



TM

SYSTEMATIX INSTITUTIONAL EQUITIES

Systematix

Institutional Equities

30 January 2024

Apollo Pipes

Weak 3Q volume likely to strongly rebound in 4Q

RESULT UPDATE

Sector: Plastic Pipes

Rating: HOLD

CMP: Rs 698

Target Price: Rs 717

Stock Info

Sensex/Nifty	71,942/21,738
Bloomberg	APOLP IN
Equity shares (mn)	39
52-wk High/Low	764/485
Face value	Rs 10
M-Cap	Rs 28bn/ USD 330mn
3-m avg turnover	USD 0.6mn

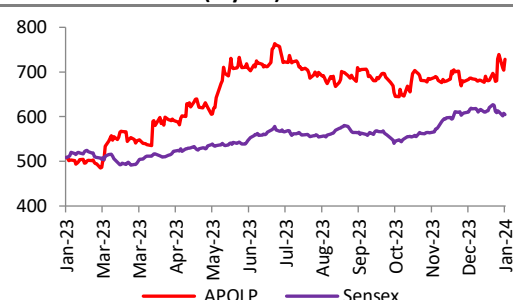
Financial Snapshot (Rs mn)

Y/E Mar	FY24E	FY25E	FY26E
Net sales	10,111	13,144	17,088
EBITDA	997	1,401	1,958
OPM (%)	9.9	10.7	11.5
PAT (adj.)	518	768	1,128
EPS (adj.) (Rs)	13.2	19.5	28.7
PE (x)	53.0	35.7	24.3
P/B (x)	5.5	3.3	2.3
EV/EBITDA (x)	27.9	19.0	12.8
RoE (%)	10.3	9.3	9.6
RoCE (%)	13.6	14.4	14.3
Net-D/E (x)	0.1	(0.1)	(0.2)

Shareholding Pattern (%)

	Dec'23	Sep'23	Jun'23
Promoter	50.8	50.8	50.8
- Pledged			
FII	3.2	2.7	2.6
DII	15.2	15.4	13.6
Others	30.7	31.1	33.0

Stock Performance (1-year)



Apollo Pipes (APOLP) large miss in 3Q PAT was on lower-than-expected volume (up 5% YoY, down 5% QoQ), realisation (down 11% YoY and 7% QoQ) and EBITDA margin (down 59bps YoY at 9.1%). Volume was impacted by below normal channel inventory due to falling trend in PVC prices. Agri (sales mix 42%) segment was more impacted than residential. After a weak 3Q, APOLP sees strong rebound in 4Q volume and end FY24 with a 25% growth. A Rs 5bn capex plan over FY24-26 will more than double capacity to 286kt (North 50%, other regions 15-20%) and will drive 30% volume CAGR. After Varanasi (land worth Rs 500mn near acquisition, production likely in 2HFY25), it further plans to acquire lands worth Rs 1bn in Maharashtra and South India in FY25. Rise in A&P spend, employee cost and other expenses on aggressive expansion plans will restrict EBITDA/ kg (FY23/26E: ~Rs 10/Rs 15). However, focus on cash sales would reduce NWC cycle to <40 days in 2-3 quarters. Considering APOLP's weak 3Q and management's focus for volumes over margins, we have cut FY24E/25E/26E earnings estimates by 17%/12%/4% mainly on lower than earlier estimated volumes. We now estimate 25%/23%/42%/68% CAGR in volume/revenue/EBITDA/PAT over FY23-26E, with RoIC of ~17% in FY26E. At ~24x FY26E P/E, we maintain HOLD rating with a revised target price of Rs 717 (earlier Rs 745), based on 25x FY26E P/E. While APOLP has maintained its industry leading volume growth status, margin trajectory is the key monitorable in coming quarters.

3Q – large earnings miss on lower volume, realisation and margins: APOLP's weak 3Q revenue (down 6% YoY and 11% QoQ) was due to soft volumes (up 5% YoY, down 5% QoQ) and realisation (down 11% YoY and 7% QoQ). Gross margin increased 65bps QoQ at 29.2%; EBITDA margin contracted 59bps YoY at 9.1%. EBITDA per kg remained low at Rs 10.7 (down 12% QoQ). The 3Q volume was impacted by below normal channel inventory due to the falling trend in PVC prices. Agri (sales mix 42%) segment was more impacted than residential. A small inventory loss was booked on fall in PVC prices. Per management, Supreme's better volume growth was likely driven by project sales where Apollo is thinly present (<10% sales mix).

A Rs 5bn capex plan over FY24-26 to drive 30% volume CAGR: APOLP has planned to double its capacity to 286kt in 3-4 years. It plans to invest Rs 1.3bn in FY24E and Rs 2.1bn in FY25E. The company is close to acquire land worth ~Rs 500mn near Varanasi (UP) and is on track to start production in 2HFY25. It further plans to acquire lands worth Rs 1bn in FY25 in Maharashtra and South India. Projects in Eastern UP and Maharashtra each will entail Rs 1.35bn capex. Of the 286kt capacity planned by FY28, North will likely contribute ~50% and 15-20% in other three regions. ([concall KTAs](#))

Pan-India aspirations, plants in all regions, VAP and better-plant utilisation to drive performance: After a weak 3Q, APOLP sees strong rebound in 4Q and aims 30% CAGR in volumes over 4 years. Plants and distribution expansion in East and West will drive pan India aspiration and reduce revenue concentration in North (70%+ currently). Rise in A&P spend (2-2.5% of revenue vs. 1.5% currently), employee cost and other expenses on aggressive growth plans will restrict EBITDA/ kg (FY23/26E: ~Rs 10/Rs 15). Focus on cash sales will take NWC cycle to <40 days in 2-3 quarters.

We adjust earnings forecast after a weak 3Q; Maintain HOLD: Considering APOLP's weak 3QFY24 performance and management's focus for volumes over margins, we have cut FY24E/25E/26E earnings estimates by 17%/12%/4% mainly on lower than earlier estimated volumes. We now estimate 25%/23%/42%/68% CAGR in volume/revenue/EBITDA/PAT over FY23-26E, with RoIC of ~17% in FY26E.

Ashish Poddar

ashishpoddar@systematixgroup.in
+91 22 6704 8039

Pranay Shah

pranayshah@systematixgroup.in

Kalash Jain

kalashjain@systematixgroup.in

Investors are advised to refer disclosures made at the end of the research report.

3QFY24 concall takeaways

3Q volume was impacted by below normal channel inventory given falling trend in PVC prices

- Agri (sales mix 42%) segment was more impacted than residential
- Small inventory loss booked in 3Q
- Supreme's better volume growth was likely driven by project sales where Apollo is thinly present (<10% sales mix)

Business dynamics & Outlook

- Sees strong volume recovery in 4Q (~25% YoY) and end FY24 at ~25% volume growth (9M up 25% YoY)
- NWC days is expected to fall below 40 days in 2-3 quarters
- Aims 30% CAGR in volumes over 4 years; will incur >Rs 5bn capex to double capacity and reach ~290kt capacity, 210k volume, Rs 15-16 EBITDA/kg, Rs 30bn Revenue, Rs 3.5bn EBITDA and 30% RoCE
- Revenue mix from North stands at 70%; plants and distribution expansion in East and West will drive pan India aspiration
- No plans to get into non-PVC products
- Product mix: CPVC (18% vs. 12-15% a year ago); HDPE 10-12%

Capex – FY24E Rs 1.3bn, FY25E Rs 2.1bn to drive 30% volume CAGR

- Close to acquire land worth ~Rs 500mn near Varanasi (UP) and is on track to start production in 2HFY25
- Plans to acquire lands worth Rs 1bn in FY25 in Maharashtra and South India
- Working on Rs 1.35bn capex each in Eastern UP and Maharashtra
- Maharashtra plant is also likely to be operational by FY25
- Off the 286kt capacity planned by FY28, North will likely contribute ~50% with 15-20% by other three regions.

Exhibit 1: Apollo Pipes – Quarterly performance

(Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY24	9MFY23	YoY (%)
Operating matrices										
Volume (tons)	18,011	18,685	21,219	19,803	18,868	5	(5)	59,890	47,882	25
Realisation (Rs /kg)	131	135	123	126	117	(11)	(7)	122	138	(12)
EBITDA (Rs /kg)	8.9	15.7	12.3	12.2	10.7	20	(12)	12	8	46
P&L										
Total Income	2,367	2,519	2,603	2,495	2,216	(6)	(11)	7,314	6,626	10
Raw material costs	1,794	1,810	1,904	1,782	1,569	(13)	(12)	5,255	5,118	3
Employee costs	140	124	152	164	154	10	(6)	471	393	20
Other expenses	271	292	285	306	291	7	(5)	883	728	21
EBITDA	161	294	262	241	201	25	(17)	704	386	82
Depreciation	74	76	67	72	75	1	4	214	208	3
Finance costs	21	24	15	7	14	(33)	101	36	64	(44)
PBT	66	201	192	175	123	86	(30)	490	126	289
Tax	17	51	52	46	33	86	(29)	131	37	254
PAT	49	150	139	129	91	87	(30)	359	89	304
EPS (Rs)	1.2	3.8	3.5	3.3	2.3	87	(30)	9.1	2.3	304
As % Total Income						YoY (bps)		QoQ (bps)		YoY (bps)
Gross margin	24.2	28.2	26.9	28.5	29.2	502	65	28.1	22.8	539
Employee costs	5.9	4.9	5.8	6.6	7.0	104	37	6.4	5.9	50
Other expenses	11.5	11.6	11.0	12.3	13.1	168	87	12.1	11.0	108
EBITDA margin	6.8	11.7	10.1	9.7	9.1	229	(59)	9.6	5.8	380
Depreciation	3.1	3.0	2.6	2.9	3.4	25	48	2.9	3.1	(22)
Finance costs	0.9	1.0	0.6	0.3	0.6	(25)	35	0.5	1.0	(48)
Other income	0.0	0.3	0.5	0.5	0.5	48	(3)	0.5	0.2	30
PBT	2.8	8.0	7.4	7.0	5.6	277	(146)	6.7	1.9	480
Effective tax rate	26.4	25.4	27.4	26.2	26.4	(7)	13	26.7	29.4	(269)
PAT	2.1	6.0	5.3	5.2	4.1	204	(108)	4.9	1.3	357

Exhibit 2: Volume growth - quarterly trend

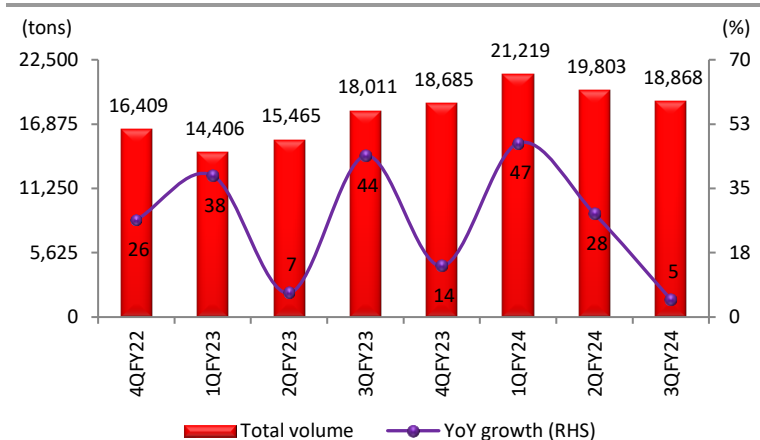
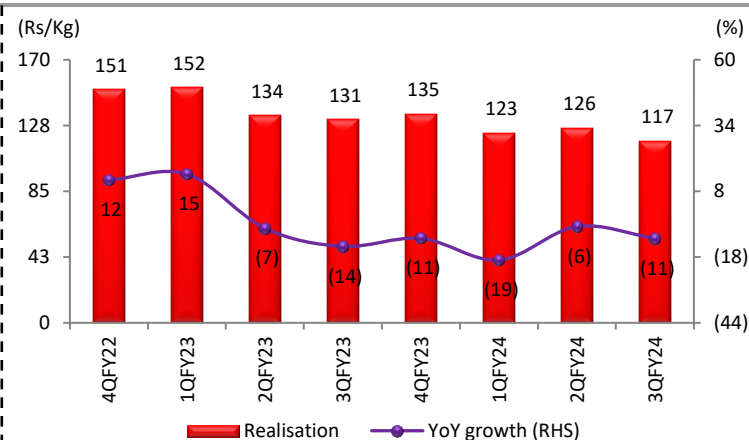


Exhibit 3: Realisation growth - quarterly trend



Source: Company, Systematix Institutional Research

Exhibit 4: EBITDA/Kg - quarterly trend

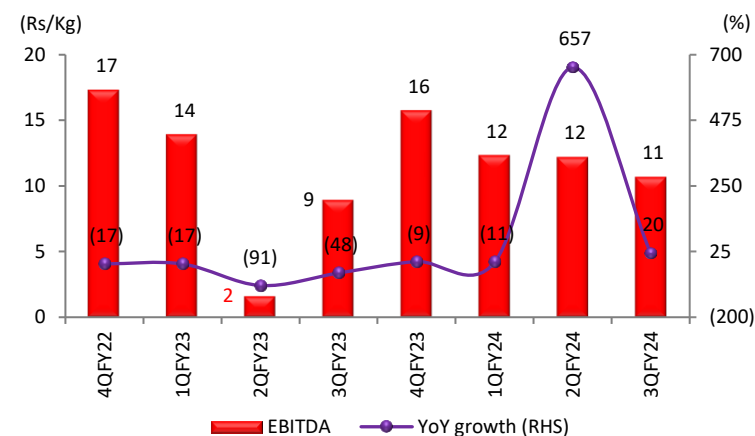


Exhibit 5: EBITDA margin - quarterly trend

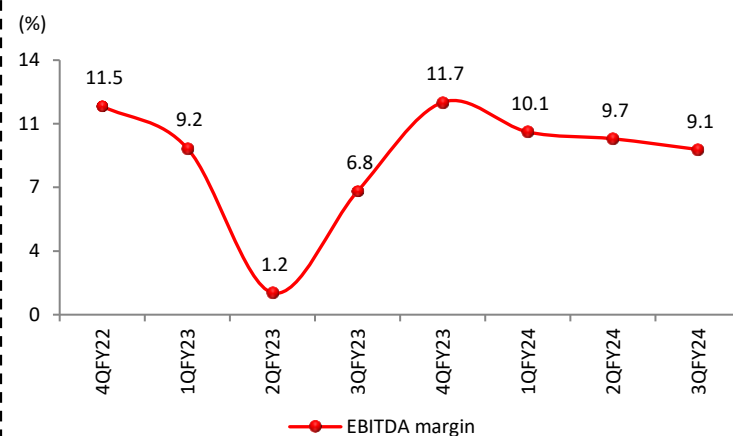


Exhibit 6: Revenue growth - quarterly trend

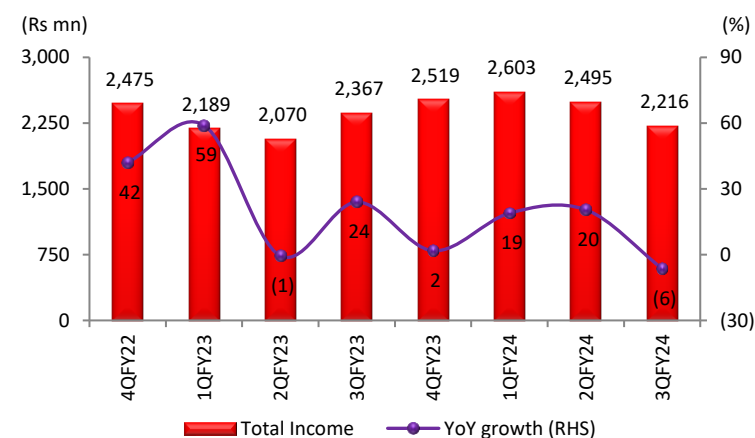


Exhibit 7: Expenses as percentage of income – quarterly trend

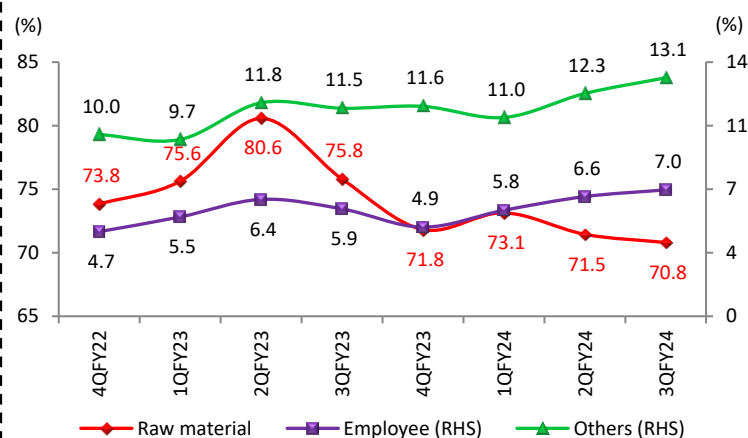


Exhibit 8: EBITDA, PAT, margin – quarterly trends

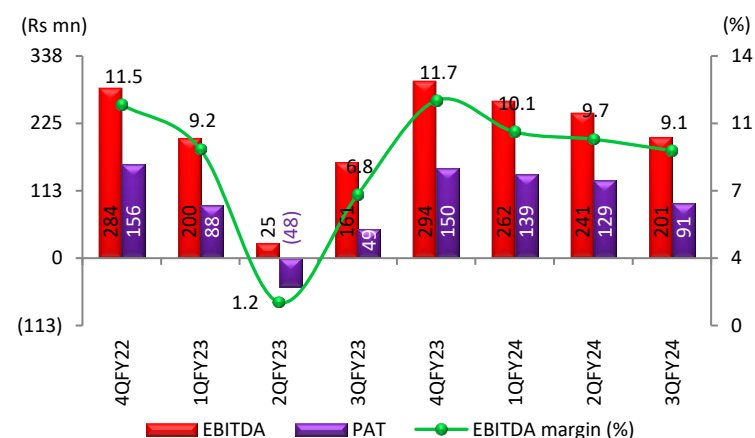
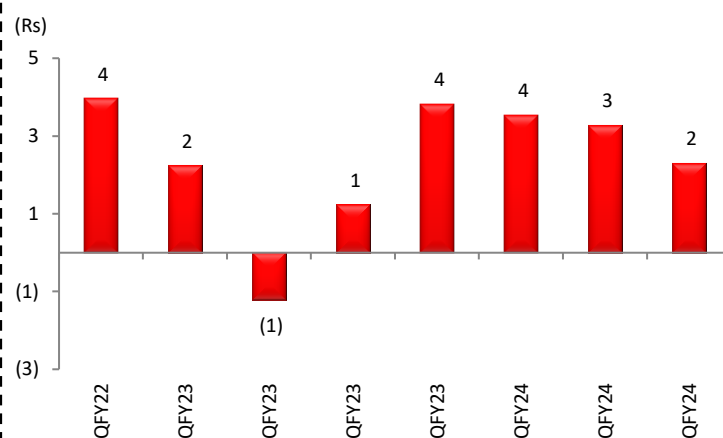
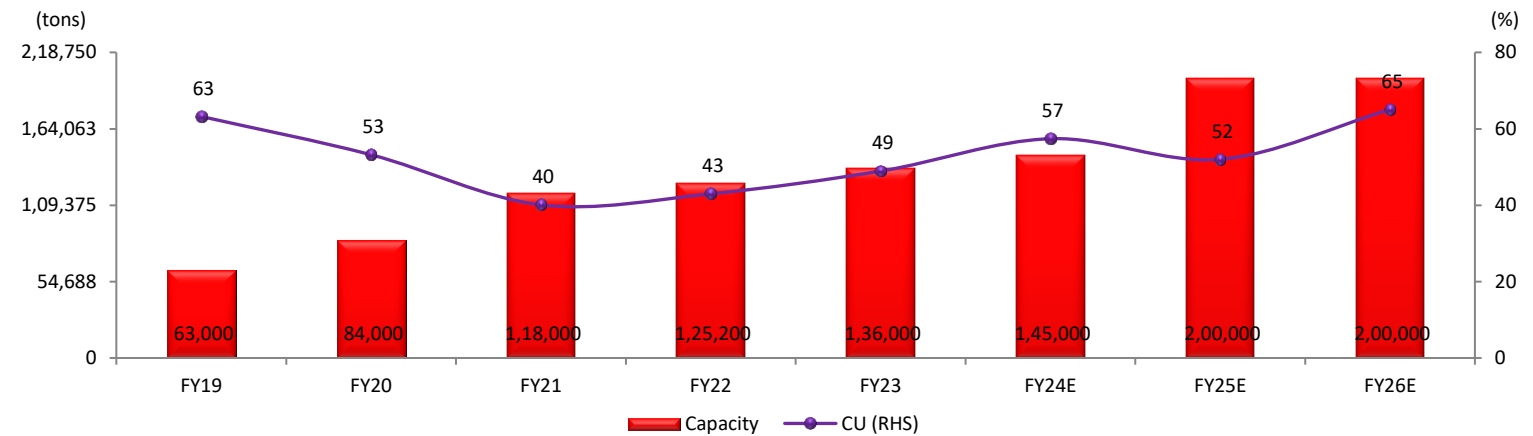
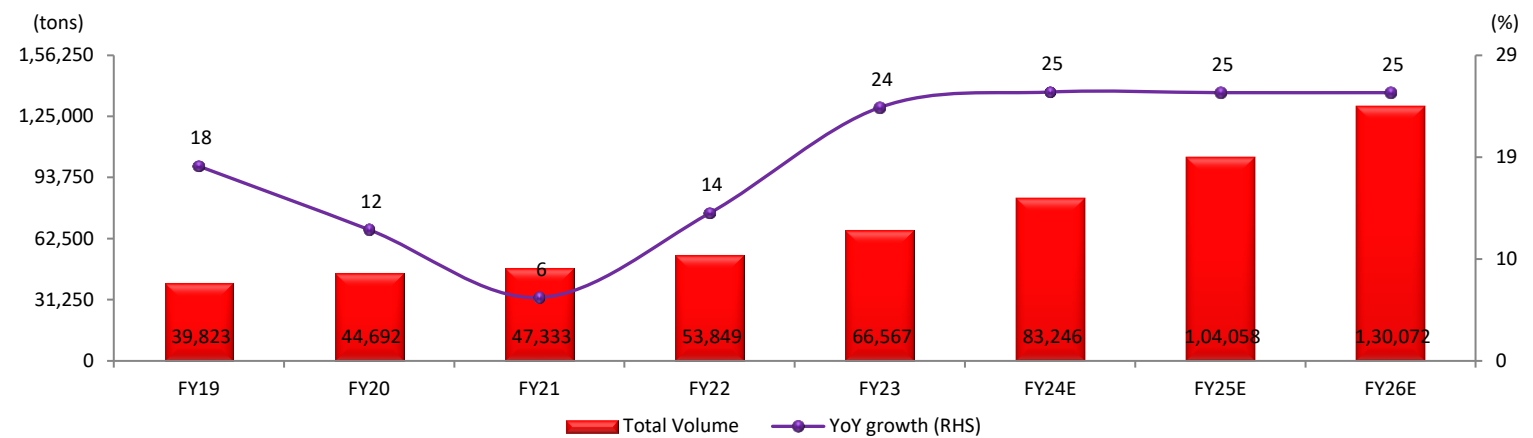
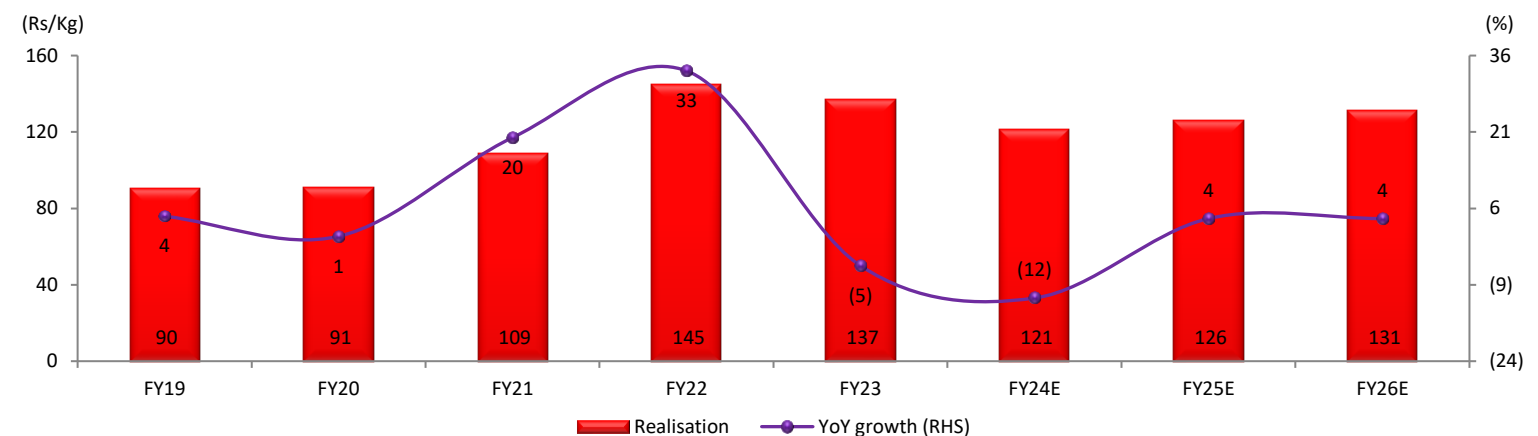


Exhibit 9: Earnings growth – quarterly trend



Source: Company, Systematix Institutional Research

Exhibit 10: Capacity and Utilisation – annual trend**Exhibit 11: Volume growth - annual trend****Exhibit 12: Realisation growth - annual trend**

Source: Company, Systematix Institutional Research

Exhibit 13: EBITDA/Kg and margin - quarterly trend

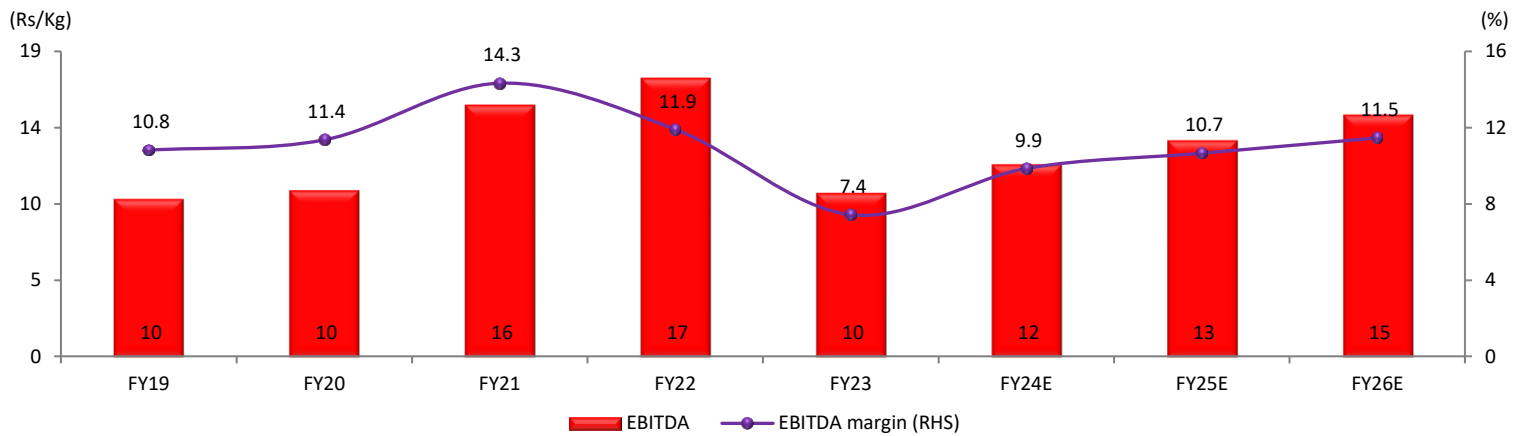


Exhibit 14: Income – Annual growth trend

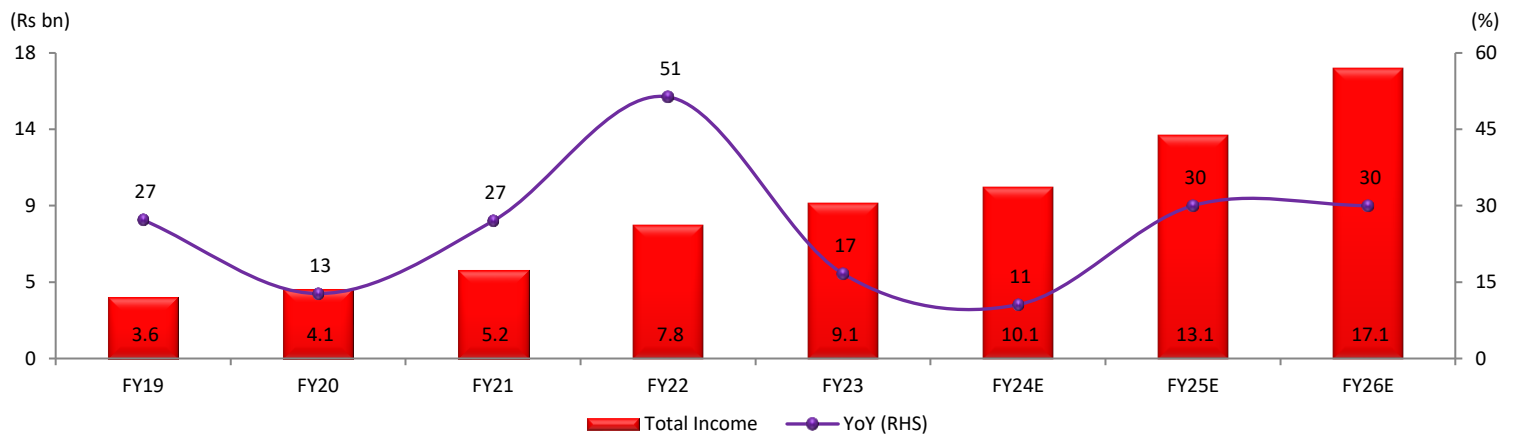
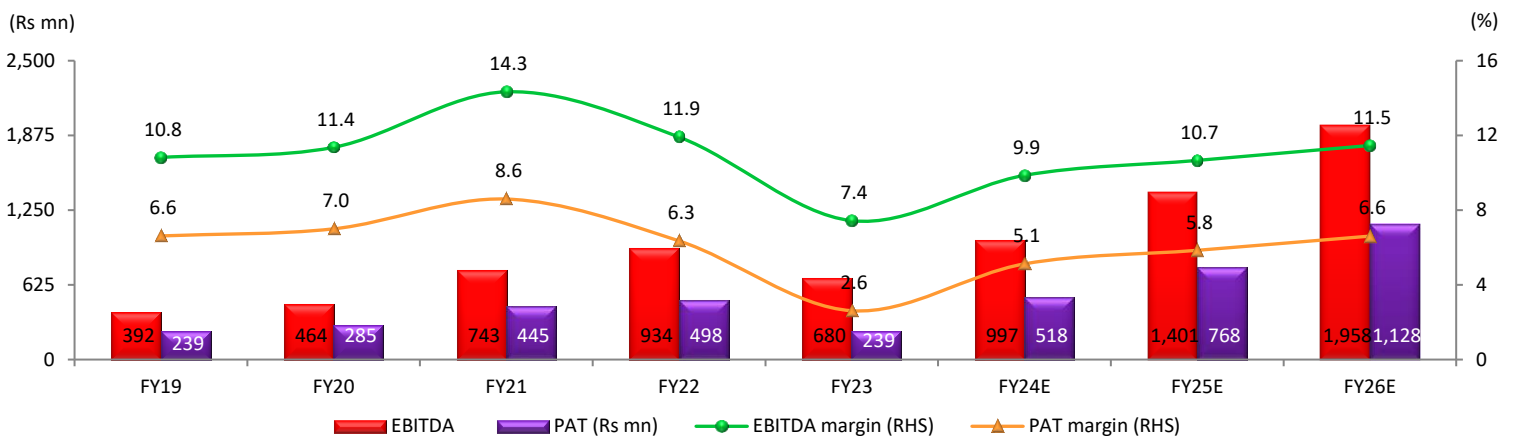


Exhibit 15: EBITDA, PAT – Annual growth, margin trends



Source: Company, Systematix Institutional Research

Valuation and View

India's fastest-growing plastic pipes company, APOLP, benefits from its association with APL Apollo Tubes, which enjoys strong brand recall and a vast distribution network. Regular capacity additions have enabled APOLP to add SKUs to its existing product lines, as also expand into newer categories. We laud the company's aspiration to emerge as a leading pan-India player in the pipes and fittings industry.

Considering APOLP's weak 3Q and management's focus on volumes over margins, we have cut FY24E/25E/26E earnings estimates by 17%/12%/4% mainly on lower than earlier estimated volumes. We now estimate 25%/23%/42%/68% CAGR in volume/revenue/EBITDA/PAT over FY23-26E, with RoIC of ~17% in FY26E.

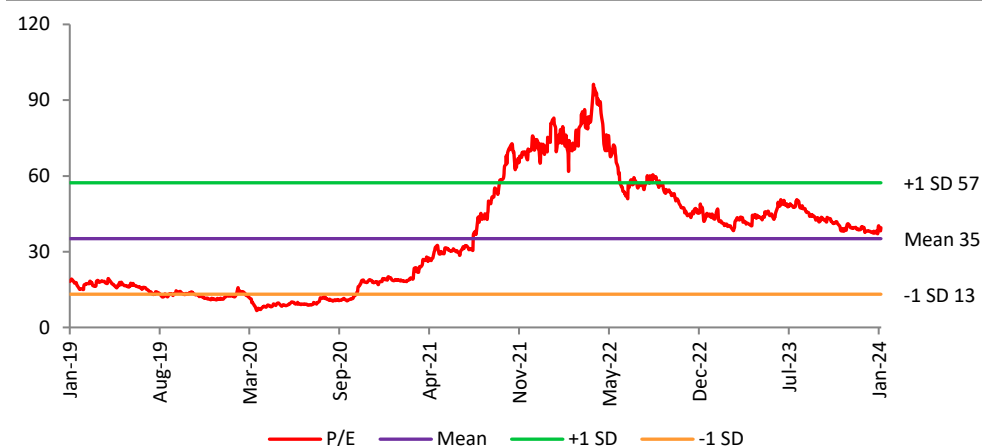
At ~24x FY26E P/E, we maintain HOLD rating with a revised target price of Rs 717 (earlier Rs 745), based on 25x FY26E P/E. While APOLP has maintained its industry leading volume growth status, margin trajectory is the key monitorable in coming quarters.

Exhibit 16: Change in estimates

(Rs mn)	Old estimates			New estimates			% Var		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Total Income	10,906	14,177	18,431	10,111	13,144	17,088	(7)	(7)	(7)
EBITDA	1,121	1,528	2,023	997	1,401	1,958	(11)	(8)	(3)
EBITDA margin (%)	10.3	10.8	11.0	9.9	10.7	11.5			
PAT	621	877	1,172	518	768	1,128	(17)	(12)	(4)
EPS	15.8	22.3	29.8	13.2	19.5	28.7	(17)	(12)	(4)

Source: Systematix Institutional Research

Exhibit 17: P/E band – 1-year-forward and standard deviation



Source: BSE, Systematix Institutional Research

Risks

- Slowdown in real-estate activities and the economy
- An unfavourable monsoon and high product prices
- Intensifying competition from large, organised and small regional players
- Price volatility in PVC

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Net revenues (Rs mn)	7,841	9,145	10,111	13,144	17,088
Growth (%)	51	17	11	30	30
Direct costs	5,732	6,928	7,256	9,366	12,091
Gross Margin (%)	26.9	24.2	28.2	28.7	29.2
SG&A	1,175	1,537	1,859	2,377	3,038
EBITDA	934	680	997	1,401	1,958
EBITDA margins (%)	11.9	7.4	9.9	10.7	11.5
- Depreciation	257	284	291	381	501
Other income	38	20	48	79	120
Interest Exp	43	89	51	56	56
PBT	672	327	703	1,043	1,521
Effective tax rate (%)	25.9	26.9	26.3	26.3	25.8
+ Associates/(Minorities)	-	-	-	-	-
Net Income	498	239	518	768	1,128
Adjusted income	498	239	518	768	1,128
WANS	39	39	39	39	39
FDEPS (Rs/share)	12.7	6.1	13.2	19.5	28.7
FDEPS growth (%)	12	(52)	116	48	47

Balance Sheet

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	393	393	393	393	393
Net worth	4,053	4,572	5,031	8,220	11,731
Total debt	387	437	957	977	997
Minority interest	-	-	-	-	-
DT Liability/(Asset)	14	44	43	42	41
Capital Employed	4,454	5,053	6,030	9,239	12,768
Net tangible assets	2,153	2,597	3,556	5,175	6,673
Net Intangible assets	211	210	210	210	210
Goodwill	-	-	-	-	-
CWIP	71	56	46	36	26
Investments (Strategic)	-	-	-	-	-
Investments (Financial)	43	401	401	401	401
Current Assets	2,543	3,008	3,090	3,797	4,702
Cash	418	348	190	1,430	3,005
Current Liabilities	985	1,567	1,462	1,808	2,248
Working capital	1,558	1,442	1,628	1,988	2,454
Capital Deployed	4,454	5,053	6,030	9,239	12,768
Contingent Liabilities	392	307			

Cash Flow

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
EBIT (before other income)	681	401	706	1,043	1,521
+ Non-cash items	257	284	291	381	501
OCF before WC	938	685	997	1,424	2,022
- Incr./ (decr.) in WC	417	(146)	186	360	466
Others including taxes	158	144	187	276	393
Operating cash-flow	363	687	624	788	1,163
- Capex	405	712	1,240	1,990	1,990
Free cash-flow	(41)	(25)	(616)	(1,202)	(827)
Acquisitions					
- Dividend	-	39	59	79	118
+ Equity raised	-	-	-	2,500	2,500
+ Debt raised	(256)	51	520	20	20
- Fin Investments	14	(3)	-	-	-
- Misc. Items (CFI + CFF)	(7)	60	3	-	-
Net cash-flow	(304)	(70)	(158)	1,239	1,575

Ratios @ Rs 698

YE: Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	55.2	114.8	53.0	35.7	24.3
EV/EBITDA (x)	29.3	39.9	27.9	19.0	12.8
EV/sales (x)	3.5	3.0	2.8	2.0	1.5
P/B (x)	6.8	6.0	5.5	3.3	2.3
RoE (%)	12.3	5.2	10.3	9.3	9.6
RoCE (%)	16.6	8.8	13.6	14.4	14.3
ROIC	18.5	9.2	14.1	15.1	16.7
DPS (Rs per share)	1.0	0.6	1.5	2.0	3.0
Dividend yield (%)	0.1	0.1	0.2	0.3	0.4
Dividend payout (%)	7.9	9.9	11.4	10.2	10.5
Net debt/equity (x)	(0.0)	(0.1)	0.1	(0.1)	(0.2)
Receivables (days)	33	26	25	24	23
Inventory (days)	61	68	63	63	63
Payables (days)	26	47	37	37	37
CFO:PAT (%)	73	287	121	103	103

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
--------------------------	--------------------------	-------------------------	----------------------------------

Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8038	kalashjain@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pranay Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8017	pranayshah@systematixgroup.in
Pratik Oza	Midcaps	+91-22-6704 8036	pratikoza@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Vivek Mane	Pharmaceuticals and Healthcare	+91-22-6704 8046	vivekmane@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in

Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in

Corporate Access

Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in

Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Sushant Chavan	Manager	+91-22-6704 8056	sushantchavan@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Ashish Poddar, Pranay Shah, Kalash Jain**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures 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 (financial interest) or act as a market maker in the financial instruments of the 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. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917