

SELL

TP: Rs 571 | ▼ 8%

JK LAKSHMI CEMENT

Cement

22 May 2026

Steady quarter; challenges galore in medium term; retain SELL

- Volume growth resilient at 8.3% YoY, but a sharp 7.5% YoY decline in realisations led to flat revenue and margin contraction
- Cost control partially cushioned, yet EBITDA margin contracted by ~340bps YoY; energy cost inflation of ~Rs120/tn likely in Q1FY27
- We value JKLC at 9x EV/EBITDA March'28 EBITDA with new TP of Rs 571 (Rs 716), as FY27E/FY28E EBITDA revised -9%/-13%. Retain SELL

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Realisations pressure offset volume gains: JKLC (SA) reported flat YoY (~20% QoQ) revenue at ~Rs19bn in Q4FY26, as volume growth was offset by weak pricing across key markets. Volumes grew ~8%/19% YoY/QoQ, aided by the GU ramp-up in Surat (>60% utilisation). Average realisations fell 7.6% YoY (flat QoQ) amid continued pressure in non-trade pricing, especially in key Gujarat and northern markets, despite steady trade prices. Industry capacity additions and aggressive competition continued to constrain the recovery in pricing.

Cost pressure yet to materialise: Overall cost declined ~4% YoY to Rs4,146/tn, supported by operating leverage, logistics optimisation and controlled overheads. Freight cost declined sharply by ~8% YoY to ~Rs1,122/tn, as dispatches remained focused on core markets. Energy cost remained broadly stable, despite the green power share moderating to ~46% (vs ~50% YoY). Pet-coke and coal prices surged ~40%/30% QoQ respectively with ~Rs120/tn cost pressures expected in Q1FY27.

Weak pricing dampens margins: EBITDA fell ~18% YoY to ~Rs2.9bn, given that lower realisations more than offset energy and freight savings. EBITDA margin fell ~340bps YoY and EBITDA/tn weakened ~25% YoY to ~Rs734/tn. APAT fell ~19% YoY to ~Rs1.4bn; impacted by a weaker EBITDA amid subdued pricing environment.

Expansion pipeline: Durg expansion remains on track though North East is unclear at present. However, management remains confident of achieving 30mpta by FY30. Capex for FY27 is guided to be ~Rs15-17bn ~Rs20bn for FY28.

Cut estimates; maintain SELL: We revise downwards FY27E/FY28E EBITDA by 9%/13%. This is to capture the challenging scenario in JKLC's key operating region of changing dynamics of intense supply pressure from large cement majors impacting pricing. Further, the cost pressure will hit the operations by ~R300 per/tn amid the middle east war situation per management. Top it with net debt addition due to Durg expansion and staying high beyond FY28 due to Naguar expansion are woes. We value JKLC at 9x EV/EBITDA Mar'28 revised earnings with a new TP of Rs 571 (Rs 716). Retain SELL. At our target price the stock trades at ~Rs7bn/mnt.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	JKLC IN/Rs 620
Market cap	US\$ 814.8mn
Free float	54%
3M ADV	US\$ 1.1mn
52wk high/low	Rs 1,021/Rs 550
Promoter/FPI/DII	46%/14%/26%

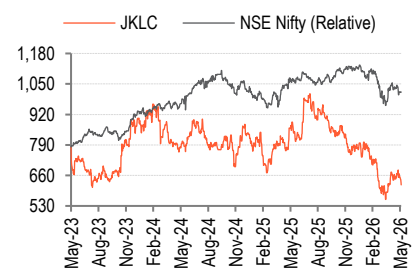
Source: NSE | Price as of 21 May 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	61,926	67,626	75,014
EBITDA (Rs mn)	8,652	10,114	11,011
Adj. net profit (Rs mn)	3,182	4,494	4,501
Adj. EPS (Rs)	27.0	37.2	36.2
Consensus EPS (Rs)	27.0	37.2	38.9
Adj. ROAE (%)	9.0	11.8	11.0
Adj. P/E (x)	22.9	16.7	17.1
EV/EBITDA (x)	10.3	9.9	9.5
Adj. EPS growth (%)	(33.6)	37.5	(2.5)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Earnings call highlights

Parameter	Q4FY26	Q3FY26	Our view
Volume and realisations	<p>Industry demand grew ~6-6.5% YoY in Q4FY26, with a healthy traction during Dec-Feb before moderating in March, due to geopolitical uncertainty. JKLC grew 8% YoY ahead of industry, aided by the continued Surat ramp-up (>60% utilisation) and improved utilisation at UCWL and Cuttack. Trade inched up while non-trade prices recovered partially after falling below GST pass-through levels in Q3. However, meaningful price hikes remained constrained due to elevated competitive intensity and large industry-wide capacity additions. Gujarat pricing remained relatively weak during early Q4 but improved towards quarter-end. Blended cement mix remained at ~62. Clinker sales increased to ~0.22mnt (vs ~0.15 mnt in Q3), while clinker utilisation remained elevated at ~93-94%.</p>	<p>Trade share fell to 49% (from 57% YoY) on higher Gujarat dependence (non-trade dominant) post-Surat ramp-up and post-GST rationalisation demand softness in trade. Non-trade prices dropped post-GST reduction but have recovered Dec onwards in the Rs 10-15 range. Clinker sales 1.51 lakh tonnes (vs 1.7 lakh in Q2). Clinker utilisation 90% in Q3FY26. Demand momentum has been strong in Dec-Jan; Q4FY26 is expected to grow by double-digit YoY, in-line with the industry. Premium mix was stable at 26% QoQ (22% YoY). Blended cement was 62% (65% YoY); management aims raising to ~67% level in turn increasing the CC ratio from 1.44 currently.</p>	<p>Consolidation benefits will translate into limited volume gain; however, sustainability is the key to retaining market share. Pricing challenge will continue in the medium term as it key remunerative Gujarat market has had changed dynamics with two major cement companies trying to increase its dominance. This is a structural shift that will hit the company.</p>
Margin	<p>Fuel cost intensified during Q4FY26/FY27 opening due to geopolitical disruptions. Petcoke prices surged ~40% QoQ to ~USD160/tn, coal prices rose ~30% QoQ. Management indicated energy cost inflation of ~Rs300/tn over the coming quarters, with ~Rs120-130/tn likely in Q1FY27 itself and the balance in Q2FY27. Packaging costs may rise another ~Rs80-100/tn. JKLC is attempting mitigation through fuel-mix optimisation, especially in northern plants. Power cost increased to Rs5.79/unit (vs Rs5.37 in Q3FY26). Freight cost remained relatively stable despite diesel hikes, aided by core-market optimisation.</p>	<p>Fuel cost Rs1.56/kcal vs Rs 1.57/kcal YoY (up from Rs1.54 QoQ). Green power was stable at 48% YoY (up from 46% QoQ). Power cost per unit fell from 5.5 to 5.37. Management highlighted that employee cost reduction was through productivity gains (no salary cuts). JKLC aims at optimising employee costs through productivity and no salary cuts. The increase in depreciation and interest expense was on Surat GU commissioning in Sept.</p>	<p>Cost pressure will sharply reflect in FY27 (net hit of Rs300/tn) will be additional worry. Pricing challenges will only be partially offset by the benefit of operating efficiencies (cost measures), but additional benefits may be limited. Logistics cost may be inflated due to the seeding of newer markets in the eastern region (Bihar/Jharkhand).</p>
Capacity	<p>Installed capacity stands at 18mtpa. Durg remains on track with commissioning by FY28 end. Surat GU already at >60% utilisation, targeting ~70%+ in FY27. Northeast expansion remains intact following acquisition of two limestone blocks (~250mnt reserves) despite cancellation of earlier AMDC mining arrangement. Kutch greenfield is likely to precede Nagaur due to land acquisition/legal delays at Nagaur.</p>	<p>Installed capacity stands at 18 mtpa, with Surat GU fully operational. Durg brownfield remains on track with kiln commissioning by Mar'27, 2.2 mnt by FY27-end, full project by Mar'28. No change in the plan to 22.6mtpa capacity by FY28. Phase 2 of railway siding is expected to be completed by Mar 28 Clinker factor (CC ratio) was 1.44 Blended cement target 62% to 67%.</p>	<p>Capacity expansion will be effective post FY27. However, we note that the company's execution capabilities have remained below par previously. Cost-saving initiatives need to be expedited as well. We feel the NE expansion will be under scanner, given the new developments, following cancellation of the earlier arrangements.</p>

Parameter	Q4FY26	Q3FY26	Our view
Capex	<p>FY27 capex guidance stands elevated at ~Rs15-17bn followed by ~Rs20bn in FY28, driven primarily by Durg expansion, Northeast project and initial spends towards Kutch/Nagaur. Around ~Rs5bn has already been spent on Durg including railway siding. Total Durg project cost remains ~Rs30bn. Management reiterated that Northeast and Durg projects will proceed simultaneously without delays despite market weakness. Net debt is expected to rise materially over the next two years before normalising post commissioning and EBITDA ramp-up.</p>	<p>9MFY26 capex incurred was ~Rs2.6bn. FY26 guidance was changed to ~Rs6.5bn (Q4FY26 spend to be ~Rs4bn mainly for Durg). Durg total remains unchanged at Rs30bn. FY27 guidance Rs16-17bn and the balance in FY28. Conveyor belt status in final stage, as Ministry of Steel final approval (SAIL board cleared) still pending. Management reiterated that they are comfortable at Net Debt/EBITDA target of 3-3.5x.</p>	<p>Aggressive expansion plans imply capex trajectory likely staying elevated.</p> <p>The Durg conveyor belt project has been delayed longer than expected. Debt-EBITDA to stay elevated if capex gets executed as planned in the interim period</p>
Other key points	<p>Non-cement revenue stood at ~Rs1.69bn in Q4FY26, including RMC revenue of ~Rs820mn and AAC block revenue of ~Rs590mn. EBITDA margin in non-cement business remained ~4%. Management indicated focus remains on value-added and higher-margin segments rather than pure scale expansion, especially in RMC. TSR Phase-1 at Sirohi has been completed, while Phase-2 remains pending due to alternate fuel availability constraints. Management expects industry cement demand growth of 6-7% in FY27.</p>	<p>Non-cement revenue was at ~Rs1.5bn (RMC Rs670mn, AAC Rs560mn), with EBITDA margin 4%. Management highlighted that non-cement businesses (RMC/AAC) operate at industry-aligned margins; focus on productivity and value-added concrete.</p>	<p>Non-cement revenue contribution steady and needs some more attention for improvement.</p>

Source: Company, BOBCAPS Research | RMC: Ready-mix concrete

Fig 2 – Key metrics (standalone)

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviatio (%)
Volumes (mn mt)	3.9	3.6	8.3	3.3	18.7	4.0	(1.6)
Cement realisations (Rs/t)	4,681	5,066	(7.6)	4,637	0.9	4,697	(0.4)
Operating costs (Rs/t)*	4,146	4,299	(3.6)	4,213	(1.6)	4,095	1.3
EBITDA/t (Rs)	734	975	(24.7)	628	17.0	799	(8.1)

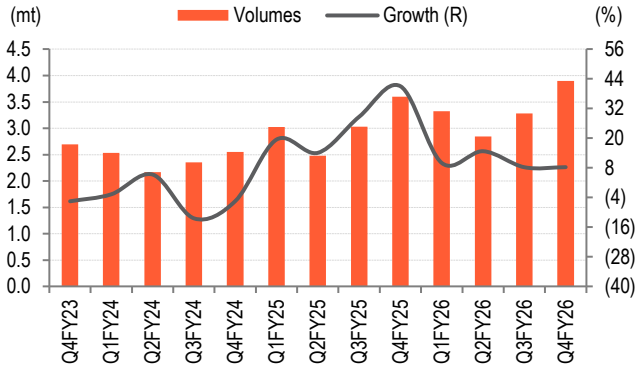
Source: Company, BOBCAPS Research | * Aggregate cost

Fig 3 – Quarterly performance (standalone)

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviatio (%)
Net Sales	19,015	18,976	0.2	15,884	19.7	19,370	(1.8)
Expenditure							
Change in stock	406	294	37.8	212	90.9	294	37.9
Raw material	3,066	2,808	9.2	2,517	21.8	3,115	(1.6)
purchased products	425	390	9.0	394	7.9	515	(17.4)
Power & fuel	4,196	3,908	7.4	3,709	13.1	4,255	(1.4)
Freight	4,370	4,397	(0.6)	3,670	19.1	4,437	(1.5)
Employee costs	1,116	1,137	(1.8)	1,156	(3.5)	1,210	(7.8)
Other exp	2,576	2,535	1.6	2,165	19.0	2,381	8.2
Total Operating Expenses	16,154	15,469	4.4	13,824	16.9	16,206	(0.3)
EBITDA	2,861	3,507	(18.4)	2,060	38.9	3,164	(9.6)
EBITDA margin (%)	15.0	18.5	(343bps)	13.0	208bps	16.3	(129bps)
Other Income	383	176	118.2	291	31.6	221	73.4
Interest	532	444	19.9	550	(3.2)	580	(8.3)
Depreciation	842	761	10.7	851	(1.0)	871	(3.3)
PBT	1,870	2,478	(24.5)	951	96.7	1,934	(3.3)
Non-recurring items	0	0	0.0	(191)	0.0	0	0.0
PBT (after non recurring items)	1,870	2,478	(24.5)	760	146.1	1,934	(3.3)
Tax	488	780	(37.4)	179	173.1	483	0.9
Reported PAT	1,382	1,698	(18.6)	581	137.8	1,450	(4.7)
Adjusted PAT	1,382	1,698	(18.6)	772	79.0	1,450	(4.7)
NPM (%)	7.3	8.9	(168bps)	4.9	241bps	7.5	(22bps)
Adjusted EPS (Rs)	11.7	14.4	(18.6)	6.6	79.0	12.3	(4.7)

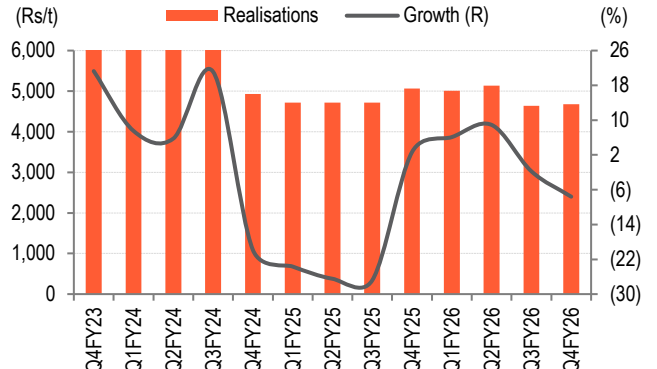
Source: Company, BOBCAPS Research

Fig 4 – Healthy demand trend and capacity ramp-up lead to volumes gain



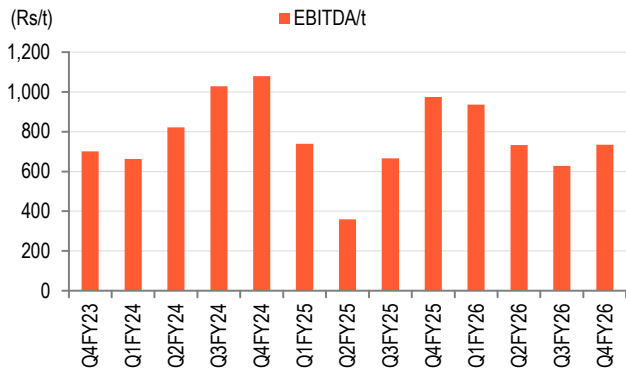
Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Fig 5 – Subdued sentiment and supply glut arrest price recovery



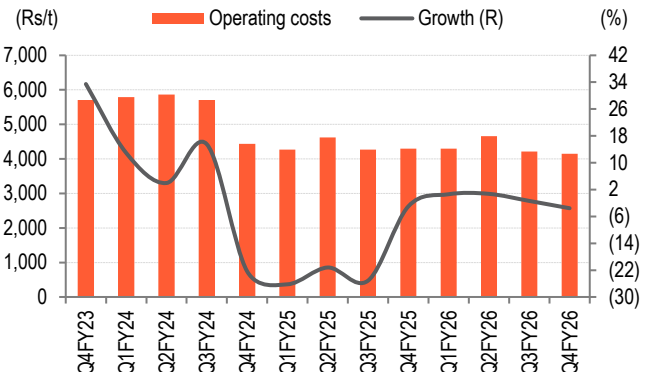
Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Fig 6 – EBITDA/t will continue being impacted and stay below industry average



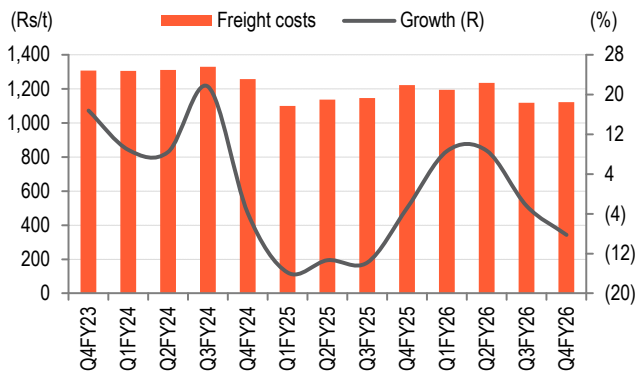
Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Fig 7 – Operating cost savings commendable driven by efficiency gains



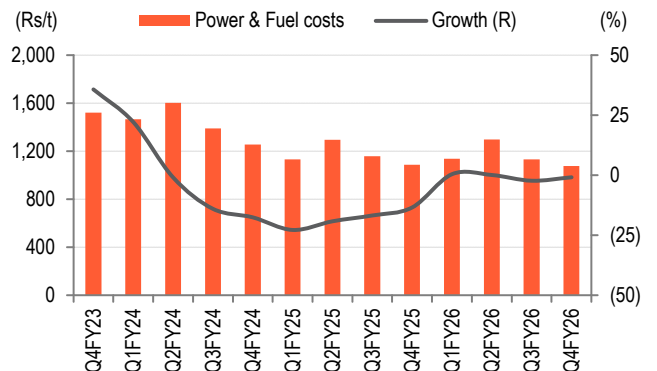
Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Fig 8 – Freight cost savings consistent as core geographies are chased



Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Fig 9 – Fuel cost pressure to exacerbate further, though mix optimisation is targeted to partially offset



Source: Company, BOBCAPS Research | Management has restated volume numbers from Q1FY22

Valuation Methodology

We revise down FY27E/FY28E EBITDA by 9%/13% to factor in the challenging outlook in JKLC's key operating region of changing dynamics of intense supply pressure from large cement majors impacting pricing. Further, the cost pressure will hit operations by ~R300 per/tn amid the Middle-East war situation, as per management. Adding to the concerns are net debt addition due to Durg expansion and staying high beyond FY28 due to Naguar expansion are woes.

The changed dynamics of the Cement sector with an aggressive pricing for market penetration and capability of large-size companies to sustain pricing pressure — will be key pressure points for regional companies. Additionally, Gujarat has changed dynamics with two major cement companies trying to gain dominance, leading to pricing pressure. This is a structural shift that will hit the company. Additionally, JKLC's performance will be determined by its ability to deliver volumes from the new capacity, as its capex is largely backed by debt. Effectively, the growing competition in JKLC's operating regions including Gujarat and the eastern region, balance sheet pressure in the capex phase and weak execution capabilities in the past - all remain key challenges.

We are concerned about the recent developments in the North-East expansion, particularly the cancellation of arrangements by the governing authorities. These are serious issues and the recovery of the liability will be keenly watched. Following the same, JKLC have paused the NE expansion as well as the Naguar capacity addition, due to the land-acquisition issues. Effectively, we have sharply cut our estimates for FY27E/FY28E and are very conservative in introducing our FY29E estimates.

We value JKLC at 9x Mar'28E EV/EBITDA revised earnings and revise our TP downwards to Rs 571 from Rs 716. Retain SELL. At our TP, the stock trades at ~Rs7bn/mnt.

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	75,014	80,526	86,937	77,245	88,883		-2.9	-9.4	
EBITDA	11,011	12,147	13,236	12,129	13,904		-9.2	-12.6	
Adj PAT	4,501	4,538	4,814	5,041	5,733		-10.7	-20.8	
Adj EPS (Rs)	36.2	36.5	38.8	42.8	48.7		-15.3	-25.0	

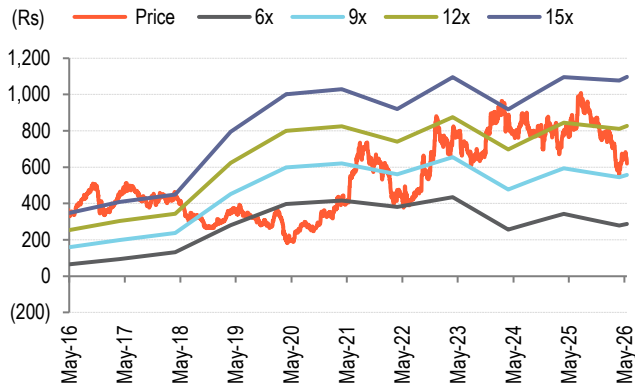
Source: BOBCAPS Research, Note: FY29 estimates newly introduced

Fig 11 – Key assumptions

Parameter	FY26P	FY27E	FY28E	FY29E
Volumes (mt)	13.0	13.8	14.1	14.7
Growth(%)	13.0	6.2	2.2	4.3
Realisations (Rs/t)	5,367	5,475	5,803	5,977
Growth(%)	15.4	2.0	6.0	3.0
Operating costs (Rs/t)	4,431	4,630	4,850	5,002
EBITDA/t (Rs)	779	797	862	898

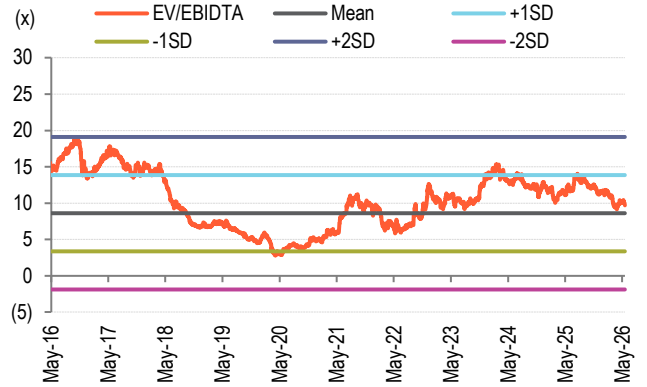
Source: Company, BOBCAPS Research, Note: FY29 estimates newly introduced

Fig 12 – EV/EBITDA band: Valuations moderating to mirror the financial show



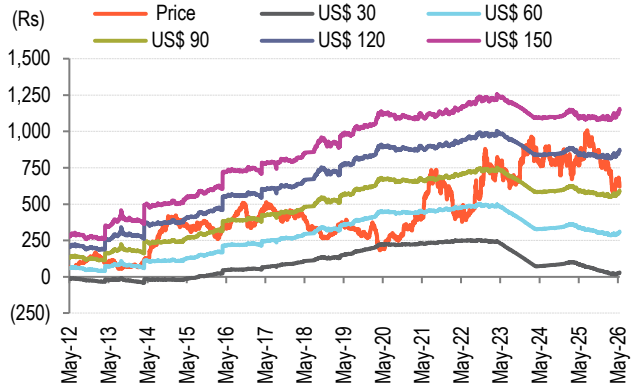
Source: Bloomberg, BOBCAPS Research

Fig 13 – EV/EBITDA 1YF: Valuations will revert to mean over the medium term



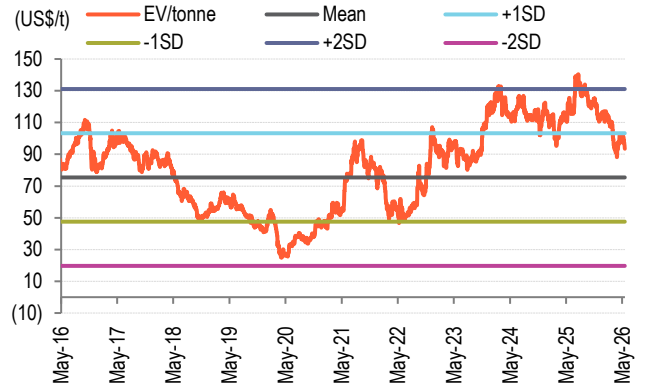
Source: Bloomberg, BOBCAPS Research

Fig 14 – EV/tonne band: Replacement cost premium is moderating to reflect in performance



Source: Bloomberg, BOBCAPS Research

Fig 15 – EV/tonne 1YF: Scaling down from the peak



Source: Bloomberg, BOBCAPS Research

Key Risks

Key upside risks to our estimates:

- Strong pricing gains in key operating regions
- Further softening of energy cost, giving a boost to margins
- Aggressive capex execution, leading to a performance above expectations

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	61,926	67,626	75,014	80,526	86,937
EBITDA	8,652	10,114	11,011	12,147	13,236
Depreciation	(2,988)	(3,237)	(3,385)	(3,733)	(4,062)
EBIT	6,195	8,042	8,895	9,511	10,298
Net interest inc./(exp.)	(1,812)	(2,109)	(2,498)	(2,973)	(3,365)
Other inc./(exp.)	531	1,165	1,270	1,096	1,124
Exceptional items	(354)	(191)	0	0	0
EBT	4,029	5,742	6,397	6,538	6,933
Income taxes	(1,202)	(1,439)	(1,896)	(2,000)	(2,119)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	2,827	4,303	4,501	4,538	4,814
Adjustments	354	191	0	0	0
Adjusted net profit	3,182	4,494	4,501	4,538	4,814

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	7,255	14,181	15,782	16,860	18,173
Other current liabilities	11,045	1,160	11,695	12,045	12,405
Provisions	254	241	1,111	1,135	1,162
Debt funds	26,139	25,851	32,922	37,027	42,143
Other liabilities	4,044	4,893	4,942	4,991	5,041
Equity capital	589	621	621	621	621
Reserves & surplus	35,206	38,746	42,154	45,802	49,730
Shareholders' fund	35,795	39,367	42,775	46,423	50,351
Total liab. and equities	84,531	85,693	1,09,227	1,18,483	1,29,274
Cash and cash eq.	2,217	3,317	737	1,696	872
Accounts receivables	1,068	1,108	2,055	2,206	2,382
Inventories	8,648	6,449	7,399	7,832	8,575
Other current assets	9,061	9,167	11,278	10,630	9,795
Investments	10,488	10,600	10,713	10,828	10,944
Net fixed assets	50,125	67,277	74,358	82,091	89,495
CWIP	2,763	(12,399)	2,500	3,000	7,000
Intangible assets	160	173	186	199	212
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	84,531	85,693	1,09,227	1,18,483	1,29,274

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	3,364	7,357	16,933	9,837	10,543
Capital expenditures	(28,181)	(5,126)	(25,378)	(11,979)	(15,479)
Change in investments	3,763	1,896	(1,870)	(115)	(116)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(24,418)	(3,231)	(27,248)	(12,094)	(15,595)
Equities issued/Others	(190)	32	0	0	0
Debt raised/repaid	20,507	(288)	7,072	4,105	5,115
Interest expenses	0	0	0	0	0
Dividends paid	(532)	(765)	(869)	(869)	(869)
Other financing cash flows	946	2	(224)	(20)	(17)
Cash flow from financing	20,731	(1,019)	5,978	3,215	4,229
Chg in cash & cash eq.	(323)	3,107	(4,337)	959	(824)
Closing cash & cash eq.	2,218	3,317	737	1,696	872

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	24.0	35.6	36.2	36.5	38.8
Adjusted EPS	27.0	37.2	36.2	36.5	38.8
Dividend per share	4.5	6.3	7.0	7.0	7.0
Book value per share	304.1	325.5	344.5	373.8	405.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	1.4	1.5	1.4	1.4	1.3
EV/EBITDA	10.3	9.9	9.5	9.1	8.7
Adjusted P/E	22.9	16.7	17.1	17.0	16.0
P/BV	2.0	1.9	1.8	1.7	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	70.2	74.9	70.4	69.4	69.4
Interest burden (PBT/EBIT)	70.8	73.8	71.9	68.7	67.3
EBIT margin (EBIT/Revenue)	10.0	11.9	11.9	11.8	11.8
Asset turnover (Rev./Avg TA)	86.2	79.5	77.0	70.7	70.2
Leverage (Avg TA/Avg Equity)	2.1	2.3	2.4	2.6	2.6
Adjusted ROAE	9.0	11.8	11.0	10.2	9.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(8.8)	9.2	10.9	7.3	8.0
EBITDA	(17.7)	16.9	8.9	10.3	9.0
Adjusted EPS	(33.6)	37.5	(2.5)	0.8	6.1
Profitability & Return ratios (%)					
EBITDA margin	14.0	15.0	14.7	15.1	15.2
EBIT margin	10.0	11.9	11.9	11.8	11.8
Adjusted profit margin	5.1	6.6	6.0	5.6	5.5
Adjusted ROAE	9.0	11.8	11.0	10.2	9.9
ROCE	11.6	11.8	11.8	11.3	11.1
Working capital days (days)					
Receivables	6	6	10	10	10
Inventory	51	35	36	36	36
Payables	50	90	90	90	90
Ratios (x)					
Gross asset turnover	0.9	0.7	0.7	0.7	0.7
Current ratio	1.1	1.3	0.8	0.7	0.7
Net interest coverage ratio	3.4	3.8	3.6	3.2	3.1
Adjusted debt/equity	0.7	0.7	0.8	0.8	0.8

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

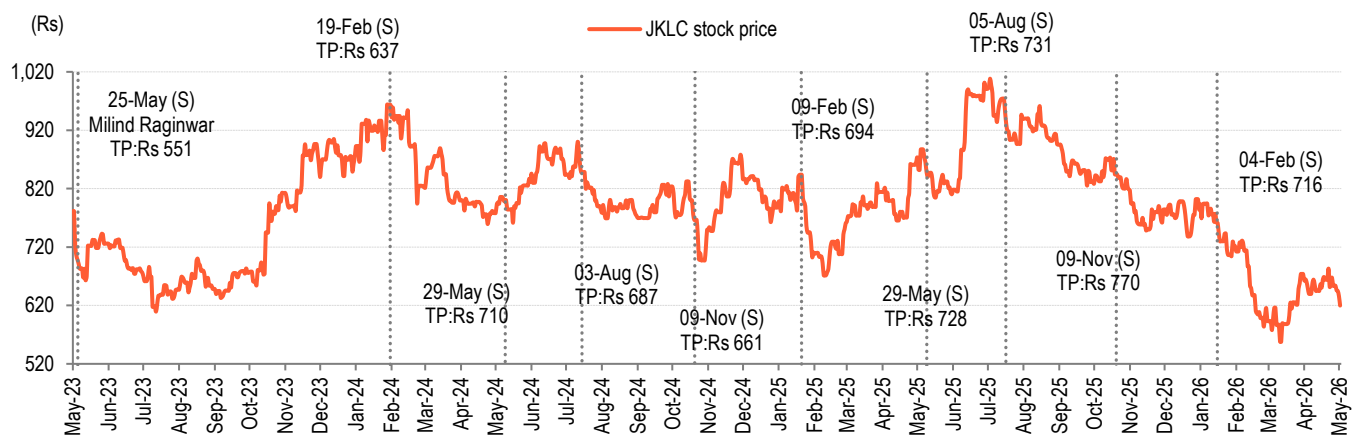
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): JK LAKSHMI CEMENT (JKLC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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