

May 20, 2022

## Q4FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

|                     | Current    |        | Previous |        |
|---------------------|------------|--------|----------|--------|
|                     | FY23E      | FY24E  | FY23E    | FY24E  |
| <b>Rating</b>       | ACCUMULATE |        | HOLD     |        |
| <b>Target Price</b> | 570        |        | 560      |        |
| Sales (Rs. m)       | 55,267     | 55,779 | 54,421   | 55,474 |
| % Chng.             | 1.6        | 0.6    |          |        |
| EBITDA (Rs. m)      | 8,289      | 8,849  | 7,990    | 8,524  |
| % Chng.             | 3.7        | 3.8    |          |        |
| EPS (Rs.)           | 36.5       | 41.0   | 35.1     | 39.6   |
| % Chng.             | 4.0        | 3.5    |          |        |

### Key Financials - Standalone

| Y/e Mar        | FY21   | FY22   | FY23E  | FY24E  |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m)  | 43,847 | 50,408 | 55,267 | 55,779 |
| EBITDA (Rs. m) | 7,898  | 8,013  | 8,289  | 8,849  |
| Margin (%)     | 18.0   | 15.9   | 15.0   | 15.9   |
| PAT (Rs. m)    | 3,865  | 3,850  | 4,297  | 4,826  |
| EPS (Rs.)      | 32.8   | 32.7   | 36.5   | 41.0   |
| Gr. (%)        | 50.9   | (0.4)  | 11.6   | 12.3   |
| DPS (Rs.)      | 3.7    | 5.0    | 5.0    | 5.0    |
| Yield (%)      | 0.9    | 1.2    | 1.2    | 1.2    |
| RoE (%)        | 20.4   | 17.1   | 16.4   | 16.0   |
| RoCE (%)       | 18.7   | 18.5   | 17.9   | 18.3   |
| EV/Sales (x)   | 1.2    | 1.0    | 0.8    | 0.7    |
| EV/EBITDA (x)  | 6.8    | 6.3    | 5.5    | 4.5    |
| PE (x)         | 12.8   | 12.9   | 11.5   | 10.3   |
| P/BV (x)       | 2.4    | 2.0    | 1.8    | 1.5    |

### Key Data

JKLC.BO | JKLC IN

|                     |                   |
|---------------------|-------------------|
| 52-W High / Low     | Rs.816 / Rs.366   |
| Sensex / Nifty      | 52,792 / 15,809   |
| Market Cap          | Rs.50bn / \$ 638m |
| Shares Outstanding  | 118m              |
| 3M Avg. Daily Value | Rs.120.21m        |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 46.31 |
| Foreign                 | 12.29 |
| Domestic Institution    | 25.87 |
| Public & Others         | 15.54 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M     | 12M    |
|----------|-------|--------|--------|
| Absolute | (4.3) | (33.7) | (5.2)  |
| Relative | 2.4   | (25.1) | (10.4) |

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## Strong performance; Valuations drive upgrade

### Quick Pointers:

- Aided by low cost inventory, coal cost will be up marginally by 7-8% QoQ in Q1
- In January took price hike of Rs25-30/Rs15-20 per bag in North/East regions.
- Consolidated Net debt fell by 20% YoY to Rs6.5bn with 0.7x to FY23e EBITDA; Net debt free on standalone level

**JK Lakshmi (JKLC) reported strong set of Q4FY22 earnings. EBITDA grew 3% YoY to Rs2.76bn, a beat of 30%/43% over our/consensus estimates (CE). The beat was primarily due to sharply lower costs which came at Rs3,885/t, up 7% YoY v/s our estimate of 17% increase at Rs4,255. Lower than expected increase in power & fuel cost (due to low cost inventory), cut in advertisement costs (not participated in IPL team sponsorship), absence of consultancy charges and higher provisions in 9MFY22 contributed to lower costs. While, realisations missed our estimate by 3% or Rs168/t.**

**We continue to maintain that JKLC's margins would remain capped at ~Rs800/t due to its high lead distance, elevated share of non-trade volumes and limited scope for cost reduction. Given the steep fall in stock price (down 40% since our rating downgrade in August 2021), stable performance on earnings, sound B/S and valuations restored back to attractive zone, we upgrade stock to Accumulate with TP of Rs570, EV/EBITDA of 7.0x FY24e.**

- Lower costs drove the beat despite miss on realisations:** Sales volumes grew 8.3% YoY at 3.1mnt (PLe:3.2mnt). Realisations declined 1.8% QoQ/Rs90 (+4.6% YoY/Rs211) at Rs4,763/t (PLe:Rs4,930) due to flat cement realisations at Rs4,435 (PLe:Rs4,515) and unchanged non-cement revenue at Rs1.03bn. Subdued realisations were more than offset by lower energy and S,G &A costs. Power & fuel cost increased 40% YoY (up 10% QoQ) at Rs1,100/t, much below our estimate of Rs1,275. Other expenses fell 27% YoY/34% QoQ to Rs396/t (PLe:Rs570). Due to significantly lower costs, EBITDA/t declined marginally by 5% YoY (+48% QoQ) to Rs880 (PLe:Rs675). PBT grew 2% YoY to Rs2.2bn (PLe:Rs1.6bn, CE:Rs1.4bn). Due to higher than expected tax rate (51% v/s PLe:29%), Adj. PAT fell 42% YoY to Rs1.1bn (PLe:Rs1.1bn CE: Rs1.0bn).
- Key highlights of earnings con-call:** **1)** Capex guidance of Rs7bn/Rs9bn for FY23e/FY24e in Udaipur cement works (UCWL) towards its 2.5mnt brownfield expansion having total outlay of Rs16.5bn **2)** UCWL's capex will be funded in Debt: Equity mix of 2:1 **3)** Expansion will be commissioned by March-24 **4)** Consolidated net debt would increase by Rs1.5-2.0bn by FY24e due to capex in UCWL **5)** Will spend Rs700-800mn in standalone operations, predominantly the maintenance capex **6)** Share of pet coke reduced by 400bps QoQ to 56%; AFR's share expanded 400bps to 14% **7)** Cement cost will increase by Rs200/t QoQ in Q2FY23, reflecting the current coal cost **8)** Renewable power's share stands at 40% with the increase in Waste heat recovery plant's capacity by 43% to 33MW **9)** MAT credit's balance stands at Rs2.6bn v/s Rs3.0bn in FY21 **10)** Share of trade sales remained stable at 55-56%

**Exhibit 1: Q4FY22 Result Overview (Rs mn)**

| Y/e March                      | Q4FY22        | Q4FY21        | YoY gr. (%)   | Q3FY22        | FY22          | FY21          | YoY gr. (%)  |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| <b>Net Sales</b>               | <b>14,976</b> | <b>13,220</b> | <b>13.3</b>   | <b>11,934</b> | <b>50,408</b> | <b>43,847</b> | <b>15.0</b>  |
| Raw Material                   | 3,994         | 3,180         | 25.6          | 2,706         | 12,383        | 10,839        | 14.2         |
| <i>% of Net Sales</i>          | <i>26.7</i>   | <i>24.1</i>   |               | <i>22.7</i>   | <i>24.6</i>   | <i>24.7</i>   |              |
| Staff Costs                    | 721           | 792           | (8.9)         | 868           | 3,264         | 3,270         | (0.2)        |
| <i>% of Net Sales</i>          | <i>4.8</i>    | <i>6.0</i>    |               | <i>7.3</i>    | <i>6.5</i>    | <i>7.5</i>    |              |
| Power & Fuel                   | 3,054         | 2,271         | 34.5          | 2,932         | 10,656        | 7,798         | 36.7         |
| <i>% of Net Sales</i>          | <i>20.4</i>   | <i>17.2</i>   |               | <i>24.6</i>   | <i>21.1</i>   | <i>17.8</i>   |              |
| Freight and selling expenses   | 3,200         | 2,714         | 17.9          | 2,486         | 10,428        | 8,832         | 18.1         |
| <i>% of Net Sales</i>          | <i>21.4</i>   | <i>20.5</i>   |               | <i>20.8</i>   | <i>20.7</i>   | <i>20.1</i>   |              |
| Other Expenses                 | 1,245         | 1,584         | (21.4)        | 1,479         | 5,663         | 5,212         | 8.7          |
| <i>% of Net Sales</i>          | <i>8.3</i>    | <i>12.0</i>   |               | <i>12.4</i>   | <i>11.2</i>   | <i>11.9</i>   |              |
| Total Expenditure              | 12,214        | 10,541        | 15.9          | 10,470        | 42,395        | 35,950        | 17.9         |
| <b>EBITDA</b>                  | <b>2,762</b>  | <b>2,679</b>  | <b>3.1</b>    | <b>1,464</b>  | <b>8,013</b>  | <b>7,897</b>  | <b>1.5</b>   |
| <i>Margin (%)</i>              | <i>18.4</i>   | <i>20.3</i>   |               | <i>12.3</i>   | <i>15.9</i>   | <i>18.0</i>   |              |
| Depreciation                   | 507           | 478           | 6.0           | 468           | 1,905         | 1,942         | (1.9)        |
| Other income                   | 176           | 273           | (35.4)        | 164           | 673           | 745           | (9.7)        |
| <b>EBIT</b>                    | <b>2,432</b>  | <b>2,474</b>  | <b>(1.7)</b>  | <b>1,161</b>  | <b>6,780</b>  | <b>6,700</b>  | <b>1.2</b>   |
| Interest                       | 219           | 299           | (27.0)        | 251           | 963           | 1,425         | (32.4)       |
| <b>PBT</b>                     | <b>2,213</b>  | <b>2,175</b>  | <b>1.8</b>    | <b>910</b>    | <b>5,817</b>  | <b>5,275</b>  | <b>10.3</b>  |
| Extraordinary income/(expense) | (234)         | (309)         |               | -             | (234)         | (309)         |              |
| <b>PBT (After EO)</b>          | <b>1,979</b>  | <b>1,865</b>  | <b>6.1</b>    | <b>910</b>    | <b>5,583</b>  | <b>4,966</b>  | <b>12.4</b>  |
| Tax                            | 262           | 500           | (47.6)        | 162           | 1,321         | 1,328         | (0.5)        |
| <i>% PBT</i>                   | <i>13.2</i>   | <i>26.8</i>   |               | <i>17.8</i>   | <i>23.7</i>   | <i>26.7</i>   |              |
| <b>Reported PAT</b>            | <b>1,717</b>  | <b>1,365</b>  | <b>25.8</b>   | <b>748</b>    | <b>4,262</b>  | <b>3,638</b>  | <b>17.2</b>  |
| <b>Adjusted PAT</b>            | <b>1,086</b>  | <b>1,591</b>  | <b>(31.8)</b> | <b>748</b>    | <b>3,786</b>  | <b>3,865</b>  | <b>(2.0)</b> |

Source: Company, PL

**Exhibit 2: Key Operating Metrics**

| Y/e March                | Q4FY22 | Q4FY21 | YoY gr. (%) | Q3FY22 | FY22     | FY21  | YoY gr. (%) |
|--------------------------|--------|--------|-------------|--------|----------|-------|-------------|
| Volume (mn te)           | 3.1    | 2.9    | 8.3         | 2.5    | 10.6     | 9.9   | 7.0         |
| Net Realisations (Rs/te) | 4,763  | 4,552  | 4.6         | 4,853  | 4,765.79 | 4,434 | 7.5         |
| EBITDA/ te (Rs/te)       | 879    | 922    | (4.8)       | 595    | 758      | 799   | (5.1)       |

Source: Company, PL

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY21          | FY22          | FY23E         | FY24E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenues</b>           | <b>43,847</b> | <b>50,408</b> | <b>55,267</b> | <b>55,779</b> |
| YoY gr. (%)                   | 8.4           | 15.0          | 9.6           | 0.9           |
| Cost of Goods Sold            | 10,839        | 12,383        | 13,702        | 14,217        |
| Gross Profit                  | 33,008        | 38,025        | 41,566        | 41,562        |
| Margin (%)                    | 75.3          | 75.4          | 75.2          | 74.5          |
| Employee Cost                 | 3,270         | 3,264         | 3,493         | 3,668         |
| Other Expenses                | 5,212         | 5,663         | 6,249         | 6,496         |
| <b>EBITDA</b>                 | <b>7,898</b>  | <b>8,013</b>  | <b>8,289</b>  | <b>8,849</b>  |
| YoY gr. (%)                   | 17.5          | 1.5           | 3.5           | 6.8           |
| Margin (%)                    | 18.0          | 15.9          | 15.0          | 15.9          |
| Depreciation and Amortization | 1,942         | 1,905         | 2,026         | 2,066         |
| <b>EBIT</b>                   | <b>5,956</b>  | <b>6,108</b>  | <b>6,264</b>  | <b>6,783</b>  |
| Margin (%)                    | 13.6          | 12.1          | 11.3          | 12.2          |
| Net Interest                  | 1,425         | 963           | 980           | 780           |
| Other Income                  | 745           | 673           | 726           | 746           |
| <b>Profit Before Tax</b>      | <b>4,966</b>  | <b>5,583</b>  | <b>6,010</b>  | <b>6,749</b>  |
| Margin (%)                    | 11.3          | 11.1          | 10.9          | 12.1          |
| Total Tax                     | 1,328         | 1,321         | 1,713         | 1,924         |
| Effective tax rate (%)        | 26.7          | 23.7          | 28.5          | 28.5          |
| <b>Profit after tax</b>       | <b>3,638</b>  | <b>4,262</b>  | <b>4,297</b>  | <b>4,826</b>  |
| Minority interest             | -             | -             | -             | -             |
| Share Profit from Associate   | -             | -             | -             | -             |
| <b>Adjusted PAT</b>           | <b>3,865</b>  | <b>3,850</b>  | <b>4,297</b>  | <b>4,826</b>  |
| YoY gr. (%)                   | 50.9          | (0.4)         | 11.6          | 12.3          |
| Margin (%)                    | 8.8           | 7.6           | 7.8           | 8.7           |
| Extra Ord. Income / (Exp)     | (227)         | (179)         | -             | -             |
| <b>Reported PAT</b>           | <b>3,638</b>  | <b>4,262</b>  | <b>4,297</b>  | <b>4,826</b>  |
| YoY gr. (%)                   | 54.7          | 17.1          | 0.8           | 12.3          |
| Margin (%)                    | 8.3           | 8.5           | 7.8           | 8.7           |
| Other Comprehensive Income    | -             | -             | -             | -             |
| Total Comprehensive Income    | 3,638         | 4,262         | 4,297         | 4,826         |
| <b>Equity Shares O/s (m)</b>  | <b>118</b>    | <b>118</b>    | <b>118</b>    | <b>118</b>    |
| <b>EPS (Rs)</b>               | <b>32.8</b>   | <b>32.7</b>   | <b>36.5</b>   | <b>41.0</b>   |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY21          | FY22          | FY23E         | FY24E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <b>Non-Current Assets</b>             |               |               |               |               |
| <b>Gross Block</b>                    | <b>37,155</b> | <b>39,321</b> | <b>40,121</b> | <b>40,921</b> |
| Tangibles                             | 37,155        | 39,321        | 40,121        | 40,921        |
| Intangibles                           | -             | -             | -             | -             |
| <b>Acc: Dep / Amortization</b>        | <b>10,536</b> | <b>12,441</b> | <b>14,466</b> | <b>16,533</b> |
| Tangibles                             | 10,536        | 12,441        | 14,466        | 16,533        |
| Intangibles                           | -             | -             | -             | -             |
| <b>Net fixed assets</b>               | <b>26,620</b> | <b>26,880</b> | <b>25,655</b> | <b>24,389</b> |
| Tangibles                             | 26,620        | 26,880        | 25,655        | 24,389        |
| Intangibles                           | -             | -             | -             | -             |
| Capital Work In Progress              | 2,533         | 1,349         | 1,349         | 1,349         |
| Goodwill                              | -             | -             | -             | -             |
| Non-Current Investments               | 4,841         | 4,670         | 7,934         | 7,934         |
| Net Deferred tax assets               | (641)         | (1,200)       | (1,801)       | (2,475)       |
| Other Non-Current Assets              | 23            | 23            | 23            | 23            |
| <b>Current Assets</b>                 |               |               |               |               |
| Investments                           | 3,673         | 3,673         | 3,673         | 3,673         |
| Inventories                           | 3,155         | 4,912         | 4,845         | 4,890         |
| Trade receivables                     | 537           | 345           | 1,060         | 1,070         |
| Cash & Bank Balance                   | 3,591         | 5,369         | 7,856         | 12,087        |
| Other Current Assets                  | 1,392         | 755           | 755           | 755           |
| <b>Total Assets</b>                   | <b>46,614</b> | <b>48,198</b> | <b>53,373</b> | <b>56,392</b> |
| <b>Equity</b>                         |               |               |               |               |
| Equity Share Capital                  | 589           | 589           | 589           | 589           |
| Other Equity                          | 20,201        | 23,751        | 27,460        | 31,698        |
| <b>Total Networth</b>                 | <b>20,789</b> | <b>24,340</b> | <b>28,049</b> | <b>32,286</b> |
| <b>Non-Current Liabilities</b>        |               |               |               |               |
| Long Term borrowings                  | 11,247        | 9,797         | 7,797         | 5,797         |
| Provisions                            | 135           | 135           | 135           | 135           |
| Other non current liabilities         | 1,845         | 943           | 943           | 943           |
| <b>Current Liabilities</b>            |               |               |               |               |
| ST Debt / Current of LT Debt          | -             | -             | -             | -             |
| Trade payables                        | 3,962         | 2,983         | 5,300         | 5,349         |
| Other current liabilities             | 5,556         | 6,087         | 6,463         | 6,502         |
| <b>Total Equity &amp; Liabilities</b> | <b>46,614</b> | <b>48,198</b> | <b>53,373</b> | <b>56,392</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                              | FY21           | FY22           | FY23E          | FY24E          |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT                                  | 5,275          | 5,817          | 6,010          | 6,749          |
| Add. Depreciation                    | 1,942          | 1,905          | 2,026          | 2,066          |
| Add. Interest                        | 1,425          | 963            | 980            | 780            |
| Less Financial Other Income          | 745            | 673            | 726            | 746            |
| Add. Other                           | (575)          | (446)          | (500)          | (520)          |
| Op. profit before WC changes         | 8,068          | 8,239          | 8,515          | 9,075          |
| Net Changes-WC                       | 1,426          | (1,804)        | 2,216          | 52             |
| Direct tax                           | (872)          | (1,033)        | (1,112)        | (1,249)        |
| <b>Net cash from Op. activities</b>  | <b>8,622</b>   | <b>5,402</b>   | <b>9,620</b>   | <b>7,879</b>   |
| Capital expenditures                 | (1,208)        | (1,216)        | (800)          | (800)          |
| Interest / Dividend Income           | -              | -              | -              | -              |
| Others                               | (2,068)        | 446            | (2,764)        | 520            |
| <b>Net Cash from Inv. activities</b> | <b>(3,276)</b> | <b>(770)</b>   | <b>(3,564)</b> | <b>(280)</b>   |
| Issue of share cap. / premium        | -              | -              | -              | -              |
| Debt changes                         | (3,457)        | (1,450)        | (2,000)        | (2,000)        |
| Dividend paid                        | (5)            | (441)          | (588)          | (588)          |
| Interest paid                        | (1,445)        | (963)          | (980)          | (780)          |
| Others                               | -              | -              | -              | -              |
| <b>Net cash from Fin. activities</b> | <b>(4,907)</b> | <b>(2,854)</b> | <b>(3,568)</b> | <b>(3,368)</b> |
| <b>Net change in cash</b>            | <b>439</b>     | <b>1,778</b>   | <b>2,487</b>   | <b>4,231</b>   |
| Free Cash Flow                       | 7,414          | 4,186          | 8,820          | 7,079          |

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q1FY22        | Q2FY22        | Q3FY22        | Q4FY22        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>12,315</b> | <b>11,182</b> | <b>11,934</b> | <b>14,976</b> |
| YoY gr. (%)                       | 49.2          | 7.0           | 0.1           | 13.3          |
| Raw Material Expenses             | 2,901         | 2,782         | 2,706         | 3,994         |
| Gross Profit                      | 9,415         | 8,400         | 9,228         | 10,982        |
| Margin (%)                        | 76.4          | 75.1          | 77.3          | 73.3          |
| <b>EBITDA</b>                     | <b>2,161</b>  | <b>1,626</b>  | <b>1,464</b>  | <b>2,762</b>  |
| YoY gr. (%)                       | 50.7          | (12.9)        | (23.7)        | 3.1           |
| Margin (%)                        | 17.5          | 14.5          | 12.3          | 18.4          |
| Depreciation / Depletion          | 460           | 470           | 468           | 507           |
| <b>EBIT</b>                       | <b>1,701</b>  | <b>1,155</b>  | <b>996</b>    | <b>2,255</b>  |
| Margin (%)                        | 13.8          | 10.3          | 8.3           | 15.1          |
| Net Interest                      | 257           | 237           | 251           | 219           |
| Other Income                      | 169           | 163           | 164           | 176           |
| <b>Profit before Tax</b>          | <b>1,613</b>  | <b>1,081</b>  | <b>910</b>    | <b>1,979</b>  |
| Margin (%)                        | 13.1          | 9.7           | 7.6           | 13.2          |
| Total Tax                         | 426           | 316           | 162           | 1,008         |
| Effective tax rate (%)            | 26.4          | 29.2          | 17.8          | 50.9          |
| <b>Profit after Tax</b>           | <b>1,187</b>  | <b>765</b>    | <b>748</b>    | <b>971</b>    |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>1,187</b>  | <b>765</b>    | <b>748</b>    | <b>1,086</b>  |
| YoY gr. (%)                       | 167.2         | (5.0)         | (26.9)        | (31.8)        |
| Margin (%)                        | 9.6           | 6.8           | 6.3           | 7.2           |
| Extra Ord. Income / (Exp)         | -             | -             | -             | (115)         |
| <b>Reported PAT</b>               | <b>1,187</b>  | <b>765</b>    | <b>748</b>    | <b>971</b>    |
| YoY gr. (%)                       | 167.2         | (5.0)         | (26.9)        | (28.9)        |
| Margin (%)                        | 9.6           | 6.8           | 6.3           | 6.5           |
| Other Comprehensive Income        | -             | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>1,187</b>  | <b>765</b>    | <b>748</b>    | <b>971</b>    |
| Avg. Shares O/s (m)               | 118           | 118           | 118           | 118           |
| <b>EPS (Rs)</b>                   | <b>10.1</b>   | <b>6.5</b>    | <b>6.4</b>    | <b>9.2</b>    |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY21  | FY22  | FY23E | FY24E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 32.8  | 32.7  | 36.5  | 41.0  |
| CEPS                       | 49.3  | 48.9  | 53.7  | 58.6  |
| BVPS                       | 176.6 | 206.8 | 238.3 | 274.3 |
| FCF                        | 63.0  | 35.6  | 74.9  | 60.1  |
| DPS                        | 3.7   | 5.0   | 5.0   | 5.0   |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 18.7  | 18.5  | 17.9  | 18.3  |
| ROIC                       | 17.7  | 19.4  | 19.1  | 22.9  |
| RoE                        | 20.4  | 17.1  | 16.4  | 16.0  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | 0.2   | 0.0   | (0.1) | (0.3) |
| Net Working Capital (Days) | (2)   | 16    | 4     | 4     |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 12.8  | 12.9  | 11.5  | 10.3  |
| P/B                        | 2.4   | 2.0   | 1.8   | 1.5   |
| P/CEPS                     | 8.5   | 8.6   | 7.8   | 7.2   |
| EV/EBITDA                  | 6.8   | 6.3   | 5.5   | 4.5   |
| EV/Sales                   | 1.2   | 1.0   | 0.8   | 0.7   |
| Dividend Yield (%)         | 0.9   | 1.2   | 1.2   | 1.2   |

Source: Company Data, PL Research

**Key Operating Metrics**

| Y/e Mar                    | FY21  | FY22  | FY23E | FY24E |
|----------------------------|-------|-------|-------|-------|
| Volume (mn te)-Cement      | 10    | 11    | 11    | 11    |
| Cement Realisation (Rs/te) | 4,434 | 4,766 | 5,001 | 4,851 |
| EBITDA (Rs/ te)            | 799   | 758   | 750   | 770   |
| RM cost (Rs/ te)           | 1,306 | 1,437 | 1,467 | 1,464 |
| Power, Oil & Fuel (Rs/ te) | 940   | 1,210 | 1,342 | 1,131 |
| Freight Charges (Rs/ te)   | 926   | 1,036 | 1,048 | 1,059 |

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


| No. | Date      | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1   | 08-Apr-22 | Hold   | 560      | 453               |
| 2   | 04-Feb-22 | Hold   | 663      | 559               |
| 3   | 10-Jan-22 | Hold   | 665      | 602               |
| 4   | 16-Dec-21 | Hold   | 670      | 628               |
| 5   | 02-Nov-21 | Hold   | 670      | 615               |
| 6   | 06-Oct-21 | Hold   | 690      | 653               |
| 7   | 06-Sep-21 | Hold   | 690      | 708               |
| 8   | 02-Aug-21 | Hold   | 690      | 692               |
| 9   | 06-Jul-21 | BUY    | 690      | 599               |
| 10  | 01-Jul-21 | BUY    | 690      | 578               |

**Analyst Coverage Universe**

| Sr. No. | Company Name             | Rating     | TP (Rs) | Share Price (Rs) |
|---------|--------------------------|------------|---------|------------------|
| 1       | ACC                      | BUY        | 2,300   | 2,057            |
| 2       | Ambuja Cement            | Hold       | 400     | 383              |
| 3       | Coal India               | Accumulate | 220     | 195              |
| 4       | Dalmia Bharat            | Accumulate | 1,755   | 1,422            |
| 5       | Heidelberg Cement India  | Reduce     | 200     | 202              |
| 6       | Hindalco Industries      | Hold       | 673     | 582              |
| 7       | Hindustan Zinc           | Reduce     | 322     | 338              |
| 8       | Jindal Steel & Power     | BUY        | 615     | 564              |
| 9       | JK Lakshmi Cement        | Hold       | 560     | 453              |
| 10      | JSW Steel                | Accumulate | 835     | 757              |
| 11      | NMDC                     | Accumulate | 198     | 175              |
| 12      | Shree Cement             | Hold       | 25,687  | 24,743           |
| 13      | Steel Authority of India | Accumulate | 128     | 111              |
| 14      | Tata Steel               | BUY        | 1,705   | 1,261            |
| 15      | The Ramco Cements        | Hold       | 831     | 810              |
| 16      | Ultratech Cement         | Accumulate | 7,180   | 6,630            |

**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 |

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