

# Kajaria Ceramics

## HOLD

Lower sales volume dented Q1 earnings, long term outlook positive

### Summary

Kajaria Ceramics Ltd's (Kajaria) Q1FY22 result was in-line with our estimate on net sales front, however, margins disappointed. Statewide lockdown amid second wave of Covid-19 dented sales volume in the quarter. On a positive note, healthy demand recovery was witnessed from early June, 21 and it further improved in July, 21. Net sales increased by 102% YoY to Rs5,617mn, while EBITDA came in at Rs804mn compared to negative EBITDA of Rs76mn in Q1FY21. The company reported net profit of Rs415mn. The management has guided robust sales volume growth of 15%-16% and net sales growth of 20% for FY22E. The company's capacity expansion plans will further strengthen Kajaria's positioning in the domestic tile segment taking its market share from 12% currently to 15%-17% in next 3 years. Higher sales volume and improved NSR would pave the way for sustainable healthy earnings growth in near term. We have marginally increased our net sales/PAT estimates for FY22E/FY23E. We recommend HOLD on the stock with a revised TP of Rs1,163, assigning 40x PER on FY23E.

### Key Highlights and Investment Rationale

#### ■ Another quarter of robust sales volume growth

On a low base of Q1FY21, Kajaria reported 99% YoY sales volume growth to 15.3MSM. Overall capacity utilization was at 75%. Statewide lockdown amid second wave of Covid-19 played a spoilsport on demand in April and May. However, healthy recovery was seen in June, which further strengthened in July. Retail demand in Tier-I, II and III has been encouraging in Q1FY22 and the management guided it to remain strong in near term. The company's capacity expansion plan bodes well for increasing market share in the domestic tile market. Bathware and plywood segment too reported robust net sales growth of 113%/117% respectively over Q1F21.

#### ■ Prudent cost cutting led to EBITDA margin improvement

The company's EBITDA margin expanded by 1,700bps YoY to 14.3%. Kajaria's improved operating efficiencies and prudent cost management resulted in improved margin profile in Q1FY22.

#### ■ A long term value play, HOLD with a TP of Rs1,163

We like Kajaria in our building material products coverage owing to its scale of operation, balance sheet strength, extensive distribution network and strong brand recall. The company's capacity expansion, improved NSR, better product mix would drive sustainable earnings growth in near term. HOLD with a TP of Rs1,163.

TP	Rs1,163
CMP	Rs1,027
Potential upside / downside	+13%

### V/s Consensus

EPS (Rs)	FY22E	FY23E
IDBI Capital	23.4	29.1
Consensus	24.1	31.0
% difference	(3.0)	(6.0)

### Shareholding Pattern (%)

Promoters	47.5
FII	25.1
DII	14.4
Public	13.0

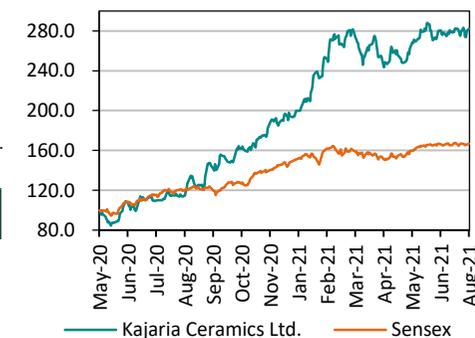
### Price Performance (%)

	-1m	-3m	-12m
Absolute	4.0	12.2	153.3
Rel to Sensex	1.4	1.9	110.2

### Key Stock Data

Bloomberg / Reuters	KJC IN / KAJR.BO
Sector	Building Material Product
Shares o/s (mn)	159
Market cap. (Rs mn)	163,529
Market cap. (US\$ mn)	2,198
3-m daily avg Trd value(Rs mn)	155.5
52-week high / low	Rs1,054 / 397
Sensex / Nifty	53,823 / 16,131

### Relative to Sensex (%)



### Financial snapshot

Year	FY19	FY20	FY21	FY22E	FY23E
Revenue	29,562	28,080	27,809	32,783	38,684
EBITDA	4,495	4,159	5,088	6,229	7,466
EBITDA (%)	15.2	14.8	18.3	19.0	19.3
Adj. PAT	2,336	2,535	3,089	3,721	4,624
EPS (Rs)	14.7	15.9	19.4	23.4	29.1
EPS Growth (%)	2.5	8.5	21.8	20.5	24.3
PE (x)	67.4	62.1	51.0	42.3	34.1
Dividend Yield (%)	0.3	0.3	1.0	1.2	1.4
EV/EBITDA (x)	34.7	37.6	30.3	24.5	20.2
RoE (%)	16.0	15.4	17.2	19.2	21.9
RoCE (%)	19.7	15.5	19.0	21.4	24.6

Source: IDBI Capital Research;

**Concall Highlights:****Company performance:**

- As per management, Q1FY22 performance was hit by second wave of Covid-19 due to which the off take in tiles segment has tapered off. Post gradual unlocking company witnessed traction since June & in July it was able to meet 100% of its targeted sales.
- As per management sales in Tier I, II, III cities have come back in full swing from June onwards.
- Average capacity utilization of plants for Q1FY22 was ~75%. In July capacity utilization including outsourcing was 95% and it sold 100% of it.
- Working capital days of the company were impacted due to lower sales & higher production. Management expects inventory levels to come down by September.
- Kajaria's retail sales is 70%-75% and WFH has led to increased demand from retail segment, management stated that exports for Kajaria will be less than 5%.

**Price Hike due to higher raw material cost:**

- Company has taken price hike of 1-1.5% for all products & it took price hike of 3% as on July 1<sup>st</sup> for tiles.
- For sanitaryware division in last 6 months company has taken 7% price hike.
- Management stated that gas price have increased substantially to Rs35.
- For bathware company has taken 5% price hike in December & 10% price hike as on 1<sup>st</sup> may which is due to increased brass price from Rs320 to Rs480.
- Management stated that cost of boxes increase as on 15<sup>th</sup> March which was partly rolled back on 1<sup>st</sup> July and any further price reduction will be good for margins.
- **CAPEX:** Company has 3 planned CAPEX of Rs2,500mn and all are brownfield which will be operational by Q4FY22.
- **Product mix:** 40% ceramics tiles, 31% GVT & 29% PVT.
- **Market Share:** Kajaria's current market share in domestic market is 12% and management guided to increase it to 15%-17% in next 2-3 years; they expect that if company grows at 15%+ for 3 years they should be able to attain it.
- **Solar Power Plant:** As per management in the particular SPV of 8 megawatt company has agreed to buy 1.5megawatt so as per conditions they need to hold 26% equity in the company which will be recovered in 14

months. From the SPV company will get power at 30% lesser price than what UP government is charging to the Secunderabad plant.

#### **Industry Dynamics:**

- Management expects that the industry should grow by 10% for domestic & 20% for exports in FY23E.
- As per management, Morbi exports increased substantially and the capacity utilization is ~80-85%. In country total capacity is 1,150mn sqmts and Morbi is 70% of total capacity in India. Expansions in Morbi have been delayed by 6 months
- As per management, last year industry size was close to Rs30,000Cr out of which Rs20,000Cr is domestic and Rs10,000Cr is exports ,inspite of pandemic when plants were closed in Morbi for 3 months they were able to do exports of Rs10,000Cr. India is second most competitive producer after China.
- Management stated that domestic industry won't grow due to pandemic and should be around Rs18,000Cr.It expects exports to grow to Rs12,000 Cr+ as there is lot of focus on exports
- Management mentioned that container freights are lower in India. Freight from Morbi to Saudi Arabia is around \$1100 & China to Saudi Arabia is \$4000 therefore making India competitive in export market.

#### **Management Outlook:**

- Management expects Q2FY22 to be better as compared to Q1FY22 which was impacted due to statewide lockdowns. They expect to see strong recovery with demand coming from real-estate sector, basic infrastructure in metro and urban areas.
- Management for FY22E guided volume growth of 15%-16% and revenue growth of 20%. Revenue target for plywood is Rs800mn sales of laminates will be included in plywood which was introduced in last week of June & revenue target of Rs3,000mn in sanitaryware & faucets.
- Management will be focusing on volume growth inspite of pandemic &has stated that it will not increase headcount for next 3 years.
- Company plans to add 50-70 exclusive dealers (Oct-2021 to March-2022).

**Exhibit 1: Financial snapshot**

(Rs mn)

Particulars (Rs mn)	Q1FY22	Q4FY21	QoQ (%)	Q1FY21	YoY (%)
Total revenues	5,617	9,525	(41.0)	2,776	102.4
Total expenditure	4,813	7,616	(36.8)	2,851	68.8
EBIDTA	804	1,909	(57.9)	(76)	-
EBIDTA margin (%)	14.3	20	(570)bps	(2.7)	1,700bps
Depreciation	265	265	(0.0)	252	5.2
Interest cost	30	26	14.4	34	(10.7)
Other income	60	74	(19.4)	26	129.0
PBT	569	1,692	(66.4)	(336)	-
Tax	154	380	(59.5)	(6)	-
Adj. net profit	415	1,312	(68.4)	(329)	-
Adj. EPS (INR)	2.6	8.2	(68.4)	(2.1)	-

Source: Company; IDBI Capital Research

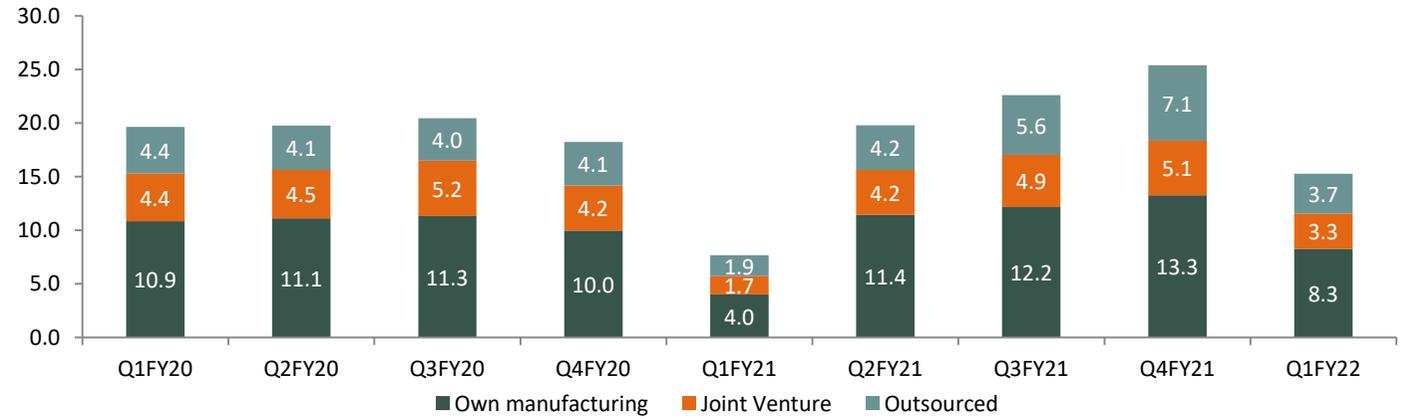
**Exhibit 2: Actual vs. Estimates**

(Rs mn)

Particulars (mn)	Q1FY22A	Q1FY22E	Variance (%)
<b>Net Sales</b>	<b>5,617</b>	<b>5,586</b>	<b>0.6</b>
<b>EBITDA</b>	<b>804</b>	<b>1,024</b>	<b>(21.5)</b>
EBITDA Margin (%)	14.3	18.3	(400)bps
<b>Net Profit</b>	<b>415</b>	<b>603</b>	<b>(31.3)</b>
EPS, Rs	2.6	3.8	(31.3)

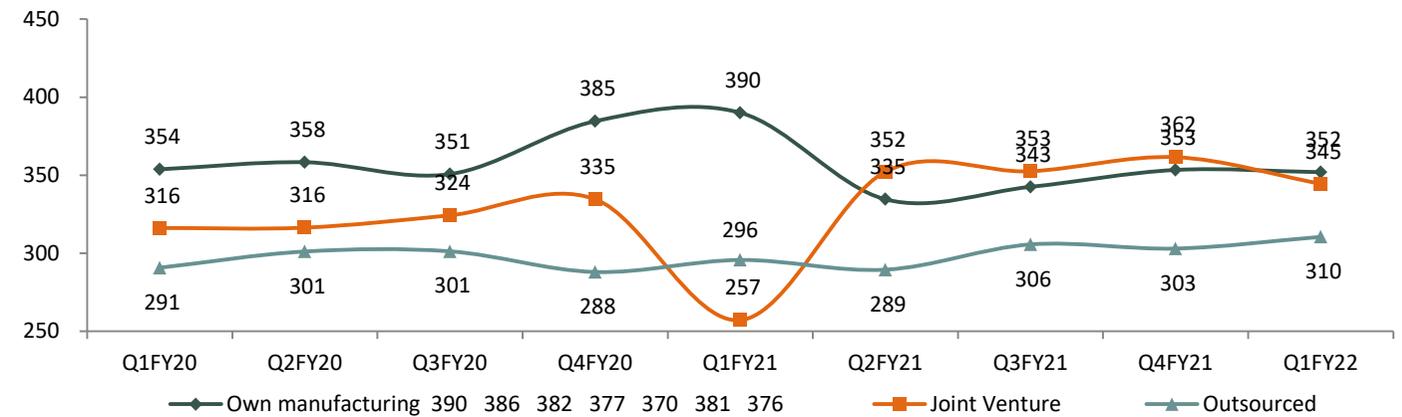
Source: Company; IDBI Capital Research

**Exhibit 3: Sales volume contribution (MSM)**



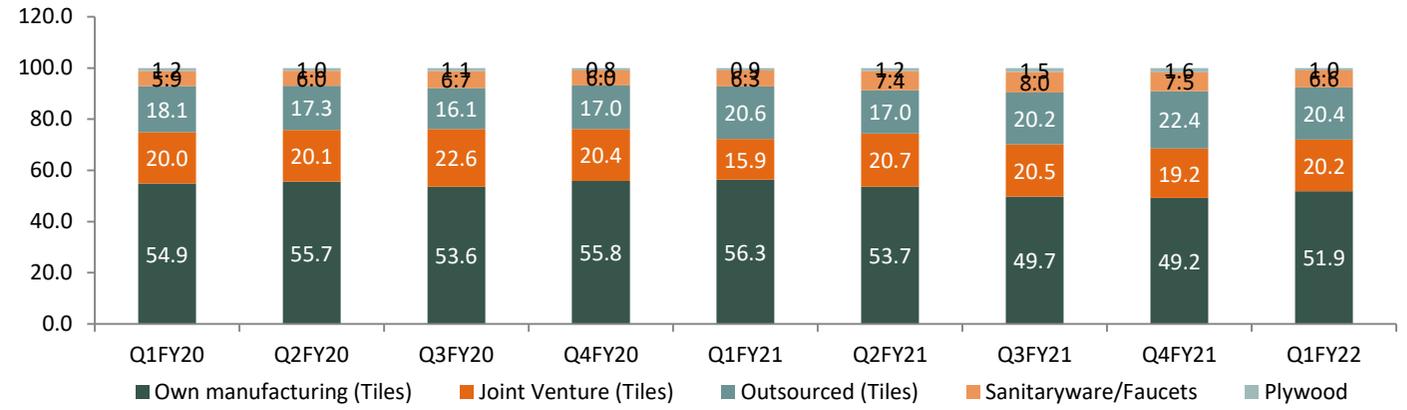
Source: Company; IDBI Capital Research

**Exhibit 4: Tile realization (Rs/sqmtr)**



Source: Company; IDBI Capital Research

**Exhibit 5: Revenue contribution (%)**



Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: Dec.	FY20	FY21	FY22E	FY23E
<b>Net sales</b>	<b>28,080</b>	<b>27,809</b>	<b>32,783</b>	<b>38,684</b>
<i>Growth (%)</i>	<i>(5.0)</i>	<i>(1.0)</i>	<i>17.9</i>	<i>18.0</i>
Operating expenses	(23,921)	(22,721)	(26,554)	(31,218)
<b>EBITDA</b>	<b>4,159</b>	<b>5,088</b>	<b>6,229</b>	<b>7,466</b>
<i>Growth (%)</i>	<i>(7.5)</i>	<i>22.3</i>	<i>22.4</i>	<i>19.9</i>
Depreciation	(1,081)	(1,067)	(1,385)	(1,450)
<b>EBIT</b>	<b>3,078</b>	<b>4,021</b>	<b>4,844</b>	<b>6,016</b>
Interest paid	(195)	(107)	(105)	(94)
Other income	242	213	234	258
<b>Pre-tax profit</b>	<b>3,124</b>	<b>4,127</b>	<b>4,973</b>	<b>6,179</b>
Tax	(589)	(1,038)	(1,252)	(1,555)
<i>Effective tax rate (%)</i>	<i>18.9</i>	<i>25.2</i>	<i>25.2</i>	<i>25.2</i>
<b>Net profit</b>	<b>2,535</b>	<b>3,089</b>	<b>3,721</b>	<b>4,624</b>
<b>Adjusted net profit</b>	<b>2,535</b>	<b>3,089</b>	<b>3,721</b>	<b>4,624</b>
<i>Growth (%)</i>	<i>8.5</i>	<i>21.8</i>	<i>20.5</i>	<i>24.3</i>
<i>Shares o/s (mn nos)</i>	<i>159</i>	<i>159</i>	<i>159</i>	<i>159</i>

### Cash Flow Statement

(Rs mn)

Year-end: Dec.	FY20	FY21	FY22E	FY23E
Pre-tax profit	3,124	4,127	4,973	6,179
Depreciation	1,081	1,067	1,385	1,450
Tax paid	(932)	(1,082)	(1,127)	(1,400)
Chg in working capital	(1,124)	470	(579)	(744)
Other operating activities	-	-	-	-
<b>Cash flow from operations (a)</b>	<b>2,150</b>	<b>4,582</b>	<b>4,653</b>	<b>5,486</b>
Capital expenditure	(768)	(1,058)	(1,257)	(1,006)
Chg in investments	(94)	39	(12)	(16)
Other investing activities	-	-	-	-
<b>Cash flow from investing (b)</b>	<b>(862)</b>	<b>(1,019)</b>	<b>(1,269)</b>	<b>(1,023)</b>
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	222	(201)	(97)	(87)
Dividend (incl. tax)	(572)	(1,908)	(2,290)	(2,671)
Other financing activities	(22)	9	-	-
<b>Cash flow from financing (c)</b>	<b>(1,189)</b>	<b>33</b>	<b>43</b>	<b>60</b>
<b>Net chg in cash (a+b+c)</b>	<b>(1,561)</b>	<b>(2,067)</b>	<b>(2,344)</b>	<b>(2,699)</b>

**Balance Sheet**

(Rs mn)

Year-end: Dec.	FY20	FY21	FY22E	FY23E
Net fixed assets	11,682	11,673	11,545	11,102
Investments	116	78	89	106
Other non-curr assets	514	372	372	372
<b>Current assets</b>	<b>12,074</b>	<b>13,143</b>	<b>15,073</b>	<b>18,009</b>
Inventories	5,127	3,731	4,104	4,596
Sundry Debtors	3,967	4,317	4,748	5,318
Cash and Bank	2,252	4,428	5,490	7,287
Marketable Securities	-	-	-	-
Loans and advances	350	419	464	517
<b>Total assets</b>	<b>24,386</b>	<b>25,266</b>	<b>27,080</b>	<b>29,588</b>
<b>Shareholders' funds</b>	<b>17,143</b>	<b>18,689</b>	<b>20,120</b>	<b>22,073</b>
Share capital	159	159	159	159
Reserves & surplus	16,984	18,530	19,961	21,914
<b>Total Debt</b>	<b>1,171</b>	<b>971</b>	<b>874</b>	<b>786</b>
Secured loans	215	313	282	254
Unsecured loans	956	658	592	533
Other liabilities	1,504	1,537	1,745	2,016
<b>Curr Liab &amp; prov</b>	<b>3,931</b>	<b>3,424</b>	<b>3,695</b>	<b>4,067</b>
Current liabilities	3,643	3,195	3,514	3,868
Provisions	288	229	181	199
<b>Total liabilities</b>	<b>6,606</b>	<b>5,931</b>	<b>6,314</b>	<b>6,869</b>
<b>Total equity &amp; liabilities</b>	<b>24,386</b>	<b>25,266</b>	<b>27,080</b>	<b>29,588</b>
<b>Book Value (Rs)</b>	<b>110</b>	<b>119</b>	<b>128</b>	<b>141</b>

Source: Company; IDBI Capital Research

**Financial Ratios**

Year-end: Dec.	FY20	FY21	FY22E	FY23E
Adj EPS (Rs)	15.9	19.4	23.4	29.1
Adj EPS growth (%)	8.5	21.8	20.5	24.3
EBITDA margin (%)	14.8	18.3	19.0	19.3
Pre-tax margin (%)	11.1	14.8	15.2	16.0
ROE (%)	15.4	17.2	19.2	21.9
ROCE (%)	15.5	19.0	21.4	24.6
<b>Turnover &amp; Leverage ratios (x)</b>				
Asset turnover (x)	1.2	1.1	1.3	1.4
Leverage factor (x)	1.5	1.4	1.3	1.3
Net margin (%)	9.0	11.1	11.4	12.0
Net Debt/Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
<b>Working Capital &amp; Liquidity ratio</b>				
Inventory days	66.6	49	46	43
Receivable days	51.6	57	53	50
Payable days	36.5	33	32	30

**Valuation**

Year-end: Dec.	FY20	FY21	FY22E	FY23E
PER (x)	62.1	51.0	42.3	34.1
Price / Book value (x)	9.0	8.3	7.7	7.0
PCE (x)	43.6	37.9	30.8	25.9
EV / Net sales (x)	5.6	5.5	4.7	3.9
EV / EBITDA (x)	37.6	30.3	24.5	20.2
Dividend Yield (%)	0.3	1.0	1.2	1.4



# Notes

Dealing

(91-22) 6836 1111

dealing@idbicapital.com

**Key to Ratings Stocks:****BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578**Compliance Officer:** Christina D'souza; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd.(hereinafter referred to as "IDBI Capital") for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

## Analyst Disclosures

We, Archana Gude and Jyoti Amonkar, hereby certify that the views expressed in this report accurately reflect my personal views about the subject companies and / or securities. I also certify that no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, I will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

## Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on [www.idbicapital.com](http://www.idbicapital.com) IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% or more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or 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 company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may 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 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economictimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economictimes.indiatimes.com/markets/stocks/stock-quotes).