Premium Portfolios

What is Premium portfolio?

- Premium Portfolio is a collection of ready-made equity baskets, designed & managed by well-established and reputed investment Professionals.

- Equity as an asset class is being widely recognized as an asset generating inflation beating returns or real returns over a long period of time and is indeed very much liquid in nature.

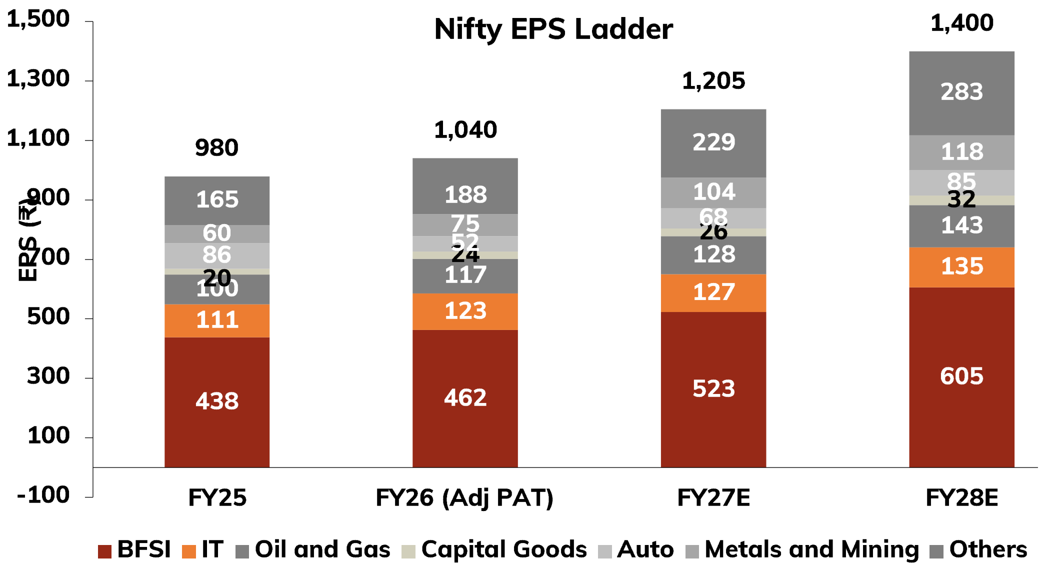
- With Premium Portfolio, Investors get to invest in a range of curated equity baskets investing across themes, style and market capitalization, aiming for long term wealth creation.

- These ready to invest baskets follow a concentrated approach investing in up to 25 handpicked stocks with ideal investment horizon of 3-5 years.

- Our Premium Portfolio's help investor to smoothen their investment journey in equities by providing complete end to end online platform to invest, track performance and execute rebalancing in just few clicks.

- Under premium portfolios we currently offer 4 different themes of portfolios catering to different profile of investors based on risk profiles.

- At the index level i.e. Nifty 50 FY26 earnings performance was largely in line with expectations, reflecting resilience despite a volatile macro backdrop.
- Ongoing geopolitical conflict is driving up risk premiums, fueling energy prices, and causing capital outflows from emerging markets.
- Corporate earnings have been muted in the recent past with FY24-26 Nifty earnings CAGR at ~4%. Currently, we are on the cusp of double-digit growth trajectory with earnings CAGR over FY26- 28E at ~ 16%, being the key driver for markets to inch higher as current valuations now below the 10-year average of 18.2x (vs current 16.7x).
- We expect near-term volatility to persist. However, sharp market corrections are creating potential entry opportunities. We recommend to gradual accumulation of our premium portfolios based on risk appetite and investment horizon.



Sensex & Nifty Target (12 month rolling target)				
Earning Estimates	FY25	FY26	FY27E	FY28E
Nifty EPS (₹/share)	980	1,040	1,205	1,400
Growth (% YoY)	2.0%	6.2%	15.8%	16.2%
Earnings CAGR over FY26-28E				16.0%
FY28E EPS				1,400
PE Multiple Assigned				20
Nifty Target (using FY28E EPS)				28,000

ICICI Direct

Stock Catalyst

Capital Efficiency

- Margins expansion
- Improved Asset Turnover

Improvement in RoCEs

Growth

- Industry Tailwind
- Any structural development for Company

Increase in Topline/Profits

Rising Capex

- Gateway to 5 Trillion Economy portfolio, a thematic focused portfolio of handpicked stocks, aims to take advantage of the significant emphasis being put on capital expenditure in the recent budget. The pick-up in overall capex cycle will lead to better execution on ground and increase expected demand for short cycle products, benefiting product companies in the Capital Goods space. This portfolio will invest in such companies across market capitalization, with the objective of long-term wealth creation.
- The portfolio invest into diverse sectors with the objective of generating alpha over FD returns while minimizing risk during times of crisis.

Portfolio Highlights

Inception Date: 18th June 2021

Initial Investment Amount: 5,30,398

Benchmark: Nifty Index

Benchmark Return: 53.7%

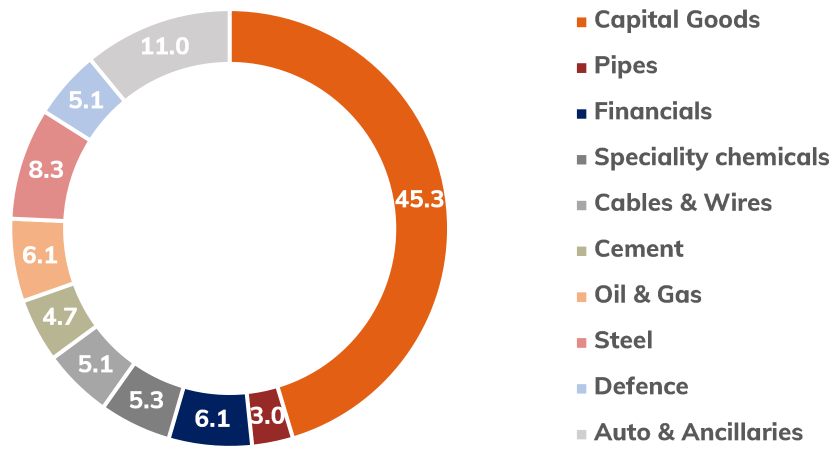
Investment Horizon: 3-5 years

Source: Bloomberg, ICICI Direct Research

Portfolio Allocation

Company Name	Weightage
Capital Goods	
KSB	4.3
Siemens	5.1
ABB	5.1
Techno Electric	4.1
L&T	6.3
BHEL	5.6
Siemens Energy India	5.3
CG Power	5.4
Thermax	4.1
Pipes	
Venus Pipes	3.0
Financials	
SBI	6.1
Speciality chemicals	
Neogen Chemicals	5.3
Cables & Wires	
RR Kabel	5.1

Company Name	Weightage
Cement	
UltraTech Cem	4.7
Oil & Gas	
Reliance Ind	6.1
Steel	
TATA Steel	3.8
Hindalco	4.5
Defence	
Bharat Electronics	5.1
Auto & Ancillaries	
Bharat Forge	5.6
ZFCV Ltd	5.4



What's In	
Company	**Rationale**
Bharat Electronics	BEL continues to deliver healthy operational performance, led by steady execution and sustainable margins. With healthy order-book, improving execution, increasing indigenisation and strong pipeline across defence electronics systems, company is well positioned to witness continuous strong earnings growth in coming years
RR Kabel	RR Kabel is one of India's leading consumer electrical companies, manufacturing a wide range of wires, cables, and fast-moving electrical goods (FMEG). Under Project RRise, it plans capital expenditure of ₹ 1,200 crore during FY26-FY28, which is expected to generate incremental revenue of ~₹ 5,500 crore led by an overall capacity expansion of ~1.7x. Over FY26-FY28, the company aims to deliver a revenue CAGR of 18%/25% in its W&C/FMEG segment respectively
CG Power & Industrial Solutions	A Murugappa Group company, is a leading electrical engineering player with FY26 revenue mix of 42% Power Systems, 54% Industrial Systems and 4% Semiconductors. The company is well positioned to benefit from India's T&D and data centre capex cycle, supported by a ₹15,719 crore order book, planned transformer capacity expansion to 110,000 MVA by CY26-end, and India's data centre capacity expected to grow from ~1.6 GW in CY25 to ~10 GW by CY30. Additionally, its ₹7,584 crore semiconductor OSAT project provides a new long-term growth engine, supporting an estimated 27% revenue CAGR and ~34% PAT CAGR over FY26–29E.
KSB Ltd	It is a leading manufacturer of pumps and valves, with 82% of CY25 revenue derived from pumps and a strong presence across industrial, water and energy applications. The company is well positioned to benefit from India's nuclear, water and industrial capex cycle, supported by a ₹2,585 crore order book, including a ~₹1,281 crore nuclear backlog, and rising aftermarket and export contribution. With a debt-free balance sheet, stable 13–14% EBITDA margins, and expected 13.8% revenue CAGR and 14.4% PAT CAGR over CY25–27E, KSB offers strong medium-term earnings visibility
Thermax	It is a leading energy and environment solutions provider, with ~47% of FY26 revenue from Industrial Infrastructure and ~40% from Industrial Products. The company is well positioned to benefit from industrial capex and the energy transition, supported by a ₹13,604 crore order book, a ~₹1,600 crore ultra-supercritical boiler order, and emerging opportunities in data centre cooling and green energy. We expect 26% revenue CAGR and 19.3% PAT CAGR over FY26–28E, supported by improving execution and a healthier order mix

What's In	
Company	**Rationale**
Venus Pipes & Tubes	It is engaged in manufacturing of stainless-steel pipes and tubes with a total installed capacity of ~48,000 MTPA. Stainless steel pipes, with its durability, light weight, and corrosion resistance, is increasingly indispensable across industrial applications including oil and gas, chemical, engineering, and power. This is structurally positive for VPT. The company on the back of its technical capabilities has successfully diversified its product profile into high growth applications such as Data Centre. In the recent past it has secured a LOI worth ₹185 crore from a leading Data Centre customer for supply of SS spools used in cooling applications. With long runway of double-digit growth, controlled B/S and scope of margin improvement, recommend BUY
Bharat Forge	A leading forging player domestically manufacturing components with application in Automotive (Steel and aluminium forgings for CV and PV space) and Industrial sectors such as Oil & Gas, Renewables, Aerospace and Defence among others. BFL is transitioning from a cyclical auto-led exporter to a diversified engineering & Defence platform with multiple long-term growth engines. The Defence business is entering a strong execution phase supported by ATAGS, CQB carbine, and expanding unmanned systems portfolio (Drones), a potential rise in revenue mix from ~10–12% currently to ~18– 20% by 2030 (supported by robust orderbook at ₹11,000 crore). With robust prospects, we expect Sales/PAT at BFL to grow at 16%/44% CAGR over FY26-28E
ZF Commercial Vehicle Control Systems	Company commands strong leadership in supplying braking solutions to the domestic M&HCV space with regulatory safety led persistent content per vehicle increase. With government regulations mandating advanced safety technologies including ESC, and broader ADAS systems for CV's > 6 tons from October 2027, we see this as a big positive for ZF CV as it can potentially double (~2x) its content per vehicle. ZFCV's current ADAS offerings, directly address these mandates, providing a competitive edge & has already secured full ADAS solution wins from two OEMs and is actively engaged with others. ZF CV offers a high-quality play on India's CV technology upgrade cycle. We bake in 15% sales & 18% PAT CAGR over FY26-28E

What's Out	
Company	**Rationale**
JK Lakshmi Cement	Moderate demand and rising fuel costs are expected to keep the margins under pressure in near to medium term. While limited pricing power may restrict earnings improvement and realization gains
REC Ltd	A leading power-sector financier with a diversified loan book across generation, transmission, distribution and renewable energy financing. However, with rising competition from banks and other lenders in the power and infrastructure financing space, spreads are likely to remain range-bound, limiting the scope for meaningful margin expansion. Further, focus on merger could keep valuation in narrow range. Thus, we recommend exit from the stock
Hindustan Aeronautics	Delays in engine supplies for the Tejas Mk1A programme are likely to defer execution of HAL's largest order of 180 Tejas jets (~40% of total order backlog). While execution remains stable in MRO and other manufacturing contracts, we believe that pick-up in execution of Tejas jets would be the key trigger for sustainable future growth
Astral Ltd	Astral Ltd. is a building materials manufacturer in Plumbing, Adhesives and Paints. Its recently announced restructuring plan could adversely impact the growth of its still relatively sub-scale Paints and Adhesives business as it will no longer benefit from the strong cash flow generation of the plumbing business. Given this uncertainty, along with the recent correction in PVC prices and rising domestic CPVC capacities by major players, it lacks near term positive triggers. Thus, one can exit the stock
Tata Power	One of India's largest integrated power utilities with a diversified presence across generation, transmission, distribution and renewable energy. While the company has made progress on the Mundra SPPA, long-term earnings remain dependent on timely regulatory approvals and continued pass-through of imported coal costs. Additionally, elevated leverage (net debt/EBITDA of 3.3x) and execution of its large renewable and transmission pipeline could weigh on return ratios and earnings if delays persist

What's Out	
Company	**Rationale**
Sansera Engineering	A Bengaluru based, engineering led, integrated manufacturer of critical precision forged components (engine, non-engine) for end application, predominantly in auto domain. SEL has made significant progress in diversifying its business model beyond traditional auto-ICE components, with the share of non-auto and XEV/tech-agnostic businesses increasing to ~30–32% of revenues from ~10-15% in FY21. SEL has also made significant inroads into ADS (aerospace-Defence-semiconductor) segment. The stock price however has gained nearly 100% over past 6 months and is now trading at premium valuations of >35x P/E on FY28E basis. With low margin of safety at such valuations, recommend Exit
IREDA	A specialised renewable-energy financier focused on funding renewable energy and energy-efficiency projects. While growth opportunity remains strong, earnings volatility is expected to persist owing to margins and credit cost volatility, while lumpy exposures continue to remain an inherent risk. Fundamental largely seems to factored in current valuation, limiting upside potential. Thus, one can exit the stock

Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
3rd Floor, Brillanto House,
Road No 13, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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

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

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

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