Axis
Annual Report
Analysis 2024

JK Lakshmi Cement Ltd

AXIS SECURITIES

New Capacity Expansion To Drive Growth

Summary

- **Aim to increase total capacity to 30 MTPA by 2030:** The company aims to increase its total capacity to 30 MTPA by 2030 and boost its use of green power to 50% by 2025 and 80% by 2030, up from the current 38%. During the year, the company completed a capacity expansion of 2.5 MTPA (grinding plant) and 1.5 MTPA (clinker plant) through its subsidiary, UCWL (Udaipur Cement Works Limited). Additionally, its 1.35 MTPA Grinding Unit in Surat is progressing well and is scheduled for commissioning in FY25-26
- **Improvement in blended realisation:** The company reported revenue of Rs 6,320 Cr, marking a 4% YoY increase. Its blended realisation also improved, driven by higher sales of premium and value-added products, reaching Rs 6,578 Cr, up 3% YoY.
- **Increase in Sales of Value-added products**: Sales of value-added products increased by 15% YoY to Rs 550 Cr. The company aims to improve the sale of value-added products to Rs 1,200 Cr by FY30.
- **Reduction in Gross debt:** JK Lakshmi Cement reduced its gross debt during the year. The company's gross Debt/Equity stood at 0.25x in FY24 from 0.35x in FY23.

Key Highlights

- **Improvement in EBITDA margins:** The company's EBITDA margins increased by 210 bps to 13.7% during the year, primarily due to improved realizations and a reduction in input costs, with energy costs decreasing by 13% YoY on a per tonne basis. Moreover, the company implemented several cost optimization initiatives across its plants, which significantly reduced fixed costs during the year.
- **Nominal growth in cement sales volume:** In FY24, JKLC reported a cement sales volume of 9.6 MTPA, marking a 1% increase over FY23 levels. This growth was supported by above-average demand from both the trade and non-trade segments.
- **Digitization efforts yielding results:** Rapid digitization across functions helped the company optimise its systems and processes and improve working capital management as well as its plant efficiency.
- **Brand building exercise continues:** The company's brand building has helped increase the revenue share of premium products while strengthening product positioning and market share in the company's key markets.

Key Competitive Strengths

a) One of the most efficient cost producers of cement in India; b) Robust sales and distribution network; c) Strengthening financial position; d) Experienced and competent management bandwidth, and e) Premium and value-added product gaining traction.

Strategies Implemented

a) Stepped up efforts towards digitization of various functions across plants, b) Increased the use of green energy to reduce overall power cost, c) Enhanced geographical mix to increase realization, d) Optimized Product mix, and d) Implemented strategies to increase the sale of value-added Products. These initiatives helped the company record its highest-ever revenue in FY24.

Growth Drivers

a) Affordable Housing, b) Real Estate Growth, c) Focus on infrastructure development including roads, highways, metros, airports, and irrigation and water projects, and d) Rural Road development.

Key Focus Areas

a)Capacity expansion, b) Improving operational efficiency at all levels through sustainable operations, c) Focusing on value-added and premium products, d) Ensuring efficient supply chain management, and e) Enhancing Product positioning and market share.

Outlook & Recommendation: Cement demand is expected to moderate in the short term due to subdued demand and pricing pressures stemming from increased competitive intensity. However, from a medium to long-term perspective, cement demand is anticipated to remain robust, driven by higher capital expenditure on infrastructure and housing projects. JKLC is expanding its capacity to meet the expected increase in demand and to gain market share in its operating regions while also exploring opportunities in new geographies. We project JKLC to achieve EBITDA/APAT growth of 18%/21% CAGR over FY24-26E. The stock is currently trading at 10x and 8x FY25E and FY26E EV/EBITDA. **We value JKLC at 9.5x FY26E EV/EBITDA and assign a BUY rating to the company with a TP of Rs 950/share, implying an upside of 21% from the CMP.**

Key Financials

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	6,320	6,312	6,994
EBITDA	864	978	1,211
Net Profit	411	541	605
EPS (Rs)	35	46	51
PER (x)	24	17	15
P/BV (x)	3.2	2.6	2.3
EV/EBITDA (x)	12	10	8
RoE (%)	14	16	16

Source: Company, Axis Securities Research

(CMP as of 29th Aug'24)

CMP (Rs)	783
Upside /Downside (%)	21%
High/Low (Rs)	1000/628
Market cap (Cr)	9,209
Avg. daily vol. (6m) Shrs.	2,75,000
No. of shares (Cr)	11.8

Shareholding (%)

	Dec-23	Mar-24	June-24
Promoter	46.3	46.3	46.3
FIIs	10.8	11.5	11.3
MFs / UTI	22.8	23.0	20.2
Banks / FIs	0.0	0.0	0.0
Others	20.0	19.2	22.1

Financial & Valuations

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EBITDA	864	978	1,211
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PER (x)	24	19	17
P/BV (x)	3.2	2.8	2.5
EV/EBITDA (x)	12	11	9
RoE (%)	14	16	16

Change in Estimates (%)

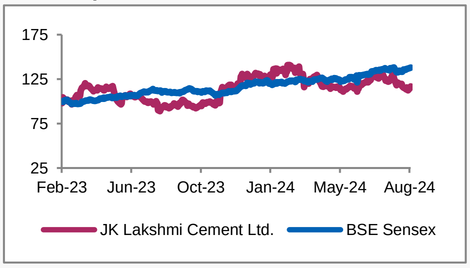
Y/E Mar	FY25E	FY26E
Sales	0	0
EBITDA	0	0
PAT	0	0

ESG disclosure Score**

Environmental Disclosure Score	41.5
Social Disclosure Score	39.4
Governance Disclosure Score	85.0
Total ESG Disclosure Score	55.0
Sector Average	50..0

Source: Bloomberg, Scale: 0.1-100
**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance



Source: Ace Equity

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Company Overview

JK Lakshmi Cement (JKLC) is a key player in the cement industry, particularly strong in its primary markets of North and West India, where it generates 75% of its revenue. The company also maintains a significant presence in the eastern region of the country. Established in 1982 with an initial cement plant capacity of 0.5 MTPA, JKLC has since expanded its total capacity to 16.4 MTPA, with a clinker capacity of 10.2 MTPA on a consolidated basis. This growth has been supported by a robust network of over 7,000 cement dealers across Madhya Pradesh, Chhattisgarh, Rajasthan, Gujarat, Uttar Pradesh, Punjab, Delhi, Haryana, Jammu & Kashmir, Maharashtra, Odisha, and West Bengal, allowing the company to serve customers effectively nationwide. JKLC operates 3 integrated plants and 4 grinding plants located strategically across India to maximize efficiency and market reach.

FY24- Key Financial and Operational activities

- **Highest-ever revenue of Rs 6,320 Cr:** The company reported its highest-ever revenue of Rs 6,320 Cr, up 4% over FY23. The growth was achieved through demand recovery and price realization in FY24. The blended realization for the year increased to Rs 6,578/tonne, up 3% YoY.
- **Marginal Volume growth:** The volume growth in FY24 increased marginally by 1% YoY (FY24–9.6 MTPA vs.FY23–9.48mntpa).
- **Improvement in EBITDA margin:** The company reported a higher EBITDA margin of 13.7% in FY24 against 11.6% in FY23. This was owing to lower energy costs, which declined by 13% YoY on a per-tonne basis and improved realization.
- **Sale of Value-added Products increased:** The sale of value-added products increased by 15% to Rs 550 Cr in FY24. Along with this growth, the sale of the company's premium cement contributed to the higher realization during the year.
- **The trade sale** was marginally down YoY (FY24:56:44 vs. FY23: 57:43). The company is also striving to increase the sale of blended cement for sustainable operation from the current 55% to 60% moving ahead.
- **Reduced Gross Debt/Equity to 0.25x:** The company continued its deleveraging exercise and reduced its gross Debt/Equity to 0.25x against 0.35x in FY24.
- **Healthy capacity utilization:** The company's capacity utilization stood healthy at 81% during FY24 against 80% in FY23.
- **Dividend of Rs 4.5/share:** The company also declared a dividend of Rs 4.5 share (90%) for FY24.
- **Expansion Project by Udaipur Cement Works:** Udaipur Cement Works Ltd. (UCWL) – a key subsidiary company commissioned an additional Clinker Unit having a capacity of 1.5 MTPA with a Waste Heat Recovery System at its existing plant in Udaipur (Rajasthan) and an additional cement Grinding Units having a capacity of 2.50 MTPA. With this, UCWL's total cement capacity now stands at 4.7 MTPA enabling the company to strengthen its market presence.
- **Digitization efforts:** Various digital initiatives are underway and are at various stages of implementation to make the organization more effective. Some of these efforts include the digitization

of HR processes, automation for higher productivity, and digitization of emergency management systems, among others.

- **Cost optimization through sustainable operation:** JKLC is one of the most efficient cement manufacturers in India and aims to gain a competitive advantage in the market by implementing all possible efficiency measures to further optimize its cost structure. The company's green energy now accounts for 39% of the company's total energy mix. It has also increased its use of alternative fuels to reduce its carbon footprint and make its operations more sustainable. The company is also looking to increase sales of cement mixes.
- **Acquisition of Agrani Cement:** JK Lakshmi Cement (JKLC) has strategically expanded its portfolio by acquiring an 85% equity stake in Agrani Cement Pvt. Ltd. This acquisition brings Agrani and its wholly-owned subsidiaries—Trivikram Cement Pvt. Ltd., Mahabal Cement Pvt. Ltd., and Avichal Cement Pvt. Ltd.—under JKLC's umbrella, collectively referred to as the "Trivikram Consortium." The consortium has been granted mining rights in Assam, with substantial limestone reserves estimated at approximately 335 Mn tonnes. This acquisition aligns with JKLC's long-term strategic objectives in the cement business, as the consortium will be instrumental in establishing a clinkerization unit with a capacity of 1 Mn tonnes and a cement grinding unit with a capacity of 1.5 Mn tonnes in the first phase. This move not only enhances JKLC's resource base but also strengthens its position in the industry by securing key raw material sources and expanding its production capacity.
- **Brand building:** The share of premium products during the year increased to 19% and the company aims to take the same to 24%. The company leveraged digital media and increased customer connectivity across segments.

Key Growth Drivers

Infrastructure spending by the government, real estate demand and housing for all will remain the key growth drivers from medium to long term perspective.

Infrastructure push by the government

In its efforts to increase the proportion of green energy, JK Cement's total WHRS capacity has increased to 82 MW from 42 MW in FY23. This capacity expansion is expected to lower the company's power costs moving forward. The use of green energy has grown significantly over the last four years and now accounts for 51% of the overall energy mix. The company aims to raise the share of green energy to 75% of its total power consumption by 2030.

Rural Housing

The Government's announcement of an additional 2 Cr houses under the Pradhan Mantri Awas Yojana (Rural) over the next five years marks a significant advancement in addressing housing needs in rural areas. The allocation to Pradhan Mantri Awas Yojana (Rural) has seen a substantial increase of 70% from the FY24 revised estimate (RE) to Rs 54,500 Cr for FY25, demonstrating the government's commitment to enhancing rural housing infrastructure. With 2.5 Cr houses completed over the past eight years, achieving 87% of the total target, the recent announcement of additional houses is anticipated to stimulate growth in the Indian infrastructure and cement sectors.

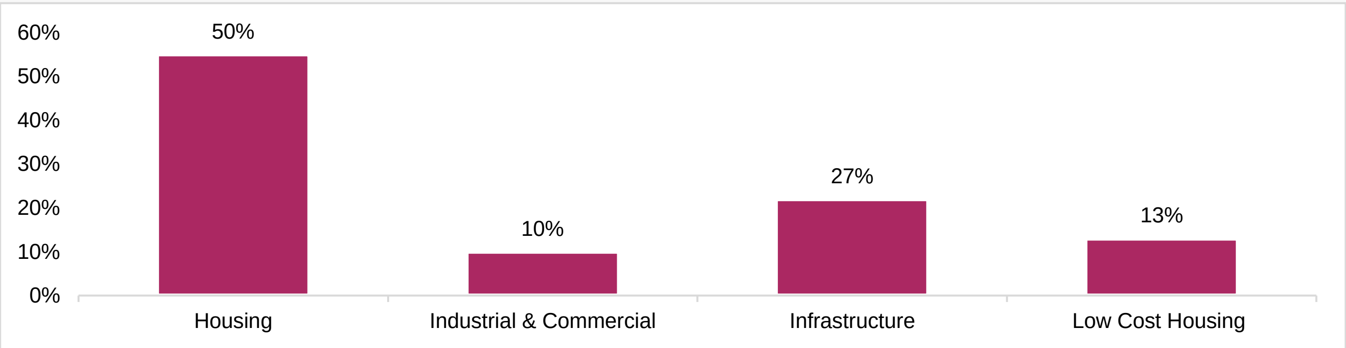
Urban Housing

The government plans to introduce a scheme to incentivize individuals residing in rented houses and unauthorized colonies to purchase or construct their own homes, thereby fostering urban housing demand. The allocation to Pradhan Mantri Awas Yojana (Urban) has been increased by 18% from the FY24 revised estimate (RE) to Rs 26,170 Cr for FY25, providing a significant boost to urban housing initiatives.

PM Gati Shakti

The PM Gati Shakti National Master Plan aims to create integrated and seamless connectivity for the movement of people, goods, and services while facilitating last-mile infrastructure connectivity. The government has significantly increased Capex by 48% from Rs 7.5 Lc Cr to Rs 11.1 Lc Cr in this year's Union Budget. Additionally, states have been allocated interest-free long-term loans of Rs 1 Lc Cr to support these initiatives.

Exhibit 3: Cement consumption trend segment-wise: Housing remains the largest cement consumer



Source: Industry, Axis Securities Research

Key Strategies Moving Forward

- **Capacity Expansion:** The company will selectively expand its capacity in northern and western India over the next few years to optimize the use of the new limestone mines recently allotted to it. It aims to create a capacity of 30 MTPA on a consolidated basis by 2030.
- **Consolidate market position**: The company aims to consolidate its market position in the North, West, and East regions and develop new markets in the North-East region.
- **Achieve Higher Realizations:** Cement demand in India is expected to be robust in the coming years, as per-capita cement consumption in India is extremely low compared to the global average and significant investments are being made in the country's infrastructure and housing sector. The company aims to increase realizations by superior product mix, and geographic mix, launching new brands, expanding the distribution network, and optimizing distribution costs.
- **Value-Added Products:** The company continues to focus on introducing value-added products and plans to launch additional products in this category to strengthen its market presence. It acquired the AAC block plant in Aligarh to expand its RMC business in key markets like Delhi NCR. The company aims to increase the sale of VAP products to Rs 1,200 Cr over the medium to long term.

Business Outlook

- **Sector Update**: Between FY12 and FY23, India's installed cement capacity grew by 61% to 570 Mn Tonnes (MT) from 353 MT in FY12. Currently, the installed capacity stands at approximately 640 MTPA, with production at around 427 MTPA. The industry's capacity is set to increase by a record high of over 60 MT during FY24-25, with the top two players contributing 60% of this projected increase. However, incremental demand is expected to lag behind the incremental capacity addition, impacting utilization levels during FY24-25. The Indian cement industry is likely to add more than 100 MT of capacity by FY25-26, driven by increased spending on housing and infrastructure activities.
- **Demand growth expected to moderate:** During FY24, cement demand registered a 9% growth over the previous FY. However, for FY25, demand growth is expected to moderate to around 6% to 7%, due to the high base of the previous three fiscals. Despite this moderation, demand growth is projected at approximately 8% over the next couple of years, driven by strong demand prospects from the infrastructure and housing sectors, as well as increased consolidation within the industry.
- **Realization expected to remain under pressure**: The industry is on track to add significant capacities over the medium term, which is expected to tilt the balance towards supply. This, coupled with intense competition among players to maintain market share, has been exerting pressure on realizations since H2FY24. Cement prices have remained subdued overall, declining by around 1.5% on average in FY24 from the highs of FY23. Heightened competitive intensity, driven by the entry of new players, 40-42 MT of capacity additions, and benign cost pressures, contributed to the cement price correction in FY24 after four consecutive years of price increases at a CAGR of 4% from FY20 to FY23. In FY25, continued capacity expansion and moderating demand are expected to limit any price increases, keeping prices flat to marginally negative on a YoY basis.
- **Industry to consolidate:** The potential for merger & acquisitions and consolidation remains high in the cement sector. After the successful acquisition of Sanghi's assets by Adani, India Cements Parli plant by UltraTech, Heidelberg Cement assets in India are on the block, with competing players in the race. Dalmia's deal to acquire Jaypee is presently under hold. Analysts are positive about the cement industry dynamics for the next few years considering sustainable demand prospects.
- **Company is optimistic about Cement demand**: The management remains optimistic about the future of the industry and the company's prospects. The Indian cement industry operates in an oligopoly market, where large players have partial pricing control, and the threat from substitutes is low. Indian cement companies are among the world's greenest cement manufacturers. Increased allocation for infrastructure and additional expenditure on green transition are expected to boost cement demand. The upcoming General Elections in 2024 are also seen as a key catalyst for strong cement demand in FY24, as evidenced by recent growth trends. With projections of 100 MT of capacity being added by FY26, the national capacity is expected to exceed 700 MT.

Risks and Mitigation

Key risks identified, assessed, and mitigated during the year under review include:

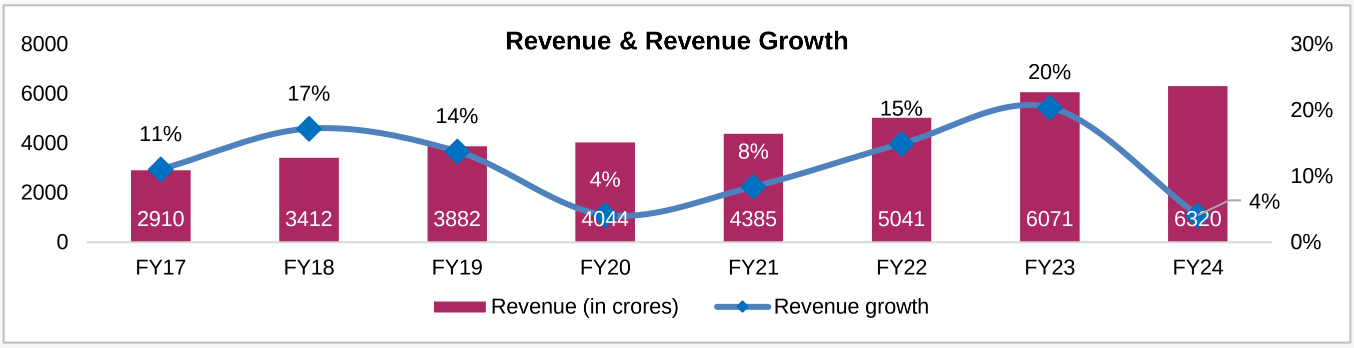
- **Health & Safety risks:** Health and safety have been identified as a significant risk by the company, particularly during the COVID-19 pandemic, which impacted overall operations during lockdown restrictions. To mitigate this risk, the company implemented a standard operating procedure aligned with guidelines issued by the government and regulatory authorities. Additionally, it established strategic partnerships with hospitals and local bodies to manage any potential infection outbreaks within its workforce.
- **Business continuity risk:** The pandemic disrupted the overall operational flow, including labour exodus, restrictions on inter-state movements, and challenges in the availability of raw materials and fly ash. To mitigate these risks, the company established a core leadership group that served as a nerve centre to assess, plan, and respond to evolving risks with agility and inclusivity.
- **Cybersecurity risk:** With remote working and virtual connectivity becoming the new normal, many organizations, including the company, have been exposed to increased cybersecurity risks. In response, the company has taken urgent and appropriate measures to secure data privacy. It has implemented a detailed surveillance program, conducted vulnerability assessments, and upgraded its network security to align with international standards, ensuring the ability to swiftly counteract any cyber threat.
- **Compliance risk:** The company's operations ensure compliance with all these guidelines promptly. Any non-compliance, however, may pose a serious risk to its seamless operations. The company has taken appropriate measures to ensure proper compliance as required.
- **Legal/ Contractual obligations risks:** The company is required to fulfil several legal and contractual obligations as per its agreements with various parties, ensuring proper compliance and regular monitoring to maintain smooth operations. To mitigate related risks, the company conducts impact assessments of all contracts, particularly those with take-or-pay obligations or guaranteed commitments. Additionally, it opportunistically renegotiates contracts to reduce or remove guaranteed commitments, enhancing flexibility and safeguarding against future volatility.
- **Higher input cost risk:** The rising costs of pet coke, coal, diesel, fly ash, and packing bags have put pressure on the company's margins, as these components form a significant portion of production costs. To mitigate this risk, the company has implemented various measures, including shifting fuel use from pet coke to coal, direct dispatch of cement, consistent monitoring of vehicles, and leveraging advanced technology to combat higher costs.
- **Demand Risk:** Cement demand growth is closely correlated with the country's GDP growth. Any slowdown in GDP can adversely affect cement sales and production, impacting the entire industry. A demand-supply imbalance can exacerbate this issue, leading to a sector-wide slowdown. To mitigate these risks, the company is expanding its capacity to serve unpenetrated markets, introducing new and value-added products, enhancing product marketing through various channels, and focusing on cost optimization through more efficient and sustainable production methods.

Profitability Analysis (Rs Cr)

Particulars	FY23	FY24	Change (%)	Comments/Analysis
Sales	6,071	6,320	4%	Revenue growth was driven by higher volume and better realization during the year. We expect revenue to grow at a CAGR of 5% over FY24-26E
Gross Profits	1,737	1,937	12%	Gross Profits were higher due to higher volume and realization during the year.
Operating Expenses	1032	1073	4%	Operating expenses were higher owing to higher staff costs and largely contributed by the spike in Packing material cost. However, various initiatives helped the company save on Fixed costs.
EBITDA	704	864	21%	EBITDA improved owing to high realization and lower operating costs. We expect EBITDA growth of 18% CAGR over FY24-26E, driven by higher volume, lower costs, and stable realization.
Depreciation	193	195	-	Depreciation remained flattish as there was no major capex during the year
EBIT	573	732	28%	EBIT was higher on account of lower operating costs and flattish depreciation
Interest	91	87	-5%	Interest cost was lower as the company repaid its debt obligation to a certain extent.
PBT	481	645	34%	Higher owing to the above attributes
Tax	150	234	55%	The tax was higher owing to higher profit and tax rate. The tax rate was 36% against 31% in FY23.
PAT	330	411	24%	PAT was higher due to the combined impact of the above-mentioned attributes
EPS	28	35	24%	EPS is in line with PAT.
Volume	9.48	9.61	1%	Volume was higher marginally.

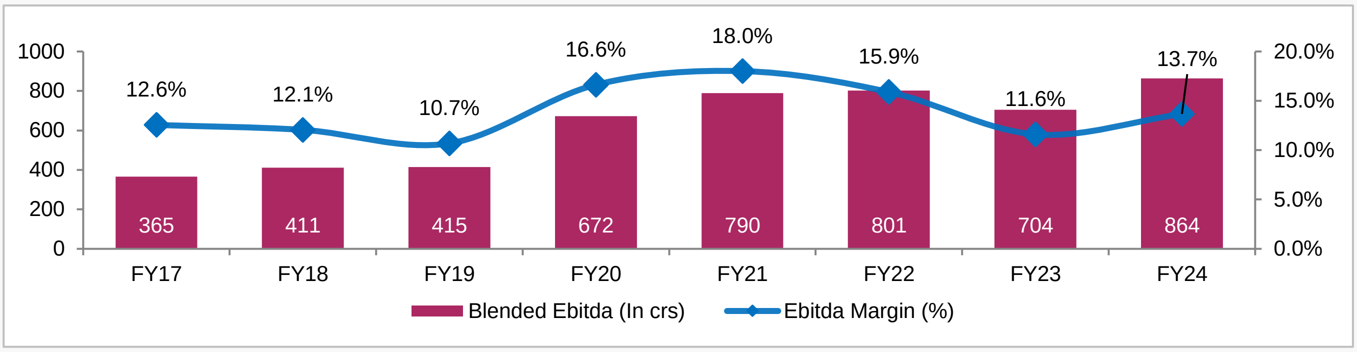
Source: Company; Axis Securities Research

Exhibit 1: Revenue and Growth Trend



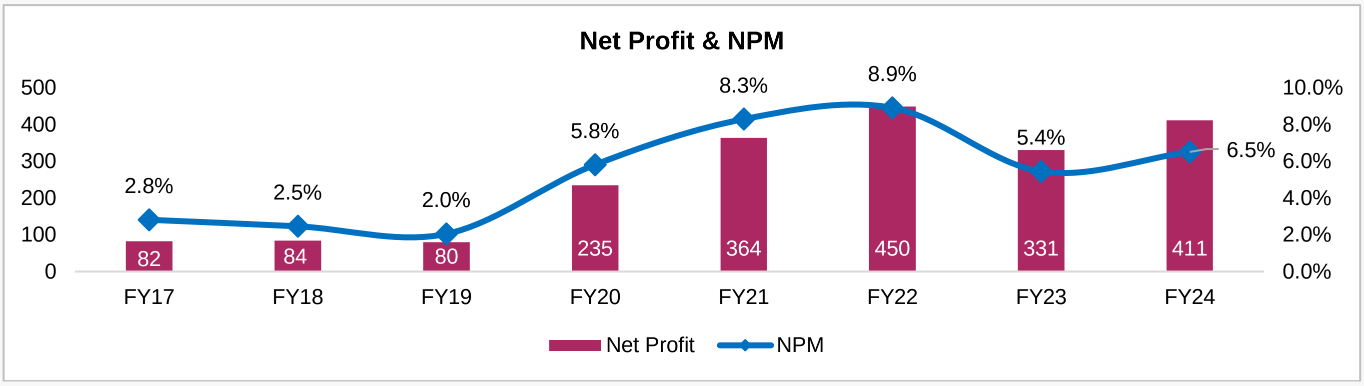
Source: Company, Axis Securities Research

Exhibit 2: Blended EBITDA & EBITDA Margin



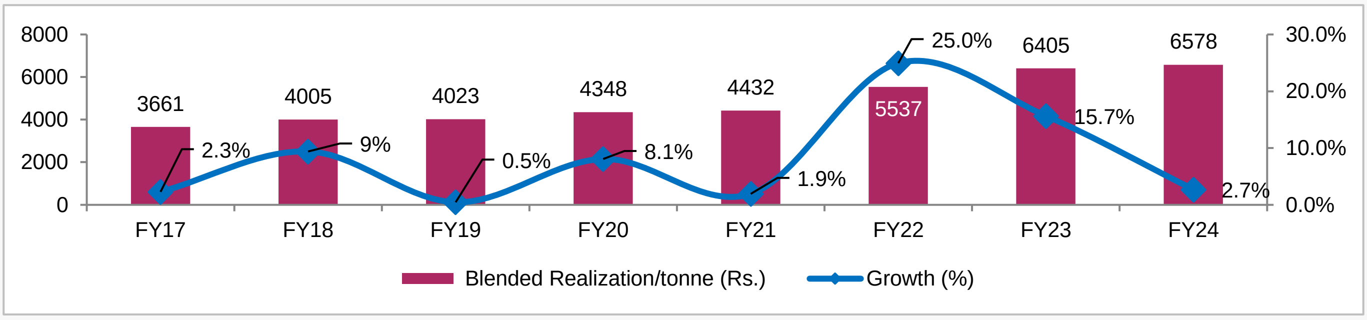
Source: Company, Axis Securities Research

Exhibit 3: Net Profit & NPM



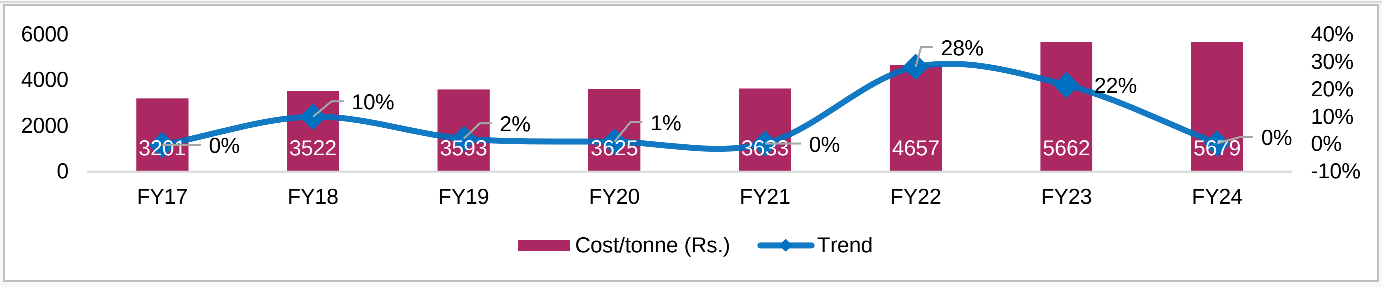
Source: Company, Axis Securities Research

Exhibit 4: Blended Realization/tonne and Growth



Source: Company, Axis Securities Research

Exhibit 5: Cost/Tonne Trend



Source: Company, Axis Securities Research

Profitability Margins

Particulars	FY23	FY24	Change	Comments/Analysis
GPM	28.6%	30.7%	210 bps	GPM was higher as input costs declined in FY24, particularly power/fuel which was down 13% on a tonne basis.
EBITDAM	11.6%	13.7%	210bps	EBITDA was higher as input cost declined and realization improved.
PATM	5.4%	6.5%	110bps	PATM was higher owing to higher profitability.

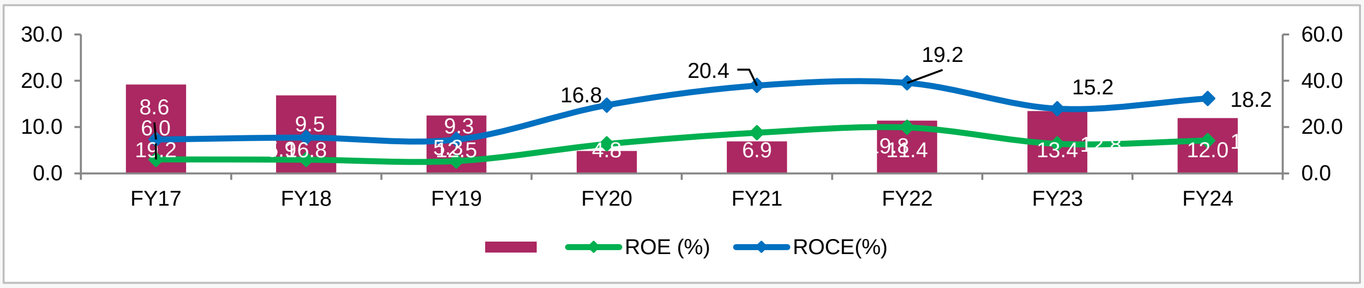
Source: Company; Axis Securities Research

Financial Ratios

Particulars	FY23	FY24	Change	Comments/Analysis
ROE	13%	14%%	(700bps)	ROE improved due to higher profitability during the year.
ROCE	15%	18%	(400bps)	ROCE was higher as the EBIT margin improved to 12% from 9% in FY23 owing to better operating performance
Asset Turn	1,45x	1.48x	0.18x	Asset turnover was higher as revenue increased by 4% during the year.
Net Debt/Equity	0.05x	0.13x	0.08x	Net debt increased owing to higher capex during the year.
EV/EBITDA	13x	12x	-1x	EV/EBITDA trend was lower as the EBITDA increased during the year and the corresponding price appreciation was lower.

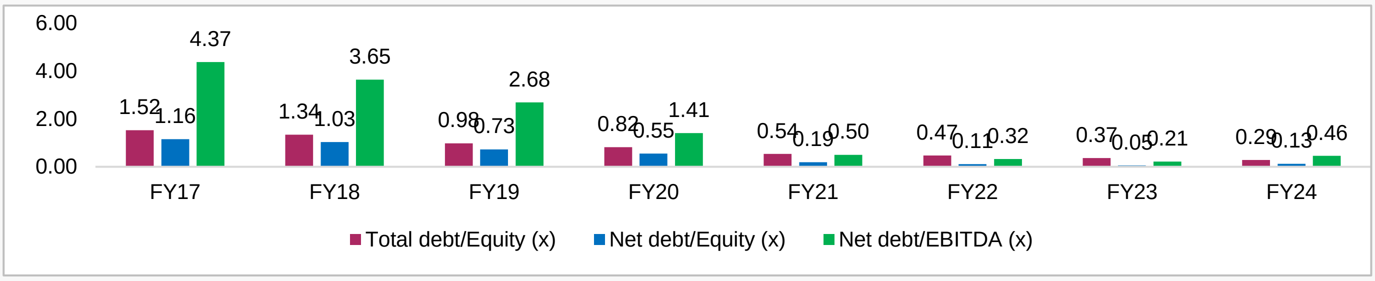
Source: Company; Axis Securities Research

Exhibit 6: EV/EBITDA, ROE,& ROCE Trend



Source: Company, Axis Securities Research

Exhibit 7: Leverage Ratio



Source: Company, Axis Securities Research

Key Balance Sheet Takeaways

Working Capital Management

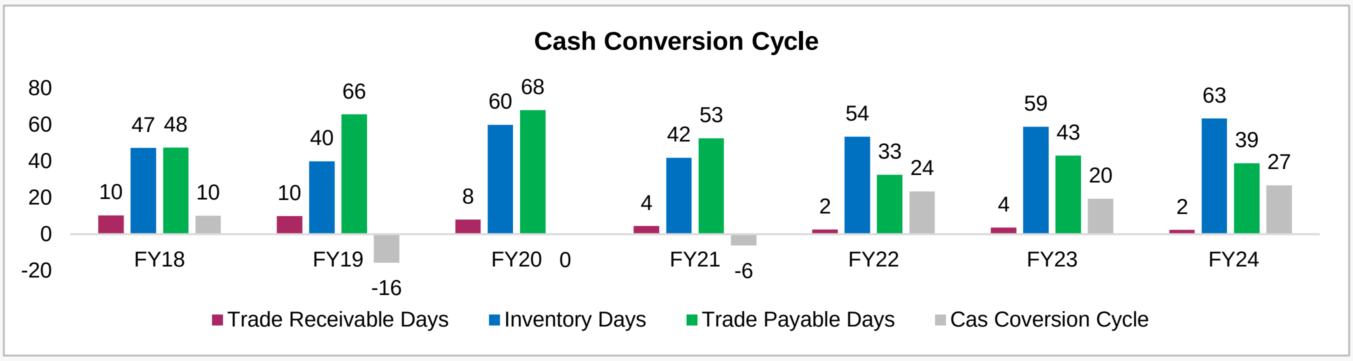
- The working capital intensity increased in FY24, with the cash conversion cycle rising to 27 days from 22 days in FY23. This change was due to higher inventory days, while debtor days were lower. During the year, the OCF to EBITDA ratio improved to 94% compared to 64% in FY23, driven by higher profitability.
- From FY19 to FY24, the company generated a total OCF of Rs 3,900 Cr, of which 27% (Rs 1,078 Cr) was allocated to its Capex program, reflecting a normal Capex intensity. While the CFO remained the primary source of funding, the company generated an FCF of Rs 2,123 Cr over the same period. The company utilized its OCF to reduce long-term debt, paying off Rs 1,069 Cr during this period after accounting for debt raised.

Cash Conversion Cycle

Particulars	FY23	FY24	Change	Comments/Analysis
Inventory Days	59	63	4	Inventory days increased owing to the higher procurement cost of fuel.
Trade Receivables	4	2	-2	Receivable days declined owing to better credit control.
Trade Payables	43	39	4	Trade payable days decreased on account of better terms with suppliers
Cash Conversion Cycle	20	27	7	Overall CCC increased by 7 days

Source: Company; Axis Securities Research

Exhibit 8: Cash Conversion Cycle

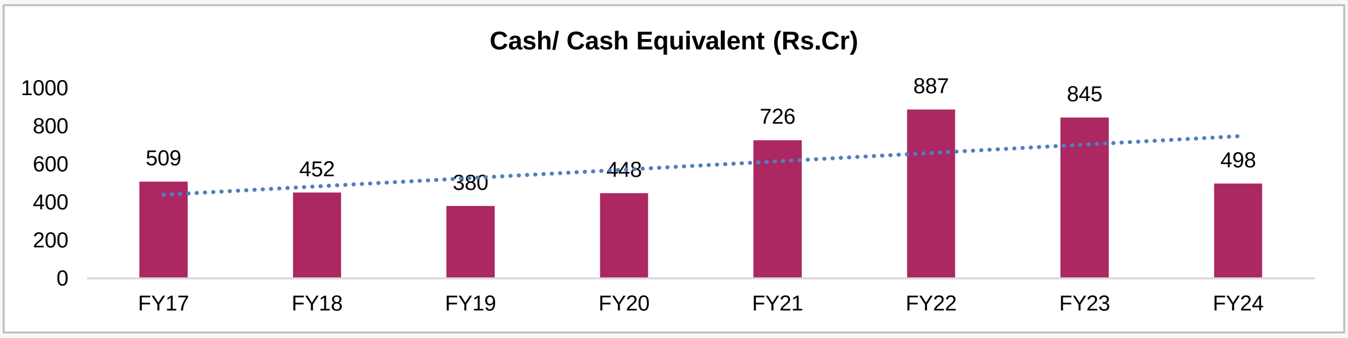


Source: Company, Axis Securities Research

Key Balance Sheet Takeaways (Cont...)

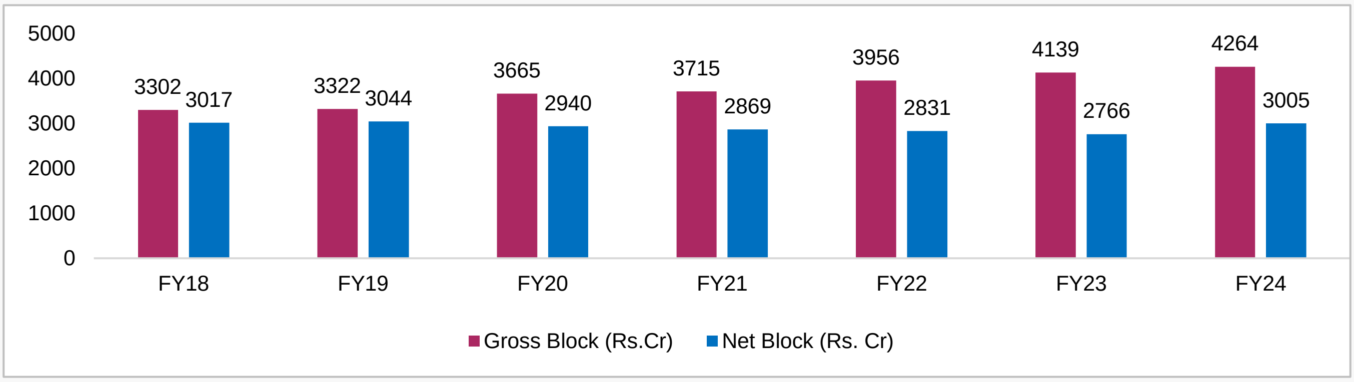
- **Debt Levels:** The company debt/equity stood at 0.30x against 0.4x in FY23 and Net debt/Equity increased to 0.13 owing to higher capex during the year.
- **Fixed capital formation:** Gross Fixed Capital Formation improved from Rs 4,101 Cr in FY23 to Rs 4,263 Cr in FY24, an improvement of 3% as the company incurred Capex on efficiency gains (WHRS PLANT) and others.
- **Capex plans:** On a standalone basis, the company envisage Capex in the range of Rs 700-Rs 800 Cr in FY25. In FY24, the company expended Rs 402 Cr in Capex towards new growth and maintenance capex.
- **Cash and liquidity position:** The company's liquidity position declined owing to higher capex requirements and investment in the right issue of subsidiary UCWL. The cash & cash equivalent stood at Rs 499 Cr as of 31st Mar'24 against Rs 845 Cr in FY24, down 41% YoY.

Exhibit 9: Cash & Cash Equivalent (Rs Cr)



Source: Company, Axis Securities Research

Exhibit 10: Gross & Net Block



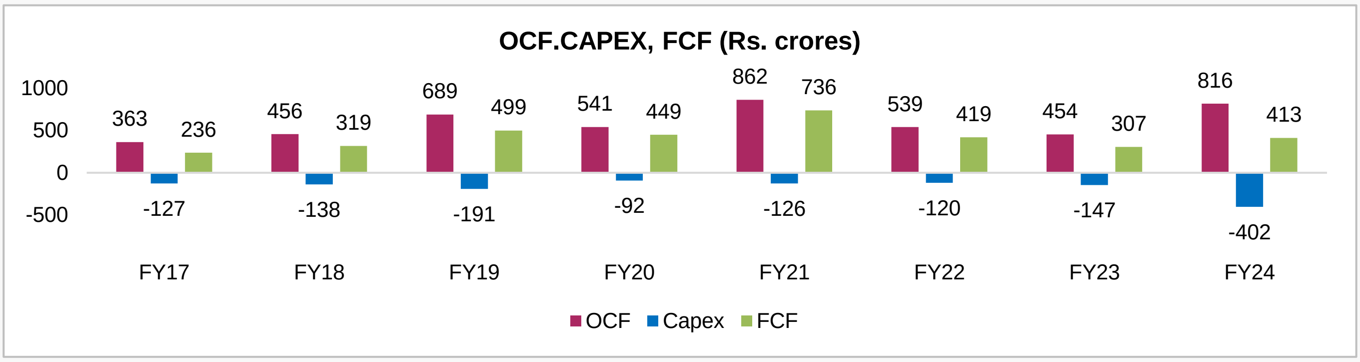
Source: Company, Axis Securities Research

Key Cash Flow Takeaways

Particulars (Rs Cr)	FY23	FY24	Change (%)	Comments/Analysis
PBT	481	645	34%	PBT was higher owing to higher profitability during the year.
Non-cash expenses				
Depreciation	193	195	0.7%	Depreciation is as per the policy of the company.
Finance Cost	91	87	-5	Finance costs were lower owing to the repayment of debt.
Others	-57	-65	-22	Higher due to the dividend received and other adjustments.
Working Capital Adjustments	-164	64	NA	Higher owing to increased CCC days
CFO	454	815	80%	Higher YoY owing to better profits during the year.
CFI	-48	-587	1100%	Higher as the company incurred new Capex and investment in the rights issue
CFF	-334	-279	16%	Lower on account of repayment
Capex	-146	-402	175%	Higher owing to increased Capex during the year
Free Cash Flow Generation	307	413	34%	Higher owing to better profitability during the year

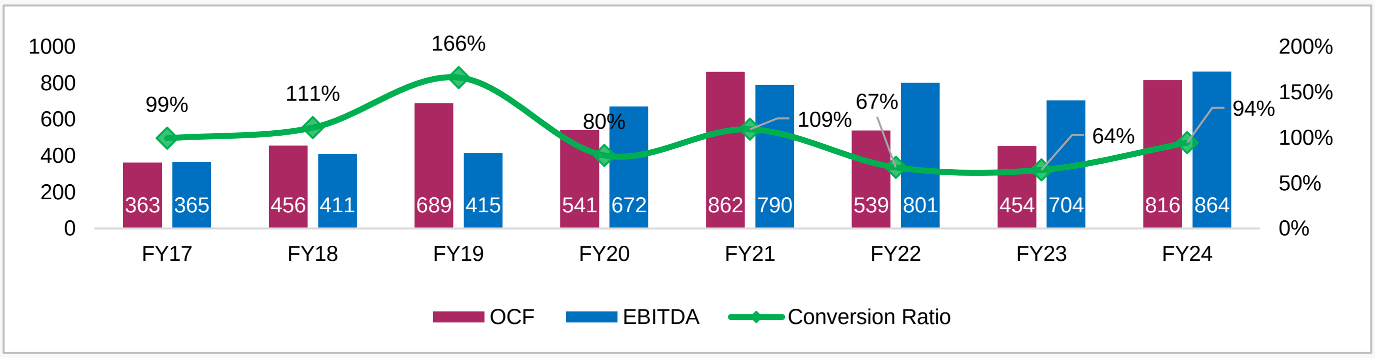
Source: Company; Axis Securities Research

Exhibit 11: OCF, Capex, FCF Trend (in Cr)



Source: Company, Axis Securities Research

Exhibit 12: OCF, EBITDA, and Conversion ratio trend (Cr)



Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Net sales	**6071**	**6320**	**6312**	**6994**
Other operating income	0	0	0	0
Total income	**6071**	**6320**	**6312**	**6994**
Raw Material	1582	1767	1839	1986
Power & Fuel	1544	1366	1149	1241
Freight & Forwarding	1209	1249	1229	1328
Employee benefit expenses	349	374	377	414
Other Expenses	683	700	740	814
EBITDA	**704**	**864**	**978**	**1211**
Other income	62	64	137	59
PBIDT	**767**	**928**	**1115**	**1271**
Depreciation	194	195	206	263
Interest & Fin Chg.	92	87	102	105
E/o income / (Expense)	0	0	0	0
Pre-tax profit	**481**	**646**	**807**	**903**
Tax provision	151	234	266	298
Minority Interests				
Associates	0	0	0	0
RPAT	**331**	**411**	**541**	**605**
Other Comprehensive Income	0	0	0	0
APAT after Comprehensive Income	**331**	**411**	**541**	**605**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Total assets	5211	5908	6544	7241
Net Block	2766	3005	3746	4392
CWIP	65	374	374	374
Investments	414	1181	1181	1181
Wkg. cap. (excl cash)	249	335	283	307
Cash / Bank balance	335	229	311	302
Misc. Assets	138	78	65	69
Capital employed	**5211**	**5908**	**6544**	**7241**
Equity capital	59	59	59	59
Reserves	2665	3023	3519	4080
Minority Interests	0	0	0	0
Borrowings	995	892	1042	1142
DefTax Liabilities	0	0	0	0
Other Liabilities and Provision	1493	1935	1924	1960

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Profit before tax	481	646	807	903
Depreciation	194	195	206	263
Interest Expenses	92	87	102	105
Non-operating/ EO item	-51	-60	-137	-59
Change in W/C	-164	65	51	-24
Income Tax	-91	-112	-266	-298
Operating Cash Flow	461	821	763	890
Capital Expenditure	-147	-402	-947	-909
Investments	30	206	125	0
Others	26	35	137	59
Investing Cash Flow	-91	-161	-685	-850
Borrowings	-188	-127	150	100
Interest Expenses	-87	-84	-102	-105
Dividend paid	-59	-67	-44	-44
Financing Cash Flow	-334	-279	4	-49
Change in Cash	36	382	82	-9
Opening Cash	67	139	89	171
Closing Cash	139	89	171	162

Source: Company, Axis Securities Research

Ratio Analysis

(%)

Y/E March	FY23	FY24	FY25E	FY26E
Operational Ratios				
Gross profit margin	28.6%	30.7%	33.2%	34.9%
EBITDA margin	11.6%	13.7%	15.5%	17.3%
PAT margin	5.4%	6.5%	8.6%	8.6%
Depreciation / G. block	5%	5%	4%	4%
Growth Indicator				
Sales growth	20%	4%	0%	11%
Volume growth	4%	1%	5%	9%
EBITDA growth	-12%	23%	13%	24%
PAT growth	-26%	24%	31%	12%
Efficiency Ratios				
Sales/Gross block (x)	1.5	1.5	1.2	1.1
Sales/Net block(x)	2.2	2.1	1.7	1.6
Working capital/Sales (%)	0.19	0.15	0.12	0.11
Valuation Ratios				
PE (x)	**28**	**24**	**19**	**17**
P/BV (x)	3.42	3.22	2.84	2.45
EV/Ebitda (x)	**13.4**	**12.0**	**11.0**	**8.9**
EV/Sales (x)	1.6	1.6	1.7	1.6
MCap/ Sales (x)	1.5	1.6	1.6	1.5
EV/Tonne $	88	95	98	78
Return Ratios	13	14	16	16
ROE	15	18	20	19
ROCE	20	21	22	21
ROIC				
Leverage Ratios				
Debt/equity (x)	0.37	0.29	0.29	0.28
Net debt/ Equity (x)	0.05	0.13	0.16	0.17
Net debt/Ebitda	0.21	0.46	0.60	0.57
Interest Coverage ratio (x)	6.3	8.4	8.9	9.6
Cash Flow Ratios				
OCF/Sales	7%	13%	12%	13%
OCF/Ebitda	64%	94%	78%	73%
OCF/Capital Employed	12%	19%	16%	16%
FCF/Sales	5%	7%	-3%	0%
AEPS (Rs)	28	35	46	51
AEPS Growth (%)	-26	24	31	12
CEPS (Rs)	45	52	63	74
DPS (Rs)	4	7	4	4

Source: Company, Axis Securities Research

JK Lakshmi Cement Price Chart and Recommendation History

Date	Reco	TP	Research
13-Feb-23	BUY	840	Result Update
23-May-23	BUY	720	Result Update
31-Jul-23	BUY	710	Result Update
11-Aug-23	BUY	710	AAA
07-Nov-23	BUY	880	Result Update
20-Dec-23	BUY	1,000	Company Update
14-Feb-24	BUY	1,000	Result Update
28-May-24	BUY	950	Result Update
02-Aug-24	BUY	950	Result Update
30-Aug-24	BUY	950	AAA

Source: Axis Securities Research

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