

Research Report

MMM - YYYY

Invest

Table with 2 columns: COMPANY, STOPLOSS PRICE. Rows include Tube Investment, SKF India, Kajaria Ceramics, AIA Engineering, City Union Bank.

* Please consider selling if the stock price falls below the stop loss

Invest

Tube Investments of India Ltd (TIIL)

TIIL operates through 3 segments - engineering, bicycles, and metal formed products. Engineering segment is engaged in manufacturing of cold drawn welded and electric resistance welded tubes.

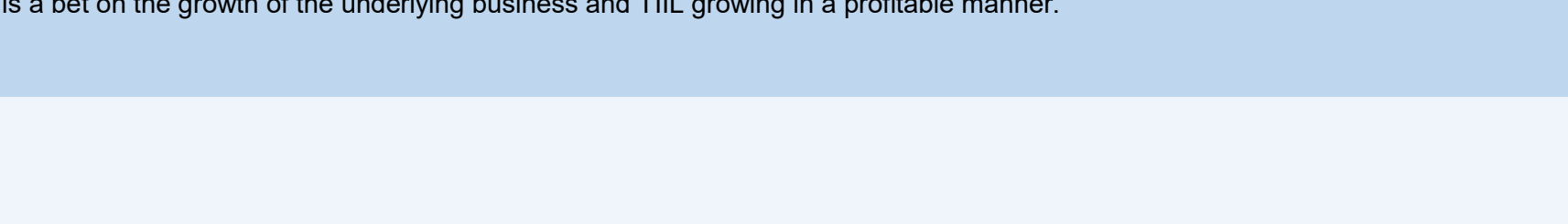
Company performance metrics for Tube Investments of India Ltd (TIIL) including financial ratios, market data, and peer comparisons.

Positives:

- Decent RoCE of 14.12 and RoNW of 15.5.
Revenues have been growing at a good clip.

Negatives:

- D/E has gone up to 0.59 which is a bit high.
Business need regular infusion of cash which is a drag on the cash flows.



Discussion

TIIL is in a niche business and it has an opportunity to grow as the segments it operates in are growing. Mix of businesses makes it a bit tricky to value as they cater to diverse segments.

SKF India Ltd (SKF)

SKF offers bearings and its components servicing automotive and Industrial sectors. It is a supplier of products solutions and services within rolling bearings, seals, mechatronics and lubrication systems.

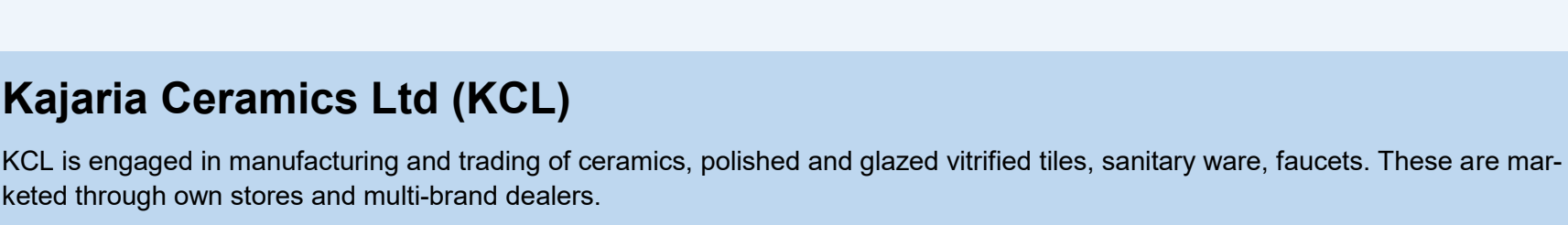
Company performance metrics for SKF India Ltd (SKF) including financial ratios, market data, and peer comparisons.

Positives:

- Decent RoCE of 24.6 and RoNW of 19.04
Margins are decent and there is no debt.

Negatives:

- Sales growth is not as high as we would like it to be.
Business needs regular infusion of cash this could be a drag on the cash flows.



Discussion

SKF operates in an interesting niche and has an opportunity to grow. Demand for their products could be impacted by the economic cycle. This investment is a bet on the overall industry recovery and SKF continuing to grow in a profitable manner.

Kajaria Ceramics Ltd (KCL)

KCL is engaged in manufacturing and trading of ceramics, polished and glazed vitrified tiles, sanitary ware, faucets. These are marketed through own stores and multi-brand dealers.

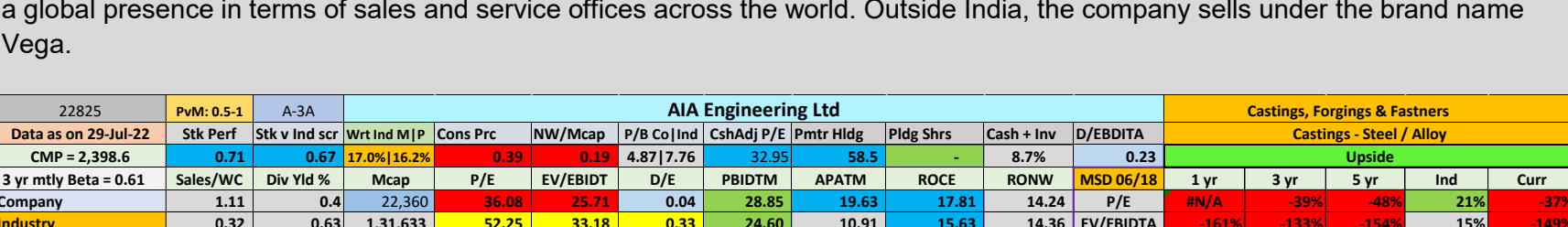
Company performance metrics for Kajaria Ceramics Ltd (KCL) including financial ratios, market data, and peer comparisons.

Positives:

- Decent return parameters with RoCE of 21.6 and RoNW of 17.24
D/E of 0.08 is low.

Negatives:

- Sales and profit growth has been a bit sluggish over the last 18 to 24 months.
Working capital has grown faster than sales this is a concern.



Discussion

KCL is the market leader with about 60% market share. KCL's business is linked to the real-estate business as that is a key source of demand. KCL market leadership and low debt give it an opportunity to come out of the down turn with a better health than the competition and thus giving it a chance to do well once the market revives.

AIA Engineering Ltd (AIAEL)

AIAEL is a certified ISO 9000 company, specializes in design, development, manufacture, installation and servicing of high chromium wear, corrosion and abrasion resistant parts used in cement, mining and thermal power generation industries.

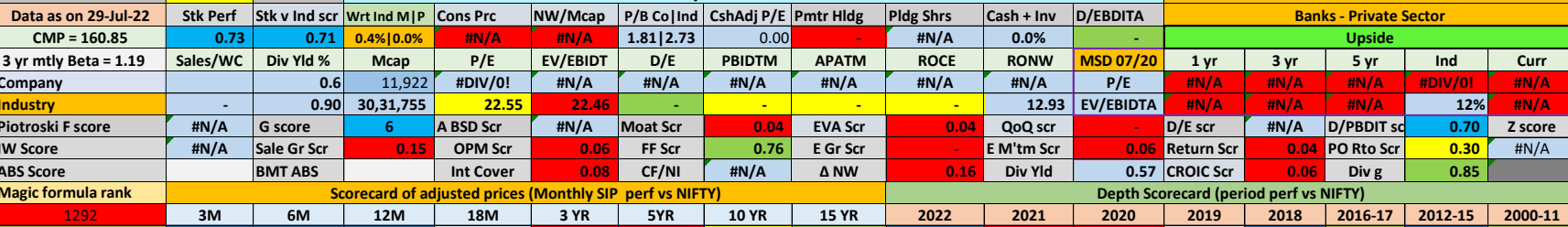
Company performance metrics for AIA Engineering Ltd (AIAEL) including financial ratios, market data, and peer comparisons.

Positives:

- Decent return parameters with RoCE of 19.6 and RoNW of 17.8.
D/E of 0.04 is low and profit margins are in the early 20ies.

Negatives:

- Industry is bit cyclical and this is also reflected in the stock price movement.
Sales growth has been below par and working capital has grown faster than sales.



Discussion

AIAEL is in an interesting space and has a potential to grow as Indian industry continues to make investments are made in India. Risks would be cyclicality of demand and risk of inflation and recession.

This investment is a bet on the overall Indian economy, industry and AIAEL being a well run company.

City Union Bank Ltd (CUB)

The main focus of CUB is lending to MSME, Retail / Wholesale Trade with granular asset profile including providing short term and long term loans to agricultural sector.

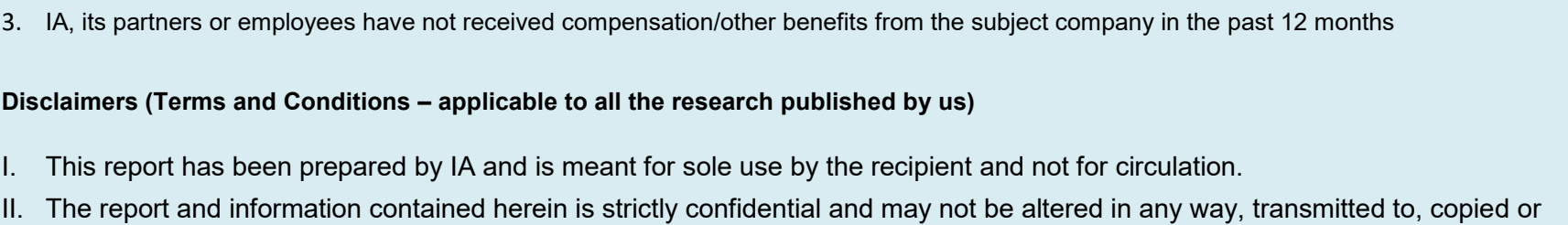
Company performance metrics for City Union Bank Ltd (CUB) including financial ratios, market data, and peer comparisons.

Positives:

- Has been a well run franchise.
Focus on SME & MSME business can improve the overall returns.

Negatives:

- Relatively small size.
Last couple of years has been a challenge for CUB



Purchase / Performance History

CUB's business model is targeted towards SME's and MSME's and is predominantly a retail franchise. They are a conservatively run bank, it has been consistency delivering decent growth for a long time.

This investment is a bet on banking sector as well as CUB being a well run franchise.

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