

Midas Strategy Note

CY26: Riding India's Structural Growth with Tactical Discipline

December 2025



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Executive Summary: Positioning for CY26: India Leads the Next Growth Phase

→ Global Macro Backdrop

- Global growth remains steady; **India expected to outperform EMs and DMs.**
- **US Fed has entered a rate-cut cycle**, with gradual easing likely to weaken the USD and **support capital flows into emerging markets.**

→ India Macro Outlook

- **Real GDP expected to grow at ~7.4% CAGR (FY25–FY27E)**, driven by consumption revival, credit growth, and policy support.
- Liquidity measures (repo cuts, CRR reduction, OMO/VRR), **GST rationalisation**, and income tax relief to boost demand.
- **MSMEs emerge as a key growth engine**, supporting exports and employment.

→ Rate Cuts & Market Implications

- Past RBI rate-cut cycles show **strong recovery in PMI, IIP, and non-food credit growth.**
- **Nifty 50 returns post rate-cut cycles have been largely positive** across 3M, 6M, and 1Y horizons.

→ Valuations & Equity Outlook

- **Nifty 50 trading near +1 SD of its 10-year average P/E**; valuations largely normalized.
- Past trends indicate **healthy medium-term returns** at current valuation levels.
- **Valuation dispersion across sectors** creates opportunities for rotation.

→ Sectoral Opportunities

- **Attractive / below long-term averages:** FMCG, Media, Banks & Financials (P/B), Auto, Infrastructure, Realty.
- **Relatively expensive:** Metals, Energy, Commodities, select Pharma pockets.

→ Macro Tailwinds

- **Brent crude down >25% from recent highs**, positive for India's fiscal balance and CAD.
- Controlled INR depreciation (~3–4% annually) remains **macro-benign and export supportive.**

→ Key Risks to Monitor

- **US tariff risks** and global trade disruptions impacting select export sectors.
- **AI capex vs monetisation mismatch**, raising risk of valuation compression.
- **Geopolitical tensions and de-dollarisation**, with implications for global liquidity and rates.

→ Strategy Stance

- **Constructive on India for CY26.**
- Prefer a **balanced portfolio**: domestic cyclicals and consumption plays, supplemented by defensives, while exploiting valuation-led sector rotation.

Global Macro



Global Growth Expectation

Global growth on steady pace; India to outperform emerging & developed markets

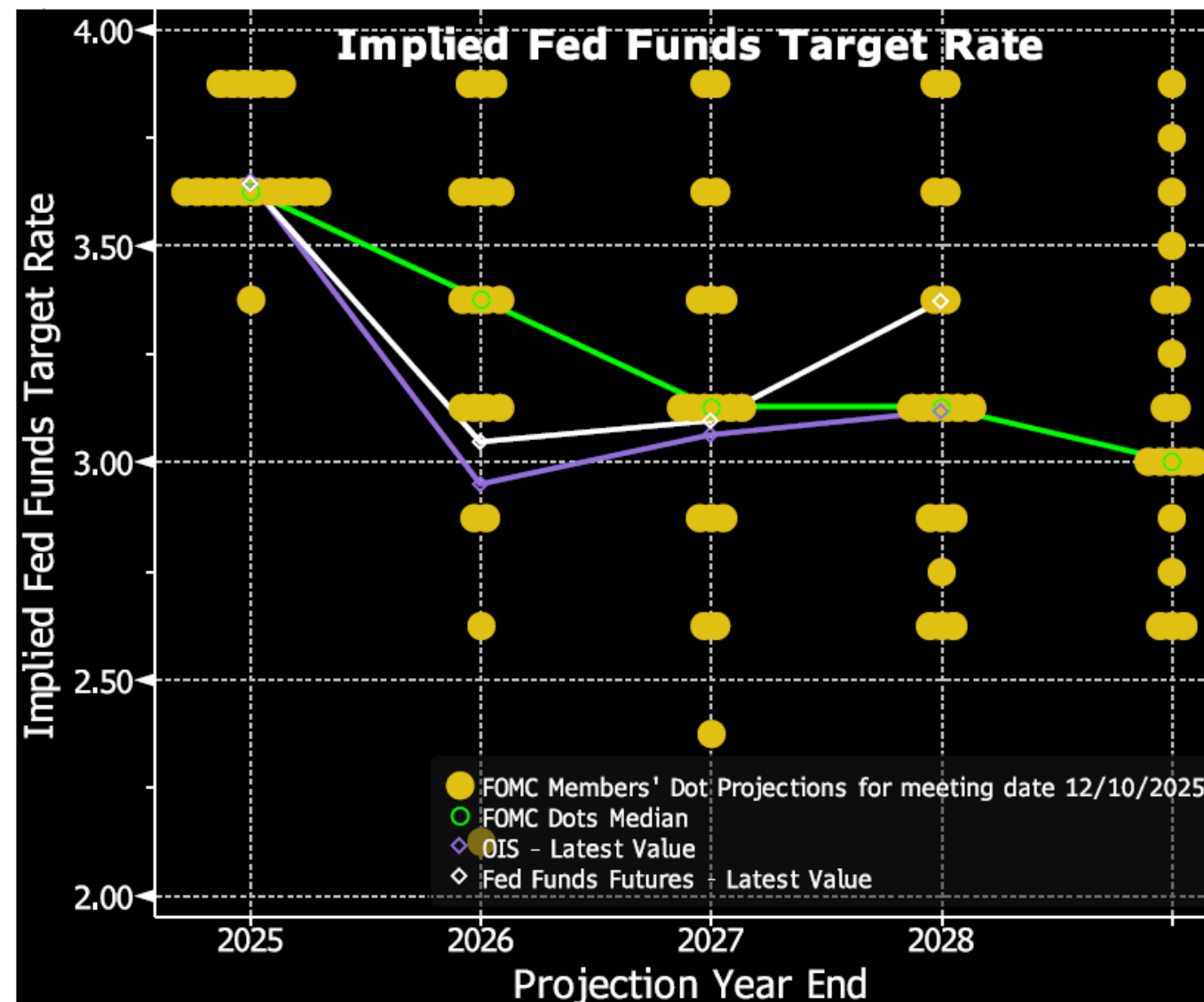
Global growth expectation for 2026

	2024	2025E	2026E	2027E
Global	3.3	3.3	3.1	3.2
US	2.8	2	1.9	1.9
EuroZone	0.8	1.4	1.1	1.6
Germany	-0.5	0.3	0.7	1.7
France	1.1	0.7	0.9	0.9
Italy	0.7	0.5	0.8	0.8
Spain	3.5	2.9	2.5	1.9
Japan	-0.2	1.2	0.5	0.5
UK	1.1	1.5	1.1	1.4
China	5	4.9	4.4	4.2
India	6.7	7.6	6.8	6.6
LatAm	2	2.4	2.1	2.6
EM	4.3	4.5	4.1	4.1

Source: IMF,EY, Spark PWM

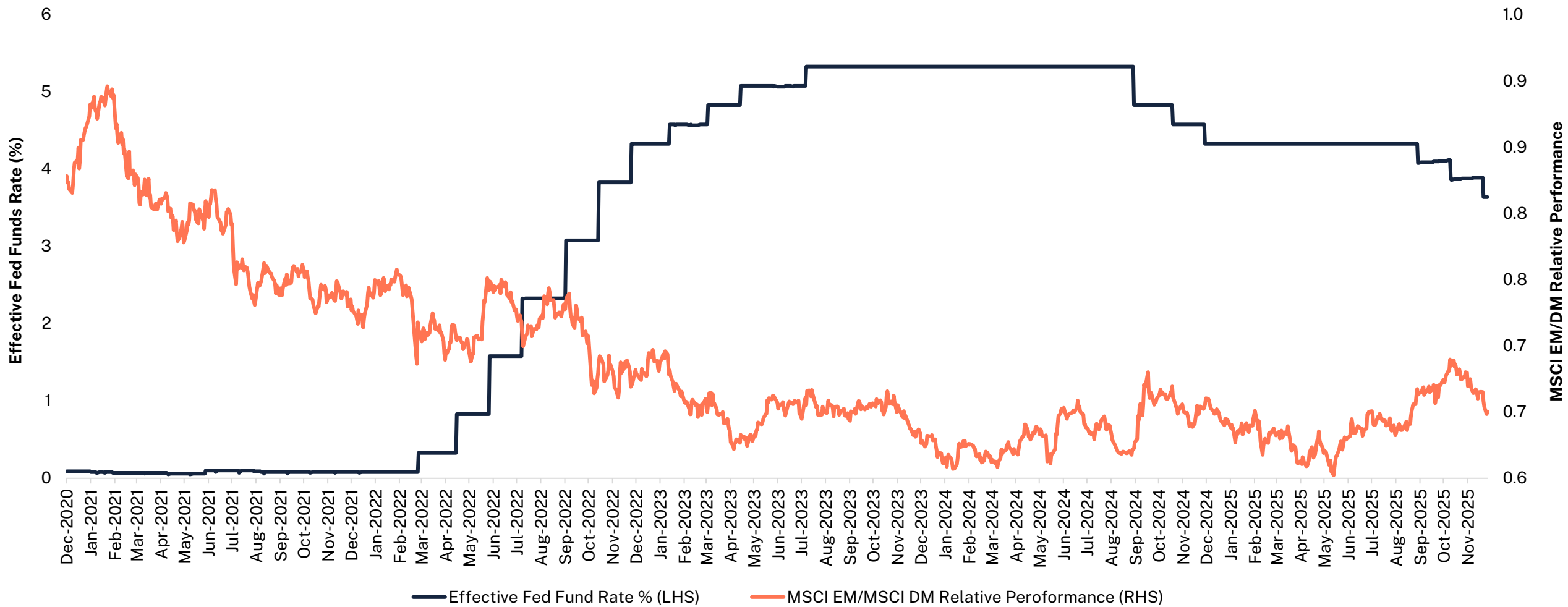
FOMC Dot Plot Signals a Gradual Easing

- The rate-cut cycle appears to have begun, with the Fed indicating a gradual move toward ~3% over the medium term.
- Market pricing aligns with the near term but anticipates a quicker easing cycle ahead, driven by expectations of moderating growth and inflation.
- The spread in Fed forecasts points to uncertainty over where rates ultimately settle, suggesting policy decisions will remain guided by incoming data beyond 2026.



Case for Reversal of Flows Into Emerging Markets

Emerging markets tend to underperform when the US dollar strengthens due to higher Fed rates. Accordingly, the current US rate-cut cycle should weaken the dollar and drive a reversal of flows into emerging markets.



Source: Bloomberg, Spark PWM

Global Currencies' Performance Against the USD

Mixed currency trends

Currency/ Commodity	1Y % change vs USD	Country status
Japan	1%	DM
Euro	13%	DM
Australia	6%	DM
Canada	4%	DM
Average DM	6%	
South Africa	10%	EM
China	4%	EM
Indonesia	-3%	EM
India	-6%	EM
S.Korea	-2%	EM
Brazil	11%	EM
Turkey	-18%	EM
Mexico	13%	EM
Average EM	1%	
Gold	67%	
Silver	127%	

Currency Performance Trends

- Currency movements against the US dollar were mixed over the past year. Developed market currencies remained broadly stable, with modest strength in the euro, Canadian dollar, and Australian dollar, while the Japanese yen was volatile but ended broadly flat amid expectations of policy normalisation.
- Emerging market currencies showed higher volatility. Latin American currencies were relatively resilient, whereas Asian currencies underperformed. The Indian rupee depreciated modestly in line with its long-term trend, while Turkey remained an outlier.
- Precious metals outperformed financial assets, with gold and silver posting strong gains, reinforcing their role as hedges amid currency volatility and geopolitical risks.
- Dollar resilience persists, with rising divergence across currencies. Emerging market central banks allow controlled depreciation to support competitiveness. For India, a three to four percent annual rupee depreciation has been broadly consistent with the average seen over the past few years.

Note: EM – Emerging market; DM – Developed Market , 1Y Change - Index = 100, on Dec 19th, 2024; Data from Dec 19th, 2024, to Dec 19th, 2025.
Source: Bloomberg, Spark PWM

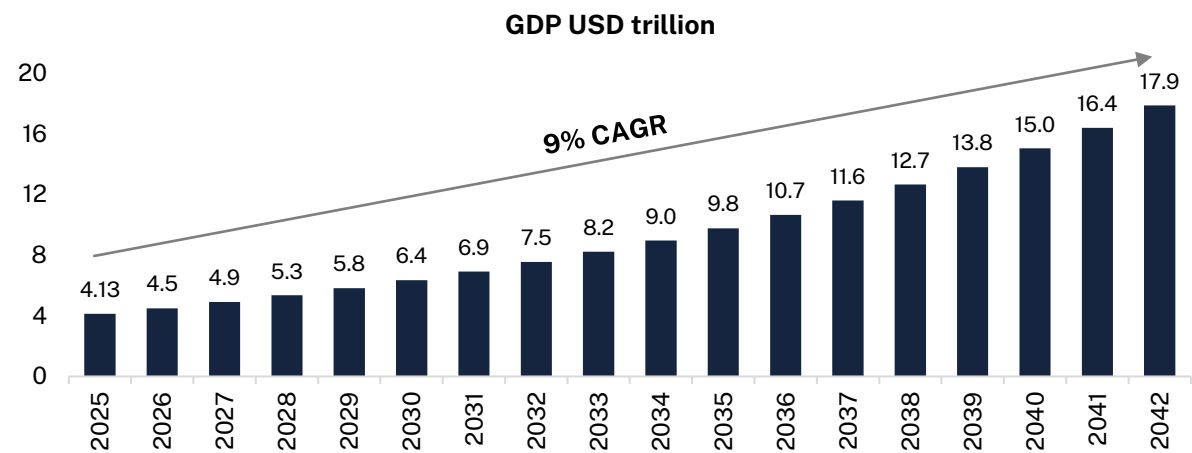
India Outlook



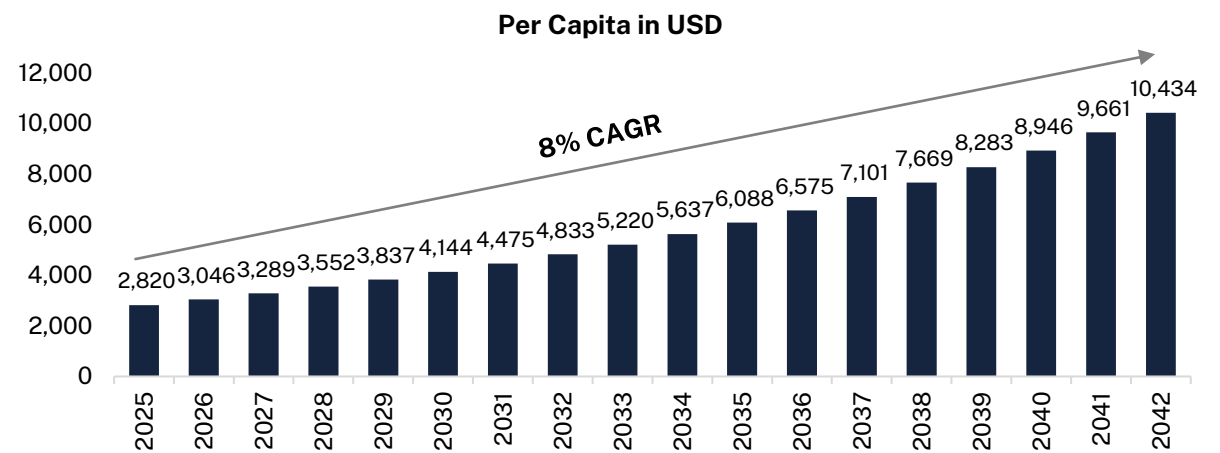
India – The Fastest-growing Economy

India: the next multi-million-dollar opportunity

GDP to quadruple by 2042 and double every 7-8 years.....



.....Per capita to rise in line with GDP



When China doubled its GDP, discretionary spending surged.....

Particulars	2007	2011	CAGR
GDP (USD tn)	3556	7492	20%
GDP Per Capita (USD)	2691	5553	20%
Cars (mn)	4.79	10.12	21%
Home Refrigerators (mn)	43.97	87	19%
Air Conditioners (mn)	80.14	139.12	15%
Home Washing Machine (mn)	40.05	66.71	14%
Necessities			
Salt (mn tons)	62	67	2%
Refined Sugar (mn tons)	13	12	-2%

.....extrapolating China’s growth across sectors suggests that the following sectors could be key beneficiaries

Particulars	Remark
Autos	A discretionary play
Finance	A key beneficiary of economic upcycle
Consumer	Discretionary consumer to drive growth
Ancillary beneficiary	Capital goods, engineering, realty, etc.

Apart from improvements in discretionary spending, MCAP also rises faster than GDP growth.

In US\$	World		US		India	
CAGR	Mkt. Cap.	GDP	Mkt. Cap.	GDP	Mkt. Cap.	GDP
20-year	7%	5%	8%	4%	12%	9%
15-Year	7%	4%	11%	5%	8%	7%
10-Year	9%	3%	12%	5%	13%	7%
5-Year	7%	5%	11%	6%	16%	7%

Source: CEIC data, stats.gov, IMF, Spark PWM

Consumption stimulus of almost Rs 10L crs

8th Pay Commission Rs. 3.7 lakh cr by FY27-28

8th CPC likely by Aug'27, with retrospective effect from Jan'26.

- Expected salary hike of 15%
- Covers pay, allowances, pensions, and retirement benefits of Central Government employees and pensioners.

GST rate cut Cumulative ~Rs. 2 lakh cr of annual tax revenue forgone.

GST simplified to two slabs: 5% and 18% (from 12% and 28% for most items).

- Lower tax burden, simplify GST, support consumption, correct inverted duty structures, and support MSMEs and manufacturers.

Repo rate cuts ~Rs. 1.94 lakh cr

125 bps (1.25%) in CY2025 (Total of 4 rate cuts).

- Inflation remained within the RBI's target range.
- Economic growth was resilient.

Union Budget FY26 Rs. 1 lakh cr

No income tax up to Rs. 12 lakh.

- Higher disposable income.
- Higher consumption, savings, and investment.

Fiscal deficit at 4.4% of GDP (FY26)

- Government expenditure at Rs. 50.65 lakh cr (FY26).

RMG ban ~Rs. 71.4k cr

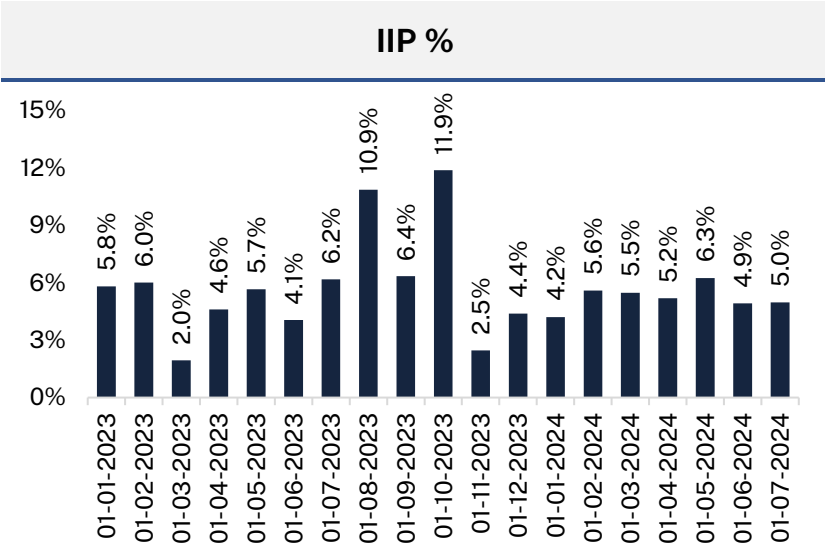
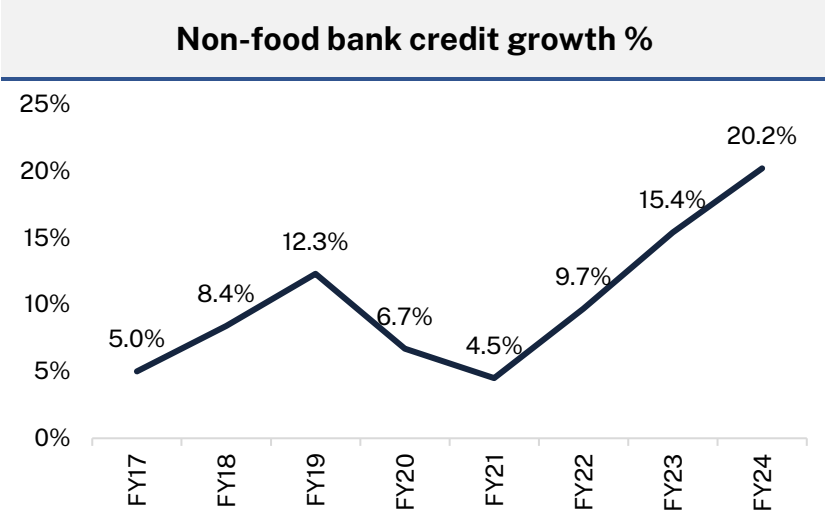
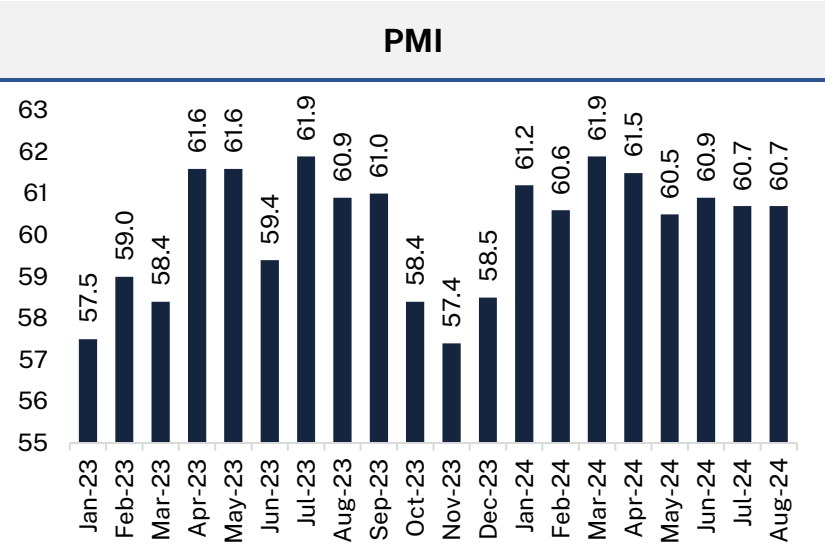
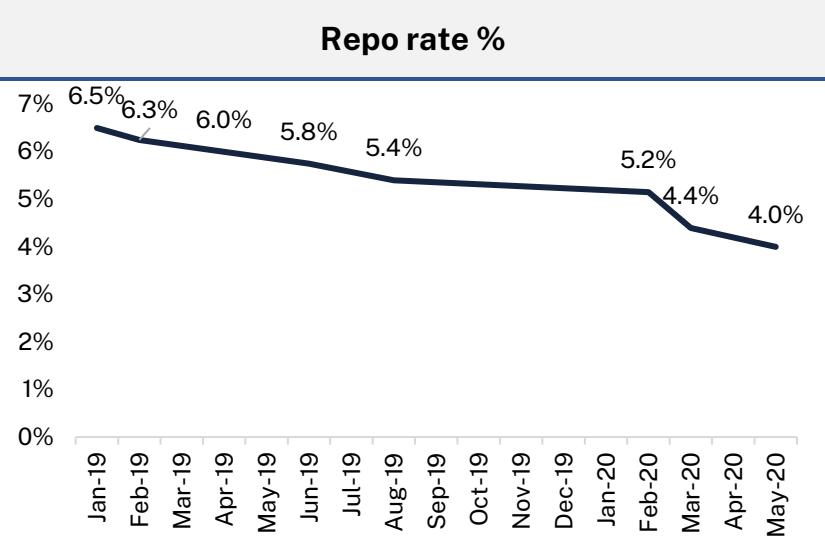
Complete ban on online real money games across India.

- Government data indicates more than 45 cr people incurred combined losses of > Rs. 20,000 cr in RMG.
- Ads, promotion, facilitation, and financial transactions are prohibited on RMG platforms.
- Action taken due to social risks and regulatory gaps.

Economy on a Good Wicket (1/2)

What we saw in the previous rate-cut cycle

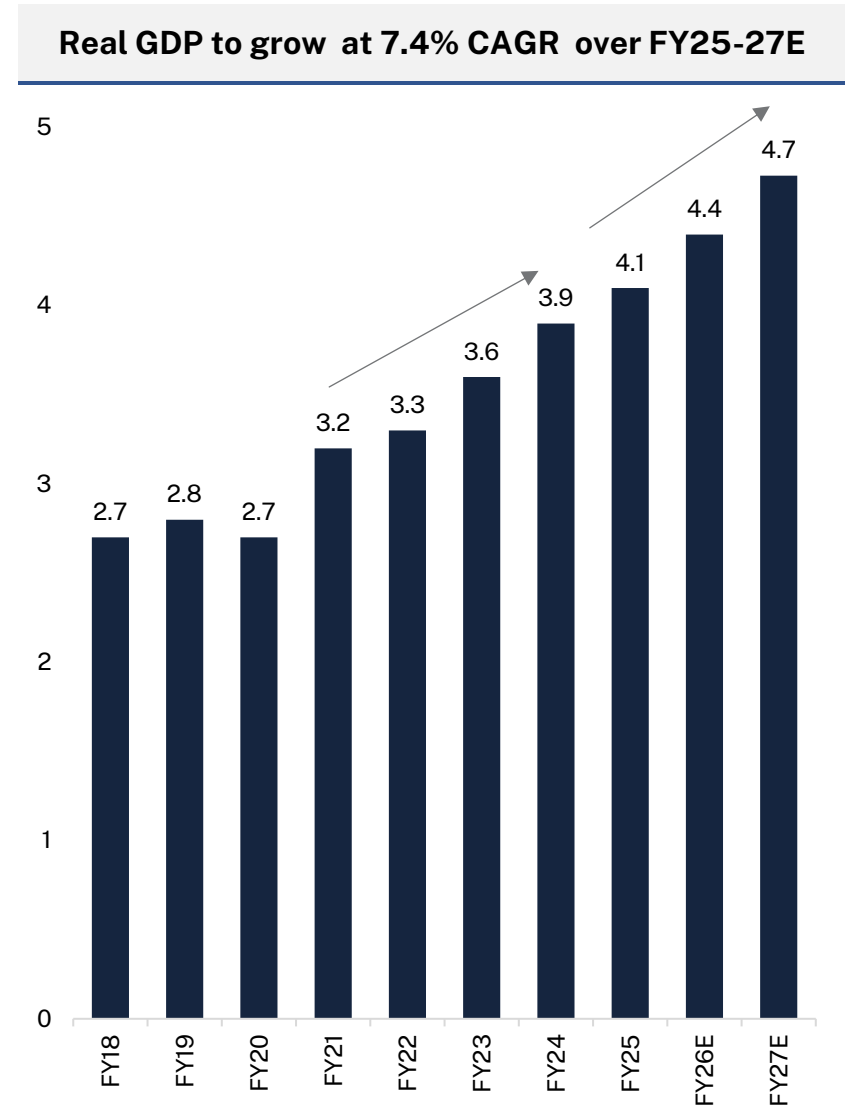
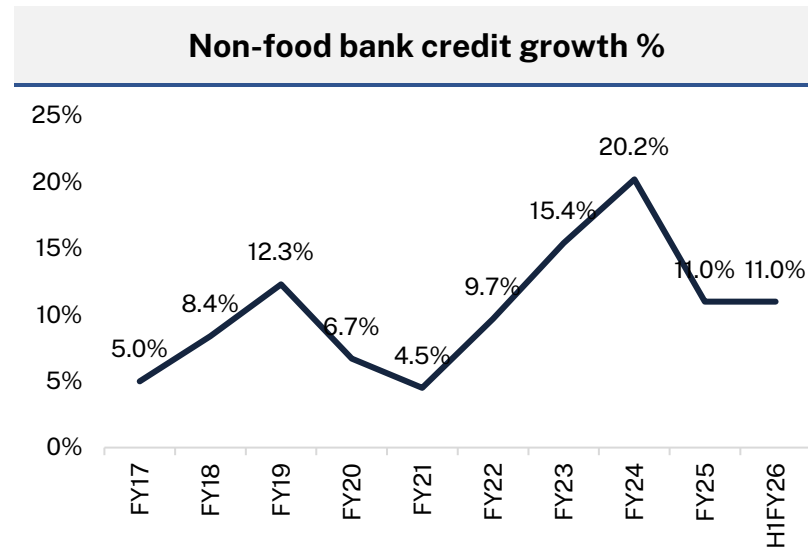
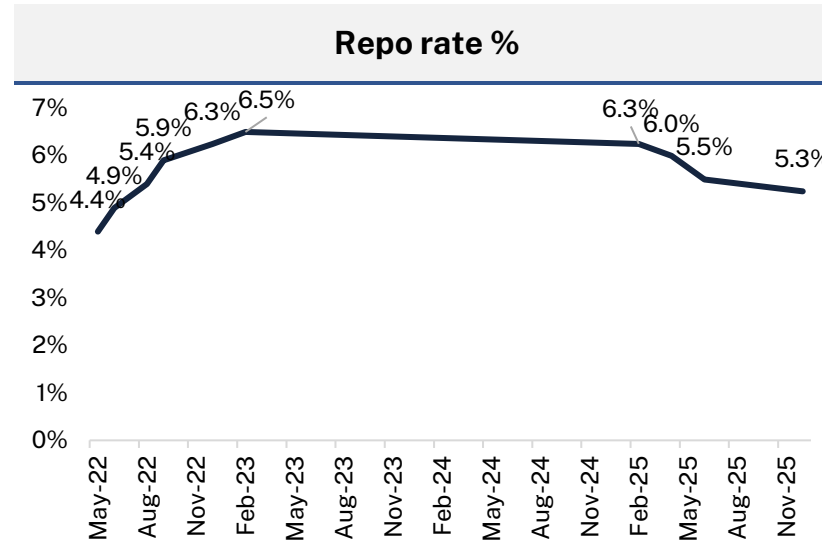
- Following the RBI's cumulative rate cuts of 250 bps, leading economic indicators such as the PMI (Purchasing Managers' Index) and the IIP (Index of Industrial Production) began reflecting a pickup in economic & industrial momentum. The PMI, a gauge of manufacturing activity, showed a clear improvement from January 2023, consistently moving above the 60 mark. Meanwhile, the IIP, which tracks industrial activity, recorded strong momentum in August & October 2023. Post the previous rate-cut cycle, economic activity improved meaningfully after FY21, with India's GDP growing at 6.4% CAGR through FY25.
- Post the RBI rate cuts in 2021, the non-food banking credit grew from 4.5% to 20.2% in FY25. The credit growth was largely led by Retail and MSME. Within the retail segment, gold loans, vehicle finance, and home loans grew the most.



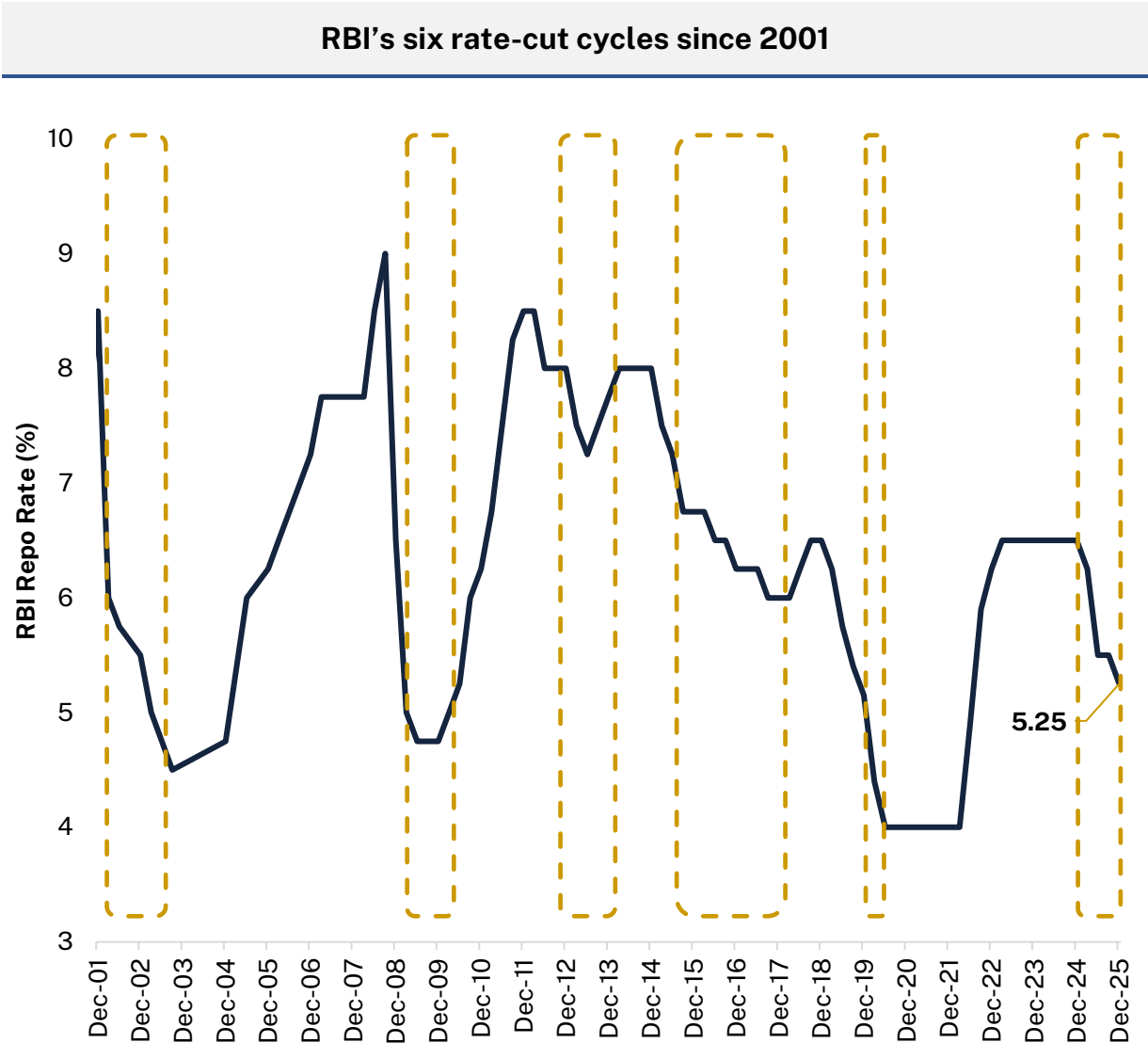
Economy on a Good Wicket (2/2)

What we expect in the next rate-cut cycle

- Due to government measures such as GST rate cuts, liquidity infusion through OMOs and VRRs, a reduction in the CRR, and a repo rate cut from 6.5% to 5.25%, we expect consumption, credit growth, and overall economic activity to pick up going ahead.
- We expect the real GDP to compound at 7.4% from FY25 to FY27E.
- We expect the MSME segment to emerge as a key growth engine going ahead, as banks, supported by liquidity infusion, are likely to disburse lower-interest-rate loans to fund-starved MSMEs, which will be vital for India's export growth.
- We expect the credit growth curve to move northwards after the flattish trend observed in FY25 and H1FY26, aided by repo rate cuts, liquidity stimulus, CRR reduction, GST rate cuts, and rationalization of slabs in the Income Tax system.



Impact of RBI Rate-Cut Cycles on Nifty 50 Returns



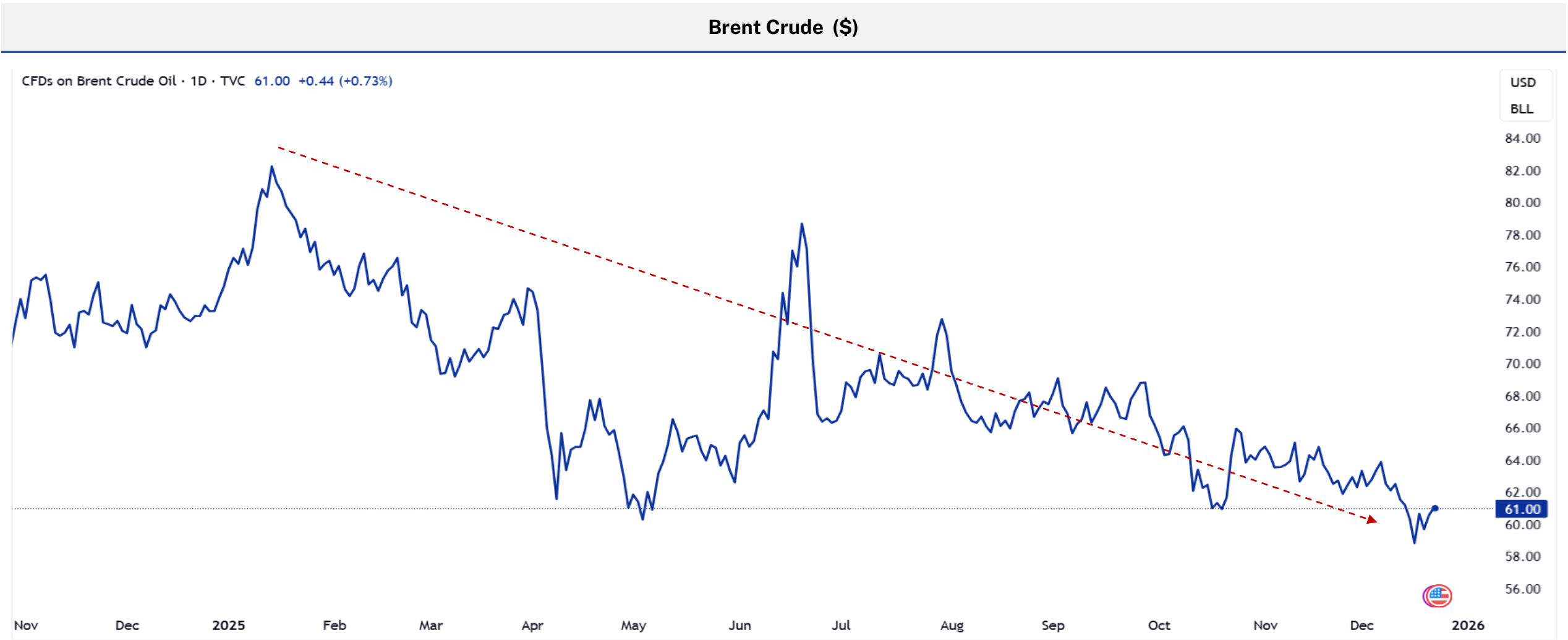
Average Nifty 50 returns 3M, 6M & 1Y after RBI rate-cut cycles are mostly positive

Rate-cut cycle	Total cut (bps)	3M% from last cut	6M% from last cut	1Y% from last cut	% change during rate-cut cycle	Duration (months) of rate-cut cycle
Mar 2002 - Aug 2003	400	26%	42%	68%	20%	18
Sep 2008 - Apr 2009	425	31%	44%	52%	20%	7
Apr 2012 - May 2013	75	4%	7%	13%	14%	13
Jan 2015 - Aug 2017	175	3%	6%	18%	13%	31
Feb 2019 - May 2020	225	19%	35%	63%	-11%	15
Feb 2025 - Dec 2025*	125	-	-	-	13%	10
Average	238	17%	27%	43%	11%	16

Source: Bloomberg, Spark PWM Pvt Ltd

Brent Crude Correction

Brent crude has declined by over 25% from its January 2025 high of \$82. Falling crude prices are positive for India’s fiscal & current account deficits



TradingView

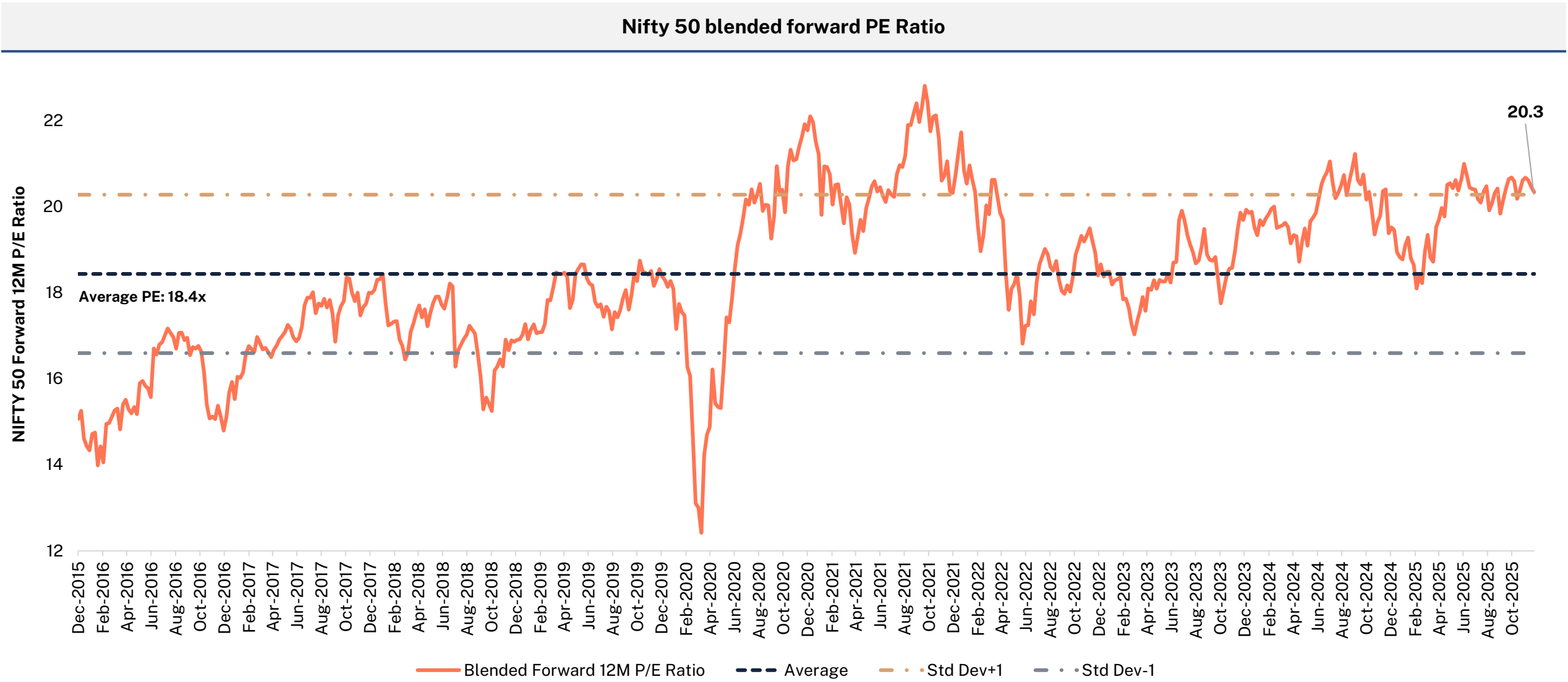
Source: TradingView, Spark PWM

Valuation Trends



Nifty 50 Trading at +1 Standard Deviation P/E

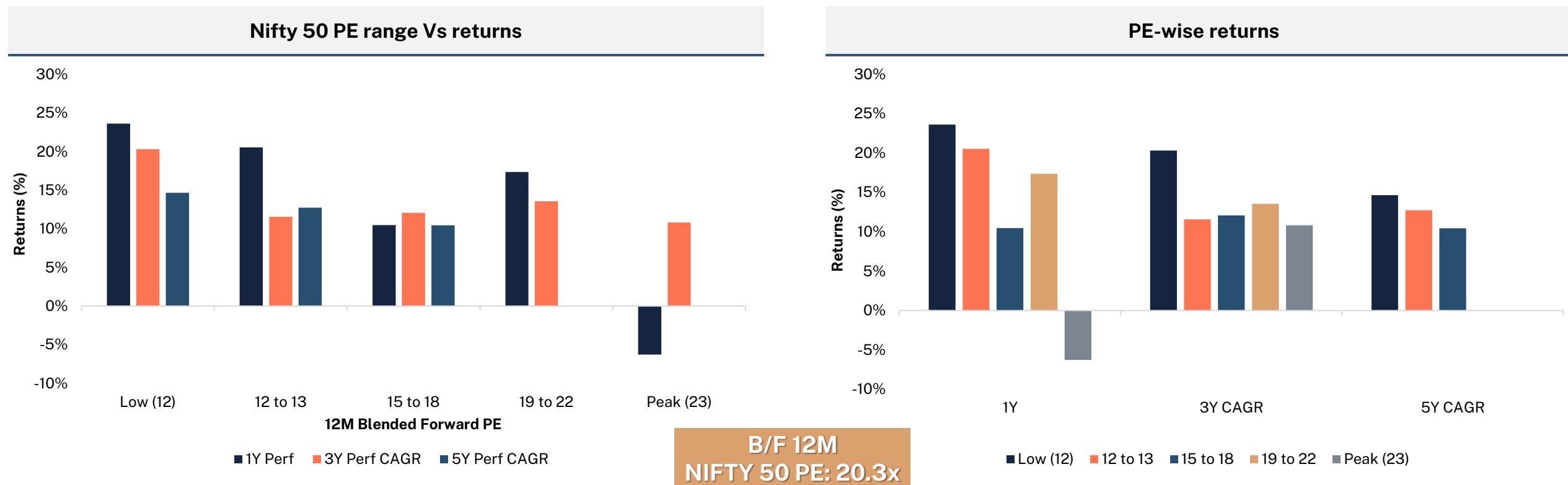
With a 10-year average forward P/E of 18.4x, the Nifty 50 is now trading near its +1 SD valuation band. Valuations have steadily normalized over the past ten months as the market recovered from the earlier drawdown



Source: Bloomberg, Spark PWM

NIFTY Returns Across Valuation Cycles

Current valuation levels suggest that long-term return potential remains intact despite short-term fluctuations



- The data highlights Nifty 50's returns over the past 15 years across different forward P/E levels, analyzing annualized returns over 1Y, 3Y, and 5Y periods. The index is currently trading at a 1Y forward blended P/E of 20.3x
- **Historically, at similar valuation levels, Nifty has delivered annualized returns of 17% over 1 year, and 14% over 3 years.**
- This historical precedent suggests that at current valuations, long-term return potential remains intact, reinforcing a constructive medium-to-long-term outlook despite near-term market fluctuations.

Sector Valuations Relative to 10-year Average

Rotation into undervalued sectors may present investment opportunities

Index	1Y 12M PE	1Y Avg	5Y Avg	10Y Avg	Delta vs 10Y	Delta vs 5Y	Delta vs 1Y
Nifty Media	16.8	19.0	21.4	22.1	-24.0%	-21.5%	-12.0%
Nifty Bank*	2.0	2.0	2.1	2.1	-6.6%	-4.3%	-2.0%
Nifty Financial Services*	2.5	2.5	2.7	2.7	-6.2%	-5.4%	1.5%
Nifty FMCG	33.7	35.8	35.7	34.0	-0.7%	-5.6%	-5.8%
Nifty Realty	29.2	33.5	37.2	28.7	1.7%	-21.4%	-12.7%
Nifty India Consumption*	34.9	35.4	35.9	34.3	1.7%	-2.8%	-1.5%
Nifty 100	20.1	19.9	20.2	19.1	5.4%	-0.4%	1.4%
Nifty 500	21.6	21.4	21.1	19.7	9.8%	2.7%	1.1%
Nifty 50	20.3	19.9	19.7	18.4	10.3%	3.4%	2.3%
Nifty PSE	10.7	11.1	9.6	9.7	10.9%	12.0%	-3.5%
Nifty Midcap 150*	27.8	28.8	26.9	24.5	13.5%	3.5%	-3.4%
Nifty Infrastructure	21.3	21.1	18.5	18.7	13.7%	14.9%	1.2%
Nifty Auto	22.8	21.6	22.2	20.0	13.8%	2.5%	5.6%
Nifty IT	24.4	24.7	25.5	21.4	13.9%	-4.4%	-1.1%
Nifty Energy	13.9	14.0	12.6	11.8	18.4%	10.7%	-0.7%
Nifty Commodities*	14.5	14.7	12.8	12.2	19.1%	12.9%	-1.5%
Nifty Pharma	28.7	28.2	25.9	23.8	20.3%	10.5%	1.7%
Nifty PSU Bank**	1.2	1.1	1.0	0.9	24.4%	13.6%	2.8%
Nifty Metal	14.1	14.1	11.9	11.3	24.7%	18.9%	-0.2%
NSE NIFTY Small cap 250	24.9	24.4	20.4	18.1	37.4%	22.0%	1.8%

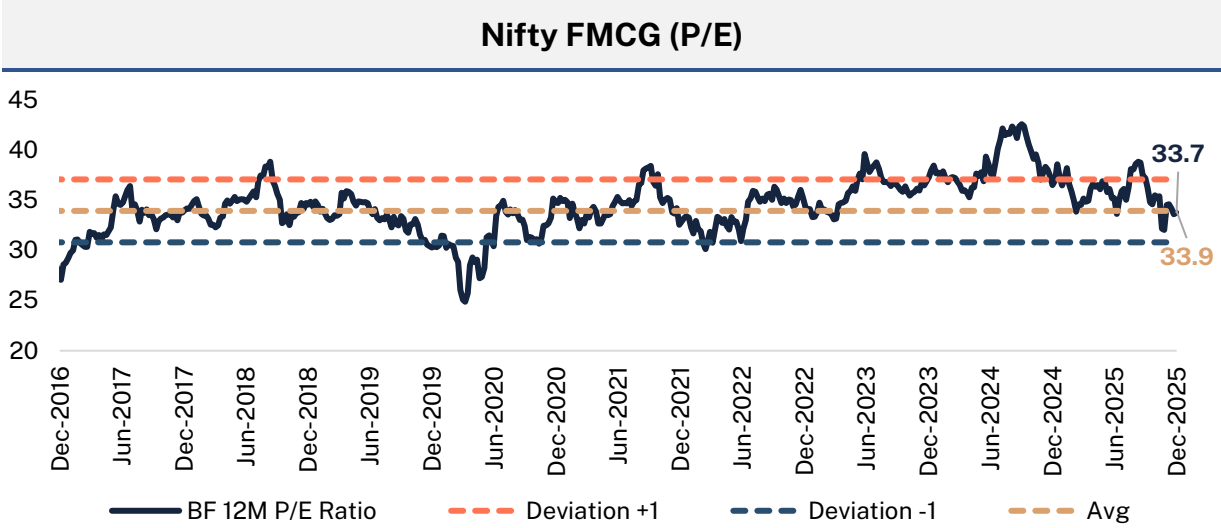
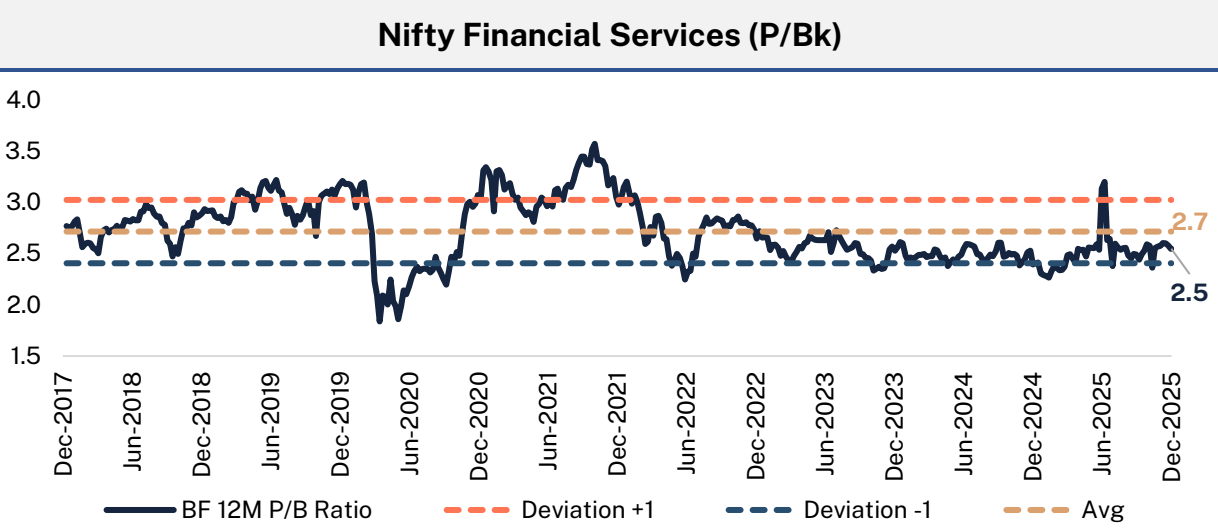
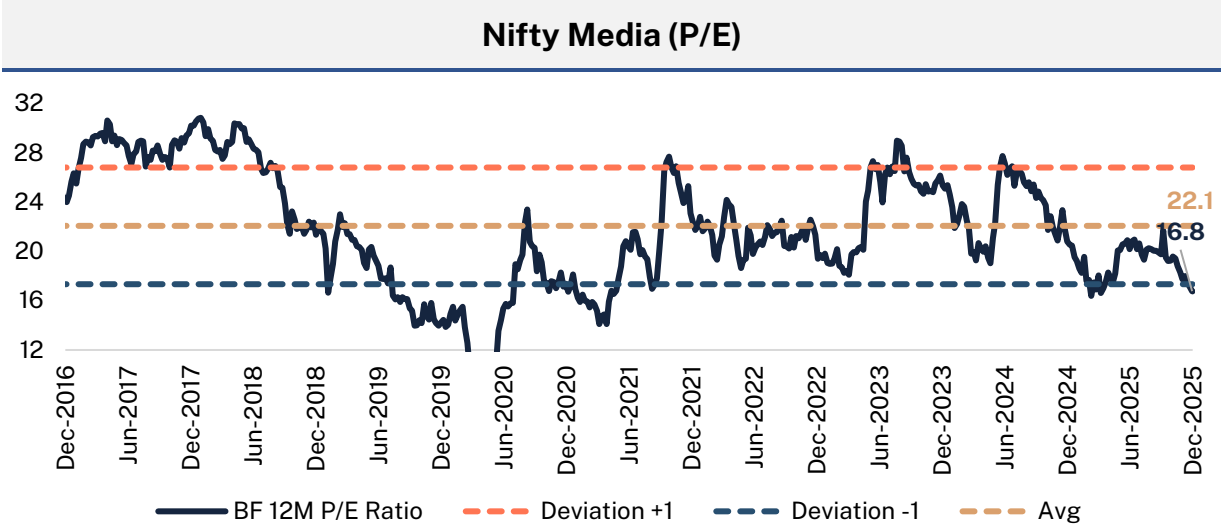
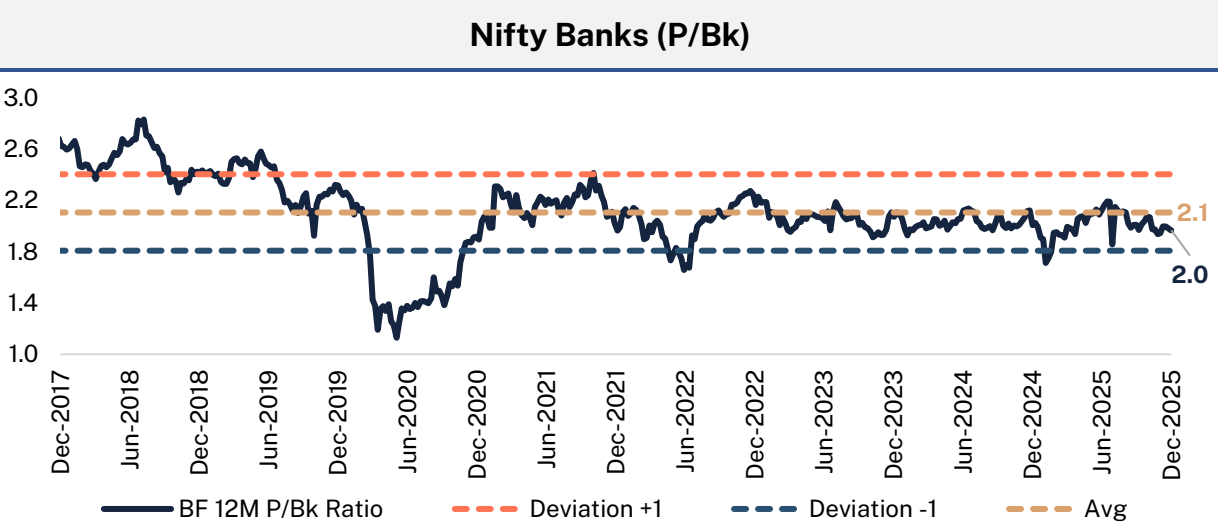
FMCG and Media are trading below their 10-year average P/E. On a P/B basis, Banks and Financial Services are trading below their 10-year average P/B.

IT, Auto and Infrastructure are the sectors that are trading <15% of their 10Y average.

Metal, Pharma, Commodities, and Energy are some of the sectors that are trading at a premium vs their 10Y average PE.

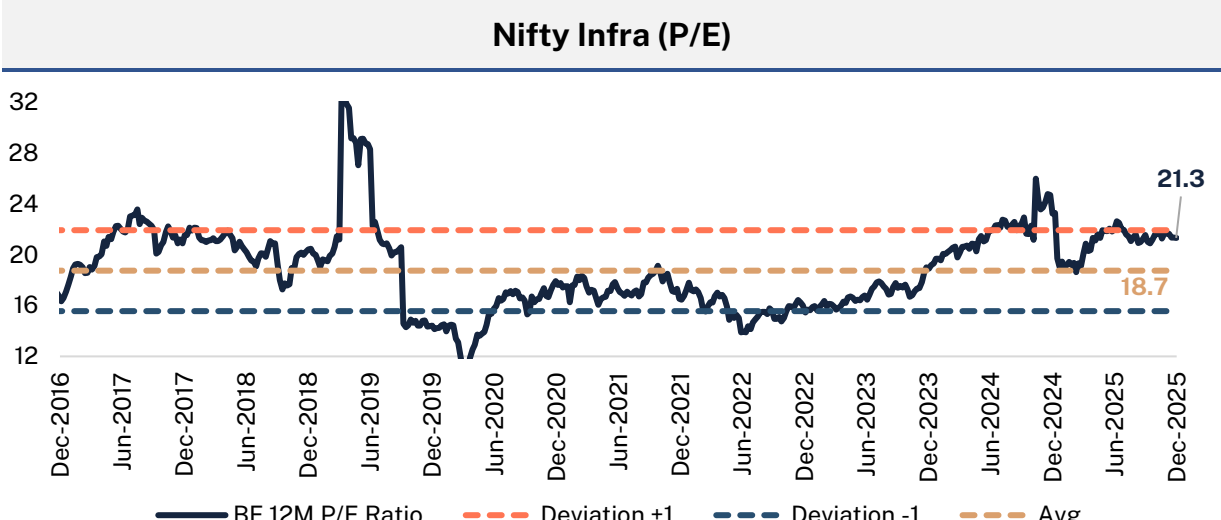
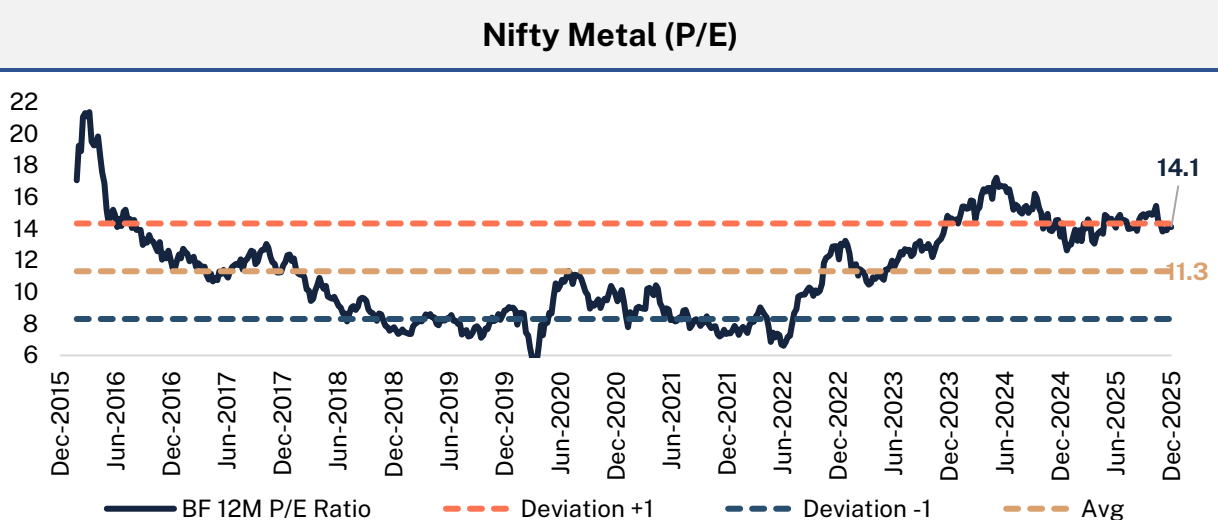
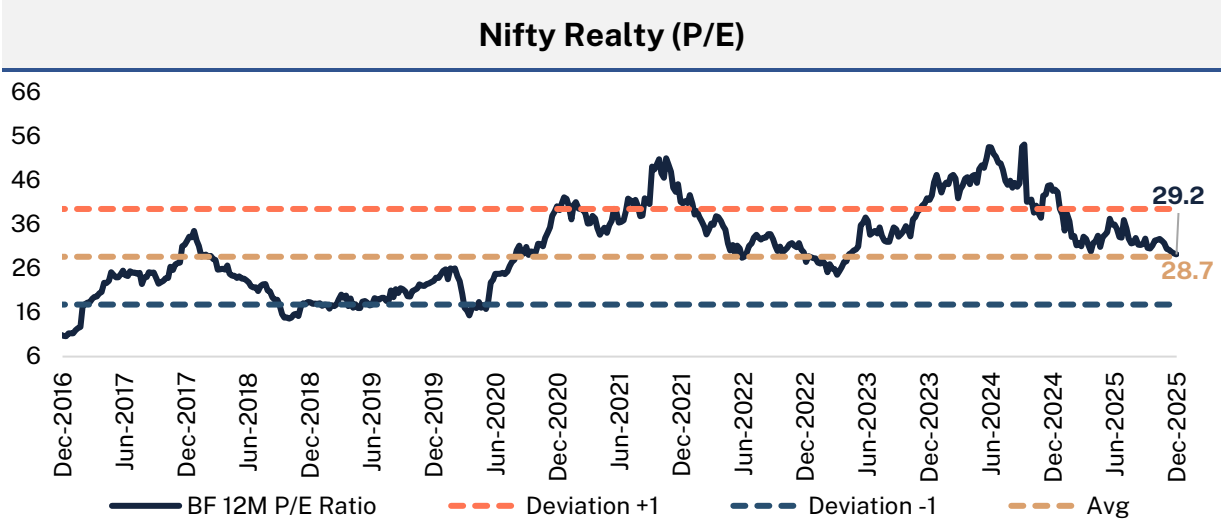
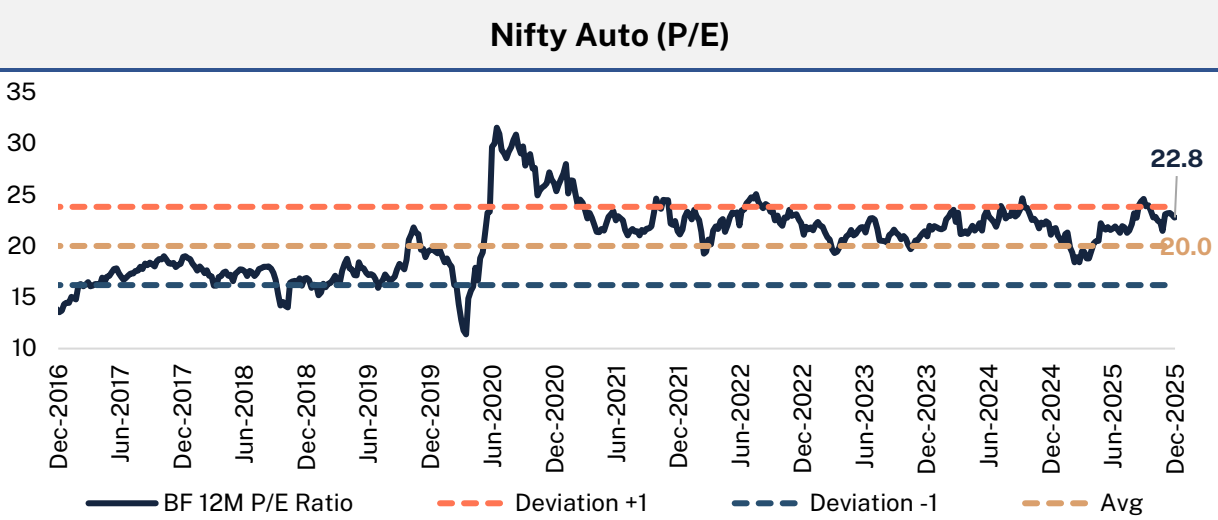
Source: Bloomberg, Spark PWM; Note: * - May not have 10Y data, taken for max period available, ** P/B

Sectors Trading Below 10-year Average Valuation



Source: Bloomberg, Spark PWM
Note: Blended forward 12M PE & P/Bk

Sectors Trading Below +1 Stand Deviation Valuation



Source: Bloomberg, Spark PWM
Note: Blended forward 12M PE

Technicals



Crude Oil Softness Bolsters Indian Equity Outperformance

Ratio chart of Nifty and Brent Crude oil (Daily Scale)

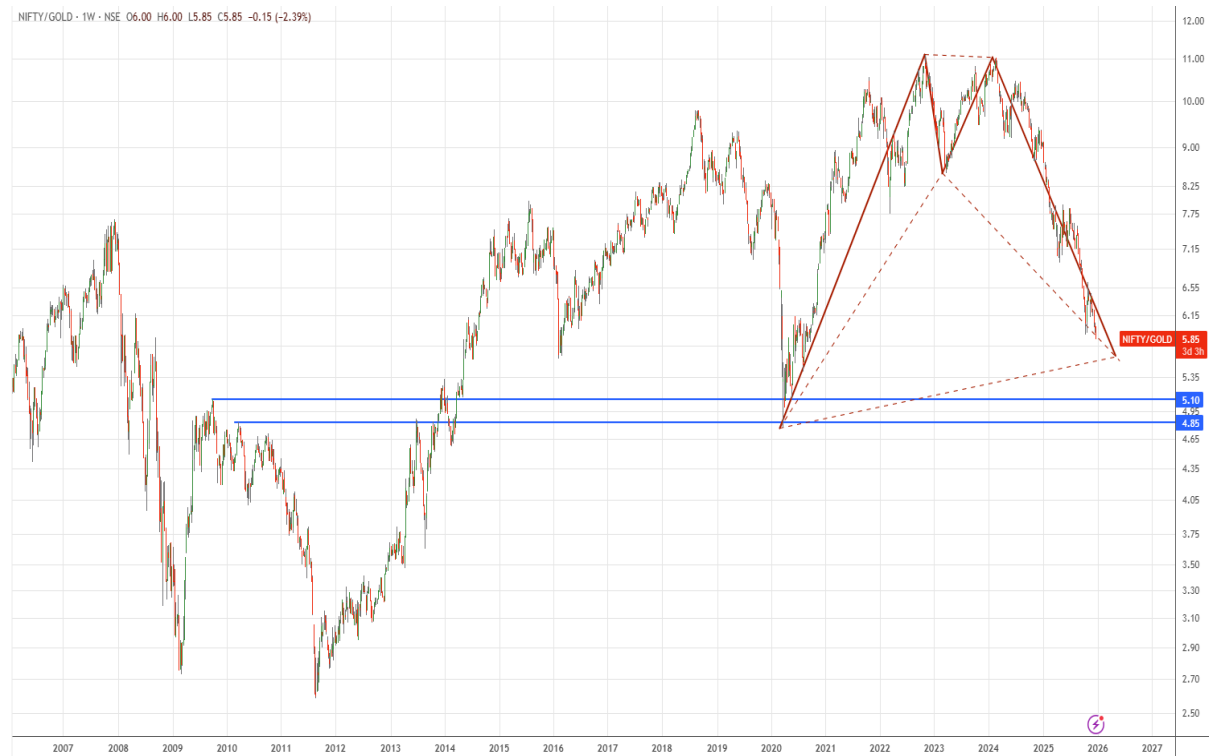


- Brent Crude prices have entered a corrective phase, showing little evidence of near-term strength. From a structural standpoint, we expect prices to consolidate within a broad range of \$55 – \$80 over the coming months.
- The Nifty/Brent crude ratio continues its upward trajectory, driven by sustained downward pressure on oil prices over the past 3.5 years. The ratio is trending within a well-defined rising channel on the weekly timeframe, marked by a series of higher highs and higher lows. We expect this structural outperformance of the Nifty relative to crude oil to persist, as stable-to-soft energy prices remain a meaningful tailwind for Indian markets.

Equity vs Gold: A Structural Pivot on the Horizon

Nifty is likely to outperform gold in FY27

Ratio chart of Nifty and Comex Gold (Weekly Scale)



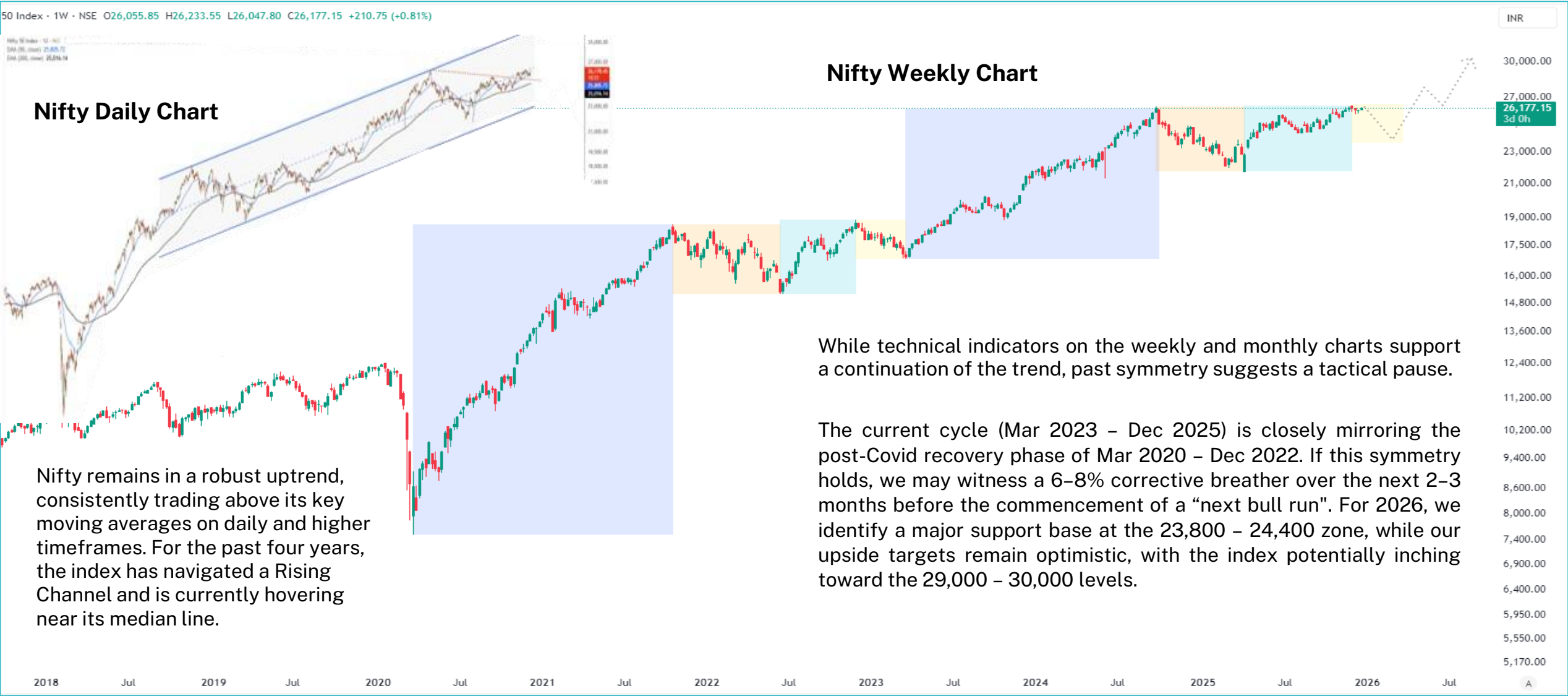
Ratio chart of Nifty and Gold Futures (Daily Scale)



- Gold has maintained a steady lead over Indian benchmark indices over the past two years. However, this outperformance versus Indian equities is approaching a technical exhaustion point. The Nifty/COMEX Gold ratio is currently carving out a bullish Bat pattern, with a critical support band at 4.85–5.10. Simultaneously, the Nifty/Gold Futures (MCX) ratio has retraced to its Covid-era lows and is hovering near major support levels.
- Although Gold's momentum may persist for another 2–3 months, the current chart structure suggests that a regime shift is approaching. We expect the Nifty to reclaim leadership and outperform Gold heading into FY27.

Nifty: Is a “Next Bull Run” Loading for 2026?

Navigating symmetry and structural strength



Source: TradingView, Spark PWM

Key Risks



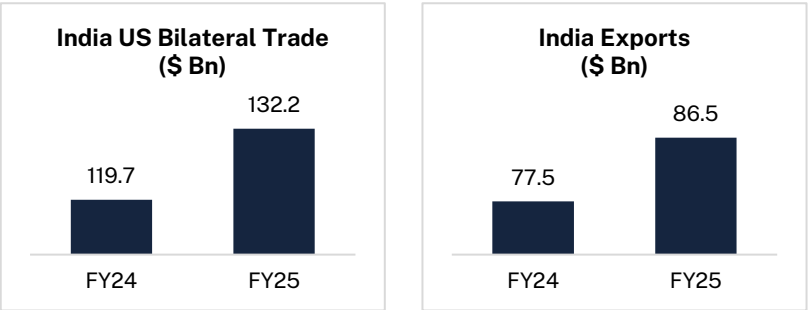
Key Risks

- Inherent risk of financial markets- **earnings slowdowns, political uncertainty, liquidity constraints, and rich valuations.**
- Persistent overhang includes **cyclical drivers, wars, and geopolitical tensions.**
- **Structural risks**—events or shifts that reshape the global economic and financial architecture rather than merely influencing short-term cycles.



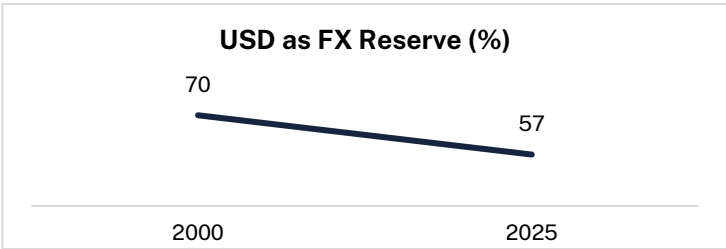
- As we approach 2026, several such risks have become increasingly visible. These evolving challenges could undermine the stability of global financial markets and exert broader repercussions across economies worldwide, warranting heightened vigilance from investors and policymakers alike.

Tariff tussle



- **Trade & growth risk:** India recorded a US\$40.8 bn trade surplus with the US in FY25, with exports accounting for ~1.7–1.8% of GDP. However, the imposition of 25% tariffs, along with an additional 25% penalty from August 2025, poses a 0.1–0.6% downside risk to GDP, with textiles, gems & jewellery, leather, and footwear the most exposed.
- **Impact:** While markets have largely priced in the tariff impact, any escalation in global trade tensions or prolonged delays in trade agreement finalisation could act as a renewed headwind for Indian equities and the broader macro environment.

De-dollarization: from cyclical diversification to structural shift



- **Structural shift in the dollar system:** De-dollarisation, earlier cyclical and macro-driven, has now become structural and geopolitical, driven by the use of the USD as a sanctions and policy tool and efforts by blocs such as BRICS to promote non-dollar trade.
- **Implications:** A 12–15 ppt decline in the USD's share of global FX reserves implies a ~\$1.5 tn reallocation into other currencies and commodities; even a 1–2% fall in USD demand could lift US Treasury yields by ~20–40 bps, impacting global liquidity and rates.

Is there a bubble?



- **Valuation vs monetisation risk:** The debate is not about AI's transformative potential, but whether future perfection is being priced in too early. A widening capex–ROI mismatch, coupled with energy and infrastructure constraints, is evident as hyperscalers spend US\$200–250 bn annually and 25–40% Y-o-Y capex growth relating to GPU and data centers, while incremental revenues remain in single digits.
- **Bubble characteristics & unwind risk:** With 35–40% of global VC funding now flowing into AI—exceeding levels seen during the dot-com bubble—we believe that any correction is likely to play out through a prolonged time correction, valuation compression among leaders, and sharp price declines for marginal players, as monetisation timelines, capital efficiency, and execution risks become clearer.

Stocks of Interest



Executive Summary: Stocks of Interest

The recent market consolidation has created an opportunity to selectively accumulate high-quality businesses across market caps. The focus remains on companies with visible earnings growth, strong balance sheets, and sustainable cash-flow generation, supported by leadership positions in their respective segments. The curated list spans Financials, Capital Goods, Industrials, Consumer, IT, Healthcare, Metals, and select Manufacturing — sectors well-placed to benefit from India's domestic growth cycle, private capex revival, financialization, and premium consumption. Exposure to defensives such as IT and Healthcare provides downside protection, while Capital Goods, Industrials, Autos, and niche manufacturing names offer leverage to medium-term economic expansion. In addition, we have tried to capture the commodity boom via Hindustan Copper. Overall, the basket balances growth visibility with resilience, making it well-suited for long-term wealth creation amid near-term volatility.



- Lemon Tree – Consumer & Consumer Discretionary theme
- Apollo Hospitals –Healthcare theme
- IDFC First Bank, Canara Bank & IIFL Finance – Financialization theme



- Mahindra & Mahindra and Samvardhana Motherson International–Automobile theme
- Larsen, Reliance to capture Infra & Telecom theme
- Persistent – Hedge against Indian economy slowdown

Larsen & Toubro – Fundamental View

Growth to be aided by record order book, energy wins & Hi-Tech manufacturing margins

Last Day Close
Rs. 4,047

1Y TP
Rs. 4,600

Rating
BUY

Larsen & Toubro is India's largest engineering, construction and manufacturing conglomerate, with leadership across infrastructure, energy, hi-tech manufacturing, IT & technology services, and financial services. Although headquartered in India, they have a strong international footprint (~49% of order book). As of FY25, Infrastructure contributed ~51% of the revenue, providing base stability, Energy segment witnessing growth and contributing to ~16%, Hi-tech manufacturing at 3.9%, IT & technology at 18.7%, financial services at 5.9%, development projects at 2.1% and others contributing to 3% of the total revenue. L&T is a direct beneficiary of India's infrastructure supercycle, Middle East capex revival, and the global energy transition. The company combines scale-led EPC execution with asset-light services businesses, resulting in superior earnings visibility and balance-sheet resilience.

Key Growth Drivers:

- **Record order book coupled with a strong near-term execution pipeline:** L&T's consolidated order book stood at Rs. 6.7 tn (~2.6x FY25 revenue) as of Q2 FY26, marking 31% Y-o-Y growth, with a near-term prospect pipeline of Rs. 10.4 tn. International orders accounted for ~49% of the book, reflecting strong momentum in the Middle East.
 - Order inflows rose ~45% Y-o-Y to Rs. 1,158 bn in Q2, driven by strong traction in both domestic and global markets, supporting the expansion of the current order book.
 - Management highlighted that a significantly higher proportion of the order book is now ready for the construction phase, compared with prior inflows that were in early stages or awaiting clearance. This shift is expected to drive sustained revenue growth rather than a passive accumulation of orders.
 - **Energy & renewables upward cycle:** Energy business is rapidly scaling, led by Middle East hydrocarbon projects and new renewables/electrification wins, including HVDC & offshore wind roles in Europe. As the fastest-growing segment, energy is likely to boost consolidated growth & profits as large projects progress through execution.
 - **Defence and high-technology ordnance expected to ladder to higher ROIs:** Strategic partnerships (e.g., with General Atomics for MALE RPAS, consortium with BEL for AMCA) and bids for large defence programs (MALE RPAS potential ~Rs. 300 bn; AMCA/LPD opportunities even larger) open multi-year, high-value manufacturing and systems-integration prospects that are policy-backed and long-cycle. These initiatives increase the share of higher-tech, higher-margin activity in the mix.
- **Margin recovery through execution mix & project cycle maturity:** Legacy low-margin projects are nearing completion, while newer orders are booked at improved, risk-adjusted pricing. As high-margin projects—including renewables and hydrocarbons—ramp up, segment margins and consolidated profitability are likely to normalize higher.
- **Improving working capital and cash generation:** Net working capital trends have improved (lower NWC/Sales and NWC days YoY), while cash generation and free cash flow are strengthening. Specific balance-sheet actions, such as the Hyderabad Metro stake sale, are cash-positive and remove overhangs, supporting de-leveraging and providing optionality for buybacks, dividends, or selective M&A.
- **Outlook:** Consensus estimates project an EPS CAGR of 31% and revenue CAGR of ~24% over FY25–FY28E.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,81,661	2,19,116	2,54,209	2,95,164	3,41,276
Growth y/y	16.7%	20.6%	16.0%	16.1%	15.6%
EBITDA Margin %	11.4%	10.7%	10.4%	10.5%	10.7%
Net Income Margin %	5.8%	6.0%	5.9%	6.1%	6.4%
EPS (Rs)	74.5	94.0	109.4	131.4	159.8
Growth y/y	20.7%	26.1%	16.4%	20.2%	21.6%
EV/EBITDA	-	-	-	20.97	17.82
PE	-	-	-	30.80	25.32

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Industry Civil Construction

Key Stock Data

Bloomberg	LT
Shares o/s (cr)	137.5
Market Cap (Rs cr)	5,57,729
52-wk High-Low	4,140-2,965
20D Avg Daily Volume (ln '000)	1,257
Index	Nifty 50
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	0	0	0
Institutions	62.82	62.81	63.28
Public	36.92	36.95	37.25
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
L&T Ltd	-0.5	10.0	13.2
Nifty 500	-0.9	1.0	7.0

RESEARCH ANALYST

Viswanath AVR

viswanath.avr@sparkcapital.in

Source: Bloomberg, Spark PWM

Larsen & Toubro – Technical View

The stock is breaking out of a consolidation base

Civil Construction

Reco/View
Buy

Previous Day Close
Rs. 4,047

Buy Range
Rs. 3,920 – 4,100

1Y TP
Rs. 4,600

Potential Upside
15%

Stop Loss on a
closing basis
Rs. 3,750

Technical View (Weekly Chart)



Technical View

- The stock is breaking out of a consolidation base and is actionable here.
- The stock is trading above all its key moving averages – 20-, 50-, 100-, and 200-DMA.
- **Entry:** Initiate positions in the range of (Rs. 3,920 – 4,100) as the stock breaks out of its consolidation base.
- **Support:** Its previous low of Rs. 3,850 should act as support.

RESEARCH ANALYST

Viswanath AVR

viswanath.avr@sparkcapital.in

Source: TradingView

Lemon Tree Hotels – Fundamental View

Stepping into growth

Last Day Close
Rs. 161.6

1Y TP
Rs. 200

Rating
BUY

Lemon Tree Hotels (LTH) is India's largest mid-market hotel chain, with 10,956 operational rooms across 121 hotels as of 30 September 2025 (5,759 owned/leased and 5,197 managed/franchised). The network is spread across key business and leisure markets under seven brands – Aurika, Lemon Tree Premier, Lemon Tree Hotels, Red Fox, and the Keys portfolio – and contributed ~63% of network revenue from owned hotels and 37% from managed/franchised assets in Q2FY26. LTH is a scale player in the fragmented domestic mid-market, with a strong presence in metros and Tier-I cities and a growing footprint in Tier-II/III locations.

Key Investment Rationale:

- **Structural domestic travel tailwinds:** The Indian hospitality cycle remains in a structural uptrend led by rising disposable incomes, deeper air/rail connectivity, and formalization of the mid-market. Industry RevPAR has compounded at high single to low double digits in recent years, and branded supply in the mid-scale/upper-mid-scale segment remains meaningfully below demand, supporting pricing power for scaled players like LTH.
- **RevPAR has significant runway for growth:** LTH is executing a portfolio-wide refresh of ~4,600 legacy/pre-Covid rooms (ex-Aurika Mumbai and new hotels), of which ~3,000 rooms have been upgraded; the bulk of the balance is expected to be completed by 1HFY27. This is likely to drive a meaningful step-up in owned-hotel RevPAR as occupancy and ARR improve in renovated assets. Renovation and technology costs, currently ~6% of revenue, are guided to normalize to ~2% by FY28. Also, LTH has 3 owned greenfield projects under development – Aurika Shimla (91 keys, FY27), Aurika Shillong (165 keys, FY28) & Aurika Nehru Place, Delhi (>500 keys, opening TBD).
- **Multiple levers for margins to improve:** The relaunch of the Infinity 2.0 loyalty programme, along with website and distribution upgrades, is aimed at increasing the share of higher-margin retail business from the mid-40s currently to ~65% by CY28, improving mix and reducing dependence on corporate and OTA channels. Meanwhile, ~40% of energy needs are already met through renewables, with a target of reaching 50% in the next 12–18 months. This would aid in reducing power and fuel costs to ~6.9% of revenue versus 8.7% earlier, supporting margin resilience.
- **Strengthening balance sheet and fee-driven earnings:** H1FY26 revenue from operations stood at Rs. 622 cr (+13% Y-o-Y), with net EBITDA of Rs. 274.6 cr (+11% Y-o-Y) and a healthy 43.9% margin; PAT grew 63% Y-o-Y to Rs. 90 cr, aided by lower interest costs. Gross debt has been reduced to Rs. 1,610 cr (-12% Y-o-Y), taking D/E to 0.86x, while the average cost of borrowing declined to 7.72% from 8.68% a year ago, creating capacity for future growth capex without stressing the balance sheet. Meanwhile, high-margin management fees rose 18% Y-o-Y in H1FY26 to Rs. 71.6 cr and should scale further as the asset-light pipeline opens.

Financial performance & outlook: In Q2FY26, Lemon Tree Hotels reported revenue of Rs. 308 cr (+8% Y-o-Y), EBITDA of Rs. 132.4 cr (43% margin), and PAT of Rs. 41.9 cr. Management expects mid-teens RevPAR growth in Q3 and FY26 EBITDA margins to hold at FY25 levels, with margins expanding toward ~59% by FY28 as renovations conclude. Consensus estimates revenue and EPS to grow at a CAGR of 17% and 35%, respectively, from FY25-FY27E. The stock is trading at a PE of 36.3x FY27E EPS.

Key risks: Slower-than-expected renovation of hotels and rising competition.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	839	1,013	1,202	1,463	1,654
Growth y/y	118.2%	20.7%	18.7%	21.7%	13.1%
EBITDA Margin %	53.3%	51.7%	52.7%	50.0%	51.7%
Net Income Margin %	13.7%	14.7%	16.3%	18.4%	22.0%
EPS (Rs)	1.5	1.9	2.5	3.4	4.5
Growth y/y	-	29.7%	31.9%	36.9%	33.9%
EV/EBITDA	-	-	-	21.44	18.33
PE	-	-	-	48.67	36.35

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Industry Hotels & Resorts

Key Stock Data

Bloomberg	LEMONTRE IN
Shares o/s (cr)	79.2
Market Cap (Rs. cr)	12,799
52-wk High-Low	181/111
30D ADV ('000)	3,107.0
Index	Nifty 500
F&O	N

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	22.3	22.3	22.3
Institutions	41.2	41.3	40.6
Public	36.5	36.4	37.0
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
LEMONTRE IN	1.3	15.6	7.2
Nifty 500	-0.9	1.0	7.0

RESEARCH ANALYST

Kairav Sundar

Kairav.s@sparkcapital.in

Source: Company reports, Bloomberg, Spark PWM Pvt Ltd

Lemon Tree Hotels – Technical View

The stock broke out of its cup base in August and is currently bouncing off its 200-DMA

Hotels & Resorts	Reco/View Buy	Last Day Close Rs. 161.6	Buy Range Rs. 160 - 167	1Y TP Rs. 200	Potential Upside 23%	Stop Loss on a closing basis Rs. 147
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TradingView

Technical View

- The stock broke out of its cup base in August and is currently bouncing off its 200-DMA.
- It has retaken all its key moving averages (20/50/100-DMA) in the last few sessions.
- **Entry:** Initiate positions here (Rs. 160 - 167) as the stock is retaking its 50-DMA.
- **Support:** The 200-DMA (Rs. 151) is expected to act as support.

RESEARCH ANALYST

Indrajith Adityaa

indrajith.a@sparkcapital.in

Source: Trading View, Spark PWM
1-Year TP: 1-Year Target Price

IDFC First Bank – Fundamental View

Mid-sized bank with huge potential

Last Day Close
Rs. 85.12

1Y TP
Rs. 94

Rating
BUY

IDFC First Bank (IDFCFIRSTB) is one of India's fastest-growing private sector banks, with a strong focus on technology. The bank has a wide distribution network, reaching 60,000 cities, towns, and villages through 1,041 branches as of Q2 FY26. It is a universal bank offering a complete range of services, including Retail, MSME, Rural, Startups, Corporate Banking, Cash Management, Credit Cards, Wealth Management, Deposits, Government Banking, Working Capital, Trade Finance, and Treasury solutions. The bank has built its own technology stack with API-led integration across channels such as mobile, branch, internet banking, call centers, and relationship managers.

- **Transformation into a full-fledged universal bank:** IDFC Bank and Capital First merged in December 2018 to form IDFC First Bank. Management focused on expanding the branch network, which grew from 203 to 1,014 as of Q2FY26. This network helped acquire retail customers, augmenting the deposits and advances base. However, extensive spending on branches, technology, new products like credit cards, and marketing has kept opex elevated, resulting in a high cost-to-income ratio of 70.0% as of Q2FY26. Going forward, slower branch additions and optimization of existing branches & manpower are expected to reduce opex growth, improve the cost-to-income ratio, and allow operating leverage to enhance return ratios.
- **Retail focus to continue:** Since inception, Mr. V. Vaidyanathan has emphasized a strong focus on retail advances. The bank, previously wholesale-dominated, has shifted to a retail-focused model with exposure across mortgage, vehicle loans, consumer loans, education loans, credit cards, gold loans, MSME, and other segments. The retail/wholesale mix has shifted from 35/65% at inception to 80/20% as of Q2 FY26. Alongside retail finance, the bank has focused on business banking and CV financing to diversify its loan portfolio. The loan book grew at a CAGR of 18.5% between FY20 and FY25, reaching Rs. 2,66,579 cr as of Q2 FY26. Deposit growth also remained strong, at 33% CAGR over the same period.
- **Microfinance to drive asset quality:** Over the past year, the bank faced asset-quality challenges, driven by microfinance stress and delinquencies in the unsecured portfolio. Consequently, GNPA and NNPA rose to 1.97% and 0.55% as of Q1FY26. Credit costs increased to 2.24% in Q2FY26, aided by a conservative PCR of 72.2%. We expect credit costs to stabilize from FY27 onward, boosting profitability.

Valuation: At a CMP of Rs. 85.12, IDFCFIRSTB trades at an adjusted P/B of 1.5x its FY27E Bloomberg Consensus BV of Rs. 56.4 and at a P/E of 19x its FY27E Bloomberg Consensus EPS of Rs. 4.6. .

Rs. cr	FY23	FY24	FY25	FY26E	FY27E
Operating Income	2,484	2,934	1,468	8,986	12,180
PAT	2,484	2,936	1,479	2,265	4,081
Adjusted EPS (x)	3.9	4.2	2.0	2.7	4.6
P/E (x)	22	20	43	32	19
BV/share	39.0	45.6	52.1	52.0	56.4
P/B (x)	2.2	1.9	1.6	1.6	1.5
ROE (%)	10.6	10.1	4.2	4.6	7.5

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Industry Private Sector Bank

Key Stock Data

Bloomberg	IDFCB:IN
Shares o/s (cr)	859
Market Cap (Rs. cr)	73,101
52-wk High-Low	85.9/52.5
20D ADV (ln '000)	25,058
Index	NIFTY BANK
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	0.0	0.0	0.0
Institutions	48.9	47.2	45.0
Public	51.1	52.8	55.0
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
IDFCFIRSTB	6.0	17.8	36.3
NIFTY BANK	-0.9	1.0	7.0

RESEARCH ANALYST

Sagar Shah
sagar.s@sparkcapital.in

IDFC First Bank– Technical View

Stock is taking support at its 100-DMA

Banks	Reco/View Buy	Last Day Close Rs. 85.12	Buy Range Rs. 80 - 82	1Y TP Rs. 94	Potential Upside 15%	Stop Loss on a closing basis Rs. 75
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Technical View

- The stock broke out of its cup-with-handle base in late October. It is currently extended from the buy range.
- It has retaken all its key moving averages (20/50/100-DMA) in the last few sessions.
- **Entry:** Initiate positions between (Rs. 80 - 82) as the stock broke out of its consolidation base.
- **Support:** The 50-DMA (Rs. 80.50) should act as the first support.

RESEARCH ANALYST

Indrajith Adityaa
indrajith.a@sparkcapital.in

Mahindra & Mahindra – Fundamental View

Market leadership; new products are seeing traction

Last Day Close
Rs. 3,623

1Y TP
Rs. 4,200

Rating
BUY

Key Investment Rationale:

- Mahindra & Mahindra (M&M) is a diversified automotive company. Its primary product portfolio includes SUVs, pickups, commercial vehicles, and tractors. The company holds a leadership position in SUVs and tractors in India. FY25 consolidated revenue by segment: Automotive 56%, Farm Equipment 22% & Services 23%.
- The Indian automotive sector is a key contributor to the economy, accounting for ~7.1% of GDP and over 45% of manufacturing GDP. The industry is evolving, with active investments in flex-fuel vehicles, EVs, and hydrogen fuel systems. The sector is expected to grow at a mid-single-digit rate over the next five years.
- **Market leadership in core segments:** M&M leads the SUV segment by revenue (22.5% in FY25 vs. 15.4% in FY22) and the tractor segment by volume (43.3% in FY25 vs. 40% in FY22), positioning the company to benefit from these trends. Its strength lies in building vehicles aligned with consumer demand. In FY25, SUV revenue share rose 210 bps YoY; LCV (<3.5T) share rose 290 bps. M&M manufactured ~8 lakh vehicles (SUV + LCV + Last Mile Mobility), with SUVs at 5.5 lakh units. It aims to scale exit capacity from 61.5K/month to 85K/month (+38%) over two years.
- **Electrification strategy gaining traction:** M&M's EV arm (MEAL) turned EBITDA positive in Q4FY25, driven by strong demand for premium trims (>75% of bookings). The company claims leadership in e-SUVs by revenue, with all new launches like Be 6e, XeV 9s, and XeV 9e receiving strong bookings.
- **Gaining market share in LICV with Isuzu:** M&M's acquisition of a 59% stake in SML Isuzu for Rs. 555 cr aims to scale its LICV business. It currently holds 3% share in the >3.5T segment, targeting >20% by FY30. The deal leverages Isuzu's product strengths and complements M&M's dominant sub-3.5T LCV presence (~50% share).
- Mahindra Aerostructures has recently signed a \$300 mn deal with Aernnova, boosting aerospace exports, global presence, and "Make in India" capabilities.
- **M&M leads the domestic farm machinery** space with a 43% market share in FY25 (+170 bps Y-o-Y), while Farm Machinery revenue grew 18% Y-o-Y. It plans to expand offerings via 'Made in India' products like tillers, harvesters, and rice transplanters.
- **Robust product pipeline to drive growth:** By 2030, M&M plans to launch 7 ICE SUVs (2 upgrades, 5 new), 5 BEVs, and 5 LCVs (3 ICE, 2 EVs). For 2026, the pipeline includes 3 ICE SUVs (2 upgrades), 2 BEVs, and 2 LCVs (1 ICE, 1 EV) — ensuring multi-segment growth and EV acceleration.
- **Latest earnings:** In Q2FY26, M&M delivered a robust financial performance. Revenue grew 22% Y-o-Y, and PAT was up by 28% Y-o-Y. This was driven by broad-based execution across Auto & Farm (volume and share gains), Mahindra Finance's growth revival, and margin improvement at Tech Mahindra. RoE stood at ~19%.
- **Outlook:** Consensus estimates project a 16% revenue CAGR and 19% EPS CAGR between FY25E and FY27E. The stock trades at a forward P/E of 25.7x for FY27.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	84,960	99,097	1,16,483	1,39,089	1,56,912
Growth y/y	47.0%	16.6%	17.5%	19.4%	12.8%
EBITDA Margin %	12.2%	13.0%	14.5%	14.5%	14.7%
Net Income Margin %	9.0	10.3	10.3	10.5	10.7
Adj. EPS (Rs)	63.8	85.0	99.8	122.7	140.3
Growth y/y	56.1%	9.4%	14.6%	7.4%	11.5%
EV/EBITDA	-	-	-	21.1	18.5
PE	-	-	-	29.0	25.7

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Industry Automobile Manufacturers

Key Stock Data

Bloomberg	MM IN
Shares o/s (cr)	124
Market Cap (Rs. cr)	4,49,252
52-wk High-Low	3,796-2,360
3m ADV ('000)	3,028.5
Index	NSE 200
F&O	Y

Latest Shareholding (%)

	Sep-25	Jun-25	Mar-25
Promoters	18.4	18.4	18.5
Institutions	68.0	68.1	68.1
Public	9.9	9.8	9.8
Others	3.6	3.7	3.7
Pledge	0	0	0

Stock Performance (%)

	1M	6M	12M
MM IN	-3.4	14.2	20.0
NSE 500	-0.9	1.0	7.0

RESEARCH ANALYST

Indrajith Adityaa

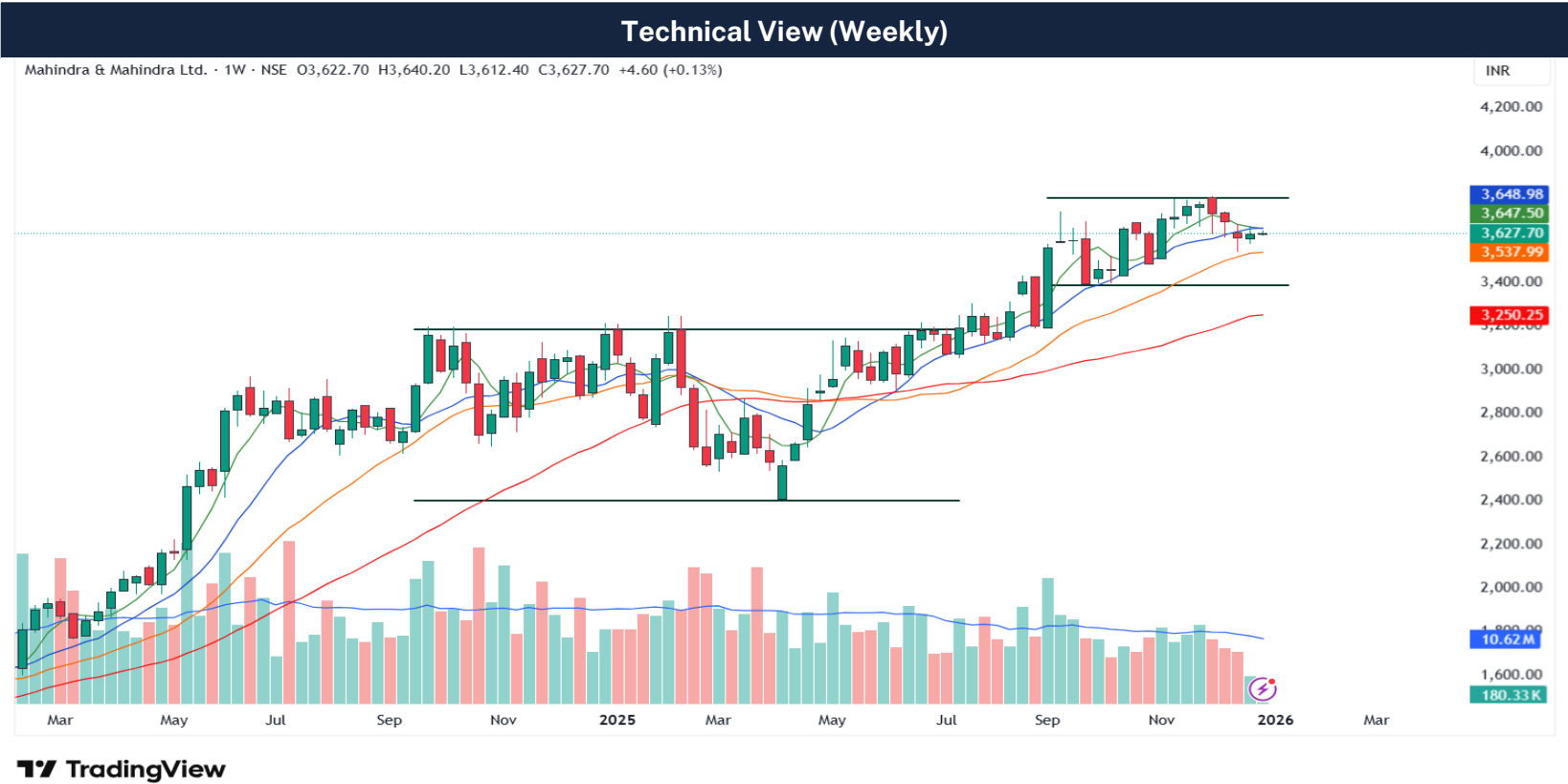
indrajith.a@sparkcapital.in

Source: Bloomberg, Spark PWM Pvt Ltd

Mahindra & Mahindra – Technical View

Stock is taking support at its 100-DMA

Automobile Manufacturers	Reco/View Buy	CMP Rs. 3,623	Buy Range Rs. 3,550 – 3,650	1Y TP Rs. 4,200	Potential Upside 16%	Stop Loss on a closing basis Rs. 3,320
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Technical View

- The stock is consolidating in a flat base and taking support at its rising 100-DMA.
- It is trading above its 100 and 200-DMA.
- **Entry:** Initiate positions here (Rs. 3,550 – 3,650) as the stock breaks out of its consolidation base.
- **Support:** The 100-DMA (Rs. 3538) should act as the first support.

Canara Bank – Fundamental View

Stable compounder with good growth potential

Last Day Close
Rs. 150

1Y TP
Rs. 206

Rating
BUY

Canara Bank (CANBK), incorporated in 1906, is headquartered in Bengaluru, Karnataka, and has its corporate office in the same city. The bank serves a large customer base through 9,948 domestic branches, four international branches located in New York, London, Dubai, and the IBU at GIFT City, Gujarat, and 10,866 ATMs/recyclers. It has nine subsidiaries and five associates in India and abroad. CANBK has been a pioneer in several initiatives, including the launch of the inter-city ATM network, commissioning of exclusive Mahila Banking branches, and issuance of credit cards for farmers. Over time, the bank has grown with a balanced mix of Retail, Agriculture, MSME, and Corporate credit, while its strategic focus remains on strengthening the risk management framework, with emphasis on compliance and robust implementation of systems and procedures.

- **Exponential growth in gross advances:** Gross advances grew at a 19% CAGR over FY20–FY25, and we believe the bank is well-positioned to clock double-digit credit growth in FY26. CANBK has delivered this strong growth without compromising its segment profile, with the RAM contribution standing at 58% as of Q2FY26. Corporate advances also grew at a 19% CAGR over FY20–FY25, with 83% of the corporate loan book (above Rs. 50 cr exposures) rated ‘A’ and above.
- **Healthy growth in deposits:** CANBK has grown its domestic deposits at a CAGR of 24% over FY20–FY25. Retail term deposits, which contribute 58% of total term deposits, grew from Rs. 2,58,612 cr in FY20 to Rs. 5,32,187 cr in FY25. CASA deposits grew at a CAGR of 16% over FY20–FY25, and the CASA ratio stood at 31% as of Q2FY26.
- **Asset quality and returns sharply improved:** The GNPA and NNPA have reduced from 8.21% & 4.22% in FY20 to 2.94% and 0.7% in FY25, respectively. Return on equity and return on assets have also improved from -8.05% and -0.32% in FY20 to 21.3% and 1.1% in FY25, respectively.

Valuation: At a CMP of Rs. 150, on a standalone basis, CANBK trades at a P/B multiple of 1.1x its FY27E Bloomberg Consensus BV of Rs. 138.6 and at a P/E multiple of 7x its FY27E Bloomberg Consensus EPS of Rs. 21.3. .

Rs. cr	FY23	FY24	FY25	FY26E	FY27E
Operating Income	13,864	19,689	22,624	34,752	36,744
PAT	10,387	14,543	17,025	18,731	19,414
Adjusted EPS	11.4	16.0	18.7	20.6	21.3
P/E (x)	13.2	9.4	18	7.3	7.0
BV/share (x)	81.1	91.8	110.1	121.6	138.6
P/B (x)	1.8	1.6	1.4	1.2	1.1
ROE (%)	15.1	18.5	18.5	17.7	16.0

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Industry Public Sector Bank

Key Stock Data

Bloomberg	CBK:IN
Shares o/s (cr)	907
Market Cap (Rs. cr)	1,36,050
52-wk High-Low	154.2/78.6
20D Avg Daily Volume (In '000)	22,304
Index	NIFTY BANK
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	62.9	62.9	62.9
Institutions	24.1	22.8	22.4
Public	12.9	14.3	14.7
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
CANBK	-0.4	36	55.8
NIFTY BANK	-0.9	1.0	7.0

RESEARCH ANALYST

Sagar Shah
sagar.s@sparkcapital.in

Canara Bank – Technical View

“Multi-Year Rounding Bottom Formation in Play”

Bank - Public	Reco/View Buy	Last Day Close Rs. 150	Buy Range Rs. 135 - 145	1Y TP Rs. 206	Potential Upside 47%	Stop Loss on a closing basis Rs. 113
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Technical View

- The stock is forming a rounding bottom pattern on the monthly chart. A decisive breakout above the 165 level would validate the pattern and signal a potential long-term trend reversal, while the previous pivot zone around 128-130 is likely to act as immediate support.
- Additionally, the stock is trading above all its key moving averages across the daily, weekly, and monthly timeframes, reinforcing the strength of the prevailing bullish trend.
- Entry: Initiate positions on a pullback in the range of 135 - 145.

RESEARCH ANALYST

Riches M. Vanara
riches.v@sparkcapital.in

IIFL Finance Limited (IIFL) is a diversified non-banking financial company headquartered in Mumbai that offers a suite of financial services. The company serves both retail as well as corporate clients with its tailored financial products. The company, along with its subsidiaries 'IIFL Home Finance Pvt Ltd' and 'IIFL Samasta Finance Ltd', provides a diverse range of products, including gold loans, home loans, MSME secured loans, MSME unsecured loans, supply chain finance, and microfinance loans. IIFL caters to 4.6 mn customers with a group-level distribution network of 4780 branches.

- Renewed focus on compliance:** The Reserve Bank of India had ordered IIFL to stop disbursements in gold loans in March 2024 due to compliance issues, including cash disbursals exceeding regulatory limits, LTV breaches, and faults in gold assessment. However, in September 2025, RBI lifted the ban after the company implemented corrective measures. IIFL appointed a new information security officer, legal officer, company secretary and compliance officer, and chief human resources officer as part of a management rejig. The company has fully revamped its gold finance operations to ensure compliance with RBI requirements.
- Focus on core segments:** Going forward, IIFL will continue to focus on segments such as home finance (36% of gross AUM), gold finance (38% of gross AUM), and secured MSME finance (10% of gross AUM). These three segments have grown at a CAGR of 22%, 12%, and 19%, respectively, between FY21 and FY25. The company's gold finance segment has continued to grow even after the RBI lifted the ban, with gold loan AUM increasing by 220% Y-o-Y, reflecting sustained customer trust. IIFL has decided to discontinue certain segments, including construction finance, personal loans, unsecured MSME Finance, and capital market finance, which now constitute only 7% of the company's gross AUM. As of Q2FY26, the gross AUM stands at Rs. 90,122 cr, representing a CAGR of 15% between FY21 and FY25.
- Asset quality is a key monitorable:** IIFL's asset quality in FY25 and H1FY26 was largely impacted by below-average performance in segments such as microfinance and unsecured MSME loans. Consequently, the GNPA and NNPA of IIFL Samasta Finance, the wholly-owned subsidiary, rose to 5% and 1.5% in Q2FY26 from 1.9% and 0.3% in FY24, indicating incremental stress in these sectors. Management has guided for a credit cost of 2.8–3% for FY26, with H2FY26 expected to see lower credit costs than H1FY26 due to better recoveries. We believe the company has already seen the peak of stress, and as disbursements improve, asset quality is likely to normalize.
- Leadership changes:** In the past few months, the company has revamped both its internal and external leadership. Mr. Girish Kousgi, former MD of PNB Housing Finance, has been appointed as the MD & CEO of IIFL Home Finance, while Mr. Amit Sharma has taken charge as the head of unsecured lending. We believe these managerial changes are crucial for driving future organizational reforms.
- Valuation:** At a CMP of Rs. 599, IIFL trades at a consolidated P/B multiple of 1.7x its FY27E Bloomberg consensus BV of Rs. 363, and a P/E multiple of 13x its FY27E Bloomberg consensus EPS of Rs. 45.7.

Rs. cr	FY23	FY24	FY25	FY26E	FY27E
Operating Income	2,977	3,816	3,104	3,736	4,523
PAT	1,499	1,764	379	1,536	1,947
Adjusted EPS (x)	38.0	44.4	8.7	32.5	45.7
P/E	16	13	69	18	13
BV/share	230	271	292	316	363
P/B (x)	2.6	2.2	2	1.9	1.7
ROE (%)	19.4	17.9	3.2	9.9	12.6

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Industry Non-Banking Financial Company (NBFC)

Key Stock Data

Bloomberg	IIFL:IN
Shares o/s (nos. cr)	42.5
Market Cap (Rs. cr)	25,458
52 wk High-Low	608/280
20D ADV (ln '000)	1,144
Index	NIFTY SMALLCAP 100
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	24.9	24.9	24.9
Institutions	35.9	34.7	33.6
Public	39.2	40.4	41.5
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
IIFL	4.1	28.0	46.2
NIFTY 500	-0.9	1.0	7.0

RESEARCH ANALYST

Sagar Shah
sagar.s@sparkcapital.in

Source: Bloomberg, Spark PWM Pvt Ltd
Note: CMP is previous day close

IIFL Finance Ltd. – Technical View

“Inverse Head & Shoulders Breakout in Play”

Finance - Investment	Reco/View Buy	Last Day Close Rs. 599	Buy Range Rs. 540 - 570	1Y TP Rs. 745	Potential Upside 34%	Stop Loss on a closing basis Rs. 460
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Technical View

- The stock has registered an inverse head and shoulders breakout on the weekly chart. The subsequent four-week consolidation phase indicates ongoing accumulation, and a decisive weekly close above 600 is likely to trigger further momentum in the price.
- Additionally, the stock is trading above all its key moving averages across the daily, weekly, and monthly timeframes, reinforcing the strength of the prevailing bullish trend.
- Entry: Initiate positions on a pullback in the range of 540 - 570.

RESEARCH ANALYST

Riches M. Vanara
riches.v@sparkcapital.in

Persistent Systems Ltd – Fundamental View

Play on AI and consistent performance

Last Day Close
Rs. 6,300

1Y TP
Rs. 7,500

Rating
BUY

Persistent Systems is a global digital engineering, cloud, data, and AI services company with operations in over 19 countries. North America contributes ~80% of revenues, followed by Europe (~9%), while India and the rest of the world account for the balance. By industry, Banking, Financial Services, and Insurance (BFSI) represents ~35% of revenues, Hi-Tech ~40%, and Healthcare ~25%. Persistent's positioning as an AI-led, platform-driven digital engineering partner differentiates it from traditional IT services peers and supports sustained above-industry growth.

Key Investment Rationale:

- **Sustained outperformance despite macro uncertainty:** Persistent continues to deliver sector-leading execution in a challenging global IT demand environment, with Q2FY26 constant-currency revenue growth of ~4.2% Q-o-Q & 17.6% Y-o-Y, marking its 22nd consecutive quarter of sequential growth. Growth remains broad-based across BFSI, Hi-Tech, and Healthcare, with BFSI (+7% Q-o-Q) & Europe (+7.7% Q-o-Q) standing out as key contributors. Notably, deal momentum remains robust, with TCV of US\$609mn (+15% Y-o-Y) and ACV of US\$448mn (+28% Y-o-Y), lifting book-to-bill to ~1.5x and providing strong revenue visibility into FY27E. Management reiterated confidence in achieving US\$2bn revenue by FY27 (~20% CAGR), underpinned by healthy pipeline conversion & deeper mining of top accounts.
- **AI creates structural differentiation:** Unlike traditional IT services peers, Persistent is positioned as an AI-led, platform-driven digital engineering partner, anchored by its proprietary SASVA GenAI platform, enterprise AI readiness offerings, and agentic AI solutions. With 75 patents (20 added in Q2FY26), 50+ internal AI agents deployed, and partnerships with hyperscalers and Anthropic, Persistent is embedding AI across the software lifecycle, enterprise data layers and domain workflows. Management commentary suggests that AI adoption is not deflationary, instead enabling non-linear revenue models, larger deal sizes and deeper wallet share, particularly across BFSI, Hi-Tech and Healthcare modernization programs. This positions Persistent as a transformation partner rather than a commoditized services vendor, supporting sustained differentiation over the medium term.
- **Margin expansion trajectory intact:** Persistent reported Q2FY26 EBIT margins of 16.3% (+80 bps Q-o-Q / +230 bps Y-o-Y), supported by software license cost roll-offs, offshore transition, and productivity gains, partially offset by temporary headwinds. While wage hikes are expected to create a ~180 bps near-term margin headwind, management remains confident in delivering ~200–300 bps EBIT margin expansion over FY25–27, driven by utilization optimization, SG&A rationalization, subcontractor reduction, and AI-led efficiency gains. Over the medium term, operating leverage from revenue scale-up, a richer deal mix, and platform-led delivery should enable margins to trend higher, even as the company continues to invest aggressively in growth and AI capabilities.
- **Valuation:** High RoIC, value-accretive M&A, superior execution, faster growth and differentiated AI make Persistent a structural bet in IT. Based on the same, Persistent is expected to report a Revenue & PAT CAGR of 19%/24% over FY25-27E. At CMP of Rs. 6,300, Persistent is trading at 60x P/E on TTM earnings. The Bloomberg consensus EPS for FY27E stands at Rs. 141/share with PE of 45x.

Key risks: Insourcing by clients, higher competition from Hyperscalers, and AI-led disruption.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	8,351	9,822	11,939	14,421	16,949
Growth y/y	46.2%	17.6%	21.6%	20.8%	17.5%
EBITDA Margin %	18.2%	17.1%	16.8%	18.4%	18.7%
Net Income Margin %	11.0%	10.9%	11.4%	12.6%	12.9%
EPS (Rs)	60.3	72.4	91.2	116.6	141.0
Growth y/y	33.4%	20.2%	25.9%	27.8%	20.9%
EV/EBITDA				36.9	30.9
PE				54.0	44.7

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Industry IT & Software

Key Stock Data

Bloomberg	PSYS IN
Shares o/s (cr)	15.59
Market Cap (Rs. cr)	99,359
52-wk High-Low	6769-4149
30D ADV ('000)	530
Index	Nifty 500
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	53.8	53.8	53.8
Institutions	36.7	36.2	35.2
Public	9.5	10.0	11.0
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
Persistent System	-2.2	3.6	-2.3
Nifty 500	-0.9	1.0	7.0

RESEARCH ANALYST

Devang Bhatt
devang.b@sparkcapital.in

Source: Company reports, Bloomberg, Spark PWM Pvt Ltd

Persistent Systems – Technical View

The stock broke out of its cup base in November and is pulling back to its pivot.

Information Technology	Reco/View Buy	Last Day Close Rs. 6,300	Buy Range Rs. 6,180 – 6,340	1Y TP Rs. 7,500	Potential Upside 19%	Stop Loss on a closing basis Rs. 5,670
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Technical View

- The stock broke out of its cup base in late November and is pulling back to its pivot.
- It has retaken its key moving averages and is trading around its 20-DMA.
- **Entry:** Initiate positions here (Rs. 6,180–6,340), as the stock is pulling back to its pivot.
- **Support:** The 50-DMA (Rs. 6,160) is expected to act as support.

RESEARCH ANALYST

Aditya Ashwin Paul
aditya.a@sparkcapital.in

Samvardhana Motherson International Ltd. – Fundamental View

Diversified growth levers with strong execution visibility

Last Day Close Rs. 119	1Y TP Rs. 155	Rating BUY
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Samvardhana Motherson International Limited (SAMIL) is a global automotive and diversified manufacturing group headquartered in Mumbai, India. The company operates across five core segments: Wiring Harness (26%), Vision Systems (15%), Modules & Polymer Products (43%), Integrated Assemblies (7%), and Emerging Businesses (9%). As of FY25, SAMIL has 425+ facilities across 44 countries, serving both automotive and non-automotive customers with a powertrain-agnostic product portfolio.

Key Investment Rationale:

- Strong and diversified order book:** SAMIL reported USD 87.2 bn of booked business as of September 2025 (largely stable versus USD 88.1 bn in March 2025), out of which USD 3 bn accounts for non-auto segment (versus 2.7 bn in March 2025). Revenue is expected to be realised progressively over 5-6 years. Management stated that the booked business is well diversified across customers, geographies, and product categories with EV accounts for ~22% of the booked business.
- Capex and greenfield execution:** The company incurred Rs. 2,653 cr of capex in H1FY26, towards greenfield facilities & capacity expansion linked to secured customer programmes. As of Q2FY26, it has 10 greenfield facilities under various stages of completion, of which 2 facilities have been operationalized, with execution progressing in line with customer SOP timelines. For FY26, total capex is guided at ~Rs. 6,000 cr., covering greenfields, capacity additions, and ongoing investments across geographies.
- Scaling non-automotive businesses:** Non-automotive segments are becoming increasingly significant to SAMIL's growth, with both consumer electronics and aerospace entering the commercial scaling phase. In consumer electronics, two plants are already operational, with production up 36% over Q1FY26, and the company's largest plant is scheduled for SOP in Q3FY27. The aerospace business reported 37% Y-o-Y growth in 1H FY26 and has achieved Tier-1 supplier status with Airbus. SAMIL operates 17 aerospace facilities across four countries and maintains Tier-2 relationships with select global OEMs, with multiple high-value, complex packages in advanced RFQ stages.
- Capability-led acquisitions across key segments:** In Q2FY26, SAMIL announced three strategic acquisitions — Yutaka Giken (Japan) for USD 184 mn (Rs. 1,620 cr), Rubbertec (Australia) for ~USD 3.3 mn (Rs. 29.04 cr), and Rider Dome (Singapore) for USD 0.5 mn (Rs. 4.4 cr) — as part of a broader USD 2 mn investment commitment to be deployed in tranches. Yutaka Giken brings a long-standing partnership with Honda and expertise across motor rotors, stator assemblies, drive and brake systems, and thermal management. Rubbertec strengthens elastomer and polymer vertical integration, while Rider Dome marks the company's entry into Advanced Rider Assistance Systems (ARAS) for two-wheelers, expanding its technology portfolio and end-market coverage.
- Expansion of global wiring harness business:** On 22 December 2025, Samvardhana Motherson International Limited, through its subsidiary Motherson Global Investments B.V., announced the acquisition of 100% of the global wiring harness business of Nexans AutoElectric GmbH for an enterprise value of €207 mn (~Rs. 1,822 cr.) on a cash- and debt-free basis. The Nexans AutoElectric wiring harness business reported revenue of €749 mn in CY2024 (~Rs. 6,591 cr) and operates 22 manufacturing facilities across 11 countries, employing over 13,000 people.
- Financial performance and outlook:** In Q2FY26, SAMIL reported revenue of Rs. 30,173 cr, up 8.5% Y-o-Y; EBITDA of Rs. 2,719 cr, up 10% Y-o-Y; and PAT of Rs. 856 cr, up 15% Y-o-Y. Consensus projects revenue and EPS to grow at a CAGR of 10% and 16%, respectively, over FY25–27E. The stock trades at 31.9x FY26E and 24.8x FY27E PE.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	77,871	97,779	112,541	124,475	136,615
Growth y/y	23.7%	25.6%	15.1%	10.6%	9.8%
EBITDA Margin %	8.0%	9.5%	9.2%	9.1%	9.6%
Net Income Margin %	1.9%	2.8%	3.4%	3.2%	3.8%
EPS (Rs)	1.5	2.7	3.6	3.8	4.9
Growth y/y	98.5%	81.4%	36.4%	3.9%	28.7%
EV/EBITDA	-	-	-	12.65	10.91
PE	-	-	-	31.86	24.75

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Industry Auto Components & Equipments

Key Stock Data

Bloomberg	MOTHERSO IN
Shares o/s (cr)	1,055
Market Cap (Rs. cr)	1,25,545
52-wk High-Low	121/71.5
30D ADV ('000)	9,616.1
Index	Nifty 50
F&O	N

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	48.6	48.6	58.2
Institutions	33.0	33.3	33.4
Public	18.4	18.1	8.4
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
MOTHERSO IN	2.6	16.1	14.7
Nifty 50	-0.9	1.0	7.0

RESEARCH ANALYST

Kairav Sundar

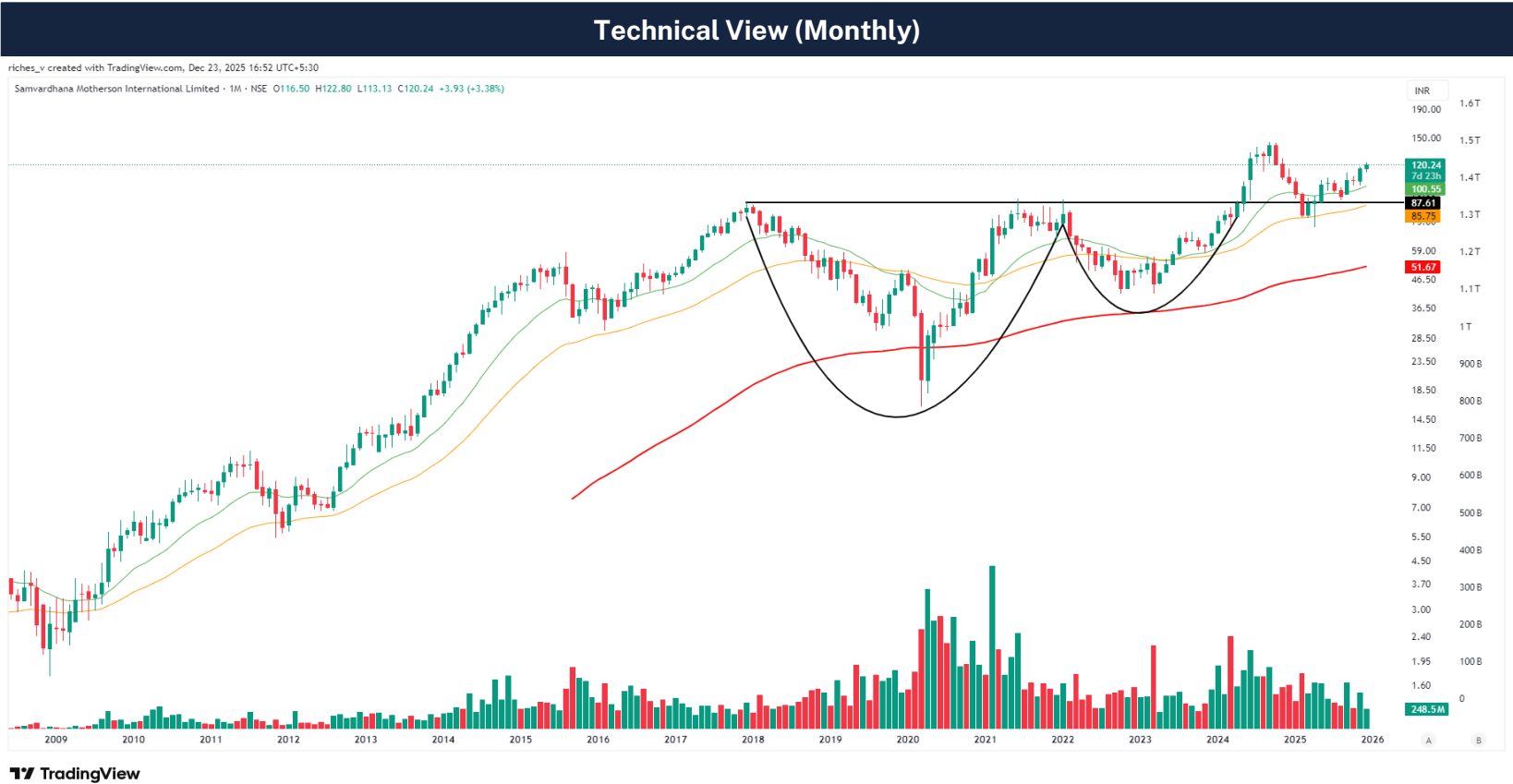
Kairav.s@sparkcapital.in

Source: Company reports, Bloomberg, Spark PWM Pvt Ltd

Samvardhana Motherson International Ltd. – Technical View

“Perfect Liquidity Sweep at Breakout Retest Level”

Automobile & Ancillaries	Reco/View Buy	Last Day Close Rs. 119	Buy Range Rs. 110 - 120	1Y TP Rs. 155	Potential Upside 35%	Stop Loss on a closing basis Rs. 94
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Technical View

- The stock has registered a cup-and-handle breakout on the monthly chart, followed by a successful retest of the breakout level. The subsequent liquidity sweep appears to have shaken out weak hands, and the current price structure now indicates a continuation of the prior uptrend.
- Additionally, the stock is trading above all its key moving averages across the daily, weekly, and monthly timeframes, reinforcing the strength of the prevailing bullish trend.
- Entry: Initiate positions here in the range of 110 - 120

RESEARCH ANALYST

Riches M. Vanara
riches.v@sparkcapital.in

Reliance Industries Ltd– Fundamental View

Diverse growth drivers to sustain momentum

Last Day Close
Rs. 1,559

1Y TP
Rs. 1,800

Rating
BUY

Reliance Industries Ltd. (RIL), India's largest private-sector enterprise and a global leader in the Oil-to-Chemicals (O2C) business, also has a strong presence in retail, telecom, media, and digital services. In line with its plan to decentralize the business model, the legacy O2C segment's contribution to EBITDA was ~33% in Q2FY26 (down from ~40% in Q2FY24), with telecom & retail comprising 56%. Multiple levers are in place to sustain robust top-line growth over the next few years.

Key Investment Rationale:

- **Reliance Jio's H1CY26 listing to unlock value:** Jio's subscriber base increased from 49.8 cr in Q1FY26 to 50.6 cr in Q2FY26, while ARPU rose sequentially from Rs. 209 to Rs. 211 per subscriber. Jio is well-positioned to benefit from industry tailwinds, as ARPU growth remains on a structural uptrend. Any price hike following Jio's listing could provide upside to segment revenues. Over the past few quarters, Jio has maintained robust EBITDA margin expansion, supported by the Jun'24 price hike and growing 5G adoption, which now accounts for ~50% of wireless traffic on the Reliance network. The company is also expanding its digital infrastructure offerings through AI products and services, including the AI-powered wearable platform 'JioFrames,' Jio AI Cloud, and Jio-PC. Strategic partnerships with Meta and Google for knowledge sharing are expected to act as key catalysts for this new growth engine.
- **Consumer segment remains a core growth driver with a large opportunity pipeline:** Reliance's Retail business is delivering robust performance across both physical and digital platforms. It added 412 stores in Q2FY26, taking the total to 19,821 physical stores. On the digital front, JioMart's Q-commerce average daily orders increased ~200% Y-o-Y and 42% Q-o-Q. Strategic levers—including deeper penetration into Tier III and IV towns, integration of digital platforms like Freshpik, Q-commerce store additions, and private-label expansion—are strengthening the digital retail business. Coupled with physical retail initiatives such as Campa Cola's market share gains and a healthy store addition pipeline, these efforts support the company's goal of achieving Rs. 1,00,000 cr topline over the next five years, up from ~Rs. 11,500 cr in FY25.
- **Ambitious new energy plans:** Reliance is on track to commission a 40 GWh battery Giga-factory in Jamnagar, Gujarat, in early CY26, with plans to scale capacity to 100 GWh. This capacity will primarily serve captive consumption and support the company's goal of installing 100 GW of renewable energy in India. Also, a 3 GW per annum electrolyzer production facility is likely to be operational by the end of CY26, while green hydrogen capacity is targeted to reach 3 MMTPA by 2032. By leveraging opportunities in India's growing power demand, RIL expects its new energy segment to become as large as its Oil & Gas business in the next 5–7 years.
- **Valuation:** RIL is undergoing significant capex expansion, driven by its foray into renewable energy, AI infrastructure, Q-commerce, and digital platform growth, as well as physical retail expansion. Additional levers—such as the Jio listing, commissioning of new energy capacities, and potential Jio tariff hikes—support a positive medium-term outlook, with expected revenue, EBITDA, and PAT CAGR of 6%, 12%, and 15%, respectively, over FY25–27E.

Key risks: Delays in the Jio IPO listing or in the commencement of new energy capacities could weigh on investor sentiment.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	8,77,835	9,01,064	9,64,693	10,06,522	10,88,895
Growth y/y	26.1%	2.6%	7.1%	4.3%	8.2%
EBITDA Margin %	16.3%	18.5%	17.5%	18.6%	19.4%
Net Income Margin %	7.8%	7.9%	7.4%	8.3%	8.6%
EPS (Rs)	49.3	25.7	51.5	60.7	66.8
Growth y/y	7.2%	-47.8%	100.1%	17.9%	10.1%
EV/EBITDA				12.9	11.5
PE				25.6	23.2

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Industry Refineries & Marketing

Key Stock Data

Bloomberg	RELIANCE IN
Shares o/s (cr)	1353.24
Market Cap (Rs. cr)	20,98,949
52-wk High-Low	1581-1115
30D ADV ('000)	530
Index	Nifty 500
F&O	Y

Latest Shareholding (%)

	Sep 25	Jun 25	Mar 25
Promoters	50.0	50.1	50.1
Institutions	39.1	39.1	38.6
Public	10.9	10.8	11.3
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
RELIANCE IN	-1.2	2.6	27.4
Nifty 500	-0.9	1.0	7.0

RESEARCH ANALYST

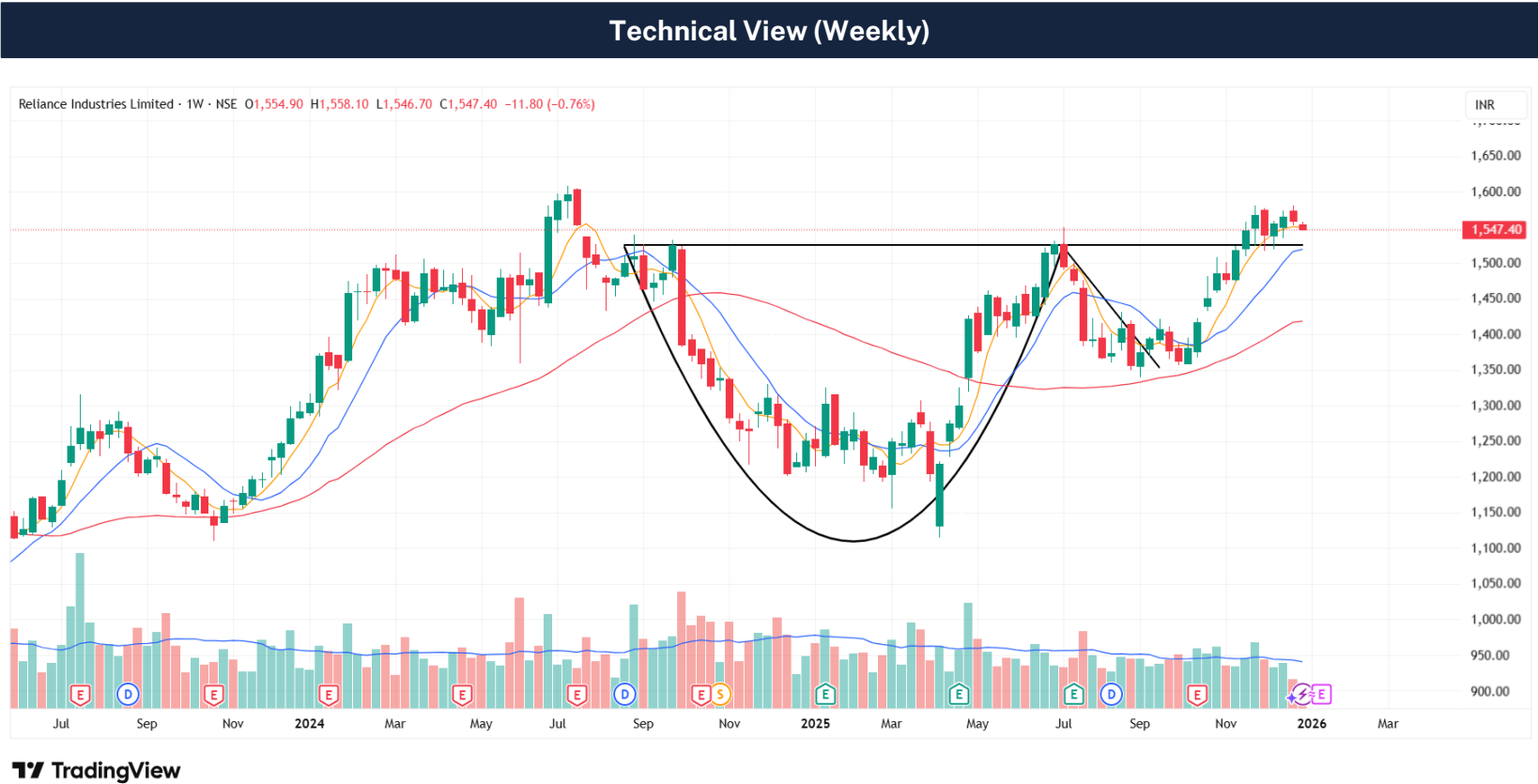
Aadesh Gosalia
aadesh.g@sparkcapital.in

Source: Company reports, Bloomberg, Spark PWM Pvt Ltd

Reliance Industries – Technical View

The stock broke out of its cup-with-handle consolidation base in November and is trading near its pivot.

Petroleum Products	Reco/View Buy	Last Day Close Rs. 1,559	Buy Range Rs. 1,540 – 1,580	1Y TP Rs. 1,800	Potential Upside 16%	Stop Loss on a closing basis Rs. 1,415
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Technical View

- The stock broke out of its cup-with-handle consolidation base in mid-November and is trading near its pivot.
- It is trading above its key moving averages (50/200-DMA).
- **Entry:** Initiate positions here (Rs. 1,540–1,580), as the stock is trading around its 20-DMA.
- **Support:** The 50-DMA (Rs. 1,520) is expected to act as support.

RESEARCH ANALYST

Aditya Ashwin Paul
aditya.a@sparkcapital.in

Apollo Hospital Enterprises Ltd.

Achieving scale in a fast-growing industry

Last Day Close
Rs. 7,156

1Y TP
Rs. 8,100

Rating
BUY

Company Overview

Apollo Hospital Enterprise Limited (AHEL), founded in 1983 by Dr. Prathap C. Reddy, is India's largest pan-India hospital chain, with a strong presence across the healthcare ecosystem, including hospitals, pharmacies, primary care and diagnostic clinics, and various retail health models. AHEL generates revenue through three segments: Apollo Hospitals (Healthcare), Apollo Health & Lifestyle Ltd (Diagnostics and Retail Health), and Apollo HealthCo (Digital Health and Pharmacy Distribution).

Key Investment Rationale:

- **Healthy growth across business segments:** AHEL generated Rs. 11,147 cr from its core hospital business in FY25, contributing 51% of total revenue and growing at a 22% CAGR over FY21–25. This segment posted an EBITDA of Rs. 1,499 cr, with margins improving to 24.6% in H1FY26. ARPIP stood at Rs. 1,72,819 as of H1FY26. The Apollo HealthCo division, contributing Rs. 9,093 cr (42% of revenue), includes offline pharmacies, which grew at a 13% CAGR over FY21–25 with stable ~7.6% EBITDA margins, and a rapidly scaling online platform, which expanded at a 28% CAGR over FY23–25. Offline division margins improved to 7.7% in H1FY26, while EBITDA loss narrowed to Rs. 144 cr from Rs. 217 cr in H1FY25. Apollo Health & Lifestyle Ltd. (AHL), covering diagnostics and retail health, contributed 7% of revenue, growing at a 12% CAGR over FY21–25. **AHEL's diversified growth highlights strong execution across both traditional and digital healthcare verticals.**
- **Consolidation of business:** In August 2024, AHEL approved a composite scheme to demerge its omnichannel pharmacy (OCP), Apollo 24|7, and telehealth businesses into a new entity (NewCo), while merging Keimed with it. The move aims to unlock value by creating a listed leader in omnichannel pharmacy and digital health, with FY25 revenues of Rs. 16,300 cr. Post-restructuring, AHEL will focus on hospitals and AHL (diagnostics & retail health), while NewCo will house pharmacy, telehealth, and distribution businesses. **The demerger is expected to enhance strategic focus, improve capital allocation, and drive growth across both entities.** AHEL will retain ~15% of NewCo directly (17.5% including interest held via FHPL), and shareholders will receive 195.2 NewCo shares for every 100 AHEL shares. Listing is expected within the next 12–18 months.
- **Capex plan:** AHEL plans to add 4,486 beds across multiple locations with a total capex of Rs. 8,294 cr of which ~Rs. 5,800 cr is yet to be spent. By FY27, 2071 beds are expected to be commissioned at Rs. 3,560 cr, while an additional 2,415 beds are planned over the next 3–4 years with a projected cost of Rs. 4,734 cr. The expansion includes a mix of greenfield, brownfield, and asset-light models in key metros. This expansion will boost capacity by over 35% taking the total bed count to ~13,100 from 9,483 in H1FY26. This will improve operating leverage and drive higher ARPOB through better case mix & utilization. **In the medium term, this should lead to improved revenue visibility, margin expansion, and return ratios, further solidifying AHEL's leadership in India's premium hospital space.**
- **Valuation:** At CMP of Rs. 7,156 Apollo Hospital Enterprise Ltd. trades at an EV/EBITDA multiple of 23.7x its FY27E EBITDA.

Rs cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	16,613	19,059	21,794	25,157	30,016
Growth y/y	13.3%	14.7%	14.3%	15.4%	19.3%
EBITDA Margin %	12.4%	12.6%	13.9%	14.7%	15.2%
Net Income Margin %	4.9%	4.6%	6.4%	7.5%	8.0%
Adj. EPS (Rs)	57.0	62.5	100.6	131.1	167.8
Growth y/y	-22.4%	9.7%	60.9%	30.4%	28.0%
EV/EBITDA				29.2	23.7
PE				54.5	42.6

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Industry Hospital

Key Stock Data

Bloomberg	APHS IN
Shares o/s (cr)	14.38
Market Cap (Rs. cr)	1,02,903
52-wk High-Low	7,981/6,001
20D ADV ('000)	316
Index	Nifty 500
F&O	Y

Latest Shareholding (%)

	Sept 25	Jun 25	Mar 25
Promoters	28.1	29.3	29.3
Institutions	65.3	64.8	65.0
Public	21.1	5.6	5.4
Others	0.2	0.2	0.2
Pledge	8.6	13.1	13.1

Stock Performance (%)

	1M	6M	12M
AHEL	-2.9	-2.4	-1.4
Nifty 500	-0.9	1.0	7.0

RESEARCH ANALYST

Aadesh Gosalia
aadesh.g@sparkcapital.in

Apollo Hospitals Enterprise – Technical View

The stock is testing its medium-term support at Rs. 6,900

Healthcare	Reco/View Buy	Last Day Close Rs. 7,156	Buy Range Rs. 7,000 – 7,200	1Y TP Rs. 8,100	Potential Upside 14%	Stop Loss on a closing basis Rs. 6,675
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Technical View

- Following a healthy 15% correction, the stock has completed a Bullish Alt-Shark pattern on the daily timeframe, signaling a high-probability reversal zone.
- The MACD has shifted northward, delivering a bullish crossover with its signal line to confirm improving price momentum.
- On the downside, strong technical floor identified at 6600 – 6730 zone; the stock remains attractive as long as it holds this range.
- Entry:** Initiate positions here (Rs. 7,000 – 7,200) as the stock is rebounding from the Potential Reversal Zone of the Alt-Shark pattern.

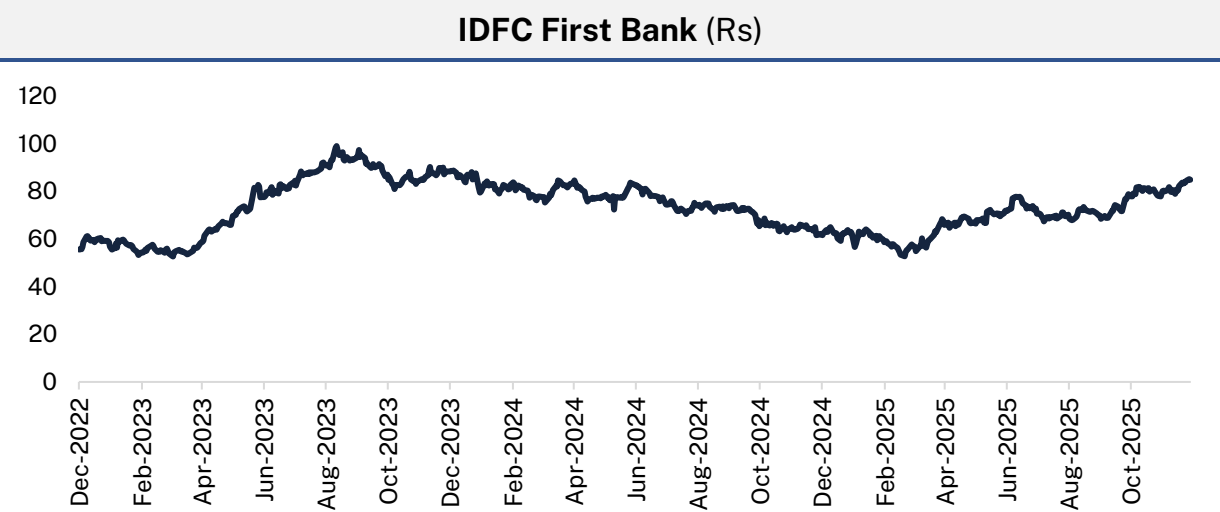
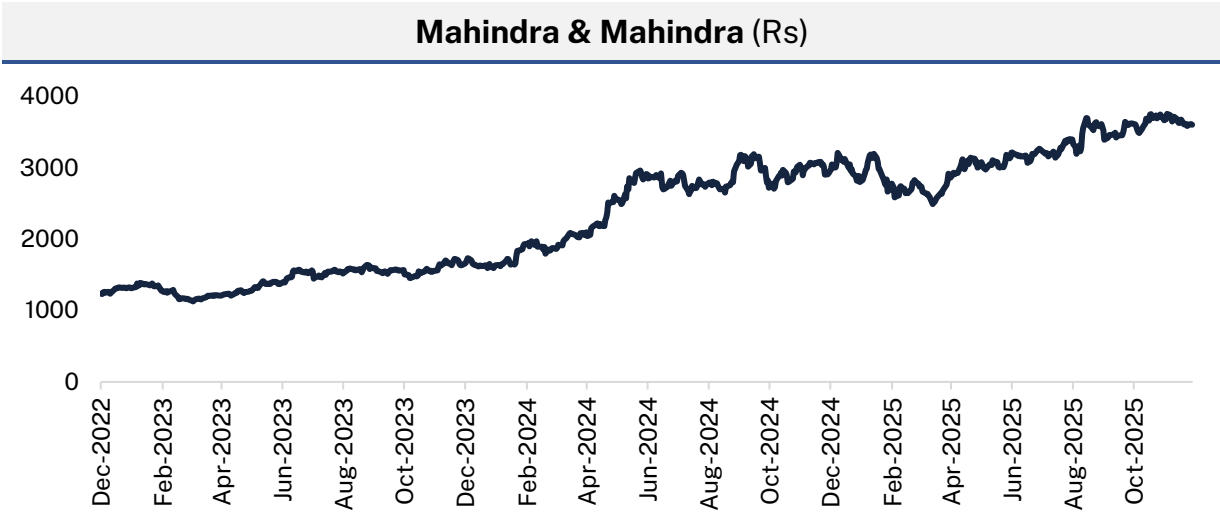
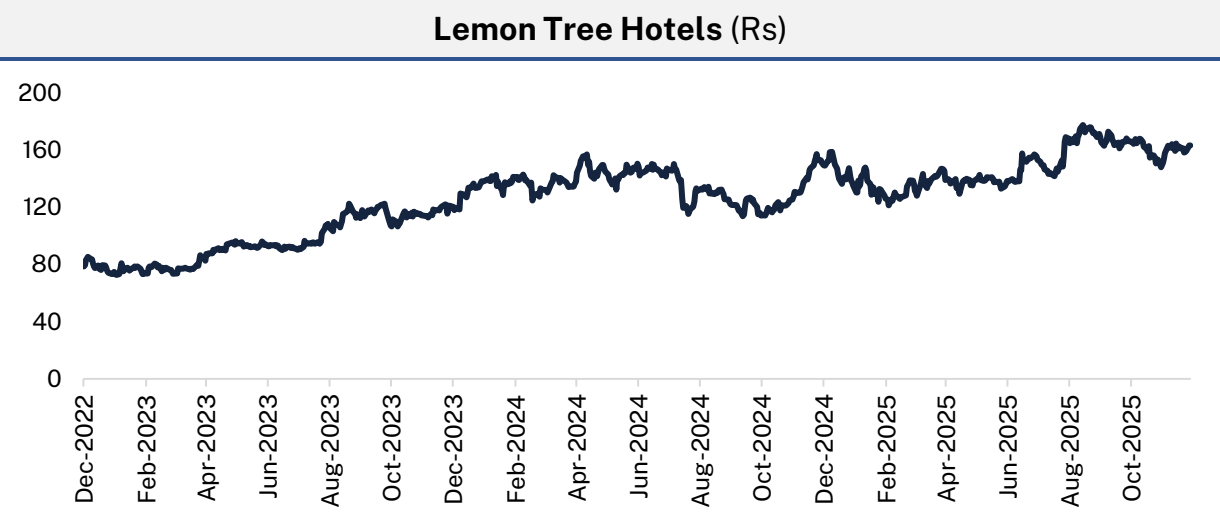
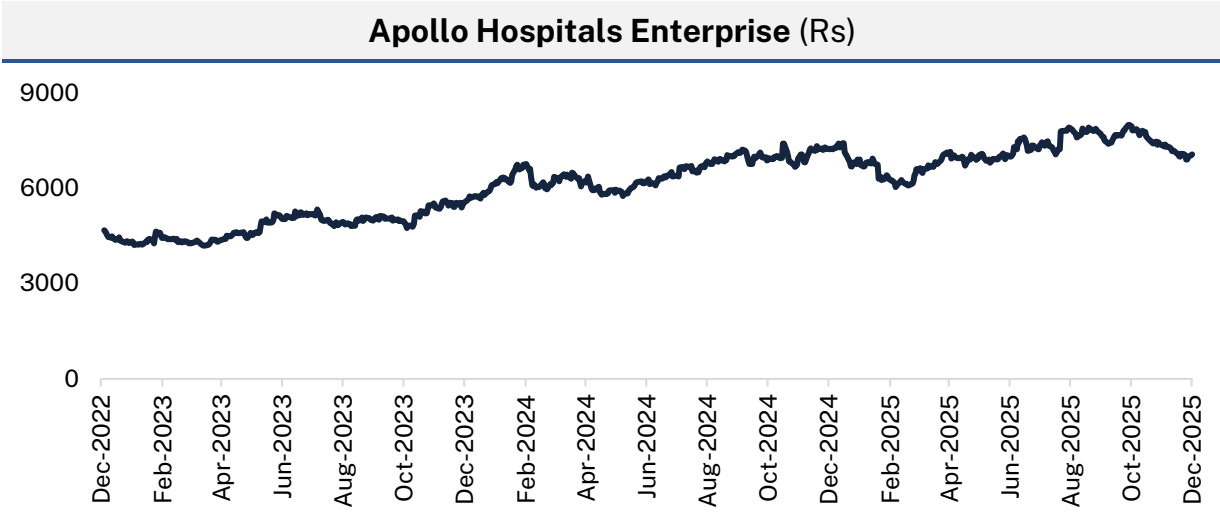
RESEARCH ANALYST

Aditya Ashwin Paul
aditya.a@sparkcapital.in

Annexure

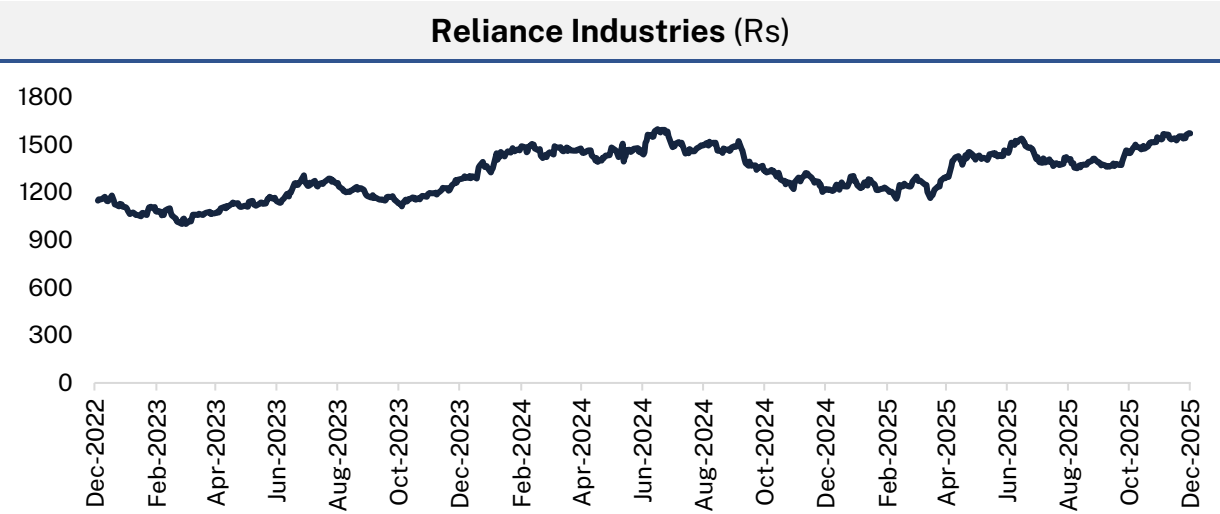
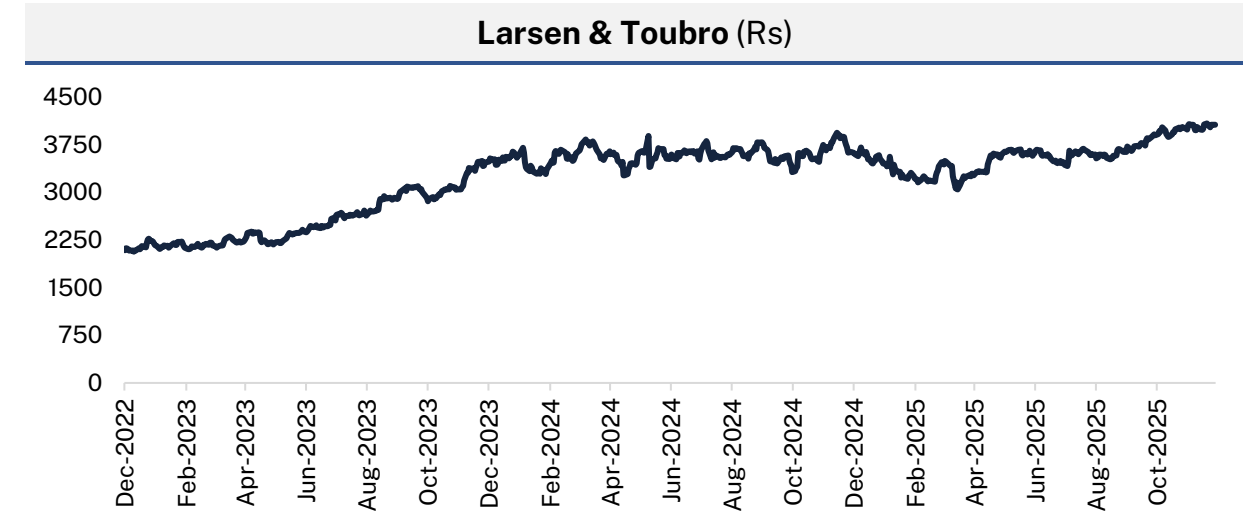
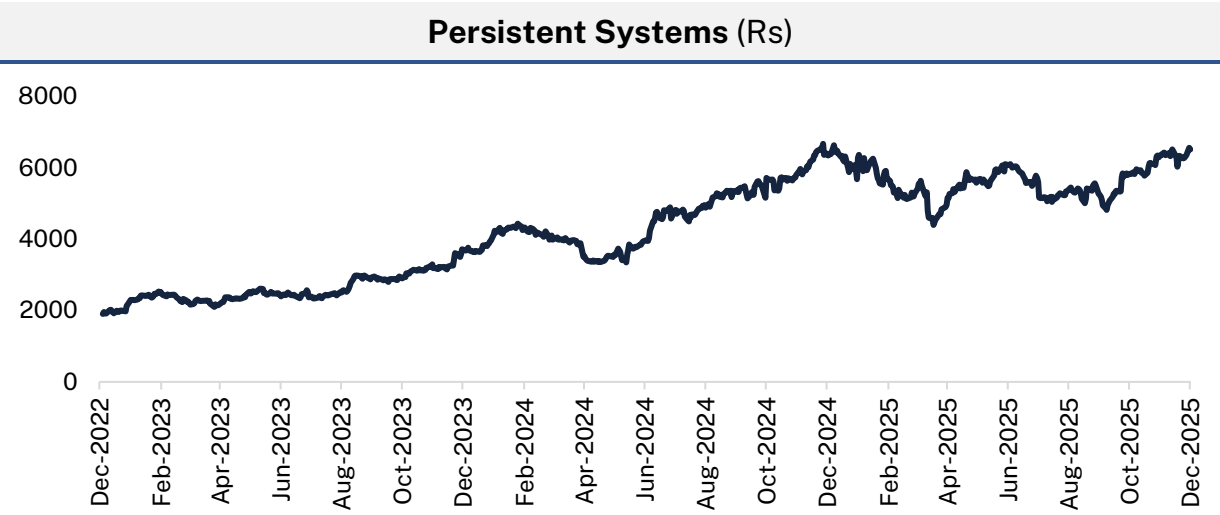
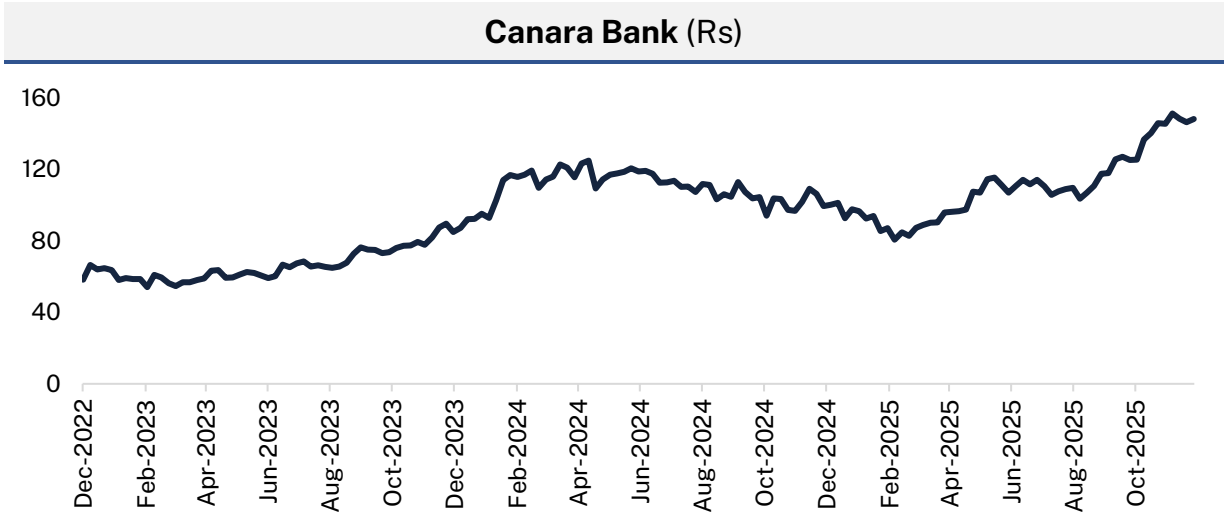


3-Year Price Chart



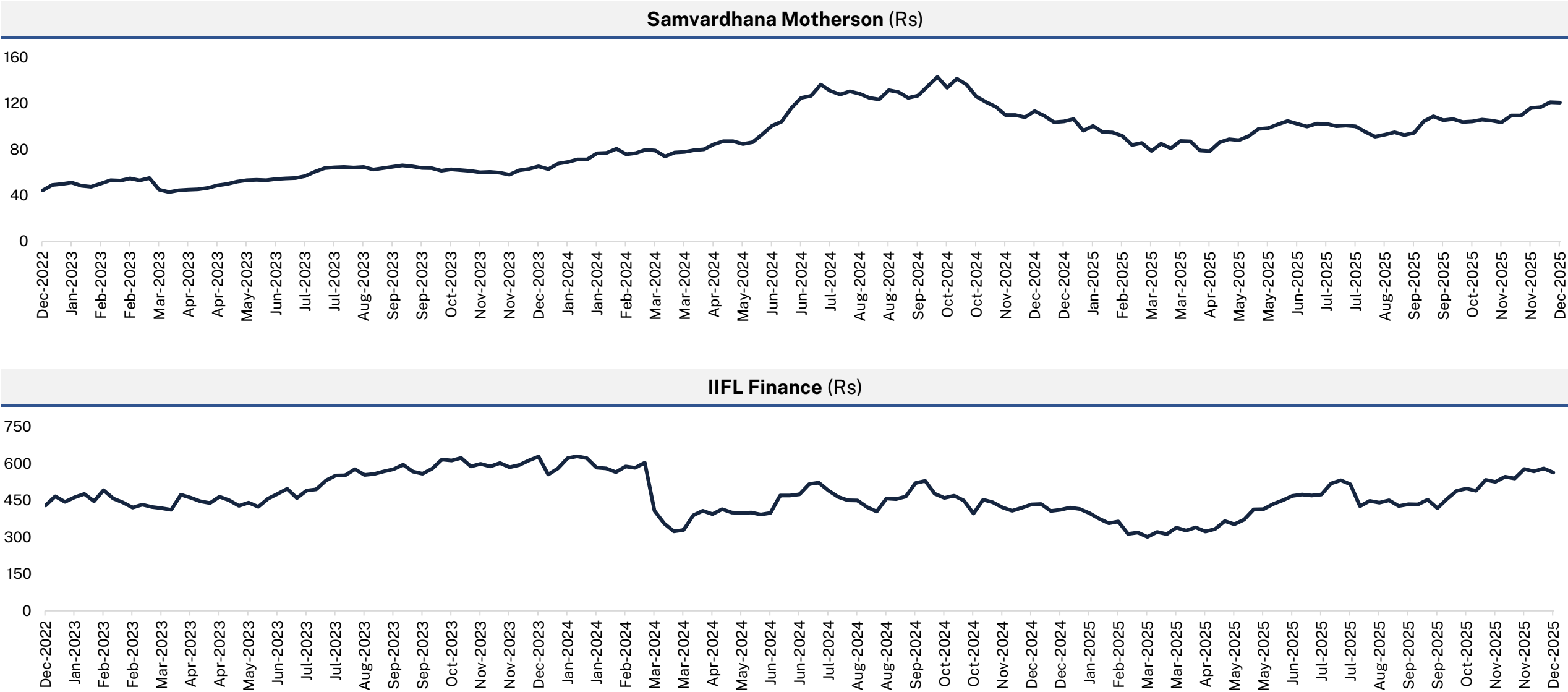
Source: Bloomberg

3-Year Price Chart



Source: Bloomberg

3-Year Price Chart



Source: Bloomberg

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	SELL	Stock expected to fall >10% over a 1-year horizon
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Our Offices



Chennai

No. 1, 3rd Floor,
First Crescent Park Road,
Gandhi Nagar,
Adyar,
Chennai – 600 020



Mumbai

Unit – 301, 302, Windsor House, 11th floor, C Wing, ONE BKC,
2, Kolivery Village,
MMRDA Area, Kalina,
Santacruz East,
Mumbai – 400 098

Unit Nos. 1116,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051



Delhi

No. 23, 1st Floor,
Community Centre,
Basant Lok,
Vasant Vihar,
New Delhi – 110 057



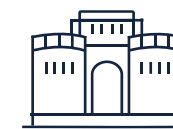
Bengaluru

No. 2, 3rd Floor,
Prestige
Emerald,
Lavelle Road,
Bengaluru – 560 001



Hyderabad

No. 25 & 42, 3rd Floor,
Lumbini Avenue,
Near Preston Prime Mall
Main Road, Gachibowli,
Hyderabad – 500 032



Pune

No. 7/352 1st Floor,
Elbee House,
Boat Club Road,
Sangamvadi,
Pune – 411 001



Ahmedabad

No. 409, 4th Floor,
Venus Amadeus,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad – 380 015



Kolkata

No. 9A-1 & 9B-1,
9th Floor,
No. 95A,
Park Street,
Kolkata – 700 016



Kochi

Dotspace Business, G-161,
2nd Floor Near Panampilly Nagar
Central Park,
K V Nagar,
Kochi – 682 036



Thiruvananthapuram

2nd Floor,
Mankulangara Tower,
Kuravankonam,
Pattom P.O.,
Trivandrum – 695 004



Lucknow

Unit No.6, 3rd Floor
Marigold Building,
Sapru Marg Shahnajaf Road,
Hazratfang,
Lucknow – 226 001



Kanpur

Unit No 205, 2nd Floor,
Imperial Square,
16/105,
MG Road,
Kanpur – 208 001



Spark Global PWM Private Limited

Unit number- GV-00-04-03-BC-24, Gate Village Building
04, Dubai International Financial Centre (DIFC), Dubai, UAE