

November 10, 2025

Longer term outlook remains constructive...

About the stock: JK Lakshmi Cement (JKLC) mainly caters to the north, west & eastern markets of India with a total consolidated capacity of 18 million tonnes (mtpa). Plants are located at Rajasthan (Sirohi & Udaipur), Chhattisgarh (Durg), Gujarat (Surat & Kalol), Haryana (Jhajjar) and Odisha (Cuttack)

Q2FY26 performance: Revenue increased by 24.1% YoY (-12% QoQ) to Rs 1531.8 crores, led by volume growth of 14.8% YoY (to 2.84 mtpa, -14.5 QoQ) and improvement in realization by 8.1% YoY (+2.9% QoQ). EBITDA/ton improved substantially by 103.3% YoY (-21.7% QoQ) to Rs 733/ton. Subsequently, absolute EBITDA was up 133.3% YoY (-33.1% QoQ) to Rs 208.3 crores. PAT stood at Rs 80.9 crore vs loss of Rs 14 crores in Q2FY25

Investment Rationale

- **Capacity additions, pick-up in demand to drive volume growth:** Company registered 14.8% YoY volume growth in Q2FY26 and 12.1% YoY for H1FY26 which was better than industry. Going ahead, volume growth is expected to pick-up significantly (~9% CAGR during FY25-28E vs ~4% CAGR during FY21-25), primarily led by spread out capacity expansions, pick-up in demand in company's core markets and ramp-up of recently added capacities. Currently, the company is in process of expanding its cement capacity from 18 mtpa at present to 22.6 mtpa by FY28E (through 1.2 mtpa each at Durg & Madhubani which is expected by FY27E end, 1.2 mtpa at Prayagraj by Q3FY28E and 1 mtpa at Jharkhand by FY28E end). Moreover, company plans to add capacities at Kutch and Nagaur (3 mtpa each). This gives healthy volume growth visibility over the next few years. In the longer term, company aims to reach 30 mtpa by FY30E, as it plans to add 1.5-2 mtpa capacity at Assam in North-east region (more clarity awaited on commissioning)
- **Improvement in EBITDA/ton due to focus on operational efficiencies:** Company's EBITDA/ton improved substantially by 103% YoY to ₹ 733/ton in Q2FY26, led by sharp improvement in realisation and flattish costs. We believe that company's profitability to improve further over FY26E-28E, led by continuous focus on operational efficiencies, positive operating leverage and premiumization. We estimate EBITDA/ton to improve to ₹ 1067/ton by FY28E (from ₹ 713/ton in FY25). Reduction in overall cost structure would be primarily driven by increasing usage of green power & alternative fuels (company targets share of overall renewable energy usage at 60% of total by 2030 from 46% at present). Moreover, focus on optimising product mix & geographical mix would further help company to improve operational competitiveness

Rating and Target Price

- We estimate revenue CAGR of ~12% over FY25-28E with healthy volume growth of ~9% CAGR. However, EBITDA is expected at ~24% CAGR over the same period, led by continuous focus on cost efficiency measures
- Valuations at 9.1x EV/EBITDA & \$70 EV/ton on FY27E, looks attractive, looking at company's strategic plan of achieving 30 mtpa by FY30E with favourable market mix. We maintain **BUY** on JKLC with TP of ₹ 1050 (based on 10x EV/EBITDA on FY27E & FY28E average)

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	6,452	6,788	6,193	4.5%	7,067	7,821	8,615	11.6%
EBITDA	839	1,052	865	-3.1%	1,069	1,354	1,666	24.4%
EBITDA margin (%)	13.0	15.5	14.0		15.1	17.3	19.3	
Net Profit	369	472	299	-14.4%	446	590	748	35.7%
EPS (Rs)	31.4	40.1	25.4		37.9	50.2	63.6	
P/E (x)	26.6	21.1	32.8		22.1	16.6	13.1	
EV/EBITDA (x)	12.9	10.7	13.4		10.9	9.1	7.7	
EV/ton (\$)	89	78	81		75	70	58	
RoCE (%)	14.2	16.2	9.9		12.8	14.0	15.4	
RoE (%)	13.0	13.9	8.2		11.2	13.4	15.0	

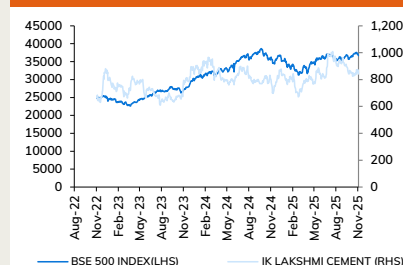
Source: Company, ICICI Direct Research

**Particulars**

Particular	Amount
Market Capitalisation (Rs Crore)	9,825
FY25 Gross Debt (Rs Crore)	2,527
FY25 Cash (Rs Crore)	796
EV (Rs Crore)	11,557
52 Week H / L	1021 / 660
Equity Capital	58.9
Face Value	5.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	46.3	46.3	46.3	45.1
FII	11.9	12.1	12.8	12.5
DII	25.2	25.2	25.1	22.8
Others	16.5	16.4	15.7	19.5

Price Chart**Recent Event & Key risks**

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

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Q2FY26 Result Highlights:

- Revenue increased by 24.1% YoY to Rs 1531.8 crores, led by volume growth of 14.8% YoY (to 2.84 mtpa) and improvement in realization by 8.1% YoY. Sequentially, revenue declined by 12% QoQ, mainly due to decline in volume by 14.5% QoQ
- EBITDA/ton improved substantially by 103.3% YoY (-21.7% QoQ) to Rs 733/ton, led by improvement in realisation and flattish cost structure
- Subsequently, absolute EBITDA was up 133.3% YoY (-33.1% QoQ) to Rs 208.3 crores
- PAT stood at Rs 80.9 crore vs loss of Rs 14 crores in Q2FY25
- For H1FY26, revenue was up by 17% YoY, led by 12.1% YoY increase in volumes and 4.3% YoY improvement in realisation. EBITDA/ton stood at Rs 842/ton in H1FY26 (vs Rs 566/ton in H1FY25)

Recent earnings call highlights:

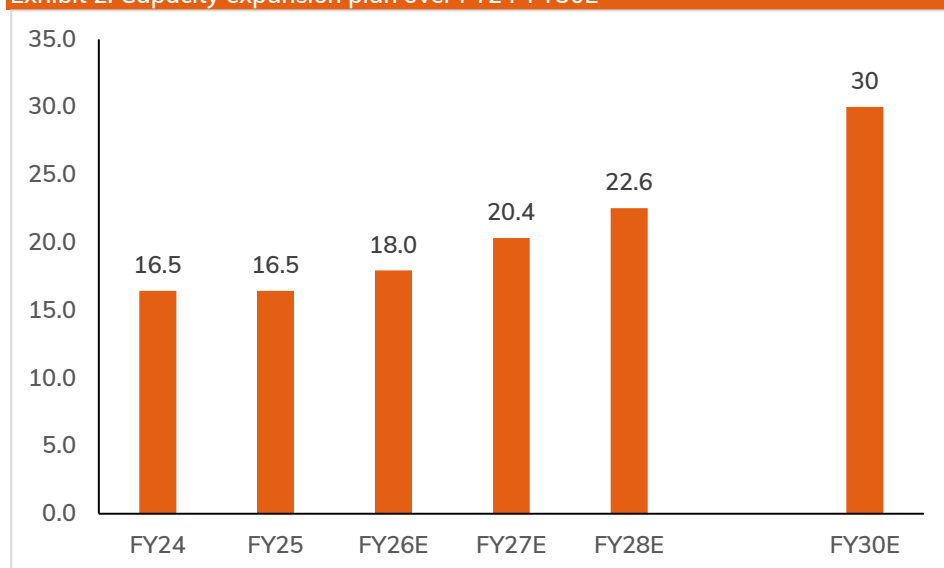
- Demand growth in North, West, and East India remains steady and the company expects to outperform industry volume growth in FY26E. Management continues to guide for growth above industry average (6–7%), with stable volumes and improved realizations in H2FY26
- EBITDA/ton target of ₹1,000/ton remains the company's medium-term ambition; management reiterated focus on closing the margin gap with peers
- Q2FY26 realizations improved due to higher contribution from Gujarat and North markets (69% of sales), which command stronger pricing. East market share declined slightly as the company prioritized profitable geographies
- Trade prices remained largely stable across regions, while non-trade prices fell due to GST rate cut and lower demand, though management expects price recovery in Q4FY26 with demand rebound
- Despite short-term volatility, management expects steady realizations supported by premium product mix and disciplined channel management
- Trade sales formed 53% of volumes; premium product mix improved to 26% of trade sales, up from 23% in Q1FY26
- Non-cement revenue for Q2FY26 stood at ₹153 crore, contributing about 7% of total revenue, with EBITDA margin of 4%
- Blended cement share stood at 82%, with lead distance improving from 399 km to 395 km
- Power and fuel cost rose to ₹1.61 per 1000 kcal, impacted by lower WHRS output due to plant shutdowns and weaker solar generation during monsoon.
- Green power share declined to 46% in Q2FY26 but is expected to improve to ~55% in H2FY26 as WHRS and solar plants operate at full load.
- Petcoke prices firmed up to US \$116–120/ton, though management expects cost normalization over the next two quarters.
- Freight cost increased 8–9% YoY as the company entered non-core and distant markets to maintain utilization during the lean season.
- Management reiterated its ₹100–120/ton cost saving target over the next 12–18 months, through premiumization, digital optimization, and supply chain efficiency
- A major brownfield expansion of 4.6 mtpa at Durg (Chhattisgarh) is under execution which will raise total capacity to 22.6 mtpa by FY28E; total project cost estimated at ₹3,000 crore out of which only ₹50 crore had been spent till Sept 2025; the balance will be incurred over FY26E–FY28E

- Beyond Durg, three greenfield projects are planned at Nagaur (Rajasthan), Kutch (Gujarat), and Assam, expected between FY29E–FY30E, each adding 2–3 mtpa capacity
- The Nagaur and Kutch plants will each have ~2 mtpa clinker and 3 mtpa cement capacity, with Assam planned at 2–2.5 mtpa; these will take the company to 30 mtpa by FY30E
- FY26E capex is projected at ₹1,000–1,200 crore, rising to ₹1,300–1,500 crore per year over the next two years
- Management indicated overall capex will not exceed 3.0–3.5× Net Debt/EBITDA, even after executing the new projects
- The company continues diversifying into building materials and solutions to strengthen non-cement revenue streams

Exhibit 1: Quarterly Analysis – Q2FY26

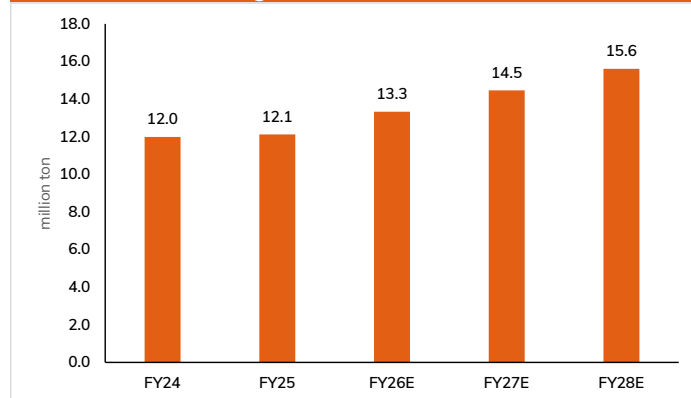
	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Operating Income	1,531.8	1,234.3	24.1	1,740.9	-12.0	Revenue increased YoY on good volume growth and improvement realisation
Other income	22.7	8.4	170.5	22.2	2.1	
Total Revenue	1,554.4	1,242.7	25.1	1,763.1	-11.8	
Raw materials costs	267.9	259.4	3.3	306.5	-12.6	
Employees Expenses	130.0	110.0	18.2	124.3	4.7	
Other Expenses	206.1	186.1	10.8	223.6	-7.8	
Total Expenditure	1,323.5	1,145.0	15.6	1,429.7	-7.4	
EBITDA	208.3	89.3	133.3	311.2	-33.1	
EBITDA margins (%)	13.6	7.2	636 bps	17.9	-428 bps	Margins improved YoY on account of improved realisation
Interest	50.5	43.1		52.2	-3.3	
Depreciation	77.7	74.9	3.7	77.3	0.5	
Tax	22.1	-9.4	-335.3	54.1		
PAT	80.9	-14.0	-678.3	150.2		

Source: Company, ICICI Direct Research

Exhibit 2: Capacity expansion plan over FY24-FY30E


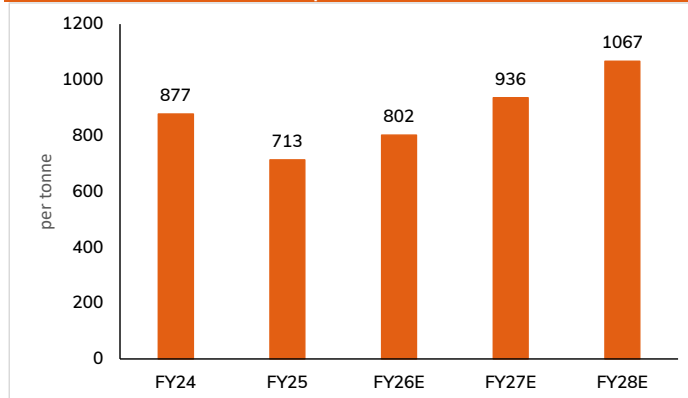
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~9% CAGR over FY25-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY26E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

(Rs Crore)	FY25	FY26E	FY27E	FY28E
Revenue	6,192.6	7,066.6	7,820.6	8,615.1
% Growth	(8.8)	14.1	10.7	10.2
Other income	46.4	90.0	99.0	108.9
Total Revenue	6,192.6	7,066.6	7,820.6	8,615.1
% Growth	(8.8)	14.1	10.7	10.2
Total Raw Material Costs	1,268.8	1,247.3	1,352.0	1,460.2
Employee Expenses	439.5	524.3	566.2	611.5
other expenses	844.2	909.8	1,000.7	1,100.8
Total Operating Expenditure	5,328.0	5,997.9	6,466.9	6,949.6
Operating Profit (EBITDA)	864.6	1,068.7	1,353.7	1,665.6
% Growth	(17.8)	23.6	26.7	23.0
Interest	181.2	204.2	234.2	283.8
PBDT	729.8	954.5	1,218.5	1,490.7
Depreciation	299.4	318.0	375.4	422.1
PBT before Exceptional Item:	430.4	636.5	843.2	1,068.6
Total Tax	127.8	190.9	252.9	320.6
PAT before MI	302.6	445.5	590.2	748.0
PAT	299.3	445.5	590.2	748.0
% Growth	(36.6)	48.9	32.5	26.7
EPS	25.4	37.9	50.2	63.6

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Rs Crore)	FY25	FY26E	FY27E	FY28E
Profit after Tax	299.3	445.5	590.2	748.0
Depreciation	299.4	318.0	375.4	422.1
Interest	181.2	204.2	234.2	283.8
Cash Flow before WC changes	779.8	967.7	1,199.8	1,453.9
Changes in inventory	126.4	(45.1)	(97.1)	(102.3)
Changes in debtors	(62.5)	(77.1)	(8.9)	(19.6)
Changes in loans & Advances	3.0	-	-	-
Changes in other current assets	(14.5)	(5.9)	(15.2)	(22.5)
Net Increase in Current Assets	75.4	(128.2)	(121.2)	(144.4)
Changes in creditors	(101.2)	97.0	69.6	63.1
Changes in provisions	1.0	0.1	0.7	1.1
Net Inc in Current Liabilities	(31.5)	132.9	100.6	97.2
Net CF from Operating activities	823.7	972.4	1,179.2	1,406.7
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(669.5)	(1,100.0)	(1,400.0)	(1,400.0)
Net CF from Investing activities	(1,214.2)	(783.1)	(1,411.3)	(1,411.9)
Dividend and Dividend Tax	(76.5)	(117.7)	(153.0)	(194.2)
Net CF from Financing Activities	320.1	(271.9)	312.9	62.1
Net Cash flow	(70.4)	(82.7)	80.7	56.8
Opening Cash/Cash Equivalent	267.3	196.9	114.3	195.0
Closing Cash/ Cash Equivalent	196.9	114.3	195.0	251.8

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(Rs Crore)	FY25	FY26E	FY27E	FY28E
Equity Capital	58.9	58.9	58.9	58.9
Reserve and Surplus	3,596.5	3,924.4	4,361.6	4,915.4
Total Shareholders funds	3,655.3	3,983.2	4,420.4	4,974.3
Total Debt	2,527.2	2,577.2	3,277.2	3,817.2
Total Liabilities	6,934.6	7,312.4	8,449.7	9,543.5
Gross Block	7,245.9	8,123.6	9,323.6	10,423.6
Acc: Depreciation	2,139.4	2,457.4	2,832.8	3,254.9
Net Block	5,106.5	5,666.2	6,490.8	7,168.7
Capital WIP	277.7	500.0	700.0	1,000.0
Total Fixed Assets	5,786.1	6,568.2	7,592.8	8,570.7
Non Current Assets	771.0	453.1	464.4	476.3
Inventory	864.8	909.9	1,007.0	1,109.3
Debtors	106.8	183.9	192.8	212.4
Other Current Assets	141.1	147.0	162.2	184.8
Cash	196.9	114.3	195.0	251.8
Total Current Assets	1,323.1	1,368.6	1,570.5	1,771.7
Current Liabilities	454.8	551.8	621.4	684.5
Provisions	90.0	91.0	92.0	92.0
Total Current Liabilities	1,544.6	1,677.4	1,778.0	1,875.2
Net Current Assets	(221.5)	(308.8)	(207.5)	(103.5)
Total Assets	6,934.6	7,312.4	8,449.6	9,543.5

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
EPS	25.4	37.9	50.2	63.6
Cash per Share	67.6	60.7	67.6	72.4
BV	310.6	338.5	375.7	422.7
EBITDA Margin	14.0	15.1	17.3	19.3
PAT Margin	4.8	6.3	7.5	8.7
RoE	8.2	11.2	13.4	15.0
RoCE	9.9	12.8	14.0	15.4
RoIC	9.4	11.6	13.0	14.6
EV / EBITDA	13.4	10.9	9.1	7.7
P/E	32.8	22.1	16.6	13.1
EV / Net Sales	1.9	1.7	1.6	1.5
Sales / Equity	1.7	1.8	1.8	1.7
Market Cap / Sales	1.6	1.4	1.3	1.1
Price to Book Value	2.7	2.5	2.2	2.0
Asset turnover	1.0	1.1	1.0	1.0
Debtors Turnover Ratio	82.0	48.6	41.5	42.5
Creditors Turnover Ratio	12.3	14.0	13.3	13.2
Debt / Equity	0.7	0.6	0.7	0.8
Current Ratio	0.9	0.9	0.9	1.0
Quick Ratio	0.2	0.2	0.2	0.3

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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