

22 July 2025

India | Equity Research | Results update

## JK Cement

Cement

### Elevating to a higher growth orbit

Enthused by its sustained industry-superior volume growth (up 15% in Q1FY26 vs. ~3-4% for industry) and complemented by sector tailwind of improved pricing outlook, JK Cement (JKCE) is set to elevate to a higher growth orbit. Factoring in the high EBITDA run-rate, JKCE is contemplating pursuing a new capex project each year vs. every two years, as of now. Armed with a strong balance sheet (net debt/EBITDA set to reduce to 0.6x in FY27E vs. 1.6x in FY25), the improved growth visibility is a recipe to argue for a high valuation multiple. We now value JKCE at 18x FY27E EV/EBITDA (vs. 16x earlier) and maintain **ADD** with a revised TP of INR 7,100 (vs. INR 5,850 earlier). As for Q1FY26 – it was yet another strong quarter with EBITDA racing 41% YoY (3% ahead of our estimate), while strong underlying pricing is driving 3%/6% upgrade to our FY26/27E EBITDA.

### Q1FY26 – all things good

JKCE's Q1FY26 performance boasts of all things nice. Notably, grey cement volumes surged 15% YoY (3% ahead of our estimate) driven by efforts to seed new markets (in Eastern Uttar Pradesh and in Bihar) in preparation of its upcoming 6mtpa cement capacity dedicated for these regions. White segment volumes surprised too, rising 8% YoY (vs our expectation of it being flat). While realisation disappointed (grey cement realisation inched up just 0.8% QoQ vs. our 2% estimate while for white segment, it slipped 4.4% QoQ, being 5% below expectation), high operating leverage led to overall cost/t being in line. As a result, blended EBITDA/t at INR 1,247 (up 23% YoY, broadly flat QoQ) was in line with our expectation. Assuming 17% margin for white segment, the derived grey cement EBITDA/t at ~INR 1,200 is certainly amongst the best in the industry. Tracking Q1FY26 performance and improvement in cement price outlook, we revise up our FY26/27E EBITDA by 3%/6%, respectively.

### Strong wings of growth

The evolving vigour for faster growth, complemented by sector tailwind of improved pricing outlook, is indeed heartening in the backdrop of – a) a strong balance sheet (cash balance of INR 24.1bn) and b) best-in-class RoE of 19-20% over FY26-27. Given better growth prospects, we now value JKCE at a rich 18x FY27E EV/EBITDA (vs. 19x assumed for industry leaders UltraTech Cement and Shree Cement) and maintain **ADD** with a revised target price of INR 7,100 (vs INR 5,850 earlier).

### Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,15,560	1,18,792	1,34,264	1,51,930
EBITDA	20,598	20,271	26,735	31,481
EBITDA (%)	17.8	17.1	19.9	20.7
Net Profit	7,936	7,999	12,504	15,520
EPS (INR)	102.7	103.5	161.8	200.9
EPS % Chg YoY	90.6	0.8	56.3	24.1
P/E (x)	62.5	62.0	39.6	31.9
EV/EBITDA (x)	25.5	26.0	19.8	16.4
RoCE (%)	9.9	8.9	11.4	12.6
RoE (%)	15.8	14.0	18.8	19.5

#### Navin Sahadeo

navin.sahadeo@icicisecurities.com  
+91 22 6807 7622

#### Amit Gupta

amit.g@icicisecurities.com

#### Market Data

Market Cap (INR)	496bn
Market Cap (USD)	5,742mn
Bloomberg Code	JKCE IN
Reuters Code	JKCE.BO
52-week Range (INR)	6,668 /3,891
Free Float (%)	54.0
ADTV-3M (mn) (USD)	8.8

Price Performance (%)	3m	6m	12m
Absolute	26.9	40.1	49.7
Relative to Sensex	23.4	31.8	47.8

ESG Score	2023	2024	Change
ESG score	73.8	71.7	(2.1)
Environment	61.7	61.6	(0.1)
Social	73.1	73.7	0.6
Governance	81.2	79.7	(1.5)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	1.6	2.8
EBITDA	2.8	6.5
EPS	14.0	18.7

#### Previous Reports

27-05-2025: [Q4FY25 results review](#)

28-01-2025: [Q3FY25 results review](#)

## Other key highlights

The difference between consolidated and standalone EBITDA continued to stay positive (at INR 139mn in Q1FY26 vs INR 284mn in Q4FY25 and INR 72mn in Q1FY25), being the ninth-straight quarter of positive EBITDA

## Q1FY26: Conference call takeaways

### Demand/Volume

- In Q1FY26, grey cement volume grew 15% YoY, led by significant growth in Central India and steady growth in South India (over a low base). However, there has been some decline in growth in North India, as market conditions were not supportive.
- Management reiterates its volume guidance of ~20mtpa for FY26.
- As of Jun'25, JKCE's total clinker capacity on standalone basis stood at 19mtpa and on consolidated basis (incl. Toshali & Saifco), it stood at 19.6mtpa.
- Company's current grey cement capacity stands at 25.26mtpa and 6mtpa is planned to get commissioned by Q4FY26 alongside some debottlenecking opportunities in South (~0.7mtpa).
- In FY26, company is targeting to sell ~1mt of cement in Bihar (ahead of its 3mtpa grinding unit scheduled for commissioning in Q4FY26).

### Prices

- In Q1FY26, increase in cement prices in South market got compensated by marginal decline in North and Central India markets.
- In Q1FY26, JKCE booked an incentive of ~INR 850mn (vs. ~INR 750-800mn in Q4FY25). Aligarh unit did not receive any incentive in Q4 last year because of annual ceiling limit.
- Management expects annual incentive of ~INR 3bn going forward (next 3-5 years).
- JKCE expects white cement margins to stay in the range of ~15-20%.

### Cost

- Other expense per ton will increase sequentially from Q2FY26 onwards as major marketing spends, dealer tours are generally scheduled in the lean period (Q2 of any FY).
- Power and fuel cost per ton increased significantly in Q1FY26 due to: (1) Increase in pet coke prices, (2) higher clinker production as compared to Q4FY25.
- Freight cost also rose in Q1FY26 mainly due to increase in lead distance by ~2 kms.
- JKCE maintains its cost optimisation guidance of ~INR 150–200/t over the next two years. It expects to achieve ~INR 40-50/t in FY26.
- Fuel mix for Q1FY26 stood at 60% of pet coke with balance 40% being a mix of imported coal, domestic coal and AFR.
- In Q1FY26, freight mix was – rail at 11% and road at 89%.
- Share of green power consumption in total power consumption stood at 52% in Q1FY26 (JKCE targets to reach ~60% by FY26 and ~75% by FY30).

### Capex

- Post completion of Panna line-2, management is evaluating among Jaisalmer, Odisha and Karnataka as the next phase of expansion and is more inclined towards North optionality.
- Management guided for capex outflow of ~INR 20bn in FY26 and ~INR 6bn in FY27.

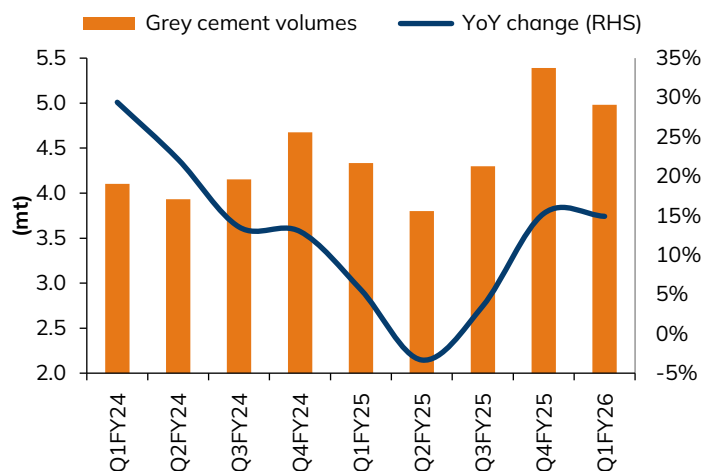
### Paints/Putty

- The Board recently announced a wall putty unit expansion at Nathdwara (Rajasthan) with 6 lakh mtpa capacity and estimated outlay of ~INR 1.95bn. It is likely to get commissioned by FY27.
- Management expects an IRR of ~15% from Nathdwara unit expansion.
- Total investment made till date in paints business is ~INR 4.5bn and another ~INR 1.5bn is likely by FY27.
- Management envisages ~7-10% growth in white cement (putty) business in FY26.
- Paints business reported revenue of ~INR 860mn in Q1FY26 (~INR 2.75bn in FY25) with gross margin being ~30%.
- Paints segment reported EBITDA loss of ~INR 100mn in Q1FY26 (~INR 450mn in FY25).
- JKCE's Fujairah, UAE business reported an EBITDA of ~INR 150-200mn in Q1FY26 and plans to close FY26 at ~INR 800-900mn.

### Others

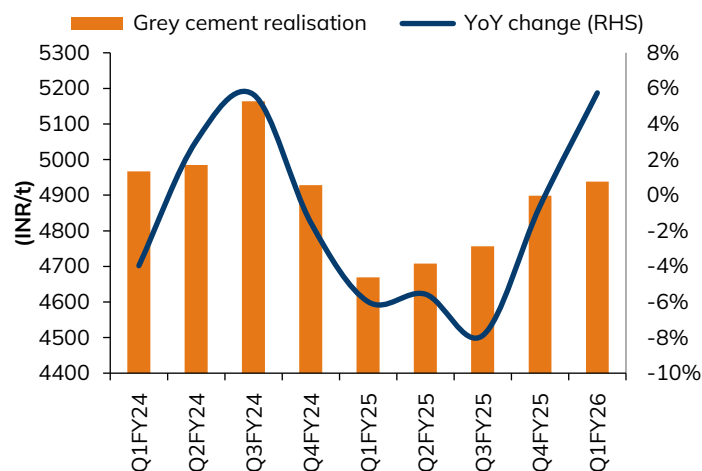
- Standalone gross debt stood at ~INR 52.03bn while net debt stood at ~INR 27.96bn as of Jun'25, taking JKCE's net debt/EBITDA ratio to 1.29x.
- JKCE's net debt/equity stood at 0.44x as of Jun'25 (vs. 0.42 as of Mar'25).

**Exhibit 1: Quarterly volume trend**

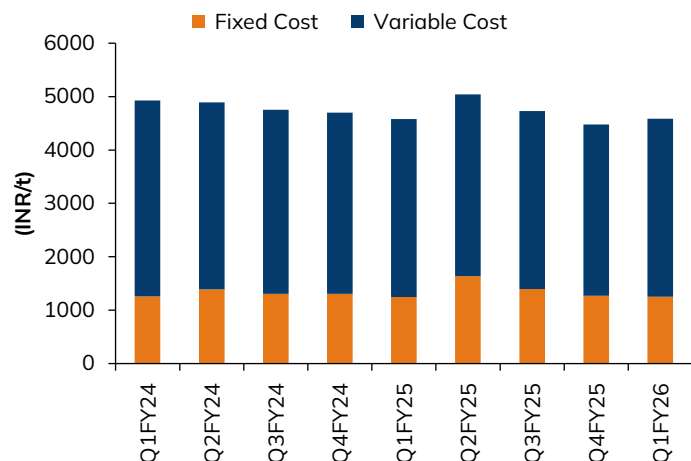


Source: I-Sec research, Company data

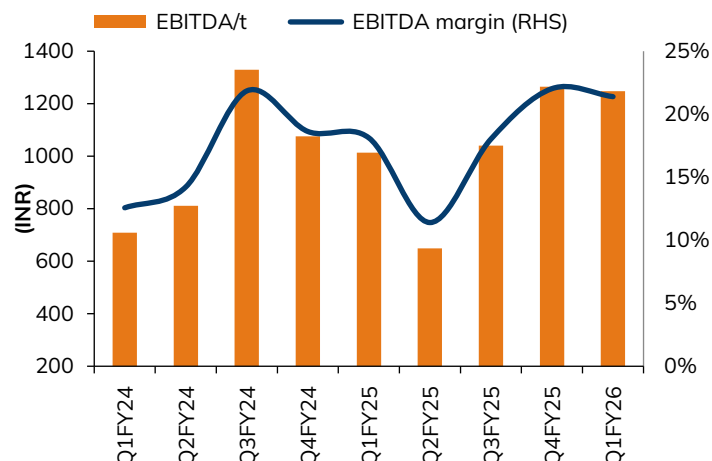
**Exhibit 2: Quarterly realisation trend**



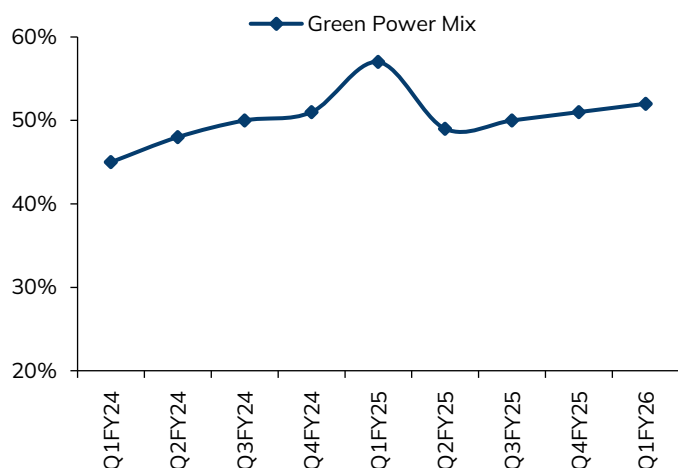
Source: I-Sec research, Company data

**Exhibit 3: Break up of total cost - standalone**

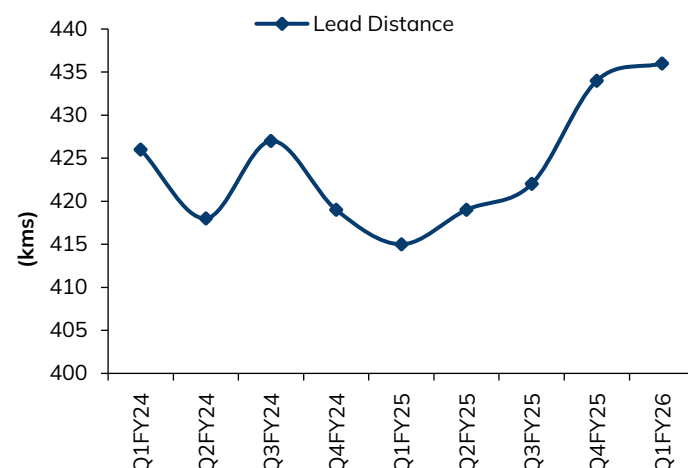
Source: I-Sec research, Company data

**Exhibit 4: Quarterly margin trend - standalone**

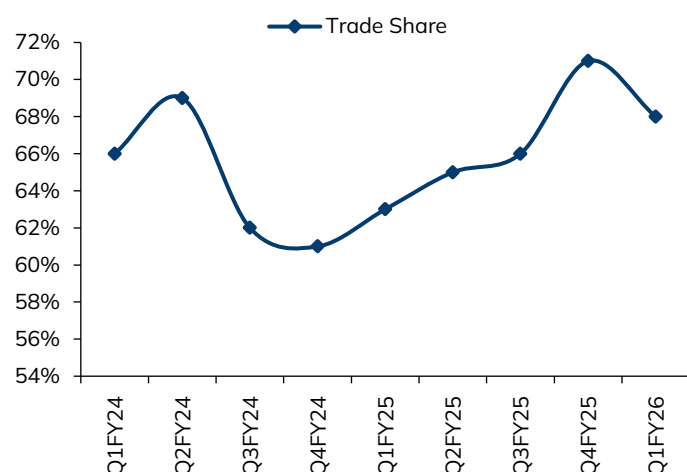
Source: I-Sec research, Company data

**Exhibit 5: Share of green power**

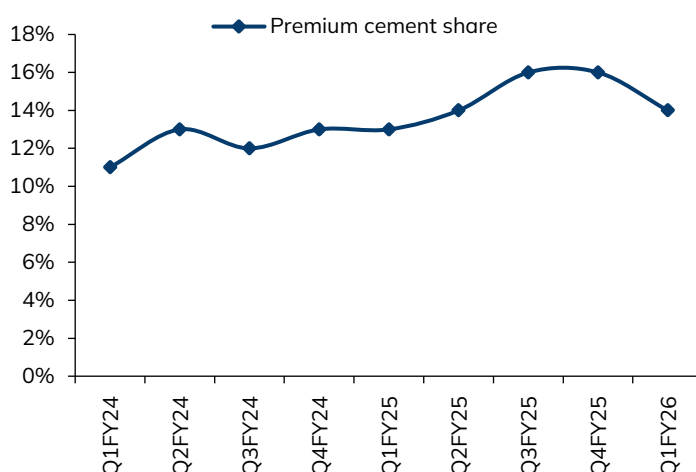
Source: I-Sec research, Company data

**Exhibit 6: Lead distance trajectory**

Source: I-Sec research, Company data

**Exhibit 7: Trade sales volume trend**

Source: I-Sec research, Company data

**Exhibit 8: Share of premium cement**

Source: I-Sec research, Company data

## Exhibit 9: Q1FY26 result review – standalone

Particulars (INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Variance
Volume Sales (mt)	5.40	4.72	14.3	5.82	(7.2)	5.24	3.0
Blended realisations (INR/t)*	5,831	5,595	4.2	5,744	1.5	5,823	0.1
<b>Net Sales</b>	<b>31,498</b>	<b>26,431</b>	<b>19.2</b>	<b>33,430</b>	<b>(5.8)</b>	<b>30,536</b>	<b>3.2</b>
Raw Materials	5,216	4,471	16.7	5,705	(8.6)	4,195	24.3
Personnel Cost	2,206	1,992	10.8	2,072	6.5	2,191	0.7
Power & fuel costs	5,626	5,369	4.8	5,276	6.6	6,346	(11.3)
Freight cost	7,160	5,908	21.2	7,686	(6.8)	6,647	7.7
Other Expenses	4,552	3,902	16.6	5,327	(14.6)	4,617	(1.4)
<b>Total Expenses</b>	<b>24,760</b>	<b>21,641</b>	<b>14.4</b>	<b>26,065</b>	<b>(5.0)</b>	<b>23,996</b>	<b>3.2</b>
<b>EBITDA</b>	<b>6,738</b>	<b>4,790</b>	<b>40.7</b>	<b>7,364</b>	<b>(8.5)</b>	<b>6,539</b>	<b>3.0</b>
<b>EBITDA/t (INR)</b>	<b>1,247</b>	<b>1,014</b>	<b>23.0</b>	<b>1,265</b>	<b>(1.4)</b>	<b>1,247</b>	<b>0.0</b>
Interest	1,055	1,066	(1.0)	1,089	(3.1)	1,101	(4.2)
Depreciation	1,225	1,245	(1.5)	1,329	(7.8)	1,339	(8.5)
Other Income	554	438	26.6	442	25.5	450	23.3
<b>Recurring pre-tax income</b>	<b>5,012</b>	<b>2,918</b>	<b>71.8</b>	<b>5,388</b>	<b>(7.0)</b>	<b>4,549</b>	<b>10.2</b>
Extraordinary inc/(exp)	-	-	NA	544	NA	-	NA
Taxation	1,656	891	85.8	1,758	(5.8)	1,365	21.3
<b>Reported Net Income</b>	<b>3,356</b>	<b>2,027</b>	<b>65.6</b>	<b>4,173</b>	<b>(19.6)</b>	<b>3,184</b>	<b>5.4</b>
<b>Recurring Net Income</b>	<b>3,356</b>	<b>2,027</b>	<b>65.6</b>	<b>3,629</b>	<b>(7.5)</b>	<b>3,184</b>	<b>5.4</b>
<b>Ratios (%)</b>							
EBITDA margins	21.4	18.1		22.0		21.4	
Net profit margins	10.7	7.7		10.9		10.4	

Source: I-Sec research, Company data, \*Excluding other operating income

## Exhibit 10: Historical quarterly analysis

(INR/t)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Blended realisations*</b>	<b>5,772</b>	<b>5,595</b>	<b>5,693</b>	<b>5,767</b>	<b>5,831</b>
Growth (%) YoY	(0.7)	(0.2)	(5.2)	(0.5)	4.2
Raw materials	946	1,039	936	980	966
Staff costs	422	485	433	356	408
Power & fuel costs	1,136	1,092	1,094	906	1,042
Outward freight	1,251	1,278	1,299	1,321	1,325
Other expenditure	826	1,151	965	915	843
<b>Total</b>	<b>4,581</b>	<b>5,044</b>	<b>4,728</b>	<b>4,478</b>	<b>4,584</b>
<b>EBITDA-blended</b>	<b>1,191</b>	<b>551</b>	<b>965</b>	<b>1,289</b>	<b>1,247</b>

Source: I-Sec research, Company data, \*Excluding other operating income

## Exhibit 11: Historical segmental analysis

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Grey Cement</b>					
Revenue (INR mn)	20,236	17,897	20,447	26,401	24,591
Realisation (INR/t)	4,670	4,707	4,757	4,899	4,938
Volumes (mn.t)	4.33	3.80	4.30	5.39	4.98
<b>White Cement</b>					
Revenue (INR mn)	4,893	4,847	4,960	5,286	4,948
Realisation (INR/t)	12,521	12,136	12,103	12,271	11,729
Volumes (mn.t)	0.391	0.399	0.410	0.431	0.422

Source: I-Sec research, Company data

## Exhibit 12: Q1FY26 result review – consolidated

(INR mn)	Q1FY26	Q1FY25	% chg (YoY)	Q4FY25	% chg (QoQ)
<b>Net Sales</b>	<b>33,525</b>	<b>28,076</b>	<b>19.4</b>	<b>35,812</b>	<b>(6.4)</b>
Raw Materials	5,516	4,789	15.2	6,097	(9.5)
Personnel Cost	2,474	2,186	13.2	2,298	7.7
Power fuel costs	5,981	5,697	5.0	5,644	6.0
Freight	7,649	6,195	23.5	8,244	(7.2)
Other Expenses	5,029	4,347	15.7	5,881	(14.5)
<b>Total Expenses</b>	<b>26,649</b>	<b>23,214</b>	<b>14.8</b>	<b>28,163</b>	<b>(5.4)</b>
<b>EBITDA</b>	<b>6,877</b>	<b>4,862</b>	<b>41.4</b>	<b>7,649</b>	<b>(10.1)</b>
Interest	1,085	1,105	(1.8)	1,135	(4.3)
Depreciation	1,464	1,473	(0.6)	1,623	(9.8)
Other Income	564	447	26.2	459	23.0
<b>Recurring pre-tax income</b>	<b>4,891</b>	<b>2,732</b>	<b>79.1</b>	<b>5,350</b>	<b>(8.6)</b>
Extraordinary inc/(exp)	-	-	NA	-	NA
Taxation	1,649	884	86.6	1,736	(5.0)
<b>Reported Net Income</b>	<b>3,242</b>	<b>1,848</b>	<b>75.4</b>	<b>3,614</b>	<b>(10.3)</b>
<b>Recurring Net Income</b>	<b>3,242</b>	<b>1,848</b>	<b>75.4</b>	<b>3,614</b>	<b>(10.3)</b>
<b>Ratios (%)</b>					
EBITDA margins	20.5	17.3		21.4	
Net profit margins	9.7	6.6		10.1	

Source: I-Sec research, Company data

## Exhibit 13: Valuations based on 18x Mar'27E EV/E

Particulars	FY27E
Assumed EV/EBITDA multiple (x)	18.0
Total EBITDA (INR mn)	31,481
EV (INR mn)	5,66,661
Less: Net debt (adjusted to CWIP) (INR mn)	33,047
Value of the Paints business @3x FY27E Price/Sales	15,000
Mcap (INR mn)	5,48,613
Shares o/s (mn)	77.3
<b>Value per share (INR)</b>	<b>7,100</b>
Potential Upside (%)	10.7

Source: I-Sec research, Company data

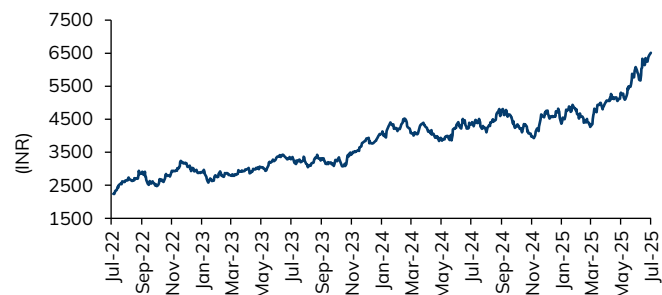
**Risk:** Sharp drop in cement prices.

## Exhibit 14: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	45.7	45.7	45.7
Institutional investors	40.4	40.6	42.6
MFs and others	22.1	22.6	21.0
FIs/Banks	0.0	0.0	2.2
Insurance	1.6	1.9	1.8
FIIIs	16.7	16.1	17.6
Others	13.9	13.7	11.7

Source: Bloomberg, I-Sec research

## Exhibit 15: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 16: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Net Sales</b>	<b>1,15,560</b>	<b>1,18,792</b>	<b>1,34,264</b>	<b>1,51,930</b>
Operating Expenses	76,615	78,345	88,102	99,312
<b>EBITDA</b>	<b>20,598</b>	<b>20,271</b>	<b>26,735</b>	<b>31,481</b>
EBITDA Margin (%)	17.8	17.1	19.9	20.7
Depreciation & Amortization	5,726	6,015	6,170	7,224
EBIT	14,872	14,257	20,565	24,257
Interest expenditure	4,531	4,592	4,347	4,309
Other Non-operating Income	1,451	1,730	1,903	2,223
<b>Recurring PBT</b>	<b>11,736</b>	<b>12,424</b>	<b>18,122</b>	<b>22,172</b>
<b>Profit / (Loss) from Associates</b>	-	-	-	-
Less: Taxes	3,837	3,702	5,618	6,652
PAT	7,899	8,722	12,504	15,520
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(37)	723	-	-
<b>Net Income (Reported)</b>	<b>7,899</b>	<b>8,722</b>	<b>12,504</b>	<b>15,520</b>
<b>Net Income (Adjusted)</b>	<b>7,936</b>	<b>7,999</b>	<b>12,504</b>	<b>15,520</b>

Source Company data, I-Sec research

### Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	46,602	55,434	54,444	67,942
of which cash & cash eqv.	20,111	25,398	22,466	33,923
Total Current Liabilities & Provisions	23,389	26,127	27,140	28,053
<b>Net Current Assets</b>	<b>23,213</b>	<b>29,307</b>	<b>27,304</b>	<b>39,890</b>
Investments	2,681	1,442	1,442	1,442
Net Fixed Assets	92,983	95,188	1,14,536	1,16,812
ROU Assets	-	-	-	-
Capital Work-in-Progress	5,755	14,751	6,751	4,251
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
<b>Total Assets</b>	<b>1,24,632</b>	<b>1,40,688</b>	<b>1,50,033</b>	<b>1,62,395</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>52,385</b>	<b>58,955</b>	<b>56,955</b>	<b>54,955</b>
<b>Deferred Tax Liability</b>	<b>19,030</b>	<b>21,181</b>	<b>21,181</b>	<b>21,181</b>
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	773	773	773	773
Reserves & Surplus	52,899	60,117	71,462	85,823
<b>Total Net Worth</b>	<b>53,671</b>	<b>60,890</b>	<b>72,235</b>	<b>86,596</b>
Minority Interest	(455)	(338)	(338)	(338)
<b>Total Liabilities</b>	<b>1,24,632</b>	<b>1,40,688</b>	<b>1,50,033</b>	<b>1,62,395</b>

Source Company data, I-Sec research

### Exhibit 18: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	25,601	29,303	35,812	33,525
% growth (YOY)	(7.0)	(0.2)	15.3	19.4
EBITDA	2,840	4,921	7,649	6,877
Margin %	11.1	16.8	21.4	20.5
Other Income	378	446	459	564
Extraordinaries	-	-	-	-
Adjusted Net Profit	338	1,892	3,614	3,242

Source Company data, I-Sec research

### Exhibit 19: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Operating Cashflow</b>	<b>20,502</b>	<b>21,306</b>	<b>24,292</b>	<b>29,396</b>
Working Capital Changes	(911)	(1,913)	(6,546)	(7,781)
Capital Commitments	(11,782)	(16,983)	(17,518)	(7,000)
<b>Free Cashflow</b>	-	-	-	-
<b>Other investing cashflow</b>	<b>(4,576)</b>	<b>(2,114)</b>	<b>4,567</b>	-
Cashflow from Investing Activities	(16,358)	(19,097)	(12,951)	(7,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,158)	(1,544)	(1,159)	(1,159)
Others	(2,999)	2,283	(2,000)	(2,000)
Cash flow from Financing Activities	(4,157)	738	(3,159)	(3,159)
<b>Chg. in Cash &amp; Bank balance</b>	<b>(924)</b>	<b>1,035</b>	<b>1,636</b>	<b>11,456</b>
Closing cash & balance	14,576	20,145	22,466	33,923

Source Company data, I-Sec research

### Exhibit 20: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	102.7	103.5	161.8	200.9
Adjusted EPS (Diluted)	102.7	103.5	161.8	200.9
Cash EPS	176.8	181.4	241.7	294.4
Dividend per share (DPS)	20.0	15.0	15.0	15.0
Book Value per share (BV)	694.6	788.0	934.9	1,120.7
Dividend Payout (%)	19.5	14.5	9.3	7.5
<b>Growth (%)</b>				
Net Sales	18.9	2.8	13.0	13.2
EBITDA	56.7	(1.6)	31.9	17.8
EPS (INR)	90.6	0.8	56.3	24.1
<b>Valuation Ratios (x)</b>				
P/E	62.5	62.0	39.6	31.9
P/CEPS	36.3	35.4	26.5	21.8
P/BV	9.2	8.1	6.9	5.7
EV / EBITDA	25.5	26.0	19.8	16.4
EV / te (USD)	281.2	256.2	205.7	200.5
Dividend Yield (%)	0.3	0.2	0.2	0.2
<b>Operating Ratios</b>				
Gross Profit Margins (%)	84.1	83.0	85.5	86.1
EBITDA Margins (%)	17.8	17.1	19.9	20.7
Effective Tax Rate (%)	32.7	29.8	31.0	30.0
Net Profit Margins (%)	6.8	7.3	9.3	10.2
NWC / Total Assets (%)	18.6	20.8	18.2	24.6
Net Debt / Equity (x)	0.6	0.5	0.5	0.2
Net Debt / EBITDA (x)	1.4	1.6	1.2	0.6
<b>Profitability Ratios</b>				
RoCE (%) (Post Tax)	9.9	8.9	11.4	12.6
RoE (%)	15.8	14.0	18.8	19.5
RoC (%)	13.3	12.5	15.5	17.3
Fixed Asset Turnover (x)	1.3	1.3	1.3	1.3
Inventory Turnover Days	48	44	46	45
Receivables Days	19	25	25	24
Payables Days	38	41	42	41

Source Company data, I-Sec research



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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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