

# 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
<b>Ratios</b>			
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
<b>Valuations</b>			
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.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst: Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | Abhishek Sheth (Abhishek.Sheth@MotilalOswal.com)

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](http://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)

Y/E March	(INR b)											
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E	FY26	Var.
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	
<b>Net Sales</b>	<b>15.6</b>	<b>12.3</b>	<b>15.0</b>	<b>19.0</b>	<b>17.4</b>	<b>14.1</b>	<b>16.5</b>	<b>19.5</b>	<b>61.9</b>	<b>67.5</b>	<b>16.6</b>	<b>5</b>
YoY Change (%)	(9.6)	(21.6)	(12.1)	6.6	11.3	14.6	10.0	2.7	(8.8)	9.0	6.0	
<b>EBITDA</b>	<b>2.2</b>	<b>0.9</b>	<b>2.0</b>	<b>3.5</b>	<b>3.1</b>	<b>2.1</b>	<b>2.9</b>	<b>3.7</b>	<b>8.6</b>	<b>11.8</b>	<b>3.0</b>	<b>5</b>
YoY Change (%)	13.3	(58.9)	(33.2)	4.4	39.9	135.5	43.1	4.6	(17.8)	36.2	<b>33.4</b>	
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
<b>PBT before EO expense</b>	<b>1.2</b>	<b>(0.2)</b>	<b>0.9</b>	<b>2.5</b>	<b>2.0</b>	<b>1.0</b>	<b>1.7</b>	<b>2.4</b>	<b>4.3</b>	<b>7.1</b>	<b>1.8</b>	<b>13</b>
Extra-Ord. expense	0.4	-	-	-	-	-	-	-	0.4	-	-	
<b>PBT</b>	<b>0.8</b>	<b>(0.2)</b>	<b>0.9</b>	<b>2.5</b>	<b>2.0</b>	<b>1.0</b>	<b>1.7</b>	<b>2.4</b>	<b>3.9</b>	<b>7.1</b>	<b>1.8</b>	<b>13</b>
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	
<b>Reported PAT</b>	<b>0.5</b>	<b>(0.1)</b>	<b>0.6</b>	<b>1.7</b>	<b>1.5</b>	<b>0.7</b>	<b>1.3</b>	<b>1.7</b>	<b>2.7</b>	<b>5.2</b>	<b>1.4</b>	<b>9</b>
Minority Interest	(0.0)	0.0	0.0	(0.1)	(0.0)	0.0	0.0	(0.0)	(0.0)	0.0	0.1	
<b>Adj. PAT</b>	<b>0.9</b>	<b>(0.1)</b>	<b>0.6</b>	<b>1.8</b>	<b>1.5</b>	<b>0.7</b>	<b>1.3</b>	<b>1.7</b>	<b>3.1</b>	<b>5.2</b>	<b>1.3</b>	<b>19</b>
YoY Change (%)	17.7	(115.1)	NA	11.9	62.6	NM	118.6	(4.6)	(32.7)	66.3	36.9	
<b>Per ton analysis (INR)</b>												
<b>Net realization</b>	<b>5,172</b>	<b>4,983</b>	<b>4,940</b>	<b>5,274</b>	<b>5,234</b>	<b>5,184</b>	<b>5,204</b>	<b>5,240</b>	<b>5,106</b>	<b>5,218</b>	<b>5,294</b>	(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)
<b>Total Expenses</b>	<b>4,436</b>	<b>4,623</b>	<b>4,274</b>	<b>4,298</b>	<b>4,299</b>	<b>4,414</b>	<b>4,292</b>	<b>4,252</b>	<b>4,393</b>	<b>4,308</b>	<b>4,346</b>	(1)
<b>EBITDA</b>	<b>735</b>	<b>360</b>	<b>666</b>	<b>976</b>	<b>936</b>	<b>771</b>	<b>913</b>	<b>988</b>	<b>713</b>	<b>910</b>	<b>948</b>	(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.

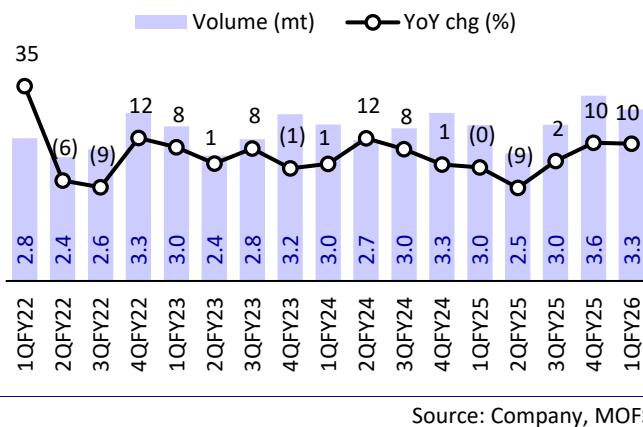
### Capacity expansion and capex

- 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.

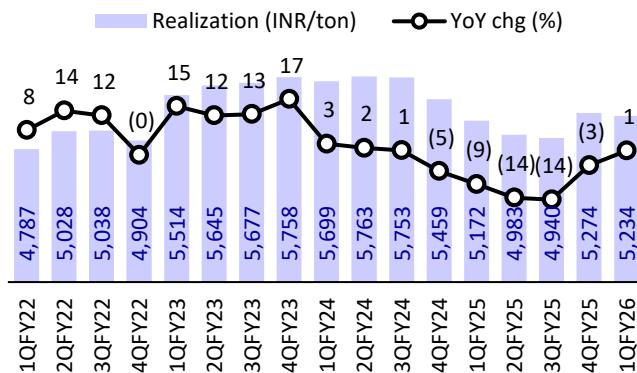
## Story in charts

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



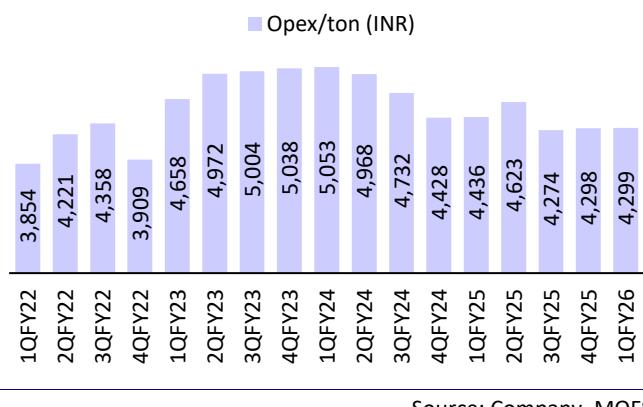
Source: Company, MOFSL

### Exhibit 2: Blended realization was up 1% YoY



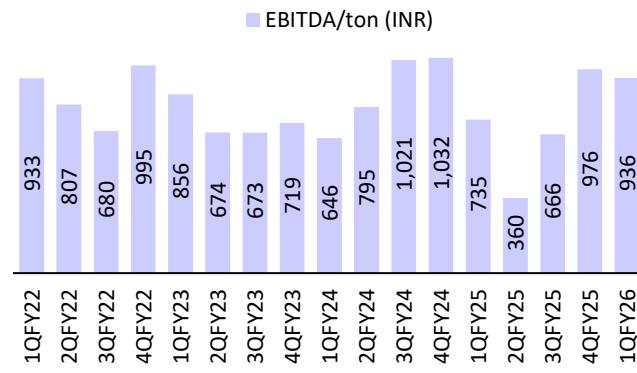
Source: Company, MOFSL

### Exhibit 3: Opex/t declined 3% YoY



Source: Company, MOFSL

### Exhibit 4: EBITDA/t was up 27% YoY



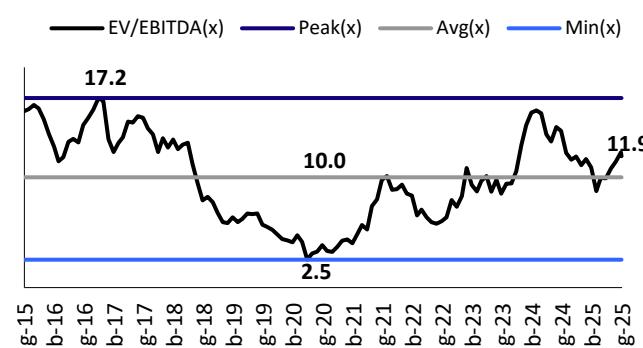
Source: Company, MOFSL

### Exhibit 5: Key performance indicators – per ton analysis

INR/t	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)
<b>Net realization</b>	<b>5,234</b>	<b>5,172</b>	<b>1.2</b>	<b>5,274</b>	<b>-0.8</b>
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)
<b>Total Expenses</b>	<b>4,299</b>	<b>4,436</b>	<b>(3.1)</b>	<b>4,298</b>	<b>0.0</b>
<b>EBITDA</b>	<b>936</b>	<b>735</b>	<b>27.2</b>	<b>976</b>	<b>(4.1)</b>

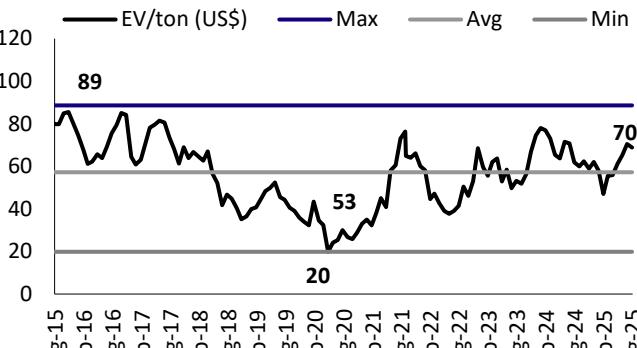
Source: Company, MOFSL

### 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								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>47,274</b>	<b>54,199</b>	<b>64,515</b>	<b>67,885</b>	<b>61,926</b>	<b>67,496</b>	<b>73,508</b>	<b>80,821</b>
Change (%)	8.3	14.6	19.0	5.2	-8.8	9.0	8.9	9.9
<b>EBITDA</b>	<b>9,386</b>	<b>9,507</b>	<b>8,387</b>	<b>10,522</b>	<b>8,646</b>	<b>11,776</b>	<b>14,179</b>	<b>16,017</b>
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
<b>EBIT</b>	<b>7,133</b>	<b>7,272</b>	<b>6,104</b>	<b>8,062</b>	<b>5,652</b>	<b>8,604</b>	<b>10,421</b>	<b>10,873</b>
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
<b>PBT bef. EO Exp.</b>	<b>5,939</b>	<b>6,534</b>	<b>5,345</b>	<b>7,239</b>	<b>4,304</b>	<b>7,099</b>	<b>8,585</b>	<b>8,600</b>
EO Expense/(Income)	379	270	0	-89	0	0	0	0
<b>PBT after EO Exp.</b>	<b>5,561</b>	<b>6,264</b>	<b>5,345</b>	<b>7,328</b>	<b>4,304</b>	<b>7,099</b>	<b>8,585</b>	<b>8,600</b>
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
<b>Reported PAT</b>	<b>4,211</b>	<b>4,776</b>	<b>3,691</b>	<b>4,882</b>	<b>3,026</b>	<b>5,217</b>	<b>6,310</b>	<b>6,321</b>
Minority Interest	157	140	105	163	34	6	6	6
<b>PAT Adj. for EO items and MI</b>	<b>4,311</b>	<b>4,073</b>	<b>3,586</b>	<b>4,629</b>	<b>3,026</b>	<b>5,211</b>	<b>6,304</b>	<b>6,315</b>
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								
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
<b>Net Worth</b>	<b>20,946</b>	<b>25,052</b>	<b>28,039</b>	<b>31,867</b>	<b>34,712</b>	<b>39,218</b>	<b>44,815</b>	<b>50,424</b>
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
<b>Capital Employed</b>	<b>37,672</b>	<b>44,415</b>	<b>48,199</b>	<b>56,470</b>	<b>64,746</b>	<b>70,230</b>	<b>84,233</b>	<b>92,248</b>
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
<b>Net Fixed Assets</b>	<b>32,390</b>	<b>33,477</b>	<b>33,392</b>	<b>49,604</b>	<b>54,360</b>	<b>57,994</b>	<b>75,372</b>	<b>85,344</b>
Capital WIP	2,738	2,425	8,902	3,832	2,777	11,159	9,139	9,139
<b>Total Investments</b>	<b>5,922</b>	<b>7,677</b>	<b>6,421</b>	<b>5,222</b>	<b>7,514</b>	<b>6,764</b>	<b>6,764</b>	<b>6,764</b>
Goodwill	723	723	723	725	725	725	725	725
<b>Curr. Assets, Loans, and Adv.</b>	<b>11,090</b>	<b>14,959</b>	<b>15,971</b>	<b>17,118</b>	<b>19,416</b>	<b>16,074</b>	<b>16,534</b>	<b>16,779</b>
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
<b>Curr. Liability and Prov.</b>	<b>15,190</b>	<b>14,847</b>	<b>17,210</b>	<b>20,030</b>	<b>20,046</b>	<b>22,487</b>	<b>24,300</b>	<b>26,503</b>
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
<b>Net Current Assets</b>	<b>(4,100)</b>	<b>112</b>	<b>(1,239)</b>	<b>(2,913)</b>	<b>(630)</b>	<b>(6,413)</b>	<b>(7,767)</b>	<b>(9,724)</b>
<b>Appl. of Funds</b>	<b>37,672</b>	<b>44,415</b>	<b>48,199</b>	<b>56,470</b>	<b>64,746</b>	<b>70,230</b>	<b>84,233</b>	<b>92,248</b>

Source: Company, MOFSL estimates

## Financials and valuations (consolidated)

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
EPS	<b>36.6</b>	<b>34.6</b>	<b>30.5</b>	<b>39.3</b>	<b>25.7</b>	<b>44.3</b>	<b>53.6</b>	<b>53.7</b>
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
<b>Valuation (x)</b>								
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
<b>Return Ratios (%)</b>								
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
<b>Working Capital Ratios</b>								
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
<b>Leverage Ratio (x)</b>								
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

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR m)</b>								
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
<b>CF from Operations</b>	<b>11,301</b>	<b>7,776</b>	<b>6,918</b>	<b>9,733</b>	<b>8,276</b>	<b>15,273</b>	<b>13,490</b>	<b>17,750</b>
Others	(983)	(976)	(576)	(741)	(449)	-	-	-
<b>CF from Operations incl. EO</b>	<b>10,318</b>	<b>6,800</b>	<b>6,342</b>	<b>8,992</b>	<b>7,827</b>	<b>15,273</b>	<b>13,490</b>	<b>17,750</b>
(Inc.)/Dec. in FA	(1,661)	(3,661)	(7,320)	(10,060)	(6,524)	(15,202)	(19,130)	(15,130)
<b>Free Cash Flow</b>	<b>8,658</b>	<b>3,138</b>	<b>(978)</b>	<b>(1,069)</b>	<b>1,303</b>	<b>71</b>	<b>(5,640)</b>	<b>2,620</b>
(Pur.)/Sale of Investments	(2,678)	(3,264)	4,070	818	(5,445)	750	-	-
Others	-	274	255	442	457	-	-	-
<b>CF from Investments</b>	<b>(4,339)</b>	<b>(6,651)</b>	<b>(2,995)</b>	<b>(8,800)</b>	<b>(11,512)</b>	<b>(14,452)</b>	<b>(19,130)</b>	<b>(15,130)</b>
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)	-	-	-
<b>CF from Fin. Activity</b>	<b>(5,526)</b>	<b>108</b>	<b>(2,658)</b>	<b>(356)</b>	<b>3,178</b>	<b>(1,813)</b>	<b>5,177</b>	<b>(1,244)</b>
<b>Inc./Dec. in Cash</b>	<b>453</b>	<b>257</b>	<b>689</b>	<b>(164)</b>	<b>(507)</b>	<b>(992)</b>	<b>(463)</b>	<b>1,376</b>
Opening Balance	30	484	2,701	2,837	2,476	1,969	977	514
<b>Closing Balance</b>	<b>484</b>	<b>740</b>	<b>3,390</b>	<b>2,673</b>	<b>1,969</b>	<b>977</b>	<b>514</b>	<b>1,890</b>

Source: Company, MOFSL estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

## NOTES

Explanation of Investment Rating	
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.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20Companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein, (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).  
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

\*\*\*\*\*  
The associates of MOFSL may have:

financial interest in the subject company

actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.

received compensation/other benefits from the subject company in the past 12 months

any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrivances@motilaloswal.com.