TOP PICKS

SEPTEMBER 2026

AXIS DIRECT

Strong Earnings, Cautious Markets: Understanding the Divergence

Market Performance - Broader Market Continues to Outperform: Indian equities entered Sep'26 with a fundamentally stronger earnings backdrop but a less supportive global liquidity and valuation environment. **Corporate earnings for Q1FY27 have been among the strongest witnessed in the last ten quarters, yet benchmark indices have struggled to sustain momentum and have experienced corrections from recent highs**.

The disconnect reflects a market that is increasingly focused on future risks rather than past earnings. Investors are discounting geopolitical uncertainty, elevated crude oil prices, high US bond yields, uncertain monsoon conditions, currency volatility, elevated valuations in the broader market, and the possibility of slower global growth despite robust domestic fundamentals. Consequently, strong earnings have provided support to downside risks but have not been sufficient to trigger a broad-based re-rating of Indian equities. **In the month of August, the Nifty 50 declined 1.2%, while the Nifty Midcap 100 gained around 2.1%, Nifty Smallcap 250 increased by 2.5%, and Nifty 500 was flattish.**

Q1FY27 Earnings Season – Large caps versus Mid and Smallcaps: Earnings Momentum Favors the Broader Market: The broader market continues to demonstrate stronger earnings momentum than the headline index. **Nifty Small cap 250 companies reported approximately 27% YoY earnings growth in Q1FY27, while midcaps excluding OMCs delivered about 20% growth and large cap excluding OMCs around 13%**. This explains why the broader market has continued to outperform the Nifty 50. **However, investors should distinguish between earnings growth and earnings quality.** Companies delivering growth through sustainable volume expansion, higher capacity utilisation, better working-capital management, and strong cash generation deserve a premium, whereas stocks whose valuations have moved substantially ahead of earnings remain vulnerable to consolidation. **Overall, Q1FY27 supports a constructive but selective stance on Indian equities, with H2FY27 likely to be more important than Q1 in determining the sustainability of the earnings recovery.**

Management Commentary: Confidence in Demand but Caution on Costs - Management commentary across sectors remained broadly constructive. Banks continue to report healthy credit growth and stable asset quality. Capital goods and infrastructure companies highlighted robust order books driven by government spending and manufacturing investments. Telecom operators remain optimistic regarding data consumption growth and pricing stability. Consumer-facing businesses reported mixed demand trends, with rural demand showing gradual improvement while urban discretionary spending remains selective. Nevertheless, management teams across sectors consistently flagged geopolitical tensions, elevated energy costs, currency volatility, and uncertain global demand as key risks for the second half of FY27.

IT Rally and AI Trade – Sustainable, but Increasingly Selective: The sharp rebound in Indian IT stocks towards the end of August has reignited the technology trade, with the Nifty IT index gaining around 3.5% on 28th August, supported by strong Nvidia results and an upbeat outlook for AI infrastructure spending. The rally also reflects short covering and renewed investor interest after prolonged IT underperformance and valuation correction.

We do not expect the AI trade to reverse sharply in the near term, as strong AI infrastructure demand continues to support technology spending globally. However, the next phase is likely to be more differentiated, with investors looking for evidence of AI-led productivity gains, enterprise monetisation, and sustainable revenue growth. **For Indian IT services, AI presents both an opportunity and a disruption risk — supporting demand for cloud, data, cybersecurity, and AI implementation while potentially reducing traditional application-development intensity and pricing. Hence, we favour IT companies with strong AI capabilities, higher digital-engineering exposure, large transformation deals, and improving growth visibility, rather than expecting a broad-based IT re-rating.**

Escalating Geopolitical Risks Continue to Drive Market Volatility: Geopolitical uncertainty remains one of the largest external risks for global financial markets. Escalating tensions in West Asia have increased concerns regarding disruption to global energy supplies, shipping routes and international trade**. The near-term direction of oil will be crucial. A sustained move below $85 would be positive for India by improving inflation, corporate margins, the current account and the rupee. Conversely, a move towards $100 would represent a meaningful macro headwind and could delay monetary easing while increasing input costs for transportation, chemicals, paints, tyres, cement and other energy-intensive industries.**

US Bond Yields – Key Headwind for Emerging Markets: Global bond yields remain an important headwind for emerging-market equities. 2-year yield rose sharply after Fed Chair Kevin Warsh's Jackson Hole comments reinforced concerns about persistent inflation. Higher US yields reduce the relative attractiveness of emerging-market equities and can delay the return of large foreign flows into India.

FIIs vs DIIs: Strong Domestic Liquidity: Foreign investors remain cautious toward Indian equities. While intermittent buying has been observed, net flows continue to fluctuate significantly depending on oil prices, geopolitical developments, and global risk appetite. Domestic institutional investors have largely offset FII selling through consistent mutual fund inflows and systematic investment plans. The important change is therefore that FII selling is no longer accelerating, but a sustained reversal into meaningful net buying is still required for the Nifty to regain its previous highs. **Total FII outflows in FY27 YTD have reached nearly $8 billion, while DIIs have infused $ 34 billion.**

Monsoon Outlook – The Key Domestic Macro Variable for September: The southwest monsoon has weakened during the second half of the season. IMD data indicates below-normal cumulative rainfall and a strengthening El Niño phenomenon. Rainfall across the country was approximately 16% below the long-period average through August, with particularly weak performance across several southern and eastern regions. **The implication for equities is nuanced: a weak or uneven monsoon could constrain rural consumption and raise food inflation, but strong rainfall in key agricultural regions and improving reservoir levels could limit the economic impact. September rainfall distribution rather than the aggregate number will therefore be critical**.

RBI Policy- Stability Supports Equities: The RBI maintained the repo rate at 5.25% and retained a neutral stance during its Aug'26 meeting. Simultaneously, it raised its FY27 growth outlook to 6.7% while lowering inflation forecasts. The central bank's stance suggests confidence in domestic economic resilience while maintaining flexibility to respond to external shocks. **Stable interest rates remain supportive for corporate earnings, banking profitability, and valuation multiples.**

Domestic Growth Outlook: Growth Resilience with Emerging Risks: India continues to remain among the fastest-growing major economies, with real GDP growth accelerating to 7.8% in Q1FY27, significantly above the RBI's 7.0% estimate and market expectations. Strong domestic consumption, government capex, manufacturing activity and investment momentum continue to underpin growth despite global uncertainties. However, higher energy prices, currency volatility, geopolitical risks and uneven monsoon conditions remain key risks to growth and inflation during FY27. **Overall, the strong Q1 performance provides a favourable starting point for the remainder of FY27, although sustaining this momentum amid external headwinds will be critical**.

Valuation Perspective – Premium Valuation Requires Strong Earnings Delivery: The Nifty is currently trading slightly below its long-term average valuation multiples (18.4x) and continues to command a premium over most emerging markets. India's premium is supported by superior earnings growth, stronger corporate governance, macroeconomic stability, and favourable demographic trends**. While long-term investors may continue to justify a premium valuation, near-term returns are likely to depend more on earnings growth than on further expansion in valuation multiples.**

Indian Economy Nearing Cyclical Recovery Amid Persistent Global Risks: Despite persistent global uncertainties, India's domestic growth outlook remains resilient, with macroeconomic indicators suggesting improved momentum in FY27 compared to FY26. Continued policy support from both the government and the RBI, including growth-oriented fiscal measures and supportive liquidity conditions, is expected to strengthen economic activity going forward. **In CY26, Indian equities are shifting from a consolidation phase to one driven by earnings visibility, fiscal discipline, and sustainable growth.**

Relative Underperformance Provides an Opportunity to Add Equity for the Long Term: In CY25 as well as in CY26, the Indian market has underperformed the US market and other emerging markets by a notable margin. FTSE India is now trading at a PE premium of 59% to the EM index (PE). During Sep'24, the Indian market traded at a 97% PE premium to EM. Now, after the correction, it is trading at a 59% premium, which looks attractive compared to the past. That said, it is to be noted that relative valuation stabilisation does not necessarily translate into an immediate rally in the current scenario.

Style & Sector Rotation - A Key to Generating Alpha Moving Forward: Nifty Midcap 100 and Nifty Smallcap 250 indices have continued to benefit from stronger earnings growth, superior domestic liquidity and expanding participation from retail investors. Nevertheless, valuation concerns have become increasingly relevant. A number of midcap and smallcap stocks are trading well above long-term averages despite normalization in growth expectations**. The earnings trajectory remains encouraging, but the margin of safety is lower. We therefore prefer a stock-specific approach within mid- and small-caps, focusing on companies with strong balance sheets, visible earnings growth, high return ratios, structural demand drivers, and reasonable valuations rather than broad-based exposure.**

In this environment, our strategy focuses on Growth at a Reasonable Price (GARP), quality businesses, market leaders, domestically oriented sectors, and selected export plays. We continue to:

1. **Overweight:** BFSI, Telecom, Capital goods, Healthcare, Auto, Power & Energy
2. Maintain **a positive view on select discretionary and retail consumption** plays
3. Prefer **select capex-linked cyclical stocks,** which now offer attractive valuations and reasonable growth visibility
4. Remain **selective in IT space** with preference for midcap stocks

September Strategy – Buy Earnings, Not Liquidity: The investment strategy for Sep'26 should increasingly shift from index-level positioning towards earnings-led stock selection. The broader market has already benefited from domestic liquidity and earnings growth better than expected. Going forward, companies that continue to deliver earnings growth, maintain strong cash flows, announce credible capex plans, and demonstrate improving return ratios should continue to outperform. Investors should maintain diversified portfolios while focusing on companies with visible earnings growth, strong balance sheets, and sustained management confidence for FY27. This argues for maintaining exposure to structural themes while reducing concentration in expensive stocks. We remain constructive on Indian equities from a medium- to long-term perspective.

Key Risks to Our Outlook: Our constructive outlook remains subject to several risks. The principal risks are a renewed escalation in the US-Iran conflict, a sharp increase in crude oil prices, further rupee depreciation, sustained US Treasury yields above 4.75%, renewed FII selling, weaker-than-expected Q2FY27 results, a poor final phase of the monsoon, and a slowdown in private consumption. In addition, the elevated valuations of mid- and small-caps increase the risk of sharp stock-specific corrections.

We have refreshed our Top Picks by booking profits in Ujjivan Small Fin Bank, exiting Avenue Supermarts, while adding City Union Bank and CCL Products Ltd.

We increase the Dec'26 Nifty target to 27,360 based on an earnings upgrade of 0.3% each in Nifty EPS for FY27/FY28. We remain constructive on Indian equities, supported by strong macroeconomic fundamentals, sustained government capital expenditure, GST 2.0 reforms and an improving corporate earnings cycle. We expect Nifty earnings to grow at 13% CAGR over FY23–FY28, underpinning healthy medium-term market returns. While geopolitical tensions, crude oil volatility and currency movements may create near-term volatility, **we increase our December 2026 Nifty target to 27,360, based on 19.5x December 2027E earnings.**

Market volatility in India, as reflected in the VIX, has contracted from recent highs. It is currently at 11, indicating lower volatility in the near term. While extreme volatility has subsided, the market is not entirely out of the woods. Intermittent spikes may persist, especially given ongoing global uncertainties. Hence, we recommend investors maintain good liquidity (10-15%) to use any dips in a phased manner and build a position in high-quality companies (where the earnings visibility is quite high) with an investment horizon of 12-18 months.

Bull Case: We value NIFTY at 20.5x, implying a Dec'26 target of 28,770. Markets are closely tracking the global growth outlook under President Trump, with expectations of easing tariff-related uncertainties in 2026. Domestically, a revival in private capex, supported by policy continuity and improving business confidence, along with political stability, fiscal discipline, and rural recovery, is likely to drive growth. With Nifty earnings expected to sustain a 13%+ CAGR over FY23–28, this backdrop could attract fresh capital inflows into Indian markets and support a re-rating of valuations, strengthening the equity outlook.

Bear Case: We value NIFTY at 16.5x, implying a Dec'26 target of 23,155. While valuations may remain above average amid potential policy shifts under the Trump regime, persistent inflation in developed markets and historically elevated interest rates increase downside risks. Uncertainty around currency movements, oil prices, and global trade is likely to weigh on export-driven growth. Additionally, concerns over global growth, exacerbated by tariffs and geopolitical tensions, could compress market multiples in the near term.

Based on the above themes, we recommend the following stocks: Kotak Bank, Bajaj Finance, Bharti Airtel, ICICI Bank, Varun Beverages Ltd, APL Apollo Tubes, HCG Ltd, LG Electronics (I) Ltd, Nestle India Ltd, Eternal Ltd, Chalet Hotels, Minda Corporation Ltd, Dalmia Bharat Ltd, City Union Bank, CCL Products

Axis Securities Top Picks

Category	Company Name	Sector	Stock price	Target Price	Upside (%)	12 Month Fwd PE	12 Month Fwd P/BV	Dividend Yield	TR 1M%	TR 3M%	TR 6M%	TR YTD%
Large Cap	Bajaj Finance Ltd.	Financials	1,057	1,305	23%	25.8	4.8	0.5	-7.4	17.1	6.8	7.8
Large Cap	Varun Beverages Ltd.	Consumer Staples	400	530	32%	39.5	6.2	0.4	-9.5	-24.1	-11.0	-18.0
Large Cap	Kotak Mahindra Bank Ltd.	Financials	419	500	19%	19.8	2.1	0.2	7.5	9.3	1.2	-4.6
Large Cap	Bharti Airtel Ltd	Communication Services	1,812	2,530	40%	28.9	6.4	1.3	-8.1	0.3	-2.4	-12.9
Large Cap	ICICI Bank Ltd.	Financials	1,454	1,800	24%	16.2	2.5	0.8	2.1	16.7	6.3	9.2
Large Cap	Nestle India Ltd.	Consumer Staples	1,497	1,765	18%	72.9	47.6	0.8	-0.9	5.8	16.4	17.4
Large Cap	Eternal Ltd.	Consumer Discretionary	328	390	19%	181.5	9.4	NA	8.5	30.9	33.2	18.0
Mid Cap	Dalmia Bharat Ltd	Materials	1,856	2,260	22%	32.2	1.8	0.5	3.1	6.5	-6.6	-12.6
Mid Cap	LG Electronics India Ltd.	Consumer Discretionary	1,698	1,965	16%	50.7	12.5	NA	13.9	11.4	6.8	11.6
Mid Cap	APL Apollo Tubes Ltd.	Materials	2,223	2,500	12%	42.7	9.5	0.4	22.2	21.4	-0.5	16.2
Small Cap	City Union Bank Ltd	Financials	229	280	22%	14.4	1.9	0.9	11.0	20.8	9.0	6.1
Small Cap	CCL Products (India) Ltd	Consumer Staples	1,080	1,425	32%	28.4	5.2	0.3	-6.5	2.5	6.4	14.7
Small Cap	Chalet Hotels Ltd.	Consumer Discretionary	904	1,000	11%	31.7	4.5	0.1	11.4	15.2	11.9	3.8
Small Cap	Minda Corporation Ltd.	Consumer Discretionary	713	815	14%	37.4	5.3	0.2	1.8	14.2	28.4	24.4
Small Cap	Healthcare Global Enterprises Ltd.	Healthcare	733	820	12%	87.2	7.4	NA	9.3	15.1	28.2	11.5

Source: Company, Axis Securities, CMP as of 31th August 2026; All Target Prices have an investment horizon of over one year.

Multi-Asset Scorecard

- In 2025, Gold emerged as the top-performing asset class. In YTD-CY26 Gold after recent correction has strongly bounced back during the month and outperformed all other asset classes, Small Cap and S&P 500 remained best asset classes after Gold YTD. The broader market was the best-performing asset class domestically in 2023 and 2024. However, a sharp correction since Oct'24 impacted overall returns. Market remained volatile between Jan-Aug'26 YTD. However, Small and Midcap outperformed Nifty 50 on YTD basis by wide margin

- Nifty 50 ranked at the bottom in 2024 for the first time in history, primarily due to sustained FII selling. The index has remained under pressure owing to geopolitical uncertainty amidst the West Asia crisis. In 2026 YTD, Emerging and Developed Markets have outperformed the Nifty 50 by a notable margin

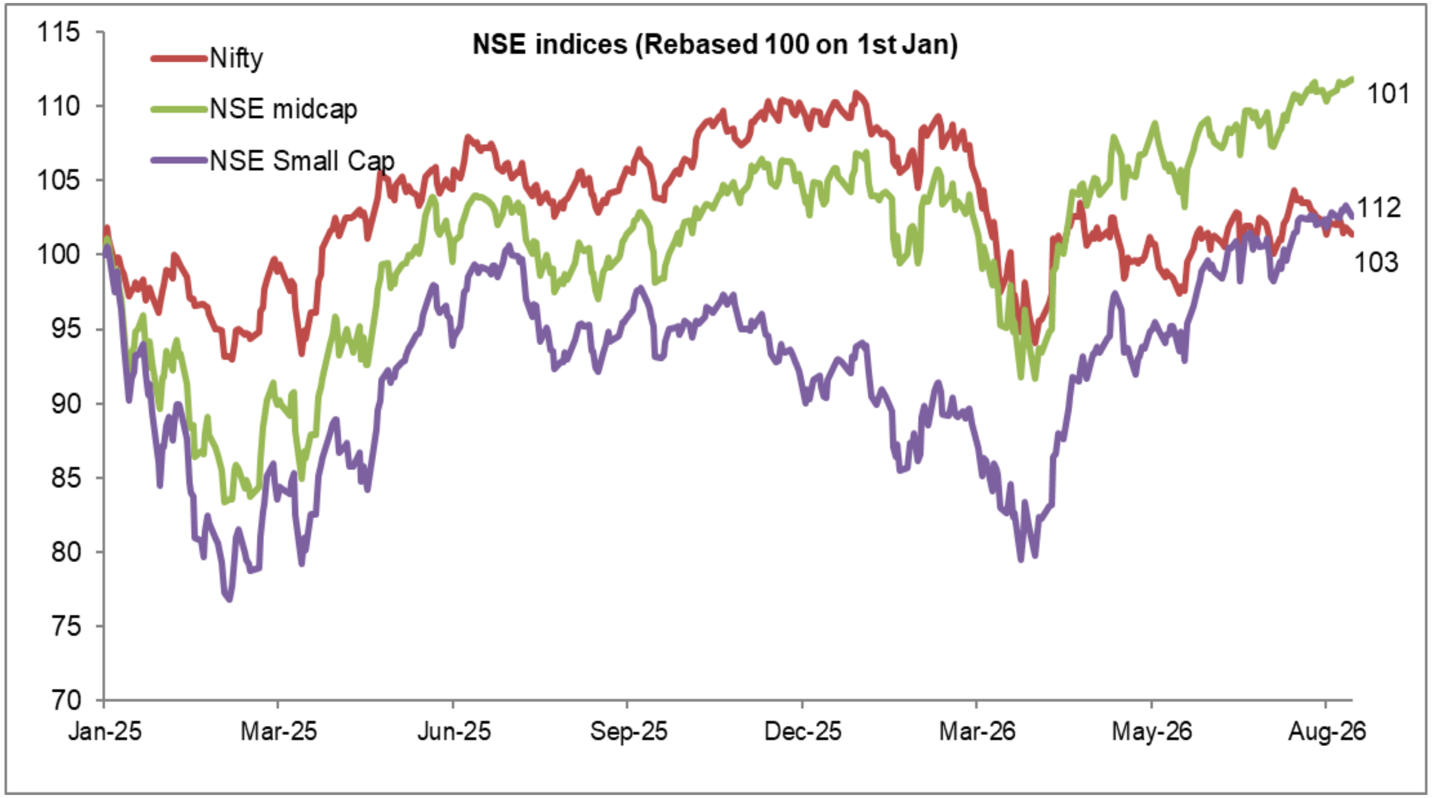
Yearly performance of Asset Classes (%)

Rank	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (YTD)
1	MCX Gold: 32%	Mid Cap: 39%	S&P 500: 30%	Mid Cap: 56%	Crisil Comp Bond: 9%	Crisil comp Bond: 13%	SmallCap: 57%	MCX Gold: 8%	S&P 500: 29%	MCX Gold: 28%	SmallCap: 59%	MCX Gold: 14.3%	SmallCap: 55.6%	SmallCap: 23.9%	MCX Gold: 61.5%	MCX Gold: 14.1%
2	Crisil comp Bond: 7%	SmallCap: 37%	Nifty 50: 7%	SmallCap: 55%	SmallCap: 7%	EM Index: 10%	Mid Cap: 47%	Crisil comp Bond: 6%	MCX Gold: 25%	Mid Cap: 22%	Mid Cap: 46%	Nifty 50: 4.3%	Midcap: 46.6%	Midcap: 23.8%	EM Index: 18.7%	S&P 500: 12.7%
3	S&P 500: 0%	Nifty 50: 28%	Crisil comp Bond: 4%	Nifty 50: 31%	Mid Cap: 6%	MCX Gold: 10%	EM Index: 29%	Nifty 50: 3%	EM Index: 17%	SmallCap: 21%	S&P 500: 27%	Mid Cap: 3.5%	S&P 500: 24.6%	S&P 500: 23.8%	S&P 500: 11.2%	SmallCap 100: 12.5%
4	EM Index: -21%	EM Index: 14%	Mid Cap: -5%	Crisil comp Bond: 14%	S&P 500: -1%	S&P 500: 10%	Nifty 50: 29%	S&P 500: -6%	Nifty 50: 12%	S&P 500: 16%	Nifty 50: 24%	BSE Bond index: 2.9%	Nifty 50: 20%	MCX Gold: 20.9%	Nifty 50: 10.25%	EM Index: 11.2%
5	Nifty 50: -25%	S&P 500: 13%	EM Index: -6%	S&P 500: 11%	Nifty 50: -4%	Mid Cap: 7%	S&P 500: 19%	Mid Cap: -15%	Crisil comp Bond: 11%	Nifty 50: 15%	Crisil comp Bond: 2%	SmallCap: -13.8%	MCX Gold: 14.9%	NSE G Sec composite: 9.9%	NSE G Sec composite: 6.2%	Midcap 100: 6.2%
6	Mid Cap: -31%	MCX Gold: 12%	MCX Gold: -8%	EM Index: -1%	MCX Gold: -7%	Nifty 50: 3%	MCX Gold: 6%	EM Index: -16%	Mid Cap: -4%	EM Index: 13%	EM Index: -2%	S&P 500: -19.2%	BSE Bond index: 7.9%	EM Index: 9.5%	Midcap: 5.4%	NSE G Sec composite: 2.8%
7	SmallCap: -34%	Crisil comp Bond: 9%	SmallCap: -8%	MCX Gold: -6%	EM Index: -18%	SmallCap: 2%	Crisil comp Bond: 5%	SmallCap: -29%	SmallCap: -10%	Crisil comp Bond: 12%	MCX Gold: -4%	EM Index: -19.6%	EM Index: 5.7%	Nifty 50: 8.8%	SmallCap: -4.9%	Nifty 50: -7.8%

Source: Bloomberg, Axis Securities.

2025 & 2026 YTD: A Year of Divergence in the Returns

- After almost 15 months of underperformance, Nifty touched the all-time high level of 26,216 in 2025 (similar levels earlier seen in Sep'24). In 2025, Nifty and Small Caps saw huge divergence in returns. This gap started reversing in 2026. In Jan'26, NIFTY touched an all-time high of 26,329 but has corrected by ~15% due to geopolitical unrest in the Middle East and has marked a low of 22,331 in Mar'26. However, on ceasefire announcements and subsequent talk between US & Iran, the index recovered by ~8.1% since its low. Nifty is lagging and continues to underperform broader indices.



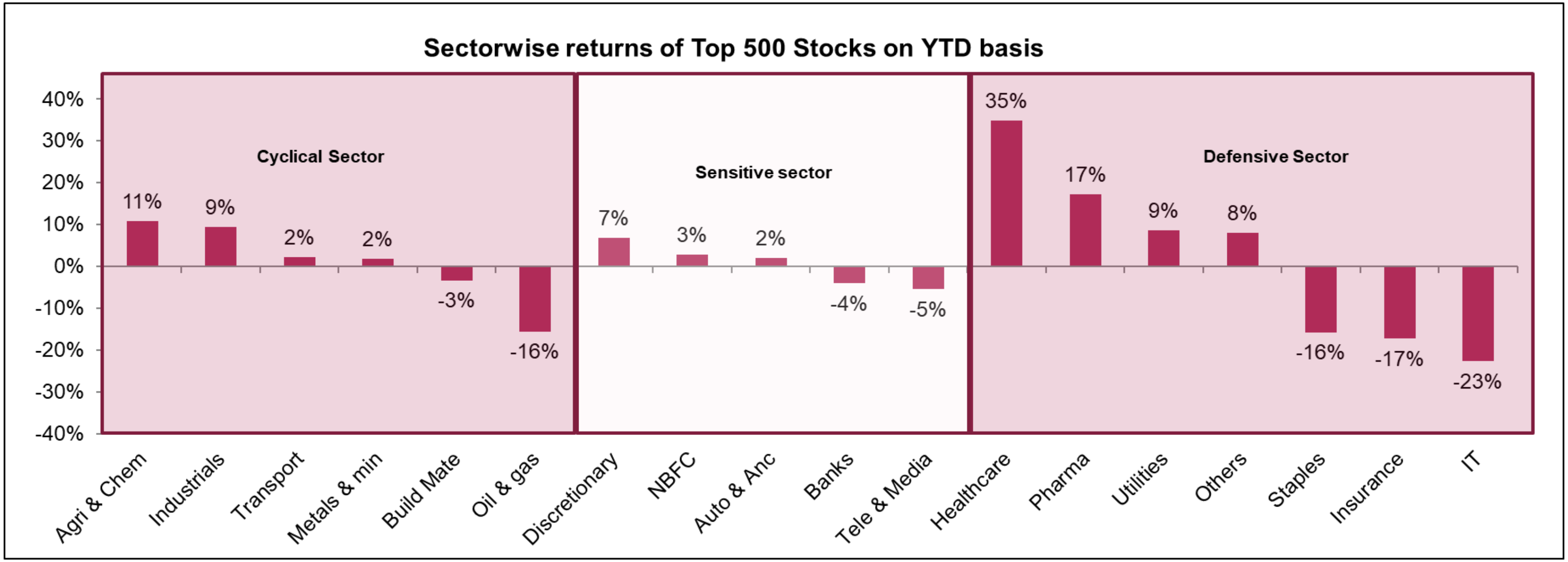
Correction/Growth from 1st Jan'26

- Nifty 50: -7.9%
- NSE Mid Cap 100: 5.7%
- NSE Small Cap 250: 10.2%

Source: Bloomberg, Axis Securities

Performance on a YTD basis [31st Dec'25 to 31th Aug'26]

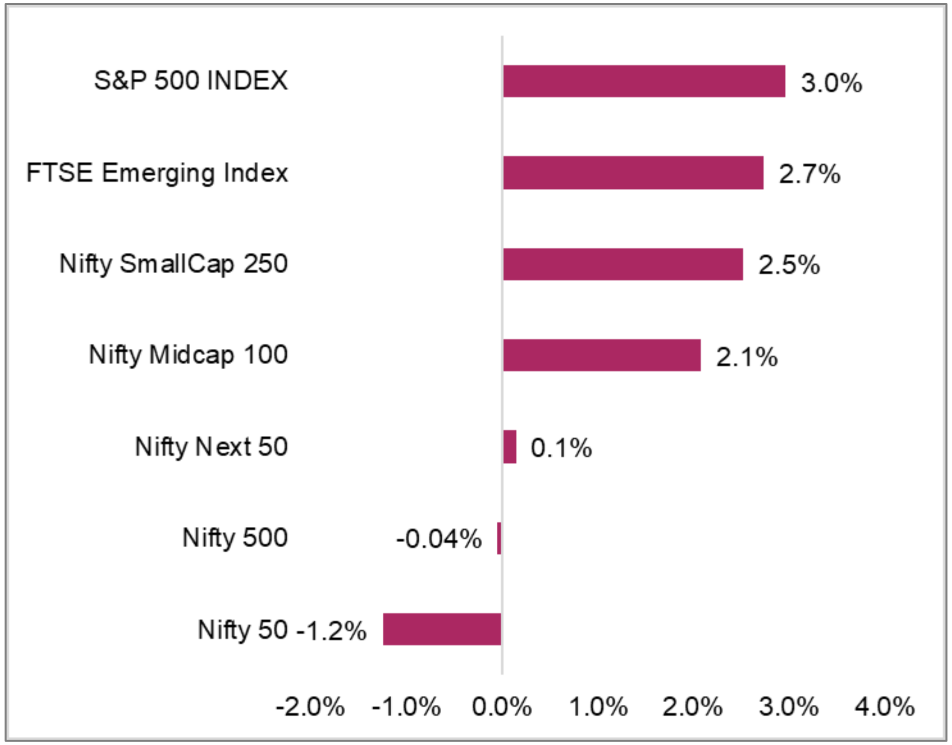
- YTD rally has been led by Healthcare and Pharma among defensive sectors, while Industrials and Agrochemicals have outperformed within cyclicals. Among rate- and growth-sensitive sectors, Discretionary, NBFCs and Auto have witnessed a decent recovery, whereas Banks have remained relative underperformers. Metals have also rebounded following the recent moderation in the Dollar Index. IT continues to remain under focus amid concerns around AI-led disruption, although the sector has recently recovered some of its lost ground.
- Market has slightly shifted towards the Defensive sectors while Sensitive and Cyclical sectors witnessed some bounce back.
- Export-oriented sectors continue to face challenges in the volatile global environment amidst the ongoing West Asia Crisis

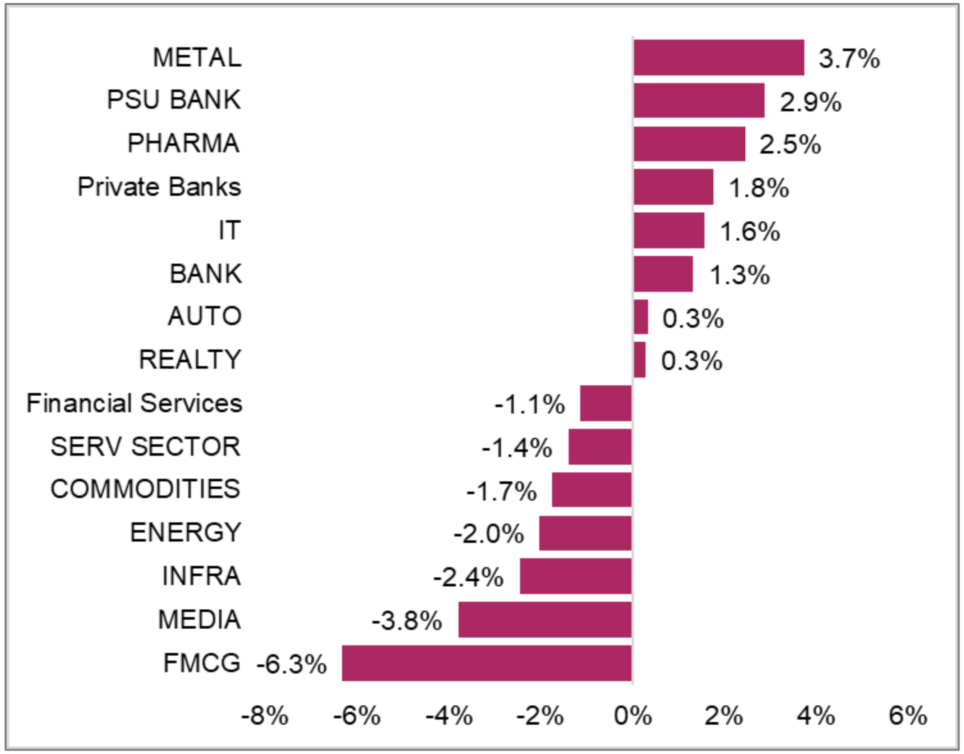


Source: Bloomberg, Axis Securities

What Happened in the Last One Month?

- All the major World Indices witnessed positive performance during the month. Nifty Small Cap, Nifty Mid Cap and Nifty Next 50 outperformed Nifty 50. FTSE emerging markets which was the worst performing index last month also bounced back [major weight of China and Taiwan]
- Market breadth remained mix across sectors with Metal, PSU & Pvt Banks, and Pharma relatively better. FMCG and Media was the biggest underperformer this month.





Source: Bloomberg, Axis Securities

Quarterly Sector Scorecard

- Nearly 53% of the sectors outperformed the Nifty 50 during Aug 2026 indicating that market participation remained selective and the broad-based buying momentum seen during the April–June quarter has moderated. Investors increasingly favoured sectors and companies with stronger earnings visibility and resilient fundamentals over momentum-driven trades.
- Mar’26, Dec’24 and Jun’25 quarters’ performance was similar to the Jun’22 (Russia-Ukraine). Mar’23 (Adani crisis) was the worst quarter. In Q2 July-Sept 26, IT, Auto, Pharma, Realty Media and Metals outperformed the Nifty 50 index by a good margin. IT was an outperformer after several quarters of under-performance. Energy and FMCG remained underperformer.

Quarterly returns (%)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26	Jun'26	Jul-Sept26 Q2-Aug'26
% of sectors outperformed the market	56%	50%	75%	38%	25%	63%	69%	50%	44%	56%	44%	50.0%	37.5%	50.0%	40.0%	46.7%	46.7%	93.3%	53.3%
Nifty 50	1%	-10%	8%	6%	-4%	11%	2%	11%	3%	7%	8%	-8.4%	-0.5%	8.5%	-3.6%	5.4%	-13.9%	6.9%	0.9%
Nifty Next 50	-3%	-11%	16%	0%	-10%	16%	3%	18%	14%	18%	8%	-11.7%	-7.4%	9.4%	-1.7%	1.2%	-12.1%	18.7%	3.0%
Nifty 500	-1%	-10%	11%	4%	-6%	13%	5%	12%	4%	11%	8%	-7.8%	-4.6%	10.7%	-3.7%	4.1%	-13.3%	12.0%	2.0%
Nifty Midcap 100	-2%	-11%	16%	3%	-5%	19%	13%	14%	4%	15%	9%	-4.9%	-9.6%	15.6%	-5.4%	6.0%	-12.1%	17.4%	3.9%
Nifty SmallCap 250	-4%	-14%	14%	3%	-7%	20%	16%	15%	2%	19%	8%	-4.2%	-14.4%	17.8%	-6.2%	-1.2%	-13.4%	24.0%	3.7%
AUTO	-4%	11%	9%	-1%	-3%	24%	7%	15%	15%	17%	8%	-16%	-6%	12.1%	11.2%	5.1%	-14.8%	11.4%	8.9%
BANK	3%	-8%	16%	11%	-6%	10%	0%	8%	-2%	12%	0%	-4%	1%	11.1%	-4.7%	8.3%	-15.0%	14.5%	0.8%
COMMODITIES	7%	-16%	11%	7%	-7%	9%	8%	19%	8%	9%	8%	-18%	5%	5.5%	0.5%	4.2%	-2.5%	7.3%	-1.0%
Financial Services	-1%	-10%	13%	8%	-5%	11%	-1%	8%	-2%	12%	4%	-4%	6%	8.4%	-4.2%	5.2%	-14.1%	12.9%	-1.0%
ENERGY	14%	-3%	2%	1%	-12%	8%	11%	22%	17%	5%	8%	-21%	-3.6%	8.9%	-4.3%	-0.5%	0.1%	14.0%	-4.5%
FMCG	-3%	4%	18%	-1%	4%	14%	-1%	10%	-5%	5%	16%	-14%	-5%	2.4%	-0.3%	0.6%	-17.3%	7.1%	-5.7%
IT	-6%	-23%	-3%	6%	0%	3%	8%	12%	-2%	1%	18%	5%	-16.1%	5.6%	-13.6%	12.9%	-23.5%	-9.5%	18.6%
INFRA	1%	-8%	7%	6%	-3%	13%	9%	17%	14%	8%	6%	-12%	0%	11.3%	-4.3%	5.5%	-9.9%	9.7%	-2.3%
MEDIA	7%	-20%	9%	-3%	-15%	3%	30%	5%	-25%	13%	6%	-15%	-18.9%	18.9%	-12.1%	-7.7%	-11.3%	17.2%	5.3%
METAL	16%	-27%	24%	17%	-18%	13%	10%	17%	3%	18%	5%	-16%	6%	4.9%	5.3%	9.7%	1.2%	12.4%	5.4%
PHARMA	-4%	-10%	7%	-3%	-5%	15%	12%	9%	13%	3%	19%	0%	-9.1%	4.3%	-2.7%	5.1%	-1.4%	13.9%	7.3%
PSU BANK	8%	-11%	23%	44%	-14%	11%	28%	9%	23%	5%	-8%	-4%	-3.5%	15.0%	4.5%	12.0%	-6.6%	7.9%	1.4%
Private Banks	2%	-9%	19%	10%	-6%	11%	1%	8%	-5%	12%	1%	-7%	4%	9.8%	-6.3%	7.4%	-15.1%	15.7%	0.3%
REALTY	-4%	-17%	10%	2%	-10%	34%	11%	36%	15%	22%	0%	-4%	-19.3%	15.9%	-12.1%	0.3%	-25.1%	27.4%	9.0%
SERV SECTOR	-1%	-12%	10%	6%	-7%	8%	1%	10%	1%	9%	9%	-4%	-1.3%	8.3%	-5.6%	5.2%	-15.4%	7.5%	1.1%

Source: Bloomberg, Axis Securities, Note: Outperforming sectors (vs. Nifty during the quarter) highlighted in green for the quarter

Performance of Various Indices & Sector Outlook

- Benchmark Nifty50 underperformed S&P 500 during the month. Most Global indices returned positively during the month. South Africa Indonesia, Veitnam and Nasdaq market outperformed all other market in last one month while Argentina was the largest underperformer during the month.
- Positive Near-term Outlook: Banks Auto, Pharma, Realty, Metals , Defence. Improving Outlook: Industrials, Discretionary
- Mixed Bag: Consumption, Cement
- Near-term Challenging but Well-placed for Longer-time Horizons: IT sector witnessed buying in last three month and returned positively however the sustainability of this outperformance will largely depend on the pace of AI adoption by Indian IT companies, their ability to monetize AI-led opportunities through higher deal wins and productivity gains, and a broader recovery in discretionary technology spending across key global markets

National Index

Index Performance (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Nifty 50	-1.2%	2.3%	-4.4%	8.8%	-8.1%	-1.4%
Nifty Next 50	0.1%	3.8%	5.8%	29.3%	-4.3%	12.2%
Nifty 500	0.0%	3.5%	1.2%	18.0%	-4.3%	4.4%
Nifty Midcap 100	2.1%	4.1%	8.6%	34.0%	6.2%	15.2%
Nifty SmallCap 250	2.5%	8.1%	15.7%	32.7%	-0.3%	11.3%
Sector Index (%)	**1m**	**3m**	**6m**	**Since 28 Feb'25**	**Since 26 Sep'24**	**1Year**
NIFTY AUTO	0.3%	9.5%	2.4%	40.7%	4.9%	15.5%
NIFTY BANK	1.3%	7.0%	-4.1%	20.0%	6.7%	8.1%
NIFTY COMMODITIES	-1.7%	-5.9%	-2.7%	27.6%	-0.4%	13.1%
Nifty Financial Services	-1.1%	3.7%	-5.7%	14.2%	4.5%	2.8%
NIFTY ENERGY	-2.0%	-7.2%	2.4%	26.4%	-14.0%	12.8%
NIFTY FMCG	-6.3%	-6.8%	-10.0%	-9.2%	-30.4%	-18.0%
NIFTY IT	1.6%	7.3%	1.9%	-16.4%	-26.0%	-11.3%
NIFTY INFRA	-2.4%	-1.9%	-3.7%	19.7%	-5.0%	3.5%
NIFTY MEDIA	-3.8%	10.6%	10.0%	12.3%	-27.5%	-3.4%
NIFTY METAL	3.7%	-1.8%	7.8%	60.5%	32.1%	44.1%
NIFTY PHARMA	2.5%	11.7%	18.4%	37.2%	16.9%	24.7%
NIFTY PSU BANK	2.9%	5.6%	-12.3%	52.3%	26.5%	27.4%
Nifty Private Banks	1.8%	6.4%	-2.1%	15.6%	2.8%	7.5%
NIFTY REALTY	0.3%	15.5%	15.8%	13.3%	-20.1%	3.8%

International Index

Index Performance (%)	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Shanghai Comp	4.0%	-2.0%	-4.2%	20.0%	32.8%	3.3%
Bovespa	0.2%	2.6%	-5.5%	45.3%	34.1%	26.1%
south africa	6.6%	3.0%	-8.5%	40.1%	38.9%	16.8%
Korea	3.4%	-19.5%	9.2%	169.3%	155.3%	114.1%
Mexico	-2.7%	-5.0%	-8.2%	25.3%	21.9%	11.9%
Indonesia	4.6%	6.5%	-20.8%	4.1%	-15.7%	-16.7%
Argentina	-9.5%	-5.9%	12.8%	35.1%	73.7%	50.1%
Japan	3.0%	0.0%	12.7%	78.5%	70.4%	55.2%
Hongkong	-1.2%	1.5%	-4.0%	11.4%	28.3%	2.0%
Philipines	-4.5%	3.3%	-9.9%	-0.7%	-20.1%	-3.2%
Taiwan	7.0%	3.1%	30.3%	100.1%	101.8%	90.4%
Singapore	2.3%	14.2%	15.2%	47.7%	60.7%	34.8%
Thailand	-1.8%	1.7%	4.4%	32.5%	9.6%	29.0%
Veitnam	5.6%	-1.7%	-2.6%	40.4%	41.9%	8.9%
Dow	2.0%	5.0%	9.4%	22.2%	27.0%	17.6%
Nasdaq	4.1%	-2.1%	16.5%	40.1%	45.1%	23.1%
FTSE 100 INDEX	-0.4%	4.0%	-0.8%	22.9%	30.7%	17.8%
DAX INDEX	2.9%	5.1%	4.3%	17.0%	37.1%	10.4%
CAC 40 INDEX	-1.1%	2.8%	-2.0%	3.7%	8.7%	9.2%
S&P 500 Index	3.0%	1.7%	12.1%	29.5%	34.2%	19.4%

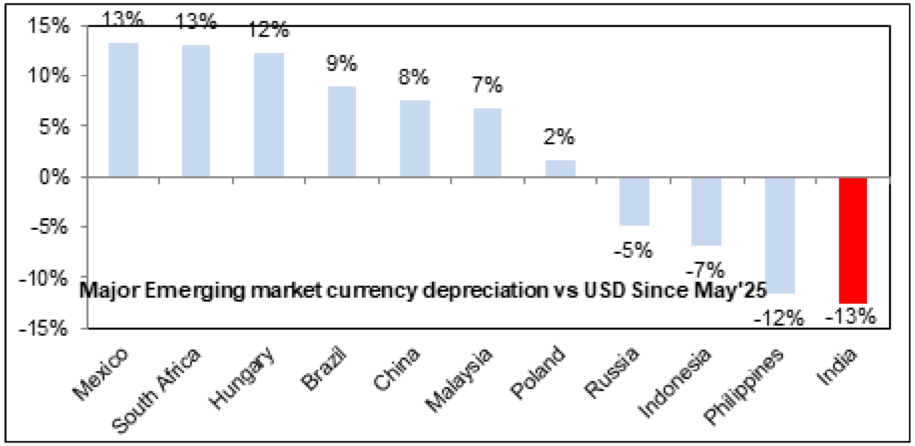
Source: Bloomberg, Axis Securities, and Performance as of 31th Aug 2026

Commodity prices continued to remain Elevated in the Last Month

- **Precious Metals:** Gold prices recovered sharply by 10% MoM, while Silver posted increase of 12% MoM
- **Industrial Metals:** Aluminum prices recovered in last one month Copper and Zinc rose in last 1M by nearly 4.4% and 9.7% respectively. Steel prices also witnessed recovery during last month.
- **Crude:** Oil prices remained volatile amidst US-Iran war . **Rupee continued to weaken against the dollar and was the worst performing currency.** India Vix contracted sharply in last one month indicating market volatility has reduced sharply.

Market Indicator	31-08-2026	1m ago	3m ago	Since 28 Feb'25	Since 26 Sep'24	1Year
Brent Crude ($/bbl)	90.3	90.1	92.1	73.2	71.6	68.1
Bond Yield (GOi 10Yr)	6.9	6.8	7.0	6.7	6.7	6.6
USD/INR	95.2	95.4	95.0	87.5	83.6	88.2
India Vix	11.2	11.8	16.2	13.9	12.0	11.8

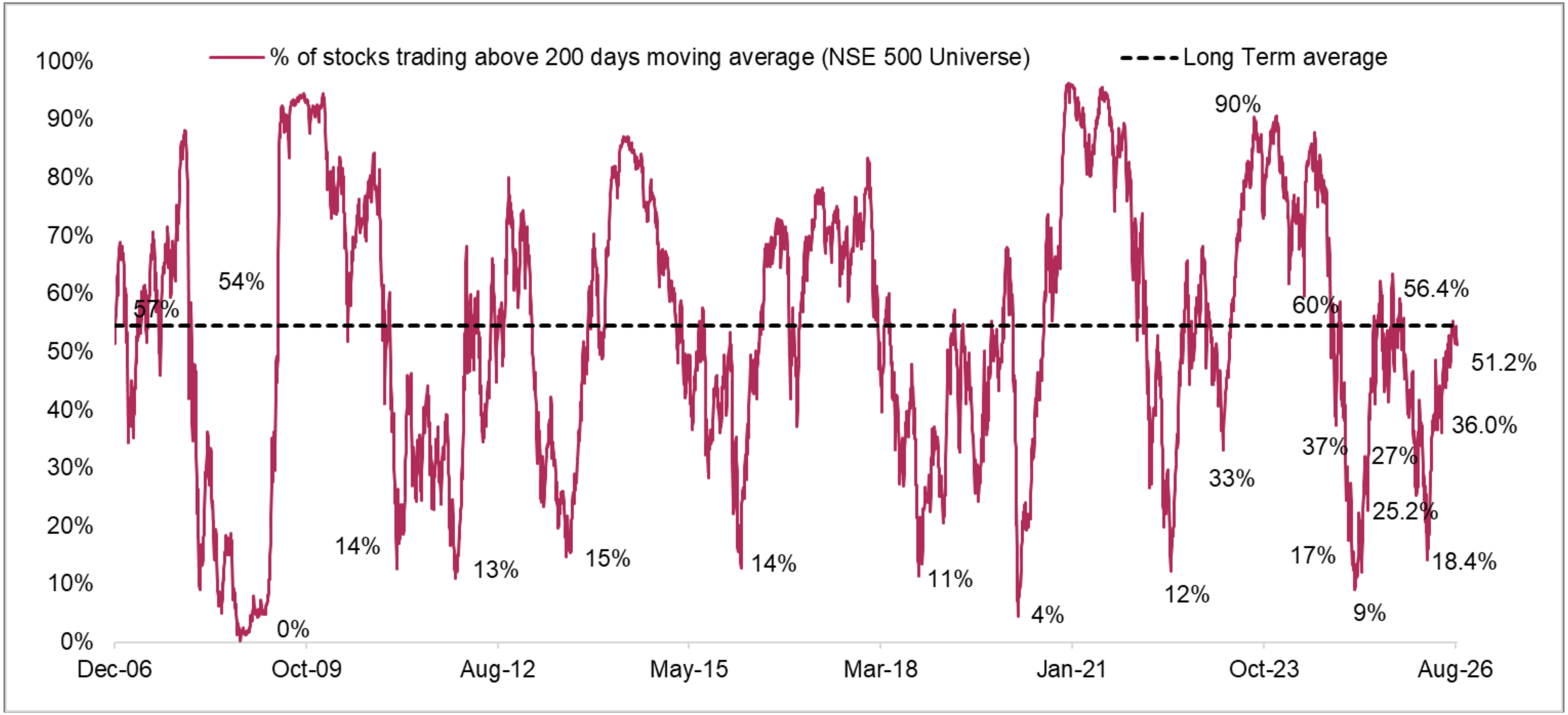
Commodity Index	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Gold ($/OZ)	9.9%	-2.1%	-15.8%	55.6%	66.3%	28.9%
Steel ($/ton)	1.0%	-3.0%	4.3%	3.2%	5.4%	2.1%
Aluminium ($/ton)	0.8%	-14.5%	2.0%	22.2%	25.9%	22.9%
Copper ($/ton)	4.4%	6.2%	8.7%	54.7%	45.3%	47.1%
Zinc ($/ton)	9.7%	14.7%	22.3%	47.0%	33.9%	44.6%



Source: Bloomberg, Axis Securities, Performance as of 31th Aug 2026

NSE 500 Universe (200-day Moving Average) Near Average Levels

- After a recent weakness, the market is trading near the neutral zone, with ~51.2% of the NSE 500 stocks currently trading near the long-term average. Nonetheless, it will continue to be driven by macroeconomic data in the near to medium term. Its performance will reflect the geopolitical developments in Middle east and its impact on Energy prices and earnings. Sector and Style Rotation will likely be visible in the market moving forward



Source: Bloomberg, Axis Securities

52W-High Analysis

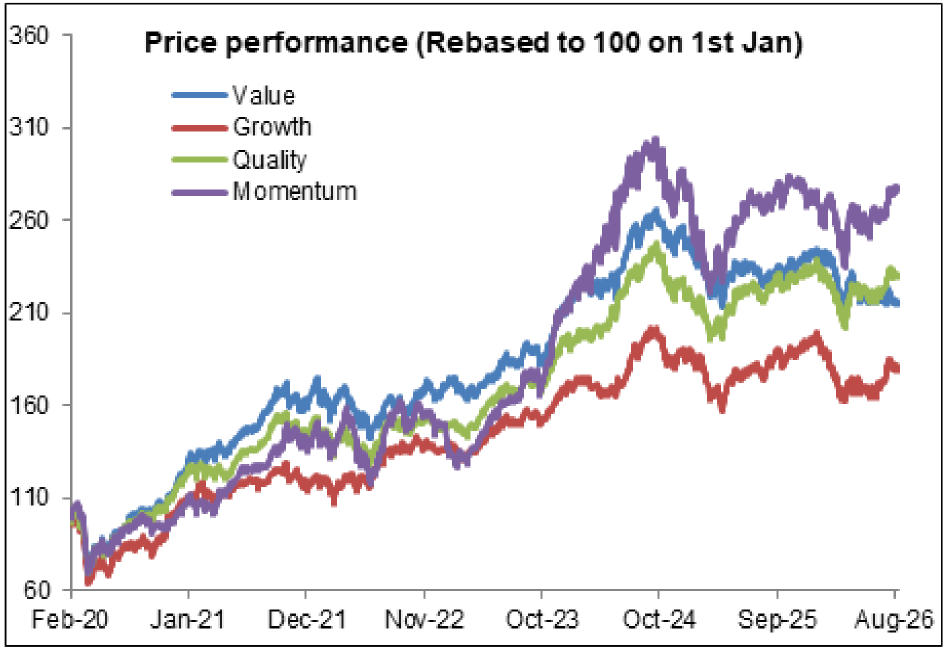
- From the trough of 30th Mar'26 Nifty has recovered by 8%. 77 stocks (vs. 6 in Mar'26, 69 in July'26) are now trading near their 52-week highs.
- 123 (~25%) stocks are still trading below 20% to 30% of their 52-week highs (vs. 140 (~28%) in July'26).
- 96 (~19%) of the stocks have corrected by over 30% from their 52-week high (vs. 25% in Mar'26).
- 20 Large cap stock now at a 52 Week high (vs. 1 in Mar'26), reflecting current market recovery.
- Out of 55 PSUs, 2 stock are near their 52-week high, (vs 1 stock in Mar'26 and 3 In July'26) reflecting current market volatility again post rising Iran-US tensions.

		Current level of number of stocks as compared to 52W high			
Sector	**No of Stocks**	**Near to 52W high**	**5%-20% below 52W high**	**20%-30% below 52W high**	**Below 30%**
Agri & Chem	33	4	14	9	6
Auto & Anc	44	11	20	7	6
Banks	28	5	13	9	1
Build Mate	39	1	17	9	12
Discretionary	32	3	11	6	12
Healthcare	54	21	22	8	3
Industrials	49	9	21	14	5
IT	40	3	12	8	17
Metals & min	25	6	12	5	2
NBFC	58	8	30	13	7
Oil & gas	19	0	6	9	4
Others	9	1	4	2	2
Staples	30	2	8	9	11
Tele & Media	14	1	7	4	2
Transport	8	1	4	2	1
Utilities	18	1	3	9	5
Total	**500**	**77**	**204**	**123**	**96**
Large cap	**100**	**20**	**42**	**23**	**10**
Mid cap	**150**	**22**	**65**	**38**	**16**
Small cap	**250**	**35**	**97**	**62**	**70**
PSUs	**55**	**2**	**23**	**21**	**7**

Source: Bloomberg, Axis Securities

Quality was the Best-Performing Theme in last two Years

- Both quality and growth fared better than value and momentum in 2025. Quality has outperformed all other style indicators in last 1 year followed by Momentum. Momentum has taken a lead in last 1M over other style indicators followed by growth.
- We believe that structural growth and high-quality plays, which offer robust corporate balance sheets and long-term sustained earnings visibility, will continue to outpace the broader market irrespective of near-term volatility.

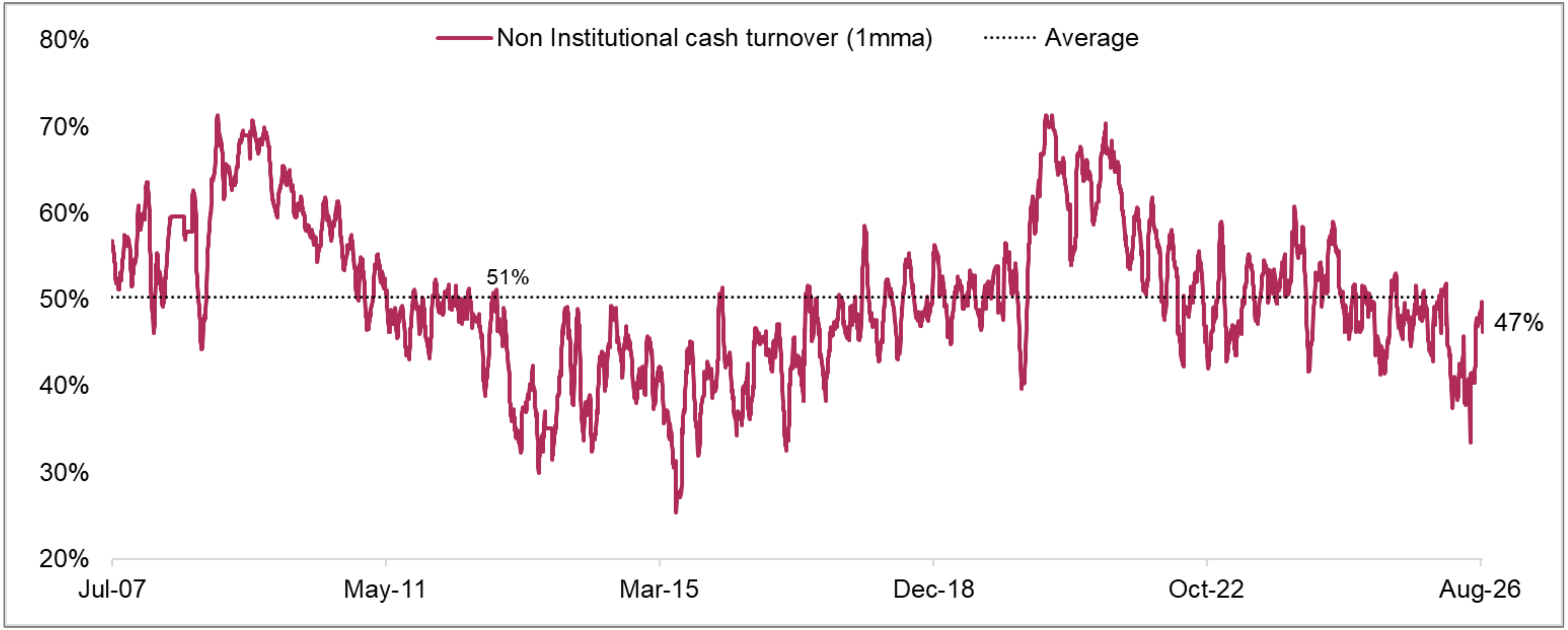


Performance (%)				
Perf	**Value**	**Growth**	**Quality**	**Momentum**
2022	-0.9%	12.4%	-0.9%	7.1%
2023	27.8%	24.8%	32.0%	39.0%
2024	15.6%	9.8%	11.3%	30.0%
2025	-1.2%	5.4%	7.3%	-0.7%
1m	-1.2%	-0.2%	0.9%	2.6%
3m	-1.2%	8.4%	4.1%	6.4%
6m	-8.2%	1.6%	3.7%	3.6%
1YR	-5.2%	0.0%	3.8%	4.2%
2YR	-17.5%	-8.3%	-3.6%	-8.4%

Source: Bloomberg, Axis Securities, Performance as of 31st Aug 2026

Non-institutional Turnover Remains below Average Levels

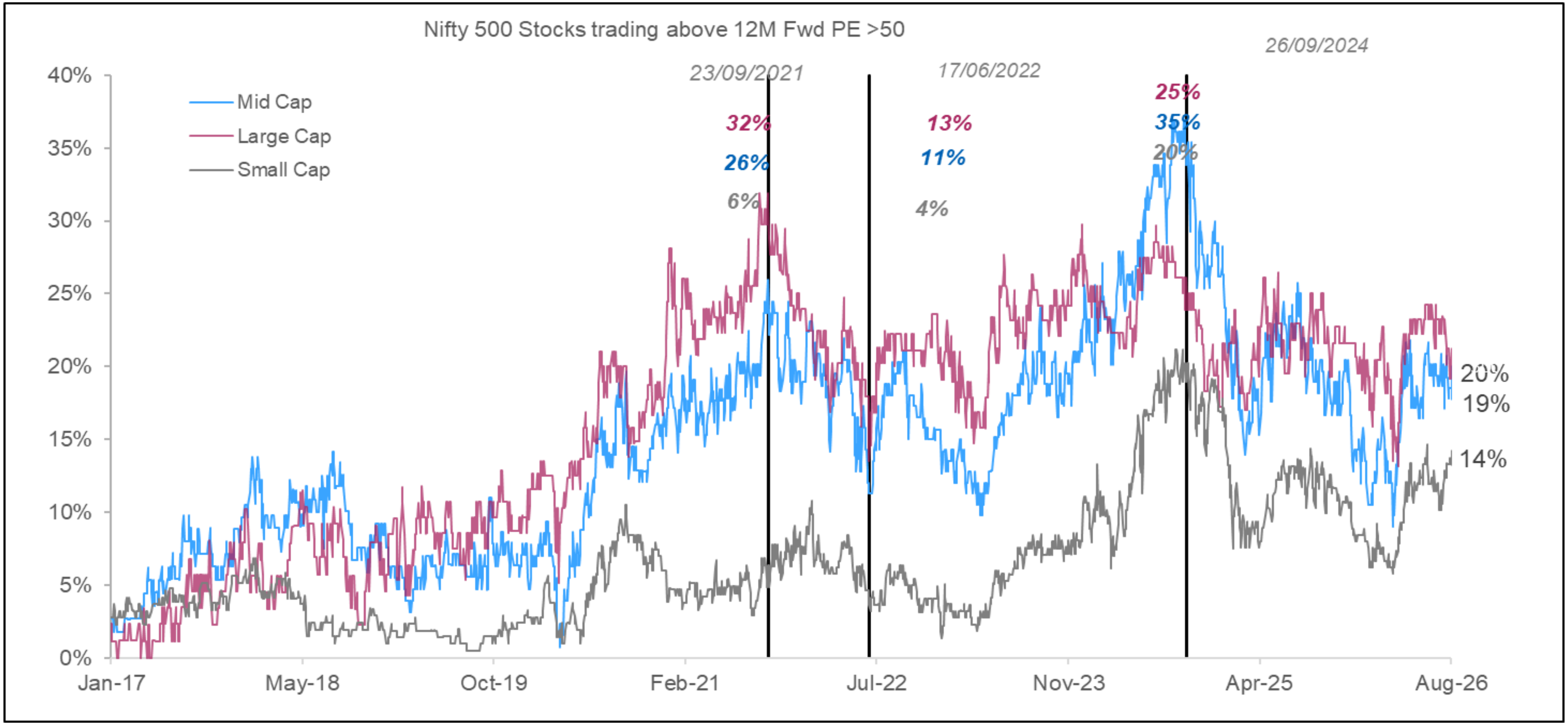
- Non-institutional (Retail) cash turnover is currently sitting at 47%, which is slightly below its long-term average of 51%. The turnover saw a noticeable dip over the last three months, bottoming out recently as retail investors paused during a period of lower-than-expected returns in the broader market and heightened global volatility.
- Retail investor participation will be key monitorable and is expected to improve in the coming months, given that equity is the only asset class that has given a positive return on the longer time frame and outperformed other asset classes.



Source: Bloomberg, Axis Securities

Number of NSE 500 stocks trading above 12M Fwd PE > 50

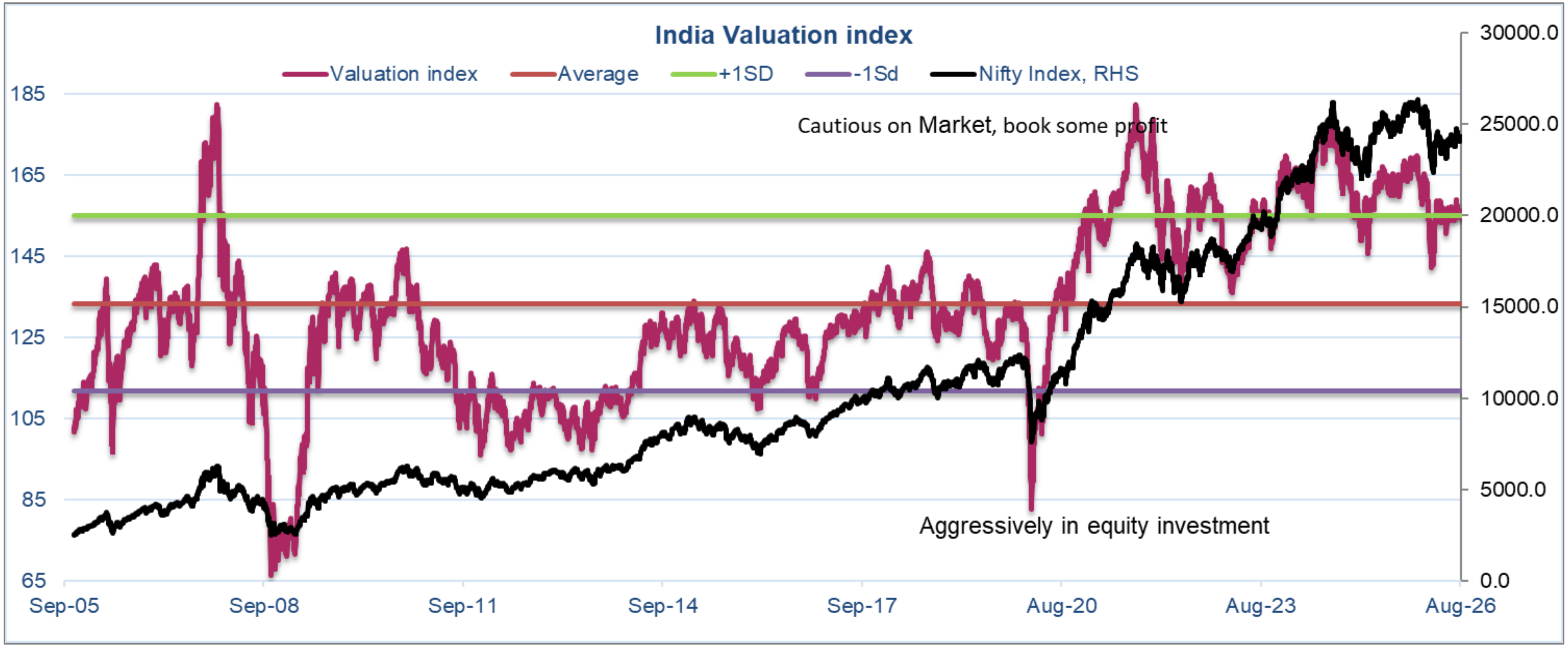
- PE compression was observed across the board during the previous FII selling phase between 09/2021 and 06/2022, when total FII outflows exceeded $34.5 Bn. 12MF P/E of stocks is currently still lower than the Sep’24 levels.



Source: Refinitiv, Axis Securities

India Valuation Index: Rebounded over last 1 month ; Earnings commentary Remains Critical

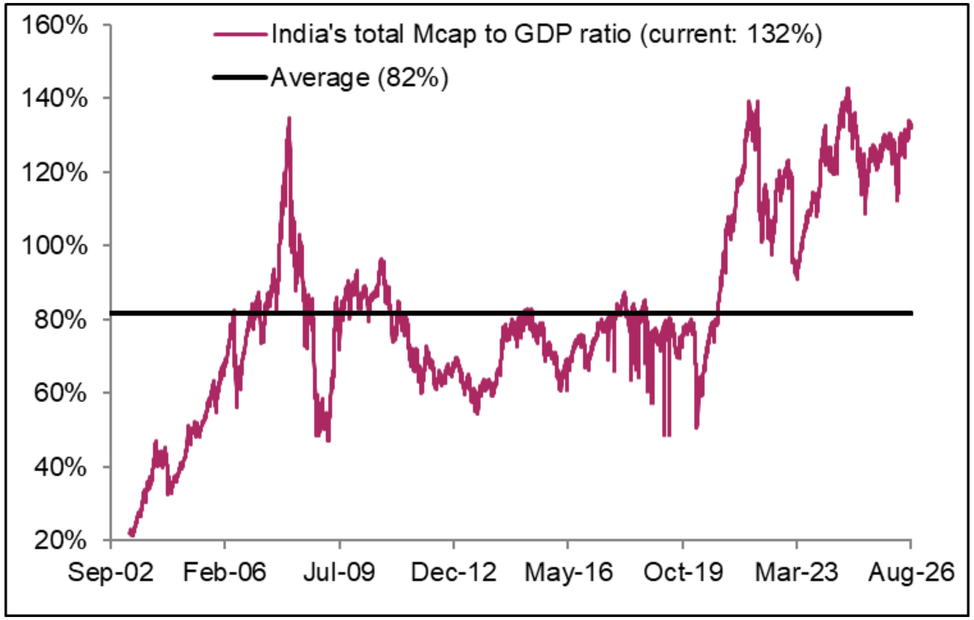
- Market valuation index is currently trading just inline with the +1stdev line, following a sharp rebound vs Mar’26. Current valuations have rebounded from the trough of late Mar’26 but scope for further re-rating will depend on earnings growth and commentaries. Stock selection and tactical sector rotation will be key to achieving outperformance.
- The calculation of the India Valuation Index is based on four fundamental market parameters (12m fwd PE, 12m fwd PB, Bond Equity Earnings Yield Ratio, and MCAP to GDP Ratio).

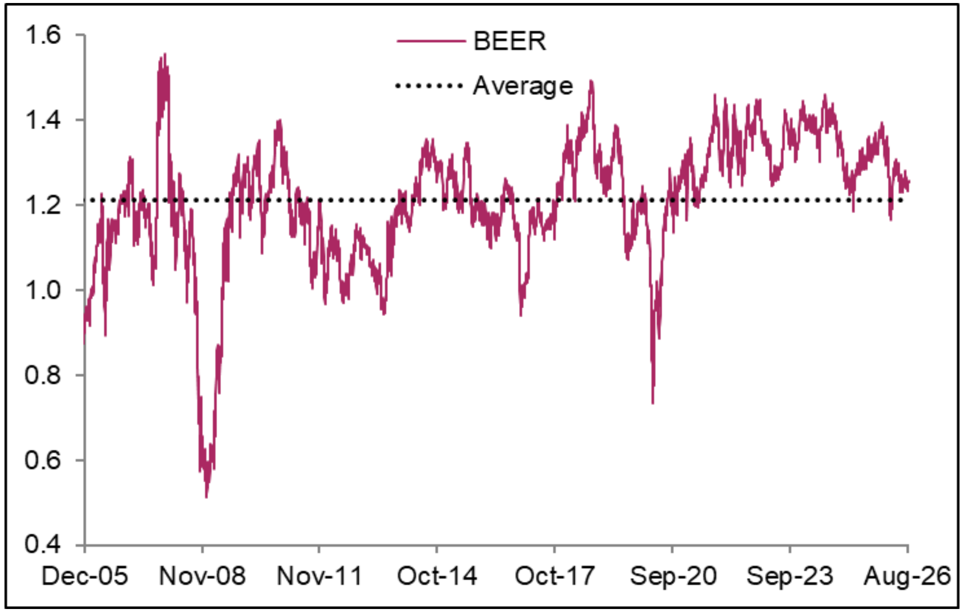


Source: Bloomberg, Axis Securities

In terms of Mcap to GDP, India Stands Less Expensive than the US Market

- **BEER:** India's 10-year government bond yield has increased by about 0.08 to 0.11 percentage points (8 to 11 basis points) over the past month, hovering near 6.85%–6.87% . domestic bond sentiment remained cautious after the RBI's latest policy minutes indicated that a rate hike could be considered later in the fiscal year. The Bond to Equity Earnings Yields ratio is now trading slightly above the long-term average, after a rebound rally over the last month when it went below the LT average.
- **India's Total Market Cap to GDP has rebounded to 132**% from the recent trough of 112% in Mar'26 (still below 143% in Sep'24), though above its long-term average (rebased after the FY26 GDP estimate of Rs 345.47 Tn released by the government on 27th Feb'26). The rise in market cap to GDP ratio indicates valuation have expanded for broader market despite Nifty underperformance.
- **Historical Perspective:** Historically, similar upward earnings momentum was witnessed in FY10 earnings immediately after the GFC crisis, leading to the Market Cap to GDP ratio of 95-98%.



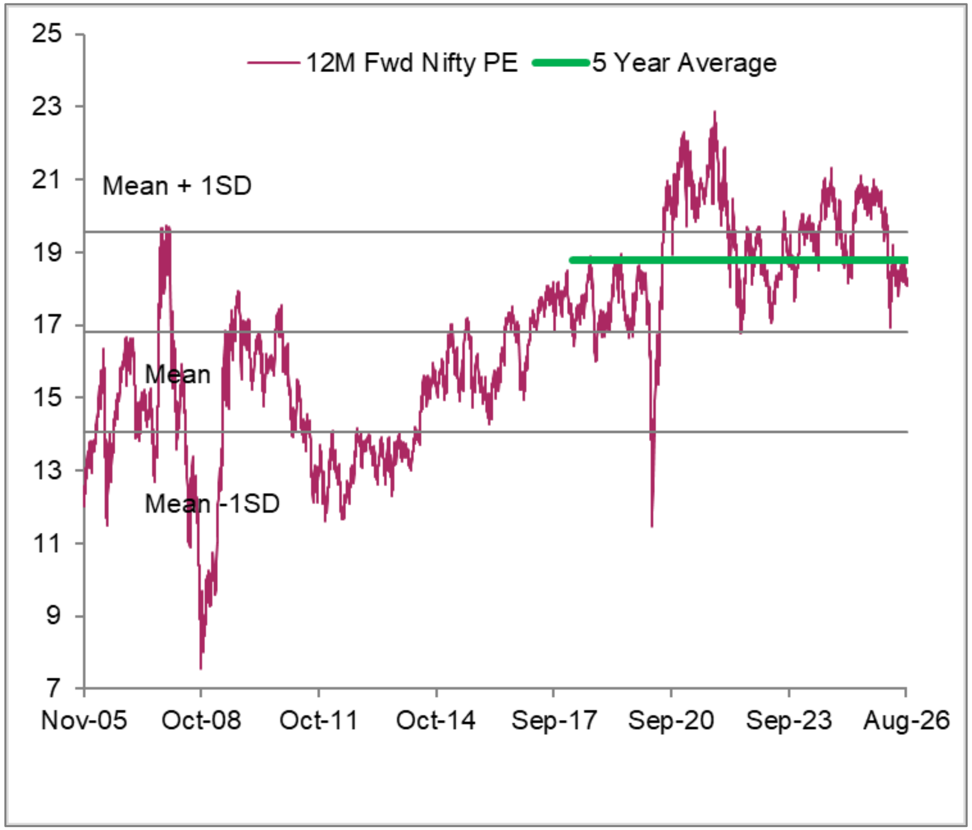


Source: Bloomberg, Axis Securities

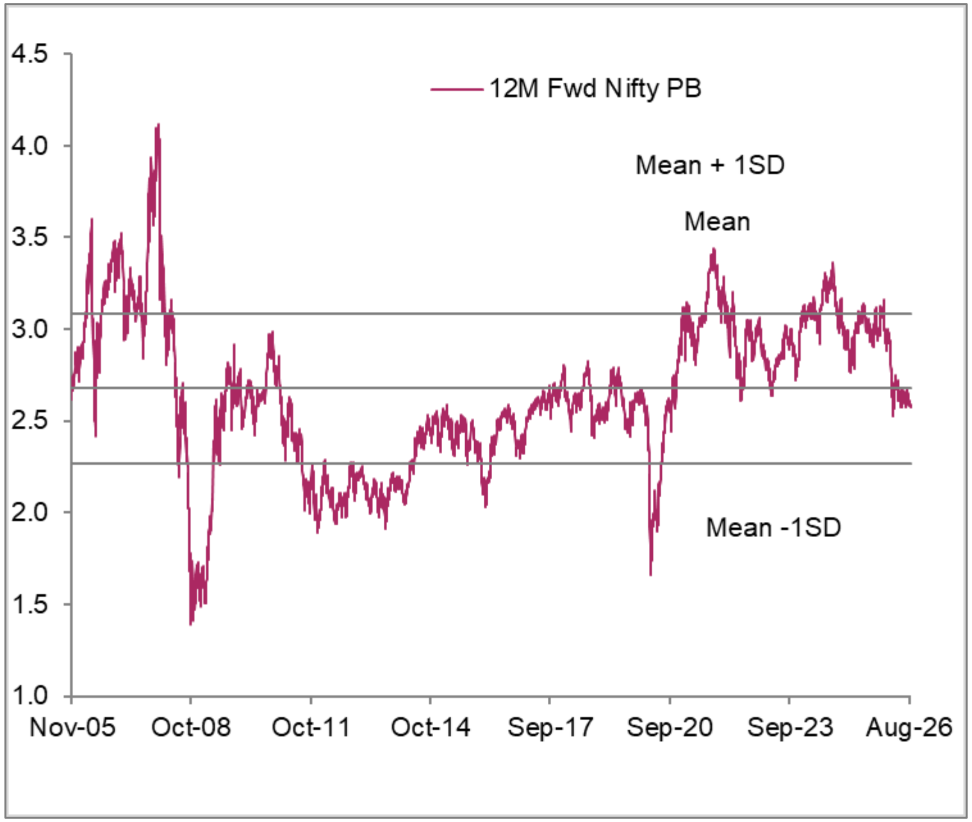
Market Valuation: 12M Fwd PE Now Trading at 18.4x (recovered from 17.3x in Mar’26); still below recent high of 21x

- NIFTY is currently trading at 18.4x on a 12M Fwd PE, which stands slightly above its long-term average of 18.1x. However, it trades inline with the long-term average of a 12M Fwd PB.
- Current valuations although corrected, rerating will be dependent on complete resolution of Iran War and earnings outlook. Style rotation and sector selection are keys to generating alpha.

Nifty 12M Fwd PE



Nifty 12M Fwd PB



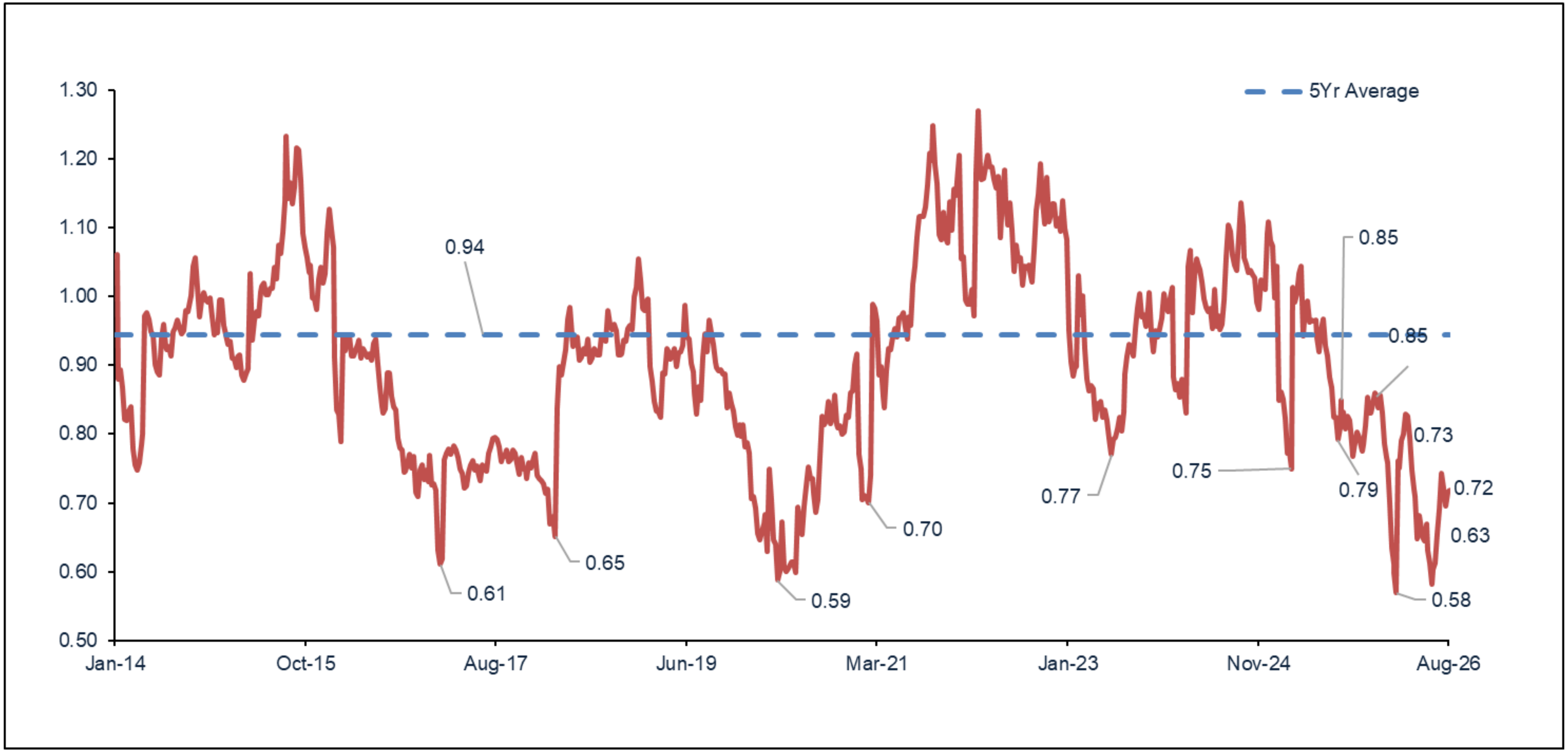
Source: Bloomberg, Axis Securities

Many sectors are still in the Oversold zone as compared to the Sep’24 levels.

	12m fwd PE	Long term Avg	Valuation as on Sep'24	% down from Sep'24
Pharma	34.4	24.4	30.8	11.5%
PSU Banks	8.2	10.0	7.6	8.0%
Auto	25.0	19.6	24.8	0.6%
Banks	13.0	15.6	14.2	-8.5%
Energy	13.5	11.8	15.3	-11.9%
Infra	19.8	18.9	22.6	-12.5%
Nifty	18.1	**18.4**	**21.4**	**-15.6%**
Media	20.8	22.4	25.1	-17.0%
Service sec	16.9	18.5	20.6	-18.0%
Metal	13.3	11.5	16.2	-18.1%
FMCG	30.8	33.4	42.8	-28.1%
Realty	29.7	27.0	44.8	-33.8%
IT	17.5	20.7	29.2	-39.9%

Source: Bloomberg, Axis Securities

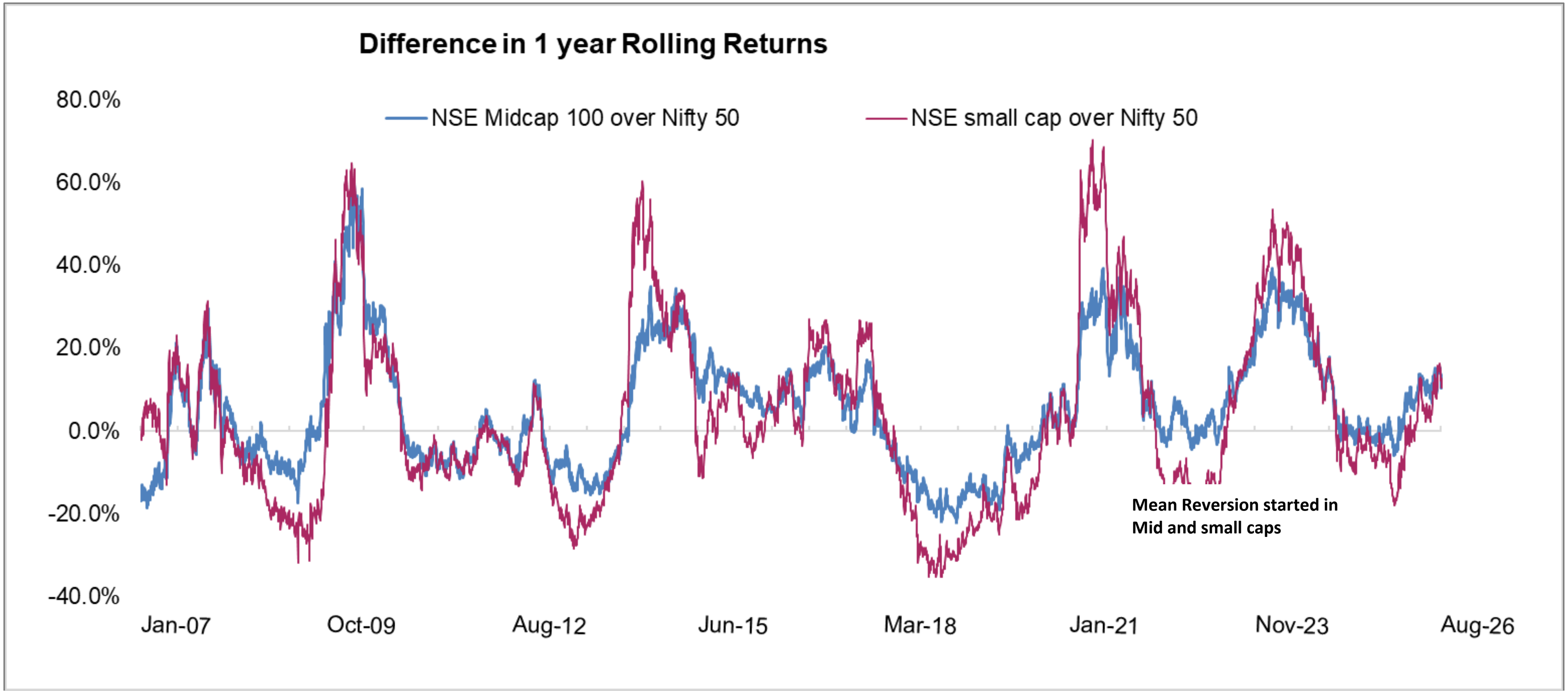
Nifty IT vs NASDAQ 100 - Relative 12M Fwd PE



Source: Bloomberg, Axis Securities

Market is on the verge of Mean reversion in 1-year Rolling Returns

- Market has reverted to the Mean in 1-year rolling returns

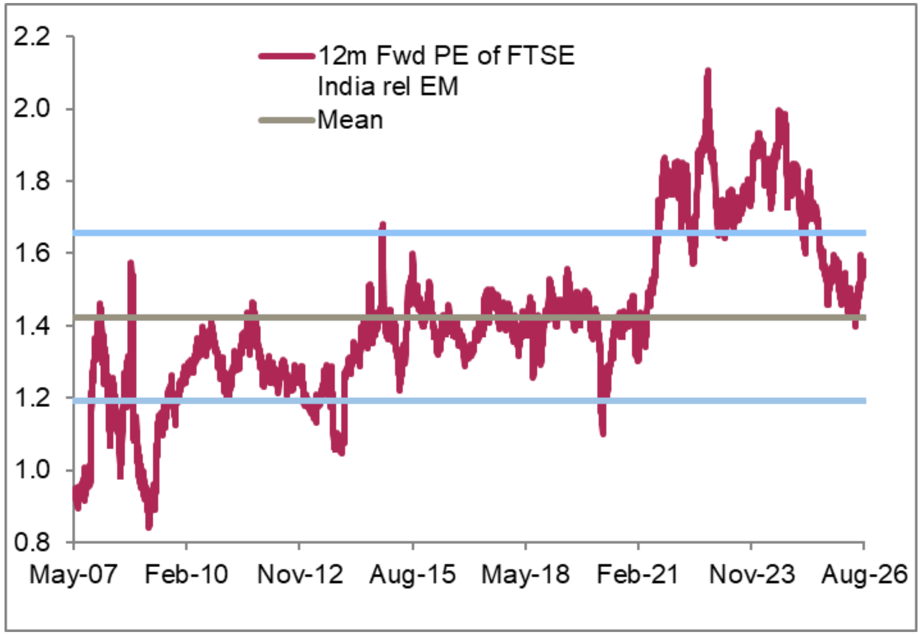


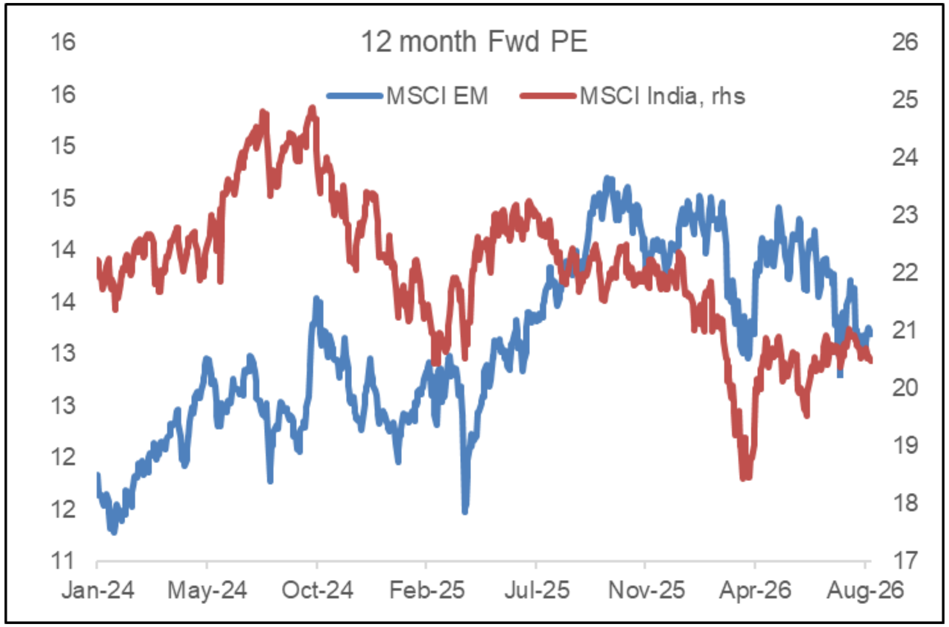
Source: Bloomberg, Axis Securities

Market Valuations - On a Relative Basis, India Looks Attractive vs the EM Index

- Benchmark indices have corrected from all-time highs, and so have the valuations. FTSE India is now trading at a PE premium of 58% (46% vs last month) to the EM index (PE) inline with LT average. During Sep'24, the Indian market traded at a 97% PE premium to EM, and now, after the correction, it is trading at a 58% premium, which looks attractive compared to the past.

- We believe the Indian equity market will continue to trade at a higher premium to EM over the next year due to a) Strong economic growth compared to other EM countries, b) A healthy earnings outlook for FY27, c) Sustained demand across sectors, d) A well-capitalized banking sector with improving fundamentals, e) Expectations of a revival in the private Capex cycle, and f) GST 2.0 reforms.

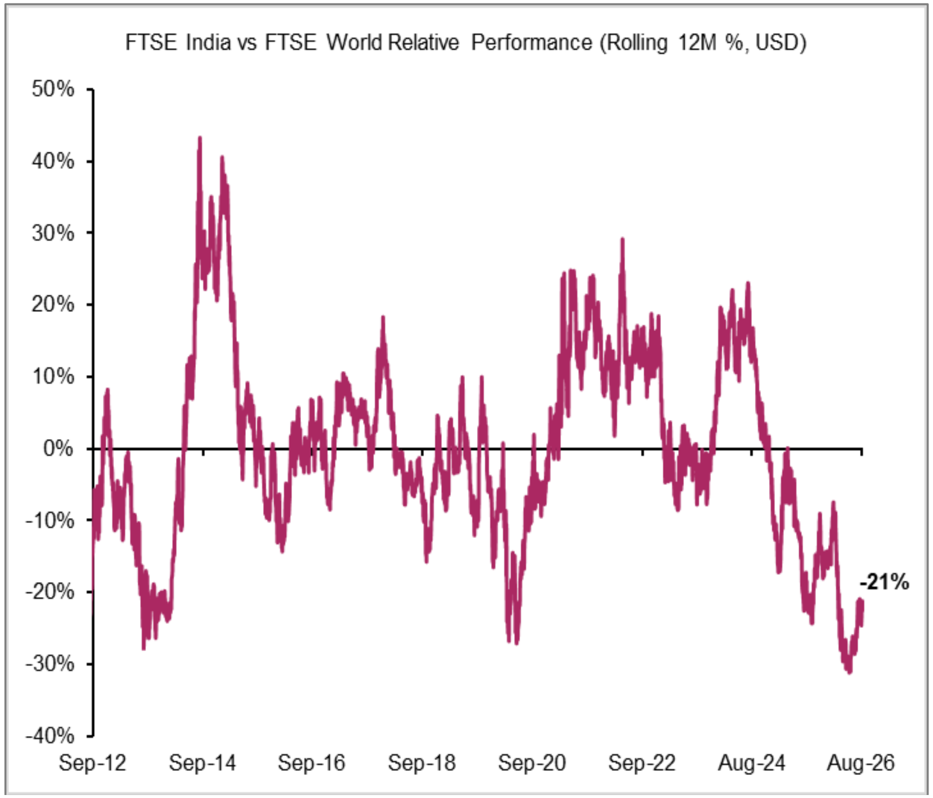


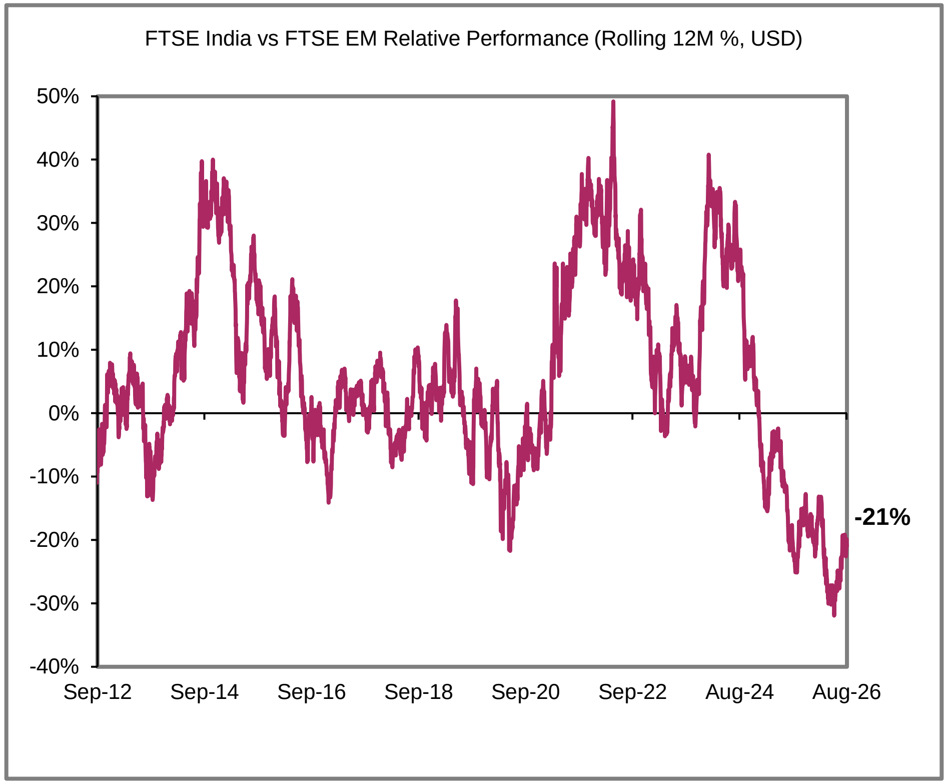


Source: Bloomberg, Axis Securities

India's Standing vs the Emerging Market and World Index

- Relative underperformance of the Indian market vs the world and the emerging markets.
- Earnings recovery, and stable macro policy could lead to mean reversion going forward. Prolonged Crisis in ME will be the key

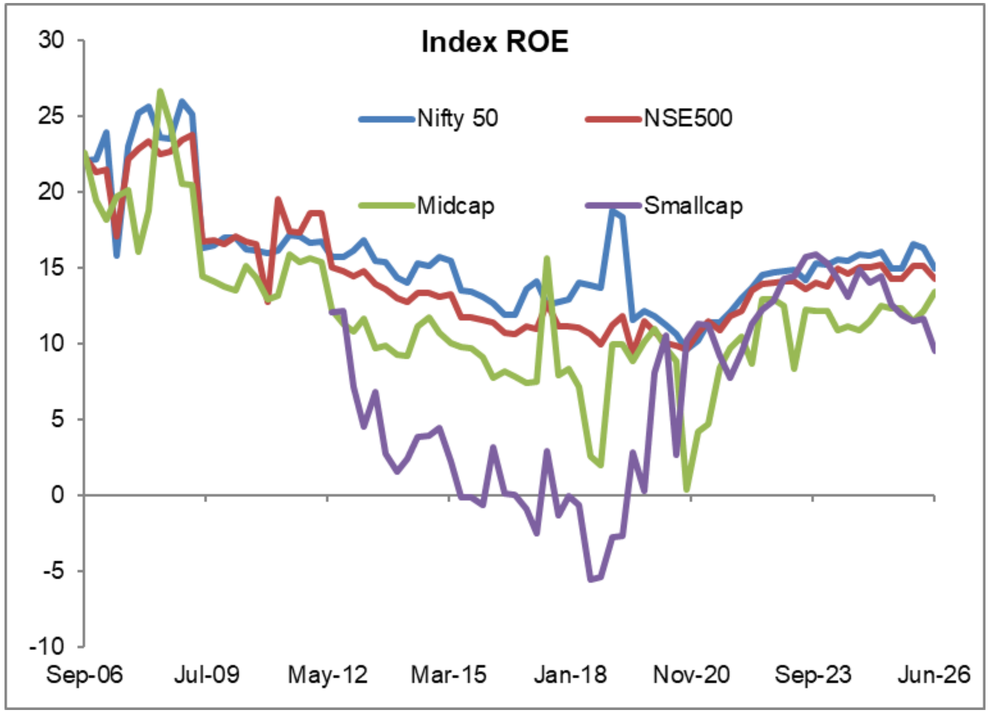


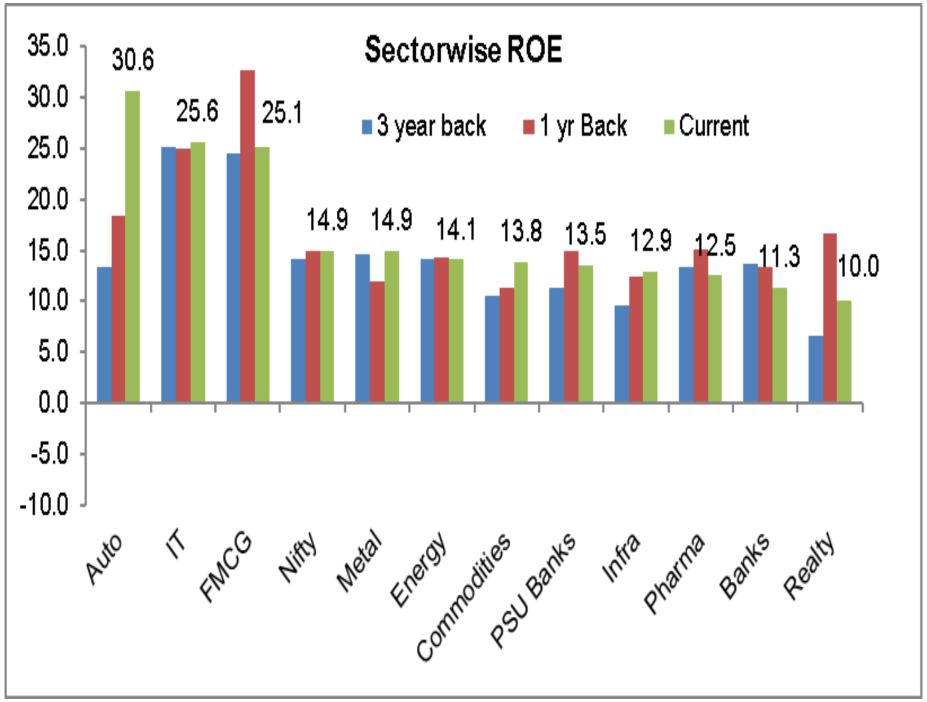


Source: Bloomberg, Axis Securities

Return Ratios Analysis

- ROE is improving with MIDCAP outperforming other indices while Small cap ROE languishing. Nifty ROE remains largely consistent.
- Some moderation seen in the ROE of the cyclical sector in last one year. Energy & Pharma sector witnessed improvement in ROE in last one year.
- The Auto sectors' profitability has improved in the past one year based on the positive outlook and premiumization. Sector wise FMCG and IT ROE remains best in class in last three years

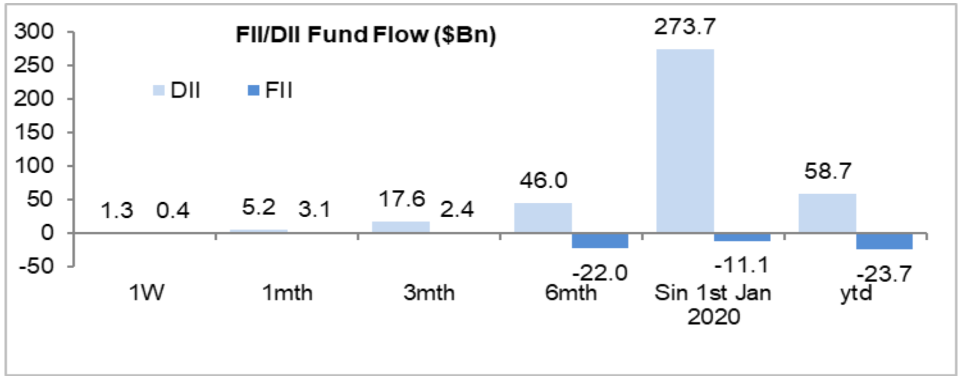


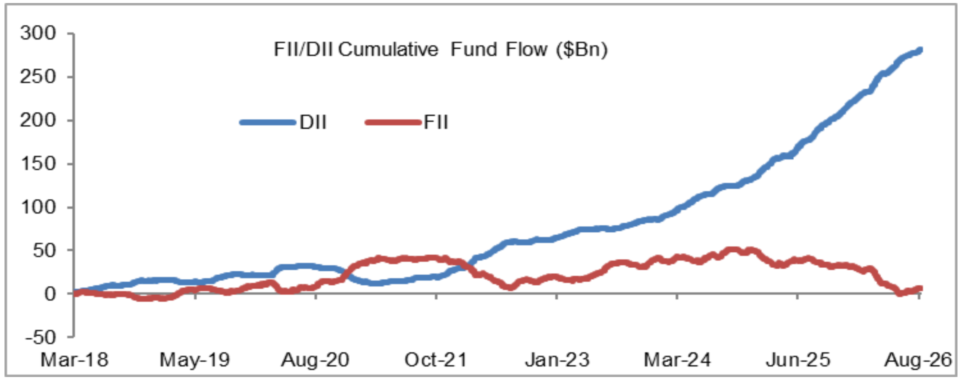


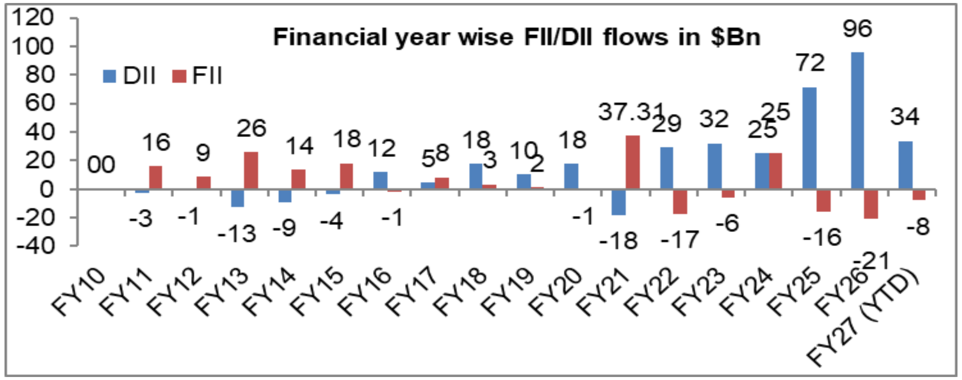
Source: Bloomberg, Axis Securities

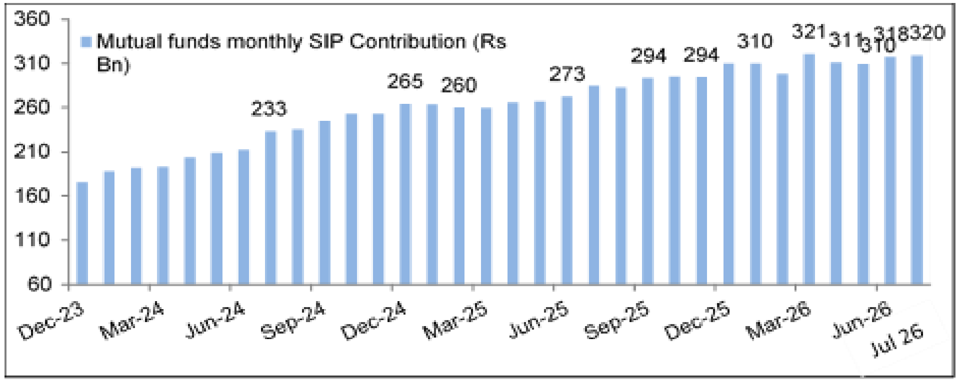
FII Selling Seen in FY25 and FY26

- The Indian market has emerged from the overdependence on the FII flows since FY20. From FY20 till now, DIIs have invested $273.7 Bn while FIIs have sold $11.1 Bn in the Indian market. Even with FII selling, our market remains resilient, and buying has been seen at every level, indicating the improvement in the risk appetite of the domestic investors and confidence in the India story.
- In Apr-Aug'26 DII buying continued, while FII remained net sellers. FIIs turned net buyers in July 26 after being net sellers since last 6 month. In August 2026 again FIIs turned net sellers though selling intensity has reduced. Notably, mutual fund SIP contributions in Jul'26 stood at Rs 31,961 Cr (Rs 27,269 Cr in Jun'25) as against Rs 30,954 Cr in May'26. Apr-June'26 DII buying continued, while FII remained net sellers. Notably, mutual fund SIP contributions in May'26 stood at Rs 31,110 Cr (Rs 27,300 Cr in Ap'25) as against Rs 32,087 Cr in Mar'26 and Rs 29,845 Cr in Feb'26.





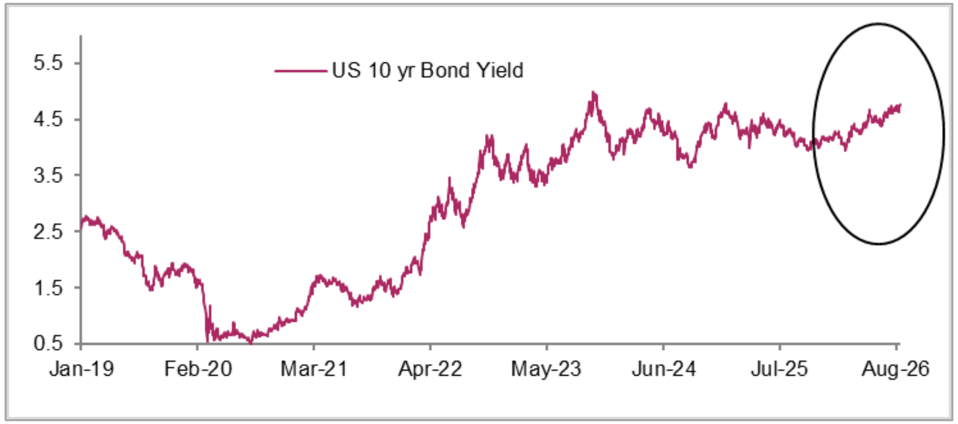


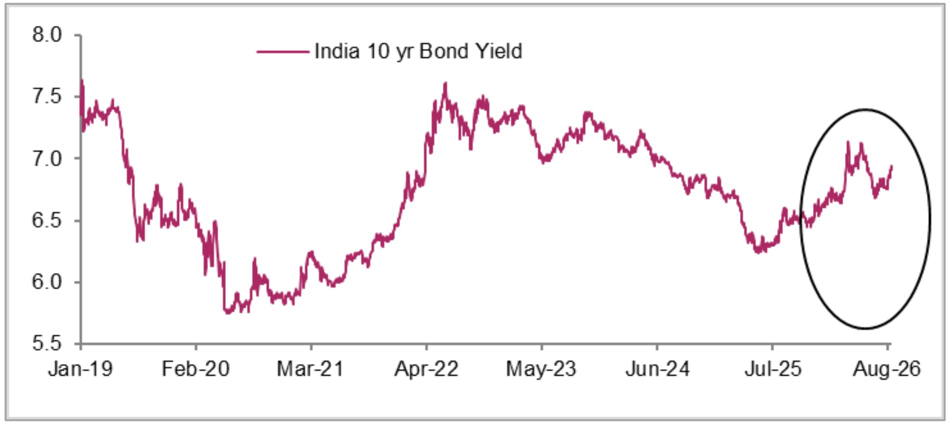


Source: Bloomberg, Axis Securities

Macro Continues to Drive Near-Term Market Fundamentals

- US 10 year bond yields have increased to 4.75% from 4.39% towards the end of Jun'26. Markets now price in nearly a 64% chance of a Fed rate hike by 25bps in September, 2026
- Indian bond yields rose to 6.85% in Aug 2026
- The correlation between the Indian and US markets continued to be decoupled and stood at -47% levels vs. the historical pattern of 70%.

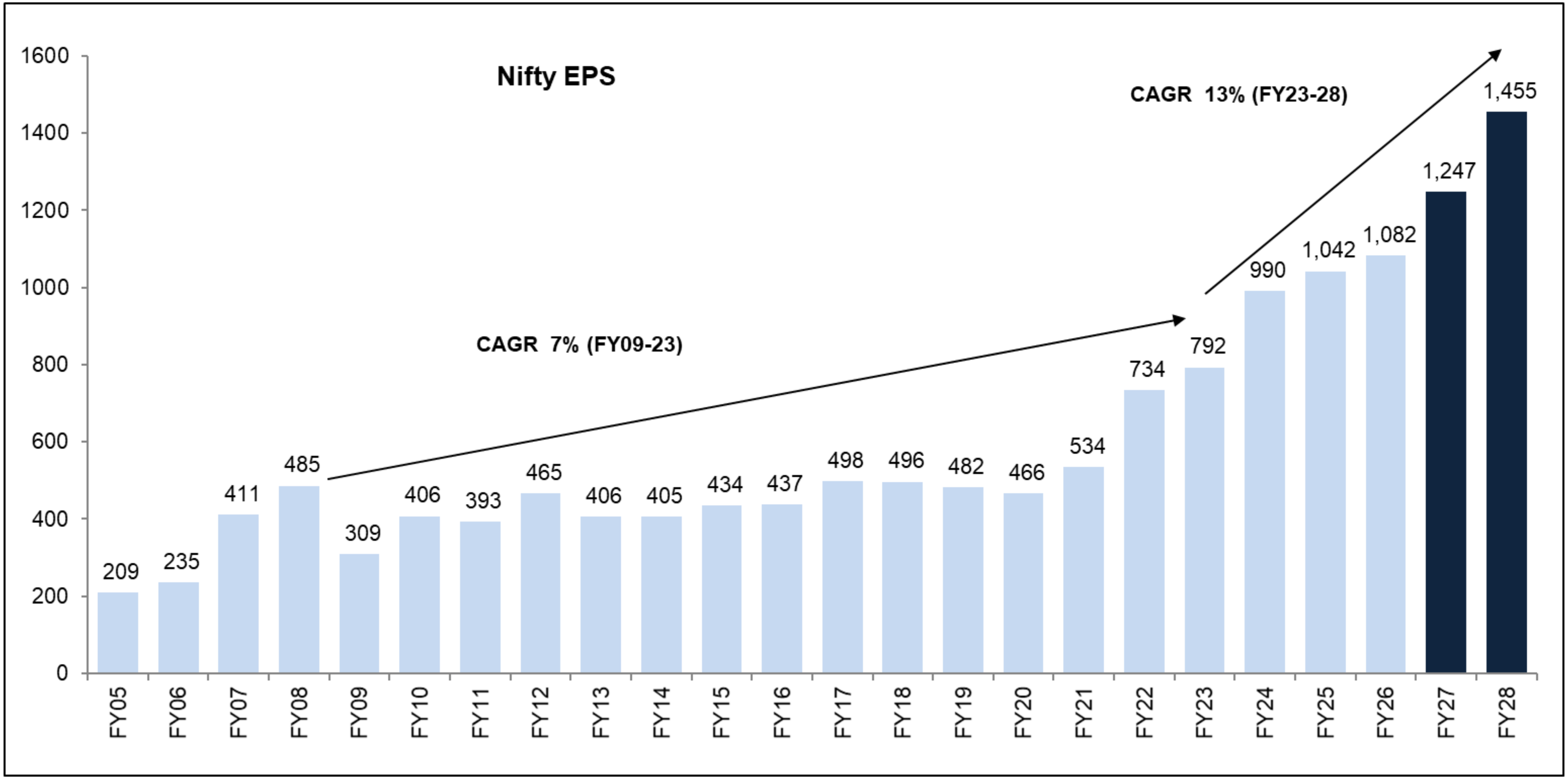




Source: Bloomberg, Axis Securities

NIFTY EPS Growth Expectation Remains Robust - Prolonged Middle East war is a significant risk to earnings

- Nifty EPS is expected to grow at 13% CAGR over FY23-FY28 vs. 7% CAGR over FY09-FY23.



Marginal increase FY27 and FY28 Nifty EPS by 0.3% each

- After Q1FY27, we foresee FY27/28 NIFTY Earnings at 1247/1,455. We have upgraded our FY27/fy28 Nifty EPS expectations by 0.3% each .The majority of the upgrades are related to Financials, IT, Oil & Gas and Telecom while downgrade were visible in Metals, Industrials and Automobile .
- Q1FY27 earnings were better than expectation reflecting improving business momentum. The near-term market outlook remains cautiously constructive despite elevated volatility. Indian equities continue to benefit from structural domestic growth drivers, strong government capex, healthy banking system balance sheets, formalization of the economy, and sustained domestic liquidity inflows. However, investors should remain mindful of rising geopolitical risks, elevated oil prices, monsoon uncertainty and currency volatility.

Nifty EPS	Post Q4FY26		Post Q1FY27		Chg post Q1FY27	
Sector	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Financial	531	629	548	638	3.2%	1.4%
IT	122	127	134	141	9.9%	11.2%
Oil & Gas	121	134	127	137	5.1%	2.2%
FMCG/Discretionary	74	89	69	88	-6.6%	-1.1%
Power	44	48	45	48	3.0%	-0.1%
Industrial	79	96	69	83	-12.6%	-13.3%
Pharma	33	41	32	40	-1.7%	-1.4%
Metals	109	119	99	107	-8.8%	-10.4%
Automobile	83	101	72	91	-13.5%	-10.3%
Cement	9	11	9	11	1.4%	-0.1%
Telecom	41	54	43	57	5.8%	6.1%
Total	**1,244**	**1,451**	**1,247**	**1,455**	**0.3%**	**0.3%**

Source: Bloomberg, Axis Securities

The Last 4 Quarters' Rolling Profits for NSE 500 (Sum of the Earnings of the Last 4 Quarters)

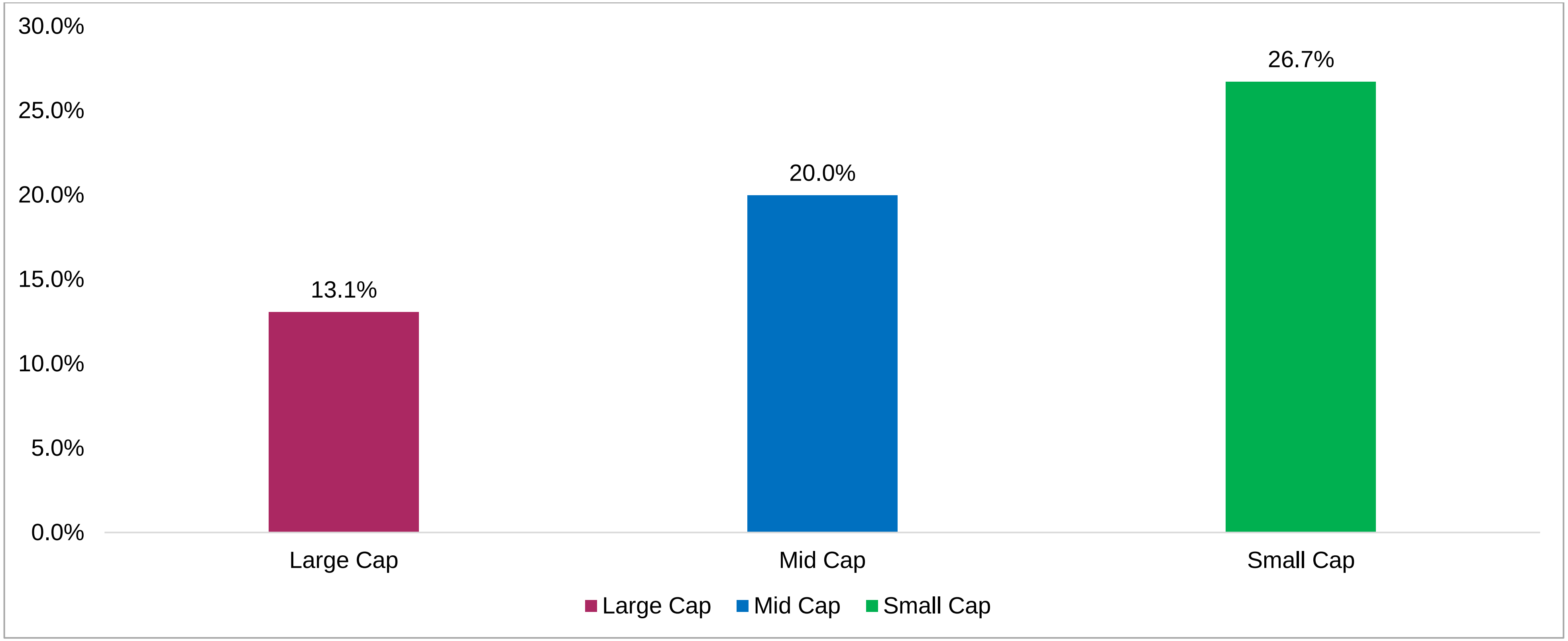
A few interesting findings from our study: Sector-wise:

- The last 4 quarters' cumulative net profit reached an all-time high in Q1FY27, crossing the mark of 17.35 Lc Cr.
- NSE 500 earnings grew by 11.6% YoY, indicating a broad-based recovery in earnings during the quarter. Auto, Metals, Financials, IT and industrials witnessed notable YoY growth, while Staples, Tele & Media and Transport witnessed decline.

Sector-wise Net profit for NSE 500 – Trailing 4 Quarters (In Cr)														
	Q2FY20	Q4FY23	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q-o-Q Growth %	Y-o-Y Growth %
Auto & Anc	36,212	43,028	68,426	70,977	72,945	73,813	75,509	77,647	84,321	88,623	92,462	93,194	0.8%	20.0%
Staples	34,044	49,516	48,309	50,298	49,873	50,775	69,875	70,478	70,070	74,705	61,087	60,596	-0.8%	-14.0%
Discretionary	18,283	30,085	30,085	33,752	35,517	37,134	38,828	36,400	29,207	30,731	32,127	36,001	12.1%	-1.1%
Financials	85,507	3,87,050	4,91,062	5,12,352	5,32,335	5,55,935	5,67,553	5,79,079	5,97,883	6,16,356	6,32,649	6,57,077	3.9%	13.5%
IT	81,462	1,14,293	1,22,274	1,24,997	1,29,644	1,33,100	1,32,401	1,35,566	1,43,461	1,39,716	1,45,314	1,49,557	2.9%	10.3%
Oil & gas	1,00,204	1,28,660	2,29,182	1,99,877	1,73,186	1,69,965	1,67,660	1,87,145	2,05,215	2,21,240	2,32,660	2,02,772	-12.8%	8.4%
Metals & min	58,266	88,438	87,823	91,399	1,01,569	1,00,859	1,11,935	1,16,729	1,19,285	1,23,257	1,47,955	1,60,511	8.5%	37.5%
Industrials	31,188	37,174	48,191	50,923	59,526	60,645	70,638	72,172	82,227	84,937	88,228	93,254	5.7%	29.2%
Build Mate	22,387	23,965	36,531	37,477	37,743	45,690	37,098	38,758	46,008	46,897	47,241	48,189	2.0%	24.3%
Healthcare	28,133	39,045	50,109	59,490	62,670	64,931	69,323	64,035	67,356	67,755	67,286	68,166	1.3%	6.5%
Utilities	27,165	59,631	74,954	71,391	67,802	68,312	72,397	74,382	76,201	76,250	81,064	84,021	3.6%	13.0%
Transport	2,462	4,152	13,326	13,307	12,377	11,988	13,445	12,705	11,014	9,704	4,919	3,574	-27.3%	-71.9%
Agri & Chem	12,424	31,842	17,428	16,874	17,128	19,783	23,502	24,661	24,003	23,692	22,154	23,829	7.6%	-3.4%
Tele & Media	-19,015	12,474	15,212	18,160	22,784	38,279	50,953	52,344	52,597	41,866	38,861	41,864	7.7%	-20.0%
Others	12,486	16,661	16,277	23,158	29,535	26,194	13,991	12,780	12,984	17,884	14,301	12,922	-9.6%	1.1%
Total	**5,31,208**	**10,66,015**	**13,52,675**	**13,74,433**	**14,04,634**	**14,57,405**	**15,15,109**	**15,54,882**	**16,21,832**	**16,63,611**	**17,08,308**	**17,35,527**	1.6%	11.6%
Ex Oil and Gas	**4,31,004**	**9,37,354**	**11,23,493**	**11,74,556**	**12,31,448**	**12,87,440**	**13,47,448**	**13,67,737**	**14,16,617**	**14,42,371**	**14,75,648**	**15,32,755**		
Total Growth		**2%**	**3%**	**2%**	**2%**	**4%**	**4%**	**3%**	**4%**	**3%**	**3%**	**2%**		
Growth ex Oil and Gas		**8%**	**4%**	**5%**	**5%**	**5%**	**5%**	**2%**	**4%**	**2%**	**2%**	**4%**		

Source: Bloomberg, Axis Securities, Note: Tata Motors, IRB and Vodafone are not included in the study.

Nifty 500 PAT Y-o-Y Growth (%)

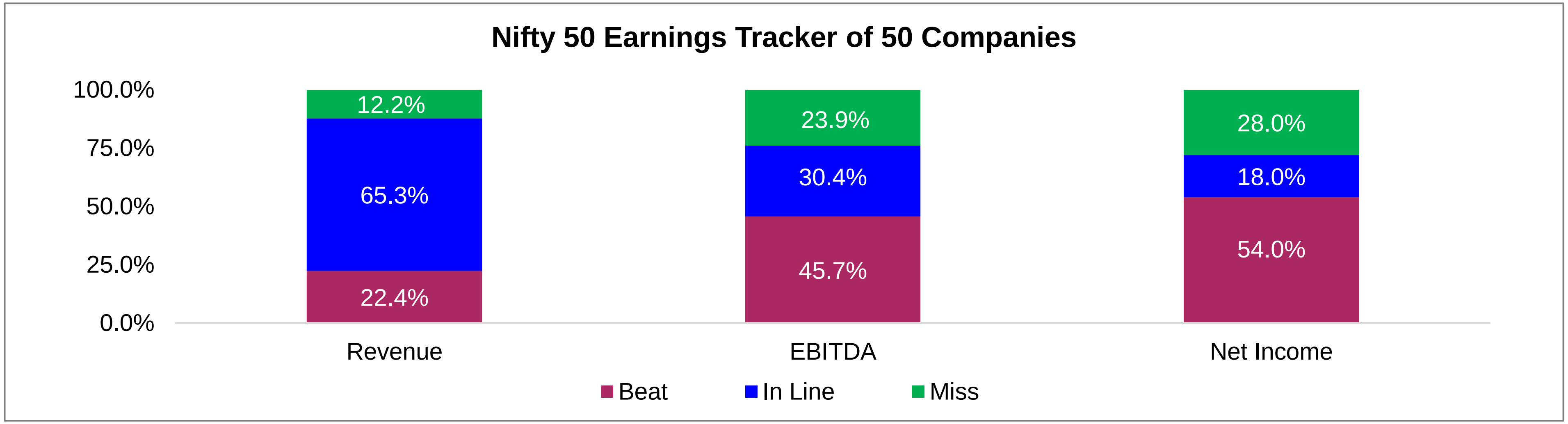


Source: Bloomberg, Axis Securities

Q1FY27 Earnings Performance: Earning Momentum Remained Strong

- 88% of Nifty 50 companies either beat or were in line with the revenue expectations, while 72% were either in line or beat the earnings expectations. The management commentaries are positive however lag effect of higher commodity price will also be reflected in Q2FY27. Nifty 50 earnings grew by 11% and Nifty 500 by 12%. Excluding Oil and Gas, small caps grew 27% YoY, Mid Cap 20% YoY and large caps 13% YoY while EBITDA margin contracted by 275 bps YoY to 17.5% primarily due to elevated commodity prices.

Nifty Q1FY27	Earnings			EBITDA			Revenue		
Results Out	BEAT	IN LINE	MISS	BEAT	IN LINE	MISS	BEAT	IN LINE	MISS
50	27	9	14	21	14	11	11	32	6



Source: Bloomberg, Axis Securities

BAJAJ FINANCE – SETTING THE BENCHMARK; WINNING THROUGH EXECUTION!

Bajaj Finance (BAF) is one of India's largest NBFCs for consumer finance with a wide product portfolio comprising loans for two-wheelers, consumer durables, housing, and small businesses, among others. The company operates its business through 1,550+ urban and 2,600+ rural lending branches, with over 2.3+ Lc distribution points, and caters to a customer base of 100+ Mn.

Industry view

Over Weight

CMP
1,057

Target Price
1,305

Upside
23%

Key Rationale

- **Asset Quality Continues to Strengthen; Credit Costs Trending Below Guidance**: Continued asset quality improvement was a positive callout during Q1. Credit costs (calc.) declined to 151bps vs 161bps QoQ, and barring the prudent Rs 2.96 Bn management overlay taken to account for geopolitical uncertainties and monsoon-related risks, credit costs would have settled at 131bps. Fresh Stage 2 and Stage 3 formation declined QoQ, with S2+S3 assets moderating further to 1.87% from 1.94% QoQ. BAF's portfolio vintages across 3/6/9-MOB buckets are now performing better than pre-COVID levels, which continues to remain its internal reference point. **While the management refrained from revising FY27 credit cost guidance despite a strong Q1 performance and favourable underlying asset quality trends, BAF acknowledged that current trends are materially better than expected and indicated that a reassessment could follow after Q2, assuming performance sustains**. The management reiterated its conservative risk framework, noting that it continuously benchmarks portfolio performance against bureau data across product lines, while maintaining internal 30/60 dpd delinquency thresholds at just 30-40% of industry levels.
- **Improving Operational Efficiency to Drive Cost Ratio Improvement:** In Q1, Opex growth was marginally elevated given BAF's accelerated investments in expanding its gold and MFI distribution capabilities. In FY27, BAF expects to scale up its Gold Loan branches to 2700-2800 (vs 1,701 currently) and MFI branches to 520-550 (vs 447 presently). **However, as this impact continues to smooth out through FY27, the management remains confident of Opex-NTI improving by 25-40bps in FY27**. The management believes continued investments in customer centricity, AI, and digital capabilities will structurally lower acquisition costs, servicing expenses, and credit costs over the medium term, thereby improving operating efficiency. **BAF will continue to strengthen its distribution network, adding 200-250 branches (150-175 in FY27) annually.**
- **Strong Start to FY27 with Multiple Growth Engines Supporting Upside Potential:** BAF reiterated its AUM growth guidance of 22-24% for FY27 while acknowledging that the business has started the year with significantly stronger-than-expected momentum. For FY27, Management also guided for 18–20mn new customer additions and 60–62mn new loan bookings in FY27, reflecting confidence in sustaining healthy franchise and portfolio growth. **All lending engines are now firing simultaneously, with broad-based traction across consumer businesses, gold loans and other retail segments, while the MSME portfolio is expected to return to growth by Q3FY27 following the completion of portfolio recalibration.** AI-led customer acquisition is also emerging as a meaningful growth driver, with voice bots and AI-based data conversion contributing nearly 20% of personal loan originations. The company also plans to launch 2 new lines of business in Jan/Feb'27.
- **Outlook & Valuation:** BAF remains well-positioned to sustain its robust growth trajectory, supported by a diversified product portfolio, strong customer acquisition, and disciplined risk management. Asset quality continues to strengthen, with credit costs gradually improving, thereby supporting strong earnings growth. The management maintained its FY27 guidance despite a strong start to the year, reflecting its conservative stance, while indicating that a reassessment could follow after Q2 if current trends persist. We make minor tweaks to our FY27-28E NII estimates while expecting NIMs to move with a slight negative bias. However, margin pressures should be adequately offset by improving efficiency and well-contained credit costs, driving strong earnings growth, thereby making us revise our earnings estimates higher by 2-3% over FY27-28E. We expect BAF to deliver a robust AUM/NII/Earnings growth of 24/22/27% CAGR over FY26-29E, while delivering superior RoA/RoE of 4.5+%/20-22% over the medium term.
- **Key Risks:** a) Slowdown in credit growth momentum, b) Asset Quality challenges in newer segments

Key Financials (Consolidated)

Y/E Mar (Rs Bn)	NII (Rs Bn)	PPOP (Rs Bn)	PAT (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY26	441	355	193	31.1	185.8	6.1	4.2	0.4
FY27E	534	431	261	41.9	219.5	5.2	4.6	0.4
FY28E	653	528	321	51.6	260.9	4.4	4.6	0.4
FY29E	807	654	398	64.1	311.8	3.7	4.6	0.4

Source: Company, Axis Securities

Income Statement **(Rs Bn)**

Y/E March	FY26	FY27E	FY28E	FY29E
Net Interest Income	**441**	**534**	**653**	**807**
Other Income	92	113	134	158
Total Income	**533**	**647**	**787**	**965**
Total Operating Expense	178	216	259	311
PPOP	**355**	**431**	**528**	**654**
Provisions & Contingencies	95	81	97	120
PBT	**260**	**349**	**431**	**534**
Provision for Tax	65	89	110	136
PAT	**193**	**261**	**321**	**398**

Source: Company, Axis Research

Balance Sheet **(Rs Bn)**

Y/E March	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS				
Share capital	6	6	6	6
Reserves and Surplus	1,170	1,384	1,647	1,973
Shareholders' funds	**1,176**	**1,390**	**1,653**	**1,980**
Borrowings	4,351	5,516	6,865	8,528
Other Liabilities and provisions	72	90	111	137
Total liabilities	**5,600**	**6,997**	**8,630**	**10,645**
APPLICATION OF FUNDS				
Cash & Bank Balance	158	197	243	300
Investments	306	375	463	571
Advances	4,989	6,181	7,633	9,427
Fixed Assets & Other Assets	147	244	291	348
Total assets	**5,600**	**6,997**	**8,630**	**10,645**

Source: Company, Axis Research

Valuation Ratios (%)

Y/E March	FY26	FY27E	FY28E	FY29E
EPS	31.1	41.9	51.6	64.1
Earnings growth (%)	*1,050.4*	*34.8*	*23.2*	*24.0*
BVPS	189.1	223.5	265.9	318.4
Adj. BVPS	185.8	219.5	260.9	311.8
ROAA (%)	4.2	4.6	4.6	4.6
ROAE (%)	18.0	20.4	21.2	22.0
P/E (x)	36.7	27.2	22.1	17.8
P/ABV (x)	6.1	5.2	4.4	3.7
Dividend Yield (%)	*0.5*	*0.7*	*0.8*	*1.0*
PROFITABILITY & OPERATING EFFICIENCY				
NIM (%)	8.8	8.7	8.7	8.7
Cost/Avg. Asset Ratio (%)	3.5	3.4	3.3	3.2
Cost-Income Ratio (%)	33.3	33.4	32.9	32.2

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E March	FY26	FY27E	FY28E	FY29E
Loan Growth (%)	21.6	23.9	23.5	23.5
Borrowings Growth (%)	20.4	26.8	24.4	24.2
Equity/Assets (%)	23.6	22.5	21.7	21.0
Equity/Advances (%)	21.0	19.9	19.2	18.6
Total Capital Adequacy Ratio	21.6	20.9	20.0	19.2
ASSET QUALITY				
Gross NPLs (Rs Bn)	51	62	76	101
Net NPLs (Rs Bn)	21	25	31	41
Gross NPLs (%)	1.0	1.0	1.0	1.1
Net NPLs (%)	0.4	0.4	0.4	0.4
Coverage Ratio (%)	59.7	60.0	60.0	60.1
Provision/Avg. Loans (%)	2.1	1.5	1.4	1.4
ROAA TREE				
Net Interest Income	8.6	8.5	8.4	8.4
Non-Interest Income	1.8	1.8	1.7	1.6
Operating Cost	3.5	3.4	3.3	3.2
Provisions	1.8	1.3	1.2	1.2
Tax	1.3	1.4	1.4	1.4
ROAA	3.8	4.2	4.1	4.1
Leverage (x)	4.7	4.9	5.1	5.3
ROAE	18.0	20.4	21.2	22.0

Source: Company, Axis Research

Varun Beverages – Geared For Growth

VBL is a key player in the global beverage industry and the second-largest franchisee of PepsiCo worldwide (outside the US), with operations across 10 countries under franchise rights and an additional 4 countries under distribution rights. The company contributes ~90% of PepsiCo's beverage sales volume in India, which remains its largest market, accounting for ~73% of net revenues in CY24. VBL holds franchise rights for PepsiCo products in Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini and DRC along with distribution rights in Namibia, Botswana, Mozambique, and Madagascar.

Industry view

Equal Weight

CMP
400

Target Price
530

Upside
32%

Key Rationale

- **Volume-led Growth, Margin Weighed by Twizza:** In Q2CY26 Consolidated volumes increased 19.8% YoY to 466.7 Mn cases, driven by healthy growth in India (+14.4%) and international markets (+38.4%). Domestic demand remained strong, aided by the onset of the season, despite a muted April, while consolidated realisations improved 1.2% YoY, supported by better pricing in international markets. Although revenue delivered a healthy ~20% YoY growth, EBITDA margins fell short of street expectations, primarily due to the consolidation of the Twizza business in South Africa, which currently operates at structurally lower margins than VBL's core India business.
- **International operations continued to scale steadily**, led by Africa, with volumes growing 38.4% in Q2CY26, Further, the acquisition of Twizza was fully completed, helping de-bottleneck capacity constraints, accelerate manufacturing capacity, and strengthen market positioning. International volumes included 11.8 Mn cases from the acquisition of Twizza during the quarter. Management is optimistic about the African subcontinent, viewing it as a major growth driver for the international business. The company is further expanding its international footprint through the acquisition of Devyani Food Industries (Kenya), which provides a ready Go-To-Market (GTM) infrastructure in Kenya to expand into carbonated soft drinks and energy drinks.
- **Beer Pilot Adds a New Growth Lever:** VBL entered the beer and alcoholic beverages market through a strategic exclusive distribution agreement with Carlsberg to test market and sell beer in select African subsidiaries. The low-capex, test-and-learn approach supports portfolio diversification and strengthens presence in key growth markets.
- **VBL strengthens ties with PepsiCo till 2049:** VBL and PepsiCo revised their exclusive bottling and trademark license agreement in India, extending the partnership term till 30th April, 2049, and removing previous SPV limitations to grant VBL greater operational flexibility to pursue new growth-specifically by sharing distribution, production, and supply chain resources across multiple beverage lines to lower operating costs and boost overall profitability.
- **Outlook**: VBL is poised to maintain its strong growth trajectory, driven by multiple levers: 1) Strengthening foot fold in South Africa with acquisition of Twizza and Crickley; 2) Expansion of its snacks portfolio beyond India, particularly in Zimbabwe and Zambia; 3) Continued efforts to enhance distribution reach with a focus on rural penetration; 4) Ongoing distribution expansion and adequate capacity position the company well to sustain growth; 5) Ongoing expansion of the high-margin Sting energy drink (launched Sting Classic – Gold & Black & Sting in Cans), along with a sharper focus on value-added dairy, sports drinks (Gatorade), and juice categories; and 6) Entry into alcoholic beverages. These strategic initiatives are set to support sustained revenue and margin expansion. We expect revenue/EBITDA/PAT to grow at 20%/18%/23% CAGR over CY25-28E

Key Financials (Consolidated)

Y/E Dec (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
CY25	20,835	5,049	3,036	9.0	44.9	27.3	15.7	16.1
CY26E	24,500	5,225	3,337	9.9	41.3	25.9	15.1	15.0
CY27E	29,784	6,588	4,348	12.9	31.7	20.2	17.0	17.2
CY28E	36,277	8,340	5,658	16.7	24.4	15.5	18.6	19.2

Source: Company, Axis Securities

Profit & Loss (Rs Cr)

Y/E DEC	CY25	CY26E	CY27E	CY28E
Net sales	**20,835**	**24,500**	**29,784**	**36,277**
Growth, %	7.1	17.6	21.6	21.8
Other operating income	851	936	1,029	1,132
Total income	21,685	25,435	30,813	37,409
Raw material expenses	(9,715)	(11,659)	(13,874)	(16,510)
Employee expenses	(2,201)	(2,894)	(3,704)	(4,741)
Other Operating expenses	(4,720)	(5,658)	(6,647)	(7,818)
EBITDA (Core)	**5,049**	**5,225**	**6,588**	**8,340**
Growth, %	7.2	3.5	26.1	26.6
Margin, %	24.2	21.3	22.1	23.0
Depreciation	(1,216)	(1,160)	(1,235)	(1,310)
EBIT	**3,833**	**4,065**	**5,353**	**7,030**
Growth, %	1.8	6.1	31.7	31.3
Margin, %	18.4	16.6	18.0	19.4
Other Income	352	388	419	452
Non-recurring Items	-	-	-	-
Pre-tax profit	**4,016**	**4,368**	**5,691**	**7,405**
Tax provided	(948)	(1,031)	(1,343)	(1,747)
Net Profit	**3,068**	**3,337**	**4,348**	**5,658**
Unadj. shares (Cr)	338	338	338	338

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E DEC	CY25	CY26E	CY27E	CY28E
Cash & bank	1,998	4,456	7,156	11,117
Debtors	1,249	671	816	994
Inventory	2,952	3,471	4,220	5,140
Loans & advances	1,178	1,178	1,178	1,178
Other current assets	512	512	512	512
Total current assets	7,889	10,288	13,881	18,941
Investments	11	11	11	11
Gross fixed assets	23,768	25,268	26,768	28,268
Less: Depreciation	(6,841)	(8,001)	(9,236)	(10,546)
Add: Capital WIP	266	266	266	266
Net fixed assets	17,193	17,533	17,798	17,988
Non-current assets	302	302	302	302
Total assets	**25,559**	**28,297**	**32,155**	**37,405**
Current liabilities	4,067	4,313	4,669	5,106
Provisions	190	190	190	190
Total current liabilities	4,257	4,504	4,859	5,296
Non-current liabilities	1,560	1,560	1,560	1,560
Total liabilities	5,817	6,064	6,419	6,856
Paid-up capital	676	676	676	676
Reserves & surplus	18,902	21,394	24,897	29,710
Shareholders' equity	19,741	22,233	25,736	30,549
Total equity & liabilities	**25,558**	**28,297**	**32,155**	**37,405**

Source: Company, Axis Research

Cash Flow (Rs Cr)

Cash Flow	CY25	CY26E	CY27E	CY28E
Pre-tax profit	4,016	4,368	5,691	7,405
Depreciation	1,216	1,160	1,235	1,310
Chg in working capital	(703)	305	(538)	(661)
Total tax paid	(821)	(1,031)	(1,343)	(1,747)
Cash flow from operating activities	**3,708**	**4,802**	**5,045**	**6,307**
Capital expenditure	(3,788)	(1,500)	(1,500)	(1,500)
Change in marketable securities	-	-	-	-
Cash flow from investing activities	**(3,793)**	**(1,500)**	**(1,500)**	**(1,500)**
Free cash flow	(85)	3,302	3,545	4,807
Equity raised/(repaid)	-	-	-	-
Dividend (incl. tax)	(227)	(845)	(845)	(845)
Cash flow from financing activities	**(495)**	**(845)**	**(845)**	**(845)**
Net chg in cash	(580)	2,457	2,700	3,962
Opening cash balance	2,450	1,998	4,456	7,156
Closing cash balance	1,998	4,456	7,156	11,117

Source: Company, Axis Research

Ratio Analysis (%)

Key Ratios	CY25	CY26E	CY27E	CY28E
Per Share data				
EPS (INR)	9.0	9.9	12.9	16.7
Growth, %	16.4	8.8	30.3	30.1
Book NAV/share (INR)	57.9	65.3	75.7	89.9
FDEPS (INR)	9.1	9.9	12.9	16.7
CEPS (INR)	12.7	13.3	16.5	20.6
CFPS (INR)	9.5	13.1	13.7	17.3
DPS (INR)	0.7	2.5	2.5	2.5
Return ratios				
Return on assets (%)	13.3	12.7	14.7	16.5
Return on equity (%)	15.7	15.1	17.0	18.6
Return on capital employed (%)	16.1	15.0	17.2	19.2
Turnover ratios				
Asset turnover (x)	1.1	1.2	1.4	1.7
Receivable days	21.9	10.0	10.0	10.0
Inventory days	51.7	51.7	51.7	51.7
Payable days	30.7	29.8	30.2	30.6
Working capital days	32.0	22.6	25.2	27.3
Liquidity ratios				
Current ratio (x)	1.9	2.4	3.0	3.7
Quick ratio (x)	1.2	1.6	2.1	2.7
Interest cover (x)	22.6	47.9	66.5	91.9
Total debt/Equity (%)	0.1	0.1	0.1	0.1
Net debt/Equity (%)	(0.1)	(0.3)	(0.4)	(0.5)
Valuation				
PER (x)	44.9	41.3	31.7	24.4
PEG (x) - y-o-y growth	2.7	4.7	1.0	0.8
Price/Book (x)	7.0	6.2	5.4	4.5
EV/Net sales (x)	6.6	5.5	4.5	3.6
EV/EBITDA (x)	27.3	25.9	20.2	15.5

Source: Company, Axis Research

KOTAK MAHINDRA BANK LTD – POISED FOR SUSTAINED, HIGH-QUALITY GROWTH AND RoA IMPROVEMENT

Kotak Mahindra Bank (KMB) is one of India's leading diversified financial services groups, offering a broad range of solutions across customer segments and geographies. Through its subsidiaries, the bank operates in investment banking, equity broking, securities-backed lending, and vehicle financing. It serves retail customers (including salaried and self-employed), small businesses, NRIs, institutions, and government entities, supported by a strong focus on convenience, innovation, and digital-first offerings.

Industry view

Equal weight

CMP
419

Target Price
500

Upside
19%

Key Rationale

- **Unsecured Portfolio Stabilises; Gradual Scale-up Ahead**: KMB continues to prioritise profitable, quality-led growth, with credit growth driven by Corporate and SME segments, while the unsecured retail portfolio is showing early signs of recovery. Management highlighted that portfolio clean-up and underwriting recalibration have strengthened franchise quality, with personal loans, credit cards and MFI expected to see gradual acceleration. **Gold loans remain a key secured growth lever, while the bank remains selective in CV, tractor and unsecured business lending.** Corporate and SME businesses continue to witness healthy momentum, supported by granular working capital demand, relationship-led banking and disciplined underwriting. **Over the medium term, management remains confident of delivering loan growth ahead of the system while maintaining its prudent risk framework.**
- **Credit Costs Contained; Asset Quality Stable:** Credit costs remained contained at 46bps, with a marginal QoQ increase due to seasonal stress in the tractor and CV portfolio. Management expects CV slippages to decline as collections improve, while trends in the unsecured retail portfolio continue to strengthen following underwriting recalibration. **The bank reiterated that the ECL transition impact would remain manageable, with a <2% net worth one-time impact and a 12–15bps steady-state impact on credit costs.**
- **Operating Leverage Playing Out:** KMB's opex growth was well contained at 8% YoY, driving C-A Ratio improvement to 2.66% vs 2.83% YoY. This reflects the benefit accruing from investments made towards automation, digitisation, and operating leverage kicking in. The management indicated that investment towards tech will continue (tech costs account for ~13% of total opex). The bank remains committed to driving further efficiency gains through automation, supporting sustainable operating leverage over the medium term
- **Core NIMs Maintained; Improvement Levers Present:** In Q1, KMB maintained core NIMs at 4.53% (flat since Q2FY26) vs 4.54% QoQ (adjusted for day-count anomaly). The steady CoF (+1bps QoQ) was a result of sustained improvement in liability mix and efforts towards granular deposit mobilisation, while a disciplined and agile pricing approach on both assets and liabilities supported spreads. **The bank reiterated that the views expressed around margin compression were more from an industry perspective and not KMB-specific**. While the management refrained from giving a NIM guidance, margin movement would largely be a function of its ability to mobilise CASA deposits and resume growth in the unsecured segments amidst tighter risk filters.
- **Outlook & Valuation:** KMB remains well positioned to deliver ~17% loan CAGR over FY26–29E, supported by continued strength in secured lending, calibrated scaling-up of unsecured businesses and the Deutsche Bank India retail acquisition. Improving asset quality should keep credit costs well contained, while healthy fee income, operating leverage and stable margins driven by granular liability mobilisation support a sustainable 2%+ RoA over the medium term. The ongoing MD & CEO transition remains a key monitorable, though management expects a seamless succession process.
- **Key risks:** a) Slowdown in overall credit momentum which could potentially derail the bank's earnings, b) Focus on unsecured growth may improve margins but could pressure asset quality.

Key Financials (Standalone)

Y/E Mar	NII (Rs Bn)	PPOP (Rs Bn)	Net Profit (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY26	300	221	140	14.1	134.8	2.9	1.9	0.3
FY27E	338	261	170	17.1	151	2.6	2	0.3
FY28E	400	318	203	20.4	170.3	2.3	2	0.3
FY29E	468	378	242	24.3	193.3	2.0	2.1	0.3

Source: Company, Axis Securities.

Profit & Loss (Rs Bn)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Net Interest Income	**300**	**338**	**400**	**468**
Other Income	116	140	163	191
Total Income	416	478	563	659
Total Operating Exp.	196	217	246	281
PPOP	**221**	**261**	**318**	**378**
Provisions & Contingencies	35	34	48	55
Exceptional Items	0	0	0	0
PBT	**186**	**227**	**270**	**323**
Provision for Tax	46	57	68	81
PAT	**140**	**170**	**203**	**242**

Source: Company, Axis Research

Balance Sheet (Rs Bn)

Y/E MAR	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS				
Share capital	10	10	10	10
Reserves and Surplus	1,342	1,506	1,700	1,932
Shareholders' funds	1,353	1,517	1,711	1,943
Deposits	5,725	6,660	7,765	9,071
Borrowings	325	512	654	798
Other Liabilities, provisions	428	454	529	617
Total liabilities	**7,830**	**9,143**	**10,659**	**12,429**
APPLICATION OF FUNDS				
Cash & Bank Balance	841	873	1,017	1,187
Investments	1,725	2,134	2,488	2,906
Advances	4,960	5,818	6,784	7,903
Fixed Assets & Other Assets	304	318	371	432
Total assets	**7,830**	**9,143**	**10,659**	**12,429**

Source: Company, Axis Research

KEY RATIOS (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
VALUATION RATIOS				
EPS	14.1	17.1	20.4	24.3
Change (%)	*-14.9*	*21.5*	*19.0*	*19.5*
BVPS	136.0	152.5	172.1	195.4
Adj. BVPS	134.8	151.0	170.3	193.3
ROAA (%)	1.9	2.0	2.0	2.1
ROAE (%)	11.1	11.9	12.6	13.2
P/E (x)	27.7	22.8	19.1	16.1
P/ABV (x)	2.9	2.6	2.3	2.0
PROFITABILITY				
NIM (%)	4.6	4.5	4.6	4.6
Cost-Assets Ratio	2.7	2.6	2.5	2.4
Cost-Income Ratio	47.0	45.4	43.6	42.6

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Loan Growth (%)	16.2	17.3	16.6	16.5
Deposit Growth (%)	14.7	16.3	16.6	16.8
C-D Ratio (%)	86.6	87.4	87.4	87.1
Equity/Assets	17.3	16.6	16.1	15.6
Equity/Loans	27.3	26.1	25.2	24.6
ASSET QUALITY				
Gross NPLs (%)	1.2	1.2	1.2	1.2
Net NPLs (%)	0.3	0.3	0.3	0.3
PCR	79.0	78.0	78.0	78.0
Credit Cost	0.8	0.6	0.8	0.8

Source: Company, Axis Research

BHARTI AIRTEL LTD – HIGHEST ARPU IN THE INDUSTRY

Bharti Airtel (Airtel), headquartered in New Delhi, is an Indian multinational telecommunications company operating in 18 countries across South Asia, Africa, and the Channel Islands. It is India's second-largest telecom operator, boasting a strong domestic presence and a comprehensive digital services portfolio that includes fibre optic networks, mobile and desktop telephony, and other digital solutions.

Industry view

Over Weight

CMP
1,812

Target Price
2,530

Upside
40%

Key Rationale

- **Strong Subscriber Gains & ARPU Momentum:** The Indian mobile business delivered strong growth during the quarter driven by solid customer additions and plan upgrades. The company added 3.3 Mn revenue-earning users along with 5 Mn smartphone data users. Moreover, postpaid performance hit a major milestone with 1 Mn new additions, one of the highest quarterly increases ever, taking postpaid users to over 8% of the total customer base. Average Revenue Per User (ARPU) reached Rs 264, supported by 5G adoption, higher data usage, customer premiumization and an extra day in the calendar quarter. Management highlighted that long-term ARPU growth depends on repairing the industry's tariff structure mainly by moving toward charging directly for higher data consumption instead of offering unlimited data at low price points.
- **Focus on Network Expansion & B2B Strategy:** Bharti Airtel continues to focus on its transport network by expanding cable capacity, connecting data centres, and expanding its existing 139,000 km optical fibre backbone. Moreover, its capital expenditure allocation is actively redirecting to fibre transport, homes, and data centres as its Radio Capex moderates while standalone 5G Capex remains modest and software-led. Airtel Business is capturing high-margin connectivity, B2B, and IoT demand while navigating lower margins in expanding cloud and CPaaS operations.
- **AI Deployment Enhances Cost Efficiencies:** The company is integrating agentic AI platforms to enhance speed, safety, privacy, and cost-efficiency. During the period, it executed 7.7 Bn Next Best Actions across channels, blocked over 93 Mn spam calls and 4 Bn spam messages, prevented access to 1.4 Mn throttling links, and handled 309 Mn call centre interactions via Voice Bot. A patented Small Language Model was deployed on the endpoint handsets of 30,000 field engineers to standardise workmanship and repairs, eliminating cloud inferencing costs of Rs 300–450 Mn.
- **Africa Business to Become a Key Growth Driver:** During Q1FY27, Africa continued to deliver strong growth, with 5.7% sequential constant currency revenue growth while Bharti Airtel increased its stake in the business to over 79% through a share swap transaction. Management believes Africa offers a significant long-term opportunity due to its low telecom, smartphone and broadband penetration, similar to India's growth phase a decade ago. Airtel is also expanding its growth platforms through Airtel Money, which recorded over $400 Mn in quarterly revenue and is preparing for a London listing, while Indus Towers is bringing its low-cost tower and energy management model to three African markets.
- **Valuation & Recommendation:** Based on SOTP valuation, we maintain our **BUY** rating on the stock, driven by the company's superior margins, impressive subscriber growth, and increased 4G conversions.
- **Key risks:** a) Competitors may eat into the company’s market share, resulting in loss of sustainable revenue.

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY25	1,72,985	93,159	37,481	61.5	29.4	38.3	17.7	13.9
FY26	2,10,973	1,19,675	33,823	55.5	32.6	25.7	13.9	10.7
FY27E	2,46,739	1,40,267	44,924	73.7	24.5	27.3	15.8	8.6
FY28E	2,81,058	1,59,360	55,756	91.5	19.8	27.8	17.5	7.1

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	**1,72,985**	**2,10,973**	**2,46,739**	**2,81,058**
Change (YoY, %)	15	22	17	14
Operating expenses	**79,826**	**91,298**	**1,06,472**	**1,21,698**
EBITDA	**93,159**	**1,19,675**	**1,40,267**	**1,59,360**
Change (YoY, %)	*19.0*	*28.5*	*17.2*	*13.6*
Margin (%)	53.9	56.7	56.8	56.7
Depreciation	45,570	52,711	57,310	60,548
EBIT	**47,589**	**66,964**	**82,957**	**98,811**
Interest paid	21,754	21,555	22,334	22,961
Other income	1,574	2,817	3,353	3,654
PBT	**34,696**	**44,808**	**63,623**	**79,504**
Tax	917	11,350	18,263	23,212
Effective tax rate (%)	3%	25%	29%	29%
Share of JV/Associate	3,703	(365)	(435)	(536)
Exceptional items	7,287	3,418	353	-
Net profit	**37,481**	**33,823**	**44,924**	**55,756**
Reported EPS	**62**	**55**	**74**	**91**
Adjusted net profit	**44,768**	**37,240**	**44,571**	**55,756**
Change (YoY, %)	2	(17)	20	25
Adj EPS	**50**	**49**	**73**	**91**
Dividend per share	16	24	24	24
Dividend Payout (%)	26	26	26	26

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Share capital	2,900	3,047	3,047	3,047
Reserves & surplus	1,10,772	1,46,010	1,76,828	2,18,680
Shareholders' funds	1,13,672	1,49,057	1,79,875	2,21,727
Total Debt	1,48,312	1,21,671	1,01,671	89,671
Other liabilities	75,589	81,598	81,598	81,598
Current Liabilities & provisions	**1,80,440**	**1,74,506**	**2,04,340**	**2,22,373**
Current liabilities	1,00,837	1,17,136	1,34,636	1,47,678
Provisions	36,155	35,783	51,404	58,554
Total liabilities	3,60,893	3,56,188	3,69,309	3,77,501
Total equity & liabilities	**5,14,360**	**5,52,152**	**6,00,781**	**6,54,953**
Net fixed assets	1,43,272	1,57,066	1,42,756	1,28,207
Investments	544	1,139	1,139	1,139
Other non-current assets	3,03,376	3,03,732	3,03,732	3,03,732
Current assets	**67,589**	**90,216**	**1,53,155**	**2,21,875**
Inventories	452	601	601	601
Sundry Debtors	7,456	7,978	9,330	10,628
Cash & Liquid	16,720	30,377	84,536	1,49,098
Other Current Assets	16,195	26,834	34,262	37,122
Total assets	**5,14,781**	**5,52,152**	**6,00,781**	**6,54,953**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Pre tax	**38,399**	**45,173**	**63,187**	**78,968**
Depreciation	45,570	52,711	57,310	60,548
Change in working capital	32,840	(14,904)	21,054	13,875
Other operating activities	12,893	15,321	18,628	19,307
Cash flow from operations (a)	**1,28,785**	**86,950**	**1,41,916**	**1,49,486**
Capital expenditure	1,14,460	(66,504)	(43,000)	(46,000)
Chg in investments	3,142	5,064	-	-
Other investing activities	(2,41,359)	(3,617)	3,353	3,654
Cash flow from investing (b)	**(1,23,756)**	**(65,058)**	**(39,647)**	**(42,346)**
Equity raised/(repaid)	24	147	-	-
Debt raised/(repaid)	(604)	1,230	(16,714)	(9,840)
Dividend (incl. tax)	(9,751)	(14,627)	(14,977)	(14,977)
Chg in minorities	16,251	7,111	4,691	4,128
Other financing activities	(10,568)	(2,096)	(21,110)	(21,888)
Cash flow from financing (c)	**(4,649)**	**(8,235)**	**(48,111)**	**(42,578)**
Net change in cash (a+b+c)	380	13,657	54,159	64,563
Opening cash balance	16,340	16,720	30,377	84,536
Closing cash balance	16,720	30,377	84,536	1,49,098

Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY25	FY26	FY27E	FY28E
Book Value (Rs)	187	245	295	364
Adj EPS (Rs)	50	49	73	91
Adj EPS growth (%)	86	-2	50	25
EBITDA margin (%)	54	57	57	57
Pre-tax margin (%)	20	21	26	28
Debt/Equity (x)	0.9	0.7	0.5	0.3
ROCE (%)	18	14	16	18
ROE (%)	38	26	27	28
Financial leverage ratios				
Debt / Equity (x)	0.9	0.7	0.5	0.3
Interest Coverage (x)	4.3	5.6	6.3	6.9
Interest / Debt (%)	18	21	24	29
Working Capital & Liquidity Ratio				
Inventory days	0	0	0	53
Receivable days	16	14	14	37
Payable days	79	77	77	61
Valuation ratio				
PER (x)	29	33	25	20
Adjusted PER (x)	29	33	25	20
P/BV (x)	10.6	8.1	6.7	5.4
EV/EBITDA (x)	13.9	10.7	8.6	7.1
Market Cap. / Sales (x)	7.0	5.7	4.9	4.3

Source: Company, Axis Securities Research

ICICI BANK LIMITED – STEADY SHIP AMIDST TURBULENT MACROS; BEST ROA DELIVERY AMONGST PEERS

ICICI Bank (ICICIBC) is one of the largest private sector banks in India with business operations spread across Retail, Corporate, and Insurance. It is supported by a strong liability franchise and a healthy retail corporate mix. The bank's subsidiaries such as ICICI Venture Funds, ICICI Pru AMC, ICICI Securities, ICICI Prudential, and ICICI Lombard are among the leading companies in their respective domains.

Industry view

Over Weight

CMP
1,454

Target Price
1,800

Upside
24%

Key Rationale

- **NIMs Hold Well; Range-Bound Stance Intact:** In Q1, ICICIB's NIMs surprised positively, improving marginally by 4bps QoQ despite slightly higher seasonal slippages and healthy corporate book growth. Adjusting for the impact of IT refund (8bps in Q1 vs 7/5bps YoY/QoQ), underlying margins remained steady QoQ. Management has attributed the bank's solid performance on NIMs to its disciplined deposit and loan pricing and effective balance sheet management. Management indicated that NIM movements are a confluence of multiple factors, including systemic liquidity and interest rate movements. While wholesale funding rates had hardened during May'26, they have eased considerably since then. Given the current environment and considering no rate actions, management expects NIMs to remain range-bound. The traction on FCNR (B) deposit mobilisation and the related leverage could have some bearing on NIMs going ahead. We believe ICICIB's margins will be maintained in a tight range of 4.3-4.4% over FY27-29E
- **Asset Quality Resilient:** ICICIB continued to deliver industry-leading asset quality metrics, with credit costs well contained at 32bps in Q1. Management highlighted that the reported credit cost benefited from a one-off NCLT-led recovery and reiterated that normalised credit costs are expected to remain around ~50bps going forward. Management also remained confident that the ECL transition impact is expected to be manageable, as the one-time impact will be adequately absorbed by existing provisioning buffers. From a steady-state impact perspective, the ECL requirement to provide for Stage 2 assets may push credit costs slightly higher, but this could be partly offset by lower Stage 3 provisioning.
- **Credit Growth-Broad-Based; Momentum Sustainable Through FY27:** ICICIB delivered robust advances growth of 20/5% YoY/QoQ, the strongest among large private banks, led by Business Banking (+28%), Rural (+35%) and Domestic Corporate (+18%), while Retail grew at a relatively slower 12% YoY. Corporate growth was driven by healthy working capital demand and a shift from bond market funding, with management reiterating its disciplined risk approach. Business banking momentum remains strong, supported by stable asset quality, while retail growth is expected to improve as personal loan disbursements normalize. Management expects improving system-wide credit demand, aided by fiscal and monetary support, to sustain healthy growth through FY27. We model a healthy ~17% loan CAGR over FY26–29E.
- **Outlook & Valuation:** ICICIB continues to distinguish itself from its peers through its consistent execution capability, underpinned by well-diversified growth, superior asset quality performance, resilient and well-managed margin delivery, and robust operating efficiency. Incremental levers such as FCNR(B) mobilisation, healthy corporate demand at reasonable pricing, and continued traction in business banking should further support the bank's growth trajectory. ICICIB has consistently demonstrated its ability to outperform peers even during periods of heightened uncertainty, reinforcing the strength of its franchise and its execution capabilities. **Consequently, we believe the bank continues to deserve its premium valuations vs peers, and remains our preferred pick amongst the large private banks. We expect superior RoA/RoE delivery of 2.3% (+/-5bps)/16-18% to continue over FY27-29E.**
- **Key risks:** a) Significant slowdown in credit growth

Key Financials (Standalone)

Y/E Mar	NII (Rs Bn)	PPOP (Rs Bn)	Net Profit (Rs Bn)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY26	881	716	501	70.0	431.6	3.3	2.2	0.4
FY27E	1,032	870	593	82.6	500.1	2.9	2.3	0.4
FY28E	1,203	1,025	691	96.4	581.3	2.5	2.3	0.3
FY29E	1,398	1,201	811	113.0	676.2	2.1	2.3	0.3

Source: Company, Axis Securities.

Profit & Loss (Rs Bn)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Net Interest Income	**881**	**1,032**	**1,203**	**1,398**
Other Income	308	364	417	477
Total Income	**1,188**	**1,396**	**1,620**	**1,875**
Total Operating Exp.	472	525	595	673
PPOP	**716**	**870**	**1,025**	**1,201**
Provisions & Contingencies	54	84	109	126
PBT	**662**	**786**	**917**	**1,075**
Provision for Tax	161	193	225	264
PAT	**501**	**593**	**691**	**811**

Source: Company, Axis Research

Balance Sheet (Rs Bn)

Y/E MAR	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS				
Share capital	14	14	14	14
Reserves and surplus	3,359	3,865	4,455	5,146
Shareholders' funds	**3,374**	**3,880**	**4,470**	**5,160**
Total Deposits	17,946	20,721	23,928	27,633
Total Borrowings	19,196	22,447	26,479	30,682
Other Liabilities, provisions	1,155	1,348	1,584	1,835
Total	**23,725**	**27,675**	**32,533**	**37,676**
APPLICATION OF FUNDS				
Cash & Bank Balance	2,303	2,079	2,640	3,049
Investments	4,922	6,118	7,185	8,297
Advances	15,539	18,356	21,390	24,804
Fixed Assets & Other Assets	961	1,121	1,318	1,526
Total Assets	**23,725**	**27,675**	**32,533**	**37,676**

Source: Company, Axis Research

KEY RATIOS (%)

Y/E MAR	FY26	FY27E	FY28E	FY28E
VALUATION RATIOS				
EPS	70.0	82.6	96.4	113.0
Earnings Growth (%)	*5.6*	*18.0*	*16.6*	*17.3*
BVPS	471.1	540.8	623.0	719.2
Adj. BVPS	431.6	500.1	581.3	676.2
ROAA (%)	2.2	2.3	2.3	2.3
ROAE (%)	15.9	16.3	16.6	16.8
P/E (x)	20.5	17.4	14.9	12.7
P/ABV (x)	3.3	2.9	2.5	2.1
Dividend Yield (%)	*0.8*	*0.9*	*1.1*	*1.2*
PROFITABILITY				
NIM (%) – Domestic	4.3	4.4	4.4	4.4
Cost-Asset Ratio	2.1	2.1	2.1	2.0
Cost-Income Ratio	39.7	37.6	36.7	35.9

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E MAR	FY26	FY27E	FY28E	FY28E
Loan Growth (%)	15.8	18.1	16.5	16.0
Deposit Growth (%)	11.4	15.5	15.5	15.5
C-D Ratio (%)	86.6	88.6	89.4	89.8
Equity to Assets (%)	14.2	14.0	13.7	13.7
Equity to Loans (%)	21.7	21.1	20.9	20.8
CRAR (%)	17.2	16.8	16.2	16.0
Tier I (%)	16.4	16.1	15.6	15.5
ASSET QUALITY				
Gross NPLs (%)	1.5	1.4	1.4	1.4
Net NPLs (%)	0.4	0.4	0.3	0.3
PCR	75.8	75.0	75.0	75.0
Credit cost	0.4	0.5	0.5	0.5

Source: Company, Axis Research

Nestle India Ltd – LONG TERM STORY REMAINS INTACT

Nestlé India manufactures and markets a wide range of food and beverage products, including milk and milk products, coffee, tea, noodles, chocolates, confectionery, and infant nutrition. Some of its popular brands in India include Maggi, Nescafé, KitKat, MilkyBar, and Nestle Everyday. Furthermore, it recently acquired Purina Petcare to enter into the pet care business and launched Gerber Cereals to drive the premiumisation agenda. The company operates a robust distribution network that covers both urban and rural areas of India.

Industry view

Equal Weight

CMP
1,497

Target Price
1,765

Upside
18%

Key Rationale

- **Strong volume-led Performance:** Nestlé India reported robust revenue growth of 25.4% YoY, driven by double-digit volume expansion. Growth was led by strong momentum across confectionery, beverages, prepared dishes, pet food, and the Milk and Nutrition portfolio. MAGGI noodles continued to witness strong traction, supported by deeper market penetration. EBITDA increased approximately 40% YoY, with margins expanding 249 bps to 24.2%, driven by a 219 bps YoY expansion in gross margins. Exports remained resilient, supporting revenue growth with a healthy 35.6% increase despite geopolitical headwinds.
- **Demand Environment:** Commodity trends remain mixed. Coffee prices are expected to remain stable, supported by healthy crop production in Brazil and Vietnam, although weather-related disruptions and speculative fund activity may lead to near-term volatility. Cocoa and sugar prices are likely to remain firm due to weather-related supply concerns and lower crop estimates. Edible oil prices remain elevated but stable, while wheat and milk prices are expected to remain range-bound. The protein complex, particularly dairy-based proteins, continues to face inflationary pressure as demand outpaces supply.
- **GST Reforms–A Structural Positive:** The proposed GST rate reduction to 5% on packaged foods, dairy products, noodles, pasta, sauces, and ketchup is expected to enhance affordability and stimulate discretionary demand. Nestlé, with its wide presence in these categories, stands to be a key beneficiary, particularly in noodles and cooking aids.
- **Outlook-** The long-term outlook for Nestlé India remains constructive, supported by a favourable demand environment and the positive consumption impulse expected from GST 2.0 reforms. The company's growth strategy is anchored on multiple structural levers: (1) deeper rural penetration and market share gains through its RURBAN strategy; (2) a sustained focus on innovation, with 125 product launches over the past seven years; (3) continued premiumisation across core categories, including differentiated offerings within the MAGGI noodles portfolio; (4) expansion into emerging growth categories such as Nespresso, Purina Pet Care, and Gerber's toddler nutrition; (5) the rollout of a D2C platform to strengthen consumer engagement; and (6) a renewed focus on its rapidly growing nutraceutical portfolio. With these initiatives progressing steadily, we believe the company is well positioned to deliver sustained long-term growth. **Hence, we maintain our BUY rating on the stock.**

Key Financials (Standalone)

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY26	23,071	5,306	3,424	17.8	83.0	81.3	45.4
FY27E	26,735	6,289	4,057	21.0	70.1	74.3	50.1
FY28E	31,266	7,585	4,958	25.7	57.3	71.4	49.8
FY29E	36,630	9,175	6,076	31.5	46.8	63.6	48.2

Source: Company, Axis Securities.

Profit & Loss (Rs Cr)

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E	FY29E
Net sales	**23,071**	**26,735**	**31,266**	**36,630**
Growth, %	15	16	17	17
Other operating income	83	91	101	111
Total income	23,155	26,827	31,367	36,741
Raw material expenses	(10,341)	(11,892)	(13,676)	(15,728)
Employee expenses	(2,166)	(2,642)	(3,144)	(3,742)
Other Operating Expenses	(5,341)	(6,003)	(6,961)	(8,096)
EBITDA (Core)	**5,306**	**6,289**	**7,585**	**9,175**
Growth, %	11	19	21	21
Margin, %	23	24	24	25
Depreciation	(699)	(697)	(779)	(861)
EBIT	**4,607**	**5,592**	**6,807**	**8,315**
Growth, %	9	21	22	22
Margin, %	20	21	22	23
Interest paid	(158)	(159)	(160)	(162)
Other Income	40	48	53	59
Non-recurring Items	(121)	-	-	-
Pre-tax profit	**4,368**	**5,482**	**6,700**	**8,211**
Tax provided	(1,065)	(1,425)	(1,742)	(2,135)
Profit after tax	**3,303**	**4,057**	**4,958**	**6,076**
Unadj. shares (Cr)	193	193	193	193

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E	FY29E
Cash & bank	1,341	1,768	3,568	6,667
Marketable securities at cost	-	-	-	-
Debtors	329	293	343	401
Inventory	2,569	2,977	3,482	4,079
Loans & advances	80	80	80	80
Other current assets	340	340	340	340
Total current assets	4,660	5,458	7,813	11,568
Investments	706	706	706	706
Gross fixed assets	8,538	9,538	10,538	11,538
Less: Depreciation	(3,069)	(3,766)	(4,544)	(5,405)
Add: Capital WIP	507	507	507	507
Net fixed assets	5,976	6,279	6,500	6,640
Non-current assets	1,195	1,195	1,195	1,195
Total assets	**12,535**	**13,637**	**16,213**	**20,108**
Current liabilities	4,970	4,378	4,912	5,544
Provisions	2,824	3,272	3,827	4,483
Total current liabilities	7,794	7,650	8,739	10,027
Non-current liabilities	528	528	528	528
Total liabilities	8,322	8,178	9,267	10,555
Paid-up capital	193	193	193	193
Reserves & surplus	4,021	5,266	6,754	9,360
Shareholders' equity	4,214	5,459	6,947	9,553
Total equity & liabilities	**12,535**	**13,637**	**16,213**	**20,108**

Source: Company, Axis Research

Cash flow (Rs Cr)

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E	FY29E
Pre-tax profit	4,368	5,482	6,700	8,211
Depreciation	699	697	779	861
Chg in working capital	428	(515)	534	632
Total tax paid	(1,013)	(1,425)	(1,742)	(2,135)
Other operating activities	-	-	-	-
Cash flow from operating activities	**4,483**	**4,238**	**6,271**	**7,569**
Capital expenditure	(29)	(1,000)	(1,000)	(1,000)
Chg in investments	-	-	-	-
Chg in marketable securities	-	-	-	-
Other investing activities	-	-	-	-
Cash flow from investing activities	**(29)**	**(1,000)**	**(1,000)**	**(1,000)**
Free cash flow	4,454	3,238	5,271	6,569
Equity raised/(repaid)	96	274	-	-
Debt raised/(repaid)	(2)	-	-	-
Dividend (incl. tax)	(2,459)	(3,085)	(3,470)	(3,470)
Other financing activities	-	-	-	-
Cash flow from financing activities	**(2,364)**	**(2,811)**	**(3,470)**	**(3,470)**
Net change in cash	2,090	427	1,800	3,099
Opening cash balance	96	1,341	1,768	3,568
Closing cash balance	1,341	1,768	3,568	6,667

Source: Company, Axis Research

Ratios (%)

Y/E Mar	FY26	FY27E	FY28E	FY29E
EPS (Rs)	17.8	21.0	25.7	31.5
Growth, %	(43.4)	18.5	22.2	22.6
Book NAV/share (Rs)	21.9	28.3	36.0	49.5
FDEPS (Rs)	17.8	21.0	25.7	31.5
CEPS (Rs)	22.0	24.7	29.8	36.0
CFPS (Rs)	26.9	21.7	32.2	39.0
DPS (Rs)	12.8	16.0	18.0	18.0
Return ratios				
Return on assets (%)	27.8	32.2	34.3	34.3
Return on equity (%)	81.3	74.3	71.4	63.6
Return on capital employed (%)	45.4	50.1	49.8	48.2
Turnover ratios				
Asset turnover (x)	4.6	5.8	5.8	6.6
Sales/Total assets (x)	1.9	2.0	2.1	2.0
Sales/Net FA (x)	3.7	4.4	4.9	5.6
Receivable days	5.2	4.0	4.0	4.0
Inventory days	40.6	40.6	40.6	40.6
Payable days	64.6	52.1	52.6	53.2
Working capital days	(26.1)	(9.4)	(7.8)	(6.4)
Liquidity ratios				
Current ratio (x)	0.9	1.2	1.6	2.1
Quick ratio (x)	0.4	0.6	0.9	1.4
Interest cover (x)	29.1	35.3	42.5	51.4
Total debt/Equity (%)	0.0	0.0	0.0	0.0
Valuation				
PER (x)	83.0	70.1	57.3	46.8
PEG (x) - y-o-y growth	(1.9)	3.8	2.6	2.1
Price/Book (x)	67.4	52.1	40.9	29.7
EV/Net sales (x)	12.3	10.6	9.0	7.6
EV/EBITDA (x)	53.3	44.9	37.0	30.2
EV/EBIT (x)	61.4	50.5	41.2	33.4

Source: Company, Axis Research

Eternal Ltd – REDEFINING THE CONSUMPTION INDUSTRY

Eternal Limited, formerly Zomato Limited, operates as an Internet portal that helps in connecting users, restaurant partners/third-party merchants, and delivery partners. The company has an asset-light business model based on aggregating demand and supply while enabling efficient last-mile logistics, creating strong network effects, and high user engagement. It consists of four major businesses, namely Zomato, Blinkit, District, and Hyperpure.

Industry view

Over Weight

CMP
328

Target Price
390

Upside
19%

Key Rationale

- **Food Delivery Maintains Strong Momentum with Higher Margins:** Food delivery NOV grew 20.1% YoY to Rs 10,769 Cr, marking the fourth consecutive quarter of accelerating growth. Adjusted EBITDA rose 34% YoY to Rs 606 Cr, with the margin reaching a record 5.6% of NOV, which is at the upper end of the company's long-term 5–6% guidance. Management believes growth and profitability can continue to improve together, as growth is being driven by better products rather than higher customer acquisition spending. Average monthly transacting customers increased to 27.2 Mn from 25.4 Mn in Q4FY26. The company has also discontinued reporting GOV, as NOV better reflects the underlying performance of the business.
- **Hyperpure Turns Profitable while Other Businesses Remain in Investment Phase:** Hyperpure revenue grew 27% YoY and 6% QoQ to Rs 1,034 Cr, marking its first positive adjusted EBITDA of Rs 6 Cr (0.6% margin) compared with a loss of Rs 18 Cr last year. Others segment, including Bistro, Nugget, and community (enterprise AI product) initiatives, reported a higher loss of Rs 94 Cr due to continued investments, mainly in Nugget. In the long run, management intends to scale up or shut down based on performance and data.
- **District Vertical Continues to Expand Geographies and New Offerings:** During the quarter, the District's going-out NOV grew 60% YoY (18% QoQ) to Rs 3,218 Cr, which is above its long-term growth guidance of 30%+. Management said the strong performance was not driven by seasonality, as the IPL was also part of the base quarter. Adjusted EBITDA losses narrowed to Rs 65 Cr, -2.0% of NOV from -2.7% a year ago. The platform continued to expand its key offerings across restaurants, movies, retail, events and activities. District targets a smaller, higher-spending demographic compared to food delivery, reflecting higher wallet share with a narrow footprint of cities. Management sees potential upside to its FY30 NOV target of $3 Bn.
- **Blinkit remains key leg of growth:** Blinkit quick commerce NOV grew 86% YoY (19% QoQ) to Rs 17,132 Cr, supported by seasonal demand and continued expansion. The company added 200 net new stores, taking the total to 2,443. Adjusted EBITDA turned positive to Rs 102 Cr (0.6% of NOV) compared with a loss of Rs 162 Cr a year ago, marking the fifth consecutive quarter of profitability improvement. Management also increased its CapEx guidance to ₹2.5 crore per store, reflecting investments across stores, warehouses, and the broader supply chain. Their, Inventory losses have stabilized at ~1.8% of NOV, indicating improving operational efficiency also its Net working capital is expected to normalize at ~12 days from the current 14 days, supported by improved inventory management.
- **Sustainable Customer Engagement And Disciplined Capital Allocation:** The company's overall Customer engagement continues to strengthen, with older cohorts spending nearly 3x more than three years ago, aided by higher order frequency rather than larger basket sizes. Management expects AOV to remain broadly stable as customers increasingly use the platform for frequent, daily purchases. Meanwhile, the incremental Capex is being deployed towards supply chain and warehousing expansion to support market penetration, with a continued focus on maintaining healthy returns on capital.
- **Valuation & Recommendation:** Based on SOTP Valuation, we maintain our **BUY rating on the stock**, driven by the company's transition to adj. EBITDA positive in key verticals, strong scalability potential, and continued expansion into adjacent consumption categories.
- **Key risks:** a) Slowdown in discretionary spending; b) Competitors may eat into market share, resulting in loss of sustainable revenue.

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY25	20,243	637	527	0.61	537.7	2.1%	2.4%	397.3
FY26	54,364	1,208	366	0.38	863.1	1.2%	1.8%	214.0
FY27E	89,343	2,477	1,508	1.56	210.2	4.8%	5.1%	40.7
FY28E	1,20,504	3,282	2,670	2.76	118.8	7.9%	7.9%	30.1

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	**20,243**	**54,364**	**89,343**	**1,20,504**
Change (YoY, %)	67.1	168.6	64.3	34.9
Operating expenses	**19,606**	**53,156**	**86,867**	**1,17,222**
EBITDA	**637**	**1,208**	**2,477**	**3,282**
Change (YoY, %)	NA	89.6	105	32.5
Margin (%)	3.1	2.2	2.8	2.7
Depreciation	863	1,597	1,798	1,858
EBIT (incl. Other income)	**851**	**1,007**	**2,505**	**3,954**
Interest paid	154	392	416	440
Other income	1,077	1,396	1,827	2,531
Pre-tax profit	**697**	**615**	**2,090**	**3,514**
Tax	170	249	582	843
Effective tax rate (%)	24	40	28	24
Share of associates	0	0	0	0
Net profit	**527**	**366**	**1,508**	**2,670**
Exceptional items	0	0	0	0
Adjusted net profit	**527**	**366**	**1,508**	**2,670**
Change (YoY, %)	50.1	-30.6	312	77.1
Adj. EPS	**0.6**	**0.4**	**1.6**	**2.8**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Share capital	907	919	919	919
Reserves & surplus	28,157	30,061	31,569	34,239
Shareholders' funds	30,317	30,980	32,488	35,158
Total Debt	0	0	0	0
Other liabilities	1,987	4,091	3,989	3,989
Current Liabilities & Provisions	**3,326**	**5,672**	**7,626**	**9,357**
Current liabilities	2,874	4,928	6,882	8,613
Provisions	452	744	744	744
Total liabilities	5,313	9,763	11,615	13,346
Total equity & liabilities	**35,623**	**40,736**	**44,095**	**48,497**
Net fixed assets	965	2,033	2,103	2,173
Investments	10,920	9,742	9,742	9,742
Other non-current assets	12,037	13,261	13,261	13,261
Current assets	**11,701**	**15,700**	**18,989**	**23,320**
Inventories	176	2,181	3,584	4,834
Sundry Debtors	1,946	1,764	2,899	3,910
Cash & Liquid	3,614	1,523	2,274	4,344
Other Current Assets	5,965	10,232	10,232	10,232
Total assets	**35,623**	**40,736**	**44,095**	**48,497**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Pre tax	**527**	**366**	**1,508**	**2,670**
Depreciation	863	1,597	1,798	1,858
Chg in working capital	(2,117)	(3,744)	(585)	(530)
Other operating activities	(60)	593	387	(232)
Cash flow from operations (a)	**(1,650)**	**(2,785)**	**1,310**	**1,908**
Capital expenditure	(1,541)	(2,665)	**(1,000)**	**(1,000)**
Chg in investments	(3,017)	1,138	-	-
Other investing activities	(1,252)	212	1,827	2,531
Cash flow from investing (b)	**(5,810)**	**(1,315)**	**827**	**1,531**
Equity raised/(repaid)	609	(1,241)	**-**	**-**
Debt raised/(repaid)	1,120	2,104	(102)	-
Dividend (incl. tax)	-	-	-	-
Chg in minorities	-	-	-	-
Other financing activities	8,614	1,146	(1,284)	(1,369)
Cash flow from financing (c)	**10,343**	**2,009**	**(1,386)**	**(1,369)**
Net change in cash (a+b+c)	2,883	(2,091)	751	2,070
Opening cash balance	731	3,614	1,523	2,274
Closing cash balance	3,614	1,523	2,274	4,344

Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY25	FY26	FY27E	FY28E
Book Value (Rs)	35	32	34	36
Adj EPS (Rs)	1	0	2	3
Adj EPS growth (%)	50.14	-37.6	312.0	77.1
EBITDA margin (%)	3.1	2.2	2.8	2.7
Pre-tax margin (%)	3.4	1.1	2.3	2.9
Debt/Equity (x)	-	-	-	-
ROCE (%)	2	2	5	8
ROE (%)	2	1	5	8
Financial leverage ratios				
Debt / Equity (x)	-	-	-	-
Interest Coverage (x)	5.5	2.6	6.0	7.5
Interest / Debt (%)	-	-	-	-
Working Capital & Liquidity Ratio				
Inventory days	3	14	14	14
Receivable days	35	12	12	12
Payable days	27	20	20	20
Valuation ratio				
PER (x)	537.7	863.1	210.2	118.8
Adjusted PER (x)	537.7	863.1	210.2	118.8
P/BV (x)	8.1	8.8	8.4	7.8
EV/EBITDA (x)	397.3	214.0	40.7	30.1
Market Cap. / Sales (x)	12.7	4.8	1.2	0.9

Source: Company, Axis Securities Research

Dalmia Bharat Ltd – Capacity Expansion and Profitable Growth to Drive Margins

Dalmia Bharat Limited (DBL), established in 1939, has emerged as one of the fastest-growing players in the Indian cement sector. It holds a 5% share of Indias cement capacity in its operational areas. DBL boasts a total cement production capacity of 54.7 million tonnes per annum (mtpa), a clinker capacity of 30.4 mtpa, and a power generation capacity of 397 MW, including waste heat recovery systems (WHRS) and solar power. The companys operations extend across 18 locations in India, encompassing integrated plants and 10 grinding units, supported by a robustt distribution network of over 46,000 channel partners nationwide.

Industry view

Equal Weight

CMP
1,856

Target Price
2,260

Upside
22%

Key Rationale

- **Capacity Expansion to Drive Volume Growth:** Dalmia Bharat is well positioned to deliver above-industry growth through its ongoing expansion projects and the acquisition of JP Cement's Central India assets. The company is on track to increase cement capacity to 67mt by Q3FY28, while the acquired assets are expected to contribute meaningfully from Q3FY27. This enhanced capacity footprint should support sustained volume growth, market share gains and operating leverage over the medium term. These expansions, coupled with a current utilisation of ~61% (offering strong operating leverage), are expected to drive growth, with the company projected to deliver ~6% volume CAGR over FY25–FY28E.
- **Improving Profitability through Premiumisation and Cost Leadership:** The company continues to strengthen its earnings profile through an increasing share of premium cement, which now contributes 25% of total sales, alongside disciplined pricing. Simultaneously, initiatives such as fuel mix optimisation, renewable energy adoption, procurement efficiencies and operational improvements generated cost savings of over Rs150/tonne during the quarter. These measures are expected to cushion input cost volatility and support gradual margin expansion. Accordingly, we estimate EBITDA margins in the range of 19–21% over FY27–FY28E.
- **Healthy Industry Outlook with Strong Balance Sheet:** Management remains optimistic on the domestic cement sector, expecting around 7% industry demand growth in FY27, driven by infrastructure spending and housing demand. Despite the JP Cement acquisition, the company maintains a healthy financial position with Net Debt/EBITDA of 1.47x, providing sufficient flexibility to fund future growth. Supported by a robust demand outlook, disciplined capital allocation and steady execution, Dalmia Bharat remains well-placed to deliver sustainable earnings growth over the coming years.
- **Outlook:** Management remains optimistic on both the near-term and long-term outlook for the Indian cement industry. The company expects industry demand to grow around 7% in FY27, supported by sustained public infrastructure spending, healthy economic growth, rising construction activity, and stable macroeconomic conditions. Dalmia Bharat aims to grow at least in line with industry demand through its existing operations, while incremental volumes from acquisitions and greenfield expansions are expected to enable it to outperform overall industry growth.
- We remain positive on the company's long-term growth prospects and expect it to deliver Volume, Revenue, EBITDA, and PAT CAGRs of 6%, 10%, 15%, and 22%, respectively, over FY25–FY28E, driven by capacity expansion, market share gains, and improved operational efficiencies. However, cement pricing remains a key monitorable.
- **Valuation:** The stock is currently trading at 12x and 10x FY27E/FY28E EV/EBITDA and EV/tonne of $83 and $61. The valuation remains attractive compared to other larger peers. We maintain our BUY rating on the stock with a TP of Rs 2,260/share, implying an upside of 22% from the CMP.
- **Key risks:** a) Lower realisation and demand in its key markets, b) Delay in capacity expansion and higher input costs may impact margins.

Key Financials

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBIDTA (x)	ROE (%)	ROCE (%)
FY25E	13,980	2,407	796	36	57	17	4	6
FY26	14,804	3083	1165	61	29	11	6	7
FY27E	16,623	3,166	1,000	53	33	12	5	7
FY28E	18,374	3,645	1,230	66	27	10	6	7

Source: Company, Axis Securities

Profit & Loss (Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	13,980	14,804	16,623	18,374
Other operating income	0	0	0	0
Total income	13,980	14,804	16,623	18,374
Raw Material	2,328	2,338	2,514	2,740
Power & Fuel	2,903	2,980	3,695	4,028
Freight & Forwarding	3,286	3,234	3,739	4,075
Employee benefit expenses	885	894	956	1,052
Other Expenses	2,171	2,275	2,553	2,834
EBITDA	**2,407**	**3,083**	**3,166**	**3,645**
Other income	253	222	249	257
PBIDT	2,660	3,305	3,415	3,903
Depreciation	1,331	1,349	1,471	1,626
Interest & Fin Chg.	399	480	587	613
E/o income / (Expense)	-	-	-	-
Pre-tax profit	930	1,476	1,357	1,664
Tax provision	118	293	339	416
RPAT	812	1,183	1,018	1,248
Minority Interests	16	18	18	18
Associates	-	-	-	-
APAT after EO item	**796**	**1,165**	**1,000**	**1,230**

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Total assets	30,226	33,312	34,448	35,737
Net Block	19,228	21,302	23,156	24,286
CWIP	2,497	2,593	2,593	2,593
Investments	675	773	773	773
Wkg. cap. (excl cash)	736	762	852	943
Cash / Bank balance	158	224	205	138
Misc. Assets	6,932	7,658	6,869	7,005
Capital employed	30,226	33,312	34,448	35,737
Equity capital	38	38	38	38
Reserves	17,336	17,941	18,847	19,984
Minority Interests	126	144	162	180
Borrowings	5,258	6,752	8,752	8,752
Def tax Liabilities	2,036	2,237	2,237	2,237
Other Liabilities and Provisions	5,432	6,200	4,411	4,547

Source: Company, Axis Research

Cash Flow (Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Profit before tax	817	1,449	1,357	1,664
Depriciation	1,331	1,349	1,471	1,626
Interest Expenses	399	480	587	613
Non operating/ EO item	-258	-206	-249	-257
Change in W/C	-230	-659	-90	-92
Income Tax	-71	-99	-339	-416
Operating Cash Flow	2,117	2,278	2,737	3,138
Capital Expenditure	-2,664	-2,056	-3,325	-2,756
Investments	-54	-47	1,000	-
Others	371	82	249	257
Investing Cash Flow	-2,270	-3,023	-2,075	-2,499
Borrowings	648	1,531	-	-
Interest Expenses	-444	-446	-587	-613
Dividend paid	-169	-169	-94	-94
Others	-20	-108	-	-
Financing Cash Flow	2	81	-68	-71
Change in Cash	-192	63	-19	-67
Opening Cash	341	149	212	193
Closing Cash	149	212	193	126

Source: Company, Axis Research

Ratio Analysis (%)

Key Ratios	FY25	FY26	FY27E	FY28E
Operational Ratios				
Sales growth	-5%	6%	12%	11%
OPM	17%	21%	19%	20%
Op. profit growth	-8%	28%	3%	15%
COGS / Net sales	61%	58%	60%	59%
Overheads/Net sales	22%	21%	21%	21%
Depreciation / G. block	4.5%	5.2%	5.1%	5.1%
Effective interest rate	7.6%	7.1%	6.7%	7.0%
Efficiency Ratios				
Total Asset turnover (x)				
Sales/Gross block (x)	0.46	0.44	0.48	0.51
Sales/Net block(x)	0.47	0.57	0.57	0.58
Working capital/Sales (x)	0.73	0.69	0.72	0.76
Valuation Ratios	0.21	0.20	0.12	0.11
P/BV (x)				
PER (x)				
EV/Ebitda (x)	1.87	1.86	1.77	1.67
EV/Sales (x)	48	30	34	27
EV/Tonne $ (x)	14.1	11.6	12.3	10.7

Source: Company, Axis Research

LG ELECTRONICS LTD – High Voltage Growth Story

LG Electronics is the market leader in India across major home appliances and consumer electronics. The company holds leadership positions across several key product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwave ovens. Its strong presence in the offline channel is particularly significant, as this segment accounts for nearly 80% of the total value of the major home appliances and consumer electronics market in India (excluding mobile phones).

Key Rationale

- **Market Leader:** LG Electronics India delivered a strong performance in Q1FY27, reporting net sales of Rs 7,233 Cr (up 15.5% YoY). The quarter was highlighted by a 106 bps YoY EBITDA margin expansion to 12.5% and net profit growth of 27.2% YoY to Rs 653 Cr, driven by structural premiumisation, operating leverage, and calibrated price adjustments. The Home Entertainment (HE) segment grew 22.3% YoY, boosted by 55-inch+ televisions (which now account for ~50% of total TV sales), while Home Appliances & Air Solutions (HA) rose 13.6% YoY. Concurrently, the Essential Series continues to expand market share in Tier-2/3 regions at standard B2C margin levels.
- **Structural Margin Levers & Localisation:** Expanding local manufacturing serves as a major efficiency driver and currency hedge. LG targets increasing localisation to 65% (up from 55.2%). Profitability is further bolstered by restricted domestic compressor import limits and higher-margin export operations, which expanded 30% YoY in Q1 across 65 countries.
- **Diversified Revenue:** LG is also building multiple high-growth verticals that can diversify revenue streams. High-margin ancillary channels—including B2B solutions, information displays (36% market share), commercial ACs, and long-term data-centre cooling solutions—continue to build recurring momentum. B2B operations remain on a target trajectory of a 20% CAGR.
- **Outlook & Guidance:** Management maintains strong optimism for FY27, guiding for mid-teen revenue growth along with early double-digit EBITDA margins. Demand momentum across Home Appliances and Home Entertainment is expected to stay healthy throughout the fiscal year. Televisions and washing machines are projected to be key growth drivers in H2FY27, backed by aggressive festive season demand and event-led buying. The company's cash position of Rs 5,707 Cr provides full coverage for its Rs 5,000 Cr Sri City manufacturing facility expansion without incurring debt.
- **Recommendation & Valuation:** We raise our Target Price to Rs 1,965/share (valued at 47x FY28E EPS), implying a 16% upside from the CMP of Rs 1,698.

Industry view

Over Weight

CMP
1,698

Target Price
1,965

Upside
16%

Key Financials (Consolidated)

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs Cr)	PER (X)	EV/EBITDA (X)	RoE (%)	Net Debt/Equity (X)
FY25	24,367	3,110	2,203	32	52	35	37	0.9
FY26	24,605	2,408	1,685	25	68	45	22	0.8
FY27E	27,739	3,467	2,586	38	41	29	29	1
FY28E	30,513	3,967	2,791	41	41	26	27	1

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Total operating revenues	24,367	24,605	27,868	31,006
Growth (%)	14	1	13	11
EBITDA	3,110	2,408	3,483	4,031
EBITDA margin (%)	13	10	13	13
Growth (%)	*40*	*-23*	*45*	*16*
Depreciation & amortization	380	396	471	596
EBIT	2,730	2,012	3,183	3,544
EBIT margin (%)	11	8	11	11
Interest	31	41	41	45
Other income	264	328	371	341
Profit before tax	2,963	2,300	3,514	3,839
Total Tax	760	614	914	998
Profit After Tax	2,203	1,685	2,600	2,841
Net margin (%)	9.0	6.8	9.3	9.2
EPS (Rs)	32	25	38	42
Growth (%)	46%	-24%	53%	10%

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

As of 31st Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Equity share capital	679	679	679	679
Other equity	5,291	6,987	8,287	9,828
Total Equity	5,970	7,666	8,966	10,507
Non-Current Liabilities				
Financial Liabilities	331	344	344	344
Other Non-current liabilities	318	456	456	456
Total Non-Current Liabilities	649	801	801	801
Current Liabilities				
Financial Liabilities	97	115	115	115
Other Current Liabilities	4,801	5,055	5,512	5,959
Total Current Liabilities	4,898	5,170	5,627	6,074
Total Equity & Liabilities	11,517	13,636	15,393	17,382
APPLICATION OF FUNDS				
Non-Current Assets				
Net Fixed Assets	1,404	2,018	2,548	3,452
Financial Assets	572	860	860	860
Total Non Current Assets	1,976	2,878	3,407	4,311
Current Assets				
Inventories	3,031	2,962	3,130	3,483
Financial Assets	6,266	7,550	8,609	9,341
Other current assets	243	247	247	247
Total Current Assets	9,541	10,758	11,986	13,070
Total Assets	11,517	13,636	15,393	17,382

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
PBT	2,963	2,300	3,514	3,839
Depreciation	380	396	471	596
Others	-233	-178	0	0
Tax Paid	-754	-621	-914	-998
Changes in Working Capital	-703	-175	746	-172
Net Cash from Operations	1,654	1,721	3,817	3,265
Capex	-335	-1,172	-1,000	-1,500
Change in Investment	248	268	0	0
Others	59	48	0	0
Net Cash from Investing	-28	-856	-1,000	-1,500
Change in debt	-76	-91	0	0
Change in Equity	0	0	0	0
Others	-30	-36	0	0
Net Cash from Financing	-106	-127	0	0
Net Change in Cash	1,520	737	2,817	1,765

Source: Company, Axis Securities Research

Ratio Analysis (x,%)

Y/E Mar	FY25	FY26	FY27E	FY28E
PROFITABILITY RATIOS				
EBITDA Margin (%)	13%	10%	13%	13%
Net margin (%)	9.04	6.85	9.33	9.16
Return on invested capital (%)	41	24	33	31
Return on equity (%)	37	22	29	27
EFFICIENCY RATIOS				
Fixed Asset Turnover	17.35	12.19	10.94	8.98
Debtor days	31	38	34	29
Inventory days	60	64	59	57
Payable days	70	73	72	73
PER SHARE DATA				
EPS (Rs)	32.46	24.83	38.31	41.86
Book value per share (Rs)	87.96	112.94	132.10	154.81
VALUATION RATIOS				
P/E	52	68	45	41
P/BV	19	15	13	11
EV/EBITDA	38.33	49.37	33.82	29.23
LIQUIDITY RATIOS				
Total Debt/Equity(x)	0.93	0.78	0.72	0.65
Total Asset/Equity(x)	1.93	1.78	1.72	1.65
Current Ratio(x)	1.95	2.08	2.13	2.15
Quick Ratio(x)	1.33	1.51	1.57	1.58
Interest Cover(x)	89.07	49.58	78.44	77.96

Source: Company, Axis Securities Research

APL APOLLO TUBES LTD – SOFT VOLUMES; EBITDA/TN STEADY; H2 RECOVERY GUIDED

APL Apollo Tubes Limited (APL Apollo), incorporated in 1986 and headquartered in Delhi-NCR (Noida, Uttar Pradesh), is India's largest branded manufacturer of structural steel tubes, commanding ~65% share of the organised domestic market. The company operates 11 manufacturing facilities with ~5 MTPA (including one plant in the UAE) and supplies a wide range of ERW structural tubes, hollow sections, galvanised and colour-coated products across urban infrastructure, real estate, housing, commercial construction and solar applications, distributed through a pan-India network of 800+ distributors.

Key Rationale

- **Q1FY27 Volumes Soft on Geopolitical Overhang:** APL Apollo reported Q1FY27 sales volume of 745k tn, down 6% YoY and 19% QoQ below the company's own expectations as demand for structural steel tubes stayed soft amid the geopolitical situation and challenging macro environment. EBITDA of Rs 411 Cr (+11% YoY, -20% QoQ) and EBITDA/ton of Rs 5,522 came in 2% below our estimates and in line with consensus estimates. Notably, ASP of Rs 73,013/t beat our/consensus estimates by 8%/5%, suggesting pricing/mix held firm even as volumes and absolute earnings softened.
- **Management Guides to H2FY27 Recovery:** Management expects demand conditions to improve in the coming quarters on the back of an improved government budget allocation for the infrastructure sector, and that the company is ready with its capacity, product range, distribution network and brand pull. Moreover, it also explicitly guided that H2FY27 is expected to perform much better than H1FY27. We read the QoQ EBITDA decline as largely macro/geopolitically-driven rather than structural, with the capacity expansion plan to 8 MT by FY28 (from 5 MT currently) keeping the medium-term growth thesis intact.
- **Balance Sheet Resilience Provides Cushion:** Net cash dipped to Rs 1,410 Cr (from Rs 1,530 Cr) as an inventory build pushed OCF and FCF negative for the quarter; capex was funded off the cash balance rather than the quarter's operations. NWC held at 0 days; annualised ROCE/ROE remained healthy at 32.0%/19.4%.
- **Outlook & Recommendation:** Management highlighted war-driven global disruptions and near-term headwinds for the sector, such as a steel price increase (HRC up ~Rs 3,000/ton), which has led to channel destocking and energy/gas/labour shortages. As a result, the earlier 20% YoY volume growth guidance for FY27 was revised towards the lower end of 15-20% (at risk in the near term). Management emphasised that margin guidance is more reliable than volume guidance in current conditions and maintained its EBITDA/t guidance at Rs 5,000-5,500/t. FY27 EBITDA growth guidance is 20-25%, and PAT growth will be 25-30% YoY. On the valuation front, the stock is trading at 40x its 12-month forward consensus EPS vs. its TTM of 48x. We value the company on Mar'29E EPS using a 1-year forward P/E target of 33x. Hence, we recommend a BUY on the stock.

Industry view

Over Weight

CMP
2,223

Target Price
2,500

Upside
12%

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBITDA (x)
FY26	22,460	1,802	1,203	43.3	51.3	28.6	25.3	34.5
FY27E	27,294	2,125	1,444	52.0	42.8	28.3	24.3	29.2
FY28E	32,238	2,579	1,796	64.7	34.4	28.7	24.2	24.0
FY29E	37,939	2,978	2,102	75.7	29.4	27.2	22.8	20.8

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E March	FY26	FY27E	FY28E	FY29E
Total Sales	**22,460**	**27,294**	**32,238**	**37,939**
Total Raw Materials	18,890	23,042	27,241	32,059
COGS	20,288	24,759	29,208	34,392
EBITDA	**1,802**	**2,125**	**2,579**	**2,978**
EBITDA per tonne	**5,161**	**5,455**	**5,511**	**5,395**
Depreciation	231	256	280	323
Interest & Finance charges	125	95	66	41
Other Income	112	129	129	152
EBT (as reported)	**1,557**	**1,902**	**2,363**	**2,766**
Tax	354	459	567	664
RPAT	**1,203**	**1,444**	**1,796**	**2,102**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E March	FY26	FY27E	FY28E	FY29E
Equity Share Capital	56	56	56	56
Reserves	5,241	6,532	8,175	10,124
Net worth	5,297	6,588	8,230	10,180
Total loans	452	352	252	152
Deferred tax liability (Net)	180	180	180	180
Capital Employed	**6,156**	**7,397**	**8,990**	**10,898**
Net block	3,740	3,984	4,204	4,382
Investments	48	218	258	304
Inventories	1,445	2,094	2,385	2,806
Sundry debtors	351	299	353	416
Cash and cash equivalents	644	1,251	2,534	4,073
Total Current Assets	3,854	4,880	6,686	8,917
Total Current Liabilities	2,677	2,989	3,529	4,153
Net Current Assets	1,177	1,891	3,157	4,764
Capital Deployed	**6,156**	**7,397**	**8,990**	**10,898**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY26	FY27E	FY28E	FY29E
PBT	1,557	1,902	2,363	2,766
Depriciation & Amortization	231	256	280	323
Incr/(Decr) in Deferred Tax Liability	-	-	-	-
(Incr)/Decr in Working Capital	545	(107)	17	(68)
Net Cash Flow from Operating	**2,103**	**1,558**	**2,029**	**2,246**
(Incr)/ Decr in Gross PP&E incl Capital Advances	(696)	(500)	(500)	(500)
(Incr)/Decr In Work in Progress	-	-	-	-
(Incr)/Decr In Investments	-	(170)	(40)	(46)
(Incr)/Decr in Other Non-Current Assets	-	(113)	(67)	(78)
Cash Flow from Investing	**(1,394)**	**(604)**	**(427)**	**(413)**
(Decr)/Incr in Borrowings	(162)	(100)	(100)	(100)
Dividend	(160)	(153)	(153)	(153)
Cash Flow from Financing	**(438)**	**(348)**	**(318)**	**(294)**
Cash at the Start of the Year	369	644	1,251	2,534
Cash at the End of the Year	**644**	**1,251**	**2,534**	**4,073**

Source: Axis Securities Research

Ratio Analysis (%)

Ratios	FY26	FY27E	FY28E	FY29E
Growth (%)				
Sales	8.6	21.5	18.1	17.7
EBITDA	50.3	17.9	21.4	15.5
APAT	58.9	20.0	24.4	17.1
Profitability (%)				
EBITDA Margin	8.0	7.8	8.0	7.8
Adj. Net Profit Margin	5.4	5.3	5.6	5.5
ROCE	28.6	28.3	28.7	27.2
ROE	25.3	24.3	24.2	22.8
Per Share Data (Rs.)				
AEPS	43.3	52.0	64.7	75.7
Reported CEPS	52.3	60.5	73.7	86.1
BVPS	190.7	237.2	296.4	366.6
Valuations (x)				
PER (x)	51.3	42.8	34.4	29.4
PEG (x)	0.9	2.1	1.4	1.7
P/BV (x)	11.7	9.4	7.5	6.1
EV/EBITDA (x)	34.5	29.2	24.0	20.8
Dividend Yield (%)	0.38%	0.25%	0.25%	0.25%
Turnover days				
Inventory Days	27.6	26.1	28.0	27.5
Debtor Days	5.2	4.5	3.8	3.8
Payable Days	45.9	41.8	40.7	40.8
Gearing Ratio				
D/E	0.1	0.1	0.0	0.0

Source: Axis Securities Research

CITY UNION BANK LTD. - GROWTH, ASSET QUALITY & PROFITABILITY ON TRACK

City Union Bank Ltd. (CUB) is a 120+ year-old private sector bank, headquartered in Tamil Nadu. The bank has evolved from its regional roots into a pan-India franchise with 1,000+ branches, while retaining a strong presence in Tamil Nadu. CUB follows a granular, collateral-backed lending model, with MSMEs as its core focus, complemented by gold, agriculture, retail and other business loans. Its diversified loan and deposit base, extensive branch network and prudent risk management support sustainable growth and a disciplined risk profile.

Industry view

Equal weight

CMP
229

Target Price
280

Upside
22%

Key Rationale

- **Secured Lending Strategy Continues to Drive Industry-Leading Momentum:** CUB's growth engine has been up and running, delivering strong growth (+25/1% YoY/QoQ in Q1). **Management reiterated its strategy of focusing on core MSME, Gold loans, and Secured Retail loans, targeting 2-3% above system growth.** Within the loan mix, management intends to maintain gold loans at 31–32% and MSME at 55–60%, with the balance in secured retail. Core-MSME growth moderated in Q1 due to lower working capital utilisation (70% vs. 73–74% industry average) and disciplined pricing, rather than weaker demand. Management expects MSME growth to re-accelerate in FY27 with improving business activity and stable consumption. CUB has also participated in the ECLGS scheme, with sanctions of ~Rs 800 Cr against a potential opportunity of Rs 2,000-2,500 Cr. **We believe CUB is well placed to sustain healthy credit growth, supported by its granular MSME franchise and expansion in gold and retail loans, driving ~19% CAGR over FY26-29E**.
- **Asset Quality Continues to Strengthen; Net Slippages Remain Negative**: Asset quality continued to improve, with SMA 0+1+2 declining to 2.85% in Q1 vs 7.12% YoY, while SMA2 remained <1%, indicating controlled incremental stress. The gold book remains conservatively positioned, with average LTV at ~62%, providing adequate collateral buffers. Recoveries continue to outpace fresh slippages, with management expecting this trend to sustain in Q2. **It maintains FY27 slippages guidance of Rs. 700-750 Cr and expects credit costs to normalise at 40bps. The one-time ECL transition impact is estimated at 65bps of capital, with negligible steady-state provisioning impact given the secured book.** Overall, improving stress indicators and strong recoveries reinforce asset quality as a key strength.
- **Margins Likely to Moderate Marginally Before Stabilising:** Q1 NIMs benefited from stable yields and lower CoD. Going ahead, the management expects continued competition for TDs to increase CoD over the next few quarters and settle at 5.6-5.7% in FY27. **Consequently, NIMs are expected to normalize towards 3.65-3.7%, implying only a modest 5bps compression from current levels**. On the liability side, CUB continues to maintain pricing discipline on deposits, supporting its relatively lower CoF. On a steady-state basis, margins of 3.7–3.75% should be supported by higher-yielding gold loans and improving secured retail contribution, while MSME pricing remains stable. **We tweak our NII estimates to factor in the gradual moderation in margins, which are expected to settle at 3.7% (+/-5bps).**
- **Outlook & Valuation:** CUB expects strong growth momentum to continue, supported by healthy demand in MSME and Gold, with credit growth targeted at 2–3% above system growth. Deposit growth is expected to mirror credit growth, enabling CUB to maintain a steady LDR. Amidst pressures on CoF, NIMs are likely to moderate marginally by ~5 bps and range between 3.65-3.7% over the next 2-3 quarters. C-I ratio is expected to be 47-48% in FY27, despite front-loaded branch investments, while healthy asset quality should contain credit costs. **Overall, we believe CUB's strong growth engine, pristine asset quality, and resilient profitability position it to deliver Advances/NII/PAT growth of 19%/20%/21% CAGR over FY26–29E, reinforcing our constructive view.**
- **Key risks:** a) Slower credit growth could impact our earnings estimates; b) Stress in core MSME could raise credit costs and weigh on earnings.

Key Financials

Y/E Mar	NII (Rs Cr)	PPOP (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY26	2,830	2,014	1,326	17.8	136.1	1.7	1.6	0.7
FY27E	3,441	2,437	1,615	16.3	116.0	2.0	1.6	0.6
FY28E	4,103	2,967	1,961	19.8	132.6	1.7	1.6	0.6
FY29E	4,830	3,537	2,339	23.6	152.0	1.5	1.7	0.6

Source: Company, Axis Securities.

Profit & Loss (Rs Cr)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Net Interest Income	**2,830**	**3,441**	**4,103**	**4,830**
Other Income	1,039	1,165	1,379	1,624
Total Income	**3,869**	**4,606**	**5,482**	**6,453**
Total Operating Exp.	1,854	2,168	2,515	2,916
PPOP	**2,014**	**2,437**	**2,967**	**3,537**
Provisions & Contingencies	343	367	453	538
PBT	**1,671**	**2,070**	**2,515**	**2,999**
Provision for Tax	345	455	553	660
PAT	**1,326**	**1,615**	**1,961**	**2,339**

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E MAR	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS				
Share capital	74	99	99	99
Reserves and Surplus	10,491	11,886	13,612	15,670
Shareholders' funds	**10,565**	**11,985**	**13,711**	**15,769**
Deposits	78,308	93,268	1,10,625	1,31,284
Borrowings	5,327	6,552	8,880	10,957
Other Liabilities, provisions	2,825	3,353	3,995	4,738
Total liabilities	**97,024**	**1,15,158**	**1,37,211**	**1,62,748**
APPLICATION OF FUNDS				
Cash & Bank Balance	8,927	8,860	10,509	12,472
Investments	18,987	23,360	27,708	32,882
Advances	65,875	79,098	94,419	1,11,968
Fixed Assets & Other Assets	3,235	3,840	4,575	5,427
Total assets	**97,024**	**1,15,158**	**1,37,211**	**1,62,748**

Source: Company, Axis Research

KEY RATIOS (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
VALUATION RATIOS				
EPS	17.8	16.3	19.8	23.6
Earnings Growth (%)	*17.7*	*-8.7*	*21.5*	*19.3*
BVPS	142.2	121.0	138.4	159.2
Adj. BVPS	136.1	116.0	132.6	152.0
ROAA (%)	1.6	1.6	1.6	1.7
ROAE (%)	13.2	15.2	16.2	16.8
P/E (x)	12.8	14.0	11.5	9.7
P/ABV (x)	1.7	2.0	1.7	1.5
PROFITABILITY				
NIM (%)	3.7	3.7	3.7	3.7
Cost-Assets Ratio	2.1	2.0	2.0	1.9
Cost-Income Ratio	47.9	47.1	45.9	45.2

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Loan Growth (%)	20.8	17.7	17.3	18.3
Deposits Growth (%)	19.5	17.6	17.7	18.7
Equity/Assets (%)	10.9	10.4	10.0	9.7
Equity/Loans (%)	16.0	15.2	14.5	14.1
Total Capital Adequacy Ratio (CAR)	21.9	20.5	19.6	18.9
ASSET QUALITY				
Gross NPLs (%)	1.9	1.8	1.7	1.8
Net NPLs (%)	0.7	0.6	0.6	0.6
PCR	64.7	65.0	65.0	65.0
Credit costs	0.6	0.5	0.5	0.5

Source: Company, Axis Research

CCL Product Ltd – VOLUME-LED GROWTH KEEPS THE BREW STRONG

CCL Products (India) Ltd. is engaged in the manufacturing and export of instant coffee, primarily catering to B2B and private label customers. The company operates manufacturing facilities in India and Vietnam, with marketing and distribution presence through its subsidiary in Switzerland.

Key Rationale

- **Volume-led growth momentum-** CCL delivered a strong Q1FY27 performance, with revenue rising 13.7% YoY, driven by robust 20% volume growth and healthy demand across key markets. The domestic business maintained strong momentum, with gross sales of ~Rs 180 Cr, while branded sales grew 26% YoY to ~Rs 125 Cr. The Continental brand continued to strengthen its market position, emerging as the third-largest coffee brand nationally while expanding its presence across northern and western India. Management has guided for ~15% volume and EBITDA growth in FY27, while maintaining EBITDA per kg at Rs 135–140. With overall capacity utilisation at ~65%, including its Vietnam facility, the company has ample headroom to support future volume growth without any significant near-term capex. The freeze-dried coffee segment continues to operate at relatively higher utilisation levels, reflecting strong demand for premium coffee products.
- **Balance Sheet strengthening on Track-**The company has made significant progress in improving its balance sheet through better working capital management and inventory rationalisation. As a result, net debt declined to Rs 963 Cr, reflecting stronger cash generation and a faster-than-anticipated deleveraging trajectory.
- **Favourable commodity Outlook:** Green coffee prices remained largely stable during the quarter in the Rs 3,300–3,800 per bag range, although near-term volatility persists. While an El Niño-led weather disruption could impact Vietnam's upcoming harvest, global coffee prices are expected to remain broadly stable over the medium term, supported by healthy crop prospects and strong supply from Brazil.
- **Investment View-**We remain constructive on CCL Products' long-term growth prospects, supported by strong customer demand, a healthy order pipeline, new client additions, expanding branded sales and ongoing capacity expansion. With significant headroom for volume growth driven by under utilised capacities and improving utilisation trends, the company is well positioned to deliver healthy earnings growth over the next 3–4 years. **Hence, we are recommending a BUY on the stock.**

Industry view

Equal Weight

CMP
1,080

Target Price
1.425

Upside
32%

Key Financials (Consolidated)

Y/E Mar (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY26	4,457	733	388	29.2	37.3	16.6	19.1
FY27E	5,406	948	617	46.4	23.5	21.3	24.3
FY28E	6,573	1,193	761	57.2	19.0	21.2	24.3
FY29E	7,992	1,499	1,012	76.0	14.3	22.3	25.6

Source: Company, Axis Securities.

Profit & Loss (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Net sales	**4,457**	**5,406**	**6,573**	**7,992**
Growth, %	43.5	21.3	21.6	21.6
Total income	4,457	5,406	6,573	7,992
Raw material expenses	(2,904)	(3,514)	(4,252)	(5,144)
Employee expenses	(193)	(222)	(262)	(309)
Other Operating expenses	(628)	(722)	(866)	(1,039)
EBITDA (Core)	**733**	**948**	**1,193**	**1,499**
Growth, %	32.0	29.4	25.8	25.6
Margin, %	16.4	17.5	18.2	18.8
Depreciation	(152)	(106)	(178)	(186)
EBIT	**581**	**842**	**1,015**	**1,313**
Growth, %	27.2	44.9	20.6	29.3
Margin, %	13.0	15.6	15.4	16.4
Interest paid	(129)	(133)	(139)	(146)
Other Income	8	8	9	10
Non-recurring Items	-	-	-	-
Pre-tax profit	**461**	**717**	**885**	**1,176**
Tax provided	(73)	(100)	(124)	(165)
Profit after tax	**388**	**617**	**761**	**1,012**

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Cash & bank	218	433	785	1,305
Debtors	-	-	-	-
Inventory	817	991	1,205	1,465
Loans & advances	1,042	1,264	1,537	1,868
Other current assets	133	133	133	133
Total current assets	2,209	2,820	3,659	4,771
Investments	3	3	3	3
Gross fixed assets	2,027	2,127	2,227	2,327
Less: Depreciation	-	(106)	(285)	(471)
Add: Capital WIP	3	3	3	3
Net fixed assets	2,031	2,024	1,946	1,860
Non-current assets	83	83	83	83
Total assets	**4,326**	**4,931**	**5,691**	**6,717**
Current liabilities	1,519	1,573	1,639	1,720
Provisions	4	4	4	4
Total current liabilities	1,523	1,577	1,643	1,724
Non-current liabilities	459	459	459	459
Total liabilities	1,982	2,036	2,102	2,183
Paid-up capital	27	27	27	27
Reserves & surplus	2,318	2,868	3,562	4,507
Shareholders' equity	2,344	2,895	3,589	4,534
Total equity & liabilities	**4,326**	**4,931**	**5,691**	**6,717**

Source: Company, Axis Research

Cash flow (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Pre-tax profit	461	717	885	1,176
Depreciation	152	106	178	186
Chg in working capital	(124)	(342)	(420)	(511)
Total tax paid	(65)	(100)	(124)	(165)
Other operating activities	(10)	(10)	(10)	(10)
Cash flow from operating activities	**414**	**372**	**509**	**677**
Capital expenditure	(111)	(100)	(100)	(100)
Other investing activities	-	-	-	-
Cash flow from investing activities	**(114)**	**(100)**	**(100)**	**(100)**
Free cash flow	300	272	409	577
Other financing activities	(59)	(59)	(59)	(59)
Cash flow from financing activities	**(238)**	**(59)**	**(59)**	**(59)**
Net chg in cash	62	213	350	518
Opening cash balance	98	218	433	785
Closing cash balance	218	433	785	1,305

Source: Company, Axis Research

Ratios (%)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Per Share data				
EPS (INR)	29.2	46.4	57.2	76.0
Growth, %	25.1	58.9	23.3	33.0
Book NAV/share (INR)	176.2	217.6	269.8	340.8
FDEPS (INR)	29.2	46.4	57.2	76.0
CEPS (INR)	40.6	54.4	70.6	90.0
CFPS (INR)	54.7	28.1	38.3	50.9
Return ratios				
Return on assets (%)	12.1	16.2	16.9	18.7
Return on equity (%)	16.6	21.3	21.2	22.3
Return on capital employed (%)	19.1	24.3	24.3	25.6
Turnover ratios				
Asset turnover (x)	1.2	1.5	1.7	1.8
Sales/Total assets (x)	1.0	1.2	1.2	1.3
Sales/Net FA (x)	2.2	2.7	3.3	4.2
Working capital/Sales (x)	0.1	0.2	0.2	0.2
Receivable days	66.9	66.9	66.9	66.9
Inventory days	85.3	85.3	85.3	85.3
Payable days	24.9	25.2	25.4	25.6
Working capital days	38.7	55.0	68.6	79.7
Liquidity ratios				
Current ratio (x)	1.5	1.8	2.2	2.8
Quick ratio (x)	0.8	1.0	1.3	1.7
Valuation				
PER (x)	37.3	23.5	19.0	14.3
PEG (x) - y-o-y growth	1.5	0.4	0.8	0.4
Price/Book (x)	6.2	5.0	4.0	3.2
EV/Net sales (x)	3.5	2.8	2.3	1.8
EV/EBITDA (x)	21.3	16.2	12.6	9.7
EV/EBIT (x)	26.8	18.3	14.8	11.0

Source: Company, Axis Research

CHALET HOTELS LTD – Growth Supported By Leisure

Chalet Hotels Limited is a leading owner, developer, and asset manager of high-end hotels in India, primarily operating in key metro cities such as Mumbai, Hyderabad, Bengaluru, and Pune. The company's portfolio comprises luxury and upper upscale hotels managed by renowned global brands like Marriott, Westin, and Four Points. Chalet follows an integrated business model that combines hospitality with commercial and mixed-use developments, leveraging synergies in operations, location, and asset management. With a focus on premium urban markets, efficiency, and sustainable practices, Chalet continues to enhance its portfolio through strategic expansions and redevelopment projects.

Industry view

Equal Weight

CMP
904

Target Price
1,000

Upside
11%

Key Rationale

- **Growing Revenue with Higher Margins:** Chalet remains well positioned to benefit from India's structural hospitality upcycle, with revenue increasing 12.5% YoY and EBITDA margin expanding by 317 bps to 45.7%. Despite geopolitical disruptions and ongoing construction and renovation activities at its Powai and Vashi properties, the company delivered a resilient operational performance, with Q1FY27 hospitality revenue of Rs 178 Cr, reflecting growth of 8.5% YoY. Performance across metro markets remained mixed, with moderate growth in MMR, strong growth in Pune, and relatively subdued performance in Hyderabad and Bengaluru.
- **Healthy Expansion Pipeline:** The company's strong cash flows and healthy balance sheet continue to support its expansion strategy. Construction at the Cygnus project is progressing well, and management remains on track to launch the property during the current financial year. The company also expects to commence operations of at least 70 rooms at the Taj project at Delhi International Airport in the last quarter of FY27, with the remaining inventory to be launched in phases. Excavation work has also commenced for the Hyderabad project, while the company continues to evaluate expansion opportunities at its Udaipur resort.
- **Commercial Revenue Growth:** The company reported its highest-ever commercial revenue in Q1FY27, with revenue of Rs 87 Cr, up 18.2% YoY. During the quarter, Chalet added 0.9 Mn sq ft of commercial office space, taking occupancy to around 90%, and plans to add another 0.9 Mn sq ft during the current financial year. The company has also introduced a sky lounge, Knox, and gaming and sports facilities to further enhance commercial revenue and generate stable recurring cash flows to comfortably service its debt.
- **Outlook & Guidance:** Management remains optimistic about the medium-term hospitality outlook despite geopolitical volatility. Domestic demand continues to remain strong, while leisure assets have delivered higher occupancies, resulting in 19% YoY growth in RevPAR. Although the company acknowledged the difficulty in forecasting international demand due to ongoing uncertainty arising from the West Asia conflict, management remains positive on Q2FY27, supported by a strong start to the quarter and healthy booking trends for August.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	P/BV (x)	ROE (%)
FY25	1,718	736	143	6.5	137.2	29.9	6.4	4.7
FY26	2,770	1,187	645	29.6	30.3	18.3	5.3	17.4
FY27E	3,271	1,426	756	34.7	25.9	15	4.4	17.1
FY28E	3,191	1,436	767	35.2	25.5	13.4	3.8	14.8

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Net Sales	**1,718**	**2,770**	**3,271**	**3,191**
Growth (%)	**21.2%**	**61.2%**	**18.1%**	**-2.4%**
Total Expenditure	982	1,582	1,845	1,755
Raw Material Consumed	117	130	373	287
Gross margins (%)	**93.2%**	**95.3%**	**88.6%**	**91.0%**
Employee Expenses	234	288	393	383
% of sales	13.5%	13.5%	12.0%	12.0%
Other Expenses	631	1,165	1,080	1,085
% of sales	36.7%	42.1%	33.0%	34.0%
EBITDA	**736**	**1,187**	**1,426**	**1,436**
EBITDAM (%)	**42.8%**	**42.9%**	**43.6%**	**45.0%**
Depreciation	179	230	243	270
% of GB	3.8%	4.5%	4.0%	4.0%
EBIT	557	957	1,183	1,166
EBITM (%)	32.4%	34.6%	36.2%	36.5%
Interest	159	180	195	168
Other Income	36	43	47	52
Share of P/L of Associates	0	0	0	0
PBT	434	818	1,035	1,050
Tax Rate (%)	**67.2%**	**21.2%**	**27.0%**	**27.0%**
Tax	292	174	280	284
Reported PAT	**143**	**645**	**756**	**767**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Share Capital	218	219	219	219
Reserves & Surplus	2,827	3,479	4,215	4,961
Net Worth	3,046	3,698	4,433	5,180
Total Loan funds	2,679	2,461	2,161	1,861
Deferred Tax Liability	85	220	170	170
Long Term Provisions	16	19	16	16
Other Long-Term Liability	41	72	90	87
Capital Employed	**7,063**	**7,309**	**7,677**	**8,013**
Gross Block	4,684	5,131	6,081	6,751
Less: Depreciation	1,472	1,702	1,945	2,215
Net Block	3,212	3,429	4,136	4,536
Investments	99	15	15	15
Sundry Debtors	78	69	117	114
Cash & Bank Bal	186	309	365	337
Loans & Advances	23	80	80	80
Inventory	633	269	100	60
Other Current Assets	147	162	162	162
Total Current Assets	2,204	1,287	1,153	945
Curr Liab & Prov	1,165	903	838	768
Net Current Assets	-1,039	-384	-315	-177
Total Assets	**7,063**	**7,309**	**7,676**	**8,012**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
PBT	434	818	1,035	1,050
Add: depreciation	179	230	243	270
Add: Interest	159	180	195	168
Cash flow from operations	772	1,229	1,473	1,488
Change in working capital	54	86	-96	74
Taxes	292	174	280	284
Net cash from operations	427	970	1,290	1,130
Capital expenditure	-1,130	-662	-674	-670
Net cash from investing	-1,228	-583	-670	-670
Increase/Decrease in debt	-271	-217	-300	-300
Dividends	0	-10	-20	-20
Proceeds from equity	13	1	-0	0
Interest	-159	-180	-195	-168
Others	1,272	144	-48	0
Net cash from financing	855	-263	-563	-488
Net Inc./(Dec.) in Cash	53	123	57	-28
Opening cash balance	132	186	309	365
Closing cash balance	186	309	365	337

Source: Company, Axis Securities Research

Ratio Analysis (x,%)

Y/E Mar	FY25	FY26	FY27E	FY28E
Sales growth	**21.2**	**61.2**	**18.1**	**(2.4)**
OPM	**42.8**	**42.9**	**43.6**	**45.0**
Oper. profit growth	25.9	61.3	20.1	0.7
COGS / Net sales	6.8	4.7	11.4	9.0
Overheads/Net sales	50.4	52.4	45.0	46.0
Depreciation / G. block	**3.8**	**4.5**	**4.0**	**4.0**
Effective interest rate	67.2	21.2	27.0	27.0
Net wkg.cap / Net sales	0.1	0.1	0.0	0.1
Net sales / Gr block (x)	0.4	0.5	0.5	0.5
RoCE	**9.4**	**16.0**	**19.3**	**17.9**
Debt/equity (x)	0.9	0.7	0.5	0.4
Effective tax rate	67.2	21.2	27.0	27.0
RoE	**4.7**	**17.4**	**17.1**	**14.8**
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	**6.5**	**29.6**	**34.7**	**35.2**
EPS Growth	0.0	0.0	0.0	0.0
CEPS (Rs.)	14.7	40.1	45.8	47.5
DPS (Rs.)	0.0	1.0	2.0	2.0

Source: Company, Axis Securities Research

MINDA CORPORATION LTD - Premiumization, Minda Vast, and New Product Launches Powering Growth

Minda Corporation Ltd (Minda), established in 1958 and headquartered in Noida, India, is a major technology-driven manufacturer of automotive components and systems for both domestic and global original equipment manufacturers (OEMs). It is the flagship company of the Spark Minda Group and a leading supplier of mechatronic products, wiring harnesses, vehicle access systems, instrument clusters, connectivity systems, and interior & plastic components across passenger vehicles, commercial vehicles, two-wheelers, three-wheelers, and off-road vehicles.

Industry View

Over Weight

CMP
713

Target Price
815

Upside
14%

Key Rationale

- **Premium Product Expansion & Technology-Led Growth:** MCL's product strategy in Q1FY27 continues to reflect a strong shift toward premiumization, higher-content solutions, and EV-focused technologies across segments. The company strengthened its PV portfolio through the consolidation of Minda Vast, which offers advanced vehicle access solutions including door handles, lock sets, latches, and smart keyless entry, with a current kit value of Rs. 8,000-13,000, expected to double (2x) as new products are commercialised. MCL also continued to see strong traction in wiring harnesses and instrument clusters, which grew by >30% and >35% YoY, respectively, supported by rising electronic content and premiumization. Further, the Spark Minda HCMF JV is on track for SOP in Q2FY27, while the Turntide Technologies JV motor controller facilities are fully set up ahead of the October/November SOP. The Spark Minda Toyota JV also secured a lifetime order book of >Rs 1,000 Cr, with SOP targeted for Q4FY27/Q1FY28. On the innovation front, MCL filed 7 new patents during Q1FY27, taking cumulative patent filings to more than 335, of which 150 have been granted.
- **Strong Order Book & Revenue Visibility:** Minda Corporation's order book continues to provide strong medium-term revenue visibility, supported by healthy order inflows across core business segments and new-age automotive technologies. The company secured ~Rs 2,500 Cr of new lifetime orders in Q1FY27, taking the order pipeline to a strong level across vehicle access, castings, wiring harnesses, instrument clusters, and new energy/electronic solutions. Importantly, ~8–10% of the order book is export-linked, supporting geographical diversification and reducing dependence on domestic cyclicality. The strong order pipeline, combined with upcoming SOPs across sunroofs, motor controllers, and switches, provides healthy revenue visibility over the medium term, while capacity expansion in casting and wiring harnesses is expected to support execution of these orders without capacity bottlenecks.
- **Flash Electronics:** Strong Growth & EV Traction: Associate company, Flash Electronics, delivered a strong operational performance in Q1FY27, supported by robust domestic demand and strong traction in its EV business. Flash reported quarterly revenues of Rs 533 Cr (+42% YoY), while EBITDA margins stood at 15.4%, impacted by temporary commodity and labour cost inflation. The company expects profitability to normalise over the next 1-2 quarters, with a long-term target of 16-17% EBITDA margins and 20-24% profitable growth. Importantly, Flash's EV business grew 90% YoY, contributing ~30% of total revenue, driven by increasing penetration in three-wheelers and higher kit values from integrated 2-in-1 and 3-in-1 solutions. Strategically, Flash continues to strengthen its EV technology portfolio, with magnetless traction motors currently undergoing customer testing, while pursuing new strategic partnerships to expand its presence in the PV EV mobility segment.
- **Valuation & Outlook:** We remain positive on Minda Corp's growth trajectory, supported by strong order inflows, premiumization, Minda Vast consolidation, expanding EV opportunities, and technology-led product offerings. Backed by robust order visibility and management's target of ~1.5x industry growth, we project a CAGR of 22%/27%/30% in Revenue/EBITDA/Adj PAT over FY27-28E, with upcoming JV launches and improving associate profitability supporting earnings growth.
- Key risks: Macro-economic uncertainty, Higher depreciation cost.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBITDA (x)
FY25	5,056	575	255	10.7	50.5	15.3	12.2	23.4
FY26	6,185	721	360	15.0	34.0	16.2	14.7	17.6
FY27E	7,712	950	454	19.0	29.4	18.6	20.0	18.4
FY28E	9,147	1,162	610	25.5	27.9	20.8	18.0	14.8

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Net sales	**5,056**	**6,185**	**7,712**	**9,147**
Raw materials	3,147	3,900	4,876	5,762
Staff costs	782.5	933.5	1,074.5	1,235.6
Other expenses	552.5	631.2	811.8	986.9
Total expenses	4,482	5,464	6,762	7,985
EBITDA	**575**	**721**	**950**	**1,162**
Depreciation	204	230	300	343
EBIT	**371**	**491**	**628**	**787**
Other income	32	15	22	34
Interest expense	67	122	139	166
Exceptional (expenses)/income	0	-1	124	0
Profit before tax	**336**	**383**	**656**	**686**
Tax expense	96	106	156	176
Associates	16	81	78	100
Adjusted PAT	**255**	**359**	**484**	**610**
Reported PAT	**255**	**360**	**484**	**610**
No. of shares	23.9	23.9	23.9	23.9
Reported EPS (Rs/share)	**10.68**	**15.04**	**18.99**	**25.53**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Total assets	**3,882**	**4,202**	**4,627**	**5,006**
Net Block	1,347	1,446	1,341	1,193
CWIP	65	129	184	239
Goodwill	93	93	93	93
Investments	1,476	1,558	1,558	1,558
Wkg. cap. (excl cash)	805	828	1,307	1,498
Cash / Bank balance	97	147	143	425
Misc. Assets	0	0	0	0
Capital employed	**3,882**	**4,202**	**4,627**	**5,006**
Equity capital	48	48	48	48
Reserves	2,154	2,596	3,096	3,598
Pref. Share Capital	0	0	0	0
Minority Interests	0	15	15	15
Borrowings	1,668	1,534	1,448	1,323
Def tax Liabilities	12	9	21	22

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Sources	**1,473.5**	**368.2**	**725.6**	**722.0**
Cash profit	511	629	940	1,020
(-) Dividends	16.7	16.7	0.0	8.4
Retained earnings	494.0	611.8	939.9	1,011.5
Issue of equity	0.0	0.0	0.0	0.0
Change in Oth. Reserves	0.0	15.0	0.0	0.0
Borrowings	1,074.3	(138.1)	(87.0)	(125.0)
Others	(94.8)	(120.6)	(127.3)	(164.5)
Applications	**1,473.5**	**368.2**	**725.6**	**722.0**
Capital expenditure	497.1	419.6	250.0	250.0
Investments	1,127.9	82.8	0.0	0.0
Net current assets	(57.3)	(3.5)	479.7	190.3
Change in cash	(94.2)	(130.7)	(4.1)	281.7

Source: Axis Securities Research

Ratio Analysis (%)

Key Ratios	FY25A	FY26A	FY27E	FY28E
Sales growth	**8.7**	**22.3**	**24.7**	**18.6**
EBITDA margin	**11.4**	**11.7**	**12.3**	**12.7**
EBITDA growth	11.7	25.5	31.8	22.3
COGS / Net sales	26.4	25.3	24.5	24.3
Overheads/Net sales	28.3	27.7	26.4	26.3
Depreciation / G. block	9.3	9.1	11.0	11.8
Effective interest rate	6.7	9.0	6.3	7.9
Net wkg.cap / Net sales	0.1	0.1	0.1	0.1
Net sales / Gr block (x)	2.3	2.4	2.8	3.1
RoCE	**15.3**	**16.2**	**18.6**	**20.8**
Debt/equity (x)	0.7	0.6	0.4	0.3
Effective tax rate	28.7	27.7	23.8	25.6
RoE	**12.2**	**14.7**	**20.0**	**18.0**
Payout ratio (Div/NP)	6.6	4.7	0.0	1.4
EPS (Rs.)	**10.7**	**15.0**	**24.2**	**25.5**
EPS Growth	12.4	40.3	61.4	5.6
Adj EPS (Rs.)	**10.7**	**15.0**	**19.0**	**25.5**

Source: Axis Securities Research

HEALTHCARE GLOBAL ENTERPRISES – ONCOLOGY FOCUSED HOSPITAL CHAIN

Healthcare Global Enterprises (HCG) has strategically positioned itself as India's foremost pure-play oncology powerhouse, commanding a network of nearly 22 Comprehensive Cancer Centers (CCCs) and dedicated infusion facilities across the nation. It has a total of 25 hospitals with an operating capacity of 2,304 beds across 19 cities, and a strong track record of being the first to introduce advanced technologies in India, such as Adaptive Radiation, Tomotherapy, and MR-LINAC.

Industry view

Over Weight

CMP
733

Target Price
820

Upside
12%

Key Rationale

- **Inline Revenue Performance:** HCG delivered revenues of Rs 695 Cr, growing a steady 13% YoY, supported by broad-based performance with 16 centres reporting highest-ever quarterly revenues; top-line growth was slightly tempered (~1.5%) by the strategic discontinuation of low-margin chemotherapy.
- **Margin Performance:** The company reported an EBITDA margin of 17.6%, while Adjusted EBITDA margin expanded 103 bps YoY to 19.3% (Adjusted EBITDA of Rs 134 Cr, up 19.8% YoY). Reported PAT stood at Rs 16 Cr, up 175% YoY, despite initial startup losses of Rs 7 Cr at the new North Bangalore facility.
- **Patient Volumes Grew 11% YoY (Excluding Fertility):** This was supported by strong demand across network clusters and recent bed additions. Average Revenue Per Patient (ARPP) stood at Rs 85,943, a 2% YoY increase, as positive payor mix gains (non-institutional mix rising to 69%) were partially offset by case mix rationalisation.
- **Strategic Drivers for Accelerated Margin Expansion:** HCG is entering a highly margin-accretive phase, positioning its EBITDA margins for meaningful acceleration. This upward trajectory is primarily driven by unlocking strong operating leverage, achieved through increased utilisation rates at existing centres and strategic new LINAC installations. The expansion is further supported by targeted brownfield additions and an optimised case-and-payer mix. Backed by KKR's proven execution capabilities, HCG's new management team is well-equipped to instil rigorous operational and financial discipline. This powerful combination will accelerate value creation, structurally shifting the company toward higher profitability, superior capital efficiency, and sustainable long-term growth.
- **Outlook & Valuation:** Outlook remains strong, with management guiding for mid-teens revenue growth going forward. The North Bengaluru greenfield facility (120+ beds) commenced operations in May'26, while a total of 1,000 beds (60% brownfield) are planned through FY30 across the network. Margin trajectory is expected to improve, with EBITDA targeted at 21.8% in 2 years and ~25% over 4–5 years, supported by payor mix gains and operating leverage. The successfully completed rights issue has strengthened the balance sheet and will support the ongoing expansion pipeline.
- **Key Risks:** a) Increased debt levels due to expansion plans of 45% by FY30. (b) Competitive market with large chain hospitals entering the space. (c) Adverse pricing regulations to cater to the general masses could lead to lower profitability.

Key Financials (Consolidated)

Y/E Dec (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
FY26	2,545	466	23	1.5	344	19.4	1.7	8.5
FY27E	2,847	541	101	6.7	109	21.9	7.0	10
FY28E	3,224	693	273	18.3	40	16.4	16.0	19
FY29E	3,630	780	356	23.8	31	13.9	17.3	23

Source: Company, Axis Securities Research

Income Statement (Rs Cr)

Particulars (Rs Cr) P/L	FY26	FY27E	FY28E	FY29E
Net Sales	**2,545**	**2,847**	**3,224**	**3,630**
Growth (%)	**14.5%**	**11.9%**	**13.2%**	**12.6%**
Total Expenditure	2,080	2,306	2,531	2,849
Raw Material Consumed	702	746	816	918
% of sales	27.2%	26.2%	25.3%	25.3%
Gross margins (%)	**72.8%**	**73.8%**	**74.7%**	**74.7%**
Employee Expenses	379	421	464	523
% of sales	14.9%	14.8%	14.4%	14.4%
Other Expenses	1,009	1,139	1,251	1,408
% of sales	39.6%	40.0%	38.8%	38.8%
EBITDA	**466**	**541**	**693**	**780**
EBITDAM (%)	**18.3%**	**19.0%**	**21.5%**	**21.5%**
EBIT	222	251	442	520
EBITM (%)	8.7%	8.8%	13.7%	14.3%
Other Income	25	25	25	25
Exceptional Items	45	0	0	0
Share of P/L of Associates	1	1	1	1
PBT	**27**	**126**	**341**	**445**
Tax Rate (%)	15.4%	20.0%	20.0%	20.0%
Tax	4	25	68	89
Reported PAT	**23**	**101**	**273**	**356**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E Mar, Rs. Cr (Balance Sheet)	FY26	FY27E	FY28E	FY29E
Share Capital	149	149	149	149
Reserves & Surplus	1,183	1,283	1,556	1,912
Shareholders Fund	1,332	1,433	1,706	2,061
Minority Interest	78	79	80	81
- Long Term Borrowings	1,359	1,229	1,099	969
- Deferred Tax Liabilities (Net)	2	4	4	4
- Other Long-Term Liabilities	108	62	71	80
- Long Term Provisions	25	21	21	21
Total Non-Current Liabilities	1,495	1,317	1,195	1,074
- Short Term Borrowings	311	281	251	221
- Trade Payables	351	421	477	537
- Other Current Liabilities	267	289	327	368
- Short Term Provisions	23	19	19	19
Total Current Liabilities	1,017	1,070	1,129	1,195
Total Liabilities	**3,922**	**3,899**	**4,110**	**4,411**
Gross Block	2,533	2,633	2,733	2,833
Depreciation	1,140	1,430	1,681	1,942
% of GB	45.0%	54.3%	61.5%	68.5%
- Fixed Assets	2,487	2,405	2,254	2,093
- Non-Current Investments	7	7	7	7
- Deferred Tax Asset (Net)	40	25	25	25
- Long Term Loans & Advances	107	86	86	86
- Other Non-Current Assets	146	111	111	111
Total Non-Current Assets	2,787	2,634	2,482	2,322
- Inventories	60	59	67	76
- Trade Receivables	421	468	530	597
- Cash & Cash Equivalents	541	695	988	1,375
- Short Term Loans & Advances	3	3	3	3
- Other Current Assets	110	39	39	39
Total Current Assets	1,135	1,265	1,628	2,090
TOTAL ASSETS	**3,923**	**3,899**	**4,110**	**4,411**

Source: Company, Axis Securities Research

Cash Flow Statement (Rs Cr)

Y/E Mar, Rs. Cr (Cash Flow)	FY26	FY27E	FY28E	FY29E
PBT	27	126	341	445
Add: depreciation	244	290	251	261
Add: Interest	177	151	126	101
Cash flow from operations	448	567	719	806
Change in working capital	93	-120	-32	-35
Taxes	4	25	68	89
Miscellaneous expenses	0	0	0	0
Net cash from operations	351	662	683	752
Capital expenditure	-260	-208	-100	-100
Change in Investments	-0	0	0	0
Net cash from investing	-260	-208	-100	-100
Increase/Decrease in debt	-102	-165	-165	-165
Dividends	0	0	0	0
Proceedings from equity	10	0	0	0
Interest	-177	-151	-126	-101
Others	371	17	1	1
Net cash from financing	103	-299	-290	-265
Net Inc./(Dec.) in Cash	193	154	293	387
Opening cash balance	348	541	695	988
Closing cash balance	541	695	988	1,375

Source: Company, Axis Securities Research

Valuation ratios (%)

Y/E Mar, Rs Cr	FY26	FY27E	FY28E	FY29E
Net Sales	2,545	2,847	3,224	3,630
EBITDA	466	541	693	780
Net Profit	23	101	273	356
EPS	1.5	6.7	18.3	23.8
PE (x)	344.1	108.9	40.1	30.8
P/BV (x)	5.9	7.6	6.4	5.3
EV/ EBITDA	19	22	16.4	13.9
RoE (%)	1.7	7.0	16.0	17.3
RoCE (%)	8.5	10.0	18.6	23.3

Source: Company, Axis Securities Research

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UTTAM KUMAR SRIMAL

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