

JK Cement Ltd

JK Cements is engaged in the manufacturing and selling of Cement and Cement related products and is one of the largest cement players in North India. The company has a domestic capacity of 10.5MTPA of grey cement, white cement capacity of 0.6MTPA and 0.7MTPA for putty. The company has grown its sales revenue by 12.3% in the last 5 years on CAGR basis.

In 1QFY19 also the company reported 15.9% increase in sales to ₹1,393cr. This was on the back of better pricing environment in the quarter and a growth in white cement segment. Going forward, the company will start commercial production from its new plants in Rajasthan by November, 2019. This will drive the volume sales and help in meeting the demands from North & South India. Further, a clinker unit is expected to get commissioned by September 2019 and a 1.5mt split grinding unit is expected to come up by 3QFY20. These aggressive capex plans give growth view of the company.

JK Cements has maintained its growth and also focuses on strengthening its balance sheet. The debt-equity is steadily decreasing. From 2x in FY16, it has come down to 1.3x in FY19. Simultaneously interest coverage ratio has improved from 1.3x in FY16 to 2.6x in FY19. ROCE is also maintained in the range 12-13.4% for the last 3 years. The stock is currently trading at 9.4xEV/EBITDA. The company also pays dividend of average 20%. Considering the demand-supply scenario and strong outlook for the company, we recommend BUY.

BUY

CMP ₹1,026

Stock Info

Sector	Cement
Market Cap (₹ cr)	7,927
Beta	0.6
52 Week High / Low	1085/650
Avg. Daily Volume	2,941
Face Value (₹)	10
BSE Sensex	37,328
Nifty	11,017
Reuters Code	JKCE.BO
Bloomberg Code	JKCE IN

Shareholding Pattern (%)

Promoters	58.1
MF / Banks / Indian FIs	24.3
FII / NRIs / OCBs	10.7
Indian Public / Others	6.9

Abs. (%)	3m	1yr	3yr
Sensex	(5.1)	(2.5)	33.4
JKCEMENT	13.1	30.9	29.5

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Disclosure of Interest Statement

JK Cement Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)