

BSE SENSEX 83,536      S&amp;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**

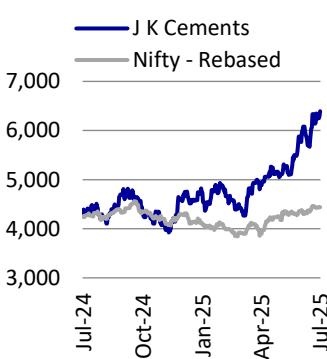
Net D:E	0.6	0.4	0.3
RoE (%)	17.5	18.9	19.0
RoCE (%)	11.9	13.1	14.0
Payout (%)	13.4	13.3	11.1

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

### Profitability intact despite tepid near-term outlook

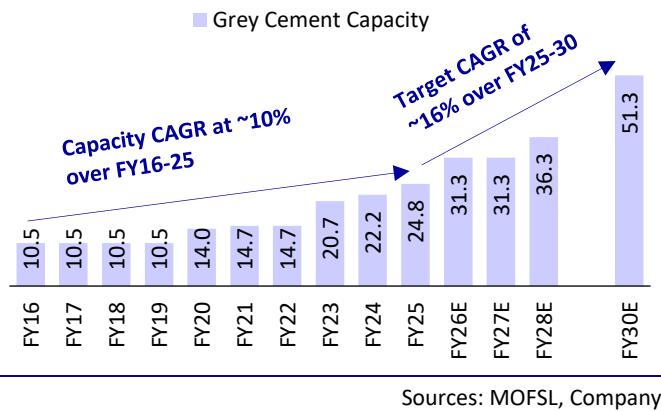
- Cement demand was sluggish in 1QFY26, partly due to unfavorable weather conditions, as heatwaves in initial days and early rains in the later part of the quarter adversely affected construction activities. Near-term cement demand is estimated to remain weak due to the seasonal impact, though we believe 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

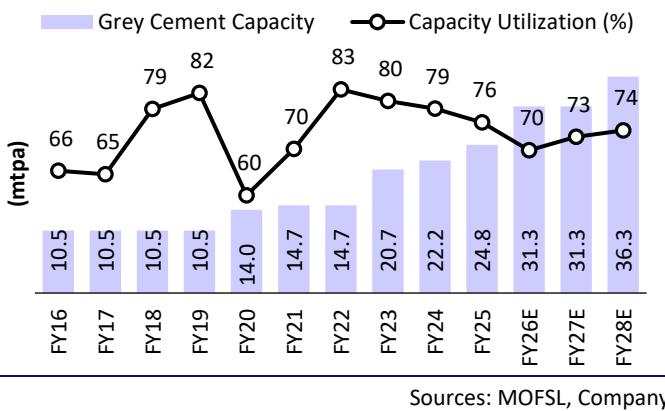
- We estimate JKCE to generate a cumulative OCF of INR81.0b during FY26-28, and its cumulative capex would be INR48.0b over the same period. Given the strong cash flow generation and low-cost expansions (capex cost stood at USD60-70/t), we believe its net debt will peak out in FY26E at INR42b. Further, 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

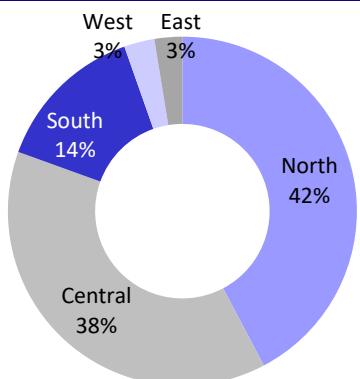
### Exhibit 1: JKCE added capacity consistently



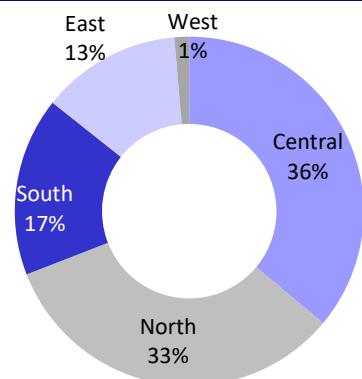
### Exhibit 2: JKCE capacity utilization at 70%+ over FY26-28E



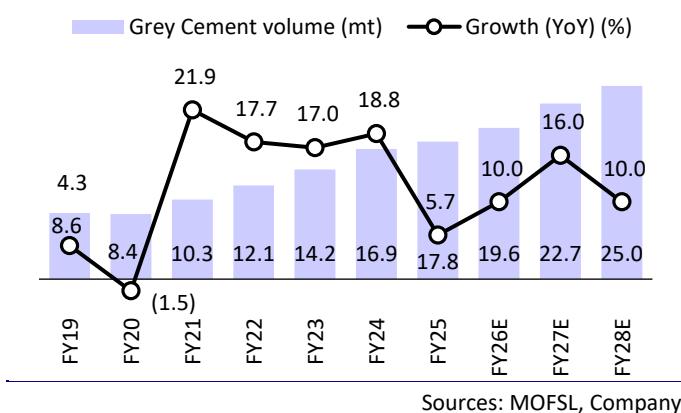
### Exhibit 3: JKCE diversified capacity share (FY25)



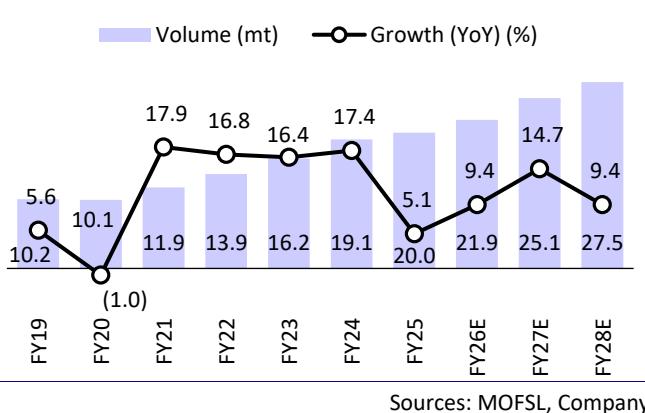
### Exhibit 4: JKCE balances its regional capacity mix (FY30E)



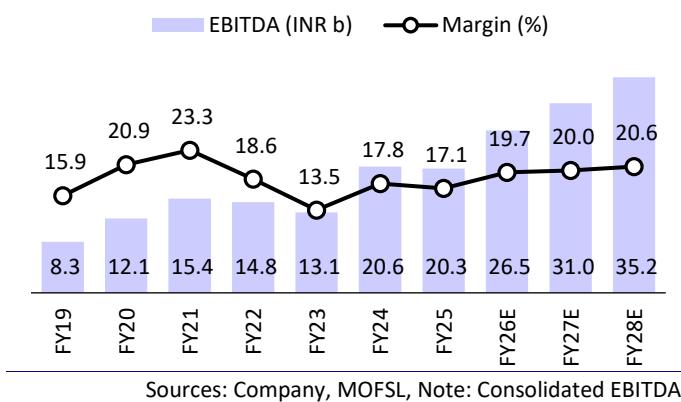
### Exhibit 5: Grey cement volume CAGR of ~12% over FY25-28E



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

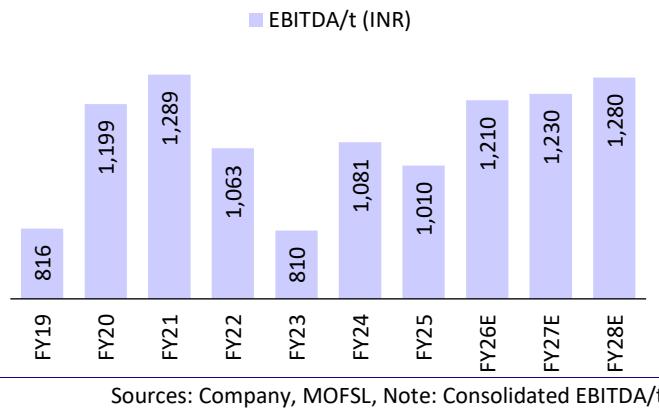


**Exhibit 7: Estimate ~20% consol. EBITDA CAGR over FY25-28**



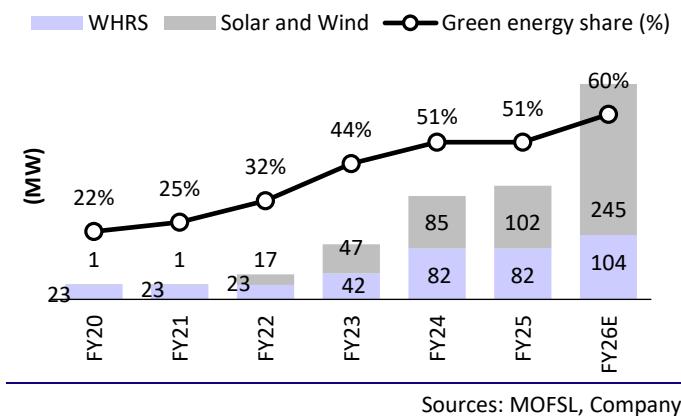
Sources: Company, MOFSL, Note: Consolidated EBITDA

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



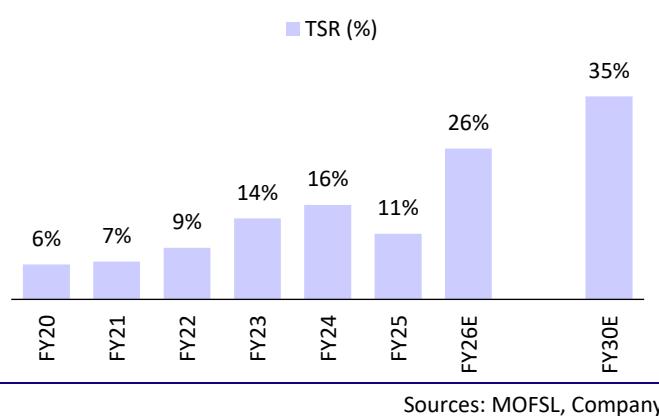
Sources: Company, MOFSL, Note: Consolidated EBITDA/t

**Exhibit 9: JKCE's green power share improving**



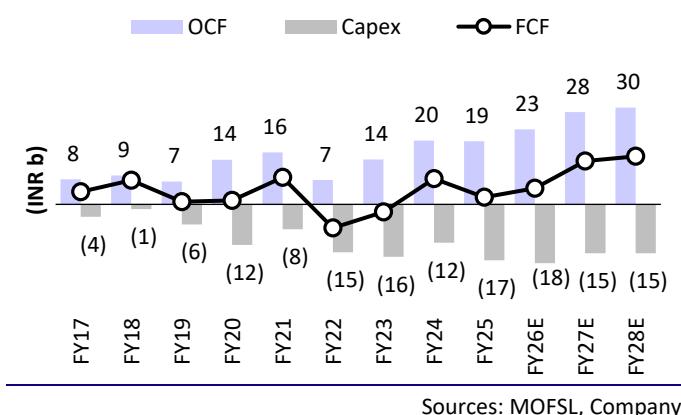
Sources: MOFSL, Company

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



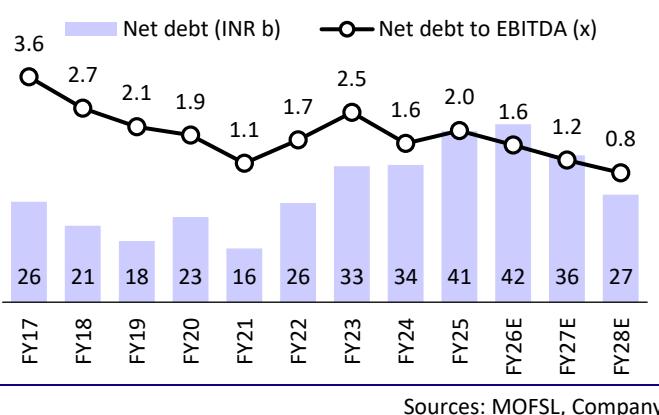
Sources: MOFSL, Company

**Exhibit 11: OCF will support expansion plans**



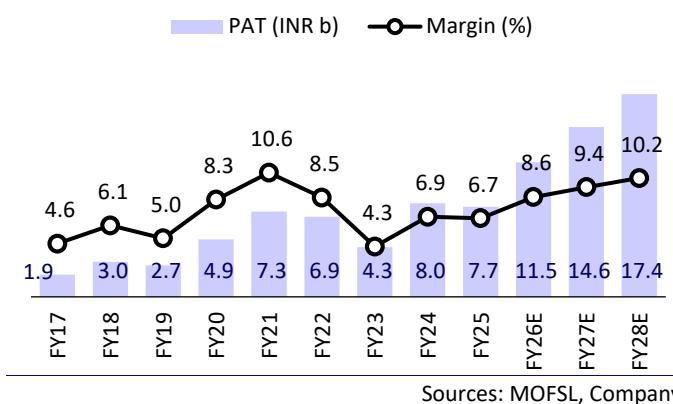
Sources: MOFSL, Company

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

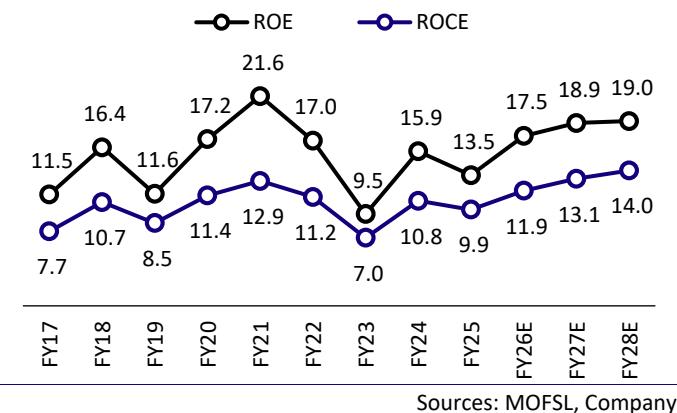


Sources: MOFSL, Company

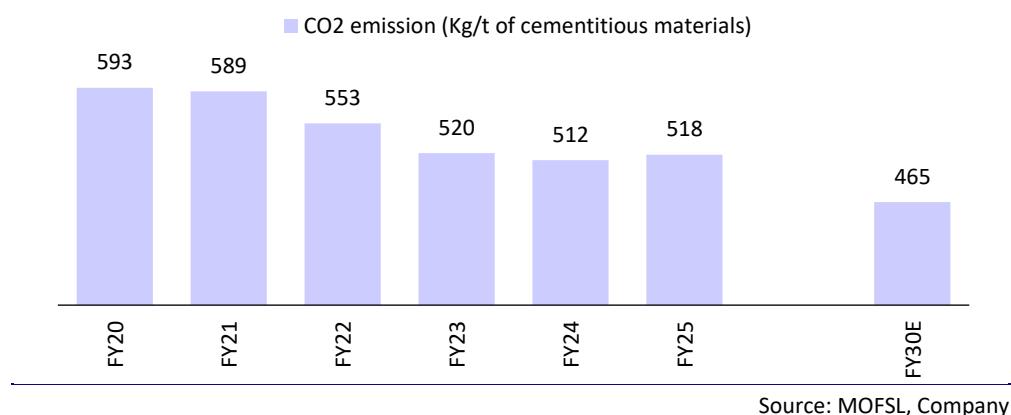
**Exhibit 13: PAT margin to improve**



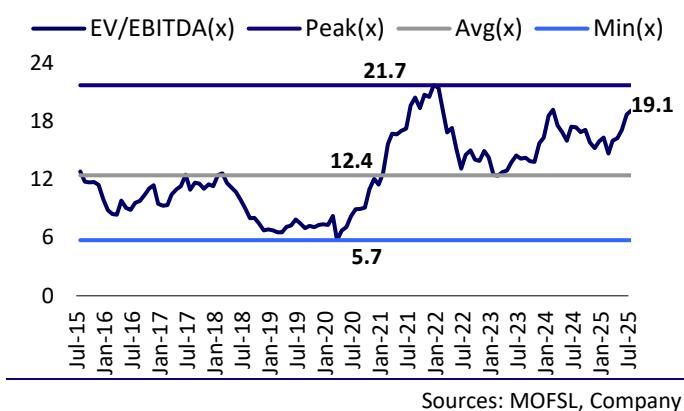
**Exhibit 14: Estimate return ratios to improve**



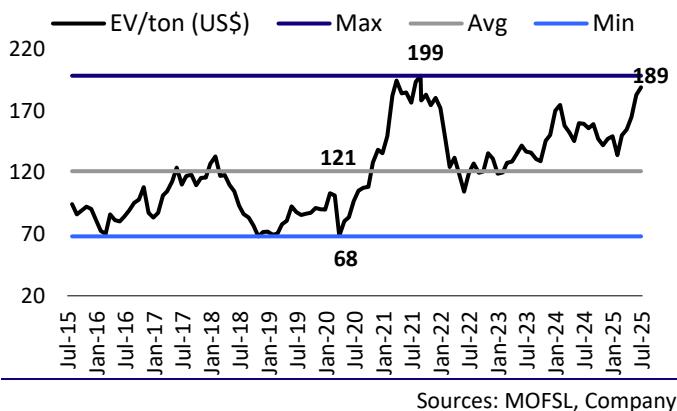
**Exhibit 15: Target CO2 emission reduction by ~22% from FY20 and ~10% from FY25**



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



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



## Consolidated financials and valuations

Income Statement								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>66,061</b>	<b>79,908</b>	<b>97,202</b>	<b>1,15,560</b>	<b>1,18,792</b>	<b>1,34,940</b>	<b>1,54,771</b>	<b>1,70,721</b>
Change (%)	13.9	21.0	21.6	18.9	2.8	13.6	14.7	10.3
<b>EBITDA</b>	<b>15,387</b>	<b>14,824</b>	<b>13,143</b>	<b>20,598</b>	<b>20,271</b>	<b>26,533</b>	<b>30,952</b>	<b>35,197</b>
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
<b>EBIT</b>	<b>12,325</b>	<b>11,399</b>	<b>8,561</b>	<b>14,872</b>	<b>14,257</b>	<b>19,554</b>	<b>23,589</b>	<b>27,172</b>
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
<b>PBT bef. EO Exp.</b>	<b>10,927</b>	<b>10,131</b>	<b>6,313</b>	<b>11,791</b>	<b>11,395</b>	<b>16,445</b>	<b>20,735</b>	<b>24,761</b>
EO Expense/(Income)	0	0	0	55	-1,024	0	0	0
<b>PBT after EO Exp.</b>	<b>10,927</b>	<b>10,131</b>	<b>6,313</b>	<b>11,736</b>	<b>12,418</b>	<b>16,445</b>	<b>20,735</b>	<b>24,761</b>
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
<b>Reported PAT</b>	<b>7,031</b>	<b>6,794</b>	<b>4,191</b>	<b>7,899</b>	<b>8,716</b>	<b>11,542</b>	<b>14,553</b>	<b>17,379</b>
<b>PAT adj. for EO items</b>	<b>7,031</b>	<b>6,794</b>	<b>4,191</b>	<b>7,936</b>	<b>7,997</b>	<b>11,542</b>	<b>14,553</b>	<b>17,379</b>
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
<b>Net Profit</b>	<b>7,317</b>	<b>6,871</b>	<b>4,263</b>	<b>8,013</b>	<b>7,718</b>	<b>11,542</b>	<b>14,553</b>	<b>17,379</b>
Balance Sheet								
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
<b>Net Worth</b>	<b>37,367</b>	<b>43,249</b>	<b>46,868</b>	<b>53,671</b>	<b>60,890</b>	<b>70,887</b>	<b>83,508</b>	<b>98,955</b>
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
<b>Capital Employed</b>	<b>77,057</b>	<b>88,838</b>	<b>1,04,469</b>	<b>1,16,358</b>	<b>1,31,723</b>	<b>1,44,220</b>	<b>1,53,341</b>	<b>1,65,288</b>
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
<b>Net Fixed Assets</b>	<b>59,374</b>	<b>65,437</b>	<b>82,097</b>	<b>92,983</b>	<b>95,188</b>	<b>1,04,383</b>	<b>1,10,020</b>	<b>1,16,995</b>
Capital WIP	5,093	10,321	5,920	4,639	13,175	15,000	17,000	17,000
<b>Total Investments</b>	<b>1,422</b>	<b>2,157</b>	<b>923</b>	<b>3,683</b>	<b>6,009</b>	<b>6,009</b>	<b>6,009</b>	<b>6,009</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>32,831</b>	<b>36,115</b>	<b>41,552</b>	<b>46,716</b>	<b>52,444</b>	<b>56,639</b>	<b>61,249</b>	<b>69,023</b>
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
<b>Curr. Liability and Prov.</b>	<b>21,663</b>	<b>25,192</b>	<b>26,024</b>	<b>31,663</b>	<b>35,093</b>	<b>37,811</b>	<b>40,937</b>	<b>43,739</b>
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
<b>Net Current Assets</b>	<b>11,167</b>	<b>10,923</b>	<b>15,528</b>	<b>15,053</b>	<b>17,351</b>	<b>18,828</b>	<b>20,311</b>	<b>25,284</b>
<b>Appl. of Funds</b>	<b>77,057</b>	<b>88,838</b>	<b>1,04,469</b>	<b>1,16,358</b>	<b>1,31,723</b>	<b>1,44,220</b>	<b>1,53,341</b>	<b>1,65,288</b>

Source: Company, MOFSL estimates

## Consolidated financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)*</b>								
<b>Consol. EPS</b>	<b>91.0</b>	<b>87.9</b>	<b>54.2</b>	<b>102.7</b>	<b>103.5</b>	<b>149.4</b>	<b>188.3</b>	<b>224.9</b>
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
<b>Valuation (x)*</b>								
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
<b>Return Ratios (%)</b>								
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
<b>Working Capital Ratios</b>								
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
<b>Leverage Ratio (x)</b>								
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
<b>CF from Operations</b>	<b>15,411</b>	<b>8,445</b>	<b>14,568</b>	<b>22,708</b>	<b>14,590</b>	<b>22,977</b>	<b>28,266</b>	<b>29,711</b>
Others	490	(967)	(797)	(3,117)	4,804	-	-	-
<b>CF from Operations incl. EO</b>	<b>15,901</b>	<b>7,478</b>	<b>13,771</b>	<b>19,591</b>	<b>19,394</b>	<b>22,977</b>	<b>28,266</b>	<b>29,711</b>
(Inc.)/Dec. in FA	-7,678	-14,716	-16,115	-11,726	-17,198	-18,000	-15,000	-15,000
<b>Free Cash Flow</b>	<b>8,223</b>	<b>-7,238</b>	<b>-2,344</b>	<b>7,865</b>	<b>2,196</b>	<b>4,977</b>	<b>13,266</b>	<b>14,711</b>
(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
<b>CF from Investments</b>	<b>-7,760</b>	<b>-13,218</b>	<b>-20,148</b>	<b>-16,358</b>	<b>-19,097</b>	<b>-18,000</b>	<b>-15,000</b>	<b>-15,000</b>
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
<b>CF from Fin. Activity</b>	<b>-1,375</b>	<b>117</b>	<b>7,413</b>	<b>-4,157</b>	<b>738</b>	<b>-3,921</b>	<b>-10,268</b>	<b>-9,984</b>
<b>Inc./Dec. in Cash</b>	<b>6,767</b>	<b>-5,623</b>	<b>1,036</b>	<b>-924</b>	<b>1,035</b>	<b>1,056</b>	<b>2,998</b>	<b>4,726</b>
Opening Balance	9,650	16,416	14,838	18,674	12,662	13,697	14,752	17,751
<b>Closing Balance</b>	<b>16,416</b>	<b>10,793</b>	<b>15,874</b>	<b>17,749</b>	<b>13,697</b>	<b>14,752</b>	<b>17,751</b>	<b>22,477</b>

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## 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

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