

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	346.2 / 4.1
52-Week Range (INR)	4594 / 2996
1, 6, 12 Rel. Per (%)	1/-/1/17
12M Avg Val (INR M)	582

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	122.6	138.7	155.6
EBITDA	22.1	27.3	31.5
Adj. PAT	8.7	11.6	14.3
EBITDA Margin (%)	18.0	19.7	20.2
Adj. EPS (INR)	112.0	150.1	184.7
EPS Gr. (%)	9.0	34.0	23.1
BV/Sh. (INR)	782	902	1,056

Ratios

Net D:E	0.8	0.7	0.5
RoE (%)	15.2	17.8	18.9
RoCE (%)	10.7	12.4	13.7
Payout (%)	22.3	20.0	16.2

Valuations

P/E (x)	40.0	29.8	24.3
P/BV (x)	5.7	5.0	4.2
EV/EBITDA(x)	17.2	13.6	11.9
EV/ton (USD)	171	151	137
Div. Yield (%)	0.6	0.7	0.7
FCF Yield (%)	0.2	1.4	5.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	45.7	45.7	45.8
DII	22.1	23.4	23.2
FII	17.7	15.9	15.5
Others	14.5	15.0	15.5

FII Includes depository receipts

CMP: INR4,480 TP: INR5,150 (+15%) Buy

EBITDA in line; capacity expansion on track

Central India expansion achieved 93% capacity utilization

- JK Cement (JKCE)'s consol. EBITDA grew 19% YoY to INR4.9b (est. INR4.7b), and EBITDA/t increased 14% YoY to INR1,003 (est. INR949) in 1QFY25. The impact of lower grey cement realization was offset by - 1) higher other operating income; and 2) lower other expenses. OPM surged 2.6pp YoY to 17.3% (est. 16.3%). Adj. PAT increased 49% YoY to INR1.9b (est. INR1.5b).
- Management highlighted its long-term capacity expansion plan of 45-50mtpa (vs. 24mtpa currently), including the greenfield expansion at Jaisalmer, followed by brownfield expansions at Muddapur (Karnataka), Panna (MP), and Orrisa plants. JKCE reiterated its cost-saving target of INR150-200/t over the next two years through logistics cost optimization and the increasing share of green energy and alternative fuel.
- We broadly maintain our FY25/FY26E EBITDA. We prefer JKCE due to its steady expansion and stronger execution strategy vs. peers. We value JKCE at 15x Jun'26E EV/EBITDA to arrive at our TP of INR5,150. **Reiterate BUY.**

Grey cement volume up 6% YoY; opex/t down 6% YoY

- JKCE's consolidated revenue/EBITDA/adj. PAT stood at INR28.1b/INR4.9b/INR1.9b (up 2%/19%/49% YoY and down 2%/up 4%/24% vs. our estimate). Combined sales volumes stood at 4.8mt (up 5% YoY). Blended realization stood at INR5,793/t (down 3% YoY/QoQ; in line) in 1QFY25. Grey cement realization declined 6%/5% YoY/QoQ to INR4,670 (3% miss). Other operating income/t stood at INR216 vs. INR178/INR182 in 1Q/4QFY24.
- Opex/t dipped 6% YoY. Variable costs/other expenses per tonne declined 13%/4% YoY, while freight costs/t rose 1% YoY. OPM improved 2.6pp YoY to 17.3% and EBITDA/t was up 14% YoY to INR1,003.
- Depreciation and interest costs increased 9% and 1% YoY, respectively. Other income grew 42% YoY.

Highlights from the management commentary

- Cement demand is weak, and JKCE expects it to revive in Sep-Oct'24. Cement prices are also under pressure and down 1.0-1.5% vs. 1QFY25.
- Fuel consumption cost was INR1.62/kcal vs. INR2.19/INR1.80 in 1QFY24/4QFY24. Lead distance was down 11km YoY and 4km QoQ to 415km.
- JKCE commissioned a greenfield grinding unit at Prayagraj, with a capacity of 2mtpa in Jul'24 (within 10 months of commencement of work).

Valuation & View

- We estimate JKCE's consol. revenue/EBITDA CAGR at 10%/15% over FY24-27, driven by an 11% CAGR in sales volume and improvement in EBITDA/t.
- The stock trades at 13.6x Mar'26E EV/EBITDA and an EV/t of USD151. Considering JKCE's growth strategy (long-term capacity target of 45-50mtpa), higher volume growth, improving regional mix, and improved profitability, we value the stock at 15x Jun'26E EV/EBITDA to arrive at our TP of INR5,150. **Reiterate BUY.**

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidate quarterly performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales Dispatches (mt)	4.6	4.5	4.7	5.2	4.8	4.8	5.2	6.0	19.07	20.84	4.9	(2)
YoY Change (%)	25.4	24.5	13.5	11.3	4.7	5.8	10.0	15.8	17.5	9.3	6.7	
Realization (INR/t)	5,968	6,068	6,238	5,974	5,793	5,872	5,964	5,893	6,060	5,883	5,819	(0)
YoY Change (%)	(2.9)	(1.1)	6.1	0.5	(2.9)	(3.2)	(4.4)	(1.4)	1.2	(2.9)	(2.5)	
QoQ Change (%)	0.4	1.7	2.8	(4.2)	(3.0)	1.4	1.6	(1.2)			(2.6)	
Net Sales	27.6	27.5	29.3	31.1	28.1	28.2	30.9	35.5	115.6	122.6	28.7	(2)
YoY Change (%)	21.7	23.1	20.5	11.8	1.6	2.4	5.2	14.2	18.9	6.1	4.0	
Total Expenditure	23.5	22.9	23.1	25.5	23.2	24.1	25.1	28.1	95.0	100.5	24.1	(3)
EBITDA	4.1	4.7	6.3	5.6	4.9	4.1	5.8	7.4	20.6	22.1	4.7	4
Margin (%)	14.8	17.0	21.3	18.0	17.3	14.5	18.6	20.8	17.8	18.0	16.3	101bp
Depreciation	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	5.7	6.0	1.6	(5)
Interest	1.1	1.2	1.1	1.1	1.1	1.2	1.2	1.2	4.5	4.7	1.2	(6)
Other Income	0.3	0.3	0.4	0.5	0.4	0.3	0.4	0.5	1.5	1.6	0.3	49
PBT before EO expense	2.0	2.4	4.1	3.4	2.7	1.7	3.4	5.1	11.9	13.0	2.3	21
Extra-Ord. expense	0.2	-	-	(0.1)	-	-	-	-	0.1	-	-	
PBT	1.8	2.4	4.1	3.5	2.7	1.7	3.4	5.1	11.8	13.0	2.3	21
Tax	0.7	0.7	1.3	1.3	0.9	0.6	1.2	1.8	3.9	4.4	0.8	
Profit from associate and MI	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	(0.0)	(0.0)	-	
Rate (%)	37.2	26.9	30.6	36.7	32.3	33.6	33.6	34.3	32.4	33.6	33.6	
Reported PAT	1.1	1.8	2.8	2.2	1.9	1.1	2.3	3.4	8.0	8.7	1.5	24
Adj. PAT	1.2	1.8	2.8	2.1	1.9	1.1	2.3	3.4	8.0	8.7	1.5	24
YoY Change (%)	(23.7)	59.8	628.0	90.3	49.3	(36.5)	(19.5)	58.2	87.9	8.1	20.8	

Source: Company, MOFSL estimates

Consolidated quarterly performance

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gray Cement (mt)	4.1	3.9	4.2	4.7	4.3	4.2	4.6	5.5	16.9	18.6	4.4	(2)
Growth (%)	29.4	22.1	13.6	13.0	5.6	5.8	10.2	17.2	18.9	10.0	8.2	
As a percentage of total volume	88.7	86.7	88.2	89.9	89.4	86.7	88.4	91.1	88.4	89.0	89.9	
White Cement (mt)	0.5	0.6	0.6	0.5	0.5	0.6	0.6	0.5	2.2	2.3	0.5	3
Growth (%)	1.2	19.2	13.1	(1.9)	(2.4)	6.1	8.5	2.9	7.6	3.9	(5.4)	
As a percentage of total volume	11.3	13.3	11.8	10.1	10.6	13.3	11.6	8.9	11.6	11.0	10.1	
Per tonne analysis (INR)												
Net realization	5,968	6,068	6,238	5,974	5,793	5,872	5,964	5,893	6,060	5,883	5,819	(0)
RM Cost	1,003	1,010	818	1,014	988	990	970	883	962	954	950	4
Employee Expenses	397	403	423	420	451	450	423	364	411	419	402	12
Power, Oil, and Fuel	1,493	1,396	1,383	1,184	1,176	1,230	1,170	1,160	1,358	1,182	1,228	(4)
Freight and handling	1,262	1,182	1,307	1,310	1,278	1,250	1,300	1,295	1,267	1,282	1,310	(2)
Other Expenses	932	1,048	979	970	897	1,100	990	965	981	986	980	(8)
Total Exp.	5,087	5,039	4,909	4,897	4,790	5,020	4,853	4,667	4,980	4,823	4,870	(2)
EBITDA	881	1,029	1,329	1,077	1,003	852	1,111	1,226	1,080	1,060	949	6

Source: Company, MOFSL estimates



Highlights from the management commentary

Demand pricing and operational highlights

- Cement demand is weak, and JKCE expects it to revive in Sep-Oct'24. Cement prices are also under pressure and down 1.0-1.5% vs. 1QFY25.
- JKCE's Central India plant achieved an average 90% capacity utilization in 1QFY25.
- Green energy usage/thermal substitution rate stood at 57%/17.3% in 1QFY25 vs. 51%/16.3% in FY24. It targets to increase green energy/TSR to 75%/35% by FY30. Fuel consumption cost stood at INR1.62/kcal vs. INR2.19/INR1.80/ kcal in 1QFY24/4QFY24. The company's petcoke consumption stood at 60%.
- Lead distance was down 19km YoY and 8km QoQ to 419km.
- Blended cement sales stood at 67% vs. 66% in 4QFY25 and trade sales stood at 63% vs. 61% in 4QFY24. Premium products sales as a % of trade sales stood at 13%, similar to 4QFY24).
- Raw Material cost declined due to lower volume (down 7%) and there was some extraordinary item in previous quarter (purchase of traded goods of INR300m). Further, other expenses lower sequentially due to previous quarter has certain annual adjustments pertaining to SAP4 Hana and deferment of branding expenses (including dealers tour), which are expected in 3Q onwards.
- The company is targeting a cost reduction of INR 150-200/t in the next two to three years. Major areas of cost savings will be 1) Logistics optimization – reduction of cost by INR30-40/t; 2) increasing green power share; and 3) use of AFR. It expects INR70-75/t saving in first year and similar saving in the next year.

Capacity expansion and Capex update

- 3.3mtpa grey clinker expansion at Panna (line II) and 3.0mtpa cement capacity expansion at Panna, Hamirpur and Prayagraj is progressing as per schedule. Actual expenditure incurred on this plant till Jun'24 is INR950m. It has done land acquisition for a greenfield grinding unit in Bihar and placed order for main plant and machinery. It expects scheduled commissioning by Dec'25.
- The company has target to double its grey cement capacity by FY30 and positioned as among the top five cement players in the country. In its long term capacity expansions, the company is planning to add a greenfield capacity in Jaisalmer followed by brownfield expansion at Karnataka (line 2), Panna (line 3) and Orissa. The company has land for expansion at all these plants, however, for any split location grinding unit land acquisition will require.
- Toshali plant, volume during the quarter stood at 0.03mt and it expects to ramp it up upto 0.1mt per quarter by 4QFY25. Further, there is no material progress on limestone lease transfer in the company's name, primarily due to change in government. It is now expecting this to close by Sep'25.
- Capex stood at INR1.75b in 1QFY25. It marinated capex guidance of INR19b/ INR18b for FY25/FY26.

Other highlights

- Paints revenue stood at INR570m with an operating loss of INR100m in 1Q. JKCE expects a revenue of INR3b FY25 in Paint segment.
- There is continued pressure on Putty prices, led by aggression from Paint players namely Asian Paints and low realization of putty.

Key exhibits

Exhibit 1: Total sales volumes (consol.) up 5% YoY

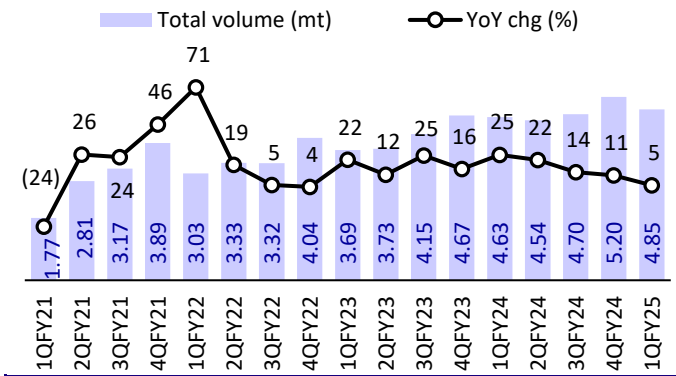


Exhibit 2: Gray cement realization declined 6% YoY/5% QoQ

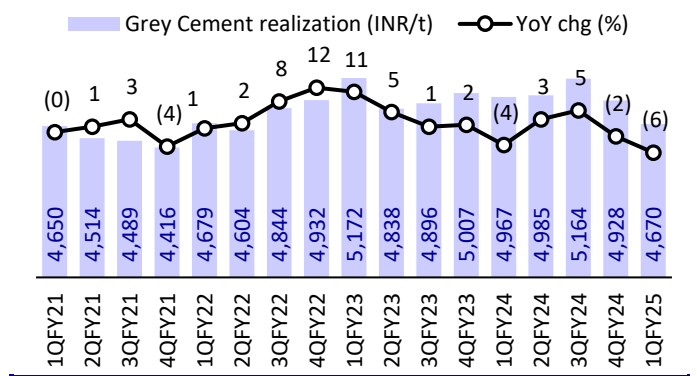


Exhibit 3: Opex/t declined 6% YoY (down 2% QoQ)

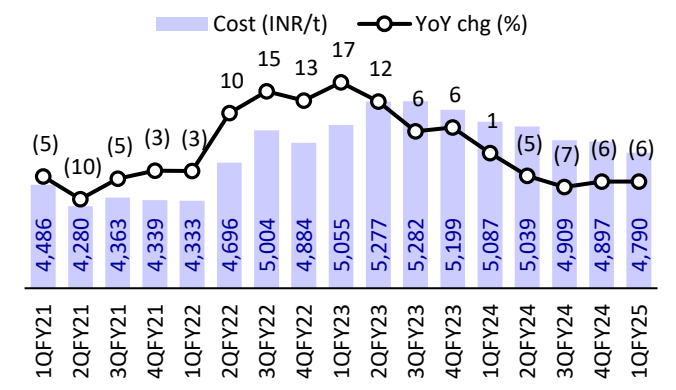


Exhibit 4: EBITDA/t grew 14% YoY (down 7% QoQ)

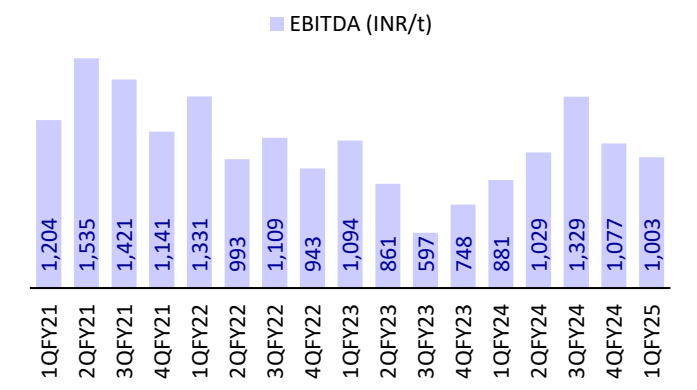
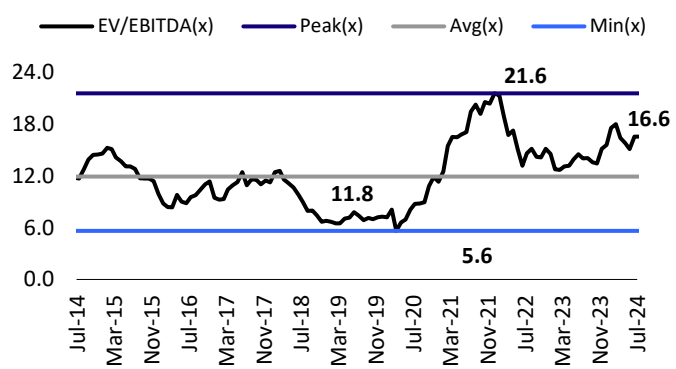


Exhibit 5: Key operating metrics – consolidated (blended)

INR/t	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ(%)
Blended realization	5,793	5,968	(3)	5,974	(3)
Gray Cement realization	4,670	4,967	(6)	4,928	(5)
White Cement realization	13,252	12,368	7	13,514	(2)
Raw Material Cost	988	1,003	(2)	1,014	(3)
Staff Cost	451	397	14	420	8
Power and fuel	1,176	1,493	(21)	1,184	(1)
Freight and selling Exp.	1,278	1,262	1	1,310	(2)
Other Exp.	897	932	(4)	970	(8)
Total Exp.	4,790	5,087	(6)	4,897	(2)
EBITDA	1,003	881	14	1,077	(7)

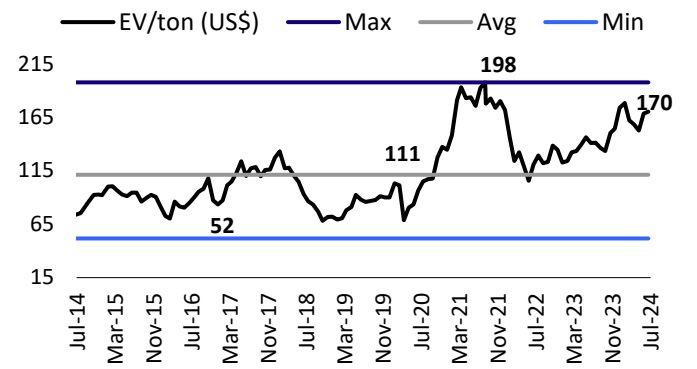
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA trend



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t trend



Source: Company, MOFSL

Consolidated financials and valuations

Income Statement						(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	58,016	66,061	79,908	97,202	1,15,560	1,22,606	1,38,659	1,55,565
Change (%)	10.3	13.9	21.0	21.6	18.9	6.1	13.1	12.2
EBITDA	12,134	15,387	14,824	13,143	20,598	22,085	27,305	31,475
Margin (%)	20.9	23.3	18.6	13.5	17.8	18.0	19.7	20.2
Depreciation	2,880	3,062	3,425	4,582	5,726	5,968	6,662	7,299
EBIT	9,255	12,325	11,399	8,561	14,872	16,117	20,643	24,177
Int. and Finance Charges	2,764	2,528	2,697	3,122	4,531	4,683	4,872	4,535
Other Income – Rec.	853	1,130	1,429	874	1,451	1,603	1,697	1,854
PBT bef. EO Exp.	7,344	10,927	10,131	6,313	11,791	13,037	17,468	21,496
EO Expense/(Income)	0	0	0	0	55	0	0	0
PBT after EO Exp.	7,344	10,927	10,131	6,313	11,736	13,037	17,468	21,496
Current Tax	1,593	3,296	2,429	1,424	1,487	4,382	5,872	7,226
Deferred Tax	917	600	908	698	2,350	0	0	0
Tax Rate (%)	34.2	35.7	32.9	33.6	32.7	33.6	33.6	33.6
Reported PAT	4,834	7,031	6,794	4,191	7,899	8,654	11,596	14,270
PAT adj. for EO items	4,834	7,031	6,871	4,263	7,936	8,654	11,596	14,270
Change (%)	83.4	45.5	-2.3	-38.0	86.2	9.0	34.0	23.1
Margin (%)	8.3	10.6	8.6	4.4	6.9	7.1	8.4	9.2
Less: Minority Interest	-90.0	-66.2	-77.0	-72.5	-24.1	0.0	0.0	0.0
Net Profit	4,924	7,317	6,871	4,263	8,013	8,654	11,596	14,270

Balance Sheet						(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	773	773	773	773	773	773	773	773
Total Reserves	29,504	36,595	42,476	46,095	52,899	59,621	68,899	80,851
Net Worth	30,277	37,367	43,249	46,868	53,671	60,394	69,672	81,624
Deferred Liabilities	4,173	5,930	7,383	8,094	10,756	10,756	10,756	10,756
Minority Interest	-203	-257	-343	-444	-455	-455	-455	-455
Total Loans	32,840	34,017	38,549	49,951	52,385	53,385	54,885	45,885
Capital Employed	67,086	77,057	88,838	1,04,469	1,16,358	1,24,080	1,34,858	1,37,810
Gross Block	75,780	82,126	91,614	1,12,857	1,29,469	1,41,108	1,49,108	1,69,108
Less: Accum. Deprn.	20,235	22,752	26,177	30,759	36,486	42,453	49,115	56,413
Net Fixed Assets	55,545	59,374	65,437	82,097	92,983	98,655	99,993	1,12,695
Capital WIP	5,295	5,093	10,321	5,920	4,639	12,000	22,000	10,000
Total Investments	458	1,422	2,157	923	3,683	3,683	3,683	3,683
Curr. Assets, Loans, and Adv.	24,122	32,831	36,115	41,552	46,716	41,711	42,378	46,225
Inventory	6,904	7,566	12,087	9,821	11,816	11,859	12,955	14,442
Account Receivables	2,677	3,615	4,268	4,801	5,663	5,922	6,609	7,308
Cash and Bank Balance	9,649	16,416	10,793	15,874	8,665	3,658	2,942	5,003
Loans and Advances	4,892	5,233	8,967	11,056	20,572	20,272	19,872	19,472
Curr. Liability and Prov.	18,334	21,663	25,192	26,024	31,663	31,969	33,196	34,793
Account Payables	16,725	20,276	23,803	24,512	29,955	30,245	31,456	33,037
Provisions	1,609	1,388	1,389	1,511	1,709	1,724	1,739	1,755
Net Current Assets	5,788	11,167	10,923	15,528	15,053	9,743	9,182	11,433
Appl. of Funds	67,086	77,057	88,838	1,04,469	1,16,358	1,24,080	1,34,858	1,37,810

Source: Company, MOFSL estimates

Consolidated financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)*								
Consol. EPS	62.6	91.0	88.9	55.2	102.7	112.0	150.1	184.7
Cash EPS	99.8	130.6	133.2	114.5	176.8	189.2	236.3	279.1
BV/Share	391.8	483.6	559.7	606.6	694.6	781.6	901.7	1,056.3
DPS	17.5	15.0	15.0	15.0	20.0	25.0	30.0	30.0
Payout (%)	33.7	16.5	17.1	27.7	19.6	22.3	20.0	16.2
Valuation (x)*								
P/E	71.6	49.2	50.4	81.2	43.6	40.0	29.8	24.3
Cash P/E	44.9	34.3	33.6	39.1	25.3	23.7	19.0	16.0
P/BV	11.4	9.3	8.0	7.4	6.4	5.7	5.0	4.2
EV/Sales	6.3	5.4	4.5	3.8	3.3	3.1	2.7	2.4
EV/EBITDA	30.0	23.2	24.4	28.4	18.5	17.2	13.6	11.9
EV/t (USD)	275	254	251	193	185	171	151	137
Dividend Yield (%)	0.4	0.3	0.3	0.3	0.4	0.6	0.7	0.7
Return Ratios (%)								
RoIC	13.0	15.0	12.8	7.7	11.1	10.5	13.0	14.2
RoE	17.2	21.6	17.0	9.5	15.9	15.2	17.8	18.9
RoCE	11.4	12.9	11.2	7.0	10.8	10.7	12.4	13.7
Working Capital Ratios								
Asset Turnover (x)	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1
Inventory (Days)	43.4	41.8	55.2	36.9	37.3	35.3	34.1	33.9
Debtor (Days)	17	20	19	18	18	18	17	17
Creditor (Days)	105	112	109	92	95	90	83	78
Working Capital Turnover (Days)	-24	-29	1	-1	20	18	16	15
Leverage Ratio (x)								
Current Ratio	1.3	1.5	1.4	1.6	1.5	1.3	1.3	1.3
Debt/Equity ratio	1.1	0.9	0.9	1.1	1.0	0.9	0.8	0.6

Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	7,344	10,927	10,131	6,276	11,736	13,037	17,468	21,496
Depreciation	2,880	3,062	3,425	4,619	5,726	5,968	6,662	7,299
Interest and Finance Charges	1,975	1,666	2,697	3,019	4,435	4,683	4,872	4,535
Direct Taxes Paid	-1,530	-1,959	-2,429	-1,622	-1,542	-4,382	-5,872	-7,226
(Inc.)/Dec. in WC	2,819	1,715	-5,379	2,276	-6,732	302	-156	-189
CF from Operations	13,488	15,411	8,445	14,568	13,624	19,607	22,974	25,914
Others	179	490	(967)	(797)	5,967	-	-	-
CF from Operations incl. EO	13,668	15,901	7,478	13,771	19,591	19,607	22,974	25,914
(Inc.)/Dec. in FA	-12,428	-7,678	-14,716	-16,115	-11,726	-19,000	-18,000	-8,000
Free Cash Flow	1,240	8,223	-7,238	-2,344	7,865	607	4,974	17,914
(Pur.)/Sale of Investments	-2,622	-11,747	-734	-2,021	-5,634	0	0	0
Others	6,998	11,665	2,232	-2,012	1,002	0	0	0
CF from Investments	-8,052	-7,760	-13,218	-20,148	-16,358	-19,000	-18,000	-8,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	3,133	1,120	4,532	11,560	1,431	1,000	1,500	-9,000
Interest Paid	-2,507	-2,427	-2,697	-2,841	-4,324	-4,683	-4,872	-4,535
Dividend Paid	-1,630	0	-1,159	-1,159	-1,158	-1,932	-2,318	-2,318
Others	-77	-68	-559	-147	-106	1	0	0
CF from Fin. Activity	-1,081	-1,375	117	7,413	-4,157	-5,614	-5,690	-15,853
Inc./Dec. in Cash	4,534	6,767	-5,623	1,036	-924	-5,007	-717	2,062
Opening Balance	5,116	9,650	16,416	14,838	9,590	8,665	3,658	2,942
Closing Balance	9,650	16,416	10,793	15,874	8,665	3,658	2,942	5,003

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