



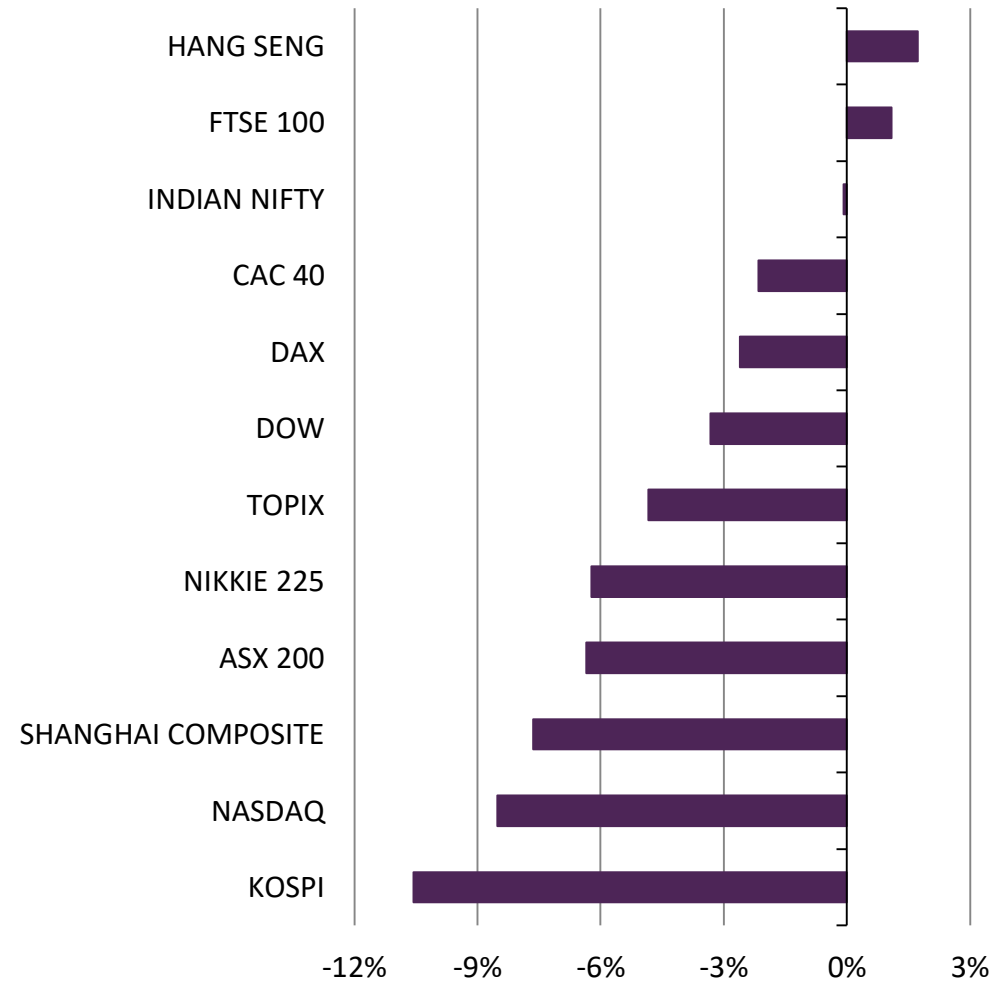
BESPOKE

Advice for a select few

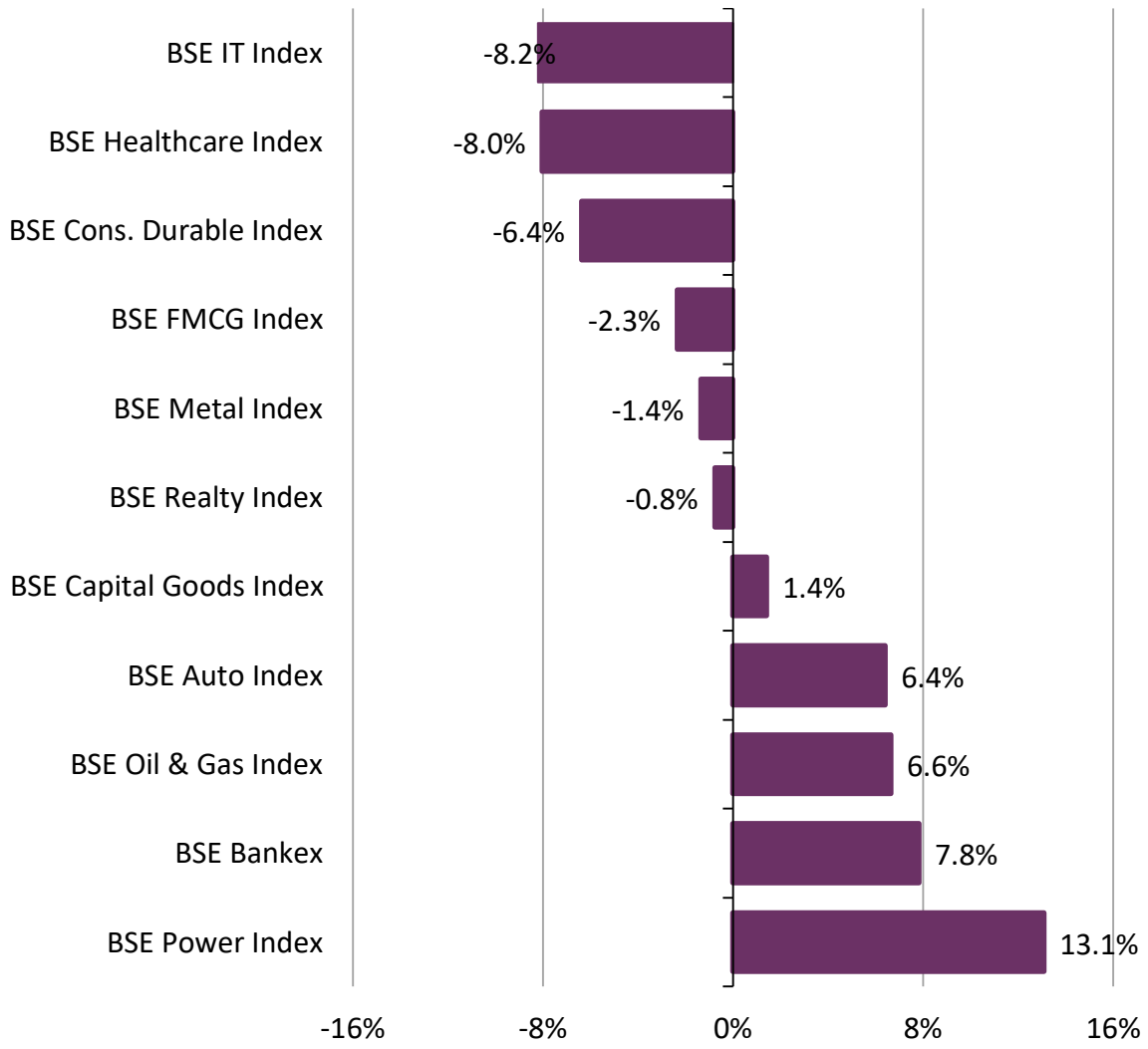
ANANDRATHI
PRIVATE CLIENT GROUP
EQUITY



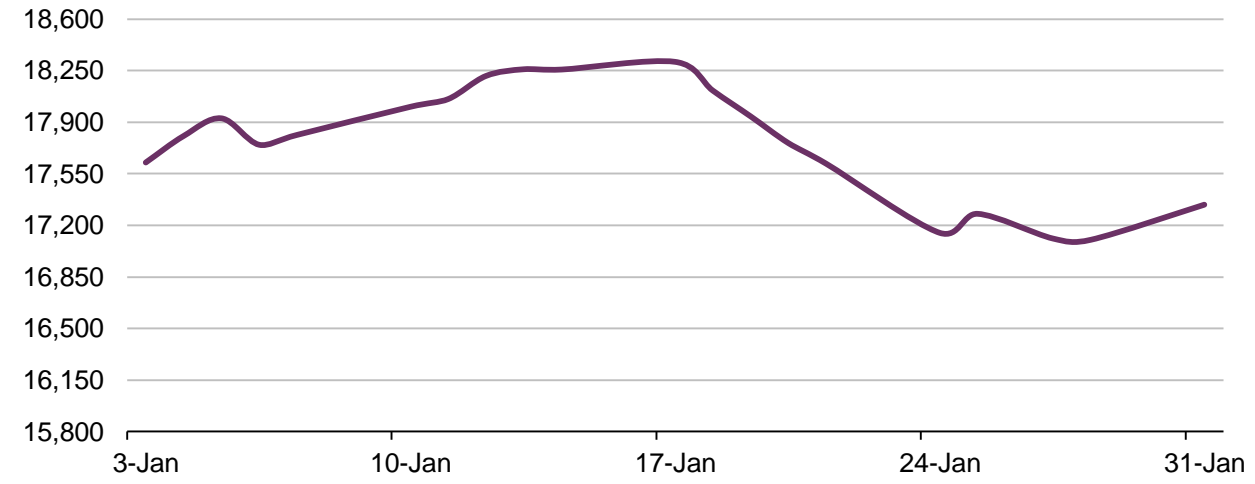
Global Markets performance in Jan-22



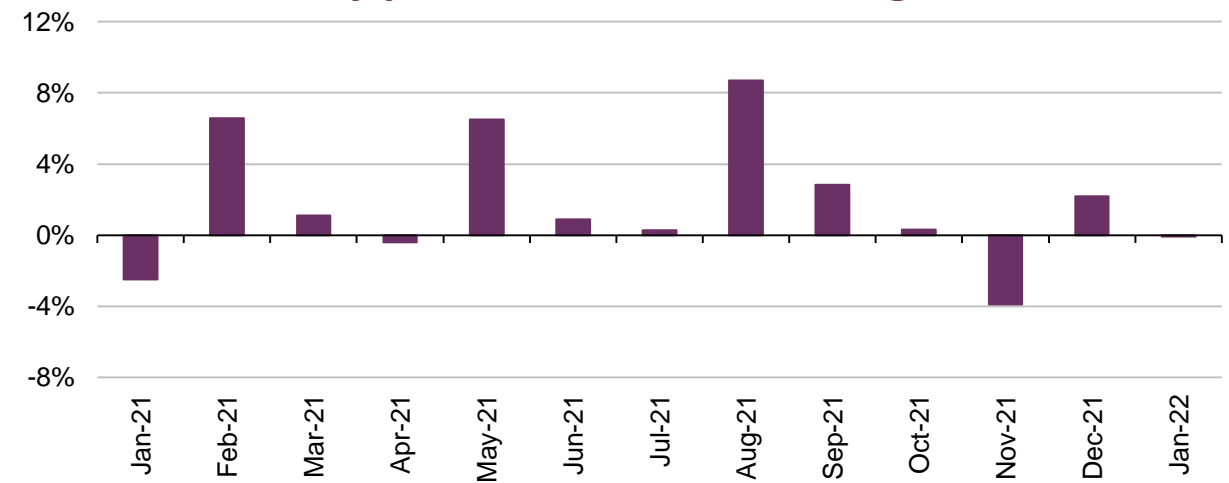
Sector wise performance during the month



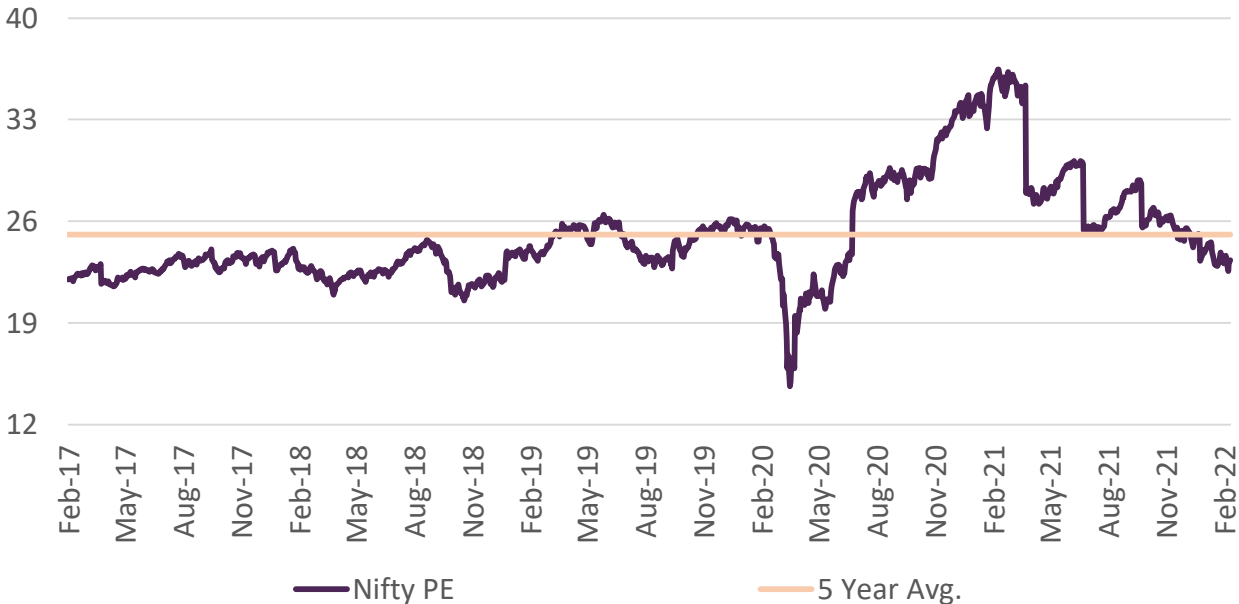
NIFTY Performance in Jan 2022



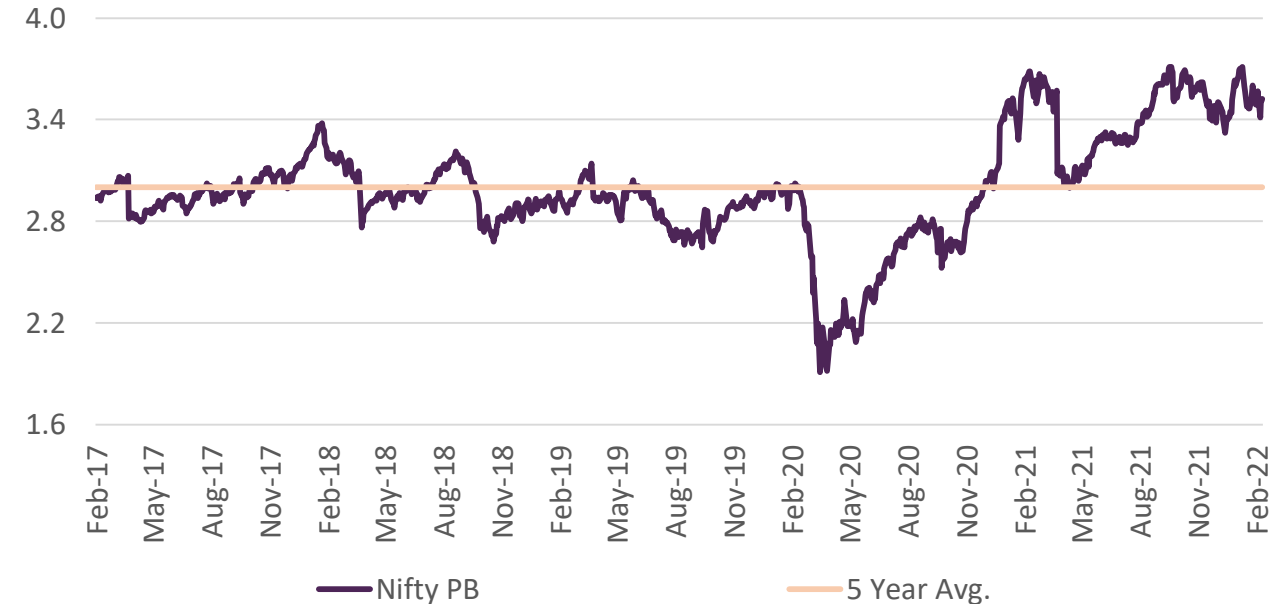
NIFTY monthly performance for trailing 12 months



Nifty Trailing 12M P/E & 5 Yr. Avg. P/E

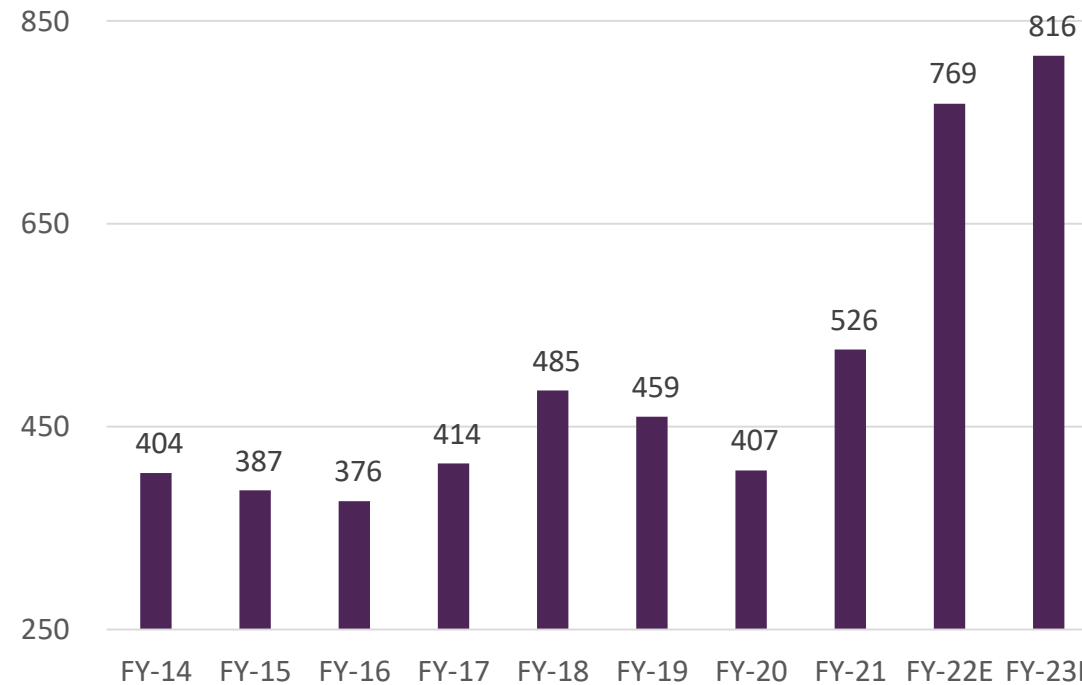


Nifty Trailing 12M P/B & 5 Yr. Avg. P/B



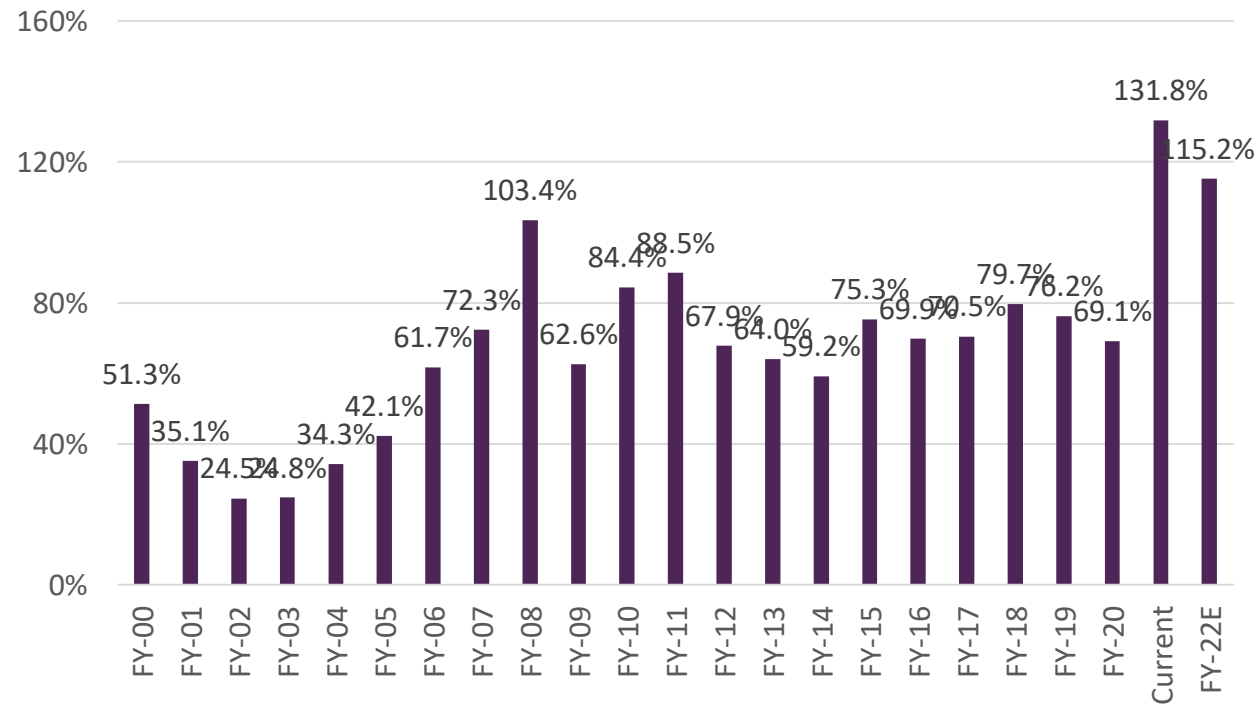
- Currently Nifty50 is trading at around 23.3x its trailing 12 month price to earnings ratio while its five year historical average price to earnings ratio stands at around 25.1x. A discount of around 7.1% from its five year historical average.
- In terms of price to book ratio, the Nifty50 is trading at around 3.5x its price to book while its five year historical price to book ratio stands at around 3x. A premium of around 17.4% from its five year historical average.

Nifty Historical and Estimated EPS (Consensus)



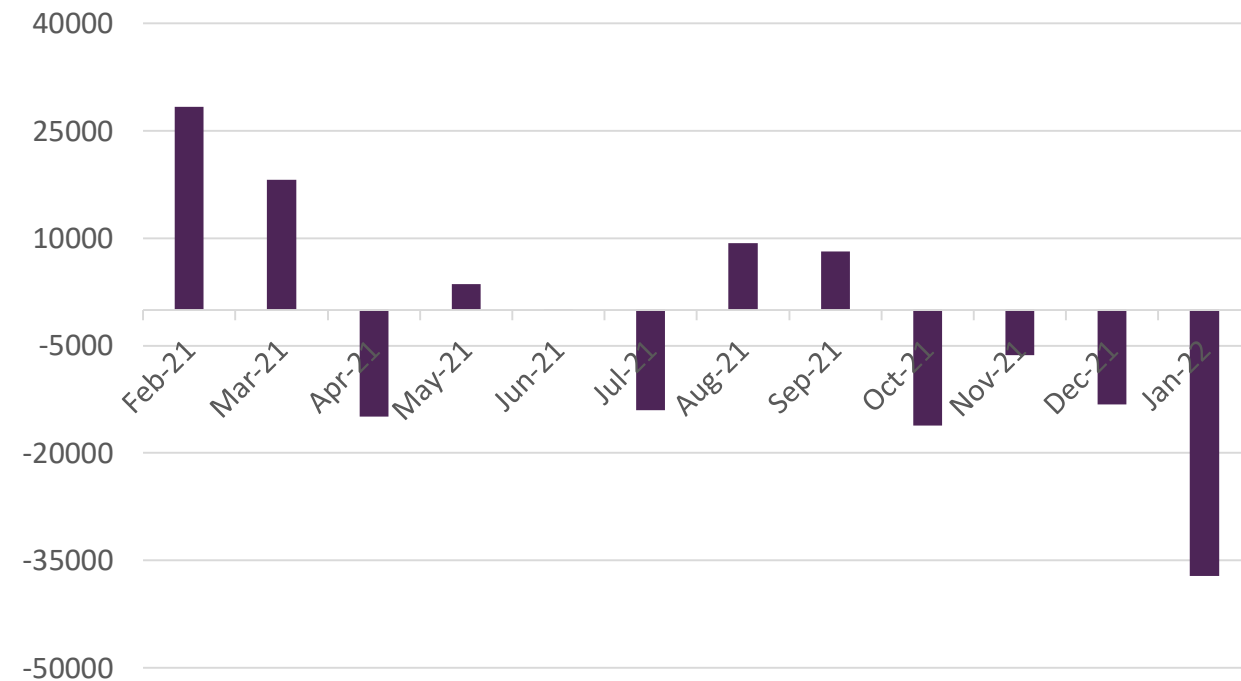
- Nifty50 earnings are estimated (consensus) to grow at a CAGR of about 24.5% in next two years from FY21 onwards till FY23.

India Market Cap. to GDP Ratio

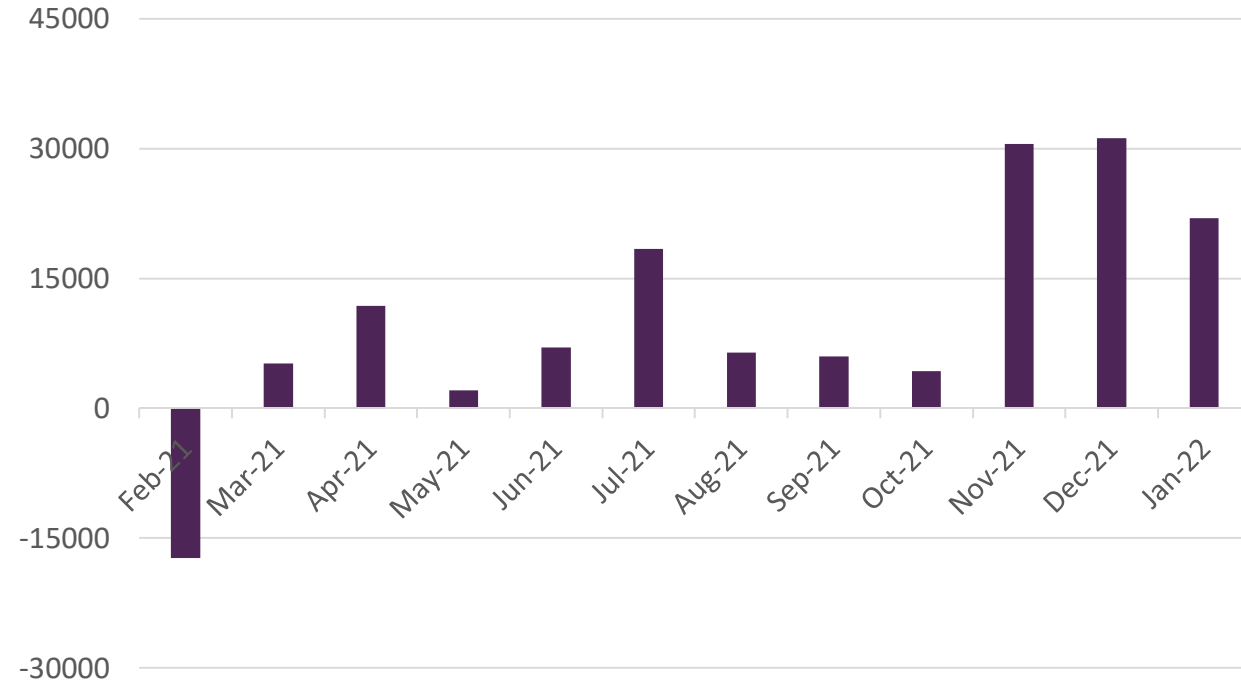


- Currently India's listed companies market capitalisation to GDP ratio stands at about 131.8% at month end while it was about 141.1% at the start of the Jan-22 month. The ratio is considered an indicative of overall equity market sentiments and cycles.
- The ratio is considered an indicative of overall equity market sentiments and cycles.

FII Monthly Inflows in Equity (₹ Crore)

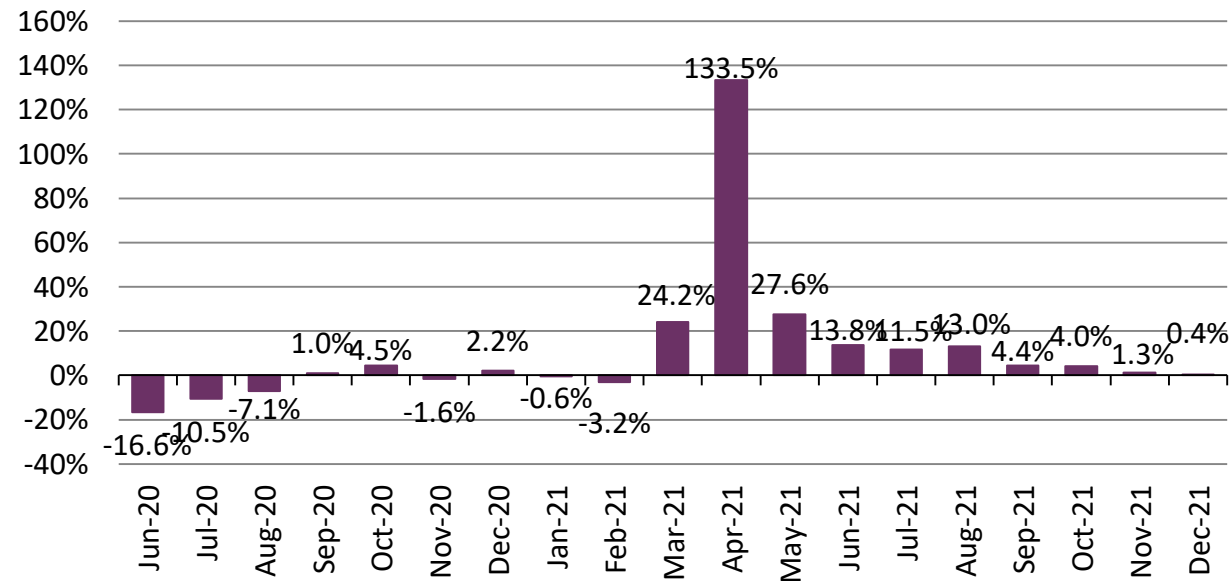


DII Monthly Inflows in Equity (₹ Crore)

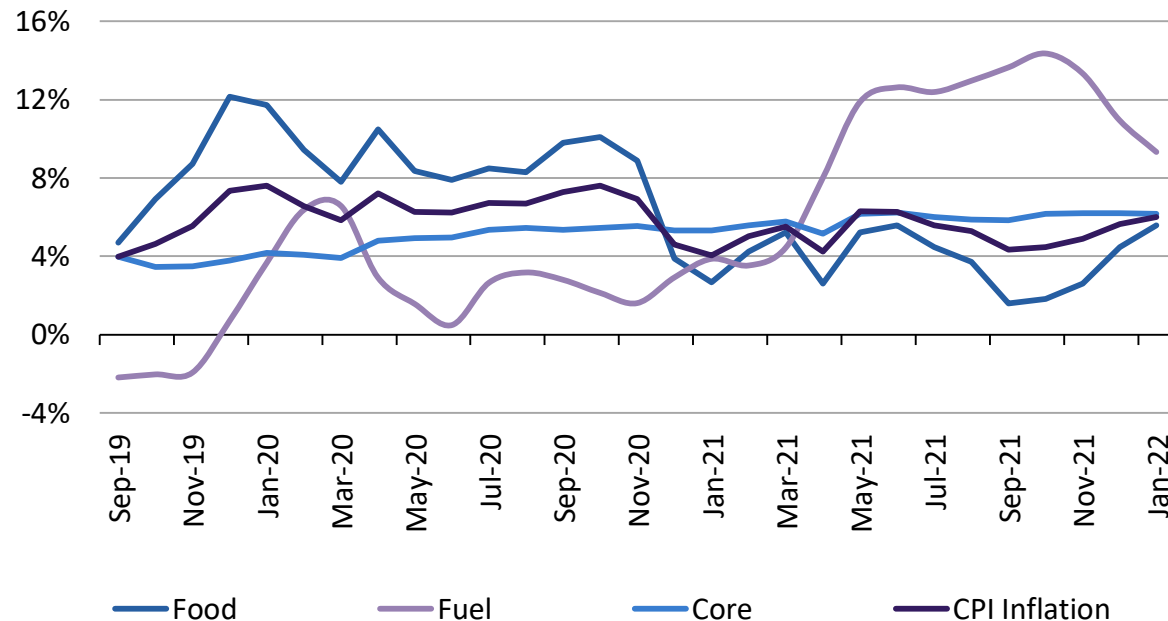


- FII monthly inflows for the month of Jan-22 has seen net outflows of almost ₹37,200 crores which is fourth consecutive outflow month.
- On the other hand, domestic funds have seen tenth consecutive monthly net inflows which stood at around ₹21,926 crores.

IIP Growth (%) trend (2011-12 base)



Food, Fuel, Core & CPI Inflation (%) YoY



- Index of Industrial Production (IIP) data for the latest month Dec-21 maintained its positive momentum in industrial activity. The index stood at 0.4% for the month.
- Latest inflation data released showed increase in inflation except Fuel inflation with core inflation at 6.2%, CPI at 6%. The Food inflation for the Jan-22 month stood at 5.6% while fuel inflation stood at 9.3% for Jan-22 month.

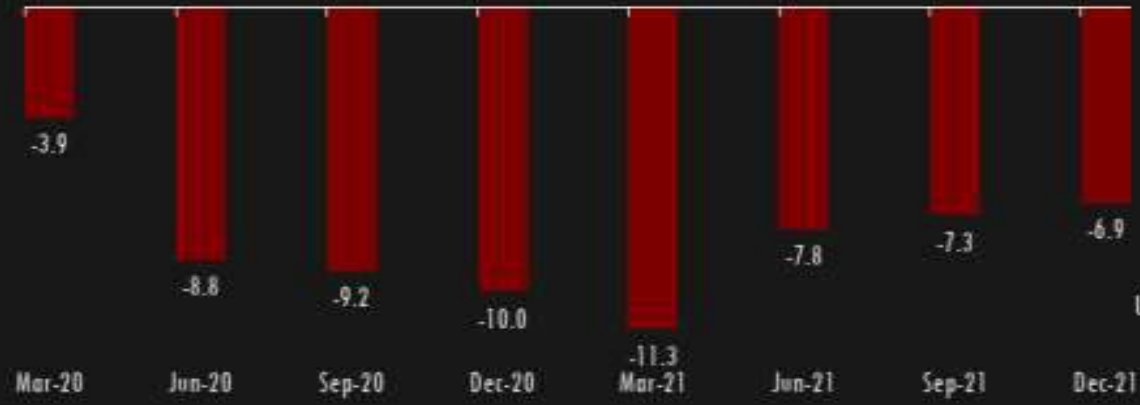
Fiscal deficit to GDP

Change vs. last month — Improvement
Majority countries

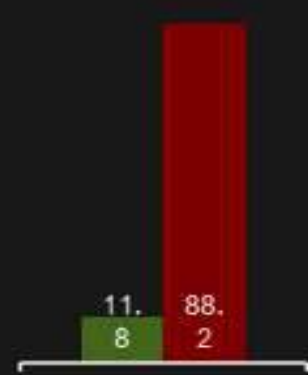
Change vs last month — G-20
average

Dec'21
Latest data month

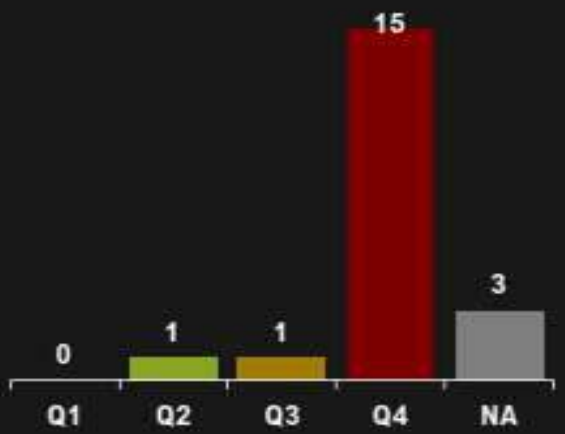
Weighted average fiscal deficit to GDP for G-20 countries



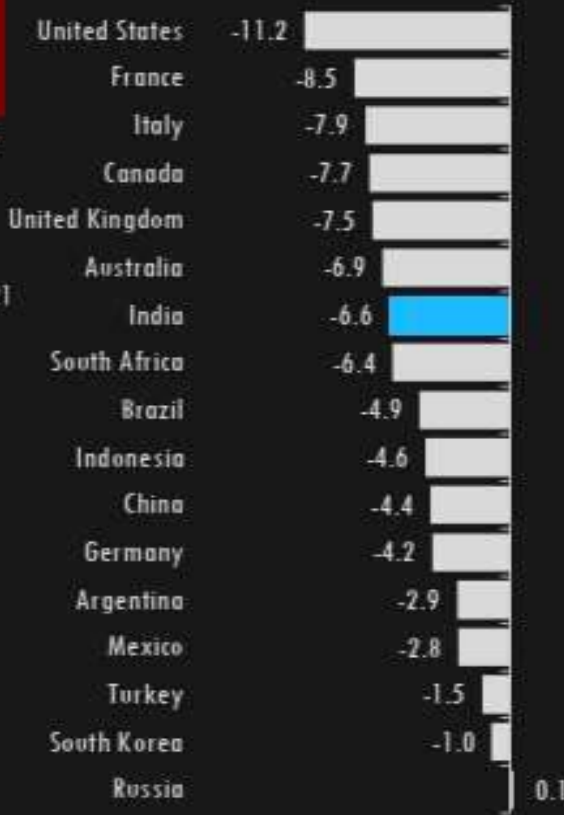
Percent of reporting countries in FD/GDP, rise vs. fall



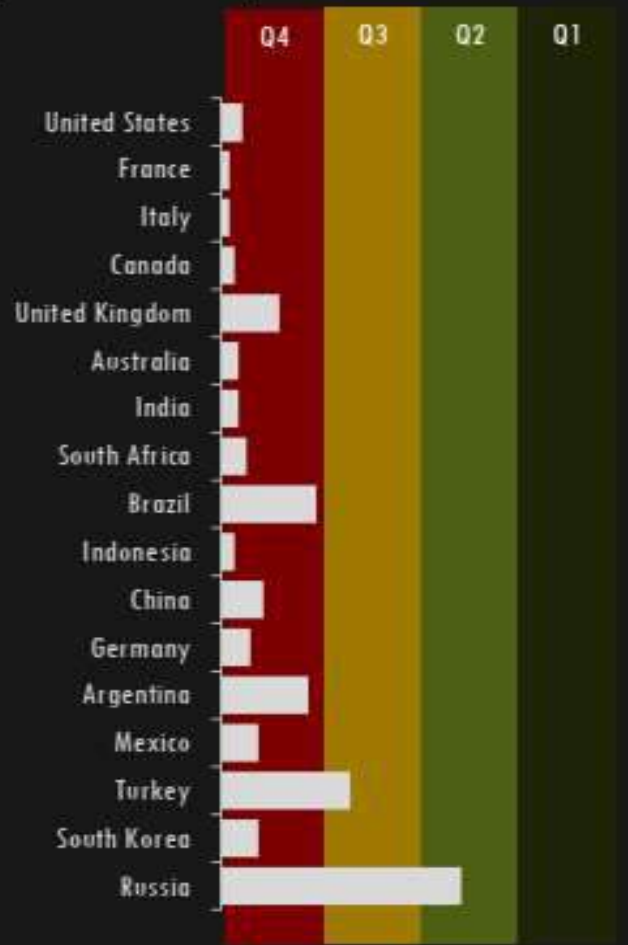
Country ranking in quartiles by current FD/GDP, number



Latest reported FD/GDP by G-20 member countries/region



Quartile rank of latest FD/GDP by country vs. own performance in last 10 year



Equity market return

Change vs. last month — Improvement
Majority countries

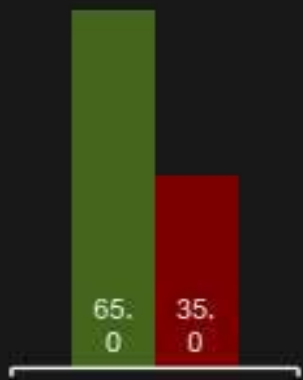
Change vs last month — G-20 Improvement
average

Dec'21
Latest data month

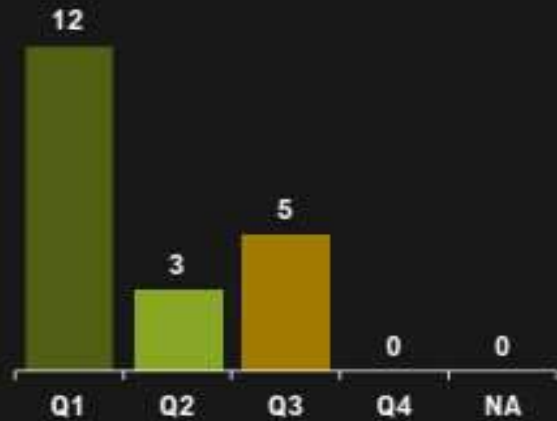
Weighted average 12 month equity return for G-20 countries



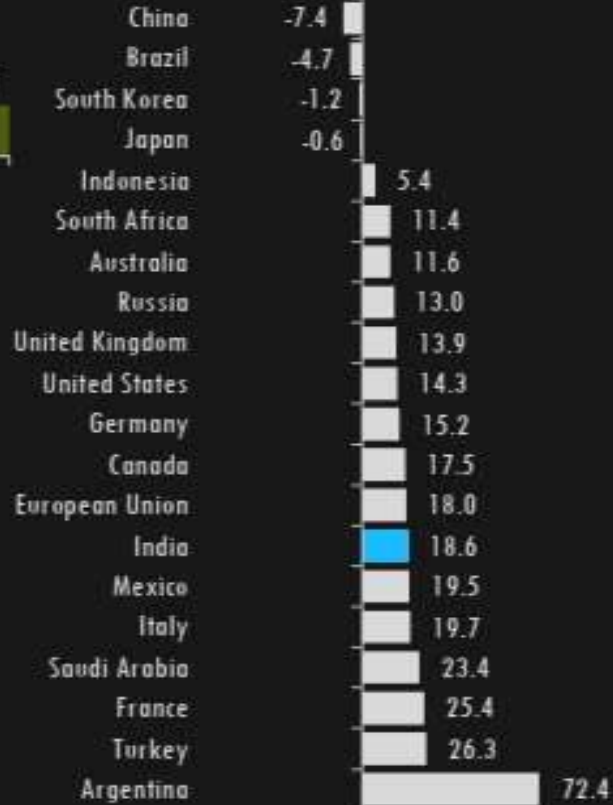
Percent of countries with equity return, rise vs. fall



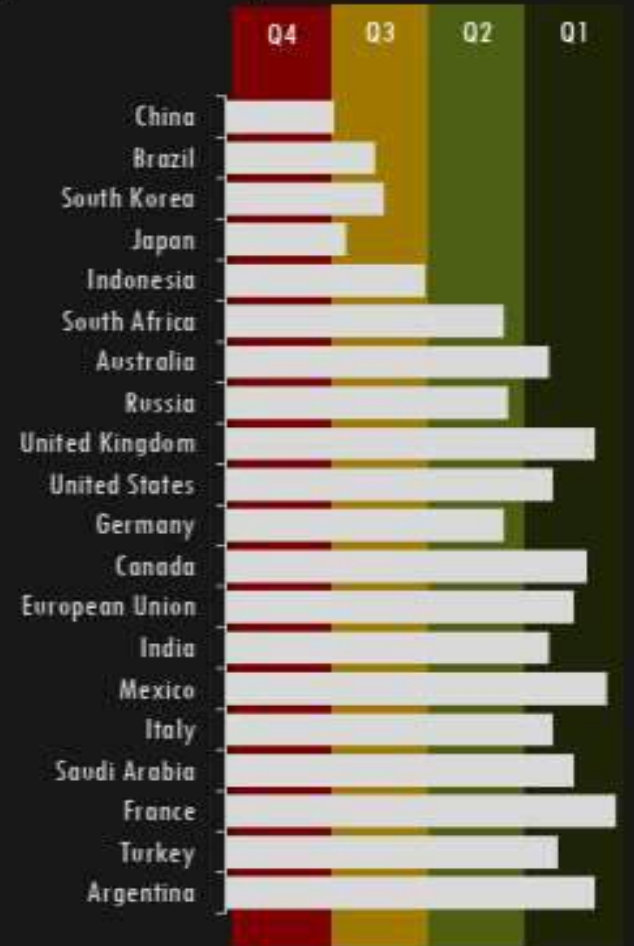
Country ranking in quartiles by current equity return, number



Latest 12 M equity return by G-20 member countries/region



Quartile rank of latest 12 M equity return by country vs. own performance in last 10 year



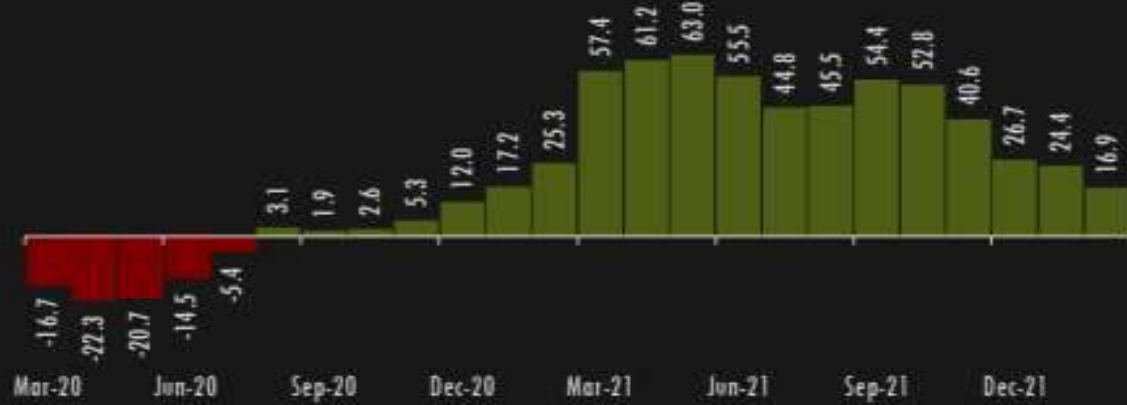
Indian equity return

Change vs. last month — Deteriorated
Majority countries

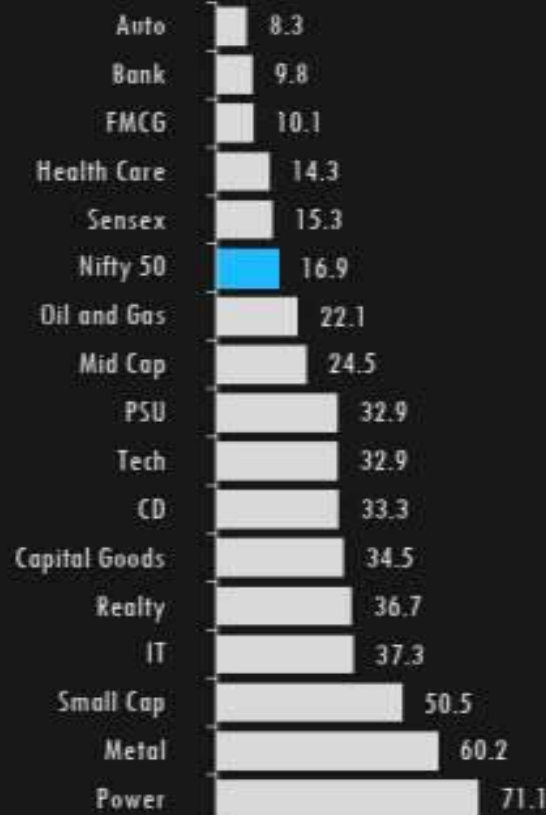
Change vs last month — 6-20
average Deteriorated

Feb'22
Latest data month

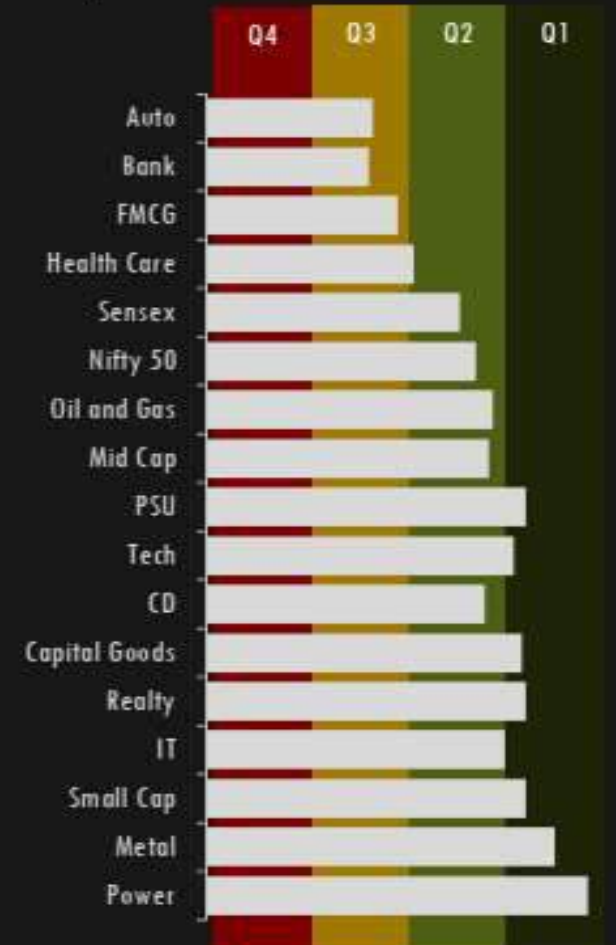
Nifty 50 return over 12 month



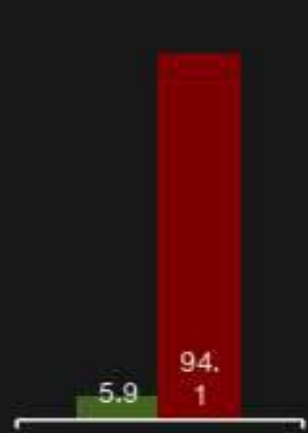
Major Indian equity index return over the last 12 month



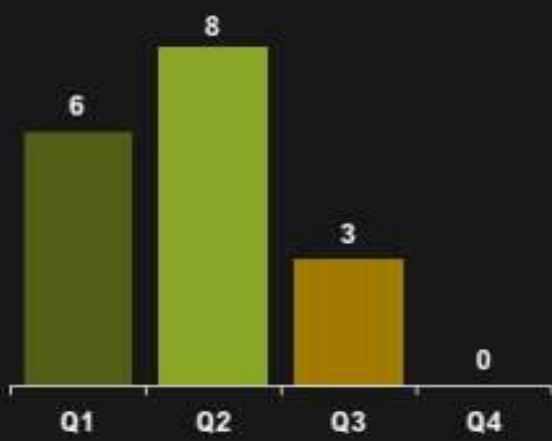
Quartile rank of major equity indices vs. own performance in last 10 year



Percent of indices return current vs. last month



Indices ranking in quartiles by current month, number



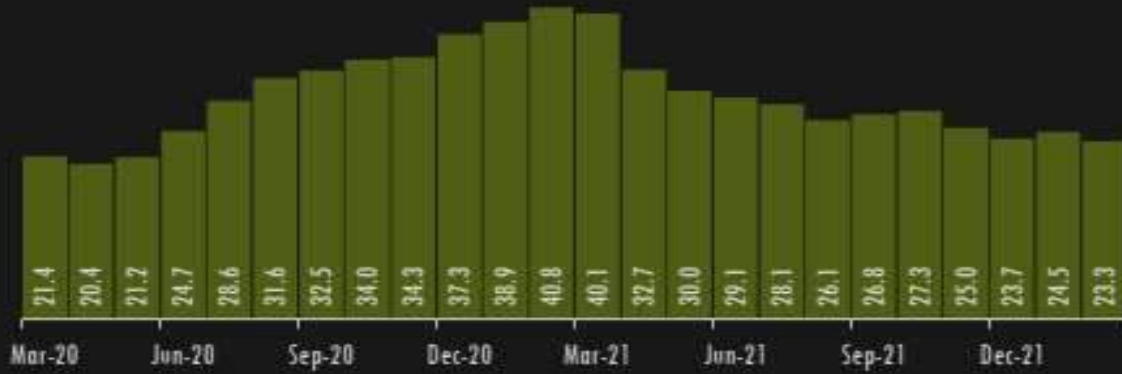
Indian equity PE

Change vs. last month — Deteriorated
Majority countries

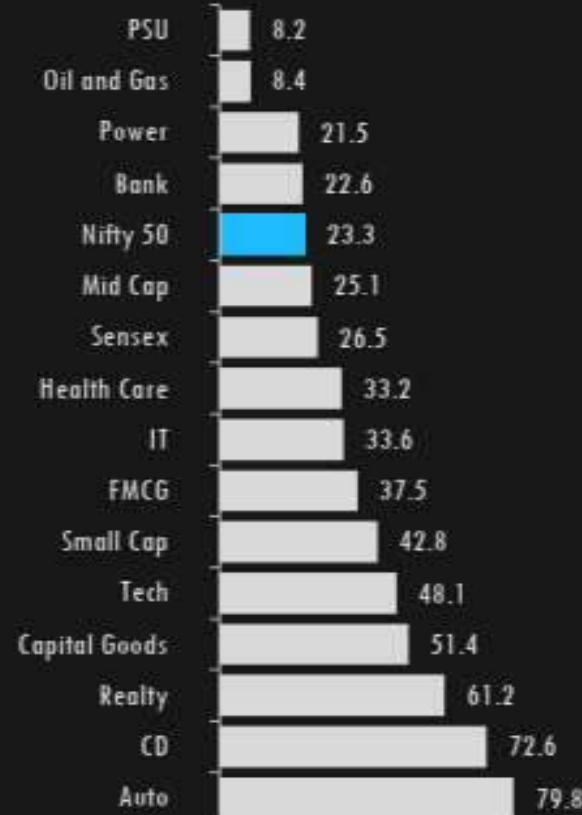
Change vs last month — 6-20 average
Deteriorated

Feb'22
Latest data month

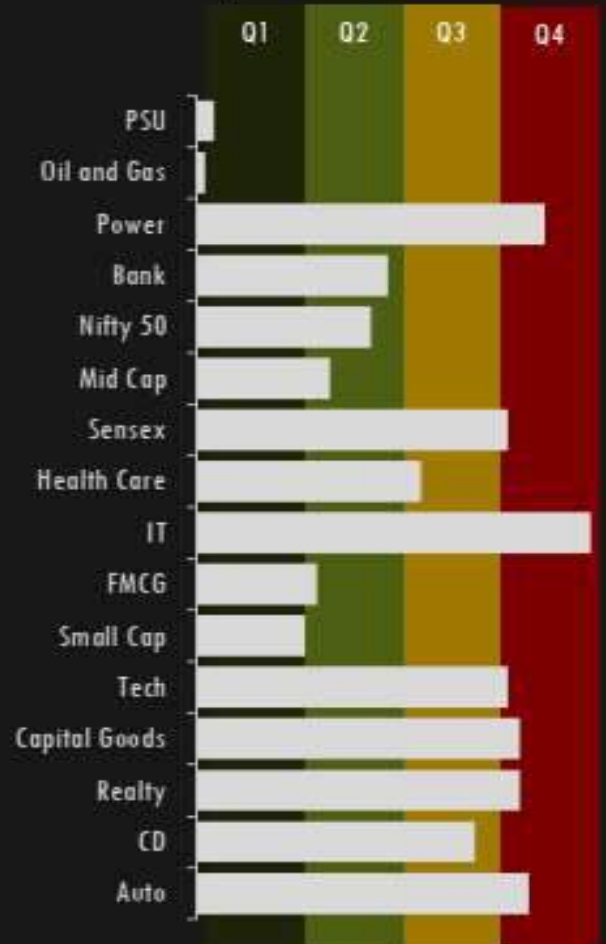
Nifty 50 PE



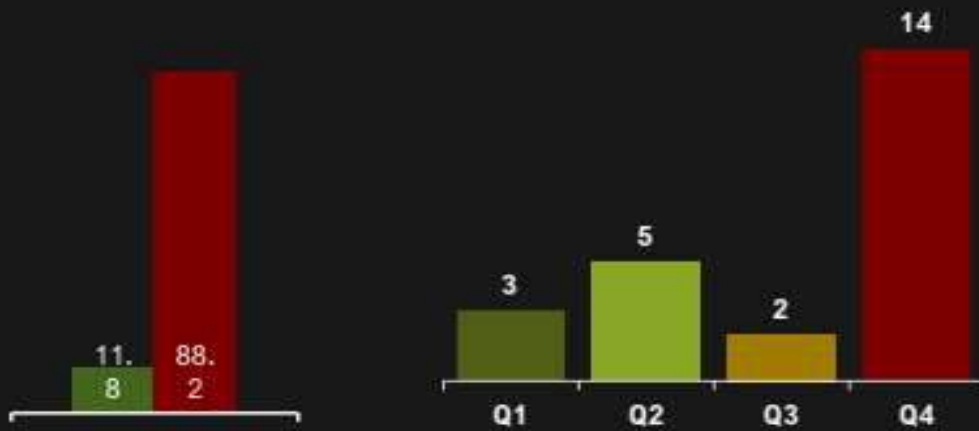
Major Indian equity index PE



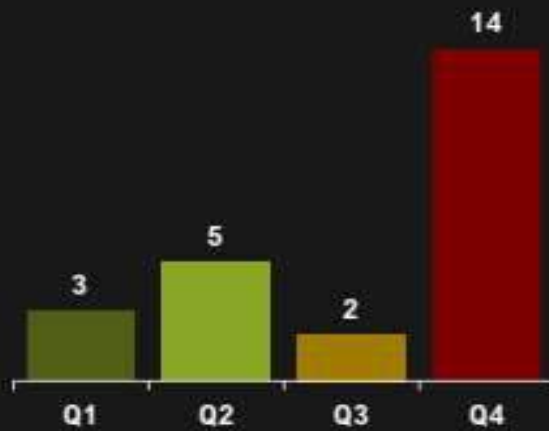
Quartile rank of major equity indices PE vs. own performance in last 10 year



Percent of indices PE current vs. last month

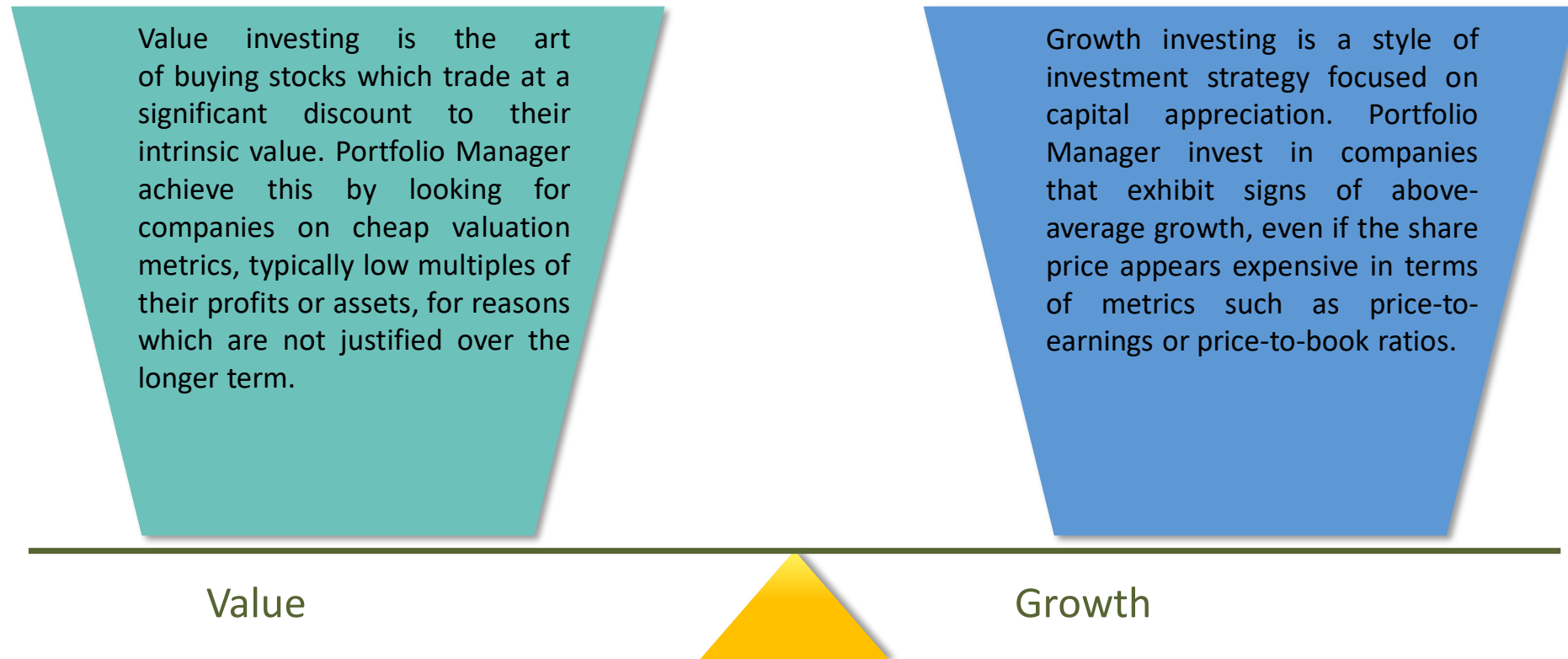


Indices ranking in quartiles by current PE, number



Objective:

- Focus on Return Optimization by investing in multi cap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.



Why Multi-cap Strategy

Bull Period

	Apr-03	Dec-07	CAGR	Volatility
Sensex	2960	20287	51.0%	22.0%
BSE Mid Cap	952	9789	64.6%	25.0%
BSE Small Cap	893	13348	78.4%	31.6%

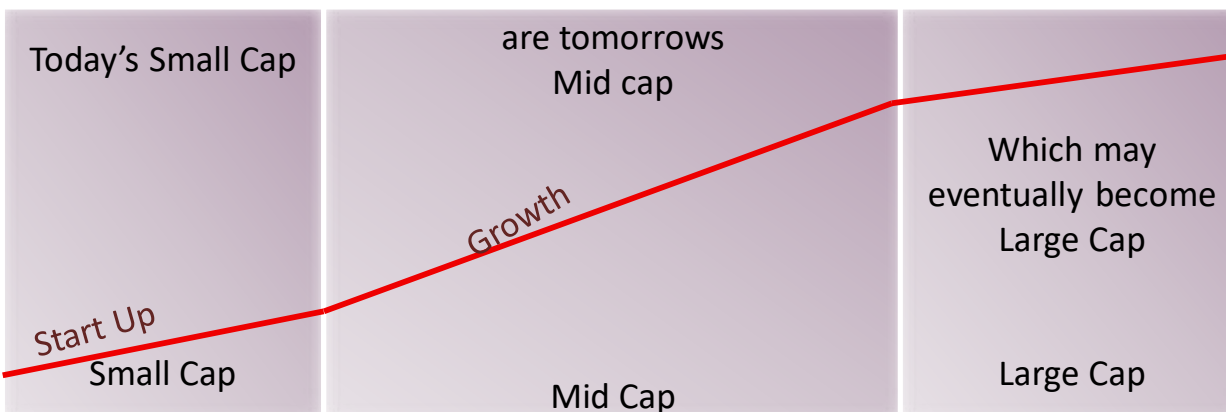
Bear Period

	Dec-07	Dec-11	CAGR	Volatility
Sensex	20287	15455	-6.6%	31.2%
BSE Mid Cap	9789	5135	-14.9%	40.5%
BSE Small Cap	13348	5550	-19.7%	45.4%

Current Bull period

	Dec-11	Dec-19	CAGR	Volatility
Sensex	15455	41254	13.0%	9.0%
BSE Mid Cap	5135	14968	14.3%	12.0%
BSE Small Cap	5550	13699	11.9%	13.5%

- ❖ The table shows outperformance of the Mid Cap and Small Cap Index over the Sensex Index during the Bull Period.
- ❖ Outperformance of the Mid Cap and small caps happens because of better earnings growth in the bull phase.
- ❖ The P/E for Mid cap and Small Caps also expands as earnings growth is superior v/s Sensex earnings growth.
- ❖ Identifying the business within attractive valuation compare to their growth is key factor for outperformance.
- ❖ Returns delivered from Mid Cap and Small Cap do outperform the Large Cap, however one should keep in mind the risk associated with it as we see the higher volatility in it. Therefore we emphasis on stringent stock selection strategy and create a diversified Multi-cap portfolio to create alpha over the benchmark.



Allocation



Business Model either in

- 1) Improving Market Share
- 2) Leadership
- 3) Niche Business Model

Rising Enterprises

- 1) Stable and Improving Margins
- 2) Improving ROE and ROCE

Sustainability

- 1) Visibility of Earnings over next 2-3 years
- 2) Predictable business model

Sound Corporate Track Record

- 1) Management back ground
- 2) Accounting & Corporate policies

Sector opportunity

- 1) Sector potential to grow
- 2) Cyclical / Non Cyclical
- 3) Favoring Policies

Diversification

- 1) Sectorally well diversified portfolio of 15-20 stocks across Market Capitalization

Exposure

- 1) Single Stock exposure < 10%
- 2) Single Sector exposure < 30%

Stock Selection

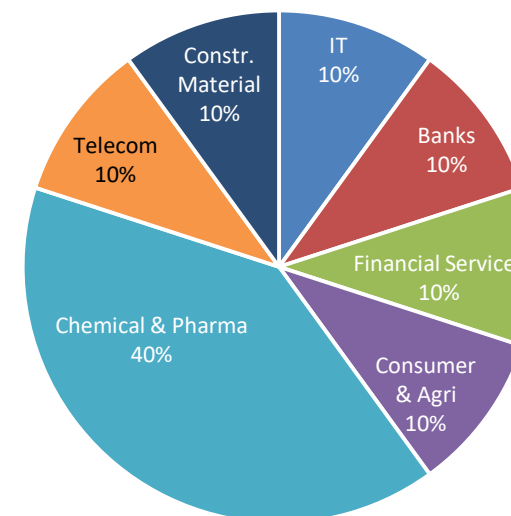
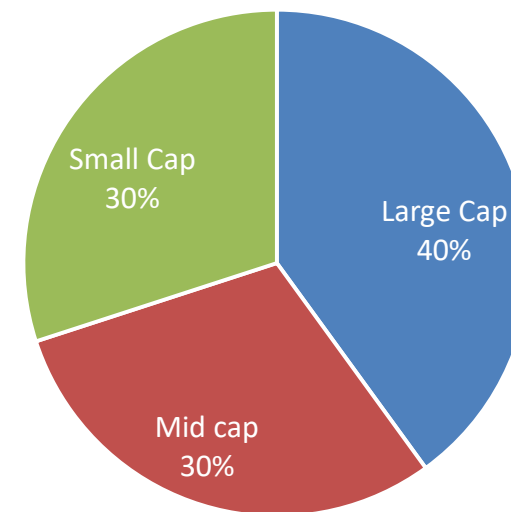


Top Holdings & Allocation

S.No.	Large Cap	% Weight
1	UPL Limited	10%
2	ICICI Bank Limited	10%
3	HCL Technologies Limited	10%
4	Bharti Airtel Limited	10%

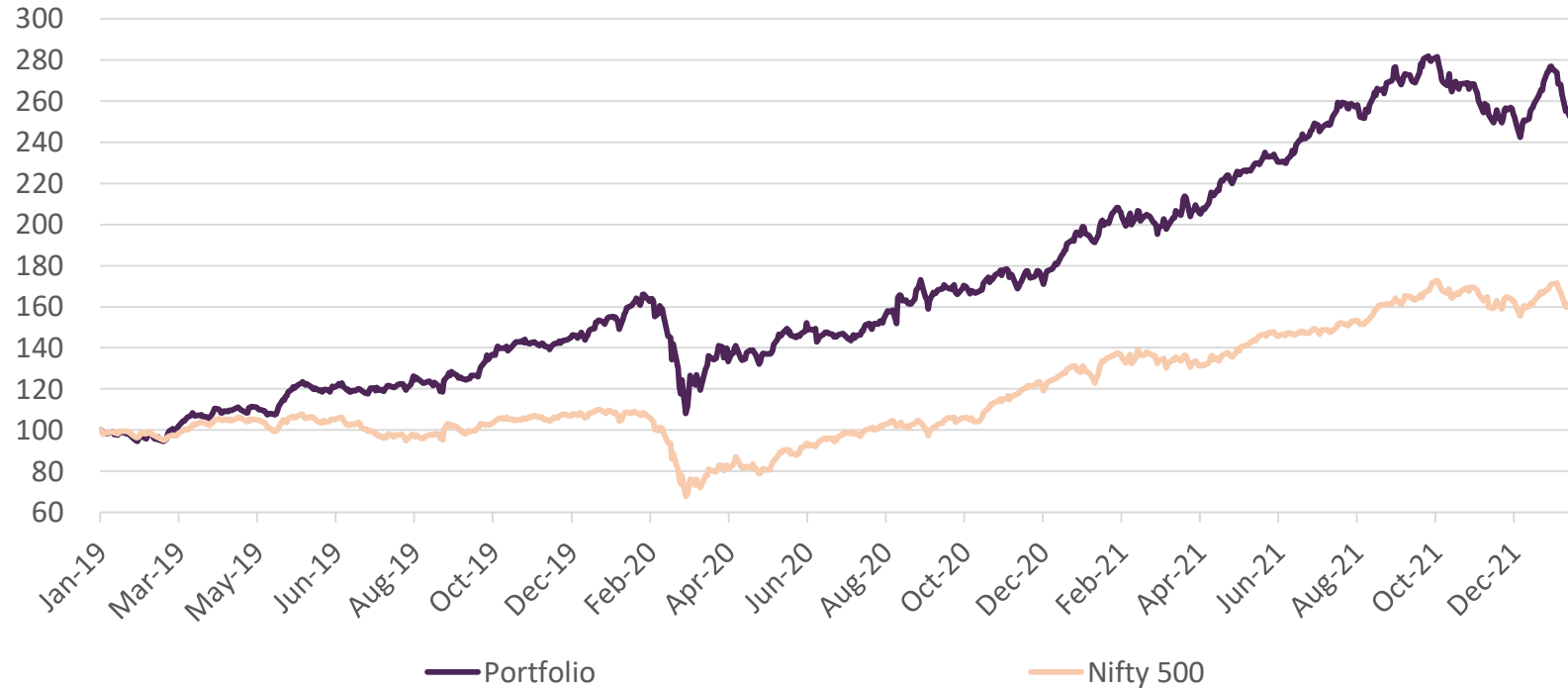
S.No.	Mid Cap	% Weight
1	Aarti Industries Limited	10%
2	Nippon Life Asset Management Limited	10%
3	Alkem Laboratories Limited	10%

S.No.	Mid Cap	% Weight
1	Vinati Organics Limited	10%
2	Heidelberg Cement India Ltd.	10%
3	NOCIL Limited	10%



NOTE: Basket /Portfolio is Equal weight with monthly rebalance strategy. As of 31st Jan 2022.

Basket / Portfolio Performance



Period	Portfolio % Return	Nifty500 % Return
One month	-0.6%	-0.5%
Three months	-2.7%	-1.1%
Six months	1.9%	9.2%
One Year	34.6%	32.0%

NOTE: Performance as of 31st Jan 2022.

What to Expect in near term



- **Positives:**
- Overall good results in Q3-FY22 from revenue perspective while margins pressure was seen due to increase in costs, supply chain issues etc. Stable and improving domestic macro indicators for FY22 so far.
- Broadly good Monsoon season
- Good GST data so far
- Sustained domestic support by both GoI and RBI

- **Negatives:**
- Fed taper timeline earlier than expected
- Global uncertainty on security aspects etc.
- Sharp rise in crude oil and global energy dependent commodities
- Inflation expectations taking hold in developed markets.

- ❑ UPL Limited is one of the top 5 crop protection product companies worldwide. The company's diverse product portfolio includes fungicides, herbicides, insecticides, plant growth regulators, rodenticides, specialty chemicals, nutri-feeds, seeds and seed treatment products. UPL currently has 48 manufacturing facilities across the world and presence in more than 130 countries. Region wise, during FY21, Latin America constituted 38% of total revenues, followed by 15% in North America, 17% in Europe, 12% in India while rest of the world accounted for 18% of the revenues. UPL intends to strengthen its presence in markets like Asia and Africa for driving further growth.
- ❑ The company has reported a growth of 24% in its revenues at Rs.11,297 crore in Q3-FY22 as against Rs.9,125 crore in same quarter previous year. The robust growth was led by better realizations and a healthy uptick in volumes in a highly disruptive supply chain environment.
- ❑ The operating margins of the company stood 23.6% at Rs.2,666 crore in Q3-FY22 as against 24.2% at Rs.2,209 crore in Q3-FY21. Improved realizations and efficient supply chain management were offset by a sharp rise in input costs and freight charges. However, EBITDA growth higher than contribution growth driven by overheads optimization
- ❑ The profit after tax margin for the company stood at 8.3% at Rs.937 crore in Q3-FY22 as against 8.7% at Rs.793 crore.
- ❑ The company has prepaid debt of Rs. 940 Crores in Jan 2022.

- ❑ ICICI Bank is a large private sector bank in India offering a diversified portfolio of financial products and services to retail, SME and corporate customers. The Bank has an extensive network of branches, ATMs and other touch points. It is at the forefront of leveraging technology and offering services through digital channels like mobile and internet banking.
- ❑ ICICI Bank reported 23% YoY growth in net interest income to Rs.12,236 crores in Q3-FY22. Net interest margin stood at 3.96%.
- ❑ Non-Interest Income, excluding treasury income increased by 25% YoY to Rs. 4,899 crores in the quarter. Treasury income was Rs. 88 crores in Q3-FY22 compared to Rs. 766 crores in the previous year quarter.
- ❑ The core operating profit (profit before provisions and tax, excluding treasury income) increased by 25% YoY to Rs. 10,060 crores.
- ❑ Provisions (excluding provision for tax) declined by 27% YoY to Rs. 2,007 crore in Q3-FY22.
- ❑ On a standalone basis, net profit after tax increased by 25% YoY to Rs. 6,194 crores in Q3-FY22.
- ❑ Total advances grew 16% YoY to Rs. 813,992 crores as of December 31, 2021. Also, total deposits increased by 16% YoY to Rs. 1017,449 crores.
- ❑ Gross NPA to gross customer assets for the quarter reported at 4.13% vs 4.38% in Q3-FY21.
- ❑ Net NPA to net customer advances for the quarter reported at 0.85% vs 0.63% in Q3-FY21.

- ❑ HCL Technologies is a next-generation global technology company that helps enterprises reimagine their businesses for the digital age. In order to thrive in the digital age, technologies such as analytics, cloud, IoT and automation occupy center stage. In order to offer enterprises the maximum benefit of these technologies to further their business objectives, HCL offers an integrated portfolio of products and services through three business units. These are IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products and Platforms (P&P).
- ❑ The company reported good results for the quarter under review. Revenue from operations improved by 15.7% year-on-year to Rs.223,310 million on consolidated basis. In constant currency (CC) terms the revenue grew by 15.0% YoY and 7.6% QoQ being the highest growth rate in the last 12 years. The company reported healthy revenue growth led by better performance across all regions - Americas, Europe & RoW.
- ❑ Mode-2 & Mode-3 business grew by 30.2% & 6.2% YoY respectively in constant currency terms. Segment wise – IT business services, Engineering services and Product platforms led growth during for the quarter by 15.3%, 19.7% & 12.7% YoY respectively. All verticals led growth – Financial Services, Manufacturing, Technology, Retail, Telecommunications, Life sciences and Public Services grew by 13.5%, 12.2%, 18.1%, 11.5%, 12.4%, 21.3% and 14.8% YoY respectively.
- ❑ On profitability front, the EBITDA from operations for the quarter decreased by 4.1% year-on-year at Rs.53,930 million with a margin of 24.2%. The company achieved the reported PAT of Rs.34,480 million, a decline of 13.3% year-on-year with a net margin of 15.4% translating into EPS of Rs.12.69 per share for the quarter.
- ❑ HCL won 16 new large deals in Q3-FY22 wins worth \$2.1 billion registering growth of 64% YoY. The company reported employee attrition rate of 19.8% during Q3-FY22. However, the company added net 10,143 employees this quarter and plans to add 6,000 to 8,000 employees in Q4-FY22.
- ❑ The management declared an interim dividend of Rs.10 per share for the quarter.
- ❑ The management has maintained a revenue growth guidance of double digits in constant currency for FY22. EBIT margin guidance expected between 19% to 21% for FY22.

- ❑ Bharti Airtel Limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa. The company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G, 4G wireless services and mobile commerce.
- ❑ Bharti Airtel Limited (BHARTIARTL) has reported consolidated revenue of Rs.29,867 crores in Q3-FY22 as against Rs.2,6,518 crores in Q3-FY21, a growth of 12.6%. On comparable basis the company's revenues grew 18.3% YoY during the quarter backed by strong performance across the businesses.
- ❑ On profitability front, the company's consolidated EBITDA margin stood at 49.2% at Rs.14703 crores in Q3-FY22 as against 45.3% at Rs.12,002 crores in same quarter previous year. The consolidated profit after tax (PAT) margin for the company stood 5.5% at Rs.1,651 crores as against a loss of Rs.8,460 crores in same quarter previous year.
- ❑ In its mobile business the company continues to gain a strong share of the 4G customers in the market. 4G data customers for the company increased by 18.0% YoY to 195.5 Mn. The company's ARPU stands at Rs. 163 for the quarter, average data usage per data customer at 18.3 GBs/month up by 33.8% YoY.
- ❑ Recently the company has also rebalanced tariffs of its mobile business and has undergone across the board increase in plan prices by an average of about 20%. Along with this the company has also communicated its medium to long term stance of growing mobile business ARPUs to Rs.200 initially and further to Rs.300 in due course which should be positive for the company.
- ❑ Airtel and Google partner to help grow India's digital ecosystem. Google to invest upto \$1 Billion in partnership with Airtel as part of its Google for India Digitization Fund. Deal includes investment of \$700 Mn to acquire 1.28% ownership in Airtel and up to \$300 Mn towards potential multi-year commercial agreements. Partnership will focus on enabling affordable access to smartphones across price ranges, explore use cases for 5G and help accelerate cloud ecosystem for businesses across India

- ❑ Aarti Industries is a leading Indian manufacturer of Speciality Chemicals and Pharmaceuticals with a global footprint. Chemicals manufactured by Aarti are used in the downstream manufacture of pharmaceuticals, agrochemicals, polymers, additives, surfactants, pigments, dyes, etc. The company has 18 manufacturing plants & 200+ products.
- ❑ Aarti's revenue (excl. Rs6.3bn termination fees) grew 47% YoY, 12% QoQ, to Rs. 17.4bn, supported by volume growth on the return of demand from established markets and rising demand across various products. Specialty chemicals' revenue grew 54% YoY, 12% QoQ, to Rs. 16.6bn, driven by volume growth and realizations. Pharmaceuticals grew 50% YoY, 25% QoQ, to Rs. 3.5bn, supported by greater volumes and better utilization. Higher RM, fuel and logistic costs continued in Q3.
- ❑ The EBITDA/ gross margin contracted to 19% (down 482bps YoY, 77bps QoQ) and 46.1% (54.1% a year ago, 47% the previous quarter) due to a delay in passing on costs. The company has guided to maintaining the 18-20% pharma EBIT margin.
- ❑ Management maintained its 25-35% profit guidance for FY22.
- ❑ In 9M Aarti spend Rs9.1bn of the guided-to Rs12bn-15bn capex for FY22. It revised its capex guidance for FY22 to Rs. 12bn-13bn. It is in process of finalising FY23 capex. However, capex would be Rs. 45bn-50bn over FY22-24e to expand the US FDA-approved capacity at Tarapur, the intermediates unit (Vapi), second and third LT contracts at the Dahej SEZ and at Jhagadia, the NCB expansion, adding capacity for the chloro-toluene value chain, setting up universal multi-purpose plants (UMPP), a new range of value-added and specialty products and custom manufacturing. It is adding chloro-toluene and downstream products for revenue growth. These will be import substitutes and support exports. It aims at Rs90bn revenue by FY24 (from Rs. 45bn in FY21).

- ❑ Nippon Life India Asset Management Limited is one of India's largest asset management companies with a total AUM of ₹ 3.55 lakh crores as of March 31, 2021. The Company engages in managing mutual funds including exchange traded funds (ETFs); managed accounts, including portfolio management services, alternative investment funds and pension funds; and offshore funds and advisory mandates.
- ❑ For 3QFY22, Total Income was Rs. 369 crore (US\$ 50 million) - a decrease of 7%. Operating Profit up by 48% YoY to Rs. 205 crore (US\$ 28 million) and Profit after Tax was Rs. 174 crore (US\$ 24 million) - an decrease of 18%.
- ❑ As on December 31, 2021, NAM India's assets under management was Rs. 3,45,056 crore (US\$ 46.6 billion). NIMF's overall AUM market share rose to 7.34% - an increase of 22 basis points as against the quarter ended March 31, 2021
- ❑ For 3QFY22, NIMF's average assets under management was Rs. 2,80,601 crore (US\$ 37.9 billion) - an increase of 32%. For the quarter ended December 31, 2021, share of Equity Assets rose to 43% of NIMF's AUM as against 39% for the quarter ended December 31, 2020. NIMF has one of the largest retail assets in the Industry, at Rs. 77,641 crore (US\$ 10.5 billion). Retail assets contributed 28% to NIMF's AUM.
- ❑ As on December 2021, NIMF's AUM of Rs. 48,839 crore (US\$ 6.6 billion) from 'Beyond the Top 30 cities' category. This segment forms 18% of NIMF's AUM vis-à-vis 17% for the Industry. During the quarter Individual AUM was Rs. 137,602 crore (US\$ 18.6 billion) and contributed 49% to NIMF's AUM
- ❑ During the quarter, digital purchase transactions rose to over 7.5 lakh - an increase of 83% as against the quarter ended December 31, 2020. Digital channels contributed 58% to total new purchase transactions.

- ❑ Alkem Laboratories is one of India's foremost global pharmaceutical company. The Company is engaged in the development, manufacture and marketing of pharmaceuticals with operational footprints across 40+ countries. In India, it has a formidable presence in several therapy segments and consistently features amongst the top ten pharmaceutical companies.
- ❑ Alkem's business in Q1 FY22 grew a robust 65.3% y/y to Rs19.09bn. Sequentially, too, recovery has been significant (up 29.6%). The healthy growth in its acute business drove the revenue. The chronic category saw good growth, with therapies such as cardiac/ diabetes seeing an upswing. Trade generics growth was unhampered. The company aims at doubling revenues from its chronic therapies in the next 3-4 years.
- ❑ The US business slipped 9.3% to Rs6.04bn mainly due to the loss of market share and price erosion. The company filed two ANDA and received five approvals from the US FDA in the quarter.
- ❑ Double-digit launches are expected in FY22 however loss of market share and price erosion cut US growth. Alkem launched gDuexis in the US, it has six months exclusivity for this product. A couple of more such products will be launched in FY22-23.
- ❑ Sales of the RoW market grew 56.4% y/y to Rs1.86bn. Alkem will continue to focus on key regions, which would boost growth.

- ❑ Vinati Organics Limited has continued to excel in delivering specialty chemicals products for diverse industries. In the process, it is today a leading global manufacturing company of specialty chemicals for some of the largest companies in the world. The company is a niche chemicals manufacturer, working with new processes to develop products at cost effective rates and expanding its market presence. It is today the largest producer of Iso Butyl Benzene and ATBS in the world with a dominant market share.
- ❑ Despite a seasonally soft Q3 for ATBS, Vinati's revenue shot up 65% YoY, though QoQ it was flat. Management guided to strong Q4 revenue growth on good ATBS demand, a pickup in butyl-phenol utilisation and greater IBB demand.
- ❑ The gross margin was 48.9%, down a sharp 601bps YoY due to higher RM prices (though q/q it was up 139bps, as costs were passed on). The EBITDA margin contracted 712bps YoY, 186bps QoQ, to 25%, due to the lower gross margin and higher utility expenses. Thus, despite the strong Q3 65% revenue growth YoY, EBITDA rose only 29% YoY to Rs. 928m (but QoQ it was down 8%). Demand for IBB was dull as off-take was high in FY21, resulting in more stocks with customers. This is expected to normalise in Q4.
- ❑ The company is expanding its BP capacity by 15,000 tons, to 50,000 tons. Most of the production would be consumed captively by Veeral Additives. Capex would be Rs. 1bn and completed by Dec'22 (expected commissioning in Mar'22 in Veeral Additives. Management revised its revenue guidance from Rs. 5bn to Rs. 7bn at full utilisation on mounting demand, higher prices and adding anti-oxidants.
- ❑ Revenue to double by FY25. Management held to its FY22 growth guidance, of ~50% revenue, and of ~30% volumes in FY23 and FY24. And its EBITDA margin guidance of 30% in coming quarters. Our positive bias for the company continues; we expect revenue/EBITDA/PAT to clock 31%/ 38%/38% CAGRs over FY22-24 considering strong demand driven by a pick-up in butyl phenols (BP), antioxidants and ATBS utilisation.

- ❑ Heidelberg Cement entered India in 2006 and has consistently pursued its strategy of growth in developing markets. The Group acquired majority stakes in Mysore Cements and Cochin Cements, as well as the Indorama Cement joint venture, which was converted to a full acquisition in 2008. Following the merger with Indorama Cement, Mysore Cements was renamed HeidelbergCement India Ltd. (HCIL) in 2009. The existing HCIL facilities in Central India were expanded as part of a brownfield project, increasing its capacity from 2 million tonnes per year to 5 million tonnes in 2013.
- ❑ Higher input costs, lower volumes and a small increase in realisations squeezed Heidelberg's Q3 operating performance. EBITDA/ton was one of the lowest in the last 18 quarters. Demand has picked up and company is taking all measures to pass on the higher costs. The net cash B/S and rising green energy are positives. With no growth capex plans, volume growth will be key to watch.
- ❑ The coming elections, greater thrust on infra activities and a good monsoon are expected to boost cement demand 9-10% in FY23/24, per management. Q3 cement volumes dipped 11% YoY on low demand in the region. With stable demand-supply dynamics, the central region will be attractive to non-traditional manufacturers (whose share grew to 35% (8% in the last two years). We expect 8%/10% YoY volume/revenue CAGRs over FY21-24.
- ❑ Fuel cost continues high and is likely to persist in Q4. Passing this on via cement price hikes will be more difficult given the sluggish demand context and coming UP elections. Cement prices in Q4 so far have risen by Rs. 5-7/bag. EBITDA fell 49% YoY to Rs. 602m; EBITDA/ton by 42% YoY to Rs. 534 on higher input costs, where realisation grew 1.8% YoY. We expect a 6% EBITDA CAGR over FY21-24.

- ❑ NOCIL's involvement in the Rubber chemicals business spans over 4 decades. It is one of the few players in this business to offer wide range of rubber chemicals to suit the customer needs. Due to its rich experience and offering a one stop shop to customers, NOCIL is today acknowledged as a dependable supplier of rubber chemicals. Globally it is recognised for its technical capabilities and on this aspect alone, NOCIL enjoys an edge over other players in this business.
- ❑ NOCIL today is the Largest Rubber Chemicals Manufacturer in India with the State of the Art Technology for the manufacture of rubber chemicals. Its brands PILFLEX® Antidegradants, PILNOX® Antioxidants, PILCURE® Accelerators, Post Vulcanization Stabilizer and PILGARD® Pre Vulcanization Inhibitor are well recognised in both domestic as well as international markets.
- ❑ The growth drivers are positive guidance by global and domestic tyre manufacturers, rising rubber consumption, shifting of supply from China to India, higher exports and better demand globally. Further, the ongoing expansion will help the company address growing demand and improve its market share. It is aiming at an 8-10% market share globally.
- ❑ Management talked of attaining ~10%/~45% volume/revenue growth in FY22. It is expecting volatility in input prices. We expect revenue/EBITDA/PAT to clock 38%/52%/56% CAGRs over FY21-24 considering rising rubber consumption, more exports and mounting demand as major tyre companies are expanding capacities and due to the shift in supplies from China to India.
- ❑ Backed by volume growth (up 35% y/y, 5% q/q) and better pricing, Nocil's Q2 revenue grew 69% y/y, 9% q/q, to Rs3.7bn, its highest. The recent disruptions in China (power shortages) and higher ocean freight hurt the global supply chain, leading to the unprecedented rise in commodity prices. Price fluctuations are expected to continue in Q3.
- ❑ Nocil's market share has improved in the last six months. It is focusing on exports, strengthening operations by diversifying, with much R&D and brand building. It expects to raise its share of exports to 40% (of total sales) in the next 3-4 years, from ~35% now. It completed its phase II (capex Rs3bn) in Mar'21 and is now not looking at capex in short term. It will focus on volume growth and market-share gains.

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