

May 27, 2025

Favourable market-mix driving 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 24.34 mtpa & white cement capacity of 3.05 mtpa

- Company's revenues have increased by 14.1% CAGR over the period FY22-25 while EBITDA and PAT have grown at 11% and ~8% CAGR respectively over the same period

Q4FY25 performance: Revenue increased by 15.3% YoY (+22.2% QoQ) to Rs 3581.2 crores led by strong growth in sales volume of 16% YoY (+23.2% QoQ) to 6.1 mtpa and decreased in realization by 0.6% YoY (-0.8% QoQ). EBITDA/ton increased by 17.7% YoY (+26.2% QoQ) to Rs 1262/ton on account of operational efficiency measures and positive operating leverage. On PAT level, the company reported a profit of Rs 360.4 crore

Investment Rationale

- Strong expansion plan to fuel volume growth:** Consolidated volumes increased by 5.9% YoY in FY25 due to weak demand during H1FY25. However, the volumes picked-up in Q4FY25 (+23.2% QoQ). Moreover, company has been reporting better-than-industry volume growth over the last 5 years (~16% CAGR during FY20-25), led by timely capacity additions. We believe that company's volumes to improve further in FY26E and FY27E, led by pick-up in demand, 6 mtpa capacity addition plan and improvement in capacity utilisation of commissioned plants. At present, grey cement capacity stands at 24.34 mtpa, which will be increased to 30 mtpa (6 mtpa of capacity expansion is expected to be commissioned by Dec-25 or Jan-26). We estimate consolidated volume CAGR of ~10% over FY25-27E. In the longer term, company aims to reach total capacity of 50 mtpa by FY30E, which gives longer-term volume growth visibility
- EBITDA/ton to improve led by focus on operating efficiencies:** Company's EBITDA/ton stood at ₹ 1002/ton in FY25, down 7.1% YoY primarily due to lower realisations as the cost structure remained flattish YoY. Going ahead, we expect company's operational performance to improve, led by improvement in realisation, focus on cost saving measures (primarily led by increase in share of green power to 60% from 51% at present, increasing usage of captive coal, optimising logistics cost and positive operating leverage. The company has also guided for ₹ 150-200/ton of cost savings in the next 2-3 years of which it achieved ₹75/ton in FY25 and guided to achieve additional ₹25/ton in FY26E. We estimate EBITDA/ton to improve to ₹ 1317/ton by FY27E (vs ₹ 1002/ton in FY25)

Rating and Target Price

- We expect revenue growth of ~12% CAGR over FY25-27E, while EBITDA & PAT CAGR at ~26% & 29% respectively over the same period
- We recommend BUY on JK Cement with a revised target price of Rs 6120 (based on 16x EV/EBITDA on FY27E)

Key Financial Summary

(₹ crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	7,991	9,720	11,556	11,879	14.1%	13,196	14,940	12.1
EBITDA	1,482	1,314	2,060	2,027	11.0%	2,566	3,221	26.0
EBITDA margin (%)	18.6	13.5	17.8	17.1		19.4	21.6	
Net Profit	679	419	791	861	8.2%	1,017	1,427	28.8
EPS (Rs)	87.9	54.2	102.3	111.4		131.6	184.7	
P/E (x)	60.4	97.9	51.6	53.2		40.3	28.7	
EV/EBITDA (x)	29.9	34.3	22.0	22.2		17.6	14.1	
EV/ton (USD)	298.5	226.0	212.0	-		159.2	159.5	
RoCE (%)	15.7	9.7	15.4	13.3		15.6	18.7	
RoE (%)	15.7	8.9	14.8	12.7		14.5	17.2	

Source: Company, ICICI Direct Research



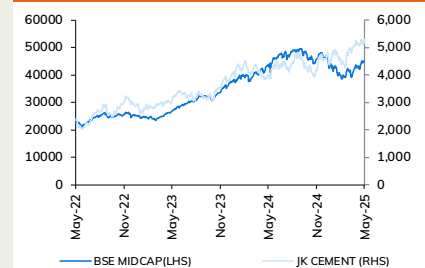
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	40,280
FY25 Gross Debt (Rs Crore)	5,896
FY25 Cash & Equivalents (Rs Crore)	1,826
EV (Rs Crore)	44,349
52 Week H/L (Rs)	6100 / 3639
Equity Capital	77.3
Face Value	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	45.7	45.7	45.7	45.7
FII	17.7	17.6	16.9	16.1
DII	22.1	22.4	23.7	24.5
Others	14.5	14.3	13.7	13.7

Price Chart



Recent Event & Key risks

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Deep Lapsia
deep.lapsia@icicisecurities.com

Q4FY25 Result Highlights:

- Consolidated revenue increased by 15.3% YoY (+22.2% QoQ) to Rs 3581.2 crores, mainly led by 16% YoY (+23.2% QoQ) growth in cement sales volume (to 6.0 mtpa). Blended realization was down marginally 0.6% YoY (-0.8% QoQ).
- EBITDA/ton improved by 17.7% YoY (+26.2% QoQ) to Rs 1262/ton, as the total cost/ton remained lower (-4.7% YoY, -6.2% QoQ) on account of operational efficiencies and positive operating leverage. Subsequently, absolute EBITDA is up 36.6% YoY (+55.4% QoQ) to Rs 764.8 crore
- PAT increased by 64% YoY (+90% QoQ) to Rs 360.4 crore.
- For FY25, revenue is up 2.8% YoY, as volume growth of 5.9% YoY is partially offset by lower realization (-3% YoY). FY25 EBITDA/ton stands at Rs 1002/ton (vs Rs 1079/ton in FY24)

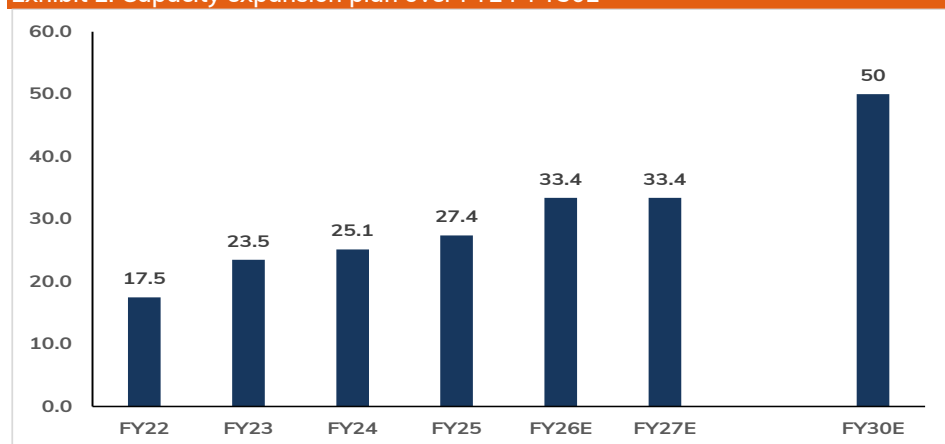
Recent earnings call highlights:

- Performance improved due to strong volume growth, effective pricing strategies, and increased demand in Central and North India. EBITDA per ton reached a multi-quarter high, reflecting cost optimization and higher volume, particularly in Central India.
- Volume Growth Guidance for FY26E is 20 mtpa in grey cement and overall volume including white cement is 22 mtpa
- Volume contribution for Q4FY25 was North + South at ~65% and Central (including East) at ~35%.
- Price trends post march saw an increase of ~1% in North & Central and ~5–7% in South
- Brownfield clinker expansion at Panna and 6 mtpa grinding unit at Bihar (greenfield) is in progress and on track and is expected by Dec 2025 or Jan 2026. Company targets to reach 50 mtpa by FY30E
- Incentives are normally in the range of ₹75-80 crores every quarter and are likely to continue going forward. Incremental incentive booked by the company is ₹12 crores for this quarter
- The UAE white cement operations saw sustained improvement, contributing ₹15–20 crore in quarterly EBITDA, with stabilization in exports and entry into the dry-mix category, ranking 3rd in the region. Management expects white cement margin to remain under pressure
- Clinker Utilization for Q4FY25 was around 94%. Total clinker produced in FY25 was 11.92 mtpa
- Exit cost savings in FY25 reached ₹75/ton, primarily through logistics optimization and alternative fuel use. Further ₹25/ton expected in FY26, targeting total cost savings of ₹150-200/ton
- Fuel Mix for Q4FY25 was 70% petcoke usage, rest from alternative and imported sources, balancing cost and thermal efficiency
- Gross debt was around ₹5,111 crores and Net debt was at ₹2,565 crores. Net Debt/EBITDA was 1.3x and Net Debt/Equity was 0.42x.
- Capex for FY26E is ₹1,800–2,000 crores, aligned with expansion targets and marketing spend. Future expansion plan (Post-FY26): Exploring sites in Jaisalmer (Rajasthan), Karnataka, Odisha.
- Company is focused on increasing premium Cement share to 17% in FY26E from 15% in Q4FY25
- For Paint business, FY25 Revenue stood at ₹275 crore, EBITDA Loss at ₹45 crore which is improving QoQ. Guidance for FY26E: Revenue expected at ₹400–450 crore and FY27E Target is ₹600 crore topline and EBITDA breakeven.
- For Q4FY25, Green Power Share was 51% and is expected to rise to ~60% in FY26 through renewable power integration
- Rail Freight Usage: 12% of dispatch via rail, expected to grow with containerization and CONCOR partnerships for bulk movement
- Company is awaiting government clearance for Odisha Mining Lease which is likely to be resolved within 3–4 months

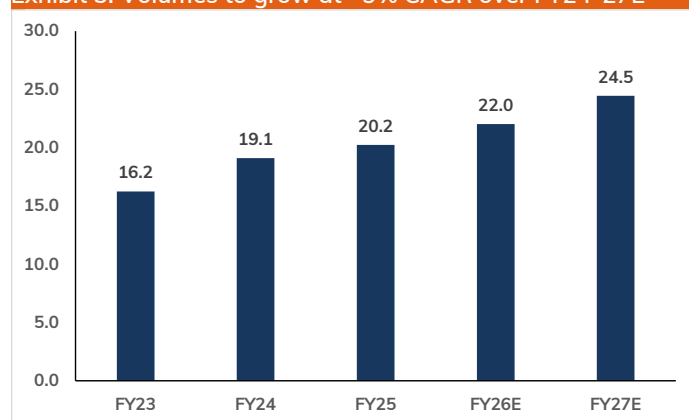
Exhibit 1: Quarterly Analysis – Q4FY25

	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Comments
Operating Income	3,581.2	3,105.8	15.3	2,930.3	22.2	Revenue increased QoQ on strong Volume growth
Other income	45.9	45.7	0.4	44.6	3.0	
Total Revenue	3,627.1	3,151.5	15.1	2,974.8	21.9	
Raw materials costs	609.7	526.9	15.7	477.4	27.7	
Employees Expenses	229.8	218.2	5.4	228.8	0.5	
Other Expenses	434.7	431.2	0.8	504.1	-13.8	
Total Expenditure	2,816.3	2,545.8	10.6	2,438.2	15.5	
EBITDA	764.8	559.9	36.6	492.1	55.4	Margins improved sequentially on better realizations and favourable cost structure
EBITDA margins (%)	21.4	18.0	333 bps	16.8	456 bps	
Interest	113.5	114.9		112.4		
Depreciation	162.3	153.0	6.0	145.7	11.4	
Tax	173.6	127.5	36.2	89.4	94.2	
Other Income	45.9	45.7	0.4	44.6	3.0	
PAT	360.4	219.8	64.0	189.6	90.0	

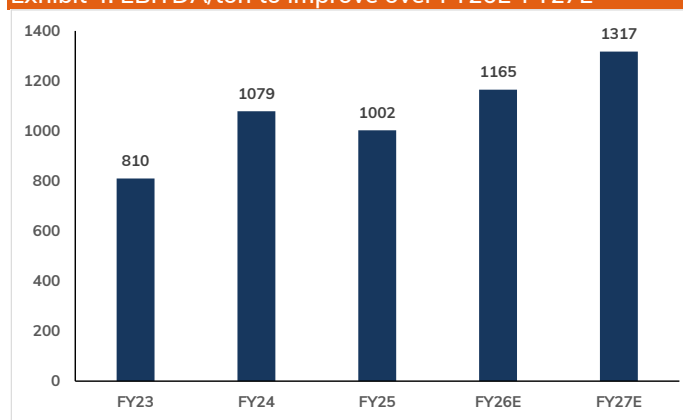
Source: Company, ICICI Direct Research

Exhibit 2: Capacity expansion plan over FY24-FY30E


Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~9% CAGR over FY24-27E


Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY26E-FY27E


Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Revenue	11,556.0	11,879.2	13,195.8	14,939.5
% Growth	18.9	2.8	11.1	13.2
Other income	145.1	173.0	190.2	209.3
Total Revenue	11,556.0	11,879.2	13,195.8	14,939.5
% Growth	18.9	2.8	11.1	13.2
Total Raw Material Costs	1,834.7	2,017.5	2,196.2	2,436.5
Employee Expenses	783.8	901.7	1,009.9	1,131.1
other expenses	794.5	771.2	1,016.7	1,427.5
Total Operating Expenditure	9,496.2	9,852.0	10,630.1	11,719.0
Operating Profit (EBITDA)	2,059.8	2,027.1	2,565.8	3,220.5
% Growth	56.7	(1.6)	26.6	25.5
Interest	453.1	459.2	484.0	506.9
PBDT	1,751.7	1,740.9	2,272.0	2,922.9
Depreciation	572.6	601.5	739.0	776.9
PBT before Exceptional Items	1,179.1	1,139.5	1,533.0	2,146.1
Total Tax	383.7	370.2	505.9	708.2
PAT before MI	789.9	871.6	1,027.1	1,437.9
PAT	790.8	861.1	1,016.7	1,427.5
% Growth	88.7	8.9	18.1	40.4
EPS	102.3	111.4	131.6	184.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	790.8	861.1	1,016.7	1,427.5
Depreciation	572.6	601.5	739.0	776.9
Interest	453.1	459.2	484.0	506.9
Cash Flow before WC changes	1,816.6	1,921.7	2,239.7	2,711.2
Changes in inventory	(199.4)	6.4	(126.4)	(172.0)
Changes in debtors	(86.2)	(220.2)	(8.8)	(105.1)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	200.3	(87.3)	(73.8)	(21.4)
Net Increase in Current Assets	(615.6)	272.5	(209.0)	(298.5)
Changes in creditors	108.9	167.2	112.9	139.6
Changes in provisions	13.2	44.9	8.4	4.6
Net Inc in Current Liabilities	286.2	274.1	205.3	283.6
Net CF from Operating activities	1,487.2	2,468.3	2,236.1	2,696.3
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(1,705.4)	(1,675.5)	(1,900.0)	(2,200.0)
Net CF from Investing activities	(1,133.8)	(2,023.6)	(1,994.3)	(2,151.3)
Dividend and Dividend Tax	(115.9)	(115.9)	(115.9)	(115.9)
Net CF from Financing Activities	(320.1)	58.5	(584.8)	(622.8)
Net Cash flow	33.2	503.3	(343.0)	(77.8)
Opening Cash/Cash Equivalent	833.3	866.5	1,369.8	1,026.8
Closing Cash/ Cash Equivalent	866.5	1,369.8	1,026.8	949.0

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Equity Capital	77.3	77.3	77.3	77.3
Reserve and Surplus	5,289.9	6,011.7	6,927.7	8,239.3
Total Shareholders funds	5,367.1	6,089.0	7,005.0	8,316.5
Total Debt	5,238.5	5,895.5	5,895.5	5,895.5
Total Liabilities	12,463.2	14,068.8	15,142.3	16,454.8
Gross Block	11,907.6	12,862.6	15,880.1	16,580.1
Acc. Depreciation	3,309.0	3,910.5	4,649.5	5,426.3
Net Block	8,598.6	8,952.1	11,230.6	11,153.7
Capital WIP	463.9	1,317.5	200.0	1,700.0
Total Fixed Assets	9,762.2	10,836.2	11,997.3	13,420.4
Non Current Assets	355.3	697.6	699.3	751.7
Inventory	1,181.6	1,175.1	1,301.5	1,473.5
Debtors	566.3	786.6	795.4	900.5
Other Current Assets	340.4	427.7	501.4	522.9
Cash	866.5	1,369.8	1,026.8	949.0
Total Current Assets	4,316.3	4,547.0	4,413.0	4,633.7
Current Liabilities	931.1	1,098.3	1,211.1	1,350.7
Provisions	66.7	90.0	91.0	92.0
Total Current Liabilities	2,338.9	2,612.9	2,818.2	3,101.8
Net Current Assets	1,977.4	1,934.1	1,594.7	1,531.9
Total Assets	12,463.2	14,068.8	15,142.3	16,454.8

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	102.3	111.4	131.6	184.7
Cash per Share	125.1	236.4	224.3	214.3
BV	694.6	788.0	906.6	1,076.3
EBITDA Margin	17.8	17.1	19.4	21.6
PAT Margin	6.8	7.2	7.7	9.6
RoE	14.8	12.7	14.5	17.2
RoCE	15.4	13.3	15.6	18.7
RoIC	15.3	13.4	15.4	18.4
EV / EBITDA	22.0	22.2	17.6	14.1
P/E	51.6	53.2	40.3	28.7
EV / Net Sales	3.9	3.8	3.4	3.0
Sales / Equity	2.2	2.0	1.9	1.8
Market Cap / Sales	3.5	3.5	3.1	2.7
Price to Book Value	7.6	6.7	5.9	4.9
Asset turnover	1.1	1.0	1.0	1.1
Debtors Turnover Ratio	22.1	17.6	16.7	17.6
Creditors Turnover Ratio	13.2	11.7	11.4	11.7
Debt / Equity	1.0	1.0	0.8	0.7
Current Ratio	1.5	1.5	1.5	1.5
Quick Ratio	0.6	0.7	0.7	0.7

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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