

JK Cement

Stellar, all-round performance continues

We maintain our BUY rating on JK Cement with an unchanged TP of INR 6,495/sh (15x Mar-28E consolidated EBITDA). Our positive stance is led by JKCE's continued solid volume growth along with a healthy margin. It continues to expand capacity at a fast pace without stretching its balance sheet. All these culminate into JKCE's industry leadership in both volume growth and return ratios. In Q3FY26, JKCE delivered a whopping 22% YoY volume growth, led by strong growth across both grey and white/putty sales. Blended margin, however, fell ~INR 74/MT YoY to INR 931/MT on account of decline in cement prices, ramp-up expenses of recent expansions and lower incentives accrual. We estimate JKCE to deliver robust 13/23% volume/EBITDA CAGRs over FY25-28E. We expect blended margin to expand to INR 1,305/MT in FY28E from INR 1,006/MT in FY25. Despite its aggressive capex, JKCE's net debt to EBITDA should remain under 2x, in our view.

- **Solid volume performance continues in Q3FY26:** Consolidated volume rose 22% YoY in Q2, led by 23/14% YoY growth across grey cement/white putty segments, further bolstering its market share gains. It also pushed volumes in non-trade, the sales share of which rose to 40% (four-year high). Premium sales share grew further to 17% vs 15/16% QoQ/YoY. Grey NSR dipped 3% QoQ on weak pricing, lower GST incentive and higher non-trade sales. Unit opex fell 5% QoQ on oplev gain and lower fuel cost while freight cost went up due to change in road mix and withdrawal of railway discount. Thus, unit EBITDA expanded by INR 31/MT QoQ to INR 852/MT, in our view. White cement segment delivered ~12% YoY EBITDA rise (our estimate) on healthy 14% volume growth. Paint revenue ramped up 20/5% YoY/QoQ to INR 1bn.
- **Outlook:** JKCE noted cement demand has firmed up Dec-25 onwards and non-trade prices have recovered by ~INR 15-20/bag in Jan-25. Despite a rise in pet coke prices, JKCE expects its fuel cost to remain stable QoQ, owing to inventory and higher usage of domestic coal in the central region. JKCE's target to reduce opex by ~INR 50-60/MT annually during FY25-27E is on track, driven by rising share of green power, lead distance reduction, and other efficiencies. The ongoing expansion in the central/east regions (6mn MT) and 0.7mnMT in Karnataka by Mar-26E, will expand its consolidated capacity to 35mn MT. In north, JKCE will further add 0.6mn MT putty capacity by Q2FY27 and the 7mn MT greenfield cement capacity by Q2FY28. It guided cumulative capex of ~INR 25-28/35/12bn during FY26/27/28E toward these.

Consolidated quarterly/annual financial summary

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	6.0	4.9	22.2	5.0	19.9	19.0	20.1	23.0	25.6	28.7
NSR (INR/MT)	5,785	5,984	(3.3)	6,048	(4.3)	6,087	5,897	5,878	5,956	5,983
EBITDA (INR/MT)	931	1,005	(7.3)	895	4.1	1,085	1,006	1,060	1,211	1,305
Net Sales	34.63	29.30	18.2	30.19	14.7	115.56	118.79	134.93	152.65	171.99
EBITDA	5.58	4.92	13.3	4.47	24.8	20.60	20.27	24.33	31.03	37.53
APAT	2.10	1.90	11.0	1.61	31.1	7.95	7.84	10.17	14.11	16.25
AEPS (INR)	24.8	6.3	267.2	33.0	(24.7)	102.9	101.5	131.7	182.6	210.3
EV/EBITDA(x)						18.0	18.1	20.0	15.8	13.5
EV/MT (INR bn)						13.3	12.0	12.8	12.5	11.0
P/E (x)						42.7	43.3	44.0	31.7	27.5
RoE (%)						16.0	13.8	15.7	18.8	18.5

Source: Company, HSIE Research; Operating trends are on a blended basis (grey cement+ white/putty)

BUY

CMP (as on 19 Jan 2026)	INR 5,789
Target Price	INR 6,495
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 6,495	INR 6,495
EBITDA revision %	FY26E 1.1	FY27E -

KEY STOCK DATA

Bloomberg code	JKCE IN
No. of Shares (mn)	77
MCap (INR bn) / (\$ mn)	447/4,921
6m avg traded value (INR mn)	714
52 Week high / low	INR 7,566/4,219

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.8)	(10.9)	27.5
Relative (%)	(9.9)	(12.7)	18.9

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	45.66	45.66
FIs & Local MFs	23.06	21.74
FPIs	17.56	18.57
Public & Others	13.72	14.03
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Rajesh Ravi
 rajesh.ravi@hdfcsec.com
 +91-22-6171-7352

Keshav Lahoti
 keshav.lahoti@hdfcsec.com
 +91-22-6171-7353

Riddhi Shah
 riddhi.shah@hdfcsec.com
 +91-22-6171-7359

Mahesh Nagda
 mahesh.nagda@hdfcsec.com
 +91-22-6171-7319

Can Fin Homes

A good quarter; need for sustainability

Can Fin Homes (CANF) reported a strong set of P&L outcomes (NII/PPoP/PAT growth of 22%/21%/25% YoY), largely driven by strong NIMs (4.14%) and low credit costs (10bps). Further, disbursements witnessed an uptick (+45% YoY, 7% QoQ) albeit on a lower base, led by an uptick in the states of Karnataka and Telangana. CANF remains upbeat about loan growth prospects (15%+ in FY27), led by branch additions (~25 annually), product and customer diversification (LAP, SENP segment, etc.), increase in share of direct sourcing and ongoing tech transformation. However, tepid loan growth (+9.5% YoY) amidst moderation in housing demand, elevated competitive intensity, and protracted impact of growth initiatives remains a key monitorable. We revise our FY26/FY27E/FY28E earnings estimates for higher NIMs, offset by higher opex, and maintain BUY with a revised RI-based TP of INR 950 (implying 1.8x Sep-27 ABVPS).

- **Strong NIMs; marginal moderation ahead:** CANF reported NIM of 4.14% (+12bps QoQ), driven by lower cost of funds, leading to strong profitability (RoA/RoE of 2.6%/18.8%). However, CANF has reduced its benchmarking lending rate by 25bps during Dec'25-Jan'26, which is likely to drive NIMs lower, although at a slower pace, given ~54% of loans are currently at annual reset. Opex ratios were elevated (C/I at 18.5%; opex to AUM at 0.8%) and are likely to increase further (C/I at ~19%) with the ongoing tech transformation.
- **Healthy asset quality:** GNPA/NNPA improved marginally to 0.92%/0.49% (Q2FY26: 0.94%/0.49%); with SMA1-2 at 5% (Q2FY26: 5.2%). With declining pool of overall delinquencies, management expects limited provisioning during Q4 and sub-15bps credit costs during FY27-FY28E.
- **Growth initiatives impact getting protracted:** CANF's loan growth remained subdued in Q3 (+9.5% YoY) partly due to higher BT-outs. CANF has been taking multiple measures such as distribution expansion (30 branches added during FY25-FY26; ~25 to be added annually), creating direct sourcing channel (90 marketing executives), product diversification and ongoing tech transformation in FY26 (likely to spill over to FY27) to drive loan growth. However, the impact of these initiatives has been slower than expectations and remains a key monitorable for any significant rerating.

Financial summary

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	4.2	3.4	22.1	4.0	4.0	13.5	16.1	17.8	20.0
PPOP	3.5	2.9	20.5	3.3	4.9	11.5	13.4	14.8	16.6
PAT	2.6	2.1	24.8	2.5	5.3	8.6	10.0	11.0	12.3
EPS (INR)	19.9	15.9	24.9	18.9	5.3	64.4	75.2	82.7	92.1
ROAE (%)						18.2	18.2	17.3	16.7
ROAA (%)						2.2	2.3	2.3	2.2
ABVPS (INR)						367.5	427.9	493.9	567.7
P/ABV (x)						2.6	2.2	1.9	1.7
P/E (x)						14.6	12.5	11.3	10.2

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	427	424	-0.8%	488	484	-0.8%	562	557	-0.9%
NIM (%)	3.6	3.7	15 bps	3.6	3.7	11 bps	3.6	3.6	1 bps
NII	15.5	16.1	3.7%	17.4	17.8	2.4%	19.9	20.0	0.1%
PPOP	13.1	13.4	2.5%	14.5	14.8	2.0%	16.7	16.6	-0.4%
PAT	9.7	10.0	3.7%	10.7	11.0	2.7%	12.3	12.3	0.1%
ABVPS (INR)	425.2	427.9	0.6%	489.0	493.9	1.0%	562.4	567.7	0.9%

Source: Company, HSIE Research

BUY

CMP (as on 19 Jan 2026)	INR 939
Target Price	INR 950
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 915	INR 950
EPS %	FY26E	FY27E
	3.7%	2.7%

KEY STOCK DATA

Bloomberg code	CANF IN
No. of Shares (mn)	133
MCap (INR bn) / (\$ mn)	125/1,375
6m avg traded value (INR mn)	219
52 Week high / low	INR 972/559

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	17.2	15.0	35.8
Relative (%)	18.1	13.1	27.2

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	30.0	30.0
FIs & Local MFs	23.9	24.7
FPIs	12.5	13.2
Public & Others	33.6	32.1

Pledged Shares - -

Source: BSE

Pledged shares as % of total shares

Deepak Shinde

deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV

venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit

ayush.pandit@hdfcsec.com
+91-22-6171-7366