MIRAE ASSET Sharekhan

Stock Update

Result Update

JK Lakshmi Cement Ltd

Strategic expansion, favourable outlook

Cement	Sharekhan code: JKLAKSHMI	
Reco/View: **Buy** ⇔	CMP: **Rs. 931** (as on Aug 05, 2025)	Price Target: **Rs. 1,047** ↑

Summary

- We retain a Buy rating with a revised PT of Rs. 1,047, factoring better profitability lead by expected cost efficiencies.
- Standalone revenue rose 11.3% y-o-y to Rs. 1,740.9 crore, supported by a rise in volumes and realisations. Operating profit increased 39.1% y-o-y to Rs. 311.2 crore.
- The company is adding 1.35 mtpa grinding capacity in Surat, expected to be commissioned in Q2FY26, and a 2.3 mt clinker unit along with 4 grinding units (total 4.6 mtpa) in Durg, Chhattisgarh, to be commissioned in phases from FY27–FY28.
- Management expects to outperform industry growth in FY26, supported by strong infrastructure activity and housing demand.

Standalone revenue grew by 11.3% y-o-y to Rs. 1,740.9 crore in Q1FY26, supported by a 1.2% rise in blended realisations to Rs. 5,234/tonne and a 10% increase in volumes to 33.26 lakh tonnes. Total cost per tonne declined 3% y-o-y to Rs. 4,299 and EBITDA/tonne increased by 26.5% to Rs. 936. The company's cost reduction target of Rs. 100–120 per tonne over the next 12–18 months remains on track, backed by an increase in the share of renewable energy from 49% to 52% by FY26, rising TSR usage, AI-led operational efficiency improvements, and logistics optimisation. JK Lakshmi is doubling its cement grinding capacity in Surat to 2.7 million tonnes, with commissioning expected in Q2FY26. Additionally, it is expanding clinker capacity by 2.3 million tonnes and adding four grinding units aggregating to 4.6 million tonnes at Durg, with phased commissioning planned from FY27 to FY28. The company's long-term goal of reaching 30 million tonnes of capacity by 2030 remains unchanged.

Key positives

- EBITDA/tonne increased by 26.5% y-o-y to Rs 936.

Key negatives

- Trade premium fell to 23% from 27% in Q1FY25.

Management Commentary

- The company holds a 10-12% market share across most of the regions it operates in, with a higher share of 13-14% in states like Chhattisgarh and Gujarat.
- It has committed a capex of Rs. 1,500 crore for FY26 (of which Rs. 100 crore was spent in Q1), Rs. 1,800 crore for FY27, and Rs. 1,500 crore for FY28.
- Management stated that industry volumes grew by 5–6% in Q1FY26, with stronger growth in the South and East regions (8–9% and 6–7%, respectively), while growth in the North, West, and Central regions remained subdued.

Our Call

Valuation – Retain Buy with a revised PT of Rs. 1,047: JKL has been focusing on achieving healthy volume growth and a significant improvement in operational profitability. The company's ongoing capacity expansion plans are poised to drive its next leg of growth. Further, consolidation of key subsidiaries especially UCWL, would help streamline operations and the management besides bringing synergistic benefits. JKL is currently trading at an EV/EBITDA of ~10.5x/9.6x its FY2026E/FY2027E earnings, we retain a Buy rating with a revised PT of Rs. 1,047, factoring improved profitability outlook supported by anticipated cost efficiencies.

Key Risks

Slow demand in North and East India along with weak pricing affects profitability.

Valuation (Standalone) Rs cr

Particulars	FY24	FY25	FY26E	FY27E
Revenue	6,320	6,193	6,687	7,268
OPM (%)	13.7	14.0	17.6	18.8
Adjusted PAT	424	283	469	530
y-o-y growth (%)	28	-33	66	13
Adjusted EPS (Rs.)	36.1	27.0	39.8	45.0
P/E (x)	25.8	34.4	23.4	20.7
P/B (x)	3.6	3.2	2.9	2.6
EV/EBITDA (x)	11.6	11.9	10.5	9.6
RoNW (%)	14.6	9.8	13.1	13.3
RoCE (%)	12.4	9.9	11.7	11.5

Source: Company; Mirae Asset Sharekhan estimates

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

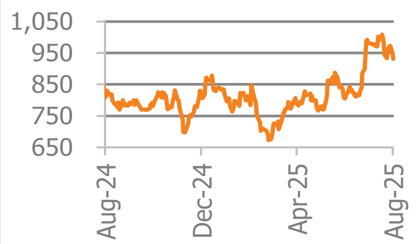
Company details

Market cap:	Rs. 10,957 cr
52-week high/low:	Rs. 1,021/661
NSE volume: (No of shares)	2.3 lakh
BSE code:	500380
NSE code:	JKLAKSHMI
Free float: (No of shares)	6.3 cr

Shareholding (%)

Promoters	46.3
FII	12.8
DII	25.1
Others	15.7

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-6.1	20.4	17.2	15.1
Relative to Sensex	-3.1	20.3	14.5	12.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Results (Standalone) | **Rs cr**

Particulars	Q1FY2026	Q1FY2025	y-o-y (%)	Q4FY2025	q-o-q (%)
Net Sales	**1740.9**	**1563.9**	**11.3**	**1897.6**	**-8.3**
Total Expenditure	1429.7	1340.2	6.7	1546.9	-7.6
Operating profit	**311.2**	**223.7**	**39.1**	**350.7**	**-11.3**
Other Income	24.3	13.0	86.8	17.6	38.2
EBIDTA	335.5	236.7	41.8	368.3	-8.9
Interest	52.2	46.9	11.3	44.4	17.7
PBDT	283.3	189.7	49.3	323.9	-12.5
Depreciation	77.0	71.6	7.4	76.1	1.1
PBT	**206.3**	**118.1**	**74.7**	**247.8**	**-16.7**
Tax	54.6	26.3	108.0	78.0	-29.9
Extraordinary items	0.0	-35.4	NA	0.0	NA
Reported Profit After Tax	151.7	56.4	169.1	169.8	-10.7
Adjusted PAT	**151.7**	**91.8**	**65.2**	**169.8**	**-10.7**
EPS (Rs.)	12.9	7.8	65.2	14.4	-10.7
Margins (%)			**BPS**		**BPS**
OPM	17.9	14.3	357	18.5	(60)
PAT	8.7	5.9	284	8.9	(24)
Tax rate	26.5	22.2	423	31.5	(499)

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Improving demand brightens outlook

The Indian cement has witnessed a lot of consolidation in the last few years with a slew of inorganic acquisitions happening. The consolidation and the weak demand have put a pressure on the pricing environment. However, with the return of government capex, the demand and pricing are expected to improve. The sector's margins are expected to improve from hereon and drive up profitability.

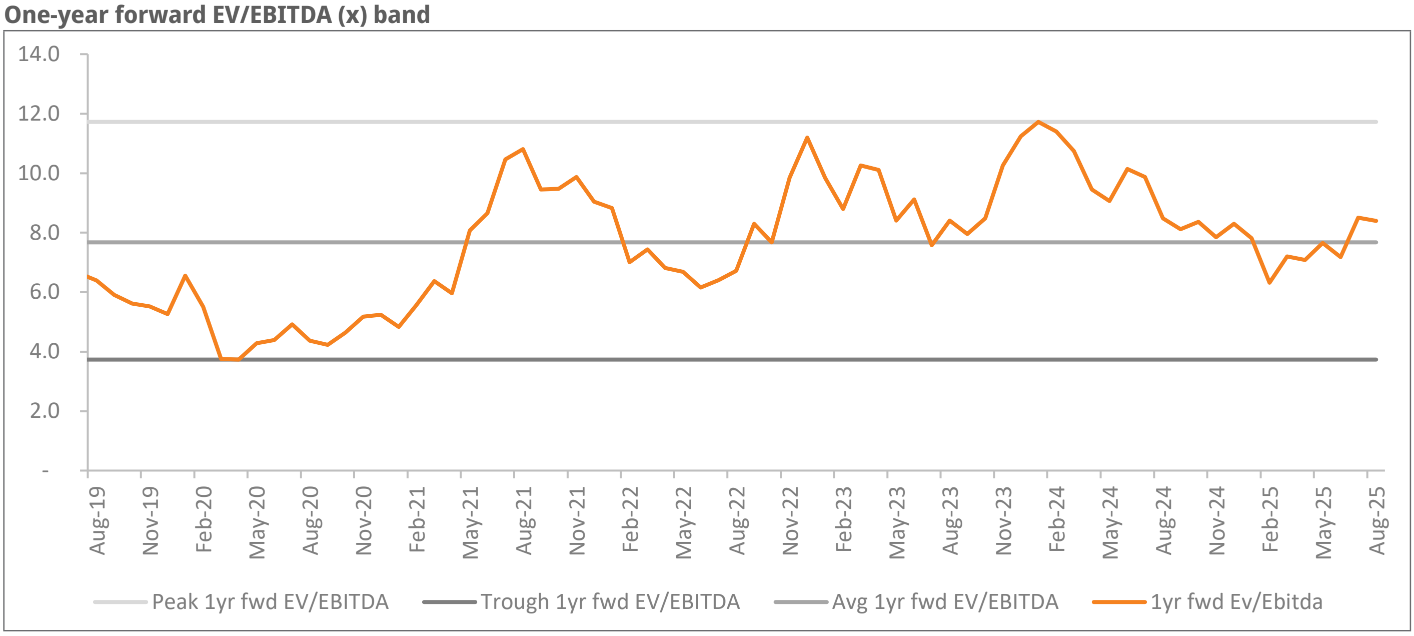
■ Company Outlook – Capacity expansion to power growth

JKL is expected to benefit from sustained rural demand and infrastructure demand improvement. Pricing in key regions remains healthy. However, the company is facing constraints with clinker capacity utilisation at a peak level over the trailing peak quarters. The company is doubling its Surat grinding units to 2.7 million tonnes and undertaking 2.3 mtpa clinker capacity and 4.6 mtpa cement grinding capacity at Durg and three split cement grinding units aggregating 3.4 mtpa in UP, Bihar, and Jharkhand, which would provide the next leg of growth.

■ Valuation – Retain Buy with a revised PT of Rs. 1,047

JKL has been focusing on achieving healthy volume growth and a significant improvement in operational profitability. The company's ongoing capacity expansion plans are poised to drive its next leg of growth. Further, consolidation of key subsidiaries especially UCWL, would help streamline operations and the management besides bringing synergistic benefits. JKL is currently trading at an EV/EBITDA of ~10.5x/9.6x its FY2026E/FY2027E earnings, we retain a Buy rating with a revised PT of Rs. 1,047, factoring improved profitability outlook supported by anticipated cost efficiencies.

One-year forward EV/EBITDA (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

JKL was set up in 1982 in Sirohi, Rajasthan. The company is part of JK Organisation, which operates in India and abroad and is present in the tyre, cement, paper, power transmission and sealing solutions, dairy products, and textile industries. The company has a wide network of over 7,000 dealers across Rajasthan, Gujarat, Haryana, Delhi, Uttar Pradesh, Punjab, Jammu and Kashmir, Madhya Pradesh, Chhattisgarh, Odisha, South Bengal, Vidharbha, Mumbai, and Pune.

Investment theme

JKL is expected to benefit from sustained demand in the rural sector, along with improvements in infrastructure demand. The pricing environment in key regions remains healthy. The company is adding a 1.3 million tonne grinding unit capacity in Surat. Additionally, a 2.3 million tonne clinker unit and a 4.6 million tonne grinding unit capacity in Durg are expected to be commissioned in phases between FY27 and FY28. JKL is also implementing various measures to reduce costs and improve operational efficiency. The company's goal to reach a total capacity of 30 million tonnes by 2030 remains on track.

Key Risks

- Pressure on cement demand and cement prices in the Northwest and Eastern regions of India can affect financial performance.
- Macroeconomic challenges leading to lower government spending on infrastructure and housing sectors can negatively affect the company's performance.

Additional Data

Key management personnel

Name	Designation
Vinita Singhania	Chairman & MD
Shri Arun Kumar Shukla	President and Director
S. A. Bidkar	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	HDFC Asset Management Co Ltd	4.25
2	Axis Asset Management Co Ltd/India	3.65
3	Franklin Resources Inc	3.27
4	ICICI Prudential Asset Management	2.95
5	Goldman Sachs Group Inc/The	2.86
6	GOLDMAN SACHS INDIA PVT LTD	2.85
7	Vanguard Group Inc/The	2.03
8	Nippon Life India Asset Management	1.40
9	Canara Robeco Asset Management Co	1.39
10	Bansal Sachin	1.27

Source: Bloomberg

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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