

**Excellent Earnings Print; Premium Valuations Limit Upside**

**Est. vs. Actual for Q1FY26:** Revenue – **BEAT**; EBITDA Margin – **BEAT**; PAT – **BEAT**  
**Change in Estimates post Q1FY26 (Abs)**

**FY26E/FY27E:** Revenue: 1%/3%; EBITDA: 0%/3%; PAT: 4%/6%

**Recommendation Rationale**

- **Growth Visibility on Volumes Remains Robust:** The company's capacity expansion program, targeting an addition of 6 MTPA, is progressing well and will raise its total Grey Cement capacity to 31.26 MTPA from the current 25.26 MTPA, implying a 12% capacity CAGR over FY20–FY27. The ramp-up of the recently commissioned capacity, along with the ongoing 6 MTPA expansion, is expected to drive strong volume growth going forward. As a result, the company is projected to deliver a volume CAGR of 13% over FY25–FY27E.
- **Margin Expansion Expected Amid Cost Optimisation:** The company delivered a strong operating performance during the quarter, supported by higher realisations and volume growth, leading to a 23% YoY improvement in EBITDA per tonne to Rs 1,226. This positive momentum is expected to sustain in FY26, backed by robust cement demand and better realisations. Management has guided for cost savings of Rs 150–200 per tonne over the next two years. Consequently, the company is expected to achieve an EBITDA margin in the range of 19%–20% in FY26E/FY27E, driven by higher volumes, improved realisations, and ongoing cost optimisation initiatives.
- **Eastern Expansion to Unlock New Growth Avenues; Central Region Remains a Key Contributor:** Upon completion of the ongoing and planned capacity expansions, Central India is expected to contribute around 40% of the company's total Grey Cement capacity. Additionally, the company's further foray into the Eastern market is set to support sustained growth. The government's increased focus on infrastructure development in these regions is likely to drive a significant rise in per-capita cement consumption over the coming years. Backed by its strategic expansion initiatives, the company is well-positioned to capitalise on the rising cement demand in these markets. Accordingly, a revenue CAGR of 16% is projected over FY25–FY27E.

**Sector Outlook: Positive**

**Company Outlook & Guidance:** JKCL targets 10–11% volume growth in FY26, ahead of the industry estimate of 7–8%, reaffirming its strong market position. Cement prices are currently marginally lower than Q1FY26 levels. Management highlighted that market dynamics will be crucial in determining price sustainability, making pricing trends a key monitorable for FY26. Cement demand is expected to remain robust throughout the year, supporting topline momentum.

**Current Valuation:** 16.5x FY27 EV/EBITDA (Earlier Valuation: 15x FY27 EV/EBITDA) and Paint business at 1x book value.

**Current TP:** Rs 6,530/share; (Earlier TP: Rs 5,740/share)

**Recommendation:** We change our rating from **BUY** to **HOLD** on the stock.

**Financial Performance**

JKCL delivered a strong operating performance during the quarter, driven by strong volume growth and higher cement realisations YoY. The company reported revenue, EBITDA, and PAT growth of 19%, 41%, and 75% YoY, respectively. APAT stood at Rs 324 Cr, reflecting a 75% YoY increase. EBITDA margins came in at 20.5%, above the anticipated 19.2%, and higher than 17.3% YoY. Consolidated volumes for the quarter, including both Grey and White Cement, reached 5.61 mtpa, marking a 15% YoY growth. The combined EBITDA per tonne improved to Rs 1,226, up 23% YoY. Cement realisations per tonne (Grey) increased by 1% QoQ to Rs 4,938, while the cost per tonne declined by 0.5% YoY to Rs 4,750.

**Key Financials (Consolidated)**

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	3,353	-6	19	3,084	8%
EBITDA	688	-10	41	594	16%
EBITDA Margin	20.5%	(90bps)	280bps	19.2%	130bps
Net Profit	324	-10	75	231	40%
EPS (Rs)	42	-10	75	30	40%

Source: Company, Axis Securities Research

(CMP as of 21<sup>st</sup> July 2025)

CMP (Rs)	6,416
Upside /Downside (%)	2
High/Low (Rs)	6,668/3,891
Market cap (Cr)	49,482
Avg. daily vol. (6m) Shrs.	1,35,000
No. of shares (Cr)	7.7

**Shareholding (%)**

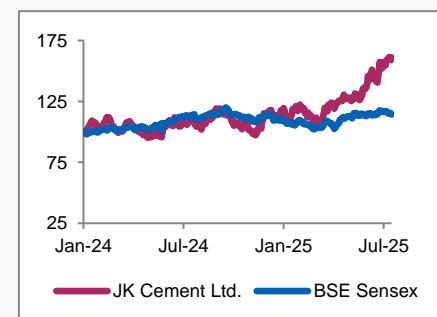
	Dec-24	Mar-25	Jun-25
Promoter	45.7	45.7	45.7
FII's	16.9	16.1	16.1
MFs / UTI	22.1	22.6	22.6
Banks / FI's	0.0	0.0	0.0
Others	15.4	15.6	15.6

**Financial & Valuations**

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	11,879	13,699	15,911
EBITDA	2,027	2,597	3,231
Net Profit	752	1,133	1,454
EPS (Rs)	124	147	188
PER (x)	52	44	34
P/BV (x)	8.2	7.0	5.8
EV/EBITDA (x)	26	20	16
ROE (%)	17	17	19

**Change in Estimates (%)**

Y/E Mar	FY26E	FY27E
Sales	1%	3%
EBITDA	0%	3%
PAT	4%	6%

**Relative Performance**


Source: Ace Equity

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## Outlook

- JKCL has a dominant presence in North India and is now expanding into the high-demand Central and Eastern regions — significantly broadening its addressable market. Government focus on infrastructure, low-cost housing, and increasing real estate activity is creating strong sectoral tailwinds. Recently added capacities are ramping up, paving the way for higher utilisation and improved operating leverage. Over FY25–FY27E, the company is projected to deliver a CAGR of 13% in volume, 16% in revenue, 26% in EBITDA, and 30% in APAT.

## Valuation & Recommendation

- The stock is currently trading at 20x/16x FY26E/FY27E EV/EBITDA, which is at a premium to its historical valuation range. Given the limited upside from current levels, we revise our rating from BUY to HOLD with a target price of Rs 6,530/share, implying an upside potential of 2% from the current market price. We recommend awaiting a better entry point for a more favourable risk-reward.

## Key Concall Highlights

- **Capacity Expansion:** The company's capacity expansion (Clinker 3.3 mtpa and Grinding 6 mtpa) is progressing well and is expected to be commissioned by Dec'25. This expansion will strengthen its market position in Central & Eastern India and support volume growth. The company also increased the capacity of Ujjain Grinding unit by 0.5 mtpa through de-bottlenecking, taking the total capacity to 2 mtpa. It has also decided to set up 0.6 mtpa of Wall Putty unit at a capital cost of Rs 195 Cr to meet peak season demand and is expected to be commissioned in FY27.
- **Paint Foray:** The company reported paint revenue of Rs 84 Cr in Q1FY26. It clocked revenue of Rs 275 Cr in FY25 and expects FY26 contribution of Rs 375–400 Cr from the paint business. While the business incurred a Rs 45 Cr loss in 12MFY25 and expects a Rs 40-50 Cr loss for FY26, the company aims to achieve EBITDA positivity by FY27. The total investment in Paint business stands at close to Rs 450 Cr.
- **Volume:** Consolidated volume grew 15% YoY during the quarter, with grey and white cement volumes rising 15% and 7% YoY, respectively. Blended cement sales accounted for 68%, flattish QoQ, with the remainder being OPC. The trade and non-trade mix stood at 68% and 32%, respectively, compared to 71% and 29% QoQ. Capacity utilisation was at 83% for cement and 92% for clinker during the quarter, supported by improving demand during the busy construction period. Volume growth was driven by the Central and East regions.
- **Premium Cement:** Premium cement contributed 14% to overall trade sales. The company aims to increase premium cement sales to 20%–25% over the medium to long term. Grey and white cement contributions stood at 80:20 during the quarter, with total volumes split at 90% for grey and 10% for white cement on a consolidated basis.
- **Pricing:** Cement realisation improved 1% QoQ to Rs 4,935 during the quarter. Cement prices are currently marginally lower compared to Q1FY26 levels, with pricing trends expected to be influenced by market dynamics.
- **Power/Fuel:** Power and fuel costs were up 14%/ and down 9% QoQ/YoY at Rs 1066/tonne during the quarter. The company expects these costs to remain in the range. The fuel mix comprised 60% pet coke and the balance imported coal, renewable energy, and AFR, with costs at Rs 1.53/Kcal, up from Rs 1.41 in Q4FY25. WHRS at Panna is operational and is expected to save Rs 50 Cr annually. The company's total green power capacity stands at 184 MW, including 82 MW from WHRS and 102 MW from solar and wind.
- **Freight:** Lead distance increased to 436 km in Q1FY26 from 434 km in Q4FY25 due to an expanded footprint. Freight costs were higher by 7% YoY and flattish QoQ at Rs 1,363/tonne. The company transported 89% of its volume by road and the remainder by rail.
- **Subsidy:** The company expects a subsidy of Rs 200/tonne for Central India operations, targeting Rs 300 Cr over the next few years. It received an incentive of Rs 85 Cr during the quarter, which will aid revenue growth.
- **Capex:** Capex guidance for FY26 and FY27 stands at Rs 1,900 Cr and Rs 1,800 Cr, respectively, with Rs 1,700 Cr spent in 12MFY25 on expansion initiatives.
- **Debt/Cash:** The standalone gross debt stood at Rs 5,203 Cr, with cash and cash equivalents at Rs 2,407 Cr, resulting in a net debt of Rs 2,796 Cr. Net debt increased by Rs 231 Cr from Q4FY25.

## Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market and delay in capacity expansion.
- Higher input costs may impact margins.

## Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	13,699	15,911	13507	15398	1%	3%
EBITDA	2,597	3,231	2594	3142	0%	3%
PAT	1,133	1,454	1088	1369	4%	6%

Source: Company, Axis Securities Research

## Result Review Q1FY26

(Rs Cr)	Quarterly Performance				
	Q1FY26	Q4FY25	Q1FY25	% Chg QoQ	% Chg YoY
Net sales	3353	3581	2808	-6%	19%
Expenditure	2665	2816	2321	-5%	15%
EBITDA	688	765	486	-10%	41%
Other income	56	46	45	23%	26%
Interest	109	113	111	-4%	-2%
Depreciation	146	162	147	-10%	-1%
PBT	489	535	273	-9%	79%
Tax	165	174	88	-5%	87%
Adjusted PAT	324	360	185	-10%	75%
EBITDA margin (%)	20.5%	21.4%	17.3%	(90bps)	280bps
EPS (Rs)	42.1	46.8	24.1	-10%	75%

Source: Company, Axis Securities Research

## Volume/Realisation / Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q1FY26	Q4FY25	Q1FY25	% Chg QoQ	% Chg YoY
Volume/mnt	5.61	6.06	4.88	-7%	15%
Realisation/tonne (Rs)	5976	5910	5757	1%	4%
Cost/tonne (Rs)	4750	4647	4760	2%	0%
Raw material/tonne (Rs)	983	1006	982	-2%	0%
Staff Cost/tonne (Rs)	441	379	448	16%	-2%
Power & Fuel/tonne (Rs)	1066	931	1168	14%	-9%
Freight/tonne (Rs)	1363	1360	1270	0%	7%
Other Expenses /tonne (Rs)	896	970	891	-8%	1%
EBITDA/tonne (Rs)	1226	1262	997	-3%	23%

Source: Company, Axis Securities Research

## Financials (consolidated)

### Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>11556</b>	<b>11879</b>	<b>13699</b>	<b>15911</b>
Other operating income	0	0	0	0
<b>Total income</b>	<b>11556</b>	<b>11879</b>	<b>13699</b>	<b>15911</b>
Raw Material	1835	2018	2280	2576
Power & Fuel	2590	2180	2422	2737
Freight & Forwarding	2416	2680	3097	3531
Employee benefit expenses	784	902	1010	1132
Other Expenses	1871	2073	2292	2705
<b>EBITDA</b>	<b>2060</b>	<b>2027</b>	<b>2597</b>	<b>3231</b>
Other income	145	173	170	175
	0	0	0	0
<b>PBITD</b>	<b>2205</b>	<b>2200</b>	<b>2768</b>	<b>3406</b>
Depreciation	565	601	615	781
Interest & Fin Chg.	453	459	444	442
E/o income / (Expense)	0	0	0	0
<b>Pre-tax profit</b>	<b>1186</b>	<b>1140</b>	<b>1709</b>	<b>2182</b>
Tax provision	386	376	567	720
Minority Interests	-1	-11	-8	-8
Associates	0	0	0	0
RPAT	<b>799</b>	<b>752</b>	<b>1133</b>	<b>1454</b>
Other Comprehensive Income	0	0	0	0
<b>APAT after Comprehensive Income</b>	<b>799</b>	<b>752</b>	<b>1133</b>	<b>1454</b>

Source: Company, Axis Securities Research

### Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Total assets</b>	<b>14802</b>	<b>16682</b>	<b>17908</b>	<b>19476</b>
Net Block	9062	10270	11572	12620
CWIP	464	1317	1317	1317
Investments	368	601	351	501
Wkg. cap. (excl cash)	817	864	994	1152
Cash / Bank balance	867	1370	1266	1310
Misc. Assets	3224	2261	2408	2575
<b>Capital employed</b>	<b>14802</b>	<b>16682</b>	<b>17908</b>	<b>19476</b>
Equity capital	77	77	77	77
Reserves	5290	6012	7083	8475
Minority Interests	-46	-34	-42	-50
Borrowings	5239	5896	5896	5896
DefTax Liabilities	1076	1222	1222	1222
Other Liabilities and Provision	3166	3509	3673	3856

Source: Company, Axis Securities Research

**Cash Flow**

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Profit before tax</b>	<b>1174</b>	<b>1242</b>	<b>1709</b>	<b>2182</b>
Depreciation	573	601	615	781
Interest Expenses	444	451	444	442
Non-operating/ EO item	-129	-155	-170	-175
Change in W/C	63	9	-131	-158
Income Tax	154	200	567	720
<b>Operating Cash Flow</b>	<b>1970</b>	<b>1948</b>	<b>1899</b>	<b>2352</b>
Capital Expenditure	-1173	-1720	-1918	-1830
Investments	-288	-152	250	-150
Others	100	184	170	175
<b>Investing Cash Flow</b>	<b>-1361</b>	<b>-1687</b>	<b>-1497</b>	<b>-1805</b>
Borrowings	120	659	0	0
Interest Expenses	-420	-431	-444	-442
Dividend paid	-116	-154	-62	-62
Others	0	0	0	0
<b>Financing Cash Flow</b>	<b>-416</b>	<b>74</b>	<b>-505</b>	<b>-504</b>
Change in Cash	-92	104	-104	44
Opening Cash	257	174	297	194
Closing Cash	<b>174</b>	<b>297</b>	<b>194</b>	<b>237</b>

Source: Company, Axis Securities Research

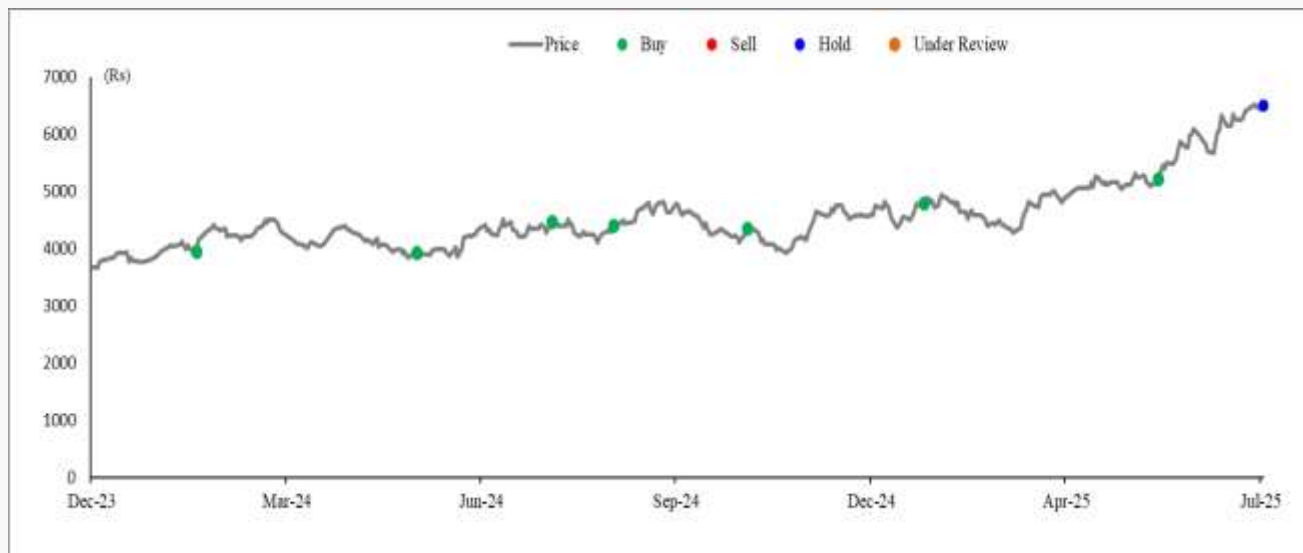
**Ratio Analysis**

(%)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Operational Ratios</b>				
Gross profit margin	41%	42%	43%	44%
EBITDA margin	18%	17%	19%	20%
PAT margin	7%	7%	8%	9%
Depreciation / G. block	4.6%	4.5%	4.1%	4.6%
<b>Growth Indicator</b>				
Sales growth	19%	3%	15%	16%
Volume growth	18%	6%	12%	14%
EBITDA growth	58%	-2%	28%	24%
PAT growth	90%	9%	32%	28%
<b>Efficiency Ratios</b>				
Sales/Gross block (x)	0.94	0.90	0.90	0.94
Sales/Net block(x)	1.3	1.2	1.2	1.3
Working capital/Sales (%)	7%	7%	5%	6%
<b>Valuation Ratios</b>				
PE (x)	43	52	44	34
P/BV (x)	6.3	8.2	7.0	5.8
EV/Ebitda (x)	18	26	20	16
EV/Sales (x)	3.2	4.4	3.9	3.3
MCap/ Sales (x)	2.9	4.2	3.6	3.1
EV/Tonne \$	177	225	180	176
<b>Return Ratios</b>				
ROE	16	17	17	19
ROCE	15	13	16	18
ROIC	18	17	20	22
<b>Leverage Ratios</b>				
Debt/equity (x)	1.0	1.0	0.8	0.7
Net debt/ Equity (x)	0.6	0.5	0.5	0.4
Net debt/Ebitda	1.6	1.6	1.4	1.0
Interest Coverage ratio (x)	3.6	3.5	4.9	5.9
<b>Cash Flow Ratios</b>				
OCF/Sales	17%	16%	14%	15%
OCF/Ebitda	95%	96%	73%	73%
OCF/Capital Employed	18%	16%	14%	16%
FCF/Sales	7%	2%	0%	3%
Payout ratio (Div/NP) (%)	19	5	5	4
AEPS (Rs)	102	124	147	188
AEPS Growth (%)	85	21	18	28
CEPS (Rs)	176	189	226	289
DPS (Rs)	20	6	8	8

Source: Company, Axis Securities Research

## JK Cement Price Chart and Recommendation History



Date	Reco	TP	Research
24-Jan-24	BUY	4,400	Result Update
15-May-24	BUY	4,340	Result Update
22-Jul-24	BUY	4,920	Result Update
23-Aug-24	BUY	4,920	AAA
30-Oct-24	BUY	4,815	Result Update
28-Jan-25	BUY	5,380	Result Update
27-May-25	BUY	5,740	Result Update
22-Jul-25	HOLD	6,530	Result Update

Source: Axis Securities Research

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<b>Ratings</b>	<b>Expected absolute returns over 12 – 18 months</b>
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.