

February 5, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	1,224		1,545	
Sales (Rs. m)	52,232	58,502	53,169	59,577
% Chng.	(1.8)	(1.8)		
EBITDA (Rs. m)	7,626	8,863	8,241	9,592
% Chng.	(7.5)	(7.6)		
EPS (Rs.)	28.8	35.0	31.8	38.6
% Chng.	(9.4)	(9.4)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	45,784	47,270	52,232	58,502
EBITDA (Rs. m)	6,997	6,523	7,626	8,863
Margin (%)	15.3	13.8	14.6	15.2
PAT (Rs. m)	4,221	3,528	4,594	5,573
EPS (Rs.)	26.5	22.1	28.8	35.0
Gr. (%)	22.4	(16.4)	30.2	21.3
DPS (Rs.)	5.8	4.9	6.3	7.7
Yield (%)	0.6	0.5	0.7	0.8
RoE (%)	17.1	12.8	15.1	16.3
RoCE (%)	22.5	18.2	20.0	21.6
EV/Sales (x)	3.3	3.1	2.8	2.4
EV/EBITDA (x)	21.4	22.7	19.1	16.1
PE (x)	36.2	43.3	33.3	27.4
P/BV (x)	5.8	5.3	4.8	4.2

### Key Data

KAJR.BO | KJC IN

52-W High / Low	Rs.1,579 / Rs.956
Sensex / Nifty	78,584 / 23,739
Market Cap	Rs.153bn / \$ 1,756m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.201.15m

### Shareholding Pattern (%)

Promoter's	47.48
Foreign	16.04
Domestic Institution	27.91
Public & Others	8.57
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(15.7)	(34.3)	(28.6)
Relative	(15.0)	(32.3)	(34.5)

### Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

### Rahul Shah

rahulshah@plindia.com | 91-22-66322274

## Soft demand, margins contracted

### Quick Pointers:

- Tiles volume grew 6.7% in Q3FY25.
- EBITDA margin contracted by ~275bps YoY with increased overhead expenses.

*We downward revise our FY25/FY26/FY27 earnings estimates by 11.8%/9.4%/9.4% factoring in contraction in EBITDA margins and lower volume growth guidance of 8-9% in the tiles segment. Additionally, muted demand in the bathware segment, primarily driven by weak retail business performance, has also influenced our outlook. KJC is expected margin of 14-15% in FY26. However, in Q3FY25, margins were impacted by losses in the bathware segment, higher employee expenses, and lower realizations in the tiles segment. KJC is expecting a revival in demand, driven by an anticipated rate cut by the RBI and an expected increase in disposable income due to the restructured personal income tax regime in the FY26 Union Budget. KJC has increased its stake in the Nepal JV from 50% to 51%, with current capacity utilization at 70%, expected to rise to 80-85% and its number will be consolidated in FY26. We have considered ~8.8% CAGR in tiles volume over FY24-27 with cons. EBITDA margin of 15.2% in FY27. Management has indicated that volume growth will gradually pick up in FY26, driven by initiatives such as 1) increase in dealer penetration & showrooms, 2) enhanced brand building, 3) expansion in product portfolio, 4) intensify focus on projects business, and 6) improved business efficiency. We expect Revenue/EBITDA/PAT CAGR of 8.5%/8.2%/9.7% over FY24-27E. Maintain 'BUY' rating, as we value the stock at 35x FY27 (revised target multiple from 40x to 35x on soft guidance and weak demand scenario) EPS to arrive at revised TP of Rs1,224 (earlier Rs 1,545).*

**Revenues grew by 1.0% YoY, PAT declined by 24.6% YoY:** Revenues grew by 1.0% YoY to Rs11.6bn (PLe: Rs11.8bn), on back of 6.7% YoY volume growth. Tiles segment revenues grew by 2.7% YoY (contributes 89%sales) and other segment revenues declined by 11.4% YoY. Bathware (cont. 8%rev.) grew by 2.5% YoY. Gross margin contracted by ~40bps YoY to 58.8% YoY. EBITDA declines by 16.8% YoY to Rs1.5bn (PLe: Rs1.7bn). EBITDA margin contracted by ~275bps YoY to 12.8% (PLe: 14.5%). Fuel expenses % sales reported 20.7% in Q3FY25 from 20.8% in Q3FY24. PBT declined 24.8% YoY to Rs1.1bn (PLe: Rs1.4bn). PAT declined by 24.6% YoY to Rs787mn (PLe: Rs1.0bn). Reported working capital of 59days vs 58days in Mar-24. Company is acquiring an additional 1% stake in Kajaria Ramesh Tiles Limited, Nepal, increasing its share from 50% to 51%. It has already invested Rs 1.1bn in the JVC and now plans to invest an additional Rs 606mn.

**Con call highlights:** **1)** KJC has revised its volume growth guidance for FY25 from 9-10% to 8-9% in tiles due to low demand in retail segment, and Bathware segment from 15% to 10%. **2)** KJC has maintained its 3 years guidance to reach Rs 6.5bn revenue by FY27, with a CAGR of 11%/23%/19%/44% in tiles/bathware/plywood/adhesives segments. **3)** The company's EBITDA margin

was impacted by lower realizations and losses in the bathware segment due to the new sanitaryware unit in Morbi, which typically takes 6-12 months to stabilize and is expected to grow in the future. **4)** Volume and Value contribution of Ceramic/PVT/GVT tiles were 42%/25%/33% and 37%/26%/37%, respectively. **5)** KJC's realization was impacted due to a shift in the business mix, with lower demand in the retail segment and competitive pricing in the project segment. **6)** Bathware/Plywood/Adhesives contributed 8%/1%/2% in topline. **7)** Fuel prices for North/South/West stood at Rs 38/38/37 SCM. **8)** Exports in the tiles industry declined 16% YoY to Rs 11.6bn, primarily due to rising ocean freight rates and geopolitical uncertainty in Gulf regions. **9)** The company is acquiring an additional 1% stake in Kajaria Ramesh Tiles Limited, Nepal, increasing its share from 50% to 51%, making it a subsidiary. The plant, currently operating at 70% capacity within two months, is expected to reach 80-85% soon. **10)** KJC is expecting a revival in demand, driven by an anticipated rate cut by the RBI and an expected increase in disposable income due to the restructured personal income tax regime in the FY26 Union Budget.

**Exhibit 1: Q3FY25 Result Overview: Sales increase by 1.0% YoY, PAT declines by 24.6% YoY**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Net Sales</b>	<b>11,637</b>	<b>11,518</b>	<b>1.0</b>	<b>11,793</b>	<b>(1.3)</b>	<b>34,567</b>	<b>33,376</b>	<b>3.6</b>
<b>Expenditure</b>								
Operating & Manufacturing Expenses	4,790	4,692	2.1	5,115	(6.3)	14,627	13,990	4.5
<i>% of Net Sales</i>	41.2	40.7		43.4		43.4	41.9	
<b>Gross Profit</b>	<b>6,847</b>	<b>6,826</b>	<b>0.3</b>	<b>6,678</b>	<b>2.5</b>	<b>19,940</b>	<b>19,386</b>	<b>2.9</b>
<i>% of Net Sales</i>	58.8	59.3		56.6		56.6	58.1	
Personnel Cost	1,507	1,319	14.2	1,443	4.4	4,344	3,756	15.7
<i>% of Net Sales</i>	12.9	11.5		12.2		12.2	11.3	
Other Expenses	1,440	1,324	8.8	1,401	2.8	10,849	10,353	4.8
<i>% of Net Sales</i>	12.4	11.5		11.9		11.9	31.0	
Total Expenditure	10,150	9,730	4.3	10,204	(0.5)	29,820	28,099	6.1
<b>EBITDA</b>	<b>1,487</b>	<b>1,788</b>	<b>(16.8)</b>	<b>1,589</b>	<b>(6.4)</b>	<b>4,747</b>	<b>5,277</b>	<b>(10.0)</b>
<i>Margin (%)</i>	12.8	15.5		13.5		13.5	15.8	
Other income	105	113	(6.6)	99	6.7	306	288	6.2
Depreciation	399	389	2.4	406	(1.8)	1,226	1,055	16.2
<b>EBIT</b>	<b>1,089</b>	<b>1,399</b>	<b>(22.2)</b>	<b>1,183</b>	<b>(8.0)</b>	<b>3,827</b>	<b>4,510</b>	<b>(15.1)</b>
Interest	87	50	74.7	47	83.9	181	145	24.8
<b>PBT</b>	<b>1,097</b>	<b>1,459</b>	<b>(24.8)</b>	<b>1,205</b>	<b>(9.0)</b>	<b>3,646</b>	<b>4,365</b>	<b>(16.5)</b>
Total Taxes	307	379	(18.9)	350	(12.2)	1,015	1,081	(6.1)
<i>ETR (%)</i>	28.0	26.0		29.0		29.0	24.8	
Adjusted PAT	<b>787</b>	<b>1,045</b>	<b>(24.6)</b>	<b>872</b>	<b>(9.7)</b>	<b>2,568</b>	<b>3,279</b>	<b>(21.7)</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup: Tiles revenue grew by 2.7% YoY, with a volume growth of 6.7% YoY**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Revenues</b>								
Tiles	10,407	10,128	2.7	10,535	(1.2)	30,837	29,693	3.9
Others	1,231	1,389	(11.4)	1,258	(2.1)	3,730	3,683	1.3
<b>Sales Volumes (Tiles in mn sq. m)</b>								
Own Manufacturine	15.4	15.3	1.2	15.6	(1.3)	46	44	4.8
Subsidiaries	5.9	5.3	10.3	5.4	104.8	17	15	12.6
Outsource	7.6	6.5	16.6	7.6	(0.5)	22	20	10.2
<b>Realisation (Rs/Sqm)</b>								
Own Manufacturine	368	380	(3.0)	376	(1.9)	1,119	1,156	(3.2)
Subsidiaries	352	375	(6.1)	358	(1.8)	1,072	1,033	3.8
Outsource	349	360	(3.0)	356	343.9	1,057	1,162	(9.0)

Source: Company, PL



## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>45,784</b>	<b>47,270</b>	<b>52,232</b>	<b>58,502</b>
YoY gr. (%)	4.5	3.2	10.5	12.0
Cost of Goods Sold	19,770	19,995	21,833	24,396
Gross Profit	26,015	27,275	30,399	34,107
Margin (%)	56.8	57.7	58.2	58.3
Employee Cost	5,053	5,862	6,268	6,845
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>6,997</b>	<b>6,523</b>	<b>7,626</b>	<b>8,863</b>
YoY gr. (%)	18.2	(6.8)	16.9	16.2
Margin (%)	15.3	13.8	14.6	15.2
Depreciation and Amortization	1,480	1,624	1,762	1,891
<b>EBIT</b>	<b>5,517</b>	<b>4,899</b>	<b>5,864</b>	<b>6,972</b>
Margin (%)	12.0	10.4	11.2	11.9
Net Interest	211	245	177	155
Other Income	462	411	550	710
<b>Profit Before Tax</b>	<b>5,768</b>	<b>5,065</b>	<b>6,237</b>	<b>7,528</b>
Margin (%)	12.6	10.7	11.9	12.9
Total Tax	1,435	1,403	1,570	1,895
Effective tax rate (%)	24.9	27.7	25.2	25.2
<b>Profit after tax</b>	<b>4,334</b>	<b>3,662</b>	<b>4,667</b>	<b>5,633</b>
Minority interest	101	62	48	48
Share Profit from Associate	(12)	(72)	(25)	(12)
<b>Adjusted PAT</b>	<b>4,221</b>	<b>3,528</b>	<b>4,594</b>	<b>5,573</b>
YoY gr. (%)	22.5	(16.4)	30.2	21.3
Margin (%)	9.2	7.5	8.8	9.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,221</b>	<b>3,528</b>	<b>4,594</b>	<b>5,573</b>
YoY gr. (%)	19.8	(16.4)	30.2	21.3
Margin (%)	9.2	7.5	8.8	9.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,221	3,528	4,594	5,573
<b>Equity Shares O/s (m)</b>	<b>159</b>	<b>159</b>	<b>159</b>	<b>159</b>
<b>EPS (Rs)</b>	<b>26.5</b>	<b>22.1</b>	<b>28.8</b>	<b>35.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>28,077</b>	<b>30,327</b>	<b>32,627</b>	<b>34,927</b>
Tangibles	28,067	30,317	32,617	34,917
Intangibles	10	10	10	10
<b>Acc: Dep / Amortization</b>	<b>12,027</b>	<b>13,651</b>	<b>15,413</b>	<b>17,304</b>
Tangibles	12,027	13,651	15,413	17,304
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>16,050</b>	<b>16,676</b>	<b>17,214</b>	<b>17,623</b>
Tangibles	16,040	16,666	17,204	17,613
Intangibles	10	10	10	10
Capital Work In Progress	679	679	679	679
Goodwill	327	327	327	327
Non-Current Investments	148	148	148	148
Net Deferred tax assets	(839)	(839)	(839)	(839)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	37	37	37	37
Inventories	5,322	6,248	6,823	7,623
Trade receivables	6,194	6,485	7,166	8,026
Cash & Bank Balance	5,141	6,680	8,622	11,208
Other Current Assets	648	648	648	648
<b>Total Assets</b>	<b>35,429</b>	<b>38,839</b>	<b>42,670</b>	<b>47,447</b>
<b>Equity</b>				
Equity Share Capital	159	159	159	159
Other Equity	26,006	28,599	31,977	36,074
<b>Total Networkth</b>	<b>26,165</b>	<b>28,759</b>	<b>32,136</b>	<b>36,233</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	635	635	635	635
Provisions	-	-	-	-
Other non current liabilities	533	551	608	681
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,071	1,071	871	671
Trade payables	2,933	3,434	3,750	4,190
Other current liabilities	2,662	2,961	3,241	3,608
<b>Total Equity &amp; Liabilities</b>	<b>35,429</b>	<b>38,839</b>	<b>42,670</b>	<b>47,447</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	5,756	3,528	4,594	5,573
Add. Depreciation	1,480	1,624	1,762	1,891
Add. Interest	(100)	164	118	104
Less Financial Other Income	462	411	550	710
Add. Other	4	(913)	(1,578)	(2,030)
Op. profit before WC changes	7,141	4,404	4,897	5,537
Net Changes-WC	260	446	755	975
Direct tax	(1,385)	(1,403)	(1,570)	(1,895)
<b>Net cash from Op. activities</b>	<b>6,017</b>	<b>4,850</b>	<b>5,652</b>	<b>6,513</b>
Capital expenditures	(2,785)	(2,250)	(2,300)	(2,300)
Interest / Dividend Income	(197)	-	-	-
Others	5	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(2,976)</b>	<b>(2,250)</b>	<b>(2,300)</b>	<b>(2,300)</b>
Issue of share cap. / premium	11	-	-	-
Debt changes	(393)	-	(200)	(200)
Dividend paid	(1,394)	(934)	(1,217)	(1,476)
Interest paid	(168)	-	-	-
Others	(219)	-	-	-
<b>Net cash from Fin. activities</b>	<b>(2,163)</b>	<b>(934)</b>	<b>(1,417)</b>	<b>(1,676)</b>
<b>Net change in cash</b>	<b>878</b>	<b>1,666</b>	<b>1,935</b>	<b>2,536</b>
Free Cash Flow	3,232	2,600	3,352	4,213

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	26.5	22.1	28.8	35.0
CEPS	35.8	32.3	39.9	46.9
BVPS	164.3	180.5	201.7	227.5
FCF	20.3	16.3	21.0	26.4
DPS	5.8	4.9	6.3	7.7
<b>Return Ratio(%)</b>				
RoCE	22.5	18.2	20.0	21.6
ROIC	19.3	15.8	18.8	21.4
RoE	17.1	12.8	15.1	16.3
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	68	72	72	71
<b>Valuation(x)</b>				
PER	36.2	43.3	33.3	27.4
P/B	5.8	5.3	4.8	4.2
P/CEPS	26.8	29.7	24.1	20.5
EV/EBITDA	21.4	22.7	19.1	16.1
EV/Sales	3.3	3.1	2.8	2.4
Dividend Yield (%)	0.6	0.5	0.7	0.8

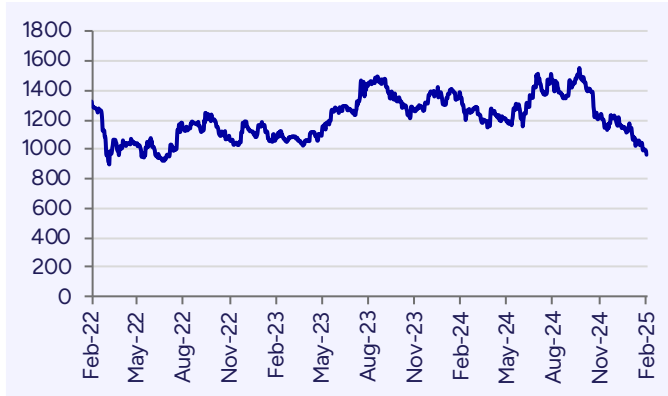
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>12,408</b>	<b>11,137</b>	<b>11,793</b>	<b>11,637</b>
YoY gr. (%)	3.0	4.6	5.1	1.0
Raw Material Expenses	5,779	4,722	5,115	4,790
Gross Profit	6,629	6,415	6,678	6,847
Margin (%)	53.4	57.6	56.6	58.8
<b>EBITDA</b>	<b>1,720</b>	<b>1,671</b>	<b>1,589</b>	<b>1,487</b>
YoY gr. (%)	(2.2)	(1.3)	(11.6)	(16.8)
Margin (%)	13.9	15.0	13.5	12.8
Depreciation / Depletion	425	421	406	399
<b>EBIT</b>	<b>1,295</b>	<b>1,249</b>	<b>1,183</b>	<b>1,089</b>
Margin (%)	10.4	11.2	10.0	9.4
Net Interest	66	47	47	87
Other Income	174	102	99	105
<b>Profit before Tax</b>	<b>1,396</b>	<b>1,281</b>	<b>1,205</b>	<b>1,097</b>
Margin (%)	11.3	11.5	10.2	9.4
Total Tax	354	358	350	307
Effective tax rate (%)	25.3	27.9	29.0	28.0
<b>Profit after Tax</b>	<b>1,043</b>	<b>923</b>	<b>855</b>	<b>790</b>
Minority interest	18	25	13	12
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>1,031</b>	<b>921</b>	<b>872</b>	<b>787</b>
YoY gr. (%)	(8.3)	(14.3)	(19.4)	(24.6)
Margin (%)	8.3	8.3	7.4	6.8
Extra Ord. Income / (Exp)	(7)	(23)	(29)	(10)
<b>Reported PAT</b>	<b>1,024</b>	<b>898</b>	<b>843</b>	<b>777</b>
YoY gr. (%)	(5.3)	(16.4)	(21.9)	(25.4)
Margin (%)	8.3	8.1	7.1	6.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,024</b>	<b>898</b>	<b>843</b>	<b>777</b>
Avg. Shares O/s (m)	159	159	159	159
<b>EPS (Rs)</b>	<b>6.5</b>	<b>5.8</b>	<b>5.5</b>	<b>4.9</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	1,545	1,061
2	24-Oct-24	Accumulate	1,604	1,259
3	08-Oct-24	Accumulate	1,651	1,421
4	24-Jul-24	Hold	1,488	1,468
5	07-Jul-24	Hold	1,488	1,476
6	09-May-24	Accumulate	1,318	1,184
7	11-Apr-24	Accumulate	1,445	1,242

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,808	1,470
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	676	782
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	692	515
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	1,812	1,245
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	BUY	629	505
18	Voltas	BUY	1,593	1,261

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Praveen Sahay- MBA Finance, Mr. Rahul Shah- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Praveen Sahay- MBA Finance, Mr. Rahul Shah- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are 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.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**