BOBCAPS
TRUST | INNOVATION | EXCELLENCE

**SELL**
**TP: Rs 687 | ∀ 19%**

**JK LAKSHMI CEMENT** | Cement | 03 August 2024

# Changed dynamics lead to challenges; maintain SELL

- **Q1 revenue fell 11.5% YoY on the back of low volume growth, down 8%, and weak realisations that fell by 4.6% YoY**
- **Operating cost fell ~7% to Rs 5,417 aided by lower energy cost which helped EBITDA margin add 250bps YoY to 12.8% on a weak base**
- **We value JKLC at 9x EV/EBITDA 1-year forward earnings (unchanged) and lower our TP to Rs 687 on revised earnings. Retain SELL**

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**Volumes impacted; realisations stayed weak:** JKLC reported ~11.5% YoY revenue fall (-12.3% QoQ) to Rs 14.5bn in Q1FY25 as volumes fell by 8.1% YoY (8.8% QoQ) to 2.32mt (standalone) due to weak demand in a traditionally healthy Q1. Realisations (ready mix concrete-adjusted) remained weak at Rs 5,901/t, down 4.6%/3.6% YoY/QoQ. Intense competitive pressure in a weak quarter was the key reason for the overall weakness in the topline.

**Operating performance stays rangebound:** Operating cost fell 6.5% YoY (flat QoQ) to Rs 5,417/t driven by lower raw material-adjusted energy cost of 9.1% YoY but rose 7.6% QoQ to Rs 2,320/t. Logistics cost fell 6% YoY to 1,224/t as lead distance was cut by 12km to 372km YoY. EBITDA grew 10.1% YoY (-33% QoQ) to ~Rs 1.8bn. EBITDA margin at 12.8% was higher YoY on a weak base. EBITDA/t rose 19.8% YoY (-26.5% QoQ) to Rs 793. APAT was flat YoY at Rs 763mn factoring in Rs 800mn of non-recurring income. Reported PAT was Rs 1.56bn.

**Capacity expansion on track:** JKLC is adding a 1.5mnt grinding unit at Surat by FY25-end. It is expanding its clinker capacity by 2.3mnt at its Durg plant backed by four cement grinding units aggregating 4.6mnt over the next three years. It will add GUs in Bihar and Jharkhand. Its Northeast India expansion plans await clearances.

**JKLC announces merger of Udaipur Cement Works:** Following the merger announcement JKLC will issue four equity shares of face value Rs 5 for every 100 equity shares of Rs 4 held in UCWL to the latter's shareholders (other than JKLC) as consideration based on the fair value swap ratio.

**Revise estimates downward, maintain SELL:** We cut our FY25E/FY26E EBITDA by 16% each to factor in the changing dynamics in its operating areas following intense supply pressure from large cement companies. We introduce FY27 estimates with weak EBITDA/PAT CAGR of 5%/6% given pricing pressure may be partially offset by better cost structure. Retaining lost market share will be a key challenge in competitive conditions. We value JKLC at 9x EV/EBITDA 1-year forward earnings (unchanged) and cut TP to Rs 687 (from Rs 710). Maintain SELL.

## Key changes

| Target | Rating |
|---|---|
| ▼ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | JKLC IN/Rs 848 |
| Market cap | US$ 1.2bn |
| Free float | 54% |
| 3M ADV | US$ 2.8mn |
| 52wk high/low | Rs 1,000/Rs 626 |
| Promoter/FPI/DII | 46%/14%/26% |

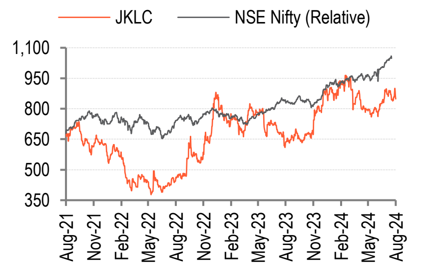
Source: NSE | Price as of 2 Aug 2024

## Key financials

| Y/E 31 Mar | FY24P | FY25E | FY26E |
|---|---|---|---|
| Total revenue (Rs mn) | 63,198 | 66,585 | 68,940 |
| EBITDA (Rs mn) | 8,637 | 8,362 | 9,346 |
| Adj. net profit (Rs mn) | 4,243 | 4,140 | 4,700 |
| Adj. EPS (Rs) | 36.1 | 35.2 | 39.9 |
| Consensus EPS (Rs) | 36.1 | 46.1 | 52.5 |
| Adj. ROAE (%) | 14.4 | 12.8 | 13.1 |
| Adj. P/E (x) | 23.5 | 24.1 | 21.2 |
| EV/EBITDA (x) | 11.0 | 13.0 | 10.5 |
| Adj. EPS growth (%) | 28.3 | (2.4) | 13.5 |

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

## Stock performance




Source: NSE

### Fig 1 – Earnings call highlights

| Parameter | Q1FY25 | Q4FY24 | Our view |
|---|---|---|---|
| Volume and realisations | JKLC's sales volume declined 8% YoY. JKLC indicated demand growth would be at least 1-2% higher than the industry's revised forecast of 6-7% for FY25. JKLC plans to achieve 60% capacity utilisation by FY25-end with an overall target of 70-75% capacity utilisation. | JKLC's sales volume was flat YoY in Q4FY24 and management indicated volume growth of 5% in FY24 against its earlier guidance of 8-10%. The company has now indicated volume growth of 10% in FY25. | The loss of market share is evident as JKLC lags well behind industry growth. It will be challenging to regain lost ground. |
| Margin | Fuel cost was at Rs 1.63kcal vs. 1.66/kcal in Q4FY24 and management expects this to be in the range of Rs 1.63-1.65/kcal going forward. JKLC is working on cost reduction and expects to achieve cost savings of Rs 50-75/t. | Fuel cost stood at Rs 1.68kcal vs. 1.78/kcal in Q3FY24. However, management expects fuel cost to stay flat or reverse up due to input cost inflation in the medium term. Management indicated that cement prices have softened in operating markets in Q1FY25 by 1% in addition to the fall in Q4FY25. No commentary on EBITDA/t guidance in the near term. | In our view the pricing challenges will offset the operating efficiencies benefit. |
| Capacity | JKLC's subsidiary Udaipur Cement works (UCWL) had commissioned a second clinker line of 1.5mt per annum, resulting in its clinker capacity doubling to 3mt p.a. JKLC is also expanding its cement grinding capacity at its Surat grinding unit (GU) from 1.35mt to 2.7mt and its clinker capacity at its cement plant in Durg by putting up an additional 2.3mt of clinker. This will be commensurate with the four cement grinding units of 4.6mt at Durg and three split-location GUs with aggregate cement grinding capacity of 3.4mt p.a. at Prayagraj in Uttar Pradesh, Madhubani in Bihar, and Patratu in Jharkhand. | The 2.5mt GU expansion at Udaipur was commissioned in Mar'24. JKLC's 1.35mt GU expansion in Surat will be completed in tranches in FY25/FY26. JKLC is expanding clinker/cement capacity by setting up a 2.3mt clinker line at Durg (Chhattisgarh), 4.6mt of grinding capacity at Durg (1.2mt) and three split GUs. It is also setting up a railway siding in the Durg facility to be completed in FY25/FY26. The Northeast India capacity expansion will span the next three years (may stretch beyond too). | Capacity expansion will be effective post FY26, though we note that the company's execution capabilities have remained below par in the past. Cost-saving initiatives need to be expedited as well. |
| Capex | Management has spent Rs 0.9bn of capex in Q1FY25 and expects to spend an additional Rs 8bn-9bn in 9MFY25. JKLC will spend Rs 2.2bn at the Surat grinding location, railway siding of Rs 23.25bn. Rs 25bn will be spent on brownfield expansion in Durg in the next three years. | Management estimates capex towards announced expansion projects in FY25 at Rs 12bn including Durg expansion. The Northeast India expansion will be at a cost of Rs 18bn, spread over the next two to three years till FY27 and even beyond. JKLC expects to spend Rs 15bn on the capacity expansion and Rs 3bn on other capex. | Aggressive expansion plans imply that the capex trajectory is likely to remain elevated. |
| Other key points | Gross debt stays at Rs 7bn and Rs 3.75bn of cash with net debt of Rs 3.25bn. On a consolidated level, gross debt was Rs 20.5bn and Rs 4bn of cash and Rs 16.5bn of net debt.<br><br>Non-cement revenue was at Rs 1.32bn in Q1FY25, of which ready-mix concrete (RMC) made up ~Rs 0.72mn and the other segment made up ~Rs 0.6bn. The conveyor belt project at the Durg plant remains delayed due to approval and procedural issues. | Non-cement revenue was at Rs 1.5bn in Q4, of which RMC made up ~Rs 860mn and the other segment made up ~Rs 680mn with EBITDA margin of ~5%. The conveyor belt project at the Durg plant remains delayed due to approval and procedural issues. Management expects these issues to be resolved in Q1FY25. The proposed railway siding at Durg will be completed in phases and management expects phase-I/phase-II completion by Q2FY25/Q4FY26. | The Durg conveyor belt has been delayed for longer than expected. Debt-EBITDA will remain elevated if capex is executed as planned in the interim period. |

Source: Company, BOBCAPS Research

### Fig 2 – Key metrics (standalone)

| (Rs mn) | Q1FY25 | Q1FY24 | YoY (%) | Q4FY24 | QoQ (%) |
|---|---|---|---|---|---|
| Volumes (mt) | 2.3 | 2.5 | (8.1) | 2.6 | (8.8) |
| Cement realisations (Rs/t) | 5,901 | 6,185 | (4.6) | 6,122 | (3.6) |
| Operating costs (Rs/t)* | 5,417 | 5,791 | (6.5) | 5,380 | 0.7 |
| EBITDA (Rs/t) | 793 | 662 | 19.8 | 1,080 | (26.5) |

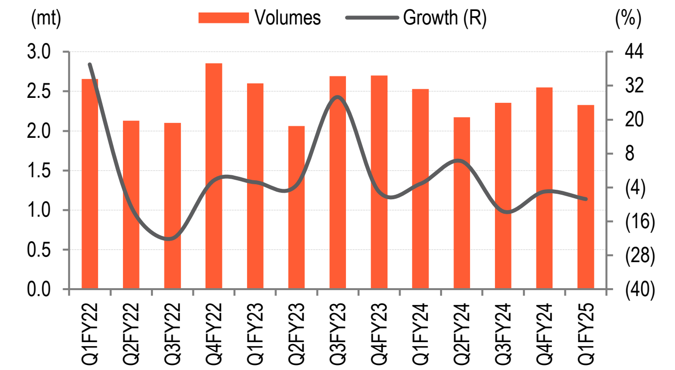
Source: Company, BOBCAPS Research | * Aggregate cost

### Fig 3 – Quarterly performance (standalone)

| (Rs mn) | Q1FY25 | Q1FY24 | YoY (%) | Q4FY24 | QoQ (%) |
|---|---|---|---|---|---|
| **Net Sales** | **14,445** | **16,333** | **(11.6)** | **16,478** | **(12.3)** |
| **Expenditure** | | | | | |
| Change in stock | 436 | 347 | 25.4 | (358) | (221.8) |
| Raw material | 2,303 | 2,409 | (4.4) | 2,660 | (13.4) |
| Purchased products | 1,786 | 2,095 | (14.7) | 2,256 | (20.8) |
| Power & fuel | 2,659 | 3,708 | (28.3) | 3,200 | (16.9) |
| Freight | 2,846 | 3,305 | (13.9) | 3,207 | (11.3) |
| Employee costs | 875 | 976 | (10.4) | 849 | 3.0 |
| Other expenses | 1,696 | 1,818 | (6.7) | 1,909 | (11.2) |
| Total Operating Expenses | 12,600 | 14,657 | (14.0) | 13,723 | (8.2) |
| **EBITDA** | **1,846** | **1,676** | **10.1** | **2,755** | **(33.0)** |
| EBITDA margin (%) | 12.8 | 10.3 | 252bps | 16.7 | (394bps) |
| Other Income | 122 | 139 | (12.3) | 180 | (32.4) |
| Interest | 190 | 229 | (17.0) | 209 | (9.1) |
| Depreciation | 469 | 470 | (0.3) | 492 | (4.7) |
| PBT | 1,308 | 1,115 | 17.3 | 2,233 | (41.4) |
| Non-recurring items | 800 | 0 | 0.0 | 0 | 0.0 |
| PBT (after non-recurring items) | 2,108 | 1,115 | 89.1 | 2,233 | (5.6) |
| Tax | 545 | 366 | 48.8 | 810 | (32.7) |
| Tax Rate (%) | 26 | 33 | (700bps) | 36 | (1040bps) |
| Reported PAT | 1,563 | 749 | 108.7 | 1,424 | 9.8 |
| **Adjusted PAT** | **763** | **749** | **1.9** | **1,424** | **(46.4)** |
| NPM (%) | 5.3 | 4.6 | 70bps | 8.6 | (336bps) |
| **Adjusted EPS (Rs)** | **6.5** | **6.4** | **1.9** | **12.1** | **(46.4)** |

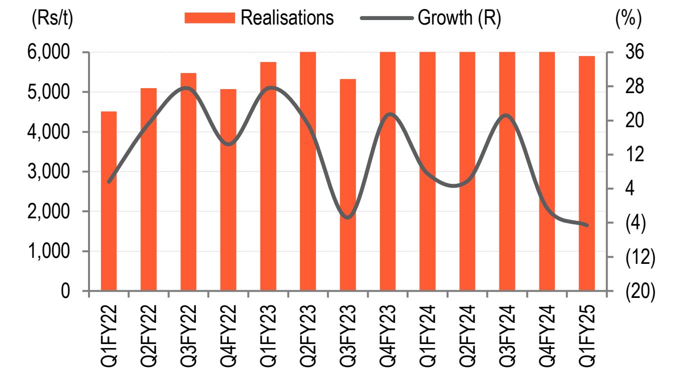
Source: Company, BOBCAPS Research

### Fig 4 – Volume gains to be limited in future



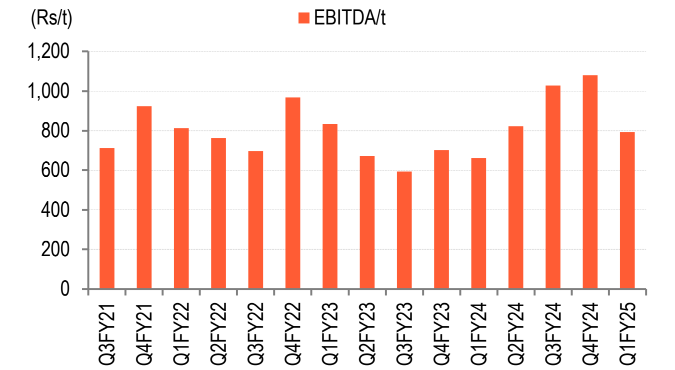

Source: Company, BOBCAPS Research | Volume numbers from Q1FY22 have been restated by management

### Fig 5 – Realisation weak despite volume fall



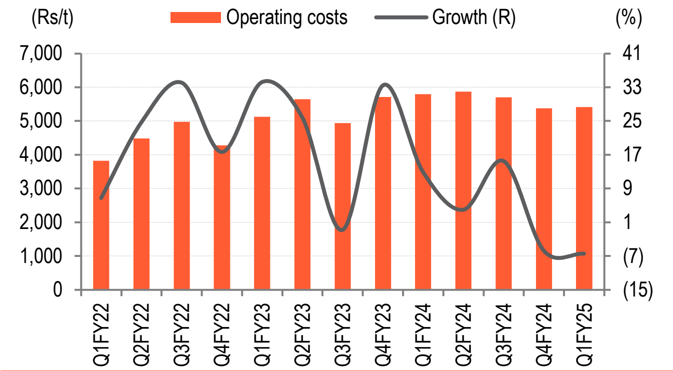

Source: Company, BOBCAPS Research | Volume numbers from Q1FY22 have been restated by management

### Fig 6 – EBITDA/t may continue to be under pressure



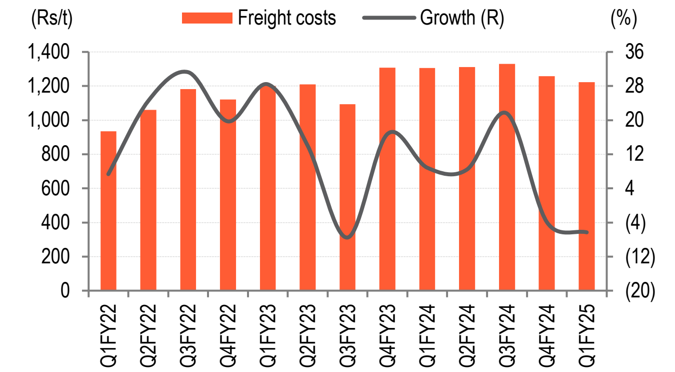

Source: Company, BOBCAPS Research | Volume numbers from Q1FY22 have been restated by management

### Fig 7 – Operating cost only respite



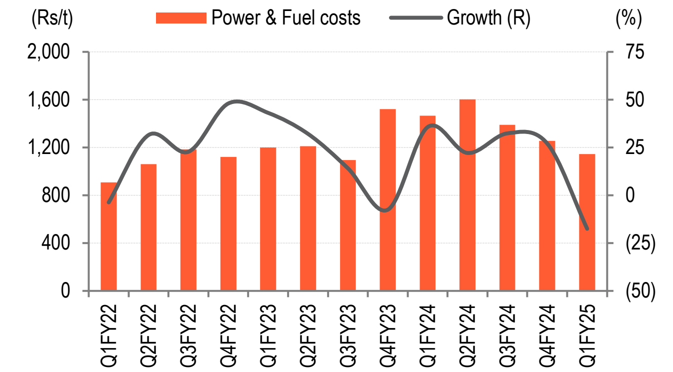

Source: Company, BOBCAPS Research | Volume numbers from Q1FY22 have been restated by management

### Fig 8 – Freight cost savings due to lower lead distance




Source: Company, BOBCAPS Research | Volumes numbers from Q1FY22 have been restated by management

### Fig 9 – Fuel cost savings commendable




Source: Company, BOBCAPS Research | Volumes numbers from Q1FY22 have been restated by management

## Valuation methodology

We revise our FY25E/FY26E EBITDA by 16% each to factor in changing dynamics in its operating areas following intense supply pressure by large cement companies. We introduce FY27 estimates with weak EBITDA/PAT CAGR of 5%/6% given that pricing pressure may be partially offset by better cost structure.

In our view, JKLC's performance will be determined by its ability to deliver volumes from the new capacity as its capex is largely backed by debt. Regaining lost market share during the capacity constraint phase will be a key challenge in competitive conditions. The changed dynamics of the cement sector with aggressive pricing for market penetration and capability of large size companies to sustain pricing pressure will be the key pressure points for regional companies. Growing competition in JKLC's operating regions, balance sheet pressure in the capex phase and weak execution capabilities in the past remain key challenges.

We value JKLC at 9x EV/EBITDA 1-year forward earnings (unchanged) and arrive at a TP of Rs 687 (from Rs 710). Maintain SELL.

**Fig 10 – Revised estimates**

| (Rs mn) | New | | | Old | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 66,585 | 68,940 | 74,122 | 68,635 | 71,756 | NA | (3.0) | (3.9) | NA |
| EBITDA | 8,362 | 9,346 | 10,465 | 9,769 | 11,028 | NA | (14.4) | (15.3) | NA |
| Adj PAT | 4,140 | 4,700 | 5,331 | 4,892 | 5,626 | NA | (15.4) | (16.5) | NA |
| Adj EPS (Rs) | 35.2 | 39.9 | 45.3 | 41.6 | 47.8 | NA | (15.4) | (16.4) | NA |

Source: BOBCAPS Research

**Fig 11 – Key assumptions**

| Parameter | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|
| Volumes (mt) | 9.61 | 10.6 | 10.8 | 11.6 |
| Realisations (Rs/t) | 6,360 | 6,329 | 6,392 | 6,456 |
| Operating costs (Rs/t) | 5,559 | 5,493 | 5,512 | 5,503 |
| EBITDA/t (Rs/t) | 880 | 789 | 864 | 905 |

Source: Company, BOBCAPS Research

**Fig 12 – Valuation summary**

| (Rs mn) | FY26E |
|---|---|
| Target EV/EBITDA (x) | 9 |
| EBITDA | 11,028 |
| Target EV | 99,248 |
| Total EV | 99,248 |
| Net debt | 15,746 |
| Target market capitalisation | 83,503 |
| **Target price (Rs/sh)** | **687** |
| Weighted average shares (mn) | 118 |

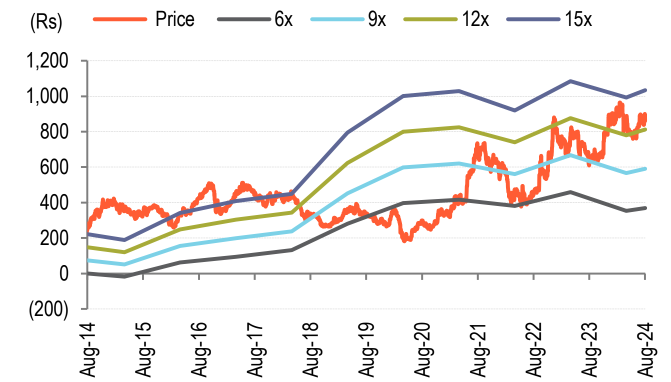
Source: BOBCAPS Research

**Fig 13 – Peer comparison**

| Ticker | Rating | Target Price (Rs) | EV/EBITDA (x) | | | EV/tonne (US$) | | | ROE (%) | | | ROCE (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | FY24P | FY25E | FY26E | FY24P | FY25E | FY26E | FY24P | FY25E | FY26E | FY24P | FY25E | FY26E |
| JKLC IN | SELL | 687 | 11.0 | 13.0 | 10.5 | 81 | 84 | 93 | 14.4 | 12.8 | 13.1 | 19.1 | 15.4 | 14.7 |
| TRCL IN | SELL | 737 | 12.8 | 11.0 | 10.0 | 134 | 133 | 135 | 6.4 | 7.8 | 8.5 | 8.6 | 9.9 | 10.4 |
| JKCE IN | HOLD | 4,431 | 22.8 | 17.2 | 10.8 | 225 | 165 | 137 | 17.2 | 19.6 | 20.3 | 16.0 | 16.6 | 17.3 |

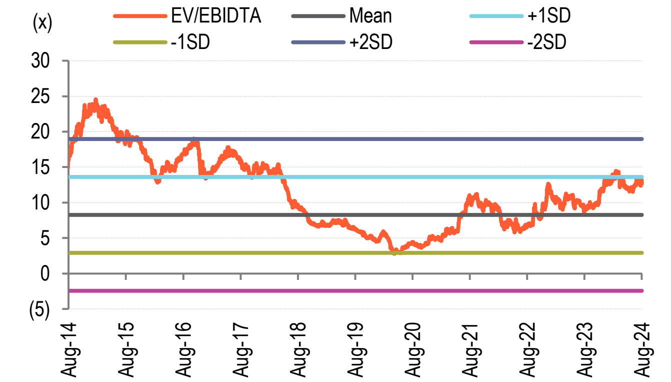
Source: BOBCAPS Research

**Fig 14 – EV/EBITDA band: Valuations far ahead of earnings**



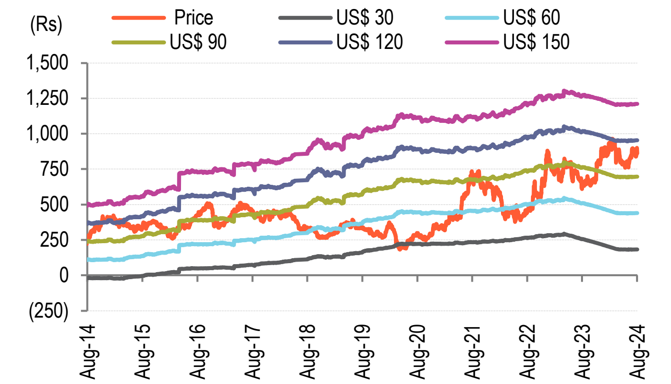

Source: Bloomberg, BOBCAPS Research

**Fig 15 – EV/EBITDA 1Y fwd: Expect reversion to mean**



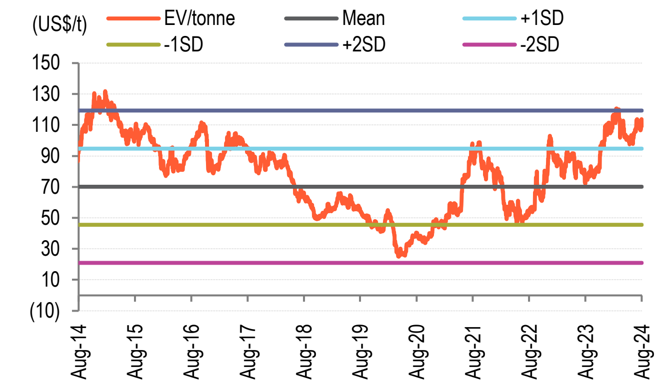

Source: Bloomberg, BOBCAPS Research

**Fig 16 – EV/tonne band: Replacement cost may stay elevated**




Source: Bloomberg, BOBCAPS Research

**Fig 17 – EV/tonne 1Y fwd: Expect reversion to mean**




Source: Bloomberg, BOBCAPS Research

## Key risks

Key upside risks to our estimates are:

- strong pricing gains in key operating regions,
- further softening of energy cost lending a boost to margins, and
- aggressive capex execution, leading to an above-expected performance.

# Financials

### Income Statement

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| **Total revenue** | **60,711** | **63,198** | **66,585** | **68,940** | **74,122** |
| EBITDA | 7,043 | 8,637 | 8,362 | 9,346 | 10,465 |
| Depreciation | (1,935) | (1,950) | (2,142) | (2,290) | (2,443) |
| EBIT | 5,730 | 7,328 | 7,078 | 7,955 | 8,963 |
| Net interest inc./(exp.) | (915) | (872) | (1,036) | (1,337) | (1,455) |
| Other inc./(exp.) | 622 | 640 | 858 | 898 | 941 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 4,815 | 6,456 | 6,041 | 6,617 | 7,508 |
| Income taxes | (1,507) | (2,212) | (1,901) | (1,917) | (2,177) |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| **Reported net profit** | **3,308** | **4,243** | **4,140** | **4,700** | **5,331** |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| **Adjusted net profit** | **3,308** | **4,243** | **4,140** | **4,700** | **5,331** |

### Balance Sheet

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| Accounts payables | 7,841 | 13,603 | 14,197 | 14,694 | 15,696 |
| Other current liabilities | 8,724 | 4,132 | 9,296 | 9,573 | 9,859 |
| Provisions | 156 | 181 | 838 | 863 | 890 |
| Debt funds | 5,846 | 7,668 | 16,720 | 18,939 | 24,180 |
| Other liabilities | 1,596 | 2,683 | 198 | 198 | 198 |
| Equity capital | 588 | 588 | 588 | 588 | 588 |
| Reserves & surplus | 25,960 | 30,226 | 33,477 | 37,262 | 41,653 |
| Shareholders' fund | 27,949 | 30,815 | 34,065 | 37,851 | 42,241 |
| **Total liab. and equities** | **52,112** | **59,081** | **75,314** | **82,118** | **93,065** |
| Cash and cash eq. | 8,450 | 12,596 | 8,145 | 9,935 | 10,933 |
| Accounts receivables | 605 | 402 | 1,915 | 1,889 | 2,031 |
| Inventories | 7,004 | 7,622 | 7,571 | 7,744 | 8,326 |
| Other current assets | 4,190 | 4,159 | 5,009 | 5,131 | 5,261 |
| Investments | 4,141 | 4,196 | 4,253 | 4,310 | 4,369 |
| Net fixed assets | 26,943 | 27,168 | 40,272 | 49,448 | 58,471 |
| CWIP | 649 | 2,801 | 8,000 | 3,500 | 3,500 |
| Intangible assets | 129 | 137 | 148 | 161 | 174 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| **Total assets** | **52,112** | **59,081** | **75,314** | **82,118** | **93,065** |

### Cash Flows

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **2,861** | **8,115** | **7,899** | **7,522** | **8,235** |
| Capital expenditures | (1,049) | (4,358) | (20,456) | (6,979) | (11,479) |
| Change in investments | 136 | (5,258) | 4,248 | (58) | (59) |
| Other investing cash flows | 0 | 0 | 0 | 0 | 0 |
| **Cash flow from investing** | **(913)** | **(9,616)** | **(16,207)** | **(7,037)** | **(11,538)** |
| Equities issued/Others | 884 | (1,400) | 0 | 0 | 0 |
| Debt raised/repaid | (2,107) | 1,822 | 9,053 | 2,219 | 5,241 |
| Interest expenses | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (588) | (765) | (588) | (588) | (588) |
| Other financing cash flows | (177) | 788 | (302) | (326) | (351) |
| **Cash flow from financing** | **(1,989)** | **444** | **8,162** | **1,304** | **4,301** |
| **Chg in cash & cash eq.** | **(41)** | **(1,056)** | **(146)** | **1,789** | **998** |
| **Closing cash & cash eq.** | **8,450** | **12,596** | **8,145** | **9,935** | **10,934** |

### Per Share

| Y/E 31 Mar (Rs) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| Reported EPS | 28.1 | 36.1 | 35.2 | 39.9 | 45.3 |
| Adjusted EPS | 28.1 | 36.1 | 35.2 | 39.9 | 45.3 |
| Dividend per share | 5.0 | 6.5 | 5.0 | 5.0 | 5.0 |
| Book value per share | 237.5 | 261.9 | 289.5 | 321.6 | 359.0 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| EV/Sales | 1.6 | 1.5 | 1.6 | 1.4 | 1.2 |
| EV/EBITDA | 13.8 | 11.0 | 13.0 | 10.5 | 8.7 |
| Adjusted P/E | 30.2 | 23.5 | 24.1 | 21.2 | 18.7 |
| P/BV | 3.6 | 3.2 | 2.9 | 2.6 | 2.4 |

### DuPont Analysis

| Y/E 31 Mar (%) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| Tax burden (Net profit/PBT) | 68.7 | 65.7 | 68.5 | 71.0 | 71.0 |
| Interest burden (PBT/EBIT) | 84.0 | 88.1 | 85.4 | 83.2 | 83.8 |
| EBIT margin (EBIT/Revenue) | 9.4 | 11.6 | 10.6 | 11.5 | 12.1 |
| Asset turnover (Rev./Avg TA) | 120.8 | 113.7 | 99.1 | 87.6 | 84.6 |
| Leverage (Avg TA/Avg Equity) | 1.9 | 1.9 | 2.1 | 2.2 | 2.2 |
| Adjusted ROAE | 12.6 | 14.4 | 12.8 | 13.1 | 13.3 |

### Ratio Analysis

| Y/E 31 Mar | FY23A | FY24P | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| **YoY growth (%)** | | | | | |
| Revenue | 20.4 | 4.1 | 5.4 | 3.5 | 7.5 |
| EBITDA | (12.1) | 22.6 | (3.2) | 11.8 | 12.0 |
| Adjusted EPS | (26.4) | 28.3 | (2.4) | 13.5 | 13.4 |
| **Profitability & Return ratios (%)** | | | | | |
| EBITDA margin | 11.6 | 13.7 | 12.6 | 13.6 | 14.1 |
| EBIT margin | 9.4 | 11.6 | 10.6 | 11.5 | 12.1 |
| Adjusted profit margin | 5.4 | 6.7 | 6.2 | 6.8 | 7.2 |
| Adjusted ROAE | 12.6 | 14.4 | 12.8 | 13.1 | 13.3 |
| ROCE | 16.7 | 19.1 | 15.4 | 14.7 | 14.5 |
| **Working capital days (days)** | | | | | |
| Receivables | 4 | 2 | 11 | 10 | 10 |
| Inventory | 42 | 44 | 42 | 41 | 41 |
| Payables | 53 | 91 | 89 | 90 | 90 |
| **Ratios (x)** | | | | | |
| Gross asset turnover | 1.5 | 1.5 | 1.1 | 1.0 | 0.9 |
| Current ratio | 1.2 | 1.4 | 0.9 | 1.0 | 1.0 |
| Net interest coverage ratio | 6.3 | 8.4 | 6.8 | 5.9 | 6.2 |
| Adjusted debt/equity | 0.2 | 0.2 | 0.5 | 0.5 | 0.6 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

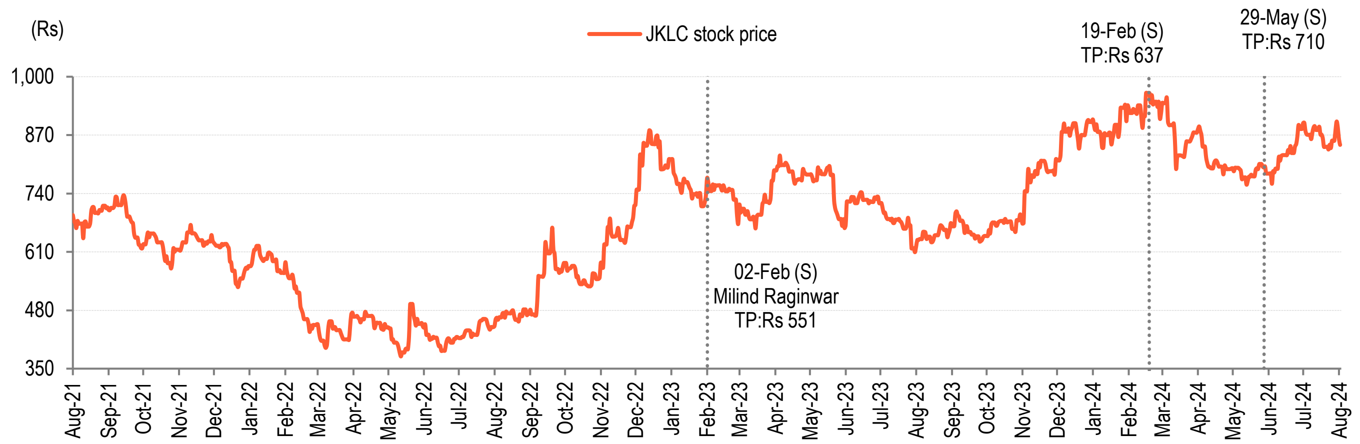
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

**Ratings and Target Price (3-year history): JK LAKSHMI CEMENT (JKLC IN)**




B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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