AXIS SECURITIES

Result Update
12th Aug, 2024

Birla Corporation Limited
Cement

BUY
Target Price
1505

Passing Through The Challenging Time; Retain BUY

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

Change in Estimates post Q1FY25 (Abs.)

FY25E/FY26E: Revenue: -10%/-8%; **EBITDA:** -36%/-24%; **PAT:** -66%/-38%

Recommendation Rationale

- **Volume growth:** The company reported a volume de-growth of 1% in Q1FY25, attributed to factors such as elections, extreme weather conditions, labour shortages, and increased competitive intensity in operating regions, particularly Rajasthan, Gujarat, and Bihar. Consequently, volume growth remained muted despite improved capacity utilization at the Mukutban unit. Considering the current demand situation, we are revising our volume growth guidance from the earlier 10% CAGR to 8% CAGR over FY24-26E.
- **Decline in EBITDA/tonne:** During the quarter, blended realization dipped by 9% QoQ and 8% YoY due to increased pricing pressure from heightened competitive intensity and industry leaders selling cement at lower prices. In some regions, the price gap between trade and non-trade widened significantly, leading to substantial price declines. Current prices are 2% lower compared to Q1FY25 exit prices and are expected to remain soft for some time. This has resulted in a sharp decline in EBITDA/tonne by 39% QoQ and 13% YoY to Rs 590/tonne. We are therefore revising our EBITDA/tonne growth forecast down by 20%, from the earlier Rs 960/tonne in FY26E to Rs 760/tonne, reflecting the continued softness in cement prices.
- **Robust cement demand in the country:** Cement demand in the country is expected to remain robust due to increased capital spending by the central government on roads, railways, and housing, alongside strong real estate demand. The rising investment in infrastructure development will act as a catalyst for higher cement demand. The industry is projected to grow at a CAGR of 8-9% during FY23-FY26E.

Sector Outlook: Positive

Company Outlook & Guidance: The company refrained from providing guidance on volume growth and EBITDA/tonne this time, considering the prevailing market conditions. Last quarter, it had projected 8-10% growth in both volume and EBITDA/tonne for FY24. The company will continue to ramp up Mukutban operations, with a particular focus on the Maharashtra market to leverage tax incentives. Pricing is expected to remain under pressure.

Current Valuation: 9.5x FY26E EV/EBITDA (Earlier Valuation: 8.5x FY26E EV/EBITDA)

Current TP: Rs 1,505,/share (Earlier TP: Rs 1,800/share)

Recommendation: We maintain our **BUY** recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP-12,400/share), Dalmia Bharat (TP-2120/share), Ambuja Cements (TP-750/share), JK Cement (TP:4920/share), JK Lakshmi (TP-950/share).

Outlook: The current industry scenario is challenging due to increased competitive intensity. The addition of new capacity and aggressive market share acquisition by large players has led to muted industry realizations. The company is ramping up the utilization of its greenfield unit in Mukutban, Maharashtra, which is expected to contribute to revenue and volume growth in the future. Cement demand is anticipated to remain robust, supported by various government initiatives; however, short-term pressure on operating performance is expected to persist. Cement pricing remains a key factor to monitor.

Valuation & Recommendation

The stock is currently trading at 12x and 8.5x FY25E/FY26E EV/EBITDA and EV/tonne of $81 and $75, respectively, which we believe to be attractive. We maintain our **BUY** rating on the stock with a target price of Rs 1,505/share, implying an upside potential of 10% from the current market price (CMP).

Key Financials (Consolidated)

(Rs Cr)	Q1FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	2,190	-18	-9	2,467	-11%
EBITDA	258	-45	-13	341	-24%
EBITDA Margin	11.8%	(600bps)	(60bps)	13.8%	(200bps)
Net Profit	33	-83	-45	90	-64%
EPS (Rs)	4.2	-83	-45	11.7	-64%

Source: Company, Axis Securities Research

(CMP as of 9th Aug, 2024)

CMP (Rs)	1365
Upside /Downside (%)	10
High/Low (Rs)	1802/1061
Market cap (Cr)	10,486
Avg. daily vol. (6m)Shrs.	1,60,500
No. of shares (Cr)	7.7

Shareholding (%)

	Dec-23	Mar-24	June-24
Promoter	62.9	62.9	62.9
FIIs	6.5	6.8	6.0
MFs / UTI	13.9	13.2	13.9
Banks / FIs	0.0	0.0	0.0
Others	16.7	17.1	17.2

Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	9,663	10,385	11,464
EBITDA	1,438	1,765	1,997
Net Profit	421	681	832
EPS (Rs)	54.6	88.4	108.1
PER (x)	31	19	16
P/BV (x)	1.8	1.6	1.5
EV/EBITDA (x)	10	8	7
ROE (%)	6%	9%	10%

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	-10%	-8%
EBITDA	-36%	-24%
PAT	-66%	-38%

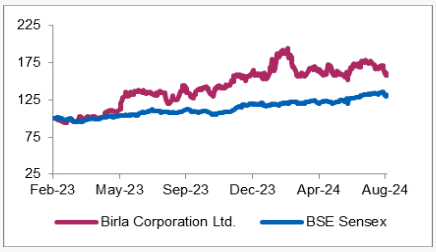
ESG disclosure Score**

Environmental Disclosure	20
Social Disclosure Score	15
Governance Disclosure Score	78
Total ESG Disclosure Score	38
Sector Average	50

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,

Uttam K Srimal
Research Analyst
email:Uttamkumar.srimal@axissecurities.in

ShikhaDoshi
Research Analyst
email: shikha.doshi@axissecurities.in

Financial Performance

- BCL reported results that were below expectations. Volume, revenue, EBITDA, and APAT decreased by 1%, 9%, 13%, and 45% YoY, respectively, due to subdued demand and lower realizations during the quarter. Blended EBITDA declined by 13% YoY to Rs 258 Cr, also below expectations, while the company reported an APAT of Rs 33 Cr, down from Rs 60 Cr last year. Notably, the company's cost/tonne decreased by 8% YoY and 2% QoQ to Rs 4,411/tonne. BCL's EBITDA/tonne was Rs 590, down 13% YoY and 39% QoQ.

- The company reported an EBITDA margin of 11.8% (compared to our estimate of 13.8%) and 12.4% YoY. Sales volumes for the quarter declined by 1% YoY to 4.38 million tonnes per annum (mntpa). It reported a blended realization of Rs 5,001 per tonne, down 8% YoY and 9% QoQ.

Key Concall Highlights

- **Volume de-growth:** During the quarter, the company experienced a 1% decline in volume to 4.38 mtpa YoY, achieving a 91% capacity utilization. Cement sales were impacted by the general elections and extreme weather conditions in some of the company's key markets. The Mukutban unit of the company's subsidiary, RCCPL Private Limited, continued to consolidate sales in its core markets while extending its footprint into secondary markets. The company has been optimizing the variable cost of production at Mukutban, which has been making positive contributions to EBITDA over the past three quarters.

- **Capacity Expansion:** The company has ambitious plans to boost its production capacity to 30 mtpa by 2030. Initially, it plans to add 5 mtpa to reach this milestone, with further details expected to be unveiled during FY25. Currently, the company's production capacity stands at 20 mtpa, with an additional 1.4 mtpa being constructed for a new Grinding Unit in Prayagraj. Additionally, the company has approved an investment of Rs 425 Cr to enhance the capacity of its Kundanganj unit by 1.4 Mn tonnes within a two-year timeframe. This expansion will be funded through a mix of 25% debt and 75% equity. By FY26-27, the company aims to achieve a total capacity of 25 mtpa, further solidifying its market position.

- **Project Shikhar & Unnati:** In the March quarter of the previous fiscal year, Birla Corporation initiated Project Shikhar, a comprehensive initiative aimed at enhancing operating efficiency and streamlining costs. This initiative involved various operational adjustments and meticulous fine-tuning, which yielded significant results. Both Project Shikhar and Project Unnati are ongoing endeavours, expected to drive further efficiency improvements and generate additional savings as they progress. The company aims to achieve savings of Rs 40-Rs 50 per tonne for FY25/FY26.

- **Trade-Non-trade mix**: During the quarter, the percentage of cement mix sold was 84%, compared to 88% last year, with the remainder being OPC. The mix of trade and non-trade sales was 72% and 28%, respectively, compared to 76% and 24% YoY. The company has been implementing a balanced portfolio strategy, focusing equally on premium and value segments. The share of premium brands now stands at 59%, reflecting a 2% YoY increase. The sales volume of Perfect Plus, the company's flagship brand, grew by 8% over the same period last year.

- **Cement realization lower YoY:** Cement prices fell sharply in Northern, Central, and Eastern India, with prices also under pressure in Western India. Demand remains subdued in the current quarter, while supply-side expansion is anticipated in Central and Eastern Indian markets due to the commissioning of new units. As a result, cement prices are expected to remain under pressure until the third quarter of the current fiscal year. Consequently, cement realization per tonne during the quarter stood at Rs 4,820, marking a 7% decrease. Blended realization per tonne for the quarter was recorded at Rs 5,001, compared to Rs 5,461 from the previous year.

- **Power/Fuel:** Amid unfavourable market conditions, Birla Corporation Limited benefited from a further decline in power and fuel costs, which fell by 20% year-on-year and 8% sequentially. The company optimized its fuel mix and increased the share of renewables in total power consumption to 27%, compared to 23% in the same period last year and 25% in the March quarter. WHRS capacity stands at 43 MW. On a Kcal basis, the cost was Rs 1.48, down from Rs 1.56 in Q4FY24, and is expected to decrease by 5 basis points in Q2FY25.

- **Freight:** Freight cost on a tonne basis was higher by 3% QoQ and flattish YoY at Rs 1322. Additionally, during the quarter, the lead distance was reported at 350 km.

- **Incentives:** The entire project cost of Rs 2,300 Cr for the Mukutban plant is refundable through incentives over the next 20 years. The company booked incentives from the Mukutban plant during the quarter, forecasting incentives of Rs 110 Cr, including those from Mukutban. Total incentives receivable as of now stand at Rs 500 Cr, which primarily includes incentives receivable from the UP government. Incentives for the Kundanganj plant on the old plant have expired.

- **Capex:** During 12MFY24, the company incurred Rs 530 Cr on Capex and is expected to incur Rs 800 Cr in FY25 towards growth and maintenance capex.

- **Debt:** As of June 30, 2024, the total net debt stands at Rs 3,125 Cr, reflecting a marginal increase from Q4FY24. The company is actively working to reduce its borrowing costs, which were 7.90% during the quarter. The current year's debt maturity is Rs 375 Cr.

Key Risks to Our Estimates and TP

- Higher competitive intensity may lower realization and demand in its key markets.
- Higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	9,363	10,492	10385	11464	-10%	-8%
EBITDA	1,131	1,523	1765	1997	-36%	-24%
PAT	231	517	681	832	-66%	-38%

Source: company, Axis Securities Research

Result Review Q1FY25

(Rs Cr)	Quarterly Performance				
	Q1FY25	Q4FY24	Q1FY24	% Chg QoQ	% Chg YoY
Net sales	2190	2656	2,408	-18%	-9.1%
Expenditure	1932	2184	2,111	-12%	-8%
EBITDA	258	472	298	-45%	-13%
Other income	17	26	16	-34%	5%
Interest	86	82	97	4%	-12%
Depreciation	146	150	140	-3%	4%
PBT	44	266	76	-83%	-42%
Tax	11	80	17	-86%	-31%
APAT	33	193	60	-83%	-45%
EBITDA margin (%)	11.8%	17.8%	12.4%	(600bps)	(60bps)
EPS (Rs)	4.2	25.1	7.8	-83%	-45%

Source: company, Axis Securities Research

Volume/ Realization / Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q1FY25	Q4FY24	Q1FY24	% Chg QoQ	% Chg YoY
Volume/mnt	4.38	4.85	4.41	-10%	-1%
Realisation/tonne (Rs)	5001	5477	5461	-9%	-8%
Cost/tonne (Rs)	4411	4503	4786	-2%	-8%
Raw material/tonne (Rs)	666	921	958	-28%	-30%
Staff Cost/tonne (Rs)	337	274	317	23%	6%
Power & Fuel/tonne (Rs)	1004	1000	1153	0%	-13%
Freight/tonne (Rs)	1322	1284	1321	3%	0%
Other Expenses /tonne (Rs)	1082	1024	1038	6%	4%
EBITDA/tonne (Rs)	590	974	675	-39%	-13%

Source: company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E
Net sales	**9663**	**9363**	**10492**
Other operating income	0	0	0
Total income	**9663**	**9363**	**10492**
Raw Material	1581	1436	1565
Power & Fuel	1947	1834	1981
Freight & Forwarding	2280	2424	2655
Employee benefit expenses	556	583	618
Other Expenses	1860	1954	2150
EBITDA	**1438**	**1131**	**1523**
Other income	86	102	105
PBIDT	**1523**	**1233**	**1628**
Depreciation	578	589	601
Interest & Fin Chg.	372	332	328
E/o income / (Expense)	-7	0	0
Pre-tax profit	**580**	**313**	**699**
Tax provision	159	81	182
(-) Minority Interests	0	0	0
Associates	0	0	0
Profit after Tax	**421**	**231**	**517**
Other Comprehensive Income	0	0	0
PAT after Comprehensive Income	**421**	**231**	**517**

Source: company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E
Total assets	14436	14573	15089
Net Block	9228	9342	9370
CWIP	480	480	480
Investments	585	685	1085
Wkg. cap. (excl cash)	-1139	-1154	-1097
Cash / Bank balance	157	112	67
Misc. Assets	5125	5108	5184
Capital employed	**14436**	**14573**	**15089**
Equity capital	77.01	77.01	77.01
Reserves	6674	6828	7268
Minority Interests	0	0	0
Borrowings	3827	3827	3827
Def Tax Liabilities	1104	1104	1104
Other Liabilities and Provisions	2754	2737	2813

Source: company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY24	FY25E	FY26E
Profit before tax	580	313	699
Depreciation	580	589	601
Interest Expenses	372	332	328
Non-operating/ EO item	0	-102	-105
Change in W/C	119	15	-57
Income Tax	-75	-81	-182
Operating Cash Flow	1576	1064	1284
Capital Expenditure	-529	-702	-629
Investments	0	0	0
Others	0	102	105
Investing Cash Flow	-318	-700	-925
Borrowings	-581	0	0
Interest Expenses	-350	-332	-328
Dividend paid	-19	-77	-77
Others	0	0	0
Financing Cash Flow	-950	-409	-405
Change in cash	-950	-409	-405
Opening Cash	206	157	112
Closing Cash	157	112	67

Source: company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY24	FY25E	FY26E
Sales growth	**11%**	**-3%**	**12%**
OPM	14.9%	12.1%	14.5%
Op. profit growth	86%	-21%	35%
COGS / Net sales	60%	61%	59%
Overheads/Net sales	25%	27%	26%
Depreciation / G. block	5%	5%	5%
Effective interest rate (%)	10%	9%	9%
Efficiency Ratios			
Total Asset Turnover (x)	0.67	0.64	0.70
Sales/Gross block (x)	0.80	0.74	0.79
Sales/Net block(x)	**1.05**	**1.00**	**1.12**
Working capital/Sales (x)	0.03	0.04	0.08
Valuation Ratios			
P/E (x)	24.6	45.4	20.3
P/BV (x)	1.58	1.54	1.45
EV/Ebitda (x)	**9**	**12**	**9**
EV/Sales (x)	1.40	1.44	1.25
EV/Tonne $ (x)	82	81	63
Return Ratios			
ROE (%)	6%	3%	7%
ROCE (%)	8	5	8
ROIC (%)	7	5	9
Leverage Ratios	0.56	0.55	0.52
Debt/equity (x)	0.45	0.44	0.36
Net debt/ Equity (x)	2.10	2.63	1.72
Net debt/EBITDA (X)	2.5	1.9	3.1
Interest Coverage ratio (x)	2.5	1.9	3.1
Cash Flow Ratios			
OCF/Sales	17%	11%	12%
OCF/Ebitda	113%	94%	84%
OCF/Capital Employed	14%	9%	10%
FCF/Sales	11.3%	3.9%	6.2%
Payout ratio (Div/NP)			
AEPS (Rs.)	55	30	67
AEPS Growth	806	-46	123
CEPS (Rs.)	130	106	145
DPS (Rs.)	10	10	10

Source: company, Axis Securities Research

Birla Crop Price Chart and Recommendation History

Date	Reco	TP	Research
06-Feb-23	BUY	1,025	Result Update
11-May-23	BUY	1,305	Result Update
10-Aug-23	BUY	1,400	Result Update
07-Sep-23	BUY	1,400	AAA
10-Nov-23	BUY	1,440	Result Update
08-Feb-24	BUY	1,835	Result Update
07-May-24	BUY	1,800	Result Update
12-Aug-24	BUY	1,505	Result Update

Source: Axis Securities Research

Disclaimer

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.

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. Jatin Sanghani, Tel No. – 022-68555574, Email id – 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: Aurum Q Parć, 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.

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

NEERAJ CHADAWAR Digitally signed by NEERAJ CHADAWAR
Date: 2024.08.12 08:46:11 +05'30'

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	Suhanee Shome	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	Arundhati Bagchi	Research Associate	Database Analyst, Economy	Arundhati Bagchi@axissecurities.in