# JK Lakshmi Cement Ltd: H2FY27 Recovery in Sight

**Nov 05, 2026 | CMP: INR 474 | Target Price: INR 640**

**Expected Share Price Return: 35.1% I Dividend Yield: 1.4% I Expected Total Return: 36.5%**

Choice Institutional Equities

**BUY**

**Sector View: Positive**

Q2FY27 Result Update

| | |
|---|---|
| Change in Estimates | ✓ |
| Target Price Change | ✓ |
| Recommendation Change | ✗ |

| Company Info | |
|---|---|
| BB Code | JKLC IN EQUITY |
| Face Value (INR) | 5.0 |
| 52-week High/Low (INR) | 882.7 / 452.1 |
| Mkt Cap (Bn) | INR 59.2 / USD 0.6 |
| Shares o/s (Mn) | 124.1 |
| 3M Avg. Daily Volume | 1,94,017 |

**Change in Estimates**

| | FY27E | | | FY28E | | |
|---|---|---|---|---|---|---|
| INR Bn | New | Old | Dev. (%) | New | Old | Dev. (%) |
| Revenue | 74.6 | 73.1 | 1.9 | 80.6 | 79.0 | 1.9 |
| EBITDA | 9.1 | 9.4 | (2.5) | 11.7 | 11.9 | (1.5) |
| EBITDAM % | 12.3 | 12.8 | (56) bps | 14.5 | 15.0 | (51) bps |
| PAT | 3.2 | 3.3 | (2.9) | 4.3 | 4.4 | (1.9) |
| EPS (INR) | 25.9 | 26.7 | (2.9) | 34.6 | 35.3 | (1.9) |

**Actual vs CIE Estimate**

| INR Bn | Q2FY27A | CIE Estimate | Dev.% |
|---|---|---|---|
| Revenue | 16.2 | 15.8 | 2.2 |
| EBITDA | 1.5 | 1.6 | (5.4) |
| EBITDAM % | 9.5 | 10.3 | (76) bps |
| PAT | 0.2 | 0.3 | (32.2) |

**Key Financials**

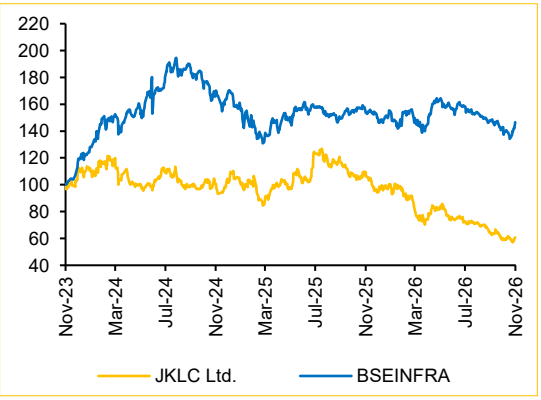
| INR Bn | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue | 61.9 | 67.6 | 74.6 | 80.6 | 87.5 |
| YoY (%) | (2.0) | 9.2 | 10.3 | 8.1 | 8.5 |
| EBITDA | 8.7 | 10.1 | 9.1 | 11.7 | 13.7 |
| EBITDAM % | 14.0 | 15.0 | 12.3 | 14.5 | 15.7 |
| Adj PAT | 2.8 | 4.3 | 3.2 | 4.3 | 5.2 |
| EPS (INR) | 22.8 | 34.7 | 25.9 | 34.6 | 42.2 |
| ROE % | 7.8 | 10.9 | 7.6 | 9.2 | 10.1 |
| ROCE % | 12.0 | 11.4 | 8.3 | 9.8 | 10.4 |
| EV/EBITDA | 14.5 | 9.5 | 9.6 | 8.1 | 7.1 |
| EV/IC | 2.3 | 1.8 | 1.3 | 1.2 | 1.1 |

**Shareholding Pattern (%)**

| | Sep-26 | Jun-26 | Mar-26 |
|---|---|---|---|
| Promoters | 45.12 | 45.12 | 45.12 |
| FIIs | 8.67 | 8.64 | 11.96 |
| DIIs | 25.37 | 26.57 | 23.00 |
| Public | 20.84 | 19.67 | 19.92 |

**Relative Performance (%)**

| YTD | 3Y | 2Y | 1Y |
|---|---|---|---|
| BSE Infra | 46.6 | (11.8) | (6.0) |
| JKLC Ltd. | (39.4) | (39.6) | (43.4) |




## Fuel cost headwinds cloud the near-term outlook; volume and pricing recovery to aid H2FY27

We retain our '**BUY**' rating on **JK Lakshmi Cement (JKLC)** but revise our **target price to INR 640/share**, mainly due to higher-than-projected fuel-cost inflation and a slower-than-estimated margin recovery.

We have **revised our FY27E earnings estimate downward by 2.9%** and **cut our EV/CE multiple to 1.4x (from 1.6x earlier). Higher fuel cost**, with management projecting **fuel cost to increase to INR 2.00/kcal in Q3FY27** (from INR 1.82 kcal in Q2FY27) and **INR 2.15–2.20/kcal in Q4FY27.** The management has moderated its **FY30 capacity target to 25 MTPA (from 30 MTPA)**, indicating a slower pace of capacity expansion, which could moderate long-term volume growth potential.

**We have lowered our FY27E EBITDA/t estimate to INR 652/t**, factoring in elevated fuel cost, partly offset by improving realisation, higher renewable energy contribution and lower shutdown-related expense.

**Despite near-term margin pressure, we remain constructive on JKLC's medium-term prospects**, supported by **(1) Improving pricing momentum**, with management expecting further price increases of INR 10/bag in November and INR 10–15/bag in December, which should support realisation recovery; **(2) Expected H2FY27 volume recovery of 7–8%; and (3) 4.6 MTPA capacity expansion** across Durg, Madhubani and UCWL by March 2028. Additionally, higher WHRS utilisation, renewable energy contribution and premiumisation are likely to support operating efficiencies and gradual margin recovery.

We forecast JKLC's **EBITDA to expand at a CAGR of 10.7% over FY26–29E**, supported by volume growth of 5.0/7.0/8.0% and realisation growth of 5.0/1.0/0.5% in FY27E/FY28E/FY29E, respectively.

We value JKLC using our **EV/CE framework**, assigning **FY28E EV/CE multiple of 1.4x**, arriving at a revised **target price of INR 640/share**.

## Q2FY27 result: Margin compression weighs on earnings

JKLC reported Q2FY27 revenue and EBITDA of INR 16,169 Mn (+5.6% YoY, -15.1% QoQ) and INR 1,542 Mn (-25.9% YoY, -40.4% QoQ) vs CIE estimate of INR 15,827 Mn and INR 1,630 Mn. Total volume for Q2 stood at 3.0 Mnt (vs CIE estimate of 3.1 Mnt), up 4.9% YoY and down 17.1% QoQ.

Realisation/t came in at INR 5,420/t (+0.6% YoY and +2.4% QoQ) vs CIE estimate of INR 5,188/t. Total cost/t came in at INR 4,904/t (+5.3% YoY and +7.2% QoQ). As a result, EBITDA/t came in at INR 517/t, down ~INR 215/t YoY vs the CIE estimate of INR 534/t, driven by higher operating expenses.

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## Management Call – Highlights

*The management remains optimistic about recovering part of the elevated cost inflation through **improved pricing, targeting EBITDA/t of INR 700+ going forward***

**Pricing recovery to support margin**

- Cement prices witnessed an upward movement from September, particularly in the non-trade segment, followed by an improvement in both trade and non-trade prices in October
- The management remains optimistic about recovering a part of the elevated cost inflation through improved pricing, targeting EBITDA/t of INR 700+, going forward

**Operating efficiencies to partly offset cost inflation**

- Power cost is expected to moderate in H2FY27, supported by the completion of planned shutdowns and lower auxiliary consumption
- Renewable energy contribution stood at 48% in Q2FY27, expected to improve to approximately 49% with higher solar generation
- Additional captive solar capacity is expected to contribute partially from Q4FY27

***Management expects net debt/EBITDA to remain below 3.5x, maintaining financial discipline amid elevated expansion capex***

**Capacity expansion progress and growth pipeline**

- East India expansion of 4.6 MTPA remains on track for completion by March 2028, comprising: 1) Durg: 1.6 MTPA; 2) Madhubani: 1.5 MTPA; and 3) UCWL: 1.5 MTPA
- Durg expansion includes 2.3 MTPA clinker and 1.6 MTPA cement capacity, with over 50% civil work completed and 20–25% fabrication completed
- Madhubani has finished ~80% of piling work, while Prayagraj has received necessary clearances and equipment orders
- Patratu expansion has been shifted to Mejia (West Bengal) due to land-related regulatory challenges and cost consideration in Jharkhand
- Northeast expansion of ~1.5 MTPA is targeted for FY29, while Mejia expansion is anticipated around FY30
- Overall capex guidance stands at INR 15 Bn in FY27 and ~INR 20 Bn annually over the next two years

**Premiumisation and trade mix strategy**

- Trade share remained at 58–59%, with the management continuing to prioritise the trade segment, given its consistency and long-term sustainability
- Premium cement contribution stood at 27%, with the management targeting 27–28% in the near term and aspiring to reach 30%

**Balance sheet and leverage discipline**

- The management expects net debt/EBITDA to remain below 3.5x, maintaining financial discipline amid elevated expansion capex
- Net debt/EBITDA is expected to peak at ~2.5x by FY27-end, factoring in capex and borrowings

### Exhibit 1: Margin compression weighs on earnings

| INR Mn | Q2FY27 | Q2FY26 | YoY (%) | Q1FY27 | QoQ (%) |
|---|---|---|---|---|---|
| Volumes (Mnt) | 3.0 | 2.8 | 4.9 | 3.6 | (17.1) |
| Revenues | 16,169 | 15,318 | 5.6 | 19,048 | (15.1) |
| COGS | 3,267 | 2,679 | 22.0 | 3,999 | (18.3) |
| Power and Fuel Cost | 4,306 | 3,683 | 16.9 | 4,280 | 0.6 |
| Freight Exp. | 3,443 | 3,512 | (2.0) | 4,140 | (16.8) |
| Employee Cost | 1,224 | 1,300 | (5.9) | 1,276 | (4.1) |
| Other Expenses | 2,387 | 2,062 | 15.7 | 2,766 | (13.7) |
| EBITDA | 1,542 | 2,081 | (25.9) | 2,588 | (40.4) |
| EBITDA Margin (%) | 9.5 | 13.6 | (405) bps | 13.6 | (405) bps |
| Depreciation | 843 | 774 | 8.9 | 828 | 1.8 |
| EBIT | 699 | 1,308 | (46.5) | 1,760 | (60.3) |
| EBIT Margin (%) | 4.3 | 8.5 | (421) bps | 9.2 | (491) bps |
| Other Income | 103 | 247 | (58.4) | 150 | (31.5) |
| Interest | 512 | 505 | 1.3 | 511 | 0.2 |
| PBT | 290 | 1,050 | (72.4) | 1,399 | (79.3) |
| Tax | 81 | 226 | (64.0) | 331 | (75.4) |
| PAT | 209 | 823 | (74.6) | 1,068 | (80.4) |
| Basic EPS (INR) | 1.7 | 6.6 | (74.6) | 8.6 | (80.4) |

*Source: JKLC, Choice Institutional Equities*

## Exhibit 2: Assumptions – Increasing volume takes EBITDA higher (INR/t)

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Volume (in Mnt) | 12.1 | 13.3 | 14.0 | 15.0 | 16.2 |
| YoY growth % | NA | 10.0 | 5.0 | 7.0 | 8.0 |
| Realisation/t | 5,106 | 5,067 | 5,321 | 5,374 | 5,401 |
| YoY growth % | NA | (0.8) | 5.0 | 1.0 | 0.5 |
| COGS/t | 1,018 | 956 | 1,064 | 1,048 | 1,053 |
| Employee Cost/t | 362 | 361 | 379 | 383 | 385 |
| Power & Fuel Cost/t | 1,158 | 1,152 | 1,336 | 1,296 | 1,270 |
| Freight Expenses/t | 1,155 | 1,163 | 1,198 | 1,168 | 1,145 |
| Other Expenses/t | 699 | 677 | 692 | 699 | 702 |
| Total Cost/t | 4,392 | 4,309 | 4,669 | 4,593 | 4,554 |
| EBITDA/t | 713 | 758 | 652 | 781 | 846 |
| Revenue (INR Mn) | 61,926 | 67,626 | 74,558 | 80,575 | 87,456 |
| YoY growth % | NA | 9.2 | 10.3 | 8.1 | 8.5 |
| EBITDA (INR Mn) | 8,652 | 10,114 | 9,136 | 11,706 | 13,703 |
| YoY growth % | NA | 16.9 | (9.7) | 28.1 | 17.1 |
| PAT (INR Mn) | 2,827 | 4,303 | 3,221 | 4,301 | 5,243 |

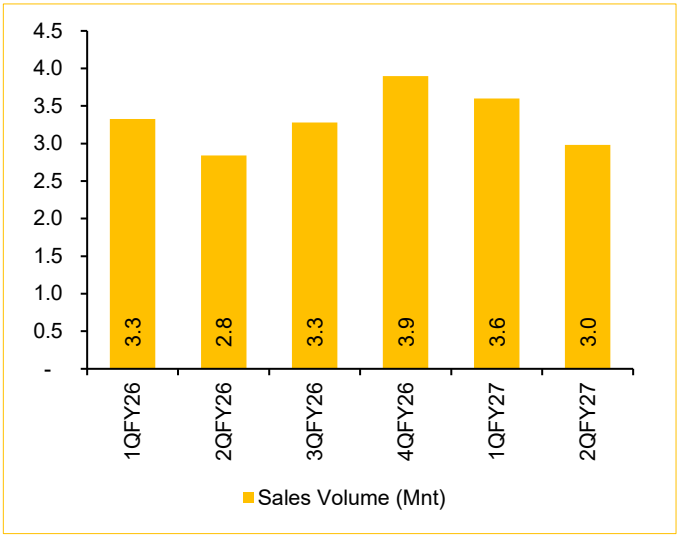
*Source: JKLC, Choice Institutional Equities*

## Exhibit 3: EV/CE valuation framework

| INR Mn | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| ROCE | 12.0 | 11.4 | 8.3 | 9.8 | 10.4 |
| EV | 1,25,198 | 96,296 | 87,721 | 94,787 | 97,628 |
| Capital Employed | 58,576 | 62,454 | 70,816 | 81,577 | 90,348 |
| EV/CE | **2.1** | **1.5** | **1.2** | **1.2** | **1.1** |
| | | | | | |
| Target EV/CE | | | 1.4 | 1.4 | 1.4 |
| Target EV | | | 99,142 | 1,14,207 | 1,26,488 |
| Gross Debt | | | 29,908 | 36,908 | 40,908 |
| Cash & Cash Equivalents | | | 2,127 | 2,061 | 3,220 |
| Net Debt | | | 27,780 | 34,846 | 37,687 |
| Equity Value | | | 71,362 | 79,361 | 88,800 |
| Equity Value per Share | | | 575 | 640 | 717 |
| **1-yr forward TP (INR/sh)** | | | **640** | | |

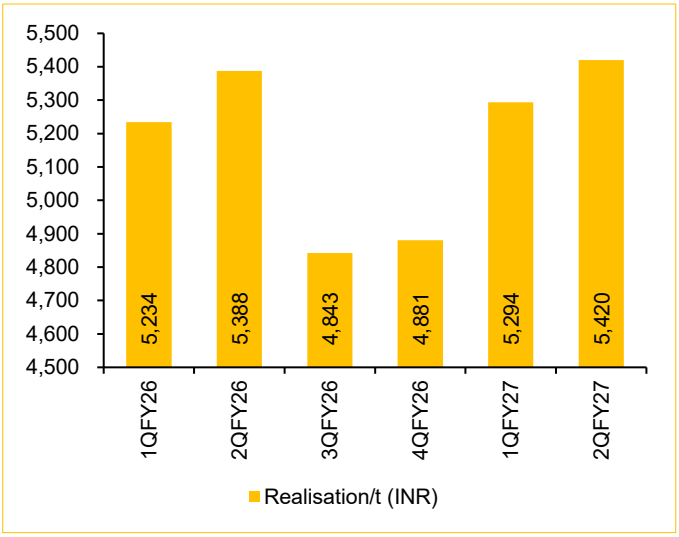
*Source: JKLC, Choice Institutional Equities*

**Q2FY27 sales volume came in slightly lower than expected**



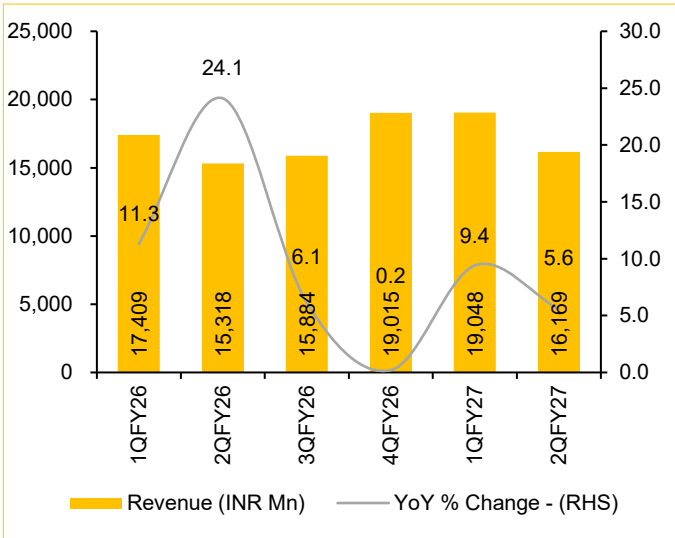

*Source: JKLC, Choice Institutional Equities*

**Consistent improvement in realisation/t (INR)**



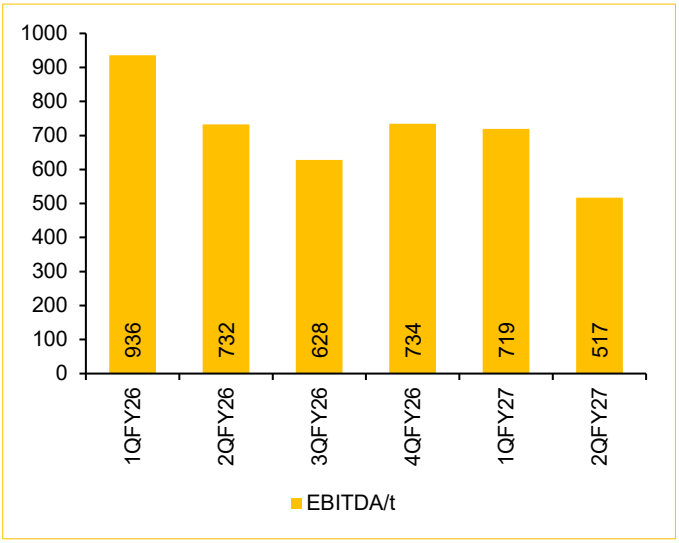

*Source: JKLC, Choice Institutional Equities*

**Due to lower demand, revenue growth is slower in this quarter**



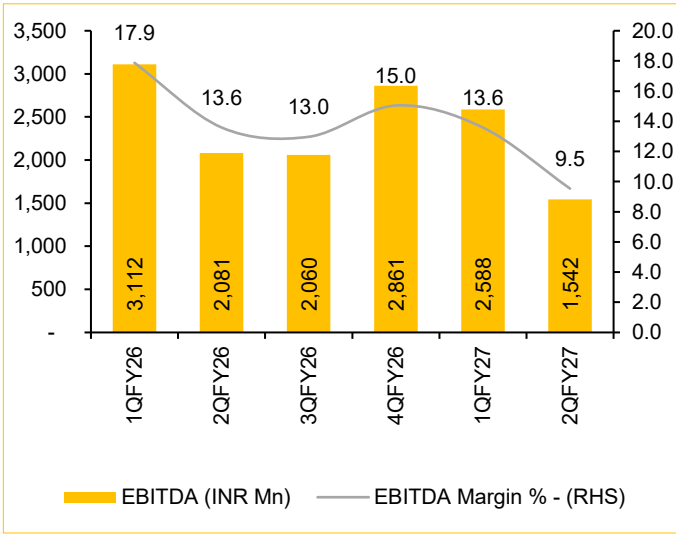

*Source: JKLC, Choice Institutional Equities*

**Higher operating expenses affected EBITDA/t**



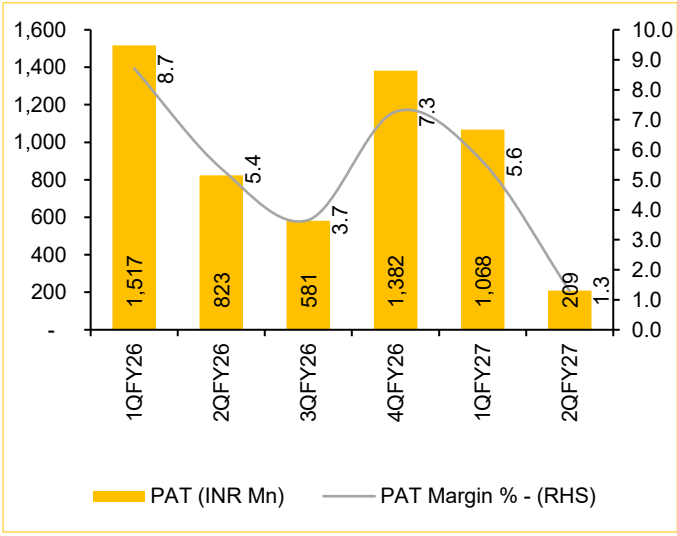

*Source: JKLC, Choice Institutional Equities*

**EBITDA margin declined by 405 bps on a YoY basis**



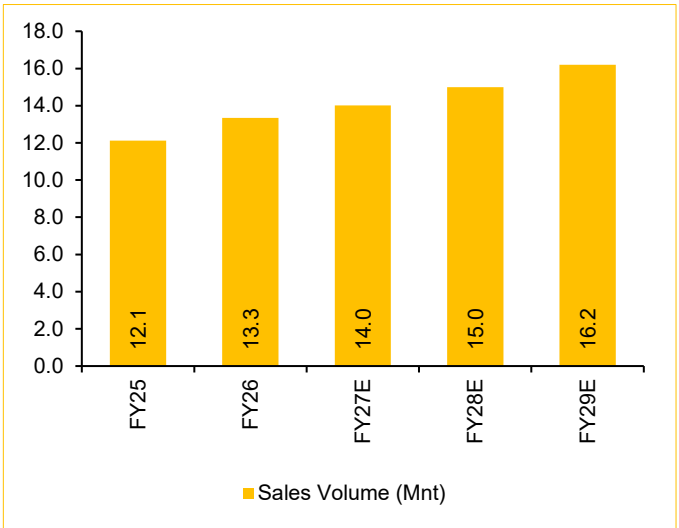

*Source: JKLC, Choice Institutional Equities*

**PAT reduced by 74.6% YoY**



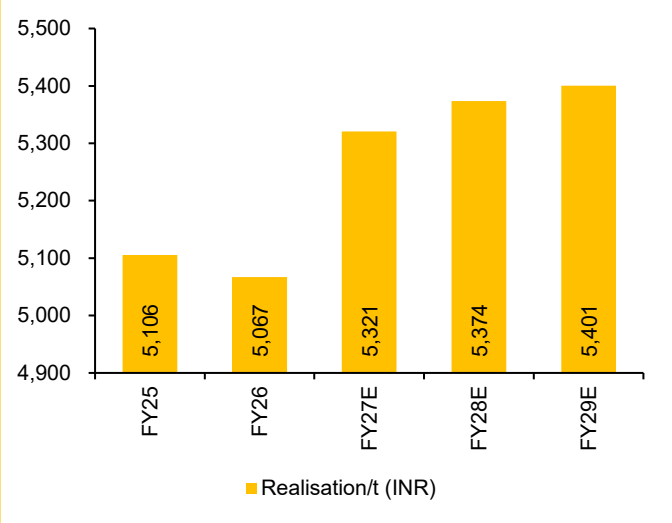

*Source: JKLC, Choice Institutional Equities*

**Volume is likely to grow to 15.0 Mnt by FY28E**



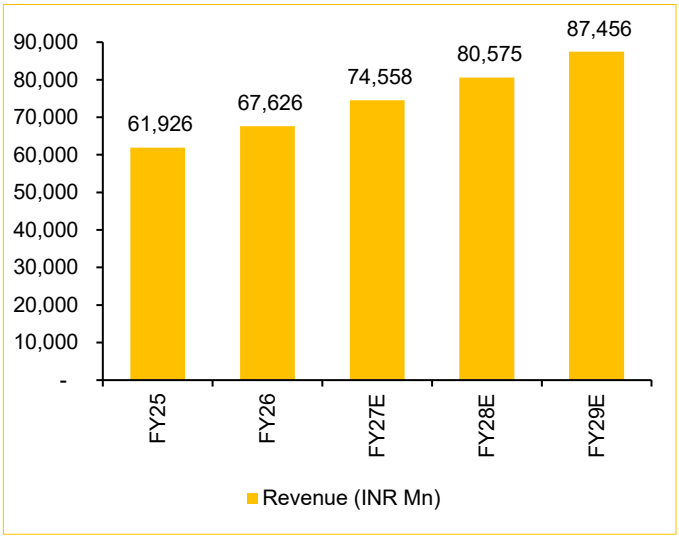

*Source: JKLC, Choice Institutional Equities*

**Realisation/t anticipated to improve going ahead**



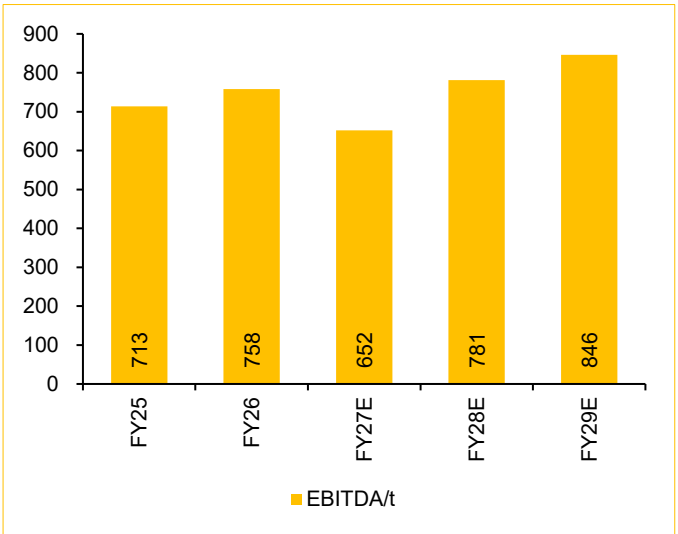

*Source: JKLC, Choice Institutional Equities*

**Modest revenue uptick backed by volume growth**



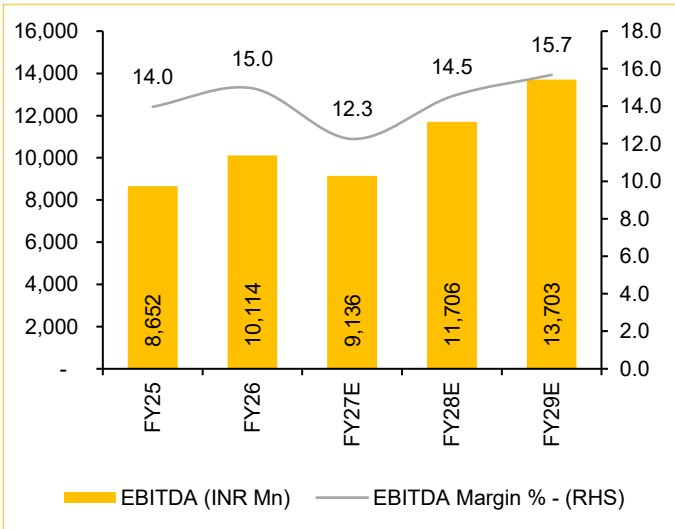

*Source: JKLC, Choice Institutional Equities*

**Cost-reduction expected to lead to an increase in EBITDA/t**



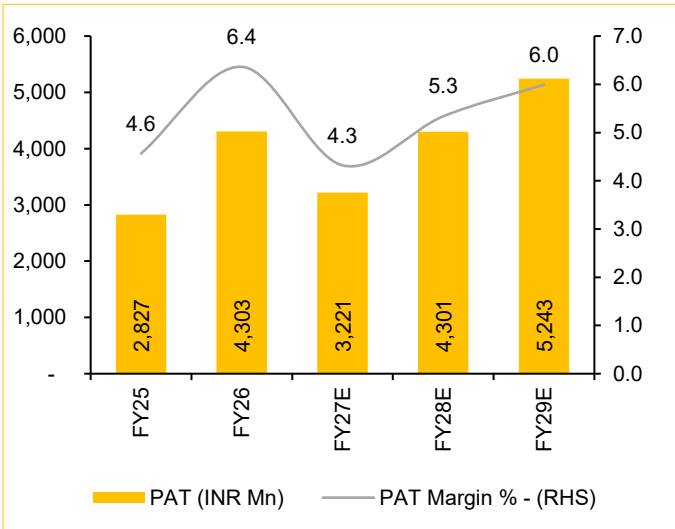

*Source: JKLC, Choice Institutional Equities*

**Robust EBITDA growth anticipated**




*Source: JKLC, Choice Institutional Equities*

**Gradual PAT growth ahead**




*Source: JKLC, Choice Institutional Equities*

## Income Statement (Standalone in INR Mn)

| Particular | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue | 61,926 | 67,626 | 74,558 | 80,575 | 87,456 |
| Gross Profit | 49,579 | 54,863 | 59,646 | 64,863 | 70,402 |
| EBITDA | 8,652 | 10,114 | 9,136 | 11,706 | 13,703 |
| Depreciation | 2,988 | 3,237 | 3,589 | 4,229 | 4,749 |
| EBIT | 5,664 | 6,878 | 5,546 | 7,476 | 8,954 |
| Other Income | 531 | 1,165 | 1,284 | 1,388 | 1,506 |
| Interest Expense | 1,812 | 2,109 | 2,532 | 3,125 | 3,464 |
| PBT | 4,029 | 5,743 | 4,298 | 5,739 | 6,996 |
| Reported PAT | 2,827 | 4,303 | 3,221 | 4,301 | 5,243 |
| EPS (INR) | 22.8 | 34.7 | 25.9 | 34.6 | 42.2 |

| Ratio Analysis | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Growth Ratios (%)** | | | | | |
| Revenues | NA | 9.2 | 10.3 | 8.1 | 8.5 |
| EBITDA | NA | 16.9 | (9.7) | 28.1 | 17.1 |
| PAT | NA | 52.2 | (25.2) | 33.5 | 21.9 |
| **Margins (%)** | | | | | |
| Gross Profit Margin | 80.1 | 81.1 | 80.0 | 80.5 | 80.5 |
| EBITDA Margin | 14.0 | 15.0 | 12.3 | 14.5 | 15.7 |
| PAT Margin | 4.6 | 6.4 | 4.3 | 5.3 | 6.0 |
| **Profitability (%)** | | | | | |
| Return on Equity (ROE) | 7.8 | 10.9 | 7.6 | 9.2 | 10.1 |
| Return on Capital Employed (ROCE) | 12.0 | 11.4 | 8.3 | 9.8 | 10.4 |
| **Leverage Ratio (x)** | | | | | |
| Net Debt to Equity | 0.7 | 0.5 | 0.7 | 0.7 | 0.7 |
| Net Debt to EBITDA | 2.7 | 2.0 | 3.0 | 3.0 | 2.8 |
| Interest Coverage | 3.1 | 3.3 | 2.2 | 2.4 | 2.6 |
| **Working Capital (x)** | | | | | |
| Inventory Days | 51 | 35 | 35 | 35 | 35 |
| Receivable Days | 6 | 6 | 6 | 6 | 6 |
| Creditor Days | 27 | 25 | 25 | 25 | 25 |
| Working Capital Days | 30 | 16 | 16 | 16 | 16 |
| **Valuation Metrics (x)** | | | | | |
| EV/EBITDA | 14.5 | 9.5 | 9.6 | 8.1 | 7.1 |
| EV/IC | 2.3 | 1.8 | 1.3 | 1.2 | 1.1 |
| P/BV | 2.8 | 1.9 | 1.4 | 1.3 | 1.2 |

*Source: JKLC, Choice Institutional Equities*

## Balance Sheet (Standalone in INR Mn)

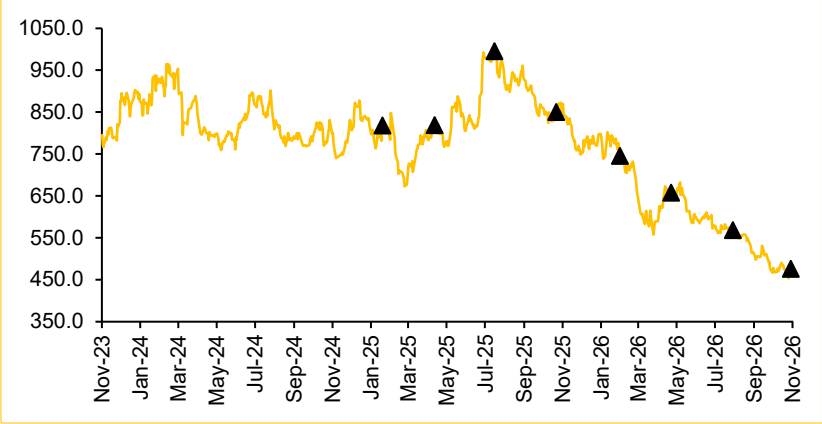
| Particular | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Net Worth | 35,795 | 39,298 | 42,519 | 46,820 | 52,062 |
| Borrowings | 25,272 | 24,908 | 29,908 | 36,908 | 40,908 |
| Deferred Tax | 4,044 | 4,893 | 4,893 | 4,893 | 4,893 |
| Other Liabilities & Provisions | 14,873 | 11,964 | 11,964 | 11,964 | 11,964 |
| **Total Net Worth & Liabilities** | **79,983** | **81,063** | **89,284** | **1,00,584** | **1,09,827** |
| Net Block | 50,241 | 52,228 | 63,638 | 75,409 | 83,660 |
| Capital WIP | 2,762 | 2,772 | 2,218 | 1,552 | 1,087 |
| Goodwill & Intangible Assets | | | | | |
| Investments | 10,739 | 8,843 | 8,843 | 8,843 | 8,843 |
| Cash & Cash Equivalents | 1,967 | 5,064 | 2,127 | 2,061 | 3,220 |
| Loans & Other Assets | 9,106 | 9,219 | 9,219 | 9,219 | 9,219 |
| Net Working Capital | 5,168 | 2,937 | 3,238 | 3,499 | 3,798 |
| **Total Assets** | **79,983** | **81,063** | **89,284** | **1,00,584** | **1,09,827** |

| Cash Flows (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Cash Flows from Operations | 7,889 | 10,791 | 9,042 | 11,394 | 13,157 |
| Cash Flows from Investing | (11,524) | (7,346) | (14,446) | (15,335) | (12,534) |
| Cash Flows from Financing | 3,179 | (3,545) | 2,468 | 3,875 | 536 |

| DuPont Analysis | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Tax Burden (%) | 69.4 | 74.3 | 74.9 | 74.9 | 74.9 |
| Interest Burden (%) | 71.1 | 83.5 | 77.5 | 76.8 | 78.1 |
| EBIT Margin (%) | 9.1 | 10.2 | 7.4 | 9.3 | 10.2 |
| Asset Turnover (x) | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Equity Multiplier (x) | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 |
| **ROE (%)** | **7.8** | **10.9** | **7.6** | **9.2** | **10.1** |

*Source: JKLC, Choice Institutional Equities*

## Historical share price chart: JK Lakshmi Cement Limited




| Date | Rating | Target Price |
|---|---|---|
| February 10, 2025 | HOLD | 900 |
| May 29, 2025 | ADD | 970 |
| August 05, 2025 | BUY | 1,175 |
| November 10, 2025 | BUY | 1,175 |
| February 05, 2026 | BUY | 1,075 |
| May 22, 2026 | BUY | 855 |
| August 06, 2026 | BUY | 775 |
| November 05, 2026 | BUY | 640 |



| Institutional Research Team | | | |
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|---|---|
| **Large Cap*** | |
| BUY | The security is expected to generate upside of 15% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 15% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -5% over the next 12 months |
| SELL | The security is expected to show downside of 5% or more over the next 12 months |
| **Mid & Small Cap*** | |
| BUY | The security is expected to generate upside of 20% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 20% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -10% over the next 12 months |
| SELL | The security is expected to show downside of 10% or more over the next 12 months |
| **Other Ratings** | |
| NOT RATED (NR) | The stock has no recommendation from the Analyst |
| UNDER REVIEW (UR) | The stock is under review by the Analyst and rating may change |
| **Sector View** | |
| POSITIVE (P) | Fundamentals of the sector look attractive over the next 12 months |
| NEUTRAL (N) | Fundamentals of the sector are expected to be in stasis over the next 12 months |
| CAUTIOUS (C) | Fundamentals of the sector are expected to be challenging over the next 12 months |

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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