

February 6, 2026

Growth prospects remain healthy...

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)

Q3FY26 performance: Revenue increased by 6.1% YoY (+3.7% QoQ) to Rs 1588.4 crores, led by volume growth of 8.2% YoY (+15.4% QoQ, 3.28 mtpa) and decrease in realization by 2% YoY (-10% QoQ). Total cost/ton decreased by 1.3% YoY (-9.4% QoQ). EBITDA/ton declined by 6% YoY (-14.6% QoQ) to Rs 625/ton. Subsequently, absolute EBITDA was up 1.7% YoY (-1.5% QoQ) to Rs 205.2 crores. PAT stood at Rs 56.92 crore (-4.2% YoY, -29.6% QoQ)

Investment Rationale

- Volume growth supported by capacity additions & pick-up in demand:** Company registered healthy volume growth of 10.8% YoY in 9MFY26 and 8.2% YoY for Q3FY26 which was better than industry. Going ahead, we estimate volume growth of ~9% CAGR (vs ~4% CAGR during FY21-25), primarily led by improvement in demand scenario in company's core markets, spread out capacity expansions plans and ramp-up of recently added capacities (capacity utilization stood at 73% for Q3FY26). Currently, the company is in process of expanding its cement capacity 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) from 18 mtpa at present. 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 ~2-2.5 mtpa capacity at Assam and ~2-3 mtpa each at Rajasthan and Gujarat (more clarity awaited on capacity and timeline)
- EBITDA/ton to improve due to continuous focus on operational efficiencies:** Company's EBITDA/ton stood at Rs 767/ton (+27.4% YoY) in 9MFY26, led by better realisations on YoY basis and some improvement in cost structure. We believe that company's profitability is likely to improve over FY26E-28E, supported by ongoing operational efficiencies initiatives, positive operating leverage and continued premiumization. We estimate EBITDA/ton to improve to Rs 980/ton by FY28E (from ₹ 713/ton in FY25). Improvement in overall cost structure would be driven by enhancing its TSR from 4% to 16%, increasing usage of green power & alternative fuels (company targets share of overall renewable energy usage at 60% of total by 2030 from 48% at present). Moreover, focus on optimising product mix & geographical mix would further help company to improve operational competitiveness

Rating and Target Price

- We trim our estimates for FY26E/27E/28E to factor in lower realisations. However, with healthy volume growth and improvement in EBITDA/ton, we estimate revenue and EBITDA at ~10% & ~21% CAGR over FY25-28E
- Post the recent correction in the stock, valuation at 7.6x EV/EBITDA & \$53 EV/ton on FY28E 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 ₹ 970 (based on 10x EV/EBITDA on FY27E & FY28E avg.)

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%	6,789	7,511	8,195	9.8%
EBITDA	839	1,052	865	-3.1%	1,060	1,301	1,531	21.0%
EBITDA margin (%)	13.0	15.5	14.0		15.6	17.3	18.7	
Net Profit	369	472	299	-14.4%	444	570	669	30.8%
EPS (Rs)	31.4	40.1	25.4		37.8	48.4	56.9	
P/E (x)	23.8	18.8	29.3		19.7	15.4	13.1	
EV/EBITDA (x)	11.6	9.6	12.1		10.0	8.8	7.6	
EV/ton (\$)	81	71	73		68	64	53	
RoCE (%)	14.2	16.2	9.9		12.8	13.7	14.3	
RoE (%)	13.0	13.9	8.2		11.2	13.0	13.7	

Source: Company, ICICI Direct Research



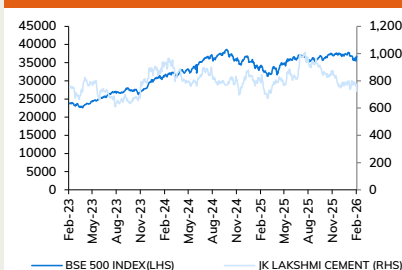
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	8,766
FY25 Gross Debt (Rs Crore)	2,527
FY25 Cash (Rs Crore)	796
EV (Rs Crore)	10,498
52 Week H / L	1021 / 660
Equity Capital	58.9
Face Value	5.0

Shareholding pattern

	Mar-25	Jun-25	Jul-25	Dec-25
Promoter	46.3	46.3	45.1	45.1
FII	12.1	12.8	12.5	12.4
DII	25.2	25.1	22.8	23.2
Others	16.4	15.7	19.5	19.4

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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Q3FY26 Result Highlights:

- Revenue increased by 6.1% YoY (+3.7% QoQ) to Rs 1588.4 crores, led by volume growth of 8.2% YoY (+15.4% QoQ, 3.28 mtpa) and decrease in realization by 2% YoY (-10% QoQ)
- Total cost/ton decreased by 1.3% YoY (-9.4% QoQ)
- EBITDA/ton declined by 6% YoY (-14.6% QoQ) to Rs 625/ton. Subsequently, absolute EBITDA was up 1.7% YoY (-1.5% QoQ) to Rs 205.2 crores
- PAT stood at Rs 56.92 crore vs Rs 59.4 crores in Q3FY25 and Rs 80.90 crores in Q2FY26
- For 9MFY26, revenue was up by 13.2% YoY, led by 10.8% YoY increase in volumes and 2.2% YoY improvement in realisation. EBITDA/ton stood at Rs 767/ton in 9MFY26 (vs Rs 602/ton in 9MFY25)

Recent earnings call highlights:

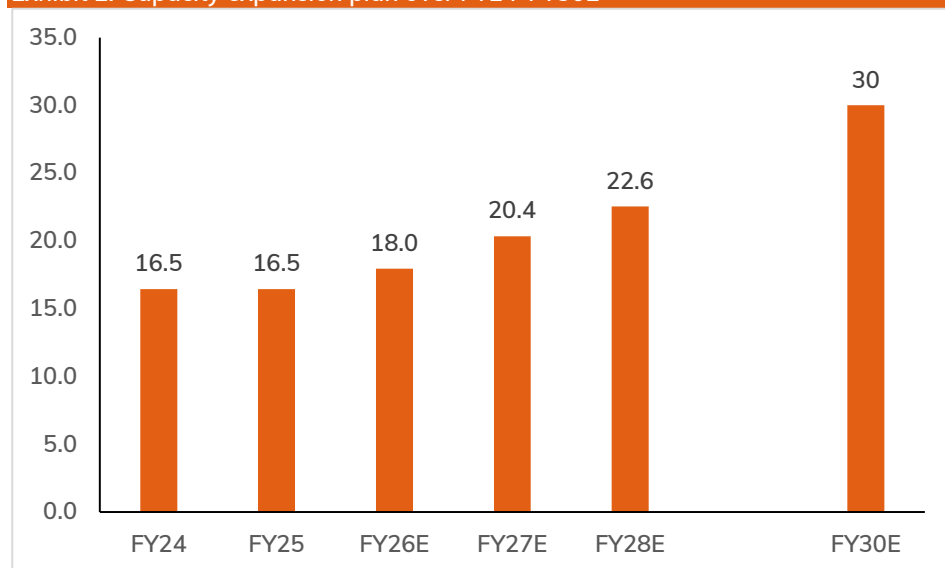
- Demand in January remained strong and is expected to sustain through February. Management expects double-digit industry volume growth in Q4FY26, with JK Lakshmi likely to grow in line with industry
- Trade prices were broadly stable; the major correction occurred in non-trade, which fell by more than 10% in key markets. Non-trade prices have improved by ~₹10–15/ton since January 2026 on an average
- Trade share fell from ~53% to ~49% in Q3FY26, primarily due to higher non-trade volumes from the newly commissioned Surat grinding unit. Management stated that trade share recovered strongly in December and January, even better than pre-Q3 levels
- Clinker sales for Q3FY26 were 0.15 mtpa and for Q2FY26 it was 0.17 mtpa. For, FY25 full-year clinker sales were 1.123 mtpa
- For Q3FY26, total clinker capacity was ~7.7 mtpa and clinker utilization was 90%. Management indicated some headroom exists across Surat, Udaipur, Durg (Chhattisgarh) and Cuttack (Odisha) for FY27 growth
- For Q3FY26, CC ratio was ~1.44. Management aims to improve blended cement share from ~62% to ~67%, which should lift the CC ratio over time
- Realization drop was driven mainly by sharp fall in non-trade prices post-GST reduction, especially in Gujarat (a large part of company's footprint)
- Q3FY26 fuel cost: ₹1.56/kg of clinker (consumption basis). Expected to rise to ~₹1.58–1.60/kg in Q4FY26 due to higher petcoke prices
- Fuel mix was ~32% petcoke/imported coal and ~68% domestic coal. Power cost declined sequentially from ₹5.52/kWh to ₹5.37/kWh in Q3FY26
- Freight cost per ton fell significantly in Q3FY26 due to higher non-trade/X-factory sales and lower lead distance
- Employee cost declined due to productivity improvement initiatives. Management expects employee cost to stabilize, with some increase possible due to Surat ramp-up and RMC expansion
- Capex incurred till 9MFY26 - ~₹250–260 crore spent on Line-2 expansion in 9MFY26 (from ₹3000 total planned capex for the same). Including other projects, total consolidated capex in 9MFY26 was ~₹350 crore
- Additional ~₹400 crore planned in Q4FY26 for Line-2. Total FY26 capex likely ₹650–700 crore (including maintenance capex of ~₹50 crore). Planned capex in FY27E - ~₹600–700 crore. Balance capex in FY28E
- Non-cement revenue in Q3FY26: Total non-cement revenue: ₹147 crore. RMC revenue: ₹67 crore. AAC Blocks revenue: ₹56 crore

- Blended cement share remained ~62% despite higher non-trade mix. Company is pushing PPC/blended cement even in institutional (non-trade) sales, including RMC sites, to support carbon goals
- Company aims to keep net debt/EBITDA within ~3.0–3.5x, even post expansion

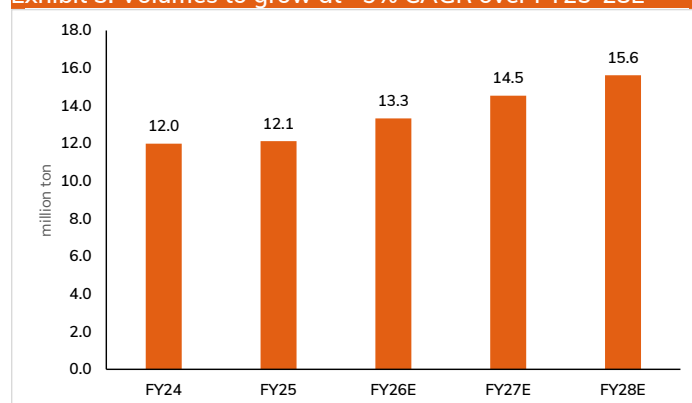
Exhibit 1: Quarterly Analysis – Q3FY26

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Operating Income	1,588.4	1,496.8	6.1	1,531.8	3.7	Revenue increased YoY on account of good volume growth
Other income	29.1	9.0	222.2	22.7	28.5	
Total Revenue	1,617.5	1,505.9	7.4	1,554.4	4.1	
Raw materials costs	312.3	274.8	13.6	267.9	16.6	
Employees Expenses	115.6	114.4	1.1	130.0	-11.1	
Other Expenses	217.3	207.8	4.6	206.1	5.4	
Total Expenditure	1,383.2	1,295.1	6.8	1,323.5	4.5	
EBITDA	205.2	201.8	1.7	208.3	-1.5	
EBITDA margins (%)	12.9	13.5	-56 bps	13.6	-68 bps	Margins declined on account of decline in realisation
Interest	55.0	45.3		50.5	8.8	
Depreciation	85.1	76.2	11.7	77.7	9.6	
Tax	18.2	26.6	-31.5	22.1		
PAT	56.9	59.4	-4.2	80.9		

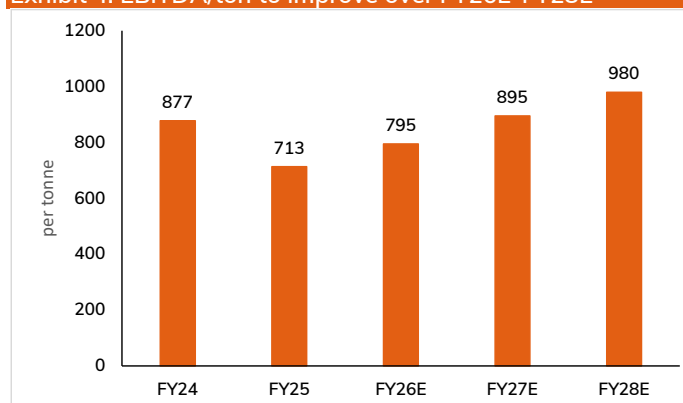
Source: Company, ICICI Direct Research

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	6,788.9	7,511.0	8,195.4
% Growth	(8.8)	9.6	10.6	9.1
Other income	46.4	105.0	115.5	127.1
Total Revenue	6,192.6	6,788.9	7,511.0	8,195.4
% Growth	(8.8)	9.6	10.6	9.1
Total Raw Material Costs	1,268.8	1,255.9	1,366.4	1,468.9
Employee Expenses	439.5	494.9	544.4	598.9
other expenses	844.2	877.0	956.0	1,042.0
Total Operating Expenditure	5,328.0	5,729.1	6,210.1	6,664.7
Operating Profit (EBITDA)	864.6	1,059.8	1,300.9	1,530.7
% Growth	(17.8)	22.6	22.7	17.7
Interest	181.2	204.2	234.2	283.8
PBDT	729.8	960.7	1,182.2	1,373.9
Depreciation	299.4	325.9	368.0	418.0
PBT before Exceptional Item:	430.4	634.8	814.2	956.0
Total Tax	127.8	190.4	244.2	286.8
PAT before MI	302.6	444.4	569.9	669.2
PAT	299.3	444.4	569.9	669.2
% Growth	(36.6)	48.5	28.3	17.4
EPS	25.4	37.8	48.4	56.9

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Rs Crore)	FY25	FY26E	FY27E	FY28E
Profit after Tax	299.3	444.4	569.9	669.2
Depreciation	299.4	325.9	368.0	418.0
Interest	181.2	204.2	234.2	283.8
Cash Flow before WC changes	779.8	974.4	1,172.1	1,370.9
Changes in inventory	126.4	(65.2)	(98.9)	(93.8)
Changes in debtors	(62.5)	(42.0)	25.3	(11.3)
Changes in loans & Advances	3.0	-	-	-
Changes in other current assets	(14.5)	(28.6)	(3.0)	(15.7)
Net Increase in Current Assets	75.4	(135.8)	(76.6)	(120.8)
Changes in creditors	(101.2)	47.4	115.1	56.3
Changes in provisions	1.0	(0.4)	1.1	1.0
Net Inc in Current Liabilities	(31.5)	71.4	145.3	85.7
Net CF from Operating activities	823.7	910.0	1,240.8	1,335.9
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(669.5)	(700.0)	(1,600.0)	(1,000.0)
Net CF from Investing activities	(1,214.2)	(718.4)	(1,609.4)	(1,041.1)
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)	(80.3)	(55.7)	356.9
Opening Cash/Cash Equivalent	267.3	196.9	116.6	60.9
Closing Cash/ Cash Equivalent	196.9	116.6	60.9	417.8

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	3,923.2	4,340.1	4,815.1
Total Shareholders funds	3,655.3	3,982.0	4,399.0	4,874.0
Total Debt	2,527.2	2,577.2	3,277.2	3,817.2
Total Liabilities	6,934.6	7,311.3	8,428.2	9,443.2
Gross Block	7,245.9	7,723.6	8,823.6	9,923.6
Acc: Depreciation	2,139.4	2,465.2	2,833.3	3,251.3
Net Block	5,106.5	5,258.3	5,990.3	6,672.3
Capital WIP	277.7	500.0	1,000.0	900.0
Total Fixed Assets	5,786.1	6,160.3	7,392.3	7,974.3
Non Current Assets	771.0	788.3	797.7	838.8
Inventory	864.8	930.0	1,028.9	1,122.7
Debtors	106.8	148.8	123.5	134.7
Other Current Assets	141.1	169.7	172.8	188.5
Cash	196.9	116.6	60.9	417.8
Total Current Assets	1,323.1	1,378.6	1,399.5	1,877.1
Current Liabilities	454.8	502.2	617.3	673.6
Provisions	90.0	91.0	92.0	92.0
Total Current Liabilities	1,544.6	1,616.0	1,761.3	1,847.0
Net Current Assets	(221.5)	(237.4)	(361.8)	30.1
Total Assets	6,934.6	7,311.2	8,428.2	9,443.2

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
EPS	25.4	37.8	48.4	56.9
Cash per Share	67.6	60.9	56.2	86.5
BV	310.6	338.4	373.8	414.2
EBITDA Margin	14.0	15.6	17.3	18.7
PAT Margin	4.8	6.5	7.6	8.2
RoE	8.2	11.2	13.0	13.7
RoCE	9.9	12.8	13.7	14.3
RoIC	9.4	11.4	12.2	13.4
EV / EBITDA	12.1	10.0	8.8	7.6
P/E	29.3	19.7	15.4	13.1
EV / Net Sales	1.7	1.6	1.5	1.4
Sales / Equity	1.7	1.7	1.7	1.7
Market Cap / Sales	1.4	1.3	1.2	1.1
Price to Book Value	2.4	2.2	2.0	1.8
Asset turnover	1.0	1.0	1.0	0.9
Debtors Turnover Ratio	82.0	53.1	55.2	63.5
Creditors Turnover Ratio	12.3	14.2	13.4	12.7
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	0.2

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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