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Capacity additions; cost control to drive 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 28.26 mtpa & white cement capacity of 3.05 mtpa

Investment Rationale

- Maintains better-than-industry volume growth, led by capacity additions:** Company reported better-than-industry volume growth of 22.2% YoY in Q3FY26 & 17.4% YoY in 9MFY26, mainly led by ramp-up of recently added capacities and better demand during the quarter. We believe that company's volume growth to remain better-than-industry in coming period, led by pick-up in demand scenario, improvement in capacity utilisation of commissioned plants and further capacity additions. Company's total capacity is expected to increase to ~40 mtpa by FY28E (from 28.3 mtpa at present) considering the expansion plan of 8 mtpa during FY26-28E (including 3 mtpa at Bihar which is expected in Q4FY26, 3 mtpa at Jaisalmer & 2 mtpa GU in Rajasthan or Punjab, expected in FY28E. We estimate consolidated volume CAGR of ~12% over FY25-28E. 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 cost savings initiatives over the next 2-3 years:** Company's EBITDA/ton stood at ₹ 1017/ton in 9MFY26, up ~14% YoY due to improvement in overall cost structure and positive operating leverage. 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 75% by FY28E from 52% 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 of which they will achieve ₹120-125/ton cost savings by FY26E exit and balance in FY27E. We estimate EBITDA/ton to improve to ₹ 1361/ton by FY28E (from Rs 1002/ton in FY25)
- Net debt/EBITDA to remain in comfort range: Even with a strong capex plan (capital outlay of ~₹ 7000 crores over FY26E-FY28E), company's balance sheet position to remain strong, led by strong earnings growth over the same period. Net debt/EBITDA stands at 1.41x as of Dec-25 end. With a strong focus on capital allocation, company remains confident of staying below its threshold level of 2x net debt/EBITDA despite having ambitious plans to scale capacity

Rating and Target Price

- Overall profitability is estimated to improve considerably in the coming period, led by capacity additions, pick-up in demand & continuous focus on operational efficiencies. We expect revenue growth of ~13% CAGR over FY25-28E, while EBITDA & PAT CAGR at ~24% & ~29% respectively over the same period
- Valuations at 16.1x/12.6x EV/EBITDA on FY27E/FY28E basis look attractive considering the strategic scale-up of capacity and increasing exposure in newer geographies
- We recommend BUY on JK Cement with a target price of Rs 7070 (based on 17.5x EV/EBITDA on FY27E and FY28E average)**



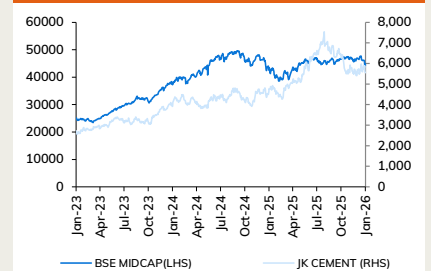
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	42,892
FY25 Gross Debt (Rs Crore)	5,896
FY25 Cash & Equivalents (Rs Crore)	1,826
EV (Rs Crore)	46,961
52 Week H/L (Rs)	7566 / 4219
Equity Capital	77.3
Face Value	10.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	45.7	45.7	45.7	45.7
FII	16.1	17.6	18.6	17.9
DII	24.5	23.1	21.7	22.5
Others	13.7	13.7	14.0	13.9

Price Chart



Recent Event & Key risks

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

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Key Financial Summary

(₹ crore)	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	9,720	11,556	11,879	14.1%	13,686	15,382	17,279	13.3%
EBITDA	1,314	2,060	2,027	11.0%	2,426	3,089	3,851	23.8%
EBITDA margin (%)	13.5	17.8	17.1		17.7	20.1	22.3	
Net Profit	419	791	861	8.2%	1,006	1,390	1,830	28.6%
EPS (Rs)	54.2	102.3	111.4		130.3	179.9	236.8	
P/E (x)	102.3	54.0	55.6		41.3	30.8	23.4	
EV/EBITDA (x)	35.7	22.9	23.2		19.8	16.1	12.6	
EV/ton (USD)	235	221	202		165	167	143	
RoCE (%)	9.7	15.4	13.3		14.9	16.4	20.9	
RoE (%)	8.9	14.8	12.7		15.0	17.3	19.1	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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