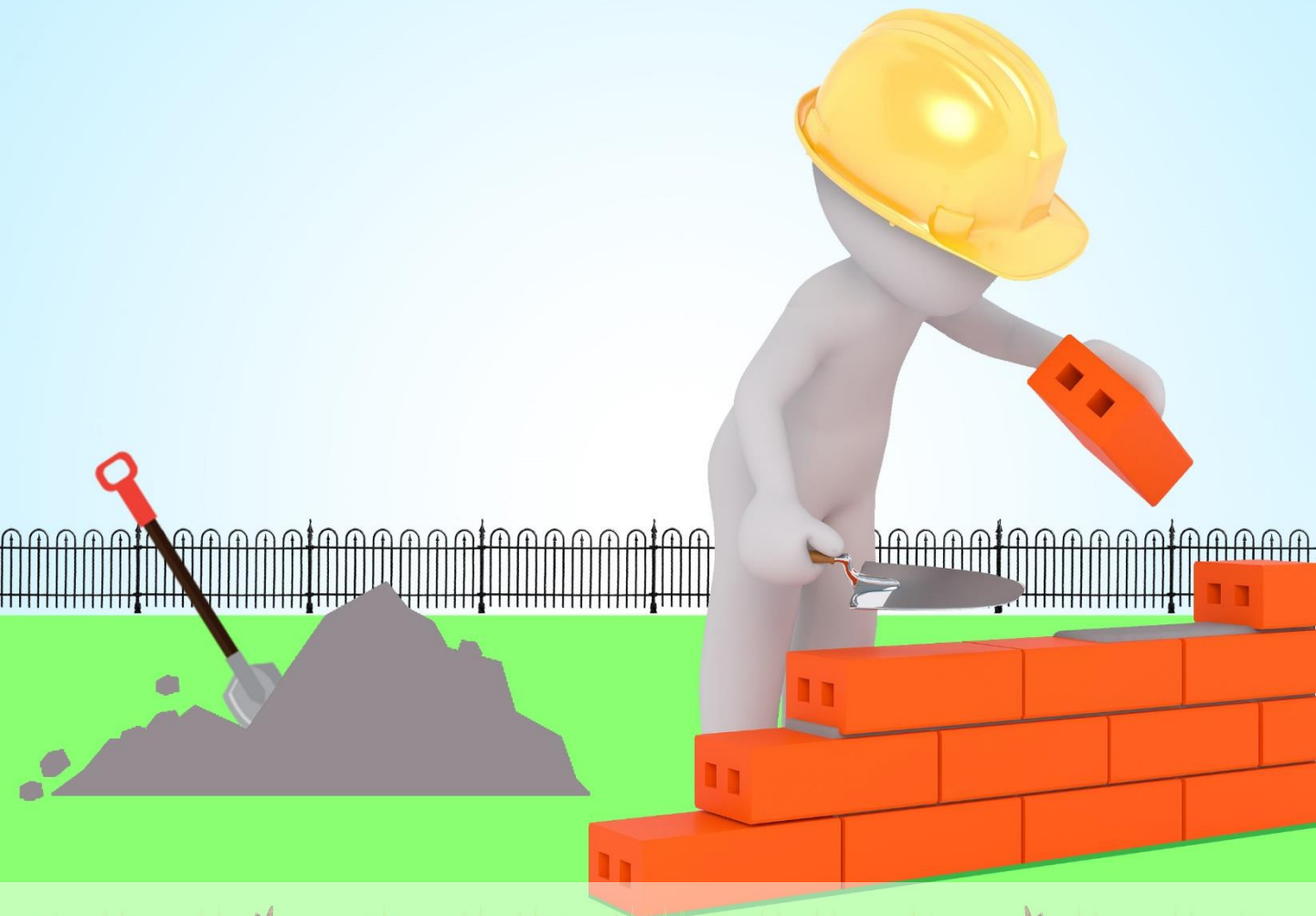


JK Cement Ltd.

Aspiring Pan-India Player



January 02, 2019

JK Cement

Capacity Expansion to tap demand growth

JK Cement Limited is adding 4.2mt of cement capacity through the brownfield route in the North region by FY20. Post expansion, we believe the company will have a higher presence in the adjoining states of Uttar Pradesh and Gujarat due to the setting up of grinding units in the states. We initiate coverage on the stock with a STRONG BUY at a target price of INR 859, valuing at an average of \$90 EV/Ton and 10x EV/EBITDA.

White cement performance continues to act as backbone

- Being the third largest producer of white cement in the world, the company has a significant proportion of its revenue (~33% in FY18) from this segment.
- Although white cement consumes higher power and raw materials, it commands significantly higher realization and EBITDA margin of 28-30% (with ~5x EBITDA/Ton of grey cement in FY18). Going forward, we believe the white cement business will act as a sustainable source of earnings with a growth of 7-8% between FY18-21E. Margins are expected to be stable due to the company's ability to pass through any hike in input costs.

One of the few mid cap companies with a diversified presence

- JKCL is one of the few mid-cap companies with a diversified presence across North, South and Central regions. This enables the company to focus more on regions with improving utilization levels, such as the Northern region.

4.2mt capacity expansion to solidify market share in North

- The company has initiated a capacity expansion of 4.2mt, which includes a 7500 TPD clinker unit and 1mt grinding unit each at Nimbahera and Mangrol (through the brownfield route) as well as a grinding unit of 1.5mt in Aligarh, UP and 0.7mt in Balsinor, Gujarat.

Valuations

We expect JKCL to report a revenue CAGR of 6.2% over FY18-21E to achieve INR 6018cr of net sales in FY21E. This is mainly driven by a grey cement volume CAGR of 7.8% on the back of capacity addition and consolidation of its presence in the North. We estimate contribution of white cement to the top-line to remain the same. EBITDA is expected to grow at a CAGR of 5.9% with margins improvement led by savings in logistics cost (post commissioning of GU) and P&F cost (post commissioning of 13MW WHRS). At CMP of INR 719/share, JKCL trades at an EV/EBITDA of 8.7x on FY21E earnings and an EV/Ton of \$80 on FY21E capacity (14.7mt). We value JKCL's present capacity of 10.5mt at EV/Ton of \$90 (asset-based) and EV/EBITDA at 10x (earnings-based) to reach at an average target price of INR 859/share, giving a potential upside of 19.4%.

Particulars (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	4654.0	5020.5	5168.7	5542.5	6018.5
Growth	6.5%	7.9%	3.0%	7.2%	8.6%
EBITDA	726.1	787.5	786.0	851.4	936.4
Growth	32.9%	8.4%	-0.2%	8.3%	10.0%
PAT	172.0	285.6	224.8	219.7	294.0
Growth	213.6%	66.1%	-21.3%	-2.3%	33.8%
EBITDA Margin(%)	15.6%	15.7%	15.2%	15.4%	15.6%
PAT Margin(%)	3.7%	5.7%	4.4%	4.0%	4.9%
EPS	24.6	40.8	31.1	30.4	40.7
P/E	30.4	25.0	26.3	23.6	17.7
EV/EBITDA	11.2	12.1	10.8	9.8	8.7
EV/Ton	115.6	130.1	114.0	112.7	80.0

Source: Company, NSPL Research

* Read last page for disclaimer & rating rationale

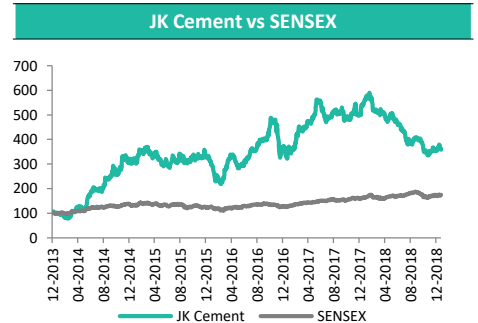
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STRONG BUY*

Downside Scenario	Current Price	Price Target	Upside Scenario
	719	859	
		19.4%▲	

Market Data			
Industry	Cement		
Sensex	36198		
Nifty	10869		
Bloomberg Code	JKCE:IN		
Eq. Cap. (INR Crores)	72.2		
Face Value (INR)	10		
52-w H/L	649/1195		
Market Cap (INR Crores)	5038		
Valuation Data			
	FY18	FY19E	FY20E
P/E (x)	25.0	26.3	23.6
EV/EBITDA(x)	12.1	10.8	9.8
EV/Ton(x)	130.1	114.0	112.7



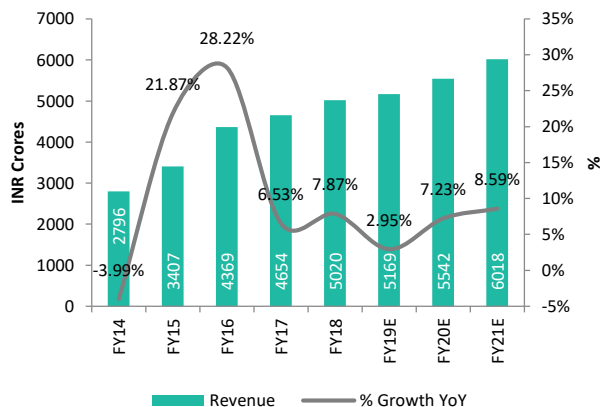
Shareholding Pattern (in %)			
	Sep'18	Jun'18	Sep'17
Promoters	64.16	64.16	64.16
FIIIs	10.68	9.95	11.2
DIIIs	16.65	17.17	16.35
Retail	8.51	8.72	8.29
Total	100.0	100.0	100.0

Revenue Growth CAGR FY18-FY21E : 6.2%	EBITDA Growth CAGR FY18-FY21E : 5.9%	PAT Growth CAGR FY18-FY21E : 1%
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Investment Rationale

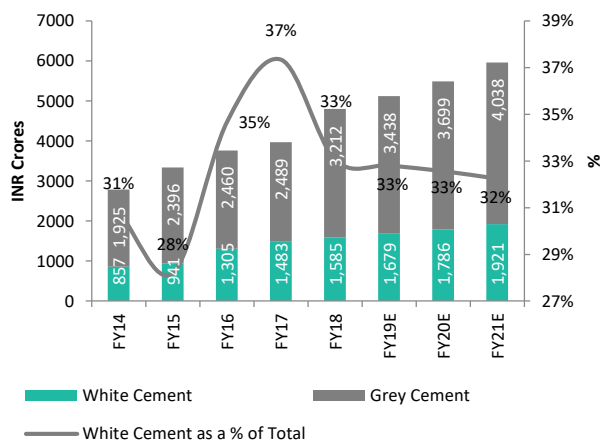
Strong revenue growth expected going ahead



Capacity Expansion on track to maintain market share

- JKCL is undergoing a capacity expansion of 4.2mt in the northern region. This entails a brownfield expansion of its integrated facilities at Nimbahera and Mangrol in Rajasthan (1mt each) as well as grinding units of 1.5mt at Aligarh, UP and 0.7mt at Balsinor, Gujarat. The overall capital expenditure for the projects is estimated at INR 2000cr which will be funded mainly through internal accruals and a small portion through debt over a span of 2 years. The project is on track and the capacities are expected to be commissioned in phases (Nimbahera GU by Q1FY20, Mangrol GU by Q2FY20, Mangrol clinker unit and Aligarh GU by Q3FY20 and the Gujarat GU by Q4FY20).
- The Gujarat GU is expected to further increase its presence in the Western markets which can improve its realization by INR200-300/ton.
- This expansion will also enable the company to partially offset a dip in its market share in Rajasthan, due to the ramp up of Binani assets by Ultratech (leading to supply pressure in the near term).
- The company also commissioned an additional line of white-cement based wall putty of 0.2mt in Katni, Madhya Pradesh in FY19, leading to a total capacity of 0.9mt.

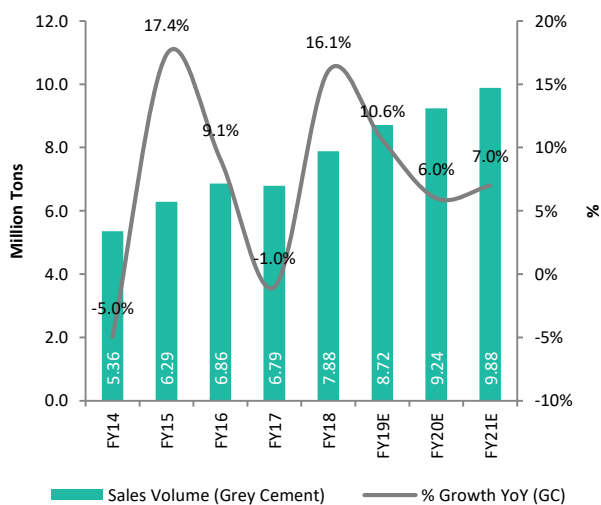
Revenue share of white cement to remain largely constant



White cement segment to continue to act as pillar for volatile grey cement business

- White cement is similar to grey cement in all aspects, except for its high degree of whiteness. This is mainly used for prestige construction projects and for decorative purposes. White cement is combined with inorganic pigments to manufacture bright coloured concretes and mortars.

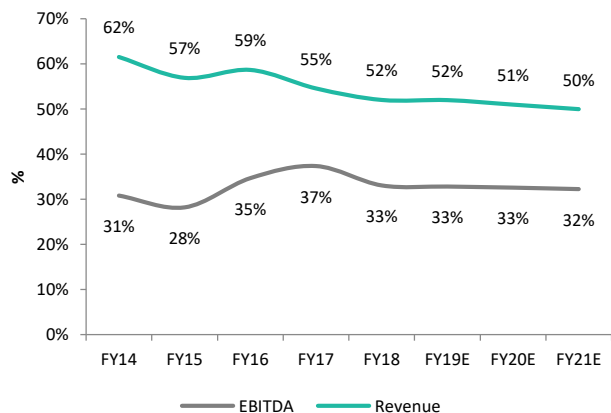
Consolidated Sales Volume (White and Grey Cement)



Source: Company, NSPL Research

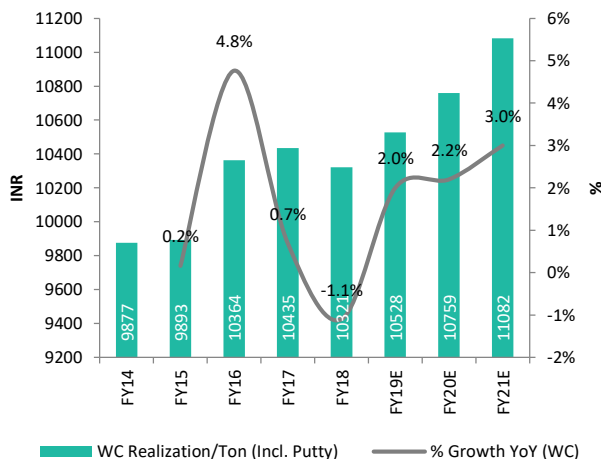
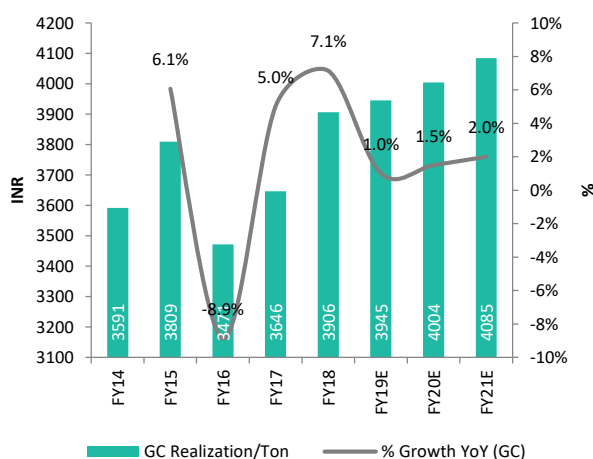


Contribution of White Cement to Revenue and EBITDA

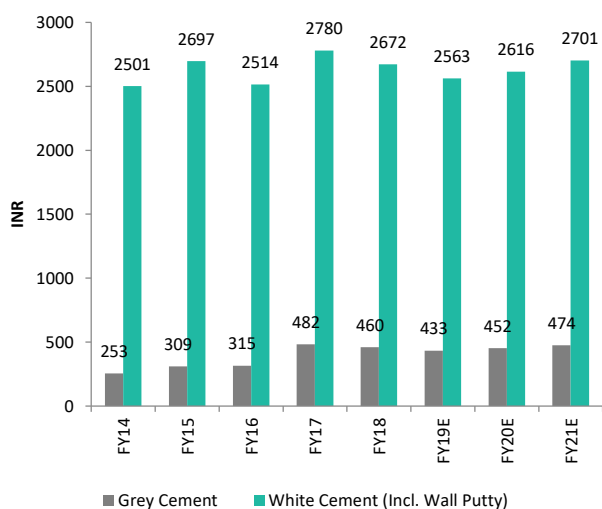


- Since obtaining this whiteness requires a comprehensive modification to the manufacturing process, the cost of manufacturing (including power and fuel costs) is higher which in turn leads to a higher realization for the product.
- JK Cement, being the second largest white cement producer in the country, achieves significant pricing power due to the limited number of substitutes available. JKCL is also the second largest wall putty producer in India with an installed capacity of 0.9mt.
- This segment will offset the volatility of the grey cement business (volatile due to higher competitive intensity, low pricing power). To improve pricing power of grey cement and in turn EBITDA, the company has also taken efforts to improve the trade mix, at the expense of reduction in market share. The trade mix as of Q2FY19 stood at 72% vs 65% in Q2FY18 and the company aims to reduce the price gap between trade and non-trade segments.

Higher mix of premium products and trade sales to improve realization



EBITDA/Ton of Product Segments



Foray into the lucrative central region post FY21

- JKCL is also planning to enter the central region post its Northern expansion, through a 3mt greenfield integrated cement unit at Panna, MP. The mining lease and environment clearance has been received and the estimated capex for the same is INR 1750-2000cr. The project is expected to begin post FY21.
- This is expected to boost the realization and in turn EBITDA/Ton for the company as the region has a favourable demand-supply gap with the top companies having utilization levels in the range of 85%-90%.
- This expansion will also make JK Cement a pan-India player with plants in North, Central and South India. Through these plants, the company now caters to demand across all regions except East (company has GU in West India)

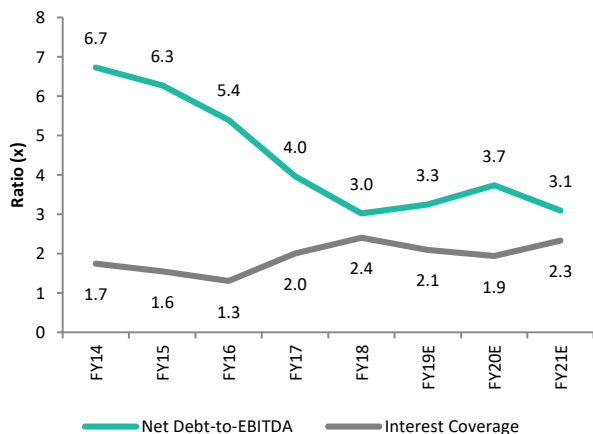
Premiumization to further aid realization

- The company recently launched a premium brand of grey cement called "JK Super Strong Cement" in South India

Source: Company, NSPL Research



JKCL expected to reduce leverage post expansion by FY21E



- The product is priced INR~20-25 more than the traditional product and is expected to be introduced in the North as well, thus further improving realization.

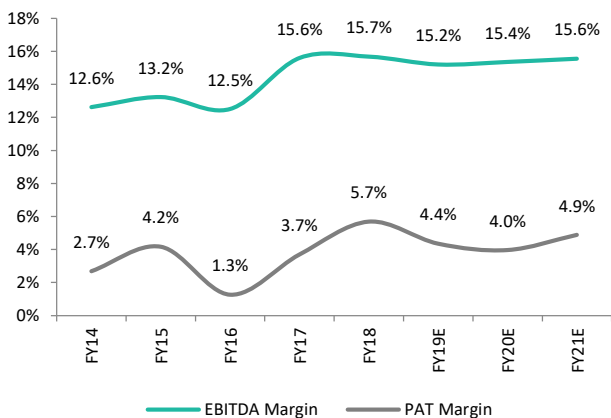
Leverage to taper post commissioning of capacities

- JKCL has reduced gross debt from INR 3320cr at the end of FY16 to INR 2940cr at the end of FY18. The company has recently raised debt to the tune of ~INR 1300cr for its expansion.
- Post the expansion, the company is expected to generate a FCF of ~INR 665cr which will partially be used for the repayment of debt. Net debt-to-EBITDA and net debt-to-equity is expected to reduce to 3.1x and 1x respectively.
- ROCE and ROE are also expected to increase considerably post expansion.

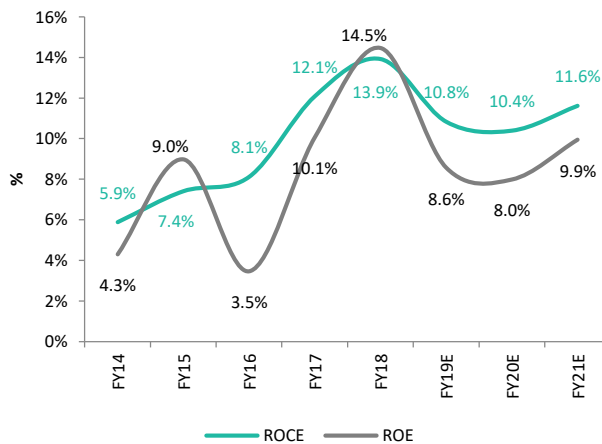
Key Risks

- Input cost pressures may impact margins which may further lead to inability of debt repayment.
- A delay in the commissioning of its on-going projects may impact growth.
- Due to leverage in the balance sheet, the firm may be vulnerable to a rising interest rate environment
- A slowdown in the demand recovery in JKCL’s key markets may affect pricing of its products.

Margins poised to increase with ease of input cost pressure



Prudent use of capital to improve return ratios



Source: NSPL Research

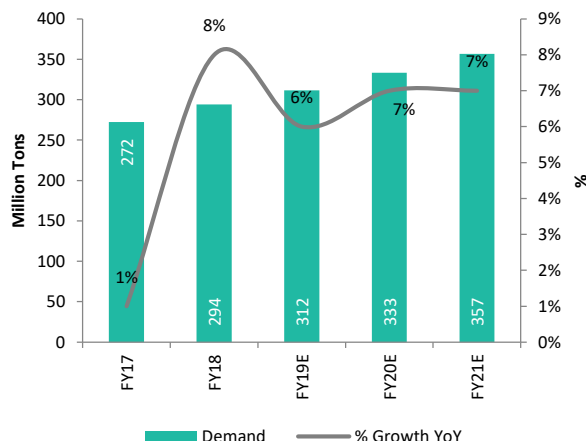


Industry Dynamics to favour future growth

(Million Tons)	FY18	FY19E	FY20E	FY21E	FY22E
Central	1.8	3.8	6	-	-
South	3.2	6.9	5	6.2	7.5
North	4.7	-	3.5	10.5	-
East	6	8	3.2	-	7.8
West	-	-	1.9	7	4
All India	15.7	18.7	19.6	23.7	19.3

Source: Companies Data, NSPL Research

Demand growth to moderate to 6-7%

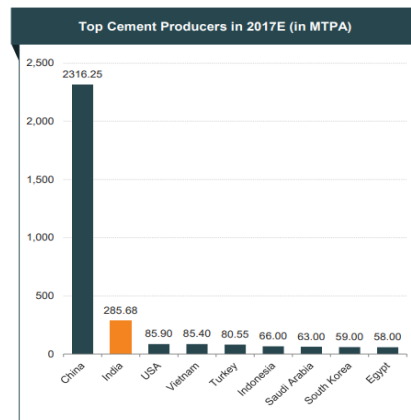


- The Indian cement industry is the second largest producer in the world after China with a capacity of ~414mt in FY18. This is expected to grow to ~477mt in FY21 as per capacity additions announced by companies.
- Historically, the supply of cement has always been more than demand. Demand for cement in FY18 was ~295mt and is expected to grow to ~358mt translating to a growth of ~6.5% per year.
- This expected boost in demand is attributable to various factors. Rural Individual Housing, which accounts for 30-35% of overall cement demand growth, is witnessing an uptick, driven by higher purchasing power of farmers due to MSP hike, favourable rainfall seen in Central, West and South India and also subsidies and waivers offered by the Government prior to elections.
- Urban Housing, which contributes about 15% of total cement demand growth, remains subdued with an increasing build-up of inventory visible over the last few years.
- Government housing, both in urban and rural areas, contributes about 7-8% to total demand growth due to the allocation of a significant amount of budget to PMAY-U and G. This augurs well for the industry as the government has increased focus on execution of these projects.
- Infrastructure, contributing about 30% of demand growth, looks bright in the near term, due to the government’s aggressive execution of road, dam, highways, freight corridor projects etc. We expect this to normalize post elections and estimate a growth of 8-10% from FY18-20.

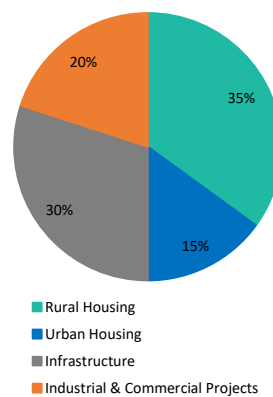
Future capacity addition in regions operated by JKCL

Company	Location	FY19E	FY20E	FY21E	FY22E
North					
Ambuja Cement	Mundwa, Rajasthan	-	-	1.8	-
JK Cement	Mangrol & Nimbahera	-	2	-	-
JK Cement	Aligarh, West UP	-	1.5	-	-
JK Cement (West)	Gujarat	-	0.7	-	-
Wonder Cement	Nimbahera, Rajasthan	-	4	-	-
Ultratech Cement	Pali, Rajasthan	-	-	3.5	-
Total		-	8.2	5.3	-
South					
KCP	Muktyala, AP	1.7	-	-	-
Shree Cement	Gulbarga, Karnataka	3	-	-	-
Ramco Cement	Vizag & Kurnool, AP	-	1.1	-	2.5
Sagar Cement	Vizag	1.2	0.3	-	-
JSW Cement	Vijaynagar, Karnataka	-	-	-	-
Chettinad Cement	Guntur, AP	-	-	3.5	-
Anjani Portland	Telangana	-	-	1.2	-
Penna Cement	Boyareddypalli, AP	-	2.6	-	-
Orient Cement	AP & Karnataka	-	1	-	5
Tancem	Ariyalur, TN	1	-	-	-
My Home Industries	Vizag, AP	-	-	1.5	-
Total		6.9	5	6.2	7.5

Source: Companies Data, NSPL Research



Source: IBEF

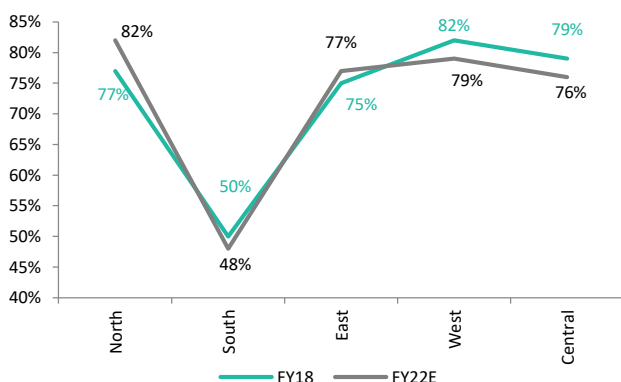




- The North and South region, which are JKCL’s key markets, historically has had a weak demand-supply dynamics. This is evident with average capacity utilization of companies hovering around 50% in South and 77% in North as compared to 84% in Central, 85% in West and 76% in East in FY18. Going forward, with the slew of capacity additions proposed, we expect the average capacity utilization to slightly increase to 56% in the South region and 79% in the North by FY21E.
- With the increase in utilization and demand growth, the companies are also trying to improve their trade mix at the expense of dip in market share (Shree & JK Cement). Companies with pricing power such as Ultratech, have also raised their non-trade prices to tune of INR 20-30/bag to further improve realization.
- A ramp up of stressed plants such as Binani (in North), Murli Industries (in MP) and Kalyanpur cements (in East) may put pressure on pricing and utilization levels in select regions.

Fragmentation in the south to continue; Regions ex-south to consolidate

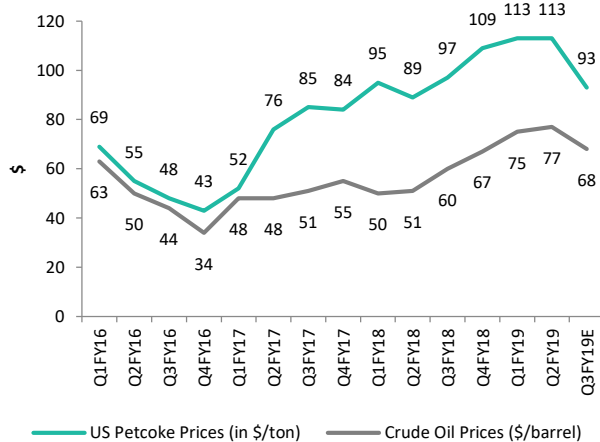
Capacity share of Top 5 players



Impact of input cost inflation

Sensitivity metric	Impact on EBITDA/Ton
For every 10\$ increase in petcoke price	INR -50
For every 10\$ increase in coal price	INR -15
For every 10 INR increase in diesel prices	INR -57

Relief in crude have brought down pet-coke prices



Source: EIA

Profitability to pick up with easing of input cost pressure

- Petcoke, coal and diesel prices have eased post Q2FY19, signifying that the worst is over in the near-term. Over the last 8-10 quarters, these prices had risen substantially.
- Companies operating in the Northern region such as JK Lakshmi, JK Cement and Shree Cement uses a higher proportion of pet-coke and will be the key beneficiary for the same.
- Companies have also increased their usage of AFR to further bring down their emissions and increase sustainability. However, due to AFR materials being more economically viable in other industries, only ~5% of the total fuel consumption of cement companies is through AFR.
- Post the relief in diesel prices, the logistics costs have reduced. Digitization of logistics, as well as lead distance optimization has further controlled logistics costs. Some companies (especially companies in the South) also use the sea route to transfer clinker (mainly to West and East markets), which is considerably cheaper.

Companies in our coverage universe who have high volume growth have largely beat industry EBITDA growth

CAGR FY15-FY18	Volume	Realization/Ton	Total Costs/Ton	EBITDA/Ton	EBITDA
Dalmia Bharat	34.2%	0.4%	-2.2%	11.6%	49.8%
Sagar Cements	20.5%	1.0%	-0.82%	15.3%	38.9%
Ultratech	7.87%	2.95%	1.05%	5.64%	13.9%
JK Cement	7.8%	3.6%	12.7%	14.2%	20.4%
India Cements	7.5%	-1.6%	-2.8%	-11.0%	-2.9%
HeidelbergCement India	7.3%	4.8%	1.7%	30.4%	39.8%
The Ramco Cements	6.7%	-0.1%	-2.4%	8.3%	15.6%
ACC	3.4%	0.9%	0.2%	5.1%	8.6%
Sanghi Industries	1.8%	1.5%	-0.3%	9.4%	11.1%
Ambuja	1.2%	0.5%	0.6%	-3.5%	0.2%

Source: NSPL Research



Auctioned Limestone mines

State	Name of Block	Reserves in MT	E-auction date	Winner of bid
Gujarat	Mudhvay Sub-block C, kachchh	325.00	26.05.2017	Adani Cementation
Maharashtra	Nandgaon Ekodi, Dist. Chandrapur	42.10	20.06.2017	Ambuja Cements
Rajasthan	3D1, n/v Harima Pithsar Nagaur	199.15	26.09.2017	Ambuja Cements
Chattisgarh	Kesla- II, Raipur	215.00	01.05.2017	Dalmia Bharat
Rajasthan	Sindwari, Ramkhera,Block -B, Chittaurgarh	174.45	05.01.2017	Dalmia Bharat
Madhya Pradesh	Hinauti-1, Satna	2.81	15.05.2018	Digiana Industries Pvt. Ltd
Madhya Pradesh	Hinauti-2, Satna	1.67	16.05.2018	Digiana Industries Pvt. Ltd
Rajasthan	Limestone block- 3B1-(a)n/v Deh ,Nagaur	126.95	06.01.2017	Emami Cement
Rajasthan	Limestone block- 3B1-(b)n/v Deh, Nagaur	168.84	22.09.2016	Emami Cement
Gujarat	Mudhvay Sub-block D, kachchh	125.00	30.05.2017	JSW Cement Ltd
Rajasthan	3B2, n/v Sarasani Tehsil & District Nagaur	205.54	05.02.2018	JSW Cement Ltd
Gujarat	Mudhvay Sub-block B, kachchh	301.50	25.05.2017	Shree Cements
Rajasthan	Rata-Mandha-1A (RM-1A), Dist. Jaisalmer	209.27	25.06.2018	Shree Cements
AP	ErragudiHussainapuram –Yanakandla	9.03	26.09.2017	Sree Jayajothi Cements Pvt. Ltd
AP	Nandavaram –Venkatapuram	1.66	26.09.2017	Sree Jayajothi Cements Pvt. Ltd.
Chattisgarh	Guma block, District Baloda Bazar -Bhatapara	124.00	12.03.2018	Ultratech Cement
Madhya Pradesh	Deora-Sitapuri-Udiyapura, Dist. Dhar	61.96	15.05.2018	Ultratech Cement

Source: Ministry of Mines

Consolidation and brownfield expansion the way ahead

- Two landmark Acts and their recent amendments (LARR and MMDR (Amendment) Act), have made it significantly tough for companies to set up a greenfield project in terms of cost and time.
- The new land acquisition act has brought about features such as rehabilitation of affected families, approval of ~70% of owners, social impact assessment etc. This adds to the timeline and cost of the project. Moreover, stricter environmental clearance processes, including obtaining approvals from State Pollution Control Boards, may take 9 months to a year to complete
- The Mines and Minerals (Development and Regulation) Amendment Act, 2015 was a game-changer for the cement industry as it changed the process of acquiring limestone mines, the key raw material to manufacture cement. The act specifies that the limestone mines may only be licensed through a bidding process, such as e-auction. This has created a level-playing field, however it has created an additional cost burden. The Act however, has also added a provision, to transfer limestone mines in case of acquisitions.
- With the IBC process making resolution of stressed assets easier and the MMDR Act making acquisition of limestone costlier, companies prefer going through inorganic mode of growth for future expansion.
- Although the industry witnessed 62% of the overall capacity expansion through the greenfield route from FY15-18, future capacity addition and consolidation is expected to be replaced by brownfield expansions and M&A activities due to lower lead time as well as capex costs.

White Cement Industry overview

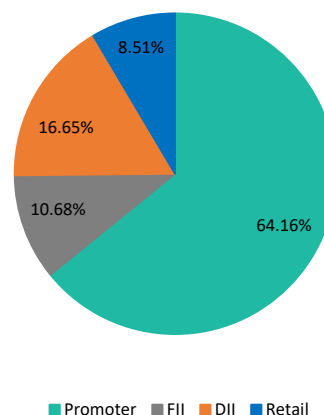
- The white cement industry is expected to grow at a CAGR of 3.8% from FY15-20E as the global white cement consumption is almost equal to the global white cement production. Global capacity of white cement is estimated to be 29.7mt, out of which ~24% is in China. The consumption of white cement is also dominated by China with 26%, followed by Middle East with 21% and Asia (ex-China) with 12%.
- The global capacity of white cement is only 0.5% of the total grey cement, and consistent demand is visible due to the niche nature of the product. Companies also favour the product due to the consistent nature of the business as well as stable contribution to the top and bottom line (EBITDA Margins in the range of 28-30%).
- The Indian white cement industry is dominated by two large players (Ultratech and JK Cement), representing 85% of the total existing capacity. These players sell their cement pan-India and also exports to many countries (JKCL exports to 34 countries).



Management Team

Name	Designation
Yadupati Singhania	Chairman & Managing Director
Achintya Karati	Director
K B Agarwal	Director
Paul Heinz Hugentobler	Director
Suparas Bhandari	Director
Sushila Devi Singhania	Director
Jayant Narayan Godbole	Director
Kailash Nath Khandelwal	Director
Raj Kumar Lohia	Director
Deepa Gopalan Wadhwa	Ind. Non-Executive Director

Shareholding Pattern



About the company

J.K Cement Limited is a leading cement manufacturer primarily present in North India along with a minor presence in the South. The company has a grey cement capacity of 10.5mt and a white cement capacity of 0.6mt (currently the third largest manufacturer of white cement in the world). It is also the second largest producer of wall putty in the country with a capacity of 0.9mt. JKCL manufactures OPC, PPC as well as PSC and also has a dual process white-cum grey cement plant at Fujairah, UAE (0.6mt of white cement or 1mt of grey cement), catering mainly to GCC and African markets. In FY19, the company has initiated a brownfield expansion of 4.2mt for its grey cement plant at Mangrol, Rajasthan which is about 40% of existing capacity. The estimated cost outlay for the project is INR 2000cr. In June 2018, J.K Cement has also added an additional installed capacity of 0.2mt at its unit at Katni in Madhya Pradesh.

Location	Country/State	Capacity (in Million Tons)				
		Grey Cement	White Cement	Wall Putty	Thermal Power Plant (MW)	Waste Heat Recovery
Nimbahera	Rajasthan	3.25	-	-	20	13.2
Mangrol	Rajasthan	2.25	-	-	25	10
Jharli, Jhajjar (Grinding Unit)	Haryana	1.5	-	-	-	-
Muddapur, Bagalkot	Karnataka	3	-	-	50	-
Gotan, Nagaur	Rajasthan	0.47	0.6	0.5	7.5	-
Katni	Madhya Pradesh	-	-	0.4	-	-
Fujairah	UAE	1*	0.6*	-	-	-

Source: Company

Third generation management to propel JKCL forward

The current CEO, Mr. Yadupati Singhania, is the third-generation entrepreneur of the Singhania family who has propelled JKCL to its current capacity. The IIT Kanpur alumnus was responsible for setting up the country's first dry process white cement factory. The initiative which was taken then, has helped it to become the second-largest manufacturer of white cement, commanding a market share of 40%. The CEO had also taken the effort of revamping the old factories inherited from the previous generations.

Top Fund Holding

Name	% of Holding
SBI Magnum Multicap Fund	1.80
Franklin India Prima Fund	1.74
Mirae Asset Emerging Bluechip Fund	0.95



Profit & Loss (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Net sales	4654.0	5020.5	5168.7	5542.5	6018.5
COGS	701.9	801.4	870.6	939.6	1034.9
Employee Expenses	315.5	368.3	417.3	472.8	535.8
Power and Fuel Cost	664.5	952.1	1040.5	1078.3	1128.4
Selling and Distribution Expenses	812.8	1106.1	1198.9	1283.5	1387.1
Other Expenses	1433.2	1005.1	855.3	916.9	995.9
EBITDA	726.1	787.5	786.0	851.4	936.4
D&A	216.9	231.3	245.5	279.6	304.4
Other income	98.4	128.1	97.0	101.0	105.7
EBIT	607.6	684.3	637.5	672.8	737.7
Interest Expense	302.7	284.1	303.7	346.6	316.3
PBT	304.9	400.2	333.8	326.2	421.5
Tax	113.6	97.6	108.9	106.4	127.5
PAT	172.0	285.6	224.8	219.7	294.0
EPS in INR	24.6	40.8	32.2	31.4	42.0

Balance Sheet (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Share Capital	69.9	69.9	77.3	77.3	77.3
Reserves & Surplus	1640.8	1904.9	2045.5	2174.3	2377.4
QIP	0.0	0.0	500.0	500.0	500.0
Shareholder's Funds	1710.7	1974.9	2622.8	2751.6	2954.7
Minority Interest	4.0	0.0	0.0	0.0	0.0
Long term borrowings	2870.1	2574.1	2874.1	3274.1	2974.1
Deferred Tax Liability (Net)	259.9	267.0	267.0	267.0	267.0
Other long-term liabilities	263.0	299.1	269.3	337.8	321.6
Long term provisions	22.4	27.4	27.6	30.6	33.9
Non-current liabilities	3415.4	3167.6	3438.0	3909.5	3596.6
Short term borrowings	225.9	156.5	156.5	181.5	181.5
Trade payables	427.1	435.7	477.1	520.0	578.4
Other current liabilities	615.7	696.8	730.2	806.8	797.3
Short-term provisions	10.5	22.8	19.6	20.7	25.2
Current liabilities	1280.8	1311.8	1383.3	1528.9	1582.3
Total Equity and Liabilities	6410.9	6454.2	7444.0	8190.0	8133.6
Property, Plant and Equipment	4518.4	4421.2	4878.0	5900.6	5752.7
Capital work-in-progress	126.7	104.3	404.3	204.3	200.0
Intangible Assets	23.3	22.1	22.7	22.4	22.6
Non-current investments	15.0	41.4	45.5	49.9	54.9
Loans and Advances	134.8	38.0	51.7	55.4	60.2
Other Non Current Assets	113.4	123.4	129.2	138.6	150.5
Total Non-current Assets	4931.6	4750.4	5531.3	6371.2	6240.9
Current Investments	65.3	77.6	85.3	93.9	103.3
Inventories	560.9	589.8	640.8	682.1	751.3
Trade receivables	201.9	235.8	240.7	243.0	263.8
Cash and cash equivalents	130.1	198.4	340.0	172.2	127.8
Other Bank Balances	305.2	361.1	361.1	361.1	361.1
Other current financial assets	52.7	74.4	51.9	66.8	74.1
Other Current Assets	163.2	150.1	176.3	183.1	194.7
Assets held for sale	0.0	16.6	16.6	16.6	16.6
Total Current Assets	1479.3	1703.8	1912.7	1818.7	1892.7
Total Assets	6410.9	6454.2	7444.0	8190.0	8133.6

Source: NSPL Research

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Cash Flow (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
PBT	285.6	383.2	333.8	326.2	421.5
Depreciation	216.9	231.3	245.5	279.6	304.4
Net Change in Working Capital	41.6	207.5	275.0	-155.7	-179.1
Operating profit after working capital changes	835.2	982.7	845.9	999.0	945.1
Less income tax paid	-63.3	-99.6	-108.9	-106.4	-127.5
Cash Flow from Operating	771.8	883.1	737.0	892.6	817.6
(Incr)/ Decr in Gross PP&E	-403.7	-201.8	-1,002.8	-1,101.9	-152.4
(Purchase)/ Sale of Current Investments (net)	0.8	-36.9	-11.9	-13.0	-14.4
Cash Flow from Investing	-649.2	-95.8	-1,014.7	-1,114.9	-166.8
(Decr)/Incr in Debt	32.8	-331.6	300.0	425.0	-300.0
Finance costs	-297.1	-278.9	-303.7	-279.6	-304.4
(Decr)/Incr in Share Premium	0.0	0.0	507.3	0.0	0.0
Dividend Paid	-33.7	-67.3	-84.3	-90.9	-90.9
Cash Flow from Financing	-345.6	-735.8	419.3	54.5	-695.3
Cash at the Start of the Year	372.0	130.1	198.4	340.0	172.2
Incr/ (Decr) in Cash	-241.9	68.3	141.6	-167.8	-44.4
Cash at the End of the Year	130.1	198.4	340.0	172.2	127.8

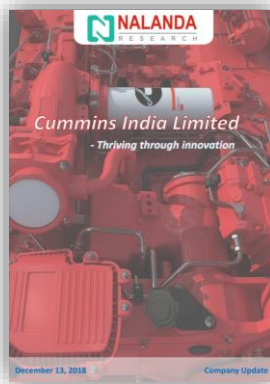
RATIOS	FY17	FY18	FY19E	FY20E	FY21E
EBITDA/ton (GC)	481.6	460.2	432.9	451.6	473.7
EBITDA/Ton (WC Incl. Wall Putty)	2780.3	2671.9	2563.5	2615.9	2701.5
Grey Cement Sales Volume	6.79	7.88	8.72	9.24	9.88
White Cement Sales Volume (incl. Wall Putty)	1.42	1.54	1.59	1.66	1.73
Growth (%)					
Total Sales	6.5%	7.9%	3.0%	7.2%	8.6%
EBITDA	32.9%	8.4%	-0.2%	8.3%	10.0%
PAT	213.6%	66.1%	-21.3%	-2.3%	33.8%
Profitability (%)					
EBITDA Margin	15.6%	15.7%	15.2%	15.4%	15.6%
NPM	3.7%	5.7%	4.4%	4.0%	4.9%
ROE	10.1%	14.5%	8.6%	8.0%	9.9%
ROCE	12.1%	13.9%	10.8%	10.4%	11.6%
Per share data					
EPS	24.6	40.8	31.1	30.4	40.7
BPS	244.6	282.4	363.3	381.1	409.2
Valuations (x)					
P/E (x)	30.4	25.0	26.3	23.6	17.7
EV/EBITDA (x)	11.2	12.1	10.8	9.8	8.7
EV/Ton (\$)	115.6	130.1	114.0	112.7	80.0
Net Debt/EBITDA	4.0	3.0	3.3	3.7	3.1
Net Debt/Equity	1.7	1.2	1.0	1.2	1.0
Interest Coverage	2.0	2.4	2.1	1.9	2.3

Source: NSPL Research

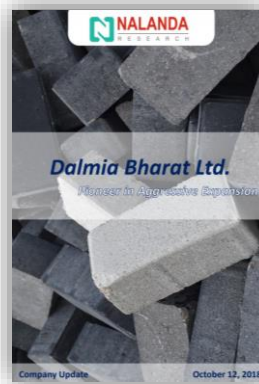
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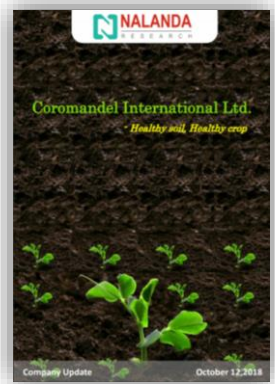
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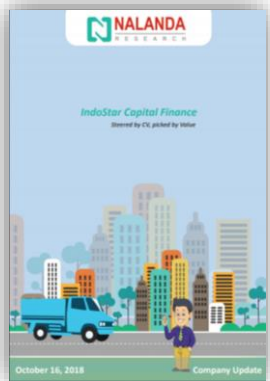
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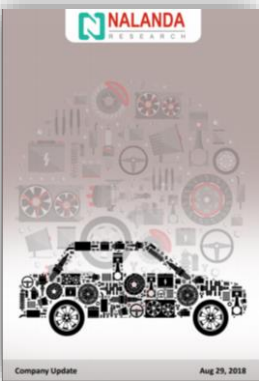
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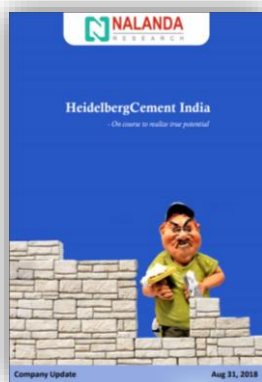
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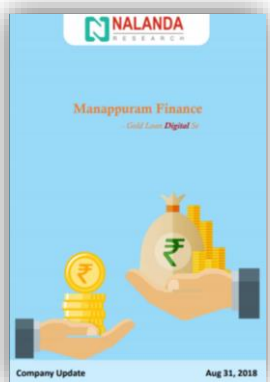
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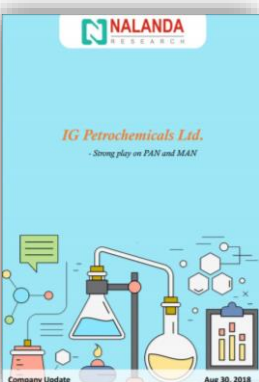
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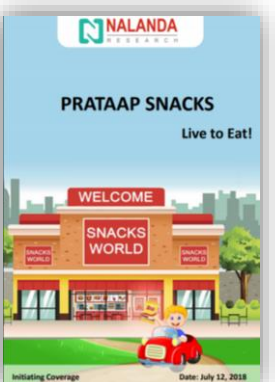
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JK Cement Ltd.				Rating Legend	
Date	CMP (INR)	Target Price (INR)	Recommendation	Strong Buy	More than 15%
January 02, 2019 (Company Update)	719	859	Strong Buy	Buy	5% - 15%
				Hold	0 - 5%
				Reduce	-5% - 0
				Sell	Less than -5%

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