JK Lakshmi Cement

India | Cement | **Result Update**

6 November 2026

Working capital build-up burdens OCF

JK Lakshmi Cement (JKLC IN) reported consolidated EBITDA of ~INR 1.5bn, slightly ahead of our estimate of ~INR 1.4bn but below consensus estimates of ~INR 1.6bn. The benefit from improved volumes and realizations was offset by higher operating costs, resulting in EBITDA per tonne falling to seven-quarter low at INR 517/tonne. The company has revised downward its FY30 capacity target to 25mn tonnes from 30mn tonnes earlier to avoid overleveraging its balance sheet. It targets to keep net debt to EBITDA ratio below 3.5x.

Going ahead, while cost inflation may remain elevated in Q3FY27, particularly with management guiding for fuel costs to increase to ~INR 2.15–2.20/kcal from ~INR 1.82/kcal in Q2FY27, lower spend on maintenance should partly cushion the impact in H2FY27. Further, a higher share of renewable power and operating leverage benefits should support margin improvement. The ramp-up of recently commissioned capacities and timely execution of ongoing expansion projects should drive long-term volume growth. We therefore reiterate **Accumulate** with an unchanged TP of INR 546, based on 8x March 2029E normalized EV/EBITDA.

Operating cash flow turns negative due to increase in working capital: Consolidated operating cash flow (OCF) turned negative at ~INR 1.0bn in H1FY27, compared with an inflow of ~INR 3.5bn in H1FY26, primarily due to a sharp ~INR 3.8bn YoY increase in working capital absorption, led by higher inventory and receivables. This resulted in a significant deterioration in cash conversion despite the company reporting positive operating profits.

Improved realization aids in partly mitigating cost pressure: Sales volumes grew ~5% YoY but declined ~17% QoQ to ~2.98mn tonnes due to weather disruption in core markets and planned shutdowns. Realisations improved ~1% YoY and ~2% QoQ to INR 5,420/tonne, led by a higher premium product mix, which rose to ~27% in Q2FY27 from ~26% in Q2FY26 and ~24% in Q1FY27. Operating cost/tonne increased ~5% YoY and ~7% QoQ to INR 4,904, driven by a ~13% YoY and ~10% QoQ rise in variable costs, primarily due to elevated power and fuel costs. Fuel costs increased to INR 1.82/kcal in Q2FY27 from INR 1.54/kcal in Q2FY26 and INR 1.65/kcal in Q1FY27. Consequently, EBITDA/tonne declined ~29% YoY and ~28% QoQ to INR 517, its lowest level since Q2FY25, versus our estimate of INR 495.

Reiterate Accumulate with an unchanged TP of INR 546: While management expects cost pressures to remain elevated in Q2FY27, driven by higher fuel costs (expected to rise to ~INR 2.15-2.2/kcal from ~INR 1.82/kcal), we believe these impacts on earnings are likely to be cushioned by cement price hikes in the past two months, seasonal demand, lower maintenance spend and efforts by the management to reduce realizations gap with the market leader. Thus, we reiterate **Accumulate**.

We pare our EBITDA estimate by ~3% for FY27E, factoring in higher costs pressures, while retaining it for FY28E-29E. Our TP is unchanged at INR 546 based on 8x March 2029E normalized EV/EBITDA Key risks to our call are sub-par demand, weak cement prices, and a sharp rise in fuel costs.

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	61,926	67,626	75,114	83,512	91,636
YoY (%)	(8.8)	9.2	11.1	11.2	9.7
EBITDA (INR mn)	8,646	10,107	9,281	12,330	14,264
EBITDA margin (%)	14.0	14.9	12.4	14.8	15.6
Adj PAT (INR mn)	3,016	4,254	3,357	5,089	6,054
YoY (%)	(37.4)	41.0	(21.1)	51.6	19.0
Fully DEPS (INR)	25.6	34.3	27.0	41.0	48.8
RoE (%)	8.8	11.4	8.4	11.7	12.5
RoCE (%)	9.9	11.0	8.8	11.2	11.8
P/E (x)	18.5	13.8	17.5	11.5	9.7
EV/EBITDA (x)	8.4	7.1	7.8	5.9	5.1

Note: Pricing as on 05 November 2026; Source: Company, Elara Securities Estimate

Rating: Accumulate
Target Price: INR 546
Upside: 15%
CMP: INR 473
As on 05 November 2026

Key data	
Bloomberg	JKLC IN
Reuters Code	JKLC.NS
Shares outstanding (mn)	124
Market cap (INR bn/USD mn)	59/622
EV (INR bn/USD mn)	72/765
ADTV 3M (INR mn/USD mn)	116/1
52 week high/low	883/452
Free float (%)	54

Note: as on 05 November 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27
Promoter	45.1	45.1	45.1	45.1
% Pledge	0.0	0.0	0.0	0.0
FII	12.4	12.0	8.6	8.7
DII	23.2	23.0	26.6	25.4
Others	19.3	19.9	19.7	20.8

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.4)	2.1	(4.1)
JK Lakshmi Cement	(17.2)	(27.3)	(44.5)
NSE Mid-cap	(2.8)	1.3	(1.1)
NSE Small-cap	(4.3)	3.6	1.2

Source: Bloomberg

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Global Markets Research

Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	61,926	67,626	75,114	83,512	91,636
EBITDA	8,646	10,107	9,281	12,330	14,264
EBIT	5,652	6,870	5,830	8,418	10,122
Interest expense	1,812	2,109	2,129	2,560	3,088
Other income	458	1,017	759	845	940
Exceptional/ Extra-ordinary items	(354)	(191)	-	-	-
PBT	3,944	5,587	4,459	6,703	7,974
Tax	1,184	1,460	1,097	1,609	1,914
Minority interest/Associates income	9	(6)	(6)	(6)	(6)
Reported PAT	2,768	4,121	3,357	5,089	6,054
Adjusted PAT	3,016	4,254	3,357	5,089	6,054
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	35,536	38,856	41,468	45,812	51,121
Minority Interest	(9)	(25)	(19)	(14)	(8)
Trade Payables	4,548	4,663	5,336	5,770	6,272
Provisions & Other Current Liabilities	10,541	7,546	7,846	8,547	8,547
Total Borrowings	25,272	24,915	27,915	34,515	40,815
Other long term liabilities	8,558	9,527	9,989	10,194	10,400
Total liabilities & equity	**84,445**	**85,481**	**92,534**	**104,823**	**117,146**
Net Fixed Assets	57,137	54,977	66,525	82,612	93,645
Goodwill	2	189	189	189	189
Business Investments / other NC assets	7,710	6,985	6,455	6,504	6,554
Cash, Bank Balances & treasury investments	7,959	12,300	7,266	2,875	3,520
Inventories	8,648	6,449	7,395	7,801	8,479
Sundry Debtors	1,068	1,108	1,231	1,369	1,255
Other Current Assets	1,922	3,473	3,473	3,473	3,505
Total Assets	**84,445**	**85,481**	**92,534**	**104,823**	**117,146**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**7,837**	**10,824**	**8,130**	**11,358**	**12,307**
Capital expenditure	(6,521)	(6,753)	(15,000)	(20,000)	(15,175)
Other Business cashflow	(5,001)	(628)	7,395	901	996
Free Cash Flow	**(3,685)**	**3,442**	**525**	**(7,740)**	**(1,872)**
Cashflow from Financing	5,247	899	(5,559)	3,349	2,516
Net Change in Cash / treasury investments	1,562	4,341	(5,034)	(4,391)	644
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	6.5	6.5	6.0	6.0	6.0
Book value per share (INR)	301.9	312.9	333.9	368.9	411.7
RoCE (Pre-tax) (%)	9.9	11.0	8.8	11.2	11.8
ROIC (Pre-tax) (%)	11.4	13.2	10.3	12.1	12.2
ROE (%)	8.8	11.4	8.4	11.7	12.5
Asset Turnover (x)	1.1	1.2	1.2	1.1	1.0
Net Debt to Equity (x)	0.5	0.3	0.5	0.7	0.7
Net Debt to EBITDA (x)	2.0	1.2	2.2	2.6	2.6
Interest cover (x)	4.8	4.8	4.4	4.8	4.6
Total Working capital days	25.3	62.7	31.6	5.5	8.1
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	18.5	13.8	17.5	11.5	9.7
P/Sales (x)	0.9	0.9	0.8	0.7	0.6
EV/ EBITDA (x)	8.4	7.1	7.8	5.9	5.1
EV/ OCF (x)	9.2	6.7	8.9	6.4	5.9
FCF Yield (%)	(5.1)	4.8	0.7	(10.7)	(2.6)
Price to BV (x)	1.6	1.5	1.4	1.3	1.1
Dividend yield (%)	1.4	1.4	1.3	1.3	1.3

Note: Pricing as on 05 November 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

YE March (INR mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Variance (%)
Net Sale	16,169	15,318	5.6	19,048	(15.1)	15,369	5.2
Operating Expenses	14,628	13,235	10.5	16,461	(11.1)	13,916	5.1
% of Sales	90.5	86.4		86.4		90.5	
EBITDA	1,541	2,083	(26.0)	2,587	(40.4)	1,453	6.1
EBITDA Margins (%)	9.5	13.6		13.6		9.5	
Other Income	100	227	(56.1)	154	(35.5)	204	(51.2)
Interest	512	505	1.3	511	0.2	516	(0.8)
Depreciation	843	777	8.5	828	1.8	836	0.8
PBT	286	1,028	(72.2)	1,412	(79.7)	304	(5.9)
Tax	82	221	(63.1)	331	(75.3)	76	7.5
Adjusted PAT	205	809	(74.6)	1,080	(81.0)	228	(9.9)
Reported PAT	205	809	(74.6)	1,080	(81.0)	228	(9.9)
NPM (%)	1.3	5.3		5.7		1.5	

Source: Company, Elara Securities Estimate

Capacity target revised downward to 25mn tonnes by FY30: The ongoing expansion projects include 2.3mn tonnes of clinker capacity at Durg and ~4.6mn tonnes of cement capacity across Durg (1.6mn tonnes), Madhubani (1.5mn tonnes), Mejia (1.5mn tonnes) and the North East. These projects are expected to be commissioned in phases over FY28–30, taking JKLC's cement capacity to ~25mn tonnes by FY30 from the current ~18mn tonnes, lower than its earlier target of ~30mn tonnes by FY30. The company has earmarked a capex of ~INR 15bn for FY27, including ~INR 10bn for the Durg expansion, and ~INR 20bn for FY28

Exhibit 2: Variable cost of production up ~13% YoY and ~10%QoQ

Per tonne analysis (INR)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Sales volume (mn tonnes)	2.98	2.84	4.9	3.60	(17.1)
Realization	**5,420**	**5,388**	**0.6**	**5,294**	**2.4**
Raw material consumed	945	793	19.1	1,004	**(5.9)**
Purchase of FG	150	149	0.8	107	39.9
Employee cost	410	457	(10.3)	355	15.6
Power & Fuel	1,444	1,295	11.4	1,190	21.4
Freight	1,154	1,235	(6.6)	1,151	0.3
Other Expenses	800	725	10.4	769	4.1
Total cost	**4,904**	**4,655**	**5.3**	**4,575**	**7.2**
EBITDA	**517**	**733**	**(29.5)**	**719**	**(28.1)**
% of Sales	**Q2FY27**	**Q2FY26**	**YoY (bp)**	**Q1FY27**	**QoQ (bp)**
Raw material consumed	17.4	14.7	271	19.0	(153)
Purchase of FG	2.8	2.8	1	2.0	74
Employee cost	7.6	8.5	(92)	6.7	87
Power, Oil & Fuel	26.6	24.0	259	22.5	416
Freight & Handling Expenses	21.3	22.9	(163)	21.7	(44)
Other Expenses	14.8	13.5	131	14.5	24
Total cost	**90.5**	**86.4**	**406**	**86.4**	**405**
EBITDA	**9.5**	**13.6**	**(406)**	**13.6**	**(405)**

Source: Company, Elara Securities Research

Exhibit 3: Valuation

(INR mn)	Mar-29E
Normalized Consolidated EBITDA	13,138
Target multiple (x)	8.0
Target EV	**105,102**
Less: net debt	37,295
Target market cap	**67,807**
Shares (mn)	124
TP (INR)	**546**
CMP (INR)	473
Upside (%)	15.4

Note: Pricing as on 05 November 2026; Source: Elara Securities Estimate

Exhibit 4: Change in estimates

(INR mn)	Old			Revised			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net Revenue	75,958	83,288	91,390	75,114	83,512	91,636	(1.1)	0.3	0.3
EBITDA	9,562	12,320	14,249	9,281	12,330	14,264	(2.9)	0.1	0.1
PAT	3,299	5,165	6,177	3,357	5,089	6,054	1.8	(1.5)	(2.0)

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
27-May-2024	Accumulate	856	800
14-Jun-2024	Accumulate	906	825
08-Nov-2024	Accumulate	817	766
07-Feb-2025	Accumulate	902	844
04-Aug-2025	Accumulate	1,045	951
07-Nov-2025	Accumulate	1,008	845
04-Feb-2026	Buy	926	761
21-May-2026	Accumulate	734	620
06-Aug-2026	Accumulate	674	571
15-Oct-2026	Accumulate	546	473

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