

JK Lakshmi Cement

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR620 **TP: INR720 (+16%)** **Buy**

Healthy volume growth; margin pressure in near term

Cost headwinds and soft pricing keep near-term outlook cautious

Bloomberg	JKLC IN
Equity Shares (m)	124
M.Cap.(INRb)/(USDb)	76.9 / 0.8
52-Week Range (INR)	1021 / 550
1, 6, 12 Rel. Per (%)	-3/-13/-23
12M Avg Val (INR M)	160

Financial Snapshot (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	67.6	72.0	79.7
EBITDA	10.1	10.7	12.4
Adj. PAT	4.3	4.6	4.8
EBITDA Margin (%)	14.9	14.8	15.6
Adj. EPS (INR)	34.3	37.3	38.6
EPS Gr. (%)	34.4	8.5	3.4
BV/Sh. (INR)	313	344	377

Ratios

Net D:E	0.3	0.4	0.6
RoE (%)	11.5	11.3	10.7
RoCE (%)	9.7	9.4	8.9
Payout (%)	19.1	15.9	15.4

Valuations

P/E (x)	17.9	16.5	16.0
P/BV (x)	2.0	1.8	1.6
EV/EBITDA(x)	9.1	8.7	8.4
EV/ton (USD)	54	51	49
Div. Yield (%)	1.1	1.0	1.0
FCF Yield (%)	5.3	-4.6	-6.9

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	45.1	45.1	46.3
DII	23.0	23.2	25.3
FII	12.0	12.4	12.1
Others	19.9	19.4	16.4

FII Includes depository receipts

- JK Lakshmi Cement's (JKLC) 4QFY26 EBITDA declined ~19% YoY to INR2.9b (+10% vs. estimates, led by lower-than-estimated opex/t). EBITDA/t fell 25% YoY to INR734 (est. INR683). OPM contracted 3.5pp YoY to ~15% (+1.4pp vs. estimates). Adj. PAT declined ~29% YoY to INR1.2b (+9% beat).

- Management highlighted that industry demand growth will be moderate at ~6% in FY27, impacted by macro headwinds. Margin pressure is intensifying due to sharp cost inflation, leading to a cost increase of ~INR400/t, while price hikes (INR50-75/t, so far) are insufficient to fully offset this impact. It expects further hikes going forward, while sustainability depends on demand. Capex is estimated to accelerate in next two years (INR15-17b in FY27 and INR20b in FY28) as it is adding 4.6mtpa clinker-backed grinding capacity.

- We maintain our estimates for FY27-FY28E. The stock is trading at 9x/8x FY27/FY28E EV/EBITDA. We value the stock at 9x FY28E EV/EBITDA to arrive at a TP of INR720. **Reiterate BUY.**

Sales volume rises ~8% YoY; realization/t declines ~7% YoY

- Consolidated revenue/EBITDA/adj. PAT stood at INR19.0b/INR2.9b/INR1.2b (flat/-19%/-29% YoY and in line/+10%/+9% vs. our estimate). Sales volume increased ~8% YoY to 3.9mt (+3% vs. our estimate). Realization/t declined 7% YoY (up ~1% QoQ) to INR4,881/t (~3% below our estimate).

- Opex/t declined ~4% YoY, led by ~9%/8%/6% decline in employee/freight/other expenses per ton. Variable cost/t inched up ~1% YoY. OPM contracted 3.5pp YoY to ~15%, and EBITDA/t declined ~25% YoY to INR734 in 4QFY26. Depreciation/finance costs rose 9%/20% YoY. Other income grew 2.4x YoY.

- In FY26, revenue/EBITDA/adj. PAT stood at INR67.6b/INR10.1b/INR4.3b (+9/+17%/+37% YoY). OPM expanded 1pp YoY to ~15%. Realization/t fell 1% YoY to INR5,067, while EBITDA/t grew 6% YoY to INR757, led by cost savings. OCF stood at INR10.8b vs. INR7.8b in FY25. Capex stood at INR7.1b vs. INR6.6b in FY25. FCF stood at INR3.7b vs. INR1.2b in FY25.

Highlights from the management commentary

- The industry witnessed record capacity additions of ~64MT in FY26, leading to elevated competitive intensity and weak pricing power, despite sector consolidation.
- JKLC expects cost inflation of ~INR120-130/ton in 1QFY27, with a larger impact likely in subsequent quarters. Average fuel cost stood at INR1.54/kcal vs. INR1.52/INR1.56 Kcal in 4QFY25/3QFY26.
- The Northeast project remains viable despite cancellation of the earlier mining development agreement, as the company has successfully secured two limestone mines through the auction route with reserves of nearly 250mt.

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Valuation and view

- JKLC 4Q performance was above our estimates, led by better cost efficiency. Though the company is among the top low-cost producers in the industry, aided by lower variable costs, its profitability remained lower than peers' due to lower realization. The near-term outlook is challenging due to steep cost pressure and subdued price hikes. Further, aggressive capex is estimated to increase its net debt to INR27.9b in FY28 vs. INR12.6b in FY26 (net debt-to-EBITDA ratio at 2.3x in FY28 vs. 1.2x in FY26).
- We estimate a CAGR of ~9%/11%/6% in revenue/EBITDA/PAT over FY26-28 and project EBITDA/t of INR754/INR797 in FY27E/FY28E vs. INR757 in FY26. We estimate volume CAGR of ~8% over FY26-28. Due to aggressive capex plans, we estimate net cash outflow of INR3.5b/INR5.3b in FY27/FY28. The stock is trading at 9x/8x FY27E/FY28E EV/EBITDA. We value the stock at 9x FY28E EV/EBITDA to arrive at A TP of INR720. **Maintain BUY.**

Quarterly performance (consolidated)

	(INR b)											
Y/E March	FY25				FY26				FY25	FY26	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE		(%)
Sales Volumes (mt)	3.02	2.48	3.03	3.60	3.33	2.84	3.28	3.90	12.13	13.35	3.80	3
YoY Change (%)	(0.4)	(9.3)	2.4	10.3	10.0	14.8	8.3	8.3	1.2	10.0	5.6	
Net Sales	15.6	12.3	15.0	19.0	17.4	15.3	15.9	19.0	61.9	67.6	19.0	(0)
YoY Change (%)	(9.6)	(21.6)	(12.1)	6.6	11.3	24.1	6.1	0.2	(8.8)	9.2	0.4	
EBITDA	2.2	0.9	2.0	3.5	3.1	2.1	2.1	2.9	8.6	10.1	2.6	10
YoY Change (%)	13.3	(58.9)	(33.2)	4.4	39.9	133.3	1.7	(18.5)	(17.8)	16.9	(18.5)	
Margin (%)	14.2	7.2	13.5	18.5	17.9	13.6	12.9	15.0	14.0	14.9	13.6	142
Depreciation	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.8	3.0	3.2	0.8	3
Interest	0.5	0.4	0.5	0.4	0.5	0.5	0.5	0.5	1.8	2.1	0.5	(2)
Other Income	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.4	0.5	1.1	0.3	28
PBT before EO expense	1.2	(0.2)	0.9	2.5	2.0	1.0	0.9	1.9	4.3	5.9	1.5	22
Extra-Ord. expense	0.4	-	-	-	-	-	0.2	-	0.4	0.2	-	
PBT	0.8	(0.2)	0.9	2.5	2.0	1.0	0.8	1.9	3.9	5.7	1.5	22
Tax	0.3	0.0	0.1	0.8	0.5	0.2	0.2	0.5	1.2	1.5	0.4	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.3	(10.6)	13.8	31.7	26.5	21.5	24.2	27.6	30.0	25.7	25.7	
Reported PAT	0.5	(0.2)	0.8	1.7	1.5	0.8	0.6	1.4	2.8	4.2	1.1	19
Minority Interest	(0.0)	0.1	0.0	(0.1)	(0.0)	(0.0)	0.0	0.1	(0.0)	0.1	0.0	
Adj. PAT	0.9	(0.3)	0.7	1.8	1.5	0.8	0.7	1.2	3.1	4.3	1.1	9
YoY Change (%)	17.7	(133.1)	NA	11.9	62.6	NM	(4.7)	(29.4)	(33.0)	36.6	(35.2)	
Per ton analysis (INR)												
Net realization	5,172	4,983	4,940	5,274	5,234	5,388	4,841	4,881	5,106	5,067	5,012	(3)
RM Cost	1,274	987	907	971	922	942	952	1,000	1,018	956	1,005	(0)
Employee Expenses	335	444	377	316	374	457	352	286	362	361	301	(5)
Power, Oil, and Fuel	1,132	1,295	1,157	1,086	1,137	1,295	1,131	1,077	1,158	1,152	1,173	(8)
Freight and Handling Outward	1,042	1,137	1,147	1,222	1,194	1,235	1,119	1,122	1,155	1,163	1,138	(1)
Other Expenses	653	759	686	703	672	725	662	661	699	678	712	(7)
Total Expenses	4,436	4,623	4,274	4,298	4,299	4,655	4,216	4,146	4,393	4,310	4,329	(4)
EBITDA	735	360	666	976	936	733	625	734	713	757	683	7

Source: Company, MOFSL



Highlights from the management commentary

Demand and pricing

- The industry witnessed demand growth of ~7% in FY26 vs. ~5% in FY25, with 4Q demand growth of ~6.0-6.5% YoY and volume growth of ~14% QoQ, aided by a broad-based recovery. Demand remained strong during Dec'25-Feb'26 before moderating in Mar'26 due to geopolitical tensions in the Middle East. Apr'26 demand trends were healthy, while May'26 initially remained sluggish due to election-led labour migration and geopolitical uncertainty. Though, demand improved meaningfully after mid-May. It expects industry demand growth of ~5.5-6.5% in FY27 and aims to outperform industry growth.
- Cement prices improved during 4QFY26, particularly in the non-trade segment, while trade prices also started inching upward. However, significant industry capacity additions and intense competition limited meaningful price hikes, with increases remaining inadequate to fully offset rising costs. The muted ~1% NSR growth to the company's geographic mix, as key regions such as Gujarat and Chhattisgarh witnessed relatively weaker pricing trends.
- It remains cautiously optimistic on pricing recovery, indicating that improving demand trends could support further price hikes in both trade and non-trade markets, potentially enabling the industry to recover a significant portion of cost inflation. However, pricing recovery remains dependent on demand conditions and competitive intensity.

Operational efficiency

- Lead distance remained unchanged QoQ at 380km. Blended cement share was ~62% vs. ~63%/62% in 4QFY25/3QFY26.
- It expects energy costs to increase by INR300/t and packaging costs by INR80-100/t due to geopolitical disruptions, while 1QFY27 cost inflation is estimated at INR120-130/t, with the balance expected to flow through in subsequent quarters.
- Additional cost pressure from diesel price hikes is likely to add INR15-16/t. During 4Q, petcoke prices rose ~40% QoQ to USD160/t and coal prices increased ~30% QoQ, prompting the company to alter its fuel mix at northern plants to mitigate imported fuel inflation, although fuel costs are still expected to rise sequentially.
- It reiterated its focus on improving operational efficiency and narrowing the EBITDA gap through premiumization, logistics optimization, renewable energy adoption, fuel mix optimization and digitalization. Clinker utilization stood at ~93% in FY26, while future growth is expected to be supported by higher blended cement ratio, improved clinker utilization of ~97%-98%, and lower clinker sales.
- Premium product share was ~24% of trade volume vs. ~21%/26% in 4QFY25/3QFY26. Trade sales stood at ~58% vs. ~60%/49% in 4QFY25/3QFY26.
- Non-cement revenue stood at INR1.69b, including RMC revenue of INR820m.
- Average fuel costs stood at INR1.54/kcal vs. INR1.52/INR1.56 Kcal in 4QFY25/3QFY26.
- It reiterated that EBITDA/t of INR1,000 remains a long-term aspiration despite near-term pressure from high fuel and logistics costs. Industry-wide profitability

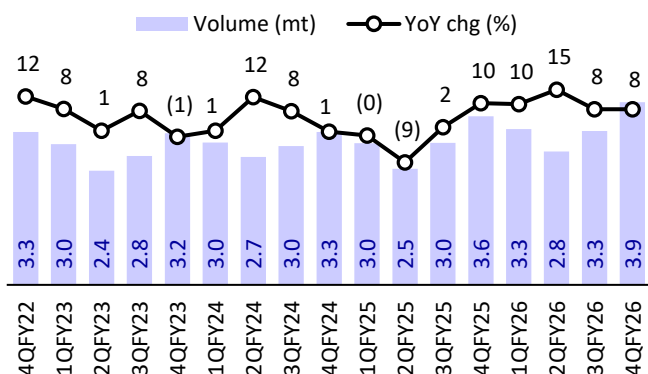
has weakened and it remains focused on gradually narrowing the EBITDA gap with leading players through operational improvements and better pricing.

- Green power contribution currently stands at ~46% of the total power mix vs. ~49%/48% in 4QFY25/3QFY26.
- The Surat grinding unit ramp-up remains ahead of schedule, with utilization already exceeding 60% since the commissioning in Sep'25 and expected to cross ~70% in FY27. Additional growth headroom at Surat, Udaipur and Cuttack plants, supporting volume growth ahead of industry averages in FY27.

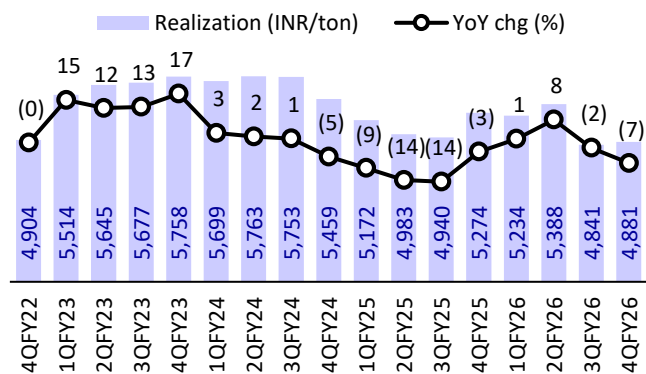
Capacity expansion and capex

- It reiterated its target of achieving 30mtpa capacity by FY30 (current capacity 18mtpa) through 9mtpa of incremental capacity additions. The Durg integrated unit and associated grinding units are expected by FY28 end, while the North-East integrated project is targeted for FY29. It has secured two limestone mines with 250mtpa reserves through the auction route to support the North-East expansion.
- After the eastern expansion, the company plans to undertake the Assam project, followed by Kutch and Nagaur expansions. Kutch is likely to be prioritized ahead of Nagaur due to land acquisition delays and pending Supreme Court-related issues, with commissioning expected by FY30.
- It guided for elevated capex over the next few years, with planned investments of INR15b-17b in FY27, INR20b in FY28 and INR15b in FY29 toward eastern and North-East expansion projects, land acquisition and railway siding investments. The company incurred INR5b capex by FY26-end, including railway siding investments.
- Phase-I of its TSR-related projects has been completed, while Phase-II remains under evaluation due to limited alternate fuel availability. On railway siding expansion, delays are linked to external approvals for flyover construction and track strengthening, with no operational impact or company-related delays.
- It acknowledged that net debt will increase meaningfully over the next two years due to high capex intensity, but expects leverage to normalize once expansion projects start contributing to profit. Net debt in FY26 stood at INR12.7b vs. INR13.8b in FY25.

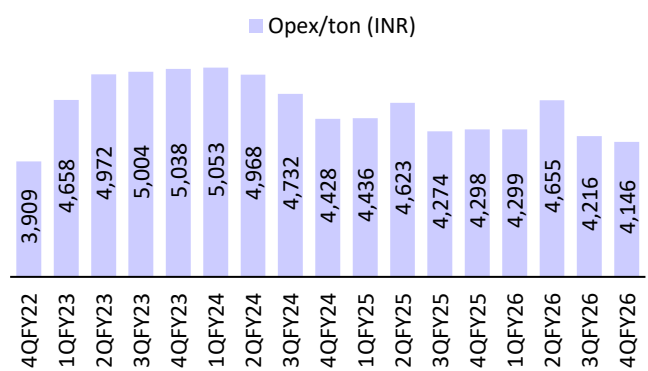
Story in charts

Exhibit 1: Sales volume (consolidated) increased 8% YoY


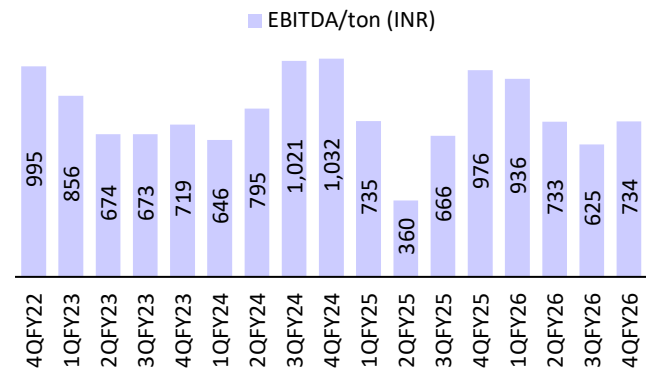
Source: Company, MOFSL

Exhibit 2: Blended realization was down 7% YoY


Source: Company, MOFSL

Exhibit 3: Opex/t declined 4% YoY


Source: Company, MOFSL

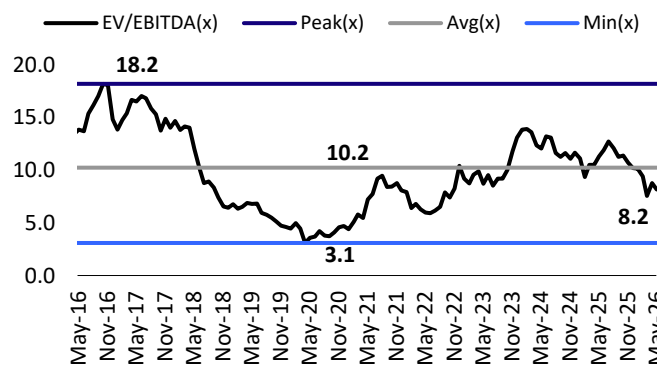
Exhibit 4: EBITDA/t was down 25% YoY


Source: Company, MOFSL

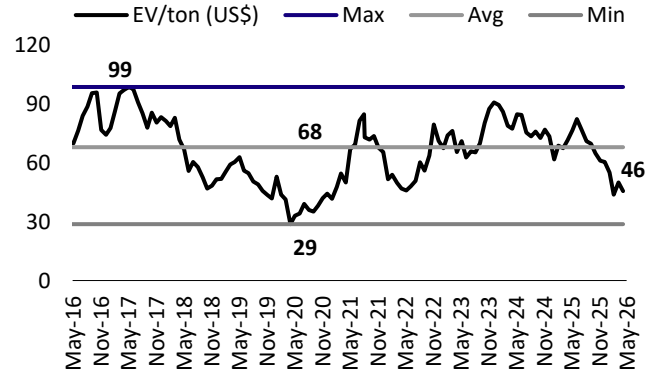
Exhibit 5: Key performance indicators – per ton analysis

INR/t	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)
Net realization	4,881	5,274	(7.5)	4,841	0.8
RM Cost	1,000	971	3.0	952	5.1
Employee Expenses	286	316	(9.4)	352	(18.7)
Power, Oil, and Fuel	1,077	1,086	(0.9)	1,131	(4.7)
Freight and Handling Outward	1,122	1,222	(8.2)	1,119	0.3
Other Expenses	661	703	(6.0)	662	(0.2)
Total Expenses	4,146	4,298	(3.5)	4,216	-1.6
EBITDA	734	976	(24.8)	625	17.4

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	FY26	FY27E	FY28E
Net Sales	47,274	54,199	64,515	67,885	61,926	67,626	72,038	79,708
Change (%)	8.3	14.6	19.0	5.2	-8.8	9.2	6.5	10.6
EBITDA	9,386	9,507	8,387	10,522	8,646	10,107	10,670	12,397
Margin (%)	19.9	17.5	13.0	15.5	14.0	14.9	14.8	15.6
Depreciation	2,253	2,235	2,283	2,460	2,994	3,238	3,295	4,196
EBIT	7,133	7,272	6,104	8,062	5,652	6,870	7,375	8,201
Int. and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,109	2,249	2,801
Other Income – Rec.	726	683	575	681	464	1,123	1,170	1,123
PBT bef. EO Exp.	5,939	6,534	5,345	7,239	4,304	5,883	6,296	6,523
EO Expense/(Income)	379	270	0	-89	354	-191	0	0
PBT after EO Exp.	5,561	6,264	5,345	7,328	3,950	6,074	6,296	6,523
Total Tax	1,349	1,488	1,654	2,446	1,184	1,460	1,612	1,670
Tax Rate (%)	24.3	23.7	30.9	33.4	30.0	24.0	25.6	25.6
Reported PAT	4,211	4,776	3,691	4,882	2,766	4,613	4,684	4,853
Minority Interest	157	140	105	163	-9	6	6	6
PAT Adj. for EO items and MI	4,311	4,073	3,586	4,629	3,008	4,265	4,629	4,788
Change (%)	60.5	-5.5	-12.0	29.1	-35.0	41.8	8.5	3.4
Margin (%)	9.1	7.5	5.6	6.8	4.9	6.3	6.4	6.0

Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	589	589	589	589	589	621	621	621
Total Reserves	20,357	24,463	27,450	31,278	34,947	38,235	42,119	46,161
Net Worth	20,946	25,052	28,039	31,867	35,536	38,856	42,740	46,782
Minority Interest	128	267	370	1,704	(9)	(25)	-19	-14
Deferred Liabilities	68	531	1,327	2,651	4,023	4,893	4,893	4,893
Total Loans	16,531	18,565	18,463	20,249	25,272	24,915	28,590	38,090
Capital Employed	37,672	44,415	48,199	56,470	64,822	68,639	76,203	89,752
Gross Block	44,138	47,469	49,667	68,338	76,089	77,171	85,171	1,05,171
Less: Accum. Deprn.	11,748	13,992	16,275	18,734	21,729	24,966	28,261	32,457
Net Fixed Assets	32,390	33,477	33,392	49,604	54,360	52,205	56,910	72,714
Capital WIP	2,738	2,425	8,902	3,832	2,777	2,772	8,000	6,000
Total Investments	5,922	7,677	6,421	5,222	7,514	8,675	8,675	8,675
Goodwill	723	723	723	725	2	189	189	189
Curr. Assets, Loans, and Adv.	11,090	14,959	15,971	17,118	19,792	21,640	20,349	21,967
Inventory	3,662	5,810	8,416	9,912	8,648	6,449	7,895	8,735
Account Receivables	545	352	654	443	1,068	1,108	1,181	1,306
Cash and Bank Balance	3,719	5,729	3,390	2,673	1,969	5,140	2,331	2,982
Loans and Advances	3,164	3,068	3,511	4,090	8,107	8,944	8,944	8,944
Curr. Liability and Prov.	15,190	14,847	17,210	20,030	19,624	16,842	17,920	19,793
Account Payables	4,368	3,660	5,860	5,560	4,548	4,663	5,740	7,613
Other Liabilities	10,609	10,894	11,098	14,261	14,821	11,880	11,880	11,880
Provisions	212	293	252	209	254	300	300	300
Net Current Assets	(4,100)	112	(1,239)	(2,913)	168	4,798	2,429	2,173
Appl. of Funds	37,672	44,415	48,199	56,470	64,822	68,639	76,203	89,752

Source: Company, MOFSL estimates

Financials and valuations (consolidated)

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	36.6	34.6	30.5	39.3	25.6	34.3	37.3	38.6
Cash EPS	55.8	53.6	49.9	60.2	51.0	60.4	63.8	72.3
BV/Share	178.0	212.8	238.2	270.7	301.9	312.9	344.2	376.7
DPS	3.8	5.0	3.8	6.5	6.5	6.5	6.0	6.0
Payout (%)	12.1	13.8	13.3	18.0	27.7	19.1	15.9	15.4
Valuation (x)								
P/E	16.8	17.8	20.2	15.7	24.1	17.9	16.5	16.0
Cash P/E	11.0	11.5	12.4	10.2	12.1	10.2	9.7	8.5
P/BV	3.5	2.9	2.6	2.3	2.0	2.0	1.8	1.6
EV/Sales	1.8	1.6	1.3	1.4	1.6	1.4	1.3	1.3
EV/EBITDA	9.3	9.0	9.9	8.7	11.1	9.1	8.7	8.4
EV/t (USD)	69	66	63	59	62	54	51	49
Dividend Yield (%)	0.6	0.8	0.6	1.1	1.1	1.1	1.0	1.0
Return Ratios (%)								
RoE	22.8	17.7	13.5	15.5	8.9	11.5	11.3	10.7
RoCE	16.0	15.0	10.2	11.8	7.6	9.7	9.4	8.9
RoIC	17.2	17.4	11.6	14.0	8.3	9.1	8.8	8.3
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	35	40	40
Debtor (Days)	5	3	4	3	6	6	6	6
Creditor (Days)	34	25	33	30	27	25	29	35
Leverage Ratio (x)								
Current Ratio	0.7	1.0	0.9	0.9	1.0	1.3	1.1	1.1
Interest Coverage Ratio	3.7	5.1	4.6	5.4	3.1	3.3	3.3	2.9
Debt/Equity ratio	0.8	0.7	0.7	0.6	0.7	0.6	0.7	0.8

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
(INR m)								
OP/(Loss) before Tax	5,939	6,534	5,345	7,325	3,944	5,587	6,246	6,463
Depreciation	2,253	2,235	2,283	2,460	2,994	3,238	3,295	4,196
Interest and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,109	2,249	2,801
Direct Taxes Paid	(871)	(888)	(909)	(1,126)	(338)	(516)	(1,612)	(1,670)
(Inc.)/Dec. in WC	2,060	(1,526)	(1,135)	(430)	(136)	1,402	(441)	907
CF from Operations	11,301	7,776	6,918	9,733	8,276	11,819	9,737	12,697
Others	(983)	(976)	(576)	(741)	(439)	(995)	-	-
CF from Operations incl. EO	10,318	6,800	6,342	8,992	7,837	10,824	9,737	12,697
(Inc.)/Dec. in FA	(1,661)	(3,661)	(7,320)	(10,060)	(6,521)	(6,753)	(13,228)	(18,000)
Free Cash Flow	8,658	3,138	(978)	(1,069)	1,316	4,070	(3,491)	(5,303)
(Pur.)/Sale of Investments	(2,678)	(3,264)	4,070	818	(5,458)	(828)	-	-
Others	-	274	255	442	457	200	-	-
CF from Investments	(4,339)	(6,651)	(2,995)	(8,800)	(11,522)	(7,382)	(13,228)	(18,000)
Issue of Shares	-	-	-	931	880	-	-	-
Inc./(Dec.) in Debt	(3,392)	2,042	(431)	1,601	4,993	(411)	3,676	9,500
Interest Paid	(2,130)	(1,401)	(1,505)	(2,033)	(1,965)	(2,133)	(2,249)	(2,801)
Dividend Paid	(5)	(443)	(587)	(674)	(531)	(765)	(745)	(745)
Others	-	(90)	(136)	(181)	(198)	(234)	-	-
CF from Fin. Activity	(5,526)	108	(2,658)	(356)	3,179	(3,543)	682	5,954
Inc./Dec. in Cash	453	257	689	(164)	(507)	(101)	(2,809)	651
Opening Balance	30	484	2,701	2,837	2,476	5,241	5,140	2,331
Closing Balance	484	740	3,390	2,673	1,969	5,140	2,331	2,982

Source: Company, MOFSL estimates

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NOTES

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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

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