

Arihant's
Diwali
PICKS SAMVAT 2082



 Arihant PLUS

Arihant's Diwali Mithai Portfolio

STOCK PICKS FOR SAMVAT 2082

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Diwali Mithai Portfolio

STOCK PICKS FOR SAMVAT 2082

Entero
Healthcare
Solutions Ltd.



Hindware
Home Ltd.



Zuari
Industries Ltd.



Sheela
Foam Ltd.



Raymond
Lifestyle Ltd.



Pace
Digitek Ltd.



CDSL Ltd.



NSDL Ltd.



Hindalco
Industries Ltd.



Oberoi Realty
Ltd.



DLF Ltd.



Aditya Birla
Capital Ltd.



Tata Motor
Ltd.



Grasim
Industries Ltd.



Bajaj Auto
Ltd.



Multi
Commodity
Exchange of
India Ltd.





HAPPY SAMVAT 2082

WISHING YOU ALL A VERY HAPPY & AUSPICIOUS DIWALI !

Festive greetings to you, your family and friends, and thank you for giving us an opportunity to serve you.

India's strong economic fundamentals and growth trajectory remain a compelling foundation for long-term investment. We are pleased to share our top 16 stock recommendations for a diversified and growth-oriented portfolio this festive season.

Happy Diwali & Festive greetings once again from the Arihant Capital team.



DIWALI MITHAI BOX

Sr. No	Company	CMP (INR)	TP (INR)	Potential Upside (%)
1	Aditya Birla Capital Ltd	293	340	16%
2	Bajaj Auto Ltd	8,943	9,876	10%
3	BSE Ltd	2,396	3,000	25%
4	CDSL Ltd	1,607	1,800	12%
5	DLF Ltd	740	1,005	22%
6	Entero Healthcare Solutions Ltd	1,123	1,740	55%
7	Grasim Industries Ltd	2,809	3,200	14%
8	Hindalco Industries Ltd	772	1,100	42%
9	Hindware Homes Ltd	349	550	58%
10	Multi Commodity Exchange of India Ltd	8,680	9,950	15%
11	Oberoi Realty Ltd	1,595	2,700	69%
12	Pace Digitek Ltd	223	385	73%
13	Raymond Lifestyle Ltd	1,216	2,036	67%
14	Sheela Foam Ltd	678	1,349	99%
15	Tata Motors Ltd	679	811	19%
16	Zuari Industries Ltd	345	650	88%



Aditya Birla Capital Ltd

Retail focus combined with digitization: AB capital has seen an increase in retail sales volume through a renewed focus on personal and consumer loans segment and omnichannel digital architecture which has resulted in a structural strengthening of its margins and yields. In addition, the company has also seen an increase in profit contribution from the housing finance business.

Recovery in unsecured lending: The last three years have seen the lending business doubling its AUM with a robust 30% CAGR. About close to 74% of the NBFC portfolio remains secured, which clearly evidences the company's risk management framework. ABCL has achieved this through a tightening of the underwriting standards while also reducing exposure to small-ticket unsecured loans. These factor have pushed up asset quality while reducing NPAs and increasing profitability.

Focus on AMC: The digital integration play, and retail sales have worked well for the AMC business. The company reported 21% YoY growth in total QAAUM to INR 443,000 cr in Jun'25. Mutual Fund QAAUM rose 14% YoY to INR 403,000 cr, with a market share of ~6.2%, supported by improved fund performance and strong sales momentum.

Growth in Insurance: Aditya Birla Life Insurance (ABSLI) emerged as the fastest-growing life insurance player in FY25, with individual first-year premium (FYP) rising 34% YoY, significantly outpacing 15% growth for private players and 10% growth for the industry. Management has guided for a CAGR of 20-22% in individual FYP and VNB margins of over 18% in the next three years.

Overall, the NBFC is running with multiple pistons firing resulting in a holistic growth that will push up valuations. Our conservative estimates suggest a target of INR 340 which is a 15% upside.

Standalone (Rs Cr)	FY24	FY25	FY26E	FY27E
NII	6,177	6,543	8,541	10,561
Net Profit	2,935	2,957	3,226	4,150
Networth	22,034	25,194	28,119	32,269
Adj.BVPS	85	97	108	124
P/ABV (x)	3.4	3.0	2.7	2.3
RoA (%)	3.0	2.1	2.2	2.3



Bajaj Auto

EV Business Gaining Strong Traction with Margin Improvement: EV segment is showing clear signs of a turnaround, with Chetak volumes more than doubling YoY and capturing 21% MS in the e-scooter category, particularly dominating the premium INR 1 lakh+ segment. In the electric 3W space, the company holds a strong ~35% share. Importantly, the EV portfolio is nearing a double-digit EBITDA margin, with select Chetak models already EBITDA positive, a sharp improvement from previous losses. While Q2 volumes may be temporarily impacted by supply chain constraints related to rare earth magnets (affecting 40–50% of planned output), management expects recovery by Q3. Looking ahead, the company is confident in scaling its EV play, backed by upcoming launches like the E-rickshaw and a revamped platform across the portfolio.

Premiumization Strategy Accelerating Profitable Growth: The company's focused premiumization play is delivering strong results, with the company gaining 3% sequential market share in the 125cc+ motorcycle segment, now commanding 15%, despite a flat overall 2W industry. This gain reflects the success of targeted product and pricing moves, particularly through new Pulsar variants. In the commercial vehicle space, Bajaj maintains a dominant 75% share in the ICE 3W segment and leads in electric 3Ws as well. Going forward, management remains committed to scaling premium offerings while being measured in the low-margin 100cc segment. New launches in the affordable 125cc category are expected, supporting a strategy focused on mix-led volume growth and sustainable profitability over mere market share expansion.

Export Momentum Strengthens with Market Diversification: Exports grew 16% YoY, outperforming the industry with 27% growth in its top 30 markets. Excluding Nigeria, retail volumes hit an all-time high, driven by strong demand in LATAM and Asia. KTM recovery and Brazil entry add to global scale. With capacity ramp-up and new launches ahead, FY26 export growth is guided at 15–20%, with Nigeria offering upside potential.

Valuations and Outlook: The company expects to maintain strong growth momentum in key segments premium motorcycles (125cc+), commercial vehicles, and electric vehicles. Export markets, especially Latin America and Asia, continue to recover well, with Bajaj outperforming industry growth in most key markets. While the domestic motorcycle industry remains flattish, the company is focused on strengthening its presence in the 125cc+ segment through targeted product and pricing interventions. EV supply chain disruptions due to rare earth material shortages are expected to ease by the end of the quarter, restoring production levels. Bajaj expects margins to trend back toward FY25 averages, aided by mix, pricing, and a favorable currency environment. FY26 export growth is guided at 15–20%, with Nigeria offering upside potential. Hence, we have a buy rating on the stock with Target Price of INR 9,876 using the SOTP method for Bajaj's stake in KTM.

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	P/E (x)
FY25	500,103	100,988	81,514	292.1	20.19	30.6
FY26E	566,525	112,425	92,016	325.2	19.84	27.5
FY27E	652,831	130,817	106,185	375.3	20.04	23.8
FY28E	758,199	153,841	123,518	436.5	20.29	20.5



BSE Ltd

Dominant position in index derivatives with significant competitive moats: BSE has established itself as a near market monopoly in index derivatives mainly the core SENSEX derivative product. Network effect, high switching costs and strong brand recognition provide powerful tailwinds for this stock and is a key competitive advantage.

Multiple revenue engines reducing concentration risk and driving expansion: BSE has successfully diversified its revenue streams beyond traditional transaction charges, with securities services contributing 73% of total income while maintaining strong growth in complementary segments. The company's mutual fund distribution platform BSE Star MF achieved 30% year-on-year growth in Q1 FY26. Moreover, the SME platform has become a significant growth driver, crossing 600 listings and raising INR 10,652 Cr since inception.

Substantial investments in technology creating scalable platform advantages: BSE has invested over INR 500 Cr in technology and infrastructure development, creating a robust platform capable of handling massive trading volumes with superior latency performance. This has allowed it to step into high frequency volume trading without proportional cost increases.

Outlook: Stock Exchanges are either monopolies or duopolies and this brings them into the category of organizations that are structurally important for the economy. This is our basic premise for recommending this stock with a strongly positive outlook. The additional factors such as its diversified revenue stream, investments in technology and, most importantly, its competitive moat makes it a priced pick.

Particulars (INR Cr)	FY24	FY25	FY26E	FY27E
Revenues	1,371	2,957	3,752	4,457
EBITDA	384	1,500	2,334	2,799
EBITDA Margins	28.0%	50.7	62.2	62.8
PAT	772	1,322	1,903	2,245
EPS	19.2	30.1	46.2	54.5
PE	109.2	76.5	49.9	42.3



CDSL Ltd

Record Demat Account Leadership and Digital Infrastructure Expansion: CDSL has achieved a historic milestone by becoming the first depository in India to surpass 15.86 crore demat accounts as of Q1FY26, reinforcing its dominant 79.5% market share in active accounts. The company's technology-first approach has garnered international recognition with multiple awards including the Global Custodian Legend Award and Innovation in Market Infrastructure Award, while its strategic investments in AI-driven platforms, blockchain integration for secured bonds, and API-enabled services like eDIS and eMargin Pledge have strengthened its competitive moat in the rapidly evolving fintech ecosystem.

Robust Growth Driven by Diversified Revenue Streams and Operational Efficiency: In FY25, CDSL demonstrated strong topline momentum with revenues increasing 32% YoY, primarily driven by higher depository services, income and expanded offerings in e-voting, electronic signature services, and e-locker subscriptions. The surge in retail participation and increased transaction volumes across equity, debt, and mutual funds segments fueled sustained volume growth, while platform enhancements improved client onboarding and settlement cycle times. Looking ahead, management plans to intensify focus on cross-selling digital solutions to existing clients, monetize emerging opportunities in the NFT and tokenized securities space, and collaborate with regulators for new revenue models, positioning CDSL for balanced profitability and market leadership through FY26 and beyond.

Outlook: CDSL is a leading market infrastructure institution with a dominant position in India's depository space, backed by a robust technology platform and a wide network of distribution partners. The company has delivered a strong profit CAGR of nearly 38% over the past five years, driven by steady revenue growth, operational leverage, and expanding ancillary services such as e-voting and digital asset management. With a nearly debt-free balance sheet, industry-leading return ratios and consistent dividend payouts, CDSL has exhibited resilient financial health and efficient capital allocation. While the stock trades at a premium valuation reflecting its market leadership and growth potential, CDSL's sustained earnings momentum, strategic investments in technology, and expanding investor base reinforce a favorable outlook.

INR in Mn	FY24	FY25	FY26E	FY27E
Revenue	8,123	10,822	11,157	13,174
EBITDA	4,894	6,243	6,336	7,882
EBITDA margin(%)	60%	58%	57%	60%
PAT	4,191	5,266	5,314	6,483
EPS (in INR)	20.1	25.2	25.4	31



DLF Ltd

Strong Launch and Bookings Trajectory- DLF demonstrated industry-leading sales momentum in Q1FY26, reporting pre-sales of INR114.3bn (+78% YoY), mainly propelled by the successful launch of the Privana North project, which accounted for INR110bn in sales. The robust pipeline, with upcoming launches spanning 25msf and a GDV of INR629bn, provides high revenue visibility. Successful launches in key micro-markets like Mumbai—where the new project’s entire inventory was sold out at launch—underscore the strength of brand pull and segment positioning, supporting both pricing power and volume growth.

Resilient Rental Portfolio and Visible Annuity Income- The rental (annuity) portfolio, operated via DCCDL, clocked a 14% YoY uptick in rentals to INR 14bn in Q1FY26 at an occupancy of 94%. The company is targeting exit rentals of INR 67bn in FY26E. DLF’s 45msf rental portfolio (office + retail) is among the largest in the country, with management focusing on expanding the annuity asset base by 28msf (20msf office, 8msf retail), ensuring stable, growing cash flows shielded from residential market cyclicality. Continuous capex towards these assets, funded by robust internal accruals, increases income stability and enhances investor confidence in sustainable returns.

Margin Leadership and Strong Balance Sheet- DLF retained net-cash status at the developer level as of Q1FY26, with net cash of INR 80bn. The company has consistently maintained sector-leading margins—embedded gross margins stood at 39% in the latest quarter—which, combined with disciplined capex, has enabled superior cash flow. The company’s ability to self-fund both residential launches and rental asset expansion, while reducing leverage (target: nil gross debt in the near term for Devco), de-risks execution and provides flexibility for capital allocation in a consolidating sector.

Outlook- DLF stands poised to benefit from sector consolidation and limited liquid real estate plays available to public equity investors, justifying a premium to NAV. The company’s resurgence is backed by a robust launch pipeline, strong cash flows, and a visible annuity stream, which supports a Buy rating with a target price of INR 1,005 (35% premium to Q1FY28E NAV). Near-term catalysts remain focused on timely project launches, absorption in new geographies like Mumbai, and continued rentals traction; however, geographical concentration in NCR and long

INR in Mn	FY24	FY25	FY26E	FY27E
Revenue	79,937	90,200	1,01,301	1,14,981
EBITDA	21,086	28,255	33,206	39,152
EBITDA margin(%)	26.4	31.3	32.8	34.1
PAT	43,676	41,603	51,400	59,942
EPS (in INR)	18.9	16.8	20.8	24.2



Entero Healthcare Solutions Ltd

Business Model & Market Opportunity: Entero Healthcare Solutions, founded in 2018, operates India's largest technology-driven pharmaceutical and medical device distribution platform, serving 100,000+ retail pharmacies and 2,600+ companies across 495 districts. With ~2% market share in a fragmented USD 33 bn market, its asset-light model leverages wide product selection, rapid delivery, and technology integration to create sustainable competitive advantages through network effects. **Strategic Growth Drivers:** Entero's growth strategy focuses on disciplined M&A, deepening organic penetration, and technology-driven operational excellence. Recent acquisitions target high-synergy, margin-accretive segments, while organic expansion prioritizes underserved markets and categories like medical devices, diagnostics, surgical consumables, and specialty pharma.

Competitive Positioning & Industry Consolidation: Entero, along with Apollo and Ascent Wellness, leads the consolidating pharmaceutical distribution market. Organized players benefit from technology, procurement scale, service differentiation, and capital access, while smaller traditional distributors struggle with rising wages and margin pressures, accelerating consolidation in the sector.

GST Rate Reduction Impact: The recent GST cut from 12% to 5% led to temporary inventory adjustments, with distributors moderating purchases and manufacturers offering extended credit and higher margins. This created short-term margin benefits and retail arbitrage opportunities, with normalization expected by March 2026 and minimal operational disruptions.

Valuation & View: Entero's strong platform, technology, and execution position it to benefit from industry consolidation and expand into adjacent healthcare services. Growth will be driven by geographic expansion, deeper penetration, entry into medical devices and healthcare services, and potential international expansion, supported by a large, under-penetrated market. We expect revenue to grow at 31.7% CAGR over FY25–FY28E and maintain a "Buy" rating with a target price of INR 1,740, implying 47% upside.

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	39,223	50,958	66,245	87,444	116,300
EBITDA	1,118	1,715	2,495	3,643	5,288
EBITDA Margins	2.9%	3.4%	3.8%	4.2%	4.5%
PAT	398	1,074	1,766	2,654	3,939
EPS	9.2	24.7	40.6	61.0	88.5
PE	122.8	45.5	27.7	18.4	12.7



Grasim Industries Ltd

Structural Upside from Paints foray – poised to emerge as No.2 player

Grasim's paints business ("Birla Opus") is gaining traction faster than anticipated, driven by differentiated offerings such as *digital warranty certificates (Opus Assurance)* and *financing schemes* for consumers and contractors. The company remains on track to achieve ₹100 bn in revenue by FY28E, at which scale it expects operating profitability. With a pan-India footprint across 50,000 dealers and strong premiumization (65% of product mix), Grasim is well positioned to capture market share from incumbents in the INR 560–570 bn decorative paints industry, where unorganized players are gradually losing relevance.

Scaling B2B e-commerce platform provides an emerging growth lever

Grasim's B2B e-commerce business has witnessed healthy traction, benefiting from digital adoption in the construction materials ecosystem. The platform is scaling well across product categories and regions, with revenue growth outpacing expectations. As the business achieves scale efficiencies, management expects operating losses to narrow meaningfully from FY26E onward. With an asset-light model and strong synergies with the Group's cement and chemical ecosystems, the platform can evolve into a high-ROCE digital vertical supporting long-term value creation.

Improving return ratios and deleveraging trajectory

Standalone net debt peaked in FY25 and is projected to decline steadily, driven by better cash generation from FY26E onward as the paints and B2B e-commerce businesses turn operationally profitable. RoCE is expected to improve from 0.8% in FY26E to 5.2% by FY28E, aided by operating leverage and normalization of losses in new segments. The improving FCF yield (turning positive at 0.6% by FY28E) underpins balance sheet strength and the company's ability to sustain investments without equity dilution.

Outlook:

Grasim is well positioned for a multi-year growth cycle led by strong traction in its paints and B2B e-commerce ventures, while core VSF and chemical businesses provide earnings stability. The company's focus on market share gains in paints, operating leverage, and improving cash flows should drive a steady recovery in profitability and return ratios over FY26–28E. With deleveraging underway and new businesses nearing breakeven, Grasim offers a compelling mix of cyclical recovery and structural growth visibility.

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E
Revenues	2,58,473	3,15,632	3,72,412	4,22,913
EBITDA	23,160	11,415	16,484	25,789
EBITDA Margins	9%	3.60%	4.40%	6.10%
PAT	9,454	2,121	5,989	14,470
EPS	24.3	4.8	8.8	21.3
PE	52.5	240.0	85.0	35.2



Hindalco Industries Ltd

Massive Runway for Aluminum and Copper Consumption Growth: India's aluminum demand is projected to double over the next decade, driven by infrastructure development, electric vehicle adoption, renewable energy expansion, and rapid urbanization. Government initiatives including the National Infrastructure Pipeline, Smart Cities Mission, and the ambitious 500 GW renewable energy target by 2030 will drive aluminum consumption across construction, power transmission, and solar applications. The automotive sector's transition to EVs, which require 25-30% more aluminum/vehicle than conventional cars, presents additional growth opportunities as India's EV market expands at 36% CAGR.

Captive Raw Material Access Providing Sustainable Competitive Advantage: Hindalco's strategic acquisition of captive coal mines (Chakla, Meenakshi, and proposed Bandha) ensures long-term energy security and significant cost reduction. Captive coal is expected to provide 35-40% of energy requirements by FY2028-29, delivering ~30% reduction in power costs. The long-term bauxite supply agreement with Odisha Mining Corporation secures raw material availability for the upcoming 850,000 TPA Aditya alumina refinery expansion.

4x EBITDA Growth Target Through High-Margin Product Portfolio Expansion: Hindalco is executing an ambitious downstream expansion strategy targeting quadruple EBITDA growth by FY2030 from FY2024 baseline across aluminum, copper, and specialty alumina segments. Key initiatives include commissioning of 170 KT Aditya FRP facility expanding total downstream capacity to 600 KTPA, development of specialty products like battery enclosures for electric vehicles achieving 10,000 units delivery milestone. The copper business is expanding into high-value segments including inner grooved tubes for AC applications and battery-grade copper foil for EV batteries. Specialty alumina operations target 1 MT capacity by FY2030 with differentiated high-margin products serving flame retardants, ceramics, and electronics applications.

Outlook: Hindalco is prepared for sustained growth amid strong demand drivers in infrastructure, automotive, and renewable sectors. The company's integrated business model and focus on value-added products ensure steady margins and operational stability. Strategic investments in expansion, sustainability, and resource security continue to strengthen its market position. With a proactive approach to risk management and a clear emphasis on ESG excellence, Hindalco is well placed to capture long-term value creation opportunities in an evolving market landscape.

INR in Mn	FY24	FY25	FY26E	FY27E
Revenue	21,59,620	23,84,960	25,83,908	27,65,445
EBITDA	2,57,280	3,54,960	3,39,592	3,54,222
EBITDA margin(%)	12%	15%	13%	13%
PAT	1,01,550	1,60,020	1,69,210	1,77,199
EPS (in INR)	45.7	71.9	76	79.6



Hindware Home Innovation Ltd

Diversified recovery led by Bath ware segment; structural growth drivers intact: Hindware Home Innovation (HINDWARE) continues to demonstrate improving operational resilience across its core segments, led by a steady recovery in Bath ware and strategic realignment in Consumer Appliances. Despite near-term weakness in the Pipes business, the medium-term outlook remains constructive, supported by product innovation, channel expansion and a focused capital allocation strategy.

Bath ware; Core growth engine regaining traction: Bath ware revenues grew 4.5% YoY in Q1FY26, rebounding from a weak base (-5.5% YoY in Q1FY25). The company remains well-positioned to capitalize on rising demand from the projects and government segments, which together are expected to form over 40% of segmental revenue by FY26. Project sales grew 15% YoY, aided by improving construction activity, while government business share is guided to expand from 8-9% to 15-16% by FY26 with a newly appointed marketing team driving order inflows. New products contributed ~33% to segment revenue, underscoring a strong innovation pipeline. Management targets quarterly bathware revenue run-rate of INR 4 bn by Q3-Q4FY26, with sustainable EBITDA margins in the mid-teens, reflecting improving operating leverage and favorable mix shift toward faucets (currently 38% share).

Demerger to unlock value: The proposed demerger of the Consumer Appliances division (including the water heater JV) into a separately listed entity is expected to unlock shareholder value by providing sharper business focus and independent capital allocation. The process has received board approval, with SEBI clearance expected shortly, followed by NCLT approval within the next 8-12 months.

Conservative Capex and focused execution: FY26 capex guidance remains modest at INR 900-1,000 mn, largely for maintenance and the Roorkee pipes facility, reflecting disciplined capital deployment. This prudence ensures healthy free cash generation and supports margin recovery as growth normalizes across divisions.

Outlook: We believe HINDWARE is in the midst of a structural transition toward higher-quality, margin-accretive growth, led by recovery in Bathware, revival in Pipes, and a focused premium appliance portfolio. Near-term volatility notwithstanding, the company's multi-pronged growth drivers, prudent capex approach, and potential value unlocking via demerger make it a compelling medium-term play in India's building materials and consumer durables ecosystem.

INR in Mn	FY25	FY26E	FY27E	FY28E
Revenue	25,230	24,778	28,731	30,323
EBITDA	1,430	2,422	3,088	3,688
EBITDA margin(%)	5.7%	9.8%	10.7%	12.2%
PAT	(339)	488	891	989
EPS (in INR)	(4.1)	5.8	10.7	12.3



Multi Commodity Exchange of India Ltd

Strong Product Pipeline: MCX has a strong product pipeline across bullion, metals and agri contracts with new product approvals awaited that would eventually contribute to higher revenues. New futures such as Cardamom are expected to continue growth.

Robust Trading Volumes: Trading volume saw an all time high with transaction fee for 1QFY26 at ~INR 340 cr, up 68% YoY, comprising options and futures. Similarly, Options ADT saw a 70% spike in volumes with bullion contracts rising by almost 379%. These have been major revenue contributors.

Increased Retail Participation: The introduction of mini contracts such as the 10 g gold contracts has resulted in increased retail participation of almost 52.4% in Q1 FY26. The exchange says it is committed to ensure that retail participation continues to grow fuelled by the silver and gold options which are major revenue drivers.

Electricity Futures: This is a new area of growth for MCX which has seen traction with almost 50% of trading volumes coming in from commercial buyers. While traditional exchanges such as IEX exist, MCX has a major advantage due to its agile tech platform.

We believe that structurally important organizations such as MCX will continue to play a pivotal role in the India growth story. The introduction of new products into the pipeline combined with increased volumes driven by retail participation and interest in commodity trading will keep this growth intact. As a result, the numbers are only expected to be enhanced going forward.

Particulars (INR Cr)	FY24	FY25	FY26E	FY27E
Revenues	684	1,113	1,582	1,868
EBITDA	64	665	1,030	1,236
EBITDA Margins	9.3	59.7	65.1	66.2
PAT	83	560	851	1,006
EPS	16.3	110.1	167.2	197.7
PE	347.1	51.5	47.7	40.4



Oberoi Realty Ltd

Consistent Pre-Sales Momentum and Strong Launch Pipeline: Oberoi Realty delivered robust performance in Q1FY26 with booking value of INR 16.4 Bn, up 138% YoY and 92% QoQ, led by the successful launch of the new tower at *Elysian*, which contributed nearly 69% of total sales. Sales volume stood at 0.35 msf (+70% YoY) with strong realizations of INR 46,389/sft (+40% YoY), reflecting resilient demand in the luxury residential segment. The company's launch pipeline for H2FY26, including *Adarsh Nagar*, *Gurugram*, and *Borivali*, offers a combined GDV potential of INR 300 Bn, ensuring sustained growth visibility over the next few years.

Diversified Portfolio with Expanding Annuity Base: The company continues to strengthen its annuity portfolio, with rental income up 62% YoY to INR 2.8 Bn, supported by improving occupancy at Commerz-III (83%) and Sky City Mall (50%). The hospitality segment also remained resilient, reporting revenue of INR 426 Mn and an EBITDA margin of 37.8%. This growing contribution from the office, retail, and hospitality verticals provides steady, predictable cash flows, while the residential segment remains the key growth driver.

Financial Strength and Execution Discipline: Oberoi Realty maintains a strong balance sheet, with collections of INR 9.97 Bn and operating cash flow of INR 2.5 Bn in Q1FY26. The company continues to demonstrate disciplined capital allocation and efficient project execution, ensuring timely delivery across its projects. Its total development pipeline now exceeds INR 600 Bn, offering strong multi-year visibility and diversification across price points and geographies.

Outlook: Oberoi Realty remains well positioned to capitalize on premium housing demand in MMR and new markets like NCR and Alibaug. The combination of robust project pipeline, expanding annuity income, and brand strength supports long-term growth and margin expansion. With improving occupancy in commercial assets and new high-value residential launches ahead, the company is expected to sustain its leadership in the premium real estate space.

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E
Revenues	44,958	52,863	69,242	89,357
EBITDA	24,099	31,031	38,248	49,520
EBITDA Margins	53.60%	58.70%	55.20%	55.40%
PAT	19,266	22,255	27,257	35,704
EPS	53	61.2	75	98.2
PE	27.9	29.4	24.4	18.6



Pace Digitek Ltd

Expanding Near Term Opportunity Strong Policy Support Driving Growth: India's energy storage market is gaining momentum, with over 25 GWh of tenders announced recently, driven largely by public sector programs and mandatory BESS integration in large renewable and hybrid projects. With over 230 GWh of capacity expected by 2032, a clear pipeline is emerging. Pace Digitek, with localized production, and integrated EPC capabilities, is at a benefit to capitalize on this policy driven growth and scale its presence in the sector.

Strong Project Pipeline and Clear Execution Visibility: With a confirmed BESS order book of INR 45Bn and active bids to fully utilize its 5 GWh plant, Pace Digitek has established strong near-term revenue visibility through FY27E. While several competitors have announced BESS capacities, most are still in planning, giving Pace a significant 24-month operational head start. Its commercial production and multi-site execution expertise, the company to capture market share, reinforce cost leadership, and consolidate its presence in India's expanding energy storage market.

Outlook & Valuation: The company has a solid order book of about ~INR 32Bn in telecom and ~INR 45Bn in the energy segment, out of which ~INR 6.5Bn is expected to be executed in FY26E. The company aims to achieve an equal 50:50 revenue mix between telecom and energy by FY27E, and expects the energy storage (BESS) business to contribute around 70-80% by FY30E. Around 60-65% of total project costs are covered by its in-house production, which helps maintain good margins and efficiency. With fully funded plans to expand capacity from 5 GWh to 10 GWh and strong working capital discipline, the company is set up to benefit from India's growing demand for energy storage. The company expected ROE and ROC of 14-16% reflect stable and sustainable long-term returns. At the CMP of INR 225 per share, we have a "BUY" rating, valued the stock at 15x of its FY28E EPS of INR 25.7 and

INR in Mn	FY24	FY25	FY26E	FY27E
Revenue	24,345	24,388	28,655	37,200
EBITDA	3,980	4,817	5,526	8,209
EBITDA margin(%)	16%	20%	19%	22%
PAT	2,299	2,791	3,384	4,184
EPS (in INR)	15	16	16	19



Raymond Lifestyle Ltd

Margin Expansion and Debt-Free Status: The company is positioned for robust margin expansion driven by calibrated store network growth, casualization of its apparel portfolio, and a sharply improved cost structure post-restructuring, which rendered the business debt-free. With EBITDA margins already recovering and targeted to stabilize within the 15–16% range over the medium term, enhanced brand visibility in the company's centenary year and sector tailwinds from GST/income tax reform add further growth catalysts. Strong governance via an independent board comprised of industry experts provides additional credibility to ongoing operational improvements.

Distribution Headroom and Export Upside: The company presents significant store expansion headroom, especially across India's major retail cities, with scope to double its network from current levels, supporting above-industry growth rates. Internationally, upcoming FTAs (UK, EU, and US) are set to level tariff disadvantages, unlocking substantial export market opportunities with premium, vertically integrated design and manufacturing capabilities. The brand's dominant recall, diversified product portfolio, and focus on aspirational offerings position it to capture incremental wallet share as discretionary spending rebounds, especially in premium apparel, ethnic, and occasion segments.

Valuation and Outlook: We assign a TP of INR 2,036 based on a SOTP multiple of 25x the FY27E EV/ EBITDA and recommend that investors BUY. The company maintains a constructive outlook for FY26, expecting a materially stronger year versus FY25 across revenue, profitability, and margins, led by robust wedding and retail expansion. While Q1 margins were subdued, management guides for ~20% margins in branded textiles and a significant improvement in margins ahead, driven by operating leverage. Inventory and capex are expected to normalize post-season, with a targeted net cash position by Dec'25.

INR in Mn	FY25	FY26E	FY27E	FY28E
Revenue	61,767	70,337	77,009	85,843
EBITDA	6,510	11,280	13,378	15,839
EBITDA margin(%)	10.12%	15.61%	16.93%	18.01%
PAT	1,005	4,165	5,581	7,173
EPS (in INR)	16.5	68.4	91.6	117.8
PE(x)	73.1	17.6	13.2	10.2



Sheela Foam Ltd

Market Leadership and Brand Strength: Sheela Foam Ltd., as India's largest foam and mattress manufacturing company, holds a dominant 30% organized market share following the acquisition of Kurlon. The company enjoys a leadership position across various micro-markets in India. The acquisition of facilities in Australia and Spain further strengthens its global presence, offering a solid foundation for long-term growth.

Successful Integration and Margin Improvement: The successful integration of Kurlon into Sheela Foam has yielded significant synergies, improving Kurlon's EBITDA margin from 4.5% to 10-11% within one and a half years. With an additional 190 crores in savings already achieved in the first quarter of the current year and a target of 13-14% margin by FY27, the company demonstrates strong operational efficiency and financial health, making it an attractive investment opportunity.

Furlenco Turns Profitable, Sets Ambitious Growth Targets: Furlenco turned profitable with a PAT of INR 4 Cr in Q1FY26, exceeding its FY25 full-year performance, driven by a 60% YoY rise in subscribers and expanding presence across 29 cities. With plans to raise INR 100–125 Cr in equity, the company is targeting rapid growth, aiming to achieve INR 370 Cr in FY26 and INR 500-550 Cr in revenue by FY27.

Outlook and Valuation: We maintain our BUY rating on the company, with a target price of INR 1,349 based on FY27E EV/EBITDA multiple of 30. The company expects steady profitability improvement in FY26, supported by festive season demand, ongoing cost optimization, and full benefits from Kurlon integration. Key focus areas include margin stability, debt reduction, and effective execution of synergy gains. Over the medium term, the company is targeting a 15% revenue CAGR and EBITDA margins of 13–14%.

INR in Mn	FY25	FY26E	FY27E	FY28E
Revenue	34,392	38,209	43,315	49,658
EBITDA	2,499	3,811	5,265	7,126
EBITDA margin(%)	7.27%	9.97%	12.15%	14.35%
PAT	967	1,566	2,948	4,878
EPS (in INR)	8.8	14.4	27.1	44.9
PE(x)	76.24	46.77	24.85	14.53



Tata Motors Ltd

Demerger to Unlock Value and Sharpen Strategic Focus: Tata Motors has completed the demerger of its Commercial Vehicles (CV) business, transferring it along with related subsidiaries and joint ventures to TML Commercial Vehicles Limited (TMLCV), effective 14th October 2025, as per the NCLT sanctioned Composite Scheme. The restructuring separates the Passenger Vehicles (PV) and CV divisions, enabling sharper strategic focus, value unlocking, and independent capital allocation for each segment. Post demerger, all direct and indirect subsidiaries linked to the CV business such as Tata Motors Insurance Broking and Advisory Services, Tata Hispano Motors Carrocera, Tata Motors Body Solutions, TML CV Mobility Solutions, TMF Holdings, and TML CV Holdings Pte. Ltd. now fall under TMLCV's ownership. Key associates and joint ventures, including Automobile Corporation of Goa (49.77%), Tata Hitachi Construction Machinery (39.99%), Freight Commerce Solutions (42.11%), Tata Cummins (50%), and other 50:50 JVs like Tata Motors Digital.AI Labs and Tata Motors Global Services, have also been transferred, consolidating the entire CV ecosystem under a single corporate structure.

Passenger Vehicles & EVs: Outperformance and Scale Expansion: Domestic PV volumes rose 7% YoY, outpacing industry growth, led by strong SUV demand and upcoming launches like Curvv. EV volumes increased 28% YoY, contributing ~13% of PV sales, with improving margins driven by localization and cost efficiency. For FY26, management is targeting mid-to-high single-digit EBIT margins for PVs and has allocated INR 30,000–35,000 Mn capex for product upgrades, EV launches, and capacity expansion. Retail sales are expected to outpace wholesales to maintain lean inventories.

Valuations and Outlook: Tata Motors heads into FY26 with strong growth levers across all divisions. JLR's strong order book, high ASPs, and imminent BEV launches should sustain pricing power and margins. India PV is expected to benefit from upcoming launches like the Curvv EV/ICE and continued SUV-led growth, while the CV business should see a demand rebound in H2 on the back of infrastructure spend and alternate fuel adoption. TPEM's new EV platforms will expand market coverage and deepen penetration. Management guidance points to steady-to-improving EBITDA margins, disciplined capex of INR 28,000 crore for FY26, positive free cash flow in all businesses, and ongoing deleveraging towards a sub-0.5x automotive D/E ratio by FY27. The combination of a visible product pipeline, cost discipline, and a strengthening balance sheet positions Tata Motors to deliver sustainable earnings growth and enhance shareholder returns over the medium term. We value Tata Motors' standalone business at an FY28E EV/EBITDA of 10.5x CV to its EBITDA estimate of INR ~12,85,522 for FY28E and PV at 12x EBITDA of INR 5,77,635 and JLR at 2.5x its EBITDA of ~INR 12,08,597. We assign a "BUY" rating to the stock with a Target Price of INR 811.

(INR Mn)	Year-end March						
	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY24	43,40,160	5,78,087	3,24,527	84.6	13.3%	4.9	7.5
FY25	43,96,950	5,61,370	2,32,770	63.3	12.8%	4.5	10.0
FY26E	43,36,040	4,85,106	1,87,015	50.8	11.2%	5.1	12.5
FY27E	48,04,393	5,45,351	2,18,138	59.3	11.4%	4.4	10.7
FY28E	53,03,590	6,17,952	2,57,262	69.9	11.7%	3.8	9.1



Zuari Industries Ltd

Strong Portfolio Value and Upcoming Consolidation in Fertilizer Holdings- Zuari Industries (ZIL) continues to hold a valuable strategic portfolio worth INR 5,201 crore (as of June 2025) across group entities such as Chambal Fertilisers, Zuari Agrochemicals, Mangalore Chemicals & Fertilizers (MCFL), and Texmaco Rail & Engineering. These investments not only provide a substantial asset base but also act as a key cushion for the balance sheet. The ongoing merger between Paradeep Phosphates Ltd (PPL) and MCFL is in an advanced stage, and upon completion, it will result in a consolidated fertilizer platform with coast-based operations at Goa, Mangalore, and Paradeep — enhancing operating synergies and efficiencies. This restructuring aligns with management's stated intent to simplify the group structure and unlock shareholder value. Additionally, Zuari's 30% stake in Texmaco Infrastructure Holdings, which recently entered a joint development agreement with Hines India and Conscient Infrastructure for a premium 9.8-acre project in Delhi's Kamla Nagar, further strengthens long-term monetisation visibility.

Deleveraging Underway, Driven by Real Estate Monetisation and Dubai Project Cashflows- ZIL's external debt currently stands at INR 1,846 crore (excluding working capital loans), with a clear roadmap toward deleveraging over the next few quarters. The company expects significant cash inflows from its fully sold St. Regis Dubai project — with a top line exceeding AED 1.3 billion (~INR 2,950 crore) and completion targeted by February 2026.

Proceeds from the Dubai project will be repatriated to India, leading to meaningful debt reduction and improved liquidity metrics. Further, monetisation of select non-core assets and steady cash accruals from operating subsidiaries should support a structurally lighter balance sheet from FY26 onwards. The management reaffirmed deleveraging as a top priority, aiming to bring down consolidated leverage to sustainable levels and enhance creditworthiness.

Diversified Growth Engines across Real Estate, Ethanol, and Engineering Businesses- ZIL's growth visibility is well supported by a diversified business model. Zuari Infracore, its real estate arm, is pursuing an asset-light Development Management (DM) strategy with mandates worth INR 4,000 crore GDV across Hyderabad and Kolkata. These DM projects entail zero balance sheet risk while providing steady fee-based income and strong return ratios. In addition, the company's flagship Zuari Garden City (Phase IV) is nearing completion, while the upcoming Zuari Rain Forest (Phase II) is under evaluation. On the industrial front, Simon India (EPC subsidiary) has secured INR 100 crore worth of new orders from Paradeep Phosphates and other clients, underlining a steady revival in order inflows. Simon India is also adopting a digital-first EPC execution strategy, which should enhance cost competitiveness and margin profile. In ethanol, Zuari Envien Bioenergy Pvt. Ltd. — an 88% complete JV with Envien Group — is on track to commission a 180 KLPD grain-based distillery by Q2 FY26. This plant will contribute from FY26-end, with management targeting full utilisation (180 KLPD) by early FY27. The long-term plan to scale up ethanol capacity to 1,000 KLPD provides structural growth optionality, contingent on favourable policy support and ethanol pricing clarity from the government.

Outlook

Zuari Industries is entering a structural growth phase driven by real estate monetisation, ethanol capacity ramp-up, and a clear deleveraging roadmap. Supported by stable sugar realizations and improving subsidiary performance, we expect FY26–27 to mark a turnaround in consolidated profitability and valuation unlocking across core and investment portfolios.



Last year's Diwali Picks performance

Sr. No	Company	Recommended Price	Previous TP (INR)	52 Week H/L
1	AGI Greenpac Ltd	897	1,734	1308 / 599
2	Meghmani Organics Ltd	100	195	116 / 56.1
3	Styrenix Performance Materials Ltd	2,466	3,000	3524 / 2202
4	Alicon Castalloy Ltd	1,221	1,604	1370 / 541
5	Laxmi Organics Industries Ltd	254	452	291 / 160
6	Saregama India Ltd	505	625	609 / 417
7	Sheela Foam Ltd	850	2,614	1059 / 614
8	Mahindra and Mahindra Ltd	2,887	3,334	3724 / 2360
9	Sunteck Realty Ltd	555	900	603 / 347
10	Mahindra Lifespace Developers Ltd	500	755	491 / 254
11	Protean eGov Technologies Ltd	1,846	2,880	2074 / 716
12	HDFC Bank Ltd	1,714	2,002	1019 / 812
13	Piramal Enterprise Ltd	1,025	2,445	1356 / 848
14	Hyundai Motor India Ltd	1,847	2,345	2890 / 1542
15	Dalmia Bharat Ltd	1,804	2,394	2496 / 1601



Arihant's Diwali Mithai Portfolio

STOCK PICKS FOR SAMVAT 2082





Arihant's Diwali Mithai Portfolio

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