JK Lakshmi Cement (JKLAKS)

CMP: ₹573 | Target ₹ 650 (+13%) | Target Period: 12 months | **HOLD**

August 7, 2026

Result Update

Long-term growth visibility remains intact…

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)

Q1FY27 performance: Revenue increased by 9.4% YoY (flattish QoQ) to Rs 1904.8 crores, led by volume growth of 8.2% YoY (-7.6% QoQ, 3.60 mtpa) and improvement in realization by 1.1% YoY (8.5% QoQ). EBITDA/ton declined by 23.2% YoY (-2.1% QoQ) to Rs 719/ton. Subsequently, EBITDA was down by 16.9% YoY (-9.6%% QoQ) to Rs 258.7 crores. PAT stood at Rs 108 crore (-28.1% YoY, -12.9% QoQ)

Investment Rationale:

- **Volume growth expected at ~7% CAGR over FY26-28E**: Company registered healthy volume growth of 8.2% YoY in Q1FY26, led by firm demand scenario and improvement in capacity utilisation levels (~95% clinker utilisation during the quarter). Going forward, we estimate volume growth to be in-line with industry (~7% CAGR over FY26-28E), led by firm demand and further ramp-up of capacities. However, ongoing expansion plans will boost volume growth from FY29E onwards only as the ongoing 4.6 mtpa expansion is set to commence by FY28E end. With this expansion (through 1.2 mtpa each at Durg, Madhubani & Prayagraj and 1 mtpa at Jharkhand), company's total cement capacity to reach 22.6 mtpa by FY28E end (from 18 mtpa at present). Company's aim to reach 30 mtpa by FY30E still remains intact, as it plans to add ~2-2.5 mtpa capacity at Assam and ~2-3 mtpa each at Rajasthan and Gujarat (more details awaited on exact capacities)
- **EBITDA per ton expected to improve in FY28E after a decline in FY27E**: Company's EBITDA/ton stood at Rs 719/ton (-23.2% YoY), led by higher cost structure mainly RM cost, power & fuel cost and packaging cost. Management also highlighted that Q2FY27 could see some additional impact of Rs 150-160/ton due to seasonal weakness and higher costs, particularly fuel & packaging amid West Asia crises. Though the overall profitability is likely to be impacted in near term, we believe overall operational performance should improve from H2FY27 onwards, supported by geo-mix optimisation, focus on optimising product mix, increase in renewable energy usage (~49% at present and targets 60% by FY30E), indigenous fuel usage, AFR and logistics initiatives. Further, continued premiumization and enhancing its TSR (from 4% to 16%) would help in improving its operational efficiencies. We estimate EBITDA/ton to improve to Rs 826/ton by FY28E (from ₹ 757/ton in FY26)

Rating and Target Price:

- We believe that company's longer-term volume growth visibility remains intact, led by capacity expansion plans. Moreover, profitability is expected to improve from H2FY27E onwards led by strong focus on efficiency measures. However, Net debt/EBITDA is expected to remain elevated (2.5x by FY28E) due to ongoing capex plan. We recommend **HOLD** rating on JK Lakshmi with a revised target price of Rs 650 (based on 9x EV/EBITDA on FY28E basis)

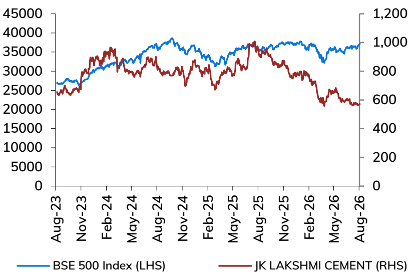
Particulars

Particular	Amount
Market Cap (₹ Crore)	7,068
FY26 Gross Debt (₹ Crore)	2,491
FY26 Cash (₹ Crore)	1,230
EV (₹ Crore)	8,329
52 Week H/L (₹)	991 / 550
Equity Capital	58.9
Face Value	5.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	45.1	45.1	45.1	45.1
FII	12.5	12.4	12.0	8.6
DII	22.8	23.2	23.0	26.6
Others	19.5	19.4	19.9	19.7

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	6,452	6,788	6,193	6,763	1.6%	7,462	8,017	8.9%
EBITDA	839	1,052	865	1,011	6.4%	1,036	1,262	11.7%
EBITDA Margins (%)	13.0	15.5	14.0	14.9		13.9	15.7	
Net Profit	369	472	277	412	3.7%	405	490	9.0%
EPS (Rs)	29.8	38.1	22.3	33.2		32.7	39.5	
PE (x)	19.2	15.2	23.6	16.7		17.5	14.5	
EV/EBITDA (x)	9.7	8.1	10.2	8.3		8.9	8.3	
EV/ton ($)	61	54	57	49		54	49	
RoCE (%)	14.2	16.2	10.1	12.5		10.7	11.0	
RoE (%)	13.0	13.9	8.5	11.0		9.6	10.6	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Revenue increased by 9.4% YoY (flattish QoQ) to Rs 1904.8 crores, led by volume growth of 8.2% YoY (-7.6% QoQ, 3.60 mtpa) and improvement in realization by 1.1% YoY (8.5% QoQ).
- Total cost/ton increased by 6.4% YoY (+10.3% QoQ) mainly due to RM cost, power and fuel cost and packaging costs.
- EBITDA/ton declined by 23.2% YoY (-2.1% QoQ) to Rs 719/ton. Subsequently, absolute EBITDA was down by 16.9% YoY (-9.6%% QoQ) to Rs 258.7 crores.
- PAT stood at Rs 108 crore (-28.1% YoY, -12.9% QoQ)

Recent earnings call highlights

- Management expects the Indian cement industry to grow ~8% in FY27, supported by infrastructure spending and housing demand
- Realisation improved ~9% QoQ, primarily supported by geo-mix optimisation and higher non-trade prices, while trade prices remained broadly stable. The company reduced average lead distance by ~20km, resulting in a ₹60-70/ton benefit.
- Trade mix improved to ~59%, while non-trade contributed ~41% of sales. Management remains focused on increasing trade volumes, which generally offer better margins and have a higher share of blended cement.
- Blended cement mix increased from 62% to 64%, although higher trade volumes required greater procurement of fly ash and other cementitious materials from relatively expensive L2 sources, adding to RM costs.
- Fuel cost increased to ₹1.65/kcal in Q1FY27 from ₹1.54/kcal in Q4FY26, mainly due to higher imported fuel, coal and petcoke prices amid geopolitical disruptions. Management expects fuel cost to rise further to ₹1.80-1.85/kcal in Q2FY27.
- Petcoke mix stood at ~15% in Q1FY27 vs 16% in Q4FY26 and 14% in the earlier quarter, while imported coal prices remained broadly stable at US$130-135/ton. Management is increasing indigenous coal usage to mitigate the impact of expensive imported fuels.
- Raw-material costs increased due to higher fly-ash prices, gypsum availability issues and higher auction prices, while shutdowns at some thermal power plants forced the company to source fly ash from longer distances. The higher blended cement mixes also increased the requirement for cementitious materials.
- Packing costs are expected to increase by ~₹3.5-4/bag. Along with the expected fuel-cost increase, management sees ~₹150+/ton sequential variable-cost inflation in Q2FY27
- Management expects Q2FY27 profitability to remain under pressure due to higher fuel and packaging costs, seasonal demand weakness and maintenance/operating deleverage. The company will look to take price hikes to partially offset the cost inflation, although the extent of pass-through remains uncertain.
- Renewable energy contributed ~49% of total energy consumption in Q1FY27, supported by 129MW solar, 45MW WHR and 4MW wind capacity. Further renewable projects are expected to increase the share over the next 6-8 months.
- The company is investing ~₹20 crore in a 42MW captive solar SPV, with a payback period of <2 years. Solar power is expected to cost ₹5.85/unit vs ₹7.50/unit for grid power, implying ~₹1.65/unit savings, with benefits expected from Q4FY27/Q1FY28.
- Management guided for total capex of ₹1,500 crore in FY27, ₹2,000 crore in FY28 and ₹1,500 crore, thereafter, excluding land acquisition for Kutch and Nagaur. Around ₹200-300 crore was spent in Q1FY27, while cumulative capex on the Durg expansion stood at around ₹400 crore.
- Management remains on track with the ~1.5mt North-East expansion,

while mining plans, environmental clearances and land-related approvals are progressing. The company remains committed to its long-term target of reaching ~30mt cement capacity by FY30.

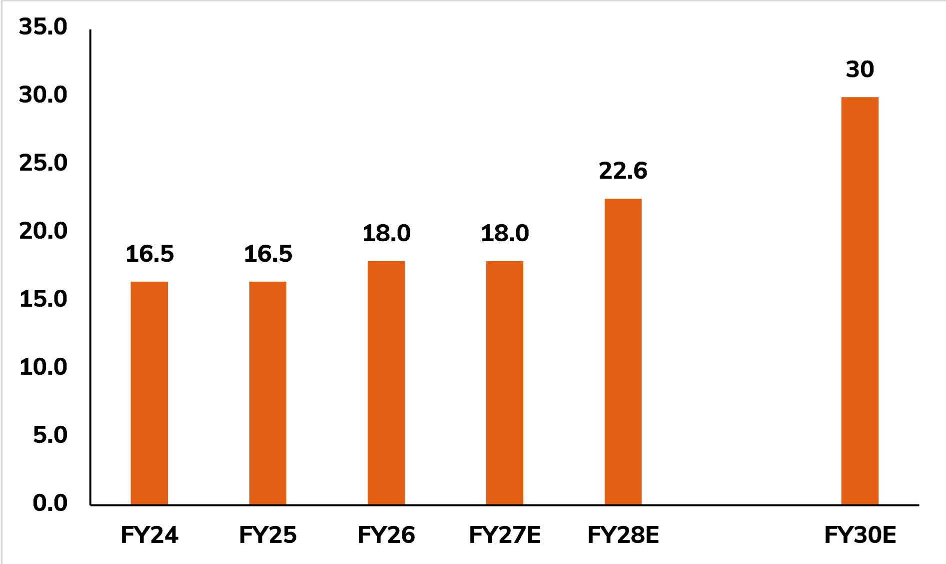
- Management expects net debt/EBITDA to remain below 2.5x, with 2.75x as the upper limit under an aggressive expansion scenario. Leverage could approach these levels around FY29-30, after which the company plans to deleverage.
- Non-cement revenue stood at ₹185 crore in Q1FY27, comprising RMC ₹93 crore, AAC ₹67 crore, with segment EBITDA margin at around 5%. Management expects full-year non-cement revenue to exceed ₹800 crore vs ₹613 crore in FY26.

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	1,904.8	1,740.9	9.4	1,901.5	0.2	Revenue increased YoY on account of good volume growth
Other income	15.4	22.2	-30.5	38.2	-59.6	
Total Revenue	1,920.2	1,763.1	8.9	1,939.8	-1.0	
Raw materials costs	399.9	306.5	30.5	389.6	2.6	
Employees Expenses	127.7	124.3	2.8	111.6	14.4	
Other Expenses	276.5	223.6	23.7	257.6	7.3	
Total Expenditure	1,646.1	1,429.7	15.1	1,615.4	1.9	
EBITDA	258.7	311.2	-16.9	286.1	-9.6	
EBITDA margins (%)	13.6	17.9	-430 bps	15.0	-147 bps	Margins declined on YoY basis account of higher costs
Interest	51.1	52.2		53.2	-3.9	
Depreciation	82.8	77.3	7.1	83.7	-1.1	
Tax	33.1	54.1	-38.7	51.7		
PAT	108.0	150.2	-28.1	124.1		

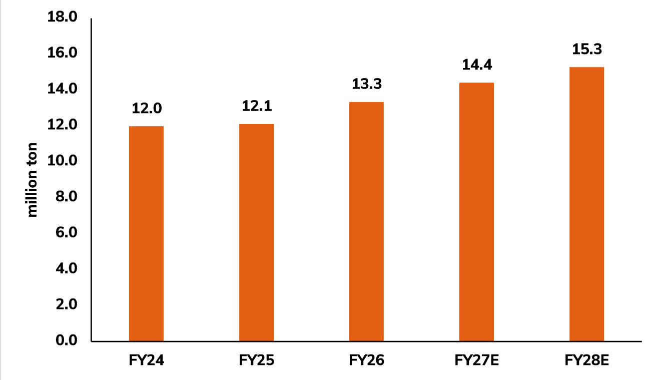
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan over FY24-FY28E



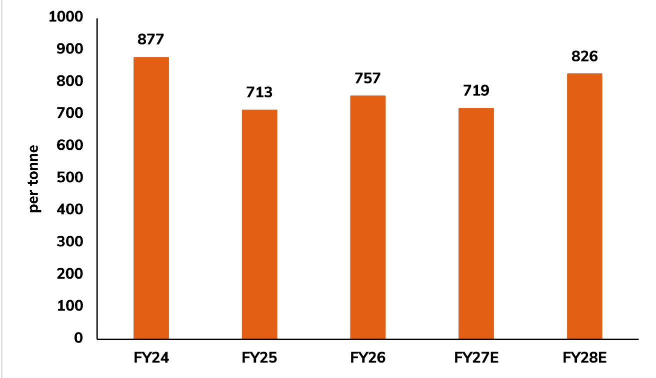
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~7% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	6,192.6	6,762.6	7,462.2	8,016.9
% Growth	(8.8)	9.2	10.3	7.4
Other income	46.4	112.3	67.4	74.1
Total Revenue	6,192.6	6,762.6	7,462.2	8,016.9
% Growth	(8.8)	9.2	10.3	7.4
Total Raw Material Costs	1,234.7	1,276.4	1,527.9	1,558.4
Employee Expenses	439.5	481.5	527.3	577.4
other expenses	848.2	904.7	1,063.0	1,158.6
Total Operating Expenditure	5,328.0	5,751.9	6,426.0	6,755.0
Operating Profit (EBITDA)	864.6	1,010.7	1,036.2	1,261.9
% Growth	(17.8)	16.9	2.5	21.8
Interest	181.2	210.9	224.8	286.3
PBDT	729.8	912.1	878.7	1,049.7
Depreciation	299.4	323.8	335.8	392.8
PBT before Exceptional Items	430.4	588.3	542.9	656.8
Total Tax	118.4	146.0	141.2	170.8
PAT before MI	276.6	423.2	401.8	486.1
PAT	276.8	412.1	405.4	489.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	276.8	412.1	405.4	489.7
Depreciation	299.4	323.8	335.8	392.8
Interest	181.2	210.9	224.8	286.3
Cash Flow before WC chg	757.4	946.7	966.0	1,168.8
Changes in inventory	126.4	220.0	(60.5)	(52.4)
Changes in debtors	(62.5)	(4.0)	(11.8)	(9.1)
Changes in loans & Adv	3.0	-	-	-
Changes in other CA	(14.5)	(1.8)	(14.8)	(11.7)
Net Increase in CA	37.7	60.8	(87.1)	(73.3)
Changes in creditors	(101.2)	11.5	44.9	38.0
Changes in provisions	1.0	2.2	(1.4)	1.2
Net Inc in Current Liabilities	(67.2)	(288.0)	99.5	61.4
Net CF from Op activities	728.0	719.5	978.4	1,156.9
Changes in def tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(775.5)	(432.6)	(1,500.0)	(2,000.0)
Net CF from Invest activities	(1,039.2)	(75.7)	(1,305.9)	(2,004.7)
Dividend and Dividend Tax	(76.5)	(76.5)	(80.6)	(80.6)
Net CF from Fin Activities	240.8	(326.6)	194.6	633.1
Net Cash flow	(70.4)	317.2	(132.9)	(214.7)
Opening Cash/Cash Equ	267.3	196.8	514.0	381.0
Closing Cash/ Cash Equ	196.8	514.0	381.0	166.4

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	58.9	62.1	62.1	62.1
Reserve and Surplus	3,494.7	3,823.5	4,148.3	4,557.4
Total Shareholders' funds	3,553.6	3,885.6	4,210.4	4,619.5
Total Debt	2,527.2	2,491.5	2,991.5	3,991.5
Total Liabilities	6,935.6	7,327.2	8,152.0	9,561.1
Gross Block	7,245.9	7,678.5	8,255.6	9,855.6
Acc: Depreciation	2,139.4	2,463.2	2,799.0	3,191.8
Net Block	5,106.5	5,215.3	5,456.7	6,663.9
Capital WIP	277.7	277.2	1,200.0	1,600.0
Total Fixed Assets	5,713.9	5,516.6	6,680.8	8,287.9
Non-Current Assets	771.0	698.5	704.5	709.2
Inventory	864.8	644.9	705.3	757.8
Debtors	106.8	110.8	122.7	131.8
Other Current Assets	141.1	142.9	157.7	169.4
Cash	196.8	514.0	381.0	166.4
Total Current Assets	1,360.6	1,617.0	1,571.2	1,429.7
Current Liabilities	454.8	466.3	511.1	549.1
Provisions	90.0	91.0	92.0	92.0
Total Current Liabilities	1,508.9	1,220.9	1,320.4	1,381.8
Net Current Assets	(148.3)	396.1	250.8	47.9
Total Assets	6,935.6	7,327.2	8,152.0	9,561.1

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	22.3	33.2	32.7	39.5
Cash per Share	64.2	99.2	72.3	55.0
BV	286.6	313.4	339.5	372.5
EBITDA Margin	14.0	14.9	13.9	15.7
PAT Margin	4.5	6.1	5.4	6.1
RoE	8.5	11.0	9.6	10.6
RoCE	10.1	12.5	10.7	11.0
RoIC	9.6	11.7	10.3	10.3
EV / EBITDA	10.2	8.3	8.9	8.3
P/E	23.6	16.7	17.5	14.5
EV / Net Sales	1.4	1.2	1.2	1.3
Sales / Equity	1.7	1.7	1.8	1.7
Market Cap / Sales	1.1	1.1	1.0	0.9
Price to Book Value	2.0	1.8	1.7	1.5
Asset turnover	1.0	1.1	1.0	0.9
Debtors Turnover Ratio	82.0	62.1	63.9	63.0
Creditors Turnover Ratio	12.3	14.7	15.3	15.1
Debt / Equity	0.7	0.6	0.7	0.9
Current Ratio	0.9	0.9	1.0	1.0
Quick Ratio	0.2	0.3	0.3	0.3
EPS	22.3	33.2	32.7	39.5

Source: Company, ICICI Direct Research

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Sell: <-15%

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