AXIS DIRECT

Result Update
06th November, 2025

JK Cement Ltd
Cement

HOLD
Target Price
6,180

Strong Volume Growth; EBITDA Margin Miss on Higher Costs

Est. vs. Actual for Q2FY26: Revenue – BEAT; EBITDA Margin – MISS; PAT – BEAT

Change in Estimates post Q2FY26 (Abs)

FY26E/FY27E: Revenue: 1%/0%; **EBITDA**: 0%/1%; **PAT:** 2%/-4%

Recommendation Rationale

- **Growth Visibility on Volumes Remains Intact:** The company's capacity expansion program, targeting an addition of 11 MTPA, is progressing well and will raise its total Grey Cement capacity to 37.3 MTPA from the current 26.3 MTPA, implying a 13% capacity CAGR over FY20–FY28. The ramp-up of the recently commissioned capacity, along with the ongoing 11 MTPA expansion, is expected to drive strong volume growth in the future. As a result, JK Cement is projected to deliver a volume CAGR of 13% over FY25–FY27E.
- **Margin Expansion Expected amid Cost Optimisation:** JK Cement delivered a positive operating performance during the quarter, supported by higher realisations and volume growth, leading to a 37% YoY improvement in EBITDA per tonne to Rs 890. This positive momentum is expected to sustain through 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 ~40% of JK Cement'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, JK Cement 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, which is ahead of the industry estimate of 7–8% and thus reaffirming its strong market position. Cement prices are currently marginally lower than Q2FY26 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, supporting top line momentum.

Current Valuation: 16.5xFY27E EV/EBITDA (Earlier Valuation: 16.5x FY27E EV/EBITDA) and Paint business at 1x book value.

Current TP: Rs 6,180/share; (Earlier TP: Rs 6,530/share)

Recommendation: We maintan our **HOLD** rating on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP: Rs 13,900/share), Dalmia Bharat (TP: Rs 2,550/share), ACC Ltd (TP: Rs 2,390/share), Shree Cement (TP: Rs 31,655/share). Ambuja Cements Ltd (TP: Rs 705/share)

Financial Performance

JKCL delivered positive financial performance during the quarter, driven by strong volume growth and higher blended realisations, YoY. The company reported Revenue, EBITDA, and PAT growth of 18%, 57%, and 27%, YoY, respectively. APAT stood at Rs 161 Cr, reflecting a 27% YoY increase. EBITDA margins came in at 14.8%, below the anticipated 16%, and higher than 11.1% YoY. Consolidated volumes for the quarter, including both Grey and White Cement, reached 5.01 MTPA, marking a 15% YoY growth. The combined EBITDA per tonne improved to Rs 891, up 37% YoY. Cement realisations per tonne (Grey) declined by 2% QoQ to Rs 4,847, while the cost per tonne declined by 2% YoY and increased 8% QoQ to Rs 5,135 on the back of negative operating leverage.

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	3,019	-10	18	2833	7%
EBITDA	447	-35	57	452	-1%
EBITDA Margin	14.8%	(570bps)	370bps	16.0%	(120bps)
Net Profit	161	-51	27	153	5%
EPS (Rs)	21	-51	27	20	5%

Source: Company, Axis Securities Research

(CMP as of 4th November, 2025)

CMP (Rs)	5,776
Upside /Downside (%)	7
High/Low (Rs)	7,566/3,891
Market cap (Cr)	44,699
Avg. daily vol. (6m) Shrs.	1,30,000
No. of shares (Cr)	7.7

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	45.7	45.7	45.7
FIIs	16.1	16.1	18.6
MFs / UTI	22.6	22.6	19.7
Banks / FIs	0.0	0.0	0.0
Others	15.6	15.6	16.1

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	11,879	13,894	15,965
EBITDA	2,027	2,597	3,250
Net Profit	752	1,160	1,389
EPS (Rs)	124	150	180
PER (x)	47	38	32
P/BV (x)	7.4	6.2	5.3
EV/EBITDA (x)	24	19	16
ROE (%)	17	18	18

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	1%	0%
EBITDA	0%	1%
PAT	2%	-4%

Relative Performance

Source: Ace Equity

Results Gallery

[Q2FY25](#)
[Q3FY25](#)
[Q4FY25](#)
[Q1FY26](#)

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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's 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, 27% in EBITDA, and 27% in APAT.

Valuation & Recommendation

The stock is currently trading at 19x/16x FY26E/FY27E EV/EBITDA, which is at a premium to its historical valuation range. Given the limited upside potential of 7% from the CMP, we maintain our **HOLD** rating on the stock with a target price of Rs 6,180/share.

Key Concall Highlights

- **Capacity Expansion**: The company's capacity expansion program, targeting an addition of 11 MTPA, is progressing well and will raise its total Grey Cement capacity to 37.3 MTPA from the current 26.3 MTPA, implying a 13% capacity CAGR over FY20–FY28. The ramp-up of the recently commissioned capacity, along with the ongoing 11 MTPA expansion, is expected to drive strong volume growth going forward.
- **Paint Foray**: The company reported paint revenue of Rs 95 Cr in Q2FY26. It clocked revenue of Rs 182 Cr in H1FY26 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, JKLC aims to achieve EBITDA positivity by FY27. The total investment in the 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 16% and 10% YoY, respectively. Blended cement sales accounted for 67%, 1% lower QoQ, with the remainder being OPC. The trade and non-trade mix stood at 67% and 33%, respectively, compared to 68% and 28% YoY. Capacity utilisation was at 68% for cement during Q2FY26.
- **Premium Cement:** Premium cement contributed 15% 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 89% for grey and 11% for white cement on a consolidated basis.
- **Pricing:** Cement realisation declined 2% QoQ to Rs 4,847 during the quarter. Cement prices are currently marginally lower compared to Q2FY26 levels, with pricing trends expected to be influenced by market dynamics. White Cement and Wall Putty including paint realisation improved by 8% to Rs 13,863/tonne YoY.
- **Power/Fuel**: Power and fuel costs were up 14% QoQ and 7% YoY at Rs 1,212/tonne during the quarter, owing to higher clinker production. The company expects these costs to reduce in Q3FY26. The fuel mix comprised 60% pet coke and the balance imported coal, renewable energy, and AFR, with costs at Rs 1.56/Kcal, up from Rs 1.53 in Q1FY26. WHRS at Panna is operational and is expected to save Rs 50 Cr annually. The company's total green power capacity stands at 237 MW, including 82 MW from WHRS and 154.84 MW from solar and wind.
- **Freight:** Lead distance declined to 431 km in Q2FY26 from 436 km in Q1FY26 due to route optimisation. Freight costs were lower by 1% YoY and 5% QoQ at Rs 1,301/tonne. The company transported 89% of its volume by road and the remainder by rail.
- **Subsidy:** It received an incentive of Rs 70 Cr during the quarter. Despite reduction of GST on Cement, the incentive loss would be compensated by incentives from upcoming new plants in Bihar and Rajasthan moving ahead. The company aims to receive incentives of Rs 300 cr under the State Govt subsidy program for next few years.
- **Capex:** Capex guidance for FY26 and FY27 stands in the range of Rs 2,000-2,500 Cr and Rs 3,500-Rs 4,000 Cr, respectively, with Rs 1,000 Cr spent in 6MFY26 on expansion initiatives.
- **Debt/Cash:** The standalone gross debt stood at Rs 5,289 Cr, with cash and cash equivalents at Rs 2,150 Cr, resulting in a net debt of Rs 3,139 Cr. Net debt increased by Rs 588 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	13,894	15,965	13699	15911	1%	0%
EBITDA	2,597	3,250	2597	3231	0%	1%
PAT	1,160	1,389	1133	1454	2%	-4%

Source: Company, Axis Securities Research

Result Review Q2FY26

(Rs Cr)	Quarterly Performance				
	Q2FY26	Q1FY26	Q2FY25	% Change QoQ	% Change YoY
Net sales	3019	3353	2560	-10%	18%
Expenditure	2573	2665	2276	-3%	13%
EBITDA	447	688	284	-35%	57%
Other income	51	56	38	-10%	35%
Interest	105	109	123	-3%	-14%
Depreciation	149	146	146	2%	2%
PBT	243	489	53	-50%	360%
Tax	84	165	19	-49%	344%
Adjusted PAT	161	324	126	-51%	27%
EBITDA margin (%)	14.8%	20.5%	11.1%	(570bps)	370bps
EPS (Rs)	20.8	42.1	16.4	-51%	27%

Source: Company, Axis Securities Research

Volume/Realisation/Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q2FY26	Q1FY26	Q2FY25	% Change QoQ	% Change YoY
Volume/mnt	5.01	5.61	4.36	-11%	15%
Realisation/tonne (Rs)	6026	5976	5872	0.8%	3%
Cost/tonne (Rs)	5135	4750	5220	8%	-2%
Raw material/tonne (Rs)	928	983	1036	-6%	-10%
Staff Cost/tonne (Rs)	494	441	515	12%	-4%
Power & Fuel/tonne (Rs)	1212	1066	1130	14%	7%
Freight/tonne (Rs)	1301	1363	1320	-5%	-1%
Other Expenses /tonne (Rs)	1200	896	1220	34%	-2%
EBITDA/tonne (Rs)	**891**	**1226**	**651**	**-27%**	**37%**

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	**11556**	**11879**	**13894**	**15965**
Other operating income	0	0	0	0
Total income	**11556**	**11879**	**13894**	**15965**
Raw Material	1835	2018	2241	2510
Power & Fuel	2590	2180	2661	3006
Freight & Forwarding	2416	2680	3023	3385
Employee benefit expenses	784	902	1011	1132
Other Expenses	1871	2073	2362	2680
EBITDA	**2060**	**2027**	**2597**	**3250**
Other income	145	173	207	176
	0	0	0	0
PBIDT	2205	2200	2804	3426
Depreciation	565	601	618	780
Interest & Fin Chg.	453	459	439	567
E/o income / (Expense)	0	0	0	0
Pre-tax profit	**1186**	**1140**	**1748**	**2079**
Tax provision	386	376	584	686
Minority Interests	-1	-11	-4	-4
Associates	0	0	0	0
RPAT	**799**	**752**	**1160**	**1389**
Other Comprehensive Income	0	0	0	0
APAT after Comprehensive Income	**799**	**752**	**1160**	**1389**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	**14802**	**16682**	**18951**	**21638**
Net Block	9062	10270	12430	15641
CWIP	464	1317	1317	1317
Investments	368	601	1401	601
Wkg. cap. (excl cash)	817	864	1009	1157
Cash / Bank balance	867	1370	366	338
Misc. Assets	3224	2261	2428	2584
Capital employed	**14802**	**16682**	**18951**	**21638**
Equity capital	77	77	77	77
Reserves	5290	6012	7110	8436
Minority Interests	-46	-34	-38	-42
Borrowings	5239	5896	6896	8096
DefTax Liabilities	1076	1222	1222	1222
Other Liabilities and Provision	3166	3509	3685	3849

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Profit before tax	**1174**	**1242**	**1748**	**2079**
Depreciation	573	601	618	780
Interest Expenses	444	451	439	567
Non-operating/ EO item	-129	-155	-207	-176
Change in W/C	63	9	-145	-148
Income Tax	154	200	584	686
Operating Cash Flow	**1970**	**1948**	**1868**	**2416**
Capital Expenditure	-1173	-1720	-2779	-3991
Investments	-288	-152	-800	800
Others	100	184	207	176
Investing Cash Flow	**-1361**	**-1687**	**-3371**	**-3016**
Borrowings	120	659	1000	1200
Interest Expenses	-420	-431	-439	-567
Dividend paid	-116	-154	-62	-62
Others	0	0	0	0
Financing Cash Flow	**-416**	**74**	**499**	**571**
Change in Cash	-92	104	-104	-28
Opening Cash	257	174	297	193
Closing Cash	**174**	**297**	**193**	**165**

Source: Company, Axis Securities Research

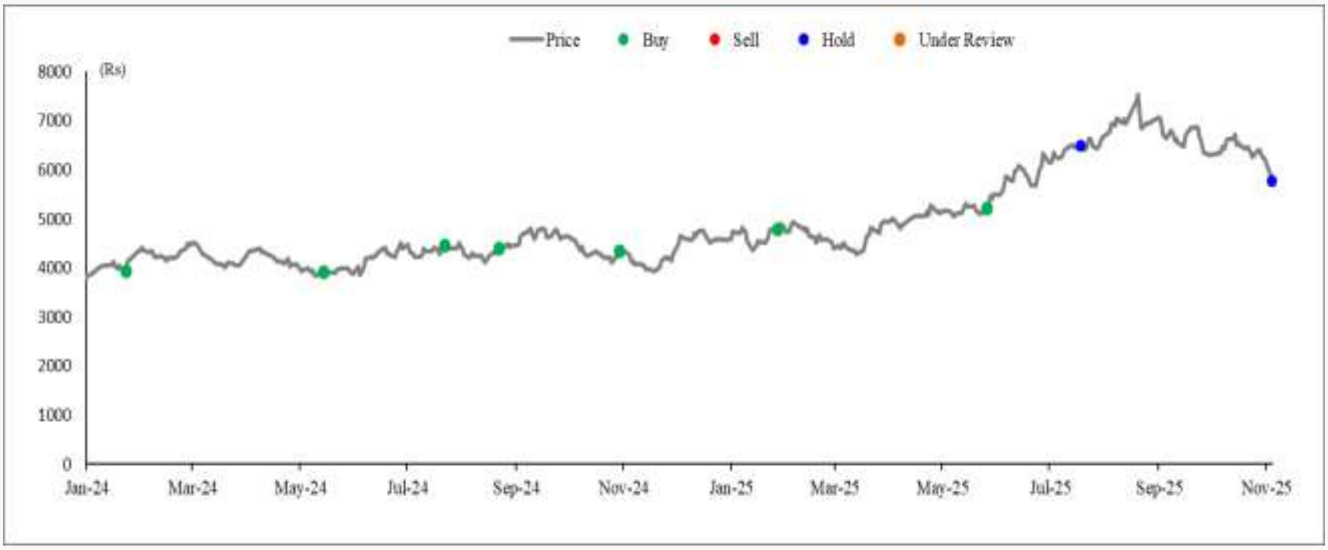
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Operational Ratios				
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%	3.9%	3.9%
Growth Indicator				
Sales growth	19%	3%	17%	15%
Volume growth	18%	6%	14%	13%
EBITDA growth	58%	-2%	28%	25%
PAT growth	90%	9%	34%	20%
Efficiency Ratios				
Sales/Gross block (x)	0.94	0.90	0.87	0.80
Sales/Net block (x)	1.3	1.2	1.1	1.0
Working capital/Sales (%)	7%	7%	6%	1%
Valuation Ratios				
PE (x)	43	47	38	32
P/BV (x)	6.3	7.4	6.2	5.3
EV/EBITDA (x)	18	24	19	16
EV/Sales (x)	3.2	4.0	3.5	3.2
MCap/ Sales (x)	2.9	3.8	3.2	2.8
EV/Tonne $	177	204	166	170
Return Ratios				
ROE	16	17	18	18
ROCE	15	13	16	16
ROIC	18	17	19	18
Leverage Ratios				
Debt/equity (x)	1.0	1.0	1.0	1.0
Net debt/ Equity (x)	0.6	0.5	0.6	0.8
Net debt/EBITDA	1.6	1.6	1.7	2.0
Interest Coverage ratio (x)	3.6	3.5	5.0	4.7
Cash Flow Ratios				
OCF/Sales	17%	16%	13%	15%
OCF/EBITDA	95%	96%	72%	74%
OCF/Capital Employed	18%	16%	14%	15%
FCF/Sales	7%	2%	-7%	-10%
Payout ratio (Div/NP) (%)	19	5	5	4
AEPS (Rs)	102	124	150	180
AEPS Growth (%)	85	21	21	20
CEPS (Rs)	176	189	230	281
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
21-Jul-25	HOLD	6,530	Result Update
06-Nov-25	HOLD	6,180	Result Update

Source: Axis Securities Research

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Ratings	**Expected absolute returns over 12 – 18 months**
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 a 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, valuations or recommendations for the stock.

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