PORTFOLIO
MANAGEMENT SERVICES

ANANDRATHI
ADVISORS LIMITED

DECENNIUM OPPORTUNITY

QUARTERLY COMMUNICATION

June' 25

FUND MANAGERS COMMUNICATION

June 2025

Global Market

During the month of May 2025: S&P 500 was up by 6.3%, led by healthy earnings growth & trade tensions eased. Progress in US trade negotiations with the European Union (EU) and a temporary delay to planned tariff hikes reduced fears of a global recession and fuelled broad-based gains across risk assets.

The G-2O GDP-weighted inflation continued its declining trend in Mar'25 at 3.3% - the lowest in three-and-a-half years. Inflation in China continued in negative territory, while inflation in Europe and the US declined.

IMF World Economic outlook: The International Monetary Fund has given GDP prediction for 2025 - world GDP growth at 2.8%, with US at 1.8%, China at 4% and India at 6.2%. The outlook for India is relatively stable supported by private consumption.

Domestic Market

GST Collection: GST receipts in May month hit Rs. 2.01 lakh crore, marking a 16.4% growth, all-time high collection ever.

GDP - Mar'25 - GDP at a three-quarter high of 7.4%, beats expectations. India's final quarter GDP growth landed, ahead of consensus estimates. For the full year FY25 GDP growth was in line with CSO's advanced estimates. Strong consumption and investment supported growth.

Auto numbers: In May'25,Auto numbers were broadly in line with expectations, passenger vehicles sales number were muted. Ahead, positive rural markets, festival/wedding season, rabi output cashflows, better interest rates and higher disposable income, thanks to tax cuts, would keep the momentum healthy.

PMI: The HSBC India Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 57.6 in May from 58.2 in April and 58.1 in March. (Manufacturing PMI data is an economic indicator that measures the activity level in the manufacturing sector. It is based on a survey of purchasing managers across manufacturing industries and provides insights into business conditions, including production, new orders, employment, supplier delivery times, and inventory levels).

CPI: Inflation eases to a six-year low; core inflation steady. Lower food prices drove India's retail inflation to a near six-year low at 3.16%. Expectations of normal monsoon are likely to result in higher agricultural production and buffer stock with the FCI. With crude prices also remaining benign, the CPI is expected below the RBI's target of 4% in the near term. With growth remaining below potential, the RBI is likely to continue its accommodative stance and opt for a further rate cut in the next MPC meeting.

IIP: India's Index of Industrial Production (IIP) growth moderated to 2.7% in Apr'25, down from the revised figure of 3.9% growth in Mar'25. Ahead, we expect better monsoons and a revival in capex from government to support industrial production while moderation in global growth will remain a drag. Industrial activity in India remains supported by strong government capex, recent tax reliefs, and a healthy rabi harvest.

Funds Flow: FII flows were positive in the month of May 2025 at Rs.11773 crores, DII flows remained healthy with positive inflows of Rs.67642 crores during the month. FIIs which were aggressive sellers in the last few months, have become incrementally positive.

Equity Market Outlook

Uncertainty related to tariff war persist, however the 90 days pause and negotiations and discussion going on between US and other countries, is likely to conclude on positive note compared to earlier tariff imposed.

Earnings season for Q4FY25 will be coming to end in next few days, till date results are mixed but broadly in line with expectations. Nifty 500 companies have reported results and revenue growth has been 6.2% & adjusted PAT growth has been 7.4%. Commodity companies were a mixed bag. Steel and Oil & Gas were muted while non-ferrous metal, cement marked some improvement.

Results from selective mid & small cap companies has been good, with few companies in defence, Pharma, renewables, IT, construction, cement, wires & cables, liquor, consumer discretionary reporting double digit profit growth. Few of these companies are part of our PMS Holdings as well.

Over all macro set up in India is quite comfortable with Brent Crude oil is now trading closer to $60-65/bbl, healthy GDP growth, lower inflation, expected lower interest rate in coming quarters, liquidity easing by RBI, revival of government capex, improved consumer discretionary demand led by tax deduction benefits and expected improvement in rural demand, benefits emerging from Global supply chain diversification would be positive factors. Recovery in profitability of corporate India is expected from Q1FY26 and pick up in coming quarters. We remain constructive on India economy and Indian equities for long term.

Regards,
Mayur Shah
(Fund Manager-Anand Rathi Advisors Ltd.)

Q4 FY25

During the quarter Q4FY25 Nifty 500 reported revenue growth of 6.2% y-o-y and Adjusted PAT growth of 7.4% y-o-y. Our PMS Portfolio Companies have reported healthy growth in the recent quarter.

In Q4FY25 Decennium PMS has reported revenue growth of 22% y-o-y and PAT growth of 15%.

Complete Exit: Concord Biotech Limited.

Partial Exit: Bharat Electronics Ltd, Caplin Point Laboratories Limited.

New Stock Added: Polycab India Limited.

Allocation increase: Praj Industries Limited.

Decennium PMS - Q4FY25 Results (₹ cr)										
		Q4FY25			Q4FY24			Growth Y-o-Y		
Sr.No.	Company Name	Sales	EBITDA	PAT	Sales	EBITDA	PAT	Sales	EBITDA	PAT
1	Bharat Electronics Ltd.	9150	2816	2121	8564	2287	1786	7%	23%	19%
2	Blue Star Ltd.	4019	279	194	3328	242	159	21%	16%	22%
3	Caplin Point Laboratories Ltd.	502	168	145	453	145	121	11%	16%	20%
4	Craftsman Automation Ltd.	1749	244	67	1105	207	70	58%	18%	-5%
5	Deepak Nitrite Ltd.	2180	317	203	2126	301	254	3%	5%	-20%
6	Elecon Engineering Company Ltd.	798	195	144	565	135	101	41%	44%	42%
7	Ethos Ltd.	311	48	24	253	36	21	23%	32%	15%
8	Global Health Ltd.	931	225	101	809	179	127	15%	25%	-20%
9	Interarch Building Solutions Ltd.	464	49	39	385	38	30	20%	29%	30%
10	Indian Renewable Energy Development Agency Ltd.	1894	1733	502	1340	1326	337	41%	31%	49%
11	KEC International Ltd.	6872	539	268	6165	388	152	11%	39%	77%
12	Polycab India Ltd.	6986	1025	734	5592	762	553	25%	35%	33%
13	Praj Industries Ltd.	860	74	40	1019	126	92	-16%	-41%	-57%
14	Techno Electric & Engineering Company Ltd.	816	127	135	440	54	78	86%	133%	74%
15	EMS Ltd.	266	61	47	245	68	47	8%	-10%	-1%
16	Vesuvius India Ltd.	481	83	59	453	95	69	6%	-13%	-14%
17	Venus Pipes & Tubes Ltd.	258	42	24	224	45	25	15%	-8%	-5%
	Average Growth							**22%**	**22%**	**15%**

Bharat Electronics Limited

In Q4FY25 BEL reported revenues of Rs.9119 cr up by 6.9% y-o-y, PAT was Rs.2104.8 cr up by 18% y-o-y. In FY26, BEL expects an order inflow of INR270b and revenue growth of 15%. BEL has an order book of INR717b and received inflows worth INR194b during FY25. Company is rightly positioned to benefit from the defence spending and to cater to wider defense electronics components across the army, navy and air force for the next few years. Company is targeting export revenue of USD120m in FY26. The company is evaluating opportunities in various countries, including Europe. We expect its margin performance to remain strong, driven by increased indigenization as well as continued R&D spend over years. BEL has judiciously maintained a right mix of orders across components and system integration-led orders, where components have higher margins and system integration orders have provided good revenue support.

Key Risk: Execution delays, goverment polcies.

Craftsman Automation Limited

In Q4FY25 Craftsman Automation Ltd (CAL) reported revenues of Rs.1749.3 cr up by 58.3% y-o-y, PAT was Rs.74.8 cr up by 6% y-o-y. Aluminium segment constitute 57% to revenue, Industrial segment 14%, auto power train 29%. Management has given guidance to achieve a top line of around INR70bn in FY26 with an EBIDTA of INR11bn on the back incremental revenue from Sunbeam, ramp up of alloy wheel plant in Bhiwadi and Kothwadi and Germany plant (where order book is full for CY25).We maintain our positive outlook on CAL's growth prospects, driven by its expanding expertise in casting and machining, along with its entry into new markets (Northern market and export opportunity). The acquisition of Sunbeam is expected to bring new sets of customer base, additional markets, and new product lines to CAL.

Key Risk: Slowdown in user industry.

Praj Industries Limited

In Q4FY25 Praj Industries reported revenues of Rs.859.7 cr down by 15.6% y-o-y, PAT was Rs.39.8 cr down by 56.7% y-o-y. Delayed order intake and slow movement in execution across the businesses affected the revenue. Liquidity challenge in domestic ethanol market resulting in delayed/ extended project execution. Order inflows during the quarter was Rs.1032 cr and outstanding order book is Rs.4293 cr. International order book at 39% of Q4 FY25 order book. Praj's Focus on offering solutions for production of co-products, improving plant yields and performance efficiencies that will enhance value for the customers.Long-term growth prospects as the demand for Bioenergy prospects solidify in new international markets. Management reiterated its guidance of 3x revenue (INR 100 bn) and 5x profitability by 2030.

Key Risk: Regulatory risk, execution delay.

Deepak Nitrite

IN Q4FY25 Deepak Nitrite reported revenues of Rs.2179 cr up by 2.5% y-o-y, PAT was Rs.202.4 cr down by 20.3% y-o-y. We expect Deepak Nitrite to deliver an improved performance in FY26, supported by recovery in Phenol/Acetone spreads, incremental volumes from enhanced capacities in the Phenolics segment, and a gradual pick-up in demand from end-user industries for Advanced Intermediates. Notably, Phenol/Acetone spreads have witnessed a healthy uptick in the ongoing quarter, and coupled with an improved demand environment for AI business should drive growth over FY26. The company remains on track to complete its mega capex plan of Rs 140bn by FY28, including the Rs 85bn greenfield project towards Polycarbonate Resin value chain.

Key Risk: Aggressive supply from Chinese producers,execution delay.

EMS Limited

In Q4FY25 EMS Ltd reported revenues of Rs.266 cr up by 8,4% y-o-y, PAT was Rs.184 cr up by 20.4% y-o-y. Company forsees continued growth in water supply and sewage segment to enhance urban living and connectivity. Incorporated in 2010, EMS Ltd provides a range of services, including EPC and O&M in sewerage solutions, water supply systems, and wastewater schemes for government authorities and local municipal bodies. The company also engages in electricity transmission and distribution and the manufacture of items used for construction purposes. The company's business model relies on the strength of its brand, project execution and management capabilities as well as its well-established relationships with its clients, architects and contractors.

Key Risk: Slowdown in orders, delayed execution.

ETHOS Limited

In Q4FY25 Ethos reported revenues of Rs.311.3 cr up by 23.3% y-o-y, PAT was Rs.24.1 cr up by 15.2% y-o-y, led by SSG of 17.4% in FY25 and by new store additions. Ethos added 1/14 stores in Q4/FY25, taking the store-count to 73, Ethos expects bunched-up openings of ~8 stores in May-25. Ethos entered Dehradun, Kochi, and Mangaluru in FY25, expanding its presence to 26 cities, along with opening of its 2nd duty-free store at Bengaluru Airport. Ethos signed 6 exclusive partnerships. Share of luxury and high-luxury watches has risen, from 68% in FY24 to 70% in FY25. With initial success for Rimowa, Ethos has entered an exclusive partnership with another American luxury-luggage brand Zero Haliburton, renowned for its premium aluminium luggage and cases; Ethos continues to make conscious efforts, to onboard more luxury lifestyle brands. Ethos has reiterated its ambition to scale by 10x in 10 years, led by a multi-fold expansion of new watch retail, growing traction in its new lifestyle vertical (Rimowa), Dubai and India expansion to accelerate growth, and promising optionality in its own brand Favre

KEC International

In Q4FY25 KEC international reported revenues of Rs.6872 cr up by 11% y-o-y, PAT was Rs.268 cr up by 77% y-o-y, led by margin expansion & Strong execution, especially in the T&D and cables segments. KEC is witenssing strong growth traction across its business segments, with T&D having healthy investment pipelines led by power sector capex. In Civil also company is getting big orders. Net Debt has reduced and stands at Rs. 3051 cr. Order intake during FY25 was Rs.24689 cr up by 36% y-o-y and outstanding order book is Rs.33,398 cr with international orders 33%. As per management outlook remains construtive on business, going ahead, T&D is expected to remain the key growth engine, supported by a strong order book and expanding global pipeline, while the non-T&D segment is expected to have a turnaround and start improving beyond FY26 through high-margin industrial, semiconductor, and export�focused opportunities.

Key Risk: Execution delay, slowdown in power and civil sector.

Venus Pipes

In Q4FY25 Venus Pipes reported revenues of Rs.258 cr up by 15% y-o-y, PAT was Rs. 23.7 cr down by 5% y-o-y, margins were lower at 9.2%. Company is expanding its product portfolio with foray into value added products with application across critical industries; compnay has recently commenced operations of 3,600 MTPA capacity of value-added welded tubes. Addition of fittings capacity and value added seamless tubes will be operational in coming months. Venus has recently won an order worth Rs 190 crores for Stainless Steel Seamless Boiler Tubes. Seamless pipes contributes 57% of revenues, welded 36% and others 7% in FY25, exports contributed 35% of the revenues. Capex would be Rs.175 crores.

Key Risk: Slowdown in user industry.

Caplin Point Laboratories Limited

In Q4FY25 Caplin Point reported revenues of Rs.528.2 cr up by 12.3% y-o-y, PAT was Rs.145.3 cr up by 19.8% y-o-y. Revenue composition between Emerging Markets (Latin America & Africa) and USCompany's wide portfolio mix of Generics and Branded Generics shows growth in all segments, supported by new launches in Softgels, Injectables and Oncology for FY25 is in the range of 82% and 18% respectively. Company shifts focus to asset light Outsourcing model, both in India and China in Emerging Markets, targeting better cost control and increasing profitability. Caplin's front end in the US is taking shape at a good pace and expect this entity to drive strong growth for the parent company over the next few years. Caplin Point has allocated an enhanced Capex budget of approximately ₹1000 + Crores for the investment projects, with around 50% nearing completion and the balance to be incurred over the next 2-3 years.

Key Risk: Regulatory risk.

Elecon Engineering Company Limited

In Q4FY25 Elecon Engineering reported revenues of Rs.798 cr up by 41.3% y-o-y, PAT was Rs.146 cr up by 41.3% y-o-y. Order intake during the quarter was Rs.645 cr up by 16% y-o-y. Gear division saw a strong recovery in Q4, especially in the domestic market. Gear division Revenue grew by 28.9% in Q4FY25. MHE division continued to see sustained momentum, with revenue nearly doubling YoY in Q4FY25. On a full year basis, Revenue in MHE division grew by 72.8%. Elecon continues to maintain its leadership position in the Indian market for both Industrial Gear Solutions and Material Handling Equipment. Elecon's competitive edge is driven by advanced manufacturing capabilities, a comprehensive portfolio of high-quality products, and the ability to deliver custom�engineered solutions with optimized lead times, ensuring consistent and quality products for our diversified customers. Company's growth strategy is supported by strategic alliances with international partners, ongoing investments in R&D and product innovation, and a focused push within the high-growth MHE division. Management is targeting overseas revenue contribution to rise to 27–30% by FY26E and 50% by FY30E. For FY26E, management guided for consolidated revenues of Rs26.5bn (~19% YoY growth), driven by Rs20bn from the Gear division and Rs6.5bn from MHE, with EBITDA margins maintained at 24%. . We remain positive on Elecon given strong order inflows, robust growth in both Gear and MHE segments, and sustained margin profile.

Key Risk: Slowdown in infrastructure activity.

Vesuvius India

In Q4FY25 Vesuvius India reported revenues of Rs.482.2 cr up by 6.4% y-o-y, PAT was Rs.59.3 cr down by 13.8% y-o-y. Vesuvius India continued to execute its strategic capex roadmap in Q1CY25, building on the ~Rs5.5bn invested between CY22-CY24 towards import substitution and backward integration. The company commissioned three new manufacturing facilities during the quarter Mould Flux and Alumina-Silica (AlSi) plants at its existing Kolkata site, and a Basic Monolithic plant at Visakhapatnam. Once fully operational, the facilities are expected to augment annual production capacity by ~250,000 tonnes. Management emphasized that capex is being executed in a highly strategic manner, aligned to evolving customer requirements. With the domestic steel industry undergoing technological upgradation, Vesuvius sees growing demand for advanced solutions and believes the timing is opportune to introduce global technologies into the Indian market. Vesuvius is a key beneficiary of India's steel capacity expansion (particularly flat steel). The company strategy to manufacture new products and more inhouse manufacture in India, it will drive the growth for the company.

Key Risk: Slowdown in steel and metals sector.

Global Healthcare Limited (Medanta)

In Q4FY25 Medanta reported revenues of Rs.954.2 cr up by 14.1% y-o-y, adjusted PAT was Rs.138.7 cr up by 8.9% y-o-y. EBITDA margins improved from 24.7% in Q4 FY24 to 26.0% in Q4 FY25. Occupancy was 61.3%. Company is expanding from 2840 beds currently to 4074 beds by FY27. ARPOBs Average revenue per operating bed was Rs.63629. Total capex of over ~INR 3,500 crores planned for next 5 years for ~3,000 bed addition, In FY2025, INR 645 crores of capex incurred . Medanta is in midst of a robust expansion plan, encompassing a mix of greenfield and brownfield expansion as well as setting up a guest house and medical school. Overall, bed expansion coupled with the addition of specialty lines of treatments across hospitals bodes well for the growth of ARPOBs and occupancy levels across hospitals.

Key Risk: Delayed expansion, lower occupancy.

Techno Electric Limited (Teec)

In Q4FY25 Techno Electric reported revenues of Rs.811.9 cr up by 68.2% y-o-y, PAT was Rs.132.8 cr up by 91.3% y-o-y. The company received strong order inflow of Rs20bn/Rs41.5bn in Q4FY25/FY25. Order book stood at Rs109.5bn in March'25. Management expects EPC margin of 15-16%, the company expects 100 bps improvement in margins going forward due to softening commodity prices. Management reiterated its confidence in delivering a topline of Rs 35-36bn with EPS of Rs50 in FY26E, of this Rs 25bn will be driven by transmission EPC, with Rs 5bn each from FGDs and smart metering projects. The company plans to invest Rs12.5bn over the next 1–2 years—Rs5bn for meters, Rs5bn for data centers & others. Over the next five years, it targets ~Rs100bn capex, largely via SPVs, with 80% earmarked for data centers.

Key Risk: Execution delay, slowdown in power sector capex.

Blue Star India

In Q4FY25 Blue Star reported revenues of Rs.4019 cr up by 21% y-o-y, PAT was Rs. 193.7 cr up by 21% y-o-y. Blue star aims to increase its market share in adddresable commercial refrigerator market to 33-35% over next 3 to 5 years (current market share 30%). The company is looking at capital expenditure of Rs.400 crore sin FY26. In Room AC company is looking at growth rate of 20-25% cagr till 2030, company has market share of 13.75%. In Electro mechanical projects, order inflow remains strong from factories/data centers; these are high-margin projects given faster execution and equipment-heavy content. FY26 guidance: Revenue: ~10-15%.

Key Risk: Higher competition, slower consumer demand.

IREDA

In Q4FY25 IREDA reported revenues of Rs.1904 cr up by 37% y-o-y, PAT of Rs.502 cr up by 49% y-o-y. Loan book has grown to 76282 cr up by 28% y-o-y. Net NPA stands at 1.35% and Gross NPA at 2.45%. IREDA is a pure play green financing NBFC Navratna company with 37 years experience, providing financial products and related services for Renewable Energy sector. Power generation sector is projected to have a projected capex of more than Rs.42 tn over next decade & renewable energy will dominate this. Currently India has 200 GW installed RE capacity and having a traget of 500 GW RE by 2030, this would provdie a long term growth oppurtunity for business growth.

Key Risk: Slowdown in installation growth, higher NPA.

Interarch Building Solutions

INTERARCH Building Products Ltd

In Q4FY25 Interarch reported revenues of Rs.463.5 cr up by 20% y-o-y, PAT was Rs.38.7 cr up by 30% y-o-y, led by healthy volume growth and execution. Order book stands at Rs.1646 cr. Current expansion will enhance our total installed capacity by 40,000 MT, increasing it from 1,61,000 MT to approximately 2,00,000 MT. Company has also acquired additional land of 20 acres land adjoining our existing Andhra Pradesh facility to set up a dedicated facility for pre-engineered heavy steel structures. This unit will enable us to undertake and deliver complex, large-scale projects in emerging sectors such as data centers, semiconductor and renewable energy manufacturing facilities. Management is looking to double revenues over next 3-4 years. In line with company's strategy to strengthen engineering excellence, the company plans to set up two new engineering Capabilities offices in India during the current financial year to enhance design and technical capabilities. One of the leading turnkey pre-engineered steel construction solutions providers in India with integrated facilities for design andengineering, manufacturing, on-site project management capabilities for the installation and erection of pre-engineered steel buildings.

Key Risk: Slowdown in construction and industrial activity.

Polycab

POLYCAB IDEAS. CONNECTED.

In Q4FY25 Polycab reported revenues of Rs.6985.8 cr up by 24.9% y-o-y, PAT was Rs.726.7 cr up by 33% y-o-y. An improvement in demand has been observed in the power sector, and this is expected to remain a consistent trend going forward. The transition to renewable energy is being seen as a significant opportunity for the country, especially for manufacturing cycles aligned with this shift. On Capex Polycab has incurred Rs 9.6bn during FY25 vs Rs 2.5bn in FY24, the companies' guidance for a capex of Rs 60-80 bn over a span of 5 years stands still, and will be funded through internal accruals. We remain constructive on the company's growth potential, driven by favorable macro trends, capex-led expansion, and regulatory tailwinds.

Key Risk: Competition, slowdown in demand.

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