

JK Lakshmi Cement

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | JKLC IN |
| Equity Shares (m) | 118 |
| M.Cap.(INRb)/(USDb) | 111.9 / 1.3 |
| 52-Week Range (INR) | 1021 / 661 |
| 1, 6, 12 Rel. Per (%) | 0/16/12 |
| 12M Avg Val (INR M) | 172 |

Financial Snapshot (INR b)

| Y/E Mar | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Sales | 67.5 | 73.5 | 80.8 |
| EBITDA | 11.8 | 14.2 | 16.0 |
| Adj. PAT | 5.2 | 6.3 | 6.3 |
| EBITDA Margin (%) | 17.4 | 19.3 | 19.8 |
| Adj. EPS (INR) | 44.3 | 53.6 | 53.7 |
| EPS Gr. (%) | 72.2 | 21.0 | 0.2 |
| BV/Sh. (INR) | 333 | 381 | 428 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.5 | 0.6 | 0.6 |
| RoE (%) | 14.1 | 15.0 | 13.3 |
| RoCE (%) | 10.8 | 11.3 | 10.2 |
| Payout (%) | 15.1 | 13.4 | 14.8 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 21.5 | 17.8 | 17.7 |
| P/BV (x) | 2.9 | 2.5 | 2.2 |
| EV/EBITDA(x) | 11.6 | 9.7 | 8.6 |
| EV/ton (USD) | 83 | 79 | 71 |
| Div. Yield (%) | 0.6 | 0.6 | 0.6 |
| FCF Yield (%) | 0.1 | -5.0 | 2.3 |

Shareholding pattern (%)

| As of | Jun-25 | Mar-25 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 46.3 | 46.3 | 46.3 |
| DII | 25.1 | 25.3 | 25.4 |
| FII | 12.8 | 12.1 | 11.3 |
| Others | 15.7 | 16.4 | 17.0 |

FII Includes depository receipts

CMP: INR951 TP: INR1,150 (+21%) Buy

EBITDA in line; reiterates capacity target of 30mtpa by FY30

Guides higher-than-industry volume growth for FY26E

- JK Lakshmi Cement (JKLC)'s 1QFY26 EBITDA was in line with our estimate, as the benefits of higher volume and lower opex/t were offset by lower-than-estimated realization. Consolidated EBITDA surged ~40% YoY to INR3.1b, and EBITDA/t increased ~27% YoY to INR936 (est. INR948). OPM surged 3.7pp YoY to ~18%. Adj. PAT increased ~63% YoY to INR1.5b (~19% above our estimates, led by lower depreciation and higher other income).
- Management highlighted that industry volume grew ~5%-6% YoY in 1QFY26. Cement prices have increased during the quarter in the South and East by ~6-9%, while in the North, Central, and West, prices were muted. JKLC guided its volume growth to be higher than the industry in FY26, aided by supplies in the new markets of Uttar Pradesh and eastern Madhya Pradesh. For Durg expansion, it is likely to start placing orders for equipment from 2QFY26 and expects Phase I commissioning by Mar'27 (almost a six-month delay from the initial expectation of Sep'26). The capex for the Durg expansion was also raised to INR30b (from INR25b) due to added equipment, including a railway siding at the split GU and a cost escalation.
- We retain our EBITDA estimates for FY26/27 and introduce our FY28E with this note. We cut our depreciation estimates for FY27 due to a delay in Durg expansion, which leads to ~10% surge in our FY27 PAT estimate. The stock is trading at 12.0x/10.0x FY26E/FY27E EV/EBITDA. We value the stock at 11x Jun'27E EV/EBITDA to arrive at our TP of INR1,150. **Reiterate BUY.**

Sales volume rises ~10% YoY; realization/t improves ~1% YoY

- Consolidated revenue/EBITDA/PAT stood at INR17.4b/INR3.1b/1.5b (up 11%/40%/63% YoY and up 5%/5%/19% vs. our estimates). Sales volume increased 10% YoY to 3.3mt (+6% vs. our estimates). Realization/t inched up 1% YoY (down 1% QoQ) to INR5,234/t (~1% below our estimates).
- Opex/t declined ~3% YoY (~1% below estimate), led by ~14% YoY decline in variable costs/t, while freight costs/employee costs/other expenses per ton increased 15%/11%/3% YoY. OPM surged 3.7pp YoY to ~18%, and EBITDA/t increased ~27% YoY to INR936 in 1QFY26. Depreciation/finance costs were up 8% YoY (each). Other income was up 70% YoY. ETR stood at 26.5% vs. 32.3% in 1QFY25.

Highlights from the management commentary

- Capacity utilization stood at 79% vs. 69%/84% in 1QFY25/4QFY25. In the East, it is operating at an optimum capacity. Trade sales share stood at 56% vs. 53%/60% YoY/QoQ. Premium cement at 23% vs. 27%/23% YoY/QoQ.
- Lead distance increased to 399km from 372km/393km in 1Q/4QFY25, led by serving in Uttar Pradesh markets, as the company will have its capacity in these markets in the next one and a half years.
- It expects a cost saving of INR100/t+ in the next 12-18 months through a combination of 1) higher green energy share (up to 52% vs. 49% currently), 2) increasing TSR, 3) manufacturing efficiency through AI-led initiatives, and 4) logistics optimization.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- JKLC has shown strong operating performance in 1QFY26, led by strong volume growth and cost control. While blended realization was muted due to subdued pricing in the North and West regions, the company delivered a resilient EBITDA/t of INR900+. Management believes it has realized synergies up to 80-90% post-merger of Udaipur Cement Works with JKLC, which helped the company report strong EBITDA/t. It is confident in achieving volume growth higher than the industry, aided by an expansion into newer markets where it is also adding capacity in the next one to two years.
- We estimate a CAGR of ~9%/23%/28% in revenue/EBITDA/PAT over FY25-28 and project an EBITDA/t of INR910/INR1,030/INR1,080 in FY26/FY27/FY28E vs. INR718 in FY26E. However, given the company's extensive capacity expansion plans, we estimate its net debt will rise to INR30b in FY28 from INR13.3b as of Jun'25. The net debt-to-EBITDA ratio is estimated to be at 1.9x in FY28E vs. 1.0x as of Jun'25 (TTM). The stock trades at 12x/10x FY26E/FY27E EV/EBITDA. We value JKLC at 11x Jun'27E EV/EBITDA to arrive at our TP of INR1,150. **Reiterate BUY.**

Quarterly performance (consolidated)

| (INR b) | | | | | | | | | | | | |
|------------------------------|-------|---------|--------|-------|-------|-------|-------|-------|--------|-------|-------|------|
| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26 | Var. |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | (%) |
| Sales Volumes (mt) | 3.02 | 2.48 | 3.03 | 3.60 | 3.33 | 2.73 | 3.16 | 3.72 | 12.13 | 12.93 | 3.13 | 6 |
| YoY Change (%) | (0.4) | (9.3) | 2.4 | 10.3 | 10.0 | 10.1 | 4.4 | 3.3 | 1.2 | 6.6 | 3.1 | |
| Net Sales | 15.6 | 12.3 | 15.0 | 19.0 | 17.4 | 14.1 | 16.5 | 19.5 | 61.9 | 67.5 | 16.6 | 5 |
| YoY Change (%) | (9.6) | (21.6) | (12.1) | 6.6 | 11.3 | 14.6 | 10.0 | 2.7 | (8.8) | 9.0 | 6.0 | |
| EBITDA | 2.2 | 0.9 | 2.0 | 3.5 | 3.1 | 2.1 | 2.9 | 3.7 | 8.6 | 11.8 | 3.0 | 5 |
| YoY Change (%) | 13.3 | (58.9) | (33.2) | 4.4 | 39.9 | 135.5 | 43.1 | 4.6 | (17.8) | 36.2 | 33.4 | |
| Margin (%) | 14.2 | 7.2 | 13.5 | 18.5 | 17.9 | 14.9 | 17.5 | 18.9 | 14.0 | 17.4 | 17.9 | (3) |
| Depreciation | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 3.0 | 3.2 | 0.8 | (5) |
| Interest | 0.5 | 0.4 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 1.8 | 2.1 | 0.5 | 11 |
| Other Income | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.5 | 0.6 | 0.1 | 81 |
| PBT before EO expense | 1.2 | (0.2) | 0.9 | 2.5 | 2.0 | 1.0 | 1.7 | 2.4 | 4.3 | 7.1 | 1.8 | 13 |
| Extra-Ord. expense | 0.4 | - | - | - | - | - | - | - | 0.4 | - | - | |
| PBT | 0.8 | (0.2) | 0.9 | 2.5 | 2.0 | 1.0 | 1.7 | 2.4 | 3.9 | 7.1 | 1.8 | 13 |
| Tax | 0.3 | (0.1) | 0.3 | 0.8 | 0.5 | 0.2 | 0.4 | 0.7 | 1.2 | 1.9 | 0.4 | |
| Prior period tax adj. | - | - | - | - | - | - | - | - | - | - | - | |
| Rate (%) | 32.3 | 46.2 | 29.7 | 31.7 | 26.5 | 22.5 | 22.5 | 30.8 | 30.7 | 26.5 | 23.8 | |
| Reported PAT | 0.5 | (0.1) | 0.6 | 1.7 | 1.5 | 0.7 | 1.3 | 1.7 | 2.7 | 5.2 | 1.4 | 9 |
| Minority Interest | (0.0) | 0.0 | 0.0 | (0.1) | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | 0.1 | |
| Adj. PAT | 0.9 | (0.1) | 0.6 | 1.8 | 1.5 | 0.7 | 1.3 | 1.7 | 3.1 | 5.2 | 1.3 | 19 |
| YoY Change (%) | 17.7 | (115.1) | NA | 11.9 | 62.6 | NM | 118.6 | (4.6) | (32.7) | 66.3 | 36.9 | |
| Per ton analysis (INR) | | | | | | | | | | | | |
| Net realization | 5,172 | 4,983 | 4,940 | 5,274 | 5,234 | 5,184 | 5,204 | 5,240 | 5,106 | 5,218 | 5,294 | (1) |
| RM Cost | 1,274 | 987 | 907 | 971 | 922 | 960 | 950 | 1,065 | 1,018 | 978 | 980 | (6) |
| Employee Expenses | 335 | 444 | 377 | 316 | 374 | 437 | 393 | 335 | 362 | 381 | 385 | (3) |
| Power, Oil, and Fuel | 1,132 | 1,295 | 1,157 | 1,086 | 1,137 | 1,110 | 1,095 | 1,061 | 1,158 | 1,099 | 1,125 | 1 |
| Freight and Handling Outward | 1,042 | 1,137 | 1,147 | 1,222 | 1,194 | 1,154 | 1,164 | 1,076 | 1,155 | 1,145 | 1,150 | 4 |
| Other Expenses | 653 | 760 | 686 | 703 | 672 | 752 | 690 | 715 | 699 | 706 | 733 | (8) |
| Total Expenses | 4,436 | 4,623 | 4,274 | 4,298 | 4,299 | 4,414 | 4,292 | 4,252 | 4,393 | 4,308 | 4,346 | (1) |
| EBITDA | 735 | 360 | 666 | 976 | 936 | 771 | 913 | 988 | 713 | 910 | 948 | (1) |

Source: Company, MOFSL



Highlights from the management commentary

Demand and pricing

- Industry-wide cement demand grew at ~5%–6% YoY in Q1FY26, with regional disparities. While South and East markets saw robust growth, North remained relatively flat. JKLC outperformed industry growth, supported by increased sales in new geographies, especially Eastern Uttar Pradesh and Central India, where seeding efforts and brand awareness initiatives began paying off.
- Volume growth was also aided by better clinker availability, with enhanced traction in Madhya Pradesh East and Maharashtra East, catered from the Durg plant.
- Prices in Q1FY26 were mixed, with South up ~8–9%, East up ~6–7%, while the North & West were relatively weaker, with West seeing some price dips. In the 2QFY26, pricing has remained broadly stable, though slight weakness was noted in non-trade segments in North and East.

Operational efficiency

- Operations in the East operated at near ~100% utilization, reflecting tight operational efficiency. Lead distance increased to 399km from 393km in 4QFY25. Blended cement share was ~63%.
- JKLC has already realized ~80%–90% of the operational synergies from the UCWL merger. Key brands from UCWL (Platinum Heavy Duty, Platinum Supremo) will be retained and integrated to improve channel reach and strengthen premium offerings.
- Premium product share was at ~23% of trade volume vs. 25% in 4QFY25, with a target of 27% in FY26.
- Non-cement revenue stood at INR1.45b, including RMC revenue of INR700m.
- Average fuel cost stood at INR1.50/kcal vs. INR1.53/INR Kcal in 4QFY25
- JKLC is reiterating its overall cost reduction of INR100-120/ton over 12-18 months through a combination of higher green energy usage, improved TSR, brand premiumization, and logistics optimization.
- Green power contribution currently stands at ~49% of the total power mix.

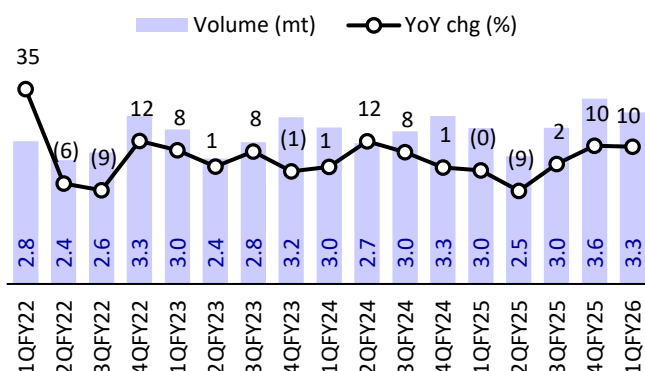
Capacity expansion and capex

- JKLC reiterated reaching its goal of 30mtpa by FY30. This expansion strategy is the upcoming project at Durg, which includes setting up a 2.3mt clinker unit and 4.6mt cement grinding capacity. The cement grinding capacity expansion will be distributed across four locations — Durg (Chhattisgarh), Madhubani (Bihar), Prayagraj (Uttar Pradesh), and Patratu (Jharkhand). The management expects the Durg clinker unit and the two grinding units at Durg and Madhubani (each) to be commissioned by Mar'27, while the Prayagraj and Patratu grinding units will be commissioned by FY28E. The project's cost estimate increased to INR30.0b vs. the previous estimate of INR25b, primarily due to the inclusion of additional equipment (including railway siding at split GU) and a cost escalation.
- The company is also reviving its Northeast expansion project, which will now be executed directly under it, instead of through its subsidiary, Agrani. JKLC has successfully obtained 100% ownership of two out of three limestone mines (totaling 250 mt of reserves) after the cancellation of an earlier MDO agreement. Project size and cost are still being finalized, with clarity expected by the next quarter.

- The expansions in Nagaur (Rajasthan) and Kutch (Gujarat) are underway. Both regions have significant limestone deposits, and the company is targeting ~3mt capacity each at these locations. In Nagaur, one mining lease has nearly completed the regulatory approval process, and land acquisition is underway. The second lease is in earlier stages, involving forest and land exchanges. In Kutch, public hearings are completed, environmental clearances are underway, and land rehabilitation activities have begun.
- The management provided guidance of INR15b in FY26, INR18b in FY27, and another INR15b in FY28, with the majority directed toward the Durg and Northeast projects. Cumulative capex on the Durg project alone is pegged at INR30b, while the remainder will be split among Northeast expansion, land acquisition in Nagaur and Kutch, and routine maintenance capex of INR700–800 annually. In 1QFY26, JKLC incurred a capex of INR1b, and management indicated it would raise INR10b crore in fresh debt during FY26 to fund this capex. Despite the ongoing heavy capital outlay, it maintains a net debt-to-EBITDA ratio of 1.5x, with a ceiling of 3x even during peak investment phases.

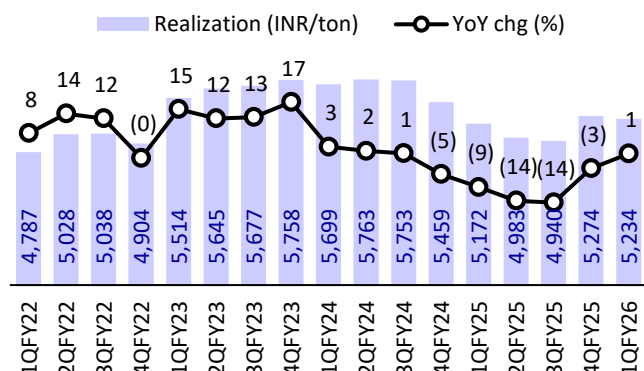
Story in charts

Exhibit 1: Sales volume (consolidated) increased 10% YoY



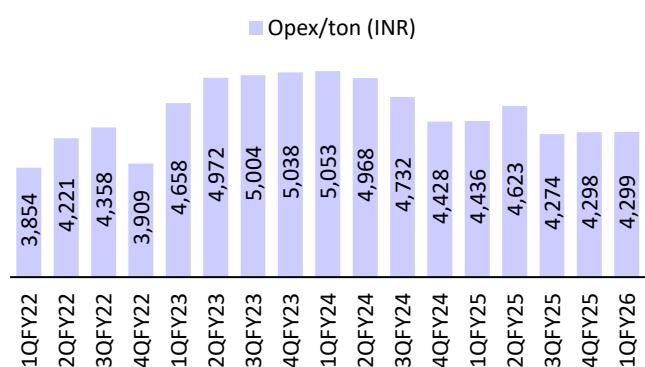
Source: Company, MOFSL

Exhibit 2: Blended realization was up 1% YoY



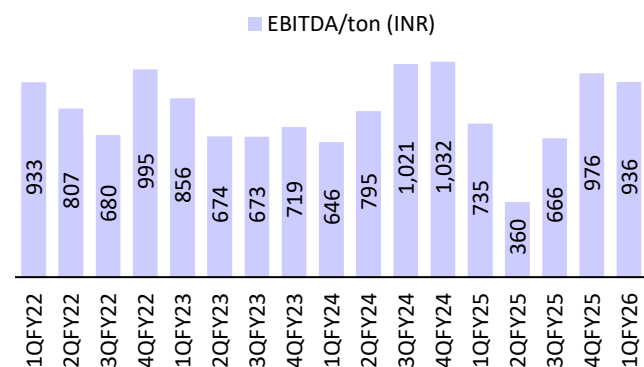
Source: Company, MOFSL

Exhibit 3: Opex/t declined 3% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was up 27% YoY



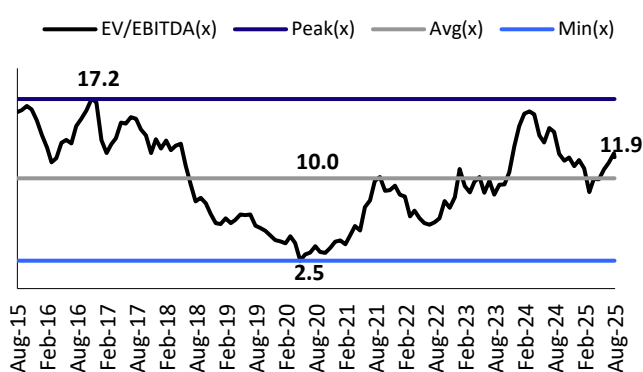
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

| INR/t | 1QFY26 | 1QFY25 | YoY (%) | 4QFY25 | QoQ (%) |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net realization | 5,234 | 5,172 | 1.2 | 5,274 | -0.8 |
| RM Cost | 922 | 1,274 | (27.7) | 971 | (5.0) |
| Employee Expenses | 374 | 335 | 11.5 | 316 | 18.2 |
| Power, Oil, and Fuel | 1,137 | 1,132 | 0.4 | 1,086 | 4.6 |
| Freight and Handling Outward | 1,194 | 1,042 | 14.6 | 1,222 | (2.3) |
| Other Expenses | 672 | 653 | 3.0 | 703 | (4.4) |
| Total Expenses | 4,299 | 4,436 | (3.1) | 4,298 | 0.0 |
| EBITDA | 936 | 735 | 27.2 | 976 | (4.1) |

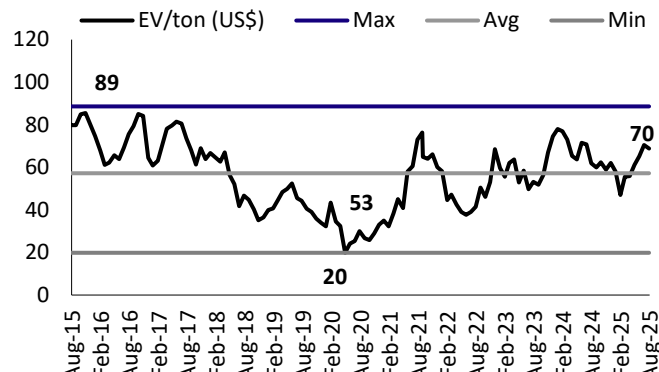
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Financials and valuations (consolidated)

| Income Statement | | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 47,274 | 54,199 | 64,515 | 67,885 | 61,926 | 67,496 | 73,508 | 80,821 |
| Change (%) | 8.3 | 14.6 | 19.0 | 5.2 | -8.8 | 9.0 | 8.9 | 9.9 |
| EBITDA | 9,386 | 9,507 | 8,387 | 10,522 | 8,646 | 11,776 | 14,179 | 16,017 |
| Margin (%) | 19.9 | 17.5 | 13.0 | 15.5 | 14.0 | 17.4 | 19.3 | 19.8 |
| Depreciation | 2,253 | 2,235 | 2,283 | 2,460 | 2,994 | 3,171 | 3,758 | 5,143 |
| EBIT | 7,133 | 7,272 | 6,104 | 8,062 | 5,652 | 8,604 | 10,421 | 10,873 |
| Int. and Finance Charges | 1,920 | 1,422 | 1,334 | 1,504 | 1,812 | 2,080 | 2,517 | 2,938 |
| Other Income – Rec. | 726 | 683 | 575 | 681 | 464 | 574 | 681 | 665 |
| PBT bef. EO Exp. | 5,939 | 6,534 | 5,345 | 7,239 | 4,304 | 7,099 | 8,585 | 8,600 |
| EO Expense/(Income) | 379 | 270 | 0 | -89 | 0 | 0 | 0 | 0 |
| PBT after EO Exp. | 5,561 | 6,264 | 5,345 | 7,328 | 4,304 | 7,099 | 8,585 | 8,600 |
| Total Tax | 1,349 | 1,488 | 1,654 | 2,446 | 1,278 | 1,881 | 2,275 | 2,279 |
| Tax Rate (%) | 24.3 | 23.7 | 30.9 | 33.4 | 29.7 | 26.5 | 26.5 | 26.5 |
| Reported PAT | 4,211 | 4,776 | 3,691 | 4,882 | 3,026 | 5,217 | 6,310 | 6,321 |
| Minority Interest | 157 | 140 | 105 | 163 | 34 | 6 | 6 | 6 |
| PAT Adj. for EO items and MI | 4,311 | 4,073 | 3,586 | 4,629 | 3,026 | 5,211 | 6,304 | 6,315 |
| Change (%) | 60.5 | -5.5 | -12.0 | 29.1 | -34.6 | 72.2 | 21.0 | 0.2 |
| Margin (%) | 9.1 | 7.5 | 5.6 | 6.8 | 4.9 | 7.7 | 8.6 | 7.8 |

| Balance Sheet | | | | | | | | (INR m) |
|--------------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Equity Share Capital | 589 | 589 | 589 | 589 | 589 | 589 | 589 | 589 |
| Total Reserves | 20,357 | 24,463 | 27,450 | 31,278 | 34,124 | 38,629 | 44,227 | 49,835 |
| Net Worth | 20,946 | 25,052 | 28,039 | 31,867 | 34,712 | 39,218 | 44,815 | 50,424 |
| Minority Interest | 128 | 267 | 370 | 1,704 | 1,841 | 1,847 | 1,853 | 1,858 |
| Deferred Liabilities | 68 | 531 | 1,327 | 2,651 | 2,921 | 2,921 | 2,921 | 2,921 |
| Total Loans | 16,531 | 18,565 | 18,463 | 20,249 | 25,272 | 26,245 | 34,645 | 37,045 |
| Capital Employed | 37,672 | 44,415 | 48,199 | 56,470 | 64,746 | 70,230 | 84,233 | 92,248 |
| Gross Block | 44,138 | 47,469 | 49,667 | 68,338 | 76,089 | 82,908 | 1,04,058 | 1,19,188 |
| Less: Accum. Deprn. | 11,748 | 13,992 | 16,275 | 18,734 | 21,729 | 24,914 | 28,687 | 33,845 |
| Net Fixed Assets | 32,390 | 33,477 | 33,392 | 49,604 | 54,360 | 57,994 | 75,372 | 85,344 |
| Capital WIP | 2,738 | 2,425 | 8,902 | 3,832 | 2,777 | 11,159 | 9,139 | 9,139 |
| Total Investments | 5,922 | 7,677 | 6,421 | 5,222 | 7,514 | 6,764 | 6,764 | 6,764 |
| Goodwill | 723 | 723 | 723 | 725 | 725 | 725 | 725 | 725 |
| Curr. Assets, Loans, and Adv. | 11,090 | 14,959 | 15,971 | 17,118 | 19,416 | 16,074 | 16,534 | 16,779 |
| Inventory | 3,662 | 5,810 | 8,416 | 9,912 | 8,648 | 8,469 | 8,253 | 9,010 |
| Account Receivables | 545 | 352 | 654 | 443 | 1,068 | 830 | 899 | 982 |
| Cash and Bank Balance | 3,719 | 5,729 | 3,390 | 2,673 | 1,969 | 977 | 514 | 1,890 |
| Loans and Advances | 3,164 | 3,068 | 3,511 | 4,090 | 7,730 | 5,799 | 6,868 | 4,898 |
| Curr. Liability and Prov. | 15,190 | 14,847 | 17,210 | 20,030 | 20,046 | 22,487 | 24,300 | 26,503 |
| Account Payables | 4,368 | 3,660 | 5,860 | 5,560 | 4,548 | 6,989 | 8,802 | 11,005 |
| Other Liabilities | 10,609 | 10,894 | 11,098 | 14,261 | 15,244 | 15,244 | 15,244 | 15,244 |
| Provisions | 212 | 293 | 252 | 209 | 254 | 254 | 254 | 254 |
| Net Current Assets | (4,100) | 112 | (1,239) | (2,913) | (630) | (6,413) | (7,767) | (9,724) |
| Appl. of Funds | 37,672 | 44,415 | 48,199 | 56,470 | 64,746 | 70,230 | 84,233 | 92,248 |

Source: Company, MOFSL estimates

Financials and valuations (consolidated)

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 36.6 | 34.6 | 30.5 | 39.3 | 25.7 | 44.3 | 53.6 | 53.7 |
| Cash EPS | 55.8 | 53.6 | 49.9 | 60.2 | 51.1 | 71.2 | 85.5 | 97.4 |
| BV/Share | 178.0 | 212.8 | 238.2 | 270.7 | 294.9 | 333.2 | 380.8 | 428.4 |
| DPS | 3.8 | 5.0 | 3.8 | 6.5 | 6.5 | 6.0 | 6.0 | 6.0 |
| Payout (%) | 12.1 | 13.8 | 13.3 | 18.0 | 20.6 | 15.1 | 13.4 | 14.8 |
| Valuation (x) | | | | | | | | |
| P/E | 26.0 | 27.5 | 31.2 | 24.2 | 37.0 | 21.5 | 17.8 | 17.7 |
| Cash P/E | 17.1 | 17.7 | 19.1 | 15.8 | 18.6 | 13.4 | 11.1 | 9.8 |
| P/BV | 5.3 | 4.5 | 4.0 | 3.5 | 3.2 | 2.9 | 2.5 | 2.2 |
| EV/Sales | 2.6 | 2.2 | 1.8 | 1.9 | 2.1 | 1.9 | 1.9 | 1.7 |
| EV/EBITDA | 13.1 | 12.7 | 14.1 | 12.1 | 15.2 | 11.6 | 9.7 | 8.6 |
| EV/t (USD) | 107 | 103 | 99 | 91 | 94 | 83 | 79 | 71 |
| Dividend Yield (%) | 0.4 | 0.5 | 0.4 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 |
| Return Ratios (%) | | | | | | | | |
| RoE | 22.8 | 17.7 | 13.5 | 15.5 | 9.1 | 14.1 | 15.0 | 13.3 |
| RoCE | 16.0 | 15.0 | 10.2 | 11.8 | 7.7 | 10.8 | 11.3 | 10.2 |
| RoIC | 17.2 | 17.4 | 11.6 | 14.0 | 9.4 | 12.5 | 12.6 | 11.2 |
| Working Capital Ratios | | | | | | | | |
| Asset Turnover (x) | 1.3 | 1.2 | 1.3 | 1.2 | 1.0 | 1.0 | 0.9 | 0.9 |
| Inventory (Days) | 28 | 39 | 48 | 53 | 51 | 46 | 41 | 41 |
| Debtor (Days) | 5 | 3 | 4 | 3 | 7 | 5 | 5 | 5 |
| Creditor (Days) | 34 | 25 | 33 | 30 | 27 | 38 | 44 | 50 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 0.7 | 1.0 | 0.9 | 0.9 | 1.0 | 0.7 | 0.7 | 0.6 |
| Interest Coverage Ratio | 3.7 | 5.1 | 4.6 | 5.4 | 3.1 | 4.1 | 4.1 | 3.7 |
| Debt/Equity ratio | 0.8 | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 | 0.8 | 0.7 |

Cash Flow Statement

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| OP/(Loss) before Tax | 5,939 | 6,534 | 5,345 | 7,325 | 4,298 | 7,098 | 8,585 | 8,600 |
| Depreciation | 2,253 | 2,235 | 2,283 | 2,460 | 2,994 | 3,186 | 3,773 | 5,158 |
| Interest and Finance Charges | 1,920 | 1,422 | 1,334 | 1,504 | 1,812 | 2,080 | 2,517 | 2,938 |
| Direct Taxes Paid | (871) | (888) | (909) | (1,126) | (338) | (1,881) | (2,275) | (2,279) |
| (Inc.)/Dec. in WC | 2,060 | (1,526) | (1,135) | (430) | (490) | 4,790 | 891 | 3,334 |
| CF from Operations | 11,301 | 7,776 | 6,918 | 9,733 | 8,276 | 15,273 | 13,490 | 17,750 |
| Others | (983) | (976) | (576) | (741) | (449) | - | - | - |
| CF from Operations incl. EO | 10,318 | 6,800 | 6,342 | 8,992 | 7,827 | 15,273 | 13,490 | 17,750 |
| (Inc.)/Dec. in FA | (1,661) | (3,661) | (7,320) | (10,060) | (6,524) | (15,202) | (19,130) | (15,130) |
| Free Cash Flow | 8,658 | 3,138 | (978) | (1,069) | 1,303 | 71 | (5,640) | 2,620 |
| (Pur.)/Sale of Investments | (2,678) | (3,264) | 4,070 | 818 | (5,445) | 750 | - | - |
| Others | - | 274 | 255 | 442 | 457 | - | - | - |
| CF from Investments | (4,339) | (6,651) | (2,995) | (8,800) | (11,512) | (14,452) | (19,130) | (15,130) |
| Issue of Shares | - | - | - | 931 | 880 | - | - | - |
| Inc.)/(Dec.) in Debt | (3,392) | 2,042 | (431) | 1,601 | 4,993 | 973 | 8,400 | 2,400 |
| Interest Paid | (2,130) | (1,401) | (1,505) | (2,033) | (1,965) | (2,080) | (2,517) | (2,938) |
| Dividend Paid | (5) | (443) | (587) | (674) | (532) | (706) | (706) | (706) |
| Others | - | (90) | (136) | (181) | (198) | - | - | - |
| CF from Fin. Activity | (5,526) | 108 | (2,658) | (356) | 3,178 | (1,813) | 5,177 | (1,244) |
| Inc./Dec. in Cash | 453 | 257 | 689 | (164) | (507) | (992) | (463) | 1,376 |
| Opening Balance | 30 | 484 | 2,701 | 2,837 | 2,476 | 1,969 | 977 | 514 |
| Closing Balance | 484 | 740 | 3,390 | 2,673 | 1,969 | 977 | 514 | 1,890 |

Source: Company, MOFSL estimates

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|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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