

CMP INR 740

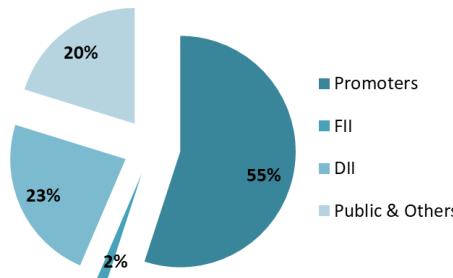
Target INR 1,018

Q3FY24 Result Update – BUY

Key Share Data

Face Value (INR)	2.0
Equity Capital (INR Mn)	84.9
Market Cap (INR mn)	31413.0
52 Week High/Low (INR)	818 / 466
Daily Volume (1Y Avg.) (NSE)	67,098
BSE Code	531548
NSE Code	SOMANYCERA
Reuters Code	SOCE.NS
Bloomberg Code	SOMC:IN

Shareholding Pattern (December 31, 2023)



Key Financials (INR Million)

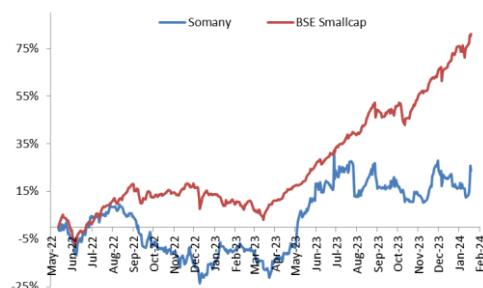
Particulars	FY23	FY24E	FY25E	FY26E
Net Sales	24,785.1	25,652.7	28,745.6	32,970.6
Growth (%)	18.3%	3.5%	12.1%	14.7%
EBIDTA	1,887.1	2,424.8	2,829.1	3,391.0
PAT	715.0	961.8	1,273.6	1,728.7
Growth (%)	-19.4%	34.5%	32.4%	35.7%
EPS (INR)	16.8	22.7	30.0	40.7
BVPS (INR)	185.4	197.2	216.4	246.4

Key Financial Ratios

Particulars	FY23	FY24E	FY25E	FY26E
P/E (x)	43.9	32.7	24.7	18.2
P/BVPS (x)	4.0	3.8	3.4	3.0
Mcap/Sales (x)	1.3	1.2	1.1	1.0
EV/EBITDA (x)	18.4	14.3	12.2	9.8
ROCE (%)	9.5%	12.6%	14.4%	17.4%
ROE (%)	9.1%	11.5%	13.9%	16.5%
EBIDTA Mar (%)	7.6%	9.5%	9.8%	10.3%
PAT Mar (%)	2.9%	3.7%	4.4%	5.2%
Debt - Equity (x)	0.6	0.6	0.6	0.4

Source: Company, SKP Research

Price Performance Somany vs BSE Smallcap



Research Analyst:

Shreyansh N. Mehta

Tel No: +91-33-66777014;

e-mail: shreyansh.mehta@skpsecurities.com

Company Background

Somany Ceramics Ltd (Somany), promoted by Late H L Somany, now managed under the leadership of Mr Shreekant Somany, Chairman and Mr Abhishek Somany, MD, is amongst India's largest players in Ceramic Tiles industry under "SOMANY" brand with a combined manufacturing capacity of ~80 MSM which includes its own manufacturing facilities at Kadi, Gujarat & Kassar, Haryana and its JV and outsource manufacturing partners. It also sells imported tiles. As a strategic product extension to leverage its channels and customers, it also manufactures sanitaryware and faucets through JV partners.

Investment Rationale:

Muted Q3FY24 due to sluggish demand

- During Q3FY24, consolidated sales declined by 1.7% y-o-y to Rs 6,121 mn due to continued sluggish demand. Tiles volume declined by ~2.5% y-o-y during the quarter at ~15.75 MSM on account of weaker domestic demand. Realisation decreased by ~2.5% y-o-y at Rs 328/MSM.
- Revenue from tiles segment declined by ~5% y-o-y but there has been increase in sales of bathware by ~12.6% y-o-y (includes ~16% in bath fittings and ~3% in sanitaryware).
- Somany had capacity utilization (CU) of 83%, 60% and 79% in tiles, sanitaryware and faucetware segments respectively during the quarter. In Q3FY24, contribution from GVT increased by ~2% y-o-y to ~34%, PVT remained flat at ~30% and Ceramic was down by ~2% y-o-y to ~36%.
- Average blended gas prices in Q3FY24 stood at Rs 44/SCM - ~Rs 42/SCM, ~Rs 47/SCM and ~Rs 54/SCM for Northern, Western and Southern plants, respectively (Rs 43/SCM, Rs 43/SCM and Rs 50/SCM in Q2FY24 respectively).
- Somany has added significant capacity for GVT which is slowly showing up in more value added sales. The max plant which is the latest GVT large format slab tile plant with 4 MSM capacity has started on time; commercial production for thick 15 mm tile called cover stone has received good response and would add ~Rs 2.75 bn revenue at full CU. Further, 9 mm tile will be launched in Q4FY24.
- Somany invested ~6 bn in last 2 years and thus in FY24 and FY25 there will be only maintenance capex of ~Rs 400 mn (includes ~Rs 200 mn for Nepal project). The next major capex will be for expansion in sanitaryware will be mostly in FY26.
- Management has decided to invest ~Rs 37.6 mn in solar power to reduce electricity cost for Haryana plant which will start getting benefit from Q3FY25 onwards.
- There has been a significant improvement with addition of ~300 new dealers as of 9MFY24. Company is concentrating on advertising & brand building, spending ~2.75% of the total annual revenue.
- India's exports slowed down post October 2023 due to issues in the Red Sea region which has increased freight cost and increased the transit time resulting in capacity cut down in Morbi (CU under ~70%). It has no major impact on Somany as its export is under 3% of total revenue to Rs 600-650 mn as of FY24 but has intensified competition in the domestic market.
- Company is scaling up the sanitaryware segment by changing the value mix. It will add another sanitaryware line and scale up the capacity by at least 50% from present.
- Management is confident to grow 5%-6% higher than the growth in the domestic tile industry, with an improving business scenario from FY25 as many real estate projects are near completion giving robust demand visibility. Muted demand was experienced in January 2024 and Q4FY24 is expected to remain soft with no price hike and ~5% annual growth expected in FY24. Bathware-Sanitaryware segment is expected to grow at 12-16% for Somany going forward with emphasis on promotions.
- With expectations of a revival in demand going forward, the Company is well positioned for growth in coming years with CU upto ~90%. We have built in revenue growth of ~3.5%, ~12.1% and ~14.7% for FY24E, FY25E & FY26E respectively, considering Somany's robust track record.

EBITDA margins to improve with higher CU

- EBIDTA grew by ~46% y-o-y to Rs 590 mn along with 313 bps y-o-y increase in EBIDTA margin to 9.6% mainly due to softening in power & fuel cost and its focus on cost optimization measures.
- At standalone levels it is net debt free but at console level its debt stood at Rs 3.24 bn towards south plant and max plant.
- We expect EBITDA margin to remain ~9.5% in FY24 and will stabilize ~9.8% & ~10.3% in FY25E & FY26E respectively due to expectations of demand pick-up resulting in higher contribution from in-house manufacturing and high margin value-added products, higher usage of low cost biofuel, better cost control and structural shift towards organised domestic players which is further expected to generate traction in the industry.

Investment in Nepal based tiles JV

- BOD of Somany, during Q4FY23, proposed to make investments up to Rs 625 mn for a 50% stake in JV with Murarka Group, a diversified conglomerate operating in Nepal. The proposed JV will be engaged in the manufacturing of tiles with an annual capacity of ~3.5 MSM. It is expected to get commissioned in next 18 months. Tiles manufactured here will be sold in Nepal only.

Other major updates

- Buyback: The maiden share buyback of 14,70,588 equity shares (FV Rs 2), representing 3.46 % of the total number of equity shares for Rs 1.25 bn was successfully completed.
- Somany has made provision of ~Rs 184 mn towards SREI Bonds about three years ago and has received the Resolution Plan from the authority for ~Rs 46.1 mn. During the quarter, it has received Rs 13 mn disclosed under exceptional item.

VALUATION

Recently, Building Products including Ceramic Tiles industry is witnessing a muted demand on account of inflationary environment. However, with expectations of interest rate topping out, new launches in real estate, increasing urbanization, a gradual recovery of demand is expected, going forward, which augers well for entire ceramic tiles industry in general and Somany in particular. We expect Somany to emerge as a strong player with its dedicated growth strategy in place which includes expanding market share and increasing number of dealers across India. **We have valued the stock on the basis of P/E valuation method and assigned a P/E multiple of 25x FY26E EPS of Rs 40.7/share and recommend a 'BUY' on the stock with a target price of Rs 1,018 in 15 months (~38% upside).**

Q3FY24 Consolidated Result Review
(All data in Rs mn unless specified, Y/e March)

Particulars	Q3FY24	Q3FY23	YoY %	Q2FY24	QoQ %	9MFY24	9MFY23	YoY%
Total Income	6,121.4	6,224.1	-1.7%	6,551.6	-6.6%	18,538.3	17,992.9	3.0%
Expenditure	5,531.1	5,818.4	-4.9%	5,910.4	-6.4%	16,800.8	16,715.6	0.5%
Material Consumed	2,727.5	2,784.4	-2.0%	2,934.0	-7.0%	8,418.6	7,583.3	11.0%
(as a % of Total Income)	44.6%	44.7%	(18)Bps	44.8%	(23)Bps	45.4%	42.1%	327 Bps
Power & Fuel	1,252.3	1,546.7	-19.0%	1,378.7	-9.2%	3,820.2	4,927.6	-22.5%
(as a % of Total Income)	20.5%	24.9%	(439)Bps	21.0%	(59)Bps	20.6%	27.4%	(678)Bps
Employees Cost	794.2	757.9	4.8%	822.2	-3.4%	2,376.6	2,206.7	7.7%
(as a % of Total Income)	13.0%	12.2%	80 Bps	12.5%	42 Bps	12.8%	12.3%	56 Bps
Other Expenses	757.1	729.4	3.8%	775.5	-2.4%	2,185.4	1,998.0	9.4%
(as a % of Total Income)	12.4%	11.7%	65 Bps	11.8%	53 Bps	11.8%	11.1%	68 Bps
EBITDA	590.3	405.7	45.5%	641.2	-7.9%	1,737.5	1,277.3	36.0%
EBITDA Margin (%)	9.6%	6.5%	313 Bps	9.8%	(14)Bps	9.4%	7.1%	227 Bps
Depreciation	188.2	167.8	12.2%	176.2	6.8%	532.1	491.5	8.3%
EBIT	402.1	237.9	69.0%	465.0	-13.5%	1,205.4	785.8	53.4%
Other Income	28.1	41.0	-31.5%	38.4	-26.8%	90.2	109.9	-17.9%
Interest Expense	108.8	118.8	-8.4%	109.8	-0.9%	330.3	287.2	15.0%
Exceptional Items	(13.0)	-		-		53.2	21.8	144.0%
Profit Before Tax	334.4	160.1	108.9%	393.6	-15.0%	912.1	586.7	55.5%
Income Tax	100.4	45.4	121.1%	98.3	2.1%	257.1	161.5	59.2%
Effective Tax Rate (%)	30.0%	28.4%		25.0%		28.2%	27.5%	
Reported Profit After Tax	234.0	114.7	104.0%	295.3	-20.8%	655.0	425.2	54.0%
PAT Margin	3.8%	1.8%	198 Bps	4.5%	(68)Bps	3.5%	2.4%	117 Bps
Non Controlling Interest	12.1	(4.8)	-352.1%	2.2	450.0%	(4.4)	(46.0)	-90.4%
Adjusted Profit After Tax	221.9	119.5	85.7%	293.1	-24.3%	659.4	471.2	39.9%
Adjusted PAT Margin	3.6%	1.9%	171 Bps	4.5%	(85)Bps	3.6%	2.6%	94 Bps
Diluted EPS	5.2	2.8	85.8%	6.9	-24.3%	15.5	11.1	39.8%

Source: Company Data, SKP Research

Key Charts

Chart 1: Operating Revenues

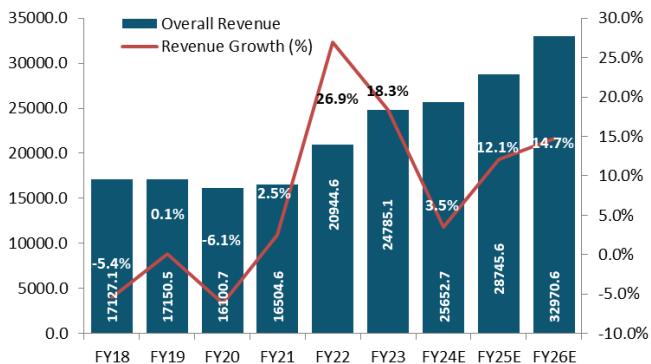


Chart 2: Volume wise tiles Sales

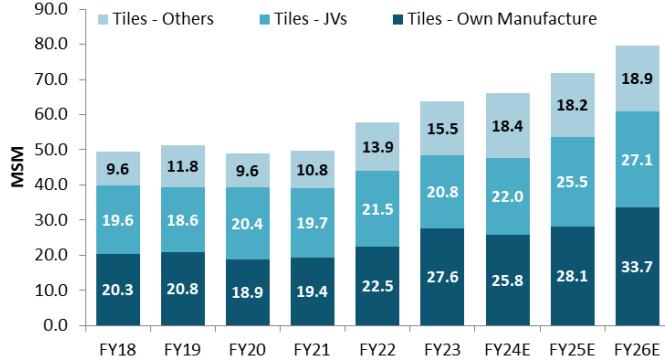


Chart 3: Volume Contribution

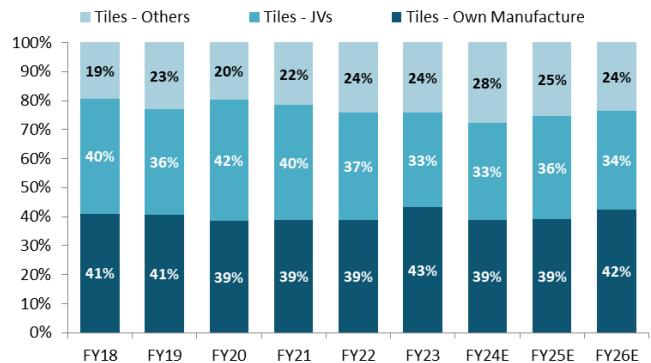


Chart 4: Value wise tiles sales

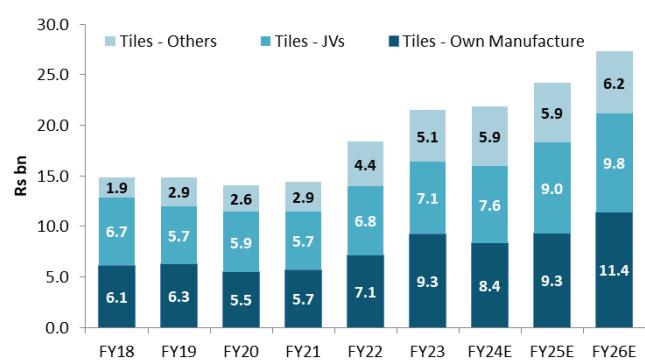


Chart 5: Value wise Tiles Contribution

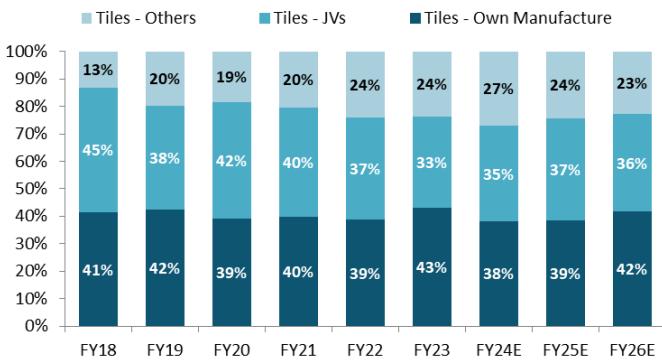


Chart 6: Value wise Sanitaryware Revenue

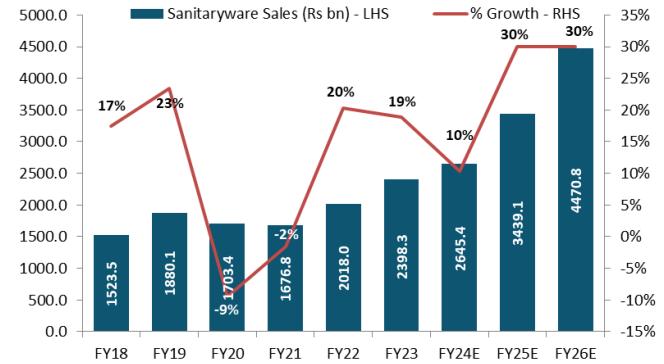


Chart 7: EBIDTA & EBIDTA Margins

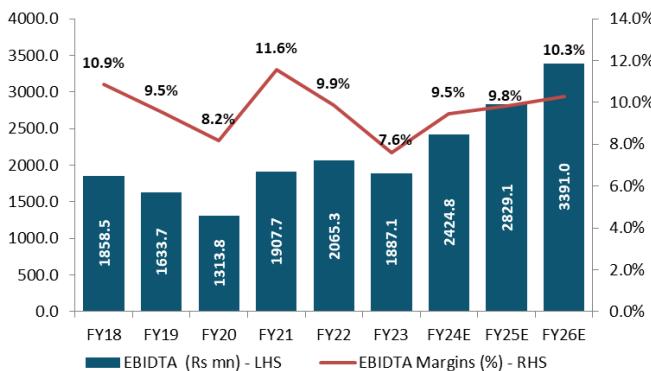
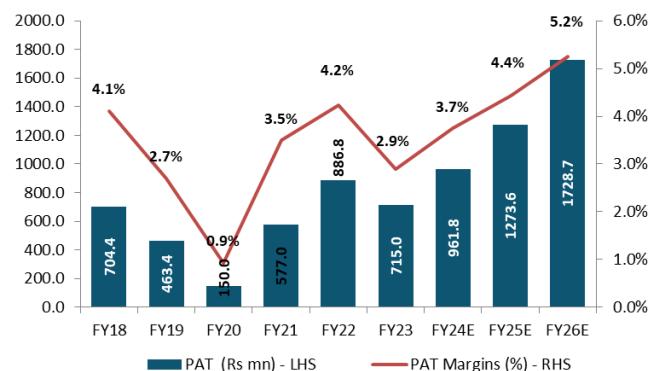


Chart 8: PAT & PAT Margin



Source: SKP Research

KEY CONCERNS

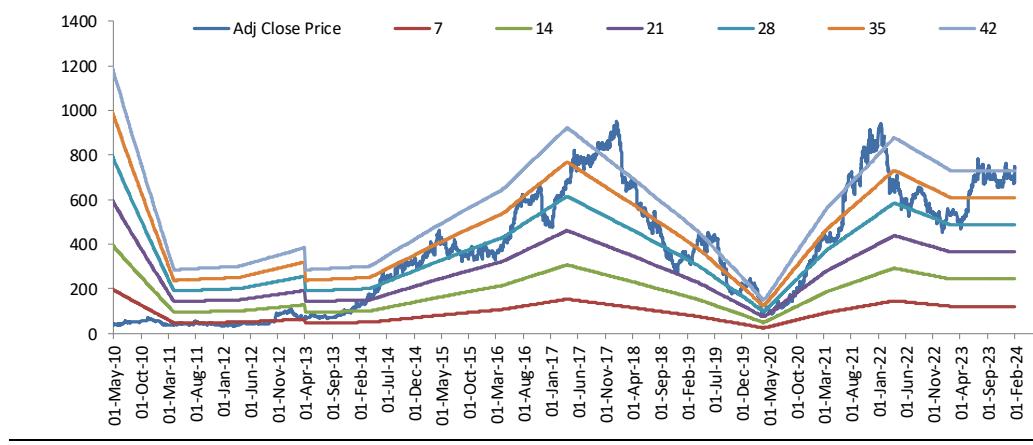
- **Competition from unorganised players:** Building product industry is dominated by small unorganized players. Though, Indian consumers are gravitating towards the organized segment, offering branded products, any increase in the competitive intensity from unorganized segment may be detrimental for the company.
- **Any change in design preferences could affect the off-take:** Somany possesses many decades of insight into design preferences across regions, ages, income profiles and social backgrounds. Somany is doing well to research consumer behaviour and develop designs accordingly. It has tied up with prominent design houses in Italy and Spain to have unique and appreciative designs. Still, any unexpected change in the design preferences by the end consumers may affect the business of the company.
- **Slowdown in real estate sector may dampen business sentiments:** Somany tiles and sanitaryware segment is highly dependent on real estate sector. Any slowdown in Tier –II and Tier – III cities may dampen business prospects of Somany.
- **Rising Inflation rate:** A sharp rebound in economic activity strengthened India's gross domestic product (GDP) growth from Q2FY21 onwards, but this has also resulted in the rise in inflation due to several factors, including rising food prices, elevated fuel costs and rising input costs for companies. This has triggered the risk of potential rise in interest rates to curb inflation. The Reserve Bank of India (RBI) hiked repo rate (by 40 bps) and CRR (by 50 bps to 4.5%) with immediate effect during Q1FY22. It again increased repo rate by 50 bps and 35 bps in September and December 2022. However, in an attempt to stabilize the economy and provide relief to the end consumers, RBI has kept the repo rate unchanged to 6.5% during April to December meet of Monetary Policy Committee (MPC) of FY24.

Any such further move by the Central Bank to curb inflation may put pressure on consumer discretionary spending, impacting Somany's profitability and valuations.

VALUATION

Recently, Building Products including Ceramic Tiles industry is witnessing a muted demand on account of inflationary environment. However, with expectations of interest rate topping out, new launches in real estate, increasing urbanization, a gradual recovery of demand is expected, going forward, which augers well for entire ceramic tiles industry in general and Somany in particular. We expect Somany to emerge as a strong player with its dedicated growth strategy in place which includes expanding market share and increasing number of dealers across India. **We have valued the stock on the basis of P/E valuation method and assigned a P/E multiple of 25x FY26E EPS of Rs 40.7/share and recommend a 'BUY' on the stock with a target price of Rs 1,018 in 15 months (~38% upside).**

1 Year forward looking P/E chart



Source: SKP Research

Consolidated Financials

Income Statement				Rs mn	Balance Sheet				Rs mn
Particulars	FY23	FY24E	FY25E	FY26E	Particulars	FY23	FY24E	FY25E	FY26E
Total Income	24,785.1	25,652.7	28,745.6	32,970.6	Share Capital	84.9	84.9	84.9	84.9
Growth (%)	18.3%	3.5%	12.1%	14.7%	Reserve & Surplus	7,784.8	8,288.1	9,103.2	10,373.4
Expenditure	22,898.0	23,227.8	25,916.5	29,579.7	Shareholders Funds	7,869.7	8,373.0	9,188.1	10,458.3
Material Cost	5,269.6	5,785.7	6,525.3	7,550.3	Minority Interest	1075.70	1114.18	1157.30	1206.75
Pur of Traded Goods	5,424.8	5,841.5	6,467.8	7,434.9	Total Debt	4,883.7	5,183.7	5,083.7	4,483.7
Employee Cost	3,011.5	3,197.5	3,581.2	4,010.9	Deferred Tax (Net)	326.9	326.9	326.9	326.9
Storage & Spare Parts	941.8	974.8	1,092.3	1,252.9	Other Long Term Liab	744.8	770.9	863.8	990.8
Power & Fuel & Othr Exp.	6,522.8	5,335.6	6,036.6	6,973.3	Total Liabilities	14,900.8	15,768.6	16,619.8	17,466.5
Other Expenses	1,727.5	2,092.8	2,213.4	2,357.4	Goodwill on Consol	72.8	72.8	72.8	72.8
EBITDA	1,887.1	2,424.8	2,829.1	3,391.0	Net Block inc. Capital WIP	10,551.5	11,706.7	11,708.4	11,321.7
Depreciation	678.5	722.2	773.3	786.7	Investments	318.5	318.5	318.5	318.5
EBIT	1,208.6	1,702.7	2,055.8	2,604.3	Non-Current Asset	383.2	256.5	287.5	329.7
Other Income	145.4	118.0	126.5	145.1	Inventories	3,914.8	3,873.6	4,340.6	5,275.3
Interest Expense	403.6	430.2	421.9	372.1	Sundry Debtors	2,683.1	2,719.2	3,047.0	3,626.8
Exceptional Items	21.80	53.20	0.00	0.00	Cash & Bank Balance	1,545.5	1,845.2	2,120.9	2,529.3
Profit Before Tax (PBT)	928.6	1,337.2	1,760.3	2,377.2	Other Current Assets	524.2	538.7	603.7	692.4
Income Tax	259.4	337.0	443.6	599.1	Loans & Advances	34.0	25.7	28.7	33.0
Profit After Tax (PAT)	669.2	1,000.2	1,316.7	1,778.1	Current Liabilities & Prov	5,210.4	5,671.8	5,991.9	6,816.6
Minority Interest	-45.80	38.48	43.12	49.46	Net Current Assets	3,491.2	3,330.5	4,149.1	5,340.2
Adjusted PAT	715.0	961.8	1273.6	1728.7	Deferred Tax Assets	83.6	83.6	83.6	83.6
Diluted EPS (Rs/Sh)	16.8	22.7	30.0	40.7	Total Assets	14,900.8	15,768.6	16,619.8	17,466.5

Cash Flow Statement				Rs mn	Ratio Analysis				
Particulars	FY23	FY24E	FY25E	FY26E	Particulars	FY23	FY24E	FY25E	FY26E
Profit Before Tax (PBT)	928.6	1,337.2	1,760.3	2,377.2	Earning Ratios (%)				
Depreciation	678.5	722.2	773.3	786.7	EBIDTA Margin (%)	7.6%	9.5%	9.8%	10.3%
Interest Provided	403.6	430.2	421.9	372.1	PAT Margins (%)	2.9%	3.7%	4.4%	5.2%
Chg. in Working Capital	(89.6)	613.2	(480.9)	(698.0)	ROCE (%)	9.5%	12.6%	14.4%	17.4%
Direct Taxes Paid	(247.1)	(337.0)	(443.6)	(599.1)	ROE (%)	9.1%	11.5%	13.9%	16.5%
Other Charges	(28.5)	-	-	-	Per Share Data (INR)				
Operating Cash Flows	1,645.5	2,765.8	2,031.1	2,239.0	Diluted EPS	16.8	22.7	30.0	40.7
Capital Expenditure	(1,765.3)	(1,877.4)	(775.0)	(400.0)	Cash EPS (CEPS)	32.8	39.7	48.2	59.3
Investments	329.1	-	-	-	BVPS	185.4	197.2	216.4	246.4
Others	527.3	-	-	-	Valuation Ratios (x)				
Investing Cash Flows	(908.9)	(1,877.4)	(775.0)	(400.0)	P/E	43.9	32.7	24.7	18.2
Inc / (Dec) in Debt	266.3	300.0	(100.0)	(600.0)	Price/BVPS	4.0	3.8	3.4	3.0
Dividend Paid (inc tax)	(127.4)	(458.5)	(458.5)	(458.5)	EV/Sales	1.4	1.4	1.2	1.0
Interest Paid	(384.6)	(430.2)	(421.9)	(372.1)	EV/EBITDA	18.4	14.3	12.2	9.8
Others	32.50	0.00	0.00	0.00	EB/EBIT	28.8	20.4	16.7	12.8
Financing Cash Flows	(213.2)	(588.7)	(980.4)	(1,430.6)	Balance Sheet Ratios				
Chg. in Cash & Cash Eqv	523.4	299.7	275.7	408.4	Debt - Equity	0.6	0.6	0.6	0.4
Opening Cash Balance	1,486.0	1,545.5	1,845.2	2,120.9	Current Ratio	1.7	1.6	1.7	1.8
Diff as per B/S and Cash flow	-463.90	0.00	0.00	0.00	Fixed Asset Turn. Ratios	2.5	2.2	2.5	2.9
Closing Cash Balance	1,545.5	1,845.2	2,120.9	2,529.3					

Source: Company Data, SKP Research

Recommendation -History Table

Date	Rating	Issue Price	Target Price	Upside Potential	Period (months)
26-Aug-15	BUY	315	456	45%	18
02-Nov-15	BUY	324	442	36%	18
11-Feb-16	BUY	365	521	43%	18
08-Jun-16	ACCUMULTE	496	556	12%	--
02-Aug-16	NEUTRAL	595	--	--	--
28-Oct-16	ACCUMULTE	657	730	11%	--
28-Jan-17	BUY	603	894	48%	18
29-May-17	BUY	763	924	21%	18
28-Aug-17	ACCUMULTE	794	905	14%	--
29-Nov-17	NEUTRAL	889	--	--	--
08-Feb-18	BUY	695	958	38%	18
06-Jun-18	BUY	564	799	42%	18
14-Aug-18	BUY	480	682	42%	18
19-Nov-18	BUY	303	439	45%	15
14-Jun-19	BUY	424	494	17%	15
21-Aug-19	BUY	281	382	36%	15
21-Nov-19	BUY	181	307	70%	12
26-Feb-20	BUY	199	311	56%	18
30-Jun-20	HOLD	121	130	7%	15
24-Aug-20	NEUTRAL	165	--	--	--
10-Nov-20	BUY	227	333	47%	12
09-Feb-21	BUY	380	595	57%	18
18-Jun-21	BUY	554	744	34%	18
20-Aug-21	BUY	627	769	23%	18
16-Nov-21	BUY	882	1148	30%	18
08-Feb-22	BUY	814	1062	30%	18
21-May-22	BUY	594	865	46%	18
11-Aug-22	BUY	656	832	27%	18
11-Nov-22	BUY	529	685	29%	15
09-Feb-23	BUY	538	713	33%	18
27-May-23	ACCUMULTE	624	724	16%	18
14-Aug-23	BUY	676	914	35%	15
15-Nov-23	BUY	680	913	34%	15
05-Feb-24	BUY	740	1018	38%	15

Source: SKP Research

Recommendation -History Chart



Source: BSE, SKP Research

Notes:

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg and Thomson First Call.

Disclaimer:

This document has been prepared by SKP Securities Ltd, hereinafter referred to as SKP to provide information about the company(ies) / sector(s), if any, covered in the report and may be distributed by it and/or its affiliates. SKP Securities Ltd., offers Broking, Depository Participant, Merchant Banking and Portfolio Management Services and is regulated by Securities and Exchange Board of India (SEBI). It also distributes investment products/services like mutual funds, alternative investment funds, bonds, IPOs, etc., renders corporate advisory services and invests its own funds in securities and investment products. We declare that no material disciplinary action has been taken against SKP by any regulatory authority impacting Equity Research Analysis. As a value addition to its clients, it offers its research services and reports in various formats to its clients and prospects. As such, SKP is making these disclosures under SEBI (Research Analysts) Regulations, 2014.

Terms & Conditions and Other Disclosures:

This research report ("Report") is for the personal information of the selected recipient(s), does not construe to be any investment, legal or taxation advise, is not for public distribution and should not be copied, reproduced or redistributed to any other person or in any form without SKP's prior permission. The information provided in the Report is from publicly available data, which we believe, are reliable. While reasonable endeavours have been made to present reliable data in the Report so far as it relates to current and historical information, but SKP does not guarantee the accuracy or completeness of the data in the Report. Accordingly, SKP or its promoters, directors, subsidiaries, associates or employees 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 and views and opinions expressed in this publication. Past performance mentioned in the Report should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by SKP and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can rise or fall. The Report includes analysis and views of individual research analysts (which, hereinafter, includes persons reporting to them) covering this Report. The Report is purely for information purposes. Opinions expressed in the Report are SKP's or its research analysts' current opinions as of the date of the Report and may be subject to change from time to time without notice. SKP or any person connected with it does not accept any liability arising from the use of this Report. Investors should not solely rely on the information contained in this Report and must make investment decisions based on their own investment objectives, judgment, risk profile and financial position. The recipients of this Report may take professional advice before acting on this information. SKP's Research reports/recommendations may differ on account of differences in research methodology and difference in time horizons for which recommendations are made. Accordingly, our sales personnel, professionals or affiliates may provide oral or written market commentary or trading strategies or reports or analysis to our clients that may reflect opinions that are contrary to the opinions expressed herein, and we, or entities associated with us, may make investment decisions that can be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. SKP, along with its affiliates, are engaged in various financial services and so might have financial, businesses or other interest in other entities, including the subject company or its affiliates mentioned in this report, for which it might have received any compensation in the past twelve months. SKP, along with its affiliates have not received any compensation for investment banking and merchant banking services, have not managed or co-managed public offering of securities and have not been engaged in market making activity of the subject company in the past twelve months preceding the date of distribution of the research report. SKP encourages independence in preparation of research reports and strives to minimize conflict in preparation of research reports. SKP and its analysts did not receive any compensation or other benefits from the subject company mentioned in the Report or from a third party in connection with preparation of the Report. Accordingly, SKP and its Research Analyst do not have any material conflict of interest at the time of publication of this Report. SKP's research analysts may provide input into its other business activities. Investors should assume that SKP and/or its affiliates are seeking or will seek business assignments from the company(ies) that are the subject of this material and that the research analysts who are involved in preparing this material may educate investors on investments in such businesses. The research analysts responsible for the preparation of this document may interact with trading desk/sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research analysts are paid on the profitability of SKP, which may include earnings from business activities for which this Report is being used, but not for the preparation of this report. SKP generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any company(ies) that the analyst covers. Additionally, SKP generally, prohibits its analysts and persons reporting to analysts from serving as an officer, director or advisory board member of any companies that

the analyst cover. The following Disclosure of Interest Statement, clarifies it further: SKP and/or its Directors/or its affiliates or its Research Analyst(s) engaged in preparation of this Report or his/her relative (i) do not have any financial interests in the subject company mentioned in this report (ii) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report (iii) do not have any other material conflict of interest at the time of publication of the research report. The distribution of this document in other jurisdictions may be strictly restricted and/ or prohibited by law, and persons into whose possession this document comes should inform themselves about such restriction and/ or prohibition, and observe any such restrictions and/ or prohibition.

"Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provides any assurance of returns to investors"

"Investment in securities market is subject to market risks. Read all the related documents carefully before investing."

SKP Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014 having registration No. INH300002902.

Name of Compliance Officer & Grievance Officer: Anil Shukla

Email: anil.shukla@skpsecurities.com

Telephone: (033) 66777011

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst about the subject securities or issues, which are subject to change without prior notice and does not represent to be an authority on the subject. No part of the compensation of the research analyst was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst in this report. The research analysts, strategists, or research associates principally responsible for preparation of SKP research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

Disclosure of Interest Statement

Analyst ownership of the stock	NIL
Served as an officer, director or employee	NIL

SKP Securities Ltd

CIN: L74140WB1990PLC049032

Registered Office: 1702-03 BioWonder, 789 Anandapur, E.M. Bypass, Kolkata 700 107

	RESEARCH		DEALING	
	MUMBAI	KOLKATA	MUMBAI	KOLKATA
PHONE	+91 22 4922 6014	+91 33 6677 7009	+91 22 4922 6000	+91 33 6677 7060
EMAIL	ird@skpsecurities.com		skp.sec@bloomberg.net	

Institutional Equities | Broking | Distribution | Private Wealth | Investment Banking

NSE & BSE – INZ000199335 | NSDL& CDSL – IN-DP-155-2015 | Research Analyst - INH300002902,

Merchant Banker - INM000012670 | Portfolio Manager - INP000006509 | ARN-0006