ArihantCapital
Generating Wealth

ARIHANT CAPITAL MARKETS LTD

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Exato Technologies Ltd
CMP: INR 747 | Mcap: INR 7,520 Mn

Overview: Exato Technologies Ltd is an AI-native customer experience (CX) transformation partner that delivers end-to-end proprietary and partner-led technology solutions. Founded in 2016, the company provides a comprehensive suite of services, including conversational AI (speech-to-text and text-to-speech), CX-as-a-service platforms, automation-as-a-service, unified communications, and cloud-based back-office integrations. Operating across 10 countries and 6 industries, company maintains 4 international subsidiaries in the US, Singapore, Australia, and India. The company employs approximately 144 personnel including over 100 engineers and serves a diversified client base of over 150 enterprise customers, maintaining an exceptional customer retention rate of over 97% with typical contract lengths ranging from 3 to 5 years.

Management Meet Takeaways

Financial Profile and Order Book Visibility

- **Substantial Order Book**: Company boasts a total order book of INR 660 Cr. (with INR 60 Cr. added in Q4). Of this total, INR 251 Cr. has been executed, with INR 49 Cr. currently in hand, and approximately INR 400 Cr. scheduled for execution over the next 4 to 5 years.
- **Financial Performance:** The company reported recent revenues of 36, EBIT of 8.1, and PAT of 5.6 , yielding an EBITDA margin of 18% and a PAT margin of 12.9%. On a YoY basis, the company is realizing a 35% growth rate on revenue.
- **Predictable Revenue Mix:** The revenue model is highly attractive and predictable, characterized by 70% recurring licensing revenue, 20% one-time transformation revenue, and 10% implementation services.
- **Smooth Receivables:** Collection cycles are highly stable and run smoothly because company provides critical operational infrastructure; clients cannot easily disrupt or switch off these services without experiencing immediate operational distress.

Competitive Moat and Technical Differentiation

- **Full-Stack Integration:** Unlike larger legacy IT organizations that struggle with operational silos, or smaller firms that lack the capital to build a full stack, company offers end-to-end transactions across front, middle, and back-office ERP layers. This full-stack pivot was funded using the public capital raised during their listing.
- **Deep BFSI Penetration:** The company has built a dominant position in the highly regulated banking sector, serving 8 or 9 out of the top 10 banks in India. Their solutions include secure communication tools for trading desks and treasuries, featuring compliance functions like automatic call disconnection if recording fails, in alignment with RBI mandates requiring 7+ years of conversation data retention.
- **Sovereign AI Infrastructure:** Addressing global geopolitical distrust, company has partnered with HP to deliver "private AI" and "LLM-in-a-box" sovereign solutions, allowing clients to keep data on-premise without reliance on external foreign cloud infrastructure.
- **Strategic Ecosystem Partnerships:** The company maintains a powerful alliance network, including being a top-tier partner with NICE (serving as a NICE 36 partner and invited partner for 5 consecutive years), alongside strategic collaborations with Mitel, Microsoft, Fortinet, and AWS.

Growth and International Expansion Outlook

- **Scaling Proprietary IP:** Company is aggressively deploying its own intellectual property, such as a newly developed contact center solution that secured 3 startup clients within just 5 days of its launch on December 31st.
- **Geographic Diversification**: While 76.5% of revenues currently originate from India, company is executing a global export strategy to expand its customer base to 500 enterprise accounts
- **Global Execution Underway:** The company has already closed its first major transaction in the US and its largest CX transformation deal in London. This global scaling is supported by targeted local hiring and team deployments in both the US and Australia.
- **Agility Advantage:** Management notes that their compact organizational structure (144 people) allows them to pivot, innovate, and deploy AI solutions far more rapidly and painlessly than legacy IT providers with hundreds of thousands of employees.

Msafe Equipments Ltd
CMP: INR 251 | Mcap: INR 5,120 Mn

Overview: The Company is engaged in the manufacturing, rental, and sale of scaffolding and access equipment. Operating on a capital-efficient asset-backed rental model, the company leverages a robust PAN India presence with 21 warehouses serving over 2,500 customers across more than 2,500 construction sites. Company has demonstrated excellent financial health, delivering a strong 36.27% Return on Equity (ROE) and a 24.32% Return on Capital Employed (ROCE) in FY26.

Management Meet Takeaways

Robust Dual-Product Economics (Aluminum vs. Steel Scaffolding)
- **Aluminum Scaffolding:** Yields high rental returns of 60% to 66% per annum with shorter rental durations of 4 to 5 months and a functional lifecycle of 5 to 7 years.
- **Steel (MS) Scaffolding:** Yields a comparatively lower rental return of 32% to 38% per annum but benefits from much longer lease terms (10 to 12 months) and a highly durable lifecycle of 15 to 20 years, effectively compensating for the lower yield.
- Management maintains a balanced revenue mix, aiming to keep the split between rental and sales at approximately 50% each.

Massive Underpenetrated Market & Market Share Targets:
- The scaffolding rental market represents approximately 60% of the overall industry segment, offering high headroom for organized players.
- The overall scaffolding industry is highly fragmented, with 95% to 98% of players being local, unorganized entities.
- In 2024, the aluminum scaffolding market was valued at ~1,300 Cr, of which Msafe captured a ~4% market share with a turnover of 48 Cr. The company is actively targeting a 10% to 15% market share by 2030 as the market is projected to reach 2,300 Cr.
- The steel scaffolding market is significantly larger, valued at 4,620 Cr in 2024 and projected to grow to 8,270 Cr by 2030.

Aggressive Capacity Expansion Underway
- Aluminum Scaffolding: Manufacturing capacity is slated to expand from 15 lakh kgs to 25 lakh kgs by May 2027 (FY27).
- Steel (MS) Scaffolding: Capacity has already been increased from 32 lakh kgs (at IPO) to 62.85 lakh kgs and is on track to reach 90 lakh kgs by the end of the expansion phase.
- **New Product Segment:** The company is launching its own manufacturing facility for Aluminum Formworks (Flexworks), aiming to capture demand in high-speed, high-rise metropolitan construction projects.

Financial Performance & Margin Tailwinds

- The company has delivered outstanding top-line growth with a revenue CAGR of over 50%, alongside an EBITDA growth rate of 64.5%.
- Margin Expansion Dynamics: In the rental model, operating margins improve significantly over time. As rental assets depreciate in the books (written down to approximately 70% of cost after 3 years), they continue to command the same rental yields, boosting net profit (PAT) margins as the fleet matures.

Resilience to Cyclical Real Estate downturns

- Company's core aluminum business is heavily insulated from conventional real estate cycles. It is primarily deployed in the finishing stages of infrastructure projects rather than early civil construction.
- Major growth drivers are focused on secular infrastructure segments, including airports, data centers, semiconductor plants, metro stations, bullet train stations, and high-end industrial facilities.

Workmates Core2cloud Solution Ltd
CMP: INR 344 | Mcap: INR 4,440 Mn

Overview: Workmates is a young, full-stack, cloud-native enterprise solutions provider operating at the high-growth convergence of cloud, data, artificial intelligence (AI), and cybersecurity. Founded approximately 7–8 years ago, the company has scaled rapidly, achieving a remarkable four-year revenue CAGR of 83% (as of November of the prior year) while consistently maintaining double-digit PAT margins. Workmates is headquartered in Kolkata with delivery centers in Kolkata, Hyderabad, and Bhubaneswar, and operates an asset-light, capability-heavy model driven by a team of over 170 technical engineers and industry-veteran professionals. Positioned as an AWS Premier Tier Partner having won the prestigious AWS Consulting Partner of the Year award in 2025 the company is strategically poised to capture the next wave of enterprise digital transformation both in India and key international markets.

Management Meet Takeaways

High-Quality, Resilient Revenue Model with Strong Operating Leverage

- **Predictable Revenue Base:** Company operates a highly resilient business model where 80% of revenue and projects are annual/recurring in nature (managed services and ongoing cloud consumption), while only 20% represent one-time transformation or implementation services.
- **Exceptional Customer Retention:** The company's annual customer churn is incredibly low at under 5%. Initial transformation projects serve as a "land" mechanism, establishing a sticky, long-term relationship that transitions into continuous managed services contracts as long as the clients' digital operations run.
- **Run-Rate and Visibility:** In the previous fiscal year, Workmates achieved a revenue of INR 143 Cr. The company's current monthly recurring revenue (MRR) stands at INR 10 Cr. with a 95% run-rate reliability. Having ended the prior year with an assured recurring base of INR 13 Cr, the company has an assured revenue baseline of INR 164 Cr. for the current year, providing strong top-line visibility.
- **Margin Expansion via Operating Leverage:** Management has guided for a 40% CAGR growth going forward. Crucially, this growth is expected to be highly margin-accretive. Having made aggressive foundational investments in cybersecurity and AI over the last 2.5 years, the company is entering the monetization phase. Because the core capability layer is already established, scaling to a INR 500 Cr. revenue company will require only incremental headcount expansion rather than a linear increase in their current 170-person engineering base.

The AI-to-Cloud Pull-Through Multiplier

- **The 1:5 to 1:7 Data Multiplier:** A core element of Workmates' investment thesis is the massive pull-through revenue generated by AI. Management highlights that every INR 1 Cr. of AI-centric revenue pulls in INR 5 to INR 7 Cr. of high-margin data and database services revenue. Since enterprises must establish structured data pipelines, data warehouses, and clean computational layers to be "AI-ready," Workmates is able to capture significant pre-implementation revenue.

- **Proprietary AI IP in Production:** Unlike peers who are merely conducting AI pilots, Workmates has deployed commercial-grade AI products in production. A key highlight is Boxora, an AI-powered, multilingual outbound contact management and lead-qualification platform. Boxora enables enterprise clients (across retail, NBFCs, healthcare, and manufacturing) to run automated, natural-sounding voice campaigns in regional languages, handling live objections and delivering structured lead dashboards. Boxora’s capability was recently showcased at AWS’s global partner keynote in San Francisco, reflecting its high-tech pedigree.

Deep Ecosystem Partnerships and Competitive Moat

- **AWS Premier Partnership:** Out of over 10,000 AWS partners in India, Workmates has attained the elite AWS Premier Partner status in just 4–6 years. The company was awarded the AWS Consulting Partner of the Year in 2025, an honor previously held by global major Cognizant, and won by TCS in the subsequent year.
- **Multi-Cloud Capabilities & OpenAI Alliance:** To maintain flexibility, Workmates has built certified capabilities on Microsoft Azure and Google Cloud Platform (GCP) for managed services, but plans to keep its primary partnership centered on AWS for the near term. Additionally, the company has signed a strategic partnership with OpenAI to accelerate its proprietary generative AI solutions.
- **Niche Enterprise Focus:** Company has deliberately avoided the low-margin public sector, focusing almost exclusively on high-value, tech-deep enterprise clients, specifically in highly regulated financial services and technology-intensive IT/ITeS verticals.

Structural Macro Tailwinds

- **GPU Deployment & DPDP Act:** The domestic market is experiencing explosive demand, driven by India's national commitment to deploy 100,000 GPUs and the stringent enforcement of the Digital Personal Data Protection (DPDP) Act. The DPDP Act is creating massive compliance pipelines in cybersecurity, data privacy, and AI-driven data governance, where Workmates is highly active.
- **Data Center Growth as a Lead Indicator:** As hyperscalers and GPU clouds expand their physical footprint in India, Workmates whose team has deep roots in the data center industry (the co-founder/CEO previously ran a top-3 Indian data center firm) is positioned to build and manage the software and cloud layers on top of this physical infrastructure.

Strategic Global Footprint Expansion

- Having established a robust domestic engine, Workmates is aggressively expanding its international footprint to drive higher-margin global revenues.
- **Singapore:** Office established with an active sales/engineering team in place.
- **United States:** Currently setting up its corporate office to address the massive enterprise demand.
- **UK and Europe:** Preliminary market expansion initiatives are actively underway.

Key Risks to Monitor

- **Talent Scale & Retention:** In a capability-heavy model, retaining certified, high-caliber cloud and AI engineers is paramount. The rapid growth of GCCs in India could escalate talent acquisition costs and pressure margins.
- **Highly Competitive Landscape:** Company operates in a space occupied by both hyper-local cloud boutique shops and global system integrators like TCS and Accenture, demanding continuous technological leadership and rapid execution to prevent market share dilution.

Prizor Viztech Ltd.
CMP: INR 1,200 | Mcap: INR 12.96 Bn

Overview: The company is a rapidly growing Indian intelligent surveillance and display technology company. The company operates a dual-pronged product portfolio: CCTV and surveillance systems, which constitute 75% to 80% of total revenue, and display products (including LED TVs, interactive touch panels, and monitors), which contribute the remaining 20%. Company is structurally aligned with India's "Make in India" initiative, supported by a state-of-the-art SMT (Surface Mount Technology) production line inaugurated in Gandhi Nagar in 2025. With national security directives shifting surveillance demand toward secure domestic players, company has aggressively expanded its nationwide footprint, backed by STQC (Standardisation Testing and Quality Certification) and BIS compliance.

Management Meet Takeaways

Massive Regulatory Tailwinds: The STQC Transition

- **National Security Directive:** Prior to 2024, the Indian surveillance market was heavily dominated by imports, with Chinese products holding approximately a 95% market share (and 70% concentrated in just two Chinese brands).
- **The 2024 STQC Pivot:** Due to escalating security and data privacy concerns across sensitive sectors such as military installations, banking systems, and public infrastructure, the Government of India introduced strict STQC security guidelines in 2024. This mandate effectively bars non-compliant foreign surveillance devices and requires domestic R&D and secure manufacturing.
- **Replacement Cycle Catalyst:** The STQC mandate serves as a major demand catalyst, accelerating the replacement of legacy Chinese surveillance cameras across India. Given the industry's typical **5-year camera replacement cycle** and Prizor's **2.5-year product warranty**, this transition ensures a highly visible, multi-year demand runway. Prizor has secured BIS certification through STQC testing labs, positioning it as an authorized, high-trust partner.

Backward Integration and Semiconductor Localization (SoC MoU)

- **Gandhi Nagar SMT Capacity:** Prizor owns and operates high-speed SMT manufacturing lines in Gandhi Nagar. The facility boasts an active capacity of 50 lakh PCBs in a single shift, which can be scaled to multi-shift operations. This is significantly higher than its historical consumption of 8 to 9 lakh PCBs, providing ample headroom for expansion.
- **AI Camera Readiness:** The available SMT line capacity and physical footprint are fully equipped to manufacture advanced AI-enabled camera PCBs, which require a dedicated PCB per camera.
- **MoU for Indian-Made SoC:** To address the critical semiconductor import bottleneck (relying on imports from the US and Taiwan), Prizor entered into a landmark MoU with Asenic in late 2025 to develop domestic Systems on Chips (SoCs). These processors act as the "brain" of CCTV cameras, and domestic production of SoC-integrated cameras is slated to begin shortly, driving higher margins and supply chain independence.
- **Subsidies and PLI Scheme:** The company benefits from Gujarat Government manufacturing/semiconductor subsidies and is actively processing its application for the central government's Production Linked Incentive (PLI) scheme.

Distinctive Ground-Level GTM and Channel Stickiness

- **Distribution Footprint:** The company distributes its products 100% through its channel partner network. The company has established a footprint in 22 states with 150+ registered distributors and a robust dealer network of 11,000+ partners.
- **Ground-Level Pull Strategy:** Unlike large consumer electronics giants (such as Godrej or Hero) who rely heavily on online sales (Amazon/Flipkart) and direct retail models, Prizor avoids online retail completely, treating CCTV as a highly specialized, technical B2B product. Prizor deploys specialized sales teams directly into Tier-2, Tier-3, and Tier-4 cities (P2, P3, P4).
- **High Dealer Stickiness:** Because ground-level dealers often lack deep technical expertise, Prizor's sales teams actively assist dealers at project sites, demonstrating demos and supporting installation until project completion. This high-touch service creates immense dealer loyalty and high barriers to entry for competitors. Furthermore, since distributors typically represent 3 to 4 brands concurrently, Prizor has easily secured and maintained shelf space in a supply-constrained environment.

Supply Chain Dynamics & Strategic Capital Allocation

- **Semiconductor Lead Time Expansion:** Global semiconductor lead times have increased significantly from 45–60 days to 3 months (90 days), requiring the company to submit rolling projections up to a year in advance.
- **Industry Demand-Supply Gap:** Due to these component shortages, the domestic industry can currently only satisfy 60% of total demand. Prizor itself faces order execution timelines affected by chip availability.
- **Preference Share Issuance:** To insulate itself from supply chain disruptions, Prizor is issuing preference shares. The proceeds will be strategically deployed as working capital to secure advance semiconductor inventory and fund processor/SoC development.
- **Financial Outlook and Growth Guidance**
- **Conservative Growth Projections:** Although Prizor has achieved outstanding historical growth (over 100% year-on-year over the past two years), management is guiding for a conservative **60% to 70% growth rate** going forward. This guidance is built bottom-up from ground-level sales feedback and factors in semiconductor supply constraints.
- **National Vision Alignment:** Management's long-term goal is to align with India's National Vision of Viksit Bharat **(Developed India) 2047"** by becoming a premier global exporter ("Made in India, Made over India, and Made for the World").

L.T. Elevator Ltd.
CMP: INR 313 | Mcap: INR 6,000 Mn

Overview: L.T. Elevator has evolved from a small, local Kolkata-centric firm generating approximately INR 8 Cr. in revenue into an innovative dual-vertical business operating in Elevators and Mechanical Car Parking Systems. Structurally, the firm runs these as two independent divisions. By pivoting to a high-margin Direct-to-Consumer (D2C) model in the elevator space and acquiring world-class parking technology, the company is positioning itself to scale both nationally and internationally.

Management Meet Takeaways

Strategic Pivot to B2C / Home Elevators (Ricardo Brand)

- **Market Opportunity & Margin Premium:** Traditional Indian elevator manufacturers face challenges in premiumizing their brands to win B2B contracts from private real estate developers, who heavily favor foreign brands. To sidestep this, L.T. Elevator is focusing on the underaddressed, high-growth INR 3,000–INR 4,000 Cr. home elevator market (duplexes, bungalows, small clinics/stores). This D2C segment commands a 15% to 20% pricing premium over B2B due to lower competition.
- **Acquisition & Operational Synergy:** L.T. Elevator acquired "Ricardo," a Hyderabad-based D2C elevator brand. Ricardo possesses strong digital marketing capabilities, achieving a digital Customer Acquisition Cost (CAC) under 2% and total CAC of roughly 15%. L.T. Elevator brings the necessary traditional engineering, manufacturing, and service infrastructure to scale the brand.
- **Distribution & Scale Footprint:** Roughly 70% of the elevator division's focus is on scaling the Ricardo brand nationwide. The business has expanded to nearly 30 cities (with terminal expansion targeted at 45 cities) and is currently generating 80 to 90 elevator bookings per month. Growth from this point will focus on optimization and low-cost interior designer and architect referral networks.

Mechanical Car Parking Segment & Global Technology Integration

- **Regional Market Dominance:** In the mechanical car parking vertical, company has rapidly built a **70% market share in East India**.
- **Korean Acquisition & Local Manufacturing:** To scale nationally, the company has completed the acquisition of a patented Korean rotary parking technology company which holds unique approvals (including California, USA).
- **Export and Margin Outlook:** Management expects a near-term parking revenue split of 50% exports and 50% domestic. While they currently export to markets like Australia, Malaysia, and Thailand, transitioning manufacturing of the Korean system to their Kolkata facility by March/April of next year is expected to drive substantial margin improvements.
- **Capacity Expansion & Field Logistics**
- **New Plant Construction**: To address capacity constraints, L.T. Elevator is expediting the construction of a new factory. The plant's capacity will be allocated 60% to elevators and 40% to car parking systems, with additional land already acquired for future expansion phases.
- **Service Delivery Model:** To support its distributed nationwide B2C footprint, the company trains service technicians centrally at its Kolkata head office and dispatches/stations them permanently in target cities, maintaining high service reliability.

Sacheerome Ltd.
CMP: INR 485 | Mcap: INR 10.86 Bn

Overview: The company is a leading creative fragrance and flavor house with a legacy spanning over 33 years in the B2B sensory solutions space. The company operates a highly diversified B2B model, catering to a wide array of industries: its fragrance division serves personal care, home care, fabric care, hair care, and fine fragrances, while its flavor division (established in 2014) designs tastes for beverages, confectionery, bakery, dairy, and seasonings. company recently transitioned to public markets, listing on the SME platform in June 2025.

Management Meet Takeaways

Extreme Capacity Constraints Driving Immediate Greenfield Commissioning
- **Over-Utilization:** Management revealed that the company has been operating at an extreme capacity utilization level of over 120%, forcing them to streamline operations to avoid turning down ongoing business.
- **Yamuna Expressway (YEIDA) Plant:** To alleviate these capacity bottlenecks, construction of their state-of-the-art facility at Yamuna Expressway (GA/YEIDA in Uttar Pradesh) is nearing completion. Despite a minor one-month transition delay from its original schedule (initially targeted for August), commercial production is on track to commence in September 2026.
- **Institutional Execution:** The project's development is managed by JLL, a premier global project management firm. Land developments around the building will continue post-commissioning and will not interfere with active manufacturing.

Financial Performance and Margin Expansion
- **Exponential Revenue Growth:** The company delivered a robust revenue trajectory, climbing to INR 152 Cr in FY26, up from INR 107 Cr in FY25 and INR 85 Cr in FY24.
- **Significant Margin Accretion:** Operating margins expanded remarkably to 26% in FY26 (compared to 21% in FY25). This expansion reflects strong operating leverage, supply chain efficiencies, and premium product mix execution.
- **Superior Return Metrics:** The company reported highly efficient capital allocation, yielding a Return on Equity (ROE) of 27% and a Return on Capital Employed (ROCE) of 36.32% in FY26.
- **Segment Breakdown:** Fragrances remain the primary engine, generating INR 143 Cr in FY26 (up from INR 102 Cr in FY25 and INR 78 Cr in FY24). Flavors brought in INR 8.67 Cr in FY26 (up from INR 5.24 Cr in FY25 and INR 6.59 Cr in FY24).

R&D-Led Competitive Moat & Proprietary Formulations
- **In-House Intellectual Property:** Company’s primary competitive moat lies in its deep research capabilities. The company owns 100% of its formulations, bypassing reliance on external agencies.
- **Scale of Innovation:** The company is backed by a highly specialized R&D team comprising 54 to 59 specialists operating advanced application and testing centers in New Delhi.
- **B2B Gestation Cycle:** Management highlighted that product formulation and client integration require a gestation period of a few weeks to several months, providing a sticky, defensive B2B pipeline.

Sectoral Tailwinds and Import Substitution

- **Outperforming the Market:** The Indian fragrance and flavor industry is projected to reach USD 4,946 Mn by 2030, growing at a CAGR of 7.7%, dramatically outpacing the global growth rate of 3.5%.
- **Consumption Shifting:** Growth is being propelled by rapid urbanization, expanding FMCG/QSR sectors, and a structural consumer shift toward personalization (purchasing multiple individual-specific products rather than a single family-use product).
- **Disrupting Multinationals:** Management noted a clear industry-wide shift where domestic Indian companies are successfully demonstrating superior quality and pricing-to-value matching, aggressively taking market share from global MNCs.

Regional Diversification & Export Strategy

- **Geographic Mix:** Currently, domestic sales constitute approximately 94% (INR 142 Cr) of revenues, while exports represent 6% (INR 9.43 Cr).
- **GCC Expansion Plan:** Building on international operations established in the Middle East and Africa since 2005, company plans to open dedicated R&D centers in the Middle East / GCC region over the next few years to capture localized high-margin export demand.

Susan Electricals India Ltd
CMP: INR 349 | Mcap: INR 7,100 Mn

Overview: Incorporated in 2007 as a winding wire manufacturer, the company has evolved into a key player in India's electrical T&D infrastructure sector. Operating from its manufacturing facilities in Ghaziabad, the company’s product portfolio now spans winding wires, LT cables, HT cables, and specialty Modified Barrier Covered Conductors (MBCC). Susan Electricals holds critical BIS licenses and CPRI/National Test House type-test approvals, which serve as robust pre-qualification requirements (PQR) that restrict competition and prevent unorganized players from participating in lucrative government and EPC contracts.

Management Meet Takeaways

- **Exceptional Q1 YoY Growth Momentum**: The company reported a strong Q1 revenue of INR 95 Cr. This builds on high-growth financial performance in Q1 where revenue grew significantly YoY, operating profit rose to INR 11.37 Cr. (up from INR 1.05 Cr. in the prior year's quarter), and PAT turned around to a positive INR 6.39 Cr. (recovering from a loss of INR 0.41 Cr. in the previous year's quarter). This comes on the back of FY26 full-year revenues of approximately INR 269–270 Cr.
- **Strong Order Book Visibility**: As of June 30, Susan Electricals maintains an in-hand order book of INR 142 Cr. Additionally, the company has an active pipeline of INR 150 Cr. in submitted bids, where they have achieved L1 status or expect imminent wins.
- **Aggressive Capacity Expansion**: Using IPO proceeds, the company is actively expanding its manufacturing footprint. The company has already expanded its operational capacity from 10,000 km to a targeted 18,000 km for the current fiscal year (adding 8,000 km of capacity). At 100% capacity utilization, this expanded setup provides peak revenue potential of up to INR 700 Cr.
- **Margin Expansion via Product Mix Optimization**: Management is driving a structural shift towards its highest-margin product specifically HT cables and MBCC conductors which command operating margins of 14% to 17%. The company aims to increase the share of HT and MBCC products in its sales mix to 30% this year, up from just 2% in FY26 and 7% in Q1.
- **Geographical and Client Diversification**: Company has successfully mitigated geographical and client concentration risks. Previously, 90% of its supplies were concentrated in Uttar Pradesh, and 95% of its revenues came from direct government contracts. The company has now diversified its geographical presence to Telangana, Rajasthan, Madhya Pradesh, Gujarat, Bihar, and other states. Furthermore, the customer base has been rebalanced to a ~50/50 split between direct government entities and private EPC players.
- **Insulated from Commodity Price Risks**: The company's order pricing is highly defensive due to variable pricing mechanisms aligned with the IEEMA ("Keema" base) formula. Commodity price fluctuations (for aluminum, copper, XLPE, and paper) are adjusted automatically based on rates prevailing 15 days prior to inspection/supply. Consequently, the company requires minimal inventory hedging, as price volatility is fully passed through to end customers.

Purple United Sales Ltd
CMP: INR 416 | Mcap: INR 4,   000 Mn

Overview: Purple United Sales Ltd (operating under the brand Purple United Kids) is an emerging leader in the Indian children's wear space. Established with its first retail outlet in December 2019, the company focuses on filling a significant gap in the kids' apparel and footwear markets by providing high-quality, trend-forward, and versatile designs for children of all age groups. Post-COVID, the management has pivoted strategically to a "controlled business" model prioritizing direct retail and e-commerce channels where they can control the brand narrative and customer experience directly. Today, Purple United operates a footprint of over 120 retail stores across 22 states and 50+ cities in India, supported by a state-of-the-art 30,000 sq. ft. centralized warehouse in Delhi.

Management Meet Takeaways

Industry Dynamics and Market Opportunity
- **High Room for Penetration:** The Indian kidswear market remains highly unorganized, with unorganized players accounting for approximately **50% of the total market share**. This presents a massive structural runway for organized, brand-centric retailers to capture market share.
- **Shifting Consumer Demographics:** The transition toward organized retail is fueled by several macro factors, including an increasing number of dual-income households, rapid urbanization, rising educational standards, and heightened brand consciousness.
- **Kid-Influenced Purchasing Decisions:** While parents remain the final decision-makers and bill-payers, social media, YouTube, and digital influencers have given children an active role in choosing their apparel. Management noted that children are maturing earlier, driving demand away from traditional cartoon merchandise and toward trend-forward, adult-like fashion (e.g., "like father, like son" styling).

Sourcing and Supply Chain Strategy (Asset-Light Model)
- **Outsourced, Asset-Light Sourcing:** The company does not operate its own manufacturing plants. Instead, it uses a third-party sourcing model, focusing internally on design control, quality assurance, and vendor relationship management.
- **Strategic Rationale for Outsourcing:** Management highlighted two main reasons for avoiding an in-house manufacturing model:
- **Subcategory Complexity:** Kidswear has multiple distinct subcategories (apparel, footwear, party wear, fashion footwear) which cannot be efficiently manufactured within a single factory.
- **Preservation of Innovation:** Relying on internal or restricted factory partners tends to limit design innovation. By sourcing from a diverse pool of ethical vendor partners, the company ensures constant product freshness and style variety.
- **Infrastructure Support:** Swift distribution and inventory tracking are managed via their centralized 30,000 sq. ft. warehouse in Delhi, servicing their omnichannel network and ensuring optimized stock levels across regions.

Store Unit Economics and Expansion Outlook

- **Footprint and Area Coverage:** The company's 120+ operational stores currently span a cumulative retail area of 192,000 sq. ft.
- **Target Unit Economics:** Under typical store operating parameters, management expects a revenue generation rate of approximately INR 900 per sq. ft. Standard store occupancy levels hover in the healthy range of 78%.
- **Aggressive Expansion Plans:** The company recently announced a fundraise. These funds will be used to double their physical retail presence. Management indicated that adding roughly 78 more stores is highly feasible over the next two years.
- **Long-Term TAM Headroom:** Highlighting the headroom for growth, management noted that peer brands in the industry operate with as many as 1,800 stores, showcasing the vast untapped market potential for Purple United's expansion.

Product Mix and Margin Optimization

- **Product Mix Split:** Revenue is primarily driven by apparel, which contributes approximately 70% to 75% of sales. Footwear accounts for roughly 20%, and accessories/hard goods make up the remaining 5% to 6%.
- **Prioritizing Brand Equity Over Licensing:** In its early stages, the brand utilized intellectual property licenses (such as Disney, Avengers, and Barbie) to piggyback on established names as a marketing tool. However, due to extremely high royalty costs, they transitioned to selling their own proprietary brand designs, significantly improving their margins.
- **Shift Away from Aggregator Models:** Early tests of third-party product aggregation proved margin-dilutive. Management remains firmly committed to selling only proprietary brands to maintain solid gross margins and full product control.
- **Operating Margins:** The company's focus on a controlled business model and rapid expansion efficiencies has historically supported a healthy EBITDA/operating margin of 21%.
- **Domestic Focus:** Although the company has explored international/export markets, the current macroeconomic and geopolitical environment has put these plans on hold. The immediate strategic priority remains capturing the substantial domestic opportunity.

Cryogenic OGS Ltd.
CMP: INR 358 | Mcap: INR 5,110 Mn

Overview: Cryogenic OGS Ltd. is a niche OEM operating in the oil & gas equipment space, primarily engaged in custody-transfer metering systems, loading skids and other specialised engineering products. The company has built a strong track record with 300+ installations across India and 12 countries, supported by a high repeat-customer base of around 90%. Management highlighted that the business is now entering its next phase of growth, driven by backward integration, higher value capture per project, international expansion, new product categories and capacity expansion.

Management Meet Takeaways

- **Strong Business Model & Entry Barriers:** The company's equipment operates at critical custody-transfer points, where accurate measurement and reliability are essential. This makes the business more **qualification- and quality-driven rather than price-driven**. Long-standing approvals, manufacturing capabilities and relationships with global automation players provide a meaningful entry barrier.
- **Backward Integration – Key Margin & Growth Driver**: Historically, the company manufactured the fabrication portion of the skid, while high-value components such as mass flow meters, control valves and instrumentation were supplied by customers. Management is now procuring and integrating these components directly, which can increase revenue capture per skid by approximately 2–3x while also improving overall profitability and value addition.
- **Strong FY26 Financial Performance**: The benefits of the changing business mix are already visible in financial performance. FY26 revenue grew 24% YoY to ~INR 40.8 Cr, while PAT increased 67% YoY to ~INR 10.2 Cr. EBITDA margin improved by approximately 480 bps to 31.7%, indicating strong operating leverage and better value capture.
- **Healthy Balance Sheet & Working Capital Discipline**: The company remains debt-free, with cash and equivalents of approximately INR 32.8 Cr. Importantly, receivables declined despite revenue growth, highlighting management's focus on collections and efficient working-capital management.
- **UAE Subsidiary – Gateway to International Opportunities**: The company has established a wholly owned subsidiary in Ajman, UAE, primarily to overcome country-of-origin and local-content requirements that previously restricted participation in certain international projects. Management expects the subsidiary to help improve access to Gulf-region opportunities, while engineering and design capabilities continue to remain based in India. International projects could potentially offer better margins compared to the domestic business.
- **Multiple New Growth Opportunities**: Apart from the core oil & gas business, management highlighted several new growth avenues:
- **Infrabolt Engineering:** 51%-owned subsidiary focused on precision copper busbar components for power and railway infrastructure, with an initial order book of approximately **INR 17 Cr**.
- **LNG Truck-Loading Skids:** The company has already executed projects in this segment and is working on repeat orders, positioning it as an early participant in an emerging opportunity.
- **Piping Spools:** An adjacent business leveraging the company's existing fabrication, welding and manufacturing capabilities.

- **ASME-U Certification:** Once completed, this could enable the company to directly manufacture and supply additional pressure-vessel-related products and strengthen its international opportunities.
- **Capacity Expansion Supports Future Growth**: The existing facility has a concurrent capacity of approximately **200 skids**, while management has already secured additional land for a new manufacturing facility. This should provide adequate capacity headroom to support growth over the medium term.

Key Monitorables & Risks

- Execution and commercial ramp-up of the UAE subsidiary and Infrabolt.
- Sustainability of margin improvement driven by backward integration.
- Scale-up of international operations and the potential impact on working capital.
- Customer concentration and dependence on the investment cycle in oil & gas, LNG and refinery projects.
- Typical SME-related factors, including relatively smaller scale and lower trading liquidity.

Vivid Electromech Ltd.
CMP: INR 1,592 | Mcap: INR 14.15 Bn

Overview: The company is engaged in the manufacturing of low-voltage (LV) and medium-voltage (MV) electrical panels, with three manufacturing facilities across Mumbai and Pune. The company is focused on high-growth and complex application segments, particularly data centres, metro & rail infrastructure, solar and renewable energy projects. Management highlighted that the company is currently operating at near-full capacity, with significant capacity expansion underway to support the next phase of growth.

Management Meet Takeaways

- **Strong positioning in high-growth segments:** Data centers and metro/rail infrastructure remain the key growth drivers. The company currently services around 5–6 of the top hyperscalers in India and has a significant presence in Mumbai Metro projects.
- **Data Centre – Key Growth Driver:** Management expects the data center segment to contribute 50%+ of revenue. The company focuses on specialised and higher-value products, including customised panels and PDUs/PDOs. The current order book stands at approximately INR 205 Cr, of which ~INR98 Cr is from the data center segment.
- **Significant Capacity Expansion:** Existing facilities are operating at nearly 100% utilisation, making capacity a key growth constraint. The new manufacturing facility is expected to provide significant additional capacity, with Phase I offering around 2x expansion, while the overall project could eventually increase capacity by approximately 7x.
- **Healthy Growth Outlook:** With the new capacity coming on stream, management is targeting approximately 35–40% growth. Additional capacity should support growth across data centers, metro & rail, solar and other infrastructure segments.
- **Differentiated Business Model:** The company focuses on complex and mission-critical projects where product quality, testing and service capabilities are key differentiators. Its IEC 61439 compliance, along with relationships/licensing arrangements with global players such as ABB, Hitachi and Siemens, strengthens its positioning in the organized and higher-value segments.
- **Focus on Large & Complex Projects:** Management is consciously focusing on larger customers and complex projects rather than merely expanding its customer base. Proximity to key data center clusters also provides an advantage in meeting stringent service-level requirements.
- **Revenue Diversification Strategy:** While data centers are expected to remain the largest growth contributor, management does not intend to allow any single segment to contribute more than **~65% of revenue**. Metro, rail, solar and other infrastructure segments are also expected to grow in absolute terms as capacity constraints ease.
- **Geographic Expansion:** While Maharashtra currently contributes a significant portion of revenues, the company has started expanding into Chennai, targeting opportunities in data centers and metro projects.

Key Monitorable

- Ramp-up and utilisation of the new manufacturing facility.
- Sustained order inflow from the data center segment.
- Execution of the current ~INR 205 Cr order book.
- Growth and diversification across metro, rail, solar and infrastructure.
- Expansion into new geographies and scaling of service capabilities.

E to E Transportation Infrastructure Ltd
CMP: INR 353 | Mcap: INR 6,090 Mn

Overview: E to E Transportation Infrastructure Ltd. is a mobility technology and railway systems player, transitioning from a system integrator towards a product-led and vertically integrated OEM model. With 15+ years of experience, strong execution credentials and capabilities across railway signalling, metro systems and private rail sidings, the company is positioned to benefit from the ongoing modernization of Indian Railways and mobility infrastructure.

Management Meet Takeaways

• **Strong Order Book:** The company currently has an order book of around INR 1,000 Cr, providing healthy revenue visibility and supported by opportunities across railway signalling, modernization and mobility infrastructure.

• **Transition Towards a Product-Led Model:** Management is strategically moving from a pure system integration business towards developing proprietary products and increasing vertical integration, which could support better margins and stronger competitive positioning.

• **Kavach 4.0 – Key Growth Opportunity:** The company has developed its Kavach 4.0 product in collaboration with Tata Elxsi and is currently progressing through prototype validation. Successful validation and commercialization could become an important future growth driver.

• **Product + System Integration Advantage:** The combination of deep domain expertise, system integration capabilities and proprietary products is expected to strengthen the company's tendering capabilities and create a higher-entry-barrier business model.

• **Multiple Growth Engines:** The company operates across B2G opportunities with Indian Railways and PSUs and B2B opportunities in private rail sidings, while also building engineering, design and automation capabilities.

• **Margin & Cash Flow Improvement Potential:** The existing system integration business has relatively lower margins and higher working-capital requirements. Increasing contribution from proprietary products and vertical integration could improve profitability, cash flows and return ratios over the medium term.

Key Monitorables
- Progress and commercialization of Kavach 4.0 and other proprietary products.
- Execution and conversion of the ~INR 1,000 Cr order book.
- Successful transition towards a product-led OEM model.
- Improvement in margins, cash flows and working-capital efficiency.
- Continued order inflows from railway modernization, signalling and mobility projects.

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

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