Bharat Connect Conference- Rising Stars Sept 2024

We have hosted our bi annual conference and we are positively surprised by participation & interest of investors in young & growing companies. During the conference where insights from the management of ~170 companies on growth outlook has been shared with the investors.

We have seen healthy participation from FIIs, MFs, Insurance companies, Family Offices, PMS & AIFs, Treasuries , HNIs & Retail investors discussing with the Corporates during the conference. We have seen participation from more than 17000 investors in our meetings. We really thanked everyone from the bottom of the heart.

The world is finding solace in Indian economy in terms with growth.India's economy is currently experiencing a period of remarkable growth, establishing itself as one of the fastest-growing major economies globally. This surge is fueled by several key factors, including a young and expanding population, a strong emphasis on technology and innovation, and a rapidly growing middle class with increased spending power. Recent recovery in rural sector supported by decent monsoon has also echo the positive sentiments.

This economic boom has opened up a wealth of opportunities for businesses in India. Indian corporations, both large established companies and dynamic & young companies, are playing a pivotal role in driving this growth. They are leading the way in sectors such as technology, manufacturing, and services, attracting significant foreign investment and further propelling the economy forward.

Despite existing challenges like inflation the overall outlook for the Indian economy and its corporate sector remains exceptionally positive. India's strong economic performance, democratic presence and the dynamism of its corporations position it as a major player in the global economy.

The Investor interest was visible in diverse sectors ranging from manufacturing, real estate, defence , infrastructure, pharma, oil & gas, chemicals ,retail, auto & auto components , IT was visible across the sectors.

Despite concern about valuations in some pockets specially in small & Mid cap sectors, there has not been any change in long term growth story of the the country. India story is here to stay.

In the end I would like to thank whole Arihant team to help us making this event insightful for the investors.

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List of Participating Companies

S.No.	Company	CMP (INR)	Mcap (INR bn)
1	Accuracy Shipping Ltd	10.1	15.2
2	Asian Granito India Ltd	86.8	11
3	Aimtron Electronics Ltd	473	9.66
4	Ajmera Realty & Infra India Ltd	681	24.17
5	Akme Fintrade (India) Ltd	112	4.65
6	All E Technologies Ltd	422	8.52
7	Allied Digital Services Ltd	305	17.04
8	Allsec Technologies Ltd	1019	15.35
9	Anant Raj Ltd	722	246.69
10	Arihant Superstructures Ltd	404	16.63
11	Arvind SmartSpaces Ltd	835	38.03
12	Ashiana Housing Ltd	333	33.48
13	Associated Alcohols & Breweries Ltd	949	17.16
14	AVG Logistics Ltd	459	6.27
15	Batliboi Ltd	168	5.76
16	BCL Industries Ltd	58	17.1
17	BEW Engineering Ltd	1413	4.62
18	Bharat Agri Fert & Realty Ltd	89	4.7
19	BMW Industries Ltd	66.8	15.03
20	Brand Concepts Ltd	654	7.34
21	BSL Ltd	214	2.22
22	Capital SFB Ltd	303	13.64
23	Capri Global Capital Ltd	206	16.96
24	Choice International Ltd	451	89.89
25	CIE Automotive India Ltd	549	208.27

List of Participating Companies

S.No.	Company	CMP (INR)	Mcap (INR Bn)
26	Cineline India Ltd	119	4.09
27	Crest Ventures Ltd	537	15.26
28	D B Corp Ltd	337	60.03
29	DC Infotech & Communication Ltd	344	4.64
30	Dee Development Engineers Ltd	282	19.4
31	Deep Industries Ltd	454	28.98
32	Dev Information Technology Ltd	146	3.28
33	Dhruv Consultancy Services Ltd	128	2.03
34	Dilip Buildcon Ltd	532	77.77
35	Dodla Dairy Ltd	1232	74.62
36	Dollar Industries Ltd	511	28.92
37	Emerald Finance Ltd	72.6	2.32
38	EMS Ltd	761	42.25
39	eMudhra Ltd	857	66.88
40	Equitas SFB Ltd	83.4	94.89
41	Focus Lighting & Fixtures Ltd	121	8.12
42	Foods & Inns Ltd	138	10.1
43	Ganesh Green Bharat Ltd	425	10.54
44	Ganesh Housing Corporation Ltd	836	69.72
45	Garuda Aerospace		
46	Gensol Engineering Ltd	832	31.52
47	GMM Pfaudler Ltd	1428	64.2
48	GTPL Hathway Ltd	166	18.71
49	HFCL Ltd	151	217.84
50	HP Adhesives Ltd	92	8.43

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S.No.	Company	CMP (INR)	Mcap (INR Bn)
51	HT Media Ltd	24.2	5.65
52	Indag Rubber Ltd	220	5.78
53	Indo Count Industries Ltd	389	76.716
54	Indostar Capital Finance Ltd	288	39.17
55	InfoBeans Technologies Ltd	433	10.543
56	Infollion Research Services Ltd	292	2.83
57	Interiors & More Ltd	345	2.41
58	IOL Chemicals & Pharmaceuticals Ltd	473	27.8
59	Jeena Sikho Lifecare Ltd	1545	38.4
60	JG chemical Ltd	398	15.59
61	Jyoti Resins and Adhesives Ltd	1507	18.08
62	Kaka Industries Ltd	293	4
63	Kalpataru Projects International Ltd	1320	214.4
64	Khazanchi jewellers Limited	524	12.96
65	Kilburn Engineering Ltd	423	19.13
66	Kolte Patil Developers Ltd	402	30.52
67	Krishna Defence & Allied Industries Ltd	730	10.01
68	Kriti Industries (India) Ltd	243	12.13
69	Krsnaa Diagnostics Ltd	829	26.78
70	L T Foods Ltd	424	147.41
71	Laxmi Organic Industries Ltd	286	79.1
72	Linc Ltd	727	10.83
73	Lords Chloro Alkali Ltd	135	3.39
74	Macpower CNC Machines Ltd	1325	13.26
75	Madhya Bharat Agro Products Ltd	215	18.87

List of Participating Companies

76	Magellanic Cloud Ltd	107	62.62
77	Magnum Ventures Ltd	46.5	2.91
78	Maharashtra Seamless Ltd	640	85.95
79	Manappuram Finance Ltd	203	171
80	Manorama Industries Ltd	823	48.4
81	Markolines Pavement Technologies Ltd	212	4.05
82	Maruti Interior Products Ltd	76	1.15
83	Marvel Decor Ltd	99	1.69
84	MAS Financial Services	300	54.49
85	Matrimony.com Ltd	765	17
86	MCON Rasayan India Ltd	161	1.01
87	Megatherm Induction Ltd	364	6.86
88	Meghmani Organics Ltd	101	25.62
89	Menon Bearings Ltd	**131**	**7.36**
90	Modi Naturals Ltd	375	4.91
91	Moneyboxx Finance Ltd	277	8.469
92	Motilal Oswal Financial Services Ltd	762	455.77
93	Netweb Technologies India Ltd	2583	145.6
94	Newjaisa Technologies Ltd	99.5	3.5
95	Niyogin Fintech Ltd	54.8	5.21
96	Nuvoco Vistas Corporation Ltd	358	128.04
97	OnMobile Global Ltd	83	8.78
98	Onward Technologies Ltd	415	9.39
99	Orient Bell Ltd	359	5.22
100	Parag milk Foods	192	22.87

List of Participating Companies

S.No.	Company	CMP (INR)	Mcap (INR Bn)
101	Patel Engineering Ltd	57.1	48.82
102	Prataap Snacks Ltd	1046	24.97
103	Pritika group		
104	Premier Roadlines Ltd	135	3.09
105	Protean eGov Technologies Ltd	1879	79.04
106	Punjab Chemicals & Crop Protection Ltd	1260	15
107	Puravankara Ltd	406	96.17
108	Pyramid Technoplast Ltd	186	6.83
109	Raymond Lifestyle Ltd	2328	141.83
110	Raymond Ltd	1843	123
111	Rishabh Instruments Ltd	359	13.75
112	Route Mobile Ltd	1544	97.23
113	ROX Hi-Tech Ltd	117	2.66
114	Royal Orchid Hotels Ltd	360	9.82
115	Sahyadri Industries Ltd	347	3.8
116	Sakar Healthcare Ltd	314	68.3
117	Saraswati Saree Depot Ltd	167	66.1
118	Sarda Energy & Minerals Ltd	439	154.77
119	SEAMEC Ltd	1439	36.59
120	Servotech Power Systems Ltd	185	40.92
121	Sg Mart Ltd	442	49.51
122	Sheela Foam Ltd	906	984.82
123	Shri Keshav Cements & Infra Ltd	220	3.85

List of Participating Companies

S.No.	Company	CMP (INR)	Mcap (INR Bn)
124	Shriram Properties Ltd	128	21
125	Shyam Metalics & Energy Ltd	910	252
126	SignatureGlobal India Ltd	1588	223.17
127	SIS Ltd	416	60
128	SJS Enterprises Ltd	980	30.43
129	Sky Gold Ltd	2572	32.56
130	Solex Energy Ltd	1329	14.35
131	Sonata Software	638	178.67
132	Spectrum Talent Management ltd	119	2.75
133	Spencer's Retail Ltd	107	9.66
134	SPML Infra Ltd	277	16.45
135	SRG Housing Finance Ltd	352	5.03
136	Star Housing Finance Ltd	44.8	3.53
137	Steelcast Ltd	813	16.4
138	Sunteck Realty Ltd	592	86.69
139	Supreme Power Equipments Ltd	266	6.6
140	Suraj Estate Developers Ltd	790	35.03
141	Suryoday Small Finance Bank Ltd	184	19.53
142	Suyog Telematics Ltd	1606	17.12
143	Swaraj Suiting Ltd	265	4.83
144	Tarachand Infralogistic Solutions Ltd	377	5.84
145	Thomas Cook (India) Ltd	201	94.49
146	Time technoplast Ltd	434	98.39
147	Tips Industries Ltd	704	89.94
148	Transteel Seating Technologies Limited	67	1.35

List of Participating Companies

S.No.	Company	CMP (INR)	Mcap (INR Bn)
149	TruCap Finance Ltd	30	3.52
150	UFO Moviez India Ltd	141	5.45
151	Ugro Capital	259	24.16
152	Unihealth Consultancy Services	160	2.46
153	Uravi T and Wedge Lamps Ltd	445	4.9
154	Vaibhav Global Ltd	305	50.67
155	Vaidya Sane Ayurved Laboratories Ltd	143	1.5
156	Vascon Engineers ltd	64	14.24
157	Vertoz Ltd	35	30.07
158	Vibhor Steel Tubes Ltd	262	4.97
159	Virinchi Ltd	33.4	3.36
160	Virtuoso Optoelectronics Ltd	437	9.98
161	Wealth First Portfolio Managers Ltd	1295	13.8
162	Wonder Electricals Ltd	1508	20.18
163	WORKIE		
164	Zota Health Care Ltd	619	16.42
165	Z-Tech (India) Ltd	412	5.38

Accuracy Shipping Ltd
CMP INR 10.1 | Market Cap INR 1520mn

Accuracy Shipping Ltd is a diversified logistics solutions provider with a strong presence in freight forwarding, transportation, and warehousing services. Established in 2008, the company has since evolved into a one-stop provider for logistics needs, offering custom clearance, cargo handling, warehousing, and transportation services.

The company has successfully diversified its operations across various sectors, including marble, granite, ceramics, paper, and textiles. In addition to logistics, Accuracy Shipping has ventured into related fields like fuel retail and the sale of heavy commercial vehicles, contributing to its revenue mix.

Key Business Segments:

1. Logistics Services: Despite global challenges like the Red Sea crisis and weakened demand, Accuracy Shipping has maintained stable operations. The logistics division continues to provide end-to-end solutions, from customs clearance to last-mile delivery, contributing 58% of the company's revenue in FY24.

2. Heavy Commercial Vehicles: Through strategic partnerships with companies like Ashok Leyland, this division supports Accuracy's logistics operations. The company operates showrooms and offers sales and services of commercial vehicles and spare parts, contributing 23% to total revenue in FY24.

3. Fuel Retailing: It operates fuel stations along major highways, providing fuel and lubricants to its logistics fleet and external customers. This segment enhances the company's cost efficiency and contributed 5% of total revenue in FY24.

Financial Overview:

Revenue: Consolidated revenue for FY24 stood at INR 708.3 crores, down from INR 877.3 crores due to subdued global demand.

EBITDA: For Q1 FY25, EBITDA stood at INR 9 crores, with a gross margin of 8%. The company is targeting a steady 5% EBITDA margin as it focuses on increasing cash flows and reducing debt.

Growth and Expansion:

Accuracy Shipping continues to diversify its client base and revenue streams. With over 2,600 clients and operations spanning 14 offices globally, the company is also expanding into newer sectors such as pharmaceuticals and rubber, while steadily growing its container volumes to approximately 9,000-9,500 per month. The company remains focused on maintaining a strong foothold in the logistics sector while also expanding its ancillary businesses.

Future Outlook:

The company aims to achieve a revenue of INR 1,000 crore by FY25, driven by growth in logistics services and continued diversification efforts. Long-term goals include improving EBITDA margins to 7-8% over the next two years and reducing debt levels, thereby enhancing profitability and cash flow stability.

Asian Granito Highlights
CMP: INR 86 | Market Cap: INR 10.9 Bn | Promoter: 29.02%

Key Highlights of the call:

- Company has total capacity of 52.45 MSM in ceramics, 2.02 MSM in quartz & Marbles and 0.66 Mn pieces of Sanitaryware.
- Volumes for FY24 were 29.94 MSM for ceramics, 0.86 MSM for Quartz & Marbles and 0.18 Mn pieces of Sanitaryware.
- Company has converted a double charge tile unit into GVT and another unit into quartz unit recently, keeping in mind the demand for these products
- The total market size is INR ~600-650 Bn. 40% of this is exported and 90% is produced in Morbi.
- Company has onboarded several corporate clients (Taco Bell, AIIMS Hospital, Raymond, etc), moreover now AGL is focusing on retail and government orders.
- Company has recently entered the UAE market & has WOS in UK, USA and Thailand. Company has opened a plant in Nepal.
- Current exports at 15% contribution to sales which the company aims to take to 20-25%
- Gross margins from manufacturing units at 27-28%, trading business at 13-14%
- With utilisations improving, company expects to reach EBITDA margins of 12% gradually in 2-3 years. This will gradually grow from 5% to 8% to 12%.
- Company expects the topline to grow to INR 25 Bn by FY27 (including demerger)

Merger:

- Company is in the process of merging and adding 3 manufacturing facilities (which are not part of AGL Group) and 1 subsidiary with 75% shareholding.
- Company will shift the marble and quartz business to Amazon Ceramics, Sanitaryware will go into the subisidiary of AGL Sanitaryware Pvt Ltd.
- Outstanding Diluted share capital is 147 Mn shares. For the demerger (and acquisition), company will be issuing ~150 Mn shares which will take the total number of shares to 297 Mn.
- AGL has received approval from exchanges and is currently in the NCLT process (expecting approval in ~3 months)
- The promoter holding post demerger will move to 40-41%. Through demerger, the topline will move to INR 17.3 Bn.

- At CMP of INR 90, company trades 20.5x TTM EV/EBITDA

Aimtron Electronics Ltd
CMP INR 473 | Market Cap INR 9.66 bn

Revenue

Revenue is expected grow 40%-50% CAGR going forward.

The company has 5 lines, each line revenue capacity is around INR 800-1,000mn and overall revenue capacity is around INR 3.5bn. The new SMT line will lead to revenue capacity of INR 4.5bn going forward.

Margins

EBITDA margin is expected around 25%-30% and PAT margins are expected around 15% going forward.

Order book

The order book stood at INR 1.3bn and enquiry pipeline stood at INR 7bn. The order win ratio is around 55%-60%.

The order book execution timeline is around 9-11 months.

AI Chips and IoT

The company is working on prototypes for some of the projects like AI machine and IoT. IoT is expected to be major contributor in FY25E.

The company is adding one SMT line for AI chips.

Sector focus

The company is targeting defence & Aerospace, Medical & Healthcare and Automotive sectors on priority basis. Automotive is more competitive and margins are less.

PCB

PCB has a 10% connectors through hole parts. Defence have a lot of through hole parts, because of 20 years life requirements.

Customer revenue contribution

Top 5 customers revenue contribution is around 50% and Top 10 customer revenue contribution is around 75%.

Utilization

Vadodara plant capacity utilization is around 78% and Bangalore plant capacity utilization is around 50%-55%.

Other highlights

The company is supplying one part of navel force to caterpillar. The warranty is around 20 years.

Ajmera Realty & Infra India

CMP INR 681 | Market Cap INR 24.17 bn

Ajmera Realty is a five-decade-old real estate company, having delivered over 20 million square feet, operating in major cities like Mumbai, Bangalore, Pune, and internationally in Bahrain and London.

The company is known for its large-scale township developments such as Shanti Nagar (Mira Road), Yogi Nagar (Borivali), and Bhakti Park (Wadala).

The company has shown aggressive growth post-COVID, with top-line sales increasing from around INR 400 crore in FY22 to over INR 1,017 crore in FY24.It aims to achieve INR 1,350 crore in sales for FY25, with 30-40% year-on-year pre-sale growth expected over the next few years.

Ajmera Realty plans to develop over 1.7 million square feet of new projects, adding to its existing portfolio of 1.1 million square feet of ongoing projects. Iris (Bangalore), Vikroli, Kanjurmarg, Versova, Yoginagar, Bandra, and Wadala are the few key projects.

The company delivered 1,000 apartments in 24 hours, showcasing its aggressive execution.

Potential revenue from upcoming launches is estimated at INR 4,270 crore.

Over the next three to four years, revenue from ongoing and completed projects is expected to be around INR 1,886 crore, with total potential revenue from launches and ongoing projects estimated at INR 6,200 crore.

They expects to generate approximately INR 2,300 crore in cash flow over the next 3-4 years, supported by project-level cash generation and asset monetization.

The debt-equity ratio has improved from 1.17x in March 2022 to 0.8x by June 2024, with the cost of debt also decreasing.

The company holds 11 million square feet of land bank in locations like Wadala and Kanjurmarg, which could generate INR 35,000-38,000 crore in future projects.

Ajmera is focusing on expanding through its land bank, redevelopment projects, joint ventures, and new outright acquisitions, particularly in Mumbai, Bangalore, and Pune.

A recent demerger has enabled Ajmera to transfer a six-and-a-half-acre plot in Wadala to a wholly-owned subsidiary for commercial development. This strategic move allows greater flexibility in structuring future developments, including potential partnerships.

International Projects : The company has sold its interests in Bahrain due to changing market conditions and expects to receive remaining proceeds by FY25.

In London, the remaining project is nearing completion, with sales expected in FY25.

Ajmera Realty aims to grow aggressively with an estimated business development activity of INR 3,500 crore for FY25. It plans to launch multiple projects over the next few quarters, targeting significant growth in both the Mumbai and Bangalore markets, driven by strong demand and favorable infrastructure developments.

Akme Fintrade India Ltd

CMP: INR 112 | Market Cap: INR 4.65 Bn | Promoter: 41.57%

Key Highlights of the call:

Company is into 2W and 4W loans (mainly into rural and semi urban areas). Earlier, the company used to be a deposit taking NBFC but then started taking funds from banks, NBFC and lenders.

The key lenders are SBI, Bank of Baroda, Shriram Finance and Mas FinanceInitially the loan sizes were of INR 25,000-30,000 (2W)Company operates in 4 states mainly: Rajasthan, Maharashtra, Gujarat and MP.

The largest contribution is from Rajasthan but only 30% of Rajasthan has been covered by the companyFor underwriting process, company checks CIBIL score, repayment capability and background checks with relatives

Company has 1 underwriter at every regional office. Loan to value is maintained at 60-65%Company is going to add 17 new branches in existing 4 states in next 2 months.

Total 25 new branches will be added in FY25In current FY, company aims to reach AUM of INR 6.5 Bn (of which INR 5.9 Bn will be from own book)Opex currently at 4% which may go to 6-7%Current plan is to only work in secured loans.

In solar segment lending, company only operates in Rajasthan. Guidance:Company has capability to take the total AUM to INR 15-16 Bn without any further equity infusion.

At present, company is disbursing INR 150-200 Mn per month. By end of FY25, company aims to take total disbursement to INR 6.5 Bn, INR 11 Bn in FY26 and INR 27 Bn by FY28. Going ahead, company expects NIMS to fall to 8-9% (current between 10-11%)FY26 ROE target of 18-19%. Current ROA of 5.5%

All E Technologies Ltd

CMP: INR 422 | Mcap: INR 8.52 Bn

Core Services
- All e Technologies specializes in enabling enterprises to undergo digital transformation through cloud computing, application modernization, AI-driven insights, and data engineering.
- The company integrates Microsoft's full stack, including Azure, Microsoft 365, Dynamics 365, and Power Platform, to provide solutions to its clients.
- Their process optimization services aim to streamline business operations, while system integration ensures smooth workflows across IT architectures.

Client Value Proposition
- The company's SaaS (Software as a Service) model increases wallet share by taking over data center and IT maintenance costs for clients.
- Over the lifetime of a customer, the company's recurring revenue grows as the initial CAPEX transitions to OPEX, providing greater stickiness.
- Company has a strong focus on maintaining long-term customer relationships, with over 275 active customers.

Revenue Contributions
- The U.S. market (including Canada) has seen a significant rise in revenue.
- Professional services make up the largest share of revenue (26%), followed by trade and distribution (14%) and manufacturing (13%).
- Growth in Microsoft's cloud offerings—Azure is growing at 30%, and Dynamics 365 at 20%.

International Focus & Market Expansion
- The company's focus on growing its business in the U.S. and other international markets is seen as a significant growth driver.
- It continues to expand into new sectors like data engineering and AI, with ongoing investments in IP.

Mergers & Acquisitions
- A letter of intent has been signed for a potential acquisition, aligning with the company's goal to expand into complementary technologies, specifically in AI and data sectors.

Recurring Revenue
- Approximately 90% of the company's revenue is recurring, driven by SaaS and ongoing service contracts.
- Management believes this model strengthens customer retention and makes the business more resilient to market fluctuations.

Competitive Landscape

- The management welcomed increased competition, seeing it as a sign of an expanding market.
- Large players such as PwC and EY have entered the business applications ecosystem, intensifying competition but also validating market opportunities.
- The company has seen higher personnel costs due to competition but views this as a natural aspect of industry growth.

Innovation & Product Development

- The company aims to continuously innovate its product offerings, particularly by tailoring solutions for specific industries.
- The management emphasized the importance of adapting to changing technologies, especially in AI and cloud services. Keeping pace with evolving technologies is seen as essential for retaining clients and maintaining a competitive edge.

Future Outlook

- The company is targeting an annual organic growth rate of 20%-25%.
- Management aims to leverage its existing customer base to drive repeat business and plans to bolster its marketing efforts to attract new clients.

Allied Digital Services Ltd
CMP INR 305 | Market Cap INR 17.04bn

ADSL is optimistic about its future, especially regarding smart city projects, which are expected to generate substantial revenue in deployment phases. The company is also venturing into new sectors like the BFSI industry and exploring opportunities in remote management services. **We expect Allied's**

revenue, EBITDA, and PAT to grow at a CAGR of 17%/~23%/28%, respectively, over FY24-FY27E

We have Buy rating on the stock with the TP 290 per share.

ADSL is a dynamic IT and Integrated Technology Solutions company that has been making significant strides since its inception. Founded in 2007, ADSL became publicly listed the same year, and by 2008, it expanded its horizons by acquiring a company in the United States.

Focus Areas: ADSL specializes in a range of services including cloud solutions, cybersecurity, digital engineering, infrastructure management, software services, and workplace management. With a strong emphasis on smart city projects, ADSL has successfully integrated end-to-end infrastructure solutions, notably recognized on the Bombay Stock Exchange since 2009.

Smart City Initiatives: One of ADSL's standout achievements is its work on smart city projects. Pune was one of the first cities to go live with ADSL's solutions in FY2015, and since then, the company has expanded its services to 14 cities including Solapur, Amritsar, and Kalyan. Their efforts included installing thousands of surveillance cameras, earning accolades from the government for enhancing urban safety and management.

Business Model and Revenue Streams: ADSL has transformed its business model over the years. Initially, a large portion of revenue came from product sales, but in 2019, the company shifted its focus towards services, which has proven beneficial. Currently, about 85% of their revenue comes from recurring service solutions, while only 15% is from one-time projects like cloud migrations. This model not only fosters customer loyalty but also leads to sustainable growth.

Geographically, ADSL derives 68% of its revenue from the US and 32% from India. The company is experiencing robust growth in both markets, with expectations to further increase its presence in India as demand accelerates. ADSL projects a steady annual growth rate of 20-25%, targeting a top line of INR 1,000 cr within the next few quarters.

Strong client Relationships: ADSL's client base includes major global brands like Taco Bell, where they manage IT infrastructure across branches, ensuring seamless operations from the ground up. Their dedicated approach to client service and technological integration is a testament to their commitment to excellence.

Allied Digital Services Ltd is not just an IT service provider; it's a partner in creating smarter, safer cities and enhancing business operations globally. With a clear vision and a robust service model, ADSL is well-positioned for continued success and growth in the evolving digital landscape.

Allsec Technologies Ltd

CMP: INR 1019 | Mcap: INR 15.53 BN

Allsec is not currently pursuing a SaaS model but is working towards this goal. The upcoming government internship announcements could present additional opportunities, although details are still pending. **We have a Buy rating on the stock with TP INR 1,124 per share.**

Allsec Technologies has established itself as a niche player in employee engagement and payroll solutions, over 400 engagements and two significant business lines:

Employee Engagement Solutions

Smart Pay: An internal payroll and HRMS solution that streamlines core HR functions and enhances the employee lifecycle.

With over 20 years of experience, Allsec has cultivated a limited but loyal customer base, primarily operating out of Chennai and Manila, with an increase in capacity from 600 to 1,200 seats. The Bangalore center also contributes to delivering BPO services, positioning Allsec as a major player in the payroll and HR sectors.

Key Initiatives and Market Focus: Allsec aims to penetrate the SME market with a strong SaaS-based approach. The company is currently focused on transforming its product offerings, especially in payroll solutions, to enhance compliance and operational efficiency.

Revenue Cycle Management: A focus on improving collection processes, with a revenue increase of 19% QoQ, reaching INR 1400 Mn.

Cash Flow: OCF stood at 132.5%, highlighting strong cash generation despite some illiquid funds.

Employee Metrics: Employee growth was 1% YoY and 2.5% QoQ, with ongoing migrations to the Smart Pay platform expected to conclude in following year.

Gen AI: The company is developing a comprehensive customer service solution aimed at enhancing sales and improving collection processes. Allsec recognizes the potential of generative AI in transforming business operations, with an emphasis on optimizing the man-machine model to boost margins. The payroll business accounts for 25% of overall revenue, showcasing its stability and growth potential.

The payroll segment generated an 18% margin last year, supported by strong deal wins.

Customer contracts are typically short-term (three months), but retention rates are high, especially in the CXM space.

The recurring revenue model for CXM ensures consistent cash flow, as long as customer relationships are maintained.

Competitors: There are no direct peers in the market, Allsec continues to face competition primarily from home-grown solutions in the EXM and CXM segments. The company anticipates maintaining a 20% EBITDA margin despite inflationary pressures in the U.S.

Seasonal: Historically, Q4 has been the strongest quarter for Allsec, aligning with seasonal trends that drive demand for their services.

Anant Raj Ltd

CMP: INR 722| Mcap: INR 246.69 BN | View: Positive

Business Model:

- Contracting business is seasonal as well as consistent revenue stream business of investing in land & building.
- They migrated from a developer to a commercial asset developer to a residential player and because of all the business under one roof their balance sheet was strong.
- Besides they have entered new business of Data center which is emerging and promising in future.

Guidance:

- Aims to generate revenue of INR 600bn from the real estate assets in the next 5 years.
- Post installation of 307 MW the company targets revenue of INR 60,000-70,000 Mn wherein 25% will be cloud business and 75% will be Colocation business.
- Plans to acquire more 50 acres of land parcel.

Projects:

- At present, they are developing residential township in Gurugram (200 acres of land from earlier 100acres), developing 101 acres of land in South Delhi and lastly working on Data center business (6 MW operational and target is to achieve 307 MW in the next 4-5 years).
- Plans to launch another residential project one is group housing and another is independent flow with total saleable area of 1.8mn sqft and topline achievable is INR 30000-35000Mn from these projects.
- Plans to do 9 Mn sqft in the next 3-4 years and topline achievable is ~INR 160,000-180,000Mn.
- They have a joint venture in the township for 45 acres with the Bella states wherein the project is advanced stage. They expect to get a net cash flow of INR 10,000 Mn from the JV company.

Other highlights:

- Debt is just INR 2100 Mn as on FY24.
- They are talking to landowners for sharing risk & reward in JD.
- For Data center business ~INR 90 lakh/MW revenue is earned and ~INR 15 lakh/MW is operational cost and so realization is ~INR 75 Lakh/MW.
- This cloud business has lot of demand and potential to grow. At present have tied with RailTel & TCIL as well as Orange.
- They are recognizing the revenue as a percentage of completion method.

Arihant Superstructures Ltd

CMP: INR 404 | Mcap: INR 16.63 Bn| | View: Positive

Guidance:

- Pre-sales expected to reach INR 16,500Mn and collections to INR 9,000Mn.
- Pre-sales expected to grow at CAGR of 25% and EBITDA by 22-23%
- From the GDV of INR 100 Bn, 75% is expected to spend in the next 5 years and 25% will be spend 2 years thereon.
- Land bank of 220 acres in FY24 and by FY25 they want to add ~300 acres by FY25. Amongst it ~200 acres land is under development.

World Villa:

- It is launched in August and ~75-85 units are expected to be sold by end of December.
- Average ticket size is ~INR 25Mn
- Huge demand is expected for Hotel and Gymkhana.

Other Highlights:

- JV/JDA are ~19% of their business and currently they have 3 ongoing projects.
- Contribution from MMR region is 96% and Jodhpur is 4%
- Plans to expand only in area of MMR region largely in and near Navi Mumbai region.
- Jodhpur market investment is done no more plans to expand in that area.
- Company believes there is strong demand in category where the residential cost is between INR 25lakh – INR 3cr.
- Average realization came in at INR 6800/sqft.
- Debt is ~2400Mn and with so many projects in pipeline debt level expected to increase to INR 4000Mn.
- Cost of debt is ~13% and expected to decrease to 11.5-12% in FY25 and beyond that it is expected to decrease further to 10-11% in the next 2 years.
- The company faces competition from players like Godrej properties, Hiranandani, Wadhwa and Marathon and few more.
- Cancellation of booking is ~10-15% in real-estate business and that is largely due to un-approval of loan sanctions.
- They have renewed approval for a year of raising funds of INR 12,000Mn.

Arvind SmartSpaces Ltd

CMP: INR 835 | Mcap: INR 38.03 Bn | View: Positive

Guidance:

•Management expecting to grow by 25-30% across parameter in the next 3-4 years.
•Business development GDV would by ~INR 50,000Mn for FY25 as compared to INR 41,500Mn in FY24.
•Launches expected to be in the range of INR 20,000-25,000Mn.
•IRR expected to be more than 25%.

Business Model:

•Focus on both Horizontal & Vertical developments with portfolio, current ratio is 79% and 21%, respectively.
•Horizontal caters to plotting and Villa development with large resort style clubhouse while vertical development is high rise residential apartments catering to MIG segment.
•Further, expecting to develop more in vertical development side and reach 40-50% of portfolio.
•Horizontal projects usually get completed between 18-24months and earnings are much faster as compared to vertical development.
•In terms of margins, plotting development has the highest margins followed by Villas and then vertical development.

Market presence:

•It largely caters to Ahmedabad market followed by Bangalore.
•Further, it has entered Pune, and planning to enter Mumbai.
•Entered Surat in FY24 with a 300-acre project which will be launched in Q3FY25.
•No plans to enter other geographies in the medium term.

Projects:

•Have delivered ~4.9Mn sqft area and their ongoing projects are ~26.7Mn sqft and this would take total project pipeline to 46Mn sqft.
•Launching a large township project in Ahmedabad NH47 spread across 500acre. It is at EOI stage and expected launch is in 1-2 weeks.
•Pune project is near completion and ~54% inventory is yet unsold and waiting to receive the OC. The company is expecting improved traction post OC. They have not launched any new projects in Pune.
•For Mumbai, signing of new projects is expected by CY24 for both horizontal & vertical projects. Further, their focus micro markets are from Bandra to Dahisar, Chembur, Mulund, Thane via JD/Outright/re-development. For Horizontal, focus is on Mumbai 3.0 region.

Other Highlights:

•**Deal with HDFC:** Signed for a platform project with HDFC in 2018 in the ratio 20% (Arvind Smart spaces) and 80% by HDFC. Another platform deal was signed between them of INR 9,000Mn wherein the company would invest INR 3,000Mn and INR 6,000Mn would be from HDFC. This also includes a DM fee. Currently, HDFC holds ~8.8% equity in the company.
•Demand is strong and management believes they are in the middle of the cycle.
•Faces competition from the local player.
•Continues to be in the premium and mid-premium segment.
•Price hike are taken in the range of 5-7%.

Ashiana Housing Ltd
CMP: INR 333 | Market Cap: INR 33.48 bn

The company has a pipeline of 10-11 Mn sq. ft and plans to add another 7-8 Mn sq. ft in the next 3-5 years, targeting a total of 17-18.5 Mn sq. ft within 4-5 years. Senior living projects are expected to comprise 30-35% of this pipeline. Last year, sales reached approximately INR 18,000 Mn, with guidance of around INR 20,000 Mn for the current year. The five-year vision aims for 17-18 Mn sq. ft of development, with an estimated sales value of INR 1,20,000-1,25,000 Mn. The company targets 500 units this year, up from 390 last year. Revenue has increased from INR 900-950 Mn in FY20 to INR 3,000 Mn last year, with a target economic profit of about INR 20,000 Mn. Current quarterly operational cash flow, before land acquisition, is INR 800-900 Mn.

Business Model
- The company prefers a JDA model but also engages in outright deals. It has in-house capabilities for construction, sales, and facilities management.
- Uses channel partners in challenging markets like Gurugram and Pune
- The company focuses on middle-income housing rather than affordable housing. Its key markets include Jaipur, Bhiawadi, Jamshedpur, Pune, Chennai, and Gurugram.
- Offers premium homes, kids-centric homes, and senior living projects.

Project Updates
- Ashiana Amara in Gurugram- Phase 4 has sold about 180 out of 280 units (60-65%)
- Plans to launch the last phase (Phase 5) of Amara towards the end of the year. The new project, "Ashiana Swarang," a premium senior living development in Chennai, is set to be launched in Q3.

Senior Living Segment
- The area is viewed as having high potential with significant growth. Revenues have tripled over the last 4-5 years and are expected to contribute significantly to the overall business.

Other Highlights
- Conducts extensive research and analysis before entering new markets, with a focus on demographics, especially for senior living projects.
- The company leverages its existing presence in nearby markets, such as its NCR presence for the Greater Noida expansion.
- The Gurugram market has experienced significant price increases. company is being cautious and monitoring supply trends closely.
- Elite Homes is being introduced as a more luxurious offering. There has been good traction in the Elite Homes segment, particularly in Jaipur.
- The Elite Homes project 144 is marketed without the Ashiana brand name intentionally.
- The company is actively scouting for opportunities in all key markets, with some deals in the pipeline. Announcements will be made once these deals are materialized.
- There is a strong reliance on repeat customers and referrals, with an emphasis on maintaining high-quality facilities management to build brand loyalty.
- Utilizes a combination of internal business development team and external agencies for market research

Associated Alcohols & Breweries Ltd
CMP INR 949 | Market Cap INR 17.16bn

Associated Alcohol is into manufacturing and trading of all levels of alcohol – ENA, IMIL and IMFL. They also do job work for global companies like Diageo and have recently forayed into manufacturing Ethanol.

The facility is strategically located in Madhya Pradesh, enabling access to distribution network and raw materials. They have a 5cr bulk ltrs capacity and have been running at full capacity.

The company is shifting its focus towards development of its own brands and premium brands as the demand for these products is increasing. They are gradually moving towards value added products and quality products, increasing sales of their own products.They intend to start sales in Maharashtra, Goa, Pondicherry, Meghalaya, Karnataka in FY25.

They are operating at 100% capacity utilisation in terms of production and bottling. They have recently set up a new bottling hall.

Ethanol is also running at full capacity. Guidance: They expect 13-14% growth in FY25 given their efficiency, increased demand and entry into newer states. They target 12-15% growth in the excl-ethanol business and maintain double digit margin EBITDA.

Currently, IMFL contributes 40% of their sales. They intend to focus on their own products and aspire to have 70% share coming from own products in the next 2-3 years. They intend to premiumize their products. They expect IMFL to generate INR 500cr revenue in the next 3 years.

AVG Logistics Ltd
CMP: INR 459| Market Cap: INR 6.269 Bn

Revenue and Growth Guidance: The company is targeting INR 700 crore in revenue for FY25, a significant increase from INR 480 crore last year, largely due to its expansion into the steel, cement, and pharma sectors. The railway business alone is expected to contribute over INR 100 crore. Growth projections include 10-15% from existing customers and 15-20% from new customers and segments. Additionally, the company is aiming for INR 1,000 crore in revenue from the cement sector over the next 3 to 5 years, having signed contracts with major clients like Dalmia Cement and UltraTech Cement. Furthermore, it is working towards becoming debt-free within the next 3 to 4 years.

Railway Business: The company has secured an INR 700 crore contract with Indian Railways for 5-6 years, covering various routes. It currently operates on six routes and plans to add six more tailored routes by March 2025. The railway business is anticipated to contribute 25-30% of the company's total revenue.

New Business Segments: In addition to its expansion into the steel, cement, and pharma sectors, the company is transitioning from diesel to eco-friendlier options like CNG, LNG, and electric vehicles within the next 3 to 5 years. It has also signed an INR 25 crore, 5-year contract with UP State Road Transport Corporation. The company is actively exploring multi-modal logistics solutions, including green logistics and train-based services.

Cold Chain: To support its logistics operations, the company is setting up cold storage facilities in Nagpur, Belgaum/Hubli, and Noida, with plans to add 3-4 more cold storage facilities in the next 3-4 years.

Fleet Management: As part of its green logistics initiative, the company is shifting towards using CNG, LNG, and electric vehicles. It is also implementing a driver-owner scheme to expand its fleet without taking on additional debt, to have 50% of its fleet under this model.

Margins: The company is focused on maintaining EBITDA margins of 18-20%. It achieves higher margins (25-30%) with its trucks compared to 12-14% margins for leased trucks.

Acquisitions: The company is in the process of acquiring two companies—one with INR 50 crore in revenue and another with INR 170 crore in revenue—to further strengthen its market position.

Working Capital: While FMCG payment cycles are longer (75-90 days), they offer higher margins. The cement and steel sectors have lower margins but experience less turnover. Government contracts, however, provide better payment terms, offering more stability in working capital management.

Outlook: The company aims to grow 25-30% annually by expanding into new segments like cement/steel logistics and railway transportation while maintaining margins through operational efficiencies.

Batliboi Ltd

CMP: INR 168 | Market Cap: INR 5.76 bn

The company is primarily in the business of capital goods. Batliboi manufactures machine tools and represents global companies in marketing within India. They also manufacture textile machines and represent global textile machine companies in India for their sales and service. The company is also present in air engineering.

Batliboi Environmental Engineering Ltd. (BEEL), a private company of the Batliboi group, is awaiting approval to merge with the listed entity. BEEL operates as an asset-light EPC contractor and is involved in the manufacturing of centrifugal fans.

The reason for this merger is that BEEL requires more non-fund-based limits, like bank guarantees and LCs. Banks require a large asset base for such limits or demand high margins, which is going beyond the personal capacities of the directors.

Batliboi Ltd's asset base will provide strategic support to BEEL post-merger. After the merger, they intend to increase the in-house manufacturing of fans, currently relying on vendors for 80% of production. Both companies have synergies in their customer base. For the year ending 2024, BEEL expects a topline of INR 1500mn. The company has received SEBI approval and is awaiting NCLT approval, which is expected by early Q4. The merger will have a retrospective effect from FY23-24. BEEL has an order book of INR 1250mn and expects a turnover of INR 1600mn for FY25.

Batliboi Ltd has a subsidiary in Canada that manufactures machine tools for the North American market and is now entering the Saudi Arabian market. The company has supplied to key customers like L&T and Thermax. The Canadian manufacturing plant produces about a dozen machines a year, with each valued at almost a million dollars. If the company receives approval from the Canadian government, it plans to increase this capacity by 50% next year. Currently, at a peak revenue of INR 900-1000mn, the company hopes to increase it by INR 500mn if approvals are granted. The promoter, prior to the merger, owned 74% of equity, which has now been diluted to 62%. Post-merger, the promoter intends to raise it back to 72-73%. Sanjeev Joshi, the Managing Director, has been with the company for over 40 years.

20% of the funds raised are allocated to capex for doubling foundry production. INR 200mn has been used to reduce debt, making the company almost debt-free. The company plans to use the remaining funds for acquisitions in related fields.

The company is asking for approximately INR 400mn for its 4-acre land but does not intend to develop it. The company expects IT industries to occupy the surplus land, creating a source of income. Batliboi Ltd has onboarded the required personnel to explore green hydrogen business opportunities and expects to generate revenue from it next year.

The company has two verticals: centrifugal fans (own manufacturing) and air pollution control systems (EPC). It expects to cross INR 1700-2000mn with a 15-20% CAGR over the next 2-3 years. Its customer profile consists of blue-chip companies in India. The company's after-sales service differentiates it from competitors. Once the expansion in Surat is complete, doubling capacities over the next two years, EBITDA margins are expected to improve due to no major fixed cost increases. The company has an order book of INR 2.4bn, which it plans to complete by this year.

BCL Industries Ltd

CMP: INR 58 | Mcap: INR 17.10 bn

Business Model & capacity expansion:

- Operates one of India's largest grain-based distilleries and are in the business of Distillery, edible oil and are adding plant for biodiesel.
- Total production capacity will reach to 850 KLPD. Out of this, 400 KLPD capacity at Bathinda and 300 KLPD plant with subsidiary Saksha in Kharagpur, West Bengal.
- Out of 400 KLPD, ENA is 200 KLPD and Ethanol is 200 KLPD and out of 300 KLPD plant in West Bengal 200 KLPD is ENA and 100 KLPD is Ethanol.
- The company is setting up 75 KLPD capacity of biodiesel plant with INR 1100Mn capex and commission expected by Q1FY26. The primary raw material will be maize oil.
- Additionally, 150 KLPD capacity is getting added by spending INR 900Mn capex. It is expected to be commissioned by October FY25 and the approval for the same has been received.

Guidance:

- For Fy25, revenue expected to be ~24,000 Mn (excluding revenue from biodiesel as revenue from this will start in FY26) and EBITDA margins expected to be in the range of 8-10%.
- The company plan is to dispose/sell Edible Oil business in the next one year and so for that most of its machinery are scraped while few are utilized. Also, they are looking for a buyer of land but since its sizeable it would take time.
- Maize crop should be encouraged for ethanol and other industrial use because it grows easily, requires less water and also would aid in increasing farmers income.

Other Highlights:

- From a ton of maize, ~380 liters of ethanol is produced and from a ton of rice ~450 liters of ethanol is produced.
- Sale in promoter stake was just because of the member attaining senior citizen and personal reason.
- They were the first in the country to make rice bran oil fit for human consumption.
- Focus remains towards extraction of Maize oil and converting it to ethanol.
- In the industry, there in huge stock of rice of ~47Mn ton but maize is comparatively new product.
- Punjab & Haryana do not have enough space for storing rice of last year as well as ongoing harvest for this year.
- Landed price of Maize is ~INR 26-27/kg.
- Biodiesel price is INR 82/liters and blending is less than 1% in the country and the government has set the target to reach to 5%.

BEW Engineering Ltd

CMP: INR 1413 | Mcap: INR 4.62 Bn

Revenue

Revenue stood at INR 1,210 mn in FY24 and expected to reach INR 3,000mn by FY27E.

Margins

The company has improved from 7% to 20% in past few years. Earlier, the delivery cycle is longer for equipment's and raw material purchase through credit which impacted margins.

EBITDA margins are expected around 22%-25% going forward.

Capacity expansion

The new facility expansion is in progress and expected to be operational in next 2-3 months.

Order book

The current order book stood at INR 900mn and expected to reach INR 1,500mn by FY25E.

The order book breakup are filter drivers (70%), Paddle dryers and protocol dryers (20%) and 10% from mixers and blenders etc.

Product delivery time

The product delivery cycle is around 9-10 months and expected to reduce to 5-6 months from next year onwards.

Competitors

The competitors are GMM Pfaudler and HLE Glasscoat.

Exports

In exports, significant traction witnessed in Africa.

Customers

Around 40% of business from repeated customers.

The customers are Pharma and chemical players such as Lupin, Piramal Pharma, SRF, UPL, Rallis etc.

Other highlights

The majority of the inventories are cast alloy and high grade nickel alloy etc.

The company has 8-10 different types of products and some of the products are niche, where margins are higher.

Bharat Agri Fert Realty Ltd
CMP: INR 89| Market Cap: INR 4.70 Bn| TP: INR 353 | Rating: BUY

- The company has three main business segments: fertilizer manufacturing, real estate development, and resort operations.
- Fertilizer business: The company manufactures single super phosphate fertilizer at its plant in Kharivalli village, Maharashtra. The plant has a production capacity of 11,000 metric tons per month. The company plans to lease out the fertilizer plant to another company starting October 2024, subject to government approvals. Under the lease agreement, the company will receive conversion charges of ~INR 2,000 per ton for a minimum guaranteed quantity of 5,000-6,000 tons per month. Additional lease fees of INR 12 lakhs per month for the 18-acre land and built-up area. This is expected to generate around INR 10 Mn in monthly revenue for the company.
- Real estate business: The company has a real estate project in Majiwada, Thane where it has already constructed six high-rise towers. The seventh tower is currently under construction, with plinth completion achieved. The new tower has 457 flats, ~4 lakh sq ft of RERA carpet sellable area. Expected revenue of INR 8,000 Mn over 3-4 years at current prices of INR 20,000 per sq ft. Estimated construction cost of INR 2,000 Mn (Rs 5,000 per sq ft including TDR). Expected net profit of INR 4,500 Mn after taxes.
- The company plans to complete the project by June 2027, ahead of the RERA deadline of June 2028. Marketing arrangements are in place to sell 200 flats in the next 15 months.
- Resort business: The company operates a resort under the name "Anchaviyo Resort" in Palghar. Current capacity is 80 rooms, generating annual revenue of INR 15-20 Mn. Expansion plans include adding 104 new rooms (total 184 rooms). Building a large banquet hall and mandap to host destination weddings. Total capex of INR 750 Mn for the expansion.
- Post-expansion, the company expects annual revenue of INR 950-960 Mn from the resort business.
- For FY27, the company projects total revenue of approximately INR 7,000-8,000 Mn. INR 6,000 Mn from the real estate project in Thane and INR 1,000 Mn from the expanded resort business.
- Future plans include developing a logistics park on 35 acres of land to capitalize on the upcoming Vadhavan Port.
- The company is considering expansion into other cities like Ahmedabad, Indore, and Baroda through redevelopment projects.
- Total bank debt sanctioned is INR 600 Mn, of which INR 420 Mn has been availed. This debt is solely for the resort and real estate divisions. There's an additional INR 45 Mn of unsecured debt from promoters.
- Land bank utilization- out of 120 acres owned by the company 18 acres used for fertilizer plant and 10 acres for existing resort. Plans to develop a 35-acre modern logistics park to capitalize on the upcoming Vadhavan Port.
- The company's resort expansion plans align with the new tourism policy. Key benefits include 20% capital subsidy on investments, reduction in power tariff from INR 18 per unit to INR 12 per unit, exemption from electricity duty, 9% GST reimbursement on bookings sand 5% rebate on interest rates for term loans from banks.
- Potential development of property in Vile Parle East, Mumbai (pending BMC permissions). Plans to develop a ski resort on 4-5 acres of land in Tangmarg, near Gulmarg. Exploring opportunities in Andaman and Nicobar Islands. Considering redevelopment projects in areas like Bandra to Borivali in Mumbai.
- The company plans to utilize the Met (Minimum Alternate Tax) set-off during FY26-27. Post set-off, they intend to shift to the lower 22% tax bracket.
- Considering listing on the NSE in the future. Plans to issue bonus shares or equity to shareholders.

BMW Industries Ltd

CMP: INR 66.8 Market Cap: INR 15.03 Bn

Revenue
Revenue is expected to grow 17%-18% over next 2 years.

Margins
EBITDA margins around 26% and expected to reach 27%-28% in FY26E.
PAT margins are expected 12.5%-13% by FY26E.

Capacity expansion
The tube mill capacity of 120k MT has been installed in Sep-24 and next phase of expansion will reach to 10 lakh MT by FY26E.
TMT capacity stood at 1,79,000 MT and expected to reach 2,25,000 MT going forward.
The capex of INR 17-1.8bn for tube expansion and solar.

Capacity utilization
CRM capacity utilization is around 80%.
Pipes and tubes capacity utilization is around 60%-70%.

CRM contract
CRM contract is under negotiation and revenue potential is expected INR 20bm throughout the contract period. The revenue potential is around INR 3.5-4bn on a yearly basis.

Other highlights
The customers supply raw materials and company is convert, process and manufacturing of finished goods.
The company is doing zinc galvanizing and not adding any aluminum.

Brand Concepts Ltd

CMP INR 654 | Market Cap INR 7.338 bn

Growth and Guidance: In the first quarter, the company achieved a growth rate of 19-20%, significantly outpacing market leaders who recorded only 5%. Looking ahead, management is targeting a YoY growth of 15-20% for FY25, with expectations of margin improvement starting in the third quarter.

Store Expansion: The company has already opened 5-6 new stores in the second quarter and aims to add a total of 20 stores during FY25, with an equal split of 10 stores in the first half and 10 in the second half. Most of these new stores will be operated under a franchise model.

Brand Performance: The UCB brand has increased its contribution to sales, now accounting for 10% and becoming the second-largest brand in small leather goods at a key channel partner. Additionally, in-house brands collectively contribute around 5-6% to total revenue.

Manufacturing: Currently, the company utilizes contract manufacturing in India and China. It is merging its sister concern, IFF Overseas, which specializes in backpack manufacturing, with a production capacity of 100,000 pieces per month. A new hard luggage manufacturing facility is being established with a capacity of 25-30,000 pieces per month, backed by a total capital expenditure of INR 30 crore.

Working Capital: Working capital days have increased from 88 to 105 due to the addition of new brands. The company aims to achieve an inventory turnover rate of three times or higher.

New Brand Additions: The company has recently added Juicy Couture to its portfolio for women's handbags and is exploring future opportunities for luxury brand licensing.

Focus on the Women's Segment: Currently, the women's segment contributes only 5-6% of total sales. The company plans to launch UCB and Benetton handbags while the acquisition of Juicy Couture is expected to enhance its women's handbag offerings.

Market Opportunity: The overall market size is estimated at approximately INR 35,000 crore, with only 20-25% being organized. There is significant growth potential in Delhi NCR, Mumbai, and South India for future store expansions.

Margins: E-commerce channels are yielding better margins compared to offline sales. Franchisee-operated stores are targeting margins of 10-12%, while company-owned stores aim for higher margins of 13-15% at the retail level.

Challenges: Consumer sentiment has recently been muted, resulting in negative same-store sales growth compared to last year. However, management expects an improvement starting in October, coinciding with the festive and wedding seasons, which typically drive higher sales.

Outlook: The company is targeting 15-20% YoY revenue growth for FY25, driven by new brand additions, store expansions, and expected improvement in consumer sentiment while focusing on expanding its women's handbag portfolio and potentially entering the luxury segment in the future.

BSL Ltd
CMP: INR 214 | Market Cap: INR 2.225 Bn

The company has 3 segments: suiting, yarn, and furnishing

They have a contract with Ikea for furnishing, and the business makes them INR 100 Cr of revenue. Ikea has been a large revenue contributor for the last 10 years, but it has been stagnant for the past 2-3 years. There is a small share of Ikea sales that also happen domestically- booked in INR.

Cotton yarn foray was started in April last year, and the business is expecting good sequential growth. However, they have been into yarn exports from the very beginning. They spend INR 150 Cr on the cotton yarn plant when yarn margins were at their peak. They then went through a dip and are now in recovery, expected to improve by Q3-Q4. Q4-Q1 should follow with more profitability in the cotton yarn business.

The company has faced a drastic increase in WC due to the cotton yarn business (that is an industry requirement)

All units are running at full capacity right now

Guidance: INR 800cr revenue by FY26 with 12% EBITDA, this year they target INR 700cr with 10% EBITDA.

There is no major capex plan this year, and they are in the process of finalizing capex for the next year.

Debt repayment will be INR 20-25cr from next year onward. The current cash balance is good and the debt position is comfortable.

The current yarn spread is 8-10%, and is expected to improve in Q3 onward.

Other than Ikea, they have many other partnerships under consideration, but they will take time to get off the ground as the process is cumbersome.

They are working on moving toward more profitable markets

Domestic business is about 25% of revenues and was previously not doing well, but since then the margins have improved 2-3x.

The company expects consistent bottom line improvement hereon

They usually manufacture 20s and 30s yarn, and are now looking for 36s-40s. 4 machines out of the current 60 machines will be dedicated toward the 40-count thread.

Capital Small Finance Bank Ltd.
CMP: INR 303 | Market Cap: INR 13.64 Bn

Guidance:

- The Management expects 22-24% YoY growth of Advances growth for FY25.
- The Management is focusing on increasing the Non-Interest Income of the bank in the future as they feel it has significant room to grow as their banking Peers generate higher Non-interest incomes.
- Q3 & Q4 will see more branch addition in FY25, and reflect in business in FY26.
- The Bank is looking to achieve up to 200 branches branch count by FY25 end and add 30-40 branches each year in future.
- Cost to Income ratios are expected to remain at the same level for current year and FY26 as well.
- Cost of Deposits/Funds to be between 5.5-6%.
- NIM expansion will be a result of book expansion and Yield expansion.

Key Highlights

- The Bank has 94.5% of their Deposits coming from Retail segment.
- Their 39.5% of deposits is from CASA despite Savings interest rate at 3%, and historically have never paid more than 3.5% on Savings Accounts.
- The Management says they have generally had 38% of CASA and 62% of Liability Deposits.
- The Bank focuses on the middle income class with earnings of INR 5 lakh to 50 lakhs annually.
- For the farmer customers, they look for ideally 3 crops in an year, with minimum 2 crops in a year for any farmer in case of 1 crop failing due to lower prices or weather conditions.
- For the Mortgage and LAB loans, 25% of minimum contribution is required from customers for the bank for credit underwriting of new customers.
- The Bank generally looks for an LTV of 65-75%.
- The Bank saw highest ever quarterly disbursement in Q1FY25 of INR 7.53 bn.
- The Management reiterated their faith in the asset quality as they explained that the Cumulative Write-off throughout their history is less than INR 1 Cr.

- Average ticket size of Savings Account is INR 43K
- 80% is MCLR and 20% is other.
- Type of Levers available for lower Credit Cost is high in the TAM the Bank is targeting.
- Unsecured lending is something which the Management sees as per the availability.
- C/D ratio between 85-90% levels, is what the Management expects.
- ICICI Pru, SBI Life, etc all are the banca partners to take up non-interest Income.
- Key Risk: PSU Bank, NBFC in same segment and Universal Commercial Banks focussing on INR 10-50 lakh income group
- 95% of sourcing is done from Internal Sourcing.
- 15-21 months of break even time duration for a new branch
- SMA 1&2 stood between 4-6% in the recent past quarters.
- Ideally 3 crops preferred, but minimum 2 crops
- Highest Business per branch is 351 Cr while Average Branch business is INR 89 Cr for branches of 5+ years.
- No MFI business, and neither any plans for next 5 Years

Capri Global Capital Ltd
CMP INR 206 | Market Cap INR 16.961 bn

Business Overview

Capri Global Capital Limited has experienced significant growth over the last four years, with its Assets Under Management increasing fourfold to INR 17,500 crores. The company has established a diversified product portfolio that includes MSME loans, housing loans, gold loans, construction finance, and microloans. With a presence in 13 states, CGCL operates 968 branches and employs over 10,000 people.

Focus Segments

The company's focus segments include MSME lending, where it targets underbanked and underserved customers with strong collateral; affordable housing, which aligns with the government's "Housing for All" initiative; and gold loans, tapping into the largely untapped market of household gold.

Growth Strategy

CGCL has entered new segments such as gold loans in 2022 and microloans in 2024. The company is expanding geographically through a contiguous strategy and raised INR 1,440 crores through a rights issue in 2023 to support its expansion efforts.

Technology Initiatives

Technologically, CGCL has developed in-house systems like the Loan Origination System (LOS) and Loan Management System (LMS). It is implementing AI and data analytics to enhance underwriting and collections processes while also launching customer-facing and business partner applications for seamless interactions.

Financial Performance: Financially, the company has returned its NPA levels to pre-COVID figures, with Gross NPA at 2% and Net NPA at 1.1%. It boasts a strong capital adequacy ratio of 32% at CGHFL and 25% at CGCL, with a target Return on Equity (ROE) of 15% by FY27.

Co-lending Partnerships: CGCL has established co-lending partnerships with eight banks, primarily public sector and some private banks, with 16% of its AUM under co-lending. The aim is to increase this to 25%, benefiting from high ROE accretive business yielding 25-30% Return on Assets (ROA) on the pooled funds.

Gold Loan Business: In its gold loan business, CGCL is rapidly expanding, having established 750 exclusive gold loan branches. The company emphasizes superior customer service and technology-driven processes, with 60% of its business currently coming from repeat customers, indicating strong customer loyalty.

Outlook: Looking ahead, CGCL aims for 35-40% AUM growth over the next 2-4 years, targeting to surpass INR 30,000 crores in AUM by FY27. The company plans to enhance margins through high-yield segments such as gold loans and microloans while focusing on cross-selling to its existing customer base of 600,000 accounts.

Choice International Ltd
CMP INR 451 | Market Cap INR 89.89bn

Guidance:*

- On the question of demerger, the Management said that the strategy is to build each business of significant size, then they will think of long terms plans on that path.
- The Company aims to achieve revenues of INR 15-20 bn from current INR 7 bn over the next 3 years time, i.e, a 35% annual revenue growth.
- Insurance Distribution segment is expected to grow north of 100% for the current year as per the Management.

Key Highlights:

Business Brief:

- Choice International has mainly 4 segments: Stock Broking, Wealth Products Distribution, Insurance Distribution and Fixed Income Investments Distribution (the NBFC).
- The Stock Broking and Distribution business contributed 60% of the business mix.
- Among the Retail & the Institutional business, the Retail contributed 90% of the income while the Institutional broking is below 10%.
- The NBFC lends to MSMEs in the Tier 3, 4 & 5th towns across India for their small business needs of smaller ticket sizes of around INR 5-10 lakh. It contributes around 10% of the revenue.
- The Company also does advisory where they do consultancy for various government agencies on the engineering consulting activity.
- The Company also has SEBI registered Investment Banking Licenses. Last year they were Lead bankers for several IPOs and fund raising including 1 Main Board IPO and 4 more SME IPOs.
- In FY24, the Company reported EBITDA of INR 2.28 bn and PAT of INR 1.31 bn.
- Post March 2024 earnings, the Company did a Fund Raising as well, issuing share warrants of INR 6.94 bn. Of these, INR 6 bn was issued to New shareholders and INR 0.94 bn was issued to the Promoters themselves.

Business updates and Key Highlights:

- They have 890,000 number of retail customers in the Stock Broking business, with 205,000 active customers as per NSE client data. The STock broking AUM is INR 410 bn.
- Their Wealth products AUM stood at around INR 8.78 bn.
- Insurance premium on a quarter on quarter basis generated a premium of around INR 0.47 - 0.50 bn on a quarterly basis, as in Q1FY25 they processed roughly 27,000 insurance policies.
- In the NBFC segment, they have a total Loan book of INR 4.53 bn as of June 2024, of which Retail Loan book was INR 2.86 bn. They have more than 52% of the number of customers who are below 35 years of age, within 36 - 45 years of age around 21% and the rest are above 45 year of age.
- 68% of their Customers in the Broking division are from the Tier 3 and below regions.
- Broking segment revenue has grown by 57% YoY to INR 1.30 bn
- The Company has an in house IT Team of 175 IT experts who have made the Choice Phoenix super app with 1.49 million downloads.
- Of the INR 8.78 bn of Mutual Fund distribution AUM, INR 1.56 bn is of other products, and INR 7.22 bn of Mutual Funds.
- Progressive SIP book saw a growth of 48% YoY.

CIE Automotive India Ltd

CMP: INR 549 | Mcap: INR 208.27 bn

CIE Automotive aims for a 5-7% growth rate in India, targeting higher industry growth of 17-18%. In Europe, the company plans to capitalize on strong demand by continuing to invest in capacity expansion, particularly in iron casting and new gear plants. A projected capital expenditure of INR 5000 Mn is earmarked for growth, with INR 2500 Mn allocated for pure growth initiatives. **We have buy rating on the stock with the TP INR 698 per share.**

CIE has consistently maintained a minimum profitability margin of 9% in Europe.

Geography: With a strong footprint in India (INR 90,000 Mn) and Europe (INR 30,000 cr), CIE Automotive has a diversified portfolio. ~50% of its revenue comes from 4W, with an additional 12-18% from tractors and a presence in non-automotive sectors. Key customers include M&M and Maruti, with the latter accounting for about 55-56% of business.

Growth Segments: The company’s growth strategy emphasizes exports, particularly in forging, gear manufacturing, and iron casting. CIE is well-positioned in the EV market, where it is strategically aligned with strong players like M&M. The current penetration of ICE vehicles remains significant, providing a solid order book.

Forging and Aluminum Opportunities: CIE's forging segment is strong, accounting for ~80% of its operations, particularly with Caterpillar. The aluminum segment is also promising, with 80% focused on high-pressure die casting. The electrification of vehicles is a key trend, driving demand for components essential for EV performance.

CIE Automotive adheres to best engineering practices, especially in layout and process optimization in the automotive sector. The management model is focused on being a reliable supplier while balancing growth and profitability. The company has seen increased responsiveness to RFQs, indicating a strong alignment with market needs.

Competitive Landscape

CIE faces competition in the aluminum sector, notably from Sundaram Clayton and few more auto ancillary in Aluminium like Sansera in 2w, and Minda. However, its strategic investments and strong customer relationships position it well for sustained success in both domestic and international markets.

Cineline India Ltd

CMP: INR 119 | Mcap: INR 4.09 bn | View: Positive

Industry has confidence that box office revenues will rise by FY26, driven by a backlog of pent-up content. A substantial increase in box office performance is anticipated by FY27, with plans to achieve 300 operational screens by Q1 or Q2 FY27.

•Ongoing discussions with potential buyers suggest increased support from promoters. Capital will be infused into cinema operations through an interest-free loan, backed by management. Recent film re-releases have exceeded expectations, showcasing impressive box office performance, especially compared to earlier releases.

•High competition: Today's consumers seek higher quality experiences at competitive prices. To meet these expectations, partnerships with UFO Moviz and other industry leaders have been established to ensure professional and competitive services.

•Good growth in Hotel segments: The hotel segment has shifted to a non-core asset strategy since FY22, creating significant value. There is optimism about opportunities in online casinos and other ventures that could enhance the overall value proposition.

•Expansion plan of studio: Positive outcomes are expected from streaming and collaborations with major studios, with four major studios planning releases by FY27.

•New screen expansion on card: The theatrical landscape remains exceptional, with fit-out agreements for new screens already in progress.

•Traction in cloud kitchen: The cloud kitchen initiative is also moving forward, building a brand for food delivery services while negotiating partnerships for platform listings, all without incurring additional capital expenditures.

•Screen capex: Financial projections indicate an EBITDA of INR 70-75 lakh per screen. Currently, 300 screens are tied up, with approval for an additional 150 screens. The operational plan aims to open at least 30 new screens annually, with a reasonable capital expenditure of INR 900 Mn each year. With effective management, revenue returns are expected within four years.

•Strong food business: Operational costs have remained low, while food income has significantly increased, contributing to a healthy EBITDA margin. The planning for operational costs is based on the improved performance observed in recent years.

•Overall, the cinema business is poised for growth, led by new players and significant foot traffic in upcoming malls. This vibrant market landscape offers the opportunity to deliver exceptional experiences and maximize potential.

Crest Ventures Ltd
CMP: INR 537 | Mcap: INR 15.26 Bn

Crest Ventures Ltd is a diversified business group in India with a 30-year track record, focusing on real estate, financial services, and investments. The company follows an asset-light model, primarily involved in real estate development through joint development agreements (JDAs) and project management contracts.

The company has transformed its focus towards high-value, iconic real estate projects in prime locations, primarily in major cities like Mumbai, Chennai, and Raipur. The company avoids long-gestation projects, aiming for quicker execution and returns. Its approach prioritizes leveraging joint ventures and project management, keeping debt low and focusing on strategic investments with strong ROE and ROC.

Notable projects -

- Palladium Mall, Chennai: A flagship project, with a half-million square feet of commercial office space, offering significant rental income.

- Crest Park, Jaipur: A premium residential development with expected completion by 2025-26.

- Crest Pantheon, Dada: Acquired through the NCLT, this 300,000 sq. ft. project has high projected IRR and will kick off in 2025-26.

- Raipur Township: A large township project, already 30 acres delivered, commanding top prices in Raipur.

Crest Ventures has a strong financial position, boasting over INR 1,100 crore in net worth. The company has consistently monetized assets, including its partial sale of a mall, and continues to maintain a healthy balance sheet by focusing on strategic, short-gestation projects.

Key Focus Areas:

- Premium Real Estate: Focus on central locations and high-end residential projects with boutique commercial components, ensuring rapid sales velocity.

- Revenue Generation: Targeting over 20% EBITDA margins in premium projects, and consistent cash flows starting from 2025-26, driven by project completions and rental income.

- Asset-Light Strategy: Crest Ventures avoids land banking, focusing instead on project partnerships with minimal debt, ensuring flexibility and low financial risk.

Future Outlook:

The company has positioned itself to deliver strong ROE, targeting a north-of-15% ROE from FY26 onwards. It continues to explore new opportunities in asset-light real estate developments, with upcoming projects in Mumbai, Chennai, and Raipur set to fuel growth in the next 5-7 years.

D B Corp Ltd
CMP: INR 337 | Market Cap: INR 60.03 bn | TTM EPS: INR 26.1

They are one of the largest newspapers in India with 30 radio stations besides print (present in same markets as their print media), they also have an app in Hindi, Gujrati, and Marathi. They are mainly present in smaller cities because an easier lifestyle allows for more newspaper consumption.

They have delivered a bottom line CAGR of 45% over the last 3-4 years.

Revenue by print is 93-94%, and contributes to 95-96% of bottom line. The digital would be larger going forward over the next 1-2 years, and are seeing major green shoots. The subscription model is doing well, with good results.

The digital business is doing exceedingly well, and is a key focus area as an add on business.

Digital business: Is present via mobile app, and not on the web. Monthly Active Users (MAUs) have increased sharply to 20mn monthly and 5-6mn daily, as they put out clean and plain content without advertising, and have also incorporated a subscription led digital business model with paywall. Meter walls are also being applied (readers need to pay to watch more stores post a certain limit)- launched 8 months back, and the results have been promising. Though the implementation of this model causes a decline in MAUs across the industry, the company has witnessed the opposite effect. Investments in digital properties is almost over now.

They have a google tie up, but no facebook tie up yet as the discussion is on. Google pays INR 50cr per year for story sharing with them.

They are not on the web because data collection is harder vs on the app where it is easy to collect granular data about consumer preferences

Print business: They have 40-41mn copies in circulation, and expect a 3-4% increase by the end of the year.

They are a key leader in Rajasthan and are #2 in Gujarat. They have a 70% market share in Madhya Pradesh and Chhattisgarh.

The company has recently onborded Salman Khan as a brand ambassador.

Newsprint prices: There has now been a change in spot prices- a slight increase due to red sea disturbances. Now ships are travelling 2-3k miles extra to reach India, and freight and insurance cost has gone up by 3-4%.

Advertising revenue is rebounding given the festive season.

Avg pages per newspaper are 22 in Q1 and Q2, in Q3 it should go up to 23-25 pages.

They have a significant amount of cash in hand, and they have tried for acquisitions, but it is not easy in print industry. They plan to maintain their dividend payout policy at 55-60%.

Newspapers in India is a fraction of the price of the US.

DC Infotech & Communication Ltd

CMP- INR 344 M.Cap- INR 4.64 bn

Business Segments: The company generates 50% of its revenue from networking solutions, 25% from unified communication (UC) solutions, and 25% from security solutions.

Product vs Services Mix

The 75-80% of the company's revenue comes from products, while software and services account for 20-25%, with plans to adjust the mix to 75% products and 25% services in the next few years.

Margins

Product margins are lower due to competition, while services achieve double-digit margins; the company is focused on enhancing overall profitability by expanding its services business.

Growth Strategy

- The company's growth strategy focuses on expanding its product and service offerings, especially in high-margin areas like secured access and SaaS cloud security, while pursuing geographical expansion in India and internationally.

- It aims for profitable growth and operational efficiencies, targeting key growth areas such as the cybersecurity market, expected to reach $691.64 bn by 2032, as well as opportunities from the Digital India initiative, data centers, Global Capability Centers (GCCs), and the rising demand driven by 5G, AI, and cloud adoption.

Competitive Advantage

- Unique blend of networking, UC, and security solutions
- Strong relationships with 12+ leading vendors
- Experienced team and low attrition rate

Recent Achievements

- Won DT Partner Excellence Award 2024 as fastest growing enterprise solution provider in India
- Recognized among 500 fastest growing companies in Asia by FT Hong Kong
- Financial Highlights:
- Current order book of 80-90 crores to be executed in next couple of months
- Working capital cycle of 60-90 days
- Average project size around 1 Cr.

Future Outlook

- Expect to maintain strong growth trajectory, though percentage growth may moderate from historical 40% CAGR
- Security and UC solutions seen as key growth drivers
- Exploring opportunities in AI, data centers, and GCCs

International Expansion

- Initial focus on Asia Pacific region
- Planning to export services leveraging India's talent pool
- May consider product exports to support solution delivery

- The management emphasizes their focus on transitioning from a volume-based to a value-based business model, with particular emphasis on growing their higher-margin services business while maintaining strong product sales growth.

DEE Development Engineers Ltd

CMP: INR 282 | Market Cap: INR 19.4 Bn | Promoter: 70.18%

Key Highlights of the call:

Company operates in process piping solutions. Offerings include Piping spools, Modular piping, induction pipe bends, industrial pipe fittings, industrial stacks, wind turbine tower and pressure vessels.Company operates in Oil & Gas and power sector. Products like Modular piping skids are having strong traction, 90% of the manufacturing is completed at the factory and the product is just assembled at the destination.

The Government has announced 80 gigawatt of thermal energy to come up in the future which will lead to tremendous amount of demand for the products of Dee Development. The critical process equipment required will be supplied only by BHEL, L&T and Dee.

The opportunity available is huge.Global process piping market stands at USD 39.2 Bn which will grow at 4.8% till 2030. India market is at INR 250 Bn which will grow at 6% till 2030. This market size does not include 80 GW segment.BHEL already has 2.4 GW of orders.

Company should see inquiries from Q4 onwards and execution from Q1FY26 (12 month execution time)The orderbook is healthy at around INR 10 Bn.

Company has received a large order from Dow chemicals (USA entity) worth INR 3.4 Bn. 50% of the orderbook is exportsDow Chemical order is Job work only. Materials will be provided by the company. Current capacity is ~103,500 tonnes but company has added capacity in 2 phases to take the total capacity to 112,500 tonnes.

2nd phase facility will start by 15th November.50% of the RM for all orders is imported. Inventory days increased as the company stored inventory before starting the distribution from Anjar plant. It takes 10 days bring RM from port and deliver back to port (total 20 days) so that should be considered when counting inventory days. Going forward, inventory days will be between 4-6 months.

Outlook: Company expects margin expansion with Anjar plant coming in. Current gross debt at INR 2 Bn. Margins for Dow order will be higher. Power and Oil & Gas segment looks good according to the company for next 5-7 years. No guidance given. At CMP, company trades 22.9x TTM EV/EBITDA

Deep Industries Ltd

CMP: INR 454 | Mcap: INR 28.98 bn

Deep Industries Ltd has been in the oil and gas support service business for over 30 years. They provide various support services to almost all producers and cover 70% of the post-gas extraction value chain.

It is the only company in this industry to be listed with a negligible debt-equity ratio, making it almost net debt-free. The company consistently delivers EBITDA margins above 40% and has maintained PAT margins of over 22% for the past 10-12 years.

Recently, Deep Industries has shifted focus toward value-added services, benefiting both customers and the company.

The acquisition of Dolphin has the potential to generate $15,000 in daily revenue. For FY25, Dolphin is expected to contribute approximately INR 700-800 million to the topline. On an annualized basis, this contribution is expected to rise to INR 1.5-2 billion in FY26, with a 55% EBITDA margin. The company aims for 30-35% growth over the next three years.

Additionally, the company has secured a new order from ONGC worth INR 14 billion. This amount was calculated based on gas prices, which are currently at $11-11.5—about 30% higher than the initial estimate. The company does not foresee any downside risk in this deal.

A significant portion of revenue is expected to come from incremental production that the company will achieve. Entire infrastructure is already ready, with wells drilled and interconnected. They now need to enhance this infrastructure to increase production, with plans to dig new wells.

The company has been familiar with the field it recently acquired since 2006 and strategically chose it due to their confidence in producing incremental quantities. It is a mature field that has already produced more than 17 MMT of gas. ONGC's focus will shift to new discoveries, and by outsourcing this field to Deep Industries, they can save on manpower and O&M costs.

The company expects the barge contract to commence in October or November.

Deep Industries guides that overall demand is growing exponentially, and value-added services are the future. The government’s push to increase natural gas production is also benefiting the company.

For FY25, Deep Industries has guided a topline of INR 5.7-5.8 billion, including Dolphin, with margins expected to remain stable with a slight improvement. 42-43% of EBITDA will include other income. Revenue from the production enhancement contract is expected to start coming in next year, rather than this year.

The company also has a subsidiary in Dubai but is primarily focused on catering to opportunities in India. They currently operate in Egypt and are planning to expand in the Middle East, including Oman. In marine operations, they plan to enter the offshore market.

Deep Industries is also looking to acquire companies under liquidation or stress at 15-20% of their valuation.

The company plans to add more assets, such as anchor-handling tugs and platform support vessels, but has no immediate plans to invest in barges. The high receivables reported are primarily due to Dolphin, which brought in INR 1.4 billion in old receivables, currently under negotiation. Dolphin was under liquidation, leading to these high receivables.

Dev Information Technology Ltd

CMP- INR 146 M.Cap- INR 3.28 bn

Outlook: The company is an IT company based in Gujarat, established in 1997. It has expanded over 27 years, both in terms of geography and services, with revenue exceeding INR 160 crore and more than 1,000 employees, including 25-28% women. The company has completed over 1,800 projects worldwide, with a strong focus on client and employee retention. They have Long-standing partnerships with Microsoft, AWS, and Adobe

Service Offerings:

- Cloud services, especially Microsoft Azure and AWS.
- Automation through machine learning, AI, and blockchain technologies.
- Data services, including analytics and cloud storage solutions.
- End-to-end IT services, ranging from consulting to managing IT networks

Acquisitions: Devit has pursued both organic and inorganic growth. In 2010, it acquired Bike Technosis, and in 2012, it expanded to North America by acquiring a Canadian IT service provider. Recent acquisitions include Dev Consultancy in 2022 to bolster their Microsoft enterprise solutions.

Devit aims to grow internationally, with a focus on markets in North America, Europe, and Australia. They are targeting increased profitability with a projected revenue of INR 225 crore in the next three years. Emphasis on AI, machine learning, data-driven services, cybersecurity, and IoT.

A focus on acquiring companies to strengthen their geographical presence and expand service offerings.

They actively contribute to environmental sustainability and CSR, focusing on reducing carbon footprints and supporting local ecosystems.

DevX Accelerator: In 2017, Devit launched DevX, a startup accelerator and managed co-working space, which has grown to become a major player in the co-working space, valued at INR300 crore.

Recently Dev IT diluted 4% equity of DevX for investor funding while maintaining a 23% stake, resulting in significant profits for Devit

They plan further acquisitions, with an expected requirement of INR 50 crore for growth and acquisitions, to be funded through profits, preferential shares, and further investments.

Dhruv Consultancy Services Ltd
CMP INR 128 | Market Cap INR 2.03 bn

- Company got listed on BSE SME platform in 2018 and migrated to main board after 3 years and got listed on both NSE and BSE. Company has double its order book from INR 1000-1200 Mn before listing to INR 3500 unexecuted order book as of today. Currently, 100% of the order book is from the Indian market.
- Company has puts bids for government, private works as well as in international market. Company will be more focused on Maharashtra this year as it sees more opportunity.
- Today company has a pan-India presence in 25 states and 3 union territories.
- Company recently got international assignment in Mozambique, worth $4 lakh, for identifying black spots on roads and helping with bid process management and supervision.
- Company has submitted bids of INR 6000-6500 Mn which includes bids for international projects worth INR 1400 Mn across 17-18 countries.
- For international projects, Company is bidding with a minimum EBITDA margin of 35%.
- Traditionally 30-35% of company's revenue in recorded H1 and 65-70% in H2. Q1FY25 revenue stood INR 200 Mn. The management expects Q2 to be much better.
- Company expects Q2FY25 to be good quarter due to strong order book.
- The company recently got empaneled in Philippines for some DPR work and will now submit financial bid for this work in Philippines.
- Company's international target countries includes African nations like Zambia, Mozambique, Ghana, Ethiopia, and Asian countries like Philippines, Vietnam, Cambodia, Nepal, Bangladesh, Bhutan.
- Company is trying hard to enter in middle east on private business but don't have any assignment till now.
- Order book split: 20% is DPR, 70% is supervision work, 10% is others (safety consultancy, private sector work, etc).
- Company targets 25% EBITDA margins this year, up from 17-18% last year. Key reason of increase in EBITDA is attributed to higher technical score of 93 for last 2 years, higher ticket size projects, reduce in finance cost due to recent preferential issue and adding more equipment bank.
- The company is expecting to become debt-free in the next 15-20 days.
- Company expects order book to get doubled by FY25 or latest by May25. It expects to execute about 80% of their order book in the first 2-3 years.
- Company has maintained strike rate of 18-19% and this financial year company expects strike rate to reach 25%.
- 80% of the equipments are owned by the company and 20% is on case to case basis. (rented/outsourced).
- Company is buying new equipment from international manufacturers to increase in-house capabilities to 90%.
- Company has a total employee strength of 400 of which only 70-80 employees are permanent which includes 40 qualified engineers and 40 support staff, rest are on contract basis. Attrition rate for employees is low at 3-4%.
- Company's working capital cycle is 90-120 days.

Dilip Buildcon Ltd

CMP: INR 532 | Market Cap: INR 77.772 bn

- Dilip Buildcon is an infrastructure company based in Bhopal, Madhya Pradesh. They primarily focus on road construction but have expanded into other areas like tunnels, bridges, metros, airports, dams, water supply projects, and mining. The company operates across 18-19 states in India.
- The company's core strengths include completing projects ahead of time using its equipment and workforce. This capability sets it apart in a sector often marked by delays.
- The COVID-19 pandemic severely impacted DBL due to delays in projects and rising commodity costs, which increased expenses by about 50%.
- DBL is diversifying its revenue streams by focusing on projects that offer long-term cash flow visibility. The two primary segments are its InvIT and coal mining businesses. These long-term projects provide cash flow certainty for the next 15-55 years, making DBL less reliant on short-term EPC (Engineering, Procurement, and Construction) projects.
- The company plans to become debt-free within the next 2-3 years on a standalone basis. They started reducing expenditure to INR 1,000 Mn as part of its debt-reduction strategy, which used to be INR 5,000 Mn per year.
- DBL is setting up an Infrastructure Investment Trust (InvIT) in collaboration with Alpha Alternatives. DBL will transfer 18 HAM (Hybrid Annuity Model) assets to this InvIT. They expect to receive around 4,000 crores in InvIT units and INR 15,000 Mn in cash, translating to an annual cash yield of INR 4,500 Mn at an 11% return rate.
- They have two major Mine Developer and Operator (MDO) contracts. One will reach peak production this year, while the second will take about four years to ramp up. These contracts offer long-term revenue visibility for 25-55 years. The coal projects are expected to generate approximately INR 35,000-40,000 Mn in revenue per year.
- The company aims to achieve 20% ROE and improve its DE ratio by reducing debt and focusing on long-term assets.
- DBL is targeting INR 150,000 Mn worth of new orders for the year across its various infrastructure segments.
- The delay in government payments, particularly from the Jal Jeevan Mission (JJM), has impacted working capital but is expected to normalize by year-end.
- DBL's partnership with Alpha Alternatives in the InvIT space is designed to provide long-term cash flow stability. Alpha will own 26% of the InvIT, while DBL will retain 74%. The partnership aims to manage and grow the assets effectively, offering DBL steady cash yields.
- DBL anticipates a top-line revenue of around INR 110,000-115,000 Mn in the next three years, with strong cash flows from long-term assets such as coal and InvIT expected to exceed INR 10,000 Mn annually.
- The company expects EBITDA margins of around 11-12% due to stabilized commodity prices, with key exposure to diesel, steel, cement, and bitumen.
- For coal MDO projects: In Jharkhand (Pachhwara), they have a partner handling equipment, making it debt-free for DBL. In Odisha (CRML), they have an INR 21,000-22,000 Mn debt approval for equipment and infrastructure over 5 years.
- ~INR 15,000 Mn will be spent on equipment, with additional funds earmarked for a coal handling plant. This capex is spread over the next 3-4 years, and DBL expects minimal impact on its balance sheet since these investments are tied to SPVs.
- Despite challenges posed by delayed payments and government project timelines, DBL is optimistic about achieving its revenue targets for FY25 and FY26. Their long-term strategy is centered on reducing reliance on volatile EPC contracts and focusing on predictable, long-term businesses like coal and InvIT.

Dodla Dairy Ltd
CMP INR 1,232 | Market Cap INR 74.56 bn

Milk procurement has remained stable and has maintained pricing with no major changes going into the flush season. Going ahead this year they expect some slight shrinkage in milk volume, but the existing stock of ghee and SMP in the system will compensate for this.

The regular margin range is between high single to early double digits.
They had taken a slight price cut previously though it was majorly a marketing ploy. The company plays with volumes to adjust pricing.

The company has an INR 4-5 per liter difference in selling price with other co-ops.
Current VAP categories under development: Ghee, paneer, ice cream, and flavored milk
Higher VAP prices can push margins by 1-2% but milk prices also tend to go up to compensate for this.

They have always been net buyers of SMP as they purchased in line with their excess requirements, but have now started moving toward becoming net producers of SMP.

During the flush season, prices of milk are down due to higher milk availability (more free fodder available because of the rain).

Curd margins are almost 2x milk margin- currently are about 14% (vs 7% for milk), with almost equal ROCEs (due to high turn).

The ice cream business is still small- around INR 40-50cr, and they are pushing this segment harder. It needs cold chains and freezers so setting up the infrastructure is taking time, but this will have traction in the long run.

However, it is very seasonal as 3-4 months of summer dictate the whole year's sales.
They have 2-3 tonnes of paneer sale per day.

The company targets 15% top-line growth and high single to early double-digit margins this year.
SMP prices are expected to remain the same with maybe a slight uptick over the next 3 months by 5-10% because of Diwali demand.

They had initially entered Africa because the margins were great (around an 18-19% margin with 100% ROCE), also the company already had the bandwidth in Dairy.

Dollar Industries Ltd
CMP INR 511 | Market Cap INR 28.92 bn

They recently transitioned to SAP Hana, the latest ARP system. Last quarter faced some integration issues which caused lower sales

There is no more capex post September of this year.

Cash conversion cycle is currently 159 days, targeted to come down to 125 by FY26.

Cotton prices are stable at INR 58,000-60,000 per candy, and are expected to remain in this range for the next 1-2 years.

They experience some pushback from distributors when they enter new states are they are skeptical to share their data, and their involvement also shifts bargaining power to company, away from the distributors and reduces their role to serving retailers which entails more work.

31% of sales come from Project Lakshya

1 plant is being set up in west Bengal hosiery park. Revenue addition from this plant will come in FY26, along with operational efficiencies from the new warehouse.

EBO plan: They currently have 17. But ASPs are low, and the EBO business is not profitable as a whole (some EBOs are profitable).

They have already signed agreements with Zepto and have dispatched the first round with Swiggy Instamart. They plan to further do business with big basket and Blinkit, as well as Flipkart and Amazon quick commerce when they get launched

Ecommerce is 3% of total sales

Advertising and marketing expenses over the past 2 years have been INR 100-105cr, and will stay at this level for the next couple of years.

Emerald Finance Ltd
CMP INR 72.6 | Market Cap INR 2.32 bn

Emerald Finance works as a direct selling agent for more than 40 institutions like HDFC, ICICI, Axis. They operate in gold loans, loan against property, home loans and personal loans.

They work on a fee basis.The other segment is earned wage access, which is a credit facility given against an individual's salary. The loan availed is directly deducted from the salary of the employee. No interest is charged on these loans other than disbursement fees.

The company also has their own tech platform for earned wage access and have tied up with 23 corporates as of today.

They target to have 50 partners by January'25, 250 in mid term while long term aspiration is 1000.The company also provides mid to large ticket sized business loans catering the retail and MSME segment. These loans are unsecured. The ticket size ranges from INR 50 lakhs to 2cr. Delinquencies in this segment is negligible.

EWA: All the loans are booked on the company's books and they do not co-lend in this segment. The technology platform of this facility can handle upto 20,000 transactions/second.

The adaption of EWA is fairly new in India thus the ramp up in customer acquisition is expected to be gradual in FY25. EWA loan is available upto 40% of salary.

The average ticket size ranges between INR 18,000-20,000. Out of the total employees, 10-15% avail these loans.

As of FY24, 50% of total income comes from fees charged while the other 50% comes from the other two segments.

EMS Ltd

CMP: INR 761| Mcap: INR 42.25 bn

EMS Ltd is EPC company that initially executed EPC projects for larger companies in the water sector. As the company developed its capabilities, it began independently participating in government tenders.

Business Segments: Water Sector (70% of revenue): The company operates in three main verticals within the water sector—domestic waste, drinking water supply, and industrial waste management. EMS Ltd provides end-to-end solutions across all three areas. All of its clients are government bodies, with no involvement in the private sector.

Other Sectors (30% of revenue): These include power and distribution, civil and building work, and road projects.

Strategic ApproachEMS Ltd avoids projects funded solely by state governments due to payment delays. It prefers projects funded by international agencies or the central government, which come with favorable terms, price escalation benefits, and other advantages. Projects are often subject to delays caused by elections, festivals, and other disruptions. The company has also completed several projects that larger firms were unable to finish due to the complexity of the work involved.

Competitive EdgeEMS Ltd's primary strengths lie in its engineering capabilities and skilled manpower. The company's projects typically take around three years to complete, during which time government agencies retain 10-15% of the project value as retention money.

EMS Ltd recently raised INR 4 billion to support its working capital needs. The company's margins, which stand at 25-26%, are higher than the industry average, largely due to its careful project selection and engineering capabilities. EMS Ltd has guided for a revenue growth of 25-30%. The typical ticket size for water projects ranges from INR 1 billion to INR 5 billion. Government estimates place the per capita cost of providing drinking and sanitation water at approximately INR 30,000.Water projects have a typical lifespan of 25 years, after which they generally require upgradation or rehabilitation.

Recent DevelopmentsEMS Ltd has formed a company called 'Brijbihari' to acquire land through the NCLT process.

EMS will own 75% of this land, and the company has clarified that it does not plan to diversify into the paper pulp manufacturing business.The company recently emerged as the lowest bidder (L1) for a project in Kolkata, valued at INR 7 billion. EMS Ltd's current order book stands at INR 24 billion, with a building project worth INR 1.75 billion and a power distribution project worth INR 1.5 billion. The rest of the order book is related to the water sector.

eMudhra Ltd

CMP: INR 857 | Mcap: INR 66.884 bn

Business Segments and Key Products

eMudhra Limited operates in two primary segments: digital trust services, offering digital signatures and SSL certificates, and enterprise solutions focused on cybersecurity and digital transformation products. Its key products include identity and authentication management solutions, digital signature platforms like M-Signer, and certificate lifecycle management tools. Competing with global players such as DocuSign and Adobe, the company is positioning itself as a strong player in the cybersecurity and digital transformation space.

Revenue Guidance and Expansion Plans

The company has experienced strong growth, with projected revenues of INR 480-500 crore for the current year and an expected annual growth rate of 30-35%. Currently, 45% of its revenue comes from India and 55% from international markets, including the Middle East, USA, and Far East. The company is focused on expanding into Europe and strengthening its presence in Africa and the Middle East to sustain long-term growth.

Innovation and Market Strategy

To stay ahead in the competitive landscape, the company is developing new products in advanced areas such as post-quantum cryptography, fully homomorphic encryption, and mobile PKI. It is also transitioning towards an annuity-based revenue model, with 70-75% of its revenue now subscription-based. The company sees significant growth potential globally, particularly in cybersecurity and digital transformation, and differentiates itself with large-scale implementation experience and its "Make in India" advantage for government contracts.

Financial Strength and Competitors

The company remains in a strong cash position and is open to strategic, (EPS) accretive acquisitions. Its key competitors in cybersecurity include Nexus, Entrust, and DigiCert, while in digital transformation, it faces competition from DocuSign and Adobe. Despite recent pricing increases for digital signature certificates, regulatory changes could lead to a decline in volumes. Nonetheless, the company is optimistic about the growing demand for its solutions in global markets.

Outlook: The company expects continued strong growth of 30-35% CAGR driven by increasing demand for cybersecurity and digital transformation solutions globally, with potential margin improvement from higher pricing, though volumes may decline in some segments.

Equitas Small Finance Bank Ltd

CMP: INR 83.4 | Mcap: INR 94.89bn

Guidance:

- The Management expects the Micro Finance industry's excess supply and overleverage to resolve by Q3FY25 before stabilizing.
- The Company will be raising INR 2-2.5 bn of debt issue as the Company is not looking for Equity dilution, but will require some capital for CET 1 ratio balancing.
- The Micro Finance disbursements are down by 50% from what it used to be generally due to the Industry headwinds.
- However, the Management says that they have been able to get good growth in the LAB segment as it is growing by around 50% the rate of the 50% lost growth from the MFI segment.

Key Highlights:

- Equitas Small Finance Bank evolved after the Andhra Micro Finance Crisis of 2010 from being a pure play Micro Finance player to a Small Finance Bank.
- The Small Business Loans segment's average ticket size is of INR 7-8 lakhs and was started around 12 years back.
- The Vehicle Finance business: the Used Commercial Vehicles space is a very high yield space of 22% interest rates with ticket size of INR 8-9 lakhs.
- Against that, the new vehicle finance yields are lower at 13.5% interest rates due to the dealers network and competition from Peers, especially for the Personal Car segments.
- The SFBs deposits are very granular in nature as the deposits branches are around 400 in numbers and originated from urban geographies.
- The SFB will be launching Credit Cards and Forex Cards soon to serve their existing customers. The Management does not intends to push for Loan Book growth from these Products, but rather a service segment with Peer matching services.
- 50% of the Micro Finance Book is from Tamil Nadu, and the Management clearly says that some parts of the region are not doing well in terms of Collection Efficiency.
- The Management says that in Tamil Nadu, the over leverage is at such levels that the Loan per customer is one of the highest in India, apart from multiple sources of leverage.
- The Cost to Income ratio is currently high due to current expenses on New Products, Services, Digital Infrastructure, etc, but the Bank intends to see them come down below 60% in the future.

- The Management says that for 100% of all Small Business Loans are SORP backed as these are owned by families with single business and house.
- The Capital Adequacy requirement decreases from 15% down to 13% around for Universal Banks.
- As the Bank's 85% of the loan book is fixed rate, they anticipate yield compression if RBI reduces rates.
- Gold loan products exist but hasn't scaled well due to operational challenges. Current disbursement is around INR 40-50 crores per month with no major investments planned in this area.
- The Bank isn't looking for branch expansion planned in the next two years, which may see some improvement in Opex to Income ratios.
- The non-MFI book is performing well, with growth and asset quality stable. Vehicle finance shows some slippage, but overall credit costs are manageable (1.44% in Q1FY25).
- The Management is looking to shift from microfinance (aiming for 25% of the book) to diversify the portfolio, with significant reductions over time.
- Regarding the Universal Banking License, the Management says that a 2 year pause before applying for a universal bank license is expected around 2027. Transitioning to a universal bank could enhance risk perception and reduce capital adequacy norms.
- The Management relayed focus on building a loyal customer base to reduce sensitivity to interest rates.

Focus Lighting & Fixtures Ltd
CMP: INR 121 | Mcap: INR 8.12 Bn

Business Segments and Growth: Retail lighting accounts for approximately 50% of the company's revenues, while the home lighting segment is experiencing annual growth of 30-40%. Additionally, the infrastructure and outdoor lighting segments are growing at an impressive rate of 30-50% annually. With these robust performances, the company is targeting an overall annual revenue growth of 15-20%.

New Initiatives: The company is set to launch its trade segment (B2C) products by March 2025, supported by the development of patented sustainable technology tailored for the trade sector. It has also secured worldwide exclusivity for cutting-edge outdoor lighting technology and is actively exploring entry into the US and European markets to expand its global presence.

Manufacturing and Sourcing: The company manages 70% of its manufacturing in-house, while the remaining 30% is outsourced, with outsourced production classified as "trading" in financial statements. It is also investing in new tooling to support the launch of additional product lines.

Margins: The company currently achieves gross margins of 40-45% in retail, 60% in home lighting, and 30-60% in the infrastructure segment. Over the next three years, it aims to reach overall gross margins of 55-60% and net margins of 10-12%.

Working Capital: Receivable days have increased to 140 days, largely due to significant projects in the Middle East and Singapore. However, the company expects to reduce this figure to between 60 and 90 days by the end of FY25.

Order Book: The company has a confirmed order book of INR 33 crore in the infrastructure segment, along with INR 150 crore in visibility across various segments.

Key Focus Areas: The company is focusing on technology and design differentiation to address industry bottlenecks through innovation. It is actively patenting new technologies while also expanding its premium offerings in both the home lighting and infrastructure segments.

Challenges: The railway segment is currently experiencing pricing pressure, while the trade segment will necessitate efforts in brand building and establishing a robust distribution network.

International Business: The Singapore subsidiary is demonstrating strong margins of 47-48%, and the company is actively expanding its presence in the Middle East and Southeast Asia.

Capacity: The company has 40,000 sq ft. of spare capacity available for utilization in the trade and outdoor segments, and currently, no major capital expenditure (capex) is required for expansion.

Outlook: The company expects to maintain 15-20% YoY growth, with plans to enter new segments like trade and outdoor lighting that could drive further growth in the future.

Foods & Inns Ltd

CMP- INR 138 M.Cap- INR 10.10 Bn| Outlook: Positive

Outlook- Management is targeting revenues of INR 17,000-18,000 Mn by FY27, with key drivers being value-added products like spray-dried goods, Tetra Recart packaging, and the frozen food brand, Green Top. Although working capital remains a challenge, it is expected to normalize by FY25, and the company will focus on higher-margin, less capital-intensive segments to improve profitability. Pectin, in particular, is expected to be a game-changer as it provides an import substitution opportunity.

Key Highlights

- Foods & Inn Ltd. is a 50+ year-old company with multiple verticals in the food processing industry. The company's major focus has traditionally been on the mango pulping business, which is now being diversified.
- Mango pulping is the largest revenue generator for the company. Lower availability of the Totapuri variety of mangoes affected processing volumes in FY25.
- The tomato pulping business is growing, with capacity doubling in the last year. It has potential to reach INR 1,500 Mn in revenue. It is less working capital intensive compared to mango, and is a strategic growth area.
- Green Top is the company's brand for ethnic frozen foods, with a focus on both contract manufacturing and retail sales. Currently generating INR 6 Mn per month, targeting INR 10 Mn in monthly sales by March 2025.
- A long-established brand "Kusum Masala" acquired in 2019, focused on the Mumbai region but now expanding to western and northern India. The business saw limited expansion due to COVID-19 but is now poised for further growth.
- Spray drying involves converting fruit and vegetable liquids into powders. The segment has doubled its capacity and shows promising growth due to strong demand, especially from FMCGs and beverage makers.
- The company has started commercial production of pectin, a vegan gelatin, extracted from mango skin, which would otherwise be waste.
- Currently, 90% of India's pectin requirement is imported. The company aims to substitute imports with locally produced pectin. Though there are no pectin orders at the moment, the company has finalized the stabilization of the production process and is ready to start selling.
- The pectin production is undergoing testing and approval by large brands, a process that takes time but is crucial for mass adoption.
- The company also sees potential in producing other products from mango waste, such as vegan leather, cocoa butter, and CBE (Cocoa Butter Equivalent).

Positive Market Outlook: The company anticipates significant growth in the pectin business once approvals are in place, expecting a strong performance by the end of the year.

- "Tetra Recart" a packaging solution for ready-to-eat products with a 2-year shelf life, competing with Swiggy and Zomato in terms of convenience and safety. The company holds exclusive technology rights in India, with plans to scale this segment over the coming years.
- Expansion into consumer brands like Kusum Masala and Green Top is part of a broader strategy to establish a strong presence in the domestic market. Marketing efforts will scale up from FY26.
- The company is a beneficiary of the Indian government's PLI scheme, which will provide financial support for its projects over six years.
- The company operates on long-term contracts that is 15-17 months, resulting in large inventory build-up, which has impacted working capital. The management expects working capital days to normalise by FY25.
- The company has significant short-term debt ~INR 3,800 Mn and long-term debt is being repaid.

Ganesh Green Bharat Ltd

CMP: INR 425 | Market Cap: INR 10.54 bn

Manufacturing and Order Book: It has a strong order book worth INR 3130 Mn. The manufacturing facility in Tundali, Mahesana, currently operates with a capacity of 236 MW. An additional 540 MW capacity is being added which will make 750 MW approx incorporating the latest robotic technology, and is expected to be operational by January 2025.EPC and Services

Provide EPC services for solar power plants, on-grid/off-grid systems, solar water pumping, etc. Electrical contracting services include transmission lines, substations, etc. Water supply projects under government schemes like Har ghar Jal Mission.

Financials and Guidance

Targeting 5000-5500 Mn revenue for FY25-26 with 20% operating margin. Gross margins reduced in FY24 due to start of manufacturing, but operating margins improved. 70% of Revenue came from solar and rest from others.

After plant installation the Per day capacity 2500 to 2800 module production approx. INR 20 Mn production per day.

Strategy: Focus on government and PSU sector projects, now expanding to B2B and B2C segments. Selective in choosing projects based on margins, not just volume. Backward integration into module manufacturing to improve margins and quality control.

Competitive Advantage: In-house manufacturing allows for better margins in EPC projects compared to pure EPC players. Latest technology in module manufacturing (Topcon, HJT supported) gives an edge. Strong focus on quality and customer satisfaction.

Outlook: The company aims to become one of the top 5 solar module manufacturers in India, with a focus on exploring opportunities in the private sector and large-scale projects. Its long-term vision includes potential expansion into solar cell manufacturing, while maintaining consistent profit margins and steady growth. For FY25-26, the company is targeting a revenue of INR 5000-5500 Mn with a 20% operating margin.

Ganesh Housing Corporation Ltd

CMP: INR 836| Mcap: INR 69.72 Bn

- Ganesh housing Ltd is a large real estate player based of Ahmedabad and has delivered ~47 projects.

Project Portfolio

- The company's SEZ Project Phase 1, spanning 1.3 million square feet, has reached 40% completion. Company has delivered Malabar County 3 and Malabar exotica projects recently in affordable segment and other premium residential project are ongoing.
- Company expects to launch one thaltej a commercial project in December. Certain approvals and plannings are going underway. It will be a single commercial project with approximately 2 mn sq ft of development.

Key Highlights

- 40% of the company's bookings and revenue are generated through referrals.
- The company's project pipeline is robust, with plans to develop 31.1 mn square feet over the next 7-10 years. Management expects to generate cash flows of ~ INR 160 bn.
- Company has acquired land much ahead of time, before city develops which allows them to acquire land at very low costs. Their cost of land acquisition remains low as compared to other developers who acquire land just prior to or a few years before launching projects.
- The company did try to expand into other cities and evaluated projects outside of Ahmedabad. However, company found that projects outside Ahmedabad weren't as beneficial or profitable in terms of ROI.
- Management believes being an established local developer, company is well-positioned to be a preferred JV partner for developers looking to enter the Ahmedabad market.
- As per new accounting standard inventory includes projects under construction until the project is completed.
- The company remains focused on the Ahmedabad market, which is well-positioned to sustain its growth trajectory. Company may consider opportunities in GIFT City in the future.
- *The company has guided 30-35% CAGR growth going forward and expects current EBITDA margins to be sustainable.*
- Company currently has a land bank of ~400-500 acres. Company typically holds land for 10-15 years before developing it.
- Company don't have any concrete plans to enter the data center market currently, but they might consider if it aligns with company’s return expectations from land monetization.
- Company sees goods demand in Ahmedabad market and has seen 12% increase in homebuyer in this quarter.
- With strong current cash flow position company does not have any plan to raise debt in near furture.
- Sez complex comprising 64 acre has got both processing as well as non-processing zones.

Garuda Aerospace

Key Highlights

- Garuda Aerospace holds 65% of the agricultural drone market in India, being an OEM player with manufacturing facilities in Chennai and UP. Revenue comes from drone sales, drone parts, training programs, and service contracts.
- Garuda's top-line has seen a massive jump from INR 20 Mn to INR 1,100 Mn with strong PAT margins, ranging from 14% to 23%. EBITDA margin maintaining around 29%, expected to stabilize around 25% by FY26 as the company grows and optimises costs.
- Out of the INR 1,100 Mn revenue ~ INR 800-900 Mn come from the agriculture segment out of which INR 400 -450 Mn come from the sale of drones and the same equivalent amount come from the agri drone services.
- They have been EBITDA and PAT positive for the last three years. The company has raised INR 1,500 Mn so far, with a current valuation of USD 250 Mn. The company plans to go public in the next year.
- Focus on improving crop yield by 30-40% through drone-based spraying of fertilizers and pesticides. The drones are sold to distributors, not directly to farmers.
- The company is expanding into defense, having partnership with Lockheed Martin for high-altitude, long-endurance drones.
- The company also provides services like pipeline inspections and shut-down operations for oil and gas sectors. It has filed over 18 patents and has already received 15 granted patents, including five international patents, covering agriculture, defense, and industrial applications.
- Mahendra Singh Dhoni is an investor and brand ambassador for the company.
- The agriculture drone market is valued at USD 5 Bn annually, and Garuda is addressing both the Indian and international industrial drone markets. Drone adoption in agriculture is low, but expected to grow due to precision farming needs. Currently, 40% of components like batteries and chips are imported, but the company is working towards reducing this dependency through local manufacturing.
- The cost of agricultural drones ranges from INR 0.5 to INR 0.7 Mn.
- The company has trained more than 2,000 aerospace students across India, offering a dual certification degree. Training has generating around INR 60-70 Mn annually.
- It has a competitive edge than others primarily due to its early entry and product-market fit.

Gensol Engineering Ltd
CMP: INR 832| Market Cap: INR 31.52 Bn

Solar EPC Strengths and Achievements: Gensol Engineering is making significant strides in the solar EPC (Engineering, Procurement, and Construction) sector. As of July 31, the company has secured projects worth INR 13000 Mn in rooftop solar installations. Technical capabilities and customer base reflect a clear trend towards increased demand for solar energy, particularly as government initiatives promote solar as a cost-effective solution.

EPC: Last year, enhanced EPC offerings through improved solar products and new designs certified for the U.S. market. Also introducing battery energy storage systems, which will help meet peak demand and further optimize energy usage.

International Market: Gensol is expanding its footprint in the international solar market, supported by growing subsidies in renewable energy. Revenue from renewable energy sources has reached INR 9960 Mn, surpassing INR 8000Mn in previous years.

EV Sector: The company has ventured into the EV market a few years ago, now has 40 customers across various segments, including 3w-4w. Asset under management has grown to INR 600 mn. The EV leasing business has a robust financial model, offering an 11% cost of debt with a targeted 20% ROCE.

Outlook: Anticipate significant growth in the business. Over the next 1-2 years, the company expects a 15% increase in operations, with FY25 projecting an 85% focus on renewables and a 15% boost from the leasing business. The company aim to achieve INR 1200 Mn in profit this FY25, with a substantial portion derived from renewables and leasing.

Vehicle Rollout and Market Strategy: Initial goal is to sell 5,000 cars in the first year, scaling up to 30,000 cars within three years. The rollout, originally planned for FY24, is now set for January FY25, with competitive pricing strategies aimed at both B2B and cargo vehicle markets, and potentially extending to PV.

In the EPC segment, the company anticipates revenues of INR 3500 crore in FY25, with expectations rising to INR 10,000 Mn in the following year based on project execution forecasts. Also planning for INR 1000 Mn annual capex for the EV plant, aiming for a net profit margin of around 15-16%.

View: Gensol Engineering is well-positioned for substantial growth in the coming years, leveraging the expertise in EPC, renewable energy, and the EV market. The company strategic focus on innovative solutions and expanding the market presence will drive the success in achieving a target of INR 50,000 Mn over the next three years.

GMM Pfaudler Ltd

CMP: INR 1,428 | Market Cap: INR 64.2 Bn | Promoter: 25.18%

Guidance: At the current total capacity, company can deliver topline of INR ~17 Bn (without any additional capex). Going ahead, company aims to reach EBITDA mrgins of ~15% (in 2-3 years)Current performance seems to be the bottom, order intake is stronger now Wadhwa plant is operating at INR 3 Bn revenues, having potential of INR 5 Bn revenues. Company can incur capex of INR 400 Mn and make the total revenue capacity of INR 7 Bn.

Hyderabad plant is operating at INR 750 Mn revenues but has capacity of doing revenues of INR 1.25 Bn.

Cost reduction processes by the company should help the margins by 2% on sustainable basisNo particular guidance on topline given as the company will assess the position and give guidance by end of FY25H2FY25 will be better than H1FY25 and H2FY24, Fy26 will be better than FY25

Key Highlights of the call: In 2015, company was concentrated with geography and GLE business which they wanted to deconcentrate.

Over the past few years, company acquired parent Pfaudler Inc, Mixel, Mixpro and a few other entities which gave them technological and geographical advantage. Company has 50%+ market share in GLE in India and 40% worldwide.

GLE is ~30% of total business now (down from 80% few years ago)Concentration from Pharma and chemical business is ~65-70%. Company is focusing on getting a larger wallet share from them hence also offering filtration & drying services along with other offerings from subsidiaries like MixionNew segments entered are F&B, Oil, Mining & Minerals.

New clients include Vedanta and Asian paints (to name a few)Pharma segment has shown signs of recovery in past 6 months. There were no capex from pharma players for 5-7 yearsSpeciality chemicals segment also starting to look good, capex inquiry has started to come. Agrochemical still hasn’t recovered.

Rationalising plant in the UK, company is also looking at cost savings.Company is planning to consolidate plants (Italy, France, Germany, Switzerland) and move it to west (not immediate, will take 2 years)

Company is not present in East Europe and South East Asia. The current plan is to expand geographies.Pharma for next 5 years looks good (due to no capex by pharma in last 5 years)Company will incur no capex for 3 years except for maintenance capex of INR 2-2.5%At CMP of INR 1,428, company trades 43x TTM EPS

GTPL Hathway Ltd

CMP: INR 166| Market Cap: INR 18.71 bn

GTPL Hathway Ltd started its broadband business in 2014 and went public in 2017, divesting 25% of its stake to the public. Over the past 6-8 years, the company has grown its broadband subscriber base to over a million. In terms of financial performance, GTPL has recorded a topline of more than INR 32 billion, with EBITDA of INR 5.11 billion and a profit after tax (PAT) of INR 1.2 billion. Over the last four years, the company has distributed 40% of its profits as dividends. Additionally, it has significantly reduced its debt, making it nearly debt-free.

In its cable TV business, GTPL has more than 35,000 partners, many of whom have been associated with the company for 8-10 years. Currently, 80% of its broadband subscribers are located in Gujarat, and the company has created 5.8 million home passes. Data consumption per customer exceeds 350 GB.

The company is also working on a new satellite technology for TV distribution, which will allow it to expand into areas with high delivery costs, such as hilly regions and areas with low penetration. In the broadband sector, there are currently only about 40 million wired broadband users, but this number is expected to grow to 150 million households as the industry expands. GTPL is bundling its services, offering a combination of cable, broadband, OTT, and gaming, and has seen its ARPU rise from INR 420 to INR 460 as customers opt for higher-priced packages. The company has no immediate plans to raise prices further, although price hikes by telecoms like Jio and Airtel are expected to benefit wired broadband providers like GTPL.

Data costs have begun to rise, with wireless data now costing double compared to wired. GTPL's Genie Plus, which is exclusive to its users, offers three packages with access to 5, 8, or 14 apps at very competitive prices, and approximately 80,000 customers have subscribed to Genie Plus. The company estimates that only 2% of households are exclusive OTT app users. GTPL is focusing on operating margins rather than EBITDA margins to provide a clearer picture of its financial health.

In collaboration with Samsung and Nagra, GTPL is rolling out TVKey cloud technology, allowing GTPL TV services to be integrated directly into Samsung TVs. The company has already begun on-ground activities related to this initiative. GTPL classifies "active subscribers" as those who are enrolled in a scheme but are not yet generating revenue, although they are expected to contribute in the future.

The company offers broadband plans in categories of 60, 80, 150, and 200 GB, though it has seen limited demand for the 200 GB plans. Most 60-80 GB users are transitioning to 100 GB, with about 45% of customers now opting for the 100 GB plan. Data consumption continues to rise, and the company does not foresee any reduction in usage going forward.

HFCL Ltd
CMP: INR 151| Market Cap: INR 217.84 bn

Revenue

Revenue growth is expected around 25%-30% in FY25E. The revenue is expected to reach INR 100bn over next 3-4 years.

Revenue mix Products and EPC revenue mix is expected 70:30 going forward. In Products business mix is expected from OFC – 50%, Telecom and networking – 35% and 15% from defence.

Margins EBITDA margin is expected around 12%-15% in FY25E and further 2%-4% improvement based on backward integration, capacity expansion and operational efficiency etc.

Order book The order book stood at INR 60bn. The breakup are Products – INR 15bn, O&M – INR 20bn and remaining from EPC.

Capex Optical fiber capacity stood at 14mn f.km/annum and expected to reach 29mn.fkm/annum by Mar-25. Further, the capacity is expected to reach 35mn.fkm/annum and majorly for captive going forward. Telecom facility in NCR became operational and dispatches of products covered under PLI will start from Oct-24 onwards. The company is in the process of setting up defence electronic facility for electronic fuses, night vision devices and radars etc. The facility is expected to be operational by Mar-25.

BharatNet The company is entirely covering north areas and created network as part of the BharatNet project in Punjab and Jharkhand. BharatNet Phase III capex is expected INR 650bn and followed for O&M of INR 400bn and HFCL is most eligible bidder. The company has largest OFC capacity has experience of more than 2 lakh cable km on ground for various operators.

Telecom Telecom products revenue is expected to reach from INR 1.43bn (FY24) to INR 200bn by FY25E. Telecom products are getting manufactured through OEM partner and PCBA continued to be outsourced.

Exports Exports revenue is expected to reach 40% by FY28E.

Anti-dumping duty EU commission levied Antidumping duty ranges between 8%-12%, except HFCL. The Antidumping duty for Chinese companies is around 50%-70%.

Partnership HFCL announced a strategic partnership with General Atomics Aeronautical Systems (GA-ASI). HFCL will develop and supply critical sub-systems for GA-ASI's advanced Unmanned Aircraft Systems (UAS). The partnership will make one of the key contributors in the world sophisticated UAVs.

Defence Defence revenue is expected to reach INR 10-15bn in the next 2 years.

Other highlights EPC order book execution timeline is around 18-24 months. The capacity utilization is around 45%-50%.

HP Adhesive Ltd
CMP: INR 92| Market Cap: INR 8.43 Bn

Business Overview

HP Adhesives, a manufacturer of adhesives and sealants specializing in products like solvent cement, silicone sealants, contact adhesives, and PVA adhesives, has experienced over 25% CAGR growth in the past four years, reaching a revenue of INR 236 crore in FY24. The company operates a nationwide distribution network that spans more than 25 states and 5 union territories, supported by a network of over 1,450 distributors.

Product Portfolio: Solvent cement is HP Adhesives' flagship product, contributing 57% of the company's revenue, while silicone sealants account for 15%, and contact adhesives and PVA adhesives contribute 9%. Other products, such as ball valves, tapes, and spray paints, make up the 15%. To reduce reliance on a single category, the company is actively diversifying its product portfolio.

Distribution Strategy: The company is focused on expanding its distribution network, aiming to add 150-200 distributors annually. It is also strengthening its secondary market penetration by collecting orders directly from retailers and increasing its sales team size to improve market coverage and reach.

Manufacturing and Capacity: Main manufacturing facility in Kapoli, Maharashtra, Current capacity utilization is around 55-60% for solvent cement, lower for other categories, Continuous investment in plant automation to improve productivity.

Financial Performance: The company's gross margins have recovered to over 35% after experiencing a dip in FY22 due to raw material price volatility. It is now targeting EBITDA margins of 14-15% in the coming years. Additionally, the company’s net working capital is currently at 25-30% of sales, with a goal of reducing it to 20%.

Growth Strategy: The company is focusing on expanding its product portfolio by entering new adhesive categories and is targeting growth in underpenetrated markets such as East and Northeast India. Additionally, it is exploring channel financing options to onboard new distributors without assuming credit risk.

Competition: Competing with larger players like Pidilite and Astral's Resinova, but management sees enough market opportunity for growth. Strong position in solvent cement category, growing presence in silicone sealants.

Outlook: The management is confident of maintaining a 20-25% growth rate in the coming years, with aspirations to reach a revenue of INR 500 crores, though no specific timeline has been provided. The company is also focused on scaling up new categories like PVA adhesives and plans to launch epoxy adhesives to further drive growth.

H T Media Ltd

CMP INR 24.2 | Market Cap INR 5.65 bn

HT Media Ltd is a media company in India with a diversified portfolio that includes print, radio, and digital businesses. It operates well-known brands such as Hindustan Times, Mint, and Fever FM in the print and radio segments, and is expanding into the OTT and digital job portal markets. The company is not currently distributing dividends and is focusing on reinvestment for growth.

Print Segment accounts for 80% of total revenue, with Hindustan Times ranked #1 in Delhi and Punjab. The Hindi print business, Hindustan, is a market leader in Bihar and Uttarakhand.

Radio Segment: Fever FM is #1 in Delhi and Mumbai. The radio business contributed 9% of total revenue, with a turnover of ₹157 crore and a YoY growth of 42% in FY 23.

Digital Segment: Includes Shine (jobs portal), Mosaic Digital (VC Circle and Tech Circle), and the newly launched OTT Play. Digital revenue grew 16% YoY to ₹154 crore, but the segment reported an EBITDA loss of ₹113 crore due to investments in OTT Play.

Challenges: The print segment is still recovering from the pandemic, with Hindi print revenues under pressure due to lower circulation post-pandemic and higher newsprint costs.

OTT Play: Launched in FY 24, it aggregates content from 35+ OTT platforms and 350+ live channels, offering consumers a unified experience with personalized recommendations. HT Media is investing in cable and ISP partnerships to expand OTT Play's reach.

Shine: The second-largest job portal in India. Despite a sluggish job market, the learning segment is growing due to increased demand for upskilling.

Mosaic Digital: A key player in SaaS and tech insights, seen as a long-term growth driver.

The company aims to maintain profitability in its legacy businesses while scaling digital ventures, particularly OTT Play, which is expected to drive future growth.

Management anticipates digital and OTT segments to become significant contributors in the coming years, although heavy investments in OTT Play will continue in the short term.

Hindi newspaper has grown, is better priced, and more profitable from circulation, whereas English print has seen a sharper decline in circulation revenue since 1920.

While the print business has not fully returned to pre-pandemic levels, management believes there is long-term value in the segment, particularly in the Hindi market, where demand is slowly returning.

Indag Rubber Ltd
CMP: INR 220 | Market Cap: INR 5.78 Bn | Promoter: 73.34%

Key Highlights of the call:
Company is in the business of retreading tyres. Retreading reduces the cost of tyres by 1/3. Retreaded tyres cost INR ~6,000 Vs new tyres which cost INR ~25,000Recently company started cold retreading, making company the only to use this process in India.

The industry is expected to grow from USD 9 Bn in FY22 to USD 22 Bn in FY32Company has a capacity of 20,000 tonnes of procured tread rubber, 5,000 tonnes of unvulcanized rubber strip gum and 3,000 kilolitres of Universal spray cementCompany operates with 300+ dealers and 3000+ retreaders. The industry has 10,000 retreaders.

Indag Rubber has invested in Millennium Manufacturing systems Pvt Ltd. which is in the business of production of power conversion systems for Battery Energy Storage Systems (BESS) projects worldwide.

Indag has invested INR 111 Mn in Millennium and expects it to generate revenues of INR 1.25-1.4 Bn in FY26 and INR 2.5-3 Bn in FY27

Precovid annually 0.9 Mn MHCV tyres were retreaded, post covid it is 1.3 Mn.Company recently signed agreement with Delhivery to retread its entire fleet. The collaboration is progressing well.Exports from India are ~30% as India is preferred source of tyre retreading.

Guidance: Indag has invested INR 111 Mn in Millennium and expects it to generate revenues of INR 1.25-1.4 Bn in FY26 and INR 2.5-3 Bn in FY27. Indag expects the growth in tyre retreading to be 2x of industry growth (MHCV retreading). Company expects the tyre retreading revenues to touch INR 3-3.5 Bn by Fy27 (ex of Millennium revenues) with margins of 11-12% in EBITDA and PAT of 5%. At CMP of INR 220, company trades 44.7x TTM EPS

Indo Count Industries Ltd
CMP: INR 389 | Market Cap: INR 76.716 Bn| TP: INR 364

The company expects an additional revenue of USD 100mn from all brands in the portfolio, including the merchandising and selling rights under Wamsutta- a highly revered international brand.

Guidance: INR 6,000cr turnover in next 3-4 years on the base of FY23 (INR 3,000cr).

Capacity utilization: Since they have expanded from 90 mn meters to 108 mn in Kolhapur, it is still being utilized, and they target cap utilization of 75% for these units, and 90% for the GHCL Bilad unit.

Bangladesh only supplies home textiles sometimes to countries where it has a duty advantage, unlike India which has an established supply chain- thus there is little threat from Bangladesh. India also caters to better quality premium wear.

They plan to increase market share in India- on the domestic front. The Indian market is 70% unorganized and highly fragmented.

The current cotton crop is looking good- the monsoon and sowing looks promising, and MSP has been inched up so farmers have been sowing more cotton over other cash crops.

Indostar Capital Finance Ltd
CMP: INR 288 | Market Cap: INR 39.17bn

Guidance:*

- Guidance on achieving INR 170 bn loan book/AUM by FY27 end.
- The Management plans to disburse INR 60 bn of loans this year, and feels relief that the Q1FY25 has been good.
- The Home Finance book will be of INR 27 bn by end of the year, which the Company has agreed to sell for 3 times valuation, and complete the transaction by the end of this year.
- They intend to start Small Finance business with the excess capital, but still intend to keep it at sub 10% of the whole book by FY27 end.
- The Management believes their GNPA will remain capped at 5% levels in the future as well with 2% of Credit loss range.
- Going ahead the company intends to shut the Corporate Financing segment completely, and have stopped giving loans in that segment. By the end of this year, the Company intends to see the Corporate book down to INR 1-1.5 bn only.

Key Highlights:

- The NBFC is present in around 425 location today, extending Credit business to customers in Tier 4,5 & 6th towns of India.
- The Management says that many of their customers are new to organized credit and were earlier customers of unregistered NBFCs at very high interest rates.
- 98% of their disbursements are towards Used Vehicle segment and the bulk of their funding is towards the Priority sector.
- The NBFC ensures their process is automated and that the customers get their loans disbursed within 24 hours of time. 100% of their loans are sourced through their Loan Officers who themselves meet the customers, and fill in their data in the system.
- The Management explains that the cost increase from BS IV to BS VI vehicles as it is as high as up to 79%, making it difficult for small business owners to operate. Hence, they feel the Used Vehicle market has huge potential in India.
- They have recently launched MicroLAB Loans against small businesses in Tamil Nadu. Since, this is a high yield loan segment, they plan to expand it to Andhra Pradesh and Telangana in near future.

- The Company is Credit rated by CRISIL and Care Ratings, and that recently, CRISIL has upgraded their Outlook from Negative to Stable.
- They recently concluded public issue of NCDs which was well received. The Company has raised INR 2.65 bn till date, and that the Management believes that going forward, they don't see any issue in getting funding for them.
- The Management explained that while Sriram Transport Finance is a direct competitor to them, they offer similar rates but while Sriram operates in M & HCV space, they operate in financing of smaller Commercial Vehicles like funding for a Pick up Van, Auto rickshaw, etc.
- The management explained that their competition is not very severe among the organized Used vehicle financiers, but is with the unorganized segment, and hence, they believe they will keep getting market share being organized players.

Infollion Research Services Ltd

CMP: INR 292 | Market Cap: INR2.83 Bn

- The company has about 80,000 experts in total, of which 65,000 in India and the rest globally. The average experience of experts is 20+ years.

- Company has grown its revenue in 3 years at CAGR 47.98% with 20.7% ROE and 24.5% ROCE. Company remains debt free. Company operates at 20% EBITDA margins and 50% gross margins.

- 80-85% of their business comes from pre-empaneled experts already on their platform. Only 15-20% involves custom empanelment for specific projects. Company does 400 projects per month.

- The average revenue per expert call is ~ INR 40,000. 90% of business comes from clients 5+ years old. Company utilize 10% of experts actively.

- Company is expanding into the US market, currently building their expert network there. The US team is about 30 people now.

- Key focus areas for company includes Consumer goods, Food & Beverage, Life sciences and BFSI.Company's primary engagement model is one-on-one calls which accounts for 85-90% company's revenue.

- The company operates three levels of expert engagement: General empanelment where its done without any project. Custom empanelment is done when it has a project and Pre-empaneled is where experts are already there and can be quickly matched to projects based on their expertise.

- Company has set up a 30 member team working on US hours to build their US expert network. Company plan is to go deep in domains in the US initially to compete with larger established players.

- Company is exploring new offerings like corporate L&D and a SaaS-based expert mapping tool.

InfoBeans Technologies Ltd

CMP: INR 433 | Market Cap: INR 10.543 bn

Company Overview: Founded in 2000, InfoBeans is a company dedicated to product engineering and digital transformation. With a team of 1,500 professionals, it has established offices in the US, Germany, the Middle East, and five cities across India. The company serves 29 large enterprise clients, achieving an impressive 90% rate of repeat business.

Financial Highlights: For FY24, the company reported a revenue of INR 384 crores, EBITDA of INR 67 crores, and a PAT of INR 22 crores. The company holds INR 205 crores in cash and equivalents and has achieved a 26% compound annual growth rate (CAGR) over the past five years, with a remarkable 40% CAGR since its inception.

Growth Strategy: InfoBeans has set an ambitious goal of achieving 10x growth over the next 8-10 years, targeting an increase from INR 400 crores to INR 4,000 crores in revenue. The company plans to expand its relationships with its existing 29 large enterprise clients while exploring inorganic growth opportunities through acquisitions in Salesforce, ServiceNow, AI/ML, and data analytics. Additionally, the company is building partnerships and accelerators on key platforms and has on boarded Phaneesh Murthy as an advisor to enhance its sales capabilities.

Service Offerings: The company offers a range of services, including custom application development, solutions on platforms like Salesforce and ServiceNow, AI-enabled solutions, user experience design, and robotic process automation.

Client Base: InfoBeans caters to a diverse clientele of 29 large enterprises across 20 industries, including 14 Fortune 500 companies. It has maintained relationships with its top 10-20 customers for over nine years.

Geographical Presence: Historically, the US has accounted for 80% of InfoBeans' revenue, although there has been some slowdown recently; however, a rebound is anticipated. Germany is emerging as a growing market, increasing its share from 10% to 20% of revenue, while the Middle East is experiencing a growth rate of 15-20%.

Margins: The company aims to achieve EBITDA margins of 24% in the future. Margins have been impacted by cost escalations during the COVID-19 pandemic, but InfoBeans is actively working on improvements. Strategies include enhancing utilization rates, passing on increased costs to clients, and providing training on adjacent skills.

AI Initiatives: The company is partnering with companies like App Orchid to develop AI-enabled solutions and is addressing data security concerns related to AI deployment. The company is also leveraging AI tools within Salesforce and ServiceNow platforms.

Challenges: Despite facing challenges from the loss of major clients like BYJU and Meta, InfoBeans has been able to recover revenue from other clients. Cost escalations have affected margins; however, the company has prioritized revenue growth over immediate margin protection.

Outlook: The company aims to grow from 400 crores to 4000 crores in revenue in the next 8-10 years while targeting 24% EBITDA margins, through organic growth in areas like ServiceNow, Salesforce, and product engineering, as well as potential acquisitions in AI/ML and data analytics.

Interiors & More Ltd
CMP INR 345 | Market Cap INR 2.41 bn

Financial Highlights

- The company expects revenue to reach INR 400-500 Mn in FY25, with a projected PAT margin of 3.5%.

- Currently, the company holds a 3% market share in India's wedding and events industry, procuring 20% of the products used.

Capex

- Interiors and More Ltd. is setting up a new factory of approximately 200,000 square feet (Umbergaon) to double its capacity from.

- This expansion aims to increase production to meet 70-80% of current finished goods requirements, targeting a capacity addition of INR 320 Mn in the next year.

Operational Highlights

- The company is a leading supplier of artificial flowers and décor items in India, offering over 100 SKUs, including artificial flowers, leaves, furniture, fabrics, and lighting products for weddings and events.

- With a warehouse in Bhiwandi and a factory in Umbergaon, Gujarat, the company has also opened two showrooms in Dubai and Sharjah to serve the Middle East and African markets.

- The business operates through both online and offline channels, primarily focused on B2C sales, which account for 92% of its revenue.

- The company utilizes a franchise and wholesaler distribution model, moving away from the traditional dealer approach.

Future Growth

- The company anticipates a demand growth of 20-30% in both international and Indian markets, driven by an increase in events and weddings, particularly in Europe.

- At full capacity, the company currently caters to 30-40% of the total requirement for finished goods.

- Freight costs for imports range from $1,000 to $3,000, influenced by global logistics volatility which company tackling by reducing imports currently at 30% to 10%.

IOL chemical & Pharmaceuticals Ltd

CMP- INR 473 M.Cap- INR 27.8 bn

Guidance: •The Company targets to have 50:50 split in Ibuprofen and Non-Ibuprofen revenue in the next 3 years with Paracetamol and Metformin contributing 50-60% sales to the Non-Ibuprofen segment.

•Revenue for FY24 is expected to remain flat at INR 2200cr. Targeted revenue for FY25 is INR 2400-2500cr and INR 2600cr for FY26.

•The Company will achieve 12% EBITDA margin in FY24 targets to achieve 15% EBITDA margins in the next 2 years. The earlier target was 17-18%.

•The Company is planning to set up backward integration for Paracetamol and plan to increase capacity to 10,000 tonnes in the next 3 years.

Key Highlights:

•Ibuprofen prices have softened in the last two quarters; down to US$ 10 from average US$12.

•Sanofi India is the largest buyer of Ibuprofen and contribute about 11-12% to Ibuprofen sales. Second largest buyer is Granules India.

•The Company is planning to set up backward integration for Paracetamol. The Company has the lowest cost of production for Paracetamol in the industry.

•Current capacity is at 3,600 tonnes with 85-90% capacity utilization. The Company plans to increase the capacity to 10,000 tonnes in the span of 3 years.

•The Management informs that setting up new capacity takes around a year while ramp up takes about two years.

•The capacity expansion planned for Paracetamol will be done at the existing locations only. The Management expects 1-2x Asset Turnover from this.

•The Company is targeting 25% margins in the next 4-5 years.

•Exports to Europe have increased in the last three quarters.

•Sanofi India is interested in buying Paracetamol but requires US FDA approvals.

•The Management says that there are many unorganised players who entered the Paracetamol market when the prices were high but have exited as the prices are low.

•The Management believes the prices of paracetamol will see uptrend in the future as Covid led loer prices have waned off, and unorganized players are decreasing.

•The Management expects to do INR 4.4-4.5 bn of revenue from non-ibuprofen business annually. Metformin will contribute INR 1.75-2 bn, Paracetamol will contribute INR 1.1 bn, Clopidogrel will contribute INR 0.5 bn, while the rest APIs revenue will depend on the demand.

•The Company has filed for US FDA approvals for all their APIs in the Non-ibuprofen segment. They have already received approvals from Russia, Korea and Japan. The US FDA approvals are expected to come in not before H2FY25. The Management expects increase in profits after these approvals.

•The Company expects 7-8% growth in Metformin sales and plans capacity expansion from current levels of 7,200 tonnes. Metformin is currently at 80-85% utilization levels.

•The Company is targeting to manufacture APIs which cater to medicines for life threatening diseases in the US market which are still untapped.

Jeena Sikho Lifecare Ltd

CMP: INR 1545 | Market Cap: INR 38.4 bn| Outlook: Positive

Guidance:

- To Open Ayurvedic Hospital across all large cities in India with NABH accreditation.
- Expects the Government to allow the Ayushman Bharat to fully allow Ayurvedic Treatment under its purview, and resultantly expects the 55% Occupancy across Hospitals to increase to 80-90% levels.
- The Management expects to post annual revenues of INR 4 bn for FY25 with around 25% of Profit Margins.
- The Management emphasized that in FY23 end, they had 470 operational beds, and by FY24 end, they had 1,270 beds, which has become 1,600 beds as of now, will reach 2,000 beds by year end, and reach around ~2,150 beds by FY25 end, and intend to reach 3,000 beds milestone by 31st Dec 2025.
- The Company has 21 Hospitals in the Pipeline across all major cities of India in the future.
- To Open 300 Bed Integrated Hospital for Cancer treatment along with Allopathy in Chandigarh Rajpura region.
- To Open an Ayurvedic IVF facility, a first in the World. The Management says they have taken this Capex plan just over 1 month.

Key Highlights:

- Acharya Manish Ji stated his life journey leading up to the start of the journey of Jeena Sikho Lifecare and its current business model.
- On 11 July 2021, they started the first Hospital in Dera Bassi in Chandigarh with 100 beds capacity which became full capacity utilization by the 41st month.
- Similarly, their 2nd Hospital in Lucknow saw 50-60% occupancy levels by the 34th month of its starting. Afterwards, they started their 3rd Hospital in Mumbai and the 4th Hospital in Meerut of 150 beds capacity.
- Currently, the Company runs 35 Hospitals, 20 day care centres and around 79 clinics in total.
- The Government announced that from 1st April 2024, all Health Insurance providers must cover Ayush Treatment, and also provide Cashless facility for the same.
- Several state Governments have announced separate schemes for Ayurvedic treatments, benefitting Jeena Sikho in their business. Like, Rajasthan Government pays for the Patients coming in for Jeena Sikho's 7 Hospitals in the state. They did a business of INR 29 mn last month with the state of Rajasthan.
- Similarly, they have 12 Hospitals empanelled with the Delhi Government, and 3 Hospitals are empanelled with the Central Government schemes in Mumbai, Meerut and Lucknow.
- The 7 Central Government Forces: CISF, CRPF, BSF, NSG, Assam Rifles, etc., have also started Ayurvedic treatment.

- The Company claims to be one of the lowest capex players in the Healthcare industry with cost expense of INR 2.5 - 3.5 lakh per bed capacity addition.
- Recently, they have opened 100 bed Hospital in Panchkula at an expense of INR 1 lakh per bed, while for the 70 bed Hospital opened in Kurukshetra has been started with entire cost borne by the Owner of the Hospital.
- The Occupancy levels of beds was only 38% for FY23-24 as they had added 400 beds by the last month of the year.
- In FY25, till the 6th month of operations, the Management says they have occupancy levels of 55% on average with the Payback period of new Hospitals coming down to less than 5 months, duration for return of initial capital investment for opening new Hospitals of bed additions.
- Currently, the Company has around 2,450 employees on their Payroll and around 525 people are out-sourced in Call Centres etc. They have around 350 doctors currently, of which 300+ Ayurvedic Doctors are employed along with several doctors for Naturopathy, Nutritions, and several Allopathic doctors also employed with them.
- The Average revenue per bed was INR 6,100 per bed per day in FY23, increased to INR 7,900 per bed per day in FY24, and is averaging INR 8,500 per bed per day in the 6 months of FY25.
- The Company saw IPD patients to the tune of 5,700 in FY23, 13,000 in FY24, and already 7,500 in the 6MFY25. Similarly, the OPD patients were 157,000 in FY23, 252,000 in FY24 and 125,000 in the 5MFY25.
- The Company has hired E&Y for overlooking the internal audit for the company, and is expecting to get into Main Board after completing 3 years of listing in April 2025.

J.G.Chemicals Ltd

CMP INR 398 | Market Cap INR 15.59 bn

JG Chemicals is the largest Zinc Oxide player in India with 30% market share. It producers over 80 grades of Zinc Oxide and along with products like Zinc Sulphate and specialised grades for Pharmaceutical and Cosmetics segment.

The company has 3 plants in Kolkata and South India and plan to set up one in Gujarat. Zinc Oxide has many end user industries but is majorly used by Tyre and Rubber industry.The Zinc Oxide industry is very small in India with very few large players and some players in the unregulated market. The company feels consolidation is on cards and expect to end up with only 4-5 large players to remain.

The company mainly uses Zinc Dross (Scrap) as their raw material. They also use Virgin Zinc for specialty grade zinc oxide. Around ~80% of their revenues come from Rubber and Tyre industry and the rest 20% from other industries.

They plan to increase their share of non rubber industry by targeting customers in Pharma and Ceramics industry. Around 10-15% of revenue comes from exports.Zinc Sulphate is one their growing products which is high margin and caters to other industries.

They currently have 5% market share in this product and plan to expand it rapidly.They expect margins to expand gradually by 250-300bps in the next 2-3 years as they expand to other industries and increase share of value added high margin products.

They do plan to enter the recycling industry.The capacity currently stands at 60,000 tonnes of Zinc Oxide, 10,000 tonnes of Zinc Sulphate and 7,000 tonnes of Zinc ingots. The facility in Gujarat will add another 20,000 tonnes capacity. The capex for the same will be <INR 500mn. They currently operate at 65-70% utilisation.

The company also sees opportunity in South East Asia and are in process to set up a subsidiary in Thailand to ease out exports and supply chain.

Jyoti Resins and Adhesives Ltd
CMP: INR 1,507 | Market Cap: INR 18.08 bn

Jyoti Resins and Adhesives is a primary player in White Glue segment, majorly focusing on D2C segment. The company has major presence in Gujarat with 35% market share and also expanded in other neighbouring states. The company has the product “Euro 7000”.

They operate in 14 states and have network of 12,000 retailers with a sales personnel of 400+ based out of 38 branches. The company has planned capex of INR 10-15cr for brownfield expansion this year.

They expect to generate INR 500-600cr revenue from this additional capacity combined. Other than this, they plan to add new land and facility which will require INR 35-45cr capex. This expansion will be considered next year.

Current capacity utilisation is ~55%.With the total expansion combined with existing capacity, the expect to generate INR 1000-1200cr revenue at peak utilisation. 80% of their sales comes from sales to distributors/retailers while 20% comes from dealers. The company only has dealer presence in small cities.

FY24 was a consolidation year for the company as they had to cut down selling prices and incur sales promotion costs. The demand was also not that reasonable which eventually to no growth in topline. From Q1FY25 onwards, the company has seen shift in demand and they expect atleast 20% volume growth in FY25.

This will be aided by the entry into newer markets of Delhi and UP. The company has maintained long term relations with their customers and has reasonable credit facility along with product quality. This has enabled them to coexist in the market with giants like Jubilant and Pidilite.

Even though the EBITDA margins crossed 30% in FY24, the company feels 22-25% margins are sustainable and they expect to maintain the same going forward.VAM, a key raw material, had reached INR 180/kg during covid but eventually has now come down to INR 65-75/kg, standing at INR 66/kg in Q1FY25.The company caters to all kinds of customers including premium brands in their portfolio along with cost effective products.

Generally, in Q1 and Q2, the company witnessed low demand due to monsoon season. Q3 and Q4 are generally strong quarters for the company’s business.

Kaka Industries Ltd
CMP INR 293 | Market Cap INR 4 Bn

Guidance:

- The Management is seeking gradual shifting from current 3 manufacturing plants to the new facility laid over 49,000 sq. mts. The Company aims to achieve INR 400 Cr revenue visibility from here on from the new facility.
- The Management intends to seek revenue growth of 30% CAGR over the next 3 years with the Operating Margins improving by 100-200 bps from the new facility.
- The Company witnesses 15% of Direct Sales while the remaining 85% sales comes from the Distribution segment, mainly to their Real Estate customers.
- The Company is focussing towards premium products while expanding geographically pan India, especially Southern India.

Key Highlights:

- Kaka Industries manufactures Polymer based Profiles & fabrication of factory made PVC and Solid PVC doors. The Company has 1,200 SKUs from 3 manufacturing units while 1 new facility which is fully integrated and automated.
- Their PVC doors are up to 20% cost effective and are water resistant against traditional wooden doors.
- The Company has recently launched PVC Flooring and HVLS Fans, etc, products.
- PVC Products make up 57% of their revenues.
- Wood Plastic Composite Solid Profile makes up 20% of the total revenue and is used in making doors, door frames and furnitures, etc.
- Unplasticized PVC, a low conductor of Heat and Electricity, makes up 8-10% of their total revenues.
- The Company is empanelled as a Approved Vendor by the Gujarat State Police Housing Nigam Limited.
- The Company's Kaka brand is established PVC supplier segments.
- They deal in advance with new customers while giving up to 40 days credit for their existing dealers based on past experience.
- They Source their Raw Materials from Reliance, and have no plans to to backward integrate as it is a cost affair and neither do they have any competence in that business.
- The Management says that they have stopped giving discounts as they are facing competition from unorganized players and they are an established brand themselves now.
- They contain 5% increase/decrease in RM prices, and beyond that they pass on to the customers.

Kalpataru Projects International Ltd

CMP- INR 1320 M.Cap- INR 214.4 bn

Revenue

Revenue growth is expected around 20% in FY25E.

Order inflows

The order inflows are expected around INR 220-230bn in FY25E.

Margins

PBT margins are expected around 4.5%-5% in FY25E, further expected to improve by 25bps going forward.

Domestic T&D margins are around 9%-10% and International T&D margins are around 10%-11%.

The water project margin is around 10%.

Railways, urban, and infra margins are lower.

Working capital days

Networking capital days are expected to be below 100 days going forward.

Monetization

Indore real estate project is expected to be monetized in FY25E. Around 80% of inventories are sold and 20% of inventories are left. Around INR 1.5bn is expected to collect over the next 2 quarters.

Subham logistics monetization would take more time.

Water projects

The water projects order book is more than INR 100bn. Water project tendering slowed down.

Hedging

Copper and Zinc are hedged around 95% and steel is not hedged.

Other highlights

Retention money is around 10% for the projects.

Total equity investments are expected around INR 7.5bn.

The company has the opportunity of more than 500 GW in renewables.

The project’s completion time is around 18-24 months and a maximum of 36 months.

Khazanchi Jewellers Ltd
CMP: INR 524 | Mcap: INR 12.96 bn

Business Model:

- Khazanchi Jewelers are based in Chennai, Tamil Nadu and deal with gold, jewelry manufacturing, procuring and supplying to all the major clients in the South India market.
- They have 5 lakh design libraries and 1 showroom in Chennai of 1200 sqft.
- They are planning to open another showroom of 10,000 sqft max by April 2025 with investment of INR 1500Mn.
- The plan is to increase its B2C presence and focus on higher margin products such as diamonds, polkhi & Jadao sets as well as all the traditional jewelries.
- ~82-83% revenue is earned from ornaments and ~17-18% is from investing in bullions.
- ~80% is from gold jewelry and ~20% is from studded jewelry.

Guidance & Financials:

- Overall revenue growth is expected to be 25-30% which would be driven by shift from unorganized market, upcoming festive and marriage season and reduction of duties.
- ~90-92% revenue is from B2B and 8-10% is from B2C and going ahead they are expecting share of B2C to increase to 25%.
- Gross margin is ~4-5% and margins for B2B is ~3-3.5% and for B2C is 8-9%.
- The company has plan to open 5-6 showrooms nearby Chennai in the radius of 100Km.

Key Highlights:

- The company follows a process where in first they procure raw material and gives it to designers & goldsmith for manufacturing and check quality and then the product is brought to B2B & B2C sales.
- Their focus remains on manufacturing jewelry such as handmade jewelry, fusion and lightweight jewelry.
- Production cost differs from product to product and time. For 2-3 days production time products margins are 0.5-3.5% while for 14-15 days' time frame products margins are higher.
- For B2B business, their customers are prominent jewelers spread across Pan-India.
- Inventory cycle is of ~80 days
- After opening a new showroom, initially the company plans to have its manufacturing unit to meet atleast 20% of the requirement.
- The company deals in diamonds as well but currently the proportion is less but plans to increase going forward.
- Further, the demand for lab grown is high currently because there is the price difference as compared to real natural diamonds which are not affordable to all the segments of consumers.

Kilburn Engineering Ltd
CMP: INR 423| Market Cap: INR 19.13 Bn

Revenue

The revenue is expected INR 5bn in FY25E, Standalone revenue is expected INR 3.8bn and ME energy revenue is expected INR 1.2bn. The revenue is expected to reach INR 7-7.5bn by FY26E.

Margins

EBITDA margins are expected 20%-22% going forward

PAT margin is expected around 12%.

Acquisition

The company is acquiring another factory in Ambarnath which is around 20km from existing facility for a capex INR 220mn. The acquisition is expected to complete by Mid of Oct-24.

Monga acquisition is under pipeline and cost is around INR 1.23bn. the company has around INR 320-350mn cash, so acquisition cost effectively is around INR 900mn.

Order book

The order book stood at INR 3.7bn and enquiry pipeline is around INR 20bn. The order intake is expected INR 5bn in FY25E.

ME Energy

ME Energy revenue is expected to reach INR 2.5bn over next 2 years.

In Cement sector, waste heat recovery system market is around INR 50bn and ME Energy has the opportunity.

Market share

There is 2-3 players are there for Carbon black and Soda ash and company is confident about backing 60%-70% of the business.

The company has 75% business on pattern dryers and remaining are held by small players.

The company has 30%-40% market in petro chemicals and 3 players are there in the industry.

Other highlights

Around 25%-30% of the equipment solutions are bought out. The products are sourced and packaged together.

The normal tax rate is around 25%.

Kolte Patil Developers Ltd

CMP INR 402 | Market Cap INR 30.52 bn

Guidance:

- The company is expected to launch projects with GDV worth INR 80Bn in FY25.
- Pre-Sales expected to be ~ INR 35,000Mn for FY25 on the back of new launches, strong demand and inventory supply.
- Sales CAGR of 25% over the next 2 years.
- The company plan is to focus on margin improvement so they are expecting it to be in early teens for FY25.

Key Highlights:

- Atul Bohra has taken over a new group CEO effective June 2024.
- They have large presence in Mumbai, Pune and Bangalore areas and plans to expand and increase market presence.
- Also they expect to stay in mid and premium segment category given the strong demand.
- Already launched projects with GDV of INR 15bn.
- The company follows CCM (completed contracts method) of accounting.
- Going ahead, cash flow expected to remain strong and as on Q1FY25 operating cash flow was at INR 2,470Mn.
- Net Debt is negative and net debt/equity at -0.05x as on Q1FY25.

Krishna Defence & Allied Industries Ltd

CMP: INR 730| Market Cap: INR 10.01 Bn
Revenue

Revenue is expected to grow at a CAGR of 40% over next 3-5 years.

Around 86% of revenue comes from defence and 14% of revenue comes from dairy.

Working capital

Major sales comes from Q4 and working capital is also heaviest in Q4, followed by Q3, Q2 and Q1.

The inventory is generally larger in Q4, especially in March month. The company is working on bring down inventory levels.

Revenue Potential

The current capacity revenue potential is INR 1-2bn and new capex will lead to INR 3-4bn depending on product mix.

The company did fund-raising in Jan-24, which used in capex and partly towards working capital. The capacity is capable to service an orders of INR 3-4bn.

Order book

The order book is around INR 3.3bn. The company has received new orders of INR 2bn in last 5-6 months. The tender bidding pipeline is around INR 1.75bn and conversion ratio is around 40%-50%.

Hatches

Large orders are expected for hatches in the next 3-6 months. Hatches addressable market is around INR 1bn on annual basis.

The company is executing composite door hatch orders in defence electronics. Composite door hatches revenue is expected to reflect from Q1FY26E onwards.

Exports

The company is not allowed to export due to classified steel developed, especially for indian navel applications. However, India is looking for export hub for defence.

The company is supplying products to Cochin shipyards and Mazogon dock shipbuilders export orders.

Market share

Consumables market share is 40% and 50% market share for ballast bricks. Overall, products market share is around 50%.

Qualified vendor and Indigenization

The company was successfully indigenized for defence products in Navy.

The company is only vendor qualified to supply underwater critical platforms. It used for balancing off the underwater platforms to create weights.

The company is successfully indigenized big chunk of steel and properties is difficult to detect on a radar.

Product development and Prototype

The product development would take 18-24 months.

The company has done prototyping of 40 odd systems, each systems about INR 9 lakhs in the newly acquired defence electronic business.

Other highlights

The company is manufacturing tactical equipment’s for the same, which includes conversion of radio frequency signals to optical fibre which used at the borders.

The company is supplying blast break, consumables etc. the competitors are Midhani. Navy can’t be dependent on one vendor for critical products.

Navy has big plans till 2035 and planning to build 40 ships which are very large in nature.

The team size is around 250 peoples which includes 28+ engineers.

The company has developed heavy vehicle factory in Avadi, Chennai and manufacturers around 80 tanks for the Indian army.

Kriti Industries (India) Ltd
CMP: INR 243 | Market Cap: INR 12.13 Bn | Promoter: 66.77%

Key Highlights of the call:

Company operates 22 extrusion lines, 14 drip irrigation lines and 25 injection moulding machines. Total capacity of plant is 137,880 tonnes per annum. Company operates in Agri, Industrial, Micro irrigation and building segment.

Company has only 1 manufacturing unit (in Pithampur, MP) and has 490 dealers for its distribution of Agriculture, micro-irrigation products and building products. Total retail sales accounted for 85% of total sales.

In Q1FY25, building material sales grew 24% in terms of volume YoY

Capex: Last 3 years, total capex of INR 1 Bn done. In FY24, total capex done of INR 400 Mn. In Q1FY25, total capes of INR 100 Mn done and another INR 400 Mn planned for remainder of FY25.Company is also adding column pipes to its portfolio. In terms of stocking, company is seeing stocking by dealers (sensing some demand increase). However, Q2 is generally weak for all pipe companies.

The capex done in Q1 will be available for use in November 2024Company has invested in an entity called Associate Enterprise which is for rooftop solar power generation only.

On Adani entering PVC manufacturing market, company mentioned that the prices are driven by crude and international market factors.

Guidance:
Company mentioned that the peak revenue potential at current capacity is at INR 10 Bn. Company is confident to deliver capacity utilization at 65% (on annualized basis). Q2 capacity utilization may be less than 50% as it is a weak quarter for all piping companies. Company is comfortable with current debt levels, wont increase debt from here. At CMP, company trades 43.3x TTM EPS

Krsnaa Diagnostics Ltd

CMP: INR 829 | Market cap: INR 26.780 bn | TP: INR 1,016| Rating: BUY

Outlook- The company expects to maintain 25% revenue growth in the coming years, with EBITDA margins of 25-26%. The company plans to continue expanding its PPP contracts while exploring B2C opportunities and is open to international expansion. The company is expanding its diagnostic services in 18 states and aims to penetrate more districts, capitalizing on the vast opportunities in underserved regions.

Key Highlights

- The company was listed in August 2021 and it specializes in PPP contracts, mainly in radiology, pathology, and tele-radiology services. The PPP model allows for long-term contracts, often ranging from 5-12 years for pathology and 10+2 years for radiology.
- Competitive pricing is a key strategy, with radiology services priced 45-60% lower than competitors, and pathology services priced 45-80% lower.
- The company leverages its relationship with NHM, where project funding varies between 40-60% (in states) and 90% (ITs and Northeast India). It does not pay referral fees to doctors, which provides a margin advantage.
- They are expanding its retail and B2B footprint by utilising existing capacity in its government hospital locations.
- The Rajasthan contract is a joint venture with TCI, a 100% PSU entity. New contracts include hospitals in Jharkhand (CT, MRI, and pathology), with a 10-year contract.
- The company has made a strategic investment in Apulki Healthcare, acquiring a 24% stake. Apulki Healthcare focuses on oncology and cardiac care hospitals.
- The company has a relatively efficient cash cycle with receivables typically between 60-70 days, though they were higher at the end of March due to government procedural delays but the company has managed to maintain working capital through internal accruals and credit facilities.
- The company follows a deferred payment model for equipment, paying 5-15% upfront and the remainder over 5-7 years, which improves cash flow management without burdening finances.
- The Indian diagnostic market is largely unorganised, with significant opportunities for organised players like Krsnaa to capture market share, especially in Tier 2 and Tier 3 cities.
- Over the next 5-10 years, the company expects a blend of offline and online services, with home collection of pathology samples becoming more common in metros, while radiology remains primarily offline.

Laxmi Organic Industries Ltd

CMP: INR 286 | Market Cap: INR 79.1 bn

Outlook: We believe the expansion plans work out well with revenues from both the segments doubling while overall EBITDA is expected to increase by 3 times over FY28 as per laid out plans by the Company. Under the leadership of Dr Rajan Venkatesh, the MD & CEO who joined the Company last year, Laxmi Organic's Management Team has hired Professionals coming from global Chemicals supply chain experiences joining to lead the future expansion plans.

Guidance:

- Revenue 2x, EBITDA 2.75x and RoCE at 20% from FY24 levels.
- The Company will be doubling their Ketene & Diketene business after this business while becoming the third largest player among Ethyl Acetate suppliers globally.
- The Company is aiming an Asset Turnover of 3-5x for the Essentials segment business with EBITDA Margins of 8-12%.
- The Management has guided that Volumes may increase up to 1.75x by FY28 from last year's volumes of 234 KT for the Essential business.
- For the Speciality Chemicals division, the Management aims an Asset Turnover of 1-2x with EBITDA margins of 20-25%.

Key Highlights:

- Customers are seeking for Reliability of Supply
- Every USD 1 invested would give Asset Turnover of 3-5x with 8-10% margins
- Specialities Asset Turnover of 1-2x for each USD 1 invested
- Capacities being moderated across Supply chains
- In essentials business, the Margins are very much subdued. Hence, the Management believes the Margins have much more chances of going up rather than down.
- In the Specialities segment, the impact of raw materials does not impact the Final Product's prices much, hence the margins are stable.
- In Ketene Derivatives, they are the Indian leaders and in top quartile globally.

- 25% supply share in Agro, 25% Pharma, and 15% Pigment and Industrial Solutions.
- Godavari and IOL in Ethyl Acetate, Jubilant is in Acetaldehyde, etc.
- For every USD 1 invested in Lote Brownfield Fluoro site.
- Laxmi Organic Industries has laid out a capex plan of INR 11 bn to be spent equally INR 5.5 bn towards each of Essentials & Specialities Chemicals by FY28.
- The Company will be doubling their Ketene & Diketene business after this business while becoming the third largest player among Ethyl Acetate suppliers globally.
- The Company is aiming an Asset Turnover of 3-5x for the Essentials segment business with EBITDA Margins of 8-12%.
- The Management has guided that Volumes may increase up to 1.75x by FY28 from last year's volumes of 234 KT for the Essential business.
- For the Speciality Chemicals division, the Management aims an Asset Turnover of 1-2x with EBITDA margins of 20-25%.
- The Company will be investing INR 4,000 mn in the first 2 years, i.e, FY25 & FY26, and in the second tranche, will invest INR 1,500 mn between FY 26-28 period.
- After the current expansion, the Company will still have 80% land reserve in Dahej, 50% in Lote and 10% in Mahad.
- In Lote, the Fluorine assets of INR 5.5 bn will be spent while in Dahej, both Specialities as well as Essentials production lines are present, of which Essentials will be of fixed products (35%) while Specialities (65%) are fungible with multi purpose product manufacturing capability.

L T Foods Ltd

CMP: INR 424 | Mcap: INR 147.41 bn

Middle east business had a 43% growth on a small base. This is expected to be a good business for the company. Exports to Saudi araba has been increasing over the past 4 years, especially during anf after covid.

Procurement price for rice has remained stable.

Freight cost: The last 6 months have been heavy on freight, but that is now easing up. It had impacted margins in previous quarters. Q4FY25 is expected to be much better in this regard.

The new set minimum support price will be a huge positive for the company

The minimum shelf life of rice is 2 years.

Revenue mix: 87% from specialty rice (basmati and jasmine), 10% from other rice, and 2-2.5% from VAP.

The US business is expected to contribute INR 140-150cr this year, and almost reach breakeven. The western market is a major consumer of RTC/RTE products. The US market is expected to breakeven in the next 2 years.

The duty reduction has not yet happened, and is still pending, however the company is expecting positive outcome from the talks.

The company also has an established supply chain network in Thailand

Modern Trade and Ecommerce contribute to 30-35% volumes, and the remaining comes from general trade. Modern trade also has better margins.

Linc Ltd

CMP INR 727| Market Cap INR 10.83 bn

LinC is focused on the daily stationery market and has recently established a JV to set up a manufacturing facility in Turkey. This strategic move aims to enhance their production capabilities and address rising import costs.

Growth Expectations: Target of 17%-20% revenue growth over the medium term, driven by new product launches and market expansion but due to the current challenges in the sector the company reduce revenue growth guidance to 10-15%.

Mitsubishi Partnership: Production with Mitsubishi began in July, contributing to LinC's product offerings.

New Product Launches: The first six months of the year have been disappointing in terms of new product introductions, but the company remains optimistic.

Pentonic Series: The Pentonic line, which started at INR 10rs Pen, has been a game changer, with products like the INR 30 gel pen and INR 40 gel pen receiving positive feedback. LinC aims to introduce new products every six months, continually improving on previous versions.

Gross Margin: The gross margin is currently at 3.5%, improving from 5.5% in FY23. The launch of Pentonic has positively impacted margins, although competition has led to some discounts affecting overall gross margin.

New Product Revenue: ~10-20% of revenue is generated from new product launches, indicating a strong reliance on innovation.

Expansion: Linc has a presence in 40 countries and exports regularly, particularly to North America. The company is working on building its market in Indonesia, where it has not seen sales in the past 3-4 years, and is looking to penetrate the African market through a factory in Kenya.

The company is committed to sustainability, with 75% of its ballpoint pens made from post-consumer recycled materials. This initiative sets Linc apart in the stationery market.

Manufacturing Strategy: The decision to set up manufacturing in Turkey is part of Linc's strategy to reduce trade barriers and tap into a larger market. The Kenya factory, established under African trade agreements, supports their efforts to import materials cost-effectively.

Linc has maintained zero debt over the past two years while investing in capex for land and new facilities, including a project near Kolkata. The company plans to share further details on the Mitsubishi JV in October.

Competitive: Linc positions its products, particularly Pentonic, favorably against competitors. The company is increasing marketing expenses to boost brand awareness through BTL activities, local exhibitions, and promotions in schools.

Lords Chloro Alkali Ltd

CMP INR 135 | Market Cap INR 3.39 Bn

Lords Chloro Alkali is into manufacturing chemicals including Caustic Soda and Chlorine Paraffin Wax. The company caters with 6 products and has a facility in Alwar, Rajasthan.

The current Caustic Soda capacity is 210 TPD and they plan to extend it by another 90 TPD. The expansion is expected to get completed in Q3FY25. Along with this, they also are expanding their CPW capacity by 30 TPD to 50 TPD and adding a 16MW solar power plant for captive power consumption and cost savings on power and fuel. The total capex for this expansion is INR 1.5bn and they expect all the expansions to commercialise by Q3FY25.

The company expects the extended capacity to start contributing to revenues from Q4FY25. At peak utilisation and current pricing scenario, they expect to generate peak revenue of INR 3.8-4bn revenue with EBITDA of INR 500mn. One of the main costs of the company is power which constitutes about 55% of their cost of production. With the new solar power plant addition, they expect to increase their EBITDA by about INR 90L to 1Cr/month.

Caustic Soda: Caustic Soda prices have been under pressure for the last 12-15 months. The industry has seen some improvement in prices in the last quarter and expect gradual improvement from hereon. The international market is also seeing improvements, showcasing positive signs for the company. Caustic soda forms ~92% of their total revenues. They currently operate at ~80% utilisation, which according to the company is the max utilisation rate for caustic soda. India capacity of Caustic soda is 6 MMTPA while demand is 4.5 MMTPA.

Giants like Reliance and Adani are adding 2 MMTPA capacity of caustic soda in the coming time. The company feels that given the reach of these companies and their manufacturing capacity and access to renewable sources, they can cater to the international market. The company is also working on newer chemicals but have outsourced the R&D process. They have a vision to have 100% power coming from renewable energy and are working towards it.

Macpower CNC Machines Ltd

CMP: INR 1325 | Mcap: INR 13.26 Bn

MacPower CNC Machines Ltd Specializes in CNC machine tools used across various industries: automotive (20-25% of revenue), defence, textiles, pharma, and general engineering.

The company has strong ties with defence entities such as DRDO and ISRO and has completed over INR 500 crore projects for PSEs and ordinance factories.

Offers more than 360 machine variants with a current plant capacity of 2,000 machines annually, expanding by 500 more machines this year.

Sales and Customer Base:

Operates in more than 32 cities with a sales team of 200+ people and a base of over 2,000 customers.

70-80% of customers approach the company directly through references.

Mac Power's machines are 5-6% cheaper than competitors while providing an edge in terms of accuracy, time efficiency, and superior after-sales service.

The company is set to launch a 5-axis machine in January, specifically for the defence sector, priced at INR 2 crore, a niche product with only 4-5 global competitors.

Recently opened an R&D center in Bangalore, focusing on advanced machines for the semiconductor, PEB, and other sectors. It has also received land from the Gujarat government under the Vibrant Gujarat Scheme for further expansion.

The company follows a 25-30% YoY revenue growth policy. Plans to leverage its increased capacity to cater to high-demand customers, such as those requiring 50-60 machines at a time (EMS machines).

Defence orders are fulfilled on a credit basis, with payments made post-inspection.

No risk of customer concentration, ensuring diversified revenue streams.

Machines need servicing every two years, with service revenue expected to contribute 4-5% of the topliner in the next 2-3 years. Although the company is not focusing on service revenue as a major profit driver.

90% of the company's power consumption is covered by solar energy, significantly reducing costs. After completing expansions, margins are expected to reach a maximum of 25%.

Future Outlook: New tenders, especially for defines, are expected to come in Q3-Q4, as there were constraints during the election period in Q1.

The company is preparing for significant growth with new orders and capacity expansion once the land paperwork in Gujarat is completed.

Madhya Bharat Agro Products Ltd

CMP: INR 215 | Market Cap: INR 18.87bn

Madhya Bharat is primarily a fertiliser company that is on the cusp of a turnaround as they are shifting their focus to becoming a Phosphate chemical company.

They command a 19-20% market share in Phosphate fertilizers in Madhya Pradesh and Chattisgarh, while commanding 8% share pan India. Going forward, they plan to extend their phosphoric acid capacity at the existing facility and also at the new facilities.

The expansion will lead to the company having ~2,00,000 tonnes of phosphoric acid capacity in the next 2-3 years.

Current Sulfuric acid capacity is 1,65,000 tonnes. They plan to add capacity in Maharashtra, thereby expanding their geographical presence from current 9 states.

Capex Plan: The company currently has capacity of 5,46,000 tonnes for fertilisers where they produce SSP, DAP NPK and 214,500 tonnes of Phosphoric and Sulfuric acid capacity.

Going forward, they plan to increase the Phosphoric acid capacity to 247,500 tonnes and Sulfuric acid capacity to 561,000 tonnes along with some other specialty chemicals. The total capex planned for the expansion is ~INR 770cr.

The expansion includes greenfield expansion in Maharashtra and brownfield expansion in Madhya Pradesh. All the expansions are expected to complete by FY27.

The company also had backward integration for Rock phosphate which helps them procure key raw materials.Currently, 100% of revenues comes from Fertilizers as the Phosphoric acid and Sulfuric acid produced is 100% utilised for captive consumption for production of DAP and NPK. Given the expansion, they will start commercial sales of these products.

They do not have any concrete plan currently to how to fund the capex. Though, they feel if they want to have all the capacity commercialised by FY26, they may look to raise funds through equity.

Magellanic Cloud Ltd
CMP INR 107 | Market Cap INR 62.62bn
Segment: IT & ITES Services, E-Surveillance, Drone Manufacturing and Security

Company Overview: In 2019, JNIT underwent a reverse merger and rebranded as Magellanic Cloud. The company expanded its footprint in IT/ITES by acquiring Motivity Labs and, in 2022, Ivis (worth INR 3270 Mn with 75+ employees). Additionally, the acquisition of Scandrone (70% ownership and INR 50 cr invested in R&D) marked a significant step forward.

Growth Projections: Magellanic Cloud expects a 3.5x increase in headcount by FY26, specializing in IT, AI, and machine learning, with over 600 professionals onshore and offshore. The company is on track to achieve record revenues in manufacturing.

Upcoming Initiatives: On October 8, the company will launch its BMS (Building Management System) and expand its e-surveillance capabilities, establishing a centralized monitoring hub primarily in Hyderabad. This will enhance ATM and branch security, particularly in gold loan vigilance, while also tapping into international markets and offering mentoring services.

IT/ITES: With a projected CAGR of 10%, Magellanic Cloud sees vast potential in IT/ITES, data engineering, and data science. The company is initiating solutions in these areas, including a six-month generative AI project, targeting INR 6-7 bn across three industries, particularly in clinical trials.

Drone Manufacturing: The drone manufacturing division is DGCA certified, with models capable of carrying loads from 20kg up to 80kg. The company is developing training programs for pilots and enhancing surveillance capabilities. There is strong demand for heavy drones, with significant orders anticipated.

Fund raise: The company aims to raise INR 3000-4000 Mn, including INR 1000 Mn for drone development. It currently has 300+ companies in its portfolio, with a presence in the US and India. Financial backing includes preference shares (85-90% for Ivis) and an additional INR 500 Mn in the second tranche for R&D.

Tender Opportunities: Magellanic Cloud has already received eight tenders, primarily in logistics, with anticipated openings for 10-20 additional tenders worth INR 80 crore. The government has allocated INR 30,000 Mn for drone initiatives, with several tenders valued between INR 1600-2000 Mn. The company expects to maintain 30-90% growth through acquisitions and scaling efforts.

Revenue Mix: IT/ITES of INR 4500 Mn, E-Surveillance of INR 1300 Mn (20-30% growth expected).

Drone Division: INR 40-50 Mn (with a projected growth of 20-30% and orders worth INR 1000-2000 Mn anticipated by March).

Acquisition Strategy: Magellanic Cloud aims for annual acquisitions of USD 25-30 mn, targeting an average growth rate of 30-35%. The company is preparing to close a significant acquisition worth USD 20-25 mn within 60 days, which could add INR 30-35 crore to PAT.

Overall Projections: The company anticipates a 30% annual growth in its core business, with additional revenue from acquisitions contributing to a target of INR 3000-4000 Mn in funding for future initiatives and working capital.

EBITDA Target: Magellanic Cloud is targeting a conservative EBITDA of 25-30%.

Magnum Ventures Ltd

CMP- 46.5 | M.Cap- INR 2.91 bn | Promoter: 56.87%

Key Highlights of the calls:

Company operates 1 hotel (216 rooms and 9 banquets) and 85,000 tonnes per annum paper manufacturing capacity.Revenue split between Hotel:Paper stood at 21:79 for Q1FY25Company is the first certified pure veg 5 star restaurant. Both, hotel and paper manufacturing plant are located in Ghaziabad.

The manufacture of paper is from 100% wastepaper.Revenues from foreign currency have dropped substantially because many foreign tourists come through agents and convert foreign currency beforehand.

Revenues from F&B is low because banquets are seasonalCurrent installed solar capacity is of 1.2 MW which cost INR 5 MnCurrent land bank is of 24,000 SQM in paper, 10,000 SQM in warehouse and 10,000 SQM in hotel

Company did rights issue in January and invested INR 350 Mn in paper mill. Paper mill machines came in April and the shutdown was taken in May. Q1 paper segment results were in loss because of shutdown, Q2 will be profitablePaper RM imports come from western countries and local agenciesIn hotel segment, company has bid for UP heritage sites in Feb and has received acceptance letter for Akbar ka Shikargah.

Financial and technical clearance is still pending. The site is 600-700 old heritage site and this hotel will be in partnership with UP government for 90 years.

Once the company gets final acceptance for the heritage site, they will construct a hotel (which will take 3 years to complete).In terms of guidance, the numbers should start to improve from Q3FY25.

Company has 1 land of 10,000 SQM which they are in the process to sell. The proceeds will be used in paper and hotel division. At CMP, company trades 36.4x TTM EPS

Maharashtra Seamless Ltd

CMP: INR 640 | Market Cap: INR 85.95 Bn | Promoter: 68%

Guidance: No guidance given but company is confident of delivering higher EBITDA per tonne Vs Q1FY25Margin decline in Q1FY25 due to 3 problems out of which 2 are temporary in nature. Company expects Q2 and Q3 EBITDA per tonne to be higher than INR 9,000.

Key Highlights of the call: Few years ago, company had participated in all 3 distressed assets bid: US Tubular, Oil Country Tubular and ISMT. Company won only 1 distressed asset.

Capacity utilization generally is 70-80% but dependent on product mix. FY23 EBITDA per tonne was INR 23,953 Vs in FY24 was 30,575 (explaining the change in product mix impact)The finishing line capex which was delayed will come by Dec 2025 (company tried to incentivize the supplier but the supplier refused for early delivery). The finishing line will free up 100,000 tonnes of capacity which is unusable right now

The rig which company operates will see the end of contract in May 2025. That is when the company will demerge or sell off the rig

Current focus in capex is on finishing line only. Company will focus on any other capex after completing the finishing line.

If OPAL and MRPL are going to increase drilling activities then company will get more orders from them. One important point to note is that ONGC has cancelled 2 tenders of offshore jackup rigs in last 6 months.

Steel prices declined in Q1, declined and rose again in Q2. Key suppliers are JSW Steel, Jindal Steel, TATA Steel and SAIL.

In case of China dumping, government had levied ADD but the ADD was an absolute price so the market rates adjusted for ADD levied on China hence the dumping continues

At CMP, company trades 5.9x TTM EV/EBITDA.

Manappuram Finance Ltd
CMP: INR 203 | Market Cap: INR 171 bn

Guidance:

- The Management expects to see Loan growth of 12-15% for the portfolio for FY25.
- The Management is guiding 15% growth in Gold loans for FY25.
- The Company expects the Asirvad MicroFinance IPO within the next 6-8 months of timeframe.

Key Highlights:

- The Housing Finance division saw a growth of 5% QoQ in Q1FY25.
- On the MSME front, the Company is seeing some reduction in growth in some locations.
- The Company has raised USD 300 mn last year, which has benefitted them by 18 bps.
- Earlier the NBFCs bank borrowings were 75-80%, but now after the ECBs and and the USD dollar bond, the proportion of Bank Borrowing has come down to 69%.
- The management says their average ticket size in Gold Loans is around INR 53,000 against 78-79% of industry Peers and some fintechs going more than INR 1 lakh of average ticket size.
- Customer's have been increasing their borrowings on account of increase in Gold Prices as the LTV also increased.
- The Gold Loan yield was seen at around 22.5% interest rates. The management intends to maintain the Yield of 22-22.5% range for the next 1-1.5 years of time.
- The NBFC is seeing very high churning in the Gold Loan category, with average duration of loans at 92 days.
- The Management attributes the high churning of the Gold Loan Portfolio for the muted growth in the Gold Weight tonnage with the NBFC.
- The Management denies losing any market share due to the stagnancy in the Gold Weight Tonnage with the NBFC.
- The NBFC is adding around 3.8 lakh new customers every quarter as of Q1FY25.
- On the Micro Finance industry's woes, the management says that Southern Indian states aren't seeing as much stress as the rest of India is witnessing.
- The Management is not witnessing much of any relief for the Micro finance industry across different states, be it Northern, Western or Eastern states.
- The Management
- The Management says that in FY24, they saw Credit Cost of 4%, and in Q1FY25 saw Credit Cost of 6.5% in the MFI business, which they expect to continue for a couple of more quarters. They are expecting better collection efficiencies in the Q3FY25 onwards
- The Management is expecting the Spread to be 2.5 - 3% higher in range than last year.
- The Yields for the MFI business are currently stable at around 21.8-21.7% interest rates.
- Regarding the delinquencies in the Vehicle Finance Portfolio, the Management is expecting the Q3FY25 to be better for the company in terms of improvement in delinquencies.

Manorama Industries Ltd
CMP: INR 823 | Market Cap: INR 48.40 bn

They are exclusive suppliers of mango fats to body shop

The usage of rice husks as fuel instead of coal makes them more eligible for benefits for being carbon friendly

Capacity utilization of the fractionation plant: The existing 15,000 tonne capacity is being utilized at 100% (spins butter into solids and liquids). They recently added 25,000 tonnes of additional capacity which is running at 50-60%, expected to increase by 20% each FY. The total capacity of 40,000 tonnes has a revenue potential of INR 1,200 Cr at 100% utilization.

Guidance: 20-22% EBITDA. 250cr top line

They manufacture cocoa butter equivalents from sal, mango, and shea. They have a compelte monopoly in sal and mango, and no volatility are seen there. Shea has 5-10% volatility in RM price due to competition, as they are the 3rd largest player is shea. However, this is passed on.

Shelf life is 3-4 years for a product.

Seasonality: Saal comes in June and July, wherein they procure seeds for a year, and Shea comes in October and November, and there is a 2–3-month additional wait to reach India. The company is not experiencing any challenge with availability or procurement across any of their RMs, and they are coming in as per expectations

Most of the inventory is invested for revenue purposes, which leads to a high number of inventory days.

They are working on producing and selling industrial chocolate as a forward integration project using the cocoa butter equivalents. It will be a B2B2C business.

There is a visible shift in cocoa butter equivalent demand due to the rise in cocoa prices.

Markolines Pavement Technologies Ltd
CMP: INR 212 | Market Cap: INR 4.05 Bn

Guidance:

- Expects topline growth ~20-25% in FY25 as well as margins to improve.
- ~40Kms work is expected to be completed in a year timeframe.

Business Model:

- The company operates in 3 business segments such as Highway maintenance, specialized maintenance and specialized construction.
- In Highway maintenance, road being a major wear & tear item and maintenance and repairs is largely done in the 5 years.
- Specialized maintenance includes micro surfacing, recycling and soil stabilization.
- Tunnel project vary from 2-3 years while maintenance work takes 8 months to 1.5 years to complete.

Other Highlights:

- The company has presence pan India.
- Specialized construction is about 20% and the company is looking to enhance its portfolio to 40% in the next 2-3 years.
- Order are usually tender based and current order book stands at 4,000Mn
- Receivables varies for H1 & H2 in a year as in Q3 & Q4 highest work is done.
- Employee and raw material cost are 40% each.
- The capex cycle for an asset in the business is of 5 years.
- The company has no direct competitor.
- Various machinery is used for different kind of work.
- Rajasthan Jammu Kashmir, Maharashtra and Uttar Pradesh are the states where work is ongoing.
- In Jammu Kashmir project is a large size project and the company has good opportunity.

Maruti Interior Products Ltd
CMP INR 76 | Market Cap INR 1.15 Bn

Revenue Mix:
The company generates 50% of its revenue from manufacturing and the other 50% from trading. Exports make up 10% of total revenue, with plans to boost this figure to 50-60% in the coming years. Additionally, contract manufacturing contributes 10-15% of the company's overall revenue.

Capacity & Utilization:
The company's current manufacturing capacity is 2 tons per day, which is set to expand to 4 tons per day. At present, it operates at 60-70% utilization across its facilities. Once the new capacity is fully operational, the manufacturing revenue potential is expected to increase to up to INR 150 Cr.

Growth Plans:
The company is targeting a 25% YoY revenue growth, with a strong focus on expanding exports, particularly for wire shelving products. It aims to significantly grow its dealer and distributor network from the current 350-400 to 1,000 within the next five years. Additionally, the company is planning to establish local manufacturing for its tandem box product to further enhance its product offerings and market reach.

Financials:
The company is targeting a PAT margin of 10-12%. However, its EBITDA margins have declined from 20% to 15% due to rising freight costs and raw material prices. Additionally, working capital days have increased from 120 to 143 days, driven by higher inventory requirements.

Capex:
The company recently invested INR 19-20 Cr. in expanding its manufacturing capacity, which included the setup of a new chrome plating plant. This facility is currently operating at 50-60% utilization, contributing to the company's increased production capabilities.

Market:
- Modular kitchen accessories market size around 5000 Cr.
- South India is the strongest market for the company.
- Government imposing BIS standards, may benefit domestic manufacturers.
- Seeing strong demand for tandem box product, currently importing 2 containers/month.
- Entered telescopic channel market through 50% JV investment.

The management is focused on capacity expansion, growing exports, and expanding product portfolio to drive growth, while maintaining profit margins around 10-12%.

Marvel Decor Ltd

CMP INR 99 | Market Cap INR 1.69 Bn | TTM EPS: INR 1.7

In India they have the brand marvel and in the international market (Dubai), they have the brand Callistus.

They built an xperience center in Mumbai for channel partners

The Dubai real estate market is doing well, and so is the current development market in India. Pre sales numbers for homes in India are looking good, and delivery will be executed over the next 12-18 months.

Guidance: 40% revenue CAGR over the next 3-5 years with a 50% EBITDA Margin which is on the higher end of the industry margins. They target a 25-35% growth this year (with a margin expansion of 1-2% on EBITDA because they just raised funds and have only have 6 months to implement and recruit people. Next year they aim for a 40% growth. FY28 top line is targeted at INR 200cr. They are planning capex from FY27 onward.

Opportunity Size: Indian blinds market is just 4-5% of all house's vs 60-80% in western countries indicative of high headway to grow, especially in the corporate side vs residential. The market for blinds in India is close to INR 600cr, out of which INR 400 Cr is unorganized. The company is one of the top 3 organized players in India.

They recently started a ROW division- other than India and Dubai. Though the margin in Dubai is still smaller compared to India.

There is high fixed cost involved to build a foundation and factories- it takes about 5 years

No developers like Lodha have approached the company yet, but that avenue is open up soon. However, not all builders provide blinds and curtains in their homes.

Last year, the India business was more retail focused. This year they plan it to be less retail and more corporate.

They are working on the deployment of INR 8cr that was gathered from separate investors. INR 5-5.5cr will be deployed toward the development of new products, and rest toward marketing and branding like setting up exhibitions.

Going ahead, they will need INR 50cr funding to reach the INR 200cr top line target which will come in a staggered mode over 3 years, in equity and debt.

MAS Financial Services Ltd

CMP INR 300 | Market Cap INR 54.49 bn

MAS Financial Services Ltd recently raised INR 500 crore through QIP in June, marking its first capital raise since the IPO. The funds were allocated to marquee investors and institutions. The company's AUM currently stands at INR 103bn, with 177 partnerships with NBFCs and a network of 193 branches spread across 13 states and union territories. While its core presence is in the western part of India, MAS Financial is gradually expanding into southern and northern regions.

The company has demonstrated impressive financial performance, with AUM growing at a 36% CAGR and PAT increasing at a 39-40% CAGR. Management has provided guidance of 20-25% growth in the medium to long term, citing a strong outlook. Asset quality has been consistently robust across cycles, with NNPA remaining below 2%. Even during COVID-19, the GNPA never exceeded 2.5%.

In terms of AUM composition, 80% of the portfolio is directed toward MSMEs, while 15% is allocated to the wheels segment, which includes two-wheeler and commercial vehicle financing. The company also offers salaried personal loans with ticket sizes ranging from INR 3-5 lakhs. SME loans average INR 1.7 million, while loans to micro-enterprises have an average ticket size of INR 70,000. Over the years, MAS Financial has been steadily increasing its direct retail distribution. The company aims for 70-75% of its business to come from direct retail distribution, with the remaining portion through its NBFC partnerships. Notably, MAS has consistently used technology-based solutions for loan origination and disbursement, and all disbursements are made via banking channels without directly collecting cash from customers.

As of June 2024, MAS Financial boasts a strong capital adequacy ratio of over 28%, with a cost of borrowing at 9.8%. Its subsidiary, Mass Rural Housing and Mortgage Finance Ltd (MRHMFL), has also been growing steadily. MRHMFL operates primarily in Gujarat, with an expanding presence in Maharashtra, Rajasthan, and Madhya Pradesh. The subsidiary currently has an average ticket size of INR 7 lakhs and is targeting a 30-35% growth over the next 2-3 years. MRHMFL's capital adequacy ratio stands at 36%, further solidifying its financial strength.

Promoter holding in MAS Financial remains high at 67%, one of the largest promoter stakes in India's lending sector. Looking forward, the company is targeting 20-25% expansion over the next 3-5 years. Growth is expected to be driven by the SME, housing, and wheels portfolios, with the company also focusing on secured lending. MAS Financial has set an ROE target of 16-17% and plans to keep GNPA below 2%.

The company's micro and SME loans are secured products, though assessments are based more on cash flows than on collateral. In its housing finance division, 85% of the portfolio is concentrated in urban and semi-urban areas, with the remaining 15% in rural regions. Post-COVID, the company has been growing its housing finance AUM at a CAGR of 30-35%. Housing loan underwriting is typically done in person due to the informal nature of the customer base, with letters of intent issued within 2-3 days. The current AUM for housing finance stands at INR 625 crore, with a short-term target of reaching INR 1,000 crore.

Despite operating with ROAs of 1.7-1.8% in the housing finance segment, MAS Financial aims to increase ROAs to 2.25-2.5% through a combination of reduced operational expenses as the business scales and lower borrowing costs. Yields in the housing finance business are expected to remain at 14-14.5%, an optimal range for the company. MAS is also transitioning towards direct sourcing of loans, which will result in higher operational costs but also bring higher yields. While yields through partnerships average around 13%, direct sourcing offers yields north of 16%, which supports the company's ROA target of 2.8-3.2%.

In terms of new initiatives, MAS Financial has applied for a broking license and plans to enter the insurance distribution business. The company is also attaching loan protection insurance to its existing financial products, expanding its service offerings.

Matrimony.com Ltd
CMP INR 765 | Market Cap INR 17 bn

- ***Overview of company:*** Matrimony started it's journey in 2000s and has a market share of ~60% pan India. Only profitable company in the space with zero debt with revenue crossing more than INR 4800 Mn last year.

Key Highlights

- Company has introduced Jodi which is in 9 vernacular languages. Subscription package starts from INR 1000 for 3 months. Jodi now contributes 5% of total revenue.
- Other products like Bharat matrimony and community matrimony offers various sorts of packages with average pricing ranging from INR 2000- INR 4000.
- Company achieved a milestone of 1 mn paid subscribers in FY24, and has grown at 6-7% CAGR.
- Company remains a predominant player in the southern markets holding 90% market share. It faces competition in north markets where its Shaadi.com has upwards of 40% market share, Matrimony.com holds 25% market share and rest is held by Jeevansathi.
- Marketing remains biggest cost for the company, accounting ~38-39% of revenues due to competition intensity. If marketing costs are removed, gross margins in the matchmaking business stood upward of 60%.
- Company expects to launch love.com for younger generation looking for serious relationship. The company has not launched it, but plans to do so in the future.
- ***Pricing strategy*** remains range-bound, with no significant changes expected in the next 2-3 years.
- ***ManyJobs:*** Company has approved launching of manyjobs.com in the jobs space, specifically targeting grey collar/entry-level workers. Company to keep initial investment very low with just a few people working on developing the product.
- ***Match astro:*** Company launched a new astrology consulting service Match Astro. It offers a 30-minute astrology consultation package for INR 500-1000. It's still in a nascent stage with not much revenue yet.
- Company has also taken 26% stake in an astrology software company. This software is also used in their matchmaking business to generate astrology reports.
- ***Elite matrimony*** is a personalized, assisted service with relationship managers who scout profiles from a confidential, private database for elite customers. Elite packages are priced as high as INR 50,000 for 3 months.
- Company expects Q2 to be muted due to seasonality, and expects to bounce back in H2FY25 and expects to in single digit for FY25. Company's long-term aspiration is to reach low double-digit growth.
- Company has cut down marketing cost from TV advertising(70% to 50%) to digital advertising (30%-50%) optimising Tv Advertising costs.
- Customer conversion depends on marketing strategies and technology optimisation. Average retention rates are 9 Months per customer.

MCON Rasayan India Ltd

CMP: INR 161 | Market Cap: INR 1.01 bn

- Company is a leading manufacturer of construction chemicals and specialty building products in India, offering over 100 products across two verticals—powder (e.g., ready-mix plaster, tile adhesives) and liquid products (e.g., admixtures, waterproofing).

- Established over a decade ago, the company operates modern manufacturing facilities, including the Ambethi and Sarigam plants, which significantly contribute to its production capacity.

- **Product Focus:** Ready-mix plaster (42% of sales), tile adhesives (21%), and admixtures are top products.

- **Clientele:** Company serves prominent builders like Lodha Group and government infrastructure projects.

- **Geographical Reach**: Strong in Western India, with expansions into Northern and Southern regions.

- The company has immense growth opportunities with less than 0.1% market share in a rapidly expanding industry.

- **Export Plans**: Current focus on the Indian market with plans for future export opportunities.

Financial Performance

- **Revenue Growth:** Consistent growth, with PAT margins improving from 2.6% to 5.3%.

- **Capacity Utilization:** The Sarigam plant is at over 100% capacity, while the Ambethi plant is expanding.

- Future Targets: Aiming for INR 500 Cr. in revenue by FY27-28, with an expected 80% revenue growth in FY25.

Future Growth

- Company plans to expand production, enter the paint and coatings sector, and target Northern and Southern India.

- Strategic partnerships for new facilities and product innovation through R&D are key to its expansion.

Megatherm Induction Ltd

CMP- 364 INR | M.Cap- INR 6.86 Bn

Revenue

Revenue is expected to reach INR 5bn by FY27E. Post that, the company will go for fund-raising of INR 500mn to set-up new facility. The company already has land of 15 acres.

Margins

EBITDA margins is around 12% and focused on 15% through backward integration by FY27E.

Solar transformer margins are higher, while power distribution transformer margins are lower.

Order book

The order book is around INR 3.9bn.

Transformers

The company has largest transformer facility in Eastern India and focused on induction equipment transformers, Solar transformers, Inverter duty transfromers etc.

The transformer revenue was around INR 300-350mn in FY24 and new facility will lead to additional revenue of INR 1-1.5bn going forward. The facility is expected to be completed by Dec-24.

The company is selling transformers to BHEL, railways and ordanance factories.

Capacity

The current capacity stood at 300 units, 1,300 MT/month and 910 MVA.

Competitors

The competitors are Voltamp Transformers and Shilchar Technologies and Inductotherm.

Industry

Electric induction furnace annual demand stood at 60mn tons and 10%-15% growth is expected on YoY basis going forward.

Customers

In Auto sector, the company is supplying to Talbros, M&M forgings, Mahindra, TATA etc.

In Steel sector, The company supplying to Shyam metalics, Sharda energy etc.

Other highlights

The company is supplying around 52 countries and Europe is gaining traction.

The company is supplying induction furnaces for castings and Induction billet heating etc.

Meghmani Organics Ltd

CMP- INR 101 M.Cap- INR 25.62 BN

Meghmani Organics is into Agrochemicals and Pigments manufacturing. The company operates majorly in two segments – Crop protection and Blue and Green Pigments. They have recently forayed into Crop nutrition by introducing Nano urea and also have introduced Titanium Dioxide.

Agrochemicals segment contributes ~70% to the overall topline while Pigments contribute ~30%. The company is export oriented as ~80% of total revenues come from exports while domestic business has only 20% share.Given the current headwinds in the agrochemical industry, the company expects things to normalise from Q3FY25 onwards. There are already signs of improvement in the domestic market while export market is still under pressure. Majority of the agrochemicals have seen price reduction of 45-50% since 2023.

The company does not expect to see any rapid improvement in prices but we can expect normalcy in the coming quarters.With Titanium Dioxide and Crop Nutrition business, the company targets to balance out the risks in the Crop protection and Pigments slowdown. They target to balance out their export domestic mix as these products will be focused on the domestic market.For newer geographies, the company plans to penetrate the Brazil market further. They have a long term plan for the market and are also in process to set up a subsidiary there.

On the industry level, China is also suffering with overcapacity and are operating at breakeven levels. Suppliers are taking back old unsold inventories and supplying newer inventories in the market.

Titanium Dioxide: The plant was acquired by the company thus the commercial sales are yet to begin. They do expect reasonable contribution from Q3FY25 onwards. They expect to run at 40% utilisation in the beginning but close FY25 at 70% utilisation. Capex of INR 4bn has been done for Phase 1 of TiO_2.

The company expects revenue generation of INR 3bn from this. While they expect Nano urea to generate INR 10bn revenue on INR 1.5bn capex.In TiO_2, countries have already established ADD on Chinese players. The company expects ADD on TiO_2 to come by November in India.

The company is focusing only on the expansion of the new product mix and how to generate demand for newer products. They expect revenue growth to be aided majorly by the new products only. Pigment segment has taken the major hit as the demand has slowed down and the prices are also under pressure.

Given the current situation, the company does not have any plan to expand this business further and expect to see very nominal growth in this segment.They do plan to launch 10 new products in the Crop protection segment in FY25 with some already launched in Q1.

The company also plans to penetrate the domestic market with the branded business. Guidance: The company expects to reach INR 1.8-2bn topline in FY25 with 8-10% EBITDA margins. H2FY25 is expected to drive majority of the growth. While, for FY26, they expect to touch INR 2.5bn topline with 15% margins given the new products get stabilised. Capex cycle has completed; no major capex planned for the next two years. On the debt side, they expect to have very marginal long term debt by FY26 on standalone basis. Current interest cost remains ~6% as they also have access to external debt.

Menon Bearings Highlights
CMP: INR 131 | Market Cap: INR 7.36 Bn | Promoter: 70.18%

Key Highlights of the call:

- Company operates in three segments: Bimetal products, Aluminium Diecasting and brake lining. Company has a total of 5 plants of which 3 are of bimetal products, 1 of aluminium diecasting and 1 of braking systems.
- 5 plants are spread on 27 acres of land. Company is setting up aluminium casting facility on land of 65,000 sqft which will start in 2 months. Company has received MIDC land lease for 99 years.
- Exports contribute to 30% of revenues (24+ countries) | 55% of business comes from OEMs
- Bearings capex has been completed, total capex spent worth INR 300 Mn – asset turn of 3x
- Traction is improving and stabilizing – will see impact in Q2
- Bearings samples under approvals, will take 3 months to 1.5 years. Approvals will come in stages, total orders of INR 200 Mn currently with company
- On Japan economy, the economy still hasn’t recovered. Japan business contribution to sales is of 3-4%
- Alkop is 25-28% of business, revenues from the current capex will come in staged manner (3 months to 1 year)
- Company doesn’t operate in PV segment as value add is very less
- Company is a preferred supplier to certain companies like Honeywell. Registration with railways is under process
- Under brakes vertical, 50% is exports and 50% is aftermarket.
- With new Alkop line, company will be able to manufacture 1 Mn pieces monthly (incremental)
- Aluminium casting market is INR 60 Bn. Menon bearings is into critical components only

Guidance:

- Company has guided for 18-20% topline CAGR and EBITDA margins of ~22%
- At CMP, company trades 32x TTM EPS

Modi Naturals Ltd
CMP: INR 375 | Market Cap: INR 4.91 bn

Business Model:

- The company operates in 3 business segment such as Consumer (Edible Oil brand - Oleev & packaged foods), Bulk (Rice Bran Oil) and Ethanol (Distilleries in Chhattisgarh)
- It has shifted from bulk oil business to branded segment and branded segment now accounts to 57% of revenue.
- Amongst the consumer business, ~90% is oil and 10% is foods. Going ahead, food segment is expected to grow faster.

Guidance:

- Aims to touch revenue of INR 5000-7000Mn for consumer segment and with margins of ~10-12%
- For ethanol expansion will be up-to 300 KLPD and no plans beyond that as of now.

Capacity & expansion:

- The company has made grain-based ethanol greenfield expansion of its plant of 130 KLPD which is running from last 10 months and not have reached 100% capacity.
- The company is planning to add capacity of 170 KLPD with an investment outlay of INR 1,000Mn. So total capacity would reach to 300 KLPD. 50% will be funded internally while remaining will be funded via debt or equity or both so they were yet to decide on it.

Other Highlights:

- Rice milling is huge industry and so the paddy. Paddy is one of the major crops in India and available all over the country.
- So, based on the availability and its nature of margins the company decides on using rice or maize for milling.
- Crude for Olive oil is purchased from Mediterranean regions such as Spain, Tunisia, Morocco, etc. and then manufactured in India.
- The produce Rice bran oil as well as open to purchase from others.
- Margins of 12% and upwards are sustainable for ethanol.
- Working capital: Consumer – 45-50 days, Unorganized retail – 15 days (advance payment is taken)
- For Bulk segment, working capital is at peak during September to November period.

Moneyboxx Finance Ltd

CMP: INR 277 | Market Cap: INR 8.469 Bn| TP: INR 760 |Rating: BUY

- Moneyboxx is an NBFC operating in India. The company focuses on providing loans to rural and semi-urban customers, including livestock loans and business loans. They have experienced significant growth, with a 5-year CAGR of 86% and a 3-year CAGR of 55% in their loan portfolio.
- They anticipate that as the company matures, a growth rate of 30-40% would be considered settled for an Indian NBFC.
- The company is exploring biogas as a new area of focus. Biogas is seen as a solution to improve soil quality and provide renewable energy in rural India. Management believes biogas projects could have a payback period of less than one year for borrowers.
- The company has doubled its branch count recently, which is expected to drive future growth.
- 96% of their loans qualify as Priority Sector Lending (PSL). 66% of the portfolio is in Agriculture and Allied activities. Remaining portfolio falls under MSME PSL category.
- The rural economy has shown some weakness, with lower demand in recent months. However, the management sees signs of improvement, with September 2024 showing double the disbursements compared to the previous month. They have kept their growth guidance the same despite recent challenges. With double the branches in FY25, the company is anticipating disbursements of INR 5,000 Mn for this year.
- Historically, H1 disbursements have been lower than H2. The current year's H1 has been exceptionally low, but still better than during COVID-19 affected periods.
- For livestock loans, the company does not typically insure the cattle except in Haryana, where government insurance is available at low cost. They mitigate risk by ensuring borrowers have multiple income sources beyond livestock.
- The company employs veterinarians to monitor the health of financed livestock and provide complementary services to borrowers. This strategy is viewed favorably by impact investors like Michael & Susan Dell Foundation.
- The promoters have invested significantly in the company, contributing INR 450 Mn out of INR 2,780 Mn raised.
- As for their underwriting strategy, borrowers must be living in their own homes and have permanent business structures. The company focuses on cash flow-based lending, using proprietary models for assessment. They require borrowers to be natives of where they are taking the loan.
- Balance transfer (refinancing existing loans) cases are very low, at about 5% monthly.
- The company has recently implemented a separate collection team with 40 people on the ground, starting September 2024. They are running pilot projects to improve collection efficiency.
- The company's borrowing cost is currently around 13.7%, higher than some competitors, but is expected to decrease to below 11% in the coming year.
- Opex as a percentage of AUM has declined from 24% to 12% and is expected to decrease further.
- The focus is on reducing the borrowing cost and operating expenses to improve profitability. Management expects to see benefits of scale as AUM grows, leading to improved ROE and profitability.
- Company aims to maintain its spread while potentially seeing some reduction in yield as it move towards more secured lending. Management emphasized on looking at YoY growth rather than quarterly fluctuations.
- The secured loan portfolio, though only 18 months old, is showing better performance than the unsecured portfolio.
- The company is securing fresh loans from established lenders like HDFC, Federal Bank, DCB Bank, and AU Small Finance Bank. These new loans are coming at lower interest rates, indicating improved creditworthiness. The PAR (Portfolio at Risk) for secured loans is about half that of unsecured loans.
- The management emphasized the importance of long-term investing in the NBFC sector, noting that spending occurs upfront but income is generated over the loan tenure (typically 4 years for secured loans in their case).

Motilal Oswal Financial Services Ltd
CMP: INR 762 | Mcap: INR 455.77Bn

Guidance:

- The Company will look to list the Housing Finance business separately in probably after the next couple of years when they expect the size of the book to become substantial enough for the business to fulfill its own requirements.
- While the other businesses like AMC have grown to decent size, the Management says they aren't looking to list them separately as of now as the lines of business are similar to the Parent Organization.

Key Highlights:

- The Management sees a buoyant force in the Indian economy, including the GDP growth trend, the savings and Investment trends and the market bullishness as well.
- The Broking Industry is already at 170 mn demat accounts as the size of the Total Addressable market is seen still largely underpenetrated.
- Monthly SIP numbers touched an all time high of INR 230 bn in the month of August 2024.
- The Company has investments of around INR 70 bn into their own Asset management and Private Equity Funds, which is 9-10% of the corpus of these funds.
- The Group sees 45% of the total revenues coming from the Broking business and the remaining 55% revenues coming from other businesses which are seen growing themselves well.
- The cash segment market share stood at 8% while the F&O segment market share stood at 9.5% for the Company. These market shares have actually gained 180 bps over the past 3 years.
- The Company has put a Team of 400 professionals for the distribution business activities, and plans to ramp up this distribution team by 2-3x over the next 3 to 4 years of time. The Distribution assets stood at INR 260 bn as of now, and plan to grow this 2-3x over the next 3-4 years.
- The Company's ARPU stood at INR 26,000, considering only the brokerage revenues and INR 42,000 including the other revenue pie. This is one of the highest revenue per active customer in the industry while other brokers like Zerodha or any discount houses have between close to INR 5,000 to INR 13,000 between that.
- Since the Company's schemes are growing larger, the Company aims to bring in various categories in the next couple of years.
- The SIP book has crossed INR 5 bn and they have an almost market share of 6% by now, and in terms of Net Flows, their market share is 7.5%.
- The performance of the Private Equity and real Estate Fund has been the best at 20% exits IRRs and 27% for the first fund respectively.
- The Housing Finance subsidiary's book stood at INR 41 bn with Net Worth of INR 13 bn.

Netweb Technologies India Ltd

CMP- INR 2583 M.Cap- INR 145.6 bn

•The company operates six key verticals. The AI segment is the fastest-growing area, with rapid advancements expected by FY24. Other rapidly growing segments include TCM and Skylus, which focus on high-speed computing and middleware solutions.

•Skylus Enterprise Workstations provide comprehensive software solutions, complete with licenses that are renewed annually. Netweb supplies these solutions, ensuring no recurring costs for maintenance. This results in highly visible revenue streams.

•The new IMT facility has commenced operations and has been recognized by NVIDIA for manufacturing GPUs, support for export opportunities, particularly to Gulf countries.

•Major competitors like Atos and HP primarily focus on designing and manufacturing server models. Previously, server production was conducted in Taiwan, but now the company has unique capabilities in SMT, enabling the production of motherboards with 16-24 layers.

•Currently, 5% of revenue comes from data server solutions. This segment is poised for improvement.

•The leadership team, including the CTO, R&D head, and sales head, brings extensive IT backgrounds and expertise to the daily operations of the company.

•Netweb is positioned as an enabler in this landscape, with an expected CAGR of 30-35%. The export segment is also beginning to gain traction, signalling a promising future.

•Outlook: Netweb Technologies India Ltd, despite having a soft Q1, is poised for growth with a projected CAGR of 30% - 35% over the next two years, on the account of a strong order book and pipeline supported by strategic expansions in high-performance computing, AI, and private cloud.

Newjaisa Technologies Ltd

CMP: INR 99.5 | Market Cap: INR 3.5 bn

NewJaisa Tech is a full stacked technology driven D2C refurbished IT electronics company. They provide refurbished electronic products, mainly focusing on the PC category. They intend to convert old computers into high quality PCs. Their target customers includes students, home users, SMEs and working professionals.

The company is India focused, operating in India through D2C, offline and online marketplaces. 93% of their total sales comes from online platforms. Their headquarter is based out in Bangalore, leading to their majority of the customers based out in South India.

Key offerings by the company – One year warranty, lifetime buyback guarantee, products available at 45-50% discount compared to new models.Key suppliers of the PCs are mainly corporates as corporates generally dispose off assets within 3-4 years of usage. Currently, only 25-30% of procurement is done from corporates. They intend to increase it to 80% in the near term.The company feels the market opportunity to scale is still huge as India's only 13% household have a PC.

Market for refurbished products is much larger. Market for refurbished PCs is growing at 16%.They have a capability to repair almost 100% of the components present in a PC. Given the heavy requirement of human capital in this business, the employee cost is 15-16% of their revenues.

As they plan to expand their services and geographies further, they expect to overinvest in human capital in the coming years. Recently added senior management.

The company intends to maintain 40-50% growth rate as the market is expanding rapidly. They intend to capture 15-20% of the market share in the next 2-3 years, generating INR 1000cr topline in the next 5-6 years. They plan to penetrate the Tier 2 and 3 cities as the growth opportunity and market there is massive.They have been consistently working on improving their gross margins by controlling COGS.

They continue to focus on repairs and direct procurement of assets from corporates.They do intend to expand into the international markets but currently the focus remains on domestic market. In the next 4-5 years, they also plan to expand into other assets like tablets and other peripherals.

They sold about 1.3 lakh units in FY24 and aspire to do 6 lakh units per year.Generally, 55-60% of sales come in H2 given the festive seasons and discounts. The company highlighted that the reasons for slower growth is the rigorous process of refurbishment. They are working towards improving their processes and hope to see much better growth as it improves.

Niyogin Fintech Ltd

CMP-INR 54.8 | M.Cap-INR 5.21 bn

- In 2017, company acquired M3 Global, a listed NBFC, through a reverse merger and renamed the company to Niyogin Fintech Ltd. In 2019, they acquired Moneyfront and in 2020 company acquired 51% stake of iServU (payment infrastructure).
- Recently company acquired Superscan an AI toolkit under wholly owned subsidiary Niyogin AI that helps with KYC Solutions.
- iServU is a payment infrastructure provider. Company do not service retail customers, it serves institutions who in turn service retail customers. Company makes money on interchange fees for each transaction processed.
- Aadhaar enabled Payment System transaction allows bank customers to withdraw money from their accounts using their Aadhaar card for authentication at local shops. The process works as follows: Customers walk into a store with their Aadhaar card. The store verifies the customer's identity using the Aadhaar card. The shop owner gives cash to the customer and the bank immediately credits the shop owner's account digitally with that amount. Local shop gets commissioned for processing transaction on behalf of the bank.
- Domestic Money Transfer: It helps daily wage workers and immigrant labourers in urban centers to send money back to their hometowns. Company makes money on all these fund transfers.
- Company did 40,000 crores of GTV in terms of processing such transactions last year and 10,000-15,000 in Q1FY25.
- Company creates and maintain the payment gateway pages that display various payment options to customers during online transactions. This includes building the web interfaces, integrating different payment methods, and managing the routing of transactions.
- In September last year, company were averaging in the range of 500 crores monthly in terms of UPI volumes that were being routed through its system, because company did not have PAPG license these volumes tapered away.
- Lending business: Company does digital lending to MSMEs, having no physical branches. CA/Financial Partner channel: Company has partnered with 6000+ CAs and has a platform call NeoBlue platform. CAs log leads of their MSME clients who may need loans onto the NeoBlue platform.
- Company has entered into a lending program partnership with Kathabook. The partnership started in October 2023 and now accounts for about 40% of company’s book. Company worked with Kathabook's data to develop an underwriting model to identify potential loan leads.
- Currently company’s lending book is at INR 2000 Mn. Company lends at an average yield of ~ 18%.
- Revenue guidance for FY25 is expected to be INR 700-800 Mn with EBITDA guidance of INR 300 Mn.

Nuvoco Vistas Corporation Ltd

CMP: INR 358 | Mcap: INR 128.04 bn

Nuvoco Vistas Corporation Ltd has a production capacity of 25 million tons annually, including 11 plants (5 integrated units). The company also operates in ready-mix concrete (RMX) with 56 plants and modern building materials, focusing on retail channels (73-74% of sales) and premium products (around 40% of volumes).

There plants are primarily in the eastern and northern regions, including West Bengal, Bihar, Odisha, Jharkhand, Rajasthan, and Haryana. The company is expanding through organic growth with plans to increase capacity to 28 million tons by FY27 and 31-32 million tons by FY30.

The company has invested in captive power plants (150 MW) and Waste Heat Recovery Systems (WHRS) to optimize energy efficiency, with WHRS contributing 45 MW, reducing power costs. The company plans to increase its reliance on renewable energy, with additional solar power capacity planned for its Jharkhand facility. It is one of the lowest carbon-emitting companies in the industry, with ongoing efforts to reduce emissions and increase the AFR mix.

They have a healthy rail-road mix of 60:40 and is working on two railway sidings to reduce logistics costs further.

Focus on reducing debt, with debt decreasing from INR 6,730 crore in FY21 to INR 4,030 crore in FY24. The company continues its deleveraging efforts with a focus on internal accruals to fund capex.

The Indian cement demand is expected to remain strong, driven by housing (especially rural housing), infrastructure projects, and government initiatives like PMAY (Pradhan Mantri Awas Yojana). Company expects a resurgence in demand in Q3 and Q4 of FY25 it was hampered due to weather and election-related factors. Long-term demand is supported by India's low per capita cement consumption compared to global averages, with expected growth in infrastructure and housing sectors.

The company focuses on value over volume, with improved EBITDA performance driven by its premium products and cost control strategies.

Project "Bridge" is expected to save INR 50 per ton in FY25, focusing on material cost efficiency, power optimization, and logistics cost reduction.

The company is also increasing its Alternative Fuels and Raw Materials (AFR) mix, targeting higher sustainability and cost savings.

Nuvoco’s product innovations include Duraguard Microfiber Technology and premium RMX brands like Concreto, with plans to grow the premium mix in both cement and RMX categories. They have received patents for some of its unique products, which will help them to further enhancing its premium product portfolio.

It has plans for brownfield expansions with a capex of INR 1,900-2,000 crore over the next two years, mainly funded through internal accruals. The company expects to maintain its debt level between INR 3,500-4,000 crore, even after capex.

OnMobile Global Ltd
CMP: INR 83 | Market Cap: INR 8.788 bn

Business Overview

OnMobile, founded in 2000, is a mobile entertainment and gaming company primarily known for its ring back tones, boasting 55 million subscribers, and video subscription services. Over the past five years, the company has been focused on expanding its footprint in mobile gaming.

Gaming Strategy

The company has launched several initiatives, including Challenge Arena (a trivia and casual gaming platform) and Onmo (a social gaming platform). The company is developing a comprehensive gaming platform that mobile operators can use to integrate multiple services, aiming for 200 deployments by FY26.

Revenue Model

The company is transitioning from a 100% subscription model to a revenue mix of 55% subscriptions and 45% platform licenses over the next 18 months. Subscription revenues are expected to double, with a target of deriving 50% of total revenue from gaming by FY26.

Competitive Advantages

The company benefits from over 20 years of experience with mobile operators, proprietary cloud gaming and streaming technology, and an existing server infrastructure within operator networks globally.

Growth Focus

The company sees emerging markets, particularly Africa, India, and Brazil, as key growth drivers. Its mobile-first approach is designed for regions lacking widespread PC or console gaming, integrating E-sports and social features to enhance user engagement.

Challenges

The company faces challenges such as high customer acquisition costs in markets like India, the need to optimize marketing spending across 100+ operator deployments, and competition from major tech companies in the cloud gaming space.

Future Plans

In the next 1-2 years, the company plans to expand its direct-to-consumer (D2C) offerings in India and continue research and development in cloud gaming to enable console-quality games on mobile. The company is also considering potential mergers and acquisitions of game studios to enhance its content offerings.

Outlook: The gaming segment is expected to turn contribution margin positive in the second half of FY25, with targets set for $100,000 per month in license fees from operators for the gaming platform and aiming for 10-15 major operator deployments of the full platform within the next year.

Onward Technologies Ltd
CMP: INR 415 | Mcap: INR 9.39 Bn

Onward Technologies Ltd is strategically focused on three main areas, 1) Digital Services

2) Embedded Systems , 3) Mechanical Engineering

Company is streamlining the customer interactions, ensuring that sales team and account managers work seamlessly to enhance client relationships.

Market Expansion: Last year, company made significant strides in the US rail transportation market and expanded business in Europe. GCC operations in India are doing well, particularly in rail transport, as explore new areas and establish a dedicated center.

Healthcare Sector: Though a smaller vertical for the company, healthcare presents significant potential for digital business synergies. The company headquartered in Chicago and are scaling operations while learning the nuances of this sector.

Engineering and Design: leverage tools like Microsoft Dynamics CRM and collaborate with partners like KPMG to enhance the engineering capabilities. Focus is on competing with large ER&D suppliers and building robust margins through offshore strategies.

Growth and Client Acquisition: With over 80 current clients, company is targeting 100+, aiming for a consistent flow of new business and making strategic decisions to facilitate this growth. The US market, where 90% of engineers are in the ERD space, has shown promising results since entry, and the company has also seen success in Europe with 30-40 clients.

Future Projections: Anticipate 20-30% growth in Europe and significant expansion in the US market. Onward goal is to strengthen presence in the ERD space, emphasizing execution and relationship-building with delivery and domain teams.

Revenue and Workforce: Revenue sources are diversified: in India (GCC in INR), Europe (in euros), and the US (in dollars). With over 2,000 employees in India, company is poised for growth, particularly as company engage with large American and European companies that have established centers in India.

Competition Landscape: The engineering and innovation market is evolving, with strong competition from MNCs like Capgemini, KPIT, and Tata Elxsi, particularly in automotive and industrial sectors. Company approach includes a blended model of onshore, nearshore, and offshore services to maintain high margins.

Challenges and Adaptations: Addressing some challenges, such as those related to Caterpillar and change management, ensuring that adapt effectively to maintain growth trajectory.

The company remain mindful of macroeconomic factors like rate cuts and elections that could influence market conditions. Despite these challenges, OTL team is dedicated to capturing substantial new orders in Europe and continuing path to do better.

Orient Bell Ltd
CMP: INR 359 | Market Cap: INR 5.22 Bn | Promoter: 64.89%

Company has total 5 plants. Till 2016, company was only operating in ceramics, then company started to add GVT. From 2018 onwards, company started employing individuals in managerial positions. Company is one of the most efficient player in terms of WC cycle.

Retail demand has worn off from the market. Post covid, the redevelopment demand took place and now has worn off. In next 6 months, company expects project sales to gain traction (lots of projects were started post covid in 2022 which are coming up for completion)Morbi: total of 250-300 plants have permanently shut down, several others took temporary shutdown or maintenance during Janmashthmi.

Morbi always dumps in India but can't dump meaningfully because they can't offer the credit which is required by projects

Morbi has more of large slab sales because they are export orientedOverall demand is still soft, channels (dealers and distributors) are expecting more discounts Gas and biofuel prices have remained stable for the past 6-7 months

Current Morbi exports are INR ~13-13 Bn/month which used to be INR 18 Bn/month in FY24Total project sales are 25% of total sales. Margins don't vary much between project and retail sales

Outlook and guidance: Company doesn't give any guidance, we have a BUY rating on the company with target of INR 652. We expect the company to deliver topline of INR 9.5/10.5 Bn in FY26/27 and PAT of INR 378/475 Mn in FY26/27. At CMP, company trades 11x FY27EEPS

Parag Milk Foods Ltd

CMP INR 192| Market Cap INR 22.87 bn | TP: INR 450

They process only cow milk.

The company is very strong in HORECA, especially bulk cheese, as out of home (OOH) consumption of cheese is very high. Consumer cheese still needs to grow. Cheese in HORECA is growing in promising double digits and the company has identified HORECA as a focus segment where they enjoy core market share. They have also revamped the packing for consumer cheese.

They are the only whey processors in India, and the rest of all competition is imported whey

Pride of cows entered Bangalore and Vadodara as new markets, and has also extended into premium curd, ghee, and paneer. Revenue split between milk and VAP is 32-68.

In terms of retail touchpoints, they aim to cross 7,00,000 this year.

Marketing spends 4-4.3% previously, and are going to go down as a % of revenue.

They have invested INR 2,000cr in the initial Bhagyalaxmi farm. They have since opened one more. The number of vows in these farms has been increasing steadily- from the initial 3,000 to close to 16,000 now

They have recently entered into sweets.

The company is in the process of setting up a subsidiary in Dubai as a trading entity to bring business for the GCC.

Guidance: They want to attain INR 10,000 Cr of topline on the next 4 years from the current INR 3,000 Cr.

Fodder prices: They are dependent on monsoon and demand- supply dynamics. They do not expect any big fluctuation in the coming quarters because these situations have stabilized.

There has been some drop in SMP prices, largely due to the international market.

One price increase has already been taken in August with no much impact on profitability.

There is no more high-cost inventory in the system. Most of the inventory is now quite low cost.

Patel Engineering Ltd

CMP-INR 57.1 M.Cap-INR 48.82 Bn

Patel Engineering is a 75-year-old infrastructure company specializing in hydropower, tunneling, and irrigation projects. 90% of its INR 17,900 crore order book is focused on hydropower (61%), irrigation (20%), and tunneling (11%).

Major Clients: The company works with central PSUs like NHPC, SJVN, NTPC, and NIPCO, handling significant hydropower and tunneling projects.

It expects a surge in hydropower projects, with 30 gigawatts expected for construction in the next two to three years, alongside 60-65 gigawatts for pump storage.

Current operations are concentrated in states like Madhya Pradesh and Maharashtra, with the company selecting projects in states with easier funding access.

Projects are monitored by high-level government bodies, including the Prime Minister's Office, ensuring timely payments and issue resolution.

Patel Engineering has been growing at 20% CAGR in recent years. Despite a slower year due to elections, the company expects revenue growth to return to 15-20% CAGR in FY26.

With a focus on renewable energy (due to India's Paris Agreement commitments), hydropower and pump storage projects are expected to grow, providing significant business opportunities.

The company expects to bid for INR 50,000 crore in new projects, targeting INR 10,000-12,000 crore of new work within the next year.

The company's order book is expected to grow to INR 22,000-25,000 crore by the end of FY25.

Patel Engineering has INR 4,000 crore worth of arbitration claims, with about INR 1,000 crore awarded. The company expects to recover INR 200 crore annually over the next few years.

The company is also monetizing non-core assets, targeting INR 200-300 crore from real estate and other avenues over the next two to three years.

The company's debt has reduced from INR 5,500 crore to INR 1,500 crore. It is focused on maintaining this level while funding growth through working capital and client advances.

The company has seen an improvement in its credit rating and expects EBITDA margins to remain at around 14%, with potential growth in profits due to scaling up of operations.

Patel Engineering has increased its employee base to over 4,500 and has a gross block of INR 1,100 crore, making it well-equipped to handle new projects.

The company is targeting selective irrigation projects, particularly those with dam components or short completion timelines, to secure faster revenue generation.

The company acknowledged that hydropower projects, particularly in areas like Uttarakhand and Himachal, are vulnerable to natural disasters, but it mitigates risks through contractual safeguards ensuring that additional work is compensated by the client.

Pritika Group (Pritika Engineering Components Ltd & Pritika Auto Industries Ltd) | Bharat Connect Conference Sept'2024

- The company is engaged in auto components manufacturing for leading auto companies. They have advanced manufacturing technology with OEM customers like M&M, Escorts, etc.

- In July 2024, they recorded a milestone of the highest ever monthly dispatch. The company is witnessing high demand driven by a strong agriculture sector.

- Management believes that Q1FY25 marked the beginning of a promising year. Post-merger, EBITDA has seen a 350 bps improvement.

- The company is developing new products to expand into the railway sector and aims to be the first choice for OEMs. For the railway segment, they will submit samples by January, followed by 10-12 months of testing. By the end of CY25 or early 2026, approval should be secured.

- They have a target of reaching 1L ton by FY27, with revenue of INR 5-6bn in the next 3 years and 16-17% EBITDA margins.

- With the development in the railway segment proceeding as planned, topline guidance stands at INR 8-9bn over the next 3-5 years.

- Operational efficiency and the adoption of modern technology will be the drivers of EBITDA margin improvement.

- The company's machining unit was merged with this unit, contributing to the improvement in EBITDA margin.

- Changes in the equity of promoters were due to the company's effort to develop new railway products. To acquire land for this, the company avoided taking the debt route and is raising money instead.

- Low revenue in FY24 was due to deflation and a slowdown in the tractor industry.

- The company has become more aggressive on the export front, appointing agents in Europe and actively seeking agents in the US. They aim for a 10-15% revenue contribution from exports.

- They currently have 75k MT capacity (with 25k MT added last year), with utilization expected to reach 40k MT this year due to lower demand pickup.

- Last year's utilization was at 36k MT, with a 10-15% growth target for capacity utilization.

- New product launches are expected in H2 this year, leading to growth. No major growth is expected in the tractor and commercial vehicle segments, according to the company.

- The current order book is roughly for 70k tons.
- Revenue bifurcation: 90% tractors, 6-7% commercial vehicles, and 2-3% construction equipment.
- Nelcast, Bhagwati Auto Casting, and Universal Autofoundry are some of the listed competitors of the company. Pritika undertakes 100% machine castings, which no other company does, a differentiating factor that ensures better margins.
- Its debt level stands at INR 1.2bn, and it does not plan to raise it further.
- Capacity at Pritika Engineering is currently at 18k tons, up from 12k tons last year.
- The strategy to enter defence products is still not finalized.
- Higher revenue guidance is expected to come from new products, primarily large castings. In the short term, tractors will drive growth, while exports and railways will be the long-term drivers.
- They are expecting INR 2-3bn in topline revenue from railways over the next 3 years.

Prataap Snacks Ltd
CMP: INR 1046 | Market Cap: INR 24.97 bn

- Last year FY24 was challenging, with negative 2% revenue growth due to stress in rural economy and lower-income urban segments. However, the company improved margins, delivering 8.5% EBITDA margin in FY24.
- Q1FY25 saw positive growth of about 8%, indicating improvement in demand, especially in rural areas. Current challenges are primarily on the commodity side, with significant increases in raw material prices over the last 1-2 months.
- Potato prices have increased sharply, with 40-50% inflation over normal pricing even during the harvesting season (February-March). The government increased import duty on palm oil from 7.5% to 20%, affecting overall palm oil pricing. Other raw materials like pulses, corn, and wheat are also facing inflationary pressures. The company is navigating these challenges by rationalizing grams and revisiting channel margins.
- Developing a "better for you" segment with products like protein puff, popcorn, and makhana under a new brand. These products will target A-class and B-class outlets at higher price points (INR 20-30).
- Ugro is planning to launch its products on quick commerce platforms and is already in commercial talks with key players, with one or two deals finalized.
- Recent change in controlling shareholding, with Authum acquiring 46% of the company. No immediate changes expected in day-to-day operations or management structure due to the new investors being primarily financial investors.
- The company buys large quantities of potatoes during harvesting time to manage price volatility. For packaging materials, they typically aim for 9-month to 1-year contracts. Other commodities like corn, rice, and pulses have 3-6 month contracts.
- Transitioning from a three-tier to a two-tier distribution model, reducing channel margin from 14% to 10.5%. Potential to further reduce distributor margins by 2%. Focusing on optimizing labor costs, stores and spares consumption, and logistics costs. Aiming for 2% cost reduction from operations and 2% from distribution optimization.
- Overall market share across product categories at the pan-India level is close to 4%.
- Product mix: 22% revenue from extruded products, 17% from namkeen, 3% from cakes, and the rest primarily from potato chips.
- In potato chips, 70% of revenue comes from INR 5 packs, while for Chulbule it's 72%. For extruded products, almost 90% of the market is for INR 5 packs.
- Top 5-6 markets contribute about 40-45% of overall revenue, with above-average market share in these regions. Strong presence in Western MP, parts of Maharashtra (especially Mumbai), Haryana, West Bengal, Odisha, and Delhi.
- Focus on expanding distribution footprint in UP, Bihar, Punjab, J&K, and South India, where the company sees huge potential.
- Current capacity utilization is between 55-60%.
- Challenges in team and facilities in the Southern market; focus on extruded category due to universal appeal. Two facilities in East India (Guwahati and Calcutta), driving growth through pellet category. Considering setting up a namkeen facility in the Eastern market.

- Currently investing INR 150-160 Mn annually on advertising for the Rings product on kids' channels. Planning to invest INR 200-250 Mn annually in brand building for Yellow Diamond once inflation cools off.
- Targeting to achieve PLI benefits next year, though it looks difficult for the current year.
- About 88-90% of distribution has moved to a direct distribution model, yielding savings of about 3.5%.
- Awadh is now only a brand, with its legal entity merged into Prataap Snacks. Awadh's pellet business plus Gujarat business contributes about INR 3,500 Mn plus in revenue. Pellet category, which the company learned from Awadh, is now more than 20% of total revenue.
- Sweet Snacks business currently contributes 2.5-3% of overall revenue, all in the INR 5 segment. Not expected to become a major growth driver, likely to remain 3-5% of overall revenue.
- Pellet category has emerged as a significant growth driver, now bigger than Rings for the company.
- It's challenging for new brands to establish themselves and reach INR 5,000 Mn revenue in the last 10 years.
- Aiming for consistent 15% plus growth over the next three years. Growth levers include range selling (increasing product availability across existing outlets), distribution expansion, and deeper penetration in existing markets.
- Expecting to reach double-digit EBITDA margins in the medium to long term and achieve 4% cost savings over the next two years from operations and distribution optimization. Confident of maintaining 10% steady-state margin in the medium to long term.
- Focusing on expanding product availability: currently at 2.4-2.5 mn outlets, with potential to increase significantly for chips and namkeen categories. Aiming to double namkeen revenue by pushing it to all existing retail outlets.

Premier Roadlines Ltd

CMP: INR 135| Market Cap: INR 3.09 bn

The company boasts over four decades of experience in domestic road transportation, specializing in dry cargo for multinational corporations primarily in the Indian subcontinent.

Service Range

- **Project Logistics:** Focuses on the transportation of large, complex shipments, particularly for significant projects like refineries and infrastructure developments.
- **Over-Dimensional Cargo (ODC):** Handles specialized cargo requiring unique transport solutions and equipment.
- **Contracted Integrated Logistics and General Logistics:** Offers broader logistics solutions, catering to industrial goods and standard transportation needs.

Revenue Growth

- Approximately 60% of the company's revenue is derived from project logistics and ODC services, highlighting a strong emphasis on specialized services.
- The remaining 40% comes from general logistics services, indicating a diversified service offering.
- Last year's revenue reached ₹228 crores, with a conservative growth projection of 30%-35% for the upcoming years.
- The EBITDA margin for project cargo exceeds 12%, while general cargo operates below this threshold, reflecting varying profitability across service lines.

Asset-Light Model

- The company adopts an asset-light approach by outsourcing transportation resources rather than owning vehicles. This model enhances flexibility and minimizes capital expenditure while ensuring reliable service delivery through long-term contracts with suppliers.

Selective Clientele:

- The company serves major clients, including Adani, Praj, Hitachi Energy, and Tata, focusing on sectors with significant entry barriers. This selective approach enhances service quality and margin sustainability.
- The emphasis on professionalism and compliance with stringent client requirements differentiates the company from smaller competitors, establishing high barriers to entry in the market.
- The logistics business is capital-intensive, with current receivables around INR 77 Cr. against a revenue of INR 230 Cr.
- The logistics industry is expected to thrive alongside India's industrialization and infrastructure projects, with the company positioning itself for sustained growth.
- The company aims to achieve INR 1,000 Cr. in revenue by strategically focusing on premium clients and high-margin services.
- The management clarified that their specialized focus on project cargo limits direct comparisons with multi-vertical logistics companies, assuring stakeholders of a path to restore growth above 30%.
- The company aims to optimize its customer base by focusing on quality contracts with fewer clients, intending to reduce accounts receivable days from 120 to 100 days.
- Management emphasized the logistical opportunities tied to India's growing infrastructure and industrial projects, reaffirming their commitment to adapt services accordingly.

Protean eGov Technologies Ltd

CMP: INR 1879 | Market Cap: INR 79.04 bn

Protean eGov Technologies has evolved significantly, expanding its operations into six business verticals with a strong emphasis on enhancing the ease of doing business in India and also entering into international markets.

Transaction Model: The company operates on a transaction-based revenue model in many of its business-like

Tax Services: Fresh Pan card issuance and editing INR 91 per application

CRA		
Particulars (in INR.) NPS	NPS	APY
Account Opening	40	15
Annual Maintenance	69	20
Transaction Charges	3.75	nil

NPS & APY Leadership: As the only CRA (Central Recordkeeping Agency) for NPS & APY from 2010-2018, Protean has a significant market share of around 97%. Revenue primarily comes from account openings and transaction charges and annual maintenance charges ensuring a steady flow of income.

Government Partnership: Almost all the government employees for NPS are registered with Protean. Moreover, protean is also engaged by government in several other projects PAN and Aadhar Integration: The integration of PAN cards with Aadhaar for account verification is crucial, given that over 550 Mn PAN cards are issued and linked with Aadhar, with a penetration rate of ~35% - 40%.

Sustainable Growth: The company has experienced good growth across its verticals over the last four years, projecting sustainable growth as more individuals get added to the system.

Digital Services: Protean is the only company in India providing all the 4 facets of digital identity under one roof that is Aadhar Authentication, e-KYC ,e-Signatures and Online Pan verification. The growth of online PAN verification and e-signature services is notable. Protean provides digital signature services that streamline the signing process for documents, with a projected increase in revenue from this segment.

API Marketplace: The company is focusing on developing an API marketplace for Aadhaar and online PAN verification, enhancing accessibility for users. E commerce, Educational and Healthcare

Services Corporate Engagement: E Commerce - Protean is the founder promoter of ONDC and is the only infrastructure provider. The company also provides buyer and seller tech for integration with ONDC platform.

Education - Company has two platforms that is Vidhyasarthi and Vidhya Laxmi for scholarship out of CSR funds and for education loans respectively.

Health - The company has made an application for public health records, which could enhance service delivery across health sector. Future Opportunities Infrastructure Investments: With INR 7000 Mn in cash reserves, Protean is poised to seize new opportunities, particularly in sectors like fintech and digital services.

Budget Announcements for ProteanNPS - The finance budget proposed NPS for minors thereby significantly widening the NPS coverage to 40 cr minors. This development makes NPS a more inclusive lifecycle instrument promoting savings from an early stage. Further, the threshold limit for NPS contribution by employer for private sector employees was increased by 40% from 10% to 14%, making it a more lucrative instrument for saving. Both the developments showcase the strong intent of the government in driving the pension penetration in the country.

Push for Digital public Infrastructure in Finance Budget: The Finance budget reflected strong government intent and continued support for creation of population scale Digital Public Infrastructure across multiple sectors such as e-commerce, Agri, education & skilling, health, law & justice and logistics. There was strong focus on creation of DPI apps and enablement of various MSME services including credit, leveraging the data DPI. There was emphasis on land record digitalization, creation of crop registries, and issuance of Bhu-Aadhaar, identity linked to land holding.

Punjab Chemicals & Crop Protection Ltd

CMP INR 1260 | Market Cap INR 15 bn

Guidance:

- The Capex for the maintenance and better efficiencies is about INR 300-400 mn annually for the company.
- The Management expects to achieve 14-15% of EBITDA margins for the full year FY25.

Key Highlights:

- The Management reiterated that their sales Volumes were intact compared to Q1FY24, and that the decline in revenues was a reflection of the decline in sales price due to the fall in Raw Material Prices.
- Regarding the High Channel Inventory situation across the Agro chemical sector, the Management said that it will take at least another quarter or two for the Channel Inventory to come down to normalized levels.
- The Management believes the Raw Material prices have very much bottomed out, and as per their discussions with channel partners, there is a some uptrend seen in the Raw Material prices as well.
- The Dera Bassi facility saw capacity utilization levels of 70-75%, which is close to optimum usage levels, the Lalru facility was seeing improvements in their capacity utilization levels.
- The Management declined that there were any sales order returns for Punjab Chemicals in their business.
- The Management explained that their company has become a multi product company, and that the sales volumes of products depend upon the prices as well as their acceptance and demand.
- However, the Management explains that with the current price trend, they are looking at revenues peaking up to INR 14-15 bn annually once their green field facilities commence.
- Regarding the new site, the Management said that the Work is in Progress.
- The Management declined that there was any slowness in demand from their major consumer UPL.
- The Management says that their new products are all of incremental in nature, and that none of the top 10 molecules have been removed from the Production pipeline.
- The Management reiterated that the new molecules are of much higher price range, with high margins, and some have already been launched and are seeing good acceptance, like 2 molecules launched in the current year.
- The Company is also upgrading their Infrastructure for R&D as well.
- The Management denied that the Dera Bassi facility is at max capacity utilizations, and said that they are working near optimal levels and that there is scope for further improvement of their capacity levels there.

Puravankara Ltd
CMP: INR 406| Market Cap: INR 96.17 bn

Real-estate market:
• The company expects the strong trend to continue for real-estate sector given the demand and supply.
• There was 8 years down cycle in the industry from 2013-2021 and from last 3 years' pickup has been seen in the sector. So. ahead as well this trend is expected to continue given the government spending, infrastructure boost and healthy demand from end users.

Expansion plan:
1) Bangalore and Chennai will continue to be the core region for expansion and new projects.
2) Mumbai:
• For MMR region, as there is shortage of supply they are looking largely for re-development projects.
• Focus will be only in South-Mumbai regions such as Breach candy, Walkeshwar, Nepean sea road, Pali hill, and also nearby western suburbs and in Central Mumbai till Chembur. But beyond that they would plan JDA or outright.
• No plans to expand in Navi Mumbai or nearby areas.

3) NCR regions:
• They are looking for JDA in areas of Gurugram and South Delhi.
• Demand is high in INR 30-40 Mn category and their plan is to focus on this category.

Debt:
• They expect debt to be maintained in the range of INR 20,000-22,000 Mn for the next few years.
• Its Q1FY25 debt/sqft stands at 916/sqft so management believes maintaining debt/sqft to less than INR 1,000/sqft would be good.

Other Highlights:
• The company expects revenue to reach to INR 30,000 Mn from INR 22,600 Mn in FY24.
• EBITDA margins came in at 22%/24% in Q1FY25/FY24 and the target is to reach to 30%.
• Total launches are of 17.2 Mn sqft and out of which new planned projects are ~12.7 Mn sqft and new phase in existing projects are ~4.5 Mn sqft. These projects are spread across regions such as Bengaluru, Kochi, Mumbai, Pune, Chennai and Coimbatore.
• The company has an EPC & Interior arm which contributes negligible towards revenue but going ahead they expect it to be large.
• Average realization was in the range of ~INR 8,500-9,000/sqft.
• The company has approval for QIP of INR 10,000 Mn upto June 2025.

Pyramid Technoplast Ltd
CMP INR 186 | Market Cap INR 6.83bn

Pyramid Technoplast Ltd operates in the packaging business, manufacturing IBC, polymer drums, and MS drums. The company has production plants located in Silvassa and Gujarat.

Currently, the company is working to double its capacity in MS drums. A new development is underway near Unit 7 to support this expansion. Additionally, they are constructing a new facility at Wada, Maharashtra. While the company is operating at full capacity across segments, there is surplus capacity in IBC production.

In Q1, an increase in freight costs led to a decline in IBC volumes. However, freight costs have recently decreased and are gradually normalizing. Consequently, IBC volumes have shown improvement in Q2.

The capex project in Maharashtra has faced slight delays due to the monsoon season, and production is now expected to commence by February. Currently, the revenue bifurcation is as follows: 10% from metal drums, 35% from IBCs, and the remainder from polymer drums. In the future, the company expects this to shift to 14-15% from metal drums, 40% from IBCs, and around balance from polymer drums.

IBC utilization rate remains around 50%.

The company has provided a volume growth guidance of 10-15% for FY25. 90% of the company's raw materials are imported, and the cost of raw materials in India is relatively higher compared to international markets.

The company plans to incur capex of INR 500 million annually. Additionally, it is setting up a solar power plant, which is expected to result in a 50% reduction in power costs and lead to a 2% improvement in EBITDA. The solar plant, with a capacity of 10-11 MW, is expected to become operational by May 2025. The project, which will cost INR 500-600 million (including land acquisition), will not be funded through internal accruals but rather financed externally. The current power cost is INR 9-10 per unit, which is expected to halve with the new solar plant. The Gujarat plant will have a capacity of 9-9.5 MW, while the Maharashtra plant will contribute 3 MW.

Although polymer prices have decreased, which has impacted topline growth, the company is witnessing volume growth of 10-15%.

Pyramid Technoplast operates with a working capital cycle of around 90 days, which is expected to remain stable. The company has guided for a topline of INR 9-10 billion over the next 3-5 years, with an EBITDA margin of 12-12.5%.

The company's focus on the western region, especially in Gujarat and Maharashtra, aligns with the concentration of chemical production plants in this area, which form a significant part of its customer base.

Raymond Lifestyle Ltd
CMP: INR 2328 | Mcap: INR 141.83 Bn| Outlook: Positive

in ethnic and sleepwear markets. Over the next 3 years, they plan to open 300-600 new stores, mostly through franchises to keep costs low. Despite recent market slowdowns, the company expects a strong recovery in the wedding segment and aims for 12-15% growth, with expectations of high-teens EBITDA growth due to operating leverage.

Financial Highlights

- The company has a net cash position of INR 4,000 Mn.
- It significantly reduced its working capital cycle from 120 days to 60 days, currently operating at around 75 days due to industry slowdowns.
- The management is confident of expanding margins despite recent scale de-leveraging. Garmenting margins are expected to grow to around 13%, and branded fabric margins to 22%.
- They also have plans to invest INR 1,500-2,000 Mn annually in maintenance and store expansion. This excludes specific investments such as SFA implementation (~INR 1,500 Mn) and garment capacity expansion.

Sleepwear Market Opportunity

- Recently launched a sleepwear line with a price range of INR 500 to INR 1000, targeting the value-conscious segment. This is viewed as an untapped market with high growth potential.
- Early traction in the sleepwear category has been promising, with certain SKUs selling out quickly, indicating strong demand.

Expansion Strategy

- Expansion plans include opening 100 stores per brand over the next 3 years. The focus is on expanding the retail footprint for brands like Park Avenue and Raymond Ready to Wear, targeting a total of 750 stores by FY28.
- Focusing on premiumizing its suiting, shirting, and garmenting categories, capitalizing on trends in ceremonial wear and casualization.
- The company sees significant growth potential in the ethnic wear segment, with expectations of exponential growth over the next few years.
- 75-80% of the store expansion will be on a franchise model, allowing for asset-light growth.

Other Highlights

- The company is positioning itself to capitalize on the shift in garmenting orders due to Bangladesh Plus One. It has already secured inquiries from major international buyers.
- The company expects strong growth in the wedding segment, particularly in the next 6 months.
- Despite slow industry growth, they have managed to outperform peers due to its strong brand presence and execution.
- The company is transitioning from an outright sales model to a marketplace approach, aiming to capture online growth while maintaining brand integrity.
- Some headwinds faced by the company due to inflation and rising interest rates, impacting consumer demand in recent quarters.
- Industry demand has been slow, particularly in the wedding segment, although management expects recovery starting from October 2024.
- The company maintains a strict policy on receivables, cutting off supply to customers after 45 days of delayed payments.

Raymond Ltd

CMP: INR 1,843 | Mcap: INR 123 bn | TP: INR 2,173 |Rating: Accumulate

- The company is targeting 20% growth and 20% margins. The engineering business is expected to grow at 15%+ annually.
- The aerospace business is targeting 25% margins over the next three years and is anticipated to grow at a mid-20% annual rate, supported by government initiatives to manufacture aircraft in India by 2031.
- EV contracts are being negotiated at a 20% margin, while automotive businesses currently enjoy a 30% margin, and the acquired Maini businesses have about a 10% margin. The company is committed to achieving at least 15% revenue growth and exploring opportunities for exponential growth.
- Raymond has rapidly become a top 5 real estate developer in Myanmar and top 10 in India within 5 years. The company owns around 2,000 businesses, with the Maini family holding 28.5%, and CEO Gautam Maini has been granted an additional 2% stake as an incentive for performance. They focus on "affordable luxury" products with a strategy to "build fast, sell fast, and collect fast."
- Raymond acquired Maini Engineering, a tier 1.5 to tier 2 supplier for major aerospace companies, with 80% of their components being critical engine parts. They produce about 400 products, with many involving titanium and super alloys. The acquisition allowed Maini to address various pressures, including a private equity exit and personal financial needs, with Raymond purchasing a 59% stake, 38-39% of which came from PE investors.
- Raymond has a strong presence in EV components, particularly for 3Ws, with over 10% of revenue expected from EV or hybrid components next year, and the auto engineering business projected to grow by 15% or more.
- Raymond Lifestyle has already undergone a demerger, and the real estate business is set to be demerged within the next 12 months.
- Current Raymond Ltd will have separate entities for its aerospace and automotive/engineering businesses. Maini Aerospace operates as a 67% subsidiary of Raymond.
- The focus is primarily on Maharashtra, particularly in Mumbai and Pune, with approximately 40 acres currently being developed in Thane and an additional 60 acres available for development.
- They launched 50% of the apartments in the Bandra project, with half of those already sold, and three more Joint development agreements are expected to launch in the first half of next year.
- The real estate segment has a net cash position of INR 4,500 Mn with IN 700 Mn in debt, while the engineering business has IN 6,000 Mn in external debt but maintains a strong cash position.
- The sentiment in the real estate sector is positive, with expectations for a reduction in interest rates, contributing to ongoing market stability.

Rishabh Instruments Ltd

CMP: INR 359| Market Cap: INR 13.75 bn

- Rishabh Instruments is positioning itself as a leader in electrical and electronic instruments, with a focus on innovation and global expansion. They have significant operations in India, Europe, and China and are heavily involved in the energy sector, including renewable energy projects.
- The company sees a strong growth potential in both domestic and international markets, with a particular focus on the solar energy sector and industrial automation.
- Rishabh Instruments reported a consolidated revenue of INR 670 Cr in the last year and expects a 20% growth across its different business verticals.
- 38% of its revenue comes from aluminum die-casting, of which 50% serves the automotive sector. However, this segment is currently facing challenges due to inflation and labor cost increases in Europe.
- The company plans to achieve 18-20% topline growth in the future, along with an EBITDA margin target of 17-19%.
- Rishabh is significantly investing in solar inverter manufacturing, aiming for a turnover of INR 100 Cr in this segment over the next 2-3 years. They are also focusing on scaling up production by doubling capacity annually.
- Plans to open two new R&D centers, one in Mumbai and another in collaboration with IIT Jodhpur, to drive product innovation, especially in the field of green energy and energy management solutions.
- Rishabh's acquisition of a Czech company specializing in SCADA software is expected to enhance its product offerings in high-end electronics instrumentation.
- Expansion of its solar product line, including inverters ranging from small to large capacities, focusing on both off-grid and grid-tied systems.
- The aluminium die-casting division has been impacted by rising labor costs and inflation in Europe. It is renegotiating contracts and looking to exit unprofitable projects.
- The company is working through a rough patch in the automotive sector, largely due to cost escalation issues in its European operations, but expects resolution within 1-2 quarters.
- The company's solar business is a growing focus, with significant government support through initiatives like "Make in India." However, competition from China remains strong.
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Route Mobile Ltd

CMP: INR 1544 | Market Cap: INR 97.23 bn

The company project continued growth from new deals, aiming to reach $1 bn in revenue by FY27-28 despite some headwinds. While margins have been depressed due to acquisitions, expect improvements next year, targeting a 30% direct margin and phased EBITDA margin expansion. Anticipate a double-digit growth rate, particularly driven by large deals that will combine CPaaS and Digital Identity offerings. The integration of AI/ML technologies, such as ChatGPT for real-time customer interactions, is also on the agenda. New product revenue shows 94% YoY and 16% sequential growth, with FY25 revenue growth expected at 18%-22% and a 13% EBITDA margin. We have Accumulate rating on the stock with the TP INR 1,995 per share.

H2FY24 performance was relatively muted, influenced by several factors including the Infosys deal, long-term contracts, and fluctuations in EBITDA margins. Notably, experienced some margin pressure due to related party transactions (Proximus) and changes in EBITDA levels.

The company is focusing on cash conversion, targeting a range of 50-75% in FY25, with a goal of achieving 75% conversion overall. The company anticipate that large operators will enter the market, which could positively impact financial performance.

KPIs: Net retention rate for Q2 stands at 105-108%. However, faced some headwinds this calendar year, including a decline in traffic and increased inspection requirements. These factors have created significant challenges for early team initiatives.

On the product front, the company is honing in on new offerings with a sharp focus on non-linear growth opportunities. In India, see considerable potential in data and regulatory consultation, particularly as the digital landscape evolves.

Digital Identity and Strategic Deals: The company has made strides in digital identity initiatives, particularly with the Proximus deal, which has received approval and is expected to yield substantial synergies. Ongoing negotiations are advancing, particularly concerning promoter shares.

From a regulatory perspective, the company is navigating the complexities of the overall shareholding pattern (Reduced from 83% to 75% recently). Digital initiatives in Colombia has generated ~$8 bn in revenue over the past 5-6 years, showcasing strong positioning in the market.

Cross-Synergy: Recognize that Telesign does not currently offer CPaaS products, which presents a gap in emerging markets where licensing opportunities may arise. The company is exploring synergies between companies while addressing regulatory challenges related to potential mergers. The company is enhancing transaction monitoring capabilities using real-time algorithms, which will bolster intelligence framework. While Telesign's product margins are promising, company must focus on optimizing the overall portfolio.

The company is witnessing a rebound in growth, with expectations of 10-12% growth driven by the global presence and strategic positioning in emerging markets.

The company is remains confident in the receivables management, particularly with significant debtors like Amazon, which could positively impact the quarterly performance. Engagement with Vodafone Idea is progressing well, with integration efforts significantly improving overall contract performance and value contribution.

ROX Hi-Tech Ltd
CMP: INR 117 | Mcap: INR 2.66 bn

Rox Hi-Tech is an IT services and solutions company with branches spread across major cities in India. They provide data centre service, security services, software services, SAP, automation and AI services.

The company has partnerships with leading companies like Lenovo, Google, IBM, Cisco catering to BFSI, automobile, healthcare companies. The vision of the company is to enhance the quality of life with digital transformation by high-tech sustainable solutions.

They plan to expand their business in Europe and US and are actively working towards same. The company has been growing at CAGR of 40% for the last three years and they expect to grow at 20% CAGR going forward in the long term with steady EBITDA margins of 18-20%.

They target to reach INR 204cr of revenue in FY25. Given the rate cuts in the US, the company is confident of achieving good growth but wants to stay conservative in terms of guidance. They expect to see robust growth in FY26 given the macro issues resolve.

One of the major reasons for concerning increase in Working capital days was less liquidity in the enterprise segment in the last two three years. The company adding turnkey projects was also one of the reasons. They expect it stabilise from hereon, especially post elections. Their current order book contains 40% digital transformation projects. Security, networking is around 30%, 20% is automation while AI is around 10%. Currently, employee cost is ~3% of sales which is considerably on the lower side. The company expects this to increase as they have hired many new talents recently and increased their team size.

The company started receiving projects as they came in limelight during Covid. This helped in achieving better realisations, eventually leading to substantial growth in margins.

Automation and AI services will be the key focus areas for the company going forward. They are also exploring newer opportunities for partnerships. The company is also entering the cybersecurity space and have ten customers onboarded already.

Royal Orchid Hotels Ltd

CMP: INR 360 | Mcap: INR 9.82 bn | TTM EPS: INR 17.4

The company has Owned, JV, Managed, and Leased hotels. Managed hotels only yield management fee, and not total revenue as per accounting standards. Revenue split: Owned INR 97.2cr, Leased INR 121.26 Cr, JV INR 76.56 Cr, Managed INR 30.23 Cr (fees).

They charge management fee of 3% of top line and 6% of OPM.

Guidance: FY25 and FY26 are expected to have a 10-12% revenue growth similar to last year, and a PAT growth of 12%.

The split between leisure and business revenues are 27-73, but room numbers in leisure hotels are less.

Elections and excessive heat caused Q1 to be weak, though it is historically poor for the industry. Q3-Q4 are usually the strongest, and they are going to still deliver 10-12% revenue growth overall for FY25.

Ongoing capex and future capex plans: 24 hotels are in the pipeline- entailing a total capex of INR 80 Cr, with most capex going toward the Mumbai asset which is going to open in Q4FY25. This will need INR 60cr of capital. The INR 60cr for the Mumbai hotel will be on lease, with no other major capex coming in this year. They expect INR 100-120cr revenue from next year from the Mumbai hotel in FY26. INR 40cr will be a deposit which will be refundable over 20 years and the remaining INR 20cr will be opex. They will also deploy INR 25 CR next year toward Goa. INR 3cr was deployed this year toward revenue sharing hotel.

The company has smaller margins because their deployment of funds is not at par with large comps.

They want to add 25-30 hotels on asset light model in the next year as well.

Goa in Q3 AND Q4 will yield good results. They employ dynamic pricing during Christmas, new year, and Sunburn.

No slowdown is expected in the next 5 years.

The unorganized sector 2-3x the branded sector

Industry growth expectation is 10-15%.

Leisure hotels have better ARR but are more seasonal, whereas business hotels have lower ARR but are less seasonal.

Management contract durations are 15 years.

Sahyadri Industries Ltd

CMP: INR 347 | Market Cap: INR 3.8 Bn | Promoter: 71.12%

Key Highlights of the call:
Company is incurring capex of INR 1.9 bn and adding 120,000 tonnes of corrugated asbestos sheets and 72,000 tonnes of non asbestos cement board.

Corrugated asbestos sheets is to enter into the markets of Orissa, Jharkhand, West Bengal and Bihar. Non-Asbestos cement board is to enter and expand the markets of western and North India.

Asbestos is procured from Ukraine, Russia, Brazil. Procurement has normalized now but there was a lot of difficulty some weeks ago in procurement.

Asbestos prices have gone up by 40-45% but ASPs have gone up by 6-7% only. Wada land acquisition (non-asbestos cement board) completed.

Commercialisation of both plants will be in FY27 and FY28Company doesn't see price increase in asbestos anymore. There are only 2 suppliers for asbestos worldwide

Company supplies their products in 400-500 Kms rangeIn the industry, no more capacities are coming up, only Sahyadri is adding capacities.

Cement input in RM is less, with current fall in cement prices, company may be benefitted by 2-5% only. 50% input (by price) is fibre.Company doesn't have intentions to diversify their business in other segments, first plan is to become a pan India player.

Company has good amount of fibre in inventory. Going ahead, the inventory will be lower by 20% (earlier increased inventory due to geopolitical issues)2 existing plants are operating at 100%, 3rd plant is operating at 60-65% because it was started recently. Major competitors are Visaka and HIL. Not a lot of small players.

Going ahead, company doesn't expect asbestos prices to increase. Dolex and Shipping prices may impact profitability going ahead.

Outlook:Company aims for utilization of ~82% in FY25. Non asbestos margins are higher by 8-10% than asbestos margins. No guidance given. At CMP, company trades 16x TTM EPS

Sakar Healthcare Ltd – Arihant Bharat Connect Conference highlights
CMP INR 314 | Market Cap INR 6,830mn

- Sakar Healthcare is CDMO company primarily catering to the international market with presence in 45 countries and have produced over 300 formulations. The company also has a non-CDMO segment.

- The company has a plant in Ahmedabad, which is EU GMP approved for oncology, solid orals dosages and injectables. It is fully integrated with R&D and in house API production.

- The company is expanding their market share in emerging markets like Latin America, South East Asia and also Europe. They are working towards strengthening their Oncology business.

- The company has planned a capex of INR 2.5bn for expansion of their Oncology segment and addition to their API and Research facility.

- Once the Oncology segment gets stabilised, they expect to reach INR 5bn over the next three years. Oncology segment would contribute ~30% to the topline.

- 34 molecules are currently in development in the oncology segment.

- The company is currently maintaining 25% EBITDA margins on a blended basis but the EBITDA margin in the oncology segment would be around 28-30%.

- The revenue mix is expected to remain at 80% export and 20% domestic. In the export sales, 77% of the total exports are expected to come from non-oncology products while the rest will be contributed by the CDMO segment.

Saraswati Saree Depot Ltd
CMP INR 167 ; Mcap INR 6610mn

Saraswati Saree Depot Ltd. is one of India's leading player in the B2B segment of this industry located in Kolhapur and Ulhasnagar. The majority of the company's revenue (over 90%) is generated from sarees, but they also wholesale other women's apparel, such as Kurtis, lehengas, and various women's dress materials, along with accessories.

SSDL relocated to a 120,000 square foot facility in Uchgaon, Kolhapur, to improve its shopping experience, incorporating specialized sections for different apparel. The company further expanded into ready-made garments for women in 2017.

Their primary annual event "UTSAV" was initiated in 2002 and serves as a significant driver of sales,
one and a half month before Diwali. So it's sort of a new collection for them at much better price contributing 13-15% to annual revenues through special offers and exclusive collections.

The company saw its revenue increase from Rs. 222.9 crore in FY2014 to achieving sales of over Rs.610 crore in FY2024, resulting in a compound annual growth rate (CAGR) of 10.4% during this period.

SSDL procures sarees from more than 900 weavers located in key Indian centers such as Surat, Varanasi, Mau, Madurai, Dharmavaram, Kolkata, and Bengaluru.

So they basically travel all throughout India, stopping wherever saris are produced, gathering them under one roof before selling them to their retail clients. In this way, they simplify their life by combining everything under one roof.

Pricing is the second area where they help the retailers ,due to the retailer's lack of bulk purchases they purchase in sets, which can include five or six items because they must maintain a great deal of variation.

They are able to purchase in large quantities since they have a large clientele and many weavers want to keep in touch with them
because for them, operational efficiency comes when they sell in bulk because they need to pro duce. They thereby receive a large number of SKUs in addition to significant bargaining power. They may thus sell it to customers and receive a significantly lower price when they buy in quantity.

They have 3 lakh SKUs and sold 1.6 crore pieces in FY24.

More than 90-95% of their customers are repeat customers with a customer base of 13,000.

If we look at FY24 numbers, roughly inventory would be 105 to 106 crore. But they did a turnover of 610 crore, which is rotating their inventory five to six times and what they follow is they follow asset light business model and most of their money is invest ed in working capital and in that working capital, most of their money goes into managing inventory with EBITDA of 42 crores, ROE and ROC are 59% and 64% respectively.

Talking about financials revenue, EBITDA, PAT, and net sales per square foot have all been increasing as well as the average cost of their products is rising as well and in accordance with that the consumers, they never stop expanding. They have been paying off debt because of which the ROC and ROE are really nice and their current debt is of 43 crores as of FY24, used for working capital.

Their growth strategy mainly focuses on

- Increasing number of pieces sold
- Raising average selling price
- Capturing more market share from unorganized players
- Expanding in Maharashtra and South India

They have no immediate plans for retail expansion or opening new stores.

The company aims to grow faster than the 5% industry growth rate by capturing market share and improving both volumes and average selling prices.

Future Scope:

- Plans to enter men's ethnic wear B2B segment.
- Developing B2B e-commerce capabilities beyond current WhatsApp-based system.
- Aiming to upgrade IT infrastructure and implement best practices in order to increase supply chain management and operational efficiency.

Sarda Energy & Minerals Ltd

CMP- INR 439 M.Cap- INR 154.77 bn

Hydro

The company has three hydro power plants, totaling around 144 MW, which is operational. Another 25MW are expected to be operational going forward.

Asset acquisition

The company has recently acquired 600MW power plant through CIRP process to enhance integration with coal operations.

NTPC is running the asset as a consultant. There are two 300MW operational assets. The transfer date of the asset was 21st Aug. from 1st Sep onwards the asset will amalgamated into Sarda Energy.

600 MW capacity is expected to reach 80%-85% PLF in the next 6 months to 1 year.

The EBITDA was INR 3bn+ at lower PLF of 50% in the 600 MW asset.

Prices

Domestic ferro alloy prices has gone up INR 500-600/ per tonne and INR 500-1,200 depending on product to product.

Thermal and Solar

The company has 160 MW of operational thermal power and 50MW of solar.

Power rate

The company has long term PPAs and 100 MW for 5 years at a rate of INR 5.5/unit.

Coal

The company is working on railway sliding and able to close 1.84mn tonnes by FY25E.

Other highlights

The company is possibly to expand another 600 MW.

Around 3.5mn coal requirement for 80% PLI.

The company will remain net-debt free going forward.

The company is exporting to 35-40 countries.

SEAMEC Ltd

CMP Rs 1,439 | Market Cap INR 36.59 bn

Growth

The company is focused to grow 15% of bottom-line on yearly basis. PAT is expected INR 2.5bn on standalone basis by FY27E.

Margins

EBITDA margins are expected above 35% going forward.

Long-term contracts

The company is focused on long term contracts varies from 2-5 years. The changes in oil prices won't impact on normal course of business.

SEAMEC NIDHI

The company was sold "SEAMEC NIDHI" loss making vessel in Q4FY24 and losses are expected to reduce by 20%-25% in FY25E.

Tonnage Tax scheme

The company having the benefit of tonnage tax scheme under chapter 12G.

Other highlights

Indian flag vessels get priority over foreign flag vessels. The company have the advantage of it.

India is heavily importing of oil and 85% of oil demand met through imports.

ONGC has reserves more than 40-50 years and Seamec has long term business opportunities.

The company has good position to leverage fleet size and to take advantage of the growing demand for vessels.

The company is in the progress of starting office in UK.

In east coast, the services requirement is expected in 6-12 months.

The company is in the progress of setting up diving workshop.

Servotech Power Systems Ltd

CMP INR 185 | Market Cap INR 40.92 bn

Company is focused on solar products and electric vehicle charging infrastructure having 35-40% market share in EV chargers installed in India, management targets to take this to 50-55% in future by diversifying clients portfolio.

The company reported revenue of INR 970 Mn and PBT of INR 63 Mn in Q1FY25.

Company plans to manufacture 12,000 DC fast chargers in FY25. At present company's average production have reached more than 850 units per month.• Revenue split: EV chargers will contribute 70-75% and rest will be solar.

Company is participating in almost all EV charger tenders in India. It's tender participation is more than 60% in last year.

Company is working to maintain its market share. They are setting up manufacturing capacity for key EV charger components targeting production capacity of 240,000 units per year for these components.

Capacity is expected to come on scalable basis. Company is planning 60,000 units in Phase1 which will be achieved in 2025.
These components will be cost effective in compare to china which has more than 90% market share.

Company emphasized creating an ecosystem rather than viewing others as competitors.

Strategic Research Insights Ltd works closely with the company and is exploring solar components and hydrogen.

SG Mart Ltd

CMP: INR 442 | Market Cap: INR 49.51 bn

- SG Mart is a sister company of APL Apollo, aims to capitalize on India's steel trading sector, which is currently only 1% digitalized and 80% fragmented. The company focusing on becoming the largest steel trader by defragmenting this market to meet the growing demands of India's infrastructure and real estate sectors.

- Financial Projections: Total revenue from operation reported INR 11,444 Mn in Q1FY25. The company anticipates FY25 revenue in the range of INR 70,000 - 80,000 Mn, translating to 1.2 Mn tons of steel. FY26 revenue is projected at INR 120,000 Mn, representing 2 - 2.5 Mn tons of steel. Expected revenue for FY27 is INR 180,000 Mn, with steel trading between 3.5 - 4 Mn tons. Overall EBITDA margins are forecasted to be in the range of 2 - 2.5%. By FY30, the company aims for revenues of INR 500,000 Mn, targeting total steel trading of 7 - 8 Mn tons while maintaining the same EBITDA margin.

- Capex Highlights: For FY30, SG Mart anticipates a monthly steel trading volume of 60-70,000 tons, supported by a Capex of INR 15,000 mn. This includes an initial investment of INR 2,500 mn from promoters and an additional INR 12,500 mn raised through capital markets. As volumes grow year-on-year, the company plans to add an incremental capex of INR 10,000 mn per year.

- Business Model:
- SG Mart operates three primary business models to optimize its potential in the upstream steel trading market. The first model is direct steel trading through a Built to Ship approach, which yields an EBITDA margin of 1-2%. The second model is stock-to-sell trading, generating a margin of 4-5%.

- The upstream segment, where steel is sourced directly from top manufacturers like Tata Steel, JSW Steel, and ArcelorMittal, benefits from the robust growth forecast in India's primary steel production, projected to expand by 1-1.5x by FY26-27.

- The third model involves processed steel trading via service centers. This service centers are expected to contribute to the company's revenue, targeting INR 300,000-350,000 mn from this segment by FY30, with a blended EBITDA margin of 2.5-3% and a return on capital employed (ROCE) of 25%.

- SG Mart has a downstream trading business (B2C), targeting fragmented dealer networks with white-label products, which account for 50% of its downstream trading, alongside non-white-label products comprising the remaining 50%. The expected trading volume for this segment is 2 mn tons, generating revenue of INR 150,000 mn by FY30, with a projected blended EBITDA margin of 2.5% and a working capital cycle of 20-25 days.

- Operational Overview:
- SG Mart is aims to capture India's steel trading sector, which is only 1% digitalized and 80% fragmented. The company plans to trade 500,000 tons of steel in FY25, with 250,000 tons distributed through direct steel trading and another 250,000 tons utilized in its service centers for stock-to-sell and processed steel trading.

- The operational service centers are designed to deliver high-quality, tailored steel products to OEMs, small factories, and organized manufacturers in sectors such as automotive and capital goods. These centers are set to procure steel in large quantities, minimizing freight costs for customers through localized processing.

- Currently, SG Mart operates two service centers in Ghaziabad and Bangalore, each capable of processing 10,000-15,000 tons of steel. These centers are currently operating at 46% capacity and maintain a warehousing inventory of 6,000-7,000 tons for stock-to-sell operations.

- SG Mart's expansion plan includes establishing 101 service centers by FY30 (99 India, 2 overseas) with 12 expected to be operational this year, focusing on tier 2 and tier 3 cities, where organized steel service providers are currently lacking. The company has already opened three centers, with two fully operational and three more scheduled to launch in the next two months, company also aims to add 15-20 new centers YoY.

Sheela Foam Ltd | Arihant Bharat Connect Conference Sept'2024
CMP: INR 906 | Market cap: INR 98,482 Mn | TP: 2,507|Rating: BUY

- Sheela Foam Ltd is primarily a manufacturer of comfort products, with mattresses being their flagship product under the Sleepwell brand. They also produce other types of foam including furniture foam, bare foam for cushioning, and technical foams with specific properties like fire retardant and soundproofing foams.
- The company has around 20 manufacturing facilities across India, including those from Sheela Foam Limited and the recently acquired Kurlon Ltd.
- •Sheela Foam has a marketing network of around 15,000 touch points across the country, including exclusive dealers and multi-brand outlets.
- •The total modern mattress market in India is around INR 1,50,000 Mn, with the branded mattress market at approximately INR 60,000 Mn. The top 10 national players have a market size of INR 30,000-35,000 Mn.
- •Sleepwell and Kurlon together hold about 30% market share in the branded mattress segment.
- •The company has an international presence in Australia (Joyce Foam) and Spain. They manufacture around 10,000 tons of foam in Australia and are market leaders with a 40% market share. In Spain, they do business of around EUR 50 Mn and aim to become a sizable player in the European market as currently, they have only 1% market share there.
- •The acquisition of Kurlon created several synergies, including reduced competition and overlapping efforts, improved operational efficiency with faster deliveries, and cost savings in freight. The combined company generates INR 30,000 Mn annually, allowing for a yearly branding budget of INR 1,500 Mn. The acquisition also improved supplier negotiations and material sourcing, resulting in savings of INR 2,500 Mn.
- •Post-Kurlon acquisition, the company is leveraging a mix of exclusive brand outlets (EBOs) and multi-brand outlets (MBOs).
- •The company is increasing advertising spending by 2% every quarter.
- •In Spain, the company recently completed an expansion, increasing foam production capacity from 17,000 tons to 26,000-28,000 tons. They expect Spain operations to maintain EBITDA margins of 10-12% and foresee growth for the next 4-5 years.
- •The Australian market is seen as saturated, but the company is exploring new segments like furniture foam to drive growth.
- •Recently launched 'Tarang' (Sleepwell) and 'Aram' (Kurlon) mattresses targeted at rural areas and as a replacement for traditional cotton mattresses. These products are made using variable pressure foaming technology, allowing for compression up to 90% for easier transportation. It is 15-20% cheaper than traditional foam. Tarang and Aram mattresses are priced at INR 2,000-2,500.
- •The Jabalpur facility is ramping up and has the potential to produce up to 20,000 tons of foam, with the possibility of increasing further through debottlenecking. This represents about 1/3rd of the combined foam usage of Sheela and Kurlon (65,000 tons). Full capacity utilization is not expected for the next 3 to 4 years.
- •The sales slowdown over the past four years was primarily due to the commoditization of fire retardant foam for railways and the discontinuation of the SleepX brand, which created a temporary vacuum. Halting advertising during Covid-19 also impacted growth. However, with the introduction of new products like Sleeper Grant, the Curlon acquisition, expanded market penetration, and operational efficiencies, the company expects strong growth in both revenue and profitability moving forward.

Shri Keshav Cements & Infra Ltd
CMP: INR 220 | Market Cap : INR 3.85 Bn

•The company started in 1994 by acquiring six cement plant with 20 TPD capacity in north Karnataka. The company set up a 22 MW renewable solar plant in north Karnataka. The project cost was about INR 1200 Mn. Later added another 15 MW for captive use. In Aug24 company added another 3 MW, having total solar power capacity to 40 MW. The total capital outlay for the entire 40 MW capacity was ~INR 2000 Mn.

•Company de-bottlenecking process will take capacity from 0.35 million tons to 1 million tons by replacing the equipment. The project cost is estimated INR 1250 Mn ($25 per metric ton of annual capacity), of which INR 800 Mn is funded by Canada bank and balance INR 450 Mn by preferential allotment and warrants in 2023. The griding unit is expected to be commissioned in October 2024. The kiln is expected to be commissioned by end of November. The capex will increase the grinding capacity from 1100 tons to 3000 tons.

•The company purchases limestone from local suppliers. has been the only purchaser from these suppliers for the last 20 years, which allows them to get competitive prices.

•After completing their ongoing capex company expects their fuel consumption to be at par with industry standards which are at present 30-40% higher.

•The first two quarters have been sluggish due to elections and monsoons, but demand is expected to pick up significantly in H2FY25. Government schemes like Pradhan Mantri Awas Yojana to build 3 crore housing units are expected to boost cement demand.

•The company is targeting 50% capacity utilization in FY26, 65% in FY27, and 70-75% in FY28.

•Company expects EBITDA/ton to be close to the industry standards. Currently company has EBITDA/ton of INR 150 excluding the benefits of solar renewable power. With 70% capacity utilization company expects EBITDA/ton to be INR 1100. For FY26 company expects EBITDA/ton to reach INR 850-900.

•For FY26, the company expects 50% capacity utilization, generating ~INR 450 Mn EBITDA from cement and INR 350 Mn from power.

•Company expects debt to stay at INR1900 in FY25, it expects to repay INR 200-250 Mn annually every year.

•Volume for FY24 stood at 2.48 lakh tons company expects volume to reach 2.8 lakh in FY25 and 5 lakh tons in FY26.

•Cement pricing has been very low in the first two quarters, the lowest in 3-4 years. The management expects cement prices to increase significantly from Q3 onwards.

Shriram Properties Ltd| Bharat Connect Conference, September 2024:
CMP: INR 128| Market Cap: INR 21880Mn

- Shriram Properties celebrated its 25th anniversary with 44 completed projects and over 18,000 homes delivered. The company focuses on affordable and mid-market housing, with a strong presence in Bangalore, Chennai, and an upcoming entry in Pune.

- After transformative regulations like RERA and GST, Shriram has expanded its operations, growing its sales volume and profitability. It is focused on leveraging opportunities as a consolidator in the real estate industry.

- The company aims to double sales value to INR 5,000 crores by 2027 and grow its income recognition threefold. The focus remains on mid-market and mid-premium segments, targeting Bangalore, Chennai, and Pune.

- Shriram maintains an asset-light model, focusing on development management and avoiding land banking. It plans to add 15-20 million sq. ft. of inventory in the next 18-24 months.

- The company has 43 million sq. ft. in the development pipeline, with 24 million sq. ft. ongoing and 18 million sq. ft. in upcoming projects. The planned Pune launch is expected in Q3 FY25.

- It has targets an EBITDA margin of mid-twenties, 8-11% PBT margin, and a Rock above 15% by FY26. The company does not foresee the need for additional equity for growth.

- Shriram focuses on timely delivery, quality, and value for money, positioning itself as a reliable residential real estate brand.

- The demand for housing remains strong, with the mid-market segment showing significant growth. Shriram expects a positive market cycle for the next 3-4 years, driven by increased affordability and homeownership demand.

- Pune Market Entry: The company plans to launch its Pune project by Q3 FY25, having faced delays in approval processes. It expects to finalize this entry soon, aiming to capitalize on the growing mid-market segment.

Shyam Metalics & Energy Ltd

CMP: INR 910 | Market Cap| INR 252 Bn | Promoter: 74.59%

Key Highlights from the call:
Company has recently started with capex of Aluminum and stainless steel facility. Company is incurring INR 8.1 Bn capex for backward integration of Aluminum capex. Mittal corp was acquired in 2016 which operated Stainless steel manufacturing facility. The unit was acquired for INR 3.3 Bn but company received a tax benefit of INR 5 Bn on the same. Shyam Metalics manufactures ferro alloys so the acquisition of Mittal Corp enables forward integration.

Company recently commissioned Phase 1 of Cold rolling mill in Jamuria (capacity of 400,000 tonnes)On having railway sidings, company mentioned that the benefit of railway sidings is that the cost is reduced by 30% (if done via trucking then the cost increases by 30%). The possibility of theft via railway is also less. Company is setting up 3 Mn tonnes of beneficiation plant. Iron ore of low quality usually doesn't have any buyers because the yield is very low. Shyam metalics is focusing on the ROI that they will get from beneficiation plant.

Company has a mine in Ghadchiroli (next to Lloyds Metals) in a JV with Sarda Energy and Minerals. Total capacity is 3 Mn tonnes (annual) but the extraction is 3 years away.

Recently, company laid out its 5 year plan where they intend to grow stainless steel business by 4.3x, Aluminium segment by 1.8x and carbon steel by 1.8x (all in volume terms)Outlook and

Guidance: At present, the cash on book stands between INR 15-20 Bn. For any capex, company looks for 18% IRR. For FY25, company aims to achieve topline between INR 175-185 Bn. For FY26, company aims for INR 210 Bn and by FY30, company aims for INR 400 Bn. Margins in sponge Iron are between INR 2,500-2,800 per tonne, Billets are INR 3,800 – 4,000 per tonne, finished steel is between INR 6,000-7,500 per tonne, colour coated is between INR 6,000-6,500 per tonne and Aluminum is INR ~45,000. Capex for FY26 is INR 21-23 Bn.

At CMP, company trades 16x TTM EV/EBITDA. We have a BUY call on the stock

SignatureGlobal India Ltd

CMP Rs 1588| Market Cap INR 223.17 bn

They are young (commenced operation in 2014) and fast-growing housing company based out of the Delhi-NCR region.

Guidance:

- Aim is to achieve sales of INR 100Bn and new launches worth GDV of INR 160Bn in FY25
- Expects sales to grow at ~25% and EBITDA margin of 15-20% for the next 2 years.
- Plans collections of INR 60Bn and a surplus of ~45% (INR 27Bn)
- Continue to do residential development and no plans for commercial
- Plans to stay primary in Gurugram and open to expend in NCR region because of strong brand name and positioning, steady customer base and continuous demand in the market.

Projects:

- ~11mn sqft of projects have been completed
- ~16Mn sqft projects are at advance stage of completion and expected to be completed in the next 6-8 quarters. These are 27 projects with GDV potential of INR 120Bn.
- ~35mn sqft projects are recently launched or yet to be launched and have a GDV of INR 500Bn.
- Out of the upcoming projects ~30.2Mn sqft is in the prime location such as Sector 37 D – Dwarka Expressway (6Mn sqft), sector 71 (17mn sqft), Sohna corridor (7.2Mn sqft) and remaining ~5Mn sqft is other locations.

Other Highlights:

- In the market, there is strong demand condition and this scenario is expected to stay for a long.
- Debt to equity is at 1.5x and plans to reduce it to 1x.
- Realization continued to improve as the company shifts business model from affordable to mid income and premium projects. Average realization increased from INR 11,800 to INR 14000 this year.
- The company is following the policy of land replenishment which means they are acquiring new land as much they are selling.
- Raised ~INR 6000Mn via primary capital.
- Unsold inventory is not more than 30-40 days.
- Their CFO, Gaurav Malik resigned recently due to personal reason and the company is yet to decide as they would appoint internally or hire externally.
- Prices expected to rise with demand, so in the lower-case scenario ~5-7% rise is expected while in the higher case scenario ~12-14% rise is expected.

SIS Ltd
CMP: INR 416 | Mcap: INR 60Bn

The company expects continued growth, particularly in India, with a target of 15%+ CAGR. They aim to maintain 6% EBITDA margins in India security services and improve facility management margins to 5% in the next 3-4 quarters. The international business is expected to grow at a slower 7-8% annually. SIS Ltd. sees opportunities in technology-driven security solutions and aims to double their remote monitoring sites in the next couple of years.

Key highlights

- Operates in both India and international markets, with total revenue of about INR 1,20,000 Mn., split roughly INR 70,000 Mn. in India and INR 50,000 Mn. internationally.
- In India, security services account for INR 50,000 Mn. and facility management for INR 20,000+ Mn.
- The company has maintained a 15% CAGR growth over the past 10 years.
- The company aims to stick to 6% EBITDA margins for India security services and improve facility management margins to 5% in the next 3-4 quarters.
- They are focusing on technology-driven security solutions, including remote monitoring services, which currently cover 25,000 sites.
- SIS is actively looking for acquisition opportunities across all segments to support growth.
- The international business, primarily in Australia, is expected to grow at a slower pace of 2.5-3% annually.
- The company is working on improving its working capital situation, aiming for 70-75 days of working capital in the medium term.
- The facility management business is expected to grow at 17-18% annually once it reaches a steady state.
- Management sees the coexistence of digital payments (like UPI) and cash usage, with cash in circulation having increased despite the growth in digital transactions.
- The company is positioning itself as a property manager, offering integrated services across security and facility management.

SJS Enterprises Ltd

CMP: INR 980 | Mcap: INR 30.43 Bn

Product: The Indian market for diversified products and capabilities is ~INR 3,500 cr. There are numerous technologies involved, with market shares varying from 30% to 100%. The PV segment is poised for significant growth, particularly through innovations like IML (In-Mold Labeling) and IMD (In-Mold Decoration) products, which enhance glass cover applications.

Customer Expansion: SJS currently supplies over 10 customers and anticipates exponential growth. The share price has increased from INR 400 to INR 1,200 due to strategic acquisitions, particularly in cover glass technology.

Product Development: SJS has a strong presence in the two-wheeler 2W market, serving almost all major players except one. There's a focus on developing next-gen products for the larger 4W segment, which is growing rapidly.

Strategic Partnerships: Major companies like Maruti and Tata are investing in or acquiring complementary businesses, presenting opportunities for SJS to leverage these partnerships.

EBITDA: SJS aims to maintain a bottom-line EBITDA of 25% while outperforming market growth organically, particularly with OEM introductions over the next 3-4 years.

Displays: The demand for larger displays in vehicles is rising, driven by trends towards premiumization. SJS is working closely with customers to localize manufacturing in India, particularly for TFT displays, which are not yet produced on a large scale domestically.

Future Outlook: With the rise of EVs and an expected CAGR of 8% in the large display market, SJS is well-positioned to capture MS. They are competing globally by offering high-quality printing services at competitive prices.

Aesthetics: SJS is focused on aesthetics and innovative solutions, including large, complex designs and smart services. The company has strong relationships with key customers and is looking to expand its presence in Europe and America while continuing to invest in local capabilities.

Traction in cover glass: SJS is prioritizing the cover glass market while exploring opportunities in medical applications in India and Southeast Asia.

Dixion: Orders for decorative overlays and other products are starting to come in, indicating potential for significant top-line growth.

Sky Gold Ltd

CMP INR 2572 | Market Cap INR 32.56 bn | TTM EPS: INR 37.38

They expect INR 150-200cr revenue from new subsidiaries

When it comes to retailers, they try to employ a hyperlocal approach and customize as much as possible

Titan can be potential client but is not onboarded yet, the relationship building is still ongoing. They might on board with Kalamandir after 1-2 exhibitions.

They do not plan to foray into lab grown diamonds as they have no market in India, but they do in the US and Europe

They are launching 1,000-1,500 designs every month, however, they are not selling designs to protect their technology.

Margin shift going ahead: The margin for distributors is close to 5%, and is 5.6% for corporates. Going ahead, they plan to increase the share of corporates, as they expect challenges in the distribution model. Eventually, they want to shift completely to corporate.

They have an 80-designer team in Calcutta and Mumbai.

They used to procure gold from importers and banks, but now they are going to start taking gold loans too. Previously, banks used to supply 30-40%, and the remaining was remaining imported. However, after December, 80% will come from banks.

They have a 9% wallet share with Malabar Gold and 7% with Kalyan Jewelers, which can go up to a max of 20-25%, as they are not allowed more.

They didn’t avail GML facility earlier because they are small manufactures, and GMLs are not easy to get

Casting is 30% of the market, Mangalsutra is 15%, and chains 20%. They are not present in heavy bridal jewelry and antique jewelry which is remaining 25-30% of the market.

After the duty cut there was positive commentary, but now the duties have risen back up a lot over last 7-10 days, and the company expects to get market feedback over the next 10 days. However, footfalls are still the same as customers continue to appreciate gold jewelry.

There was an inventory hike in March because they had taken on extra debt of INR 130-150cr to build inventory. Total inventory purchased is always completely hedged.

Guidance: INR 6,300cr top line by FY27.

Solex Energy Ltd

CMP- INR 1,329 | M.Cap- INR 14.35 bn

Solex Energy Ltd is one of the oldest renewable energy companies in India, with a 29-year history. The company began with thermal energy and later expanded into photovoltaic technology.

Shift in Focus Post-COVID:After the COVID-19 pandemic, Solex shifted its focus from EPC projects to module manufacturing and product sales. The company is establishing a 4GW manufacturing infrastructure for photovoltaic modules in Surat, with plans to further expand production capacity with an additional production line expected to become operational soon.

Global and Domestic Presence: As a module manufacturer, Solex serves both global and domestic customers. Previously, the company had a 70-30 ratio, where 70% of production was for OEMs, and 30% was for Solex's own brand. However, with increasing demand for Solex's products, the company now operates with 70% of production in-house and 30% for OEMs (Original Equipment Manufacturers).

Importance of OEMs: OEMs remain an important part of Solex's business, providing revenue stability and profitability. The company operates its own in-house labs, conducting 27 types of reliability tests on its modules, which come with a 30-year warranty.

Future-Ready Technology: Solex is considering all potential future technologies for its modules, ensuring that its production lines are fully upgradeable to the latest advancements. The company has positioned itself as a core manufacturer, and earlier this year, it introduced a subsidiary, Solex Green Energy Pvt. Ltd., aimed at catering to the captive consumer market.

Achievements and Certifications: Solex has achieved industry-leading standards in raw material yield and land utilization efficiency. It is the first module manufacturer in India to receive accreditation from UK agencies, enabling it to sell products globally with the required qualifications and certifications.

Upcoming Product Launch: On October 3rd, Solex will launch a new rectangular cell product that boasts higher efficiency. The company has high expectations for the success of this product.

Capacity Expansion Plans: The remaining 2.5GW of Solex's module production capacity is set to come online by December 2024. The company is planning to raise funds for further expansion, which will include a 2GW cell line and an additional 2.5GW for modules.

International Markets and Export Strategy: Solex has already begun exporting to South Africa and Germany, but it is currently limiting its export focus due to capacity constraints. By FY26, the company aims for exports to account for 30% of total sales, with a significant focus on the European market. The company is also preparing for potential restrictions on Chinese manufacturers in Europe and has appointed an international agency to enhance its global presence.

Financials and Order Book: Solex's EBITDA margins range from 7-9% for OEM products and 9-11% for its own brand. The company has an order book for EPC projects worth INR 1 billion, which includes a 40MW ground-mounted system, as well as a streetlight order worth INR 500 million from Bihar. In terms of module manufacturing, Solex is fully booked, with orders exceeding its current capacity.

Solex is on track to close FY25 with revenues of INR 8 billion. Following its ongoing expansion efforts, by June 2025, the company will have a total module manufacturing capacity of 4GW. Additionally, Solex has started working on a 2GW cell line, which is expected to be operational by mid-2026, taking approximately 1.5 years to complete.

Sonata Software Ltd

CMP: INR 638 | Market Cap: INR 178.67 bn

- International Business contributes 70% of company profits with revenue of $323 Mn while India Business contributes 20-30% of company profits with revenue of $770 Mn.

- Microsoft is the most significant customer, company has also done product engineering for microsoft.

- Company key focus areas include BFSI, healthcare, TMT, retail, manufacturing and travel verticals.

- The company aims to make $0.5 bn international business and targets $1 billion turnover in India business by FY27.

- Company has won 13 large deals last year including ultra large deal of $160 mn.

- Company aims to grow faster than industry average. Company strategy involves investing 1.5-2% of revenue on future growth. Company expects 20% of their revenue to come from AI services in the next 3 years.

- Company expects to reach low twenties EBITDA margin in the medium term.

- India business has generated 25% CAGR over past 5 years. 30-40% of revenue come from IT operations. Company forcasts to maintain low double-digit growth in coming quarters.

- Company has enhanced ROCE from 23.5%- 47% in last 4 years. Company predicts higher growth potential from indian markets., with low investment and high ROCE opportunity in Indian markets

- Company is focused primarily on building an AI platform to provide relevant services in coming periods. company has an added leverage due to it’s partnership with microsoft.

- In terms of Company’s large deals, it contributes to 49% of the revenue pipeline.

- Company’s recent fall in PAT and EBITDA margins is attributed due to acquisition, which has lower growth in the January-March quarter which impacting margins.

- Company’s attrition rate stood in the range of 15-16%.

- US and Australian Markets are showing significant growth in recent times, however European markets are remains stagnant.

Spectrum Talent Management Ltd

CMP: INR 119 | Mcap: INR 2.75 bn

- Company primarily operates in the indian market which is a fairly unorganized and fragmented market where company is planning to capitalize on.
- It has more than 18,800 workforce on payrolls and about 8000 plus people deployed for Naps and Nats.
- Company has doubled its headcount in the last 2 years from 13,000 to 27,000 in FY24. Key sectors contributing to revenue growth are renewable, retail and manufacturing.
- Company only works with large organizations having topline of more than INR 10 Bn.
- For NAPS and NATS business, company is authorized as third-party aggregators.

  Company operate in the apprenticeship business, authorized by the government as NAPS and NATS service providers. Any client with over 50 employees on their payroll is required to participate in the government's apprenticeship program.
- Management expects strong growth potential in general staffing due to government push for formalization of the economy. The use of extensive technology in general staffing operations plays a key role when compared to unorganized players.
- The IT staffing industry overall has seen a significant downturn over the last 1-1.5 years.
- US IT staffing business has been less affected due to lot of work with state governments on longer-term agreements. The overseas business generated about $2.5 million in revenue purely from IT staffing.
- IT staffing generally has higher margins compared to general staffing.
- Management is optimistic about retail segment. Company has started a new vertical called "Reta Spec" focused on retail solutions. The company sees retail as an opportunity to augment higher margins.
- The company cannot move to the main board for 3 years. Company will be eligible in June 2026.
- In FY24, operating margins were impacted due to significant amount to employee costs and the recruitment business and IT staffing business not performing significantly well.
- Company is targeting continued growth of 25-30% annually going forward. Company is also looking for acquisition which will help company to further increase in revenue.
- Company plans to wind up the electronics business, Company is continuing the business for now until they make an acquisition. Company hopes to do an acquisition within the next 6-8 months.

Spencer's Retail Ltd
CMP: INR 107 | Mcap: INR 9.662 bn| Outlook: Positive

- Spencer is aiming to achieve business EBITDA break-even by the end of FY25, accelerating their previous 12-18 month timeline.
- The company has exited from two geographies - NCR and South India - representing about 20% of their turnover, to focus on better-performing regions in East India and Uttar Pradesh.
- Spencers is targeting a consolidated top line of INR 24,000 Mn for FY26, with a business EBITDA of about 2%, representing a potential EBITDA of INR 400-500 Mn annually.
- The company plans to open 8-10 new stores in the next 12-18 months, increasing its trading area from the current 800,000 square feet to close to 1mn square feet.
- The company is focusing on five key cities: Kolkata, Siliguri, Lucknow, Varanasi, and Gorakhpur for its expansion and omnichannel strategy.
- Spencer aims to increase its omnichannel mix (e-commerce and phone delivery) from the current 10-12% to 20% in the short term.
- Nature's Basket, subsidiary of Spencers, is expected to contribute about INR 4,000 Mn to the overall targeted revenue of INR 24,000-25,000 Mn in the next 12 months.
- The cost of setting up a new store is estimated at INR 1,300-1,500 per square foot, with a total investment of INR 25-30 Mn for an 8000 sq foot store.
- Spencers is working on optimizing its support costs, aiming to reduce them from the current 8% to less than 6% of revenue.
- The company is considering a capital raise in the future, but the quantum and timing are yet to be determined.
- The company is targeting a gross margin of around 18-18.5% for Spencers, with store operating costs expected to decrease to 12%, resulting in a store EBITDA of 6.5%.
- Nature's Basket operates at a higher gross margin of 33-34%, with store operating expenses expected to be around 24-25%, potentially leading to a store EBITDA of 9-10%.
- The company is shifting its marketing budget from ATL (above the line) to more specific, data-driven direct marketing initiatives to improve customer retention.
- Spencers is investing in e-commerce capabilities, including improvements to its tech stack and transport management systems to offer a seamless customer experience.
- The company is recalibrating its non-food mix to ensure it remains complementary to the core grocery business while being more efficient in terms of inventory management.
- Spencers is focusing on increasing its fresh food category share to drive frequency and repeat purchases.
- The company sees potential for Nature's Basket in major urban centers like Mumbai, Bangalore, and Delhi, and plans to continue its presence in these markets. They aim to add 4-5 new stores in cities like Ahmedabad, Pune, and Bangalore this year.
- Spencer's is considering the launch of smaller format stores (2,000 to 4,000 sq ft) in addition to its existing hypermarket format.
- Though there have been past challenges in achieving profitability targets, the management emphasized commitment to delivering on the current turnaround plan within the next two quarters.

SPML Infra Ltd
CMP: INR 277 | Mcap: INR 16.45 Bn

- Company started its journey is 1981 and in early years company has executed various projects in hydro, road , power and water segment as water business had not much scope. Company has shifted its focus primarily on water infrastructure projects as there is now a huge business opportunity in this sector.
- Company primarily gets orders from the government- state governments and central government.
- The company aims to focus exclusively on the water sector, particularly bulk water supply. Company has a long term relationship with suppliers like jindal saw, Welspun and Ratnamani. The execution period for the project remains ~3 -3.5 years which have higher margins.
- Government has announced 10 lakh crore investment in water business, with visibility of 1 lakh crore business every year. The company is targeting INR 40-50 Bn business to come every year.
- Company is only focused on fully funded government projects, either state-funded or centrally-funded.
- Company does only those projects where DPR is completed. Every business is in escrow mechanism where the project money is utilize for only that project.
- Company targets those projects which has margin of 12-15%. Company targets states which includes Gujarat, Rajasthan, Madhya Pradesh and Uttar Pradesh.
- Management believes water will remain a good business opportunity for at least the next 15-20 years driven by huge focus by government.
- With infusion of INR 3000 Mn, the company is expected to have a total cash liquidity of INR 4700 Mn for business operations.
- NARCL resolved company's loan with a payment of INR 7000 Mn to be paid over 8 years, inclusive of interest. Of which company has already paid around INR 2230 Mn last year. INR 400 Mn will be paid from sale of non-core assets. Remaining amount will be paid from arbitration awards with no outflow from cashflow.
- The company is L1 in various projects, it will announce an order after the LOI is received.

SRG Housing Finance Ltd

CMP: INR 352| Market Cap: INR 5.03 bn

The promoter initially ran a vehicle finance business until 2000, and in 2002, SRG Housing Finance entered the housing finance sector. It was the first company in Rajasthan to get listed as SME in 2012, transferred to the main board in 2015. They started from Rajasthan than to Madhya Pradesh, Gujarat, and now targeting Maharashtra and to expand pan India.

Currently operates around 70 branches, aiming for 100 branches in the next two years.

Rural Market Focus:

- 90% of the business is focused on rural housing finance, with loans provided against construction, ensuring loans go to families living in the house.

- The company serves areas with populations under 1,000 where other lenders don't operate, with ticket sizes smaller than in urban areas.

Loan Terms: Loans are given on a fixed-rate basis with interest rates between 18-24%. Their Loan-to-Value (LTV) ratio in rural areas is capped at 50%. They issue less than 10 loans per village, with a branch radius of 60 km.

Operational Strategy: Local teams are recruited in new states to avoid language barriers. The break-even for new branches is a portfolio of INR 2-3 crore, which typically takes 6 months to achieve. Each branch operates with around five staff members.

Capital Raising:

- Plans to raise INR 50 crore this year.

- After this, they do not plan to raise equity until the AUM reaches INR 1,500 crore.

They have previously auctions house worth INR 60 Lakh and right off of around INR1.5-2 cr of portfolio and in maximum case it was due to the death of the karta of the family.

Future Outlook- The company aims to leverage the underserved rural market, which larger institutions avoid due to high risk. New branch capex is around INR 3 lakh, with no constraints on branch maturity due to extensive rural coverage.

Star Housing Finance Ltd
CMP: INR 44.8 | Market Cap: INR3.53 bn

Financial Highlights

The company has scaled its AUM from INR 30-40 crores in 2018 to over INR 500 crores currently, while its net worth has increased from INR 28 crores to INR 138 crores. The portfolio at risk (0+ DPD) stands at 3.5%, with a GNPA ratio of 1.5% and a NNPA ratio of 1%. Star Housing Finance aims to reach an AUM of INR 2,500 crores in the next 36-48 months.

Funding

Star Housing Finance has established relationships with a mix of public and private sector banks, financial institutions, and the National Housing Bank, working with around 15-20 lenders. NHB refinance constitutes approximately 20-22% of the overall funding. The company is also looking to raise about INR 200 crores in growth capital.

Business Strategy

The company's focus remains on retail low-ticket housing finance, with no plans for diversification. The average lending rate is set at 15.5-16%, aiming for a target spread of 400-450 basis points. Co-lending partnerships account for 10-15% of incremental disbursements, with a target to increase this to 20-25%. All loans offered are at fixed rates.

Challenges

Star Housing Finance faces challenges in maintaining asset quality while pursuing growth, particularly in identifying the right loan applications. There is also potential concern regarding the tightening of funding from banks to NBFCs and HFCs.

Future Plans

The company is targeting a rating upgrade to BBB+ at an AUM of INR 600-700 crores and plans to transition to an NSE listing in the next financial year. There are plans to increase the branch count from 33 to 50, contingent upon a successful capital raise. The promoters are likely to phase out over time, seeking investors to support the professional management team.

Other Key Highlights

While technology aids in growth, Star Housing Finance emphasizes the importance of human relationships with borrowers. The company has found that branches can break even within 5-6 months if they maintain a portfolio of INR 10 crores or more, with a geographical limit of a 50 km radius for each branch. Since 2019, the company has written off INR 4.5-5.5 crores but has successfully recovered 70-75% of those write-offs.

Outlook: Star Housing Finance Limited aims to grow from a 500 crore AUM company to a 2500 crore AUM company over the next 3-4 years by focusing on low-ticket affordable housing loans in tier 2-3 cities while maintaining asset quality and seeking growth capital of around 200 crores.

Steelcast Ltd

CMP: INR 813 | Market Cap: INR 16.4 Bn | Promoter: 45%

Guidance: The current capacity is 29,000 tonnes per annum. Current utilization is at 42%. For FY25, the company expects to deliver volumes of 13,000 tonnes (FY24 was also ~13,000 tonnes). For FY26, the company expects to deliver 18,000 tonnes. By FY28, the company aspires to reach volumes of 28,000 tonnes.

EBITDA margins of 21-22% guided by the company. Anything above this would be attributed to input price benefits, efficiencies in operations, favouring exchange rate and better factor of power cost (higher volumes will lower per tonne of power cost).For Fy26/FY27, company expects to deliver 24-25% margins.Q2FY25 will also be a soft quarter but performance is expected to pick up from Q3FY25. Destocking is almost over. Demand uptick is now visibleCompany is adding more end user industries to reduce concentration.

Key Highlights from the call: Company is currently operating in 9 segments (Cement, Mining, Industrial machinery to name a few)Company is exporting to 15 countries, going ahead 3 more countries are anticipated to be added. German market will be a new entry (Aerospace industry). Company has received prerequisite certifications. Mining segment used to be ~80% contribution in FY13 but now has come down to 21%. Going ahead, expect it to come down to 19%The current biggest bet is the railroad segment in AmericaUS Railroad segment, trials were taking longer than expected, it is expected to contribute to the performance going ahead.

Export: Domestic mix is expected to be at 60:40. It may change but will broadly be in the similar range. Company is currently debt free and intends to stay debt free. The current cash balance is at INR 600-650 Mn. Post covid, a lot of end user industries realized that they were over dependent on China, company has started receiving preference over the past 2 years (this is across all engineering segments and not just to Steelcast)Fy24 revenues from exports INR ~2.4 Bn which was majorly contributed from Western Europe and Northern America.

Coal output worldwide is expected to increase, indicating that the requirement for equipment will be higher but it is not the exact parameter to gauge the future demand (no exact correlation)As per available information, North America steel casting input from China stood at 65-70%Pricing:Company has levied sales price variation formula. Most of the RM prices are passed on. Company refrains from doing business with entities who do not agree to accept sales price variation formula. At present, Steelcast pricing is lower by 20-25% from their peers in Northern America and Western Europe. The offerings are cheaper than players from China also but not to the quantum of 20%.Pricing was reset post covid. Company is benefitting with lower price, it is also allowing in preferential treatment. At CMP, company trades 14.3x TTM EV/EBITDA

Sunteck Realty Ltd

CMP: INR 592 | Market Cap: INR 86.691 bn| TP: INR 950| Rating: BUY

Outlook- The company is projecting strong growth, with guidance for 30-35% pre-sales growth in FY2025. They plan to launch ~50,000 Mn worth of inventory across various projects in the next 12-15 months. They are expanding into the Dubai market with a high-profile project near Burj Khalifa, expected to generate significant returns. The company maintains a strong financial position with zero debt and positive cash flows. They are focusing on the MMR market, where they see continued strong demand, especially in the luxury segment. Overall, the company's outlook is positive in its ability to maintain profitable growth with targeted EBITDA margins of around 35%.

Financial Highlights - The company has demonstrated strong financial performance, with Q1FY25 showing a 30% YoY growth in pre-sales to INR 5,020 Mn and a 19% increase in collections to INR 3,420 Mn.

- They maintain a strong financial position, boasting a net positive cash flow of INR 390 Mn and zero debt, underpinned by strategic capital allocation and strong partnerships.

Project Pipeline - The company's focus remains on the MMR, where it has established a strong foothold with a diversified luxury portfolio across segments.

- Sunteck's project pipeline includes a high-profile development in Nepean Sea Road area with a GDV potential of INR 25,000 Mn, as well as annuity income projects like BKC51 and Sunteck Icon, which are already leased out.
- The Dubai project is a significant undertaking for the company, with a GDV of 90,000 Mn and expected EBITDA margins of 65-70%. The company holds a 50% share in this venture, which is slated for completion within 5 years.

Other Highlights - The company has acquired more than 50 Mn sq. ft. of land, with a GDV of INR 3,74,800 Mn.

- Management expressed optimism about the real estate market outlook, citing continued strong demand, particularly in the luxury segment. They anticipate that ongoing infrastructure development projects will further boost real estate prospects in their target markets.
- The company's strategic focus involves maintaining a balanced portfolio across uber luxury, premium luxury, and aspirational luxury segments, with an increasing emphasis on redevelopment projects.
- The company has developed a dedicated redevelopment cell within the organization, signaling a strategic shift towards urban renewal projects. This initiative is exemplified by their first redevelopment project at Bandstand in Mumbai, which is expected to be added to their Gross Development Value (GDV) once it progresses further in the approval process.
- Its annuity income portfolio is growing, with current projects fully leased for 29 years and featuring a 4% annual escalation. The company aims to achieve an annual annuity income of INR 3,000-3,200 Mn by FY28.
- To mitigate the impact of rising land costs, the company employs a revenue-sharing model for land acquisition, allowing for a cautious yet aggressive approach that adheres to their margin profile guidelines.
- The company's management expressed confidence in their ability to achieve and potentially exceed their historical growth rate of 23-25%, citing the unprecedented number of launches planned for the next 18 months. This aggressive launch schedule across various segments and locations is expected to drive accelerated growth for the company.
- Commercial real estate strategy, particularly in the Goregaon CBD, is timed to capitalize on the maturing office market. Their upcoming Sunteck City ODC project is positioned to benefit from limited new supply in the area, potentially commanding strong rental yields.

Supreme Power Equipments Ltd | Arihant Bharat Connect Conference Highlights
Mcap: INR 6,660mn | CMP: INR 266

- Revenue
- Revenue growth is expected 20%-30% going forward.
- Post capex, the company can able to reach INR 5-6bn at 80%-90% capacity utilization.
- Margins
- EBITDA margins are expected 15% with 1%-2% variations in FY25E.
- Capacity expansion
- The new capacity is expected to be operational by Dec-24. The company is trying earlier, because getting lots of inquiries for bigger transformers.
- The production capacity is 2,500 Mva and expected to reach 9,500 Mva by Dec-24.
- The company is planning to do up to 230 kv in the new facility and further focused to extend upto higher kvs.
- Order book
- The order book stood at INR 600mn.
- Capacity utilization
- The current capacity utilization is around 50%.
- Transformer cost breakup
- The cost structure for transformer; copper – 20%-25%, Steel – 10%, Oil- 10% and remaining from others.
- The company is getting CRGO laminations from JB laminations and other players.
- Market share
- The company has less than 5% market in Tamil Nadu in private market and less than 1% market share in pan-india levels.
- Receivables
- The receivables days are reduced due to tamilnadu electronic discounting system. Post supply, the company get payments within 30-40 days compared to earlier 90 days.
- Other highlights
- The company is focused on government and non-government mix 50:50 going forward.
- The company is supplying to Tamil Nadu, Kerala and Karnataka and further focused on neighbor states.
- The company has orders from solar sectors.
- The company is participating government tenders for orders and used to meet and negotiate for getting private orders.
- The company is witnessing lots of demand from renewables.
- The company has supplied more than 400 customers.

Suraj Estate Developers Ltd

CMP INR 790 | Market Cap INR 35.03 Bn | Rating: Buy | TP: INR 1,134

Guidance:

- The company target is to launch new projects with the GDV of INR 11,500Mn.
- EBITDA margins of 45-50% to continue for the next 2-3 years
- Focus is to grow in the micro market where they are currently present.
- Plans to achieve pre-sales of INR 8,500 Mn by FY25.
- Every year plan is to launch INR 12,000Mn for new launches.

Business Model

- It deals with 33 (7) basically redevelopment of the properties prior to 1960.
- Operates under 3 models that are value-luxury, luxury and Commercial.

Project Pipeline:

- There are 13 ongoing project and 18 upcoming projects.
- 18 project pipelines of 9lakh sqft to the launch stage with the total GDV of INR 50,000Mn.
- Out of the 67% of upcoming projects are in the value luxury segment. (INR 12-30Mn budget) and 21% will be in value luxury.
- 12% will be from commercial and they have ~1 lakh sqft land at Senapati Bapat Marg for commercial development wherein the company has already received the IOD and CC.

Other Highlights:

- Overall in the real estate there is lot of demand for luxury and value-luxury segment as well as commercial property for smaller offices.
- Raising ~INR 5,000Mn by preferential issue and out of this INR 4,000Mn will be equity shares and balance INR 1,000Mn warrants.
- 90% of inventory is sold in the plin stage.
- Landed cost in 33(7) is ~INR 24,000/sqft and for vacant land it is ~INR 27,000/sqft and in the society redevelopment 33 (7B) it is ~INR 28,000/sqft.
- Cost of debt to reduce from 14% to 12% by FY25/FY26.

Suryoday Small Finance Bank Ltd
CMP: INR 184 | Mcap: INR 19.53Bn

Guidance: The Q2FY25 is expected to be even worse than Q1FY25 due to stress spreading across several states now. Management says that in previous quarter, the MFI stress was majorly contained in Punjab, Haryana, and parts of UP, Rajasthan and MP. However, currently, they are seeing stress developing in several pockets of Maharashtra and Karnataka which had no stress till as late as March 2024. The Management intends to open 25 new branches by March 2025 Credit Cost guidance at 3-3.5%, maybe adjusted higher for Seasonality factors if scenario deteriorates further. The Management maintained their earlier guidance of Loan Book growth of 30-35% YoY. However, they curtailed that it may grow at the lower end of it at ~30% YoY.

Key Highlights:

- The Bank has been following a strategy that they don't give loans to customers of Micro finance segment who had earlier defaulted, but have fulfilled their Outstandings along with last 6 months of no default.
- The Bank has been seeing increasing Secured book over the last 18 months, due to the nature of the business of Secured loans having longer duration. The Management expects to achieve a 50-50% mix of Secured & Unsecured Loans in the next couple of years.
- The Management intends to see a stable NIM in the subsequent quarters along with stable Asset Quality given the negative undertone of the Unsecured lending business across the industry.
- The Bank's Management sees no requirement of capital over the next couple of years considering their capital Adequacy already at 26-27%.
- The Bank's C/D ratio is at 110% while the CASA ratio is at 17.7%.
- The Management felt relief that 79% of the deposits came from pure Retail book, and is very granular. This also reduces their dependency on Bulk deposits.
- The Bank intends to open 25 new smart branches by March end. These branches will be having only 2 people to cater to the Micro market segment.
- On the Digital front, the Bank has tie-ups with digital partners from where they garnering INR 20 mn pure retail granular deposits on a daily basis.
- The Management believes the Cost to Income ratio will remain steady at current levels of 57-58% while they will be able to achieve RoE of 14-16% this year.
- Every branch has minimum 1 Credit Officer while few have 2. Their purpose is of assessing the customers profile, income, etc.
- The Management also explained the importance of Credit insurance which generally gets paid for any unforeseen stress or defaults in 2 years of time, but they help mitigate the risk of heavy provisioning and losses without it as the industry has been witnessing consistent issues in every 5 years of time.
- The Management explained that in Q1FY25, the stress seen was probably cause of people in groups taking up more loans than they could repay timely or taken loans from 4-5 lenders.

Suyog Telematics Ltd
CMP: INR 1,606 | Market Cap: INR 17.12 bn

Suyog Telematics Ltd is a passive infrastructure company that builds, operates, and maintains telecom towers. Its major clients include Airtel, Jio, Vodafone, and BSNL. The company operates across 26 states, with a portfolio of 4,360 towers and 5,144 tenancies.

The company's process starts when a customer provides site and area requirements. Once the site is identified, Suyog develops the location, taking 15-20 days depending on the height and size of the tower. The payment cycle begins once the tower is operational.

Suyog provides tower infrastructure and power supply, and wherever required, also offers fiberization services.

Agreements Suyog has Master Service Agreements with its customers, comprising four key components:

1.IP Fees 2.Loading Charges Both of these are fixed. 3. Site Rentals 4.Utilities Allocation

The latter two are variable. These agreements typically last over 15 years and include a 2.5% annual escalation clause.

CCTV and Small Cell Towers: Suyog has come up with an innovative solution involving CCTVs. Using CCTV towers for small cell installations, which are then leased to mobile operators. This strategy has facilitated quicker permissions for installing towers in various locations.

Growth Targets: By FY25, Suyog aims to install over 3,000 towers with over 500 in the Mumbai circle. Fiber-to-the-home (FTTH) and fiber optics represent long-term growth paths for the company. The company is confident in sustaining PAT margins of approximately 33%. Suyog has already begun bidding for BSNL towers, with BSNL seen as aggressive in its rollout plans.

Client Payment Terms:

Vi has extended its payment terms from monthly advances to 90 days outstanding, contributing to higher receivables for Suyog. This change was offered as business support for Vi, while the master agreement still mandates a one-month advance payment.

Competitive Landscape: Suyog operates similarly to Indus Towers but differentiates itself through its speed of execution and its strength in slum areas with high density. Suyog's CCTV model is also unique.

Market Drivers: While Jio and Airtel have invested heavily in 5G over the past 1-2 years, future growth for Suyog will be driven by BSNL's 4G rollout and Vi's 5G expansion. The company anticipates that 80% of its new tenancies will come from BSNL and Vi.

FTTH Market Opportunity: Though the immediate future may not see significant upside in FTTH, the company expects strong growth from FY27-28, targeting urban and semi-urban areas.

Small Cell Market: The small cell market is expected to expand significantly with 5G and 6G technologies. An estimated 2-3 lakh small cells are expected to be deployed in the next 4-5 years.

BSNL Rollout: BSNL has already ordered 1 lakh towers, showcasing its aggressive approach. In the second half of the year, Suyog expects to install a record number of towers. By FY26, Suyog expects to triple its tenancies, with 8,000 tenancies by the end of FY25 and 15,000 by FY26.

Capex Plans: The company plans to invest INR 800 crore in capex over the next two years, with INR 400 crore coming from internal accruals. For the remaining amount, Suyog will explore options such as preferential issues or other modes, aiming to minimize debt, which the company does not want to exceed INR 200 crore.

The company expects fiberization to contribute 20-30% of its revenue in the next 3-4 years. Its fiber network, currently at 5,000 kilometers, is expected to double to 10,000 kilometers.

Suyog incurs electricity costs first and receives payment after 60 days, contributing to its high receivables. The payment terms with Vi have improved from 180 days to 90 days, and following recent fundraising, Suyog does not foresee any payment difficulties.

Swaraj Suiting Ltd

CMP- INR 265 | M.Cap- INR 4.83Bn

In 2018, Swaraj invested in a land bank in Neemuch, Madhya Pradesh, to implement backward and forward integration by setting up a denim manufacturing plant with a capacity of 15 lakh meters per month. Within 1.5 years, the company designed approximately 16,000 denim patterns. Recently, it expanded its denim capacity from 15 lakh meters to 21 lakh meters per month and added 72 looms to its weaving capacity. The expansion commenced on July 25 of this financial year. Additionally, a non-denim plant with a production capacity of 20 lakh meters per month is being established, along with spinning facilities for captive consumption, producing 22 tons of yarn per day..

Swaraj operates on a made-to-order basis, and its recent expansions are expected to reduce costs, thereby improving margins. The company was already selling 7-8 lakh meters of non-denim fabric through outsourcing prior to the start of the new plant. Despite cash flow impacts from Bangladesh's textile mills, which are now 90% operational, domestic brands benefited from receiving more orders. The company received a subsidy credit of INR 3 crore, which was used to repay a term loan, and it expects further interest and electricity subsidies to start from the next quarter. The management has guided a 1% margin expansion for both this year and the next, supported by ongoing expansions. Total capex across all plants is estimated at INR 3 billion, with all plants expected to be finalized in the second half of the fiscal year.

Swaraj's current denim order book stands at 27 lakh meters, while its non-denim orders total 15 lakh meters, with an execution timeline of 30-45 days. The company has set a topline target of INR 15-17 billion over the next 3-5 years. For the next fiscal year, it anticipates a topline of INR 9-10 billion, and this year's topline is expected to range between INR 6.1-6.5 billion.

The company aims to increase its brand portfolio to 30-35 brands, with Walmart and Primark among its customers. Margins from branded products remain strong, at INR 28-30 per meter. Currently, 40-50% of sales come from wholesalers, where margins are lower, and 15% of revenue comes from exports, with margins ranging from INR 17-20 per meter.

Swaraj is investing in research and development, collaborating with the government to bring in overseas professionals for training its in-house team. The company is also looking to venture into garmenting. Its R&D team develops fabric samples, which are then presented to brands. Upon receiving trial orders and positive retail feedback, commercial production begins, typically taking around six months to complete. Currently, Swaraj supplies fabric to garmenter who in turn supplies to the brand.

Following the expansion, Swaraj's total term loan is expected to reach INR 200 crore, with INR 80 crore allocated for working capital. The second half of the fiscal year is generally stronger for the textile sector. The company is targeting INR 1-1.5 billion in export revenue this year and has partnered with a sales team in Colombia. Additionally, Swaraj is in the process of raising equity to support its continued growth and expansion.

Tara Chand Infralogistic Solutions Ltd

CMP INR 377| Market Cap INR 5.84 Bn

Financial Performance

The company recorded its highest-ever Q1 revenue and profitability, achieving an 18% YoY revenue growth. Management has set an aggressive growth target of 30% YoY for FY25. Historically, Q3 and Q4 contribute approximately 55-60% of the annual revenue, and the company aims to reduce its receivable days to 60-65 days over the next 1-2 years.

Segment Performance

In terms of segment performance, the equipment rental segment accounted for 51% of revenue with an impressive 51% EBITDA margin in Q1. The warehousing and transportation segment contributed 35% of revenue but had a lower EBITDA margin of 16%. Additionally, steel processing accounted for 14% of revenue in Q1, which was higher than usual due to a one-off order.

Capex Plans

The company announced a INR 160 crore CAPEX plan in March 2024, with INR 70 crore already completed as of August 1, 2024. The target is to reach INR 100 crore by December 2024, with the remaining INR 60 crore planned for the first half of FY26.

Equipment Rental Business

The equipment rental business has a fleet size of 339 machines, with an average age of 6.5 years. In Q1 FY25, the gross monthly rental yield was 2.98%, and the company is targeting a 90% utilization rate during peak quarters (Q3/Q4). There is strong demand from sectors such as cement, steel, and infrastructure.

Warehousing & Transportation

In the warehousing and transportation segment, the company handled 13.54 million tons of steel in FY24, reflecting a 50% YoY increase. It primarily works with public sector undertakings (PSUs) like SAIL and RINL. A labor issue at Visakhapatnam was resolved in June 2024, which may contribute to smoother operations moving forward.

New Business Areas

Recently, the company entered the renewable energy sector, focusing on wind and solar projects, which is expected to contribute 3-5% of FY25 revenue. Additionally, the management is evaluating specialized EPC (Engineering, Procurement, and Construction) service contracts, which could account for 10-15% of total revenue.

Outlook: Management is confident in maintaining profitability levels across segments, with expectations that the cement sector's contribution could rise to 25% in FY25. There are no immediate plans for fundraising, and the stock split record date is anticipated in Q3 FY25.

Thomas Cook (India) Ltd
CMP: INR 201 | Market Cap: INR 94.490 Bn | TP: INR 294

Leisure travel business: Expects a full recovery of FY20 numbers. Outbound B2C travel is only 25% of travel sales, but marketing is spending are entirely on the B2C business. The B2B business is the remaining 75% of top line. Short haul domestic travel is doing well (anything less than 5 hours of flying time)

There is going to be some Q1 revenue spill into Q2.

US and Europe visas are still going slow, and getting new visas is tough, which is a challenge for 1st time travelers.

The company is confident on the overall travel segment, and has hinted at significant improvement in top line and EBIT margin here. They expect to beat the 15% growth rate of the travel industry.

DMS has done exceptionally well this quarter, with seasonality spread over India, east and SEA, Middle East, Africa, and US. The US business peaks in Q2, Dubai in winter in, India in October-April, and SEA is divided into July- Augus, and just before Christmas – March.

Sterling expansion plan continues on the asset light model (revenue sharing or management contract model), and no debt is needed here. They have operationalized the expansion plan- over the next 15-18 months they plan to open 15-17 resorts. Sterling is still in investment mode, which is why the base of rooms is growing ahead of occupancy. The expansion mode will spill over into the next year as well.

The company is not into outbound-to-outbound travel- except for with the subsidiary in Hong Kong.

Forex business has degrown over the past 3-4 quarters, since they have given up the Bangalore airport, and also because the wholesale share going down as a part of the strategy to improve profitability with a higher retail share (sacrificing some revenue for profitability).

Time Technoplast Ltd

CMP INR 434 | Market Cap INR 98.39 Bn

Time Technoplast is a multinational conglomerate involved in the manufacturing of technology and innovation driven polymer & composite products. Company is the largest manufacturer of large size plastic drums with a market share of ~60%, second largest manufacturer of composite cylinders and third largest intermediate bulk container manufacturer.

Product segments: Industrial packaging (75% of revenues) – domestic (66%), international (33%); Customers are majorly chemical and FMCG companies. Time follows a cost plus model for pricing Infra (15% revenues): pipes, prefabs, etc. Lifestyle (5% revenues): mats etc. Automotive components (5% revenues)

Value added products: The value added portfolio (MOX films, composite cylinders, composite IBCs) have grown at a much higher pace showing growth of 23.6% over FY15-20 compared to ~8-10% growth of conventional portfolio.

Composite cylinders is one of the major innovation of the company and was first mentioned in their 2011 annual report. These are superior alternatives to traditionally used metal cylinders, being lighter, rust and corrosion proof and most importantly explosion proof. Company has a capacity of ~14 lacs whereas its largest domestic competitor supreme industries has a capacity of 5 lacs.

MOX films: Company launched multilayered laminated films in FY18. It did a turnover of 120 Cr in FY20. The company has a current capacity of 12,000 MTPA.

Consumer packaging business: Company entered into a collaboration with Dow Packaging & Specialty Plastics in August 2018 to manufacture PacXpert packaging technology, which enables transition from larger traditional rigid containers to flexible packaging options.

Key Highlights : Continued focus on automation, re-engineering, and cost reduction to enhance net earnings and ROCE. Ongoing disinvestment of non-core assets, with major sales expected within the next 12 months. Development of new products such as TBS (Transparent Container Batteries) and E-Rickshaw batteries in both Lead Acid and Lithium variants by subsidiary NED Energy Limited. The company has pre-existing approvals for LPG, CNG & Oxygen Cylinders and has received PESO approval for High-Pressure Type IV Composite Cylinders for Hydrogen. R&D efforts are focused on composite products, including Fire Extinguishers and Water Heaters, aiming for a strong market presence due to their advantages like lightweight and long shelf life. The company is working on further product development in the CNG and Hydrogen segments, as well as launching new products to capitalize on market opportunities.

Tips Industries Ltd

CMP: INR 704 | Mcap: INR 89.94 bn

Tips Industries is well-positioned for sustained growth in the evolving music landscape. With a focus on quality content, strategic OTT partnerships, and a diverse revenue model, the company is set to thrive in both regional and international markets. **We expect Tips industries' Revenue/EBITDA/PAT to grow at a CAGR of 35.00%, 35.93%, and 35.67%, respectively, over FY25- 27E. We have Buy rating on the stock with the TP INR 813 per share.**

The company focuses on a mix of regional and devotional music, catering to a wide audience. The emphasis has shifted towards high-quality content, with a goal of enhancing the overall listening experience.

Content Strategy: Over the years, Tips has strategically expanded its catalog, acquiring a significant volume of regional songs to meet the growing demand. The focus is on fewer but higher-quality tracks ~200-300 carefully selected songs. The company's content acquisition team works directly with artists to secure rights, ensuring that they own the outright rights to their music, which simplifies royalty management.

OTT Partnerships: Tips has forged strong relationships with major OTT platforms, including a notable deal with Warner. This partnership has facilitated the distribution of content across various international and regional platforms. The collaboration aims to enhance daily engagement and visibility, particularly on platforms like Meta, where Shorts and Reels are gaining traction.

Revenue Model: The company's revenue mix is diverse, with 25% coming from OTT platforms, 45%-50% from YouTube, and 25% from traditional TV broadcasting. The focus on digital has led to a significant increase in paid subscriptions, with growth rates for enterprise-level clients reaching 18-20%. Industry anticipates a 15-20% CAGR over the next few years, driven by both existing and new content.

Content Distribution: YouTube remains the dominant platform for Tips, with a perpetual IP strategy that includes ring tones and caller tunes. The partnership with Warner allows Tips to tap into a minimum library of 12,000 songs, leveraging Warner's global presence to enhance reach and visibility across >100 platforms.

Future Growth: Tips Industries is optimistic about future growth, especially with the rise of smartphone users and the expanding OTT market. The company is poised to capitalize on these trends while continuing to focus on high-quality content and strategic partnerships.

Transteel Seating Technologies Ltd

CMP-INR 67 | Mcap: INR 1.35 bn

Financial Highlights

- The company anticipates achieving revenue of INR 1,150-1,200 Mn, with a CAGR of 30%, targeting INR 10,000 Mn by 2029-30.

- Transteel enjoys a higher blended EBITDA margin of 27%, driven by strong revenue from its retail segment, selling 20-25 Mn monthly.

Market Overview

- The total addressable market (TAM) for office furniture is INR 430,000 Mn, primarily unorganized, with organized players focusing on governmental sectors.

- Bangalore constitutes 40% of the office furniture market and is like to grow as most of large MNCs and GCCs are looking towards tier 2-3 cities, contributing to market opportunity.

Operational Highlights

- The company plans to capitalize on the fragmented market to increase its market share, which is currently 20% addressable.

- Transteel is targeting to remanufacturing furniture and chairs business by sourcing from offices, reducing raw material cost and increasing savings and sustainability.

- Previously sourcing 90% of raw materials from China, the company has shifted to local vendors in Chennai, Mumbai, and Delhi due to regulatory changes.

Capacity and Investments

- Transteel operates on 2-2.5 acres of land, producing 150-200 Mn units per month.

- With an additional investment of INR 340 Mn, production capacity will increase by 200 Mn units.

Strategic Initiatives

- The company employs data and algorithms (digital plant missionary) to target capable clients, optimizing ad recommendations and reducing costs.

- Monthly expenditures on digital plant machinery range from INR 2-2.5 Mn which is 2-3% of total cost.

- Company aims to acquire majority stakes in existing companies which is already in the same segment to further capture market share.

Order Book and Future Projects

- The current order book stands at INR 100-120 Mn, with direct business (B2B) generating INR 40-50 lakh daily.

- Transteel is also involved in developing Workshala, the second-largest coworking space in India located in New Delhi, requiring 5,000 seats for Mahindra.

TruCap Finance Ltd
CMP: INR 30.1 | Market Cap: INR 3.520 bn

Trucap Finance is a prue play Retail and MSME lending company with an AUM of INR 1162cr and a customer base of 1 lakh+ customers. They operate through 128 branches, spreading across 7 states.The company offers both – secured lending and unsecured lending.

Split between business loans and gold loans is 35 and 65%.Secured lending is done against gold jewellery. The customer walks in with gold and make walk out with a loan within 20-25 minutes post assessment.

The company offers flexibility in their loans like no prepayment penalty and part release of loans. Generally, these loans are for 12-24 months with a ROI of 15-22%.
In unsecured loans, they provide loans on the basis of the cash flows of the business. These loans last upto 36-60 months. NPA of gold loans is negligible, standing at 0.12% in Q1FY25. Gross NPA in business loan is 3.5%.

NIM stands at 6.7% while overall Gross NPA is around 1.4%.The company also has a co-lending segment where they partner up with other banks for providing 20% of a loan while 80% is serviced by the other lender. Returns on these loans is around 35-40%.

The company is primarily located in West and North India, targeting Tier 2 and Tier 3 cities. They do not intend to expand in other regions in India as of now. The company does not expect to grow at the similar pace they have been doing in the past. They expect gradual growth from hereon.

In regards to the warrants of INR 880mn, the company has received INR 220mn while the rest of INR 660mn will be coming in 2 tranches. The company also provides Green finance loans.

These loans are for EV 3W rickshaws. The average ticket size of these loans is INR 1.6 lakhs. Gold loans tickets size is INR 1.2 lakhs while business loans range between INR 6-8 lakhs.

Given the growth plans going forward, they plan to raise equity, mainly to bring down their leverage.

UFO Moviez India Ltd

CMP: INR 141 | Mcap: INR 5.455 bn

Outlook - Company's innovative digital cinema technology positions it well for cost-efficient film distribution, combatting piracy, and increasing screen reach across India. While the company faces challenges, particularly from a decline in government advertising, it is actively shifting focus toward corporate and retail advertising to drive growth. The company is also leveraging opportunities in smaller urban centers through its Nova Cinemas venture.

Business Model
- The company provides digital cinema services, including content delivery and equipment leasing to theaters, as well as in-cinema advertising.
- They charge a virtual print fee and content delivery charges

Revenue Streams
- Advertising revenues are still recovering from the COVID-19 pandemic. Government advertising, which previously accounted for 55% of ad revenues, has drastically reduced. The company is now focusing on corporate and retail advertising to offset this.
- Pre-pandemic, it's averaged INR 0.3 Mn per screen in advertising revenue. Due to the decline in government spending and content-related issues, current revenues are lower, but they see a potential increase once better content hits the market.

Industry Trends
- ~1,800 films are released annually in India across various languages.
- The industry sells 800-1,000 Mn tickets annually, reaching 200-250 Mn unique viewers.
- There is a shift towards more content-driven viewing decisions rather than star-driven ones.

Market Position
- The company has a presence in 3,700+ screens across India for advertising and 1,000 urban centers in India.
- They have a significant presence in multiplex screens ~2,100 outside of premium chains like PVR and Inox.

Advertising Business
- Cinema advertising currently accounts for ~0.7% of total advertising spend in India.
- The company sees potential to grow this to 2.5-3% of total ad spend.
- They offer flexible advertising options, including single-screen targeting for local businesses.

Other Highlights
- Developing tools to help advertisers evaluate the reach and effectiveness of cinema advertising and focusing on expanding the retail advertising segment.
- Launching Nova Cinemas to increase screen presence in smaller urban centers.
- Cinema advertising, though costlier than TV ads, is considered premium due to its engaged audience and focused attention. The company's pricing is 2-8 times higher than TV advertising, particularly in premium cinema chains.
- The company operates on a variable cost model, charging distributors per show rather than a fixed cost for physical prints.

Ugro Capital Ltd | Arihant Bharat Connect Conference Sept'2024
CMP: INR 259 | Market cap: INR 24,164 Mn

Ugro Capital is a young NBFC founded in 2018, focused exclusively on lending to MSMEs. The company believes the MSME sector in India will continue to grow and generate significant employment, making it an attractive lending opportunity.

- Ugro uses a data-driven, technology-enabled approach to underwriting and risk assessment.
- The company operates through four main lending channels which are- Prime intermediated channel for larger businesses, Micro enterprise loans, Ecosystem/machinery financing and Partnerships with other NBFCs/fintechs.
- The company uses a mix of on-balance sheet lending and off-balance sheet models like co-lending and co-origination. As of June 2024, about 45% of Ugro's AUM was off-balance sheet.
- •AUM grew from INR 13,750 Mn in FY21 to INR 92,000 Mn in Q1FY25, a 6x increase in 3 years. The company is targeting 30% annual AUM growth going forward.
- In the prime intermediated channel, secured business loans have an average ticket size of INR 70 lakh, 13-14% yield, and 11-12 year tenor. Unsecured business loans in this channel have an average ticket size of INR 17-18 lakh, 19% yield, and 3 year tenor.
- •Micro enterprise loans have an average ticket size of INR 8-10 lakh, 21% yield, and 7 year tenor.
- The unmet credit demand in the MSME sector is estimated at INR 92 lakh crore, according to government data. Ugro focuses on MSMEs with turnover between INR 15 lakh to 150 Mn, with a sweet spot of up to INR 30-40 Mn turnover.
- Credit cost to be in the range of 150-200bps. ROA was 2.3% in FY24, with guidance to reach 4% ROA by FY26 and ROE around 15%. Cost-to-income ratio has improved from 80% to below 55%, expected to reach 45% in coming years.
- Stage 1 assets (non-stressed) have remained stable at 93-94% of the book. Provision coverage ratio is maintained around 47-48%. Collection efficiency is around 96%.
- Ugro has 57 active lending partners including banks, NBFCs, and DFIs. Average cost of borrowing is 10.7%, with an all-in cost of funds around 11.7%.
- The company uses machine learning models incorporating 25,000+ parameters to assess borrowers. About 50% of loan applications are rejected by the automated system.
- Ugro benefits from government initiatives like CGT-MSE, which provides guarantees for unsecured loans. About 1/3rd of Ugro's unsecured AUM is covered by CGTMSE guarantees.
- Ugro is exiting its existing supply chain financing business due to low yields. Ugro is planning to expand its branch network, particularly for micro enterprise loans. The company is in talks with large FMCG players like ITC, HUL, and Patanjali for embedded financing solutions. •The company's management is targeting significant improvements in profitability metrics over the next 2 years while sustaining high growth rates.
- The company completed a QIP of INR 3,400 Mn in FY23. In June 2024, Ugro raised INR 12,650 Mn through structured finance and received a rating upgrade in July 2024.
- Q1FY25 was described as a weaker quarter, in line with industry trends. Management expects Q2 and H2FY25 to be much stronger, allowing them to meet full-year growth targets.
- Major investors include IFU, Samena Capital, and Aregence, which are described as long-term, stable investors. Samena Capital committed an additional INR 5,000 Mn in the latest funding round.•For co-lending and direct assignment, Ugro upfronts the interest income for the lifetime of the loan, discounted by the cost of borrowing. Co-origination income is booked as an annuity income.

- The Jabalpur facility, producing foams at a lower cost, contributes to expanding the company's total capacity of 160,000 tons, though only around 70,000 tons are currently utilized.
- The Tarang brand aims to grow revenues by around INR 1,000 Mn annually, with capacity available for another 3-5 years. Profit margins for the Tarang segment are expected to align with the broader mattress segment at the EBITDA level.
- The company took on debt of ~INR 7,250 Mn for the Kurlon acquisition, to be repaid by October 2026.
- Furlenco has turned EBITDA positive since February and has a current revenue run rate of around INR 2,250 Mn pa.
- Sheela Foam aims to maintain its cost and market advantages through efficient production and a franchise-led model. The focus is on developing new markets rather than directly competing with new entrants in the premium segment. They are working on product differentiation, such as adding curved features to mattresses to distinguish from local competitors.
- The company expects double-digit growth in the branded segment going forward. They anticipate high double-digit growth in the next few years, particularly in new markets like rural areas.
- Sleepwell mattresses range from approximately INR 8,000 to INR 125,000.

Unihealth Consultancy Services
CMP: INR 160 | Market Cap : INR 2460 Mn

Financial Highlights
- Revenue reported at INR 487.5 Mn in FY24, up from INR 439.2 Mn in FY23 (11% YoY growth). PAT was at INR 103 Mn in FY24, increasing from INR 76.8 Mn (34% YoY growth). EBITDA Margin grew by 34% for healthcare services; 60-65% for consultancy; 28-30% for distribution. ARPOB (Average Revenue per Operational Bed) in FY24 was 60% utilisation. Company expects positive growth outlook for 20% YoY growth from FY25-26.

Capex Expansion
- Company's current capacity is around 250 beds, targeting expansion to 550-600 beds in the next 2-3 years.
- Greenfield expansion will take place in tertiary vertical with facility of 50-60 beds in India.
- Average Capex for 50 Bed Facility overall was at INR 150 Mn in FY24 with (+/- 10% variance).
- For its gross block which is currently at INR 500 mn. They lease land for facilities in Nigeria and owned land in Uganda, which constitutes for large portion of gross block.

Operational Highlights
- The company treats over 110,000 patients annually across its four healthcare verticals.
- Company is the largest private sector provider in South Africa, with a total of 200 beds, including 120 in Uganda and 80 in Nigeria
- For consultancy services, established in 2019, focusing on planning and design for hospital across multiple countries in Africa and some in Middle east. Company got projects with combined capacity of 1250 beds in pipeline, planned to supply in different stages.
- Company is working to expand its capacity by 1000+ in upcoming 2-3 years. Company is targeting to add 350-400 beds in FY25, from current 250 beds to 550-600 beds strengthening the presence into existing projects and also adding newer facility in to key target markets like Kenya, Tanzania, Ethiopia and India.

Market Strategy:
Company differentiating itself from large players with 300-400 beds by making centers, focusing on 50-60 bed facilities and this facilities offers more specialized and premium treatments.

Other Highlights
- Company exited its medical tourism vertical in 2019; now treating patients locally in Africa to build a stronger base and more advance equipment to be setup for treatments in house.
- Expansion Plans of company targeting new facilities in key markets like Kenya, Tanzania, Ethiopia, and India.
- Company has 7-8 projects in pipeline at a very nascent stage across Africa and India combined. Company is like to expand by 50% of its existing capacity by FY25.
- Market share in one region of Africa is close to $ 0.5 mn and both constituting to $1 mn based on cyclicality in a year.

Uravi T and Wedge Lamps Ltd
CMP: INR 445 | Market Cap: INR 4.90 bn

Uravi T and Wedge Lamps Ltd was founded in 2004 and initially specialized in wedge-based bulbs for speedometers in two-wheelers. Over the years, they expanded into indicators and now produce bulbs for headlights as well. The company holds the E-mark certification, crucial for exporting lamps globally, particularly to OEMs (Original Equipment Manufacturers).

Manufacturing and Operations: Uravi operates 13 manufacturing lines, incorporating both semi-automated and fully automated processes. Their production caters predominantly to OEMs, which constitute 95-96% of their sales. The remaining sales are split between the aftermarket and exports.

Recent Developments: Recently, Uravi acquired a majority stake in SKL India Pvt Ltd., a company specializing in manufacturing power supplies for defense applications. SKL's products include portable gensets capable of operating in extreme temperatures, used to power military equipment such as machine guns and missile systems. Negotiations are underway with defense organizations like DRDO, L&T Defense, and Tata Defense.

Expansion and Diversification: Uravi is exploring new product lines, including entry into the electric vehicle (EV) segment with a focus on EV charging solutions for both OEMs and the general public. They anticipate a growth rate of 10% for the current year, driven by new OEM partnerships.

Customer Base: Their major customers include Bajaj, TVS, Royal Enfield, Yamaha, Mahindra, and Ashok Leyland, primarily for supplying bulbs. The top five customers collectively account for 30-35% of their revenue.

Product Strategy: Uravi focuses on high-volume, moderately priced bulb models for OEMs, leveraging their competitive advantage over LEDs, which are costlier to install, maintain and replace.

Financial Performance: Operating margins have been in the range of 15-20%, with a targeted growth of 5-10%. The defense segment is expected to achieve higher margins of 20-25%. The company has been proactive in improving margins by shifting manufacturing to a more cost-effective location and controlling labor costs.

Market Expansion: While exports currently account for 1-1.5% of revenue, Uravi aims to expand into new markets like Colombia, Brazil, Argentina, and various African nations such as Kenya and Nigeria.

Uravi expects revenue of 15-20 crore from the defense segment in FY25 and anticipates a 10-15% growth in their automotive business, with a significant focus on the two-wheeler and three-wheeler segments.

Defense Contracts and Partnerships: The company participates in defense tenders but is not eligible for some tenders due to its size. Where larger orders are secured by big companies they outsource small parts of the orders to companies like SKL. SKL currently holds orders worth INR 150-200mn for the next 1-1.5 years.

Vaibhav Global Ltd

CMP: INR 305 | Market Cap: INR 50.67 Bn | TP: INR 581

Guidance: Mid teen revenue growth (~15%) with 200bps margin expansion. Gross Margins will be maintained in the 60% range.
They do not plan to enter India anytime soon, as the profitability in this market isn't up to par for ecommerce players, and also, they have a lot of ground to cover in existing foreign markets- especially in Germany. They soon plan to enter Japan as the demographics are favorable- maybe in the next 3 years.

The product range is also determined and designed based on seasonality.
The recent rate cut in the USA is positive for ecommerce players like VGL over traditional brick and mortar players.

The total investment in Germany comes to about USD 20mn including TV rights. They expect sales of INR 270 cr (annual run rate expected by Q4FY25). In Germany the capital employed is minimal- a studio and some tech enhancement. The remaining expenses are all in operating nature.

The WC cycle in Germany is longer than the UK and the US as those markets have budget pay options (EMI installments), which is not available in Germany. Germany does offer invoicing but that takes 21 days. Stock is procured from the company.

The current rate cycle is turning in the company's favor and there is additional holiday demand too. However, the rate cycle not always predictable and they instead pay attention to the consumer confidence levels in key markets.

Vaidya Sane Ayurved Laboratories Ltd
CMP: INR 143 | Market Cap: INR 1.50 bn

The company operates a network of 350+ clinics spread across India, primarily in the Western and Central India along with 3 hospitals in Khopoli, Nagpur and Vizag, run by a team of 420+ specialised doctors.

Annual care plan has been the most successful model of the company with 85% of the patients completing full treatment of one year.

The monthly traction of patients at their clinics is ~7,000, with 25-30% of them getting converted to annual plans.80% of the clinics are franchisee run while 20% of them are run by the company themselves.

Margins earned by the franchisee on herbal medicines are being split 40:60 between the franchisee and the company while the margins on the therapy kits are split 70:30.The company recently acquired two subsidiaries for manufacturing purposes, helping them in achieving greater economies of scale.
They are looking to expand their hospitals segment as the hospitals have recently received NABH accreditation.

They also plan to empanel with the government. They look to expand their Khopoli hospital by adding 100 additional beds and 20 more beds at Nagpur facility over the next 18 months. Long term view to add 10 more hospitals including international facilities. They will look to adopt franchisee model.

They also plan to bring their products in the retail segment and have a presence in the OTC market.

Main reason for not achieving the guided growth in FY24 was the decrease in conversion rate to annual care plans. They do expect reasonable growth from next year as they are in consolidation phase and working on efficiency.15-20% of topline is contributed by hospitals segment. Khopoli hospital operates at 90% utilisation while Nagpur and Vizag operate at 70% and 20% respectively.

Franchisee clinics contribute 75% while owned clinics have 10% share.Guidance: They expect to grow at 5-10% this year while 15-20% growth is anticipated for FY26. They expect margins to reach 20% by FY27. Capex of INR 100mn will be done for Khopoli hospital and INR 30mn will be done for Nagpur. All will be funded through internal accruals.

Vascon Engineers Ltd

CMP- INR 63.6 M.Cap- INR 14.24 bn

Revenue mix

Around 85% of revenue is expected from EPC and 10%-15% revenue is from Real Estate over next 2 years.

Order book

EPC order book is around INR 35bn.

Around 75%-80% of projects is from government and focused to reduce to 60%-70% going forward.

The order inflows is around INR 3.5-4bn as of now and expected INR 15bn order inflows in FY25E.

Margins

EPC EBITDA margins is around 11%-12% and PBT margins is around 9%. PBT margins are expected to reach to 10% over next 2 years.

Real Estate gross margins is around 28%-29% and PBT margins is around 17%-18%.

Consolidated EBITDA margins are expected 15%-16% in FY27E.

EPC

EPC revenue is expected INR 12-12.5bn (>40% YoY) in FY25E and 25%-30% growth in FY26E.

Real Estate

In Mumbai, the company has signed couple of redevelopment projects and expected to start in FY25E. Powai project is expected to start in the next 12 months.

Five projects are lined-up in Real estate and expected to launch in 12-15 months.

The company has started couple of projects in Pune.

Thane land

In Thane, the company has 17-18 acres and focused to accumulate to 25 acres. The land is selling around INR 15,000/Sq.ft in today's market.

The company owns 45% share in Thane land, which translates 11-12 acres land.

GMP Technical Solutions

The company is in final stage of closure of documents for GMP Technical solutions. Around 75% of funds will move towards real estate projects.

Other highlights

BG limits increased to INR 6.5bn. BG limits are expected to add INR 1bn YoY for projects.

EPC Net working capital days is around 50-60 days and Real Estate NWC is around 100 days.

Vertoz Ltd

CMP INR 35 | Market Cap INR 30.07 bn

Vertoz is at the forefront of Digital Advertising, Marketing and Monetization (MadTech) & Digital Identity, and Cloud Infrastructure (CloudTech) catering to Businesses, Digital Marketers, Advertising Agencies, Digital Publishers, Cloud Providers, and Technology companies.

With a global team of 300 professionals across 400 offices, excel in providing multi-platform and regional publisher services at scale, including white-label solutions in the marketing technology space.

Currently, Vertoz is planning for a fundraising round to enhance capabilities and expand reach.

Operations in India, the company is building a robust value chain in programmatic advertising from advertisers to publishers and apps.

Technology Ecosystem: Company operate within a comprehensive digital ecosystem, utilizing Supply-Side Platforms (SSPs) and Demand-Side Platforms (DSPs) to facilitate seamless interactions. Vertoz acts as a DSP for advertisers while integrating with various exchanges and SSPs to maximize clients' advertising efforts.

Real-time Ad Exchange Platform for Demand & Supply Partners of the AdTech Ecosystem. This open-access model ensures that both advertisers and publishers can engage effectively, fostering a collaborative environment.

Market Dynamics: In India, many major advertisers lack direct access to effective programmatic solutions, creating growth opportunities. Partnership with Publishers enhances the offerings, allowing them to function as a bridge between advertisers and publishers in a streamlined manner.

Additionally, company focus on private market placements to leverage exceptional traffic and optimize campaign performance for clients. With a development team of over 70 members, the company continually seeks new clients and enhances services through AI-driven insights.

Growth Projections: The digital advertising landscape is growing rapidly, with a CAGR of 25-30% and a remarkable 90% YoY growth. The company anticipates margins will increase by 8-10% annually, with 70% of revenue coming from outside India and 30% from domestic sources.

Seasonal trends, such as college admissions in the U.S. and festive periods, present significant expecting opportunities. The market is expanding yearly, and the company is well-positioned to capitalize on this growth.

Future Focus: ARPU strategy aims to enhance services and develop new products. While current approach is more manual, company is transitioning toward greater automation to streamline operations.

Advertisement: There is substantial opportunity for growth. The company remains committed to exploring innovative strategies to reduce customer acquisition costs while delivering exceptional value to the clients.

Vibhor Steel Tubes Ltd
CMP: INR 262 | Market Cap: INR 4.97 bn

Capex

The company has started 1,000 MT/month and current capacity stood at 15,000 MT/month. The current production is around 7,000-8,000 MT/month.

The Odisha new plant is expected to be operational by next year. The machineries already arrived in that plant.

Margins

EBITDA margins stood at 5% in FY24 and expected same going forward.

Around 20% difference on raw materials and sale price

Capacity utilization

Mumbai plant capacity utilisation is 70%, Hyderabad plant utilization 60% and Jhasugura plant utilization is 50%.

Asset Turn

The company asset turnover is around 20x, while competitors turnover 7-8 times.

Agreement with Jindal

Around 90% of sales through Jindal brand. The sales commission is around 2% and company has long term agreement with Jindal.

Products supply

The Hyderabad facility produces 500-1,000 MT/month and supplies to Tamil Nadu, Telangana, Andhra Pradesh and Karnataka.

Jhasugura facility supplies to entire north east states such as West Bengal, Odisha, Jharkhand, Chattishgarh, Bihar and Madhya Pradesh.

Other highlights

Apart from steel pipes & tubes, the company has introduced other products.

The company has 400 MT of power transmission line order.

The increase in Zinc will increase the life the Pipe. The company is focused on long life products.

Virinchi Ltd

CMP: INR 33.4| Mcap: INR 3.36 BN

SaaS and IT Services segment: Virinchi Ltd provides SaaS services to NBFCs in the USA, where they cater them with end to end loan management solutions. These NBFCs cater to the citizens who avail small denomination loans and are mostly unsecured. The loans are between US$ 250-500 lasting for 5-10 days. ~70% of the transactions take place at the store front. The software provided by the company enables the store owner to decide whether the customer is eligible for a loan based on his history. Interest rate on these loans is ~300%. The market is highly regulated thus the service is available only in 25-30 US states.

They are market leaders in the segment with 50% market share in terms of clients and 60-70% share in terms of volumes.* There are no competitors providing these services in India while there is some competition from US based companies. Their competitor is 30% of their size. The industry is growing at 5-6% CAGR. The SaaS segment generated a revenue of INR 1.27bn in FY24 with PAT of INR 110mn.Other than this, the company also provides IT services. The segment is very small and contributed INR 450mn to their overall revenue in FY24.The management feels this model would not work in India as the market size is small and lenders are not keen on these services thus they do not have plans to explore this service in India. Healthcare segment: Virinchi also operates 3 hospitals including 1 multi specialty hospital in Hyderabad.

The segment is operated through their wholly owned subsidiary “Virinchi Healthcare Pvt Ltd”. The current bed capacity is 600 beds with 550 of them being operational. They are in process to add an Oncology section with 100 beds capacity at flagship hospital and also leasing out a 300 beds capacity hospital in Vizag. These expansions will get completed in the next 1.5-2 years taking the total capacity to 1,100 beds.

The healthcare segment generated INR 1.19bn revenue in FY24. They are currently operating at 19-20% utilisation and the breakeven level is around 35%. They used to operate at ~32% utilisation pre covid.

They are confident to reach breakeven levels in the next 2 years comfortably. The key driver for this will be hiring new and senior doctors at their facilities in various therapies like Cardiology, Nephrology etc which will help attract patients.Expansion of 500 beds in the healthcare segment gives the company the confidence to reach INR 2.5bn revenue. They target to expand their healthcare segment in Eastern India.India Fintech Play: Virinchi also has partnered with a bank and a NBFC to provide card origination services and manage them. The company only generated INR 30mn revenue from this segment as they are still setting up this segment.

They have launched a V-Card in collaboration with RBL bank. Any customer who generates a card through their platform, the card is branded with V-Card. The revenue model works like this – The company receives a one time fee on every card generated. On renewal, they receive 25% of the fees and recurring 0.2% fees of spends on the cards every month.They expect to generate INR 50-80mn revenue from this segment in the next two years as they are working on this model gradually and do not expect ramp up.

Virtuoso Optoelectronics Ltd

CMP Rs 437 | Market Cap INR 9.98 bn

Virtuoso Optoelectronics Ltd. (VOEPL) was established in 2015, initially focusing on the production of electronic products such as circuit boards. The company subsequently forward-integrated into manufacturing lighting products, with its LED lighting segment providing initial growth momentum. In 2018, VOEPL ventured into air conditioning (AC) by starting with AC assembly. The company rapidly expanded its operations, undertaking backward integration to manufacture components for ACs.

Last year, VOEPL further diversified by entering the commercial refrigeration market, launching water dispensers in Q4FY24. It plans to add chest and deep freezers to its product portfolio this year.

VOEPL reported a topline of INR 5.31bn last year and expects to maintain a strong 35-40%+ CAGR over the next few years, supported by the 'Make in India' initiative. The demand outlook remains robust across multiple product lines.

As of now, the company can generate a maximum quarterly revenue of INR 2.5 billion at peak capacity utilization. With the new capacities coming online, this number could rise to INR 4-4.5 billion.

VOEPL's net debt is expected to remain similar to last year, as the funds raised have been allocated towards expansion. The company plans to incur capital expenditures of INR 700-800 million this year. Recently, VOEPL raised INR 1.09 billion through shares and warrants, with half of the funds already deployed. The interest cost as a percentage of revenue is expected to decrease this year. The company targets a PAT margin of 2.5-3% for FY25.

If the depreciation method is altered, VOEPL may face a higher tax liability which is why the co. is still considering if the change in method should be undertaken.

The company's outdoor unit (ODU) capacity is expected to reach full utilization at 400,000 units. VOEPL has also commenced exports, starting with water dispensers for one customer, and is in talks with another export customer.

Regarding the ongoing mainboard migration, VOEPL has applied for a 3-year migration period and is seeking an exemption.

AC Demand and Future Growth:

VOEPL has experienced a 35-40% QoQ growth in its AC segment, a trend expected to continue. The company's manufacturing capabilities are well-positioned to meet this growing demand. Although in-house manufacturing will increase, outsourcing levels are expected to remain unaffected, as market expansion is creating additional demand.

Commercial production of freezers is set to begin by December or January, with the plant already fully commissioned and currently undergoing trial production. By FY26 and FY27, VOEPL anticipates generating approximately INR 3-5 billion in revenue from its commercial refrigeration segment.

The ongoing capital expenditure is projected to generate an additional INR 10 billion in topline revenue. Additionally, the company aims to reduce its reliance on Voltas, bringing it down from 65% of revenue currently to 40-45%.

VOEPL is implementing solar rooftop installations to reduce electricity costs, with an expected annual savings of INR 10-15mn.

Wealth First Portfolio Managers Ltd

CMP: INR 1295 | Mcap: INR 13.80 Bn

Client Base and Assets

The firm serves approximately 6,000 client families, each with an average AUM of INR 2 crore, resulting in a total AUM of around INR 12,000-13,000 crores. Notably, 90% of clients have most of their investable assets managed by Wealth First. The top 10% of clients contribute significantly, accounting for 35.9% of AUM and 19.8% of revenue.

Business Model

Wealth First operates a completely B2C model, with no franchisees or sub-brokers involved. An impressive 90% of its revenue is derived from trial commissions. The firm does not set revenue targets for relationship managers, instead prioritizing client retention. This strategy contributes to very low attrition rates among both clients and employees.

Product Offerings

The company offers a diverse range of financial products, including mutual funds, bonds, Alternative Investment Funds (AIFs), and Portfolio Management Services (PMS). With its depository, insurance license, and PMS license, Wealth First emphasizes simple, low-cost products that yield favorable post-tax returns. The firm has increasingly shifted towards equity products in recent years due to declining interest rates.

Investment Philosophy

Wealth First focuses on prudent asset allocation and educating clients about investment strategies. The firm prefers straightforward products over complex alternatives, aiming to provide risk-adjusted returns instead of merely chasing the highest returns.

Future Plans

The company aims for geographical expansion to Surat and Bangalore within the next 6-9 months, and it plans to enter GIFT City to tap into the NRI market. Additionally, Wealth First is exploring inorganic growth opportunities and intends to announce a robust dividend payout policy soon.

Industry Outlook

Management anticipates sustainable growth in the wealth management industry, believing that advisory services will remain a crucial differentiator compared to online platforms. The firm expects its asset allocation strategy to be 70-75% equity and 25-30% debt moving forward.

Outlook: The company aims for sustainable growth through client referrals, expanding selectively to new cities, maintaining its focus on providing tailored wealth management solutions, and adapting its product mix as market conditions change.

Wonder Electricals Ltd

CMP: INR 1,508 | Mcap: INR 20.18 bn

Revenue

The company is focused to grow at a CAGR of 25% on a yearly basis.

Capacity

The current capacity stood at 40,000 fans/day.

The company has added new product categories like heaters, ventilating fans, kettles etc.

Total installed capacity stood at 12mn units per annum.

Volume

The company has sold 5.6mn fans in FY24.

BLDC

Currently, BLDC motors are being imported. BLDC fans presentation is well accepted in the market and focused on leader in energy efficient fans.

Customers

The company operates three units and serving to 15 brands. Around 4-5 brands are market leaders. The company is further focused to add more brands.

In-house manufacturing

The entire manufacturing process of fans are in-house. The company is getting aluminium covers from outside. PCB and magnets are being sourced from outside.

Capex

The capex is expected INR 80-100mn in FY25E. The company is upgrading infrastructure to increase the capacity and solar plant.

Working capital

The receivables days is around 60-90 days. The receivables are higher due to higher sales in Q4.

The company has CC Limit of INR 280mn

The turnover is high in last quarter of the year and quarter fluctuation due to seasonality.

Other highlights

The company has complete OEM/ODM model

The company covers entire range of fans such as economy sub-economy, premium and high-end fans.

The company has launched small body fans which are well accepted in the market.

Workie Pvt Ltd
View: Positive
Workie offers superior office space solutions

- Presence:
- The company has presence in ~15 cities with footprints in Indore, Bengaluru, Pune, Jaipur, Chennai, Nagpur, Lucknow, Coimbatore.
- Portfolio of 1.3mn sqft office spaces and ~13000-14000 seats.
- It has more than 18 centers in Indore.
- Business Model:
- Provides service under 5 categories such as a) fully furnished spaces, b) fully managed spaces, c) Built to suit office d) Capex to opex, e) Virtual office & shares spaces.
- Capex cost is ~INR 1300-2000/sqft.
- ~98% is the occupancy rate as they are majorly in the enterprise model where they get customers first and then build the centers.
- ~95-98% revenue is via managed office and ~3-5% is from co-working and virtual offices as co-working is limited to just 1 or 2 centers.
- ~70% of business is from Tier 2 and ~30% is from Tier 1.
- Average seat revenue is ~INR 5000-7000.
- ~80% comes from straight lease.
- Guidance:
- Targets to maintain 28-30% EBITDA margins and expects to grow 3x on PAT.
- Industry Opportunity:
- Office Space industry would be ~INR 100Mn by 2028 and ~INR 145Mn by 2030 from current size of ~INR 55Mn.
- Key Highlights:
- Plan to come up with an IPO in the next 12-24 months.
- EBITDA & PAT margin is at 28-30% & 15-17%, respectively.
- 90-95% deals are done directly with customers and they also work with brokers & partners.
- The fund which are been raised will be utilized for further expansion in the tier 1 cities such as Pune, Bangalore, Hyderabad, Chennai, Delhi.
- Also, evaluating options in Surat, Baroda and Ahmedabad.
- Built up office time is faster and of 15 to 45 days because they have limited dependency on vendors as they have inhouse service such as furniture manufacturing, electricians, carpenters, ac vendors, project managers, supervisors, interior designers.
- Debt is ~INR 50Mn in term loan.
- Terms and condition for the contract are same for landlord and customers in terms of leasing.
- Contracts with landlord is of 5-9 years
- With customers lock-in period is ~24-36 months.

Zota Health Care Ltd

CMP- INR 619 M.Cap- INR 16.42 BN

Zota Healthcare Ltd is a leading generic pharmaceutical company in India, known for its affordable generic medicines and retail pharmacy chain, Dawa India. With over 1,000 stores across India, Zota focuses on high-quality, affordable healthcare solutions.

Key Business Segments:

1.Dawa India Retail Chain: Zeta operates over 1,000 stores (425 company-owned, 650+ franchised) across India, offering generic medicines at a significant discount compared to branded options. Each store operates on a model yielding 60% gross margin, with breakeven achieved at INR 2 lakh in monthly revenue.

2. Product Portfolio: The company boasts a portfolio of over 2,000 products, including 1,100 generic medicines and 900 OTC and cosmetic products. Its label strategy has resulted in handsome margins, with a focus on chronic disease treatments like diabetes and cardiac conditions.

3. Exports: Zeta exports its products to semi-regulated markets in Africa, Asia, and Russia, while maintaining a focus on expanding its domestic footprint.

EBITDA Margins: Company-operated stores achieve 60% gross margins, and Zota expects to reach 20-25% store-level EBITDA once stores mature. However, margins have been fluctuating due to aggressive store expansion.

Company is riding the wave of increasing consumer awareness and demand for generic medicines, driven by cost savings and high-quality alternatives. The company is focused on rapid expansion of its store network and leveraging both ATL (TV campaigns) and BTL (roadshows, local activities) marketing efforts to enhance brand visibility.

Their plan to open 1300 plus company stores all over india in next 2- 3 years and 650 + franchises

Challenges:Consumer awareness and doctor prescriptions still heavily favour branded medicines, but the post-COVID shift towards generics is driving growth for Zota. The company is working on extensive promotional campaigns to improve consumer adoption of its products.

Future Outlook:With plans to scale to 2,500 stores by FY27, Zota is positioned to become a major player in the generic pharmaceutical market, aiming for sustained revenue growth and profitability as more stores mature and contribute to the bottom line.

Z-Tech (India) Ltd

CMP: INR 412 | Market Cap: INR 5.380 bn

Business Model and Vertical Expansion

- **Sustainable Theme Parks:** Company currently operates six sustainable theme parks, with 15 more under development. The parks are designed to be affordable, with ticket prices around INR 100, making them accessible to a wide audience. Company follows a unique revenue model, where they invest minority capital, manage park operations, and share the revenue generated from ticket sales, food, and events with the government.

- **Industrial Wastewater Management:** They leverages proprietary technology to extract chemicals from industrial wastewater for reuse, positioning the company as a leader in this niche sector. Major clients for this innovative solution include Shriram Alkali, Grasim Industries, and Naveen Fluorine.

- **Geotechnical Solutions:** Company offers geosynthetics - based civil engineering solutions, with applications in infrastructure projects such as flyovers, river embankments, slope protection, and landslide management. Their clientele includes prominent companies like Tata Projects, GMR, Gammon, Grasim, and J. Kumar, among others.

- Company boasts a diverse client base of over 50 entities, including government authorities, large builders, and industrial players. The company is currently handling 40 projects, with INR 145 Cr. in orders in hand.

- Company is debt-free and has seen a rise in revenue, particularly from its theme park operations. In the last year, the company reported a revenue of INR 16 Cr., with expected growth driven by its theme park and wastewater management divisions.

- **Theme Park Business:** The sustainable theme parks, constructed using waste materials, offer affordable recreational options that cater to community needs. The parks feature innovative models, including Sahidi Park, India’s first outdoor museum dedicated to the history of Indian independence, and Waste to Wonder Park, built entirely from waste materials with quick government payback periods.

- Bharat Darshan Park celebrates India’s cultural diversity, while Selfie Park and Prakriti Park provide creative, interactive experiences for younger audiences. The parks have attracted over 600,000 visitors in six months, with a daily average of 5,000 visitors. Future projections estimate a base visitor count of 60,000 per month per park.

- Company revenue growth has been driven by a significant shift from EPC (Engineering, Procurement, and Construction) projects to operational revenues from its theme parks, including ticket sales, food, and events.

- The company now earns a larger share from ongoing park operations. They aim to double its revenues in FY25, with an expected 50-50 split between EPC and operational revenues.

- The company has robust margins, with a 40% profit margin for theme park EPC projects, a 50% operating margin from park operations, 15% for geotechnical solutions, and 20% for wastewater management.

Future Outlook

- The Company future outlook includes international expansion, with plans to develop theme parks outside India.
- The company also aims to introduce health-oriented features in its parks, such as sports arenas and fitness spaces, enhancing the wellness experience.
- They are committed to balanced growth, seeking to maintain an even revenue split between its theme parks and geotechnical solutions for financial stability. With 45 projects in the pipeline, the company is well-positioned to become a global leader in affordable theme parks and eco-friendly infrastructure.