

JK Lakshmi Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	JKLC IN
Equity Shares (m)	124
M.Cap.(INRb)/(USDb)	104.9 / 1.2
52-Week Range (INR)	1021 / 661
1, 6, 12 Rel. Per (%)	-2/4/4
12M Avg Val (INR M)	168

Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	69.3	75.7	83.3
EBITDA	11.3	13.4	15.0
Adj. PAT	5.1	6.3	6.4
EBITDA Margin (%)	16.3	17.7	18.0
Adj. EPS (INR)	41.3	51.0	51.3
EPS Gr. (%)	70.7	23.3	0.6
BV/Sh. (INR)	315	360	405

Ratios

Net D:E	0.5	0.6	0.5
RoE (%)	13.9	15.1	13.4
RoCE (%)	10.4	10.7	9.8
Payout (%)	15.2	13.2	14.3

Valuations

P/E (x)	20.4	16.6	16.5
P/BV (x)	2.7	2.3	2.1
EV/EBITDA(x)	10.3	9.1	8.4
EV/ton (USD)	77	71	65
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	-0.2	-2.0	2.8

Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	45.1	46.3	46.3
DII	22.8	25.1	25.0
FII	12.6	12.8	11.5
Others	19.5	15.7	17.2

FII Includes depository receipts

CMP: INR845 TP: INR1,100 (+30%)

Buy

Operating performance in line; Durg expansion on track

FY30 capacity target of 30mtpa maintained

- JK Lakshmi Cement (JKLC)'s 2QFY26 EBITDA was in line with our estimates at INR2.1b (+133% YoY, albeit on a low base) as the benefit of better realization was offset by higher-than-estimated opex/t. EBITDA/t increased 103% YoY to INR733 (in line). It reported PAT of INR809m (+22% vs. estimate, led by higher other income and lower ETR) vs. a loss of INR307m in 2QFY25.
- Management indicated that demand in Oct'25 was muted due to unseasonal rains and the festival effect; however, demand is likely to recover from mid-Nov'25. JKLC outperformed industry growth in 1HFY26. JKLC believes that the company will sustain above-industry growth in 2H as well. The company placed main plant and machinery orders for Durg expansion and expects commissioning of clinker capacity (2.3mtpa) by Mar'27 and grinding capacities (4.6mtpa) during FY27-28, in a phased manner. Post-Durg expansion, the company's capacity will increase to 22.6mtpa.
- We broadly retain our earnings estimates for FY26-28. The stock is trading at 9x/8x FY27E/FY28E EV/EBITDA. We value the stock at 11x Sep'27E EV/EBITDA to arrive at our TP of INR1,100. **Reiterate BUY.**

Sales volume up 15% YoY; realization/t improves 8% YoY

- Consolidated revenue/EBITDA/adj. PAT stood at INR15.3b/INR2.1b (up 24%/133% YoY and up ~9%/in line). Net profit stood at INR809m vs. a loss of INR307m in 2QFY25. Sales volume increased 15% YoY to 2.8mt. Realization/t was up 8%/3% YoY/QoQ at INR5,388/t (~5% above estimate).
- Opex/t rose 1% YoY (~5% above est.), led by a ~9% YoY rise in freight cost/t. Variable cost/other expenses per ton dipped ~2%/5% YoY. OPM surged 6.4pp YoY to ~14%; EBITDA/t rose ~103% YoY to INR733 in 2Q. Depreciation/finance costs rose ~4%/13% YoY. Other income was up ~130% YoY.
- In 1HFY26, revenue/EBITDA/Adj. PAT stood at INR32.7b/INR5.2b/INR2.3b (up ~17%/67%/275% YoY). OPM increased 4.7pp YoY to ~16%. Realization/t stood at INR5,305 (up ~4% YoY), while EBITDA/t stood at INR842 (up ~49% YoY). OCF stood at INR352m vs. INR52m in 1HFY25. Capex stood at INR252m vs. INR440m. Net cash inflow stood at INR99m vs. net cash outflow at INR388m in 1HFY25.

Highlights from the management commentary

- JKLC's sales mix toward the North and West markets improved, which led to higher realizations. Lead distance reduced to 395km from 399km in 1QFY26. Blended cement share was ~62% vs. ~66%/63% in 2QFY25/1QFY26.
- Premium product share was at ~26% of trade volume vs. ~23% in 1QFY26. Trade sales stood at ~53% vs. ~53%/56% in 2QFY25/1QFY26.
- The company acknowledged that the INR1,000/ton full-year target remains aspirational given the current competitive environment, though efforts continue to narrow the gap with regional peers.

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Valuation and view

- JKLC's 2QFY26 operating performance was in line. It has posted robust volume growth of ~15% YoY, albeit on a low base. It remains confident of sustaining volume growth above industry levels, supported by entering into newer markets where it is also adding capacity in the next one to two years. Further, the company's realization improved QoQ, led by a better geo-mix, an increase in premium share, and higher non-cement revenue.
- We estimate a CAGR of ~10%/20%/31% in revenue/EBITDA/PAT over FY25-28 and project an EBITDA/t of INR864/INR954/INR987 in FY26E/FY27E/FY28E vs. INR718 in FY26. We further estimate its net debt will rise to INR26.4b by FY28 from INR14.2b as of Sep'25 due to the higher capex plan. The net debt-to-EBITDA ratio is estimated at 1.8x by FY28E vs 1.3x currently. The stock is trading at 9x/8x FY27E/FY28E EV/EBITDA. We value JKLC at 11x Sep'27E EV/EBITDA to arrive at our TP of INR1,100. **Reiterate BUY.**

Quarterly performance (consolidated)

Y/E March	(INR b)											
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E	FY26	Var.
Sales Volumes (mt)	3.02	2.48	3.03	3.60	3.33	2.84	3.18	3.76	12.13	13.11	2.73	4
YoY Change (%)	(0.4)	(9.3)	2.4	10.3	10.0	14.8	5.1	4.6	1.2	8.1	10.1	
Net Sales	15.6	12.3	15.0	19.0	17.4	15.3	16.7	19.9	61.9	69.3	14.1	9
YoY Change (%)	(9.6)	(21.6)	(12.1)	6.6	11.3	24.1	11.8	4.7	(8.8)	12.0	13.9	
EBITDA	2.2	0.9	2.0	3.5	3.1	2.1	2.5	3.6	8.6	11.3	2.0	4
YoY Change (%)	13.3	(58.9)	(33.2)	4.4	39.9	133.3	26.3	2.3	(17.8)	31.1	124.8	
Margin (%)	14.2	7.2	13.5	18.5	17.9	13.6	15.2	18.1	14.0	16.3	14.3	(68)
Depreciation	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	3.0	3.1	0.8	2
Interest	0.5	0.4	0.5	0.4	0.5	0.5	0.5	0.5	1.8	2.1	0.5	(1)
Other Income	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.5	0.9	0.1	84
PBT before EO expense	1.2	(0.2)	0.9	2.5	2.0	1.0	1.5	2.5	4.3	7.0	0.9	20
Extra-Ord. expense	0.4	-	-	-	-	-	-	-	0.4	-	-	
PBT	0.8	(0.2)	0.9	2.5	2.0	1.0	1.5	2.5	3.9	7.0	0.9	20
Tax	0.3	0.0	0.3	0.8	0.5	0.2	0.4	0.7	1.3	1.9	0.2	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.3	(10.6)	29.7	31.7	26.5	21.5	26.5	28.5	33.6	26.5	22.5	
Reported PAT	0.5	(0.2)	0.6	1.7	1.5	0.8	1.1	1.8	2.6	5.1	0.7	21
Minority Interest	(0.0)	0.1	0.0	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	
Adj. PAT	0.9	(0.3)	0.6	1.8	1.5	0.8	1.1	1.8	3.0	5.1	0.7	22
YoY Change (%)	17.7	(133.1)	NA	11.9	62.6	NM	79.6	(0.2)	(36.3)	72.9	NM	
Per ton analysis (INR)												
Net realization	5,172	4,983	4,940	5,274	5,234	5,388	5,258	5,282	5,106	5,287	5,154	5
RM Cost	1,274	987	907	971	922	942	1,000	1,080	1,018	991	960	(2)
Employee Expenses	335	444	377	316	374	457	424	273	362	375	437	5
Power, Oil, and Fuel	1,132	1,295	1,157	1,086	1,137	1,295	1,150	1,064	1,158	1,154	1,110	17
Freight and Handling Outward	1,042	1,137	1,147	1,222	1,194	1,235	1,185	1,178	1,155	1,196	1,159	7
Other Expenses	653	759	686	703	672	725	698	732	699	707	752	(4)
Total Expenses	4,436	4,623	4,274	4,298	4,299	4,655	4,458	4,327	4,393	4,423	4,419	5
EBITDA	735	360	666	976	936	733	800	955	713	864	736	(0)

Source: Company, MOFSL



Key highlights from the management commentary

Demand and pricing

- Management indicated that demand trends in 2Q were better than 1Q, though still affected by intermittent rains and a prolonged monsoon, particularly in North and East India. October, however, remained subdued due to unseasonal rainfall and the timing of Diwali, but the company expects demand to improve from November onwards. The company outperformed the industry in volume growth in 1HFY26 and expects to maintain above industry growth through 2H.
- On pricing, trade segment prices have remained stable across regions, while non-trade prices saw a decline in Sept–Oct due to softer demand and temporary price pass-throughs to customers. Management expects non-trade prices to recover as demand normalizes. The company's blended realizations improved sequentially in 2Q, supported by a higher contribution from Northern markets (including Gujarat), better sales mix from premium products, and volume ramp-up from the newly commissioned Surat grinding unit.
- The company also undertook efforts to streamline its channel structure, reducing conflicts among dealers and distributors, which helped sustain better price discipline at the ground level.

Operational efficiency

- The company's sales mix shifted toward North and West markets, which carry stronger realizations. Lead distance reduced to 395m from 399km in 1QFY26. Blended cement share was ~62% v/s ~66%/63% in 2QFY25/1QFY26.
- The power and fuel costs rose sequentially, primarily due to lower WHRS output (shutdowns during 2Q), reduced solar generation from unfavorable weather, and higher petcoke prices. Management expects these costs to normalize in 2H with improved WHRS and solar generation. Freight costs rose due to dispatches into non-core and newer markets, as JKLC seeded volumes in geographies such as Bihar and Jharkhand ahead of future grinding capacity additions.
- Premium product share was at ~26% of trade volume vs. 23% in 1QFY26. Trade sales stood at ~53% v/s ~53%/56% in 2QFY25/1QFY26.
- Non-cement revenue stood at INR1.53b, including RMC revenue of INR720m.
- Average fuel cost stood at INR1.54/kcal vs. INR1.60/INR1.50 Kcal in 2QFY25/1QFY26
- Management reaffirmed its ongoing cost optimization program targeting savings of INR120/ton over 18–24 months. These savings will stem from a higher share of premium products, lower distribution costs, process efficiencies, renewable energy adoption, and digital AI-driven optimization at plant and grinding stations.
- Green power contribution currently stands at ~46% of the total power mix v/s ~47%/49% in 2QFY25/1QFY26 .
- The company acknowledged that the INR1,000/ton full-year target remains aspirational given the current competitive environment, though efforts continue to narrow the gap with regional peers.

Capacity expansion and capex

- The company has achieved a total cement capacity of 18mtpa with the commissioning of the Surat grinding unit during Sep'25. The company's next leg of expansion includes the Durg brownfield project, which will raise total capacity to 22.6mtpa by FY28. Orders for major long-lead equipment for the Durg project have been placed, and commissioning is targeted by Mar'27 for 2.2mt capacity, with the balance by Mar'28. The Durg expansion entails an outlay of INR30b, of which only INR500m has been spent till Sept'25.
- For FY26, JKLC expects total capex of INR10b–12b, primarily toward the Durg project, land acquisition, and maintenance. Capex pegged at INR13–15b p.a. for FY27/FY28. The greenfield projects at Nagaur (Rajasthan), Kutch (Gujarat), and Assam are planned in FY29–30, each with ~3mt cement capacity (Nagaur and Kutch with ~2mt clinker each). Estimated project costs for greenfields are expected to be ~USD100/ton.
- The company reiterated its long-term roadmap to reach 30mt capacity by FY30, with leverage maintained below 3–3.5x net debt/EBITDA even after expansions.
- The company is awaiting the Ministry of Steel approval for leasing land and right of way for its long-pending overhead conveyor belt project at Durg. It remains under active follow-up, with alternative options being evaluated in parallel.
- It is also eligible for capital incentives at UCWL, which have been applied for but not yet recognized in books.

Story in charts

Exhibit 1: Sales volume (consolidated) increased 15% YoY

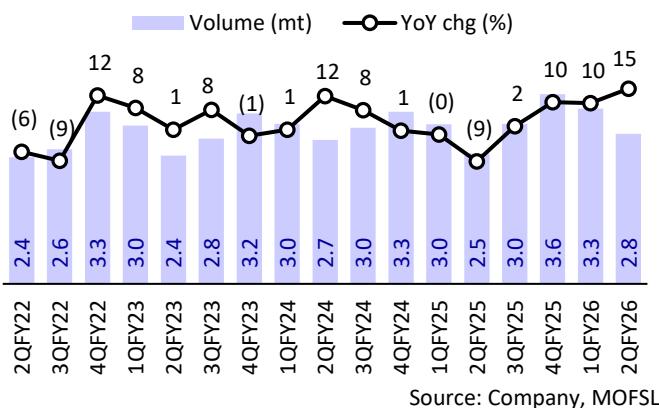


Exhibit 2: Blended realization was up 8% YoY

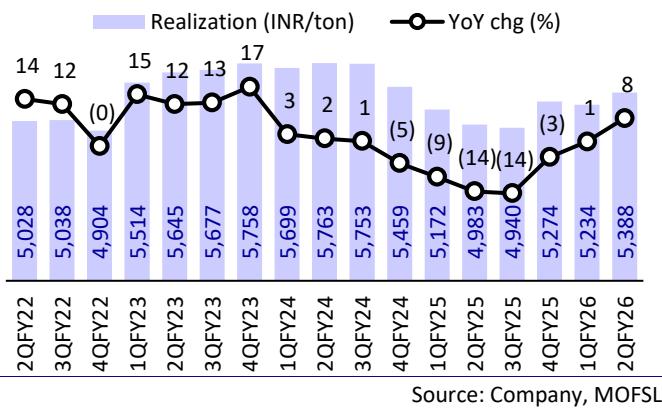


Exhibit 3: Opex/t increased 1% YoY

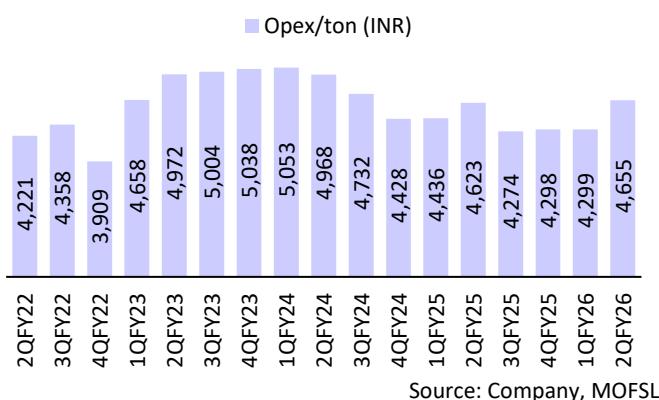


Exhibit 4: EBITDA/t was up 103% YoY

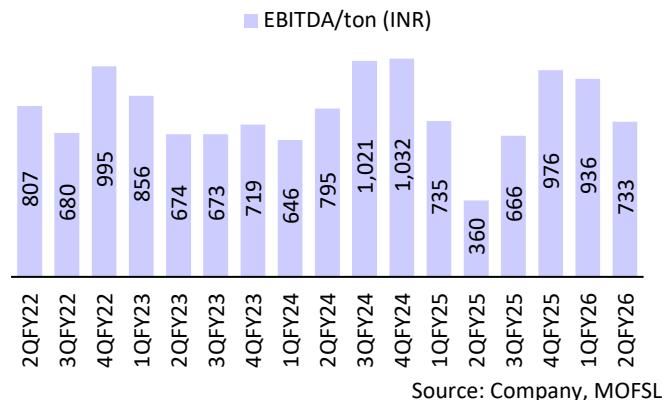


Exhibit 5: Key performance indicators – per ton analysis

INR/t	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)
Net realization	5,388	4,983	8.1	5,234	2.9
RM Cost	942	987	(4.6)	922	2.2
Employee Expenses	457	444	3.0	374	22.4
Power, Oil, and Fuel	1,295	1,295	0.1	1,137	14.0
Freight and Handling Outward	1,235	1,137	8.6	1,194	3.4
Other Expenses	725	759	(4.5)	672	7.8
Total Expenses	4,655	4,623	0.7	4,299	8.3
EBITDA	733	360	103.2	936	(21.7)

Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart

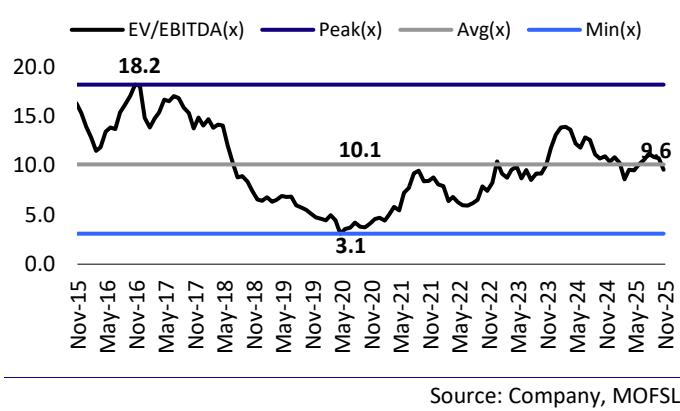
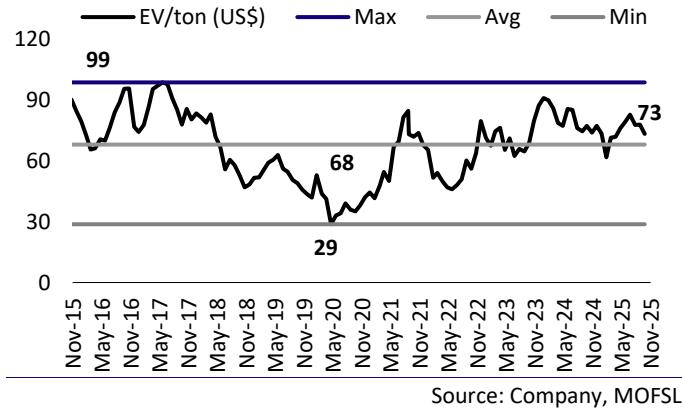


Exhibit 7: One-year forward EV/t chart



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	69,340	75,725	83,253	
Change (%)	8.3	14.6	19.0	5.2	-8.8	12.0	9.2	9.9	
EBITDA	9,386	9,507	8,387	10,522	8,646	11,335	13,420	14,986	
Margin (%)	19.9	17.5	13.0	15.5	14.0	16.3	17.7	18.0	
Depreciation	2,253	2,235	2,283	2,460	2,994	3,121	3,511	4,495	
EBIT	7,133	7,272	6,104	8,062	5,652	8,214	9,909	10,491	
Int. and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,080	2,342	2,888	
Other Income – Rec.	726	683	575	681	464	855	1,050	1,065	
PBT bef. EO Exp.	5,939	6,534	5,345	7,239	4,304	6,989	8,617	8,667	
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	6,989	8,617	8,667	
Total Tax	1,349	1,488	1,654	2,446	1,278	1,852	2,284	2,297	
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	5,137	6,334	6,371	
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	2,848	5,131	6,328	6,364	
Change (%)	60.5	-5.5	-12.0	29.1	-38.5	80.1	23.3	0.6	
Margin (%)	9.1	7.5	5.6	6.8	4.6	7.4	8.4	7.6	
Balance Sheet									(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Equity Share Capital	589	589	589	589	589	621	621	621	
Total Reserves	20,357	24,463	27,450	31,278	34,124	38,510	44,092	49,711	
Net Worth	20,946	25,052	28,039	31,867	34,712	39,130	44,713	50,332	
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	29,245	37,645	40,045	
Capital Employed	37,672	44,415	48,199	56,470	64,746	73,143	87,131	95,156	
Gross Block	44,138	47,469	49,667	68,338	76,089	82,908	98,058	1,13,188	
Less: Accum. Deprn.	11,748	13,992	16,275	18,734	21,729	24,864	28,389	32,899	
Net Fixed Assets	32,390	33,477	33,392	49,604	54,360	58,044	69,669	80,289	
Capital WIP	2,738	2,425	8,902	3,832	2,777	8,159	8,139	5,139	
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	22,119	26,395	29,028	
Inventory	3,662	5,810	8,416	9,912	8,648	9,540	10,362	11,325	
Account Receivables	545	352	654	443	1,068	1,183	1,286	1,408	
Cash and Bank Balance	3,719	5,729	3,390	2,673	1,969	3,665	7,017	8,565	
Loans and Advances	3,164	3,068	3,511	4,090	7,730	7,730	7,730	7,730	
Curr. Liability and Prov.	15,190	14,847	17,210	20,030	20,046	22,669	24,562	26,789	
Account Payables	4,368	3,660	5,860	5,560	4,548	7,171	9,064	11,291	
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)	(550)	1,834	2,239	
Appl. of Funds	37,672	44,415	48,199	56,470	64,746	73,143	87,131	95,156	

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	24.2	41.3	51.0	51.3
Cash EPS	55.8	53.6	49.9	60.2	49.6	66.5	79.2	87.5
BV/Share	178.0	212.8	238.2	270.7	294.9	315.1	360.1	405.3
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	15.2	13.2	14.3
Valuation (x)								
P/E	23.1	24.4	27.7	21.5	34.9	20.4	16.6	16.5
Cash P/E	15.1	15.8	16.9	14.0	17.0	12.7	10.7	9.7
P/BV	4.7	4.0	3.5	3.1	2.9	2.7	2.3	2.1
EV/Sales	2.3	2.0	1.6	1.7	1.9	1.7	1.6	1.5
EV/EBITDA	11.7	11.4	12.6	10.9	13.8	10.3	9.1	8.4
EV/t (USD)	96	92	89	82	85	77	71	65
Dividend Yield (%)	0.4	0.6	0.4	0.8	0.8	0.7	0.7	0.7
Return Ratios (%)								
RoE	22.8	17.7	13.5	15.5	8.6	13.9	15.1	13.4
RoCE	16.0	15.0	10.2	11.8	7.7	10.4	10.7	9.8
RoIC	17.2	17.4	11.6	14.0	9.4	11.7	11.8	10.8
Working Capital Ratios								
Asset Turnover (x)	1.3	1.2	1.3	1.2	1.0	0.9	0.9	0.9
Inventory (Days)	28	39	48	53	51	50	50	50
Debtor (Days)	5	3	4	3	7	7	7	7
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	1.0	1.1	1.1
Interest Coverage Ratio	3.7	5.1	4.6	5.4	3.1	3.9	4.2	3.6
Debt/Equity ratio	0.8	0.7	0.7	0.6	0.7	0.7	0.8	0.8

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
(INR m)								
OP/(Loss) before Tax	5,939	6,534	5,345	7,325	4,298	6,989	8,617	8,667
Depreciation	2,253	2,235	2,283	2,460	2,994	3,136	3,525	4,509
Interest and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,080	2,342	2,888
Direct Taxes Paid	(871)	(888)	(909)	(1,126)	(338)	(1,852)	(2,284)	(2,297)
(Inc.)/Dec. in WC	2,060	(1,526)	(1,135)	(430)	(490)	1,616	968	1,143
CF from Operations	11,301	7,776	6,918	9,733	8,276	11,969	13,169	14,911
Others	(983)	(976)	(576)	(741)	(449)	-	-	-
CF from Operations incl. EO	10,318	6,800	6,342	8,992	7,827	11,969	13,169	14,911
(Inc.)/Dec. in FA	(1,661)	(3,661)	(7,320)	(10,060)	(6,524)	(12,202)	(15,130)	(12,130)
Free Cash Flow	8,658	3,138	(978)	(1,069)	1,303	(234)	(1,961)	2,781
(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)	(11,452)	(15,130)	(12,130)
Issue of Shares	-	-	-	931	880	32	-	-
Inc./(Dec.) in Debt	(3,392)	2,042	(431)	1,601	4,993	3,973	8,400	2,400
Interest Paid	(2,130)	(1,401)	(1,505)	(2,033)	(1,965)	(2,080)	(2,342)	(2,888)
Dividend Paid	(5)	(443)	(587)	(674)	(532)	(745)	(745)	(745)
Others	-	(90)	(136)	(181)	(198)	-	-	-
CF from Fin. Activity	(5,526)	108	(2,658)	(356)	3,178	1,180	5,312	(1,233)
Inc./Dec. in Cash	453	257	689	(164)	(507)	1,696	3,352	1,548
Opening Balance	30	484	2,701	2,837	2,476	1,969	3,665	7,017
Closing Balance	484	740	3,390	2,673	1,969	3,665	7,017	8,565

Source: Company, MOFSL estimates

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NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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