

Overall Miss Led by Weakness in the Chemical Segment

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

Change in Estimates YoY for NALCO post Q1FY25 results:

FY25E/FY26E: Revenue -9%/-5%; EBITDA: -9%/-5%; PAT: -12%/-6%.

Recommendation Rationale

- **Overall Miss:** Nalco's consolidated EBITDA grew by 57% YoY to Rs 934 Cr, on the lower base of Q1FY24 which was impacted by higher power and RM costs last year. EBITDA de-grew by 16% QoQ and missed our/consensus estimate by 22%/18% respectively, despite LME Aluminium prices rising by 15% QoQ (up 11% YoY) to \$2,525/t and coal prices remaining soft in the quarter. This was due to lower revenue from the Chemical segment.
- **Chemicals (Alumina)** business' EBIT fell sharply by 71%/94% YoY/QoQ to Rs 31 Cr. The drop is mainly due to the drop in revenue, which fell sharply by 27%/46% YoY/QoQ to Rs 852 Cr, 43% below our estimate, potentially due to lower external Alumina sales. We note that Alumina prices have averaged ~ \$431/t, up 25%/18% YoY/QoQ in Q1FY25.
- **Aluminium segment's** revenue at Rs 2,535 Cr grew by 4%/3% YoY/QoQ which lagged the 11%/15% YoY/QoQ increase in LME Aluminium prices in Q1FY25. The underperformance could be due to lower metal sales volume and lower metal premiums. Ministry of Mines production data shows that Aluminium production in Q1FY25 stood at 117kt, down 1% YoY, up 1% QoQ and 3% below our estimate. EBIT stood at Rs 806 Cr, up 113%/72% YoY/QoQ, with EBIT margin growing to 32% from 16%/19% in Q1/Q4FY24 respectively. The strong EBIT margin reflects the soft power and RM costs.
- **Alumina refinery expansion:** The 5th stream Alumina refinery of 1 mtpa is expected to be commissioned by H2FY26. The company executed a lease deed for Pottangi Bauxite Mine with the Odisha government in Jun'24. The 3.5 mtpa will secure the bauxite mine for the alumina refinery expansion. Utkal coal blocks D & E of 2 mtpa each will be operated as a single block for cost optimisation. Utkal D has already ramped up to 2 mtpa capacity by the end of FY24.

Sector Outlook: Neutral.

Company Outlook & Guidance: In Jan'24, NALCO's JV Khanij Bidesh India Limited (KABIL) & Argentina's CAMYEN SE signed an agreement for exploration and mining of 5 Lithium brine blocks in Argentina, at an initial cost of Rs 200 Cr. The stock's valuation has re-rated since the news and it peaked at 9.6x 12MF consensus EV/EBITDA in May'24 (A significant premium to the LT average of 4.8x). However, with the recent drop in LME Aluminium prices, the stock is trading at 6.7x EV/EBITDA. We value NALCO at 6.0x now vs 7.0x its FY26E EBITDA given its operating at peak smelting capacity with its earnings sensitive to volatile LME aluminium prices.

Current Valuation: 6.0x EV/EBITDA on FY26E EBITDA (from 7.0x).

Current TP: Rs 180/share (Earlier TP: Rs 215/share)

Recommendation: We downgrade to HOLD from BUY.

Financial Performance: NALCO's Revenue/EBITDA/PAT missed ours and consensus on lower external Alumina sales. Consolidated revenue at Rs 2,856 Cr (down 10%/20% YoY/QoQ), missed our/consensus estimate by ~25%. EBITDA at Rs 934 Cr (up 57% YoY, down 16% QoQ), missed consensus by 18% led by lower topline. PAT stood at Rs 588 Cr (up 76%/3% YoY/QoQ), 20%+ miss vs. our and consensus estimate, led by an EBITDA miss. The company has declared a final dividend of Rs 2/share after the interim dividend to Rs 3/share for FY24.

Outlook: NALCO is consistently operating at its peak refining and smelting capacity (460 ktpa), and the recent softness in thermal coal prices has led to lower Power costs. We revise our LME Aluminium and Alumina prices downwards post the correction in LME Aluminium prices. Our earnings changes reflect an EBITDA decrease over previous estimates led by these lower prices. Furthermore, the valuation is not cheap, in our view, which limits material upside from the CMP.

Valuation & Recommendation: We value the company at 6.0x FY26E EBITDA (from 7.0x) and 0.5x book value of CWIP (unchanged). The TP at Rs 180/share (From 215/share) implies an upside of 3% from the CMP. We **downgrade to HOLD** from BUY rating on the stock.

Key Financials (Consolidated)

| Rs Cr | Q1FY25 | QoQ (%) | YoY (%) | Axis Est. | Variance |
|------------------------|--------|---------|---------|-----------|----------|
| Net Sales | 2,856 | -20% | -10% | 3,769 | -24% |
| EBITDA | 934 | -16% | 57% | 1,203 | -22% |
| EBITDA % | 33% | | | 32% | |
| PAT (excl Exceptional) | 588 | 3% | 76% | 804 | -27% |

Source: Company, Axis Research

(CMP as of 12th Aug 2024)

| | |
|----------------------------|-------------|
| CMP (Rs) | 174 |
| Upside /Downside (%) | 3% |
| High/Low (Rs) | 210/86 |
| Market cap (Cr) | 31,994 |
| Avg. daily vol. (6m) Shrs. | 2,30,14,773 |
| No. of shares (Cr) | 184 |

Shareholding (%)

| | Dec-23 | Mar-24 | Jun-24 |
|------------------------|--------|--------|--------|
| Promoter | 51.28 | 51.28 | 51.28 |
| FII | 11.56 | 8.99 | 10.43 |
| Mutual Funds / UTI | 13.42 | 13.69 | 13.31 |
| Financial Institutions | 0.00 | 0.00 | 0.00 |
| Others | 23.74 | 26.04 | 24.98 |

Financial & Valuations

| Y/E Mar (Rs Cr) | FY24 | FY25E | FY26E |
|-----------------|--------|--------|--------|
| Net Sales | 13,148 | 13,849 | 14,764 |
| EBITDA | 2,871 | 4,368 | 4,526 |
| Net Profit | 1,135 | 2,824 | 2,927 |
| EPS (Rs.) | 10.8 | 15.4 | 16.0 |
| PER (x) | 16.1 | 11.3 | 10.9 |
| P/BV (x) | 2.2 | 1.9 | 1.7 |
| EV/EBITDA (x) | 10.3 | 6.5 | 6.1 |
| ROE (%) | 14.5% | 18.3% | 16.7% |

Change in Estimates (%)

| Y/E Mar | FY25E | FY26E |
|---------|-------|-------|
| Sales | -9% | -5% |
| EBITDA | -9% | -5% |
| PAT | -12% | -6% |

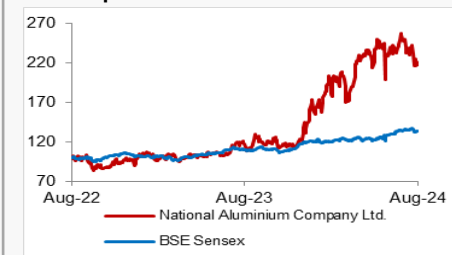
ESG disclosure Score**

| | |
|-----------------------------|-------------|
| Environmental Disclosure | NA |
| Social Disclosure Score | NA |
| Governance Disclosure Score | NA |
| Total ESG Disclosure Score | NA |
| Sector Average | 50.6 |

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, The Sector average is for NSE500 companies

Relative performance



Source: ACE Equity, Axis Securities

Aditya Welekar

Sr. Research Analyst

Email: aditya.welekar@axissecurities.in

Key Risks to Our Estimates and TP

- Capex overrun at the 5th Stream Alumina Refinery expansion can put pressure on the cash flows. Nalco is in the process of setting up of 5th stream in its existing Alumina Refinery which will add 1.0 Million Tonnes (MT) to its existing installed capacity of 2.1 MT. The projected Capex for the expansion has been revised to Rs 6,435 Cr in FY23 from the earlier estimate of Rs 5,540 Cr in FY20. The project cost is likely to be further revised upwards to the Mar'23 price level from the Dec'18 price level.
- Lower/Higher Aluminium/Alumina prices than our assumption could post a downside/upside risk to our TP.
- Lower/higher-than-expected power costs could pose an upside/downside risk to our TP.
- The Lithium exploration is at the nascent stage and any adverse results from the project will lead to risk to our TP/rating.

Change in Estimates

| | New | | | Old | | | % Change | | |
|----------------------|--------|--------|--------|--------|--------|--------|----------|-------|-------|
| | FY24 | FY25E | FY26E | FY24 | FY25E | FY26E | FY24 | FY25E | FY26E |
| Sales | 13,148 | 13,849 | 14,764 | 13,148 | 15,224 | 15,473 | 0% | -9% | -5% |
| EBITDA | 2,871 | 4,368 | 4,526 | 2,871 | 4,824 | 4,751 | 0% | -9% | -5% |
| PAT | 1,135 | 2,824 | 2,927 | 1,135 | 3,212 | 3,109 | 0% | -12% | -6% |
| LME Aluminium (\$/t) | 2,207 | 2,395 | 2,409 | 2,207 | 2,462 | 2,450 | 0% | -3% | -2% |
| Alumina (\$/t) | 345 | 440 | 393 | 345 | 380 | 380 | 0% | 16% | 3% |

Source: Company, Axis Securities

NALCO Results Review

| Consolidated | Q1FY24 Actual | Q4FY24 Actual | Q1FY25 Axis Est | Q1FY25 Consensus | Q1FY25 Actual | YoY % | QoQ % | vs Axis % | vs Consensus % |
|--------------------------------------|------------------|------------------|--------------------|---------------------|------------------|-------------|-------------|--------------|-------------------|
| Total Alumina Sales (Kt) | 346 | 302 | 378 | | | NA | NA | NA | |
| Total Metal Sales (Kt) | 118 | 116 | 121 | | 117 | -5% | -4% | -7% | |
| LME Aluminium | 2,269 | 2,202 | 2,525 | | 2,525 | 11% | 15% | 0% | |
| Revenues | 3,178 | 3,579 | 3,769 | 3,882 | 2,856 | -10% | -20% | -24% | -26% |
| Consumption of Raw Materials | 740 | 681 | 695 | | 487 | -34% | -28% | -30% | |
| Changes in inventories | -149 | 18 | - | | -293 | NA | NA | NA | |
| Power & Fuel | 918 | 735 | 751 | | 686 | -25% | -7% | -9% | |
| Employees Cost | 629 | 512 | 661 | | 467 | -26% | -9% | -29% | |
| Other Expenses | 445 | 525 | 458 | | 575 | 29% | 10% | 26% | |
| Total Expenditure | 2,584 | 2,472 | 2,566 | | 1,922 | -26% | -22% | -25% | |
| EBITDA | 594 | 1,108 | 1,203 | 1,138 | 934 | 57% | -16% | -22% | -18% |
| EBITDA margin (%) | 19% | 31% | 32% | 29% | 33% | | | | |
| Depreciation | 170 | 240 | 179 | | 174 | 3% | -27% | -3% | |
| Other Income | 49 | 84 | 75 | | 61 | 25% | -28% | -20% | |
| Interest Expense | 2 | 9 | 2 | | 3 | 51% | -62% | 74% | |
| Share Of P/L Of Associates | -15.6 | -19.1 | -19.1 | | -13 | NA | NA | NA | |
| Exceptional loss/(gain) | | | | | - | | | | |
| PBT (excl Exceptional items) | 455 | 924 | 1,078 | | 804 | 77% | -13% | -25% | |
| PBT | 455 | 924 | 1,078 | | 804 | 77% | -13% | -25% | |
| Tax | 122 | 354 | 274 | | 216 | 78% | -39% | -21% | |
| Tax Rate (%) | 27% | 38% | 25% | | 27% | | | | |
| PAT (excl Exceptional items) | 334 | 570 | 804 | 741 | 588 | 76% | 3% | -27% | -21% |
| PAT | 334 | 997 | 804 | | 588 | 76% | -41% | -27% | |
| EPS (Rs) | 1.82 | 5.44 | 4.39 | | 3.21 | 76% | -41% | -27% | |
| Segmental Results | | | | | | | | | |
| Chemicals | 1,169 | 1,588 | 1,485 | | 852 | -27% | -46% | -43% | |
| Aluminium | 2,447 | 2,450 | 2,679 | | 2,535 | 4% | 3% | -5% | |
| Unallocated Common | 20 | -10 | 21 | | -2 | NA | NA | NA | |
| Less: Inter-segment revenue | -457 | -448 | -416 | | -529 | NA | NA | NA | |
| Total Revenue from Operations | 3,178 | 3,579 | 3,769 | | 2,856 | -10% | -20% | -24% | |
| Chemicals | 109 | 529 | | | 31 | -71% | -94% | NA | |
| Aluminium | 378 | 468 | | | 806 | 113% | 72% | NA | |
| Segmental EBIT | 487 | 997 | | | 838 | 72% | -16% | NA | |
| EBIT Margin % | | | | | | | | | |
| Chemicals | 9.3% | 33.3% | | | 3.7% | | | | |
| Aluminium | 15.5% | 19.1% | | | 31.8% | | | | |
| Segmental EBIT | 15.3% | 27.9% | | | 29.3% | | | | |
| Aluminium Share of EBIT | 77.6% | 46.9% | | | 96% | | | | |

Source: Company, Axis Securities, Bloomberg Consensus.

NALCO Financials (Consolidated)

Profit & Loss

(Rs Cr)

| Y/E March | FY23A | FY24A | FY25E | FY26E |
|---|--------------|--------------|--------------|--------------|
| Total Operating income | 14,234 | 13,148 | 13,849 | 14,764 |
| Consumption of Raw Materials | 3,172 | 2,792 | 2,318 | 2,412 |
| Increase/Decrease in Stocks | (17) | (146) | (293) | - |
| Power & fuel | 4,694 | 3,548 | 3,215 | 3,463 |
| Employees Cost | 1,832 | 2,034 | 1,949 | 2,007 |
| Other Expenses | 2,123 | 2,049 | 2,293 | 2,356 |
| Total Expenditure | 11,804 | 10,276 | 9,482 | 10,238 |
| EBITDA | 2,429 | 2,871 | 4,368 | 4,526 |
| Depreciation and Amortization | 716 | 750 | 833 | 906 |
| EBIT | 1,714 | 2,122 | 3,535 | 3,621 |
| Other Income | 254 | 252 | 280 | 295 |
| Share Of P/L Of Associates (Net of Tax) | (110) | (71) | (13) | - |
| Less: Interest & Fin Chg. | 13 | 17 | 17 | 13 |
| Less: Exceptional Items | - | 427 | - | - |
| Profit before tax | 1,845 | 1,858 | 3,785 | 3,903 |
| Provision for Tax | 411 | 724 | 961 | 976 |
| Reported PAT | 1,435 | 1,135 | 2,824 | 2,927 |
| EPS (Rs/sh) | 7.8 | 10.8 | 15.4 | 16.0 |
| DPS (Rs/sh) | 4.5 | 3.0 | 4.0 | 4.0 |

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

| Y/E March | FY23A | FY24A | FY25E | FY26E |
|-------------------------|---------------|---------------|---------------|---------------|
| Net Block | 6,916 | 7,020 | 7,187 | 7,282 |
| CWIP | 2,745 | 3,961 | 4,961 | 5,961 |
| Intangible assets | 910 | 974 | 974 | 974 |
| Investments | 359 | 342 | 342 | 342 |
| Inventories | 1,840 | 1,830 | 1,927 | 2,055 |
| Trade Receivables | 91 | 154 | 162 | 172 |
| Cash / Bank balance | 2,118 | 2,575 | 3,472 | 4,536 |
| Misc. Assets | 2,647 | 2,379 | 2,379 | 2,379 |
| Total assets | 17,627 | 19,235 | 21,404 | 23,701 |
| Equity capital | 918 | 918 | 918 | 918 |
| Reserves | 12,208 | 13,470 | 15,559 | 17,752 |
| Borrowings | 48 | 39 | 39 | 39 |
| Def Tax Liabilities | 958 | 841 | 841 | 841 |
| Other Liabilities | 1,984 | 2,126 | 2,126 | 2,126 |
| Provisions | 248 | 344 | 344 | 344 |
| Trade Payables | 1,263 | 1,496 | 1,576 | 1,680 |
| Capital employed | 17,627 | 19,235 | 21,404 | 23,701 |

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

| Y/E March | FY23A | FY24A | FY25E | FY26E |
|--|--------------|----------------|----------------|----------------|
| Profit after tax | 1,435 | 1,988 | 2,824 | 2,927 |
| Depreciation | 716 | 750 | 833 | 906 |
| Interest Expenses | 13 | 17 | 17 | 13 |
| Non-operating / EO item | (373) | (28) | - | - |
| Change in W/C | (883) | (8) | (26) | (34) |
| Operating Cash Flow | 908 | 2,719 | 3,648 | 3,812 |
| Capital Expenditure | (1,305) | (1,561) | (2,000) | (2,000) |
| Free cash Flow | (397) | 1,159 | 1,648 | 1,812 |
| Other Investments | 971 | (440) | - | - |
| Investing Cash Flow | (334) | (2,000) | (2,000) | (2,000) |
| Proceeds / (Repayment) of Borrowings | (4) | (4) | - | - |
| Payments for buy-back of equity shares | - | - | - | - |
| Finance cost paid | (2) | (0) | (17) | (13) |
| Dividend paid | (918) | (735) | (735) | (735) |
| Financing Cash Flow | (924) | (739) | (752) | (748) |
| Change in Cash | (350) | (20) | 896 | 1,064 |
| Opening Cash | 413 | 63 | 2,575 | 3,472 |
| Closing Cash | 63 | 43 | 3,472 | 4,536 |

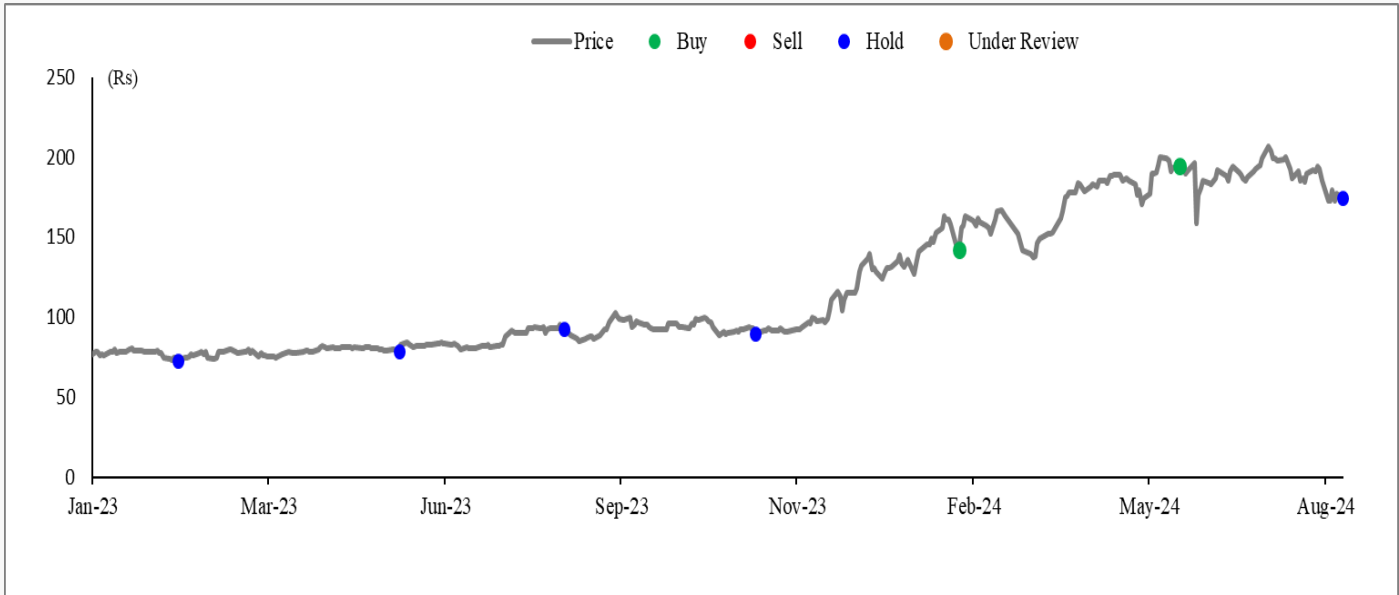
Source: Company, Axis Securities

Ratio Analysis
(%)

| Y/E March | FY23A | FY24A | FY25E | FY26E |
|---------------------------|-------|-------|-------|-------|
| Operational Ratios | | | | |
| Sales growth (% YoY) | 0% | -8% | 5% | 7% |
| EBITDA growth (% YoY) | -46% | 18% | 52% | 4% |
| Op. profit growth (% YoY) | -53% | 24% | 67% | 2% |
| Net Profit growth (% YoY) | -51% | 39% | 42% | 4% |
| EBITDA Margin % | 17% | 22% | 32% | 31% |
| Net profit Margin % | 10% | 15% | 20% | 20% |
| Tax Rate % | 21% | 26% | 25% | 25% |
| Efficiency Ratios | | | | |
| Total Asset turnover (x) | 0.8 | 0.7 | 0.7 | 0.7 |
| Sales/Gross block (x) | 1.3 | 1.1 | 1.1 | 1.1 |
| Sales/Net block(x) | 2.1 | 1.9 | 1.9 | 2.0 |
| Working capital/Sales (x) | 0.05 | 0.04 | 0.04 | 0.04 |
| Valuation Ratios | | | | |
| PER (x) | 22.3 | 16.1 | 11.3 | 10.9 |
| P/BV (x) | 2.4 | 2.2 | 1.9 | 1.7 |
| EV/Ebitda (x) | 12.3 | 10.3 | 6.5 | 6.1 |
| EV/Sales (x) | 2.1 | 2.2 | 2.1 | 1.9 |
| Dividend Yield (%) | 2.6% | 1.7% | 2.3% | 2.3% |
| Return Ratios | | | | |
| ROE | 11.2% | 14.5% | 18.3% | 16.7% |
| ROCE | 10.8% | 12.6% | 19.0% | 17.3% |
| ROIC | 8.9% | 9.3% | 13.3% | 11.7% |

Source: Company, Axis Securities

NALCO Price Chart and Recommendation History



Source: Axis Securities

| Date | Reco | TP | Research |
|-----------|------|-----|---------------------|
| 22-Feb-22 | BUY | 150 | Initiating Coverage |
| 03-Mar-22 | BUY | 150 | Top Picks |
| 04-Apr-22 | BUY | 150 | Top Picks |
| 02-May-22 | BUY | 150 | Top Picks |
| 26-May-22 | BUY | 107 | Result Update |
| 10-Aug-22 | HOLD | 85 | Result Update |
| 14-Nov-22 | HOLD | 70 | Result Update |
| 13-Feb-23 | HOLD | 83 | Result Update |
| 24-May-23 | HOLD | 90 | Result Update |
| 11-Aug-23 | HOLD | 95 | Result Update |
| 10-Nov-23 | HOLD | 83 | Result Update |
| 14-Feb-24 | BUY | 160 | Result Update |
| 28-May-24 | BUY | 215 | Result Update |
| 13-Aug-24 | HOLD | 180 | Result Update |

Source: Axis Securities

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: Aaurum 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 at 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 | 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 |