

The background features a vibrant orange gradient. At the top, there is a bar chart with several bars of varying heights, overlaid with a dashed white trend line that slopes upwards. Three large, semi-transparent arrows (white, yellow, and red) point upwards from behind the bars. In the center, the text "Market Wrap" is written in a large, bold, white sans-serif font with a subtle drop shadow. Below the text, the lower half of the image is filled with a complex collage of financial symbols: a running bull on the left, a candlestick chart with numerical values like "1054.75" and "116.30", a white line graph with an upward-pointing arrow, a globe, stacks of gold coins, a magnifying glass over a small bar chart, and a briefcase. The overall aesthetic is professional and energetic, typical of a financial news broadcast.

Market Wrap

Geopolitical uncertainty to keep markets on the edge

- Historically, panic like scenarios amid geopolitical situations have offered opportunity to build medium to long term portfolio
- Past four decades data suggest, price correction typically see a median drop of 11% over a period of almost 4 weeks.
- Investors who capitalize on this volatility with a staggered buying, has been historically rewarded with 25% returns in next 3-6 months.

Market behavior during the Russia-Ukraine conflict highlights this trend:

- Deep Correction: IT, Auto, Realty were the hardest hit, correcting between 18-22%
- Relative outperformers: Energy, PSU were the relative outperformers as losses contained to ~5%
- Recovery: Once the market bottomed, broad base recovery was observed led by Auto (45%), Metal (35%) and Financials (30%) in subsequent three months. In the meantime, Midcap & small cap index rallied 25%

Current Scenario:

- Since the onset of US-Israel and Iran conflict, Nifty50 and Midcap has corrected 9% while small cap declined 8%, respectively in last three weeks. Given current volatility possibility of couple of % decline cannot be ruled out.
- Sectoral performance during this decline: Nifty IT has been underperformer since Feb-26, while Auto and Realty have seen steeper correction ~15%. On the contrary, Energy and PSU have shown relative resilience, down merely 5-6%
- Conclusion: The aforementioned data point mirrors the template observed during Russia-Ukraine conflict. Consequently, historical pattern suggest that Auto, Financials and Metal are likely to be the front runner in the recovery phase

Crude, FIIs and Corrections: Mirroring the February 2022 Crash

- The recent market weakness triggered by Middle East tensions closely mirrors the Russia-Ukraine crisis of February 2022. During that period, surging crude prices and aggressive FII selling pressure led to a sharp decline in Indian equities.
- In February 2022, FIIs offloaded nearly ₹70,000 crore in a single month, pulling the Nifty down by approximately 11% (from a base of ~18,000). However, this decline was short-lived; the Nifty regained all its losses within the following month, driven by short covering and fresh FII inflows.
- Comparing the same Nifty near 23,000 level, the Nifty has already corrected by ~10% amid significant FII selling, with outflows exceeding ₹60,000 crore in the March series alone. Furthermore, FII net shorts are at an extreme of ~250k contracts. While we may see some consolidation at these levels, the bulk of the decline appears to be over. A sharp recovery heading into the April series seems highly probable.

Major Investment theme

Energy Security

- The present geopolitical conflict could lead to enhanced focus on energy security
- Power is becoming core to a lot of sectors like Auto, power generation, data center, Hydrogen among others and even required for major polluting sectors like cement and steel in order to transition them towards green energy based fuel
- In Auto, EV penetration domestically could accelerate as majority of the ICE vehicles run on imported fuel
- In power generation, besides renewable energy sources like solar and wind, nuclear power is poised to be a cornerstone in the country's clean energy transition. India's nuclear power capacity is set to grow from 8.2 GW to 22.5 GW by 2031-32.
- The government focus on driving FDI by proposing a tax holiday until 2047 for foreign cloud companies using data centre infrastructure located in India would require power as a major component.
- India's power demand is already witnessing a strong uptick with peak demand already reaching ~244–245 GW in early 2026, close to historical highs, driven by rising temperatures and improving industrial activity.

Defence

- Modern warfare has fundamentally shifted from large-scale, conventional troop clashes to a technology-driven, AI-enabled autonomous systems, drone swarms, and cyber warfare. We believe that a structural opportunity exists for domestic defence companies aligned with scalable, low-cost, and electronic warfare capabilities.
- Many companies which has developed integrated defence systems like Indigenous loitering munitions and counter-drone systems is the most likely beneficiary. Similarly, companies many companies are also expected to benefit from sizable opportunity in electronic warfare & radars.
- Companies like Solar Industries which has developed integrated defence systems like Indigenous loitering munitions and counter-drone systems is the most likely beneficiary. Similarly, companies like Bharat Electronics (BEL), Data Patterns, Astra Microwave (AMPL) are also expected to benefit from sizable opportunity in electronic warfare and radars

Sectoral Impact

Auto and auto ancillary:

- Auto sector is at an interesting confluence of three major forces; (i) Structural demand drivers supporting long term domestic volume growth (low cars penetration, GST & income tax rate cuts, rising per capita income, decline in interest rates); (ii) Changing technology landscape including Electrification & premiumization (increase in ADAS, sunroof, connected cars, 6 airbags as standard; impending ABS in 2W segment) and (iii) Changing global supply chain (tariffs led export volatility and China+1 strategy).
- The sector however has been one of the underperformers in the aftermath of US-Iran conflict with Auto index down ~11% from the start of the conflict vs. ~7% decline for the Nifty.
- Major near-term concerns for the sector include, rise in raw material costs given the price rise in metals (especially aluminium) and crude (includes crude derivatives like plastics) as well as potential demand moderation amid muted economic sentiments. Some of the auto manufacturing processes also use gases which are in short supply, potentially limiting production growth.
- Given the current transitory nature of such global geo-political tensions, we expect the conflict to resolve in times to come which shall again shift focus on fundamentals and growth.
- At the current juncture, with structural positive levers in place coupled with 8th pay commission rollout and lower interest rates, auto sector is well posed for double digit value growth over the next 3-5 years. Underlying premiumization trend remains unabated. We are positive on the auto space from medium to long term perspective.
- One notable outcome from the present geopolitical conflict could be rise in EV penetration domestically, given the thrust over energy security, as large part of EV's are charged by thermal power sources which is indeed powered by Coal, which is abundantly available domestically

Metals

- In the ferrous space, the sector is seen benefiting from the upbeat domestic demand, timely capacity expansion by major steel players as well as impending improvement in profitability.
- Government has imposed a 12% safeguard duty on steel imports into India in mid-December'25 which has aided the recovery of domestic steel spot prices, which are trading much higher by ~₹7,000/ton from December'25 lows of ~₹46,500/ton. Also encouraging is double digit decline in Chinese steel production in the recent past, as lower output is likely to curb exports, ease global import pressure, and support price stability.
- All steel players are poised to report healthy improvement in profitability starting Q4FY26 due to rise in domestic steel prices partially mitigated by rise in coking coal costs.
- Ongoing geopolitical tensions are expected to have minimal impact on the steel space as exports share of total steel production is pegged at <6%. Notably, the conflict in the Middle East could disrupt steel production in the region. This, coupled with rising energy costs, may push global prices higher, benefiting domestic steel manufacturers through increased pricing power.
- On the non-ferrous front, supply disruptions coupled with strong demand from sunrise sectors such as electric vehicle & renewable energy are expected to keep metal prices elevated in 2026, which will strengthen earnings prospects for domestic non-ferrous industry. Middle-east accounts for substantial ~8% of global aluminium production, hence any disruption of metal supplies from Middle-east can potentially lead to rise in LME Aluminium prices which is beneficial for primary producers operating in India.
- Overall, we are positive on metals sector.

FMCG/Paints

- Brent crude prices crossed \$100 per barrel in Mar,26 resulting in the increase in the crude derivative prices as well. Prices of edible oil is up by Rs.11-20/kg in Mar,26 while Sunflower oil has witnessed steepest price rise of Rs.20/Kg. Palm oil prices have risen the least by Rs.11/kg.
- Palm oil is one of the key raw materials for snacking and FMCG companies contributing 10% to 50% of their total raw materials depending upon specific products. Overall, rise in crude derivatives and edible oil prices is negative for FMCG as it will affect margins in the short run.
- If crude prices remain above \$100 per barrel in the coming months, it will have impact on profitability of the paint companies (accounting for 20-25% of paint companies input prices). While some paint companies have already taken price hike in the range of 2-3% to reduce stress on the margins, it will not suffice to cover-up the sharp increase in the crude prices.
- Further likely increase in the food inflation due to supply disruption might impact in the consumer demand in the coming quarters. Overall in the uncertain environment we expect H1FY27 the performance of FMCG/paints companies to be muted and might recover in H2FY27.

Cement Sector

- Cement companies are expected to witness an increase of Rs 200-250/ton in their total cost structure considering the increase in pet-coke prices by \$20-25/ton (to \$145-150/ton) over the last one month and shortage of packaging bags (which uses polypropylene from refineries). We expect the impact of this cost increase from Q1FY27 as companies normally maintain 40-45 days of pet-coke inventories
- Cement companies have already been taken price hikes during December to Mid-March by Rs 10-15/bag given the healthy demand across all the regions. We believe that companies may further take price hikes by Rs 10-12/bag from April onwards to mitigate the higher cost
- We like Ultratech in the large-cap space and JK Lakshmi/Star cement in the midcap cement space

Oil and Gas sector

- Global crude markets remained highly volatile this week, with Brent sustaining above ~\$100/bbl amid persistent geopolitical tensions and supply disruptions. While strategic reserve releases offered temporary relief, the overall bias remains firm due to continued risks around key shipping routes and infrastructure.
- Singapore GRMs witnessed an extreme swing, collapsing from ~\$44/bbl on 9th March 2026 to Negative \$9.4/bbl currently, (can stabilize once product pricing aligned with crude spike) marking a sharp reversal in refining economics. The decline was driven by a surge in crude input costs outpacing product prices, normalization of earlier spike in diesel/jet cracks, and early signs of demand disruption at elevated price levels and some rerouting changing cost dynamics.
- For the sector, the environment has shifted to a challenging phase—upstream companies remain beneficiaries of high crude, while refiners and OMCs face margin pressure due to highly volatile crude price and limited retail price pass-through. Near-term outlook remains volatile with downside risk to refining profitability despite strong crude.

Impact of geo-political tension on BFSI

- The Gulf region contributes more than one-third of total remittance inflows. A prolonged conflict that slows economic activity in the Gulf could weaken these inflows, impacting system-wide liquidity and banks with high dependence on NRI deposits. Federal Bank and South Indian Bank face challenge in terms of increased volatility in NRI inflows which can result in repricing of liabilities amid liquidity challenge on domestic front.
- As of March 2026, the Middle East (primarily the GCC) accounts for ~17% of India's total merchandise export. Banks and NBFCs, with exposure to borrowers in the gems & jewellery, engineering, and agri-product sectors remain vulnerable in terms of asset quality. Any specialized relief package to support exporters affected by Middle East crisis is being actively worked by Govt, in addition to Export Promotion Mission (EPM), which serves as the broader framework for MSME support.

Pharma companies expecting short term margin impact due to west Asia conflict

- In light of the recent west Asia disruption, Indian pharma companies are getting impacted by energy costs, higher freight costs that are up 15-30% and delayed supply.
- Currently pharma companies have raw material inventory of 2-3 months and finished stock of 3-6 months but volatility in raw material (intermediates) prices could have an impact on the profit margins of the companies in the short term.
- The Pharma lobby is requesting the authorities to prefer the medical companies in the supply of LPG and related energy inputs so that essential services of medicine supply remain uninterrupted.

West Asia Conflict Hits India's Medical Tourism Inflows

- India's medical tourism sector is witnessing a slowdown due to geopolitical tensions in West Asia, with several hospital chains reporting up to a 30% drop in international patient inflows.
- Revenues from overseas patients have been impacted by nearly 20%, while patient footfall from West Asia declined by around 75% between late February and early March.
- Hospital operators including Fortis Healthcare said the region contributes a significant share of international business, particularly for complex procedures such as cardiac surgeries, oncology treatments and transplants.
- Overall, we expect some impact in Q4 numbers for players such as Max, Fortis, Artemis all of whom get substantial contributions from medical tourism. However, we expect this to be transitory. For others the impact would be minimal.
- **Stocks Preferred**

Stock	Target Price
1. L&T	5030
1. Maruti	17650
1. M&M	4500
1. Bharti Airtel	2450
1. Ultratech	15000
1. Solar Ind	16700

ANALYST CERTIFICATION

I/We, Pankaj Pandey Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headsservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report