

JK Cement

BSE SENSEX 83,536
S&P CNX 25,476



Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	493.9 / 5.8
52-Week Range (INR)	6514 / 3891
1, 6, 12 Rel. Per (%)	9/27/46
12M Avg Val (INR M)	613

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	134.9	154.8	170.7
EBITDA	26.5	31.0	35.2
Adj. PAT	11.5	14.6	17.4
EBITDA Margin (%)	19.7	20.0	20.6
Adj. EPS (INR)	149.4	188.3	224.9
EPS Gr. (%)	44.3	26.1	19.4
BV/Sh. (INR)	917	1,081	1,281

Ratios

Net D:E	0.6	0.4	0.3
RoE (%)	17.5	18.9	19.0
RoCE (%)	11.9	13.1	14.0
Payout (%)	13.4	13.3	11.1

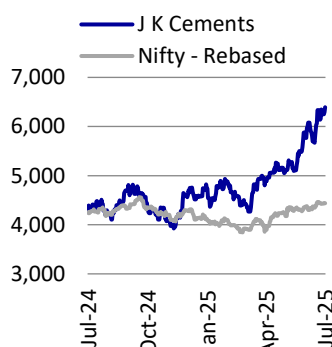
Valuations

P/E (x)	42.7	33.8	28.3
P/BV (x)	6.9	5.9	5.0
EV/EBITDA(x)	19.5	16.5	14.2
EV/ton (USD)	184	181	155
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	1.0	2.7	3.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	45.7	45.7	45.7
DII	24.5	23.7	23.4
FII	16.1	16.9	15.9
Others	13.7	13.7	15.0

Stock Performance (1-year)



CMP: INR6,393

TP: INR7,300 (+14%)

Buy

Built for the long haul

Delivering on expectations; expansions boost volume growth

- JK Cement's (JKCE) stock performance has played out broadly in line with our expectations, reflecting its strong track record of consistent operational delivery and disciplined execution. Over the past several years, JKCE has evolved into a structurally stronger business, outperforming peers.
- The company has a robust pipeline and aims to expand its capacity to 50mtpa by FY30. This target will be achieved through a mix of greenfield and brownfield expansions, with strategic opportunities in Jaisalmer, Muddapur, Panna.
- In order to drive operation efficiency, the company plans to reduce costs, continue to increase the share of blended cement, use more green energy, and leverage digitalization and automation. In FY25, JKCE realized cost savings of INR40-50/t, and it anticipate further cost savings of INR75/t over the next few quarters. The company aspires to be among the top quartile of sustainable, low-cost cement producers in the industry.
- We introduce our FY28 estimates in this note. We estimate a CAGR of 13%/20%/31% in consol. revenue/EBITDA/PAT over FY25-28, led by strong volume growth (12% CAGR) and profitability improvement. We estimate its EBITDA/t at INR1,210/INR1,230/INR1,280 in FY26/FY27/FY28 vs. INR1,010 in FY25 (avg. INR1,090 over FY20-24). Given the company's increasing scale of operations, strong execution strategy, and cost-reduction initiatives, we value it at 18x Jun'27E EV/EBITDA (premium to its long-term average) to arrive at our TP of INR7,250. We reiterate our BUY rating on the stock.

Expansions reinforce its pan-India aspirations

- JKCE continues to demonstrate strategic foresight in securing key resources and expanding its geographic footprint. It has signed a 40-year limestone supply agreement with Gujarat Mineral Development Corporation (GMDC), ensuring access to 250mt of reserves. Additionally, the recent allocation of two coal blocks, Mahan (Madhya Pradesh) and west of Shahdol (South), will help to achieve fuel security and reduce input cost volatility.
- The company has entered the Eastern India markets with the launch of grey cement in Bihar and Odisha, supported by its upcoming Buxar plant, which will act as a strategic hub. The plant will also enhance JKCE's presence in this high-growth region, strengthening its transition toward becoming a pan-India player.
- JKCE is on track to achieve its targeted 30mtpa capacity by FY26. In FY25, it incurred a capex of INR11.6b across key projects (including INR1.6b for its greenfield GU in Buxar). The balance capex for ongoing 6.0mtpa capacity expansion is estimated at INR15.0b in FY26. An additional capex of INR5.0b has been allocated for efficiency projects and maintenance.

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Profitability intact despite tepid near-term outlook

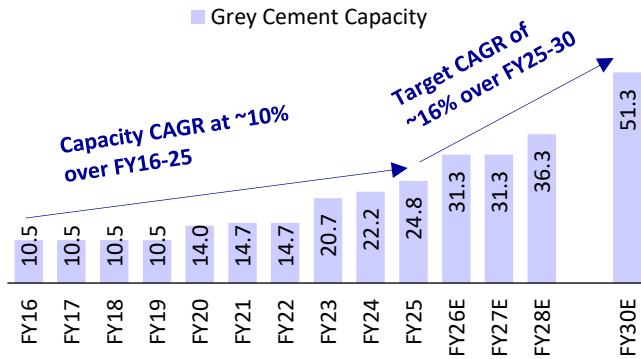
- Cement demand was sluggish in 1QFY26, partly due to unfavorable weather conditions, as heatwaves in initial days and early rains in the later part of the quarter adversely affected construction activities. Near-term cement demand is estimated to remain weak due to the seasonal impact, though we believe it is likely to rebound over the medium to long term, led by strong underlying demand drivers. Cement pricing during the quarter was range-bound in the company's key markets, North and Central, which account for ~80% of its total grinding capacity. We believe pricing will remain resilient in the near term, and estimate upward trends in the medium to long term, given strong demand-supply equilibrium in those regions.
- Despite a tepid near-term outlook, we estimate JKCE to deliver volume growth of ~8% YoY in 1QFY26, led by market share gains. Further, we estimate QoQ improvement in realization, supported by the contribution from the south India plant (Muddapur, Karnataka) and a higher share of premium cement in overall mix. We estimate the company's EBITDA/t to increase ~26% YoY (flat QoQ) to INR1,266 in 1QFY26E.
- We estimate a CAGR of 13%/20%/31% in JKCE's consol. revenue/EBITDA/PAT over FY25-28, driven by robust volume growth and profitability improvement. We estimate ~11% CAGR in consol. volume over FY25-28, aided by capacity expansions and access to a new region (east). OPM is estimated to improve to 20-21% by FY27/FY28. We estimate the company's EBITDA/t at INR1,210/INR1,230/INR1,280 in FY26/FY27/FY28 vs. INR1,010 in FY25 (avg. INR1,090 over FY20-24).

View and valuation

- We estimate JKCE to generate a cumulative OCF of INR81.0b during FY26-28, and its cumulative capex would be INR48.0b over the same period. Given the strong cash flow generation and low-cost expansions (capex cost stood at USD60-70/t), we believe its net debt will peak out in FY26E at INR42b. Further, its net debt-to-EBITDA ratio would decline to <1.0x in FY28E from 2.0x in FY25. We estimate its RoE/RoCE (post-tax) to improve to ~19%/13% in FY27 from ~13%/10% in FY25.
- JKCE saw re-rating in FY22, and started trading at average EV/EBITDA (one-year forward) of 17x. Re-rating in the stock is attributable to its expanded operations, strong execution capabilities, and cost-reduction initiatives. We believe JKCE is best-placed among mid-size cement companies with a pan-India presence.
- Our EBITDA estimates for FY26/FY27/FY28 are higher by ~4%/1%/5% than the consensus estimates for JKCE. It is currently trading at 19x/16x FY26/FY27E EV/EBITDA and EV/T of USD185/USD180. We value JKCE at 18x Jun'27E EV/EBITDA (premium to its long-term average) to arrive at a TP of INR7,250. We reiterate our BUY rating on the stock.

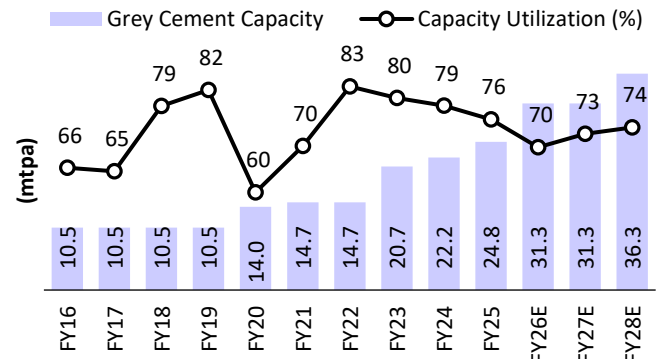
Story in charts

Exhibit 1: JKCE added capacity consistently



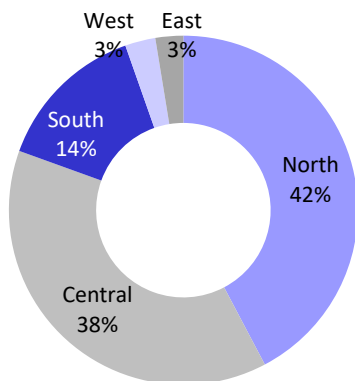
Sources: MOFSL, Company

Exhibit 2: JKCE capacity utilization at 70%+ over FY26-28E



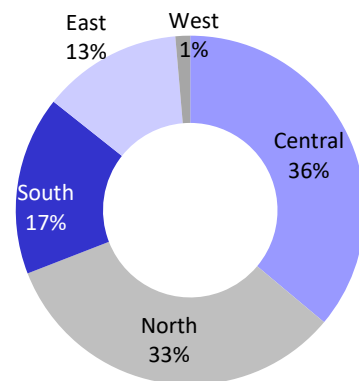
Sources: MOFSL, Company

Exhibit 3: JKCE diversified capacity share (FY25)



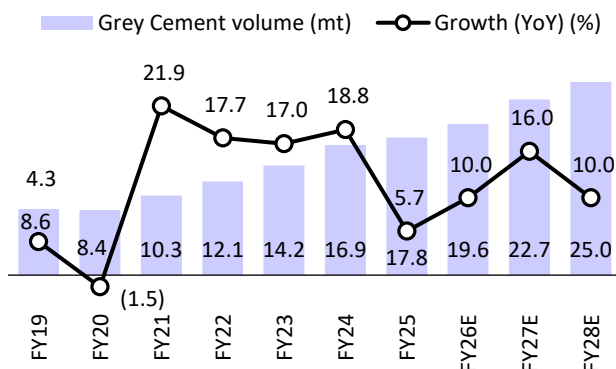
Sources: MOFSL, Company

Exhibit 4: JKCE balances its regional capacity mix (FY30E)



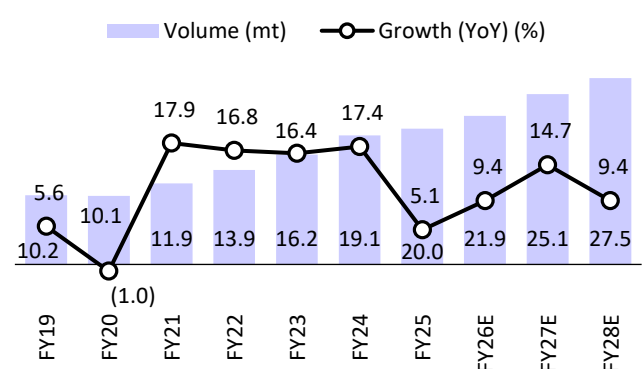
Sources: MOFSL, Company

Exhibit 5: Grey cement volume CAGR of ~12% over FY25-28E



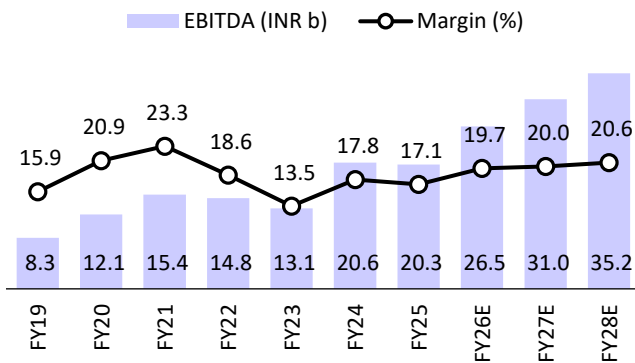
Sources: MOFSL, Company

Exhibit 6: Consol. volume CAGR of ~11% over FY25-28E



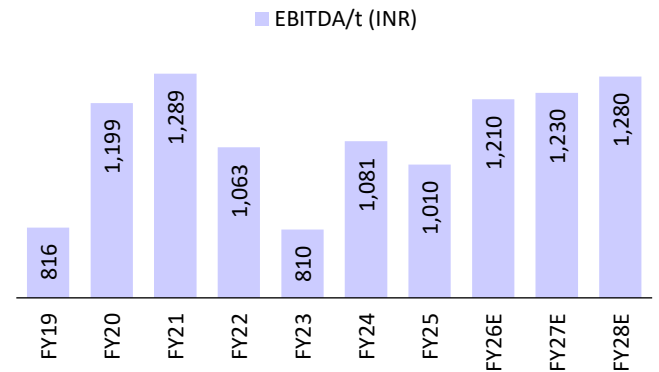
Sources: MOFSL, Company

Exhibit 7: Estimate ~20% consol. EBITDA CAGR over FY25-28



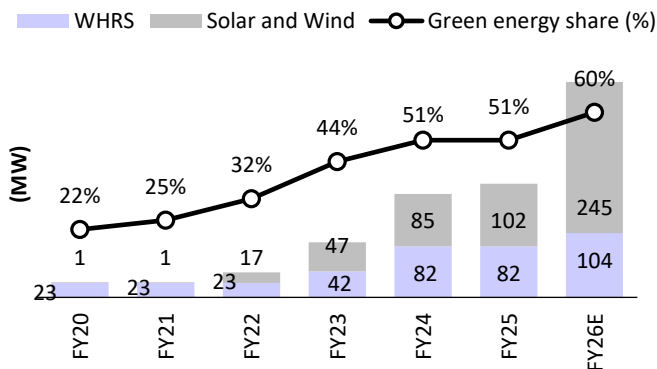
Sources: Company, MOFSL, Note: Consolidated EBITDA

Exhibit 8: Estimate consol. EBITDA/t to rise over FY26-28



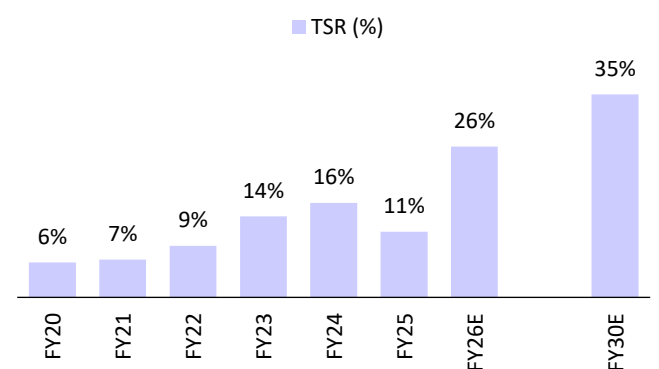
Sources: Company, MOFSL, Note: Consolidated EBITDA/t

Exhibit 9: JKCE's green power share improving



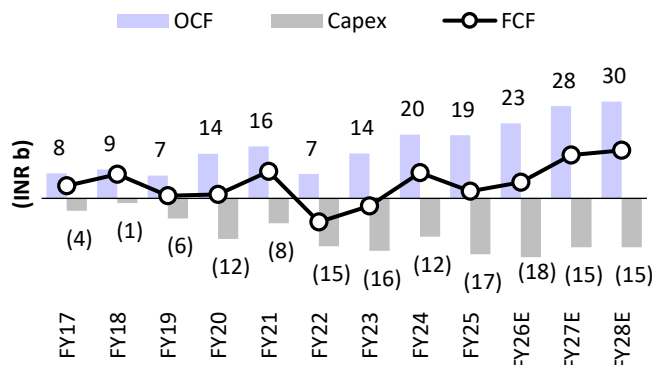
Sources: MOFSL, Company

Exhibit 10: Targets to achieve a TSR of 35% by FY30



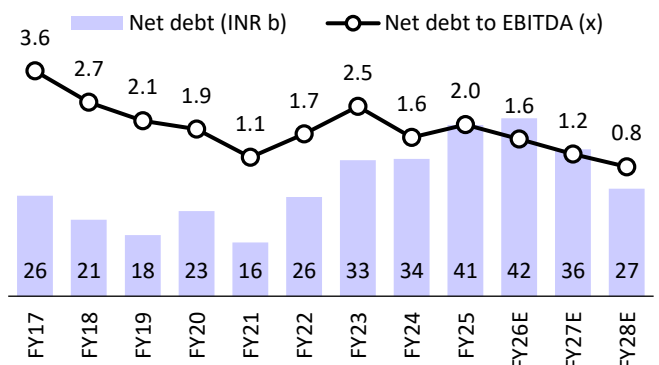
Sources: MOFSL, Company

Exhibit 11: OCF will support expansion plans



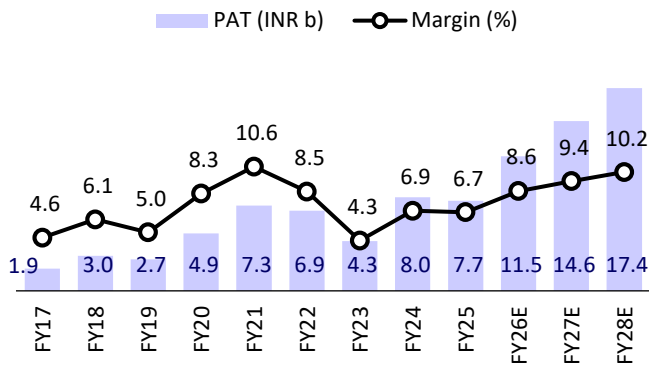
Sources: MOFSL, Company

Exhibit 12: Net debt is estimated to peak out in FY26E



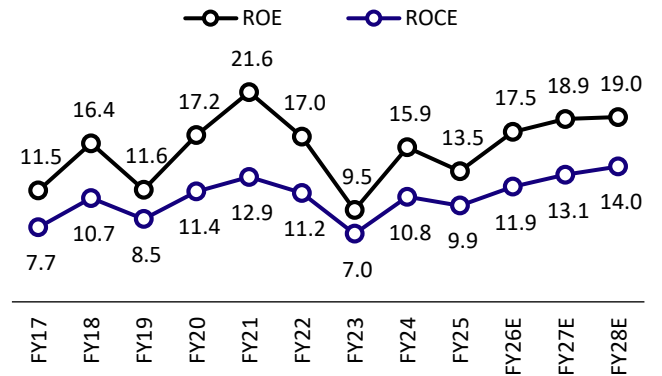
Sources: MOFSL, Company

Exhibit 13: PAT margin to improve



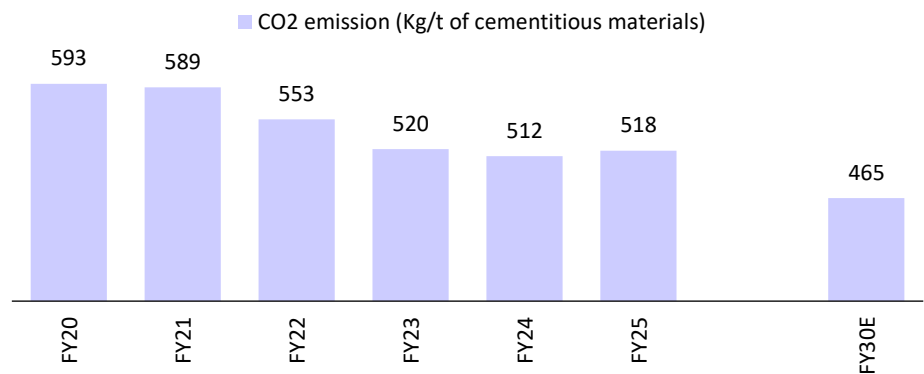
Sources: MOFSL, Company

Exhibit 14: Estimate return ratios to improve



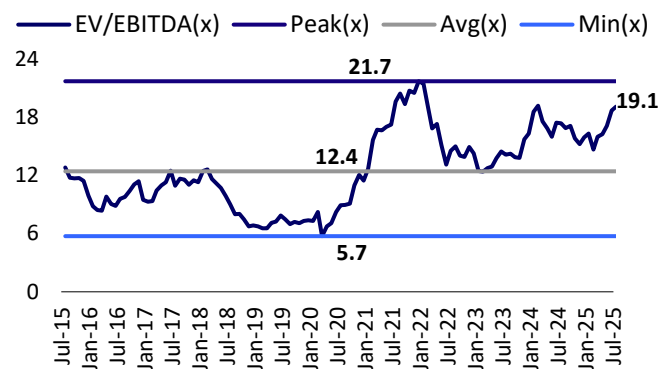
Sources: MOFSL, Company

Exhibit 15: Target CO2 emission reduction by ~22% from FY20 and ~10% from FY25



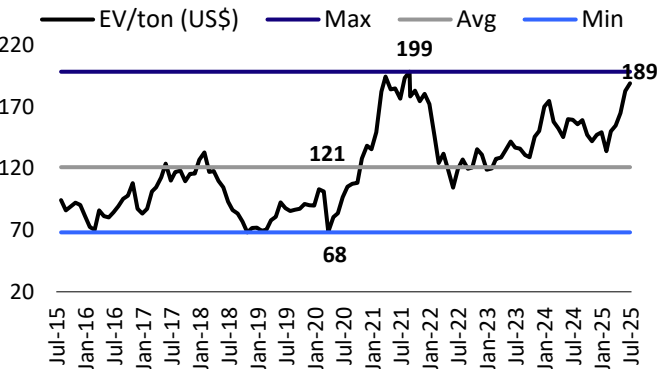
Source: MOFSL, Company

Exhibit 16: One-year forward EV/EBITDA (x) trend



Sources: MOFSL, Company

Exhibit 17: One-year forward EV/t (USD) trend



Sources: MOFSL, Company

Consolidated financials and valuations

Income Statement						(INR m)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	66,061	79,908	97,202	1,15,560	1,18,792	1,34,940	1,54,771	1,70,721
Change (%)	13.9	21.0	21.6	18.9	2.8	13.6	14.7	10.3
EBITDA	15,387	14,824	13,143	20,598	20,271	26,533	30,952	35,197
Margin (%)	23.3	18.6	13.5	17.8	17.1	19.7	20.0	20.6
Depreciation	3,062	3,425	4,582	5,726	6,015	6,979	7,362	8,025
EBIT	12,325	11,399	8,561	14,872	14,257	19,554	23,589	27,172
Int. and Finance Charges	2,528	2,697	3,122	4,531	4,592	4,877	4,836	4,553
Other Income – Rec.	1,130	1,429	874	1,451	1,730	1,768	1,981	2,142
PBT bef. EO Exp.	10,927	10,131	6,313	11,791	11,395	16,445	20,735	24,761
EO Expense/(Income)	0	0	0	55	-1,024	0	0	0
PBT after EO Exp.	10,927	10,131	6,313	11,736	12,418	16,445	20,735	24,761
Current Tax	3,296	2,429	1,424	1,487	2,235	4,903	6,182	7,382
Deferred Tax	600	908	698	2,350	1,467	0	0	0
Tax Rate (%)	35.7	32.9	33.6	32.7	29.8	29.8	29.8	29.8
Reported PAT	7,031	6,794	4,191	7,899	8,716	11,542	14,553	17,379
PAT adj. for EO items	7,031	6,794	4,191	7,936	7,997	11,542	14,553	17,379
Change (%)	45.5	-3.4	-38.3	89.4	0.8	44.3	26.1	19.4
Margin (%)	10.6	8.5	4.3	6.9	6.7	8.6	9.4	10.2
Less: Minority Interest	-66.2	-77.0	-72.5	-24.1	98.5	0.0	0.0	0.0
Net Profit	7,317	6,871	4,263	8,013	7,718	11,542	14,553	17,379

Balance Sheet						(INR m)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	773	773	773	773	773	773	773	773
Total Reserves	36,595	42,476	46,095	52,899	60,117	70,114	82,735	98,183
Net Worth	37,367	43,249	46,868	53,671	60,890	70,887	83,508	98,955
Deferred Liabilities	5,930	7,383	8,094	10,756	12,215	12,215	12,215	12,215
Minority Interest	-257	-343	-444	-455	-338	-338	-338	-338
Total Loans	34,017	38,549	49,951	52,385	58,955	61,455	57,955	54,455
Capital Employed	77,057	88,838	1,04,469	1,16,358	1,31,723	1,44,220	1,53,341	1,65,288
Gross Block	82,126	91,614	1,12,857	1,29,469	1,37,688	1,53,863	1,66,863	1,81,863
Less: Accum. Deprn.	22,752	26,177	30,759	36,486	42,500	49,480	56,842	64,868
Net Fixed Assets	59,374	65,437	82,097	92,983	95,188	1,04,383	1,10,020	1,16,995
Capital WIP	5,093	10,321	5,920	4,639	13,175	15,000	17,000	17,000
Total Investments	1,422	2,157	923	3,683	6,009	6,009	6,009	6,009
Curr. Assets, Loans, and Adv.	32,831	36,115	41,552	46,716	52,444	56,639	61,249	69,023
Inventory	7,566	12,087	9,821	11,816	11,751	13,037	14,760	16,136
Account Receivables	3,615	4,268	4,801	5,663	7,866	8,718	7,607	8,280
Cash and Bank Balance	16,416	10,793	15,874	17,749	13,697	14,752	17,751	22,477
Loans and Advances	5,233	8,967	11,056	11,488	19,131	20,131	21,131	22,131
Curr. Liability and Prov.	21,663	25,192	26,024	31,663	35,093	37,811	40,937	43,739
Account Payables	20,276	23,803	24,512	29,955	33,268	35,969	39,079	41,863
Provisions	1,388	1,389	1,511	1,709	1,826	1,842	1,859	1,876
Net Current Assets	11,167	10,923	15,528	15,053	17,351	18,828	20,311	25,284
Appl. of Funds	77,057	88,838	1,04,469	1,16,358	1,31,723	1,44,220	1,53,341	1,65,288

Source: Company, MOFSL estimates

Consolidated financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)*								
Consol. EPS	91.0	87.9	54.2	102.7	103.5	149.4	188.3	224.9
Cash EPS	130.6	132.3	113.5	176.8	181.3	239.7	283.6	328.8
BV/Share	483.6	559.7	606.6	694.6	788.0	917.4	1,080.7	1,280.6
DPS	15.0	15.0	15.0	20.0	15.0	20.0	25.0	25.0
Payout (%)	16.5	17.1	27.7	19.6	13.3	13.4	13.3	11.1
Valuation (x)*								
P/E	70.0	72.5	117.5	62.0	61.6	42.7	33.8	28.3
Cash P/E	48.8	48.2	56.1	36.0	35.1	26.6	22.5	19.4
P/BV	13.2	11.4	10.5	9.2	8.1	6.9	5.9	5.0
EV/Sales	7.6	6.4	5.3	4.5	4.4	3.8	3.3	2.9
EV/EBITDA	32.7	34.2	39.5	25.2	25.6	19.5	16.5	14.2
EV/t (USD)	347	342	260	243	225	184	181	155
Dividend Yield (%)	0.2	0.2	0.2	0.3	0.2	0.3	0.4	0.4
Return Ratios (%)								
RoIC	15.0	12.8	7.7	11.6	10.6	13.2	15.0	16.4
RoE	21.6	17.0	9.5	15.9	13.5	17.5	18.9	19.0
RoCE	12.9	11.2	7.0	10.8	9.9	11.9	13.1	14.0
Working Capital Ratios								
Asset Turnover (x)	0.9	0.9	0.9	1.0	0.9	0.9	1.0	1.0
Inventory (Days)	42	55	37	37	36	35	35	34
Debtor (Days)	20	19	18	18	24	24	18	18
Creditor (Days)	112	109	92	95	102	97	92	90
Working Capital Turnover (Days)	-29	1	-1	-9	11	11	6	6
Leverage Ratio (x)								
Current Ratio	1.5	1.4	1.6	1.5	1.5	1.5	1.5	1.6
Debt/Equity ratio	0.9	0.9	1.1	1.0	1.0	0.9	0.7	0.6

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	10,927	10,131	6,276	11,736	12,424	16,445	20,735	24,761
Depreciation	3,062	3,425	4,619	5,726	6,015	6,979	7,362	8,025
Interest and Finance Charges	1,666	2,697	3,019	4,435	4,507	4,877	4,836	4,553
Direct Taxes Paid	-1,959	-2,429	-1,622	-1,542	-2,004	-4,903	-6,182	-7,382
(Inc.)/Dec. in WC	1,715	-5,379	2,276	2,352	-6,351	-422	1,515	-246
CF from Operations	15,411	8,445	14,568	22,708	14,590	22,977	28,266	29,711
Others	490	(967)	(797)	(3,117)	4,804	-	-	-
CF from Operations incl. EO	15,901	7,478	13,771	19,591	19,394	22,977	28,266	29,711
(Inc.)/Dec. in FA	-7,678	-14,716	-16,115	-11,726	-17,198	-18,000	-15,000	-15,000
Free Cash Flow	8,223	-7,238	-2,344	7,865	2,196	4,977	13,266	14,711
(Pur.)/Sale of Investments	-11,747	-734	-2,021	-5,634	-3,703	0	0	0
Others	11,665	2,232	-2,012	1,002	1,804	0	0	0
CF from Investments	-7,760	-13,218	-20,148	-16,358	-19,097	-18,000	-15,000	-15,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc.)/(Dec.) in Debt	1,120	4,532	11,560	1,431	6,987	2,500	-3,500	-3,500
Interest Paid	-2,427	-2,697	-2,841	-4,324	-4,401	-4,877	-4,836	-4,553
Dividend Paid	0	-1,159	-1,159	-1,158	-1,544	-1,545	-1,932	-1,932
Others	-68	-559	-147	-106	-303	1	0	0
CF from Fin. Activity	-1,375	117	7,413	-4,157	738	-3,921	-10,268	-9,984
Inc./Dec. in Cash	6,767	-5,623	1,036	-924	1,035	1,056	2,998	4,726
Opening Balance	9,650	16,416	14,838	18,674	12,662	13,697	14,752	17,751
Closing Balance	16,416	10,793	15,874	17,749	13,697	14,752	17,751	22,477

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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