

GMM Pfaudler Limited

'Lining' up 'glassy' growth story

GMM Pfaudler Limited (GMM) is the Indian market leader in glass-lined (GL) steel equipment used in corrosive chemical processes of agrochemicals, specialty chemical and pharma sector. The company is seeing strong order inflow from the user industries which is likely to provide 20%+ growth outlook for next couple of years.

Market leader in niche space: Supported by patented technology of its global parent- Pfaudler Inc, GMM commands 50%+ market share in ₹400 cr Indian GL space (~67% of the standalone business). The second player- Swiss Glascoat is just 1/5th of GMM's business. GMM has a strong and sticky clientele comprising global giants in chemicals and pharma space.

Robust demand from user industries: In the last 7 years, GMM has seen a CAGR of 9% in revenue. This is expected to cross 15%+ over the next few years mainly led by uptick in demand from user industries. Indian agrochemicals and specialty chemicals players are seeing a buoyant demand due to slowdown in Chinese competition. Most of these companies are expanding or upgrading their manufacturing facilities which will augur well for GMM.

Non-GL business and exports to boost growth: GMM has increased focus on the non-GL business, which includes mixing equipment, filtration and drying equipment for the chemical processing industry. It is expecting to increase its share of non-GL business to 50% by 2020. Pfaudler Inc has been taken over by DB AG (a German PE firm) in 2014 which is keen on increasing exports from its Indian entity to supply to Europe. GMM is targeting to increase exports to 15-20% of revenue from 6% in FY2017.

Outlook & Valuation: GMM is likely to maintain the 20%+ growth trajectory over FY18-20 backed by capacity expansion and cross selling of non-GL products to its clients. The stock is currently trading at 16.5x FY2020 EPS, which offers good opportunity to enter the stock. We are initiating coverage on GMM with a Buy recommendation and Target Price of ₹861 (20x FY2020E EPS), indicating an upside of ~21% from the current levels.

Key Financials (Consolidated)

| Y/E March (₹ cr) | FY2016 | FY2017 | FY2018E | FY2019E | FY2020E |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 292.1 | 353.0 | 434.8 | 532.7 | 649.8 |
| % chg | -5.1 | 20.9 | 23.2 | 22.5 | 22.0 |
| Net Profit | 19.9 | 33.3 | 41.3 | 51.4 | 62.9 |
| % chg | 6.4 | 67.0 | 24.3 | 24.3 | 22.4 |
| EBITDA (%) | 12.0 | 13.5 | 13.9 | 14.1 | 14.1 |
| EPS (₹) | 13.6 | 22.8 | 28.3 | 35.2 | 43.1 |
| P/E (x) | 52.2 | 31.3 | 25.1 | 20.2 | 16.5 |
| P/BV (x) | 6.2 | 5.3 | 4.5 | 3.8 | 3.2 |
| RoE (%) | 11.9 | 17.1 | 18.0 | 18.8 | 19.3 |
| RoCE (%) | 16.1 | 20.3 | 22.4 | 23.5 | 24.1 |
| EV/EBITDA(x) | 27.8 | 20.2 | 15.7 | 12.5 | 10.0 |
| EV/Sales(x) | 3.3 | 2.7 | 2.2 | 1.8 | 1.4 |

Source: Company, Angel Research; Note: closing price as of April 05, 2018

BUY

| | |
|--------------|------|
| CMP | ₹712 |
| Target Price | ₹861 |

| | |
|-------------------|-----------|
| Investment Period | 12 Months |
|-------------------|-----------|

Stock Info

| | |
|--------------------|----------------------|
| Sector | Industrial Machinery |
| Market Cap (₹ cr) | 1,040 |
| Beta | 0.7 |
| 52 Week High / Low | 884/504 |
| Avg. Daily Volume | 5,837 |
| Face Value (₹) | 2 |
| BSE Sensex | 33,597 |
| Nifty | 10,325 |
| Reuters Code | GMMP.BO |
| Bloomberg Code | GMM.IN |

Shareholding Pattern (%)

| | |
|-------------------------|------|
| Promoters | 75.0 |
| MF / Banks / Indian FIs | 0.4 |
| FII / NRIs / OCBs | 0.1 |
| Indian Public / Others | 24.5 |

| Abs.(%) | 3m | 1yr | 3yr |
|--------------|--------|------|-------|
| Sensex | (2.1) | 10.9 | 16.7 |
| GMM Pfaudler | (10.3) | 35.2 | 132.9 |

3-year price chart



Source: Company, Angel Research

Nidhi Agrawal

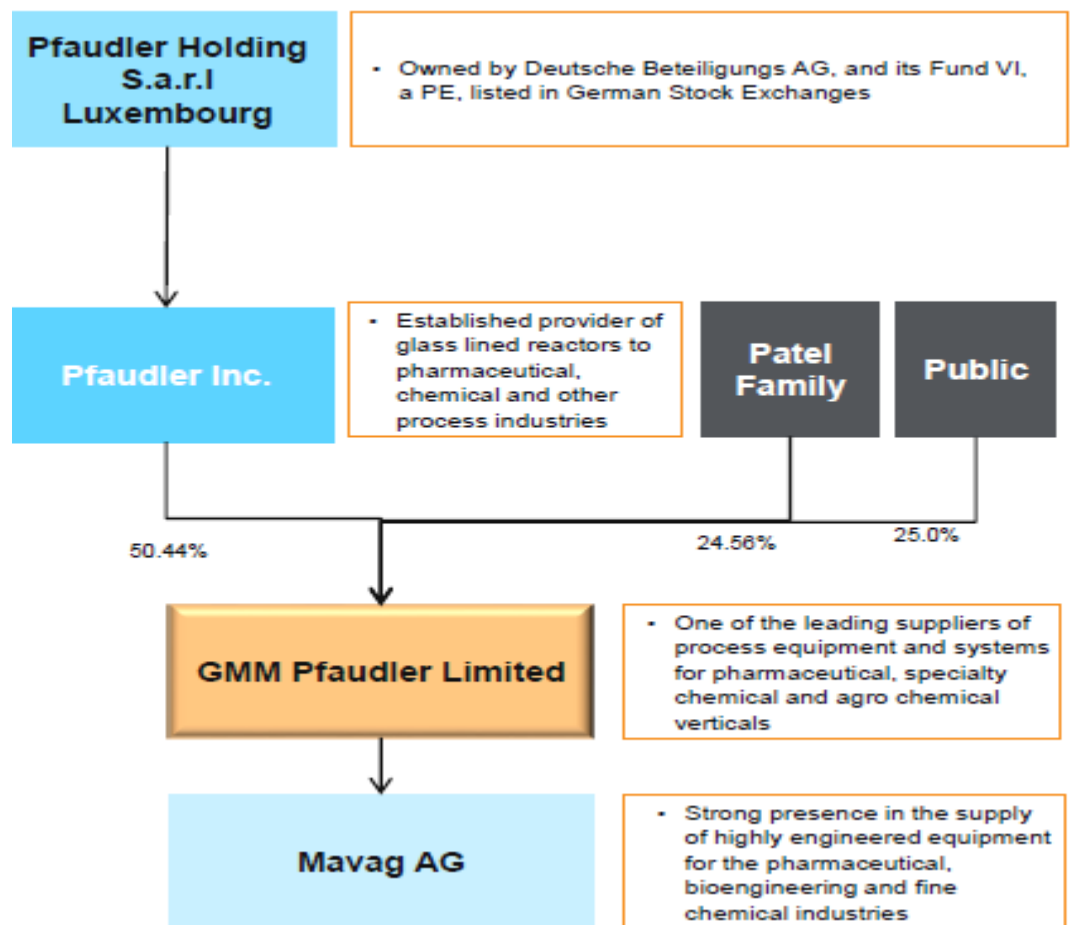
022-39357800 Ext: 6872

nidhi.agrawal@angelbroking.com

Company Background

GMM was established in 1962 as Gujarat Machinery Manufacturers and is listed on the Bombay Stock exchange. In 1987, Pfaudler Inc., USA, the world leader in Glass Lined equipment subscribed to 40% equity to form a joint venture. Pfaudler Inc. further increased their stake to 51% in 1999 and the name of the company was changed to GMM Pfaudler Ltd. It has a state-of-the-art manufacturing facility spread over 17 acres in Karamsad, Gujarat. Over the years, the company has diversified its product portfolio to include Heavy Engineering, Mixing Systems, Engineered Systems and Filtration & Drying Equipment to grow revenue and reduce the cyclicity of the business.

Exhibit 1: Organization overview



Source: Company

Business Segments :

The Company has 3 business segments:

i) **Glass Lined Equipment (GL):** GMM is the market leader in this segment and maintained its leadership position in the domestic market during the year. The production increased from 1196 vessels to 1435 vessels in FY2017. The company is further increasing production to 2000 vessels in FY2018. The Company manufactured and supplied the first batch of vessels to Pfaudler, Italy which will be sold in the European market.

Exhibit 2: Glass Lined Equipments



Source: Company

ii) **Heavy Engineering (HE):** The HE business has been a focus area for the company. GMM managed to grow the business by leveraging its brand, strong engineering capabilities, multiple code accreditations and proven track record of manufacturing complex equipment.

Exhibit 3: Pressure Vessels



Source: Company

iii) **Proprietary Products (PP):** This business line includes the following products: Mixing Systems (MS), Engineered Systems (ES) and Filtration & Drying Equipment (F&D).

a) **Mixing Systems (MS):**

Pharmaceutical, Agrochemical and Specialty Chemical Companies in India are looking at innovative mixing solutions to improve productivity. To exploit these opportunities, the Company has built engineering capabilities and cost effective & user friendly equipment. It is also targeting new industry segments like Paints, Resins, Inks, Biotech, Food Processing, Petrochemicals and Pulp & Paper to grow this business.

Exhibit 4: Mixing Systems



Source: Company

b) Engineered Systems (ES):

The company has extensive experience in designing and manufacturing complete Modular Skids. As the company moves from being an equipment supplier to a solution provider, it is developing process engineering capabilities so as to provide process guarantees to its customers.

Exhibit 5: Wiped Film Evaporators and Temperature Control Units

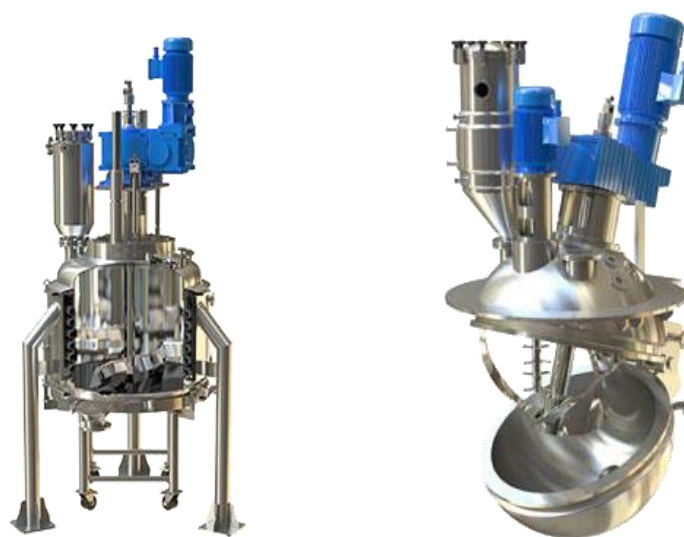


Source: Company

c) Filtration & Drying Equipment (F&D):

The company targets critical applications, such as high potency and sterile applications. This business line has seen significant growth over the last few years and will continue to target critical applications in the domestic and export markets to grow this business even further. F&D division also provides low cost components to its subsidiary Mavag AG.

Exhibit 6: Filters and Spherical Dryer



Source: Company

Exhibit 7: Segments at a glance

| Segments | % revenue | Description | User Industries | Peers |
|-----------------------|-----------|---|--|---|
| Glass Lined Equipment | 67% | Glass-lined (GL) steel equipment used in corrosive chemical processes | Specialty Chemicals, Agro Chemicals, Pharma | Swiss Glasscoat, De Dietrich, Sachin Industries, Standard Glass Lining Technology |
| Heavy Engineering | 16% | Customised process equipment like heat exchangers, pressure vessels | Refineries, Oil & Gas, Mining & Minerals, Fertilizers, Chemical Processing and Pharmaceutical. | Anup Engineering, Patel Airtemps, HLE Engineers etc |
| Proprietary Products | 17% | Ancillaries products to GL like Mixing Systems (MS), Engineered Systems (ES) and Filtration & Drying Equipment (F&D). | Chemicals, Pharma, Food, Paper, Paints, etc | Swiss Glasscoat, De Dietrich etc |

Source: Company, Angel Research

Strong and Sticky Clientele base...

GMM has a strong and sticky clientele comprising global giants in agrochemical, chemical and pharma space for its GL business. Over the years, the pharma sector's share has come down from 60% to 40% whereas agrochemical and specialty chemical now forms over 50% of the business. GL forms 8-10% of capex undertaken by pharma sector, hence any uptick in pharma capex with setting up of Pharma city in Hyderabad would be positive for company. With 50% market share and sticky clientele, while GL business is to grow by 10-12% CAGR for next few years. This growth is similar to GL business growth rate of 10% over FY2014-17.

Exhibit 8: Strong and Stable Customer Base

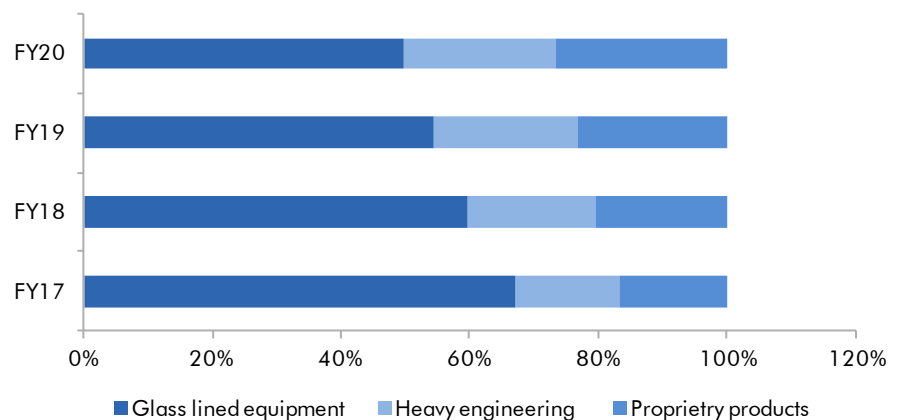


Source: Company, Angel Research

Non GL segments to drive growth

The company is using its track record and strong client relationship to cross sell its ancillaries products to its clients. It is expecting to increase share of non-GL business from the current 33% to 50% by 2020. The major growth is likely to come from its non GL business which is likely to grow 35-40%. Global parent has been taken over by DB AG (german PE firm) which is keen on increasing exports from this Indian entity to supply especially to Europe. It is targeting to increase exports to 15-20% of revenue from 6% reported in FY2017.

Exhibit 9: Share of non-GL business to go up

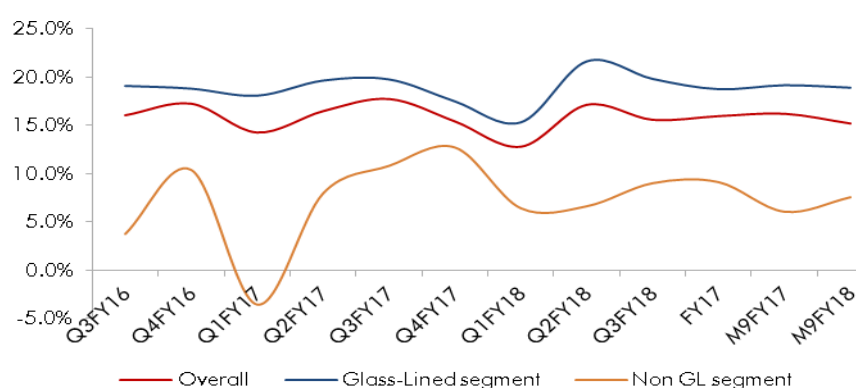


Source: Company, Angel Research

Margins to remain healthy

Margins in non-GL segments have seen a 150 bps improvement in M9FY2018 led by operating leverage owing to 70% yoy growth in revenue. This is likely to continue as agrochemical and specialty chemical industry continues to invest in their manufacturing capacities which would boost GMM's business in all categories. Raw material forms 50% of the GL segment's revenue and other variable overheads forms 20%. It uses mainly carbon steel from players like SAIL for which it maintains a quarterly inventory for steel and largely passes through RM price variations for large contracts. Overall, margins are likely to sustain 13-14% level.

Exhibit 10: Segment-wise margins



Source: Company, Angel Research

Its subsidiary – MAVAG is also expected to do well

In 2008, GMM acquired Mavag AG, Switzerland. Mavag supplies non GL/ highly engineered equipment for critical filtration, drying and mixing applications to the pharmaceutical and biotech industries. In the past, its profitability has been very volatile due to high cost of production and slowdown in Europe. However, with increased outsourcing from India and cost control measures being taken in this company in the recent times, MAVAG is seeing uptick in margins as the business traction improves. Operating leverage starts kicking in this business once its business crosses 10 mn CHF (~₹67 cr) in revenue which will drive margin expansion in this entity in future.

Exhibit 11: MAVAG's Financial

| ₹ cr | FY15 | FY16 | FY17 |
|--------------|------|------|------|
| Sales | 84 | 70 | 88 |
| PAT | 2 | 1 | 6 |
| PAT margin % | 1.9% | 1.4% | 6.9% |

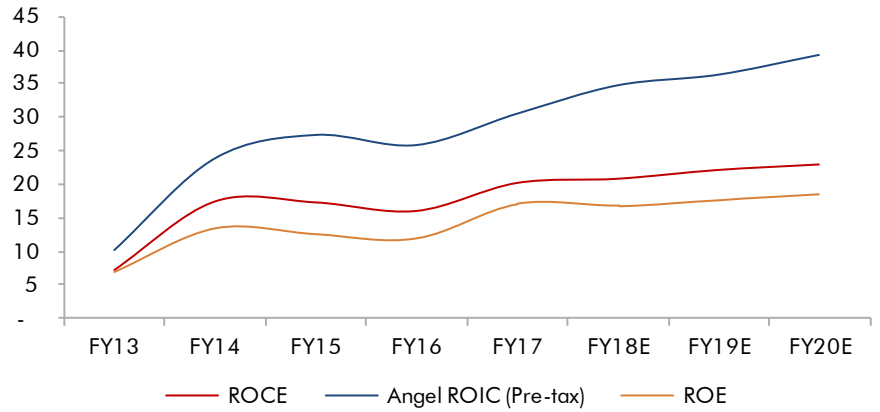
Source: Company, Angel Research

Strong balance sheet and healthy return ratios

Its efficient working capital cycle of 40-45 days keeps on generating annual operating cash flow in excess of ₹20 cr, which largely funds its annual maintenance capex requirements of Rs 15 cr. GMM has recently expanded its

capacity from 1400 unit to 2000 units through debottlenecking and installation of a new gas furnace with a capex of ₹7 cr. This new furnace is likely to save power cost for company. It is also looking at outsourcing some of non core activities. The company is debt free and enjoys healthy return ratios.

Exhibit 12: Return ratios are improving



Source: Company, Angel Research

Outlook & Valuation

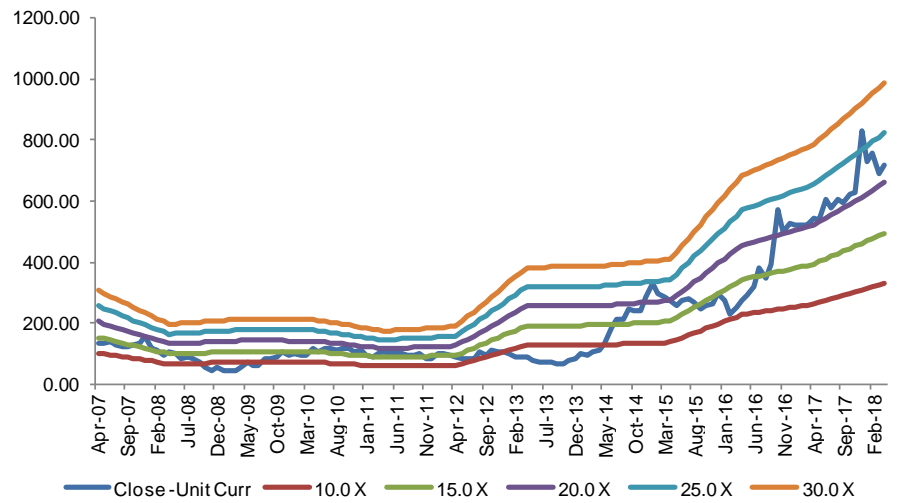
GMM is likely to maintain the 20%+ growth trajectory over FY18-20 backed by capacity expansion and demand from user industries. Its nearest competitor- Swiss Glascoat has been losing market share over the last few years while GMM has been growing well over the same period. The stock is currently trading at 16.5x FY2020 EPS, which offers good opportunity to enter the stock. We initiate coverage on GMM with a 'Buy' recommendation and target price of ₹861 (20x FY2020E EPS), indicating an upside of ~21% from the current levels.

Exhibit 13: Peer Comparison

| Company Name (₹ cr) | GMM Pfaudler | Swiss Glascoat |
|----------------------------------|--------------|----------------|
| FY2017 | | |
| Sales | 353.0 | 81.5 |
| PAT | 33.3 | 3.1 |
| YoY growth % | 67.0 | -26.0 |
| CAGR Growth % (FY2014-17) | | |
| Revenue | 8.0 | 2.0 |
| EBITDA | 13.5 | -2.0 |
| PAT | 17.0 | -7.0 |

Source: capital line

Exhibit 14: One Year Forward P/E



Source: Company, Angel Research

Risks to our estimates

- GMM's primary raw material is steel; any abrupt fluctuation in pricing will adversely impact its profitability.
- Business may get impacted owing to the inability to get break through with new clients or slowdown in capex by its clients.
- GMM has market exposure to foreign exchange rates mainly on account of exports, imports and investments in foreign subsidiary, and therefore, it is subjected to the exchange fluctuation risk.

Profit & Loss Statement (consolidated)

| Y/E March (₹ cr) | FY2016 | FY2017 | FY2018E | FY2019E | FY2020E |
|---|--------------|--------------|--------------|--------------|--------------|
| Total operating income | 292.1 | 353.0 | 434.8 | 532.7 | 649.8 |
| % chg | -5.1 | 20.9 | 23.2 | 22.5 | 22.0 |
| Total Expenditure | 257.1 | 305.3 | 374.2 | 457.7 | 558.3 |
| COGS | 173.4 | 209.6 | 258.1 | 316.3 | 385.8 |
| Selling and Administration Expenses | 19.2 | 22.1 | 25.4 | 31.1 | 37.9 |
| Personnel | 56.2 | 66.1 | 81.4 | 99.7 | 121.6 |
| Others Expenses | 8.4 | 7.6 | 9.3 | 10.7 | 13.0 |
| EBITDA | 34.9 | 47.7 | 60.6 | 75.0 | 91.4 |
| % chg | -2.8 | 36.6 | 26.9 | 23.7 | 22.0 |
| (% of Net Sales) | 12.0 | 13.5 | 13.9 | 14.1 | 14.1 |
| Depreciation & Amortisation | 8.1 | 8.2 | 9.2 | 10.8 | 12.7 |
| EBIT | 26.8 | 39.5 | 51.4 | 64.2 | 78.7 |
| % chg | 2.7 | 47.3 | 30.1 | 24.9 | 22.7 |
| (% of Net Sales) | 9.2 | 11.2 | 11.8 | 12.0 | 12.1 |
| Interest & other Charges | 0.7 | 0.9 | 0.5 | 0.5 | 0.5 |
| Other Income | 3.6 | 8.3 | 9.9 | 11.9 | 14.3 |
| (% of Sales) | 1.2 | 2.3 | 2.3 | 2.2 | 2.2 |
| Extraordinary Items | - | - | - | - | - |
| Share in profit of Associates | - | - | - | - | - |
| Recurring PBT | 29.8 | 46.9 | 60.8 | 75.5 | 92.5 |
| % chg | 5.6 | 57.4 | 29.8 | 24.3 | 22.4 |
| Tax | 9.7 | 13.6 | 19.5 | 24.2 | 29.6 |
| PAT (reported) | 19.9 | 33.3 | 41.3 | 51.4 | 62.9 |
| % chg | 6.4 | 67.0 | 24.3 | 24.3 | 22.4 |
| (% of Net Sales) | 6.8 | 9.4 | 9.5 | 9.6 | 9.7 |
| Basic & Fully Diluted EPS (Rs) | 13.6 | 22.8 | 28.3 | 35.2 | 43.1 |
| % chg | 6.4 | 67.0 | 24.3 | 24.3 | 22.4 |

Source: Company, Angel Research

Balance Sheet (consolidated)

| Y/E March (₹ cr) | FY2016 | FY2017 | FY2018E | FY2019E | FY2020E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Sources of funds | | | | | |
| Equity Share Capital | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Reserves & Surplus | 163.9 | 191.9 | 226.8 | 270.1 | 323.2 |
| Shareholders' Funds | 166.8 | 194.8 | 229.7 | 273.0 | 326.1 |
| Minority Interest | - | - | - | - | - |
| Total Loans | - | - | - | - | - |
| Other Liab & Prov | 4.4 | 11.1 | 11.6 | 12.1 | 12.8 |
| Total Liabilities | 171.3 | 205.9 | 241.3 | 285.2 | 338.9 |
| Application Of Funds | | | | | |
| Net Block | 53.4 | 61.2 | 67.0 | 71.2 | 73.5 |
| Capital Work-in-Progress | 4.3 | 2.0 | 2.0 | 2.0 | 2.0 |
| Investments | 13.7 | 44.6 | 64.6 | 84.6 | 94.6 |
| Current Assets | 178.6 | 207.9 | 240.3 | 282.5 | 358.1 |
| Inventories | 70.9 | 82.3 | 101.3 | 124.1 | 151.4 |
| Sundry Debtors | 48.7 | 69.9 | 86.1 | 105.5 | 128.7 |
| Cash | 53.6 | 31.7 | 23.2 | 16.6 | 33.6 |
| Loans & Advances | 5.5 | 24.1 | 29.7 | 36.4 | 44.4 |
| Other Assets | - | - | - | - | - |
| Current liabilities | 84.4 | 113.2 | 137.0 | 160.5 | 195.8 |
| Net Current Assets | 94.2 | 94.7 | 103.3 | 122.0 | 162.2 |
| Other Non Current Asset | 5.6 | 3.4 | 4.3 | 5.3 | 6.5 |
| Total Assets | 171.3 | 205.9 | 241.3 | 285.2 | 338.9 |

Source: Company, Angel Research

Cash Flow Statement (consolidated)

| Y/E March (₹cr) | FY2016 | FY2017 | FY2018E | FY2019E | FY2020E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Profit before tax | 29.8 | 46.9 | 60.8 | 75.5 | 92.5 |
| Depreciation | 8.1 | 8.2 | 9.2 | 10.8 | 12.7 |
| Change in Working Capital | (2.0) | (12.8) | (15.0) | (25.4) | (23.2) |
| Interest / Dividend (Net) | - | - | - | - | - |
| Direct taxes paid | (9.6) | (14.0) | (19.5) | (24.2) | (29.6) |
| Others | 1.8 | 5.3 | - | - | - |
| Cash Flow from Operations | 24.7 | 23.0 | 35.5 | 36.8 | 52.4 |
| (Inc.)/ Dec. in Fixed Assets | (13.9) | (14.4) | (15.0) | (15.0) | (15.0) |
| (Inc.)/ Dec. in Investments | 0.3 | 0.1 | - | - | - |
| Cash Flow from Investing | (17.0) | (22.0) | (36.9) | (35.4) | (25.5) |
| Issue of Equity | - | - | - | - | - |
| Inc./(Dec.) in loans | - | - | - | - | - |
| Others | 6.0 | 6.3 | 6.5 | 8.0 | 9.8 |
| Cash Flow from Financing | (6.0) | (6.3) | (6.5) | (8.0) | (9.8) |
| Inc./(Dec.) in Cash | 1.7 | (5.3) | (7.9) | (6.7) | 17.1 |
| Opening Cash balances | 34.7 | 36.4 | 31.1 | 23.2 | 16.6 |
| Closing Cash balances | 36.4 | 31.1 | 23.2 | 16.6 | 33.6 |
| Free cash Flow | 10.8 | 8.6 | 20.5 | 21.8 | 37.4 |

Source: Company, Angel Research

Key Ratios (consolidated)

| Y/E March | FY2016 | FY2017 | FY2018E | FY2019E | FY2020E |
|------------------------------|--------|--------|---------|---------|---------|
| Valuation Ratio (x) | | | | | |
| P/E (on FDEPS) | 52.2 | 31.3 | 25.1 | 20.2 | 16.5 |
| P/CEPS | 27.9 | 18.3 | 14.9 | 12.1 | 9.9 |
| P/BV | 6.2 | 5.3 | 4.5 | 3.8 | 3.2 |
| Dividend yield (%) | 0.4 | 0.6 | 0.6 | 0.6 | 0.8 |
| EV/Sales | 3.3 | 2.7 | 2.2 | 1.8 | 1.4 |
| EV/EBITDA | 27.8 | 20.2 | 15.7 | 12.5 | 10.0 |
| EV / Total Assets | 5.7 | 4.7 | 3.9 | 3.3 | 2.7 |
| Per Share Data (Rs) | | | | | |
| EPS (Basic) | 13.6 | 22.8 | 28.3 | 35.2 | 43.1 |
| EPS (fully diluted) | 13.6 | 22.8 | 28.3 | 35.2 | 43.1 |
| Cash EPS | 25.5 | 38.9 | 47.6 | 58.8 | 71.6 |
| DPS | 3.0 | 4.0 | 4.0 | 4.6 | 5.6 |
| Book Value | 114.3 | 133.4 | 157.3 | 187.0 | 223.3 |
| Returns (%) | | | | | |
| ROCE | 16.1 | 20.3 | 22.4 | 23.5 | 24.1 |
| Angel ROIC (Pre-tax) | 25.8 | 30.5 | 33.5 | 34.9 | 37.4 |
| ROE | 11.9 | 17.1 | 18.0 | 18.8 | 19.3 |
| Turnover ratios (x) | | | | | |
| Asset Turnover (Gross Block) | 2.6 | 3.1 | 3.5 | 3.8 | 4.2 |
| Inventory / Sales (days) | 89 | 85 | 85 | 85 | 85 |
| Receivables (days) | 61 | 72 | 72 | 72 | 72 |
| Payables (days) | 101 | 115 | 115 | 110 | 110 |
| WC cycle (ex-cash) (days) | 48 | 42 | 42 | 47 | 47 |

Source: Company, Angel Research

Note - Valuation done on closing price of 05/04/2018

Research Team Tel: 022 - 39357800

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

DISCLAIMER

Angel Broking Private Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Private Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals. Investors are advised to refer the Fundamental and Technical Research Reports available on our website to evaluate the contrary view, if any.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Pvt. Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Pvt. Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Pvt. Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Pvt. Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

| Disclosure of Interest Statement | GMM Pfadler Ltd. |
|---|-------------------------|
| 1. Financial interest of research analyst or Angel or his Associate or his relative | No |
| 2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives | No |
| 3. Served as an officer, director or employee of the company covered under Research | No |
| 4. Broking relationship with company covered under Research | No |

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)

Neutral (-5 to 5%)

Reduce (-5% to -15%)

Sell (< -15)