

## Nitrile Latex Continues to Weigh on Margins; Maintain HOLD

Est. Vs. Actual for Q1FY25: Revenue – **INLINE**; EBITDA – **MISS**; PAT – **MISS**

### Change in Estimates post Q1FY25

FY25E/FY26E: Revenue: 1.8%/5.4%; EBITDA: -2.4%/-2%; PAT: -2.9%/0.2%

### Recommendation Rationale

- Pricing pressure continues in Nitrile Latex:** The company posted robust volume growth and improvement in price realizations for some products. However, overall margins continue to be impacted by market oversupply, particularly in the nitrile latex/gloves segment. According to the management, although demand visibility is improving as the inventory of gloves and nitrile latex decreases, pricing remains low due to excess capacity among Chinese suppliers. Additionally, the management noted that EBITDA from the Valia project is at breakeven levels, with hopes for profitability in the coming quarters as utilization levels are expected to increase.
- Growing exports; signs of recovery across customer segments:** During the quarter, the company reported a 12% YoY volume growth in exports, with export revenue increasing by 18% YoY, accounting for 30% of the total revenue. Robust demand was observed across multiple customer segments, with sectors such as paper, construction, and tyre cords being the strongest. Management commentary suggests that the worst may be over, and the risk of further downside in pricing is limited from here. Going forward, a continued increase in demand is expected to improve utilization levels, leading to a steady improvement in margins.

**Outlook & Guidance:** We are closely monitoring fluctuations in latex and NBR prices, as well as the prices of key raw materials such as Styrene and Butadiene. Prices have remained subdued for over a year due to overcapacity following the Covid-19 pandemic. However, market dynamics have led to some consolidation, which is expected to support price recovery. Management anticipates increased volume uptake, capacity expansion, and improved margins for FY25.

**Current Valuation: 15x FY26E (Earlier 15x FY26E)**

**Current TP: Rs 451 (Earlier TP: Rs 450)**

**Recommendation: We maintain our Hold rating on the stock.**

**Financial Performance:** The company reported revenue of Rs 337 Cr, marking a notable 21% increase YoY and 8% QoQ, in line with our estimate. However, gross margins declined to 26.7%, down by 359 bps compared to the previous quarter. Apcotex reported an EBITDA of Rs 32 Cr, representing a 25% increase YoY and a 1% increase QoQ, missing our estimate of Rs 36 Cr. The company reported EBITDA margins of 9.4%, up by 25 bps YoY but down by 65 bps QoQ. Profit After Tax (PAT) amounted to Rs 15 Cr, reflecting a substantial 22% increase YoY and a 3% decrease QoQ, missing our estimate of Rs 19 Cr.

**Outlook:** Despite being an import substitute in approximately 45% of its product offerings, Apcotex Industries Ltd faces the challenge of remaining price competitive against imports, resulting in lower realizations. However, as global demand-supply dynamics move toward equilibrium, we anticipate the company's margin profile to start inching closer to historical levels in the coming quarters. The company has also been investing in building operating efficiencies and R&D facilities and is expected to improve growth and profitability as the competitive landscape improves.

**Valuation & Recommendation:** We marginally revise our estimates considering recent performance and persistent uncertainties in the sector. While we remain optimistic about a rebound in profitability, we are cautious about the potential risk of prolonged sluggishness. We value the company at 15x FY26E earnings, with a target price of Rs 451 per share, implying a limited downside of 3% from the CMP. **We maintain our HOLD rating on the stock.**

### Key Financials (Consolidated)

| (Rs Cr)       | Q1FY25 | QoQ (%) | YoY (%) | Axis Est. | Variance |
|---------------|--------|---------|---------|-----------|----------|
| Net Sales     | 337    | 8.4%    | 21.2%   | 332       | 1.5%     |
| EBITDA        | 32     | 1.4%    | 24.6%   | 36        | -11.3%   |
| EBITDA Margin | 9.4%   | -65bps  | 25bps   | 10.8%     | -137bps  |
| Net Profit    | 15     | -3.3%   | 22.1%   | 19        | -23.3%   |
| EPS (Rs)      | 2.9    | -3.3%   | 22.1%   | 3.7       | -23.3%   |

Source: Company, Axis Securities Research

(CMP as of 29<sup>th</sup> July, 2024)

|                           |         |
|---------------------------|---------|
| CMP (Rs)                  | 465     |
| Upside /Downside (%)      | -3%     |
| High/Low (Rs)             | 563/383 |
| Market cap (Cr)           | 2,413   |
| Avg. daily vol. (1m)Shrs. | 51,987  |
| No. of shares (Cr)        | 5.18    |

### Shareholding (%)

|          | Dec-23 | Mar-24 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 58.2   | 58.2   | 58.2   |
| FIIIs    | 0.5    | 0.5    | 0.5    |
| Others   | 41.3   | 41.3   | 41.3   |

### Financial & Valuations

| Y/E Mar (Rs Cr) | FY24  | FY25E | FY26E |
|-----------------|-------|-------|-------|
| Net Sales       | 1,125 | 1,351 | 1,696 |
| EBITDA          | 114   | 155   | 227   |
| Net Profit      | 54    | 91    | 156   |
| EPS (Rs)        | 10.4  | 17.5  | 30.1  |
| PER (x)         | 47.4  | 28.2  | 16.4  |
| P/BV (x)        | 4.9   | 4.3   | 3.7   |
| EV/EBITDA (x)   | 23.9  | 16.9  | 11.3  |
| ROE (%)         | 14.2% | 18.9% | 25.4% |

### Change in Estimates (%)

| Y/E Mar | FY25E | FY26E |
|---------|-------|-------|
| Sales   | 1.8%  | 5.4%  |
| EBITDA  | -2.4% | -2.0% |
| PAT     | -2.9% | 0.2%  |

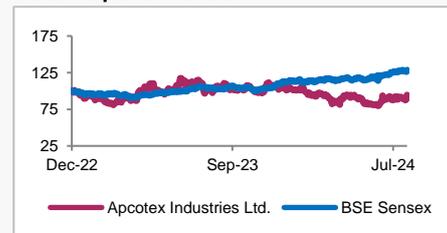
### ESG disclosure Score\*\*

|                             |      |
|-----------------------------|------|
| Environmental Disclosure    | 1.2  |
| Social Disclosure Score     | 15.8 |
| Governance Disclosure Score | 83.6 |
| Total ESG Disclosure Score  | 33.6 |
| Sector Average              | 44.7 |

Source: Bloomberg, Scale: 0.1-100

\*\*Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

### Relative performance



Source: ACE Equity, Axis Securities Research

### Sani Vishe

Research Analyst  
 Sani.vishe@axissecurities.in

### Shivani More

Research Associate  
 Email: shivani.more@axissecurities.in

## Recommendation Rationale & Key Highlights

- **Revenue Mix** stands at Domestic business: 70% and Export: 30%
- **Revenue:** The company reported a 21% YoY growth in revenues in Q1FY25, largely due to the highest quarterly volume growth (14% YoY), a favourable product mix, and improved price realization. Exports increased by 12% YoY, with export revenues reaching 30% of total revenue. EBITDA grew by 25% YoY, with margins at 9.45%, an improvement from 9.18% in Q1FY24 but a decline from 10.08% in Q4FY24. EBITDA per ton improved compared to both Q4FY24 and Q1FY24. The management expects an achievable EBITDA margin of 14-15% in the coming 3-4 years.
- **Segment-Wise Performance:** The growth in the quarter is largely driven by the paper, construction, and tyre cord segments. Most other segments also saw positive demand trends.
- **Valia Plant:** The company invested Rs 150-160 Cr in the Valia plant for the glove project, which has witnessed volume growth. Currently, the plant operates at 50% capacity utilization and is expected to increase to 65-70% over the next two quarters.
- **Taloja Plant:** The company invested Rs 50 Cr in the Taloja plant to expand its product line of Styrene Butadiene and other latex products. This additional capacity is currently running at 70% utilization, with expectations to reach full utilization within the next 12 to 15 months.
- **Nitrile Latex:** Nitrile latex contributed around 10% to total sales. The nitrile latex business operated at a 50% utilization level in Q1FY25. With excess inventory and destocking nearing an end, volume growth is expected to accelerate in the coming years.
- **Capex:** Besides maintenance capex and operating cost reduction projects, management plans to revamp its R&D centre/building at the Taloja facility. Further details regarding the R&D center investments will be provided in the coming days
- **Apcobuild:** Apcobuild showed growth of 12-14% during the quarter but contributed a small portion to overall revenue. Management stated that it is focusing on niche products where the company has certain advantages, such as backward integration in polymer products.
- **Update on Flooding at Taloja Plant:** The plant was mainly closed for safety reasons due to flooding after heavy rains in the first week of June. The exact damage is still being assessed. Some inventory and machinery were damaged, but sales were not impacted as the company had sufficient inventory to meet orders.

## Key Risks to Our Estimates and TP

- Prolonged weakness in Latex Margins and other product margins forcing the company to switch to other products/reduced utilization levels.
- Imposition of Anti Dumping Duties (ADD) resulting in improved competitive position.
- Faster-than-expected ramp-up in utilisation level in new plants

## Change in Estimates

|                   | Revised |       | Old   |       | % Change |       |
|-------------------|---------|-------|-------|-------|----------|-------|
|                   | FY25E   | FY26E | FY25E | FY26E | FY25E    | FY26E |
| Net Sales         | 1,351   | 1,696 | 1,326 | 1,610 | 2%       | 5%    |
| EBITDA            | 155     | 227   | 159   | 232   | -2%      | -2%   |
| EBITDA Margin (%) | 11.5    | 13.4  | 12.0  | 14.4  | -4%      | -7%   |
| PAT               | 91      | 156   | 93    | 155   | -3%      | 0%    |
| EPS               | 17.5    | 30.1  | 18.0  | 30    | -3%      | 0%    |

Source: Company, Axis Securities Research

**Results Review**

| (Rs Cr)                                      | Q1FY24 | Q4FY24 | Q1FY25<br>Axis Est | Q1FY25<br>Actual | YoY<br>% | QoQ<br>% | Axis Var<br>% |
|--|--------|--------|--------------------|------------------|----------|----------|---------------|
| Revenue                                      | 278    | 311    | 332                | 337              | 21.2%    | 8.4%     | 1.5%          |
| Net Raw Material consumed                    | 197    | 216    | 227                | 247              | 25.3%    | 14.0%    |               |
| Employee                                     | 14     | 17     | 19                 | 16               | 18.4%    | -4.5%    |               |
| Other Expenses                               | 41     | 46     | 50                 | 42               | 0.7%     | -100.0%  |               |
| Total Expenditure                            | 252    | 279    | 296                | 305              | 20.9%    | -99.9%   |               |
| EBITDA (core)                                | 25     | 31     | 36                 | 32               | 24.6%    | 1.4%     | -11.3%        |
| EBITDAM                                      | 9.2%   | 10.1%  | 10.8%              | 9.4%             | 25bps    | -65bps   | -137bps       |
| Add: Other income                            | 2      | 2      | 3                  | 2                | 2.8%     | -1.6%    |               |
| EBITDA                                       | 27     | 33     | 38                 | 34               | 23.0%    | 1.2%     |               |
| Less: Depreciation                           | 7      | 8      | 9                  | 10               | 32.4%    | 20.4%    |               |
| EBIT   | 20     | 25     | 30                 | 24               | 19.5%    | -4.9%    |               |
| Less: Net Interest                           | 4      | 4      | 4                  | 4                | 8.3%     | 2.1%     |               |
| Profit Before Extraordinary<br>Items and Tax | 16     | 21     | 26                 | 20               | 22.0%    | -6.2%    |               |
| Less: Extraordinary Expense<br>(net)         |        | -      | -                  | -                |          |          |               |
| Profit Before Tax                            | 16     | 21     | 26                 | 20               | 22.0%    | -6.2%    |               |
| Less: Total Tax                              | 4      | 6      | 7                  | 5                | 21.8%    | -13.4%   |               |
| Profit After Tax                             | 12     | 15     | 19                 | 15               | 22.1%    | -3.3%    | -23.3%        |
| Reported EPS (Rs)                            | 2.3    | 3.0    | 3.7                | 2.9              | 22.1%    | -3.3%    | -23.3%        |

Source: Company, Axis Securities Research

**Financials (Consolidated)**

| <b>Profit &amp; Loss</b> |              |              |              |              | <b>(Rs Cr)</b> |
|--------------------------|--------------|--------------|--------------|--------------|----------------|
| <b>Y/E March</b>         | <b>FY23</b>  | <b>FY24</b>  | <b>FY25E</b> | <b>FY26E</b> |                |
| <b>Net Sales</b>         | <b>1,080</b> | <b>1,125</b> | <b>1,351</b> | <b>1,696</b> |                |
| COGS                     | 708          | 778          | 918          | 1,137        |                |
| Staff costs              | 56           | 65           | 78           | 95           |                |
| Other Expenditure        | 157          | 168          | 199          | 237          |                |
| Total Expenditure        | 921          | 1,011        | 1,195        | 1,469        |                |
| <b>EBITDA</b>            | <b>159</b>   | <b>114</b>   | <b>155</b>   | <b>227</b>   |                |
| <b>EBITDA Margin %</b>   | <b>14.7%</b> | <b>10.1%</b> | <b>11.5%</b> | <b>13.4%</b> |                |
| Depreciation             | 15.2         | 31.5         | 34.5         | 34.1         |                |
| EBIT                     | 143          | 82           | 121          | 193          |                |
| EBIT Margin %            | 13.3%        | 7.3%         | 8.9%         | 11.4%        |                |
| Interest                 | 5            | 16           | 16           | 10           |                |
| Other Income             | 7            | 8            | 16           | 25           |                |
| PBT                      | 146          | 75           | 121          | 208          |                |
| Tax                      | 38           | 21           | 31           | 52           |                |
| <i>Tax Rate %</i>        | <i>25.8%</i> | <i>27.7%</i> | <i>25.2%</i> | <i>25.2%</i> |                |
| <b>PAT</b>               | <b>108</b>   | <b>54</b>    | <b>91</b>    | <b>156</b>   |                |
| EPS                      | 20.8         | 10.4         | 17.5         | 30.1         |                |

Source: Company, Axis Securities Research

**Balance Sheet**
**(Rs Cr)**

| Y/E March                     | FY23      | FY24      | FY25E     | FY26E     |
|-------------------------------|-----------|-----------|-----------|-----------|
| <b>Share Capital</b>          | <b>10</b> | <b>10</b> | <b>10</b> | <b>10</b> |
| Reserves & Surplus            | 466       | 511       | 578       | 684       |
| Net Worth                     | 476       | 522       | 588       | 694       |
| Short Term Borrowings         | 27        | 89        | 20        | 10        |
| Trade Payables                | 102       | 135       | 130       | 163       |
| Other Current Liability       | 13        | 12        | 28        | 34        |
| Total Current Liability       | 180       | 272       | 214       | 243       |
| Long Term Borrowings          | 125       | 94        | 155       | 107       |
| Deferred Tax Liability (Net)  | 12        | 20        | 20        | 20        |
| Total Non-Current Liability   | 147       | 128       | 189       | 141       |
| Total Liabilities             | 327       | 400       | 403       | 385       |
| Total Equity + Liabilities    | 803       | 922       | 991       | 1,079     |
| <b>Assets</b>                 |           |           |           |           |
| Net Block                     | 383       | 384       | 379       | 375       |
| Financial Assets: Investments | 73        | 89        | 89        | 89        |
| Total Non-Current Assets      | 481       | 496       | 483       | 479       |
| Inventories                   | 105       | 125       | 130       | 163       |
| Trade Receivable              | 137       | 203       | 185       | 232       |
| Investments                   | 15        | 22        | 22        | 22        |
| Cash and Cash Equivalents     | 15        | 15        | 106       | 107       |
| Other Current Assets          | 35        | 35        | 44        | 55        |
| Total Current Assets          | 323       | 426       | 508       | 600       |
| Total Assets                  | 803       | 922       | 991       | 1,079     |

Source: Company, Axis Securities Research

**Cash Flows**
**(Rs Cr)**

| Y/E March   | FY23        | FY24       | FY25E      | FY26E       |
|---|-------------|------------|------------|-------------|
| PBT   | 146         | 75         | 121        | 208         |
| Depreciation & Amortization                           | 15          | 32         | 35         | 34          |
| Provision for Taxes                                   | 5           | 16         | 16         | 10          |
| Chg in Deferred tax                                   | -2          | -2         | -20        | 28          |
| Chg in Working cap                                    | -8          | -63        | 53         | -57         |
| Direct tax paid                                       | -35         | -16        | -31        | -52         |
| <b>Cash flow from operations</b>                      | <b>121</b>  | <b>40</b>  | <b>173</b> | <b>171</b>  |
| Chg in Gross Block                                    | -187        | -28        | -30        | -30         |
| Chg in Investments                                    | 32          | -18        | 0          | 0           |
| Chg in WIP  | -24         | 27         | 0          | 0           |
| <b>Cash flow from investing</b>                       | <b>-179</b> | <b>-20</b> | <b>-30</b> | <b>-30</b>  |
| Proceeds / (Repayment) of Short-Term Borrowings (Net) | 7           | 0          | -10        | -60         |
| Repayment of Long-Term Borrowings                     | 102         | 31         | 0          | 0           |
| Finance Cost paid                                     | -5          | -15        | -16        | -10         |
| Dividends paid  | -26         | -28        | -44        | -70         |
| <b>Cash flow from financing</b>                       | <b>71</b>   | <b>-13</b> | <b>-70</b> | <b>-141</b> |
| <b>Chg in cash</b>                                    | <b>13</b>   | <b>8</b>   | <b>69</b>  | <b>0</b>    |
| Cash at start   | 17          | 30         | 38         | 106         |
| Cash at end   | 30          | 38         | 106        | 107         |

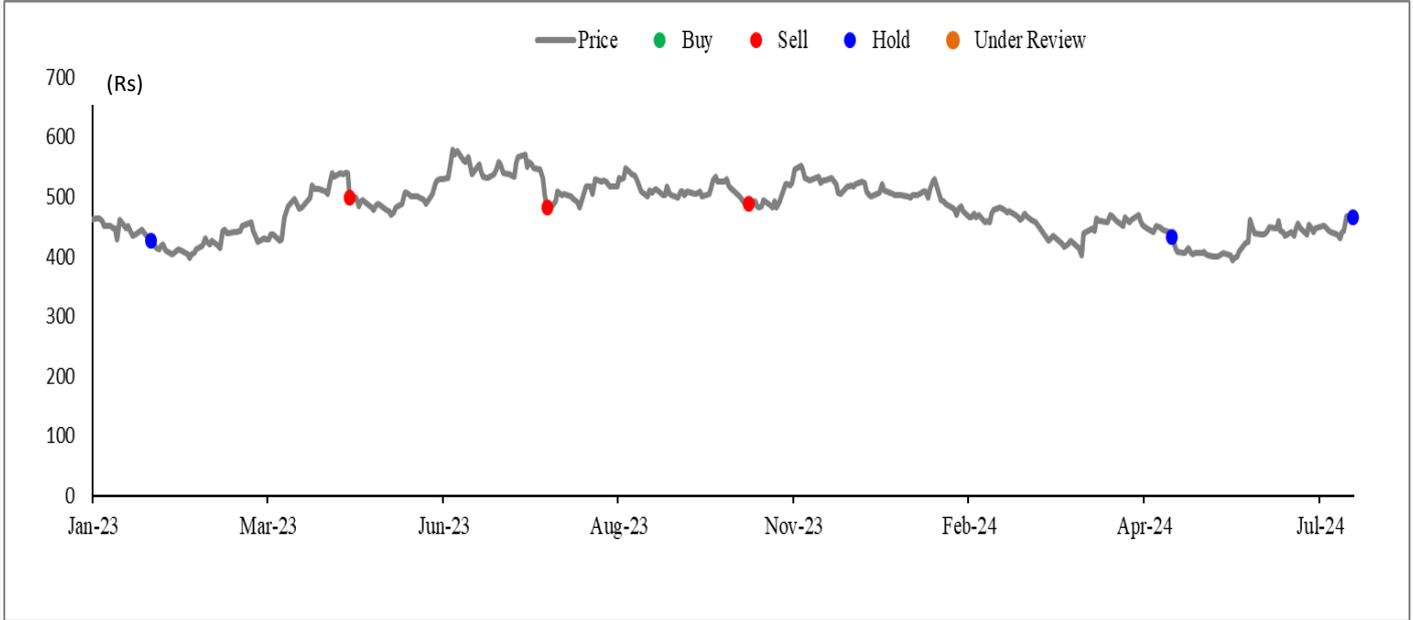
Source: Company, Axis Securities Research

**Ratio Analysis**
**(%)**

| <b>Y/E March</b>           | <b>FY23</b> | <b>FY24</b> | <b>FY25E</b> | <b>FY26E</b> |
|----------------------------|-------------|-------------|--------------|--------------|
| Net Sales                  | 12.9%       | 4.1%        | 20.1%        | 25.6%        |
| EBITDA                     | 13.4%       | -28.1%      | 36.3%        | 46.4%        |
| APAT                       | 9.2%        | -50.1%      | 68.4%        | 71.8%        |
| <b>Per Share Data (Rs)</b> |             |             |              |              |
| Adj. EPS                   | 20.8        | 10.4        | 17.5         | 30.1         |
| BVPS                       | 91.8        | 100.6       | 113.5        | 133.9        |
| DPS                        | 4.1         | 5.7         | 8.6          | 13.6         |
| <b>Profitability (%)</b>   |             |             |              |              |
| EBITDA Margin              | 14.7%       | 10.1%       | 11.5%        | 13.4%        |
| Adj. PAT Margin            | 9.8%        | 6.6%        | 8.2%         | 10.4%        |
| ROCE                       | 17.8%       | 8.9%        | 12.2%        | 17.9%        |
| ROE                        | 22.2%       | 14.2%       | 18.9%        | 25.4%        |
| ROIC                       | 20.2%       | 10.2%       | 15.3%        | 22.0%        |
| <b>Valuations (X)</b>      |             |             |              |              |
| PER                        | 23.7        | 47.4        | 28.2         | 16.4         |
| P/BV                       | 5.4         | 4.9         | 4.3          | 3.7          |
| EV / EBITDA                | 17.0        | 23.9        | 16.9         | 11.3         |
| EV / Net Sales             | 2.5         | 2.4         | 1.9          | 1.5          |
| <b>Turnover Days</b>       |             |             |              |              |
| Asset Turnover             | 3           | 2           | 3            | 3            |
| Inventory days             | 32          | 35          | 35           | 35           |
| Debtors days               | 50          | 50          | 50           | 50           |
| Creditors days             | 34          | 35          | 35           | 35           |
| Working Capital Days       | 49          | 50          | 50           | 50           |
| <b>Gearing Ratio</b>       |             |             |              |              |
| Total Debt to Equity (x)   | 0.3         | 0.3         | 0.1          | 0.0          |

Source: Company, Axis Securities Research

## Apcotex Industries Price Chart and Recommendation History



| Date      | Reco | TP  | Research      |
|-----------|------|-----|---------------|
| 30-Jan-23 | HOLD | 400 | Result Update |
| 02-May-23 | SELL | 440 | Result Update |
| 27-Jul-23 | SELL | 440 | Result Update |
| 30-Oct-23 | SELL | 400 | Result Update |
| 08-May-24 | HOLD | 450 | Result Update |
| 30-Jul-24 | HOLD | 451 | Result Update |

Source: Axis Securities Research

## Disclosures:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, and Stock Broking, the details in respect of which are available on [www.axisbank.com](http://www.axisbank.com).

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073 | PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. JatinSanghani, Tel No. – 022-68555574, Email id – [compliance.officer@axisdirect.in](mailto:compliance.officer@axisdirect.in); Registered Office Address – Axis House, 8th Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai-400025.

Corporate Office Address – Axis Securities Limited, Unit No.002 A, Ground Floor, Agastya Corporate Park- Piramal Realty, Near Phoenix Market City Mall, Kurla (W), Mumbai – 400070.

Administrative office address: Arium Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us [helpdesk@axisdirect.in](mailto:helpdesk@axisdirect.in).

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company (ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor 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.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding

twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

| Ratings      | Expected absolute returns over 12 – 18 months  |
|--------------|--|
| BUY          | More than 10%  |
| HOLD         | Between 10% and -10%   |
| SELL         | Less than -10%   |
| NOT RATED    | We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation. |
| UNDER REVIEW | We will revisit our recommendation, valuation and estimates on the stock following recent events             |
| NO STANCE    | We do not have any forward-looking estimates, valuation or recommendation for the stock                      |

Note: Returns stated in the rating scale are our internal benchmark.

#### List of Research Analyst (Fundamental):

| Sr. No | Name              | Designation        | Sector                            | E-mail                              |
|--------|-------------------|--------------------|-----------------------------------|-------------------------------------|
| 1      | Neeraj Chadawar   | Head of Research   | All Sectors                       | neeraj.chadawar@axissecurities.in   |
| 2      | Preeyam Tolia     | Research Analyst   | FMCG and Retail, Real Estate      | preeyam.tolia@axissecurities.in     |
| 3      | Omkar Tanksale    | Research Analyst   | IT, Telecom, Internet             | omkar.tanksale@axissecurities.in    |
| 4      | Uttamkumar Srimal | Research Analyst   | Cement, Infra, Railway            | uttamkumar.srimal@axissecurities.in |
| 5      | Ankush Mahajan    | Research Analyst   | Pharmaceutical, Hospital, Hotel   | ankush.mahajan@axissecurities.in    |
| 6      | Dnyanada Vaidya   | Research Analyst   | BFSI                              | dnyanada.vaidya@axissecurities.in   |
| 7      | Aditya Welekar    | Research Analyst   | Metal and Mining, Power Utilities | aditya.welekar@axissecurities.in    |
| 8      | Sani Vishe        | Research Analyst   | Chemicals Capital Goods, Mid-cap  | sani.vishe@axissecurities.in        |
| 9      | Eesha Shah        | Research Analyst   | Real Estate, Special Situation    | eesha.shah@axissecurities.in        |
| 10     | Shridhar Kallani  | Research Associate | Auto and Auto ancillaries         | shridhar.kallani@axissecurities.in  |
| 11     | Shikha Doshi      | Research Associate | Cement, Infra, Railway            | shikha.doshi@axissecurities.in      |
| 12     | SuhaneeShome      | Research Associate | FMCG and Retail                   | suhanee.shome@axissecurities.in     |
| 13     | Shivani More      | Research Associate | Chemicals Capital Goods, Mid-cap  | shivani.more@axissecurities.in      |
| 14     | Pranav Nawale     | Research Associate | BFSI                              | pranav.nawale@axissecurities.in     |
| 15     | Darsh Solanki     | Research Associate | Metal and Mining, Power Utilities | darsh.Solanki@axissecurities.in     |
| 16     | ArundhatiBagchi   | Research Associate | Database Analyst, Economy         | Arundhati Bagchi@axissecurities.in  |