VOLUME 1 | ISSUE 4

INDIA EDITION

VALUE BUSINESS REVIEW

CORPORATE. SECTORS. INSIGHTS.



COVER STORY

Shock Market!
Foreign fuel missing.

With war, soaring energy prices and geopolitical quagmire; the markets have been in Zombie mode for two years. Can it avert a hattrick? History tells us otherwise.



CORPORATE REPORTS

- TTK PRESTIGE
- IGIL
- AMARA RAJA

NOVEMBER ISSUE

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LETTER FROM THE EDITOR



India's economy remains closely tied to crude oil and gold prices. As one of the world's largest importers of both, with crude dependence stuck near 88.1%, sharp rises quickly inflate the import bill. In the first half of FY27, India paid $90.6 billion for virtually the same volume of crude (122.7 million tonnes) as a year earlier up 46% from $61.9 billion while the net oil-and-gas bill climbed to $81.1 billion. Gold imports, though down 27% to $19.27 billion after the duty hike, still add to the pressure.

In the medium term this creates clear FX strain. The current-account deficit widened to $4.2 billion (0.5% of GDP) in Q1 FY27, the rupee tested record lows near 96–97 per dollar, and foreign-exchange reserves fell from a peak of roughly $786 billion in early September to about $726 billion by mid-October as the RBI intervened. Corporate earnings also feel the pinch: higher input costs compress margins, especially in energy-intensive sectors, while a weaker rupee and tighter financial conditions weigh on profitability.

Yet India has repeatedly shown it can absorb such shocks over the longer horizon. Past episodes of equity, currency and fixed-income volatility, as well as periods of slower earnings and balance-sheet stress, were eventually digested through policy buffers, resilient domestic demand and gradual structural reforms.

Today the underlying foundations look constructive. Nifty 50 trades at a trailing PE of around 19.3× comfortably below its five-year median of roughly 22× while corporate balance sheets remain healthy: median debt-to-equity has fallen to about 0.5× and interest-coverage ratios stay robust near 6.5×. Rating upgrades continue to outpace downgrades. At the same time, the global AI-driven valuation boom shows clear signs of peaking, with market corrections and growing warnings from institutions and investors. These factors, together with solid domestic demand, suggest that near-term commodity-driven volatility need not derail India's medium-to-long-term growth trajectory. The economy has weathered worse shocks before; its current balance-sheet strength and valuation cushion leave it better placed to do so again.

SHOCK MARKET! FOREIGN FUEL MISSING.

India's equity market is facing a test that goes beyond falling share prices: can corporate earnings justify the expectations built into valuations? The Nifty50 fell 11.1% in calendar 2026, while foreign investors continued to withdraw money even as domestic investors maintained substantial equity investments. The contrast exposes a tension in the market. India's long-term growth potential remains significant, but investors are



becoming more selective about the price they are willing to pay for it.

Rising crude oil prices, a weaker rupee, geopolitical uncertainty and tighter financial conditions have increased pressure on businesses and investors. Yet strong domestic inflows and continued fundraising show that capital remains available. The central question is what happens next: whether that capital is allocated effectively, converted into sustainable business performance and ultimately translated into shareholder returns that justify current valuations? Also, if corporate earnings start slackening thereby reducing the current valuation comfort due to falling prices.

WAR, OIL AND THE MARKET CORRECTION

India's dependence on imported crude oil makes energy prices a direct concern for the economy and corporate profitability. When oil becomes more expensive, the import bill rises and pressure on the rupee can intensify. During FH FY2026, crude over USD100/Bbl raised India's import bill over 45% to over USD 90Bn. Businesses that rely on fuel, transportation, chemicals or other energy-intensive inputs may face higher costs. In the short term, they cannot pass those increases on to customers, profit margins narrow. If they raise prices instead, demand may weaken. Either outcome can affect earnings.

> **PAST CRISES HAVE BEEN WEATHERED GOOD; THIS TIME COULD BE NO DIFFERENT FOR INDIAN MARKETS**

Foreign investors have also been reducing their exposure to Indian equities. By October, foreign portfolio investment outflows for 2026 had exceeded Rs3 lakh crore (USD 31.5Bn). Meanwhile, domestic equity mutual funds received approximately Rs38,306 crore in September, and monthly systematic investment plan contributions reached a record Rs32,490 crore. These opposing flows show that investors are responding differently to the same market conditions.

Currency movements help explain part of that difference. A foreign investor measures returns in their own currency, often dollars. If an Indian investment rises by 5% in rupee terms but the rupee depreciates by 7% against the dollar, the investor can still record a negative dollar return before fees and other costs. Domestic investors do not face that same currency conversion when measuring their rupee-denominated returns. However, continued domestic investment cannot guarantee that share prices will recover. If earnings disappoint or valuations remain stretched, local buying may cushion the decline without reversing it.

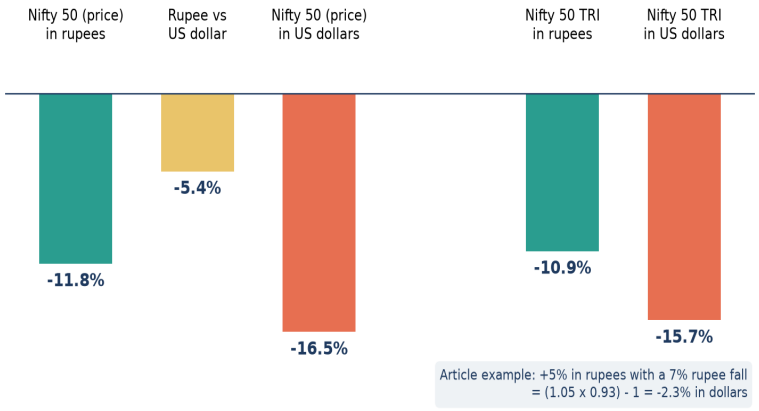
SECTOR WINNERS, LOSERS AND MARKET-CAP DIFFERENCES

Sector performance over the one-year period ending September 30, 2026, revealed a wide gap between industries. The Nifty India Defence Equal Weight index gained 39.21%, while the Nifty Telecommunications index rose 37.11%. By contrast, the Nifty Cement index fell 18.17%, and the Nifty India Railways PSU index declined 23.46%. These figures demonstrate the divergence in market performance, but they do not, by themselves, establish the reasons behind those movements.

The business fundamentals behind each sector matter. Defence manufacturers may benefit from procurement demand and domestic manufacturing priorities, but order announcements must eventually translate into production, deliveries, revenue and cash collection. Telecom operators can benefit from rising data consumption and improved pricing, although network investment and operating costs still influence returns. Cement producers depend on construction demand, fuel costs, capacity utilisation and their ability to raise prices. Railway-linked public-sector companies must convert orders and project opportunities into timely execution and profitable business.

The currency tax on foreign investors

Nifty 50, 31 Dec 2025 to 30 Oct 2026: return in rupees vs in US dollars



Source: NSE Indices (Nifty 50 price & TRI); US Fed H.10 INR/USD via FRED (DEXINUS): 89.84 -> 94.94 | Calculated by VBR

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> **"DIFFERENCE IN MAIN STREET AND DALAL STEET IS NOW VERY STARK. EITHER ONE IS TRUE AND INVESTOR WILL KNOW"**

Nifty 50: a bruising 2026

Daily close, 2026 to date (31 Dec 2025 = 26,130)

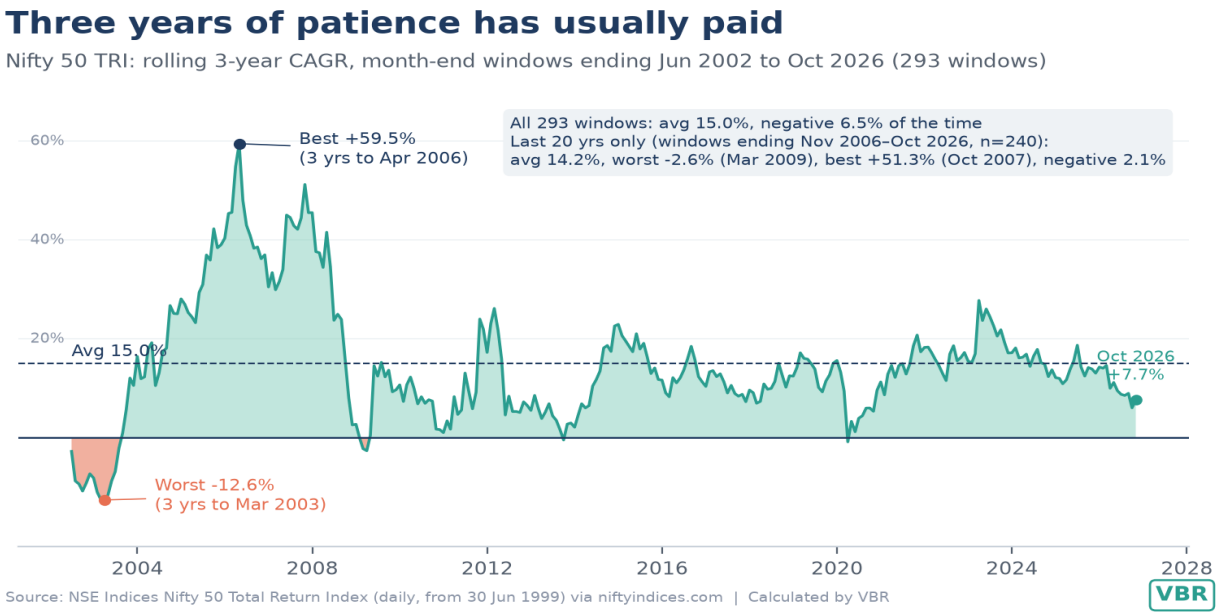


Source: NSE Indices (niftyindices.com) Nifty 50 price index, closes to 2 Nov 2026 | Calculated by VBR

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The distinction is important because a growing industry does not automatically produce attractive stock returns. A company may increase revenue and profits but still disappoint investors if its share price already assumes even faster growth. Conversely, a business facing slower growth may become more attractive if its valuation falls sufficiently and its earnings remain resilient. Share-price performance reflects expectations about the future as well as the results businesses have already delivered.

Market capitalisation also needs careful interpretation. Large-cap companies often have greater liquidity, established operations and more diversified revenue streams. Mid- and small-cap companies may offer stronger growth opportunities but can be more vulnerable to changes in funding conditions, investor sentiment and earnings expectations. Neither category is automatically safer or more reward



ing. A large company with excessive debt or declining profitability can be vulnerable, while a smaller company with disciplined investment, manageable liabilities and reliable cash generation may be more resilient.

For investors, the more useful question is how efficiently a company converts capital into returns. Expansion creates value when the additional profits and cash flows justify the money invested. If a business spends heavily on new capacity but generates inadequate returns, growth alone may not benefit shareholders. A falling share price can create an opportunity, but only when the price becomes attractive relative to the company's financial strength and future prospects.

A CORRECTION IS NOT THE SAME AS A VALUATION OPPORTUNITY

A market correction tells investors that share prices have fallen. It does not tell them whether businesses have become cheaper relative to their underlying value. That distinction is central to understanding the current market: a declining index may create opportunities, but only when the fall in price is greater than the deterioration, if any, in a company's future prospects.

Consider two businesses whose share prices both fall by 20%. The first continues to generate steady cash flows, maintains manageable debt and retains its earnings outlook. If its valuation becomes more reasonable, the lower price may offer a better entry point. The second experiences weakening demand, shrinking margins and downward revisions to expected profits. Its share price may be lower, but its underlying value has also fallen. The correction alone cannot establish which business offers the better opportunity.

Investors therefore need to look beyond the percentage decline and examine profitability, cash generation, debt, returns on invested capital and the price being paid for expected future earnings. A company trading at a lower valuation is not automatically attractive if its business is deteriorating. Equally, a strong company can remain an expensive investment if its share price already reflects years of ambitious growth. The objective is not simply to find stocks that have fallen, but to identify businesses whose future performance can justify their current valuations.

This is where four distinct stages of the investment process matter. Capital availability tells us whether money is entering the market or being raised. Capital allocation shows where that money goes and what it is intended to achieve. Business performance reveals whether the investment produces earnings, cash flow and adequate returns. Finally, shareholder returns show whether those results justify the price investors paid for the shares.

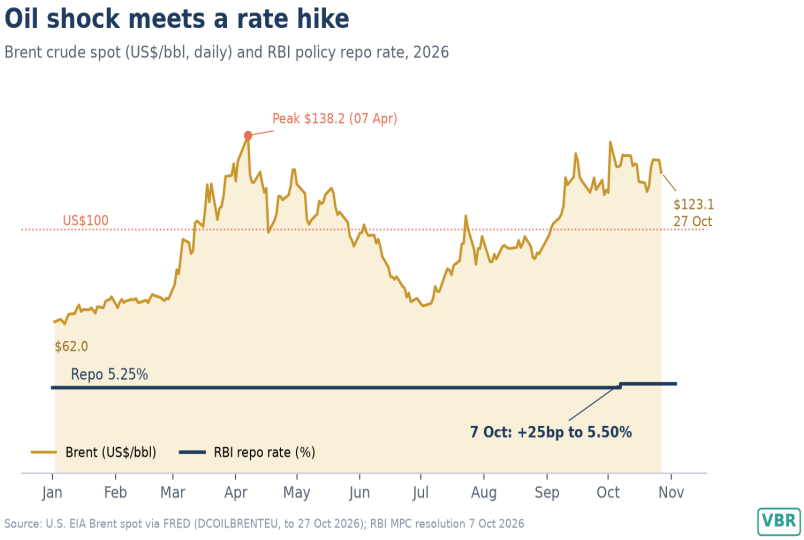
These stages are related, but they are not interchangeable. Strong investment inflows do not guarantee that capital is allocated well. Effective allocation does not guarantee successful execution, and rising profits do not automatically translate into attractive shareholder returns when valuations are already high. A genuine valuation opportunity emerges only when the price

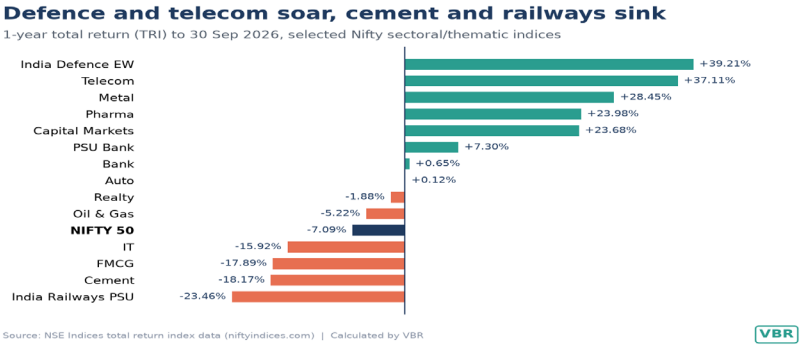
offers a reasonable relationship between the business's prospects, its risks and the returns investors can realistically expect.

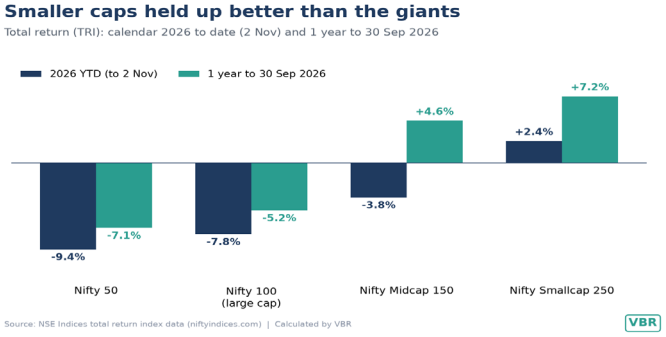
WILL THE MARKET RESILIENCE BE TESTED THIS TIME?

Over the past 20 years, 3-year rolling returns on India's mainline indices have been largely positive, proving the resilience of the domestic market. While point-to-point trailing returns often reflect short-term noise, rolling returns provide a realistic picture of the investor experience by smoothing out localized volatility. Historical data from the benchmark Nifty 50 Total Return Index (TRI) reveals an impressive average Compounded Annual Growth Rate (CAGR) of 15.0% across all three-year holding blocks. This substantial return underscores the wealth-generation capacity of Indian corporates during a period marked by structural reforms and industrial digitalization. The most compelling takeaway for long-term investors is the mitigation of downside risk. Out of hundreds of overlapping three-year windows analyzed, the index yielded negative returns only 6.5% of the time. The absolute worst three-year period terminated in the dot-com crash aftermath of March 2003, bottoming out at -12.6%. Conversely, during cyclical expansions, returns surged as high as 59.5% CAGR, recorded in April 2006. This means that more than 93% of the time, an investor holding a diversified basket of Indian large-caps for three years walked away with positive gains. Extending the timeline to five or ten years' rolling returns completely eradicates historical instances of negative compounding in Indian large-caps. Ultimately, this data reinforces a fundamental tenet of corporate equity: in a growing economy like India, patience over a modest three-year horizon significantly tilts the odds of financial success in the investor's favor.

> **3-YEAR ROLLING RETURNS IN THE PAST 20 YEARS HAVE OVER 90% POSITIVE PERFORMANCE**

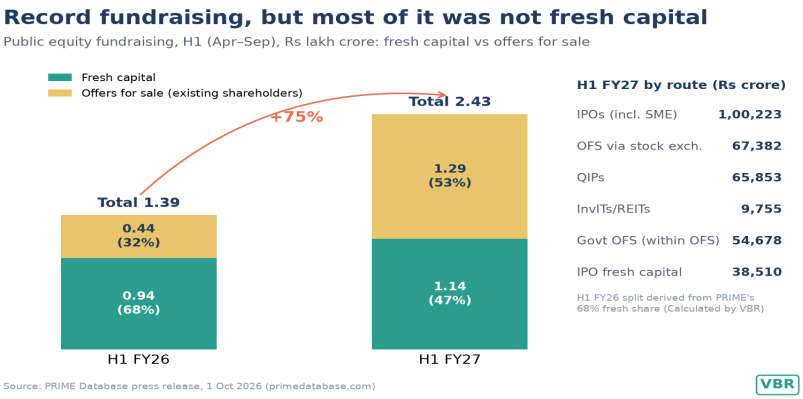




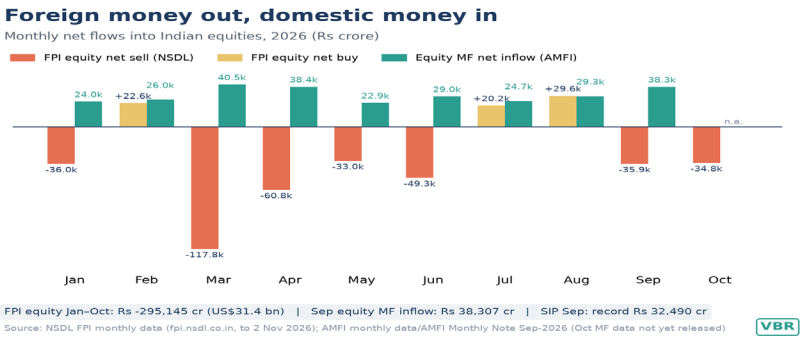


2027 MIGHT BE A GOOD YEAR FOR LARGE CAPS

India's primary markets (Equity



issuances) remained active despite weakness in listed shares. Total public equity fundraising reached Rs2.43 lakh crore in the first half of fiscal 2027, up 75% from a year earlier. However, only Rs1.14 lakh crore, or 47% of the total, represented fresh capital for companies. The remaining amount was associated with transactions involving existing shareholders, rather than fresh funds going directly into businesses. This distinction changes how the fundraising figure should be interpreted. Selling existing shares can provide an exit for early investors or allow governments to reduce their holdings, but it does not directly finance a company's expansion. Fresh capital, by contrast, can support new capacity, technology, research or debt reduction. Even then, raising funds is only the starting point: the value created depends on how effectively the money is deployed and the returns it generates. Over the next 12 months, the market's direction could depend on the interaction between global conditions, domestic demand and corporate earnings. A sustained easing in oil prices could reduce cost pressures and support the rupee, while more stable global interest rates could improve the relative appeal of emerging-market equities. Stronger earnings and disciplined capital spending could help restore investor confidence. Conversely, prolonged energy-price pressure, higher borrowing costs or weaker demand could lead to further earnings downgrades and continued valuation pressure.



3-year rolling returns: index by index

Nifty TRIs, 3-year rolling CAGR, common period: windows ending Apr 2008–Oct 2026 (month-end)

	Nifty 50	Nifty 500	Nifty Bank	Nifty Midcap 150	Nifty Smallcap 250
Number of windows	223	223	223	223	223
Average CAGR	**12.3%**	**12.9%**	**14.4%**	**16.3%**	**14.4%**
Median CAGR	12.4%	13.5%	13.5%	17.8%	16.8%
Best window	+41.6% Apr 2008	+37.9% Apr 2008	+40.6% Feb 2012	+37.3% Mar 2023	+42.8% Apr 2008
Worst window	-2.6% Mar 2009	-6.3% Mar 2009	-7.0% Sep 2013	-14.8% Mar 2009	-16.1% Mar 2020
% negative windows	**2.2%**	**4.9%**	**7.2%**	**9.9%**	**17.0%**
Full history: TRI from	Jun 1999	Jan 1995	Jan 2000	Apr 2005	Apr 2005
Full history: avg | % neg	15.0% | 6.5%	15.2% | 10.1%	20.5% | 5.6%	16.3% | 9.9%	14.4% | 17.0%

Source: NSE Indices total return indices (niftyindices.com); full-history rows use each index's own TRI start | Calculated by VBR

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Investors should look beyond headline index movements and monitor whether companies are delivering on their expectations. For 2027, revenue growth appears sustainable, predominantly for exporting enterprises, operating profits might remain stable given levers with corporate to adjust costs and cash flow resilience appears possible. Debt on books remains manageable, and valuation comfort leaves less room for uncertainty and further sharp sell-off. India's growth story remains relevant, but its potential alone cannot guarantee attractive investment returns. Domestic savings can support the market, and companies can continue raising funds, but neither guarantees productive investment or stronger earnings. The next sustained advance will depend on businesses delivering resilient cash flows and returns that justify their valuations. For now, however, the odds favor Indian corporate (and economy) given their ability to weather storms, shocks and adverse events. Will history keep up with its cyclical performance or will global setting derail our chances in 2027; the odds favor us. Keep patience and faith.

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INDIA DEFENSE INDUSTRY'S TRANSITION: DOMESTIC TO GLOBAL

Geopolitics of the past two years has changed the sector's dynamics. Arms and technology exports will drive defense from here on.

India's defense industry is expanding beyond a predominantly domestic procurement-driven model, with rising production, private-sector participation and exports creating a broader manufacturing opportunity. Defense production reached a record Rs1.78 lakh crore in FY2025-26, up 15.6% from the revised Rs1.54 lakh crore in the previous year and more than double the FY2020-21 level of Rs84,643 crore. The FY2026-27 defence allocation has also risen to Rs7.85 lakh crore, including Rs2.19 lakh crore in capital expenditure. Of the Rs1.85 lakh crore set aside for capital acquisition, Rs1.39 lakh crore, or 75%, is earmarked for procurement from domestic industry.

OPPORTUNITY COMES FROM VARIOUS SEGMENTS

The opportunity spans multiple categories, and each is at a different stage of maturity. Aerospace includes aircraft, helicopters, engines and components. Here the domestic order pipeline is substantial: the Defence Acquisition Council has approved 97 Tejas Mk-1A fighter jets worth Rs62,000 crore and 156 LCH Prachand helicopters worth Rs62,700 crore. Naval manufacturing covers warships and submarines, an area where Indian yards are already delivering at scale; the Navy commissioned 12 warships and submarines in FY2025-26, including INS Surat, INS Nilgiri and INS Vaghsheer, while the stealth frigate INS Mahendragiri entered service with more than 75% indigenous content.

Missiles, ammunition, artillery and land systems form another major segment. The Indian Army has indigenised 159 of the 175 ammunition variants in its inventory, roughly 91% self-sufficiency, and the BrahMos Integration and Testing Facility in Lucknow has begun manufacturing missiles. At the same time, defence electronics, radars, electronic warfare, drones, counter-drone systems, AI and space technologies are creating newer technology-led opportunities. The innovation pipeline here runs through schemes such as iDEX, which had engaged 676 start-ups, MSMEs and innovators and awarded 551 design and de-



> PRIVATE SECTOR HAS BEEN THE BACKBONE OF ENTERPRISE IN INDIA. DEFENSE WAS STATE SUBJECT SO FAR. NOT NOW, PRIVATE SECTOR WILL BE THE DRIVER



> STRATEGIC DEFENSE HAS MOVED FROM AIR FORCE TO NAVAL PROWESS

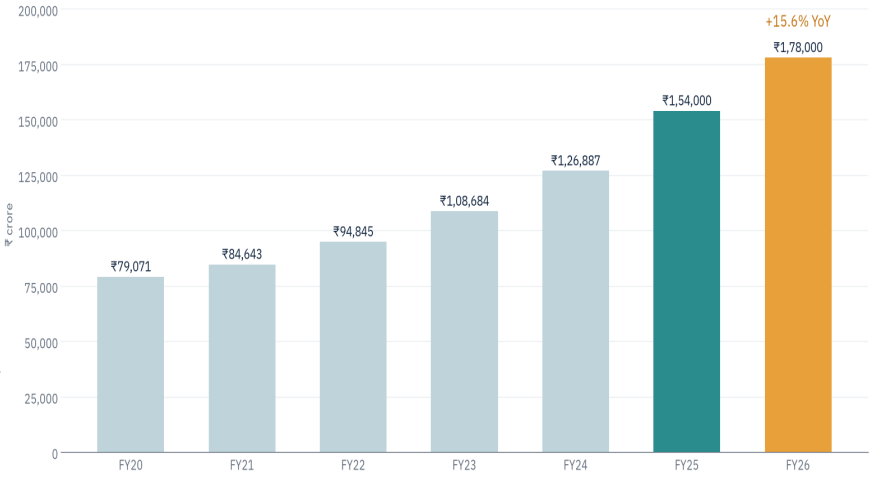
velopment contracts as of March 2026. The FY2026-27 modernisation programme includes next-generation fighter aircraft, advanced weapons, ships, submarines, UAVs and drones.

PUBLIC SECTOR BACKBONE, PRIVATE SECTOR MOMENTUM

Public-sector companies remain the backbone of the industry. DPSUs and other public-sector entities accounted for around 76% of FY2025-26 production, with players such as HAL, BEL, Bharat Dynamics, Mazagon Dock, GRSE and Cochin Shipyard spanning aerospace, electronics, missiles and shipbuilding. However, the

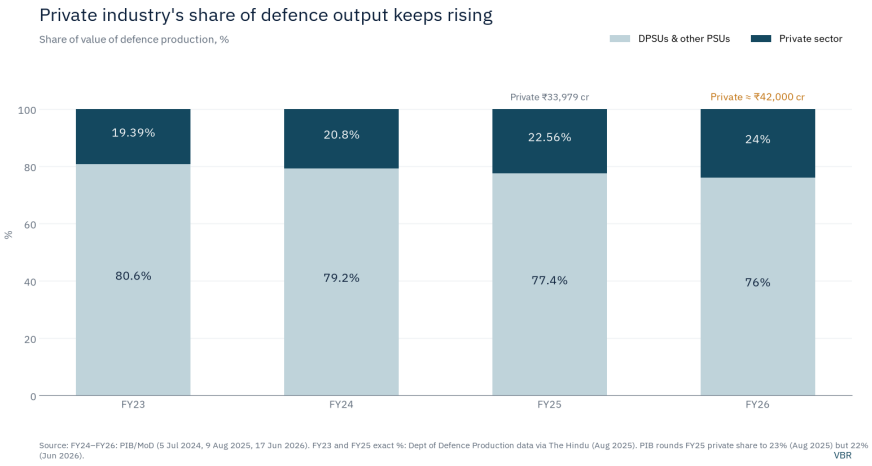
Defence production has more than doubled since FY21

Value of indigenous defence production, ₹ crore (DPSUs, other PSUs and private industry)



Source: Ministry of Defence via PIB releases of 5 Jul 2024, 9 Aug 2025, 17 Jun 2026; FY22 from MoD Lok Sabha reply (3 Apr 2023). FY25 shown as revised ₹1.54 lakh cr (first reported ₹1,50,590 cr); FY25–26 rounded as published. VBR

private sector's share rose to an all-time high of 24%, or about Rs42,000 crore, in FY2025-26, up from 19.39% in FY2022-23, 20.8% in FY2023-24 and 22.56% in FY2024-25. Companies such as L&T, Tata Advanced Systems, Bharat Forge, Adani Defence, Solar Industries, Data Patterns and ideaForge are expanding across platforms, components and newer technologies.



The private-sector opportunity extends beyond competing for large defence contracts. Companies are increasingly participating across aerospace, defence electronics, drones, ammunition, components and specialised systems, while also supplying technologies and subsystems to larger defence programmes. This has created opportunities for both large companies and smaller MSMEs across the defence supply chain; the government's Srijan portal listed more than 41,000 vendors and 2.7 lakh products as of May 2026. Private players are also expanding in areas such as AI, autonomous systems and advanced electronics, where technology cycles are evolving rapidly.

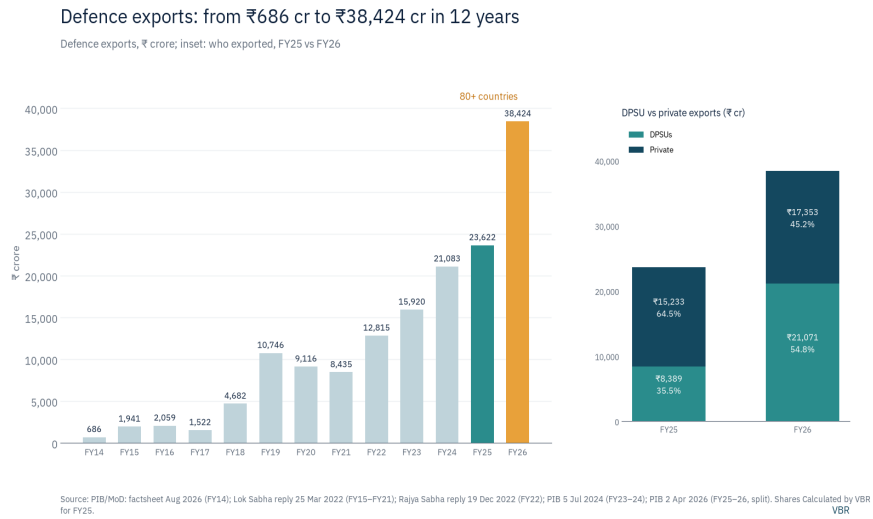
THE EXPORT STORY: A SHIFT IN THE MIX

Exports surged to Rs38,424 crore in FY2025-26, from Rs686 crore in FY2013-14, a 56-fold rise, with Indian products reaching more than 80 countries. FY2025-26 alone saw a 62.66% jump over the previous year's Rs23,622 crore, and the number of exporters rose to 145 from 128. Export categories range from complete systems and ammunition to drones, naval equipment, radars, electronic systems, components and other subsystems.

This creates an important business shift, though not quite the one the headline suggests. While private companies remain smaller than public-sector players in overall production, they were the larger exporters as recently as FY2024-25. That year, private firms shipped Rs15,233 crore, about 64.5% of exports, against Rs8,389 crore (35.5%) for DPSUs. In FY2025-26 the balance flipped: DPSU exports jumped about 151% to Rs21,071 crore, or 54.84% of the total, while private exports grew a more modest 14% to Rs17,353 crore, or 45.16%. In other words, the private sector's share fell below 50% not because it shrank, but because public-sector exports rose much faster in a single year.

That raises the question the headline figure cannot answer: how sustainable is this growth? The government has not published a breakdown of what drove the DPSU surge, and a one-year jump of this size is consistent with the delivery of large, lumpy government-to-government contracts. A key question is whether exports are spread across multiple customers and geographies or depend on a small number of large, one-time contracts. Limited public data makes it difficult to assess the share of repeat orders or the concentration of export value among major buyers.

What is known is that India has begun to win orders for complete weapon systems, not just parts. The Philippines signed a contract worth about $375 million with BrahMos



Aerospace in January 2022 for three shore-based anti-ship missile batteries; the first was delivered in April 2024 and a second batch was dispatched in April 2025. Armenia has emerged as the largest buyer of finished Indian systems, with purchases including Pinaka rocket launchers, 155 mm artillery and the Akash air-defence system, for which it became Bharat Dynamics' first foreign customer in a reported $720 million order. At the other end of the spectrum, exports to the US and France consist largely of subsystems and components supplied into global supply chains, including fuselages and other aircraft parts for majors such as Boeing and Lockheed Martin.

For private companies, sustaining export growth is likely to require building long-term international relationships alongside individual contracts. Companies will also need to remain competitive on pricing, quality, delivery and technology while managing different regulatory and geopolitical requirements. As exports become a larger part of the sector, repeat orders, customer diversification and profitability will be important indicators of whether India's defence export growth is becoming structural rather than contract-driven.

CAN THE 2029 TARGETS BE MET?

The government targets Rs3 lakh crore in annual defence production and Rs50,000 crore in exports by 2029. The two goals look very different on paper. To reach Rs3 lakh crore from Rs1.78 lakh crore, production must grow at about 19% a year, faster than the roughly 16% compound annual growth achieved between FY2020-21 and FY2025-26. Exports, by contrast, need only about 9.2% a year to reach Rs50,000 crore, against roughly 35% a year over the past five years, although that track record itself includes the lumpy swings described above.

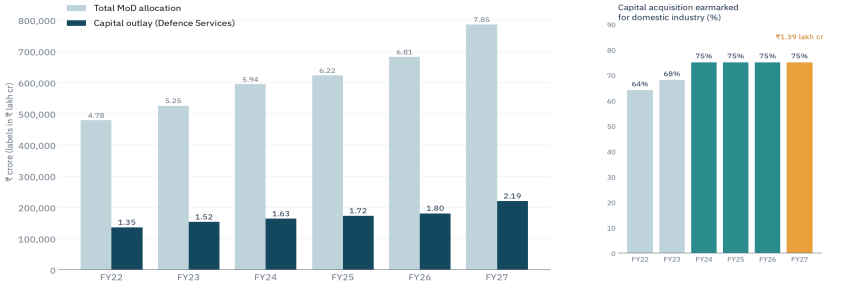


"GEOGRAPHIC DEMAND IN DEFENSE HAS SURPRISED EVERYONE. FAR EAST HAS NOW BECOME A PLAYGROUND"

The production target is where the bottlenecks matter most. The first is aero-engines. India still re-

Defence budget up 64% in five years; capex at a record ₹2.19 lakh cr

MoD allocation and capital outlay (Budget Estimates), ₹ crore; share of capital acquisition earmarked for domestic industry



Source: PIB/MoD Union Budget releases: 1 Feb 2022, 1 Feb 2023, 23 Jul 2024, 1 Feb 2025, 1 Feb 2026; FY22 total: Rajya Sabha reply 19 Dec 2022. FY22 capex derived from PIB (FY23 ₹1.52 lakh cr minus ₹17,308 cr increase). Growth Calculated by VBR.

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lies on imported engines for its fighter programmes, and the Tejas Mk-1A shows the cost: GE Aerospace had shipped only 14 of the 99 F404 engines ordered for the first batch by September 2026, leaving completed airframes waiting and the programme more than two years behind its original schedule. The second is research and development. The DRDO allocation has risen to Rs29,100.25 crore in FY2026-27, and 25% of the defence R&D budget has been opened to industry, start-ups and academia since FY2022-23, but the DRDO allocation is still only about 3.7% of the overall defence budget, by VBR's calculation. The third is procurement timelines, which the draft Defence Acquisition Procedure 2026 seeks to simplify while proposing indigenous content requirements of up to 60%. Investment on the ground is also slower than headline commitments: by April 2026, the Uttar Pradesh Defence Industrial Corridor had attracted Rs42,057 crore in investment commitments, but only Rs4,409 crore had been grounded.

The fourth is import dependence. SIPRI data shows India remained the world's second-largest arms importer in 2021-25, with an 8.2% share of global imports. India's imports fell 4% compared with 2016-20, which SIPRI partly attributes to its growing ability to make its own weapons, though it also notes "often substantial delays in domestic production". Russia's share of India's arms imports has fallen from 51% to 40% over the same period, but SIPRI notes the shift has been towards Western suppliers such as France, Israel and the US, and that recent or planned orders, including up to 140 combat aircraft from France and six submarines from Germany, point to continued and probably increasing reliance on foreign suppliers.

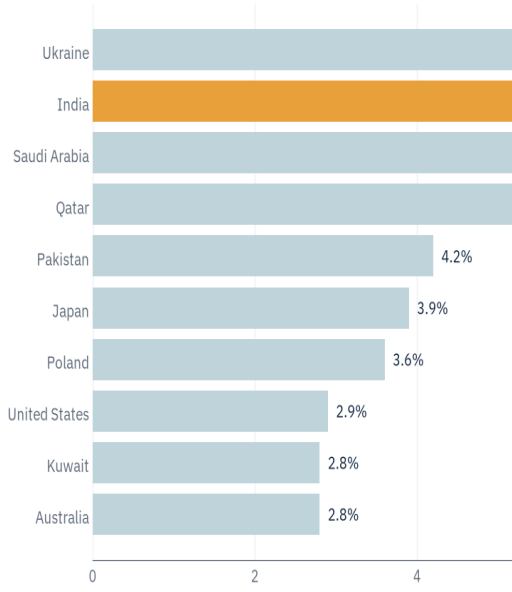
THE INVESTOR ANGLE: WIDE RANGE ON OFFER

For investors, the listed universe offers exposure to both sides of the industry, but the numbers need careful reading. The large DPSUs combine scale with strong profitability: HAL reported FY2025-26 revenue of Rs33,089 crore at an EBITDA margin of 29.6%, and BEL Rs27,610 crore at 29.2%. Shipbuilders operate on thinner margins, with Mazagon Dock at 17.4%, Cochin Shipyard at 16.5% and GRSE at 11.4%. Among private players, Data Patterns posted a 40.4% margin on revenue of Rs925 crore, while drone maker ideaForge remains small, at Rs226 crore of revenue. Solar Industries (Rs9,838 crore revenue, 27.6% margin) and Bharat Forge (Rs16,812 crore) report company-wide figures that include large non-defence businesses, so they are not like-for-like comparisons.

Order books provide unusual visibility. HAL's order book stood at Rs2,54,538 crore as of March 31, 2026, after fresh orders of Rs97,028 crore during the year, including the 97 LCA Mk-1A contract. That is about 7.7 times its FY2025-26 revenue, by VBR's calculation. BEL's order book stood at about Rs74,000 crore as of April 1, 2026, including an export order book of $495 million, while its export sales rose 33.65% to about $141.9 million in FY2025-26. But visibility is not the same as conversion. HAL's backlog shows how execution can depend on a foreign supplier's engines, and investors should weigh delivery risk, working-capital needs and the timing of govern-

India is still the world's second-largest arms imp

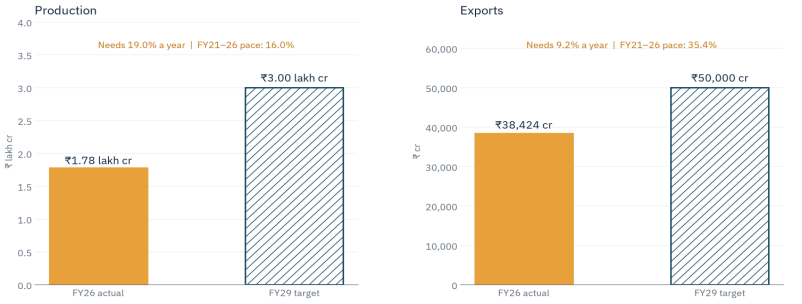
Share of global imports of major arms, 2021–25 (%)



Source: SIPRI Fact Sheet 'Trends in International Arms Transfers, 2025' (March 2026). India's imports fe

The 2029 targets: production needs to speed up, exports are on track

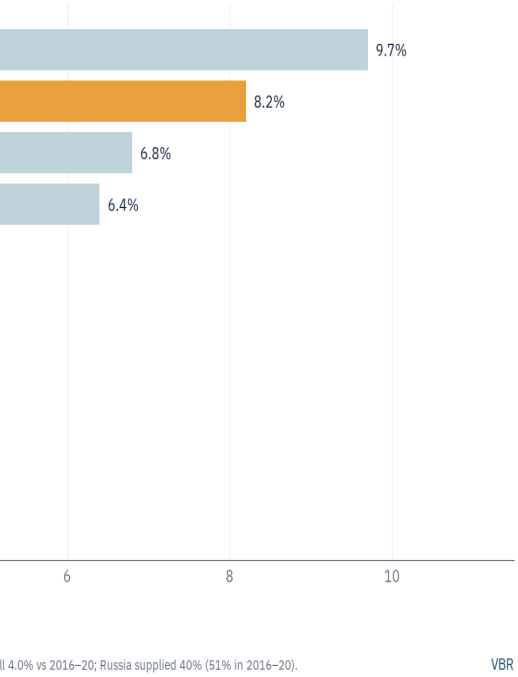
Actual FY26 vs FY29 target; required annual growth (CAGR) vs FY21–26 track record



Source: Targets & actuals: PIB/MoD factsheet (Aug 2026), PIB 17 Jun 2026, PIB 2 Apr 2026, Lok Sabha reply 25 Mar 2022 (FY21 exports). All CAGRs calculated by VBR; '2029' read as FY2028-29 (3 years from FY26).

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orter



ll 4.0% vs 2016–20; Russia supplied 40% (51% in 2016–20). VBR

ment orders alongside headline backlogs. Valuations deserve similar caution. A strong policy narrative and multi-year order books can tempt investors to extrapolate today's growth indefinitely; returns from here are more likely to depend on how consistently companies execute, protect margins and win orders beyond the domestic budget cycle.

WHAT COMES NEXT: PRIVATE SECTOR ENTRENCHMENT

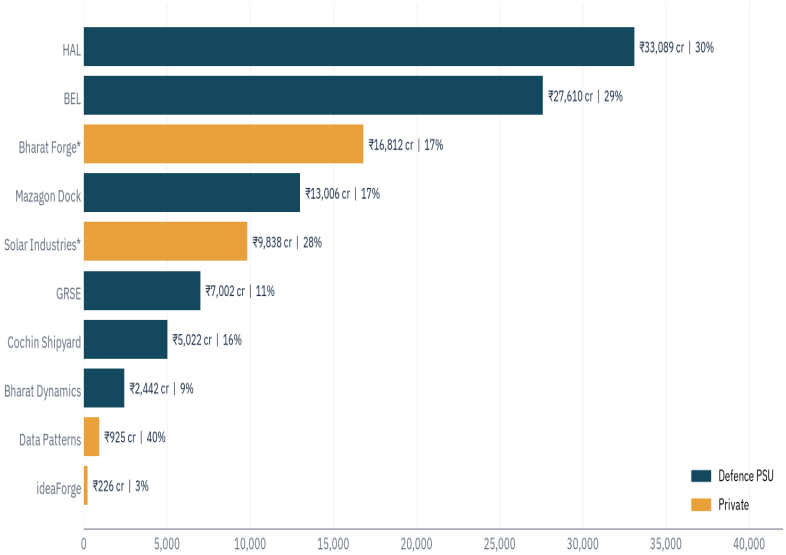
India's defence industry is entering a phase where scale alone will not be enough. The opportunity will depend on whether companies can convert procurement pipelines into actual production, manage complex supply chains and build globally competitive products. The next phase lies in building deeper capabilities across aerospace, naval systems, defence electronics, drones, ammunition, components and advanced technologies such as AI and autonomous systems. This could create opportunities not only for large defence companies but also for MSMEs supplying specialised components, software and subsystems.

Policy has already begun to move. FDI in defence is permitted up to 74% under the automatic route and up to 100% through the government route, attracting Rs6,670.59 crore in inflows by March 2026, and industrial licence validity has been extended from 7 years to 15 years, extendable to 18. DRDO has also transferred technologies to 134 partner companies under its development-cum-production partner framework. These are meaningful steps, but modest relative to the scale of the ambition.

Achieving the government's ambitious targets would require the industry to strengthen supply chains, invest in research and development and meet international quality and regulatory standards. Greater private-sector participation, stronger domestic component manufacturing and wider export markets could help India move from being primarily a defence buyer to becoming a more significant global defence manufacturing and technology hub. The ongoing thrust could make the next decade the one in which Indian defence goes worldwide. Whether India reaps that opportunity or slows down will depend on how the private sector capitalises on the geopolitical environment, and on how far the government loosens its stranglehold on the sector.

Listed defence players: FY26 revenue and EBITDA margin

Revenue from operations, ₹ crore (FY26); label shows EBITDA margin



Source: Screener.in P&L (compiled from company filings), consolidated except GRSE, BDL, Data Patterns (standalone). Margin = operating profit/sales. Calculated by VBR. *Bharat Forge and Solar: whole-company figures, not defence-only. VBR

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FROM BASIC APPLIANCES TO SMART, CONNECTED HOMES

India's consumer durables sector has undergone a significant transformation over the past decade. What was once largely a market for basic refrigerators, semi-automatic washing machines and conventional cooling and cooking products is increasingly becoming a market for automation, energy efficiency, connectivity and convenience. The broader consumer-durables market is estimated at around Rs2.8 lakh crore in FY25 and is projected to reach Rs5.39 lakh crore by FY30, implying a 14% CAGR, according to 1Lattice. Growth is being supported by first-time adoption in underpenetrated categories, rising incomes and premiumisation as existing consumers move towards larger, smarter and more energy-efficient appliances.

Over the last 10 years, this shift has been visible across almost every major category. Washing machines have moved from semi-automatic models towards fully automatic top-load and front-load machines, with inverter motors, steam functions, AI-assisted cycles and app connectivity. Refrigerators have evolved from basic single-door models to frost-free, multi-door and convertible formats with inverter compressors and smart features. Fixed-speed air conditioners have increasingly given way to inverter models with higher energy





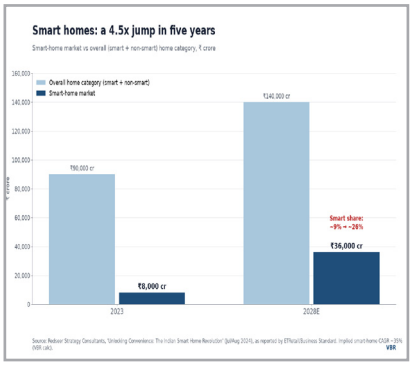
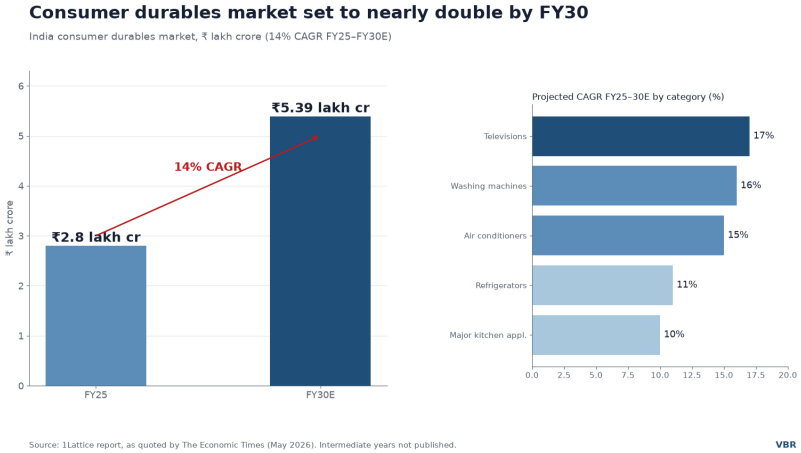
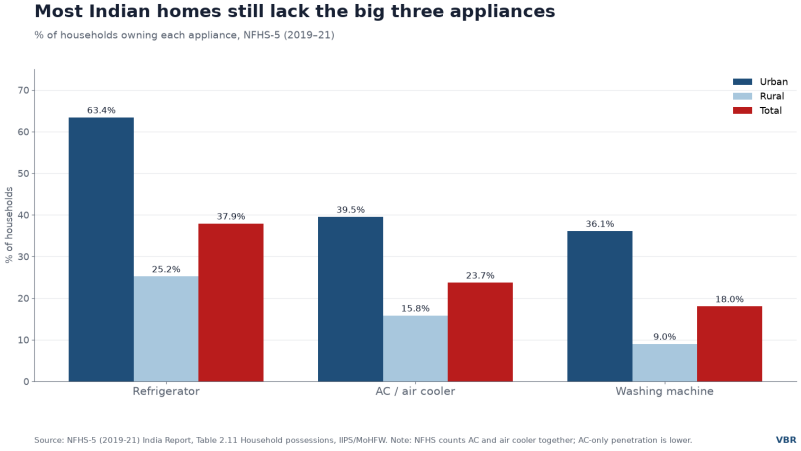


Chart 3: India smart-home market, 2023 vs 2028E (Redseer)

ratings, while cleaning has expanded from conventional vacuum cleaners to cordless wet-and-dry products and robotic vacuum-mop systems. Newer categories such as air purifiers, dishwashers, air fryers, induction cooktops and smart-home devices are also widening the addressable market. The scale of this shift is visible in smart homes as well. India's smart-home market is projected to increase from Rs8,000 crore in 2023 to Rs36,000 crore by 2028, according to Redseer. This points to a broader transition from mechanisation to automation and, increasingly, to sensing and connectivity, where appliances are being sold not only for their basic function but also for convenience, energy efficiency and control.





A MARKET SPLIT BETWEEN GLOBAL BRANDS AND INDIAN PLAYERS

Competition in consumer durables is fragmented by category, with multinational companies holding strong positions in large appliances while Indian companies remain important in air conditioners, electrical products and kitchen appliances. LG, Samsung, Whirlpool, Haier, Bosch and Daikin are among the prominent international players, while Indian listed companies include Voltas, Blue Star, Havells, IFB Industries, Whirlpool India, Crompton Greaves Consumer Electricals, Bajaj Electricals, TTK Prestige and Butterfly Gandhimathi. Companies such as Godrej Appliances and Eureka Forbes add significant Indian competition, while foreign brands such as Dyson, Xiaomi, Ecovacs, Dreame and Roborock are particularly relevant in newer categories.

The competitive structure varies significantly by product. Air conditioners, refrigerators and washing machines remain major established battlegrounds. In ACs, brands such as Voltas, Daikin, LG, Blue Star, Samsung, Lloyd



and Haier compete across price, energy efficiency, cooling performance, distribution and service. Washing machines and refrigerators face similarly intense competition, particularly in mass and upper-mid segments where discounts, financing and replacement cycles can influence purchasing decisions.

Newer categories have created different competitive dynamics. Air purifiers compete on filtration technology, sensors, design and recurring filter requirements, while robot vacuum cleaners compete on navigation, mapping, mopping, battery life and automation. These categories can command higher selling prices, but higher realisation does not automatically mean higher profitability. Companies generally do not disclose product-level margins, while newer products can carry significant technology, marketing, import and service costs.

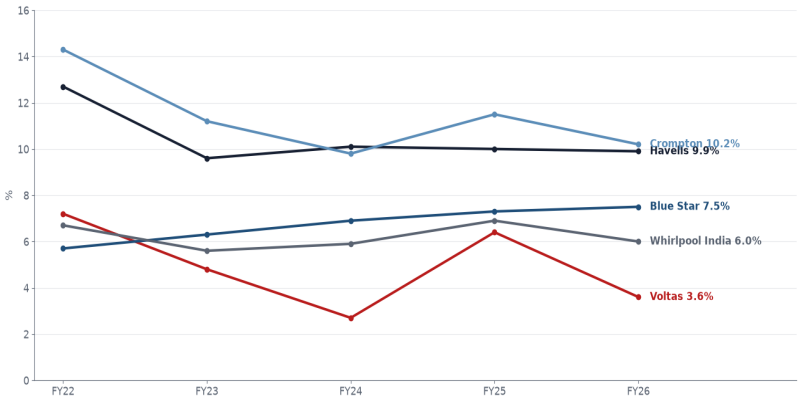
This distinction is important for the sector. Premium refrigerators, front-load washing machines and advanced ACs can support better realisation through premium features, but companies still face aggressive competition and discounting. Similarly, air purifiers and robotic cleaners can grow from smaller market bases without necessarily creating superior profits. Revenue growth, therefore, does not automatically translate into superior margins. The business question is not simply which products are selling faster, but which companies can capture the economics of this shift while protecting margins.

THE NEXT GROWTH ENGINE: PREMIUMISATION, EFFICIENCY AND NEW CATEGORIES

The next five years are likely to be shaped less by simply putting more appliances into homes and more by what type of appliance consumers choose to buy. The broader consumer-durables market is projected to rise from Rs2.8 lakh crore in FY25 to Rs5.39 lakh crore by

EBITDA margins have compressed for most players

EBITDA margin (excl. other income), %, FY22–FY26, consolidated

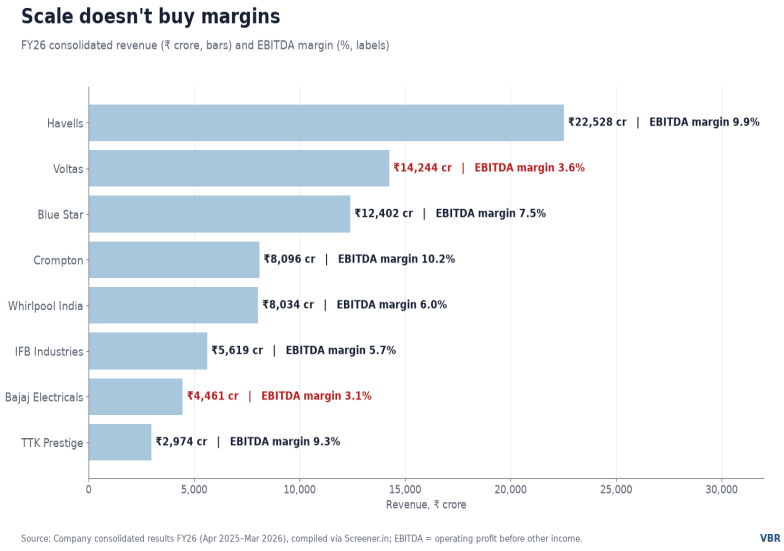


Source: Company consolidated results, compiled via Screener.in (from annual filings). EBITDA = operating profit before other income.

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FY30, according to 1Lattice, providing a substantial runway for established and emerging categories.

Air conditioners remain a major established growth opportunity because household penetration is still relatively low, while demand is supported by rising temperatures, urbanisation and higher household incomes. The category is also shifting towards inverter technology and higher energy-efficiency ratings, making replacement demand increasingly linked to electricity savings rather than simply the need for cooling.

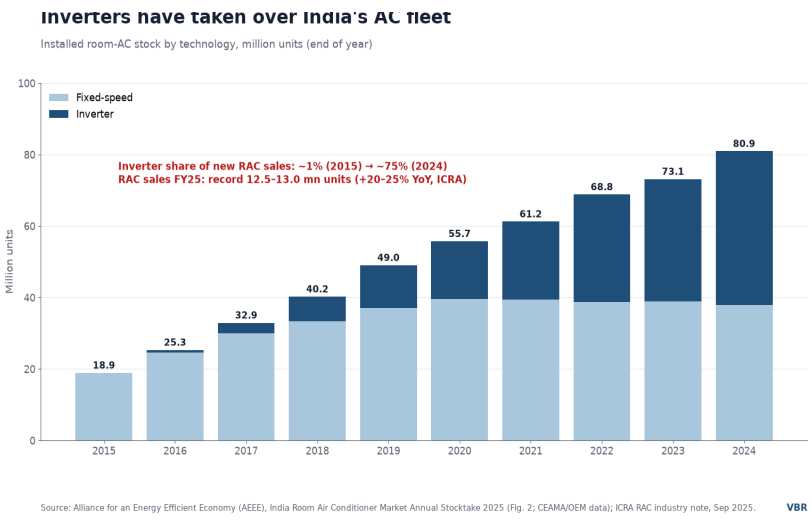


Washing machines should continue moving towards fully automatic and premium formats, while refrigerators can benefit from replacement demand and upgrades to larger, convertible and energy-efficient models. Beyond these established categories, air purifiers, robotic vacuum cleaners and dishwashers represent smaller but potentially faster-growing pools. Dishwashers, for instance, remain at an early stage of adoption in India, leaving substantial room for expansion.

Manufacturing investment is also increasing. The White Goods PLI scheme covers 85 companies and is expected to attract Rs11,198 crore of investment and generate cumulative production of Rs1.9 lakh crore over the scheme period. The government's exact figure for cumulative production is Rs1,90,050 crore, which can be retained in the source note.

The longer-term opportunity, however, will depend on how effectively companies convert higher-value products into sustainable economics. Premium products can generate higher realisations, but they also bring greater technology costs, service requirements, imported components, aggressive competition and shorter product cycles. Premiumisation is therefore a potential revenue driver, rather than an automatic margin driver.

The sector's next phase will consequently involve three parallel shifts: deeper penetration of established products such as ACs and washing machines, premiumisation in mature categories such as refrigerators and laundry, and the gradual adoption of newer products such as robotic cleaners, air purifiers and dishwashers. Ultimately, the industry's next phase will be defined not simply by how many appliances India buys, but by how much value manufacturers can retain from each appliance sold.



FROM PRESSURE COOKERS TO A BROADER KITCHEN PLAYER



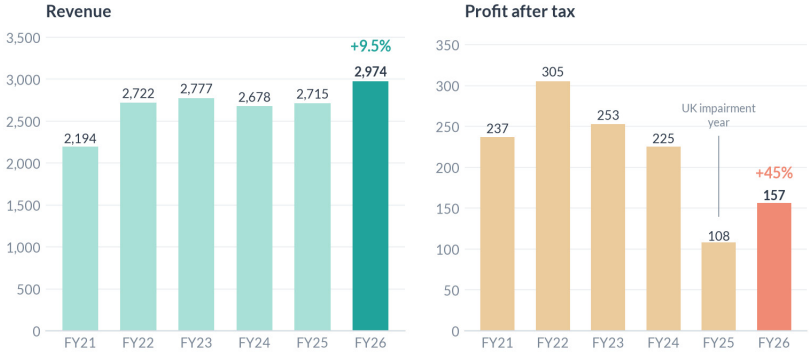
TTK Prestige is entering a new phase in its evolution from a traditional pressure-cooker and cookware company to a broader kitchen-solutions player. Its portfolio has expanded into gas stoves, induction cooktops, mixer grinders, air fryers, OTGs, rice cookers and other kitchen and home-cleaning solutions, giving the company exposure to a much wider range of everyday household applications. With more than 1,000 products and over 650 stores across India, the company has built a sizable distribution network that combines its established retail presence with modern trade and digital channels. Its Prestige brand remains positioned towards the premium and mass-premium segments, while Judge provides a route into more value-conscious markets. Competition, however, varies significantly across categories, with players such as Hawkins, Butterfly Gandhimathi, Stove Kraft, Bajaj Electricals, Havells and Wonderchef competing for different parts of the kitchen-appliance market. Financially, FY26 marked a stronger year for the consolidated business, with revenue rising 9.5% to Rs2,973.6 crore and profit after tax increasing 45% to Rs156.7 crore. The sharp increase in PAT needs to be viewed in context, however, as the previous year included exceptional costs, including impairment related to its UK subsidiary. The company's established brand equity, manufacturing capabilities, R&D expertise and distribution reach remain important advantages. The larger question is whether TTK Prestige can use these traditional strengths to build a stronger position in newer and faster-growing kitchen applications without diluting the brand that built its franchise.

GROWTH OPPORTUNITY MEETS RISING COMPETITION

The Indian kitchen is changing, and that shift is creating a broader opportunity for TTK Prestige. Consumers are increasingly looking for products that save time, simplify cooking and combine convenience with better design and safety. This is opening opportunities across induction cooking, premium cookware, mixer grinders, air fryers and other small kitchen appliances.

Revenue is back on a growth path; profit still below its FY22 peak

Consolidated revenue from operations and profit after tax, ₹ crore

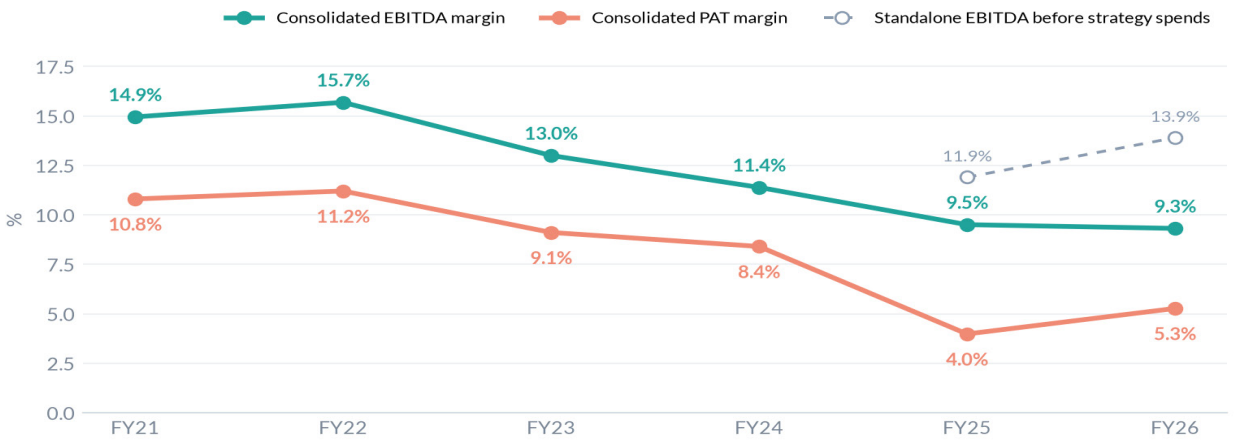


Source: Screener.in consolidated P&L (FY21–FY24, compiled from filings); FY25–FY26 from TTK Prestige Q4 FY26 results/analyst presentation (22 May 2026). FY25 PAT includes ₹71.4 cr UK goodwill impairment.

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Margins have slipped since FY22; strategy spends weigh on EBITDA

Consolidated EBITDA and PAT margin, %; standalone EBITDA margin before strategy spends (company-reported)



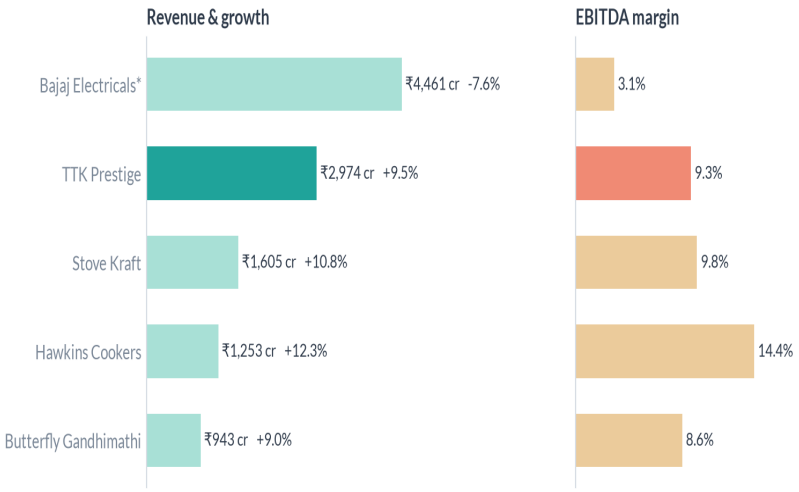
Source: Consolidated margins Calculated by VBR from Screener.in (operating profit, net profit ÷ sales). Standalone operating EBITDA before strategy spends: TTK Prestige Q4 FY26 presentation (13.9% vs 11.9%).

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Premiumisation is also becoming an important growth driver as consumers move beyond basic products towards better materials, improved functionality and more specialised cooking solutions. At the same time, e-commerce, modern retail and growing penetration in Tier II and Tier III markets are changing how consumers discover, compare and purchase kitchen products. TTK Prestige is responding by refreshing its portfolio and focusing resources on categories where it believes it can build or defend a strong position. The strategy is not simply about entering more categories; it is also about strengthening the company's presence within its existing kitchen ecosystem through product innovation, design and functionality. That creates an opportunity to increase the value of its established customer relationships, but the road ahead is not without pressure. Aluminium, stainless steel and other input costs can affect margins, while aggressive pricing and discounting are intensifying competition across organised and digital channels. Digital-first brands can also introduce products and build

Peers: Hawkins earns the richest margins; TTK has the scale

FY26 revenue (₹ crore) with YoY growth, and EBITDA margin (%)



Source: Screener.in P&L compiled from company filings, FY26: TTK Prestige and Bajaj Electricals consolidated; Stove Kraft, Hawkins, Butterfly standalone. Growth and margins Calculated by VBR. *Bajaj: whole company, not kitchen-only.

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visibility quickly, putting pressure on established companies to shorten innovation cycles. Uneven demand in some rural and smaller markets adds another layer of uncertainty. TTK Prestige has also had to deal with the weaker performance of its UK subsidiary and the execution demands of its wider transformation programme. The challenge, therefore, is to expand the portfolio and capture new demand while maintaining pricing discipline, operational efficiency and the premium positioning of its core brand.

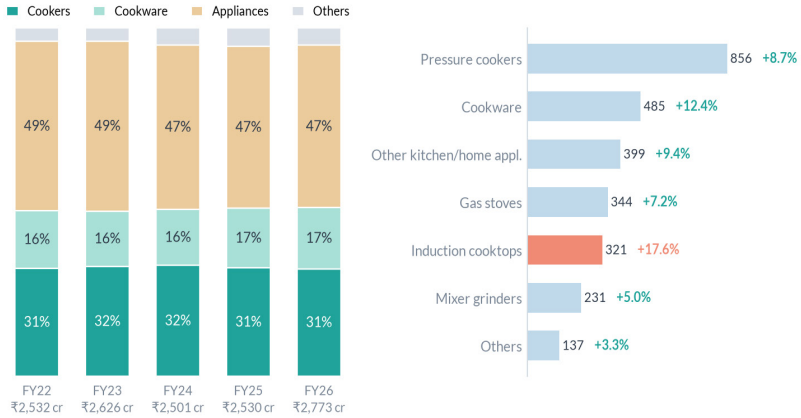
REINVENTION THROUGH INNOVATION AND INVESTMENT

Management's response has been a multi-year transformation programme designed to make TTK Prestige more innovation-led, efficient and responsive to changing consumer needs. The Board approved an investment of Rs500

crore over three years, including Rs200 crore for operational initiatives covering innovation, design, supply chain, digital transformation and go-to-market capabilities, alongside Rs300 crore of capital expenditure for manufacturing, infrastructure and product development. The objective is not simply to increase capacity, but to strengthen the capabilities required to compete in a faster-changing kitchen-appliance market. This marks an important shift in how the company is approaching growth. Rather than relying primarily on the categories that established Prestige as a household name, management is attempting to build a broader kitchen-solutions franchise while keeping pressure cookers and cookware at its core. The current portfolio reflects that transition, with traditional cooking products sitting alongside induction cooktops, gas stoves, mixer grinders, air fryers, OTGs and other convenience-oriented appliances. Innovation, therefore, is increasingly about improving everyday kitchen applications through better design, materials, safety and functionality rather than simply adding more products to the catalogue. Over the next three to five years, the key test will be whether TTK Prestige can translate its brand trust, distribution strength and product expertise into sustained growth across these newer categories. Its traditional products provide the foundation, while premium cookware, electric cooking and small appliances offer avenues to deepen its presence in the modern Indian kitchen. The transformation is ultimately less about abandoning the company's past and more about extending it. If management can convert its investments into faster innovation, stronger execution and better market reach, TTK Prestige could strengthen its position as a diversified kitchen-solutions company while preserving the brand equity and consumer trust built over decades.

Appliances are nearly half of sales; induction cooktops grew fastest in FY26

Left: standalone sales mix, %. Right: FY26 sales by category, ₹ crore, with YoY growth

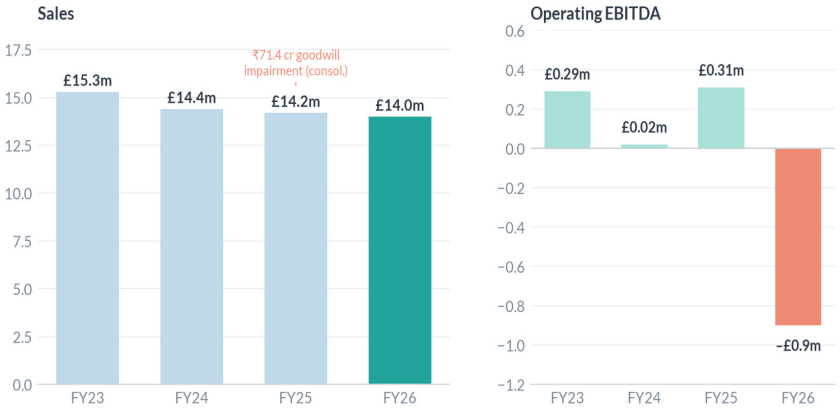


Source: TTK Prestige analyst presentations Q4 FY26 (FY23–FY26) and Q4 FY25 (FY22); FY26 categories from Annual Report 2025-26 (MD&A). Standalone, net sales incl. exports. Shares and growth Calculated by VBR.

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UK arm Horwood: sales drifting lower, now loss-making at EBITDA level

Horwood Homewares (UK) sales and operating EBITDA, £ million

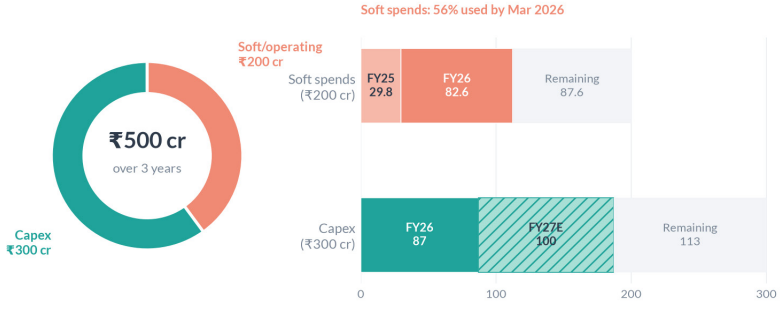


Source: TTK Prestige analyst presentations Q4 FY24, Q4 FY25, Q4 FY26; Annual Report 2025-26. FY25 consolidated exceptional charge: ₹71.4 cr goodwill impairment (₹32.3 cr investment impairment in standalone books).

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The ₹500 crore plan: over half the 'soft' budget already spent

Board-approved outlay over three years from Q4 FY25, ₹ crore; spends disclosed so far



Source: TTK Prestige exchange filing (Feb 2025) via Business Standard/Capital Market, 19 Feb 2025; Annual Report 2025-26 (MD&A, capex plans); Q4 FY25 & Q4 FY26 presentations. FY27 capex is the company's estimate (~₹100 cr). Remaining amounts Calculated by VBR.

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IGIL: BUILDING THE TRUST LAYER FOR A CHANGING DIAMOND MARKET



A DIAMOND MARKET IN TRANSITION

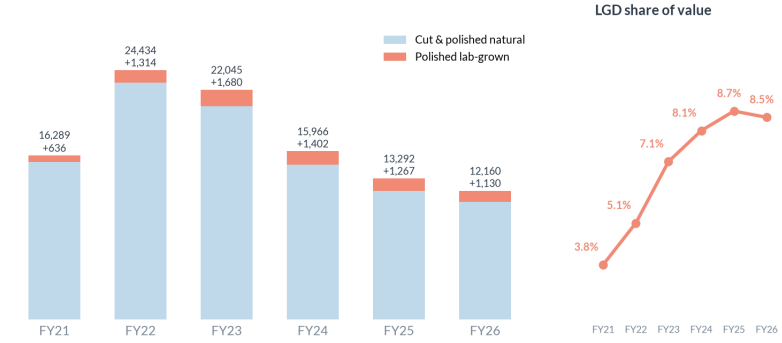
The global diamond industry is undergoing a structural shift as natural diamonds and laboratory-grown diamonds (LGDs) increasingly serve different consumer propositions. Natural diamonds continue to anchor the premium jewellery market, while LGDs have introduced a more affordable alternative. India sits at the centre of this transition. It is the world's leading hub for cutting and polishing diamonds and has also emerged as one of the world's largest markets for natural diamond jewellery. Rather than relying on a single headline market-size number, the opportunity is better understood through India's position across manufacturing, exports and domestic jewellery consumption.

The market, however, remains uneven. De Beers has highlighted challenging trading conditions for rough diamonds and continued pressure on smaller, lower-value natural diamonds from the growth of laboratory-grown alternatives. At the same time, it described Indian diamond-jewellery demand as robust in the first half of 2026. These contrasting trends show why the diamond industry can no longer be viewed as a single, uniform market.

For certification companies, this complexity matters. As natural diamonds, LGDs, coloured gemstones and certified jewellery coexist, buyers and businesses need reliable information about what they are purchasing. Certification provides that information by establishing a recognised assessment of a stone's identity and characteristics, helping reduce information gaps between manufacturers, retailers and consumers.

India's diamond exports have halved since FY22; lab-grown is ~8.5% of value

Gross exports of cut & polished natural diamonds and polished lab-grown diamonds, US$ million (year to March)



Source: GJEPC; Trade Trends Annual Report 2021-22 (FY21–FY22), Trade Quick Update Apr 2022–Mar 2023 (FY23), FY24 and FY25 press releases (via PTI/ABP), FY26 press release (US$12.16 bn, US$1.13 bn). LGD share of combined value Calculated by VBR. FY25–FY26 values provisional.

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IGIL'S SCALE AND POSITION ACROSS INDIA AND GLOBAL MARKETS

IGIL has built its position around that certification role. The company describes itself as India's largest independent accreditation and certification services provider, with a 50% market share in India. Globally, IGI has reported about 33% share of certification volumes across diamonds, studded jewellery and coloured stones, placing it among the world's largest independent certification providers. Its strongest position is in LGDs, where the company has reported approximately 65% global certification market share based on its disclosed market research. These market-share figures are company-reported estimates and should therefore be treated accordingly.

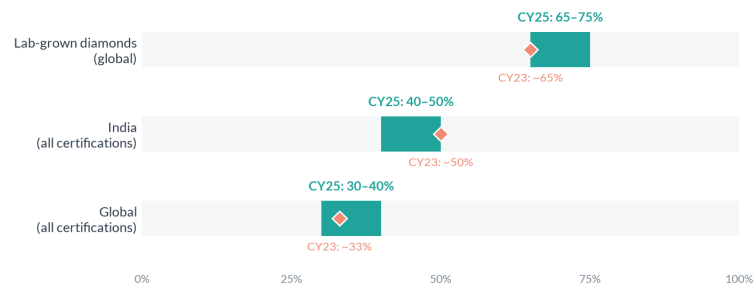
Its operating footprint has also expanded. IGI currently says it operates 37 laboratories and 21 Schools of Gemology across 10 countries, giving the group a broad physical network through which it can serve manufacturers, retailers and other participants in the jewellery supply chain.



The economics of the model are also important. In H1 CY25, IGI processed 6.16 million reports, up 24% year on year, while certification revenue rose 14% to Rs5,888 million. LGD certification revenue increasIts operating footprint has also expanded. IGI currently says it operates 37 laboratories and 21 Schools of Gemology across 10 countries, giving the group a broad physical network through which it can serve manufacturers, retailers and other participants in the jewellery supply chain. ed 16%, while LGD jewellery certification grew 35%. EBITDA rose 23% to Rs3,692 million, with an EBITDA margin of 61%. The combination of higher volumes and strong operating margins illustrates why certification is different from businesses directly exposed to the price of the underlying diamond

Company-reported share: dominant in lab-grown, about a third globally

IGI's own estimates of its share of certification markets, %; latest ranges (CY25, by value) vs IPO-era point estimates (CY23)



Source: CY23: IGI RHP industry data as cited in investor presentation Q1 CY25 (India and LGD by number of certifications; global by revenue). CY25: IGI Investor Day, 3 Aug 2026 ('per commissioned industry analysis, MCA filings and expert interviews', by value). Company estimates, not independently verified.

VBR

The company is also broadening its addressable market. Its January 2026 acquisition of American Gemological Laboratories (AGL) strengthened its capabilities in coloured gemstones, extending IGI's relevance beyond its established diamond and jewellery certification businesses.

INDIA'S DIAMOND ECOSYSTEM AND IGIL'S NEXT GROWTH PHASE

India is central to IGIL's operating model because of the country's role across the diamond and jewellery value chain. Surat is a major global centre for diamond cutting and polishing, while Mumbai is an important trading, corporate and certification hub. The broader ecosystem connects internationally sourced rough diamonds with Indian cutting and polishing, grading and certification, jewellery manufacturing, and ultimately domestic or export markets.

Certification becomes particularly relevant as products move through this chain. A grading report can provide a common reference for a diamond's characteristics, supporting transactions between manufacturers, retailers and consumers. For jewellery, certification can also help document the stones used in a finished product. In LGDs, the distinction between laboratory-grown and natural stones makes identification and grading even more important. IGI introduced dedicated LGD grading in 2005 and now applies its grading framework across both natural and laboratory-grown diamonds.

This creates a different growth equation for IGIL. The company does not necessarily need diamond prices to rise for certification demand to increase.

Certification volumes can instead be influenced by factors such as the number of stones entering the formal grading system, report penetration, the mix between natural diamonds and LGDs, jewellery certification, pricing, and geographic

expansion. A market with more product categories and greater differentiation can therefore create additional requirements for independent identification and grading, even when prices for individual stones remain under pressure

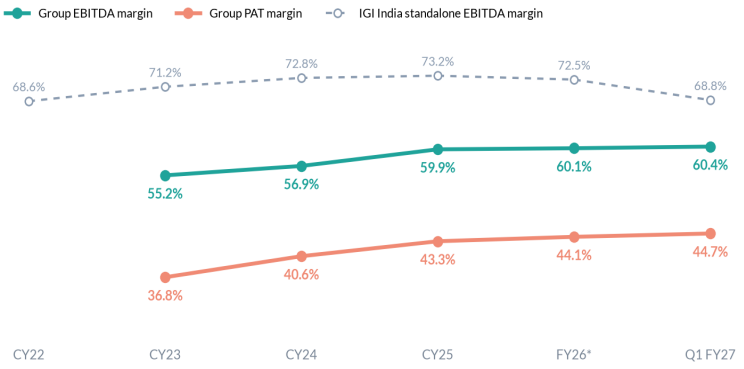
That distinction is important because weakness in one part of the diamond market does not automatically translate into weakness for the certification business. Lower LGD prices can reduce the revenue earned per certification, for example, but growing unit volumes can partly offset that pressure. IGI's H1 CY25 numbers illustrate this dynamic: report volumes grew faster than certification revenue, reflecting the impact of pricing and mix.

Management's earlier guidance provides a historical reference point: in April 2025, it expected consolidated revenue growth of 15–20% for CY2025, with India accounting for more than 75% of group revenue at the time. That was historical guidance, rather than a current FY27 forecast.

For IGIL, therefore, the larger opportunity is not simply a bigger diamond market. It is a more complex diamond market. As natural diamonds, LGDs, coloured gemstones and certified jewellery increasingly coexist, the need for independent identification, grading and transparency can grow alongside the number of products being traded. IGIL's ability to convert its leadership in LGD certification, its deep Indian manufacturing relationships and its global laboratory network into sustained volume growth will determine how much of that opportunity it can capture.

Operating leverage: group EBITDA margin has crossed 60%

EBITDA margin (excl. other income) and PAT margin, %; IGI India standalone EBITDA margin for comparison

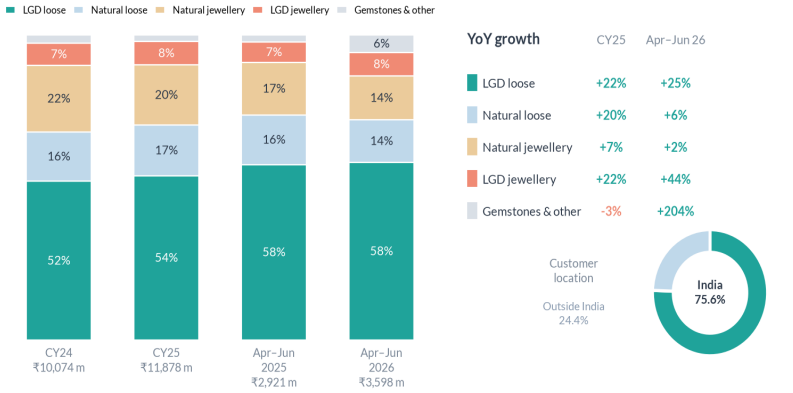


Source: IGI investor presentations Q4 & 12M 2025, 15M Mar-2026 and Q1 FY27 (23 Jul 2026). *FY26 (Apr 2025–Mar 2026) margins Calculated by VBR from four reported quarters. Q1 FY27 = Apr–Jun 2026, includes AGL. Standalone Q1 FY27 margin hit by higher commission payouts to US/Dubai subsidiaries.

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Lab-grown now brings in close to two-thirds of certification revenue

Left: group certification revenue by segment, % (total ₹ million below). Right: revenue by customer location, 15 months to Mar 2026

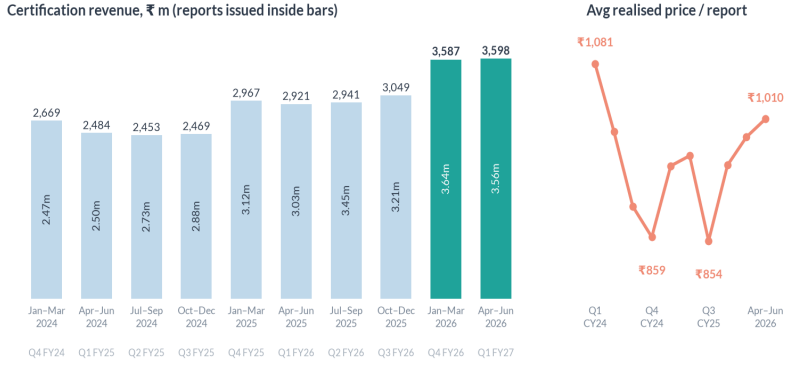


Source: IGI investor presentations Q4 & 12M 2025 (CY24, CY25) and Q1 FY27 (Apr–Jun). Shares and YoY Calculated by VBR; CY24 segments sum to ₹10,074 m vs ₹10,075 m reported (rounding). Gemstones jump reflects AGL consolidation. Geography: IGI Annual Report 2025-26, consolidated note on revenue (Jan 2025–Mar 2026; CY24: India 73.8%).

VBR

Volumes keep climbing; price per report has recovered from the 2024 reset

Group certification reports (million) and certification revenue (₹ million) per quarter; average realised price per report (₹)



Grey labels: IGI's new April–March financial-year quarters

Source: IGI investor presentations Q1 CY25, Q2 CY25, Q3 CY25, Q4 & 12M 2025, 15M Mar-2026, Q1 FY27 and Investor Day (Aug 2026). Consolidated. Apr–Jun 2026 includes AGL (+3 pts of revenue growth).

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VBR DASHBOARD

Tyre Industry, at a glance

Market size, companies, segments, margins and export markets, in one interactive view.





12.9%
EV-specific tyres lead growth
Fastest CAGR, 2026-34

FY23
The margin trough
Margins have recovered since

FY26
Rubber at a high
Natural rubber cost peaks

$14.45bn	58%	Rs27K cr	240 mn
MARKET SIZE	REPLACEMENT DEMAND	TYRE EXPORTS	TYRE PRODUCTION

Explore the full dashboard

9 interactive pages: Overview, Market, Companies, Segments, Financials, Valuation and more.

Power BI

Source: VBR Indian Tyre Industry Dashboard (Power BI). Market size in US$; exports in Rs crore; production in million units.

AMARA RAJA'S NEXT CHARGE: FROM LED- ACID STRENGTH TO ENERGY STORAGE

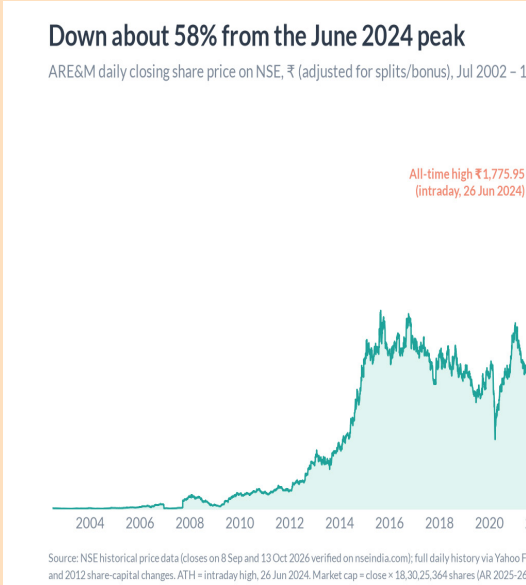
FROM LEAD-ACID STRENGTH TO A NEW-ENERGY BET



Amara Raja Energy & Mobility is at an important point in its evolution. Its established lead-acid battery business continues to provide scale, profitability and strong relationships across automotive and industrial markets, while the company invests heavily in lithium-ion cells, EV battery packs and battery energy storage systems (BESS). The strategic challenge is no longer whether it should enter new energy, but how efficiently it can build competitive technology and scale without weakening the economics of its core business. In FY26, the company generated Rs1,118 crore of operating cash flow, but capital expenditure of Rs1,341 crore turned free cash flow negative.

The company remains anchored by its lead-acid operations, which serve automotive, industrial, telecom and other applications, while it has been building capabilities across the new-energy value chain through its E-Positive Energy Labs, battery-pack operations and planned cell manufacturing. FY26 consolidated revenue rose 7.5% to Rs13,814 crore, while profit after tax fell 5% to about Rs896 crore. That included a net exceptional gain of Rs255 crore, mainly insurance receipts for a plant fire; profit before exceptional items fell 18%. The balance sheet provides room to invest, with debt-to-equity at about 0.03. The key question is therefore not immediate financial survival, but whether the capital committed to new energy can generate attractive returns as the business scales. The commitment is substantial. The company has announced Rs9,500 crore of investment in its Giga Corridor at Divitipally in Telangana, with a target of 16 GWh of cell capacity by FY30, and by August 2026 had infused about Rs1,900 crore into its wholly owned subsidiary, Amara Raja Advanced Cell Technologies (ARACT). Returns are still some way off: in FY26, the new-energy segment, mainly lithium-ion packs for telecom towers and two- and three-wheelers, earned revenue of Rs809 crore, or 5.9% of the total, and reported a segment loss of Rs135 crore.

Amara Raja's lithium-ion strategy covers both NMC and LFP chemistries for electric mobility and stationary storage. In June 2024, ARACT signed a technology licensing agreement with GIB EnergyX Slovakia, a subsidiary of Gotion High-Tech, for LFP cells in cylindrical and prismatic formats. The agreement covered intellectual property, gigafactory process-technology support, supply-chain integration and customer technical support. In May 2026, however, management said the Chinese government had largely discouraged the sharing and licensing of battery technology, and that

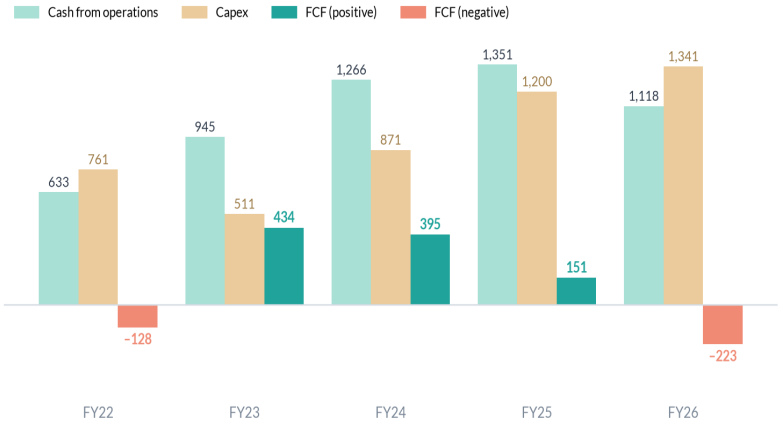


product development across NMC, LFP and future chemistries would, going forward, be driven largely by teams in India.

IT'S A LONG ARDUOUS JOURNEY FOR AMARA RAJA IN THE PAST 5 YEARS. RAPID TECHNOLOGY CHANGES ALWAYS TESTS YOUR METTLE

Capex has overtaken operating cash flow again

Consolidated cash from operations, purchase of property, plant & equipment, and free cash flow, ₹ crore

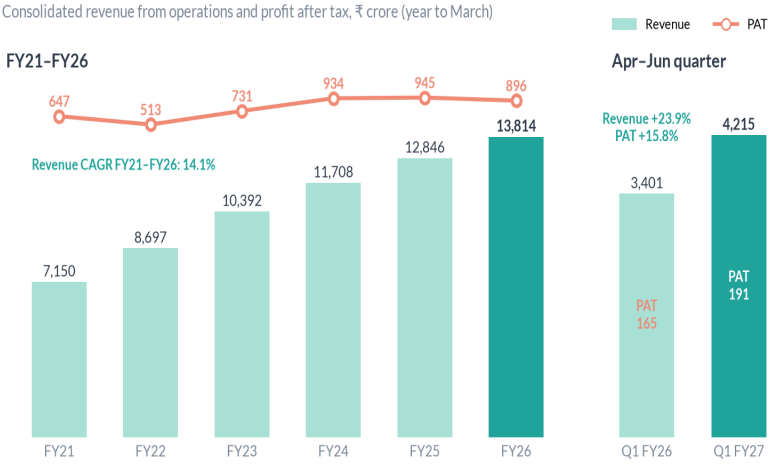


Source: ARE&M Annual Reports, consolidated statements of cash flows: FY22 (AR 2022-23), FY23–FY24 (AR 2023-24, FY23 restated), FY25 (AR 2024-25), FY26 (AR 2025-26). Capex = payments for purchase of PP&E incl. CWIP (gross; excludes insurance proceeds of ₹187 cr in FY26). FCF = OCF − capex. Calculated by VBR.

VBR

Revenue has nearly doubled in five years; profit has stalled

Consolidated revenue from operations and profit after tax, ₹ crore (year to March)



Source: FY21–FY23: Screener.in consolidated (FY23 restated for plastic-components demerger). FY24–FY26: ARE&M Q4 FY26 investor presentation (May 2026) and Annual Report 2025-26. FY25 and FY26 PAT include exceptional insurance income (₹111 cr; net ₹255 cr). Q1 FY27 = Apr–Jun 2026 (Q1 FY27 presentation, Aug 2026). CAGR Calculated by VBR.

VBR



Amara Raja Energy & Mobility (ARE&M) has gone from market darling to a stock in correction. After trading in a narrow band for most of the 2000s, it re-rated sharply from 2013 to 2015 and then moved sideways for nearly eight years. That flat stretch included a sharp fall during the March 2020 pandemic sell-off, followed by a quick rebound that faded again through 2022 and 2023. The lithium-ion and new-energy story set off a steep rally in 2024, taking the stock to an all-time intraday high of Rs1,775.95 on 26 June 2024. Since then it has lost about 58% of its value, closing at Rs742.10 on 13 October 2026, which puts its market capitalisation at roughly Rs13,582 crore. It hit a 52-week low of Rs670 on 30 March 2026 and has recovered only modestly, still well below its 52-week high of Rs1,057.85. Even at today's levels, the stock trades well above where it stood for most of the last decade, so the market has not given up on the business. The correction suggests investors are now waiting for proof that the new-energy bets will deliver earnings before they pay up again.



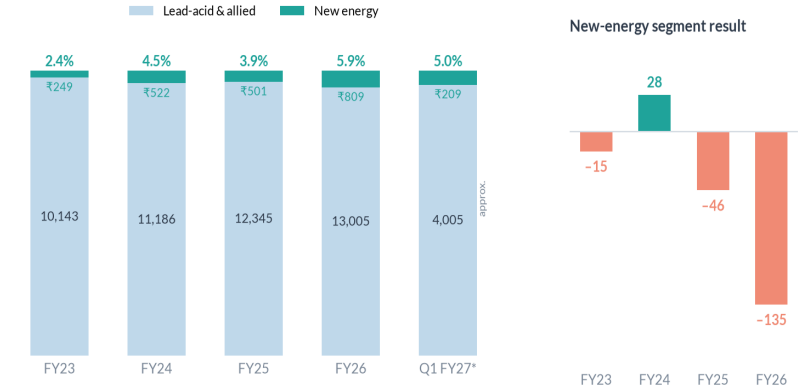
THE COST OF BUILDING AT HOME

Technology independence does not automatically mean cost competitiveness. Management has said its locally made cells will initially cost about 15–20% more than Chinese imports, an estimate it repeated in August 2026. This creates a difficult commercial equation: Amara Raja needs to localise technology and manufacturing while bringing costs down enough to compete with established global supply chains. Scale will matter as much as technology. Higher utilisation, manufacturing efficiencies, supply-chain localisation and product qualification will determine whether the company can narrow the gap and build commercially viable cell operations.

Battery energy storage may provide a nearer-term opportunity while the cell business matures ARACT is building a BESS facility at Divitipally for grid and commercial and industrial (C&I) applications. In May 2026, the company presented it as a 5 GWh plant with Rs280 crore of capex and start of production in Q4 FY27; its latest presentation, from August 2026, describes a 10 GWh facility with operations expected in Q3 FY27. The company expects India's annual BESS demand to rise from about 1 GWh in FY26 to more than 25 GWh by FY31 as renewable-energy deployment increases and the grid requires greater flexibility. This could give Amara Raja a route to monetise its new-energy capabilities beyond electric vehicles, albeit at initial operating margins that management puts at only 5–8%. The transition nevertheless carries execution risk. Lead-acid remains the company's earnings engine, with management putting its FY26 EBITDA margin at about 12.2%, but consolidated EBITDA margin slipped from 12.6% in FY25 to 10.8% in FY26 on higher raw-material and new-energy start-up costs Lead-acid profits cannot be assumed to fund unlimited new-energy expansion. Management must balance investment in the core business with spending on cells, packs, BESS and technology development. This

New energy is growing fast, but is still under 6% of revenue and loss-making

Left: consolidated revenue by segment, ₹ crore and new-energy share. Right: new-energy segment result (profit before tax), ₹ crore



Source: ARE&M Annual Reports 2023-24, 2024-25, 2025-26 (Note 33, segment reporting; segment called 'Others' until FY25). Q1 FY27 (Apr–Jun 2026): new-energy revenue ~₹209 cr and ~95% lead-acid share per management, Q1 FY27 earnings call (11 Aug 2026); lead-acid split Calculated by VBR (₹4,215 cr − ₹209 cr). Shares Calculated by VBR.

VBR

makes capital allocation the central strategic question: can the cash flows and market position of Amara Raja's legacy business support the transition long enough for lithium-ion and BESS to reach competitive scale and returns?

THE MARKET'S TEST: EXECUTION, SCALE AND RETURNS

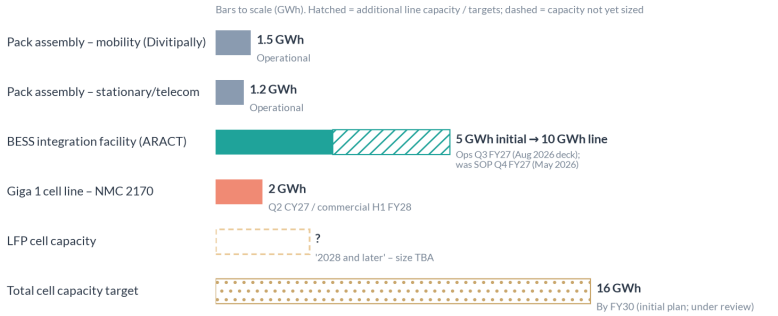
The market has also become more cautious. On 13 October 2026, Amara Raja shares closed at Rs742.10 on the NSE, giving the company a market capitalisation of about Rs13,582 crore. The stock's 52-week range was Rs670 to Rs1,023, and it was trading about 58% below its all-time high of Rs1,775.95, reached in June 2024. The gap should not be attributed to a single factor; valuation, broader market conditions, sector sentiment and company-specific execution can all influence the stock. Investors are closely watching margins, new-energy capex, technology development and the pace of commercialisation The latest quarter was mixed. In April–June 2026 (Q1 FY27), consolidated revenue rose 24% to Rs4,215 crore and profit after tax 16% to Rs191 crore, but the EBITDA margin narrowed to 9.6%.. The company's announced milestones provide a clearer framework for the next few years. The BESS facility is due to start operating in FY27, while the first commercial lithium-ion cell line, a 2 GWh NMC line known as Giga 1, is scheduled to begin operations in the second quarter of calendar 2027. Management has indicated that LFP capacity will follow, probably in 2028 or later, as customer programmes become clearer, and says the 16 GWh timeline may shift with demand. By 2028–29, Amara Raja could therefore move from building capabilities to demonstrating commercial scale across cells, battery packs and energy storage, although the timing and scale of that transition remain execution-dependent.

The next phase, then, is not simply about becoming a larger battery manufacturer. It is about proving that Amara Raja can use the scale, cash flows and market position of its legacy business to build a competitive new-energy platform without compromising returns. If the company can reduce the cost disadvantage, improve utilisation and convert its BESS and lithium-ion investments into sustainable earnings, it could become a meaningful second growth engine. Until then, the market is likely to remain focused on one question: whether the capital being deployed today can produce stronger returns tomorrow.

Sources: Amara Raja Energy & Mobility Integrated Annual Report 2025-26; Q4 FY26 and Q1 FY27 investor presentations and earnings-call transcripts (BSE filings, May–August 2026); company press release, 24 June 2024; NSE price data. Share price as of 13 October 2026.

The new-energy roadmap: packs today, BESS next, cells from mid-2027

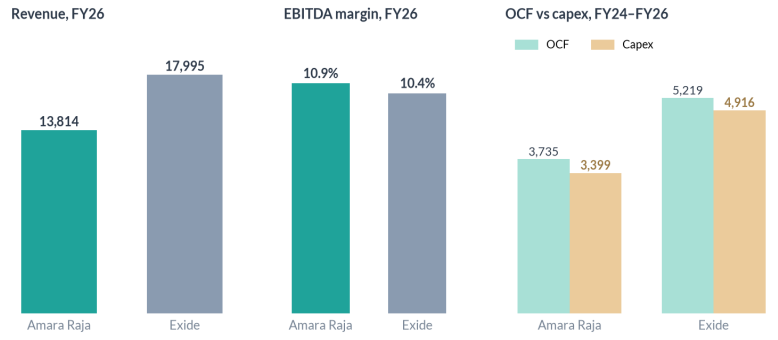
Announced new-energy capacities (GWh) at the Divitipally (Telangana) Giga Corridor and Tirupati, with latest company timelines



Source: ARE&M Q4 FY26 investor presentation (May 2026; BESS 5 GWh, ₹280 cr capex, SOP Q4 FY27) and Q1 FY27 presentation (Aug 2026; BESS described as 10 GWh facility, operations Q3 FY27; Giga 1 2 GWh NMC Q2 CY27; 16 GWh by FY30); earnings calls 26 May 2026 and 11 Aug 2026 (LFP '2028 and later'; Giga 1 commercialisation H1 FY28; 16 GWh target under review). VBR

Peer check: Exide is bigger, Amara Raja earns a slightly higher margin

FY26 consolidated: revenue (₹ crore), EBITDA margin (%), and cumulative FY24–FY26 operating cash flow vs capex (₹ crore)



Source: Screener.in consolidated financials for Amara Raja Energy & Mobility and Exide Industries (accessed 14 Oct 2026). EBITDA margin = operating profit ÷ sales; capex = OCF − FCF as computed by Screener (net of asset sales); all ratios and sums Calculated by VBR. VBR

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FOLDABLE SMARTPHONES

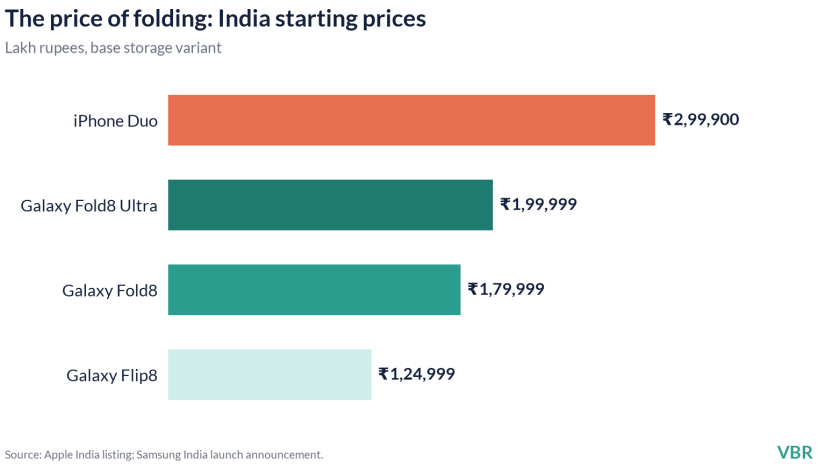
SAMSUNG VS APPLE ; BUT LET THE USERS DECIDE



The mobile phone has travelled from Nokia's keypad era to touch-screen devices that combine communication, entertainment and work. Today's foldables pursue a different ambition: giving consumers more screen without requiring them to carry a permanently larger device. Samsung brought this proposition into commercial focus with the Galaxy Fold in 2019, combining an expanding display with the ability to run multiple applications. Its portfolio subsequently developed along two routes: book-style Folds offering larger workspaces and clamshell Flips prioritising compactness. Apple's arrival turns this evolution into a more consequential commercial contest. The company unveiled its first foldable, the iPhone Duo, on 9 September, with pre-orders beginning on 16 October and Indian retail availability scheduled for 23 October, according to its official announcement. Samsung brings experience across several generations of foldable hardware and software. Apple, on the other hand, has the opportunity to extend its ecosystem into a new format. Neither advantage guarantees success. This is no longer simply a competition over which company can build the more impressive folding screen. It is becoming a test of whether additional screen space creates enough everyday value to justify a substantial premium. The commercial question is whether Samsung's experience and Apple's ecosystem can turn initial curiosity into sustained demand.

A Bigger Workspace, but worth it?

The strongest argument for a foldable is not that it bends, but what the additional screen allows its owner to do. Samsung's Multi Window and Apple's Split View support applications alongside one another, potentially helping professionals review documents while checking email, business owners manage communication, or students consult reference material while taking notes. These benefits depend on individual workflows and application support. For consumers primarily calling, messaging or browsing social media, the additional expense may be harder to justify. Apple specifies a 7.6-inch inner display and a 5.4-inch outer screen, while Samsung offers similarly sized displays on the Fold8. Both provide a larger viewing area that folds away, but portability still involves compromises. Official specifications put the Duo at 254 grams and 11.3mm thick when folded, against 201 grams and 9.7mm for the Fold8. Samsung's device is therefore 53 grams lighter. The financial difference is equally significant. The 256GB Duo starts at RS 2,99,900, compared with RS 1,79,999 for the Fold8 and RS 1,99,999 for the Fold8 Ultra, according to Apple's Indian listing and Samsung's India launch announcement. Apple's premiums are approximately 67% and 50%



respectively. Samsung's Rs1,24,999 Flip8 offers a cheaper entry, although its compact clamshell serves a different purpose. Maintenance adds another consideration. Samsung India's Screen Fix+ page, checked on 21 October, lists Rs62,270 for a Fold7 main-screen replacement, inclusive of GST; additional faults or non-screen parts can attract extra charges. This does not establish either current model's repair cost, but highlights why buyers should consider repair coverage and potential out-of-warranty expenses alongside the purchase price.

The Future Will be decided by Use Case, not by tech packaging

The industry's changing product mix gives this pricing debate greater significance. Counterpoint's 10 September report, "In-Fold Panel Growth Signals H2 2026 Recovery in Foldable Smartphone Panel Shipments Despite H1 Decline", records a 13% first-half decline in foldable panel shipments, alongside 35% growth in book-style in-fold panels and a 62% fall in clamshell panels. These figures show a changing production mix, not proof that consumers increasingly prefer larger workspaces. Launch schedules, procurement and inventory also influence panel shipments; the report identifies Samsung's launch-related procurement as a factor. Manufacturers must therefore convert investment in book-style products into purchases at premium prices.

Counterpoint's 7 September forecast, "Global Foldable Shipments to Hit 100-million Cumulative Milestone by End of 2026", projects 2026 smartphone shipment shares of 38% for Samsung, 25% for Apple and 22% for Huawei, with category shipments forecast to grow 37% in 2027. These are projections, not confirmed market shares. If Apple's anticipated initial supply constraints materialise, shipments may understate demand; shipment figures alone cannot establish unrestricted buyer appetite. Ultimately, execution must connect forecasts to commercial reality. Samsung currently presents the stronger price-and-portability proposition in this comparison, while Apple must demonstrate that its ecosystem makes the premium worthwhile. Samsung's head start can help it defend the category, but neither advantage guarantees broader adoption. The stronger long-term position will belong to the company that makes foldables genuinely useful, comfortable to carry and affordable to maintain.

Foldables face-off: iPhone Duo vs Galaxy Fold8

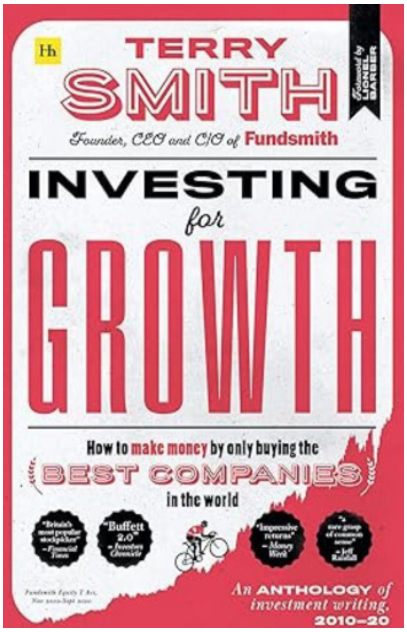
Key official specifications and India launch prices (256GB)

	iPhone Duo	Galaxy Fold8	
Starting price	₹2,99,900	₹1,79,999	*Duo costs ~67% more*
Weight	254 g	201 g	*Fold8 is 53 g lighter*
Thickness (folded)	11.3 mm	9.7 mm	*Fold8 is 1.6 mm slimmer*
Inner / outer display	7.6" / 5.4"	Similar size	*Comparable workspace*

Source: Apple India listing and announcement; Samsung India launch announcement. Price gap calculated by VBR.

VBR

INVESTING FOR GROWTH





Terry Smith, author and founder of Fundsmith, challenges investors to look beyond share-price movements and focus on the quality of the businesses they own. This anthology of investment writing from 2010 to 2020 presents three central principles: buy good companies, do not overpay, and do nothing. The first principle emphasises identifying businesses that can create value consistently and sustain their competitive advantages over time. Such companies typically generate strong cash flows, earn attractive returns on capital and possess advantages such as customer loyalty, pricing power or economies of scale.

Smith distinguishes genuine business quality from revenue growth alone, as expanding sales do not automatically translate into shareholder value. Lasting economic value emerges when a company uses capital efficiently and reinvests earnings at attractive returns. The second principle, do not overpay, highlights the relationship between business quality and investment returns. Even an excellent company can become a poor investment if its share price already reflects unrealistic growth expectations.

Investors must therefore evaluate earning potential, cash generation and valuation rather than assume that quality justifies any price. The third principle, do nothing, challenges unnecessary trading and encourages investors to give strong businesses time to compound their value. However, patience does not mean ignoring deteriorating fundamentals; the investment thesis must remain valid for long-term ownership to make sense.

The book's strength lies in connecting these principles into a disciplined investment philosophy: identify enduring business quality, pay a sensible price and avoid unnecessary interference while the business continues to perform. Its broader discussions encourage readers to question management decisions, investment costs and the use of shareholder capital. Yet the approach has limitations. Competitive advantages can weaken, technological changes can disrupt established businesses, and poor capital allocation can undermine a promising company.

Valuation also involves uncertainty because future cash flows and growth cannot be predicted precisely. A business may remain fundamentally strong while its shares deliver disappointing returns if investors initially pay too much. The anthology format can also feel repetitive, as essays revisit similar principles without always presenting a single, systematic framework for applying them to investment decisions.

Despite these limitations, Investing for Growth offers a valuable perspective by shifting attention from market predictions towards business economics. Its central lesson is that growth matters when it translates into sustainable economic value supported by enduring competitive advantages. Ultimately, successful investing requires identifying businesses capable of creating value consistently, paying a price that allows investors to benefit from that value creation, and having the discipline to hold them without becoming complacent. Quality is essential, but the price paid determines how much of that quality translates into investment returns. √

Author:- Terry Smith

Genre:- Investing Philosophy

ZEPTO: CAN SCALE TRANSLATE INTO SUSTAINABLE RETURNS?

Zepto has rapidly expanded its presence in India's quick-commerce market, building a high-speed retail model around an extensive dark-store network and a growing customer base. But in a business where convenience comes at a considerable operating cost, growth alone is an incomplete measure of success. The real test is whether the company can generate returns that justify the capital required to sustain its expansion.



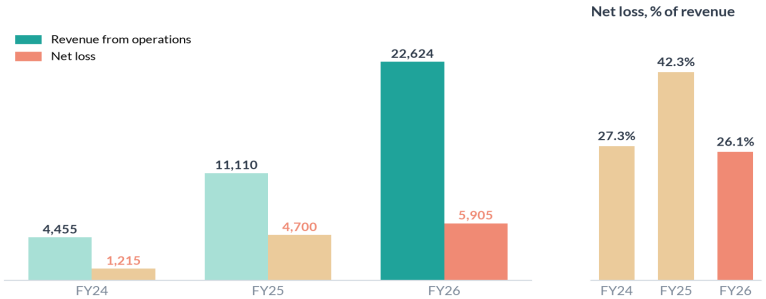
As of March 2026, Zepto operated 1,139 dark stores and reported 4.79 crore annual transacting users, according to its updated Draft Red Herring Prospectus (DRHP). These figures establish the scale of its operations, but not their financial sustainability. Maintaining this network requires continued spending on logistics, technology, warehousing and customer acquisition.

Its FY26 financial results highlight the gap between expansion and profitability. Revenue from operations more than doubled to Rs22,623.58 crore from Rs11,109.94 crore in FY25. However, its net loss widened to Rs5,905.19 crore from Rs4,699.71 crore. Free cash flow was negative at Rs4,329.54 crore, compared with negative Rs5,332.49 crore in FY25. Under the company's filing definition, free cash flow starts with net cash generated from or used in operating activities and adjusts for specified capital expenditure, lease-related payments, proceeds and other specified items. The improvement in this measure is notable, but its negative balance indicates that Zepto continued to consume cash under this definition. These economics matter as Zepto pursues a public listing. The company filed updated draft papers with SEBI in June 2026, proposing a fresh issue of shares worth up to Rs8,010 crore alongside an offer for sale by existing shareholders. However, it subsequently postponed its IPO amid reported differences over valuation. Media reports indicated that domestic mutual funds were willing to value the business at approximately $2.5–3 billion, below the $4–4.2 billion reportedly sought during pre-IPO funding discussions. These were reported negotiations, not a final agreed valuation. On 1 August 2026, Zepto announced a primary pre-IPO private placement. The company said it intended to list within the validity period of its updated draft papers, while its CEO reportedly indicated a target of two to three quarters, depending on financial performance and market conditions. As of October 2026, however, no fixed listing date had been announced.

The challenge is no longer simply to grow, but to demonstrate that growth can generate returns commensurate with the capital it consumes.

Revenue has grown five-fold in two years, but so has the loss

Revenue from operations and net loss, ₹ crore; net loss as % of revenue



Source: Zepto Updated DRHP-I (8 June 2026), restated consolidated financial information, years to 31 March. Loss as % of revenue Calculated by VBR.

VBR

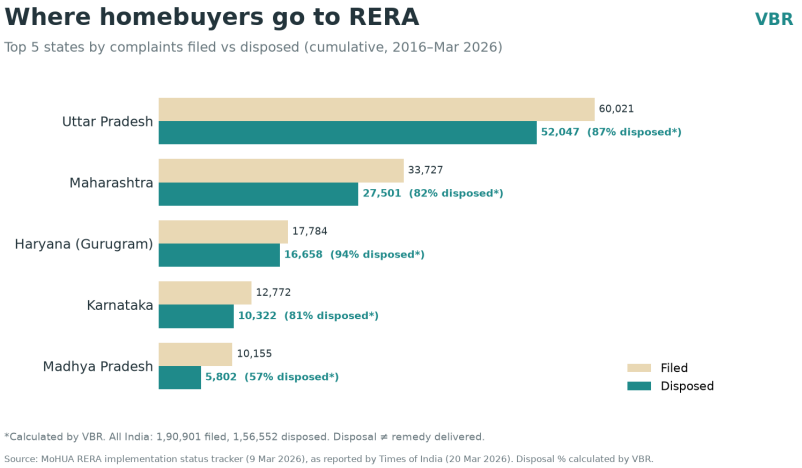
RERA AND THE CHANGING DYNAMICS OF INDIA'S REAL ESTATE SECTOR



FROM MARKET IMBALANCES TO GREATER ACCOUNTABILITY.

Real estate is one of India's major economic sectors, contributing to urban development, employment and investment. Yet, for years, the sector faced delayed possession, limited transparency and an imbalance of information between developers and homebuyers. Buyers often committed substantial savings without clear visibility into project approvals, construction progress or completion timelines. Concerns over fund diversion, misleading advertisements and prolonged disputes further weakened market confidence. Although legal remedies existed, navigating them could be time-consuming, while regulatory approaches varied across states. These challenges highlighted the need for a framework that could strengthen accountability and improve the credibility of property transactions.

The Real Estate (Regulation and Development) Act, 2016, commonly known as RERA, marked an important step towards that objective, with its major provisions coming into force on 1 May 2017. Beyond buyer protection, the Act sought to address a broader business problem: markets function less efficiently when information is unreliable, contractual commitments lack credibility and risks are difficult to assess. By formalising disclosure requirements and establishing enforceable responsibilities, RERA aimed to create a more pre-



dictable environment for buyers, developers and investors.

THE REGULATORY FRAMEWORK AND ITS KEY PROVISIONS

RERA establishes legal obligations for promoters and real estate agents, with project registration and disclosure at its core. Under Section 3, eligible projects must be registered with the relevant state or union territory authority before being advertised, marketed, booked or sold. Projects with a land area not exceeding 500 square metres or no more than eight apartments, inclusive of all phases, are generally exempt from registration under the central Act, although the appropriate government may prescribe lower thresholds. Section 4 requires promoters to submit project details and supporting documents, while Section 11 requires registered project information to be publicly available and updated as prescribed.

Financial accountability is addressed through Section 4, which requires promoters to deposit 70% of amounts realised from allottees into a separate account for land and construction costs. Withdrawals are subject to prescribed requirements linked to the project's percentage of completion and certification by an engineer, architect and chartered accountant. Section 12 provides remedies for losses caused by false or incorrect statements in advertisements or prospectuses. Under Section 13, promoters cannot accept more than 10% of a property's cost as an advance or application fee without first entering into and registering a written agreement for sale.

Section 14 requires adherence to sanctioned plans and establishes a five-year defect-liability mechanism. Covered defects brought to the promoter's notice within five years of possession must be rectified without charge within 30 days, failing which the allottee may be entitled to compensation. Section 18 provides remedies for delayed possession, including a refund with prescribed interest where an allottee withdraws, or interest for each month of delay where the allottee remains in the project, subject to statutory conditions. Section 31 provides a mechanism for complaints to the regulatory authority or adjudicating officer, as applicable, while eligible appeals can be heard by the Real Estate Appellate Tribunal. Sections 9 and 10 establish registration and conduct requirements for agents dealing with covered projects.

Together, these provisions make transparency, financial discipline and contractual accountability legal obligations rather than voluntary business practices. They also provide a framework through which buyers can assess projects and developers can establish credibility through compliance.

BUSINESS IMPACT: TRUST, COMPETITION AND IMPLEMENTATION

For homebuyers, RERA improves access to project information and provides legal avenues when developers fail to meet their obligations. However, the number of complaints disposed of is not a reliable measure of success on its own. Administrative closure does not necessarily mean that a buyer received the desired remedy or that the dispute was resolved quickly. Assessing effectiveness requires examining decision timelines, implementation of orders and actual outcomes for homebuyers.

For developers, RERA creates both compliance responsibilities and an opportunity to differentiate themselves. Credible delivery schedules, transparent disclosures and disciplined use of funds can strengthen reputations, support sales and build lasting customer relationships. In a market where trust influences purchasing decisions and investor confidence, accountability can become a competitive advantage rather than merely a regulatory burden. Conversely, inconsistent enforcement can create uncertainty and disadvantage responsible developers competing against those who fail to comply.

Brokers also contribute to market credibility. Registration, accurate information and ethical selling practices can improve transaction quality and professional standards. Yet the broader benefits depend on consistent implementation. When dispute resolution is slow or orders are not effectively enforced, statutory protections may offer less practical value than intended.

Ultimately, RERA's business value depends on whether its legal provisions translate into predictable outcomes. Its success must be measured not simply by projects registered or complaints disposed of, but by whether orders are implemented, disputes are resolved effectively and contractual commitments are honoured. RERA has established a foundation for a more reliable property market; sustained enforcement will determine how fully its economic benefits are realised.

PARAG PARIKH

MASTER OF BEHAVIOURAL INVESTING



Parag Parikh's contribution to India's investment landscape extended beyond financial advisory into the way investors evaluate businesses, interpret market behaviour and approach long-term wealth creation. His philosophy placed emphasis on valuation discipline, business fundamentals and the behavioural biases that influence financial decisions. In 1979, Parag Parikh Financial Advisory Services (PPFAS) began as a stockbroking business. The firm expanded into financial advisory services in 1992 and subsequently entered portfolio management and mutual funds, extending its investment philosophy to a wider investor base. Parikh's approach reflected the conviction that successful investing requires a consistent framework for evaluating opportunities. His thinking was influenced by Benjamin Graham and Warren Buffett, whose contributions helped shape modern value investing. Graham emphasised intrinsic value and the margin of safety, while Buffett highlighted business quality, sustainable competitive advantages and long-term ownership. Parikh applied these principles to the Indian context, emphasising business value over market excitement. His philosophy centred on buying good businesses at reasonable prices, understanding the economics underlying a stock, maintaining a long-term perspective and resisting prevailing market trends. This required distinguishing a company's fundamental performance from the market's fluctuating perception of its value. A distinctive aspect of his approach was the examination of investment pitfalls.

In Value Investing and Behavioral Finance, Parikh explored the growth trap: the assumption that a rapidly growing company necessarily makes an attractive investment. Strong growth may already be reflected in an inflated share price, leaving limited scope for returns if expectations are not met. Business performance and shareholder returns, therefore, are not necessarily aligned. Equally central to his outlook was the relationship between risk management and investor psychology. His books, Stocks to Riches: Insights on Investor Behaviour and Value Investing and Behavioral Finance, examine how fear, greed, herd mentality and overconfidence influence financial decisions. Sound analysis can be undermined when emotions or market sentiment override judgement.

This philosophy continues through PPFAS Mutual Fund, particularly the Parag Parikh Flexi Cap Fund, launched in 2013. The fund follows a research-oriented, long-term investment approach, with flexibility across market capitalisations and international equities within its mandate. Parag Parikh's investment philosophy brings valuation discipline and investor psychology into the same framework. Business quality, purchase price and rational decision-making are inseparable elements of investment judgement. His books and the evolution of PPFAS provide concrete expressions of this approach, emphasising that investment decisions require not only an assessment of underlying worth but also the discipline to act without being swayed by market sentiment.

AI RELATED ; STOCK PERFROMANCE



AI'S NEXT BATTLE: CHIPS AND THE COST OF COMPUTE

The U.S. remains the centre of the global AI race, but the competition is increasingly shifting from who builds the smartest model to who can deliver AI at the lowest cost. The key players include Nvidia, AMD, Intel and a growing group of U.S. hyperscalers designing their own chips. Nvidia remains the dominant force in AI computing, while AMD is expanding its accelerator business and Google, Amazon, Microsoft and Meta are developing proprietary silicon to reduce dependence on Nvidia and improve economics. The U.S. hosts 5,427 data centres more than ten times any other country although almost every leading AI chip is fabricated by Taiwan Semiconductor Manufacturing Co. (TSMC), creating a critical supply-chain dependency. Nvidia is advancing its next-generation chip platforms while AMD and hyperscalers increasingly challenge its economics, creating greater competition across the AI hardware market. The reason is simple: AI computers are expensive, and inference the process of running an AI model to generate an answer is becoming the next major battleground. Yet costs have already fallen dramatically. Stanford estimates that hardware costs have declined about 30% annually, while energy efficiency has improved roughly 40% a year; the cost of querying a GPT-3.5-level system fell more than 280-fold between November 2022 and October 2024. That trend is likely to continue through 2026–28, as newer chips, specialised inference accelerators, better software and in-house silicon from hyperscalers increase competition and efficiency. However, cheaper AI does not necessarily mean cheaper chips: Nvidia customers have reportedly been told that some AI server prices could rise by more than 15% for early-2027 shipments because of higher memory costs. The bigger decline is therefore likely to be in cost per AI task, rather than the sticker price of the hardware. For U.S. companies, that creates an important business dynamic: lower costs could make AI accessible to more users and applications, driving higher usage. Higher usage would, in turn, require more computing capacity, data centres, networking and energy. In other words, cheaper AI may not end the infrastructure boom it could extend it by making AI economical for a much larger market. The key investment question is therefore not simply whether AI chips become cheaper, but whether falling compute costs unlock enough new demand to keep U.S. spending on chips and data centres rising. √

2 YEARS OF DOWN MARKET!



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