

New recommendations			Duration: 3 Months			
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
4-Sep-24	Kajaria Ceramic	KAJCER	1405-1438	1595	1335	12%

Open recommendations			Duration: 3 Months			
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
27-Aug-24	Deepak Nitrite	2860	3275	2668	2978	4%
27-Aug-24	Infosys	1895	2110	1768	1915	1%
22-Aug-24	Natco Pharma	1520	1700	1425	1525	0%
31-Jul-24	GAIL India	240	278	224	231	-4%

All the recommendations are in Cash segment

## Open Recommendations

### Momentum Picks

Scrip Name	Time Frame
M&M Financial	30 days
LTTS	30 days
Hind copper	14 days

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September 4, 2024

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# Kajaria Ceramic (KAJCER): Risk-reward favourable....

Recommended on I-click to gain on 04<sup>th</sup> September 2024 at 10:05

Rec. Price	1405-1438	Target	1595.00	Stop loss	1335.00	Upside	12%
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Weekly chart



Building material companies have undergone significant price/time correction over two years and look poised to resume its uptrend helped by lower crude prices, upcoming festive season and strong sectoral tailwind. Kajaria ceramics, a key supplier within the segment is our preferred bet with favourable risk-reward proposition

- Structurally, Kajaria stock price has been in consolidation over past 30 months. More recently stock has undergone a higher base formation around its long-term mean (200-day ema) and witnessing elevated buying demand which makes us think that stock has a high chance to break past large consolidation zone, thus providing an opportunity to participate in upmove
- We expect share price to head towards Rs 1595, which is 123.6% retracement of most recent decline(1545-1325)

Source: Spider Software, ICICI Direct Research

September 4, 2024

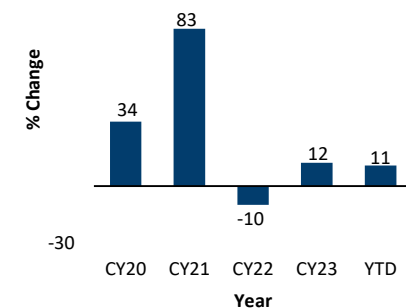
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- Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India with current annual capacity of 88 mn. sq. meters (MSM) Riding on real estate strong cycle, the company has guided for 11.5% tiles volumes CAGR over FY24-27E
- **Growth recovery ahead;** Robust Medium growth aspirations; For FY25, the company indicated that demand gradually improved over May and June with June witnessing double digit volume growth. It expects Tiles revenue growth of 8-9% in FY25 with volume growth of 11-12%. We highlight that the management has also outlined 3-year growth aspirations of 150 mn sqm tiles volume by FY27 (implying CAGR of 11.5%) and Tiles revenues CAGR of ~11% over FY24-27 to ₹ 5500 crore. It also expects non-tile portfolio to reach revenue of ₹ 1000 crore by FY27 (₹ 517 crore now), implying a CAGR of ~24.6% and contribute 15% of sales in FY27 (from 12% currently). We have baked in tiles volume and revenue CAGR over FY24-27E of ~11% to 147 MSM and ₹ 5492 crore, respectively. Overall topline is expected to grow at 11.8% CAGR over FY24-26 to ₹ 6406 crore.
- **Operating leverage and benign gas prices to drive Margins improvement and earnings growth:** The gas prices are likely to remain stable and at benign levels. The company has guided for margins in the range of 15-17% over FY24-27E. Amid benign Gas prices and operating leverage led benefits, we expect EBITDA margins to reach ~16%/16.5%/17% in FY25/FY26/FY27, respectively from 15.3% in FY24. We expect ~18.7% earnings CAGR over FY24-27.

(₹ crore)	FY21	FY22	FY23	FY24	5 yr CAGR (FY19-24)	FY25E	FY26E	FY27E	3 yr CAGR (FY24-27E)
Net Sales	2,780.9	3,705.2	4,381.9	4,578.4	9.1%	5,025.0	5,727.5	6,405.6	11.8%
EBITDA	508.8	610.8	592.0	699.7	9.3%	802.5	942.6	1,091.6	16.0%
EBITDA Margin (%)	18.3	16.5	13.5	15.3		16.0	16.5	17.0	
PAT	308.1	377.1	344.5	422.1	13.3%	494.0	597.5	705.4	18.7%
EPS (₹)	19.4	23.7	21.7	26.5		31.1	37.6	44.4	
P/E (x)	74.4	60.8	66.5	54.3		46.4	38.3	32.5	
EV/EBITDA (x)	44.3	37.0	38.4	32.2		28.0	23.6	20.2	
RoCE (%)	19.7	21.5	17.7	20.0		21.0	22.6	23.7	
RoE	16.5	17.8	14.8	16.1		16.9	18.2	19.1	

Particulars	Amount (₹ crore)
Market Cap	22,897
Total Debt (FY24)	128
Cash (FY24)	514
EV	22,511
52 week H/L (₹)	1524 / 1110
Equity capital	15.9
Face value (₹)	1.0

### Price performance of last 5 years



# Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations	Price	Target	Stoploss	Time Frame
26-Aug-24	Hindustan Copper	Buy	324		349.0	311.00	14 Days
28-Aug-24	LTTS	Buy	5654		6150.0	5345.00	<b>30</b> Days
03-Sep-24	M&M Financial	Buy	326		354.0	312.00	30 Days

All recommendations are in cash market

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Source: ICICI Direct Research

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# Price history of past three years

## Kajaria Ceramic



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for three to six months as specified on first page of report and in case we intend to carry forward the position, it will be communicated through separate mail

## **Trading portfolio allocation**

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

# Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks- Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks- Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	3 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				



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