

Result Update

Q1 FY26

JK Cement Ltd.

Institutional
Research

Strong volume growth in key markets; Green energy and expansion plans drive optimism

JK Cement Ltd. (JKCE) reported operating revenue of Rs. 33,525 million (down 6.4% QoQ / up 19.4% YoY). The annual increase was mainly due to strong sales volume growth in South and central regions during the quarter. While, this was impacted sequentially due to muted sales in the North. The company's Grey Cement volume increased by 15% YoY, while its White Cement and Wall Putty volumes increased by 8% YoY during the quarter, and total volume stood at 5.0 MT compared to 5.4 MT in Q4FY25 and 4.9 MT in Q1FY25. The company reported an EBITDA of Rs. 6,877 million (down 10.1% QoQ / up 41.4% YoY). Its EBITDA margin stood at 20.5%, compared to 17.3% in the same quarter of the previous year and 21.4% in the last quarter. The company's EBITDA/ton stood at Rs. 1,247 during the quarter, compared to Rs. 1,265 in Q4FY25 and Rs. 1,014 in Q1FY25. This was due to improved cement realizations, mainly in the catchment area of the Muddapur unit during Q1FY26. Freight costs during the quarter stood at Rs. 7,649 million (down 7.2% QoQ / up 23.5% YoY), due to an increase in lead distance by 2 km. Power and fuel expenses increased during the quarter and stood at Rs. 5,981 million (up 6.0% QoQ / up 5.0% YoY). This increase was a result of higher pet coke prices, due to an increase in the average consumption rate, and likely also due to balanced clinker production during the quarter. The company's net profit increased significantly on an annual basis and stood at Rs. 3,243 million (down 10.3% QoQ / up 75.4% YoY).

Valuation and Outlook

JK Cement Ltd. delivered a strong performance during the quarter, despite facing seasonal challenges and weaker demand in certain regions. The company witnessed strong growth in cement volumes in Central India and the South, due to its continued efforts to expand its presence and sell in those markets. This highlights its ability to penetrate new markets and ramp up distribution in high-demand areas. While north markets saw muted performance, management's commentary suggests that the company's focus is shifting towards regions where it can benefit from upcoming capacities and dealer network expansion, particularly in Bihar and the eastern region. On the cost side, while there were challenges from higher fuel prices and extended logistics distances, the company effectively managed other operating expenses, supported by its ongoing efforts to increase the share of green power, which is expected to rise to 60% by the end of FY26. The company's capacity expansion is well on track, with its project pipeline across greenfield and brownfield sites expected to lift overall capacity to around 32 million tonnes by FY26. The company is expanding its white cement and wall putty segment while maintaining stable margins, as it expects around 10% volume growth, which will help JKCE maintain its market share. Management remains optimistic on demand, aiming to outpace industry volume growth, and shows readiness to adapt in response to emerging regional opportunities and cost challenges. Overall, JK Cement appears well-positioned on a strong growth path, steady expansion, and a wider presence across India.

Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	33,525	28,076	19.4%	35,812	-6.4%
Gross Profit	28,009	23,287	20.3%	29,715	-5.7%
Gross Margin (%)	83.5%	82.9%	-331bps	83.0%	-52bps
EBITDA	6,877	4,862	41.4%	7,649	-10.1%
OPM (%)	20.5%	17.3%	319bps	21.4%	-85bps
Net Profit	3,243	1,848	75.4%	3,613	10.3%
PAT Margin (%)	9.7%	6.6%	309bps	10.1%	-42bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	6,587
BSE code	532644
NSE Symbol	JKCEMENT
Bloomberg	JKCE IN
Reuters	JKCE.BO

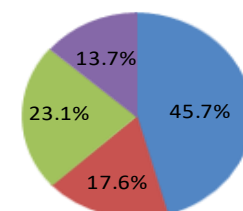
Key Data

Nifty	25,220
52 Week H/L (Rs.)	6,666 / 3,891
O/s Shares (Mn)	77.3
Market Cap (Rs. bn)	509.2
Face Value (Rs.)	10

Average Volume

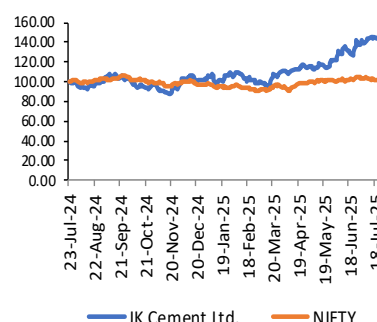
3 months	132,760
6 months	131,390
1 year	126,990

Share Holding (%)



■ Promoters ■ FIIs ■ DIs ■ Public

Relative Price Chart



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Key Concall Highlights

Capacity expansion:

- JKCE is expanding its grey cement capacity from 25.26 MTPA to around 31.26 MTPA by year-end 2025, with a 6 MTPA boost from new plants in MP, UP, and Bihar. An extra 0.7–1 MTPA may come from debottlenecking in South India, as part of its goal to hit 50 MTPA by FY30.
- The company is boosting clinker capacity to 19.6 MTPA post-Panna expansion, including subsidiaries. It also approved a Rs. 195 crore plan to expand wall putty capacity by 0.6 MTPA in Rajasthan by FY27, to meet rising white cement demand.
- The company's paint business is also growing steadily, with Rs. 450 crores invested so far and a breakeven targeted by FY27. It's now able to execute multiple projects simultaneously and has secured 250 million tonnes of limestone from GMDC to fuel long-term expansion in western India.

Guidance:

- In terms of green energy, the company aims to increase its Green Power share from 52% to 60% by the end of FY26, and ultimately reach 75% by 2030, which is expected to contribute significantly to cost efficiencies.
- The company continues to focus on maintaining a prudent financial profile, targeting to keep net debt-to-EBITDA below 2x at all times, even while executing simultaneous expansion projects.

"The company has guided for a total capex of ~Rs. 2,000 crores in FY26, which includes ongoing expansions in grey cement and white cement putty, as well as investments in the paint segment. For FY27, capex is expected to moderate to around Rs. 600 crores, primarily for the putty capacity expansion and maintenance projects."

Volumes:

- JKCE posted a 15% YoY growth in grey cement volumes in Q1FY26, driven by strong gains in central and southern India.
- White cement volumes rose 8%, though capacity constraints led to tolling in peak season.
- The company is actively building its presence in Bihar, targeting 1 MTPA sales this fiscal.
- Despite the strong start, it maintains full-year volume guidance at 20 MTPA due to seasonal factors, while noting improved market share in central India.

Cost Control & Operational Efficiency:

- JK Cement is targeting Rs. 150–200/tonne in cost savings over 2–3 years, with Rs. 40–50/tonne expected in FY26.
- Key drivers include rising green energy use (52% now, aiming for 60% by FY26 and 75% by FY30), improved logistics, increased blending, and gypsum optimization.
- Despite short-term cost spikes in Q1FY26, management anticipates margin support from new capacities and higher green power use.

Acquisition Update:

- The company completed the acquisition of Saifco in Jammu & Kashmir on June 6, 2025, and has taken full operational control. It sees immediate potential to upgrade the kiln capacity from 600–650 TPD to 850–900 TPD, with long-term expansion potential of 2–2.5 MTPA, supported by abundant limestone reserves.
- The Toshali acquisition in Odisha is progressing slowly due to pending mining lease approvals. However, the company is actively exploring long-term raw material tie-ups with the Odisha government and alternative limestone sources, with an ultimate capacity potential of 2.5–3 MTPA if raw material access is secured.

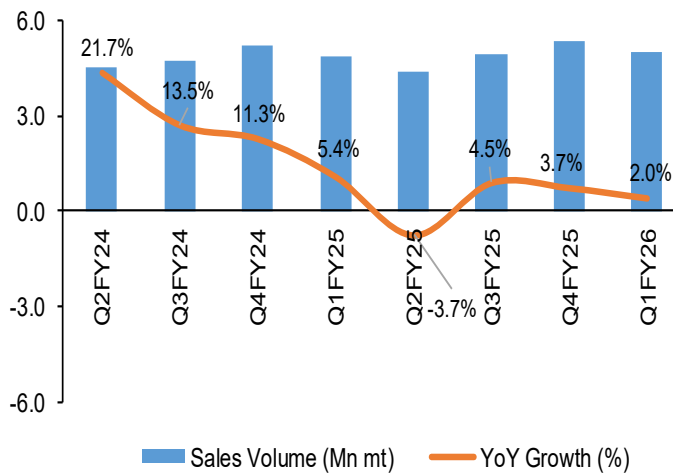
"The company noted an increase in non-trade cement volumes driven by rising government spending and market expansion in regions like Bihar."

Other key concall highlights:

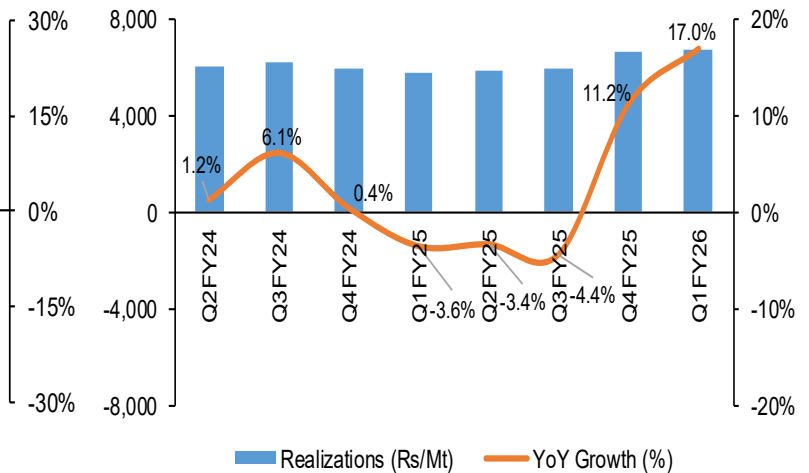
- In the white cement and wall putty segment, the company has observed strong seasonal demand.
- Freight costs rose slightly during the quarter due to a 2 km increase in average lead distance, mainly from deeper market penetration in Bihar.

Quarterly Snapshot

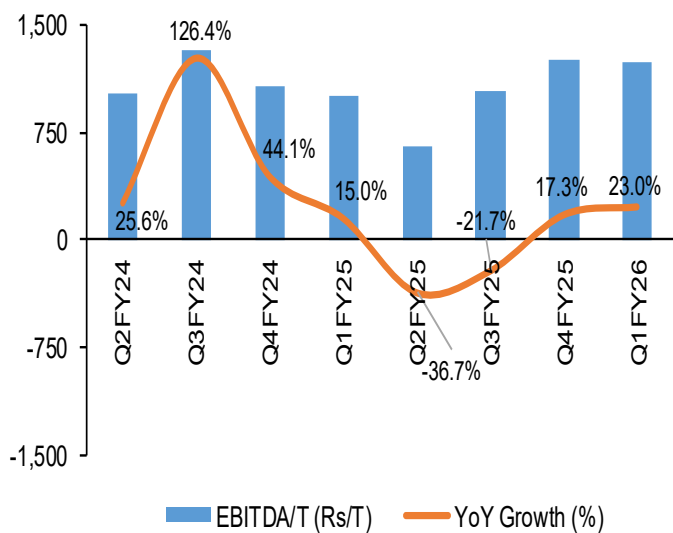
Volume (Mn Mt)



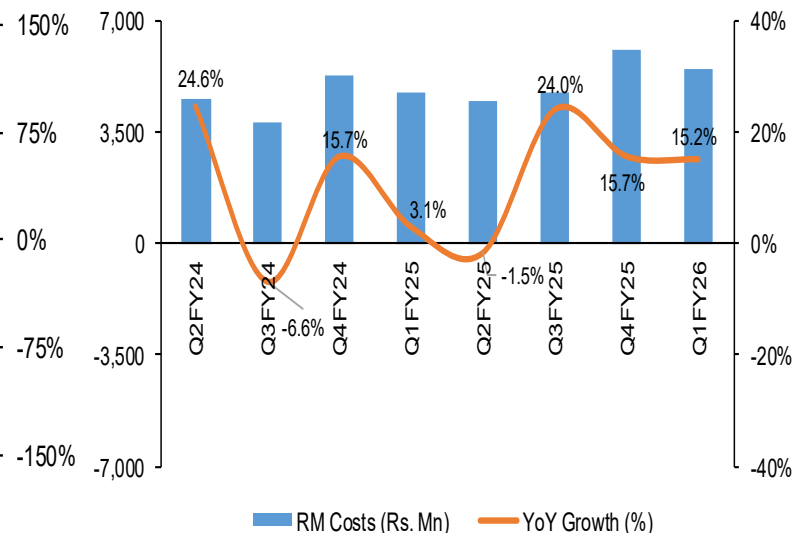
Realizations (Rs/Mt)



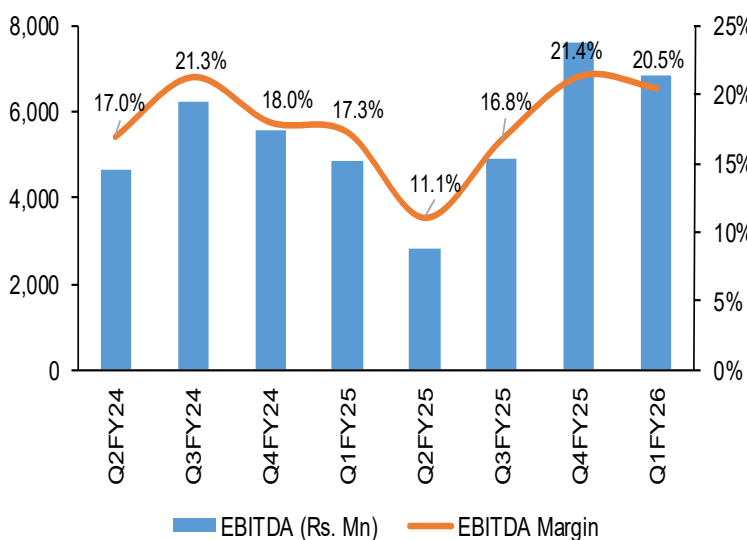
EBITDA/T (Rs/T)



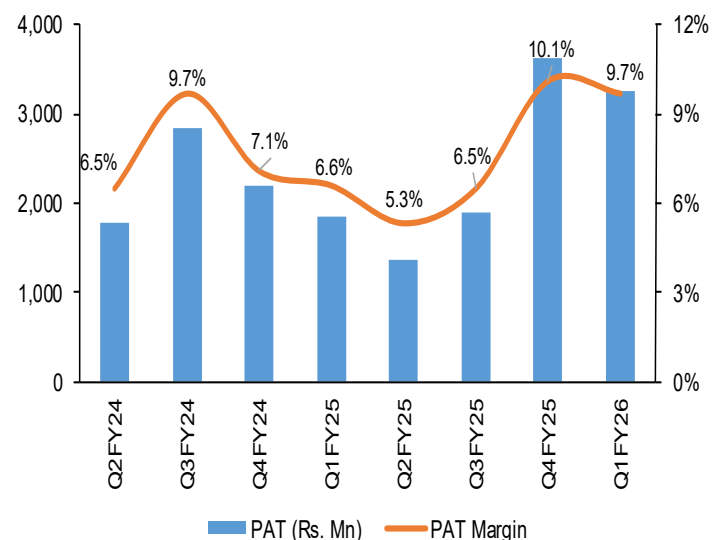
RM Costs



EBITDA & EBITDA Margin



PAT & PAT Margin



Key Financials

YE March (Rs. millions)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	79,908	97,202	115,560	118,792	134,338	152,149
<i>Revenue Growth (Y-o-Y)</i>	21.0%	21.6%	18.9%	2.8%	13.1%	13.3%
EBITDA	15,128	13,267	20,688	20,270	26,289	31,716
<i>EBITDA Growth (Y-o-Y)</i>	(4.5%)	(12.3%)	55.9%	(2.0%)	29.7%	20.6%
Net Profit	6,792	4,163	7,899	8,722	11,330	14,620
<i>Net Profit Growth (Y-o-Y)</i>	(3.4%)	(38.7%)	89.7%	10.4%	29.9%	29.0%
Diluted EPS	88.9	54.8	102.4	111.4	146.6	189.1
<i>Diluted EPS Growth (Y-o-Y)</i>	(3.2%)	(38.4%)	86.7%	8.9%	31.5%	29.0%

Key Ratios

EBITDA margin (%)	18.9%	13.6%	17.9%	17.1%	19.6%	20.8%
NPM (%)	8.5%	4.3%	6.8%	7.3%	8.4%	9.6%
RoE (%)	15.8%	9.0%	14.8%	14.4%	16.0%	17.4%
RoCE (%)	14.4%	9.0%	14.2%	11.9%	15.1%	16.7%

Valuation Ratios

P/E (x)	74.1x	120.2x	64.4x	59.1x	44.9x	34.8x
EV/EBITDA (x)	36.0x	41.5x	26.7x	27.4x	21.1x	17.5x
Market Cap. / Sales (x)	6.4x	5.2x	4.4x	4.3x	3.8x	3.3x

Source: Company, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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