Emerging Ideas
Conference 2024

BHARAT'S
SWARNA KAAL

nuvama
professional clients group

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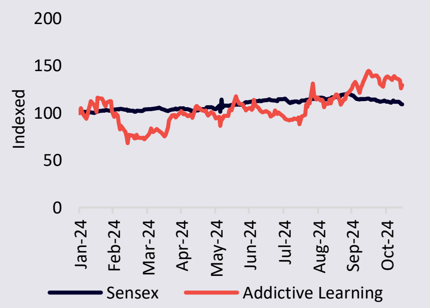
Addictive Learning Technology

Addictive Learning Technology (LAWSIKHO) is an edtech platform offering professional upskilling and career services for senior, mid-career, and young professionals. Through brands — LawSikho, Skill Arbitrage, and Dataisgood — it provides courses in law, finance, accounting, corporate governance, HR, AI, content writing, video editing, and data science. It assists college students and recent graduates in seeking advanced skills and job opportunities. The stock is not rated.

CMP: INR370
Rating: Not Rated

Bloomberg:	LAWSIKHO:IN
52-week range (INR):	188 / 449
M-cap (INR cr):	589
Promoter holding (%)	66.08

Relative Price Performance



Transitioning from a niche legal market focused brand to a horizontal player

The company began by serving law students and graduates through its brand LawSikho. For this, it had partnered with industry experts and institutions to create a comprehensive legal curriculum. Building on LawSikho's success, it expanded to upskill experienced lawyers, including those working internationally, and broadened its focus to adjacent fields like accounting, finance, compliance, HR, and business consulting. It launched SkillArbitrage to offer multidisciplinary skill development and acquired Dataisgood, which specialises in hands-on data science training. The company is piloting healthcare education with 3,000 nurses preparing for NCLEX and IELTS exams. As the initial traction was promising, it plans to launch paid courses.

Accelerating global expansion with high-value courses

LAWSIKHO is targeting learners in the UK, North America, and Canada with high ARPU courses like data science (~USD2,200), Solicitor Qualification Exam prep (UK), and NCA exam prep (Canada). It sees growth opportunities in the EU, Mexico, Kenya, Nigeria, and the Philippines. It plans to establish franchises or entities in these regions. It is exploring acquisitions, including CPA and digital marketing firms in the US and the UK to strengthen its market entry and presence.

Scaling up its sales force with a dedicated team for the US and UK

It has six sales leaders, 20 team leaders, 145 active callers, and 95 trainees. The management plans to boost revenue by expanding its dedicated US and UK teams as it seeks deeper market penetration. It aims to grow its inside sales and B2B business development teams to target SMEs in these regions. LAWSIKHO aims to have a 350-member sales team by March 2025.

To launch Skillsafter.ai to address AI-driven career disruptions in developed markets

It is in the advanced planning phase of launching brand Skillsafter.ai. The courses will cater to professionals in US and European markets who are likely to be impacted by emerging automation and AI tools. The management believes this brand will significantly boost sales in developed markets.

Valuations

At the CMP of INR370, the stock trades at a P/E ratio of 67.9x and an EV/EBITDA of 32.8x on a TTM basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	19	34	66
Rev growth (%)	173.9	80.6	96.2
EBITDA (INR Cr)	1	5	17
Adjusted PAT (INR Cr)	-0	2	7
P/E (x)	(1,177)	239	82
Price/BV(x)	(1,435.6)	285.7	8.6
EV/EBITDA (x)	784.4	115.6	30.9
RoACE (%)	(313.6)	579.1	41.3
RoAE (%)	232.6	298.2	20.5

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Financials

Income statement (INR crs)

Year to March	FY22	FY23	FY24
Income from operations	19	34	66
Direct costs	0	0	0
Employee costs	1	2	8
Other expenses	17	27	41
Total operating expenses	18	28	48
EBITDA	1	5	17
Depreciation and amortisation	0	0	3
EBIT	1	5	15
Interest expenses	1	2	4
Other income	0	0	0
Extraordinary items	0	0	0
Profit before tax	-1	3	10
Provision for tax	-0	1	3
Core profit	-0	2	7
Extraordinary items	0	0	0
Profit after tax	-0	2	7
Share from associates	0	0	0
Adjusted net profit	-0	2	7
Equity shares outstanding (cr)	0	0	2
EPS (INR) basic	-50.0	246.0	4.5
Diluted shares (Cr)	2	2	2
EPS (INR) fully diluted	(0.3)	1.5	4.5
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	96.0	84.8	73.5
Depreciation	0.3	0.3	4.2
Interest expenditure	6.6	5.2	6.4
EBITDA margins	4.0	15.2	26.5
Net profit margins	(2.7)	7.3	11.0

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	173.9	80.6	96.2
EBITDA	3,650.0	577.3	243.1
PBT	NA	(735.3)	223.1
Net profit	4,900.0	(592.0)	193.1
EPS	4,900.0	(592.0)	193.1

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	232.6	298.2	20.5
ROACE (%)	-313.6	579.1	41.3
Debtors (days)	0	0	3
Current ratio	1	1	5
Debt/Equity	0.0	0.1	0.0
Inventory (days)	0	0	0
Payable (days)	19	1	5
Cash conversion cycle (days)	-19	-0	-3
Debt/EBITDA	0	0	0
Adjusted debt/Equity	0.7	(0.8)	(0.7)

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	(0.3)	1.5	4.5
Y-o-Y growth (%)	*4,900.0*	*(592.0)*	*193.1*
CEPS (INR)	(0.3)	1.6	6.3
P/E (x)	*(1,177.2)*	*239.3*	*81.6*
Price/BV(x)	(1,435.6)	285.7	8.6
EV/Sales (x)	*31.7*	*17.5*	*8.2*
EV/EBITDA (x)	784.4	115.6	30.9
Diluted shares O/S	*1.6*	*1.6*	*1.6*
Diluted EPS	(0.3)	1.5	4.5
PE (x)	*(1,177.2)*	*239.3*	*81.6*
Dividend yield (%)	0.0	0.0	0.0

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	0	0	16
Preference Share Capital	0	0	0
Reserves & surplus	-1	2	52
Shareholders funds	-0	2	68
Secured loans	0	0	0
Unsecured loans	0	0	0
Borrowings	0	0	0
Minority interest	0	0	0
Sources of funds	**-0**	**2**	**68**
Gross block	0	0	30
Depreciation	0	0	3
Net block	0	0	27
Capital work in progress	0	0	0
Total fixed assets	0	0	27
Right of Use Assets	0	0	0
Investments	0	0	0
Inventories	0	0	0
Sundry debtors	0	0	0
Cash and equivalents	0	2	50
Loans and advances	1	7	2
Other current assets	0	0	0
Total current assets	1	9	53
Sundry creditors and others	1	6	7
Provisions	0	1	3
Total CL & provisions	1	7	10
Net current assets	-1	2	42
Net Deferred tax	0	0	-1
Misc expenditure	0	0	-0
Uses of funds	**-0**	**2**	**68**
Book value per share (INR)	-0	1	43

Cash flow statement

Year to March	FY22	FY23	FY24
Net profit	-1	2	8
Add: Depreciation	0	0	3
Add: Misc expenses written off/Other Assets	-0	-0	0
Add: Deferred tax	0	0	0
Gross cash flow	-0	2	11
Less: Changes in W. C.	-0	1	-8
Operating cash flow	-0	1	19
Less: Capex	0	0	22
Free cash flow	**-0**	**1**	**-3**

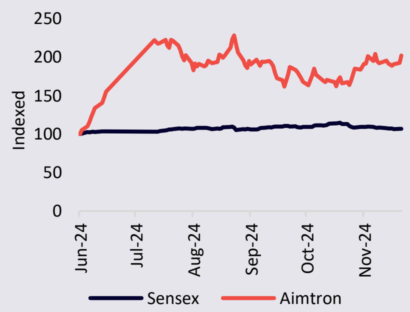
Aimtron Electronics

Established in 2011 as a pure play printed circuit board (PCB) designer and assembler, Aimtron Electronics (AIMTRON) has over the years emerged as a one-stop electronics system design and manufacturing (ESDM) solution provider. It provides products and solutions right from PCB design and assembly to manufacture of complete electronic systems (box build). It even offers customised solutions with respect to automated micro-electronics assembly and precision component integration, with end-to-end support from conceptualisation, design engineering, prototyping to turnkey manufacturing. The end-use industries that they cater to include industrial, power, gaming, medical and healthcare equipment, automobiles, drones, and unmanned aerial vehicles (UAVs). Revenue/EBITDA/ PAT stood at INR93cr/INR24cr/INR14cr in FY24. The stock is not rated.

CMP: INR487
Rating: Not Rated

Bloomberg:	AIMTRON:IN
52-week range (INR):	240 / 730
M-cap (INR cr):	1000
Promoter holding (%)	71.30

Relative Price Performance



Capacity

Its operations are anchored in two strategic facilities in Vadodara and Bengaluru. As of December 2023, the annual installed capacity in Vadodara/Bengaluru in surface mount technology (SMT) components stood at 43.67cr/30.53cr, with 4 SMT lines, 37 through (soldering) hole setup station (THT) lines, and 3 box build assembly lines. As of H1FY25, its manufacturing facilities are equipped with 5 SMT lines, 37 THT lines, and 4 box build assembly lines.

Revenue breakup in H1FY25

- Service offerings — PCB (78%), box build (20%), and end-to-end solutions (2%)
- Industry-wise — Industrials (56%), IoT/robotics (18%), auto (9%), gaming (7%), MedTech (4%), drone/UAV (3%), and others (3%)
- Geography-wise — India (51%), the US (41%), and Spain (8%)

Targets diverse sectors with operational efficiency

Mobile phones, telecom, auto electronics, industrial electronics, and other sub-sectors have all seen exponential growth in India's electronics ecosystem. The management's focus is on further market penetration in these sectors by leveraging its robust manufacturing facilities, targeted sales, marketing initiatives, and participation in international exhibitions. It has also strategised to achieve operational efficiencies, with backward integration, by setting up integrated cable assembly lines and in-house manufacturing of components, thus reducing its dependency on third party suppliers.

Key financial highlights and order book in H1FY25

In H1FY25, the company posted a great set of earnings, with revenue up 33.9% YoY to INR57.7cr. EBITDA stood at INR14.7cr as against INR11.3cr YoY. Margin improved by 69bp YoY to 25.5%. PAT rose 57.4% YoY to INR11.18cr. The company turned debt free in H1FY25. Its order book stood at INR135cr, with a strong pipeline of defence deals worth USD10mn to be executed over the next two years.

Valuation

At the CMP of INR487, the stock trades at 49.4x TTM EPS.

Key financials

Year to March	FY21	FY22	FY23
Revenue (INR cr)	26	84	93
Revenue growth (%)	-50	217	11
EBITDA (INR cr)	-1	22	24
Adjusted PAT (INR cr)	-2	12	14
P/E ratio (x)	(18.9)	11.8	53.7
Price/BV ratio (x)	1.7	4.0	14.1
EV/EBITDA ratio (x)	(69.1)	7.2	31.4
RoACE (%)	-13.9	42.9	32.6
RoAE (%)	-17.1	43.1	31.3

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	26	84	93
Direct costs	21	55	57
Employee costs	4	4	6
Other expenses	2	3	6
Total operating expenses	27	62	69
EBITDA	**-1**	**22**	**24**
Depreciation and amortisation	1	4	4
EBIT	-2	18	20
Interest expenses	0	1	2
Other income	1	1	1
Profit before tax	-2	17	19
Provision for tax	0	5	5
Core profit	-2	12	14
Minority Interest	0	0	0
Profit after tax	-2	12	14
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	-2	12	14
Adjusted Net Profit	**-2**	**12**	**14**
Equity shares outstanding (cr)	0.1	0.3	1.5
EPS (INR) basic	(25.8)	41.3	9.1
Diluted shares (Cr)	0.1	0.3	1.5
EPS (adj) fully diluted	(25.8)	41.3	9.1
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	102.3	73.8	74.6
Depreciation	5.6	5.1	4.4
Interest expenditure	0.5	1.6	1.7
EBITDA margins	(2.3)	26.2	25.4
Net profit margins	(6.8)	14.4	14.6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	(50.1)	217.3	11.3
EBITDA	(102.9)	(3,727.2)	8.2
PBT	(107.7)	(1,151.6)	9.5
Net profit	(111.5)	(766.1)	13.3
EPS	(111.2)	(259.8)	(78.0)

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	(17.1)	43.1	31.3
ROCE (%)	(13.9)	42.9	32.6
Debtors (days)	77	15	65
Current ratio	1.1	1.7	2.7
Debt/Equity	0.4	0.5	0.3
Inventory (days)	267	215	140
Payable (days)	175	28	22
Cash conversion cycle (days)	169	201	183
Debt/EBITDA	(14.1)	0.8	0.6
Adjusted debt/Equity	0.4	0.5	0.2

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	(25.8)	41.3	9.1
CEPS (INR)	(4.7)	55.9	11.8
Diluted P/E (x)	(18.9)	11.8	53.7
Price/BV(x)	1.7	4.0	14.1
EV/Sales (x)	1.6	1.9	8.0
EV/EBITDA (x)	(69.1)	7.2	31.4
Diluted shares O/S	0.1	0.3	1.5
Basic EPS	(25.8)	41.3	9.1
Basic PE (x)	(18.9)	11.8	53.7
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	3	15
Reserves & surplus	20	32	37
Shareholders funds	20	35	52
Secured loans	6	15	12
Unsecured loans	3	2	2
Borrowings	8	17	15
Net Debt	8	17	10
Minority interest	0	0	0
Other liabilities	0	0	1
Sources of funds	**29**	**53**	**67**
Gross block	30	32	36
Depreciation	5	9	13
Net block	25	23	23
Capital work in progress	0	0	0
Total fixed assets	25	23	23
Other non-current assets	0	1	1
Investments			
Inventories	19	49	36
Sundry debtors	6	3	17
Cash and equivalents	1	1	4
Other current assets	8	19	13
Total current assets	33	72	69
Sundry creditors and others	30	38	21
Provisions	0	5	5
Total CL & provisions	30	42	26
Net current assets	4	30	44
Uses of funds	**29**	**53**	**67**
Book value per share (INR)	292	121	34

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	-2	17	19
Add: Depreciation	1	4	4
Add: Others	-0	1	2
Gross cash flow	-0	23	24
Less: Changes in W. C.	-9	26	18
Operating cash flow	9	-3	7
Less: Capex	22	2	4
Free cash flow	**-13**	**-5**	**3**

Alpex Solar

Alpex Solar (ALPEXSOL) is a solar photovoltaic (PV) module manufacturer in North India using monocrystalline and polycrystalline cell technologies. Its portfolio of solar energy products consists of bifacial, mono perc, and half-cut solar PV modules. It also provides integrated energy solutions, including engineering, procurement, IPP, and construction (EPC) of AC/DC solar pumps in both surface and submersible categories. It posted a revenue of INR413cr (up 112% YoY) at 9% EBITDA margin and a PAT of INR27cr in FY24. The company has started providing aluminium frames and junction boxes, besides manufacturing solar PV cells, thereby providing clients additional value beyond just PV modules. The stock is not rated.

Capacity expansion and entry into new segments

Modules: ALPEXSOL has ~900MW of functional capacities which is being expanded to 2.4GW (1.2GW each at its existing/new plant). Its manufacturing plant is spread over 7,700 sq. meters in Greater Noida. It has acquired around seven acres (~25,875sq. meters) in Mathura (UPSIDA) to set up a new plant (Unit II) and 17,846sq. meters (Unit III) adjacent to Unit II. **Cells:** With the Centre planning to ban the import of solar cells from China, it has forayed into solar cell manufacturing with a planned capacity of 1.6GW by FY27. It has planned a greenfield expansion near Unit I, with Phase I/II/III additions of 500MW/500MW/600MW by September 2025/April 2026/September 2026. **Green hydrogen and solar pumps:** The company is venturing into the green hydrogen business and has formed a subsidiary Alpex GH2 Pvt. It is also looking to expand its B2C business of solar water pumps. It recently bagged tenders in Jharkhand (INR12cr order for ~500 pumps) and Haryana (INR44cr order for 1,434 pumps). It has so far installed ~12,000 solar pumps. **EPC:** It has also planned expansion in EPC segment in three phases. Phase I/Phase II/Phase III will effectively add 30MW/30MW/60MW by FY25/FY26/FY27. **IPP:** On the IPP front too, the company plans to add 20MW each in three phases in FY25/FY26/FY27 to achieve a planned capacity of 60MW. All these planned capacity additions will help make ALPEXSOL a formidable force in the whole solar PV industry.

Margin expansion from backward integration

ALPEXSOL has undertaken backward integration by manufacturing aluminium frames (used to mount panels) and junction box (the device where PV strings are electrically connected). It is expanding its aluminium frame capacity in two phases. In Phase I/II, it will add 500t each at Unit I/III in Greater Noida in FY25/FY26, thus taking its total capacity to 1,000t in FY26. Through this move, the company will gain better control over its supply chain, resulting in better predictability of delivery schedules. It expects ~10% cost savings on these items through backward integration. Capacity expansion, benefits from scaling up, and backward integration from aluminium frames and junction boxes is set to drive an improvement in EBITDA margin from 6%/9% in FY23/FY24.

Valuations and view

ALPEXSOL is emerging as a strong all-round player with capacities in solar PV module, cell and panel manufacturing, aluminium frames, solar pumps, EPC, and IPP. It is likely to be a major beneficiary of government initiatives and policies focussed on solar power, with the aim of helping India transition from fossil-based fuels. At the CMP, the stock trades at 77x FY24 earnings. The stock is not rated.

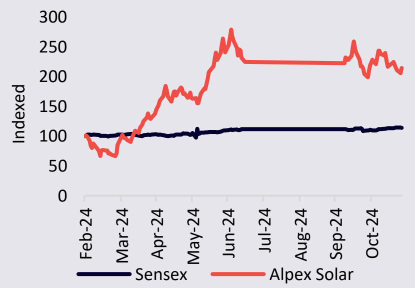
Key financials

Year to March	FY21	FY22	FY23
Revenue (INR cr)	166	195	413
Revenue growth (%)	11.5	17.6	111.9
EBITDA (INR cr)	**4**	**11**	**37**
Adjusted PAT (INR cr)	0	4	20
P/E ratio (x)	(1,112.9)	128.6	81.1
Price/BV ratio (x)	13.3	12.1	15.6
EV/EBITDA ratio (x)	130.4	47.0	55.2
RoACE (%)	2.1	12.2	26.5
RoAE (%)	(1.2)	9.9	29.3

CMP: INR837
Rating: Not Rated

Bloomberg:	ALPEXSOL:IN
52-week range (INR):	235/ 1,131
M-cap (INR cr):	1,958
Promoter holding (%)	68.76

Relative Price Performance



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	166	195	413
Direct costs	147	168	350
Employee costs	8	8	13
Other expenses	7	8	13
Total operating expenses	162	183	376
EBITDA	**4**	**11**	**37**
Depreciation and amortisation	3	2	3
EBIT	1	9	34
Interest expenses	4	5	6
Other income	3	1	1
Profit before tax	0	5	29
Provision for tax	1	1	9
Core profit	0	4	20
Minority Interest	0	0	-0
Profit after tax	0	4	20
Extraordinary items & share of profit fro	0	0	-5
Reported net profit	0	4	15
Adjusted Net Profit	**-0**	**4**	**25**
Equity shares outstanding (cr)	0.6	0.6	2.4
EPS (INR) basic	(0.8)	6.5	10.3
Diluted shares (Cr)	0.6	0.6	2.4
EPS (adj) fully diluted	(0.8)	6.5	10.3
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	97.6	94.1	91.0
Depreciation	1.6	1.1	0.7
Interest expenditure	2.4	2.7	1.5
EBITDA margins	2.4	5.9	9.0
Net profit margins	(0.3)	2.0	3.6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	11.5	17.6	111.9
EBITDA	(54.9)	186.1	222.5
PBT	(89.0)	1,296.8	443.4
Net profit	(123.6)	(965.7)	546.6
EPS	(123.6)	(965.7)	58.5

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	(1.2)	9.9	29.3
ROCE (%)	2.1	12.2	26.5
Debtors (days)	37	35	63
Current ratio	2.2	2.7	3.6
Debt/Equity	0.7	1.1	0.3
Inventory (days)	97	99	33
Payable (days)	50	46	31
Cash conversion cycle (days)	84	88	65
Debt/EBITDA	6.7	4.1	1.0
Adjusted debt/Equity	0.5	0.9	(0.1)

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	(0.8)	6.5	10.3
CEPS (INR)	3.6	9.9	11.5
Diluted P/E (x)	(1,112.9)	128.6	81.1
Price/BV(x)	13.3	12.1	15.6
EV/Sales (x)	3.2	2.8	4.9
EV/EBITDA (x)	130.4	47.0	55.2
Diluted shares O/S	0.6	0.6	2.4
Basic EPS	(0.8)	6.5	10.3
Basic PE (x)	(1,112.9)	128.6	81.1
Dividend yield (%)	0%	0%	0%

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	6	6	24
Reserves & surplus	32	35	106
Shareholders funds	38	41	131
Secured loans	12	9	4
Unsecured loans	15	38	31
Borrowings	27	47	36
Net Debt	20	37	-8
Minority interest	0	0	0
Other liabilities	1	1	1
Sources of funds	**65**	**89**	**167**
Gross block	0	0	27
Depreciation	0	0	0
Net block	0	0	27
Capital work in progress	2	4	0
Total fixed assets	2	4	27
Other non-current assets	4	6	11
Investments			
Inventories	44	53	37
Sundry debtors	17	19	71
Cash and equivalents	7	11	43
Other current assets	9	16	27
Total current assets	77	98	178
Sundry creditors and others	34	34	40
Provisions	0	2	9
Total CL & provisions	35	36	49
Net current assets	42	62	129
Uses of funds	**49**	**72**	**167**
Book value per share (INR)	63	69	54

Cash flow statement

Year to March	FY22	FY23	FY24
EBIT	0	5	34
Add: Depreciation	3	2	3
Add: Others	3	4	0
Gross cash flow	6	11	37
Less: Changes in W. C.	7	18	42
Operating cash flow	-1	-7	-5
Less: Capex	1	5	3
Free cash flow	**-2**	**-12**	**-9**

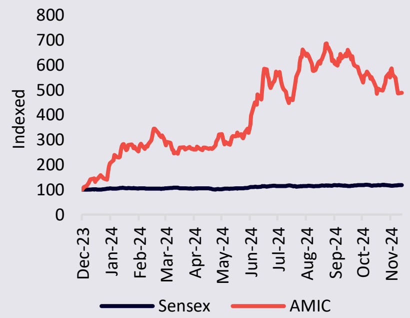
AMIC Forging

AMIC Forging (AMIC) is a leading manufacturer of open forgings in India. Founded in June-2007, AMIC manufacturers steel forgings and heavy machined precision products that cater to industries like heavy engineering, steel, oil and gas, chemicals, petrochemicals, refineries, thermal power, nuclear power, hydro power, cement, and sugar industry. Its main products include rounds, shafts, blanks, gear couplings, flanges, and other custom-engineered components. Manufactured from carbon steel, alloy steel, stainless steel, nickel, and tool alloys, its products meet all international standards — AISI, BS, IS, and DIN. It caters to the requirement of both domestic and international customers, with exports accounting for 17% of revenues. Company has annual production capacity of 20,000mt which includes an electrohydraulic/pneumatic hammer with 6mt/1mt capacity. The stock is not rated.

CMP: INR1,209
Rating: Not Rated

Bloomberg:	AMIC:IN
52-week range (INR):	239/ 1,809
M-cap (INR cr):	1,367
Promoter holding (%)	57.75

Relative Price Performance



Raises INR34.8cr via IPO and INR24cr via warrants to set up a manufacturing facility

AMIC registered as a public limited company in August 2023. Post its IPO, it got listed on the BSE in December 2023. As part of the IPO, it made a fresh issue of 27.62lk shares at INR126 per share (FV: INR10), raising INR34.8cr. Of these proceeds, INR25cr will be utilised for setting up a manufacturing facility, with the rest used to meet its working capital requirements. AMIC also raised INR24cr by issuing 8 lakh convertible warrants in October-2024. Company has started construction of its production spring's plant, which is expected to be completed by April-2025.

Posts strong revenue growth in the last two years, EBITDA margin improves by ~10%

By successfully tapping the growing demand for forging products, it clocked 33% revenue CAGR over FY22–24, with EBITDA margin expanding by ~10 percentage points to 13.1% in FY24. It registered an EBITDA/PAT CAGR of 500%/275% over FY22–24. AMIC is a net cash company with cash balance of INR21cr as of FY2024. Cash flow generation was negative, mainly driven by increase in working capital requirements because of lower payables.

Targets integrated machining capabilities

The management's focus is on vertical integration to boost sales and achieve cost optimisation. It is eyeing opportunities like increase in the grain size and refining of magnetic and electrical properties to protect against corrosion as well as prevent wear and tear. It is looking to set up its own foundry through backward integration opportunities like steel melting and ingot casting to expand its product base. This will enable it to manufacture all machined goods under one roof and serve important sectors such as thermal power, wind power, nuclear power, hydra power, gears, oil and gas, ship building, cement, steel, and sugar.

Customer relationships take a long time to develop in the forging industry, which acts as a good entry barrier. AMIC's long-term expertise in the forging business will help maintain its market share. As the requirement of customers is not fungible, it is difficult to move the capacity dedicated to one OEM to another, thus shields it from any new threat.

Valuation

At the CMP of INR1,209.05, the stock is trading at 33.4x trailing 12 months P/E.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR lk)	7,112	11,585	12,615
Rev growth (%)	169	63	9
EBITDA (INR lk)	224	1,357	1,649
EBITDA margin (%)	3.2	11.7	13.1
PAT (INR lk)	99	966	1,383
PAT margin (%)	1.4	8.3	11.0
EPS (INR)	13.9	12.7	16.1
P/E (x)	**NA**	**NA**	**63.2**

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Financials

Income Statement (INR lk, unless specified)

Year to March	FY22	FY23	FY24
Income from operations	7,112	11,585	12,615
Direct costs	6,131	8,837	9,561
Employee benefits expenses	45	104	161
Other Expenses	711	1,288	1,245
Operating exepenses	6,888	10,228	10,966
EBITDA	**224**	**1,357**	**1,649**
Depreciation and Amortisation Expense	59	60	71
EBIT	**165**	**1,297**	**1,577**
Finance Costs	63	79	52
Other Income	27	98	337
Profit before Tax (PBT)	129	1,308	1,862
Tax Expense	30	342	477
Net profit for the year	99	966	1,383
EPS, Diluted	**13.92**	**12.65**	**16.06**

Common size metrics - as % of revenues

Year to March	FY22	FY23	FY24
Operating expenses	96.8%	88.3%	86.9%
Depreciation	0.8%	0.5%	0.6%
Interest expense	0.9%	0.7%	0.4%
EBITDA margin	**3.2%**	**11.7%**	**13.1%**
EBIT margin	2.3%	11.2%	12.5%
Net profit margin	1.4%	8.3%	11.0%

Growth Metrics

Year to March	FY22	FY23	FY24
Revenues	169%	63%	9%
EBITDA	47%	505%	22%
PBT	62%	914%	42%
Net profit	50%	877%	43%
EPS	50%	-9%	27%

Ratios

Year to March	FY22	FY23	FY24
Gross margin	13.9%	23.7%	24.2%
Current ratio	1.0	0.8	2.0
Inventory days	3.2	17.1	17.4
Receivables days	58.7	91.4	130.6
Payables days	44.0	106.7	117.1
Cash conversion cycle	18.0	1.8	30.9
Net debt /EBITDA	4.7x	0.3x	-0.8x

Balance Sheet (INR lk, unless specified)

Year to March	FY22	FY23	FY24
PPE	531	782	1,187
Non-Current Investment	250	765	1,874
Long-Term loans & advances	903	1,434	1,208
Other non-current assets	34	38	138
Total non-current assets	**1,719**	**3,019**	**4,407**
Inventories	21	646	31
Trade receivables	1,387	2,174	2,916
Cash and cash equivalents	18	141	1,208
Other current assets	18	258	651
Total current assets	**1,445**	**3,220**	**4,806**
Total Assets	**3,164**	**6,239**	**9,213**
Total Equities	**789**	**1,992**	**6,460**
Long Term Borrowings	963	425	273
Deffered Tax Liabilities	11	18	22
Long Term Provision	0	12	22
Total Non Current liabilities	**973**	**456**	**318**
Short Term Borrowings	109	91	113
Trade payables	1,250	2,907	1,657
Other current laibilities	43	793	666
Total Current liabilities	**1,401**	**3,791**	**2,435**

Cash Flow (INR lakh, unless specified)

Year to March	FY22	FY23	FY24
Profit before tax	129	1,315	1,862
Add: D&A	59	60	71
Add: other non cash expenses	37	-19	-268
Less: change in operating working capital	382	253	-1,377
Less: change in other WCR	13	512	-611
Other operating cash flow	-30	-342	-473
Net cash flow from operating activities	**590**	**1,780**	**-796**
Capex PPE	-184	-311	-477
Free cash flow	**406**	**1,469**	**-1,273**
Other investments	-974	-949	-563
Net cash flow from investing activities	**-1,159**	**-1,260**	**-1,040**
Net cash flow from financing activities	**572**	**-398**	**2,903**

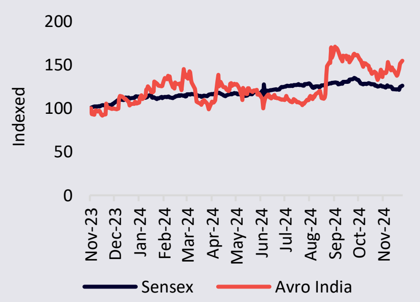
Avro India

With over two decades of expertise, Avro India (AVROIND), founded by Mr. Sushil Agrawal, ranks among India's top five manufacturers of premium plastic-moulded furniture. The company operates a state-of-the-art facility with an annual production capacity exceeding 30 lakh pieces, which is projected to double to 60 lakh pieces by FY27. Its extensive portfolio of 250+ SKUs includes chairs, tables, and other moulded products, known for their modern and adaptable designs. Demonstrating a strong commitment to sustainability, Avro India blends recycled plastic with virgin granules and initiated backward integration in FY23 to produce recycled granules in-house. Its 6,000 MTPA in-house recycling facility reduces raw material costs while mitigating greenhouse gas emissions and plastic pollution. The management plans to scale recycling capacity by 5–7x over the next two to three years, aligning with the growing demand for sustainable and cost-effective solutions.

CMP: INR162
Rating: Not Rated

Bloomberg:	AVROIND:IN
52-week range (INR):	102/189
M-cap (INR cr):	167
Promoter holding (%)	67.04

Relative Price Performance



Strengthening its market position in the moulded plastic industry

AVROIND has established itself as a trusted brand in plastic products, offering a diverse portfolio catering to various end-user segments and geographies. It is a leader in ready furniture, with an extensive presence across India, both online and offline. The company partners with platforms like Amazon, Flipkart, Meesho, JioMart, and IndiaMART and operates through 24 states with over 350 distributors and 30,000 retail touchpoints under the AVRO and AVON brands. With one of the industry's largest product ranges, AVROIND is the first Indian company to provide a three-year guarantee on select products. Its cost-effective pricing, 30–40% lower than major brands, is driven by low overheads. The company is expanding its product range by introducing new moulds to cater to evolving consumer preferences. Regionally, 64% of its revenue comes from Uttar Pradesh, with the remaining generated from other states and online channels. In FY24, AVROIND sold 2.8 million plastic furniture pieces while maintaining efficient logistics. It aims to double its annual capacity to 60 million pieces by FY26 and plans to add 50+ distributors annually over the next three years. Additionally, it is sourcing new moulds from China to further diversify its SKUs and support its growth ambitions. AVROIND is confident of maintaining robust 25% volume growth over the next two-to-three years.

Plastic recycling: Driving value creation via internal use and external market sales

India generates 10.8 mn tons of plastic waste annually, with only 15–20% recycled. AVROIND is tackling this issue through its polypropylene (PP) recycling process, which began in December 2022 with a capacity of 300mt per month, now scaled to 500mt. By Q4FY25/FY26, it plans to reach 1,000mt/1,500mt per month, supported by ~INR5-7cr capex. Using 70% recycled plastic, AVROIND expects significant input cost savings from Q3FY25 onward. To further its sustainability goals, the company is planning to set up a 30,000tpa greenfield recycling plant by FY27, increasing capacity to 48,000tpa at a cost of INR55–60cr. Transitioning from local scrap dealers to direct corporate partnerships for raw materials at a 40–50% discount is expected to enhance profitability. Based on our calculation, with a 25% volume CAGR, raw material needs are projected at 11,000mt/13,400mt/16,700mt in FY25/FY26/FY27. Surplus recycling capacity is expected to generate INR18cr/INR42cr in revenue and add ~INR5cr/INR11cr to PAT in FY26/FY27, reinforcing AVROIND's leadership in sustainable plastic solutions.

Valuations

AVROIND operates in two distinct segments: plastic-moulded furniture and recycled plastic granules. It has demonstrated expertise in incorporating recycled granules into its furniture production without compromising on strength or aesthetics, making it a pioneer in sustainable manufacturing. Strategically positioned in the Hindi heartland, the company benefits from rising per capita income and increased discretionary spending in this region, which are key drivers of its growth. We believe that plastic recycling will be one of the defining themes of this decade, creating substantial opportunities for companies like AVROIND to expand. At the CMP, the stock trades at a 46.5x TTM earnings multiple. However, factoring in the company's growth guidance, driven by its focus on plastic waste recycling expansion, our estimates suggest the stock trades at 10x and 6x its FY26 and FY27 earnings, respectively (excluding the impact of planned greenfield expansion). The stock is currently not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	65	80	93
Rev growth (%)	21.5	24	17
EBITDA (INR Cr)	5	6	6
Adjusted PAT (INR Cr)	3	4	4
P/E (x)	61.3	44	45
EV/EBITDA (x)	36.7	31	34
RoACE (%)	14.9	15	11
RoAE (%)	15.5	18	15

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Financials

Income Statement

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	65	80	93
Direct costs	44	58	71
Gross Profit	20	22	23
Employee costs	1	1	2
Other expenses	14	15	15
Total Operating expenses	60	74	88
EBITDA	5	6	6
Depreciation and amortisation	1	2	3
EBIT	4	4	3
Interest expenses	0	1	1
Non-operating Income	0	2	4
Extraordinary Income	-	-	-
Profit before tax	4	6	6
Provision for tax	1	2	2
Profit after tax (before MI)	3	4	4
Share of Minority in profits	-	-	-
Profit after tax	3	4	4
Adjusted Profit after tax	3	4	4
Shares outstanding	1	1	1
Adjusted EPS	3	4	4

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	92.0	92.2	93.8
Depreciation	2.0	2.3	3.0
Interest expenditure	0.7	1.2	1.5
EBITDA margins	8.0	7.8	6.2
Net profit margins	4.6	5.2	4.3

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	21.5	23.6	16.7
EBITDA	35.6	21.7	(7.5)
PBT	63.1	48.5	(3.1)
Net profit	70.3	39.5	(2.4)
EPS	70.3	39.5	(2.4)

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	15.5	18.2	15.1
ROACE (%)	14.9	15.4	11.0
Debtors (days)	105.1	75.9	80.6
Current ratio	2.5	4.2	3.4
Debt/Equity	0.3	0.4	0.5
Inventory (days)	28	29	27
Payable (days)	48	18	29
Cash conversion cycle (days)	85	87	78
Debt/EBITDA	1.4	1.8	2.7
Adjusted debt/Equity	0.3	0.4	0.5

Valuation Parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	3	4	4
Y-o-Y growth (%)	70	39	(2)
Diluted P/E (x)	61	44	45
Price/BV(x)	8.8	7.3	6.3
EV/Sales (x)	2.8	2.3	2.0
EV/EBITDA (x)	36.7	30.7	34.0
Diluted shares O/S (in Cr)	1.1	1.1	1.1
Basic EPS	3	4	4
Basic PE (x)	61	44	45

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	10	10	10
Reserves & surplus	11	15	19
Shareholders funds	21	25	29
Total Debt	7	11	16
Other Long Term Liabilities	-	-	-
Deferred Tax Liabilities	0	0	0
Minority interest	-	-	-
Sources of funds	28	36	45
Gross block	21	24	33
Depreciation	9	10	12
Net block	12	15	20
Capital work in progress	-	0	1
Total fixed assets	12	15	21
Investments	1	1	1
Inventories	5	6	7
Sundry debtors	19	17	21
Cash and equivalents	0	1	0
Loans and advances	1	2	5
Total current assets	26	27	33
Sundry creditors and others	8	4	7
Provisions and others	2	3	3
Total CL & provisions	10	6	10
Net current assets	16	21	24
Misc expenditure	-	-	-
Uses of funds	28	36	45
Book value per share (INR)	18	22	26
	-	-	-

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	4	5	4
WC Changes	(5)	(5)	(3)
CFO	(0)	(1)	1
CFI	(8)	(2)	(5)
CFF	9	2	3
Total Cash Flow	0	0	(0)

Awfis Space Solutions

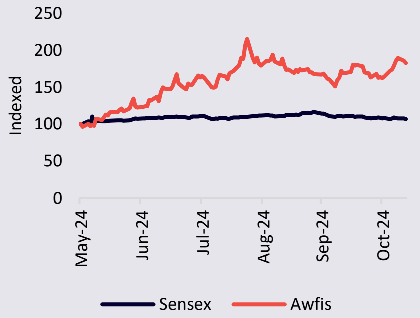
Awfis Space Solutions (AWFIS) is a pan India flexible workspace solutions company operating in two segments — rental services/design and build services (D&B) that contribute 73%/25% to total revenue. Its rental segment has an operational inventory of 110,178 seats across 180 centres in 18 cities. It caters to 2,877 clients across segments, with 66%/20%/13% seats being occupied by enterprises/SMEs/startups. Around 73% of its operational inventory is occupied with an average monthly seat rate of ~INR9,000. In its D&B segment, it provides fit out services to external clients in the IT, BFSI, and telecom sectors, and has an order book of ~INR175cr.

In H1FY25, revenue grew a strong 39% YoY to INR550cr led by a 38%/45% growth in rental/ D&B segments. Growth in the rental segment was led by: i) a 48% YoY growth in operational inventory, and ii) a 200bp rise in occupancy. EBITDA (excluding Ind AS 116) grew 188% YoY to INR69cr, with margin expanding by 648bp to 12.5% on strong occupancy and operating leverage benefits. APAT scaled up to INR17cr from a net loss of INR13cr in H1FY24.

We expect it to comfortably reach 135,000 operational seats by FY25-end. Thereon, we see it adding 30,000–40,000 seats annually to capture the growing demand and expand its market share. Its D&B segment will deliver sustainable growth on market share gains. We expect revenue/EBITDA/PAT CAGR of 40.1%/74.1%/100.1% over FY24–27. We have a 'BUY' rating on AWFIS with a SoTP-based TP of INR1,013.

CMP: INR688
Rating: BUY
Target price: INR1,013
Upside: 47%

Bloomberg:	AWFIS.IN
52-week range (INR):	371/945
M-cap (INR cr):	5,361
Promoter holding (%)	28.2



Strong H1FY25 on better occupancy despite sharp inventory additions

Revenue grew 39% YoY on the back of a 38%/45% growth in rental/D&B segments (INR403cr/ INR135cr). Growth in the rental segment was led by: i) a 48% YoY growth in operational inventory to 110,178 seats, and ii) a 200bp rise in occupancy to 73% on rising demand. Growth in the D&B space was led by AWFIS' competitive positioning and timely execution. Higher occupancy and operating leverage benefits drove the 648bp YoY expansion in EBITDA margin (excluding Ind AS 116) to 12.5%. Excluding one-off gains, APAT stood at INR17cr as against a net loss of INR13cr in H1FY24. Led by a sharp improvement in profits, OCF grew 95.4% YoY to INR211cr in H1FY25.

Asset-light expansion plans

With 20,608 seats under fit outs and 19,863 seats signed for, we see AWFIS closing FY25 with an inventory of 135,000 seats. To capture strong demand, it will add 30,000–40,000 seats annually going forward. This addition will be aided by healthy cash flows (cumulative net OCF of ~INR950cr over FY25–27E), its asset-light expansion strategy, and a robust Balance Sheet (net cash of INR175cr). By FY27-end, we expect inventory to cross 2lk seats. We expect 65% of these additions to occur under the managed aggregation model where the landlord shares 40–80% of capex with AWFIS for a profit share in the centre. Overall, we see it incurring INR130–150cr on capex annually to aid this expansion.

Expect revenue/EBITDA/PAT CAGR of 40.1%/74.1%/100.1% over FY24–27

Led by robust inventory growth and 6% CAGR in the seat rate, we see the rental segment clocking 37.8% revenue CAGR to INR1,619cr. Growth in seat rentals will be aided by the introduction of super-premium brand Elite. The D&B space is set to deliver 50% revenue CAGR over FY24–27 to INR692cr on a 1% rise in market share (from 0.5%). We expect a revenue/EBITDA/PAT CAGR (excluding Ind AS 116) of 40.1%/74.1%/100.1% over FY24-27 to INR2,336cr/INR375cr/ INR305cr.

We have a 'BUY' rating with a SoTP-based TP of INR1,013

We are bullish on AWFIS' long-term growth prospects given the: i) favourable demand-supply gap, ii) strong inventory additions, iii) improving occupancy, iv) capital-light growth, and v) robust Balance Sheet. We are confident in the management's ability to deliver profitable growth. At the CMP, the stock trades at a FY27E P/E of 15.8x. Maintain 'BUY'.

Key financials

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR cr)	545	849	1,296	1,788	2,336
Revenue growth (%)	112	56	53	38	31
EBITDA (INR cr)	156	245	409	584	790
EBITDA margin (%)	29	29	32	33	34
Net profit (INR cr)	-47	-18	71	150	295
P/E ratio (x)	-84.8	-246.4	43.8	25.3	15.8
RoACE (%)	1.1	6.0	11.7	16.2	19.3
RoAE (%)	-35.3	-8.3	12.6	26.2	37.1

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY23	FY24	FY25E	FY26E	FY27E
Income from operations	545	849	1,296	1,788	2,336
Cost of units sold	103	196	307	454	633
Employee costs	96	136	180	225	268
Other expenses	191	272	400	525	645
Total Operating expenses	390	603	887	1,204	1,546
EBITDA	156	245	409	584	790
Depreciation and amortisation	150	196	262	314	364
EBIT	6	49	147	270	426
Interest expenses	73	93	125	145	157
Other income	21	26	26	26	26
Exceptional item	-	-	24	-	-
Profit before tax	-47	-18	71	150	295
Provision for tax	-	-	-	-	-
Profit after tax	-47	-18	71	150	295
Adjusted EPS	-8	-3	10	21	42

Common size metrics- as % of net revenues

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating expenses	71	71	68	67	66
Depreciation	28	23	20	18	16
Interest expenditure	13	11	10	8	7
EBITDA margins	29	29	32	33	34
Net profit margins	-9	-2	4	8	13

Growth metrics (%)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenues	112	56	53	38	31
EBITDA	128	58	67	43	35
PBT	n.m.	n.m.	369	217	97
Adj. Net profit	n.m.	n.m.	369	217	97
Adj. EPS	n.m.	n.m.	369	217	97

Ratios

Year to March	FY23	FY24	FY25E	FY26E	FY27E
ROAE (%)	-35.3	-8.3	12.6	26.2	37.1
ROACE (%)	1.1	6.0	11.7	16.2	19.3
Debtors (days)	32	32	32	32	32
Inventory (days)	0	0	0	0	0
Payable (days)	34	56	55	55	55
Cash conversion cycle (days)	-1	-24	-23	-23	-23
Debt/Equity	0.1	0.1	0.1	0.1	0.1
Debt/EBITDA	0.7	0.5	0.3	0.2	0.1
Adjusted debt/Equity	-0.0	0.1	-0.1	-0.2	-0.4

Valuation parameters

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Diluted EPS (INR)	-8.1	-2.8	10.2	21.4	42.1
Diluted P/E (x)	-84.8	-246.4	43.8	25.3	15.8
Price/BV(x)	28.5	19.2	9.7	7.4	5.1
EV/Sales (x)	8.8	5.7	3.7	2.6	1.9
EV/EBITDA (x)	311.1	68.4	31.9	19.1	11.9
Diluted shares O/S	-	-	7.0	7.0	7.0
Basic EPS	-8.1	-2.8	10.2	21.4	42.1
Basic PE (x)	-84.8	-246.4	43.8	25.3	15.8

Balance Sheet (INR cr)

As on 31st March	FY23	FY24	FY25E	FY26E	FY27E
Equity share capital	30	19	70	70	70
Reserves & surplus	139	232	428	579	874
Shareholders' funds	169	251	499	649	944
Total Debt	11	32	52	48	55
Other Long-Term Liabilities	589	797	1,055	1,215	1,306
Sources of funds	**769**	**1,081**	**1,606**	**1,912**	**2,305**
Net block	-	336	569	646	693
Capital work in progress	1	9	9	9	9
Total fixed assets	1	345	577	655	701
Investments	-	-	-	-	-
Inventories	0	0	0	0	0
Sundry debtors	48	75	114	157	205
Cash and equivalents	18	5	80	174	442
Loans and advances	72	217	250	287	330
Total current assets	139	297	444	618	977
Sundry creditors and others	159	314	475	655	856
Provisions	3	3	3	3	3
Total CL & provisions	162	317	478	658	859
Net current assets	-23	-20	-34	-40	118
Other Assets	543	756	1,062	1,297	1,485
Uses of funds	**521**	**1,081**	**1,606**	**1,912**	**2,305**
Book value per share (INR)	-	-	71	92	134

Cash flow statement (INR cr)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating Profit After Tax Before W(	-28	15	112	206	365
WC Changes	26	-16	89	100	110
CFO	-2	-1	201	306	475
CFI	-353	-338	-575	-364	-302
CFF	368	326	450	152	94
Total Cash Flow	12	-13	76	94	268

Baheti Recycling Industries

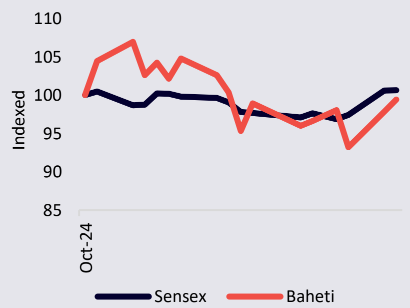
nuvama professional clients group

Incorporated in 1994, Baheti Recycling Industries (BAHETI) specialises in processing aluminium scrap to manufacture: i) aluminium alloys in the form of ingots, and ii) aluminium de-ox alloys in the form of cubes, ingots, shots, and notch bar. These products are used in a variety of industries such as automobiles, construction, electrical transmission, and food packaging. Aluminium alloys are used in automobile components due to its stiffness, corrosion resistance, and excellent strength to weight ratio.
The aluminium de-ox alloys are used as a deoxidiser in steel manufacturing units. It derives about 44% of its business from aluminium de-ox alloys and rest 56% from aluminium alloys. It is present across 12 states and Union Territories in India, with a strong presence in Gujarat, Maharashtra, Odisha, and Jharkhand. It has delivered a RoCE/RoE of 15.6%/18.9% in FY24 and its revenue has grown at a CAGR of 24% in the last five years. The stock is not rated.

CMP: INR 442
Rating: Not Rated

Bloomberg:	BAHETI:IN
52-week range (INR):	481 / 156
M-cap (INR cr):	458
Promoter holding (%)	73.98

Relative Price Performance



Rapid expansion in manufacturing capabilities

BAHETI has rapidly expanded its manufacturing capacity to 29,160mt in FY24 from 16,800mt /12,000mt in FY23/FY22 at a cumulative cost of ~INR14cr. Aluminium alloys contributed 10,494MT to the total production in FY24 which was 8,472/5925 in FY23/22. Aluminium De-ox has also seen a similar growth and contributed 7,849MT in FY24 which was 6,454/5128MT in FY23/22. The overall utilisation was of 62.9% in FY24. It has eight furnaces of 300kg each and seven electric furnaces of 700kg each that contribute 2mt and 3.5mt daily, respectively.

Expanding geographies and product portfolio

The food, packaging, and pharmaceutical industries' growing need for aluminium will probably support the market's expansion. The company plans to foray into zinc alloys and aluminium bullets in the coming years and expand its operations to new geographies of South India and European countries including Hungary, Turkey, Germany, and the UK. The sanctions imposed on Russia by Europe have also made aluminium exports attractive for Indian players. It derives just 3% of its revenue from exports and is set to increase in the coming years. The management is targeting a volume CAGR of 15–20% over the next five years. BAHETI has over 25 years of experience, with more than 450 employees and over 150 clients like Uno Minda, JSW Steel, Tata Steel, and CIE Automotive India. It derives more than two-third of its revenue from its top 10 customers.

Industry outlook

The global aluminium market is expected to grow at a compound annual growth rate (CAGR) of 6.2% from its 2023 valuation of USD229.85 billion to USD403.29 billion by 2030. In contrast, the Indian aluminium market is set to grow at a faster pace than the global market. Global per capita consumption of aluminium has touched an average of 11kg whereas the same remains significantly lower in India (in the 2.5–2.8kg range). With a projected CAGR of 7.6% from 2024 to 2030, the Indian aluminium market, which was valued at USD11.28 billion, is expected to reach USD19.76 billion.

Valuation

At the CMP of INR426, the stock trades at a 41x P/E and 20.8x EV/EBITDA on a TTM basis.

Key financials

Year to March	FY21	FY22	FY23
Revenues (INR Cr)	248	360	429
Rev growth (%)	-98	45	19
EBITDA (INR Cr)	7	13	20
Adjusted PAT (INR Cr)	3	5	7
P/E (x)	16.9	17.4	27.4
Price/BV(x)	3.0	2.7	4.7
EV/EBITDA (x)	13.4	12.1	14.6
RoACE (%)	0.8	14.4	15.8
RoAE (%)	0.3	20.7	18.9

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	248	360	429
Direct costs	221	324	383
Employee costs	9	10	10
Other expenses	11	13	15
Total operating expenses	241	347	409
EBITDA	**7**	**13**	**20**
Depreciation and amortisation	1	1	1
EBIT	7	12	19
Interest expenses	3	6	10
Other income	1	1	0
Profit before tax	4	7	9
Provision for tax	1	2	2
Core profit	3	5	7
Minority Interest	0	0	0
Profit after tax	3	5	7
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	3	5	7
Adjusted Net Profit	**3**	**5**	**7**
Equity shares outstanding (cr)	0.5	1.0	1.0
EPS (INR) basic	6.4	5.1	6.9
Diluted shares (Cr)	0.5	1.0	1.0
EPS (adj) fully diluted	6.4	5.1	6.9
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	97.0	96.3	95.3
Depreciation	0.3	0.2	0.2
Interest expenditure	1.4	1.7	2.4
EBITDA margins	3.0	3.7	4.7
Net profit margins	1.2	1.5	1.7

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	(98.1)	44.9	19.3
EBITDA	(98.2)	77.0	54.5
PBT	(94.5)	71.5	33.5
Net profit	(94.0)	80.4	36.3
EPS	500.5	(20.6)	36.3

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	0.3	20.7	18.9
ROCE (%)	0.8	14.4	15.8
Debtors (days)	56	55	41
Current ratio	5.4	5.0	6.2
Debt/Equity	3.0	2.0	2.4
Inventory (days)	45	55	75
Payable (days)	16	18	15
Cash conversion cycle (days)	86	92	101
Debt/EBITDA	6.8	5.2	4.9
Adjusted debt/Equity	3.0	2.0	2.4

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	6.4	5.1	6.9
CEPS (INR)	8.1	5.9	7.9
Diluted P/E (x)	16.9	17.4	27.4
Price/BV(x)	3.0	2.7	4.7
EV/Sales (x)	0.4	0.4	0.7
EV/EBITDA (x)	13.4	12.1	14.6
Diluted shares O/S	0.5	1.0	1.0
Basic EPS	6.4	5.1	6.9
Basic PE (x)	16.9	17.4	27.4
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	5	10	10
Reserves & surplus	12	24	31
Shareholders funds	17	34	42
Secured loans	6	9	10
Unsecured loans	45	60	89
Borrowings	51	69	99
Net Debt	50	68	99
Minority interest	0	0	0
Other liabilities	1	1	0
Sources of funds	**68**	**103**	**141**
Gross block	0	0	10
Depreciation	0	0	0
Net block	7	9	10
Capital work in progress	0	0	8
Total fixed assets	7	9	18
Other non-current assets	0	0	1
Investments			
Inventories	31	54	89
Sundry debtors	38	54	48
Cash and equivalents	0	1	0
Other current assets	5	8	9
Total current assets	75	118	146
Sundry creditors and others	14	20	22
Provisions	0	3	1
Total CL & provisions	14	23	24
Net current assets	61	94	123
Uses of funds	**68**	**103**	**141**
Book value per share (INR)	37	33	40

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	4	7	9
Add: Depreciation	1	1	1
Add: Others	2	6	10
Gross cash flow	7	14	21
Less: Changes in W. C.	4	36	32
Operating cash flow	3	-22	-11
Less: Capex	1	3	10
Free cash flow	**2**	**-25**	**-21**

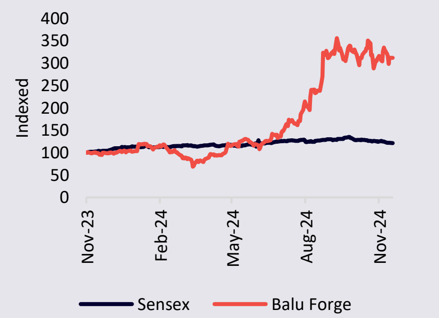
BALU Forge Industries

Established in 1989, Balu Forge Industries (BALUFORG) manufacturers precision engineered products. In the last three decades, it has emerged as a leading provider of crankshafts for leading OEMs in sectors like agriculture, defence, automotive, marine, and industrial. The Agri sector is the biggest revenue generator (~55% of revenue) followed by power generation (~15%). It has raised its production capacity to 32,000t as of October from 18,000t in March. It has a worldwide presence with sales in more than 80 nations. It is serving more than 25 OEMs globally. Regionally, Europe accounts for the lion's share of the revenue (~45%), with exports accounting for 88% of total sales. It has two production plants in Belgaum (Karnataka) and an overseas plant in the UAE. A new plant is coming up in Hukkeri (Karnataka). The stock is not rated.

CMP: INR733
Rating: Not Rated

Bloomberg:	BALUFORG:IN
52-week range (INR):	887 / 223
M-cap (INR cr):	8,032
Promoter holding (%)	54.71

Relative Price Performance



Successfully tapping the growing demand, clocks 40% sales growth over FY22–24

India is emerging as one of the major metal forging hubs as the production of auto and other industrial segments increases. The management expects the domestic forging industry to clock 7% CAGR over 2024–29. Given the strong growth potential, BALUFORG raised its capacity by 70% to 32,000t this year. With incremental capacity and a diverse product portfolio, it has been successful in increasing its market share. It clocked 40%/~78%/~77% revenue/EBITDA/PAT CAGR over FY22–24. EBITDA margin rose by ~8% over the last years to 21.3%. FCF was an adverse INR165cr in FY24 led by higher capex. It has improved its cash conversion cycle to ~120 days from ~260 days at the end of March.

In July, it raised INR497cr via a preferential issue (~INR160cr) and convertible warrants (~INR330cr) to boost its manufacturing capabilities in the defence and aerospace sector.

Strong order book supports capacity addition

BALUFORG has a strong order book which aids capacity expansion. It has raised its machining capacity by 14,000t, with the new capacity fully booked. Additionally, it has agreements in place for 72,000t of forging capacity in the railways, defence, and aerospace sectors.

Focus is on the railway and defence sector

In recent years, the management has increased its focus on new energy vehicle, defence, and railway sectors. Though it has raised capacity by 14,000t, the management has not ruled out further capacity additions for some specialised areas of railways and defence where it sees strong demand. It aims to expand its international presence in key engineering hubs like East Asia, the US, and Germany.

Valuations

At the CMP of INR733.0, the stock is trading at 57.31x TTM P/E.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR lakh)	28,608	32,664	55,986
Rev growth	101%	14%	71%
EBITDA (INR lakh)	3,705	4,978	11,912
EBITDA margin (%)	13.0%	15.2%	21.3%
PAT (INR lakh)	2,984	3,891	9,367
PAT margin (%)	10.4%	11.9%	16.7%
EPS (INR)	3.6	4.7	9.7
P/E (x)	**56.59**	**16.58**	**20.01**

Financials

Income Statement (INR lakh, unless specified)

Year to March	FY22	FY23	FY24
Income from operations	28,608	32,664	55,986
Direct costs	22,027	22,680	37,632
Employee benefits expenses	524	798	1,348
Other Expenses	2,352	4,209	5,094
Operating exepenses	24,903	27,686	44,074
EBITDA	**3,705**	**4,978**	**11,912**
Depreciation and Amortisation Expense	105	133	205
EBIT	**3,600**	**4,845**	**11,707**
Finance Costs	523	1,053	1,364
Other Income	853	1,265	1,041
Profit before Tax (PBT)	3,908	5,057	11,384
Tax Expense	924	1,165	2,017
Net profit for the year	2,984	3,891	9,367
EPS, Diluted	**3.61**	**4.67**	**9.74**

Common size metrics - as % of revenues

Year to March	FY22	FY23	FY24
Operating expenses	87.0%	84.8%	78.7%
Depreciation	0.4%	0.4%	0.4%
Interest expense	1.8%	3.2%	2.4%
EBITDA margin	**13.0%**	**15.2%**	**21.3%**
EBIT margin	12.6%	14.8%	20.9%
Net profit margin	10.4%	11.9%	16.7%

Growth Metrics

Year to March	FY22	FY23	FY24
Revenues	101%	14%	71%
EBITDA	203%	34%	139%
PBT	301%	29%	125%
Net profit	292%	30%	141%
EPS	120%	29%	109%

Ratios

Year to March	FY22	FY23	FY24
Gross margin	19.4%	29.4%	23.6%
Current ratio	2.0	1.9	3.7
Inventory days	39.7	49.2	79.3
Receivables days	121.0	216.6	273.7
Payables days	59.2	70.6	93.2
Cash conversion cycle	101.5	195.1	259.8
Net debt /EBITDA	1.1x	0.9x	-0.3x

Balance Sheet (INR lakh, unless specified)

Year to March	FY22	FY23	FY24
PPE	899	1,529	2,417
Intangible assets (incl. goodwill)	3,259	3,259	3,257
Non-Current Investment	49	53	62
Other non-current assets	30	1,640	3,182
Total non-current assets	**4,982**	**7,190**	**21,947**
Inventories	4,233	3,482	8,947
Trade receivables	12,896	21,052	21,850
Cash and cash equivalents	592	515	8,794
Other current assets	4,938	4,015	8,776
Total current assets	**23,462**	**29,886**	**49,300**
Total Assets	**28,443**	**37,076**	**71,246**
Total Equities	**15,863**	**19,763**	**55,296**
Long Term Borrowings	743	1,169	2,484
Long Term Provision	75	82	93
Other Long term liabilities	53	2	1
Total Non Current liabilities	**871**	**1,253**	**2,577**
Short Term Borrowings	3,909	3,964	2,394
Trade payables	4,522	6,550	8,058
Other current laibilities	3,279	5,545	2,921
Total Current liabilities	**11,710**	**16,060**	**13,373**

Cash Flow (INR lakh, unless specified)

Year to March	FY22	FY23	FY24
Profit before tax	3,908	5,057	11,384
Add: D&A	105	133	205
Add: other non cash expenses	-349	905	-109
Less: change in operating working capital	-8,428	-4,409	-7,970
Less: change in other WCR	-1,219	905	-5,033
Other operating cash flow	209	25	-275
Net cash flow from operating activities	**-5,774**	**2,616**	**-1,797**
Capex PPE	-767	-2,125	-14,787
Free cash flow	**-6,541**	**491**	**-16,584**
Other investments	0	0	0
Net cash flow from investing activities	**-767**	**-2,125**	**-14,787**
Net cash flow from financing activities	**6,896**	**-568**	**24,864**

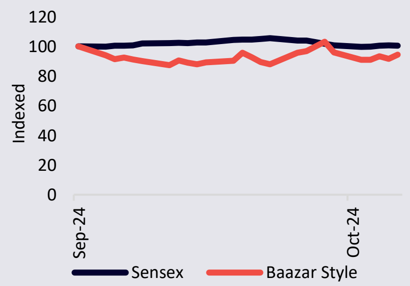
Baazar Style Retail

Baazar Style Retail (STYLEBAA) offers a portfolio of apparel and lifestyle products that cater to the neo middle class in Tier II and III cities. Positioned within the value fashion retail segment, the company focuses on providing a one-stop, family-oriented shopping experience with a wide variety of affordable options. With a strong footprint in North and East India, it operates 184 stores across nine states and over 158 cities. These stores have an average size of ~9,000 sq. ft., contributing to a total retail area of 14.7lk sq. ft.
Over recent quarters, the company has demonstrated 21% of same-store sales growth (SSSG), driven by higher throughput and strategic store rationalisation. These efforts have resulted in positive operating leverage and a return to profitability. The management aims to enhance sales and expand by opening new stores using internal funds. Given the focus on exclusive products and better margin, its 10 private label brands contribute 48.5% to revenue. The stock is not rated.

CMP: INR330
Rating: Not Rated

Bloomberg:	STYLEBAA:IN
52-week range (INR):	306/430
M-cap (INR cr):	2,469
Promoter holding (%)	45.56

Relative Price Performance



Driving growth through automation, efficiency, and customer loyalty

Adoption of trendy apparel resulted in a steep pick-up in revenue/sq. ft. on higher footfalls. STYLEBAA follows an integrated automation solution to understand the client's preferences. It runs a loyalty programme, which eventually raised its repeat rate to 72%. It also follows a backup solution which reduces its down time and helps it to auto replenish its fast-moving products. Its integrated software Supplymint improves warehouse efficiency while reducing the dispatch time.

Business automation helps it cater to supply and assures availability during peak festival or business days. Revenue/sq. ft. rose to INR8,496 with an SSSG of 41% in Q2FY25. Greater throughput and contribution from private labels will result in an expansion in operating margin to 11% in H1FY25 from an adverse 7.8% in H1FY24. Revenue grew 43%/24% in FY23/ FY24 on a strong SSSG of 26%/10%. The management is targeting 40–50 stores and expects ~25% revenue CAGR over FY24–26 on healthy store additions and higher throughput.

Industry tailwinds to drive growth

Contribution of organised retail to total retail was low at 10%/~15% (INR5lk cr/INR12lk cr) in FY18/FY23. We expect the penetration of organised retail to rise to ~23% by FY27 which will provide a big boost to the apparel market as it will be the fastest growing category among organised retail. Listed players such as V-Mart Retail, V2 Retail, and STYLEBAA are benefitting from these industry tailwinds and are seeing an improvement in overall store metrices. These players have started adding stores aggressively, resulting in market share gains. We expect this trend to continue which should result in a valuation re-rating for the industry.

Valuation and view

STYLEBAA has shown a tremendous improvement in store metrics, with revenue/EBITDA/ PAT growing 24%/40%/4x in FY24. It will grow at a higher rate given the industry tailwinds such as value retail market in Northeast India which is clocking 15% CAGR and the shift to organised from unorganised players. Drivers such as new store expansion and a healthy increase in revenue/sq. ft. can lead to a healthy growth in revenue and EBITDA.

RoE expansion to over 20% in FY26E can trigger a valuation re-rating. The scope for expansion is large as India has more than 5,000 Tier IV towns. This, along with its healthy store economics, gives STYLEBAA a payback period of less than two years. As peers such as VMART and Zudio have more than 500 stores each, we think that it can achieve healthy growth rates over a longer period. The stock is trading at 21x FY24 EV/EBITDA.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	551	788	973
Revenue growth (%)	29.1	43.0	23.5
EBITDA (INR cr)	**68**	**101**	**142**
EBITDA margin (%)	12.4	12.9	14.6
Net profit (INR cr)	-8	5	22
P/E ratio (x)	0.0	0.0	105.1
RoACE (%)	3.3	6.8	6.8
RoAE (%)	(6.9)	3.0	10.7

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	551	788	973
Direct costs	376	534	647
Employee costs	46	68	85
Other expenses	61	84	99
Total operating expenses	483	686	831
EBITDA	**68**	**101**	**142**
Depreciation and amortisation	53	61	73
EBIT	15	40	69
Interest expenses	35	41	49
Other income	10	6	10
Profit before tax	-10	5	29
Provision for tax	-2	0	7
Core profit	-8	5	22
Minority Interest	0	0	0
Profit after tax	-8	5	22
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	-8	5	22
Adjusted Net Profit	**-8**	**5**	**22**
Equity shares outstanding (cr)	3.3	3.5	7.0
EPS (INR) basic	(2.4)	1.5	3.1
Diluted shares (Cr)	3.3	3.5	7.0
EPS (adj) fully diluted	(2.4)	1.5	3.1
Dividend per share	0.0	5.8	0.0
Dividend payout (%)	0%	394%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	87.6	87.1	85.4
Depreciation	9.6	7.8	7.6
Interest expenditure	6.4	5.3	5.1
EBITDA margins	12.4	12.9	14.6
Net profit margins	(1.5)	0.6	2.3

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	29.1	43.0	23.5
EBITDA	46.7	48.5	40.1
PBT	(50.8)	(153.8)	440.4
Net profit	(56.2)	(163.7)	330.1
EPS	(94.3)	(160.7)	115.0

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	(6.9)	3.0	10.7
ROCE (%)	3.3	6.8	6.8
Debtors (days)	0	0	0
Current ratio	1.5	1.7	1.5
Debt/Equity	0.7	0.6	0.8
Inventory (days)	186	147	115
Payable (days)	119	77	77
Cash conversion cycle (days)	66	70	38
Debt/EBITDA	1.5	1.1	1.3
Adjusted debt/Equity	0.5	0.6	0.8

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	(2.4)	1.5	3.1
CEPS (INR)	13.5	19.0	13.7
Diluted P/E (x)	0.0	0.0	105.1
Price/BV(x)	0.0	0.0	10.7
EV/Sales (x)	1.7	1.0	3.0
EV/EBITDA (x)	13.4	8.0	20.5
Diluted shares O/S	3.3	3.5	7.0
Basic EPS	(2.4)	1.5	3.1
Basic PE (x)	0.0	0.0	105.1

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	33	35	35
Reserves & surplus	110	159	180
Shareholders funds	144	194	215
Secured loans	17	18	29
Unsecured loans	85	97	149
Borrowings	102	115	178
Net Debt	77	110	163
Minority interest	0	0	0
Other liabilities	282	346	442
Sources of funds	**527**	**654**	**835**
Gross block	105	135	190
Depreciation	0	0	0
Net block	105	135	190
Capital work in progress	3	2	7
Total fixed assets	108	136	197
Other non-current assets	308	366	466
Investments			
Inventories	280	317	433
Sundry debtors	0	0	0
Cash and equivalents	24	5	15
Other current assets	34	43	55
Total current assets	339	365	503
Sundry creditors and others	227	213	329
Provisions	0	0	1
Total CL & provisions	227	213	330
Net current assets	112	153	173
Uses of funds	**527**	**654**	**835**
Book value per share (INR)	43	55	31

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	-10	5	29
Add: Depreciation	53	61	73
Add: Others	28	39	43
Gross cash flow	71	106	146
Less: Changes in W. C.	55	73	34
Operating cash flow	16	33	112
Less: Capex	27	43	85
Free cash flow	**-11**	**-11**	**27**

Can Fin Homes

Can Fin Homes (CANF) is a South India-based housing finance company focusing on Tier II, III, and IV cities. It was set up by Canara Bank in 1987, which holds a 29.99% stake. A major proportion of its loan book comprises salaried individuals (71% of total loans, mostly low risk). However, the proportion of self-employed and non-professionals have been gradually rising (29% of total loans). Average ticket size of incremental housing/non-housing loans is INR25lk/INR8lk. In Q2FY25, it reported healthy disbursements against a decline for the last four consecutive quarters, with a marginal improvement in NIM and asset quality. The management maintained its credit growth guidance at 13–15% for FY25 and stable return ratios. We reiterate 'BUY' with a revised TP of INR1,005 per share.

Growth to be aided by a pickup in disbursements

After four consecutive quarters of decline, disbursements grew 29% QoQ to INR2,381cr in Q2FY25. We estimate disbursements of more than INR10,000cr in FY25. Though allocations made under PMAY 2.0 and CLSS in the FY25 Union Budget are likely to aid home loan demand, the management is of the opinion that it offers lower benefits vis-à-vis the earlier CLSS scheme. Stable disbursements are likely to aid AUM grow by 13–14%/15–17% in FY25 /FY26. This trend is seen continuing in the medium term with CANF expanding its geographical presence in North India and focusing on SENP and the LAP segments.

CoB to moderate thereby aiding margin, C/I ratio to stay elevated

In Q2FY25, CANF secured a refinance sanction from NHB at a cost lower than bank and NCD borrowings. This is expected to help CoB moderate further, thereby aiding margin. Opex rose in Q2FY25 due to SARFAESI-related legal expense and higher marketing, advertising, and technology expenses. The management expects C/I ratio to stay in the 16–16.5% range in FY25. It has initiated an IT transformation project (change of LOS/LMS and CRM system) due to which the C/I ratio is expected to stay elevated at 17–18% in FY26.

Asset quality remains stable

GNPA improved sequentially to 0.88% from 0.91%. In absolute terms, GNPA stood at INR320cr in Q2FY25. Of this, INR94cr was from the restructured book, down from INR106cr QoQ. PCR stood at 46.6% versus 46.2% QoQ. Overall provisioning stood at INR428cr (versus INR415cr QoQ), of which INR34cr was management overlay. We expect credit cost to be in the 0.12–0.15% range for both FY25 and FY26. It aims to reduce its SMA 1 and 2 accounts by adding more employees in the collection vertical.

Valuation and view

CANF has established itself as a one of the top-performing HFCs, with a strong business model and sound underwriting practices, leading to consistent earnings growth. Its focus on enhancing its distribution channel and processes, including its IT infrastructure, is likely to aid in business expansion and RoA. We stand by the management's FY25 credit growth guidance of 13–15%. Disbursements are a key monitorable ahead. Normalising asset quality, aided by heightened collection efforts, should help control credit costs at 12–15bp in FY25E. Given the attractive valuations, expected improvement in operating parameters, and sector tailwinds, we reiterate 'BUY' with a TP of INR1,005, an upside of 22% from its CMP.

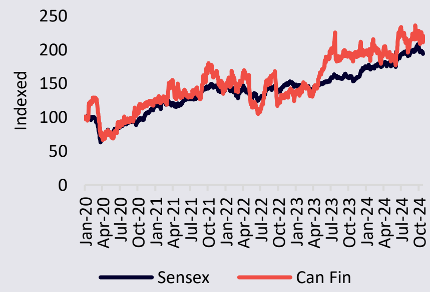
Key financials

Year to March (INR cr)	FY22	FY23	FY24	FY25E	FY26E
Revenue	**835**	**1,042**	**1,293**	**1,455**	**1,697**
PPOP	**681**	**866**	**1,036**	**1,197**	**1,402**
Adjusted profit	470	621	751	889	1,026
Diluted EPS (INR)	35	47	56	67	77
EPS growth (%)	*3.1*	*32.1*	*20.8*	*18.5*	*15.3*
RoAE (%)	16.6	18.5	18.8	18.7	18.2
P/E ratio (x)	23.3	17.7	14.6	12.3	10.7
P/BV ratio (x)	3.6	3.0	2.6	2.1	1.8

CMP: INR824
Rating: Buy

Bloomberg:	CANF:IN
52-week range (INR):	680/951
M-cap (INR cr):	10,937
Promoter holding (%)	29.99

Relative price performance



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Financials

Income statement (INR Cr)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Interest income	1,970	2,715	3,490	3,983	4,643
Interest charges	1,154	1,701	2,231	2,566	2,991
Net interest income	816	1,014	1,258	1,418	1,651
Fee & other income	19	28	35	37	45
Net revenues	**835**	**1,042**	**1,293**	**1,455**	**1,697**
Operating expense	154	176	257	258	294
- Employee exp	77	84	97	121	141
- Other opex	77	93	160	137	153
Preprovision profit	**681**	**866**	**1,036**	**1,197**	**1,402**
Provisions	47	42	79	57	88
PBT	634	824	958	1,140	1,315
Taxes	164	203	207	251	289
PAT	**470**	**621**	**751**	**889**	**1,026**
Extraordinaries	0	0	0	0	0
Reported PAT	470	621	751	889	1,026
Basic number of shares (cr)	13	13	13	13	13
Basic EPS (INR)	35	47	56	67	77
Diluted number of shares (cr)	13	13	13	13	13
Diluted EPS (INR)	35	47	56	67	77
DPS (INR)	3	4	4	5	6
Payout ratio (%)	8	8	7	7	7

Balance Sheet (INR Cr)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Paid Capital	27	27	27	27	27
Reserve & Surplus	3,040	3,621	4,317	5,140	6,092
Shareholder's Fund	3,067	3,647	4,344	5,167	6,119
Total Borrowings	24,648	29,258	31,760	36,206	41,999
Other Liabilities	230	165	498	572	658
Total Liabilities	27,944	33,070	36,602	41,945	48,777
Cash & Bank Balance	324	308	457	404	473
Investment	1,126	1,459	1,459	1,459	1,459
Loan & Advances	**26,378**	**31,193**	**34,553**	**39,774**	**46,582**
Net Fixed Assets	35	45	45	48	57
Other assets	82	64	87	261	206
Total Assets	27,944	33,070	36,602	41,945	48,777

Growth ratios (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
NII growth	2.3	24.3	24.1	12.6	16.5
Net revenues growth	3.1	24.8	24.1	12.5	16.6
Opex growth	24.2	14.6	45.6	0.4	14.0
PPP growth	(0.7)	27.1	19.7	15.5	17.2
Provisions growth	-31.5	-11.0	88.7	-28.3	55.1
PAT growth	3.1	32.1	20.8	18.5	15.3

Operating ratios (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Yield on advances	7.9	8.9	10.1	10.2	10.3
Cost of funds	5.3	6.3	7.3	7.6	7.7
Spread	2.7	2.6	2.7	2.7	2.7
Net interest margins	3.3	3.3	3.6	3.6	3.7
Cost-to-income	18.4	16.9	19.9	17.7	17.3
Tax rate	25.9	24.6	21.6	22.0	22.0

Balance sheet ratios (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Loan growth	20.5	18.3	10.8	15.1	17.1
EA growth	26.7	18.4	10.6	14.2	16.5
Gross NPA ratio	0.6	0.6	0.8	0.7	0.6
Net NPA ratio	0.3	0.3	0.4	0.3	0.3
Provision coverage	53.1	52.7	47.8	53.4	55.3

RoE decomposition (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Net interest income/Assets	3.3	3.3	3.6	3.6	3.7
Other Income/Assets	0.1	0.1	0.1	0.1	0.1
Net revenues/Assets	3.4	3.4	3.7	3.7	3.8
Operating expense/Assets	0.6	0.6	0.7	0.7	0.7
Provisions/Assets	0.2	0.1	0.2	0.1	0.2
Taxes/Assets	0.7	0.7	0.6	0.6	0.6
Total costs/Assets	1.5	1.4	1.6	1.4	1.5
ROA	1.9	2.0	2.2	2.3	2.3
Equity/Assets	8.8	9.1	8.7	8.2	8.0
ROAE	16.6	18.5	18.8	18.7	18.2

Valuation metrics

Year to March	FY22	FY23	FY24	FY25E	FY26E
Diluted EPS (INR)	35.3	46.7	56.4	66.8	77.0
EPS growth (%)	*3.1*	*32.1*	*20.8*	*18.5*	*15.3*
Adjusted BV per share	228.5	272.1	322.9	385.2	456.8
Diluted P/E (x)	23.3	17.7	14.6	12.3	10.7
Price/Adj. Book Value(x)	3.6	3.0	2.6	2.1	1.8
Price/ Earning (x)	23.3	17.7	14.6	12.3	10.7

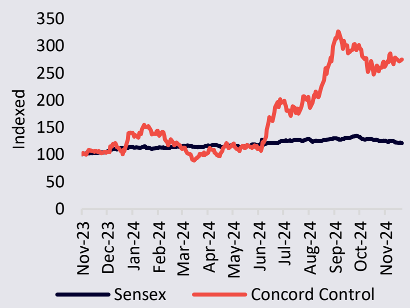
Concord Control Systems

Concord Control Systems (CNCRD) is in the business of electrical machinery and allied products. It has been approved as a vendor by the Research Design and Standards Organisation (RDSO) to manufacture and supply products to the Indian Railways. It manufactures products required in railway coaches like inter-vehicular coupler, emergency lighting systems, brushless DC carriage fans, exhaust fans, cable jackets, bellows, and products required in electrification of coaches and broad-gauge network of the Indian Railways like the 200 AH and 40AH battery charger, and tensile testing machine. Its four manufacturing facilities are situated in Lucknow (two units), Bengaluru (Advanced Rail Control Systems Pvt), and Hyderabad (Progota India Pvt). Revenue stood at INR66cr in FY24 and was derived from coaching products (89%), traction products (10%), and other products (1%). The stock is not rated.

CMP: INR1,719
Rating: Not Rated

Bloomberg:	CNCRD:IN
52-week range (INR):	538 / 2,062
M-cap (INR cr):	1,028
Promoter holding (%)	70.63

Relative Price Performance



Transitioning to a solution provider for the Indian Railways

The company is transitioning from a product and equipment supplier to a research-based solution provider for the Indian Railways. In the past two years, it has invested in research-based companies and plugged them into its own railway ecosystem.

- Progota India Pvt (26% — associate company): Apart from multi section digital axle counter (MSDAC), it focuses on *Kavach,* one of the most crucial products required by the Indian Railways to prevent fatal accidents.
- Concord Lab to Market Innovations Pvt (50% — associate company): Develops diagnostic and instrumentation products like wheel impact load detector (WILD) under the guidance and partnership of IISC Bengaluru.
- Advanced Rail Control Systems Pvt (90% — subsidiary company): Manufactures few of the most advanced communication products used in locomotive operations.

The management anticipates a domestic opportunity size of INR2,000cr/INR40,000cr/INR1,000cr /INR2,500cr for MSDAC/*Kavach*/WILD/locomotives till FY30.

Order book and guidance

Order book rose to INR206.82cr versus INR196.57cr as of March 31. Private/government orders amounted to INR31.41cr/INR28.76cr in H1FY25. The management aims to grow its revenue/ EBITDA margin in the 40-50%/23-25% range over the next three-to-five years.

Key financial highlights for H1FY25

The company reported its highest revenue/PAT of INR49.75cr/INR8.67cr in H1FY25. EBITDA stood at INR14.2cr, with a margin of 28.5% as against 26.1% in FY24. Revenue/EBITDA/PAT clocked 44%/110%/120% CAGR over FY22-24.

Valuations

At the CMP of INR1,719, the stock trades at 68.2x P/E on a TTM basis.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	32	49	66
Revenue growth (%)	81	56	33
EBITDA (INR cr)	4	8	17
Adjusted PAT (INR cr)	3	5	13
P/E ratio (x)	13.0	160.0	80.3
Price/BV ratio (x)	4.6	39.9	22.3
EV/EBITDA ratio (x)	9.6	109.5	58.6
RoACE (%)	63.5	40.7	45.2
RoAE (%)	68.9	36.9	38.0

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	32	49	66
Direct costs	20	29	35
Employee costs	2	4	6
Other expenses	6	9	8
Total operating expenses	28	42	48
EBITDA	**4**	**8**	**17**
Depreciation and amortisation	0	1	1
EBIT	4	7	17
Interest expenses	0	0	0
Other income	0	0	1
Profit before tax	3	7	18
Provision for tax	1	2	5
Core profit	3	5	13
Minority Interest	0	0	0
Profit after tax	3	5	13
Extraordinary items & share of profit from associates	0	0	-0
Reported net profit	3	5	13
Adjusted Net Profit	**3**	**5**	**13**
Equity shares outstanding (cr)	0.0	0.5	0.6
EPS (INR) basic	132.1	10.7	21.4
Diluted shares (Cr)	0.0	0.5	0.6
EPS (adj) fully diluted	132.1	10.7	21.4
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	87.7	84.4	73.8
Depreciation	1.2	1.0	0.8
Interest expenditure	0.4	0.1	0.2
EBITDA margins	12.3	15.6	26.2
Net profit margins	8.3	10.7	19.5

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	80.8	55.7	32.8
EBITDA	86.0	97.0	123.5
PBT	94.8	113.2	138.5
Net profit	94.8	100.6	141.7
EPS	94.8	(91.9)	99.3

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	68.9	36.9	38.0
ROCE (%)	63.5	40.7	45.2
Debtors (days)	34	67	83
Current ratio	3.0	4.4	4.4
Debt/Equity	0.4	0.1	0.1
Inventory (days)	60	19	18
Payable (days)	29	17	25
Cash conversion cycle (days)	65	69	76
Debt/EBITDA	0.8	0.3	0.2
Adjusted debt/Equity	0.4	(0.3)	(0.5)

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	132.1	10.7	21.4
CEPS (INR)	150.6	11.8	22.3
Diluted P/E (x)	13.0	160.0	80.3
Price/BV(x)	4.6	39.9	22.3
EV/Sales (x)	1.2	17.0	15.4
EV/EBITDA (x)	9.6	109.5	58.6
Diluted shares O/S	0.0	0.5	0.6
Basic EPS	132.1	10.7	21.4
Basic PE (x)	13.0	160.0	80.3
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	0	6	6
Reserves & surplus	7	16	40
Shareholders funds	7	21	46
Secured loans	0	0	0
Unsecured loans	3	2	3
Borrowings	3	3	3
Net Debt	3	-7	-21
Minority interest	0	0	0
Other liabilities	0	0	1
Sources of funds	**11**	**24**	**49**
Gross block	3	4	5
Depreciation	1	2	2
Net block	2	2	3
Capital work in progress	0	0	0
Total fixed assets	2	2	3
Other non-current assets	1	3	9
Inventories	5	3	3
Sundry debtors	3	9	15
Cash and equivalents	0	9	24
Other current assets	3	4	6
Total current assets	11	25	48
Sundry creditors and others	3	3	6
Provisions	1	2	5
Total CL & provisions	4	6	11
Net current assets	7	19	37
Uses of funds	**11**	**24**	**49**
Book value per share (INR)	374	43	77

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	3	7	17
Add: Depreciation	0	1	1
Add: Others	0	-0	-1
Gross cash flow	4	8	17
Less: Changes in W. C.	2	5	11
Operating cash flow	2	3	6
Less: Capex	1	2	4
Free cash flow	**0**	**1**	**1**

Creative Graphics Solutions India

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Creative Graphics Solutions India (CGRAPHIC) stands as a dominant player in India's flexographic plate market, used primarily in the packaging sector. Flexographic plates are essential for high-quality printing, particularly for industries such as FMCG, consumer durables, and pharmaceuticals. The company operates seven manufacturing plants across India, which allows it to cater to both regional and international markets. It has been expanding its business through its wholly owned subsidiaries: CG Premedia and Wahren India. CG Premedia offers services like 3D graphics, animations, and mock-up designs, aiding branding efforts for clients across industries. WAHREN produces high-quality packaging materials for the pharma industry like alu-alu, blister, tropical, child resistant foils, and sachets. The stock is not rated.

Flexography business: Niche market with a strong growth potential

CGRAPHIC leverages advanced technology like the DuPont flexo plate-making system to produce high-precision flexographic plates, meeting the rigorous demands of the printing industry. In-house manufacturing enhances quality control, operational efficiency, cost management, and turnaround times, giving it a competitive edge. The growing preference for eco-friendly packaging and the transition to photopolymer plates from rubber, coupled with the adoption of flat-top dot technology, is driving market expansion. The company is well-positioned to capitalise on these trends with its digital flexo plates and sustainable printing solutions, even as it explores new packaging segments to unlock growth opportunities. Recent capacity expansion, including the Kodak Flexcel NX Wide 5080 system, has boosted flexographic output by 10%, enabling it to meet rising demand for high-quality packaging. Ongoing exploration of domestic and international opportunities and a focus on automation and technology ensures scalable growth and positions it as a key player in the flexographic market.

WAHREN: The rapidly growing pharma packaging business

Subsidiary WAHREN specialises in high-quality pharma packaging solutions, adhering to stringent industry standards. Launched in 2023, it has quickly expanded emerged as a pan-India player, adding over 230 clients and securing its first export order, marking its international debut. The focus is on diversifying its offerings with alu-alu foils and other pharma packaging materials to strengthen its revenue base. Capacity expansion to 20,000mt annually from 8,000mt is underway to meet rising demand, with over 50% utilisation achieved in H1FY25, reflecting a robust demand pipeline. Backed by strategic investments and a clear growth trajectory, WAHREN is well-positioned for domestic and international success in the pharma packaging sector.

Robust financials with a significant growth potential

CGRAPHIC has delivered impressive growth with a revenue/EBITDA/PAT CAGR of 40%/58%/68% over FY21–24, reflecting a strong operational performance. The increasing shift from gravure to flexography printing and timely capacity expansion is expected to drive 10–12% CAGR in the flexo plates business. The 2.5x capacity expansion in the alu-alu foil business positions it to achieve a peak revenue potential of INR300cr/INR500cr by FY26/FY27, with an asset turnover of 10x. We expect consolidated revenue to touch INR420cr/INR650cr by FY26/FY27 (up from INR132cr in FY24), supported by a stable EBITDA margin of ~14%. Return metrics such as RoE and RoCE are also expected to surpass 30%, underscoring the company's financial strength.

Outlook

The company has established itself as a prominent player in the flexographic plate market, leveraging capacity expansions, technological advancements, and strong client relationships to unlock substantial growth opportunities. Its strategic entry into the pharma packaging segment through WAHREN and investments in flexographic innovation underscore its long-term growth potential. Consistent revenue growth, robust margin, and efficient scalability highlight its competitive edge and ability to maintain a cost-effective operational structure. At the CMP, the stock trades at 32x P/E on a TTM basis. Factoring in its projected multi-fold growth in revenue and profitability, the stock is trading at an estimated 11x/6.6x FY26/FY27 earnings. Valuation appears attractive given its strong growth trajectory, capable management, and industry-leading return ratios. The stock is not rated.

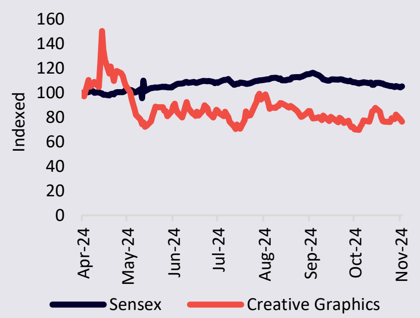
Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	68	90	132
Rev growth (%)	44	32	46
EBITDA (INR Cr)	10	15	19
Adjusted PAT (INR Cr)	5	9	11
P/E (x)	89	48	38
EV/EBITDA (x)	44	30	25
RoACE (%)	31	31	21
RoAE (%)	60	60	40

CMP: INR171
Rating: Not Rated

Bloomberg:	CGRAPHIC:IN
52-week range (INR):	140/ 332
M-cap (INR cr):	415
Promoter holding (%)	68.08

Relative Price Performance



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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	68	90	132
Direct costs	39	51	80
Gross Profit	29	39	52
Employee costs	13	14	18
Other expenses	7	10	15
Total Operating expenses	59	76	113
EBITDA	10	15	19
Depreciation and amortisation	3	3	4
EBIT	7	12	14
Interest expenses	1	1	3
Non-operating Income	0	2	4
Extraordinary Income	-	-	-
Profit before tax	6	12	15
Provision for tax	2	3	4
Profit after tax (before MI)	5	9	11
Share of Minority in profits	-	-	-
Profit after tax	5	9	11
Adjusted Profit after tax	5	9	11
Shares outstanding	2.4	2.4	2.4
Adjusted EPS	1.9	3.6	4.4

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	85.8	83.8	85.9
Depreciation	4.4	3.4	3.4
Interest expenditure	1.2	1.4	2.6
EBITDA margins	14.2	16.2	14.1
Net profit margins	6.8	9.6	8.2

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	44	32	46
EBITDA	NA	51	27
PBT	NA	92	22
Net profit	NA	86	25
EPS	NA	86	25

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	60	60	40
ROACE (%)	31	31	21
Debtors (days)	134	118	128
Current ratio	1	2	3
Debt/Equity	1	1	1
Inventory (days)	6	21	54
Payable (days)	96	91	76
Cash conversion cycle (days)	44	48	107
Debt/EBITDA	1	1	3
Adjusted debt/Equity	1	1	1

Valuation Parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	2	4	4
Y-o-Y growth (%)	NA	NA	25
Diluted P/E (x)	89	48	38
Price/BV(x)	41.2	22.2	11.6
EV/Sales (x)	6.1	4.6	3.2
EV/EBITDA (x)	44	29.8	24.7
Diluted shares O/S (in Cr)	2.4	2.4	2.4
Basic EPS	2	4	4
Basic PE (x)	89	48	38

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	1	18
Reserves & surplus	9	18	18
Shareholders funds	10	19	36
Total Debt	8	22	49
Other Long Term Liabilities	-	-	-
Deferred Tax Liabilities	1	1	0
Minority interest	-	-	-
Sources of funds	19	41	85
Gross block	16	32	46
Depreciation	4	7	11
Net block	12	25	34
Capital work in progress	-	-	-
Total fixed assets	12	25	34
Investments	2	4	2
Inventories	1	5	20
Sundry debtors	25	29	46
Cash and equivalents	1	1	5
Loans and advances	4	1	8
Total current assets	33	41	81
Sundry creditors and others	15	19	23
Provisions and others	10	6	6
Total CL & provisions	26	25	30
Net current assets	7	16	51
Misc expenditure	-	-	-
Uses of funds	19	41	85
Book value per share (INR)	4	8	15
	-	-	-

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	8	11	15
WC Changes	(2)	(7)	(32)
CFO	6	5	(18)
CFI	(6)	(16)	(8)
CFF	(1)	12	30
Total Cash Flow	(0)	0	4

Crest Ventures

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Founded in 1982, Crest Ventures (CREV) is a Mumbai-based non-deposit taking NBFC (NBFC-ND-SI) registered with RBI as an investment and credit company (ICC), operating across real estate, financial services, and investments. It provides financial services and invests in real estate projects and the financial sector. To date, it has developed and delivered over 12mn sq. ft. of residential and commercial properties in Mumbai, Chennai, and Raipur. CREV offers financial services through joint ventures, including investment banking, equity brokerage, and retail financial products. The management's focus is on high-growth investments to drive long-term value creation for its stakeholders.

In its real estate segment, which includes residential and commercial developments, it has five/nine ongoing/upcoming projects at premium locations such as Bandra and Pali Hill in Mumbai. In the financial services and investment sectors, it focuses on high-growth opportunities. Its investment portfolio consists of listed shares (46%), unlisted shares (5%), PMS and AIF (16%), liquid mutual funds (1%), and debt securities (32%) as of FY24.

In H1FY25, revenue/EBITDA grew 22%/44% YoY to INR113cr/INR93cr on strong demand in investing and financial activities and the real estate segment. EBITDA margin stood at 82% as against 70% YoY. PAT grew 75% YoY to INR67cr, aided by lower finance cost, and as there was a reversal due to the impairment of financial assets. At the CMP, the stock trades at 14x TTM EPS. The stock is not rated.

Healthy H1FY25 performance on strong growth in the financial segment

Investment and financial services/broking/real estate contributed 76%/10%/14% to total revenue in H1FY25 from 46%/11%/41% in FY24. Revenue in the financial segment is subject to volatility and lumpy in real estate. Expansion in margin is due to strong return on investments made. The major revenue drivers for CREV are investment and financial activity and real estate. The surge in the financial segment, to 76% from 41% YoY, is largely driven by increasing participation in India's financial markets, rising SIPs, and CREV's leadership in mutual fund distribution. The company's advanced offerings, such as interest rate swaps and currency options, contribute significantly to both demand and margin.

Strong projects in the pipeline

As of September-end, CREV has a portfolio of five/nine ongoing/upcoming projects, with a total GDV of more than INR5820cr in upcoming projects located in Mumbai's sought-after areas. The company benefits from an asset-light model, with most projects structured as joint development agreements (JDAs), which help reduce its initial capital outlay.

CREV is expanding its real estate portfolio by focusing on luxury properties, leveraging JDAs to minimise capital deployment while ensuring efficient project management. This approach allows it to maintain a strong operational performance and timely delivery of projects within budget.

At the same time, its financial services segment, including investments and brokerage, is set for strong growth, aided by strategic partnerships. The management aims to drive growth by leveraging technology and by optimising cost and its expertise in financial markets.

Valuation

At CMP, the stock trades at 14x TTM EPS. The stock is not rated.

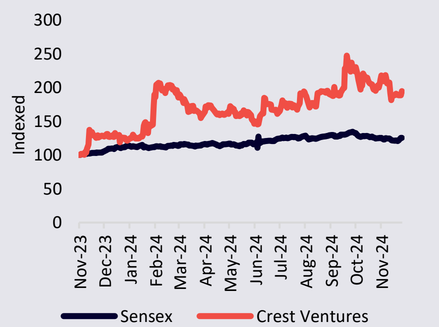
Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	57	651	184
Revenue growth (%)	4	1,043	-72
EBITDA (INR cr)	-3	580	109
EBITDA margin (%)	-5	89	59
Net profit (INR cr)	12	396	62
P/E ratio (x)	54.1	1.7	10.9
RoACE (%)	-0.9	50.0	8.0
RoAE (%)	1.4	38.0	5.6

CMP: INR464
Rating: NOT RATED

Bloomberg:	CREV.IN
52-week range (INR):	275/621
M-cap (INR cr):	1,319
Promoter holding (%)	69.1

Relative Price Performance



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Financials

Income Statement

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	57	651	184
Cost of units sold	-	5	23
Employee costs	15	19	21
Office and Admin Expenses	-	-	-
Selling And Distribution Expenses	-	-	-
Other expenses	45	46	30
Total Operating expenses	60	70	75
EBITDA	-3	580	109
Depreciation and amortisation	3	4	5
EBIT	-6	576	104
Interest expenses	14	11	24
Other income	36	8	2
Profit before tax	15	573.0	82.5
Provision for tax	3	177	20
Profit after tax	12	396	62
Adj. profit after tax	12	396	62
Shares outstanding	2.8	2.8	2.3
Adjusted EPS	4.3	139.1	21.1

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	105	11	41
Depreciation	6	1	3
Interest expenditure	25	2	13
EBITDA margins	-5	89	59
Net profit margins	21	61	34

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	4	1,043	-72
EBITDA	-166	-20,585	-81
PBT	396	3,687	-86
Adj. Net profit	441	3,172	-84
Adj. EPS	240	3,174	-85

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	1.4	38.0	5.6
ROACE (%)	-0.9	50.0	8.0
Debtors (days)	29	4	8
Inventory (days)	289	36	173
Payable (days)	16	1	8
Cash conversion cycle (days)	302	38	172
Current ratio	1.5	66.3	44.2
Debt/Equity	0.1	0.2	0.2
Debt/EBITDA	-20.3	0.3	1.9
Adjusted debt/Equity	0.1	0.1	0.1

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	4.3	139.1	21.1
Y-o-Y growth (%)	240	3,174	-85
Diluted P/E (x)	54.1	1.7	10.9
Price/BV(x)	1.1	0.7	0.5
EV/Sales (x)	10.2	1.0	3.4
EV/EBITDA (x)	-204.5	1.2	5.8
Diluted shares O/S	2.8	2.8	2.3
Basic EPS	4.3	139.1	21.1
Basic PE (x)	54.1	1.7	10.9

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	28	28	28
Reserves & surplus	562	950	1,076
Shareholders' funds	590	978	1,105
Total Debt	58	173	203
Other Long-Term Liabilities	5	20	10
Deferred Tax Liabilities	-	0	1
Minority interest	-	0	30
Sources of funds	**653**	**1,171**	**1,349**
Gross block	61	82	79
Depreciation	13	16	16
Net block	49	66	63
Capital work in progress	-	0	-
Total fixed assets	49	66	63
Investments	493	286	316
Inventories	45	64	87
Sundry debtors	5	7	4
Cash and equivalents	10	37	104
Loans and advances	164	424	559
Other Current Assets	77	276	201
Total current assets	301	806	954
Sundry creditors	2	2	4
Provisions	2	3	3
Other Current Liabilities	197	8	14
Total CL & provisions	202	12	22
Net current assets	99	794	933
Other Assets	13	25	38
Uses of funds	**653**	**1,171**	**1,349**
Book value per share (INR)	207	344	477

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	14	35	78
WC Changes	-115	-553	-43
CFO	-104	-680	-7
CFI	-22	782	48
CFF	124	-82	26
Total Cash Flow	-2	20	66

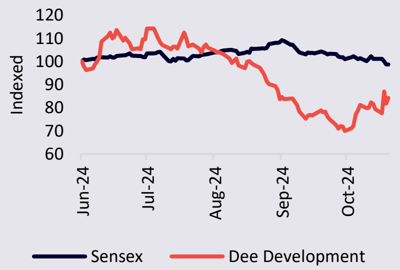
DEE Development Engineers

DEE Development Engineers (DEEDEV) provides engineering, procurement, and manufacturing services to the oil and gas, power (including nuclear), chemicals, and process industries. It specialises in high-pressure piping, pipe spools, induction bends, welded pipes, pressure vessels, skids, and accessories. The company works with complex metals like carbon and stainless steel, super duplex, inconel, and hastelloy. It operates two biomass power plants in Punjab with a combined 14MW capacity under an agreement with Punjab State Power Corporation. It is known for meeting rigorous client demands and maintaining strong relationships with domestic and international clients. The stock is not rated.

CMP: INR303
Rating: Not Rated

Bloomberg:	DEEDEV:IN
52-week range (INR):	226 / 400
M-cap (INR cr):	2,092
Promoter holding (%)	70.17

Relative Price Performance



Expanding its manufacturing capabilities

The company operates seven strategically located manufacturing facilities: three in Palwal (Haryana), and one each in Anjar (Gujarat), Barmer (Rajasthan), Numaligarh (Assam), and Bangkok (Thailand). The Anjar and Bangkok facilities are close to ports and serve overseas clients. It has commenced operations at New Anjar Facility-I, taking its cumulative installed capacity to 103,500mtpa as of September. It is in the process of setting up a new manufacturing facility at New Anjar Facility-II, which will boost its capacity to 15,000mtpa from 6,000mtpa and take its total capacity to 1,12,500mtpa. In Barmer, it runs a temporary facility dedicated to HPCL's refinery needs. It has an engineering centre in Chennai and a heavy fabrication unit in Anjar via its subsidiary DFIPL.

Aims to capitalise on a revival in capex and expansion into emerging markets

DEEDEV is looking to capitalise on a revival in capex in refining, chemicals, and power generation, while expanding into emerging markets like pharmaceuticals and hydrogen energy. It has launched a new vertical for designing and manufacturing pilot plants, supporting R&D in oil and gas, petrochemicals, specialty chemicals, pharmaceuticals, nuclear, and academia.

Growth outlook for global and Indian process piping markets

As per the RHP, the global process piping market is projected to touch USD54.5bn by 2030, at a CAGR of 4.8% over 2023–30. In India, the market is expected to clock 6.1% CAGR and reach INR38,400cr by FY30.

Valuations

At the CMP of INR303, the stock trades at a P/E ratio of 45.1x and an EV/EBITDA of 16.3x on a TTM basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	461	596	789
Rev growth (%)	(6.9)	29.2	32.5
EBITDA (INR Cr)	67	74	109
Adjusted PAT (INR Cr)	8	12	26
P/E (x)	*253*	*177*	*80*
Price/BV(x)	5.1	4.9	4.6
EV/EBITDA (x)	35.0	32.9	23.1
RoACE (%)	4.3	4.7	7.4
RoAE (%)	1.9	2.8	6.0

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	461	596	789
Direct costs	183	206	294
Employee costs	79	111	138
Other expenses	131	205	247
Total operating expenses	394	522	680
EBITDA	67	74	109
Depreciation and amortisation	36	38	45
EBIT	31	36	64
Interest expenses	28	34	47
Other income	10	19	18
Extraordinary items	0	0	0
Profit before tax	13	20	36
Provision for tax	5	7	9
Core profit	8	13	26
Extraordinary items	0	-1	0
Profit after tax	8	12	26
Share from associates	0	0	0
Adjusted net profit	8	12	26
Equity shares outstanding (cr)	1	1	5
EPS (INR) basic	7.8	11.1	4.9
Diluted shares (Cr)	7	7	7
EPS (INR) fully diluted	1.2	1.7	3.8
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	85.4	87.6	86.2
Depreciation	7.8	6.3	5.7
Interest expenditure	6.1	5.8	5.9
EBITDA margins	14.6	12.4	13.8
Net profit margins	1.8	2.0	3.3

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	(6.9)	29.2	32.5
EBITDA	19.6	9.3	48.3
PBT	50.3	53.2	74.4
Net profit	(41.9)	58.2	102.2
EPS	(41.6)	43.0	122.3

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	1.9	2.8	6.0
ROACE (%)	4.3	4.7	7.4
Debtors (days)	122	106	90
Current ratio	4	4	3
Debt/Equity	0.7	0.9	1.0
Inventory (days)	192	177	185
Payable (days)	82	81	104
Cash conversion cycle (days)	231	202	171
Debt/EBITDA	4	5	4
Adjusted debt/Equity	0.6	0.8	0.9

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	1.2	1.7	3.8
Y-o-Y growth (%)	*(41.6)*	*43.0*	*122.3*
CEPS (INR)	6.4	7.2	10.3
P/E (x)	*253.3*	*177.1*	*79.7*
Price/BV(x)	5.1	4.9	4.6
EV/Sales (x)	*5.1*	*4.1*	*3.2*
EV/EBITDA (x)	35.0	32.9	23.1
Diluted shares O/S	*6.9*	*6.9*	*6.9*
Diluted EPS	1.2	1.7	3.8
PE (x)	*253.3*	*177.1*	*79.7*
Dividend yield (%)	0.0	0.0	0.0

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	11	11	53
Preference Share Capital	0	0	0
Reserves & surplus	401	413	398
Shareholders funds	412	424	451
Secured loans	264	340	422
Unsecured loans	26	24	39
Borrowings	290	364	460
Sources of funds	**702**	**787**	**912**
Gross block	518	581	656
Depreciation	164	201	242
Net block	354	381	414
Capital work in progress	4	3	66
Total fixed assets	359	384	480
Right of Use Assets	0	0	0
Investments	0	0	0
Inventories	242	289	400
Sundry debtors	153	173	194
Cash and equivalents	25	33	35
Loans and advances	49	67	78
Other current assets	0	0	0
Total current assets	470	562	708
Sundry creditors and others	119	151	270
Provisions	2	5	6
Total CL & provisions	122	157	276
Net current assets	348	405	432
Net Deferred tax	-18	-17	-17
Misc expenditure	14	15	17
Uses of funds	**702**	**787**	**912**
Book value per share (INR)	388	399	85

Cash flow statement

Year to March	FY22	FY23	FY24
Net profit	7	14	26
Add: Depreciation	36	38	45
Add: Misc expenses written off/Other Assets	21	18	34
Add: Deferred tax	0	0	0
Gross cash flow	64	70	105
Less: Changes in W. C.	-3	56	2
Operating cash flow	67	14	103
Less: Capex	26	59	134
Free cash flow	**41**	**-45**	**-32**

Divyadhan Recycling Industries Limited

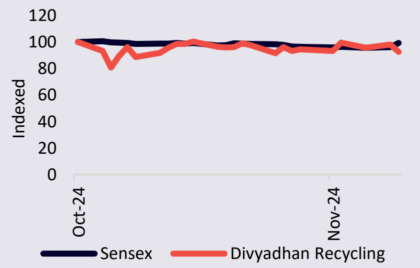
Incorporated in 2010, Divyadhan Recycling Industries (DIVYADHA) is engaged in the manufacture of recycled polyester staple fibre (R-PSF) and recycled pellets. It produces R-PSF from coke, soda, water, and other post-consumer PET bottles. R-PSF fibre constitutes 95% of the business and has good resilient properties. It is used to make premium pillows, cushions, and quilts. The recycled fibre is supplied to various industries such as packaging, home furnishing, and textiles.

The company also manufactures recycled pellets (which hardly constitute 2.5% of total revenue) but are sourced from the same raw materials as R-PSF and are used to manufacture food grade and non-food grade bottles. DIVYADHA delivered a RoE/RoCE of 22%/24% in FY24 and operates at a gross margin of 7–8%. It operates from its manufacturing facility located in Solan, Himachal Pradesh and derives much of its business (~88%) from the same geography.

CMP: INR 80
Rating: Not Rated

Bloomberg:	DIVYADHA:IN
52-week range (INR):	66 /96
M-cap (INR cr):	114
Promoter holding (%)	NA

Relative Price Performance



To fund capex via IPO proceeds of INR24.17cr

The company raised INR24.17cr through an IPO, which was entirely a fresh issue. The stock was listed on the exchanges on October 4. The issue proceeds will be utilised for Capital expenditure and General corporate purposes.

It intends to carry out capex by purchasing various plant and machineries which will be set up at their existing production facility. It aims to spend ~70% of the issue proceeds (INR17cr) towards such capex.

Industry outlook

India's polyester staple fibre market touched USD1.54bn by 2023 and is anticipated to clock 4.25% CAGR through 2029. The polyester staple fibre (PSF) is extensively used in spinning and other textile applications due to its durability, cost-effectiveness, and versatility. The widespread use of synthetic fibres like polyester has raised environmental concerns as they are non-biodegradable and pose a significant threat to the environment. This creates a niche for DIVYADHA to operate in as it provides a sustainable solution to this problem.

Revenue concentration and capacity utilisation

The company derives 85%/88% of its FY23/FY24 revenue from a single customer — PV Fibres. To mitigate this, DIVYADHA is actively exploring new market opportunities and is diversifying its client base to reduce the reliance on this customer.

At 8,030mt/2,160mt, it had a capacity utilisation of 89%/18% in recycled fibre/pellets.

Valuation

At the CMP of INR80, the stock trades at a 41.6x P/E and 37.5x EV/EBITDA on a TTM basis.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	58	57	28
Rev growth (%)	39.6	(0.8)	(50.3)
EBITDA (INR Cr)	**1**	**4**	**0**
Adjusted PAT (INR Cr)	1	2	0
P/E (x)	0.0	0.0	143.3
Price/BV(x)	0.0	0.0	3.4
EV/EBITDA (x)	9.3	1.3	97.5
RoACE (%)	(7.6)	18.8	1.2
RoAE (%)	16.6	29.0	2.8

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	58	57	28
Direct costs	55	51	26
Employee costs	1	1	1
Other expenses	1	1	1
Total operating expenses	57	53	28
EBITDA	**1**	**4**	**0**
Depreciation and amortisation	1	2	0
EBIT	-1	3	0
Interest expenses	1	1	0
Other income	2	1	1
Profit before tax	1	3	1
Provision for tax	0	1	1
Core profit	1	2	0
Minority Interest	0	0	0
Profit after tax	1	2	0
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	1	2	0
Adjusted Net Profit	**1**	**2**	**0**
Equity shares outstanding (cr)	0.5	0.5	0.5
EPS (INR) basic	1.1	4.3	0.6
Diluted shares (Cr)	0.5	0.5	0.5
EPS (adj) fully diluted	1.1	4.3	0.6
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	98.5	92.6	98.3
Depreciation	2.5	2.6	1.0
Interest expenditure	1.3	1.0	1.1
EBITDA margins	1.5	7.4	1.7
Net profit margins	0.9	3.8	1.1

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	39.6	(0.8)	(50.3)
EBITDA	(302.9)	395.2	(88.6)
PBT	132.2	315.2	(69.0)
Net profit	131.2	308.4	(86.1)
EPS	-	308.4	(86.8)

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	16.6	29.0	2.8
ROCE (%)	(7.6)	18.8	1.2
Debtors (days)	12	12	44
Current ratio	2.0	1.5	2.4
Debt/Equity	1.3	0.6	0.5
Inventory (days)	13	31	58
Payable (days)	14	22	41
Cash conversion cycle (days)	12	22	61
Debt/EBITDA	9.3	1.3	12.5
Adjusted debt/Equity	1.3	0.6	0.3

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	1.1	4.3	0.6
CEPS (INR)	3.9	7.3	1.1
Diluted P/E (x)	0.0	0.0	143.3
Price/BV(x)	0.0	0.0	3.4
EV/Sales (x)	0.1	0.1	1.7
EV/EBITDA (x)	9.3	1.3	97.5
Diluted shares O/S	0.5	0.5	0.5
Basic EPS	1.1	4.3	0.6
Basic PE (x)	0.0	0.0	143.3
Dividend yield (%)	-	-	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	5	5	5
Reserves & surplus	1	4	7
Shareholders funds	6	9	13
Secured loans	5	2	0
Unsecured loans	3	3	6
Borrowings	8	5	6
Net Debt	8	5	4
Minority interest	0	0	0
Other liabilities	0	0	0
Sources of funds	**15**	**14**	**19**
Gross block	0	0	12
Depreciation	0	0	0
Net block	12	12	12
Capital work in progress	0	0	0
Total fixed assets	12	12	12
Other non-current assets	0	0	0
Investments			
Inventories	2	5	5
Sundry debtors	2	2	3
Cash and equivalents	0	0	2
Other current assets	2	1	2
Total current assets	6	8	12
Sundry creditors and others	3	4	4
Provisions	0	1	1
Total CL & provisions	3	5	5
Net current assets	3	3	7
Uses of funds	**15**	**14**	**19**
Book value per share (INR)	13	17	24

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	72	300	433
Add: Depreciation	142	150	57
Add: Others	75	56	75
Gross cash flow	289	506	565
Less: Changes in W. C.	-95	64	1,192
Operating cash flow	384	442	-627
Less: Capex	75	133	218
Free cash flow	**308**	**309**	**-845**

Dollar Industries

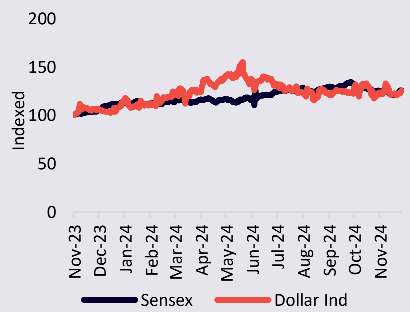
Dollar Industries (DOLLAR) is a prominent player in the design, manufacture, and export of hosiery and thermal products. With a portfolio of over 2,000 products, it maintains an integrated value chain, managing all processes in-house such as procurement of inputs, spinning, knitting, dyeing and bleaching, cutting, and stitching. It operates four facilities across India, with an annual capacity of 25cr garments. Its revenue is segmented into three key categories — the economy (contributes ~42%), mid-premium brands (account for 47%), and premium brands (constitute 11% of the business).

DOLLAR boasts of ~15% market share in the Indian hosiery space, aided by an extensive distribution network that includes over 1,500 dealers, more than 1.45lk retail touchpoints, and 17 exclusive brand outlets (EBOs). It has expanded into e-commerce and quick commerce channels, which now contribute 8% of its total sales. It exports its products to more than 15 countries. The company's operational metrics have improved, driven by: i) improved wallet share from existing clients, and ii) margin expansion led by a change in the product mix and operating leverage. It posted a revenue/EBITDA/PAT CAGR of 18%/15%/15% over FY20–24 led by: i) touchpoint expansion, and ii) higher investments in brand advertising. The stock is not rated.

CMP: INR517
Rating: Not Rated

Bloomberg:	DOLLAR:IN
52-week range (INR):	417/660
M-cap (INR cr):	2,930
Promoter holding (%)	72.21

Relative Price Performance



Strategic partnerships and product innovation drive growth

In a strategic move, DOLLAR entered into a 51:49 joint venture with G.O.A.T. Brands Labs for Pepe Jeans Inner Fashion Pvt, where the latter holds 50% stake in Pepe. This partnership aligns with DOLLAR's goal to expand its premium innerwear and fashion portfolio. Its Force Nxt range of activewear and recently introduced women's athleisure wear products have received a positive response from the market. In Q2FY25, Force Nxt reported a volume/value growth of ~38%/~30% YoY. In Q2FY25, gross margin improved by ~90bp led by better sales realisation on account of an improved product mix.

Project *Lakshya* to improve working capital

To strengthen its market presence, the management improved its dealer network and retention strategies. It introduced a loyalty programme under Project *Lakshya*, which has significantly enhanced dealer engagement and retention. This project has contributed 30% to domestic sales. DOLLAR is working with Vector Consultants to implement the Theory of constraints (TOC) to keep a tab on its working capital by mainly reducing receivables and inventories. It has enrolled ~307 distributors till the end of Q2FY25 (an addition of ~17 distributors in H1FY25) under Project *Lakshya.* It aims to bring 65–70% of its distributors under Project *Lakshya* by FY26. In H1FY25, contribution from distributors under Project *Lakshya* rose to ~30.6% of domestic sales as against ~26.3% in FY24.

Valuation and view

The management has retained its FY25 revenue/volume growth guidance of 12–13%/9–10%, with EBITDA margin in the 11–11.5% range. It is confident of achieving sales of INR2,000cr in FY26, with EBITDA margin in the 13–14% range and an improvement in working capital driven by Project *Lakshya*. In FY25 the company plans to launch Project *Lakshya* in Madhya Pradesh, Jharkhand, and Himachal Pradesh.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	1343	1394	1572
Revenue growth (%)	29	4	13
EBITDA (INR cr)	220	98	159
EBITDA margin (%)	16	7	10
Net profit (INR cr)	151	63	95
P/E ratio (x)	21	38	32
RoACE (%)	26	9	14
RoAE (%)	25	8	12

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Financials

Income statement (INR crs)

Year to March	FY22	FY23	FY24
Income from operations	1,343	1,394	1,572
Direct costs	615	758	725
Employee costs	64	77	89
Other expenses	444	461	599
Total operating expenses	1,123	1,296	1,414
EBITDA	220	98	159
Depreciation and amortisation	17	18	21
EBIT	203	81	137
Interest expenses	10	14	18
Other income	7	5	4
Profit before tax	200	71	123
Provision for tax	51	13	30
Core profit	149	58	93
Extraordinary items	2	6	2
Profit after tax	151	63	95
Adjusted net profit	151	63	95
Equity shares outstanding (cr)	6	6	6
EPS (INR) basic	26	10	16
Diluted shares (Cr)	6	6	6
EPS (INR) fully diluted	26	10	16
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	84	93	90
Depreciation	1	1	1
Interest expenditure	1	1	1
EBITDA margins	16	7	10
Net profit margins	11	5	6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	29	4	13
EBITDA	59	-55	61
PBT	71	-64	73
Net profit	71	-61	61
EPS	71	-61	61

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	25	8	12
ROACE (%)	26	9	14
Debtors (days)	109	112	114
Current ratio	4	5	5
Debt/Equity	0	0	0
Inventory (days)	129	94	113
Payable (days)	60	48	55
Cash conversion cycle (days)	179	158	173
Debt/EBITDA	1	2	2
Adjusted debt/Equity	0	0	0

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	26	10	16
Y-o-Y growth (%)	71	-61	61
CEPS (INR)	29	13	20
Diluted P/E (x)	21	38	32
Price/BV(x)	4	4	4
EV/Sales (x)	2	2	2
EV/EBITDA (x)	15	22	26
Diluted shares O/S	6	6	6
Basic EPS	26	10	16
Basic PE (x)	21	38	32
Dividend yield (%)	0	0	0

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	11	11	11
Preference Share Capital	0	0	0
Reserves & surplus	660	696	770
Shareholders funds	671	707	781
Secured loans	1	0	30
Unsecured loans	205	161	276
Borrowings	206	162	306
Lease Liabilities	4	14	12
Minority interest	0	0	3
Sources of funds	**881**	**882**	**1,102**
Gross block	154	166	311
Depreciation	72	83	100
Net block	81	83	212
Capital work in progress	50	84	17
Total fixed assets	131	167	228
Right of Use Assets	6	9	14
Intangible Assets	3	3	3
Investments	9	4	0
Inventories	475	358	487
Sundry debtors	402	428	493
Cash and equivalents	1	1	2
Loans and advances	64	68	82
Other current assets	0	0	0
Total current assets	942	855	1,064
Sundry creditors and others	220	182	236
Provisions	0	0	0
Total CL & provisions	220	182	236
Net current assets	722	673	828
Net Deferred tax	2	2	1
Misc expenditure	11	19	26
Uses of funds	**883**	**878**	**1,100**
Book value per share (INR)	118	125	138
Contingent Liabilities	0	0	0

Cash flow statement

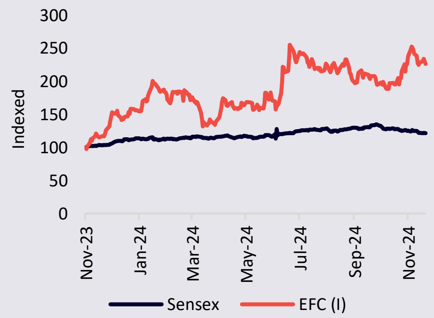
Year to March	FY22	FY23	FY24
Net profit	149	58	93
Add: Depreciation	17	18	21
Add: Misc expenses written off/Other Assets	-5	-8	-7
Add: Deferred tax	-1	-1	1
Gross cash flow	160	67	109
Less: Changes in W. C.	175	-50	154
Operating cash flow	-15	116	-45
Less: Capex	55	0	0
Free cash flow	-70	116	-45

nuvama professional clients group

EFC (I), or EFCIL, is a Tier I focussed integrated real estate service provider with a presence in managed office rental services (64% of FY24 revenue), design and build (D&B) services (28%), and furniture manufacturing (8%). In rental services, it operates 46,825 seats with industry leading occupancy of 90% and an average monthly seat rate of ~INR7,825. Led by: i) shift to opex from capex, ii), the growing need for managed spaces, iii) a growing startup culture, and iv) decentralisation, the management sees strong demand tailwinds and intends to add 25,000–30,000 seats annually to capture a larger pie of the growing industry.
In the D&B space, it is expanding its execution capacity, tapping larger contracts, and sees 100% YoY growth ahead. It is also setting up a furniture manufacturing facility with a revenue generation capacity of INR350cr. In H1FY25, revenue/EBITDA/PAT grew 74%/82%/226% YoY to INR269cr/INR126cr/INR44cr on: i) higher seat inventory (up ~58%), ii) strong occupancy, and iii) a 207% growth in D&B income. Over FY24–27, we expect it to clock a revenue/EBITDA CAGR of 61%/65% over FY24–27 on growth across segments. A healthy Balance Sheet will lend support. At the CMP, the stock trades at 30x/8x TTM/FY27E EPS. The stock is not rated.

CMP: INR543
Rating: Not Rated

Bloomberg:	EFCIL:IN
52-week range (INR):	271/620
M-cap (INR cr):	2,703
Promoter holding (%)	45.57



Revenue/EBITDA/PAT grew 74%/82%/226% YoY in H1FY25

It posted a revenue of INR269cr in H1FY25, led by a 31%/207% YoY growth in rental/D&B income. Growth in the rental space was led by higher (~59% YoY) seat inventory and robust occupancy. The D&B segment saw sharp growth on better execution and strong order wins from marquee clients. EBITDA margin expanded by 192bp YoY, with EBITDA growing 82% to INR126cr on operating leverage benefits. PAT grew 226% YoY to INR44cr on lower interest cost.

Strong expansion plans across segments

As of September, EFCIL had an operational inventory of 46,825 seats spread across Tier I cities. Mumbai, Pune, and Hyderabad are its largest markets, while Noida is its fastest growing. In coming years, it plans to add 25,000–30,000 seats annually to its inventory and cross the 1lk seat mark by FY26-end. Additions will occur in cities where it has a presence under the straight lease model. By FY27, seat inventory is expected to touch 115,000–120,000. It intends to maintain an occupancy of more than 90%. The management sees 5% annual growth in the seat rate.

In the D&B segment, it is aggressively building capabilities to bid for larger contracts with marquee clients. In Q1FY25, it bagged contracts worth INR75cr, with another INR100cr under negotiation. In the near term, it aims to deliver 80–100% CAGR. To aid the strong expansion in the D&B space and rationalise costs, it has set up a furniture manufacturing facility in Pune at a capex of ~INR25cr. The management anticipates a revenue of INR60–75cr/INR200cr/INR300cr from this facility in FY25/FY26/FY27. At peak utilisation, the segment can achieve an EBITDA margin of 40%.

Centre level EBITDA margin at 25–35% in the rental segment

EFCIL charges INR6,500–7,500 per seat, which translates in a monthly revenue of INR160–175/sq. ft. Key cost components per sq. ft. include: i) rental cost of INR50–60 for a bare shell or warm shell property; ii) cost of fit outs (INR20–25); iii) operating expenses of INR28; and iv) common area maintenance (INR12). After these expenses, it is left with a centre-level net income of INR40–60/sq. ft., or a margin 25–35%.

Valuation and view

Owing to strong sectoral tailwinds, an elaborate expansion plan, steady growth in seat realisation, growing qualification in the D&B segment, and in-sourcing of furniture manufacturing, we expect a revenue/EBITDA CAGR of 61%/65% over FY24–27 to INR1,700cr/INR785cr. Healthy cash flows and a strong Balance Sheet (net debt-to-equity ratio of -0.16x) will aid PAT, which is expected to deliver 80% CAGR. **At CMP, the stock trades at 30.8x/8x TTM/FY27E EPS. The stock is not rated.**

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	-	103	410
Revenue growth (%)	-	n.m.	298
EBITDA (INR cr)	-0	55	173
EBITDA margin (%)	-	54	42
Net profit (INR cr)	0	4	63
P/E ratio (x)	-	65.1	38.6
RoACE (%)	-4.9	10.5	15.9
RoAE (%)	1.2	11.7	23.2

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	-	103	410
Cost of units sold	-	37	187
Employee costs	0	5	14
Other expenses	0	5	36
Total Operating expenses	0	48	237
EBITDA	-0	55	173
Depreciation and amortisation	-	35	76
EBIT	-0	21	98
Interest expenses	-	15	35
Other income	0	1	18
Profit before tax	0	7	81
Provision for tax	0	3	18
Profit after tax	0	4	63
Adjusted EPS	0	8	14

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	-	46	58
Depreciation	-	33	18
Interest expenditure	-	14	9
EBITDA margins	-	54	42
Net profit margins	-	4	14

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	-	-	298
EBITDA	-	-69,363	213
PBT	-63	23,867	1,026
Adj. Net profit	-71	21,578	1,237
Adj. EPS	-71	21,578	69

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	1.2	11.7	23.2
ROACE (%)	-4.9	10.5	15.9
Debtors (days)	-	52	106
Inventory (days)	-	-	22
Payable (days)	-	52	42
Cash conversion cycle (days)	-	-1	87
Debt/Equity	-	0.8	0.3
Debt/EBITDA	-	1.1	0.7
Adjusted debt/Equity	-0.4	0.8	-0.2

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0.2	8.3	14.1
Diluted P/E (x)	3,016.9	65.1	38.6
Price/BV(x)	-	37.3	6.3
EV/EBITDA (x)	-33,780.9	49.8	15.2
Diluted shares O/S	-	-	-
Basic EPS	0.2	9.2	14.1
Basic PE (x)	3,016.9	65.1	38.6

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	7	10
Reserves & surplus	1	66	417
Shareholders' funds	2	73	427
Total Debt	-	58	115
Other Long-Term Liabilities	-	295	337
Sources of funds	**2**	**424**	**885**
Net block	-	90	132
Capital work in progress	-	19	28
Total fixed assets	-	109	161
Investments	0	0	0
Inventories	-	-	25
Sundry debtors	-	15	120
Cash and equivalents	1	3	185
Loans and advances	1	75	121
Total current assets	2	92	451
Sundry creditors and others	0	42	70
Provisions	-	6	1
Total CL & provisions	0	48	71
Net current assets	2	45	379
Other Assets	-	271	345
Uses of funds	**2**	**424**	**885**

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC chang	-0	20	81
WC Changes	-1	-41	-152
CFO	-1	-21	-71
CFI	2	-384	-109
CFF	-0	408	362
Total Cash Flow	1	2	182

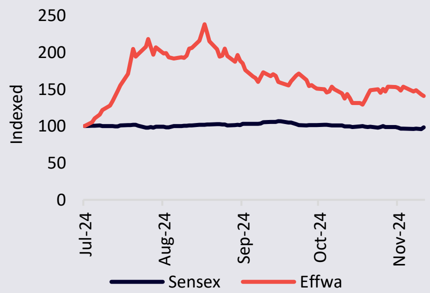
Effwa Infra & Research

Founded in 2014, Effwa Infra & Research (EFFWA) is a Thane-based EPC player operating in the wastewater and effluent treatment domain. Its offerings cover the entire project lifecycle, from concept to commissioning of water and industrial effluent treatment and recycling with zero liquid discharge (ZLD) systems. Led by two IITians, Mr Subhash Kamal and Dr Varsha Kamal, with a total experience of more than 50 years, it has delivered over 45 water management infra projects till March-end across industries such as petrochemicals, oil and gas refineries, sugar, chemicals, textile, paper, and pharmaceuticals.

Maharashtra and West Bengal are its largest markets with a combined revenue contribution of over 93%. About 86%/12% of its revenue is derived from effluent treatment plants (ETPs) with ZLD)/ETPs with recycling. As of September-end, it had an order book of over ~INR500cr, with orders worth ~INR1,800cr in the pipeline. Revenue/EBITDA rose 84%/144% YoY to INR61cr/ INR7cr in H1FY25 on strong client additions, pick up in execution, and operational efficiency. EBITDA margin stood at 12% as against 9.1% YoY. PAT grew 252% YoY to INR5cr, aided by lower finance cost. At the CMP, the stock trades at 39x TTM EPS. The stock is not rated.

CMP: INR230
Rating: NOT RATED

Bloomberg:	EFFWA.IN
52-week range (INR):	156/386
M-cap (INR cr):	532
Promoter holding (%)	73



Well-diversified operations with a marquee clientele across industries

EFFWA covers the entire project lifecycle from project design to procurement of material and plant construction. It also provides operations and maintenance services for three to five years post commissioning. ETP with ZLD is its largest offering, contributing 86% to its H1FY25 revenue. ETP with recycling/O&M services/STP contributed 12%/2%/0.3%. The mix is lumpy and can vary significantly based on execution (FY24 mix — ETP with ZLD/ETP with recycling/STP: 37%/31%/ 15%). Its client base is well-diversified with 66%/34% being contributed by private/public sector enterprises. It caters to marquee clients like NTPC, IOCL, Reliance Industries, ONGC, Afcons Infrastructure, BPCL, etc. While it has a diversified user base, ~87% of its revenue was derived from its top five customers in FY24.

Strong order book with a healthy order pipeline

As of September-end, EFFWA's order book stood at over INR500cr across seven projects, with more than 60% of it being from PSUs. Average execution period of these projects is in the 18–24 months range. The company has bid for orders worth INR1,800cr, of which it expects to secure 30% based on its technical qualifications and history. It is expanding its export footprint and is focusing on Africa and the European Union.

Robust performance in H1FY25 on improved execution and operational efficiency

Revenue grew a sharp 84% YoY to INR61cr led by quick execution and a hefty order backlog of over INR500cr at the start of H1FY25. Driven by better efficiency and value engineering, EBITDA margin expanded by 293bp YoY to 12%, with EBITDA growing 144% to INR7cr. PAT grew 252% to INR5cr by lower interest cost (down 24% YoY). Going forward, the management sees EBITDA margin in the 12–15% range. Given its execution cycle of 18–24 months, an order backlog of over INR500cr and a pipeline of over INR1,800cr, revenue can significantly expand ahead. Despite a significant working capital requirement (cash conversion cycle of ~195 days), its net debt-to-equity ratio of was 0.25x aided by healthy profits and proceeds from its IPO. RoCE fell significantly to 14.7% in H1FY25 on account of a higher capital base after its IPO. It intends to improve its payable and receivable days. This, coupled with better to execution and higher profitability, will aid return ratios.

Valuation

At CMP, the stock trades at 39x TTM EPS. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	104	115	145
Revenue growth (%)	91	10	26
EBITDA (INR cr)	7	9	21
EBITDA margin (%)	7	8	14
Net profit (INR cr)	5	5	14
P/E ratio (x)	89.1	79.9	29.7
RoACE (%)	23.5	25.3	44.9
RoAE (%)	25.0	24.4	45.5

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	104	115	145
Cost of units sold	85	92	107
Employee costs	6	7	9
Office and Admin Expenses	0	1	1
Selling And Distribution Expenses	1	1	1
Other expenses	5	6	6
Total Operating expenses	98	106	125
EBITDA	7	9	21
Depreciation and amortisation	0	0	0
EBIT	7	9	20
Interest expenses	1	2	2
Other income	0	0	0
Profit before tax	6	7	19
Provision for tax	1	2	5
Profit after tax	5	5	14
Adj. profit after tax	5	5	14
Shares outstanding	1.8	1.8	2.3
Adjusted EPS	2.6	2.9	7.7

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	93	92	86
Depreciation	0	0	0
Interest expenditure	1	2	1
EBITDA margins	7	8	14
Net profit margins	4	4	10

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	91	10	26
EBITDA	61	28	135
PBT	98	16	168
Adj. Net profit	106	12	169
Adj. EPS	106	12	169

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	25.0	24.4	45.5
ROACE (%)	23.5	25.3	44.9
Debtors (days)	109	164	168
Inventory (days)	11	10	5
Payable (days)	54	63	61
Cash conversion cycle (days)	67	111	112
Current ratio	2.4	2.3	2.4
Debt/Equity	0.6	0.7	0.4
Debt/EBITDA	1.5	1.8	0.7
Adjusted debt/Equity	0.4	0.7	0.4

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	2.6	2.9	7.7
Y-o-Y growth (%)	106	12	169
Diluted P/E (x)	89.1	79.9	29.7
Price/BV(x)	22.3	17.4	14.3
EV/Sales (x)	5.2	4.8	3.8
EV/EBITDA (x)	78.7	62.4	26.5
Diluted shares O/S	1.8	1.8	2.3
Basic EPS	2.6	2.9	7.7
Basic PE (x)	89.1	79.9	29.7

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	2	2	18
Reserves & surplus	16	21	19
Shareholders' funds	18	24	37
Total Debt	10	16	14
Other Long-Term Liabilities	0	0	0
Deferred Tax Liabilities	-	-	-
Minority interest	-	-	-
Sources of funds	**29**	**40**	**51**
Gross block			
Depreciation			
Net block	0	0	1
Capital work in progress			
Total fixed assets	0	0	1
Investments	3	4	5
Inventories	3	3	2
Sundry debtors	31	52	67
Cash and equivalents	3	0	0
Loans and advances	1	1	0
Other Current Assets	4	3	6
Total current assets	42	58	75
Sundry creditors	15	20	24
Provisions	2	2	5
Other Current Liabilities	1	3	2
Total CL & provisions	18	25	32
Net current assets	25	33	44
Other Assets	1	2	2
Uses of funds	**29**	**40**	**51**
Book value per share (INR)	10	13	16

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	8.12	28.49	32.22
WC Changes	6.25	-28.33	7.25
CFO	0.87	51.65	19.10
CFI	19.91	-13.02	-9.96
CFF	-10.32	-37.77	-12.14
Total Cash Flow	8.72	0.87	-3.00

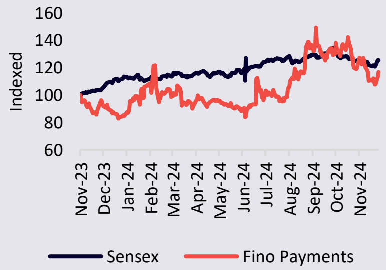
Fino Payments Bank

Fino Payments Bank (FINOPB) operates through 18.5lk merchant points, 122 customer service points (CSP), and branches across India as of Q2FY25. Fino (Financial Inclusion Network & Operations) was incubated as a business correspondent by ICICI Bank in July 2006, before receiving its payments banking licence in 2017. The only listed entity in this space was granted a scheduled commercial bank (SCB) status by the RBI in February 2021. It targets the lower-income category in rural areas, i.e. people with an annual income of INR2–5lk. Fino applied for a small finance bank license in Dec'23, the approval of which is still pending with the RBI. The stock is not rated.

CMP: INR353
Rating: Not Rated

Bloomberg:	FINOPB:IN
52-week range (INR):	249 / 467
M-cap (INR cr):	2,845
Promoter holding (%)	75.00

Relative Price Performance



'TAM' strategy on track

Its TAM (transaction, acquisition, and monetisation) strategy is already in Phase II and III, where the focus is on client acquisition and monetisation. In the transaction phase, it offered a range of products to hook customers to its ecosystem and build a distribution network. It has garnered 1.9 million merchants and clocked throughput volumes of INR2.13lk cr (up 31% YoY) in H1FY25. UPI throughput stood at 92k cr in H2FY25 (up 78% YoY). As the transaction phase is steadily improving, the management is going all guns blazing in the acquisition phase, where in total no CASA account stands at 126.1 lk (up 52% YoY) with average deposits at INR1,696Cr (up 34% YoY) as on end H2FY25. FINOPB has reported a 51%+ YoY growth in subscription renewal income with active customer base ~70% .

Around 78k+ accounts were opened in Q2FY25, contributing 1.55% to overall UPI volumes. In the third phase, even as it builds on CASA (which drives subscription fee income and helps retain customers so that business can be generated), FINOPB will concentrate on cross-selling financial products and setting a base for future products. It applied for a small bank licence in 2024. It already has a pilot programme offering gold and merchant loans. Overall, it aims to offer simplified digital solutions for a customer-friendly experience.

Healthy product diversification and improving throughput volume

FINOPB provides a variety of products and services of which a major source of revenue — the high margin CASA and CMS — is growing continuously. Revenue from CASA/CMS grew 40%/ 16% YoY in H1FY24. Remittance/CASA/Digitalpayment/MATMs/AePS/CMS contributed ~24%/22%/16%/4%/6%/9% to HF1Y25 revenue. Digital now contributing 17% of the Revenue pie, CASA & CMS continue to maintain their contribution. Throughput volumes grew 31% YoY to INR2.13lk cr in H1FY25. Digital throughput surged 78% YoY to INR92k cr and formed 43% of total throughput. The healthy growth in throughput volumes aided profitability.

Improving profitability

The focus on CASA accounts led to a growth in renewal income which grew 51% YoY to INR45.7cr setting base for annuity income. Total revenue rose 26% YoY to INR892.3cr for H1FY25. (Clocked its highest ever quarterly revenue at INR455cr in Q2FY25) Its focus on operating leverage ensured a cost to income ratio of 25.7%. The management expects the C/I ratio to stay steady in the future. EBITDA margin expanded by 10bp YoY to 12.4%. Absolute EBITDA/PAT rose 24%/19% YoY to INR110.3cr/INR45.4cr in H1FY25. The overall improvement in profitability is due to a change in the revenue mix across its own and open banking channels and higher throughput volumes. The management is targeting a double-digit PBT margin in the future.

Valuation

FINOPB turned profitable in Q4FY20 and since has been able to grow profitably YoY, with annualised RoE of ~12.5% for Q2FY25. At CMP, the stock is trading at 35x FY24 earnings and 4.6x FY24 ABV. The stock is not rated.

Key financials

Year to March (INR cr)	FY22	FY23	FY24
Net revenue	994	1,183	1,399
PPOP	43	65	87
Adjusted profit	43	65	86
EPS (INR)	5.1	7.8	10.2
EPS growth	12	52	31
RoAE (%)	13.6	12.6	14.3
P/E ratio (x)	53.5	35.2	26.9
P/BV ratio (x)	4.8	4.1	3.6

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Financials

Income Statement (INR cr)

Year to March	FY22	FY23	FY24
Interest income	36	95	150
Interest charges	15	47	79
Net interest income	**20**	**47**	**71**
Other income	973	1,135	1,328
Net revenues	**994**	**1,183**	**1,399**
Operating expense	**951**	**1,117**	**1,313**
- Employee exp	133	156	177
- Other opex	818	962	1,135
Preprovision op. profit	**43**	**65**	**87**
Provisions	-	-	1
PBT	**43**	**65**	**86**
Taxes	-	-	0
PAT	**43**	**65**	**86**
Extraordinaries	-	-	1
Reported PAT	**43**	**65**	**85**
Basic number of shares (cr.)	8	8	8
Basic EPS (INR)	5.1	7.8	10.2
Diluted number of shares (cr.)	8	8	8
Diluted EPS (INR)	5.1	7.8	10.2

Growth Ratios

Year to March	FY22	FY23	FY24
NII growth	89.7%	133.7%	49.8%
Non Interest Income growth	26.3%	16.6%	17.0%
Net Revenues growth	27.1%	19.0%	18.3%
Opex growth	25.6%	17.5%	17.5%
PPOP growth	74.5%	52.3%	33.5%
Provisions growth	-	-	-
PAT growth	108.8%	52.3%	32.5%

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
CAPITAL AND LIABILITIES			
Share Capital	83	83	83
Share Warrants & Outstandings	3	11	15
Reserves and Surplus	393	459	545
Deposits	503	917	1,413
Borrowings	250	434	713
Other Liabilities & Provisions	448	563	651
Total Liabilities	**1,680**	**2,466**	**3,419**
ASSETS			
Cash and Balances with RBI	224	220	317
Balances with Banks & Call Money	542	614	748
Investments	631	1,146	1,747
Advances	**0**	**0**	**0**
Fixed Assets	93	145	195.00
Other Assets	189	341	411
Total Assets	**1,680**	**2,466**	**3,419**

RoAE Decomposition

Year to March	FY22	FY23	FY24
Net Interest Income / Assets	1.9%	2.8%	3.0%
Other Income / Assets	89.6%	67.2%	55.4%
Net Revenues / Assets	91.5%	70.0%	58.4%
Operating Expense / Assets	87.5%	66.2%	54.8%
Provisions / Assets	0.0%	0.0%	0.0%
Taxes / Assets	0.0%	0.0%	0.0%
Total Costs / Assets	87.5%	66.2%	54.8%
Return on Assets	**3.9%**	**3.9%**	**3.6%**
Assets / Equity	2.91	3.58	4.37
Return on Average Equity	**13.6%**	**12.6%**	**14.3%**

Valuation Metrics

Year to March	FY22	FY23	FY24
Basic EPS	5.1	7.8	10.2
EPS growth (%)	12	52	31
Book Value	57.7	66.4	77.3
Basic P/E	68.7	45.1	34.5
Price - to - Book	6.1	5.3	4.6

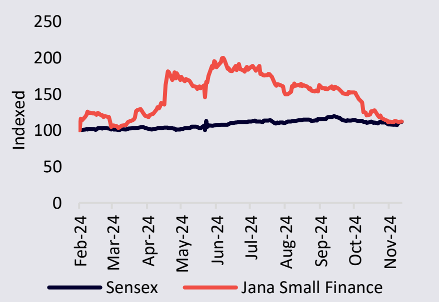
Jana Small Finance Bank

Jana Small Finance bank (JSFB) is one of the leading small finance banks catering to the rural and unbanked sector. After facing challenges in the aftermath of demonetisation and the COVID-19 pandemic, rising NPAs, and other operational inefficiencies between 2016 and 2020, it underwent significant transformation by focusing on financial inclusion, diversifying its product offerings, embracing technology, and enhancing its management base. Going forward, it seeks to establish itself as an anchor bank by offering a range of products. The bank has undertaken a gradual shift in its loan portfolio by boosting the share of its secured lending book (which includes micro-LAP, affordable housing, and MSME loans). JSFB has an AUM of INR26,411cr and 776 banking outlets, including 261 banking outlets in unbanked rural centres in 22 states and two Union Territories. It has served more than 1.2cr customers since 2008, including 45lk active clients as of Q2FY25. The stock is not rated.

CMP: INR413
Rating: Not rated

Bloomberg:	JSFB
52-week range (INR):	365/760
M-cap (INR cr):	4312
Promoter holding (%)	22.4

Relative price performance



Consistent de-risking and diversification

Since becoming a small finance bank in 2018, JSFB shifted to a diversified secured lending model from microfinance, with secured loans now constituting 65% of its book. Its secured portfolio includes affordable housing loans, micro-LAP, MSME loans, term loans to NBFCs, two-wheeler loans, gold loans, and loans against FD. In the last four years, it clocked 38% CAGR to INR17,063cr as of Q2FY25. Unsecured loans now comprise of 35%, down from 99% in 2017. This segment has grown at 11% CAGR. Geographically, the bank is well diversified, with no state contributing more than 13% to its loan and deposit mix. Among states, Maharashtra, Tamil Nadu, Karnataka, and Gujarat are the top states in terms of branch presence.

Strong liability profile

The liability franchise of the bank has been improving on a consistent basis, with a healthy growth seen in CASA as well as TD. With deposits growing faster than advances, the CD ratio has eased significantly to 100% from 111% YoY. Despite the correction, CD ratio stands higher as compared to its peers. JSFB is optimistic about CASA mobilisation and has guided at a deposit growth of 20%, aided by greater productivity, rising digital adoption across the bank, and product launches. The bank has a good mix of long-term borrowings from NABARD, SIDBI, and NHB which are relatively economical than the cost of deposits. The long-term nature of its borrowings also helps the bank maintain its ALM position.

Rising share of secured lending portfolio likely to impact NIM

NIM stood at 7.9% in Q2FY25. The management expects some NIM compression in FY25 on account of stress in the high yielding MFI segment and a gradual shift towards secured lending. However, an expected increase in CASA deposits and concomitant easing in the cost of funds may limit NIM compression to some extent. The trajectory for other income is likely to improve given its focus on accentuating fee income.

Valuation and view

With the MFI industry grappling with certain headwinds, JSFB's focus on building a diversified secured lending retail portfolio is likely to help it deliver stable profitability metrics ahead. NIM may be impacted in the near term due to reduction in the share of high yielding MFI loans, but strong CASA accretion will likely help arrest overall NIM compression. We align with the management's deposit as well as advances growth guidance of 20%. RoA/RoE appears optically higher given the tax benefit till FY27, after which it will likely normalise once it becomes a complete tax paying entity by FY28. At the CMP, the stock is trading at 1.2x FY24 ABV.

Key financials

Year to March	FY22	FY23	FY24
Net revenue (INR cr)	**1,726**	**2,285**	**2,798**
Net profit (INR cr)	**17**	**256**	**670**
Basic EPS (INR cr)	0.9	7.9	64.0
P/E ratio (x)	475.7	52.4	6.4
Adjusted BPS	37.7	42.2	331.0
P/ABV (x)	11.0	9.8	1.2

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Financials

Income Statement (INR cr)

Year to March	FY22	FY23	FY24
Interest income	2,727	3,075	4,013
Interest charges	1,337	1,415	1,886
Net interest income	**1,390**	**1,660**	**2,127**
Other income	336	625	671
Net revenues	**1,726**	**2,285**	**2,798**
Operating expense	**1,139**	**1,285**	**1,605**
- Employee exp	699	778	975
- Other opex	440	507	630
Preprovision op. profit	**587**	**1,000**	**1,193**
Provisions	569	744	679
PBT	**17**	**256**	**515**
Taxes	0	-0	-155
PAT	**17**	**256**	**670**
Extraordinaries	-	-	-
Reported PAT	**17**	**256**	**670**
Basic number of shares (cr.)	20.1	32.5	10.5
Basic EPS (INR)	0.9	7.9	64.0

Growth Ratios

Year to March	FY22	FY23	FY24
NII growth	10%	19%	28%
Non Interest Income growth	51%	86%	7%
Net Revenues growth	16%	32%	22%
Opex growth	9%	13%	25%
PPOP growth	34%	70%	19%
Provisions growth	55%	31%	-9%
PAT growth	-76%	1365%	162%

Operating Ratios

Year to March	FY22	FY23	FY24
Yield on IEA	13.9%	12.3%	12.6%
Cost of Funds	7.4%	6.3%	6.8%
Spread	6.5%	6.0%	5.8%
Net Interest Margin	7.1%	7.2%	7.3%
Cost to Income Ratio	66.0%	56.2%	57.3%
Tax Rate	0.0%	0.0%	-30.1%

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
CAPITAL AND LIABILITIES			
Share Capital	201	325	105
Reserves and Surplus	999	1,472	3,473
Deposits	13,536	16,334	22,571
Borrowings	4,510	6,277	5,212
Other Liabilities & Provisions	942	1,235	1,350
Total Liabilities	**20,189**	**25,644**	**32,710**
ASSETS			
Cash and Balances with RBI	1,530	1,011	1,026
Balances with Banks & Call Money	7	1,076	1,029
Investments	5,065	5,221	6,738
Advances	**13,007**	**17,760**	**23,111**
Fixed Assets	172	128	142
Other Assets	408	448	665
Total Assets	**20,189**	**25,644**	**32,710**

Balance sheet ratios (%)

Year to March	FY22	FY23	FY24
Loan growth	12%	37%	30%
IEA growth	6%	28%	27%
Deposits growth	10%	21%	38%
IBL growth	5%	25%	23%
Gross NPA ratio	5.0%	3.6%	2.0%
Net NPA ratio	3.4%	2.4%	0.5%
Provision coverage	32%	33%	75%

RoAE Decomposition

Year to March	FY22	FY23	FY24
Net Interest Income / Assets	7.1%	7.2%	7.3%
Other Income / Assets	1.7%	2.7%	2.3%
Net Revenues / Assets	8.8%	10.0%	9.6%
Operating Expense / Assets	5.8%	5.6%	5.5%
Provisions / Assets	2.9%	3.2%	2.3%
Taxes / Assets	0.0%	0.0%	-0.5%
Total Costs / Assets	8.7%	8.9%	7.3%
Return on Assets	**0.1%**	**1.1%**	**2.3%**
Assets / Equity	19.6	17.0	9.2
Return on Average Equity	**1.8%**	**20.7%**	**27.1%**

Valuation Metrics

Year to March	FY22	FY23	FY24
Basic EPS (Calc.)	0.9	7.9	64.0
EPS growth (%)	-76	808	713
Book Value	59.6	55.3	342.0
Adjusted Book value per share	37.7	42.2	331.0
Basic P/E	475.7	52.4	6.4
Price / ABV	11.0	9.8	1.2

Jay Bee Laminations

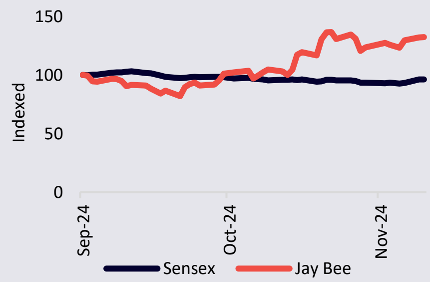
Established in 1988, Jay Bee Laminations (JAYBEE) is a manufacturer of CRGO silicon steel cores for power and distribution transformers. It has two manufacturing locations in Noida and Greater Noida, with an area/total installed capacity of 10,878 sq. meters/~11,700mtpa. It manufactures cut laminations, slit coils, and assembled cores and caters to transformers up to 220kV. Around 98% of revenue is derived from the sale of transformers, with stamping and scrap sale constituting the rest. It has a pan-India presence and caters to marquee clientele such as Skipper, SPEL Semiconductor, Crompton Greaves Consumer Electricals, BHEL, Shilchar Technologies, and Voltech Engineers Pvt. With an experienced management team, it has developed expertise in manufacturing, handling, and processing CRGO electrical steel cores, which helps it to maintain a rejection rate of below 1%.

In H1FY25, revenue fell 0.7% YoY to INR153cr, despite a rise in production by ~20%, due to a fall in steel prices. Capacity utilisation stood at 94%. EBITDA margin expanded by 520bp YoY to 15% on lower input cost and operating leverage benefits. EBITDA/PAT grew 52%/49% YoY to INR23cr/INR14cr. In H2FY25, it is expanding its Greater Noida facility by 6,300mtpa, which will take its manufacturing capacity to 18,000mtpa. It is setting up Unit III at its recently acquired 3,663 sq. meter land parcel in Noida, which will enhance its capacity to 25,000–30,000mtpa by FY26-end. Driven by capacity expansion, strong demand, and expanding offerings, it expects healthy revenue growth ahead. At the CMP, the stock trades at 44x TTM EPS. The stock is not rated.

CMP: INR375
Rating: NOT RATED

Bloomberg:	JAYBEE.IN
52-week range (INR):	225/411
M-cap (INR cr):	846
Promoter holding (%)	70.6

Relative Price Performance



Facing capacity constraints; margin expands on lower input cost

Revenue fell 0.7% YoY to INR153cr in H1FY25, despite higher volume, due to a decline in steel prices. Despite strong demand, volume growth was constrained by capacity (94% capacity utilisation). Owing to a drop in steel prices and better volumes, EBITDA margin expanded by 520bp YoY to 15%, with EBITDA growing 52% to INR23cr. PAT grew 49% YoY to INR14cr.

Its revenue is well-distributed across India, with the north/south/west/east region contributing 55%/21%/ 16%/8% to total revenue. It serves marquee clients who ultimately supply to distributors and generators like Adani Power, Karnataka Power Transmission Corporation, Power Grid Corporation of India, Indian Railways, and Punjab State Power Corporation. Its top five clients contribute 42% to total revenue.

Capacity expansion to boost market share and widen portfolio

JAYBEE's capacity as of September-end stood at 11,700mtpa (Noida/Greater Noida: 6,600mtpa /5,100mtpa), which is 94% utilised. Current facilities cater to 220kV class transformers. It is expanding its Greater Noida facility and adding 6,300mtpa by FY25-end (capex of INR12cr already incurred), which will take its total capacity to 18,000mtpa. It expects to fully utilise the 18,000mtpa capacity by FY26-end.

It is also investing in a greenfield expansion and has added a 3,663 sq. meters land parcel at Noida, which will help it reach a capacity of 25,000–30,000mtpa by FY26-end. Both these facilities will have the capability to cater to the underserved 400kV and 765kV class transformers. Driven by capacity addition, expansion of the product portfolio, and buoyant demand, the management expects to achieve 30% revenue CAGR over the coming three years.

Valuation

At CMP, the company trades at 44x TTM EPS. The stock is not rated.

Key financials

Year to March	FY23	FY24	FY25E
Revenue (INR cr)	141	247	303
Revenue growth (%)	88	75	23
EBITDA (INR cr)	12	24	32
EBITDA margin (%)	9	10	10
Net profit (INR cr)	6	13	19
P/E ratio (x)	113.3	52.1	34.9
RoACE (%)	40.0	34.5	37.4
RoAE (%)	19.1	29.7	30.7

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Financials

Income Statement

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	141.3	246.7	302.9
Cost of units sold	113.1	205.8	256.4
Employee costs	6.1	7.8	11.2
Change in Inventories	-0.1	1.4	-6.4
Other expenses	9.7	8.0	10.1
Total Operating expenses	128.8	223.0	271.3
EBITDA	12.4	23.7	31.6
Depreciation and amortisation	1.1	1.0	1.3
EBIT	11.4	22.8	30.3
Interest expenses	4.2	5.0	6.0
Other income	0.4	0.8	0.6
Exceptional item	-0.1	-	-
Profit before tax	7.4	18.5	24.9
Provision for tax	1.7	5.6	5.6
Profit after tax	5.7	13.0	19.4
Share of Minority in profits	-	-	-
Adj. profit after tax	5.7	13.0	19.4
Shares outstanding	1.7	1.8	1.8
Adjusted EPS	3.3	7.2	10.8

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	91	90	90
Depreciation	1	0	0
Interest expenditure	3	2	2
EBITDA margins	9	10	10
Net profit margins	4	5	6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	88	75	23
EBITDA	895	91	33
PBT	n.m.	149	35
Adj. Net profit	n.m.	127	49
Adj. EPS	n.m.	118	49

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	19.1	29.7	30.7
ROACE (%)	40.0	34.5	37.4
Debtors (days)	71	77	65
Inventory (days)	126	51	53
Payable (days)	91	46	48
Cash conversion cycle (days)	105	82	71
Current ratio	2.3	2.7	2.5
Debt/Equity	0.9	0.7	0.4
Debt/EBITDA	2.2	1.3	0.8
Adjusted debt/Equity	0.7	0.5	0.3

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	3.3	7.2	10.8
Diluted P/E (x)	113.3	52.1	34.9
Price/BV(x)	21.7	15.5	10.7
EV/Sales (x)	6.1	3.5	2.9
EV/EBITDA (x)	69.9	36.7	27.4

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	3.0	3.0	18.0
Reserves & surplus	26.9	40.6	45.0
Shareholders' funds	29.9	43.6	63.0
Total Debt	26.9	31.4	24.2
Other Long-Term Liabilities	0.9	-	1.0
Deferred Tax Liabilities	-	-	-
Minority interest	-	-	-
Sources of funds	**57.7**	**75.0**	**88.1**
Gross block	18.1	18.1	19.1
Depreciation	12.9	12.6	13.6
Net block	5.2	5.6	5.5
Capital work in progress	-	-	2.5
Total fixed assets	5.2	5.6	8.0
Investments	3.7	3.7	3.7
Inventories	48.7	34.5	44.3
Sundry debtors	27.4	52.0	54.2
Cash and equivalents	4.7	8.2	5.7
Loans and advances	2.2	1.8	7.1
Other Current Assets	2.4	7.0	10.4
Total current assets	85.4	103.5	121.7
Sundry creditors and others	35.4	31.3	39.8
Provisions	0.2	5.4	7.1
Other Current Liabilities	1.9	1.6	1.9
Total CL & provisions	37.5	38.3	48.8
Net current assets	47.9	65.2	72.8
Other Assets	0.8	0.6	3.5
Uses of funds	**57.7**	**75.0**	**88.1**

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	12.6	23.6	31.8
WC Changes	9.7	-12.5	-11.6
CFO	8.0	9.1	15.6
CFI	-0.1	-1.4	-5.3
CFF	-4.5	0.5	-12.8
Total Cash Flow	3.4	8.2	-2.5

Jeena Sikho Lifecare

nuvama
professional clients group

Tapping opportunities in alternative treatments

Incorporated in 2017 by Mr Manish Grover (popularly known as Acharya Manishji), Jeena Sikho Lifecare is one of India's leading Ayurvedic healthcare companies. Acharya Manishji has been promoting Ayurvedic products and services since 2009. JSLL is well placed to tap the healthy growth opportunity in Ayurveda, yoga and naturopathy, Unani, Siddha, and Homoeopathy (AYUSH). It has rapidly expanded its network of clinics and hospitals to tap opportunities in alternative, or AYUSH-based, treatments. We forecast a revenue, EBITDA and PAT CAGR of 34%, 39% and 41%, over FY24-27E, respectively. The growth would be driven by i) expansion of bed capacities, ii) expansion of occupancy in core hospitals on the back of CGHS/SGHS enrolments, and iii) higher footfalls of insurance-bearing patients. Besides, it is also scouting for acquisitions of OTC products and is focused on R&D to develop ayurvedic formulations for critical diseases, which offers upside risk to our estimates. We have a 'BUY' rating on the stock with a price target of INR2,150, which is based on 30x average EPS for FY26E/FY27E.

Fast ramp-up of bed capacities: JSLL has fast expanded in its services foodprint with addition of beds across the different parts of the country. As per the latest updates, it is set to reach a total of 2090 beds by adding 750 new beds (250 already added) by the end of FY25. The management continues to account for new bed additions across India to reach a capacity of ~5000 beds in the next few years (assuming by end of FY28).

H1FY25 instils confidence: JSLL clocked a healthy 36% YoY and 28% HoH growth in revenue to INR214cr while EBITDA saw a 32% YoY and 23% HoH growth to INR59cr during H1FY25. However, EBITDA margin contracted marginally by 86bp YoY and 109bp HoH to 27.7% impacted by higher employee expenses. PAT witnessed a boost of 47% YoY and 25% HoH to INR47cr benefitted by a 277bp YoY and 118bp HoH savings in effective tax rate along with a jump in other income (+300% YoY) to INR6cr. We expect a revenue/EBITDA/PAT CAGR of 34%/39%/41% over FY24-27E.

Strong operational performance across key drivers: JSLL increased its bed capacity by ~250 in H1FY25, taking its total bed capacity to 1,530 with occupied beds increasing by 285 to a total of 775 beds, thus increasing occupancy rate from 38% in FY24 to over 50% in H1FY25. The IPD volume was ~12k patients (more than 90% of FY24 volumes) while OPD volumes continued to grow to 1.58lakh patients. ARPOB saw a 2.5% growth to INR8,100 as compared to FY24. The H1FY25 medicine order volumes came in at 2.20lakh, surpassing the FY24 volumes (2.09lakh). JSLL is likely to continue to see a growth in these key drivers to help boost revenues going forward.

Asset light model augurs well for return ratios: JSLL operates on an asset-light model with most hospitals operating under a long-term lease. It is debt-free and is expected to generate an FCF of INR390cr over FY24–27E. This also enables it to sustain healthy return ratios (average RoE/RoCE is expected at 41%/42% over FY24–27E). The ex-cash RoCE is likely to increase from 78% in FY24 to 90%, 105% and 106% in FY25E, FY26E and FY27E.

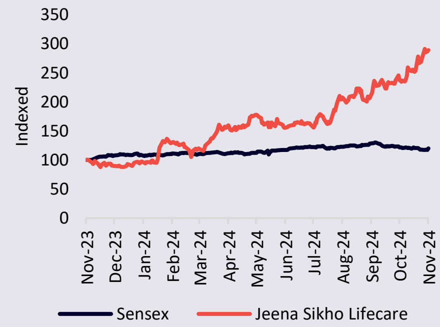
Outlook and view: A conducive environment, promoter repute, strong execution, and a healthy Balance Sheet are some of the factors that instil confidence in JSLL. The management's focus is on improving occupancy in existing hospitals, setting up hospitals, and scaling up product sales through organic and inorganic means. It is eyeing acquisitions in the OTC product space. Our earning forecast factors in a total bed capacity of 2090, 2390 and 2989 beds in FY25, FY26 and FY27, respectively. Our estimates bear upside risks from a higher number of bed additions and higher footfalls of insurance-bearing patients.

Key financials

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR cr)	205	324	483	657	783
Revenue growth (%)	40	58	49	36	19
EBITDA (INR cr)	46	93	142	212	252
EBITDA margin (%)	22	29	30	32	32
Net profit (INR cr)	34	69	108	162	194
P/E ratio (x)	144	70	45	30	25
RoACE (%)	52	55	55	54	44
RoAE (%)	41	44	44	43	35

CMP: INR1,818
Rating: BUY
Target price: INR2,100
Upside: 16%

Bloomberg:	JSLL:IN
52-week range (INR):	566/2,004
M-cap (INR cr):	4,840
Promoter holding (%)	65.84



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Financials

Income statement (INR crs)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Income from operations	205	324	483	657	783
Direct costs	17	22	34	46	55
Employee costs	44	66	94	114	139
Other expenses	98	144	212	286	337
Total operating expenses	159	231	340	446	531
EBITDA	46	93	142	212	252
Depreciation and amortisation	3	5	7	8	10
EBIT	42	88	136	203	242
Interest expenses	1	0	0	0	0
Other income	3	6	10	15	18
Profit before tax	44	94	145	218	260
Provision for tax	11	25	37	56	66
Core profit	34	69	108	162	194
Profit after tax	34	69	108	162	194
Adjusted net profit	34	69	108	162	194
Equity shares outstanding (Crores)	1.4	2.5	2.5	2.5	2.5
EPS (INR) basic	**24**	**28**	**43**	**65**	**78**
Diluted shares (Cr)	**1.38**	**2.49**	**2.49**	**2.49**	**2.49**
EPS (INR) fully diluted	**13.5**	**27.8**	**43.5**	**65.4**	**77.9**

Common size metrics- as % of net revenues

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating expenses	78	71	71	68	68
Depreciation	2	2	1	1	1
Interest expenditure	0	0	0	0	0
EBITDA margins	22	29	30	32	32
Net profit margins	16	21	22	25	25

Growth metrics (%)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenues	40	58	49	36	19
EBITDA	153	104	53	49	19
PBT	193	112	55	50	19
Net profit	199	106	56	50	19
EPS	199	106	56	50	19

Ratios

Year to March	FY23	FY24	FY25E	FY26E	FY27E
ROAE (%)	41	44	44	43	35
ROACE (%)	52	55	55	54	44
Debtors (days)	39	46	46	46	46
Current ratio	3	5	8	12	16
Debt/Equity	0	0	0	0	0
Inventory (days)	7	8	8	8	8
Payable (days)	11	5	5	5	5
Cash conversion cycle (days)	36	49	49	49	49
Net Debt/EBITDA	-1	-1	-1	-1	-2
Net debt/Equity	0	0	0	-1	-1

Valuation parameters

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Diluted EPS (INR)	13	28	43	65	78
Y-o-Y growth (%)	*199*	*106*	*56*	*50*	*19*
CEPS (INR)	27	30	46	69	82
Diluted P/E (x)	144	70	45	30	25
Price/BV(x)	21	25	16	11	7
EV/Sales (x)	13	15	10	7	6
EV/EBITDA (x)	58	51	33	22	18
Diluted shares O/S	1.4	2.5	2.5	2.5	2.5
Basic EPS	24	28	43	65	78
Basic PE (x)	81	70	45	30	25

Balance sheet (INR crs)

As on 31st March	FY23	FY24	FY25E	FY26E	FY27E
Equity share capital	14	25	25	25	25
Reserves & surplus	112	167	273	432	623
Shareholders' funds	126	192	298	457	648
Borrowings	1	1	1	1	1
Net Deferred tax	0	0	0	0	0
Minority interest	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-
Sources of funds	**126**	**193**	**298**	**458**	**649**
Gross block	70	82	107	132	157
Depreciation	11	15	22	30	40
Net block	60	67	85	102	117
Capital work in progress	1	4	4	4	4
Right of Use Assets	-	-	-	-	-
Total fixed assets	61	71	89	106	121
Intangible	0	0	0	0	0
Investments	5	4	4	4	4
Inventories	4	7	11	15	17
Sundry debtors	22	41	61	83	99
Cash and equivalents	32	62	127	245	403
Loans and advances	18	27	27	27	27
Other current assets	2	2	3	4	5
Total current assets	79	140	229	375	552
Sundry creditors and others	20	23	26	28	30
Provisions	5	4	4	4	4
Total CL & provisions	24	27	30	32	34
Net current assets	55	113	199	342	518
Other Non-Current Assets	6	6	6	6	6
Uses of funds	**126**	**193**	**298**	**458**	**649**
Book value per share (INR)	91	77	120	184	261

Cash flow statement (INR crs)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Net profit	34	69	108	162	194
Add: Depreciation	3	5	7	8	10
Add: Deferred tax	-1	1	-	-	-
Gross cash flow	36	75	115	171	204
Less: Changes in W. C.	10	24	22	25	18
Operating cash flow	46	99	137	195	221
Less: Capex	30	14	25	25	25
Free cash flow	**16**	**85**	**112**	**170**	**196**

Karnataka Bank

'New age ambitions'

Karnataka Bank (KBL), with a legacy of nearly a century, is on the verge of completion of its transformation journey which included strengthening the top management and the Board, strengthening its technology framework & setting up policies and processes in place. In this transformative journey, the bank has set-up dedicated collection and monitoring team, established mechanisms to preempt extreme scenarios like sharp drop in asset quality, has improved HR function by establishing structure for incentivising and promoting employees and has tied up with multiple insurance/wealth management companies to launch & cross sell new products.

In 2017, KBL tied up with the Boston Consulting Group to kick off 'KBL Vikaas'. This transformation project was aimed to boost sales and other income, optimise cost and pricing, develop products, and keep asset quality under control. This modernization project was put on the back burner due to the COVID-19 pandemic but was reignited by the new MD & CEO Mr Srikrishnan H in 2023. The transformation project did start bearing fruit, with RoA crossing the 1% mark by the end of FY23. RoA stood at 1.4% at the end FY24. The management is ensuring its performance stays stable and consistent, while retaining return ratios at current levels. Its focus on tech investments and strengthening the board (by adding specialists) continues. There is also a renewed emphasis on growing the retail segment.

Specialist external talent

KBL strengthened its top management by bringing in external talent. In the last two years, around ~52% of its top management, including the CEO, was onboarded from the industry. Thus, altering its earlier practice of just internally promoting candidates. The bank is looking towards the future by having more industry specialist filling in the necessary gaps and increasing the management's bandwidth. All these intangible efforts are making the bank future ready and competitive.

Favourable C/D ratio and liquidity parameters to spur loan growth

KBL enjoys a favourable credit-to-deposit ratio of 74% versus an avg. ~91% for private banks. Aided by renewed sourcing and underwriting processes, it has enough headroom for credit growth. KBL enjoys enough liquidity, with LCR at 144% as of Q2FY25 end against the regulatory requirement of 100% and the industry average of ~130%. Furthermore, it has completed its target capital raise of INR1,500cr within a record six months, out of which INR700cr was completed in Q4FY24 itself. CRAR stood at a healthy ~18% at the end of Q2FY25.

Stable NIM and improved credit cost will drive return ratios

KBL enjoys a loyal and sticky retail deposit base that is much to the envy of any new age private bank. It has a granular deposit franchise, with 85% of term deposits less than INR2cr at the end of Q2FY25. This favourable deposit franchise ensures availability of low-cost funds to the bank. This, coupled with a secular improvement in the balance sheet and a revamped risk pricing of loans, will ensure structurally higher NIM. Initiatives to increase monitoring, setting up of dedicated collection teams, ~90% secured book, and a healthy PCR will ensure reduced slippage, thus improving asset quality and reducing credit costs.

Valuation and view

We expect 17% credit growth over FY24–27 with a RoA/RoE of 1.4%/14% in FY27 and a consistent improvement in asset quality. We expect a re-rating as operating efficiencies kick in. We recommend a 'BUY' rating and a TP of INR310 (0.8x FY27E P/ABV), which offers a potential upside of 50% from its CMP.

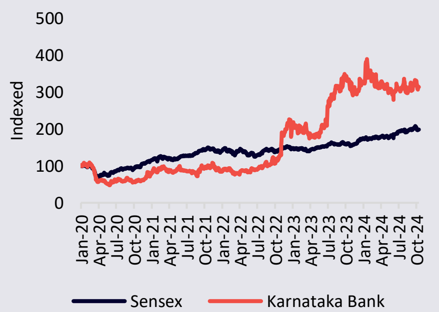
Key financials

Year to March (INR cr)	FY22	FY23	FY24	FY25E	FY26E
Revenue	**3,445**	**4,178**	**4,618**	**4,840**	**5,694**
PPOP	**1,634**	**2,208**	**2,163**	**2,178**	**2,752**
Adjusted profit	**509**	**1,180**	**1,306**	**1,398**	**1,710**
Diluted EPS (INR)	16	38	35	37	45
EPS growth (%)	5	131	-8	6	22
RoAE (%)	**7.4%**	**15.4%**	**13.7%**	**12.2%**	**13.1%**
P/E ratio(x)	12.7	5.5	6.0	5.7	4.6
P/ABV ratio(x)	1.1	0.9	0.8	0.7	0.6

CMP: INR207
Rating: Buy

Bloomberg:	KBL:IN
52-week range (INR):	192 / 287
M-cap (INR cr):	7,516
Promoter holding (%)	-

Relative price performance



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Financials

Income Statement (INR cr)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Interest income	6,222	7,220	8,299	9,415	10,666
Interest charges	3,731	4,035	5,000	5,808	6,491
Net interest income	**2,491**	**3,185**	**3,299**	**3,606**	**4,176**
Other income	954	993	1,319	1,233	1,518
Net revenues	**3,445**	**4,178**	**4,618**	**4,840**	**5,694**
Operating expense	1,811	1,969	2,454	2,662	2,942
- Employee exp	1,015	1,069	1,373	1,492	1,653
- Other opex	796	900	1,081	1,170	1,289
Preprovision op. profit	**1,634**	**2,208**	**2,163**	**2,178**	**2,752**
Provisions	939	767	601	473	641
PBT	695	1,441	1,563	1,705	2,112
Taxes	186	261	256	307	401
PAT	**509**	**1,180**	**1,306**	**1,398**	**1,710**
Extraordinaries	-	-	-	-	-
Reported PAT	**509**	**1,180**	**1,306**	**1,398**	**1,710**
Basic number of shares (cr.)	31	31	38	38	38
Basic EPS (INR)	16	38	35	37	45
Diluted number of shares (cr.)	31	31	38	38	38
Diluted EPS (INR)	16	38	35	37	45

Growth Ratios

Year to March	FY22	FY23	FY24	FY25E	FY26E
NII growth	14%	28%	4%	9%	16%
Non Interest Income growth	-32%	4%	33%	-6%	23%
Net Revenues growth	-4%	21%	11%	5%	18%
Opex growth	8%	9%	25%	8%	11%
PPOP growth	8%	9%	25%	8%	11%
Provisions growth	-28%	-18%	-22%	-21%	36%
PAT growth	5%	132%	11%	7%	22%

Operating Ratios

Year to March	FY22	FY23	FY24	FY25E	FY26E
Yield on Average Advances	8.7%	9.6%	9.9%	9.9%	9.8%
Yield on Investments	6.0%	6.3%	6.3%	6.2%	6.2%
Yield on interest earning assets	7.7%	8.4%	8.6%	8.6%	8.6%
Cost of Deposit	4.6%	4.6%	5.2%	5.3%	5.3%
Cost of Funds	4.7%	4.7%	5.2%	5.4%	5.3%
Spread	3.0%	3.7%	3.4%	3.2%	3.3%
Net Interest Margin	3.1%	3.7%	3.4%	3.3%	3.4%
Cost to Income Ratio	52.6%	47.1%	53.2%	55.0%	51.7%
Tax Rate	26.8%	18.1%	16.4%	18.0%	19.0%

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24	FY25E	FY26E
CAPITAL AND LIABILITIES					
Share Capital	311	312	377	382	382
Reserves and Surplus	6,784	7,901	10,471	11,772	13,483
Warrants	-	-	-	-	-
Deposits	**80,387**	**87,368**	**98,058**	**1,08,844**	**1,24,634**
Borrowings	2,314	1,563	4,400	4,898	6,232
Other Liabilities & Provisions	2,245	1,914	2,779	2,650	1,516
Total Liabilities	**92,041**	**99,058**	**1,16,085**	**1,28,546**	**1,46,246**
ASSETS					
Cash and Balances with RBI * Others	4,437	6,159	7,993	8,490	9,098
Investments	22,041	23,326	24,302	25,578	27,420
Advances	**56,783**	**59,952**	**71,509**	**81,951**	**96,575**
Fixed Assets	818	875	915	933	980
Other Assets	7,961	8,746	11,367	11,594	12,174
Total Assets	**92,041**	**99,058**	**1,16,085**	**1,28,546**	**1,46,246**

Balance sheet ratios (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Loan growth	10%	6%	19%	15%	18%
IEA growth	6%	7%	16%	12%	15%
Deposits growth	6%	9%	12%	11%	15%
IBL growth	7%	8%	15%	11%	15%
Gross NPA ratio	3.9%	3.7%	3.5%	3.0%	2.8%
Net NPA ratio	2.4%	1.7%	1.6%	1.3%	1.2%
Provision coverage	38%	55%	55%	55%	57%
CAR	**16%**	**17%**	**18%**	**18%**	**17%**

RoAE Decomposition

Year to March	FY22	FY23	FY24	FY25E	FY26E
Net Interest Income / Assets	3.1%	3.7%	3.4%	3.3%	3.4%
Other Income / Assets	1.2%	1.1%	1.4%	1.1%	1.2%
Net Revenues / Assets	4.3%	4.8%	4.8%	4.4%	4.6%
Operating Expense / Assets	2.2%	2.3%	2.5%	2.4%	2.4%
Provisions / Assets	1.2%	0.9%	0.6%	0.4%	0.5%
Taxes / Assets	0.2%	0.3%	0.3%	0.3%	0.3%
Total Costs / Assets	3.6%	3.5%	3.4%	3.1%	3.2%
Return on Assets	**0.6%**	**1.4%**	**1.4%**	**1.27%**	**1.37%**
Assets / Equity	12	11	10	10	10
Return on Average Equity	**7.4%**	**15.4%**	**13.7%**	**12.2%**	**13.1%**

Valuation Metrics- Check

Year to March	FY22	FY23	FY24	FY25E	FY26E
Basic EPS	16	38	35	37	45
EPS growth	5	131	-8	6	22
Book value per share	228	263	288	318	363
Adjusted Book Value per share	190	230	259	291	335
Basic P/E	12.7	5.5	6.0	5.7	4.6
P/BV	0.9	0.8	0.7	0.7	0.6
P/ABV	1.1	0.9	0.8	0.7	0.6

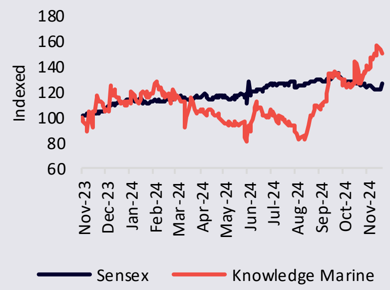
Knowledge Marine & Engineering Works

Incorporated in 2015, Knowledge Marine & Engineering Works (KMEW) owns and operates marine crafts; and provides dredging services, and repair, maintenance, and refitting of marine crafts and infrastructure. It offers a diverse suite of marine engineering services such as: i) dredging ports, ii) repairing and refitting of naval and merchant ships, iii) hydrographic and magnetometer surveys, and iv) technical solutions for vessel maintenance and operations. It has established a strong presence in India's small marine craft and dredging sectors, evolving from a modest ship repair business into a significant ship-owning company. In H1FY25, it derived 95%/5% of its revenue from dredging/port ancillary services. The stock is not rated.

CMP: INR2,074
Rating: Not Rated

Bloomberg:	KMEW:IN
52-week range (INR):	2,189/ 1,902
M-cap (INR cr):	2,240
Promoter holding (%)	60.66

Relative Price Performance



Macro factors building a base for growth

Various government initiatives such as the Maritime India Vision (MIV) 2030, inland waterway transport (*Jal Marg Vikas* project), and river interlinking offer promising business opportunities for the company.

Business expertise and strong financials

KMEW's expertise lies in designing and building of fleet vessels used in dredging and shore surveillance. The company owns and operates 17 vessels (seven dredgers, one hopper barge, six patrol boats, a service boat, and two work boats used in aiding dredging operations), with three under construction (a patrol boat and two 15t pull tugs). The management is confident of achieving its target of operating 40 vessels by 2030. It has consistently maintained EBITDA/ PAT margin of over 30%/20%. An unrest in Rakhine affected revenue recognition by ~INR70cr in FY24. However, this revenue is expected to be realised in FY25.

Growing presence and order book

It received one of its biggest orders (INR450cr) from Bahrain it expects to execute evenly over five years, raking in ~INR90cr of revenue annually. Its order book has grown to INR817cr at the end of October from INR614cr at the end of FY24.

A major highlight was the order from Inland Waterways Authority of India (IWAI) for fairway maintenance of Sultanganj–Mahendrapur (74km) and Mahendrapur–Barh (71km) stretches of National Waterway 1 (River Ganga). The INR147cr contract is for a three-year period.

KMEW commands 26% (INR365cr) market share in total orders (INR1,390) from the *Jal Marg Vikas* Project. Owing to a strong order book and pace of execution, it expects a revenue of INR270–300cr in FY25 while maintaining margin at similar levels. It is targeting a revenue of INR500cr ahead.

Valuations and view

With a 50% win rate, minimal competition, proven execution capability, growing asset base, and international exposure puts KMEW in a commanding position to make optimum use of all the opportunities in hand. At the CMP, the stock trades at 69x TTM EPS basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	202	164	294
Revenue growth (%)	230	-19	80
EBITDA (INR cr)	69	50	91
Adjusted PAT (INR cr)	47	34	58
P/E ratio (x)	20.7	54.0	31.7
Price/BV ratio (x)	7.3	10.9	8.1
EV/EBITDA ratio (x)	13.7	37.3	20.3
RoACE (%)	52.6	21.9	30.6
RoAE (%)	51.9	22.6	29.4

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	61	202	164
Direct costs	23	123	99
Employee costs	3	4	5
Other expenses	3	6	10
Total operating expenses	29	133	114
EBITDA	**32**	**69**	**50**
Depreciation and amortisation	2	4	6
EBIT	30	64	44
Interest expenses	2	2	4
Other income	1	1	3
Profit before tax	28	63	43
Provision for tax	7	16	9
Core profit	21	47	34
Minority Interest	1	0	-0
Profit after tax	20	47	34
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	21	47	34
Adjusted Net Profit	**20**	**47**	**34**
Equity shares outstanding (cr)	1.0	1.1	1.1
EPS (INR) basic	19.9	43.6	31.7
Diluted shares (Cr)	1.0	1.1	1.1
EPS (adj) fully diluted	19.9	43.6	31.7
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	47.0	65.9	69.5
Depreciation	4.0	2.2	3.7
Interest expenditure	4.1	1.2	2.4
EBITDA margins	53.0	34.1	30.5
Net profit margins	34.1	23.4	20.9

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	83.6	229.8	(18.8)
EBITDA	146.4	111.9	(27.4)
PBT	194.2	126.3	(32.2)
Net profit	195.8	131.1	(27.2)
EPS	195.8	119.0	(27.2)

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	54.7	51.9	22.6
ROCE (%)	47.1	52.6	21.9
Debtors (days)	24	101	100
Current ratio	2.4	3.0	4.8
Debt/Equity	0.6	0.2	0.4
Inventory (days)	1	2	2
Payable (days)	37	47	47
Cash conversion cycle (days)	-12	56	55
Debt/EBITDA	0.8	0.4	1.2
Adjusted debt/Equity	0.1	(0.2)	0.1

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	19.9	43.6	31.7
CEPS (INR)	22.3	47.6	37.3
Diluted P/E (x)	8.7	20.7	54.0
Price/BV(x)	3.7	7.3	10.9
EV/Sales (x)	3.0	4.7	11.4
EV/EBITDA (x)	5.6	13.7	37.3
Diluted shares O/S	1.0	1.1	1.1
Basic EPS	19.9	43.6	31.7
Basic PE (x)	8.7	20.7	54.0
Dividend yield (%)	0%	0%	0%

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	10	11	11
Reserves & surplus	37	123	156
Shareholders funds	47	134	167
Secured loans	17	4	42
Unsecured loans	9	20	18
Borrowings	26	24	60
Net Debt	4	-32	10
Minority interest	2	3	3
Other liabilities	3	5	6
Sources of funds	**79**	**165**	**236**
Gross block	60	70	124
Depreciation	7	11	17
Net block	53	59	107
Capital work in progress	2	8	12
Total fixed assets	54	67	119
Other non-current assets	5	12	29
Investments			
Inventories	0	1	1
Sundry debtors	4	56	43
Cash and equivalents	23	56	51
Other current assets	8	17	15
Total current assets	34	130	110
Sundry creditors and others	8	28	13
Provisions	7	15	9
Total CL & provisions	14	44	23
Net current assets	20	86	87
Uses of funds	**79**	**165**	**236**
Book value per share (INR)	46	124	157

Cash flow statement

Year to March	FY22	FY23	FY24
EBIT	28	63	43
Add: Depreciation	2	4	6
Add: Others	2	1	1
Gross cash flow	33	69	50
Less: Changes in W. C.	-2	48	16
Operating cash flow	35	21	34
Less: Capex	24	11	45
Free cash flow	**10**	**11**	**-11**

Kotyark Industries

Incorporated in 2016, Kotyark Industries (KOTYARK) specialises in producing biodiesel and its by-products, positioning itself as a key player in Rajasthan and Gujarat. With a focus on green energy and sustainable development of biofuels, it emphasises environmentally friendly technologies in its operations. Its manufacturing unit in Swaroopganj, District Sirohi, RICCO, Rajasthan, can produce 1,500kl/210kl of bio diesel/crude glycerine from multi feedstock daily. Another unit in Padgol, District Anand, Gujarat, has a daily bio diesel capacity of 100kl from multi feedstock. Through these facilities, it contributes significantly to the renewable energy landscape in the region. The stock is not rated.

Industry poised for growth with strong government support

The Indian biodiesel industry, though nascent, has the potential to emerge as a global leader. India accounts for just 1% of total global production. Biodiesel trades at a 15–20% discount to diesel in India, unlike in the US and Europe where it commands a premium. The Centre supports biodiesel with a 12% GST input credit for commercial buyers like transport contractors, mining companies, and industries. It is targeting 5% biodiesel blending in diesel by 2030. While only a small fraction of oil marketing companies blend biodiesel at present, more are expected to follow suit. Growing awareness on sustainability and supportive policies bode well for future biodiesel demand in India.

Looking to strengthen feedstock sourcing

The biodiesel industry relies heavily on affordable, non-edible vegetable oil sources. To ensure feedstock availability, KOTYARK sources high-quality, affordable raw materials from various regions in India. Vast inter-generational experience of the promoters in the vegetable oil trading industry serves as critical know-how for the company. Strong supplier relationships ensure quality and timely raw material supplies. It recently signed a MoU with the Rajasthan government to explore long term sourcing of biodiesel feedstock.

Expands reach with client additions, targets new MRO licences

The company serves a diverse customer base including major oil companies like Indian Oil Corporation, bulk buyers such as transport contractors and mining companies, and 25 highway-based biodiesel retail outlets under its "Green N Green" brand. Plans are afoot to secure 50 outlet licences. It aims to grow its customer base and deepen relationships with existing clients by providing high-quality products.

Valuations

At the CMP of INR1007, the stock trades at a P/E ratio of 35.3x and an EV/EBITDA of 17.9x on a TTM basis. The stock is not rated.

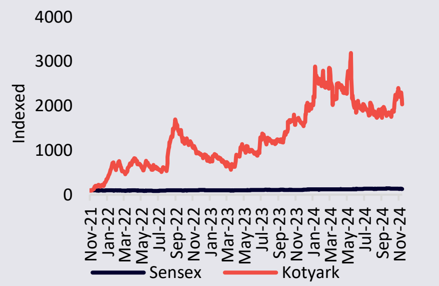
Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	156	131	271
Rev growth (%)	139.3	(16.1)	106.9
EBITDA (INR Cr)	13	25	45
Adjusted PAT (INR Cr)	9	14	23
P/E (x)	*120*	*72*	*46*
Price/BV(x)	38.9	13.5	7.2
EV/EBITDA (x)	81.4	43.5	24.7
RoACE (%)	50.2	32.1	22.4
RoAE (%)	57.9	27.8	20.6

CMP: INR1,007
Rating: Not Rated

Bloomberg:	KOTYARK:IN
52-week range (INR):	742/ 1,582
M-cap (INR cr):	1,035
Promoter holding (%)	67.65

Relative Price Performance



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nuvama professional clients group

Financials

Income statement (INR crs)

Year to March	FY22	FY23	FY24
Income from operations	156	131	271
Direct costs	140	96	206
Employee costs	0	2	2
Other expenses	3	9	18
Total operating expenses	143	106	226
EBITDA	13	25	45
Depreciation and amortisation	1	2	8
EBIT	12	23	36
Interest expenses	1	3	7
Other income	0	0	1
Extraordinary items	0	0	0
Profit before tax	12	19	31
Provision for tax	3	5	8
Core profit	9	14	22
Extraordinary items	0	0	0
Profit after tax	9	14	23
Share from associates	0	0	0
Adjusted net profit	9	14	23
Equity shares outstanding (cr)	1	1	1
EPS (INR) basic	10.4	14.9	22.1
Diluted shares (Cr)	1	1	1
EPS (INR) fully diluted	8.4	13.9	22.1
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	91.8	81.2	83.6
Depreciation	0.6	1.5	3.0
Interest expenditure	0.3	2.5	2.4
EBITDA margins	8.2	18.8	16.4
Net profit margins	5.5	10.9	8.4

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	139.3	(16.1)	106.9
EBITDA	338.1	92.8	81.0
PBT	731.7	67.4	58.2
Net profit	721.9	66.2	55.0
EPS	721.9	66.2	58.4

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	57.9	27.8	20.6
ROACE (%)	50.2	32.1	22.4
Debtors (days)	17	38	46
Current ratio	21	15	16
Debt/Equity	0.1	0.4	0.5
Inventory (days)	20	102	114
Payable (days)	1	5	3
Cash conversion cycle (days)	35	135	158
Debt/EBITDA	0	1	2
Adjusted debt/Equity	0.1	0.4	0.4

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	8.4	13.9	22.1
Y-o-Y growth (%)	*721.9*	*66.2*	*58.4*
CEPS (INR)	9.4	15.8	30.1
P/E (x)	*120.0*	*72.2*	*45.6*
Price/BV(x)	38.9	13.5	7.2
EV/Sales (x)	*6.7*	*8.2*	*4.1*
EV/EBITDA (x)	81.4	43.5	24.7
Diluted shares O/S	*1.0*	*1.0*	*1.0*
Diluted EPS	8.4	13.9	22.1
PE (x)	*120.0*	*72.2*	*45.6*
Dividend yield (%)	0.0	0.0	0.0

Balance sheet (INR Cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	8	10	10
Preference Share Capital	0	0	0
Reserves & surplus	18	67	134
Shareholders funds	27	77	144
Secured loans	3	33	68
Unsecured loans	1	1	0
Borrowings	4	34	68
Minority interest	0	0	0
Sources of funds	**30**	**111**	**212**
Gross block	9	34	90
Depreciation	3	9	16
Net block	6	26	74
Capital work in progress	0	8	8
Total fixed assets	6	34	82
Right of Use Assets	0	0	0
Investments	0	0	0
Inventories	9	37	85
Sundry debtors	7	14	34
Cash and equivalents	1	0	5
Loans and advances	9	9	13
Other current assets	0	0	0
Total current assets	25	59	137
Sundry creditors and others	1	2	2
Provisions	1	2	7
Total CL & provisions	1	4	8
Net current assets	24	55	129
Net Deferred tax	0	-0	-0
Misc expenditure	0	22	2
Uses of funds	**30**	**111**	**212**
Book value per share (INR)	32	80	140

Cash flow statement

Year to March	FY22	FY23	FY24
Net profit	9	15	18
Add: Depreciation	1	2	8
Add: Misc expenses written off/Other Assets	0	3	6
Add: Deferred tax	0	0	0
Gross cash flow	10	20	32
Less: Changes in W. C.	13	10	48
Operating cash flow	-3	10	-16
Less: Capex	1	32	54
Free cash flow	**-4**	**-22**	**-69**

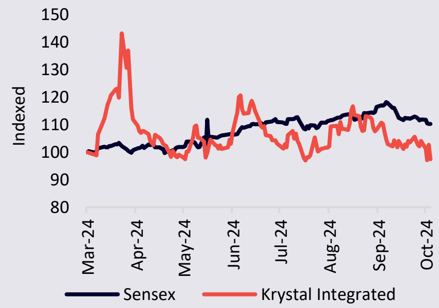
Krystal Integrated Services

Krystal Integrated Services (KRYSTAL) is a leading integrated facilities management services company in India, specialising in diverse sectors such as healthcare, education, public administration, airports, railways and metro infrastructure, and retail. With 77.6% of its revenue sourced from government contracts, it stands as a strong player in the industry. In terms of revenue composition, 54.7% is from integrated facilities management services (IFMS), 31.7% from staffing services, 10.7% from security services, and 2.9% from catering services. The management expects the IFMS, staffing, and security services segment to grow 1.2–5x faster than the industry average over FY23–26, with significant growth potential in the catering segment. Maintain 'BUY'.

CMP INR: 790
Rating: BUY
Target Price INR: 1,372
Upside: 74%

Bloomberg:	KRYSTAL:IN
52-week range (INR):	629/1,024
M-cap (INR cr):	1,091
Promoter holding (%)	71.52

Relative Price Performance



A one-stop solution provider offering a comprehensive range of services

Its integrated facilities management services encompass soft services like housekeeping, sanitation, landscaping, and gardening; hard services such as mechanical, electrical, and plumbing maintenance; and other specialised services including solid, liquid, and biomedical waste management, pest control, and façade cleaning. KRYSTAL also provides production support, warehouse management, and airport management services. This diverse service portfolio allows it to cater to a wide range of sectors, with a large geographic footprint, making it a one-stop solution provider. The management's strategy of integrating service offerings across multiple sectors requires shared expertise and investments in technology, equipment, and specialised workforce training. This approach enables it to deliver tailored bundled solutions, meet client-specific requirements while enhancing operational efficiencies through key centralised functions like finance and sales.

Well-positioned to capitalise on favourable industry dynamics

Government projects contribute 77.6% to KRYSTAL's total revenue, underscoring its significant role in the public sector. Its successful track record in executing large, multi-location government contracts positions it uniquely to benefit from greater outsourcing of facility management services by the government. According to Frost & Sullivan, the outsourced government IFM market was valued at INR49,295cr in FY23. It is expected to clock 16.3% CAGR to touch INR1,04,731cr by FY28. The outsourced government staffing segment is projected to touch INR37,372cr by FY28, a CAGR of 20.7% over FY23–28. Its expertise in healthcare, education, and infra projects, which together constitute ~55% of revenue, is expected to drive long-term growth as the company leverages its focused business model and enhanced government project execution capabilities.

Retaining, strengthening, and growing its client base

It has successfully renewed or extended relevant non-government customer contracts, ensuring continuity despite a competitive bidding process for government contracts. KRYSTAL's strategic approach to developing a consultative and long-term partnership model has enabled it to effectively meet rising customer service needs, expand its market share, and mitigate the earnings uncertainty associated with short-term contracts. Its wide geographic presence allows it to serve clients with operations at multiple locations, ensuring greater client focus, and a customised service delivery due to proximity to its client premises.

Valuation and view

KRYSTAL's recent INR 300cr contract from DME Maharashtra (INR 167cr for IFMS and INR 134cr for staffing) is poised to drive growth in H2FY25. Additionally, it secured an INR 71cr waste management contract from Thane Municipal Corporation and a three-year INR 106.3cr contract from BMC for attendant manpower services in its Education and Security Departments. These wins bring KRYSTAL's total contract acquisitions in Maharashtra this year to ~INR 478cr. Further announcements are expected in the coming months, enhancing revenue visibility and growth momentum. The DME Tamil Nadu project, currently under renewal, offers significant upside potential. Securing contracts for two-to-three regions out of five could boost revenue by 50%, supported by wage revisions. This renewal remains a key growth catalyst. We expect a 27% revenue CAGR over FY24–26, driven by new client acquisitions, strategic bidding for high-margin government contracts, and market share gains from smaller players. EBITDA margins are expected to improve by 74bps, supported by scale and higher contributions from the high margin catering segment. With operational efficiencies, PAT is anticipated to grow at a robust 40% CAGR over FY24–26. We maintain our 'BUY' rating on KRYSTAL with a target price of INR 1,372, supported by strong fundamentals and growth drivers.

Key financials

Year to March	FY22	FY23	FY24E	FY25E	FY26E
Revenues (INR Cr)	553	708	1,027	1,260	1,656
Rev growth (%)	17	28	45	23	31
EBITDA (INR Cr)	39	58	69	88	123
Adjusted PAT (INR Cr)	26	38	49	67	96
P/E (x)	42.0	32.6	22.5	16.4	11.5
EV/EBITDA (x)	28.8	19.4	14.7	11.1	7.5
RoACE (%)	14.3	24.0	18.0	15.5	18.7
RoAE (%)	14.0	20.7	18.2	16.5	19.6

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24	FY25E	FY26E
Income from operations	553	708	1,027	1,260	1,656
Direct costs	24	32	162	199	262
Gross Profit	528	675	865	1,061	1,394
Employee costs	471	592	768	942	1,235
Other expenses	18	25	28	31	37
Total Operating expenses	513	650	958	1,172	1,533
EBITDA	39	58	69	88	123
Depreciation and amortisation	4	5	7	8	8
EBIT	35	53	62	80	115
Interest expenses	10	18	12	9	9
Non-operating Income	2	3	8	12	12
Extraordinary Income	-	-	-	-	-
Profit before tax	27	39	58	83	118
Provision for tax	6	5	9	15	22
Profit after tax (before MI)	21	34	49	67	96
Share of Minority in profits	-	(0)	-	-	-
Profit after tax	21	34	49	67	96
Adjusted Profit after tax	21	21	49	67	96
Shares outstanding	1	1	1	1	1
Adjusted EPS	15	15	35	48	69

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24	FY25E	FY26E
Operating expenses	92.9	91.8	93.3	93.0	92.6
Depreciation	0.8	0.7	0.7	0.6	0.5
Interest expenditure	1.8	2.5	1.2	0.7	0.6
EBITDA margins	7.1	8.2	6.7	7.0	7.4
Net profit margins	3.8	3.0	4.8	5.4	5.8

Growth metrics (%)

Year to March	FY22	FY23	FY24	FY25E	FY26E
Revenues	17.3	28.0	45.1	22.7	31.5
EBITDA	90.5	47.9	18.2	27.7	40.3
PBT	NA	NA	47.5	43.9	42.0
Net profit	NA	NA	27.5	37.7	42.0
EPS	NA	NA	27.5	37.7	42.0

Ratios

Year to March	FY22	FY23	FY24	FY25E	FY26E
ROAE (%)	14.0	20.7	18.2	16.5	19.6
ROACE (%)	14.3	24.0	18.0	15.5	18.7
Debtors (days)	159.3	77.2	82.6	82.6	82.6
Current ratio	1.5	1.5	2.7	2.6	2.5
Debt/Equity	0.3	0.2	0.2	0.1	0.1
Inventory (days)	4	0	0	0	0
Payable (days)	37	9	21	21	21
Cash conversion cycle (days)	127	69	61	61	61
Debt/EBITDA	1.4	0.7	1.2	0.7	0.5
Adjusted debt/Equity	0.3	0.2	0.2	0.1	0.1

Valuation Parameters

Year to March	FY22	FY23	FY24E	FY25E	FY26E
Diluted EPS (INR)	19	28	35	48	69
Y-o-Y growth (%)	NA	NA	28	38	42
Diluted P/E (x)	42	33	23	16	12
Price/BV(x)	6.7	6.8	2.9	2.5	2.1
EV/Sales (x)	2.0	1.6	1.1	0.9	0.7
EV/EBITDA (x)	29	19.4	14.7	11.1	7.5
Diluted shares O/S (in Cr)	1.4	1.4	1.4	1.4	1.4
Basic EPS	19	28	35	48	69
Basic PE (x)	42	33	23	16	12

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24	FY25E	FY26E
Equity share capital	6	6	14	14	14
Reserves & surplus	158	158	362	428	521
Shareholders funds	164	163	376	442	535
Total Debt	53	40	84	64	64
Other Long Term Liabilities	1	2	2	2	2
Deferred Tax Liabilities	(6)	(7)	(7)	(7)	(7)
Minority interest	-	-	-	-	-
Sources of funds	212	198	455	501	594
Gross block	38	113	122	132	142
Depreciation	27	32	39	47	55
Net block	11	81	83	85	87
Capital work in progress	-	-	-	-	-
Total fixed assets	11	81	83	85	87
Investments	87	19	20	20	20
Inventories	6	1	1	1	1
Sundry debtors	241	150	232	285	375
Cash and equivalents	23	19	180	198	239
Loans and advances	31	67	126	145	178
Total current assets	388	255	560	649	813
Sundry creditors and others	51	16	56	74	97
Provisions and others	135	122	126	155	204
Total CL & provisions	186	138	183	229	301
Net current assets	201	117	377	420	512
Misc expenditure	-	-	-	-	-
Uses of funds	212	198	460	505	599
Book value per share (INR)	117	117	269	316	383

Cash flow statement

Year to March	FY22	FY23	FY24	FY25E	FY26E
Operating Profit After Tax Before WC char	38	58	60	72	101
WC Changes	(1)	31	(86)	(26)	(50)
CFO	38	88	(26)	47	51
CFI	(26)	(22)	(14)	2	2
CFF	(11)	(70)	201	(31)	(11)
Total Cash Flow	0	(4)	161	18	42

Kwality Pharmaceuticals

Building capabilities in complex injectables

Established in 1983, Kwality Pharmaceuticals (Kwality) is a leading exporter of complex generics formulations with the focus on injectables which contributed over 50% of revenues during last many years. Kwality has built strong capabilities in developing complex long acting injectables using microsphere technology, Liposomal , Lyophilized & protein based injectables. It has five states of art manufacturing facilities (three facilities in Punjab and two in Himachal Pradesh), presence in over 60 countries, with a product portfolio of more than 3000+ formulations across 25+ therapeutic areas. All its facilities are GMP-compliant, three of them are approved by BRAZIL (ANVISA) and two facilities are approved by INVIMA & EU GMP. It recorded a revenue and PAT CAGR of 13% and 31% during the past five years (FY19-24). The company has recently commercialised a new manufacturing unit (Unit-6) for biologics while another unit (Unit-5) for Sex Hormones and synthetic hormones are likely to be commercialised in FY26.

Differentiated capabilities to drive the growth: Kwality has developed capabilities to produce complex injectables like liposomal pegylated injectables (products are under registration in 12+ countries of LATAM & 5 countries of SEA), long-acting injectables using micro-sphere technology (products are targeted for domestic and LATAM markets), lyophilized injectables (targeted for LATAM and CIS countries), niche biological injectables (few products registered in Mexico, and filed in Ecuador, El Salvador), and Emulsion technology (mainly propofol Injection which is under registration in 50+ countries in the Brazil, EU & SEA markets, Registered in 8+ countries). These technologies are set to create niche in the injectable market and will fetch a better profit margins.

Expanding wings to semi-regulated markets: Kwality has been successfully pivoting itself from being a ROW player to semi-regulated and regulated markets. This is demonstrated by building up new plants and getting multiples plants approved from various regulatory authorities across the world including the stringent regulatory authorities of the world. Further, Kwality also plans to get additional plant approval from stringent regulatory authorities so as to cater to a larger product basket in the global markets. In FY24, it generated 60%, 13% and 10% revenue from LATAM, Africa and Asia, while GCC and CIS/EU contributed 12% and 5%. The company aims to get all its manufacturing units approved by EU-GMP in FY25 to expand presence in semi-regulated markets.

Strong operating performance in the latest quarters: Kwality recorded a 24%, 27% and 44% YoY growth in revenue, EBITDA and PAT to INR170 cr, INR 37 cr and INR16.8 cr during H1FY25. The company witnessed a nominal improvement in its gross margin of 51% (+20bps YoY) and EBITDA margin of 21.7% (+60bps YoY). The company aims to improve the operating margin on the back of change in product mix.

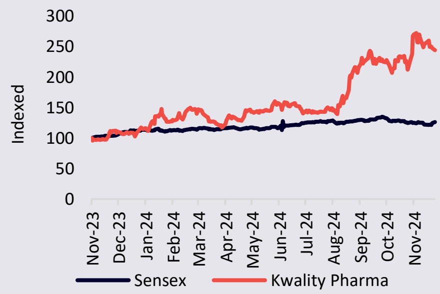
Outlook, valuation and view: The company aims to achieve a revenue of INR500 cr by FY26 (implies a revenue CAGR of 28% over FY24-26E), EBITDA margin of 22-25% (vs. 21.7% achieved in H1FY25) and improving the working capital efficiencies (cash conversion cycle 176 days in FY24). The growth would be mainly driven geographical expansions mainly to EU and launch of new products (Erythropoietin supply to commence by end of FY25, among other product launches). The stock is currently trading at 30.5x EPS for trailing twelve months. The stock is not in our coverage, but we keep a positive stance on the stock.

Key financials

Year to March	FY22	FY23	FY24
Net Revenues (INR Cr)	456	251	307
% Growth (YoY)	*74*	*-45*	*22*
EBITDA (INR Cr)	172	60	66
% Growth (YoY)	*495*	*-65*	*10*
Adj. Net Profit (INR Cr)	120	32	29
Adjusted EPS (INR)	116	31	28
Diluted P/E (x)	7	28	30
EV/EBITDA (x)	5	16	15
ROACE (%)	111	21	20

CMP: INR610
Rating: Not Rated

Bloomberg:	KWPL:IN
52-week range (INR):	356 /961
M-cap (INR cr):	884
Promoter holding (%)	54.83



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	456	251	307
Direct costs	201	110	153
Employee costs	20	30	33
Other expenses	64	51	55
Total operating expenses	285	191	241
EBITDA	172	60	66
Depreciation and amortisation	11	15	20
EBIT	161	45	47
Interest expenses	3	6	10
Other income	4	3	2
Profit before tax	162	42	38
Provision for tax	42	6	7
Core profit	120	36	31
Extraordinary items	-	-17	-7
Profit after tax	120	19	24
Share from associates	-	-	-
Adjusted net profit	120	32	29
Equity shares outstanding (Crores)	1	1	1
EPS (INR) basic	116	19	23
Diluted shares (Cr)	1	1	1
Adj. EPS (INR)	116	31	28

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	62	76	78
Depreciation	2	6	6
Interest expenditure	1	2	3
EBITDA margins	38	24	22
Net profit margins	26	13	9

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	74	-45	22
EBITDA	495	-65	10
PBT	660	-74	-9
Net profit	706	-70	-9
EPS	706	-74	-9

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	100	17	14
ROACE (%)	111	21	20
Debtors (days)	55	104	136
Inventory (days)	43	126	93
Payable (days)	28	51	53
Cash conversion cycle (days)	70	179	176
Current ratio	1.6	1.6	1.6
Debt/Equity	0.3	0.5	0.4
Net debt/Equity	0.2	0.4	0.4
Net Debt/EBITDA	0.3	1.4	1.4

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	115.6	30.5	27.9
Y-o-Y growth (%)	*705.6*	*-73.6*	*-8.6*
CEPS (INR)	126	45	47
Diluted P/E (x)	7.4	27.8	30.5
Price/BV(x)	4.9	4.4	3.9
EV/Sales (x)	2	3.8	3.2
EV/EBITDA (x)	5.4	16	14.7
Diluted shares O/S	1	1	1
Basic EPS	115.6	18.6	22.8
Basic PE (x)	7.4	45.7	37.3

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	10	10	10
Reserves & surplus	171	190	214
Shareholders funds	181	201	224
Borrowings	54	90	98
Lease Liabilities	-	-	-
Net Deferred tax	0	0	-
Minority interest	-1	-1	-2
Other Non-Current Liabilities	-	-	-
Sources of funds	**234**	**290**	**321**
Gross block	128	170	207
Depreciation	36	50	68
Net block	92	120	139
Capital work in progress	12	14	-
Right of Use Assets	-	-	-
Total fixed assets	104	135	139
Intangible	-	-	-
Investments	-	-	-
Inventories	53	86	78
Sundry debtors	69	72	114
Cash and equivalents	13	7	6
Loans and advances	9	7	16
Other current assets	84	35	28
Total current assets	**228**	**207**	**243**
Sundry creditors and others	106	63	73
Provisions	1	1	0
Total CL & provisions	107	64	73
Net current assets	121	143	169
Other Non-Current Assets	9	12	12
Misc expenditure			
Uses of funds	**234**	**290**	**321**
Book value per share (INR)	175	193	216

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
Net profit	120	32	29
Add: Depreciation	11	15	20
Add: Misc expenses written off	1	-10	4
Add: Deferred tax	-	-	-
Gross cash flow	132	37	52
Less: Changes in W. C.	79	28	26
Operating cash flow	53	8	27
Less: Capex	55	44	22
Free cash flow	**-3**	**-36**	**4**

Lords Group

From its beginnings as a paper business in 1998, Lords Mark Group (Lords) has now grown into a conglomerate with businesses in paper, renewable energy and In-Vitro Diagnostic (IVD)/Surgical Divisions. The company is focused to expand IVD business and venturing into MedTech business. In FY24, its IVD and renewable energy/LED business contributed ~41% each while remaining ~18% business was contributed by paper division. The company plans enter in to listed space through reverse merger with a listed entity, which has recently been bought. The company plans to divest the paper division to focus on IVD/MedTech and renewable/LED business.

Not listed

Strong orderbook of renewable energy/LED division:

Lords has emerged a leading company in executing solar rooftop projects across Government Building and Schools in UP and Bihar. It possesses design formula for all warships in defense. Its association with brand "PHILIPS" for their Solar Division and Trade Lighting Division gives edge to grab a larger pie of opportunities in clean and renewable energy. It is committed to promoting solar based energy generating system and aims for 500 MW in the next 7 years, of which ~100MW is to be executed in the next two years. The current order book stands at over INR 2,000 Cr (order pipeline stands ~INR3000cr) from UPNEDA, BREDA, EESL, APDCL, Railways, Defense, Navy, etc. It aims to set up a solar module manufacturing plant in Lucknow in FY26.

Technology-driven IVD/MedTech business holds decent prospects:

Lords is targeting non-communicable diseases with innovation and delivery, mainly in the form of rapid testing. It is engaged in production, marketing and distribution of IVD products, which mainly constitute ~34 kinds of rapid test kits, sale of biochemicals and surgical consumables. The company is venturing into Med-Tech division by introducing technology driven machines for rapid testing of certain kind of cancers, tuberculosis etc and aims to venture into genome testing. The company has collaborated with key R&D institutions to develop rapid test kits for Sickel Cell, which holds immense opportunity for the company. It continues to explore newer technologies in the field of Med-Tech and testing services in healthcare space. It also conceptualises setting up E-smart clinics to venture in to B2C business in healthcare space.

Capex plans of ~INR280 cr to be executed in the next two years: The company plans to expand its existing facilities at Vasai, which produces rapid test kits and aims to set up a biochemistry lab in Lucknow. It plans to spend INR130 cr Capex in FY25 and INR130cr in FY26 for these expansions. These Capex would be funded through the mix of internal accruals and infusion of equity.

Strong track records of financial performance

Lords saw a 28%/62%/93% revenue/EBITDA/PAT CAGR over FY21-24 with margins expanding to over 8% (from 4% in FY21). In FY24, it generated a revenue of INR422 cr, EBITDA of INR36 cr and PAT of INR 12 cr. Lords is likely to continue to see a strong revenue growth with increased profitability on the back of venturing into MedTech, focusing on expanding the IVD/Surgical division, and new renewable energy and LED contracts.

Key financials

Year to March	FY22	FY23	FY24
Net Revenues (INR Cr)	213	301	422
% Growth (YoY)	*6*	*41*	*40*
EBITDA (INR Cr)	13	23	36
% Growth (YoY)	*52*	*76*	*58*
Adj. Net Profit (INR Cr)	4	6	12
Adjusted EPS (INR)	-	-	-
Diluted P/E (x)	-	-	-
EV/EBITDA (x)	-	-	-
ROACE (%)	11%	15%	16%

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Financials

Income statement (INRcr)

Year to March	FY22	FY23	FY24
Income from operations	213	301	422
Direct costs	194	267	366
Employee costs	2	5	8
Other expenses	4	6	13
Total operating expenses	200	279	387
EBITDA	13	23	36
Depreciation and amortisation	2	5	5
EBIT	11	18	31
Interest expenses	6	11	17
Other income	1	1	1
Profit before tax	6	8	16
Provision for tax	1	2	4
Core profit	4	6	12
Extraordinary items	-	-	-
Profit after tax	4	6	12
Share from associates	-	-	-
Adjusted net profit	4	6	12

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	94	93	92
Depreciation	1	2	1
Interest expenditure	3	4	4
EBITDA margins	6	7	8
Net profit margins	2	2	3

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	6	41	40
EBITDA	52	76	58
PBT	102	33	109
Net profit	169	31	103
EPS (Diluted)	-	-	-

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	39%	23%	16%
ROACE (%)	11%	15%	16%
Debtors (days)	193	99	126
Inventory (days)	116	109	74
Payable (days)	100	13	8
Cash conversion cycle (days)	208	195	192
Current ratio	1.60	1.75	2.03
Debt/Equity	4	3	2
Net debt/Equity	3	3	2
Net Debt/EBITDA	9	7	5

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	-	-	-
Y-o-Y growth (%)	-	-	-
CEPS (INR)	-	-	-
Diluted P/E (x)	-	-	-
Price/BV(x)	-	-	-
EV/Sales (x)	-	-	-
EV/EBITDA (x)	-	-	-
Diluted shares O/S	-	-	-
Basic EPS	-	-	-
Basic PE (x)	-	-	-

Balance sheet (INRcr)

As on 31st March	FY22	FY23	FY24
Equity share capital	5	28	56
Reserves & surplus	28	19	51
Shareholders funds	33	47	107
Borrowings	118	163	194
Lease Liabilities	-	-	-
Net Deferred tax	-	-	-
Minority interest	-	-	-
Other Non-Current Liabilities	5	4	3
Sources of funds	**156**	**214**	**304**
Gross block	30	51	68
Depreciation	11	16	20
Net block	19	35	47
Capital work in progress	-	-	-
Right of Use Assets	-	-	-
Total fixed assets	19	35	47
Intangible	0	0	0
Investments	0	1	6
Inventories	68	90	85
Sundry debtors	112	82	146
Cash and equivalents	7	10	18
Loans and advances	13	11	17
Other current assets	-	-	-
Total current assets	**200**	**193**	**266**
Sundry creditors and others	58	11	9
Provisions	4	5	6
Total CL & provisions	63	15	15
Net current assets	137	177	251
Other Non-Current Assets	1	1	1
Misc expenditure	-	-	-
Uses of funds	**156**	**214**	**304**

Cash flow statement (INR cr)

Year to March	FY22	FY23	FY24
Net profit	4	6	12
Add: Depreciation	2	5	5
Add: Misc expenses written off	1	-18	4
Gross cash flow	7	-7	21
Less: Changes in W. C.	24	37	66
Operating cash flow	-17	-45	-45
Less: Capex	7	21	17
Free cash flow	**-24**	**-66**	**-62**

Matrix Gas & Renewables Pvt

nuvama professional clients group

Rating: Not listed

Matrix Gas & Renewables Pvt (Matrix) is an Indian company focused on sustainable energy solutions, including natural gas, green hydrogen, and renewable energy. It is actively involved in city gas distribution (CGD), green hydrogen production, and biogas projects, aiming to drive India's transition to cleaner energy. Their offerings include engineering, procurement, and commissioning (EPC) services as well as build-own-operate (BOO) models for hydrogen projects. The stock is not rated and unlisted.

Fastest growing digital gas aggregator with a diversified sourcing portfolio

India's fastest growing digital gas aggregator with a portfolio of rLNG and domestic gas being sourced from majors like Reliance Industries, BP, ONGC, and Vedanta. Matrix has a long-term sourcing (one-to-four years) from RIL's CBM block, RIL -BP KGD6 block, and ONGC KG DWN block. It has a presence on the India Gas Exchange (IGX) and became a proprietary member in December 2022.

Developing the green hydrogen business

The focus is on developing hydrogen projects from concept to commissioning for state-owned companies like NHPC and NTPC and for private entities like Saint Gobain. It is looking to develop a 2GW capacity electrolyser manufacturing plant, essential for producing green hydrogen. It is also setting up a green hydrogen retail outlet for H2 cars, with an initial capacity to fuel 250 cars per day in NCR Delhi.

Working on multiple innovative hydrogen projects

Matrix is working on innovative hydrogen projects, including a green hydrogen plant and a hydrogen generation facility, emphasising sustainable energy for industrial and mobility applications. Some of the marquee hydrogen EPC projects in the pipeline include: i) the setting up of a hydrogen refuelling outlet in Ladakh for NHPC; ii) technology provider for 400MW electrolyser capacity for two years to NTPC; iii) the setting up of a 1MW hydrogen cluster project for the speciality chemical sector in Pune for National Chemical Laboratory (NCL); and iv) the setting up of a 10MW hydrogen production plant in the Middle East for Etihad ESC. Recently, a Gensol Engineering-Matrix consortium secured a cumulative 300MW capacity, including a prior 63MW awarded in the first tranche of the SECI tender, which equates to a cumulative incentive of INR450cr under the PLI scheme.

Marquee client list

Its operations span multiple states. It supplies energy to industries such as steel, ceramics, and petrochemicals. Matrix collaborates with state-owned enterprises and global partners, positioning itself as a key player in India's sustainable energy sector. It enjoys strong relationships with marquee customers like BPCL, HPCL, DFPCL, GSFC, GNFC, Nayara Energy, MGL, IGL, and OPAL. It is looking to set up mid to long-term sale contracts with potential customers like Saint Gobain India Pvt, Haryana City Gas, and fertiliser companies.

Valuations

The stock is yet to list on the exchanges and is not rated.

Key financials

Year to March	FY22	FY23
Revenues (INR Cr)	0.5	489.2
Rev growth (%)	-	1,08,453.3
EBITDA (INR Cr)	0.4	45.0
Adjusted PAT (INR Cr)	0.1	31.7
P/E (x)	-	-
Price/BV(x)	-	-
EV/EBITDA (x)	-	-
RoACE (%)	3.7	109.0
RoAE (%)	159.2	198.7

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nuvama professional clients group

Financials

Income statement		(INR crs)
Year to March	FY22	FY23
Income from operations	0.5	489.2
Direct costs	0.0	442.8
Employee costs	0.0	0.9
Other expenses	0.0	0.5
Total operating expenses	0.0	444.2
EBITDA	0.4	45.0
Depreciation and amortisation	0.0	0.0
EBIT	0.4	45.0
Interest expenses	0.4	3.2
Other income	0.2	0.6
Extraordinary items	0.0	0.0
Profit before tax	0.1	42.3
Provision for tax	0.0	10.7
Core profit	0.1	31.7
Extraordinary items	0.0	0.0
Profit after tax	0.1	31.7
Share from associates	0.0	0.0
Adjusted net profit	0.1	31.7
Equity shares outstanding (cr)	0.0	1.5
EPS (INR) basic	92.0	21.1
Diluted shares (Cr)	0.0	1.5
EPS (INR) fully diluted	92.0	21.1
Dividend per share	0.0	0.0
Dividend payout (%)	0.0	0.0

Common size metrics- as % of net revenues

Year to March	FY22	FY23
Operating expenses	10.8	90.8
Depreciation	0.0	0.0
Interest expenditure	95.7	0.7
EBITDA margins	89.2	9.2
Net profit margins	20.4	6.5

Growth metrics (%)

Year to March	FY22	FY23
Revenues	-	1,08,453.3
EBITDA	-	11,104.9
PBT	-	33,940.0
Net profit	-	34,342.5
EPS	-	(77.1)

Ratios

Year to March	FY22	FY23
ROAE (%)	159.2	198.7
ROACE (%)	3.7	109.0
Debtors (days)	14	1
Current ratio	480	2
Debt/Equity	207.0	0.9
Inventory (days)	0	0
Payable (days)	0	9
Cash conversion cycle (days)	14	-7
Debt/EBITDA	54	1
Adjusted debt/Equity	207.0	0.6

Valuation parameters

Year to March	FY22	FY23
Diluted EPS (INR)	92.0	21.1
Y-o-Y growth (%)	*-*	*(77.1)*
CEPS (INR)	92.0	21.1
P/E (x)	-	-
Price/BV(x)	-	-
EV/Sales (x)	-	-
EV/EBITDA (x)	-	-
Diluted shares O/S	*0.0*	*1.5*
Diluted EPS	92.0	21.1
PE (x)	-	-
Dividend yield (%)	-	-

Balance sheet		(INR cr)
As on 31st March	FY22	FY23
Equity share capital	0.0	15.0
Preference Share Capital	0.0	0.0
Reserves & surplus	0.1	16.8
Shareholders funds	0.1	31.8
Secured loans	21.9	28.9
Unsecured loans	0.0	0.0
Borrowings	21.9	28.9
Minority interest	0.0	0.0
Sources of funds	**22.0**	**60.6**
Gross block	0.0	0.1
Depreciation	0.0	0.0
Net block	0.0	0.1
Capital work in progress	4.5	4.5
Total fixed assets	4.5	4.6
Right of Use Assets	0.0	0.0
Investments	0.0	36.9
Inventories	0.0	0.0
Sundry debtors	0.0	1.7
Cash and equivalents	0.0	8.5
Loans and advances	17.5	30.9
Other current assets	0.0	0.0
Total current assets	17.5	41.2
Sundry creditors and others	0.0	14.6
Provisions	0.0	7.6
Total CL & provisions	0.0	22.3
Net current assets	17.5	18.9
Net Deferred tax	0.0	0.0
Misc expenditure	0.0	0.3
Uses of funds	**22.0**	**60.6**
Book value per share (INR)	105.6	21.2

Cash flow statement

Year to March	FY22	FY23
Net profit	0.1	31.7
Add: Depreciation	0.0	0.0
Add: Misc expenses written off/Other Assets	0.3	2.7
Add: Deferred tax	0.0	0.0
Gross cash flow	0.4	34.4
Less: Changes in W. C.	22.1	-6.8
Operating cash flow	-21.7	41.2
Less: Capex	0.0	-0.1
Free cash flow	**-21.7**	**41.2**

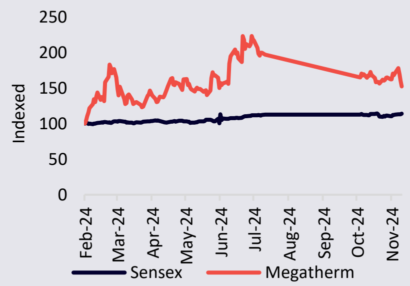
Megatherm Induction

Megatherm Induction (MEGATHER) is one of India's emerging players engaged in the manufacture of induction heating and melting products by means of electric induction like induction melting furnace and induction heating equipment. Besides induction melting and heating equipment, it produces various upstream and downstream plant and machineries associated with steel melt shops such as transformers, ladle refining furnaces, continuous casting machines, and fume extraction systems. It manufacturers electric arc furnaces for alloys and special steel making industries. The stock is not rated.

CMP: INR323
Rating: Not Rated

Bloomberg:	MEGATHER:IN
52-week range (INR):	195 / 490
M-cap (INR cr):	609
Promoter holding (%)	72.71

Relative Price Performance



Offers comprehensive solutions for steel production and engineering

MEGATHER serves secondary steel producers (scrap recycling), primary steel producers (iron ore to steel conversion through induction melting), auto ancillaries, ordnance factories, railways, DI-pipe producers, and various engineering industries. It offers turnkey steel plant solutions, including design, engineering, supply, erection, and commissioning of steel melt shops, as well as after-sales services like maintenance contracts and spare parts. Key domestic clients include ordnance factories, BHEL, Indian Railways, Tata Motors, Mahindra & Mahindra, CESC, Hindalco Industries, Sundaram Fasteners, MM Forging, Talbros Axles, Shyam Metalics & Energy, Sarda Energy & Minerals, Rashmi Metaliks, and Prakash Industries.

Gradual transition to induction heating to boost revenue growth

The Indian foundry market was valued at USD19.46bn in 2024 and is projected to touch USD31.77bn by 2029, a CAGR of 10.3%. It produces metal cast components that find use in industries such as automobiles, railways, pipe fittings, earth moving equipment, wind turbines, defence, aerospace, and power. Grey iron castings account for ~68% of production. Foundries are gradually shifting from coke-fuelled cupolas to induction melting for environmental benefits. This gradual shift to induction heating is likely to fuel growth for MEGATHER in the near to medium term.

Expands capacity to meet growing demand

The company operates from its manufacturing facility in Kharagpur, West Bengal, with an annual capacity of 300 furnaces and transformer units. Two units are operational. A third dedicated to transformers is expected to turn operational in Q4FY25. This unit will aid growth in induction products. MEGATHER has an ample land bank which can be utilised to enter new product segments to capture various emerging market opportunities and help fulfil its current order book of INR350cr.

Spreading its global footprint

Exports contribute 20–30% of total revenue. In FY24, total revenue from export stood ~23%. It exports to: i) South America (Argentina, Brazil, etc.); ii) Africa (South Africa, Kenya, Tanzania, Ghana, and Nigeria); iii) the Gulf (Saudi Arabia and the UAE); iv) Europe (Poland and France); v) SAARC (Bangladesh, Nepal, and Bhutan); and vi) Southeast Asia (Indonesia and Malaysia). It plans to bolster its international presence at renowned trade fairs and by establishing marketing offices in key locations, and periodically communicating the benefits of its products to clients. These strategic initiatives will help attract clients and expand revenue from exports.

Valuations

At the CMP of INR323, the stock trades at a P/E ratio of 27.1x and 15.1x EV/EBITDA on a TTM basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	188	266	306
Rev growth (%)	72.3	41.6	15.2
EBITDA (INR Cr)	8	28	36
Adjusted PAT (INR Cr)	1	14	21
P/E (x)	*549*	*43*	*29*
Price/BV(x)	16.6	12.0	5.1
EV/EBITDA (x)	79.5	22.9	16.2
RoACE (%)	7.3	28.5	25.5
RoAE (%)	3.1	32.1	24.2

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Financials

Income statement (INR crs)

Year to March	FY22	FY23	FY24
Income from operations	188	266	306
Direct costs	152	202	226
Employee costs	10	13	16
Other expenses	18	23	28
Total operating expenses	180	238	270
EBITDA	8	28	36
Depreciation and amortisation	2	2	3
EBIT	6	25	33
Interest expenses	5	6	6
Other income	1	1	1
Extraordinary items	0	0	0
Profit before tax	2	20	28
Provision for tax	0	6	7
Core profit	1	14	21
Extraordinary items	0	0	0
Profit after tax	1	14	21
Share from associates	0	0	0
Adjusted net profit	1	14	21
Equity shares outstanding (cr)	1	1	2
EPS (INR) basic	1.2	15.2	11.0
Diluted shares (Cr)	2	2	2
EPS (INR) fully diluted	0.6	7.4	11.0
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	95.8	89.6	88.2
Depreciation	1.1	0.9	1.1
Interest expenditure	2.7	2.2	2.0
EBITDA margins	4.2	10.4	11.8
Net profit margins	0.6	5.3	6.8

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	72.3	41.6	15.2
EBITDA	(39.7)	247.0	30.8
PBT	(64.1)	1,196.7	39.0
Net profit	(64.2)	1,162.2	47.8
EPS	(64.2)	1,162.2	47.8

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	3.1	32.1	24.2
ROACE (%)	7.3	28.5	25.5
Debtors (days)	49	32	38
Current ratio	1	1	2
Debt/Equity	1.1	0.8	0.3
Inventory (days)	133	98	97
Payable (days)	73	58	51
Cash conversion cycle (days)	109	71	85
Debt/EBITDA	5	2	1
Adjusted debt/Equity	0.6	0.4	(0.2)

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0.6	7.4	11.0
Y-o-Y growth (%)	*(64.2)*	*1,162.2*	*47.8*
CEPS (INR)	1.7	8.7	12.8
P/E (x)	*548.7*	*43.5*	*29.4*
Price/BV(x)	16.6	12.0	5.1
EV/Sales (x)	*3.4*	*2.4*	*1.9*
EV/EBITDA (x)	79.5	22.9	16.2
Diluted shares O/S	*1.9*	*1.9*	*1.9*
Diluted EPS	0.6	7.4	11.0
PE (x)	*548.7*	*43.5*	*29.4*
Dividend yield (%)	0.0	0.0	0.0

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	9	9	19
Preference Share Capital	0	0	0
Reserves & surplus	27	41	102
Shareholders funds	37	51	120
Secured loans	38	43	36
Unsecured loans	2	0	0
Borrowings	40	43	36
Minority interest	0	0	0
Sources of funds	**77**	**93**	**157**
Gross block	49	70	79
Depreciation	9	12	15
Net block	40	58	64
Capital work in progress	2	1	0
Total fixed assets	42	59	64
Right of Use Assets	0	0	0
Investments	0	0	7
Inventories	69	71	82
Sundry debtors	25	23	32
Cash and equivalents	18	21	61
Loans and advances	17	9	12
Other current assets	0	0	0
Total current assets	129	124	187
Sundry creditors and others	91	92	106
Provisions	1	2	3
Total CL & provisions	92	94	109
Net current assets	37	30	78
Net Deferred tax	-3	-3	-3
Misc expenditure	0	8	11
Uses of funds	**77**	**93**	**157**
Book value per share (INR)	19	27	64

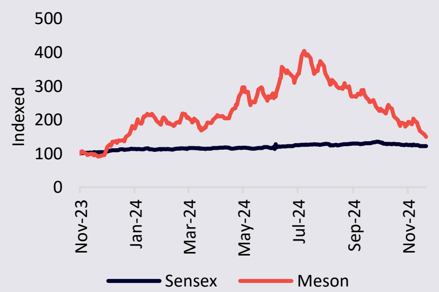
Cash flow statement

Year to March	FY22	FY23	FY24
Net profit	1	16	22
Add: Depreciation	2	2	3
Add: Misc expenses written off/Other Assets	7	7	7
Add: Deferred tax	0	0	0
Gross cash flow	10	25	32
Less: Changes in W. C.	-7	-1	9
Operating cash flow	17	26	23
Less: Capex	2	19	13
Free cash flow	**16**	**7**	**10**

Meson Valves India

CMP: INR507
Rating: Not Rated

Bloomberg:	MESON:IN
52-week range (INR):	301/1,400
M-cap (INR cr):	515
Promoter holding (%)	32.8



Established in 2017, Meson Valves India (MESON) is the largest non-ferrous valve manufacturer in the country, with marquee clients across industries such as defence, oil and gas, water, power and shipbuilding. It has a portfolio of more than 25 high-precision valves, with butterfly valves, ball valves, globe valves, and auto drain valves contributing ~75% to FY24 revenue. It clocked a revenue/EBITDA of 112%/98% CAGR over FY22–24 to INR63cr/INR15cr given the rising spends on boosting India's naval capabilities and refinery capacity, and the government's focus on shipbuilding. It plans to focus on water treatment and is exploring applications in the naval and shipbuilding segments.

It has invested in a captive foundry, raised its machining capacity of non-ferrous valves, entered technical collaborations to enhance its water filtration capabilities, and incorporated a JV for installation of piping systems in naval and commercial ships. We see it significantly scaling up in the water treatment segment and maintaining its leadership in non-ferrous valves ahead. We are bullish on its growth story and are confident in its ability to execute. At the CMP, the stock trades at TTM EV/EBITDA of 28.4x. Based on the management guidance and our preliminary estimates, the stock trades at an EV/EBITDA of 10.5x FY26 earnings. The stock is not rated.

Market leader with established credentials in the non-ferrous valves segment in India

MESON is the largest player in India with over 40% share, while the rest is largely imported from Germany, Russia, and France. Its products (25+ SKUs) find use in defence, oil and gas, shipbuilding, and water. With a revenue potential of INR250cr, its assembly and fabrication unit in Pune, is capable of high precision output necessary for critical applications. About 16 valves have received Type approval from DRDO, thus making it fit for use by the Indian military. Being one of the handful domestic suppliers of non-ferrous valves, with the required quality certifications, it serves all large shipyards (MDL, CSL, GRSE, HSL, and GSL) and most energy corporations (HPCL, IOCL, and Engie). With most of its products being approved by the Ministry of Defence, we expect it to be one of the key beneficiaries of the growing demand and expect it to maintain its market leadership. India's five major shipyards have a combined outstanding order book of over INR1,15,000cr, with orders worth INR1,25,000cr expected by 2030. If we estimate the non-ferrous valve content to be 0.4–0.5% of the total ship cost, we see ~INR760cr flowing its way over the next five years.

Plans foray into water treatment and piping system segments

In June, MESON incorporated a subsidiary H2O Dynamics India to offer design, manufacture, repair, installation, and distribution of water processing equipment. With technical support from BARC and Georg Schunemann, it has developed technologies that remove pollutants from industrial wastewater. It plans to target firms in the F&B, auto, mining, pharma, power, petrochemical, and O&G space. In September, it secured its first set of orders (INR7cr) for supply and installation of prefabricated sewage treatment plants with 1.6MLPD capacity.

It is running a 1MLPD pilot with ONGC for filtration of water extracted from oil wells and expects follow-up orders on success of this pilot. In FY24, it inked a JV with Nibe, which specialises in piping infra and valve solutions for large commercial ships. We expect the piping segment to contribute from FY26 and foresee an opportunity of INR2,500–3,750cr (INR100–150cr opportunity per ship) from upcoming defence orders by 2030.

Valuation and view

Owing to i) the surge in shipbuilding order from the defence segment, ii) strong capabilities and leadership in non-ferrous valve manufacturing, iii) foray into the high growth water treatment segment, we see MESON posting a revenue/EBITDA/PAT CAGR of 89%/91%/84% over FY24–27. At the CMP, the stock trades at 28.4x/10.6x TTM/FY26E EV/EBITDA. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	14	37	63
Revenue growth (%)	-8	160	72
EBITDA (INR cr)	4	7	15
EBITDA margin (%)	27	19	23
Net profit (INR cr)	2	4	9
P/E ratio (x)	163.5	78.6	48.8
RoACE (%)	31.1	30.0	28.0
RoAE (%)	132.5	39.2	22.5

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	14	37	63
Cost of units sold	4	24	38
Employee costs	2	3	4
Other expenses	4	3	6
Total Operating expenses	10	30	48
EBITDA	4	7	15
Depreciation and amortisation	0	0	1
EBIT	3	6	14
Interest expenses	1	1	1
Other income	0	1	0
Exceptional item	-	-	-
Profit before tax	3	6	13
Provision for tax	1	2	4
Profit after tax	2	4	9
Share of Minority in profits	-	-	-
Adj. profit after tax	2	4	9
Shares outstanding	0	1	1
Adjusted EPS	306	6	9

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	73	81	77
Depreciation	3	1	2
Interest expenditure	4	2	1
EBITDA margins	27	19	23
Net profit margins	15	12	14

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	-8	160	72
EBITDA	516	85	113
PBT	1,400	105	110
Adj. Net profit	1,845	108	103
Adj. EPS	1,845	108	103

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	132.5	39.2	22.5
ROACE (%)	31.1	30.0	28.0
Debtors (days)	266	155	201
Inventory (days)	261	125	85
Payable (days)	303	70	75
Cash conversion cycle (days)	224	210	211
Debt/Equity	3.4	0.6	0.1
Debt/EBITDA	2.5	1.6	0.4
Adjusted debt/Equity	2.6	0.4	0.0

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	3.1	6.5	10.4
Diluted P/E (x)	163.5	78.6	48.8
Price/BV(x)	1.3	17.5	8.6
EV/EBITDA (x)	138.8	75.4	35.0
Diluted shares O/S	0.0	0.7	1.0
Basic EPS	3.1	6.5	10.4
Basic PE (x)	163.5	78.6	48.8

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	0	7	10
Reserves & surplus	3	13	50
Shareholders' funds	3	20	60
Total Debt	9	11	6
Other Long-Term Liabilities	0	-	-
Deferred Tax Liabilities	-0	-	1
Minority interest	-	-	-
Sources of funds	**12**	**31**	**66**
Gross block	2	3	17
Depreciation	1	1	3
Net block	2	2	14
Capital work in progress	-	-	4
Total fixed assets	2	2	18
Investments	-	-	-
Inventories	10	13	15
Sundry debtors	10	16	35
Cash and equivalents	2	3	3
Loans and advances	3	12	14
Total current assets	26	43	66
Sundry creditors and others	14	10	14
Provisions	1	4	4
Total CL & provisions	15	14	18
Net current assets	10	29	48
Other Assets	-	1	1
Uses of funds	**12**	**31**	**66**
Book value per share (INR)	383	29	59

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	3	5	11
WC Changes	-4	-18	-18
CFO	-1	-13	-7
CFI	-1	-1	-17
CFF	-1	14	25
Total Cash Flow	-2	0	1

OBSC Perfection

OBSC Perfection (OBSCP) is a precision metal component manufacturer. It and offers a diversified suite of high-quality precision products across various end-user industries and geographies including the US, Germany, Belgium, Italy, Turkey, and Indonesia. It caters to the top OEMs in domestic automotive sector. Outside the auto sector, though small, it serves the defence, marine, and telecom industry.

Exports constitute ~17% of group sales. It has 24 products classified under four groups: i) shafts/rods (piston, torsion, rack bars, pinion, cut blanks, etc.); ii) components (water cooled injector, cable-end fittings, housing brass aluminium, etc.); iii) cold forging (fork bolt, connectors, ball pin housing, etc.); and iv) investment casting (sensor boss, stop disc, housing, male-female ring, etc.). It has three manufacturing plant(s) in Pune and 1 plant in Chennai. All the plants are close to automotive cluster, thus helping in efficient supply chain management. The stock is not rated.

CMP: INR147.50
Rating: Not Rated

Bloomberg:	OBSC:IN
52-week range (INR):	153 / 110
M-cap (INR cr):	361
Promoter holding (%)	73

Raises INR66cr via an IPO in October to boost production capabilities

OBSCP successfully raised INR66cr through an IPO in October. The proceeds will be used to: i) expand its production capabilities in Chennai and Pune; and ii) meet its working capital needs. It added more than 30 CNC machines in H1FY25 and has received quotations to add more. Additionally, OBSC is planning to add a manufacturing facility in Sanand (Gujarat), a prominent auto hub in India. It has received a nomination letter from a leading auto OEM in relation to its Gujarat plant.

Order book supportive of capacity additions

It has a strong order book which is supportive of its planned capacity growth. It has confirmed orders of INR28cr (as of July) and nomination letters of INR360cr (as of November). Company has been successful in tapping the growing demand for precision products with ~43%/~71%/~84% revenue/EBITDA/PAT CAGR over FY22–24. EBITDA margin expanded by 550bp in the last two years. Cash generation has been weak as higher capex led to adverse FCF of INR5cr/INR9cr in FY24/ H2FY25.

Aims to diversify revenue streams beyond auto sector

OBSCP's core expertise lies in the auto industry, which contributing ~93% to group sales. Marine is the second biggest revenue contributor with ~7% of group sales. Company is looking to expand its reach beyond auto in sectors like defence, marine, and telecom. As part of its diversification strategy, revenue exposure to the defence sector rose to INR1cr in H1FY25 from INR28lk in FY24. It secured its first renewable order (wind energy) and is in discussion with a client in the US marine sector.

Valuation

At the CMP of INR147.50, the stock is trading at 24.87x trailing 12 months P/E.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR lk)	5,653	9,636	11,503
Revenue growth	125	70	19
EBITDA (INR lk)	708	974	2,076
EBITDA margin (%)	12.5	10.1	18.0
PAT (INR lk)	360	457	1,221
PAT margin (%)	6.4	4.7	10.6
EPS (INR)	2.0	2.6	6.8
P/E ratio	**101.1x**	**30.2x**	**28.5x**

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Financials

Income Statement (INR lk, unless specified)

Year to March	FY22	FY23	FY24
Income from operations	5,653	9,636	11,503
Direct costs	4,295	7,174	6,555
Employee benefits expenses	154	275	428
Other Expenses	254	410	464
Operating exepenses	4,945	8,662	9,427
EBITDA	**708**	**974**	**2,076**
Depreciation and Amortisation Expense	146	214	273
EBIT	**562**	**759**	**1,804**
Finance Costs	149	184	269
Other Income	19	55	108
Profit before Tax (PBT)	432	631	1,643
Tax Expense	72	173	422
Net profit for the year	360	457	1,221
EPS, Diluted	**2.02**	**2.56**	**6.84**

Common size metrics - as % of revenues

Year to March	FY22	FY23	FY24
Operating expenses	87.5%	89.9%	82.0%
Depreciation	2.6%	2.2%	2.4%
Interest expense	2.6%	1.9%	2.3%
EBITDA margin	**12.5%**	**10.1%**	**18.0%**
EBIT margin	9.9%	7.9%	15.7%
Net profit margin	6.4%	4.7%	10.6%

Growth Metrics

Year to March	FY22	FY23	FY24
Revenues	125%	70%	19%
EBITDA	119%	37%	113%
PBT	346%	46%	161%
Net profit	205%	27%	167%
EPS	NA	27%	167%

Ratios

Year to March	FY22	FY23	FY24
Gross margin	19.6%	23.9%	39.4%
Current ratio	1.3	1.1	1.5
Inventory days	39.4	49.7	75.9
Receivables days	89.5	114.8	134.0
Payables days	76.9	94.6	86.8
Cash conversion cycle	52.0	69.9	123.1
Net debt /EBITDA	2.4x	3.0x	1.7x

Balance Sheet (INR lk, unless specified)

Year to March	FY22	FY23	FY24
PPE	2,211	3,030	4,083
Capital Work in progress	168	490	218
Long term loans & Advanes	44	72	100
Total non-current assets	**2,424**	**3,592**	**4,401**
Inventories	677	862	1,491
Trade receivables	1,558	1,997	2,153
Cash and cash equivalents	39	61	58
Other current assets	149	405	548
Total current assets	**2,424**	**3,324**	**4,250**
Total Assets	**4,847**	**6,916**	**8,651**
Total Equities	**1,328**	**1,786**	**3,007**
Long Term Borrowings	1,637	1,882	2,560
Other Long term liabilities	82	116	162
Total Non Current liabilities	**1,719**	**1,998**	**2,721**
Short Term Borrowings	261	1,459	1,588
Trade payables	1,400	1,530	1,159
Other current laibilities	140	144	175
Total Current liabilities	**1,800**	**3,133**	**2,922**

Cash Flow (INR lk, unless specified)

Year to March	FY22	FY23	FY24
Profit before tax	432	631	1,643
Add: D&A	146	214	273
Add: other non cash expenses	149	183	256
Less: change in working capital	635	379	754
Other operating cash flow	4	-233	-233
Net cash flow from operating activities	**639**	**145**	**520**
Capex PPE	-554	-1,355	-1,053
Free cash flow	**84**	**-1,210**	**-532**
Other investments	-43	-28	-15
Net cash flow from investing activities	**-597**	**-1,383**	**-1,068**
Net cash flow from financing activities	**-102**	**1,259**	**546**

One Point One Solutions

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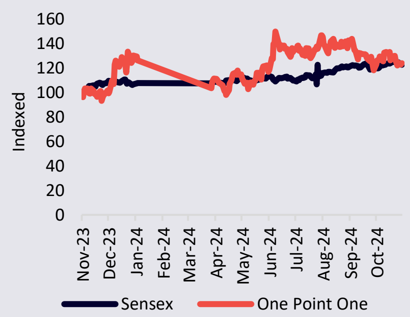
professional clients group

One Point One Solutions (ONEPOINT) is a prominent customer lifecycle management (CLM), business process management (BPM), and technology services provider, catering to diverse verticals such as B2B, B2C, digital business, and marketplaces. With over 12 years of experience, it operates across five locations and eight centres in India, backed by a robust team of 5,500 IT professionals. It serves a diversified customer base, with over 50 marquee clients spread across domestic and international markets. Its key differentiator lies in adopting next-generation technologies and automation, which enable value-added services and seamless scalability. In February, it acquired IT Cube Solutions to broaden its service portfolio, provide access to new clients and markets, and reinforce its focus on global expansion. The stock is not rated.

CMP: INR63
Rating: Not Rated

Bloomberg:	ONEPOINT:IN
52-week range (INR):	45 / 78
M-cap (INR cr):	1,603
Promoter holding (%)	51.86

Relative Price Performance



Diversifies offerings across the value chain

ONEPOINT offers a comprehensive suite of services spanning BPO, KPO, IT, technology transformation, and analytics. This diversification positions it as a one-stop solution provider for clients across industries, enhancing client stickiness and driving recurring revenue streams.

Strong global expansion plans

Its plan to establish a global delivery network across LatAm, Europe, and Southeast Asia underscores its commitment to international growth. This expansion diversifies its revenue base and opens opportunities in high-growth markets, mitigating its reliance on domestic operations.

Strategic acquisitions and market expansion

The acquisition of ITCube Solutions has significantly strengthened ONEPOINT's position in the BPM and IT services market, enhancing its service offerings and providing access to new geographies and clients. With various acquisitions in advanced stages of due diligence, it is strategically expanding its footprint. This approach enables the company to capture a larger market share while diversifying its revenue streams across industries and regions. The combination of strong organic growth and strategic acquisitions like ITCube Solutions positions the company for accelerated growth. The expected PAT growth to INR60–65cr in FY25 from INR21cr in FY24 reflects its ability to scale operations effectively

.

Leveraging automation and technology

The management's focus on RPA, generative AI, and analytics-driven insights enhances its value proposition. By enabling clients to optimise operations and make data-driven decisions, ONEPOINT is ahead in the rapidly evolving BPM landscape.

Valuations

ONEPOINT is a compelling play given its diversified offerings, robust global expansion plans, and strategic focus on high-margin services. Its innovative approach to automation and technology transformation, coupled with its strong execution capabilities, positions it as a leader in the BPM industry. With ambitious financial targets and a clear roadmap for growth, it is well-poised to deliver significantly better financials in coming years. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	132	140	170
Rev growth (%)	30	7	21
EBITDA (INR Cr)	28	33	51
Adjusted PAT (INR Cr)	3	9	21
P/E (x)	403	157	64
Price/BV(x)	29.5	24.9	9.9
EV/EBITDA (x)	49	42	27
RoACE (%)	(7.3)	11.3	20.5
RoAE (%)	7.6	17.3	21.9

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nuvama professional clients group

Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	132	140	170
Direct costs	-	-	-
Gross Profit	132	140	170
Employee costs	80	85	89
Other expenses	23	22	30
Total Operating expenses	103	107	118
EBITDA	28	33	51
Depreciation and amortisation	22	19	22
EBIT	6	14	30
Interest expenses	8	5	5
Non-operating Income	7	4	5
Extraordinary Income	-	-	-
Profit before tax	5	13	30
Provision for tax	2	4	9
Profit after tax (before MI)	3	9	21
Share of Minority in profits	-	-	-
Profit after tax	3	9	21
Adjusted Profit after tax	3	9	21
Shares outstanding	22	22	22
Adjusted EPS	0	0	1

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	78.6	76.4	69.8
Depreciation	16.9	13.6	12.7
Interest expenditure	5.8	3.7	2.9
EBITDA margins	21.4	23.6	30.2
Net profit margins	2.6	6.3	12.6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	30	7	21
EBITDA	255	17	55
PBT	NM	138	136
Net profit	NM	157	143
EPS	NM	157	143

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	7.6	17.3	21.9
ROACE (%)	(7.3)	11.3	20.5
Debtors (days)	70.2	101.0	148.7
Current ratio	1.3	1.5	2.7
Debt/Equity	0.3	0.3	0.2
Inventory (days)	-	-	-
Payable (days)	13	15	12
Cash conversion cycle (days)	57	86	136
Debt/EBITDA	0.5	0.5	0.5
Adjusted debt/Equity	0.3	0.3	0.2

Valuation Parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0	0	1
Y-o-Y growth (%)	-	157	143
Diluted P/E (x)	403	157	64
Price/BV(x)	29.5	24.9	9.9
EV/Sales (x)	10.5	9.9	8.2
EV/EBITDA (x)	49	42	27
Diluted shares O/S (in Cr)	21.8	21.8	21.8
Basic EPS	0	0	1
Basic PE (x)	403	157	64

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	38	38	54
Reserves & surplus	9	18	85
Shareholders funds	47	55	140
Total Debt	14	16	26
Other Long Term Liabilities	28	30	43
Deferred Tax Liabilities	(11)	(7)	(1)
Minority interest	-	-	-
Sources of funds	77	93	209
Gross block	135	163	242
Depreciation	73	94	115
Net block	62	69	126
Capital work in progress	-	-	-
Total fixed assets	62	69	126
Investments	6	8	9
Inventories	-	-	-
Sundry debtors	25	39	69
Cash and equivalents	2	2	18
Loans and advances	14	11	30
Total current assets	46	60	126
Sundry creditors and others	4	4	4
Provisions	28	31	40
Total CL & provisions	31	35	44
Net current assets	15	25	82
Misc expenditure	-	-	-
Uses of funds	77	93	209
Book value per share (INR)	2	3	6

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	26	29	42
WC Changes	10	(7)	(41)
CFO	36	22	2
CFI	34	(26)	(75)
CFF	(69)	5	89
Total Cash Flow	0	1	16

Onyx Biotech

Moving up the value chain

CMP: INR59
Rating: Not Rated

Bloomberg:	ONYX:IN
52-week range (INR):	51 /62
M-cap (INR cr):	108
Promoter holding (%)	65.10

Incorporated in May 2005, Onyx Biotec Limited is a pharmaceutical company providing sterile water for injections. The company currently manufactures Sterile Water for Injections and serves as a pharmaceutical contract manufacturer, offering a comprehensive range of Dry Powder Injections and Dry Syrups for both the Indian and overseas markets. The company has two manufacturing units in Solan, Himachal Pradesh. Unit I has a daily production capacity of 638,889 units of Sterile Water for Injections, while Unit II produces 40,000 units of dry powder injections and 26,667 units of dry syrup per day in a single shift. As of May 31, 2024, the company had a client base of more than 100 Indian and multinational pharmaceutical companies. The company is in process of upgrading Unit-1 to manufacture large volume parenteral and setting up ahigh speed cartooning packaging line at Unit-2 to bring operational efficiency.

Change in revenue mix to boost operating margins: After establishing a strong foothold in sterile water injections, the company entered in manufacturing of Dry Syrup and Dry Powder Injections in FY24 with capacities of 80000 and 120000 units per day. Further, it also completed majority of the requirements for WHO-GMP certification, which will enable to tap exports market. In FY24, revenue from Dry Powder Injections and dry powder syrups contributed 38% and 2%, respectively in the first year of operations, which led to drop in contribution from Sterile Water for Injections to 59.5% (from 99% in FY23). The change in revenue mix led to 400bps YoY increase in EBITDA margin to 16% in FY24. The optimisation of expanded capacities is expected to further drive the operating margins.

Marque clients instill confidence in sustainability of business: The company has longstanding relationships with marque clients like s Hetero Healthcare, Mankind Pharma, Sun Pharma, Aristo Pharmaceuticals, Macleods Pharma, Mapra Laboratories to name a few. It has benefitted from repeat orders in the past three years from 35 of our more than 100 clients in terms of revenue, as of May 31, 2024. Moreover, it has long-term supply agreement with Medibox Pharma, Nicholas Healthcare, Plenteous Pharma and Aspire India Lifecare, which instil confidence of scalable operations. In FY24, top-5 customers contributed 51% of revenue as compared to 80% in FY22.

Proceeds of IPO to fund growth Capex: The company recently came out with IPO to raise INR29.34 cr, mainly to invest in the upgradation of existing manufacturing Unit I to manufacture large volume parentals for intravenous use (INR6 cr); Setting up a high-speed cartooning packaging line at existing manufacturing Unit II for Dry Powder Injections (INR1.24 cr) and prepayment or repayment of of certain loans availed by the company.

Expansion and export opportunities augers well: Unit II has been setup under EU-GMP standards under which Onyx will be able to export to majority of African, Asian nations. Currently, it generates entire revenue from the domestic clients. Onyx is under process for applying for such certifications. The land available in Unit II is approximate 4 acres and Onyx has currently used only 2.5 acres and has space for further expansions as per the demands from the market.

Strong operating performance in FY24: The company reported a 36% YoY jump in revenue to INR53.75 cr in FY24 and generated INR10.53 cr for two months (April-May'24) of the current fiscal. The EBITDA doubled toINR8 cr on the back of 400bps expansion in EBITDA margin (to 16%). The EBITDA margin further improved to 26% in first two months of FY25. The net profit grew by 64% YoY to INR3.03 cr. In two months of FY25, it generated a net profit of INR1.31 cr. Its ROE improved to 14% in FY24 as compared to 10% in FY23.

Outlook, valuation and view: Recent expansion and proposed upgradation of key facilities are set to drive performance in upcoming years. Its entry into dry powder injection and syrup supplements its sterile water injection business as it will leverage a strong relationship with marque clients. Post the approvals from international agencies, it will expand into the export market. The stock is currently trading at 26x FY24 EPS.

Key financials

Year to March	FY22	FY23	FY24
Net Revenues (INR Cr)	45	39	54
% Growth (YoY)		*-12*	*36*
EBITDA (INR Cr)	6	4	8
% Growth (YoY)		*-20*	*86*
Adj. Net Profit (INR Cr)	3	2	3
Adjusted EPS (INR)	3	1	2
Diluted P/E (x)	24	43	26
EV/EBITDA (x)	8	14	13
ROACE (%)	16	9	13

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	44.9	39.5	53.8
Direct costs	27	21	36
Employee costs	9	10	6
Other expenses	4	4	4
Total operating expenses	39	35	45
EBITDA	6	4	8
Depreciation and amortisation	1	1	2
EBIT	4	3	6
Interest expenses	1	1	2
Other income	0	0	0
Profit before tax	4	3	4
Provision for tax	0	1	1
Core profit	3	2	3
Extraordinary items	-	-	-
Profit after tax	3	2	3
Share from associates	-	-	-
Adjusted net profit	3	2	3
Equity shares outstanding (Crores)	0.6	0.6	1.3
EPS (INR) basic	3	1	2
Diluted EPS (INR)	2.5	1.4	2.3

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	87	89	84
Depreciation	3	4	4
Interest expenditure	1	1	4
EBITDA margins	13	11	16
Net profit margins	7	5	6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	-	-12	36
EBITDA	-	-20	86
PBT	-	-33	59
Net profit	-	-45	64
EPS (Diluted)	-	-45	64

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	20	11	14
ROACE (%)	16	9	13
Debtors (days)	68	47	104
Inventory (days)	25	58	62
Payable (days)	35	64	94
Cash conversion cycle (days)	58	41	73
Current ratio	1.4	0.7	1.3
Debt/Equity	0.7	1.6	1.2
Net debt/Equity	0.7	1.6	1.2
Net Debt/EBITDA	2.2	6.5	3.5

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	2.5	1.4	2.3
Y-o-Y growth (%)	*-*	*(44.8)*	*64.3*
CEPS (INR)	3.6	2.5	4.0
Diluted P/E (x)	23.4	42.5	25.9
Price/BV(x)	2.1	1.9	3.2
EV/Sales (x)	1.0	1.6	2.0
EV/EBITDA (x)	8.3	14.3	12.9
Diluted shares O/S	1.3	1.3	1.3
Basic EPS	2.5	1.4	2.3
Basic PE (x)	23.4	42.5	25.9

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	6	6	13
Reserves & surplus	10	12	12
Shareholders funds	16	18	25
Borrowings	12	29	31
Lease Liabilities	-	-	-
Net Deferred tax	1	2	3
Minority interest	-	-	-
Other Non-Current Liabilities	-	-	-
Sources of funds	**30**	**49**	**58**
Gross block	30	57	60
Depreciation	13	14	17
Net block	17	43	43
Capital work in progress	4	-	-
Right of Use Assets	-	-	-
Total fixed assets	21	43	43
Intangible	-	-	-
Investments	-	-	-
Inventories	3	6	9
Sundry debtors	8	5	15
Cash and equivalents	0	0	1
Loans and advances	3	0	0
Other current assets	0	3	3
Total current assets	**14**	**15**	**30**
Sundry creditors and others	6	9	15
Provisions	0	0	0
Total CL & provisions	7	9	16
Net current assets	8	5	14
Other Non-Current Assets	1	2	1
Misc expenditure			
Uses of funds	**30**	**49**	**59**
Book value per share (INR)	28	31	19

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
Net profit	3	2	3
Add: Depreciation	1	1	2
Add: Misc expenses written off	-5	0	-4
Add: Deferred tax	-	-	-
Gross cash flow	0	4	2
Less: Changes in W. C.	-5	-2	7
Operating cash flow	6	6	-5
Less: Capex	-6	-23	-3
Free cash flow	**11**	**29**	**-2**

OSEL Devices

nuvama professional clients group

Founded in 2006, OSEL Devices (OSELDEVI) manufactures hearing aid devices and a comprehensive range of LED display systems. Its LED display systems find commercial usage in advertising media, billboards, corporate meeting rooms, presentations, display promotions, command control centres, and front sign boards. Its strong clientele includes Artificial Limbs Manufacturing Corporation of India, PVR, Lulu Mall, and Indian Space Research Organisation (ISRO). Its facility in Greater Noida has an annual production capacity of 4lk units of hearing aid devices and 15,000 sq. ft. of LED display systems. Hearing aids contributed 64% to FY24 revenue with LED display systems forming the rest. Revenue/EBITDA/PAT in FY24 stood at INR132cr/INR22cr/INR13cr. The stock is not rated.

Market penetration and geographic expansion

OSELDEVI aims to enhance its domestic presence by strengthening its relationships with channel partners. To expand internationally in LED display systems, it is targeting emerging metropolitan markets with high demand in the Middle East and North America. Its hearing aid devices are sold through government tenders and white label manufacturing. The management intends to penetrate the retail segment by offering hearing aids to audiologist clinics across India.

Product diversification and innovation

It aims to develop LED display variants that are tailored to specific industry requirements by integrating latest technologies such as interactive screens, eco-friendly materials, and lower power consumption products. It is also in the development stage for various hearing aid products like in ear, completely in the canal, invisible in the canal, receiver in the canal, and in the canal hearing aids.

IPO proceeds

The company raised INR70.6cr through an IPO, which was a fresh issue. The stock listed on September 24. The issue proceeds are set to be utilised for repayment of loans in part or full, working capital, and general corporate purposes.

Strong order book portends significant growth in H2FY25

As of July 15, it had an order book of INR46.4cr (hearing aids/LED display systems: ~INR37.2cr /INR9.2cr). Orders owned, but in the process of documentation, amounted to INR73.8cr (hearing aids/LED display systems: ~INR65.8cr/INR8cr). Given the strong order book and the company having locked in a revenue of INR87cr in H1FY25, the management anticipates significant growth.

Financial highlights of H1FY25 and valuation

The company posted a strong overall performance in H1FY25. Revenue surged by 72.3% YoY to INR87.35cr. EBITDA grew 56% YoY to INR13.42cr. Margin contracted by 160bp YoY to 15.36%. PAT grew 61.9% YoY to INR8.01cr. At the CMP of INR207, the stock trades at 17.7x P/E on a TTM basis.

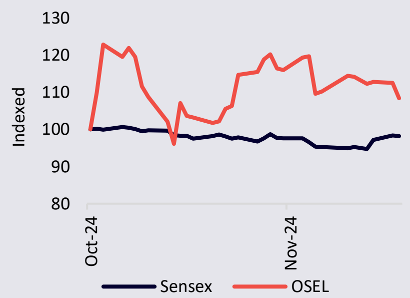
Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	65	82	132
Revenue growth (%)	-	26	61
EBITDA (INR cr)	4	9	22
Adjusted PAT (INR cr)	2	5	13
P/E ratio (x)	18.1	8.3	18.3
Price/BV ratio (x)	5.0	3.1	9.4
EV/EBITDA ratio (x)	9.6	6.4	11.6
RoACE (%)	3.7	34.2	52.4
RoAE (%)	2.2	46.8	69.4

CMP: INR207
Rating: Not Rated

Bloomberg:	OSELDEVI:IN
52-week range (INR):	170 / 242
M-cap (INR cr):	333
Promoter holding (%)	71.53

Relative Price Performance



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	65	82	132
Direct costs	58	69	102
Employee costs	1	2	5
Other expenses	2	2	3
Total operating expenses	61	73	110
EBITDA	**4**	**9**	**22**
Depreciation and amortisation	1	1	1
EBIT	4	8	21
Interest expenses	1	1	3
Other income	0	0	0
Profit before tax	3	7	19
Provision for tax	1	2	5
Core profit	2	5	13
Minority Interest	0	0	0
Profit after tax	2	5	13
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	2	5	13
Adjusted Net Profit	**2**	**5**	**13**
Equity shares outstanding (cr)	0.2	0.2	1.2
EPS (INR) basic	11.4	25.0	11.3
Diluted shares (Cr)	0.2	0.2	1.2
EPS (adj) fully diluted	11.4	25.0	11.3
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	93.4	89.5	83.0
Depreciation	0.9	0.7	0.7
Interest expenditure	1.7	1.4	2.6
EBITDA margins	6.6	10.5	17.0
Net profit margins	3.3	5.7	9.9

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	-	25.5	61.5
EBITDA	-	98.6	160.4
PBT	-	133.4	166.2
Net profit	-	119.5	180.1
EPS	-	119.5	(54.8)

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	2.2	46.8	69.4
ROCE (%)	3.7	34.2	52.4
Debtors (days)	63	57	73
Current ratio	1.7	2.3	1.7
Debt/Equity	1.1	1.5	1.0
Inventory (days)	57	81	70
Payable (days)	85	72	100
Cash conversion cycle (days)	35	66	44
Debt/EBITDA	2.0	2.1	1.1
Adjusted debt/Equity	0.4	1.4	0.8

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	11.4	25.0	11.3
CEPS (INR)	14.4	28.2	12.1
Diluted P/E (x)	18.1	8.3	18.3
Price/BV(x)	5.0	3.1	9.4
EV/Sales (x)	0.6	0.7	2.0
EV/EBITDA (x)	9.6	6.4	11.6
Diluted shares O/S	0.2	0.2	1.2
Basic EPS	11.4	25.0	11.3
Basic PE (x)	18.1	8.3	18.3
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	2	2	12
Reserves & surplus	6	10	14
Shareholders funds	8	12	25
Secured loans	2	1	8
Unsecured loans	7	17	18
Borrowings	9	18	25
Net Debt	3	17	21
Minority interest	0	0	0
Other liabilities	0	0	1
Sources of funds	**17**	**30**	**52**
Gross block	7	9	22
Depreciation	2	2	3
Net block	5	7	18
Capital work in progress	0	0	0
Total fixed assets	5	7	18
Other non-current assets	0	0	0
Investments			
Inventories	10	18	25
Sundry debtors	11	13	27
Cash and equivalents	5	1	5
Other current assets	1	10	24
Total current assets	28	43	80
Sundry creditors and others	16	16	42
Provisions	1	2	5
Total CL & provisions	17	19	47
Net current assets	11	24	33
Uses of funds	**17**	**30**	**52**
Book value per share (INR)	41	66	22

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	3	7	19
Add: Depreciation	1	1	1
Add: Others	1	1	3
Gross cash flow	4	9	23
Less: Changes in W. C.	2	19	11
Operating cash flow	3	-11	12
Less: Capex	0	2	13
Free cash flow	**2**	**-12**	**-1**

Pearl Global Industries

Pearl Global Industries (PGIL) is one of the leading players involved in the design, manufacture, and export of diverse apparel products for all seasons, with an annual capacity of 84mn pieces. Its manufacturing facilities are spread across five countries, thus making it a top contender to be one of the top suppliers to global brands. It exports to various fashion brands and retailers across the globe.

PGIL is a classic turnaround story with a focus on superior margin. Its operational metrics have improved in the last couple of years, driven by: i) higher wallet share from existing clients and better productivity, ii) average realisation of 7% CAGR over FY20–24 due to a superior product mix, and iii) margin expansion led by a change in the product mix and operating leverage.

We expect a revenue/EBITDA/PAT CAGR of 15%/21%/23% over FY24–27 led by: i) client additions and higher spends from existing customers; ii) incremental capex leading to steady volume growth; and iii) margin expansion on higher productivity. PGIL is a perfect candidate for a valuation re-rating given its execution capabilities, growth opportunities, and quality management. The stock is not rated.

A turnaround story driven by economics of scale

The impressive expansion of ~500bp in operating margin over FY20–24 on better capacity utilisation led to positive operating leverage and productivity gains. Higher operational efficiency and economies of scale aided EBITDA margin. Profit grew 8x, with 12% volume CAGR. As it gained scale over the years, its marketing and designing offices in Spain and the UK have handled additional volumes leading to higher productivity. Revenue/EBITDA/PAT grew 22%/21%/26% YoY in H1FY25 which is better than what the management is guiding.

On a capex spree, margin to expand further

PGIL acquired assets and entered into a partnership model in Vietnam/Bangladesh in 2017/2022, grew its Indonesian operations, and expanded in Guatemala in 2023. It has invested ~INR500cr over FY18–24 which led to increased capacities and a presence in three out of the four world textile supply chains. This makes PGIL a perfect candidate to be among the top five suppliers to global brands and retailers. The management plans to invest INR450–550cr over FY24–28 to boost its capacity of 100–120mn pieces. This can result in 15% revenue CAGR, further economies of scale, and ~300bp margin expansion to ~11% by FY28.

Valuation and view

The textile sector faced a tumultuous phase in the last five years on COVID-related issues, higher inflation in the US, greater inventory with global retailers due to supply chain issues, and a surge in cotton prices and freight costs. With most of these events abating, we expect the sector to return to the growth track and see volume-driven revenue growth from here on. PGIL has been improving its productivity and is on a capex spree.

Its manufacturing bases in Bangladesh, India, Vietnam, Indonesia and Guatemala make it one of the preferred suppliers for top retailers and brands. We expect it to benefit from the China+1 theme given its presence in major global supply chains. With all growth levers in place and multiple industry tailwinds, PGIL will be one of the foremost beneficiaries. We expect a revenue/EBITDA/PAT CAGR of 15%/21%/23% over FY24–27 with over 20% RoCE.

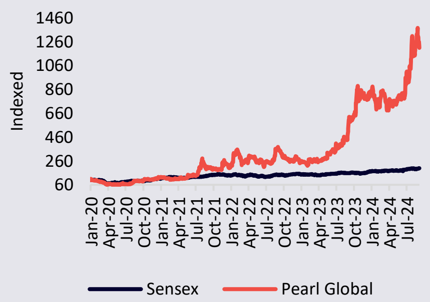
Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	2,714	3,158	3,436
Revenue growth (%)	82.0	16.4	8.8
EBITDA (INR cr)	**141**	**256**	**308**
EBITDA margin (%)	5.2	8.1	9.0
Net profit (INR cr)	**70**	**153**	**169**
P/E ratio (x)	0.0	0.0	14.9
RoACE (%)	9.1	17.3	19.9
RoAE (%)	12.2	22.5	21.7

CMP: INR1,330
Rating: Not Rated

Bloomberg:	PGIL:IN
52-week range (INR):	525/ 1,195
M-cap (INR cr):	5,369
Promoter holding (%)	62.91

Relative Price Performance



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	2,714	3,158	3,436
Direct costs	1,511	1,629	1,698
Employee costs	459	561	670
Other expenses	604	712	760
Total operating expenses	2,573	2,903	3,128
EBITDA	**141**	**256**	**308**
Depreciation and amortisation	48	51	64
EBIT	92	205	244
Interest expenses	47	65	83
Other income	33	23	32
Extraordinary items & share of profit from associates	7	13	-1
Profit before tax	86	176	192
Provision for tax	16	23	23
Core profit	70	153	169
Profit after tax	70	153	169
Reported net profit	70	153	169
Adjusted Net Profit	**70**	**153**	**169**
Equity shares outstanding (cr)	2.2	2.2	2.2
EPS (INR) basic	32.5	70.8	78.3
Diluted shares (Cr)	2.2	2.2	2.2
EPS (adj) fully diluted	32.5	70.8	78.3
Dividend per share	0.0	5.8	0.0
Dividend payout (%)	0%	8%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	94.8	91.9	91.0
Depreciation	1.8	1.6	1.9
Interest expenditure	1.7	2.1	2.4
EBITDA margins (%)	5.2	8.1	9.0
Net profit margins	2.6	4.8	4.9

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	82.0	16.4	8.8
EBITDA	132.1	81.8	20.5
PBT	655.6	104.9	9.2
Net profit	300.6	118.2	10.6
EPS	300.6	118.2	10.6

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	12.2	22.5	21.7
ROCE (%)	9.1	17.3	19.9
Debtors (days)	49	24	28
Current ratio	2.6	2.5	2.4
Debt/Equity	0.9	0.6	0.5
Inventory (days)	73	59	53
Payable (days)	59	45	52
Cash conversion cycle (days)	63	38	30
Debt/EBITDA	4.0	1.8	1.4
Adjusted debt/Equity	0.7	0.2	0.1

Valuation parameters

Year to March	FY22	FY23	FY24
Y-o-Y growth (%)	*300.6*	*118.2*	*10.6*
CEPS (INR)	54.8	94.3	108.0
Diluted P/E (x)	0.0	0.0	14.9
Price/BV(x)	0.0	0.0	3.1
EV/Sales (x)	0.4	0.2	0.3
EV/EBITDA (x)	6.9	2.0	3.6
Diluted shares O/S	2.2	2.2	2.2
Basic EPS	32.5	70.8	78.3
Basic PE (x)	0.0	0.0	14.9
Dividend yield (%)	0%	0%	0%

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	22	22	22
Reserves & surplus	577	701	780
Shareholders funds	599	722	802
Secured loans	124	89	104
Unsecured loans	440	359	341
Borrowings	564	448	445
Net Debt	414	154	79
Minority interest	16	20	15
Other liabilities	131	132	181
Gross block	411	500	611
Depreciation	153	212	242
Net block	258	288	369
Capital work in progress	15	33	35
Total fixed assets	273	321	404
Other non-current assets	261	298	302
Inventories	540	513	503
Sundry debtors	367	209	265
Other current assets	191	144	144
Total current assets	1,247	1,161	1,279
Sundry creditors and others	468	456	536
Provisions	2	1	7
Total CL & provisions	471	458	542
Book value per share (INR)	285	344	378

Cash flow statement

Year to March	FY22	FY23	FY24
EBIT	121	241	275
Add: Depreciation	48	51	64
Add: Deferred tax			
Gross cash flow	154	221	307
Less: Changes in W. C.	239	-158	-44
Operating cash flow	-85	378	351
Less: Capex	83	68	124
Free cash flow	**-168**	**310**	**228**

Quadrant Future Tek

Unlisted

Quadrant Future Tek (QFTL) specialises in next-generation train control and signalling systems. It operates an irradiated and e-beam cable manufacturing facility, offering products such as rolling stock cables, naval defence cables, solar PV cables, automotive cables, and connectors. This research-driven company provides end-to-end solutions for electrical connectors and wiring harnesses. It has signed a MoU with RailTel Corporation of India (RAILTEL) to explore opportunities in automatic train protection systems (KAVACH) and is looking to expand its scope in global railway systems. The stock is not rated and unlisted.

Manufacturing facility boasts of several regulatory approvals

QFTL operates: i) a manufacturing, testing, research, and development facility for specialty cables in Mohali (Punjab); and ii) a railway signalling division and an embedded system design centre for train control and signalling in Bengaluru and Hyderabad. The Mohali facility is approved by: i) RDSO for control, power, and signalling cables for railway coaches, locomotives, and EMUs; ii) DGQA for naval cables, thus supporting the domestic marine industry; and iii) IRS for various cables including screened and unscreened types. Its railway signalling division is approved by RDSO for producing and testing the KAVACH system and electronic interlocking systems.

Focus is on driving innovation and efficiency

The management is looking to invest in research, design, and innovation to build safe, valuable, and cost-effective solutions for its customers. It believes that consistent R&D investments will enable it to stay ahead of the competition, lower costs, and enhance efficiency. It has invested significantly in developing an automatic train protection system, including TCAS, and intends to upgrade this system with newer technologies to enhance its design and development capabilities.

Aims to expand its client base and specialise in irradiated cables

The management aims to widen its client base by strengthening its relationships with third-party customers by diversifying into sectors like defence. It is looking to deepen its relationships with promoter group customers as they provide greater stability and predictability to its operations. It plans to focus on niche segments of the economy that require the application of irradiated cables by specialising in the development and production of electric and control cables.

Objectives of the IPO

As per the DRHP filed with market regulator SEBI, QFTL aims to utilise the net proceeds: i) to fund the development of an electronic interlocking system (INR25cr); ii) for its long-term working capital needs (INR150); iii) to repay borrowings (INR25cr); and iv) for general corporate purposes.

Valuations

The stock is yet to list on the exchanges and is not rated.

Key financials

Year to March	FY21	FY22	FY23
Revenues (INR Cr)	73	104	153
Rev growth (%)		43.2	46.6
EBITDA (INR Cr)	11	9	26
Adjusted PAT (INR Cr)	5	2	14
P/E (x)	-	-	-
Price/BV(x)	-	-	-
EV/EBITDA (x)	-	-	-
RoACE (%)	15.0	8.3	22.8
RoAE (%)	35.2	13.2	61.7

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Financials

Income statement (INR cr)

Year to March	FY21	FY22	FY23
Income from operations	73	104	153
Direct costs	48	80	110
Employee costs	3	7	5
Other expenses	10	8	11
Total operating expenses	62	95	126
EBITDA	11	9	26
Depreciation and amortisation	3	3	4
EBIT	8	6	23
Interest expenses	2	3	3
Other income	0	0	0
Extraordinary items	0	0	0
Profit before tax	6	3	20
Provision for tax	1	1	6
Core profit	5	2	14
Extraordinary items	0	0	0
Profit after tax	5	2	14
Share from associates	0	0	0
Adjusted net profit	5	2	14
Equity shares outstanding (cr)	1	1	1
EPS (INR) basic	4.8	1.9	13.9
Diluted shares (Cr)	1	1	1
EPS (INR) fully diluted	4.8	1.9	13.9
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY21	FY22	FY23
Operating expenses	84.6	90.9	82.7
Depreciation	4.2	3.1	2.4
Interest expenditure	3.3	3.2	1.9
EBITDA margins	15.4	9.1	17.3
Net profit margins	6.6	1.9	9.1

Growth metrics (%)

Year to March	FY21	FY22	FY23
Revenues		43.2	46.6
EBITDA		(15.6)	178.5
PBT		(49.7)	575.3
Net profit		(59.7)	616.0
EPS		(59.8)	616.0

Ratios

Year to March	FY21	FY22	FY23
ROAE (%)	35.2	13.2	61.7
ROACE (%)	15.0	8.3	22.8
Debtors (days)	85	94	56
Current ratio	9	4	3
Debt/Equity	3.0	5.2	2.5
Inventory (days)	77	85	45
Payable (days)	6	48	15
Cash conversion cycle (days)	155	131	85
Debt/EBITDA	4	9	3
Adjusted debt/Equity	3.0	5.2	2.5

Valuation parameters

Year to March	FY21	FY22	FY23
Diluted EPS (INR)	4.8	1.9	13.9
Y-o-Y growth (%)		*(59.8)*	*616.0*
CEPS (INR)	7.9	5.1	17.6
P/E (x)	-	-	-
Price/BV(x)	-	-	-
EV/Sales (x)	-	-	-
EV/EBITDA (x)	-	-	-
Diluted shares O/S	*1.0*	*1.0*	*1.0*
Diluted EPS	4.8	1.9	13.9
PE (x)	-	-	-
Dividend yield (%)	-	-	-

Balance sheet (INR cr)

As on 31st March	FY21	FY22	FY23
Equity share capital	10	10	10
Preference Share Capital	0	0	0
Reserves & surplus	4	6	19
Shareholders funds	14	16	29
Secured loans	32	64	58
Unsecured loans	9	17	16
Borrowings	41	81	74
Minority interest	0	0	0
Sources of funds	**55**	**96**	**103**
Gross block	29	34	39
Depreciation	11	14	18
Net block	18	20	21
Capital work in progress	6	33	48
Total fixed assets	24	53	69
Right of Use Assets	0	0	0
Investments	0	0	0
Inventories	15	24	19
Sundry debtors	17	27	23
Cash and equivalents	0	0	1
Loans and advances	2	8	5
Other current assets	0	0	0
Total current assets	34	59	47
Sundry creditors and others	3	15	9
Provisions	1	1	6
Total CL & provisions	4	16	15
Net current assets	30	43	33
Net Deferred tax	0	0	0
Misc expenditure	0	-0	1
Uses of funds	**55**	**96**	**103**
Book value per share (INR)	14	16	29

Cash flow statement

Year to March	FY21	FY22	FY23
Net profit	3	2	18
Add: Depreciation	3	3	4
Add: Misc expenses written off/Other Assets	2	3	3
Add: Deferred tax	0	0	0
Gross cash flow	9	9	25
Less: Changes in W. C.	3	13	-5
Operating cash flow	6	-5	30
Less: Capex	8	32	20
Free cash flow	**-3**	**-36**	**10**

Qualitek Labs

nuvama professional clients group

Expanding wings in testing services

Qualitek Labs (Qualitek) began its operations with a testing laboratory established in Pune in 2018. The company provides testing, inspection, homologation, certification, and consultancy services to various industries viz automotive, defense, metals & metallurgy, environment and water, minerals, food & agriculture, pharma & healthcare. Qualitek operates a total of eight laboratories located across various regions in India. These include two facilities in Pune, one in Noida, one in Bhubaneswar, one in Tirupur, and three laboratories situated within Gujarat. The company is in process of merging with the group company -Interstellar Testing Centre Private Limited (ITC PL), which operates a total of five laboratories. Post the merger, Qualitek will have a total of 13 labs. The company aspires to expand the number labs and area of testing services to include renewable energy.

Consolidation of ITC labs to boost financials: During the half year ended 30th September 2024, the Company acquired 50% equity shares of ITCPL for a consideration of Rs 33 cr paid in cash. Further, the company will issue 16,71,598 equity shares to the existing equity shareholders of ITCPL in the ratio of 6.56 shares for every 1 share held in ITCPL to acquire the remaining 50% shares of ITCPL Thus, ITCPL will become a wholly-owned subsidiary of the Company. During this period, the Company also acquired 100% equity shares of Quality and Testing Infosolution Private Limited (QPL) for a consideration of Rs. 5 cr paid entirely in cash. Thus, QTIPL has become a wholly owned subsidiary of the Company. The ITCPL Labs generated a revenue of INR32.75 cr, EBITDA of Rs6.2 cr and PAT of INR1.71 cr in FY24.

Expanding horizon of testing services: Qualitek has continuously been expanding the scope of testing services since inception and included Automotive & Water (2019), Chemicals & Cosmetics (2020), minerals (2022), and Electrical & Electronics, Packaging & Toys (2024). Going forward, it aims to cover EMI/EMC, Oil & Gas, Hard Goods in 2025. The company is also expanding operations in sustainable segments like Environment Monitoring, Inspection and Social Audit etc.

Strengthening the partnership with Govt and PPP: TIC (holding company) strengthening business in Government sectors like Food, Minerals, Energy, etc. The company has also entered into a Public-Private Partnership with the Haryana Government of India for Green-field Project in Rohtak. The company currently has Govt collaboration in Gujarat and Baddi. Laboratories in Gujarat is operated on a government lab process outsourcing model, which incorporates a fee based on volume processed.

Strong operating performance in H1FY25: The company reported a 68% YoY jump in revenue to INR20.93 cr and 19% YoY growth in EBITDA to INR4.48 cr in H1FY25. However, due to higher interest and depreciation (caused by acquisitions and expansions) the PAT dropped by 15% YoY to INR1.71cr. The company generated INR 2.5 Cr revenue in H1 FY24-25 from coal testing projects at 6 locations across India. The company raised INR19.64 cr through IPO last year and further raised INR51.72 cr through preference shares during Jul-24.

Outlook, valuation and view: Qualitek has been expanding its business horizon by setting up and acquiring new labs across the country. While the company continues to scout for new acquisition of labs, the consolidation of ITCPL will be the near-term growth driver. The company achieved a revenue and PAT CAGR of 66% and 111% during FY21-24. The company recently received a NABL accreditation for its Noida lab, which will start contributing from Q4Fy25 while new minerals testing lab at BBSR will start contributing from Q1FY26. It has a strong order intake in Automotive and Defence segments, while it is undergoing scope/capacity expansion in Automotive and E&E segments at Pune and Noida. The stock is currently trading at 47xFY24 EPS.

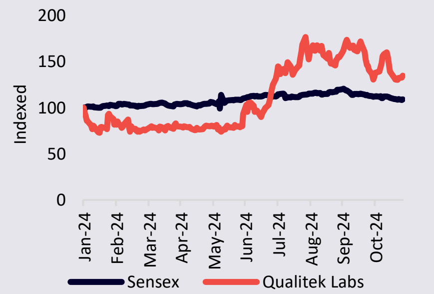
Key financials

Year to March	FY22	FY23	FY24
Net Revenues (INR Cr)	12	19	29
% Growth (YoY)	*89*	*60*	*52*
EBITDA (INR Cr)	2	5	8
% Growth (YoY)	*125*	*128*	*53*
Adj. Net Profit (INR Cr)	1	3	4
Adjusted EPS (INR)	2	4	6
Diluted P/E (x)	179	70	47
EV/EBITDA (x)	13	33	27
ROACE (%)	72	38	21

CMP: INR277
Rating: Not Rated

Bloomberg:	QLL:IN
52-week range (INR):	140 /370
M-cap (INR cr):	200
Promoter holding (%)	73.35

Relative Price Performance



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	12.0	19.1	29.2
Direct costs	2	4	6
Employee costs	3	4	6
Other expenses	4	6	9
Total operating expenses	10	14	21
EBITDA	2	5	8
Depreciation and amortisation	1	1	1
EBIT	2	4	7
Interest expenses	0	1	1
Other income	0	0	0
Profit before tax	2	4	6
Provision for tax	0	1	2
Core profit	1	3	4
Extraordinary items	-	0	-
Profit after tax	1	3	4
Share from associates	-	-	-
Adjusted net profit	1.1	2.9	4.3
Equity shares outstanding (Crores)	0.0	0.5	0.7
EPS (INR) basic	24.8	5.4	5.8
Diluted EPS (INR)	1.5	4.0	5.8

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	81	72	72
Depreciation	4	4	5
Interest expenditure	3	4	3
EBITDA margins	19	28	28
Net profit margins	10	15	15

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	89	60	52
EBITDA	125	128	53
PBT	125	155	47
Net profit	148	157	47
EPS (Diluted)	148	157	47

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	60	50	20
ROACE (%)	72	38	21
Debtors (days)	67	111	98
Inventory (days)	0	0	0
Payable (days)	46	70	30
Cash conversion cycle (days)	21	41	68
Current ratio	0.4	0.5	1.7
Debt/Equity	9.1	2.4	0.4
Net debt/Equity	8.6	2.3	0.3
Net Debt/EBITDA	7.0	4.4	1.3

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	1.5	4.0	5.8
Y-o-Y growth (%)	*147.8*	*156.6*	*47.0*
CEPS (INR)	2.2	5.1	7.7
Diluted P/E (x)	179.1	69.8	47.5
Price/BV(x)	6.7	15.1	6.3
EV/Sales (x)	2.4	9.0	7.4
EV/EBITDA (x)	12.5	32.8	26.6
Diluted shares O/S	0.7	0.7	0.7
Basic EPS	24.8	5.4	5.8
Basic PE (x)	11.2	51.2	47.5

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	0	5	7
Reserves & surplus	1	4	25
Shareholders funds	1.90	9.90	32.45
Borrowings	17	23	12
Lease Liabilities	-	-	-
Net Deferred tax	0	1	1
Minority interest	-	-	-
Other Non-Current Liabilities	0	0	0
Sources of funds	**20**	**34**	**46**
Gross block	9	16	33
Depreciation	1	2	3
Net block	8	14	30
Capital work in progress	4	15	8
Right of Use Assets	-	-	-
Total fixed assets	12	29	37
Intangible	-	-	-
Investments	0.01	-	-
Inventories	-	-	-
Sundry debtors	2.2	5.8	7.9
Cash and equivalents	1.0	0.4	1.8
Loans and advances	-	-	-
Other current assets	4.4	2.3	1.9
Total current assets	**8**	**8**	**12**
Sundry creditors and others	3	6	5
Provisions	-	0.02	0.11
Total CL & provisions	**3**	**6**	**5**
Net current assets	5.0	2.9	6.7
Other Non-Current Assets	2.53	2.48	1.77
Misc expenditure			
Uses of funds	**20**	**34**	**46**
Book value per share (INR)	41	18	44

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
Net profit	1	3	4
Add: Depreciation	1	1	1
Add: Misc expenses written off	-1	2	2
Add: Deferred tax	-2	-1	-
Gross cash flow	-1	4	7
Less: Changes in W. C.	5	-1	2
Operating cash flow	-6	6	5
Less: Capex	-2	-17	-10
Free cash flow	**-4**	**23**	**15**

Rappid Valves India

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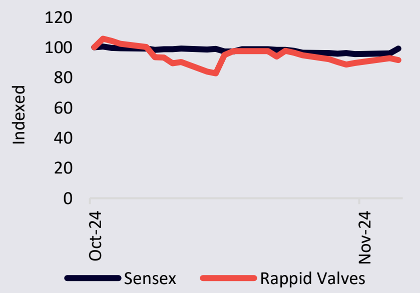
CMP: INR270
Rating: NOT RATED

Bloomberg:	RAPPID.IN
52-week range (INR):	246/354
M-cap (INR cr):	140
Promoter holding (%)	51.1

Relative price performance



Founded in 2002, Rappid Valves India is primarily engaged in manufacturing of ferrous and non-ferrous valves that range from 15mm to 600mm as per the client's requirements. Spread over 32,432 sq. ft., its manufacturing facility is equipped with conventional and automated CNC machines, automated VMC, testing equipment, and other ancillary components which enable high-precision output required for critical applications. Its facility has an installed capacity of 29,625 valves, which was 85% utilised in FY24.

Its product portfolio includes a variety of ball valves, gate valves, globe valves, butterfly valves, check valves, double block valves, strainer valves and marine valves, which find applications in industries such as OEM, ethanol, breweries, shipbuilding, marine, and engineering marine, shipbuilding, and EPC. These industries contributed 57% to RAPPID's FY24 revenue. While it distributes its products across India, 85% of its revenue accrues from Maharashtra and Delhi.

Driven by strong underlying demand across marine and shipbuilding segments, revenue grew 171% YoY to INR20cr in H1FY25. EBITDA growth was relatively slower at 147% YoY (INR5cr) on higher other expenses. PAT grew 195% YoY to INR2.4cr on EBITDA growth and lower interest cost. In September, RAPPID raised INR30cr via an IPO, the proceeds of which will be used for capacity expansion/inorganic expansion (INR6.7cr/INR4cr), which will boost its manufacturing capabilities. At the CMP, the stock trades at 34x TTM EPS. The stock is not rated.

Strong manufacturing capabilities help it cater to a diverse customer base

Based in Palghar, Maharashtra, RAPPID's manufacturing facility is spread across 32,432 sq. ft. with an annual capacity of 29,625 valves. In FY24, it utilised 85% of its capacity. The facility is equipped with eight/one/two CNC/VMC/testing machine(s) and 18 ancillary machines which can deliver high precision output used in critical applications. Its product portfolio consists of ball valves (36% of FY24 revenue), gate valves (19%), globe valves (15%), butterfly valves (12%) and check valves (7%), which largely find applications in marine (29%), ethanol and wastewater treatment (30%), shipbuilding (11%), and EPC and OEM (16%) sectors. Most products are approved by Indian Boiler Regulation, American Petroleum Institute (API607), and the Ministry of Defence (type approval). While its user industry base is well-spread, the top five/10 customers contributed 72%/88% to FY24 revenue.

Expanding capacities to target growing demand

With the Centre aiming to make India a global hub for shipbuilding by elevating it into the top 10 by 2030 (from 20 at present), the industry expects exponential growth in shipbuilding and ship repair orders. In a bid to strengthen India's coastal defence capabilities, the Ministry of Defence is set to place orders worth ~INR125,000cr for 25 warships, submarines, and fleet carriers. Orders worth ~INR115,000cr are under execution at various shipyards. Industrial capex and expansion are healthy, which will drive growth in the EPC space. While valves are a relatively smaller ticket size component, we see strong demand due to growth in underlying sectors.

We expect RAPPID to grow faster than the market on import substitution and expansion into international markets. To cater to the growing demand, it raised INR30cr via an IPO in September, of which it aims to utilise INR6.7cr/INR4cr on capex/inorganic acquisition. Another INR11cr was earmarked for debt repayment, which will strengthen its Balance Sheet. It intends to expand its existing facility using these funds. A stronger Balance Sheet will enhance its ability to target larger orders. Given the buoyancy in demand and its capability to execute, it is expected to deliver consistent growth going forward.

Valuation

At the CMP, the company trades at 34x TTM EPS. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	12	16	37
Revenue growth (%)	n.m.	35	123
EBITDA (INR cr)	2	2	7
EBITDA margin (%)	16	14	20
Net profit (INR cr)	0.3	0.5	4.1
P/E ratio (x)	483.7	307.7	33.9
RoACE (%)	18.3	18.0	37.8
RoAE (%)	n.m.	31.7	53.9

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Financials

Income Statement

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	12.1	16.4	36.5
Cost of units sold	9.2	13.7	30.0
Employee costs	0.5	0.6	1.0
Change in Inventories	-0.3	-1.9	-3.4
Other expenses	0.7	1.6	1.5
Total Operating expenses	10.2	14.1	29.2
EBITDA	1.9	2.3	7.4
Depreciation and amortisation	0.2	0.3	0.5
EBIT	1.7	2.0	6.8
Interest expenses	1.5	1.4	1.4
Other income	0.0	0.0	0.1
Exceptional item	-	-	-
Profit before tax	0.3	0.6	5.5
Provision for tax	0.0	0.2	1.4
Profit after tax	0.3	0.5	4.1
Share of Minority in profits	-	-	-
Adj. profit after tax	0.3	0.5	4.1
Shares outstanding	0.5	0.5	0.5
Adjusted EPS	0.6	0.9	8.0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	84	86	80
Depreciation	2	2	1
Interest expenditure	12	9	4
EBITDA margins	16	14	20
Net profit margins	2	3	11

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	n.m.	35	123
EBITDA	n.m.	20	215
PBT	n.m.	117	781
Adj. Net profit	n.m.	57	807
Adj. EPS	n.m.	57	807

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	n.m.	31.7	53.9
ROACE (%)	18.3	18.0	37.8
Debtors (days)	79	73	83
Inventory (days)	138	156	116
Payable (days)	67	54	37
Cash conversion cycle (days)	150	174	162
Current ratio	3.2	3.6	3.5
Debt/Equity	n.m.	3.2	0.9
Debt/EBITDA	5.0	4.3	1.5
Adjusted debt/Equity	n.m.	3.0	0.8

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0.6	0.9	8.0
Diluted P/E (x)	483.7	307.7	33.9
Price/BV(x)	n.m.	44.9	11.5
EV/Sales (x)	12.3	9.1	4.1
EV/EBITDA (x)	76.8	63.9	20.3

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	0.6	3.5	8.5
Reserves & surplus	-0.8	-0.4	3.7
Shareholders' funds	-0.2	3.1	12.2
Total Debt	9.8	9.9	11.0
Other Long-Term Liabilities	0.1	0.1	0.1
Deferred Tax Liabilities	0.0	0.1	0.1
Minority interest	-	-	-
Sources of funds	**9.6**	**13.2**	**23.4**
Gross block	7.6	7.6	7.5
Depreciation	3.7	3.1	0.8
Net block	3.8	4.5	6.7
Capital work in progress	-	-	-
Total fixed assets	3.8	4.5	6.7
Investments	0.2	0.2	0.2
Inventories	4.6	7.0	11.6
Sundry debtors	2.6	3.3	8.3
Cash and equivalents	0.3	0.7	1.6
Loans and advances	0.2	0.6	0.5
Other Current Assets	0.4	0.4	1.2
Total current assets	8.1	11.9	23.1
Sundry creditors and others	2.2	2.4	3.7
Provisions	0.0	0.0	1.1
Other Current Liabilities	0.3	0.8	1.7
Total CL & provisions	2.6	3.3	6.5
Net current assets	5.6	8.6	16.6
Other Assets	0.1	0.0	0.0
Uses of funds	**9.6**	**13.2**	**23.4**

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	1.98	2.35	7.40
WC Changes	-0.81	-2.72	-8.16
CFO	1.14	-0.43	-1.07
CFI	-0.04	-0.91	-2.65
CFF	-1.28	1.66	4.65
Total Cash Flow	-0.18	0.32	0.93

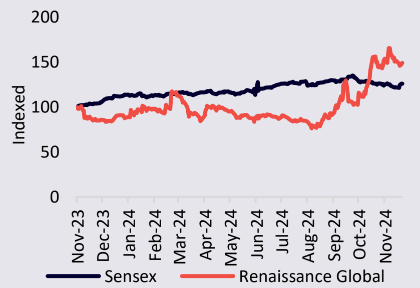
Renaissance Global

Renaissance Global (RENGL) is a global player in the branded jewellery industry. It designs, manufactures, and supplies jewellery to key markets in the US, Canada, the UK, Asia, and Australia through both the B2B and D2C channels, with a special focus on branded jewellery. Its business is divided across four main verticals — customer brands (private label), plain gold jewellery segments, licensed brands, and in-house brands. The company's manufacturing facilities, spanning Mumbai, Bhavnagar, and Dubai, cover 1.72lk sq. ft. and employ over 3,500 skilled workers. It has a capacity to churn out more than 30lk pieces annually. The stock is not rated.

CMP: INR175
Rating: Not Rated

Bloomberg:	RENJ:IN
52-week range (INR):	88 / 196
M-cap (INR cr):	1,689
Promoter holding (%)	65.59

Relative Price Performance



Sales and distribution

Its B2B distribution network supplies jewellery to a variety of retailers like the Signet group (Kay Jewellers and Zales), Fred Meyer, Helzberg Diamonds, JC Penney, Kohl's, Macy's, and Walmart. It also serves catalogue, e-commerce, and television retailers such as Amazon, Argos, and Jewellery Television. It has sales offices in New York, London, and Dubai to ensure strong business relationships and efficient communication with its valued customers. The design team, comprising over 200 members, introduces more than 15,000 designs annually, maintaining an active design bank of over 1lk designs. Its product development process includes 3D modelling and design software and 3D prototyping machines.

Business verticals

Customer brands: A large share of business accrues from supplying jewellery to specialty jewellers, department stores, online retailers, and designer brands. These partners purchase both generic products for their own brands and branded products from company's licensed collections. While the US has been its primary market over the past two decades, non-US sales are growing at a fast pace and should represent a larger share of revenue.

The **plain gold division** operates in the Middle East, where it designs, manufactures, and sells fast moving 22kt, 21kt, and 18kt non-studded gold jewellery to major retailers and wholesalers in the region. While this is a profitable division, it is working capital intensive and has low pricing power given the commoditised nature of the business. Since this business is not completely aligned to the overall group's strategy of focusing on high margin businesses, with lower working capital requirements and strong differentiation, the management is looking to divest this business.

Licensed brands: The company sells licensed brands through retailers as well as through its own websites. Licensed brands provide differentiation in the marketplace and in jewellery showcases. This segment offers a higher margin vis-à-vis generic private label jewellery.

In-house brands: It offers lab-grown diamond engagement rings and jewellery in the US. This recently acquired business is exhibiting high growth. Its *Irasva* brand is focused on the Indian market and offers designer retail jewellery with stores in Mumbai, Ahmedabad, and Hyderabad.

Valuation and view

RENGL is undertaking a fresh issue of shares on a preferential basis with an aim to raise ~INR168cr. The proceeds will be utilised to strengthen its Balance Sheet, undertake strategic acquisitions, and modernise its manufacturing infrastructure. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	2,190	2,237	2,107
Revenue growth (%)	8%	2%	-6%
EBITDA (INR cr)	170	162	158
EBITDA margin (%)	7.76%	7.24%	7.48%
Net profit (INR cr)	110	88	74
P/E ratio (x)	15	9	13
RoACE (%)	6.0	4.5	3.7
RoAE (%)	12.4	9.0	6.8

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	2,190	2,237	2,107
Direct costs	1,622	1,607	1,462
Employee costs	101	114	126
Other expenses	297	354	361
Total operating expenses	2,020	2,075	1,949
EBITDA	170	162	158
Depreciation and amortisation	35	32	30
EBIT	135	130	127
Interest expenses	29	41	52
Other income	31	6	10
Profit before tax	136	95	85
Provision for tax	27	7	12
Core profit	110	88	74
Extraordinary items	0	0	0
Profit after tax	110	88	74
Share from associates	0	0	0
Adjusted net profit	110	88	74
Equity shares outstanding (cr)	9	9	10
EPS (INR) basic	11.6	9.3	7.7
Diluted shares (Cr)	9	9	10
EPS (INR) fully diluted	11.6	9.3	7.7
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	92.2	92.8	92.5
Depreciation	1.6	1.4	1.4
Interest expenditure	1.3	1.8	2.5
EBITDA margins	7.8	7.2	7.5
Net profit margins	5.0	3.9	3.5

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	7.8	2.1	(5.8)
EBITDA	70.9	(4.7)	(2.6)
PBT	130.4	(30.6)	(9.9)
Net profit	148.8	(20.1)	(16.2)
EPS	146.2	(20.1)	(17.7)

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	12	9	7
ROACE (%)	7	7	6
Debtors (days)	75	73	84
Current ratio	4.7	5.7	7.8
Debt/Equity	0.6	0.5	0.4
Inventory (days)	157	141	168
Payable (days)	42	37	32
Cash conversion cycle (days)	189	176	219
Debt/EBITDA	3.3	2.9	3.2
Adjusted debt/Equity	0.6	0.5	0.4

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	11.6	9.3	7.7
Y-o-Y growth (%)	*146.2*	*(20.1)*	*(17.7)*
Diluted P/E (x)	*15.0*	*9.0*	*13.0*
Price/BV(x)	1.6	0.8	0.8
EV/Sales (x)	0.9	0.5	0.7
EV/EBITDA (x)	11.1	6.8	8.8
Diluted shares O/S	9.4	9.4	9.6
Basic EPS	11.6	9.3	7.7
Basic PE (x)	13.7	8.9	13.1
Dividend yield (%)			

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	19	19	19
Preference Share Capital	0	0	0
Reserves & surplus	905	1,007	1,129
Shareholders funds	924	1,026	1,149
Borrowings	562	462	510
Other Non-current liablities	146	150	147
Minority interest	0	1	-0
Sources of funds	**1,632**	**1,639**	**1,806**
Gross block	158	192	206
Depreciation	114	115	128
Net block	44	77	78
Capital work in progress	9	2	1
Total fixed assets	54	79	79
Right of Use Assets	136	135	128
Other Non-current assets	89	102	111
Inventories	939	862	969
Sundry debtors	447	445	482
Cash and equivalents	188	146	77
Loans and advances	3	4	7
Other current assets	144	146	170
Total current assets	1,721	1,603	1,705
Sundry creditors and others	366	278	216
Provisions	2	2	2
Total CL & provisions	369	280	218
Net current assets	1,353	1,323	1,487
Net Deferred tax	0	0	0
Uses of funds	**1,632**	**1,639**	**1,806**
Book value per share (INR)	98	109	119

Cash flow statement

Year to March	FY22	FY23	FY24
EBIT	136	94	85
Add: Depreciation	35	32	30
Add: Misc expenses written off/Other Assets	13	72	62
Add: Deferred tax	0	0	0
Gross cash flow	184	198	178
Less: Changes in W. C.	-83	42	-208
Less: Tax paid	-15	-11	-11
Operating cash flow	86	229	-41
Less: Capex	-20	-39	-15
Free cash flow	**106**	**268**	**-26**

Repco Home Finance

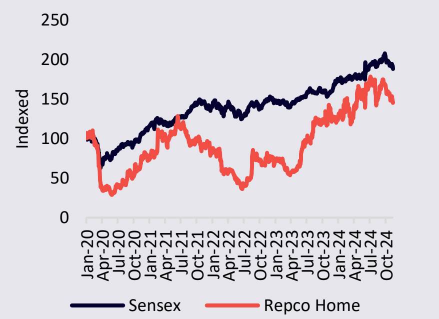
nuvama professional clients group

Repco Home Finance (REPCO) is a niche player in the housing finance industry, focusing on the under-penetrated segment of Tier II, III, and IV cities. Its portfolio mix consists of home loans and home equity (non-housing) loans, which comprises of loans against property, commercial real estate loans, and other products. Its customer profile includes non-salaried class comprising of 48% of total advances and the rest is salaried segment. It primarily caters to the small ticket-size segment (average ticket size of ~INR15lk for housing loans). Geographically it's spread well across 12 states and 1 Union Territory and operates through 184 branches and 43 satellite centres. A large portion of its loan portfolio is concentrated in the southern region, with Tamil Nadu (57%) and Karnataka (13%) together representing 70% of the total exposure. After its dismal performance during the COVID-19 pandemic, the new management steadied the ship by simplifying the underwriting process and decentralising powers, launching a new software, boosting employee morale, and controlling BT-outs. In Q2FY25, it posted a healthy growth sequentially, with a substantial improvement in asset quality. The focus is on continuing the strong growth momentum in H2FY25. We have maintained a 'BUY' rating with a TP of INR610, an upside of 30% from its CMP.

CMP: INR469
Rating: BUY

Bloomberg:	REPCO:IN
52-week range (INR):	365/594
M-cap (INR cr):	2,965
Promoter holding (%)	37.13

Relative price performance



Higher repayments weigh on AUM; disbursements remain upbeat

REPCO reported strong disbursement growth at 27.5% QoQ however AUM growth remained stable at 8.1% YoY vs 8.3% YoY (Q1FY25). Management reiterated its disbursements target of ~INR 3800cr while AUM is expected to fall short of INR 150-200bn from its earlier guidance of INR 15000cr, if the repayment rate remains on the higher side. Overall, the portfolio mix has been gradually changing in the favour of Home Equity, with its current share at 26% (from 21% in Mar'23) while share of home loan has reduced to 74% (from 79% in Mar'23).

Operating metrics to remain stable

NII grew 2% YoY while remained stable sequentially at INR176cr in Q2FY25 as spreads remained steady. The sequential increase in CoF by 21bps to 8.8% was offset by 10bp increase in yields to 12.1%. Overall NIM remained steady at 5.1% in Q2 (v/s 5.1% in Q1). The management guided that NIM will be protected with higher yields as it is resetting its PLR on a quarterly basis. REPCO is hopeful of getting its borrowing sanctioned through NHB as it is meeting all the required criteria. Opex will stay as guided with a C/I ratio of ~24%.

Sequential improvement in asset quality.

Post COVID and RBI's new recognition norms the GNPA had spiked, however since the past 11 quarters, the stressed book has been consistently on the path of steady improvement. For Q2FY25, its GNPA stood at 3.96% from the peak of 7% in Q3FY22. Total stage-2 & 3 assets has improved to 15% in Q2FY25 (from 16% in Q1FY25 & 18% in Q2FY24). The management guided that, it has further expanded its collections team and is guiding at lowering GNPA to INR450cr (from INR580cr QoQ) and Stage-2 to 10% by FY25-end. Credit cost will stay subdued (on additional write backs in coming quarters), thus driving overall profitability.

Valuation and view

REPCO reported steady credit growth aided by greater disbursements despite a higher repayment. The management has softened its stance on AUM growth but reiterated its operating metrics guidance. We expect minimal to negative credit cost to drive profitability. The franchise is the beneficiary of tailwinds in the housing sector aided by a credit linked subsidy scheme and NHB funding in Budget 2024. We retain 'BUY' with a TP of INR610, an upside of 30% from its CMP.

Key financials

Year to March	FY21	FY22	FY23	FY24
Net revenue (INR cr)	617	599	698	786
Net profit (INR cr)	192	297	394	402
Basic EPS (INR cr)	31	47	63	64
P/E ratio (x)	15.5	10.0	7.5	7.4
Adjusted BPS	366	402	463	524
P/ABV (x)	1.3	1.2	1.0	0.9

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24	FY25E
Interest income	1,258	1,257	1,496	1,691
Interest charges	690	701	846	968
Net interest income	568	556	650	723
Fee & other income	48	43	48	63
Net revenues	617	599	698	786
Operating expense	124	146	174	181
- Employee exp	79	88	102	107
- Other opex	45	58	72	74
Preprovision profit	493	453	524	604
Provisions	233	52	0	68
PBT	260	402	524	536
Taxes	68	105	130	134
PAT	192	297	394	402
Extraordinaries	0	0	0	0
Reported PAT	192	297	394	402
Basic number of shares (mn)	63	63	63	63
Basic EPS (INR)	31	47	63	64
Diluted number of shares (mn)	63	63	63	63
Diluted EPS (INR)	31	47	63	64

Balance Sheet (INR cr)

Year to March	FY22	FY23	FY24	FY25E
Paid Capital	63	63	63	63
Reserve & Surplus	2,227	2,454	2,831	3,213
Shareholder's Fund	2,290	2,516	2,894	3,276
Total Borrowings	9,692	9,963	10,750	12,297
Other Liabilities	70	83	61	93
Total Liabilities	**12,052**	**12,562**	**13,705**	**16,080**
Cash & Bank Balance	63	66	72	85
Investment	24	25	28	32
Loans & Advances	11,292	11,962	13,037	14,466
Net Fixed Assets	18	18	18	18
Other assets	654	491	551	1,007
Total Assets	**12,052**	**12,562**	**13,705**	**16,080**
Loan Book	11,292	11,962	13,037	14,466

Growth ratios (%)

Year to March	FY22	FY23	FY24	FY25E
NII growth	4.3	-2.2	17.0	11.2
Net revenues growth	5.4	-2.9	16.6	12.5
Opex growth	8.4	17.5	19.4	4.2
PPOP growth	4.7	-8.0	15.7	15.3
Provisions growth	188.6	-77.9	-100.1	-136380.0
PAT growth	-33.4	55.0	32.8	2.0

Operating ratios (%)

Year to March	FY22	FY23	FY24	FY25E
Yield on advances	10.4	10.4	10.4	11.8
Cost of funds	6.9	7.1	8.2	8.4
Spread	3.5	3.3	2.2	3.4
Net interest margins	4.7	4.6	5.2	5.3
Cost-to-income	20.1	24.3	24.9	23.1
Tax rate	26.2	26.1	24.8	25.0

Balance sheet ratios (%)

Year to March	FY22	FY23	FY24	FY25E
Loan growth	-4.6	5.9	9.0	11.0
EA growth	-4.6	5.9	9.0	13.2
Gross NPA ratio	6.97	5.80	4.87	4.71
Net NPA ratio	4.90	3.00	1.94	1.60
Provision coverage	40%	30%	48%	60%

RoE decomposition (%)

Year to March	FY22	FY23	FY24	FY25E
Net interest income/Assets	4.7	4.6	5.0	5.0
Other Income/Assets	0.4	0.4	0.4	0.4
Net revenues/Assets	5.1	4.9	5.4	5.5
Operating expense/Assets	1.0	1.2	1.3	1.3
Provisions/Assets	1.9	0.4	0.0	0.5
Taxes/Assets	0.6	0.9	1.0	0.9
Total costs/Assets	3.5	2.5	2.4	2.7
ROA	1.6	2.4	3.1	2.8
Equity/Assets	18.9	20.7	22.4	22.9
ROAE	8.7	12.4	14.6	13.0

Valuation Metrics

Year to March	FY22	FY23	FY24	FY25E
Diluted EPS (INR)	31	47	63	64
EPS growth (%)	-33.4	55.0	32.8	2.0
Adjusted BV per share	366	402	463	524
Diluted P/E (x)	15.5	10.0	7.5	7.4
Price/Adj. Book Value(x)	1.3	1.2	1.0	0.9
Basic EPS (INR)	31	47	63	64
Price/ Earning (x)	15.5	10.0	7.5	7.4

Sakar Healthcare

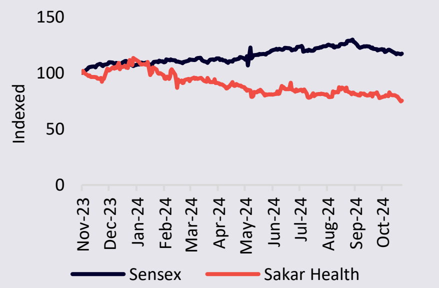
nuvama professional clients group

Sakar Healthcare was incorporated in 2004 as a CMO for pharma multinationals, manufacturing products such as liquid orals, cephalosporin tablet, capsule, dry powder syrup, dry powder injections, liquid injectable (SVP) in ampoules, vials & lyophilized injections, and oral solid dosages. The company has four manufacturing facilities, in Changodar (Ahmedabad), Gujarat, certified by WHO-GMP, cGMP and other National Drug Authorities along with the liquid & lyophilised injection unit having EU GMP certification as well. Sakar forayed into Oncology in 2021 by setting up a greenfield plant in Bavla Gujarat and now has got EU-GMP approvals for finished dosages facility. We expect Sakar to score a healthy growth on the back of larger product basket and geographical expansions in upcoming years.

CMP: INR293
Rating: Not Rated

Bloomberg:	AVL:IN
52-week range (INR):	1,045 / 2,433
M-cap (INR cr):	1,599
Promoter holding (%)	69.88

Relative Price Performance



Oncology business is set to thrive:

Sakar formed a wholly owned subsidiary (WOS) in the name of 'Sakar Oncology Private Limited' for its oncology business. This vertically integrated oncology manufacturing facility is positioned to grow well in semi-regulated and regulated markets post commercialization of their products in 2023. The oncology manufacturing unit is WHO GMP and EU GMP certified, which will help in expanding its global front. The oncology business being more margin accretive, is likely to benefit Sakar's profitability going forward.

Exports to see continued growth:

Sakar began its exports in 2008 with the African region. It has its own brands registered and commercialized across global markets. They have more than 250 brands registered across 60 countries, including Southeast Asia, Asia, Africa-Anglo & Francophone, MENA, America. Exports have seen a rapid growth in the past, which is likely to continue with the addition of oncology products. The company has focused on own brand exports which contributed 62% of revenue in FY24 as compared with 52% in FY19. The contribution of CDMO/CMO reduced to 31% in FY24 from 35% in FY19.

Financial performance to improve:

Sakar has seen a 17%/18% revenue/EBITDA growth CAGR over FY20-24 driven by exports with the help of expansion into new countries. PAT saw a slower 4% CAGR over the same period due to increased depreciation on adding new facilities (oncology). EBITDA margin was broadly in the lines of 25%. Sakar is likely to see a growth in revenue and profitability with more focus on oncology products and exports.

Outlook and valuation

Sakar's foray into oncology is set to be the next growth lever in the company, expanding its margins with better product mix. The company got EU-GMP approval for its FDF oncology unit during FY24 which paves the way for expansions to European countries. It has got technology from Zydus Life Sciences for 23 SKUs for oral solid and 19 SKUs for injections. We believe Sakar will continue to explore similar avenues to strengthen its product basket with a focus on critical disease and complex generics. The stock trades at 56x FY24 EPS. We keep a positive stance on the stock.

Key financials

Year to March	FY22	FY23	FY24
Net Revenues (INR Cr)	128	133	153
% Growth (YoY)	*35*	*4*	*15*
EBITDA (INR Cr)	29	33	38
% Growth (YoY)	*30*	*13*	*16*
Adj. Net Profit (INR Cr)	15	13	11
Adjusted EPS (INR)	9	7	5
Diluted P/E (x)	42	50	56
EV/EBITDA (x)	20	20	18
ROACE (%)	9	7	7

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Financials

Income statement (Inr CR)

Year to March	FY22	FY23	FY24
Income from operations	128	133	153
Direct costs	75	74	84
Employee costs	14	16	19
Other expenses	10	11	12
Total operating expenses	99	100	115
EBITDA	29	33	38
Depreciation and amortisation	10	15	18
EBIT	20	18	20
Interest expenses	3	6	8
Other income	2	5	3
Profit before tax	19	17	16
Provision for tax	4	4	4
Core profit	15	13	12
Extraordinary items	-0	-	0
Profit after tax	15	13	12
Share from associates	-	-	-
Adjusted net profit	15	13	11
Equity shares outstanding (Crores)	1.7	1.9	2.2
EPS (INR) basic	9	7	5
Diluted EPS (INR)	8.9	6.7	5.2
Diluted shares (Cr)	1.7	1.9	2.2
Dividend per share			
Dividend payout (%)			

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	77	75	75
Depreciation	8	11	12
Interest expenditure	2	4	5
EBITDA margins	23	25	25
Net profit margins	12	10	7

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	35	4	15
EBITDA	30	13	16
PBT	44	-11	-6
Net profit	40	-17	-11
EPS (Diluted)	28	-25	-22

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	12	8	5
ROACE (%)	9	7	7
Debtors (days)	40	60	50
Inventory (days)	40	42	66
Payable (days)	87	71	65
Cash conversion cycle (days)	-6	31	50
Current ratio	1.1	1.0	1.2
Debt/Equity	0.7	0.6	0.3
Net debt/Equity	0.7	0.6	0.3
Net Debt/EBITDA	3.0	3.4	1.8

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	7.0	5.9	5.2
Y-o-Y growth (%)	*40.3*	*(16.6)*	*(10.6)*
CEPS (INR)	11.5	12.7	13.5
Diluted P/E (x)	41.9	50.2	56.1
Price/BV(x)	3.9	3.2	2.4
EV/Sales (x)	4.6	5.0	4.6
EV/EBITDA (x)	20.2	20.3	18.4
Diluted shares O/S	1.7	1.9	2.2
Basic EPS	8.9	6.7	5.5
Basic PE (x)	33.0	43.9	53.9

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	17	19	22
Reserves & surplus	110	154	241
Shareholders funds	127	173	262
Borrowings	90	111	69
Lease Liabilities	-	-	-
Net Deferred tax	7	9	10
Minority interest	-	-	-
Other Non-Current Liabilities	1	2	2
Sources of funds	**226**	**295**	**343**
Gross block	228	305	369
Depreciation	23	38	56
Net block	205	267	313
Capital work in progress	1	6	0
Right of Use Assets	-	-	-
Total fixed assets	206	273	313
Intangible	-	-	1
Investments	7	3	-
Inventories	14	15	28
Sundry debtors	14	22	21
Cash and equivalents	0.0	0.1	0.5
Loans and advances	14	14	22
Other current assets	0	0	1
Total current assets	**43**	**52**	**72**
Sundry creditors and others	39	40	44
Provisions	3	2	1
Total CL & provisions	42	41	45
Net current assets	1	11	26
Other Non-Current Assets	12	7	2
Misc expenditure			
Uses of funds	**226**	**295**	**343**
Book value per share (INR)	74	91	121

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
Net profit	15	13	11
Add: Depreciation	10	15	18
Add: Misc expenses written off	15	10	15
Add: Deferred tax	-2	-1	-
Gross cash flow	38	37	44
Less: Changes in W. C.	-1	10	15
Operating cash flow	40	27	29
Less: Capex	-98	-82	-58
Free cash flow	**137**	**109**	**87**

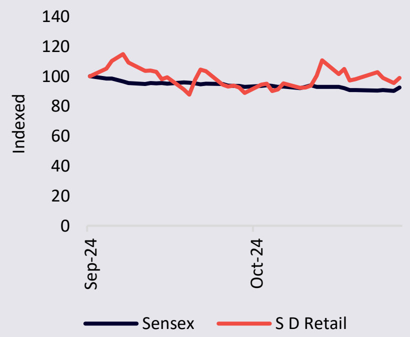
S D Retail

S D Retail (SDREAMS) specialises in design, manufacturing, outsourcing, marketing, and retailing of sleepwear under the 'Sweet Dreams' brand. This sleepwear-focused company offers a wide range of stylish and comfortable sleepwear for the entire family. Its product lineup includes pajamas, night sets, nightgowns, and t-shirts. It designs products that cater to men, women, and children of all age groups (from two years to 16 years), with fits suitable for various body types and physiques. The stock is not rated.

CMP: INR148
Rating: Not Rated

Bloomberg:	SDREAMS:IN
52-week range (INR):	131 / 175
M-cap (INR cr):	277
Promoter holding (%)	66.29

Relative Price Performance



Wide sleepwear range, expands into athleisure

Its comprehensive sleepwear portfolio for men, women, and children is divided into two main product lines: essentials and fashion. Essentials is characterised by simple designs with minimal prints, making it relatively unaffected by changes in fashion trends. It features lower average selling prices (ASPs), high repeat purchases, and is available all year round. In contrast, the fashion line features seasonal designs, lower repeat purchases, higher ASPs, and is sold during the autumn, winter, and summer seasons. SDREAMS has successfully expanded into adjacent categories, including athleisure and workout wear, which requires expertise in creating both comfortable and stylish clothing. Its athleisure line, which emphasises comfort and incorporates various accessories, is represented by a distinct collection under the brand name SDMOVE.

Multi-channel pan-India distribution network

As of March 31, SDREAMS has established a pan-India presence through various touch points, including 33 exclusive brand outlets (EBOs), large-format stores (LFS), and multi-brand outlets (MBOs). It retails its products on e-commerce platforms such as Myntra, Ajio, Nykaa, Flipkart, Amazon, and its own website. Internationally, it distributes its products via multiple channels.

Asset-light model drives profitability and boosts return ratios

SDREAMS follows an asset-light business model focused on cost optimisation to ensure sustained profitability and enhance financial metrics. It outsources most of its manufacturing operations while managing all aspects of design in-house. It supplies fabric and accessories to its manufacturing partners which enables it to meet production timelines efficiently at each stage. All its EBOs operate on an asset-light model, with no company owned store. This approach enables efficient EBO management and facilitates scalable growth. As a result, RoCE has improved to 17.9% in FY24 from 14% in FY23.

Capitalising on the untapped sleepwear market

The sleepwear category is still in the early stages, with limited competition and lack of organised players. This ideally positions SDREAMS to capitalise on the sector's growth. With a diverse product portfolio spanning various prices, genders, age groups, styles, and colours, it is well-equipped to meet the sleepwear needs of families across different economic backgrounds and market segments. This versatility allows it to effectively address the growing demand in this sector as household incomes rise.

Valuations

At the CMP of INR148, the stock trades at a P/E ratio of 37.4x and an EV/EBITDA of 17.2x on a TTM basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	129	135	163
Rev growth (%)	33.6	5.1	20.3
EBITDA (INR Cr)	14	8	14
Adjusted PAT (INR Cr)	10	4	7
P/E (x)	*27*	*64*	*37*
Price/BV(x)	9.3	8.1	6.6
EV/EBITDA (x)	21.2	37.3	22.9
RoACE (%)	32.1	14.0	17.9
RoAE (%)	40.7	13.4	19.6

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Financials

Income statement (INR crs)

Year to March	FY22	FY23	FY24
Income from operations	129	135	163
Direct costs	58	67	76
Employee costs	13	15	15
Other expenses	44	45	58
Total operating expenses	115	127	149
EBITDA	14	8	14
Depreciation and amortisation	1	1	1
EBIT	13	7	12
Interest expenses	2	2	3
Other income	0	1	1
Extraordinary items	0	0	0
Profit before tax	12	6	10
Provision for tax	2	2	3
Core profit	10	4	8
Extraordinary items	0	0	-0
Profit after tax	10	4	7
Share from associates	0	0	0
Adjusted net profit	10	4	7
Equity shares outstanding (cr)	0	0	0
EPS (INR) basic	160.3	68.3	59.6
Diluted shares (Cr)	2	2	2
EPS (INR) fully diluted	5.4	2.3	4.0
Dividend per share	0	0	0
Dividend payout (%)	0	0	0

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	89.2	94.1	91.5
Depreciation	0.6	0.6	0.8
Interest expenditure	1.3	1.5	1.8
EBITDA margins	10.8	5.9	8.5
Net profit margins	7.9	3.2	4.6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	33.6	5.1	20.3
EBITDA	356.9	(42.8)	73.6
PBT	4,053.6	(49.9)	76.3
Net profit	2,705.6	(57.4)	76.7
EPS	2,870.6	(57.4)	73.3

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	40.7	13.4	19.6
ROACE (%)	32.1	14.0	17.9
Debtors (days)	135	141	183
Current ratio	3	3	3
Debt/Equity	0.6	0.6	1.0
Inventory (days)	66	70	58
Payable (days)	55	56	44
Cash conversion cycle (days)	146	155	197
Debt/EBITDA	1	3	3
Adjusted debt/Equity	0.6	0.6	0.9

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	5.4	2.3	4.0
Y-o-Y growth (%)	*2,870.6*	*(57.4)*	*73.3*
CEPS (INR)	5.8	2.7	4.7
P/E (x)	*27.4*	*64.4*	*37.1*
Price/BV(x)	9.3	8.1	6.6
EV/Sales (x)	*2.3*	*2.2*	*1.9*
EV/EBITDA (x)	21.2	37.3	22.9
Diluted shares O/S	*1.9*	*1.9*	*1.9*
Diluted EPS	5.4	2.3	4.0
PE (x)	*27.4*	*64.4*	*37.1*
Dividend yield (%)	0.0	0.0	0.0

Balance sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	1	1
Preference Share Capital	0	0	0
Reserves & surplus	29	34	41
Shareholders funds	30	34	42
Secured loans	18	15	38
Unsecured loans	0	6	6
Borrowings	18	21	44
Minority interest	0	0	0
Sources of funds	**48**	**55**	**85**
Gross block	10	10	13
Depreciation	7	7	8
Net block	3	3	5
Capital work in progress	0	0	0
Total fixed assets	3	3	5
Right of Use Assets	0	0	0
Investments	0	0	0
Inventories	23	26	26
Sundry debtors	48	52	81
Cash and equivalents	1	1	4
Loans and advances	2	5	3
Other current assets	0	0	0
Total current assets	74	84	114
Sundry creditors and others	29	32	34
Provisions	0	2	2
Total CL & provisions	29	33	36
Net current assets	45	51	78
Net Deferred tax	0	0	1
Misc expenditure	1	1	2
Uses of funds	**48**	**54**	**85**
Book value per share (INR)	16	18	22

Cash flow statement

Year to March	FY22	FY23	FY24
Net profit	10	4	8
Add: Depreciation	1	1	1
Add: Misc expenses written off/Other Assets	2	2	3
Add: Deferred tax	0	0	0
Gross cash flow	12	7	12
Less: Changes in W. C.	15	6	26
Operating cash flow	-3	1	-14
Less: Capex	1	1	3
Free cash flow	**-3**	**0**	**-17**

Shivalic Power Control

Shivalic Power Control (SPCL), an ISO certified company, has been crafting low tension (LT) and high tension (HT) electric panels for over two decades. It provides a large selection of electric panels (including PCC panels, IMCC panels, smart panels, MCC panels, DG synchronisation panels, outdoor panels, HT panels up to 33kV, VFD panels, and LT and HT APFC panels), along with power distribution boards and bus ducts. It is well known for its innovative designs. LT/HT electric panels constituted 94%/6% of FY24 revenue. The stock is not rated.

Capacity

SPCL boasts of a 1.25lk sq. ft. manufacturing unit in Haryana, with a total annual production capacity of 10,000 verticals, from where it serves more than 15 industrial sectors both locally and globally (viz. Nepal, Bangladesh, and African nations such as Uganda, Kenya, Nigeria, and Algeria). At current capacity, the company was able to achieve a revenue of INR102cr in FY24, reflecting a YoY growth of 24.4%, with a 55.6% rise in PAT to INR11cr. Margin expanded by 350bp to 19% in FY24 compared to 15.5% in FY23.

Industry outlook

From 2022 to 2030, the global market for electric control panels is anticipated to expand at a CAGR of ~7%. The market is anticipated to grow to USD9bn by 2030 from its 2021 valuation of ~USD5bn. The need for sophisticated electric control panels is being driven by smart grid technologies, advancements in automation, and Internet of Things (IoT) connectivity.

Expects big orders in FY25

In FY24, the company decided to change its business strategy and focus on big-sized orders than small-size orders. Competition in big-size orders is comparatively lower as few players can deliver such orders. High ticket orders generally offer a better margin.

Strategic tie ups with industry leaders

SPCL is a licenced partner to OEMs like L&T Electricals & Automation, Schneider Electric, Siemens, and TDK to manufacture fully type-tested panels. Earlier the company used to procure materials from the dealers of OEMs but with increased volumes it can procure directly from such OEMs at better terms. These collaborations have paved the way for bulk purchase and procuring of superior quality components at scale. Apart from this, the company has a strong base of more than 1,500 clients globally and supplies to more than 13 countries in Asia and Africa.

Leveraging EPC projects

EPC projects for electric panel manufacturing offer better margin. The company is actively looking to execute additional EPC projects, having successfully executed such projects in the past for clients like SJAS Super Speciality Hospital, Jupiter Laminators Pvt Ltd, Bluecraft Agro Pvt Ltd, and Continental Engines Pvt Ltd.

Valuations

At the CMP of INR204, the stock trades at 28.4x TTM EPS.

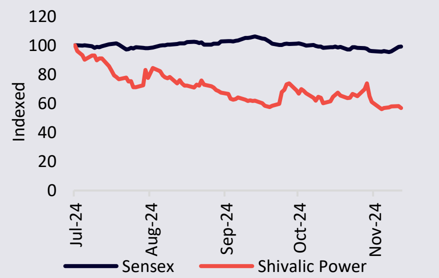
Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	57	82	102
Revenue growth (%)	9.8	43.3	24.4
EBITDA (INR cr)	**5**	**13**	**19**
Adjusted PAT (INR cr)	2	7	11
P/E ratio (x)	11.7	48.4	31.2
Price/BV ratio (x)	1.2	14.0	8.5
EV/EBITDA ratio (x)	8.9	29.1	19.5
RoACE (%)	17.3	24.6	28.9
RoAE (%)	19.1	34.1	33.9

CMP: INR204
Rating: Not Rated

Bloomberg:	SPCL:IN
52-week range (INR):	190 / 397
M-cap (INR cr):	492
Promoter holding (%)	70.86

Relative Price Performance



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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	57	82	102
Direct costs	49	64	76
Employee costs	2	2	4
Other expenses	1	3	2
Total operating expenses	52	69	83
EBITDA	**5**	**13**	**19**
Depreciation and amortisation	1	1	2
EBIT	4	12	18
Interest expenses	2	2	3
Other income	0	1	0
Profit before tax	2	10	15
Provision for tax	0	2	4
Core profit	2	7	11
Minority Interest	0	0	0
Profit after tax	2	7	11
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	2	7	11
Adjusted Net Profit	**2**	**7**	**11**
Equity shares outstanding (cr)	0	2	2
EPS (INR) basic	17.4	4.2	6.5
Diluted shares (Cr)	0.1	1.7	1.7
EPS (adj) fully diluted	17.4	4.2	6.5
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	91.2	84.5	81.0
Depreciation	1.9	1.5	1.7
Interest expenditure	3.7	3.0	2.9
EBITDA margins	8.8	15.5	19.0
Net profit margins	3.0	8.8	11.0

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	9.8	43.3	24.4
EBITDA	0.4	153.3	52.4
PBT	73.0	403.8	58.1
Net profit	159.8	312.3	55.6
EPS	159.8	(75.7)	55.2

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	19.1	34.1	33.9
ROCE (%)	17.3	24.6	28.9
Debtors (days)	85	59	124
Current ratio	2.6	4.1	4.2
Debt/Equity	1.6	0.9	0.8
Inventory (days)	156	111	113
Payable (days)	61	18	37
Cash conversion cycle (days)	180	152	200
Debt/EBITDA	5.4	1.8	1.6
Adjusted debt/Equity	1.4	0.9	0.7

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	17.4	4.2	6.5
CEPS (INR)	28.0	4.9	7.6
Diluted P/E (x)	11.7	48.4	31.2
Price/BV(x)	1.2	14.0	8.5
EV/Sales (x)	0.8	4.5	3.7
EV/EBITDA (x)	8.9	29.1	19.5
Diluted shares O/S	0.1	1.7	1.7
Basic EPS	17.4	4.2	6.5
Basic PE (x)	11.7	48.4	31.2
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	1	18
Reserves & surplus	16	24	24
Shareholders funds	17	25	41
Secured loans	9	9	5
Unsecured loans	18	15	27
Borrowings	27	24	32
Net Debt	24	22	31
Minority interest	0	0	0
Other liabilities	0	0	1
Sources of funds	**45**	**49**	**74**
Gross block	30	29	31
Depreciation	11	11	12
Net block	19	18	19
Capital work in progress	0	0	0
Total fixed assets	19	18	19
Other non-current assets	1	0	1
Investments			
Inventories	24	25	32
Sundry debtors	13	13	35
Cash and equivalents	3	1	1
Other current assets	0	0	4
Total current assets	41	40	71
Sundry creditors and others	16	8	16
Provisions	0	2	1
Total CL & provisions	16	10	17
Net current assets	25	30	54
Uses of funds	**45**	**49**	**74**
Book value per share (INR)	173	15	24

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	2	10	15
Add: Depreciation	1	1	2
Add: Others	2	2	3
Gross cash flow	5	13	20
Less: Changes in W. C.	1	9	28
Operating cash flow	4	4	-8
Less: Capex	2	0	2
Free cash flow	**1**	**4**	**-10**

Shriram Piston & Rings

Shriram Piston & Rings (SPRL) is an India-based auto-ancillary company specialising in engine components. With five decades of experience, this Shriram Group entity is the largest producer of piston, rings, and engine valves in India. It has a diverse client base catering to both domestic and international OEMs across segments like defence, passenger vehicles, commercial vehicles, two-wheeler, three-wheeler, tractors, off-highway, railway engines, and industrial gensets. The products are approved for all three emission standards - Euro 4, Euro 5 and Euro 6. OEMs are the biggest revenue contributor (51% of sales), followed by aftermarket (27%), exports (19%), and the non-auto market (3%). Regionally, it has operations in more than 45 countries, with contribution from Europe/South America/Middle East to group sales stood at 37%/22%/16%. It has six manufacturing facilities — three under SPRL and one each under in its three subsidiaries: SPR Engenious (SEL), SPR EMF Innovations Pvt (EMFI), and SPR Takahata Precision India Pvt (Takahata). It has two manufacturing plants in Uttar Pradesh and Rajasthan, with one each in Tamil Nadu and Madhya Pradesh. Additionally, company has five assembly plants are located near local auto clusters. The stock is not rated.

Strong revenue and EBITDA growth

Through its premium and diverse product portfolio, SPRL has successfully tapped into India's growing auto demand. It clocked 22% revenue CAGR over FY22–24, outperforming the local auto component industry at 14% CAGR. It clocked an EBITDA/PAT CAGR of 45%/64% over FY22–24, with EBITDA margin expanding by 610bp. SPRL has a strong capital structure with a net debt/EBITDA ratio of just 0.6x at the end of FY24. It boasts of a robust cash generation with an FCF of ~INR345cr in FY24.

Long-term technical collaboration is a key USP

SPRL has long-term relationships with major global players. For instance, it has partnerships with i) Germany's *KS Kolbenschmidt* for pistons since 1972, ii) Japan's Riken Corporation for rings since 1978, iii) Japan's Honda Foundry Company for pistons since 1989, and iv) Japan's Oozx Fuji for engine valves since 1993. These technical collaborations have helped retain its technological leadership in the industry while boosting its product and regional base.

SPRL is active in M&A as it looks to diversify its revenue stream

SPRL products are engine-based components mainly used in ICE. With growing EV sector, company is looking to diversify to areas like EVs and other ICE agnostic businesses. In FY24, company undertook two acquisitions namely i) acquired a 51% stake in EMFI and subsequently raised it to 66%, ii) acquired 62% stake in Takahata. EMFI is a young technology company in EV space and manufacturers electric motors and controllers. It has one production facility in Coimbatore and is in the process of building one more. Takahata is a manufacturer of high-precision plastic injection moulded parts for auto applications. It has one plant in Rajasthan where it conducts end-to-end operations - designing, manufacturing, and inspection — all under one roof.

Valuation

At the CMP of INR2,050.35, the stock is trading at 19.33x trailing 12 months P/E. The stock is not rated.

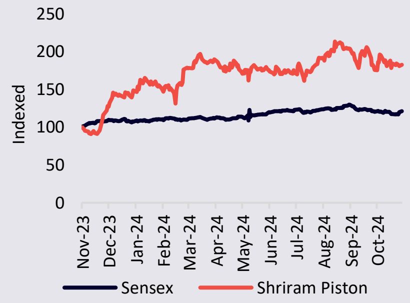
Key financials

Year to March	FY22	FY23	FY24
Revenue (INR lk)	2,06,466	2,60,933	3,08,933
Revenue growth (%)	29	26	18
EBITDA (INR lk)	30,446	46,036	64,203
EBITDA margin (%)	14.7	17.6	20.8
PAT (INR lk)	16,357	29,388	43,866
PAT margin (%)	7.9	11.3	14.2
EPS (INR)	74.3	133.4	100.5
P/E ratio (x)	**5.76**	**3.35**	**11.59**

CMP: INR2,050
Rating: Not Rated

Bloomberg:	SPRL:IN
52-week range (INR):	2,399 / 993
M-cap (INR cr):	8,765
Promoter holding (%)	43.75

Relative Price Performance



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Financials

Income Statement (INR lk, unless specified)

Year to March	FY22	FY23	FY24
Income from operations	2,06,466	2,60,933	3,08,933
Direct costs	70,676	1,00,088	1,16,015
Employee benefits expenses	39,176	40,951	45,948
Other Expenses	58,147	64,124	74,006
Operating exepenses	1,76,020	2,14,897	2,44,730
EBITDA	**30,446**	**46,036**	**64,203**
Depreciation and Amortisation Expense	10,205	9,471	10,771
EBIT	**20,241**	**36,565**	**53,432**
Finance Costs	1,142	1,929	3,046
Other Income	2,922	4,666	8,527
Profit before Tax (PBT)	22,021	39,302	58,913
Tax Expense	5,664	9,914	15,047
Net profit for the year	16,357	29,388	43,866
EPS, Diluted	**74.26**	**133.43**	**100.47**

Common size metrics - as % of revenues

Year to March	FY22	FY23	FY24
Operating expenses	85.3%	82.4%	79.2%
Depreciation	4.9%	3.6%	3.5%
Interest expense	0.6%	0.7%	1.0%
EBITDA margin	**14.7%**	**17.6%**	**20.8%**
EBIT margin	9.8%	14.0%	17.3%
Net profit margin	7.9%	11.3%	14.2%

Growth Metrics

Year to March	FY22	FY23	FY24
Revenues	29%	26%	18%
EBITDA	41%	51%	39%
PBT	84%	78%	50%
Net profit	84%	80%	49%
EPS	87%	80%	-25%

Ratios

Year to March	FY22	FY23	FY24
Gross margin	62.9%	62.0%	62.2%
Current ratio	2.3	2.5	2.4
Inventory days	53.7	59.4	64.5
Receivables days	59.9	66.4	77.1
Payables days	52.5	52.8	57.2
Cash conversion cycle	61.1	73.0	84.4
Net debt /EBITDA	0.3x	0.5x	0.6x

Balance Sheet (INR lk, unless specified)

Year to March	FY22	FY23	FY24
PPE	57,634	54,327	67,914
Intangible assets	2,468	13,177	15,386
Non current investments	3,030	10,353	16,696
Other non-current assets	11,882	13,139	18,147
Total non-current assets	**75,013**	**90,997**	**1,18,142**
Inventories	33,348	33,888	39,105
Trade receivables	35,456	39,659	47,606
Cash and cash equivalents	1,952	3,052	5,349
Other bank balances	33,025	61,638	80,848
Other current assets	6,218	12,179	22,779
Total current assets	**1,10,000**	**1,50,416**	**1,95,687**
Total Assets	**1,85,012**	**2,41,412**	**3,13,829**
Total Equities	**1,25,503**	**1,57,244**	**2,02,055**
Long Term Borrowings	4,034	14,602	20,710
Deffered Tax Liabilities	2,202	3,019	3,735
Long Term Provision	2,627	2,872	3,205
Other long term liabilities	2,989	3,754	3,656
Total Non Current liabilities	**11,851**	**24,247**	**31,306**
Short Term Borrowings	9,147	15,285	24,782
Trade payables	30,590	29,152	35,598
Other current laibilities	7,921	15,484	20,088
Total Current liabilities	**47,658**	**59,921**	**80,467**

Cash Flow (INR lakh, unless specified)

Year to March	FY22	FY23	FY24
Profit before tax	22,021	39,302	58,913
Add: D&A	10,205	9,471	10,771
Add: other non cash expenses	-564	-2,147	-4,387
Less: change in operating working capital	-6,999	57	-1,389
Less: change in other WCR	2,999	3,053	376
Other operating cash flow	-5,729	-10,218	-15,611
Net cash flow from operating activities	**21,932**	**39,518**	**48,673**
Capex PPE	-2,954	-5,034	-14,155
Capex Intangible assets	-3,384	-7,708	-458
Free cash flow	**15,594**	**26,776**	**34,060**
Other investments	709	-34,873	-27,547
Net cash flow from investing activities	**-5,630**	**-47,615**	**-42,160**
Net cash flow from financing activities	**-9,072**	**9,297**	**-4,216**

SKS Fasteners

nuvama professional clients group

Rating: Not Rated

Established in 1996, SKS Fasteners (SKS) is a private unlisted entity. It produces high tensile cold forging fasteners for automotive, agricultural, engineering, and construction OEMs, manufacturing more than 3,000 active SKUs. Cold forging accounts for a lion's share of revenue, but the management aims to expand its hot and nut forging business in the medium term. The main products include screws, bolts, nuts, and socket heads. Promoter Mr Sushil Kumar Bindal, who is also Managing Director, has more than 45 years of industry experience and holds a 59% stake. The other promoter Mr Sudhanshu Bindal and family holds 30% stake.

Segment-wise, commercial vehicles are the biggest revenue generator, contributing 60–70% to group sales, followed by passenger vehicle (~16%). Exports contribute ~17% to total revenue, with most exports to quality-centric nations and auto hubs like Germany, the US, the UK, and Mexico. SKS has a presence in 18 Indian states and Union Territories including all major auto clusters. The stock is not rated.

World-class manufacturing capabilities

SKS has three manufacturing facilities at Chakan (Pune) housing the: i) forging and thread rolling machines (it can handle an annual load of 30,000t), ii) a tool manufacturing facility, and iii) four zinc aluminium flake coating plants (one of the largest in India). It has expanded its manufacturing capability since 2018. Installed capacity rose to 30,000t from 13,000t in 2018. The total floor space is ~550k sq. ft. as compared to 224k sq. ft. in 2017.

Diversifying product avenues

SKS is planning to invest INR200cr to expand its manufacturing capabilities which will be used to set up a new unit for its cold forging business while also expanding the hot and nut forging business. SKS may need funding for the above planned capex. These investments will widen its product offerings, thus raising its cross-selling potential to existing clients while expanding into new markets like construction equipment, wind energy, and energy transmission.

Key USPs are long-lasting client relationships and specialised product development

SKS has a long association with established players in India such as Mahindra & Mahindra, Tata Motors, and Ashok Leyland. All three entities contribute ~50% to the group's sales. The company has a strong bond with key players. Around eight out of its top 10 customers have been with SKS for more than eight years, thus highlighting its high quality and technological leadership. It supplies specially customised SKUs which contribute more than 60% to sales. As specialised SKUs require continuous monitoring, they offer a higher profitability than standard SKUs.

Strong revenue and EBITDA growth

The company has been successful in tapping the growing demand as India has emerged as a production hub for the auto sector over the last three years. It clocked a revenue/EBITDA/PAT growth of 21%/36%/37% in FY24. EBITDA margin improved by 180bp to 16.3% in FY24 versus 14.6% in FY23 on healthy demand and higher volumes. It has a robust capital structure with a net debt/EBITDA ratio of 0.7x as on March 31.

Valuation

SKS is a private unlisted company. The stock is not rated.

Key financials

Year to March	FY23	FY24
Revenues (INR cr)	305	370
Revenue growth (%)	37	21
EBITDA (INR cr)	45	61
EBITDA margin (%)	14.6	16.4
PAT (INR cr)	24	32
PAT margin (%)	7.7	8.7
EPS	30	41

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Financials

Income Statement (INR cr, unless specified)

Year to March	FY23	FY24
Income from operations	305	370
COGS	160	189
Employee benefits expenses	33	41
Other Expenses	68	80
EBITDA	**45**	**61**
Depreciation and Amortisation Expense	9	12
EBIT	**36**	**49**
Finance Costs	6	9
Other Income	2	3
Profit before Tax (PBT)	32	42
Tax Expense	8	10
Net profit for the year	24	32

Common size metrics - as % of revenues

Year to March	FY23	FY24
Gross margin	47.7%	48.9%
Depreciation	2.9%	3.1%
Interest expense	2.1%	2.4%
EBITDA margin	**14.6%**	**16.4%**
EBIT margin	11.7%	13.3%
Net profit margin	7.7%	8.7%

Ratios

Year to March	FY23	FY24
Gross margin	47.7%	48.9%
Current ratio	1.3	1.4
Inventory days	101.8	96.6
Receivables days	58.9	48.7
Payables days	75.9	63.7
Cash conversion cycle	84.8	81.6
Net debt /EBITDA	0.7x	0.7x

Balance Sheet (INR cr, unless specified)

Year to March	FY23	FY24
PPE	57	68
Intangible assets	0	0
Non-current investments	4	15
Other non-current assets	10	9
Non-current assets	**71**	**93**
Inventories	73	86
Trade receivables	36	44
Cash and cash equivalents	16	12
Other current assets	1	8
Current assets	**127**	**150**
Total Assets	**198**	**243**
Total Equities	**87**	**116**
Long Term Borrowings	10	14
Short Term Borrowings	36	40
Trade payables	50	55
Provision	4	5
Other liabilities (short term + long term)	13	12
Total liabilities	**111**	**127**

Cash Flow (INR cr, unless specified)

Year to March	FY23	FY24
Profit before tax	32	42
Add: D&A	9	12
Add: Interest income & expenses	5	8
Less: change in operating working capital	-15	-16
Less: change in other working capital	2	1
Other operating cash flow	-11	-10
Net cash flow from operating activities	**22**	**36**
Capex PPE	-22	-24
Free cash flow	**1**	**12**
Other investments	-6	-8
Net cash flow from investing activities	**-28**	**-33**
Net cash flow from financing activities	**6**	**-2**

Solex Energy

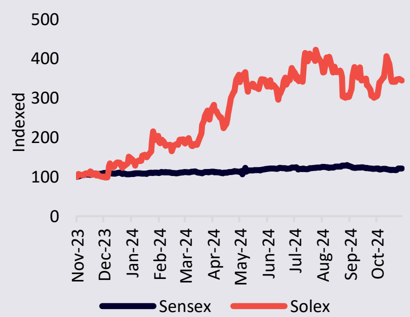
nuvama professional clients group

Founded in 1995, Solex Energy (SOLEX) is a leading manufacturer of solar photovoltaic modules. It also provides turnkey solutions across different segments like solar power plants, solar water pumps, and utility-scale ground mounted solar power plants. It manufactures products for 20 local and two global brands while also developing branded products inhouse. In FY24, it delivered a robust revenue of INR366cr (up 126% YoY) at 7.8% EBITDA margin and a PAT of INR9cr. The stock is not rated.

CMP: INR1,500
Rating: Not Rated

Bloomberg:	SOLEX:IN
52-week range (INR):	1,787/ 332
M-cap (INR cr):	1,620
Promoter holding (%)	66.15

Relative Price Performance



Capacity expansion and entry into new segments

SOLEX's existing facility has a production capacity of 700MW which is being expanded to 1.5GW of solar PV module manufacturing by December. For this expansion, it has raised INR73cr on a preferential allotment basis. The management has ambitious expansion plans to take total production capacity to 4–4.5GW (additional 2.5GW). By 2030, it plans to achieve a total production capacity of 15GW. Along with modules, it is also planning to foray into solar cell manufacturing, with an initial capacity of 2GW, which can be further scaled up to 5GW. It is looking to expand into newer geographies, especially the US, once it has enough capacities in place.

Strong financial performance

Revenue grew to INR366cr in FY24 from INR72cr in FY22. In H1FY25, revenue rose 193% YoY to INR273cr from INR93cr YoY, led by the tailwinds in the renewable energy sector and higher incentivisation by the Centre. Higher operational efficiencies helped improve EBITDA/ EBITDA margin to INR28cr/7.8% in FY24, despite input cost pressures (aluminium frames, glass, etc), on a steady improvement in net profit margin (1.4%/1.7%/2.4% in FY22/FY23/FY24). It aims at EBITDA margins between ~9%-11% and PAT margins of 5%. Return ratios have seen a steady improvement, with RoE/RoCE growing to 20.8%/15.7% in FY24 from 3.4%/3.2% in FY22.

Guides at a revenue of INR800cr in FY25

The management guided at a revenue of INR800cr in FY25, of which INR650cr/INR150cr will be from the module/EPC business. With the new facility online, but only for half the year, it expects to reach a revenue of INR2,400–2,500cr in FY26. With the entire 4GW of capacity online by FY27, it expects to reach a revenue of INR3,000–3,500cr.

Valuations and view

With capacity expansion, early adoption of changing technologies in the PV space, highest number of models registered under the ALMM scheme, foray into solar cell production, and its contract manufacturing prowess, SOLEX is in a sweet space for rapid growth in the coming years. At the CMP, the stock is trading at 74x TTM EPS basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	72	162	366
Revenue growth (%)	-10	125	126
EBITDA (INR cr)	2	11	28
Adjusted PAT (INR cr)	1	3	9
P/E ratio (x)	92.3	126.6	79.7
Price/BV ratio (x)	2.6	9.1	15.1
EV/EBITDA ratio (x)	59.4	36.1	27.9
RoACE (%)	3.2	8.1	15.7
RoAE (%)	3.4	7.5	20.8

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Financials

Income statement (INR Cr)

Year to March	FY22	FY23	FY24
Income from operations	72	162	366
Direct costs	61	131	298
Employee costs	2	7	14
Other expenses	7	13	26
Total operating expenses	70	150	338
EBITDA	**2**	**11**	**28**
Depreciation and amortisation	0	5	8
EBIT	2	7	20
Interest expenses	1	6	11
Other income	0	3	2
Profit before tax	1	4	12
Provision for tax	0	1	3
Core profit	1	3	9
Minority Interest	0	0	0
Profit after tax	1	3	9
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	1	3	9
Adjusted Net Profit	**1**	**3**	**9**
Equity shares outstanding (cr)	0.8	0.8	0.8
EPS (INR) basic	1.2	3.4	10.9
Diluted shares (Cr)	0.8	0.8	0.8
EPS (adj) fully diluted	1.2	3.4	10.9
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	97.4	93.0	92.2
Depreciation	0.3	2.8	2.3
Interest expenditure	1.0	3.5	2.9
EBITDA margins	2.6	7.0	7.8
Net profit margins	1.4	1.7	2.4

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	(9.7)	124.9	126.3
EBITDA	(44.4)	510.1	150.9
PBT	(46.2)	213.8	199.6
Net profit	(41.1)	174.4	222.2
EPS	(63.6)	174.4	222.2

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	3.4	7.5	20.8
ROCE (%)	3.2	8.1	15.7
Debtors (days)	105	68	47
Current ratio	3.5	2.5	2.3
Debt/Equity	0.6	1.8	2.1
Inventory (days)	72	69	66
Payable (days)	64	66	49
Cash conversion cycle (days)	114	71	64
Debt/EBITDA	10.5	5.8	3.4
Adjusted debt/Equity	0.5	1.7	2.1

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	1.2	3.4	10.9
CEPS (INR)	1.5	9.1	21.5
Diluted P/E (x)	92.3	126.6	79.7
Price/BV(x)	2.6	9.1	15.1
EV/Sales (x)	1.5	2.5	2.2
EV/EBITDA (x)	59.4	36.1	27.9
Diluted shares O/S	0.8	0.8	0.8
Basic EPS	1.2	3.4	10.9
Basic PE (x)	92.3	126.6	79.7
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	8	8	8
Reserves & surplus	27	30	38
Shareholders funds	35	38	46
Secured loans	13	45	47
Unsecured loans	6	21	49
Borrowings	19	66	96
Net Debt	19	66	96
Minority interest	0	0	0
Other liabilities	5	4	3
Sources of funds	**59**	**108**	**146**
Gross block	1	54	54
Depreciation	0	0	0
Net block	1	54	54
Capital work in progress	24	1	0
Total fixed assets	25	55	54
Other non-current assets	2	2	6
Investments			
Inventories	14	30	66
Sundry debtors	21	30	47
Cash and equivalents	0	0	0
Other current assets	11	23	38
Total current assets	46	83	152
Sundry creditors and others	13	33	63
Provisions	0	0	3
Total CL & provisions	13	33	66
Net current assets	33	50	85
Uses of funds	**59**	**107**	**146**
Book value per share (INR)	44	47	58

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	1	4	12
Add: Depreciation	0	5	8
Add: Others	1	5	10
Gross cash flow	2	14	30
Less: Changes in W. C.	-2	-7	28
Operating cash flow	4	21	2
Less: Capex	24	35	8
Free cash flow	**-20**	**-14**	**-6**

Spectrum Electrical Industries

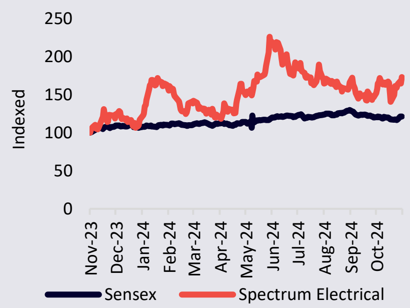
Spectrum Electrical Industries (SPECTRUM) is an ISO 9001:2015, 14001:2015, and 45001:2018 certified company. It is engaged in designing and manufacturing of an extensive range of products under the electrical components domain having different applications and utilities. Its products include distribution boards, modular electric board panels, EV chargers, mini MCB base and cover, lamp angle holders, metal junction box, auto and irrigation equipment, tools, dyes, and moulds.

It provides services like electroplating, injection moulding, metal stamping and powder coating. It undertakes design, fabrication, moulding, powder coating, surface coating, and assembling to develop these products. It offers end-to-end product solutions and services ranging from global sourcing, manufacturing, quality testing and packaging to logistics. Its manufacturing facilities are in Jalgaon and Nashik in Maharashtra. Revenue/EBITDA/PAT stood at INR328cr/INR39cr/INR20cr in FY24. The stock is not rated.

CMP: INR1,817
Rating: Not Rated

Bloomberg:	SPECTRUM:IN
52-week range (INR):	1054 / 2520
M-cap (INR cr):	2,836
Promoter holding (%)	72.53

Relative Price Performance



Venturing into new product lines

In the last 28 years, the company has gained invaluable experience with regards to new product offerings and has recently ventured into novel product lines. Recognising the growing demand for electric vehicles and the need for reliable charging infrastructure, it has ventured into the manufacture of EV chargers designed to support various electric vehicle models and charging standards.

It has launched subsidiaries to expand its business lines into IT services and healthcare devices. Its IT service offerings include AI-based solutions, industrial automation, cyber security services, AR/VR, and Cloud services. Healthcare involves device and equipment design and engineering services, contract manufacturing, and white label services. The management is targeting INR500cr/INR800cr in IT services/healthcare sales over the next five/four years.

Funds raised in Q1FY24

It raised INR59.29cr via a preferential issue of convertible warrants and QIP in Q4FY24. These proceeds were proposed to be deployed for capital expenditure/working capital/corporate purposes/issue expenses (~23%/74%/2%/1% of total proceeds).

Key financial highlights in H1FY25

In H1FY25, revenue rose 18.8% YoY to INR158.49cr but was lower in comparison to H2FY24 (INR194.66cr). Revenue in the second half of the fiscal has typically been higher compared to the first half in the past four years. Margin in the past three halves i.e. H1FY25/H2FY24/ HFY24 stood ~33.2%/27.7%/33%. EBITDA/PAT grew 12.4%/28.3% YoY to INR16.94cr/ INR9.12cr in H1FY25.

Valuation

At the CMP of INR1817, the stock trades at 130.5x on a TTM EPS.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	251	253	328
Revenue growth (%)	66	1	29
EBITDA (INR cr)	25	23	39
Adjusted PAT (INR cr)	8	8	20
P/E ratio (x)	358.9	325.1	143.8
Price/BV ratio (x)	32.9	29.8	16.7
EV/EBITDA ratio (x)	112.8	122.3	74.9
RoACE (%)	10.5	7.7	13.1
RoAE (%)	9.5	9.6	15.1

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	251	253	328
Direct costs	177	174	230
Employee costs	15	17	16
Other expenses	34	39	43
Total operating expenses	226	230	289
EBITDA	**25**	**23**	**39**
Depreciation and amortisation	8	9	9
EBIT	17	14	30
Interest expenses	8	7	9
Other income	1	5	6
Profit before tax	11	12	27
Provision for tax	3	3	8
Core profit	8	8	20
Minority Interest	0	0	0
Profit after tax	8	8	20
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	8	8	20
Adjusted Net Profit	**8**	**8**	**20**
Equity shares outstanding (cr)	1.5	1.5	1.6
EPS (INR) basic	5.1	5.6	12.6
Diluted shares (Cr)	1.5	1.5	1.6
EPS (adj) fully diluted	5.1	5.6	12.6
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	90.0	90.8	88.1
Depreciation	3.2	3.6	2.7
Interest expenditure	3.1	2.9	2.7
EBITDA margins	10.0	9.2	11.9
Net profit margins	3.0	3.3	6.0

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	66.1	0.8	29.5
EBITDA	34.3	(7.3)	67.6
PBT	29.6	10.5	133.2
Net profit	29.6	10.4	133.4
EPS	29.6	10.4	126.1

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	9.5	9.6	15.1
ROCE (%)	10.5	7.7	13.1
Debtors (days)	50	60	91
Current ratio	2.5	2.5	3.7
Debt/Equity	0.9	1.1	0.5
Inventory (days)	95	100	72
Payable (days)	56	71	42
Cash conversion cycle (days)	90	90	120
Debt/EBITDA	3.1	4.3	2.3
Adjusted debt/Equity	0.9	1.0	0.5

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	5.1	5.6	12.6
CEPS (INR)	10.3	11.5	18.3
Diluted P/E (x)	358.9	325.1	143.8
Price/BV(x)	32.9	29.8	16.7
EV/Sales (x)	11.2	11.2	8.9
EV/EBITDA (x)	112.8	122.3	74.9
Diluted shares O/S	1.5	1.5	1.6
Basic EPS	5.1	5.6	12.6
Basic PE (x)	358.9	325.1	143.8
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	15	15	16
Reserves & surplus	68	77	151
Money against share warrants	0	0	3
Shareholders funds	83	92	170
Secured loans	37	38	17
Unsecured loans	42	61	72
Borrowings	79	99	89
Net Debt	76	91	77
Minority interest	0	0	0
Other liabilities	8	6	3
Sources of funds	**170**	**197**	**262**
Gross block	111	118	130
Depreciation	30	39	48
Net block	80	79	82
Capital work in progress	9	15	23
Total fixed assets	89	94	104
Other non-current assets	10	18	6
Investments			
Inventories	66	70	65
Sundry debtors	34	42	82
Cash and equivalents	2	9	12
Other current assets	16	23	49
Total current assets	119	143	207
Sundry creditors and others	43	52	43
Provisions	5	6	12
Total CL & provisions	48	58	55
Net current assets	71	85	152
Uses of funds	**170**	**197**	**262**
Book value per share (INR)	55	61	109

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	11	12	27
Add: Depreciation	8	9	9
Add: Others	6	2	2
Gross cash flow	25	23	39
Less: Changes in W. C.	4	21	40
Operating cash flow	21	2	-1
Less: Capex	22	14	19
Free cash flow	**-1**	**-12**	**-20**

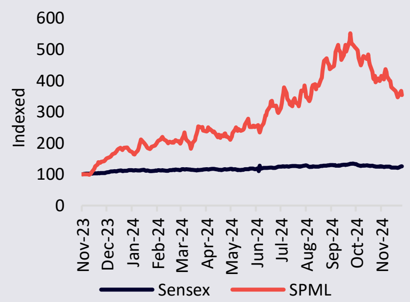
SPML Infra

Incorporated in 1981, SPML Infra (SPML) is a veteran turnkey player (more than four decades of experience), offering end-to-end water management solutions with a superior execution track record. Revenue grew 49% YoY to INR1,319cr in FY24. It had an order book of ~INR1,800cr (inclusive of JVs) at the end of H1FY25. The stock is not rated.

CMP: INR190
Rating: Not Rated

Bloomberg:	SPML:IN
52-week range (INR):	303/ 76
M-cap (INR cr):	1,300
Promoter holding (%)	34.8

Relative Price Performance



Business opportunity

With the launch and expansion of schemes such as the *Jal Jeevan* Mission (urban and rural), *Namami Gange*, and *AMRUT*, we see the benefits reaching a wider population in due course. Given the ample projects nationwide, the water sector provides SPML a huge opportunity (~INR26lk cr).

Scripting a financial turnaround

Over the years, the company has made conscious efforts to improve its financial health. It has improved its debtor days/cash conversion cycle to 112/22 days in FY24 from 651/482 days in FY21. By reducing its net debt to INR315cr in FY24 from INR1,783cr in FY21, debt-to-equity ratio improved to 1.2x in FY24 from 6.6x in FY21. Selective project selection and JVs will help improve revenue and profitability in the long term.

Debt restructuring with NARCL and IDRCL

It restructured its debt of ~INR1,657cr through Indian Debt Resolution Company (IDRCL) under the National Asset Reconstruction Company (NARCL). Under this arrangement, SPML was offered two options for full repayment (inclusive of interest): i) INR967cr in 10 years, or ii) INR700cr in eight years. The management has chosen the latter. It is optimistic of award wins from litigations (win ratio of ~41%). Of the INR700cr, it has already repaid INR223cr with another INR40cr to be paid in FY25. The balance is to be paid from INR600cr worth of awards in hand.

New liquidity infusion

SPML has a planned liquidity of INR470cr for its business operations over and above the payment to NARCL via capital infusion by the promoters, sale of non-core assets, proceeds from settlement under the VSV Scheme, and preferential allotment via equity and warrants. This makes it eligible to bid for contracts worth INR6,000cr.

Guidance

The management is bullish on the overall water sector. With the humongous opportunity present in the water sector and with pre-qualification (PQs) in 90% of all projects, it is targeting orders worth INR4,000–5,000cr. Currently, company faced some headwinds in order wins due to the general elections and slower than anticipated tendering. With a change in the way it approaches the business and selective bidding, it is confident of achieving 10–15% margin from new orders.

Valuations and view

SPML has taken cognitive efforts to strategically turn around the business. Its debt repayment strategy with NARCL, liquidity infusion, PQ for higher value orders, margin enhancement, and litigation settlements showcase the overall improvement in the business and its growth prospect. At the CMP of INR190, the stock is trading at a P/E ratio of 68x on a TTM EPS basis. The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenues (INR Cr)	952	883	1,319
Rev growth (%)	39	-7	49
EBITDA (INR Cr)	-6	29	13
Adjusted PAT (INR Cr)	0	0	-2
P/E (x)	na	nm	na
Price/BV(x)	2.6	2.7	2.2
EV/EBITDA (x)	-459.3	93.2	101.0
RoACE (%)	-0.4	1.2	0.6
RoAE (%)	-0.0	0.1	-0.4

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SPML Infra

Financials

Income statement			(INR cr)
Year to March	**FY22**	**FY23**	**FY24**
Income from operations	952	883	1,319
Direct costs	851	770	1,020
Employee costs	28	27	24
Other expenses	78	57	262
Total operating expenses	957	854	1,306
EBITDA	**-6**	**29**	**13**
Depreciation and amortisation	4	3	2
EBIT	-10	26	11
Interest expenses	22	50	57
Other income	29	28	43
Profit before tax	-2	3	-3
Provision for tax	-1	3	1
Core profit	-1	0	-4
Minority Interest	0	0	0
Profit after tax	-1	0	-4
Extraordinary items & share of profit from associates	1	0	3
Reported net profit	0	0	-2
Adjusted Net Profit	**-0**	**0**	**-2**
Equity shares outstanding (cr)	4.4	5.0	5.3
EPS (INR) basic	(0.0)	0.1	(0.3)
Diluted shares (Cr)	4.4	5.0	5.3
EPS (adj) fully diluted	(0.0)	0.1	(0.3)
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues			
Year to March	**FY22**	**FY23**	**FY24**
Operating expenses	100.6	96.7	99.0
Depreciation	0.4	0.4	0.2
Interest expenditure	2.3	5.7	4.3
EBITDA margins	(0.6)	3.3	1.0
Net profit margins	(0.0)	0.0	(0.1)

Growth metrics (%)			
Year to March	**FY22**	**FY23**	**FY24**
Revenues	39.4	(7.2)	49.3
EBITDA	141.9	(607.1)	(54.0)
PBT	(82.6)	(249.9)	(203.1)
Net profit	(98.7)	(343.4)	(575.1)
EPS	(98.8)	(314.1)	(543.4)

Ratios			
Year to March	**FY22**	**FY23**	**FY24**
ROE (%)	(0.0)	0.1	(0.4)
ROCE (%)	(0.4)	1.2	0.6
Debtors (days)	468	190	112
Current ratio	3.1	2.9	1.6
Debt/Equity	5.5	5.0	1.2
Inventory (days)	39	44	13
Payable (days)	189	218	147
Cash conversion cycle (days)	318	15	-22
Debt/EBITDA	(318.9)	60.9	41.4
Adjusted debt/Equity	5.5	5.1	0.7

Valuation parameters			
Year to March	**FY22**	**FY23**	**FY24**
Diluted EPS (INR)	(0.0)	0.1	(0.3)
CEPS (INR)	0.9	0.7	0.1
Diluted P/E (x)	(6,047.2)	2,824.9	(637.1)
Price/BV(x)	2.6	2.7	2.2
EV/Sales (x)	2.7	3.0	1.0
EV/EBITDA (x)	(459.3)	93.2	101.0
Diluted shares O/S	4.4	5.0	5.3
Basic EPS	(0.0)	0.1	(0.3)
Basic PE (x)	(6,047.2)	2,824.9	(637.1)
Dividend yield (%)	0%	0%	0%

Balance sheet			(INR crs)
As on 31st March	**FY22**	**FY23**	**FY24**
Equity share capital	9	10	11
Reserves & surplus	311	333	450
Shareholders funds	320	342	460
Secured loans	664	636	306
Unsecured loans	1,148	1,117	243
Borrowings	1,811	1,753	549
Net Debt	1,769	1,730	315
Minority interest	7	7	3
Other liabilities	78	99	263
Sources of funds	**2,216**	**2,201**	**1,275**
Gross block	98	93	6
Depreciation	0	0	0
Net block	98	93	6
Capital work in progress	56	56	0
Total fixed assets	154	150	6
Other non-current assets	854	945	882
Investments			
Inventories	90	92	37
Sundry debtors	1,220	459	404
Cash and equivalents	43	23	234
Other current assets	444	1,123	328
Total current assets	1,797	1,698	1,004
Sundry creditors and others	587	590	615
Provisions	2	1	1
Total CL & provisions	589	591	617
Net current assets	1,208	1,106	387
Uses of funds	**2,216**	**2,201**	**1,275**
Book value per share (INR)	75	70	87

Cash flow statement			(INR crs)
Year to March	**FY22**	**FY23**	**FY24**
EBIT	-2	3	-1
Add: Depreciation	4	3	2
Add: Others	34	64	309
Gross cash flow	36	70	310
Less: Changes in W. C.	55	50	-284
Operating cash flow	-19	20	594
Less: Capex	-3	-10	34
Free cash flow	**-16**	**30**	**561**

Suraj Estate Developers

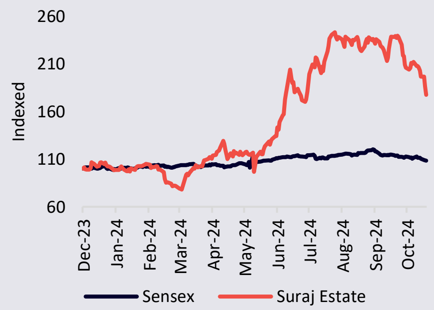
With over 37 years of industry experience, Suraj Estate Developers (SURAJEST) is a prominent and leading developer in South Central Mumbai (SCM). It is present across key micro-markets of Dadar, Prabhadevi, Mahim, Matunga, and Parel, where it has delivered more than 42 projects till date (saleable carpet area of over 1mn sq. ft.). It operates in two segments: i) residential, and ii) commercial real estate. It specialises in the redevelopment of tenanted properties under rule 33(7) of DCPR into standalone premium high rises in SCM. It develops and sells built-to-suit corporate offices based on the orders it receives. It has two residential offerings: value luxury (INR1–3cr per unit) and luxury (INR3–13cr). It has a portfolio of 13 ongoing projects with an inventory of ~INR395cr. Another 18 projects with a carpet area/GDV of 0.9mn sq. ft./~INR5,000cr will be launched by FY28-end.

In H1FY25, revenue grew 18% YoY on healthy execution. EBITDA margin contracted by 116bp YoY to 52.2%, on higher construction and employee cost. EBITDA grew 15% YoY. PAT surged 97% YoY led by a sharp reduction in finance cost on de-leveraging and re-financing of high-cost debt. On the operational side, pre-sales grew 13% YoY on a 12% growth in average realisation. Led by projects meeting their construction milestones and accrual from a commercial project, collections grew 46% YoY. It has guided at pre-sales of INR850cr for FY25, which will be aided by launches of INR1,150cr.

We expect ongoing and upcoming projects to generate a gross/net cash flow of INR7,117cr/ INR3,771cr over FY25–32. We discount cash flows to FY26 to arrive at a NAV of INR2,506cr. We have a 'BUY' rating on SURAJEST with a TP of INR992 (1.5x FY26E NAV).

CMP: INR573
Rating: BUY
Target price: INR992
Upside: 73%

Bloomberg:	SURAJEST.IN
52-week range (INR):	256/842
Shares in issue (cr):	4.78
M-cap (INR cr):	2,542
Promoter holding (%)	69.6



Project pipeline stable, launches worth INR1,150cr to drive pre-sales in FY25

As of September-end, it had an inventory of ~71,000sq. ft. (GDV: ~INR395cr) in ongoing projects with plans to launch ~9lk sq. ft. (GDV: ~INR5,000cr) till FY27. Of this, launches of ~INR1,150cr (residential/commercial: INR675cr/INR475cr) are planned in FY25. Driven by launches, it expects pre-sales of INR850cr (residential/commercial: INR650cr/INR200cr) in FY25.

Recent fund raise to help accelerate project additions

In October, it raised INR269cr via a preferential allotment (INR244cr) and issue of convertible warrants (INR25cr). In the case of warrants, it has called for 25% of the amount due, with the balance (INR75cr) due within 18 months. A significant portion of the amount raised will be used for project acquisitions, which will enhance its launch pipeline. The management intends to deploy these proceeds before March 2025.

Expect pre-sales/revenue/EBITDA/PAT CAGR of 51%/53%/50%/102% over FY24–27

Over FY24–27, we estimate 51% CAGR in pre-sales at INR1,663cr. We expect inventory and the current project pipeline to generate a gross/net cash flow of INR7,117cr/INR3,771cr over FY25–32. Any new project additions will lead to an expansion in expected cash flows. We see revenue growing in line with pre-sales growth. We expect EBITDA margin to settle at 52–53%, with 50.4% EBITDA CAGR over FY24–27 (INR791cr). We expect 101.9% PAT CAGR over FY24–27 to INR555cr on falling interest cost.

Valuation and view

Owing to: i) a robust project lineup and a healthy launch pipeline, ii) leadership position in the redevelopment segment in South Central Mumbai, iii) a strong cost advantage and a proven track record in redeveloping 33(7) projects, iv) a huge addressable market, and v) a healthy Balance Sheet with predictable cash flows, we are optimistic on SURAJEST's growth story. We have a 'BUY' rating on SURAJEST with a TP of INR992, valuing the stock at 1.5x FY26E NAV.

Key financials

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR cr)	306	412	424	922	1,485
Revenue growth (%)	12	35	3	117	61
EBITDA (INR cr)	151	233	222	480	792
EBITDA margin (%)	49	57	52	52	53
Net profit (INR cr)	32	68	110	315	555
P/E ratio (x)	58.0	30.2	25.4	9.1	5.2
P/B ratio (x)	26.1	4.0	3.2	2.2	1.6
RoACE (%)	21.9	28.5	18.9	31.3	35.9
RoAE (%)	58.0	23.0	15.6	28.9	35.5

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY23	FY24	FY25E	FY26E	FY27E
Income from operations	306	412	424	922	1,485
Cost of units sold	135	135	157	336	549
Employee costs	12	14	20	23	27
Other expenses	8	30	26	83	116
Total Operating expenses	155	179	203	442	693
EBITDA	151	233	222	480	792
Depreciation and amortisation	3	4	6	6	6
EBIT	148	229	216	474	786
Interest expenses	107	139	72	56	47
Other income	2	3	3	3	3
Exceptional item	-	-	-	-	-
Profit before tax	43	94	147	421	742
Provision for tax	11	26	37	106	187
Profit after tax	32	67	110	315	555
Share of Minority in profits	-	0	0	0	0
Adj. profit after tax	32	68	110	315	555
Shares outstanding	3	3	5	5	5
Adjusted EPS	10	19	23	64	113

Common size metrics- as % of net revenues

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating expenses	51	43	48	48	47
Depreciation	1	1	1	1	0
Interest expenditure	35	34	17	6	3
EBITDA margins	49	57	52	52	53
Net profit margins	10	16	26	34	37

Growth metrics (%)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenues	12	35	3	117	61
EBITDA	15	54	-5	116	65
PBT	20	117	57	186	76
Adj. Net profit	21	110	63	186	76
Adj. EPS	21	110	63	186	76

Ratios

Year to March	FY23	FY24	FY25E	FY26E	FY27E
ROAE (%)	58.0	23.0	15.6	28.9	35.5
ROACE (%)	21.9	28.5	18.9	31.3	35.9
Debtors (days)	135	94	95	92	91
Inventory (days)	779	654	702	560	550
Payable (days)	32	32	31	31	31
Cash conversion cycle (days)	881	717	766	621	610
Debt/Equity	8.3	0.8	0.5	0.3	0.2
Debt/EBITDA	3.9	1.8	2.0	0.8	0.4
Adjusted debt/Equity	7.9	0.6	0.0	-0.0	-0.0

Valuation parameters

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Diluted EPS (INR)	10.1	19.4	23.1	64.2	113.1
Diluted P/E (x)	58.0	30.2	25.4	9.1	5.2
Price/BV(x)	26.1	4.0	3.2	2.2	1.6
EV/EBITDA (x)	22.3	13.4	12.8	5.8	3.6
Diluted shares O/S	3.2	3.5	4.8	4.9	4.9
Basic EPS	10.1	19.4	23.1	64.2	113.1
Basic PE (x)	58.0	30.2	25.4	9.1	5.2

Balance Sheet (INR cr)

As on 31st March	FY23	FY24	FY25E	FY26E	FY27E
Equity share capital	16	21	24	24	24
Reserves & surplus	56	495	847	1,261	1,817
Shareholders' funds	71	516	871	1,285	1,841
Total Debt	593	426	450	400	350
Other Long-Term Liabilities	6	12	12	12	12
Deferred Tax Liabilities	-4	-7	-7	-7	-7
Minority interest	0	0	0	0	-0
Sources of funds	**667**	**947**	**1,326**	**1,691**	**2,196**
Gross block	29	50	60	75	96
Depreciation	13	17	23	28	34
Net block	16	33	38	47	62
Capital work in progress	-	-	-	-	-
Total fixed assets	16	33	38	47	62
Investments	9	1	1	1	1
Inventories	652	739	816	1,414	2,238
Sundry debtors	113	107	110	232	370
Cash and equivalents	28	110	425	410	364
Loans and advances	98	278	278	278	278
Total current assets	901	1,235	1,630	2,335	3,251
Sundry creditors and others	258	336	331	720	1,160
Provisions	14	0	0	0	0
Total CL & provisions	272	336	332	720	1,161
Net current assets	629	899	1,298	1,615	2,090
Other Assets	23	15	16	29	44
Uses of funds	**667**	**947**	**1,351**	**1,691**	**2,196**
Book value per share (INR)	22	148	182	262	375

Cash flow statement

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating Profit After Tax Before WC changes	140	207	184	374	605
WC Changes	55	-195	-85	-332	-521
CFO	195	11	100	42	84
CFI	-28	-6	-7	-25	-32
CFF	-163	77	222	-32	-97
Total Cash Flow	4	82	314	-15	-46

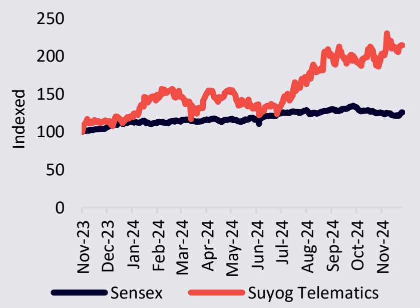
Suyog Telematics

Suyog Telematics (SUYOG) is a telecom infrastructure provider (of towers and optic fibre connectivity) to mobile service operators (like Bharti Airtel, Reliance Jio Infocomm, and Vodafone Idea) across India on a long-term lease through master service agreements (MSAs). In FY24, it clocked a revenue of INR167cr (up 16% YoY), EBITDA of INR117cr (70% margin) and PAT of INR63cr. The stock is not rated.

CMP: INR1,804
Rating: Not Rated

Bloomberg:	SUYOG:IN
52-week range (INR):	1,945/ 1,455
M-cap (INR cr):	1,923
Promoter holding (%)	47.30

Relative Price Performance



Established player in the telecom infra space

The company has a portfolio of 4,426 towers, with 5,246 tenancies (of these 3,858 are small cell tenancies) as at the end of Q2FY25. In H1FY25, its biggest revenue contributor was Airtel with 50.2% contribution, followed by Jio/Vi/BSNL and MTNL at 22.5%/26.9%/0.4%. Its tower portfolio is set to expand exponentially on the back of agreements with BSNL, MTNL, and Vi.

Tower portfolio set to double/triple over FY25/FY26

SUYOG recently signed MSAs with Vi and BSNL. Both telcos are looking to catch up with their peers in 4G networks, which will more than double/triple its tower portfolio over FY25/FY26. As per MSAs, it will be adding more than 3,000 macro towers cumulatively for Vi and BSNL, over 500 towers in Mumbai for MTNL, and in excess of 1,000 small cell towers in FY25. Similar tower additions are expected in FY26 too.

Steady long-term revenue model

Its revenue model is stable as it is governed by MSAs with an average tenure of 10-years and an annual escalation of 2.5%. The revenue stream of passive infra providers consists of IP fees (rental for towers), loading (for adding extra radio equipment), fuel and utilities (pass-through to operators), site or land rent (usually a pass-through). SUYOG earns a monthly IP fee of INR30–35k (with an additional INR7k for loading) per ground-based tower (GBT), INR20–22k (with an additional INR7k for loading) per roof-top tower (RTT), and INR10–12k for small cells.

Capex and cash flows

SUYOG will incur a capex of ~INR450cr each in FY25/FY26 (i.e. a total of INR900cr) to expand its tower portfolio (INR65cr/INR400cr incurred in H1/H2FY25). In FY24, it posted an operating cash flow (OCF) of INR72cr and gross debt/net debt of INR86cr/INR83cr, with a D/E ratio of 0.3x. Though OCF is likely to triple over the next two years with a tower rollout, funding capex will lead to an increase in debt (INR250cr/INR100cr from investors/ promoters). Capex for FY26 will be largely funded via internal accruals and some debt.

Valuations and view

The company is set to deliver accelerated growth in FY25/FY26 as its tower portfolio expands by ~5,000 additional towers each in FY25/FY26. Fiberisation and FTTH may turn significant by FY27, with a 10–15% revenue contribution. Since its revenue model is stable and well-defined, margin may stay stable ~65% going forward. At the CMP, using H1FY25 ending data, the stock is trading at a m-cap/tower valuation of INR36lk (versus INR40lk for Indus Towers). The stock is not rated.

Key financials

Year to March	FY22	FY23	FY24
Revenue (INR cr)	126.3	143.6	166.6
Revenue growth (%)	-4.1	13.7	16.0
EBITDA (INR cr)	86.6	92.8	117.3
Adjusted PAT (INR cr)	41.4	46.3	63.3
P/E ratio (x)	45.7	40.8	30.4
Price/BV ratio (x)	10.0	8.1	6.4
EV/EBITDA ratio (x)	22.4	21.4	17.1
RoCE (%)	23.9	18.8	19.6
RoE (%)	24.9	21.9	23.8

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	126	144	167
Direct costs	18	20	17
Employee costs	11	14	17
Other expenses	10	17	15
Total operating expenses	40	51	49
EBITDA	**87**	**93**	**117**
Depreciation and amortisation	22	26	34
EBIT	65	66	83
Interest expenses	14	16	19
Other income	6	9	8
Profit before tax	57	59	71
Provision for tax	15	13	8
Core profit	41	46	63
Minority Interest	0	0	0
Profit after tax	41	46	63
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	41	46	63
Adjusted Net Profit	**41**	**46**	**63**
Equity shares outstanding (cr)	1.0	1.0	1.1
EPS (INR) basic	39.5	44.2	59.4
Diluted shares (Cr)	1.0	1.0	1.1
EPS (adj) fully diluted	39.5	44.2	59.4
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	31.4	35.4	29.6
Depreciation	17.1	18.4	20.5
Interest expenditure	11.0	11.2	11.7
EBITDA margins	68.6	64.6	70.4
Net profit margins	32.8	32.2	38.0

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	(4.1)	13.7	16.0
EBITDA	32.1	7.2	26.4
PBT	34.3	4.0	21.0
Net profit	69.6	11.9	36.7
EPS	64.3	11.9	34.4

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	24.9	21.9	23.8
ROCE (%)	23.9	18.8	19.6
Debtors (days)	77	103	101
Current ratio	1.4	1.2	1.8
Debt/Equity	0.3	0.4	0.3
Inventory (days)	15	14	16
Payable (days)	36	104	35
Cash conversion cycle (days)	56	13	82
Debt/EBITDA	0.6	1.0	0.7
Adjusted debt/Equity	0.3	0.4	0.3

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	39.5	44.2	59.4
CEPS (INR)	60.1	69.4	91.4
Diluted P/E (x)	45.7	40.8	30.4
Price/BV(x)	10.0	8.1	6.4
EV/Sales (x)	15.4	13.8	12.0
EV/EBITDA (x)	22.4	21.4	17.1
Diluted shares O/S	1.0	1.0	1.1
Basic EPS	39.5	44.2	59.4
Basic PE (x)	45.7	40.8	30.4
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	10	10	11
Reserves & surplus	178	224	288
Shareholders funds	188	234	298
Secured loans	46	75	55
Unsecured loans	11	20	31
Borrowings	56	95	86
Net Debt	53	93	82
Minority interest	0	0	0
Other liabilities	64	67	69
Sources of funds	**309**	**396**	**453**
Gross block	216	270	281
Depreciation	0	0	0
Net block	216	270	281
Capital work in progress	0	3	2
Total fixed assets	217	273	283
Other non-current assets	73	104	130
Investments			
Inventories	5	5	7
Sundry debtors	27	41	46
Cash and equivalents	3	2	4
Other current assets	36	55	30
Total current assets	72	103	87
Sundry creditors and others	49	75	43
Provisions	3	8	4
Total CL & provisions	52	84	48
Net current assets	19	19	39
Uses of funds	**309**	**396**	**453**
Book value per share (INR)	180	223	280

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	57	59	71
Add: Depreciation	22	26	34
Add: Others	-0	-0	-1
Gross cash flow	78	85	105
Less: Changes in W. C.	32	18	33
Operating cash flow	47	67	72
Less: Capex	75	101	64
Free cash flow	**-28**	**-34**	**7**

Tara Chand InfraLogistic Solutions

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Established in the 1980s, Tara Chand Infralogistics Solutions (TARACHAN) started off as a trader and distributor of steel and steel products. It has since expanded to 21 states and Union Territories, with depots and site offices in another eight locations, becoming one of the larger players in the crane rental space and a preferred logistics player for two of the largest steel manufacturers in India.

It is enabling industrial capacity expansion and infrastructure development in India via its three verticals: transportation and warehousing (TW), equipment hiring (EH), and processing and distribution (PD), which contribute 51%, 40%, and 9%, respectively, to total revenue. The TW segment involves transportation, storage, and handling of steel and steel products for SAIL and RINL. PD supports the TW segment. Here, it carries out basic fabrication of steel products for these two customers as per their requirement. In the EH segment, it owns a fleet of more than 250 cranes and construction equipment which it rents out to marquee clients like Reliance Industries, Aditya Birla Group, Adani Enterprises, KEC International, L&T, Afcons Infrastructure, Tata Steel in industries such as infrastructure, cement, steel and chemicals.

In H1FY25, revenue grew 25% YoY to INR102cr led by a 54% growth in the EH segment on fleet expansion, healthy rental yield (2.96%), and a favourable demand-supply gap. On a higher revenue contribution from the high margin EH segment, EBITDA grew 28% YoY to INR32cr with margin expanding 68bp to 31.3%. PAT grew 81% YoY to INR12cr on higher other income and stable finance cost. Its order book stands at INR1,05cr, executable by FY25-end. At the CMP, stock trades at 30x TTM EPS. The stock is not rated.

Expanding EH fleet at an investment of INR160cr over FY25–26

Given the favourable industry dynamics and limited availability of quality and high-capacity equipment, TARACHAN plans to spend INR160cr on high tonnage cranes in the EH segment over FY25 and FY26. These cranes carry a margin of 55–60%. These additions will be backed by orders in hand. At peak utilisation and present yield, we see it generating an additional annual revenue of INR55cr. It aims to target the renewable energy space in FY25. Of the planned INR160cr, it spent INR94cr in H1FY25 and added 30 machines with a lifting capacity of 4,140mt. The balance capex will be incurred by FY26-end. Over FY24–27, we see 29.6%/30% revenue/EBITDA CAGR in the EH segment to INR165cr/INR85cr.

To target specialised civil and mechanical work contracts in EPC foray

Leveraging its existing relationships in EH, TARACHAN plans to foray into the EPC segment. It aims to execute specialised civil and mechanical work contracts for steel, cement, and petrochemical players. It is bidding for three-to-four-year contracts with a lifetime revenue potential of more than INR100cr and margin in excess of 20%. The management foresees a material revenue contribution from the EPC segment in FY25. We are factoring in a contribution of INR25cr, with a conservative EBITDA margin of 16% in FY27.

Expect 24.3%/28.4% CAGR in revenue/EBITDA over FY24–27

Driven by capex cycle tailwinds, expansion in its equipment fleet, EPC foray, and client additions in the high growth renewable energy sector, we expect the EH segment to clock 29.6% revenue CAGR over FY24–27. The TW space is seen growing at a steady 15% annually on a rising wallet share from existing clients. Overall, we see 24.3% revenue CAGR to INR330cr over FY24–27. EBITDA margin is set to expand by 327bp over FY24–27 to 35.5% on a greater share of the high margin EH segment. Aided by operating as well as financial leverage benefits, we expect 34.7% PAT CAGR over FY24–27. We forecast a 30.8% CAGR in OCF over FY24–27 on better profit and working capital cycle. We expect net debt-to-equity ratio to stay elevated (~1x) to fund capex. RoCE/RoE is set to improve to 16.9%/21.5% in FY27 on better profitability and efficient capital management. We are positive on its long-term growth story and are confident on the management's execution capabilities. At the CMP, the stock trades ~30x/16.3x TTM/FY27 EPS. The stock is not rated.

Key financials

Year to March (INR cr)	FY22	FY23	FY24
Revenues (INR Cr)	128	141	172
Rev growth (%)	16	10	22
EBITDA (INR Cr)	30	38	55
EBITDA margin (%)	24	27	32
Net Profit (INR Cr)	2	9	16
P/E (x)	271	69	40
RoACE (%)	4.6	10.3	15.3
RoAE (%)	4.2	14.5	19.3

CMP: INR409
Rating: Not rated

Bloomberg:	TARACHAN:IN
52-week range (INR):	79/468
M-cap (INR cr):	579
Promoter holding (%)	69.68

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Financials

Income Statement (INR cr)

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	128	141	172
Cost of material	11	14	13
Employee costs	23	21	24
Other expenses	64	68	80
Total Operating expenses	98	103	117
EBITDA	30	38	55
Depreciation and amortisation	23	22	29
EBIT	7	16	26
Interest expenses	9	8	7
Other income	2	4	3
Exceptional item	3	1	-
Profit before tax	3	13	22
Provision for tax	1	3	6
Profit after tax	2	9	16
Share of Minority in profits	-	-	-
Adj. profit after tax	2	9	16
Shares outstanding	1.4	1.4	1.5
Adjusted EPS	1.7	6.9	10.6

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24E
Operating expenses	76	73	68
Depreciation	18	16	17
Interest expenditure	7	5	4
EBITDA margins	24	27	32
Net profit margins	2	7	9

Growth metrics (%)

Year to March	FY22	FY23	FY24E
Revenues	16	10	22
EBITDA	-11	27	44
PBT	6	293	71
Adj. Net profit	-8	294	72
Adj. EPS	-8	294	72

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	4.2	14.5	19.3
ROACE (%)	5	10	15
Inventory (days)	10	8	4
Debtors (days)	177	139	112
Payable (days)	13	14	6
Cash conversion cycle (days)	174	133	110
Debt/Equity	1.6	1.2	0.9
Debt/EBITDA	3	2	2
Adjusted debt/Equity	1.6	1.0	0.9

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	1.7	6.9	10.6
Diluted P/E (x)	271.0	68.7	39.9
Price/BV (x)	11.2	8.9	6.8
EV/Sales (x)	5.7	5.1	4.2
EV/EBITDA (x)	24.3	18.6	13.1
Diluted shares O/S	1.4	1.4	1.5
Basic EPS	1.7	6.9	10.6
Basic PE (x)	271.0	68.7	39.9

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24E
Equity share capital	14	14	15
Reserves & surplus	44	58	80
Shareholders' funds	57	72	95
Total Debt	94	87	85
Other Long-Term Liabilities	37	50	59
Deferred Tax Liabilities	4	4	5
Minority interest	-	-	-
Sources of funds	**192**	**213**	**244**
Property, plant and equipment	124	144	180
Capital work in progress	-	-	-
Total fixed assets	124	144	180
Investments	-	-	-
Inventories	4	3	2
Sundry debtors	62	54	53
Cash and equivalents	3	16	0
Loans and advances	9	8	21
Total current assets	78	81	76
Sundry creditors and others	11	11	8
Provisions	0	2	5
Total CL & provisions	12	13	13
Net current assets	67	67	63
Other Assets	1	2	1
Uses of funds	**192**	**213**	**244**
Book value per share (INR)	42	53	63

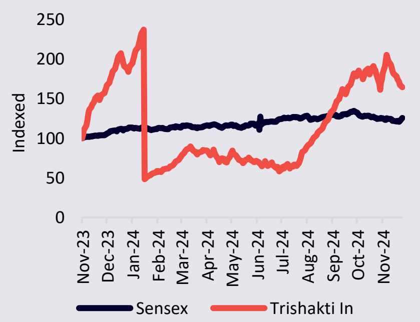
Trishakti Industries

Trishakti Industries (TRISHAKT) is a leading infrastructure solutions provider with a specialisation in the rental and leasing of heavy earthmoving equipment. It has a fleet of cutting-edge machinery that is integral to the success of large-scale projects managed by companies in the steel, cement, railways, and construction sector including renowned companies like Tata Steel, Larsen & Toubro, Reliance Industries, and Jindal Steel. The stock is not rated

CMP: INR127
Rating: Not Rated

Bloomberg:	TRISHAKT:IN
52-week range (INR):	24 / 160
M-cap (INR cr):	188
Promoter holding (%)	36.55

Relative Price Performance



Transitioning to the heavy equipment rental division

In Q1FY25, the company announced it will be moving away from its business of trading in listed commodities and equities which constituted more than 98% of its FY24 revenue. Expansion into the infra sector, with the introduction of heavy equipment rental division, will help strengthen the brand and boost long-term profitability. TRISHAKT has partnerships with industry leaders like Jindal Group, Tata Group, ITD Cementation India, Adani Group, and KEC International, which opens doors to recurring, large scale, and high-value contracts.

Plans a capex of INR50cr/INR100cr/INR250cr over FY25/FY26/FY27

The management has projected a capex of INR50cr/INR100cr/INR250cr over FY25/FY26/FY27. It is looking to purchase 22 cranes and 5 pilling rigs in FY25. It has successfully completed capex of INR17cr on cranes and other assets in H1FY25, with INR25cr worth of machines to be received in Q3FY25. This strategic investment comes at a pivotal moment as they received their largest ever contract from PEPL — a subsidiary of the Jindal Group for deploying machinery worth INR6cr.

Even in the monsoon (Q2FY25), fleet utilisation stood at 100%. The company is well on track to meet its FY25 capex guidance. It is also receiving vendor registrations from companies like Tata steel. Increased capex may initially impact profitability. However, as these machines complete their financing terms, they will transition to being fully cash-flow positive assets, which will significantly bolster revenue and profitability.

Focus on high tonnage machines and operational efficiency

The management is looking at acquiring high-tonnage equipment which means lower cost of operations vis-à-vis competitors and a higher RoI. By focusing on this, they can leverage operational efficiencies and cost savings to achieve superior returns. Plans are afoot to aggressively expand into the higher tonnage cranes for the wind energy sector as well.

Valuations

At the CMP of INR127, the stock trades at 69.7x its TTM EPS.

Key financials

Year to March	FY21	FY22	FY23
Revenues (INR Cr)	26	21	135
Rev growth (%)	31,899	-19	529
EBITDA (INR Cr)	0	1	2
PAT (INR Cr)	1	1	1
P/E (x)	1,406.8	1,355.4	1,034.9
Price/BV(x)	73.2	69.1	66.0
EV/EBITDA (x)	(2,005.3)	932.3	466.9
RoACE (%)	-5.3	4.5	9.2
RoAE (%)	5.3	5.2	6.5

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Financials

Income statement (INR cr)

Year to March	FY22	FY23	FY24
Income from operations	26	21	135
Direct costs	25	18	130
Employee costs	1	1	1
Other expenses	1	2	2
Total operating expenses	27	21	133
EBITDA	**0**	**1**	**2**
Depreciation and amortisation	0	0	0
EBIT	-1	0	1
Interest expenses	0	0	0
Other income	1	0	0
Profit before tax	1	1	1
Provision for tax	0	0	0
Core profit	1	1	1
Minority Interest	0	0	0
Profit after tax	1	1	1
Extraordinary items & share of profit from associates	0	0	0
Reported net profit	1	1	1
Adjusted Net Profit	**1**	**1**	**1**
Equity shares outstanding (cr)	1.5	1.5	1.5
EPS (INR) basic	0.3	0.4	0.5
Diluted shares (Cr)	1.5	1.5	1.5
EPS (adj) fully diluted	0.3	0.4	0.5
Dividend per share	0.0	0.0	0.0
Dividend payout (%)	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	101.4	96.4	98.8
Depreciation	0.7	1.3	0.3
Interest expenditure	0.5	0.4	0.2
EBITDA margins	(1.4)	3.6	1.2
Net profit margins	1.9	2.5	0.5

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	31,898.9	(19.1)	529.5
EBITDA	(65.0)	(314.9)	100.5
PBT	196.0	8.7	47.3
Net profit	203.8	3.8	31.0
EPS	203.8	3.8	31.0

Ratios

Year to March	FY22	FY23	FY24
ROE (%)	5.3	5.2	6.5
ROCE (%)	(5.3)	4.5	9.2
Debtors (days)	9	41	15
Current ratio	11.4	33.1	3.4
Debt/Equity	0.1	0.0	0.3
Inventory (days)	38	73	22
Payable (days)	0	0	0
Cash conversion cycle (days)	47	113	37
Debt/EBITDA	(1.7)	0.6	1.9
Adjusted debt/Equity	0.0	(0.0)	0.2

Valuation parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0.3	0.4	0.5
CEPS (INR)	0.5	0.5	0.7
Diluted P/E (x)	1,406.8	1,355.4	1,034.9
Price/BV(x)	73.2	69.1	66.0
EV/Sales (x)	27.4	33.9	5.4
EV/EBITDA (x)	(2,005.3)	932.3	466.9
Diluted shares O/S	1.5	1.5	1.5
Basic EPS	0.3	0.4	0.5
Basic PE (x)	1,406.8	1,355.4	1,034.9
Dividend yield (%)	0%	0%	0%

Balance sheet (INR crs)

As on 31st March	FY22	FY23	FY24
Equity share capital	3	3	3
Reserves & surplus	7	7	8
Shareholders funds	10	10	11
Secured loans	0	0	0
Unsecured loans	1	0	3
Borrowings	1	0	3
Net Debt	0	-0	3
Minority interest	0	0	0
Other liabilities	0	0	0
Sources of funds	**11**	**11**	**14**
Gross block	1	1	1
Depreciation	0	0	0
Net block	1	1	1
Capital work in progress	0	0	0
Total fixed assets	1	1	1
Other non-current assets	3	3	3
Investments			
Inventories	3	4	8
Sundry debtors	1	2	5
Cash and equivalents	0	1	0
Other current assets	4	0	0
Total current assets	8	8	14
Sundry creditors and others	1	0	4
Provisions	0	0	0
Total CL & provisions	1	0	4
Net current assets	7	8	10
Uses of funds	**11**	**11**	**14**
Book value per share (INR)	7	7	7

Cash flow statement (INR crs)

Year to March	FY22	FY23	FY24
EBIT	1	1	1
Add: Depreciation	0	0	0
Add: Others	-0	-0	0
Gross cash flow	0	0	2
Less: Changes in W. C.	1	-0	3
Operating cash flow	-0	1	-2
Less: Capex	1	0	1
Free cash flow	**-1**	**1**	**-3**

*The company has just one subsidiary company namely M/s Trishakti Capital Ltd which it acquired April 2022. Thus, above financial numbers are based on consolidated figures FY23 onwards and FY22 reflects standalone figures.

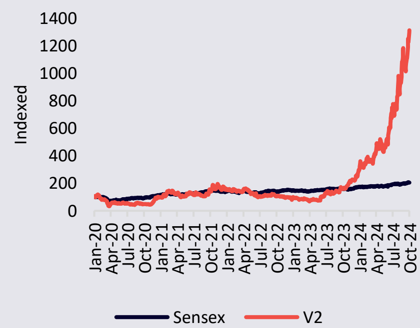
V2 Retail

V2 Retail (VREL) offers a portfolio of apparel and lifestyle products that caters to the neo middle class in Tier II and III cities. It operates on the principle of 'value and variety' (V2) and sells apparels at affordable prices (ASP of INR280). The company has a strong presence in North and East India. It operates 139 stores in more than 89 cities across 17 states, with a total retail area of 14.8lk sq. ft. In the last few quarters, it posted a strong SSSG on greater throughput and by rationalising its store profile which resulted in positive operating leverage and a return to profitability. It plans to improve its throughput and open stores aggressively through internal accruals. The stock is a strong candidate for a valuation re-rating given the size of the opportunity, on better store economics, and aggressive growth plans. We reaffirm 'BUY' with a revised TP of INR1,800, based on 18x FY26E EV/EBITDA which is at a discount to its peers.

CMP: INR330
Rating: BUY

Bloomberg:	VISH:IN
52-week range (INR):	124/936
M-cap (INR cr):	3,239
Promoter holding (%)	54.30

Relative Price Performance



Store additions aggressive, to gather pace further

VREL added 22 stores (net) in H1FY25. Due to a strong pickup in its newly added stores, the management aims to open 40 stores in H2FY25 as against our earlier estimate of 20–25. All operational stores are profitable at the EBITDA level. Volume grew 49% in Q2FY25 on aggressive store additions and sale of inventory at lower prices vis-à-vis its peers. Total area at the end of Q2FY25 grew 53% YoY to 14.8lk sq. ft. We are raising are our FY25 store addition target to 55 from 50 earlier. The management expects a SSSG of 20% in FY25. We are confident it will achieve this target on a strong festive and wedding season, along with timely arrival of winter. We expect 50% revenue CAGR over FY24–26 on the back of an aggressive push towards store additions and higher throughput.

Higher revenue/sq. ft. leads to positive operating leverage

SSSG, at 36% in H1FY25, was way above the management's guidance. It expects throughput to improve on greater footfalls which are the result of multiple factors like: i) higher display rack sizes (higher density on the store floor), ii) strict focus on SoPs, and iii) utilisation of distribution centres which is absent in other value retailers. It is targeting a revenue/sq. ft. of INR15,000 in the long term. Revenue/sq. ft., at 20–25%, is higher than its peers. VREL's strategy of selling inventory at lower prices is yielding results.

Full price sell-through stood at 91% versus 85% in H1FY24. Higher throughput resulted in an expansion in operating margin despite a contraction in gross margin. Though contribution from private labels rose to over 80%, the management is targeting 100% in the medium term which will lead to better brand recognition. We expect an expansion in pre-Ind AS margin to 7%/8% over FY25/FY26 (from 5.9% in FY24) which can result in 110% PAT CAGR over FY24–26. It aspires aims to operate at 10% pre-Ind AS margin over the next three years.

Valuation and view

Sales have the potential to clock 50% CAGR over the next three-to-four years which can result in margin expansion and improved store metrics. It plans to maintain RoE at over 20%. Drivers such as new store expansion and higher revenue/sq. ft. can result in a healthy growth in revenue and EBITDA. Given the upgrade to its store addition targets and higher-than-expected SSSG, we raise our FY26 revenue/EBITDA/PAT estimate by 2%/3%/4%.

As peers such as V-Mart Retail and Zudio have over 500 stores each, we believe VREL can achieve healthy growth rates over the longer period. The management sees a long-term opportunity in operating 3,000-4,000 value retail stores in India. **With aggressive and profitable growth, we reaffirm 'BUY' with a revised TP of INR1,800 based on 18x FY26 EV/EBITDA, which is at a discount to its peers. The stock should continue to re-rate in upcoming quarters.**

Key financials

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR cr)	839	1,165	1,749	2,618	3,488
Revenue growth (%)	33.3	38.8	50.2	49.7	33.2
EBITDA (INR cr)	**84**	**148**	**241**	**389**	**534**
EBITDA margin (%)	10.0	12.7	13.8	14.9	15.3
Net profit (INR cr)	-13	28	61	121	194
EV/EBITDA ratio (x)	8.8	33.5	21.5	14.0	10.3
P/E ratio (x)	0.0	161.1	74.0	37.0	23.1
RoACE (%)	2.7	7.8	11.3	14.5	16.1
RoAE (%)	(5.1)	10.7	19.8	30.6	35.0

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Financials

Income statement (INR cr)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Income from operations	839	1,165	1,749	2,618	3,488
Direct costs	586	819	1,268	1,898	2,546
Employee costs	89	105	133	177	224
Other expenses	81	93	107	154	184
Total operating expenses	755	1,017	1,508	2,229	2,954
EBITDA	**84**	**148**	**241**	**389**	**534**
Depreciation and amortisation	67	77	106	151	185
EBIT	17	71	135	239	349
Interest expenses	41	47	64	88	103
Other income	7	7	9	11	13
Profit before tax	-17	31	81	162	259
Provision for tax	-4	4	20	41	65
Core profit	-13	28	61	121	194
Minority Interest	0	0	0	0	0
Profit after tax	-13	28	61	121	194
Extraordinary items & share of profit from associates	0	0	0	0	0
Reported net profit	-13	28	61	121	194
Adjusted Net Profit	**-13**	**28**	**61**	**121**	**194**
Equity shares outstanding (cr)	3.4	3.5	3.5	3.5	3.5
EPS (INR) basic	(3.7)	8.0	17.5	35.0	56.1
Diluted shares (Cr)	3.4	3.5	3.5	3.5	3.5
EPS (adj) fully diluted	(3.7)	8.0	17.5	35.0	56.1
Dividend per share	5.8	0.0	0.0	0.0	0.0
Dividend payout (%)	-154%	0%	0%	0%	0%

Common size metrics- as % of net revenues

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Operating expenses	90.0	87.3	86.2	85.1	84.7
Depreciation	8.0	6.6	6.0	5.7	5.3
Interest expenditure	4.8	4.1	3.6	3.4	3.0
EBITDA margins	10.0	12.7	13.8	14.9	15.3
Net profit margins	(1.5)	2.4	3.5	4.6	5.6

Growth metrics (%)

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Revenues	33.3	38.8	50.2	49.7	33.2
EBITDA	184.3	76.0	62.8	61.7	37.2
PBT	(66.1)	(285.1)	157.7	100.1	60.1
Net profit	(72.6)	(317.0)	117.5	100.3	60.2
EPS	(72.6)	(315.7)	117.5	100.3	60.2

Ratios

Year to March	FY23	FY24	FY25E	FY26E	FY27E
ROE (%)	(5.1)	10.7	19.8	30.6	35.0
ROCE (%)	2.7	7.8	11.3	14.5	16.1
Debtors (days)	0	0	0	0	0
Current ratio	2.1	1.8	1.7	1.6	1.7
Debt/Equity	0.2	0.3	0.4	0.4	0.3
Inventory (days)	121	115	100	100	100
Payable (days)	47	47	47	47	47
Cash conversion cycle (days)	75	68	53	53	53
Debt/EBITDA	0.6	0.6	0.6	0.5	0.4
Adjusted debt/Equity	0.2	0.3	0.4	0.4	0.2

Valuation parameters

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Diluted EPS (INR)	(3.7)	8.0	17.5	35.0	56.1
CEPS (INR)	15.8	30.2	48.0	78.6	109.6
Diluted P/E (x)	0.0	161.1	74.0	37.0	23.1
Price/BV(x)	0.0	16.3	13.3	9.8	6.9
EV/Sales (x)	0.9	4.2	3.0	2.1	1.6
EV/EBITDA (x)	8.8	33.5	21.5	14.0	10.3
Diluted shares O/S	3.4	3.5	3.5	3.5	3.5
Basic EPS	(3.7)	8.0	17.5	35.0	56.1
Basic PE (x)	0.0	161.1	74.0	37.0	23.1

Balance sheet (INR crs)

As on 31st March	FY23	FY24	FY25E	FY26E	FY27E
Equity share capital	34	35	35	35	35
Reserves & surplus	213	240	301	423	617
Shareholders funds	247	275	336	457	652
Secured loans	7	17	67	97	97
Unsecured loans	46	74	74	94	94
Borrowings	54	91	141	191	191
Net Debt	49	81	127	185	128
Minority interest	0	0	0	0	0
Other liabilities	335	395	569	792	930
Sources of funds	**636**	**761**	**1,045**	**1,441**	**1,773**
Gross block	99	116	264	379	477
Depreciation	0	0	41	72	110
Net block	99	116	223	307	367
Capital work in progress	0	0	0	0	0
Total fixed assets	99	116	223	308	367
Other non-current assets	369	424	596	818	954
Investments					
Inventories	279	419	479	717	956
Sundry debtors	0	0	0	0	0
Cash and equivalents	5	10	13	6	63
Other current assets	43	58	58	58	58
Total current assets	327	486	550	781	1,076
Sundry creditors and others	156	263	319	470	607
Provisions	2	3	5	15	17
Total CL & provisions	159	267	324	485	624
Net current assets	168	220	226	295	452
Uses of funds	**636**	**761**	**1,045**	**1,421**	**1,773**
Book value per share (INR)	72	79	97	132	188

Cash flow statement

Year to March	FY23	FY24	FY25E	FY26E	FY27E
EBIT	-17	71	135	239	349
Add: Depreciation	67	77	106	151	185
Add: Others	45	59	60	84	99
Gross cash flow	95	207	301	473	633
Less: Changes in W. C.	8	74	43	147	185
Operating cash flow	86	133	258	326	448
Less: Capex	13	41	127	115	98
Free cash flow	**73**	**91**	**131**	**211**	**350**

Z-Tech (India)

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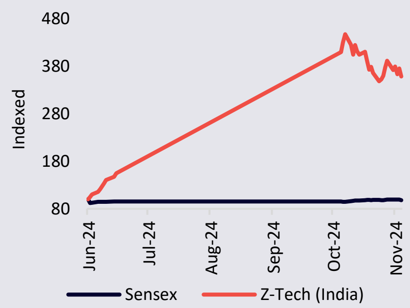
Incorporated in 1994, Z-Tech (India) is a diversified player offering advanced civil engineering products and services, with a core focus on geotechnical specialised solutions for local infrastructure and civil construction projects. It also operates in the waste management sector, creating theme parks from recycled scrap materials, and providing cutting-edge wastewater management solutions using GEIST technology. Its innovative and sustainable engineering solutions span three key segments: sustainable theme park development, industrial wastewater management, and geotechnical specialised solutions. With 31 completed projects, 52 ongoing projects, and an order book of INR173cr (INR104cr/INR21cr from theme parks/wastewater management), ZTECH has a significant presence in the infra space. It generates 54%/46% of its revenue from government/private contracts. The stock is not rated.

CMP: INR379
Rating: Not Rated

Bloomberg:	ZTECH:IN
52-week range (INR):	99 / 484
M-cap (INR cr):	485
Promoter holding (%)	60.75

Relative Price Performance



Strong growth pipeline and expanding order book

Around 41 projects are in various stages of discussion or finalisation, underscoring a robust pipeline and growth momentum. It has successfully completed seven theme parks, with 25 additional parks under development, including marquee projects like the Happiness Park in Lucknow that attracted more than 3lk visitors in just three months of its inauguration. Its strong execution capability and diversified order book worth INR173cr, ensures sustained revenue visibility and positions ZTECH to capitalise on emerging opportunities in both the infra and waste management sectors.

Strategic focus on high-growth sectors

Even as the geotechnical specialised solutions segment is poised for significant growth in India driven by rapid infra development, the industrial wastewater management segment is capitalising on a INR2,000-3,000cr market by employing innovative chemical extraction processes to deliver high-value outputs. ZTECH's dual focus on recycling and wastewater management highlights its commitment to environmental stewardship, exemplified by initiatives such as constructing theme parks using recycled materials that align seamlessly with global sustainability trends. Its dedicated internal R&D team is driving innovation and enhancing the quality and effectiveness of its product offerings and services.

Clear financial growth targets

The management has guided at an FY25/FY26 revenue of INR110–120cr/INR200–250cr aided by a PAT of INR20cr/INR50cr. Its expansion in operational capacity and geographical reach, particularly in South India, bolsters these projections.

Valuations

ZTECH is well-positioned to capitalise on India's growing infra needs and demand for sustainable solutions. With a strong order book, robust project pipeline, and strategic focus on innovation and sustainability, it offers a healthy growth path. Its deliberate international expansion plan and FY26 financial targets highlight the management's long-term vision and growth potential, making it a standout player in the infra and waste management sectors. The stock is trading at 62x TTM earnings. The stock is not rated.

Key financials

Year to March	FY21	FY22	FY23
Revenues (INR Cr)	31	26	67
Rev growth (%)	30	(16)	162
EBITDA (INR Cr)	30	23	56
Adjusted PAT (INR Cr)	0	2	8
P/E (x)	5,760	247	62
Price/BV(x)	60.5	48.6	22.1
EV/EBITDA (x)	1,483	157.8	43.5
RoACE (%)	6.6	17.8	47.8
RoAE (%)	1.1	21.8	48.9

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Financials

Income Statement

Year to March (INR Cr)	FY22	FY23	FY24
Income from operations	31	26	67
Direct costs	23	18	49
Gross Profit	7	8	18
Employee costs	3	3	4
Other expenses	4	2	3
Total Operating expenses	30	23	56
EBITDA	0	3	11
Depreciation and amortisation	0	0	1
EBIT	0	3	11
Interest expenses	0	0	0
Non-operating Income	0	0	0
Extraordinary Income	-	-	-
Profit before tax	0	3	11
Provision for tax	0	1	3
Profit after tax (before MI)	0	2	8
Share of Minority in profits	0	0	-
Profit after tax	0	2	8
Adjusted Profit after tax	0	2	8
Shares outstanding	1	1	1
Adjusted EPS	0	2	6

Common size metrics- as % of net revenues

Year to March	FY22	FY23	FY24
Operating expenses	99	88	83
Depreciation	1.0	1.7	1.0
Interest expenditure	0.2	0.5	0.1
EBITDA margins	1.1	11.9	16.6
Net profit margins	0.2	7.6	11.6

Growth metrics (%)

Year to March	FY22	FY23	FY24
Revenues	30	(16)	162
EBITDA	(58)	842	264
PBT	(83)	1,561	292
Net profit	(87)	2,207	301
EPS	(87)	2,207	301

Ratios

Year to March	FY22	FY23	FY24
ROAE (%)	1.1	21.8	48.9
ROACE (%)	6.6	17.8	47.8
Debtors (days)	145	214	155
Current ratio	1.6	1.6	2.1
Debt/Equity	0.1	0.1	0.1
Inventory (days)	6	15	6
Payable (days)	111	171	96
Cash conversion cycle (days)	40	58	64
Debt/EBITDA	2.1	0.2	0.1
Adjusted debt/Equity	0.1	0.1	0.1

Valuation Parameters

Year to March	FY22	FY23	FY24
Diluted EPS (INR)	0	2	6
Y-o-Y growth (%)	(87)	2,207	301
Diluted P/E (x)	5,760	247	62
Price/BV(x)	60.5	48.6	22.1
EV/Sales (x)	15.8	18.9	7.2
EV/EBITDA (x)	1,483	157.8	43.5
Diluted shares O/S (in Cr)	1.3	1.3	1.3
Basic EPS	0	2	6
Basic PE (x)	5,760	247	62

Balance Sheet (INR cr)

As on 31st March	FY22	FY23	FY24
Equity share capital	1	1	9
Reserves & surplus	7	9	13
Shareholders funds	8	10	22
Total Debt	1	1	1
Other Long Term Liabilities	0	0	0
Deferred Tax Liabilities	(0)	(0)	-
Minority interest	(1)	(1)	-
Sources of funds	8	10	23
Gross block	2	3	6
Depreciation	1	2	2
Net block	1	1	4
Capital work in progress	-	-	-
Total fixed assets	1	1	4
Investments	0	0	1
Inventories	0	1	1
Sundry debtors	12	15	29
Cash and equivalents	1	0	1
Loans and advances	4	5	5
Total current assets	18	21	36
Sundry creditors and others	9	11	15
Provisions	2	3	2
Total CL & provisions	11	13	16
Net current assets	7	8	19
Misc expenditure	-	-	-
Uses of funds	8	10	24
Book value per share (INR)	6	8	17

Cash flow statement

Year to March	FY22	FY23	FY24
Operating Profit After Tax Before WC changes	0	2	8
WC Changes	1	(2)	(10)
CFO	2	0	(2)
CFI	1	(1)	(4)
CFF	(2)	(0)	5
Total Cash Flow	1	(1)	(1)

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