CMP: ₹ 6440 | Target: ₹ 6875 (7%) | Target Period: 12 months | HOLD

July 21, 2025

Better-than-industry growth continues...

About the stock: JK Cement is one of India's leading manufacturers of grey cement and one of the leading white cement manufacturers in the World. The company has an installed grey cement capacity of 25.26 mtpa & white cement capacity of 3.05 mtpa

- Company's revenues have increased by 14.1% CAGR over the period FY22-25 while EBITDA and PAT have grown at 11% and ~8% CAGR respectively over the same period

Q1FY26 performance: Revenue increased by 19.4% YoY (-6.4% QoQ) to Rs 3352.5 crores led by growth in sales volume of 15% YoY (-7.4% QoQ) to 5.6 mtpa and increased in realization by 3.8% YoY (+1.1% QoQ). EBITDA/ton increased by 23% YoY (-2.9% QoQ) to Rs 1226/ton as the total cost/ton was flattish on YoY basis (+2.2% QoQ). Subsequently, absolute EBITDA is up 41.4% YoY (-10.1% QoQ) to Rs 687.7 crore. PAT increased by 75% YoY (-10% QoQ) to Rs 324.4 crore

Investment Rationale

1. **Volume growth to remain better-than-industry**: Consolidated volumes increased by 15% YoY in Q1FY26 due to improvement in demand scenario during the period. Moreover, company has been reporting better-than-industry volume growth over the last 5 years (~16% CAGR during FY20-25), led by timely capacity additions. We believe that company's volumes to improve further in FY26E and FY27E, led by pick-up in demand, 6 mtpa capacity addition plan, de-bottlenecking opportunities and improvement in capacity utilisation of commissioned plants. Total capacity is expected to increase to ~32 mtpa by FY27E (from 25.26 mtpa at present). We estimate consolidated volume CAGR of 11.6% over FY25-27E. In the longer term, company aims to reach total capacity of 50 mtpa by FY30E, which gives longer-term volume growth visibility
2. **Cost Savings target of Rs 150-200/ton over the next 2-3 years**: Company's EBITDA/ton stood at ₹ 1226/ton in Q1FY26, up 23% YoY primarily due to increase in realisations as the cost structure remained flattish YoY. Going ahead, we expect company's operational performance to improve, led by improvement in realisation, focus on cost saving measures primarily led by increase in share of green power to 60% in FY26E from 52% at present, increasing usage of captive coal, optimising logistics cost and positive operating leverage. The company has also guided for ₹ 150-200/ton of cost savings in the next 2-3 years and to achieve additional ₹25/ton in FY26E. We estimate EBITDA/ton to improve to ₹ 1361/ton by FY27E

Rating and Target Price

- We expect revenue growth of ~14% CAGR over FY25-27E, while EBITDA & PAT CAGR at ~30% & ~35% respectively over the same period
- On account of recent run-up in stock price, we believe that most of the positives are captured in current valuations. Thus, we recommend HOLD on JK Cement with a revised target price of Rs 6875 (based on 16.5x EV/EBITDA on FY27E)

JKcement

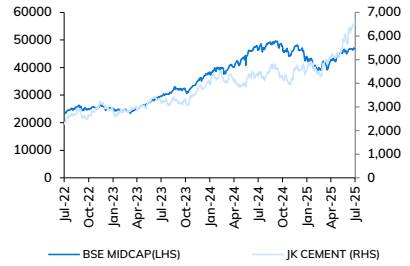
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	50,224
FY25 Gross Debt (Rs Crore)	5,896
FY25 Cash & Equivalents (Rs Crore)	1,826
EV (Rs Crore)	54,293
52 Week H/L (Rs)	6668 / 3891
Equity Capital	77.3
Face Value	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	45.7	45.7	45.7	45.7
FII	17.7	17.6	16.9	16.1
DII	22.1	22.4	23.7	24.5
Others	14.5	14.3	13.7	13.7

Price Chart



Recent Event & Key risks

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	7,991	9,720	11,556	11,879	14.1%	13,395	15,471	14%
EBITDA	1,482	1,314	2,060	2,027	11.0%	2,668	3,428	30%
EBITDA margin (%)	18.6	13.5	17.8	17.1		19.9	22.2	
Net Profit	679	419	791	861	8.2%	1,078	1,569	35%
EPS (Rs)	87.9	54.2	102.3	111.4		139.5	203.0	
P/E (x)	73.3	118.7	62.6	64.5		46.2	31.7	
EV/EBITDA (x)	35.8	41.0	26.2	26.6		20.2	15.5	
EV/ton (USD)	357	270	253	231		185	175	
RoCE (%)	15.7	9.7	15.4	13.3		16.3	20.0	
RoE (%)	15.7	8.9	14.8	12.7		15.3	18.6	

Source: Company, ICICI Direct Research

Q1FY26 Result Highlights:

- Consolidated revenue increased by 19.4% YoY (-6.4% QoQ) to Rs 3352.5 crores, mainly led by 15% YoY (-7.4% QoQ) growth in cement sales volume (to 5.6 mtpa). Blended realization was improved 3.8% YoY (+1.1% QoQ)
- EBITDA/ton improved by 23% YoY (-2.9% QoQ) to Rs 1226/ton, as the total cost/ton was flattish on YoY basis (+2.2% QoQ) mainly because of increase in freight cost on YoY basis. Subsequently, absolute EBITDA is up 41.4% YoY (-10.1% QoQ) to Rs 687.7 crore
- PAT increased by 75% YoY (-10% QoQ) to Rs 324.4 crore

Recent earnings call highlights:

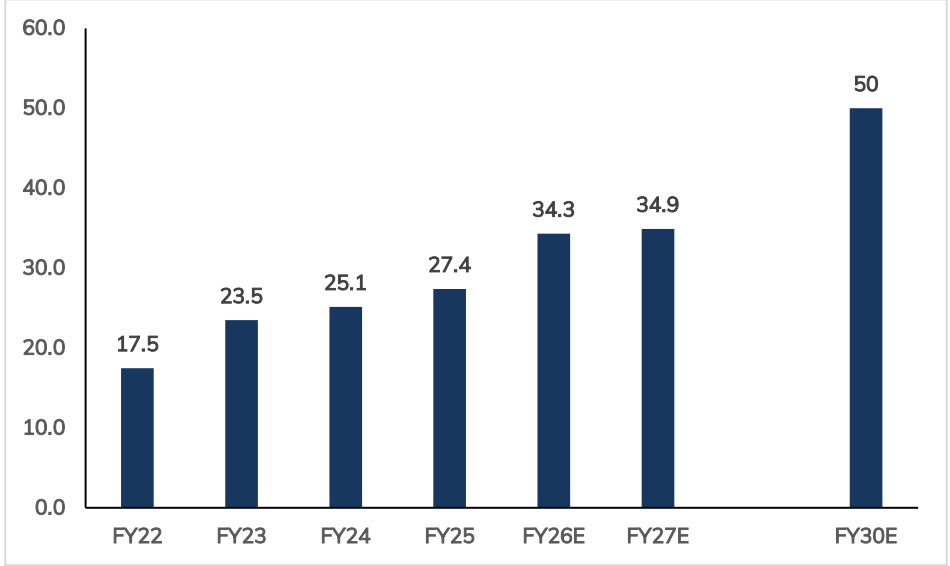
- Consolidated grey cement capacity increased to 25.26 post 0.5 mtpa addition through de-bottlenecking (at Ujjain plant) and 0.42 mtpa addition through Saifco acquisition
- Company is on track to reach 31.26 mtpa with 6 mtpa expansion (1 mtpa each at Panna, Hamirpur, Prayagraj and 3 mtpa at Bihar) in progress. Schedule commissioning is planned by Dec-2025
- Company is also planning 0.7-1 mtpa capacity addition through debottlenecking and targets to reach ~32 mtpa capacity in FY26E
- The acquisition of Saifco was finalized in June 2025, and it is now operating as a subsidiary. Saifco has good limestone reserves and can see increase in its capacity to 2-2.5 mtpa in long term
- Toshali Cements - Awaiting mining lease. Exploring alternatives like tie-up with Odisha government for long term contract for raw material. Has potential 2.5–3 mtpa increase in capacity
- Putty Expansion - 0.6 mtpa to be added in Rajasthan (capex ₹195 crore); current capacity 1.3 mtpa to reach 1.9 mtpa by FY27E
- Cement prices are largely stable after March 2025 across north, central regions. However, prices have improved in Southern region
- Company maintained or rather improved its market share across its selling markets, especially in Central and East region.
- Company maintained its cement volume guidance of 20 mtpa for FY26E (implies ~11% YoY growth) and it targets 1.1 mtpa of Putty sales for FY26E
- Volume growth in Central region was over 50%, led by strong distribution & dealers' network. Volume growth in South region was also better on account of low base. Company is placing its focus on Bihar markets ahead of new capacity expansion
- The company is preparing for the next phase of its expansion, which is likely to take place in North, Central or East India. This plan will be presented to the board and is expected to be announced shortly
- Net Debt for Q1FY26 was ₹2,796 crore and Gross Debt was ₹5,203 crore. Net Debt/EBITDA improved to 1.29x (from 1.3x earlier). Debt to Equity is at 0.44 (vs 0.42)
- Capex guidance for FY26E is ₹2,000 crore and for FY27E is ₹600-700 crore as of now (including capex for putty and normal maintenance)
- Management guided cost savings of ₹40–50/ton savings in FY26E. Total ₹150–200/ton over 2–3 years. Green Power Share currently is at 52% and guided to reach 60% by FY26E and 75% by FY30E
- For Q1FY26, Rail Share was 11% of total dispatches and Fuel Mix was 60% pet coke usage.
- Incentives booked during Q1FY26 was ₹85 crores. Guidance for Incentives was ₹300 crore/year expected for next 3–5 years
- Paints Business Update – Revenue for FY25 was ₹273 crore and for Q1FY26 was ₹86 crore. Gross Margins were 30% and EBITDA Loss of ₹10 crore in Q1FY26 (vs ₹45 crore loss in FY25).
- For Q1FY26, White Cement Margins sequential declined but stabilized at 15–20%. Putty market growth is estimated at 7–10% YoY
- UAE Operations achieved positive EBITDA of ~₹15 crore in Q1FY26 and EBITDA guidance is around ₹80–90 crore from UAE operations

Exhibit 1: Quarterly Analysis – Q1FY26

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	3,352.5	2,807.6	19.4	3,581.2	-6.4	Revenue increased YoY on strong Volume growth
Other income	56.4	44.7	26.2	45.9	23.0	
Total Revenue	3,409.0	2,852.3	19.5	3,627.1	-6.0	
Raw materials costs	551.6	478.9	15.2	609.7	-9.5	
Employees Expenses	247.4	218.6	13.2	229.8	7.7	
Other Expenses	434.7	431.2	0.8	504.1	-13.8	
Total Expenditure	2,664.9	2,321.4	14.8	2,816.3	-5.4	
EBITDA	687.7	486.2	41.4	764.8	-10.1	Margins improved YoY on better realizations and flattish cost structure
EBITDA margins (%)	20.5	17.3	319 bps	21.4	-85 bps	
Interest	108.5	110.5		113.5		
Depreciation	146.4	147.3	-0.6	162.3	-9.8	
Tax	164.9	88.4	86.6	173.6	-5.0	
Other Income	56.4	44.7	26.2	45.9	23.0	
PAT	324.4	185.3	75.1	360.4	-10.0	

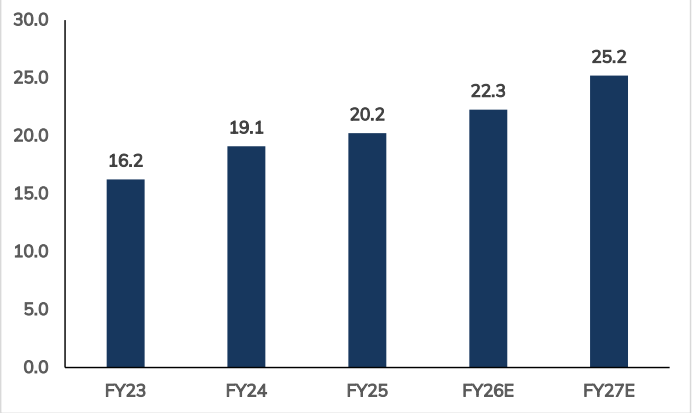
Source: Company, ICICI Direct Research

Exhibit 2: Capacity expansion plan over FY25-FY30E



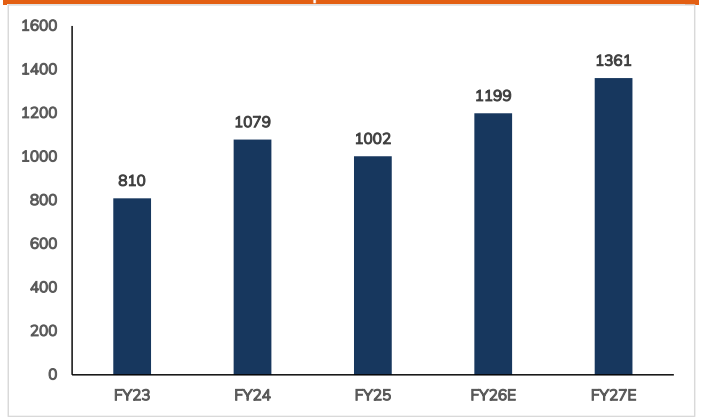
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~12% CAGR over FY24-27E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY26E-FY27E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY24	FY25	FY26E	FY27E
Revenue	11,556.0	11,879.2	13,395.5	15,470.7
% Growth	18.9	2.8	12.8	15.5
Other income	145.1	173.0	190.2	209.3
Total Revenue	11,556.0	11,879.2	13,395.5	15,470.7
% Growth	18.9	2.8	12.8	15.5
Total Raw Material Costs	1,834.7	2,017.5	2,218.6	2,510.8
Employee Expenses	783.8	901.7	1,009.9	1,131.1
other expenses	794.5	771.2	1,078.0	1,568.8
Total Operating Expenditure	9,496.2	9,852.0	10,727.0	12,042.5
Operating Profit (EBITDA)	2,059.8	2,027.1	2,668.4	3,428.2
% Growth	56.7	(1.6)	31.6	28.5
Interest	453.1	459.2	484.0	506.9
PBDT	1,751.7	1,740.9	2,374.7	3,130.6
Depreciation	572.6	601.5	750.1	773.5
PBT before Exceptional Items	1,179.1	1,139.5	1,624.5	2,357.1
Total Tax	383.7	370.2	536.1	777.8
PAT before MI	789.9	871.6	1,088.4	1,579.2
PAT	790.8	861.1	1,078.0	1,568.8
% Growth	88.7	8.9	25.2	45.5
EPS	102.3	111.4	139.5	203.0

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	790.8	861.1	1,078.0	1,568.8
Depreciation	572.6	601.5	750.1	773.5
Interest	453.1	459.2	484.0	506.9
Cash Flow before WC changes	1,816.6	1,921.7	2,312.2	2,849.2
Changes in inventory	(199.4)	6.4	(146.1)	(204.7)
Changes in debtors	(86.2)	(220.2)	(20.8)	(125.1)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	200.3	(87.3)	(81.4)	(32.4)
Net Increase in Current Assets	(615.6)	272.5	(248.3)	(362.2)
Changes in creditors	108.9	167.2	131.2	169.3
Changes in provisions	13.2	44.9	10.8	8.0
Net Inc in Current Liabilities	286.2	274.1	242.1	343.3
Net CF from Operating activities	1,487.2	2,468.3	2,306.0	2,830.3
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(1,705.4)	(1,675.5)	(1,900.0)	(1,500.0)
Net CF from Investing activities	(1,133.8)	(2,023.6)	(2,000.3)	(1,461.3)
Dividend and Dividend Tax	(115.9)	(115.9)	(135.2)	(200.9)
Net CF from Financing Activities	(320.1)	58.5	(604.1)	(707.8)
Net Cash flow	33.2	503.3	(298.4)	661.3
Opening Cash/Cash Equivalent	833.3	866.5	1,369.8	1,071.4
Closing Cash/ Cash Equivalent	866.5	1,369.8	1,071.4	1,732.7

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Equity Capital	77.3	77.3	77.3	77.3
Reserve and Surplus	5,289.9	6,011.7	6,969.7	8,337.6
Total Shareholders funds	5,367.1	6,089.0	7,047.0	8,414.9
Total Debt	5,238.5	5,895.5	5,895.5	5,895.5
Total Liabilities	12,463.2	14,068.8	15,184.2	16,553.2
Gross Block	11,907.6	12,862.6	15,880.1	16,580.1
Acc: Depreciation	3,309.0	3,910.5	4,660.6	5,434.2
Net Block	8,598.6	8,952.1	11,219.4	11,145.9
Capital WIP	463.9	1,317.5	200.0	1,000.0
Total Fixed Assets	9,762.2	10,836.2	11,986.1	12,712.6
Non Current Assets	355.3	697.6	705.3	767.6
Inventory	1,181.6	1,175.1	1,321.2	1,525.9
Debtors	566.3	786.6	807.4	932.5
Other Current Assets	340.4	427.7	509.0	541.5
Cash	866.5	1,369.8	1,071.4	1,732.7
Total Current Assets	4,316.3	4,547.0	4,496.9	5,520.4
Current Liabilities	931.1	1,098.3	1,229.4	1,398.7
Provisions	66.7	90.0	91.0	92.0
Total Current Liabilities	2,338.9	2,612.9	2,855.0	3,198.3
Net Current Assets	1,977.4	1,934.1	1,641.9	2,322.1
Total Assets	12,463.2	14,068.8	15,184.2	16,553.2

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	102.3	111.4	139.5	203.0
Cash per Share	125.1	236.4	230.1	315.7
BV	694.6	788.0	912.0	1,089.0
EBITDA Margin	17.8	17.1	19.9	22.2
PAT Margin	6.8	7.2	8.0	10.1
RoE	14.8	12.7	15.3	18.6
RoCE	15.4	13.3	16.3	20.0
RoIC	15.3	13.4	16.2	21.1
EV / EBITDA	26.2	26.5	20.2	15.5
P/E	62.5	64.4	46.1	31.7
EV / Net Sales	4.7	4.5	4.0	3.4
Sales / Equity	2.2	2.0	1.9	1.8
Market Cap / Sales	4.3	4.2	3.7	3.2
Price to Book Value	9.3	8.2	7.1	5.9
Asset turnover	1.1	1.0	1.0	1.1
Debtors Turnover Ratio	22.1	17.6	16.8	17.8
Creditors Turnover Ratio	13.2	11.7	11.5	11.8
Debt / Equity	1.0	1.0	0.8	0.7
Current Ratio	1.5	1.5	1.5	1.5
Quick Ratio	0.6	0.7	0.7	0.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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