D P Abhushan

- Company has performed well during the Q1FY22, primarily on margins front. Sales is expected to bounce back strongly from Q2FY22E with upcoming festive season.
- We believe DPAL's initiatives of improving SSSG and increasing sales from new stores along with industry tailwinds provides enough headroom for growth. Company is expected to clock ~15%/29% revenue/PAT CAGR over FY21-23E. At CMP of INR 211, it is trading at 10.3x FY23E PE.

Marksans Pharma

- The company is continuing its expansion strategy in existing markets and launched 2 new products in UK/Europe markets
- Upgrade in credit ratings by India Ratings
- The company is debt free and has a strong balance sheet. We have a positive view on Marksans Pharma and have an Accumulate rating with a price target of INR 87.

Indostar Capital Finance

- Change in the business mix from corporate lender to retail lender to provide growth impetus. AUM is expected to grow by 24% CAGR over FY21-24E. We expect re-rating in the stock given cheap valuations, strong management, and improvement anticipated in return ratios & change in business mix towards retail assets. The stock is among the cheapest NBFCs in terms of valuation.
- With company's strategy on the growth in the newer segment of Vehicle finance, Housing finance and SME with proficient management team & their expertise and robust capital position, we firmly believe that Indostar is well on track for a growth from H2FY22E. At CMP of INR 289, it is trading at 0.8x FY23E P/BV.

Sarda Energy & Minerals Limited

- At a CMP of INR 663 stock is trading at TTM P/E of 6.03 to its TTM EPS of INR 113 per share.
- We have a positive outlook on Sarda Energy due to a) strong balance sheet b) completion of hydropower capex leading to higher free cash flow going forward c) Plant strategically located in Chhattisgarh d) proximity to availability of raw material e) Mine availability to improve margins. f) Company's positioning will help to deliver profits during down cycle also.

Prataap Snacks

- Prataap Snacks (PSL) is one of the fastest growing players in the savory segment and has transformed itself from a regional player to a pan India player. The company has increased its market share from 1% in 2010 to ¬6% in 2020.
- PSL has established itself as a) value for money player, b) introduction of new and innovative products and has created its positioning under – potato chips, extruded, namkeen & sweets, and c) strong footprints of 1.7mn retail outlets across 30 states and Union Territories.

- PSL has taken i) Tele-calling initiative with stockists and dealers to aid faster replenishment of stock, ii) We believe that with rising health awareness and availability of smaller packaged foods (INR5), rural consumption will shift from unorganized to organized. PSL is increasing its focus on rural markets to drive growth, iii) PSL is working on new products of <INR10 and rusk for home consumption to improve the brand visibility and brand recall, iv) Streamlining its direct distribution model from 3-tier to 2-tier and has successfully implemented in Delhi & has initiated in Haryana. By the end of Q4FY22, this will improve the margin by 2-2.5%, v) Aggressively ramping up capacities pan-India mainly via the outsourcing route - outsourced share in total revenue is expected to cross 30% in 2-3 years from current 24%, vi) Mitigate inflationary pressure through process re-engineering & cost optimization, and vii) Going ahead with the re-opening of schools, railway stations & other institutions (¬20% of total sales) would give an uptick in the consumption of packaged snacks.
- During Q1FY22, the company witnessed increasing agri commodity prices (esp. Palm Oil prices up 65% YoY. The number of measures taken by the company to control costs are a) Rationalization of packet size, b) Change in size of corrugated boxes, c) Minimum space in the ceiling of the top and bottom of the packet, d) Reduction in trade margin as and where applicable by 0.5-1% and, e) Gramage reduction to the non-core SKUs, excluding chips and partly implemented in rings. These cost rationalization are permanent in nature and will help in gross margin improvement for the company once the costs started declining going forward.
- We have a positive outlook on the stock for long-term perspective and valued the company at PE 40x and EV/EBITDA of ¬20x FY23E, with a TP of INR1149 per share.

<u>Vascon Engineers Limited</u>

- We have positive outlook on the company backed by company strong order book The Order Book has grown 2x from FY19, with an improving contribution from the Government sector.
- In addition, the company has plan to monetize non-core assets, which would lead to strengthen its balance sheet.
- Further Repayment of debt by incremental Cash flow Generation and funds raised from preferential issue will help in strengthening Balance sheet. At CMP of INR 26(x) The stock is trading at TTM EV/EBIDTA multiple of 20.07(x) to is EBIDTA of INR 14 cr We have a positive view on the stock.

<u>Indo Count Industries Ltd.</u>

- Indo Count Industries Ltd (ICIL) is a focused player on bedding—a niche segment of home textile market.
- With A) Brownfield Capacity expansion of 18mn at capex of INR200cr and will be operational by Q4FY22E. The new capacity will generate revenue of INR600cr over 2 years. B) ICIL has increased focus into new segments like fashion bedding, institutional linens and utility bedding which expands its opportunity size by 3x to US$ 14b. C) Rising usage of home décor due to Work from Home (WFH) scenario. D) Increased adoption of 'China Plus One' strategy by many western countries. E) US trade war with China. F) The US Senate passed a bill to ban complete ban of Xinjiang cotton plus boycott from other western countries will ensure that ICIL will continue to witness heightened demand and gain share in the US bed linen exports. G) Better Product mix (higher margin product will improve the overall margin). H) Additions of

newer clients to ensure future growth visibility. I) Asset light business model. J) Strong FCF generation of INR404cr over FY22E-FY23E. K) Improving return ratios. L) RoSCTL being continued up to 2024 at current rates will ensure that it remains competitive in the US. M) EU is in the process of reviewing Pakistan's GSP+ Status (which grants it duty free trade on majority categories) and is also in FTA conversations with India. Any headway being made on this front would open an entirely new market for ICIL to cater.

- We expect ICIL to achieve volumes of +20mn in the subsequent quarters to close FY22E with ~85mn metres and FY23E with ~95mn metres, along with steady improvement in operating margins.
- We have a positive outlook on the stock for a long-term perspective and valued the stock at EV/EBITDA of 10.5x, signifying PE of 14.4x on FY23E with a TP of INR314 per share.

Heranba Industries Ltd.

- It is a leading domestic producer of pyrethroids with 19.5% domestic market share in 2019. There is buoyancy in demand for pyrethroids, mainly from China. However, shutting down of plants in China amid pollution concern gives a fillip to exports of Heranba Industries.
- The company supplies technical to leading agrochemical companies in India and abroad. It has a strong dealer network of about 9,400 headcount with access to 21 depots in multiple states. Also, its international distribution partners have registrations for 371 products in 41 countries. This facilitates the company with a diversified and stable revenue stream.
- At CMP of INR 808 per share, the company is trading at a PE multiple of 16.3x on TTM basis. We have a positive outlook on the stock, given its leadership position in pyrethroids and robust product portfolio.

Spicejet Ltd.

- Air India acquisition to be done via promoter guarantee in a separate entity. It is an attractive asset and results are expected in 1-2 months.
- Logistics/Cargo business to contribute 50% of business and should have monthly run rate of INR 400 crores from INR 250 crores now. It is more profitable and edge over other airlines even in rising crude environment. It should be able to break even this year driven by its Logistics business. We have a positive outlook on the company.

PNB Housing Finance

- Over the past few years, PNB housing has transforming its book in favor of retail portfolio. Retail AUM share of the company has increased from 79% in FY19 to 85% as on Q1FY22. It has focused on running down its Corporate loan book (through pre-payments or down selling) to address the issue of high leverage.

Company has healthy capital ratio of 21% as on Q1FY22. Company is expecting 40-50% growth in disbursements in FY22 over FY21. Company's objective in the medium term is to deliver a RoE of 15%. With 1.6- 1.7% RoA and gearing at 7-8x, it is looking at other opportunities to enhance fee income by also pursuing other co-lending opportunities.

Puravankara Limited

- Puravankara Ltd has sold properties worth Rs 2,202 crore in 2020-21, up 28 % from the previous fiscal, following strong demand driven by low-interest rates on home loans amid the COVID-19 pandemic.
- The company is planning to launch 15 projects, comprising 14.51 million sq. ft. of developable area and 9.42 million sq. ft. of saleable area, over the next 12 months.
- Its net debt stood at Rs 2,299 crore at the end of the last fiscal, down from Rs 2,536 crore as of March 31, 2020.
- The stock is trading at EV/EBIDTA multiple of 7.02(x) to its TTM EBIDTA of INR 248 cr We have a positive outlook on stock

Dollar Industries

- Dollar Industries or DIL, over the years has transformed itself from mass-market brand (86% in FY07) to a house of brands focusing mainly on mid-market and premium segment, which as on FY21 contributed 43% and 24% respectively.
- We believe that the company is riding on key pillars to drive growth; A) Increasing penetration in its existing mass and mid market brands like 'Dollar' and 'Big Boss', B) Expanding its women's product portfolio brand under 'Missy', C) Customer preference for leisure wear and active wear, which would drive athleisure's share, given its affordable price points, D) Scaling up of premium & super premium segment under Pepe Jeans JV, E) Streamlining its Working Capital under Project Lakshya, F) Capex of INR1.05bn-1.1bn will be incurred over the next 1-1.5 years on doubling spinning capacity, the socks unit, and integration of 6 warehouse facility, and G) Investment in digital transformation to strengthen the supply chain, coupled with increasing share from online sales.
- The Company is radically trying to change the way it operates by transforming itself to a value-driven, innovation inspired, asset light and brand powered company. We are positive on a company for long-term perspective and valued at PE 25x and EV/EBITDA of 16x FY23E; a TP of INR569 per share.

AXISCADES Technologies Limited

- Axiscades is a leading, end-to-end engineering solution and product company. They have a broad portfolio across major industry verticals like air, defense, auto, heavy engineering, energy and more recently, healthcare and naval.
- For the fiscal year 2020-21, the company has clocked a total revenue of `5,238 million and maintained EBITDA margin at 14.6% despite a decline in revenue of 22% on a YoY. This was primarily due to a COVID 19-induced contraction in the Aerospace vertical.

- In Q4FY21, the company has observed that growth momentum had revived across verticals especially in Aerospace and Heavy Engineering where the company has delivered a growth of 7.4% and 9.4%, respectively, and increased traction in other verticals as well.
- External reports indicate that ER&D spend will touch ~US$2.2 trillion by 2025, digital engineering being the key driver. Digital ER&D is likely to grow at a CAGR of 19% in this time. Digital engineering spend in the Automotive segment alone is expected to touch US$60 billion by 2025. Automotive firms are primarily investing in ADAS, Factory 4.0 and Electric Vehicles. We have a positive outlook on the stock.

Vishnu Chemicals Ltd.

- Backward integration in the chromium business will facilitate margin expansion for the company
- Increased capacity in the Barium business will support volume growth and increase topline of the company.
- The company has a diversified clientele and a strong product mix.
- The company will reduce debt going forward, thus helping the increase in bottom line. We have a positive outlook on the company. At CMP of INR 731 per share, the stock is trading at a PE multiple of 26x on TTM basis.

RPSG Venture Ltd.

- RPSG Ventures is an early stage consumer venture capital fund focused on investing in the B2C ecosystem ranging from food & beverages, personal care and lifestyle goods & services.
- As on 31 March 2021, the Company had thirty subsidiaries. Herbolab India Private Limited (‘Herbolab’), a subsidiary of the Company, became its wholly owned subsidiary with effect from 8 March 2021 pursuant to acquisition of balance 35.37% of Herbolab’s shares by the Company.
- Guiltfree Industries Ltd, the FMCG vertical of the RPSG venture has forayed into the personal care space by launching products aimed at skin care and haircare under the brand ‘Naturali’. The company targets revenues of around INR 400-500 crore from the segment in the next four-five years. The personal care category has been growing at a CAGR of 10%.
- Too Yum brand which is currently stood at INR.262 crore in 2020-21, versus INR.289 crore in the previous year. We believe this has the potential to reach INR 1000 cr by FY25. We have a positive outlook on the stock.

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

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