AXIS DIRECT

Result Update
22nd May, 2026

JK Lakshmi Cement Limited
Cement

BUY
Target Price
765

Misses Estimates on Lower Realisation; Retain BUY

Est. Vs. Actual for Q4FY26: **Revenue** – MISS; **EBITDA Margin** – MISS ; **PAT** – MISS

Change in Estimates post Q4FY26 (Abs)

FY27E/FY28E: Revenue: -3%/0%; **EBITDA:** -18%/0%; **PAT:** -27%/0%

Recommendation Rationale

- **Capacity Expansion to Support Volume Growth:** The company has planned a capacity expansion of 4.6 MTPA in cement grinding and 2.3 MTPA in clinker at a total capital cost of Rs 3,000 Cr (~$75/tonne), to be commissioned in phases over FY27–FY28. These expansions are expected to strengthen market share and support sustained volume and revenue growth. We project volume and revenue CAGRs of 8% and 9%, respectively, over FY25–FY28E.
- **Lower Realisation Impacted EBITDA/tonne:** During the quarter, blended realisation declined by 7% YoY, primarily owing to lower non-trade prices and a higher share of non-trade sales. Consequently, EBITDA/tonne declined 25% YoY. The company aims to strengthen performance through key strategic initiatives, including optimising its geo-mix, increasing the production and sales of blended cement, raising the share of trade sales, and expanding its portfolio of premium and value-added products. It also plans to improve logistics efficiency and enhance the share of renewable power and AFR usage. We project EBITDA/tonne to grow at a 5% CAGR over FY25–FY28E, reaching Rs 825/tonne, driven by improved realisations, higher volumes, and cost-efficiency initiatives.
- **Robust Cement Demand in the Country:** Cement demand in India is expected to remain robust, supported by higher capital spending by the central government on infrastructure projects such as roads, railways, and housing, along with sustained momentum in the real estate sector. Continued infrastructure investments are likely to further boost cement consumption. The industry is projected to grow at a 6%–8% CAGR over FY25–FY28E.

Sector Outlook: Positive

Company Outlook & Guidance: Management expects cement demand growth in FY27 to moderate slightly to around 5.5%–6.5%, supported by housing and infrastructure demand. However, pricing power is expected to remain weak amid continued supply additions and competitive intensity. Pricing improved marginally during Q4FY26, especially in the non-trade segment, but intense competition and significant capacity additions restricted meaningful price hikes.

Current Valuation: 9.5xFY28E EV/EBITDA (Earlier Valuation: 10.5x FY27E EV/EBITDA)

Current TP: Rs 765 /share (Earlier TP: Rs 890/share)

Recommendation: We **maintain** our **BUY** recommendation on the stock.

Alternative BUY Ideas from our Sector Coverage

UltraTech Cement Ltd (TP: Rs 1,4000/share), Dalmia Bharat (TP: Rs 2,430/share), Ambuja Cements Ltd (TP: Rs 510/share), Birla Corporation (TP: Rs 1,400/Share)

Financial Performance

JKLC delivered a lacklustre performance for the quarter. Revenue/EBITDA/APAT grew by 0%/-19%/-32%, below our expectations. EBITDA margins declined to 15%, from 18.5% YoY and below the estimate of 17%. The company reported a profit of Rs 124 Cr compared to a profit of Rs 184 Cr YoY, against the expectation of 161 Cr. This was impacted by lower realisations.

During the quarter, JKLC's sales volume stood at 3.9 mtpa, up 8% YoY. EBITDA per tonne declined by 25% YoY to Rs 734. Blended realisation per tonne was Rs 4,881, down 7% YoY and up 1% QoQ. Cost per tonne declined by 4% YoY to Rs 4,146, driven by lower power, fuel, freight and other expenses on a YoY basis.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance(%)
Net Sales	1,902	20%	0%	1,976	(3.8)
EBITDA	286	39%	-19%	335	(14.6)
EBITDA Margin	15.0%	200bps	(350bps)	17.0%	(200bps)
Net Profit	124	117%	-32%	161	(22.9)
EPS (Rs)	10.0	117%	-32%	12.9	(22.9)

Source: Company, Axis Securities Research

(CMP as of 21st May, 2026)

CMP (Rs)	620
Upside /Downside (%)	23
High/Low (Rs)	1021/550
Market cap (Cr)	7,695
Avg. daily vol. (6m) Shrs.	2,50,000
No. of shares (Cr)	12.4

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	45.1	45.1	45.1
FIIs	12.5	12.4	12.0
MFs / UTI	18.9	19.1	18.3
Banks / FIs	0.0	0.0	0.0
Others	23.4	23.4	24.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	6,763	7,255	7,986
EBITDA	1,012	1,045	1,273
Net Profit	443	408	513
EPS (Rs)	32	33	41
PER (x)	20	19	15
P/BV (x)	2.0	1.8	1.6
EV/EBITDA (x)	8.9	9.3	8.1
ROE (%)	10	10	11

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-3%	0%
EBITDA	-18%	0%
PAT	-27%	0%

Relative Performance

Source: Ace Equity

Results Gallery

Q3FY26
Q2FY26
Q1FY26
Q4FY25

Uttam Kumar Srimal
Sr Research Analyst
email: uttamkumar.srimal@axissecurities.in

Shikha Doshi
Research Associate
email: shikha.doshi@axissecurities.in

Outlook

Given JKLC's strong presence across North, West, and East India, coupled with strategic initiatives such as increasing the share of premium and value-added products, higher blending ratios, greater trade sales, enhanced use of green energy, and improved direct dispatches, the company is well-positioned to drive topline growth and margin expansion. We project CAGRs of 8% in volume, 9% in revenue, 14% in EBITDA, and 18% in PAT over FY25–FY28E. Cement pricing trends will remain a key monitorable.

Valuation & Recommendation

The stock is currently trading at 9x/8x EV/EBITDA of FY27E/FY28E. We maintain our **BUY rating on the stock with a TP of Rs 765/share,** implying an upside potential of 23% from the CMP.

Key Concall Highlights

- **Capacity Expansion and Project Pipeline:** In Sep'25, the company commissioned the Surat Grinding Unit with a capacity of 1.4 MTPA, taking its total cement capacity to 18 MTPA. Management indicated that the Assam project remains viable despite the cancellation of the earlier mining development agreement. The company secured two limestone mines through auction, with reserves of nearly 250 Mn tonnes. Additionally, JKLC is exploring the establishment of 3 MTPA cement grinding units, each in Nagaur (Rajasthan) and Kutch (Gujarat). Overall, total cement capacity is expected to reach 30 MTPA by FY30.
- **Expansion Details:** Key projects include a 2.3 MTPA clinker line at the Durg Cement Plant (Chhattisgarh) and 4.6 MTPA across four new grinding units at the same location. Further, three split-location grinding units with a combined 3.6 MTPA capacity are planned in Prayagraj, Madhubani, and Patratu. The total capex for these projects stands at Rs 3,000 Cr, to be funded through Rs 2,000 Cr in term loans and the balance via internal accruals. Phase I (Durg and Madhubani) is expected by Mar'28, while Phase II (Prayagraj and Patratu) is targeted by Mar'29.
- **Volume and Sales Mix:** During the quarter, volume grew 8%, with blended cement forming 62% of sales and OPC contributing 38%. Management indicated that April 2026 demand remained healthy. May 2026 initially witnessed sluggish demand due to labour migration during elections and geopolitical uncertainty. Demand trends improved after May 15, indicating gradual normalisation. The company expects to grow ahead of the industry average in FY27, supported by a ramp-up in Surat grinding unit utilisation, improved utilisation at Udaipur, and additional headroom available at the Cuttack plant. Management highlighted that Surat utilisation has already crossed 60%, significantly ahead of the planned ramp-up schedule. The industry saw record capacity additions of 64 Mn tonnes during FY26, primarily concentrated in East India, followed by North, South, and Central regions. This led to excess supply conditions and lower utilisation levels across the sector.
- **Profitability & EBITDA Outlook:** Management reiterated its long-term aspiration of achieving EBITDA of Rs 1,000/tonne, though current industry conditions remain challenging. Key reasons for margin pressure include weak cement pricing, elevated fuel costs, high competitive intensity, and large industry-wide capacity additions. However, the company remains focused on narrowing the profitability gap with larger peers through premium product expansion, better pricing strategy, higher blended cement ratio, renewable energy adoption, logistics optimisation, and AI-led manufacturing efficiencies. The company continues to position itself as a cost-efficient regional player while pursuing disciplined expansion across East and Northeast India.
- **Cost Pressure Remains Elevated:** The company expects significant inflationary pressures during FY27 due to rising fuel and packaging costs. Energy cost is expected to increase by Rs 300/tonne, packaging cost by Rs 80–100/tonne, and freight cost by Rs 15–16/tonne. Q1FY27 is expected to witness a cost increase of Rs 120–130/tonne. A larger cost impact could emerge in subsequent quarters if geopolitical tensions persist. To mitigate these pressures, JKLC is altering its fuel mix in northern plants, increasing renewable energy usage, improving TSR, and deploying AI/ML and digital systems to improve operational efficiency. Management believes the EBITDA gap with industry leaders could be reduced by another Rs 50–75/tonne during FY27.
- **Value-Added Products and Allied Businesses**: VAP sales stood at Rs 169 Cr with an EBITDA margin of 4% during the quarter. Revenue from RMC was Rs 82 Cr, while AAC block revenue stood at Rs 59 Cr. Management stated that AAC blocks and construction chemicals are growing in line with expectations. RMC growth has been slower due to lower margins and selective geographic expansion. The company is exploring adjacent building material categories to leverage its brand and dealer network. The recently discussed steel/TMT initiative is currently only a pilot branding exercise and not a manufacturing venture.
- **Pricing Outlook:** Trade prices remained largely flat since Q3FY26, while non-trade prices improved by Rs 10–15. Price trends will depend on market recovery in the coming period. With rising demand and fuel costs, management expects trade prices to

improve.

- **Power and Fuel Costs:** Power cost stood at Rs 1.54 per Kcal versus Rs 1.56 in Q3FY26. Renewable and green power contributed 48% to the total power mix. Power and fuel costs are expected to increase due to the rise in pet coke prices.
- **Freight Costs:** Freight cost per tonne declined 8% YoY to Rs 1,122/tonne. Road transport accounted for 90% of dispatches, with rail contributing 10%.
- **Capex Plans:** The company has earmarked Rs 1,500 Cr for FY27, primarily towards conveyor belt installation at Durg, ongoing expansion and maintenance initiatives, while capex for FY28 and FY29 is expected at Rs 2,000 Cr and Rs 1,500 Cr, respectively. The company has already incurred approximately Rs 500 Cr of expenditure toward ongoing projects, including railway siding infrastructure. Management acknowledged that debt levels may rise temporarily during the expansion phase but expects leverage to normalise once projects become operational.
- Operational Costs: Other expenses declined 25% YoY to Rs 734/tonne, driven by higher volumes sold during the quarter.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market and a delay in capacity expansion.
- Higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	7,255	7,986	7508	7986	-3%	0%
EBITDA	1,045	1,273	1269	1273	-18%	0%
PAT	407	511	558	511	-27%	0%

Source: Company, Axis Securities Research

Result Review Q4FY26

(Rs Cr)	Quarterly Performance				
	Q4FY26	Q3FY26	Q4FY25	% Change QoQ	% Change YoY
Net sales	1902	1588	1,898	20%	0%
Expenditure	1615	1382	1,546	17%	4%
EBITDA	286	206	351	39%	-19%
Other income	38	29	16	31%	140%
Interest	53	55	44	-3%	20%
Depreciation	84	85	77	-2%	9%
PBT	187	95	246	97%	-24%
Tax	52	18	60	189%	-14%
Adjusted PAT	124	57	184	117%	-32%
EBITDA margin (%)	15.0%	13.0%	18.5%	200bps	(350bps)
EPS (Rs)	10.0	4.6	15.6	117%	-36%

Source: Company, Axis Securities Research

Volume/Realisation/Cost Analyses

	Quarterly Performance				
	Q4FY26	Q3FY26	Q4FY25	% Change QoQ	% Change YoY
Volume/mtpa	3.90	3.28	3.60	19%	8%
Realisation/tonne (Rs)	4881	4841	5,274	1%	-7%
Cost/tonne (Rs)	4146	4213	4298	-2%	-4%
Raw material/tonne (Rs)	1000	952	971	5%	3%
Staff Cost/tonne (Rs)	286	352	316	-19%	-9%
Power & Fuel/tonne (Rs)	1077	1131	1,086	-5%	-1%
Freight/tonne (Rs)	1122	1119	1,222	0%	-8%
Other Expenses /tonne (Rs)	661	660	703	0%	-6%
EBITDA/tonne (Rs)	**734**	**628**	**976**	**17%**	**-25%**

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Net sales	**6193**	**6763**	**7255**	**7986**
Other operating income	0	0	0	0
Total income	**6193**	**6763**	**7255**	**7986**
Raw Material	1235	1276	1380	1486
Power & Fuel	1404	1537	1712	1849
Freight & forwarding	1401	1552	1626	1751
Employee benefit expenses	439	482	510	546
Other Expenses	848	904	981	1079
EBITDA	**865**	**1012**	**1045**	**1273**
Other income	46	112	80	80
PBIDT	**911**	**1124**	**1125**	**1353**
Depreciation	299	324	340	412
Interest & Fin Chg.	181	211	226	263
E/o income / (Expense)	0	0	0	0
Pre-tax profit	**430**	**589**	**559**	**678**
Tax provision	118	146	151	183
Minority Interests				
Associates	0	0	0	0
RPAT	**312**	**443**	**408**	**495**
Other Comprehensive Income	0	0	0	0
APAT after Comprehensive Income	**312**	**443**	**408**	**495**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26	FY27E	FY28E
Total assets	8479	8548	9458	10249
Net Block	5384	5492	6604	7629
CWIP	278	277	277	277
Investments	11	0	0	0
Wkg. cap. (excl cash)	517	289	312	340
Cash / Bank balance	197	514	495	493
Misc. Assets	209	198	177	151
Capital employed	**8479**	**8548**	**9458**	**10249**
Equity capital	59	62	62	62
Reserves	3412	3824	4187	4637
Minority Interests	0	0	0	0
Borrowings	2527	2491	2991	3291
DefTax Liabilities	0	0	0	0
Other Liabilities and Provision	2481	2171	2217	2258

Source: Company, Axis Securities Research

Cash Flow **(Rs Cr)**

Y/E March	FY25	FY26	FY27E	FY28E
Profit before tax	430	559	559	678
Depreciation	299	324	340	412
Interest Expenses	181	211	226	263
Non-operating/ EO item	-9	-81	-80	-80
Change in W/C	-49	140	-23	-28
Income Tax	-34	-52	-151	-183
Operating Cash Flow	819	1100	871	1062
Capital Expenditure	-661	-709	-1451	-1437
Investments	-214	-85	250	300
Others	46	20	80	80
Investing Cash Flow	-829	-774	-1121	-1058
Borrowings	487	-56	500	300
Interest Expenses	-197	-213	-226	-263
Dividend paid	-53	-76	-43	-43
Financing Cash Flow	237	-345	231	-7
Change in Cash	227	-19	-19	-2
Opening Cash	126	76	73	54
Closing Cash	76	73	54	52

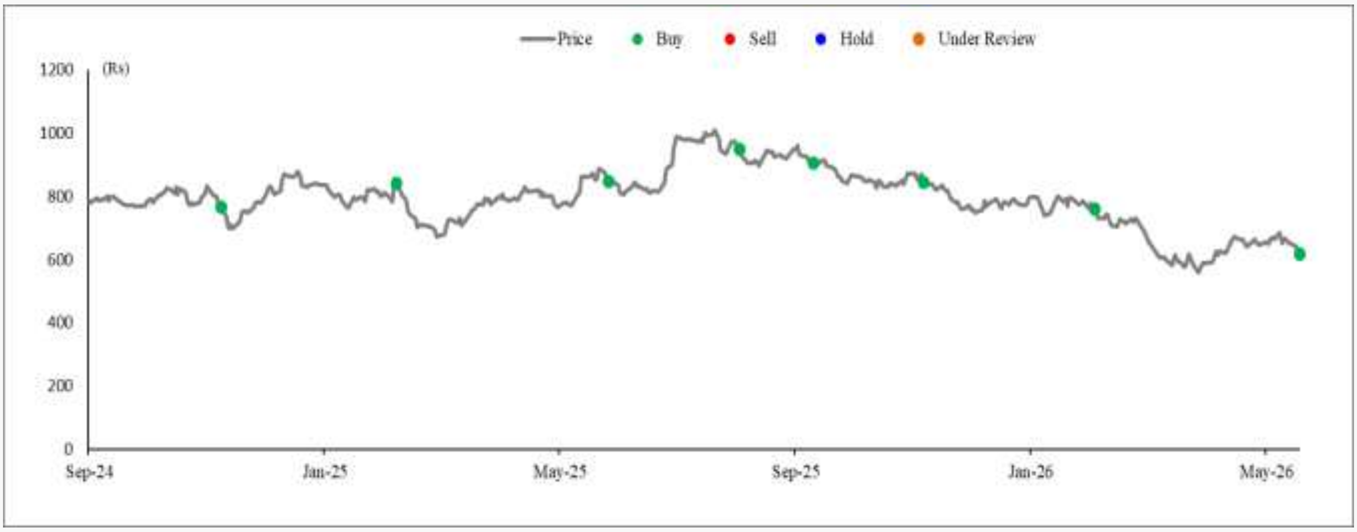
Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY25	FY26	FY27E	FY28E
Operational Ratios				
Gross profit margin	34.8%	35.4%	35.0%	36.3%
EBITDA margin	14.0%	15.0%	14.4%	15.9%
PAT margin	4.5%	6.1%	5.6%	6.2%
Depreciation / G. block	4%	4%	4%	4%
Growth Indicator				
Sales growth	-9%	9%	7%	10%
Volume growth	1%	10%	7%	8%
EBITDA growth	-18%	17%	3%	22%
PAT growth	-43%	50%	-1%	21%
Efficiency Ratios				
Sales/Gross block (x)	0.9	0.9	0.8	0.8
Sales/Net block(x)	1.2	1.2	1.1	1.0
Working capital/Sales (%)	0.22	0.27	0.22	0.16
Valuation Ratios				
PE (x)	**23**	**20**	**19**	**16**
P/BV (x)	2.10	1.98	1.81	1.64
EV/EBITDA (x)	**10.4**	**8.9**	**9.3**	**8.1**
EV/Sales (x)	1.5	1.3	1.3	1.3
MCap/ Sales (x)	1.2	1.1	1.1	1.0
EV/Tonne $	83	54	58	55
Return Ratios	9	10	10	11
ROE	10	12	11	12
ROCE	12	15	13	13
ROIC				
Leverage Ratios				
Debt/equity (x)	0.69	0.64	0.70	0.70
Net debt/ Equity (x)	0.47	0.32	0.48	0.56
Net debt/EBITDA	2.00	1.25	1.94	2.07
Interest Coverage ratio (x)	3.4	3.8	3.5	3.6
Cash Flow Ratios				
OCF/Sales	13%	16%	12%	13%
OCF/EBITDA	91%	107%	83%	83%
OCF/Capital Employed	12%	16%	11%	13%
FCF/Sales	2%	6%	-8%	-5%
Payout ratio (Div/NP) (%)	27	32	33	40
AEPS (Rs.)	-33	19	4	21
AEPS Growth (%)	49	59	60	73
CEPS (Rs.)	7	4	4	4
DPS (Rs.)	34.8%	35.4%	35.0%	36.3%

Source: Company, Axis Securities Research

JK Lakshmi Cement Price Chart and Recommendation History



Source: Axis Securities Research

Date	Reco	TP	Research
11-Nov-24	BUY	900	Result Update
10-Feb-25	BUY	930	Result Update
29-May-25	BUY	940	Result Update
05-Aug-25	BUY	1,050	Result Update
12-Sep-25	BUY	1,050	AAA
10-Nov-25	BUY	1,030	Result Update
05-Feb-26	BUY	890	Result Update
22-May-26	BUY	765	Result Update

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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Ratings	**Expected absolute returns over 12 – 18 months**
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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