

Strong Volume Growth; Operational Performance Better Than Expected

Est. vs. Actual for Q3FY26: Revenue – **BEAT**; EBITDA Margin – **BEAT**; PAT – **MISS**

Change in Estimates post Q3FY26 (Abs)

FY26E/FY27E: Revenue: 0%/−2%; EBITDA: −4%/−4%; PAT: −7%/−3%

Recommendation Rationale

- Growth Visibility on Volumes Remains Intact:** The company's capacity expansion program, targeting an addition of 6 MTPA, is progressing well and will raise its total Grey Cement capacity to 37.3 MTPA from the current 31.3 MTPA, implying a 13% capacity CAGR over FY20–FY28. The ramp-up of the recently commissioned capacity, along with the ongoing 6 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–FY28E.
- Margin Expansion Expected amid Cost Optimisation:** JK Cement delivered a positive operating performance during the quarter, supported by volume growth and lower costs, leading to a 4% QoQ improvement in EBITDA per tonne to Rs 929. 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 14% is projected over FY25–FY28E.

Sector Outlook: Positive

Company Outlook & Guidance: JKCL is targeting 12-15% volume growth in FY27, which is ahead of the industry estimate of 7–8%, underscoring its strong market position. Cement prices are currently marginally higher than Q3FY26 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: 15.5xFY28E EV/EBITDA (Earlier Valuation: 16.5x FY27E EV/EBITDA), and the Paint business at 1x book value.

Current TP: Rs 6,570/share; (Earlier TP: Rs 6,180/share)

Recommendation: We revise our rating from **HOLD** to **BUY** and roll over our estimates to FY28.

Financial Performance

JKCL delivered positive financial performance during the quarter, driven by strong volume growth and lower costs, YoY. The company reported Revenue, EBITDA, and PAT growth of 18%, 13%, and -8%, YoY, respectively. APAT stood at Rs 175 Cr, reflecting a decline of 8% YoY caused by an exceptional item of Rs 47.8 Cr on account of the new labour code. EBITDA margins came in at 16.1%, above the anticipated 15.1%, but lower than 16.8% YoY. Consolidated volumes for the quarter, including both Grey and White Cement, reached 6 MTPA, marking a 22% YoY growth. The combined EBITDA per tonne improved to Rs 929, up 4% QoQ. Cement realisations per tonne (Grey) declined by 2% QoQ to Rs 4,724, while the cost per tonne declined by 2%/6% YoY/QoQ to Rs 4,843 on the back of positive operating leverage.

Key Financials (Consolidated)

| (Rs Cr) | Q3FY26 | QoQ (%) | YoY (%) | Axis Est. | Variance |
|---------------|--------|---------|---------|-----------|----------|
| Net Sales | 3,463 | 15 | 18 | 3188 | 9% |
| EBITDA | 558 | 25 | 15 | 482 | 16% |
| EBITDA Margin | 16.1% | 130bps | (70bps) | 15.1% | 100bps |
| Net Profit | 175 | 9 | -8 | 181 | -4% |
| EPS (Rs) | 23 | 9 | -8 | 24 | -4% |

Source: Company, Axis Securities Research

| (CMP as of 19 th January, 2026) | |
|--|-------------|
| CMP (Rs) | 5,790 |
| Upside /Downside (%) | 13 |
| High/Low (Rs) | 7,566/4,219 |
| Market cap (Cr) | 44,583 |
| Avg. daily vol. (6m) Shrs. | 1,20,000 |
| No. of shares (Cr) | 7.7 |

Shareholding (%)

| | Jun-25 | Sep-25 | Dec-25 |
|-------------|--------|--------|--------|
| Promoter | 45.7 | 45.7 | 45.7 |
| FII | 16.1 | 18.6 | 18.6 |
| MFs / UTI | 22.6 | 19.7 | 19.7 |
| Banks / FIs | 0.0 | 0.0 | 0.0 |
| Others | 15.6 | 16.1 | 16.1 |

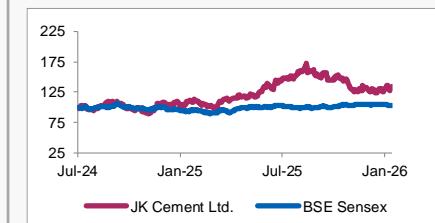
Financial & Valuations

| Y/E Mar (Rs Cr) | FY25 | FY26E | FY27E |
|-----------------|--------|--------|--------|
| Net Sales | 11,879 | 13,931 | 15,712 |
| EBITDA | 2,027 | 2,480 | 3,135 |
| Net Profit | 752 | 1,076 | 1,345 |
| EPS (Rs) | 124 | 139 | 174 |
| PER (x) | 47 | 42 | 33 |
| P/BV (x) | 7.4 | 6.3 | 5.4 |
| EV/EBITDA (x) | 24 | 20 | 16 |
| ROE (%) | 17 | 16 | 17 |

Change in Estimates (%)

| Y/E Mar | FY26E | FY27E |
|---------|-------|-------|
| Sales | 0% | -2% |
| EBITDA | -4% | -4% |
| PAT | -7% | -3% |

Relative Performance



Source: Ace Equity

| Results Gallery | |
|------------------------|--|
| Q3FY25 | |
| Q4FY25 | |
| Q1FY26 | |
| Q2FY26 | |

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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. The 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, 14% in revenue, 21% in EBITDA, and 23% in APAT.

Valuation & Recommendation

The stock is currently trading at 20x/16x/14x FY26E/FY27E/FY28E EV/EBITDA, which is at a premium to its historical valuation range. We roll forward our estimates to FY28, valuing the company at 15.5x FY28E EV/EBITDA to arrive at TP of Rs 6,570/share and revise our rating from **HOLD** to **BUY**.

Key Concail Highlights

- **Capacity Expansion:** The company's capacity expansion program, targeting an addition of 6 MTPA, is progressing well and will raise its total Grey Cement capacity to 37.3 MTPA from the current 31.3 MTPA, implying a 13% capacity CAGR over FY20–FY28. The ramp-up of the recently commissioned capacity, along with the ongoing 6 MTPA expansion, is expected to drive strong volume growth going forward.
- **Paint Foray:** The company reported paint revenue of Rs 103 Cr in Q3FY26. It clocked revenue of Rs 285 Cr in 9MFY26 and expects FY26 contribution of Rs 380–390 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 22% YoY during the quarter, with grey and white cement volumes rising 22% and 12% YoY, respectively. Blended cement sales accounted for 64%, 3% lower QoQ, with the remainder being OPC. The trade and non-trade mix stood at 60% and 40%, respectively, compared to 67% and 33% QoQ. Capacity utilisation was at 83% for cement during Q3FY26.
- **Premium Cement:** Premium cement contributed 17% 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 2.5% QoQ to Rs 4,720 during the quarter. Cement prices are currently marginally higher compared to Q3FY26 levels, with pricing trends expected to be influenced by market dynamics. There has been an increase in non-trade prices in the month of Jan'26 across regions. White Cement and Wall Putty, including paint realisation, remained flattish to Rs 13,166/tonne YoY.
- **Power/Fuel:** Power and fuel costs were down 10% QoQ and 3% YoY at Rs 1,091/tonne during the quarter, owing to higher use of domestic coal. The fuel mix comprised 60% pet coke and the balance domestic coal, renewable energy, and AFR, with costs at Rs 1.50/Kcal, down from Rs 1.56 in Q2FY26. WHRS at Panna is operational and is expected to save Rs 50 Cr annually. The company's total green power capacity stands at 254 MW, including 82 MW from WHRS and 172 MW from solar and wind.
- **Freight:** Lead distance declined to 421 km in Q3FY26 from 431 km in Q2FY26 due to route optimisation. Freight costs were up by 3% YoY and 5% QoQ at Rs 1,369/tonne on account of a change in the mix of road dispatches and withdrawal of lean period discount by Railways. The company transported 91% of its volume by road and the remainder by rail.
- **Subsidy:** JKLC received an incentive of Rs 61 Cr during the quarter. Despite the reduction of GST on Cement, the incentive loss would be compensated by incentives from the upcoming new plants in Bihar and Rajasthan moving ahead. The company aims to receive incentives of Rs 300 Cr under the State Government subsidy program for the 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 5,255 Cr, with cash and cash equivalents at Rs 1,897 Cr, resulting in a net debt of Rs 3,358 Cr. Net debt increased by Rs 807 Cr from Q4FY25.

Key Risks to Our Estimates and TP

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

Change in Estimates

| | New | | Old | | % Change | |
|--------|--------|--------|-------|-------|----------|-------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Sales | 13,931 | 15,712 | 13894 | 15965 | 0% | -2% |
| EBITDA | 2,480 | 3,135 | 2597 | 3250 | -4% | -4% |
| PAT | 1,076 | 1,345 | 1160 | 1389 | -7% | -3% |

Source: Company, Axis Securities Research

Result Review Q3FY26

| (Rs Cr) | Quarterly Performance | | | | |
|-------------------|-----------------------|--------|--------|--------------|--------------|
| | Q3FY26 | Q2FY26 | Q3FY25 | % Change QoQ | % Change YoY |
| Net sales | 3463 | 3019 | 2930 | 15% | 18% |
| Expenditure | 2906 | 2573 | 2438 | 13% | 19% |
| EBITDA | 558 | 447 | 492 | 25% | 13% |
| Other income | 46 | 51 | 45 | -10% | 3% |
| Interest | 113 | 105 | 112 | 7% | 0% |
| Depreciation | 175 | 149 | 146 | 17% | 20% |
| PBT | 316 | 243 | 279 | 30% | 13% |
| Tax | 95 | 84 | 89 | 13% | 6% |
| Adjusted PAT | 175 | 161 | 190 | 9% | -8% |
| EBITDA margin (%) | 16.1% | 14.8% | 16.8% | 130bps | (70bps) |
| EPS (Rs) | 22.7 | 20.8 | 24.6 | 9% | -8% |

Source: Company, Axis Securities Research

Volume/Realisation/Cost Analyses

| (Rs Cr) | Quarterly Performance | | | | |
|----------------------------|-----------------------|--------|--------|--------------|--------------|
| | Q3FY26 | Q2FY26 | Q3FY25 | % Change QoQ | % Change YoY |
| Volume/mnt | 6.00 | 5.01 | 4.92 | 20% | 22% |
| Realisation/tonne (Rs) | 5772 | 6026 | 5956 | -4.2% | -3% |
| Cost/tonne (Rs) | 4843 | 5135 | 4956 | -6% | -2% |
| Raw material/tonne (Rs) | 1023 | 928 | 970 | 10% | 5% |
| Staff Cost/tonne (Rs) | 432 | 494 | 465 | -13% | -7% |
| Power & Fuel/tonne (Rs) | 1091 | 1212 | 1124 | -10% | -3% |
| Freight/tonne (Rs) | 1369 | 1301 | 1342 | 5% | 2% |
| Other Expenses /tonne (Rs) | 928 | 1200 | 1054 | -23% | -12% |
| EBITDA/tonne (Rs) | 929 | 891 | 1,000 | 4% | -7% |

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

| Y/E March | FY25 | FY26E | FY27E | FY28E |
|--|--------------|--------------|--------------|--------------|
| Net sales | 11879 | 13931 | 15712 | 17723 |
| Other operating income | 0 | 0 | 0 | 0 |
| Total income | 11879 | 13931 | 15712 | 17723 |
| | | | | |
| Raw Material | 2018 | 2325 | 2558 | 2864 |
| Power & Fuel | 2180 | 2607 | 2867 | 3211 |
| Freight & forwarding | 2680 | 3175 | 3461 | 3876 |
| Employee benefit expenses | 902 | 1014 | 1105 | 1215 |
| Other Expenses | 2073 | 2331 | 2587 | 2924 |
| | | | | |
| EBITDA | 2027 | 2480 | 3135 | 3632 |
| Other income | 173 | 203 | 173 | 177 |
| | 0 | 0 | 0 | 0 |
| PBIT | 2200 | 2684 | 3308 | 3810 |
| Depreciation | 601 | 646 | 738 | 891 |
| Interest & Fin Chg. | 459 | 441 | 567 | 570 |
| E/o income / (Expense) | 0 | 0 | 0 | 0 |
| Pre-tax profit | 1140 | 1597 | 2003 | 2349 |
| Tax provision | 376 | 524 | 661 | 775 |
| Minority Interests | -11 | 3 | 3 | 3 |
| Associates | 0 | 0 | 0 | 0 |
| RPAT | 752 | 1076 | 1345 | 1578 |
| Other Comprehensive Income | 0 | 0 | 0 | 0 |
| APAT after Comprehensive Income | 752 | 1076 | 1345 | 1578 |

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

| Y/E March | FY25 | FY26 | FY27E | FY28E |
|---------------------------------|--------------|--------------|--------------|--------------|
| Total assets | 16682 | 18888 | 21493 | 22675 |
| Net Block | 10270 | 12410 | 15600 | 16482 |
| CWIP | 1317 | 1317 | 1317 | 1317 |
| Investments | 601 | 1401 | 601 | 601 |
| Wkg. cap. (excl cash) | 864 | 1013 | 1140 | 1285 |
| Cash / Bank balance | 1370 | 290 | 253 | 239 |
| Misc. Assets | 2261 | 2457 | 2581 | 2752 |
| | | | | |
| Capital employed | 16682 | 18888 | 21493 | 22675 |
| Equity capital | 77 | 77 | 77 | 77 |
| Reserves | 6012 | 7026 | 8309 | 9825 |
| Minority Interests | -34 | -30 | -27 | -23 |
| Borrowings | 5896 | 6896 | 8096 | 7596 |
| DefTax Liabilities | 1222 | 1222 | 1222 | 1222 |
| Other Liabilities and Provision | 3509 | 3699 | 3816 | 3979 |

Source: Company, Axis Securities Research

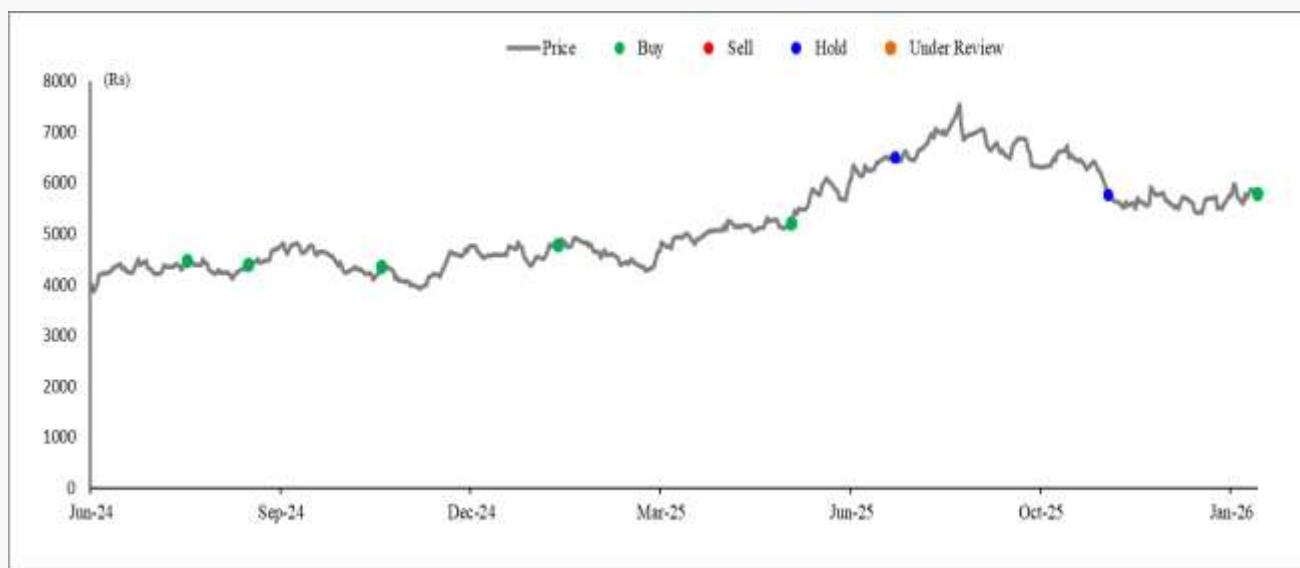
| Cash Flow | | (Rs Cr) | | |
|----------------------------|--|----------------|--------------|--------------|
| Y/E March | | FY25 | FY26E | FY27E |
| Profit before tax | | 1242 | 1597 | 2003 |
| Depreciation | | 601 | 646 | 738 |
| Interest Expenses | | 451 | 441 | 567 |
| Non-operating/ EO item | | -155 | -203 | -173 |
| Change in W/C | | 9 | -150 | -127 |
| Income Tax | | 200 | 524 | 661 |
| Operating Cash Flow | | 1948 | 1806 | 2347 |
| Capital Expenditure | | -1720 | -2786 | -3928 |
| Investments | | -152 | -800 | 800 |
| Others | | 184 | 203 | 173 |
| Investing Cash Flow | | -1687 | -3383 | -2955 |
| Borrowings | | 659 | 1000 | 1200 |
| Interest Expenses | | -431 | -441 | -567 |
| Dividend paid | | -154 | -62 | -62 |
| Others | | 0 | 0 | 0 |
| Financing Cash Flow | | 74 | 497 | 571 |
| Change in Cash | | 104 | -180 | -37 |
| Opening Cash | | 174 | 297 | 117 |
| Closing Cash | | 297 | 117 | 81 |
| | | | | 66 |

Source: Company, Axis Securities Research

| Ratio Analysis | | | | |
|-----------------------------|-------------|--------------|--------------|--------------|
| | (%) | | | |
| Y/E March | FY25 | FY26E | FY27E | FY28E |
| Operational Ratios | | | | |
| Gross profit margin | 42% | 42% | 43% | 44% |
| EBITDA margin | 17% | 18% | 20% | 20% |
| PAT margin | 7% | 8% | 9% | 9% |
| Depreciation / G. block | 4.5% | 4.0% | 3.7% | 4.1% |
| Growth Indicator | | | | |
| Sales growth | 3% | 17% | 13% | 13% |
| Volume growth | 6% | 16% | 10% | 12% |
| EBITDA growth | -2% | 22% | 26% | 16% |
| PAT growth | 9% | 24% | 25% | 17% |
| Efficiency Ratios | | | | |
| Sales/Gross block (x) | 0.90 | 0.87 | 0.79 | 0.82 |
| Sales/Net block (x) | 1.2 | 1.1 | 1.0 | 1.1 |
| Working capital/Sales (%) | 7% | 6% | 1% | 2% |
| Valuation Ratios | | | | |
| PE (x) | 47 | 42 | 33 | 28 |
| P/BV (x) | 7.4 | 6.3 | 5.4 | 4.5 |
| EV/EBITDA (x) | 24 | 20 | 16 | 14 |
| EV/Sales (x) | 4.0 | 3.5 | 3.3 | 2.9 |
| MCap/ Sales (x) | 3.8 | 3.2 | 2.8 | 2.5 |
| EV/Tonne \$ | 205 | 167 | 171 | #DIV/0! |
| Return Ratios | | | | |
| ROE | 17 | 16 | 17 | 17 |
| ROCE | 13 | 15 | 16 | 16 |
| ROIC | 17 | 18 | 18 | 18 |
| Leverage Ratios | | | | |
| Debt/equity (x) | 1.0 | 1.0 | 1.0 | 0.8 |
| Net debt/ Equity (x) | 0.5 | 0.6 | 0.8 | 0.6 |
| Net debt/EBITDA | 1.6 | 1.8 | 2.1 | 1.6 |
| Interest Coverage ratio (x) | 3.5 | 4.6 | 4.5 | 5.1 |
| Cash Flow Ratios | | | | |
| OCF/Sales | 16% | 13% | 15% | 15% |
| OCF/EBITDA | 96% | 73% | 75% | 75% |
| OCF/Capital Employed | 16% | 13% | 15% | 15% |
| FCF/Sales | 2% | -7% | -10% | 5% |
| Payout ratio (Div/NP) (%) | 5 | 6 | 5 | 4 |
| AEPS (Rs) | 124 | 139 | 174 | 204 |
| AEPS Growth (%) | 21 | 12 | 25 | 17 |
| CEPS (Rs) | 189 | 223 | 270 | 319 |
| DPS (Rs) | 6 | 8 | 8 | 8 |

Source: Company, Axis Securities Research

JK Cement Price Chart and Recommendation History



| Date | Reco | TP | Research |
|-----------|------|-------|---------------|
| 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 |
| 20-Jan-26 | BUY | 6,570 | Result Update |

Source: Axis Securities Research

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|----------------|--|
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| HOLD | Between 10% and -10% |
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