JK Cement (JKCEME)

CMP: ₹5,660 | Target ₹ 6,550 (16%) | Target Period: 12 months | **BUY**

July 21, 2026

Timely capacity additions supporting strong volume growth…

About the stock: JK Cement is one of India's leading manufacturers of grey cement and one of the leading white cement manufacturers in the World.

- The company has an installed grey cement capacity of 32.3 mtpa & white cement capacity of 3.05 mtpa.

Q1FY27 performance: Revenue increased by 20.3% YoY (+3.7% QoQ) to Rs 4031.7 crore, led by healthy volume growth (+17.8% YoY, -2.9% QoQ) and improvement in blended realisation by 2.1% YoY & 6.8% QoQ. EBITDA/ton declined by 20.1% YoY (-2.2% QoQ) to Rs 980/ton mainly due to increase in RM and other costs. YoY and QoQ basis. Subsequently, absolute EBITDA is down by 5.8% YoY (-5.1% QoQ) to Rs 647.7 crore. PAT declined by 14.5% YoY (-16.7% QoQ) to Rs 277 crore.

Investment Rationale:

- **Better-than-industry growth to continue supported by capacity additions**: Company reported sales volume of 6.61 mtpa, which grew by 17.8% YoY (better-than-industry), mainly led by good demand scenario and ramp-up of newly added capacities (~7 mtpa added in FY26). We believe that company's volume growth to remain better-than-industry going ahead, further ramp-up of recently commissioned plants and new capacity additions. Management has also guided for double digit growth in cement volume for FY27E. On capacity expansion front, company is in process of reaching ~40 mtpa of total grey cement capacity by FY28E (from 32.3 mtpa currently) led by expansion plan of ~7 mtpa during FY26-28E (including 3 mtpa at Jaisalmer & 2 mtpa GU in Rajasthan and Punjab all expected by H2FY28E). We estimate consolidated volume CAGR of ~12% over FY26-28E. In the longer term, company aims to reach total capacity of 50 mtpa by FY30E (through de-bottlenecking at Muddapur & Panna), which gives healthy volume growth visibility
- **EBITDA/ton to improve led by cost effective measures**: Company's EBITDA/ton stood at ₹ 980/ton in Q1FY27 (-20% YoY) due to increase in costs mainly RM and other costs which includes packaging and maintenance costs. Management has also guided for ~Rs 150/ton increase in cost in Q2FY27E on sequential basis due to fuel and maintenance costs. Though company's operational performance might remain subdued in near term, we believe that it should improve over H2FY27E-FY28E. This will be led by improvement in realisation, focus on cost saving measures primarily led by increase in share of green power to 75% by FY30E from ~54% at present, increasing usage of captive coal, optimising logistics cost and positive operating leverage. We estimate EBITDA/ton to improve to ₹ 1186/ton by FY28E (vs ₹ 1013/ton in FY26)

Rating and Target Price:

- With healthy volume growth and improvement in EBITDA/ton over FY26-28E, we expect revenue to grow ~14% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~21% & ~23% CAGR respectively
- We maintain our **BUY** rating on JK Cement with a revised target price of Rs 6,550 (based on 16.5x EV/EBITDA on FY28E basis)

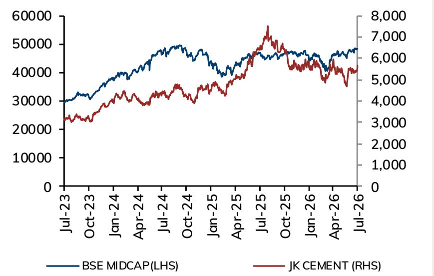
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	43,734
FY26 Gross Debt (₹ Crore)	6,074
FY26 Cash & Equivalents (₹ Crore)	502
EV (₹ Crore)	49,306
52 Week H/L (₹)	7566 / 4801
Equity Capital	77.3
Face Value	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	45.7	45.7	45.7	45.7
FII	18.6	17.9	16.9	16.9
DII	21.7	22.5	23.8	23.7
Others	14.0	13.9	13.7	13.8

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	9,720	11,556	11,879	13,722	12.2%	15,904	17,765	13.8%
EBITDA	1,314	2,060	2,027	2,374	21.8%	2,739	3,486	21.2%
EBITDA Margins (%)	13.5	17.8	17.1	17.3		17.2	19.6	
Net Profit	419	791	861	992	33.3%	1,178	1,507	23.2%
EPS (Rs)	54.2	102.3	111.4	128.4		152.4	195.1	
PE (x)	103.9	54.8	56.5	42.5		37.0	28.9	
EV/EBITDA (x)	36.2	23.2	23.5	20.7		18.6	14.5	
EV/ton ($)	213	200	183	146		149	124	
RoCE (%)	9.7	15.4	13.3	14.6		14.4	16.5	
RoE (%)	8.9	14.8	12.7	14.6		14.9	16.4	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Revenue increased by 20.3% YoY (+3.7% QoQ) to Rs 4031.7 crore, led by healthy volume growth (+17.8% YoY, -2.9% QoQ) and improvement in blended realisation by 2.1% YoY & 6.8% QoQ
- Realisation improved by 2.6% YoY (+4.8% QoQ) in grey cement segment and +11.9% YoY (+15.6% QoQ) in white cement segment
- EBITDA/ton declined by 20.1% YoY (-2.2% QoQ) to Rs 980/ton mainly due to increase in RM and other costs. Subsequently, absolute EBITDA is down by 5.8% YoY (-5.1% QoQ) to Rs 647.7 crore
- PAT declined by 14.5% YoY (-16.7% QoQ) to Rs 277 crore

Recent earnings call highlights

- Management indicated that the company gained market share in Central India, while maintaining its market share across the North and South regions. It added that capacity constraints in the North and South limited further volume growth despite healthy demand
- The company expects double-digit volume growth in FY27E and is targeting 22.5-23 mtpa of grey cement sales for the year. Management stated that if demand remains supportive, volumes could exceed current guidance
- Cement prices improved during Q1 and management indicated that current market prices are broadly similar to Q1 average levels. Despite monsoon seasonality, management expects cement prices to remain stable in Q2, as elevated fuel and operating costs are likely to discourage price cuts across the industry
- Management expects overall costs to increase by around ₹150/ton in Q2FY27 compared to Q1FY27.
- Fuel costs are expected to increase by around ₹100/ton, mainly due to higher imported fuel prices resulting from geopolitical tensions.
- Diesel prices have also increased materially, resulting in higher mining, freight and logistics costs. Around ₹50/ton of the Q2 cost increase is expected to come from diesel and other operating expenses.
- The company clarified that around ₹50 crore of maintenance expenses were preponed from Q2 into Q1. Therefore, maintenance costs in Q2 should be similar or marginally lower than Q1, limiting further cost pressure
- Current fuel mix comprises around 40% petcoke, 45% domestic coal and the balance from alternative fuels.
- Central India plants currently operate almost entirely on domestic coal, while North plants use a combination of domestic coal, imported coal and petcoke. South plants continue to rely mainly on petcoke and alternative fuels, as domestic coal is not economical there
- The Jaisalmer integrated greenfield project remains on schedule and is expected to be commissioned during H1 FY28. The Bathinda grinding unit is progressing well, while land has already been acquired for another split grinding unit in Punjab.
- Management reiterated its target of reaching 40 mtpa cement capacity by FY28 and 50 mtpa by FY30, with no plans to delay expansion
- Management expects to spend around ₹3,500 crore of capex in FY27E and another ₹1,200 crore in FY28E, excluding the next phase of expansion.
- Planning for the next expansion phase is already underway, with board approval likely closer to completion of the ongoing projects
- The company expects production from its first coal block (Mahan) by the end of FY28, while the second coal block should commence roughly one year later
- White cement volumes benefited from supply disruptions in the UAE caused by geopolitical tensions, which reduced imports into India and allowed JK Cement to capture additional demand. Management expects some benefit to continue in Q2, although competition is likely to normalize

once global supply chains stabilize

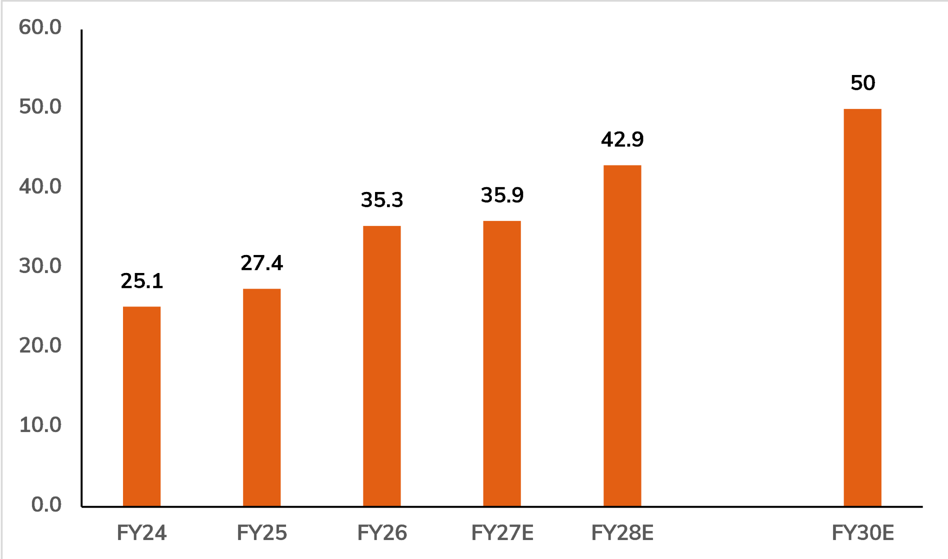
- Net debt stood at ₹3,864 crore, while Net Debt/EBITDA remained comfortable at 1.69x
- Incentive income during Q1 stood at around ₹50 crore. Annual government incentives are expected to increase to around ₹300 crore from FY29E after commissioning of the ongoing expansion projects
- JK Cement currently operates 17 RMC plants and plans to increase this to 50 plants by FY27-end and 100 plants by FY28. RMC revenue increased to ₹35-40 crore in Q1, compared to only around ₹5 crore in Q4 FY26
- Management expects quarterly RMC revenue to reach around ₹100 crore by FY27-end, while full-year revenue could reach around ₹250-300 crore.
- Paint business revenue stood at around ₹125 crore during Q1 and achieved EBITDA breakeven, ahead of expectations. Management expects FY27 paint revenue of ₹500-550 crore, compared to ₹380 crore last year

Exhibit 1: Q1FY26 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	4,031.7	3,352.5	20.3	3,887.5	3.7	Revenue increased YoY on strong Volume growth
Other income	39.3	56.4	-30.5	41.3	-4.9	
Total Revenue	4,071.0	3,409.0	19.4	3,928.8	3.6	
Raw materials costs	781.0	551.6	41.6	607.6	28.5	
Employees Expenses	287.7	247.4	16.3	291.4	-1.3	
Other Expenses	434.7	431.2	0.8	504.1	-13.8	
Total Expenditure	3,384.0	2,664.9	27.0	3,205.0	5.6	
EBITDA	647.7	687.7	-5.8	682.5	-5.1	
EBITDA margins (%)	16.1	20.5	-445 bps	17.6	-149 bps	Margins declined YoY due to increase in costs
Interest	114.1	108.5		97.9		
Depreciation	166.7	146.4	13.9	182.4	-8.6	
Tax	131.5	164.9	-20.2	112.7	16.7	
PAT	39.3	56.4	-30.5	41.3	-4.9	

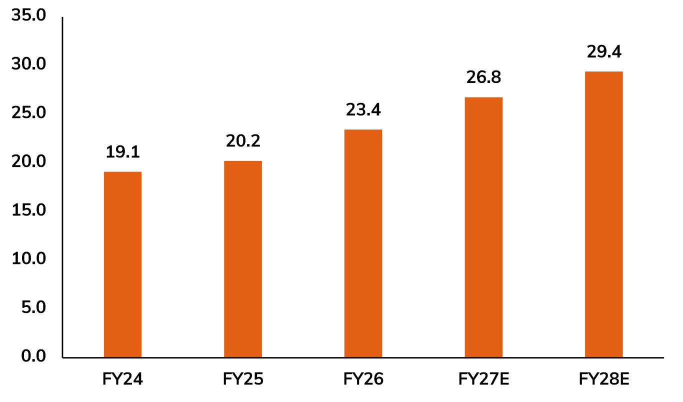
Source: Company, ICICI Direct Research

Exhibit 1: Consolidated Capacity expansion plan over FY24-FY30E



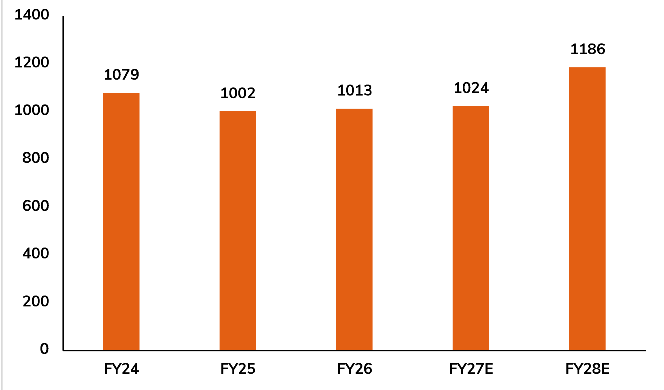
Source: Company, ICICI Direct Research

Exhibit 2: Volumes to grow at ~12% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 3: EBITDA/ton to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	11,879.2	13,722.3	15,904.1	17,764.6
% Growth	2.8	15.5	15.9	11.7
Other income	173.0	194.5	210.1	226.9
Total Revenue	11,879.2	13,722.3	15,904.1	17,764.6
% Growth	2.8	15.5	15.9	11.7
Total Raw Material Costs	2,017.5	2,237.6	2,809.3	2,939.1
Employee Expenses	901.7	1,045.4	1,207.4	1,388.6
other expenses	771.2	1,025.2	1,177.9	1,507.5
Total Operating Expenditure	9,852.0	11,348.1	13,165.5	14,278.9
Operating Profit (EBITDA)	2,027.1	2,374.3	2,738.6	3,485.7
% Growth	(1.6)	17.1	15.3	27.3
Interest	459.2	424.3	511.8	568.0
PBDT	1,740.9	2,144.5	2,436.9	3,144.6
Depreciation	601.5	653.0	715.7	941.5
PBT before Exceptional Items	1,139.5	1,491.5	1,721.2	2,203.1
Total Tax	370.2	455.9	543.9	696.2
PAT before MI	871.6	987.9	1,177.3	1,506.9
PAT	861.1	992.5	1,177.9	1,507.5
% Growth	8.9	15.3	18.7	28.0
EPS	111.4	128.4	152.4	195.1

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	861.1	992.5	1,177.9	1,507.5
Depreciation	601.5	653.0	715.7	941.5
Interest	459.2	424.3	511.8	568.0
Cash Flow before WC chg	1,921.7	2,069.7	2,405.4	3,017.0
Changes in inventory	6.4	(349.8)	(218.0)	(203.9)
Changes in debtors	(220.2)	26.5	(111.4)	(101.9)
Changes in other CA	(87.3)	(46.8)	(75.4)	(64.3)
Net Inc in Current Assets	272.5	(482.7)	(404.8)	(370.2)
Changes in creditors	167.2	117.8	221.8	168.2
Changes in provisions	44.9	74.4	(16.7)	41.3
Net Inc in Current Liabilities	274.1	449.7	423.4	356.6
Net CF from Op activities	2,468.3	2,036.8	2,423.9	3,003.5
(Pur)/Sale of Fixed Assets	(1,675.5)	(2,457.3)	(3,500.0)	(1,800.0)
Net CF from Inv activities	(2,023.6)	(2,647.1)	(3,320.1)	(1,895.1)
Dividend and Dividend Tax	(154.5)	(154.5)	(177.7)	(216.4)
Net CF from Fin Activities	58.6	(290.4)	700.2	(784.4)
Net Cash flow	503.3	(900.7)	(196.0)	324.0
Opening Cash/Cash Eq	866.5	1,369.8	469.1	273.1
Closing Cash/ Cash Eq	1,369.8	469.1	273.1	597.1

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	77.3	77.3	77.3	77.3
Reserve and Surplus	6,011.7	6,960.0	7,849.9	9,141.0
Total Shareholders' funds	6,089.0	7,037.2	7,927.1	9,218.3
Total Debt	5,895.5	6,073.6	7,573.6	7,573.6
Total Liabilities	14,068.8	15,437.3	17,968.6	19,259.7
Gross Block	12,807.8	15,356.5	16,909.6	20,909.6
Acc: Depreciation	3,855.7	4,508.7	5,224.3	6,165.9
Net Block	8,952.1	10,847.8	11,685.3	14,743.7
Capital WIP	1,317.5	1,053.2	3,000.0	800.0
Total Fixed Assets	10,836.2	12,640.5	15,424.8	16,283.3
Non-Current Assets	697.6	1,283.2	1,394.7	1,489.8
Inventory	1,175.1	1,524.9	1,742.9	1,946.8
Debtors	786.6	760.1	871.5	973.4
Other Current Assets	427.7	474.5	549.9	614.2
Cash	1,369.8	469.1	273.1	597.1
Total Current Assets	4,547.0	4,129.0	4,337.8	5,032.0
Current Liabilities	1,098.3	1,216.1	1,437.9	1,606.1
Provisions	90.0	91.0	92.0	92.0
Total Current Liabilities	2,612.9	3,062.7	3,486.0	3,842.6
Net Current Assets	1,934.1	1,066.4	851.8	1,189.4
Total Assets	14,068.8	15,437.3	17,968.6	19,259.8

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	111.4	128.4	152.4	195.1
Cash per Share	236.4	64.9	39.6	81.5
BV	788.0	910.8	1,025.9	1,193.0
EBITDA Margin	17.1	17.3	17.2	19.6
PAT Margin	7.2	7.2	7.4	8.5
RoE	12.7	14.6	14.9	16.4
RoCE	13.3	14.6	14.4	16.5
RoIC	13.4	13.6	13.3	15.7
EV / EBITDA	23.5	20.7	18.6	14.5
P/E	56.5	42.5	37.0	28.9
EV / Net Sales	4.0	3.6	3.2	2.8
Sales / Equity	2.0	1.9	2.0	1.9
Market Cap / Sales	3.7	3.2	2.7	2.5
Price to Book Value	7.2	6.2	5.5	4.7
Asset turnover	1.0	1.0	1.0	1.1
Debtors Turnover Ratio	17.6	17.7	19.5	19.3
Creditors Turnover Ratio	11.7	11.9	12.0	11.7
Debt / Equity	1.0	0.9	1.0	0.8
Current Ratio	1.5	1.4	1.4	1.4
Quick Ratio	0.7	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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