



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
770	847	10%

MARKET DATA

No. of Shares	11.8 Cr
Market Cap	9,086 Cr
52-week High / Low	1,000/628
BSE Code	500380
NSE Code	JKLAKSHMI

Why JK Lakshmi Cement Ltd

- ✓ **Capacity expansion to drive revenue growth**
- ✓ **Cost optimization to drive EBITDA margin**
- ✓ **Robust cement demand**

About the Company

JK Lakshmi Cement (JKLC) is a dominant player in the cement industry, particularly in its key markets of North and West India, which contribute 75% of its revenue. The company also holds a significant market presence in Eastern India. On a consolidated basis, JKLC's total cement capacity exceeds 16 million tonnes per annum (mtpa).

Investment Rationale

- A. Capacity expansion to support volume growth:** The establishment of a 1.35 mtpa grinding unit in Surat, with a capital expenditure of Rs 220 Cr funded through a combination of internal accruals and debt, is progressing well and is expected to commence in phases during FY25-FY26. Additionally, the company plans a capacity expansion of 4.6 mtpa for Cement Grinding and 2.3 mtpa for Clinker at a total capital cost of Rs 2,500 Cr (USD 65/Tonne), to be commissioned in phases over FY26-27. These expansions are anticipated to enhance market share and drive revenue growth. The company is projected to achieve a volume growth CAGR of 7% over FY24-26E.
- B. Working on many levers to improve EBITDA/tonne:** The company plans to focus on several key initiatives to enhance performance, including optimizing its geo-mix, increasing the production and sales of blended cement, raising the proportion of trade sales, and boosting premium and value-added products. Additionally, it aims to improve logistics efficiency and increase the use of renewable power and Alternative Fuels and Raw Materials (AFR). These efforts are expected to yield cost savings of Rs 75-100 per tonne. The company is projected to achieve EBITDA/tonne growth at a 14% CAGR over FY23-26E, reaching Rs 1,100/tonne, driven by stable realizations, higher volumes, and cost-saving measures.
- C. Robust cement demand in the country:** Cement demand in the country is anticipated to remain strong, driven by increased capital spending by the central government on infrastructure projects such as roads, railways, and housing, along with robust real estate demand. Ongoing investments in infrastructure development are expected to further boost cement demand. The industry is projected to grow at a CAGR of 8-9% during FY23-FY26E.
- D. Outlook & Valuation:** Given JKLC's strong positioning in North, West, and East India, coupled with initiatives such as increasing sales of premium and value-added products, higher blending ratios, improved trade sales, greater use of green energy, and direct dispatches, the company is well-positioned to enhance its topline and margins. We anticipate the company will achieve a CAGR of 5% in volume, 6% in revenue, 20% in EBITDA, and 22% in PAT over FY23-FY26E. The stock is currently trading at 10x and 8x FY25E/FY26E EV/EBITDA, which we believe is attractive.
- E. Recommendation:** We recommend a BUY rating on the stock with a target price of Rs 847/share, implying an upside of 10% from the CMP

Financial Summary (Standalone)

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBIDTA (x)	P/BV (x)	RoE (%)
FY24	6,320	864	411	35	22	11	3.0	14
FY25E	6,311	969	540	46	17	10	2.8	16
FY26E	7,487	1,211	604	51	15	8	2.4	16

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