sajag online

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June 2026 / Vol. XXIX / Issue 6

Core Purpose	:	**To continuously delight our customers by offering trustworthy services for Wealth creation**
Core Values	:	**We meet Statutory and Non-statutory Obligations on Due date. We do not encourage speculation. Right attitude towards Clients. Client is always Right. Client deserves Trustworthy Advice. We are Trustee of Client's Assets when in our Custody.**
Our Mission	:	**To pursue Quality Advice and Ontime Services in Healthy Atmosphere leading to benefit of all Stakeholders**

Index and data indicators

Indian indices marked lowest closing in December 2011, so data near to the month is taken for reference, RBI FY27 GDP growth forecast at 6.6%

Time period	31-05-2026	31-05-2025	31-12-2011
Nifty	23547.75	24750.7	4624.3
Valuation			
Trailing PE	20.27	22.32	16.75
Trailing PB	3.21	3.62	2.76
Mcap/GDP	1.02	1.14	0.69
Nifty return			
1 year	-4.86%	9.85%	-24.62%
2 year	2.23%	15.56%	-5.71%
3 year	8.31%	14.28%	16.04%
EPS growth			
1 year	4.76%	5.33%	10.17%
2 year	5.04%	13.65%	10.90%
3 year	10.61%	10.97%	6.56%
Other data points			
Credit growth	16.20%	9.80%	16.80%
10-year bond yield	7.00	6.20	8.56
Brent Oil Futures	92.05	63.9	107.38
USD/INR	95.01	85.52	53.01
Gold (oz/USD)	4593	3315.4	1566.8

Source: RBI, NSE, Sajag Research

MARKET REVIEW

Nifty falls again!

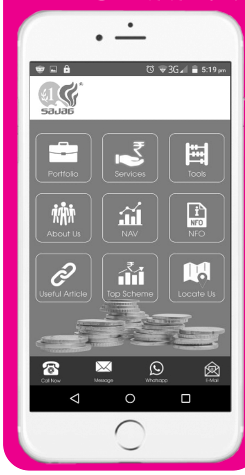
After a promising start, Indian markets weakened through May as rising crude oil prices, rupee depreciation, and escalating West Asia tensions weighed on investor sentiment.

Key developments during the month were,

- India's retail inflation rose marginally to 3.48% in April 2026 from 3.40% in March, remaining comfortably below the RBI's 4% target. Food inflation increased to 4.20%, led by higher vegetable prices. Meanwhile, WPI inflation surged to a 42-month high of 8.3%, primarily driven by fuel and power costs, with fuel inflation jumping to 24.71% amid the ongoing West Asia conflict.
- India's IIP growth stood at 4.9% in April 2026, exceeding expectations of 3.9%. Manufacturing remained the key growth driver, expanding 6.2%, while electricity and gas output grew 4.9%. Mining contracted 5.1%. Strong growth in capital goods (16.0%) and infrastructure goods (7.1%) reflected healthy investment activity, while consumer demand remained relatively moderate.
- The central government's fiscal deficit during April-February FY26 stood at ₹12.52 lakh crore, or 80.4% of the full-year target, improving from 85.8% in the corresponding period last year. Total receipts reached ₹27.91 lakh crore, while expenditure stood at ₹40.44 lakh crore, including ₹9.29 lakh crore of capital expenditure, indicating continued fiscal discipline alongside infrastructure spending.
- India's merchandise trade deficit widened to $28.38 billion in April 2026 as imports rose to $71.94 billion. However, exports grew strongly by 13.8% YoY to $43.56 billion, led by electronics, engineering goods, pharmaceuticals, and petroleum products. Strong services exports helped narrow the combined merchandise and services trade deficit to $7.81 billion from $11.16 billion a year ago.
- GST collections in May 2026 stood at ₹1.94 lakh crore, up 3.2% YoY. While collections moderated from April's record level, they remained robust. Import-related GST revenue grew 19.1%, while domestic GST collections declined marginally, reflecting softer domestic demand.
- The IMF raised India's FY27 GDP growth forecast to 6.5%, supported by lower US tariffs on Indian exports and resilient domestic growth momentum. However, it highlighted the ongoing West Asia conflict as a key downside risk.

Foreign Portfolio Investors remained net sellers for the third consecutive month, withdrawing ₹32,963 crore during May. Persistent geopolitical uncertainty, elevated crude prices, and global preference for AI-related investment themes continued to drive outflows. Nevertheless, rising domestic institutional participation has helped offset part of the foreign selling pressure. India's market capitalization declined to approximately $4.8 trillion, slipping behind Taiwan and South Korea as global capital increasingly flowed into AI and semiconductor-related markets. India's limited exposure to global AI supply chains remains a structural challenge, leading to a reduction in its weight within the MSCI Emerging Markets Index.

Contrary in Indian markets, global equity markets continued their strong uptrend in May, with major indices breaking above their higher levels and displaying robust. Indian markets continued to underperform global peers while mid cap and small cap stocks continue to outperform large caps.



Performance of key sectoral indices

Nifty Pharma	3.71%	Nifty Bank	-1.16%
Nifty Metal	3.61%	Nifty Infra	-1.24%
Nifty Auto	1.19%	Nifty Consumption	-1.60%
Nifty MNC	0.65%	Nifty FMCG	-3.67%
Nifty IT	0.01%	Nifty Realty	-3.71%
Nifty Energy	-0.22%		

Market Outlook

As the West Asia conflict prolongs without any meaningful resolution in sight, risks to both inflation and growth have increased. Faced with difficult trade-offs, major advanced economy central banks are likely to pivot towards monetary policy tightening.

- US inflation accelerated to 3.8% in April 2026, the highest since May 2023, driven largely by rising energy prices. Core inflation also moved higher, while real wages turned negative for the first time in three years. Despite inflationary pressures, labour market conditions remained relatively stable, with unemployment at 4.3% and non-farm payroll additions exceeding expectations. US industrial production rebounded in April, while the Composite PMI improved to 51.7, indicating continued expansion. However, export demand remained weak amid geopolitical uncertainty. The Federal Reserve kept interest rates unchanged at 3.5%-3.75% and markets currently expect rates to remain steady through most of 2026.
- China's CPI inflation increased to 1.2% in April, while PPI accelerated sharply to 2.8%, reflecting higher energy and commodity prices. Manufacturing activity remained in expansion territory, supported by improving exports and industrial production. However, retail sales growth slowed, highlighting continued weakness in consumer demand. China's industrial profits surged 24.7% YoY in April, reinforcing the view that the country's recovery is currently being driven by industrial activity, technology exports, and government-led investment rather than broad-based consumption.
- The Bank of Japan maintained its policy rate at 0.75% but signalled the possibility of further rate hikes. While growth projections were lowered, inflation forecasts were raised, creating a mild stagflationary backdrop. The upcoming June BOJ meeting remains an important event for global markets. Japan's inflation eased modestly in April as government fuel subsidies offset some of the increase in energy prices.
- The Eurozone faced rising inflation and slowing growth during the month. Headline inflation remained elevated 3.2% in May largely driven by higher energy prices following the ongoing West Asia conflict, while core inflation stayed relatively stable, indicating limited underlying demand pressures. Manufacturing activity remained resilient, The Manufacturing PMI rose to a 47-month high of 52.2 in April supported by inventory build-up and supply-chain precautionary stocking. However, the broader economy remained weak as high energy costs weighed on consumer spending and services activity. The Composite PMI stayed in contraction territory, while GDP growth remained subdued at 0.1% in Q1 2026. Against this backdrop, the ECB kept interest rates unchanged, balancing inflation concerns with weakening economic growth.
- India's private sector remained resilient despite elevated energy prices and geopolitical uncertainties. Manufacturing activity moderated earlier in the year as higher fuel and raw material costs pressured margins, but business conditions improved during April. Industrial production grew 4.9%, led by strong manufacturing growth of 6.2%, while capital goods output surged 16%, indicating healthy investment activity and capacity expansion. The services sector continued to support overall economic growth, benefiting from strong domestic demand and digital commerce activity. Businesses maintained a positive outlook, with hiring activity remaining healthy as companies expanded operations. However, inflationary pressures remained a concern.

As per several high frequency indicators, domestic economic activity remained largely steady since the outbreak of the conflict. Looking ahead, elevated energy and other commodity prices coupled with continued supply disruptions are likely to affect economic activity. In this backdrop, we maintain a cautious outlook with a focus on investment in stable companies.

TECHNICAL VIEW

Nifty entered the month of May on a cautious note and after initial upmove, the momentum faded and Nifty saw resistance. Nifty fell below all its key daily EMAs resulting in renewed selling pressure. Throughout the month, Nifty struggled to build momentum. Nifty closed the month with a red candle at 23,547 down 450 points.

Nifty is below its 13-week and 55-week EMA and below 13- month EMA. Weekly RSI ended near 40 and remained below the neutral 50 mark for most of the month, while monthly RSI is also moving below its average below 50, reflecting weak momentum and a cautious market tone.

Going ahead, Nifty is likely to remain in a consolidation phase. Nifty is likely to see resistance near 23900-24000. On the downside, support is placed near 23480-23300, while a break below this level could drag the index towards 22780.

MUTUAL FUNDS PERFORMANCE

NAV as on 31 May 2026 **Return %**

Liquid Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
Axis Liquid Fund (G)	3,073.40	0.48	1.68	3.18	6.19
Franklin India Liquid Fund Super Ins (G)	4,154.51	0.49	1.66	3.15	6.18
DSP Liquidity Fund (G)	3,939.69	0.47	1.66	3.16	6.16

Arbitrage Funds	NAV	30 DAYS	3 MON	6 MON	1 YR
HDFC Arbitrage Fund WP (G)	32.21	0.25	1.13	2.72	5.72
UTI Arbitrage Fund (G)	36.85	0.21	1.08	2.68	5.71
Kotak Arbitrage Fund (G)	39.40	0.21	1.13	2.71	5.67
ICICI Pru Equity Arbitrage Fund Reg (G)	36.06	0.21	1.10	2.69	5.65

Hybrid Aggressive Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Equity & Debt Fund (G)	391.74	2.06	5.48	15.79	16.15
Edelweiss Aggressive Hybrid Fund (G)	62.84	0.85	4.82	13.70	12.94
UTI Aggressive Hybrid Fund (G)	393.28	-1.34	3.73	12.54	11.96

Hybrid Balanced Advantage Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Balanced Advantage Fund Reg (G)	75.10	3.40	6.66	11.23	10.25
Aditya Birla SL Balanced Advantage Fund (G)	108.43	3.61	6.45	11.22	9.46
Edelweiss Balanced Advantage Fund (G)	51.14	2.48	3.11	10.27	9.15
Tata Balanced Advantage Fund (G)	20.41	1.21	2.38	8.61	8.54

Hybrid Multi-Asset	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Multi Asset Fund (G)	793.56	6.51	9.06	16.47	17.01
Aditya Birla SL Multi Asset Allocation Fund (G)	16.44	13.33	11.86	15.69	N/A
WhiteOak Capital Multi Asset Allocation Fund Reg (G)	15.52	11.42	13.78	15.36	N/A
KOTAK Multi Asset Allocation Fund Reg (G)	15.77	22.99	13.30	N/A	N/A
DSP Multi Asset Allocation Fund Reg (G)	16.06	19.32	16.58	N/A	N/A

Equity Value Funds	NAV	1 YR	2 YR	3 YR	5 YR
HSBC Value Fund (G)	110.54	2.54	3.55	19.65	17.29
Nippon India Value Fund (G)	217.64	-1.20	1.58	17.82	15.33
ICICI Pru Value Fund (G)	450.82	-1.98	4.57	15.87	16.23
Bandhan Value Fund Reg (G)	143.14	-0.99	0.63	12.46	14.14

Equity Focused Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Focused Equity Fund Reg (G)	88.57	-0.96	5.66	17.53	15.56
HDFC Focused Fund (G)	219.18	-2.16	4.69	16.17	17.74
Nippon India Focused Fund (G)	118.78	-0.18	3.93	12.45	11.53
Franklin India Focused Equity Fund (G)	97.85	-6.63	-1.41	10.31	10.70

Tax Saving Schemes (ELSS)	NAV	1 YR	2 YR	3 YR	5 YR
Motilal Oswal ELSS Tax Saver Fund Reg(G)	53.72	4.23	8.31	22.51	17.59
SBI ELSS Fund Reg (G)	421.65	-1.95	1.83	18.34	16.23
HDFC ELSS Tax saver Reg (G)	1,309.18	-4.93	1.87	15.37	15.76
Parag Parikh ELSS Tax Saver Fund (G)	28.88	-7.31	2.22	11.01	12.80

Large Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Nippon India Large Cap Fund (G)	86.53	-2.32	1.69	13.44	14.54
ICICI Pru Large cap Fund Reg (G)	104.52	-3.07	1.82	13.38	12.74
Tata Large Cap Fund Reg (G)	489.04	-0.33	0.49	11.24	10.65
HDFC Large Cap Fund (G)	1,070.62	-3.66	-0.76	10.70	11.39

Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Edelweiss Mid Cap Fund (G)	104.08	6.01	9.73	22.76	19.16
Nippon India Growth Fund (G)	4,317.20	6.53	8.37	22.68	20.34
HDFC Mid Cap Fund (G)	197.85	4.91	7.30	21.14	19.65
Motilal Oswal Midcap Fund Reg (G)	90.25	-9.23	2.73	16.89	20.87

Large & Mid Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Motilal Oswal Large and Mid Cap Fund Reg (G)	34.90	4.97	11.51	23.79	19.35
Invesco India Large & Mid Cap Fund (G)	99.71	3.75	9.76	21.68	16.46
Bandhan Large & Mid cap Fund (G)	136.17	4.54	6.41	21.01	17.01
HDFC Large And Mid Cap Fund Reg (G)	329.53	-0.19	2.22	15.97	15.43

Small Cap Funds	NAV	1 YR	2 YR	3 YR	5 YR
Bandhan Small Cap Fund (G)	47.71	4.36	11.69	27.73	20.42
Nippon India Small Cap Fund (G)	171.79	3.35	3.75	18.41	20.24
Franklin India Small Cap Fund (G)	169.50	-1.16	0.60	16.29	17.74
HSBC Small Cap Fund Reg (G)	81.89	1.86	2.09	16.08	18.11

Flexicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
HDFC Flexi Cap Fund Reg (G)	1,923.90	-0.52	5.30	16.97	16.78
Edelweiss Flexi Cap Fund (G)	37.16	1.02	2.53	14.80	13.07
Parag Parikh Flexi Cap Fund Reg (G)	81.52	-0.78	5.40	14.49	14.47
Franklin India Flexi Cap Fund (G)	1,536.78	-4.84	0.94	14.03	13.13

Multicap Funds	NAV	1 YR	2 YR	3 YR	5 YR
KOTAK Multi Cap Fund Reg (G)	19.31	5.02	4.86	19.98	N/A
Axis Multi Cap Fund (G)	17.83	2.35	6.33	19.15	N/A
ICICI Pru Multicap Fund Reg (G)	829.39	6.00	7.62	18.82	15.93
Nippon India Multi cap Fund (G)	292.29	-0.64	2.81	17.32	19.07
HDFC Multi Cap Fund Reg (G)	17.86	-3.31	0.66	14.28	N/A

Sector & Thematic Funds	NAV	1 YR	2 YR	3 YR	5 YR
ICICI Pru Pharma Healthcare And Diagnostics Fund (G)	40.90	6.51	15.33	26.17	15.25
DSP India T.I.G.E.R. Fund Reg (G)	349.71	13.58	3.69	25.80	23.24
Mirae Asset Healthcare Fund (G)	41.45	12.96	15.49	24.14	13.98
Bandhan Infrastructure Fund Reg (G)	48.38	-3.64	-3.76	19.90	18.11
Kotak Pioneer Fund (G)	33.08	9.87	10.11	19.76	15.08
ICICI Pru India Opportunities Fund (G)	35.29	0.92	6.80	18.53	18.78
SBI Banking & Financial Services Fund Reg (G)	41.70	1.64	7.38	15.37	11.52
Sundaram Services Fund (G)	33.55	-1.68	7.43	14.09	14.00
Tata Banking and Financial Services Fund Reg (G)	41.16	-2.37	6.40	11.37	10.51
Aditya Birla SL Consumption Fund Reg (G)	194.96	-7.28	0.44	9.10	10.46
SBI MNC Fund Reg (G)	372.57	2.57	3.25	6.98	8.49

Index	NAV	1 YR	2 YR	3 YR	5 YR
NSE - Nifty 50	23,405.60	-4.63	0.30	8.07	8.32
S&P BSE Sensex	74,346.17	-7.92	-1.40	5.92	7.31

Systematic investment in different equity oriented Mutual funds at the rate of Rs. 10000/- p.m. and its values at different time intervals.

Scheme Total Investment :	Value & Return (3 Yr) 360000	% %	Value & Return (5 Yr) 600000	% %	Value & Return (8 Yr) 960000	% %	Value & Return (10 Yr) 1200000	% %	Value & Return (15 Yr) 1800000	% %
Canara Robeco Large & Mid cap Fund Reg (G)	383,398	4.13	747,266	8.71	1,648,116	13.16	2,377,012	13.11	7,014,375	16.48
Aditya Birla SL Consumption Fund Reg (G)	361,544	0.28	706,315	6.46	1,530,339	11.38	2,211,671	11.75	5,651,294	13.99
Kotak Midcap Fund (G)	430,006	11.88	889,399	15.74	2,148,317	19.55	3,103,918	18.07	8,764,476	19.01
Nippon India Small Cap Fund (G)	409,860	8.60	894,128	15.95	2,437,420	22.59	3,605,745	20.85	11,680,789	22.26
SBI Large & MidCap Fund Reg (G)	406,273	8.01	812,814	12.09	1,836,308	15.77	2,632,390	15.01	6,398,591	15.42

*Past performance of Mutual Funds is not an indicator for future performance.

COMPANY ANALYSIS REVIEW

PERSISTENT SYSTEM LIMITED

CMP (As on 31 May 2026) **– 5194** | **INDUSTRY - IT** | **JUNE 2026**

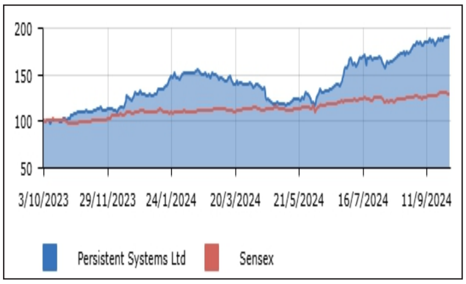
SENSEX – 74775   NIFTY – 23547

Mkt. Cap.	:	81940.08 Cr
Equity	:	78.88 Cr
Trading Vol.	:	13193236
52 Week High/Low	:	6597/4450
Face Value	:	5

BSE Group	:	A
BSE Code	:	533179
NSE Symbol	:	PERSISTENT
Bloomberg	:	PSYSIN
Reuters	:	PERS.BO

Shareholding Pattern		
Promoters	:	30.30
Institutions & Corporates	:	30.83
Foreign	:	24.04
Public & Others	:	14.83

The stock was earlier reviewed in our Sajag Online publication for August 2023. We continue to maintain a positive outlook of the company on the back of healthy booking pipeline, increasing contribution from large clients, and strong demand for AI-led digital transformation services



Persistent Systems Limited, is a Pune-based global technology services company providing software product engineering, cloud and infrastructure services, intelligent automation, enterprise IT solutions, data analytics, and customer experience transformation services. The company caters to clients across BFSI, Healthcare & Life Sciences, and Software & Hi-Tech sectors, with operations across nearly 20 countries. As of December 2025, Persistent employed over 26,700 professionals, with around 87% of its workforce based in India. The company has evolved from a niche engineering services provider into one of the fastest-growing listed IT companies in India, supported by strong execution, deep client relationships, and growing capabilities in AI-led digital transformation.

Investment rationale

- Persistent has delivered strong financial performance over the last five years, with revenue, operating profit and net profit growing at CAGRs of 28.6%, 32.5% and 32.9%, respectively. Operating margins remained resilient despite wage inflation and continued investments in growth initiatives, improving to 19% in FY26, the highest level in the last five years. Cash generation also remained healthy, with operating cash flow increasing from ₹736 crore to ₹1,767 crore during FY21-26. The company held cash and investments of ₹2,762 crore as of March 2026, providing significant financial flexibility.
- Persistent reported another strong quarter in Q4 FY26, marking its 24th consecutive quarter of sequential revenue growth. During Q4 FY26, the company secured one of its largest transformation contracts, a deal with TCV exceeding US$50 million from a global industrial technology company. Persistent is also expanding its presence within the Private Equity ecosystem, where portfolio companies increasingly require modernization, automation and margin improvement initiatives, creating an additional long-term growth opportunity.
- Growth remains broad-based across the client portfolio. Revenue from the Top 5, Top 10 and Top 20 clients grew around 20% YoY during FY26, while the number of clients generating over US$10 million in annual revenue increased from 21 to 29. The company reported FY26 TCV bookings of US$2.4 billion and ACV bookings of US$1.8 billion, reflecting a healthy deal pipeline and strong future revenue visibility.
- BFSI continues to be the largest growth driver for the company, reporting 28.4% growth in FY26 and reaching an annualized revenue run-rate of nearly US$600 million. Demand remains strong across core banking modernization, payments transformation, cloud migration, regulatory compliance, digital underwriting, and AI-led automation initiatives. The company is steadily strengthening its position among large global financial institutions.
- Healthcare & Life Sciences witnessed improving momentum during the second half of FY26. Persistent continues to benefit from growing adoption of AI-enabled drug discovery, biopharma research solutions, healthcare data modernization, and large managed services engagements through partnerships with leading technology providers.
- Persistent continues to strengthen its AI capabilities through proprietary platforms focused on software engineering productivity, enterprise automation, and data modernization. The company has developed an ecosystem of over 500 AI agents and continues to deepen partnerships with NVIDIA, Google, Microsoft, OpenAI, Databricks and other technology leaders. Management believes AI adoption will be margin-neutral to margin-accretive over time by improving productivity and expanding the scope of services delivered to clients.

Management continues to target a US$2 billion revenue run-rate by Q4 FY27, implying another year of strong double-digit growth. While the Software & Hi-Tech segment may witness some pressure from AI-driven productivity gains, management expects new outsourcing opportunities and market share gains to offset the impact. Supported by strong cash generation, healthy deal wins, improving client metrics, and a differentiated engineering-led business model, the company remains well positioned to deliver sustainable growth and long-term value creation. We recommend investing with a long-term perspective.

Consolidated Financial Performance (Rs. Crore)

Year end	202503	202403	202303	202203	202103
Equity	78	77	76	76	76
Net worth	6319	4958	3965	3368	2796
Total Debt	311	451	658	578	98
Net Sales	11939	9822	8351	5711	4188
Other Income	138	128	71	144	108
PBIDT	2058	1676	1489	958	683
PAT	1358	1070	928	663	426
Book Value	405	322	130	220	183
EPS	90	71	30	45	29
Dividend (%)	700	520	500	310	200
Payout (%)	33	38	32	58	47

Latest Results (Rs. Crore)

Year	Mar-26	Mar-25	Dec-25	YoY(%)	QoQ(%)
Net Sales	4,056	3,242	3,778	25.10	7.35
Other Income	33	18	41	82.41	-17.31
PBIDT	801	603	685	32.92	17.04
PBT	674	505	565	33.41	19.29
PAT	529	396	506	33.73	4.52

VINATI ORGANICS LIMITED

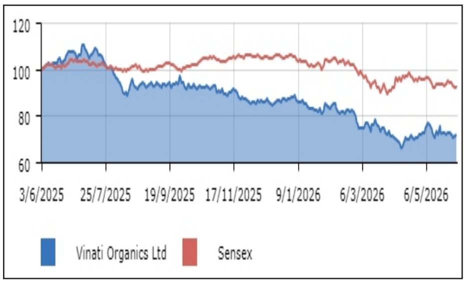
CMP (As on 31 May 2026) **– 1301** | **INDUSTRY - SPECIALTY CHEMICALS** | **JUNE 2026**

Mkt. Cap.	:	13487.94 Cr
Equity	:	10.37 Cr
Trading Vol.	:	229647
52 Week High/Low	:	2039/1204
Face Value	:	1

BSE Group	:	A
BSE Code	:	524200
NSE Symbol	:	VINATIORGA
Bloomberg	:	VOIN
Reuters	:	VNTI.BO

Shareholding Pattern		
Promoters	:	74.28
Institutions & Corporates	:	10.27
Foreign	:	4.19
Public & Others	:	11.27

The stock was earlier reviewed in our Sajag Online publication for July 2022. We continue to maintain a positive outlook of the company owing to strong leadership in ATBS, a growing downstream specialty chemicals portfolio, a debt-free balance sheet and ongoing capacity expansion initiatives.



Vinati Organics Ltd is one of India's leading specialty chemical manufacturers with a strong presence across specialty chemicals and organic intermediates. Vinati is a diversified specialty chemicals player with a portfolio of over 30 products and exports to more than 40 countries. The company operates four manufacturing facilities at Mahad and Lote and serves customers across the US, Europe, and Asia. Vinati enjoys a dominant position in ATBS (Acrylamido Tertiary Butyl Sulfonic Acid), holding over 60% global market share. ATBS remains the company's largest revenue contributor and is used across water treatment, oil recovery, mining, personal care, detergents, and polymer applications. In addition to ATBS, the company has established businesses in Butyl Phenols, Antioxidants, IB, HP-MTBE, IBB and customized products, creating a diversified product portfolio and reducing dependence on a single product category.

Investment rationale

- Vinati continues to maintain its global leadership position in ATBS with over 60% market share. Despite temporary softness in demand during FY26, management remains confident of achieving 15-20% volume growth in FY27 and expects ATBS demand to grow at a double-digit rate over the next several years. The recently completed capacity expansion strengthens the company's ability to meet rising global demand while further consolidating its leadership position.
- Over FY21-26, Vinati compounded revenues at 18.5%, Operating profit and PAT grew at 14.3% and 12.7% CAGR respectively, while EPS increased from ?26.20 to ?47.05 (12.4% CAGR) without equity dilution. After normalizing from the elevated FY21 margin base, OPM recovered to 31% in FY26, highlighting improving product mix and operating leverage. Operating cash flow improved from ₹127 Cr in FY22 to ₹628 Cr in FY26, exceeding FY26 PAT of ₹488 Cr and reflecting strong cash conversion. The company remains debt-free, carries treasury investments of ~₹190 Cr and continues to fund expansion entirely through internal accruals.
- While FY26 revenue remained largely stable at ₹2,281 crore due to temporary softness in ATBS demand and delayed commercialization of VOPL projects, EBITDA increased 17% YoY to ₹741 crore and PAT grew 18% YoY to ₹488 crore despite flat revenues. The improvement reflects better product mix, operational efficiencies and cost management initiatives. Management continues to target sustainable EBITDA margins of 26-27% over the medium term while increasing the contribution of value-added specialty products.
- The Antioxidants business delivered approximately 15% revenue growth during FY26 despite aggressive pricing competition from Chinese manufacturers. The company continues to expand its antioxidant portfolio and strengthen integration across the IB-Butyl Phenol-Antioxidants value chain. Management expects this segment to contribute meaningfully to future growth and profitability as product offerings expand and utilization levels improve.
- Vinati invested approximately ₹270 crore during FY26 towards capacity expansion, operational scalability and new product development. The company plans to invest an additional ₹200-250 crore in FY27, primarily towards ATBS expansion, downstream integration and specialty product development. Multiple new products targeting fragrances, personal care, food additives, plastic additives and specialty chemical applications are expected to be introduced over the next few years.

Management expects approximately 15% overall volume growth in FY27, driven by recovery in ATBS demand, double-digit growth in IB and HP-MTBE, normalization of IBB operations and continued expansion of the Antioxidants business. The recently completed ATBS capacity expansion is expected to contribute progressively during FY27, while benefits from the second phase of expansion are likely to become more visible in FY28. The company continues to focus on increasing the share of downstream and value-added specialty chemicals. New products across fragrances, personal care, food additives, antioxidants and specialty intermediates are expected to be introduced during FY27, with meaningful revenue contribution anticipated from FY28 onwards. VOPL represents another important growth driver. Following process reengineering and operational modifications, production is expected to commence from October 2026. Management expects VOPL revenue to increase from approximately ₹10 crore in FY26 to ₹100-120 crore in FY27, primarily supported by MEHQ, Guaiacol and related specialty chemical products. We recommend investing with a long-term perspective.

Consolidated Financial Performance (Rs. Crore)

Year end	202503	202403	202303	202203	202103
Equity	10	10	10	10	10
Net worth	2793	2462	2213	1828	1543
Total Debt	63	5	35	18	2
Net Sales	2248	1900	2073	1616	954
Other Income	44	39	52	61	26
PBIDT	582	471	573	435	353
PAT	405	323	419	347	269
Book Value	269	237	200	178	150
EPS	39	31	41	34	26
Dividend (%)	750	700	700	650	600
Payout (%)	36	45	16	18	2

Latest Results (Rs. Crore)

Year	Mar-26	Mar-25	Dec-25	YoY(%)	QoQ(%)
Net Sales	604	648	531	-6.87	13.78
Other Income	20	6	9	231.01	130.14
PBIDT	191	187	165	2.20	15.27
PBT	160	164	136	-2.26	17.67
PAT	124	123	101	0.67	22.84

GAIL INDIA LIMITED

CMP (As on 31 May 2026) **– 164** | **INDUSTRY - GAS DISTRIBUTION** | **JUNE 2026**

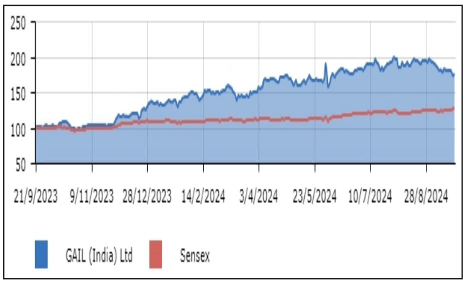
Mkt. Cap.	:	108166.96 Cr
Equity	:	6575.10 Cr
Trading Vol.	:	26119462
52 Week High/Low	:	202/134
Face Value	:	10

BSE Group	:	A
BSE Code	:	532155
NSE Symbol	:	GAIL
Bloomberg	:	GAILIN
Reuters	:	GAIL.BO

Shareholding Pattern		
Promoters	:	51.52
Institutions & Corporates	:	28.44
Foreign	:	13.23
Public & Others	:	6.82

The stock was earlier reviewed in our Sajag Online publication for January 2024. We continue to maintain a positive outlook of the company supported by its dominant market position, strong balance sheet, expanding infrastructure network and long-term growth in natural gas consumption with strategic importance in India's transition toward cleaner fuels.

GAIL (India) Limited is India's largest integrated natural gas company with operations across natural gas transmission, gas trading, LNG, petrochemicals, LPG, city gas distribution and exploration & production. The company operates an integrated natural gas pipeline network of over 14,200 km, with another 1,500 km under construction, and transmitted 122.18 MMSCMD of natural gas during FY26. The company has a diversified presence across the gas value chain through strategic stakes in Petronet LNG, Indraprastha Gas, Mahanagar Gas and other domestic and overseas gas businesses. GAIL also manages an LNG portfolio of 16.56 MMTPA, operates a fleet of long and short-chartered LNG vessels, and is expanding its LNG sourcing capabilities to support India's growing gas demand.



Investment rationale

- India remains structurally underpenetrated in natural gas consumption, and the Government continues to target a higher share of natural gas in the country's energy mix. Expansion of city gas distribution networks, rising LNG imports, fertilizer demand, industrial consumption and new refinery projects are expected to support long-term growth in gas transmission and marketing volumes.
- GAIL commands around 65-70% market share in India's natural gas transmission business and approximately 48% share in the country's natural gas consumption, making it a critical part of India's energy infrastructure. The company has a diversified presence across the gas value chain through strategic stakes in Petronet LNG, Indraprastha Gas, Mahanagar Gas and other domestic and overseas gas businesses. GAIL also manages an LNG portfolio of 16.56 MMTPA, operates a fleet of long and short-chartered LNG vessels, and is expanding its LNG sourcing capabilities to support India's growing gas demand. The company manages an LNG portfolio of 16.56 MMTPA, sold approximately 104.21 MMSCMD of natural gas during FY26 and plans to source an additional 4-5 MMTPA of LNG by 2030. Expansion of the Dabhol LNG terminal and ongoing pipeline additions are expected to further strengthen its position across the gas value chain.
- Over FY21-26, revenue increased from ₹57,372 crore to ₹1,41,598 crore, reflecting a CAGR of 19.8%. However, a large part of this growth was driven by commodity price movements rather than pure volume growth. Operating profit and net profit grew at lower CAGRs of 9.7% and 4.3%, respectively, while EPS increased from ₹9.21 to ₹11.53. This highlights the impact of volatile LNG prices, gas trading margins and petrochemical profitability on consolidated earnings.
- Despite earnings volatility, GAIL continues to generate healthy cash flows supported by its regulated transmission business. Operating cash flow stood at ₹11,249 crore in FY26. The company maintains a strong balance sheet with a debt-equity ratio of 0.26x and net worth of over ₹66,000 crore, providing significant financial flexibility for future expansion. GAIL's strategic importance, sovereign ownership and established access to capital markets further strengthen its financial profile.
- The natural gas transmission segment continued to perform steadily in Q4 FY26, with transmission volumes of 119 MMSCMD and improved tariff realizations. However, gas trading profitability remained under pressure due to higher LNG costs and compressed spreads. The petrochemical segment also reported losses after gas supply disruptions affected operations at the Pata plant. Operations have since resumed, and improving polyethylene realizations are expected to support recovery.
- GAIL continues to strengthen its downstream portfolio. Petrochemical sales stood at 785 TMT during FY26, while LPG transmission reached a record 4,600 TMT with 100% utilization of pipeline capacity. The company is also progressing with the PDH-PP project, PTA project and other downstream initiatives aimed at improving integration and reducing earnings volatility over the long term.

The long-term outlook for GAIL remains favourable given the strong structural growth expected in India's natural gas consumption. Growth is expected to be supported by rising pipeline utilization, expansion of city gas distribution networks, increasing LNG demand, additional LNG sourcing contracts, and commissioning of new pipeline infrastructure. The company is also expanding its presence in petrochemicals, LPG and LNG infrastructure through projects such as the Dabhol LNG terminal expansion, PDH-PP project and other downstream investments. GAIL has guided FY27 capex of approximately ₹11,600 crore. The company has also significantly increased its focus on energy transition initiatives, including solar power projects, compressed biogas plants. While gas trading and petrochemical earnings may remain cyclical, the regulated transmission business continues to provide stability and predictable cash flows. We recommend investing with a long-term perspective.

Consolidated Financial Performance (Rs. Crore)

Year end	202503	202403	202303	202203	202103
Equity	6,575	6,575	6,575	4,440	4,440
Net worth	84,998	76,997	64,927	64,114	53,182
Total Debt	21,595	21,794	17,816	9,216	7,873
Net Sales	1,41,903	1,33,228	1,45,668	92,770	57,372
Other Income	5,221	2,699	2,844	2,937	2,839
PBIDT	15,422	14,287	7,479	15,149	7,240
PAT	10,604	9,917	5,627	12,251	6,134
Book Value	129	117	99	96	80
EPS	19	15	9	18	9
Dividend (%)	75	55	50	100	50
Payout (%)	69	73	55	32	36

Latest Results (Rs. Crore)

Year	Mar-26	Mar-25	Dec-25	YoY(%)	QoQ(%)
Net Sales	35,577	36,440	35,173	-2.37	1.15
Other Income	1,250	674	683	85.43	82.87
PBIDT	2,703	4,200	3,610	-35.64	-25.13
PBT	1,966	3,240	2,165	-39.31	-9.16
PAT	1,485	2,492	1,756	-40.41	-15.46

Source: Company, Capital line, Sajag Research

CORPORATE ACTIONS IN JUNE 2026

Company Name	Record Date	Purpose
Trent	04-06-2026	1:2 Bonus Issue of Equity Shares
Cipla	05-06-2026	650% Final Dividend
Reliance Industries	05-06-2026	Rs.6 per share (60%) Final Dividend
Infosys	10-06-2026	500% Final Dividend
Adani Enterprises	12-06-2026	Rs.1.3 per share (130%) Final Dividend
Adani Ports	12-06-2026	375% Final Dividend
Tata Steel	12-06-2026	400% Final Dividend
Trent	12-06-2026	Rs.6 per share (600%) Final Dividend
HDFC Bank	19-06-2026	1300% Final Dividend
HDFC Life Insurance	19-06-2026	21% Final Dividend
Tata Motors Passenger Vehicles	19-06-2026	150% Final Dividend
Asian Paints	23-06-2026	2300% Final Dividend
Hindustan Unilever	23-06-2026	2200% Final Dividend
Bajaj Finance	30-06-2026	540% Final Dividend & 60% Special Dividend
Bajaj Finserv	30-06-2026	150% Dividend

GAINERS AND LOSERS OF THE MONTH (NIFTY-50)

GAINERS			
COMPANY	OPEN	CLOSE	%
Adani Enterprises Ltd	2390.4	2937.4	22.88%
Tata Motors Passenger Vehicles Ltd	338.4	393.9	16.40%
Grasim Industries Ltd	2805	3122.4	11.32%
Asian Paints Ltd	2460	2671.6	8.60%
Hindalco Industries Ltd	1043.3	1126.7	7.99%

LOSERS			
Company Name	Open	Close	%
Reliance Industries Ltd	1433.4	1321.2	-7.83%
State Bank of India	1063.6	964.4	-9.33%
Tata Consultancy Services Ltd	2494	2258.9	-9.43%
ITC Ltd	317.9	286.9	-9.75%
Oil & Natural Gas Corporation Ltd	298.4	265.4	-11.06%

INVESTMENT IDEAS - MEDIUM TERM (3-6 MONTHS)

IPCA LABORATORIES LTD. CMP (AS ON 31 MAY 2026) - 1525 TARGET - 1800

Ipca Laboratories Ltd is a fully integrated pharmaceutical company engaged in the manufacturing and marketing of formulations and APIs across domestic and international markets. The company has a diversified presence across India, Africa, Asia, Australia, Europe, and the US, with operations spanning branded formulations, generics, institutional business, and APIs. It is also among the leading global manufacturers of anti-malarial APIs and formulations. Domestic formulations revenue grew 12% YoY in Q4 FY26 and 10% in FY26, consolidated revenue increased 6% YoY, supported by continued outperformance in both chronic and acute therapies. Higher contribution from cardiac products also supported profitability. Consolidated EBITDA margin improved to 20.7% in FY26. Management has guided for 12-13% consolidated revenue growth and EBITDA margin improvement to 22-22.3% in FY27, supported by growth in domestic, export, generics, and API businesses. Management expects Unichem's (acquired in 2023) EBITDA margin to improve to 12-13% in FY27 from 8% in FY26, supported by closure of the Ireland facility, lower operating costs, recovery in the US business, and new product launches.

THYROCARE TECHNOLOGIES LTD. CMP (AS ON 31 MAY 2026) - 506 TARGET - 650

Thyrocare Technologies Ltd is one of India's leading diagnostic service providers with a strong presence in preventive, investigative, and specialized testing. The company operates through a nationwide network of laboratories and franchise collection centers, supported by an asset-light and technology-enabled business model. Thyrocare has built its position around affordable pricing, operational efficiency, quick turnaround times, and a strong B2B-led franchise network. FY26 consolidated revenue grew 21% YoY to ?829 crore, driven primarily by pathology business growth. Test volumes increased 23% YoY to 210 million, while patient volumes grew 15% YoY. The franchise channel remains the key growth driver, with over 10,800 active franchisees and FY26 franchise revenue growth of 18%. Management indicated that demand remains strong, with onboarding capacity being the primary growth constraint. The company has launched allergy testing and entered genomics testing with an initial focus on NIPT. Management sees specialty diagnostics as a significant growth opportunity and aims to gradually increase its contribution to the overall business mix. Thyrocare is expected to benefit from continued growth in pathology volumes, franchise expansion, and increasing contribution from specialty diagnostics such as allergy and genomics testing. Management expects margins to remain broadly stable in FY27, while incremental operating leverage is likely to be reinvested into growth initiatives.

We have the authorised persons at following locations

Area	Contact Person	Tel. No.
Aundh	Mr. Jaydeep Doshi	25890824
Boat Club Road	Mr. Naresh Karpe	41204584
Camp	Mr. Naresh Karpe	26346310
Dahanukar Colony	Mr. Abhay Oak	25444744
ITI Road, Aundh	Mr. Ravi Jadhav	25888511
Kalyani Nagar	Ms. Bernadette Dias	9422449266
Karve Nagar	Ms. Prajakta Bedekar	8600993930
Kondhwa	Mr. Santosh Gupte	26836366

Area	Contact Person	Tel. No.
Koregaon Park	Mr. Ajit Godbole/Mr. Ninad Parundekar	26158889
Paud Road	Mr. Sadanand Damle	9850845567
Phadke Haud	Mr. Jayant Mundada	9850990766
Sahakar Nagar	Mr. Tejas Jaykar	9765173434
Aurangabad	Mr. Amit Vaidya	0240-2347584
Aurangabad	Mr. Abhijit Bhaiwal	0240-2361421
Satara	Mr. Vinod Jhamvar	02162-233906
Shrirampur	Mr. Amit Somani	02422-228111

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5	Research Analyst, his/her associates, Sajag Securities Pvt. Ltd., or its associates received compensation for investment banking, merchant banking, brokerage services, or any other products/services from the company(ies) covered in this research report in the past twelve months	No

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