TOP PICKS

AUGUST 2026

AXIS DIRECT

From Liquidity To Earnings: Staying Invested Through The Next Phase Of The Market.

Market Performance- Broad-Based Rally Led by Large Caps and Technology: Indian equities entered August 2026 after delivering a resilient performance over the past month, supported by improving corporate earnings, sustained domestic liquidity, and renewed optimism surrounding India's medium-term growth prospects. The Indian equity market extended its recovery during July after consolidating for several weeks. Benchmark indices witnessed broad-based gains with leadership gradually shifting back towards large-cap stocks**. The Nifty 50 outperformed on the back of strong contributions from Information Technology, Financials and select industrial companies. Midcap and Smallcap indices also participated in the rally but underperformed the benchmark, reflecting investors' preference for quality companies amid rich valuations**. **The Nifty 50 (2.2%) outperformed Nifty 500 (2%), Small cap 250 (1.1%) and Nifty Midcap 250 (1.8%).**

Q1FY27 Earnings Season – Results Support Market Optimism: The ongoing Q1FY27 earnings season has largely reinforced confidence in India's corporate earnings trajectory. **To date, Nifty 50 companies have reported earnings broadly in line with or ahead of consensus expectations.** Banks continue to report healthy credit growth and stable asset quality despite some moderation in net interest margins. Capital goods, infrastructure, defence and engineering companies continue to benefit from strong execution and record order books. Cement companies reported healthy volume growth despite near-term margin pressures arising from fuel costs, while management commentary suggests improving realizations during the coming quarters.

Management Commentary Suggests FY27 Growth Momentum Remains Intact: One of the most encouraging aspects of the current earnings season has been the positive tone of corporate managements regarding FY27. **Across infrastructure, engineering, defence, capital goods, cement and power companies, management teams continue to guide for healthy revenue growth, stable or improving EBITDA margins and strong order inflows**. Several companies have highlighted record bidding pipelines supported by increased government spending, energy transition projects, defence indigenisation and private sector investments.

IT Sector Rally: Relief Rally or Beginning of a New Cycle? Information technology stocks have emerged as one of the strongest performing sectors during the past month after remaining under pressure for an extended period. **Several large IT companies have reported healthy deal pipelines, improved client engagement, and better sequential revenue performance, although management commentary continues to remain cautious regarding the pace of discretionary spending recovery.** Investors have also become increasingly optimistic regarding AI-related spending by global enterprises, expecting technology budgets to expand as businesses accelerate digital transformation initiatives.

Artificial Intelligence Trade: Rotation Rather than Reversal: The recent recovery in IT stocks has reignited discussions on whether the global AI trade is reversing. **In our view, the AI investment cycle is unlikely to reverse structurally; instead, markets are witnessing a healthy rotation within technology.** During the first phase of the AI rally, semiconductor manufacturers, hyperscalers, and AI infrastructure companies significantly outperformed. As AI adoption becomes more widespread, investors are increasingly rotating towards software services, consulting firms and enterprise technology providers expected to benefit from AI implementation rather than merely infrastructure spending. Indian **IT companies are well positioned to benefit from this second phase as global clients increasingly invest in AI integration, cloud migration, cybersecurity and enterprise transformation.** While near-term earnings growth may remain moderate, AI-related opportunities are expected to support stronger medium-term growth rather than represent a short-lived thematic rally.

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**. Although markets have so far absorbed these developments relatively well, any further escalation involving major oil-producing nations could significantly increase crude oil prices, global inflation expectations and risk aversion**. Investors should therefore continue monitoring geopolitical developments closely, as sudden increases in energy prices may adversely affect India's current account deficit, inflation outlook and corporate profitability.

FII Flows Showing Signs of Revival: Foreign Institutional Investors (FIIs) turned net buyers on July 26, recording a monthly inflow of over Rs 20,000 Cr, reflecting improving sentiment and confidence toward Indian equities. Domestic institutional investors (DIIs) have increased their market share and holdings, with DIIs holding nearly 19% of NSE-listed equities, underscoring their role in stabilising market flows**. Total FII outflows in FY27 YTD have reached nearly $11 billion, while DIIs have infused $ 27 billion.**

Monsoon Outlook – August 2026: As of 29th July 2026, cumulative monsoon rainfall remained 14% below LPA, although July rainfall significantly improved the situation. The IMD expects August–September rainfall at around 94% of LPA, implying below-normal precipitation amid rising El Niño influence. Improved July rainfall has supported reservoir levels, kharif sowing and rural sentiment, reducing immediate concerns over food inflation**. The strong recovery in July has materially improved the monsoon outlook, despite the IMD's below-normal forecast for August–September. Unless rainfall weakens sharply, the monsoon should remain supportive of rural demand, food inflation stability and the RBI's growth-oriented policy stance in FY27.**

RBI Policy – Stability Expected with a Balanced Outlook: The upcoming RBI Monetary Policy Committee meeting is expected to maintain a balanced stance. Moderating inflation, improving food supply and healthy growth provide sufficient flexibility for policymakers. While immediate policy easing may remain limited, market participants will closely monitor the RBI's commentary regarding liquidity management, inflation trajectory and future growth expectations.

Domestic Growth Outlook: Growth Resilience with Emerging Risks: India continues to remain among the fastest-growing major economies globally. Strong domestic demand, public infrastructure spending, manufacturing activity, formalisation of the economy, and financial sector stability continue to support medium-term growth prospects. GDP growth for FY27 is expected to be in the range of 6.7%–6.9%, supported by strong domestic demand, continued government capital expenditure, and a gradual recovery in private sector investments. **However, emerging risks, including rising energy prices, global slowdown concerns, currency weakness, and weak monsoon expectations, may create temporary pressure on growth and inflation dynamics during FY27, and in such a case, growth may slip below 6.5%.** Thus, while the structural growth story remains intact, the near-term outlook is increasingly influenced by external vulnerabilities.

Valuation Perspective – Premium Valuation Requires Strong Earnings Delivery: The Nifty is currently trading slightly above 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**. However, elevated valuations imply that future market appreciation will increasingly depend on earnings upgrades rather than multiple expansion.**

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, the recent RBI dividend (2.87 Lc Cr), 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: The strong recovery in Small, Mid and Microcap stocks (SMMID) over the past four months has broadly validated our earlier view that the risk-reward had started turning favourable. However, with valuations now elevated, the margin for earnings disappointment remains limited. Going forward, market performance is likely to be driven increasingly by **sustained earnings growth, healthy free cash flow generation, improving ROCE and balance-sheet strength, rather than further valuation expansion**. **We therefore continue to favour a bottom-up approach, with greater emphasis on quality growth companies having sustainable business models, pricing power, strong earnings visibility and execution**

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capabilities. Companies that can navigate cost pressures while maintaining growth and generating consistent cash flows are likely to emerge as key outperformers through FY27.

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 **cautious on IT** in the medium term, led by AI disruption.

Staying Disciplined in a Volatile Environment: For August 2026, our strategy remains constructive but selective. We expect earnings momentum to increasingly drive market performance, with quality large caps and fundamentally strong midcaps likely to outperform momentum-driven segments. Investors should maintain diversified portfolios while focusing on companies with visible earnings growth, strong balance sheets and sustained management confidence for FY27. **While near-term volatility may remain elevated, long-term investors may continue to use market corrections selectively to accumulate high-quality businesses aligned with India's structural growth themes.**

Key Risks to Our Outlook: Our constructive outlook remains subject to several risks. A sharp escalation in West Asia disrupting global energy supplies, sustained crude oil prices above US $100 per barrel, renewed inflationary pressures, unexpected tightening by major central banks, weaker-than-expected global growth or significant earnings disappointments could increase market volatility. Domestically, slower government expenditure, weaker monsoon outcomes in August–September or prolonged FII selling may also temporarily affect market sentiment.

There is no change in Top Picks for the month of August 2026.

We maintain the Dec'26 Nifty target at 27,220

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, led by financials, underpinning healthy medium-term market returns. While geopolitical tensions, crude oil volatility and currency movements may create near-term volatility, **we maintain our December 2026 Nifty target of 27,220, 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. While the medium-to-long-term outlook for the Indian economy and corporate earnings remains constructive, supported by domestic demand resilience, improving earnings visibility, and structural reforms, the near term may witness increased volatility, driven by commodity price movements, global risk aversion, and foreign fund flows. **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 28,615. 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 23,030. 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. In 2026. 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, Avenue Supermarts, ICICI Bank, Varun Beverages Ltd, APL Apollo Tubes, HCG Ltd, LG Electronics (I) Ltd, Nestle India Ltd, Eternal Ltd, Ujjivan Small Finance Bank, Chalet Hotels, Minda Corporation Ltd, Dalmia Bharat Ltd.

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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	1,141	1,305	14%	27.9	5.2	0.5	13.6	22.5	23.5	16.3
Large Cap	Varun Beverages Ltd.	Consumer Staples	442	530	20%	43.5	6.8	0.3	-12.8	-13.8	-5.8	-9.4
Large Cap	Kotak Mahindra Bank Ltd.	Financials	390	500	28%	17.8	1.9	0.2	-0.3	2.0	-4.2	-11.2
Large Cap	Bharti Airtel Ltd	Communication Services	1,972	2,530	28%	30.8	6.8	1.2	7.8	5.8	1.4	-5.2
Large Cap	Avenue Supermarts Ltd.	Consumer Staples	3,921	4,845	24%	71.5	9.1	NA	-10.5	-14.5	6.3	3.7
Large Cap	ICICI Bank Ltd.	Financials	1,435	1,800	25%	16.1	2.5	0.8	4.4	13.6	5.9	6.9
Large Cap	Nestle India Ltd.	Consumer Staples	1,510	1,765	17%	74.8	48.0	0.8	7.9	4.0	14.5	18.4
Large Cap	Eternal Ltd.	Consumer Discretionary	302	360	19%	168.7	8.7	NA	14.3	22.4	10.5	8.8
Mid Cap	Dalmia Bharat Ltd	Materials	1,800	2,260	26%	31.7	1.8	0.5	5.8	-5.3	-12.8	-15.3
Mid Cap	LG Electronics India Ltd.	Consumer Discretionary	1,491	1,815	22%	45.7	11.3	NA	-4.0	-6.4	1.9	-2.0
Mid Cap	APL Apollo Tubes Ltd.	Materials	1,820	2,250	24%	34.8	7.8	0.5	1.7	-4.5	-11.1	-4.9
Small Cap	Ujjivan Small Finance Bank Ltd.	Financials	72	86	20%	12.1	1.8	NA	21.5	26.1	9.8	35.4
Small Cap	Chalet Hotels Ltd.	Consumer Discretionary	810	1,000	23%	28.3	4.1	0.1	-0.6	6.9	-6.9	-7.0
Small Cap	Minda Corporation Ltd.	Consumer Discretionary	701	785	12%	38.3	5.3	0.2	0.6	34.8	24.7	22.2
Small Cap	Healthcare Global Enterprises Ltd.	Healthcare	675	750	11%	77.4	6.8	NA	7.6	17.9	14.7	2.6

Source: Company, Axis Securities, CMP as of 31^{th} July 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 so far, Small Cap has surpassed Gold as the top-performing asset class. Gold led asset performance in 2024 until the end of May, after which the broader market took the lead. 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-July'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.

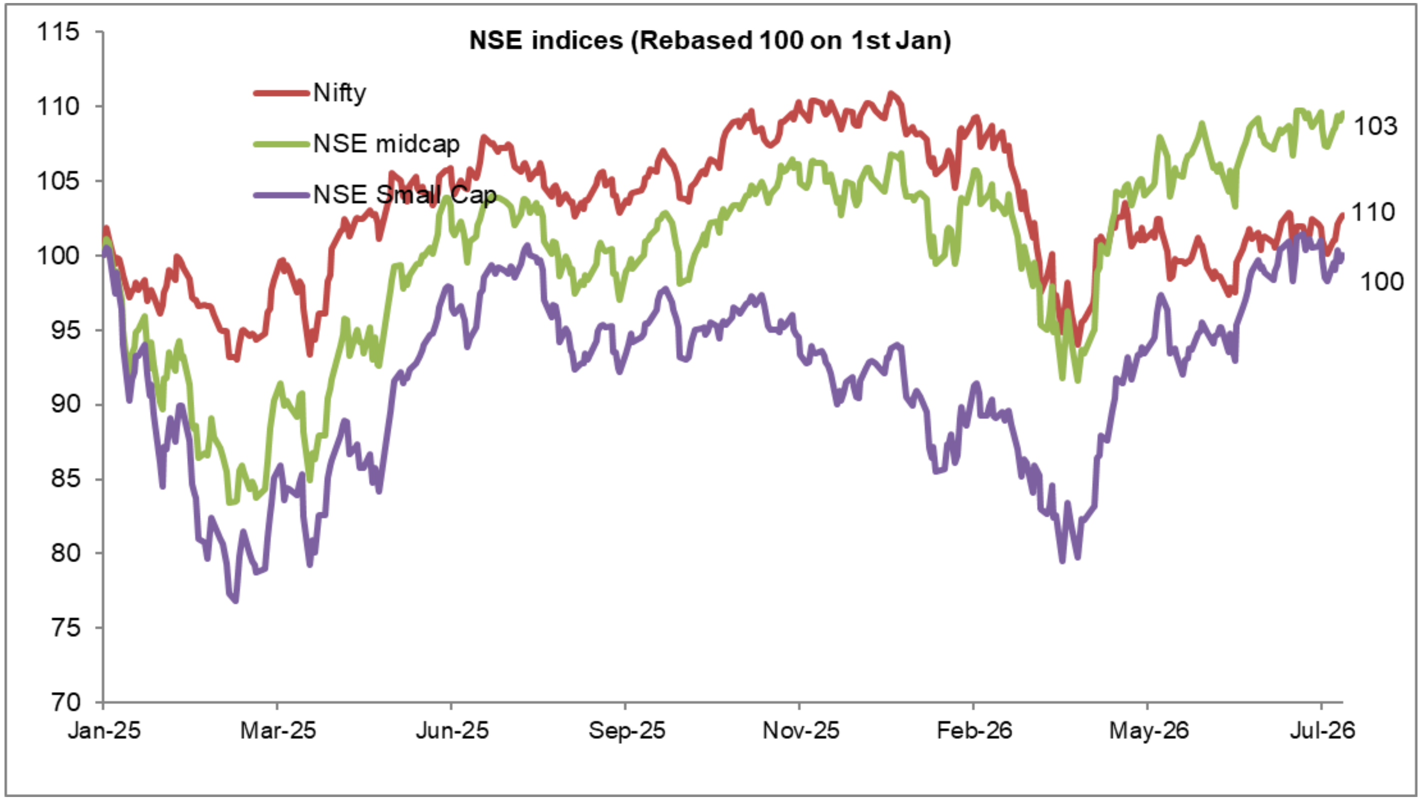
Yearly performance of Asset Classes (%)

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%	SmallCap 100: 9.2%
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: 8.6%
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%	EM Index: 8.2%
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%	MCX Gold: 5.9%
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: 4.0%
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: -6.7%

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 since then 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 the index recovered by ~8.3% since its low. Nifty is lagging and continues to underperform broader indices.**



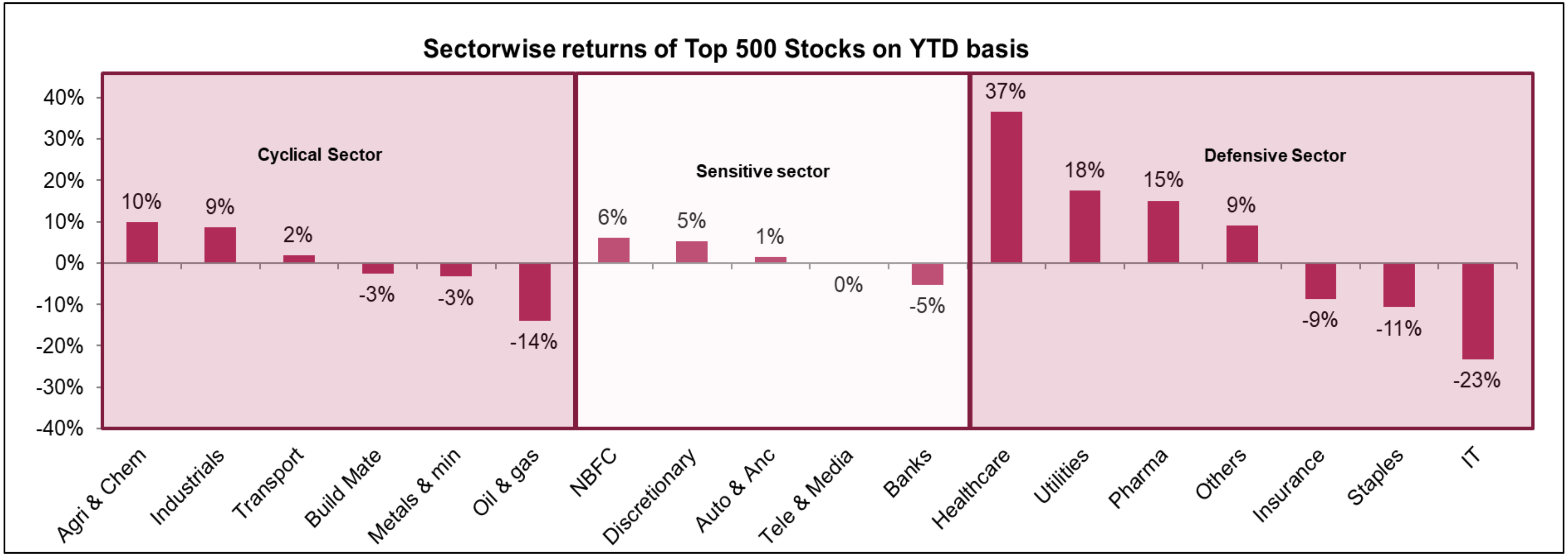
Correction/Growth from 1st Jan'26

- Nifty 50: -6.7%
- NSE Mid Cap 100: +3.6%
- NSE Small Cap 250: +7.5%

Source: Bloomberg, Axis Securities

Performance on a YTD basis [31st Dec'25 to 31st Jul '26

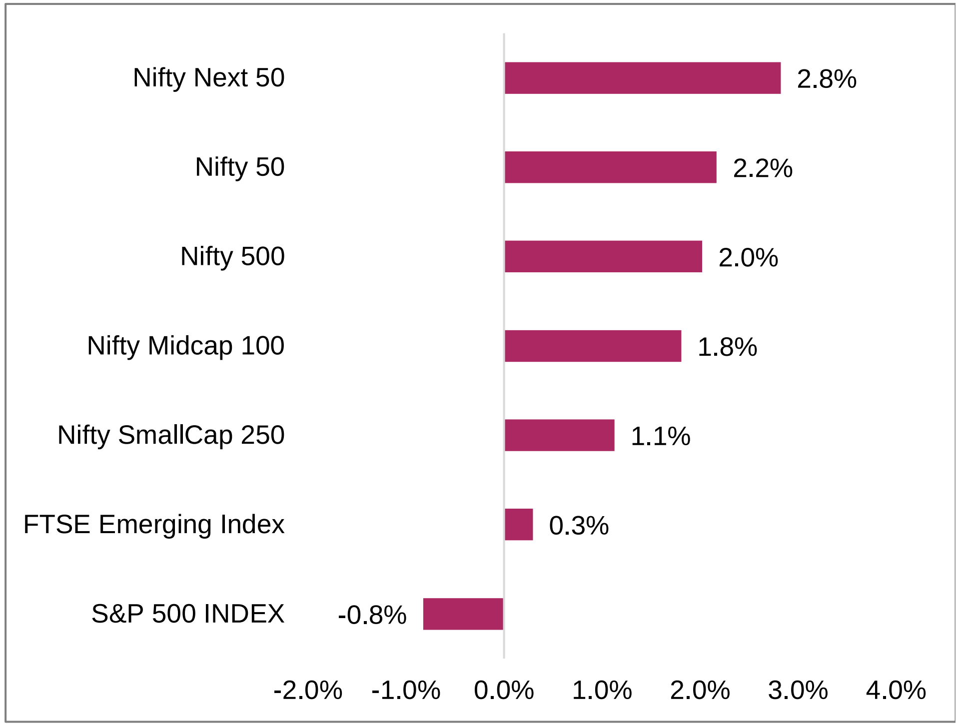
- YTD rally led by Utilities and Healthcare in defensive and Industrials and Agri Chem in Cyclicals. Metals index came under pressure on strengthening of USD. **IT Sector Underperformance continues to remain under focus – led by AI concerns though it recovered some lost ground.** In last one month NBFC and Discretionary have shown some resilience.
- Market has slightly shifted towards the Defensive sectors. Sensitive sectors remained muted
  Export-oriented sectors continue to face challenges in the volatile global environment amidst the ongoing West Asia Crisis

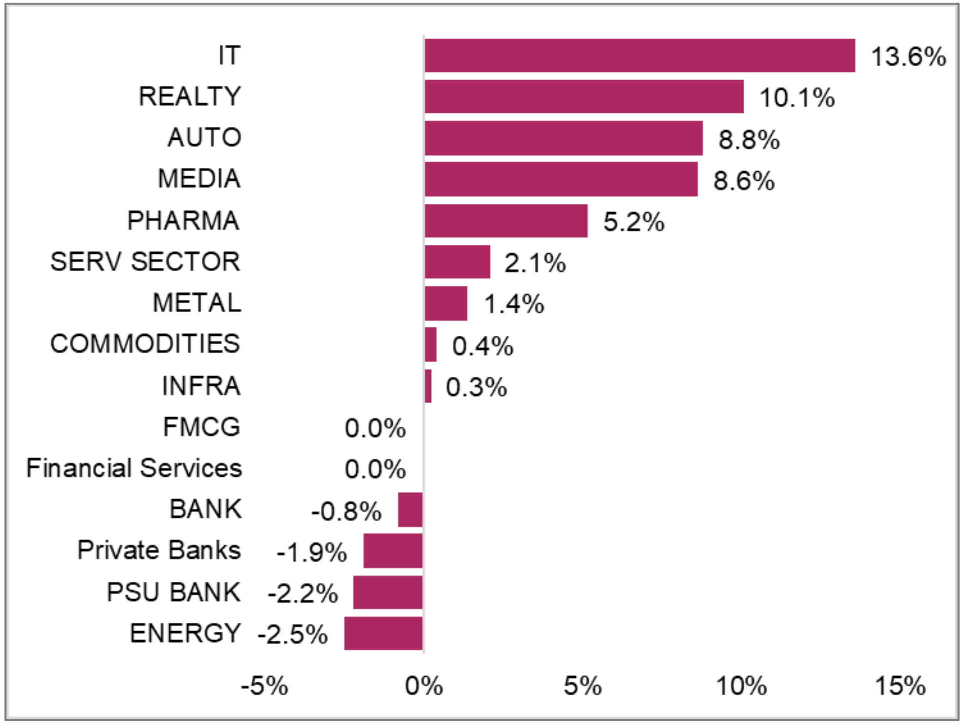


Source: Bloomberg, Axis Securities

What Happened in the Last One Month?

- Correction in all the major World Indices barring S&P 500 which relatively outperformed against all the indices. Nifty Small, Nifty Next 50 and Mid Cap outperformed Nifty 50. Nifty. Nifty Small Cap 250 which was the top performer last month remained muted FTSE emerging markets remained the worst performers [major weight of China and Taiwan]
- Market breadth remained mix across sectors with Realty, IT, Auto and Pharma relatively better. BFSI was the biggest underperformer this month.





Source: Bloomberg, Axis Securities

Quarterly Sector Scorecard

- Nearly 40% of the sectors outperformed the Nifty 50 during July 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. Following several months of underperformance, the Nifty 50 outperformed the broader market in July, supported by better-than-expected Q1FY27 earnings, renewed foreign investor interest in large-cap stocks and a shift towards high-quality businesses. In Apr-Jun'26, Realty, Media, Private banks and Banks outperformed the Nifty 50 index by a good margin. IT remained an underperformer. In July 2026 IT has outperformed other indices followed by Realty and Media.

	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	Q2-Jul'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%	40.0%
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%	2.2%
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%	2.8%
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%	1.8%
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%	1.1%
AUTO	-4%	11%	9%	-1%	-3%	24%	7%	15%	15%	17%	8%	-16%	-6%	12.1%	11.2%	5.1%	-14.8%	11.4%	8.6%
BANK	3%	-8%	16%	11%	-6%	10%	0%	8%	-2%	12%	0%	-4%	1%	11.1%	-4.7%	8.3%	-15.0%	14.5%	-0.5%
COMMODITIES	7%	-16%	11%	7%	-7%	9%	8%	19%	8%	9%	8%	-18%	5%	5.5%	0.5%	4.2%	-2.5%	7.3%	0.7%
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%	0.1%
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%	-2.5%
FMCG	-3%	4%	18%	-1%	4%	14%	-1%	10%	-5%	5%	16%	-14%	-5%	2.4%	-0.3%	0.6%	-17.3%	7.1%	0.7%
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%	16.8%
INFRA	1%	-8%	7%	6%	-3%	13%	9%	17%	14%	8%	6%	-12%	0%	11.3%	-4.3%	5.5%	-9.9%	9.7%	0.2%
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%	9.5%
METAL	16%	-27%	24%	17%	-18%	13%	10%	17%	3%	18%	5%	-16%	6%	4.9%	5.3%	9.7%	1.2%	12.4%	1.6%
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%	4.8%
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%	-1.5%
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%	-1.5%
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%	8.7%
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%	2.5%

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 recovered during the month and outperformed the S&P 500. Most global indices recovered **since 8th Apr'26 due to Ceasefire announcement in West Asia.** Global indices, although recovered, remained volatile in later part of May-July'26 due to flip flops over the progress in US-Iran peace negotiations and a related volatility in Brent crude. Indonesia, Hongkong and Singapore market outperformed all other market in last one month while Korea and Taiwan market underperformed in last 1M after outperformance in past time frames.
- **Positive Near-term Outlook:** Auto, Pharma, Realty, Select metals (Aluminium), Defence. **Improving Outlook:** Industrials, Capital Goods,
- **Mixed Bag:** Discretionary, 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	2.2%	1.6%	-3.7%	10.2%	-7.0%	-1.6%
Nifty Next 50	2.8%	5.8%	8.6%	29.1%	-4.5%	9.8%
Nifty 500	2.0%	3.4%	1.7%	18.0%	-4.2%	2.4%
Nifty Midcap 100	1.8%	5.2%	7.7%	31.3%	4.0%	9.6%
Nifty SmallCap 250	1.1%	7.1%	13.7%	29.4%	-2.8%	4.5%
Sector Index (%)	**1m**	**3m**	**6m**	**Since 28 Feb'25**	**Since 26 Sep'24**	**1Year**
NIFTY AUTO	8.6%	10.9%	7.5%	40.2%	4.5%	21.5%
NIFTY BANK	-0.5%	4.4%	-3.9%	18.5%	5.3%	2.3%
NIFTY COMMODITIES	0.7%	-3.7%	2.2%	29.8%	1.4%	12.8%
Nifty Financial Services	0.1%	3.7%	-2.7%	15.5%	5.7%	-0.2%
NIFTY ENERGY	-2.5%	-5.0%	10.2%	29.0%	-12.3%	10.3%
NIFTY FMCG	0.7%	-3.8%	-4.1%	-3.1%	-25.8%	-12.0%
NIFTY IT	16.8%	4.6%	-19.3%	-17.7%	-27.2%	-13.0%
NIFTY INFRA	0.2%	-0.1%	2.8%	22.7%	-2.6%	3.8%
NIFTY MEDIA	9.5%	11.2%	16.9%	16.7%	-24.6%	-0.5%
NIFTY METAL	1.6%	-0.9%	7.5%	54.7%	27.4%	37.0%
NIFTY PHARMA	4.8%	14.0%	22.2%	33.9%	14.1%	16.5%
NIFTY PSU BANK	-1.5%	-1.4%	-7.2%	48.0%	23.0%	22.1%
Nifty Private Banks	-1.5%	4.7%	-3.6%	13.6%	1.0%	1.6%
NIFTY REALTY	8.7%	13.6%	15.1%	13.0%	-20.3%	-1.2%
NIFTY SERV SECTOR	2.5%	3.4%	-5.6%	6.3%	-7.3%	-4.5%

International Index						
Index Performance (%)	**1m**	**3m**	**6m**	**Since 28 Feb'25**	**Since 26 Sep'24**	**1Year**
Shanghai Comp	-6.4%	-6.8%	-6.9%	15.4%	27.7%	7.2%
Bovespa	3.0%	-5.4%	-2.3%	44.3%	33.2%	33.1%
south africa	1.8%	-3.2%	-7.5%	32.1%	31.0%	14.3%
Korea	-22.2%	-0.1%	26.2%	160.4%	146.9%	103.2%
Mexico	0.1%	-1.2%	-0.1%	29.2%	25.7%	18.5%
Indonesia	10.5%	-10.4%	-25.1%	-0.5%	-19.5%	-16.7%
Argentina	4.3%	16.7%	3.3%	49.8%	92.6%	42.5%
Japan	-8.1%	8.6%	20.7%	73.2%	65.3%	56.7%
Hongkong	13.1%	0.4%	-5.5%	12.8%	29.9%	4.5%
Philipines	3.3%	6.9%	-1.5%	4.0%	-16.4%	-0.3%
Taiwan	-6.5%	10.8%	34.5%	87.0%	88.6%	83.2%
Singapore	8.9%	14.6%	14.7%	44.5%	57.1%	34.9%
Thailand	2.0%	8.7%	22.5%	34.9%	11.6%	30.7%
Veitnam	-6.7%	-6.4%	-5.1%	33.0%	34.4%	15.5%
Dow	-0.2%	5.1%	6.8%	19.1%	23.8%	18.3%
Nasdaq	-4.2%	0.9%	7.1%	33.3%	38.1%	18.9%
FTSE 100 INDEX	4.2%	5.4%	7.0%	24.1%	32.0%	19.7%
DAX INDEX	3.2%	6.2%	5.1%	14.4%	34.1%	7.2%
CAC 40 INDEX	1.9%	5.6%	5.4%	5.6%	10.6%	10.2%
S&P 500 Index	-0.8%	3.2%	7.2%	24.9%	29.5%	17.3%

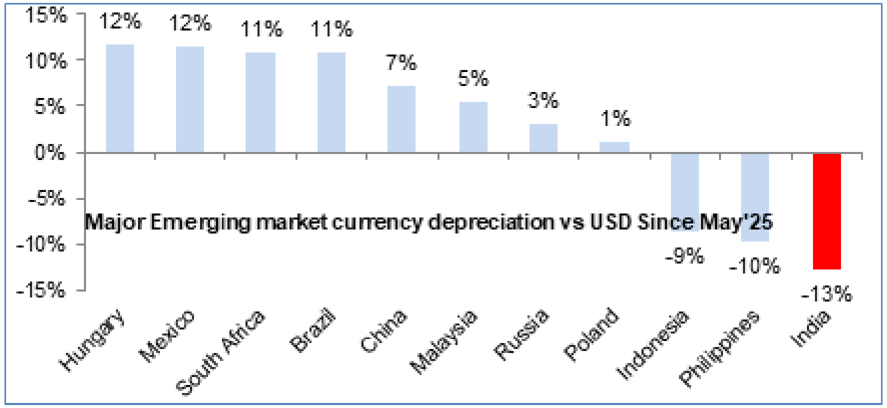
Source: Bloomberg, Axis Securities, and Performance as of 31th Jul 2026

Commodity prices continued to remain Elevated in the Last Month

- **Precious Metals:** Gold prices recovered by ~1.2% MoM, while Silver posted a similar increase of ~1.5% MoM
- **Industrial Metals:** Aluminum prices recovered in last one month Copper and Zinc rose in last 1M by nearly 4% and 3% respectively. Steel prices are in correcting phase since last 3 month.
- **Crude:** Brent crude touched $100/bbl up significantly from the levels of $71/bbl, 3 months ago. Oil prices remained volatile amidst US-Iran peace deal talks. **Rupee continued to weaken against the dollar and was the worst performing currency.** Geopolitical tensions again raised post US-Iran strikes. **India Vix** contracted sharply in last three month indicating market volatility has reduced sharply.

Market Indicator	31-07-2026	1m ago	3m ago	Since 28 Feb'25	Since 26 Sep'24	1Year
Brent Crude ($/bbl)	89.8	72.9	114.0	73.2	71.6	72.5
Bond Yield (GOi 10Yr)	6.8	6.8	7.0	6.7	6.7	6.4
USD/INR	95.4	94.7	94.9	87.5	83.6	87.6
India Vix	11.8	13.6	18.5	13.9	12.0	11.5

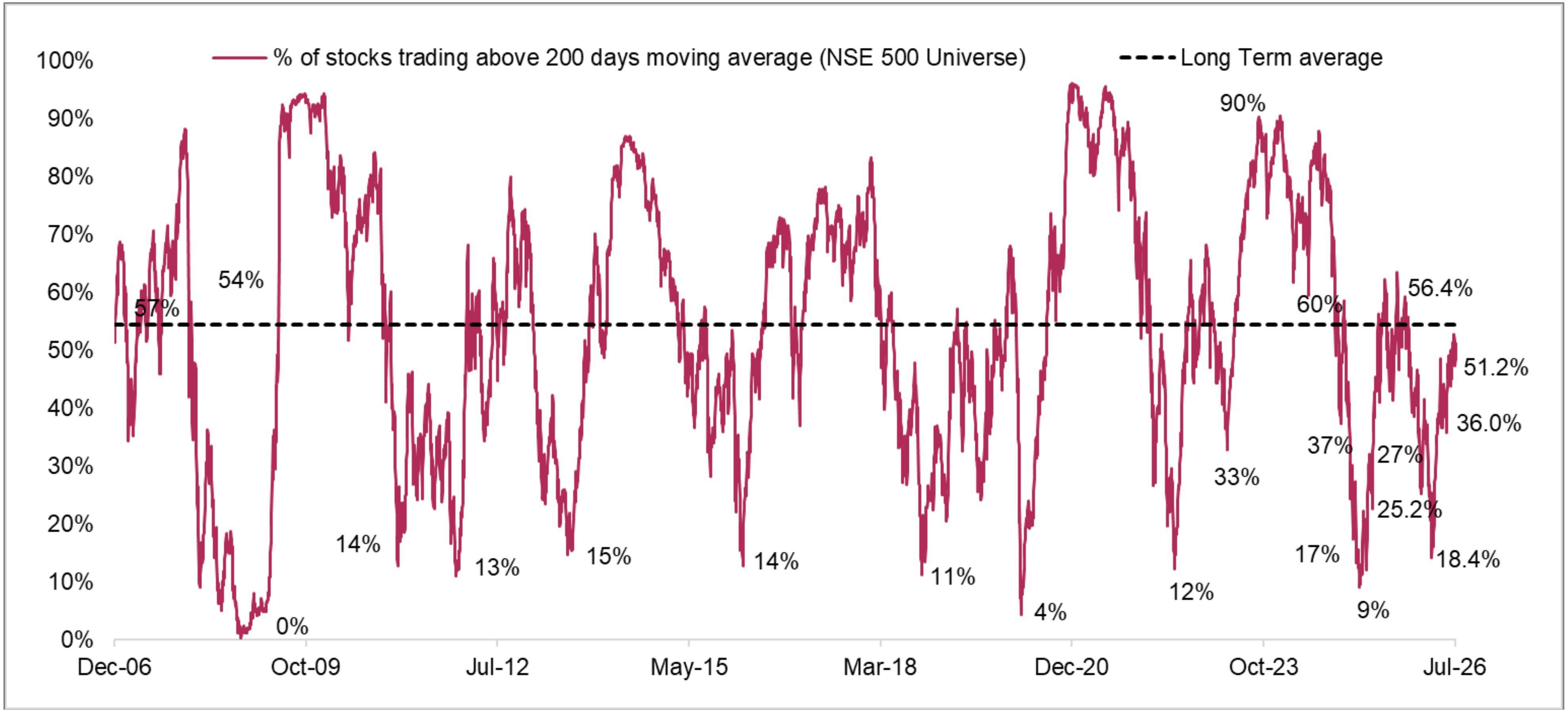
Commodity Index	1m	3m	6m	Since 28 Feb'25	Since 26 Sep'24	1Year
Gold ($/OZ)	1.2%	-12.1%	-17.1%	42.0%	51.8%	23.3%
Steel ($/ton)	-2.0%	-3.0%	4.3%	2.1%	4.3%	2.1%
Aluminium ($/ton)	4.0%	-8.4%	3.9%	22.5%	26.2%	25.2%
Copper ($/ton)	3.7%	7.2%	5.9%	48.2%	39.2%	44.8%
Zinc ($/ton)	2.7%	8.9%	9.5%	32.3%	20.5%	32.2%



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

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

After a recent weakness, the market is trading near the neutral zone, with ~51.2% of the NSE 500 stocks currently trading above 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.



52W-High Analysis

- From the trough of 30th Mar’26 Nifty has recovered by 8%. 67 stocks (vs. 6 in Mar’26, 118 in Jun’26) are now trading near their 52-week highs.
- 136 (~27%) stocks are still trading below 20% to 30% of their 52-week highs (vs. 140 (~28%) in Mar’26).
- 82 (~16%) of the stocks have corrected by over 30% from their 52-week high (vs. 44% in Mar’26).
- 19 Large cap stock now at a 52 Week high (vs. 1 in Mar’26), reflecting current market recovery. Large caps have recovered better than broader indices.
- Out of 55 PSUs, 1 stock are near their 52-week high, (vs 1 stock in Mar’26 and 11 In Jun’26) reflecting current market volatility again post rising Iran-US tensions.

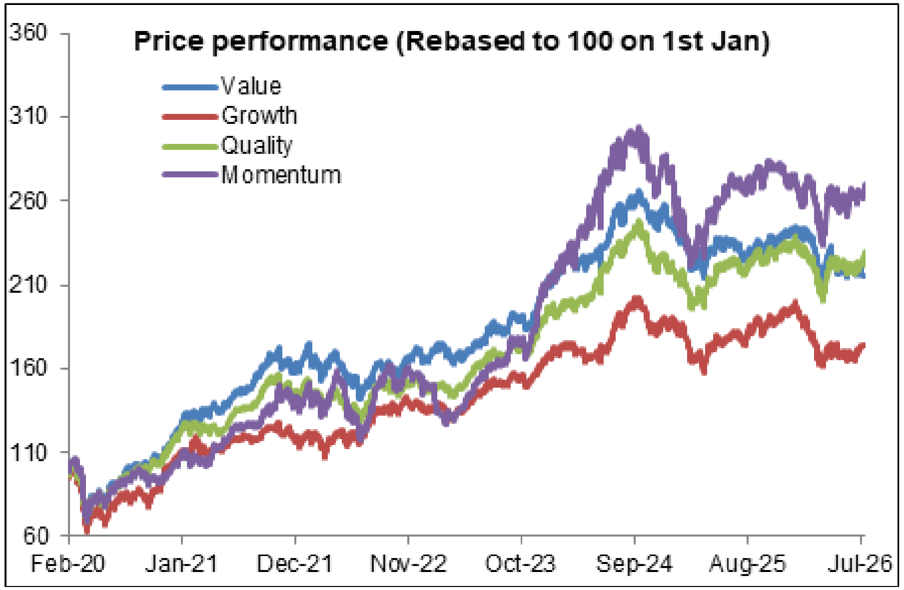
		Current level of number of stocks as compared to 52W high			
Sector	**No of Stocks**	**Near to 52W high**	**5%-20% below 52W high**	**20%-30% below 52W high**	**Below 30%**
Agri & Chem	33	3	13	12	5
Auto & Anc	44	11	18	10	5
Banks	28	6	13	9	0
Build Mate	39	0	20	10	9
Discretionary	32	4	9	9	10
Healthcare	54	21	22	9	2
Industrials	49	2	30	11	6
IT	40	3	9	11	17
Metals & min	25	3	13	8	1
NBFC	58	7	26	19	6
Oil & gas	19	1	7	8	3
Others	9	3	2	3	1
Staples	30	2	9	6	13
Tele & Media	14	1	8	3	2
Transport	8	0	5	3	0
Utilities	18	0	11	5	2
Total	**500**	**67**	**215**	**136**	**82**
Large cap	**100**	**19**	**51**	**18**	**7**
Mid cap	**150**	**22**	**68**	**39**	**12**
Small cap	**250**	**26**	**96**	**79**	**63**
PSUs	**55**	**1**	**23**	**26**	**3**

Source: Bloomberg, Axis Securities

Style Indicators

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 Growth and Momentum. Growth 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.

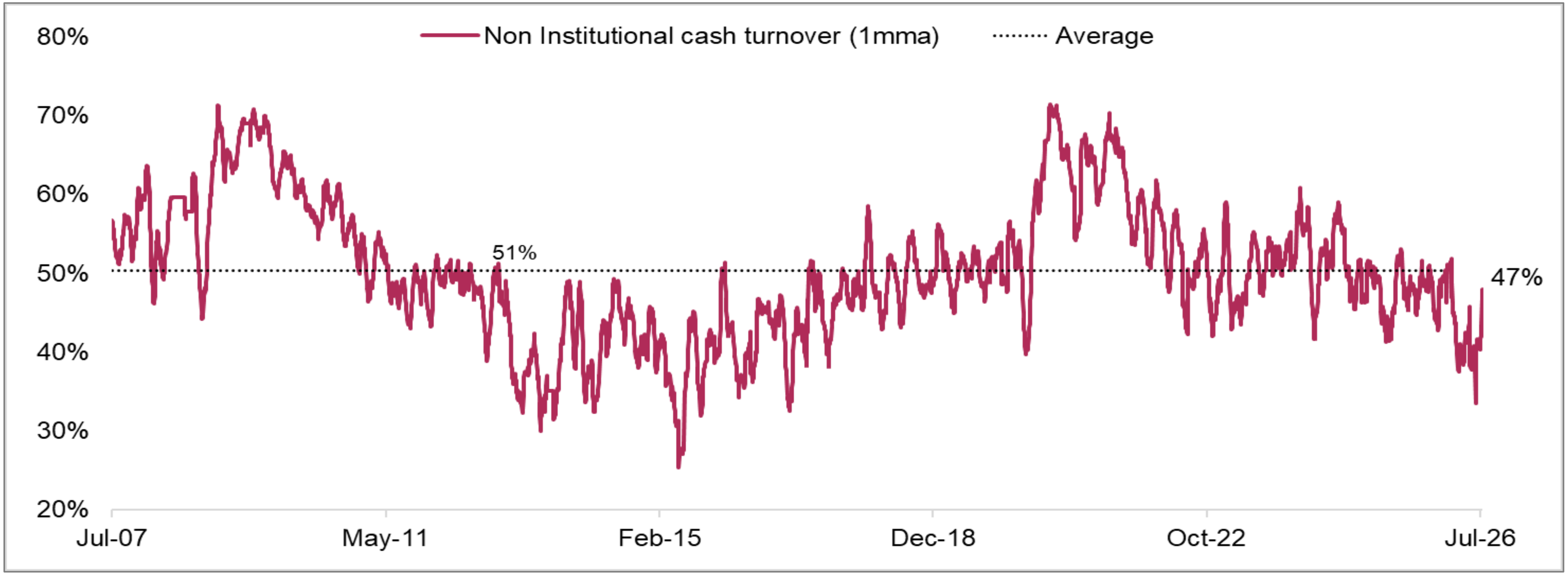


	Performance (%)			
Perf	Value	Growth	Quality	Momentum
2022	-0.9%	12.4%	-0.9%	7.1%
2023	27.8%	24.8%	32.0%	39.0%
2024	15.6%	9.8%	11.3%	30.0%
2025	-1.2%	5.4%	7.3%	-0.7%
1m	-0.5%	5.2%	5.9%	3.2%
3m	-3.8%	1.6%	2.9%	4.7%
6m	-10.8%	-7.1%	-1.3%	3.2%
1YR	-5.8%	-3.1%	4.8%	-0.3%
2YR	-16.7%	-10.0%	-2.5%	-9.2%

Source: Bloomberg, Axis Securities, Performance as of 31th Jul 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

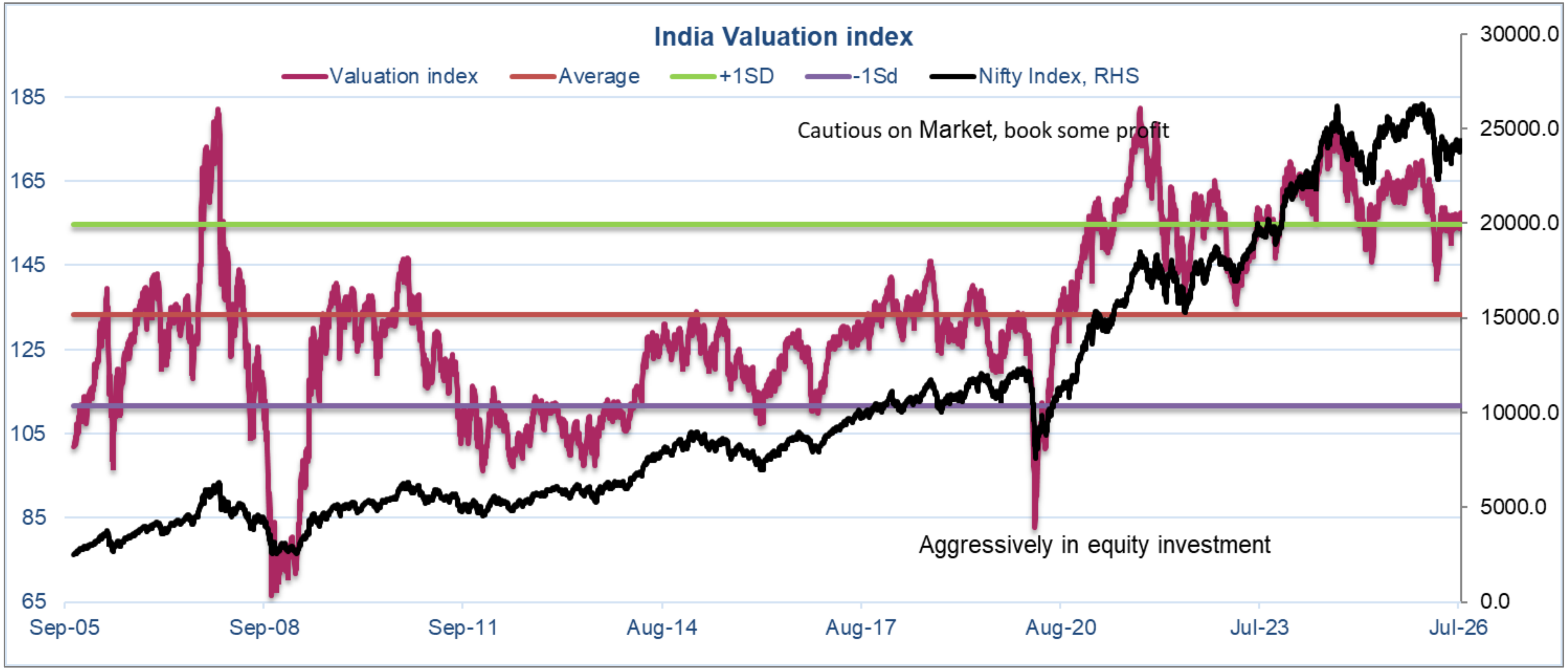
Number of NSE 500 stocks trading above 12M Fwd PE > 50

- 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

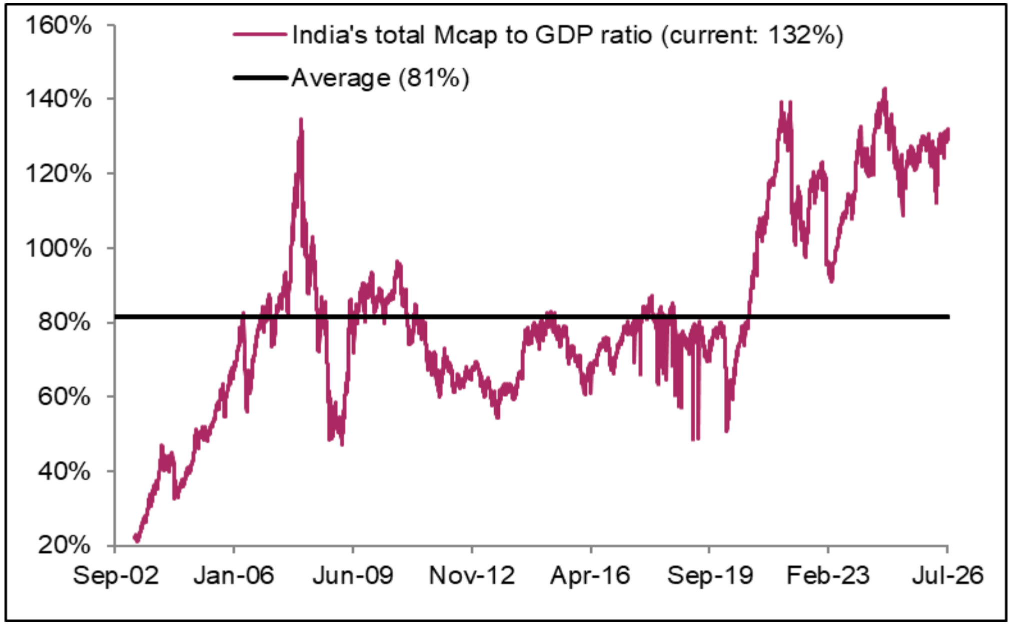
- Market valuation index is currently trading just inline with the +1stdev line, following a sharp rebound vs Mar'26. Current valuations have rebounded from the trough of late Mar'26 but scope for further re-rating will depend on earnings growth and commentaries. Stock selection and tactical sector rotation 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).

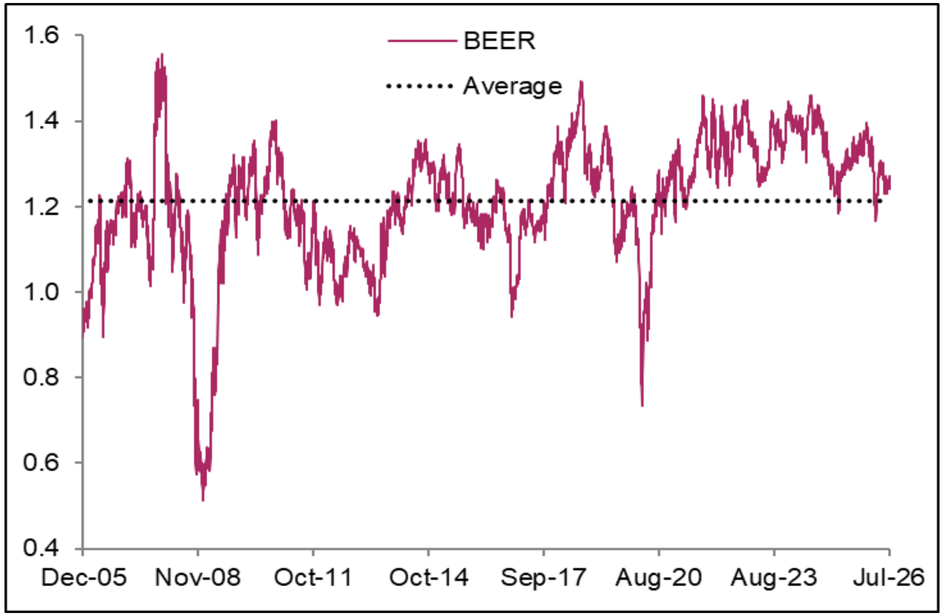


Source: Bloomberg, Axis Securities

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

- **BEER:** Indian bond yields have increased by 4 bps since 18th Sep'24 (the start of the US Fed's Rate cut cycle) due to recent geopolitical tensions. This is despite the consumption boost, fiscal consolidation in the Union Budget, and rate cuts by the RBI. 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). This indicates that the market has now retraced from overvaluation towards fair valuation.
- **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%.



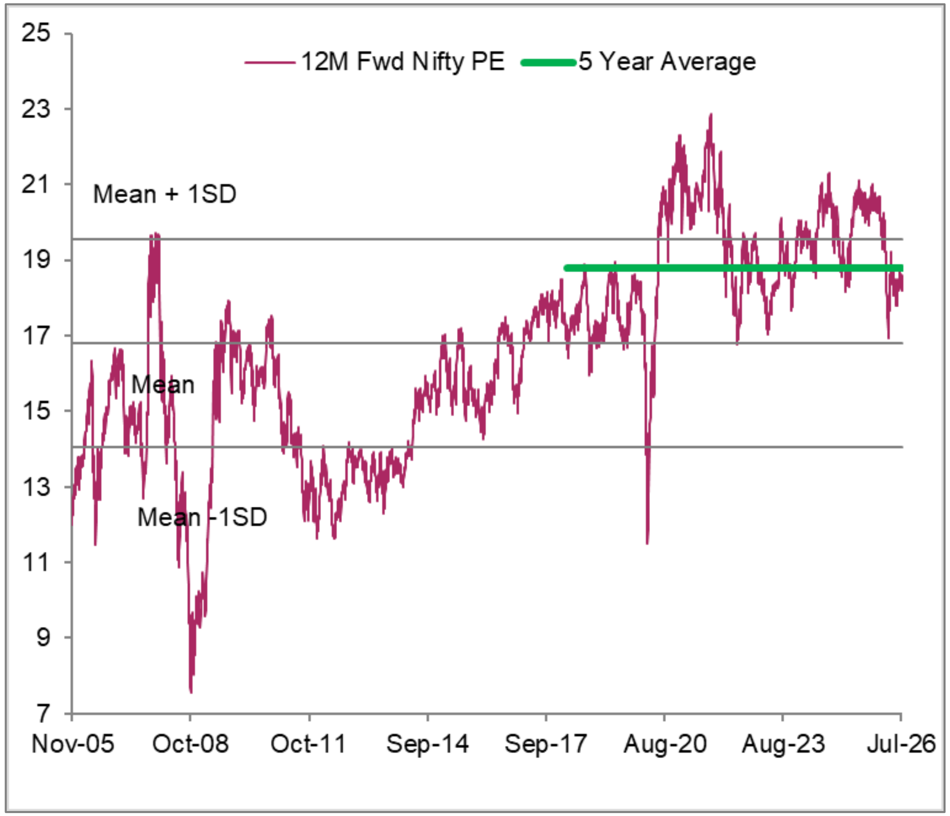


Source: Bloomberg, Axis Securities

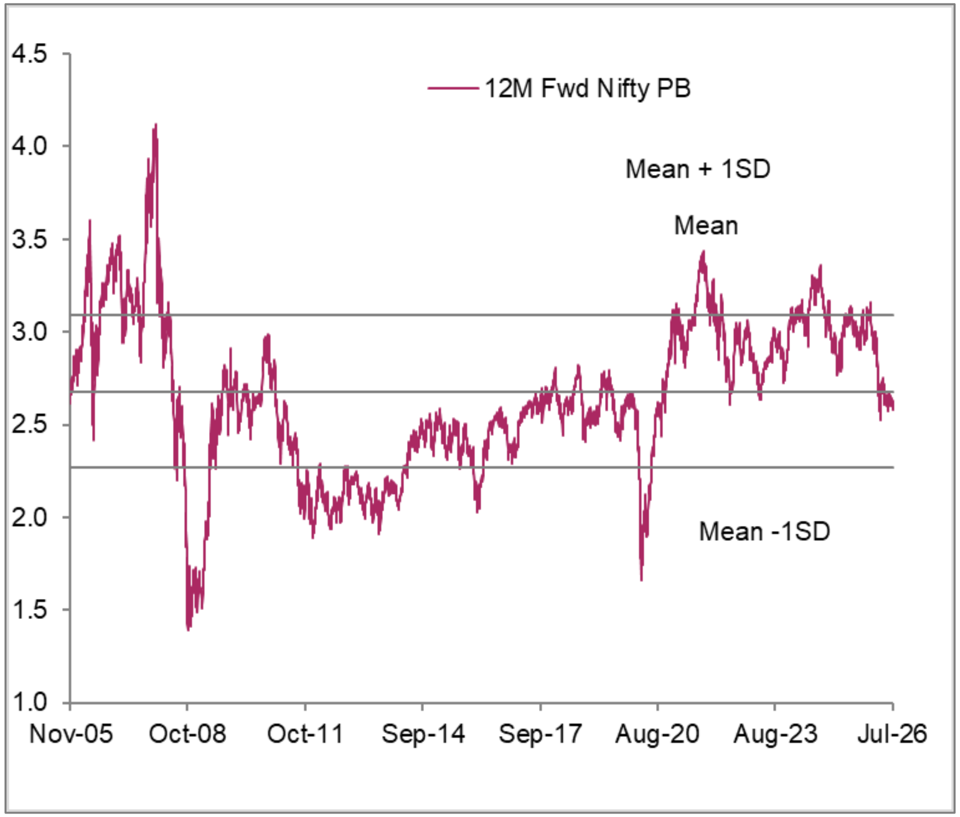
Market Valuation: 12M Fwd PE Now Trading at 18.6x (recovered from 17.3x in Mar'26); still below recent high of 21x

- NIFTY is currently trading at 18.6x on a 12M Fwd PE, which stands slightly above its long-term average of 18.2x. 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

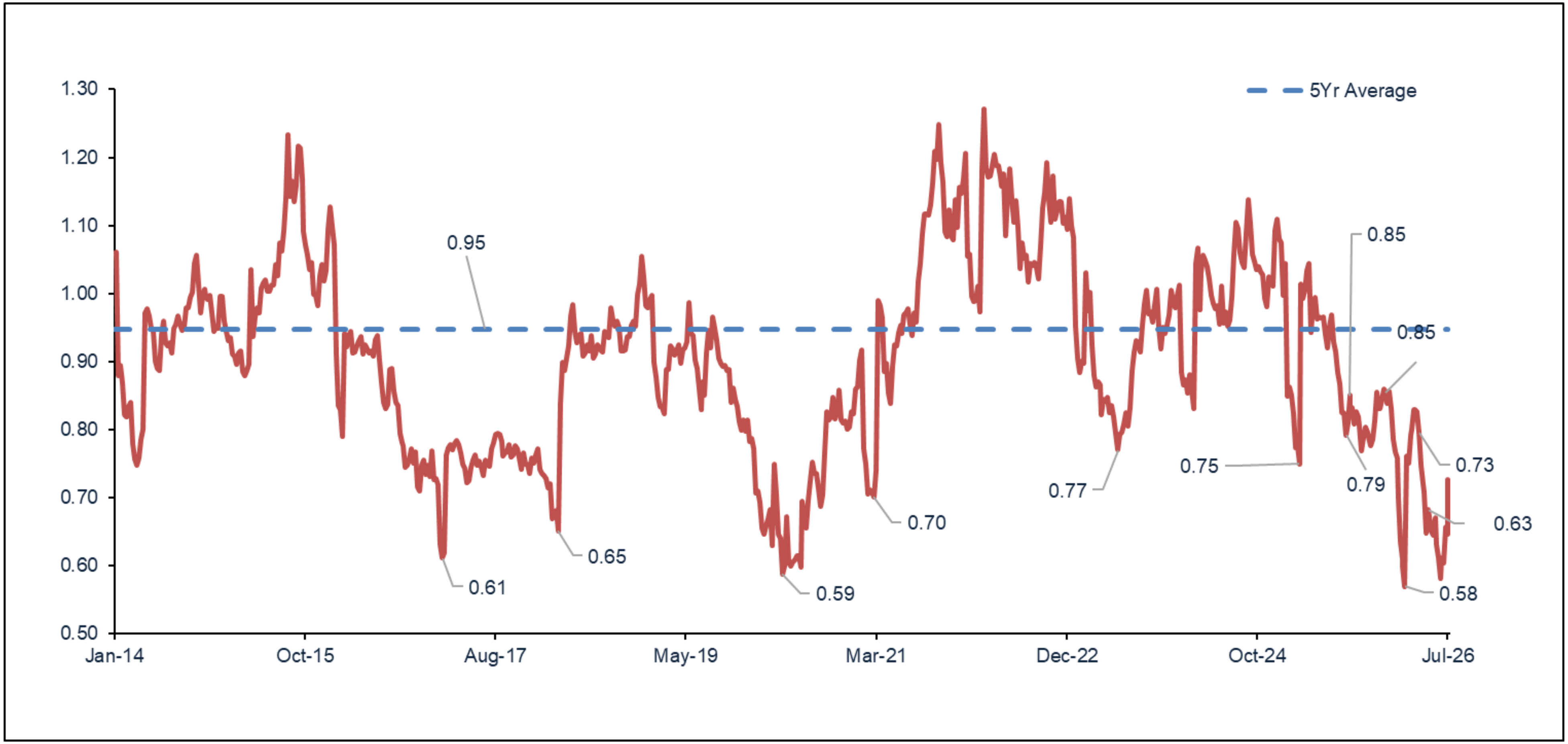
Valuation Correction in The Broader Index

- Many sectors are still in the Oversold zone as compared to the Sep’24 levels except Auto and Pharma

	12m fwd PE	Long term Avg	Valuation as on Sep'24	% down from Sep'24
Pharma	33.6	24.3	30.8	9.0%
Auto	25.0	19.5	24.8	0.7%
PSU Banks	7.5	10.0	7.6	-0.4%
Banks	13.4	15.6	14.2	-5.3%
Infra	21.4	18.8	22.6	-5.6%
Energy	13.8	11.8	15.3	-9.6%
Nifty	18.6	**18.2**	**21.3**	**-12.5%**
Media	21.3	22.4	25.3	-16.0%
Service sec	17.3	18.4	20.6	-16.2%
Metal	12.2	11.4	16.2	-24.5%
FMCG	31.4	33.3	42.8	-26.7%
Realty	30.5	27.0	44.8	-31.8%
IT	17.3	20.7	29.2	-40.6%

Source: Bloomberg, Axis Securities

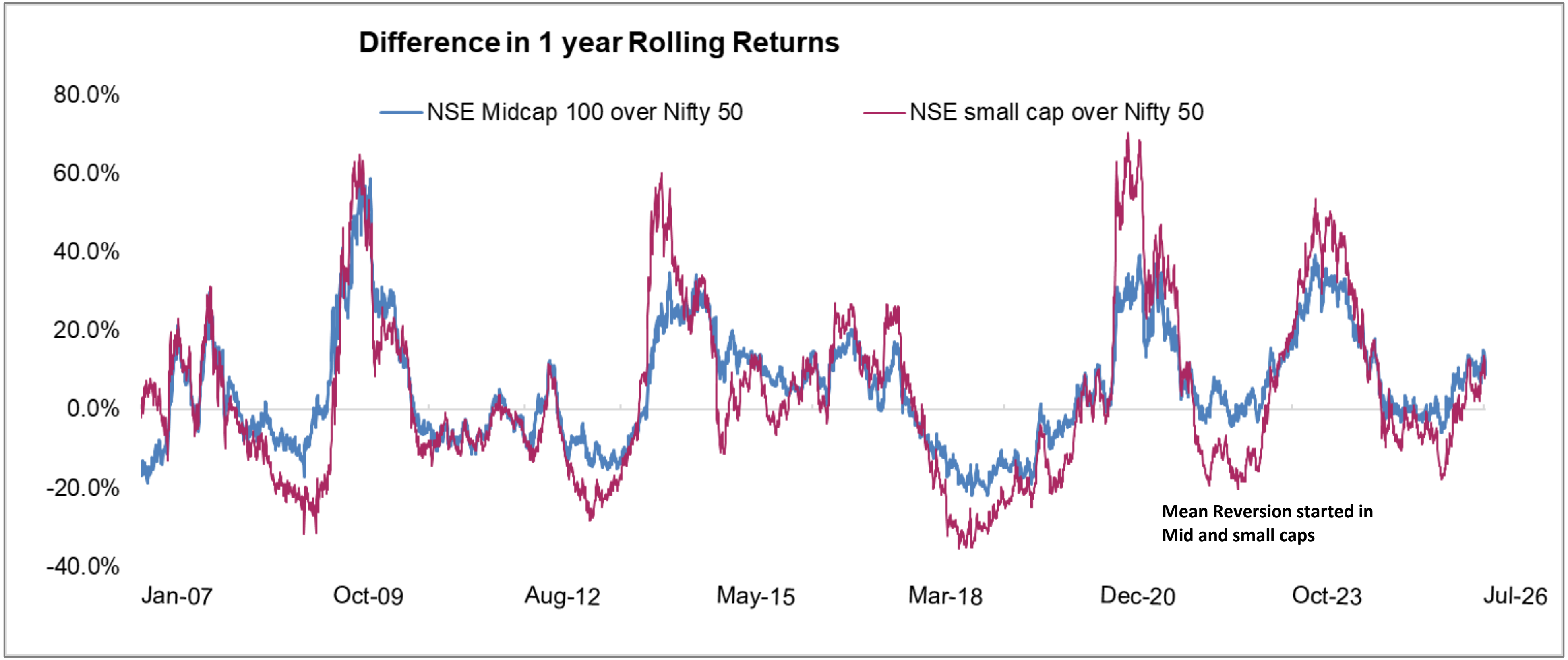
Nifty IT vs NASDAQ 100 - Relative 12M Fwd PE



Source: Bloomberg, Axis Securities

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

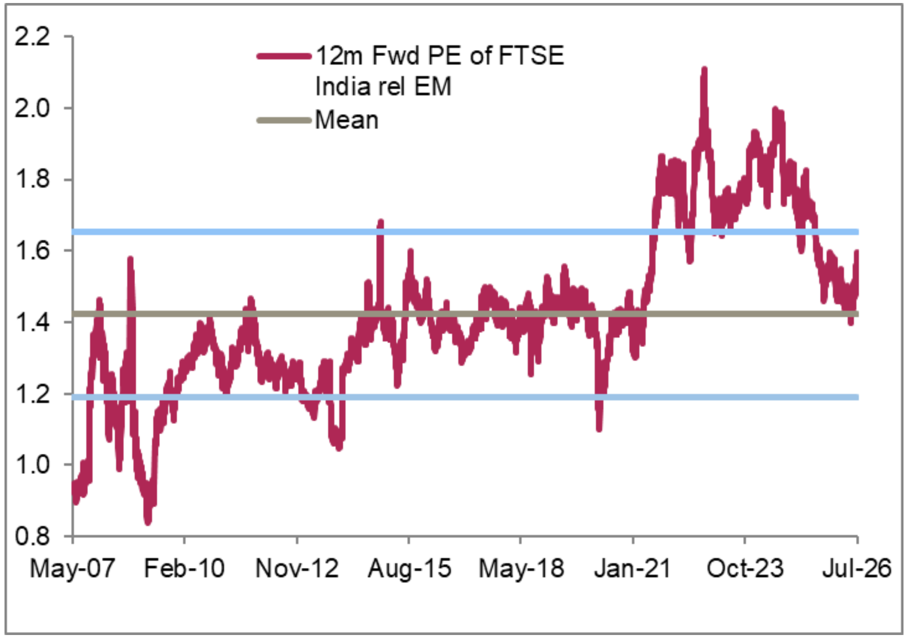
- The broader market is on the verge of mean reversion

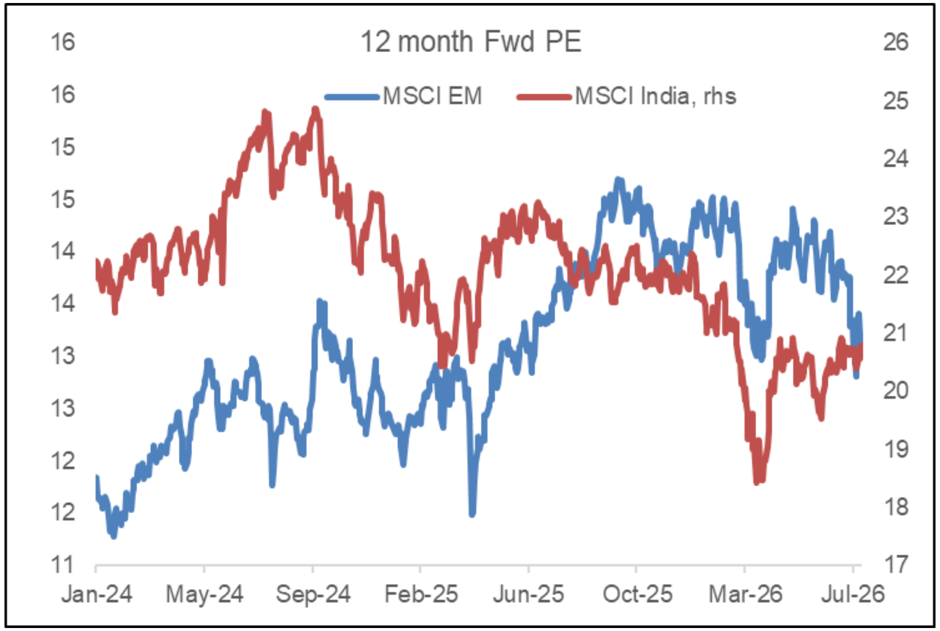


Source: Bloomberg, Axis Securities

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 59% (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 59% 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.

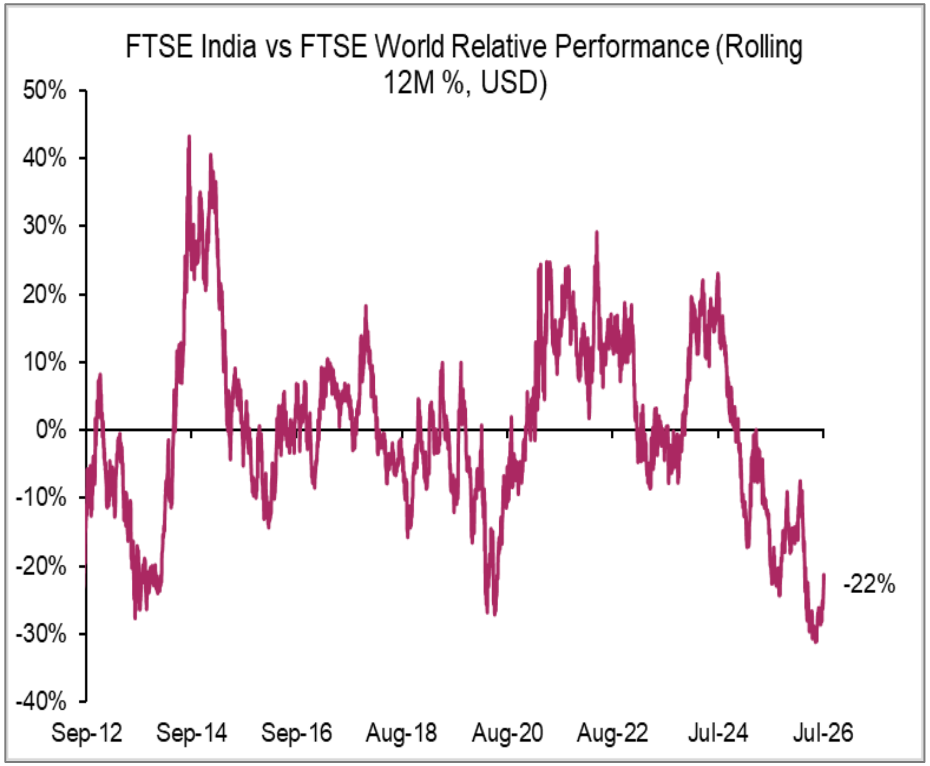


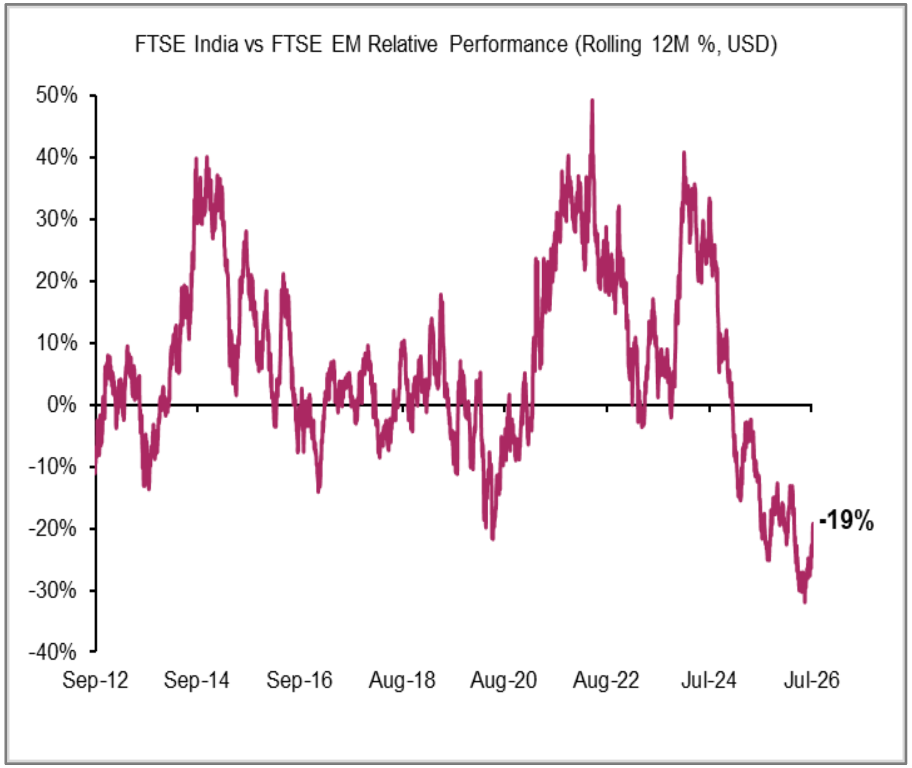


Source: Bloomberg, Axis Securities

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 risk.

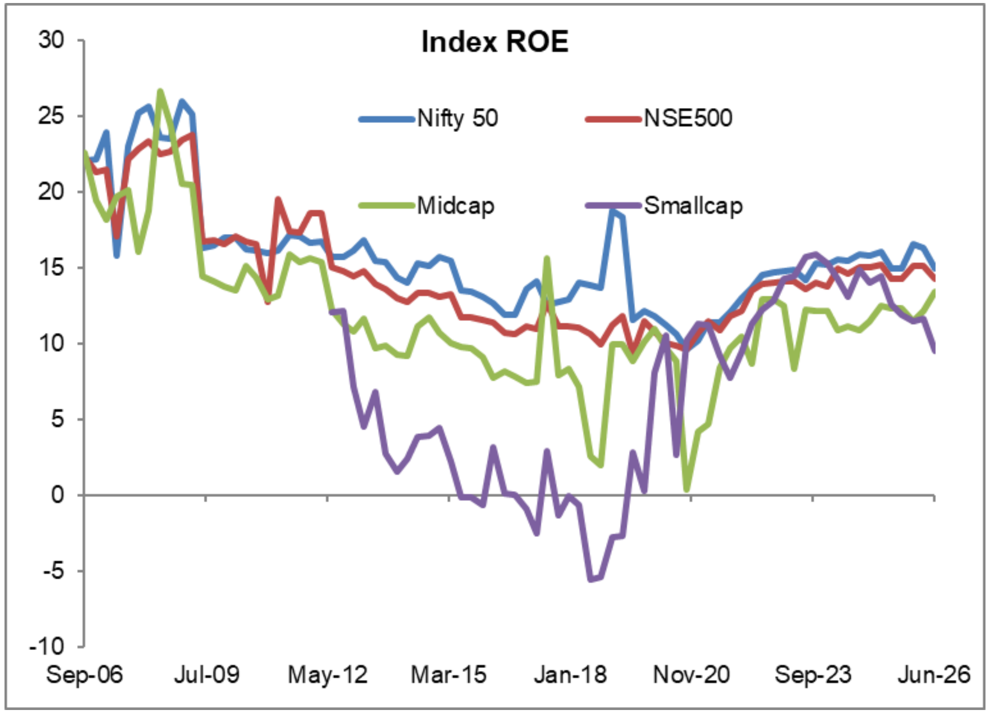


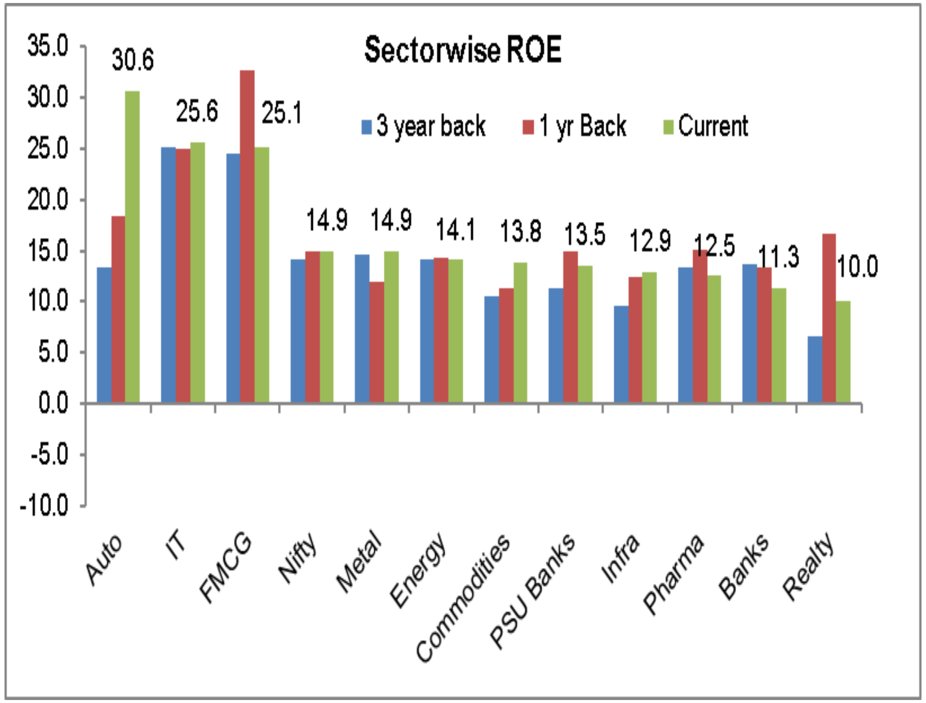


Source: Bloomberg, Axis Securities

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 Auto, FMCG and IT ROE remains best in class in last three years

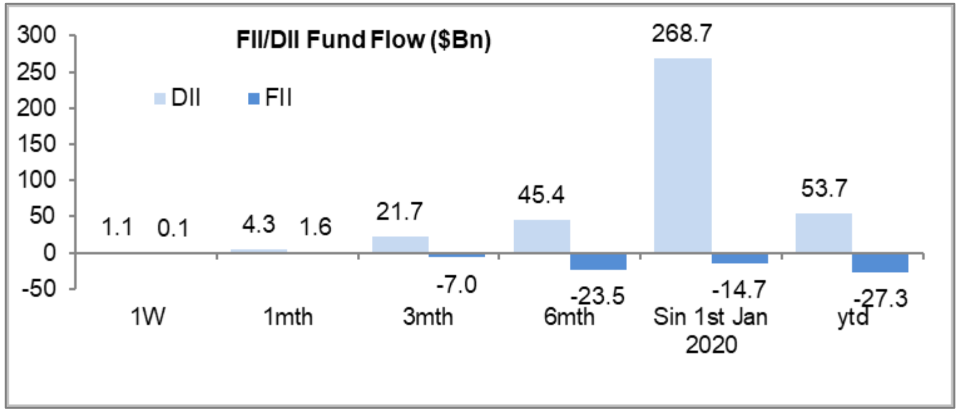


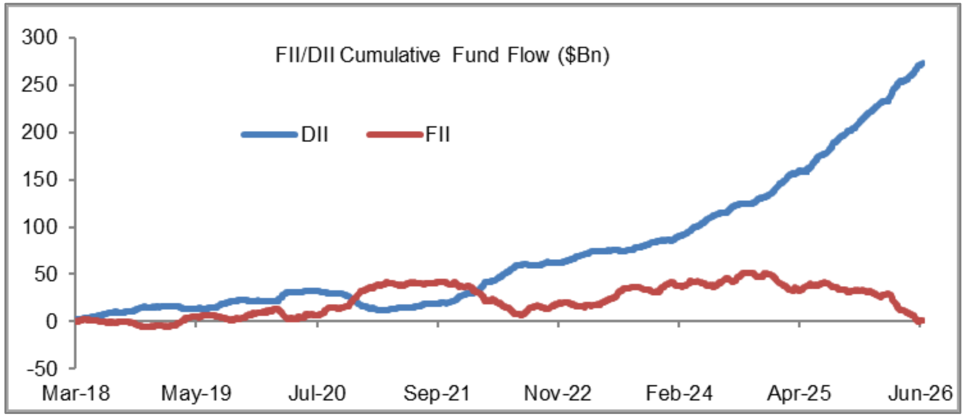


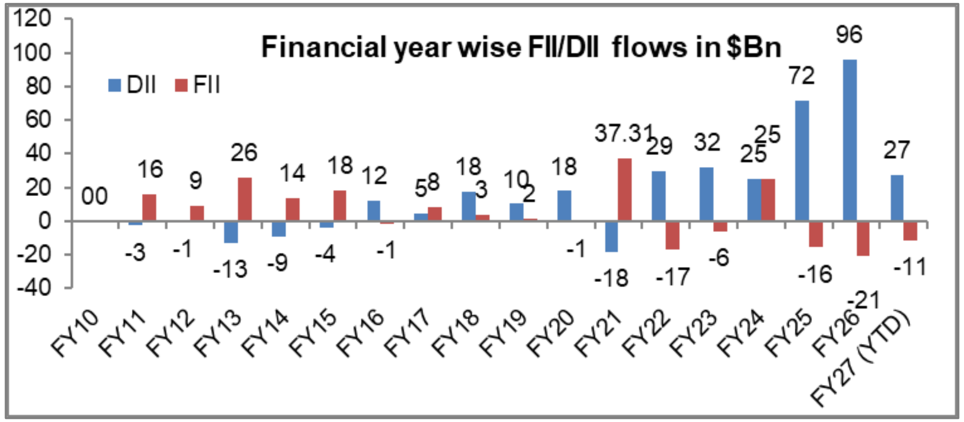
Source: Bloomberg, Axis Securities

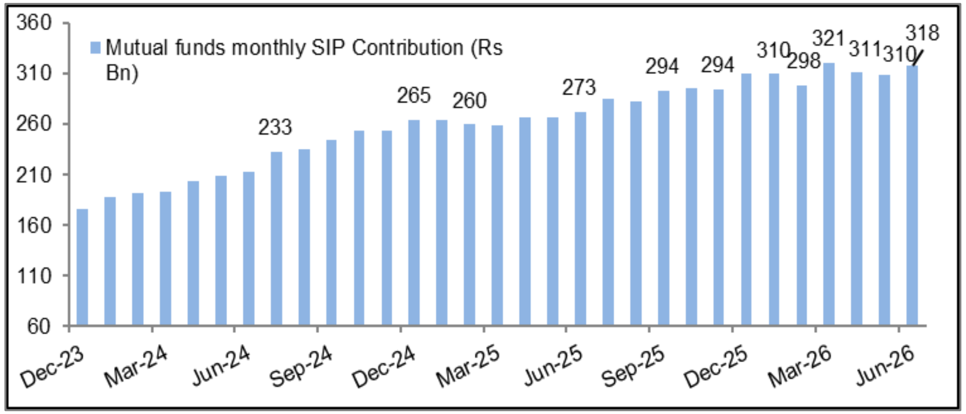
FII Selling Seen in FY25 and FY26

- The Indian market has emerged from the overdependence on the FII flows since FY20. From FY20 till now, DIIs have invested $269 Bn while FIIs have sold $14.7 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-July'26 DII buying continued, while FII remained net sellers. FIIs turned net buyers in July 26 after being net sellers since last 6 month .Notably, mutual fund SIP contributions in Jun'26 stood at Rs 31,781 Cr (Rs 27,269 Cr in Jun'25) as against Rs 30,954 Cr in May'26.





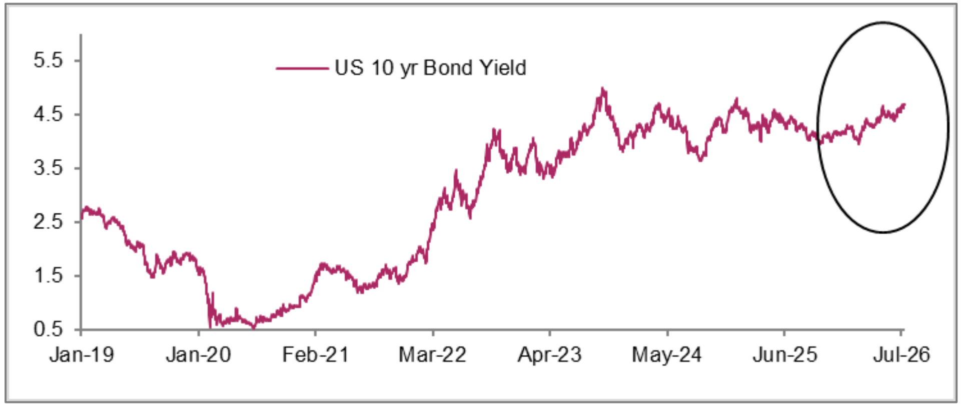


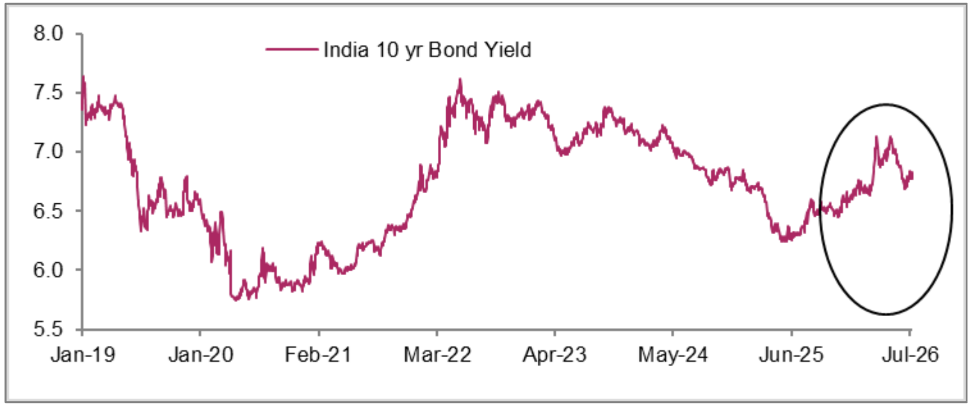


Source: Bloomberg, Axis Securities

Macro Continues to Drive Near-Term Market Fundamentals

- US bond yields have increased to 4.68% from 4.39% towards the end of Jun'26. Markets now price in nearly a 36% chance of a Fed rate hike by 25bps by December.
- Indian bond yields rose from 6.70% in Feb'25 to 6.82% despite a 125 bps rate cut by the RBI in 2025. Middle East war, higher-budgeted borrowings (Rs 17.2 Lc Cr), the RBI's pause and low deposit growth in Banks led to a recent rise in bond yields.
- The correlation between the Indian and US markets continued to be decoupled and stood at -45% levels vs. the historical pattern of 70%.

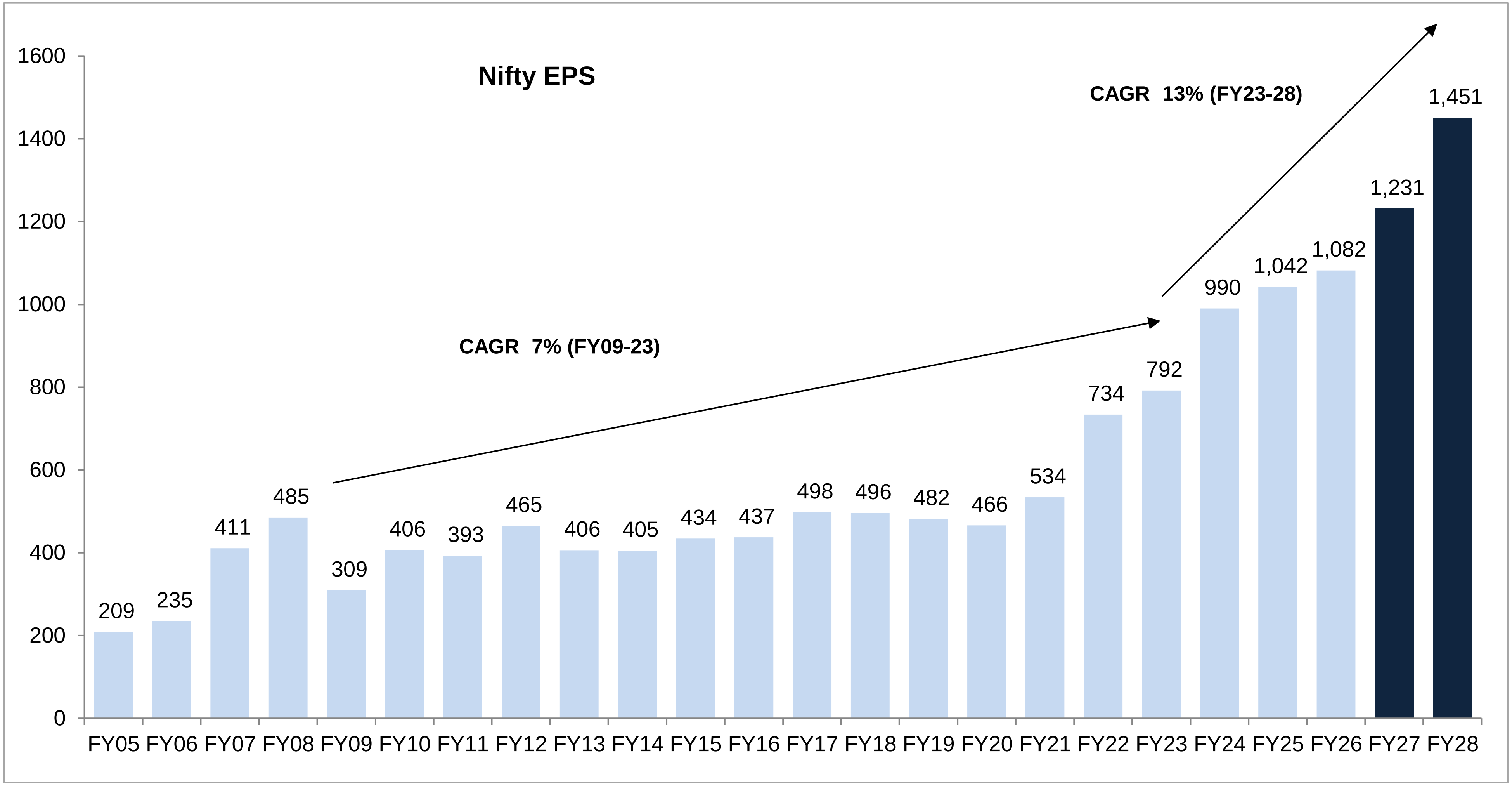




Source: Bloomberg, Axis Securities

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.



Cut in FY27 Nifty EPS by 2.8%

- After Q4FY26, we foresee FY27/28 NIFTY Earnings at 1,231/1,451. We have downgraded our FY27 Nifty EPS expectations by -2.8% and keep FY28 expectation largely unchanged. The majority of the downgrades are related to downgrades seen in FMCG, IT, Oil & Gas, Financials & Cement sectors, while upgrades were visible in Metals (continued improvement in Profitability trends), industrials, Auto & Telecom
- Q4FY26 earnings were largely in line with expectations, 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 Q3FY26		Post Q4FY26		Chg post Q4FY26	
Sector	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Financial	559	644	547	629	-2.0%	-4.3%
IT	129	137	122	127	-5.7%	-9.1%
Oil & Gas	126	136	125	134	-1.2%	-3.2%
FMCG/Discretionary	78	89	76	89	-2.1%	-1.1%
Power	46	48	45	48	-1.0%	-2.2%
Industrial	73	85	81	96	11.5%	10.8%
Pharma	35	40	34	41	-0.8%	-0.2%
Metals	91	98	112	119	23.0%	18.6%
Automobile	80	96	86	101	7.9%	3.0%
Cement	10	12	9	11	-6.2%	-3.1%
Telecom	41	51	42	54	3.2%	4.2%
Total	**1,267**	**1,447**	**1,231**	**1,451**	**-2.8%**	**0%**

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 Q4FY26, crossing the mark of 17.02 Lc Cr.
- NSE 500 earnings grew by 12% YoY, indicating a broad-based recovery in earnings during the quarter. Auto, Metals, Financials, Oil & Gas, and industrials witnessed notable YoY growth, while Staples, Discretionary and Transport witnessed decline.

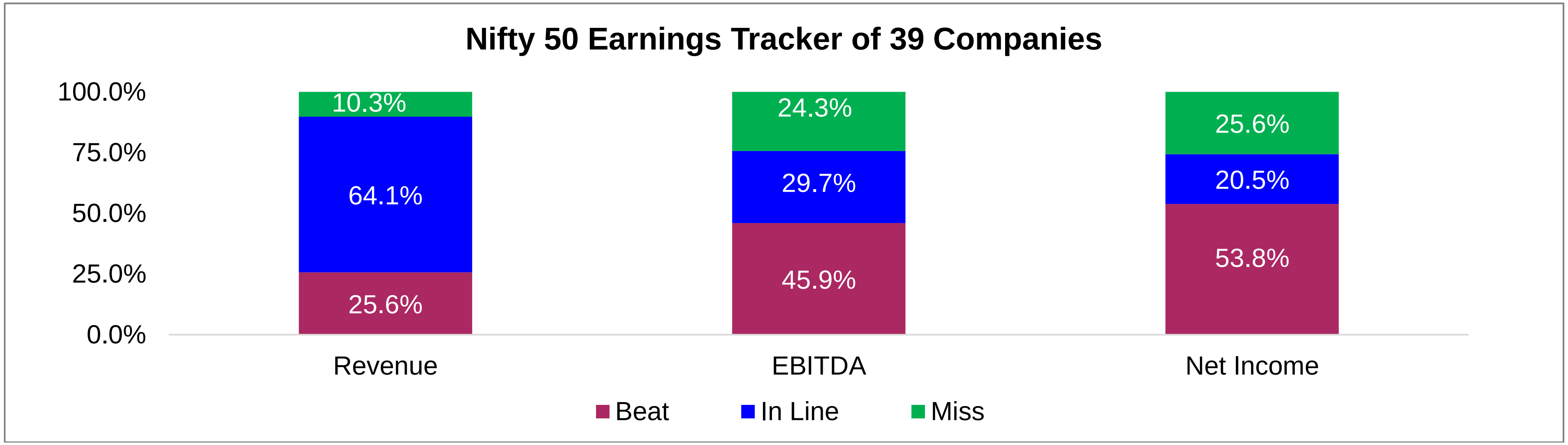
	Sector-wise Net profit for NSE 500 – Trailing 4 Quarters (In Cr)											QoQ	YoY
	Q2FY20	Q4FY23	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Growth %	Growth %
Auto & Anc	36,212	43,028	68,426	70,977	72,945	73,813	75,509	77,647	84,321	88,623	92,401	4.3%	22.4%
Staples	34,044	49,516	48,309	50,298	49,873	50,775	69,875	70,478	70,070	74,705	61,089	-18.2%	-12.6%
Discretionary	18,283	30,085	30,085	33,752	35,517	37,134	38,828	36,400	29,207	30,731	32,351	5.3%	-16.7%
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	6,32,634	2.6%	11.5%
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	4.0%	9.8%
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	2,27,699	2.9%	35.8%
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	1,47,509	19.7%	31.8%
Industrials	31,188	37,174	48,191	50,923	59,526	60,645	70,638	72,172	82,227	84,937	87,827	3.4%	24.3%
Build Mate	22,387	23,965	36,531	37,477	37,743	45,690	37,098	38,758	46,008	46,897	46,954	0.1%	26.6%
Healthcare	28,133	39,045	50,109	59,490	62,670	64,931	69,323	64,035	67,356	67,755	67,994	0.4%	-1.9%
Utilities	27,165	59,631	74,954	71,391	67,802	68,312	72,397	74,382	76,201	76,250	81,061	6.3%	12.0%
Transport	2,462	4,152	13,326	13,307	12,377	11,988	13,445	12,705	11,014	9,704	4,919	-49.3%	-63.4%
Agri & Chem	12,424	31,842	17,428	16,874	17,128	19,783	23,502	24,661	24,003	23,692	22,240	-6.1%	-5.4%
Tele & Media	-19,015	12,474	15,212	18,160	22,784	38,279	50,953	52,344	52,597	41,866	38,724	-7.5%	-24.0%
Others	12,486	16,661	16,277	23,158	29,535	26,194	13,991	12,780	12,984	17,884	14,150	-20.9%	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**	**17,02,866**	2.4%	12.4%
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**	**14,75,167**		
Total Growth		**2%**	**3%**	**2%**	**2%**	**4%**	**4%**	**3%**	**4%**	**3%**	**2%**		
Growth ex Oil and Gas		**8%**	**4%**	**5%**	**5%**	**5%**	**5%**	**2%**	**4%**	**2%**	**2%**		

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

Q1FY27 Earnings Performance: Earning Momentum Fuels Market Optimism

- 90% of Nifty 50 companies either beat or were in line with the revenue expectations, while 74% were either in line or beat the earnings expectations. Nonetheless, the management commentaries are improving, and the recovery is expected from H2FY27 onwards. Across infrastructure, engineering, defence, capital goods, cement and power companies, management teams continue to guide for healthy revenue growth, stable or improving EBITDA margins and strong order inflows

Nifty Q1FY27	Earnings			EBITDA			Revenue		
Results Out	BEAT	IN LINE	MISS	BEAT	IN LINE	MISS	BEAT	IN LINE	MISS
39	21	8	10	17	11	9	10	25	4



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
1,141

Target Price
1,305

Upside
14%

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
442

Target Price
530

Upside
20%

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	48.7	29.6	15.7	16.1
CY26E	24,500	5,225	3,337	9.9	44.8	28.2	15.1	15.0
CY27E	29,784	6,588	4,348	12.9	34.4	21.9	17.0	17.2
CY28E	36,277	8,340	5,658	17	26.0	17.0	19.0	19.0

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)	48.7	44.8	34.4	26.4
PEG (x) - y-o-y growth	3.0	5.1	1.1	0.9
Price/Book (x)	7.6	6.8	5.8	4.9
EV/Net sales (x)	7.2	6.0	4.9	3.9
EV/EBITDA (x)	29.6	28.2	21.9	16.9

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
390

Target Price
500

Upside
28%

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 derails 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
1,972

Target Price
2,530

Upside
28%

Key Rationale

- **Best ARPU in the Industry:** Bharti Airtel leads the industry in ARPU, with management expecting further improvement from the current Rs 257 level, compared to Reliance's Rs 215.6. This growth is driven by a more diverse customer base, continued migration from 2G to 4G/5G, and increasing adoption of value-added services. The company remains on track to reach its ARPU target of Rs 300, supported by rising data consumption and deeper rural penetration. Average data usage per customer remains strong at 31.4 GB/month, further bolstering revenue growth.
- **Huge Revenue and Profit Growth Potential:** Bharti Airtel's business fundamentals remain strong, with continued improvements across key metrics. Management anticipates sustained revenue and profit growth driven by expanding rural distribution, network investments, and increasing 4G coverage. The company also sees strategic opportunities in tower sales, minority investments, and potential IPOs in mobile money. Airtel's digital portfolio is gaining traction alongside market share expansion. It has maintained a substantial share of 4G/5G net additions, with the smartphone customer base growing by 5.8 Mn QoQ, now accounting for 80% of the total customer base. Moreover, Airtel's Africa business is expected to continue its strong performance on a sequential basis.
- **Data Centre & AI:** Through Nxtra (Subsidiary), Bharti Airtel plans to reach 1 GW capacity in the next three to four years, aiming for a 25% market share. It recently raised $1 Bn from marquee investors. To strengthen its digital infrastructure in the data centre space, the company plans to build 56 edge data centres over the next 18–24 months to improve low-latency computing capabilities. The company has also deployed around 143,000 km of fibre over the last three years to support future network and data growth. Currently, AI is being embedded into core operations, including self-serving voice bots, handling 70% of customer calls, and automated power optimisation for radio layers. It identified 14 Bn spam calls in Q4FY26.
- **Moderated Capex and Capital Allocation Initiatives:** Bharti Airtel does not anticipate any immediate significant capex despite the ongoing 5G rollout. Management expects capex levels to remain stable, with investments primarily directed toward broadband expansion, enterprise solutions, and data centres. However, capex related to 4G radio is expected to decline with the completion of the rural rollout. Airtel aims to implement a few initiatives, such as deleveraging the balance sheet, dividend payments, and selective investment verticals.
- **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	58.6	32.1	38.3	17.7	12.9
FY26	2,10,973	1,19,675	33,823	48.7	35.5	25.2	13.9	9.9
FY27E	2,41,607	1,38,683	42,859	70.3	28.0	26.3	15.0	8.2
FY28E	2,77,250	1,58,577	53,138	87.2	22.6	27.0	16.6	6.7

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	**1,72,985**	**2,10,973**	**2,41,607**	**2,77,250**
Change (YoY, %)	15	22	15	15
Operating expenses	**79,826**	**91,298**	**1,02,925**	**1,18,673**
EBITDA	**93,159**	**1,19,675**	**1,38,683**	**1,58,577**
Change (YoY, %)	19.0	28.5	15.9	14.3
Margin (%)	53.9	56.7	57.4	57.2
Depreciation	45,570	52,711	60,242	66,292
Interest paid	21,754	21,555	21,218	21,048
Other income	1,574	2,817	3,141	3,604
PBT	**34,696**	**44,808**	**60,364**	**74,842**
Tax	917	11,350	17,506	21,704
Effective tax rate (%)	3%	25%	29%	29%
Share of JV/Associate	3,703	(365)	-	-
Exceptional items	7,287	3,418	-	-
Net profit	**37,481**	**33,823**	**42,859**	**53,138**
Reported EPS	62	55	70	87
Adjusted net profit	**44,768**	**37,240**	**42,859**	**53,138**
Change (YoY, %)	2	(17)	15	24
Adj EPS	50	49	70	87
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	1,74,242	2,12,753
Shareholders' funds	1,13,672	1,49,057	1,77,289	2,15,800
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	2,01,321	2,20,132
Current liabilities	1,00,837	1,17,136	1,32,685	1,46,231
Provisions	36,155	35,783	50,335	57,760
Total liabilities	**3,60,893**	**3,56,188**	**3,66,289**	**3,75,260**
Total equity & liabilities	**5,14,360**	**5,52,152**	**5,95,176**	**6,46,786**
Net fixed assets	1,43,272	1,57,066	1,56,824	1,45,533
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	1,33,481	1,96,383
Inventories	452	601	601	601
Sundry Debtors	7,456	7,978	9,136	10,484
Cash & Liquid	16,720	30,377	65,483	1,24,067
Other Current Assets	16,195	26,834	33,835	36,805
Total assets	**5,14,781**	**5,52,152**	**5,95,176**	**6,46,786**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Pre-tax Profit	**38,399**	**45,173**	**60,364**	**74,842**
Depreciation	45,570	52,711	60,242	66,292
Change in working capital	32,840	(14,904)	18,656	14,493
Other operating activities	12,893	15,321	18,077	17,443
Cash flow from operations (a)	**1,28,785**	**86,950**	**1,39,833**	**1,51,366**
Capital expenditure	1,14,460	(66,504)	(60,000)	(55,000)
Change in investments	3,142	5,064	-	-
Other investing activities	(2,41,359)	(3,617)	3,141	3,604
Cash flow from investing (b)	**(1,23,756)**	**(65,058)**	**(56,859)**	**(51,396)**
Equity raised/(repaid)	24	147	-	-
Debt raised/(repaid)	(604)	1,230	(16,714)	(9,840)
Dividend paid	(9,751)	(14,627)	(14,627)	(14,627)
Change in minorities	16,251	7,111	4,691	4,128
Other financing activities	(10,568)	(2,096)	(21,218)	(21,048)
Cash flow from financing (c)	**(4,649)**	**(8,235)**	**(47,868)**	**(41,386)**
Net change in cash (a+b+c)	**380**	**13,657**	**35,106**	**58,584**
Opening cash balance	16,340	16,720	30,377	65,483
Closing cash balance	16,720	30,377	65,483	1,24,067

Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY25	FY26	FY27E	FY28E
Book Value (Rs)	**187**	**245**	**291**	**354**
Adj EPS (Rs)	50	49	70	87
Adj EPS growth (%)	86	-2	44	24
EBITDA margin (%)	54	57	57	57
Pre-tax margin (%)	20	21	25	27
Debt/Equity (x)	0.9	0.7	0.5	0.3
ROCE (%)	18	14	15	17
ROE (%)	38	26	26	27
Financial leverage ratios				
Debt / Equity (x)	0.9	0.7	0.5	0.3
Interest Coverage (x)	4.3	5.6	6.5	7.5
Interest / Debt (%)	18	21	23	27
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)	32.1	35.5	28.0	22.6
Adjusted PER (x)	37	38	26	21
P/BV (x)	9.8	7.5	6.3	5.2
EV/EBITDA (x)	12.9	9.9	8.2	6.7
Market Cap. / Sales (x)	6.4	5.3	4.6	4.0

Source: Company, Axis Securities Research

Avenue Supermarts Ltd – Positioning for the Next Phase of Growth

D-Mart is a one-stop supermarket chain that aims to offer customers a wide range of basic home and personal products under one roof. The company was founded by Mr. Radhakishan Damani and his family to cater to the evolving needs of the Indian family. Since the launch of its first store in Powai in 2002, D-Mart has established a strong presence with 422 locations across Maharashtra, Gujarat, Andhra Pradesh, Madhya Pradesh, Karnataka, Telangana, Chhattisgarh, NCR, Tamil Nadu, Punjab, and Rajasthan. Additionally, the company operates in the online and multi-channel grocery retail segment under the brand name D-Mart Ready. Through D-Mart Ready, customers can order a broad range of grocery and household products via its mobile app and website, www.dmart.in. Orders can be picked up from designated D-Mart Ready Pick-up Points or delivered directly to customers' doorsteps. Many Pick-up Points also feature a curated selection of merchandise available for instant purchase.

Industry view

Equal Weight

CMP
3,921

Target Price
4,845

Upside
24%

Key Rationale

- **Positioning for the next phase of growth:** D-Mart has consistently delivered 17-20% CAGR revenue growth over the past several quarters, driven by 14-15% expansion in its network and retail space. The recent investment in D-Mart Ready to support operations, working capital, and expansion is a step in the right direction. This strategic move will strengthen the company's position in the competitive online grocery market and is expected to yield long-term benefits. In fact, in Q1FY27, DMart reported 15% YoY revenue growth.
- **Margins remain intact:** Despite a challenging environment marked by pressure in GM&A sales and rising competition from other value retailers and Q-commerce players, the company has maintained its overall Gross and EBITDA margins at approximately 15% and 7-8%, respectively, over the past several quarters. This reflects D-Mart's strong execution capabilities, robust business model (EDLP), and operational efficiencies.
- **Extensive retail network:** D-Mart has consistently maintained its store opening expansion, with its total store network reaching 503 as on date. This represents a 14% CAGR, positioning the company to benefit as demand revives in the coming quarters. The company aims to increase its store count by 10-20% in the coming years. Further, the management sees potential for 1800+ store additions across India over a longer period.
- **Improving outlook:** D-Mart has faced several challenges over the past few years, impacted by a subdued demand environment, particularly in the value segment. Larger and newer stores have longer gestation periods, affecting overall profitability, long with increasing competition from both organised players and online platforms. However, the company has undertaken several initiatives to address these challenges, such as: 1) changes in leadership to revamp the slowing GM&A category, 2) focusing on improving profitability in D-Mart Ready through a gradual expansion strategy, and 3) targeting a 10-20% store addition on an existing base of 500 stores, which is a step in the right direction. The overall improving consumer demand, supported by stable macroeconomics is expected to further support these initiatives and drive growth in high-margin general merchandise and apparel categories. Additionally, reduction on GST rate cut has spur consumption and indirectly support discretionary spending. **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	68,821	5,187	2,970	45.6	85.8	12.1	13.0
FY27E	81,702	6,312	3,685	56.6	69.2	13.1	13.9
FY28E	97,705	7,734	4,350	66.9	58.6	13.4	14.3
FY29E	1,16,857	9,480	5,494	84.4	46.4	14.5	15.5

Source: Company, Axis Securities.

Profit & Loss (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Net sales	**68,821**	**81,702**	**97,705**	**1,16,857**
Growth, %	15.9	18.7	19.6	19.6
Raw material expenses	(58,460)	(69,275)	(82,783)	(98,926)
Employee expenses	(1,541)	(1,865)	(2,257)	(2,731)
Other Operating Expenses	(3,633)	(4,251)	(4,931)	(5,720)
EBITDA (Core)	**5,187**	**6,312**	**7,734**	**9,480**
Growth, %	15.6	21.7	22.5	22.6
Margin, %	7.5	7.7	7.9	8.1
Depreciation	(1,037)	(1,263)	(1,717)	(1,906)
EBIT	**4,150**	**5,049**	**6,017**	**7,574**
Growth, %	14.7	21.7	19.2	25.9
Margin, %	6.0	6.2	6.2	6.5
Other Income	74	149	182	221
Non-recurring Items	-	-	-	-
Pre-tax profit	**4,082**	**5,048**	**6,042**	**7,631**
Tax provided	(1,112)	(1,363)	(1,692)	(2,137)
Profit after tax	**2,970**	**3,685**	**4,350**	**5,494**

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Cash & bank	304	1,250	3,071	5,711
Debtors	149	177	212	254
Inventory	5,901	7,005	8,377	10,019
Loans & advances	-	-	-	-
Other current assets	1,122	1,122	1,122	1,122
Total current assets	7,478	9,556	12,784	17,107
Investments	206	206	206	206
Gross fixed assets	25,018	28,138	31,288	34,738
Less: Depreciation	(4,934)	(6,196)	(7,913)	(9,819)
Add: Capital WIP	1,300	1,300	1,300	1,300
Net fixed assets	21,384	23,241	24,675	26,219
Non-current assets	457	457	457	457
Total assets	**29,525**	**33,461**	**38,123**	**43,990**
Current liabilities	3,782	4,032	4,343	4,716
Provisions	-	-	-	-
Total current liabilities	3,782	4,032	4,343	4,716
Non-current liabilities	1,280	1,280	1,280	1,280
Total liabilities	5,061	5,312	5,623	5,996
Paid-up capital	652	652	652	652
Reserves & surplus	23,812	27,497	31,848	37,342
Shareholders' equity	24,464	28,149	32,500	37,994
Total equity & liabilities	**29,525**	**33,461**	**38,123**	**43,990**

Source: Company, Axis Research

Cash flow (Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Pre-tax profit	4,082	5,048	6,042	7,631
Depreciation	1,037	1,263	1,717	1,906
Change in working capital	1,014	(882)	(1,096)	(1,311)
Total tax paid	(1,102)	(1,363)	(1,692)	(2,137)
Cash flow from operating activities	**5,030**	**4,066**	**4,971**	**6,089**
Capital expenditure	(5,122)	(3,120)	(3,150)	(3,450)
Change in marketable securities	(1)	-	-	-
Cash flow from investing activities	**(5,151)**	**(3,120)**	**(3,150)**	**(3,450)**
Free cash flow	(121)	946	1,821	2,639
Equity raised/(repaid)	1	-	-	-
Dividend (incl. tax)	-	-	-	-
Cash flow from financing activities	**1**	**-**	**-**	**-**
Net change in cash	(120)	946	1,821	2,639
Opening cash balance	358	304	1,250	3,071
Closing cash balance	304	1,250	3,071	5,711

Source: Company, Axis Research

Ratios (%)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Per Share data				
EPS (INR)	45.6	56.6	66.9	84.4
Growth, %	9.7	24.1	18.0	26.3
Book NAV/share (INR)	375.9	432.6	499.4	583.9
FDEPS (INR)	45.6	56.6	66.9	84.4
CEPS (INR)	61.6	76.0	93.2	113.7
CFPS (INR)	76.2	60.2	73.6	90.2
Return ratios				
Return on assets (%)	11.6	12.2	12.6	13.8
Return on equity (%)	12.1	13.1	13.4	14.5
Return on capital employed (%)	13.0	13.9	14.3	15.5
Turnover ratios				
Asset turnover (x)	3.1	3.3	3.5	3.9
Sales/Total assets (x)	2.6	2.6	2.7	2.8
Sales/Net FA (x)	3.6	3.7	4.1	4.6
Working capital/Sales (x)	0.0	0.1	0.1	0.1
Receivable days	0.8	0.8	0.8	0.8
Inventory days	31.3	31.3	31.3	31.3
Payable days	7.7	7.7	7.7	7.7
Working capital days	18.0	19.1	20.1	20.9
Liquidity ratios				
Current ratio (x)	2.0	2.4	2.9	3.6
Quick ratio (x)	0.4	0.6	1.0	1.5
Valuation				
PER (x)	85.8	69.2	58.6	46.4
PEG (x) - y-o-y growth	8.9	2.9	3.2	1.8
Price/Book (x)	10.4	9.1	7.8	6.7
EV/Net sales (x)	3.7	3.1	2.6	2.1
EV/EBITDA (x)	49.1	40.2	32.6	26.3
EV/EBIT (x)	61.3	50.2	41.8	32.9

Source: Company, Axis 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
1,435

Target Price
1,800

Upside
25%

Key Rationale

- **NIMs Hold Well; Range-Bound Stance Intact: I**n 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 to 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 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
1,510

Target Price
1,765

Upside
17%

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	84.0	81.3	45.4
FY27E	26,735	6,289	4,057	21.0	70.9	74.3	50.1
FY28E	31,266	7,585	4,958	25.7	58.0	71.4	49.8
FY29E	36,630	9,175	6,076	31.5	47.3	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)	84.0	70.9	58.0	47.3
PEG (x) - y-o-y growth	(1.9)	3.8	2.6	2.1
Price/Book (x)	68.3	52.7	41.4	30.1
EV/Net sales (x)	12.4	10.7	9.1	7.7
EV/EBITDA (x)	54.0	45.5	37.5	30.6
EV/EBIT (x)	62.2	51.1	41.7	33.8

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

Equal Weight

CMP
302

Target Price
360

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's Strategic Approach Provides Long-Term Revenue Visibility:** In Q1FY27, management raised its long-term Quick Commerce margin guidance to the upper end of the 5–6% range, supported by broad-based productivity gains across dark stores, warehousing, supply chain, and marketing. Inventory losses have stabilized at ~1.8% of NOV, while net working capital is expected to normalize at 12 days, reflecting improving operational efficiency. These structural improvements enhance confidence in Blinkit's ability to scale profitably despite ongoing investments.
- **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. The 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	497.4	2.1%	2.4%	397.3
FY26	54,364	1,208	366	0.38	797.1	1.2%	1.8%	214.0
FY27E	89,343	2,477	1,508	1.56	193.5	4.8%	5.1%	40.7
FY28E	1,20,504	3,282	2,670	2.76	109.3	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)	497.4	797.1	193.5	109.3
Adjusted PER (x)	497.4	797.1	193.5	109.3
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 robust distribution network of over 46,000 channel partners nationwide.

Industry view

Equal Weight

CMP
1,800

Target Price
2,260

Upside
26%

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 $81 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 26% 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)	0.46	0.44	0.48	0.51
Sales/Gross block (x)	0.47	0.57	0.57	0.58
Sales/Net block(x)	0.73	0.69	0.72	0.76
Working capital/Sales (x)	0.21	0.20	0.12	0.11
Valuation Ratios				
P/BV (x)	1.87	1.81	1.72	1.62
PER (x)	48	29	33	27
EV/Ebitda (x)	14.1	11.3	12.0	10.4
EV/Sales (x)	2.4	2.4	2.3	2.1
EV/Tonne $ (x)	80	74	81	60

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 strength 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).

Industry view

Over Weight

CMP
1,491

Target Price
1,815

Upside
22%

Key Rationale

- **Market Leader:** LG Electronics India continues to strengthen its leadership position across key consumer durable categories, including air conditioners, refrigerators, washing machines and televisions. The company delivered its highest-ever quarterly revenue of Rs 8,054 Cr in Q4FY26 with broad-based growth across premium and mass-premium segments. Strong traction in premium products such as French-door refrigerators, OLED TVs, and higher-star-rated ACs is improving product mix and supporting long-term profitability. LG's robust brand equity, wide distribution network and growing acceptance in Tier-2 and Tier-3 cities position it well to outperform industry growth over the medium term.
- **Improving Localisation and Profitability:** The company's aggressive localisation and manufacturing expansion strategy provides strong earnings visibility. LG has committed nearly Rs 5,000 Cr towards the Sri City manufacturing plant, which will significantly enhance RAC and compressor capacity while strengthening exports. Localisation levels have already improved to 55.2%, helping reduce import dependence and mitigate currency volatility. Management expects exports to become a key profitability driver going ahead, supported by increasing shipments of premium refrigerators, washing machines, and Essential Series products to global markets. This export-led growth strategy can meaningfully improve operating leverage and margins over time.
- **Diversified Revenue:** LG is also building multiple high-growth verticals that can diversify revenue streams. Businesses, such as AMC services, B2B solutions, commercial air conditioning, dishwashers, and information display solutions, are witnessing healthy momentum. The company highlighted strong recurring revenues from AMC operations along with rising contributions from institutional and infrastructure orders. Additionally, new categories such as chest freezers and fixed-speed ACs expand LG's addressable market opportunity.
- **Outlook & Guidance:** Management remains optimistic on FY27 and has guided for mid-teen revenue growth along with early double-digit EBITDA margins. Demand momentum in ACs and premium appliances remains strong, aided by heatwave conditions, low appliance penetration and improving consumer preference for larger and energy-efficient products. While commodity prices and currency fluctuations remain near-term risks, LG's strong balance sheet, Rs 4,476 Cr cash position and expanding manufacturing footprint provide healthy long-term growth visibility.
- **Recommendation & Valuation: V**aluing the company at 44x FY28E EPS, we arrive at a target price of Rs 1,815/share.

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	46	35	37	0.9
FY26	24,605	2,408	1,685	25	60	45	22	0.8
FY27E	27,739	3,467	2,586	38	39	31	29	0.7
FY28E	30,513	3,967	2,791	41	36	27	27	0.7

Source: Company, Axis Securities

Profit & Loss (Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Total operating revenues	24,367	24,605	27,739	30,513
Growth (%)	14	1	13	10
EBITDA	3,110	2,408	3,467	3,967
EBITDA margin (%)	13	10	13	13
Growth (%)	*40*	*-23*	*44*	*14*
Depreciation & amortization	380	396	471	596
EBIT	2,730	2,012	3,165	3,482
EBIT margin (%)	11	8	11	11
Interest	31	41	41	45
Other income	264	328	370	336
Profit before tax	2,963	2,300	3,494	3,772
Total Tax	760	614	909	981
Profit After Tax	2,203	1,685	2,586	2,791
net margin (%)	9.0	6.8	9.3	9.1
EPS (Rs)	32	25	38	41
Growth (%)	46%	-24%	53%	8%

Source: Company, Axis 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	8,273	9,764
Total Equity	5,970	7,666	8,951	10,442
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	5,493	5,889
Total Current Liabilities	4,898	5,170	5,608	6,003
Total Equity & Liabilities	11,517	13,636	15,360	17,247
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	3,116	3,427
Financial Assets	6,266	7,550	8,591	9,261
Other current assets	243	247	247	247
Total Current Assets	9,541	10,758	11,953	12,935
Total Assets	11,517	13,636	15,360	17,247

Source: Company, Axis Research

Cash Flow (Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26	FY27E	FY28E
PBT	2,963	2,300	3,494	3,772
Depreciation	380	396	471	596
Others	-233	-178	0	0
Tax Paid	-754	-621	-909	-981
Changes in Working Capital	-703	-175	753	-152
Net Cash from Operations	1,654	1,721	3,810	3,235
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	2,810	1,735

Source: Company, Axis 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	9.32	9.15
Return on invested capital (%)	41	24	32	31
Return on equity (%)	37	22	29	27
EFFICIENCY RATIOS				
Fixed Asset Turnover	17.35	12.19	10.89	8.84
Debtor days	31	38	34	30
Inventory days	60	64	59	58
Payable days	70	73	72	73
PER SHARE DATA				
EPS (Rs)	32.46	24.83	38.10	41.13
Book value per share (Rs)	87.96	112.94	131.89	153.86
VALUATION RATIOS				
P/E				
P/BV	48.52	63.44	41.34	38.30
EV/EBITDA	17.91	13.95	11.94	10.24
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	1.58	1.58
Interest Cover(x)	89.07	49.58	77.99	76.60

Source: Company, Axis 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.

Industry view

Over Weight

CMP
1,820

Target Price
2,250

Upside
24%

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 411Cr (+11% YoY, -20% QoQ) and EBITDA/ton of Rs 5,522 came in 2% below Axis Sec and inline with consensus, Notably, ASP of Rs 73,013/t beat estimates/consensus 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 and 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; annualized 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, stock is trading at 34x its 12-month forward consensus EPS vs. its LTM of 41x. We expect Revenue/EBITDA/PAT CAGR of 19%/19%/22%, respectively, over FY26-28E. Hence, we recommend a BUY on the stock.

Key Financials (Consolidated)

Y/E Mar	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBIDTA (x)
FY25	20,690	1,199	757	27.3	56.1	20.1%	19.4%	35.9
FY26	22,460	1,802	1,203	43.3	43.5	28.6%	25.3%	29.2
FY27E	27,402	2,165	1,464	52.7	34.3	28.9%	24.6%	23.4
FY28E	32,063	2,565	1,784	64.3	28.1	28.5%	24.0%	19.7

Source: Company, Axis Securities Research

Profit & Loss **(Rs Cr)**

Y/E March	FY25	FY26	FY27E	FY28E
Total Sales	**20,690**	**22,460**	**27,402**	**32,063**
Total Raw Materials	17,870	18,890	23,155	27,093
COGS	19,158	20,288	24,854	29,049
EBITDA	**1,199**	**1,802**	**2,165**	**2,565**
EBITDA per tonne	**3,797**	**5,161**	**5,412**	**5,481**
Depreciation	201	231	256	280
Interest & Finance charges	133	125	95	66
Other Income	96	112	113	128
EBT (as reported)	**960**	**1,557**	**1,926**	**2,348**
Tax	203	354	462	564
RPAT	**757**	**1,203**	**1,464**	**1,784**

Source: Company, Axis Securities Research

Balance Sheet **(Rs Cr)**

Y/E March	FY25	FY26	FY27E	FY28E
Equity Share Capital	56	56	56	56
Reserves	4,153	5,241	6,552	8,184
Net worth	4,209	5,297	6,608	8,239
Total loans	615	452	352	252
Deferred tax liability (Net)	153	180	180	180
Capital Employed	**5,172**	**6,156**	**7,419**	**8,997**
Net block	3,370	3,740	3,984	4,204
Investments	126	48	219	257
Inventories	1,623	1,445	2,102	2,372
Sundry debtors	267	351	300	351
Cash and cash equivalents	369	644	1,268	2,547
Total Current Assets	3,183	3,854	4,910	6,678
Total Current Liabilities	2,424	2,677	3,000	3,510
Net Current Assets	759	1,177	1,910	3,168
Capital Deployed	**5,172**	**6,156**	**7,419**	**8,997**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
PBT	960	1,557	1,926	2,348
Depriciation & Amortization	201	231	256	280
Incr/(Decr) in Deferred Tax Liability	-	-	-	-
(Incr)/Decr in Working Capital	167	545	(109)	21
Net Cash Flow from Operating	**1,213**	**2,103**	**1,594**	**2,022**
(Incr)/ Decr in Gross PP&E incl Capital Advances	(723)	(696)	(500)	(500)
(Incr)/Decr In Work in Progress	-	-	-	-
(Incr)/Decr In Investments	-	-	(171)	(37)
(Incr)/Decr in Other Non-Current Assets	-	-	(115)	(63)
Cash Flow from Investing	**(375)**	**(1,394)**	**(622)**	**(425)**
(Decr)/Incr in Borrowings	(514)	(162)	(100)	(100)
Dividend	(153)	(160)	(153)	(153)
Cash Flow from Financing	**(815)**	**(438)**	**(348)**	**(318)**
Cash at the Start of the Year	345	369	644	1,268
Cash at the End of the Year	**369**	**644**	**1,268**	**2,547**

Source: Axis Securities Research

Ratio Analysis (%)

Ratios	FY25	FY26	FY27E	FY28E
Growth (%)				
Sales	14.2	8.6	22.0	17.0
EBITDA	0.6	50.3	20.1	18.5
APAT	3.4	58.9	21.7	21.9
Profitability (%)				
EBITDA Margin	5.8	8.0	7.9	8.0
Adj. Net Profit Margin	3.7	5.4	5.3	5.6
ROCE	20.1	28.6	28.9	28.5
ROE	19.4	25.3	24.6	24.0
Per Share Data (Rs.)				
AEPS	27.3	43.3	52.7	64.3
Reported CEPS	35.6	52.3	61.1	73.3
BVPS	151.6	190.7	237.9	296.7
Valuations (x)				
PER (x)	56.1	41.7	34.3	28.1
PEG (x)	16.7	0.7	1.6	1.3
P/BV (x)	10.1	9.5	7.6	6.1
EV/EBITDA (x)	35.9	28.1	23.4	19.7
Dividend Yield (%)	0.38%	0.47%	0.30%	0.30%
Turnover days				
Inventory Days	31.1	27.6	26.0	28.1
Debtor Days	3.7	5.2	4.5	3.8
Payable Days	43.6	45.9	41.7	40.9
Gearing Ratio				
D/E	0.1	0.1	0.1	0.0

Source: Axis Securities Research

UJJIVAN SMALL FINANCE BANK LIMITED – STANDING TALL THROUGH THE MFI DOWN CYCLE

Ujjivan Small Finance Bank Ltd. (UJSFB) is a leading and diversified SFB that transitioned from a NBFC (Ujjivan Financial Services Ltd.) in Feb'17. The bank primarily serves low and middle-income individuals and businesses in metro and urban areas with limited or no access to formal banking and financial services. Its diversified portfolio includes Microfinance-both group and individual products, MSE Finance, Affordable Housing Finance, FIG Finance, and newly introduced offerings such as vehicle loans, and gold loans.

Industry view

Equal weight

CMP
72

Target Price
86

Upside
20%

Key Rationale

- **Portfolio Diversification Strategy Driving Sustained Momentum**: UJSFB's credit growth remained robust, led by secured businesses as it continues to improve the portfolio mix. Affordable housing, MSME, gold loans and vehicle finance delivered strong growth, while the MFI portfolio returned to healthy expansion with customer additions improving after seven quarters of decline, indicating that the MFI de-risking cycle is largely behind. **Management reiterated its target of increasing the secured mix to 56% by FY27-end (vs. 50.4% in Q1) and remains confident of delivering ~25% loan growth in FY27, supported by continued investments in distribution, new product capabilities and scaling up of gold, vehicle finance and mortgage businesses**. Digital unsecured loans have also moved beyond the pilot stage and are now ready for scale-up, further supporting medium-term growth
- **Margins Stable; Funding Costs At Trough:** UJSFB maintained margins at 8.5%, flat QoQ supported by a 10bps improvement in CoF. Management indicated that liability repricing benefits have largely played out, with CoF likely to inch up marginally following selective deposit rate hikes. Management remains confident of maintaining NIMs at current levels, while making continued efforts to optimise CoF through measures such as IBPC, Refinance and Securitisation, which were not utilised in Q1. **Despite competitive pressures and slight pressure on CoF, the bank remains optimistic around yields finding support from growth in the better-yielding secured segments (gold, vehicle, micro mortgage) and steady MFI yields, collectively supporting NIM delivery of 8.5% over FY27.**
- **Asset Quality Continues to Trend Well; Credit Cost Guidance Reduced: UJSFB's asset quality continued to strengthen, prompting management to lower FY27 credit cost guidance to 0.9–1.0% of total assets (vs. 1.1-1.2% earlier).** The improvement is driven by healthier MFI fundamentals, normalised state-level trends, stable repayment behaviour and reduced customer leverage. Management expects unsecured slippages to remain below 2%, while X-bucket collection efficiency remained robust at 99.7%. Although PAR in the Micro Mortgage portfolio increased modestly due to portfolio seasoning, collection trends remain healthy, reinforcing confidence in a lower and sustainable credit cost trajectory through FY27.
- **Outlook & Valuation:** UJSFB has commenced FY27 on a strong footing, with robust performance across key parameters reinforcing confidence in its ability to sustain strong profitable growth. **We continue to view UJSFB as the best play on the MFI recovery cycle, with stabilising collections, lower slippages and credit costs trending lower**. Despite an accelerating shift towards secured lending, incremental focus on higher-yielding secured products along with efforts to strengthen the liability franchise with focus on CASA and retail deposit mobilisation should help UJSFB sustain its NIMs in FY27, though contraction over FY28-29E is imminent. **Healthy NIM profile along with improving fee-income traction through cross-sell opportunities, disciplined cost management and controlled credit costs collectively pave the way to enable superior RoA/RoE delivery of 1.9-2.0%/17-18% over FY27-29E..**
- **Key risks:** a) Scalability of new products, b) Asset quality concerns in the MFI segment

Key Financials (Standalone)

Y/E Mar	NII (Rs Cr)	PPOP (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	ABV (Rs)	P/ABV (x)	ROAA (%)	NNPA (%)
FY26	3,871	1,710	693	3.6	33.7	2.1	1.3	0.4
FY27E	4,912	2,287	1,249	6.4	40.1	1.8	1.9	0.3
FY28E	5,938	2,846	1,523	7.8	47.7	1.5	1.9	0.3
FY29E	7,190	3,547	1,908	9.8	57.3	1.3	1.9	0.3

Source: Company, Axis Securities.

Profit & Loss (Rs Cr)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Net Interest Income	**3,871**	**4,912**	**5,938**	**7,190**
Other Income	1,108	1,304	1,565	1,865
Total Income	**4,979**	**6,216**	**7,503**	**9,055**
Total Operating Exp.	3,268	3,929	4,657	5,508
PPOP	**1,710**	**2,287**	**2,846**	**3,547**
Provisions & Contingencies	799	617	811	997
PBT	**911**	**1,670**	**2,036**	**2,550**
Provision for Tax	218	421	513	643
PAT	**693**	**1,249**	**1,523**	**1,908**

Source: Company, Axis Research

Balance Sheet (Rs Cr)

Y/E MAR	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS				
Share capital	1,943	1,945	1,945	1,945
Reserves and Surplus	4,873	6,167	7,735	9,687
Shareholders' funds	**6,718**	**7,970**	**9,493**	**11,400**
Deposits	45,668	57,204	71,129	88,001
Borrowings	3,736	4,921	5,586	6,553
Other Liabilities, provisions	1,321	1,835	2,257	2,774
Total liabilities	**57,541**	**72,072**	**88,652**	**1,08,960**
APPLICATION OF FUNDS				
Cash & Bank Balance	3,444	5,140	6,036	7,027
Investments	12,724	15,137	18,467	22,847
Advances	39,761	49,847	61,754	76,141
Fixed Assets & Other Assets	1,613	1,948	2,396	2,945
Total assets	**57,541**	**72,072**	**88,652**	**1,08,960**

Source: Company, Axis Research

KEY RATIOS (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
VALUATION RATIOS				
EPS	3.6	6.4	7.8	9.8
Earnings Growth (%)	*-4.9*	*80.1*	*21.9*	*25.3*
BVPS	34.6	41.0	48.8	58.6
Adj. BVPS	33.7	40.1	47.7	57.3
ROAA (%)	1.3	1.9	1.9	1.9
ROAE (%)	10.9	17.0	17.4	18.3
P/E (x)	20.1	11.2	9.2	7.3
P/ABV (x)	2.1	1.8	1.5	1.3
PROFITABILITY				
NIM (%)	8.1	8.3	8.1	8.0
Cost-Assets Ratio	6.2	6.1	5.8	5.6
Cost-Income Ratio	65.6	63.2	62.1	60.8

Source: Company, Axis Research

Balance Sheet Structure Ratios (%)

Y/E MAR	FY26	FY27E	FY28E	FY29E
Loan Growth (%)	26.6	25.4	23.9	23.3
Deposits Growth (%)	21.4	25.3	24.3	23.7
Equity/Assets (%)	8.3	8.4	8.5	8.7
Equity/Loans (%)	16.9	16.0	15.4	15.0
Total Capital Adequacy Ratio (CAR)	21.1	19.9	19.1	18.5
ASSET QUALITY				
Gross NPLs (%)	2.3	2.1	2.1	2.0
Net NPLs (%)	0.4	0.3	0.3	0.3
PCR	81.5	84.1	84.0	84.0
Credit costs	2.2	1.3	1.4	1.4

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
810

Target Price
1,000

Upside
23%

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	137.1	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	23.2	13.4	3.4	14.8

Source: Company, Axis Securities

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%
EBIDTA	**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 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 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
Proceedings 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 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 Research

MINDA CORPORATION LTD - PREMIUM ELECTRONICS & EV PLATFORMS POWERING NEXT GROWTH PHASE

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
701

Target Price
785

Upside
12%

Key Rationale

- **Product Portfolio Expansion & Key Order Wins:** MCL's product strategy in Q4FY26 reflects a strong shift toward premiumization, platform-level offerings, and EV-focused technologies across segments. The company expanded its premium PV portfolio with a lifetime sunroof order valued at ~Rs 1,050 Cr, with mass production expected to commence in the next 4-5 months and peak ramp-up likely by FY28. MCL also secured multiple orders for advanced TFT instrument clusters ranging from 3-inch to 15-inch displays across PV and CV segments, supported by rising premium content per vehicle. Further, the Toyo Denso JV secured new switch orders from leading Japanese OEMs, with SOP targeted for Q4FY27. In the EV space, the newly formed Turntide Technologies JV strengthens MCL's presence in axial flux motors and motor controllers for compact EV architectures across 2W, 3W, and CV segments. On the innovation front, the company filed 11 new patents during Q4FY26, taking total patent filings to 330, of which 147 have already been granted.
- **Strong Order Book:** Minda Corporation's order book continues to provide strong medium-term revenue visibility and highlights the success of its premiumization and export-led growth strategy. The company reported a record lifetime order book of over Rs 10,000 Cr during FY26, with Q4 alone contributing ~Rs 3,500 Cr worth of new wins. Importantly, ~20% of the total order inflows were export-linked, supporting geographical diversification and reducing dependence on domestic cyclicality. The order pipeline remains diversified across sunroofs, wiring harnesses, TFT clusters, TPMS, switches, and EV solutions, with a typical execution lifecycle of 48-60 months, thereby providing sustained revenue visibility over the medium term
- **Flash Electronics Performance:** Associate company, Flash Electronics, delivered a healthy operational performance in Q4FY26, supported by strong export execution, improved utilisation levels and lower finance costs. Flash reported quarterly revenues of ~Rs 493 Cr, while EBITDA stood at Rs 89 Cr (+106% YoY) with EBITDA margins of ~18%. PAT came in at Rs 49 Cr (+137% YoY), with PAT margins of ~9.9%. For FY26, EBITDA and PAT stood at Rs 310 Cr and Rs 137 Cr, respectively. Growth was driven by higher-margin export programs within the metallic business, improved operating efficiencies and lower interest costs. Strategically, Flash continues to strengthen its EV portfolio through its dedicated technical centre in Poland, focusing on passenger vehicle EV motors, while expanding export opportunities through facilities in Vietnam and Indonesia. The company also remains well-positioned to benefit from increasing EV penetration and localisation trends across global OEMs.
- **Valuation & Outlook:** We remain positive on Minda Corp's growth trajectory, supported by strong order inflows, premiumization, expanding EV opportunities, and technology-led product offerings. Backed by a robust Rs 10,000 Cr order book and management's confidence in outperforming industry growth through organic and inorganic initiatives, we project a CAGR of 18%/22%/30% in Revenue/EBITDA/Adj PAT over FY27-28E, with a higher share of profits from associates expected to further support PAT 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	7,358	882	475	19.9	35.2	18.6	16.8	19.7
FY28E	8,728	1,091	618	25.8	27.1	20.9	18.8	15.7

Source: Company, Axis Securities Research

Profit & Loss (Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Net sales	**5,056**	**6,185**	**7,358**	**8,728**
Raw materials	3,147	3,900	4,567	5,418
Staff costs	782.5	933.5	1,024.7	1,178.4
Other expenses	552.5	631.2	780.5	928.2
Total expenses	4,482	5,464	6,372	7,525
EBITDA	**575**	**721**	**877**	**1,076**
Depreciation	204	230	249	289
EBIT	**371**	**491**	**628**	**787**
Other income	32	15	27	34
Interest expense	67	122	121	121
Exceptional (expenses)/income	0	-1	1	0
Profit before tax	**336**	**383**	**540**	**716**
Tax expense	96	106	149	198
Associates	16	81	85	100
Adjusted PAT	**255**	**359**	**475**	**618**
Reported PAT	**255**	**360**	**475**	**618**
No. of shares	23.9	23.9	23.9	23.9
Reported EPS (Rs/share)	**10.68**	**15.04**	**19.87**	**25.83**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E Mar	FY25A	FY26A	FY27E	FY28E
Total assets	**3,882**	**4,202**	**4,518**	**4,904**
Net Block	1,347	1,446	1,392	1,299
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	1,256	1,436
Cash / Bank balance	97	147	34	279
Misc. Assets	0	0	0	0
Capital employed	**3,882**	**4,202**	**4,518**	**4,904**
Equity capital	48	48	48	48
Reserves	2,154	2,596	2,987	3,496
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**	**565.3**	**674.6**
Cash profit	511	629	761	927
(-) Dividends	16.7	16.7	0.0	8.4
Retained earnings	494.0	611.8	761.0	918.8
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)	(108.7)	(119.3)
Applications	**1,473.5**	**368.2**	**565.3**	**674.6**
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)	428.3	179.7
Change in cash	(94.2)	(130.7)	(112.9)	244.8

Source: Axis Securities Research

Ratio Analysis (%)

Key Ratios	FY25A	FY26A	FY27E	FY28E
Sales growth	**8.7**	**22.3**	**19.0**	**18.6**
EBITDA margin	**11.4**	**11.7**	**12.0**	**12.5**
EBITDA growth	11.7	25.5	22.3	23.7
COGS / Net sales	26.4	25.3	24.9	24.5
Overheads/Net sales	28.3	27.7	26.9	26.5
Depreciation / G. block	9.3	9.1	9.1	9.9
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	2.7	3.0
RoCE	**15.3**	**16.2**	**18.6**	**20.9**
Debt/equity (x)	0.7	0.6	0.5	0.4
Effective tax rate	28.7	27.7	27.6	27.7
RoE	**12.2**	**14.7**	**16.8**	**18.8**
Payout ratio (Div/NP)	6.6	4.7	0.0	1.4
EPS (Rs.)	**10.7**	**15.0**	**19.9**	**25.8**
EPS Growth	12.4	40.3	32.9	29.7
Adj EPS (Rs.)	**10.7**	**15.0**	**19.9**	**25.8**

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 has 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
675

Target Price
750

Upside
11%

Key Rationale

- **Cancer - Fastest-Growing Tertiary Care Segment:** It is the fastest-growing segment within the healthcare ecosystem, expanding at 14% annually, driven by a 9% CAGR in costs and a 5–6% annual increase in the number of cases. However, HCG outpaces industry growth by 8% CAGR in terms of operational bed capacity and at 8% CAGR in terms of ARPOB growth from FY23-26. Cost-wise, the industry outpaced the growth of HCG because of a hub-and-spoke network. This led to a rise in volumes and has made it affordable to patients in India. According to FICCI, the comprehensive market—which includes drugs, diagnostics, and specialised treatment facilities—is valued at Rs 1.3 Lc Cr (~$15 Bn) and is projected to steadily grow at 10–12% annually. The oncology segment alone accounts for around Rs 30,000 Cr, witnessing an impressive nationwide growth rate of 13–14%. To meet these healthcare needs, private hospitals, diagnostic chains, and pharmaceutical or biologics enterprises have collectively committed over Rs 10,000 Cr in fresh investments. KKR's strategic investment boosts HCG's operational efficiency. Leveraging 25 centres, strong brand recall, and advanced clinical capabilities, HCG is positioned for sustained patient registration growth.
- **Addition of 1,000 Beds by FY30 to Support Future Growth:** HCG plans to add 1,000 beds by FY30, with 40% being greenfield in cities such as Pune, Varanasi, Surat, and Kanpur, while brownfield constitutes 60% of the expansion. Currently, management has outlined plans to add 200+ beds across key locations, including 120-130 beds in Whitefield, Bangalore, 75 beds in Cuttack, 30 beds in Ranchi, 50 beds in Vizag, and 20+ beds in Bhavnagar. These are all brownfield expansions with a cost of Rs 45 Lc per bed, which leads to faster breakeven and higher ROCE. Additionally, it plans to add 8-10 LINACs and increase Centre of Excellence (CoE) count from 1 (KR) today to 3+ across regions. HCG's new 110+ bed Bangalore centre features advanced MR-Linac technology, creating a clear clinical differentiation.

India's advanced radiation therapy infrastructure faces a severe deficit, with only about 0.3 PET-CT scanners and 0.3 LINACs per Mn people compared to 6.2 and 11.9, respectively, in the US. Consequently, each LINAC in India handles nearly 3,216 cancer cases—almost eight times the patient load of its US counterpart, which serves just 419. This stark equipment shortage highlights a critical supply-demand gap. Management has guided for 15% growth in revenue and 1% expansion in EBITDA margin for FY27 at nearly 19%. The aim is to reach 25% margin gradually for their overall portfolio of hospitals across India.

- **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:** HCG's strong outlook relies on (a) tripling outpatient centres, recruiting 23 specialised oncologists, (b) continuous brownfield capacity growth, and (c) aggressively ramping up operations at both Whitefield and North Bangalore hospital facility hubs. We expect revenue, EBITDA, and PAT to grow by 10%, 19% and 231% CAGR for FY26-28E, respectively, with EBITDA margins expanding by 200 bps to 21.3% by FY28E.
- **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 (%)
FY25	2,223	387	49	3.5	154	23.2	5.3	6.8
FY26	2,545	466	23	1.5	344	19.4	1.7	8.5
FY27E	2,713	515	89	6.0	113	21.2	6.3	9
FY28E	3,075	655	250	16.7	40	16.0	15.0	17

Source: Company, Axis Securities Research

Income Statement (Rs Cr)

Particulars (Rs Cr) P/L	FY25	FY26	FY27E	FY28E
Net Sales	**2,223**	**2,545**	**2,713**	**3,075**
Growth (%)	**16.3%**	**14.5%**	**6.6%**	**13.3%**
Total Expenditure	1,836	2,080	2,198	2,420
Raw Material Consumed	590	702	711	778
% of sales	26.1%	27.2%	26.2%	25.3%
Gross margins (%)	**73.9%**	**72.8%**	**73.8%**	**74.7%**
Employee Expenses	353	379	402	443
% of sales	15.9%	14.9%	14.8%	14.4%
Other Expenses	901	1,009	1,085	1,199
% of sales	40.6%	39.6%	40.0%	39.0%
EBITDA	**387**	**466**	**515**	**655**
EBITDAM (%)	**17.4%**	**18.3%**	**19.0%**	**21.3%**
EBIT	176	222	226	404
EBITM (%)	7.9%	8.7%	8.3%	13.1%
Other Income	35	25	25	25
Exceptional Items	0	45	0	0
Share of P/L of Associates	1	1	1	1
PBT	**57**	**27**	**111**	**312**
Tax Rate (%)	14.3%	15.4%	20.0%	20.0%
Tax	8	4	22	62
Reported PAT	**49**	**23**	**89**	**250**

Source: Company, Axis Securities Research

Balance Sheet (Rs Cr)

Y/E Mar, Rs. Cr (Balance Sheet)	FY25	FY26	FY27E	FY28E
Share Capital	139	149	149	149
Reserves & Surplus	783	1,183	1,272	1,521
Shareholders Fund	922	1,332	1,421	1,671
Minority Interest	68	78	79	80
- Long Term Borrowings	1,380	1,359	1,229	1,099
- Deferred Tax Liabilities (Net)	4	2	4	4
- Other Long-Term Liabilities	102	108	59	67
- Long Term Provisions	21	25	21	21
Total Non-Current Liabilities	1,507	1,495	1,314	1,192
- Short Term Borrowings	398	311	281	251
- Trade Payables	334	351	401	455
- Other Current Liabilities	235	267	275	312
- Short Term Provisions	19	23	19	19
Total Current Liabilities	1,046	1,017	1,037	1,092
Total Liabilities	**3,543**	**3,922**	**3,850**	**4,034**
Gross Block	2,165	2,533	2,633	2,733
Depreciation	896	1,140	1,430	1,681
% of GB	41.4%	45.0%	54.3%	61.5%
- Fixed Assets	2,471	2,487	2,405	2,254
- Non-Current Investments	7	7	7	7
- Deferred Tax Asset (Net)	25	40	25	25
- Long Term Loans & Advances	86	107	86	86
- Other Non-Current Assets	111	146	111	111
Total Non-Current Assets	2,699	2,787	2,634	2,482
- Inventories	53	60	56	64
- Trade Receivables	401	421	446	505
- Cash & Cash Equivalents	348	541	672	940
- Short Term Loans & Advances	3	3	3	3
- Other Current Assets	39	110	39	39
Total Current Assets	844	1,135	1,217	1,552
TOTAL ASSETS	**3,543**	**3,923**	**3,851**	**4,034**

Source: Company, Axis Securities Research

Cash Flow Statement (Rs Cr)

Y/E Mar, Rs. Cr (Cash Flow)	FY25	FY26	FY27E	FY28E
PBT	57	27	111	312
Add: depreciation	211	244	290	251
Add: Interest	155	177	140	117
Cash flow from operations	423	448	541	681
Change in working capital	-3	93	-109	-31
Taxes	8	4	22	62
Miscellaneous expenses	0	0	0	0
Net cash from operations	418	351	628	649
Capital expenditure	-838	-260	-208	-100
Change in Investments	-0	-0	0	0
Net cash from investing	-838	-260	-208	-100
Increase/Decrease in debt	563	-102	-165	-165
Dividends	0	0	0	0
Proceedings from equity	0	10	0	0
Interest	-155	-177	-140	-117
Others	56	371	17	1
Net cash from financing	464	103	-289	-281
Net Inc./(Dec.) in Cash	44	193	131	268
Opening cash balance	303	348	541	672
Closing cash balance	348	541	672	940

Source: Company, Axis Securities Research

Valuation ratios (%)

Y/E Mar, Rs Cr	FY25	FY26	FY27E	FY28E
Net Sales	2,223	2,545	2,713	3,075
EBITDA	387	466	515	655
Net Profit	49	23	89	250
EPS	3.5	1.5	6.0	16.7
PE (x)	153.9	344.1	112.7	40.1
P/BV (x)	8.1	5.9	7.1	6.0
EV/ EBITDA	23	19	21	16.0
RoE (%)	5.3	1.7	6.3	15.0
RoCE (%)	6.8	8.5	9.0	17.0

Source: Company, Axis Securities Research

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