

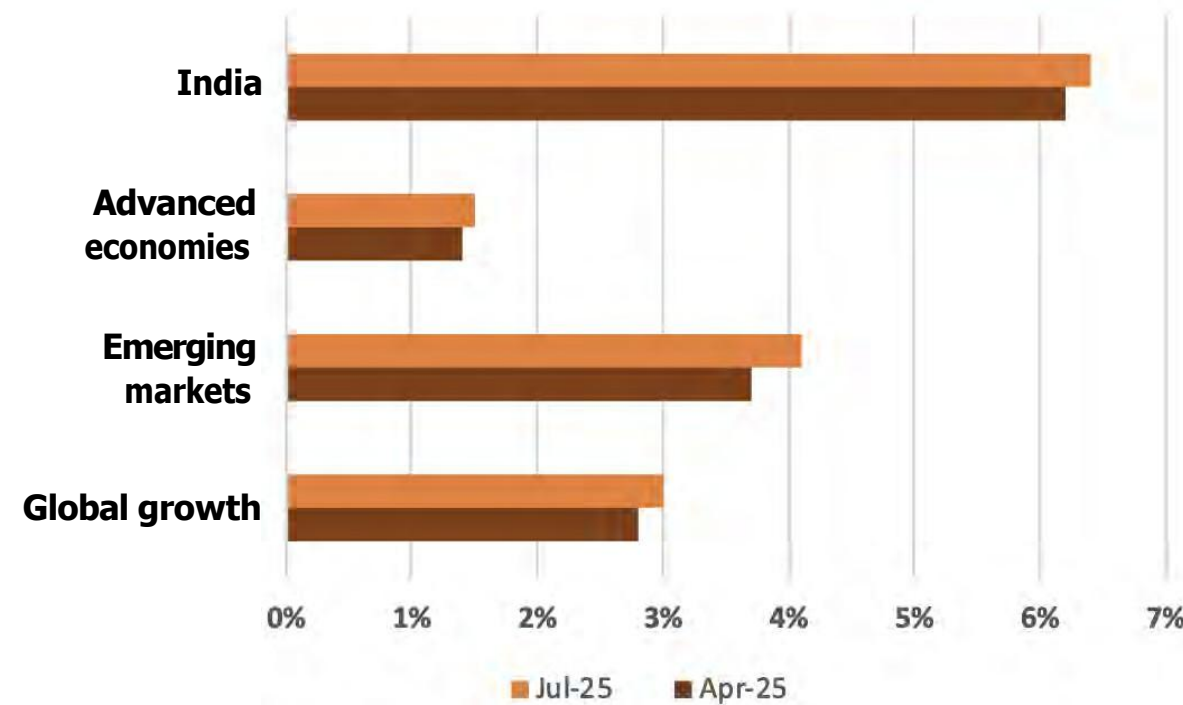
# ACE EQUITY PORTFOLIO



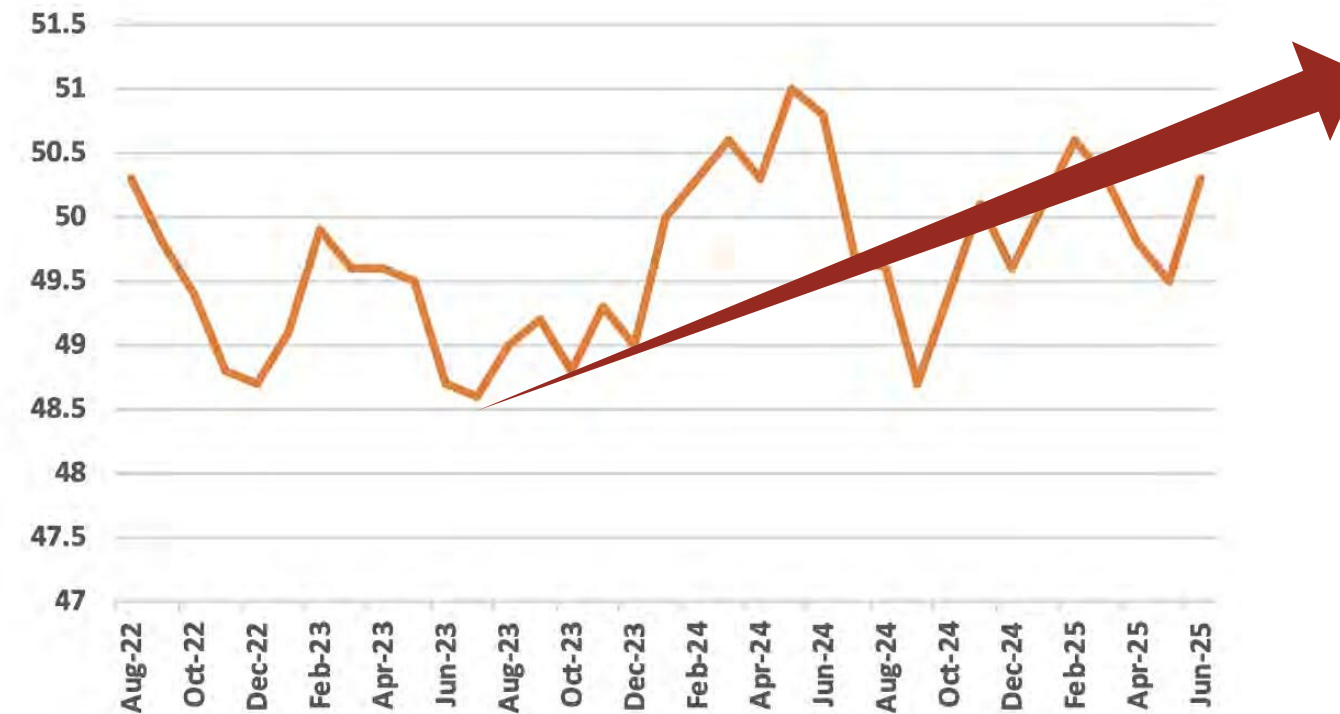
# Macro & Market Outlook

# Global growth Upgraded by IMF

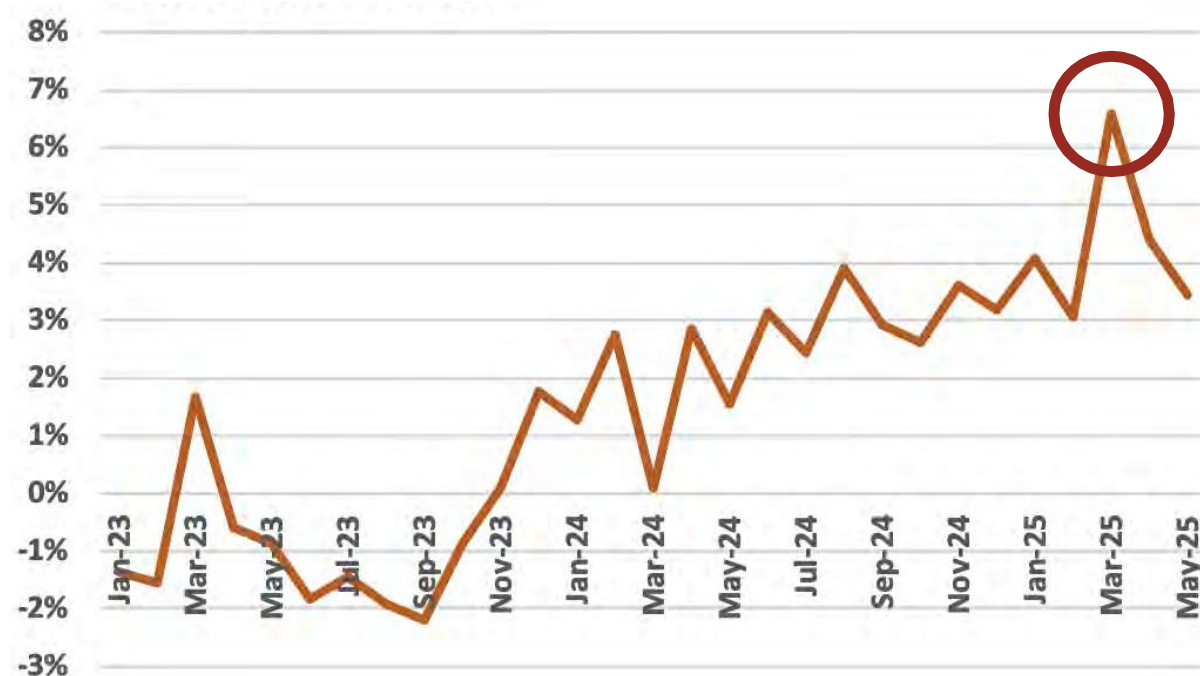
## Global growth



## Global PMIs



## World trade volume

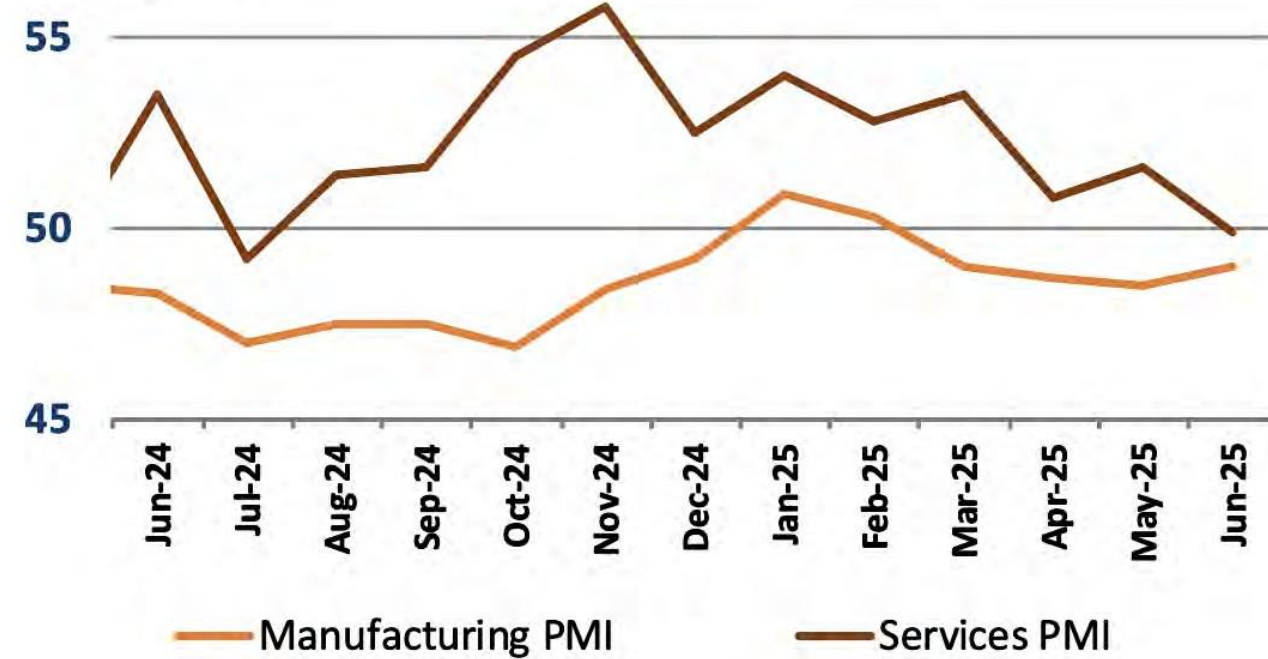


## Reasons to upgrade the growth

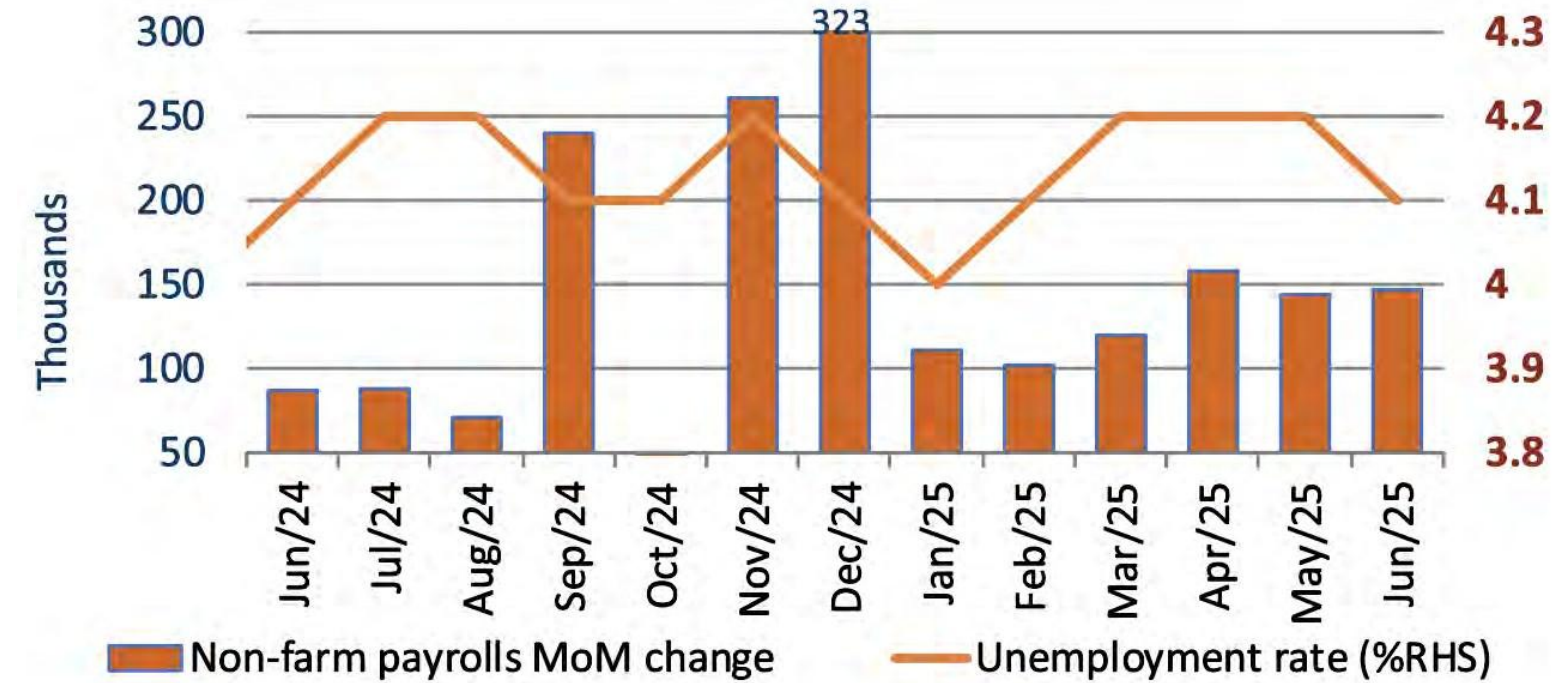
- Stronger-than-expected front-loading in anticipation of higher tariffs
- Lower average effective U.S. tariff rates than announced in April
- Improvement in financial conditions
- Fiscal expansion in some major jurisdictions & weaker US dollar

# US: Economy doing well

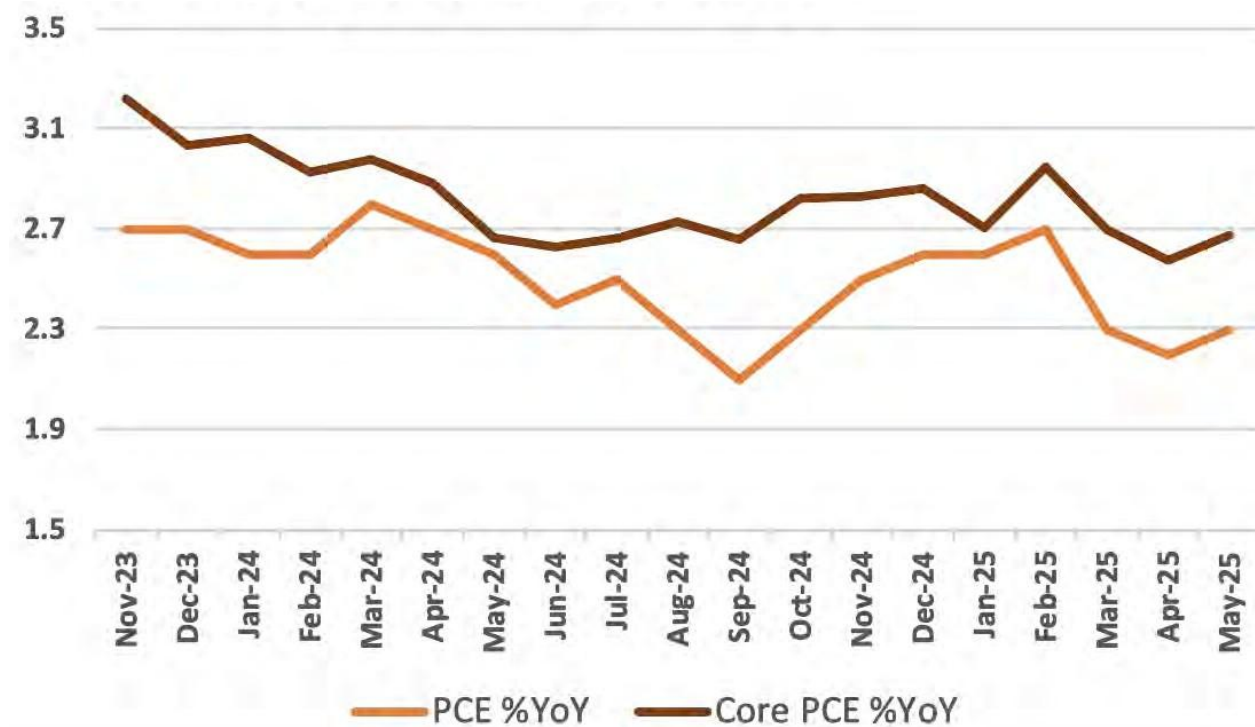
## US PMI



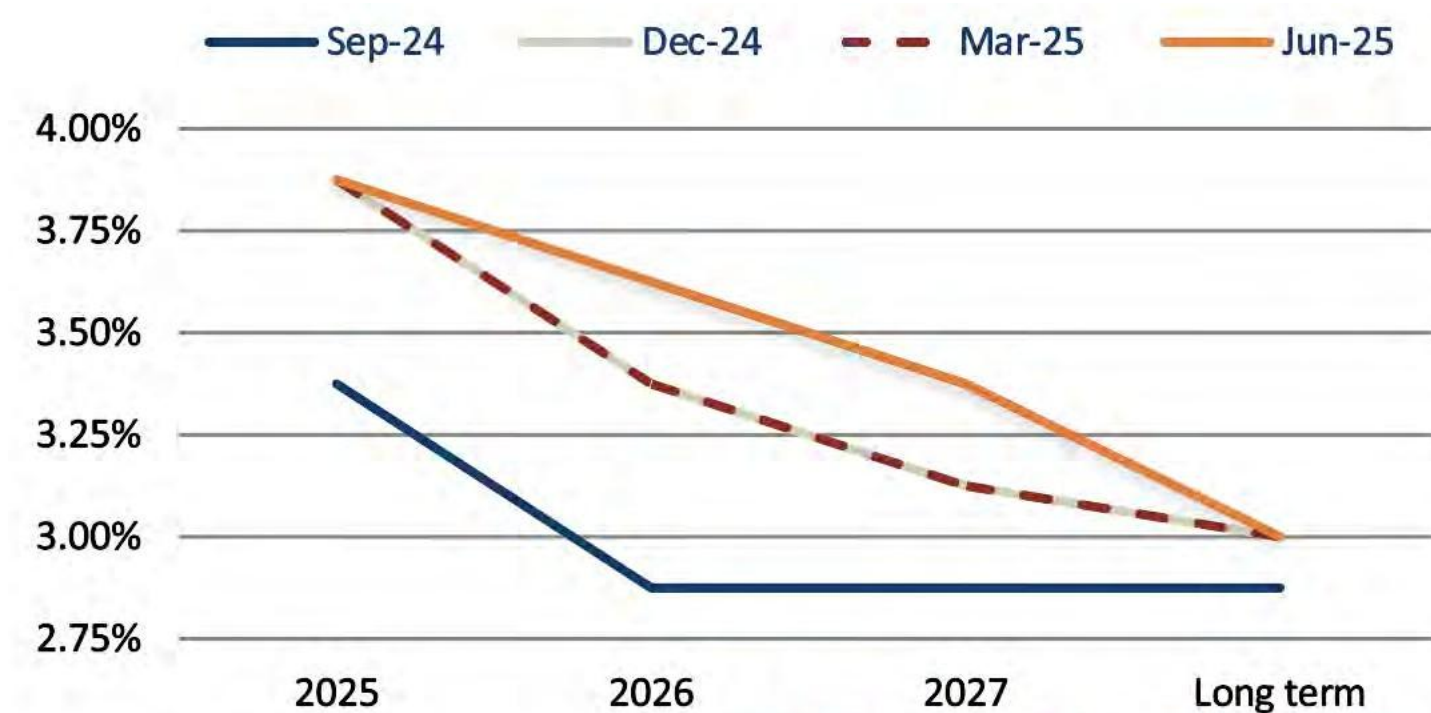
## Non-Farm Payrolls



## Personal Consumption Expenditure



## Dot Plot

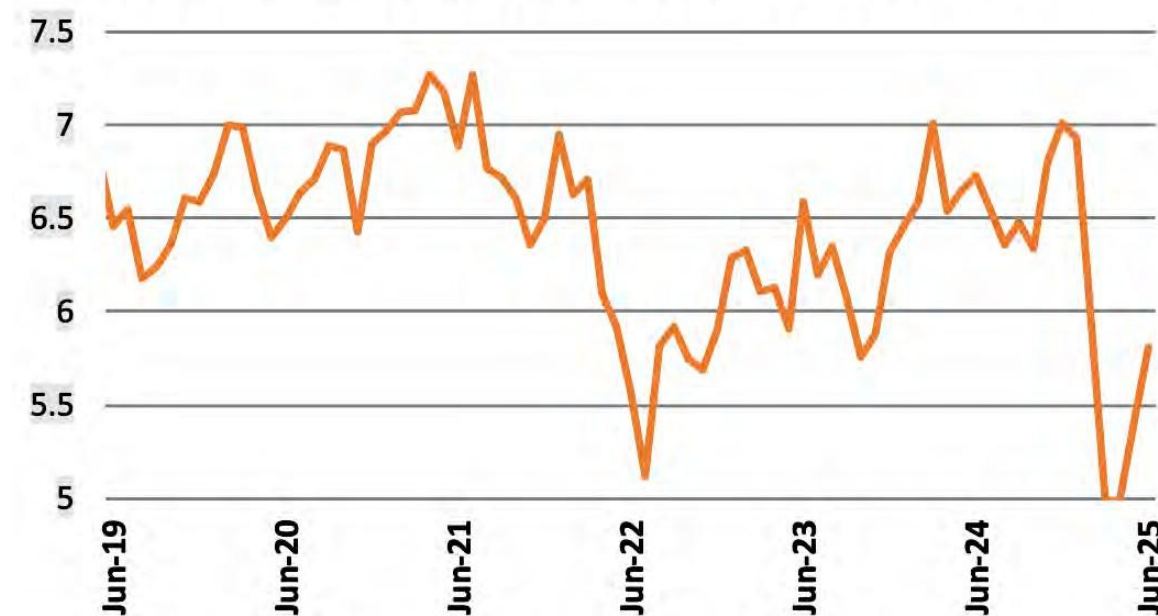


# US: Sentiment Reversal

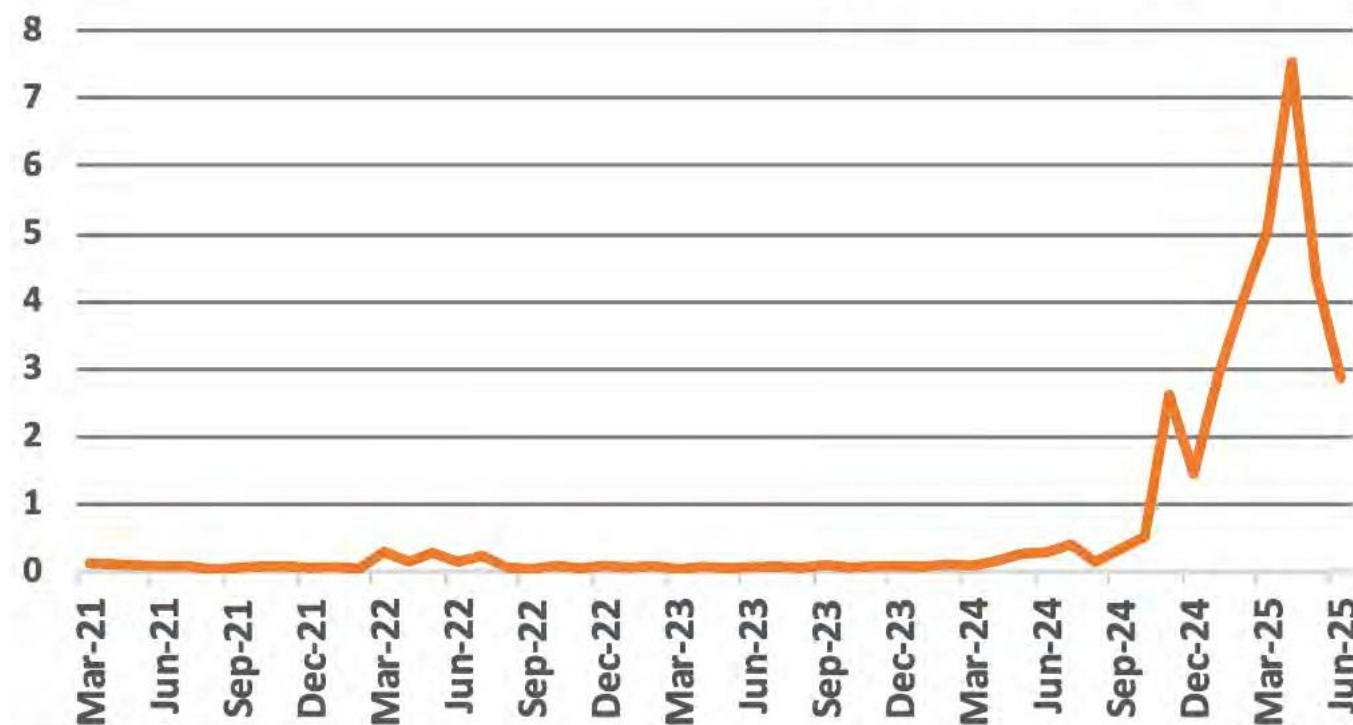
## US Consumer sentiment



## US CEO Confidence in the economy 1yr from now

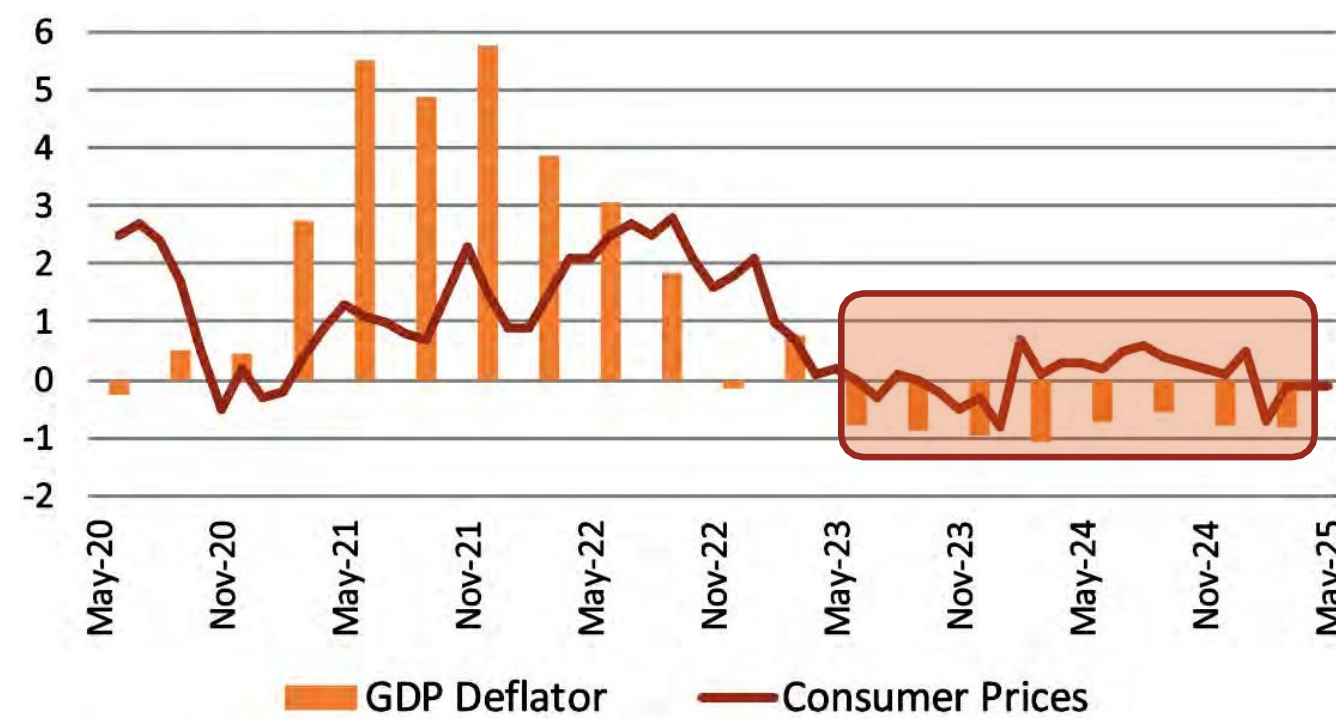


## US Trade Policy Uncertainty Index

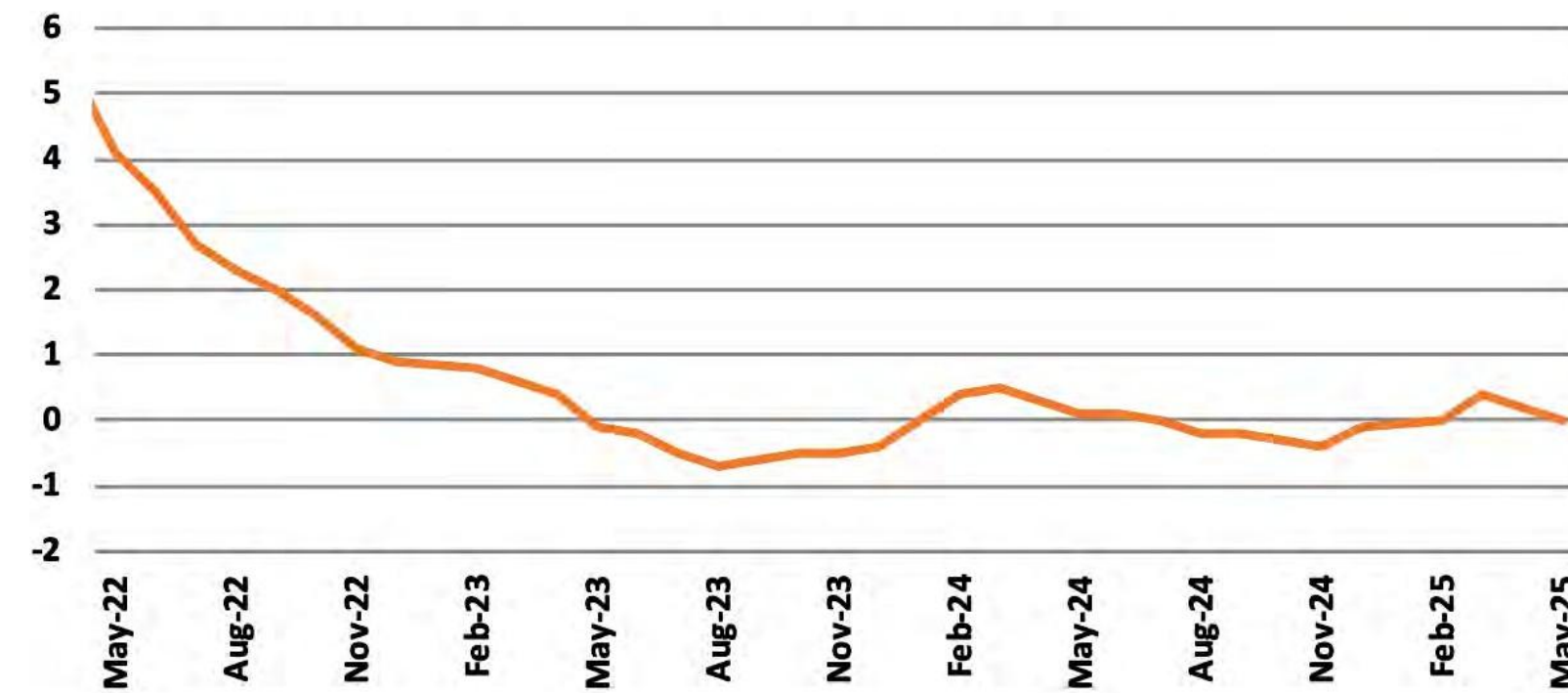


# China: Economy under stress

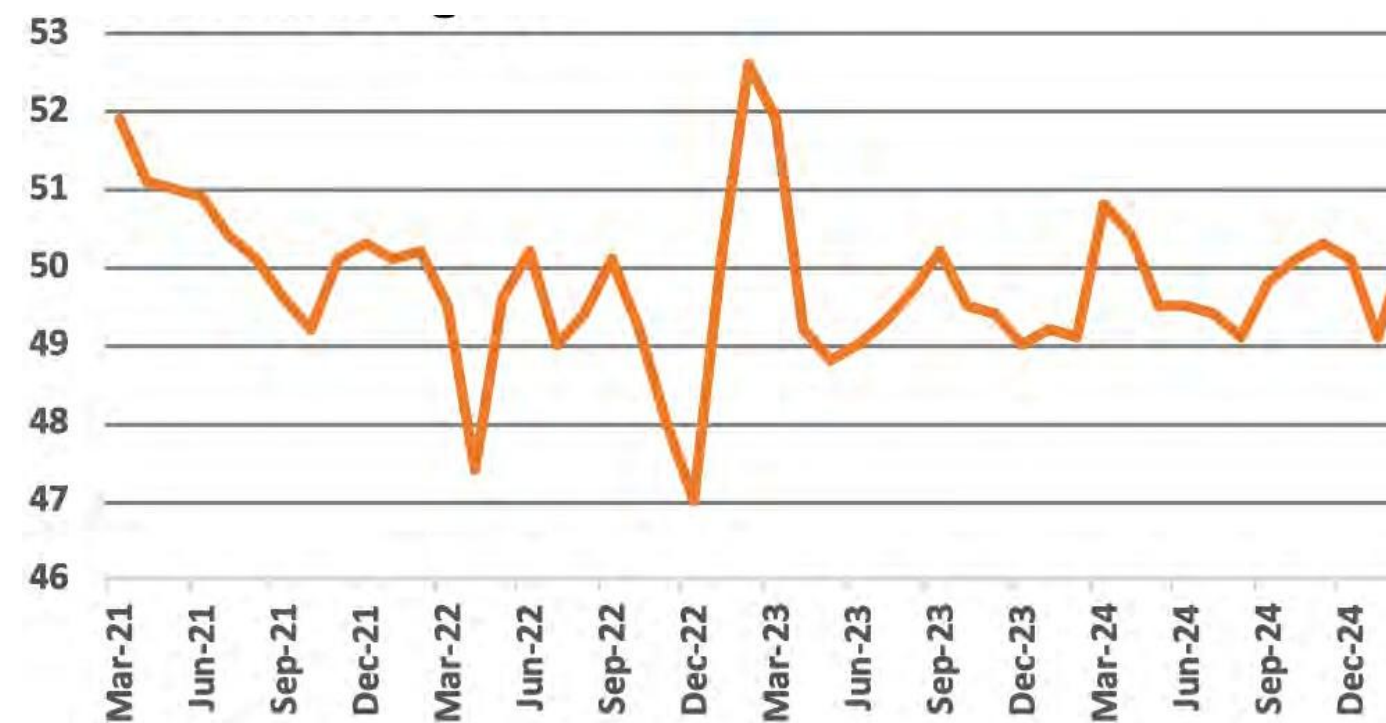
## Deflation persists



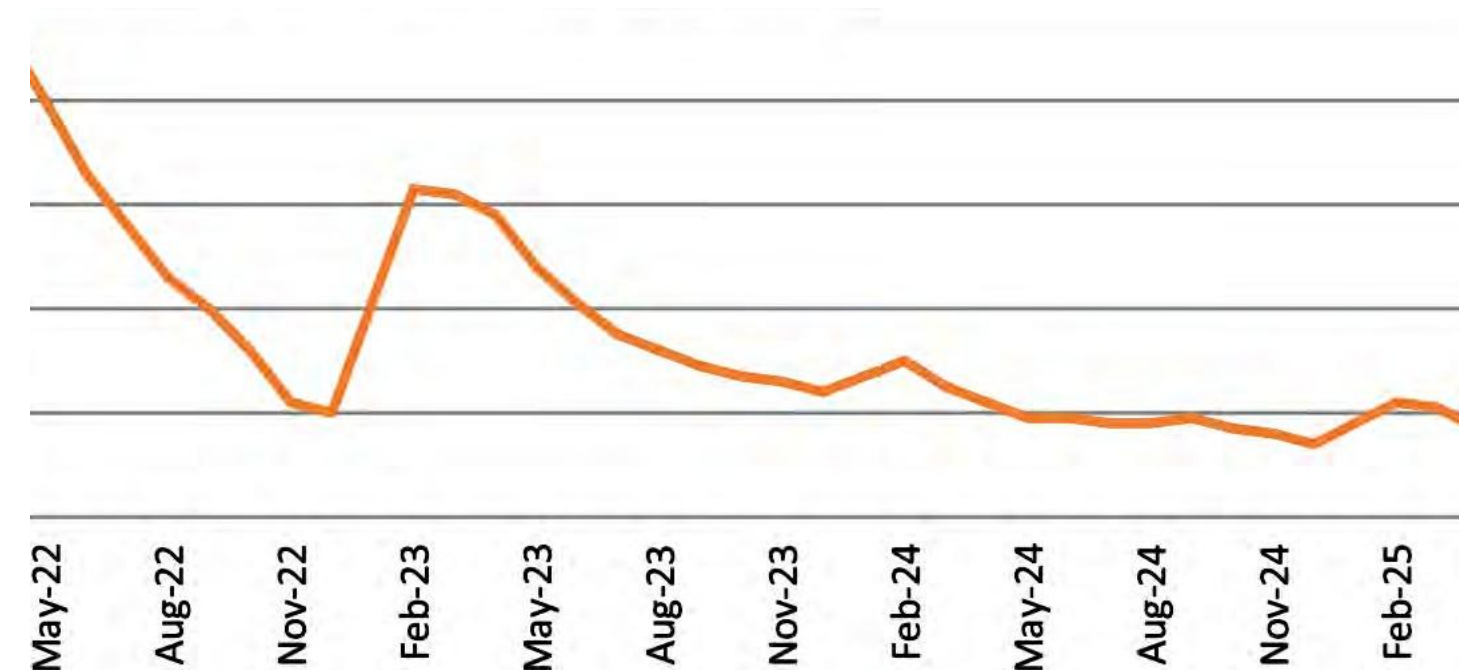
## China Private Investments - Fixed asset (YoY%)



## Manufacturing PMI

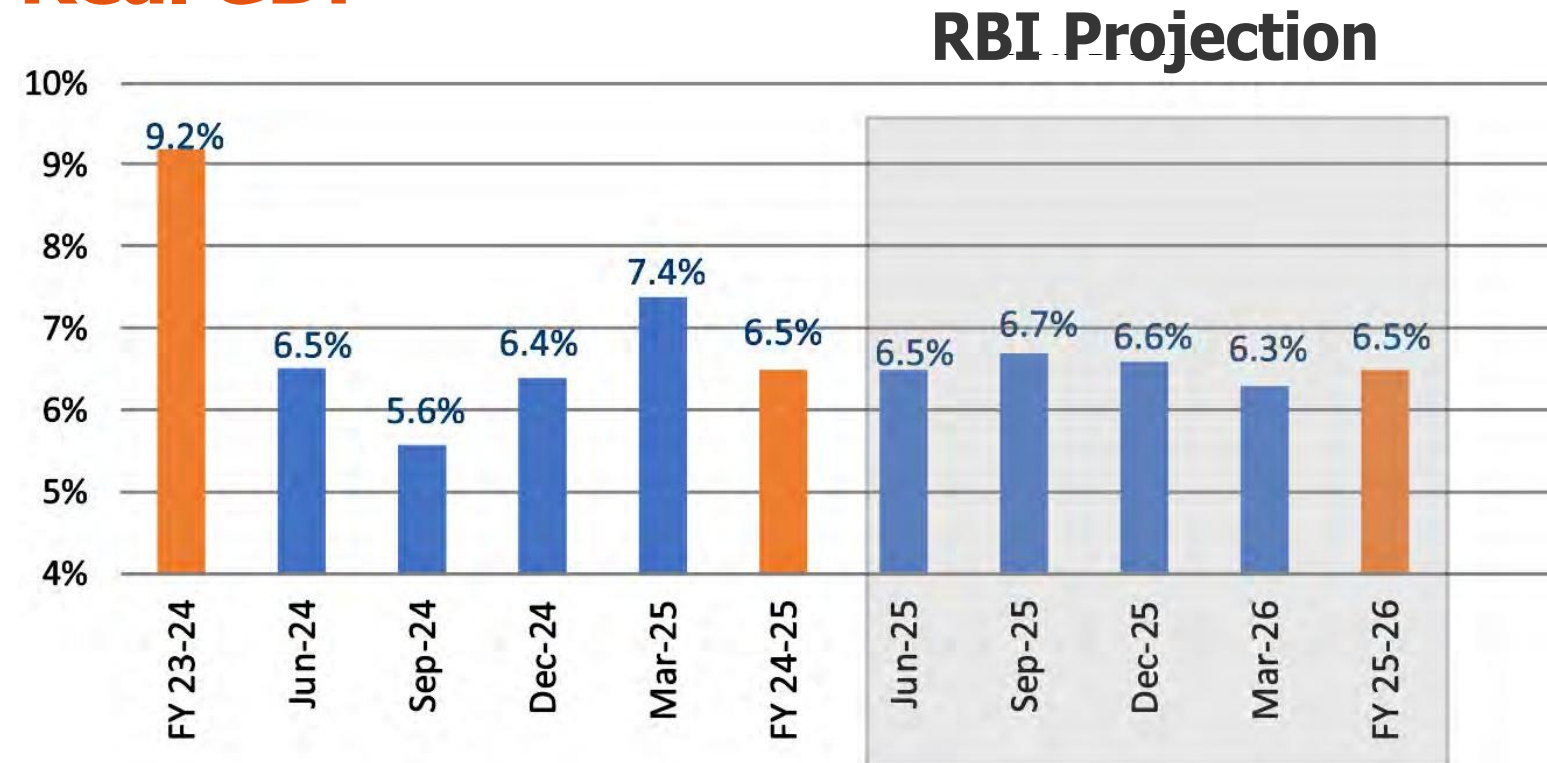


## China Real estate investment (YoY%)



# India: Macro stable

## Real GDP



## CPI %YoY



## CAD % of GDP



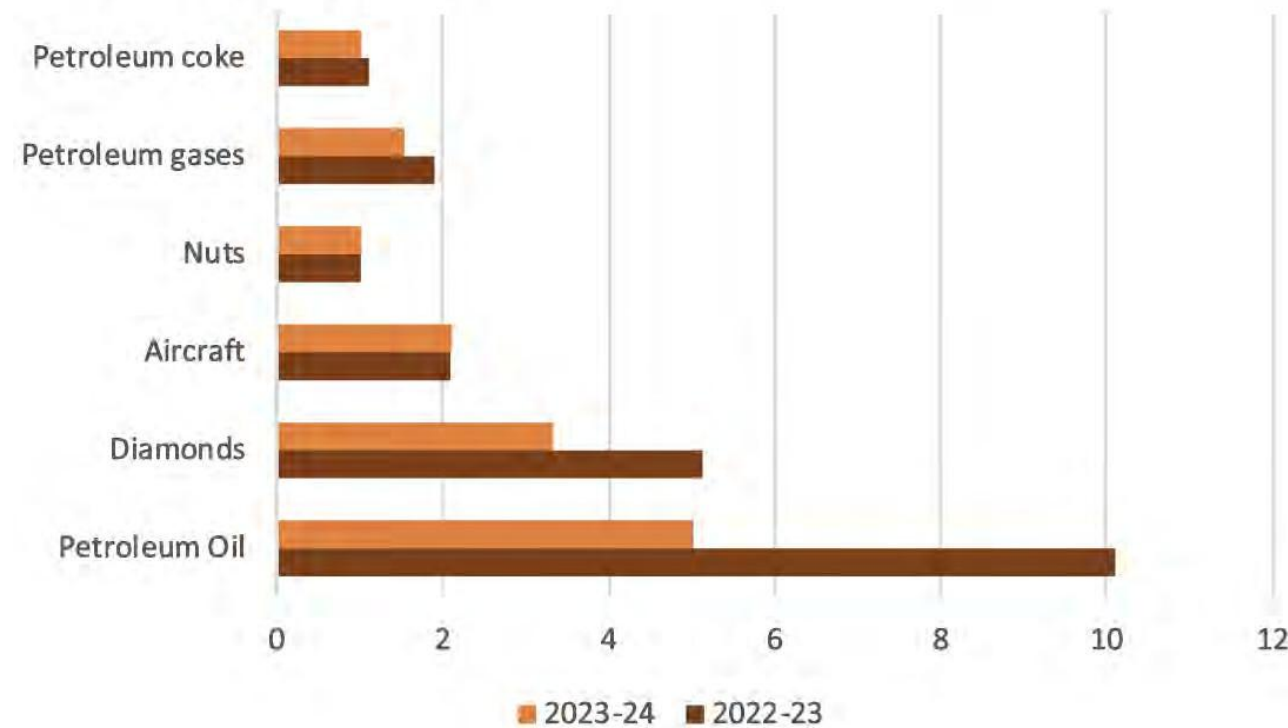
## Investments

Source: Capitaline, I-Sec research

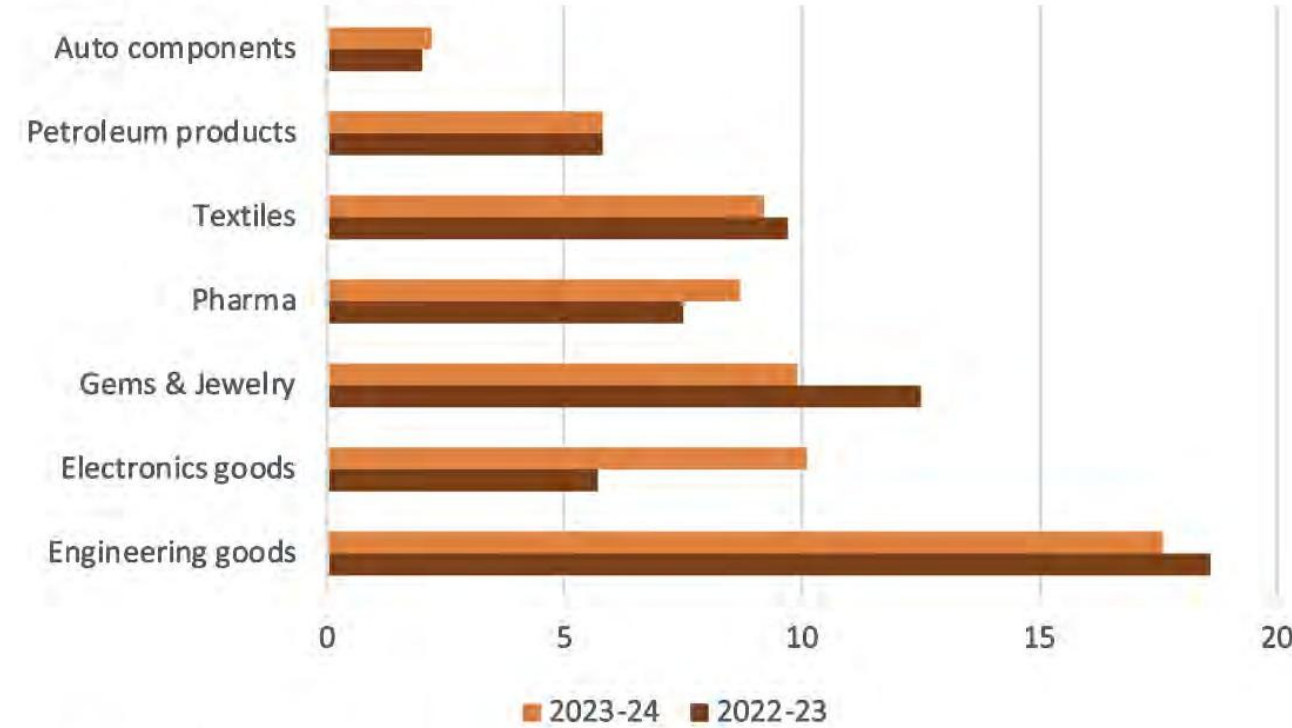


# India: Tariff impact

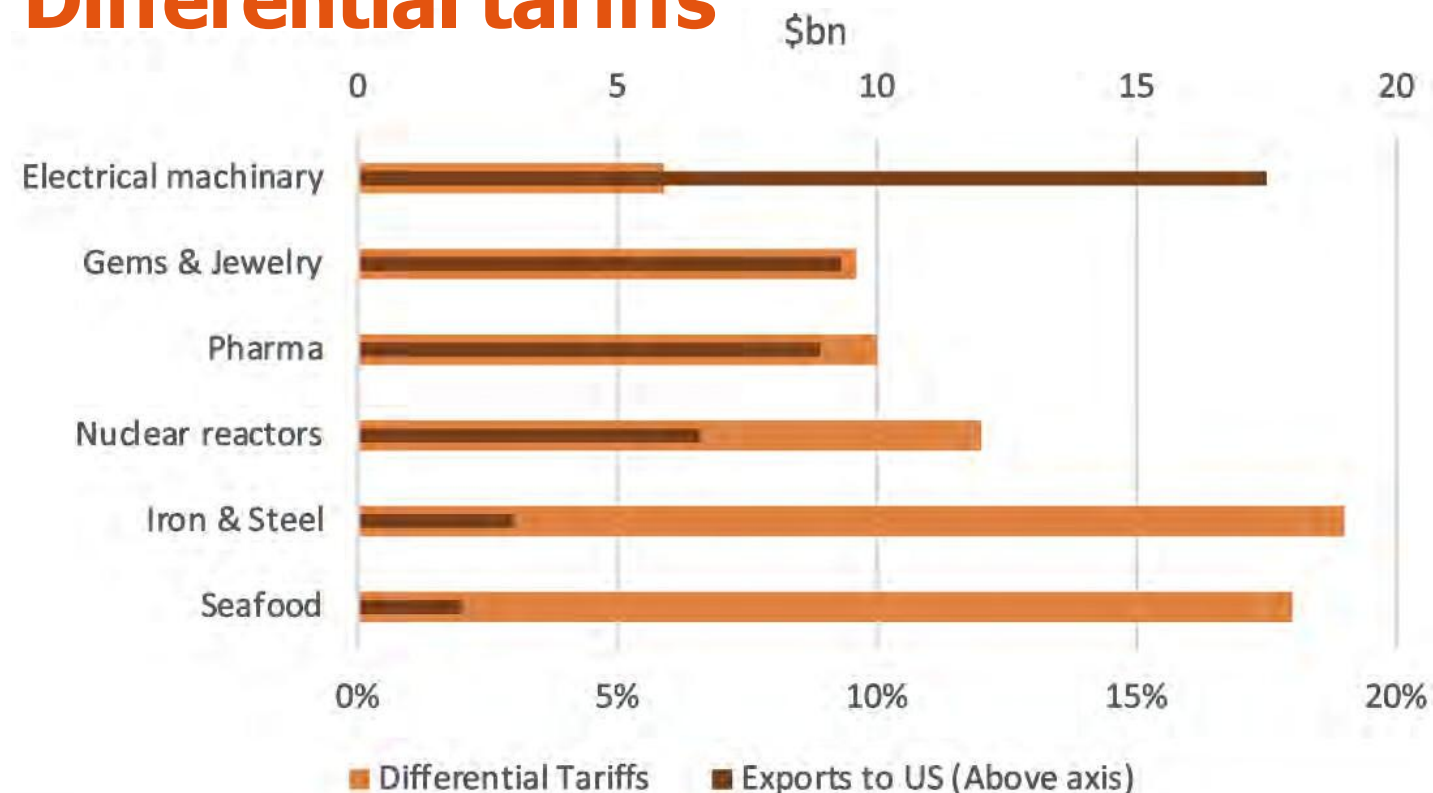
## What India imports from US



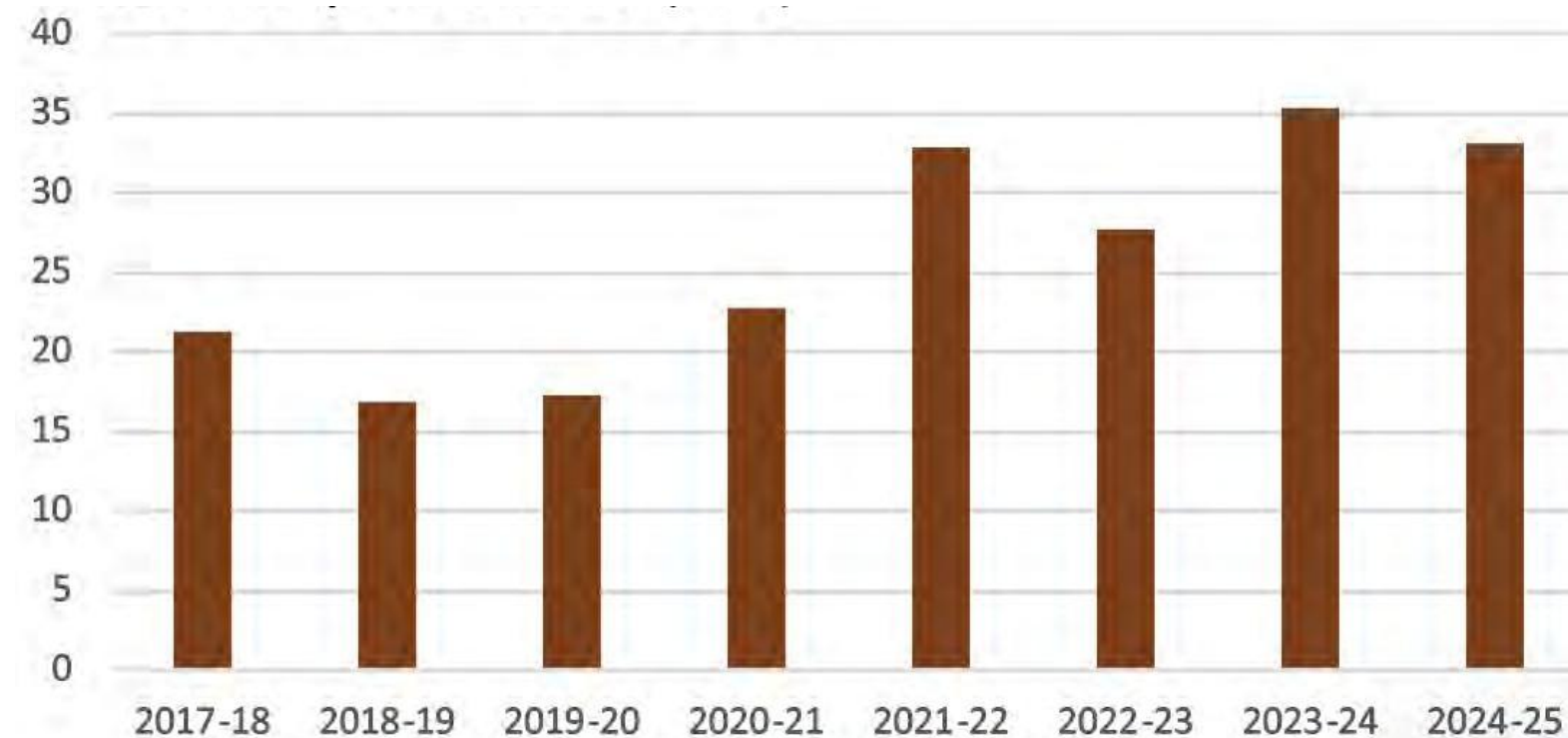
## What India exports to US



## Differential tariffs

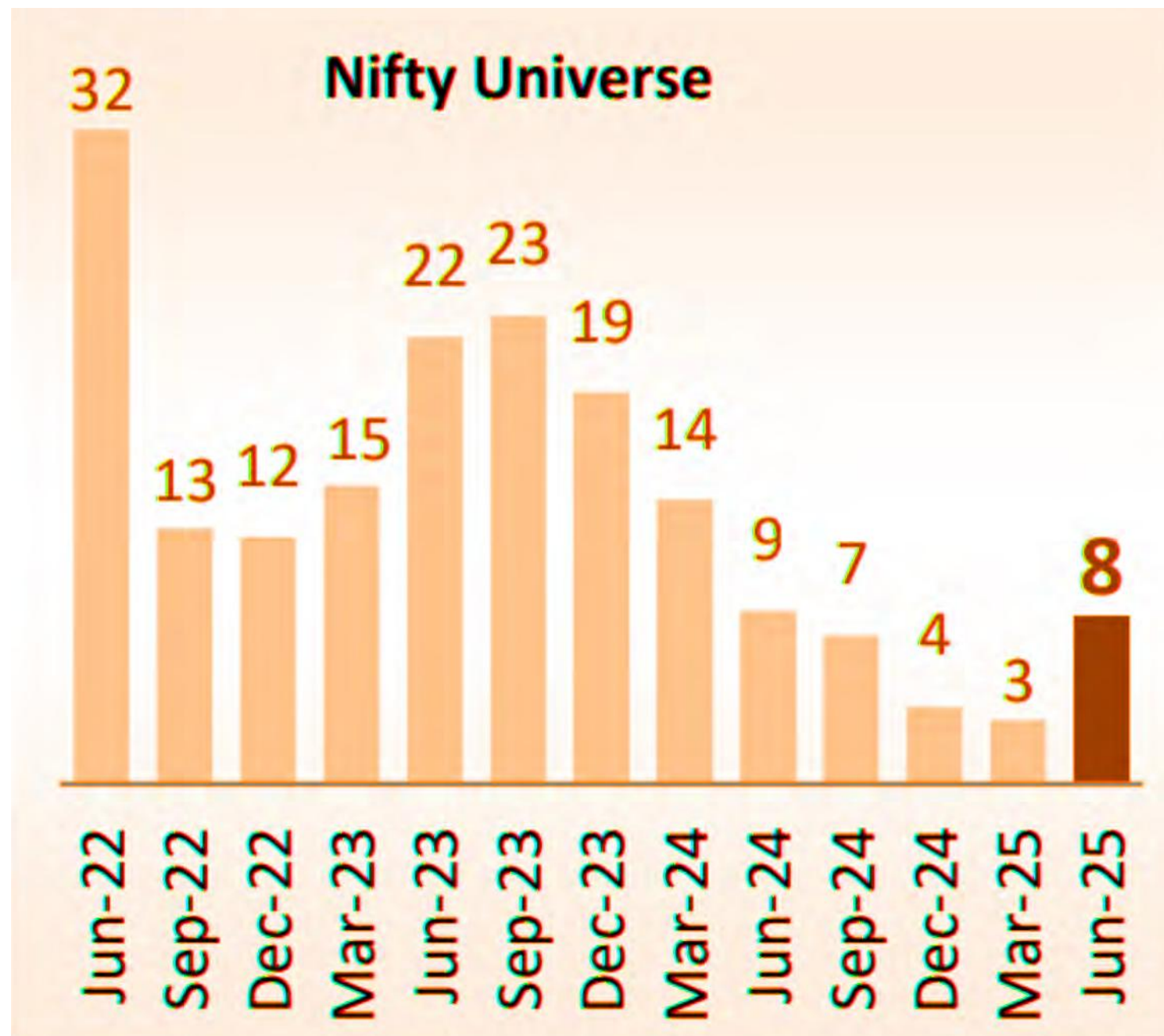


## Trade surplus with US (\$bn)

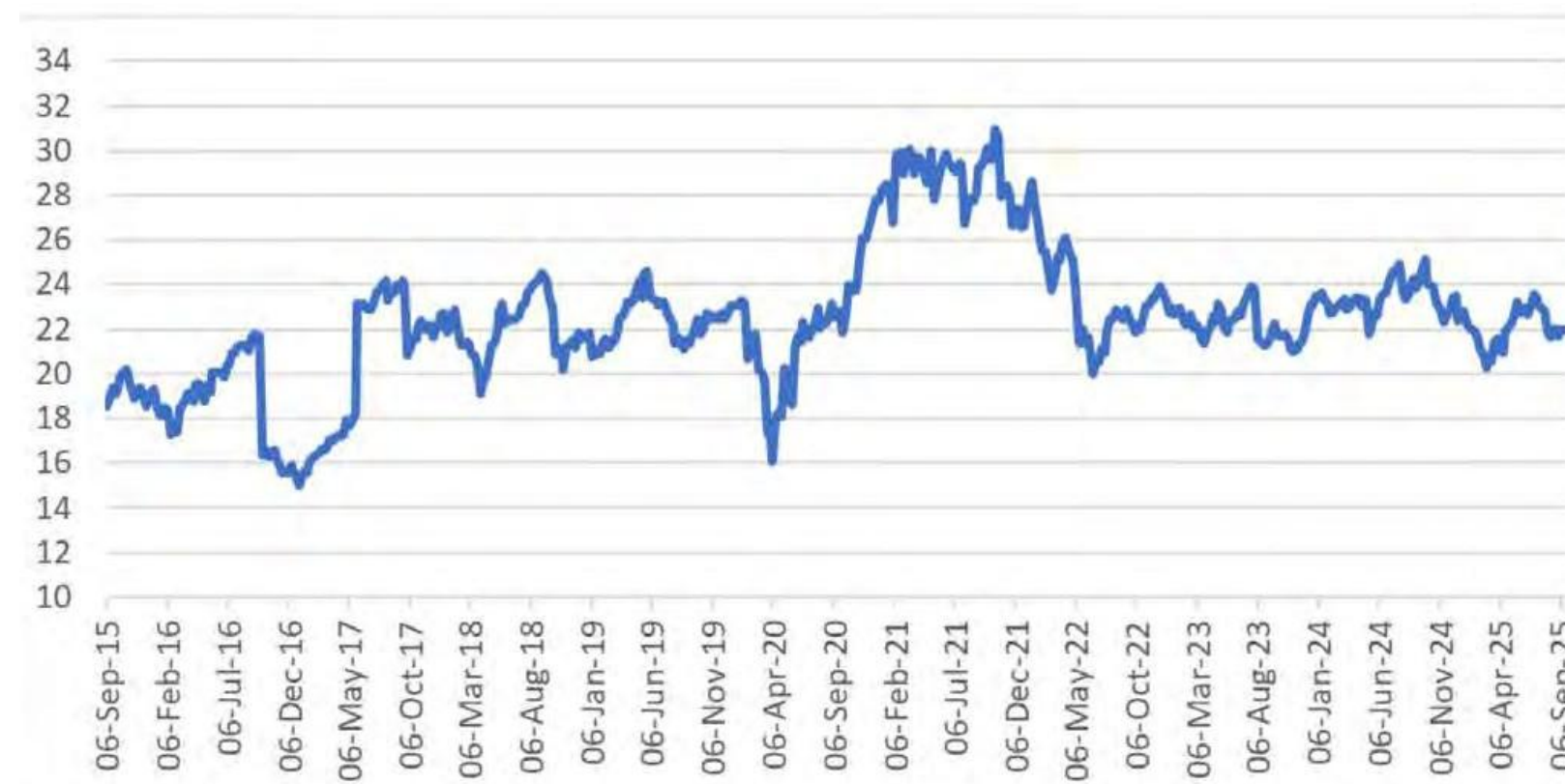


# Earnings and Valuation

## Earnings growth



## Nifty Valuations



# Ace Equity Portfolio

# Stock picking in Growth Themes

## 2024

GDP \$3.9 tn

Mkt Cap \$4 tn

## 2030

GDP \$7.5 tn

Mkt Cap \$8.5 tn

### Key structural changes

- Digitization
- Formalisation
- India as Manufacturing hub
- Infra and Housing Capex
- Per capita income
- Energy Transition

### Outcome

- IT infra/Gas infra expansion
- New Logistics policy
- Higher Tax buoyancy
- Emergence of B2B companies
- **New emerging themes:**  
Renewable energy/APIs/Railways/Defence/ SmartMeters /EMS/  
Semiconductor /Roads /Drones/Data centres/Power/Telecom
- **Luxury segments:**  
SUVs, Jewellery, Premium- (housing, liquor, hotels, hospitals),  
branded apparels
- **High FDI flows and forex reserves**

### Beneficiary stocks

- Value to growth

## ACE Equity – 6 ways to success

- 1 **Value to Growth** stocks with turnaround in Earnings
- 2 Use of **I-Sec Money Flow Model** to pick the timely winners
- 3 Higher allocation to the Hidden **Gems of Nifty**
- 4 **Optimal Diversification** which manages concentration risk and alpha potential
- 5 A **Portfolio** offering **High Earnings Growth** and **High ROE**
- 6 A portfolio composed of **Industry Leaders** ensuring a safe journey to capital appreciation

# Stock Filtration – **A Philosophy**

## Value to Growth Model

- Stocks which have not performed in more than last 2 years
- Stocks with lower valuations
- Stocks where earnings are transitioning
- Stocks where negativity is bottoming out
- Stocks which can have strong tailwind due to recently announced government reform, macro changes, etc.
- Efforts to avoid value traps

# Stock Selection Flow

## NSE 500

Starting with a universe of NSE 500 Companies

## Fundamental Screening

- EPS Growth
- Manageable Debt
- Corporate governance & promoters track record
- Sectorial tailwind & High market share
- Reasonable Valuations

## Money Flow Screening

- Long Term Structural Strength
- Better Risk - Reward
- Strong Money flow indicators
- Outperformance over index

## 25-30 Stocks

A Basket of 25-30 stocks

# Capturing Favorable Themes – A Focus

## 2021

### PV Cycle Upturn

M&M - 177%  
PV Cycle Upturn

### China +1

SRF - 193%  
PI Industries - 69%

### Infra

L&T - 169%

## 2022

### Housing / Infra Capex

ICICI - 292%  
SBI - 120%

### Digital

Tata Comm - 40%  
Bharti Airtel - 215%

### Luxury

Titan - 133%

### Renewables

NTPC - 131%  
PFC - 136%

## 2023

### Energy Transition

Siemens - 143%  
ABB - 121%

### Data Center

Cummins - 112%

### Railways

BEML - 74%  
IRFC - 95%

### Aviation

Indigo - 37%

## 2024

### Water / Green Energy

VA Tech - 54%  
Praj Ind - 13%

### Consumption

United Spirit - 18%  
Maruti - (1%)  
Indian Hotel - 42%

### Pharma / CDMO

Aurobindo - 29%  
Lupin - 4%

### Defence

Bharat Forge - 76%  
HAL - 59%

# Investment styles

## DPMS

- Minimum investment of Rs.50 lacs.
- Investment as per model portfolio.

## NDPMS

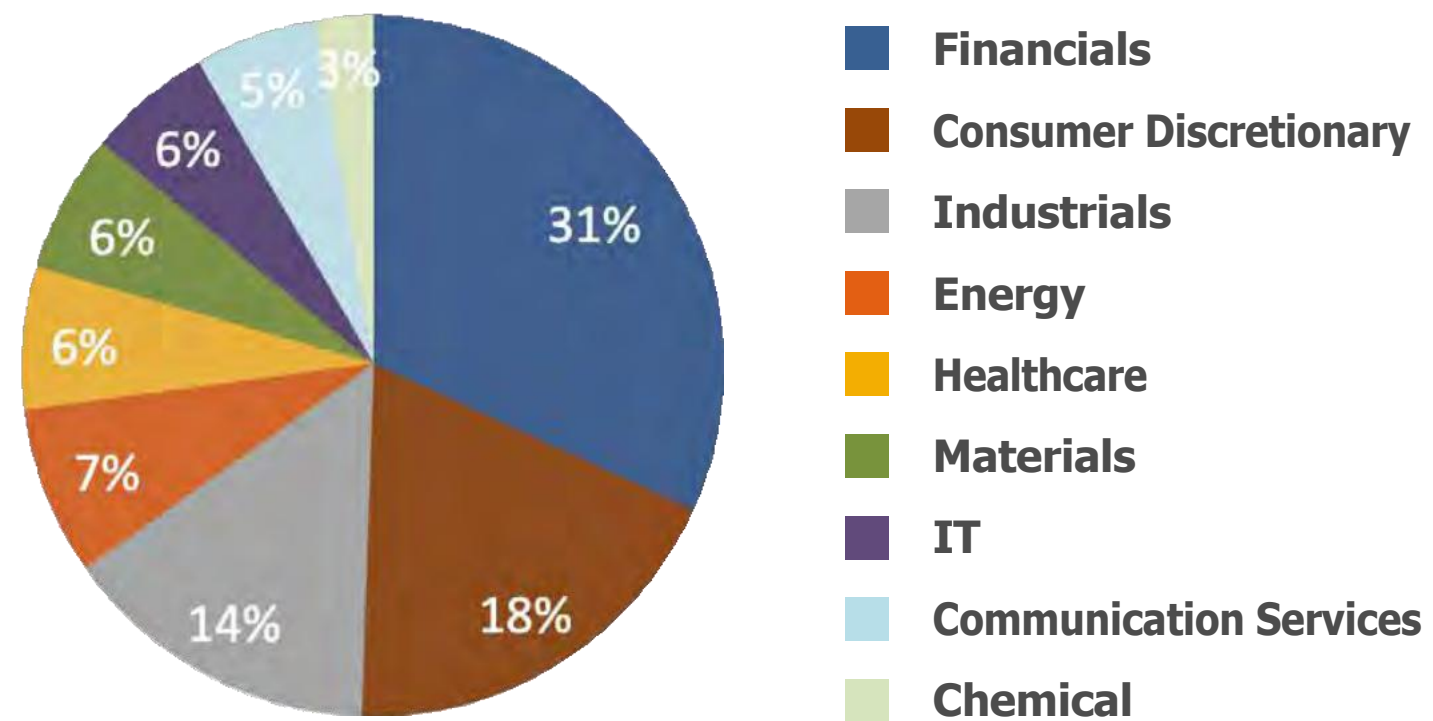
- Minimum Investment of Rs.10 crores.
- Client will be informed before any investment action.

## Advisory

- Minimum investment of Rs.50 crores.
- Client to get expert advisory services from the Fund manager, the execution lies with the client.

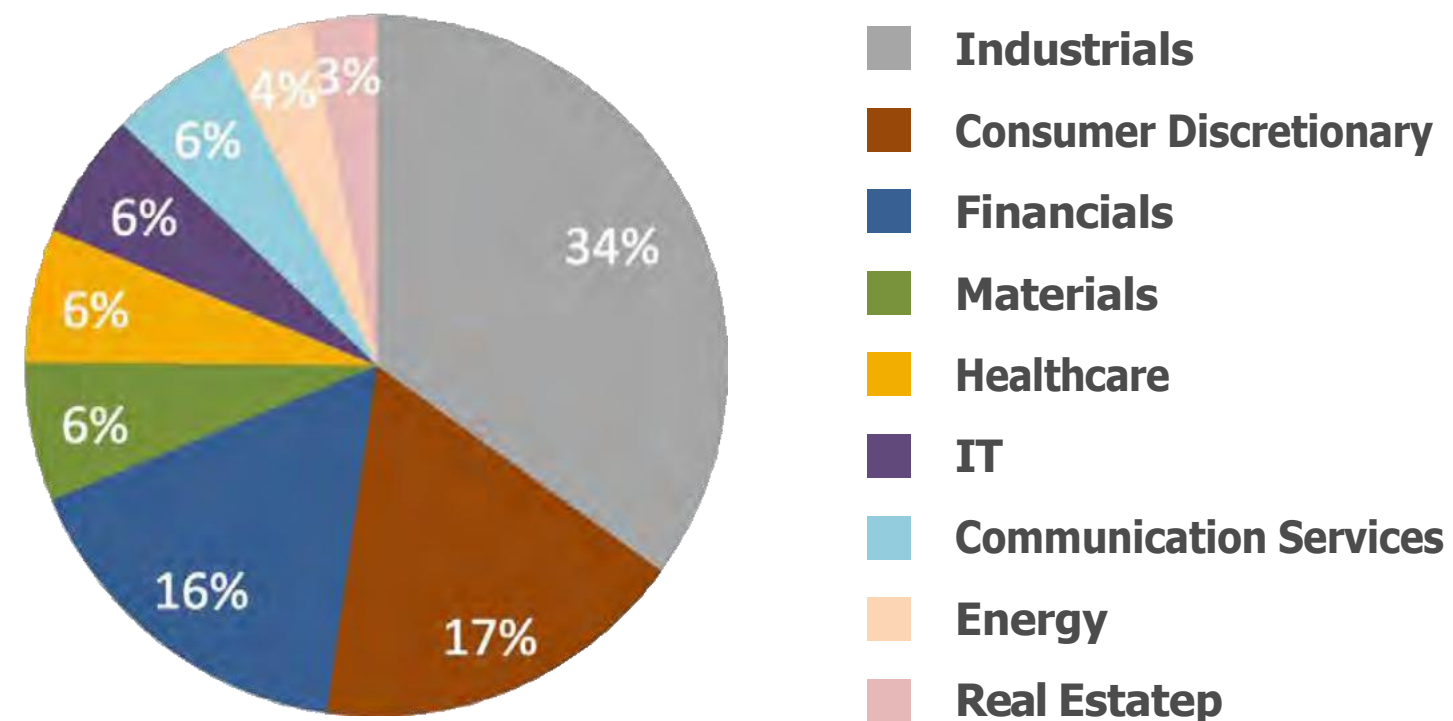
# Ace Equity Performance

# ACE Equity Sectoral & Market Cap break-up



ACE Equity @ 29Aug2025	%
Financials	31%
Consumer Discretionary	18%
Industrials	14%
Energy	7%
Healthcare	6%
Materials	6%
IT	6%
Communication Services	5%
Chemical	3%

M Cap	%
Large	69%
Mid	7%
Small	21%
	97%



ACE Equity @ 31Dec2024	%
Industrials	34%
Consumer Discretionary	17%
Financials	16%
Materials	6%
Healthcare	6%
IT	6%
Communication Services	6%
Energy	4%
Real Estate	3%

M Cap	%
Large	66%
Mid	18%
Small	13%
	97%

# ACE Equity Portfolio Stats

## Top Constituents

Top 10 Stocks	Weight (%)
BHARTI AIRTEL	5.46
INTERGLOBE AVI	5.37
HDFC BANK	5.34
ICICI BANK	5.07
CREDITACCESS	5.00
RELIANCE	4.63
BLUE STAR	4.62
LEMON TREE	4.42
SBI	4.29
KIMS	4.10

## Sectoral Weights

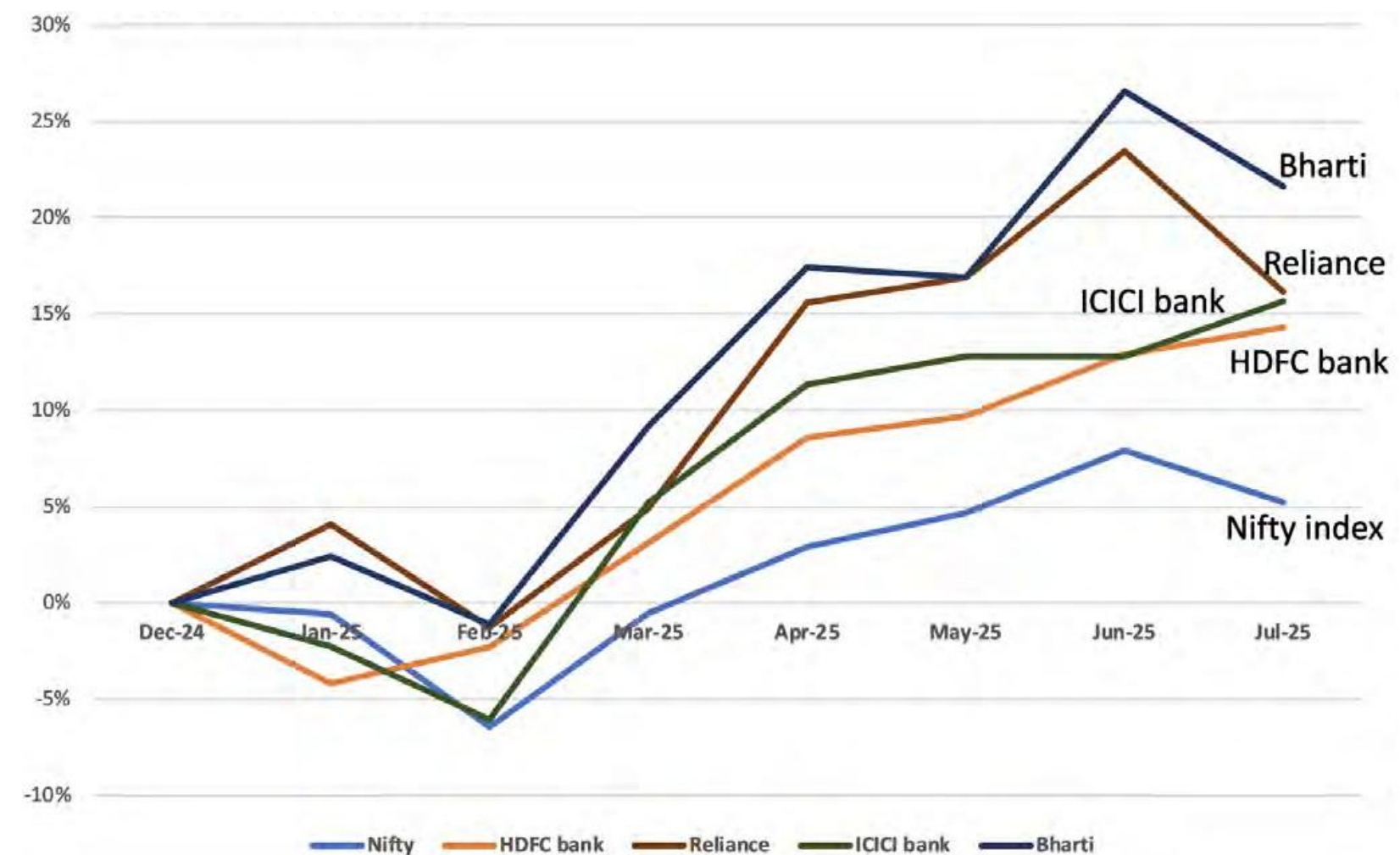
Sectors	%
Financials	31%
Consumer Discretionary	18%
Industrials	14%
Energy	7%
Healthcare	6%
Materials	6%
IT	6%
Communication services	5%
Chemical	3%
	96%

## Portfolio Ratios

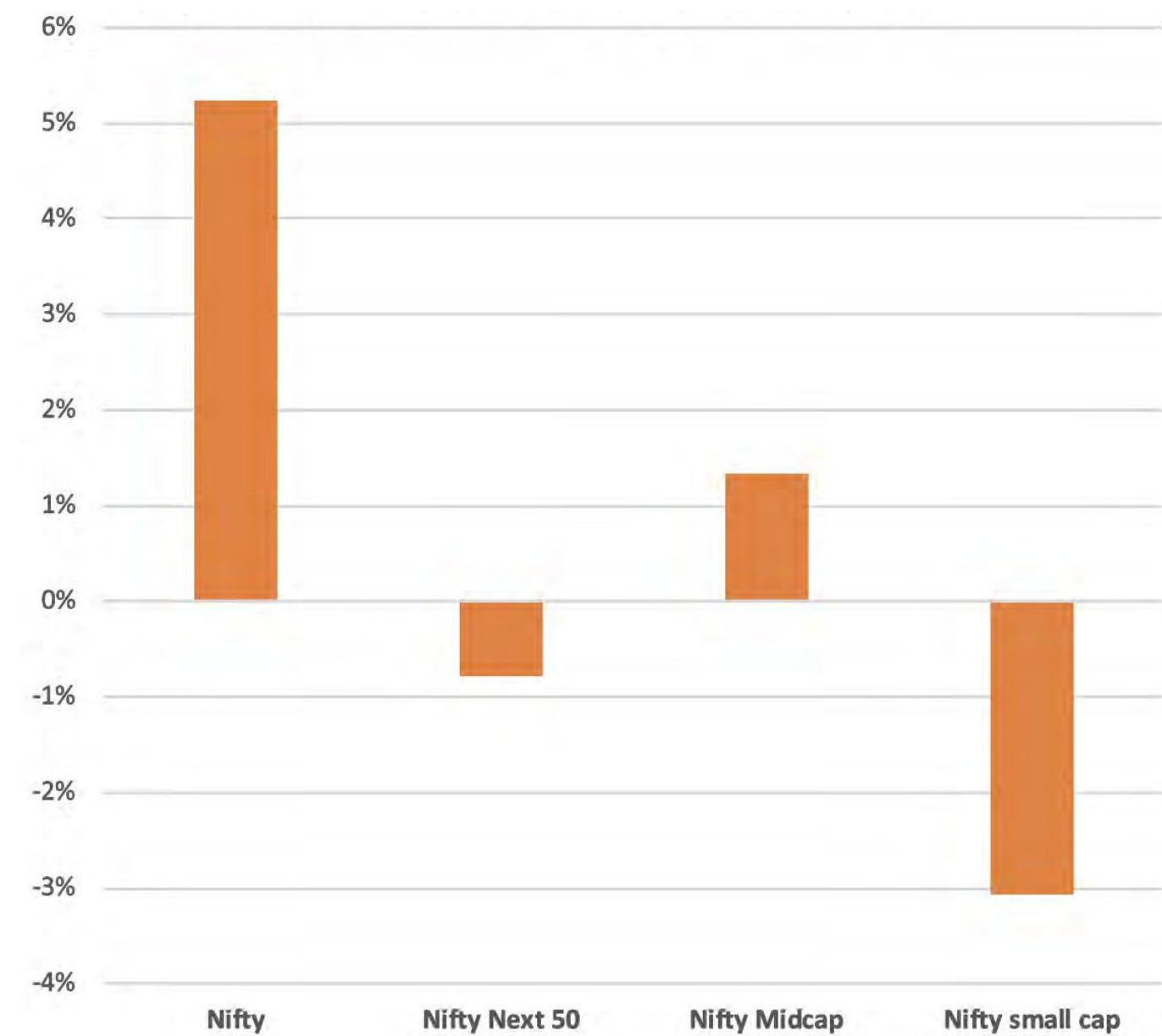
Parameters	Portfolio	NIFTY 50
P/E	22.38	21.93
P/B	3.93	3.38
Beta	1.08	1
Std Dev	15.50	13.16
EPS Growth FY26	13%	9%

# Reason of Underperformance

## Concentrated rally



## Nifty outperformed all other indices



# ACE Equity Performance

Strategy	1 month	3 months	6 months	1 year	2 years	3 years	Since Inception
ISEC Ace Equity Portfolio	-0.0	0.8	14.0	-7.9	20.5	16.6	16.4
Benchmark (Nifty 50 TRI)	-1.2	-0.7	11.3	-2.0	14.0	12.5	15.2

Note – Returns are TWRR as of 31st August 2025, net of all fees and expenses (including taxes) all cash holdings and investments in liquid funds. The performance related information provided herein is not verified by SEBI.

# Sector & Stock outlook

# We are currently bullish on

## Aviation

India is now the third largest aviation market globally, with sustained 10-11% annual growth in air traffic, fleet expansion and regional connectivity boost.

## Hotels

Demand outpaces supply, Robust domestic tourism rebound, Business & MICE travel, ARR & RevPAR at record highs, historic capacity expansion through asset light model, premiumization & experiential travel.

## Cement

Consolidation + Rational pricing + green transition = strong case for rerating.

## Healthcare & Pharma

Hospital sector is undergoing a strategic transformation, with asset light models:- Improved ROCE & ROE , faster payback period.

India well placed for global outsourcing boom in CRAMS and CDMO. Structural move toward innovation + cost efficient scale

## Power transmission

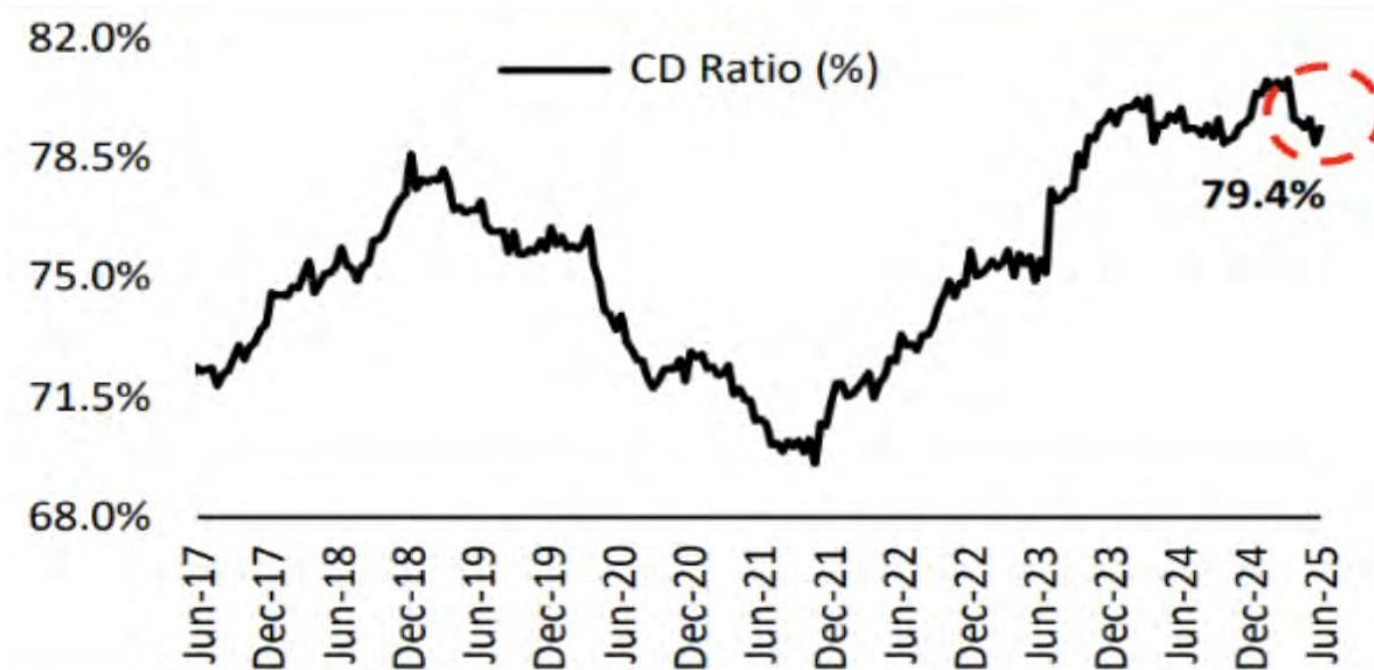
500GW non-fossil fuel capacity by 2030. Strong growth driven by rising renewable integration, infrastructure modernization and govt capex push toward a unified national grid.

## Financialisation of savings

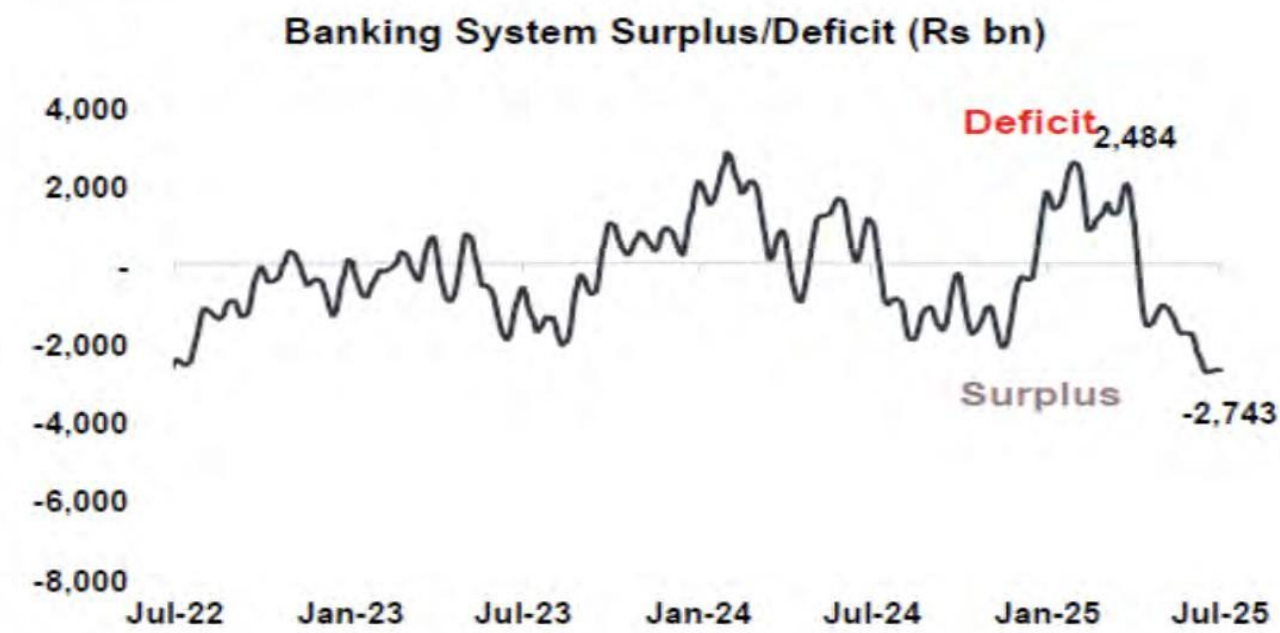
The transition from physical assets like real estate and gold to financial assets like equities and MFs underscores a nation realigning its savings with growth AUM via MFs, PMS and AIFs almost 3X since the pandemic

# Financials – Well placed to outperform

**Exhibit 17 :** CD ratio eased slightly to 79.4% in Jun'25

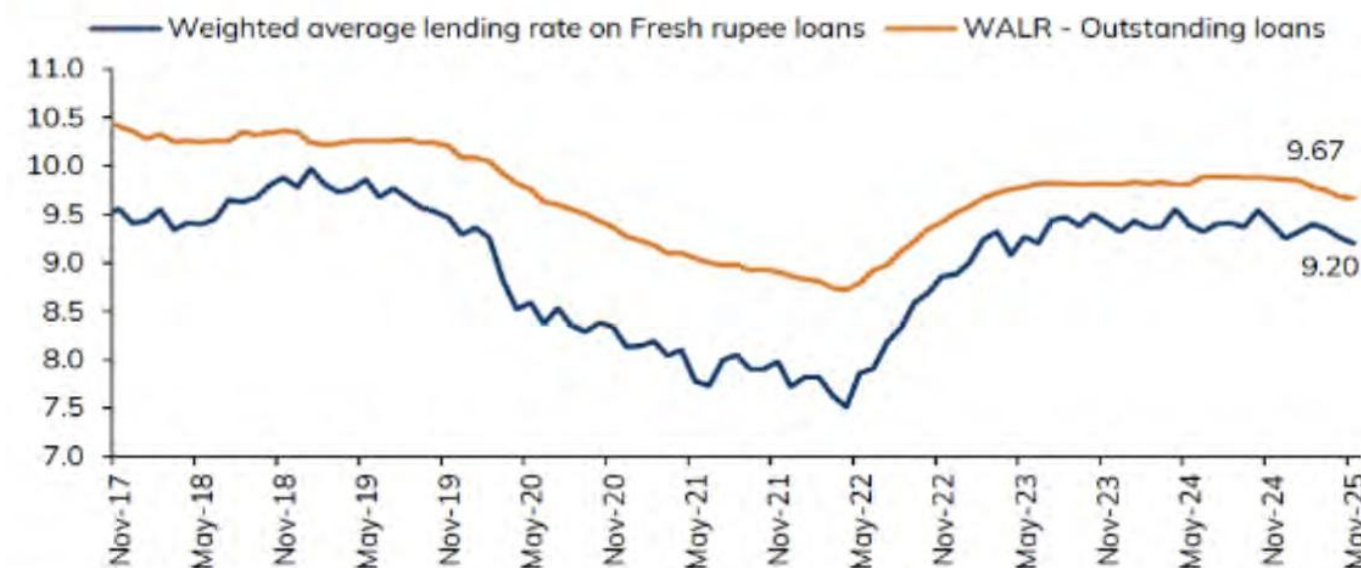


**Figure 5:** System liquidity remains firmly in surplus, indicating easing supply-side conditions



Source: RBI. Investec Equities estimates

**Exhibit 8 :** Rate cut transmission begins

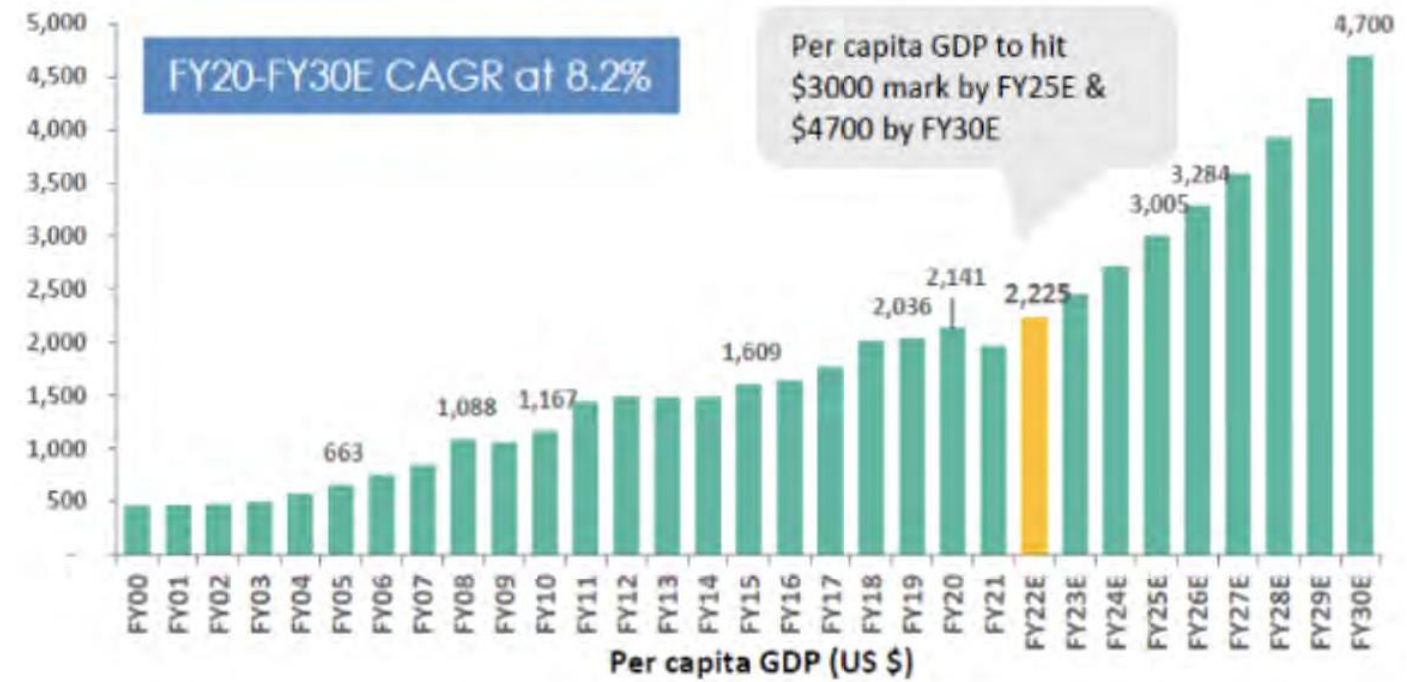


Source: RBI. I-Sec research

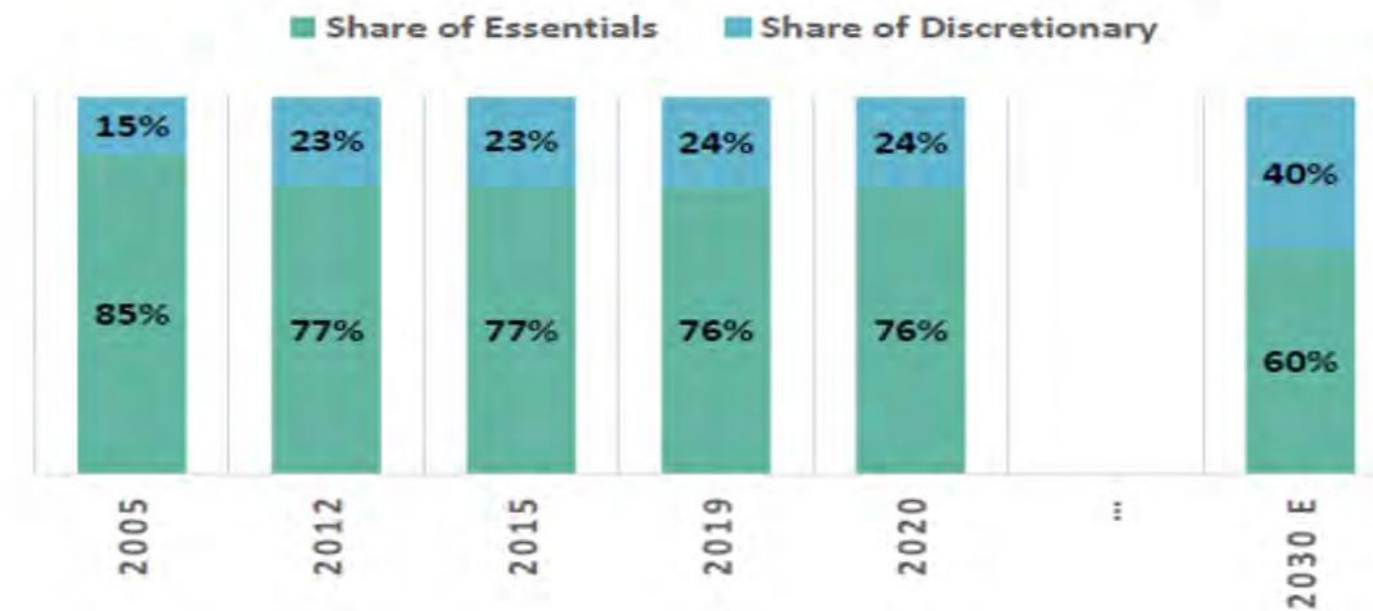
- Factors supporting credit growth are in place
- NIM pressure to reduce from 2HFY26
- Valuations are reasonable post underperformance
- Selective NBFCs to do well

Source: MOSL, Isec Research, Investec Equities

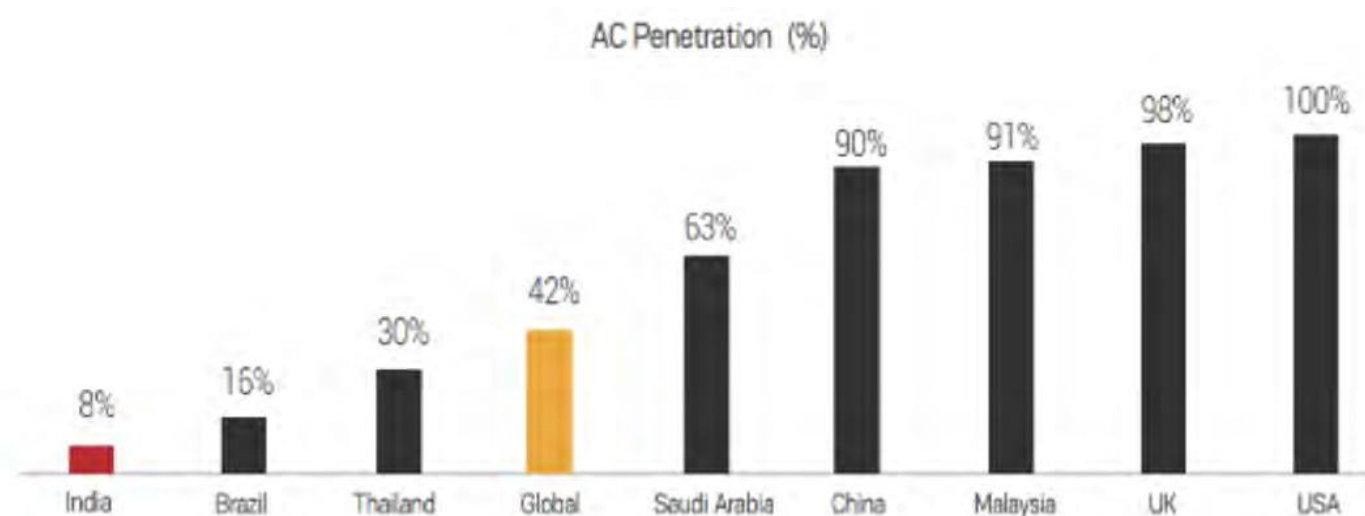
# Aspirational Consumption – Set to take off



## Annual Household Spending Share



## Discretionary categories remain under penetrated in India



- USD 2200 per capita GDP is inflection point for discretionary consumption, aids economic growth
- Consumer Discretionary sector is the direct beneficiary of rising spends
- Favourable factors include – demographic dividend, digital and technology adoption (E-Commerce), increased access to financing, rising urbanisation

# Recent additions

# Krishna Institute of Medical Sciences Ltd

## Company Overview and Market Positioning

KIMS Hospitals is one of the largest corporate healthcare organizations in India, with a strong foothold across Telangana, Andhra Pradesh, Maharashtra, and Kerala.

It offers cost-effective, integrated, multidisciplinary healthcare services, focusing on tertiary and quaternary care. Its affordable pricing model, and low financial leverage approach to both organic and inorganic expansions has resulted in lower capex per bed for it vs. industry average.

## Ambitious Expansion Plans

The company is embarking on an aggressive growth phase, planning to add 65% of its FY24 bed capacity in the next three years (2,500 beds) and an additional 3,000 beds in Kerala over the next 5 years

## Abated Execution Risks and Financial Prudence

The presence of a strong local leadership team in these non-core geographies minimizes execution and ramp-up risks also despite ambitious growth, KIMS aims to maintain financial prudence, targeting net debt-to-equity not exceeding 0.75x and net debt-to-EBITDA not exceeding 2x.

## Unique Doctor Equity Model

This model involves transitioning local talent to entrepreneurs, sharing the responsibility for a hospital's ramp-up and success. It serves as a powerful retention tool, fostering doctor loyalty and aligning their interests with the hospital unit's success.

## Outlook & Valuation

KIMS growth momentum to remain strong with Revenue/Ebitda/EPS Cagr of 25/27/29% over FY25-28ii, led by 50% bed capacity expansions across the network over the next 3 years. It currently trades at 28x FY27E EV/Ebitda.

# Blue Star Ltd.

## Premium Position

With rising temperatures, higher urbanization, and low RAC penetration (~8%), India's cooling industry is poised for long-term growth. Blue Star has a premium positioning in Room ACs and commands a ~30% share in commercial refrigeration. The company is also leveraging government and private sector demand in cold storage, chest freezers, and cooling infrastructure.

## Regulatory Tailwind

From January 2026, stricter energy labelling norms will kick in, leading to a major replacement cycle for old ACs. This offers a long runway for sales growth in energy-efficient models, with higher ASPs and margins.

## Strong Foothold in HVAC

Rising data localization and cloud infrastructure needs are driving demand for precision cooling and HVAC systems, where Blue Star has a strong foothold. New international partnerships (especially in EU and US markets) are expected to drive long-term growth.

## Backward Integration

Investments in R&D, new products, and backward integration (compressors) are helping Blue Star manage costs while launching premium energy-efficient offerings.

Y/E March (INR mn)	FY25A	FY26E	FY27E
Net Revenue	1,19,677	1,34,643	1,57,193
EBITDA	8,759	9,694	11,161
EBITDA Margin (%)	7.3	7.2	7.1
Net Profit	5,813	6,346	7,456
EPS (INR)	28.3	30.9	36.3
EPS % Chg YoY	40.4	9.2	17.5
P/E (x)	56.1	51.4	43.7
EV/EBITDA (x)	36.4	32.5	27.8
RoCE (%)	17.5	16.3	16.7
RoE (%)	20.5	19.3	19.8

# CreditAccess Grameen

## Pain is peaking, Normalcy & recovery ahead

**CreditAccess Grameen is leading microfinance institution in India, providing financial services to low-income households, primarily women, in rural and semi-urban areas.**

### **Key catalyst for CreditAccess Grameen are**

1. Most of the Pain is behind and with strong provisioning and Excellent collection efficiencies FY26 & FY27 would be year for Recovery and improvements.
2. Co. has undertaken aggressive write-off, more than adequate provisioning and has made a strong comeback from unprecedented Credit cost (higher than Covid-19 Phase).

### **Normalisation going ahead**

Meaningful valuation derating and most negative parameters peaking suggests Credit cost Normalisation and improvement going in to FY26 & FY27. Provision buffers remain strong. We expects FY26 (H2FY26 in particular) to stabilize, with a structural credit cost reset and focus shifting to forward-looking risk metrics.

### **Upfront Write-off & Unprecedented credit cost**

During FY25 Co. has undertaken aggressive write-off underlying to the fact that Credit cost in current cycle is far higher than Covid-19 phase. This indicate the stress is fully priced in and will see downward revision going forward.

### **Valuation**

With normalization trends under way, we expect credit cost to touch 4-4.25% and GNPA at 3%+ during FY26-27E translating into a ROA of 4.7-4.8% and ROE of 19% during FY27-28E We expect EPS in the range of 105-110 for FY27E and value co. at 2x P/ABV for FY27E.

# Lemon Tree Hotels Ltd

## Investment Rationale:

### Occupancy continues to expand

LTHL' occupancy ratio improved by 557bps in Q4FY25 to 77.6% (up 336bps on QoQ basis). Aurika Hotels and Resorts reported strong uptick in occupancy rate with occupancies standing at 83% in Q4FY25 vs 66% in Q4FY24 and improving sequentially from 71% in Q3FY25. For FY25, gross occupancies stood at 71.7% (improved by 180bps yoy) while gross ARR grew by ~9%yoy to Rs6,381 per room. Q1FY26 started on good note with demand growth growing by 21% in Apr,25. Higher occupancies in key brands and ARR growth of high single digit in existing hotels coupled with strong growth in management room revenues will help the company's revenues to grow at CAGR of 16% over FY25-27E.

### Management targets EBIDTA margins to be at 55% in FY28:

LTHL consolidated EBIDTA margins improved by 50bps yoy to 49.3% in FY25. Management expects renovation cost to reduce substantially by FY27 with 70% of room inventory has already been renovated. Rest of the room inventory is expected to be renovated by end of FY26. Post renovation, the incremental revenues generated through higher room rentals and increase in contribution from Aurika, Mumbai will help overall EBIDTA margins to improve to 55% by FY28.

## Growth Outlook

- The total inventory including pipeline stands at 17116 rooms and 212 rooms. Management has revised the FY30 guidance of 20000 rooms to be completed in FY26.
- Company has achieved 85% of the five-year expansion goal.
- New tech enhancements to reduce the dependence on OTAs, with growing demand company is focused on tapping the direct booking space.
- Focused on improving the non-negotiated business share from current 45% to 65% by FY28.
- The Management sees growth in Tier 2 and Tier 3 markets and are exploring underserved urban areas to capture untapped markets. It expects demand structural tailwinds to sustain for next 5-7 years.

## Debt Repayment Strategy

- The company reduced debt by Rs.190cr in FY25, now stands at Rs.1699cr.
- Debt/Equity has witnessed improvement from 3.57x in FY24 to 2.67x in FY25.
- Management guided for Rs.300cr debt repayment in FY26 which is expected to ramp up to Rs.400cr in FY27 owing to lesser renovation expenditures.

# Lemon Tree Hotels Ltd

## Key Financial Summary

Key Financials ( ₹ Crore)	FY23	FY24	FY25	FY26E	FY27E
Revenues	875	1071.1	1286.1	1501.9	1724.6
EBIDTA	447.6	523.2	634.1	750.9	872.3
EBIDTA Margins(%)	51.2	48.8	49.3	50	50.6
Adjusted PAT	139.7	181	243.4	316.1	428
EPS (Rs.)	1.8	2.3	3.1	4	5.4
PE (x)	78.7	60.7	45.1	34.8	25.9
EV to EBIDTA (x)	29.17	24.96	20.60	17.38	14.97
Price to book (x)	12.9	11.4	9.5	7.4	5.8
RoE (%)	16.6	19.9	22.9	23.9	25.2
RoCE (%)	10	11.1	12.6	15.3	17.8

LTHL's expected revenues and PAT to grow at CAGR of 16% and 33% respectively over FY25-27E. At Rs 140 LTHL is trading at 15x its FY27E EV/EBITDA.

# OneSource Pharma – Unique GLP-1 Play

## Investment Rationale:

### Unique & Unmatched Capabilities

OneSource is the only CDMO with end-to-end capabilities in Drug device Combination (DDCs), including assembling the cartridge which very few players offer globally. It offers assembly services for 9 distinct platforms which is highly valued by customers and enables customisation.

### Cusp of Industry leading growth:

- FY26 will be a pivotal year with 10+ DDC projects will start moving from MSA stage to CSAs pending approval. Many of this approvals are expected in H2FY26.
- Semaglutide patent expiries in 100+ markets including key markets of Canada, Brazil, India, Saudi Arabia.
- FY27 to be the first full year of sales for Semaglutide in several markets.

### Capex & Expansion

- Company is targetting \$400 mn revenue in FY28 (implied growth of >30% CAGR)
- Company has announced \$100 Mn capex. Majority of planned expansions are expected to be completed in 12-18 months. Co. is expecting asset turn to improve from 1.9x in FY25 to 2.7+x in future.

Capacity	FY25	FY26E	FY27E	FY28E
Catridges	40	100	140	220
Vials	28	50	50	50
Prefilled Syringe	38	50	50	50
Microbial	1	1	1	6
Mammalian	4	4	4	4
Soft Geletine Capsule	2.4 Bn annaul capacity is available as part of Transition Service agreement (TSA) with Strides to build independent greenfield capacity over 4-5 years			
Sterile Injectiabies	Adding new capabilities to manufacture complex injectables - Lyophilized vials, Prefilled syringes (PFS)			

# OneSource Pharma – Unique GLP-1 Play

## ONEO – A full-fledged CDMO platform

Business segment	Description
DDC + Biologics	ONEO has fully integrated capabilities from cell line development to commercial manufacturing and has 2 manufacturing sites with microbial and mammalian capabilities with USFDA and EMA facilities approved. Well-positioned to capture the upcoming GLP-1 oppy
Injectables	Capabilities to develop and manufacture complex products in differentiated formats including vials, lyophilized vials, Pre-filled Syringes and dry powder and has over two decades of experience in supplying to the US, Europe and Australia markets.
Soft Gelatin	It focuses on the development and manufacturing of oral soft-gelatin capsules (can produce 2.4 bn capsules p.a.) and caters to both Rx and OTC markets. It has capabilities to produce in varying shapes and sizes. Its commercialised products have a high teen mkt share

## Valuation

- EBITDA margin to stay at 38-40% led by DDC (Drug Device Combinations), injectables and softgel caps. Thus company can generate \$150-160 mn EBIDTA (Rs. 1275 Cr – Rs. 1360 Cr). Co. is targeting ROCE of more than 50%.
- At 20x EV/EBIDTA, target Enterprise Value turns out to be in a range of Rs. 25500 Cr - 27200 Cr. in 2 years.
- Net debt-to-EBIDTA to stay at 1.5x in near term despite expansion. It is targeting to become debt free in next 3-4 years.

# HDFC Asset Management Co. Ltd.

## Investment Rationale:

### **Holding market share and client additions noteworthy at its size**

For FY25, HDFC AMC improved its AUM market share from 11.4% to 11.5% which is being held steady. Ex ETFs, the market share stood at 12.8%. The count of unique investors in MF industry stood at 5.4 cr as on FY25 of which HDFC AMC had 1.3 such customers, comprising 24% of total mix which is an improvement from 22% in FY25. Overall, despite its size and intensifying competition, HDFC AMC is holding its market share which is commendable.

### **Multi-channel distribution & operational efficiencies aid profitability**

The company has diverse distribution mix across MFDs, Nationalised distributors, banks and Direct customers which shall support steady business momentum. Meanwhile, cost incurrence remains tight with other expenses declining 1.4% QoQ and up by mere 5.8% YoY to Rs 73 cr. Employee expense was up by modest 12.1% YoY, 2.1% QoQ to Rs 97 cr.

### **Increasing share of direct channel in AUM**

The share of direct channel in total AUM has increased from 38.4% in FY24 to 40.9% in FY25. Similarly, for equity-oriented AUM, the share of direct channel has increased from 25.0% to 27.8%. Management expects this trend shall continue, supported by lower TERs in direct plans and increased participation from fintech platforms, RIAs, family offices, and HNIs.

### **New Launches**

HDFC AMC is set to launch a Category II Credit Fund. The international subsidiary launched three new funds in 3QFY25 which have received strong investor interest. Additional more products expected to be launched in forthcoming quarters.

# Navin Fluorine

## Investment Rationale:

Navin Fluorine operates through three business verticals, namely, High-performance products (HPP), which includes refrigerant gas, inorganic fluorides, etc., CDMO (which includes the CRAMS segment), and Specialty chemicals (specialty fluoro-chemicals).

## Strong Growth Outlook Across Segments:

### CDMO :

- Robust order book for Q4FY25, driven by scale-up of a commercial-stage molecule from a US innovator.
- Direct dispatches started for Fermion contract; advanced registration stages.
- Orders secured for CY25 supplies, with significant ramp-up expected post cGMP-4 phase-1 commissioning in Nov 25.
- Confident in achieving USD 100mn revenue in FY27.

### Specialty Chemicals :

- Nectar plant commissioned; focusing on contracted volumes initially, with plans to add more products.
- MPP-2 and dedicated plant expected to run at high utilization rates in H2FY25 and FY26. Surat Plant projected to generate INR 400mn revenue.

### HPP (High-Performance Polymers):

- Strong R-32 pricing outlook; 4.5a capacity plant to be commissioned in Feb 25.
- Discussions ongoing with strategic buyer for dedicated R-32 plant, potentially adding more capacity.
- AHF plant commissioning in Q1FY26, with captive requirements and external sales potential.

# Navin Fluorine

## Key Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	20650	23494	31394	36708
EBITDA	3983	5337	8062	9510
EBITDA Margin (%)	19.3	22.7	25.7	25.9
Net Profit	1663	2886	4549	5511
EPS (INR)	54.6	58.2	91.7	111.1
EPS % Chg YoY	-27.9	6.6	57.6	21.2
P/E (x)	84.2	79	50.1	41.4
EV/EBITDA (x)	59.2	44.4	29.6	25.1
RoCE (%)	6.9	8.1	11.9	12.9
RoE (%)	11.8	11.5	16.2	17.2

### Robust outlook across segments

Navin Fluorine International's (NFIL) business is shaping up well with visible scaling up of pharma CDMO and multiple late-Stage contracts in sight. Agro-chemicals' intermediate capacities are ramping up with new product campaigns rising. Ref-gas has capacity expansion in clean R-32, and supply contract for HFO. And now, NFIL is foraying into advance materials with initial capacities of two-phase immersion cooling fluid, addressing demand from adoption of AI chips, and N3 and N5 grade HF, which has applications in solar and electronics.

# AZAD ENGINEERING

## Investment Rationale:

- Sole Indian player manufacturing life critical airfoils & other such products.
- Cost advantage over incumbents: 15-20% lesser than Chinese, 35-40% lower than east-European players and 40-50% lower than the US players.
- Enormous market potential in the A&D (Aviation & Defence) segment, where in Azad has just begun to increase its wallet share of supplying components.
- Segment Momentum:
  1. A&D segment revenue grew 66% YOY.
  2. Energy segment revenue grew 38% YOY.
- Current order book of INR 60 billion, spanning critical sectors like aerospace, defense, and energy.

## Key contracts include:

- Mitsubishi Heavy Industries (USD 83 million for 5 years)
- Seven Years partnership with Rolls-Royce (to supply complex components for military aircraft engines)
- Siemens Energy (advanced turbine engine components)
- Honeywell (USD 16 million for aerospace components)
- Arabelle Solutions (nuclear turbine components, USD 40 million)

## Key Upcoming Milestone -AGTE Program

- The AGTE order is from GTRE and is seen as a key moment for Azad's transition from a precision machining player to an engine producer.
- AGTE is expected to have wide applications in UAVs and LRSAMS, potentially opening a new revenue stream in domestic and international markets.

## Key Financial Summary

- Expect healthy revenue growth of 30% YoY and EBITDA margin of 35% YoY. Expect earnings to be driven by aerospace segment and new order wins.
- Execution at HAL to pick up, following delivery of F404 engine by GE Aerospace, this would aid domestic supply-chain players such as Azad Engineering

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P/E (x)	84.2	79	50.1	41.4
EV/EBITDA (x)	59.2	44.4	29.6	25.1
RoCE (%)	6.9	8.1	11.9	12.9
RoE (%)	11.8	11.5	16.2	17.2

# Coforge Ltd

## Investment Rationale:

### **Broad based growth momentum; Strong FY26 in the offing**

Growth was largely broad-based across geos, verticals, & service lines, supported by rampup of the US\$1.56 billion Sabre contract. The momentum is expected to accelerate in FY26, with organic growth likely to surpass FY25 levels. Cigniti is expected to yield operational synergies, while a healthy deal pipeline, especially from GCC-driven engagements (contributing ~10% of revenue), further supports a positive outlook. Management has reiterated its FY27E targets of US\$2 billion in revenue along with margin expansion to 18% EBITDA and 14% EBIT.

### **Record deal wins to aid future growth**

FY25 saw a robust pickup in deal activity, with 14 large deals contributing to a record-high order intake of US\$3.5 bn (+75% YoY) with Q4 alone witnessing US\$2.1 bn in deal wins (including 5 large deals across North America, UK, and APAC) with executable order book (12 month) of US\$1.5 bn (+47.7% YoY), laying a strong foundation for robust FY26 growth. Most importantly, these deal wins are diversified across verticals & geographies.

### **GCC business**

The management highlighted that ~10% of the company's total revenue is GCC engagement driven. Moreover, one of the largest deals signed by the company is a GCC specific deal.

### **AI/GenAI**

On the AI front, the company has developed 200 solutions which will be made available to the clients by the Coforge Quasar AI marketplace. Moreover, 94% of the company's employees are now AI trained. The company has launched the Coforge Gen AI Center of Excellence (CoE), in collaboration with ServiceNow, which will focus on developing agentic AI solutions that help customers accelerate their ServiceNow adoption journey.

# Coforge Ltd

## Key Financial Summary

Financials	FY23	FY24	FY25	FY26E	FY27E
Net Sales	8015	9179	12051	14923	17186
EBITDA	1405	1505	1998	2462	2462
EBITDA Margins (%)	17.5	16.4	16.6	16.7	17.2
Net Profit	694	808	839	1419	1750
Diluted EPS (₹)	100	116.4	127.2	204.5	252.2
P/E	86	73.88	67.6	42.05	34.09
RoNW (%)	22.5	22.3	13.2	19.8	21.5
RoCE (%)	27.9	23.6	15.4	18.4	20.7

Coforge expected revenues and PAT to grow at CAGR of 19.4% and 44.4% respectively over FY25-27E. At Rs 8600 it is trading at 34x P\E on FY27E EPS.

# Siemens Energy Ltd

## Key beneficiary of T&D Capex & De-carbonization

**Siemens Energy specializes in providing fully integrated products, solutions, and services across the energy value chain of oil and gas production, power generation, and transmission. Its focus is on supporting customers through energy transition and help them achieve decarbonization and net zero target. Siemens Energy, upon listing should be India's largest listed pure-play power T&D equipment player at USD10 bn+ market cap followed by Hitachi and GE.**

### Power capex to rise 2.5x

Transmission bids of Rs1.5 trn were awarded in FY25 vs Rs395 bn in FY24. Power capex will see 2.5x growth to USD300 bn+ over FY24-30E vs FY17-23. Power will remain a key driver at 21% CAGR.

### Play on the de-carbonization theme

India's decarbonization outlook is strong, with growing focus on clean energy solutions and it is making significant progress in scaling up renewable energy production, contributing to a greener grid. There is increasing adoption of renewable technologies and advanced energy efficient technologies across sectors.

## Strong order backlog

Siemens Energy's strong order backlog of INR 150 bn provides strong near- to medium-term visibility. Additionally, the order pipeline continues to remain healthy with two large HVDC orders based on VSC technology coming up for tendering and expected to be finalized by FY26/ 27.

## Earning Outlook

Given strong order backlog and ordering pipeline, we expect Siemens Energy to deliver revenue/ EBIDTA/ PAT CAGR of 22%/ 30%/ 35% respectively over FY24-27E.

# Tata Power

## **Leadership in India's Green Energy Transition**

As of FY25, 44% of Tata Power's operational generation capacity is from clean sources (hydro, wind, solar, waste heat recovery), and the company targets 70% clean and green capacity by 2030.

## **Robust Growth Pipeline and Strategic Alliances**

Tata Power's 2030 vision: >20 GW clean/green operational capacity, >30 lakh rooftop solar households, 10,000 ckm of transmission lines, and 4 crore distribution consumers.

## **Domestic Solar Manufacturing Scale**

Commissioned a 4.3 GW solar cell and module manufacturing plant at Tirunelveli, one of India's largest.

## **Aggressive Growth in New-Age Energy Solutions**

Market leader in residential and C&I solar rooftop EPC (10 years running), commissioning 1.5 lakh installations (~3 GW capacity, 51% YoY growth in FY25).

Distribution expansion: Tata Power now serves 12.8 million distribution consumers and has a strategic target to exceed 40 million by 2030.

## **Outlook & Valuation**

We expect Tata Power to improve its EBITDA Margin to 22.8% from current 19.8% and exit FY27 with EPS of Rs. 13.20. Stock currently trades at 13x EV/EBITDA and 3.1x forward Price / Book (P/B) of FY27e.

# Fund Management Team



**Piyush Garg - CIO**

- Over 23 years of experience in Indian financial markets – fixed income, equities, and currencies
- Has been successfully managing funds in various asset classes for the last two decades.
- MBA from IIM Kolkata



**Chaitanya Choksi - Sr. Fund Manager**

- Over 24 years of experience in equity research and fund management.
- Has been successfully managing funds with mandates across market caps.
- Prior experience with UTI Investment advisory Services, IL & FS Investsmart, Lotus MF, JM financial MF.
- CFA and MMS (Finance) from Mumbai



**Vasant Joshi - Fund Manager**

- Has rich experience of 14 years in Financial markets with Advisory expertise in Direct Equity.
- Managing entire GPC clients of ICICI Bank.
- MBA Finance from IMED PUNE.



**Vimal Bhandari**

**Principal officer and Sr. Fund Manager**

- 15 years+ experience in Indian financial markets with expertise in trading equities, both index and individual stocks
- Strong understanding of both domestic and global macros affecting various asset classes ranging from equities, rates and currencies
- Attended seminars and short courses to gain equities domain knowledge in London, Hong Kong and Singapore
- MBA (finance) from IIM Calcutta, batch of 2009



**Gaurang Vashi - Sr. Analyst**

- Has rich experience of 15+ years in Financial markets with major competencies in Direct Equity & PWM.
- Managing Equity mandate of UHNI & HNI clients, Ex-MCX Trading & Surveillance
- A Commerce Graduate & Post Graduate (Mass communication) from Mumbai University

## Risk Factors & Disclaimers

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Risk Foreseen: **The Ace Equity strategy is based on \*\*\*\*5 G Strategy (fundamental parameters) with market agnostic approach. It is Multi-cap framework approach and continues to have concentration and systematic risks.**

\*\*\*\*5G refers to growing Economy, Sector, Market share, revenue and governance.

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1) the timing of inflows and outflows of funds.

2) differences in the portfolio composition because of restrictions and other constraints."

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YOU**