



Pick of the Week

Indigo Paints Ltd

November 10, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Paints	Rs 1004	Buy in Rs 998-1021 band and add on dips in Rs 899-920 band	Rs 1109	Rs 1192	2-3 quarters

HDFC Scrip Code	INDIGOPAINTS
BSE Code	543258
NSE Code	INDIGOPNTS
Bloomberg	INDIGOPN:IN
CMP Nov 07, 2025	1004
Equity Capital (Rs Cr)	47.6
Face Value (Rs)	10.0
Equity Share O/S (Cr)	4.8
Market Cap (Rs Cr)	4800
Book Value (Rs)	224.0
Avg. 52 Wk Volumes	76169
52 Week High	1650
52 Week Low	910

Share holding Pattern % (Sep, 2025)	
Promoters	53.9
Institutions	31.5
Non Institutions	14.6
Total	100.0



* Refer at the end for explanation on Risk Ratings

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Our Take:

Light at the end of the tunnel...

Founded in 2000 as a single cement paint product company, Indigo Paints Ltd (Indigo) has transitioned into one of the fastest-growing decorative paint companies in India. Now the 5th largest decorative paint company, Indigo offers an extensive product portfolio including a wide range of interior and exterior emulsions, enamels, putties, primers, wood coatings and distempers. The company has presence across 28 states in India and operates through 5 manufacturing facilities with an existing paint capacity of 1,60,000 kilo liter per annum (KLPA) and putty capacity of 1,38,000 metric tons per annum (MTPA).

Having built a strong regional base in Tier 3 and 4 cities, before entering the urban markets, Indigo has since created a wide distribution network, spread across 18,914 active dealers, 11,656 active tinting machines and 54 depots across the country. The company continues to expand its geographical presence by broadening its footprint in Tier I and Tier 2 cities and deepening engagement in Tier 3 and Tier 4 markets where it holds a strong base. By collaborating with painters, contractors to retail partners, Indigo aims to improve visibility and ensure better control over the value chain.

A reputation for innovative products and continued investment in new product developments has enabled the company to gain a considerable market share in the highly competitive Indian paint market. Indigo’s innovative strategy and strategic marketing efforts have consolidated its market position as a strong player in the paint, coatings and construction chemicals market. The company has also forayed into high potential adjacencies of waterproofing and construction chemicals, through its acquisition of majority stake in Apple Chemie. The company has since its acquisition turned around the company and rebranded it to deliver strong growth momentum in these segments.

Premiumisation continues to be the key driver for the company with its differentiated product portfolio contributing 28.2% to FY25 revenue. The company continues to invest in product innovation and new product development to drive increased revenue share of the differentiated products, which is in turn expected to further improve its margin profile. The company also has undertaken a comprehensive capacity expansion with an upcoming solvent based plant (12,000 KLPA) and water based plant (90,000 KLPA), expected to be commissioned in H2FY26. The company has also begun trials runs at its brownfield expansion of Putty, which will result in an additional capacity of 1,38,000 MTPA. Moreover, its strong regional presence and focus on Tier 3 and 4 cities has also resulted in limited impact of additional competition from the entry of Birla Opus, as compared to some of the other paint peers.

Valuation & Recommendation:

Indigo has been one of the fastest-growing paint companies in recent years, delivering 16.5% revenue CAGR between FY20-25. The company also commands the pole position in gross margins across the industry on the back of its robust differentiated product portfolio (premium end products) and strong regional presence. Continued momentum in the premium products, especially in the emulsions and enamel segments is expected to drive superior value-volume growth mix as well result in improved margins, going forward.

Moreover, pent up demand in the decorative paints industry is expected to materialise on account of improving consumer sentiment in the lead up to the upcoming wedding season on account of a bumper harvest from good monsoon, strong secondary sales during the festive period and general increase in discretionary spends post rationalization of GST. Management expects these drivers to materialise into double-digit growth Q4FY26, onwards.

Strong product portfolio, strengthening regional market shares, limited impact of competition from new entrant, increasing focus on strategic and below the line ad spends and continued product innovation puts Indigo in a favourable position to capture revival of growth in the Indian paints industry.

We believe investors can buy the stock in Rs 998-1021 band (24.5x FY28E EPS) and add on dips in Rs 899-920 (22.0x FY28E EPS) band for a base case fair value of Rs 1109 (27.0x FY28E EPS) and bull case fair value of Rs 1192 (29.0x FY28E EPS) over the next 2-3 quarters.

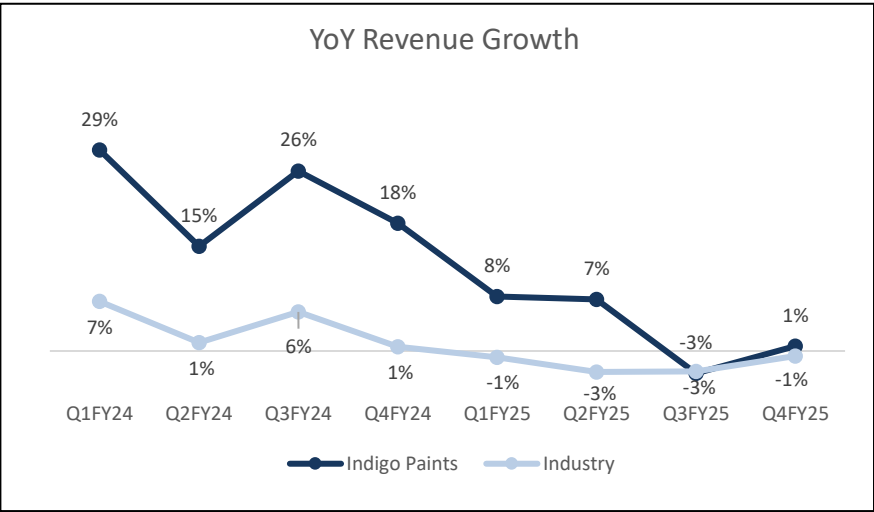
Financial Summary:

Particulars (in Rs Cr)	Q2FY26	Q2FY25	YoY-%	Q1FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	312	300	4%	309	1%	1,073	1,306	1,341	1,434	1,586	1,784
EBITDA	47	42	12%	44	5%	182	238	233	247	281	321
APAT	25	23	11%	26	-3%	132	147	142	148	169	196
Diluted EPS (Rs)	5.3	4.7	11%	5.4	-3%	27.7	30.9	29.7	30.9	35.4	41.1
RoE-%						18.5	17.6	14.7	13.5	13.7	14.0
P/E (x)						36.3	32.5	33.8	32.5	28.3	24.4
EV/EBITDA (x)						25.5	19.4	19.5	18.2	15.6	13.2

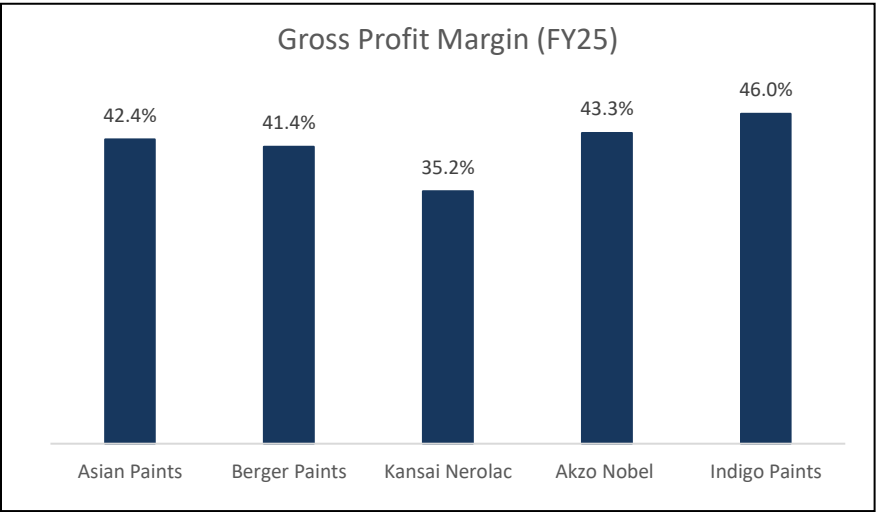
(Source: Company, HDFC sec)

Charts in Focus

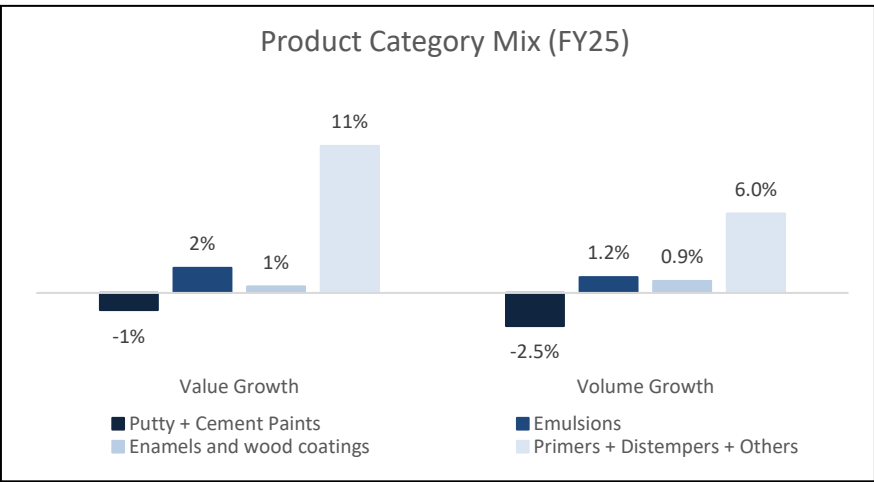
Consistently growing ahead of the industry



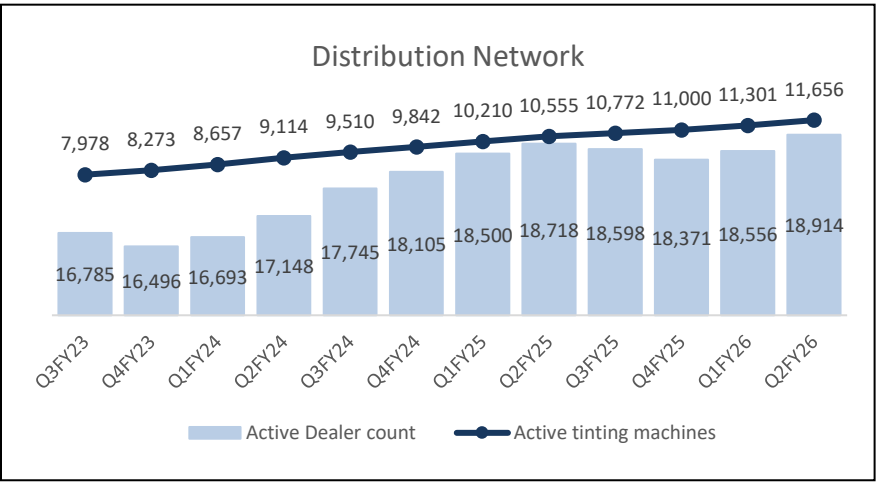
Commanding the highest gross profit margin in the industry



Growth recovery on the horizon in FY26 after a challenging FY25



Focus on expanding distribution network to gain further market share



(Source: Company, HDFC sec)

Q2FY26 Result Update

- Amidst headwinds from extended monsoon across the nation and a subdued demand environment, Indigo registered a resilient 4.2% YoY growth in revenue (1.0% QoQ) in Q2FY26.
- While the company witnessed strong demand recovery in the months of July and September, sales were significantly impacted in August on account of heavy rains across the country.
- Growth momentum was also impeded on account of a short-run up to the Diwali festival, a period which traditionally witnesses heavy re-stocking from dealers. However, the management has indicated that high inventory liquidation at dealer counters through strong secondary sales, has resulted in higher inflows from dealers. As a result, post-Diwali restocking is expected to be robust in a run-up to the upcoming wedding season.
- A steady decline in RM prices resulted in a 6.74% YoY increase in Gross Profit to Rs 139.7 cr during the quarter. Gross profit margin improved 107 bps YoY also partially supported by an improved product mix through higher contribution of premium products.
- During the quarter A&P spending as a % of revenue was flat at 5.3%. Company has strengthened below the line marketing efforts to better monitor and drive secondary sales at dealer counters
- As a result, EBITDA margin expanded by 106 bps YoY to 14.9% against 13.9% in Q2FY25. In absolute terms, EBITDA increased by 12.1% YoY to Rs 46.5 cr whereas PAT grew by 10.9% YoY to Rs 25.1 cr.
- Amidst product categories, Putty sales continue to witness downtrading on account of high prices, resulting in 6.8% de-growth in volume and 2.2% de-growth in value terms
- Emulsions and Enamels & wood coating categories were propelled by higher sales of premium end products, result in near double value growth as compared to volume growth. For emulsions, value growth stood at 7.0% (3.9% volume growth) and that for emulsions and wood coatings stood at 5.7% (3.0% volume).
- Paints and distempers continued strong growth momentum, delivering double-digit value growth of 10.1%.
- The company added 358 active dealers and 355 active tinting machines sequentially taking the active dealer count to 18,914 and active tinting machines to 11,656 as of September 30, 2025.
- Apple Chemie, Indigo's acquisition in construction chemicals and waterproofing witnessed 22.6% YoY revenue growth in Q2FY26 to Rs 13.6 cr with increasing traction in eastern and southern regions. With refreshed branding, Apple Chemie is poised to introduce new products and accelerate its growth journey.
- On the capex front, brownfield expansion of Putty plant at Jodhpur is completed and trial products are underway. The new solvent based plant which has a capacity of 12000 KL p.a. at Jodhpur, equipment commissioning is in process and commercial production is scheduled to begin in early December 2025. Water-based at Jodhpur with capacity of 90000 KL p.a. is in the final stages of construction and commissioning is expected late in Q4FY26.
- Management remains optimistic of demand recovery in H2FY26 on account of positive consumer sentiment following good monsoon leading to bumper harvest, benign monetary policy, income tax reductions and lower GST rates
- Strong collections from dealers, increased secondary sales at paint counters and a rise in scanning of painter tokens at paint camps are indicative of demand recovery, going forward.

Key Triggers

One of the fastest growing paints company with a differentiated products portfolio





Started with a single product – Cement Paint in 2000, Indigo has evolved to be the 5th largest paint company in India and is one of the fastest growing in the sector. The company caters to both interior as well as exterior applications and has a diversified portfolio comprising of a variety of advanced products, including metallic emulsions, tile coat emulsions, bright ceiling coat emulsions and floor coat emulsions, among others. Indigo’s products are categorised into four price points: *Platinum Series, Gold Series, Silver Series and Bronze Series*.




Indigo’s portfolio of differentiated and innovative products has been a key growth driver. The Company focuses on developing a differentiated product portfolio to cater to specific consumer needs and has over the years aimed to create innovative specialty paints, which has allowed it foray into new segments and strengthen its presence in existing markets. Indigo consistently seeks to launch first-to-market products by identifying niche product opportunities and introducing products that address these requirements.

Category Creator Products - Indigo was the first company to introduce certain category-creator products, including its Metallic Emulsions, Tile Coat Emulsions, Bright Ceiling Coat Emulsions and Floor Coat Emulsions in the decorative paint market in India. These products have since been considered as a distinct category of products and are differentiated based on their end-use specifications.

Value-Added Products – Indigo is also a pioneer in launching certain other types of emulsion paints such as its Dirtproof & Waterproof Exterior Laminate, Exterior and Interior Acrylic Laminate and enamels (PU Super Gloss Enamel), which comprises of its value-added portfolio.

A combination of its innovative capabilities and strong brand equity has helped the company grow its revenue at 16.5% CAGR between FY20-25, much ahead of the industry growth rates. Share of differentiated products in the company’s revenue stood at 28.2% in FY25 (28.4% in FY24). As the first company in India to develop certain category-creator products, Indigo has had an early mover advantage in the markets it is present in, which has allowed it to set the pricing terms for these products.

Category Creator Products			
Product	Application	Price Series	
Metallic Emulsion	Wood, metal and masonry	Platinum	
Tile Coat	Concrete and roof tiles	Platinum	
Bright Ceiling Coat	Concrete and plastered ceilings	Platinum, Gold	
Floor Coat Emulsion	Concrete and plastered ceilings	Platinum	

Value-Added Products			
Product	Application	Price Series	
Dirtproof and Waterproof Exterior Laminate	Cement plaster, concrete and other masonry	Platinum	
Exterior and Interior Acrylic Laminate	Cement plaster, concrete and other masonry	Platinum	
PU Super Gloss Enamel	Wood and Metal	Platinum	

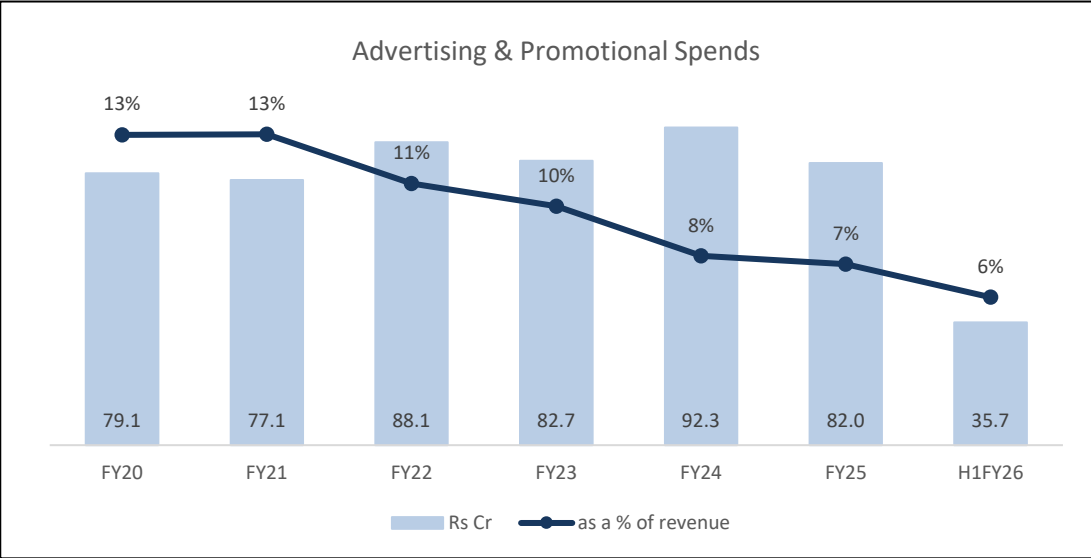
(Source: Company, HDFC sec)

Focused brand-building initiatives

Indigo has strategically undertaken brand building initiatives to gain visibility with prudent use of resources, gradually increasing branding and marketing expenses consistent with the growth of its business. Its initial advertising campaigns revolved around its Indigo Differentiated Products for better recognition of these products and to reinforce its association with them.

The company continues to ramp-up its salesforce to strengthen on-ground presence and deepen relationships with customers. In recent quarters, Indigo has stepped up brand promotion activities and collaborating with influencer communities to amplify brand's reach and resonance. Indigo is also using the Indigo Paints brands to drive adjacencies such as its foray in the waterproofing and construction chemicals business under the brand umbrella. Going forward, the company is focused on both Above the Line (ATL) and Below the Line (BTL) marketing activities and it is also increasing its online presence to build a stronger consumer engagement through enhanced digital engagement.

Continued investment in A&P spends despite sluggish demand environment



Focus on digital outreach and new advertisement to enhance brand recall



(Source: Company, HDFC sec)

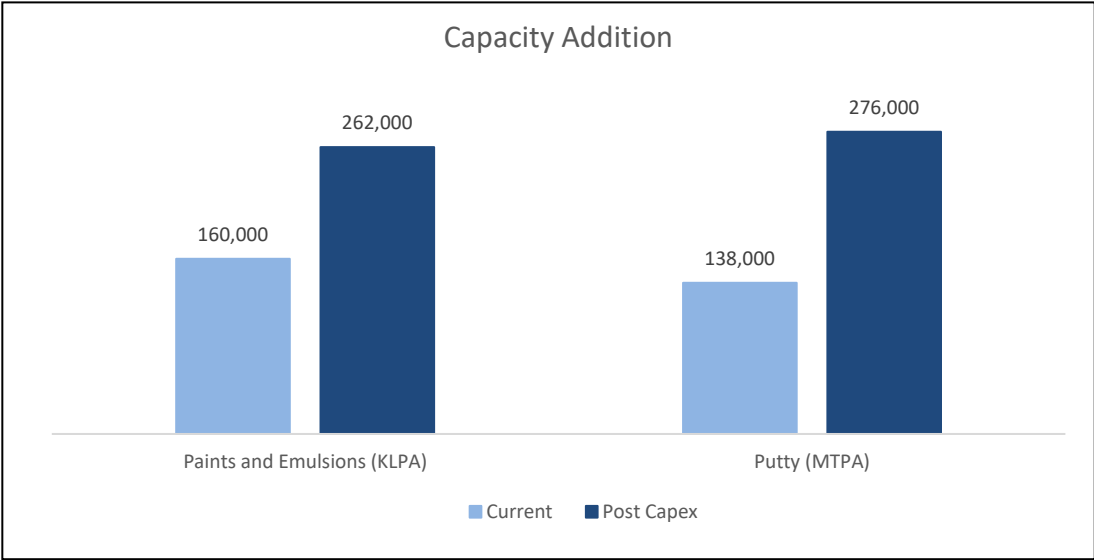
Capacity augmentation to drive future growth

Indigo continues to expand its manufacturing footprint in order to capture additional market share and take advantage of its diverse product offerings. The company has currently undertaken expansion through 2 new units in Jodhpur – a water-based paint unit with a capacity of 90,000 KLPA and a solvent-based paint facility of 12,000 KLPA. Moreover, the company is also undertaking a brownfield expansion of its putty facility which will double the capacity from 1,38,000 MT to 2,76,000 MT. As of Q2FY26, the brownfield expansion of Putty plant at Jodhpur is completed and trial products are underway whereas equipment commissioning is in process and commercial production is scheduled to begin in early December 2025 for the solvent based plant with 12,000

KLPA capacity. The water-based plant with 90,000 KLPA capacity is in the final stages of construction and commissioning is expected late in Q4FY26.

Overall, the company is adding capacity of 1,02,000 KLPA in paints and 1,38,000 MTPA in putty and the management envisages that the company has peak potential to more than double its revenue from current levels subsequent to this capacity addition. However, capacity utilization ramp-up post commissioning of these facilities is expected to be phased over the next few years. The management expects the current capex plan to suffice the additional demand in the near term and does not feel the need to further carry out any large capex over the next 3-4 years.

Robust expansion plans to drive future growth

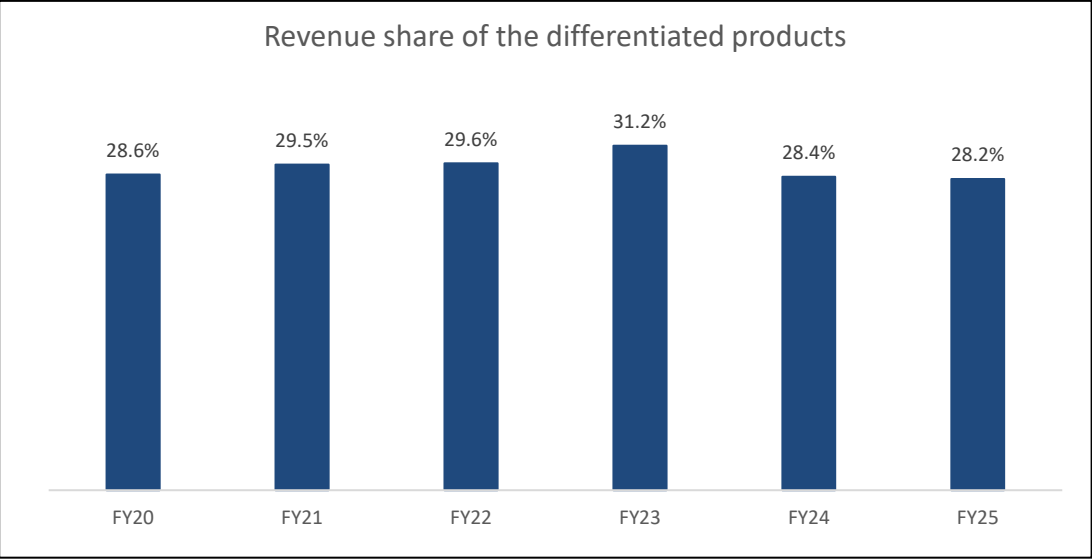


(Source: Company, HDFC sec)

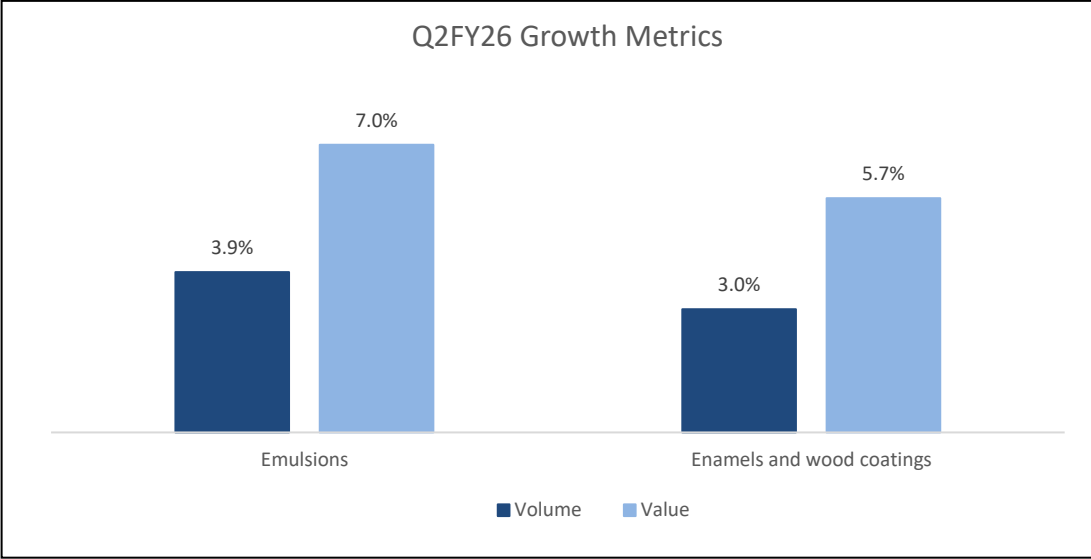
Margin expansion through product mix

Indigo has been able to deliver value growth for several of its product categories ahead of the volume growth in contrast to its peers which have seen value growth lagging volume growth in recent quarters. The primary reason being Indigo’s focus on premium product offerings, especially in the emulsion, enamels and coatings product categories. The company’s robust portfolio of differentiated products has also contributed to its pole position in the industry in terms of Gross Margins. The differentiated portfolio remains a strong revenue driver for the company, contributing 28.2% to its FY25 revenue. Within this segment, premium emulsions and wood coatings continued to showcase positive value growth, even as categories such as putty faced headwinds from intensified competitive pricing during the year. The company continues to invest in product innovation to further augment its differentiated products basket and is also on the look out to further strengthen its product portfolio on the back of inorganic growth initiatives. Improved product mix and high share of premium-end products is expected to result in superior revenue growth in value terms, even as volumes continue to recover across the industry. Higher share of differentiated basket is also expected to further improve company’s margin profile, going forward.

High share of differentiated products driving industry leading gross margin



Higher mix of premium products leading to nearly double value growth vis-à-vis volumes



(Source: Company, HDFC sec)

Expanding into adjacencies through acquisition of Apple Chemie

Indigo made a strategic move into the adjacent domain of construction chemicals and waterproofing (WPCC) by acquiring a 51 % stake in Apple Chemie India Pvt Ltd (ACIPL) on 3 April 2023 via a combination of primary capital infusion and secondary share purchase. The segment under Indigo brand contributed a healthy contributed a healthy mid-single-digit share to its revenue in FY25.

This acquisition represents a clear revenue-diversification play for Indigo Paints, enabling it to extend beyond its core decorative paint business into high-growth infrastructure-linked segments. Apple Chemie, with its ~30% 5-year revenue CAGR and marquee B2B clientele in waterproofing and construction chemicals, offers Indigo an avenue to tap into India’s infrastructure push and expansion of its product portfolio nationwide. By leveraging its wider distribution network and brand strength, IPL aims to drive incremental revenues from construction chemicals as a meaningful growth driver in the coming years.

The company also houses an in-house brand Protect Plus Series in the WPCC segment. WPCC products for retail channel launched and marketed under Indigo brand (Protect Plus Series) while Apple Chemie continues to target the B2B, fast growing infrastructure segment. While Maharashtra continues to be a major revenue contributor for Apple Chemie, it has witnessed increased sale momentum in East and South zones, especially in the states of Bihar and Assam. With refreshed branding, Apple Chemie is poised to introduce new products and accelerate its growth journey.

Deepening presence through geographical expansion

Indigo initially built its strength by focusing heavily on Tier 3 and Tier 4 towns and rural areas, where brand penetration was easier and dealer influence was greater. The company first focused on dealers in Tier 3, Tier 4 Cities, and Rural Areas, where brand penetration is easier and dealers have greater ability to influence customer purchase decisions. This early strategy enabled Indigo to establish a wide distribution network across smaller towns and build a strong brand recall in semi-urban and rural markets, giving it a robust base from which to expand further.

Having consolidated its leadership in smaller towns, Indigo is now systematically increasing its presence in Tier 1 and Tier 2 cities. The company aims to grow its footprint in higher-income, urbanising markets while continuing to deepen its reach across Tier 3 and Tier 4 regions. It is targeting the next 750 cities beyond major metros for enhanced penetration, supported by expansion in dealer networks, tinting machine installations, and depots. This balanced strategy allows Indigo to capture incremental growth opportunities across both premium urban centres and high-potential emerging markets, driving sustainable volume and revenue expansion across India.

Risks & Concerns:

- Paint companies have witnessed persistent demand softness in recent quarters on account of slowdown in urban consumption. A persistent demand softness in the industry may delay growth recovery for the company
- Advent of new entrants has resulted in increased competitive intensity in the industry, also resulting in heavy trade discounts by incumbents to protect market share. Any further price wars in the industry may impact margins for the company
- Raw material prices have softened in recent quarters. However, any material fluctuations in raw material prices may impact the company's margins, going forward
- Weather related disruptions such as extended monsoon and unseasonal rains may impact demand for the company's products adversely
- Indigo needs to continually invest in product innovation, distribution expansion and marketing to keep its brand relevant which may keep the company's margins in check
- The company has undertaken significant capacity expansion across paints as well as putty categories. Any delay in commissioning its new units may impact the company's growth plans

Company Background

Established in 2000, Indigo Paints (Indigo) has emerged as the 5th largest paint company in India in decorative paints. Headquartered in Pune, Maharashtra, the company initially manufactured economical cement paints. However, it has significantly expanded its portfolio and diversified its offerings to include a wide range of decorative paints. The company's extensive distribution network ensures widespread availability of products across India. The company's distribution network comprised of 18,914 active dealers, 54 depots and 11,656 tinting machines as of September 30, 2025. Indigo operates through its 5 manufacturing facilities, located across Jodhpur (Rajasthan), Kochi (Kerala) and Pudukkottai (Tamil Nadu).

Financials

Income Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	1073	1306	1341	1434	1586	1784
Growth (%)	18.5	21.7	2.6	7.0	10.6	12.5
Operating Expenses	892	1068	1107	1187	1304	1463
EBITDA	182	238	233	247	281	321
Growth (%)	33.5	31.1	-1.9	6.0	13.8	14.1
EBITDA Margin (%)	16.9	18.2	17.4	17.3	17.8	18.0
Depreciation	34	52	59	63	71	77
Other Income	10	14	18	18	20	22
EBIT	157	201	193	202	231	267
Interest expenses	1	2	4	4	4	4
PBT	156	199	190	198	227	263
Tax	24	50	48	50	57	66
PAT	132	149	142	148	170	197
Share of Asso./Minority Int.	0	-2	0	-1	-1	-1
Adj. PAT	132	147	142	148	169	196
Growth (%)	57.0	11.7	-3.8	4.1	14.7	16.0
EPS	27.7	30.9	29.7	30.9	35.4	41.1

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	48	48	48	48	48	48
Reserves	729	855	983	1113	1263	1438
Shareholders' Funds	776	902	1031	1160	1310	1485
Minority Interest	0	0	0	1	1	2
Total Debt	12	21	27	27	27	27
Other Non-Curr. Liab	8	50	53	59	65	73
Net Deferred Taxes	7	20	24	24	24	24
Total Sources of Funds	802	993	1135	1271	1427	1611
APPLICATION OF FUNDS						
Net Block & Goodwill	265	591	568	654	684	707
CWIP	251	17	136	136	136	136
Investments	132	167	226	226	226	226
Other Non-Curr. Assets	27	37	22	23	26	29
Total Non-Current Assets	675	813	951	1039	1071	1098
Inventories	118	171	154	157	174	196
Debtors	200	223	244	255	282	318
Cash & Equivalents	49	33	37	91	199	336
Other Current Assets	20	31	24	26	29	32
Total Current Assets	387	458	459	530	684	882
Creditors	199	229	177	189	209	235
Other Current Liab & Provisions	60	49	99	110	120	134
Total Current Liabilities	259	278	275	298	328	369
Net Current Assets	128	180	183	232	356	513
Total Application of Funds	802	993	1135	1271	1427	1611

Cash Flow Statement

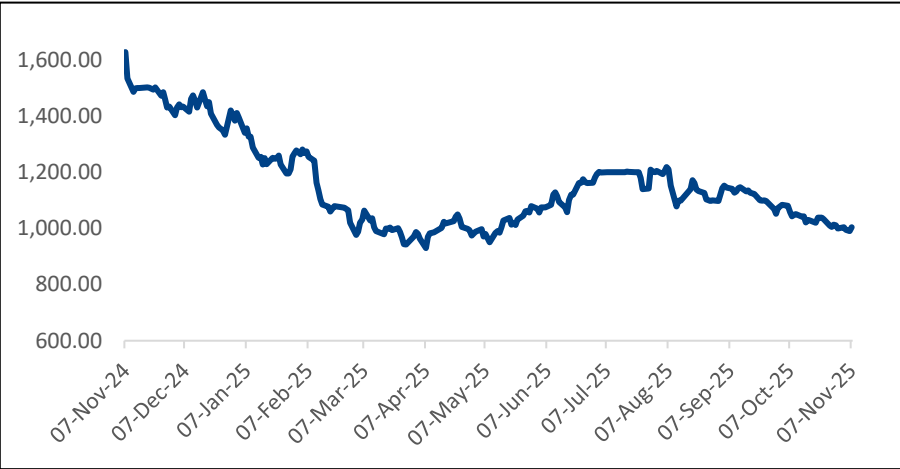
Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	156	199	190	198	227	263
Non-operating & EO items	-1	-4	-12	3	4	5
Interest Expenses	1	2	4	4	4	4
Depreciation	34	52	59	63	71	77
Working Capital Change	-50	-38	-4	7	-17	-20
Tax Paid	-24	-59	-31	-50	-57	-66
OPERATING CASH FLOW (a)	116	151	206	226	231	262
Capex	-197	-104	-135	-150	-100	-100
Free Cash Flow	-81	47	70	76	131	162
Investments	110	-18	-42	0	0	0
Non-operating income	3	-29	0	0	0	0
INVESTING CASH FLOW (b)	-84	-152	-178	-150	-100	-100
Debt Issuance / (Repaid)	-6	-6	-4	0	0	0
Interest Expenses	0	0	-3	-4	-4	-4
FCFE	26	-7	21	72	127	158
Share Capital Issuance	0	0	0	0	0	0
Dividend	-14	-17	-17	-18	-19	-21
Others	0	0	0	0	0	0
FINANCING CASH FLOW (c)	-20	-23	-24	-22	-23	-25
NET CASH FLOW (a+b+c)	12	-24	4	54	108	137

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratios (%)						
EBITDA Margin	16.9	18.2	17.4	17.3	17.8	18.0
EBIT Margin	14.7	15.4	14.4	14.1	14.6	15.0
APAT Margin	12.3	11.3	10.6	10.3	10.7	11.0
RoE	18.5	17.6	14.7	13.5	13.7	14.0
RoCE	21.7	23.5	19.5	18.0	18.3	18.7
Solvency Ratio (x)						
Net Debt/EBITDA	-0.2	0.0	0.0	-0.3	-0.6	-1.0
Net D/E	0.0	0.0	0.0	-0.1	-0.1	-0.2
PER SHARE DATA (Rs)						
EPS	27.7	30.9	29.7	30.9	35.4	41.1
CEPS	34.9	41.7	41.9	44.2	50.2	57.2
BV	162.7	189.0	215.8	242.9	274.3	310.9
Dividend	3.5	3.5	3.5	3.8	4.0	4.5
Turnover Ratios (days)						
Debtor days	63	59	64	64	62	61
Inventory days	40	40	44	40	38	38
Creditors days	68	60	55	46	46	45
Valuation (X)						
P/E	36.3	32.5	33.8	32.5	28.3	24.4
P/BV	6.2	5.3	4.7	4.1	3.7	3.2
EV/EBITDA	25.5	19.4	19.5	18.2	15.6	13.2
EV / Revenues	4.3	3.5	3.4	3.1	2.8	2.4
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.4	0.4
Dividend Payout (%)	12.7	11.3	11.8	12.1	11.3	10.9

(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. This 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.

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