

J K CEMENTS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	6,498
12 month price target (INR)	7,476
52 Week High/Low	6,668/3,891
Market cap (INR bn/USD bn)	502/5.8
Free float (%)	54.32
Avg. daily value traded (INR mn)	760.9

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	45.68%	45.68%	45.68%
FII	16.14%	16.88%	17.55%
DII	24.5%	23.70%	22.43%
Pledge	0%	0%	0%

FINANCIALS

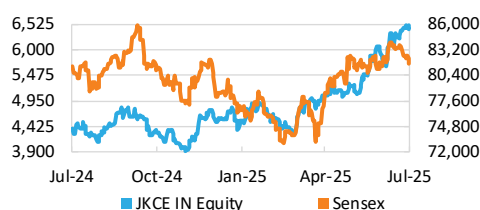
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,18,792	1,32,760	1,49,368	1,62,290
EBITDA	20,271	26,197	31,652	36,507
Adjusted profit	7,692	11,085	13,630	16,266
Diluted EPS (INR)	102.9	99.6	143.5	176.4
EPS growth (%)	(3.3)	44.1	23.0	19.3
RoAE (%)	13.5	16.8	17.8	17.9
P/E (x)	61.9	44.6	36.3	30.4
EV/EBITDA (x)	26.6	20.9	17.4	15.1
Dividend yield (%)	0.2	0.2	0.2	0.2

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,32,760	1,49,368	1%	1%
EBITDA	26,197	31,652	3%	3%
Adjusted profit	11,085	13,630	9%	3%
Diluted EPS (INR)	143.5	176.4	9%	3%

PRICE PERFORMANCE



All-round beat

JK Cement (JKC) reported grey cement volume growth of ~15% YoY in Q1FY26. EBITDA beat our/consensus estimate by 11%/9%. Grey cement realisation rose ~1% QoQ; current prices are largely flat-to-marginally down vis-a-vis Q1FY26 exit prices. Blended EBITDA/t surged ~23% YoY to INR1,248. JKC expects to commission 6MTPA cement capacity by Dec-25/Jan-26 along with some debottlenecking, which would take its total capacity to ~32MnT by end-FY26E.

JKC's consistent volume growth, capex plans, efficiency improvement and superior RoEs impel us to increase the target EV/EBITDA for the stock to 19x (from 17x). Retain 'BUY' with a revised TP of INR7,476 (earlier INR6,164) as we roll forward the valuation to Q1FY28E.

Industry-leading growth

Grey cement volumes rose ~15% YoY (down ~8% QoQ) due to an extended footprint in the central region and Bihar. Grey cement realisation improved ~1% QoQ due to improved realisation in the Karnataka market. White cement volumes rose ~7.5% YoY (down ~2.5% QoQ) while realisation fell ~4% QoQ (down ~6% YoY). Management reiterated their guidance for grey cement volume growth of 10% YoY in FY26E.

Profitability improves

Per tonne analysis for Q1FY26: i) Power/fuel cost increased ~15% QoQ (down 8% YoY); energy cost stood at INR1.53/kcal in Q1FY26 against INR1.41/kcal in Q4FY25 (INR1.62/kcal in Q1FY25). ii) Freight cost increased 0.5% QoQ/6% YoY due to an extended footprint. iii) Other expenses decreased ~8% QoQ (up ~2% YoY). iv) Overall, blended EBITDA/t stood at INR1,248 (up 23% YoY/down ~1.5% QoQ).

Capex programme on track

Expansion of 4mtpa clinker line 2 at Panna and 1mtpa GU each at Panna, Hamirpur and Prayagraj are progressing as per schedule. Apart from this, the 3mtpa GU in Bihar is on track too. Meanwhile, debottlenecking helped increase the capacity of Ujjain GU by 0.5MnT. The company acquired 60% of Saifco Cement on 6th June 2025, which has clinker capacity of 0.26MnT and cement capacity of 0.42MnT; this can be expanded to 2–2.5MnT in the future. Management has identified a debottlenecking opportunity in the southern region, which would take the total grey cement capacity to 32MnT by end-FY26E (25.3MnT currently). It has also decided to set up a 0.6mtpa plant in Rajasthan to cater to growing wall putty demand. Management has given capex guidance of ~INR20bn for FY26E. It aims to reach ~50MTPA capacity by FY30E with brownfield and greenfield expansions at Jaisalmer, Muddapur, Panna and Odisha.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	31,498	26,431	19.2	33,430	(5.8)
EBITDA	6,738	4,790	40.7	7,364	(8.5)
Adjusted Profit	3,356	2,027	65.6	3,629	(7.5)
Diluted EPS (INR)	43.4	26.2	65.6	47.0	(7.5)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	1,18,792	1,32,760	1,49,368	1,62,290
Gross profit	76,815	88,679	1,00,788	1,10,584
Employee costs	9,017	9,694	10,451	11,144
Other expenses	47,527	52,788	58,686	62,933
EBITDA	20,271	26,197	31,652	36,507
Depreciation	6,015	6,680	7,502	8,253
Less: Interest expense	4,592	5,264	6,308	6,492
Add: Other income	1,730	2,217	2,410	2,408
Profit before tax	12,424	16,470	20,253	24,170
Prov for tax	3,702	5,386	6,623	7,903
Less: Other adjustment	0	0	0	0
Reported profit	8,722	11,085	13,630	16,266
Less: Excp.item (net)	(1,029)	0	0	0
Adjusted profit	7,692	11,085	13,630	16,266
Diluted shares o/s	77	77	77	77
Adjusted diluted EPS	104	143	176	211
DPS (INR)	15.0	15.0	15.0	15.0
Tax rate (%)	29.8	32.7	32.7	32.7

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EBITDA/tonne	1,011	1,173	1,263	1,358
Net Debt/EBITDA	1.3	1.8	1.5	1.4
Operating expenses as a % of Rev.	82.9	80.3	78.8	77.5
EBITDA margin (%)	17.1	19.7	21.2	22.5
Net profit margin (%)	6.7	8.3	9.1	10.0
Revenue Growth (% YoY)	2.8	11.8	12.5	8.7
EBITDA growth (% YoY)	(1.6)	29.2	20.8	15.3
Adj. profit growth (%)	0.8	38.6	23.0	19.3

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.2	7.0	6.8	6.8
10 year yield (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.4	86.5	85.0	85.0
Volumes (MT)	20.0	22.3	25.1	26.9
Realisation/t	5,926	5,946	5,959	6,038
P&F cost/t	1,087	1,041	994	968
Freight/t	1,337	1,368	1,392	1,413
RM cost/t	1,007	933	944	956
Other exp./t	1,034	997	950	929

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	61.9	44.6	36.3	30.4
Price/BV (x)	8.1	7.0	5.9	5.0
EV/EBITDA (x)	26.6	20.9	17.4	15.1
Dividend yield (%)	0.2	0.2	0.2	0.2

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	773	773	773	773
Reserves	60,117	70,043	82,514	97,621
Shareholders funds	60,890	70,815	83,286	98,394
Minority interest	(338)	(338)	(338)	(338)
Borrowings	58,955	67,455	69,455	71,455
Trade payables	10,981	11,884	13,011	14,488
Other liab & prov	15,147	17,147	18,147	19,147
Total liabilities	1,66,815	1,89,144	2,05,242	2,24,327
Net block	91,493	1,03,813	1,12,311	1,20,058
Intangible assets	3,694	3,694	3,694	3,694
Capital WIP	13,175	14,175	18,175	22,175
Total fixed assets	1,08,362	1,21,682	1,34,180	1,45,927
Non current inv	6,009	6,009	6,009	6,009
Cash/cash equivalent	13,697	15,373	14,561	15,328
Sundry debtors	7,866	8,361	9,066	11,672
Loans & advances	12,154	15,154	16,154	16,654
Other assets	6,976	9,976	10,476	11,976
Total assets	1,66,815	1,89,144	2,05,242	2,24,327

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	12,424	16,470	20,253	24,170
Add: Depreciation	6,015	6,680	7,502	8,253
Interest (net of tax)	2,862	3,047	3,897	4,084
Others	(1,997)	(8,432)	(10,520)	(11,988)
Less: Changes in WC	90	(1,429)	(1,785)	(2,593)
Operating cash flow	19,394	16,336	19,347	21,926
Less: Capex	(16,983)	(20,000)	(20,000)	(20,000)
Free cash flow	2,411	(3,664)	(653)	1,926

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	13.5	16.9	17.8	18.0
RoCE (%)	14.2	16.9	18.3	19.0
Inventory days	102	101	103	111
Receivable days	21	22	21	23
Payable days	88	95	94	97
Working cap (% sales)	10.6	12.8	12.9	14.4
Gross debt/equity (x)	0.97	0.96	0.84	0.73
Net debt/equity (x)	0.75	0.74	0.66	0.57
Interest coverage (x)	3.1	3.7	3.8	4.4

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(3.3)	44.1	23.0	19.3
RoE (%)	13.5	16.9	17.8	18.0
EBITDA growth (%)	(1.6)	29.2	20.8	15.3
Payout ratio (%)	13.3	10.5	8.5	7.1

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March (INR mn)	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY26E	FY27E
Volume (million tonnes)	5.40	4.73	14.3	5.82	(7.2)	22.33	25.07
Blended Realisation per tonne	5,833	5,594	4.3	5,744	1.6	5,946	5,959
Grey cement EBITDA/tonne (INR)	1,146	880	30.3	1,170	(2.0)	1,107	1,216
Total Income	31,498	26,431	19.2	33,430	(5.8)	1,32,760	1,49,368
Raw Material	5,216	4,471	16.7	5,705	(8.6)	20,832	23,657
Employee Expenses	2,206	1,992	10.8	2,072	6.5	9,694	10,451
Power, Oil & Fuel	5,626	5,369	4.8	5,276	6.6	23,250	24,923
Freight	7,160	5,908	21.2	7,686	(6.8)	30,537	34,882
Other Expenses	4,552	3,902	16.6	5,327	(14.6)	22,251	23,804
Total expenditure	24,760	21,641	14.4	26,065	(5.0)	1,06,563	1,17,716
EBITDA	6,738	4,790	40.7	7,364	(8.5)	26,197	31,652
Depreciation	1,225	1,245	(1.5)	1,329	(7.8)	6,680	7,502
EBIT	5,513	3,545	55.5	6,035	(8.7)	19,517	24,150
Interest	1,055	1,066	(1.0)	1,089	(3.1)	5,264	6,308
Other income	554	438	26.6	442	25.5	2,217	2,410
Exceptional item	-	-	NA	544	NA	-	-
Profit Before Tax	5,012	2,918	71.8	5,931	(15.5)	12,424	12,424
Tax Expense	1,656	891	85.8	1,758	(5.8)	5,386	6,623
Reported Profit	3,356	2,027	65.6	4,173	(19.6)	11,085	13,630
Exceptional item	-	-	-	(544)	-	-	-
Adjusted Profit	3,356	2,027	65.6	3,629	(7.5)	11,085	13,630
Equity Capital (FV INR 10)	773	773		773		773	773
No. of shares (mn)	77	77		77		77	77
Diluted EPS (INR)	43.4	26.2	65.6	47.0	(7.5)	143.5	176.4
As % of net revenues							
Raw material	16.6	16.9		17.1		15.7	15.8
Staff expenses	7.0	7.5		6.2		7.3	7.0
Power & fuel	17.9	20.3		15.8		17.5	16.7
Selling & Administrative Expense	22.7	22.4		23.0		23.0	23.4
Other expenses	14.5	14.8		15.9		16.8	15.9
EBITDA	21.4	18.1		22.0		19.7	21.2
Net profit	10.7	7.7		12.5		8.3	9.1

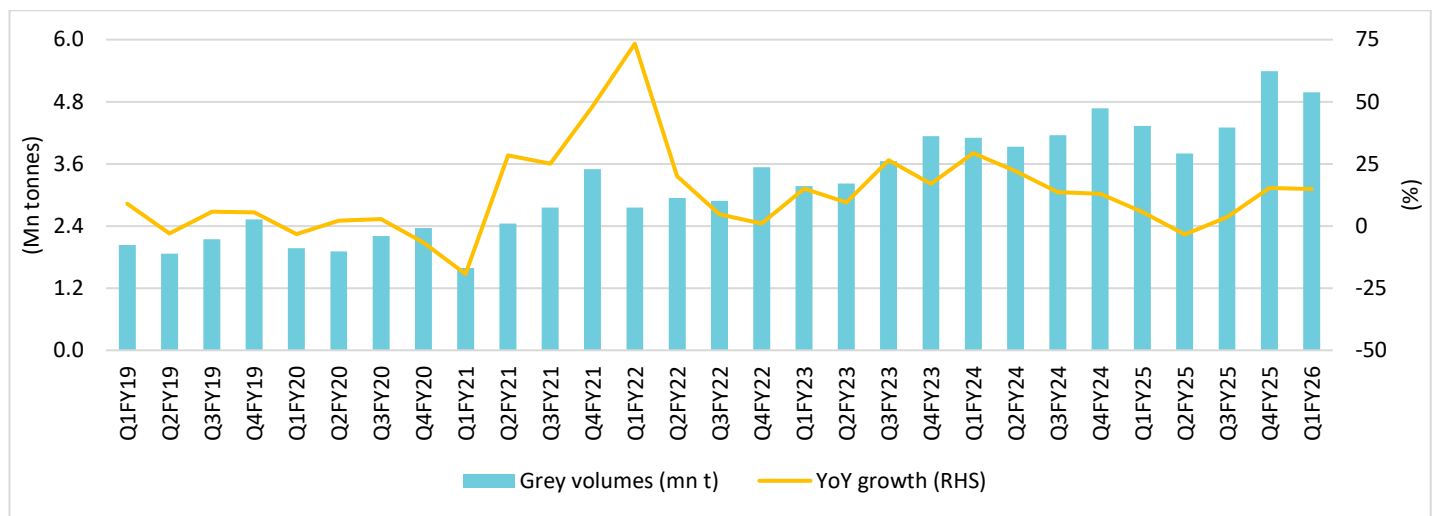
Source: Company, Nuvama Research

Exhibit 2: Per tonne analysis

(INR/tonne)	Q1FY26	Q1FY25	% change	Q4FY25	% change
Realisation	5,833	5,594	4.3	5,744	1.6
Raw material	966	946	2.1	980	(1.5)
Power	1,042	1,136	(8.3)	906	14.9
Freight	1,326	1,250	6.0	1,321	0.4
Staff	409	422	(3.1)	356	14.8
Others	843	826	2.1	915	(7.9)
Cost	4,585	4,580	0.1	4,479	2.4
EBITDA	1,248	1,014	23.1	1,265	(1.4)

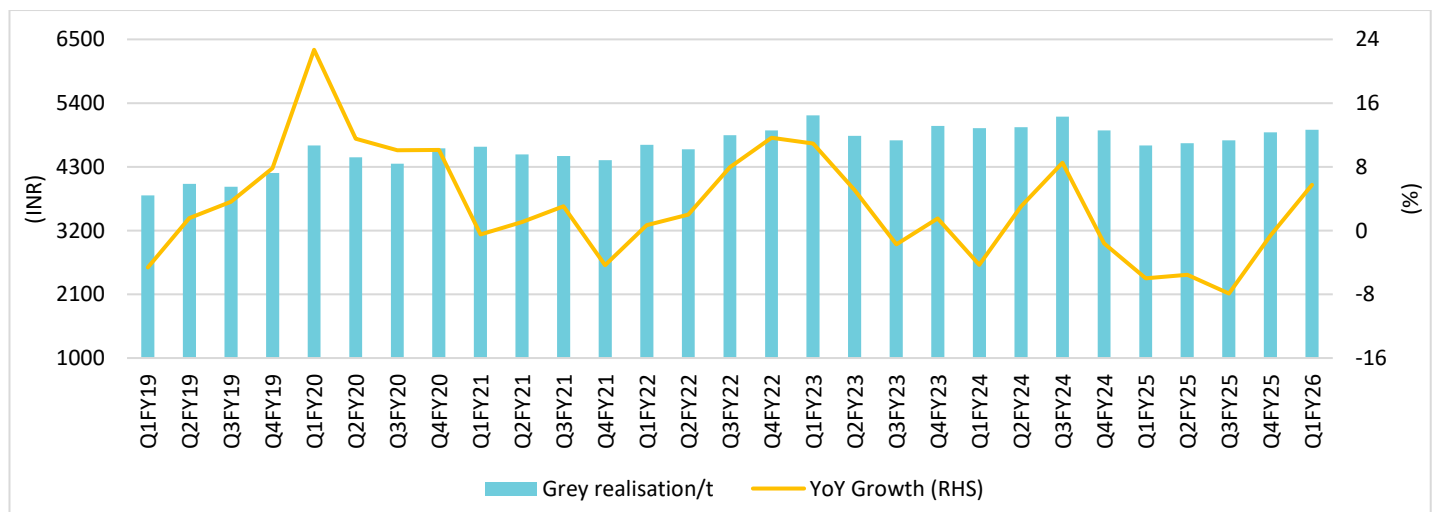
Source: Company, Nuvama Research

Exhibit 3: Grey cement volumes up ~15% YoY



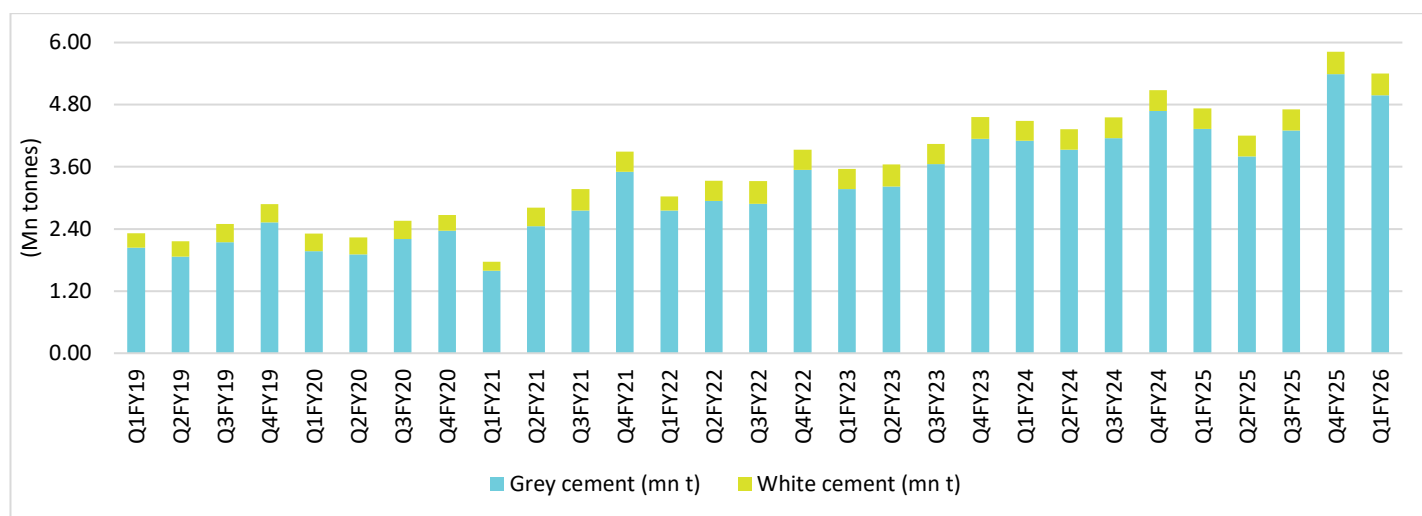
Source: Company, Nuvama Research

Exhibit 4: Grey cement realisation rises ~6% YoY



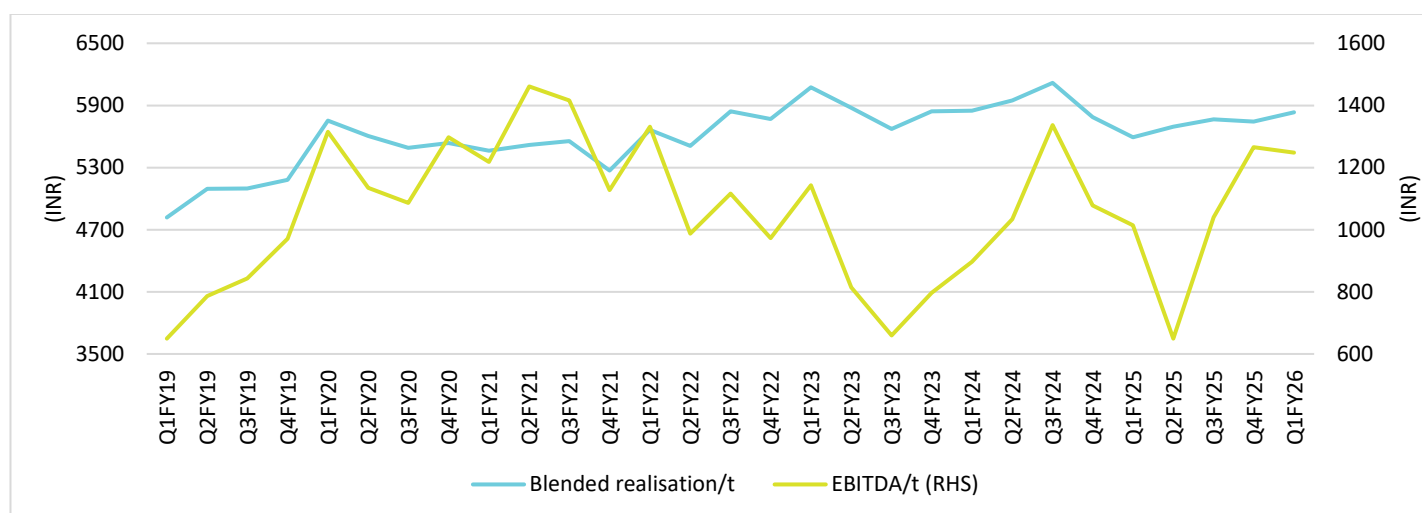
Source: Company, Nuvama Research

Exhibit 5: Volume breakdown: grey and white cement



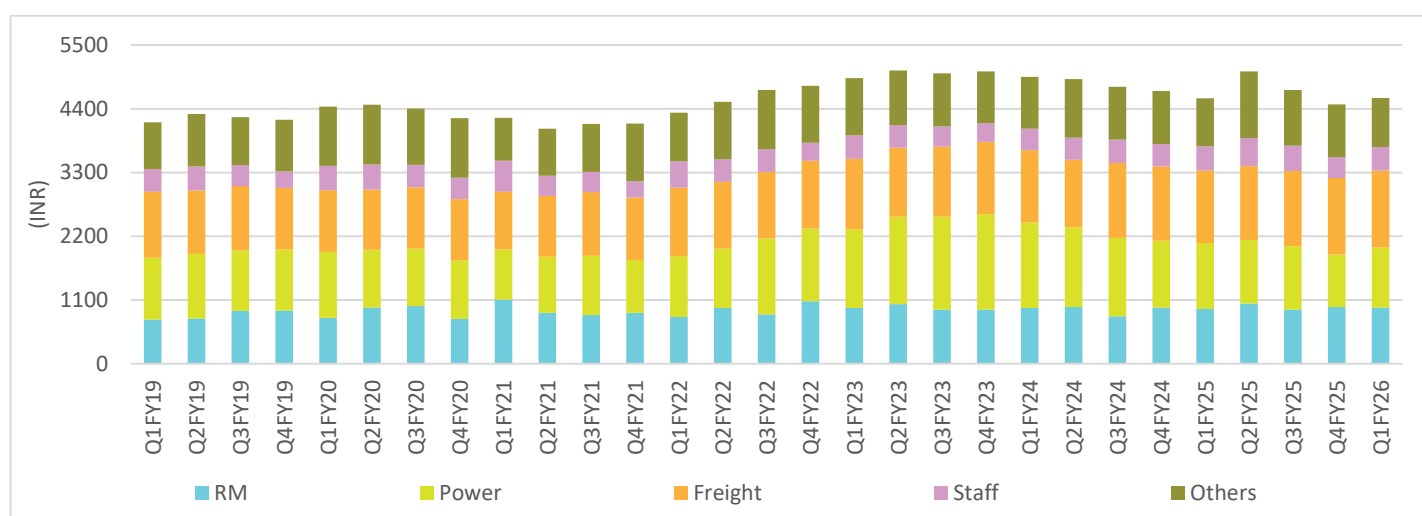
Source: Company, Nuvama Research

Exhibit 6: Blended realisation versus EBITDA/t



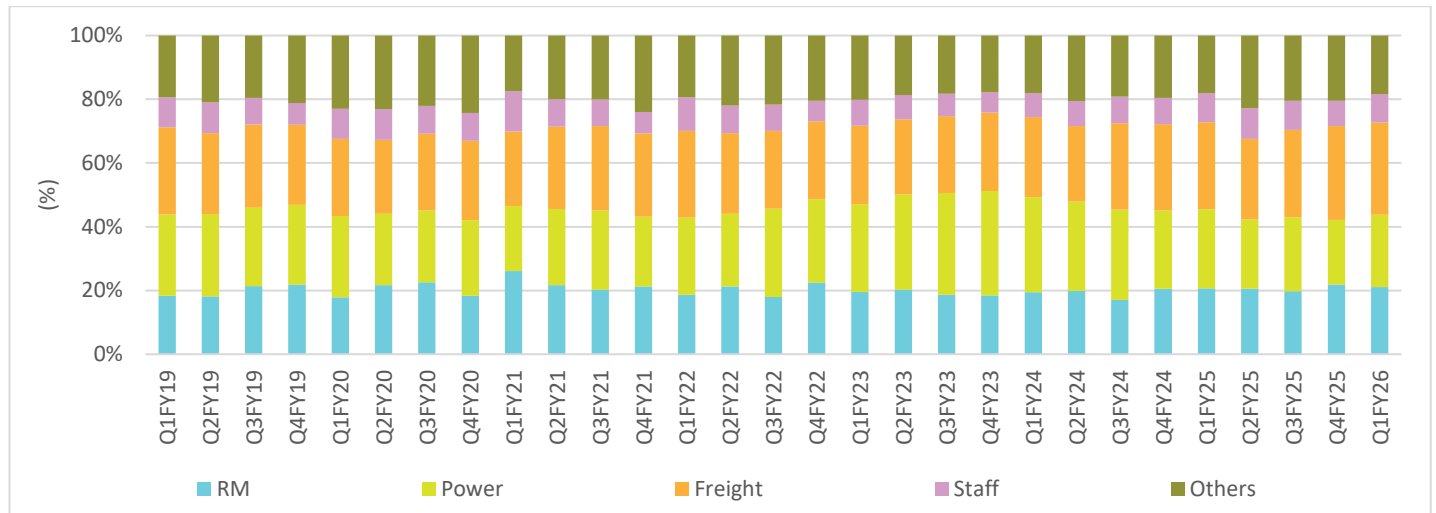
Source: Company, Nuvama Research

Exhibit 7: Opex cost split (absolute terms)



Source: Company, Nuvama Research

Exhibit 8: Opex cost split (% terms)



Source: Company, Nuvama Research

Exhibit 9: Spread/t increases ~8% YoY

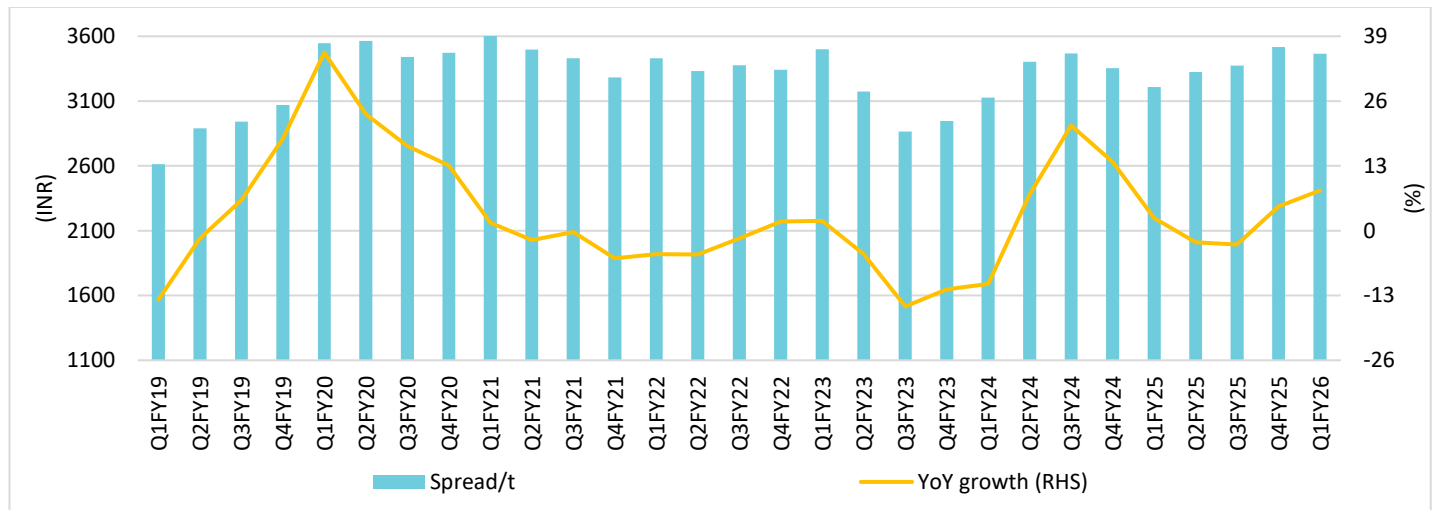


Exhibit 10: Operational data

	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Capacity (mtpa)	14.67	18.7	20.7	20.7	20.7	22.2	22.2	24.2	24.2	24.2	24.2	25.26
Volumes (MT)	3.64	4.04	4.56	4.49	4.32	4.55	5.08	5.08	4.20	4.71	5.82	5.40
Realisation	5,878	5,673	5,842	5,848	5,947	6,118	5,788	5,594	5,694	5,765	5,744	5,833
EBITDA/t	814	660	797	897	1,033	1,337	1,078	1,014	649	1,040	1,265	1,248
Standalone Net debt (INR mn)	29,390	28,710	29,130	30,310	30,360	29,860	25,820	28,300	30440	31080	25650	27960
Net debt/EBITDA	2.47	2.7	2.2	2.3	2.08	1.64	1.29	1.36	1.6	1.74	1.3	1.29
Green power (%)	43	43	44	45	48	50	51	57	49	50	51	52
Capacity utilisation (%)	84	93	88	75	75	75	85	79	64	73	90	83
Premium share	9	9	10	11	13	12	13	13	14	16	16	14
Fuel cost (kcal)	2.4	2.6	2.4	2.2	1.9	1.82	1.8	1.62	1.65	1.5	1.41	1.53

Source: Company, Nuvama Research

Q1FY26 conference call: Key takeaways

Demand

The company recorded 50%-plus growth in volumes in the central region, double-digit growth in south on account of low base (sold good volumes of clinker), whereas north saw some decline in volumes due to market conditions.

Management is expecting ~10% volume growth for the grey cement business in FY26E. It expects to clock ~20MnT volumes in the grey cement business in FY26E.

Pricing

The current prices are largely in line or marginally lower than the Q1FY26 exit prices; however, non-trade prices are seeing some pressure. Management does not expect any sharp price cut in the lean period.

Cost

Fuel cost was INR1.53/kcal in Q1FY26 versus INR 1.41/kcal in Q4FY25.

The company expects to reduce operating cost by INR150–200/t over the next two–three years by focusing on logistics, increasing the share of green power, optimising the usage of AFR, controlling fixed costs in supply chain, etc.

Management has guided that FY26E should witness cost savings of INR40–50/t given the aforementioned measures.

Expansion

- i) The company has increased capacity of the grinding unit at Ujjain by 0.5MTPA (to 2MTPA) via debottlenecking.
- ii) Expansion of the 4mtpa clinker line-2 at Panna and 1mtpa GU at Panna (MP) is underway; this is expected to be commissioned by Q3FY26E.
- iii) Apart from this, the 5mtpa GU expansion in Central India (3mtpa greenfield unit in Bihar at INR5bn and 1mtpa each at Hamirpur and Prayagraj at INR0.5bn) is on track. Management has also identified a debottlenecking opportunity in the southern region, which will take cement capacity to 32MnT by end-FY26E.
- iv) Management has acquired 60% of Saifco Cement Private Limited for a consideration of INR1.49bn. It has clinker capacity of 0.26MnT and cement capacity of 0.42MnT (expandable to 2–2.5MnT in the future).
- v) Management has created a roadmap for 50MnT in capacity with brownfield and greenfield expansions at Jaisalmer, Muddapur, Panna and Odisha by FY30E.

Capex

Management has guided for capex of ~INR20bn in FY26E.

Balance sheet

Standalone net debt stood at INR27.96bn and net debt/EBITDA stood at 1.29x.

Paint and Putty/white cement business

The company achieved a turnover of INR860mn in Q1FY26 and reported EBITDA loss of INR100mn in the paints business (turnover of INR2.7bn in FY25 with EBITDA loss of ~INR450mn).

White cement margins are in the range of 15–20%. Management does not expect any further dip in margins.

JKC plans to set up a wall putty plant of 0.6mtpa in order to cater to the peak season demand. It expects volumes to grow in a range of 7–10% putty volume growth.

Other operational updates

Pet coke constituted 70% of the **fuel mix**.

Rail share stood at 11%.

Lead distance increased to 436km from 434km in Q4FY25.

Trade mix stood at 71% of sales. Premium products constituted 14% of trade sales.

The target is to reach **green power** share of 75% by FY30 (60% by FY26 from 52% at present).

Grey cement capacity **utilisation** stood at 83% while clinker utilisation was 92% in Q1FY26.

Company Description

JKCE is one of the leading cement manufacturers in India and the second-largest white cement manufacturer in the country. It is an affiliate of the JK Organisation, which was founded by Mr. Lala Kamlapat Singhania. JKCE is second largest producers of white cement in India and is a leading manufacturer of putty. The company also has an overseas subsidiary, which operates a 0.6mtpa white cement plant in Fujairah, UAE.

Investment Theme

We like JKC for its consistent volume growth visibility complimented by structural positives of improving regional mix (rising exposure in North + Central India) and improving efficiency mix (rising share of modern plants and higher blending).

Key Risks

Sharp decline in cement prices/demand and/or sharp increase in input cost

Additional Data

Management

Chairperson	Smt. Sushila Devi Singhania
MD	Dr. Raghavpat Singhania
Deputy MD & CEO	Mr. Madhav krishna Singhania
CFO	Mr. Ajay kumar Saraogi
Auditor	S.R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
Kotak Mahindra	4.86	Aditya Birla Su	1.54
Fundrock Manage	2.54	Invesco Asset	1.33
Canara Robeco A	2.02	PGIM India Asse	1.12
Vanguard group	1.88	DSP Investment	1.10
Axis AMC	1.78	Nippon Life Ind	1.08

*Latest public data

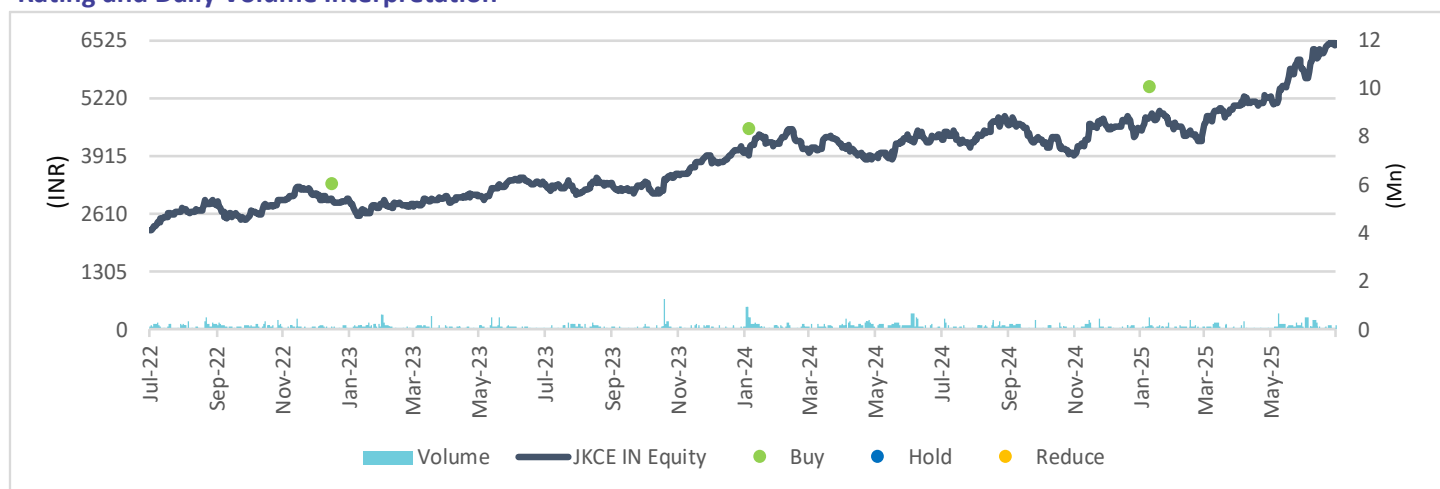
Recent Company Research

Date	Title	Price	Reco
26-May-25	Firing on all cylinders; <i>Result Update</i>	5,213	Buy
27-Jan-25	Steady performance; <i>Result Update</i>	4,446	Buy
29-Oct-24	Soft quarter; growth outlook intact; <i>Result Update</i>	4,350	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
11-Jul-25	Cement	Prices cool off; capex improves; <i>Sector Update</i>
04-Jul-25	Cement	Early monsoon halts price rally; <i>Sector Update</i>
04-Jul-25	Cement	Good start to the year; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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