



Portfolio Allocation

Stock	Sector	Amount Allocated (₹)	% Allocation	Rationale
HAL	Defence	₹2,00,000	20%	strong financials and robust order visibility
Tata Power	Energy	₹1,50,000	15%	established presence in traditional power generation and distribution provides revenue stability, while strategic shift toward renewables
Zydus Wellness	FMCG	₹1,50,000	15%	debt-free, potential for high growth in emerging health categories
Motilal Oswal	Finance	₹2,00,000	20%	high ROE, scalable earnings
Sun Pharma	Healthcare	₹1,50,000	15%	balanced risk-reward; steady margins, global scale
KNR Construction	Infrastructure	₹1,50,000	15%	low leverage, low risk with sustained growth

Defence Sector

Hindustan Aeronautics Ltd (HAL)



- **Business model:** Aerospace and defence PSU. Engaged in design, manufacturing, MRO of aircraft and related systems.

Main clients: Indian Air Force, Navy, Army, Coast Guard.

- **Growth Triggers:**

- Massive Order Book: ₹1.84 lakh crore order book (March 2025), with expectations to reach ₹2.5 lakh crore by FY26. Major new contracts for LCH Prachand helicopters (₹62,777 crore), LCA MK 1A, Su-30 upgrades, and IMRH.
- Recurring High-Margin Service Income: Maintenance, repair, and overhaul (MRO) contracts provide stable, high-margin revenue.
- Government Support: Make in India and self-reliance policies drive increased domestic orders and funding.

Financials & Benchmarking

- **Financials:**

P/E Ratio: 39.8–40.9 | P/B: 9.5–9.9 | ROE: 23.9–28.9% | ROCE: 17.4–38.9% | D/E: 0.00 | OPM: 26.7–39.3% | EV/EBITDA: 19.8–24.2

- **Benchmarking (vs BEL & BDL):**

-BEL: PE 50 | PB 11.0 | ROE 29% | ROCE 39% | OPM 28%

-BDL: PE 117 | PB 8.8 | ROE 18% | ROCE 24% | OPM 20%

- **Analysis:**

-P/B value reflects high asset quality and market expectation of sustained profitability.

-ROE (above 20%) demonstrates HAL's superior ability to generate profits from shareholders' equity, well above industry norms.

-ROCE (above 15%) and high OPM indicates excellent efficiency in utilizing capital to generate returns, highlighting strong operational performance.

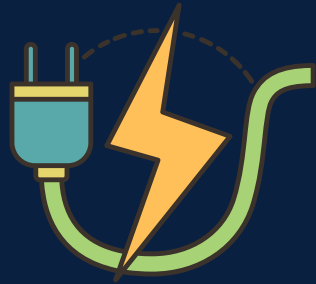
-Zero D/E ratio shows a very strong balance sheet with minimal financial risk and high financial stability.

-Valuation Risk: High P/E and P/B ratios mean the stock is priced for strong growth, but any shortfall could lead to sharp corrections.

Energy Sector

Tata Power

- **Business model:** Diversified energy generation and distribution with strong focus on renewables (solar, wind, hydro).
- **Growth Triggers:**
 - Solar EPC pipeline, EV charging infra.
 - Green hydrogen ambitions, policy tailwinds.
 - Improving financials from traditional to clean energy mix.



Financials & Benchmarking

- **Financials:**

PE ~22 | PB ~2.4 | ROE ~13% | ROCE ~11% | OPM ~17%

- **Benchmarking:**

-NTPC: PE ~15 | PB ~1.9 | ROE ~12% | ROCE ~10% | OPM ~30%

-Adani Green: PE ~100+ | PB ~35+ | ROE ~9% | ROCE ~7% | OPM ~45%

-ONGC: PE ~7 | PB ~0.9 | ROE ~18% | ROCE ~22% | OPM ~49%

- **Analysis:**

-ROE (~13%), while below the 20% benchmark, is relatively strong within the energy sector.

-OPM (~17%) indicates moderate operating efficiency, higher than Hindustan Power (~10%) but lower than AGEL (~45%, due to fixed tariffs).

-D/E ratio (~1.2) shows manageable leverage. It's significantly lower than Adani Green (~3.0+, very high risk), but higher than NTPC (~1.0).

FMCG Sector

Zydus Wellness

- **Business model:** Health & nutrition player (Complan, Glucon-D, Sugarlite), major focus on preventive health and nutraceuticals.
- **Growth Triggers:**
 - Rural penetration and e-commerce expansion.
 - Shift to healthier alternatives in consumer behavior.



Financials & Benchmarking

- **Financials:**

PE ~40 | PB ~3.8 | ROE ~18% | ROCE ~20% | OPM ~21% | D/E = 0

- **Benchmarking:**

-Nestlé India: PE ~75 | PB ~85+ | ROE ~70% | ROCE ~100%+ | OPM ~23%

-Hindustan Foods: PE ~70 | PB ~12 | ROE ~20% | ROCE ~18% | OPM ~7%

-Avanti Feeds: PE ~15 | PB ~3.0 | ROE ~17% | ROCE ~20% | OPM ~10%

- **Analysis:**

-Zero D/E ratio points to a robust and de-risked balance sheet, enabling strategic flexibility and resilience during macro uncertainties.

-ROCE (~20%) and healthy OPM (~21%) highlight operational efficiency in managing capital and maintaining profitability.

-Zyduz Wellness offers greater upside potential at reasonable valuations in emerging health categories, making it a better high-risk, high-reward pick than Nestlé, which is fully priced for stability.

Banking & Finance Sector

Motilal Oswal

- **Business model:** Financial services group with focus on wealth management, broking, asset management.
- **Growth Triggers:**
 - Retail investor boom, rising demat accounts.
 - Diversification across capital markets, private equity, lending.



Financials & Benchmarking

- **Financials:**

PE ~24 | PB ~3.9 | ROE ~25% | ROCE ~22% | OPM ~33%

- **Benchmarking:**

- Equitas SFB: PE ~14 | PB ~1.6 | ROE ~12% | ROCE ~11% | OPM ~18%

- Jio Financials: PE ~100+ (N/A earnings base) | PB ~2.4 | ROE N/A | ROCE N/A | OPM N/A (business is still in the early setup phase)

- Yes Bank: PE ~20 | PB ~1.1 | ROE ~4% | ROCE ~3% | OPM ~12%

- PNB: PE ~10 | PB ~0.8 | ROE ~9% | ROCE ~6% | OPM ~16%

- **Analysis:**

- ROE (~25%) demonstrates Motilal Oswal's strong ability to generate profits from shareholders' equity, well above the Indian financial services industry average of ~12–15%.

- ROCE (~22%) and high OPM (~33%) indicate excellent internal capital deployment and margin strength.

Healthcare Sector

Sun Pharma



- **Business model:** India's leading pharma exporter with branded generics, specialty, and APIs.
- **Growth Triggers:**
 - USFDA approvals, specialty pipeline.
 - Domestic and emerging market expansions.

Financials & Benchmarking

- **Financials:**

PE ~36 | PB ~5.6 | ROE ~20% | ROCE ~21% | OPM ~22%

- **Benchmarking:**

-Cipla: PE ~31 | PB ~3.9 | ROE ~15% | ROCE ~16% | OPM ~19%

-Mankind Pharma: PE ~44 | PB ~9.8 | ROE ~21% | ROCE ~22% | OPM ~23%

-Dr. Lal PathLabs: PE ~55 | PB ~10+ | ROE ~17% | ROCE ~21% | OPM ~25%

- **Analysis:**

-P/E ratio (~36) reflects moderate market optimism, pricing in Sun Pharma's dominant positioning in both domestic and US specialty markets.

-ROE (~20%) is strong and competitive, above the Indian pharma industry average of ~15%, confirming Sun Pharma's ability to generate superior returns on equity.

-D/E ratio (~0.4) suggests a well-managed and moderately conservative capital structure. Unlike smaller pharma players that rely on heavy borrowing for R&D or capacity expansion, Sun maintains ample financial flexibility.



Infrastructure

KNR Construction Ltd.

- **Business model:** Specializes in EPC (Engineering, Procurement, Construction) for roads, highways, irrigation, and urban infrastructure, with a strong presence in southern India and selective participation in HAM (Hybrid Annuity Model) projects.
- **Growth Triggers:**
 - ₹13,000+ crore order book as of FY25; over 90% from road sector.
 - Government push for infrastructure development (PM Gati Shakti, NIP).
 - Consistent qualification in NHAI & irrigation bids with low leverage.
 - Increasing focus on asset monetization and annuity cash flows.

Financials & Benchmarking

- **Financials:**

P/E: ~17 | P/B: ~ 2.7 | ROE: ~17% | ROCE: ~19% | D/E: ~0.2 | OPM: ~21%

- **Benchmarking:**

-Ashoka Buildcon: PE ~7 | PB ~1.0 | ROE ~11% | ROCE ~13% | OPM ~15% | D/E ~0.6

-PNC Infratech: PE ~10 | PB ~1.8 | ROE ~15% | ROCE ~17% | OPM ~17% | D/E ~0.3

- **Analysis:**

-P/B value (~2.7) signals moderate market expectations of future profitability and asset efficiency. It is significantly higher than sector peers like Ashoka (~1.0) and PNC (~1.8).

-D/E ratio (~0.2) underscores KNR's extremely conservative financial profile, rare in an infra sector where peers often operate with D/E >0.5.

-Valuation Risk: KNR's disciplined capital strategy limits downside risk, though any delays in order execution or slowdown in government capex could affect short-term earnings momentum.