



## Institutional Equities

# Ten-Bagger 13.0

## Quality fatigue or valuation rotation or flows?

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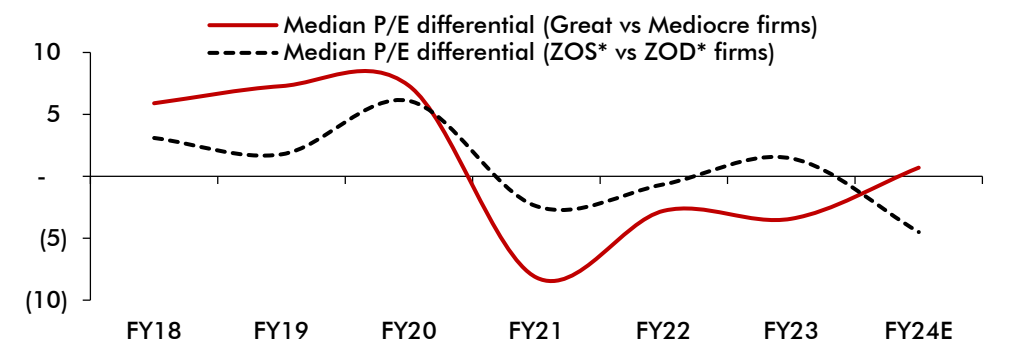
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# Ten-Bagger 13.0: Quality fatigue or valuation rotation or flows?

**Excess liquidity in the backdrop of reducing performance differential between quality vs ex-quality firms and optimistic narratives led to investors seeking valuation rotation by chasing mediocre firms. We look for firms which could see RoCE expansion in the next 1-3 years by identifying trends around revenue growth, margin expansion, improving CE turns, incremental capex etc. Performance of our last Ten-Bagger 12.0 portfolio was weak vs the broader market by >18ppts. Firms with lower scores on our accounting and greatness frameworks are doing well. Perhaps investors are hopeful many capital allocation and accounting risks won't show up! Mediocre and Zone of Darkness firms trade at par valuations vs relatively high-quality peers. Within last 13 iterations, 17 ideas have become 5-10x over subsequent years. We highlight 38 names through this iteration.**

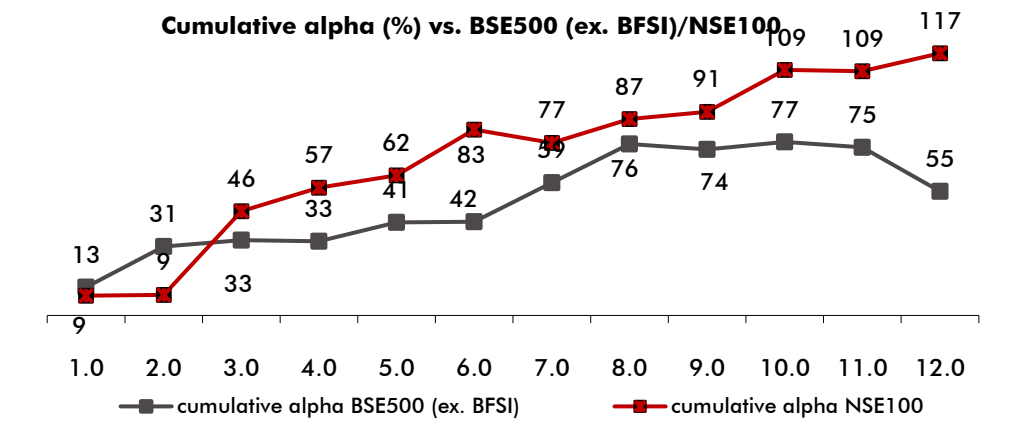
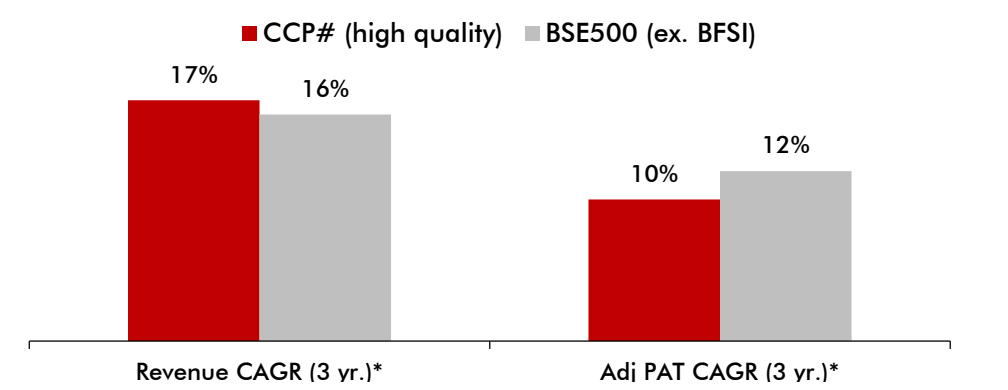
**...leading to investors seeking valuation rotation by chasing mediocre firms**



Source: Bloomberg, Ambit Capital research, P/E data is taken for 31 Mar every year, for FY24E, data is taken as on 23 Feb 24. \*Company featuring in top 5 deciles on our accounting quality are Zone of Safety Companies (ZOS) and companies in bottom 3 deciles are Zone of Darkness (ZOD) companies

**High quality firms failed to outperform massively vs broader markets recently...**

**Ten-bagger iterations posted 23% CAGR vs 18%/15% for BSE500 (ex-BFSI)/NSE100 over the last 12 iterations**



Source: Ambit Capital research, Bloomberg, ACE Equity; #CCP (ex.BFSI) is Coffee Can portfolio of 2021 and 2023 which consists of companies witnessing revenue growth >10% and Pre-tax ROCE >=15% for 10 consecutive years; CAGR is calculated over FY20-23 on a median basis; BSE500 (ex.BFSI) is calculated ex. of CCP portfolio companies.

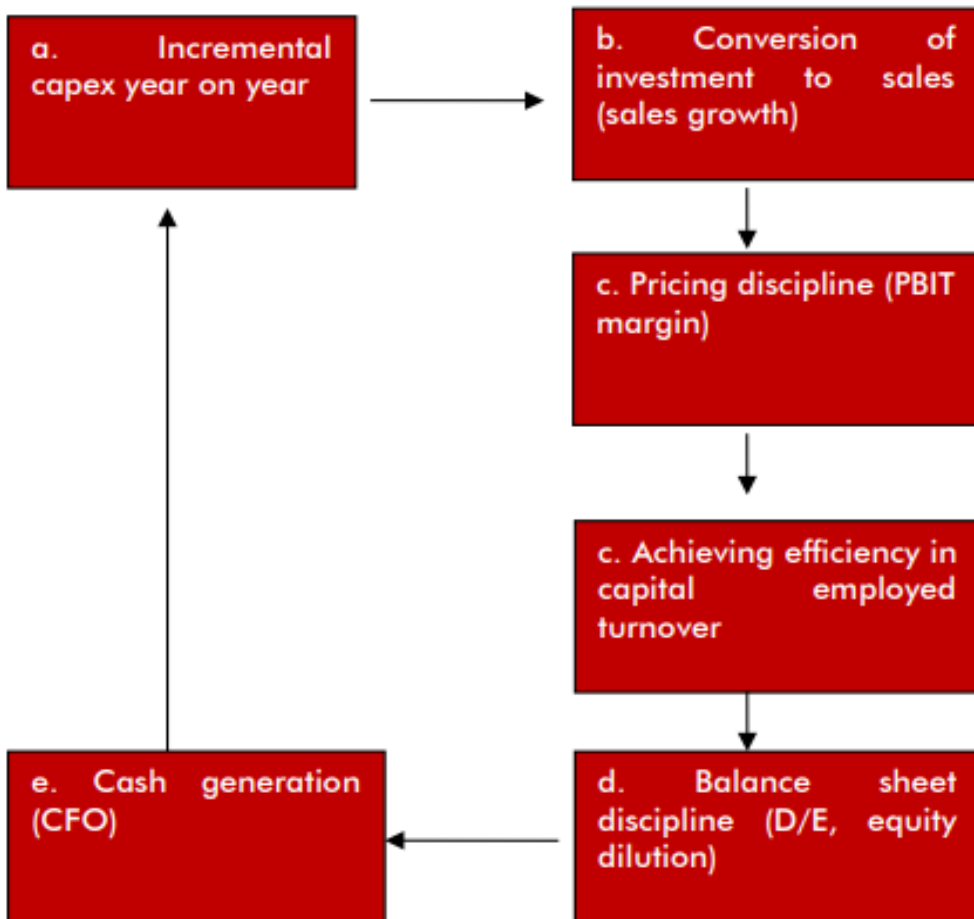
Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

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# Looking for the drivers of greatness

# 'Greatness' framework

## 'Greatness' framework – emphasizing on the drivers of greatness



Source: Ambit Capital research, Company

## Factors used for qualifying greatness

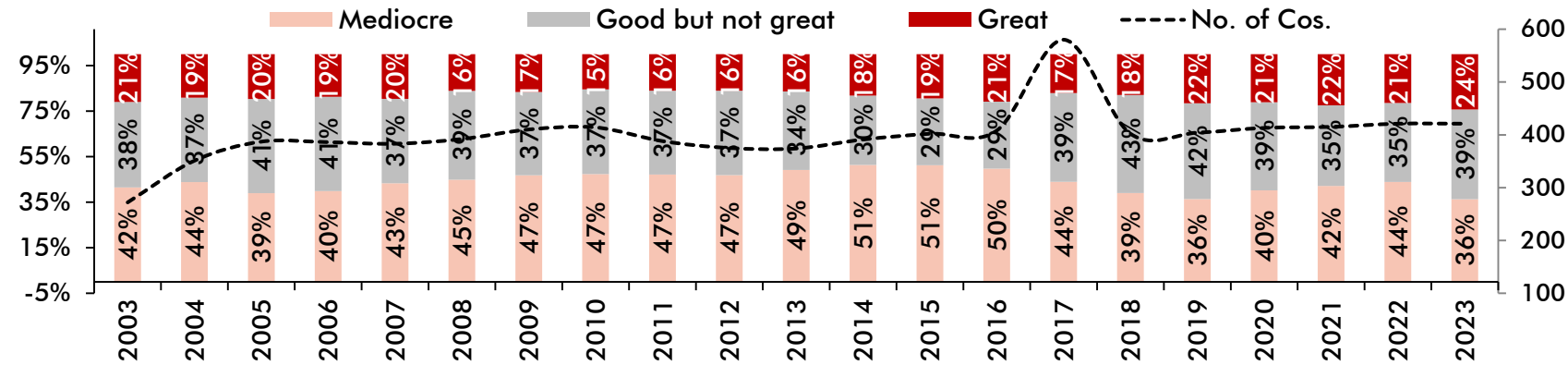
Head	Criteria/formulas
<b>1 Incremental capex</b>	1) Improvement in capex to depreciation (FY20-23 over FY17-20)*
<b>2 Conversion to sales</b>	1) Above median incremental in sales (FY20-23 over FY17-20)* 2) Above median sales increase to standard deviation
<b>3 Efficiency in capital employed</b>	1) Improvement in capital employed turnover (FY20-23 over FY17-20)* 2) Improvement in capital employed turnover increase to standard deviation
<b>4 Pricing discipline</b>	1) Above median PBIT margin increase (FY20-23 over FY17-20)* 2) Above median PBIT margin increase to standard deviation
<b>5 Balance sheet discipline</b>	1) Deterioration in debt-equity decline (FY20-23 over FY17-20)* 2) Below median debt-equity decline to standard deviation 3) Improvement in equity dilution increase (FY20-23 over FY17-20)*
<b>6 Cash generation and PAT improvement</b>	1) Above median CFO increase (FY20-23 over FY17-20)* 2) Above median CFO increase to standard deviation

Source: Company, Ambit Capital research; \* Rather than comparing one annual end-point to another annual endpoint (say, FY17 to FY23), we prefer to average data over FY18-20 and compare that to the averaged data from FY21-23. This gives a more consistent picture of performance (vs simply comparing FY18 to FY23). Both improvement and the consistency of those improvements are important.

# **Narratives could be driving excitement**

# No significant increase in number of 'Great' firms

## Positive outlook for India Inc is not getting reflected through material increase in number of 'Great' firms



Source: Ambit Capital research, Company; Note: Universe for this exhibit is BSE500 companies (ex-BFSI).

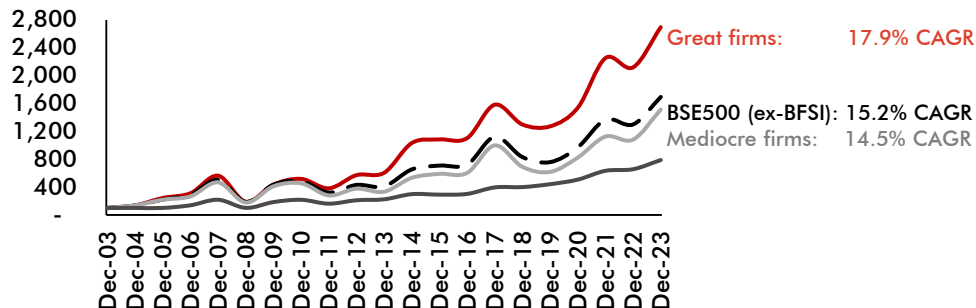
## Capex is much lower vs previous years; mediocre and great firms have similar valuation

	2020			2023		
	Mediocre	Good but not great	Great	Mediocre	Good but not great	Great
Number of firms	166	160	87	153	166	102
Mcap (US\$ mn)*	1,354	1,282	1,321	2,498	2,527	3,410
FF Mcap (US\$ mn)*	763	683	759	1,021	1,114	1,807
Share price (3-year CAGR)#	(1%)	2%	9%	9%	22%	32%
Gross block (3-year CAGR)	22%	21%	17%	6%	9%	7%
Sales (3-year CAGR)	6%	11%	13%	10%	16%	19%
Adj PAT (3-year CAGR)	4%	12%	23%	8%	16%	26%
CFO (3-year CAGR)	9%	13%	17%	7%	11%	20%
EBIT Margin (3-year median)	13%	14%	14%	12%	16%	17%
RoE (3-year median)	13%	16%	19%	10%	13%	19%
RoCE (pre-tax) (3-year median)	20%	25%	29%	14%	20%	23%
Net debt equity (3-year median)	0.1	0.0	0.1	(0.0)	(0.2)	(0.1)
FY20/24E P/E (x)	16.1	17.1	15.4	41.6	41.7	42.3
FY20/24E P/B (x)	1.7	2.3	2.7	5.1	5.8	6.5
FY21/25E P/E (x)	24.1	29.8	30.3	30.9	32.7	32.6
FY21/25E P/B (x)	2.9	4.2	5.4	4.5	5.1	5.5

Source: Capitaline, Ambit Capital research. Note: Universe for this exhibit is BSE500(ex-BFSI). \*Market cap/price is dated 23 Feb 2024. # indicates share price performance from 23 Feb 2021 to 23 Feb 2024. 3 years is based on data for FY21/FY22/FY23. # We have ignored the companies where no data is available. All above numbers are based on median of buckets.

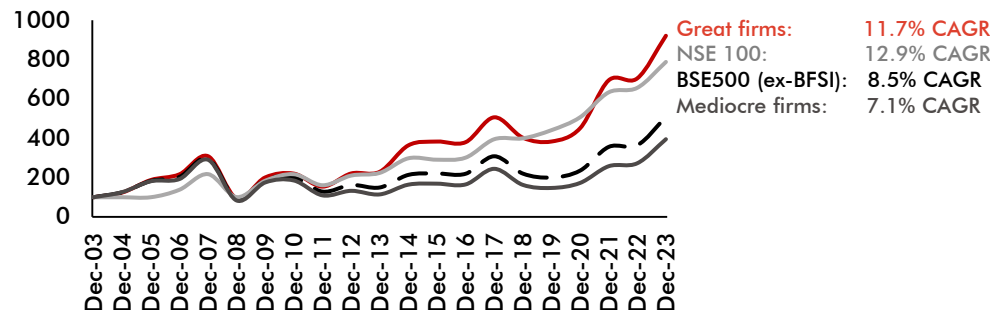
# Great firms outperform most of the times

## Great firms have outperformed BSE500 index and mediocre firms by a distance



Source: Ambit Capital research, Bloomberg; Note: The back-test is based on annual rebalancing with forward looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above, for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2021 to 31 December 2022. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). \*NSE100 data is considered from Dec-06

## On median basis too, higher share of smaller great firms led to outperformance in recent years vs NSE100



Source: Ambit Capital research, Bloomberg; Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above, for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2021 to 31 December 2022. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). \*NSE100 data is considered from Dec-06

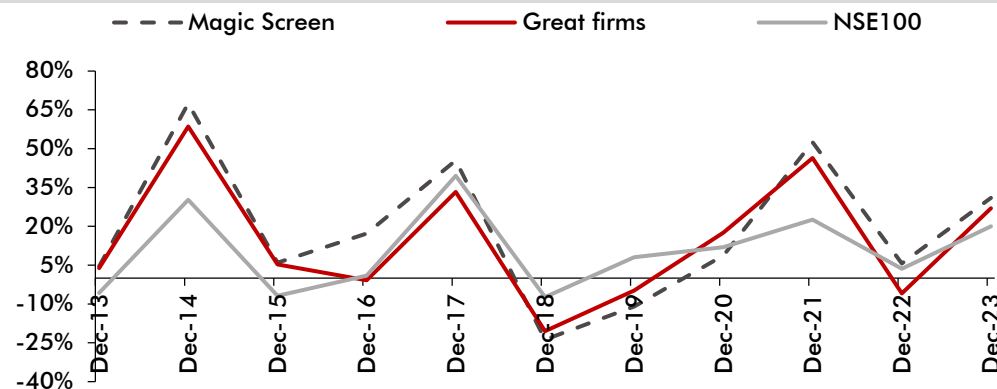
## Higher the free-float cap of a great firm higher the alpha vs the mediocre firm

Median CAGR (2004-2023)	Great (A)	Good but not great (B)	Mediocre (C)	(A-C)
Q1 (Lowest FF mcap cos)	4%	1%	1%	3%
Q2	10%	5%	7%	3%
Q3	14%	7%	8%	6%
Q4 (Highest FF mcap cos)	15%	11%	11%	5%

Source: Ambit Capital research, Bloomberg. Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2021 to 31 December 2022. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). Quartiles are based on free float market cap as of 31 Dec of each year

**Ambit Capital Pvt. Ltd.**

## The performance of great firms has largely been in line with the firms shortlisted using Magic screen framework



Source: Ambit Capital research, Bloomberg. Note: The back-test is based on annual rebalancing with forward looking returns being calculated from December 31 of year X to December 31 of year X+1 (Note: The above exhibit only considers the share price returns and not the total shareholder returns).



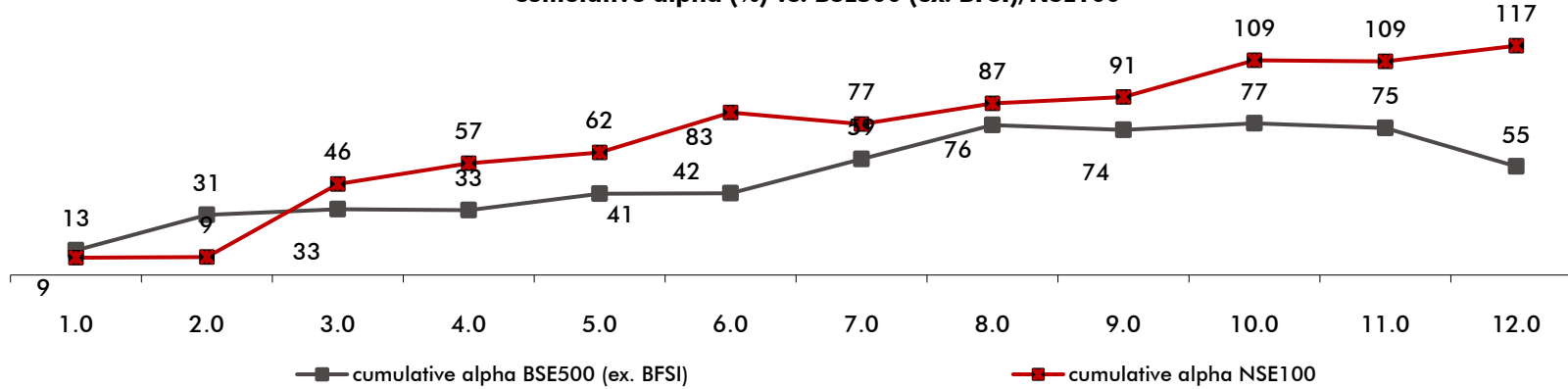
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# Going down the quality spectrum?

# Sub-quality names are gaining more attention

**Recent underperformance of Ten-Bagger iterations (11.0 and 12.0) vs BSE500 (ex-BFSI) index could be attributed to strong performance of small/mid-caps from Good, but not Great and Mediocre categories**

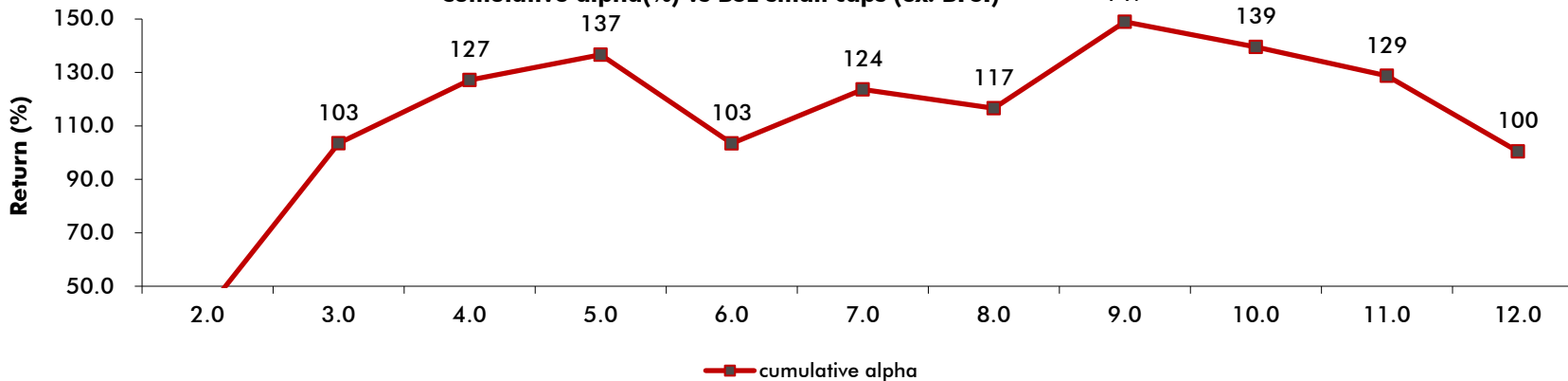
**Cumulative alpha (%) vs. BSE500 (ex. BFSI)/NSE100**



Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

**Underperformance is more prominent for Sub-BSE500 Ten-Bagger iterations in last four years; this could be from investor's rising excitement with sub-quality smaller names**

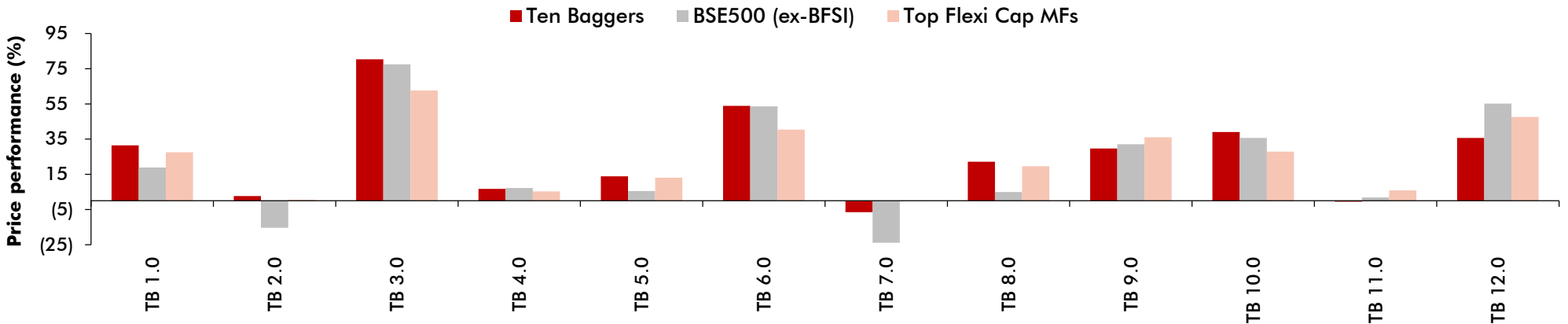
**Cumulative alpha(%) vs BSE small caps (ex. BFSI)**



Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

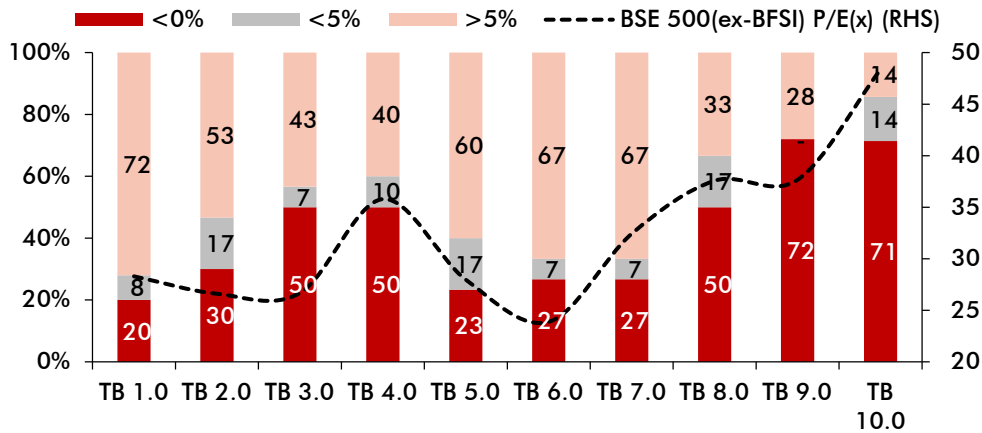
# Sub-quality names are gaining more attention (Cont.)

## Ten-Bagger companies in most years have demonstrated superior performance vs top flexi-cap MFs and broader market



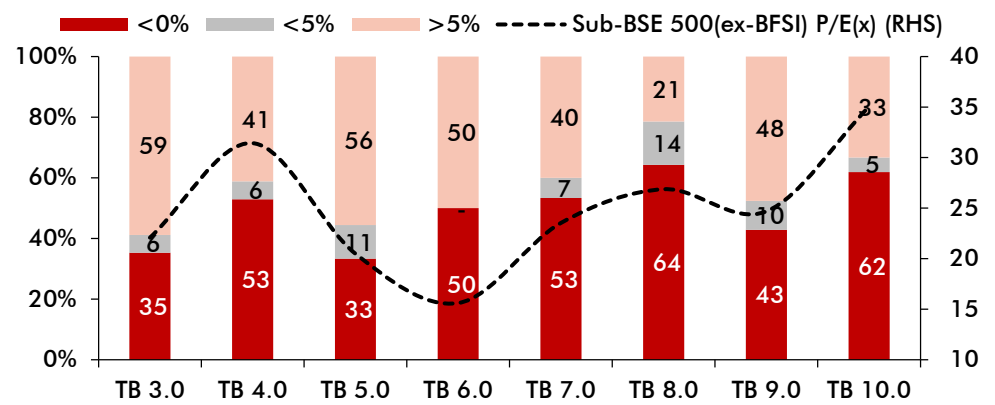
Source: Ambit Capital research, Company, Bloomberg. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next. Top 25% of flexi cap Mf form top flexi cap MFs

## Relative outperformance has decreased for both Ten-Bagger BSE500 and...



Source: Ambit Capital research, Bloomberg, Note: Outperformance of cos. is calculated on a three yr. forward basis; P/E for x year is 12m trailing median of BSE500 (ex BFSI) cos. for (x+3) year.

## ...Sub-BSE500 firms owing to overall excitement in the broader markets, also reflected in rising valuations



Source: Ambit Capital research, Bloomberg, Note: Outperformance of cos. is calculated on a three yr. forward basis; P/E for x year is 12m trailing median of Sub-BSE500 (ex BFSI) cos. for (x+3) year.

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# Ten-bagger 13.0

# List of BSE500 Ten-Bagger 13.0 companies

**One-third of the companies have featured again this year from last iteration; Ten-bagger 13.0 consists of companies from diverse sectors**

Company Name	Repeat from 12.0?	Mcap	FF Mcap	MDVT - 3m	Greatness Score		Accounting Decile		RoCE (pre-tax)		Sales Growth	
		(US\$ mn)	(US\$ mn)	(US\$ mn)	2022	2023	2022	2023	2022	2023	2022	2023
Bharti Airtel	No	79,968	36,261	65.0	50%	75%	D4	D2	15%	16%	19%	16%
UltraTech Cement	Yes	34,449	13,937	39.5	83%	100%	D1	D1	15%	13%	5%	18%
Hindalco	Yes	13,658	9,179	38.7	83%	92%	D8	D5	17%	11%	12%	48%
Torrent Pharma	No	10,884	3,082	6.9	58%	75%	D4	D3	14%	20%	1%	6%
Apollo Hospitals	No	10,583	8,299	29.5	83%	83%	D9	D6	25%	18%	(6%)	39%
SRF	Yes	8,545	4,218	13.6	92%	92%	D5	D6	24%	23%	17%	48%
Persistent Systems	Yes	8,008	5,532	25.1	100%	83%	D2	D4	28%	31%	17%	36%
PI Industries	No	6,721	3,624	13.4	67%	75%	D7	D3	17%	22%	36%	16%
Astral	Yes	6,705	3,086	11.1	75%	92%	D2	D3	30%	25%	23%	38%
Supreme Inds	No	6,360	3,174	5.8	50%	83%	D1	D3	35%	27%	15%	22%
Gujarat Gas	No	4,695	1,874	9.3	100%	100%	D1	D1	31%	32%	(4%)	67%
Global Health	No	4,417	3,222	5.1	33%	83%	D5	D2	16%	19%	(4%)	50%
Narayana Hrudayalaya	No	3,308	1,233	5.2	75%	75%	D2	D1	27%	34%	(17%)	43%
Birlasoft	No	2,583	1,592	18.9	75%	83%	D5	D2	26%	18%	8%	16%
Laurus Labs	No	2,640	1,886	7.4	100%	92%	D6	D7	26%	23%	70%	3%
GESCO	No	1,732	1,152	4.5	67%	83%	D1	D1	8%	22%	(9%)	5%
Firstsource Solutions	No	1,729	785	5.5	92%	83%	D2	D2	19%	17%	24%	17%
Rainbow child	No	1,662	791	2.0	67%	83%	D2	D3	43%	40%	(10%)	50%
Praj Industries	Yes	1,109	765	5.8	75%	92%	D3	D3	24%	32%	19%	69%

Source: Ambit Capital research, Company, Bloomberg, Ace-equity, Sorted on the basis of market cap in ascending order. Market cap is dated 29 Feb 2024

# Ten-Bagger 13.0 – Diving into valuations

>80% of Ten-Bagger 13.0 constituents are expensive vs their own history

Company	Mcap	FF Mcap	MDVT - 3m	Trailing (TTM)		Blended FY23 & FY24E Valuations			Last 5yr Avg trailing Valuations			Cheap w.r.t. history?			Cheap on how many counts?
	(US\$ mn)	(US\$ mn)	(US\$ mn)	P/E	P/B	P/E	P/B	EV/EBITDA	P/E	P/B	EV/EBITDA	P/E	P/B	EV/EBITDA	
<b>Attractive Valuations*</b>															
PI Industries	6,721	3,624	13.4	45	7.8	48	7.4	35	52	8.2	37	Yes	Yes	Yes	3
GESCO	1,732	1,152	4.5	5	1.3	7	0.6	4	10	0.8	5	Yes	Yes	Yes	3
<b>Moderate Valuations**</b>															
Gujarat Gas	4,695	1,874	9.3	26	5.7	27	6.0	17	27	6.8	16	Yes	Yes	-	2
Narayana Hrudayalaya	3,308	1,233	5.2	47	13.3	48	12.2	27	58	8.0	30	Yes	-	Yes	2
<b>Rich Valuations***</b>															
Bharti Airtel	79,968	36,261	65.0	76	8.5	85	7.1	11	113	5.1	11	Yes	-	-	1
Hindalco	13,658	9,179	38.7	11	1.2	10	1.5	7	11	1.1	6	Yes	-	-	1
Apollo Hospitals	10,583	8,299	29.5	119	15.7	89	13.3	39	139	10.0	33	Yes	-	-	1
Laurus Labs	2,640	1,886	7.4	27	5.3	31	7.3	19	36	6.7	18	Yes	-	-	1
Ultratech Cement	34,449	13,937	39.5	57	5.3	41	4.5	23	38	4.0	19	-	-	-	-
Torrent Pharmaceuticals	10,884	3,082	6.9	72	14.4	65	10.6	27	54	8.6	22	-	-	-	-
SRF	8,545	4,218	13.6	33	8.2	38	8.0	24	35	6.5	22	-	-	-	-
Persistent Systems	8,008	5,532	25.1	71	16.5	61	13.6	40	38	6.9	24	-	-	-	-
Astral	6,705	3,086	11.1	127	20.7	106	19.0	64	91	16.4	52	-	-	-	-
Supreme Industries	6,260	3,174	5.8	59	11.5	46	9.4	33	36	8.3	24	-	-	-	-
Global Health	4,417	3,222	5.1	117	16.3	117	16.1	63	63	8.7	32	-	-	-	-
Birlasoft	2,583	1,592	18.9	68	9.1	41	6.9	26	25	3.6	14	-	-	-	-
Firstsource Solutions	1,729	785	5.5	27	N/A	23	3.7	15	17	2.3	11	-	-	-	-
Rainbow Children	1,662	791	2.0	61	12.3	64	13.9	35	47	10.1	24	-	-	-	-
Praj Industries	1,109	765	5.8	40	8.8	46	8.6	32	43	5.7	29	-	-	-	-

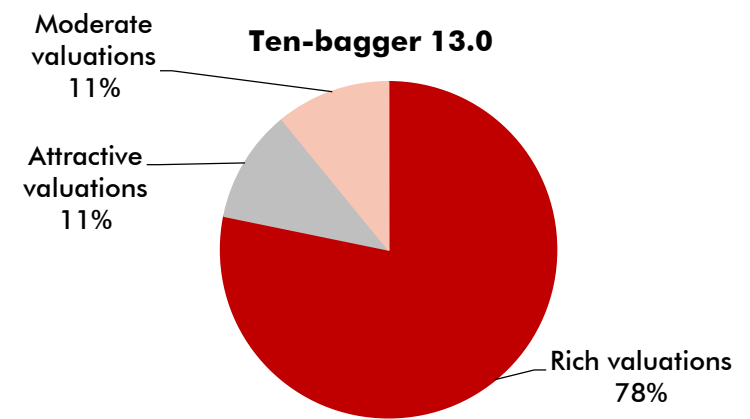
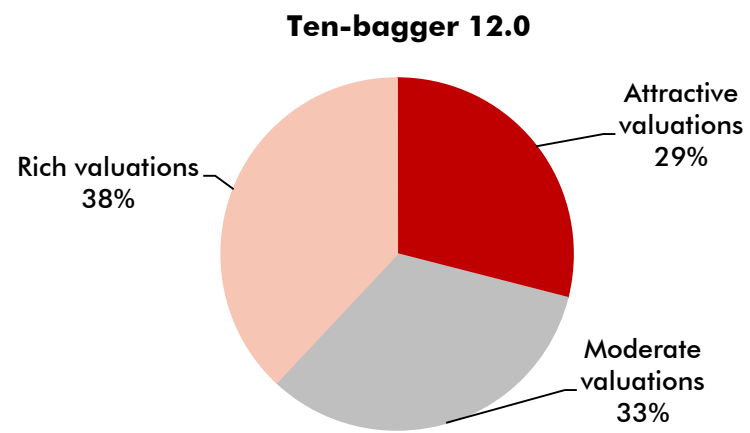
Source: Bloomberg, Ace-Equity, Ambit Capital research Note: Sorted on the basis of valuations. \* Trading below five-year average P/E, P/B, EV/EBITDA (on all three measures) \*\* Trading below on either of two of these three measures \*\*\* Trading below only one or none of five-year average P/E, P/B and EV/EBITDA. Market data is dated 29 February 2024



# Dominance of richly valued companies in Ten-Bagger 13.0

Recent momentum in the markets have led to...

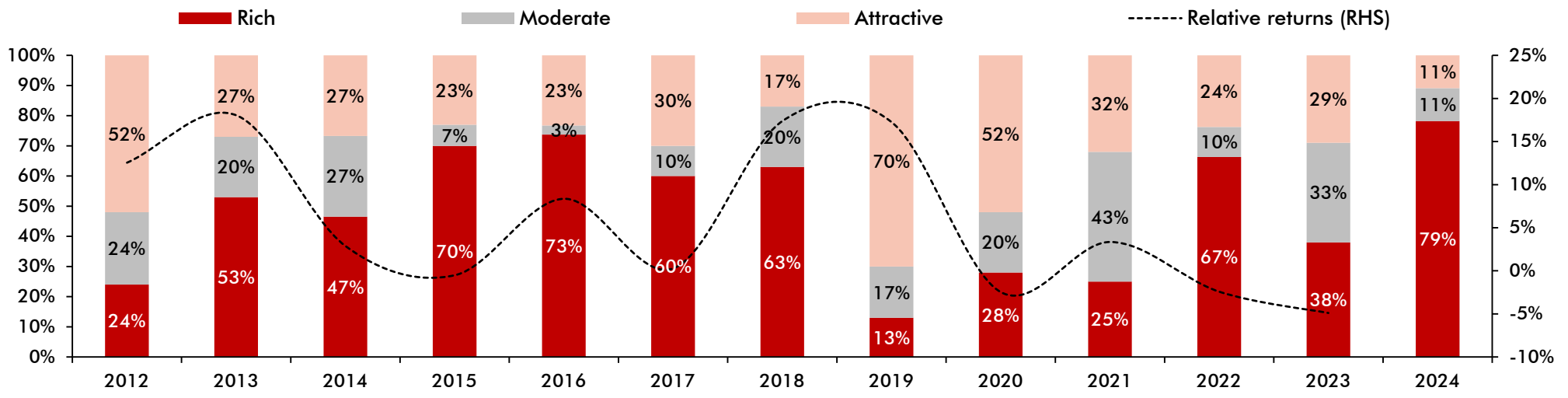
...significant increase in the proportion of expensive cos.



Source: Ambit Capital research, Bloomberg

Source: Ambit Capital research, Bloomberg

## Historically, initial valuations have not played much role in generating alpha over the broader markets



Source: Ambit Capital research, Company, Bloomberg. Relative Returns (vs BSE500-ex BFSI) are calculated on 1-year forward basis; i.e. from date of one iteration to the next

# Companies witnessed superior financials performance recently

## All Ten-Bagger 13.0 candidates demonstrated superior financial performance in recent years

Company	Mcap	FF Mcap	MDVT-3m	Share price perf	3yr CAGR				3yr Median			ND/E	P/E	P/B
	(US\$ mn)	(US\$ mn)	(US\$ mn)	3yr CAGR	Sales	PAT	CFO	FCF	EBIT Margin	RoE	RoCE (pre tax)	FY23	FY24E	FY24E
<b>Attractive Valuations</b>														
PI Industries	6,721	3,624	13.4	16%	24%	39%	29%	DNA	20%	45%	21%	(45%)	45	7.7
GESCO	1,732	1,152	4.5	57%	16%	132%	26%	22%	36%	18%	10%	(17%)	7	N/A
<b>Moderate Valuations</b>														
Gujarat Gas	4,695	1,874	9.3	11%	18%	8%	19%	16%	12%	42%	32%	(10%)	27	5.8
Narayana Hrudayalaya	3,308	1,233	5.2	41%	13%	72%	35%	(12%)	14%	16%	27%	6%	51	14.3
<b>Rich Valuations</b>														
Bharti Airtel	79,968	36,261	65.0	25%	18%	DNA	53%	DNA	21%	36%	11%	190%	72	7.9
Ultratech Cement	34,449	13,937	39.5	16%	14%	(4%)	0%	(32%)	18%	4%	15%	4%	56	5.3
Hindalco Industries	13,658	9,179	38.7	29%	24%	39%	15%	13%	9%	32%	11%	36%	11	1.3
Apollo Hospitals	10,583	8,299	29.5	32%	14%	22%	2%	(44%)	9%	17%	17%	23%	116	15.1
Torrent Pharmaceuticals	10,884	3,082	6.9	24%	7%	7%	19%	DNA	23%	32%	17%	73%	70	13.3
SRF	8,545	4,218	13.6	27%	27%	29%	31%	(38%)	21%	21%	23%	31%	33	6.8
Persistent Systems	8,008	5,532	25.1	69%	33%	39%	40%	(32%)	16%	23%	28%	(28%)	68	16.4
Astral	6,705	3,086	11.1	17%	26%	23%	11%	4%	15%	15%	29%	(22%)	127	20.6
Supreme Industries	6,360	3,174	5.8	28%	19%	23%	18%	15%	13%	4%	29%	(17%)	65	12.0
Global Health	4,417	3,222	5.1	N/A	22%	108%	54%	DNA	DNA	DNA	16%	(19%)	117	16.1
Birlasoft	2,583	1,592	18.9	48%	13%	14%	22%	25%	13%	1%	23%	(46%)	55	8.9
Laurus Labs	2,640	1,886	7.4	3%	29%	45%	42%	DNA	DNA	134%	26%	48%	24	5.2
Firstsource Solutions	1,729	785	5.5	28%	14%	15%	25%	27%	12%	7%	18%	18%	30	4.5
Rainbow Children	1,662	791	2.0	N/A	18%	56%	24%	DNA	DNA	DNA	40%	(29%)	64	13.9
Praj Industries	1,109	765	5.8	57%	48%	50%	123%	DNA	9%	3%	23%	(64%)	43	9.1

Source: Bloomberg, Ace-Equity, Ambit Capital research. Mcap data is based on 29 Feb 2024

# Smaller firms have dominated in the last two years

**We avoided a few 'Great' firms only on account of being less liquid**

**Only eight companies are repeaters in the current portfolio from last year**

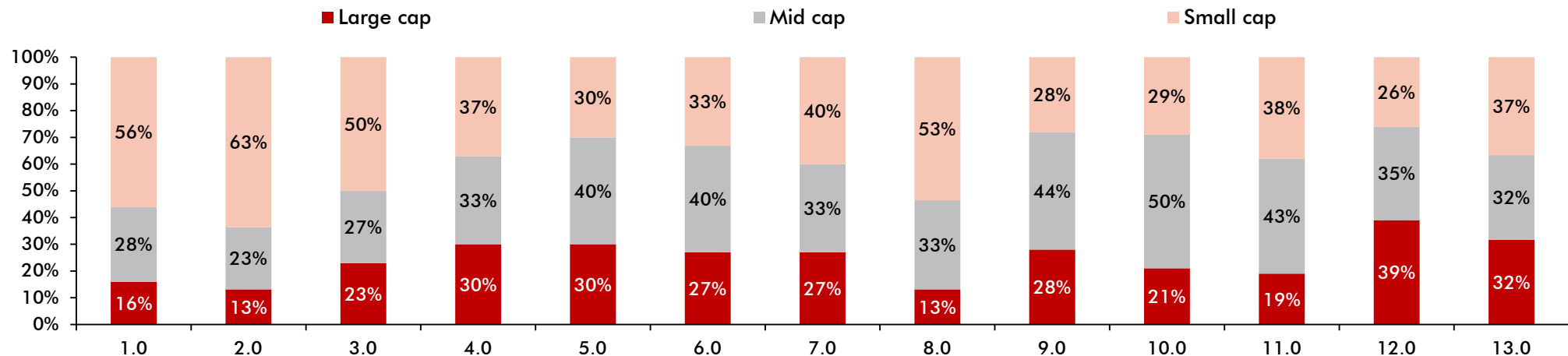
Company Name	FF Mcap	MDVT - 3m	Greatness Score	Accounting Decile
	(US\$ mn)	(US\$ mn)	2023	2023
LG Balakrishnan.	297	0.6	75%	D4
Dhanuka Agritech	192	0.9	100%	D2
Carysil	184	1.2	100%	D5
V.S.T. Tillers Tractors	152	0.6	92%	D2
Rajratan Global	142	0.5	100%	D5
Tinplate India	136	1.7	100%	D3
Nitin Spinners	108	0.6	92%	D2
Mold-Tek Technologies	39	0.6	75%	D4

Company Name	Mcap	Greatness Score	Accounting Decile
	(US\$ mn)	2023	2023
Ultratech Cement	34,449	100%	D1
Hindalco Industries	13,658	92%	D5
SRF	8,545	92%	D6
Persistent Systems	8,008	83%	D4
Astral	6,705	92%	D3
Praj Industries	1,109	92%	D3

Source: Ambit Capital research, Bloomberg, market data is dated 29 Feb 2024

Source: Ambit Capital research, Bloomberg, market data is dated 29 Feb 2024

## Proportion of small- and mid-caps in the Ten-Bagger 13.0 portfolio is ~70%



Source: Ambit Capital research, AMFI, Avg. Market Capitalization of listed companies is used to make small/mid and large cap classification for December end of each year

# List of sub-BSE500 Ten-Bagger 13.0 companies

**Great firms identified from the sub-BSE500 universe also clear our stringent accounting and governance filters**

Company Name	Repeat from 12.0?	Mcap	FF Mcap	MDVT-3m	Greatness Score		Accounting Decile		RoCE (pre-tax)		Sales Growth	
		(US\$ mn)	(US\$ mn)	(US\$ mn)	2022	2023	2022	2023	2022	2023	2022	2023
RR Kabel	No	1,965	732	8.6	58%	75%	D4	D3	19%	16%	10%	61%
Newgen Software	No	1,435	608	1.6	75%	75%	D2	D2	28%	25%	2%	16%
Neuland Laboratories	No	1,108	728	2.9	92%	92%	D5	D1	9%	21%	23%	2%
Voltamp Transformer	No	1,075	619	2.8	67%	75%	D6	D6	20%	25%	(19%)	63%
Tega Industries	No	935	252	1.1	100%	92%	D7	D6	20%	22%	18%	18%
Triveni Engineering	Yes	871	358	2.4	100%	83%	D1	D1	21%	57%	5%	(8%)
Marksans Pharma	Yes	834	485	2.7	100%	75%	D5	D5	24%	23%	21%	8%
Gravita India	Yes	793	268	1.5	83%	92%	D7	D6	31%	32%	5%	57%
Surya Roshni	No	789	302	3.3	75%	83%	D5	D4	16%	23%	2%	39%
CMS Info Systems	Yes	726	530	2.6	92%	75%	D7	D7	28%	30%	(6%)	22%
Gokaldas Exports	Yes	618	545	3.0	83%	92%	D3	D2	22%	27%	(12%)	48%
Sanghvi Movers	No	594	321	1.4	58%	75%	D3	D5	6%	17%	(31%)	50%
Orient Cement	No	562	371	2.7	83%	83%	D1	D1	23%	12%	(4%)	17%
TD Power Systems	Yes	562	353	1.3	75%	75%	D4	D3	18%	22%	15%	34%
Steel Strips Wheels	No	477	186	0.8	67%	75%	D1	D1	23%	22%	12%	103%
Uniparts India	No	317	102	0.9	75%	83%	D1	D1	31%	33%	-%	36%
Hi-Tech Pipes	No	248	118	2.0	42%	75%	D9	D3	16%	13%	11%	40%
Aeroflex Industries	No	225	77	1.2	83%	100%	D5	D6	37%	33%	-%	66%
Tracxn Technologies	No	123	83	3.6	42%	75%	D5	D5	(21%)	26%	17%	45%

Source: Ambit Capital research, Company, Bloomberg, Ace-equity, Sorted on the basis of market cap in ascending order. Market cap is dated 29 Feb 2024.

# A tool to find high-quality franchises

# Ten-Bagger companies stand out on key fundamentals

## Our Ten-Bagger BSE500 candidates continue to showcase strong fundamentals versus other BSE entities

	Ten-bagger iteration													BSE500 FY23
	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	
Pre-tax CFO/EBITDA	68%	65%	65%	73%	71%	76%	70%	68%	64%	81%	83%	68%	83%	71%
ROE (%)	30%	26%	29%	29%	29%	28%	24%	18%	23%	21%	20%	17%	21%	13%
ROCE (%)	37%	29%	32%	35%	35%	35%	29%	25%	74%	46%	25%	24%	21%	17%
Debt / equity ratio	(0.4)	0.0	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.4)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
EBIT margins	18%	17%	16%	17%	18%	17%	17%	15%	19%	14%	21%	19%	17%	13%
EBITDA margins	19%	17%	18%	19%	18%	19%	18%	15%	18%	17%	24%	22%	21%	16%

Source: Ambit Capital research, Bloomberg, Company. The above parameters are calculated as a median of the underlying companies and the BSE500 companies (ex-BFSI). Above numbers are calculated for each financial year; for instance for Ten-bagger 12.0, the numbers pertain to FY22. Earlier Ten-Bagger iterations are not strictly comparable with Ten-Bagger 8.0, 9.0, 10.0, 11.0, 12.0 as quality parameters in those (RoCE and RoE) were an input and hence a bias for higher RoCE, which is not the case this year

## Our Ten-Bagger Sub-BSE500 candidates too have always showcased strong financial parameters; also, they undergo checks on accounting quality, board independence, audit quality checks and shares pledged

	Ten-bagger iteration												Sub-BSE500 FY23
	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0		
CFO / EBITDA	56%	53%	71%	71%	72%	88%	73%	86%	72%	47%	77%		61%
ROE (%)	23%	27%	20%	23%	22%	26%	22%	17%	23%	20%	17%		9%
ROCE (%)	27%	34%	22%	25%	30%	32%	36%	29%	25%	30%	22%		11%
Debt / Equity ratio	(0.1)	0.2	0.3	(0.1)	(0.2)	(0.1)	(0.1)	0.1	0.0	(0.2)	0.1		0.1
EBIT margins	14%	15%	12%	14%	16%	14%	18%	16%	18%	11%	15%		9%
EBITDA margins	15%	17%	16%	17%	19%	15%	19%	18%	22%	13%	16%		12%

Source: Ambit Capital research, Bloomberg, Company. The above parameters are calculated as a median of the underlying companies and the Sub-BSE500 companies. Sub-BSE500 companies exclude financial stocks. Earlier Ten-Bagger iterations are not strictly comparable with Ten-Bagger 8.0, 9.0, 10.0, 11.0, 12.0 as quality parameters in those (RoCE and RoE) were an input and hence a bias for higher RoCE and which is not the case this year.

# Last BSE500 portfolio witnessed some underperformance

Ticker	Company	Mcap	FF Mcap	Price		Total return
		(US\$ mn)	(US\$ mn)	14-Feb-23	23-Feb-24	(%)
<b>Attractive Valuations*</b>						
UTCEM IN	Ultratech Cement	34,449	10,442	100	116	15.8
DRRD IN	Dr. Reddy's	12,926	6,504	100	141	40.7
IPCA IN	Ipca Laboratories	3,651	1,421	100	142	42.4
GLAND IN	Gland Pharma	3,509	1,188	100	136	35.6
INMART IN	Indiamart Intermesh	1,921	864	100	113	12.9
CAMS IN	CAMS	1,821	1,102	100	136	36.3
<b>Moderate Valuations**</b>						
TATA IN	Tata Steel	21,211	11,803	100	116	15.8
HNDL IN	Hindalco Industries	13,658	8,775	100	119	18.7
BOOT IN	Abbott India	7,288	1,411	100	140	40.1
PAG IN	Page Industries	4,616	2,964	100	94	(5.9)
DN IN	Deepak Nitrite	3,641	1,760	100	130	30.4
CHMB IN	Chambal Fertilisers	1,762	609	100	122	21.5
JKLC IN	JK Lakshmi Cement	1,304	582	100	125	25.0
PRJ IN	Praj Industries	1,109	538	100	140	40.3
<b>Rich Valuations***</b>						
NEST IN	Nestle India	30,195	8,770	100	134	34.3
SRF IN	SRF	8,545	3,930	100	107	6.9
PSYS IN	Persistent Systems	8,008	2,558	100	179	79.5
LTTS IN	L&T Technology	6,764	1,153	100	149	49.4
ASTRA IN	Astral	6,705	2,166	100	143	43.5
JDSL IN	Jindal Stainless	6,362	470	100	244	144.2
BIL IN	Balkrishna Industries	5,198	2,212	100	117	16.5
<b>Ten Bagger</b>						36%
<b>BSE500 index</b>				100	134	33.9
<b>BSE500 index (ex. BFSI)</b>				100	155	55.2
<b>BSE100 Index</b>				100	127	26.9
<b>NIFTY100 Index</b>				100	123	23.2
<b>Performance v/s BSE500 (ex-BFSI)/BSE100</b>						(19.2%)/12.8%

Source: Ambit Capital research, Company, Bloomberg. \* Trading below five-year average P/E, P/B, EV/EBITDA (on all three measures) \*\* Trading below on either of two of these three measures \*\*\* Trading below only one or none of five-year average P/E, P/B and EV/EBITDA. Mcap data is dated 29 Feb 24

# Last Sub-BSE500 portfolio witnessed some underperformance

Ticker	Company	Mcap	FF Mcap	Price		Total return
		(US\$ mn)	(US\$ mn)	14-Feb-23	23-Feb-24	(%)
GAEX IN	Gujarat Ambuja	1,086	241	100	179	78.8
TRE IN	Triveni Engineering	871	323	100	126	26.1
MRKS IN	Marksans Pharma	834	166	100	226	125.8
GRAV IN	Gravita India	793	102	100	179	78.6
PARADEEP IN	Paradeep Phosphates	747	272	100	141	41.1
CMSINFO IN	CMS Info Systems	726	212	100	132	31.9
GEXP IN	Gokaldas Exports	618	222	100	214	114.2
TDPS IN	TD Power Systems	562	107	100	214	114.4
TML IN	Tata Metaliks	423	129	100	NA*	NA*
RGW IN	Rajratan Global	385	182	100	84	(15.7)
CIGN IN	Cigniti Technologies	349	116	100	153	53.2
ICP IN	IOL Chemicals	287	137	100	132	32.4
PNPC IN	Panama Petrochem	251	76	100	121	21.0
LANCER IN	Lancer Containers	249	70	100	157	57.4
<b>Ten Bagger</b>						58.4%
<b>SPBSSIP Index</b>				100	164	63.8
<b>SPBSSIP Index (ex. BFSI)</b>				100	175	75.4
<b>Outperformance</b>						(17.0%)

Source: Bloomberg, Ambit Capital research. Market data is dated 29 Feb 24; \*due to merger data is not taken



# A few ideas which turned multi-baggers!

**Several stocks from our Sub-BSE500 Ten-Bagger iterations witnessed three to ten times growth in their stock prices since the date of their first inclusion in our Ten-Bagger portfolio**

Company Name	Ticker	Iteration	First Iteration Date	Start Price	Current Price	CAGR returns since 1st iteration
<b>Stocks which have grown &gt;10x</b>						
Vinati Organics	VO IN	Ten Baggers 3.0	26-Nov-13	85	1,721	34%
PI Industries	PI IN	Ten Baggers 3.0	26-Nov-13	239	3,410	30%
Cera Sanitaryware	CRS IN	Ten Baggers 3.0	26-Nov-13	595	8,258	29%
KPR Mill	KPR IN	Ten Baggers 4.0	5-Jan-15	38	791	40%
Alkyl Amines	AACL IN	Ten Baggers 6.0	6-Jan-17	124	2,363	51%
Action Construction	ACCE IN	Ten Baggers 9.0	11-Feb-20	80	969	85%
<b>Stocks which have grown &gt;5x</b>						
Ajanta Pharma	AJP IN	Ten Baggers 3.0	26-Nov-13	263	2,126	23%
Zensar Technologies	ZENT IN	Ten Baggers 3.0	26-Nov-13	67	537	22%
Sequent Scientific	SEQ IN	Ten Baggers 3.0	26-Nov-13	28	145	17%
Poly Medicure	PLM IN	Ten Baggers 4.0	5-Jan-15	228	1,604	24%
Granules India	GRAN IN	Ten Baggers 4.0	5-Jan-15	82	467	21%
KPR Mill	KPR IN	Ten Baggers 5.0	5-Jan-16	89	746	30%
Poly Medicure	PLM IN	Ten Baggers 5.0	5-Jan-16	194	1,604	30%
Nucleus Software	NCS IN	Ten Baggers 5.0	5-Jan-16	255	1,465	24%
GMM Pfaudler	GMM IN	Ten Baggers 6.0	6-Jan-17	192	1,345	31%
Alkyl Amines	AACL IN	Ten Baggers 7.0	15-Jan-18	275	2,181	40%
Ingersoll-Rand (India)	INGR IN	Ten Baggers 9.0	11-Feb-20	653	3,519	52%
Balaji Amines	BLA IN	Ten Baggers 9.0	11-Feb-20	425	2,234	51%
Action Construction	ACCE IN	Ten Baggers 10.0	26-Feb-21	156	1,171	96%

Source: Ambit Capital research, Bloomberg, Company, Note: Returns are calculated up to 23 Feb-24.

# A few ideas which turned multi-baggers! (Cont.)

**Several stocks from our Sub-BSE500 Ten-Bagger iterations witnessed three to ten times growth in their stock prices since the date of their first inclusion in our Ten-Bagger portfolio**

Company Name	Ticker	Iteration	First Iteration Date	Start Price	Current Price	CAGR returns since 1st iteration
<b>Stocks which have grown &gt;3x</b>						
Swaraj Engines	SWE IN	Ten Baggers 3.0	26-Nov-13	610	2,351	14.1%
INEOS Styrolution	INEOS IN	Ten Baggers 3.0	26-Nov-13	409	1,523	13.7%
Goodyear	GDYR IN	Ten Baggers 3.0	26-Nov-13	350	1,303	13.7%
Kewal Kiran Clothing	KEKC IN	Ten Baggers 3.0	26-Nov-13	221	748	12.6%
Hawkins Cookers	HAWK IN	Ten Baggers 3.0	26-Nov-13	2,183	7,126	12.2%
Mayur Uniquoters	MUNI IN	Ten Baggers 3.0	26-Nov-13	170	520	11.5%
Avanti Feeds	AVNT IN	Ten Baggers 4.0	5-Jan-15	107	512	18.7%
Fairchem Speciality	PRIVISCL IN	Ten Baggers 4.0	5-Jan-15	328	1,244	15.7%
Suprajit Engineering	SEL IN	Ten Baggers 4.0	5-Jan-15	136	422	13.2%
Avanti Feeds	AVNT IN	Ten Baggers 5.0	5-Jan-16	142	512	17.0%
TCPL Packaging	TCPL IN	Ten Baggers 5.0	5-Jan-16	663	2,214	16.0%
Fiem Industries	FIEM IN	Ten Baggers 5.0	5-Jan-16	783	2,469	15.2%
TCPL Packaging	TCPL IN	Ten Baggers 6.0	6-Jan-17	586	2,214	20.5%
Indo Tech	INDT IN	Ten Baggers 7.0	15-Jan-18	224	1,106	29.9%
Garware Technical	GTFL IN	Ten Baggers 7.0	15-Jan-18	1,015	3,538	22.7%
Kovai Medical Center	KMC IN	Ten Baggers 7.0	15-Jan-18	1,319	4,195	20.9%
Thirumalai Chemicals	TMC IN	Ten Baggers 9.0	11-Feb-20	63	260	41.9%
Alkyl Amines	AACL IN	Ten Baggers 9.0	11-Feb-20	615	2,181	36.9%
Nelco	NELCO IN	Ten Baggers 9.0	11-Feb-20	223	791	36.8%
IRCTC	IRCTC IN	Ten Baggers 9.0	11-Feb-20	281	965	35.7%
Gabriel India	GABR IN	Ten Baggers 9.0	11-Feb-20	109	360	34.5%
Affle	AFFLE IN	Ten Baggers 9.0	11-Feb-20	352	1,136	33.7%
JK Paper	JKPAPER IN	Ten Baggers 9.0	11-Feb-20	125	378	31.7%
Triveni Engineering	TRE IN	Ten Baggers 10.0	26-Feb-21	87	347	58.6%
Gujarat Ambuja	GAEX IN	Ten Baggers 10.0	26-Feb-21	125	409	48.8%
Cantabil Retail	CANT IN	Ten Baggers 10.0	26-Feb-21	76	247	48.1%
Gabriel India	GABR IN	Ten Baggers 10.0	26-Feb-21	115	360	46.6%
West Coast Paper	WCPM IN	Ten Baggers 10.0	26-Feb-21	212	659	46.1%
Newgen Software	NEWGEN IN	Ten Baggers 11.0	30-Mar-22	241	801	87.9%
Data Patterns	DATAPATT IN	Ten Baggers 11.0	30-Mar-22	723	2,364	86.3%

Source: Ambit Capital research, Bloomberg, Company, Note: Returns are calculated up to 23 Feb-24.

# Lasting on the greatness peak is becoming difficult

**Higher churn in our Ten-Bagger portfolios in recent years suggests it is becoming difficult for companies to constantly implement the drivers of greatness**

		Subsequent iterations												
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		Ten bagger 1.0	Ten bagger 2.0	Ten bagger 3.0	Ten bagger 4.0	Ten bagger 5.0	Ten bagger 6.0	Ten bagger 7.0	Ten bagger 8.0	Ten bagger 9.0	Ten bagger 10.0	Ten bagger 11.0	Ten bagger 12.0	Ten bagger 13.0
Starting point	Ten bagger 1.0	100%	60%	36%	20%	20%	8%	8%	0%	4%	4%	8%	8%	15%
	Ten bagger 2.0	-	100%	60%	33%	27%	13%	13%	10%	3%	10%	13%	13%	16%
	Ten bagger 3.0	-	-	100%	53%	40%	23%	13%	7%	7%	7%	7%	10%	21%
	Ten bagger 4.0	-	-	-	100%	70%	40%	23%	13%	7%	7%	0%	13%	21%
	Ten bagger 5.0	-	-	-	-	100%	70%	47%	17%	10%	10%	7%	10%	21%
	Ten bagger 6.0	-	-	-	-	-	100%	73%	20%	13%	13%	10%	7%	13%
	Ten bagger 7.0	-	-	-	-	-	-	100%	37%	13%	17%	7%	3%	6%
	Ten bagger 8.0	-	-	-	-	-	-	-	100%	27%	13%	3%	0%	0%
	Ten bagger 9.0	-	-	-	-	-	-	-	-	100%	44%	8%	20%	0%
	Ten bagger 10.0	-	-	-	-	-	-	-	-	-	100%	25%	29%	10%
	Ten bagger 11.0	-	-	-	-	-	-	-	-	-	-	100%	42%	22%
	Ten bagger 12.0	-	-	-	-	-	-	-	-	-	-	-	100%	22%
	Ten bagger 13.0	-	-	-	-	-	-	-	-	-	-	-	-	100%

Source: Ambit Capital research. Universe is BSE500(ex-BFSI), \*The number in subsequent iteration represents how much percentage of total number of companies are repeating from the previous iteration. For instance, 42% under Ten-Bagger 12.0 suggests that only 45% of Ten-Bagger 11.0 companies are actually featuring in Ten bagger 12.0 and so on.

# Appendix 1: Ten-bagger 13.0 analysts comments

Company Name	FY	Mcap (\$mn)	3m MDVT (\$mn)	Greatness %	Reco (BUY/SELL)	Key source of competitive advantage	Changes to the competitive advantage 12-24 months	Business momentum
Bharti Airtel	2023	79,817	62.9	75%	UNDER REVIEW	Airtel buttressed its incumbency advantage with continuous brand and network investments thanks to its superior access to capital. This coupled with a professional leadership team that isn't averse to taking risks thanks to promoter-backing makes Airtel the most capital-efficient and scalable telco play with numerous non-utility monetisation streams like enterprise, converged homes and payment services.	With delayed fund raising by VI, Airtel's market standing has improved. This is unlikely to change. Airtel's 5G technology choice also proved more frugal/capital efficient vs leader Jio.	We expect a 12% tariff hike in 2024. Airtel is a key beneficiary of the same and is likely to see continued balance sheet deleveraging & increased RoCE.
Ultratech Cement	2023	34,808	39.5	100%	SELL	Ultratech is the largest cement manufacturer in India by capacity. Being a category A pan-India player limits region-specific risks. The company has the greatest brownfield optionality in the industry and therefore has greater ROCE opportunities than peers.	UTCEM has acquired Kesoram industries and has large brownfield addition across its portfolio. So it should retain market share. In certain markets, it managed to expand its pricing lead vs peers - that is likely to sustain over the next 12-14 months.	We believe industry profitability is close to peaking out this cycle. Any incremental benefit from fuel cost moderation appears difficult. Cement industry typically witnesses low-to-mid single digit growth post election years. Govt budgeted capex for FY25, water stress and slowdown in rural demand don't bode well for cement demand for FY25. On the other hand, industry is set to add 100MT capacity in FY25-26. His wall of new capacity amidst demand growth slowdown can hurt industry profitability.
Hindalco	2023	14,044	39.3	92%	BUY	HNDL's 100% subsidiary Novelis is by far the largest player on downstream flat rolled (FRP) market and therefore has industry leading position in both packaging and autobody sheet markets. It is also the largest recycler of aluminum scrap. India business is integrated, with captive alumina and lower power cost vs global peers.	No real change as such. Novelis is adding greenfield capacity in US and has some brownfield assets in its portfolio. Hindalco also has a low operating/capital cost alumina project in India in pipeline. These assets should help maintain Hindalco's competitive edge in both upstream and downstream businesses.	HNDL will witness an increase in net debt through FY26 given capital cost inflation at Novelis' upcoming greenfield plant. Therefore, the company does need earnings growth to offset interest expense. While aluminum prices remain beholden to global interest rate cycle, we believe the downstream aluminum industry now has pricing power courtesy supply discipline exhibited all these years. Novelis had to bear the brunt of channel de-stocking past few quarters but is now witnessing stronger demand and should benefit from improved pricing on contract resets over the next couple of years.

# Appendix 1: Ten-bagger 13.0 analysts comments (Cont.)

Company Name	FY	Mcap (\$mn)	3m MDVT (\$mn)	Greatness %	Reco (BUY/SELL)	Key source of competitive advantage	Changes to the competitive advantage 12-24 months	Business momentum
Torrent Pharma	2023	10,719	6.9	75%	BUY	Torrent Pharma is a chronic-focused pharma company deriving majority of its revenue from the higher margin branded generics segment. Having a chronic-focused portfolio helps the company in maintaining a high customer retention rate and better field force productivity than the industry average.	With the acquisition of Curatio, Torrent has been able to strengthen its presence in the derma segment. Integration of and margin improvement in this business have been better than expected, reinforcing Torrent's stellar track record in making deals work in the Indian market.	Torrent is well-placed to benefit from likely continued outperformance of chronic therapies over acute segments in India. Even the Brazil market seems ripe for growth owing to the high number of products going off patent. Clearance of Dahej has opened up the possibility for new launches in the US and the resolution of compliance issues at Indrad can further act as a key catalyst.
Apollo Hospitals	2023	11,744	27.8	83%	BUY	Largest hospital chain in India with dominance in cities such as Chennai, Bengaluru and Hyderabad. Scale benefits in the form of brand equity and better cash generation provide an edge in efforts to hire medical talent and gain patient footfalls. Presence in ancillary healthcare verticals like pharmacy, diagnostics and clinics allows to provide comprehensive medical care to its patients.	Improvement in operational metrics across hospitals led to the growth in hospital revenues and margin improvement. Even in the offline pharmacy business and the loss-making Apollo 24/7, initiatives have been taken to improve profitability.	Apollo intends to add ~2,860 beds over FY25-27. Its ability to fund expansion projects internally will likely protect hospitals margins/RoCE through this expansion phase. In retail health and pharmacy/digital health, operating leverage would drive margin improvement.
SRF	2023	8,527	13.5	92%	NOT RATED	SRF benefits from superior execution capabilities, scalable capacities, leadership position in multiple products, diversified portfolio and presence across the product value chain which provide it the pricing power and quick turnaround time for new products.	Step-up in refrigerant capacities, downstream integration of old generation refrigerant and expanding value offerings in packaging segment.	Global slowdown in agrochemicals due to inventory de-stocking will weigh on near-term earnings momentum but faster ramp-up of fluoropolymer capacities can alleviate some of the slowdown concerns.
Persistent Systems	2023	8,025	27.4	83%	SELL	The company ported its strong outsourced product development expertise to enterprise clients, driving expanded TAM. Management's focused approach on i) improving capabilities through newer technologies, 2) pinpoint focus on enterprise verticals (BFSI/Healthcare/Emerging) and 3) strong partnerships with cloud/SaaS providers.	Improving, as it is likely to outperform peers on the back of improved client mining, robust vendor relations, steady ramp-up of deals and AI-led growth in the digital side of work.	Industry leading growth on the back of deal momentum (LTM deals up 15% YoY) and focused investments in capabilities and sales & marketing. We expect 13.5% USD CAGR over FY23-26E.

# Appendix 1: Ten-bagger 13.0 analysts comments (Cont.)

Company Name	FY	Mcap (\$mn)	3m MDVT (\$mn)	Greatness %	Reco (BUY/SELL)	Key source of competitive advantage	Changes to the competitive advantage 12-24 months	Business momentum
PI Industries	2023	6,722	13.7	75%	NOT RATED	PI benefits from its strong relation with global agrochemical innovators, which helps it gain early entry into patented molecules. Strong operation management which protects customers' IP and prudent capital allocation from the management team add to the advantage.	Diversifying product mix with acquisition in pharma intermediate and API space and product pipeline in agrochemicals, electronics and other specialty chemicals. PI has liquidity at hand for M&A.	Business momentum is expected to remain slow near term due to weak growth outlook in largest product under CSM business. New products and pharma ramp-up can alleviate some slowdown concerns.
Astral	2023	6,724	10.3	92%	NOT RATED	Astral enjoys a strong brand with its intermediary community, which makes it one of the preferred PVC/CPVC pipes companies. Distribution is also an advantage given reach across various states & exports.	We don't expect significant changes in the competitive advantage of Astral as it continues to invest in brand building and is leveraging its reach to build the paints/sanitaryware business.	Revenue growth is likely to remain strong over the next 3-5 years as consensus builds in 35% PAT growth in FY25 on the back of scale-up in plumbing/adhesives volumes.
Supreme Inds	2023	6,206	5.7	83%	SELL	Supreme enjoys very strong distribution and is one of the preferred brands in the PVC pipes space. Its well-diversified plant locations are an advantage as it makes it easier for the company to service end-markets.	We don't expect significant changes in competitive advantage given it continues to invest in manufacturing capabilities and new products.	Volume growth is likely to slow down given high base of FY24.
Gujarat Gas	2023	4,792	9.1	100%	UNDER REVIEW	GGas has authorization for 27 geographical areas, only behind Adani Total Gas Limited. This highlights huge potential for volumes to grow. Also, the National Green Tribunal has identified 100 industrial clusters with a high CEPI (Comprehensive Environmental Pollution Index) score. Among these, many clusters fall under GGas's geographical areas.	FY23 was the most challenging year in its history due to the Russia-Ukraine war. Volumes decreased 22% YoY to 8.4mmscmd in FY23. Due to lower demand in Europe, improved infrastructure and better coordination, natural gas prices decreased. This reduced propane attractiveness vs LNG, and GGas volumes recovered in 9MFY24.	We expect improvement in both volume and margin due to largely similar economics between propane and LNG.
Global Health	2023	4,813	4.9	83%	NOT RATED	Global Health is a North and East-focused hospital chain. It has a cluster-based expansion strategy which ensures that it is able to build and maintain a strong brand equity in a particular region. This hospital chain was founded by Dr Naresh Trehan, a renowned cardiac surgeon. By leveraging his expertise and public image, the company has been able to attract top quality medical talent and thus drive patient footfalls.	No changes in its competitive advantage.	The company has plans to add 800-1300 beds over the next 2-3 years. 60% of this expansion will be at existing hospitals, resulting in lower capex/bed and a quick ramp-up in revenues.

# Appendix 1: Ten-bagger 13.0 analysts comments (Cont.)

Company Name	FY	Mcap (\$mn)	3m MDVT (\$mn)	Greatness %	Reco (BUY/SELL)	Key source of competitive advantage	Changes to the competitive advantage 12-24 months	Business momentum
Narayana Hrudayalaya	2023	3,410	4.9	75%	BUY	Narayana Hrudayalaya has a strong medical team led by the renowned cardiac surgeon, Dr Devi Shetty. The company has positioned itself as an affordable care provider, which helps it in attracting a high volume of patients.	The company has been focused on consolidating its presence in existing markets and brownfield expansion.	Management's intent to invest in upgrading clinical capabilities and adding brownfield bed capacity in its dominant markets is encouraging. Moreover, debottlenecking initiatives in its flagship hospitals, rising occupancy in its new hospitals and sustained growth in Cayman even post-Covid are other key positives.
Laurus Labs	2023	2,590	7.1	92%	BUY	Laurus' franchise stands on Dr. Satyanarayana's process-chemistry skills and hiring of experienced professionals in leadership roles across functions like R&D, quality, US generics, and synthesis. It has established cost leadership in ARV APIs through process innovation. This enabled it to gain 60% and 25% market share in key APIs like EFV and TDF, respectively.	No changes in its competitive advantage.	Management expects current investment in new projects to pay off from FY25 with the animal health business scaling up gradually from 4QFY24 and the crop-science project contributing from 2HFY25. Likely recovery in Synthesis from 2HFY25 and consequent improvement in margins are positives to look out for.
Birlasoft	2023	2,697	18.1	83%	NOT RATED	Focus on cloud and data analytics along with a high exposure to resilient manufacturing, ENU and healthcare.	Improving because under the new CEO, strengthened management and improved focus have driven early successes in enhancing growth.	Smaller scale and improved positioning should aid 12.4% CAGR over FY23-26E, likely better than tier-1 IT.
GESCO	2023	1,647	4.4	83%	BUY	GESCO is the largest private sector shipping company in India with a diversified fleet mix. Its astute capital allocation enables it to generate higher than peers' RoE over cycles.	We don't expect any significant changes.	Business momentum continues to be strong given higher yields on the back of constrained supply of fleet.
Firstsource Solutions	2023	1,695	5.2	83%	NOT RATED	A leading BPM services company with a leader in its chosen segments across BFS, healthcare and CMT and sticky clientele with average tenure of top 5 clients over 17.7 years.	Stable. New CEO has driven successes at TECHM's BPO operation, but sluggish mortgage market and more defensive healthcare vertical present a mixed picture.	Risks from replacements of FTEs by Gen AI, especially in the BPO segment, is key to watch here. Consensus expectation is 8.7% CAGR over FY23-26E.
Rainbow child	2023	1,577	2.0	83%	NOT RATED	Rainbow is India's largest paediatric hospital chain with 17 hospitals spread across 6 cities. By establishing a distinctive identity, it is able to attract the best medical talent within this specialty. Also, patients looking for just paediatric care prefer Rainbow over other hospitals.	The company has been steadily increasing its capacity through opening new hospitals. Moreover, these hospitals have been opened in markets where it was already present in and hence ramp-up was very quick.	Rainbow is on track to increase bed capacity by ~50% over FY23-27. This should provide it ample scope for growth over the coming years.
Praj Industries	2023	1,139	6.0	92%	NOT RATED	Pioneer in cutting-edge technologies for 2G ethanol production using a wide variety of inputs such as grains and sugarcane. Operates on a global scale and has a well-diversified portfolio including wastewater treatment (ZLD), critical process equipment & systems and HiPurity.	Strengthened over the years as ethanol value chain extended beyond sugarcane to other grains.	2G and CBG are key drivers in the medium term. Implementation of CBG blending mandate for 5% is an important step. On the ethanol front, the move to look beyond sugarcane will also help.

Source: Ambit Capital research, Mcap is dated 29 Feb 2024, Bloomberg

# Appendix 2: Ten-Bagger Sub-BSE500 fundamentals

Company Name	Mcap (US\$ mn)	Revenues (Rs bn)		Revenue Growth (%)		RoCE (pre-tax) (%)		RoE (%)		EBIT Margin (%)		PAT Margin (%)		ND/E (x)		CE turns (x)		CFO/EBITDA (%)		CL / NW		Trailing (x)		Share Price Perf. 12m (%)
		FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	P/E	P/B	
RR Kabel	1,965	44	56	61%	28%	17%	15%	17%	13%	6%	5%	5%	3%	0.2	0.1	2.6	3.0	54%	151%	5%	3%	84	9.7	N/A
Newgen Software	1,435	8	10	16%	25%	26%	25%	20%	18%	25%	23%	21%	18%	(0.6)	(0.6)	1.1	1.1	97%	81%	0%	0%	-	-	263%
Neuland Lab	1,108	10	12	2%	25%	9%	21%	8%	16%	10%	19%	7%	14%	0.2	0.1	0.9	1.1	56%	98%	9%	9%	55	9.0	352%
Voltamp Transformer	1,075	11	14	63%	23%	20%	25%	14%	18%	15%	19%	12%	14%	(0.6)	(0.7)	1.3	1.4	75%	99%	31%	28%	46	8.3	170%
Tega Industries	935	10	12	18%	28%	18%	21%	16%	18%	17%	20%	12%	15%	0.0	0.1	1.1	1.1	30%	82%	1%	1%	-	-	80%
Triveni Engineering	871	43	56	(8%)	31%	19%	17%	22%	67%	13%	11%	10%	32%	0.8	0.3	1.4	1.6	(3%)	98%	4%	3%	-	-	35%
Marksans Pharma	834	15	19	8%	24%	22%	20%	15%	15%	16%	17%	12%	14%	(0.3)	(0.4)	1.4	1.2	64%	84%	0%	0%	25	4.2	142%
Gravita India	793	22	28	57%	26%	30%	28%	36%	34%	9%	9%	6%	7%	0.9	0.5	3.4	3.2	10%	103%	3%	2%	33	11.6	80%
Surya Roshni	789	77	80	39%	3%	16%	23%	13%	18%	4%	6%	3%	4%	0.4	0.2	3.7	3.6	78%	63%	22%	26%	20	3.6	121%
CMS Info Systems	726	16	19	22%	20%	28%	30%	18%	19%	20%	22%	14%	16%	(0.2)	(0.3)	1.4	1.4	94%	105%	3%	3%	-	-	25%
Gokaldas Exports	618	18	22	48%	24%	19%	26%	17%	20%	8%	10%	7%	8%	(0.2)	(0.4)	2.5	2.6	70%	150%	6%	5%	30	5.8	148%
Sanghvi Movers	594	3	5	50%	36%	6%	17%	4%	13%	17%	36%	9%	25%	0.2	0.1	0.4	0.5	93%	97%	119%	104%	45	5.9	204%
Orient Cement	562	27	29	17%	8%	23%	12%	17%	8%	17%	8%	10%	4%	0.2	0.2	1.4	1.5	100%	38%	4%	4%	39	3.0	114%
TD Power Systems	562	8	9	34%	9%	15%	20%	13%	16%	11%	14%	9%	11%	(0.2)	(0.3)	1.4	1.5	29%	92%	29%	25%	46	7.4	133%
Steel Strips Wheels	477	36	40	103%	13%	23%	21%	22%	17%	11%	9%	6%	5%	0.8	0.5	2.1	2.3	99%	86%	4%	4%	21	3.5	87%
Uniparts India	317	12	14	36%	11%	29%	32%	25%	25%	18%	19%	14%	15%	0.2	(0.1)	1.6	1.6	57%	104%	1%	66%	14	3.6	3%
Hi-Tech Pipes Ltd.	248	19	24	40%	27%	16%	14%	16%	9%	5%	4%	2%	2%	1.5	0.6	3.2	3.6	(13%)	143%	2%	2%	53	5.0	68%
Aeroflex Industries	225	2	3	66%	12%	36%	35%	32%	26%	18%	18%	11%	11%	0.4	0.3	2.0	1.9	68%	7%	0%	0%	57	N/A	N/A
Tracxn Technologies	123	1	1	45%	23%	(1%)	14%	(23%)	55%	0%	7%	(8%)	42%	(0.9)	(0.7)	3.0	1.9	161%	550%	2%	1%	31	17.1	10%

Source: Ambit Capital research. Share price performance is calculated based on 23-Feb-2023 to 23-Feb-2024, Mcap is dated 29 Feb 2024



# Appendix 3: Ten-Bagger Sub-BSE500 business and other details

Company Name	Mcap (US\$ mn)	Business description	Greatness score		Accounting score		Checks		Auditor name	Board Independence
			FY22	FY23	FY22	FY23	Promoter share holding (Dec-23)	Promoter's pledged (Dec-23)		
RR Kabel	1,965	Company manufactures electrical components. The Company offers control, power, instrumentation, silicon, auto, fire, security, and application based wires and cables, switches, fans, lighting, and switch-gears used for residential, commercial, industrial, and infrastructure purposes. Company serves customers worldwide.	75%	75%	D2	D2	55%	0%	Walker Chandiook & Co LLP	57%
Newgen Software	1,435	Company is a provider of low code digital automation platform. Company offers clients products and applications to manage their processes, content, and communications for connected operations. The cloud-based platform enables digital transformation initiatives for customer experience, optimized costs, and improved efficiencies. Newgen serves clients worldwide.	42%	75%	D5	D5	35%	0%	Price Waterhouse Chartered Accountants LLP	67%
Neuland Lab	1,108	Company is a pharmaceutical company, which specializes in bulk drugs and intermediates.	67%	75%	D6	D6	38%	0%	CNK & Associates LLP	50%
Voltamp Transformers	1,075	Company manufactures industrial electricity transformers.	58%	75%	D4	D3	63%	0%	BSR & Co LLP	50%
Tega Industries	935	Company manufactures and distributes industrial components. The Company offers air blasters, skirt board sealing systems, rubber liners, panel cords, tracker rollers, pulley lagging, column floatation, and hydrocyclones. Company serves customers worldwide.	100%	92%	D7	D6	75%	0%	Price Waterhouse & Co Bangalore LLP	43%
Triveni Engineering	871	Company provides manufacturing and engineering solutions. The Company offers sugar production, power co-generation, distillery, industrial gearing, and water treatment solutions. Triveni Engineering & Industries serves customers in India.	92%	92%	D5	D1	33%	0%	MSKA & Associates	64%
Marksans Pharma	834	Company manufactures active ingredients that are used to produce finished drugs.	100%	83%	D1	D1	61%	0%	SS Kothari Mehta & Co	70%
Gravita India	793	Company manufactures lead metal and other lead products by the recycling and smelting process. The Company produces lead ingots, lead alloys, and lead oxides.	100%	75%	D5	D5	44%	0%	MSKA & Associates	50%
Surya Roshni	789	Company operates as a steel producer. The Company offers spiral welded pipes, structural steel hollow sections, cold rolled strips, and sheets, as well as provides lighting, fans, and home appliances. Surya Roshni serves clients in India.	75%	83%	D5	D4	63%	0%	Ashok Kumar Goyal & Co	50%

Source : Mcap is dated 29 Feb 2024

# Appendix 3: Ten-Bagger Sub-BSE500 business & other details (Contd.)

Company Name	Mcap (US\$ mn)	Business description	Greatness score		Accounting score		Checks		Auditor name	Board Independence
			FY22	FY23	FY22	FY23	Promoter share holding (Dec-23)	Promoter's pledged (Dec-23)		
CMS Info Systems	726	Company operates as a cash management company. The Company offers ATM, currency management, retail, enterprise, and card solutions. CMS Info Systems serves customers in India.	83%	92%	D7	D6	66%	0%	Walker Chandiook & Co LLP	50%
Gokaldas Exports	618	Company designs, manufactures, and sells a range of garments for men, women, and children. The Company caters to the needs of several international fashion brands and retailers.	83%	83%	D1	D1	38%	0%	BSR & Associates LLP	67%
Sanghvi Movers	594	Company is a crane hiring company. The Company provides construction and infrastructure projects for customers specializing in refineries, oilfields, petrochemicals, power, steel, cement and fertilizers.	67%	75%	D1	D1	62%	5%	AKR & Associates	50%
Orient Cement	562	Orient Cement Limited manufactures and distributes cement.	92%	75%	D7	D7	27%	0%	BSR & Co LLP	38%
TD Power Systems	562	TD Power Systems Ltd was founded in 1999. The Company's line of business includes manufacturing motors and generators.	83%	92%	D3	D2	11%	0%	MSKA & Associates	50%
Steel Strips Wheels	477	Company manufactures single piece steel wheel rims for scooters, passenger cars, utility vehicles and tractors.	75%	75%	D4	D3	34%	0%	Varma & Varma	60%
Uniparts India	317	Company manufactures industrial machineries. The Company provides three point linkage, power takeoff, hydraulic cylinders, and gripwel fasteners products, as well as offers fabrication, design, prototyping, testing, development, and assembly services. Uniparts serves the agriculture, construction, and forestry sectors worldwide.	58%	75%	D3	D5	47%	0%	MSKA & Associates	73%
Aeroflex Industries	225	Company operates as a steel producer. The Company provides hoses, braid, assemblies, fitting end connection, and other related products. Aeroflex Industries serves customers worldwide.	75%	83%	D1	D1	66%	0%	SC Varma & Co	63%
Hi-Tech Pipes	248	Company is a producer and supplier of steel pipes, hollow sections, tubes, cold rolled coils and strips, and a variety of other galvanized products.	42%	75%	D9	D3	56%	3%	AN Garg & Co	50%
Tracxn Technologies	123	Company provides information technology services. The Company provides a platform for private market investors and corporate firms to track entities through feeds categorized across industries, sectors, sub-sectors, geographies, affiliations, and other networks. It serves clients worldwide.	83%	100%	D5	D6	67%	0%	Shweta Jain & Co	57%

Source : Ambit capital research, Bloomberg, Mcap is dated 29 Feb 2024

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