

JK Lakshmi Cement

Estimate change	↔
TP change	↔
Rating change	↔

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

Financial Snapshot (INR b)

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

Ratios

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

Valuations

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

Shareholding pattern (%)

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

FII Includes depository receipts

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

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

Guides higher-than-industry volume growth for FY26E

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

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

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

Highlights from the management commentary

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

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Valuation and view

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

Quarterly performance (consolidated)

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales Volumes (mt)	3.02	2.48	3.03	3.60	3.33	2.73	3.16	3.72	12.13	12.93	3.13	6
YoY Change (%)	(0.4)	(9.3)	2.4	10.3	10.0	10.1	4.4	3.3	1.2	6.6	3.1	
Net Sales	15.6	12.3	15.0	19.0	17.4	14.1	16.5	19.5	61.9	67.5	16.6	5
YoY Change (%)	(9.6)	(21.6)	(12.1)	6.6	11.3	14.6	10.0	2.7	(8.8)	9.0	6.0	
EBITDA	2.2	0.9	2.0	3.5	3.1	2.1	2.9	3.7	8.6	11.8	3.0	5
YoY Change (%)	13.3	(58.9)	(33.2)	4.4	39.9	135.5	43.1	4.6	(17.8)	36.2	33.4	
Margin (%)	14.2	7.2	13.5	18.5	17.9	14.9	17.5	18.9	14.0	17.4	17.9	(3)
Depreciation	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	3.0	3.2	0.8	(5)
Interest	0.5	0.4	0.5	0.4	0.5	0.5	0.5	0.5	1.8	2.1	0.5	11
Other Income	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.5	0.6	0.1	81
PBT before EO expense	1.2	(0.2)	0.9	2.5	2.0	1.0	1.7	2.4	4.3	7.1	1.8	13
Extra-Ord. expense	0.4	-	-	-	-	-	-	-	0.4	-	-	
PBT	0.8	(0.2)	0.9	2.5	2.0	1.0	1.7	2.4	3.9	7.1	1.8	13
Tax	0.3	(0.1)	0.3	0.8	0.5	0.2	0.4	0.7	1.2	1.9	0.4	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.3	46.2	29.7	31.7	26.5	22.5	22.5	30.8	30.7	26.5	23.8	
Reported PAT	0.5	(0.1)	0.6	1.7	1.5	0.7	1.3	1.7	2.7	5.2	1.4	9
Minority Interest	(0.0)	0.0	0.0	(0.1)	(0.0)	0.0	0.0	(0.0)	(0.0)	0.0	0.1	
Adj. PAT	0.9	(0.1)	0.6	1.8	1.5	0.7	1.3	1.7	3.1	5.2	1.3	19
YoY Change (%)	17.7	(115.1)	NA	11.9	62.6	NM	118.6	(4.6)	(32.7)	66.3	36.9	

Per ton analysis (INR)

Net realization	5,172	4,983	4,940	5,274	5,234	5,184	5,204	5,240	5,106	5,218	5,294	(1)
RM Cost	1,274	987	907	971	922	960	950	1,065	1,018	978	980	(6)
Employee Expenses	335	444	377	316	374	437	393	335	362	381	385	(3)
Power, Oil, and Fuel	1,132	1,295	1,157	1,086	1,137	1,110	1,095	1,061	1,158	1,099	1,125	1
Freight and Handling Outward	1,042	1,137	1,147	1,222	1,194	1,154	1,164	1,076	1,155	1,145	1,150	4
Other Expenses	653	760	686	703	672	752	690	715	699	706	733	(8)
Total Expenses	4,436	4,623	4,274	4,298	4,299	4,414	4,292	4,252	4,393	4,308	4,346	(1)
EBITDA	735	360	666	976	936	771	913	988	713	910	948	(1)

Source: Company, MOFSL



Highlights from the management commentary

Demand and pricing

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

Operational efficiency

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

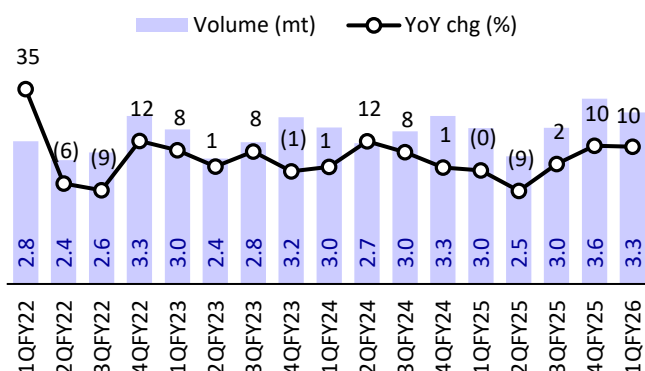
Capacity expansion and capex

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

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

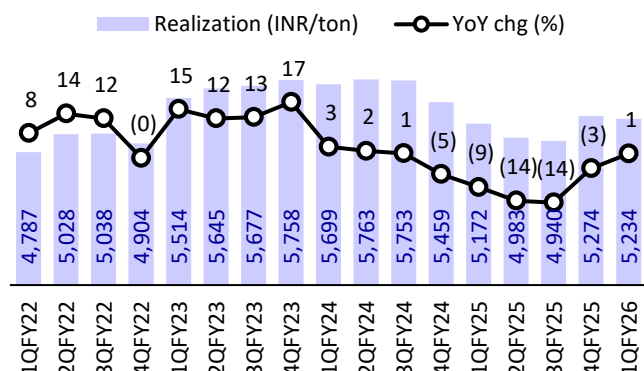
Story in charts

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



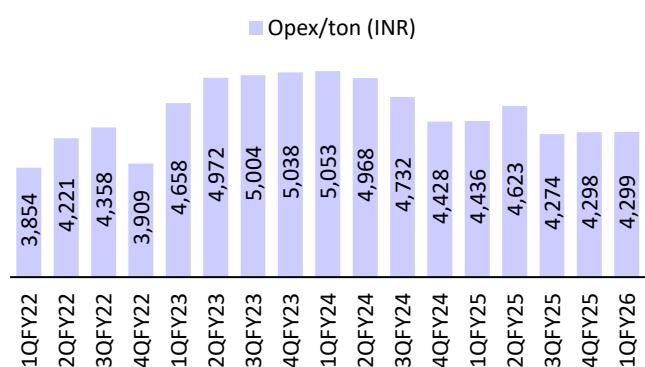
Source: Company, MOFSL

Exhibit 2: Blended realization was up 1% YoY



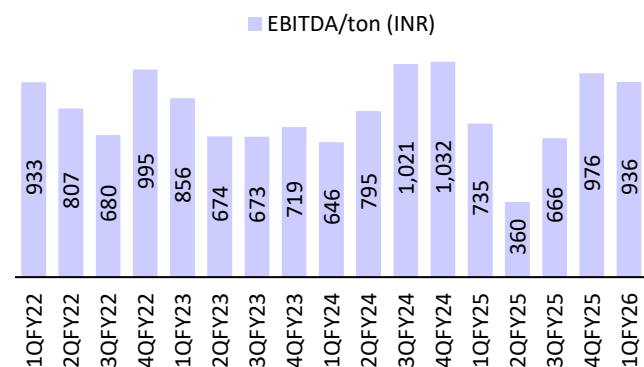
Source: Company, MOFSL

Exhibit 3: Opex/t declined 3% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was up 27% YoY



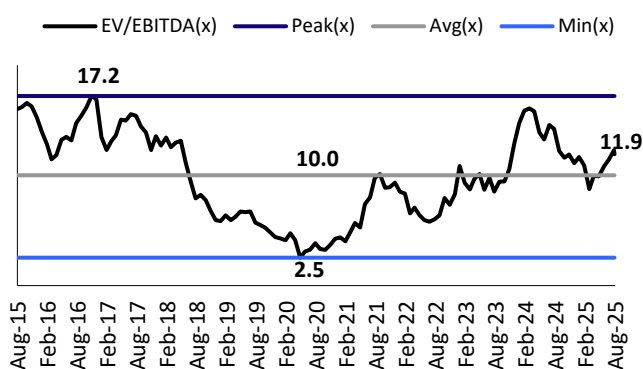
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

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

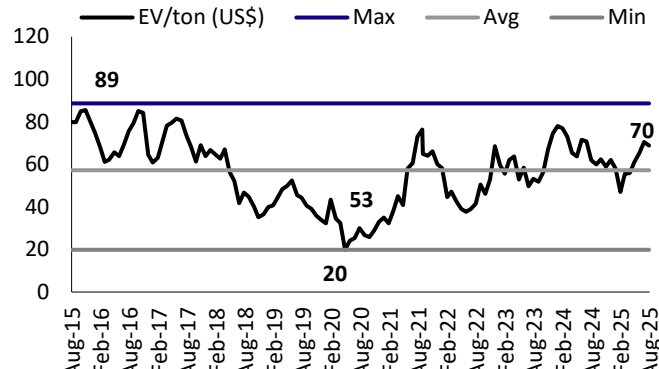
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Financials and valuations (consolidated)

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

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

Source: Company, MOFSL estimates

Financials and valuations (consolidated)

Ratios

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

Cash Flow Statement

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

Source: Company, MOFSL estimates

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NOTES

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BUY	>=15%
SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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