4 February 2026

3QFY26 Results Update | Sector: Cement

JK Lakshmi Cement

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	JKLC IN
Equity Shares (m)	124
M.Cap.(INRb)/(USDb)	94.5 / 1
52-Week Range (INR)	1021 / 661
1, 6, 12 Rel. Per (%)	-2/-24/-13
12M Avg Val (INR M)	164

Financial Snapshot (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	67.9	72.1	79.6
EBITDA	10.5	11.8	13.1
Adj. PAT	4.7	5.5	5.4
EBITDA Margin (%)	15.4	16.4	16.4
Adj. EPS (INR)	37.5	44.2	43.2
EPS Gr. (%)	46.8	17.9	-2.4
BV/Sh. (INR)	311	350	387
Ratios			
Net D:E	0.5	0.5	0.6
RoE (%)	12.7	13.4	11.7
RoCE (%)	9.9	9.6	8.8
Payout (%)	17.4	16.0	18.7
Valuations			
P/E (x)	20.3	17.2	17.6
P/BV (x)	2.4	2.2	2.0
EV/EBITDA(x)	10.2	10.0	8.7
EV/ton (USD)	65	64	55
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	0.3	-0.5	0.2

Shareholding pattern (%)

As of	Dec-25	Sep-25	Dec-24
Promoter	45.1	45.1	46.3
DII	23.2	22.8	25.2
FII	12.4	12.6	11.9
Others	19.4	19.5	16.5

FII Includes depository receipts

CMP: INR761 TP: INR900 (+18%) Buy

Weak performance; next phase of expansion remains slow

Trade volumes rebound; pricing upside ahead

- JK Lakshmi Cement's (JKLC) 3QFY26 EBITDA was up marginally ~2% YoY to INR2.1b (~20% miss due to lower-than-estimated realization/t). Sales volume increased ~8% YoY to 3.3mt (in line). EBITDA/t declined ~6% YoY to INR625 (est. INR801). OPM contracted 60bp YoY to ~13% (est. ~15%). Adj. PAT declined ~5% YoY to INR714m (-34% vs. our estimate).
- Management indicated that trade sales declined during the period, primarily due to higher volumes in Gujarat following the commissioning of Surat GU. Further, non-trade prices were under significant pressure due to temporary disruptions from GST-related pass-through, extended monsoons, elections in Bihar, and labor shortages. However, it is seeing a pick-up in trade demand in Dec'25-Jan'26 as well as price increases in non-trade across markets in late-Dec'25. It estimates industry volume growth in double digits in 4QFY26, and aims to grow in line with the industry.
- We cut our EBITDA estimates ~7% for FY26 and ~3% for FY27E-FY28 (each) to factor in 3Q underperformance and lower volume growth in FY27. The stock is trading reasonably at 10x/9x FY27/FY28E EV/EBITDA. We value the stock at 10x FY28E EV/EBITDA to arrive at our TP of INR900. **Reiterate BUY.**

Volume up ~8% YoY; realization/t declines ~2% YoY (down 10% QoQ)

- Consol. revenue/EBITDA/adj. PAT stood at INR15.9b/INR2.1b/INR714m (+6%/+2%/-5% YoY and down ~6%/20%/34% vs. our estimates). Volume grew ~8% YoY to 3.3mt (in line). Realization/t was down 2%/10% YoY/QoQ at INR4,841/t (~8% below estimates).
- Opex/t declined 1% YoY (~6% below estimates), led by a ~7%/3%/2% YoY decline in employee expenses/other expenses/freight expenses per ton. However, Variable cost/t increased ~1% YoY. OPM contracted 60bp YoY to ~13%, and EBITDA/t declined ~6% YoY to INR625 in 3QFY26. Depreciation/finance costs were up ~12%/21% YoY. Other income was up 3.2x YoY.
- In 9MFY26, revenue/EBITDA/Adj. PAT stood at INR48.6b/INR7.2b/INR3.1b (up ~13%/41%/2.2x YoY). OPM expanded 3.0pp YoY to ~15%. Realization/t was up ~2% YoY to INR5,144, while EBITDA/t grew ~27% YoY to INR767.

Highlights from the management commentary

- Industry demand grew ~7% YoY in 3Q. Overall demand outlook is positive, which is also expected to lead to price increases in the trade segment.
- Its trade volume share declined to 49% vs. 57%/53% in 3QFY25/2QFY26. The blended cement share was ~62% v/s ~65%/62% in 3QFY25/2QFY26.
- Capex stood at INR3.5b in 9MFY26, including INR2.5-2.6b towards the Durg expansion. Capex to be incurred is estimated at INR4.0b in 4QFY26. Capex is pegged at INR16.b-17.0b in FY27.

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Valuation and view

- JKLC reported a weak set of results in 3Q, with realization/t below estimates due to declining prices in Gujarat markets, where it has higher exposure. Meanwhile, the company's opex/t remained under control. It expects prices to improve following the continued strong demand momentum. Further, its clinker capacity is operating at an optimum level, and the next clinker line at Durg is expected in end-FY27/FY28. Hence, we estimate it has a limited volume growth opportunity in the near term.
- We estimate a CAGR of ~8%/12%/7% in revenue/EBITDA/PAT over FY26-28 and project an EBITDA/t of INR851/INR870 in FY27/FY28E vs. INR790 in FY26E. We further estimate its net debt to rise to INR26.7b in FY28 from INR19.7b in FY26. The net debt-to-EBITDA ratio is estimated to be range-bound at 2.0x over FY26-28. The stock is trading reasonably at 10x/9x FY27E/FY28E EV/EBITDA. We value the stock at 10x FY28E EV/EBITDA to arrive at our TP of INR900. **Reiterate BUY.**

Quarterly performance (consolidated) (INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Volumes (mt)	3.02	2.48	3.03	3.60	3.33	2.84	3.28	3.80	12.13	13.25	3.21	2
YoY Change (%)	(0.4)	(9.3)	2.4	10.3	10.0	14.8	8.3	5.6	1.2	9.2	6.0	
Net Sales	**15.6**	**12.3**	**15.0**	**19.0**	**17.4**	**15.3**	**15.9**	**19.2**	**61.9**	**67.9**	**17.0**	**(6)**
YoY Change (%)	(9.6)	(21.6)	(12.1)	6.6	11.3	24.1	6.1	1.4	(8.8)	9.6	13.5	
EBITDA	**2.2**	**0.9**	**2.0**	**3.5**	**3.1**	**2.1**	**2.1**	**3.2**	**8.6**	**10.5**	**2.6**	**(20)**
YoY Change (%)	13.3	(58.9)	(33.2)	4.4	39.9	133.3	1.7	(8.5)	(17.8)	21.0	**27.5**	
Margin (%)	14.2	7.2	13.5	18.5	17.9	13.6	12.9	16.7	14.0	15.4	15.1	(223)
Depreciation	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.8	3.0	3.2	0.8	9
Interest	0.5	0.4	0.5	0.4	0.5	0.5	0.5	0.5	1.8	2.1	0.5	6
Other Income	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.5	1.0	0.2	32
PBT before EO expense	**1.2**	**(0.2)**	**0.9**	**2.5**	**2.0**	**1.0**	**0.9**	**2.2**	**4.3**	**6.2**	**1.5**	**(37)**
Extra-Ord. expense	0.4	-	-	-	-	-	0.2	-	0.4	0.2	-	
PBT	**0.8**	**(0.2)**	**0.9**	**2.5**	**2.0**	**1.0**	**0.8**	**2.2**	**3.9**	**6.0**	**1.5**	**(50)**
Tax	0.3	0.0	0.1	0.8	0.5	0.2	0.2	0.6	1.2	1.5	0.4	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.3	(10.6)	13.8	31.7	26.5	21.5	24.2	25.5	30.0	25.0	26.5	
Reported PAT	**0.5**	**(0.2)**	**0.8**	**1.7**	**1.5**	**0.8**	**0.6**	**1.6**	**2.8**	**4.5**	**1.1**	**(48)**
Minority Interest	(0.0)	0.1	0.0	(0.1)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	0.0	
Adj. PAT	**0.9**	**(0.3)**	**0.7**	**1.8**	**1.5**	**0.8**	**0.7**	**1.6**	**3.1**	**4.7**	**1.1**	**(34)**
YoY Change (%)	17.7	(133.1)	NA	11.9	62.6	NM	(4.7)	(6.9)	(33.0)	49.2	NM	
Per ton analysis (INR)												
Net realization	**5,172**	**4,983**	**4,940**	**5,274**	**5,234**	**5,388**	**4,841**	**5,064**	**5,106**	**5,121**	**5,288**	**(8)**
RM Cost	1,274	987	907	971	922	942	952	1,005	1,018	957	940	1
Employee Expenses	335	444	377	316	374	457	352	301	362	366	408	(14)
Power, Oil, and Fuel	1,132	1,295	1,157	1,086	1,137	1,295	1,131	1,133	1,158	1,168	1,200	(6)
Freight and Handling Outward	1,042	1,137	1,147	1,222	1,194	1,235	1,119	1,121	1,155	1,163	1,195	(6)
Other Expenses	653	759	686	703	672	725	662	657	699	677	744	(11)
Total Expenses	**4,436**	**4,623**	**4,274**	**4,298**	**4,299**	**4,655**	**4,216**	**4,218**	**4,393**	**4,332**	**4,487**	**(6)**
EBITDA	**735**	**360**	**666**	**976**	**936**	**733**	**625**	**846**	**713**	**790**	**801**	**(22)**

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Demand and pricing

- Management highlighted weak industry-wide trade demand in 3QFY26, with a sharper decline in trade sales vs peers due to higher exposure to Gujarat. Although Gujarat volumes increased, incremental volumes from the Surat unit and a weaker trade environment led to a higher non trade mix, impacting overall realizations.
- Realizations declined sharply QoQ due to correction in non-trade prices following GST-related disruptions and weak demand, with prices falling over ~10% in key western and eastern markets. Limited geographical diversification increased the impact, while trade prices remained largely stable but saw no meaningful improvement. Management expects trade pricing to improve ahead, supported by stronger demand and rising fuel costs.
- Management noted improvement in demand from Dec'25, with momentum continuing into Jan-Feb'26. Industry demand is expected to grow at double-digit rate in 4QFY26, with the company growing in line with the industry, supported by stabilization of capacities and improving demand.

Operational efficiency

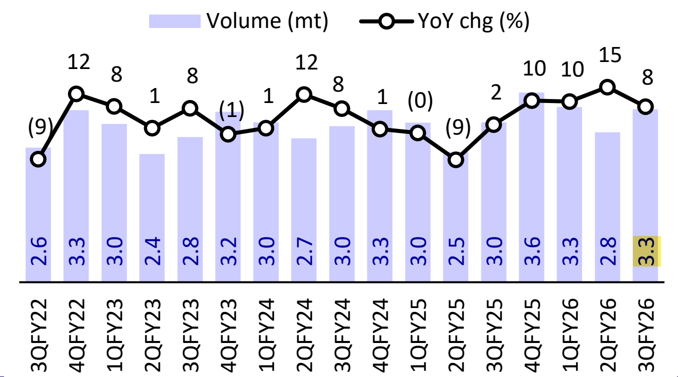
- Lead distance reduced to 380km from 395km in 2QFY26. Blended cement share was ~62% v/s ~65%/62% in 3QFY25/2QFY26.
- Management focused on productivity and cost optimization, with employee costs declining sequentially due to efficiency initiatives rather than workforce reductions. Ongoing multi-phase programs aim to improve per employee productivity and operating leverage.
- Premium product share was at ~26% of trade volume vs. ~22%/26% in 3QFY25/2QFY26. Trade sales stood at ~49% v/s ~57%/53% in 3QFY25/2QFY26.
- Non-cement revenue stood at INR1.47b, including RMC revenue of INR670m.
- Average fuel cost stood at INR1.56/kcal vs. INR1.57/INR1.54 Kcal in 3QFY25/2QFY26.
- Input costs declined sequentially due to improved procurement, operational efficiencies, and supply chain management, despite stable fuel prices. However, rising petcoke and coal prices may create cost pressures in 4Q and 1QFY27.
- Green power contribution currently stands at ~48% of the total power mix vs ~48%/46% in 3QFY25/2QFY26.
- Management highlighted optimization efforts at newer units such as Surat and greater integration with ready-mix concrete and allied businesses to improve efficiency. The company is prioritizing volume ramp-up over short-term realizations, which impacted near-term margins but is expected to support long-term operating leverage.

Capacity expansion and capex

- It continues to pursue a large-scale expansion plan with an overall capex outlay of INR30b. Management clarified that excluding the stalled conveyor belt project, the core expansion capex stands at INR30b, while including the conveyor belt, the total may reach INR33b. The conveyor belt project remains stalled due to land issues.
- Capex stood at INR3.5b in 9MFY26, including INR2.5-2.6b toward the Durg expansion. Capex to be incurred is estimated at INR4.0b in 4QFY26. Capex is pegged at INR16.b-17.0b in FY27.
- The key Durg Line-2 expansion remains on track. Management indicated that major equipment ordering has been completed and civil works have commenced. The project is targeted for phased commissioning, with partial capacity by Mar’27 and full commissioning by Mar’28. The railway siding Phase-2 is expected to be completed by Mar’28, which should improve logistics efficiency over the medium term.
- The company reiterated net debt/EBITDA remain in the range of 3.0x–3.5x, while it expanding capacity.

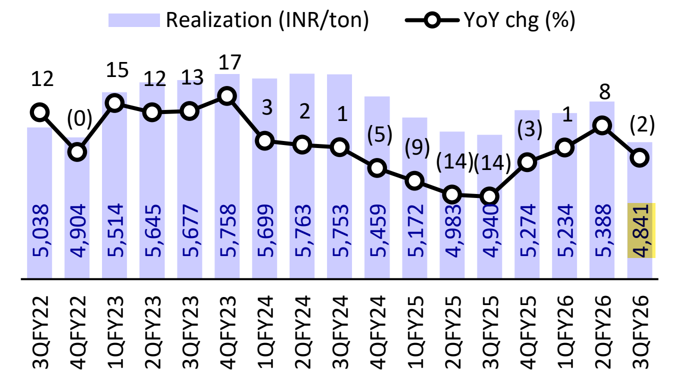
Story in charts

Exhibit 1: Sales volume (consolidated) increased 8% YoY



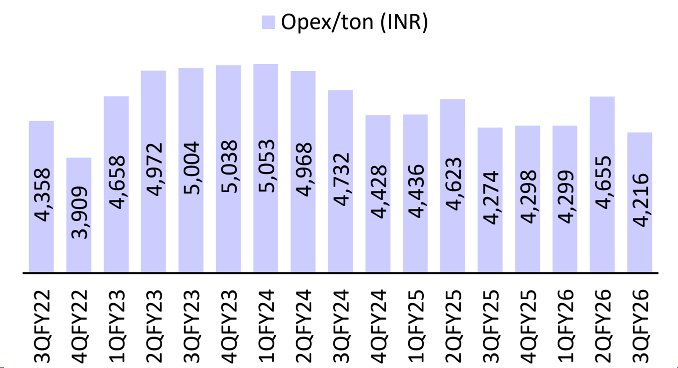
Source: Company, MOFSL

Exhibit 2: Blended realization was down 2% YoY



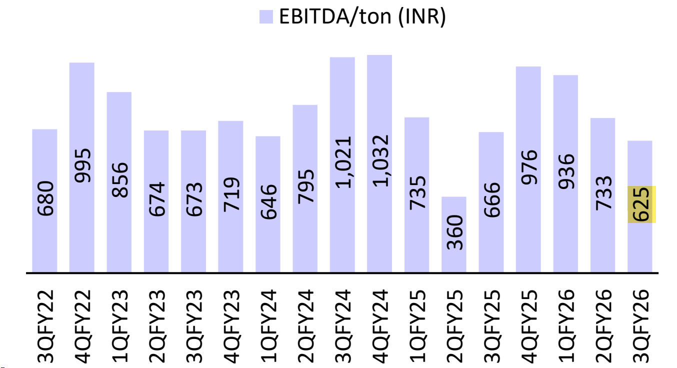
Source: Company, MOFSL

Exhibit 3: Opex/t declined 1% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was down 6% YoY



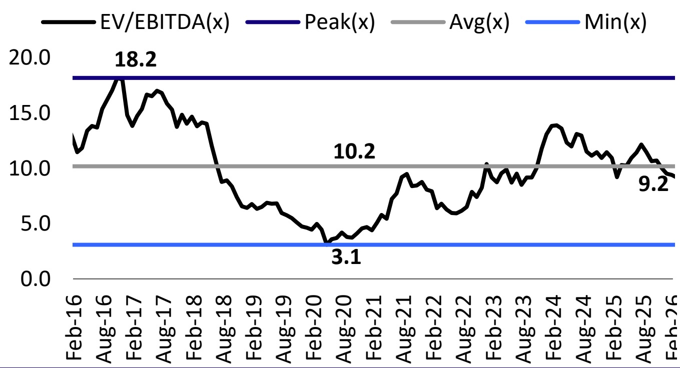
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)
Net realization	**4,841**	**4,940**	**(2.0)**	**5,388**	**-10.1**
RM Cost	952	907	5.0	942	1.0
Employee Expenses	352	377	(6.6)	457	(22.9)
Power, Oil, and Fuel	1,131	1,157	(2.3)	1,295	(12.7)
Freight and Handling Outward	1,119	1,147	(2.5)	1,235	(9.4)
Other Expenses	662	686	(3.4)	725	(8.7)
Total Expenses	**4,216**	**4,274**	**(1.4)**	**4,655**	**-9.4**
EBITDA	**625**	**666**	**(6.1)**	**733**	**(14.6)**

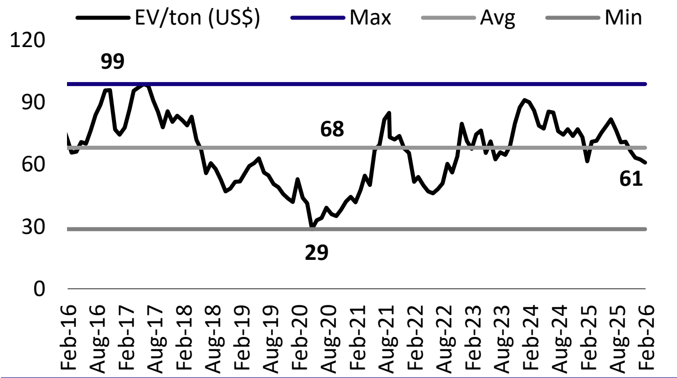
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Financials and valuations (consolidated)

Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**47,274**	**54,199**	**64,515**	**67,885**	**61,926**	**67,854**	**72,139**	**79,583**
Change (%)	8.3	14.6	19.0	5.2	-8.8	9.6	6.3	10.3
EBITDA	**9,386**	**9,507**	**8,387**	**10,522**	**8,646**	**10,461**	**11,842**	**13,074**
Margin (%)	19.9	17.5	13.0	15.5	14.0	15.4	16.4	16.4
Depreciation	2,253	2,235	2,283	2,460	2,994	3,216	3,311	4,158
EBIT	**7,133**	**7,272**	**6,104**	**8,062**	**5,652**	**7,245**	**8,531**	**8,916**
Int. and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,114	2,342	2,888
Other Income – Rec.	726	683	575	681	464	1,039	1,244	1,228
PBT bef. EO Exp.	**5,939**	**6,534**	**5,345**	**7,239**	**4,304**	**6,171**	**7,433**	**7,256**
EO Expense/(Income)	379	270	0	-89	354	-191	0	0
PBT after EO Exp.	**5,561**	**6,264**	**5,345**	**7,328**	**3,950**	**6,362**	**7,433**	**7,256**
Total Tax	1,349	1,488	1,654	2,446	1,184	1,495	1,970	1,923
Tax Rate (%)	24.3	23.7	30.9	33.4	30.0	23.5	26.5	26.5
Reported PAT	**4,211**	**4,776**	**3,691**	**4,882**	**2,766**	**4,867**	**5,463**	**5,333**
Minority Interest	157	140	105	163	-3	-30	-30	-30
PAT Adj. for EO items and MI	**4,311**	**4,073**	**3,586**	**4,629**	**3,008**	**4,660**	**5,493**	**5,363**
Change (%)	60.5	-5.5	-12.0	29.1	-35.0	54.9	17.9	-2.4
Margin (%)	9.1	7.5	5.6	6.8	4.9	6.9	7.6	6.7

Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	589	589	589	589	589	621	621	621
Total Reserves	20,357	24,463	27,450	31,278	34,124	38,039	42,787	47,405
Net Worth	**20,946**	**25,052**	**28,039**	**31,867**	**34,712**	**38,660**	**43,408**	**48,026**
Minority Interest	128	267	370	1,704	1,841	1,811	1,780	1,750
Deferred Liabilities	68	531	1,327	2,651	2,921	2,921	2,921	2,921
Total Loans	16,531	18,565	18,463	20,249	25,272	29,245	37,645	40,045
Capital Employed	**37,672**	**44,415**	**48,199**	**56,470**	**64,746**	**72,635**	**85,753**	**92,741**
Gross Block	44,138	47,469	49,667	68,338	76,089	80,408	90,558	1,05,688
Less: Accum. Deprn.	11,748	13,992	16,275	18,734	21,729	24,959	28,284	32,456
Net Fixed Assets	**32,390**	**33,477**	**33,392**	**49,604**	**54,360**	**55,449**	**62,274**	**73,232**
Capital WIP	2,738	2,425	8,902	3,832	2,777	8,159	10,139	8,139
Total Investments	**5,922**	**7,677**	**6,421**	**5,222**	**7,514**	**6,764**	**6,764**	**6,764**
Goodwill	723	723	723	725	725	725	725	725
Curr. Assets, Loans, and Adv.	**11,090**	**14,959**	**15,971**	**17,118**	**19,416**	**22,638**	**28,116**	**28,102**
Inventory	3,662	5,810	8,416	9,912	8,648	9,444	9,992	10,895
Account Receivables	545	352	654	443	1,068	1,172	1,239	1,353
Cash and Bank Balance	3,719	5,729	3,390	2,673	1,969	4,292	9,155	8,123
Loans and Advances	3,164	3,068	3,511	4,090	7,730	7,730	7,730	7,730
Curr. Liability and Prov.	**15,190**	**14,847**	**17,210**	**20,030**	**20,046**	**21,100**	**22,265**	**24,221**
Account Payables	4,368	3,660	5,860	5,560	4,548	5,602	6,767	8,723
Other Liabilities	10,609	10,894	11,098	14,261	15,244	15,244	15,244	15,244
Provisions	212	293	252	209	254	254	254	254
Net Current Assets	**(4,100)**	**112**	**(1,239)**	**(2,913)**	**(630)**	**1,538**	**5,851**	**3,881**
Appl. of Funds	**37,672**	**44,415**	**48,199**	**56,470**	**64,746**	**72,635**	**85,753**	**92,741**

Source: Company, MOFSL estimates

Financials and valuations (consolidated)

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**36.6**	**34.6**	**30.5**	**39.3**	**25.6**	**37.5**	**44.2**	**43.2**
Cash EPS	55.8	53.6	49.9	60.2	51.0	63.4	70.9	76.7
BV/Share	178.0	212.8	238.2	270.7	294.9	311.3	349.6	386.7
DPS	3.8	5.0	3.8	6.5	6.5	6.0	6.0	6.0
Payout (%)	12.1	13.8	13.3	18.0	20.6	17.4	16.0	18.7
Valuation (x)								
P/E	20.8	22.0	25.0	19.4	29.8	20.3	17.2	17.6
Cash P/E	13.6	14.2	15.3	12.6	14.9	12.0	10.7	9.9
P/BV	4.3	3.6	3.2	2.8	2.6	2.4	2.2	2.0
EV/Sales	2.1	1.8	1.5	1.5	1.8	1.6	1.5	1.4
EV/EBITDA	10.7	10.4	11.4	10.0	12.6	10.2	9.1	8.7
EV/t (USD)	83	79	76	71	74	65	58	55
Dividend Yield (%)	0.5	0.7	0.5	0.9	0.9	0.8	0.8	0.8
Return Ratios (%)								
RoE	22.8	17.7	13.5	15.5	9.0	12.7	13.4	11.7
RoCE	16.0	15.0	10.2	11.8	7.6	9.9	9.6	8.8
RoIC	17.2	17.4	11.6	14.0	9.3	10.9	10.5	9.5
Working Capital Ratios								
Asset Turnover (x)	1.3	1.2	1.3	1.2	1.0	0.9	0.8	0.9
Inventory (Days)	28	39	48	53	51	51	51	50
Debtor (Days)	5	3	4	3	7	7	7	7
Creditor (Days)	34	25	33	30	27	30	34	40
Leverage Ratio (x)								
Current Ratio	0.7	1.0	0.9	0.9	1.0	1.1	1.3	1.2
Interest Coverage Ratio	3.7	5.1	4.6	5.4	3.1	3.4	3.6	3.1
Debt/Equity ratio	0.8	0.7	0.7	0.6	0.7	0.8	0.9	0.8

Cash Flow Statement **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	5,939	6,534	5,345	7,325	4,298	5,980	7,432	7,256
Depreciation	2,253	2,235	2,283	2,460	2,994	3,231	3,325	4,172
Interest and Finance Charges	1,920	1,422	1,334	1,504	1,812	2,114	2,342	2,888
Direct Taxes Paid	(871)	(888)	(909)	(1,126)	(338)	(1,495)	(1,970)	(1,923)
(Inc.)/Dec. in WC	2,060	(1,526)	(1,135)	(430)	(490)	155	550	938
CF from Operations	**11,301**	**7,776**	**6,918**	**9,733**	**8,276**	**9,984**	**11,681**	**13,331**
Others	(983)	(976)	(576)	(741)	(449)	-	-	-
CF from Operations incl. EO	**10,318**	**6,800**	**6,342**	**8,992**	**7,827**	**9,984**	**11,681**	**13,331**
(Inc.)/Dec. in FA	(1,661)	(3,661)	(7,320)	(10,060)	(6,524)	(9,702)	(12,130)	(13,130)
Free Cash Flow	**8,658**	**3,138**	**(978)**	**(1,069)**	**1,303**	**282**	**(449)**	**201**
(Pur.)/Sale of Investments	(2,678)	(3,264)	4,070	818	(5,445)	750	-	-
Others	-	274	255	442	457	-	-	-
CF from Investments	**(4,339)**	**(6,651)**	**(2,995)**	**(8,800)**	**(11,512)**	**(8,952)**	**(12,130)**	**(13,130)**
Issue of Shares	-	-	-	931	880	32	-	-
Inc./(Dec.) in Debt	(3,392)	2,042	(431)	1,601	4,993	3,973	8,400	2,400
Interest Paid	(2,130)	(1,401)	(1,505)	(2,033)	(1,965)	(2,114)	(2,342)	(2,888)
Dividend Paid	(5)	(443)	(587)	(674)	(532)	(745)	(745)	(745)
Others	-	(90)	(136)	(181)	(198)	145	-	-
CF from Fin. Activity	**(5,526)**	**108**	**(2,658)**	**(356)**	**3,178**	**1,292**	**5,312**	**(1,233)**
Inc./Dec. in Cash	**453**	**257**	**689**	**(164)**	**(507)**	**2,323**	**4,863**	**(1,032)**
Opening Balance	30	484	2,701	2,837	2,476	1,969	4,292	9,155
Closing Balance	**484**	**740**	**3,390**	**2,673**	**1,969**	**4,292**	**9,155**	**8,123**

Source: Company, MOFSL estimates

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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