

***Bharat Rising Star  
Summit by Arihant  
Capital***

***(Sept-23)***

**ArihantCapital**  
Generating Wealth

Over 100 companies participated in our "**Bharat Rising Star Conference**" reinforcing our belief in the country's long-term fundamentals. Indian corporates have a positive outlook for the future, despite the current global economic challenges. This optimism is supported by a number of factors, including:

**Strong economic growth:** India is poised to be one of the fastest growing economies in the world in the coming years, providing a solid foundation for corporate growth. We believe India will be among the top three economies in the next few years.

**Rising domestic demand:** India has a large and growing domestic market, fueled by a rising middle class and increasing disposable incomes. Rural markets are likely to see a strong recovery in the next few years, as more people in rural areas aspire to upgrade their lifestyles. The rising middle class phenomenon will lead to a surge in consumer and related stocks.

**Smart Recovery from Covid blues:** Key sectors of the Indian economy, such as manufacturing and services, are recovering from the pandemic, boosting corporate confidence. The Indian government is supportive of businesses and has introduced a number of reforms to improve the business environment, making it easier for businesses to operate and grow.

**Government support:** Government initiatives such as "Make in India" and the Production Linked Incentive (PLI) scheme have helped companies enhance their manufacturing capabilities. Despite the large capex announced by global companies, many are still hesitant to announce major capex in India. However, the manufacturing sector has been gaining ground, with indicators such as the PMI services witnessing strong expansion. Global MNCs want to be in India and reduce their dependency on China. We believe that a gradual cooling of inflation globally will boost manufacturing in India in a big way. Our share in exports (excluding IT) is below 1% and is expected to touch 5% in the next 25 years, according to industry reports. The fruits of government support has already been seen in sectors like Defense & Railways where smart rerating has already happened in the sector.

**Global trends:** Indian corporates are also well-positioned to benefit from global trends, such as the shift towards digitalization and the growing demand for sustainable products and services. Infrastructure story continues to remain attractive for the country.

As a result of these factors, Indian corporates are investing heavily in new projects and expanding their businesses, creating jobs and boosting economic growth. One more positive for most of the balance sheet. Sectors to watch out for: We believe in the India story, and we are just at the inflection point of a long-term growth trajectory. Therefore, investors should remain invested to be part of this growth story. Even beaten-down sectors such as agro-chemicals and dairy offer good risk-reward ratios at current levels.

## List of Participated Companies

S.No.	Company	CMP (INR)	Mcap (INR Mn)
1	Globus Spirits Ltd	851	24,511
2	Accuracy Shipping Ltd	8	1,220
3	Apollo Micro Systems Ltd	65	16,664
4	Creative Newtech Ltd	527	7,406
5	Sahyadri Industries Ltd	437	4,778
6	Shreeji Translogistics Ltd	65	3,397
7	Sterlite Technologies Ltd	156	62,245
8	HFCL Ltd	75	107,158
9	Lloyds Metals & Energy Ltd	551	277,906
10	Indo Count Industries Ltd	221	43,829
11	Parag Milk Foods Ltd	210	24,637
12	Dollar Industries Ltd	403	22,828
13	Krsnaa Diagnostics Ltd	680	21,338
14	Foods & Inns Ltd	203	10,894
15	Ashiana Housing Ltd	200	20,085
16	Marathon Nextgen Realty Ltd	423	19,857
17	Century Textiles & Industries Ltd	1,072	119,704
18	Anand Rathi Wealth Ltd	1,778	74,210
19	Home First Finance Company India Ltd	822	72,438
20	Moneyboxx Finance Ltd	208	5,311
21	Vardhman Special Steels Ltd	200	16,255
22	Vaidya Sane Ayurved Laboratories Ltd	311	3,778
23	GTPL Hathway Ltd	180	20,266
24	Indag Rubber Ltd	136	3,574
25	L T Foods Ltd	169	58,564
26	Supriya Lifescience Ltd	284	22,853
27	Punjab Chemicals & Crop Protection Ltd	1,103	13,520
28	Ajmera Realty & Infra India Ltd	372	13,202
29	DC Infotech & Communication Ltd	180	2,164
30	Meghmani Organics Ltd	79	19,989

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31	Nuvoco Vistas Corporation Ltd	369	131,773
32	Puravankara Ltd	125	29,573
33	Sunteck Realty Ltd	433	63,418
34	Tilaknagar Industries Ltd	204	39,026
35	Arihant Superstructures Ltd	183	7,549
36	All E Technologies Ltd	167	3,372
37	Apex Frozen Foods Ltd	222	6,941
38	Cineline India Ltd	121	3,820
39	DigiSpice Technologies Ltd	35	8,001
40	Insecticides India Ltd	505	14,947
41	Max Ventures and Industries Ltd	216	31,810
42	Om Infra Ltd	90	8,711
43	Sukhjit Starch & Chemicals Ltd	443	6,925
44	Synergy Green Industries Ltd	247	3,487
45	Vishnu Prakash R Punglia Ltd	165	20,554
46	GHCL Ltd	613	58,632
47	Piramal Enterprise Ltd	1,046	234,942
48	Prataap Snacks Ltd	839	20,012
49	RBZ Jewellers Ltd (Upcoming IPO)		
50	Bodhi Tree Multimedia Ltd	139	1,731
51	Black box Ltd	212	35,520
52	OnMobile Global Ltd	103	10,886
53	Netweb Technologies India Ltd	831	46,570
54	Sastasundar Ventures Ltd	279	8,885
55	AGS Transact Technologies Ltd	62	7,563
56	Vascon Engineers Ltd	66	14,332
57	Motilal Oswal Financial Services Ltd	896	132,769
58	Indostar Capital Finance Ltd	173	23,535
59	Avro India Ltd	114	1,147
60	Maiden Forgings Ltd	111	1,576
61	Cool Caps Industries Ltd	505	5,843
62	Niyogin Fintech Ltd	68	6,428
63	Qess Corp Ltd	422	62,581
64	Apollo Pipes Ltd	700	27,516
65	Orient Bell Ltd	464	6,720

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66	Hariom Pipe Industries Ltd	585	16,154
67	JTL Industries Ltd	219	37,221
68	Spectrum Talent Management Ltd	128	2,951
69	Shaily Engineering Plastics Ltd	1,793	16,452
70	Shyam Metalics & Energy Ltd	441	112,389
71	Welspun Corp Ltd	381	99,643
72	Senco Gold Ltd	654	50,827
73	Pearl Global Industries Ltd	1,034	22,391
74	Frog Cellsat Ltd	222	3,418
75	Ircon International Ltd	142	133,741
76	Mercury EV-Tech Ltd	48	8,063
77	BEW Engineering Ltd	1,620	4,179
78	Allied Digital Services Ltd	125	6,908
79	Indian Terrain Fashions Ltd	60	2,677
80	Marathon Nextgen Realty Ltd	423	19,857
81	Imagicaaworld Entertainment Ltd	51	24,503
82	Kalpataru Projects International Ltd	653	105,996
83	Knowledge Marine & Engineering Works Ltd	1,466	15,836
84	Sportking India Ltd	803	10,205
85	Vaibhav Global Ltd	425	70,218
86	Linc Ltd	751	11,170
87	Leading Indian Auto Ancillary Company		
88	Talbro Automotive Components Ltd	1,036	12,796
89	S J S Enterprises Ltd	677	21,006
90	RPSG Ventures Ltd	590	17,403
91	Indiamart Intermesh Ltd	2,885	173,022
92	Mahindra & Mahindra Ltd	1,522	1,892,775
93	E2E Networks Ltd	442	6,403
94	Monte Carlo Fashions Ltd	788	16,343
95	Datamatics Global Services Ltd	587	34,609
96	VIP Clothing Ltd	53	4,345

**Globus Spirits Ltd****CMP: INR 850 | Mcap: INR 24.47 bn****Margins**

- Margins were impacted due to uptrend in grain prices. Margins are expected to maintain 15% to 17% going forward.

**Market share**

- The company has 35% market share in Rajasthan for value segment, 55% market share in value plus segment. The company has made price hike in Rajasthan.
- The company has 5%-6% market share in Haryana. In Haryana, trade issues are beyond in control.
- The company has 2% market share in west Bengal. The company has lots of hope in west Bengal and having potential for value plus segment.

**Rice procurement**

- FCI procurement of rice is higher in FY23. Around 65%-70% of rice is mainly used for ethanol. For ENA, rice is procured from open market. FCI price are fixed and open market price is little higher than FCI prices.
- Open market price is 8% to 10% higher than FCI price.

**Capacity and expansion**

- The capacity stood at 765KLPD; 1.65KLPD capacity in Rajasthan. Remaining 6KLPD capacity, around 80% for ethanol and remaining 20% for sale of ENA and others.
- The capacity is expected to reach 900KLPD. Capex is expected to complete in Q3FY24, mostly serve to ethanol.

**Bottling project**

- Bottling project is expected to complete in end of Nov-23 or beginning of Dec-23. The company is expected to take advantage in local market due to bottling projects.

**Focused states**

- The company has strategically presented in 5 states for IMFL and entered into Punjab.

**Ethanol prices**

- Ethanol prices are pick-up to INR 64 to INR 65 per liter.
- Ethanol is made from rice, selling around INR 64 per liter and Ethanol is made from maize is selling around INR 66 per liter.

**Facilities**

- The company has 5 manufacturing facilities and 1 bottling facilities are under pipeline.

**Other highlights**

- The company is selling 9 lakh to 1mn cases per day.
- Around 70% of ethanol used for bulk alcohol and 30% of ethanol used to make ENA which is selling outside.

**Accuracy Shipping Ltd**

**CMP: INR 8 | Mcap: INR 124cr**

**Revenue**

- Revenue is expected to reach INR 880cr to INR 890cr in FY24. The company is expected to reach INR 1,000cr in next 4 to 5 years.

**Margins**

- EBITDA margins are expected around 5% to 6% from current levels of 4% going forward.
- Margins are expected to remain 4% to 5% going forward. Freight levels is expected to improve by 10% to 15% by end of the year. The increase in freight level would improve margins going forward.

**Ashok Leyland dealership**

- The company has dealership agreement with Ashok Leyland for selling vehicles and spare parts.
- The margins are around 4%-5%. Sales of heavy commercial vehicle margins around 3%, sales of spare parts 16% to 25%, services margins – 60% to 80%. Overall margins around 4% to 5%.

**Fuelling Stations**

- In fuelling stations, margins are around 2.5% diesel, 3% to 3.5% for petrol. The company has good setup with transporters.

**Projects cargo**

- In projects cargo, the company is door pick machines/goods from factory to port transportations.

**Freight rates impacted business**

- In last 18 months, freight rates were down which impacted the business. Russia- Ukraine has impacted the business because, some of the partners are located in Russia – Ukraine.

**Working capital**

- The company working capital stood around INR 95cr.

**Debt**

- Working capital term loan stood at INR 27cr to INR 28cr. The term loan will be paid in next 2 years.

**Land transportation**

- In land transportation, 372 vehicles are owned by company to serve clients. There is no much vehicle addition is expected going forward.

**Other highlights**

- The company has own mini SAP ERP to entire digital operations like import, export, tracking etc. Around 95% of software has unique features and available for all the customers.
- The company is focused to expand shipping division, and expand sectors like Pharma etc.
- The company has 14 branches and 64 strategic partnerships across globe.

**Apollo Microsystems Ltd****CMP: INR 65 | Mcap: INR 13,160 Mn****Fund-raising**

- The company is raising around INR 186cr from warrants. Around 50% contribution from promoters and remaining from others. The warrant money is yet to come for utilization.
- The company is expected to invest around INR 150cr and remaining will be utilized for working capital purposes.

**Capex**

- The company has hanger facility has 45,000 Sq.ft for weapon equipment and other allied products.
- The company has acquired 2.5 acres land to expand the facilities. The company is expected to put-up 2.6 lakh facility for end to end manufacturing. The facility is expected to complete in next 10 months.

**PLI**

- Currently, PLI schemes are available for commercial electronics. Defence PLI is expected to come, specifically for Radar. The PLI is expected to announce before or after elections.

**Margins**

- EBITDA margins is expected to improve from current levels due to design cum productions.
- Design cum production EBITDA margin is higher than simple production margins.
- Gross profit margins are expected to improve in production orders.

**Order execution**

- The order execution timeline is around 5 to 6 months to 18-20 months based on size of the projects.

**Non-defence share**

- Around 10% to 12% of sales are from non-defence projects in FY23. Around 12% to 15% of sales are expected from non-defence projects going forward.

**Inventories and Receivables**

- Inventories are stretched due to multiple programs. Around 80 programs are there and 200 to 350 subsystems are manufactured in every year by the company.
- Inventory period is expected to normalize in FY25.
- Receivables are stretched due to qualification and testing of the products.

**Raw Material Sourcing**

- Semiconductor has impacted the manufacturing in past 2 years, currently the company is booking materials for 6 months to 2 years in advance basis.

**Exports**

- The company has started offshore marketing and started bidding enquiries in some countries. The exports are expected to pick-up going forward.

**Other highlights**

- The company is developing products, sub-systems, complete design and Engineering to the clients.
- Bharat dynamics contribution is around 10% of sales.
- The company is doing control systems for radar and other products are done by others.
- In DRDO projects, IP is owned by DRDO only.

**Creative Newtech Ltd****CMP: INR 524 | Market Cap: INR 7,370 Mn****Mr Abhijit Kanvinde – CFO****Revenue**

- Revenue is expected to reach more than 2,000cr by FY26.

**Margins**

- PAT margin is expected around 4.5% to 5% majorly backed by Honeywell.
- In Middle east and Singapore; products margins are slightly higher and around 40% to 45%. Thailand margins are similar to India.

**Honeywell**

- The company has partnership with Honeywell and become honeywell's licensee in India. The company manufacture under Honeywell and sell in Indian markets.
- Honeywell top line around INR 105cr. The company is targeting around INR 170cr to INR 180cr in FY24. In Q1FY24, the Honeywell top line around INR 29cr.
- Honeywell gross margins around 35% to 40%.
- Honeywell working capital days 90 days to 120 days. General business working capital days around 37 days.
- Honeywell business is subsidiary of Hong Kong. The subsidiary has 69.4% stake.

**Products expansion**

- The company earlier has one product category and expanded to 4 product categories after Honeywell.
- The company has four categories of products such as electronic essentials like fast chargers, cables and connectors etc.; Air purifiers, Personal audio and home audio and active & passive networking products.

**Presence and Reach**

- The company has presence in 38 countries which includes Southeast Asia, South Asia, Middle East, and Africa.
- The company has 15 physical branches, 7 satellite branches. The company serves 6,000 to 7,000 customers and sell more than 3,500 SKU's.

**Other highlights**

- The company is making hardware for Microsoft.
- The company has partnership with amazon and flipkart.
- The company is looking to acquire couple of brands in consumer space.

**Sahyadri Industries Ltd****CMP: INR 439 | Mcap: INR 4.81 bn****Capex**

- The capex of INR 950mn for the Asbestos Corrugated Sheet is expected to be set up in Orissa. The installed capacity is around 1,20,000MT and is expected to complete by Q4FY25 and early FY26. The capex funding is expected through internal accrual and debt. The company is targeting eastern markets such as Orissa, Jharkhand, Bihar and West Bengal.
- The capex of INR 950mn for Non-Asbestos Cement Boards is expected to be set up in Maharashtra. The installed capacity is around 72,000MT and is expected to complete by Q4FY25 and early FY26. The land is identified and acquisition is in progress. The capex funding is expected through internal accrual and debt. The company is targeting Western and North markets. There is a big gap in demand and supply for Non-Asbestos and capex is expected to cater going forward.
- Post capex, the additional revenue is expected around INR 450mn to INR 500mn per annum.

**Capacity and Utilization**

- The total capacity stood at 69,000MT and blended capacity utilization is 94% vs 85% in Q1FY23.
- The old capacity stood at 63,000MT and utilization stood at 97%-98%. The company added new lines and capacity stood at 6,000MT and utilization stood at around 55%.

**Margins**

- EBITDA margins stood at ~12% in Q1FY24. Margins were impacted due to RM costs and there is no further increase from current levels.
- In the raw material mix, Asbestos stood around 50% and balanced from others.
- Roof margins are lower than boards. The single-digit EBITDA margin difference between Roofs and boards.

**Valued added revenue share**

- Valued added revenue stood at 17%-18% of sales and the company is targeting a 25% share by Q4FY25.

**Demand scenario**

- In Q1FY24, demand was strong, and generally, Q1 is the best quarter. Q2FY24 is expected to mute due to seasonality.

**Working capital days**

- Payables days stood around 30 days, Receivables are less than 20 days, and inventories are around 80 days.
- Extra inventories are expected to consume in Q3FY24 and inventories are expected to normalize in Q4FY24.

**Price hike**

- The price hike stood around 5% to 6% in Q1FY24.

**Other highlights**

- The company is targeting UP markets.
- The company is positive on east, West, and North markets and negative on south markets.
- The Inventories are light at dealer and distribution levels.

**Shreeji Translogistics Ltd**  
**CMP: INR 64 | Mcap: INR 3.37 bn**

#### **Revenue**

- Revenue is expected to grow 15% to 20% over next 2 to 3 years.

#### **Margins**

- EBITDA margins is expected around 11% to 12% and PAT margins are expected around 5% to 6% going forward.

#### **Clients**

- The big clients are Otis Elevator, Amazon, Kelloggs and Chaco-pie etc.

#### **Segments**

- Full truck load revenue contribution is around 55% and margins are around 12% to 15%.
- Bonded trucking revenue contribution is around 20% and margins are around 30%.
- EXIM revenue contribution is around 6% to 7% and margins are around 12% to 15%.

#### **Working capital**

- The company has over-draft facility and managing working capital mostly from internal accruals.

#### **Rack handling**

- The company also doing rack handling and transportation for most of the steel companies. Rail transportation cost is lower than commercial vehicles. Each rack weights around 2,000 tonnes to 3,500 tonnes. The company is doing handling part and transportation part.
- In rail transportation, rack handling is on tonnage basis.

#### **Replacement**

- The company is replacing vehicles in every 7 years while industry replacement around 12-14 years.

#### **Warehouses**

- The company has 6 warehouses in Mumbai. The company also have warehouses in Chennai, Hyderabad and other cities.

#### **Other highlights**

- The company is operating in major of the airports in India.
- The company is doing last mile delivery in major cities.
- The company is operating in Pan India. However, few of the routes are dedicated.
- First billing cycles takes longer time and remaining would take normal cycles.

**Sterlite Technologies Ltd****CMP: INR 156 | Mcap: INR 62.22 bn****Revenue and Margins**

- Revenue growth is expected around 7%-9% in FY24.
- Optical margins are expected above 20% on a sustainable basis. The increase in optical interconnect attach rate would improve the margins further. The company is working with Tier 1 consulting firm for cost reduction initiatives and cost reduction is expected to reflect from H2FY24 onwards. OF prices and other expenses have reduced which reflected on margins. Global services business margins stood at 7.9% and expected to maintain the same going forward.

**Market share**

- Global OFC-ex China market share stood at 11% in H1CY23.

**Capex**

- Around ~INR 3.5bn to INR 4bn capex is expected in FY24. Optical fibre capacity expansion of 33mn to 42mn is expected in H1FY24. The US OFC plant commissioned and started commercial production in Q1FY24.

**Order book**

- Order book stood at INR 109.38bn (+4.1% YoY) in Q1FY24. Around INR 39.03bn of order book is executable in next 9 months and remaining thereafter.

**Optical Networking business**

- Optical networking margins remain above 20% and expected to be sustainable going forward. The cost optimization with the help of consulting firm will improve margins from H2FY24 onwards.
- The company is focused to increase share in EMEA, India and APAC markets to fill the volume gap from the US market. The company is focused on new product developments and commercialization.

**Global Services business**

- Bharat Net Phase 3 tenders expected by H2FY24.
- The company received orders from Public sector customer to supply and set up ICT infrastructure for data centres and remote sites along with O&M. The company also got a fibre rollout for 5G deployment from a private customer.

**Digital business**

- STL digital order book stood at INR 9bn. The orders are executable in 3-5 years' time. The company has strategic partnerships with SAP and Google. Digital and technology solutions breakeven is expected in Q4FY24 and EBITDA positive is expected in Q1FY25.

**Inventory build-up**

- Global OFC demand declined by 3%-4% in Q1FY24 led by slowdown in North America (-11% YoY). Tier 1 and Tier 2 players have inventories and it takes at least 1 to 2 quarters to clear the inventory.
- Q4FY24 is expected to be better quarter.

**Debt**

- Net debt to EBITDA is expected to be 2.5 or less going forward. Around INR 2bn to INR 3bn debt reduction is expected in FY24.

**Demerger**

- A demerger of the global services business is expected in Q1FY25.

**HFCL Ltd****CMP: INR 75 | Mcap: INR 107.11 bn****Margins**

- EBITDA margins are expected to be 14% - 15% going forward.

**Order book**

- The order book stood around INR 6,600cr; 70% is from EPC, and the remaining 30% is from products. Projects are coming in large orders. The current order book is sustainable and Products order book coming regularly. Small orders keep coming in INR 80cr – INR 100cr.

**Capacity and utilization**

- Optical fibre capacity is expected to increase from 10mn fkm to 33.9mn fkm and Optical Fibre Cable capacity is expected to increase from 25.08mn fkm to 34.75mn fkm going forward.
- The capex stood at INR 80cr in Q1FY24 and overall capex is expected INR 350cr in FY24.
- Capacity utilisation stood at 86% in Q1FY24. Utilisation varies based on types of cables. The plant is running 24/7 in a week.

**PLI**

- The company is expected to receive PLI incentive of INR 650cr over next 4 to 5 years.

**Segmental mix**

- Telecom products and Turnkey mix stood at 67:33 and expected to be 65:35 going forward.

**Exports**

- Exports revenue stood at INR 176cr (+156% YoY). The exports revenue share stood at 17.1% in Q1FY24. The company is catering to more than 80 clients in more than 40 countries. Exports order book stood at INR 250cr, majorly from telecom equipment.
- The company is targeting export revenue of INR 1,300cr – INR 1,500cr in FY24.

**Telecom and 5G products**

- Telecom and 5G products revenue is expected between INR 350cr – INR 400cr in FY24, INR 200cr revenue is expected from 5G. In FY25, around INR 800cr – INR 1,000cr revenue is expected and 70% of revenue is expected from 5G products. Margins are expected around 18%-20%.

**Defence**

- Defence revenue has come down, because other players have not constructed networks. Defence products are expected to improve going forward.
- Revenue from defence products is expected in FY25. Software defined radios are under development.
- In defence tenders are expected for electronic fuses and others. The orders are expected to be a few hundred crores.

**Lloyds Metals & Energy Ltd****CMP: INR 551.95 | Mcap: INR 278.64 bn****Increase in production site**

- The company has sold 6 lakh tonnes in FY22. The company has sold 3mn tonnes in FY23. Around 10mn tonnes sales are expected in FY24.
- The company has obtained the green light to boost its iron ore production at the Surjagarh (Gadchiroli) site from 3 MMTPA to 10 MMTPA.
- This expansion comes with a 30-year lease extension, securing their access to iron ore until 2057 for both internal use and external sales.

**Capex**

- The company is intending to invest INR 6,500cr to INR 7,000cr from their internal funds to expand Ghugus sponge iron (DRI) facility, establish a new DRI facility, construct a pellet plant in Konsari, and develop new hot metal and wire rod facilities.

**Debt**

- LMEL aims to remain debt-free while executing substantial expansion plans.
- The financial stability hinges on robust cash flows from forward integration and increased iron ore production.

**JV**

- The company initially formed a JV with Thriveni Earthmovers Pvt Ltd to accelerate mining operations at the Surjagarh mine in Maharashtra, targeting 1 million MT production in a year and full capacity in three years.

**Indo Count Industries Ltd****CMP: INR 223 | Market Cap: INR 44,255 Mn | TP: INR 288****Festive season**

- Q3 and Q4 are expected to remain positive on account of good festive season visibility.
- Big international retailers have lowered their inventories. The Fed is also working to reduce inflation and make the ecosystem more conducive for trade.
- The revenue and margin trajectory for the next 2 years is good as per capita income grows but is slightly curtailed by inflation.

**Cotton Prices**

- They are hovering between INR 60-65,000 per candy and are expected to remain range-bound for the foreseeable future- into FY24 -25.

**FTA benefits**

- As India is signing new FTAs with Australia and UAE, the company sees a positive demand trajectory there. There is also some demand emerging from Japan.

**China's share in global textiles**

- China's market share has reduced from 20% to 12-13% in FY23 on account of the China +1 strategy. Indo Count is also looking to enter the Chinese market someday.

**Pakistan as competition**

- The country is facing RM supply issues as well as power issues making it an undesirable country to source from long term. The opportunity for India is bigger.

**Capacities**

- Were built up during the pandemic to accommodate increased post-pandemic demand.

**Outlook:** The WC cycle will reduce going ahead as inventory on the books is heavy right now. We expect there to be a steady increase in profitability as the company increases the share of VAP sales in fashion and utility bedding, as well as licensed brands. The company is well-reputed for its presence in the mid to premium segment. They are also working to grow their domestic business from the current 2% to 8% in the next 4-5 years and bring down the share of revenues from the US (75% to 60%). We see the possibility of 2x revenues in the 3-4 years along with reductions in debt from healthy cash flow generation.

**Parag Milk Foods Ltd****CMP: INR 214 | Market Cap: INR 25,189 Mn | TP: INR 450****Aggressive premiumization is the name of the game**

- Especially with pride of cows, where they are expanding city wise. They are consistently adding SKUs each year and aim to be present in top 8 metros.
- The company plans to raise 5x the dairy cows under Pride of Cows.

**Flush pricing**

- It has led to stabilization of milk prices which will persist until December- January 2023. The EBITDA level is expected to go from 7% to 10-12% in the next 2-3 years.

**Debt position**

- The company have no long-term debt with only WC debt of INR -334cr. Major expansions for Bhagyalaxmi dairy farm will come from internal accruals.
- Inventories are now back to pre-covid levels as the inventory losses of INR 600 Cr were recuperated.

**Growing VAP market**

- Cheese (core product) especially has a 30% CAGR with a GM of 30-35% which is quite lucrative. The current focus is on scaling up the fast-growing health and sports nutrition as whey is a natural byproduct of cheese.
- The company is a market leader in VAP, not milk and they are constantly on the lookout for new product segments.

**Procurement**

- It is done directly from farmers and from aggregators as well. Aggregators are more seasonal based with the main sourcing coming from farmers. There is not much difference in terms of pricing.

**Distribution and marketing**

- The company is focusing on expanding their distribution network and they are also heavily focused on promotional activities via different platforms. Right now, they work with 150 social media influencers and spend 3% of revenues on A&amp.

**Outlook:** Parag is already a well-established market leader in in VAPs (#2 in cheese with a 35% market share and #2 in Ghee with a 20% market share) and are neck to neck with their closest competitors. We see the company showing a steady growth in profitability in the years down the line as they aggressively expand their premium offerings and procurement network.

**Dollar Industries Ltd****CMP: INR 416 | Market Cap: INR 23,588 Mn | TP: INR 659****Backward Integration**

- 25-30% of total requirements are backward integrated.

**Price and Volume mix**

- There was a 12% revenue de-growth in Q1 with a 4% volume growth.
- The company is looking forward to 13-14% revenue growth (with 11-12% EBITDA Margins, with a 16-18% de-growth in ASP) steadily going ahead with a full year GM of 33% considering that RM prices have largely stabilized (50% of the total cost consists of yarn).

**Thermals**

- on a low base, thermal sales are expected to be up 30-40% next year.

**Project Lakshya**

- The distributors in this project have better WC days and price/ volume mixes due to efficient inventory management through a replenishment-based model (rather than a push-based model).
- Debtor days under this model are 60-65 vs the 108-109 at the company level. Channel inventory of these distributors is 45-50 days vs the company level of 80-90 days. The current WC cycle is 160 days which they want to bring down to 120 through this project.
- The project implements distribution management through employing distributors in a particular area and using technology that allows retail level insights.
- The company targets 350 distributors (currently 250) under this scheme (out of the total 1,500) by the end of this year. It usually takes 3-4 months to stabilize distributors after they join the project, and it also increases their answerability and most of them don't want the added responsibility which makes implementing it system wide a bit challenging.

**Expansion strategy**

- The company is working on penetrating newer markets so as to not disturb existing markets.

**Outlook:** we are overall positive on the hosiery sector, and dollar being one of the market leaders here is expected to recover in leaps and bounds over the competition. As the company continues to invest in brand building through aggressive premiumization and brand building activities. Additionally, yarn (cotton) prices are coming down and stabilizing, and channel inventories are largely clearing out, all of which are good signs for the company and will enable it to enhance its growth in profitability.

**Krsnaa Diagnostics Ltd****CMP: INR 681 | Market Cap: INR 21,405 Mn****Pan India expansion**

- The company is setting up diagnostic centers in hospitals. This business model allows them to easily pass on benefits of discounts to customers.

**PPP'S**

- They specialize in PPP's and started by setting up centers across Himachal Pradesh as their first PPP. Now they are setting up centers across the country using this model, using technology to expand rapidly.
- Krsnaa is present across states like Assam and Jammu providing reports on time to customers at competitive prices, especially across T2 and T3 cities. The industry is growing at a 30-35% CAGR.

**Rajasthan tender:**

- They are currently getting all the paperwork in order. Some government processes are in order which might take some time.

**Asset light model of expansion**

- All the machinery is paid for on a pay-per-scan basis which helps avoid GST.

**Outlook:** The company is growing well ahead of the industry and has better profitability metrics than its peers, managing to maintain a 25% EBITDA Level despite offering some of the most competitive prices in the country.

**Foods & Inns Ltd****CMP: INR 197 | Market Cap: INR 10,599 Mn**

- The company is one of the largest exporters of processed fruit & vegetable powder, and they are starting to grow their presence in the domestic market as well as a new focus area.

**PLI Benefits**

- They received INR 10cr of PLI benefit from FY22, bringing the total PLI benefits to INR 145cr.

**Mango pulp volumes**

- Are optimistic for the future with the expectations of a good season. Volumes of mango crushed grew in the double digits.

**Tomato pulping**

- A relatively newer business shows promising growth for the company. The company is increasing its capacity for tomatoes.
- India is one of the largest producers of tomatoes in the world and this business expects to turn revenues of INR 100 Cr+ in the near future.

**Pectin plant**

- They are the 1st company in the world to make pectin from mango skin, and they intend to make products like vegan leather from the plant's leftovers. The current pectin plant has a 150MT capacity.

**De-risking against mangoes**

- Over the last 2 years the share of mango pulp has come down from 90% to 80% in an attempt to de-risk the business.

**Supply chain**

- The company faces market driven pricing and maintains relationships with suppliers over generations (3 rd /4 th gen suppliers) with a focus to strengthen these in the last couple of years.

**Outlook:** Foods & Inns is continuously working toward adding new geographies and products. With the pectin plant showing their constant focus on innovation in order to remain ahead of the industry, identifying, and filling gaps in demand. With many marquee customers across India and the world they have a unique positioning in the food processing industry.

**Ashiana Housing Ltd**  
**CMP: INR 207 | Market Cap: INR 21 bn**

#### Guidance

- The company plans to do 1400-1500cr of business annually, has guided for 30% gross margins and ~INR 1500 cr pre-sales for FY24. The company has also guided PAT margins of 13-15% with 15% ROE expected on a blended basis.
- Amara The company has sold out 2 phases of ashiana amara in gurugram, both the phases got sold out on day one of the launch, 40% of total area sold out, the company plans to launch 3 more phases in this project, 1 phase expected to get launched in Q4FY24.

#### Realisations

- Ashiana amara in Gurugram phase 1 in oct 2022 the rates were INR 6100/sqft, for phase 2 ashiana amara launch in march 2023 the rates were INR 7600/sqft.
- Bhiwadi the prices are soft ~INR 3000/sqft, senior living is ~5000/sqft.
- Jaipur the company witnessed uptrend in the prices and going at ~INR 4500-5000/sqft.

#### Demand

- The company expects real estate upcycle to continue atleast for 2 more years. Jaipur market does not oversupply, Bhiwadi has over supply so the realisations are subdued. Gurgaon lacks supply, which may fetch good prices in the medium term.

#### Focus areas

- For new projects the company wants to focus more on gurugram where 3 more phases of amara is up coming, the company also acquired HSIDC land which has development area of 10.5 lsf, ~23lsf of inventory is there in gurugram itself. Jaipur continues to be strong and deep market for ashiana, Jamshedpur company is looking for land parcels, Pune the company recently launched and is a key market for the company. Chennai has 2 launches lined up in next 4-5 months.

#### RoE

- The company prefers asset light model, has partnered with IFC for capital, has committed 150 cr, the company is RoE focussed and wants to achieve and maintain 15% kind of RoE.

#### Future projects

- The company has 14 forthcoming projects with SA area of 9.05 msf, includes Bhiwadi, Jaipur, Gurugram and Chennai. The company mentioned that Gurgaon will play a key role going forward along with the senior living segment. Gurgaon lacks supply, which may fetch good prices in the medium term.

#### Debt profile

- The company is almost debt free, only NCDs are there, where there are no fixed obligations. If required, the company can raise debt as and when required, the company does not wish to go beyond debt/equity ratio of 0.2-0.3x kinds.

#### Senior living space

- The company has forte in senior living space, there is lot of potential in this space. In this space the company has completed 3 lsf and targets to complete 6 lsf in medium term. The company wants to concentrate on geographies like Tamil nadu, Pune, Bangalore and of course Bhiwadi for senior living space and don't want to spread too much in other areas. The company is not witnessing any kind of stress in collections and haven't received customers rescheduling requests for payments which means the sentiments are positive. Malakpur project, there is no development and project status is as it is. The Hinjewadi Pune project got a luke warm response, the company is planning to launch phase 2 for the same project.

**Outlook:** The recently launched amara had performed very well in terms of sales velocity, in Jaipur also the company is experiencing good traction. The company's recent financial performance is also encouraging. With collections of INR 250 crore and cash flows of INR 83 crore in the latest quarter, the company is generating strong cash flow. Overall, the company's financial performance and land bank position suggest that it is well-positioned for future growth. The company's ability to develop future projects at a lower cost and generate strong cash flow will give it a competitive advantage over other developers.

**Marathon Nextgen Realty Ltd**

CMP: INR 453 | Mcap: INR 21.29 bn

- The company has ~INR 4200 sales value of pipeline and margins of the company ranges between 30-45%. The company has been able to generate healthy profits and has not yet reported EBITDA margins lower than 30%.
- When group co transfers land to listed entity that is marathon nextgen, 12.5% of revenue is given to the land company and rest is retained by the listed entity.
- The revenue recognition policy of the company is percentage completion method. If the company has not entered into agreement then it will not be recognized as revenue.
- Realisation in Monte South is ~INR 22000/sqft, next zone is ~INR 6200/sqft. Neo square and Neo park is ~INR 9500/sqft and Marathon Future is ~INR 9500/sqft.

**Debt profile**

- The company's policy is to bring the net debt to equity to 0.75x. The current net debt is INR 830cr.

**Margins**

- The company works on a minimum EBITDA margin of 15%, so all the cost put together plus 15% margins forms the sale value. Futurex project the EBITDA is between 45% to 50% while next affordable housing Township project is somewhere between 20% and 25%; Very high volume, but low investment Neo projects, Neo housing, the EBITDA is between 15% and 20%.

**Demand**

- witnessing strong demand across in both residential and commercial space, and accordingly, the company has planned various launches over the coming years where a healthy response is expected.

**Ongoing projects**

- MNRL has sold an area of 41,91,706 sqft with total sales value of INR 3095 cr, estimated revenue from unsold area is ~INR 2995cr. It includes some key projects like Monte South, Futurex, Millennium, Neo park and Nexzone.

**Growth drivers**

- MNRL were amongst the first ones to identify the tremendous potential of mill land at Lower Parel where they are developing Monte South on one of the largest mill plots in South Mumbai.
- The company secured land parcels in Panvel and Dombivli much before large-scale development started in these regions. The company has a potential pipeline of over 100 acres in Bhandup where they have launched our NeoHomes series of projects.
- The company launched Monte Plaza and Millennium in Mulund anticipating the need for high quality commercial spaces in a suburb.
- Marathon group has a huge land bank of 100 acres in Panvel, 100+ acres in Thane, 100+ acres in Bhandup and 50+ acres in Dombivli.

**Upcoming projects**

- The upcoming projects include Monte South Phase 3 resi and commercial, Marathon Nexzone Phase 3 resi and commercial and Marathon Neopark Phase 3,4,5. Total saleable area of these projects is 31,50,000 sqft with an estimated sales value of INR 4200cr.
- 14 acres of Bhandup is getting transferred to Marathon Nextgen which has a GDV of ~INR 2250cr.

**Outlook:** MNRL has a rich pipeline of GDV from ongoing and upcoming projects, as well as land banks that could be developed through joint ventures or joint development agreements. The company also has a strong track record of profitability and is confident of maintaining margins of 36-40%. If MNRL is able to successfully execute on these growth opportunities, the company is well-positioned to capture opportunities the sector has to provide in the coming years.

**Century textiles & Industries Ltd**  
**CMP: INR 1115 | Mcap: INR 124.74 bn**

**Real Estate**

- The company has achieved INR 2200 cr of sales in FY23, aiming to achieve INR 3000 cr in FY24 and INR 10,000 cr over next 3-5 years. Expected to add 20,000 cr of GDV going forward.
- In FY24 the company expects to book revenue of ~INR 1800-1900 cr, in terms of attaining margin stability it may take 3 years.
- The company almost sold out recently launched project in Bengaluru ~INR 480cr and 560 units with an average price of INR 6775/sqft.
- Worli new phase Tower B should get launched by dec/jan, it has an area of 8.5lslf with revenue potential of about INR 4000 cr.
- Debt levels expected to remain in the similar range or go up if any acquisition comes in to the picture, the company doesn't want to go beyond INR 5000 cr of levels. The company has a negative working cycle. Current cost of debt is 7.5% which is expected to go up to 8%.
- Prabhadevi land project will take time, the focus will be on worli, walkeshwar and new phases.
- In FY24 the company will be completing 3 projects and will be reporting real estate EBITDA in this financial year. In 3 years time the company is expected to generate sufficient cash flows from this business to fund acquisitions and operating costs.
- Robust pipeline of 5 projects with GDV of INR 15,100 cr (Sangamwadi, Pune - INR 2500 cr, Walkeshwar, Mumbai - INR 600 cr, Sarjapur Bengaluru - INR 2500 cr, Delhi - INR 2800 cr, Thane - INR 8000 cr)
- The company does both JDAs and outright deals, want to maintain ratio of 70-80% outright and rest JDAs as outright deals are more lucrative margin wise.
- The company looks for at least 16-18% returns from all the projects.
- Demand is good for all the ongoing projects and all the previous projects are almost sold out.
- Healthy margins ranging from 25% to 50% across projects
- 80% inventory over, prices increased 25-30% in the markets where the company is operating
- Sale of INR 207 cr and collection of INR 369 cr in Q1 FY24 with overall efficiency of 98% in collections
- Indian Real Estate sector currently experiencing the most buoyant period in over a decade with low inventories and high demand
- Works with reputed contractors like Shapoorji, Latent and others
- Net leasing income at INR 30 cr up by 7% YoY/0% QoQ

**Pulp and Paper**

- Contributed 73% of revenues and EBITDA of INR 134 cr
- Net sales at INR 856cr up by 1% YoY/-2% QoQ due to sales held purchases by customers amidst competitive pricing from international mills
- Demand remained low throughout the quarter on a back drop of inconsistent pulp prices internationally. FMCG and F&B segments have not done well, and the Pharma industry has also been stagnant
- Capacity utilization reached to 95% and cost pressures remain. Expecting the demand to get better from Q2FY24 onwards.

**Textiles**

- Contributed 25% of revenues and loss of INR 1 cr at EBITDA level
- Sales stood at INR 268cr down by 19% YoY/-2% QoQ on account of demand has been sluggish, most of the Indian mills have been operating at partial production capacities.
- The cotton prices declined sharply by 36%, yarn prices also declined and there is slack demand for yarn due to weak market sentiment
- Company decided to shut down the Spinning and Weaving departments since good quality yarn and greige fabric is available in the market at cheaper rates.

**Outlook:** Century Textiles and Industries Ltd is a diversified company with a strong presence in the real estate sector. The company has a robust pipeline of projects of ~INR 45,000 cr out of which ~INR 5500 is already launched and is well-positioned to benefit from the buoyant real estate market. The pulp and paper business is expected to be subdued in the near term, but the company is confident that demand will improve in the coming quarters. The textile business is expected to be loss-making, but the company has decided to shut down the spinning and weaving departments to focus on other areas of the business.

**Anand Rathi Wealth Ltd****CMP: INR 1,775 | Mcap: INR 74.12 bn****Segmentation**

- They have uniquely divided their business into three segments viz: INR 50 Lakh to INR 5 crore, INR 5 crore to INR 50 crore (HNI), INR 50 crore and above which is the UHNI segment. The UHNI segment consists of 18.1% of total AUM, whereas the HNI segment consists of 52.1% of total AUM, as on 30th June, 2023.
- The company's primary focus is on HNI segment. Majority of the AUM is covered by this segment. Most of the UHNI customers were HNI when they were on boarded. Their HNI customers are urbanized Indian audience from a qualified background and includes professionals, who appreciate high quality advisory.

**Preposition**

- The company manages wealth using the four steps of management viz; defining the objective of wealth, developing strategy which has a high probability of success rather than chance of success, monitoring of wealth and understanding the common objective (return objective).
- The company at an initial meeting with their clients, list down all their assets, and then a strategy is formulated to earn a return of 11 -15%. After that, the performance of the portfolio is formulated using MIS reports.

**Product**

- In order to earn a return of 11% – 15%, it is important to choose the right asset class. The company focuses on two products: Mutual Funds (Both Debt and Equity) and Structured products (includes non-principal protection structured products).
- It helps them to generate an alpha of 2-3%. They prepare a model portfolio for their clients based on these 2 products, which remains constant for one year and then reviewed for changes.

**People**

- The company has a total of 300 RMs. Each RM has an account manager, who is trained to become RM.
- The company's attrition rate is as low as 1%. The compensation policy of the RMs has remain unchanged for over 15 years. It is based on the performance of RM rather market factors or profitability of the organization.

**10-25% Growth**

The four levers of growth that helps them to attain 10-25% growth are as follows:

- **-Market:** The growth in Indian equity market is one of the driving factors for the growth of the company.
- **-Existing Clients:** The company has a total of approximately 9000 clients and they are managing around 45% of their total assets. These clients can add in to the growth of the business by allowing them to manage more of their assets.
- **-New Clients:** Anand Rathi has a total of 300 RM base. Each RM manages 30 clients currently, which is 50% of their capacity. Each RM can manage 50 clients. This will enable them to increase their client base, which in turn will help in business growth.

**Outlook:** The company has a strong business model and has clearly defined goals. Their primary focus is on HNI segment with a return objective of 10-15% and a business growth objective of 10-25%.

**Home First Finance Ltd.****CMP: INR 811 | Market cap: INR 7,153 Cr****Business**

- Lead Generation Strategy is through Connectors, 96% of whom are registered on their Connectors App.
- 282 touchpoints currently for lead generation
- Company is present in 13 states with larger presence in Gujarat, Maharashtra, Karnataka & Tamil Nadu. Now focussing on expansion in Uttar Pradesh.
- Management is focussing more on expansion digitally rather than Branches and employees in order to control expenses.
- Yields have increased over the last 15 months while HFFC has increased their interest rates only as per the interest rate hikes.

**Credit Underwriter**

- Assesses Income of Customers by visiting their homes, while 2nd and 3rd nominee has to have cash income. This is the differentiator between HFFC against its Peers.
- Credit Underwriters take up to 200 files per month, i.e. an average of 6-7 files per day.
- Overall Rejection rate is little over 55%.
- RM rejects 45-50% of customers.
- Last 12 months bounce rate is tracked for the customers
- Collection is done mostly digitally.

**RM & Connectors**

- RMs & Connectors reputation is at stake, so, they themselves are careful regarding credit assessment.
- 30-40 bps is paid to Connectors for lead generation.
- Since, Connectors 85% of income comes from Real Estate companies rather than Lead generation incentive. Hence, lower incentive keeps them away from false/poor lead generation.

**Current Demand**

- Management not seeing any demand slowdown currently.
- Significant reduction seen in Bounce Rates after the Pandemic
- Currently, Salaried Customers make up 69% of the Portfolio while Self Employed make up for 31%.
- HFFC does not provides financing to Commercial or Project Loans anymore. It stopped lending to them 4 years ago. Company provides loans to retail customers only.
- Management is looking to expand in the South Indian states as the income levels and Credit is seen lucrative.
- Loan Against Property (LAP) is started only 3 years ago, and stands at 15% of the book as of now.
- LAP Asset Quality is seen to better than the rest of the Portfolio.
- NHB loans are charged 115 bps lower than Marginal Cost.
- LIG and EWS is at INR 50 lakhs.

**Moneyboxx Finance Ltd**

CMP: INR 811 | Market Cap: INR 550cr

- Provides loans to Livestock Owners, Kirana, Retail and Small Manufacturers.
- Provides both Secured and Unsecured Loans.
- UnSecured Loans range between INR 70,000 to INR 3 lakhs, whereby tenure is up to 2 years.
- Secured Loans range from INR 2 lakhs to INR 10 lakhs, whereby tenure is up to 3 years
- Unsecured loans IRR is 30% while for secured is little lower.

**Credit Underwriting**

- Credit Assessment is done differently from banks
- No Paperwork is done except for Collateral (secured). Hence, no DSA (Direct Selling Agent).
- Collection is done in-house, so no Outsourcing.
- Approach is to provide Essential based Portfolio lending. Hence, 60% have livestock with minimum 5(+) cattle with 2 sources of Income.

**Finances**

- Current Spread is 16% while Overall cost of Borrowing is 14%. However, incremental Cost of Borrowing is at 13% as SBI & HDFC Banks are giving incremental loans at 11.5%.
- Guidance of INR 800 Cr of AUM by FY24 end and INR 1,600 Cr AUM by FY25 end, from INR 410 Cr AUM as of June 2023.
- In Q1FY24, RoE stood at 8.5%. Management Guidance of RoE of 15% by FY24 end and 20% by FY25 end.
- Further business expansion will help improve RoE as Fixed Costs get mitigated and return ratios improve.

**Business**

- Focussed on Food Security & Dairy Sector.
- Helps increase & save more for the farmers and cattle rearers, growing them alongside.
- Guidance of Secured Portfolio of 25-30% by FY24 end against 5% last year.
- Initial Cost is high for new branches, but later, every branch moves to RoE of +20%.
- New branches takes 4-5 months to pick up business.
- Comparative Study of Different Geographies and common things like, Price of Milk, etc.
- Management is focussing on lowering yield and get more comfortable on the Asset Side.
- Credit Cost at 2%, which is one of the lowest in the MFI segment.
- Lowest Collection was 96% during the 2nd Covid Wave.

**Vardhman Special Steels****CMP: INR 205 | Market Cap: INR 1,668 Cr****Price Settlement Issue:**

- Management happily reported that the Price Settlement Issue has been resolved this time around with their key customers in the Automotive space.
- INR 3000 per tonne has been increased in Q1 while INR 5,000 per tonne reduction has happened in Q2 with Bajaj, Maruti and Hero, which are their key customers in India.
- Along with it, the Company has made an adjustment of INR 1,000 per tonne has been settled with Bajaj and Hero company for they had given an excess in last year Q2.
- Also, for the first time Maruti and Hero have given a Nickel Moly alloy price increase, which for now has not much of an impact, but Management believes this is a Positive impact for their business going ahead as they are going to get more into these segments in the future.
- Carbon Footprint is becoming a major issue in the business as the customers keep asking for the Carbon Footprint, and the use of recycled steel in their Raw Materials.
- However, the management says they are already using Electric Arc Furnace from Recycled Steel, addressing the issue arising now among their customers.
- Their Carbon Footprint is at 0.82 against most of their competitors ranging between 2.5-3.0.
- They have plans to bring it further down to 0.5 by putting up a solar plant to be finalized soon of 60MW by Jan 2025, and after the Punjab Government comes with different tariff for Renewables, they will be down to 0.2.
- Because of the Carbon Footprint thing, 1 another European Automaker (apart from the Aichi, Japan) has approached the company as they are more serious about the issue.

**Capex**

- Company is doing Capex of INR 300 Cr for their rolling mills facility.
- By June 2025, they are expecting the billet Productions capacity to be 260,000 tonnes.

**Business**

- By 2026, there will be capacity crunch to their business, for which the company is looking for a Outsourcing solution. Management says they are coming up with a solution to that, and will be able to manage the capacity crunch by 2026.
- Management is expecting a Price increase in Q3 to benefit their margins as the sales and Productions ramp up further in the Auto sector.
- Aichi which is leading the Audit for Suzukifor sourcing steel from India, has completed the Audit. And the company will be supplying 25,000 tonnes of Special Steel for exports to Japan.

**Guidance:**

- Management has given a guidance of 200,000 tonnes of steel production for FY24, and if prices remain stable at these levels, EBITDA to be around INR 7,000-10,000 per tonne, not considering the Price increase to happen in Q3.
- Current Capital Employed is at INR 775 Cr, and not to breach INR 950 Cr internally.

**Vaidya Sane Ayurveda Laboratories Ltd**

CMP: INR 310 | Market Cap: INR 332 Cr

**Business**

- The Company runs an Ayurvedic Healing Clinic & Hospital Chain for treatment of Heart & Other Chronic ailments under the brand name "MadhavBaug".
- As of date, they run 350 clinics and 2 Hospitals, of which 65 clinics are owned and the rest are franchise run. 1 Hospital is in Khopoli of 45 beds, which will become of 85 beds in the next 6 months, while the other Hospital is in Nagpur of 20 beds.
- For the franchise business, the Company only allows Qualified and registered Ayurvedic Doctors eligible to take Franchise, and currently has 450 doctors associated with them.
- The Management has a vision of 1,000 clinics in the next 2-3 years.
- Apart from the clinics, the Company is also going to launch new Juices in the captive
- Another New Hospital is coming up in Vizag in the next 6 months or so as per the Management.
- In the Online sales, the Madhav Prash Online brand of Sugar Free, the company acquired the manufacturing plant, and now it costs them around INR 99-100 for the product sold at counter price of INR 525.
- On the question of Emergency services: The management clearly mentioned that they do not provide any kind of Emergency services for inbound Heart ailments patients, and that their business is in the healing role of a patient through Ayurvedic medications and food.

**Franchise Business Model**

- The Company gets 40% of the revenue from the franchise clinic's revenues.
- For the franchise, they charge INR 5 lakh franchise fee along with INR 25-30 lakh investment by the franchise owner for the clinic infrastructure set up.
- In the Doctor's consultation Fee, out INR 100, 30% goes to MadhavBaug and remaining 70% with the Doctor. Similarly, out of INR 100 for medicine, INR 40 goes to madhav baug and remaining Rs 60 remains with the franchise.
- The Payback period for a franchise Partner is anywhere between 2-2.5 years.

**Financials**

- The Company has raised INR 10.5 Cr from Warrants by the founder & Chairman, INR 21 Cr from the IPO and INR 42 Cr in fund raising later on.
- 50-60% of their Patients come by word of Mouth marketing.
- However, going ahead, the Management would increase the Marketing expense to 6-7% of the overall expense as a growing company for the next few years.
- Management believes the fixed cost expenses have almost peaked for them, and now they will be witnessing some relief in their margins as they keep growing the business furthermore.

**GTPL Hathway****CMP: INR 170 | Market Cap: INR 1,914 Cr****Business**

- GTPL Hathway got listed in 2017 to invest in their Broadband business with Optical Fibre.
- The Company became Net Debt free by paying INR 400 Crs over the last 4 years.
- They paid 40% dividend this year.
- With the industry growing so fast, the Management relies on FTTH Technology as it is very advanced and will remain strong and adapted in future.
- They have launched OTT products, and are on the verge of starting streaming Gaming services on their platform and through broadband services.

**Capex**

- The management guides INR 450-500 Cr of Capex every year for the next 3 years, i.e., INR 1400-1500 Cr for the next 3 years.

**Business Outlook**

- The Company acknowledges that they provide OTT services over their broadband services at 80% cheaper than market rates.
- The Company recently launched their product Genie, which turns any normal TV into a Smart TV.
- Through their Product Genie Plus, the company offers OTT apps to pass on the benefits to the subscribers of GTPL.
- Management acknowledges that in the Network and Broadband business, one has to be a significant player in order to survive and grow further due to the neck throat competition using technology.
- Geographical dominance by local players as well as Pan India players is a crucial thing in the Broadband business.
- The Company participated in the BharatNet Phase 1 & 2 which were for 15,000 km and 17,000 respectively. Now, the BharatNet Phase 3 is to connect across 15 states, but is delayed as of now.
- The management also stated that they are awaiting 5G network adoption Pan India, so they can roll out their OTT & blended products across other geographies.

**Indag Rubber Ltd****CMP: INR 138 | Market Cap: INR 362 Cr**

- Indag Rubber is in the business of Re-Treading of tyres, also known as Re-soling of Tyres
- A re-treaded tyre gets 70-80% of life of New Tyre after Re-Treading.
- Most Commercial Vehicles and Industrial Vehicles use Re-treaded Tyres in India.
- Re-treads around 1 lakh tyres per year
- Cost of 1 Radial Tyre of a truck is INR 25,000-30,000. Re-treading helps truck fleet owners save at a cost of around INR 5,000 for Re-treading per tyre.
- Radialization increased to 60% of tyres currently, with yearly increase of 3-4% average per year.
- However, Damaged Tyres are not fit for Re-treading.
- Raw Materials used include Natural Rubber 55%, Synthetic Rubber and Carbon Black as rest of the Raw material Cost.
- 3 segments of Revenue stream generation: Aftermarket, State Transport Undertakings and Exports.
- Exports business is not of significant value yet. However, they are expanding outside through Franchise model.
- Excise Duty exemptions earlier helped achieve 15-16% EBITDA margins. However, Russia Ukraine war last year drove Raw Material & Commodity prices up, leading to some strains.
- Competition is from the Unorganized players in the market doing same business of Re-treading of Tyres.
- Currently, has a client base of 150 Mega Fleet Owners of Trucks with Each Owner having more than 200 trucks.
- Government allowed 2025% overloading of CVs in 2018-19.
- Organized market size if of INR 2,000 Crs, with Indag revenue of INR 250 Crs.
- Guidance: To grow 6-7% per year growth till 2030, i.e. double the rate of Industry growth.

**L T Foods Ltd****CMP: INR 166 | Market cap: INR 5,777 Cr**

- Currently, only India & Pakistan are the major exporters of Basmati rice globally.
- Basmati Rice Industry is growing at 8-9% YoY with L&T Foods growing at 15% YoY
- India produces 8 million tonnes of Basmati, of which 2.5 million tonnes is consumed domestically.
- In India, 60% of Basmati rice is Packaged. Hence, organized market is bigger and Premium than the Unorganized.
- Currently, People are consuming more Basmati Rice as the income levels have risen, and food as an experience is getting popular both in domestic use as well as Commercial uses in Restaurants.
- Acquisition of 9.22% by SALIC Investments is helping them to get more Market share, in both domestic as well as Middle East.
- Market Share in India is 9.5%. However, in North America, market share is at 55% riding on the Brand "Royale". In Canada, it held onto Leadership position with Brand "Seven Elephant".
- No Impact of Monsoon on the Production of Basmati in North India. Instead, it actually favoured Basmati Production with higher Productions coming in.
- As per the Government policy, Indian Rice exporters cannot export Basmati rice at a Price below USD 1,200 per tonne. This is actually benefiting LT Foods for its Premiumization, Branding and higher margins.
- Margins to increase from 10.7% to 12% by this year end, and between 13-14% for the subsequent year.
- Current Year Capex stood at INR 170 Crs.
- No Diversification plans as of now. However, being in Consumables business, Management keeps looking for Inorganic Acquisition for more growth.
- In India, markets size is in the order of West, North, Central and South. And it is increasing rapidly.
- On the question regarding Consumer choices for Premium Basmati consumption: Consumers are preferring the \$3 per kg Basmati rice over the \$2 per kg Basmati as food preferences improved better.

**Supriya Lifescience Ltd.****CMP: INR 281 | Market cap: INR 2,261cr**

- Company's 80% of API Product Portfolio does not have any competitors in China. Only 2-3 major competitors are in the production of the same APIs, but they are all based in Europe. Therefore, advantage is with Supriya Lifesciences on account of cheaper labour costs, other fringe expenses, etc.
- Internal main advantage is their backward integration.
- 80% revenue from Exports, and will remain high in the future as well due to the market outside India much bigger.
- Europe remains their largest market, the US markets is at 5% currently but is growing rapidly. Apart from North America, Latin America and China are also growing very fast.
- Current Capacity Utilization is at 75-80%, and will remain a similar levels in future.
- Company to introduce 4 new Products in the next 6-9 months which will be in the categories of Anti-anxiety, Anti-diabetic and Anaesthetic categories.
- Module E is under work, and will have a production capacity of 1,000KL per day by FY26 at Isambe. SL will spend another INR 50-60 Cr capex for that from their internal accruals.
- Company does not expect the margins to decrease anytime soon.
- SL does not takes Long Term contracts in APIs. Most contracts are at max Quarterly duration.
- Management looking for expansion in Complementing therapies in the basket to keep catering to the customers.

**Risks to Business**

- Major risk is from the regulatory side. Apart from that, Raw Material Prices and Change in Freight Costs impacts their margins.

**Guidance**

- 20% YoY growth Guidance remains intact.
- Regulated market Products to be 55% of their Product Portfolio from the current levels of 45% of the Product portfolio.
- Isambe and Ambernath Capacities are coming up in this year and the subsequent years.
- Looking to further de-risk the Product Market portfolio. They are collaborating for Protein Products as the Market size is large and requires Patented Technology.
- Revenue Guidance maintained at INR 1,000 Cr by FY27.
- INR 20-25 Cr Capex each year

**Punjab Chemical & Crop Protection Ltd****CMP: INR 1,107 | Market Cap: INR 1,357 Cr**

- The last 4-5 years has been good for the company and it achieved Rs 1,000 Cr revenue last year
- 2nd quarter is also expected to be marred by Channel Inventory dilution.
- 60-65% business comes from CRAMS business, and will remain so.
- Key market exports is 60%.
- 14-15 Products are in the Pipeline while the company strengthens their R&D Team furthermore.
- By the 4th Quarter, some New Products are to start Sales.
- Management is scouting for location of New Plant, and it will be finalized by next 6-8 months.
- They are looking for land for their Brownfield Expansion as well for their Industrial & Specialty Chemicals.
- Of the 15 new Products: 5 are mature molecules of which include 4 CRAMS molecules and 1 other.
- 10 Newer Molecules are in the Fungicides category, including Herbicides and Insecticides, and are registered in their respective markets.
- By FY26-27, newer molecules will be generating significant revenue.
- Around INR 100-125 Cr of revenue to be generated from each of the 15 new molecules at Peak Performance, i.e., INR 1500 Cr of revenue by FY26-27.

**Ajmera Realty & Infra India Ltd****CMP: INR 380 | Market Cap: INR 1,348 Cr**

- Company is looking at Redevelopment Projects across Mumbai, and has found several, and looking for more.
- Reason is quick Turnaround and Launches in these Projects.
- Industry has more than 1800+ Redevelopment Projects coming up.
- 2 Land parcels are in the development phase in Wadala & Kanjurmarg.
- Kanjurmarg will be in 2 Parts, 1 will be Commercial and other will be Residential.
- Of Sequoia and Nucleus: 66% from sold and INR 167 Cr of Unsold part are done with Sales.
- In Wadala, the ticket sizes of Greenfinity are of INR 1.2-1.5 Cr ticket sizes.
- INR 771 Cr of Debt remains, of which is 1 Corporate Debt and another is Working Capital/Project Debt.
- Debt/Equity to be reduced further to 0.5-0.7x.
- Existing Portfolio is of INR 2,100 Cr.
- No plans of Divestment as per the Management as of now.
- Some Promoters of the Promoter Group hold stakes in 2 Projects in Unlisted space.
- One is a 40+ year old Project which didn't wanted to participate in the listed space.
- Another is in Malad, where there is jain Society and had some litigations prior.

**DC Infotech Ltd****CMP: INR 183 | Market Cap: INR 220 Cr**

- The Company is in the business of IT Products & Solutions for the modern Office IT and related Infrastructure.
- The Company's revenue mix includes IT Products segment which makes 82% of their revenue while the Services segment business makes up the rest.
- The Company provides businesses IT Networking & Communications, Security of Data & Cybersecurity including Cloud Data security patches.
- They have partnered with Netscouts, which is a Performance & Service Assurance product.
- The Second Product is Arbor DDOS service, which is a denial of Service at any particular website at any particular time, due to hackers attack or large volume of traffic jamming the servers.
- Management confident of growth beyond its current geographies of Western India, in the Northern Indian as well as the other cities of Western India apart from Mumbai.
- Also, looking to expand in the South Indian markets where the competition is high from local players, but rapid IT sector growth in Southern India, promises of good business in that Geography.
- However, the Company clarified that they do not make the IT Products themselves, and rather are in the business of installation and solution Providers for Office Infrastructure.
- The Management believes that with the massive digitization, coming of RelTs etc, the growth of the Industry will remain intact for the next several years.
- **Guidance:** Management expecting 15-20% YoY growth in revenue and +20% growth in the EBITDA annually.

**Meghmani Organics Ltd**

**CMP: INR 81.8 | Mcap: INR 20,800 Mn | PE 18.31x**

**Geo mix**

- Meghmani's 80% revenues comes from exports and 20% from domestic markets for agrochemical and pigment business. The company is present across the globe.
- The company is amongst top 10 manufacturers in India. In terms of sales 2/3<sup>rd</sup> comes from technical and 1/3<sup>rd</sup> comes from formulation.
- The demand has slowed down in pigment segment, the company has blue and green pigments, recently has introduced titanium dioxide into its portfolio.
- The company has adopted certain strategies such as cost rationalization wherein the management has proactively undertaken cost control measures, clearing the high-priced inventory, optimizing the working capital utilization, and enhancing the cash conversion cycle to maintain their balance sheet strength.

**Agrochemicals**

- constitutes ~71% of the overall company's revenue during Q1 FY24. The segment was impacted by global headwinds in agrochemicals on account of excess supply in the market causing pricing pressure. **Pigments** constitutes ~29% of the overall company's revenue in Q1 FY24.

**Capex**

- The company is doing capex majorly in titanium dioxide and nano urea. The commercial production of 'Nano Urea' is expected by Q4 FY24. The plant in Gujarat will have an annual capacity of 5 crore bottles. Titanium Dioxide (TiO<sub>2</sub>) plant has been commissioned and is under trial production. The capacity ramp up will be done gradually. Commissioning of Co-gen Power Plant expected by Q3 FY24. The company has spend INR 390 cr on multi-purpose plant.

**Deferred expansion plans**

- Meghmani Organics had deferred its Phase II expansion plans in the TiO<sub>2</sub> plant and Agro-chemical segment due to the subdued business environment.
- **Commissioning of Co-gen Power Plant-** expected by Q3 FY24, the company also plans to commission phase 2 once the phase 1 stabilises. The cost of power is INR 9.02/unit if sourced from the market this powers plant will provide power at ~INR 5/unit which will be a huge cost saving.
- **Titanium dioxide:** The customer base is already ready for the company as the existing paibt manufacturers will be the customers and whatever additional will also add to the pool. **Margins** In titanium oxide the margins varies between 15-25% in normal circumstances.
- **Paint division-** The demand is expected to be good going forward, expecting demand to be in double digit. Existing capacity is 50 tons per day and can be expanded to 200 tons per day with existing land parcel the company has. Pigment market is facing some challenges, such as rising input costs, competition from low-cost producers in China, and environmental regulations. Meghmani Organics needs to carefully manage these challenges in order to maintain its profitability and growth.
- **Nano-urea-** The management's expectation of a change in nano-urea adoption over the next 2-3 years is reasonable, given the PM Pranaam yojana. The PM Pranaam yojana is a new scheme that incentivizes states to promote the use of alternative fertilizers, including nano urea. Under the scheme, states will be rewarded with a portion of the subsidy savings that they achieve by reducing their use of chemical fertilizers.

**Outlook:** The company has a strong track record and is well-positioned to benefit from long-term trends. However, the near-term business environment is challenging, and the company is facing some headwinds. Titanium dioxide customer base is ready plus nano urea market is expected to increase its adoption in the markets might benefit the company. The company does not want to go beyond net/equity ration of 0.5x shows prudent debt management. The stock is trading at PE multiple of 18.31x to its TTM earnings and in long term we expect the demand situation to get better backed by various government initiatives.

Nuvoco Vistas Corp Ltd

CMP: INR 372 | Mcap: INR 132 bn | Rating Buy | TP INR 444

- **Realisations:** East cement prices were on a decline till the mid of the quarter, recently in the month of Sep 2023, this region took 2 rounds of price hikes of ~INR 35 each, taking the price up by ~INR 70 per bag.
- **Raw material:** The company has limestone reserves of 45 years, flu ash is available in near by areas and for slag the company has long term agreements with tata steel. The slag prices have gone up but Nuvoco is procuring slag at a blended cost of markets slag as well as the long-term. The company has 2.5 million tonnes of contracting with Tata Steel due to which Nuvoco was trending at about INR1100 per tonne, which currently is trending at about INR1450 per ton and that is why the company's blended rate is lower at about INR 1400/t. In Q1FY24 AFR mix was 11%, the company targets to take it to 14% for better cost management. The company's **trade share** stood at 73% up by 1% Yoy, premium products contributed significantly, with a 37% share of the company's cement trade volumes in Q1 FY24 up by 3% YoY. The company is targeting to achieve 40% of premium share going forward.
- **Cost scenario: Power and fuel cost** at INR 1219/t down by 10% YoY/12% QoQ led by a reduction in Power & fuel cost on account of softening in pet coke and coal prices. The slag prices have gone up but Nuvoco is procuring slag at a blended cost of markets slag as well as the long-term.
- **Cement-to-clinker ratio** at 1.83 during the quarter, amongst the best in the industry.
- **New launches:** The company launched 1. 'Duraguard F2F' in West Bengal - a premium composite cement that strengthen the construction from foundation to finish; 2. RMX Specialized RMX Concrete solution meticulously designed for column construction; 3. Flooring solution which offers high abrasion resistance and a variety of color options when used with floor hardener.
- **Expansion:** the debottlenecking at the Risda Cement Plant has been completed during the quarter, while the cement expansion at Haryana Plant and debottlenecking at Nimbol Cement Plant are scheduled to be completed by September 2023 which will help to establish a stronger presence in the North. Expansion at Haryana of 1.2 MMTPA is on schedule for commissioning in Sep' 23, which will take the Company's cement capacity to 25 MMTPA. Railway sidings at Odisha and Sonadih is proceeding as planned; operations to commence from Q4 FY24. Gulbarga green field project will happen once the company achieves its debt reduction targets.
- **Capex:** The capex plans for FY24 is INR 580cr which includes brownfield expansions in Nimbol Bhiwani so siding and Josh coincide and in addition to that routine Capex and RMX expansion, out of which the company has already spend INR 120cr in this quarter.
- **RMX:** Commissioned 3 RMX plants in Q1 FY24. Currently, 54 operational plants across India, target to reach 70 plants. Continuous thrust to improve premiumisation - value added product mix at 34% of total sales volume in Q1 FY24 vs 25% in Q1 FY23.
- **MBM:** Construction chemicals and tile adhesive segments continue to witness sales improvement.
- **Demand drivers:** The scheme of INR 8,000 Cr. for the Smart Cities Mission and INR 19,518 Cr. for metro projects allocated by the Government for FY24 will bring in lot of incremental demand. Road projects under Bharatmala Pariyojana Phase 1 - 66% of the total 34,800 km targeted for award by FY24 to FY25 and Phase 2 - Tender for 5,000 km costing 3 lakh Cr. expected to begin within FY24 will bring in lot of institutional demand.
- **Net debt** at INR 4506cr up by INR 92cr QoQ and by INR 283cr YoY due to working capital requirement and seasonality of the business. The company is targeting to reduce debt levels and get to the level of INR 3500-4000cr in 8-12 months.

**Outlook:** The company is focussing to reduce debt and post that will concentrate on increasing capacity through brownfield and greenfield projects. Going forward, macroeconomic indicators exhibited a positive outlook due to strong housing demand and government-led infrastructure development projects. The company's focus on internal levers and operational efficiency coupled with stabilizing fuel costs will help in margin improvement. Further, the company's capacity expansion plan and optimum capacity utilization at the company's facilities will also help serve incremental demand. Declining finance costs led by debt repayments should support profitability. We expect EBITDA/t to increase by more than INR 130/t on a full-year basis for FY24. We value the stock at an EV/EBITDA multiple of 10.2(x) to its FY25E EBIDTA to arrive at a target price of INR 444, and maintain buy rating on the stock.

**Puravankara Ltd****CMP: INR 131 | Mcap: INR 31.18 bn**

- The company has liquidated its ready to move in inventory, in 2019 the company has debt of INR 3000cr and ready to move in inventory of 2.2msf, the idea was to get the debt in control and that's what has happened. The **net debt** stood at INR 2,119 cr as on 30<sup>th</sup> June 2023 and the net debt to equity ratio stood at 1.07x for Q1FY24, net debt has been reduced by 89 crores sequentially.
- **Margins:** The company is in a very aggressive growth mode due to which the company is expensing out lot of amount and investing a lot in the business, that's why lower margins as revenue recognition will happen post project completions. The margins should improve by next year or following year.
- The realisation has grown from INR 6056/sqft in FY20 to INR 7700/sqft by the end of FY23.
- The company prefers outright acquisitions over JDAs as margins are better in outright deals, though JDAs have their own benefits, tries to maintain healthy balance of 70% outright and 25% JDAs
- **Launch pipeline:** The company has visible launch pipeline of ~15msf, out of this ~5-7 msf will be launched in FY24. The company has healthy launch pipeline of 15msf of saleable area which includes Bengaluru 33%, Chennai 33%, Kochi 19% and others. Puravankara-Residential forms 21%, Puravankara-Commercial 3%, Provident 52% and Purva Land 24% of total launch pipeline.
- The company plans to invest INR 30cr in IT to enhance digital visibility, the company is able to generate 65% of enquiries through digital platforms.
- Bengaluru projects now account for 44% of the share of ongoing and 68% of launch pipeline. In addition to our residential offerings, introduced Zentech Business Park, a commercial project, catering to the growing demand of office receipt.
- The company tries to maintain 70% ratio between sales and collection.
- **Land bank:** Puravankara has total land bank including completed and ongoing plus land assets is ~48.08 msf. Provident has total land bank including completed and ongoing plus land assets of ~15.19 msf. In this quarter the company launched project Raagam which witnessed 100 bookings in just 2 days of launch.
- **Industry scenario:** India experiencing an upward trajectory, fuelled by factors such as expanding internet penetration, e-commerce advancements, increase infrastructure investments and modularized supply chain the elastic market is projected to grow at a remarkable compounded annual growth rate of 7% to 8% during 2023 to 2025. Housing sales have witnessed significant growth across the properties, focusing sustained demand and lucrative opportunity for investment.

**Outlook:** Puravankara has a strong focus on execution and is known for delivering its projects on time and within budget. In Q1FY23 The company has reported robust sales growth of 119% YoY with 52% growth in collections on YoY basis. Going forward, the company has a huge land bank and healthy cash flow visibility of INR 6730cr with a robust launch pipeline of 15 msf, which will further boost current healthy operational performance. The company's robust land bank, healthy cash flow visibility, and robust launch pipeline indicate that it is well-positioned to sustain its growth momentum in the coming years.

**Sunteck Realty Ltd**

CMP: INR 450 | Mcap: INR 66 bn

- **Sunteck and IFC a real estate firm has entered into partnership** to create a joint platform which involves investment of INR 7500 mn to promote the development of nearly 12,000 high-quality housing units across four to six green housing projects within the Mumbai Metropolitan Region. IFC's proposed investment is for up to INR 3,300 million (US\$40 million), with the remainder that is, INR 4200 mn to be brought in by Sunteck Realty. Sunteck share will be funded by internal accruals in a staggered manner, it is spread over 4-6 projects.
- **Development pipeline:** The company has vast development pipeline, mira road 5msf, Kalyan 10msf, Napean sea 3 lakh sqft, beach residences 5msf, Naigaon 7msf, sunteck city 4msf and one more with 13 msf.
- **Demand:** The demand going on very strong and prolonged one, this upcycle should go on for another 3-4 years. This kind of tailwinds have been experienced after 10 years in real estate sector. The demand in MMR region is driven by end users.
- **Growth engines:** The company has generated 7 growth engines which includes complete and ongoing projects like BKC, ODC, Vasai west and mira road along with upcoming project Kalyan and future project napeansae road. The total GDV for all these projects stands at INR 303 bn spread over 7 years.
- **Kalyan Project** will be launched in next 3 to 4 months, it has GDV value of INR 9000 cr.
- **Napeansea Road** project will be launched in next 9 to 12 months with GDV of INR 2500cr and is located in south Mumbai. The company has so far invested INR 100 cr in this project, the realisations in this area is ~INR 1.25 lakh.sqft.
- **Other opportunities** The company also has large possible projects already acquired but not considered in the calculations such as, Borivali West, Sion, Jaipur and so on as there is very less visibility for these projects. The GDV does not include rise over the next few years and upside from all future JDAs that may be executed.
- The already-launched 5 growth engines are firing all cylinders – Sunteck Sky Park, Mira Road launch has been one of the fastest monetizations.
- **BKC inventory:** In BKC 80% is sold and 20% is yet to to sold, the sales are bit slow, the company has indicated to factor in higher period of time for sales 4-5 years.
- The company has hinted that they are sorted with the current pipeline which has potential to generate 20% revenue growth YoY.
- The redevelopment space has become lucrative, the company is open to take up redevelopment projects.
- At this point of time Sunteck is not thinking of going beyond MMR region as the margins are pretty lucrative, the lowest price points in this region is ~INR 10,000-12,000/sqft.

**Outlook:** SRL is known for its prudent cash flow management and strong balance sheet. SRL has aggressively acquired projects when the land prices were at attractive prices during covid, at the same time keeping the debt levels to its lowest and generating robust cash flows. Going forward, we expect the company to generate healthy cash flows in H2FY24, driven by robust pre sales from existing projects and new launches along with collections to be in line with the presales. The company has total cash flow visibility of INR 303 bn which is achievable over 7 years, the company is also building up on annuity income which will generate an income of INR 72cr per year. With IFC and Sunteck partnership for 12,000 units, we believe company is working aggressively towards its guidance of 20-25% sales growth YoY. We have BUY rating and a target price of INR 547 (WACC 13%).

**Tilaknagar Industries Ltd**

CMP: INR 206; Mcap: INR 39,650 mn

- **Guidance:** Volume growth guidance is mid to high teen growth YoY.
- **Financial overview:** The company recorded volume growth of 42% YoY, compared to around 5-6% for overall IMFL industry in Q1FY24. Net Sales Realization per case improved to INR 1,249 in Q1 FY24 against INR 1,157 in Q1 FY23. EBITDA margins expanded by 300+ basis points compared to same period last year; EBITDA grew by 77% to INR 38.4 cr in Q1 FY24. In Q1FY24 volumes grew by 42.4% at 25 lakh cases compared to 18 lakh cases in Q1 FY23. Volume growth can be attributed to gain in market share and low base last year.
- **Margins:** We expect expansion in margins backed by premiumisation initiatives, flandy into play for entire year and also increasing footprints in other states as well and reduction in glass prices.
- **Growth drivers:** The growth has been led by Mansion House Brandy and Courier Napoleon Brandy, 80% of volumes are in the Prestige and Above segment. Sales realization per case has also improved to ~INR 1,250 per case, as compared to ~INR 1,157 per case last year. The company is working towards premiumisation and its working well. The company has a market share of ~20% of the brandy market which is an increase by 2% YoY.
- **Market share:** Overall market for brandy is ~85mn cases and Tilaknagar has ~9 mn cases of market, the value.
- **Debt profile:** Debt as on 30<sup>th</sup> June 2023 stood at INR 136cr as against INR 299cr 30<sup>th</sup> June 2022, interest costs have also significantly reduced from INR 13.3 cr in Q1FY23 to INR 6.0 cr in Q1 FY24. The company intent to become net debt free by March 2025.
- **Product portfolio and contribution:** Brandy contributes 90% of total volumes, its the second largest spirits category in IMFL, only after whiskey and enjoys a 20%-plus volume share. The company's flagship brand Mansion House Brandy is the largest selling brandy in India. Courier Napoleon Brandy is also doing very well, both the brands grew 40% plus in FY23. The company recently introduced new proposition for Mansion House Brandy, "A Warm Welcome", also launched Flandy FY23 in Telangana and Puducherry and received a very encouraging response from consumers. The company relaunched Blue Lagoon brand, an entry-level gin.
- **Raw material:** The key RM for the company are ENA and glass and they form 50-55% of net revenues. ENA prices had increased by INR2-3 per litre in Q1FY24, expecting some softening by Nov 2023. Glass cost is going down, witnessed reduction of INR 2000-2500 per ton reduction.
- Preferential issue money has been used for debt reduction and business growth.
- Focus is on premiumisation, premium brands like flandy which was available only in 2 states last year, now it will be available in across most of the key states.
- In Prestige and above brandy category the company has 1/3<sup>rd</sup> holding in the markets, 80% of the volumes comes from this category.
- **Shaw Wallace:** Bombay hight court in mid of 2014 passed an interim order in the favour of tilaknagar, stating that tilaknagar has rights to manufacture and sell brandy under this brand name mansion house brandy.
- Exports are small portion of overall volume, though the focus areas are middle east, SE Asia and Africa.

**Outlook:** The company has impressive hold in brandy market, margins are expected to expand on the back of premiumisation initiatives, flandy into play for entire year and also increasing footprints in other states as well and reduction in glass prices. The company aims to become debt free in near future. In FY23 Courier Napoleon Brandy, Mansion House Brandy has done extremely well. The stock is trading at PE multiple of 20.49x to its TTM EPS, going forward we believe the company has interesting growth story.

**Arihant Superstructures Ltd**

CMP: INR 183 | Mcap: INR 754 Cr | Rating Buy

- **Guidance** The company expects top line to be ~INR 650cr, EBITDA of ~INR 150cr, EBITAM of 30% and PATM growing to 18-20% pa.
- The company has highest market share in terms of units sold.
- In spite of last decade of overload the projects are profitable projects.
- The company majorly does projects through outright deals has 18% of acquisitions through JDA model.
- In Q1FY24 the company did presales of INR 245cr, 3.9 lsf of saleable acres and 454 units.
- **Navi Mumbai** has a huge opportunity for future years, as there is upcoming Navi Mumbai International Airport, development of new infrastructure projects, such as the Mumbai-Ahmedabad Expressway and the Metro Rail and rising popularity of Navi Mumbai as a residential and commercial destination will add to the development of the area as a whole
- The **average price** has increased from INR 5797/sqft to INR 6282/sqft which looks sustainable going forward
- The company has ventured into 2 new projects that is sheelphata arahant avanti and other is at chowk which is villa development and resort cum gymkhana. This project will have a quick churn and also develop assets which can yield 15% annual return on investment.
- **Gymkhana project:** The construction timeline is expected to be 2 years from Jan 2024 onwards. it is going to be a lifestyle club. The company is contemplating membership fees of ~INR 5 lakh to start with.
- The company has 55% in affordable and mid income segment; 26% in middle income and 19% in higher income group. The projects are always taken in respect to population matrix.
- The sales yet to be done is ~ 13.7 msf of area over 7-8 years which translates into ~INR 9900cr in value.
- **New launches** would improve the margins: The company has a launch pipeline of 8 projects with a saleable area of 1.83 msf and an estimated revenue potential of INR 904 cr.
- **Arihant World Villas:** is a newly acquired project, it's a villa project in premium segment which has a revenue potential of INR 1000cr, and has the potential to deliver higher margins of ~38% and PAT of ~28%.
- **Arihant Akarshan** project is expected to provide some clarity in Q2FY24, and whatever the outcome, it is likely to add to ASL's cash flows in terms of topline.
- **Ongoing Projects:** ASL has 11 ongoing projects with total saleable area of 4,522,896 sqft, area sold in value is INR 1,568.8cr, amount to be received is INR 917.7cr and total estimated revenue potential of INR 1,805.8 cr. Forthcoming projects: ASL has 13
- Forthcoming projects with total saleable area of 6,789,898 sqft in MMR region and 1,961,183 sqft in Jodhpur.

**Outlook:** Arihant Superstructures Ltd has a strong revenue potential, with more than INR 6,000cr of revenue expected from upcoming new launches, utilization of funds allocation to new multiplier projects, margin improvement through new launches and appropriate price hikes, easing of commodity prices, gaining market share from micro markets, and free cash flows from existing & new projects. We maintain our "BUY" rating at a Target Price of INR 272 per share.

**All E Technologies Ltd**

CMP: INR 172 | Market Cap: INR 3,080 Mn

**Focus on Microsoft Platform**

- All E tech prioritizes customer business efficiency over selling specific software solutions.
- Choice of Microsoft platform is not limiting; All E tech is open to other platforms if they benefit clients.
- Serves as trusted advisors, analyzing unique client needs and recommending the best solution, be it Microsoft, Oracle, Salesforce, or others.
- Microsoft's suite of products has strengthened over time, making it a viable choice for many businesses.
- Open to working with competing products in areas where they excel (e.g., digital commerce).
- Offers cost-effective solutions with shorter time-to-market using Microsoft's world-class ERP solutions.

**Team Structure**

- ERP specialists: 230-240 employees with potential cross-skilling.
- CRM specialists: About 30-35 employees with potential cross-skilling.
- Power Platform: Smaller team with potential cross-skilling with ERP and CRM specialists.
- Domain Experts: Roughly 40% of the workforce comprises domain experts.
- Technology Experts: The remaining 60% specialize in various technology platforms, often with multiple skills.

**Competitive Position**

- Competition includes consulting firms like PwC, E&Y, and Deloitte in India.
- Strong presence in verticals where they possess in-depth domain knowledge and modern solutions.
- Emphasis on winning deals, particularly in sectors like education and travel.

**Sales and Lead Generation**

- 12 sales and inside sales professionals in India.
- International presence with sales directors in Kenya, US, and Canada, supported by senior personnel in India.
- Separate marketing teams for India and international markets.
- Diverse lead sources, including web presence, online initiatives, referrals, and customer references.
- Typical sales cycle ranges from 4 to 6 months.

**Margin Improvement**

- Significant margin improvement from 2% OPM in FY18 to 14-15% in FY23.
- Aiming for further margin expansion, with the possibility of reaching beyond 20% in the future.

**Revenue Split: Product vs. Services**

- In FY23, 42% of total revenue attributed to product components.
- Approximately 10-15% constituted the company's IP, while the rest came from Microsoft product sales.

**Average Client Additions**

- Q1 FY23 witnessed 16 new client additions (13 domestic and 3 international).
- Historical client addition data available in investor presentations.

**Acquisitions**

- Targeting a company with the top line of INR 8 -15 million dollars.
- The company is seeking to determine the value of another company it wants to acquire, and this valuation takes factors like the composition of its customer base and where it operates.

**Outlook:** All E Tech's strategic focus revolves around enhancing business efficiency rather than promoting specific software solutions. While they predominantly employ Microsoft's suite of products, they maintain an open-minded approach, considering alternatives like Oracle or Salesforce when it aligns with their clients' unique needs.

**Apex Frozen Foods Limited****CMP: INR 225 | Market Cap: INR 7,020 Mn****Product and Market Overview**

- The company supplies a diverse range of clients, including retail, supermarket chains, restaurant chains, importers, and distributors.
- During the COVID-19 pandemic, supermarket demand for seafood products increased significantly, but the market has since stabilized.

**Apex's Own Branded Products**

- Apex Frozen Foods faces branding challenges in the European Union and the United States.
- Apex is focusing its branding efforts on smaller retail chains.

**Indian Shrimp Supply and Growth Prospects**

- The current year is expected to see a decline of 100,000 to 150,000 metric tons in Indian shrimp supply.
- Over the next five years, assuming stable external factors, Indian shrimp production could grow to 1 to 1.2 million metric tons.

**RTE vs. RTC Products**

- Ready-to-eat (RTE) products command higher prices compared to ready-to-cook (RTC) products. RTE products also offer better profit margins.
- Apex is actively expanding its RTE product line and market presence in retail.

**EBITDA Margins**

- Apex aims to achieve double-digit EBITDA margins, preferably around 11% to 12%.
- The company is cautiously optimistic about reaching these margins as it scales up RTE product volumes.

**Outlook:** The industry aims to boost global shrimp consumption. Apex Frozen Foods is optimistic about future growth and is concentrating on expanding its RTE product offerings. The company's growth trajectory will be influenced by market conditions and external factors.

**Cineline India Ltd****CMP: INR 119 | Market cap: INR 3,750 Mn****Revenue Mix and Targets**

- The company aims to achieve a higher SPH and ATP, targeting a range of INR 350 or higher.
- Post-COVID, consumer trends have shifted, with the ATP-SPH ratio increasing.
- The company expects this trend to continue, potentially approaching a 1:1 ratio.
- Revenue growth hinges on factors like occupancy rates, ad revenues, and ticket pricing, which vary by location.

**Southern Market Expansion Strategy**

- The southern market represents a high-demand area for cinemas, and substantial growth is anticipated in this region.
- With numerous cinema properties set to open in the upcoming year, the company foresees a significant portion of its growth, possibly up to 40%, emerging from the southern market.

**Monetization of Goa Hotel**

- The company is committed to monetizing the Goa hotel and aims for completion by March.
- The valuation target for the Goa hotel is set at around INR 3,500 Mn, with active engagement.
- The decision to sell the hotel is driven by the higher growth potential in the cinema industry.

**Screen Expansion and Targets**

- The company plans to add a minimum of 30 screens each financial year, with more than enough capital to support this growth.
- As of the current status, there are 61 operational screens till date.
- They are focused on maintaining a healthy IRR and payback period for new screens.

**Advertising Revenue and Asset Optimization**

- The company measures advertising revenue by tracking the minutes consumed in its cinemas.
- Asset optimization and renovation plans are in place to unlock the true potential and increase earnings.

**Outlook:** The company envisions establishing itself as a prominent player in the cinema exhibition industry. The primary focus is on providing a high-quality cinema experience, differentiating itself from international players by aligning with Indian consumer preferences. Company has placed a strategic emphasis on asset optimization while exploring opportunities for expansion into markets that are currently underserved. The company anticipate a significant uptick in revenue growth once hotel monetization is complete and renovation projects are under the company targets on achieving a ROCE in the range of 14-15%

**DigiSpice Technologies Limited**  
**CMP: INR 34.8 | Market Cap: INR 8,020 Mn**

#### **Business Model and Growth**

- In April 2023, the company made the strategic decision to exit the digital technologies segment.
- Subsequently, the financial reporting shifted to exclusively focus on the financial technology services segment. This change makes it easier to track the progress of the continuing business (Spice Money and related businesses) separately.
- Spice Money is a fintech platform aimed at addressing the lack of financial and digital services in rural India.
- Spice Money has strategically partnered with banks, NBFCs, and MFIs to expand its financial services offerings. These partnerships enable Spice Money to provide a wide range of financial products and services to its consumers through its Adhikari network.

#### **Cash Collection and Diversification**

- Diversifying revenue streams by focusing on collections, banking, and credit.
- Significant growth in customer Gross transaction value from INR 4,60,000 million to 10,10,000 million in FY23.
- Believes these services will contribute significantly to overall revenue.

#### **Market Share in APS Segment**

- Spice Money currently holds a 17.5% market share in the AEPS (Aadhaar-enabled Payment System) segment.

#### **Network Growth**

- Over the last 3 years The company has successfully established a network comprising 1.2 million Spice Money Adhikari, with a presence spanning over six and a half thousand blocks and nearly two and a half lakh villages throughout the country.
- With 1.2 million Adhikaris on board, the company has created an extensive network of agents who are well-connected within their local communities.
- In some markets, the company have a strong presence, while in others, there is a need for further penetration and expansion.

#### **Technology Investment**

- Spice Money has invested approximately INR 400-500 million in technology over the past 6-7 years.
- The company primarily follows a managed services model for technology investments.

#### **Margins within diverse business**

- Cash collection operations result in an approximate margin of 9-10 bps.
- Credit services incur fees ranging from 2 to 4%.
- In the realm of account opening and deposit services, the gross margin typically spans from INR 50 to INR 100 per account.

**Outlook:** Spice Money is evolving from a cash-based business to a multi-product platform, encompassing collections, banking, and credit services, with plans to explore savings and insurance in the future and to become a leading player in rural and semi-urban financial services in India. Although the impact of the discontinued operations will continue to appear in digispice's consolidated financials for the next few quarters, but the company anticipate that this influence will gradually fade, and they will eventually report only the financials related to their continuing operations (Spice Money and related costs).

**Dodla Dairy Ltd****CMP: INR 678 | Market Cap: INR 40,330 Mn****Financial Performance**

- **Milk Handling:** Approximately 14.5 lakh ltrs daily.
- **Margins:** Strive to maintain or improve the current margins, notably influenced by both procurement and consumer prices. Adjustments in procurement prices can have immediate implications.
- **Operating Cash Flow:** Consistent generation, hinting at potential acquisitions or dividends to shareholders in the future.
- **Projected Growth:** 10 to 15% top line growth targeted for the next few years.

**Business Strategy**

- **Business Model:** Predominantly OpEx-oriented.
- **Geographical Expansion:** Current stronghold in southern India with aspirations to move northward.
- International operations in Uganda and Kenya due to high-margin opportunities.
- **Value-Added Products:** Expected yearly growth of 1-2%. Products like curd, ghee, and paneer take precedence in the product portfolio.
- **Competition:** Face stiff competition from cooperatives like Nandini, especially in Karnataka.
- **Transition to FMCG:** Plans for a gradual move into the FMCG sector, leveraging their existing dairy foundation.

**Environmental Impact**

**El Nino's Effect:** The Company is wary of environmental changes. Observed changes like rainfall shifts might lead to more consolidated agricultural strategies.

**Product Expansion & Diversification**

**Cattle Feed Business:** Recent development with a new plant built, offering benefits in terms of backward integration and controlled logistics.

**Vegan & Premium Milk:** The vegan segment remains niche. While there's potential in premium milk, current volumes are minimal.

**Sweets Outlook:** Growing presence in the Indian sweets market, banking on dairy sweets due to their affordability and consumer preference.

**Outlook:** Dodla Dairy exhibits a robust growth trajectory, leveraging its strengths in procurement, processing, and distribution. With strategic expansions and a focus on value-added products, the company is poised for sustainable growth. Numerical data suggests a strong emphasis on maintaining financial health and ensuring stakeholder value.

**Insecticides India Ltd****CMP: INR 504.35 | Market Cap: INR 14,850 Mn****Inventory Management**

- Insecticide India had elevated inventory levels due to new plant start-ups and raw material stocks.
- The company has effectively reduced its inventory by approximately INR 2500 Mn from its peak in March.
- Channel inventory includes some returns, particularly for herbicides, resulting from seasonal delays.
- The company has successfully managed returned goods and doesn't foresee significant channel inventory issues.

**Export Strategy**

- - Insecticide India exports products to roughly 40 countries.
- - The primary exports are technical products, with a strong focus on Lambda Cyhalothrin and other active ingredients.
- - Prominent export regions include Africa, the Middle East, select Asian countries, and limited exports to Europe and the southern United States.
- - In Q1 FY24, exports accounted for approximately 3% of total sales.
- - Export performance is expected to improve in the second half of the fiscal year, targeting around INR 1500 Mn in export revenue.

**Product Mix and Margin Improvement**

- - Insecticide India prioritizes Navratna products, particularly Maharatna and Focus Maharatna.
- - Maharatna products represent 60-65% of sales, with Focus Maharatna being a significant driver.
- - The company aims to incrementally enhance margins, targeting nearly 10% in the current fiscal year.
- - Further margin improvement of 100-150 basis points is expected in the subsequent fiscal year.

**Joint Venture with Otsuka Agri Techno Ltd.**

- - The Otsuka Agri Techno Ltd. joint venture, initiated in 2013, is a long-term collaboration.
- - Multiple patents have been filed through the joint venture, with the first product expected to be filed in 2025.
- - Otsuka Agri Techno maintains a robust focus on extensive product discovery, generating 8,000-9,000 products annually.
- - The investment split is 80% by Otsuka Agri Techno and 20% by Insecticide India in the joint venture.
- - Additionally, Otsuka Agri Techno may provide supplementary products for the domestic market.

**B2B and B2C Sales**

- - Approximately 80% of sales originate from B2B (Business-to-Business) transactions.
- - B2C (Business-to-Consumer) sales constitute approximately 20% of total revenue.
- - The company aims to strengthen both B2B and B2C sales through a continued focus on Navratna products.
- 

**Business Growth Targets**

- - Insecticide India's gross sales target is set at INR 20000 Mn, with three Vice Presidents overseeing B2B and B2C operations.
- - The company acknowledges potential adjustments to these targets based on encountered challenges but remains dedicated to achieving growth.

**CAPEX Plans and Free Cash Flow**

- - Internal accruals will primarily fund CAPEX, with minimal dependence on loans.
- - While specific free cash flow figures weren't provided, the company expresses confidence in maintaining positive cash flows.

**Outlook:** Insecticide India navigated pandemic-induced price fluctuations and inventory challenges adeptly. With an extensive export network and focus on high-value products, Insecticide India anticipates improved export performance.

**Max Ventures and Industries Ltd****CMP: INR 216.2 | Market Cap: INR 31,180 Mn****Marketing and Branding**

- Max Estates has undertaken marketing initiatives to position itself as a well-being brand enabled by real estate in the residential segment.
- Marketing expenses are typically budgeted at 1-2% of the top line for residential projects.
- The strong brand equity has resulted in successful pre-launch sales.

**Listing and Corporate Structure**

- Max Estates is in the process of listing as a single entity and eliminating the holding company, Max Ventures and Industries.
- The company follows a structure where each asset is housed in a separate SPV, and New York Life is a partner in the commercial SPVs.
- The company is also exploring facility management and real estate investment arms.

**Projects and Plans going forward**

- Max Square, a 0.7 million sq. ft. development on Noida-Greater Noida Expressway, is close to being 40-50% leased, with potential for INR 600-700 million in rentals.
- Max Estates plans to add 2-3 million sq. ft. to its portfolio annually and is exploring residential and commercial opportunities across Delhi NCR.
- New York Life is not only a capital provider but also a strategic partner, bringing global real estate expertise.
- The strategic plan involves adding 20 to 30 lakh square feet annually to the portfolio, with a focus on maintaining a balanced mix of residential and commercial projects in Delhi NCR.
- RRE and CRE mix to be tightly balanced in 40-60.
- In residential, The Company wants to be in premium and in select cases, luxury. Do not want to be in the affordable segment.
- In the commercial large part of the portfolio will be in \$1+/- micro-markets.
- Rental cash flows from commercial assets are expected to reach INR 400-450 crores in 3-4 years once projects are fully leased.
- Residential projects, with a GDV of INR 5000 crores, are expected to start generating cash flows from FY27-28 onwards.
- Max Estates currently has no immediate plans to expand beyond Delhi NCR and will focus on consolidating its position in the region.
- Past experiences have highlighted the importance of consolidating before entering new markets.

**Outlook:** Max Ventures exhibits a promising outlook as it navigates a trajectory of balanced growth in the coming years. Max Estates places a strong emphasis on sustainability, with LEED Platinum certification for its Max Towers project. Projects incorporate green spaces, amenities, and a focus on employee well-being. With a strategic focus on premium residential developments and targeted commercial ventures in \$ 1 plus-minus micro markets, the company anticipates maintaining a tight equilibrium of around 40% residential and 60% commercial in its portfolio. Bolstered by a robust partnership with New York Life, as a financial capital provider and a strategic guide, Max Ventures is poised for sustained success.

**Om Infra Ltd****CMP: INR 88.70 | Market Cap: INR 8,380 Mn****Financial Overview**

- Margins in Jaljevan Mission range from 12-15%, while in Hydropower, it's about 15-20%, ensuring a stable income source. Blended margins 10-12%.
- Volatility in margins attributed to global raw material price fluctuations, impacting steel and cement costs.
- Regular payments within 15-30 days under Jaljevan Mission ensure consistent cash flow for the company.

**Business Diversification**

- Om Infra engages in both hydropower and dam projects, with hydromechanical equipment supply constituting a significant part.
- The company has its own in-house manufacturing facility, enhancing efficiency and control over the supply chain.
- Foraying into pump storage projects, classified as renewable energy, aligns with the government's focus on clean energy sources.

**Real Estate Monetization**

- Anticipated revenue of INR 300 crores to INR 400 crores over the next 2 years from real estate projects like Jaipur and Kota.
- Margins expected to be around 10 to 15%, with minimal additional investment required.
- Future cash flow may lead to an increase in dividend payouts for investors.
- Limited land bank for monetization, primarily Bombay project near Leelavati hospital.

**Order Book**

- The current order book is over INR 3,000 Crores with a mix of hydro and water projects.
- Execution period is around 2-3 years and 4-5 years for hydro power projects..
- The company plans to participate in upcoming tenders for hydropower and pump storage projects.
- The Gol has renewed its focus on hydropower development - new opportunities for the company.
- In the pipeline to bid for about 2 to 3 thousand crore projects.
- Expectation to increase bid capacity with revenue growth.
- Projects take time to materialize, up to 12-16 months from announcement to finalization.
- Slowdown foreseen in states with upcoming elections, potentially delaying project finalizations.
- Unpredictability in project timelines due to litigations and election-related disruptions.
- Despite a substantial pipeline, the order book could be impacted by the model code of conduct and state-level uncertainties.
- Open to venture outside india, already have presence in africa

**Outlook:** Om Infrastructures, positioned at the nexus of hydropower, dam projects, and real estate, paints a promising future. With the Indian government renewing its commitment to hydropower, recognizing it as vital for meeting peak power demand, Om Infra stands to benefit from the country's extensive river resources. Venturing into pump storage projects aligns seamlessly with the clean energy drive, presenting a new avenue for growth. The anticipation of substantial revenue from real estate projects over the next two years further strengthens the company's financial outlook.

**Sukhjit Starch & Chemicals Ltd****CMP: INR 448.20 | Market Cap: INR 7,000 Mn****Product Portfolio**

- Serves various sectors, including paper, textile, pharmaceuticals, ready-to-eat food, and more.
- Key products include starches, liquid glucose, dextrose monohydrate, sorbitol, maltodextrin, and anhydrous dextrose.
- Co-products like maize bran fiber and maize gluten used in cattle and poultry feed.
- Diverse range of maize-based starches and derivatives.

**Customer Base**

- Collaborates with reputed companies such as Nestle, Mondelez, Abbott, Danone, Zydus, Colgate, Mars, and more.
- Supplies to sectors ranging from FMCG to pharmaceuticals and paint companies.

**Company Growth Strategy**

- Ongoing capacity expansion with plans to increase capacity by around 400 tons per day in the short term.
- Ambition to double its size in a 5-6 year period through Greenfield and Brownfield expansions.
- Aiming to reach a corn grind capacity of around 3000 tons per day in the medium term.
- Benefitting from export opportunities due to China's restrictions on corn starch exports.

**Value-Added Products and Portfolio Mix**

- Aiming to increase the share of value-added products in the portfolio.
- Growth of value-added products targeted at 10% to 15% with each CapEx cycle.
- Building relationships with customers to ensure they prefer Sukhjit for their specific needs.

**Export and Ethanol Market**

- India is a non-genetically modified maize market.
- The country has enough maize for domestic manufacturers, even with ethanol production.
- Ethanol production competes with grain-based ethanol and sugarcane-based ethanol.
- Potential for export markets to become more significant in the future.
- Export currently accounts for around 1% of the company's revenue.

**Market Size and Growth**

- The Indian starch industry is estimated to be around 5.5 to 6 million tons, with maize as the primary raw material.
- The market for value-added products is growing, and the company is expanding its capacities.

**Competition and Imports**

- The Indian starch industry is relatively consolidated among the larger players, with 50-60% market share held by the top companies.
- Imports primarily for products not produced in India.

**Outlook:** Sukhjit Starch and Chemicals is committed to sustainable growth by doubling its size through Greenfield and Brownfield expansions over the next 5-6 years. Sukhjit Starch and Chemicals Limited has ambitious plans to increase its production capacity by 20% in the near future, aligning with the growing market demand. The company acknowledges the presence of sophisticated products not currently manufactured in India and the possibility of India becoming an export hub, suggesting openness to diversification and global market participation

**Synergy Green Industries Ltd**

CMP: INR 250 | Market Cap: INR 3,590 Mn

**Business Overview**

- Primary segments: Wind, Gearbox, Non-wind industries.
- Wind and gearbox castings contribute 85% of business.
- Also serves mining, pump, and plastic injection industries.
- Serves global wind turbine OEMs like Vestas, Siemens Gamesa, Goldwind, and Envision.
- Supplies gearbox castings to ZF and Siemens.
- The company's vision is to achieve operational excellence through advanced casting technology for quality products.
- Their focus is on partnering with top customers in each industry.
- Synergy Green competes with a few other players in the wind casting industry.
- The company distinguishes itself as a neutral player, serving multiple OEMs.
- Competitive advantage over one competitor is due to the domestic location, avoiding the basic custom duty of 8%.
- The company has minimal supplier dependency, with almost 99% of suppliers being domestic.
- China poses a challenge due to a 25% price competitiveness advantage, lower commodity prices, lower power tariffs, and export incentives.
- India mitigates the price gap with lower land costs and a 10-12% increase in logistics costs for Chinese exports.
- Basic customs duty of 7% also helps bridge the price gap.
- Major OEM clients like Siemens, Gamesa, and Vestas have a capability of 2-3 gigawatts of standalone capacity in India.
- They are equally capable but face challenges in execution and EPC aspects.
- Around 85% of revenue comes from wind products.(70% from wind and 15% from gearbox).
- 15-20% from non-wind such as mining, pump, and plastic injection with potential growth to 20%.

**Challenges and Opportunities**

- Challenges include commodity price fluctuations.
- The company plans to invest in capex, expand production capacity, and optimize costs.
- Strategies include exploring captive power generation and in-house machining to save costs and improve EBITDA margins.

**Future Strategy**

- The wind turbine casting industry is expected to grow significantly, with around 160 gigawatts of capacity expected in the next four years.
- This growth translates to around 20 lakh tons and an estimated market size of around 30,000 crores (approximately 4-5 billion USD).
- Capacity doubled from 15,000 to 30,000 tons per annum, with plans for further expansion to 45,000 tons.
- Synergy Green holds a leadership position in India's wind turbine casting market and supplies to top global wind turbine OEMs.
- Synergy Green aims to optimize costs, expand capacity, and improve EBITDA margins.
- The company expects to reach 450 crores in sales in the next year.
- The company is currently undergoing an expansion of 45,000 tons of capacity.

- Management believes there's an opportunity to further increase capacity to 100,000 tons in the next three years.
- The company aims to maintain a debt-to-equity ratio of around 1:2, ensuring a healthy balance sheet.
- The company expects to achieve a ROCE of over 25% post-expansion.
- They have a healthy asset turnover ratio, and even after the CapEx, it is likely to touch around two.
- The company has a 100 crore INR capital expenditure (CAPEX) plan.
- A portion of the orders for this CAPEX has been placed, but it will take some time to complete, with some installations expected to extend into March and June.
- Around INR 250 Mn ordered for CAPEX equipment.
- Installations ongoing, with completion expected by March and June.
- The company projects 4-5 gigawatts of wind energy installations annually in India.
- The company does not depend on new capacity for current year revenues.
- Existing capacity can meet 80-90% of next year's revenue requirements.
- New capacity will help meet the remaining 10-15% of the revenue cycle.
- In-house machining capabilities can improve operational efficiency by reducing lead times and inventory & provides better control over quality and margins compared to outsourcing.
- The company has faced challenges in acquiring land for expansion, Land clearance from the NCIT tribunal is still pending.
- The percentage of demand currently met through imports from China is estimated to be below 25%, likely around 20%; Import varies based on the OEM, but the industry is not heavily dependent on Chinese imports.

**Outlook:** Anticipates 25% sales growth driven by rising demand for wind turbines, both domestically and internationally. A forecasted 15% CAGR in the wind industry is expected over the next five years. **Capacity Expansion:** Current expansion to 45,000 tons with plans for 100,000 tons in three years to capture a larger market share. **Diversification and Cost Optimization:** Diversifying into non-wind industries (up to 20% revenue) and investing in cost optimization through in-house machining and captive power generation. EBITDA margins to improve due to stable commodity prices and cost optimization. Aiming for EBITDA margins of 12% or higher.

**Vishnu Prakash R Punglia Ltd****CMP INR: 166.10 | Market Cap INR: 20,700 Mn****Order Book and Bidding**

- Order book as of July 15th is INR 38,000 Mn.
- Composition: 77% water supply projects, 10% railways, 8% roads, and other irrigation projects.
- Bid book contains projects worth INR 70,000 Mn.
- Success rate in bids is 17%.
- Expected further orders of around INR 10,000-12,000 Mn.

**Railway Projects**

- Major railway project in Udaipur worth INR 3,040 Mn.
- Plans for more railway projects after completion.
- Target completion date for the current project is 2025.

**Water Segment:**

- Involved in Jal Jeevan Mission and AMRUT projects.
- Significant orders in UP (INR 5,500 Mn) and MP (INR 6,340 Mn).
- Open to opportunities in various states for viability and margins.

**Margins:**

- Similar margins across railway, road, and water projects.
- Focus on maintaining profitability.

**Subcontracting:**

- Subcontracting is common due to the nature of infrastructure projects.
- Labor contracts are essential for time-bound execution.

**Legal Issues:**

- Facing legal challenges but confident in defending the company's position.
- Ongoing arbitration for INR 960 Mn.

**Growth and Future Targets:**

- Execution period for the current order book is 2-3 years.
- Expectations of sustainable growth but dependent on order execution.
- No specific long-term growth targets mentioned.

**Outlook:** The company emphasizes professionalism and traditional values. Commitment to transparency and providing value to investors. Open to new opportunities and segments as they arise. Focus on maintaining profitability and competitive pricing.

**GHCL Ltd****CMP INR: 619 | Market Cap: INR 59,250 Mn****Demerger**

- GHCL has undergone a demerger, separating its textile and chemical businesses. The company's focus is now on GHCL Chemicals, primarily dealing in soda ash and sodium bicarbonate.

**Global Market Insights**

- Dominates with 45% of the soda ash market.
- Experienced a 35-40% price hike recently despite new production lines and real estate slowdown.
- Demand is slow but is cushioned by reduced energy prices.
- Production near normal with annual contract price hikes in January.
- Upsurge in soda ash imports due to increasing lithium carbonate demand.

**Indian Market Dynamics**

- Overall equilibrium in demand.
- Minimal shortfall from textiles, but robust demand from the glass sector.
- Limited imports from China, but notable amounts from other regions.
- Maintained stability, even with rising prices in China.

**Operational and Financial Insights**

- Total capacity stands at 1.2 million tons.
- 50-60% is dense soda ash, with the remainder being light soda ash.
- In India, 55-60% of the market targets non-glass sectors, primarily detergent.
- Estimation of INR 250 to 300 crores this year and INR 400 to 500 crores the following year.

**Cost Management**

- Older inventories are expected to diminish power costs in the upcoming half.
- Last quarter's power cost was INR 190 crores; it was approximately INR 215 crores the previous year.

**Operational Efficiency:**

- Initiatives underway to refine input-output ratios.
- A strategy to decrease salt consumption for soda ash production is in place.

**Financial Prospects:**

- Anticipation of around INR 1000 Mn benefit from in-house salt production.
- GHCL operates at over 95% capacity utilization historically.
- Global factors, especially China's production, influence price hike decisions.
- Slight increment post the Russia-Ukraine tensions dip.
- However, China remains a more influential market player than Russia.

**M&A**

- GHCL explores M&A opportunities, especially in the chemical space.

**Lithium Opportunity:**

- The global opportunity in lithium is significant, driven by the shift to electric vehicles and the demand for lithium batteries.
- Soda ash's potential role in the global lithium battery market due to the EV boom remains a highlight, though its present contribution to specialty chemicals is still budding.
- While there are potential lithium resources in India, the immediate impact on soda ash usage is limited, as mining has not yet commenced. However, soda ash usage is indirectly impacted by global lithium production.

**CAPEX Distribution**

- INR 3000 Mn projected for FY24, with a potential increase in the following year (around INR 4000 to 5000 Mn).
- Allocations include the greenfield plant, AI, digitization, and more.

**Flue gas treatment**

- The flue gas treatment market in India has significant growth potential, especially in the context of reducing carbon emissions. While it's challenging to quantify the opportunity, it's seen as a game-changer in the longer term.
- Some early adoption and testing of flue gas treatment technology are occurring in India, and GHCL has increased bicarbonate capacity in anticipation of growing demand.

**Capacity**

- The company's production capacity is approximately 1.2 million metric tons.
- There is an annual maintenance shutdown scheduled once every 18 months, with a partial shutdown planned for Q2.
- The company expects to maintain high utilization levels in the future.

**Volume and Pricing Expectations**

- The company anticipates that the second quarter (Q2) will be similar to Q1 in terms of volumes and pricing for soda ash and sodium bicarbonate (bicarb).
- While there have been some price cuts, they expect pricing to stabilize as it appears to have bottomed out.
- Volumes in Q2 are expected to be in line with Q1, and while there may be short-term impacts from price cuts, they aren't expected to be significant.

**Outlook:** GHCL, with its diversified product portfolio and strategic market approach, is well-poised for steady growth. Their continued investment in both core and emerging sectors, coupled with a keen eye on global trends, positions them favorably in the chemical industry's evolving landscape. The second half (H2) is expected to see slightly better margins, primarily due to lower input prices, especially in terms of energy costs.

Piramal Enterprises Ltd

**CMP: INR 1,041 | Market Cap: INR 2,48,390 Mn**

#### **Strategic Acquisitions and Retail Expansion**

- **DHFL Impact:** Acquisition of DHFL significantly propelled retail portfolio growth from INR 40,000-50,000 Mn to 350,000 Mn
- **Branch Expansion:** Acquisition brought in 300 branches, facilitating a robust retail loan book growth.
- **Wholesale 1.0 Learnings:** Acknowledged learnings from Wholesale 1.0, leading to a reduction of 38%, allowing a focus on retail.

#### **Retail Loan Portfolio Growth**

- **Targeted Mix:** Aiming for a 70% retail and 30% wholesale loan mix by FY28.
- **Housing Loans:** Notable YoY growth of 128%, focusing on tier 2 and tier 3 cities.
- **Secured MSMEs and Used Car Loans:** Exhibiting substantial growth in disbursements, maintaining a balanced geographical mix.
- **Guided CAGR for Loan Book Growth:** CAGR of 23% for retail and 15% for total loan book growth.

#### **Credit Provisioning and Asset Resolutions**

- **Credit Cost Management:** Prudent provisioning leading to reduced GNPA (2.8%) and net NPA (1.5%).
- **Stage-wise Assessment:** Targeted provisions for stage 2 and 3 assets, reducing stress in the wholesale portfolio.
- **Innovative Resolution:** Strategic use of 85-15 SRs and innovative structures for asset resolution and improved cash flows.

#### **Wholesale 2.0 Strategy and Portfolio Composition**

- **Diversified Portfolio:** 56% apartments, 44% plots, ensuring a diverse portfolio mix.
- **Ticket Size & Yield:** Average ticket size at 1650 Mn with a yield of 13.8%, optimizing mid-range tenor of 3-5 years.
- **Risk Mitigation:** Prudent sub-2000 Mn ticket size to manage market demand and risk effectively.
- **Geographical Prudence:** Balanced exposure across geographies for risk diversification.

#### **Secured MSME Loans**

- **Growth and Size:** 48% YoY growth, average ticket size of INR 20 lakhs.
- **Asset Quality:** Low delinquencies at 0.5%, SIBIL score of 747, and 46% Loan-to-Value (LTV) ratio.

#### **Other Secured Loans (Used Cars)**

- **AUM Growth:** AUM grew from INR 175 crores to INR 1,070 crores, with a focus on used cars.
- **Lending Strategy:** Maintaining a conservative 78% Loan-to-Value (LTV) ratio and focusing on tier 2 and tier 3 cities.
- **Asset Quality:** Delinquency ratio at 0.96% in line with risk-adjusted returns.

**Corporate Mid-Market Lending and Risk Evaluation**

- Targeted Lending: Focus on NBFCs and diversified industries, average ticket size of INR 530 Mn
- Risk Assessment: Emphasis on credit quality, 61% rated triple B, 14% rated E, showing disciplined risk evaluation.
- Robust Monitoring: Stringent monitoring leading to zero defaults, highlighting asset quality and prudent lending

**Digital Expansion and Risk Mitigation**

- FinTech Collaborations: Leveraging partnerships with FinTech firms for efficient credit processes and cost reduction.
- FLDG Reinforcement: Anticipating positive impact on credit costs through the reintroduction of FLDG in partnerships with FinTech firms.

**Outlook:** Piramal Enterprises Ltd. is thinking of changing into a bank, assuming regulatory and performance requirements are satisfied. Their strategic goal includes broadening their product offerings to fulfill a variety of consumer needs. They are currently operating as a powerful upper-scale NBFC. To acquire a competitive edge, they seek to improve the customer experience while prioritizing transparency and ensuring customer pleasure. Through a balanced strategy that incorporates high-touch and high-tech methodologies, the company hopes to attain a blended yield prediction of 14%+ by FY27-28. To reach a wide range of customers, they are growing their presence through both physical branches and online means.

**Prataap Snacks Ltd****CMP: INR 835 | Market Cap: INR 19,590 Mn****Raw Material Breakup**

- Material cost around 67-68% of revenue.
- Key raw materials include palm oil (15%), packaging laminate (15%), corrugated boxes (6%), potato (5-6%), and toys (4%).

**PLI Scheme and Revenue Expectations**

- Potato chips excluded from PLI, which is about 24-25% of overall revenue.
- Implementing Sales Force Automation (SFA) to enhance sales visibility and effectiveness.
- The company aims to increase its share of Namkeen from 16% to 20% in the medium term.
- PLI (Production Linked Incentive) is not included in the adjusted EBITDA of 8.5%.
- 15% annual growth is expected.

**Expansion and Capacity:**

- Capex underway in J&K and Rajkot for capacity expansion.
- Expected top-line contribution from the CAPEX to be around INR 27,000 Mn.
- Exploring reinitiating relationships with modern trade players like D-Mart.
- Current utilization at approximately 60%.
- Exploring opportunities to push bigger packs in A and B-class outlets.
- Considering expansion into adjacent categories like cookies and biscuits in the long term.
- Strategies include expanding product availability, going deeper into existing markets, and entering untapped regions like UP, Bihar, Punjab, J&K, Himachal, Uttarakhand, and South India.
- Targeting 15% top-line growth in the medium to long term.

**Export and Global Presence:**

- Initiating focus on exports, targeting Middle East and leveraging the existing presence in Canada.
- Export strategy still in early stages, with the goal to increase export volumes.

**Market Share and Presence:**

- Current market share at approximately 4%, with variations across regions.
- Significant growth in UP market from INR 30 Mn to INR 90 Mn monthly revenue.
- Expanding Avadh brand beyond Gujarat for pallets, targeting a pan-India presence.

**Product Segmentation and Pricing**

- INR 5 packet contributes 55-60% to the industry.
- Industry transition from INR 5 to INR 10.

**Marketing and Advertising:**

- Focused on mass-market products, leveraging existing strengths.
- Advertising spend of INR 150-160 Mn annually, primarily on rings, accompanied by thematic toys.
- Plans for brand ambassadors and increased advertising spend post a stable margin of 9.5-10%.
- Budgeting INR 200-250 Mn annually for Yellow Diamond brand advertising.

**Challenges and Risks**

- Fire incident cost of INR 9.6 Mn in the last quarter, with an insurance claim initiated.
- Routine GST checks at the factory with no operational impact.
- Market challenges in mature markets with intense competition.

**Outlook:** Prataap Snacks eyes a sustainable growth of at least 15% in the medium to long term, leveraging strategies such as expanding product availability, deeper market penetration, and entry into untapped regions. As they stabilize their margins, plans for a brand ambassador and increased advertising investment are in the pipeline. They are also aspiring for a double-digit EBITDA margin in the long term. The company envisions a vast opportunity for growth in the snack industry, especially considering the 40% unorganized market share. While near-term plans include consolidating and growing market share in various regions, the long-term vision extends to exploring export markets and potential entry into adjacent categories like cookies and biscuits.

**RBZ Jewellers Ltd****IPO Structure**

- Issuing a net of INR 10 Mn shares, post-issue total equity shares will be INR 40 Mn
- Promoters to hold 75%, and the public to hold 25%.
- Fresh issue for working capital (75%) and general corporate purposes (25%).

**Financial Performance:**

- RBZ has demonstrated consistent year-on-year growth in sales volumes and revenue.
- Robust EBITDA margins of around 40% highlight strong financial performance.
- Profitability has steadily increased, with PAT margins showing substantial improvement.

**Business Growth strategy:**

- The company primarily operates in the bridal jewelry segment, with over 90 percent of its business being gold-based.
- RBZ Jewellers maintains a strict ethical code of conduct, ensuring that designs created for wholesale customers are not replicated for its own retail showroom.
- The company plans to capture the growing organized retail market and leverage its position as an organized manufacturer.

**Utilization of IPO proceeds:**

- The IPO proceeds will primarily be used for working capital purposes (75 percent) to seize market opportunities and drive growth.
- The management expresses confidence in servicing debts effectively and looks ahead to capitalize on market opportunities.

**Funding and Debt**

- No gold loans, only working capital loans and long-term debt.
- Working capital limits around INR 600-650 Mn
- Long-term debt is approximately INR 194.6 Mn
- Cost of debt is around 10-10.15%.

**Gold vs. Non-Gold Business**

- B2B is 100% gold.
- B2C is around 80% gold.
- Overall, the company's business is around 90-95% gold.

**Customers and Market Presence**

- Customer list includes Titan, Malabar, Joyalukkas, PN Gadgil, Senco, and others.
- Presence and potential growth in the online market, leveraging Instagram.
- Export opportunities targeted based on Indian diaspora presence globally.

**Outlook:** RBZ Jewellers, a prominent player in the jewelry manufacturing sector, is poised for significant growth and an IPO, positioning itself as a rising star in the industry. With a strategic focus on addressing the gap in the organized manufacturing segment and enhancing relationships with organized retailers, the company aims to fortify its position as a leading organized manufacturer. While gold remains a primary focus, RBZ Jewellers is cognizant of the burgeoning potential in non-gold segments, underlining its adaptability and foresight to capitalize on diverse market opportunities.

**Bodhi Tree Multimedia Ltd****CMP: INR 131 | Market Cap: INR 1,602 Mn**

- Bodhi Tree Multimedia Ltd specializes in content production for television, films, and digital platforms, with a focus on Hindi GECs, OTT platforms, and regional shows in multiple languages, producing both films and TV serials for domestic and international audiences.
- Bodhi Tree Multimedia Ltd creates content for TV networks like Zee, Sony, Star, etc., including daily soaps and reality shows.
- They also produce content for OTT platforms like Netflix and Voot, as well as regional content in languages like Tamil and Marathi.
- Additionally, the company started into new areas like film production and entertainment infrastructure.
- **Global Expansion strategy:** While previously concentrating primarily on the Indian market, the company is now poised to explore opportunities in the US and another global market.
- **Expanding Horizon:** The company has initiated its foray into the movie industry, with the first movie set to release next year. This venture includes substantial IP sharing and promises significant scalability in the near future.
- **Business Process: Approach and Proposal:** 1) Bodhi Tree identifies potential clients (broadcasters/platforms) and presents content proposals. 2)Content Approval: Clients approve content within an agreed budget. 3)Contract Signing: Both parties formalize the partnership with a contract.4)Upfront Payment: Clients pay a percentage of production costs. 5)Content Production: Bodhi Tree creates the content as per the budget. 6)Performance Incentives: Based on viewership, clients may offer extra incentives. 7)Final Payment and Delivery: The project concludes with final payment and content delivery to the client.
- **Revenue Model:** Securing contracts from broadcasters/platforms for script-to-delivery production, with a 10% profit margin ( it can 20-25% depending on the project) above the show's budget, and potential performance-based incentives based on viewership and popularity.
- **Intellectual Property Rights Model:** The company independently invests in creating original content not commissioned by clients (broadcasters/OTT platforms), which is subsequently offered to both national and international broadcasters and OTT platforms for licensing.
- **Opportunities:** The Indian media company sees growth potential in the expanding OTT market, the ongoing development of the Indian television market, opportunities for pan-Asian expansion, global market access through IP development, and rising interest from global investors.
- **Top shows:** Netflix's web series 'Class' is a global hit, available in 37 languages across 190+ countries, earning rave reviews and fan acclaim.
- **Diversified Content Investment Strategy:** A Path to Future Revenue Growth: With investments spanning multiple content verticals including Mythological/Historical, Non-fiction documentary, Sports, and Films, the company anticipates substantial revenue growth in the upcoming year, as its content pipeline remains strong.
- **Mythological:** The Company Enlists Renowned Creator Anirudh Pathak for Its Latest Venture and Partners with Gita Seva Trust to Digitize Gita Press Publications for Multimedia Content Production.
- **Production Hub:** Maharashtra Chief Minister Unveils 'The Dharmveer Media City' in Thane: A Cutting-Edge Hub for Film and Entertainment Production.
- The company's multilingual capabilities, coupled with its ability to encompass the entire value chain, reflect the strategic direction it is currently pursuing.
- Continuously increasing the profit margin depends on profitability, improved vendor relationships, scalability, and ultimately leads to better profit margins.
- The third business focuses on scalability with the operation of 6-7 specialized units, each producing a variety of content formats.

- Working with YouTubers on creative content, they are supportive and collaborative in their approach.
- **Competitor:** TVF is the Competitor for the Bodhi tree. In TV vertical Balaji and sanchit are also notable players.
- **Order:** The company has received a significant order from a broadcast player, including two large orders for 3-4 years. Their order book extends to 2-3 years, and the company actively seeks additional orders to increase their revenue multiple-fold.
- In house production costs 3-4% not more than this but the company has no intend to do in house production.
- The working capital cycle, which usually takes around 60 days, can sometimes extend to 200 days due to delays caused by COVID-19 or other reasons. This means it can take up to 6 months to generate cash, especially if some deliveries are delayed because of the pandemic.

**Outlook:** The company has various levers for revenue realization. Bodhi tree aim for a minimum margin of 10% but are actively exploring opportunities to achieve margins as high as 30%, which would be 10x of the cost.

**Black Box Ltd****CMP: INR 180 | Market Cap: INR 30,200 Mn****Revenue contribution**

- Top 10 customers- 45%
- North America- 3/4th
- India- 6%
- Europe, Middle East, Asia, Australia, New Zealand, and Latin America- 20% approx
- Financial and technology services- 45% approx
- Order book continues to be robust, the company witnesses a consistent increase in their order book for North America and other locations as well.

**Advantage over competitors**

- Company's key advantage is adaptability to local and global customers.
- Specialization in networking for hyperscale data centers.
- Expanding reach to serve global enterprise customers.
- Presence in 35 countries, with a focus on recent expansion in Bangalore.
- Direct global competitor's are Presidio, Converge One and Kyndryl.

**Acquisition**

- Acquisition strategy targets industry businesses with operational challenges.
- Focus on acquiring entities for scale and sub-optimal profit margins.
- Prioritize geographical expansion in the US, Europe, and APEC.
- Post-acquisition, transform entities via short-term synergies, exiting low-margin segments, simplifying capital structures, and medium-term transformation opportunities.

**Data centers**

- The company expects massive growth since they are one of the few global integrators in building out the data centers for its partners and customers.

**Capex**

- The company takes a low capex approach due to its core focus on solution architecture, design and service management.
- Most of their revenue comes from these services, around two-thirds. This means their Capex is mainly for essentials like servers, laptops, IT equipment, and office furnishings, and they do not foresee substantial capital expenditure needs.

**TPS business**

- The company recognizes recent go-to-market challenges in the American market, including inventory mismatches. They're responding by revamping operations, emphasizing new product development, and expanding R&D in Bangalore.
- This strategic shift aims to drive substantial growth in the American market, potentially reaching double-digit figures in the near term.

**Other KTAs**

- The company's net debt is around INR 1,000 Mn range, which is expected not to increase.
- Capacity utilization is at 80% approx.

**Guidance**

- The company expects to close Q4FY24 with an EBITDA margin of 7-7.5%.
- They anticipate their order book staying robust in the future, because of an enhanced pipeline and a significant influx of large deals expected in the next few quarters.
- The company expects the cybersecurity business to grow rapidly in the upcoming quarters.

**Outlook:** As the company grows, it expects fixed costs to get amortized, leading to better operating margins. This improvement will come from various factors, including more efficient procurement of products and services and better utilization of their global delivery capabilities. Blackbox is not in competition with large data center companies instead it partners with them hence they expect the demand in this sector to surge.

**OnMobile Global Ltd****CMP: INR 108 | Market Cap: INR 11,380 Mn**

- The company's main priorities are to increase revenue, enhance profitability, and manage cash flow efficiently. They anticipate significant performance improvements in H2FY24, with a revenue target of INR 600 Crore and a margin goal of 20-22%.
- **Mobile entertainment:** The company underwent two rounds of restructuring, embracing cutting-edge technology. As a result, the mobile entertainment sector is poised to achieve favorable EBITDA margins. Furthermore, the mobile backend has successfully reintegrated features such as video content, contests, and info entertainment.
- The company has no competitors in this segment.
- The company operates on three key pillars within its business:
- **Core Business:** The company initiated its core business in the payment sector two decades ago. However, this segment is currently experiencing a decline since it is not the company's primary focus anymore. On the other hand, the company is heavily invested in the mobile sector, where it is in the process of removing 13 incumbents in LATAM. This strategic shift is expected to gain momentum in H2Y24, leading to improved revenue performance.
- **Gaming Products:** The company's gaming products, Challenges Arena and ONMO, are actively engaged with approximately 100 operators in the gaming industry. These partnerships represent about 60% of new-level operators and new accounts. There is a significant opportunity for cross-selling and upselling within this segment.
- **5G:** The company is approaching the 5G landscape from two angles: fixed wireless and mobile wireless. The focus will primarily be on connectivity. Over time, the company aims to deliver telecom services in real-time and share these services with telecom operators, ensuring they maintain their market share. The emergence of 5G is seen as an opportunity for telecom operators to secure their position in the market, preventing companies like Google and Apple, which have historically controlled voice, SMS, and data services, from taking over the sector.
- Achieving cost reductions within the company creates the necessary space for profitable growth.
- **Telecom Operator:** The company currently has 60 operators and aims to expand its reach to 200 operators globally. It's worth noting that there are a total of 600 telecom operators worldwide, with a significant portion, 400 of them, located in China, Iraq, Syria, and other parts of the world.
- **Revenue:** The company is diversifying its revenue streams, moving away from its predominantly subscription-based model. It has begun to incorporate advertising revenue, albeit on a smaller scale, and has also acquired customers based on performance-driven criteria. These strategic moves are expected to contribute to revenue growth and enhance the company's overall financial stability.
- **Challenges Arena:** The company is in the segment near to breakeven. The company will start entering middle east Africa. More customers coming from southeast Asia, Europe, and LATAM. The company believes this geography will add a significant number in term of subscriber across the country.

**ONMO**

- The company has a flagship product and spends 2-3 years on it
- 40 operators in the ONMO.
- The ONMO is a platform like Spotify. This is demographic-wise and tech-savvy.
- In ONMO, the company is targeting to expand LATAM & North America.
- **Customer:** The company has secured 26 customer confirmations, out of which 12 are actively engaged. The company is actively engaged in ongoing discussions with these clients.

- **Customer:** The company has secured 26 customer confirmations, out of which 12 are actively engaged. The company is actively engaged in ongoing discussions with these clients.
- **Targeted Customer:** The company discussions encompass over 102+ inclusion existing customers. The company has successfully secured 75 customer confirmations, out of which 56 are currently active. Furthermore, the acquisition of 57 new logos, constituting an impressive 78% growth rate, provides abundant opportunities for cross-selling.
- The company aims to onboard an average of 10 new customers, contributing to the growth trajectory for Q2FY24.
- **Subscriber:** The net active subscriber base has now reached 17.56 mn, and the company is determined to elevate this to 21.34 mn, reflecting a cumulative gross growth of 22%. By the conclusion of Q4FY24, the target is to achieve 24.88 mn, with an additional milestone of reaching 3.54 mn in Q2FY24.
- Q2FY24 has seen a slight deceleration due to launch delays. This quarter is being utilized for consolidation purposes, as some customers are undergoing business model changes. The company observing a substantial influx of customers to the platform. As a subscription-based business, revenue will continue to expand as customer base grows. The trajectory of Q2FY24 is anticipated to far exceed current levels.
- **Investing in Geographical reach:** The company is strategically investing in geographical reach, with a strong focus on achieving over 30% EBITDA margin growth in the Challenges Arena segment in the near term, and even higher figures in the future.
- **Strong focus to increase B2B:** The company has crossed 600k live and is target to go 1 mn in a few quarters. Company optimism is further fueled by the anticipation of elevated revenue from B2B endeavors.
- **Good growth in the video segment led by the Europe region:** Saw growth of 5.2% QoQ due to increased subscriber base in Europe region. Info Ent slightly de-grow due to forex and lower subscriber base. More customer is coming end of this quarter and early next quarter.
- **Organizational transformation:** The organizational transformation helped them to grow in this quarter and will help in the coming quarter with good growth and higher margin.

**View and outlook:** The 28% GST is not anticipated to have a significant impact on the online gaming segment of the company. This is because the company's gaming operations do not involve real-money gaming, and a substantial portion of the revenue comes from global customers. Additionally, all segments of the company are performing well. The ONMO segment is expected to take approximately 6-8 months to start generating profits. On the other hand, Challenges Arena is nearing the breakeven point, and the expansion into new geographical markets is expected to contribute to increased profitability.

**Netweb Technologies India Ltd****CMP: INR 828 | Market Cap: INR 46,426 Mn**

- Netweb Technologies India Limited' is one of India's leading high-end computing solutions-providers, with fully integrated design and manufacturing capabilities.
- The company offers:1. High performance (Supercomputing/HPC) systems;2. Private cloud and hyperconverged infrastructure (HCI);3 .AI systems and enterprise workstations;4. High performance storage (HPS/Enterprise Storage System) solutions;5. Data centre servers; and6. Software and services for HCS offerings.
- The company is currently experiencing significant traction in the field of AI, with a growth rate of 6-7%, and there are optimistic expectations that this figure can potentially reach 10%.
- The company's business is evenly split between government contracts, accounting for 50% of their operations, and private sector engagements, which also constitute 50% of their business portfolio.
- The company has a history of securing repeat business from its clients.
- The company's primary focus lies in two major verticals: the supercomputing industry and the cloud sector. Each of these verticals accounts for ~25% of the company's business. Together, they make up ~70% of the company's total business, falling within the range of 72-80%.
- The company has been growing at CAGR of around 40% each year.
- Private customers are large government research organizations, educational institutions, registro and all those kind of people.
- The company is expanding into new areas, including networking and the development of a comprehensive private IT solution.
- The company has also applied for PLI 2.0.The company is part of the telecom and telecom PLI as well.
- The company has an active pipeline of somewhere around 2800 Cr.
- The momentum began to pick up in Q2, with H1 representing approximately one-third of total turnover and H2 also contributing about one-third of the business. Specifically, the company has observed promising Q2 numbers that reflect the overall performance.
- The company is highly confident in its ability to maintain a CAGR of ~40%.
- Gross margins will remain in the range of 27-28%.
- Overall, Margin will be in the range of 16-17%.
- The company is witnessing substantial investments in the areas of Cloud and AI. Additionally, services are currently growing at a rate of approximately 2-3%, with expectations that this growth will further increase to 5%.
- The company's primary growth strategy is organic rather than inorganic, emphasizing natural growth and development over acquisitions or mergers.
- The company does not face competition from local competitors; its competition primarily comes from MNCs. This defines the competitive landscape within which the company operates.

**Outlook:** Netweb Technologies India Ltd is a leading high-end computing solutions provider, experiencing growth in AI, with a balanced business between government and private sectors, and a focus on supercomputing and cloud, targeting a 10% increase, while maintaining a strong CAGR of around 40%.

**Sastasundar Ventures Ltd**

CMP: INR 274 | Market Cap: INR 8,700 Mn

**Key Verticals**

Healthcare Digital Platforms, Strategic Partnerships, and Diagnostic Business.

- Sastasundar Healthbuddy Limited has a strategic Partnership with Flipkart group. It also has 24.9% shareholding in Flipkart Health Limited (formerly Sastasundar Marketplace Limited).
- B2C customer is end user and B2B is local pharmacy stores. Target is PAN India
- Unique health medical system for B2C supply chain and for B2B is local pharmacy stores. Retailer Shakti presents a significant opportunity in India which is being transformed to a digital and from unorganized to organized supply chain Business model established digitally.
- The ongoing corporate structure simplification aims to conclude within one year, pending regulatory approval, with healthcare in the listed company and a separate entity for financial services.
- Retailer Shakti presents a unique business model that distinguishes itself in several ways. While its distribution network remains non-digital, it faces occasional challenges with supply delays and pigment-related issues. Nevertheless, it operates on an aggregate supply model, allowing it to cater to the entire Indian market efficiently.

**Retailer Shakti**

- Retailer Shakti holds a 5% stake in the capital in compare with the competitors' businesses, demonstrating its competitive edge and ambition. The company is strategically positioned with the goal of becoming a billion-dollar enterprise in the near future.
- The company is focusing both the businesses. Both the businesses are same and have a great combinations and great sustainability Retailer Shakti and Flipkart pharmacy side. Going forward, firmly believe that both the business will be equal. So, they see both this Health Buddy supply chain business and Retailer Shakti to be 50-50% going forward.
- Retailer Shakti anticipates achieving a gross margin of approximately 10.8% once it scales up to a billion-dollar operation. Additionally, the company has set an ambitious target of attaining a 6% EBIDA (Earnings Before Interest, Depreciation, and Amortization) margin.
- Retailer Shakti has a dominant presence in Eastern India, with a growing significance in Northern India as well. The company is expanding its operations to Hyderabad, where it anticipates strong potential. Northern India has shown promising traction, and Guwahati has proven to be a region with favorable profit margins, despite being a recent addition to the company's network. Additionally, Retailer Shakti is gearing up to launch pan-India delivery services, further expanding its reach and customer base.

**App**

- The company is actively developing a new AI-based application in the field of preventive diagnostics and emergency healthcare, with the aim of further strengthening its core business, Genu Lab. This app offers a truly unique solution. Imagine a scenario where someone is at the office, and their parents are unwell with a fever. All they need to do is press a green button, and the company will handle everything, ensuring peace of mind and prompt assistance for the person's loved ones.

**Margin**

- Margin expansion is already underway, the primary focus is now shifting towards increasing the volume. This strategic move is expected to ultimately contribute to the expansion of margins as well.

**Outlook:** The company's management envisions margin expansion in the future by focusing on scaling up volumes. They have high hopes for the B2C vertical, Health Buddy, and anticipate it generating positive cash flows within a year. Instead of rapidly opening new warehouses, the company's immediate strategy for the upcoming year is centered on enhancing efficiency at its existing facilities. While they expect consolidation to persist for the next one or two quarters, they are optimistic about experiencing rapid growth in the next 2-3 years. This approach reflects their commitment to both stability and long-term expansion.

**AGS Transact Technologies Ltd****CMP: INR 61 | Market Cap: INR 7,349 Mn**

- As a backward integration the company has a 100% subsidiary called Secure Value India Limited which is doing a cash management for AGS as well as for other managed service providers.
- On digital front the company has two entities, one is a 100% subsidiary called India Transact. AGS has invested 90% in a company called Novus Technologies which is based in Singapore and has 5 presences in 5 countries in India.
- Transact, the company is basically focused
- on prepaid card, deploy the point of sale machines and they are also doing a fueling app. So these are the basic activities which the company has.
- In Novus the company has presence in Sri Lanka, Cambodia, Philippines, Indonesia and Singapore and recently also got contracts from Botswana and the company is expanding in the other regions.
- Cash basically covers ~ 67-70% of the revenue on the overall basis. Generate ~70-75% of the bottom line also. Around 15% of revenue comes from digital business which is into payments which is mostly under subsidiary India Transact Services Ltd. into pause acquiring and issuance of card and other technology solutions like switching solutions and toll and transit solutions. Rest 10-12% of the revenue also comes from other automation solutions and business which
- On a group overall basis, they have generated a turnover of ~17000Mn last year and with a EBITDA of around 4900 Mn rupees.
- The company is also primarily or the second largest player in the ATM outsourcing space across.
- The company manage 41,000 ATMs for major banks, including SBI, PNB, and BOB as an annuity business for over a decade, establishing themselves as a significant player in outsourcing, complemented by Secure Value subsidiary in cash management.
- In the digital side, focus lies in POS machines and prepaid card instruments, holding an RBI license to issue prepaid cards, and deploying POS systems for both oil marketing companies and various banks.
- The company has recently launched a prepaid card in partnership with Bangalore Metro and RBL Bank, with plans to introduce another co-branded card with a major FMCG or retail company. Moving forward, the company has multiple strategies to further expand issuance side business.
- The company has 25% MS in the cash management system.
- The company is going very aggressively on the digital side.
- The company is focusing more on long term service related annuity based contract.
- The company 90% revenue come from service segment.
- Primary focus is on securing long-term service-related annuity-based contracts.
- EBITDA of around 28-29%.
- There are a couple of factors contributing to receivables. Firstly, service contracts involve monthly billing to consumers, customers, and banks, which entails reconciliation and approvals, leading to a 60 to 90-day processing cycle. Secondly, involvement in various automation solutions in the past also impacts the accumulation of debtors over time.

**Outlook:** The company is a forward-looking company with a strong presence in cash management, digital solutions, and prepaid cards, backed by solid financials and a focus on long-term service contracts, although receivables are impacted by the nature of monthly billing and past automation ventures.

**Vascon Engineering Ltd****CMP: INR 61 | Market Cap: INR 7,349 Mn****Revenue**

- Revenue is expected to grow around 20% in FY24.

**EPC**

- EPC revenue is expected around INR 10bn revenue in FY25.
- EPC gross margins are expected 13% to 15% and PBT margins are expected around 9% to 10% in FY25.

**Real Estate**

- Real Estate revenue is expected around INR 1bn to 1.5bn in FY25.
- Real Estate gross margins are expected around 25% to 30% and EBITDA margins are expected 18% to 20% in FY25.
- There is no major project completion in FY24, so revenue recognition will be significantly lower.

**Order book**

- Total order book stood at INR 24bn. The company is expected to execute around 30% to 35% of the order book.
- The order book is expected to reach around INR 40bn over medium term
- Around 75%-77% of the order book is from government projects and the company is focusing on execution and cashflows.

**Real Estate projects**

- Real estate sales stood at INR 410mn in Q1FY24.
- Real Estate projects which are under development sale value is around INR 5.17bn.
- The near-term launch pipeline of the Real Estate project's sale value is around INR 17.94bn.
- Other real estate projects pipeline of real estate sale value is around INR 8.8bn.

**Divestment**

- The company is planning to divest GMP Technical solutions. GMP Technical solutions top-line around INR 2.5bn in FY23 and expected to grow 20% in FY24.

**Other highlights**

Q2FY24 is expected a similar level growth of Q1FY24. Q3FY24 and Q4FY24 are expected to be better.

**Outlook:** Vascon Engineers is expected to grow at 20% in FY24. The order book stood at INR 24bn shows potential revenue visibility. EPC business is expected to continue momentum backed by strong execution of projects. Real estate project revenue recognitions are majorly expected in FY25. We have a positive outlook on the stock.

**Motilal Oswal Financial Services Ltd**

CMP: INR 879 | Market Cap: INR 13,025cr

**Business Update**

- Remarkable Performance in Q1FY24 by the company. The Company has a market share of 6.0% in the Cash market and 7.2% in the F&O segment.
- Only 32% costs are fixed in the broking business, while other Income makes up 40% of the overall revenue apart from the broking business. Thereby, generating highest Profits ever in the Q1FY24 earnings.
- The largest channel revenue came from the Franchise channel, and 60% of the revenue came from the Franchise channel, where they have very less competition from any major player.
- The Company is also focussing on the HNI channel, through which they generate a lot of capital market income, be it Equity, Derivates, cross Sale of Investment Products and Wealth products.
- The Distribution AUM stood at INR 22,000 Crs while the Wealth AUM is at INR 65,000 Crs.
- The Alternate Assets segment keep launching Funds, like it launched Real Estate Fund of INR 2,000 Cr, Private Equity Fund, etc. These tenured funds, like the 2nd Fund is about to be closed while the Group launched the 4th Fund of INR 4,500 Cr. They also launched 6th Real Estate Investment Fund with an AUM of INR 12,000 Cr at a 2% broking charge.
- The Yield in the PE and Real Estate Funds is almost 15%, Cost of Funds is 9.25% and spread of 6%.
- The Group crossed 200 RMs recently and is looking to double the number of RMs to 350-400 in future.
- Of last year's broking income, two-thirds came from the Derivative segment, thereby leading to the growth in the broking income despite the markets remaining flat throughout the year. The company has the highest per active User fee per year in the industry, at INR 24,000 per active user per year, and still gained market share in the Derivative segment with about 8 lakh active clients.

**Housing Finance Business**

- Affordable Housing Finance is doing good, and has grown to an AUM of INR 3,700 Cr. The last year's disbursement was INR 1,000 Cr.
- The business has now diversified to 12 states, and has focussed in the last 4 years to have a higher asset quality due to delinquencies developed 4 years back.
- The business has now 600 RMs generating around Rs 10 lakh per month of business per RMs.
- The spread in the business is 6%, NIMs of 7.8% and RoE at 13%. The OpeX to AUM business is currently high as the business is investing more into growth in the Tier 2 & 3 cities where only few affordable housing companies are only focussing.

**Guidance**

- In FY24, will stabilize the Team for the current year, and end the year at close at INR 100 Cr of disbursement per month, and will look to disburse INR 1,500 Cr of disbursements in FY25.

**Investing Business:**

- The extra Cash flows are invested in this business which has given an IRR of 17%.
- After paying dividends of 30%, still the company's net worth has reached INR 7,000 Cr.

**Business Overall**

- The Cash balance stood at INR 9,000 Cr, of which INR 7,000 Cr belonged to the clients funds and remaining INR 2,000 Cr belonged to the MOFSL group.
- Going ahead, the Group is looking to grow their Ultra HNI segment business, for which they have already a large bouquet of products, and will be launching more funds with double the size.
- On the question of Divestment of MO Home Finance business. The Group says they will be considering it once it has reached a significant size

**Indostar Capital Finance Ltd****CMP: INR 170 | Market Cap: INR 2,314 Cr****Business Updates**

- Indostar Capital is focused purely on the Used Commercial Vehicle Finance operating in 350 locations pan India which are predominantly Tier 3 & Tier 4 towns/cities of India.
- The Company also has a wholly owned subsidiary operating in the affordable Housing Finance business.
- Post the Brookfield acquisition, the company started focussing in granularization and retailization of the book. As of today, the company has 95% of the book with the retail customers, with the incremental business purely towards retail customers at an average ticket size of INR 7.5 lakh with average tenure of 3 years.
- 60% of their business is with people who already had a Credit Portfolio while the rest are new in Credit financing of business.
- As per the management, the Indian Commercial Vehicle business is witnessing strong momentum over the last 2 years, compared to the slowdown seen between 2018-21.
- The Used CV financing industry is INR 1.5 lakh Cr market size, and Indostar plans to do business of INR 4,500 Cr of business.
- Indostar Affordable Finance in Tier 3 & 4 towns focussing on South India, mainly Tamil Nadu with 138 branches in 125 cities.
- The AUM stands at INR 1,741 Cr comprising loans given to 21,000 families with a ticket size of 9 lakhs at an affordable yield of 15%. Some LAP is 25% of the total AUM of Home Finance.
- Portfolio quality has been good for the company as the Net 90+ dpd is less than 1%, and the company is generating Profits for the last 3 years.

**Industry**

- Most of the players have been able to increase their lending rates. So, the incremental books are repriced at the new lending rates.
- There is a DGV valuation of a vehicle, that is calculated as the lowest of the 2 values: the DGV as well as the Insurance company's valuer's valuation.

**Outlook and Current Happenings**

- The Company's CV business is under-leveraged at 1.5x, but as per the Management they would be comfortable with a leverage of 3.5x-4.0x. So, expect an RoA of 2% and FY25 RoA of 3%. The Cost to Income Ratio is very high as the book remained stable and Cost of Funds increased considerably. In the next three quarters the Cost to Income would come down between 55-60%.
- In the Housing Finance business, the Management would be comfortable with a leverage of 5.0x. OpEx / Average Assets ratio to be 3-3.5% and Credit Cost to be very low due to lower NPAs.
- The Cost of Funds has increased incrementally to 11.5% as the Company reached out to lenders after almost 9 months as they had sufficient liquidity in their books. The Management expects these costs to come down in the subsequent quarters.

**Avro India Ltd****CMP: INR 116 | Market Cap: INR 1.17 Bn**

- Company makes plastic molded products and is competitor of Supreme, Neelkamal and Cello.
- Company's products are priced at 40% discount to the named competitors.
- Company currently in process of debottlenecking the plastic recycling plant. Currently the company has capacity of 600 tonnes per month but producing only 260 tonnes of recycled plastic per month. Stabilization of plant to avail more output is expected to be completed by H2. Company aims to take capacity of recycling plant to 1,000 tonnes per month by FY24 end. And subsequently to 2,500 tonne per month later.
- At 1,000 tonnes per month of recycling facility, company aims to achieve 70-80% utilization levels.
- 30% of RM sourced was virgin polymer and out of the remainder 70%, 40% was post-industrial recycled polymer.
- By the end of FY 24, the company envisions using its 1,000 tonne per month post-consumer plastic (current price ranging ~INR 45/Kg) as 60% of its raw materials, post-industrial plastic (current price ranging ~INR 60/kg) as 10%, and the remainder as a virgin polymer (current price ranging ~INR 100/kg), leading to a reduction in raw material costs flowing directly to the operating profit.
- Company's products are now available in 18 states (6500+ pincodes). Recently entered regions were Jharkhand, Assam, Bihar, West Bengal and Karnataka.
- Ranking wise, company's products have been rated #1 on Amazon.
- 2 new molds have been ordered from China for expansion. Company currently has 28 designs.
- Company is not doing any ATL marketing spends, only BTL marketing spends.
- At capacity of 8,000 tonnes, company sold 2.5 Mn pieces. Company will be able to scale up the capacity to 15,000 tonnes by FY26. Spends for machines and molds will be approximately INR 100 Mn. Recycled capacity is of 7200 tonnes per annum but currently company is trying to debottleneck to increase cheap RM sourcing.
- New molds are being ordered but need them as per specifications to recycle consumer waste. Hence it is taking time.
- Company will further raise equity for its expansion plans but has not commented on timeline for now.

**Outlook:** Overall, 15% organic growth is expected in the furniture industry. Company will be able to scale up the capacity to 15,000 tonnes by FY26.

**Maiden Forgings Ltd****CMP: INR 113 | Market Cap: INR 1.61 Bn**

- Main guidance of topline of INR 10 Bn in 5 years with PAT of INR 1 Bn. 15-16% growth in FY24. EBITDA Margins should move from 10% to 12-13% in 2-3 years.
- Recently company has received approval from one large international client for supply of products.
- 25% of revenues come from Auto clients while the remainder 75% include engineering and consumer durables.
- Company has put state of the art plant for export of collated steel products which are VAP. These have higher margins.
- Phase 1 of exports are to US and Europe, Phase II will be to Australia and Africa. The margins are much better in exports and the demand is significant.
- Company has received approvals from certain international clients for its new products which they will disclose soon.
- Distribution in India takes place through channels like Shankara Building Products, SD Mart, etc.
- Debt of INR 600 Mn will be outstanding by FY24 end. Cost of debt is 9%.
- SS products total sales contribution is at 10%, nails at 2-3% which will go up to 15-20% in FY24.
- Further growth will be propelled by contract manufacturing.
- Company currently has 8 product lines. At INR 10 Bn of topline, company will have 12.
- Marketing spends to go higher from here. Major hirings done, will continue to take place now.
- **EBITDA Margins for certain products:** Stainless Steel: 20-25%, Specialised Steel: up to 30% and beyond for some products, Collated nails (not own brands) White labelling: 25-30%, Own branded collated nails: >30%

**Cool Caps Industries Ltd****CMP: INR 506 | Market Cap: INR 5.85 Bn**

- Company has guidance of INR 4.5 Bn in topline and 15% EBITDA margins by FY26
- Company has 3 plants and 3 upcoming. New Units being set up in Assam & Telangana increasing the capacity by 78% i.e. additional 1680 million caps per annum.
- Company has 3 subsidiaries, Purv Technoplast procures, sorts and converts PET bottles to RPET flakes. Purv Ecoplast manufactures Shrink films and zip bags. Purv Packaging produces anti-microbial polyester films. Going ahead, Purv Ecoplast will also make RPET chips and multilayer flexible film. Purv Packaging will also print labels. Standalone business will add manufacturing of 500ml and 1Ltr PET Bottle Preforms, handles for 2 litre bottle & caps for 20 litre jars.
- Raw materials include HDPE Granules, PPCP granules, PET granules, BOPP films and LDPE/LLDPE films.
- Company is one stop shop for beverage packaging
- Total planned capex of INR 2500 Mn of which INR 1050 Mn completed.
- Bisleri, Patanjali, and Rail neer are some of the key clients
- Manufacturing capacity of shrink films shall be 2x after planned installation of new machinery reaching 4800 tonnes per annum.
- Preforms & Bottle handles of different dimensions, printed bottle labels are new products proposed to be manufactured

**Niyogin Fintech Ltd****CMP: INR 69 | Market Cap: INR 6.47 Bn**

- Company has INR 5 Bn topline goal by FY25 with 10-12% EBITDA margins. Breakeven EBITDA in FY24.
- Company acquires entities with significant store fronts.
- Fund raising going on to support growth (INR 800 Mn of warrants).
- 70% income will be fee based income, remainder lending revenues which have higher margins.
- Moneyfront is currently only 5% of total revenues.
- Company has never lost money in customer acquisition.
- "Iserveu" wont need more cash. Iserveu take rate at 25-50 bps.
- Targeting INR 1 Tn GTV by FY25 with 40 bps take rate. Through this, INR 4 Bn of revenues will come from Iserveu and remainder from lending & other businesses.
- In Iserveu business, part of cost is to be paid to the bank for facilitation.
- Company started prepaid card biz last month.
- Company has very little tech based expenses.
- Cash on books approx. INR 800 Mn.
- FY24, company will have INR 0.5 Tn GTV and breakeven EBITDA.

**Qess Corp Ltd****CMP: INR 429 | Market Cap: INR 63.6 Bn**

- Company has professional staffing business in Singapore, Middle East, Philippines and Malaysia.
- **Workforce management:** Company has recently started professional staffing in USA where it aims to grow faster.
- General staffing margins in US and Singapore are much higher than other locations.
- General staffing contributes to 20% of total topline.
- BFSI, Telecom and Manufacturing are key drivers.
- Global Tech solution business has customer lifestyle management and connect business services (13-14% EBITDA contribution).
- Majority of GTS revenues come from Customer lifecycle management followed by non-voice BPO.
- GTS contributes to majority of EBITDA.
- HRO business in Allsec has 3.7 Mn payslips processed in the recent quarter.
- Allsec is subscription based. Operates in USA.
- Operating Asset Management business has facility management which has headcount of 50,000 people.
- Revenue per headcount in OAM increased in the preceding quarter by 10%.
- OAM operates in F&B, shopping malls, B2B and corporations.
- F&B segment has seen gross margins improvement.
- In product led business, company has Found IT (erstwhile Monster.com).
- Company invested INR 980 Mn in Found IT last year.
- Found IT aims to do INR 550-600 Mn revenues quarterly with breakeven EBITDA .
- Company reduced debt by INR 500 Mn recently. OCF of INR 2.94 Bn last year.
- Company has no planned acquisitions right now.
- Going forward, company plans to do 3.5-4% EBITDA margins.

**Apollo Pipes Ltd****CMP: INR 696 | Market Cap: INR 27.4 Bn**

- Company has guided for 30-40% topline in value terms and 10-12% EBITDA margins going forward.
- Volume growth of ~30% annually.
- Company is currently in process of acquisition of land (15-25 acres per land) which will have revenue potential of INR 10 Bn at full potential.
- PVC prices are still volatile. CPVC contribution is less than 10% currently.
- Debtor days are at 3 weeks. Freight cost is of 3.5-4% of topline.
- 1 year from now, east and west plants will come on-stream.
- Company has received good response in Cash and Carry model (cash discounts) which has good track record.
- Company has planned INR 5 Bn capex which will be funded through INR 2.6 Bn of equity infusion and INR 2.4 Bn of internal accruals.
- Company delivered best ever volume performance, stabilized performance at 7k tonnes per month.
- At the moment, company is taking aggressive pricing strategy (also including Cash & carry model and higher Ad spends) to gain more market share from unorganized players and grow faster. Due to this, company is compromising on profitability which they will focus back on after they have achieved relevant scale.
- For the next 2-3 quarters, company will follow aggressive pricing model. This may continue later too but the margins will revert gradually. The growth plans of 35% CAGR for 4 years are still intact and all levers are in place for it (trigger being PVC prices).

**Orient Bell Ltd****CMP: INR 463 | Market Cap: INR 6.71 Bn**

- Company recently took total capacity to 37 MSM.
- Company has over the recent past acquired talent from names like Tata, Akzo Nobel, Glaxo, Heidelberg Cement and Baxter.
- Dora GVT Line 2 expected to commence operations in Q3FY24. Total capex of INR 760 Mn. Capacity of 3.3 MSM p.a.
- Dora well placed for South market. All freight except Kerala are similar.
- In Morbi, out of 1000 total operating units, 200 are permanently closed. 600 of remainder 800 are operating at 75% capacity.
- Branding spends of 3-3.5% of topline. Mass media spends will start from Q3/Q4.
- Company is focusing on gravitating towards Institutional sales.
- Business operations are moving away from T1 cities because nobody wants to build houses in T1.
- Gas prices were at peak in Q3 & Q4 FY23. August 2022 was at \$9, December was at \$6 and now at \$2.5-3.
- Asset turn at 1.52x, no updates on patents filed.
- Exports INR 15 Bn per month in Q1FY24 Vs INR 12.5 Bn per month in FY24.
- Big private projects demand is good and execution good. Some govt projects doing well, retail is sluggish. Cost and pricing still volatile.
- No guidance given.

HariOm Pipe Industries Ltd

CMP: INR 582 | Market Cap: INR 16.1 Bn

**Acquisition of new plan & benefits, utilization**

- Company has given guidance of INR 25 Bn by FY26 with improved/same EBITDA performance.
- Total installed capacity of plant is currently at 650,000 tonnes. (36,000 tonnes of sponge iron, Mehboobnagar plant which has MS Billet, HR Steel, HR tubes of 104,232 tonnes).
- Asset acquisition of 180,000 tonnes (Perundurai unit) Galvanized plant.
- Total installed capacity will reach 737,000 tonnes. Capacity addition over past 3 years at 51%
- Total utilization in FY23 was 296,000 tonnes which will reach 464,000 tonnes.
- Total VAP in FY24 will be 236,000 tonnes.
- Company is amongst few who start production with sponge iron. Company procures iron ore and produces MS billet and subsequently HR coil. This helps in reduce costs.
- Company makes 1.5 mm and less than 1.5 mm thickness products which is the USP.
- This range is not easily available. Company gets better price range in it.
- Company has 1 month orderbook ready at any given time .
- Company uses steel scrap as well (30% of input).
- Recently launched cold roll and GP plant in Hyderabad. This plant is with latest tech which helps reduction in thickness (from HRC to CRC) by 60% in first input itself. One of the only player with such a mill. Segments where good traction coming from are Electrical, engineering, automobile and defense.
- Company aims to penetrate western markets with its new products.
- Company expects better EBITDA per tonne going forward as well.
- Company is doubling its sponge iron capacity as well so it will further assist their RM capacity
- FY23 inventory is high due to new RM for greenfield capex. In future, it will return to normal.
- Company raised INR 1.9 Bn through warrants issue and INR 1.3 Bn through IPO. Warrants conversion in 18 months. Company has already converted INR 1.02 Bn from warrants.
- Value added products include MS tube, scaffolding, Cold roll Coil & pipe, GP Coil & Pipe.
- Cold rolled coil sold to engineering and auto sector as well.
- Current announced capex will help achieve INR 25 Bn topline target.
- Company aims to double FY23 topline in FY24.

**JTL Industries Ltd****CMP: INR 218 | Market Cap: INR 36.8 Bn**

- Company has the capacity to manufacture 0.5 -10 inches.
- Domestic ERW prices are improving.
- Current capacity will be increased to 600,000 tonnes by next month. Company will end year with capacity of 800,000 tonnes and 1,000,000 by FY25.
- Post that, company has plans to take total capacity to 2 Mn tonnes.
- Company has 100 acres land bank which will help them to take capacity to 1.5 Mn tonnes.
- 50% of RM sourcing is primary and remainder is secondary.
- RM sourcing from JSW, TATA, SAIL, AM/NS.
- Company aims to take exports contribution to topline at 15-20%.
- Company is a major supplier to galvanized segment.
- VAP sales target is of 50% which was 37% in FY23.
- Galvanized capacity was 180,000 tonnes in FY23 which will become 240,000 – 270,000 tonnes in FY24.
- Company currently exporting to Europe, UK, Africa and Australia. Planning to enter USA and Canada (especially with DFT).
- High diameter, square and rectangular pipes don't attract duties, company is entering this segment with expansion.
- 90% of exports volume is of Galvanized pipes.
- Galvanized pipes have EBITDA per tonne of INR 7,500-8,000/tonne.
- 94% of total volume in Q1 was in domestic markets.
- Company aims to reduce the WC days to 30 on medium term basis.
- Galvanized products make EBITDA 3x of ERW black.
- With the DFT tech coming in, company will enter high load bearing structure segment.
- Going forward, company aims to deliver EBITDA per tonne of INR 5,300 – 5,800.

**Spectrum Talent Management Ltd****CMP: INR 130 | Market Cap: INR 3 Bn**

- First round of fund raise ever was SME IPO, still haven't deployed 100% of capital.
- Mobile phone business decided to discontinue. 1 week to 10 day's churn. Good business as it was utilizing capital twice each month at least. 1-1.2% margin business.
- Total people on payroll at ~22,000. 15,800 on payroll and remainder in apprenticeship program. Core headcount at 431 people.
- Company has international presence in US and UK.
- General Staffing contributes 90% of topline. Recurring in nature with 1 year contracts. GM of 1.75 – 2.25% while on recruitment space gives ~30% GM.
- Headcount wise, 37% of staffing segment is deployed in retail which contributes to 39% of topline. It is followed by engineering segment (25% headcount, 26% of topline).
- Industrial staffing margins aren't great but WC is lucrative (due to collect and pay model).
- IT staffing has fixed rate card, flexi staffing payroll is decided by employer.
- IT staffing picked up in covid. High margin business.
- Apprenticeship program started last year. Govt programs (NAPS & NATS) 5-15% of any company's manpower to be apprentice. Company earns through 3 models. Company charges a service fee here and also helps in getting govt incentives.
- Payroll and compliance management remainder business (remainder 10%).
- Permanent recruitment business gives one-time payment (1-2 month's salary). Very strong traction in auto and pharma. Also in FMCG and consumer durables.
- Project based employment has increased which has increased company's recruiter's productivity by twice and also given out discounts to employers to the tune of ~30%.
- US Staffing business: providing IT talent for state customers and IT companies. Hourly margin model in US. US economy not going through a good phase right now. Haven't lost or gained market share over the past few months.
- UK Staffing is day rate payroll while US staffing is hourly rate payroll.
- Company has given guidance of 30-35% for next few years and company still has IPO proceeds to deploy.

**Shaily Engineering Plastics Ltd****CMP: INR 1,780 | Market Cap: INR 16.33 Bn**

- Company is currently into CRAMs and IP led business which constitutes 70:30 contribution of Pharma business. But going forward, 3-4 years down the line, the revenue shift will change significantly to 20:80 as IP led business will grow exponentially.
- Company has recently installed 12 moulding machines in pharma segment. With this the total tally is up to 28 moulding machines. There is space to add another 24 machines in the future. Moulding machines have capacity ranging from 35-350 tonnes.
- Current demand will be from IP led business. Liraglutide and Semaglutide are the pens which will next triggers in revenue generation.
- Liraglutide: Very little pen sales in FY24, better numbers in FY25 (Rest of world launch in FY25, USA launch in FY26).
- 2-3 mn pen sales in Liraglutide in the first full year of sales (FY25).
- Semaglutide is a patented product of Novo which is roughly USD 8 Bn product globally. Main volume of sales for Semaglutide by FY27 but development and some amount of commercial sales have already started (Semaglutide goes off patent in FY30).
- Company is in talks with some insulin pen makers as well for making insulin pens.
- Company is the sole supplier for pens for Sanofi and Wockhardt.
- In future, company may explore options like inhalers and onbody applicators which are of high value.
- In FY23, Shaily sold 12 Mn pens (including auto injectors). In FY24, company aims to sell 15 Mn pens.
- No fresh investment in home furnishings and toys business.
- In Carbon steel business, company has capacity to produce 2,000 tonnes per annum. Company will achieve 60-65% utilization in FY24 and reach 75-80% utilization in FY25.
- There is strong growth in the medical devices (Pharma and healthcare) segment. Company is constantly on strong footing to add new off patent products to their basket for medical devices. 2/3rd of Semaglutide pens filing has been done with Shaily's pen IP.

**Shyam Metalics & Energy Ltd****CMP: INR 438 | Market Cap: INR 111.8 Bn**

- Company has 6 Mn tonnes pellet capacity.
- LCFC margins per tonne are INR 55,000 .
- Capex for FY24/25/26 are INR 20/25/10 Bn respectively.
- New capex announced is to be completed and commissioned by FY26 (90% at least). Capex will be of INR 39.15 Bn of which INR 12.3 Bn will be towards captive power generation (320 MW capacity increase), INR12.15 towards backward integration (5.1 MTPA additional) and INR 14.70 Bn towards downstream products (1.61 MTPA additional).
- **Greenfield CRM facility in Jamuria:** INR 953 Mn incurred out of total INR 6.03 Bn. Facility to produce GI/GL coils and PPGC.
- Out of original capex of INR 39.5 Bn, 32.33 Bn has been incurred and INR 23.79 Bn has been capitalized.
- Entire capex through internal accruals.
- **Aluminum Foil plant:** Q1FY24 volumes of 3,654 tonnes. Realizations stood at ~INR 349,288 per tonne. Plant also includes capacity to manufacture EV battery foil. No known comparable except Hindalco. 65-70% exports.
- Company keeps 2 months worth coal inventory.
- With new capex, company is going into higher NSR products .
- Company has FSA with OMDC and 15 other vendors for iron ore.
- Company is currently the sole producer of SS TMT bars in the country.
- Company doesn't expect any reduction in volumes of long products in Q2.
- No change in guidance which was stated in Q4FY23 concall.

**Welspun Corp Ltd****CMP: INR 378 | Market Cap: INR 98.8 Bn**

- FY24 guidance for topline has been set at INR 150 Bn and EBITDA of INR 15 Bn with net debt of INR 2 Bn.
- There are 3-4 gas pipeline orders in US on drawing board which, if Welcorp wins, will be announced in the next 3-4 months.
- Saudi business orders good for next 2 years.
- Upcoming hydrogen hubs and carbon capture projects to drive future demand for pipelines for H2 & CO2 applications.
- The higher the US inventory, the better the visibility. Visibility in the USA region for next 4-5 years.
- Total realization from scrap sale to be INR 7-8 Bn – Nauyaan Shipyard.
- In EBITDA of INR 15 Bn for FY24, company expects INR 500-600 Mn from Sintex and 1 Bn from Nauyaan Shipyard.
- WSSL can do topline of INR 15 Bn at full capacity (expected in 3 years).
- TMT bars FY24 volumes expected at 175,000 tonnes.
- DI pipes volumes expected at 200,000 tonnes.
- Company recently announced INR 3.5 Bn capex for Sintex. MOU signed with Telangana govt to deploy capex for next 3 years.

**Senco Gold Ltd****CMP: INR 617 | Market Cap: INR 47,880 Mn****Financial Highlights**

- Achieved a commendable 19% CAGR over the past three years.
- Post-IPO, the debt-to-equity ratio stands at a favourable 0.84.
- Demonstrates a robust return on equity at 19%.

**Competitive Edge**

- Steadily increasing stud ratio, targeting 15% by FY26.
- Serves a strong customer base of 2 million individuals, underscoring market presence.

**Current Market Dynamics**

- Recent regulatory changes have provided a conducive environment for the organized jewellery sector.
- Senco Gold's enduring success is fortified by a robust brand presence and endorsements from renowned personalities like Sourav Ganguly, Vidya Balan, and Kiara Advani.
- A significant portion of the manufacturing process remains within the organization, contributing to cost-efficiency.

**Franchise Model**

- Around 35-40% of the company's revenue is generated through franchisees.
- Franchisees invest around INR 1 Crore in capex and INR 9-10 crores in inventory.

**Expansion Strategy**

- Maintaining leadership in the East and expanding to the North.
- Hub-and-spoke model: Metro and Tier 1 stores owned, Tier 2 and 3 through franchisees.
- Regional brand ambassadors for localized appeal.

**Outlook:** The company has optimistic expectations of achieving a steady Compound Annual Growth Rate (CAGR) between 16% to 18%. They prioritize maintaining strong gross margins and staying adaptable in a competitive market. This year's sales distribution comprises 50% gold, 20% diamond, and 30% other categories. They are also exploring opportunities in lab-grown diamonds due to increasing demand and better profit margins. Furthermore, investments are being made in senceverse and digital channels to elevate the overall customer experience.

**Pearl Global Industries Ltd****CMP: INR 1009 | Market Cap: INR 21,850Mn****Strategic Focus**

- Pearl Global Industries pursues growth through brownfield and greenfield projects and remains open to acquisitions.
- The company prioritizes financial stability by maintaining strong financial ratios and securing receivables through insurance.
- Close collaboration with top customers, involving working with their design teams, is a key strategy.

**Global Presence**

- The company strategically positions itself within four major global apparel supply chains: Southeast Asia, the Mediterranean, South Asia, and Central America.

**Market Dynamics**

- The US market experienced disruptions due to pandemic-related logistical challenges.
- US retailers faced shipment delays, resulting in inventory imbalances.
- Retailers initially aimed for higher inventory levels in 2022 but ended up with excess inventory due to logistics issues.
- In 2023, retailers are expected to clear excess inventory.
- To address logistics challenges, US retailers began sourcing 5-7% of their inventory from Central America.
- Pearl Global Industries strategically established operations in Guatemala to cater to this shift in demand.

**Licensing Business**

- Pearl Global Industries engages in licensing, designing, sourcing, and direct supply of select brands to retail stores—a form of forward integration.
- The licensing business, initially launched with two brands, is poised for expansion.

**Margin Expansion**

- Margin expansion is attributed to improved efficiency in newly established factories, strategic customer engagement, financial discipline, and the establishment of specific EBITDA goals for different segments.
- The company aims to achieve a double-digit EBITDA margin in the near term, with a long-term target of 12-14%.

**Outlook:** Pearl Global Industries is looking forward to continuous growth, especially with its expansion into Guatemala. This expansion puts the company in a good position to take advantage of US retailers reducing excess inventory and the trend of sourcing from Central America. They are focusing on operational efficiency and have clear EBITDA goals. Their aim is to achieve a strong EBITDA margin in the near future. Pearl Global Industries has ambitious plans for growth, aiming for a solid 15-20% CAGR. They are also emphasizing the importance of vertical and backward integration to support their growth strategy.

**Frog Cellsat Ltd****CMP: INR 231 | Market Cap: INR 3,720 Mn****Product Portfolio and Strategy**

- Diverse range of telecommunications products: Network accessories, IBS accessories, repeaters, optical DAS systems, antennas, and interference mitigation solutions.
- Gradual entry into the defence market: Development of spare parts for tanks and fighter jets.
- Exploration of opportunities in the offset market: Foreign suppliers fulfilling a percentage of the project locally.

**Expansion and New Products**

- The company is planning to increase its range of products by 25-30% through the establishment of new plants.
- The company is targeting business from the Defence Industry and BSNL 4G project.
- Anticipating continuous growth driven by mobile network maintenance, upgrades, and expansions.

**Outsourcing and Localization**

- Outsourcing certain processes like surface mounting (SMT) for PCB assembly, metal enclosure production, and parts sourcing.
- The company emphasizes localization, with 80% of raw materials sourced locally for products like antennas and RF cables.

**Outlook:** The company's growth strategy is centred on diversifying their product range, entering the defence sector by developing spare parts for tanks and fighter jets, maintaining high-quality standards, optimizing costs through outsourcing, and harnessing the momentum of the 5G technology rollout to target an impressive 40-50% revenue increase. These initiatives demonstrate their commitment to sustainable growth and innovation in a competitive market. In FY23, FCL completed construction of phase 1 for its new manufacturing facility in Noida, with a covered area of 100,000 Sq. Ft. Manufacturing will start by Q1FY24. Simultaneously, phase 2 of the construction is underway and is projected to be completed by the end of Q3FY24, adding an additional 600,000 Sq. Ft. of manufacturing space.

**Ircon International Ltd****CMP: INR 145 | Market Cap: INR 136,230 Mn****Export Projects and Geographical Traction**

- IRCON's export projects currently account for approximately 10% of its project portfolio.
- The ongoing export projects are primarily focused on countries like Algeria, Bangladesh, Sri Lanka, and Myanmar.
- The company is actively exploring new opportunities in regions such as Malaysia, the Middle East, and Africa, with a primary focus on rail sector projects.

**Railway Orders and Margin Strategy**

- Railway orders represent a substantial portion, approximately 72%, of IRCON's existing order book.
- Despite competitive pressures, IRCON aims to maintain operating margins at around 7% to 7.5%.
- The company's strategy includes targeting larger projects with potentially higher margins to offset competition in the railway sector.

**Capital Expenditure and Funding**

- CAPEX plans for the next 2 years are primarily centred around fulfilling equity commitments to its subsidiaries and joint ventures.
- The company intends to finance these commitments using its substantial cash reserves, which currently amount to approximately INR 28,000 million.

**Government Shareholding and OFS**

- The government currently holds a 73% share in IRCON, with plans for potential dilution through an Offer for Sale (OFS) in FY23-24, although the specific percentage and timing are pending confirmation.
- IRCON is not involved in the manufacturing of train sets for Vande Bharat projects.
- The Middle East rail transportation corridor project is still in the early planning stages, with detailed information not available at this time.

**Solar Power Plant JV**

- IRCON is engaged in a joint venture (JV) with INR Renewables to develop a 500 MW solar power plant.
- Significant milestones have been achieved, including power grid connectivity, a 25-year power purchase agreement with railways, and financial closure.

**Outlook:** IRCON's forward-looking strategy encompasses bidding for larger projects, both domestically and internationally, to sustain growth. The company maintains a conservative stance on revenue growth but remains committed to delivering robust execution in ongoing projects. While competition persists, the primary focus is on achieving targeted operating margins and exercising prudent financial management.

**Mercury EV Tech Ltd****CMP: INR 49 | Market Cap: INR 8,160 Mn****EV Product Development**

- They initially launched several two-wheelers, experimenting with various models but eventually narrowed down to two products pending ICAT approval.
- The company is also venturing into three-wheelers, with over 150 auto-rickshaws ordered, and a new facility in their R&D centre is set up for production.
- They are also working on developing batteries in-house and importing cells, aiming for a 2 GWatt battery plant.
- Plans are in progress for entering the EV bus market, with a joint venture with a Russian company.

**Sales and Distribution**

- Mercury Limited is planning to create a dealership network through franchise agreements with Franchise India.
- They are also launching their own portal for direct customer sales, allowing customers to book vehicles online.
- A key strategy is to focus on quality and word-of-mouth marketing rather than heavy advertising.

**R&D and Investment**

- R&D is considered vital for developing a wide range of EV products, including buses and highway vehicles.
- Mercury Limited is investing in a dedicated facility for an experience centre, hub centre, and testing centre on 32 acres of land.

**Outlook:** The company's ambitious growth plans are marked by strategic focus on expanding their product line and diversifying into various segments of the electric vehicle (EV) industry. While they have not specified revenue expectations for the next two years, their primary objective is to establish a robust presence in the Indian EV market. They are committed to delivering quality products and prioritizing customer satisfaction, which they believe is essential in securing a strong position in the growing EV industry. The company is also working on increasing production capacity and awaiting regulatory approvals for some products

**BEW Engineering Ltd****CMP: INR 1,609 | Market Cap: INR 4,270 Mn****Business Model and Growth Drivers**

- The company benefits from an established customer base, with many direct inquiries due to its strong industry reputation.
- The growth drivers include sustained demand for filtration and drying equipment, particularly in pharmaceuticals and chemicals, and expansion into new customer segments.

**Order Book and Execution**

- The current order book comprises around 70 orders, with a typical execution time of 4 to 5 months.
- Pricing for orders is generally fixed, unless customer-requested changes are involved.
- Recent expansion and investment in infrastructure have shortened delivery times.

**Market Share**

- BEW Engineering boasts a substantial market share of approximately 55-60% in the filtration and drying equipment sector.

**Customer Base and Revenue Distribution**

- The company has a diverse customer base, with some key customers consistently contributing significant orders.
- The top 10 customers account for roughly 25-40% of total revenue.

**Competition and Strategy**

- Competition comes from larger players, but BEW Engineering focuses on margin maintenance rather than aggressive undercutting.
- The company believes competitors with significantly reduced margins may struggle to sustain profitability long-term.

**Margins and Capital Expenditure**

- Margins for new products may vary, but the company anticipates EBITDA margins of 18-20% as it expands.
- Additional CAPEX may be required in the future, possibly after 3-4 years, contingent on market conditions and growth.
- The new land acquisition is expected to support growth and potentially double current revenue within a year.

**Working Capital and Inventory**

- Working capital cycles are product-specific, but typically, receivables take around 30-45 days, while creditors have been reduced to 2-3 months from 6-8 months due to improved equity.
- Inventory levels were high due to long delivery cycles, but the new land and reduced delivery times are expected to enhance inventory management.

**Outlook:** Over the next five years, the company aims to continue growing its revenue and market share while maintaining healthy profit margins. Exports have been a strong contributor to the company's performance, accounting for about 25% of total exports last year, and they anticipate similar growth in the current year. The company has experienced remarkable growth this year, with an increase of 40-50%, and they expect to sustain similar growth over the next five years. To further boost revenue, they plan to expand their product range beyond filters and dryers, leveraging newly acquired land.

**Allied Digital Services Ltd****CMP: INR 132.40 | Market Cap: INR 7,300 Mn****Customer Base**

- Diverse customer base across industries such as BFSI, pharma, manufacturing, and healthcare.
- Global presence with headquarters in Mumbai and offices worldwide.

**Customer Contracts**

- Contracts with enterprise customers range from 3 to 7 years, with differing margin structures.
- Smart city contracts contribute less than 10% of total revenue.

**Infrastructure Management Services**

- This service involves managing IT hardware, including servers, networking, storage, and peripherals for clients.

**Profitability and Margins**

- Aims to achieve a Return on Capital Employed (ROCE) of 16-17% within the next 2-3 years while focusing on continuous improvement in this key financial metric.
- The company places a strong emphasis on cost optimization to boost profitability.
- Factors like inflation and rising employee costs can impact profit margins.

**Client Acquisition and Pipeline**

- Acquisition of new clients with announcements expected in the future.
- Factors affecting client decisions: delayed decision-making and revised pricing.

**Data Centre Business**

- Core business in setting up data centre infrastructure.
- Growing trend of setting up data centres in India due to data privacy policies.

**Outlook:** Aiming for a 4-digit top-line turnover in 3-4 years. Focusing on increasing revenue share from the Indian market. Acknowledging challenges due to international market slowdown. Strategic focus on cloud, cybersecurity, and software services for future growth.

**Indian Terrain Fashions Ltd****CMP: INR 61 | Market Cap: INR 2,690 Mn****Differentiators**

- Indian Terrain Fashions focuses on "style with anonymity" rather than relying on logos, appealing to consumers with an inclination towards understated fashion.
- The brand's strong presence extends beyond metropolitan areas, reaching non-metro regions in India.

**Revenue Mix and Geographical Focus**

- The revenue mix comprises 40% from retail, 25% from departmental stores, 25% from distribution, and 10-12% from e-commerce.
- Indian Terrain Fashions concentrates its core strategy on eight states, which together account for nearly 80% of its revenue. Among these, the strongest states are Tamil Nadu, Andhra Pradesh, Telangana, and Gujarat, contributing almost 50% of the revenue.
- Marketing investments and retail store expansion are a focal point in these core markets.

**Market Conditions and Inflation**

- While certain markets exhibit signs of recovery, the overall economic rebound remains gradual.
- The company is closely monitoring inflation, particularly fuel price increases.
- Strategies are in place to mitigate interest costs over time.

**Expansion Strategy**

- A key part of the strategy is to add approximately 30 net new stores within the next 6 months.
- Emphasis is placed on expanding franchisee stores to reduce lease obligations and optimize the store network.

**Outlook:** The company is committed to adapting to market dynamics in order to ensure sustained growth. The company targets revenue growth of about 11-12% over the next three years and aims for a 14-15% EBITDA margin in the medium term. Anticipated improvements in gross margins, with a target of 40% and above within the next 8-10 quarters. The company has projected a growth rate of 10-11% and plans to open 25 new stores each year.

**Imagicaaworld Entertainment**

CMP INR 52.65 | Market Cap INR 21,020 Mn

**Revenue Growth Strategy**

- The company plans to increase non-ticketing revenue share from 25% to 35-40% in the next few years.
- Expansion of footfall and enhancing F&B consumption are key strategies for revenue growth.
- Ticket prices are not planned to increase significantly, with a focus on increasing average realization by 5-6% over the next couple of years.

**Capital Allocation for New Park**

- The company does not plan to invest heavily in a single location but is considering smaller to medium-sized parks in different locations to expand its brand presence.
- This strategy is similar to Disney, which has a few marquee parks and smaller parks worldwide.
- The company plans to utilize its 22 acres of surplus land in Khopoli for future expansions and new attractions. A portion of this land has already been used to expand the water park

**Hotel Business and Margins**

- The hotel business contributes a significant percentage of revenue but has lower EBITDA margins compared to the park business.
- The company plans to increase room segment profitability by expanding banquet and event spaces.
- Margins are targeted to improve to around 42-45%.

**Total Debt and Debt-Equity Policy**

- Currently, the company is debt-free.
- Short-term debt may be considered for specific expansion projects, but overall, the focus is on equity-based growth.

**Revenue Growth Guidance**

- The company has set ambitious targets for revenue diversification, with a goal of boosting non-ticketing revenues, particularly from Food and Beverage (F&B) operations, to account for 30-35% of total revenue.
- The company adopts a financially prudent approach, prioritizing the use of EBITDA cash flow for its expansion projects. This strategy allows them to maintain a debt-free company while pursuing growth initiatives in a sustainable manner.

**Outlook:** Imagicaa's theme park can welcome 10,000-12,000 visitors daily, and the water park currently hosts 6,500 visitors, with plans to increase it to 8,500 post-expansion. They aim to manage footfall and attract more visitors through future expansions. While they consider merging privately held parks with their listed entity, no final decisions have been made yet. This strategy positions Imagicaa for ongoing growth and success in the entertainment industry.

**Kalpataru Projects International Ltd**  
CMP: INR 632 | Market Cap INR: 102,590 Mn

#### Revenue and Margin Growth

- Top-line revenue has grown over the past three years.
- Bottom-line revenue is impacted due to increased commodity and freight costs.
- Anticipate better profit margins as commodity prices find stability and project expenses adapt accordingly.

#### Order Book and Growth

- Order book as of Q1FY24 stood at INR 470,000 million.
- Average execution time for the current order book takes 2.5 to 3 years.
- Aiming for a 30% increase in top-line revenue in FY23-24, supported by our current order book and upcoming orders.
- Approximately 40% of the order book consists of variable pricing contracts and the remaining 60% of their contracts are fixed-price contracts, providing a more stable pricing structure and helping to manage financial risks effectively.

#### Debt and CAPEX

- CAPEX of INR 2.7 to INR 3 billion to be funded mostly from internal accruals.
- The company's financial outlook indicates that there is no significant increase in debt expected. Their primary focus remains on managing cash flow effectively and optimizing working capital.
- Current debt-to-equity ratio: 0.5-0.6% (standalone level).

#### Shareholding and Pledge

- Promoters have reduced their stake in the company to 41.5% to invest in their privately held real estate business. There are no additional plans for significant stake reduction; the main focus is on reducing the pledge.
- The percentage of pledged shares has decreased from over 55% to below 45% as of August 2023.

#### Working Capital and Water Business

- The water business maintains a more efficient working capital cycle with fewer days (less than 58 days) compared to the company's average cycle (100-105 days).
- Favourable payment terms help keep the working capital requirements lower.

**Outlook:** The company's outlook appears promising, with various opportunities emerging in Latin America, Africa, CIS countries, Australia, and Nordic markets. Strong growth is expected particularly in renewables and infrastructure replacement projects. The company anticipates its fixed costs to remain at around 4.5-5% going forward, influenced by the project mix. To further strengthen its financial position, the company is focused on reducing consolidated debt through divestments and improving working capital management. The company has strategically planned the divestment of its road projects, real estate holdings, and logistics subsidiaries.

**Knowledge Marine & Engineering Works Ltd**  
**CMP: INR 1,505 | Market Cap: INR 16,260 Mn**

#### **Industry and Market Insights**

- The dredging industry has an annual size of approximately 5,000 crores, primarily in the port sector
- The company is diversifying its portfolio by venturing into the waste-to-wealth program through dredging and sand sales.
- They have already secured contracts in Bahrain and are actively exploring opportunities in Saudi Arabia.

#### **Business Strategy**

- Focusing on high-quality assets with 20-year lifespans.
- Government initiatives create opportunities in inland waterways, and initial sand mining margins align with existing ones, with room for improvement.

#### **Order Book and Revenue**

- Current order book stands at 600 crores.
- Bid pipeline exceeds 1000 crores, encompassing dredging and sand mining.

#### **Capex**

- The company has planned a capex of INR 60 to 90 crores for the current year, with an immediate allocation of 40 crores for acquiring assets.
- Looking ahead, they anticipate a total capex requirement of approximately 120 crores in the next year. Currently, there are no immediate fundraising plans for additional capex.
- Government initiatives aimed at enhancing inland waterways are expected to create new opportunities.

**Outlook:** The company's revenue target for FY25 is set at 500 crores. Their expansion strategy involves securing government and private sector contracts and diversifying into inland waterways for additional growth. Expectations include securing more contracts to bolster the order book and ambitious plans for a fleet of 40 crafts by 2030. They aim for a revenue mix of 60% international to 40% domestic, exploring markets in Maldives and Bangladesh for growth. The FY24 outlook includes an EBITDA margin of 30%-40% and PAT growth of 20%-25%.

**Sportking India Ltd****CMP: INR 811.85 | Market Cap: INR 10,350 Mn****Market Dynamics**

- The spinning industry experienced fluctuations in recent years, with COVID-related changes in consumer behaviour leading to improved margins and sales.
- Current demand, particularly in the domestic market, is stable but not exceptionally high.
- Challenges are being observed in the Indian retail sector.

**Current Performance**

- The company has been operating at a capacity utilization rate of 98%.
- Revenue growth has been steady, reflecting the company's resilience in the face of market challenges.
- The solar plant, with its 25-megawatt capacity, has positively impacted energy costs, contributing to improved profitability.
- The company's debt level is being actively managed, with an average cost of debt at approximately 8%. There are plans for gradual debt reduction.

**Export-Domestic Mix**

- Ideal mix is 55% domestic and 45% export, but the current mix depends on market conditions, with a recent shift towards exports due to a slowdown in domestic demand.

**Products & Margin**

- Primary focus on yarn spinning, considering it a strength offering better returns on capital.
- Current yarn mix: 60% cotton, 30% cotton blends, 10% synthetics.
- Cotton yarn generates the best margins.
- Blended and synthetic yarns face challenges due to weak domestic demand.

**Financials and Debt**

- Maintaining an average cost of debt of approx. 8%, the company is resolute in not increasing its debt levels. Instead, it aims to gradually reduce existing debt.
- The company's current debt level stands at a range of INR 43,000-50,000 Mn.

**Outlook:** The company holds an optimistic outlook driven by the "China plus one" strategy, which positions them favourably. Moderated cotton prices and strong crop forecasts, contributing to their confidence in the market. Government policies, such as the RoSCTL scheme, further support their outlook. Currently focused on consolidation, the company sees a potential future expansion. They anticipate increased demand during festival seasons.

**Vaibhav Global Ltd****CMP: INR 442 | Market Cap: INR 73,050 Mn****Acquisitions**

- Ideal World Ltd: Shop TJC Ltd (UK), a wholly owned subsidiary of VGL announced on September 22, 2023 to acquire assets of Ideal World Ltd. for approximately £1.125 million, aimed at revitalizing the company.
- Mindful Souls: Vaibhav Global to strengthen its digital abilities with a €12 million acquisition of Mindful Souls. The company aimed to acquire a profitable company with efficient customer engagement practices and strong digital capabilities.
- The acquisitions was expected to create synergies, fuel brand growth, and contribute to overall organic company growth.

**Revenue Growth and Margins**

- Ambitious goal of reaching a 50% share of lifestyle products by FY28.
- Maintains a solid 60% minimum gross margin.
- Key focus on acquiring customers profitably with repeat purchases contributing significantly to margins.

**Revenue Growth Pattern**

- Vaibhav Global's revenue growth exhibits patterns of step jumps followed by periods of stagnation.
- Factors contributing to this include acquisitions, shifts in customer behavior during the pandemic, and retention ratios.
- Future plans include achieving more consistent and stable growth.

**Impact of Repeat and Retention**

- A decline observed in both repeat purchase frequency and overall retention rates.
- Partially offset by an increase in the average selling price (ASP), driven by consumer interest in precious items like gold chains and gemstones.

**Outlook:** The company is dedicated to ensuring the profitability and successful scaling of their recent acquisitions. Additionally, VGL is implementing efficient strategies for managing slow-moving inventory through clearance sales and their "Rising Option" platform. To address declining repeat purchase frequency and retention rates, aiming to achieve higher average selling prices. The Ideal World acquisition is targeted to achieve profitability within a year. Furthermore, VGL'S value-conscious offerings have proven to be resilient during economic slowdowns, contributing to their strategic direction.

**Linc Ltd****CMP: INR 767 | Market Cap: INR 11,410 Mn****Product Portfolio**

- Pentonic offers a range of products including INR 10 ballpoint and gel pens, a INR 20 retractable ballpoint pen, and a newly launched INR 40 retractable gel pen.
- Expansion plans include introducing INR 20 and INR 30 products within the year.

**Stationary Business**

- Linc acquired a Delhi-based stationary brand that has shown rapid growth, targeting INR 500 Mn in revenue for the current year and aiming for INR 1,000 Mn in the next two to three years.
- Stationary products are viewed as a significant growth area.

**Vision and Strategy**

- Linc aspires to evolve into a comprehensive stationary products company, not limited to pens.
- Optimistic about growth prospects in pens, stationary, and adjacent categories.
- Exploring joint ventures and acquisitions to diversify product portfolio and market presence.
- Committed to crossing INR 7,500 Mn in revenue by FY25.
- As of Q1FY24, there was no outstanding debt.

**Partnerships and Growth**

- Mitsubishi Pencil Co. Ltd, Japan contributes INR 750 Mn in revenue and aligns with overall company growth.
- In discussions for a joint venture with Korean company Morris to produce advanced markers and highlighters.
- Majority stake acquisition in a Kenyan pen factory to expand in the African market.

**Outlook:** The global writing instruments market is projected to achieve a steady growth rate with a CAGR of 3.7%, ultimately reaching a substantial value of 21 billion USD by 2027. Within this context, the Indian market emerges as a promising arena, showcasing growth opportunities even amidst the backdrop of digitalization. The company's strategic focus lies in premiumization, aiming to entice customers toward higher-priced pens and related products. Furthermore, they are strategically positioned to secure a more significant portion of the expanding stationary market, aligning their objectives with the evolving consumer preferences.

### Leading Auto Ancillary Company

**Financial Performance & Projections:** A growth objective of 5 to 10% higher than the weighted average market growth in India. Aiming for Indian margins of 18% within the next two years.

**Business segments in India:** Forging, castings, stampings, gears, magnetics, composites, and aluminum die

Casting: The company has major Indian customers like M&M, Bajaj, Maruti, Hyundai, Kia, and more.

**EV Market Insights:** Consistent growth in the EV sector, particularly in two-wheelers and three-wheelers in India. Current value at risk due to EV is about 20% of the business in India. Established partnerships with major EV players in India. In Europe, BEV penetration is 13-14% with potential growth.

**European Market Dynamics:** European market characterized by resilience and maturity. Despite challenges, the company is aiming for a 3-5% growth in Europe.

**Customer:** M&M has performed exceptionally well, particularly with the newer models that have shown significant improvement compared to the older models, including advancements in stampings and external parts.

**Sunroof business:** The parent's strategy in India is yet to be finalized (currently housed in the parent owned subsidiary).

**Outlook:** The company showcases a promising future with a clear strategic focus on both the Indian and European markets. It's emphasizing operational efficiency, strategic partnerships, and financial diligence, particularly as it navigates the evolving EV sector. In the coming years, the company aims for productivity enhancement, wage adjustments, and improved growth margins. With robust plans and clear goals for the next few years, the company is poised for success and growth.

**Talbro Automotive Components Ltd****CMP: INR 1,046 | Market Cap: INR 12,920 Mn****Product Mix- Heat Shield**

- Substantial growth is expected in the heat shield division.
- Aims to surpass INR 1000 Mn in revenue in the next three years.

**Margin Expansion and Revenue Growth**

- Margin expansion target for the year is around 15%.
- Revenue growth target for the year is above 15%.

**Export Business**

- Export business yields higher margins (3-4% more) compared to domestic sales.

**Capacity Utilization and Capex**

- Gasket capacity utilization averages 85%, with different products having varying utilization levels.
- Ongoing capex plans include setting up new gasket facilities in Pune, new facilities for joint ventures, and expanding capacity in various segments.
- Total capex over the next four years is estimated to range from INR 2200-2500 Mn.

**Outlook:** The company is actively working on products for EVs, including collaborations with BMW and Volvo. The company continues to focus on (CV) gaskets . It is also targeting a growth from the current turnover to reach INR 7600-7750 Mn in the next four years.

**SJS Enterprises Ltd****CMP: INR 685 | Market Cap: INR 20,840 Mn****Exporting Products**

- The company currently supplies products to 175 customer locations in India and exports to 22 countries.
- Their products are lightweight, stackable, and suitable for just-in-time delivery, making them export-friendly.

**Expanding Product Range**

- The company aims to expand its exports beyond dials to other products, including optical plastic, cover glass parts, IML parts, wheel caps, and chrome-plated parts.

**Capacity and Expansion Plans**

- The Bangalore facility currently operates at 60-65% utilization, with room for expansion up to INR 5000-6000 Mn.
- ExoTech operates at 90-95% capacity utilization and generated INR 1380 Mn in revenue last year.

**Capex**

- SJS FY24 INR 10-12 Cr and Exotech INR 10-12 and WPI INR 10 Cr so, over INR 34-35 cr.

**Exotech:**

Operates at 90-95% capacity utilization and generated INR 1380 Mn in revenue last year. Expanding chrome plating capacity through debottlenecking and partnerships, including collaboration with external manufacturers. Greenfield expansion with WPI synergies to be finalized in CY24. Cumulative 300 bps EBITDA margin expansion from FY211 to FY23 due to continuous improvement initiatives.

**Outlook:** The company's strategy involves accessing new markets, both domestically and internationally. They aim to leverage their ability to generate free cash to support growth initiatives. They foresee opportunities for acquisitions in the next one and a half to two years, depending on their financial position. At a CMP INR of 679 stock trades at PE 18.3x to its FY25E EPS of INR 37.

RPSG Ventures Ltd

CMP: INR 600 | Market Cap: INR 17,710 Mn

#### Supply Chain and Distribution

- The company employs a capital-light supply chain model through partnerships with third-party factories.
- It maintains a robust distribution network covering 4 lakh direct stores, 900 direct distributors, 3000 sub-distributors, and 1200 salesmen.

#### Research and Development

- The company has established an R&D facility encompassing analytical and developmental labs, spanning categories such as personal care and Ayurveda.

#### Investment Strategy for FSL Business

- The FSL business serves as a consistent cash cow, generating an annual income of approximately INR 1300-1400Mn.
- Presently, the company has invested around INR 60000 Mn in FSL, resulting in a 2% yield.

**Outlook:** The company is poised for substantial growth by expanding within food categories, particularly focusing on adjacent segments to Western snacks. The personal care segment is slated to develop further with continuous innovations and potential adjacencies. The company anticipates managing Corporate Overheads expenses efficiently while scaling up its revenue. We have a Buy rating on the stock with the target price of INR 2,280 per share.

IndiaMart InterMesh Ltd

CMP: INR 2,876 | Market Cap: INR 1,76,250 Mn

#### Financial Highlights

- Consolidated revenue from operations – INR 2820 Mn (+26% YoY growth)
- The platform witnessed a traffic volume of 254 million, generating 22 million unique business inquiries.
- The supplier store presence grew to 7.6 million, marking a commendable 6% YoY increase.

#### Customer Addition Strategy

- Strong emphasis on upselling current customers to higher subscription tiers for revenue growth.
- Revised customer addition goal of 5-6k net customers per quarter due to price reinstatement.

#### ARPU & Customer Distribution

- Steady 5% CAGR growth driven by upselling, price adjustments, and new customers.
- Balanced distribution: 50% metro/tier-1, 50% tier-2/tier-3 cities.
- Top 10% customers contributed 46% total revenue, showcasing strong ARPU growth.

#### Business Model & Subscriptions

- IndiaMart opted for a subscription-based revenue model to enhance supplier engagement.
- Discounts incentives upfront payments in the first year for longer-term packages.

**Outlook:** IndiaMart aims for a strong EBITDA margin of 30-31% in the next 2-4 years, showcasing a commitment to efficiency. Growth vision includes 20-25% revenue growth and a 10-11% ARPU increase, aligning with strategic expansion.

**Mahindra & Mahindra Ltd**

CMP INR 1,554 | Market Cap INR 19,31,950 Mn

**Financial Growth and Strategy:**

- Achieved 3x growth in consolidated profit over the past two years.
- Implemented capital allocation strategy targeting turnaround or exit of loss-making businesses.
- Focus on auto, farm, and services sectors to attain 18% ROE and 15-20% EPS growth.

**Core Businesses**

- Auto: SUVs, LCVs, electric three-wheelers, iconic motorcycle brands.
- Farm: Largest tractor manufacturer, expanding into farm machinery.

**Growth Gems**

- Mahindra Lifespaces: Real estate.
- Club Mahindra: Hospitality.
- Mahindra Logistics: Logistics.

**Sustainable Energy**

- Engaged in sustainable energy through Susten.

**Other Business**

- Axle: Steel component side.

**Electric Vehicle Strategy**

- Launching born EVs next year with an emphasis on driving experience and performance.
- Targeting 250-400 km range on a single charge and 30-minute fast charging capability.

**Collaboration with Mitsubishi**

- Strategic partnership with Mitsubishi Agricultural Machinery for efficient platform development.
- Leveraging Mitsubishi's expertise for international market penetration.

**Industry Outlook**

- Tractor Industry: Forecasting low single-digit growth, subject to post-festive season evaluation.
- SUV Segment: Exceptional performance with production capacity increased from 29,000 to 39,000 units.
- Strong Demand: Evidenced by high booking numbers and low cancellations for SUVs.

**Outlook:** M&M prioritizes balanced profitability in its auto, farm, and services sectors, aiming for scalability and financial goals. To enhance its global auto presence, the company focuses on profitable markets like South Africa, Australia, and New Zealand. In the Indian market, M&M plans to boost its position in the lightweight tractor segment by introducing specialized models, particularly targeting improved performance in rice paddling, a significant agricultural practice in the country. We have hold rating on the stock with target price of INR 1,668 per share.

E2E Networks Ltd

CMP: INR 401 | Market Cap: INR 5810 Mn

#### Product Portfolio and Customer Base

- Evolution from private cloud and managed services to a practically self-service platform.
- Major products include cloud GPUs, Windows and Linux cloud platform machines, various cloud services like load balancers, databases, Kubernetes, etc.

#### Major customers:

SMEs, enterprises, startups, higher education, and research.

- Net Revenue Retention (NRR) is generally more than one for a comparison period
- Cost comparison with other hyper-scale clouds: 30-50% lower costs for major SKUs.

#### Challenges and Competitive Landscape

- Potential challenges in acquiring hardware from major providers due to their partnerships with larger players.
- Competes with hyperscalers and also smaller players like Linode, DigitalOcean, and Vultr.

#### TIR AI Platform

- TIR AI platform helps in both training and inference, optimized for latency in the Indian market.
- Currently offered for free, stimulating computer usage.

**Outlook:** E2E Networks is strategically poised for accelerated growth, focusing on leveraging a robust growth strategy. With a keen eye on hardware acquisition and efficient debt financing, the company aims to bolster its capacity, particularly emphasizing cloud GPUs. This targeted approach aligns with the anticipated surge in demand, ensuring E2E Networks is well-prepared to cater to evolving market dynamics and cement its position as a leading player in the cloud computing domain.

**Monte Carlo Fashions Ltd****CMP: INR 797 | Market Cap: INR 16,530 Mn****Financial Snapshot**

- Aggressive expansion plans: 55 new stores this fiscal year.
- Positive economic outlook despite initial inflation concerns.
- Anticipates increased festive season spending due to a favourable monsoon.

**Growth Strategy**

- Targets 15-20% annual growth over the next three years.
- Ongoing establishment of a new home textile plant.
- Product segments: sweaters, autumn wear, kids' wear, home furnishing, Crocket.

**Margin Sustainability**

- Commitment to sustaining margins, aided by favourable raw material prices.
- Inventory challenges due to the intricate sweater production process.
- Margin stability despite complexities in inventory and production.

**Outlook:** Monte Carlo Fashions is poised for growth, with a strategic focus on expansion, quality, and maintaining a competitive edge in the dynamic apparel market. The company is well-prepared to capitalize on India's economic momentum and the changing dynamics of the retail sector. As it continues to adhere to its growth strategy and commitment to excellence, Monte Carlo Fashions aims to reinforce its position as a leading name in the apparel industry.

Datamatics Global Services Ltd

CMP: INR 604 | Market Cap: INR 35,600 Mn

#### Hyperscale Integration

- Datamatics partners with giants like Pricewaterhouse and Microsoft for Salesforce implementations.
- Focus on cloud initiatives and Power Apps integration.

#### Innovations in AI

- Utilizing AI for email analytics and legal documentation.
- Key projects: automation of death claim processing and Bangalore Airport's digitalization.

#### Strategic Growth & Market Presence

- Target Markets: Focus on US and European markets due to higher growth and lower price sensitivity.
- Holistic Service Offerings: Robotics entry leads to diversified growth in various digital technology services.

#### Competitive Positioning

- Maintains a strong win ratio despite aggressive bids from major IT companies.
- Benefits from a personalized client experience due to their mid-size nature.

**Outlook:** Datamatics, with its strategic ventures and technological advancements, is poised for substantial growth in the coming years. It anticipates a 15-20% growth rate in the coming years, with projected margins of 18-20%. Their emphasis on talent development, competitive positioning, and financial planning shows a well-rounded approach to future challenges and opportunities. The overall sentiment is one of cautious optimism, with a clear trajectory towards sustained growth and innovation.

**VIP Clothing****CMP: INR 53 | Market Cap: INR 4,380 Mn****Financial Overview**

- Steady growth in turnover from INR 143 crore to INR 200 crore with a target of INR 300 crore.
- Improved EBITDA over the past few years.
- Reduced working capital cycle from 347 to 251 days.

**Working Capital and Sales Targets**

- Raised capital through a warrant issue to address working capital needs.
- Successful reduction in the working capital cycle.
- Well-prepared in terms of infrastructure for growth up to INR 500 crores in turnover.

**Category Expansion**

- Introduction of Frenchie U19 for teenagers.
- Focus on expanding categories: men's, women's, leisurewear, and accessories.
- Vision is to be in the Innerwear, Leisurewear, and Accessories (ILA) category.

**Industry Overview:** 60-65% of the market is still unorganized.**Other KTAs**

- VIP Industries focuses on branded undergarments.
- Strong presence in the South, expanding in other regions.
- 90% of sales come from men's category.
- Aims for a 60-40 in-house to job worker ratio.

**Inventory Management**

- Shifted to a central warehouse in Thingal.
- Adjusted reorder levels for optimized inventory.
- Significant inventory due to product size and colour variations.

**Online Business**

- VIP Industries recently entered the online platform with a focus on e-commerce.
- Current online business contributes around 1-2% of revenue.
- Plans for significant growth through tie-ups with platforms like Amazon and Flipkart.

**Competitive Price Range**

- VIP Industries operates in the INR 250-350 per piece price range.
- Focusing on product development and innovation for different consumer segments.

**Outlook:** Hosiery sector experiencing growth, with organized sector growing by 12% or more. VIP Industries aims for growth in women's wear, leisure wear, and other segments. Ambitious growth targets with infrastructure and distribution channels in place. Planning to increase marketing spend.

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Absolute Return****Research Analyst  
Registration No.****Contact****Website****Email Id**

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