



Long Term Recommendation Tarsons Products Ltd.

Poised for strong growth supported by inimitable business model

Incorporated in 1983, Tarsons Products Ltd (Tarsons) is one of the leading plastic labware companies in India with ~25% share in its target market. The company provides high-quality and cost-effective plastic labware. It has captured market share from MNCs. Tarsons operates across India through a 50-member sales team and 141 distributors. The export market provides a huge opportunity for Tarsons. The company currently generates one-third of revenues from export through branded (43% of export sales) and ODM sales. Tarsons recorded sector-leading EBITDA margins (~51% in FY22) through sale of quality products, supported by technical expertise and in-house manufacturing. It has garnered a high market share through long-standing relationships with distributors which has enabled economy of scale and cost optimisation. Tarsons is expected to record 19%/19%/18% CAGR in revenue/EBITDA/PAT over FY22–25E, driven by sector tailwinds, capacity expansion by more than 2x, growing export business, geographical expansion and increasing opportunity, with introduction of new products related to PCR and cell culture. We initiate coverage on Tarsons with a 'BUY' rating and a target price of INR949.

Strong, well-diversified distribution network provides major competitive advantage

Tarsons has a pan-India sales and distribution network (141 active distributors) that enables it to cater to a wide range of end customers. Furthermore, it has a sales team of 50-member sales team spread across the country focusing on enhancing brand awareness for Tarsons' products, besides facilitating distributors. Of the total distributors, 75–80% have been associated with Tarsons for more than two decades. This indicates that the company has a strong and well-diversified distribution network across India. The network provides Tarsons with a major competitive advantage, enabling it to serve customers and markets in an efficient and timely manner. The company has a well-diversified product portfolio with 1,700+ SKUs across 300 products. It maintains a certain level of inventory to meet the requirements of infrequent customers. Also, distributors stock up Tarsons' products to ensure consistent supply to clients. This arrangement, based on a wide distribution network, helps the company minimise risks related to inventory and credit and gain market share.

Huge opportunity in export market; among few players with strong global presence

The global plastic labware market has opportunity size of USD8.2–8.4bn (INR61,500–63,000cr) which provides a huge export potential for Indian players. In 2009, Tarsons started supplying plastic labware to Avantor (earlier VWR; acquired by Avantor in 2017); this enabled Tarsons to expand business to new geographies. Tarsons caters to the branded as well as ODM export market. The company distributes branded products to more than 40 countries through a network of 45 active distributors. Tarsons registered 27% CAGR in export revenue over FY19–22. In FY22, the company generated revenue of INR99.3cr (i.e., 33% of total revenue) from the overseas markets, with the US and Europe accounting for majority of sales.

Robust capacity expansion plans; in-house manufacturing provides cost advantage

Tarsons is increasing its capacity by more than 2x with an aim to cater to the entire INR1200cr plastic labware market. Tarsons runs the largest in-house plastic labware manufacturing facilities in India which enables it to have full control on product quality and deliver products in time, besides providing cost advantage. The total planned capital expenditure is expected to increase 20–25% from ~INR410cr due to increased costs of equipment and construction costs, at both the facilities.

Outlook and valuation – Initiate with 'BUY'

We expect the domestic plastic labware market expected to grow at a healthy rate of ~16% and players with quality products, wide distribution reliability and competitive pricing to outperform the sector, where Tarsons surpasses peers. The company's in-house manufacturing capability provides a competitive edge. Moreover, Tarsons has a strong and well-diversified distribution network across India and a diversified product portfolio with 1,700+ SKUs across 300 products, which is difficult to replicate. Establishing a business in such a market is an arduous task; nonetheless, once established, a strong network can drive significant business growth. Tarsons plans to introduce new products and expand its export market; these initiatives would drive revenue growth in the coming years. The company has consistently reported robust financials in terms of growth and industry-leading operating margins, along with superior return profiles, despite the business being capital-intensive. We initiate coverage on Tarsons with a BUY rating and a target price of INR949 (DCF- based, which implies 24x FY24E EV/EBITDA).

Year to March	FY20	FY21	FY22	FY23E	FY24E
Revenues (INR Cr)	176	229	301	344	421
Rev growth (%)	(1.6)	30.1	31.4	14.4	22.4
EBITDA (INR Cr)	69	103	153	172	213
Net Profit (INR Cr)	41	69	101	110	134
P/E (x)	NA	NA	35.9	32.9	27.0
EV/EBITDA (x)	NA	NA	23.3	20.9	16.6
RoACE (%)	25.0	34.7	32.9	25.0	25.3
RoAE (%)	24.4	31.2	27.4	20.2	20.1

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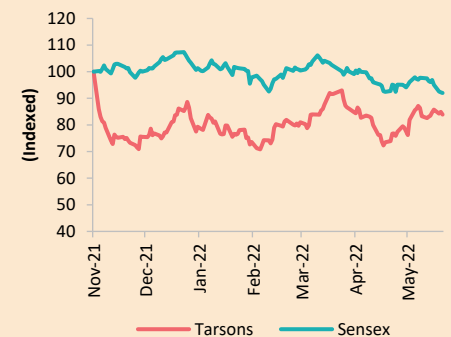
Rating: BUY

Target price: INR 949

Upside: 39%

Date: June 17, 2022

Bloomberg:	TARSONS:IN
52-week range (INR):	539/ 925
Share in issue (crore):	5.3
M-cap (INR cr):	3,750
Promoter holding (%)	47.31



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Business Structure

Over FY22–25E, we expect Tarsons to register a CAGR of ~19% in revenue, led by (a) strong growth in the domestic industry along with expansion in target addressable markets, (b) opportunity in the export market (Tarsons is among a few players with global presence), (c) strong pan-India distribution network, and (d) strong expansion plans. The company is expected to record ~19% CAGR in EBITDA, along with slight expansion in margin, supported by robust revenue growth and economy of scale. PAT is expected to increase at ~18% with healthy RoCE of ~26% in FY25E.

Tarsons has a pan-India sales and distribution network comprising 141 active distributors that enables it to cater to a wide range of end customers. Furthermore, it has a sales team of 50-member sales team spread across the country which focuses on enhancing brand awareness for Tarsons' products, besides facilitating distributors. Moreover, the company has a well-diversified product portfolio with 1,700+ SKUs across 300 products. The distributors stock up Tarsons' products to cater to infrequent customers' demand and ensure consistent supply. This arrangement, based on a wide distributor network, helps the company to minimise risks related to inventory and credit and gain market share.

Tarsons caters to the branded as well as ODM export market. It supplies branded products to more than 40 countries through a network of 45 active distributors. Tarsons recorded 27% CAGR in export revenue over FY19–22 and generated INR99.3cr (i.e., 33% of total revenue) in FY22 from the overseas markets, with the US and Europe accounting for majority of sales. Furthermore, the company aims to expand exports to more than 120 countries over the next 5–10 years.

Tarsons is expanding its product portfolio by manufacturing PCR and cell culture products; with this, capacity would increase 2x and the domestic target addressable market would expand to INR1200cr from INR720–740cr currently. Moreover, Tarsons operates the largest plastic labware in-house manufacturing facilities in India. This allows the company to have full control on the product quality, and deliver products in time, besides providing cost advantage over peers.

INR Cr	FY21	FY22	FY23E	FY24E
Revenue	229	301	344	421
EBITDA	103	153	172	213
EBITDA margin	45.2	50.8	50.0	50.5
PAT	69	101	110	134

INR Cr	FY21	FY22	FY23E	FY24E
ROACE (%)	35	33	25	25
OCF	46	50	194	119
D/E ratio	0.1	0.0	0.0	0.0

	FY24E	Target
EV/EBITDA	24x	949

At CMP, FY24E EV/EBITDA is 17x

+

FY24E RoCE of 25%

+

At target price, FY24E EV/EBITDA is 24x

Upside: 39%

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Focus Charts

Exhibit 1: Indian Medical Devices Market

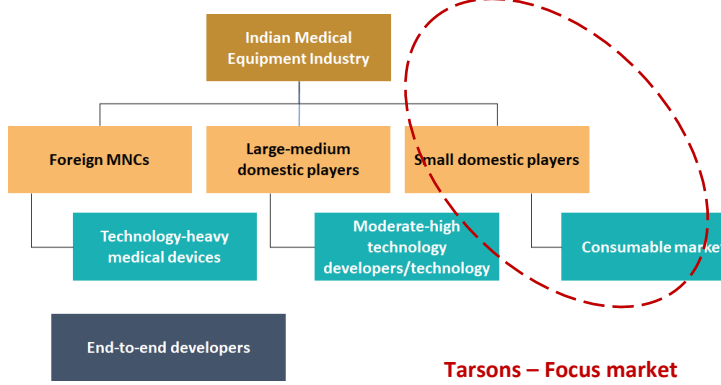


Exhibit 2: Indian Medical Devices Market (INR Bn) – 12-13% CAGR Expansion over FY21–25E

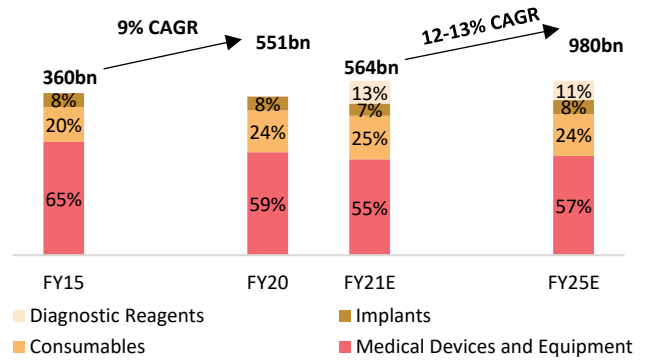


Exhibit 3: Indian Laboratory Equipment Market Size (INR Bn)

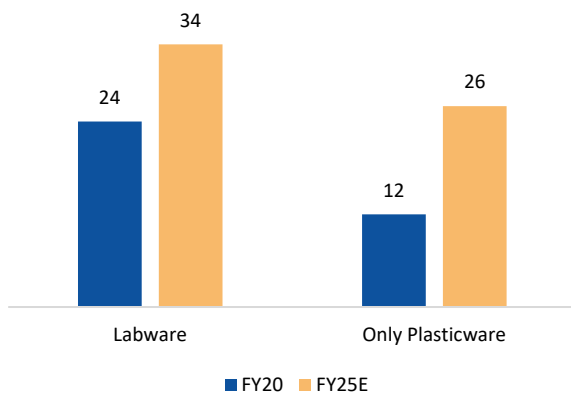


Exhibit 4: India Plasticware Lab Market, by Product Type

	Indian Laboratory Equipment Market Size (Only Plasticware), INR Cr			CAGR	
	2015	2020	2025E	2015–20	2020–25E
Centrifuge*	162.2	239.5	493.8	8.1%	15.6%
Liquid Handling*	125.3	188.3	369.8	8.5%	14.5%
Bottles & Carboys	108.4	173.8	302.8	9.9%	11.7%
Cryoware*	33.2	54.8	116.7	10.5%	16.3%
PCR & Cell/Tissue Culture	284.8	507.5	1171.9	12.2%	18.2%
Others	37.6	61.3	120.5	10.3%	14.5%
Total	751.5	1225.2	2575.5	10.3%	16.0%

Note: *Tarsons products

Exhibit 5: Global Laboratory Equipment Market Size in USD Mn (Only Plasticware)

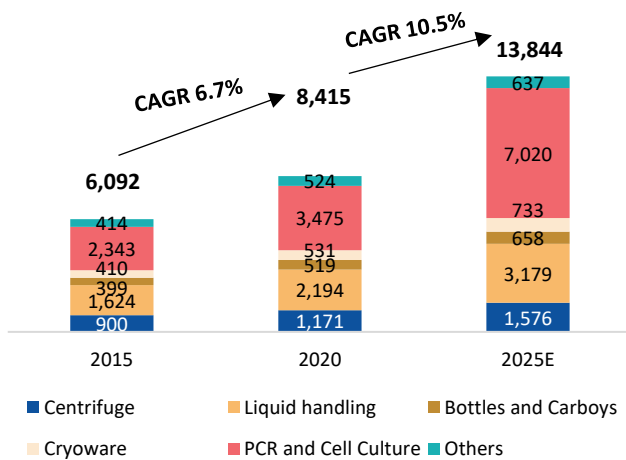
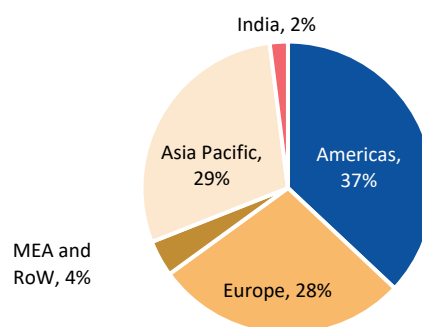


Exhibit 6: Global Laboratory Equipment Market Size (only Plasticware), by Geography

Value Sales, USD 8,415 Mn, 2020



Source: Company, Edelweiss Wealth Research

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Exhibit 7: Tarsons - Industry-leading margins and strong revenue growth

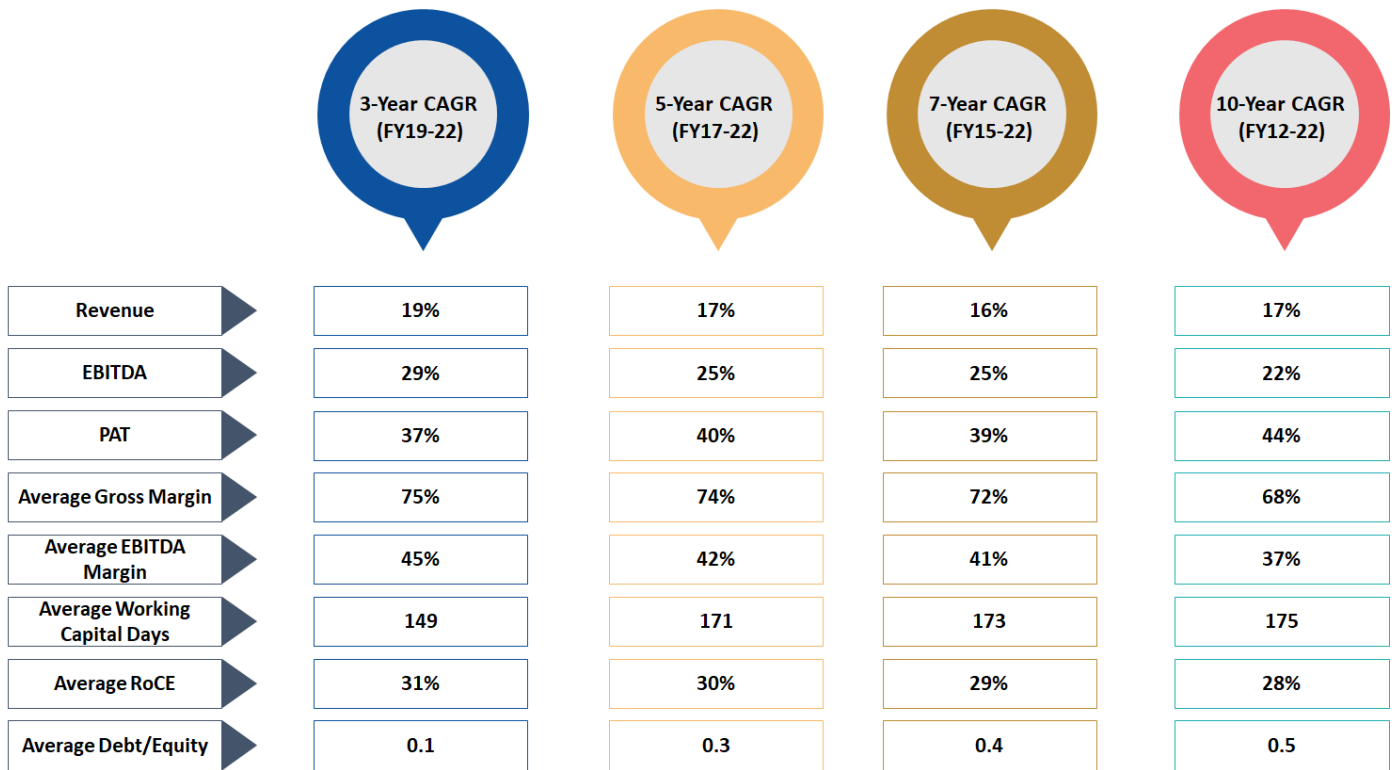


Exhibit 8: Tarsons - Export Mix Increases Continuously (~33% in FY22 vs <5% in 2014)

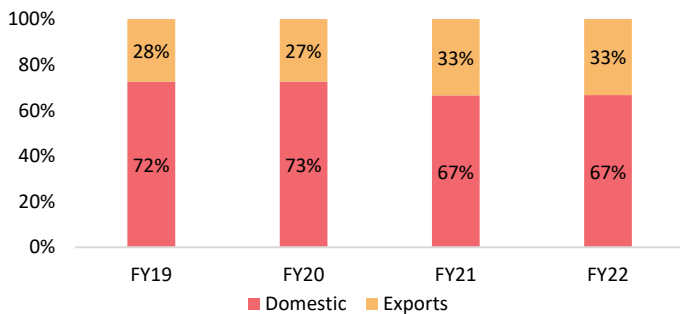


Exhibit 9: Tarsons - Capacity to Double with Panchla Facility

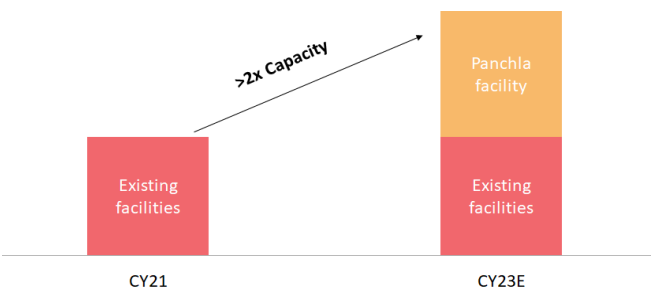


Exhibit 10: Revenue Share (FY21)

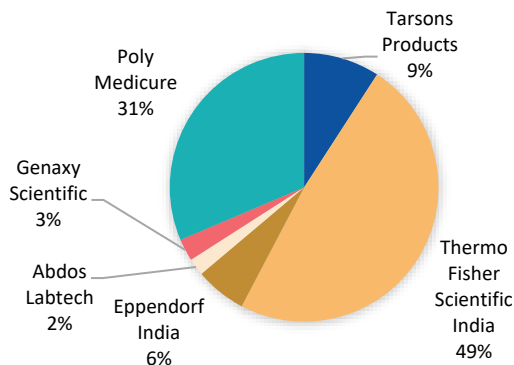
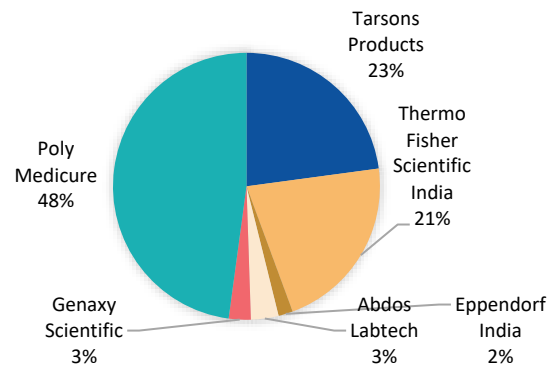


Exhibit 11: EBITDA Share (FY21)



Source: Company, Edelweiss Wealth Research

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Investment Rationale

I. Strong domestic industry growth driving expansion in target addressable markets

The Indian medical devices market is highly fragmented and estimated to be INR56,400cr in FY21. The market is dominated by imports (70–80% of total domestic market) majorly including large medical device equipment and instruments (e.g., diagnostic/hospital equipment, medical electronics, and surgical instruments), implants, and reagents, among others. Indian manufacturers mostly focus on consumables and disposables. Domestic players hold 60% share in the market. Around 90% of the players record an annual turnover of less than INR50cr, while 60–65% of them (i.e., ~1,000 companies) record a turnover of less than INR10cr. The import dependency in consumables segment is lower in surgical bandages, needles, and syringes and higher in consumable instruments and devices such as catheters and cannulas. Domestic players mostly compete in the low-price and high-volume segments. **In 2014, the medical device sector received separate recognition from the pharmaceutical industry and RBI permitted 100% FDI through the automatic route, changing the sector’s dynamics.** Subsequently, the following regulations were implemented: Medical Device Rules, 2017; Preferential Purchase Order; and Medical Devices (Amendment) Rules, 2020. Moreover, medical devices parks were established and a PLI scheme with an outlay of USD456mn was implemented to facilitate domestic manufacturers and drive growth in the Indian medical devices market. Also, the country’s research ecosystem presents a significant opportunity for the plastic labware market, supported by rise in investments by the Indian government in pharmaceuticals and biotech R&D.

Exhibit 12: Indian Medical Devices Market

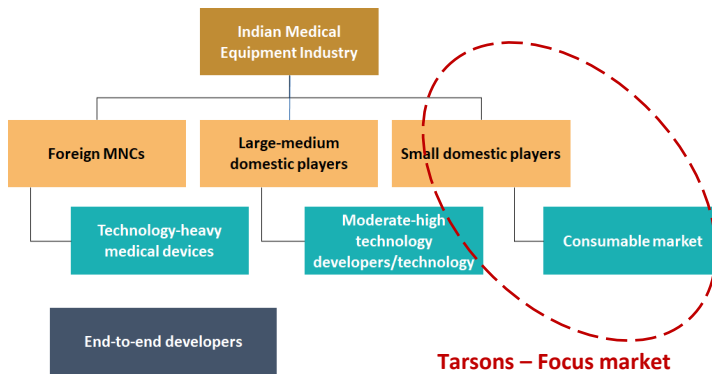


Exhibit 13: Indian Medical Devices Market – Import vs Export

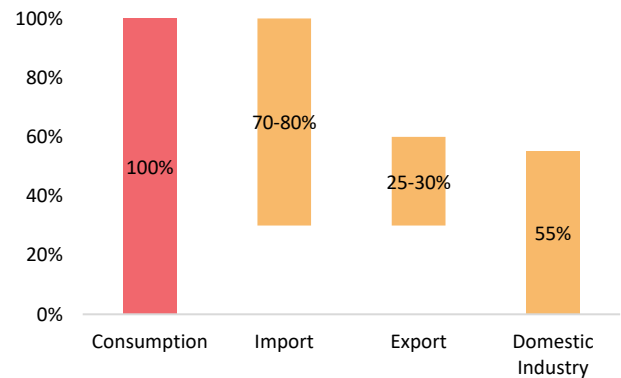


Exhibit 14: Indian Medical Devices Market – Import vs Domestic Production

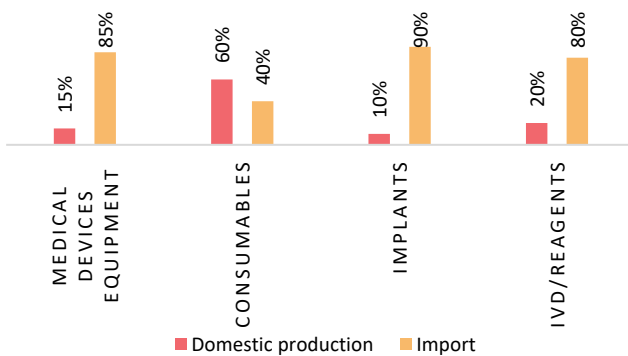
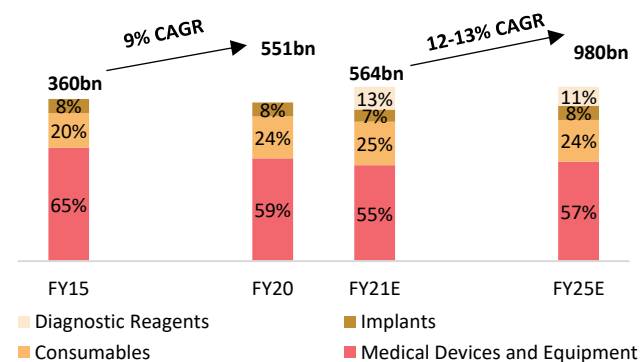


Exhibit 15: Indian Medical Devices Market (INR Bn) – 12-13% CAGR Expansion over FY21–25E

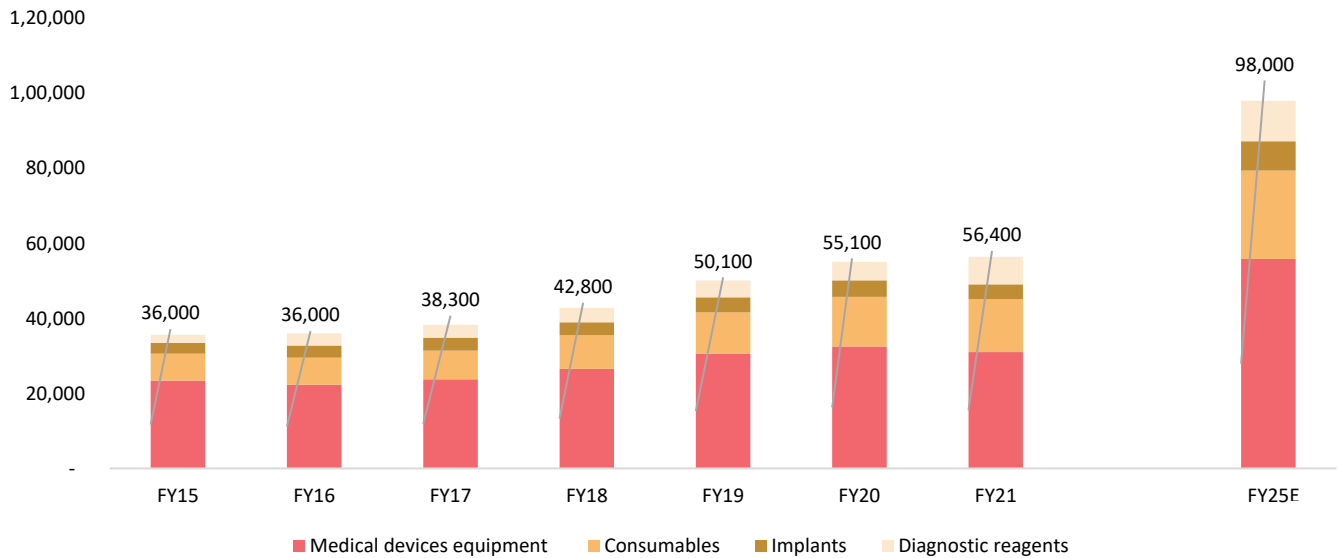


Source: Company, Edelweiss Wealth Research

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Exhibit 16: Indian Medical Devices Market (INR Cr) Growth, by Segment



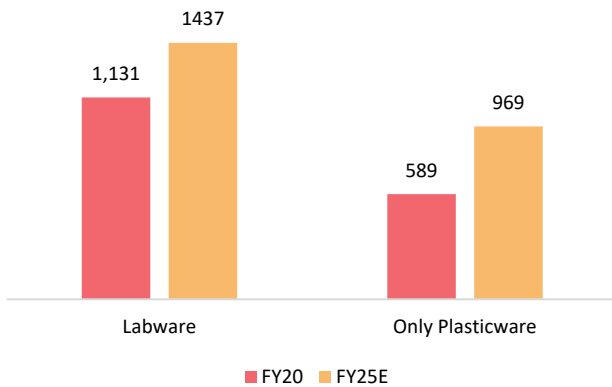
Source: Company, Edelweiss Wealth Research

A. Shift to plasticware from glassware

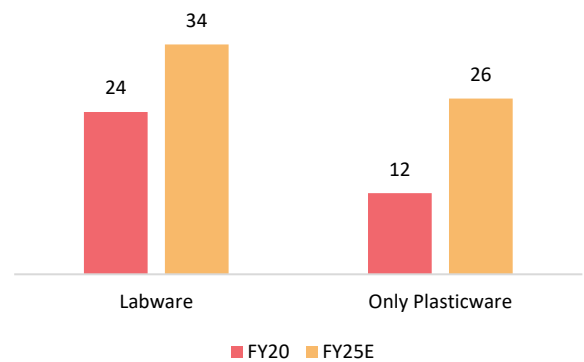
Plastic labware is gaining market share due to gradual shift from glassware to plasticware. The major reasons for the shift include 1. increased applicability and less contamination due to superior ability to handle critical substances; 2. ease of handling over long hours, as it weighs less; 3. cost-effectiveness; and 4. unbreakable nature and longer shelf life.

Exhibit 17: Indian Plastic Labware Market – 16% CAGR Expansion During 2020–25E

Global Laboratory Equipment Market Size (INR Bn)



Indian Laboratory Equipment Market Size (INR Bn)

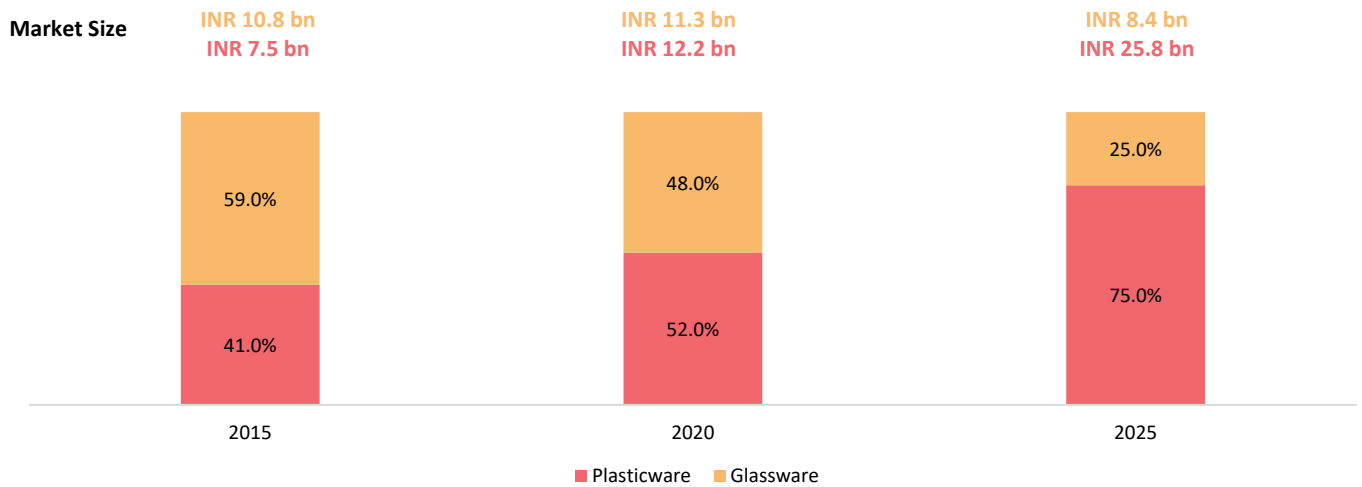


Source: Company, Edelweiss Wealth Research

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Exhibit 18: Indian Laboratory Equipment Market (Glassware & Plasticware)



Source: Company, Edelweiss Wealth Research

B. New product launches to increase target addressable market

The domestic market size of addressable plastic labware industry is ~INR1200cr; Tarsons accounts for INR720–740cr of the market. Tarsons plans to expand its product portfolio by manufacturing PCR and cell culture products where the company has minimal presence; the space is dominated by MNC players such as Thermo Fisher and Corning. Tarsons aims to double its capacity through the upcoming plant at Panchla which would enable it to cater to the entire INR1200cr plastic labware market.

Exhibit 19: India Plasticware Lab Consumables Market, by Product Type (INR mn)

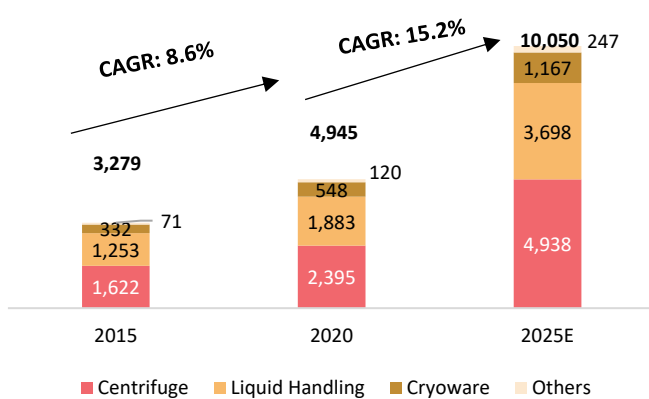
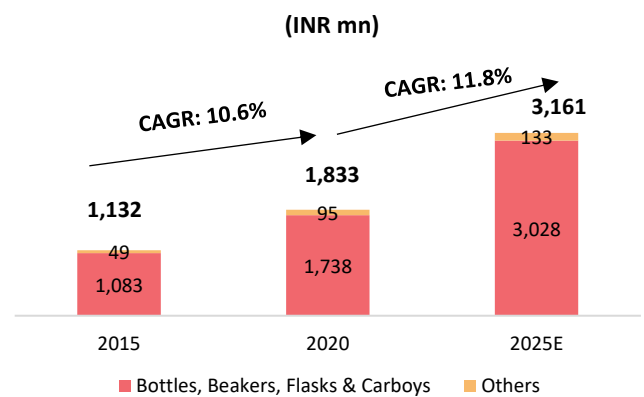


Exhibit 20: India Plasticware Lab Reusables Market, by Product Type (INR mn)



Source: Company, Edelweiss Wealth Research

Note: Lab consumables accounts 41% Lab Plasticware. Tarsons' 60%+ revenue comes from consumable products

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Exhibit 21: India Plasticware Lab PCR/Cell Culture Market, by Product Type

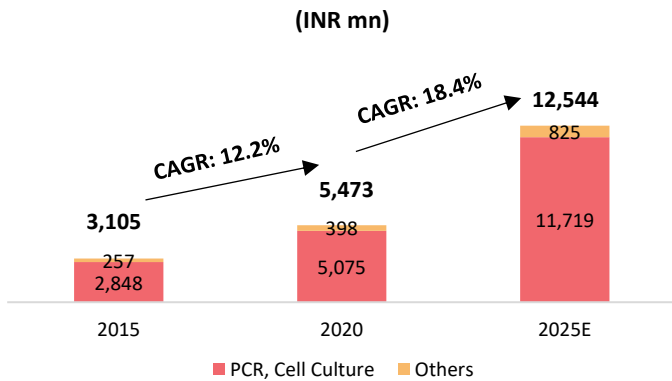


Exhibit 22: India Plasticware Lab Market, by Product Type

	Indian Laboratory Equipment Market Size (Only Plasticware), INR Cr			CAGR	
	2015	2020	2025E	2015–20	2020–25E
Centrifuge*	162.2	239.5	493.8	8.1%	15.6%
Liquid Handling*	125.3	188.3	369.8	8.5%	14.5%
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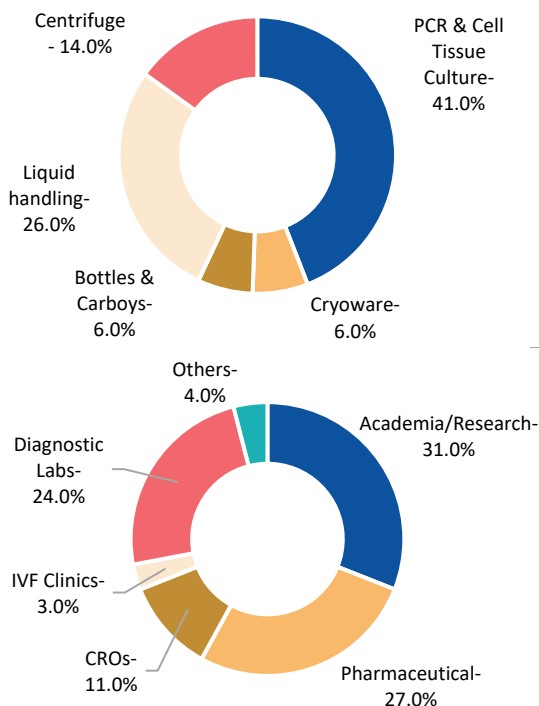
Note: *Tarsons' products

Source: Company, Edelweiss Wealth Research

C. End-user industry growth to boost medical devices sector

The end-user industry, which includes pharmaceuticals, diagnostics companies, and CROs, among others, is expected to grow strongly over the current decade. Growth is likely to be driven by higher R&D spending, coupled with multiple initiatives from the Indian government. This, in turn, would accelerate growth in the Indian medical devices sector.

Exhibit 23: Laboratory Equipment Market & End-User Industry



- **Centrifuge ware and liquid handling** segments dominate the laboratory equipment market.
- **Automated liquid handling segment is anticipated to witness significant growth** during the forecast period.
- **PCR product segment has recorded strong growth** lately, driven by pandemic-induced rise in demand.

- **Academia/research and pharmaceutical** segments are the major (60%) end users.
- **Surge in outsourcing by pharma companies is expected to drive considerable growth in CROs.**
- **Diagnostic labs are expected to register accelerated growth**, driven by increasing awareness and testing requirements.

Source: Company, Edelweiss Wealth Research

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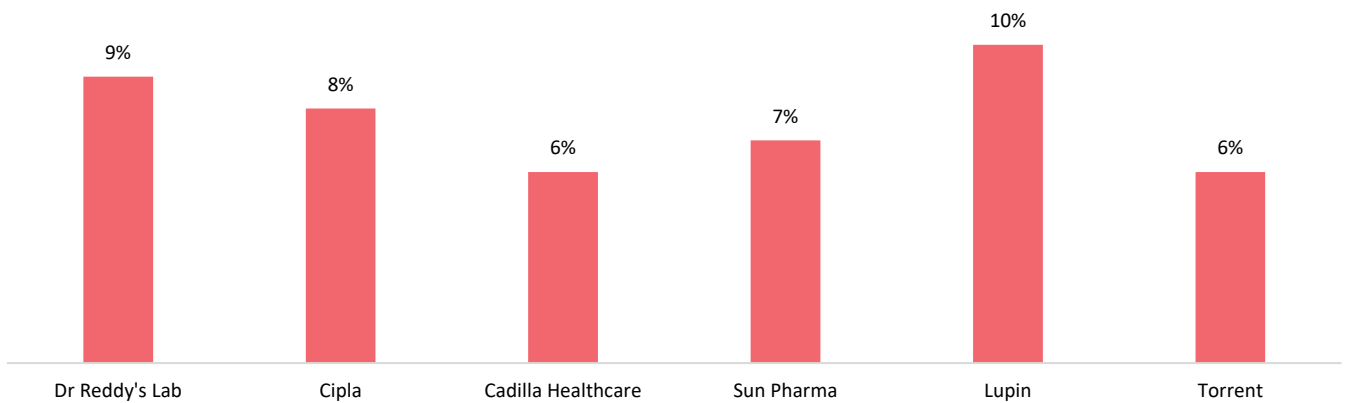
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Exhibit 24: Indian Laboratory Equipment Market, by End Use (only Plasticware)

Indian Laboratory Equipment Market, by End Use (only Plasticware), INR Mn, 2020				CAGR	CAGR
	2015	2020	2025E	2015–20	2020–25E
Academia/Research	242	392	729	10.1%	13.2%
Pharmaceutical	156	257	567	10.6%	17.1%
Contract Research Organisations (CROs)	55	98	201	12.2%	15.4%
IVF Clinics	28	49	111	12.1%	17.8%
Diagnostic Labs	207	331	745	9.8%	17.6%

Source: Company, Edelweiss Wealth Research

Exhibit 25: Indian Pharma Companies – R&D Spending (as % of FY21 Revenues)



Source: Company, Edelweiss Wealth Research

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II. Strong, well-diversified distribution network provides major competitive advantage

The Indian medical devices market is dominated by international players, who have captured large base of distributors and evolved distribution lead market. The domestic manufacturers have started penetrating the distributor network with a wide product offering and competitive pricing.

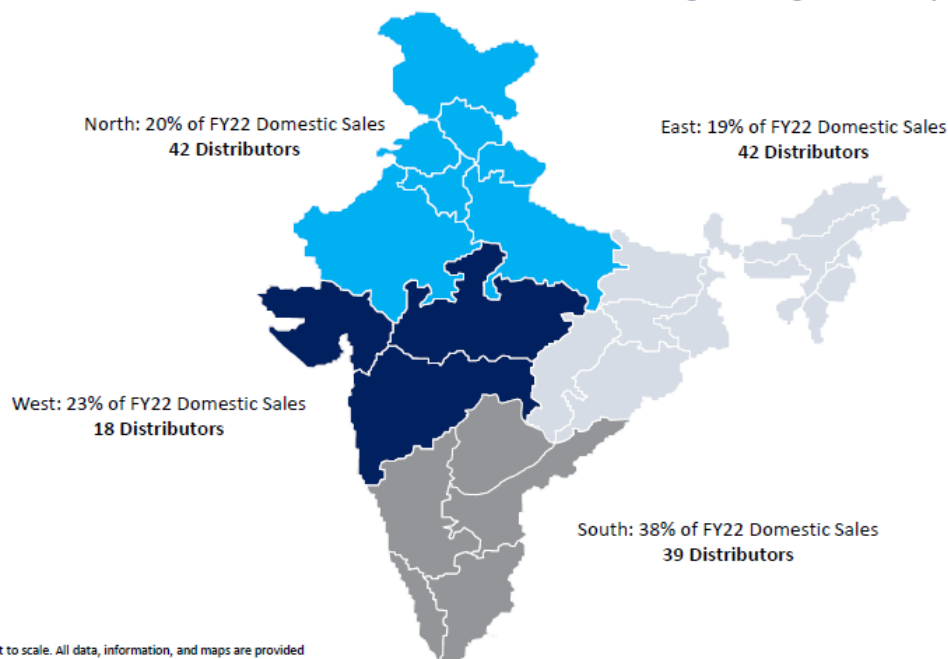
Tarsons has a pan-India sales and distribution network that enables it to cater to a wide range of end customers. It supplies products to end users across India through authorised distributors. As of 31 March 2022, Tarsons had 141 active distributors across the country supplying to various end-user industries. Furthermore, Tarsons has a 50-member sales team spread across the country and a sub-distributor network which creates brand awareness for Tarsons’ products, besides facilitating distributors. The average duration of the company’s contractual relationship with domestic distributors is over 10 years. However, 75–80% of the distributors have been associated with Tarsons for more than two decades. This indicates that the company has a strong and diversified distribution network across India. The network provides Tarsons with a key competitive advantage, enabling it to serve customers and markets in an efficient and timely manner. The company generates ~80% of domestic sales directly from clients and serves them through distributors, leading to a win-win situation for both the company and distributors.

Tarsons has a well-diversified product portfolio with 1,700+ SKUs across 300 products. The distributors maintains a certain level of inventory to meet requirements of infrequent customers. Also, distributors stock up Tarsons’ products to ensure consistent supply to clients. This arrangement, based on a wide distribution network, helps the company minimise risks related to inventory and credit and gain market share.

Exhibit 26: Tarsons - Pan-India Distribution Network, FY22

Comprehensive Pan-India Distribution Network

Long-standing relationships with Distributors



Data as on FY22

All Maps used in the presentation are not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

Source: Company, Edelweiss Wealth Research

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Exhibit 27: Top 10 Distributors Continue to Contribute >50% of Domestic Revenue

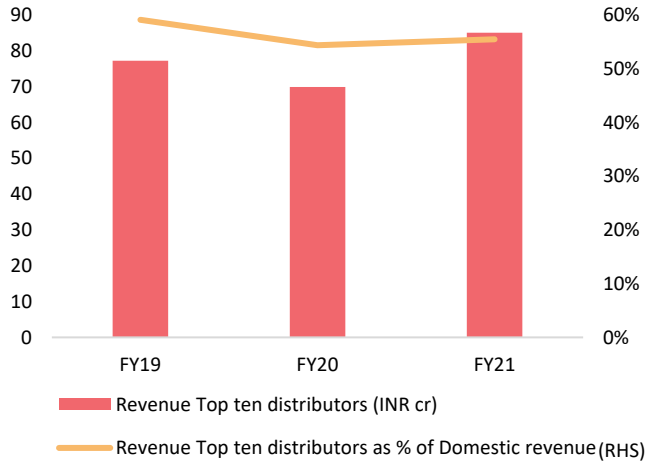
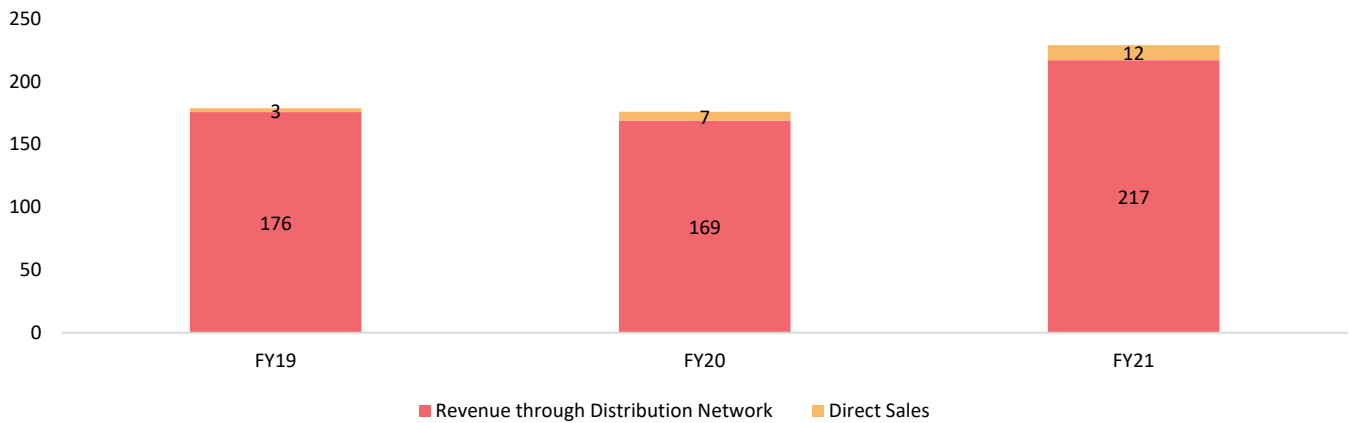


Exhibit 28: Strong and diversified distribution network across India

Distributor	Number of Years of Relationship
Distributor 1	24
Distributor 2	8
Distributor 3	38
Distributor 4	38
Distributor 5	11
Distributor 6	11
Distributor 7	38
Distributor 8	38
Distributor 9	38
Distributor 10	35

Source: Company, Edelweiss Wealth Research

Exhibit 29: Distribution Network Drives Revenue Growth



Source: Company, Edelweiss Wealth Research

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III. Huge opportunity in export market; among few players with global presence

The global plastic labware market has opportunity size of ~USD 8.2-8.4bn (INR61,500–63,000cr) which provides a huge export potential for Indian players. Post the success of pharmaceutical outsourcing market in India, plastics labware manufacturing is also getting recognition mainly because of supplier reliability, technical capabilities, product quality and supplier relations.

In 2009, Tarsons started supplying plastic labware to Avantor (earlier VWR; acquired by Avantor in 2017); this enabled Tarsons to expand business to new geographies, as VWR was one of the largest distributors of labware products globally. With this association, Tarsons started receiving recognition as a quality product supplier at competitive price became the USP for Tarsons' products in the export market.

Tarsons is one of the few Indian players to have a global reach in the labware market. It has a dedicated on-the-ground sales team that tracks existing distributors and partners and finds new ones. Tarsons caters to the branded as well as ODM export market. The company distributes branded products to more than 40 countries through a network of 45 active distributors. Tarsons registered 27% CAGR in export revenue over FY19–22. In FY22, Tarsons generated revenue of INR99.3cr (i.e., 33% of total revenue) from the overseas markets, with the US and Europe accounting for majority of sales. It generated INR43cr (i.e., 43% of export revenue) from the sale of branded products. Tarsons has developed strong partnerships with distributors across Asia-Pacific, the Middle East and Latin America. Moreover, the company has formed strategic partnerships with US- and Europe-based companies for ODM sales, which contributed ~INR57cr to total revenue in FY22.

Exhibit 30: Global Laboratory Equipment Market Size in USD Mn (Plastic and Glassware)

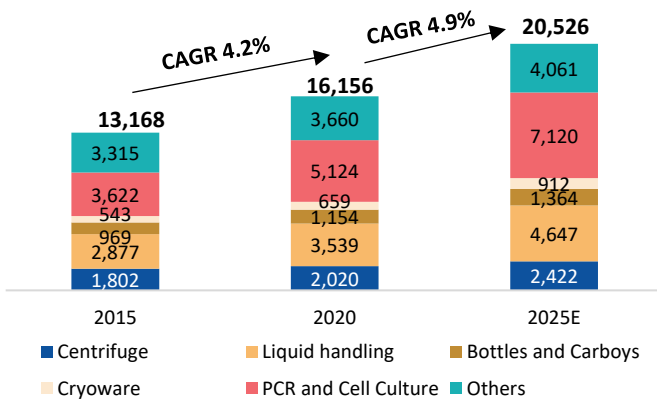
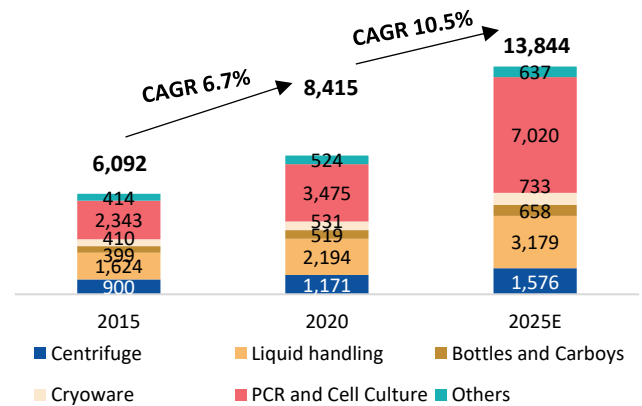


Exhibit 31: Global Laboratory Equipment Market Size in USD Mn (Only Plasticware)



Source: Company, Edelweiss Wealth Research

Exhibit 32: Global Laboratory Equipment Market Size Growth (Only Plasticware)

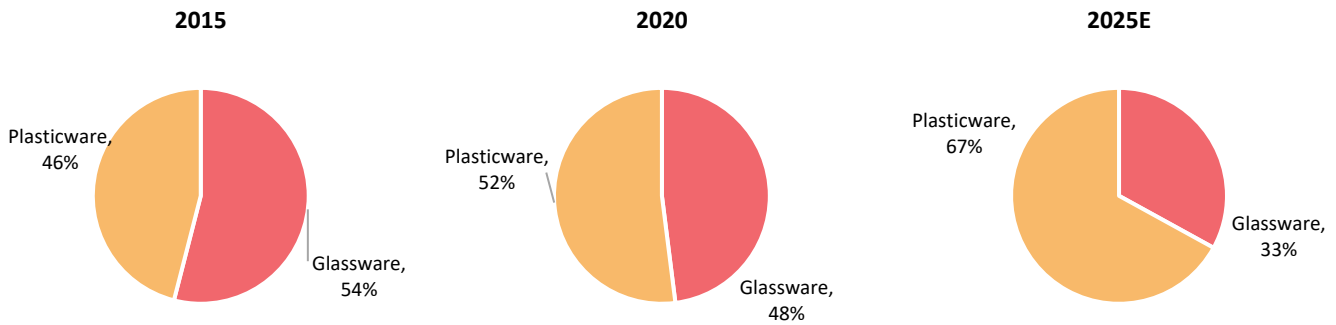
	Centrifuge	Liquid Handling	Bottles and Carboys	Cryoware	PCR & Cell Culture
2015–20 CAGR	5.40%	6.20%	5.40%	5.30%	8.20%
2020–25E CAGR	6.10%	7.70%	4.90%	7.80%	15.10%

Source: Company, Edelweiss Wealth Research

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Exhibit 33: Global Laboratory Equipment Market (Glassware & Plasticware)



Source: Company, Edelweiss Wealth Research

Exhibit 34: Global Laboratory Equipment Market Size (Plastic & Glassware), by Geography

Value Sales, USD16,156Mn, 2020

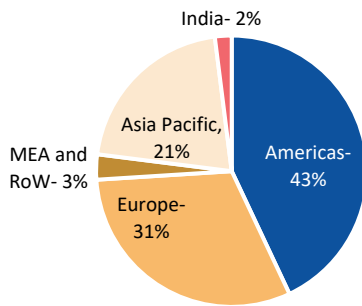
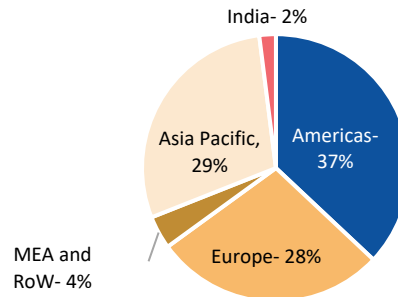


Exhibit 35: Global Laboratory Equipment Market Size (only Plasticware), by Geography

Value Sales, USD 8,415 Mn, 2020



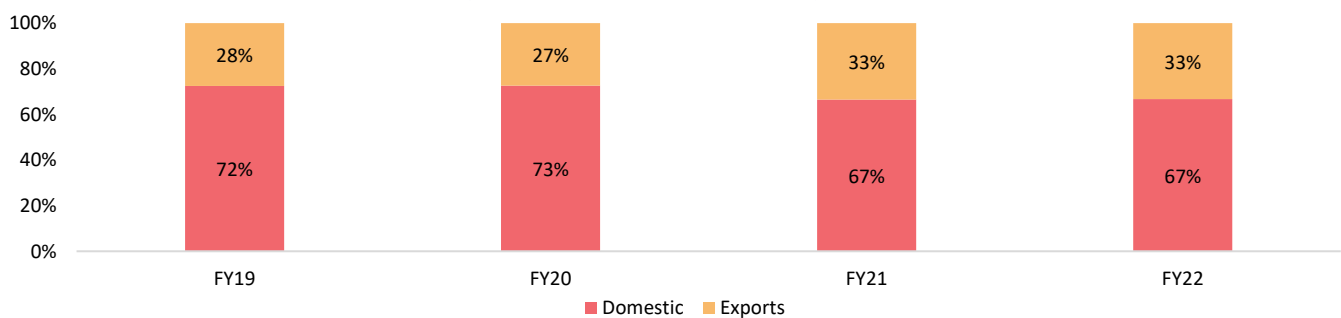
Source: Company, Edelweiss Wealth Research

Exhibit 36: Global Laboratory Equipment Market Growth (Only Plasticware), by Geography

	Americas	Europe	MEA and ROW	Asia-Pacific	India
2015–20 CAGR	4.7%	6.1%	8.3%	9.7%	10.3%
2020–25E CAGR	8.2%	9.4%	11.7%	13.5%	16.0%

Source: Company, Edelweiss Wealth Research

Exhibit 37: Tarsons - Export Mix Increases Continuously (~33% in FY22 vs <5% in 2014)



Source: Company, Edelweiss Wealth Research

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Exhibit 38: Tarsons Supplies Products to 40+ Countries Through 45+ Authorised Distributors & Partners

Huge Opportunity in Export Market

Demand for plasticware expected to **grow at 10% CAGR** for developing markets like APAC & MEA, developed markets like Americas & Europe also expected to grow healthy

Factors such as **supplier reliability, cultivating new relationships, deepening existing relationships and meeting demands in timely manner** will enhance the export market share



Rapid increase in demand for plasticware is **providing platform for Indian players** to expand share of export revenues while continuing import substitution at home

Established Indian players can **further expand export market share** on back of high-quality & reliable products with enhanced R&D and independent design & customization capabilities

Domestic companies in India can take advantage of their competitive **pricing** in order to capture larger share of global market

Exhibit 39: Tarsons - Export Revenue (INR Mn)

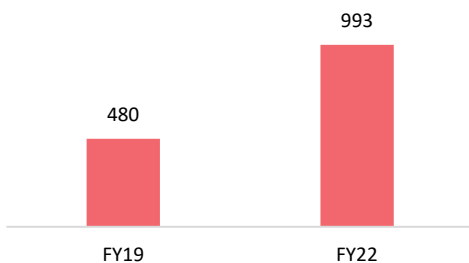
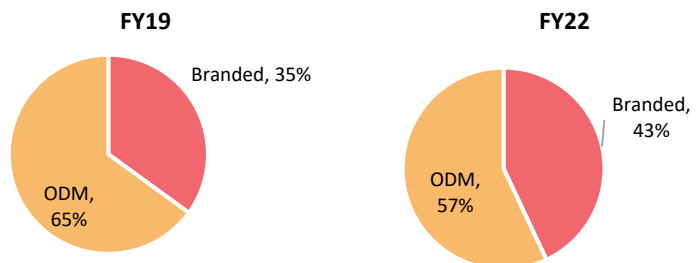


Exhibit 40: Tarsons - Export Revenue Break-up (%)



Source: Company, Edelweiss Wealth Research

Key Overseas Clients (ODM Sales)



FC-BIOS

Toei Kaisha

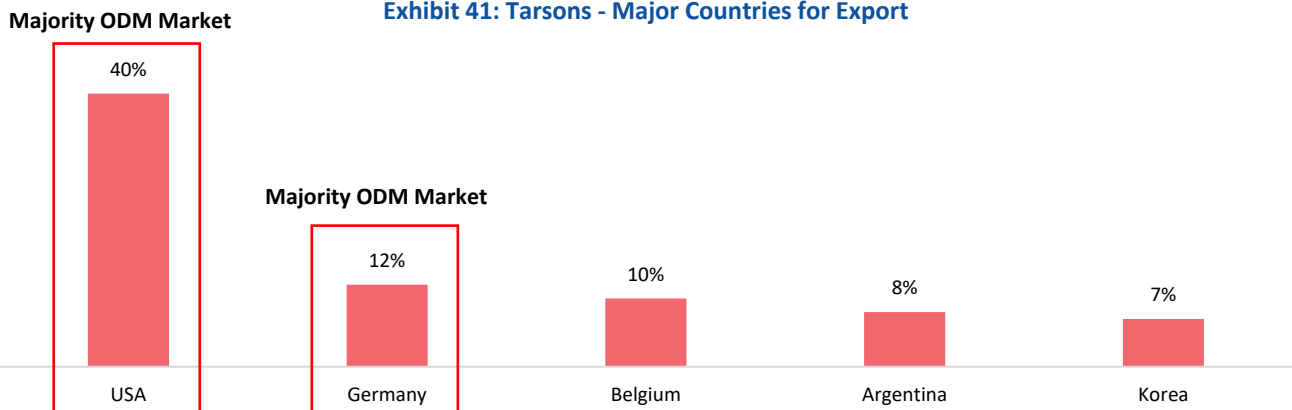
Tarsons is among few players to have a global reach:

- As of 31 March 2022, the company was selling products to 40+ countries via 45+distributors.
- Its export operations include branded and ODM sales.
- Under the ODM model, the company independently designs and develops products as per requirements and sells to the respective brand owners.

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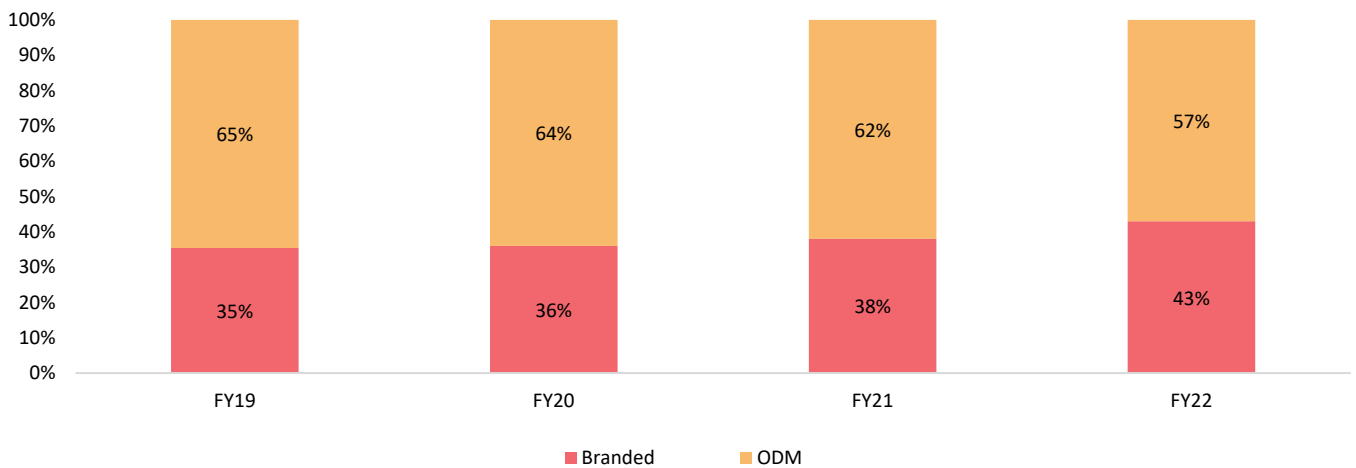
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Exhibit 41: Tarsons - Major Countries for Export



Source: Company, Edelweiss Wealth Research

Exhibit 42: Exports Mostly Comprise ODM (white Label) Sales (57%, FY22) Mainly to the US and Europe



Source: Company, Edelweiss Wealth Research

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IV. Robust capacity expansion plans; in-house manufacturing provides cost advantage

Tarsons operates five manufacturing facilities spread over 21,000 sq m in West Bengal. The company is expanding its manufacturing capacity for both existing and new products in a phased manner by setting up a new manufacturing facility at Panchla, West Bengal; with this, the manufacturing land area would increase to over 42,000 sq m. Subsequently, Tarsons would be able to cater to strong demand from both export and domestic markets and foray into the PCR and cell culture space; this would raise the target addressable market to ~INR1,200cr. The company aims to fully commission the Panchla facility by H1FY24. Furthermore, the company plans to set up a new facility at Amta, West Bengal, for backward integration of in-house sterilisation by H1FY24 and a new fulfilment centre to coordinate and expand warehouse operations.

Tarsons operates the largest in-house plastic labware manufacturing facilities in India. On the other hand, main competitors such as Thermo Fisher and Eppendorf India mainly rely on imports from their global facilities, while domestic manufacturer Genaxy Scientific outsources production on a job work basis to third parties. The in-house manufacturing capability allows Tarsons to have full control on product quality and deliver products in time, besides providing cost advantage. The manufacturing process is simple, mostly involving injection and blow moulding. However, large SKUs which require large number of moulds of global stand and automation/robotics which keep the asset turn low become advantage for Tarsons as it difficult to replicate.

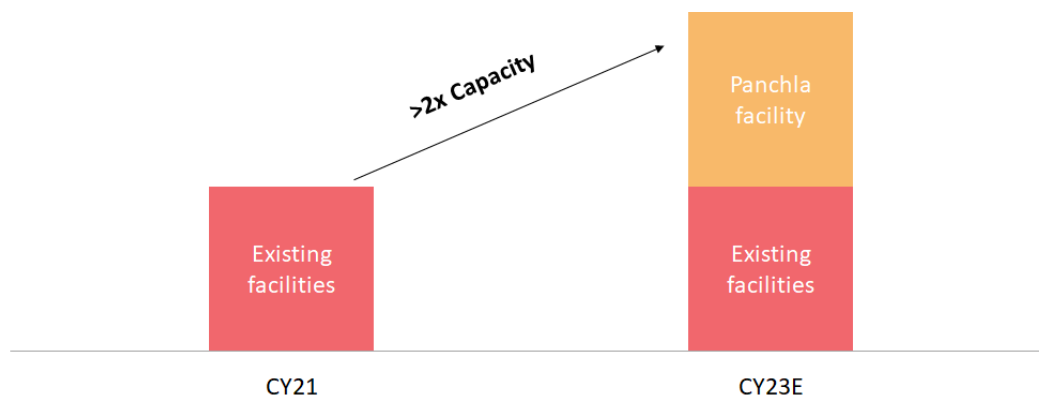
The total planned capital expenditure is expected to increase 20–25% from ~INR410cr due to increased costs of equipment and construction costs, at both the facilities. Also, the company has earmarked ~INR62cr from IPO proceeds which would be spent in a phased manner on Panchla facility’s expansion. Furthermore, Tarsons plans to spend INR150–160cr of it over the next 18 months and will be funded through internal accruals.

Exhibit 43: Manufacturing Facilities

Units	Land Area (sq m)	Property	Revenue Contribution (FY22)	Products
Jangalpur	15,142	Owned	62.10%	Pipette tip, Petri dish, PCR plate, micro-centrifuge tube, transfer pipette, bottle
Dhulagarh	4,047	Leased	24.50%	Centrifuge tube, cryoware, micro-centrifuge tube
Burroshibtolla I	1,022	Leased	5.00%	Desiccator, utility tray, drying tray, specimen container
Burroshibtolla II	530	Leased	6.40%	Ria vial, aspirator bottle, conical flask, funnel, KIPPS apparatus
Kasba	515	Leased	2.00%	Centrifuge, magnetic stirrer, shaker
Panchla	21,550	Owned		Micro pipette tip, cryo vial, PCR and cell culture products, serological pipette
Amta	24,080	Owned		

Source: Company, Edelweiss Wealth Research

Exhibit 44: Tarsons - Capacity to Double with Panchla Facility



Source: Company, Edelweiss Wealth Research

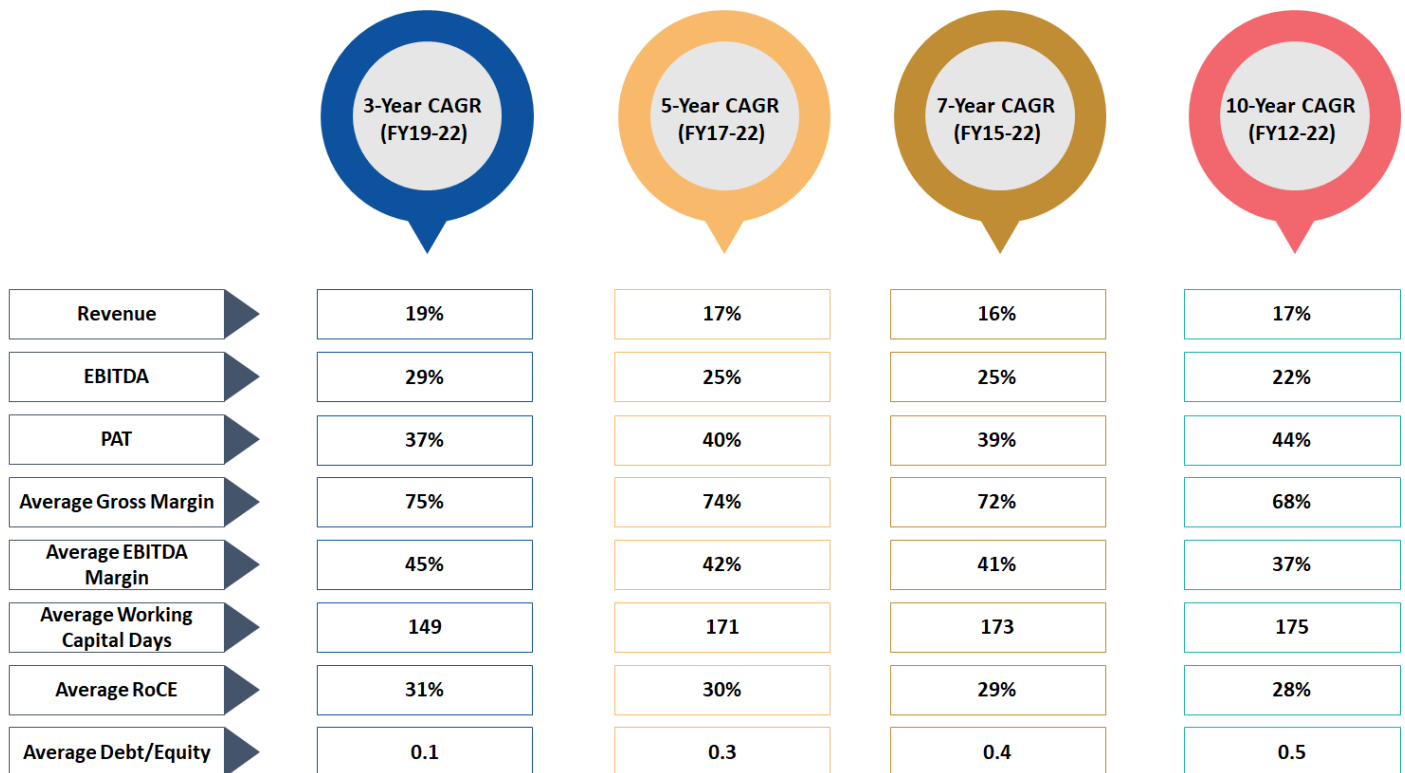
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V. Robust financials with industry-leading margins and strong revenue growth

Tarsons has reported healthy growth in revenue in the last 7–8 years, led by new product launches and strong growth in the export markets. The company has recorded higher growth in EBITDA and PAT against revenue, supported by improving product mix (rising share of sterilised products), operating efficiencies and improving pricing. It is crucial for Tarsons to continue manufacturing and expand capacity to achieve growth. The company has recorded healthy returns through higher operating margins, despite the business being capital-intensive.

Exhibit 45: Tarsons - Industry-leading margins and strong revenue growth



Source: Company, Edelweiss Wealth Research

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Exhibit 46: Strong Revenue Growth

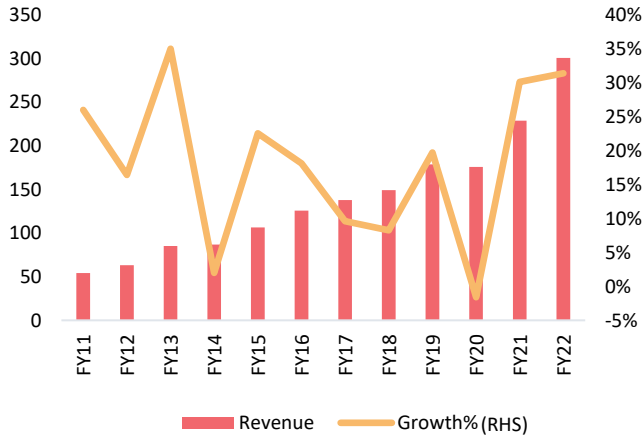
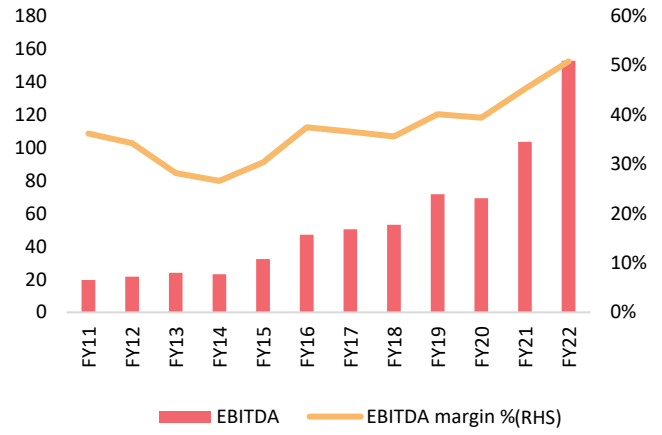


Exhibit 47: Healthy EBITDA Margin



Source: Company, Edelweiss Wealth Research

Exhibit 48: Improving Cash Profit

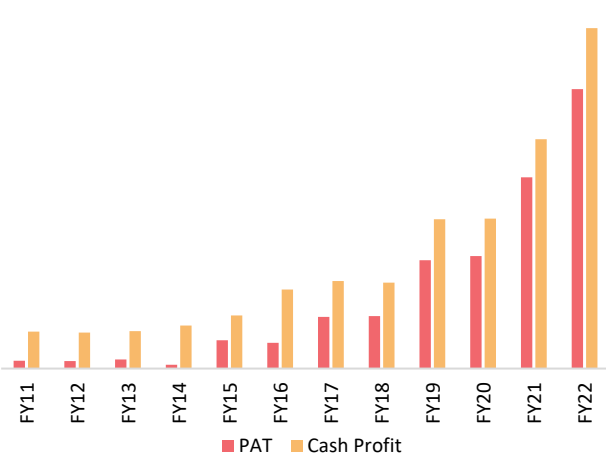
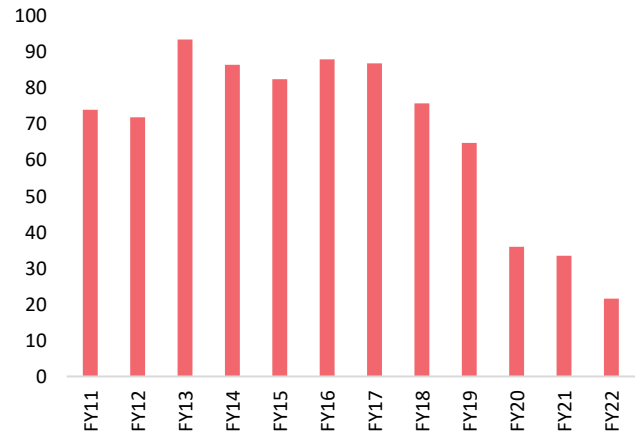


Exhibit 49: Gross Debt



Source: Company, Edelweiss Wealth Research

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Outlook and Valuation

We expect the domestic plastic labware market to grow at healthy rate of ~16% and players with quality products, wide distribution reliability and competitive pricing to outperform the sector, where Tarsons surpasses peers. The company’s in-house manufacturing capability provides a competitive edge. Moreover, it has a strong and well-diversified distribution network across India and a diversified product portfolio with 1,700+ SKUs across 300 products, which is difficult to replicate. Establishing a business in such a market is an arduous task; nonetheless, once established, a strong network can drive significant business growth. Tarsons plans to introduce new products and expand its export market; these initiatives would drive revenue growth in the coming years. The company has consistently reported robust financials in terms of growth and industry-leading operating margins, along with superior return profiles, despite the business being capital-intensive. We initiate coverage on Tarsons with a BUY rating and a target price of INR949 (DCF-based, which implies 24x FY24E EV/EBITDA).

Exhibit 50: Valuation

Company	PE (x)				EV/EBITDA (x)				RoCE (%)				PAT CAGR (%)
	FY21/ CY20	FY22/ CY21	FY23E /CY2 2E	FY24E /CY2 3E	FY21 /CY2 0	FY22/ CY21	FY23E /CY2 2E	FY24E /CY2 3E	FY21 /CY2 0	FY22/ CY21	FY23E /CY2 2E	FY24E/CY 23E	FY22/CY21 - FY24E/CY23 E
Medical Device Companies – India													
Poly Medicure	54x	62x	39x	28x	36x	43x	25x	18x	20%	15%	NA	NA	29%
Tarsons Products	NA	36x	33x	27x	NA	23x	21x	17x	35%	33%	25%	25%	18%
Medical Device Companies – Global													
Thermo Fisher (the US)	28x	33x	22x	21x	20x	24x	19x	18x	47%	47%	NA	NA	5%
Guangzhou Jet Biofiltration (China)	9x	14x	21x	28x	26x	32x	18x	13x	21%	19%	NA	NA	41%
Becton Dickinson (the US)	20x	21x	20x	18x	17x	18x	16x	15x	17%	27%	NA	NA	22%

Source: Bloomberg, Edelweiss Wealth Research

Long Term Recommendation

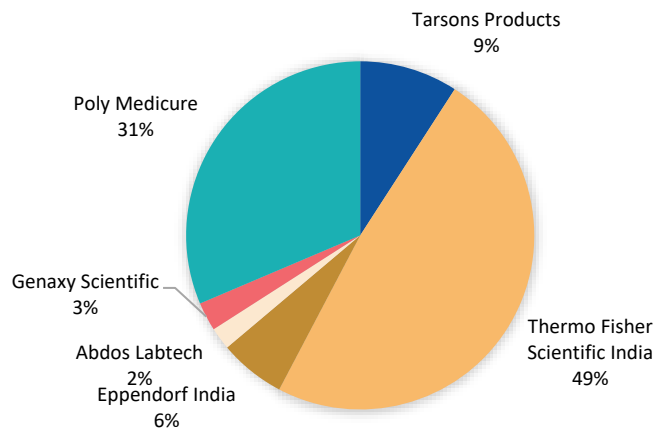
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Peer comparison – Tarsons reports industry-leading margins

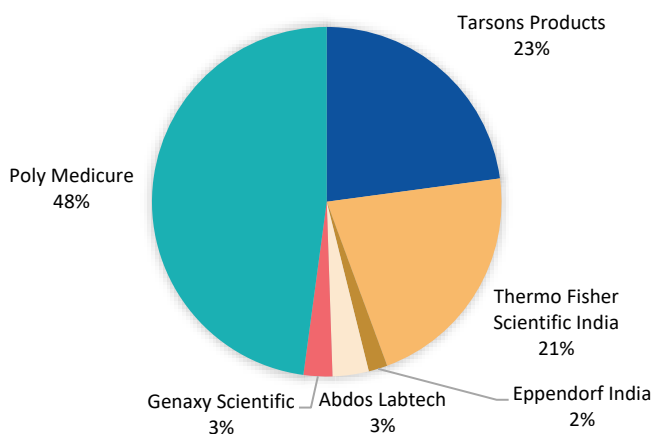
We considered six companies for a peer comparison study including four domestic companies – Tarsons Products, Genaxy Scientific, Abdos Labtech and Poly Medicure – and two MNCs – Thermo Fisher Scientific India and Eppendorf India. Tarsons reported average EBITDA margins of ~39% during FY16–21 against single-digit margins reported by peers except Poly Medicure (~23%). However, domestic peers (Genaxy and Abdos) witnessed significant improvement in EBITDA margins in FY21, driven by COVID-19 related demand. We believe with normalisation in demand, the higher margins which generated through COVID-19 business, would be difficult to sustain in the coming years. The MNCs record lower margins as they mostly import products. Tarsons’ in-house manufacturing capability and economy of scale continue to benefit it; thus, the company is expected to report healthy EBITDA margin. Tarsons' share in the total revenue (i.e., sum of revenues of all the six companies) stands at ~9%; however, its share in the total EBITDA is ~23% due to the high EBITDA margin.

EXHIBIT 51: REVENUE SHARE (FY21)



Source: Company, Edelweiss Wealth Research

EXHIBIT 52: EBITDA SHARE (FY21)

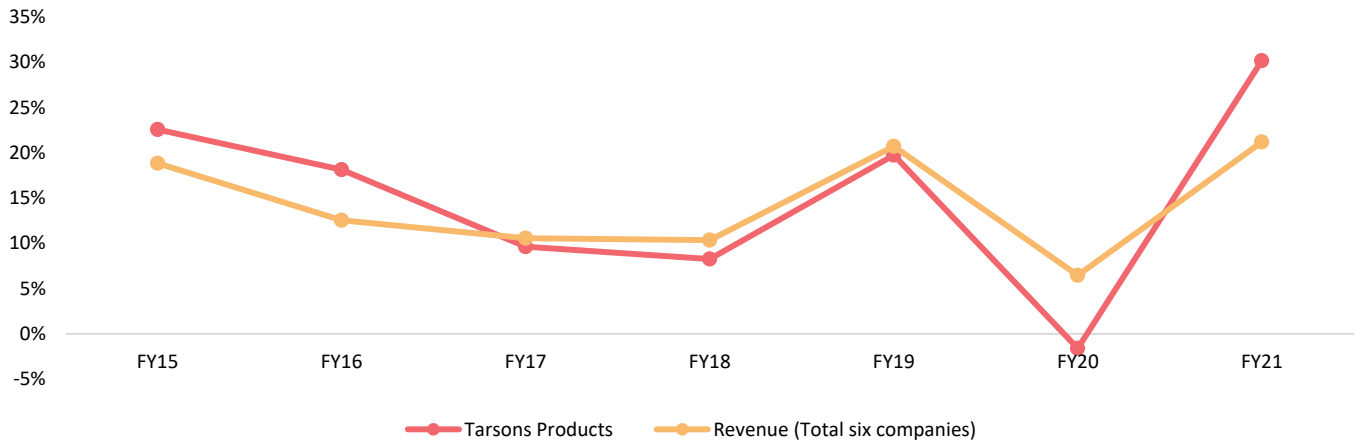


Source: Company, Edelweiss Wealth Research

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Exhibit 53: Revenue growth - Tarsons follows industry



Source: Company, Edelweiss Wealth Research

Exhibit 54: Tarsons – Industry leading margins

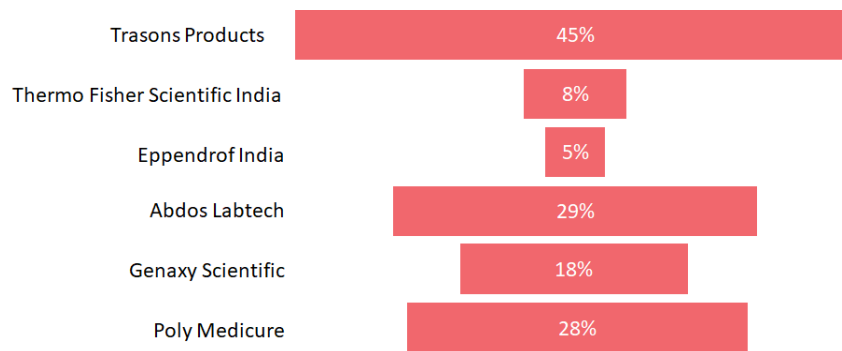


Exhibit 55: Peer comparison

	Tarsons Products	Thermo Fisher Scientific India	Eppendorf India*	Abdos Labtech	Genaxy Scientific	Poly Medicure
Revenue 3-year CAGR (FY18–21)	15%	15%	10%	29%	47%	15%
Revenue 5-year CAGR (FY16–21)	13%	23%	20%	46%	39%	14%
Revenue 7-year CAGR (FY14–21)	15%	37%	52%	57%	60%	14%
EBITDA 3-year CAGR (FY18–21)	25%	27%	-8%	125%	198%	21%
EBITDA 5-year CAGR (FY16–21)	17%	NM	-4%	145%	83%	20%
EBITDA 7-year CAGR (FY14–21)	24%	NM	NM	82%	NM	16%
PAT 3-year CAGR (FY18–21)	54%	35%	-40%	NM	133%	24%
PAT 5-year CAGR (FY16–21)	49%	NM	-36%	NM	93%	23%
PAT 7-year CAGR (FY14–21)	74%	NM	-23%	288%	137%	20%
3-year Avg RoCE (FY18–21)	31%	18%	4%	8%	24%	20%

Note: *FY17–20

* Thermo Fisher Scientific India's revenue includes revenue from non-plastic labware such as biotech, chemicals and wide-ranging diagnostics equipment.

*Poly Medicure – 70% export revenue

Source: Company, Edelweiss Wealth Research

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Tarsons Products Ltd.

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Key Risks

- **Revenue contraction on large distributors:** The company relies heavily on a few distributors; its top 10 distributors accounted for 56% of domestic revenue in FY21 and large distributors accounted for majority of regional sales. Of the 36 distributors in South India, five account for ~67% of South India sales, and of the 11 distributors in West India, three account for 40% of West India sales. Any disruption in the distribution network, including loss of any of the key distributors to competitors, could have a negative impact on the company's ability to sell products; this, in turn, may adversely affect Tarsons' business operations and financial condition. Furthermore, competitors may sell products through innovative distribution models (such as those based on online platforms), which may be more effective than the traditional distribution network; this may impact the company's sales.
- **Geographically, Tarsons' manufacturing facilities are concentrated** – all are located in West Bengal. Two of the manufacturing units, located in Dhulagarh and Jangalpur, contributed ~87% of total manufacturing revenue in FY22. The geographic concentration could adversely affect the company's business operations.
- South/West India contributes ~39%/24% of revenue; thus, any **delay in shipment** of products to these regions will impact business.
- The company imports over 75% of its raw materials, with the top 10 suppliers accounting for ~77% of its total purchases. Furthermore, Tarsons does not have any binding advance purchase arrangements with its raw material suppliers. The company's ability to sustain margins is partially dependent on its ability to obtain favourable terms from suppliers. Any failure in delivering raw materials on time by suppliers could significantly affect business operations.
- The company uses a variety of raw materials including polystyrene, PP, HDPE, LDPE and other specialised medical-grade plastic resins to manufacture products. Prices of these commodities are influenced by fluctuations in the price of crude oil and by other macro-economic factors affecting availability of raw materials.

Long Term Recommendation

Tarsons Products Ltd.

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Company Description

Incorporated in 1983, Tarsons is an Indian labware company designing, developing, manufacturing, and marketing disposable plastic labware, centrifuge ware, cryo labware, liquid handling systems, and instruments for molecular biology, cell culture, genomics, proteomics, and immunology applications in various laboratories across research organisations, academic institutes, pharmaceutical companies, Contract Research Organisations, diagnostic companies, and hospitals. The company serves customers worldwide. Tarsons operates through five vertically integrated manufacturing facilities in West Bengal and is setting up two more facilities in the state. The company has a diversified product portfolio with 1700+ SKUs across 300 products. It has ~141 distributors across India and 50-member sales team. Tarsons is one of the few players in India to have a global reach in the labware market. It supplies products to over 40 countries through 45+ authorised distributors and partners; exports business accounted for 33% of revenues in FY22. In July 2018, Clear Vision Investments Holding Pte. Ltd. (backed by ADV Partners) acquired 49% stake in Tarsons for ~INR1300cr from one of the exiting promoter families. Subsequently, in the recent IPO (November 2021), Clear Vision sold half of its holdings (now owns 23.4% stake).

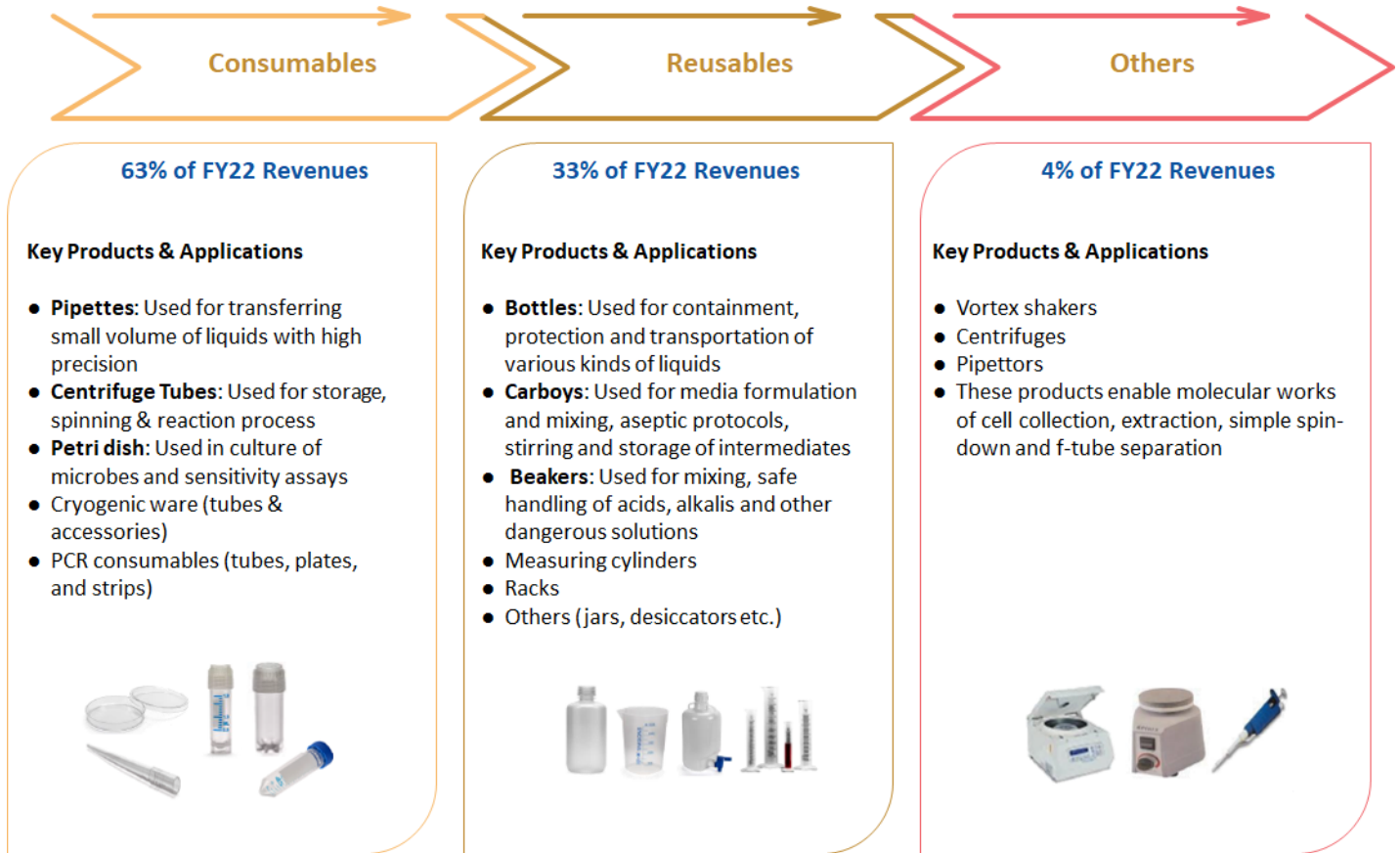
Business model	Tarsons is an Indian labware company which serves a wide range of end customers across India through 141 active distributors. It has a team of 50 sales personnel spread across the country focusing on enhancing brand awareness for Tarsons' products, besides facilitating distributors. Furthermore, the company has a well-diversified product portfolio with 1,700+ SKUs across 300 products. It maintains a certain level of inventory to meet requirements of infrequent customers. Moreover, Tarsons is one of the few players in India to have a global reach. It caters to the ODM as well as branded export market, with 45+ authorised distributors and partners supplying products to over 40 countries. Tarsons has consistently recorded healthy margins, aided by strong growth in export markets, new product launches, product mix improvement (rising share of sterilised products), improved pricing and operational efficiency.
Strategic positioning	Tarsons is expanding its product portfolio by manufacturing PCR and cell culture products; with this, Tarsons' capacity will increase by 2x which would enable it to expand the domestic target addressable market to INR1200cr from INR720–740cr currently. Furthermore, the company is among a few players in India to have global reach, with 45+ authorised distributors and partners supplying products to over 40 countries, which has enabled it to register strong growth in export business (CAGR of 27% over FY19–22). Moreover, Tarsons aims to expand exports to more than 120 countries over the next 5–10 years. The company is expected to register strong growth, supported by larger capacity, higher domestic addressable market and stronger presence in the export market.
Competitive edge	Tarsons relies on its distribution network to sell products within and outside India. Of the total distributors, 75–80% have been associated with Tarsons for more than two decades. This indicates that Tarsons has a strong and well-diversified distribution network across India. The network provides a major competitive advantage, enabling the company to serve customers and markets in an efficient and timely manner. Tarsons runs the largest in-house manufacturing facilities in India which allows it to have full control on product quality and deliver products in time, besides providing cost advantage.
Financial structure	Tarsons has registered record-high revenue growth (up 31%) over the past eight years, outperforming the industry in FY22. Tarsons generated INR301cr in revenue (record high) and held 25% market share in FY22. Revenue increased at a CAGR of 19% over FY19–22, mainly led by export business (CAGR of 27%). The company's EBITDA margin has improved over the years, reaching record high of 50.8% in FY22 vs 45.2% in FY21. Over FY19–22, the company registered a high CAGR of 29%/37% in EBITDA/PAT.
Key competitors	Thermo Fisher India, Eppendorf India, Genaxty Scientific, Abdos Labtech, etc.
Industry revenue drivers	The Indian plastic labware market's value increased at 10% CAGR during FY15–20, driven by (a) shift to plasticware from glassware, (b) strong growth in the end-user industry, and (c) multiple initiatives from the Indian government to accelerate growth in India's medical devices sector. Over FY20–25, the market is expected to expand at a CAGR of 16%.
Shareholder value proposition	We initiate coverage on Tarsons with a 'BUY' rating and a target price of INR949 per share, representing 39% upside from its current market price. We valued Tarsons based on FY24E EV/EBITDA multiple of 24x.

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Segment Details:

Tarsons offers a wide range of products, enabling its end customers to meet most of their product needs from a single source.



Key Competitors

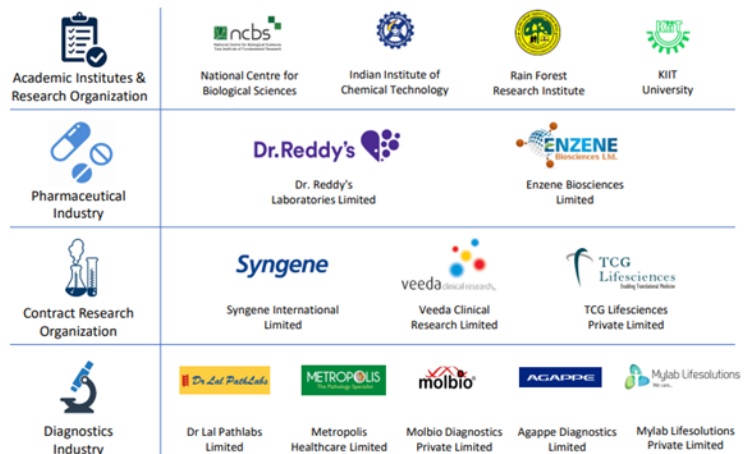
MNC Peers:

- Eppendorf
- Thermo Fisher
- Corning

Domestic Peers:

- Genaxo Scientific
- Abdos Labtech
- Remi
- Accumax

Key end-use industries & customers



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Management Profile

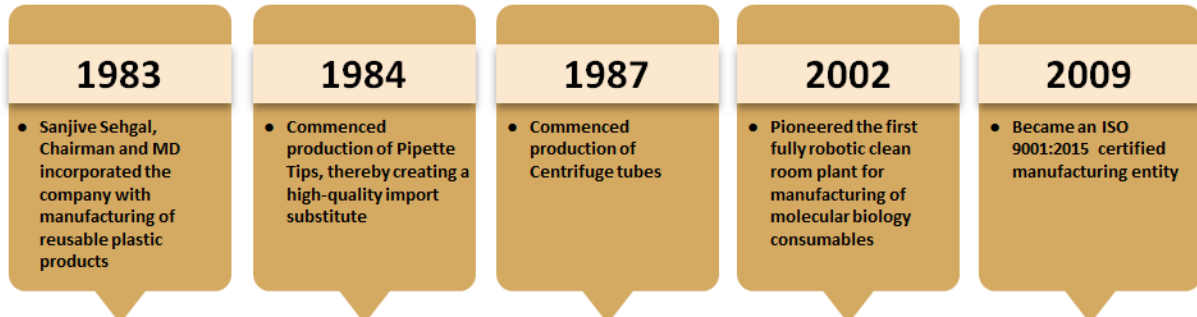
Name	Designation	Profile
Mr. Sanjive Sehgal	<i>Chairman and Managing Director</i>	Mr. Sanjive Sehgal holds a bachelor’s degree in science from Xavier College, Calcutta. He has been with Tarsons for more than 30 years and serving as Managing Director since 26 July 2018.
Mr. Rohan Sehgal	<i>Whole-Time Director</i>	Mr. Rohan Sehgal holds a bachelor’s degree in science (management) from the University of Manchester. He has been with the company for more than seven years and serving as Whole-Time Director since 25 July 2018.
Mr. Santosh Agarwal	<i>Chief Financial Officer</i>	Mr. Santosh Agarwal holds a bachelor’s degree in commerce from the University of Calcutta. He is a chartered accountant (Institute of Chartered Accountants of India) and a company secretary (Institute of Company Secretaries of India). He has over 20 years of work experience. Santosh previously worked with Polar Fans, Genpact, ICA group and Gruas Jaso Group. Before joining Tarsons, he served Jaso India as Chief Financial Officer and Company Secretary, managing accounts, finance, audit, cost control, financial planning and compliances, as per the Companies Act, 2013.

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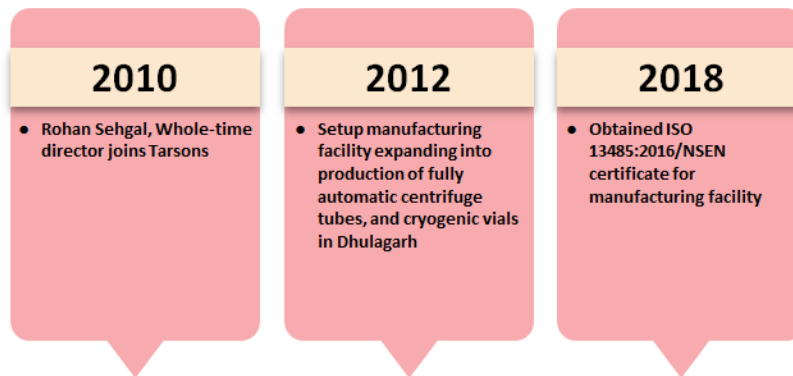
Timeline

Phase 1: Started journey with reusable plastic products



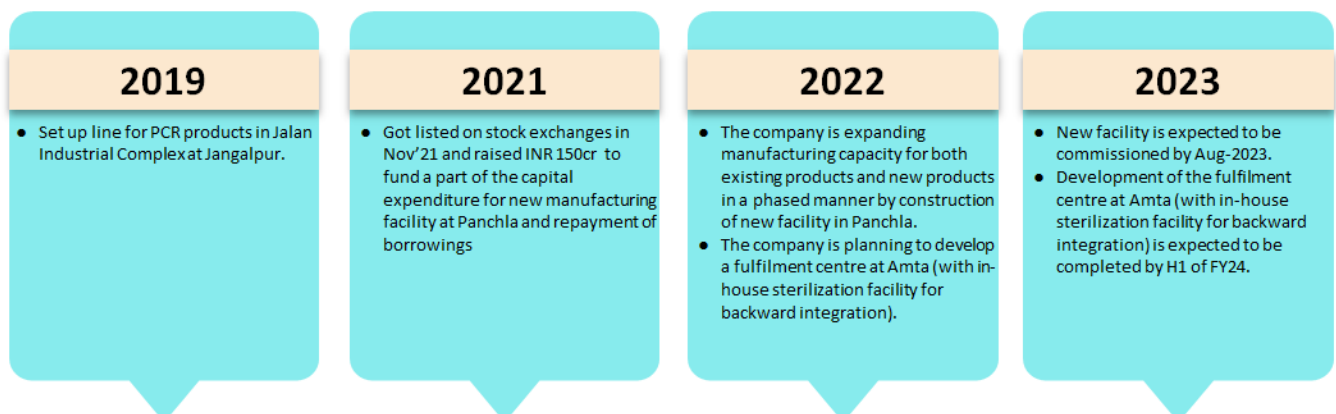
The initial phase was difficult, the company did a breakthrough in 1993/94 when it imported foreign technology which helped improve the product quality significantly

Phase 2: Transformation led by Rohan Sehgal



Rohan Sehgal was appointed as executive director in 2014 and he set up departments for different functions, formalized systems and processes, on-boarded people with global experience for heading sales and led the company with a vision to transform Tarsons into a globally renowned brand.

Phase 3: Strong expansion plans to drive growth



Tarsons is planning to foray into the development of new high-end products (cell culture, gene therapy areas, PCR products), which are predominantly imported into India and aims to increase its exports over 120 countries over next 5-10 years through ODM and branded sales.

Source: Company, Edelweiss Wealth Research

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Financial Analysis

I. Net revenue to increase at ~19% CAGR over FY22–25E

Tarsons is expected to register 19% CAGR in revenue over FY22–25E, aided by strong demand from domestic and export markets, along with capacity expansion by Tarsons. The consumable segment is expected to outperform rest of the segments.

Exhibit 56: Revenue Growth

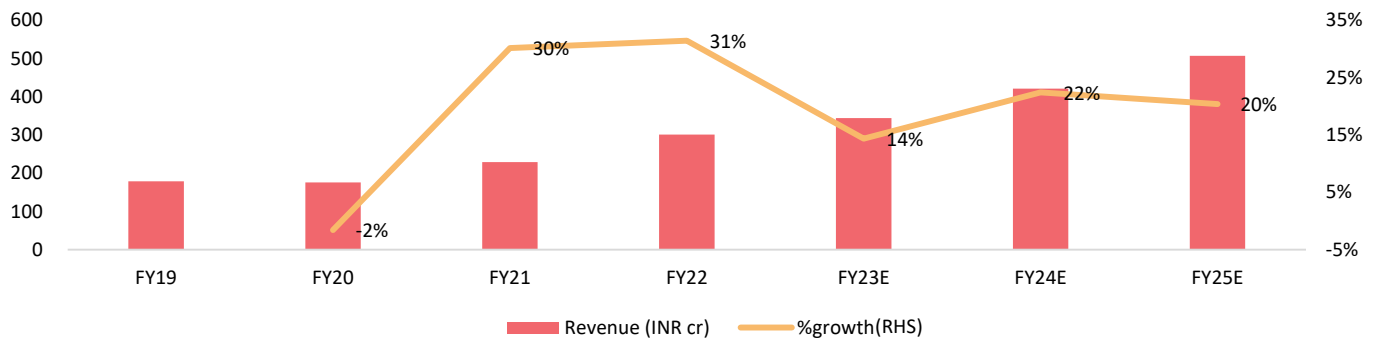


Exhibit 57: Secular Growth Across Segments

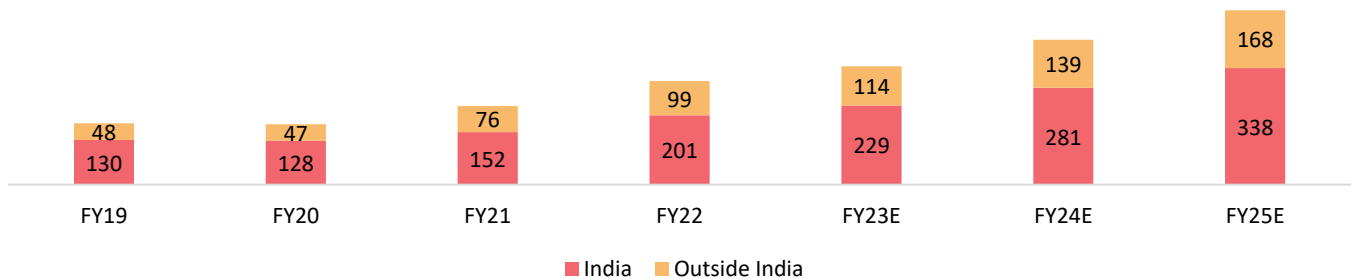
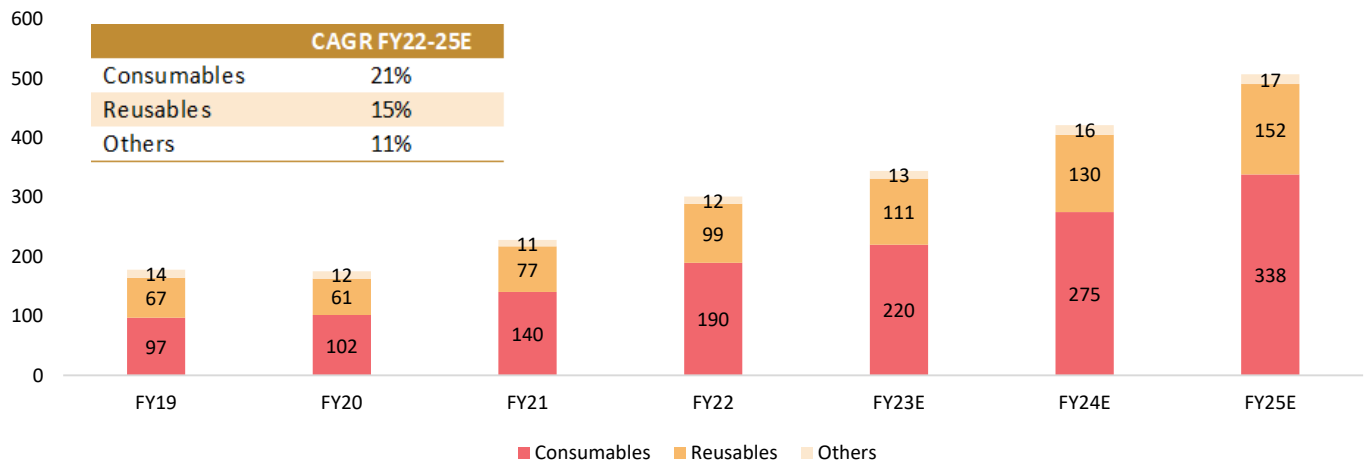


Exhibit 58: Product-Wise Revenue (INR Cr)



Source: Company, Edelweiss Wealth Research

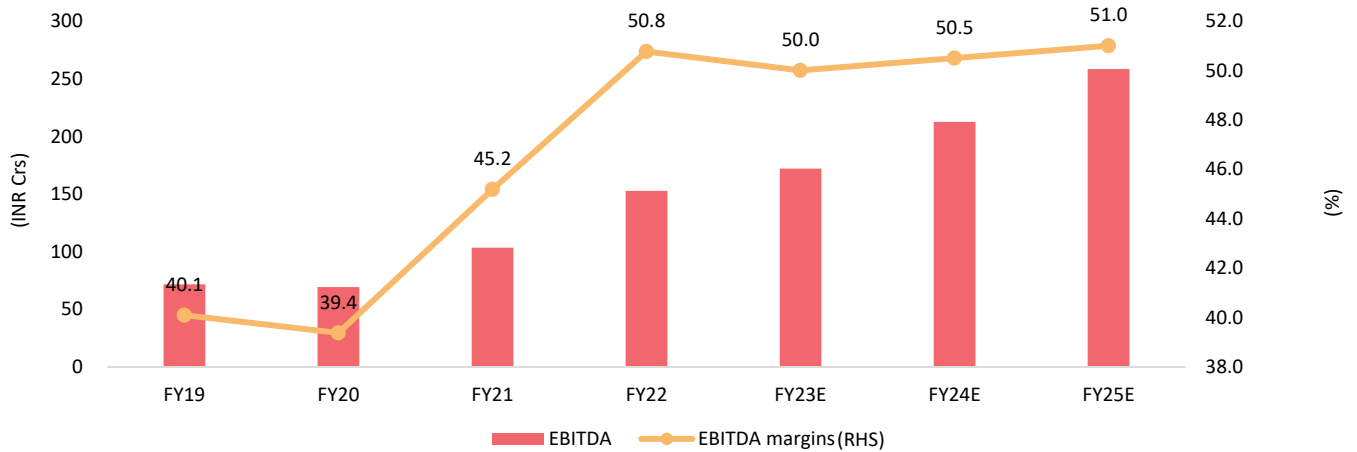
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II. Operational efficiency to drive EBITDA margin expansion

The company is expected to register ~19% CAGR in EBITDA over FY22–25E, as well as margin expansion, aided by operational efficiency with in-house sterilisation.

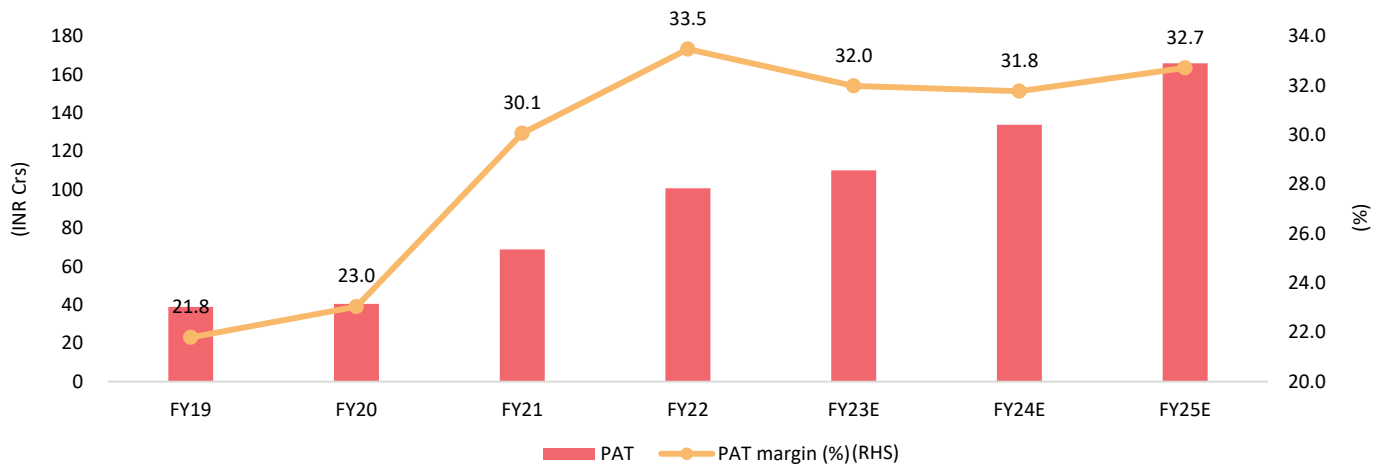
Exhibit 59: EBITDA and EBITDA margin



III. PAT to rise at ~18% CAGR

PAT is expected to increase at 18% CAGR over FY22–25E, driven by strong revenue growth along with operating margin expansion.

Exhibit 60: PAT Margin



Source: Company, Edelweiss Wealth Research

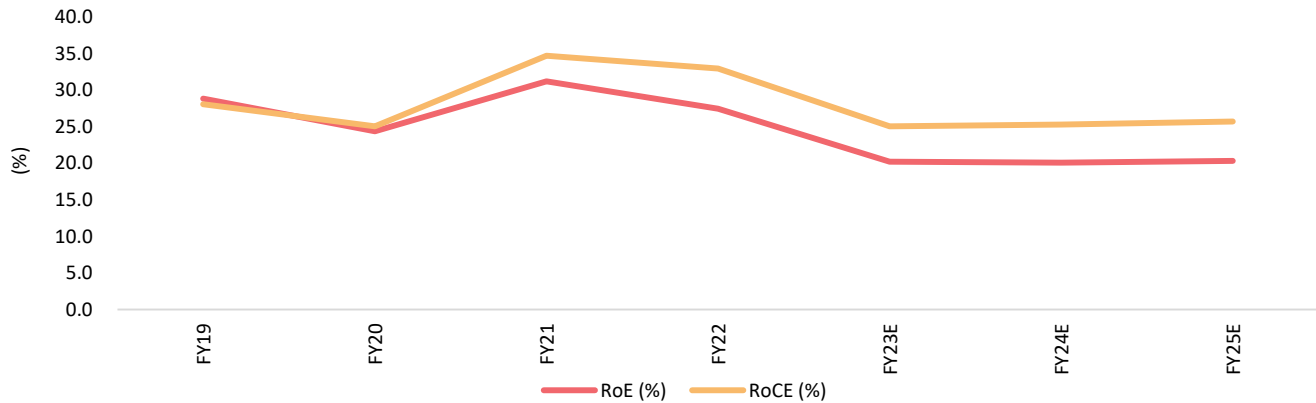
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IV. Return ratios to remain healthy

The company reinvests operating cash generated over past years to achieve growth. It incurred capex for expanding capacity as well as enhancing production efficiency (through automation/robotics) and setting up of an R&D centre. Tarsons maintains a healthy return profile, despite the business being capital-intensive with high working capital requirement. Over FY20–21, Tarsons’ Return on Equity (RoE) and Return on Capital Employed (RoCE) improved due to better profitability and are expected to remain healthy.

Exhibit 61: Return Ratios

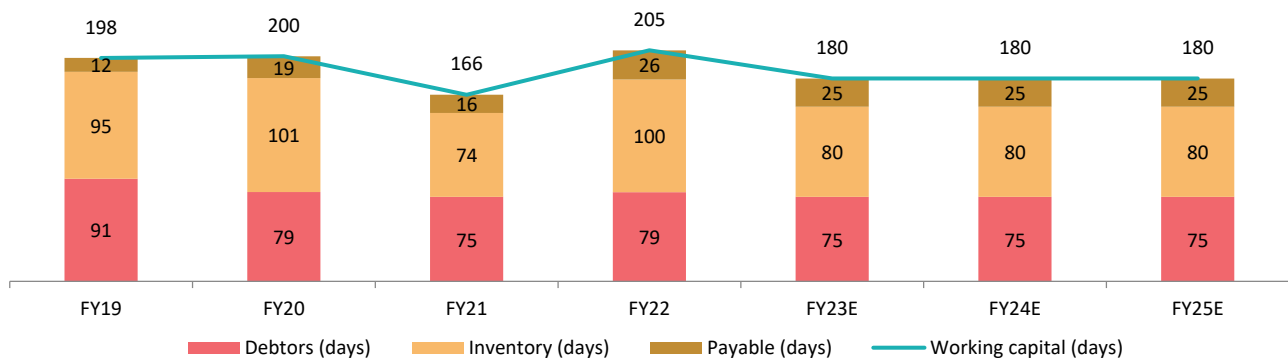


Source: Company, Edelweiss Wealth Research

V. Continuous reduction in working capital days

The company has numerous SKUs and manufactures products using 60 machines; thus, it needs to maintain a sizeable inventory. Also, the company imports medical-grade plastic granules, largely from the US and Europe. This requires Tarsons to maintain sufficient raw material inventory, as well. The company managed to reduce its working capital days from 205 in FY16 to 160 in FY22, despite facing the above-mentioned challenges.

Exhibit 62: Working Capital Days



Source: Company, Edelweiss Wealth Research

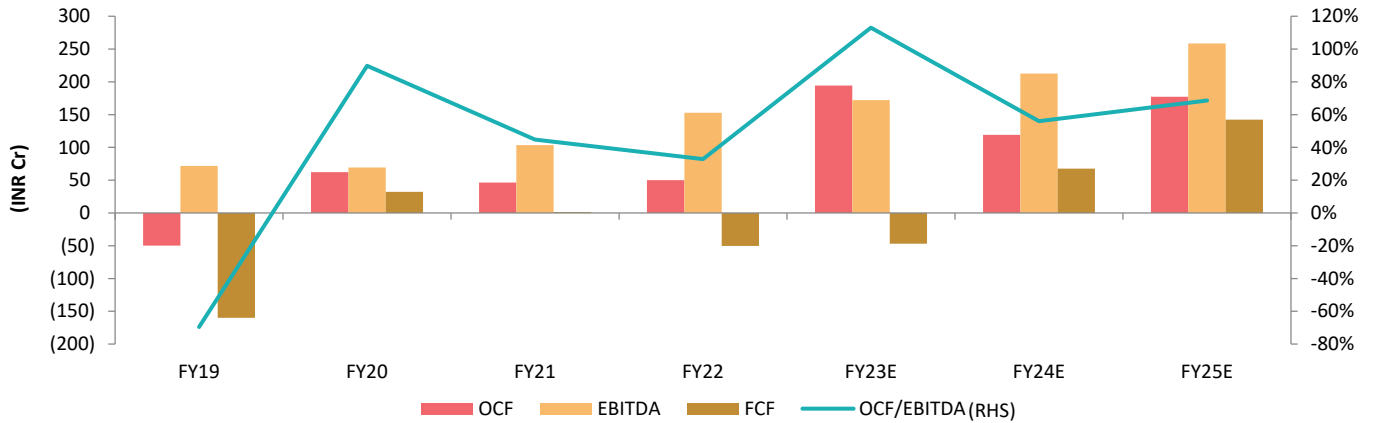
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VI. FCF to remain strong in coming years

The OCF-to-EBITDA ratio is expected to remain positive in the coming years. Tarsons is expected to record positive OCF consistently in the coming years and positive FCF FY24E onwards.

Exhibit 63: Cash Flows

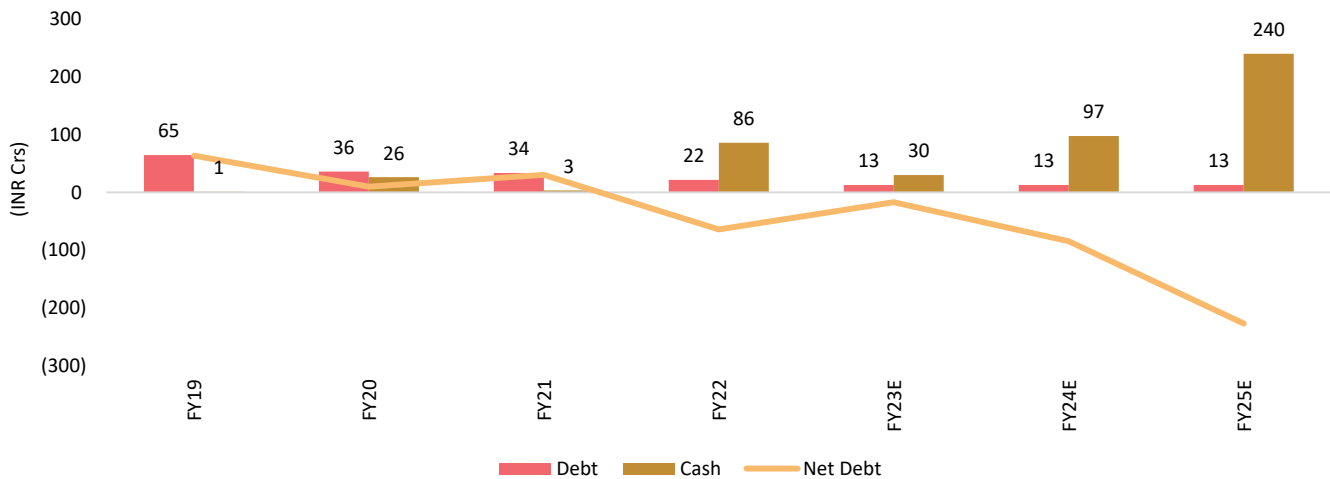


Source: Company, Edelweiss Wealth Research

VII. Negligible debt and strong cash position to support growth in coming years

The company has negligible debt and comfortable debt-to-equity ratio of 0.3x. It maintains a healthy balance sheet; borrowings stood at INR22cr and cash was at INR86cr in FY22.

Exhibit 64: Debt and Cash positions

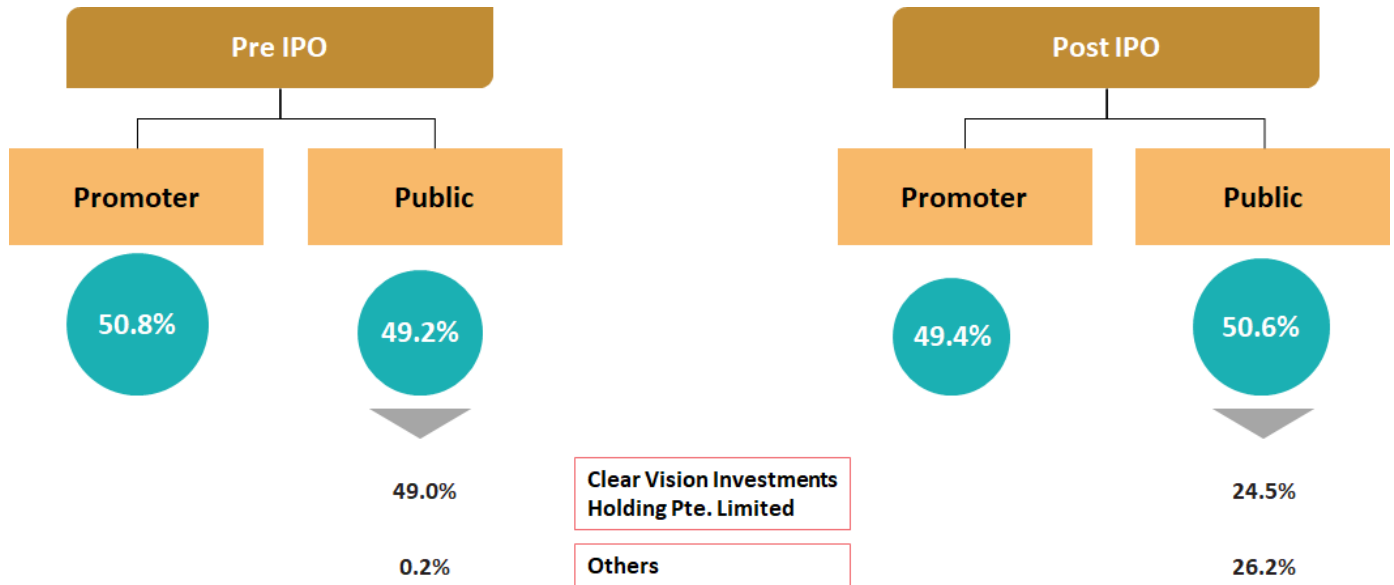


Source: Company, Edelweiss Wealth Research

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Exhibit 65: IPO Details



Of IPO proceeds of INR150cr, the company utilised INR78cr to reduce debt and has earmarked INR62cr to set up new manufacturing facilities.

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Financials

Income statement		(INR cr)				
Year to March	FY20	FY21	FY22	FY23E	FY24E	
Income from operations	176	229	301	344	421	
Direct costs	49	62	63	69	84	
Employee costs	20	24	31	38	44	
Other expenses	58	64	85	103	124	
Total operating expenses	107	125	148	172	208	
EBITDA	69	103	153	172	213	
Depreciation and amortisation	14	14	22	31	40	
EBIT	55	90	131	141	172	
Interest expenses	6	3	4	3	2	
Other income	4	5	8	8	8	
Profit before tax	53	92	135	147	179	
Provision for tax	13	24	34	37	45	
Core profit	41	69	101	110	134	
Extraordinary items	-0	-0	0	0	0	
Profit after tax	41	69	101	110	134	
Minority Interest	0	0	0	0	0	
Share from associates	0	0	0	0	0	
Adjusted net profit	41	69	101	110	134	
Equity shares outstanding (cr)	0	5.3	5.3	5.3	5.3	
EPS (INR) basic	NA	13.0	19.0	20.8	25.2	
Diluted shares (Cr)	0.1	5.3	5.3	5.3	5.3	
EPS (INR) fully diluted	NA	13.0	19.0	20.8	25.2	
Dividend per share	0.0	0.0	0.0	0.0	0.0	
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0	

Common size metrics- as % of net revenues

Year to March	FY20	FY21	FY22	FY23E	FY24E
Operating expenses	61	55	49	50	50
Depreciation	8.1	6.0	7.3	9.0	9.6
Interest expenditure	3.5	1.2	1.4	0.8	0.5
EBITDA margins	39.4	45.2	50.8	50.0	50.5
Net profit margins	23.0	30.1	33.5	32.0	31.8

Growth metrics (%)

Year to March	FY20	FY21	FY22	FY23E	FY24E
Revenues	(1.6)	30.1	31.4	14.4	22.4
EBITDA	(3.4)	49.4	47.6	12.6	23.6
PBT	(4.8)	74.0	46.0	8.9	21.6
Net profit	4.1	69.9	46.1	9.2	21.6
EPS	NA	NA	46.3	9.2	21.6

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Balance sheet

(INR Cr)

As on 31st March	FY20	FY21	FY22	FY23E	FY24E
Equity share capital	0	0	11	11	11
Preference Share Capital	0	0	0	0	0
Reserves & surplus	197	244	479	589	723
Shareholders funds	198	244	490	600	733
Secured loans	34	33	22	13	13
Unsecured loans	2	0	0	0	0
Borrowings	36	34	22	13	13
Minority interest	0	0	0	0	0
Sources of funds	234	278	512	612	746
Gross block	121	163	253	473	538
Depreciation	29	42	64	95	136
Net block	92	120	189	378	402
Capital work in progress	19	22	32	54	40
Total fixed assets	111	143	221	431	442
Unrealised profit	0	0	0	0	0
Investments	0	0	0	0	0
Inventories	49	47	82	75	92
Sundry debtors	38	47	65	71	87
Cash and equivalents	26	3	86	30	97
Loans and advances	7	16	11	12	15
Other current assets	0	0	0	0	0
Total current assets	120	113	245	188	291
Sundry creditors and others	9	10	21	24	29
Provisions	1	2	2	2	2
Total CL & provisions	10	12	23	25	30
Net current assets	109	101	222	163	261
Net Deferred tax	-3	-3	-2	-2	-2
Misc expenditure	16	37	71	20	45
Uses of funds	234	278	512	612	746
Book value per share (INR)	2,080	2,572	92	113	138

Cash flow statement

Year to March	FY20	FY21	FY22	FY23E	FY24E
Net profit	41	69	101	110	134
Add: Depreciation	14	14	22	31	40
Add: Misc expenses written off	3	-21	-33	51	-25
Add: Deferred tax	-1	0	-1	0	0
Add: Others	0	0	0	0	0
Gross cash flow	57	61	88	191	149
Less: Changes in W. C.	-5	15	38	-3	30
Operating cash flow	62	46	50	194	119
Less: Capex	30	45	100	241	51
Free cash flow	32	2	-50	-47	68

Long Term Recommendation

Tarsons Products Ltd.

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Ratios

Year to March	FY20	FY21	FY22	FY23E	FY24E
ROAE (%)	24.4	31.2	27.4	20.2	20.1
ROACE (%)	25.0	34.7	32.9	25.0	25.3
Debtors (days)	79	75	79	75	75
Current ratio	11.5	9.7	10.7	7.5	9.6
Debt/Equity	0.2	0.1	0.0	0.0	0.0
Inventory (days)	101	74	100	80	80
Payable (days)	19	16	26	25	25
Cash conversion cycle (days)	161	133	153	130	130
Debt/EBITDA	0.5	0.3	0.1	0.1	0.1
Adjusted debt/Equity	0.0	0.1	(0.1)	(0.0)	(0.1)

Valuation parameters

Year to March	FY20	FY21	FY22	FY23E	FY24E
Diluted EPS (INR)			19.0	20.8	25.2
Y-o-Y growth (%)			NA	9.2	21.6
CEPS (INR)			23.1	26.6	32.9
Diluted P/E (x)			35.9	32.9	27.0
Price/BV(x)			7.4	6.0	4.9
EV/Sales (x)			11.8	10.5	8.4
EV/EBITDA (x)			23.3	20.9	16.6
Diluted shares O/S			5.3	5.3	5.3
Basic EPS			19.0	20.8	25.2
Basic PE (x)			35.9	32.9	27.0
Dividend yield (%)			0.0	0.0	0.0

Long Term Recommendation Tarsons Products Ltd.

Poised for strong growth supported by inimitable business model

The Team

Analysts	Sector
Vinay Khattar	Head of Research
Sandeep Raina	Head - Fundamental
Sagar Doshi	Head - Trading
Arun Jain	Practice Head - Trading
Kavita Chacko	Chief Economist
Dharmesh Kant	Practice Head - Trading
Praveen Sahay	Consumption, Healthcare, Building Materials
Kapil Jagasia	Consumption, Textile, QSR, Retail
Raj Jha	BFSI, NBFC
Jigar Jani	BFSI, NBFC
Anshul Verdia	Power, Chemicals
Himanshu Yadav	Cement, Logistics, Mid-caps
Sushil Sharma	IT, Capital Goods, Defence
Mohit Gupta	Auto, Auto-Anc.
Tushar Chaudari	Metals, Mid-Caps
Parag Shah	Technical Analyst
Ankit Narshana	Option Trader

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Ketan Malkan	Mumbai
Vikas Sharma	Bengaluru
Abhishek Agarwal	Kolkata
Vivek Khanna	Delhi

Coverage Universe

Sr. No	Coverage
1	Aditya Birla Fashion & Retail Ltd
2	Aegis Logistics Ltd
3	Amber Enterprises India Ltd
4	Astral Ltd
5	Balaji Amines Ltd
6	Bata India Ltd
7	Birla Corporation Limited
8	Can Fin Homes Ltd
9	Century Plyboards India Ltd
10	Cholamandalam Inv and Finance Ltd
11	City Union Bank Ltd
12	CreditAccess Grameen Ltd
13	Crompton Greaves Consumer Electricals Ltd
14	CSB Bank Ltd
15	Deepak Nitrite Ltd
16	Easy Trip Planner Ltd
17	Escorts Ltd
18	Finolex Industries Ltd
19	Home First Finance Company India Ltd
20	Indo Count Industries Ltd
21	K P R Mill Ltd
22	KNR Constructions Ltd
23	Krishna Institute of Medical Sciences Ltd
24	Lumax Industries .Ltd
25	Metropolis Healthcare Ltd
26	Minda Industries Ltd
27	Motherson Sumi Ltd
28	Navin Fluorine International Ltd
29	Neogen Chemicals Ltd
30	Newgen Software Technologies Ltd
31	Orient Electric Ltd
32	PSP Projects Ltd
33	Rossari Biotech Ltd
34	Shriram Transport Finance Company Ltd
35	SRF Ltd
36	Vinati Organics Ltd
37	Voltas Ltd
38	Westlife Development Ltd
39	Zyduz Wellness Ltd
40	Tarsons Products Ltd

Sr. No	Tactical Buy
1	ACC Ltd
2	Ajanta Pharma Ltd
3	Ambuja Cements Ltd
4	Ashok Leyland Ltd
5	Axis Bank Ltd
6	Bharat Electronics Ltd
7	Brigade Enterprises Ltd
8	DLF Ltd
9	eClerx Services Ltd
10	Globus Spittits Ltd
11	GNA Axles Ltd
12	HDFC Life Insurance Co. Ltd
13	ICICI Bank Ltd
14	Indusind Bank Ltd
15	Jamna Auto Industries Ltd
16	JK Cement Ltd
17	Larsen & Toubro Ltd
18	Mahindra and Mahindra Ltd
19	Max Financial Services Ltd
20	Max Healthcare Institute Ltd
21	PNC Infratech Ltd
22	RBL Bank Ltd
23	Sun Pharma Ltd
24	TechMahindra Ltd
25	Ultratech Cement Ltd

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Head Research

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