

# NEWSLETTER

## FEB 22, 2025

### Market Sense

Financial Insights page in Dashboard

Primary Market Offerings - Hexaware Technologies

Quality Power Electrical Equipments



Dashboard



Indicators on TradingView



Realtime Alerts



Discussion Group



Watch Pro-Setups Intro Video



www.pro-setups.com



@ProSetups\_

Nifty500



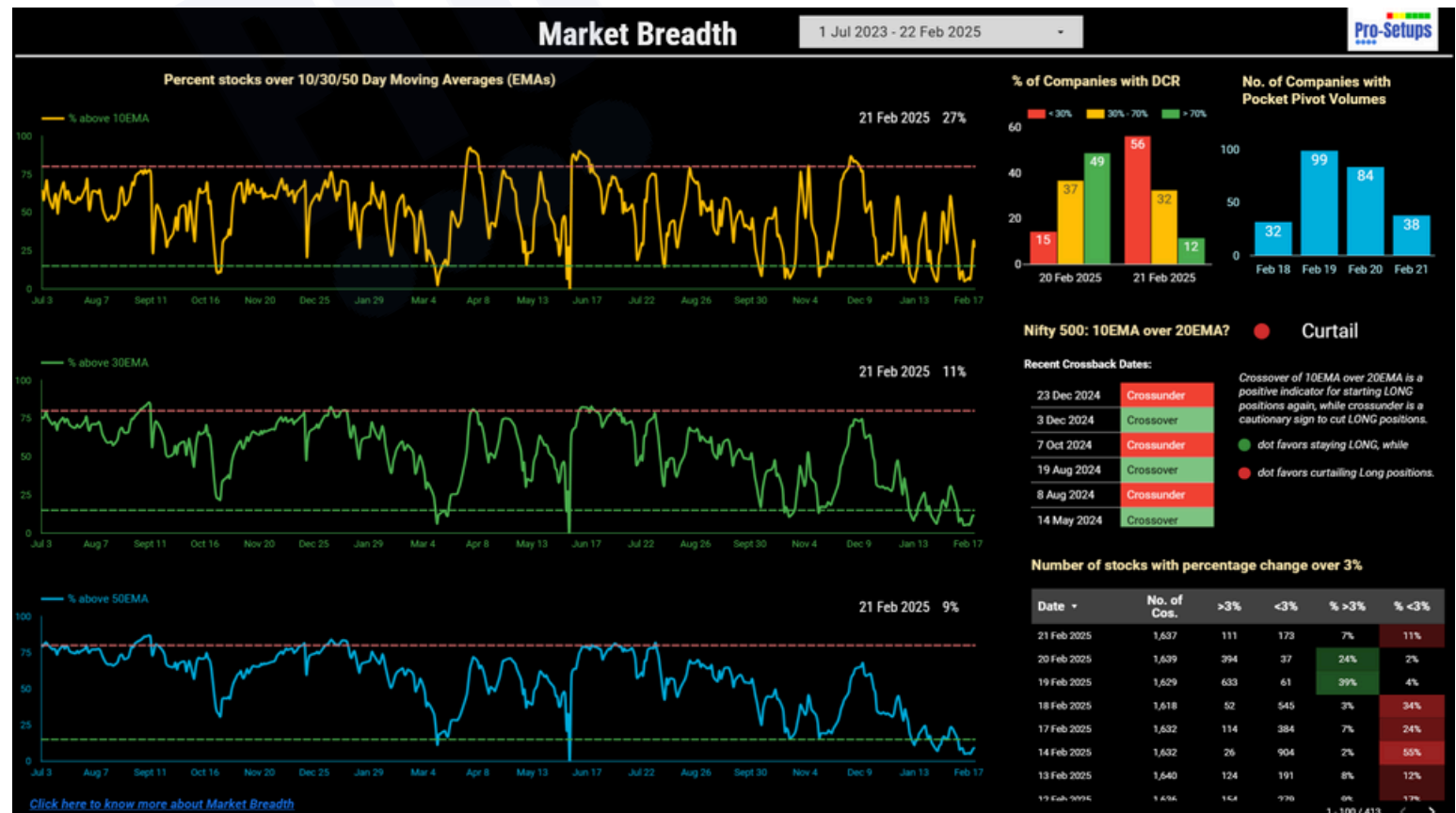
Weekly Market Update

This week, the Indian stock market experienced minimal movement, with the Nifty500 remaining largely flat, although benchmark indices like Nifty50 and Sensex were negative. Broader markets showed some resilience as midcaps and smallcaps outperformed largecaps. The earnings season has concluded, and now these markets await clarity on earnings growth to regain momentum. Persistent U.S. trade war tensions continue to affect export-driven industries. But more than tariffs, it's the continued outflow of FII money, amidst high valuation and low growth are leading to current fall.

For value investors, the current market conditions may present opportunities to acquire fundamentally sound businesses at more attractive prices. With the results season now behind us, the focus should shift to identifying stocks that demonstrated resilience and received positive feedback despite the challenging market conditions.

The Nifty500 will face **resistance at its declining 50EMA** on any bounce. A real test lies ahead when it reaches towards this level. Traders should **consider waiting for the Nifty500's 10EMA to cross above the 20EMA, and increasing exposure only when the 50EMA begins to trend upwards**. Until the 50EMA is under control, it's prudent to either limit trading activity or use tight stops and modest profit targets when trading. We are not out of the woods yet, so caution remains advisable.

Lastly, don't forget to check our **new fundamental page in your Dashboard** for a **valuation calculator** and more insights!



The market breadth was **extremely oversold** when we ended previous week. This week, we saw bounce in mid-caps and small-caps, though not significant. It still remains a sell-on-rise market, especially when approaching the declining 50EMA. (For reference: we consider the market to be in the oversold zone when all three key EMAs touch the green line at the bottom.)

New Financial Insights page in Dashboard

We have added a new Financial Info page in the Dashboard, which in addition to relevant financial charts, also allows you to arrive at the **valuation** of the company using relative valuation multiples.

Charts are included to give you quick overview of Revenue, Margins, RoE, DuPont analysis, Liquidity ratios and Solvency ratios.

Let's analyze the **potential future valuation of Bajaj Auto** using a simplified financial model. Over the past three years, Bajaj Auto has demonstrated revenue growth ranging from 10% to 23%, maintained consistent PAT margins between 16% and 17%, and traded at a P/E multiple of approximately 20x to 35x.

Let's assume that Bajaj Auto will grow its revenue by 15% each year for the next three years, maintains a PAT margin of 17%, and trades at a P/E multiple of 30x by the end of the third year.

This will value the company at ₹13,859 per share at the end of third year from now and give your investment a gain of around 18% per annum if you invest at current price of ₹8,500.

If instead, Bajaj Auto achieves higher revenue growth rates say, growing by 25% annually for three years, while maintaining similar profitability and valuation, your investment return could rise substantially as well - potentially yielding around 28% p.a., depending on how these projections translate into actual market performance.

**This type of analysis can now be easily performed using new Financial Insights page on our Dashboard!**

In addition to using **P/E multiples** for such analysis, you can also use **EV/EBITDA** or **P/Sales multiples**.



Symbol: BAJAJ\_AUTO (1)
Pro-Setups

### Bajaj Auto

Sector: Automobiles

Price: ₹8,506.1

Market Cap: ₹237,574 cr

Fundamental Score: 78

#### Calculate Expected Valuation after 3 years

*In the long run, a stock's price reflects the company's expected financial performance. The simplest way to value a company is by forecasting revenue growth and profitability, then applying a valuation multiple. In the input options given below, assume a revenue compounded annual growth rate (CAGR) for the next three years, an EBITDA or PAT margin to estimate future profit, and an expected multiple to determine the company's valuation after three years. You can take cues from the charts given below.*

Input your Assumptions: Valuation criteria: P/E multiple

3 Year Revenue CAGR (%) 25

Expected EBITDA or PAT Margin (%) 17

Valuation multiple (x) 30

Market Cap after 3 years  
**₹497,079 cr**

Price after 3 years  
**₹17,797**

CAGR after 3 years  
**27.9%**

#### Financial Information in Charts

##### Annual Sales (₹ cr.)

FY	FY20	FY21	FY22	FY23	FY24
Value	29,919	27,741	33,145	36,455	44,870

##### Annual Sales Growth Y/Y

FY	FY21	FY22	FY23	FY24
Growth	-7.3%	19.5%	10.0%	23.1%

##### Valuation

	FY20	FY21	FY22	FY23	FY24	Current
P/Sales	2.0x	3.8x	3.2x	3.0x	5.7x	4.8x
EV/EBITDA	11.4x	21.5x	20.0x	17.0x	29.3x	25.2x
P/E	11.2x	21.9x	17.1x	18.1x	33.1x	31.5x
P/BV	2.5x	4.9x	3.9x	3.7x	8.7x	8.2x

##### Quarterly Sales (₹ cr.)

Q	Dec 2023	Mar 2024	June 2024	Sep 2024
Value	12,165	11,555	11,932	13,247

##### Quarterly Sales Growth Y/Y

Q	Dec 2023	Mar 2024	June 2024	Sep 2024
Growth	31%	29%	16%	22%

##### Quarterly Sales Growth Sequential (Q/Q)

Q	Dec 2023	Mar 2024	June 2024	Sep 2024
Growth	12%	-5%	3%	11%

#### Margins

##### Annual EBITDA Margin %

FY	FY21	FY22	FY23	FY24
Margin	17.8%	15.8%	17.7%	17.7%

##### Annual PAT Margin %

FY	FY21	FY22	FY23	FY24
Margin	17.5%	16.5%	16.6%	17.2%

##### Quarterly EBITDA Margin %

Q	Dec 2023	Mar 2024	June 2024	Sep 2024
Margin	19.9%	19.8%	19.9%	20.9%

##### Quarterly PAT Margin %

Q	Dec 2023	Mar 2024	June 2024	Sep 2024
Margin	16.1%	17.4%	16.3%	16.7%

#### DuPont Analysis

##### Return on Equity

FY	FY21	FY22	FY23	FY24
ROE	20%	22%	20%	26%

##### Fixed Asset Turnover Ratio

FY	FY21	FY22	FY23	FY24
Ratio	16.5x	18.9x	15.6x	14.8x

##### Equity Multiplier

FY	FY21	FY22	FY23	FY24
Ratio	0.1x	0.1x	0.1x	0.1x

#### Liquidity Ratios

##### Working Capital to Sales

FY	FY23	FY24
Ratio	1%	17%

##### OCF to PAT Ratio

FY	FY21	FY22	FY23	FY24
Ratio	0.6x	0.7x	0.9x	0.9x

#### Solvency Ratios

##### Debt:Equity Ratio

FY	FY21	FY22	FY23	FY24
Ratio	0.0x	0.0x	0.0x	0.1x

##### Interest Coverage Ratio

FY	FY21	FY22	FY23	FY24
Ratio	700.5x	575.1x	156.0x	139.1x

# HEXAWARE TECHNOLOGIES LIMITED, NSE: HEXT



**Sector:** IT

**Issue size:** ₹8,750 crore, 100% Offer for sale

**Industry:** IT - Software

**IPO price:** ₹708

**Market Cap:** ₹43,025 crores

Hexaware Technologies is a global digital and tech services company specializing in **AI-driven solutions** for digital transformation and operations. It serves six industries: Financial Services, Healthcare & Insurance, Manufacturing & Consumer, Hi-Tech & Professional Services, Banking, and Travel & Transportation. The company leverages AI-enabled platforms such as RapidX™, Tensai®, and Amaze®.



## Hexaware got delisted in 2020 and this IPO is its relisting



Hexaware serves clients across the **Americas, Europe, and the Asia-Pacific region**, including **India and the Middle East**. As of September 30, 2024, it had 32,536 employees.

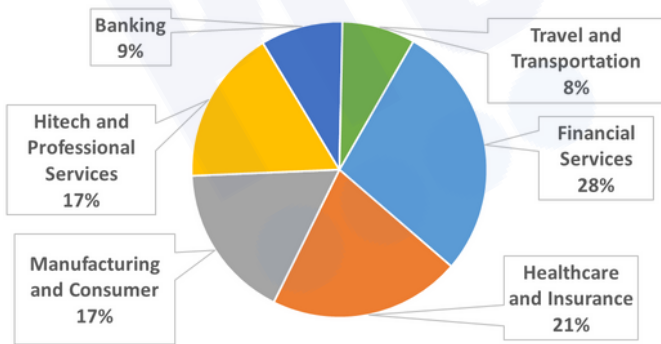


Company offerings include **Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services**.

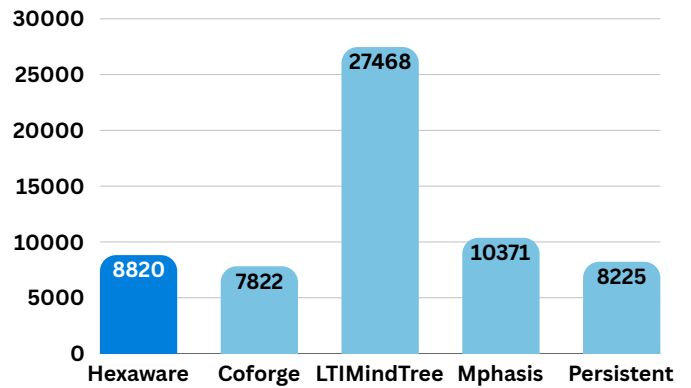


- ↳ **Design & Build:** Help companies launch new products and drive transformation through digital technologies. Our expertise includes custom and off-the-shelf software like ERP.
- ↳ **Secure & Run:** Optimizes IT operations for customers' complex IT estates spanning applications, middleware, data, end user devices and hybrid infrastructure
- ↳ **Data & AI:** Using AI and ML, company transform data into actionable insights and informed predictions.
- ↳ **Optimize:** Gen AI-powered business process services enhance personalization, automation, analytics, and talent management across industries.
- ↳ **Cloud Services:** form the foundation of company offerings, and leverage cloud capabilities across company service lines.

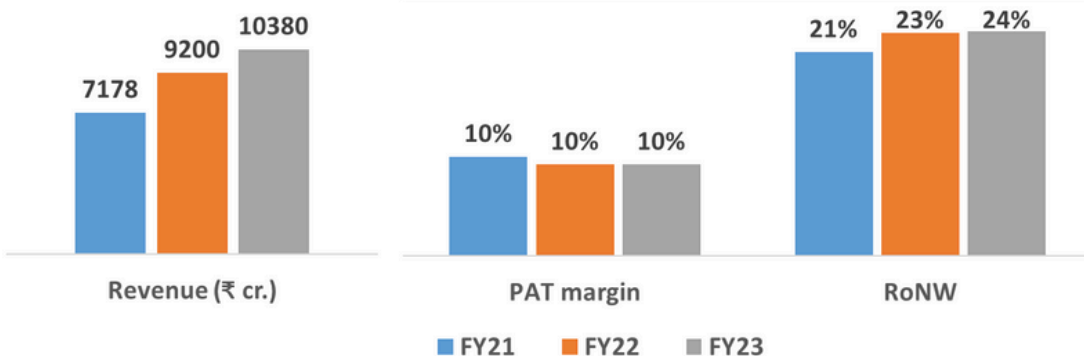
Revenue from Operations (%)



Peer Analysis based on Revenue 9MFY24 (₹. cr)



Key Financials



# QUALITY POWER EQUIPMENTS LIMITED



**Sector:** Power

**Industry:** Power Infra, Trans Equipment & Services

**Market Cap:** ₹ 3,291 crores

**Issue size:** ₹859 cr., including Offer for sale of ₹634 cr.

**IPO price:** ₹401 - ₹425

Incorporated in 2001, Quality Power Electrical equipment Limited is engaged in the business of energy transition equipment and power technologies. The company provides high-voltage electrical equipment and solutions for grid connectivity and energy transition, specializing in power products across generation, transmission, distribution, and automation sectors.



The company manufactures critical high-voltage equipment for **High Voltage Direct Current (HVDC)** and **Flexible AC Transmission Systems (FACTS)** networks. These equipment and networks form key components for energy transition from renewable sources to traditional power grids. Further, these products are customised, have a typical life of over 15 years and are used in long term critical energy projects



The company operates 3 manufacturing facilities in **Maharashtra & Kerala** and a facility in Turkey for design, assembly & project management.

Through its subsidiary, **Endoks**, it provides energy solutions specializing in **smart grid technologies** and **power quality management**.



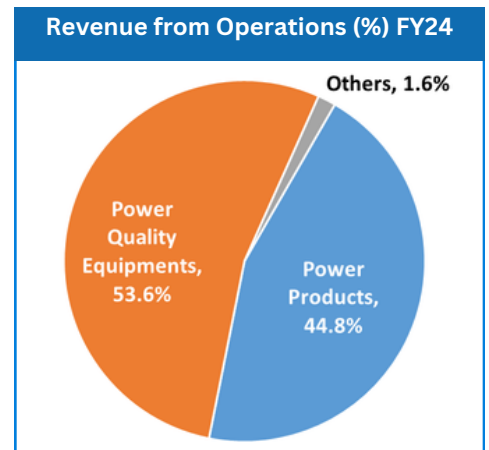
The Company has a strong global presence, with over **75% of its revenue** coming from international markets



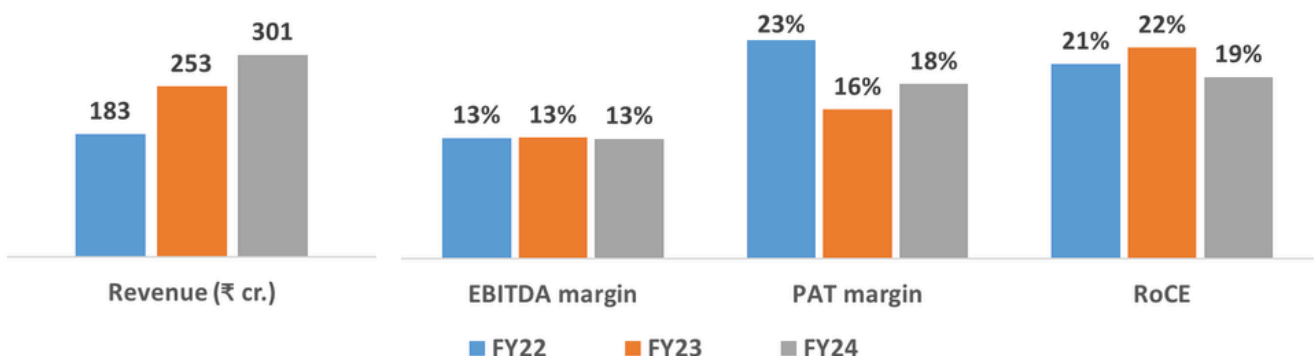
The Company is active in **inorganic growth**, having acquired 51% stake in Turkey based company - Endoks in 2011, Kerala based S&S Transformers in 2019, Bengaluru based EPEC in 2022, minority investment in Chennai based Nebeskie.



Out of the IPO proceeds, the Company will use **₹117 cr. for acquisition of a 51% stake in Rajasthan based Mehru Electrical and Mechanical Engineers**. The principal business of Mehru is to manufacture, and sell control and realy panels, switch gear panels, transformers (CT), and other power & transmission products.



## Key Financials



This Pro-Setups Newsletter has been prepared by **Shivpuns Analytics Private Limited** (hereinafter referred to as 'SAPL') and is meant for sole use by the recipient(s) and not for circulation.

No part of the Newsletter may be copied or duplicated in any form by any means or redistributed without the written consent of SAPL.


The stocks mentioned in the Newsletter are not to be considered as recommendations. The recipient must do his own diligence and analysis in buying or selling the stocks mentioned in the Newsletter. The recipient is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing. Investments in securities market are subject to market risks, and recipients are requested to read all the related documents carefully before investing. Derivatives (i.e. Futures & Options) are sophisticated investment device and its trading involves substantial risk & leverage and is not appropriate for all investors. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

As investors ourselves, we may have positions in some of the stocks.

The Newsletter should be read and relied upon at the sole discretion and risk of the recipient. If you are dissatisfied with the contents of the Newsletter or with the terms of this Disclaimer, you should unsubscribe from the website [www.pro-setups.com](http://www.pro-setups.com) by sending an email to [puneet@pro-setups.com](mailto:puneet@pro-setups.com). SAPL shall not be responsible or liable in any manner, directly or indirectly, for the losses or the damages sustained due to the investments made or not made, or any action taken or not taken, on basis of the Newsletter, including but not restricted to, fluctuation in the prices of shares, derivatives and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, lost profits, or lost opportunity etc. SAPL also assumes no responsibility for the improper or delayed functioning of the external website(s) or software(s) (such as [www.tradingview.com](http://www.tradingview.com)) for which the access may have been given to the recipient.

The Newsletter is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject SAPL or its affiliates to any registration or licensing requirement within such jurisdiction. If the Newsletter is inadvertently sent or has reached any individual in such country, especially, United States of America, the same may be ignored and brought to the attention of the sender.

## Contact:

 [www.pro-setups.com](http://www.pro-setups.com)

 [puneet@pro-setups.com](mailto:puneet@pro-setups.com)

 [@ProSetups\\_](#)

 [Join ProSetupsChannel](#)