113.5	80.5	63.5	70.5	71.2
EV/ EBITDA (x)	NA	28.3	18.4	12.8	9.5
BVPS (x)	569.5	185.3	212.5	252.9	305.3
Free Cash flow yield(%)	NA	1.4	1.7	2.9	4.6

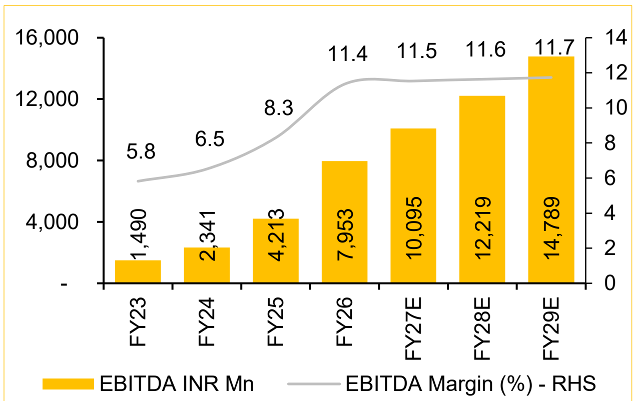
Garden Reach Shipbuilders I Rating – BUY I CMP : INR 2,676 I TP: INR 3,500

Choice Institutional Equities

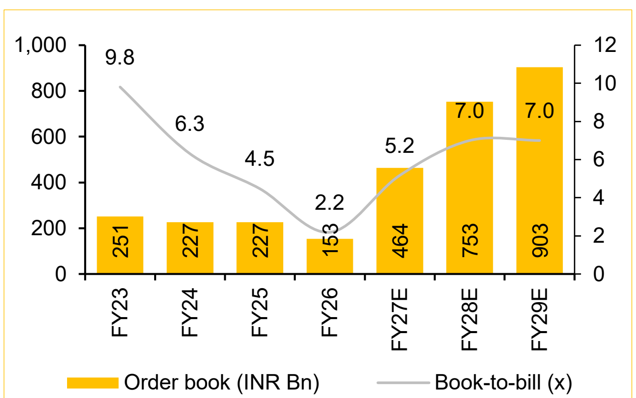
Revenue expected to expand 21.6% CAGR over FY26–29E



EBITDA margin to remain stable



Order book to grow sharply (INR Bn)



Business Overview:

Garden Reach Shipbuilders & Engineers Ltd. (GRSE) is a central defence PSU operating under the Ministry of Defence, primarily engaged in shipbuilding for the Indian Navy and Coast Guard. With a concurrent capacity to build 28 vessels – set to expand to 32 by the end of 2026 – GRSE has delivered 114 warships, the highest number achieved by any Indian shipyard. The company has an unexecuted order book of ~INR 153 Bn (2.2x FY26 revenue), ensuring strong near-term execution visibility while maintaining a strategically diversified revenue mix of 83% defence and 17% commercial platforms.

The Order Book 'Quantum Leap' & Execution Prowess

GRSE is entering a 'contractual supercycle' that is expected to transition its backlog from INR 153 Bn to a potential peak of INR 650–750 Bn by FY28E. The company has already been declared the lowest bidder (L1) for the ~INR 330 Bn Next-Generation Corvette (NGC) programme, a single contract that will more than double its current order book. Furthermore, GRSE is targeting a significant share of the massive ~INR 700 Bn P-17 Bravo frigate programme. This influx of follow-on orders provides an unprecedented **8–10 years of forward revenue visibility**, substantially de-risking its earnings trajectory through FY35. The company's operational maturity is evident in its recent delivery of five warships in just eight months, translating to one vessel every 1.5 months.

First-mover Advantage in the Green Maritime Transition

An emerging opportunity lies in India's policy-led green maritime transition, which unlocks an estimated INR 130–290 Bn addressable market by 2035. GRSE is uniquely positioned to benefit from the electrification of inland ferries, harbour tugs, and coastal vessels. Beyond initial contract values, green vessels offer highly lucrative lifecycle economics; periodic battery replacements, mid-life refits, and maintenance over a 25–30 year lifespan can generate 1.3–1.6x the initial vessel cost. This structural shift transitions GRSE's business model from purely project-driven to one bolstered by predictable, **high-margin annuity streams**.

Structural Margin Expansion via an Asset-light Model

We expect GRSE to undergo a structural margin reset, with a potential 150–250 bps EBITDA margin expansion over FY27–FY29E. This growth is driven by execution maturity on complex, repeat naval platforms (such as the P-17B and NGC), which leverages previous learning curves and growing in-house design capabilities to heavily reduce vendor and integration risks. Additionally, GRSE employs a scalable asset-light execution model, outsourcing low-value fabrication to an MSME ecosystem while retaining high-value integration, enabling powerful operating leverage without disproportionate capital expenditure.

Near-term trigger: The formal award of the ~INR 330 Bn NGC contract.

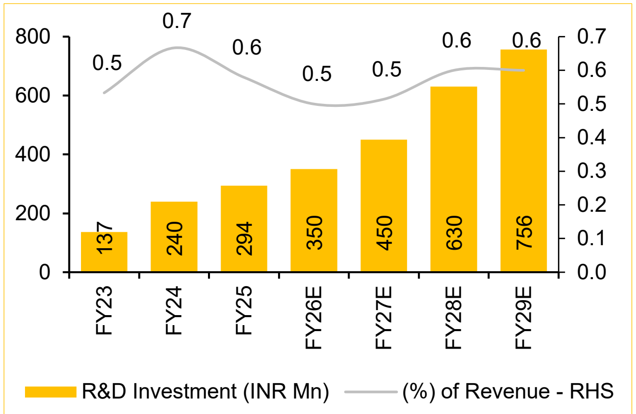
Valuation: We have a **"BUY" rating** on the stock with a **Target Price of INR 3,500.**

Key Risk:

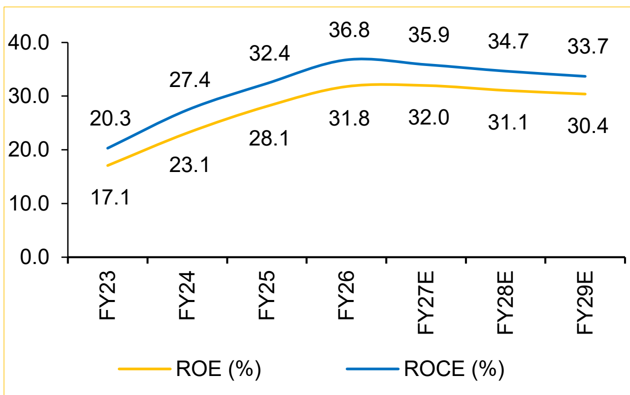
Customer Concentration: Heavy reliance on government and naval contracts makes cash flows and order book scale highly sensitive to MoD procurement timelines and policy shifts

Recent Report Link : Initiating Coverage

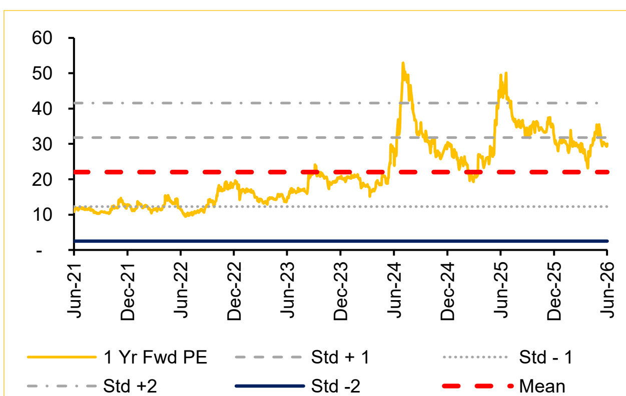
Steady increase in R&D investment



ROE & ROCE trend



One-year forward PE band



Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	50,757	70,022	87,527	1,05,032	1,26,039
Gross Profit	15,403	29,425	32,910	40,122	48,903
EBITDA	**4,213**	**7,953**	**10,095**	**12,219**	**14,789**
Other Income	3,348	2,744	3,238	3,991	4,916
Depreciation	425	489	567	731	916
EBIT	7,136	10,208	12,767	15,479	18,789
Interest Expense	103	161	155	197	237
PBT	7,033	10,047	12,612	15,282	18,552
Reported PAT	5,274	7,479	9,459	11,462	13,914
EPS (INR)	**46.0**	**65.3**	**82.6**	**100.1**	**121.5**

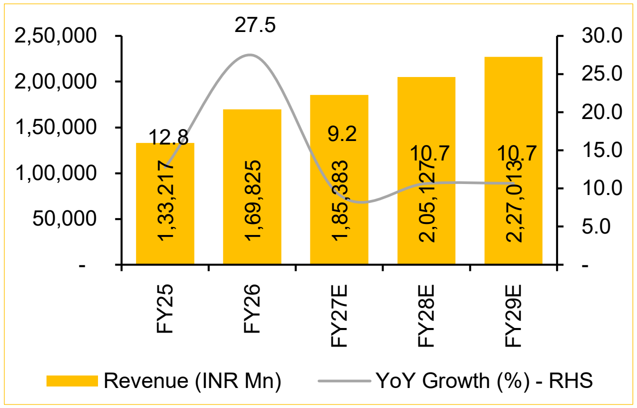
Balance Sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	20,793	26,261	32,882	40,905	50,645
Non-current Liabilities	1,257	1,507	2,706	3,756	5,122
Trade Payables	11,514	18,277	23,942	27,565	31,700
Contract Liabilities	69,000	57,622	78,774	92,428	1,07,133
Other Current Liabilities	978	2,693	3,680	5,467	7,821
Total Net Worth & Liabilities	**1,03,542**	**1,06,361**	**1,41,985**	**1,70,121**	**2,02,420**
Fixed Assets	5,432	5,999	6,740	7,202	7,463
Other Non-current Assets	2,869	3,396	5,253	7,354	9,707
Inventories	35,522	34,022	44,891	51,572	59,173
Trade Receivables	2,595	12,209	11,990	14,388	17,266
Cash & Bank Balance	37,319	33,881	44,663	54,943	66,588
Other Current Assets	19,806	16,855	28,447	34,662	42,224
Total Assets	**1,03,542**	**1,06,361**	**1,41,985**	**1,70,121**	**2,02,420**

Financial Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios	41.3	38.0	25.0	20.0	20.0
Revenue (%)	79.9	88.8	26.9	21.0	21.0
EBITDA (%)	47.6	41.8	26.5	21.2	21.4
PAT (%)					
Margin Ratios					
EBITDA margin (%)	8.3	11.4	11.5	11.6	11.7
PAT margin (%)	10.4	10.7	10.8	10.9	11.0
Performance Ratios					
OCF/EBITDA (x)	0.0	(0.4)	0.5	0.5	0.5
ROE (%)	28.1	31.8	32.0	31.1	30.4
ROCE (%)	32.4	36.8	35.9	34.7	33.7
Turnover Ratio (Days)					
Inventory (Days)	367	306	300	290	280
Debtors (Days)	19	64	50	50	50
Payables (Days)	120	165	160	155	150
Contract Liabilities (Days)	496	300	300	300	300
Financial Stability Ratios					
Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0

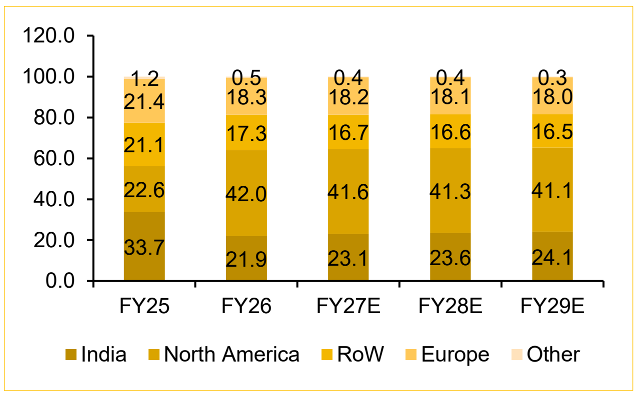
Convex Choices

Glenmark Pharmaceuticals I Rating – ADD I CMP: INR 2,207 I TP: INR 2,590

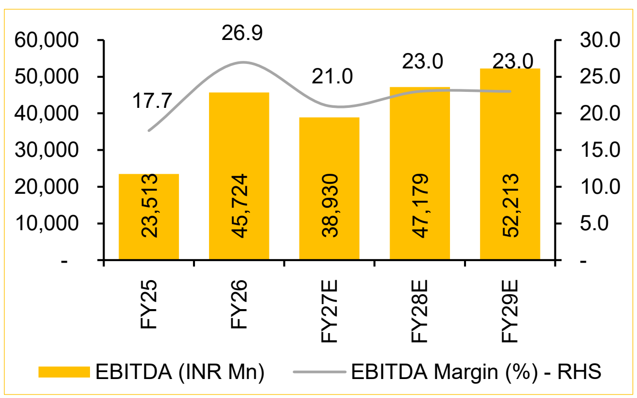
Revenue expected to grow at 10.2% CAGR (FY26–29E)



US & India to be major growth drivers



EBITDA Margin guided to be at 21–22% in FY27E



Business Overview: GNP is a global pharmaceutical company with operations across India, North America, Europe and emerging markets, spanning branded formulations, generics and specialty therapies. The company is strengthening its growth profile through scale-up of key products such as Ryaltris, Tevimbra, Brukinsa and Semaglutide, while expanding its respiratory, oncology and injectable portfolios. With increasing focus on innovative therapies, strategic partnerships and differentiated product launches, GNP is evolving into a diversified, specialty-led pharmaceutical platform with broad-based global growth drivers.

What is driving GNP's transition into a specialty-led growth company?

The company is moving beyond its traditional generics base by ***building a portfolio of differentiated specialty and innovative products*** across oncology, respiratory and metabolic therapies. The company is scaling key launches such as Tevimbra, Brukinsa and Semaglutide in India, while ***expanding the global reach of Ryaltris, which has already crossed USD 100 Mn in revenue*** and is commercialised across 55 markets. In parallel, GNP is ***strengthening its innovative oncology pipeline*** through assets such as Envafolimab, Aumolertinib and Trastuzumab Rezetecan, positioning itself for a more sustainable and higher-value growth trajectory.

Why are near-term margin investments a positive for GNP's long-term outlook?

The management expects EBITDA margin to moderate to 21–22% in FY27E as it ***increases investments behind oncology expansion, specialty products and upcoming US launches***. While this may weigh on near-term profitability, these investments are ***directed toward strengthening the company's future launch pipeline*** and expanding its presence in higher-margin, differentiated therapy areas. Combined with a significantly improved balance sheet and reduced leverage, GNP is well-positioned to fund future growth initiatives while enhancing the quality and sustainability of earnings over time.

How can GNP sustain growth despite moderation after a strong FY26?

While ***growth is expected to normalise*** following an exceptionally strong FY26, ***the underlying growth drivers remain intact*** across geographies. ***India continues to benefit from strong momentum*** in oncology, respiratory, cardiovascular and diabetes therapies, while ***North America is poised for acceleration*** through the ramp-up of Fluticasone, respiratory products, injectables and potential first-to-file launches. ***Europe is supported by respiratory expansion*** and the rollout of Winlevi, while ***emerging markets are benefiting from Ryaltris expansion and oncology launches***. This diversified growth engine provides visibility for sustained double-digit earnings growth over the medium term

Why Invest in GNP?

- **Specialty-Led Growth:** GNP is scaling high-growth products such as Ryaltris, Tevimbra, Brukinsa and Semaglutide while expanding its innovative oncology pipeline, supporting a transition towards a higher-value specialty pharma business.
- **Multi-Geography Growth Visibility:** Growth is supported by strong momentum across India, the US, Europe and emerging markets through respiratory, oncology and injectable launches, reducing reliance on any single geography.

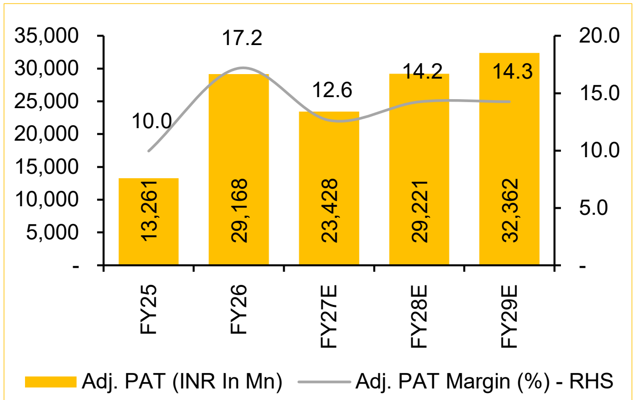
Recommendation: We currently have a 'ADD' rating on the stock with a target price of INR 2,590.

Key Risks:

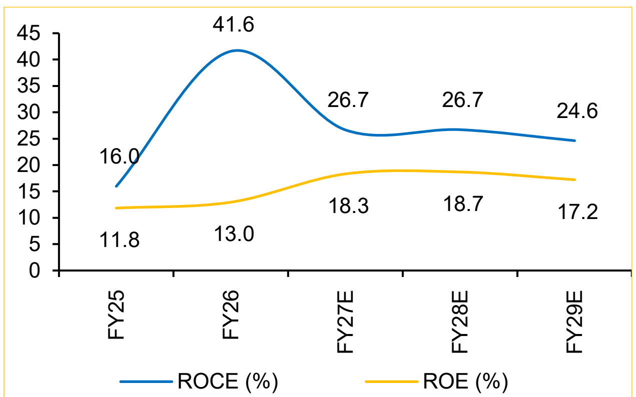
- **Launch Scale-up and Commercialisation Risk:** The company's growth outlook is increasingly dependent on successful scale-up of recent launches including Semaglutide, Tevimbra, Brukinsa, Fluticasone and respiratory products, where slower-than-expected market adoption, delayed commercialisation or execution challenges across key geographies could moderate revenue growth.
- **Margin Dilution from Elevated Investments:** The company is stepping up investments in oncology, respiratory therapies and specialty products, with R&D spend expected to remain at 7–8% of sales and operating expenses increasing to support upcoming launches, which could pressure profitability and limit margin expansion if incremental revenues from new products and partnerships scale up slower than anticipated.

Recent Report Link: Q4FY26 Result Update

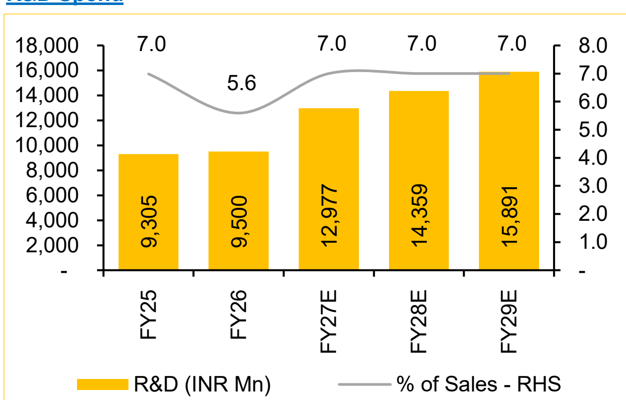
PAT Projected to Grow in line with EBITDA



ROE and ROCE trend



R&D Spend

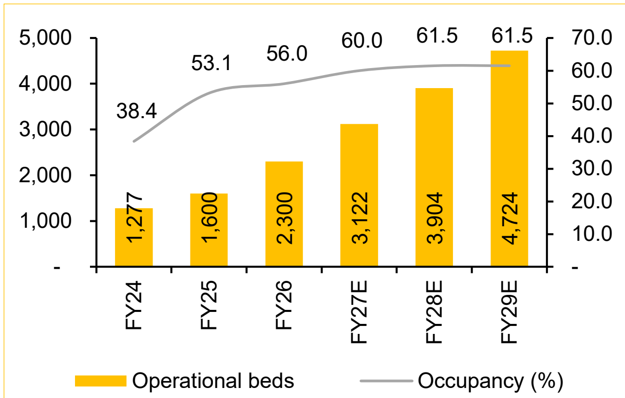


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,33,217	1,69,825	1,85,383	2,05,127	2,27,013
Gross profit	89,684	1,22,350	1,31,622	1,43,589	1,58,909
EBITDA	23,513	45,724	38,930	47,179	52,213
Depreciation	4,860	5,735	6,128	6,893	7,658
EBIT	19,791	44,595	34,656	42,338	46,825
Other Income	1,137	4,606	1,854	2,051	2,270
Interest Expense	2,071	2,087	1,187	594	594
PBT	13,992	19,847	33,469	41,744	46,232
Adj PAT	13,261	29,168	23,428	29,221	32,362
Adj EPS (INR)	47.0	103.4	83.0	103.6	114.7

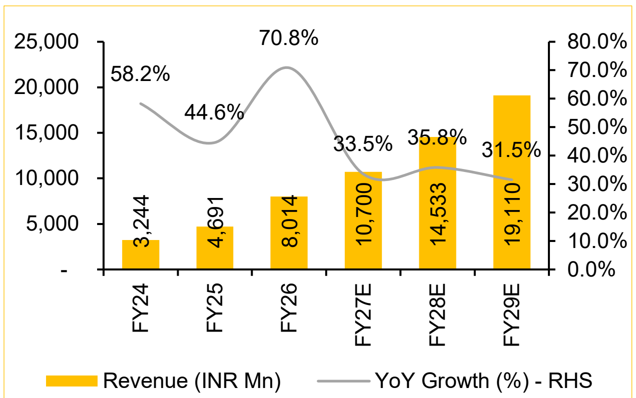
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)	12.8	27.5	9.2	10.7	10.7
Revenue	21.2	36.4	7.6	9.1	10.7
Gross Profit	96.7	94.5	(14.9)	21.2	10.7
EBITDA	60.6	120.0	(19.7)	24.7	10.8
PAT					
Margins (%)	67.3	72.0	71.0	70.0	70.0
Gross Profit Margin	17.7	26.9	21.0	23.0	23.0
EBITDA Margin	10.5	11.7	18.1	20.4	20.4
PBT Margin	25.2	31.4	30.0	30.0	30.0
Tax Rate	10.0	17.2	12.6	14.2	14.3
Adj PAT Margin					
Profitability (%)	11.8	13.0	18.3	18.7	17.2
ROE	15.4	30.8	21.3	24.9	26.1
ROIC	16.0	41.6	26.7	26.7	24.6
ROCE					
Financial Leverage (x)	-0.4	0.8	0.5	0.7	0.7
OCF/EBITDA	-0.6	1.2	0.8	1.1	1.1
OCF/Net Profit	0.3	0.1	0.0	0.0	0.0
Debt to Equity	9.6	21.4	29.2	71.3	78.9
Interest Coverage					
Working Capital	83	74	80	80	80
Inventory days	92	107	80	80	80
Debtor days	84	80	75	78	78
Payable days	91	100	85	82	82
Cash Conversion Cycle					
Valuation Metrics					
No of Shares (Mn)	282.2	282.2	282.2	282.2	282.2
EPS (INR)	47.0	103.4	83.0	103.6	114.7
BVPS (INR)	313.6	372.5	453.0	554.1	666.2
Market Cap (INR Bn)	622.9	622.9	622.8	622.8	622.8
PE (x)	59.5	45.7	26.6	21.3	19.2
P/BV (x)	7.0	5.9	4.9	4.0	3.3
EV/EBITDA (x)	26.8	13.5	15.6	12.4	10.7
EV/Sales (x)	4.7	3.6	3.3	2.9	2.5

Jeena Sikho Lifecare I Rating – BUY I CMP: INR 603 I TP: INR 1,000

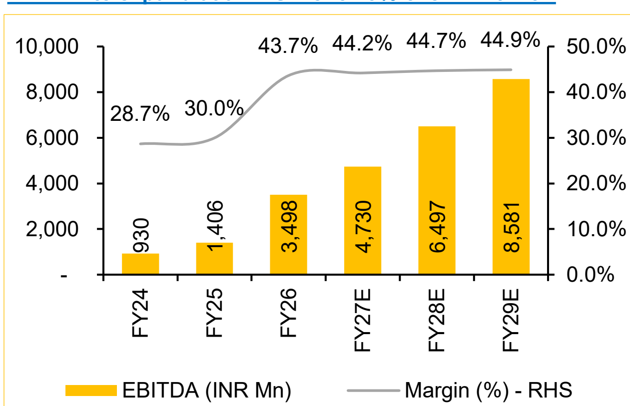
Targeting 7,000–10,000 beds over the next 3–5 years



Revenue to expand at a CAGR of 33.6% over FY26–29E



EBITDA to expand at a CAGR of 34.9% over FY26–29E



Business Overview: JSLL, headquartered in Zirakpur, Punjab, is a leading provider of Ayurvedic healthcare services and products, focussed on delivering affordable, high-quality and holistic treatment. The company has built a strong pan-India presence with a strong network of 61 hospitals and 58 clinics and day-care centres with 330+ Ayurvedic medicines & wellness products. Its primary healthcare facilities function under the name Shuddhi Ayurveda Panchakarma Hospital (HIIMS), focusing on the treatment of various health conditions including cancer, diabetes, liver disorders, arthritis, high cholesterol, thyroid issues.

Can JSLL's aggressive bed expansion strategy unlock sustained long-term growth?

JSLL currently operates around 2,861 beds, of which nearly 2,300 are functional, and aims to expand its capacity to 7,000–10,000 beds over the next 3–5 years, representing a 2.5–3.5x increase. With a relatively low capex requirement of INR 3–4 lakh per bed and targeted occupancy levels of 70–80%, the expansion is expected to drive higher patient volumes, improve operating leverage, and enhance profitability. Furthermore, nearly 450 beds have already been constructed but are yet to become operational, offering immediate growth potential without additional capital investment and improving long-term earnings visibility.

Can OTC product expansion significantly reshape JSLL's revenue profile?

JSLL's OTC business is emerging as one of its most scalable and promising growth segments. Its flagship Pet Yakrit Pleeha Shuddhi Kit has crossed INR 100 Mn in monthly sales, reflecting strong consumer acceptance and demand. The company currently markets nine OTC products, most introduced within the last few months, while several additional launches are in the pipeline. Management remains confident of scaling OTC revenues to nearly INR 5,000 Mn over the next two years, which could materially alter the company's revenue mix and growth trajectory.

Can JSLL maintain its industry-leading margins while scaling operations rapidly?

JSLL delivered a robust EBITDA margin of 44% and PAT margin of 28% despite actively investing in expansion, highlighting strong operational efficiency and cost discipline. Its low-cost bed addition strategy, requiring only INR 3–4 lakh per bed, coupled with plans to increase occupancy toward 70–80%, should further improve fixed-cost absorption. Moreover, a growing contribution from high-margin OTC products and increased patient inflows through insurance partnerships are likely to support profitability.

Can international expansion strengthen JSLL's earnings potential and global positioning?

JSLL has already established two international day-care centres in Abu Dhabi and is in the process of launching four additional facilities in Dubai, while also expanding into Nepal and Kazakhstan and evaluating entry into the US market. Supported by insurance-backed treatments and a premium wellness proposition, the international expansion strategy has the potential to diversify revenues, improve margins, and create a scalable platform for long-term earnings growth.

Why invest in JSLL?

Driven by strong financial growth, scalable capacity expansion and high-margin diversification, JSLL presents a compelling investment opportunity. The bed capacity is set to expand 2.5–3.5× to 7,000–10,000 beds over 3–5 years. The OTC segment targets INR 500Cr revenue within two years, enhancing margin profile. Additionally, international expansion and operating leverage support management's vision to scale profits from ~INR 225 Cr to INR 1,000 Cr, providing strong long-term earnings visibility and return potential.

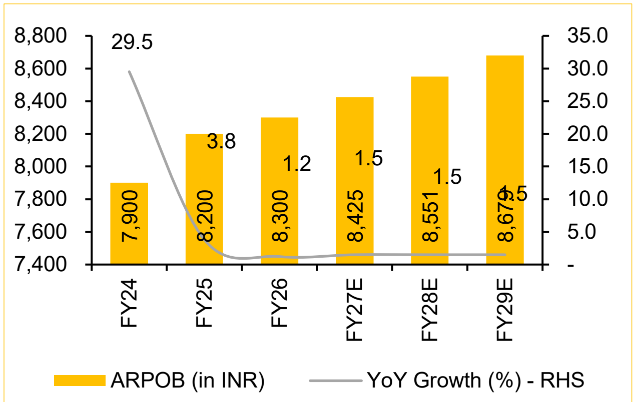
Recommendation: We currently have a **'BUY' rating** on the stock with a **target price of INR 1,000.**

Key Risks:

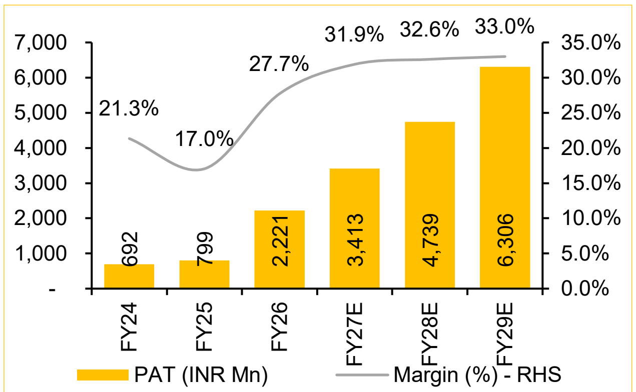
- **Key-man risk:** As the founder and driving force behind JSLL, Mr. Manish Grover is deeply involved in operations, strategy, brand and vision. Any disruption to his leadership could impact decision-making, culture or stakeholder trust
- **Consumer complaints:** JSLL may face consumer complaints and lawsuits over defective products or treatment-related injuries, damaging reputation and confidence

Recent Report Link : Jeena Sikho Lifecare Ltd Q4FY26 Result Update

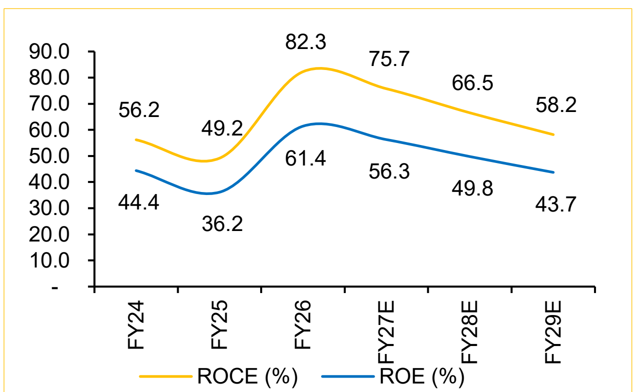
ARPOB to grow minimally by 1.5–2% every year



PAT anticipated to expand at a CAGR of 41.6% over FY26–29E



ROE & ROCE trend

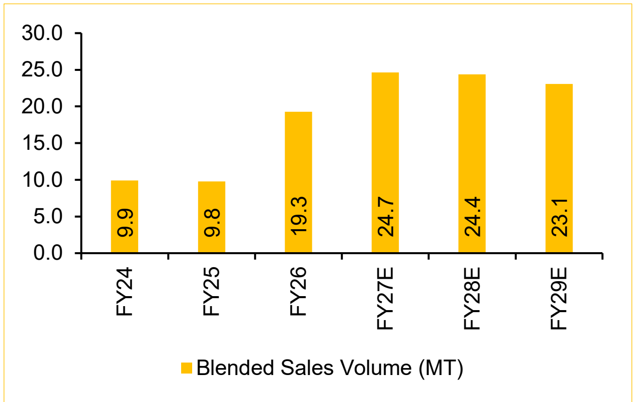


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	4,691	8,014	10,700	14,533	19,110
Gross profit	4,148	7,098	9,483	12,881	16,936
EBITDA	1,406	3,498	4,730	6,497	8,581
Depreciation	291	477	132	160	188
EBIT	1,115	3,021	4,597	6,337	8,393
Other income	67	85	107	145	191
Interest expense	107	128	128	128	128
PBT	1,076	2,978	4,576	6,354	8,455
PAT	799	2,221	3,413	4,739	6,306
EPS (INR)	6.4	17.9	27.5	38.1	50.7

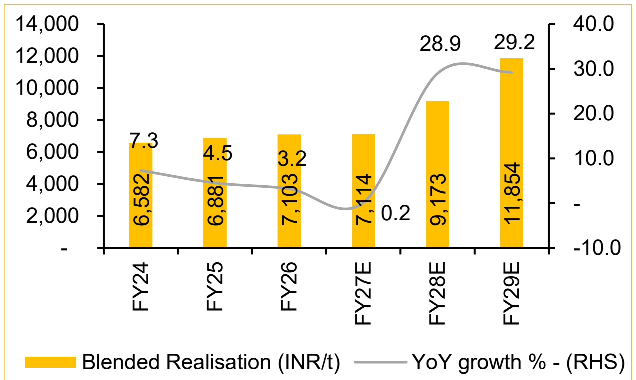
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	44.6	70.8	33.5	35.8	31.5
Gross Profit	37.0	71.1	33.6	35.8	31.5
EBITDA	51.2	148.8	35.2	37.4	32.1
EBIT	26.9	171.0	52.2	37.8	32.4
PBT	14.5	176.8	53.7	38.8	33.1
PAT	15.5	177.8	53.7	38.8	33.1
Margins (%)					
Gross Profit Margin	88.4	88.6	88.6	88.6	88.6
EBITDA Margin	30.0	43.7	44.2	44.7	44.9
EBIT Margin	23.8	37.7	43.0	43.6	43.9
PBT Margin	22.9	37.2	42.8	43.7	44.2
Tax Rate	25.7	25.4	25.4	25.4	25.4
PAT Margin	17.0	27.7	31.9	32.6	33.0
Profitability (%)					
ROE	36.2	61.4	56.3	49.8	43.7
ROIC	33.9	50.0	52.7	56.0	53.5
ROCE	49.2	82.3	75.7	66.5	58.2
Financial Leverage					
OCF/EBITDA (x)	0.6	0.7	0.7	0.7	0.7
OCF/Net Profit (x)	1.1	1.1	0.9	1.0	1.0
Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0
Interest Coverage (x)	0.1	0.0	0.0	0.0	0.0
Working Capital					
Inventory Days	78	81	100	100	100
Debtor Days	66	32	40	40	40
Payable Days	106	92	90	90	90
Cash Conversion Cycle	38	20	50	50	50
Valuation Metrics					
No of Shares (Mn)	124	124	124	124	124
EPS (INR)	6.4	17.9	27.5	38.1	50.7
BVPS (INR)	20.6	37.6	60.0	93.1	138.9
Market Cap (INR Mn)	74,966	74,966	74,966	74,966	74,966
PE	93.8	33.8	22.0	15.8	11.9
P/BV	29.2	16.1	10.0	6.5	4.3
EV/EBITDA	53.2	21.4	15.6	11.1	8.1
EV/Sales	16.0	9.3	6.9	4.9	3.6

Lloyds Metals and Energy I Rating – BUY I CMP: INR 1,717 I TP: INR 2,075

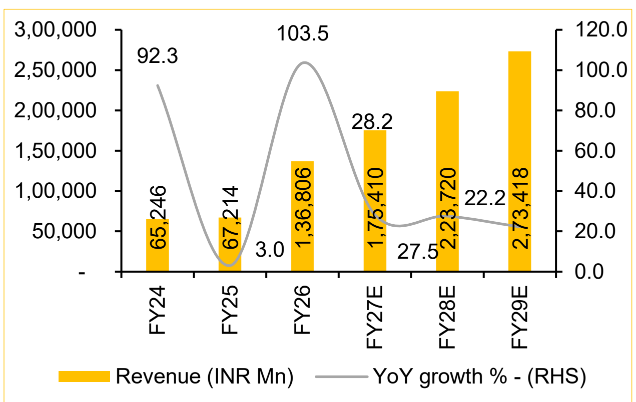
Blended volume is projected to reach 24.4 MT by FY28E



Blended realisation moving towards new highs



Value-driven revenue growth



Business Overview: LLOYDSME is a leading iron ore and steel producer, anchored by its Surjagarh mine. Commercial mining scaled up in 2021 after Thriveni Earthmovers was appointed as Mine Developer and Operator and became a co-promoter with 17.8% stake, strengthening execution and growth. The company is expanding iron ore capacity to 26 MT, pellet capacity to 12 MT, DRI to 0.7 MT, adding a 1.2 MT wire-rod plant and plans for a 3 MT HRC facility, backed by captive and renewable power integration.

Could LLOYDSME command a premium valuation through improving earnings quality and integration benefits?

LLOYDSME is entering a structurally driven growth phase, supported by a sharp ramp-up in iron ore volumes, expansion of pellet capacity and a rising contribution from value-added products. We expect the company to deliver a strong **Revenue/EBITDA/PAT CAGR of ~26%/29.5%/25.6%** over FY26–FY29E, driven by operating leverage and margin-accretive improvements in the product mix.

Importantly, this growth is backed by **long-term structural advantages** — including captive resources, integrated logistics and downstream integration — rather than purely cyclical factors, enhancing both, earnings quality and sustainability. With improving profitability and stronger earnings visibility, **LLOYDSME is well-positioned to deliver consistent earnings compounding**, supporting a case for a **premium valuation multiple relative to traditional metal peers**.

How does Thriveni Mining strengthen LLOYDSME's margin profile and earnings visibility through its asset-backed MDO business model?

Thriveni adds a structural third margin lever to LLOYDSME, providing **asset-backed, annuity-driven revenue visibility** in an otherwise-cyclical mining industry. Backed by a projected **INR 600+ Bn asset base (consolidated) by FY28E**, the business model is **utilisation-led**, with revenue growth driven by **higher throughput rather than commodity prices**. As **asset turnover improves from ~0.7x to ~1.0x**, revenue productivity could rise by **40–45% without significant incremental capex**, supporting **~INR 102.3 Bn revenue (Thriveni) over FY26–FY28E**. Furthermore, **long-tenure MDO contracts, throughput-linked cost structure and operating leverage** provide a pathway for **stable-to-improving margin and stronger earnings visibility**.

Is there any upside optionality in LLOYDSME beyond base-case valuation?

The **Copper Cathode JV** represents a **hidden optionality** within **LLOYDSME,** which is **not factored into numbers** due to **early-stage execution risk**. However, supported by **Congo-linked resource access** and **active promoter-led on-ground supervision**, the project offers **meaningful long-term upside** and could become **value-accretive upon successful commissioning and scale-up**.

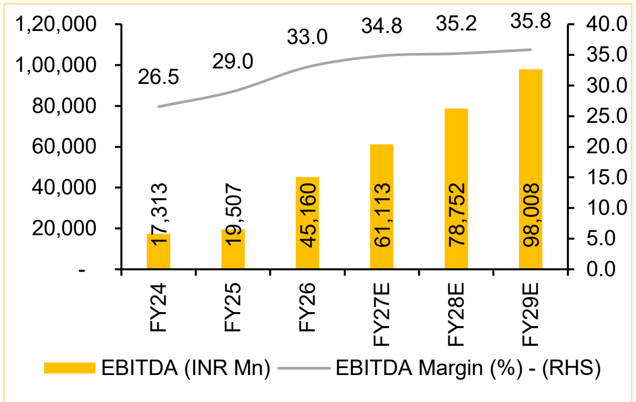
Outlook: We maintain our **BUY** rating on Lloyds Metals and Energy Ltd (LLOYDSME) with a revised SoTP-based Target Price of INR 2,075. LLYODSME is structurally shifting from a pure mining play to a higher-margin, integrated metals platform.

Risks:

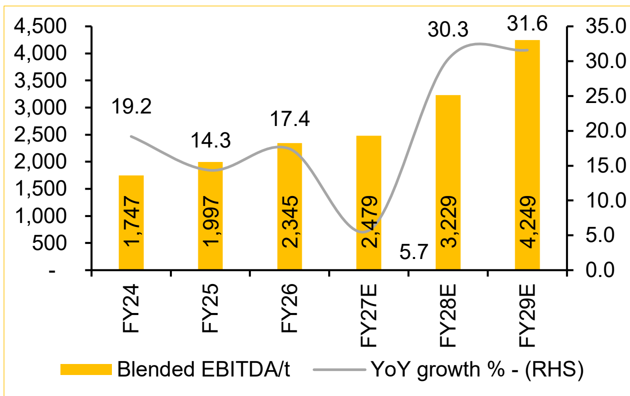
- Possible project execution delay, probable raw material volatility, elevated contingent liability, pledged shares and regulatory and mining risk.

Recent Report Link: Lloyds Metals & Energy IC Report | Q4FY26 Result Update

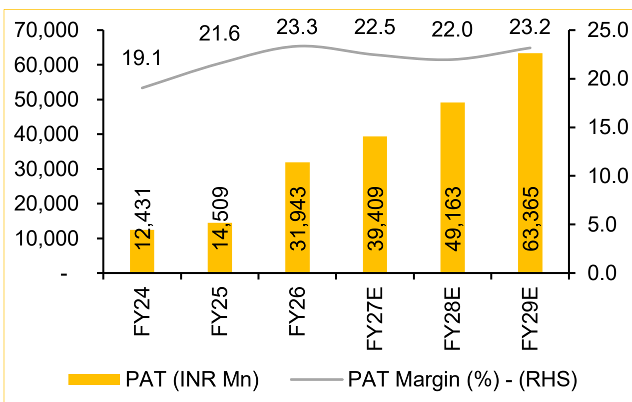
FY26–29: EBITDA expected to expand at a CAGR of 29.5%



Scaling up the EBITDA peak



Robust PAT growth anticipated



Profit & Loss (in INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	67,214	1,36,806	1,75,410	2,23,720	2,73,418
Gross Profit	59,153	1,16,805	1,48,826	1,86,135	2,19,008
EBITDA	**19,507**	**45,160**	**61,113**	**78,752**	**98,008**
Depreciation	805	2,425	4,206	6,490	7,640
EBIT	**18,703**	**42,734**	**56,907**	**72,262**	**90,368**
Other Income	538	1,572	1,550	1,900	2,250
Interest Expenses	271	1,323	6,603	9,474	9,243
PAT	**14,509**	**31,943**	**39,409**	**49,163**	**63,365**
EPS (INR)	27.7	56.8	70.0	87.4	112.6

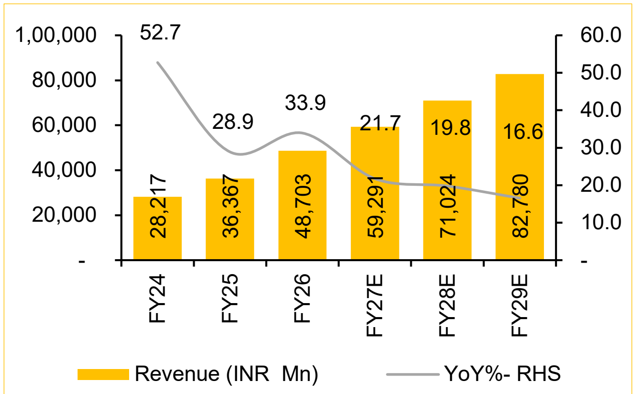
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	3.0	103.5	28.2	27.5	22.2
EBITDA	12.7	131.5	35.3	28.9	24.5
Margin Ratios (%)					
EBITDA	29.0	33.0	34.8	35.2	35.8
PAT	21.6	23.3	22.5	22.0	23.2
Performance Ratios (%)					
ROE	31.5	35.1	28.7	27.2	27.0
ROCE	27.4	25.3	18.0	16.8	18.2
ROIC	30.7	27.2	18.7	17.2	18.7
Turnover Ratios (Days)					
Inventory	195.5	171.4	183.5	177.5	180.5
Debtor	9.3	5.9	7.5	7.0	6.1
Payables	25.2	249.8	94.7	99.9	113.6
Cash Conversion Cycle	179.6	(72.4)	96.2	84.6	73.0
Financial Stability Ratios (x)					
Net Debt to Equity	0.0	0.4	0.9	0.7	0.5
Net Debt to EBITDA	0.1	1.0	2.2	1.7	1.3
Interest Cover	69.1	32.3	8.6	7.6	9.8
Valuation Metrics					
Fully diluted shares (Mn)	523	563	563	563	563
PE(x)	63.6	31.1	24.5	19.7	15.2
EV (INR Mn)	9,25,009	10,38,247	11,01,887	11,02,049	10,89,625
EV/EBITDA (x)	47.4	23.0	18.0	14.0	11.1
Price to BV (x)	14.4	8.4	6.2	4.7	3.6
EV/Sales (x)	13.8	7.6	6.3	4.9	4.0
EV/OCF	76.8	21.6	30.2	18.1	14.4

Note: Standalone numbers

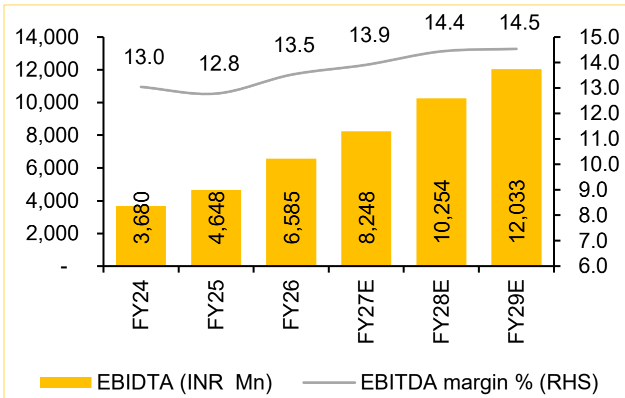
Source: LLOYDSME, Choice Institutional Equities

Lumax Auto Technologies I Rating – ADD I CMP: INR 1,642 I TP: INR 1,950

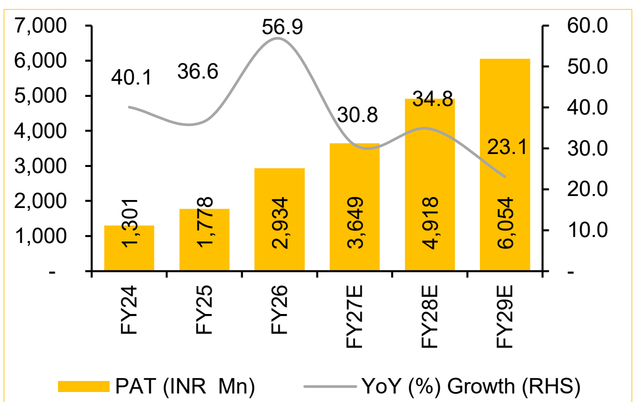
Revenue expected to expand at 19.3% CAGR over FY26–29E



EBITDA anticipated to expand at 22.3% CAGR over FY26–29E



PAT projected to expand at 27.3% CAGR over FY26–29E



Business overview: LMAX, a part of Lumax-DK Jain Group, has 40 years of automotive component manufacturing experience in India. The company operates 30 facilities in 7 Indian states, supported by 2 engineering centres and international design centres in Taiwan and the Czech Republic. LMAX serves major OEMs with a diversified product portfolio including lighting, interior systems, electronics and alternative fuel components. In Q4FY26, LMAX reported revenue of INR 14,169 Mn with an EBITDA margin of 14.3%. Revenue is expected to expand at a CAGR of 19.3% over FY26–29E, powered by increased JV wallet share and growing scale in high-value segments.

What is the impact of IAC India's complete acquisition on LMAX's growth?

LMAX acquired the remaining 25% stake in IAC India for INR 2,210 Mn and has also completed the merger of IAC India with the standalone company. IAC contributed around INR 15,940 Mn to LMAX's revenue in FY26. This consolidation will help in simplifying the corporate structure and enhancing operational synergies. IAC's INR 5,000 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 FY27E.**

What will drive LMAX's revenue and profitability growth through FY28E?

We expect LMAX's revenue to grow, from INR 48,703 Mn in FY26 to approximately INR 82,780 Mn by FY29E, 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 while retaining operational independence of acquired firms.

Strategic partnerships with global players, such as Alps Alpine (infotainment systems) and Yokowo (connected vehicle antennas), will drive technology-led expansion. On the profitability front, **we expect APAT to grow from INR 2,934 Mn in FY26 to INR 6,054 Mn in FY29E, supported by margin expansion, increased JV wallet share and growing scale in high-value segments.**

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

LMAX stands out in India's automobile industry owing to its robust financial performance, with consolidated revenue at INR 14,169 Mn growing 25.1% YoY in Q4FY26. The company's aggressive growth strategy – driven by strategic acquisitions, such as 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 capitalise on the shift towards EVs and CNG vehicles. Its diversified client base and consistent double-digit growth prove market dominance. **With ongoing investments in technology and a clear roadmap for margin expansion, LMAX is well-placed for sustained outperformance and value-creation.**

Recommendation: We maintain a positive outlook on LMAX and have an 'ADD' rating, with a TP of INR 1,950.

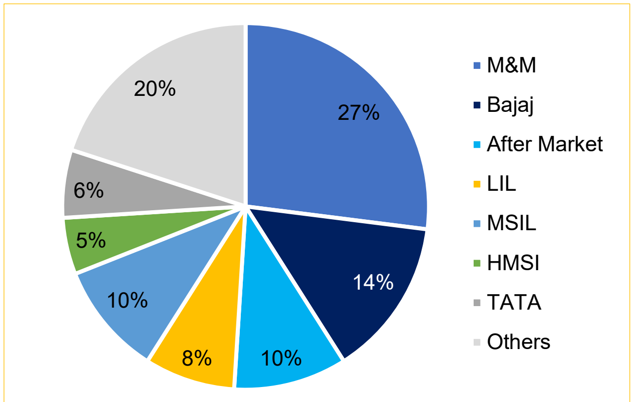
Key Risks:

- **Cyclical industry exposure:** LMAX is highly dependent on the automotive industry, which is cyclical in nature. Any possible slowdown in automobile sales or likely supply chain disruption could directly and drastically affect its revenues and profitability.

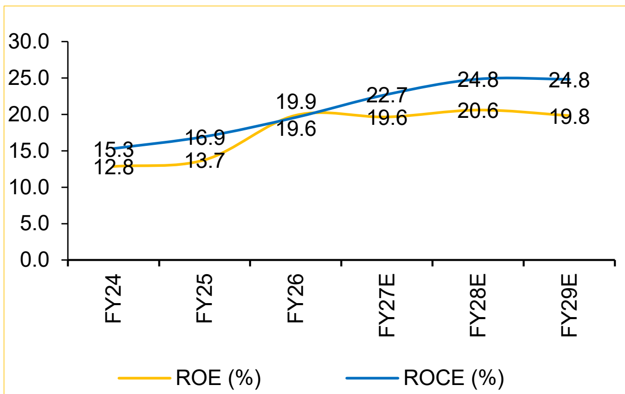
Recent Report Link: Q4FY26 Result Update

Convex Choices

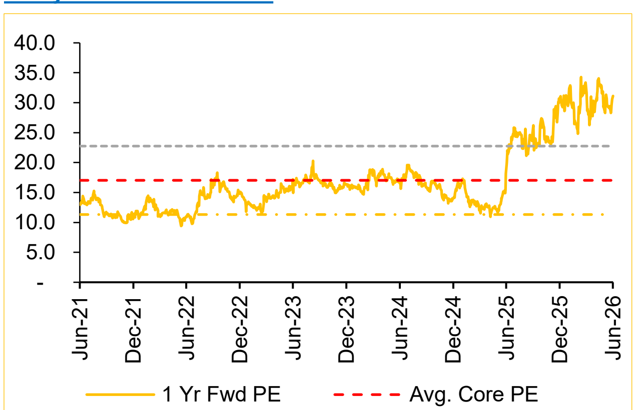
Customer-wise revenue split – FY26



ROE & ROCE on an upward trend



One-year forward PE band

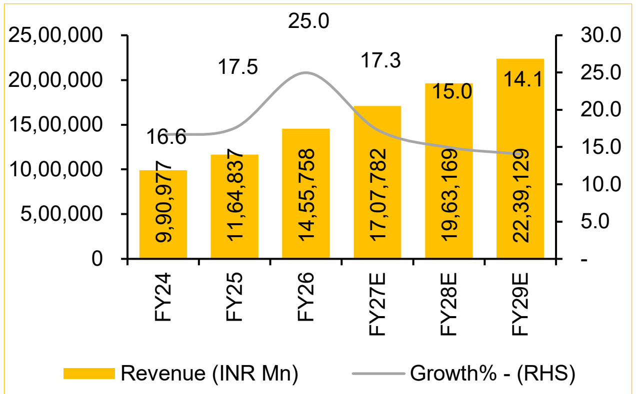


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	36,367	48,703	59,291	71,024	82,780
Gross Profit	12,916	17,435	21,287	25,728	29,985
EBITDA	4,648	6,585	8,248	10,254	12,033
Depreciation	1,286	1,791	1,834	1,888	1,926
EBIT	3,361	4,794	6,414	8,366	10,108
Other Income	510	464	500	550	600
Interest Expenses	790	1,054	1,191	1,201	1,212
Extraordinary Item	0	(145)	0	0	0
Reported PAT	2,292	3,371	4,293	5,786	7,122
Adjusted PAT	1,778	2,934	3,649	4,918	6,054
EPS (INR)	26.1	43.0	53.5	72.2	88.8

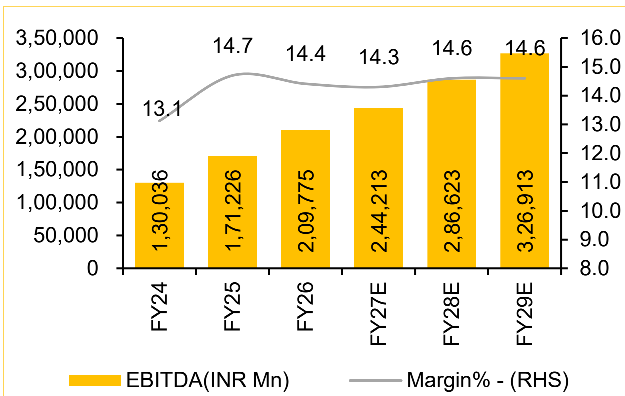
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	28.9	33.9	21.7	19.8	16.6
EBITDA	26.3	41.7	25.3	24.3	17.4
PAT	37.3	47.1	27.3	34.8	23.1
Margins (%)					
EBITDA	12.8	13.5	13.9	14.4	14.5
PAT	6.3	6.9	7.2	8.1	8.6
Profitability (%)					
ROE	13.7	19.9	19.6	20.6	19.8
ROCE	16.9	19.6	22.7	24.8	24.8
ROIC	11.0	13.3	14.7	16.8	17.3
Working Capital					
Inventory Days	57	48	51	51	51
Debtor Days	80	76	80	80	80
Payable Days	106	112	107	107	107
Cash Conversion Cycle	31	12	24	24	24
Valuation Metrics					
PE(x)	64.9	39.3	31.6	23.4	19.0
EV/EBITDA (x)	26.3	19.0	15.1	12.0	10.0
Price to BV (x)	8.9	7.8	6.2	4.8	3.8
EV/OCF (x)	42.2	27.2	22.8	16.5	13.6

Mahindra & Mahindra I Rating – BUY I CMP: INR 2,991 I TP: INR 4,450

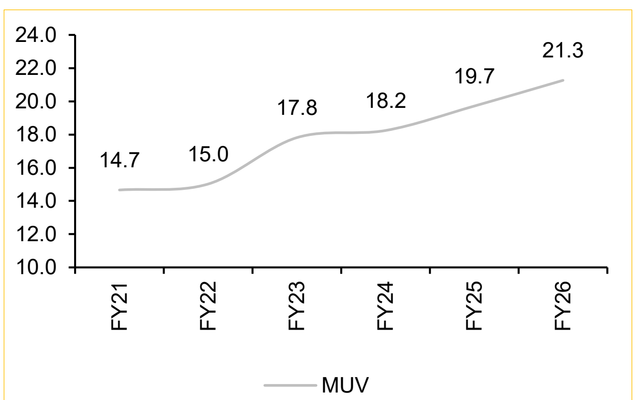
Revenue expected to expand at 15.4% CAGR over FY26–29E



EBITDA anticipated to expand at 15.9% CAGR over FY26–29E



MUV market share % on the rise



Business overview: 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. MM benefits from its strong brand equity, an extensive distribution network and tech-driven mobility solutions. In Q4FY26, MM reported revenue of INR 395.5 Bn with an EBITDA margin of 14.1%. Revenue is expected to expand at a CAGR of 15.4% over FY26–29E, supported by a growing SUV segment, an expanding EV portfolio and sustained rural demand.

Could MM sustain its growth and emerge as an MUV segment leader?

MM has demonstrated impressive growth, with a CAGR of 31.1%, from FY22 to FY26 in MUV sales, reaching 6,60,276 units. Its MUV market share moved from 15.0% in FY22 to 21.3% in FY26, indicating a strong upward trajectory. MSIL is the leader with a market share of 24.5% in FY26, while it improved from 19.5% in FY22. MSIL expanded with a 27.2% CAGR in MUV sales, reaching 7,60,987 units in the same period. **While MM is sustaining its growth, we believe it will be a challenge to emerge as the leader in the SUV space in the near-term, given MSIL's superior volume and new model launches.**

How is MM positioned in the farm equipment segment and the outlook for the segment, going forward?

MM has steadily increased its market share, from 38.2% in FY21 to 43.6% in FY26, showcasing consistent growth. With its closest competitor, Sonalika International, holding less than 15% market share, MM faces no immediate threat to its leadership. This widening gap indicates MM's dominance is strengthening, supported by its strong product portfolio and market reach.

The farm equipment segment delivered a strong performance in Q4FY26, driven primarily by robust domestic demand. Farm volume grew 36.1% during the quarter. Looking ahead, while FY27E will face a high base effect, **we remain cautiously optimistic and believe the tractor industry could expand at around 5% CAGR, supported by multiple structural enablers and robust rural and agricultural government spending**.

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

In FY25, EVs accounted for 1.5% of M&M's SUV volumes. However, with the launch of the BE 6 and XEV 9e, monthly EV sales have increased to ~5000–6,000 units. This has lifted the **EV penetration to 9–10% of SUV volumes as compared to industry penetration of ~5%**, reflecting a significant push towards electrification, particularly in the premium segment. This **positions MM for long-term growth in the EV space, which is growing faster than ICE.**

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

MM has strengthened its position in India's auto industry with consistent market share gains in key segments. As of FY26, the company has expanded its MUV market share to 21.3%, capitalising on the rising demand for utility vehicles. In the commercial vehicle segment, MM leads with a 45.2% market share in the LCV segment for FY26. Additionally, MM's tractor market share has reached 43.6% in FY26, highlighting its stronghold in rural as well as agricultural sectors. **With a well-diversified portfolio across high-growth categories, MM is well-positioned to sustain its growth momentum and capitalise on evolving consumer preferences.**

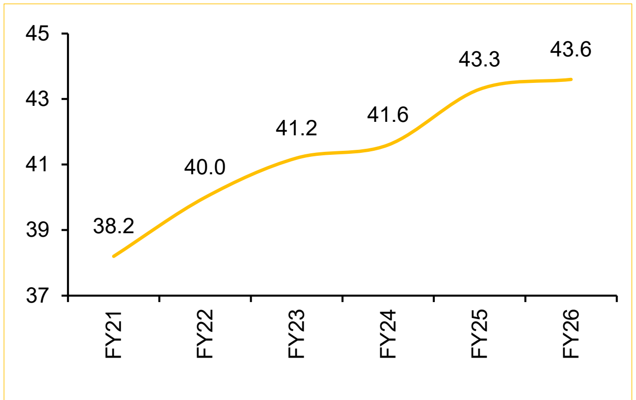
Recommendation: We maintain a positive outlook on MM, maintaining our '**BUY**' rating, with a TP of INR 4,450.

Key Risks:

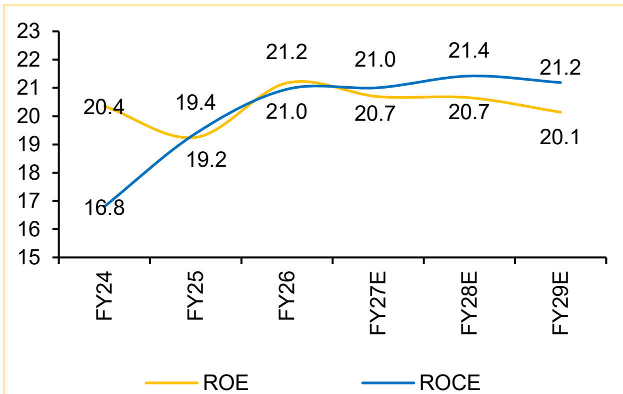
- **Competition risk:** Increased competition in the EV and SUV segments, tech-driven mobility startups and global automakers intensifies pricing pressure and the need for continuous innovation.

Recent Report Link: Q4FY26_Result Update

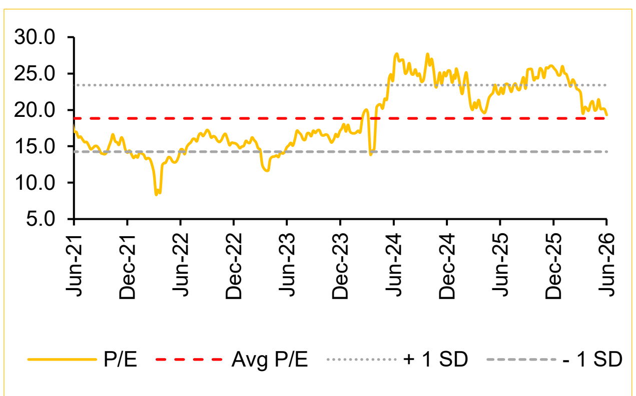
Farm dominance: MM's market share continues to rise



ROE & ROCE on an upward trend



One-year forward PE band

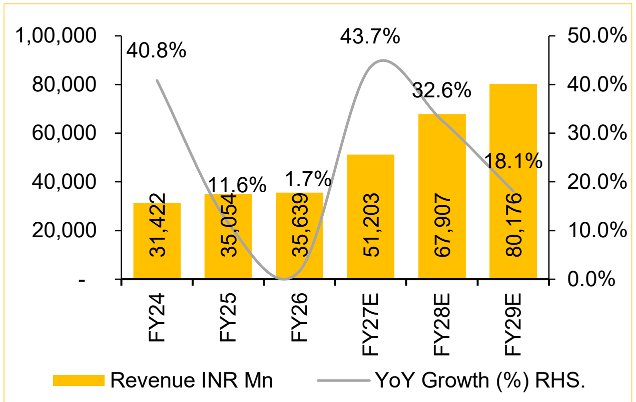


Income Statement INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	11,64,837	14,55,758	17,07,782	19,63,169	22,39,129
Gross Profit	3,01,436	3,48,098	4,09,868	4,75,087	5,41,869
EBITDA	1,71,226	2,09,775	2,44,213	2,86,623	3,26,913
Depreciation	42,268	42,927	48,345	52,749	57,034
EBIT	1,28,958	1,66,848	1,95,868	2,33,873	2,69,879
Interest Expenses	2,505	2,496	2,509	2,459	2,410
Other Income	30,048	42,872	46,555	50,584	54,909
Exceptional Item	0	(982)	0	0	0
Reported PAT	1,18,550	1,56,389	1,81,135	2,12,908	2,43,396
Adjusted PAT	1,18,550	1,57,371	1,81,135	2,12,908	2,43,396
EPS (INR)	98.7	131.0	150.8	177.3	202.7

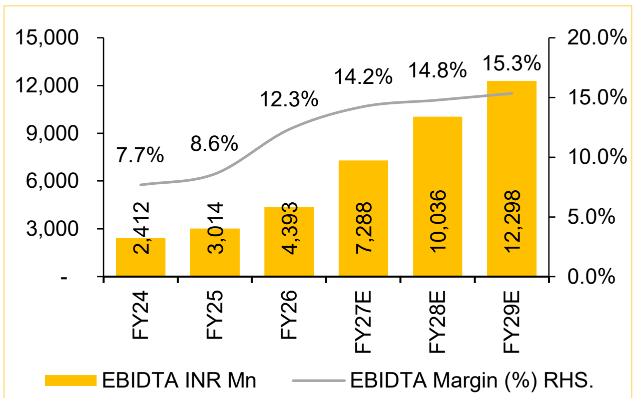
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	17.5	25.0	17.3	15.0	14.1
EBITDA	31.7	22.5	16.4	17.4	14.1
PAT	11.4	32.7	15.1	17.5	14.3
Margins (%)					
EBITDA	14.7	14.4	14.3	14.6	14.6
PAT	10.2	10.8	10.6	10.8	10.9
Profitability (%)					
ROE	19.2	21.2	20.7	20.7	20.1
ROCE	19.4	21.0	21.0	21.4	21.2
Working Capital					
Inventory Days	32	25	32	32	32
Debtor Days	18	16	17	17	17
Payable Days	86	86	84	84	84
Cash Conversion Cycle	(37)	(45)	(35)	(35)	(35)
Valuation Metrics					
PE(x)	30.6	23.1	20.0	17.1	14.9
EV/EBITDA (x)	20.9	16.7	14.3	12.1	10.5
Price to BV (x)	5.9	4.9	4.1	3.5	3.0
EV/OCF (x)	21.6	15.4	18.4	13.2	11.4

Man Industries I Rating – BUY I CMP : INR 519 I TP: INR 690

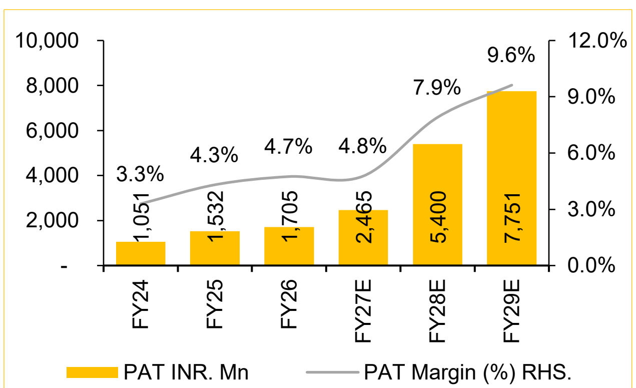
Revenue to expand at 31.0% CAGR over FY26–FY29E



EBITDA to expand at 40.9% CAGR over FY26–FY29E



PAT to increase at 65.7% CAGR over FY26–FY29E



Business Overview: Man Industries (MAN) is a leading manufacturer of large-diameter pipes with over three decades of operating experience across LSAW, HSAW, ERW pipes, and coating solutions. The company has strengthened its growth profile through the acquisition of National Pipe Company in Saudi Arabia for INR ~10 Bn and maintains a strong global footprint, with exports contributing ~80% of consolidated revenue. Supported by a INR 30.0 Bn order book, ~INR 160 Bn bid pipeline, and ongoing capacity expansion, we forecast Revenue/EBITDA/PAT CAGR of 31.0/40.9/65.7% over FY26–29E.

Can MAN Sustain Growth Momentum Through Capacity Expansion and Strategic Initiatives?

Beyond its core **LSAW, HSAW, and ERW pipe** operations, we remain constructive on MAN, driven by key structural growth catalysts. The company is undertaking meaningful capacity expansion, including a **22 KTPA stainless steel pipe** facility in Jammu **(project cost: INR ~5.8 Bn)**. Further, MAN has acquired **National Pipe Company** (NPC) in Saudi Arabia for **INR ~10 Bn**. NPC carries an installed capacity of **430 KTPA (250 KTPA HSAW and 180 KTPA LSAW pipes)** along with an **order book** of **USD 120 Mn (INR ~11.4 Bn)**. Post acquisition, MAN's total pipe capacity has expanded to **1.6 MTPA from 1.2 MTPA** by end of FY26. Additionally, Monetisation of Navi Mumbai land parcel is likely to generate **INR 8–9 Bn** in cash inflow in the next 3–5 years, equivalent to **~20% of the market cap**, strengthening liquidity and funding growth capex. We forecast **~301 bps EBITDA margin improvement** over FY26–29E, driven by a higher mix of value-added products, scale up benefits from increased capacity utilisation at existing and new plants and overall operating leverage gains.

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 **1.2 Mn TPA**. The company is strengthening its growth pipeline through a **22 KTPA** greenfield stainless steel seamless pipe facility in Jammu and the **acquisition of National Pipe Company**, which adds **430 KTPA** of capacity. With a cumulative investment of **INR ~15.8 Bn**, the Jammu plant is scheduled for commissioning by end of FY27E.

For FY27E, management has guided for consolidated **revenue** of **INR 50,000–55,000 Mn** with **EBITDA** margin of **13–15%**, while NPC expected to contribute **INR ~15,000 Mn** at **EBITDA** margin of **>15%**, supported by an order book of **USD 120 Mn (INR ~11.4 Bn)**. Notably, NPC has started generating revenue from day one following the acquisition, providing immediate revenue visibility and earnings contribution. MAN's standalone business is expected to contribute I**NR ~40,000 Mn in revenue**, backed by an **order book** of **INR ~30.0 Bn.**

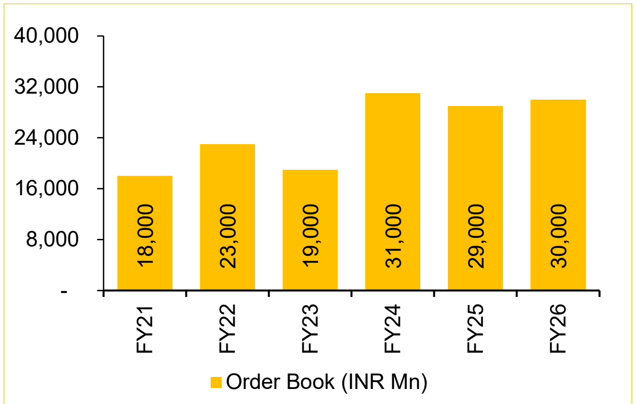
Valuation: We are constructive with MAN with a **'BUY'** recommendation and target price of **INR 690/share** (INR 535/share earlier), **driven by** an improved business outlook, strong growth visibility, expected profitability expansion and capacity-led growth supported by a robust order book. We valued MAN using our EV/EBITDA multiple framework, assigning an **EV/EBITDA multiple of 6x for FY28E**. We consider these multiples conservative, given MAN's strong ROCE trajectory, even under reasonable operating assumption. At our **TP of INR 690/share**, the implied FY28E valuation translates to **PB/PE 1.6x/9.6x**. This implied multiple reinforces the conservatism embedded in our valuation and support our positive view on MAN.

Key Risks:

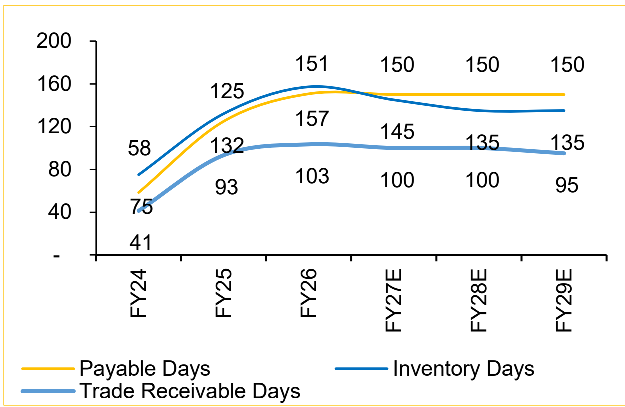
- **Order Book:** High dependence on a few large orders makes the order book vulnerable to delays or cancellations
- **Capex:** Large capex burden poses a risk if new plants fail to ramp up as planned
- **Regulatory Risk:** Regulatory changes may disrupt operations or lead to higher compliance cost

Recent Report Link : Q4FY26 Result Update

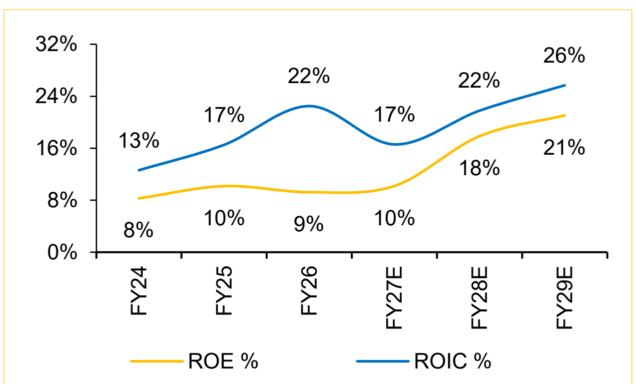
Order book trend (INR Mn)



Working capital days to remain stable



Improving ROE & ROIC trajectory (%)



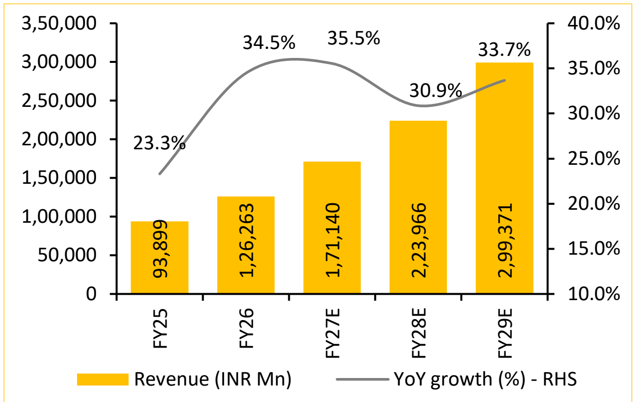
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	35,054	35,639	51,203	67,907	80,176
Gross Profit	11,696	13,468	16,085	20,082	22,175
EBITDA	3,014	4,393	7,288	10,036	12,298
Depreciation	453	789	966	1,051	1,131
EBIT	2,562	3,604	6,322	8,985	11,167
Interest Expense	996	1,520	3,465	2,172	1,172
Other Income	518	286	442	415	381
PBT	2,084	2,369	3,299	7,229	10,376
Adjusted PAT	1,532	1,705	2,465	5,400	7,751
EPS (INR)	23.7	22.7	32.9	72.0	103.3

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	11.6	1.7	43.7	32.6	18.1
EBITDA (%)	25.0	45.7	65.9	37.7	22.5
PAT (%)	45.7	11.3	44.6	119.1	43.5
Margin Ratios					
Gross Margins (%)	33.4	37.8	31.4	29.6	27.7
EBITDA Margins (%)	8.6	12.3	14.2	14.8	15.3
PAT Margins (%)	4.4	4.8	4.8	8.0	9.7
Performance Ratios					
ROE %	10.2	9.2	10.2	17.9	21.1
ROIC %	16.5	22.5	16.6	21.8	25.7
ROCE %	8.1	7.3	7.3	12.7	17.2
Turnover Ratio (Days)					
Payable Days	125	151	150	150	150
Inventory Days	132	157	145	135	135
Trade Receivable Days	93	103	100	100	95
Working Capital Days	100	110	95	85	80
Financial Stability Ratios					
Net Debt to Equity (x)	0.0	(0.1)	0.4	0.3	0.1
Net Debt to EBITDA (x)	0.3	(0.4)	1.5	0.8	0.2
Interest Cover (x)	2.6	2.4	1.8	4.1	9.5
Valuation Metrics					
Fully diluted shares (Mn)	64.7	75.0	75.0	75.0	75.0
Price (INR)	266.6	318.1	519.0	519.0	519.0
Market Cap(INR Mn)	17,260	23,858	38,925	38,925	38,925
PE(x)	11.3	14.0	15.8	7.2	5.0
EV (INR Mn)	18,027	22,282	49,710	47,346	41,823
EV/EBITDA (x)	6.0	5.1	6.8	4.7	3.4
Price to BV (x)	1.1	1.1	1.4	1.2	1.0
OCF/IC (%)	4.7	29.5	11.3	14.9	19.1
EV/IC (x)	1.2	1.4	1.3	1.1	1.0

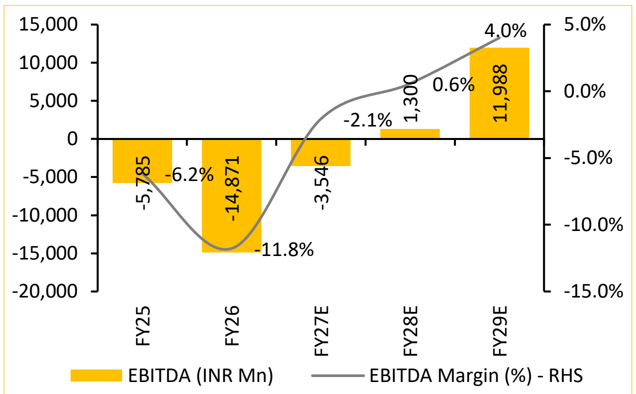
Convex Choices

Meesho I Rating – ADD I CMP: INR 167 I TP: INR 210

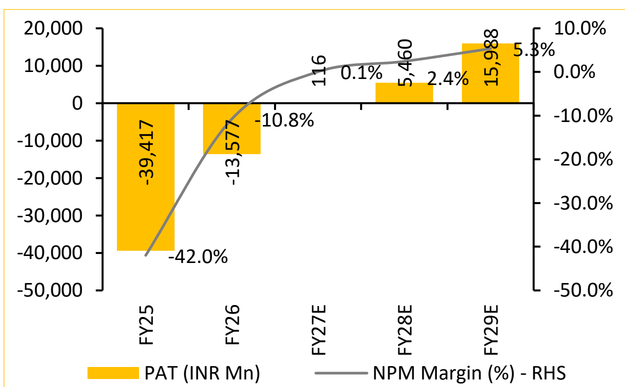
Revenue expected to expand at 33.3% CAGR (FY26–29E)



EBITDA expected to breakeven in FY28E



Net Profit to breakeven in FY27E, owing to other income



Business overview: Meesho is a multi-sided technology platform that connects Consumers, Sellers, Logistics partners and Content creators, offering a value focused E-commerce marketplace across India. It caters mainly to price-sensitive customers (especially in Tier-2 / Tier-3 cities) by enabling low-cost sellers to offer everyday-low-price products across categories. Its in-house logistics stack, Valmo, integrates proprietary routing and allocation with third-party networks to reduce fulfilment costs, improve reliability and strengthen unit economics. Differentiated through a zero-commission seller model, long-tail supply depth and everyday-low-price positioning, Meesho targets unbranded high frequency categories underserved by traditional platforms.

Why should one invest in Meesho?

Meesho has built a strong moat through India's largest value-commerce marketplace, catering to Tier-2/3 consumers and long-tail sellers. Network effects continue to strengthen, with ATUs rising from **136 Mn** in FY23 to **264 Mn** in FY26, driving better assortment, pricing, and engagement. Logistics has emerged as a key differentiator, with Valmo now handling **~50–55%** of shipments versus **2%** in FY23. Combined with a zero-commission model, lean cost structure, and AI-led personalization, Meesho enjoys a structural advantage in low-ASP categories. As the platform scales, management expects strong operating leverage and a **33%** revenue CAGR over FY26–29E, supported by deeper value-commerce penetration and logistics efficiencies.

2. How did Valmo crack the logistics code for the E-commerce industry?

Valmo's scale-up has shifted a meaningful share of incremental E-commerce volumes away from third-party logistics networks, tightening the pool of external orders available to them. The model is structurally sustainable because Valmo operates as an asset-light, partner-aggregated logistics network. Instead of owning the entire delivery infrastructure, Valmo plugs in multiple independent logistics partners. We expect that the model is sustainable as Meesho does not have any plans to operate as an external logistics service like Delhivery or Ecom Express. It is an internal, platform-exclusive network built to handle Meesho's unique ultra-low AOV, high-volume shipments.

3. How is the overall monetization runaway and path to profitability for Meesho?

Meesho's improving unit economics and scale advantages underpin a strong monetisation runway and a clear path to profitability. The platform commands **29–31%** of India's E-commerce shipment volumes, with NMV expected to grow at **~31% CAGR** over FY26–29E, supported by category leadership in Fashion, Home, Kids and BPC. Higher customer engagement, reflected in order frequency increasing from **7.5x (FY23) to 10.1x (FY26),** coupled with declining CAC, has driven strong operating leverage. While contribution margin expanded from **2.9% (FY23)** to **5.0% (FY25)**, they temporarily moderated to **3.5%** in **FY26** due to logistics inefficiencies. With normalization of logistics costs and scale benefits, contribution margin are projected to improve to **5.3%** by FY28E. Thus, we believe, Meesho is on track for EBITDA breakeven in FY28E, with operating leverage accelerating thereafter.

Valuation: We currently have an **'ADD'** rating on the stock, with a Target Price of **INR 210**.

Key risks:

Strong Competition: Meesho faces rising competitive pressure as Amazon (via Amazon Bazaar) and Flipkart (via Shopsy) aggressively expand into the value commerce market. These large incumbents bring significant capital, brand trust, and deep logistics capabilities, which could impact Meesho's revenue growth.

Logistics Risk: While Valmo is in-house, it relies on third-party logistics partners, making execution and service quality dependent on network management.

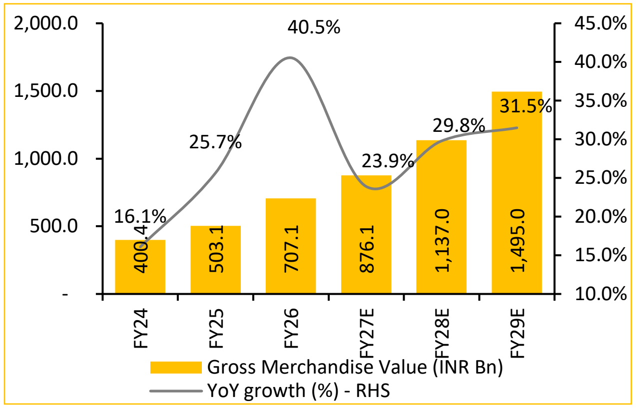
Recent Report Link :

Event Update : Meesho Lock-in Expiry Remains a Near-term Overhang

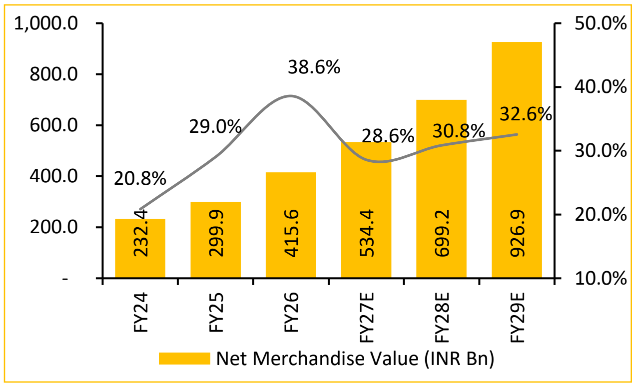
Meesho Q4FY26 Result Update

Choice
Institutional Equities

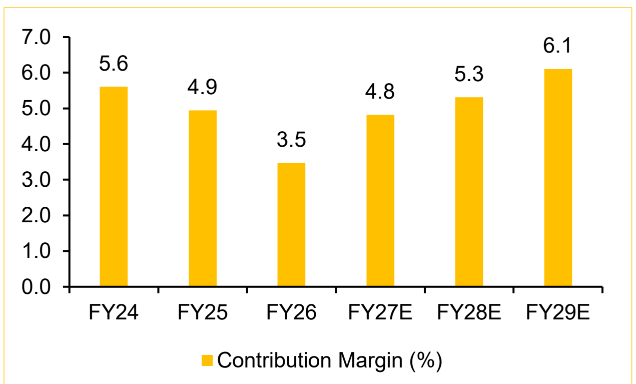
GMV anticipated to expand at a CAGR of 28% over FY26–29E



NMV expected to expand at a CAGR of 30.7% over FY26–29E



Contribution Margin to improve as Valmo Mix Scales



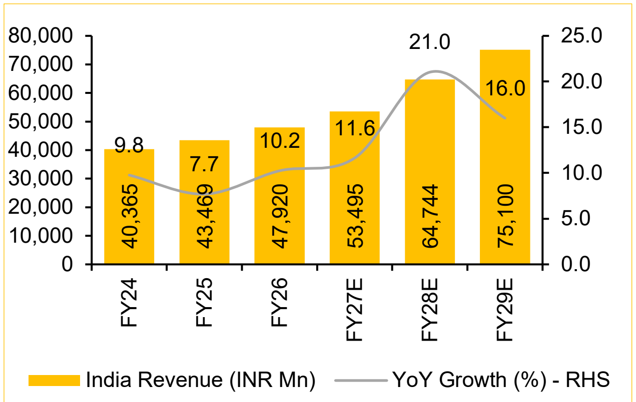
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	93,899	126,263	171,140	223,966	299,371
Gross profit	85,417	117,142	158,912	208,379	279,254
EBITDA	-5,785	-14,871	-3,546	1,300	11,988
Depreciation	340	468	2,714	2,872	3,099
EBIT	-6,125	-15,340	-6,260	-1,572	8,889
Other income	5,110	4,747	6,503	8,959	12,574
Interest expense	-69	-90	-88	-88	-88
PAT	-39,417	-13,577	116	5,460	15,988
EPS	-10.0	-3.1	0.0	1.3	3.7

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues (INR)	23.3	34.5	35.5	30.9	33.7
EBITDA	-	-	-	-	822.4
EBIT	-	-	-	-	-
Margin Ratios (%)					
Gross Profit Margin	91.0	92.8	92.9	93.0	93.3
EBITDA Margin	-6.2	-11.8	-2.1	0.6	4.0
EBIT Margin	-6.5	-12.1	-3.7	-0.7	3.0
Profitability (%)					
ROE	-	-	-	8.9	18.9
ROIC	-	-	-	-	10.0
ROCE	-	-	-	-	7.6
Financial Leverage					
EV/Revenue (x)	7.8	5.8	4.3	3.3	2.4
BVPS	3.7	10.0	11.3	14.0	19.4

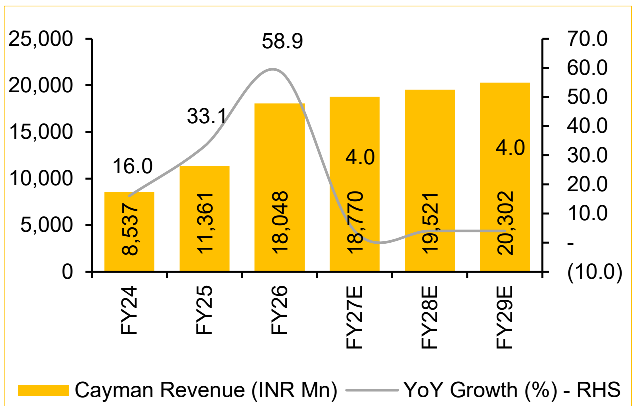
Convex Choices

Narayana Hrudayalaya I Rating – BUY I CMP: INR 1,932 I TP: INR 2,500

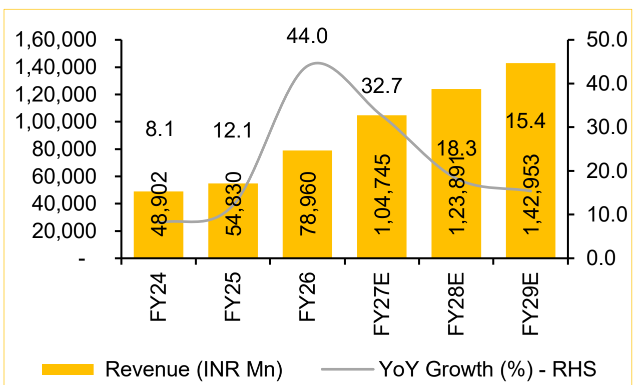
India Business to grow at ~16% CAGR over FY26–FY29E



Cayman Business to stabilise going forward



Revenue to grow at 21.9% CAGR over FY26–FY29E



Business Overview: NARH, headquartered in Bengaluru, is a leading multi-specialty healthcare provider focused on delivering affordable, high-quality tertiary and quaternary care. The company has a strong presence across India and international markets with a network of hospitals and heart centres, supported by advanced clinical capabilities in cardiac sciences, oncology, neurosciences and organ transplants. Its facilities emphasize high-volume care, technology adoption and cost-efficient delivery to improve accessibility and clinical outcomes.

Can the UK acquisition emerge as a significant long-term value creator for NARH?

The acquisition of Practice Plus Group (PPG) provides NARH with a scalable platform in a large developed healthcare market. Management aims to improve private payer mix and implement its technology stack to enhance efficiency and margins. While integration risks remain, successful execution could materially improve earnings and create a second growth engine outside India.

Can NARH replicate its Cayman success across larger international markets?

Narayana's Cayman business has evolved into a highly successful integrated healthcare and insurance model, delivering strong revenue growth and profitability. Building on this success, the company is now leveraging its technology infrastructure, operational expertise and integrated care capabilities to expand into larger international markets, particularly the UK. Management believes its ability to improve efficiency, lower costs and optimize patient flows can be replicated across geographies. While growth rates in Cayman are expected to moderate as the business matures, international expansion provides a significant runway for growth, revenue diversification and enhanced earnings scalability over the long term.

Can NARH sustain strong margins despite an aggressive expansion pipeline in India?

India hospital EBITDA margins have steadily improved through higher case complexity, robotic surgeries, transplant volumes and operational efficiencies. While upcoming greenfield projects may create temporary dilution, management remains confident that technology-led productivity gains and better case mix will support healthy profitability over the long term.

Will Narayana's India expansion strategy accelerate its next phase of growth?

NARH is entering a major growth cycle with nearly INR 3,000 crore of planned investments across key markets including Bengaluru, Kolkata and Raipur. Alongside hospital expansion, the company is rapidly scaling its clinic network and integrated-care ecosystem to strengthen patient acquisition and referral generation. With significant capacity additions expected over the next few years, the company is laying the foundation for stronger market share, higher patient volumes and improved operating leverage, creating a compelling long-term growth opportunity.

Why invest in NARH?

NARH offers a unique combination of industry-leading profitability, scalable integrated healthcare and insurance models, and a strong expansion runway across India and international markets. With technology-driven efficiency, rising case complexity, significant capacity additions, and value-accretive growth initiatives in the UK and Cayman, the company is well positioned to deliver sustainable earnings growth and long-term shareholder value.

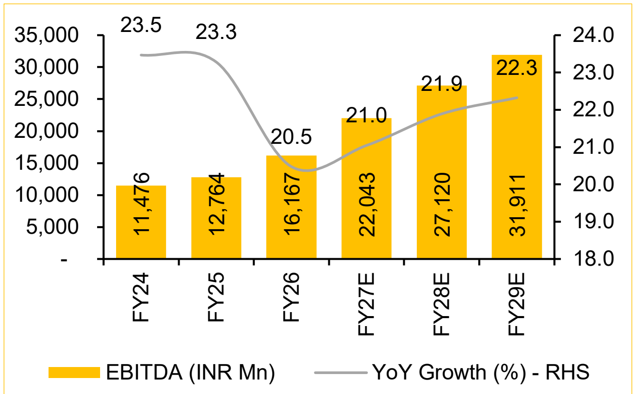
Recommendation: We currently have a **'BUY' rating** on the stock with a **target price of INR 2,500.**

Key Risks:

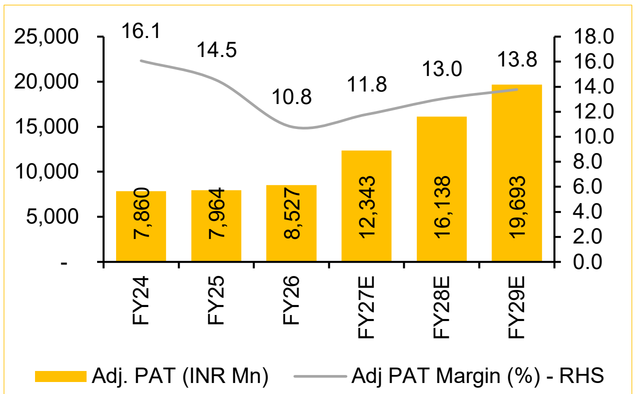
- **Execution risk on expansion:** Possible delays or cost overruns in the INR 3,000 Cr capex pipeline and bed expansion could impact return ratios and margins.
- **UK turnaround uncertainty:** The UK business operates at structurally lower margin and may take longer than expected to improve profitability.

Recent Report Link : Narayana Hrudayalaya Ltd_Q4FY26 Result Update

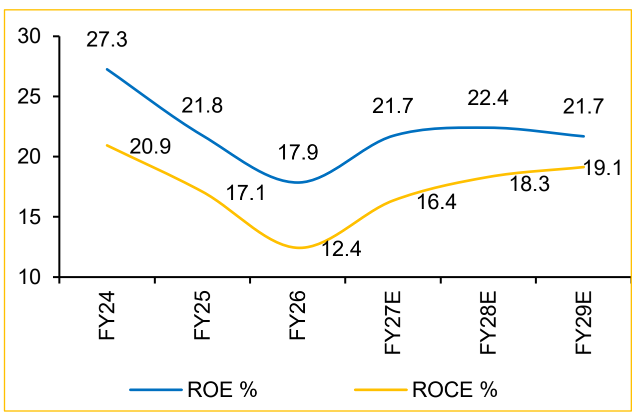
UK acquisition likely to impact EBITDA Margin



PAT to grow at 32.2% CAGR over FY26–FY29E



ROE & ROCE trend



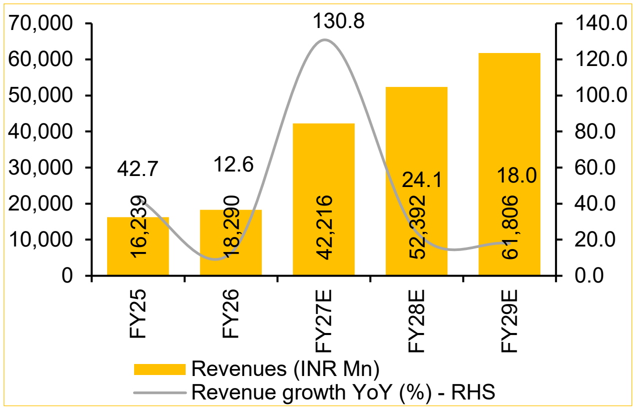
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	54,830	78,960	1,04,745	1,23,891	1,42,953
Gross profit	43,466	63,799	84,844	1,00,352	1,15,792
EBITDA	12,764	16,167	22,043	27,120	31,911
Depreciation	2,781	4,478	5,205	5,933	6,660
EBIT	9,983	11,689	16,838	21,188	25,251
Other income	920	1,002	1,203	1,203	1,203
Interest expense	1,464	2,437	3,346	3,178	3,010
PBT	9,355	9,688	14,694	19,212	23,444
Adj. PAT	7,964	8,527	12,343	16,138	19,693
Adj. EPS	39.0	41.7	60.4	79.0	96.4

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	12.1	44.0	32.7	18.3	15.4
EBITDA	12.6	46.8	33.0	18.3	15.4
PBT	11.2	26.7	36.3	23.0	17.7
PAT	5.8	3.6	51.7	30.7	22.0
Margins (%)	1.3	7.1	44.8	30.7	22.0
Gross Profit Margin					
EBITDA Margin	79.3	80.8	81.0	81.0	81.0
PBT Margin	23.3	20.5	21.0	21.9	22.3
Tax Rate	17.1	12.3	14.0	15.5	16.4
PAT Margin	15.6	16.3	16.0	16.0	16.0
Profitability (%)					
ROE	21.8	17.9	21.7	22.4	21.7
ROIC	15.6	11.8	15.3	17.1	17.6
ROCE	17.1	12.4	16.4	18.3	19.1
Financial Leverage (x)					
OCF/EBITDA	0.8	1.0	0.7	0.6	0.5
OCF/Net Profit	1.2	2.0	1.3	1.1	0.8
Debt to Equity	0.7	1.3	1.0	0.7	0.6
Interest Coverage	7.7	5.6	5.6	7.5	9.6
Working Capital					
Inventory Days	35.4	37.2	37.2	37.2	37.2
Debtor Days	37.0	30.3	30.3	30.3	30.3
Payable Days	38.2	47.7	45.0	45.0	45.0
Cash Conversion Cycle	34.2	19.8	22.5	22.5	22.5
Valuation Metrics					
No of Shares (Mn)	204.4	204.4	204.4	204.4	204.4
Adj EPS (INR)	39.0	41.7	60.4	79.0	96.4
BVPS (INR)	177.4	222.0	277.9	352.4	444.2
Market Cap (INR Mn)	3,94,886	3,94,886	3,94,886	3,94,886	3,94,886
PE	50.0	48.7	32.0	24.5	20.1
P/BV	10.9	8.7	7.0	5.5	4.3
EV/EBITDA	32.3	26.7	19.5	15.7	13.3
EV/Sales	7.5	5.5	4.1	3.4	3.0

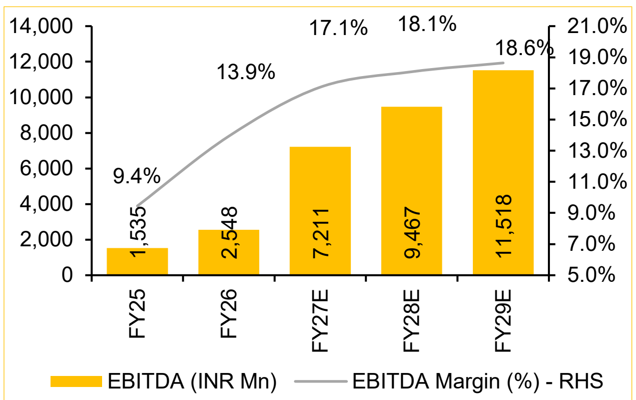
Nazara Technologies I Rating – BUY I CMP: INR 278 I TP: INR 400

Choice
Institutional Equities

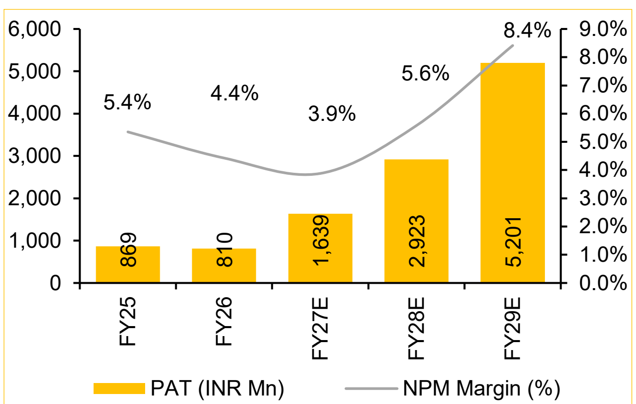
Revenue Expected to Expand at 50.1% CAGR over FY26–29E



EBITDA Anticipated to Expand at 65.3% CAGR over FY26–29E



PAT Projected at 85.9% CAGR over FY26–29E



Business overview: NAZARA's comprehensive portfolio spans several high-growth segments: **Gamified Early Learning** (Kiddopia for pre-schoolers and Animal Jam for older kids), **Esports** (Nodwin, a market leader in India and South Asia and Sportskeeda, a multi-sports content platform), **Freemium Gaming** (World Cricket Championship and global IPs, such as Love Island, Big Brother, King of Thieves and CATS acquired through Fusebox Games and ZeptoLab) and **Adtech** (Datawrkz). Notably, Nazara has also ventured into **Offline Gaming** with the acquisition of Smaaash and a stake in Funky Monkeys, delivering a 360-degree gaming and entertainment ecosystem that blends digital IPs with real-world experiences.

1. What were the key highlights from Nazara's Q4FY26 performance and outlook?

NAZARA reported Q4FY26 revenue of INR 3,978 Mn (-2.0% QoQ / -23.5% YoY), impacted by Nodwin's de-subsidiarisation and continued weakness in the Adtech business. Adjusting for Nodwin, revenue grew a healthy 8% YoY, driven by stronger execution across Kiddopia, Animal Jam, PC/Console publishing and the continued scaling of Fusebox's narrative gaming portfolio. Kiddopia delivered subscriber growth for the second consecutive quarter with improving LTV/CAC metrics, while Animal Jam benefited from stronger LiveOps and disciplined user acquisition. Looking ahead, **the proposed Bluetile & BestPlay acquisition, coupled with improving profitability across core gaming IPs and the Smaaash 2.0 rollout, strengthens growth visibility and supports sustained revenue acceleration in FY27–FY28E.**

2. What is the strategic impact of Nazara's acquisition of Bluetile and BestPlay?

Nazara's acquisition of a 50% stake in Bluetile and BestPlay marks a strategic entry into the rapidly growing in-app advertising (IAA)-led gaming ecosystem, broadening its portfolio beyond IP-led gaming. Bluetile brings a scaled casual gaming platform with 17 live titles, 375 million downloads and 22 million MAUs, while BestPlay adds a proprietary rewards-driven user acquisition and engagement engine. **Together, they create a full-stack gaming ecosystem integrating content, distribution and AI-led optimisation. The deal is expected to enhance monetisation, improve user lifetime value, reduce platform dependency and unlock meaningful cross-portfolio synergies across Nazara's gaming assets.**

3. What can investors expect regarding execution, catalysts and financial trajectory in 12–18 months?

NAZARA is increasingly transitioning into a globally diversified, gaming-first platform with improving earnings quality, strong cash conversion and rising operating leverage. Following portfolio rationalisation over the last two quarters, the business now operates on a structurally cleaner and higher-margin base, with gaming accounting for ~90% of FY26 EBITDA. Looking ahead, **incremental scale from Bluetile & BestPlay, continued execution of the Centre of Excellence (COE)-led operating playbook and deeper monetisation across owned IPs are expected to improve earnings visibility and support durable margin expansion. We believe current valuation do not fully capture the platform's improving profitability profile and long-term compounding potential.**

Valuation: We currently have a **'BUY'** rating on the stock, with a Target Price of **INR 400**.

Key risks:

RMG Regulatory Risk: The RMG industry in India faces significant regulatory headwinds.

Failure of IPs: Failure to continuously create new IPs could erode engagement and profitability, given long development cycles.

M&A Heavy Strategy: NAZARA has scaled up largely via acquisitions. Integration missteps could erode synergies and delay profitability.

Sub-Scale Presence in Segment: Not a dominant player across all gaming segments (except Nodwin).

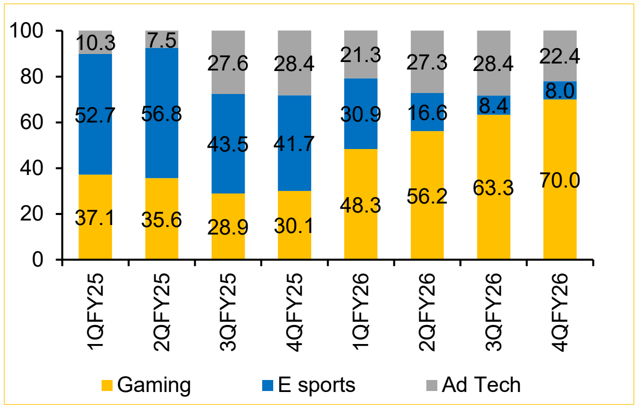
Recent Report Link :

Nazara Company Update

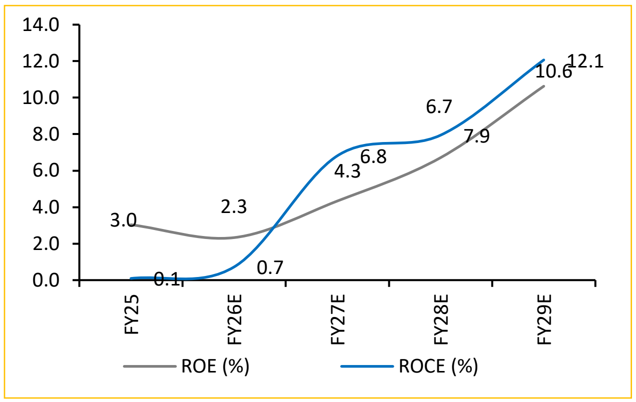
Q4FY26 Result Update

Convex Choices

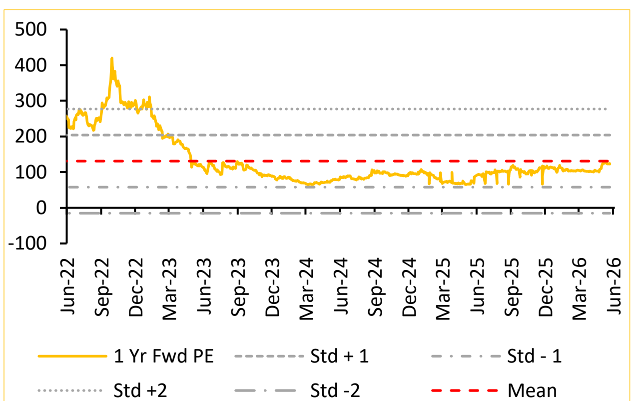
Led by Acquisition, Gaming Revenue Continues to Rise



ROE & ROCE trend



1-yr Forward PE Band



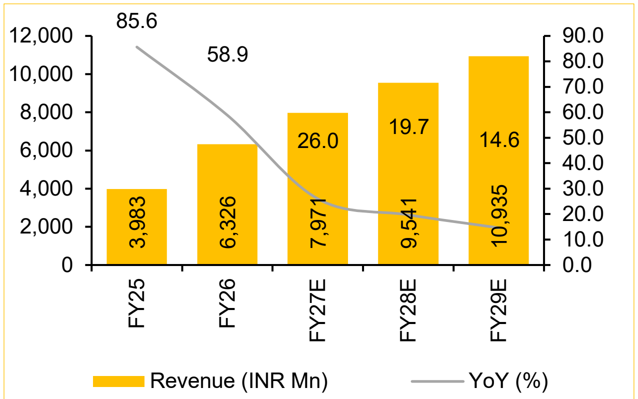
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	16,239	18,290	42,216	52,392	61,806
EBITDA	1,535	2,548	7,211	9,467	11,518
Depreciation	1,495	2,364	2,952	3,890	4,165
EBIT	40	184	4,259	5,577	7,353
Other income	915	12,436	408	786	824
Interest expense	99	225	1,104	979	943
Exceptional item	(77)	(11,943)	-	-	-
PAT before MI	625	671	2,329	3,807	5,201
Minority interest	535	(244)	691	884	-
PAT after MI	869	810	1,639	2,923	5,201
EPS	2.3	2.2	4.4	7.5	13.4

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues (INR)	42.7	12.6	130.8	24.1	18.0
EBITDA	20.0	66.1	183.0	31.3	21.7
EBIT	-87.8	363.6	2208.7	30.9	31.9
Margin Ratios (%)					
EBITDA Margin	9.4	13.9	17.1	18.1	18.6
EBIT Margin	0.2	1.0	59.1	58.9	63.8
Profitability (%)					
ROE	3.0	2.3	4.3	6.7	10.6
ROIC	0.2	0.9	8.4	11.7	11.1
ROCE	0.1	0.7	6.8	7.9	12.1
Financial Leverage					
OCF / Net profit (%)	69.2%	85.9%	278.9%	258.4%	176.9%
EV/ EBITDA (x)	61.0	36.4	13.0	9.7	7.7

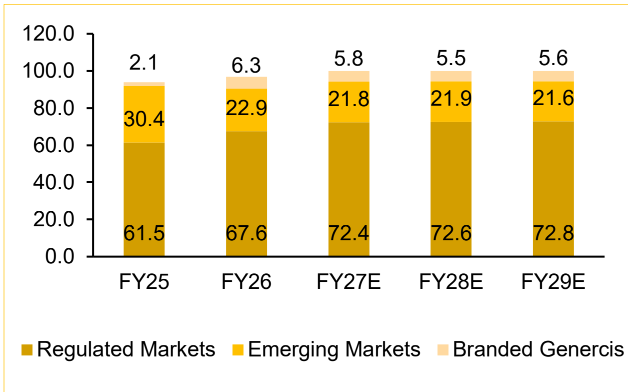
Senores Pharmaceuticals Ltd I Rating – BUY I CMP: INR 1,094 I TP: INR 1,165

Choice Institutional Equities

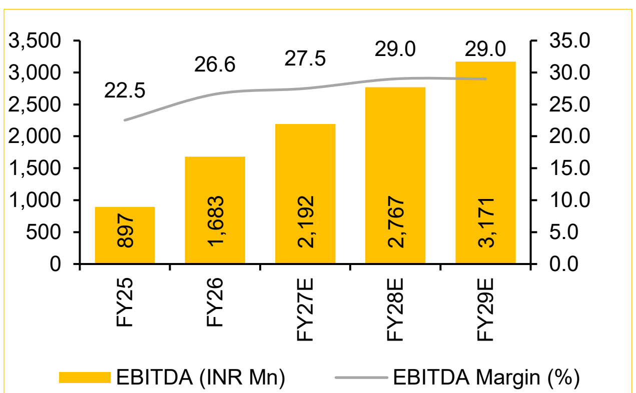
Revenue to expand at 20.0% CAGR (FY26–29E)



Segment contribution (as % of revenue)



EBITDA margin to continue to expand



Business Overview: Senores Pharmaceuticals (SENORES) develops and markets complex generics and niche formulations across regulated and emerging markets, exporting to 40+ countries. It operates a USFDA-approved oral solids facility in Atlanta and multiple plants in Gujarat (India), along with a new API unit for backward integration. The portfolio includes 51 approved owned ANDAs and a growing pipeline in peptides, injectables and specialty drugs, complemented by 478 approved products in emerging markets. Senores is also expanding its CDMO/CMO offering through strategic acquisitions, with Q4FY26 revenue showing strong double-digit growth across both, regulated and emerging markets.

How are regulated markets and Apnar-led scale-up shaping the next phase of growth for SENORES?

SENORES' growth is ***primarily being driven by strong execution in regulated markets***, where rapid expansion of its ANDA portfolio (from 26 to 51 approvals) and ~27 planned launches over the next 6-8 quarters provide strong revenue visibility. This is further strengthened by the ***Apnar facility***, which has already commenced commercialisation and is ***expected to contribute INR 800-1,000 Mn in FY27E***, scaling up to INR 1,800-2,000 Mn over the medium term. Together, these drivers significantly enhance the US scale, improve product flow and support sustained high growth momentum.

What supports margin expansion and diversified earnings growth across emerging and branded markets?

Beyond regulated markets, SENORES is ***building a strong second engine through emerging markets and branded generics***, supported by a large portfolio of 478 approved products and rapid geographic expansion. Emerging markets are increasingly focused on higher-value niche products, while branded generics in India are also scaling up, driven by deeper hospital penetration and portfolio expansion. ***This improving mix, combined with operating leverage from scale-up across segments, is expected to support sustained EBITDA margins of ~29–31%*** and strong PAT growth in FY27E.

Why Invest in SENORES?

SENORES is entering a high-growth phase supported by multiple levers:

- **Strong Regulated Market Execution:** The company is scaling up rapidly in the US generics, supported by expansion of its ANDA portfolio (26 → 51 approvals) and ~27 planned launches, including CGT and FTF opportunities, providing strong multi-year revenue visibility.
- **Monetisation of Apnar-led Capacity Expansion:** The newly integrated Apnar facility is entering its ramp-up phase, with expected revenue contribution of INR 800–1,000 Mn in FY27E, driving operating leverage and improving asset utilization.
- **Margin Expansion:** Backward integration through its API facility, coupled with better fixed-cost absorption and operating leverage from Apnar acquisition, is expected to drive EBITDA margin expansion in FY27E.

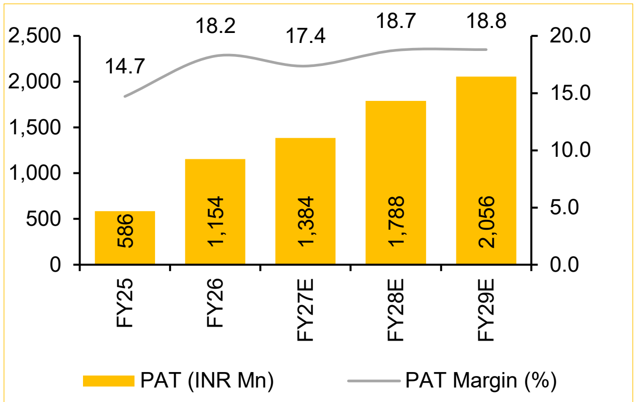
Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 1,165.

Key Risks:

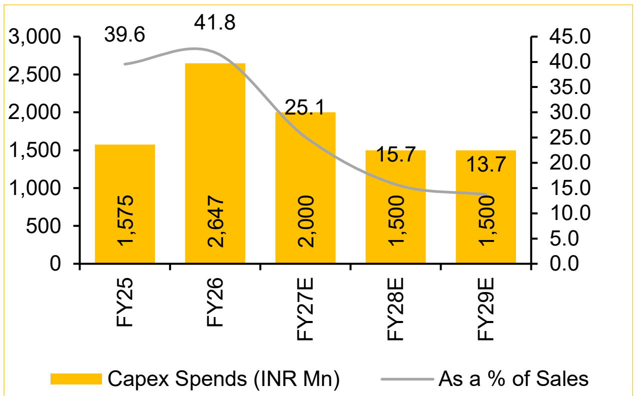
- **Execution Risk in US Launch Pipeline:** The company remains heavily dependent on timely execution of its ANDA pipeline and Apnar ramp-up; any delays in approvals, scale-up challenges, or slower-than-expected commercialization could impact near-term growth visibility.
- **Regulatory Compliance Risk:** Operating across regulated and emerging markets, the company remains exposed to risks of audit observations, import alerts or approval delays that could impact product timelines and market access.

Recent Report Link: Q4FY26 Result Update

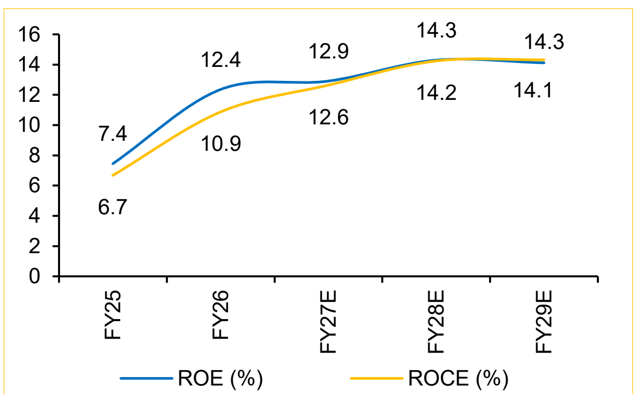
PAT growth to mirror EBITDA



Capex Spends



ROE & ROCE trend



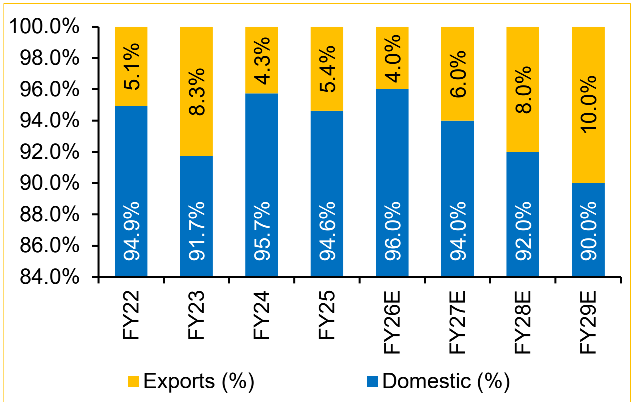
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	3,983	6,326	7,971	9,541	10,935
Gross Profit	2,176	3,810	4,862	5,868	6,725
EBITDA	897	1,683	2,192	2,767	3,171
Depreciation	168	313	436	549	661
EBIT	729	1,371	1,756	2,218	2,510
Other Income	193	471	279	334	383
Interest Expense	216	250	238	230	223
PBT	706	1,591	1,797	2,322	2,670
PAT	586	1,154	1,384	1,788	2,056
EPS (INR)	12.7	25.1	30.1	38.8	44.6

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	85.6	58.9	26.0	19.7	14.6
Gross Profit	100.7	75.1	27.6	20.7	14.6
EBITDA	115.7	87.6	30.2	26.2	14.6
PAT	86.2	97.0	19.9	29.2	15.0
Margins (%)					
Gross Profit Margin	54.6	60.2	61.0	61.5	61.5
EBITDA Margin	22.5	26.6	27.5	29.0	29.0
PBT Margin	17.7	25.1	22.5	24.3	24.4
Tax Rate	17.3	23.6	23.0	23.0	23.0
PAT Margin	14.7	18.2	17.4	18.7	18.8
Profitability (%)					
ROE	7.4	12.4	12.9	14.3	14.1
ROIC	5.7	8.7	10.1	11.3	11.4
ROCE	6.7	10.9	12.6	14.2	14.3
Financial Leverage (x)					
OCF/EBITDA	(0.5)	0.4	0.9	0.6	0.8
OCF/Net profit	(0.8)	0.5	1.5	1.0	1.2
Debt to Equity	0.4	0.4	0.3	0.2	0.2
Interest Coverage	3.4	5.5	7.4	9.6	11.3
Working Capital					
Inventory days	114	130	130	130	130
Debtor days	114	187	110	110	110
Payable days	136	340	200	150	150
Cash Conversion Cycle	92	(24)	40	90	90
Valuation Metrics					
No of Shares (INR Mn)	46.1	46.1	46.1	46.1	46.1
EPS (INR)	12.7	25.1	30.1	38.8	44.6
BVPS (INR)	170.7	202.7	232.8	271.6	316.3
Market Cap (INR Bn)	50.4	50.4	50.4	50.4	50.4
PE (x)	86.0	43.7	36.4	28.2	24.5
P/BV (x)	6.4	5.4	4.7	4.0	3.5
EV/EBITDA (x)	55.3	30.9	23.8	18.9	16.2
EV/Sales (x)	12.4	8.2	6.6	5.5	4.7

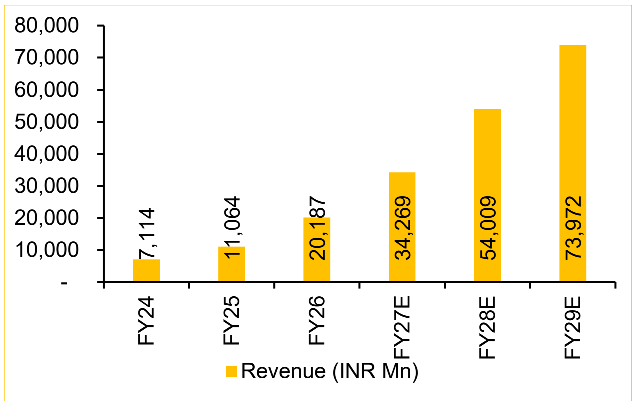
Shanti Gold I Rating – BUY I CMP: INR 219 I TP: INR 350

Choice Institutional Equities

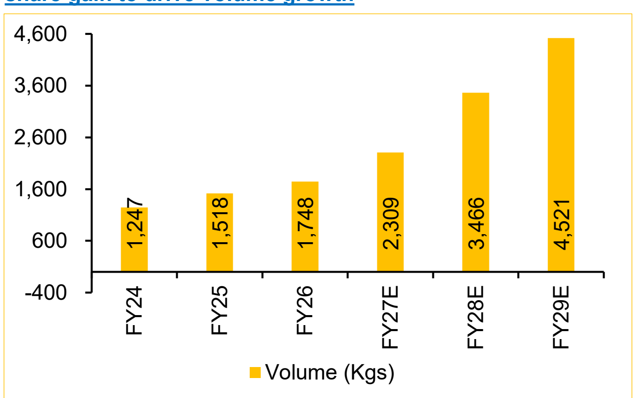
Rising export contribution reflects strategic global expansion



Revenue momentum to be sustained by capacity expansion



Capacity expansion, new product launches and market share gain to drive volume growth



Business Overview: **SHANTIGOLD**, originally founded as a partnership firm **M/s Shanti Gold** on **August 5, 2003**, is a leading manufacturer of 22kt CZ casting gold jewellery, offering a broad portfolio of intricately designed bangles, rings, necklaces and complete jewellery sets across wedding, festive and daily-wear categories. These have been tailored to diverse client preferences; it maintains strong relationships with major corporate jewellery retailers, such as **Joyalukkas India Limited**, **Lalithaa Jewellery Mart Limited**, **Alukkas Enterprises Pvt Ltd**, **Vysyaraju Jewellers Pvt Ltd** and **Shree Kalptaru Jewellers (I) Pvt Ltd**, serving customers across **13 Indian states, a solitary union territory** and **four international markets (the UAE, the US, Singapore and Qatar)**.

How is SHANTIGOLD positioning itself for high-growth in the next few years and what revenue visibility does the management provide in the light of its capacity expansion plans?

SHANTIGOLD is entering a high-growth trajectory supported by a sharp scale-up in manufacturing capacity. At present, the **company operates at ~2,700 kg per annum and is adding 4,000 kg in Mumbai along with 1,200 kg in Jaipur, with both facilities expected to be commissioned by H2FY27**. This expansion is aligned with rising outsourcing demand from large, organised jewellery retailers who prefer reliable, scaled manufacturing partners.

The management **has guided for 60–70% growth in FY27**, supported by (a) 30–40% volume growth, which is in line with H2FY26 volume growth post-IPO gold purchase **backed by new capacity addition, new product launches and expansion into the untapped North region** and (b) **Forecast ~30% gold price inflation based on the average FY26 gold price of INR 126,000/10gm**

What strategic initiatives is SHANTIGOLD undertaking to improve earnings quality and reduce volatility? How will export expansion, product diversification and financial risk management support sustainable margin stability?

Beyond revenue growth, SHANTIGOLD is enhancing the quality and sustainability of earnings through geographic diversification and tighter financial discipline. The company is reducing reliance on the domestic market by scaling up exports, **targeting an increase in export contribution from ~2% to 10%, supported by its newly-established Dubai office**.

Concurrently, it is broadening its **domestic playbook by entering the Mangalsutra segment and introducing a mass-market Turkish jewellery range, expanding its addressable market and targeting higher-volume categories.**

View & Valuation: We value the company using the DCF approach, having a **target price of INR 350, with a 60% upside and a BUY rating**. This equates to an **implied PE of 6.8x on FY28 EPS and a PEG ratio of 0.14.**

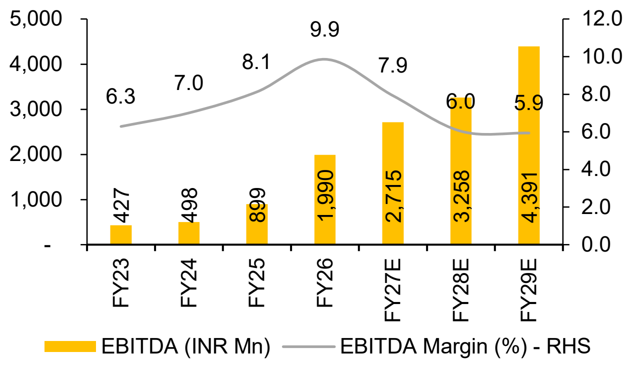
Risks:

- **Dependence on gold prices:** Profitability is sensitive to gold price fluctuations, impacting raw material cost and margin
- **High product concentration risk:** Dependence on 22kt CZ jewellery makes the company vulnerable to demand shifts towards 18kt and 14kt segments, potentially impacting revenue and profitability. However, the company's foray into plain gold jewellery and mangalsutra provides diversification and mitigates concentration risk, offering growth optionality.

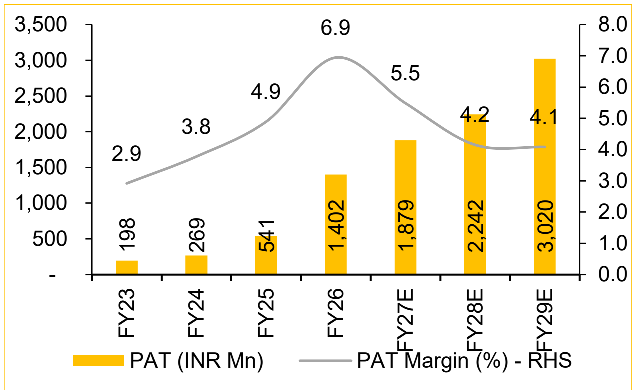
Result Update: Q4FY26 Result Note

Convex Choices

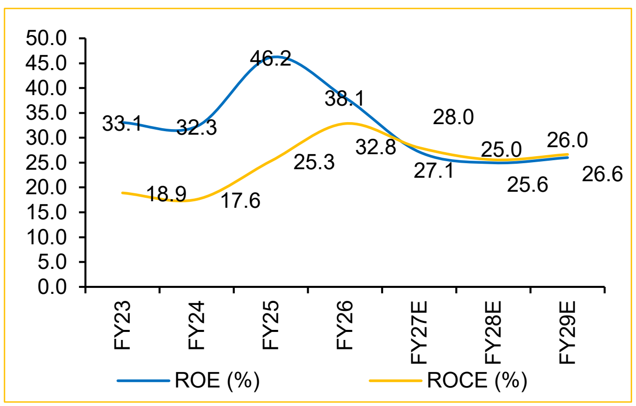
High cost inventory and increase share of low margin plain gold to reduce EBITDA margin



Strong PAT growth to continue with margin stabilising to historic levels



Return ratios are on a steady uptrend

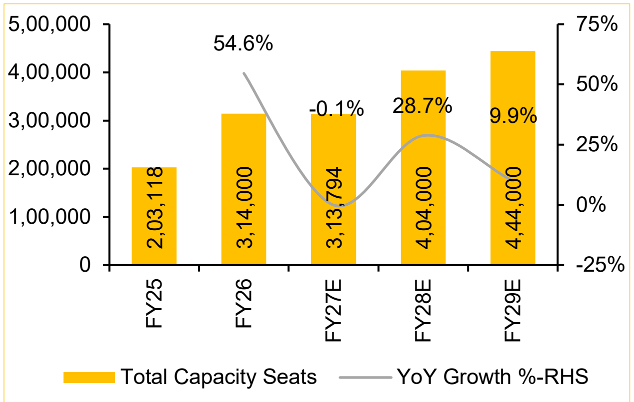


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	11,064	20,187	34,269	54,009	73,972
Gross Profit	1,055	2,191	3,068	3,814	5,153
EBITDA	899	1,990	2,715	3,258	4,391
Depreciation	57	61	93	111	147
EBIT	843	1,929	2,622	3,147	4,245
Other Income	61	98	120	162	185
Interest Expense	192	183	253	340	429
PBT	711	1,844	2,489	2,969	4,000
Reported PAT	541	1,402	1,879	2,242	3,020
EPS (INR)	10.0	21.2	28.5	33.9	45.7

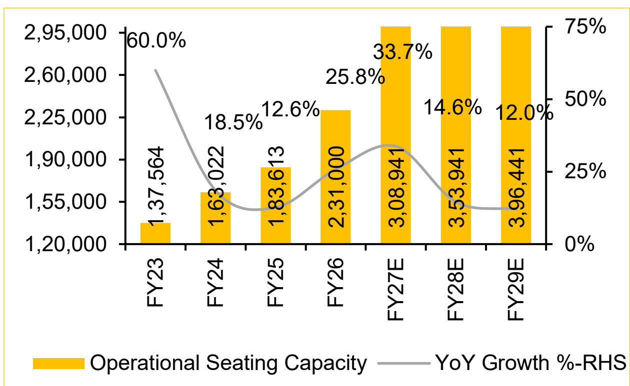
Ratio Analysis (%)	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenues	55.5	82.5	69.8	57.6	37.0
EBITDA	80.4	121.3	36.4	20.0	34.8
PAT	101.4	159.0	34.1	19.3	34.7
Margins					
Gross Profit Margin	9.5	10.9	9.0	7.1	7.0
EBITDA Margin	8.1	9.9	7.9	6.0	5.9
EBIT Margin	7.6	9.6	7.7	5.8	5.7
PAT Margin	4.9	6.9	5.5	4.2	4.1
Profitability					
ROE	46.2	38.1	27.1	25.0	26.0
ROIC	40.4	37.4	28.0	26.1	27.3
ROCE	25.3	32.8	28.0	25.6	26.6
Financial Leverage					
OCF/EBITDA (x)	(0.2)	(1.3)	(0.1)	(0.3)	(0.1)
Debt to Equity (x)	1.7	0.3	0.4	0.4	0.4
Nebt Debt to Equity (x)	1.6	0.3	0.3	0.4	0.4
Net Debt to EBITDA (x)	2.4	0.8	0.8	1.1	1.1
Working Capital					
Inventory Days (x)	43	44	48	41	36
Receivable Days (x)	43	49	45	45	45
Creditor Days (x)	2	2	2	2	2
Working Capital Days	84	91	91	84	80
Valuation Metrics					
No of Shares (INR Mn)	54.0	66.0	66.0	66.0	66.0
EPS (INR)	10.0	21.2	28.5	33.9	45.7
PE (x)	19.9	10.8	8.1	6.8	5.0
P/BV (x)	7.8	2.5	1.9	1.5	1.2
EV/EBITDA (x)	14.4	8.4	6.4	5.8	4.5
EV/Sales (x)	1.2	0.8	0.5	0.3	0.3

Smartworks Coworking Spaces Ltd I Rating – BUY I CMP: INR 451 I TP: INR 630

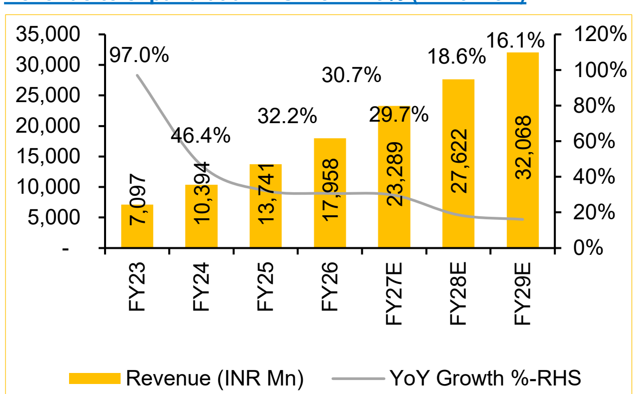
Total capacity seats to expand at a CAGR of 12.2% (FY26–29E)



Operational seats to expand at a CAGR of 19.7% (FY26–29E)



Revenue to expand at a CAGR of 21.3% (FY26–29E)



Business Overview: Smartworks Coworking Spaces Ltd (SMARTWOR), India's largest enterprise-focussed managed office platform, operates across 14 cities with a total super built-up area (SBA) of 16.1 msf and 10.1 msf already operational. It manages 66 centres in 15 cities and serves over 775 clients. Total seat capacity stands at 3.14 lakh seats (includes committed occupancy rate of 89% and 93%, respectively. The seats retention rate is 88%. Its B2B business model is anchored in long-term managed leasing contracts.

What are the key operational parameters which differentiate SMARTWOR from its peers?

SMARTWOR has **pioneered India's managed office segment, achieving 6x growth in four years** through an **asset-light strategy** centred on Grade-A properties across major cities. By **leasing entire buildings and campuses** – primarily from **non-institutional landlords, such as HNIs and family offices (76% of its portfolio)** – the company secures OIs, under fit-out and centres yet to be handed over) with overall occupancy rate and favourable terms, cost-efficiency and economies of scale. **Its annuity-driven model offers REIT-like cash flow predictability while scaling up faster**, supported by efficient cost structures and high utilisation. Mature centres operate at 88% occupancy with payback achieved in just ~36 months. SMARTWOR has one of the **lowest industry capex of INR 1,350 per sq ft and opex of INR 30–35 per sq ft**, this cost advantage leads to faster breakeven and stronger returns. Its enterprise-focussed model serving clients, such as Google, Groww and EY, **clients with >300 seats and over 1,000 seats contributing 69% and 37%, respectively, of FY26 revenue**, supporting sustainable growth.

How does SMARTWOR maintain stability amid market cyclicality?

SMARTWOR' business model is built to withstand market fluctuation through long-term agreements with both, landlords (~15 years) and enterprise clients (~4 years). This ensures stability in occupancy and rental income with a **revenue to rent ratio of 2.0x**. Revenue concentration is also well-managed — the **top 10 clients account for 20% of total income**, while **multi-city tenants contribute 31**%, adding depth and diversification. A **balanced geographical footprint across 19 clusters in 9 Indian Tier 1 cities,** 4 Tier-2 cities and Singapore minimises regional dependence. **The Tier 1 focus ensures premium demand and lower vacancy risk.** Even during COVID-19, SMARTWOR' mature centres maintained ~85% occupancy in their mature centres.

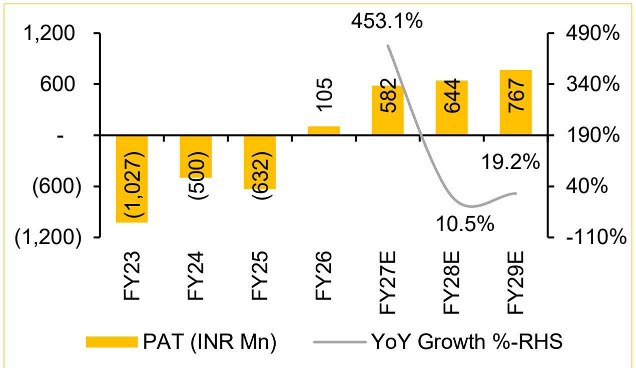
View & Valuation: We are constructive on SMARTWOR with a **'Buy'** recommendation and target price of **INR 630/share**, supported by a sustainable demand from GCCs and start-ups, alongside an expected improvement in profitability, going forward. Value the company at a **12-month forward EV/Adjusted EBITDA multiple of 15x, time-weighted.** Our **base case scenario** TP is INR 630/share and **upside scenario** (10–20% probability event) fair value is **INR 720/share**. On the other hand, our **downside scenario** (5–10% probability event) fair value is **INR 530/share**.

Risks:

SMARTWORKS relies heavily on GCCs and MNCs in IT and BFSI sectors, exposing it to sectoral slowdowns. Possible economic downturns or weaker startup funding may further dampen demand. With ~94% revenue from annuity rentals, it is highly vulnerable to demand shocks. Liquidity risk — trading volumes remain modest.

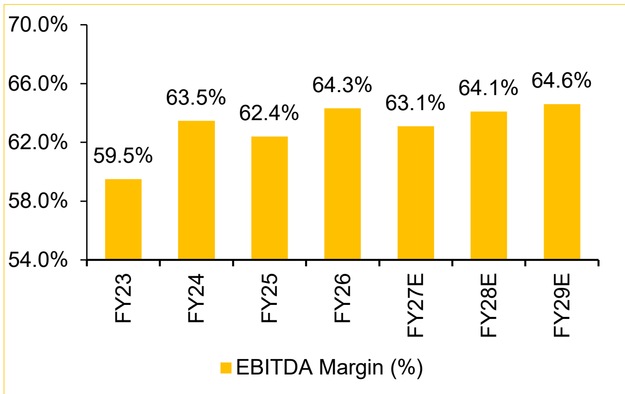
Recent Report Link : SMARTWOR_Q4FY26_Result Update

PAT is likely to expand at a CAGR of 93.9% (FY26E–FY29E)

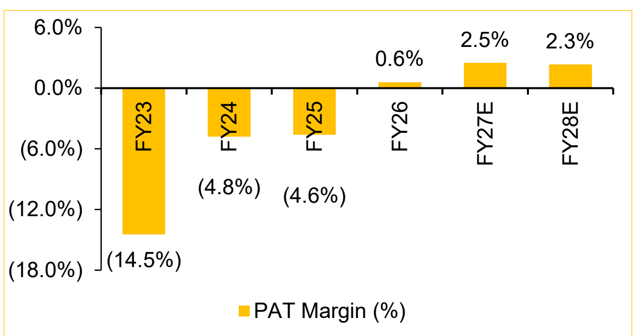


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	13,741	17,958	23,289	27,622	32,068
Gross Profit	9,580	12,910	16,419	19,750	23,089
EBITDA	8,573	11,551	14,696	17,707	20,717
Depreciation	6,360	8,293	10,104	12,434	14,624
EBIT	2,569	3,800	5,175	5,963	6,895
Interest Expense	3,363	3,661	4,398	5,116	5,872
Other Income	356	541	582	691	802
RPAT	(632)	105	582	644	767
EPS (INR)	(6.1)	1.0	5.1	5.6	6.7

EBITDA margin forecast to improve as more centres mature



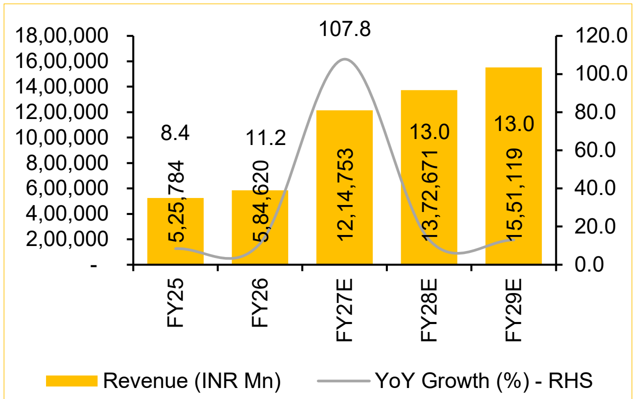
PAT margin anticipated to increase with project delivery



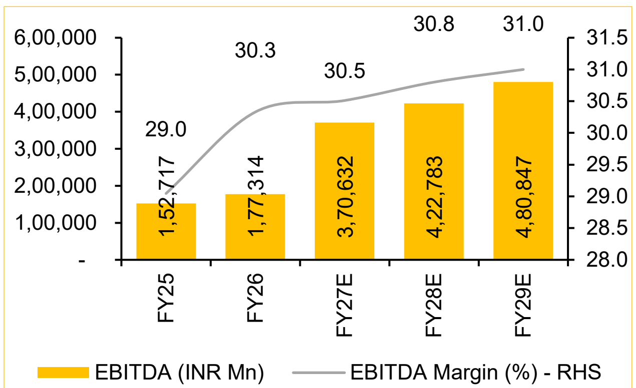
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	32.2	30.7	29.7	18.6	16.1
EBITDA (%)	30.0	34.7	27.2	20.5	17.0
PAT (%)	26.5	(116.7)	453.1	10.5	19.2
Margin Ratios					
EBITDA Margins (%)	62.4	64.3	63.1	64.1	64.6
PAT Margins (%)	(4.6)	0.6	2.5	2.3	2.4
Performance Ratios					
ROE %	(58.6)	2.0	9.9	9.9	10.5
ROCE %	50.8	51.5	68.9	77.4	83.9
ROA	(1.7)	0.2	1.0	1.0	1.1
Financial Stability Ratios					
Net Debt to Equity (x)	0.0	(0.1)	0.4	0.3	0.1
Net Debt to EBITDA (x)	0.3	(0.4)	1.5	0.8	0.2
Interest Cover (x)	2.6	2.4	1.8	4.1	9.5
Valuation Metrics					
Fully diluted shares (Mn)	103	114	114	114	114
Price (INR)	445	372	454	454	454
Market Cap(INR Mn)	45,920	42,506	51,875	51,875	51,875
PE(x)	(73.1)	391.6	89.1	80.6	67.6
EV/EBITDA (x)	5.7	3.7	3.5	2.9	2.4
Price to BV (x)	42.6	8.0	8.8	7.9	7.1

Sun Pharmaceutical Industries I Rating – BUY I CMP: INR 1,779 I TP: INR 2,300

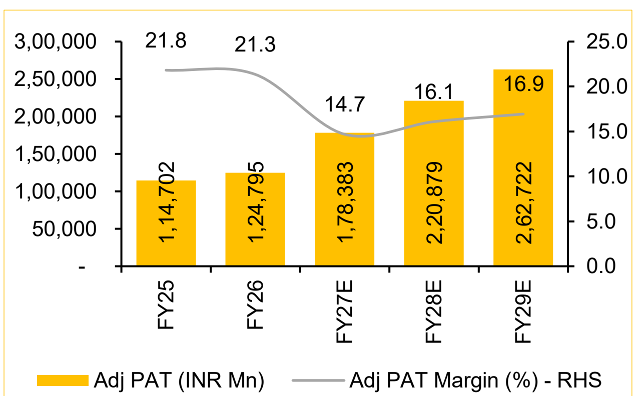
Revenue expected to grow at 38.4% CAGR (FY26–29E)



EBITDA Margin to stabilise at 30–31%



PAT Margin to decrease due to higher interest costs



Business Overview: SUNP is India's largest pharmaceutical company and a leading global specialty pharma player, with a diversified portfolio spanning branded formulations, specialty therapies, generics, APIs and consumer healthcare. The company has built a strong presence across India, the US and Emerging Markets, driven by specialty products such as Ilumya, Cequa, Winlevi and Leqselvi. Backed by increasing investments in innovation, biologics and specialty therapies, along with the proposed Organon acquisition, SUNP is transitioning from a branded generics-led business to a globally diversified, innovation-driven pharmaceutical platform with expanding exposure to specialty and biosimilar products.

What is driving SUNP's transition into a global specialty pharmaceutical leader?

SUNP has successfully ***transformed from a branded generics-focused company into a global specialty pharma player***, with innovative medicines crossing USD 1.1 Bn in US revenue during FY26. Growth is increasingly being driven by specialty products such as Ilumya, Cequa, Winlevi, Unloxcyt and Leqselvi, which offer superior margin and lower competitive intensity than traditional generics. This strategic shift is improving the quality of earnings while strengthening the company's global competitive positioning.

How will the Organon acquisition reshape SUNP's growth trajectory?

The proposed ***Organon acquisition is expected to be transformational***, significantly expanding SUNP's scale, strengthening its presence in biosimilars and increasing exposure to innovative products. The ***transaction is expected to diversify the revenue mix, enhance geographic reach***, particularly in China and create new pipeline opportunities. The management expects the acquisition to close by Q4FY27, positioning the company for its next phase of growth beyond its existing specialty portfolio.

What supports SUNP's long-term growth outlook across key markets?

SUNP continues to gain market share in India through volume-led growth and product launches, including Semaglutide. In the US, specialty products are expected to drive high single-digit growth, while Emerging Markets are witnessing a gradual shift from branded generics to innovative therapies. Coupled with a robust specialty pipeline, lifecycle expansions for existing brands and increasing R&D investments, ***the company remains well positioned to deliver sustainable double-digit growth over the medium term.***

Why Invest in SUNP?

- **Transformational Organon Acquisition (Global Scale + Women's Health):** SUNP has signed a ~USD 11.75 Bn deal to acquire Organon, marking one of the largest outbound pharma acquisitions by an Indian company. The deal significantly expands its global branded portfolio, especially in women's health, biosimilars, and established medicines, while adding distribution across ~140 countries.
- **Strong India Franchise + Chronic Therapy Leadership:** The company continues to dominate India's chronic therapy segments like cardiology, dermatology, and neurology, which are structurally higher growth than acute therapies.

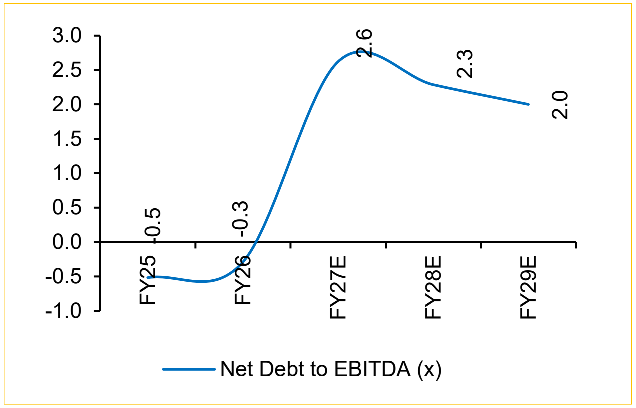
Recommendation: We currently have a 'BUY' rating on the stock with a target price of INR 2,300.

Key Risks:

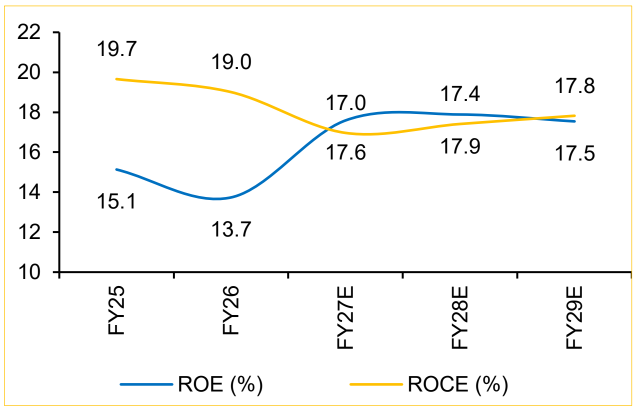
- **Elevated Leverage Post Acquisition:** The Organon acquisition is expected to materially increase Sun Pharma's debt burden, impacting balance sheet flexibility in the near term.
- **Regulatory & US Pricing Pressure:** A large share of revenues is still exposed to the US generics market, which remains highly competitive and subject to price erosion.

Recent Report Link: Q4FY26_Result_Update

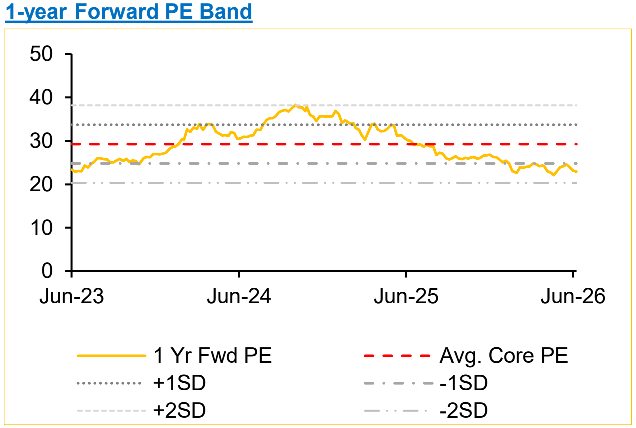
Net Debt to EBITDA to increase post acquisition



ROE and ROCE trend



1-year Forward PE Band



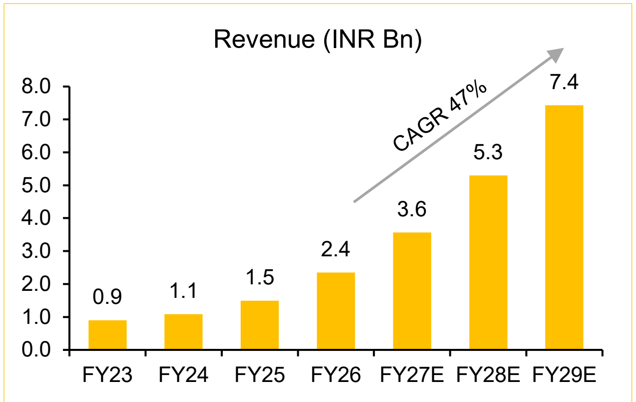
Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	5,25,784	5,84,620	12,14,753	13,72,671	15,51,119
Gross profit	4,18,311	4,69,184	8,12,952	9,12,826	10,31,494
EBITDA	1,52,717	1,77,314	3,70,632	4,22,783	4,80,847
Depreciation	25,754	29,379	57,033	59,033	61,033
EBIT	1,46,613	1,67,653	3,32,321	3,79,535	4,35,325
Other Income	19,650	19,717	18,722	15,786	15,511
Interest Expense	2,314	3,389	94,477	85,030	85,030
PBT	1,37,521	1,51,189	2,37,844	2,94,506	3,50,295
Adj PAT	1,14,702	1,24,795	1,78,383	2,20,879	2,62,722
EPS (INR)	47.8	52.0	74.3	92.1	109.5

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	8.4	11.2	107.8	13.0	13.0
Gross Profit	10.6	12.2	73.3	12.3	13.0
EBITDA	17.3	16.1	109.0	14.1	13.7
PAT	14.6	8.8	42.9	23.8	18.9
Margins (%)					
Gross Profit Margin	79.6	80.3	66.9	66.5	66.5
EBITDA Margin	29.0	30.3	30.5	30.8	31.0
PBT Margin	26.2	25.9	19.6	21.5	22.6
Tax Rate	20.2	23.5	25.0	25.0	25.0
PAT Margin	20.8	19.6	14.7	16.1	16.9
Profitability (%)					
ROE	15.1	13.7	17.6	17.9	17.5
ROIC	16.3	15.9	12.6	12.9	13.3
ROCE	19.7	19.0	17.0	17.4	17.8
Financial Leverage (x)					
Debt to Equity	0.0	0.1	0.9	0.8	0.6
Interest Coverage	63.4	49.5	3.5	4.5	5.1
Net Debt to EBITDA	-0.5	-0.3	2.6	2.3	2.0
Valuation Metrics					
No of Shares (Mn)	2399	2399	2399	2399	2399
EPS (INR)	47.8	52.0	74.3	92.1	109.5
BVPS (INR)	301.0	348.3	422.7	514.7	624.2
Market Cap (INR Bn)	4,269.3	4,269.3	4,269.3	4,269.3	4,269.3
PE (x)	37.2	34.2	23.9	19.3	16.3
P/BV (x)	5.9	5.1	4.2	3.5	2.9
EV/EBITDA (x)	32.8	28.8	14.1	12.4	10.9
EV/Sales (x)	9.5	8.7	4.3	3.8	3.4

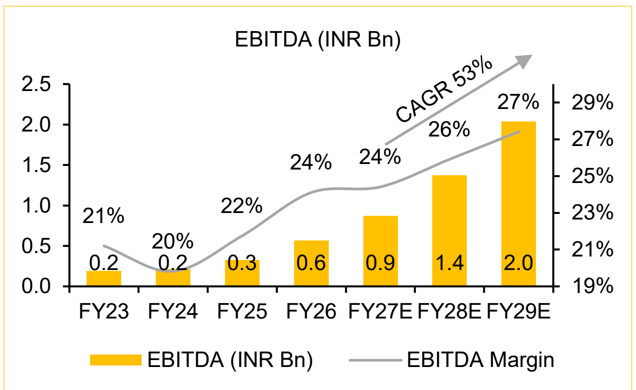
Yash Highvoltage I Rating – BUY I CMP: INR 748 I TP: INR 1,200

Choice Institutional Equities

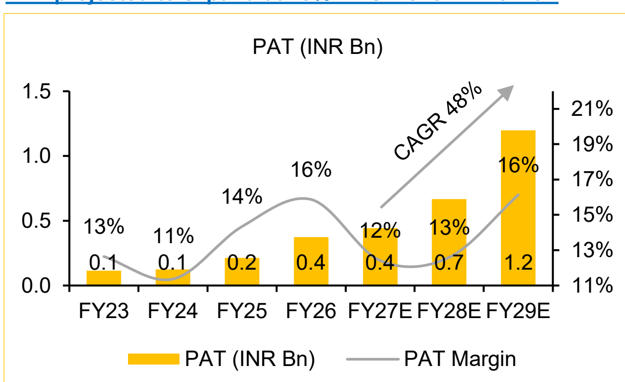
Revenue to expand at 47% CAGR over FY26–29E



EBITDA expected to expand at 53% CAGR over FY26–29E



PAT projected to expand at 48% CAGR over FY26–29E



Business Overview: YASHHV is **India's only listed pure-play transformer bushing manufacturer**, specialising in high-voltage condenser-graded Oil Impregnated Paper (OIP) and Resin Impregnated Paper (RIP) bushings used in power transformers. The company serves **utilities, EPC players and transformer OEMs** across 60+ countries, supported by vendor approvals from major customers including **NTPC, PGCIL and BHEL**. With over **45,000 bushings installed globally** and a growing focus on RIP technology, YASHHV is well-positioned to benefit from the ongoing **transmission and power infrastructure investment cycle** in India and overseas. The company is also undertaking a **greenfield expansion with backward integration** into RIP core manufacturing, strengthening its competitive positioning and profitability profile.

How is YASHHV well-positioned to benefit from the power transmission capex supercycle?

India is undertaking its largest-ever power infrastructure expansion, with the National Electricity Plan targeting **addition of 1,274 GVA of transformation capacity and 191,474 circuit kilometres of transmission lines by FY32**. Every high-voltage transformer deployed across this network requires minimum 7 bushings, creating a direct demand linkage for **transformer bushing manufacturers**. As a pure-play player with established utility approvals and strong relationships across OEMs and utilities, YASHHV is strategically positioned to participate in this long-term structural demand opportunity.

How will backward integration and capacity expansion support growth and margin?

YASHHV is **investing INR 1,530 Mn in a greenfield facility,** which will add approximately **6,000 units of annual capacity** while enabling **backward integration into RIP condenser core manufacturing**. The project is expected to reduce dependence on imports, **improve cost-efficiency, strengthen export competitiveness and enhance margin profile**. After expansion, the total manufacturing capacity is expected to increase to approximately **15,000 units annually**, supporting the management's long-term revenue growth aspiration of ~40% revenue CAGR over the next four to five years.

What gives YASHHV a sustainable competitive advantage in transformer bushings?

Transformer bushings represent one of the most specialised and qualification-intensive segments in the power equipment industry. YASHHV is among **fewer than 12 independent manufacturers globally** (ex-China) and remains the only pure-play Indian player in this niche. New supplier qualification can take **8–10 years since it requires stringent utility testing** and reliability assessment, causing significant entry barriers. YASHHV holds an **estimated 18% share of the domestic addressable bushing market** (OIP + RIP, 66 kV–245 kV), supported by its strong positioning as one of the few independent specialist suppliers in the segment.

View and Valuation: YASHHV is well-positioned to benefit from India's transmission capex upcycle, supported by capacity expansion, backward integration and increasing exports of higher-margin RIP bushings. We project **Revenue/EBITDA/PAT CAGR of 47%/53%/48%**, respectively, over FY26–29E, driven by a **strong demand visibility, improving product mix and operating leverage**. We have a 'BUY' rating and a DCF-based **target price of INR 1,200, implying 60% upside** from the current level. The target price implies a **P/E of ~51x FY28E EPS and ~29x FY29E EPS, with a PEG ratio of 1.1x**.

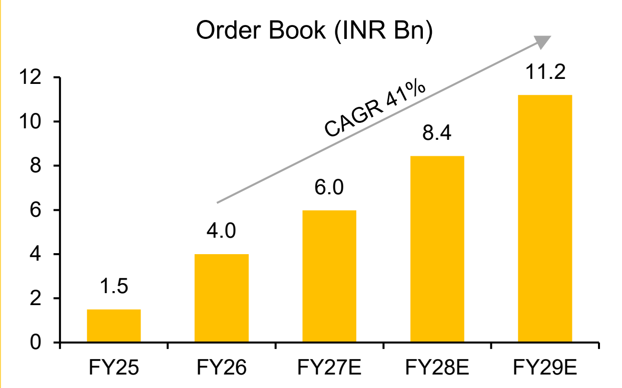
Valuation: We currently have a 'BUY' rating on the stock with a target price of INR 1,200.

Key Risks: 1) Customer concentration, 2) Possible qualification delays, 3) Probable power capex slowdown, 4) Chances of greenfield project execution delays, 5) Import dependence, 6) Slower-than-expected RIP adoption and 7) Competitive pricing risk.

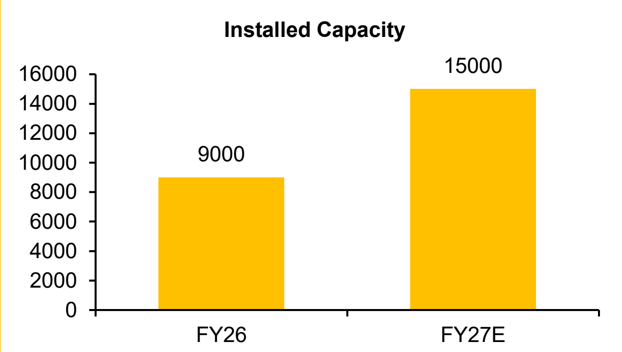
Recent Report Link : Initiation

Convex Choices

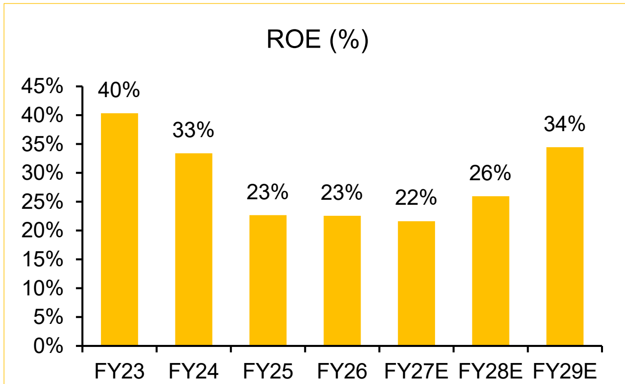
Robust Order Book Provides Strong Revenue Visibility



Vadodara Greenfield adds 6,000 Units — Total Capacity Scales up to ~15,000 Units pa



ROE Trajectory Improving with Scale and Profitability Gains

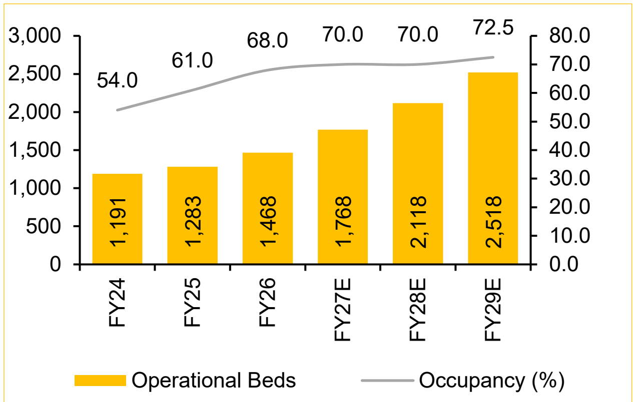


Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,496	2,352	3,570	5,297	7,430
Gross Profit	677	1,098	1,678	2,569	3,715
EBITDA	325	567	871	1,372	2,037
Depreciation	31	63	264	475	443
EBIT	295	504	608	897	1,594
Other Income	20	58	27	40	56
Interest Paid	32	40	44	47	51
Adj. PAT	214	373	443	667	1,199
EPS (INR)	8.9	13.1	15.5	23.4	42.0

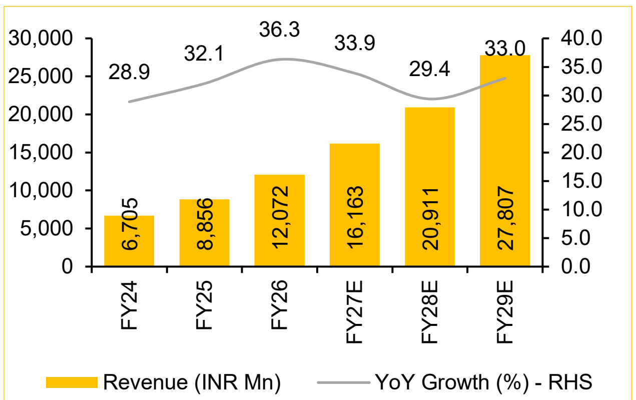
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	37.9%	57.2%	51.8%	48.4%	40.3%
EBITDA	51.3%	74.2%	53.7%	57.5%	48.4%
EBIT	52.8%	70.9%	20.7%	47.7%	77.6%
PAT	74.0%	74.1%	18.6%	50.6%	79.6%
Margins (%)					
Gross Margin	45.3%	46.7%	47.0%	48.5%	50.0%
EBITDA Margin	21.8%	24.1%	24.4%	25.9%	27.4%
PAT Margin	14.3%	15.9%	12.4%	12.6%	16.1%
Profitability (%)					
ROE	22.7%	22.5%	21.6%	25.9%	34.5%
ROCE	26.9%	26.1%	25.6%	30.6%	41.2%
Turnover ratios					
Asset Turnover (x)	1.1	1.0	1.2	1.4	1.5
Receivable Days	49	45	45	45	45
Inventory Days	114	140	140	140	140
Payable Days	79	59	59	59	59
Cash Conversion Cycle Days	84	126	126	126	126
Liquidity Ratios					
Current ratio (x)	2.9	2.0	2.4	2.9	3.5
Quick ratio (x)	2.2	1.0	1.5	2.0	2.5
Interest cover (x)	9.1	12.7	13.9	18.9	31.1
Total Debt/Equity (%)	0.2	0.2	0.2	0.1	0.1
Valuation Metrics					
PER (x)	83.7	57.2	48.2	32.0	17.8
EV/Sales (x)	11.7	9.1	5.9	3.8	2.6
EV/EBITDA (x)	53.7	37.9	24.0	14.8	9.5

Yatharth Hospital & Trauma Care I Rating – BUY I CMP: INR 839 I TP: INR 1,050

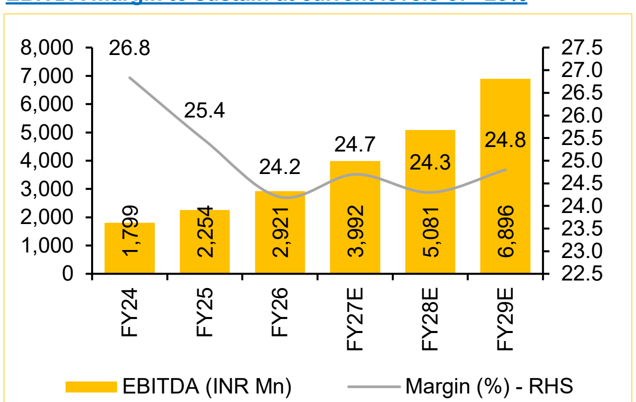
Targeting occupancy to reach +72% by FY29E



Revenue to expand at 32.1% CAGR over FY26–FY29E



EBITDA margin to sustain at current levels of ~25%



Business Overview: YATHARTH is a leading hospital network in North India, operating seven multi-specialty hospitals with a strong footprint across the Delhi-NCR region. Since FY21, the company has expanded its capacity from 1,100 beds to +2,500 beds as of Q4FY26, while having an occupancy rate of 71% and achieving an ARPOB of INR 33,283. Looking ahead, YATHARTH plans to scale up its capacity to more than 3,000 beds by FY28E, primarily within Delhi-NCR. Over this period, the company is targeting a revenue CAGR of approximately 30%, while sustaining a EBITDA margin of around 25%.

Can YATHARTH's cluster-based expansion strategy drive sustained long-term growth?

YATHARTH has successfully built dominant healthcare clusters across Noida and Faridabad and is now replicating this model in Gurugram and other North Indian markets. The strategy allows the company to leverage brand recognition, doctor recruitment, referral networks, and operational synergies across multiple hospitals within the same geography. Management expects to scale beyond 5,000 beds ahead of schedule, with nearly 70% of future expansion likely through acquisitions in proven healthcare markets. This disciplined and asset-focused approach reduces execution risks while providing a strong runway for market share gains, revenue growth, and operating leverage over the coming years.

Can new hospitals and acquisitions meaningfully enhance profitability?

The recently launched hospitals in Delhi and Faridabad, along with the Agra acquisition, are ramping up faster than management expectations. These facilities already contributed around 11% of Q4 revenue and are reporting encouraging occupancies, healthy ARPOBs, and favorable patient mixes. Agra is already profitable with double-digit EBITDA margins, while Delhi and Faridabad are expected to achieve EBITDA breakeven within 12–15 months.

Will premiumization and specialty expansion support higher ARPOB growth?

YATHARTH continues to improve its revenue mix through increasing contributions from oncology, robotic surgeries, bone marrow transplants and international patients. Mature hospitals such as Greater Noida and Noida Extension have delivered strong ARPOB growth, while newer facilities are already operating at premium realization levels. The upcoming Gurugram hospital is expected to generate ARPOB exceeding INR50,000, supported by cash-paying, insured, and international patients.

Can medical tourism and international patient inflows become a key growth driver?

YATHARTH is increasingly positioning itself as a destination for medical value travel through international outreach programs, overseas partnerships, and its association with the newly operational Noida International Airport. International patient volumes are already contributing to ARPOB growth at key hospitals, particularly in Noida and Greater Noida. The company is also expanding its presence in Africa, the Middle East, and CIS countries through medical centres and outreach initiatives. As connectivity improves and specialized services expand, medical tourism could become an important source of high-margin revenue and long-term growth.

Why invest in YATHARTH?

YATHARTH revenue grew 36% in FY26 while maintaining EBITDA margins above 24%, despite adding nearly 1,000 beds. The company aims to expand from over 3,200 announced beds to 5,000 beds within three years, supported by a proven cluster-based strategy across NCR and North India. New hospitals in Delhi, Faridabad, and Agra are ramping up faster than expected, while premium assets such as Gurugram are expected to drive higher ARPOB and margins. Strong cash generation, a net cash balance sheet, rising medical tourism, improving payer mix, and management's confidence of surpassing FY26 growth rates provide strong visibility for sustained earnings growth.

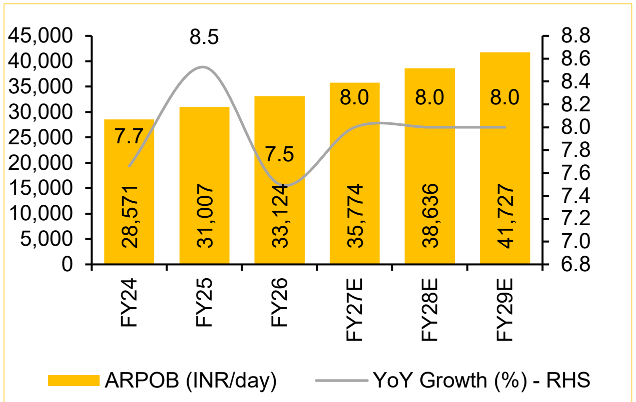
Recommendation: We currently have **a 'BUY' rating** on the stock with **a target price of INR 1,050.**

Key Risks:

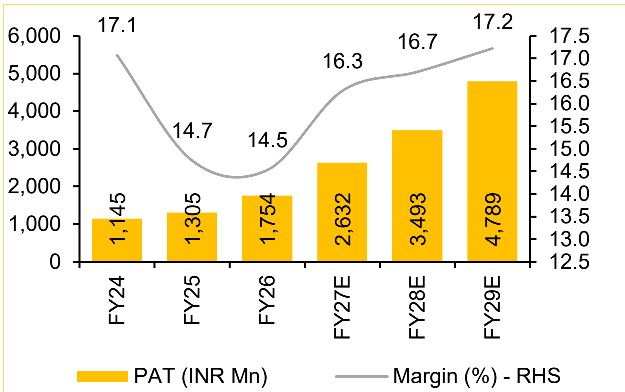
- **Competition:** The rise of new or well-established competitors in the healthcare sector could erode YATHARTH's market share and reduce patient inflow, affecting the hospital's growth and sustainability
- **Operational Challenges:** The planned expansion of bed capacity to 3,000 beds could pose operational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

Recent Report Link : Yatharth Hospital & Trauma Care Services Q3FY26 Result Update

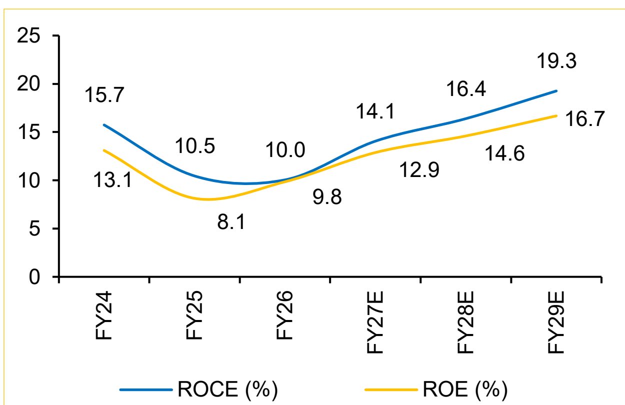
ARPOB expected to grow by ~8% every year



PAT poised for growth with improving margin



ROE & ROCE trend



Income Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	8,856	12,072	16,163	20,911	27,807
Gross profit	7,092	9,726	13,055	16,869	22,432
EBITDA	2,254	2,921	3,992	5,081	6,896
Depreciation	572	878	763	744	878
EBIT	1,682	2,043	3,229	4,337	6,018
Other Income	110	258	291	314	334
Interest Expense	75	65	65	65	65
PBT	1,717	2,236	3,455	4,585	6,286
PAT	1,305	1,754	2,632	3,493	4,789
EPS (INR)	14.3	18.2	27.3	36.3	49.7

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	32.1	36.3	33.9	29.4	33.0
EBITDA	25.3	29.6	36.7	27.3	35.7
PBT	9.5	30.2	54.5	32.7	37.1
PAT	14.0	34.3	50.1	32.7	37.1
Margins (%)					
Gross Profit Margin	80.1	80.6	80.8	80.7	80.7
EBITDA Margin	25.4	24.2	24.7	24.3	24.8
PBT Margin	19.4	18.5	21.4	21.9	22.6
Tax Rate	24.0	23.8	23.8	23.8	23.8
PAT Margin	14.7	14.5	16.3	16.7	17.2
Profitability (%)					
ROE	8.1	9.8	12.9	14.6	16.7
ROIC	10.9	8.7	11.8	13.5	15.8
ROCE	10.5	10.0	14.1	16.4	19.3
Financial Leverage (x)					
OCF/EBITDA	0.9	1.1	1.0	0.8	0.0
OCF/Net Profit	1.6	1.8	1.5	1.1	0.0
Debt to Equity	0.0	0.1	0.1	0.1	0.1
Interest Coverage	22.4	31.3	49.4	66.4	92.1
Working Capital					
Inventory Days	43	32	30	30	30
Debtor Days	124	113	100	100	100
Payable Days	12	33	33	33	33
Cash Conversion Cycle	156	112	97	97	97
Valuation Metrics					
No of Shares (Mn)	96.4	96.4	96.4	96.4	96.4
EPS (INR)	14.3	18.2	27.3	36.3	49.7
BVPS (INR)	166.6	184.8	212.1	248.4	298.1
Market Cap (INR Mn)	80,812	80,812	80,812	80,812	80,812
PE	58.5	46.1	30.7	23.1	16.9
P/BV	5.0	4.5	4.0	3.4	2.8
EV/EBITDA	34.0	27.7	20.3	16.0	11.8
EV/Sales	8.6	6.7	5.0	3.9	2.9

Choice
Institutional Equities

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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 stasis 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
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