

# JK LAKSHMI CEMENT LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.721.60 (As on 24<sup>th</sup> Mar 2023)

TARGET PRICE : Rs.902.00

FACE VALUE : Rs.5

BSE CODE : 500380

NSE CODE : JKLAKSHMI







JK Lakshmi Cement Ltd. is a part of the prestigious JK Organisation. This eminent industrial house is over hundred and thirty-five years old and boasts operations in India and abroad with a leadership presence in the fields of tyre, cement, paper, power transmissions, sealing solutions, dairy products and textiles. The Company is a renowned and well-established name in the Indian Cement industry for four decades and have an annual turnover of over Rs 5000 crores. The Company has a formidable presence in Northern, Western and Eastern India's cement markets. JK Lakshmi Cement is the first cement manufacturer in India that introduced coloured bags, has a wide product portfolio catering to varied construction requirements with cement grades like OPC 43 & OPC 53, Blended Cement (PPC, PSC and composite Cement). With formidable cement brands like JK Lakshmi Cement, JK Lakshmi PRO+ Cement, Platinum Heavy Duty Cement, JKLC Sixer Cement and Super Sixer Weather Guard Cement, the Company offers impeccable quality products for discerning customers. It also introduced value added products such as JK Lakshmi Powermix-Ready Mix Concrete (RMC), JK LakshmiPlast- Gypsum Plaster and JK SmartBlox- Autoclaved Aerated Concrete Blocks (AAC Blocks).

Having started the Company in 1982, the Company has modern and fully computerised, integrated cement plants at Jaykaypuram, in the Sirohi district of Rajasthan, at Dabok, in the Udaipur district of Rajasthan (a subsidiary of the Company) and at Ahiwara, in the Durg district of Chhattisgarh. The Company also has four split location grinding units at - Kalol and Surat in Gujarat, Jhamri in the Jhajjar district of Haryana and Cuttack in Odisha. The combined capacity of the Company is 13.9 Million MT per annum.

With a wide network of over 400 cement dumps and more than 4000 channel partners, JK Lakshmi Cement brand enjoys a premium position in its markets and is recognised for its immaculate quality and services. A vast pool of highly trained & dedicated marketing and technical service team helps the Company to service its customers at their doorstep.

## ABOUT THE COMPANY

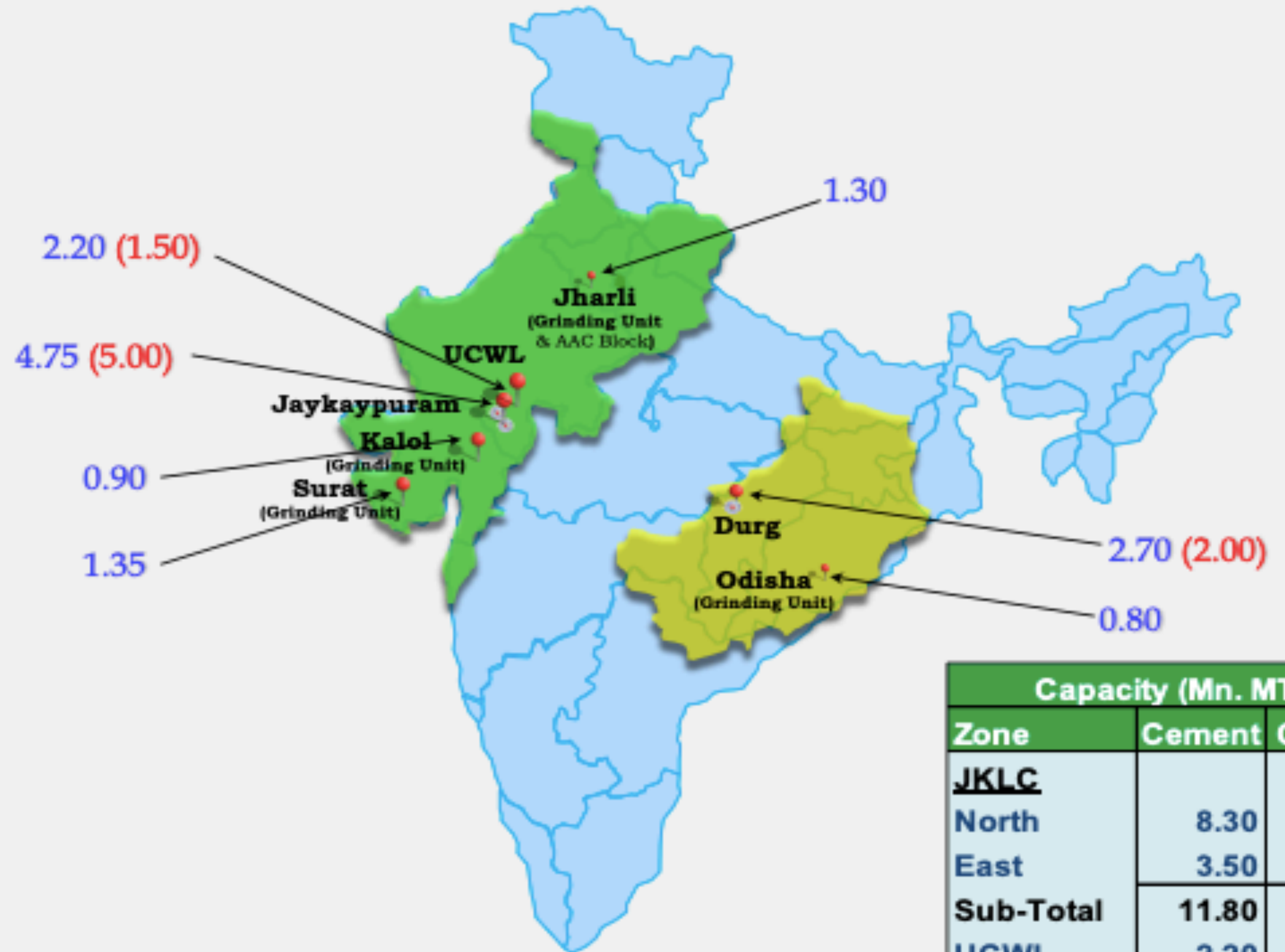


# JK Lakshmi Cement Overview





# JKLC & UCWL Plants - Cement/Clinker - Mn MT



Capacity (Mn. MT)		
Zone	Cement	Clinker
<b>JKLC</b>		
North	8.30	5.00
East	3.50	2.00
Sub-Total	11.80	7.00
<b>UCWL</b>	2.20	1.50
<b>Total</b>	<b>14.00</b>	<b>8.50</b>



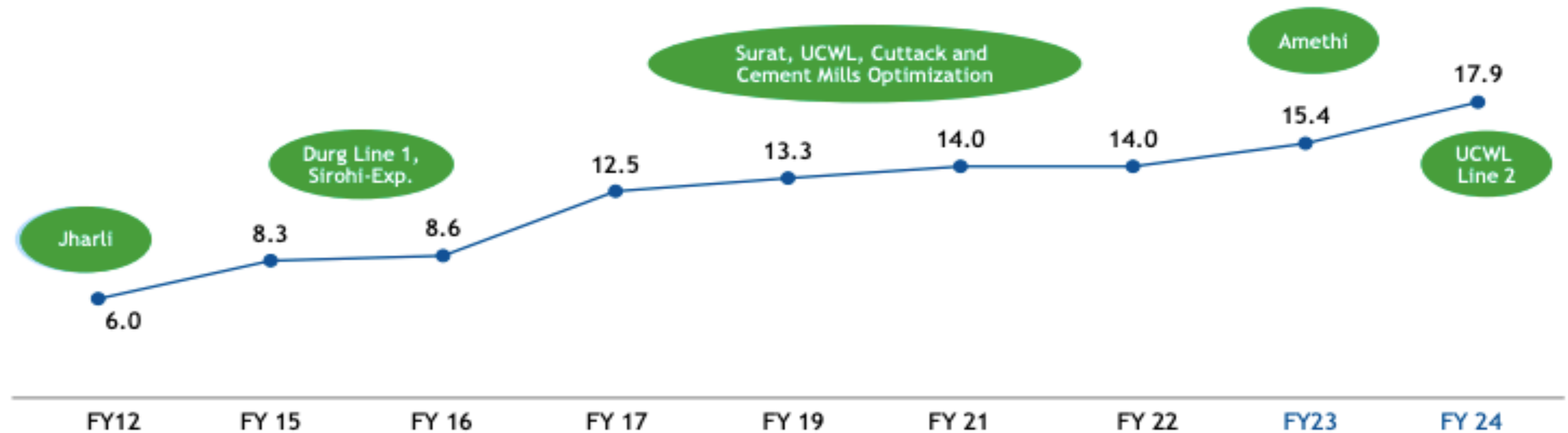
# J K Lakshmi Cement & Udaipur Cement Works - Product Portfolio





## Journey So Far & Expansion Plans JKLC & UCWL (Subsidiary)

Capacity in Million MTPA



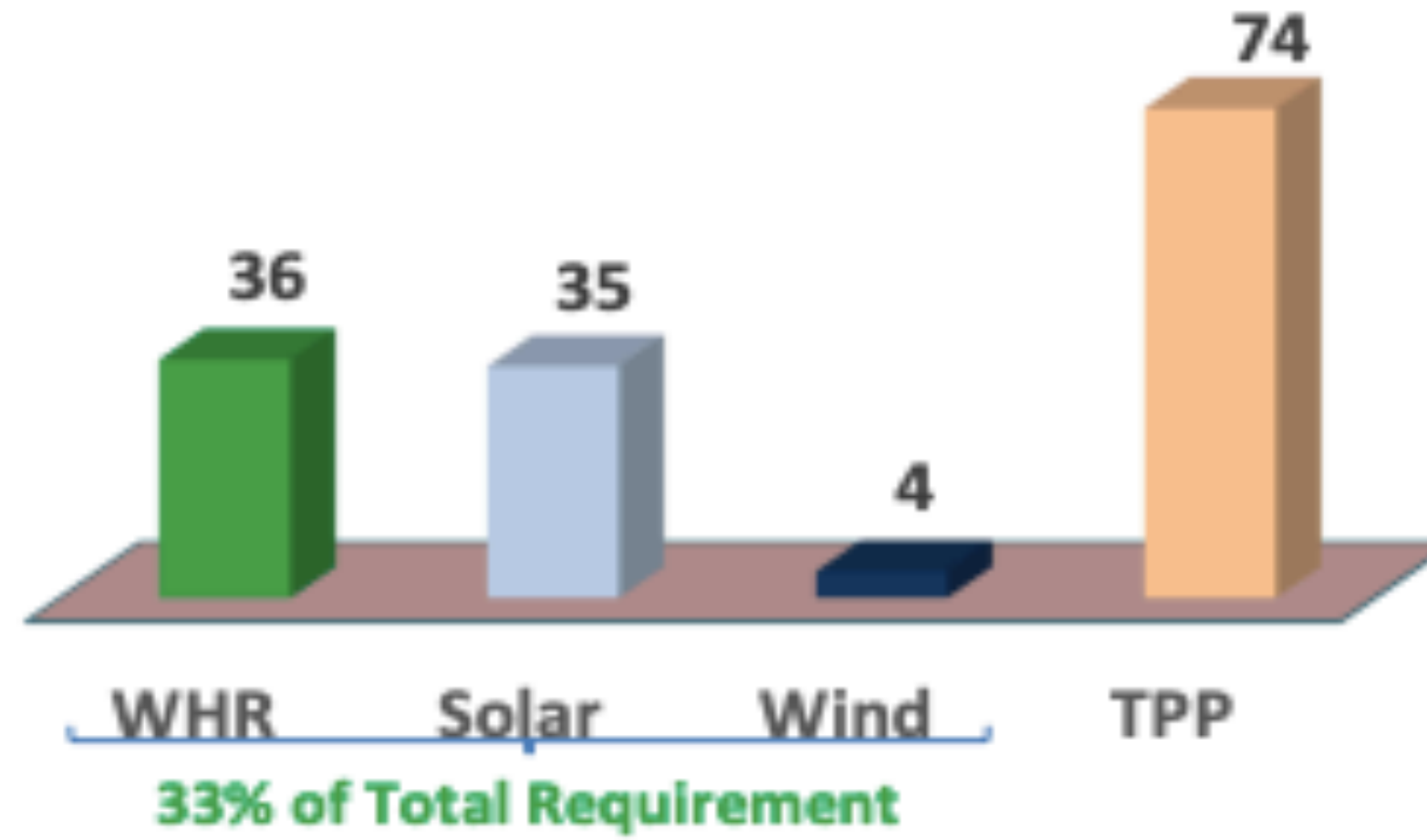


# Green Power

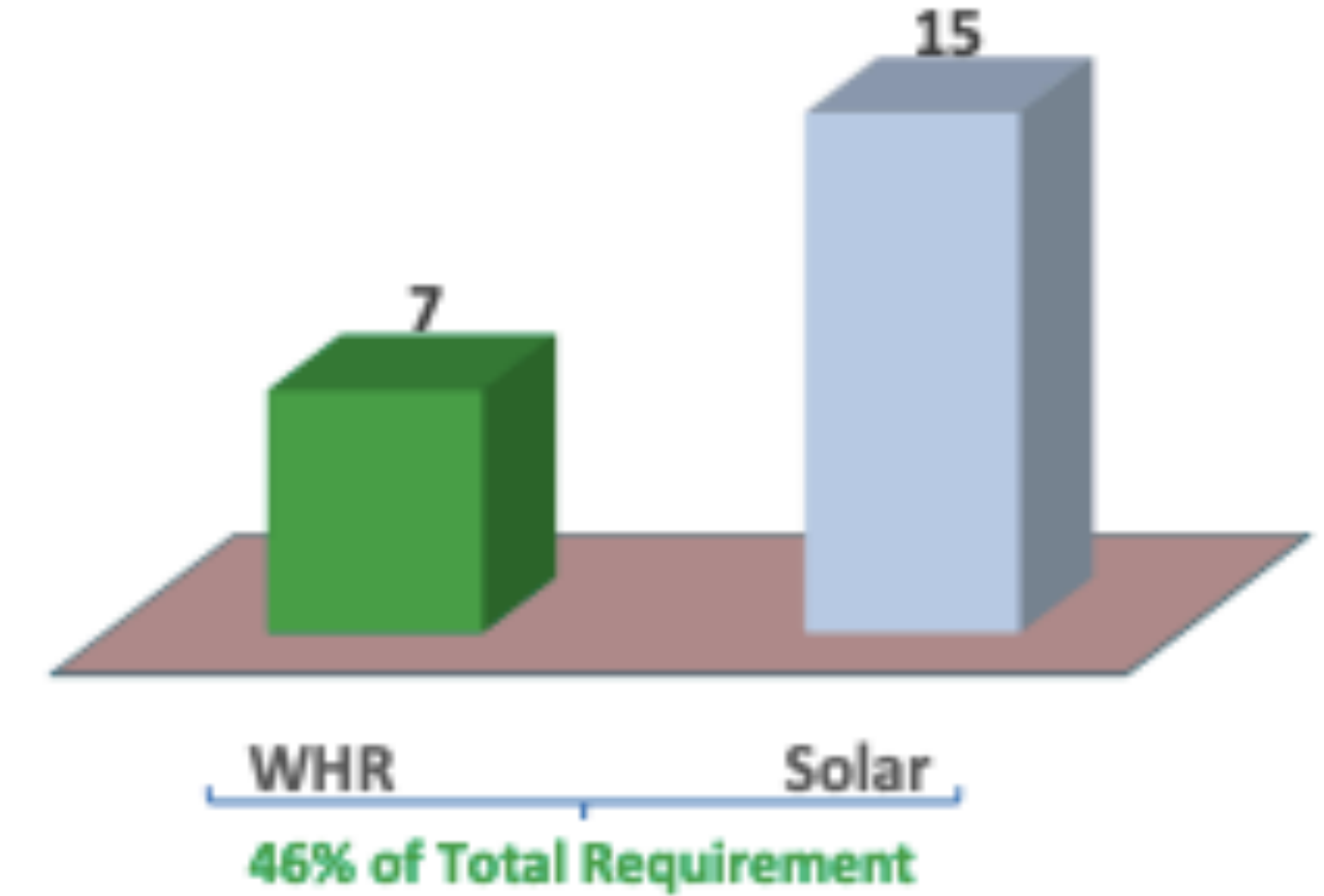


## Share of Renewable Energy in Total Installed Captive Power Capacity (MW) at JK Lakshmi Cement and UCWL

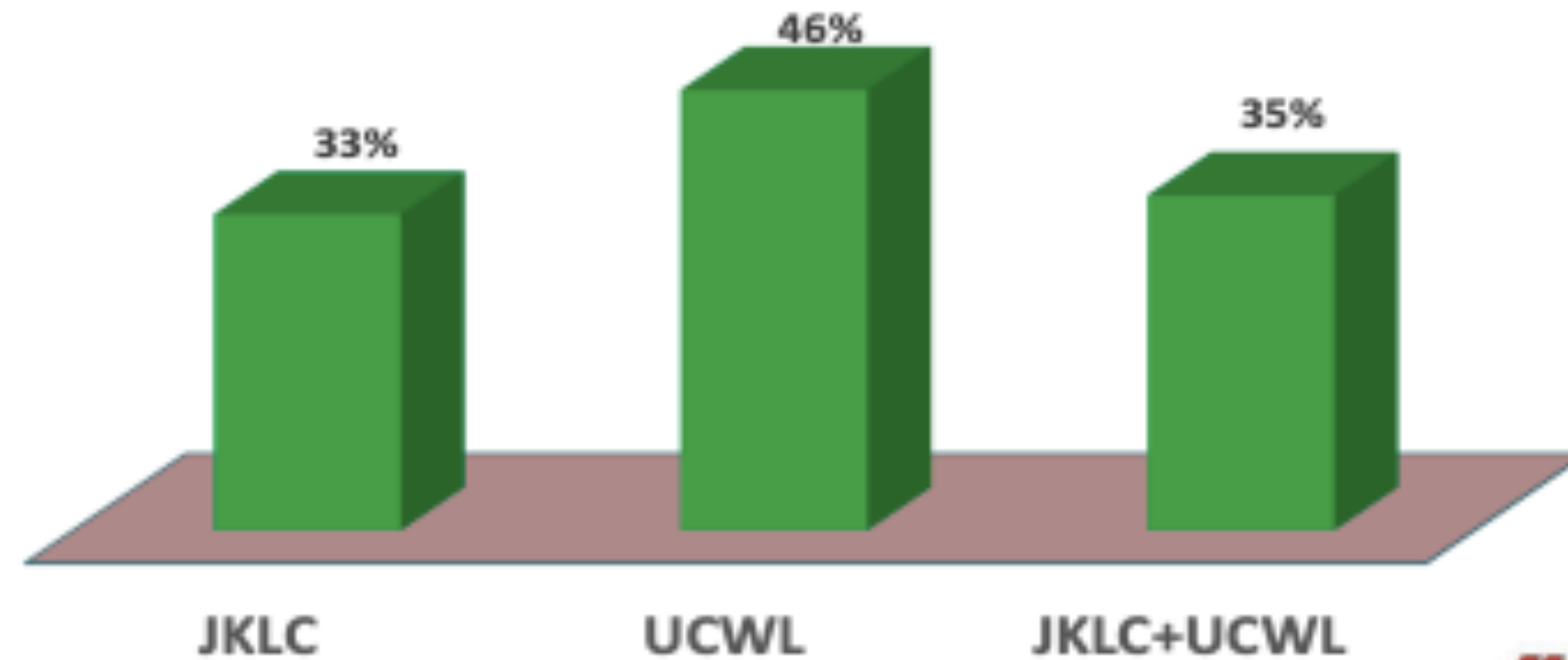
JKLC - Captive Power (149 MW)



UCWL - Captive Power (22 MW)



## Share of Green Energy in Total Power Requirement





# Increasing Thermal Substitution Rate



In FY22, JKLC has achieved a TSR% of 4.3%



To enhance the TSR%, we have ordered pre & co processing facilities



TSR% to be increased to 15% at JKLC FY 30



CAPEX

2.50 Mn. Ton  
Expansion Project  
at  
UCWL



Sl. No.	Particulars	Rs. Cr.
1	- Capacity - Clinker (Lac. Ton) - Capacity - Cement (Lac. Ton)	15.00 25.00
2	Project Cost	1650
3	Expected Commissioning	March'24

Sl. No.	Financing of Project	Rs. Cr.
1	- Internal Accrual - Rights Issue	150 400
2	Term Loan / ECBs	1100
3	Debt : Equity Ratio	2 : 1

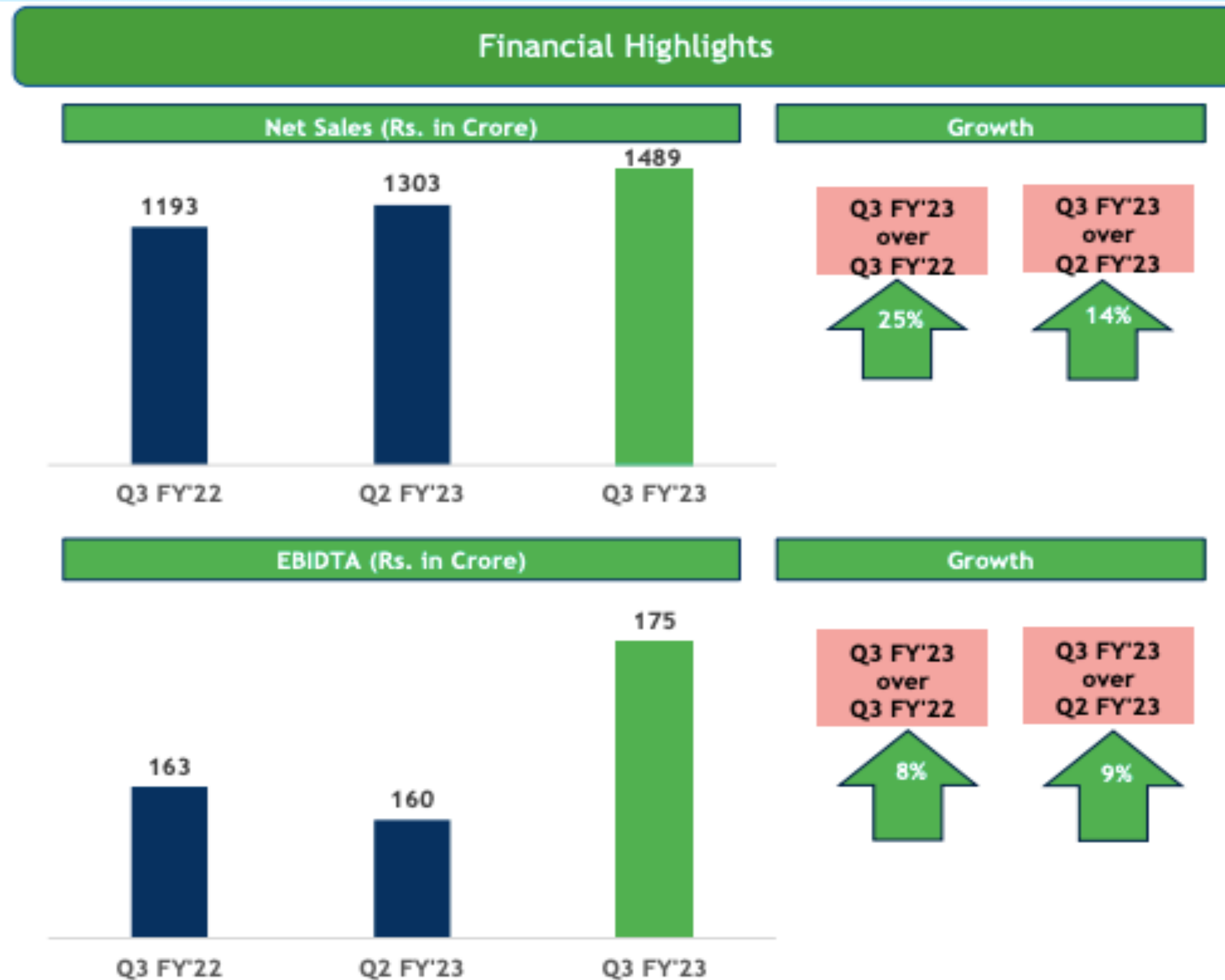


**JKLC**  
**Growth**  
**Q3 FY'23**





**JKLC**  
**Growth**  
**Q3 FY'23**





## Capacity Utilisation

Particulars	Apr.17 - Mar.18 (12M)	Apr.18 - Mar.19 (12M)	Apr.19 - Mar.20 (12M)	Apr.20 - Mar.21 (12M)	Apr.21 - Mar.22 (12M)	Apr.22 - Dec.22 (9M)
All India	64%	84%	78%	57%	64%	65%
North + Gujarat Zone	69%	75%	63%	52%	73%	71%
JK Lakshmi Cement - North/West	71%	81%	75%	77%	86%	83%
East Zone	67%	74%	63%	48%	67%	66%
JK Lakshmi Cement - East	83%	99%	77%	78%	72%	78%
JK Lakshmi Cement -Overall	74%	85%	75%	78%	82%	81%



## Way Forward - JKLC

- **Project for Capacity Expansion of 2.50 Mn. Ton at UCWL being implemented.**
- **Putting up Solar Power Plants at Sirohi, Durg & UCWL for further Power Cost reduction.**
- **Logistic Cost Optimization with Subsidiary UCWL.**
- **% of Premium Products continuously increase.**
- **Continuous deleveraging of Balance Sheet with Net Debt Equity at 0.08.**
- **Premium Cement sale to increase in all Markets.**
- **Introduction of Premium Brand Super SIXER.**



## Way Forward - JKLC


- The Company has deep penetration in rural markets.
- Short Term rating continues at **A1+ (highest possible rating) (CRISIL & CARE).**
- Long Term rating is 'AA' by CRISIL and CARE.
- Efficiency Parameters amongst best in Industry.
- One of the Least Cost Producer of Cement in Industry.
- Key Financial Ratios well within accepted Norms.
- Has Become a PAN India Player (Barring South) with a Capacity of 14 Mn. MT & would be about 17 Mn.MT by FY'25.



# Yearly Results

YEARLY RESULTS OF JK LAKSHMI CEMENT (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
Net Sales/Income from operations	5,419.89	4,727.44	4,364.07	4,316.31	3,748.36
Total Income From Operations	5,419.89	4,727.44	4,364.07	4,316.31	3,748.36
<b>EXPENDITURE</b>					
Consumption of Raw Materials	824.23	670.47	619.03	812.99	662.55
Purchase of Traded Goods	289.82	254.53	247.82	130.12	203.31
Increase/Decrease in Stocks	-44.63	69.07	-86.85	95.76	-41.89
Power & Fuel	1,289.31	923.29	984.23	1,074.73	917.34
Employees Cost	362.82	362.17	343.03	290.13	262.51
Depreciation	223.47	225.33	219.82	211.02	207.29
Other Expenses	1,747.63	1,509.33	1,458.76	1,458.97	1,312.77
P/L Before Other Inc., Int., Excpt. Items & Tax	727.24	713.25	578.23	242.59	224.48
Other Income	68.32	72.64	45.99	58.05	69.01
P/L Before Int., Excpt. Items & Tax	795.56	785.89	624.22	300.64	293.49
Interest	142.19	191.96	224.97	255.47	263.70
P/L Before Exceptional Items & Tax	653.37	593.93	399.25	45.17	29.79
Exceptional Items	-26.99	-37.85	-30.23	3.70	2.74
P/L Before Tax	626.38	556.08	369.02	48.87	32.53
Tax	148.76	134.94	116.05	8.21	-10.87
P/L After Tax from Ordinary Activities	477.62	421.14	252.97	40.66	43.40
Net Profit/(Loss) For the Period	477.62	421.14	252.97	40.66	43.40
Minority Interest	-14.02	-15.74	-4.90	10.67	11.98
Share Of P/L Of Associates	-0.04	-0.02	-0.03	-0.04	-0.04
Net P/L After M.I & Associates	463.56	405.38	248.04	51.29	55.34
Equity Share Capital	58.85	58.85	58.85	58.85	58.85
Reserves Excluding Revaluation Reserves	2,446.30	2,035.70	1,628.09	1,425.73	1,384.67
<b>EPS BEFORE EXTRA ORDINARY</b>					
Basic EPS	39.39	34.45	21.08	4.36	4.69
Diluted EPS	39.39	34.45	21.08	4.36	4.69
<b>EPS AFTER EXTRA ORDINARY</b>					
Basic EPS.	39.39	34.45	21.08	4.36	4.69
Diluted EPS.	39.39	34.45	21.08	4.36	4.69



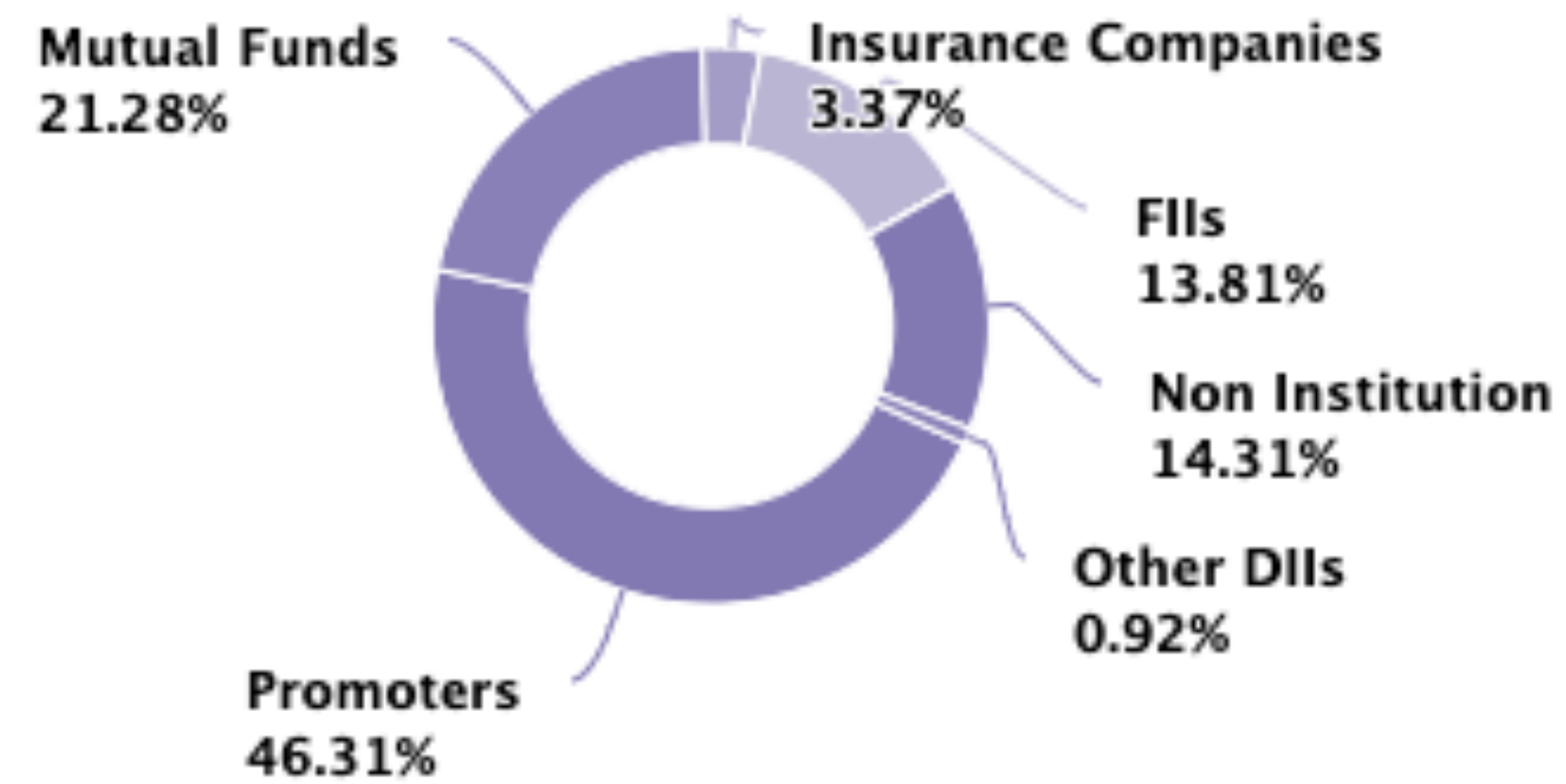

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Key Financial Ratios

KEY FINANCIAL RATIOS OF JK LAKSHMI CEMENT (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
PER SHARE RATIOS					
Basic EPS (Rs.)	39.39	34.45	21.08	4.36	4.69
Diluted EPS (Rs.)	39.39	34.45	21.08	4.36	4.69
Cash EPS (Rs.)	59.57	54.93	40.17	21.38	21.30
Book Value [ExclRevalReserve]/Share (Rs.)	215.11	179.04	143.08	125.49	122.75
Book Value [InclRevalReserve]/Share (Rs.)	215.11	179.04	143.08	125.49	122.75
Revenue from Operations/Share (Rs.)	460.48	401.65	370.78	366.72	318.47
PBDIT/Share (Rs.)	86.58	85.92	71.71	43.47	42.55
PBIT/Share (Rs.)	67.59	66.77	53.03	25.54	24.94
PBT/Share (Rs.)	53.22	47.25	31.35	4.15	2.76
Net Profit/Share (Rs.)	40.58	35.78	21.49	3.45	3.69
NP After MI And SOA / Share (Rs.)	39.38	34.44	21.07	4.35	4.69
PROFITABILITY RATIOS					
PBDIT Margin (%)	18.80	21.39	19.34	11.85	13.35
PBIT Margin (%)	14.67	16.62	14.30	6.96	7.82
PBT Margin (%)	11.55	11.76	8.45	1.13	0.86
Net Profit Margin (%)	8.81	8.90	5.79	0.94	1.15
NP After MI And SOA Margin (%)	8.55	8.57	5.68	1.18	1.47
Return on Networth/Equity (%)	18.50	19.35	14.70	3.45	3.82
Return on Capital Employed (%)	18.87	20.66	18.03	8.55	8.14
Return on Assets (%)	7.82	7.66	4.80	1.01	1.08
Total Debt/Equity (X)	0.74	0.61	0.87	1.16	1.57
Asset Turnover Ratio (%)	1.00	89.42	84.52	85.20	73.48
LIQUIDITY RATIOS					
Current Ratio (X)	1.14	1.00	0.74	0.65	0.72
Quick Ratio (X)	0.80	0.75	0.46	0.42	0.48
Inventory Turnover Ratio (X)	4.37	12.91	9.08	12.25	10.54
Dividend Payout Ratio (NP) (%)	9.51	0.00	18.58	0.00	0.00
Dividend Payout Ratio (CP) (%)	6.42	0.00	9.85	0.00	0.00
Earnings Retention Ratio (%)	90.49	0.00	81.42	0.00	0.00
Cash Earnings Retention Ratio (%)	93.58	0.00	90.15	0.00	0.00
COVERAGE RATIOS					
Interest Coverage Ratios (%)	7.17	4.09	2.77	1.18	1.11
Interest Coverage Ratios (Post Tax) (%)	7.17	4.09	2.77	1.18	1.11
VALUATION RATIOS					
Enterprise Value (Cr.)	6,860.47	6,001.45	3,736.81	5,793.67	7,705.17
EV/Net Operating Revenue (X)	1.27	1.27	0.86	1.34	2.06
EV/EBITDA (X)	6.73	5.93	4.43	11.32	15.39
MarketCap/Net Operating Revenue (X)	1.02	1.08	0.53	0.95	1.45
Retention Ratios (%)	90.48	0.00	81.41	0.00	0.00
Price/BV (X)	2.22	2.43	1.37	2.76	3.77
Price/Net Operating Revenue	1.02	1.08	0.53	0.95	1.45
Earnings Yield	0.08	0.08	0.11	0.01	0.01



## Shareholding Pattern an on Dec'22





# Summary

- ❖ With deliverance of robust performance in Q3 of FY'23, the Company's Net Sales grew up by 21.47% i.e. Rs.1561.74 crs in Dec'22 as compared to Rs.1285.68 crs in Dec'21. However, the Net Profits increased by 19.12% i.e. Rs.76.38 crs in Dec'22 versus Rs.64.12 crs in Dec'21.
- ❖ Considering fair valuations and fine fundamentals, the Company is available at a good price of Rs.721.60 with its 52 week low at Rs.366.25 and 52 week high at Rs.896.90.
- ❖ Since the Promoters are holding majority stake around 46.31% as well as its consistent performance, indicates that the Management is growth oriented.
- ❖ In Public Shareholding as on Dec'22, the FIIs and the Other DIIs collectively held 14.73% stake. Whilst, the Mutual Fund Houses own 21.28% holdings in the Company.
- ❖ JK Lakshmi Cement Ltd. is held by AXIS MF, HSBC MF, FRANKLIN TEMPLETON MF, DSP MF, ICICI PRU MF, ABSL MF, BANDHAN MF, CANARA ROBECO MF, EDELWEISS MF, NIPPON INDIA MF, MAHINDRA MANULIFE MF, INVESCO MF, BARODA BNP PARIBAS MF, BANK OF INDIA MF, ITI MF and a few more.
- ❖ On consolidated basis, Return on Equity (ROE) and Return on Capital Employed (ROCE) were registered around 18.50% & 18.87% respectively as on Mar'22.
- ❖ For the year ending Mar'22, JK Lakshmi Cement Ltd. has declared an equity dividend of 100.00% i.e. Rs.5.00 per equity share. The Company has a good dividend track report and has consistently declared dividends for the last 5 years.



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