



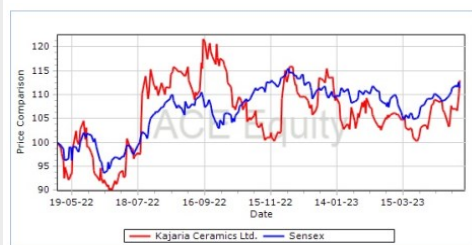
Script Details

BSE Group	A
BSE Code	500233
NSE Code	KAJARIACER
Bloomberg Code	KJC IN
Market Cap (INR Cr.)	18,386
Free Float (%)	52.5%
52wk Low/High	1280/898
Beta (1yr Nifty 50)	0.47
Face Value (INR)/ D. Yield (%)	1/1
Total paid Up Shares (Mn.)	159.2

Share Holding Pattern (%)

Promoters	Public	Others
47.5%	52.5%	-

Share Price Relative Performance



KAJARIA CERAMICS LTD.

Sector

May 08, 2023

Buy at CMP: Rs 1155 | Target: Rs 1303 (13%) | SL: Rs 1050 Construction Materials

Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India. Equipped with cutting-edge technology, the company at Kajaria strive to deliver quality products and services to its customers. In order to cater to the specific needs of its customers the company produce various categories of tiles, including kitchen tiles, bathroom tiles, wall tiles, floor tiles and exterior wall tiles.

Investment Rationale

- ◆ **Profitability to Increase with Several Cost Measures:** company expects further margin improvements from Q4FY23 due to use of alternate fuel from Dec- 2022 onwards. the total consumption to take up to 35% and resulting in good savings in power and fuel costs. Company is also modernizing its Gailpur plant by replacing old kilns with new, energy-efficient equipment's, this will enable the production of larger-sized ceramic tiles and result in fuel consumption savings. These measures are expected to aid in margin improvement for company.
- ◆ **Momentum in Volume and Value Growth to Continue:** Company's business grew by 12% in volume terms and at 22% in revenue terms during the 9MFY23. company is expecting higher teen growth rate is expected for FY 24. Kajaria also expanding its market share and increasing in the number of dealers across India, particularly in unrepresented territories. Export momentum has improved after being impacted for a few months, management anticipate that export to clock Rs. 15,000 crores to Rs. 16,000 crores in FY23. The FY24 topline to be driven by incremental sales from expansion in dealer network along with continuation in recent volume momentum.
- ◆ **Improving Working Capital Cycle:** Kajaria operates with best in peers working capital cycle as it has a cash conversion cycle of 94 days improved from 152 days in FY20. its inventory turnover days have improved to 122 from 189 which has led release in fund invested in working capital. Further it has sound financial profile with ROE of 18.9% and ROCE of 24.5%.
- ◆ **Outlook and Valuations:** We estimate a 15% CAGR in Topline over FY22 -FY25E. Which implies forward PE of 37.7(x) for FY25E. We value it with a earnings multiple of 42.5x to FY25E earnings which results per share value of Rs 1303. We recommend BUY on KAJARIA at CMP of Rs. 1155 with Target price of Rs. 1303 (13%).

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	4,279	582	332	55.3	29.8
FY23E	4,921	664	369	49.8	27.2
FY24E	5,659	764	424	43.3	23.7
FY25E	6,508	879	488	37.7	20.6

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- The stock of KAJARIACER can be found trading above key support of 1000 level very prudently, while the stock has also found support at every dip which illustrates presence of positive momentum.
- The recent breakout of Descending Triangle pattern indicates beginning of the trend to the upside.
- The Breakout can be confirmed as its followed by higher volumes.
- The stock on the Daily timeframe is above its key moving average of 100 & 200 Days EMA which confirms the reversal to the upside.
- The momentum Indicator RSI on the Weekly timeframe has shown a breakout too reflecting presence of positive momentum.



Inference & Expectations

- The stock looks good to continue its uptrend from the current levels.
- Going ahead we expect the prices to go higher 1350 level.
- The stop loss must be at 1050 level, strictly on the closing basis.



Name	Designation	Email	Contact
Mr. Vidhyan Sawant	Assistant Vice President (AVP), Technical Desk	vidhyan@geplcapital.com	+91 (22) 66182687
Mr. Harshad Gadekar	Research Analyst, Fundamental Desk	harshadgadekar@geplcapital.com	+91 (22) 66142685
Mr. Omkar Patil	Technical Research Associate	Omkarpatil@geplcapital.com	+91 (22) 66142688

Terms & Conditions – For Investors

We, Research Analyst of GEPL Capital, 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.

Disclosure: -

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL Capital) and this report is for personal information of the selected recipient/s and does not construe to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL Capital is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report 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, investors 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. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL Capital as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL Capital has not independently verified the accuracy or completeness of the same. Neither GEPL Capital 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. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard. GEPL Capital or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees 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. 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.

Disclaimers in respect of jurisdiction:

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL Capital its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently send or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL Capital.

Analyst Certification:

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "INH000000081" under SEBI (Research Analysts) Regulations, 2014.

Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

SEBI Reg. No. NSE/NSEF&O/CD - INB230993934, INF230993934 & INE230993934. BSE/BSE F&O- INB010993934 & INF010993934,

For more information visit us at: www.geplcapital.com

Disclaimer: Investments in securities market are subject to market risks, read all the related documents carefully before investing. Investors must make their own investment decisions based on their specific goals, financial position & risk appetite. The content provided herewith is purely for investor awareness only.