

Pick of the Week



EPL Limited

May 19, 2025

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Packaging	Rs 235	Buy in Rs 230-240 band and add on dips in Rs 205-215 band	Rs 262	Rs 285	2-3 quarters

HDFC Scrip Code	EPLLTDEQNR
BSE Code	500135
NSE Code	EPL
Bloomberg	EPLL:IN
CMP May 16, 2025	235
Equity Capital (Rs Cr)	63.9
Face Value (Rs)	2.0
Equity Share O/S (Cr)	31.9
Market Cap (Rs Cr)	7,505
Book Value (Rs)	73.7
Avg. 52 Wk Volumes ('000)	1645
52 Week High	290
52 Week Low	168

Share holding Pattern % (Mar, 2025)	
Promoters	51.3
Institutions	27.5
Non Institutions	21.2
Total	100.0



* Refer at the end for explanation on Risk Ratings

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Our Take:

Manufacturing Marvel

Amidst the backdrop of a challenging global macro environment, EPL delivered robust revenue growth of 7.4% YoY in Q4FY25 with strong performance witnessed in the Americas (26% of revenue) and East Pacific and Asia (EAP) (21% of revenue) geographies. In Africa, the Middle East, and South Asia (AMESA), the growth during the quarter was flat, impacted by lower intercompany laminate sales in the India business. With the underlying demand for tubes remaining strong, the AMESA portfolio is also expected to rebound in the coming quarters. Europe continued to witness modest growth during the quarter.

The key positive is the sustained margin expansion as **EBITDA margin expanded for the 10th consecutive quarter**. Q4FY25 EBITDA margin improved by 208 bps YoY, attaining the management's targeted range of 20%+, to 20.6%. This was due to an improved product mix and operational efficiencies. PAT (excluding one-offs – exceptional forex loss in Egypt and Europe restructuring cost) was up by 42.4% YoY.

The Personal Care and Beyond portfolio delivered strong mid-teen growth during the quarter. Within Personal Care & Beyond, Beauty & Cosmetics delivered a robust 20% growth fueled by focused investment in capability and technology, adoption of NEOSeam, deeper customer engagement, and sharper execution. The segment has started reaping rewards as the management continues to invest in accelerating growth through increased reach and capacity expansion. The management remains optimistic about sustained double-digit growth in the category supported by backend and front-end capabilities across nations. Oral Care continues to deliver mid-single to high digit growth on a steady state basis, drive by EPL's leadership position in key markets. In Q4FY25, Oral Care contributed ~51% to the company's revenue. Whereas in Personal Care and beyond, Beauty & Cosmetics contributed 37%, Pharma contributed 10% and other categories contributed 3%.

EPL's sustainability efforts yielded further results in Q4FY25, gaining wallet share with key customers across categories. The company's sustainable tube mix reached 33% in FY25 (21% in FY24). The management expects this proportion to further grow with customer commitments aligning with its sustainable solutions. EPL continues to focus on its sustainability efforts and aims to further drive wallet share gains through increasing mix of sustainable solutions.

The company has robust capex plans in place with additional manufacturing of 40 bn tubes in Beauty & Cosmetics category in Brazil and a greenfield expansion in Thailand, which is expected to commercialize in H2FY26.

Valuation & Recommendation:

EPL is a market leader (~20% share in global specialty packaging) that is set to continue gaining market share in an industry which is undergoing structural shift owing to innovative product introduction. EPL's strong innovation pipeline, a plethora of sustainable solutions and a sharp focus on developing sustainable solutions is expected to be quickly adopted by larger personal care brands given their commitment to sustainability goals. A constant lookout for establishing presence in white spaces and driving a higher share of customer wallets brightens the company's prospects.

EPL's management has committed to deliver double-digit revenue growth and with an EBITDA margin ambition of ~20% in FY26. Stability in raw material prices should further aid the margin recovery. Going ahead, we expect revenue and EBITDA CAGR of 10% and 14%, respectively, over FY25-27E. RoCE and RoE are expected to increase further from 16.3% and 17.4%, respectively in FY25 to 17.9% and 21.1% by FY27.

We had issued a stock update note on EPL Ltd. on September 05, 2023, and both targets were achieved within our investment horizon.

We believe investors can buy the stock in Rs 230-240 band (15.5x FY27E EPS) and add on dips in Rs 205-215 (14.0x FY27E EPS) band for a base case fair value of Rs 262 (17.5x FY27E EPS) and bull case fair value of Rs 285 (19.0x FY27E EPS) over the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q4FY25	Q4FY24	YoY-%	Q3FY25	QoQ-%	FY23	FY24	FY25	FY26E	FY27E
Operating Income	1105	1029	7%	1014	9%	3694	3916	4213	4677	5144
EBITDA	228	191	19%	202	13%	578	714	836	949	1078
APAT	111	83	34%	93	18%	228	274	363	426	479
Diluted EPS (Rs)	3.6	2.6	38%	2.9	22%	7.2	8.6	11.4	13.3	15.0
RoE-%						11.9	13.4	16.3	17.2	17.9
P/E (x)						32.8	27.4	20.7	17.6	15.6
EV/EBITDA (x)						14.1	11.5	9.7	8.3	7.0

(Source: Company, HDFCsec)

Geographic Mix

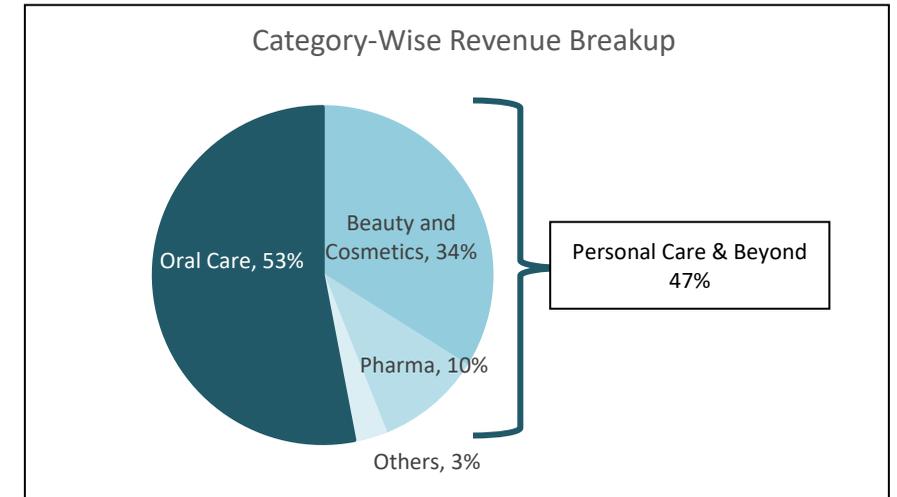
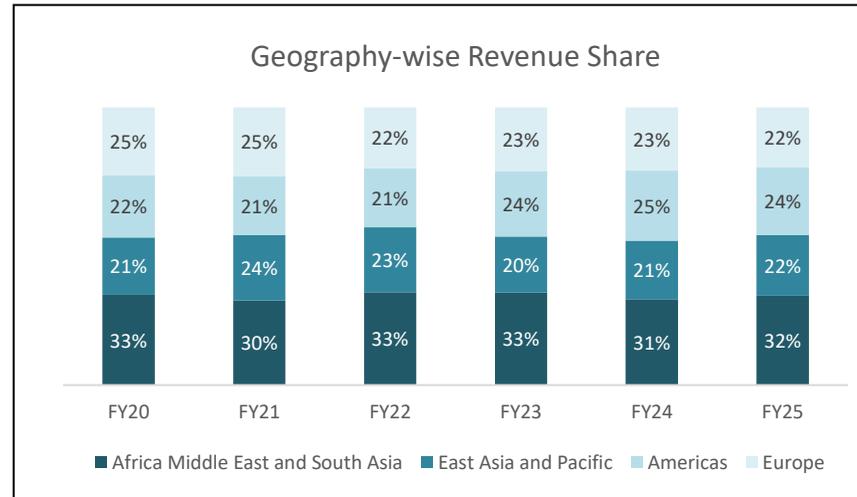
	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (in Rs Cr)												
AMSEA	320	360	352	338	336	379	350	354	368	393	354	355
<i>% of net sales</i>	35%	36%	36%	33%	34%	35%	33%	32%	33%	33%	32%	30%
EAP	193	217	226	214	215	245	252	223	245	267	250	242
<i>% of net sales</i>	21%	22%	23%	21%	22%	22%	24%	20%	22%	22%	23%	21%
Americas	197	223	191	230	218	252	253	266	259	276	271	304
<i>% of net sales</i>	22%	22%	20%	22%	22%	23%	24%	24%	23%	23%	25%	26%
Europe	197	205	206	250	213	216	208	256	232	262	226	270
<i>% of net sales</i>	22%	20%	21%	24%	22%	20%	20%	23%	21%	22%	21%	23%
EBIT (in Rs Cr)												
AMSEA	31	33	40	42	37	45	39	41	43	44	34	40
EBIT Margin	10%	9%	11%	13%	11%	12%	11%	12%	12%	11%	10%	11%
EAP	25	38	37	25	35	43	41	27	39	43	38	31
EBIT Margin	13%	17%	16%	12%	16%	17%	16%	12%	16%	16%	15%	13%
Americas	11	11	11	6	2	9	18	24	17	26	29	33
EBIT Margin	5%	5%	6%	3%	1%	4%	7%	9%	7%	9%	11%	11%
Europe	3	7	-4	13	8	5	2	10	14	26	23	28
EBIT Margin	2%	3%	-2%	5%	4%	2%	1%	4%	6%	10%	10%	10%

(Source: Company, HDFC sec)

Charts in Focus

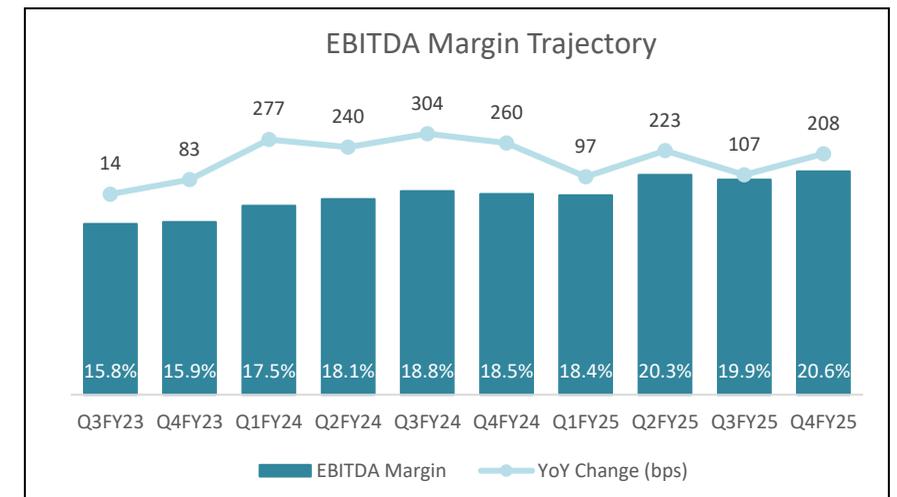
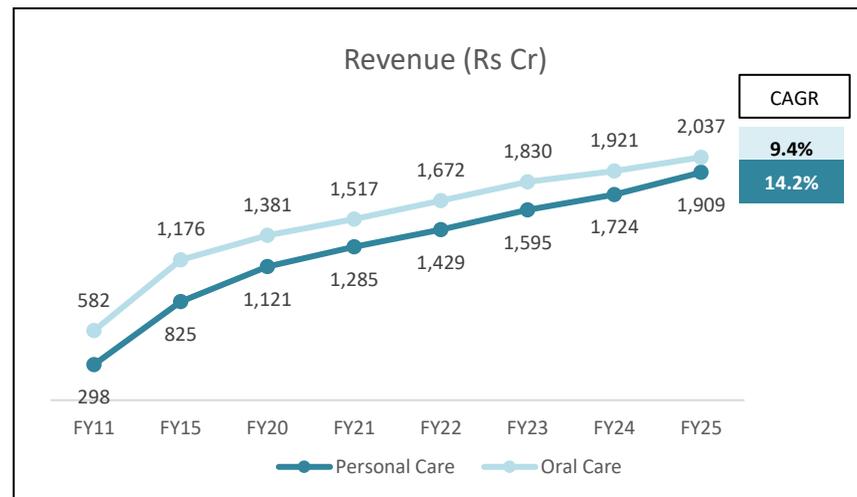
Globally diversified revenue mix with increasing share from Americas

Market Leading Position in Oral Care with Focus to grow PC&B



Personal Care has outpaced Oral Care CAGR between FY11-25

EBITDA margin expansion for the 10th straight quarter in Q4FY25



(Source: Company, HDFC sec)

Key Triggers

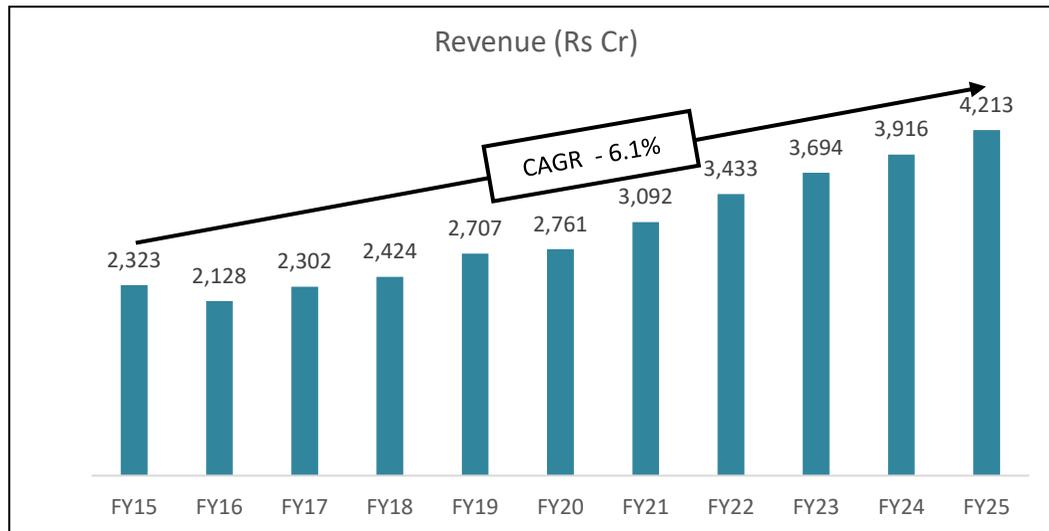
Global market leader in specialty packaging

EPL is one of the world's leading specialty packaging company, recognized for its leadership in packaging innovation and sustainability, globally. EPL has strategically positioned itself as a global player, with a strong presence through 21 state-of-the-art manufacturing facilities, with over ~5343 employees representing 25 different nationalities, across multiple regions including Africa, Middle East, and South Asia ("AMESA"), East Asia Pacific ("EAP"), Europe and the Americas. This extensive global footprint enables the Company to cater to a diverse customer base and leverage regional strengths to optimise its operational capabilities.

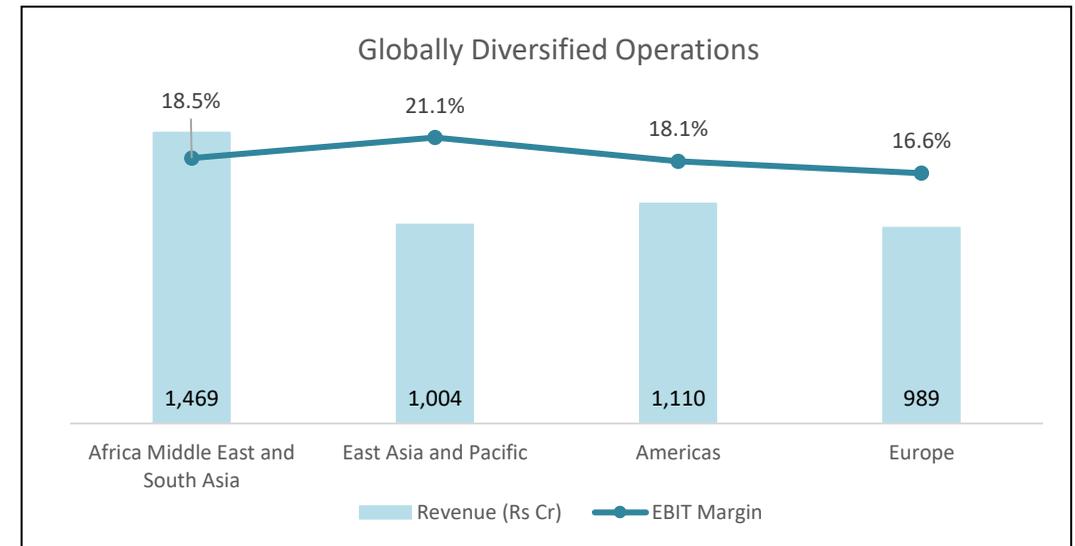
The Company is a preferred partner to the world's largest brands in Oral care, Beauty & Cosmetics, Pharma & health, Food and home, providing them with highly innovative, sustainable, aesthetically superior and customized packaging solutions in laminates, laminated tubes, extruded tubes, caps & closures and dispensing systems. EPL produced over 8.0 bn tubes globally in FY25, underscoring its ability to deliver superior packaging solutions. EPL manufactures one in every three tubes used in the oral care category across the globe.

The Africa Middle East and South Asia (AMESA) region, reflecting operations in Africa, the Middle East, and South Asia, with operations in Egypt and India contributed 32% to the company's revenue in FY25 whereas, the East Asia and Pacific regions covering operations in China and Philippines contributed 22% to its revenues. The company has also made significant strides in the Europe region, which covers operations in Germany and Poland (22% of FY25 revenue), and the Americas, which includes operations in the USA, Mexico, Colombia, and Brazil (24% of FY25 revenue). Commercialization of a greenfield project in Brazil has provided additional fillip to growth in the Americas.

Strong track record of long-term growth in the specialty packaging industry



Well diversified operations globally, spread across 10 countries

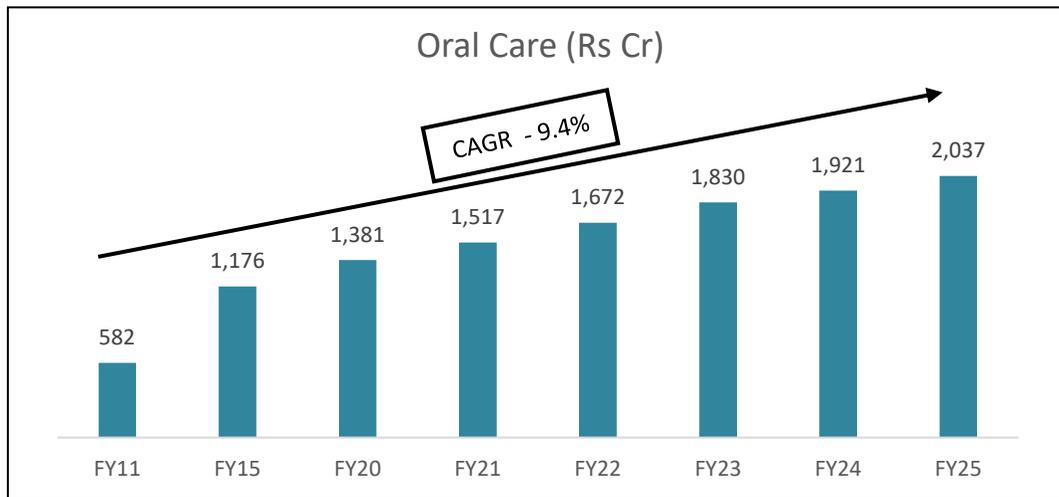


(Source: Company, HDFC sec)

Established leadership in the Oral Care segment

EPL is a market leader in the Oral Care segment and has forged long-term relationships with marquee customers like Colgate Palmolive, P&G, Unilever, GSK, Tom's, Patanjali, Liby, Dabur, Amway, etc. One in every three toothpaste tubes sold globally, is made by EPL. The company offers them a range of exclusive solutions with high-quality barrier coatings that help fluids remain fresh and effective for longer. Many leading oral care brands rely solely on EPL's expertise to provide them extended shelf life and enhanced visibility. EPL's oral care business has delivered 9.4% CAGR between FY11-25 and contributed more than 50% to the company's revenue in FY25. EPL commands ~35% market share in the overall oral care packaging business. Key drivers in the Oral Care segment are: (1) wallet share gain with marquee global consumer companies, (2) market share gains from regional players in India and China, (3) entry in Brazil to further drive revenue growth, (4) continued leadership through product and process innovation and (5) accelerated commercialization of sustainable Platina tubes globally.

Oral Care remains the key business segment with steady growth levers



Long standing relationships with marquee global giants provides a competitive edge



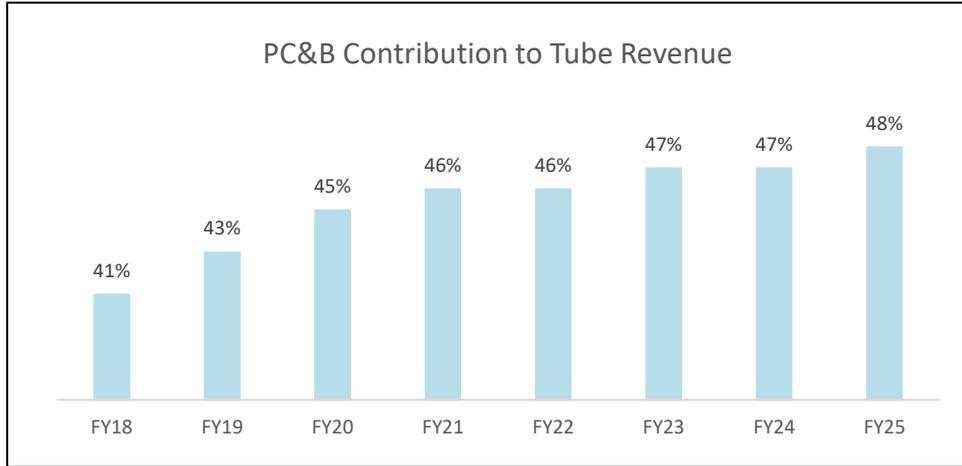
(Source: Company, HDFC sec)

Strategic focus to drive growth in Personal Care & Beyond yielding results

Over the past few years, EPL has strategically focused on increasing the share of PC&B segment in the company's revenues. PC&B's contribution to revenue has increased from 41% in FY18 to 49% in FY25. The PC&B category provides a vast potential with a market size of ~25 bn tubes annually, of which EPL manufactures ~2.5 bn tubes. The company has the highest wallet share in this segment in the AMESA region (35%), followed by 12% share in China. EPL's wallet share remains lower in Europe at ~4% and the Americas at ~7%, providing headroom for accelerated growth. The company has been witnessing strong momentum in the PC&B category in the EAP and Americas region. Over the years, the company has gradually increased offerings to various sub-categories under the PC&B segment, driving headline growth. EPL continues to pursue adding of sub-segments under the B&C category. With the management's focus on aggressively growing the segment in underpenetrated markets and continued product innovation, the segment remains a key driver in the management's aspirations of double-digit revenue growth.

Increasing contribution of PC&B in revenue mix to drive revenue growth

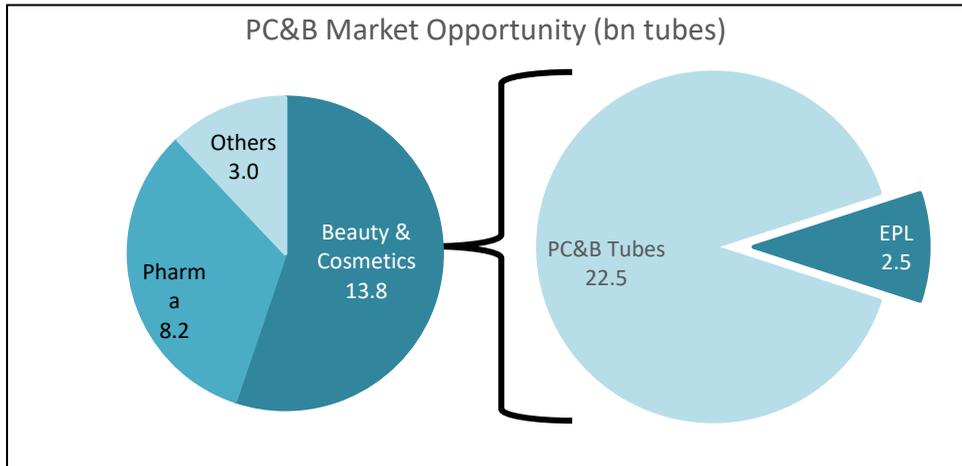
Gradually increased product availability across sub-categories and continues to innovate



Sub categories	FY11	FY15	FY20	FY21	FY22	FY23	FY 24	Q1 FY25
Face Care	✓	✓	✓	✓	✓	✓	✓	✓
Hair Care	✗	✗	✓	✓	✓	✓	✓	✓
OTC Medication [#]	✗	✓	✓	✓	✓	✓	✓	✓
Prescription Medication [#]	✗	✗	✓	✓	✓	✓	✓	✓
Food	✗	✓	✓	✓	✓	✓	✓	✓
Home	✗	✗	✓	✓	✓	✓	✓	✓
Hygiene Products [#]	✗	✗	✓	✓	✓	✓	✓	✓
Eye Care	✗	✗	✓	✓	✓	✓	✓	✓
Hand Cream	✗	✗	✓	✓	✓	✓	✓	✓
New Applicator (B&C)	✗	✗	✗	✓	✓	✓	✓	✓
Grease / gear oil	✗	✗	✗	✗	✗	✓	✓	✓

Market size of 25.0 bn tubes annually in PC&B provides huge potential

EPL commands high wallet share in some regions and has significant potential in others



Region	Total B&C* Market (mn tubes)	EPL Wallet %	Total Opportunity (mn tubes)
AMESA	2170	35%	1411
China	1993	12%	1754
Europe	6712	4%	6444
US,Mex,Col	2941	7%	2735
Total	13816	11%	12343

(Source: Company, HDFC sec)

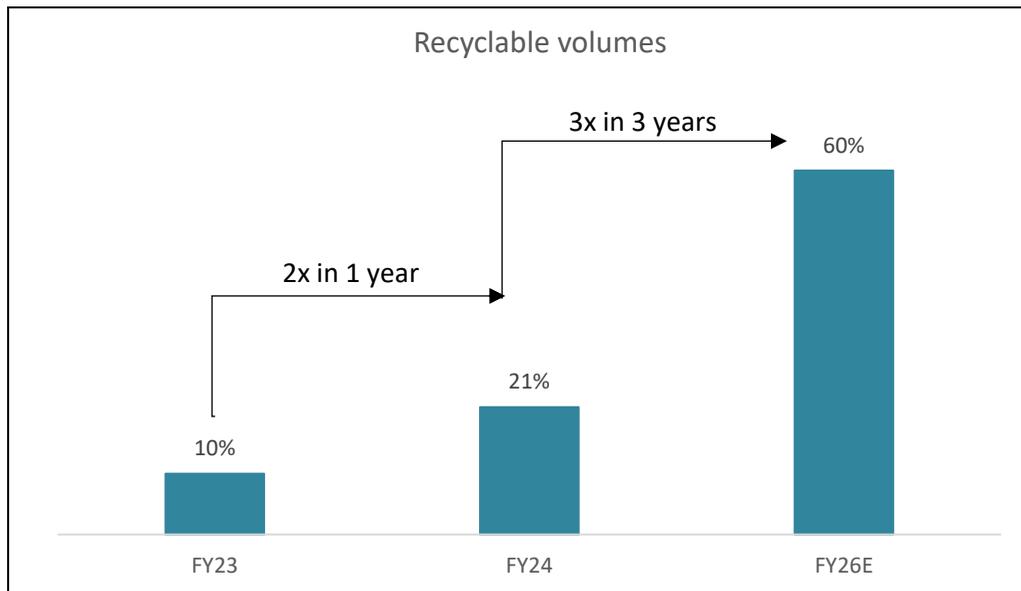
Market leadership in sustainability provides competitive edge

In 2023, EPL was awarded with the 'Gold Rating' (Top 3%) in the EcoVadis 2023 Sustainability Assessment (Silver Rating in 2022) on the back of continued development and implementation of eco-friendly packaging solutions such as recyclable and biodegradable packaging, which not only reduce environmental impact but also cater to the growing demand for environmentally responsible products. The company continues to lead the pack in sustainability with specific attention to product, people and process sustainability. With the increasing global awareness and demand for sustainable practices, the company has significantly enhanced its capabilities to align with these expectations.

EPL doubled the contribution of '100% recyclable' Platina Tubes in the overall volumes, moving from 10% in FY23 to 21% in FY24 and further to 33% in FY25, underscoring the commitment of the Company to sustainable product offerings. Additionally, the Company made substantial investments in its backend capabilities over the past few years, resulting in 85% of its capacity being ready for manufacturing sustainable tubes. This contribution stood at 31% in FY25 helping the company retain its EcoVadis Gold (Top 2% globally) rating in FY25. With customers like Colgate, P&G and L'Oréal committing 100% recyclable or reusable plastic packing in the next few years, EPL's leadership in sustainable packaging puts it on the front foot.

Focuses drive to increase share of sustainable volumes, in line with customer commitments

Customers have made global commitments to sustainability




Colgate

100% of plastic packaging to become **recyclable** by 2025¹

L'ORÉAL

100% of our plastic packaging will be refillable, rechargeable, **recyclable** or compostable by 2025²

P&G

100% recyclable or reusable packaging by 2030³

(Source: Company, HDFC sec)

Brazil expansion to provide growth impetus

In line with the company's plans to expand its presence in key markets globally, the company strengthened its presence in the Latin America market with the commercialization of a greenfield project in Brazil in FY24. EPL has already met 100% of the demand from its anchor customer and has also started supplying to new customers, including, 2 MNC clients and a local partner. With EPL being the only global tube supplier in Brazil, the plant not only represents a strategic investment but also showcases a commitment to leveraging new market opportunities for sustained growth.

Key strategic advantages include (1) large consumer market with presence of global customers, (2) advantageous manufacturing location, close to demand source and (3) headroom to increase capacity with traction from new customer apart from anchor customer. The company already started supplying to new customers in FY25 and the customer base expansion within just one year of plant commercialization reflects a huge potential in this market for EPL. The plant is currently operating at around 65% - 70% capacity utilization.

Company's long term growth strategy

EPL's management has carved a 4 X 4 mantra for growth that aims to deliver industry-leading profitable growth:

4 C's - Where EPL will win

- Category - Drive growth in Beauty & Cosmetics and Pharma
- Customer - Go for Global and Regional customers
- Country - Build wallet share in key countries
- Cost - Harness 'fuel for growth'

4 Enablers - How EPL will win

- An ambition-driven innovation program
- Bold sales and marketing to hunt down new growth opportunities
- Digital transformation to make EPL future-ready
- Build a 'one EPL' culture to foster cross-fertilization of ideas and promote horizontal collaboration across regions

Risks & Concerns:

- Volatility in raw material prices as they are highly correlated to the movement in crude prices. The principal raw material consumed is polymer granules which is a derivative of crude oil and is highly sensitive to any volatility in crude oil prices. Though the company has a pass through mechanism in place but a significant increase in crude/polymer prices can result in contraction of margins as the company may not be in a position to pass on the entire rise in prices in one go.
- Volume growth in the global oral care market is 3-4% p.a. which reflects a mature industry Globally, toothpaste is a consolidated segment with 77% of market share held by top four brands with Colgate holding 42% share. This could mean slow growth in oral care segment and lower bargaining power with customers in case capacity increase happens in laminated packaging segment.
- Management is very confident on the growth prospects of its European and American business going forward. In case of continued slowdown in these regions, the overall growth momentum could be impacted.

Company Background

EPL Limited (formerly known as Essel Propack Ltd.) is the world's largest specialty packaging company specialising in the manufacture of laminated plastic tubes for the FMCG and pharmaceutical industries. It is 51.5% owned by Blackstone group. With its 5,300+ employees from 25 nations, EPL operates 21 state-of-the-art manufacturing facilities in 10 countries and sells approximately 8 billion tubes per year. With a 35% global market share in oral care, EPL has facilities in the U.S., Mexico, Colombia, Poland, Germany, Egypt, Russia, China, the Philippines and India. These facilities cater to the five core categories of Oral Care, Beauty & Cosmetics, Pharma & Health, Food & Nutrition and Home Care, providing customized solutions driven by continuous innovation in materials, technology, design and processes.

The Company is a preferred partner to the world's largest brands in Oral care, Beauty & Cosmetics, Pharma & health, Food and home, providing them with highly innovative, sustainable, aesthetically superior and customized packaging solutions in laminates, laminated tubes, extruded tubes, caps & closures and dispensing systems. The Company has been awarded the 'Gold Rating' in the EcoVadis 2023 Sustainability Assessment, and the Company continuously strives to develop and implement eco-friendly packaging solutions such as recyclable and biodegradable packaging, which not only reduce environmental impact but also cater to the growing demand for environmentally responsible products. Sustainable tubes contributed 33% to the total volume in FY25. On the back of its strategic initiatives, product innovation and geographical expansion, EPL aims to sustain double-digit growth in revenue with a ~20% EBITDA margin.

Peer Comparison

Company	Mcap (Rs cr)	Revenue				EBITDA Margin				APAT				P/E (x)			
		FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24
EPL	7505	3092	3433	3694	3916	19.8	16.8	15.6	18.2	240	214	228	213	28.9	34.6	32.8	27.4
Mold-Tek Packaging	1886	479	631	730	699	19.9	19.2	18.7	19.0	48	64	80	67	35.0	26.9	23.3	28.3

(Source: Company, HDFC sec)

Financials

Income Statement

Particulars (in Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	3433	3694	3916	4213	4677	5144
Growth (%)	11.0	7.6	6.0	7.6	11.0	10.0
Operating Expenses	2857	3116	3202	3377	3727	4067
EBITDA	576	578	714	836	949	1078
Growth (%)	-5.7	0.3	23.6	17.0	13.6	13.5
EBITDA Margin (%)	16.8	15.6	18.2	19.8	20.3	21.0
Depreciation	251	281	333	343	404	432
Other Income	12	42	59	44	47	51
EBIT	337	339	441	537	592	697
Interest expenses	40	67	116	114	96	80
PBT	296	272	265	419	496	617
Tax	68	37	58	58	78	146
PAT	229	235	207	362	418	471
Share of Asso./Minority Int.	-15	-7	7	-3	9	9
Adj. PAT	214	228	274	363	426	479
Growth (%)	-16.3	6.2	20.1	32.5	17.5	12.4
EPS	6.8	7.2	8.6	11.4	13.3	15.0

Balance Sheet

Particulars (in Rs Cr) - As at March	FY22	FY23	FY24	FY25	FY26E	FY27E
SOURCE OF FUNDS						
Share Capital	63	64	64	64	64	64
Reserves	1761	1926	2028	2291	2525	2765
Shareholders' Funds	1824	1989	2092	2355	2589	2829
Minority Interest	34	4	-1	4	0	-4
Total Debt	657	890	912	803	703	553
Net Deferred Taxes	62	63	63	59	59	59
Total Sources of Funds	2577	2946	3066	3220	3351	3436
APPLICATION OF FUNDS						
Net Block & Goodwill	1475	1696	1916	1970	1916	1734
CWIP	145	175	68	73	73	73
Investments	7	19	8	39	44	48
Other Non-Curr. Assets	129	134	171	214	168	185
Total Non-Current Assets	1756	2025	2162	2296	2201	2040
Inventories	594	608	656	720	794	874
Debtors	637	643	695	699	769	846
Cash & Equivalents	193	244	201	191	317	480
Other Current Assets	113	110	94	99	115	127
Total Current Assets	1537	1606	1647	1709	1995	2327
Creditors	455	500	566	594	615	677
Other Current Liab & Provisions	261	185	177	191	231	254
Total Current Liabilities	715	685	742	785	846	930
Net Current Assets	821	921	904	924	1150	1397
Total Application of Funds	2577	2946	3066	3220	3351	3436

Cash Flow Statement

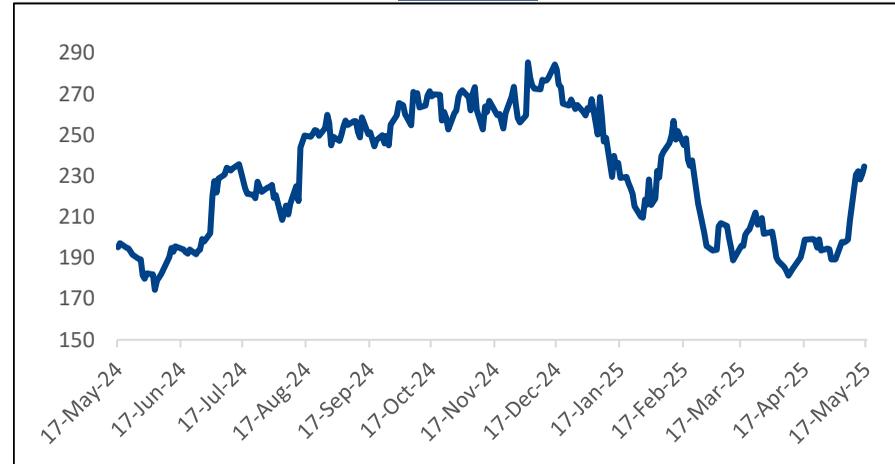
Particulars (in Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
Reported PBT	289	268	268	422	496	617
Non-operating & EO items	39	24	45	19	60	-14
Interest Expenses	32	60	116	114	96	80
Depreciation	251	281	333	343	404	432
Working Capital Change	-222	14	-93	-32	-114	-86
Tax Paid	-78	-45	-82	-70	-78	-146
OPERATING CASH FLOW (a)	312	602	587	795	864	883
Capex	-267	-383	-372	-356	-350	-250
Free Cash Flow	45	219	215	439	514	633
Investments	0	-15	16	-28	0	0
Non-operating income	0	8	12	8	0	0
INVESTING CASH FLOW (b)	-266	-389	-344	-376	-350	-250
Debt Issuance / (Repaid)	103	109	-12	-182	-100	-150
Interest Expenses	-36	-66	-114	-116	-96	-80
FCFE	113	255	116	122	318	403
Share Capital Issuance	5	0	3	19	0	0
Dividend	-138	-141	-140	-153	-192	-240
FINANCING CASH FLOW (c)	-66	-99	-263	-431	-388	-470
NET CASH FLOW (a+b+c)	-20	114	-21	-12	126	163

Key Ratios

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E
Profitability Ratios (%)						
EBITDA Margin	16.8	15.6	18.2	19.8	20.3	21.0
EBIT Margin	9.8	9.2	11.3	12.7	12.7	13.5
APAT Margin	6.2	6.2	7.0	8.6	9.1	9.3
RoE	12.2	11.9	13.4	16.3	17.2	17.7
RoCE	14.2	12.7	15.0	17.4	18.4	20.9
Solvency Ratio (x)						
Net Debt/EBITDA	0.8	1.1	1.0	0.7	0.4	0.1
Net D/E	0.3	0.3	0.3	0.3	0.1	0.0
PER SHARE DATA (Rs)						
EPS	6.8	7.2	8.6	11.4	13.3	15.0
CEPS	14.7	16.0	19.0	22.1	26.0	28.5
BV	57.7	62.6	65.5	73.7	81.1	88.6
Dividend	4.3	4.3	4.5	4.8	6.0	7.5
Turnover Ratios (days)						
Debtor days	65	63	62	60	57	57
Inventory days	54	59	59	60	59	59
Creditors days	47	47	50	50	47	46
VALUATION (X)						
P/E	34.6	32.8	27.4	20.7	17.6	15.6
P/BV	4.1	3.8	3.6	3.2	2.9	2.6
EV/EBITDA	13.8	14.1	11.5	9.7	8.3	7.0
EV / Revenues	2.3	2.2	2.1	1.9	1.7	1.5
Dividend Yield (%)	1.8	1.8	1.9	2.0	2.6	3.2
Dividend Payout	63.4	60.0	51.9	42.3	45.0	50.0

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclical of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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