

JK Lakshmi Cement

Estimate change	↔
TP change	↑
Rating change	↔

	JKLC IN
Bloomberg	
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	99.9 / 1.2
52-Week Range (INR)	935 / 661
1, 6, 12 Rel. Per (%)	4/5/-2
12M Avg Val (INR M)	166

Financial Snapshot (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	61.9	68.4	75.8
EBITDA	8.6	11.2	13.7
Adj. PAT	3.1	4.8	5.4
EBITDA Margin (%)	14.0	16.4	18.1
Adj. EPS (INR)	26.3	40.6	45.7
EPS Gr. (%)	-33.2	54.6	12.5
BV/Sh. (INR)	295	330	369
Ratios			
Net D:E	0.5	0.5	0.6
RoE (%)	9.3	13.0	13.1
RoCE (%)	7.7	10.3	10.9
Payout (%)	20.6	16.2	15.4
Valuations			
P/E (x)	32.2	20.9	18.5
P/BV (x)	2.9	2.6	2.3
EV/EBITDA(x)	13.7	10.9	8.8
EV/ton (USD)	85	74	70
Div. Yield (%)	0.8	0.7	0.7
FCF Yield (%)	1.3	1.9	-4.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	46.3	46.3	46.3
DII	25.3	25.2	25.8
FII	12.1	11.9	11.3
Others	16.4	16.5	16.5

FII Includes depository receipts

CMP: INR849 TP: INR1,000 (+18%) Buy

Beats estimates; expansion plans slightly delayed

Guiding for 10% volume growth in FY26 vs. industry growth of 6.0-6.5%

- JKLC's 4QFY25 EBITDA was above our estimate, led by higher-than-estimated volumes (~3% beat) and realization/t (~5% beat). Consol. EBITDA increased 4% YoY to INR3.5b (~20% beat). EBITDA/t declined 5% YoY to INR976 (est. INR837) and OPM was flat YoY at ~19% (est. ~17%). PAT (adjusting for tax reversals) grew ~23% YoY to INR1.9b (~34% beat).
- Management targets volume growth of ~10% in FY26 vs. expected industry growth of 6.5%-7.0%. Cost efficiency measures are estimated to deliver INR100-120/t in cost savings in the next 12-18 months. On expansions, 1.35mtpa Surat GU will be commissioned in phases during Jun-Dec'25, while the Durg integrated unit is targeted for 3QFY27. The northeast project saw a delay due to political and local issues. However, JKLC is committed to achieving its 30mtpa capacity target by FY30 (vs. 16.4mtpa currently).
- We raised our FY26E/FY27E EBITDA by ~5% each, led by higher realization estimates given the higher exit-FY25 realization. We raised our EPS estimates by ~8%/14% for FY26/FY27, aided by lower depreciation estimates and lower ETR (opting for lower tax rate under new tax regime). The stock is trading at 11.0x/9.0x FY26E/FY27E EV/EBITDA. We value the stock at 10x FY27E EV/EBITDA to arrive at our TP of INR1,000. Maintain BUY.

Sales volume rises ~10% YoY; realization/t dips ~3% YoY (up 7% QoQ)

- Consolidated revenue/EBITDA/adj. PAT stood at INR19.0b/INR3.5b/INR1.9b (up 7%/4%/23% YoY and up 7%/20%/34% vs. our estimate). Volume grew ~10% YoY to 3.6mt. Realization declined 3% YoY (up 7% QoQ) to INR5,274/t.
- Opex/t was down 3% YoY (led by reduction in variable cost/t, which declined ~15% YoY) and came in ~2% above our estimates. Employee costs/freight costs/other expenses per ton increased 8%/15%/7% YoY. OPM was flat YoY at ~19% and EBITDA/t declined 5% YoY to INR976 in 4QFY25. Depreciation was up 13% YoY, while other income was down 39% YoY.
- In FY25, revenue/EBITDA/adj. PAT stood at INR61.9b/INR8.6b/INR3.1b (down ~9%/18%/34% YoY). OPM declined 1.5pp YoY to ~14%. Sales volume was up 1% YoY at 12.1mt. OCF stood at INR7.8b vs. INR9.0b in FY24. Capex stood at INR6.5b vs. INR10.0b in FY24. FCF stood at INR1.3b vs. net cash outflow of INR1.1b in FY24.

Highlights from the management commentary

- There has been no notable increase in cement prices since 4QFY25 end in the company's core markets. It estimates prices to be range-bound in Jun-Jul'25 because of seasonality impact.
- Average fuel cost stood at INR1.53/kcal vs. INR1.57/Kcal in 3QFY25 and is expected to remain stable in 1QFY26. AFR share stood at ~9% in FY25 and is expected to increase to 12%-13% in FY26 at the company level.
- The brand renovation and rejuvenation exercise has been completed, with encouraging market feedback. Premium products are performing well, and the company is committed to further improving premium cement sales.

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Valuation and view

- The company's profitability has improved in 4QFY25, led by strong volume growth and a sharp increase in realization QoQ. So far, the company's core markets have not seen price hikes and it expects prices to increase after the monsoon as demand improves. The company's expansion plan in Surat and Durg is witnessing a slight delay of up to three months, part of it due to pending EC. The northeast plant is delayed by 7-8 months.
- We estimate a CAGR of ~11%/26%/32% in revenue/EBITDA/PAT over FY25-27 and OPM at ~16%/18% in FY26/27 vs. ~14% in FY25. However, given the company's capacity expansion plans, we estimate its net debt to rise to INR25.6b in FY27 from INR13.8b in FY25. The net debt-to-EBITDA ratio is estimated to be at 1.9x in FY27 vs. 1.6x in FY25. The stock trades at 11x/9x FY26E/FY27E EV/EBITDA. We value JKLC at 10x FY27E EV/EBITDA to arrive at our TP of INR1,000. **Reiterate BUY.**

Quarterly performance (consolidated)

Y/E March									(INR b)		
	FY24				FY25				FY24	FY25	FY25 Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	(%)	
Sales Volumes (mt)	3.04	2.73	2.96	3.26	3.04	2.48	3.03	3.60	11.99	12.13	3.50 3
YoY Change (%)	1.2	12.3	7.6	0.9	0.0	(9.3)	2.4	10.3	5.0	1.2	7.4
Net Sales	17.3	15.7	17.0	17.8	15.6	12.3	15.0	19.0	67.9	61.9	17.7 7
YoY Change (%)	4.6	14.6	9.0	(4.4)	(9.6)	(21.6)	(12.1)	6.6	5.2	(8.8)	(0.8)
EBITDA	2.0	2.2	3.0	3.4	2.2	0.9	2.0	3.5	10.5	8.6	2.9 20
YoY Change (%)	(23.6)	32.5	63.1	44.6	13.3	(58.9)	(33.2)	4.4	25.4	(17.8)	(12.9)
Margin (%)	11.3	13.8	17.7	18.9	14.2	7.2	13.5	18.5	15.5	14.0	16.6 192
Depreciation	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	2.5	3.0	0.8 5
Interest	0.3	0.3	0.4	0.4	0.5	0.4	0.5	0.4	1.5	1.8	0.5 (5)
Other Income	0.1	0.1	0.2	0.3	0.1	0.1	0.1	0.2	0.7	0.5	0.2 (32)
PBT before EO expense	1.2	1.4	2.1	2.5	1.2	(0.2)	0.9	2.5	7.2	4.3	1.9 27
Extra-Ord. expense	-	-	(0.1)	-	-	-	-	-	(0.1)	-	-
PBT	1.2	1.4	2.2	2.5	1.2	(0.2)	0.9	2.5	7.3	4.3	1.9 27
Tax	0.4	0.5	0.7	0.9	0.5	(0.1)	0.3	0.5	2.4	1.2	0.6
Prior period tax adj.	-	-	-	-	-	-	-	0.1	-	0.1	-
Rate (%)	32.7	32.0	32.7	35.1	43.6	46.2	29.7	20.4	33.4	27.3	30.1
Reported PAT	0.8	1.0	1.5	1.6	0.7	(0.1)	0.6	1.9	4.9	3.0	1.4 37
Minority Interest	0.0	0.0	0.1	0.1	(0.1)	0.0	0.0	0.0	0.2	0.0	(0.1)
Adj. PAT	0.8	0.9	1.4	1.6	0.7	(0.1)	0.6	1.9	4.7	3.1	1.4 34
YoY Change (%)	(29.4)	51.9	80.1	42.7	(10.4)	(115.1)	NA	23.3	29.9	(33.6)	(8.1)
Per ton analysis (INR)											
Net realization	5,699	5,763	5,753	5,459	5,149	4,983	4,940	5,274	5,662	5,106	5,045 5
RM Cost	1,385	1,255	1,018	1,140	1,269	987	907	971	1,198	1,018	864 12
Employee Expenses	357	382	370	292	334	444	377	316	348	362	340 (7)
Power, Oil, and Fuel	1,508	1,574	1,492	1,273	1,127	1,295	1,157	1,086	1,455	1,158	1,172 (7)
Freight and Handling Outward	1,131	1,094	1,160	1,064	1,038	1,137	1,147	1,222	1,112	1,155	1,158 6
Other Expenses	672	663	692	658	650	760	686	703	671	699	674 4
Total Expenses	5,053	4,968	4,732	4,428	4,417	4,623	4,274	4,298	4,784	4,393	4,208 2
EBITDA	646	795	1,021	1,032	732	360	666	976	878	713	837 17

Source: Company, MOFSL



Highlights from the management commentary

Demand and pricing

- There was improved demand in 4QFY25 across geographies. After elections, the infrastructure push by the govt has resulted in improved traction in both rural and urban housing and in the industrial and commercial segments, which supported volume recovery.
- The cement industry is expected to grow at ~6.5%-7.0% in FY26 (earlier estimate of 7.5-8.0%). JKLC aims to outpace the industry with ~10% volume growth target.
- Prices have remained flat across key geographies (North, Gujarat, Chhattisgarh and Odisha) in 1QFY26 so far, and management does not expect a significant uptrend until after the monsoons, when demand improves.

Operational efficiency

- TSR stood at ~11% vs. 13% in 3QFY25, and JKLC has given a guidance of ~12% in FY26 at the company level. Further, lead distance increased to 393km from 383km in 3QFY25. Blended cement share was ~65% and its C:C ratio stood at 1.44x.
- Premium product share was at ~25% of trade volume vs. 19% in 3QFY25.
- Non-cement revenue stood at INR1.5b, including RMC revenue of INR750m. Margin improved to ~3%.
- Average fuel cost stood at INR1.53/kcal vs. INR1.57/Kcal in 2QFY25 and is expected to remain stable in 1QFY26.
- JKLC is targeting 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 stood at ~50% of total power mix and targets to increase it to ~52-53% by FY26 end.

Capacity expansion and capex

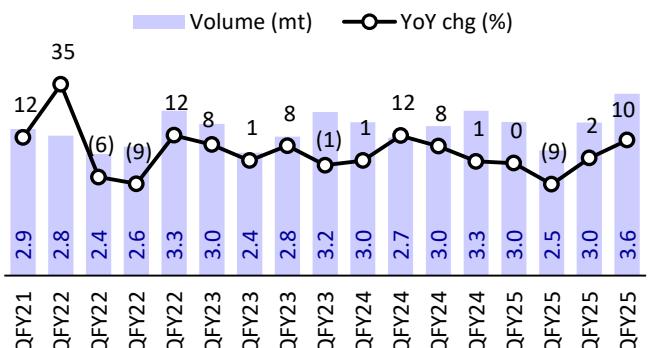
- Surat GU Phase-I with a total capacity addition of 1.35mtpa is being commissioned in two phases—half of the capacity is expected to be commissioned by Jun'25 and the balance by Dec'25. This project will help to strengthen the company's position in western India.
- Public hearings for the Durg project and associated mines have already been completed, and environmental clearance is currently awaited. The company has finalized the scope of equipment and floated tenders, although formal orders have not yet been placed. Management expects to commission the facility by 3QFY27.
- In the eastern region, JKLC is setting up greenfield grinding units in Prayagraj (Uttar Pradesh) and Madhubani (Bihar). Land has been acquired for both sites, and regulatory processes and public hearings are underway. The company indicated that these grinding units could be commissioned even before the Durg clinker plant. Also, it has some excess clinker capacity to serve these GUs initially.
- The company's northeast expansion via Agrani Cement has been delayed by 7-8 month due to local political and operational challenges. Out of the INR3.25b

acquisition value, JKLC has paid INR1.3b so far, with the remainder linked to milestone-based achievements. Despite delays, the original capex plan, involving 1mtpa clinker and 1.5mtpa grinding capacities, remains intact, and the company remains committed to the project.

- JKLC is also preparing for long-term expansions beyond the ongoing projects. The company holds limestone reserves in Kutch (Gujarat) and Nagaur (Rajasthan), where land acquisition processes are underway. These will support new greenfield plant development in the latter half of the decade. The management reiterated its aim to reach 30mt capacity by FY30, either organically or through strategic acquisitions, even if the northeast project faces further delays.
- It guided for a capex of INR13b in FY26, which includes INR11b for JK Lakshmi's projects (including Durg), INR1.5b for the northeast project, and the remaining for the Udaipur project. In FY27, capex is expected to be at INR18.0b—split as INR10b for JKLC and INR8b for the northeast project. Additionally, the conveyor belt and railway siding projects are expected to be completed by Mar'26, with an incremental capex of INR700-800m, included in the above guidance.

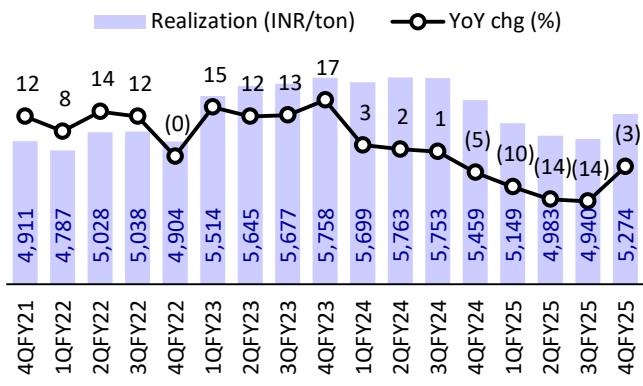
Story in charts

Exhibit 1: Sales volume (consolidated) increased 2% YoY



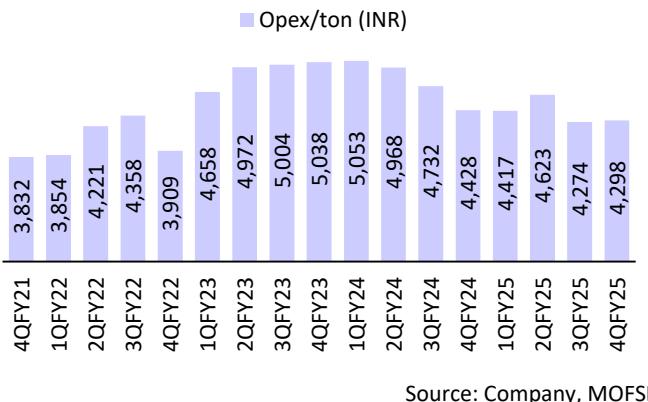
Source: Company, MOFSL

Exhibit 2: Blended realization was down 14%/1% YoY/QoQ



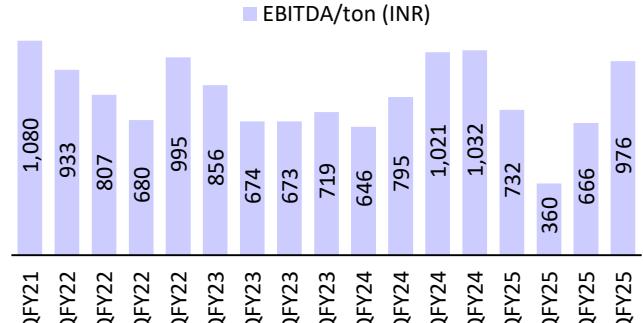
Source: Company, MOFSL

Exhibit 3: Opex/t declined 10% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was down 35% YoY



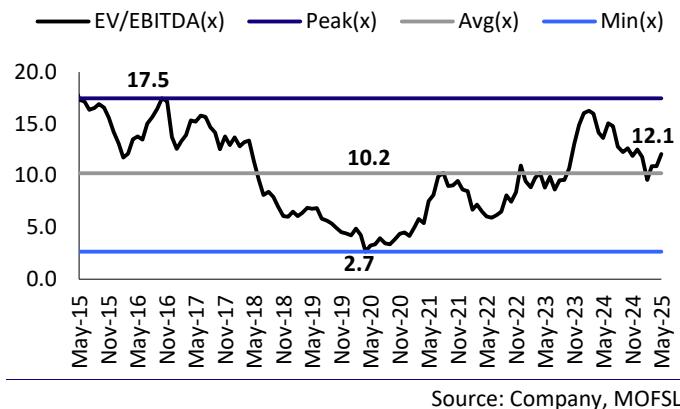
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ (%)
Net realization	5,274	5,459	(3.4)	4,940	6.8
RM Cost	971	1,140	(14.9)	907	7.0
Employee Expenses	316	292	8.2	377	(16.3)
Power, Oil, and Fuel	1,086	1,273	(14.7)	1,157	(6.1)
Freight and Handling Outward	1,222	1,064	14.8	1,147	6.6
Other Expenses	703	658	6.8	686	2.5
Total Expenses	4,298	4,428	(2.9)	4,274	0.6
EBITDA	976	1,032	(5.4)	666	46.6

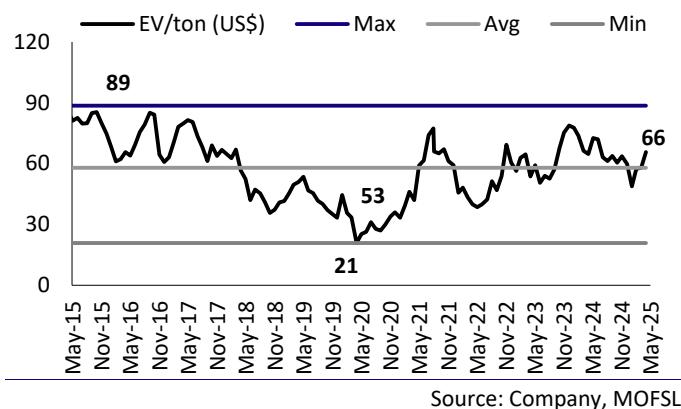
Source: Company, MOFSL

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	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	
Net Sales	43,641	47,274	54,199	64,515	67,885	61,926	68,435	75,800	
Change (%)	1.1	8.3	14.6	19.0	5.2	-8.8	10.5	10.8	
EBITDA	7,981	9,386	9,507	8,387	10,522	8,646	11,221	13,686	
Margin (%)	18.3	19.9	17.5	13.0	15.5	14.0	16.4	18.1	
Depreciation	2,198	2,253	2,235	2,283	2,460	2,994	3,292	4,170	
EBIT	5,782	7,133	7,272	6,104	8,062	5,652	7,929	9,516	
Int. and Finance Charges	2,250	1,920	1,422	1,334	1,504	1,812	1,858	2,445	
Other Income – Rec.	460	726	683	575	681	464	512	536	
PBT bef. EO Exp.	3,993	5,939	6,534	5,345	7,239	4,304	6,583	7,607	
EO Expense/(Income)	302	379	270	0	-89	0	0	0	
PBT after EO Exp.	3,690	5,561	6,264	5,345	7,328	4,304	6,583	7,607	
Total Tax	1,161	1,349	1,488	1,654	2,446	1,278	1,560	1,752	
Tax Rate (%)	31.4	24.3	23.7	30.9	33.4	29.7	23.7	23.0	
Reported PAT	2,530	4,211	4,776	3,691	4,882	3,026	5,023	5,855	
Minority Interest	49	157	140	105	163	34	240	476	
PAT Adj. for EO items and MI	2,686	4,311	4,073	3,586	4,629	3,094	4,783	5,379	
Change (%)	464.9	60.5	-5.5	-12.0	29.1	-33.2	54.6	12.5	
Margin (%)	6.2	9.1	7.5	5.6	6.8	5.0	7.0	7.1	
Balance Sheet									(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	
Equity Share Capital	589	589	589	589	589	589	589	589	589
Total Reserves	16,281	20,357	24,463	27,450	31,278	34,124	38,200	42,873	
Net Worth	16,869	20,946	25,052	28,039	31,867	34,712	38,789	43,461	
Minority Interest	(29)	128	267	370	1,704	1,841	2,081	2,557	
Deferred Liabilities	(390)	68	531	1,327	2,651	2,921	2,921	2,921	
Total Loans	19,871	16,531	18,565	18,463	20,249	25,272	26,245	33,645	
Capital Employed	36,322	37,672	44,415	48,199	56,470	64,746	70,035	82,584	
Gross Block	44,722	44,138	47,469	49,667	68,338	76,089	82,908	1,01,058	
Less: Accum. Deprn.	9,598	11,748	13,992	16,275	18,734	21,729	25,035	29,219	
Net Fixed Assets	35,124	32,390	33,477	33,392	49,604	54,360	57,874	71,840	
Capital WIP	1,662	2,738	2,425	8,902	3,832	2,777	9,159	9,139	
Total Investments	4,583	5,922	7,677	6,421	5,222	7,514	6,764	6,764	
Goodwill	723	723	723	723	725	725	725	725	
Curr. Assets, Loans, and Adv.	9,146	11,090	14,959	15,971	17,118	19,416	18,276	19,100	
Inventory	4,806	3,662	5,810	8,416	9,912	8,648	8,571	8,474	
Account Receivables	959	545	352	654	443	1,068	840	924	
Cash and Bank Balance	328	3,719	5,729	3,390	2,673	1,969	3,065	2,834	
Loans and Advances	3,054	3,164	3,068	3,511	4,090	7,730	5,799	6,868	
Curr. Liability and Prov.	14,917	15,190	14,847	17,210	20,030	20,046	22,762	24,983	
Account Payables	5,102	4,368	3,660	5,860	5,560	4,548	7,264	9,485	
Other Liabilities	9,610	10,609	10,894	11,098	14,261	15,244	15,244	15,244	
Provisions	205	212	293	252	209	254	254	254	
Net Current Assets	(5,770)	(4,100)	112	(1,239)	(2,913)	(630)	(4,486)	(5,883)	
Appl. of Funds	36,322	37,672	44,415	48,199	56,470	64,746	70,035	82,584	

Source: Company, MOFSL estimates

Financials and valuations (consolidated)

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	22.8	36.6	34.6	30.5	39.3	26.3	40.6	45.7
Cash EPS	41.5	55.8	53.6	49.9	60.2	51.7	68.6	81.1
BV/Share	143.3	178.0	212.8	238.2	270.7	294.9	329.6	369.3
DPS	3.1	3.8	5.0	3.8	6.5	6.5	6.0	6.0
Payout (%)	19.6	12.1	13.8	13.3	18.0	20.6	16.2	15.4
Valuation (x)								
P/E	37.1	23.1	24.5	27.8	21.5	32.2	20.9	18.5
Cash P/E	20.4	15.2	15.8	17.0	14.1	16.4	12.4	10.4
P/BV	5.9	4.8	4.0	3.6	3.1	2.9	2.6	2.3
EV/Sales	2.7	2.3	2.0	1.6	1.7	1.9	1.6	1.6
EV/EBITDA	14.7	11.7	11.4	12.5	10.8	13.7	10.9	8.8
EV/t (USD)	103	96	92	88	81	85	74	70
Dividend Yield (%)	0.4	0.4	0.6	0.4	0.8	0.8	0.7	0.7
Return Ratios (%)								
RoE	16.9	22.8	17.7	13.5	15.5	9.3	13.0	13.1
RoCE	11.7	16.0	15.0	10.2	11.8	7.7	10.3	10.9
RoIC	12.2	17.2	17.4	11.6	14.0	9.4	12.3	12.8
Working Capital Ratios								
Asset Turnover (x)	1.2	1.3	1.2	1.3	1.2	1.0	1.0	0.9
Inventory (Days)	40	28	39	48	53	51	46	41
Debtor (Days)	9	5	3	4	3	7	5	5
Creditor (Days)	43	34	25	33	30	27	39	46
Leverage Ratio (x)								
Current Ratio	0.6	0.7	1.0	0.9	0.9	1.0	0.8	0.8
Interest Coverage Ratio	2.6	3.7	5.1	4.6	5.4	3.1	4.3	3.9
Debt/Equity ratio	1.2	0.8	0.7	0.7	0.6	0.7	0.7	0.8

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR m)								
OP/(Loss) before Tax	3,993	5,939	6,534	5,345	7,325	4,298	6,583	7,607
Depreciation	2,198	2,253	2,235	2,283	2,460	2,994	3,306	4,184
Interest and Finance Charges	2,250	1,920	1,422	1,334	1,504	1,812	1,858	2,445
Direct Taxes Paid	(761)	(871)	(888)	(909)	(1,126)	(338)	(1,560)	(1,752)
(Inc.)/Dec. in WC	(483)	2,060	(1,526)	(1,135)	(430)	(490)	4,953	1,166
CF from Operations	7,196	11,301	7,776	6,918	9,733	8,276	15,139	13,650
Others	(701)	(983)	(976)	(576)	(741)	(449)	-	-
CF from Operations incl. EO	6,495	10,318	6,800	6,342	8,992	7,827	15,139	13,650
(Inc.)/Dec. in FA	(1,047)	(1,661)	(3,661)	(7,320)	(10,060)	(6,524)	(13,202)	(18,130)
Free Cash Flow	5,449	8,658	3,138	(978)	(1,069)	1,303	1,937	(4,480)
(Pur.)/Sale of Investments	(951)	(2,678)	(3,264)	4,070	818	(5,445)	750	-
Others	-	-	274	255	442	457	-	-
CF from Investments	(1,997)	(4,339)	(6,651)	(2,995)	(8,800)	(11,512)	(12,452)	(18,130)
Issue of Shares	-	-	-	-	931	880	-	-
Inc./Dec.) in Debt	(1,552)	(3,392)	2,042	(431)	1,601	4,993	973	7,400
Interest Paid	(2,489)	(2,130)	(1,401)	(1,505)	(2,033)	(1,965)	(1,858)	(2,445)
Dividend Paid	(455)	(5)	(443)	(587)	(674)	(532)	(706)	(706)
Others	-	-	(90)	(136)	(181)	(198)	-	-
CF from Fin. Activity	(4,496)	(5,526)	108	(2,658)	(356)	3,178	(1,591)	4,249
Inc./Dec. in Cash	2	453	257	689	(164)	(507)	1,096	(231)
Opening Balance	29	30	484	2,701	2,837	2,476	1,969	3,065
Closing Balance	30	484	740	3,390	2,673	1,969	3,065	2,834

Source: Company, MOFSL estimates

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NOTES

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