ArihantCapital
Generating Wealth

ARIHANT CAPITAL MARKETS LTD

List of Participating Companies

Heritage Foods Ltd
CMP: 481 | Market Cap: INR 45 Bn

We remain constructive on the medium-term growth story, supported by: VAP-led premiumization, Distribution expansion, Digital process efficiencies, and Favorable tailwinds from industry formalization (organized sector share to rise from 35% in FY22 to 44% in FY27E). Heritage Foods is well-positioned to deliver a mid-teens earnings CAGR over FY25 28E. Its improving margin profile, high ROCE, and strong brand equity in South India reinforce our positive view. With stable procurement costs and pricing power, the near-term outlook is also encouraging.

Key Highlights

• Achieved ~1000x revenue growth (INR 4 crore to INR 4,100 crore) through bootstrapped expansion, emphasizing free cash flow and financial discipline.
• Vertically integrated supply chain collects 1.8–1.9M liters of milk daily from 300,000+ farmers across 9,500 villages, processed at 195 chilling centers and 18 factories (15 in South India).
• Revenue split: milk (~60.9%), value-added products (VAP, 32.1%), fats (7%). VAP (curd, paneer, cheese, buttermilk, ice cream) grew 18% last year; fats are transitioning from 40% bulk to consumer sales.
• Strong governance and disciplined financials ensure stability but may limit aggressive scaling. Southern revenue dominance (90%) poses regional concentration risk.
• VAP revenue growth (target 40% in 3–4 years, 50% with fats in 5 years).
• Penetrative pricing (e.g., ghee at INR 500/kg vs. market INR 560/kg) drives trials but sacrifices margins, raising prices risks slowing volume growth (40% to 15–20%).
• Organized trade (15%), traditional distributors (50%), franchise partners (20%), and Heritage Happiness Points (7–7.5%); 60% availability score in organized trade due to dynamic demand.
• No exclusivity contracts; farmer retention via fair pricing, accurate measurements, and timely payments (3x/month) ensures supply stability.
• Low spend (0.82% of revenue, targeting 1%) prioritizes profitability over brand visibility; product quality is the primary lever, followed by distribution.
• Penetrative pricing aids under-penetrated VAP categories but limits profitability; distribution gaps and slow consumption growth (last 1–1.5 years) challenge expansion.
• Tracking price impacts on volume vs. margins, distribution expansion in Maharashtra/North, and marketing ROI to enhance brand presence against competitors like Amul.
• The average procurement price of milk is ~INR 42/liter, with a net realization of ~INR 62.15/liter (Q4 last year). Milk realization is ~INR 56/liter, VAP ~INR 70/liter, and fats ~INR 500/kg (blended consumer and bulk).
• The vertically integrated supply chain ensures control over quality and costs, enhancing operational efficiency. However, reliance on southern states for 90% of revenue exposes Heritage to regional risks, while expansion into northern and western markets remains nascent.
• VAP is a high-growth, high-margin segment, with curd as the largest contributor and paneer/ice cream/ghee as emerging drivers. The shift from bulk to consumer fats (ghee grew from 1,500 tons to 3,600 tons in three years) aims to eliminate low-margin bulk sales in 3–4 years.

Jasonpal Pharmaceutical Ltd
CMP: INR 216 | Market Cap: INR 14.43 Bn

Strategic Transformation and Growth

• Infinity Holdings acquired 43.3% stake in June 2022, leading to a significant shift in the company's strategic direction. Mr. Manish Gupta joined as MD in July 2022, bringing a disciplined execution approach.
• The new management endeavours to transform the company from a low-growth, low-margin business to a nimbler, aggressive, and more disciplined execution model.
• As a result of the strategic initiatives implemented by the new management operating margin expanded by ~800bps YoY, additionally working capital has witnessed an improvement of 13 days.

Inorganic Growth and Acquisitions

• Yash Pharma Acquisition: Acquired India and Bhutan business of Yash Pharma, expanding therapeutic coverage to Derma and Pedia segments. This acquisition also strengthened the company's reach in the western and eastern parts of the country and expanded doctor reach by 50%.

Future Outlook and Strategic Focus

• Targeting 15% YoY topline growth in FY26, along with higher growth in operating profits driven by improving margin profile. The company expects to maintain a revenue growth target of 12%-14% beyond FY26, with a potential 100-150 bps margin improvement year-on-year.
• The company follows an asset-light model and does not plan significant capex, except for acquisitions.
• Jagsonpal is strategically positioned in the mid to higher price bracket, focusing on specialists and prescription-driven sales. The company aims to maintain its market share through unique product offerings.

Zim Laboratories Ltd
CMP: INR 112 | Market Cap: INR 5.46 Bn

Significant capex drive concluded, product commercialization to drive growth:

- The company has recently concluded a significant capex cycle of INR 1.5 bn over the last three years. The investment included INR 400 mn for ware house, INR 700 mn for new manufacturing facility and INR ~350MN on R&D and filings.
- The company is poised to commercialise ~10 products in regulated and emerging markets. Each of the products has an addressable market size of USD ~0.5-1 bn.
- Management is confident of a significant ramp-up in both topline and margins over the next 2–3 years, driven by product launches, expanded partnerships, and improved business mix.
- The management stated they aim to sustain the new product launch momentum and intend to launch 5-6 products each year leveraging the robust R&D footprint.
- The management anticipates to drive ~600bps expansion in EBITDA margin (12% in FY25) over the next 2-3 years on the back of improving mix and operating leverages.

Pondy Oxides and Chemical Ltd
CMP: INR 804 | Market Cap: INR 22.63 Bn

Company Overview

Company specializes in recycling non-ferrous metals (lead, copper, aluminum) and plastics primarily serving battery and automotive OEMs.

Manufacturing Facilities and Capacity

• Lead Recycling Capacity: Current capacity is 1,68,000 MTPA set to increase to 2,04,000 MTPA by the end of 2025 with the completion of Phase 2 at the Thervoykandigai plant.
• Thervoykandigai, Tamil Nadu facility is at 72,000 MTPA capacity with Phase 1 at 36,000 MTPA which is operational and Phase 2 at 36,000 MTPA operational by October 2025.
• Copper Recycling: Capacity of 6,000 MTPA processing insulated copper wires into fines with 95% domestic sales and 5% exports.
• Plastics Recycling: Capacity of 9,000 MTPA, recycling polypropylene and ABS from battery casings with 100% domestic sales and 65% imported raw materials.
• Aluminum Recycling: Capacity of 12,000 MTPA currently on hold due to pricing opacity and long cash conversion cycles with plans to resume with select customers.

Acquisitions

• Acquired Meloy Metals Pvt Ltd as part of a strategic expansion adding 32,000 MTPA lead recycling capacity, 25 acres of land and 62,000 sq. ft of plug-and-play infrastructure like roads, transformers, pipelines.
• Acquired 123 acres in Mundra, Gujarat to target northern, eastern, and central Indian markets and facilitate exports to western markets due to port proximity.

Customer Base and Sales Mix

• Lead Sales Mix: 65% exports with 35% domestic serving battery OEMs like Amara Raja, and Hyundai across 27 global locations.
• Copper Sales Mix: 95% domestic with 5% exports primarily supplying wire manufacturers.
• Plastics Sales Mix: 100% domestic targeting automotive, battery, and train manufacturers.

Guidance

• Revenue Growth: Expects 32-35% growth over the next two years due to capacity expansion and operational efficiencies at the Thervoykandigai plant.

Technological Advancements

• Thervoykandigai Plant: Fully automated with Korean and Chinese technology featuring Automated Battery Processing and Material Efficiency by desulphurization reduces sulphur content lowering slag output by 5%.

Vishnusurya Projects and Infra Ltd
CMP: INR 165 | Market Cap: INR 4,050 Mn

Company Overview

Company operates as an infrastructure company with a focus on the organized sector of mining and manufacturing sand and ready-mix concrete.

Guidance

• Mining Growth: The 25-acre Arupukottai mine and planned land acquisitions of 200-400 acres ensure long-term supply capacity with 36 lakh tons annual output from a single mine.
• Revenue guidance for FY26 is INR 3,750 Mn with INR 1,000-1,500 Mn from Waste management segment, around INR 1,250 Mn from Mining and rest from EPC segment.

Current Mines

• Operates four mines with the largest being a 25-acre mine in Arupukottai, Tamil Nadu, recently approved by the central government which is one of the largest in South India.
• Mining Capacity: A typical mine of 12.5-13 acres yields 2.5-3 lakh tons per month with a mining lifespan of 7-8 years per mine due to a regulated depth limit of 50 meters.
• Cost of developing one mine is around INR 500 Mn including machinery.

Waste Management Business

• Company is entering integrated waste management focusing on legacy waste segregation and processing, a new business area with high growth potential.
• Order Book: Secured a 5-lakh ton legacy waste order with 2-year execution and is L1 bidder for two additional orders including a 15 lakh ton project in Delhi, the largest of its kind.

Geographic Expansion

• Mines are strategically located near ports within 75-90 km of major infrastructure hubs to minimize logistics costs and ensure reliable supply.

Om Infra Ltd
CMP: INR 134 | Market cap: INR 12.90 Bn

Outlook

Company is expected for strong growth with an INR 6,000-6,500 Mn order book, expecting 20-30% revenue growth in FY26-27 from high-margin hydropower and pumped storage projects. Its Kota facility and strategic projects like Dibang and Punjab could boost financial performance.

Business Overview

Company is a specialized EPC company with a core focus on hydro-mechanical engineering, a niche segment within water infrastructure projects, including hydropower, irrigation, dams, pumped storage, and water treatment plants.

Guidance

Revenue: The current order book supports 20-30% revenue growth in FY26-27 driven by hydropower, pumped storage and Jal Jeevan Mission projects.

Project Order Book

• Completed a 30 MW project in Gujarat (Sardar Sarovar) worth INR 3,000-3,500 Mn covering civil, hydro-mechanical, and electromechanical works.
• A 300 MW project in Punjab worth INR 7,000 Mn covering civil and hydro-mechanical works will be completed by FY26.
• INR 4,000 Mn hydro-mechanical contract for a hydropower project in Jammu & Kashmir (Kawar project, part of Indus Water Treaty) is under execution.
• Part of the 2,800 MW Dibang project in Arunachal Pradesh worth INR 2,000 Mn where the hydro-mechanical package was split into three parts, with Om Infra securing a portion.
• Order Book Growth: In the last six months, they added INR 6,000-6,500 Mn in hydro-mechanical contracts with margins of 15-20% expected to drive revenue and bottom-line growth.

Manufacturing Capabilities

• Company operates a 50-year-old heavy engineering facility in Kota which manufactures critical hydro-mechanical components. Temporary facilities are also set up at project sites, which are often remote and require 3-4 years of execution.
• Capacity Utilization: Currently at 60% with plans to expand in 2-3 years if the project pipeline grows as expected.

Sahaj Solar Ltd
CMP: INR 268 | Mcap: INR 5,890 Mn

The company is undertaking a multi-pronged strategic expansion involving manufacturing scale-up (1.5 GW solar panel capacity), deeper rural energy penetration via agro solutions, forward integration through IPP projects, and an early-mover advantage in solar panel recycling. The company is diversifying geographically (UP, East & NE India, Africa) and technologically (BESS, lithium-ion, and e-waste recycling), positioning itself as an integrated clean energy solutions provider.

Solar Panel Capacity Expansion: The company is scaling up its solar panel manufacturing capacity from 100 MW to 750 MW in FY25, and to 1.5 GW by FY27. New lines will support TopCon and HJT technologies including M10 and G12 cell formats.

Agro-Solar Integration Strategy: Company is introducing solar-powered agro-processing solutions, including cold-press oil and vacuum packing machines, targeting rural value-chain electrification with or without battery support.

Dairy Sector-Focused BMC Solution: Introduced a differentiated solar-powered Bulk Milk Cooler (BMC) solution operable without battery or grid dependence. Successfully piloted with NDDB; commercial rollout planned with IDMC (NDDB arm).

Targeting 5,000+ BMC Installations: Plans to supply 5,000 BMC units in the next 3 years, with pricing between INR 10L to INR 70L depending on size targeting both domestic (especially rural) and African markets.

Geographic Expansion – Domestic New offices in Lucknow and Noida to scale presence in UP. Focus areas for future growth include NE states (Assam, Tripura) and Odisha post favorable policy shifts.

African Market Momentum: Secured 120 MW solar project in Uganda (with land support from govt) and 25 MW in Zambia. Execution planned by FY26-end; Africa remains a strategic growth geography.

IPP Model Initiatives: Entered its first PPA with Jiu Enter (4.8 MW @ INR 2.76/unit). Plans to scale 30 MW IPP portfolio in FY25, leveraging group captive opportunities (25–40 MW clusters).

CNI Group Captive as a Strategic Niche: Eyeing the mid-scale CNI captive segment (<50 MW) due to lower competition as larger players move to >100 MW and BESS-led projects. Exploring asset-flipping to sustainable funds post commissioning.

Solar Panel Recycling – First MoverVelocity Recyclers (subsidiary) received Gujarat's first CTE for solar panel recycling. Plant (1,000 T/month) to go live by Sep'25; already tied up 1,000T scrap with major manufacturers.

Lithium & E-waste Recycling Pipeline: R&D initiated for lithium-ion battery recycling with plans for a dedicated plant by FY26-end. E-waste and inverter recycling targeted for FY27, creating a parallel waste-to-value business.

Import License for Solar Scrap: Applied for license from Ministry of Commerce to import hazardous solar scrap from Europe & Middle East. Seen as a lucrative and regulatory-compliant growth vertical.

Subsidiary Velocity Power: Scaling Velocity Power Products expects >300% YoY revenue growth in FY26, supported by transformer and substation segment ramp-up. Tapping transformer certification by early CY26.

Battery Energy Storage Solutions (BESS): Executed a 385 kWh off-grid lithium BESS in Tripura. Also piloting India's first distribution transformer-level BESS with IIT Gandhinagar and GUNL in Gujarat to support urban residential solar.

Technology-Driven Microgrid: Potential Developed innovative islanding microgrid capability for transformers critical for urban solar stability. Management sees strong potential for national scale-up across DISCOMs.

Chavda Infra Ltd

CMP: INR 127 | Mcap: INR 3,130 Mn

The management remains focused on high-quality private sector execution within Gujarat's tri-city zone, leveraging strong client relationships and in-house capabilities. Management is confident of healthy order inflows in FY26, with planned entry into industrial projects and Tier-1 cities. With a INR 100 Cr fundraise in the works and no further debt addition planned, the company is poised for stable and scalable growth.

Focused Private-Sector Play: Company consciously restricts itself to private sector projects, ensuring faster execution cycles, better payment terms, and higher control on delivery timelines.

Geographic Moat in Tri-City Cluster: The company enjoys a dominant presence across Ahmedabad, Gandhinagar, and GIFT City, with a well-integrated operational ecosystem including in-house logistics, QA/QC, and PMO teams enabling rapid response across sites.

Client Stickiness & Repeat Business: Strong credibility in the tri-city zone ensures continued business from existing clients often awarded projects without competitive tendering, which boosts margin visibility and execution comfort.

Skyscraper Technology Investment: With regulatory permissions now allowing 150m+ vertical structures in Ahmedabad, Chavda Infra is investing in construction technology (e.g., high-rise formwork systems) to become a leader in this emerging vertical.

Execution Efficiency: Project cycle times are improving example: slab placement at Mondel One has reduced from 15 days to 10 days, enhancing revenue recognition cycles and improving cash flows.

Bandwidth for Expansion in Place: Management believes it now has the technical and operational bandwidth to explore new verticals (e.g., industrial infrastructure) and will initiate pilot projects in that segment over the next 4–6 months.

Measured Expansion Beyond Gujarat: While current focus remains local due to healthy demand, the company has received client invites for projects in Tier-1 cities like Mumbai, Delhi, and Hyderabad. Expansion outside Gujarat will be client-led and margin-accretive.

Bid Pipeline & Conversion Strategy: Management is confident of securing INR 300+ Cr in fresh orders in FY26 from a pipeline of INR 600 Cr+, with a healthy 40–50% historical conversion rate.

No Margin Compromise in New Geographies: If company enters new cities, it will be with existing clients who appreciate the company's execution DNA, ensuring stable margins and controlled project risk.

Sustained Private Sector Focus, for Now: While open to government projects in the long term, current bandwidth is fully allocated to private sector jobs. Entry into public sector projects will only happen if margins and cash flows remain attractive.

Redevelopment Vertical Completed: The Manali redevelopment project has been 100% sold out and closed operationally. Future focus is firmly on construction contracting rather than development-led risk.

Proactive Project Vetting: Learning from FY25 delays, management now announces new projects only after on-ground work begins, reducing future guidance slippages and execution risk.

Fundraise Structuring Underway: Equity infusion of up to INR 100 Cr is being structured in consultation with merchant bankers to strengthen the working capital cycle and avoid further debt-led growth.

Merger of Allied Entities On Track: Merger of Chavda developers and RMC division into Chavda Infra is being pursued post fundraise; targeted for completion in FY26 to create an integrated infra platform.

Clear Capital Allocation Philosophy: Any new capital raised will be used strictly for working capital normalization, technology investments, and selective project capex not for speculative or non-core expansions.

Shanti Spintex Ltd
CMP: INR 71 | Mcap : INR 1,200 Mn

The company is strategically focused on margin expansion through backward integration and operational efficiencies, having reached near-peak fabric capacity utilization (~89%). The company is now prioritizing bottom-line growth through the addition of in-house finishing and planned dyeing capacity, aiming to double PAT over the next two years. Despite being debt-free, the company remains open to calibrated capex via internal accruals and working capital, while staying disciplined in receivables and inventory management. A main board migration is also on the horizon within 1.5 years.

Legacy & Promoter Background: Promoters have a rich legacy in textiles since 1980. Shanti Spintex began operations in 2010 and is led by Executive Director Rekin Agarwal, with Chairman Bharat Kushal Nagarwali overseeing finance.

Fabric Capacity & Utilization: The company operates 96 airjet looms with 19.2 Mn meters annual capacity. Capacity utilization stands at 89%, reflecting maturity of the existing setup.

Forward Integration Achieved: In May 2025, the company acquired a finishing unit for INR 18 Cr (partly through debt and equity). This will contribute ~INR 4 Cr to PAT annually through cost savings and third-party job work.

Backward Integration Planned: A INR 55 Cr capex is planned to set up an in-house dyeing unit by FY27. This is expected to yield INR 12 Cr PAT and ~INR18–20 Cr EBITDA annually.

Funding Strategy for Capex: While current net debt is nil, the company has a sanctioned working capital limit of INR 45 Cr (from PNB), which remains fully unutilized. Future capex may be funded through internal accruals, moderate debt (targeting max 0.3x D/E), or preferential equity if valuation improves.

Sustainability Focus: Over 50% of the company's energy needs are met through renewable sources (wind + solar). Further green initiatives may add INR 2–2.5 Cr to profitability.

Receivables & WC Discipline: Debtor days have improved from 65 to 35. Working capital remains tightly managed, with a clear emphasis on cash-based sales to select dealers.

Long-term Vision: Management targets doubling revenue from INR 710 Cr to INR 1,500 Cr and PAT to INR 100 Cr over 4–5 years through dyeing and additional weaving capacity.

Land Bank Secured for Expansion: The company has acquired ~38,000 sq. meters of adjacent land, sufficient for another 96 looms and the planned dyeing unit, ensuring no land-related bottlenecks.

Product Diversification: Offers lightweight, stretchable, and varied weave denim suitable for women's wear, kids, and shirting. Product mix is adjusted dynamically as per dealer demand.

Market Geography & Channel: Primarily focused on Gujarat via B2B channels (dealers/traders). Some indirect sales take place outside Gujarat through these partners.

Main Board Migration Timeline: With net worth touching INR 97 Cr and 830 shareholders, the company expects to meet SEBI's 3-year post-IPO cooling-off by FY27 for mainboard transition.

Capex Plan (Next 3–5 Years): Post INR 55 Cr dyeing unit, a further INR 75–80 Cr capex for adding another 96 looms is planned, bringing total 5-year capex to ~INR 130–140 Cr.

Risk Mitigation & Technology: Dyeing unit will use ZLD (Zero Liquid Discharge) technology to avoid environmental risks. Capex is greenfield with no legacy issues or tech obsolescence concerns.

Cityflow Ltd

Cityflo is positioned to emerge as a market leader in the formalization of India's highly fragmented bus transport industry. With proven profitability in operations, a robust multi-vertical model, and a scalable, tech-led backbone, Cityflo is building a strong moat around both B2C and B2G transit.The privatization of public transport and rapid EV deployment will unlock massive opportunities over the next 5–7 years. Cityflo's ability to efficiently manage driver and depot operations, backed by its proprietary tech, makes it a prime partner for OEMs and government bodies, while simultaneously expanding its direct-to-consumer brand.
If executed well, B2G operations alone could contribute ~35% of future revenues, with tech SaaS monetization offering margin upside beyond operational capacity.

Market Opportunity
• India's urban transit is undergoing structural transformation: 22 lakh buses growing to 32 lakh by 2030.
• Government's push to electrify and privatize ~2 lakh city buses over the next 5 years unlocks a once-in-a-generation opportunity.
• Fragmented market (predominantly small operators) is giving way to organized players. Cityflow is well-positioned to scale in this consolidation.

Business Model Differentiation
• Asset-light operating model: Leverages driver-owned and leased buses to optimize capital efficiency.
• Proprietary full-stack tech platform enables lean operations, dynamic route design, and real-time analytics.
• Unit economics transformation: Elevates gross margin fr om ~5% (industry) to ~25% via premiumization, higher utilization, and ancillary revenue.

Revenue Streams & Diversification
• Retail (B2C): App-based daily commute; ~65% of revenue via subscriptions. High retention (75%) and strong consumer engagement (4.6+ app rating).
• Corporate (B2B): High-margin contracts increasing fleet utilization beyond 2 trips/day. Fast-growing vertical (3 Cr → 20 Cr run rate in 1 year).
• Ancillary: Ads (INR 5 Cr/year deal signed), event transport, intercity weekends – collectively boosting yield per bus.
• Public Transit (B2G): Strategic shift into managing EV city buses under OEM subcontracts. ~15–20% net margin business with capital-light risk profile.

Technology as a Strategic Moat
• In-house operations tech: driver rostering, route scheduling, trip audits, depot management, vehicle diagnostics, charge optimization, etc.
• Opportunity to license tech stack (SaaS-style) to OEMs/operators—high-margin, scalable, and underpenetrated space.

Scale & Financials
• Fleet: 440+ buses across Mumbai, Hyderabad, Delhi; 4.5 lakh monthly passengers.
• Monthly revenue ~INR 8.2 Cr; annualized run rate of INR 103 Cr.
• Profitability achieved at city level; company-level net profitability expected imminently.
• Goal: INR 2,500 Cr revenue and 10,000 buses by 2030.

Strategic Positioning in Public Transit
• Tied up with Olectra to operate BEST's EV buses—initial 75-bus, INR 72 Cr contract underway; pipeline of 800–1,000 buses.
• Role: Facility & operations management (not asset owner) at INR 15/km—guaranteed volume, no farebox risk.
• Eyes on larger share of INR 70/km contract stack through expansion into tech, analytics, and integrated fleet management.

Competitive Landscape
• Direct peers: Chalo, Uber Shuttle, Moove Sync—yet few have Cityflow's integration of tech, scale, and diversified model.
• First-mover advantage in public transit operations paired with robust brand and operational metrics strengthens defensibility.

Vinsys IT Services India Ltd
CMP INR 382 | Market Cap INR 5600 Mn

Outlook:The company launched its software services this year, anticipating a significant revenue increase from this segment, with the potential to reach INR 300–400 cr if a 20% MS is achieved. AI-related courses currently constitute 2% of revenue, while the remaining 98% comes from other programs. However, AI's contribution is expected to grow substantially and shape the company's business narrative over the next five years. While demand for existing software programs is expected to remain strong, there will be increasing integration of AI capabilities into both existing software and coursework.

Provides enterprise training (Oracle, Microsoft, VMware), high-end software services for large organizations/government, and manpower deployment (L1/L2 support) mainly in India.

Vinsys IT was founded in 1995 as an Aptic franchisee, indicating it has been in operation for 22 to 29 years. Vinsys, IT has the capability to provide training to students from these Russian universities, specifically in the field of IT.

The company's operational focus has seen a progression from India to Dubai, and then a return to emphasize India. Vinsys offers comprehensive corporate training that covers every area within the technology domain.

Their training content is continuously updated to align with evolving technologies, meaning they no longer teach material from 10 or 20 years ago.

OEM partner for SAP, Microsoft, and Oracle, expanded from training to software implementation around five years ago, beginning in the Middle East.

AI has become a global norm, leading to a widespread need for reskilling and upskilling across various industries and roles. Concentrating on upskilling individuals at all levels not just IT or P teams to equip them with AI tools for job retention.

The Middle East has traditionally been an IT outsourcing center, with its IT budget influenced by financial considerations

Centered on providing official training, maintaining direct, one-on-one relationships with entities like foreign universities.

They have undertaken vertical expansion across the Middle East, establishing multiple physical locations in the region.

All revenue generated from the Middle East stems exclusively from training services.

Peers: Unlike competitors such as NIIT, whose primary focus is the US market and outsourced L&D, Vinsys's main geographical concentration is India and the Middle East, where NIIT has no presence

Maintains long-standing customer relationships in India, including a small client in Pune they have served for nearly 15 years.

They are actively developing a library of indigenous Arabic courses in Egypt and Lebanon, which are designed to be scaled to masses and cannot be developed in India. Vinsys trains an impressive 50,000 to 100,000 students annually, a consistent volume they have maintained for 20 years.

Their proprietary work is the teacher transfer software implemented in Maharashtra, which handles 40,000 transfers annually and subsequently led to similar requests from the RTO.

These indigenous products generate continuous revenue through a licensing model (versus per-user, per-year), making them easier to sell and onboard customers

Uniparts India Ltd
CMP INR 385 | Market Cap INR 17380 Mn

Outlook:Strong double-digit growth in the above 70 horsepower tractor segment, which continues to drive performance even into CY25. This growth is primarily led by robust aftermarket demand and new customer programs, making it a key area of strategic focus. Gross margins have remained stable. However, with capacity utilization at 60–65%, there's limited room to cut fixed costs, making margins vulnerable if revenue drops. The business continues to deliver healthy EBITDA margins, and with improving capacity utilization, margins are further supported by operating leverage. As volumes scale up and fixed costs get better absorbed, profitability is expected to improve steadily.

With monthly revenues already reaching INR 1,350 cr in March, the company believes this level is achievable as a sustainable run rate in the medium term. A two-year outlook is being targeted with continuous operational improvements supporting growth.

Supplies precision parts to global OEMs like John Deere, Caterpillar, Bobcat, Kubota, CNH, Mahindra, ITL, and others. Preferred supplier status with most clients. No aftermarket play in India due to lack of organized ecosystem and OEM dominance.

US aftermarket is a key growth driver, with the company serving over 4,000 out of ~8,000 agri-aftermarket stores. Strong and growing presence in Europe as well. Aftermarket Business contributes 20% of total turnover (up from 15% in FY24), with higher margins driven by US retail tie-ups in 3PL products.

Demand Environment by Region: In the large ag segment, growth is expected from Europe, Japan, and Korea, where most of the newly won programs are focused. In small ag, the US is expected to see 5–10% degrowth, Europe likely to remain flat to slightly negative, and APAC is projected to grow.

In the construction segment, the US (including Canada) and Europe are expected to stay flat, while India and APAC are expected to deliver low single-digit growth. Latin America and South America are identified as very small markets for 3PL products.

Early adopter of Vendor Managed Inventory (VMI) and Just-In-Time (JIT) supply.

Only 8–10% of vendors offer similar warehouse-managed inventory solutions, giving the company a strong operational edge.

Market Demand: Weak Large Ag demand in the US and Europe due to low commodity prices hurt sales, while recovery in Europe is tied to better crop prices.

High rates and tariff uncertainties continue to weigh on equipment demand.

Effective cost control in place, but further cuts are limited due to current utilization levels.

Annual CapEx is ~INR 30 cr (2.5% of revenue), with expectation for increase in case of tech upgrades or business expansion.

New Business Wins Growth forecast of 10–15% driven by PMP and Large Ag programs in Korea and Japan. However, mature platforms may face price pressures over time.

E2E Networks Ltd
CMP INR 2617 | Market Cap INR 52,270 Mn

Outlook: MRR is ~INR 11 cr, with potential to scale to INR 40 cr/month. The company targets INR 35–40 cr MRR by March 2026, implying ARR of INR 420–480 cr. FY26 revenue is expected to grow 1.5x–1.7x over FY25.Q4 EBITDA margin fell to 40% due to increased trials/POCs for large customers (non-revenue usage), but management expects a return to 60% steady-state margin as utilization picks up. Other expenses increased due to a strategic ramp-up in marketing and brand-building, addressing past feedback on low market visibility.

The system supports 400 Gbps networking, with access to local or external storage. A fully loaded server costs around INR 25–30 lakh, though pricing is volatile and may change quickly due to fluctuations in the electronics market.

Hardware is bought at the start of a product cycle and used for 6–8 years. Server asset management differs from traditional models real estate works per seat, hospitals per bed, and data centers per kilowatt.

The company has been in this business since 2009 and is one of the few in India with consistent experience in hardware and server asset management over the last 15–20 years.

While asset management is part of the operations, the main focus is on serving customer workloads, not just managing infrastructure.

Common server setups use 144 cr (72+72), with top-end systems going up to 400 cr. These are ideal for structured, rule-based workloads like databases, document stores, or medical imaging formats like DICOM.

CPUs follow a rule-based architecture where program and data are separate. This structure suits tasks involving even semi-structured data like video or audio, forming the basis for modern programming and system logic.

The company operates as an AI Factory, combining hardware and software. Currently viewed as a cloud-led infra business, with plans to decouple and scale software globally, focused on enterprise customers.

Data center revenue potential is INR 40 cr/month (~INR 500 cr/year), contributing ~35% to total revenue. High EBITDA margins support strong asset turns.

NVIDIA, major partner for GPU infrastructure.

Capex: Planning a INR 2,000 cr spend over the next 6–8 quarters to scale to 10,000 GPUs, funded via internal accruals and equity.

Did not join the latest IndiaAI round due to pricing issues, but remains technically ready and flexible for future bids.

The company is running several software POCs and remains in the early stages compared to players like Nutanix and VMware. There’s still time before full commercial wins are realized.

Targeting 3,700 GPUs by year-end, with 80–85% utilization. Hourly rental rates are variable, driven by market fluctuations. Hourly GPU rental rates are currently fluctuating. Benchmark pricing is around $1.5–1.6/hour, and the company’s costs are in a similar range.

In the external market, prices are 10–20% higher than internal costs, supporting healthy margins.

Some cannibalization is expected, but it’s manageable and part of the normal market evolution.

Aeron Composites Ltd
CMP: INR 130 | Mcap: INR 2,200 Mn

Aeron Composites Ltd. is positive to benefit from structural tailwinds in infrastructure development, defense modernization, and clean energy initiatives, driving demand for lightweight, corrosion-resistant FRP (Fiber Reinforced Polymer) products. The company's continued investments in backward integration, capacity expansion, and export market penetration underscore its long-term vision to become a dominant player in the FRP solutions space. Management's sharp focus on margin-accretive products, value-added offerings, and deeper participation in government and private capex programs suggests healthy earnings visibility over the medium term. We remain constructive on the company's growth trajectory backed by innovation, diversification, and operational leverage.

Business Model & Core Strength
Company specializes in end-to-end FRP/GRP-based structural and modular products such as cable trays, walkways, handrails, solar module mounting structures, and customized industrial solutions. Its ability to offer in-house design, moulding, pultrusion, and fabrication under one roof gives it a competitive edge.

Industry Use Cases The company's products serve a wide array of industries including chemical plants, refineries, power plants, steel, defense, and metro infrastructure, primarily where corrosion resistance and weight reduction are critical.
Focus on Exports Exports currently contribute ~15–20% of revenue, with potential to grow significantly. Mangement is actively participating in global tenders and exploring OEM relationships in geographies like the Middle East, Africa, and South-East Asia.

Capacity Expansion Plans The company has recently commissioned a second plant in Dahej, Gujarat, with ~100,000 sq ft space, adding substantial pultrusion and fabrication capacity. The new plant has integrated machinery to streamline operations and enhance throughput.

Backward Integration Management has taken steps to backward integrate key components such as moulds, dies, and fabrication tools to reduce dependency, shorten TAT (turnaround time), and improve gross margins.

Strong Order Book The company enjoys a healthy and diversified order book from sectors like solar EPC, power transmission, defense infrastructure, and refinery projects. Repeat orders from marquee clients reflect strong execution credibility.

New Product Development Company is actively developing customized solutions such as anti-skid walkways, hybrid structures (FRP + steel), and smart pole systems, increasing its share in higher-margin value-added segments.

Defense Sector Foray The company is entering the defense space through lightweight FRP bunkers, shelters, and modular surveillance towers. It is in discussion with several defense PSUs and private players.

Metro and Railways Projects Management highlighted traction in metro and rail infrastructure where FRP is being adopted for flooring, trench covers, fencing, and signaling infrastructure due to durability and non-conductivity.

Solar Mounting Structures Company is emerging as a preferred vendor for solar FRP module structures due to their longer life and zero-maintenance proposition, which suits remote installations and coastal areas.

Technology & Design Edge The company leverages 3D modelling, CAD/CAM systems, and load-bearing simulations to offer pre-fabricated, plug-and-play structures customized per client site conditions.

Working Capital Cycle The company is looking to bring it down by optimizing procurement, streamlining dispatches, and renegotiating credit terms with suppliers.

Client Mix & Retention Company serves both PSUs and private corporates. Repeat clientele includes L&T, Adani, Tata Projects, and Reliance Infra, indicating high satisfaction and strong execution track record.

Revenue Mix & Margins Higher share of fabricated and customized products has led to improvement in margins. Management expects EBITDA margin to stabilize in the 18–22% range over the next 2 years.

Certifications & Compliance The company has CE, RoHS, and other critical certifications, enabling participation in high-value government contracts and stringent PSU tenders.

Growth Vision Management is targeting 20–25% CAGR over the next 3 years, driven by deeper penetration in export markets, product diversification, and volume ramp-up at the new Dahej facility.

Nikita Papers Ltd.
CMP: INR 97 | Mcap: INR 2,400 Mn

Nikita Papers Ltd is emerging as a sustainable, innovation driven player in the kraft and specialty paper segment. The company's commitment to ESG principles reflected in its circular manufacturing practices, zero liquid discharge, and full reliance on recycled inputs is commendable and structurally beneficial. With the commissioning of a 9 MW captive waste-to-energy power plant funded through its recent IPO, the company is poised to significantly reduce power costs, enhance margins, and unlock new revenue from EPR credit monetization. The focus on specialty paper, exports, and forward integration presents strong levers for margin-accretive growth. While FY25 saw a temporary volume moderation due to transition in captive energy source, the business is structurally geared for scale-up and profitability expansion in FY26 and beyond.

Incorporated in 1989, Nikita Papers Ltd operates two units in Shamli, Uttar Pradesh, with a combined installed capacity of 1,33,000 MTPA. It manufactures kraft paper (80–230 GSM) using 100% recycled wastepaper.

Product Portfolio
Primary focus on corrugation and wrapping grade kraft paper (~90%).
Specialty grade segment (~10%) includes paper for high-strength shopping bags (e.g., Zara, Nike), cement bags, food pouches, and sterilized food-grade packaging.
Strategic intent is to increase share of specialty grades going forward, given their superior EBITDA margins (18–19%) compared to standard kraft paper (8–9%).
Sustainability & Energy Transformation
Transitioned from coal to biomass (2016) to waste-to-energy (2022).
Achieved zero-liquid discharge status since 2014.
Currently operating a 3.5 MW captive power system (2 MW waste-to-energy + 1.5 MW rooftop solar).
A 9 MW waste-to-energy plant is under implementation (Capex: INR 50 Cr funded via IPO); expected commissioning by Q3FY26. Post commissioning, the plant will become fully power self-sufficient, with ~1 MW surplus available for third-party sale/export.

Financial Performance – FY25
Revenue: INR 370 Cr./ EBITDA: INR 50 Cr./ PAT: INR 23 Cr
Debt: INR 32 Cr (term loan) + INR 88 Cr (working capital); total debt including non-fund-based and promoter loans at ~INR 223 Cr.
Electricity cost: ~INR 18–19 Cr p.a. (to be eliminated post 9 MW commissioning).
EPR credit income: INR 5.3 Cr in FY25 (expected to scale 2–2.5x post plant stabilization).
Cost Advantage & Profitability Drivers
9 MW captive plant to reduce reliance on UP state grid (currently sourcing 5.5 MW).
Significant improvement in power cost efficiency and sustainability post full commissioning.
EPR credit sales expected to grow, directly contributing to bottom line without associated cost.
Payback period on new power plant estimated at 2.5 years, due to combined benefits of energy savings, EPR revenue, and volume recovery.
Volume and Capacity Utilization
FY25 volumes declined due to lower steam generation during the transition to waste-to-energy; however, cost benefits outweighed volume loss.
Expecting ~10% volume growth once new captive plant is operational.
Operating capacity in FY25 at ~82,000 MT vs. ~93,000 MT in FY24 targeted return to ~92,000–95,000 MT post commissioning.
Machines and pulping sections have additional capacity bottleneck was energy availability.
Working Capital & Raw Material Sourcing
~20% of wastepaper requirement is imported from USA, Canada, and Europe (due to India's fiber deficit).
Inventory days at 86, driven by import lead times of 60–75 days and strategic inventory planning to mitigate volatility in global wastepaper markets.
Specialty paper segment has faster receivable cycles compared to corrugation due to premium B2B clientele.
Capex & Entry Barriers
Estimated greenfield project cost to replicate Nikita's model: INR 240–500 Cr.
High technical complexity, water recycling systems, and compliance with CPCB norms create formidable entry barriers.
Promoter group has consistently invested in phases, reducing strain on balance sheet.
Exports & Forward Integration Plans
Exploring increased exports, especially of specialty papers where realizations are 1–7% higher with faster cash cycles (often LC-backed).
Plans under evaluation to move up the value chain to paper bag manufacturing (B2C model).
Targeting certification from global consumer brands to enable converter-led procurement.
Growth Potential
India's per capita paper consumption remains low but is expected to grow steadily due to e-commerce boom and plastic ban policies.
Paper applications in sustainable packaging are expanding rapidly.
Industry CAGR: 7–8% (corrugation), ~20% (specialty papers).
Company aims to add future capacities primarily in specialty grade to capture superior growth and profitability.
Realization: INR 18–19/kg (FY25 average).
FY23 saw topline of INR 402 Cr due to higher pricing amid supply disruptions.
Specialty paper contributes significantly higher margin; focus to expand its share via product innovation (e.g., waterproof, heat-resistant paper).
Current focus is on deleveraging; strategic roadmap under formulation.
Promoter loans are interest-free and may be converted to equity at a later stage based on strategic needs.

MCON Rasayan India Ltd
CMP: INR 102 | Market Cap: INR 747.6 Mn

Company Overview

MCON Rasayan India Limited is a decade-old company specializing in construction chemicals. As a leading manufacturer and supplier of high-quality construction chemicals and building finishing products. The product range includes adhesives, waterproofing compounds, and paints, all developed through in-house research and development efforts. The company has established a robust dealer-retailer network across India, with more than 1400 dealers-retailers .

Strategic Expansion and Market Presence

- Geographic Expansion: MCON Rasayan has a presence in seven states. The company is expanding its footprint through a strong distributor network and strategic partnerships.
- Product Launches: In FY25, the company introduced 9 new products through 70 dealers and 15 SKUs in the paint domain.
- Government Projects: Approved in CPWD and actively involved in Prime Minister Awas Yojna under Maha housing scheme. The company supplies to infrastructure contractors for roads, flyovers, bridges, dams, and reservoirs.

Product Portfolio

Diverse Product Range: Products include tile adhesives, admixtures, plasters, block adhesives, waterproofing systems, textures, paints, wall putties, and concrete repair products. The company covers the entire lifecycle of construction from building to maintenance.

Competitive Edge and Market Strategy

- Technical Selling: MCON Rasayan emphasizes providing technical solutions and building trust with customers through sampling and technical approvals. The company has a strong technical team and R&D capabilities to support this approach.
- Distributor Network: 75% of sales are through distributors, with a mix of project and retail distributors. The company has about 100+ distributors in its network.
- Franchise Model: The FOCO (Franchisee-Owned Company-Operated) model allows MCON Rasayan to expand capacity without becoming asset-heavy. This model ensures proximity to market locations for cost control and efficient distribution.

Operational Efficiency and Capacity Utilization

- Capacity Details: MCON Rasayan has a capacity of 39,000 metric tons for powders and 8,600 metric tons for liquids. The company has further increased its powder-based capacity by 8,000 metric tons and liquids by 1,500 metric tons through the franchise model.
- Capacity Utilization: Current utilization is at 55%, with potential to increase to 80-85%. The company has hired a consultant to improve operational efficiency.

Financial Strategy and Working Capital Management

- Inventory Management: Steps are being taken to reduce inventory levels by transferring inventory control to franchises and developing local vendors.
- Channel Financing: The company has tied up with NBFCs for channel financing to improve payment cycles and reduce outstanding receivables.
- Revenue Guidance: MCON Rasayan has set a conservative revenue target of INR 70 crores for FY26, with aspirations to exceed this target.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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