



Company Details:

- One of the leading Cement companies in India with **11.8 MT** of standalone cement capacity and **7.0 MT** of clinker capacity across Rajasthan, Gujarat, Haryana, UP, Chhattisgarh and Odisha.
- Owns **75% stake in Udaipur Cement Works Ltd (UCWL)** which has **2.2 MT** of cement capacity and **1.5 MT** of clinker capacity in Rajasthan.
- **Outsourced** cement capacity of **1.5 MT** in Amethi (Uttar Pradesh).
- **Captive power generation capacity of 142.3 MW** which comprises of 74 MW of Thermal Power, 33.4 MW of WHRS, 30.9 MW of Solar and 4 MW of Wind power.

Strength:

- **Established market position** in Northern part of the country.
- Its plants are highly cost efficient making it **one of the lowest cost producers** in the cement industry.
- **Consistently operating at high utilization rates** of about 98% in case of clinker and over 70% in case of cement in last 5 years.
- **Strategic location of Plants** - close to its captive mines, aids in keeping input logistics costs lower.

Growth Drivers:

- Cement demand in India is expected to witness **sustainable annual growth** in the range of **6% - 8%** on the back of government backed infra spend and increased spend on both rural and urban housing.
- UCWL expanding its cement capacity by 2.5 MT and clinker capacity by 1.5 MT in Rajasthan.
- Post the completion of capacity expansion of UCWL, Company plans to further **increase its capacity to 30 MT by FY30** through mix of organic and inorganic expansions.
- Expecting to register **Ebitda/Tonne of Rs. 1,000 in FY25** by **improving operating efficiencies** through optimizing geo-mix, premiumization, logistics efficiencies.



Key Financial Highlights:

Rs. Cr	FY21	FY22	FY23
Sales Volume (Lac Tonnes)	104.50	111.99	118.15
Revenues from Operations	4,727.44	5,419.89	6,451.50
RM Cost	670.47	824.23	934.65
% to Sales	14.2%	15.2%	14.5%
Purchase of Stock in Trade	254.53	289.82	410.57
% to Sales	5.4%	5.3%	6.4%
Change in Inventories	69.07	(44.63)	(40.85)
% to Sales	1.5%	-0.8%	-0.6%
Employee Expenses	362.17	362.82	387.72
% to Sales	7.7%	6.7%	6.0%
Power & Fuel	923.29	1,289.31	1,893.46
% to Sales	19.5%	23.8%	29.3%
Freight & Forwarding Exp	925.35	1,099.41	1,258.21
% to Sales	19.6%	20.3%	19.5%
Other Expenses	583.98	648.22	769.03
% to Sales	12.4%	12.0%	11.9%
Ebitda	938.58	950.71	838.71
Ebitda Margins	19.9%	17.5%	13.0%
Ebitda/Tonne	898.16	848.92	709.87
Depreciation	225.33	223.47	228.33
Other Income	72.64	68.32	57.52
Finance Cost	191.96	142.19	133.40
Exceptional Gains/(Loss)	(37.85)	(26.99)	-
Share in Profit/(Loss) of Associate	(0.02)	(0.04)	(0.02)
PBT	556.06	626.34	534.48
Tax Expenses	134.94	148.76	165.37
Tax Rate	24.3%	23.8%	30.9%
PAT	421.12	477.58	369.11
- Owners	405.38	463.56	358.62
- Non-Controlling Interest	15.74	14.02	10.49
EPS - Diluted	34.45	39.39	30.48
Source: Company			



Rs. Cr	FY21	FY22	FY23
Networth	2,094.55	2,505.15	2,803.86
LT Debt	1,255.99	1,265.11	1,528.93
ST Debt	397.12	591.42	317.38
Capital Employed	<u>3,747.66</u>	<u>4,361.68</u>	<u>4,650.17</u>
Operating Cash Flow	1,031.83	679.96	634.23
Cash & Cash Equivalent	833.10	1,209.87	850.40
RoCE	20.0%	17.6%	14.4%
RoE	19.4%	18.5%	12.8%
M-Cap (Rs. Cr)			7,940
EV (Rs. Cr)			8,936
EV/Tonne (In Rs.)			5,803
EV/Tonne (In US\$)			70
Source: Company			

- Sales volume grew at a CAGR of 6.3% between FY21 – FY23 to touch 11.82 MT in FY23. However, operating revenues grew at a CAGR of 16.8% during FY21 – FY23.
- Ebitda/Tonne slipped from Rs. 898.16 in FY21 to Rs. 709.87 in FY23 due to sharp surge in Power & Fuel Cost on the back of increase in both Pet Coke and Coal prices.
- Despite cost related challenges, Company has been able to generate healthy operating cash flow which will enable it to fund the capex largely through internal accruals.
- Capital efficiency of the business is good despite commoditized nature of the business with company generating RoCE and RoE of 14.4% and 12.8% in FY23 which was impacted by sharp spike in input costs.



Capacity Expansion at UCWL:

- UCWL is setting up 1.5 MT clinker and 2.5 MT cement grinding capacity in two phases/ As part of 1st Phase, UCWL will set up 1.5 MT clinker unit and 1.5 MT cement grinding unit at Udaipur. Additionally, UCWL will be setting up 1.5 MT cement grinding unit at split location in Rajasthan under Phase 2.
- Total planned capex for this expansion is Rs. 1,650 cr.
- 1.5 MT clinker unit is expected to get commissioned in FY24 while cement grinding unit is expected to get commissioned in FY25.

Conclusion:

- Investments can be made in JK Lakshmi Cements considering the steady growth opportunity in cement demand in the country over the next few years on the back of housing demand and government's push for infrastructure development, ongoing capacity expansion, expectation of better operating performance on the back of cost optimization steps undertaken, its ability to consistently generate healthy operating cash flows, and attractive valuation with Company being available at EV/Ebitda of 10.7x which is cheaper than the similar sized Company like Birla Corporation Ltd (20.0 MTPA) which is available at EV/Ebitda of 17.5x.



Wellworth Share & Stock Broking Ltd

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159007/67159008 Fax: 022-67159090

www.wellworthgroup.co

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*Long Term Investments could range from 3-5 years.