

Muhurat **Diwali** Picks

SAMVAT 2082

Dear Investors,

As we usher into a new Samvat 2082, India stands at a defining point in its economic and market journey- marked by reform momentum, macro resilience, and a maturing domestic investor base. Over the past year, Indian equities have held firm despite persistent FII outflows, global trade frictions, kinetic war and geopolitical uncertainty. In Samvat 2081, Nifty50 was up by a modest 4.2% (so far till 13th Oct'25), while broader market ended on a mixed note with Nifty Midcap100 up by 4.7%, and Smallcap100 down by 2.7%. While Indian equities have been largely range-bound, underlying fundamentals have strengthened- supported by a 7.8% GDP growth in 1QFY26, easing inflation (1.5% in Sep'25 vs 5.5% in Sep'24), and an improving policy backdrop.

Key events in Samvat 2082

Consumption Boost (GST 2.0, urban demand recovery, festive sales)

Earnings growth trajectory
(8% FY26E/16% FY27E Nifty50
PAT growth vs 1% in FY25)

External catalysts – India's
trade deals with US, EU

— Outlook —

Samvat 2082 begins on a positive note, thanks to a combination of fiscal and monetary tailwinds. The RBI has cut the repo rate by 100 bps and CRR by 150 bps, together with several measures, injecting much-needed liquidity into the system. This, coupled with the income tax relief of ₹1 lakh crore, would aid demand revival and improved potential for corporate earnings. Inflation remains comfortably low while the GST 2.0 has simplified rates and revived consumer sentiment. We believe this marks the beginning of a turnaround in India's domestic growth momentum, with significant pick up in consumption paving the way for a robust revival in the private capex cycle. This, along with the improving earnings trajectory, should lend support to Indian equities.

We perceive H2FY26 to mark the crossing-over from a subdued low-single-digit earnings growth to a more sustainable double-digit earnings growth. Nifty earnings growth is expected at a healthy 8%/16% YoY in FY26/FY27 as compared to 1% in FY25. Also, Nifty valuations are reasonable at about 20x FY26 earnings, close to long-term averages. However, mid and smallcap trades at a slight premium; thus one needs to follow a selective approach in stock picking. For Samvat 2082, we expect domestic cyclicals and structural growth themes to do well. We are positive on sectors such as BFSI and Capital Markets, Consumption, Manufacturing (EMS/Defence/Industrial) and Digital.

Our last year's Diwali picks have done well, with stocks such as Eternal (+37%), Amber Enterprises (+33%), ICICI Bank (+11%), L&T (+10%) making significant gains, while the overall portfolio generated 4.8% returns (including dividends) - outperforming Nifty's gain of 3.6% over Samvat 2081.

Wishing you a Happy and Prosperous Samvat 2082

Key Themes

BFSI & Capital Markets

Financials are set for earnings recovery in 2HFY26, aided by lower borrowing costs, improving NIMs, and steady deposits. RBI's liquidity boost and easing policy measures should boost credit flow, with large banks driving revival and diversified financials benefiting from rate cuts and GST relief.

Capital market theme remains attractive with increasing financialization and digitalization of savings.

Manufacturing

Capex revival and policy reforms should drive multi-year growth for the manufacturing sector, positioning India as a key global manufacturing hub.

Defence got a boost with the Make in India push and the TPCR-2025 roadmap for modernization of armed forces.

EMS continues to surge on global outsourcing and domestic policy support.

Consumption

Consumption recovery is set to strengthen with GST 2.0 simplification, income-tax relief, and festive demand especially in sectors like auto, consumer durables.

Discretionary segments-travel, hotels, and retail continue to show strength, while staples benefit from improving rural sentiment.

Broader demand normalization and easing inflation should drive an upcycle in consumption growth.

Digital

India's digital economy is entering a high-growth phase, driven by app-based ecosystems in quick commerce, fintech and online services. These platforms are witnessing strong user traction, improving operational efficiencies.

Backed by robust digital infrastructure, policy support and rising consumer adoption, new-age businesses are poised for sustained scale-up and profitability.

Diwali Picks



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Source: MOFSL Research

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Diwali Picks - Summary

Company	M.Cap	CMP	Target Price	Upside	EPS CAGR (%)	RoE (%)		P/E(X) *P/BV (x)	
	(₹ Bn)	(₹)	(₹)	(%)	FY25-27E	FY26E	FY27E	FY26E	FY27E
SBI	8,140	877	1,000	14%	8%	15.4	15.3	1.5	1.2
M&M	4,334	3,460	4,091	18%	21%	21.5	21.6	28.7	24.1
BEL	2,969	402	490	22%	17%	24.0	22.9	48.9	40.9
Swiggy	1,098	440	550	25%	NA	NA	NA	NA	NA
Indian Hotels	1,033	726	880	21%	18%	15.5	16.2	55.4	45.5
Max Financial	562	1,611	2,000	24%	22%	19.2	19.4	2.3	1.9
Radico	394	2911	3,375	16%	42%	17.4	18.9	71.7	56.1
Delhivery	349	469	540	15%	64%	3.8	4.5	96.9	77.5
LT Foods	144	407	560	38%	26%	18.3	19.9	18.7	14.7
VIP Industries	60	422	530	26%	LTP	5.4	18.3	NA	45.5

*P/BV for SBI and Max Financial, P/E for others; Data as on 14 Oct'25 Source: NSE, MOFSL estimates



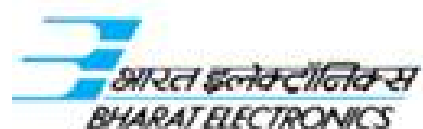
State Bank of India

- ❖ Structural tailwinds from government reforms such as GST 2.0, income tax reforms and RBI's liquidity infusion, will lead to robust credit growth & support profitability for BFSI sector.
- ❖ SBI stands out for its diversified growth momentum across retail, SME, and corporate segments, supported by a robust credit pipeline and digital transformation.



M&M

- ❖ M&M plans seven ICE SUVs, five BEVs, and five LCVs by 2030, starting from CY26, positioning M&M strongly across both ICE and EV segments.
- ❖ M&M is poised to deliver strong earnings growth, driven by rural recovery, & robust launches, further reinforced by improving tractor margins & immediate GST rate pass-through to consumers.



Bharat Electronics

- ❖ The Indian Army's ₹300b tender for 'Anant Shastra' project, with BEL as lead integrator, boosts its order book beyond ₹1t and underscores its leadership in strategic defense programs.
- ❖ Positioned strongly under the TPCR 2025 roadmap, it is set to benefit from sustained opportunities across the Army, Navy, and Air Force. BEL offers robust long-term growth visibility, making it a compelling investment in India's defense modernization journey.



Swiggy

- ❖ Swiggy expects its Quick Commerce arm to achieve profitability sooner, aided by easing competition, moderated dark store expansion, and lower acquisition costs.
- ❖ Swiggy has strengthened its Food Delivery outlook, with growth estimates raised to ~23% for FY26–FY27 (vs. ~20% earlier), driven by GST-led boost to disposable income & rising discretionary spending.



THE INDIAN HOTELS COMPANY LIMITED

Indian Hotels

- ❖ The Indian hospitality industry is set for robust growth in FY26, driven by rising ARR, higher occupancy, and strong RevPAR. Increased MICE activity, cultural events, and a vibrant wedding season in 2HFY26 will further boost performance.
- ❖ We expect strong momentum to continue, led by strong room addition pipeline in owned/management hotels (3,770/16,430 rooms) and continued favorable demand-supply dynamics.



Max Financial

- ❖ Max Financial is poised for above-industry growth, supported by strong bancassurance traction, a resilient agency channel, and a favorable product mix. VNB margins are improving QoQ, aided by product mix shifts and rising rider penetration.
- ❖ The GST waiver is set to further boost affordability and insurance penetration. MFSL will maintain its premium valuations, driven by new product launches, robust growth trend & improving margin profile.



Radico

- ❖ Radico Khaitan is well positioned for long-term growth through aggressive expansion in the premium and luxury spirits segment, leveraging strong brand equity with leading products like 8PM, Magic Moments, and Rampur Single Malt.
- ❖ It commands an 8% market share in the Prestige & Above (P&A) segment, with rising consumer premiumization. New launches like Morpheus Super Premium Whisky & Spirit of Kashmir support future growth.
- ❖ Lately, Radico acquired 47.5% equity stake in D'YAVOL Spirits B.V., aiming to take India to the World by building bottled-in-origin luxury brands, targeting Tequila and other niche categories.

DELHIVERY

Delhivery

- ❖ Delhivery, has a market share of >20% in the express logistics space and has rapidly increased presence in the PTL segment after the acquisition of Spoton Logistics in 2021.
- ❖ The recent ₹14b Ecom Express acquisition enhances Delhivery's rural coverage, strengthens network density, and drives cost synergies.
- ❖ It is poised for sustained growth, supported by a rising user base, new category launches, and expanding e-commerce.



LT Foods

LT Foods

- ❖ LT Foods is well-positioned for long-term growth, leveraging its strong brand equity with Daawat and Royal, exporting to 80+ countries & commanding ~30%/50% share in India/US basmati market.
- ❖ Growth drivers include expanding volumes in Basmati and Specialty Rice and increasing focus on high-margin O&CH segments. Exports (66% of revenue of FY25) offer better realizations and margins vs domestic market, making the business structurally export-led.
- ❖ Recent acquisition of 100% stake in Hungary-based Global Green Europe Kft. for ~ €25 million will align the long term strategy of the company for growth through packaged food and to further strengthen its RTH (ready to heat) and RTE segment.

VIP

VIP Industries

- ❖ VIP Industries, a leading player in India's INR170b luggage market, has outpaced industry growth, delivering a revenue CAGR of 19% over FY22–25.
- ❖ With a scalable, profitable digital engine complementing its offline leadership, VIP is well-placed to capture long-term market share gains.
- ❖ We expect VIP to deliver industry-beating growth, by leveraging the integrated strategy of premiumization, digital scale and margin accretive supply chain.

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And A Prosperous New Year!

